

# Flash Note

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Securities

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## Oil & Gas Exploration Companies

### Pakistan Oilfields Limited (POL)

**Earnings:** Pakistan Oilfields Limited (POL) announced its 2QFY25 result. The Company reported 2QFY25 unconsolidated earnings of PKR 7.57bn (EPS PKR 26.68), down by 4%/y/y compared to PKR 7.87bn (EPS PKR 27.73) in the similar period last year. On a quarterly basis, profitability is up by +3.0x/q. This brings total profitability for 1HFY25 to PKR 10.14bn (EPS PKR 35.73), down by 42%/y/y, compared to PKR 17.58bn (EPS PKR 61.93) in the similar period last year.

**Dividend/Payout:** The Company announces a cash dividend of PKR 25/share along with the result.

**Operating Performance:** During the period under review, POL reported a 15%/y/y decline in revenue during 2QFY25 on the back of lower oil price, production and PKR appreciation. Exploration cost augmented by +51%/y/y to PKR 0.63bn during 2QFY25 likely owing to higher prospecting expense amid no dry well cost. Operating expenses declined by 5%/y/y to PKR 3.54bn during 2QFY25 compared to PKR 3.71bn in the same period last year. Other income augmented by +61%/y/y during 2QFY25 likely owing to higher mark-up income. On a quarterly basis, earnings leaped up by 3.0x/y/y mainly due to higher exploration cost associated with dry well incurred during 1QFY25. Effective tax stood at 36.8% during 2QFY25 (1QFY25: 45.3%) compared to 39.0% in the same period last year bringing total effective tax rate for 1HFY25 to 39.2% against 34.2% reported in the corresponding period last year.

Exhibit: POL Financial Highlights								
For the period 2QFY25								
PKRmn	2QFY25	2QFY24	y/y	1QFY25	q/q	1HFY25	1HFY24	y/y
Net Sales	14,832	17,364	-15%	15,451	-4%	30,283	34,046	-11%
Operating Costs	3,539	3,706	-5%	2,826	25%	6,366	6,226	2%
Royalty	1,597	1,869	-15%	1,714	-7%	3,311	3,903	-15%
Amortization of D&D Cost	(60)	47	n/m	833	n/m	773	222	249%
Gross Profit	9,755	11,742	-17%	10,078	-3%	19,833	23,696	-16%
Exploration Costs	626	414	51%	7,735	-92%	8,361	1,133	638%
Administration Expenses	119	76	56%	113	6%	232	191	21%
Finance Cost	920	325	183%	939	-2%	1,859	1,597	16%
Other Income	4,626	2,881	61%	3,746	23%	8,372	7,773	8%
PBT	11,988	12,899	-7%	4,700	155%	16,688	26,730	-38%
PAT	7,573	7,871	-4%	2,569	195%	10,142	17,579	-42%
<b>EPS (PKR)</b>	<b>26.68</b>	<b>27.73</b>		<b>9.05</b>		<b>35.73</b>	<b>61.93</b>	
DPS (PKR)	25.00	25.00		0.00		25.00	25.00	

Source: IGI Research, PSX No of Shares: 283.86mn

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## IGI Finex Securities Limited

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