

## Company Update

Pakistan Oilfields Limited (POL)

**Target Price:** PKR 519/share;

**Upside:** 34.7%

**2022:** Dividend yld: 14%, P/E: 5.1x

**Market Price:** PKR 385.4

**52 weeks:** 374.8 — 388.2

**Return:** (3M) 1.2%, (6M) 1.9%,  
(12M) 2.8%

**Outstanding Shares:** 0.28bn (FF%: 45.7)

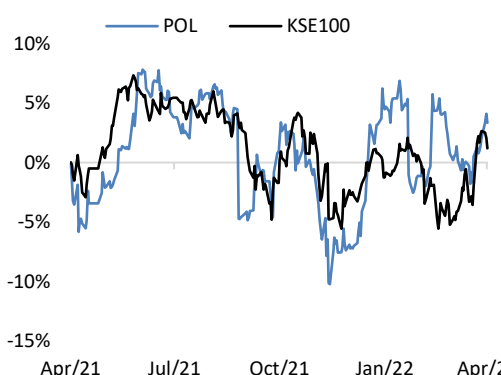
**Market Capitalisation:** PKR 106.4bn,  
US\$ 0.57bn

**Exchange:** KSE100, KSEALL,

### Key Financial Highlights

PKR/ Share	2021a	2022e	2023f
EPS	47.1	74.9	72.5
DPS	50.0	55.0	62.0
BVPS	138.7	148.5	159.1
ROE%	34%	50%	46%
P/E	8.2x	5.1x	5.3x
DY	13.0%	14.3%	16.1%
P/B	2.8x	2.6x	2.4x

### Relative Price performance



Source: Company Accounts, PSX

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## Oil & Gas Exploration Companies

### POL: EPS to clock in at PKR 24.06 during 3QFY22, up by +2.3xy/y

- Pakistan Oilfields Limited's (POL) board meeting is scheduled on 21st-Apr-22 to announce financial results for 3QFY22 where we expect the Company to report earnings of earnings of PKR 6.83bn (EPS PKR 24.06) during 3QFY22.
- This will bring total 9MFY22E earnings to PKR 17.75bn (EPS PKR 62.54), up by +85%/y/y, compared to PKR 9.58bn (EPS PKR 33.74) same period last year.
- We attribute growth in the earnings primarily on the back of PKR depreciation and 65%/y/y rise in average oil prices despite lower oil and gas production. Further support to earnings is likely to emanate from exchange gains on the back of PKR depreciation and lower effective tax rate.

### Earnings to clock in at PKR 24.06/share during 3QFY22

Pakistan Oilfields Limited's (POL) board meeting is scheduled on 21<sup>st</sup>-Apr-22 to announce financial results for 3QFY22 where we expect the Company to report earnings of earnings of PKR 6.83bn (EPS PKR 24.06) during 3QFY22, up by +2.3xy/y, compared to profitability of PKR 2.93bn (EPS PKR 10.31) in the same period last year. On quarterly basis, earnings are expected to improve by +21%q/q largely owing to higher oil prices and PKR depreciation. This will bring total 9MFY22E earnings to PKR 17.75bn (EPS PKR 62.54), up by +85%/y/y, compared to PKR 9.58bn (EPS PKR 33.74) in the similar period last year.

### Higher oil prices and weaker PKR to drive earnings growth despite lower production

We attribute growth in the earnings primarily on the back of PKR depreciation and 65%/y/y rise in average oil prices despite lower oil and gas production. Further support to earnings is likely to emanate from exchange gains on the back of PKR depreciation and lower effective tax rate.

Exploration cost is likely to remain on the lower side amid no seismic activity and dry well cost.

### Exhibit: Financial Highlights

#### For the period 3QFY22

PKRmn	3QFY22E	3QFY21	y/y	2QFY22	q/q	9MFY22E	9MFY21	y/y
Net Sales	13,958	9,531	46%	12,610	11%	37,646	27,044	39%
Operating Costs	2,122	2,438	-13%	2,178	-3%	6,314	6,462	-2%
Royalty	1,495	987	52%	1,315	14%	3,984	2,919	36%
Amortization Cost	850	577	47%	627	36%	2,251	1,818	24%
Gross Profit	9,491	5,462	74%	8,489	12%	25,097	15,778	59%
Exploration Costs	117	72	63%	108	8%	675	181	273
Finance Cost / (Income)	1,072	-320	n/m	935	15%	3,469	-422	n/m
Other Income	2,301	-372	n/m	2,018	14%	7,019	173	n/m
PBT	9,899	4,867	103%	8,869	12%	26,189	14,856	76%
PAT	6,830	2,927	133%	5,665	21%	17,753	9,576	85%
<b>EPS (PKR)</b>	<b>24.06</b>	<b>10.31</b>		<b>19.96</b>		<b>62.54</b>	<b>33.74</b>	
DPS (PKR)	0.00	0.00		20.00		20.00	20.00	

Source: IGI Research, Company Financials

No of Shares: 283.86mn

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