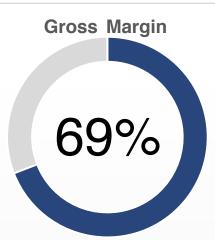
### Oil & Gas Development Company Limited "OGDC" 1HFY23 Result Review

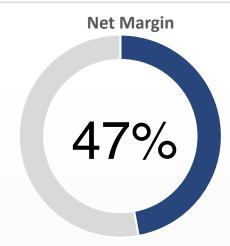
Dollar based revenue improves OGDC earnings in 1HFY23 ..



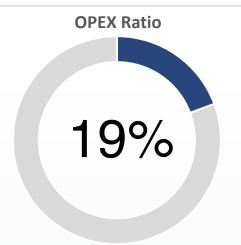
OGDC announced its 1HFY23 earnings where company reported EPS of PKR 35.72/sh (pre-tax EPS). OGDC announced cash dividend of PKR 2.25/sh. Investors were slightly disappointed given 'one-off' big dividend expectation not met.



OGDC revenue increased by 42%yoy to PKR 203 bn backed by increased in dollar rates, the average oil realized price reported by company is \$78.60/bbl Vs \$63.23/bbl last year. And the average gas realized price is PKR 570/McF Vs PKR 404.28/Mcf during the corresponding period last year.



Given on higher sales, the net profit reported at PKR 96bn, increase of 39%yoy, reported EPS of PKR 22/sh compare to PKR 16/sh in SPLY. The increase taxation cost by 7%yoy erode company's EPS, however if, taxation rate would remained same the EPS could be of PKR 25.36/sh.

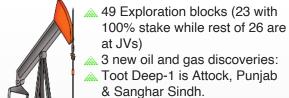


A slight increase in operating expense by 14%yoy to PKR 13bn.

The depleting reserves in conjunction with increase in exploration and prospecting expenditure had partial impact on OGDC operations.

OGDC trailing PE is 2.3x (leading PE) while expected recurring DY is at 9%

### On going Expansions



UCH and KPD compression will be completed by July and September in 2024 respectively.



**EPS** In PKR

#### Gas Price.

The stronger dollar based rate of gas mitigates OGDC's depleting gas reserves whereas, RLNG weighted average sale price is hovering around \$12.71/MMBTU (Excluding GST).



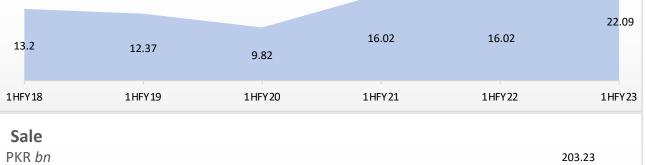
Brent prices soared to \$82.57/bbl – slowing down of rally but it is estimated to boost owning to China's reopening.



### Cash Dividend PKR 2.25/sh

As per 30% historical dividend pay-out ratio, OGDC awarded PKR 2.25/sh in line with analyst consensus. The accumulated 1HFY23 cash dividend is of PKR 4/sh. Where PKR 1.75/sh already paid in 1QFY23.

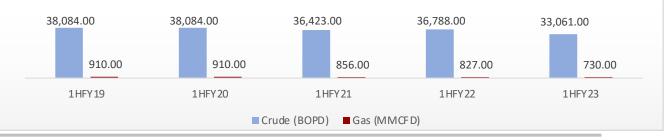
Earning per share PKR 22
1HFY23



Net Sales PKR 203bn 1HFY23



Production below par 1HFY23



# Standard Capital Securities

### Oil & Gas Development Company Limited "OGDC" 1HFY23 Result Review

Dollar based revenue improves OGDC earnings in 1HFY23 ..



OGDC announced its 1HFY23 earnings where, company has reported EPS of 22.09/sh.

| PKR'000                           | 2QFY23  | 2QFY22  | Δ     | 1HFY23  | 1HFY22  | Δ          |
|-----------------------------------|---------|---------|-------|---------|---------|------------|
| Net Sales                         | 97.22   | 79.63   | 22%   | 203.23  | 151.16  | 34%        |
| Rolyalty                          | (11.29) | (8.79)  | 28%   | (23.47) | (17.03) | 38%        |
| Operating Expenses                | (21.11) | (17.79) | 19%   | (39.29) | (34.37) | 14%        |
| Transportation Charges            | (0.00)  | 0.00    | -146% | (0.00)  | (1.06)  | -100%      |
| Gross Profit                      | 64.82   | 53.05   | 22%   | 140.47  | 98.71   | 42%        |
| Finance & Other Income            | 9.23    | 10.35   | -11%  | 27.73   | 21.23   | 31%        |
| Exploration Exp                   | (5.10)  | (4.60)  | 11%   | (6.64)  | (6.89)  | -4%        |
| General Administrative Exp        | (1.25)  | (0.99)  | 26%   | (2.26)  | (2.13)  | 6%         |
| Finance Cost                      | (1.46)  | (0.57)  | 156%  | (2.28)  | (1.14)  | 100%       |
| Workers Provident fund            | (3.40)  | (2.78)  | 22%   | (8.04)  | (5.53)  | 45%        |
| Share of Profit/loss in Associate | 2.13    | (0.88)  | -341% | 4.63    | 0.94    | 395%       |
| Profit After Taxation             | 64.96   | 53.58   | 21%   | 153.61  | 105.18  | 46%        |
| Taxation                          | (22.93) | (17.64) | 30%   | (57.83) | (36.29) | 59%        |
| Net Profit                        | 42.03   | 35.94   | 17%   | 95.78   | 68.89   | 39%        |
| <b>EPS</b>                        | 9.78    | 8.36    | 17%   | 22.09   | 16.02   | 38%        |
| DPS                               | 2.25    | 2.00    | 13%   | 4.00    | 3.75    | <b>7</b> % |

Source: Co. Financials, Scs Research

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- (Target Price, if any/Current Price 1) > 10% Positive
- (Target Price, if any/Current Price 1) < -10% Negative
- less than 10% (Target Price, if any/Current Price -1) Hold.
- The time duration is the financial reporting period of Subject Company.

#### Valuation method

Following research techniques adopted to calculate target price/recommendation Price to earnings & Price to Book, EV-EBITDA multiple Discounted Cash flows or Dividend Discount Model or Enterprise Value