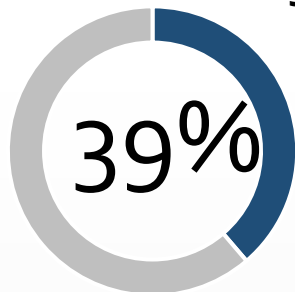




Oil & Gas Development Company Limited "OGDC" 1QFY22 Result Preview

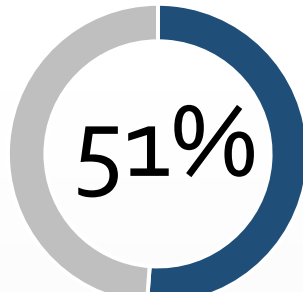
Higher oil prices will propel highest topline; as company announce its September ending result on 28th October 2021.

Net Profit Margins



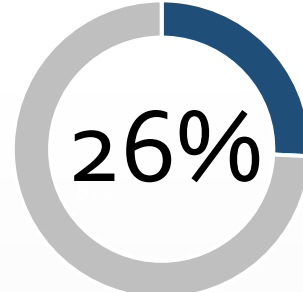
Irrespective of decline in hydrocarbon production by 2%, OGDC is expected to record PAT at PKR 30bn – an increase of 22%yoy from corresponding 1QFY21 due to higher crude prices ~average of \$73/bbl. Moreover, increase in average realizable price of gas to PKR 500/mmcf & LPG averaging PKR 1,980/mmbtu will have a positive impact on company's top line.

Gross Profit Margins



OGDC is expected to post Turnover growth of 27%yoy ~PKR 82.5bn in 1QFY22. We expect 1Q EPS of PKR 7.17/sh, an increase of 22%yoy given higher crude prices and an all time high exchange rate~ average \$166, which drives gross margin at ~51% in FY22.

OPEX Ratio



The operating expenses is expected to increase by 23% yoy ~PKR 21bn mainly on account of cost incurred on new discovery.

Iqra Nadeem
Research Analyst

On going discoveries (100% holding)



- Jardran West X-1 & X-04 at Mughalkot formation estimating trace of 2.39 & 7.08 mmcf gas respectively.
- Wali-01 at Kawagarh in Hungu formation estimating trace of 13.65mmcf gas & 1,010 bopd.



Expectation of Dividend PKR 2.15/sh

As per 30% dividend pay-out ratio, OGDC may award PKR 2.15/sh (21.5%) as 1st interim cash dividend..

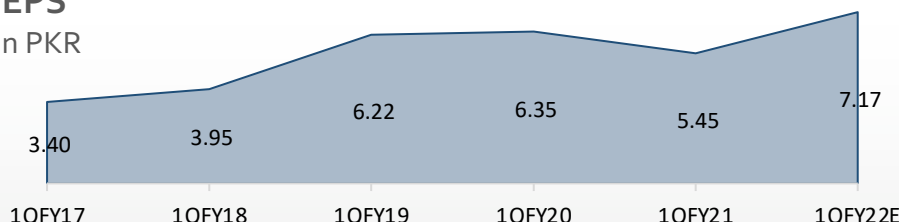


USD\$ 85.91/BBL

Crude oil Brent prices soar to \$85.91/bbl - highest in 7years on account of sky rocketing natural gas prices.

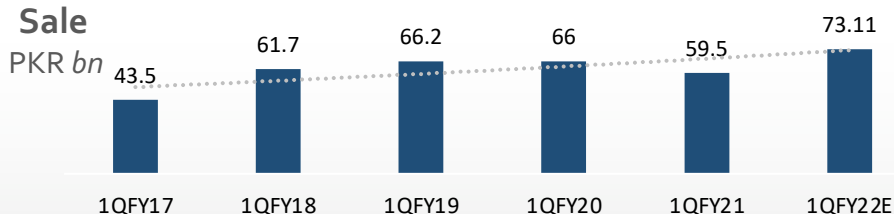
Earning per share
PKR 7.17
1QFY22E

EPS
In PKR



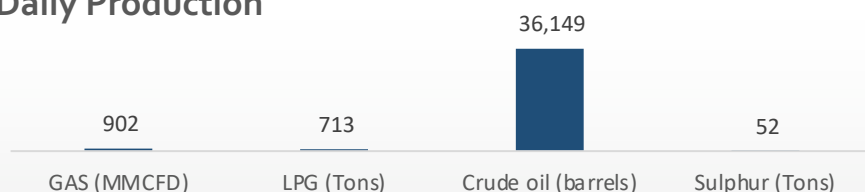
Net Sale
PKR 73bn
1QFY22E

Sale
PKR bn



Production
1QFY22E

Daily Production





Oil & Gas Development Company Limited “OGDC” 1QFY22 Result Preview

PKR'000	1QFY22E	1QFY21	Δ
Turnover	82,574,209	64,923,635	27%
less: Taxes	(9,455,573)	(8,459,454)	12%
Nets Sales	73,118,636	56,464,181	29%
Royalty	(8,043,050)	(6,726,750)	20%
Operating Expense	(21,204,405)	(17,274,321)	23%
Transportation Expenses	(1,462,373)	(228,999)	539%
Gross Profit	42,408,809	32,234,111	32%
Other Income from Financial and non Financial assets	3,605,479	3,473,074	4%
Exploration and prospecting expenditure	(5,367,324)	(4,341,547)	24%
General and administration expenses	(2,831,075)	(2,594,968)	9%
Finance Cost	(601,903)	(551,194)	9%
Share of profit in associate - net of taxation	6,262,998	6,230,939	1%
Profit before tax	43,476,985	34,450,415	26%
Taxation	(12,657,994)	(9,243,523)	37%
Profit After Taxation	30,818,990	25,206,892	22%
EPS	7.17	5.86	
DPS	2.15	1.52	

Source, SCS Research



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- Standard Capital Securities (Pvt.) Ltd. standardized recommendation structure i.e. positive, Hold and negative, based on rating system i.e.

- (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