

## Pakistan Oil & Gas Exploration

### 3QFY25 Previews: Profitability to decrease by 18% YoY

We preview ISL E&P universe 3QFY25 results, where we estimate sector's profitability to decrease by 18% YoY to clock in at ~PKR84bn. The decrease is mainly attributable to lower oil prices coupled with decline in hydrocarbon production. Similarly, on QoQ basis, profits are expected to decline by 4% mainly attributable to decline in other income.

Revenue of our universe is expected to decrease by 12% YoY mainly due to decline in hydrocarbon and oil prices. On QoQ basis revenue is up by 2% amid slight increase in production and oil prices. Other income is expected to decrease by 20% QoQ amid absence of one off events this quarter. Company wise, we estimate 3QFY25 EPS for OGDC/PPL/MARI/POL at PKR9.9/8.9/9.1/22.0, respectively. We expect OGDC/PPL to announce a DPS of PKR3.5/2.0.

#### OGDC PA: 3QFY25 EPS expected to clock in at PKR9.9

We expect company to post earnings of PKR9.9/sh in 3QFY25, down by 11% YoY amid lower oil prices coupled with lower hydrocarbon production. Topline is expected to decrease by 10% due to aforementioned reason, while a slight increase in revenue is expected on QoQ basis. Other income is expected to increase by 19% YoY due to absence of FX losses. We expect company to announce cash dividend of PKR3.5/sh.

#### PPL PA: 3QFY25 EPS expected to clock in at PKR8.9

We expect company to post earnings of PKR8.9/sh in 3QFY25, down by 13% YoY mainly due to lower oil prices and decline in hydrocarbon production. On sequential basis, earnings are expected to decrease by 12% due to decline in other income amid absence of impairment reversal this quarter. Topline of the company is expected to decrease by 11% YoY to clock in at ~PKR66.6bn amid aforementioned reason. We expect company to announce cash dividend of PKR2.0/sh.

#### MARI PA: 3QFY25 EPS expected to clock in at PKR9.1

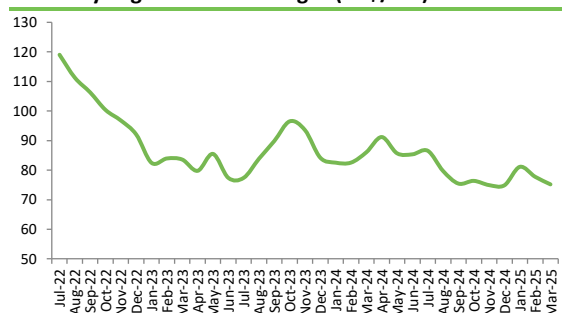
We expect company to post earnings of PKR9.1/sh in 3QFY25, down by 23%/3% YoY/QoQ due to lower gas production coupled with increase in royalty expense. To highlight, company has to pay 15% additional royalty on MARI field from Nov'24. Company is

ISL E&P universe earning estimates

PKR/sh	3QFY25	YoY	QoQ	9MFY25	9MFY24	YoY	DPS
OGDC	9.9	-11%	3%	29.1	39.8	-27%	3.5
PPL	8.9	-13%	-12%	27.6	35.4	-22%	2.0
MARI	9.1	-23%	-3%	34.3	43.0	-20%	-
POL	22.0	-49%	-17%	57.8	105.4	-45%	-

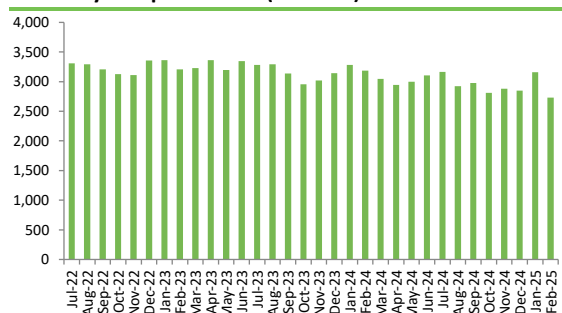
Source: Company Accounts, Insight Research

Monthly avg trend of Arab light (US\$/bbl)



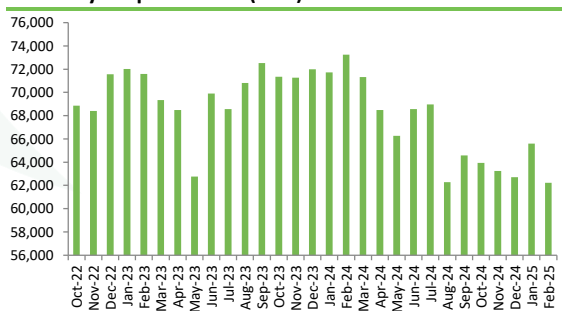
Source: Bloomberg, Insight Research

Monthly Gas production (MMCFD)



Source: PPIS, Insight Research

Monthly Oil production (BPD)



Source: PPIS, Insight Research

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Analyst certifications and important disclosures are in the end.

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expected to post topline of ~PKR39.7bn, down by 20%/6% YoY/QoQ due to lower gas production coupled with absence of incremental revenue from MARI field. We don't expect company announce dividend this quarter.

### POL PA: 3QFY25 EPS expected to clock in at PKR22.0

We expect company to post earnings of PKR22.0/sh in 3QFY25, down by 49%/17% YoY/QoQ mainly led by lower oil prices and hydrocarbon production coupled with decline in other income. We expect topline to decrease by 11% YoY to clock in at ~PKR14.5bn in 3QFY25 due to lower oil prices coupled with decline in oil production. We expect other income to decrease by 51% YoY amid decline in short term investment coupled with lower interest rates. On QoQ basis same is down by 58% primarily due to a one-off insurance claim recorded in the previous quarter. We don't expect company announce dividend this quarter.

### ISL E&P sector preview

PKRbn	3QFY25	3QFY24	2QFY25	YoY	QoQ	9MFY25	9MFY24	YoY
Net sales	221	252	217	-12%	2%	672	765	-12%
Royalty	34	32	30	7%	12%	95	98	-3%
Operating costs	54	54	58	0%	-7%	163	160	2%
<b>Gross Profit</b>	<b>133</b>	<b>166</b>	<b>129</b>	<b>-20%</b>	<b>3%</b>	<b>410</b>	<b>505</b>	<b>-19%</b>
Exploration cost	12	23	14	-46%	-10%	42	41	3%
Other income	29	27	37	9%	-20%	105	74	42%
<b>PBT</b>	<b>137</b>	<b>155</b>	<b>137</b>	<b>-11%</b>	<b>0%</b>	<b>430</b>	<b>490</b>	<b>-12%</b>
Tax	54	53	49	2%	9%	172	141	23%
<b>PAT</b>	<b>84</b>	<b>102</b>	<b>88</b>	<b>-18%</b>	<b>-4%</b>	<b>258</b>	<b>349</b>	<b>-26%</b>

Source: Company Accounts, Insight Research

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- Equity & Asset return based methodologies (EVA, Residual Income etc.)

### Frequently Used Acronyms

<b>TP</b>	Target Price	<b>DCF</b>	Discounted Cash Flows	<b>FCF</b>	Free Cash Flows
<b>FCFE</b>	Free Cash Flows to Equity	<b>FCFF</b>	Free Cash Flows to Firm	<b>DDM</b>	Dividend Discount Model
<b>SOTP</b>	Sum of the Parts	<b>P/E</b>	Price to Earnings ratio	<b>P/Bv</b>	Price to Book ratio
<b>P/S</b>	Price to Sales	<b>EVA</b>	Economic Valued Added	<b>BVPS</b>	Book Value per Share
<b>EPS</b>	Earnings per Share	<b>DPS</b>	Dividend per Share	<b>DY</b>	Dividend Yield
<b>ROE</b>	Return on Equity	<b>ROA</b>	Return on Assets	<b>CAGR</b>	Compounded Annual Growth Rate

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