

Earning Review

POL: 4QFY21 EPS clocked at Rs13.7, up 60% YoY, DPS Rs30

Event

- Pakistan Oilfields Limited (POL) profitability clocked in at Rs13.7/sh, up 60% YoY, taking full year FY21 profitability to Rs47.1/sh, down 18% YoY.
- Result is also accompanied with dividend of Rs30.0/sh, cumulating into full year payout of Rs50.0/sh.

Impact

- We attribute increase in profitability to higher production across the board amid higher Arab Light prices.
- Moreover, lower dollar indexation along with higher exploration cost has restricted growth in profitability.
- Arab Light averaged ~US\$68/bbl in 4QFY21, up 154.7% YoY, due to uptick in global economic activity amid a restrained global oil supply.
- Company's oil, gas and LPG production is up by 12.7%, 13.5% and 12.6% YoY primarily because of higher production from TAL block. Oil, Gas and LPG production of TAL Block is up by 18.3% YoY, 25.0% YoY and 29% YoY, respectively, in 4QFY21.
- Exploration cost clocked in at Rs313mn, up 24% YoY, in 4QFY21 against Rs253mn booked in 4QFY20.
- Other income is increased by 59% YoY primarily because of exchange gains on financial assets.

Outlook

- Stock provides lucrative dividend yield besides providing hedge to dollar appreciation amid recovery in oil prices.

Table 1: 4QFY21 Result Review

	4QFY21	4QFY20	YoY	QoQ	FY21	FY20	YoY
Sales	8,445	6,025	40%	-11%	36,042	38,474	-6%
Operating cost	1,350	1,699	-21%	-45%	8,289	9,408	-12%
SC&A	27	18	54%	-46%	195	192	1%
Royalty	989	590	68%	0%	3,908	4,010	-3%
EBITDAX	6,080	3,718	64%	2%	23,650	24,864	-5%
D&A	108	511	-79%	-81%	1,927	2,410	-20%
Exploration cost	313	253	24%	337%	494	1,405	-65%
EBIT	5,617	2,915	93%	6%	21,139	20,962	1%
Other income	1,366	860	59%	-467%	1,539	4,558	-66%
Fin. Cost	682	524	30%	-313%	260	2,212	-88%
Other charges	377	144	161%	-10%	1,545	1,383	12%
Pre-tax profit	5,898	3,090	91%	23%	20,678	21,734	-5%
Taxation	2,016	663	204%	4%	7,296	5,359	36%
PAT	3,882	2,427	60%	36%	13,382	16,375	-18%
EPS	13.7	8.6			47.1	57.7	

Source: PSX, Foundation Research, August 2021

Analyst

Muhammad Awais Ashraf, CFA
+92 21 3561 2290-94

m.awais@fs.com.pk
Ext 338

Important disclosures:

Disclaimer: This report has been prepared by FSL. The information and opinions contained herein have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified and no guaranty, representation or warranty, express or implied is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as, an offer, or solicitation of an offer, to buy or sell any securities or other financial instruments. FSL may, to the extent permissible by applicable law or regulation, use the above material, conclusions, research or analysis before such material is disseminated to its customers. Not all customers will receive the material at the same time. FSL, their respective directors, officers, representatives, employees, related persons may have a long or short position in any of the securities or other financial instruments mentioned or issuers described herein at any time and may make a purchase and/or sale, or offer to make a purchase and/or sale of any such securities or other financial instruments from time to time in the open market or otherwise, either as principal or agent. FSL may make markets in securities or other financial instruments described in this publication, in securities of issuers described herein or in securities underlying or related to such securities. FSL may have recently underwritten the securities of an issuer mentioned herein. This document may not be reproduced, distributed or published for any purposes.

Research Dissemination Policy: Foundation Securities (Pvt.) Ltd. endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as mail, fax and/or email. Nevertheless, not all clients may receive the material at the same time.

Target price risk disclosures: Any inability to compete successfully in their markets may harm the business. This could be a result of many factors which may include geographic mix and introduction of improved products or service offerings by competitors. The results of operations may be materially affected by global economic conditions generally, including conditions in financial markets. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices. From time to time, the company will enter into transactions, including transactions in derivative instruments, to manage certain of these exposures.

Analyst certification: The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst principally responsible for the preparation of this research receives compensation based on overall revenues of Foundation Securities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Recommendations definitions

If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.