

## Earning Review

### POL: 2QFY22 EPS clocked at Rs19.96, DPS Rs20

#### Event

- Pakistan Oilfields Limited (POL) profitability clocked in at Rs19.96/sh, up 88% YoY in 2QFY22 against profitability of Rs10.64/sh in 2QFY21.
- Result is accompanied with cash payout of Rs20/sh.

#### Impact

- We attribute increase in profitability to higher Arab Light prices and rupee depreciation.
- However, lower oil, gas and LPG production along with higher exploration expense has restricted growth in profitability.
- Arab Light averaged ~US\$79.7/bbl in 2QFY22, up 82.4% YoY, due to uptick in global economic activity amid a restrained global oil supply. Moreover, dollar appreciated by 8.5% YoY during 2QFY22.
- Company's oil and gas production is down by 11.4% and 10.7% YoY primarily because of lower production from TAL block and Adhi Field.
- Oil, Gas and LPG production of TAL Block is down by 15.8% YoY, 9.7% YoY and 5.8% YoY, respectively, in 2QFY22.
- Exploration cost clocked in at Rs108mn in 2QFY22 against Rs34mn booked in 2QFY21.
- Other income increased by ~8x 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.

**Fig 1: Financial highlights 2QFY22**

	2QFY22	2QFY21	YoY	QoQ	1HFY22	1HFY21	YoY
Sales	12,671	8,843	43%	14%	23,749	18,132	31%
Operating cost	2,178	2,150	1%	8%	4,192	4,501	-7%
SC&A	55	61	-8%	-16%	121	118	3%
Royalty	1,315	934	41%	12%	2,488	1,932	29%
EBITDAX	9,123	5,699	60%	17%	16,947	11,582	46%
D&A	627	678	-7%	-8%	1,313	1,241	6%
Exploration cost	108	34	221%	-76%	559	109	411%
EBIT	8,381	4,977	68%	26%	15,047	10,207	47%
Other income	2,018	242	733%	-25%	4,718	545	766%
Fin. Cost	935	(188)	na	-36%	2,397	(102)	na
Other charges	540	392	38%	30%	956	747	28%
Pre-tax profit	8,869	4,955	79%	20%	16,290	9,990	63%
Taxation	3,204	1,935	66%	48%	5,368	3,341	61%
PAT	5,665	3,020	88%	8%	10,922	6,649	64%
EPS	19.96	10.64			38.48	23.42	

Source: PSX, Foundation Research, February 2022

**Analyst**

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

m.awais@fs.com.pk  
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**Recommendations definitions**

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