

# Pakistan Oilfields (POL)

4QFY18 EPS Rs16.1, -12% YoY (+22% QoQ); FY18 EPS Rs49.4, -2% YoY

Cash dividend Rs25/share; Bonus Issue 20%

Result in-line with expectations

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# Higher oil prices boost revenues

## POL: Consolidated Financial Highlights

Rsmn	4QFY18	4QFY17	YoY	QoQ	FY18	YoY
Net Sales	10,858	6,986	55%	21%	33,457	20%
Operating Costs	2,118	2,151	-2%	-18%	9,189	3%
Excise Duty	78	71	10%	-5%	308	13%
Royalty	1,328	602	121%	-2%	3,778	61%
Amort. of D&DE	695	240	189%	-13%	2,987	35%
Gross Profit	6,638	3,921	69%	61%	17,195	21%
Exploration Costs	1,975	1,032	91%	618%	2,990	104%
Admin Expenses	34	15	130%	-42%	191	39%
Finance Cost	700	162	333%	29%	1,919	157%
Other Charges	333	183	82%	37%	972	19%
Other Income	990	216	358%	52%	2,596	211%
Share in profits of associates	328	2,933	-89%	267%	1,022	-72%
Profit before Tax	4,914	5,679	-13%	31%	14,740	-5%
Taxation	1,103	1,354	-19%	74%	3,036	-15%
Profit After Tax	3,811	4,325	-12%	23%	11,704	-2%
Owners of Holding Company	3,800	4,329	-12%	22%	11,679	-2%
Non-Controlling Interest	11	(4)			24	
<b>EPS</b>	<b>16.1</b>	<b>18.3</b>			<b>49.4</b>	

Source: PSX, Topline Research

- POL announced consolidated earnings of Rs3.8bn (EPS Rs16.1) in 4QFY18, broadly in-line with expectations. In addition to an interim dividend of Rs25/share (FY18 DPS Rs42.5), POL announced 20% bonus shares, better than estimates.
- During the outgoing quarter, POL's revenues were up 55% YoY thanks to 1) higher Arab Light oil prices, up 48% YoY, 2) increased hydrocarbon production and 3) currency devaluation.

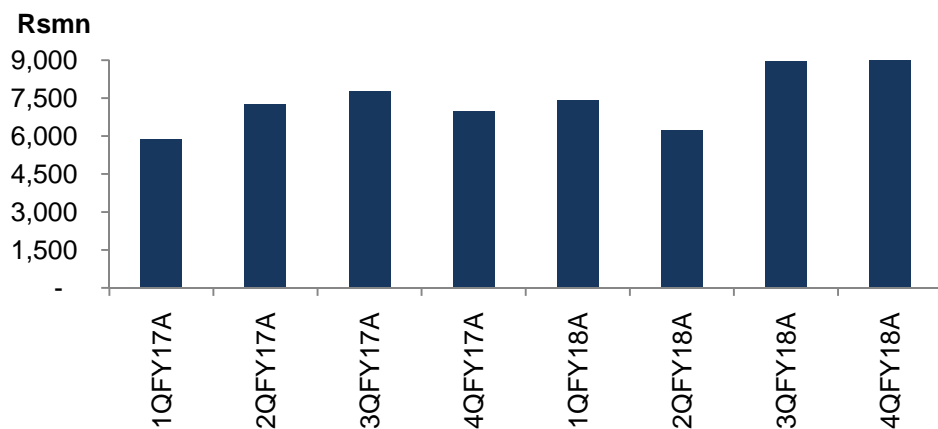
## Higher oil prices boost revenues

- Hydrocarbon production of the company recorded up to 5% YoY growth in 4QFY18 where oil volumes grew by 4.5% and gas volumes grew by 5%.
- Financial charges were up by 4.3x YoY in 4QFY18. We attribute this to exchange losses on the back of currency devaluation.
- Net earnings declined YoY mainly due to higher exploration charges. POL booked exploration expenses of Rs8.3/share during the outgoing quarter, up by a substantial 91% YoY. We attribute this to dry well cost.
- We flag 1) inability to receive higher gas price incentive on TAL Block owing to WLO dispute (pending in the court), 2) lower than anticipated international oil prices, 2) significant exploration and development cost and 3) unexpected field shutdown as key risks for POL.

POL: Key Numbers					
	FY14A	FY15A	FY16A	FY17A	FY18A
EPS	54.5	34.8	42.6	50.2	49.4
Earnings Growth	19%	-36%	23%	18%	-2%
PE at Rs640	11.7	18.4	15.0	12.7	13.0
Dividend Yield	8%	6%	5%	6%	7%
ROE	38%	25%	30%	33%	36%
PBV	4.5	4.7	4.4	4.2	4.6

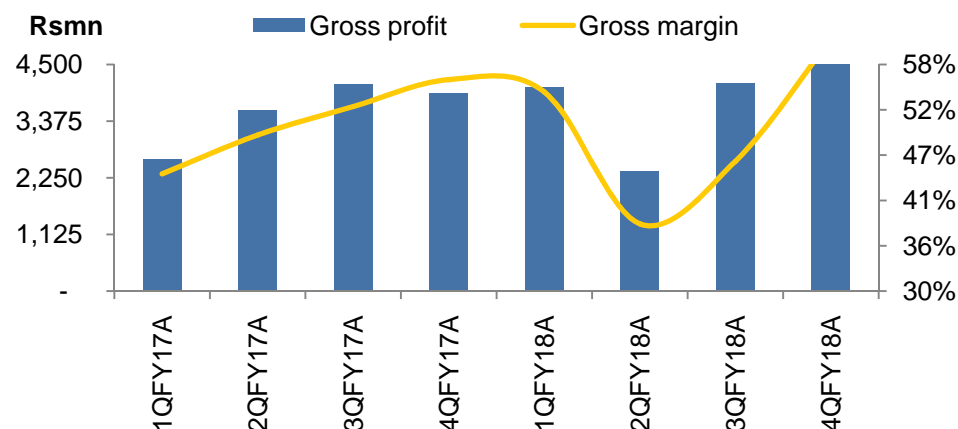
Source: Company Accounts, Topline Research

### POL: Quarterly Sales



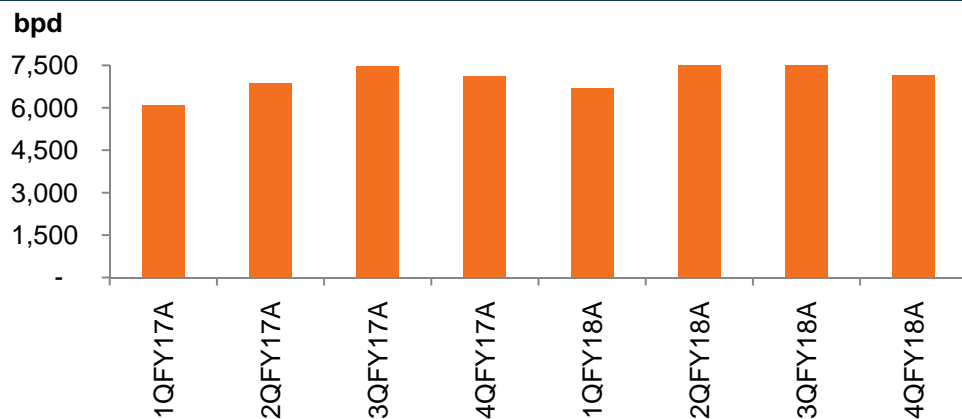
Source: Company Accounts, Topline Research

### POL: Quarterly Gross Profit & Gross Margins



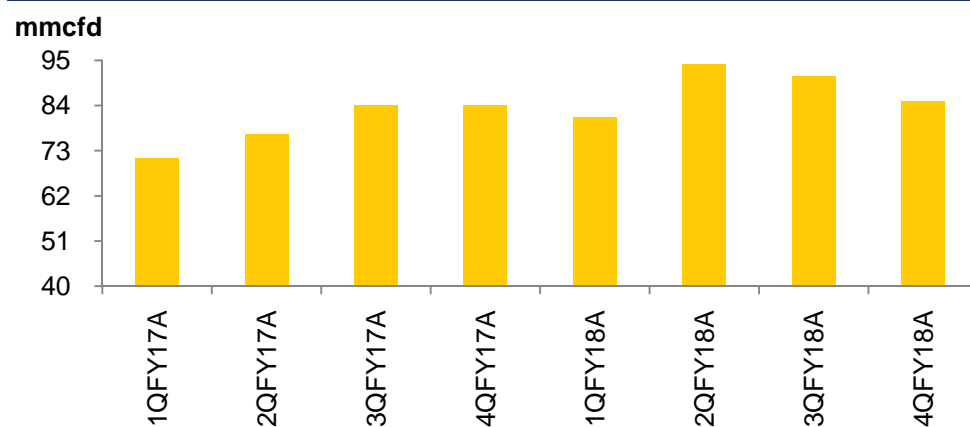
Source: Company Accounts, Topline Research

### POL: Quarterly Oil Production



Source: Company Accounts, Topline Research

### POL: Quarterly Gas Production



Source: Company Accounts, Topline Research

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