

Production update & result preview of FY25

FY25: Oil and gas production declined by 12% and 7% YoY, respectively

Oil and gas production in Pakistan witnessed a decline of 12% and 7% YoY, respectively, during FY25. The contraction in hydrocarbon output comes amid forced curtailments at Nashpa, TAL and other blocks due to lower gas demand. Major oil fields such as Nashpa, Makori East, Pasakhi, Adhi, Taj, Mardenkhel, Maramzai, Rajian, and Umar experienced a drop in production during FY25. In terms of gas production, key fields including Mari, Qadirpur, Sui, Sharf, Kandhkot, Naimat West, and Sutiari Deep registered a decline. On a quarterly basis, oil and gas production in Pakistan decreased by 15% and 10% YoY, respectively, in 4QFY25.

Drilling Activity

During FY25, a total of 23 exploratory wells and 30 appraisal/development wells were spudded, against a target of 27 exploratory wells and 40 appraisal/development wells.

Discoveries

The exploration efforts of Pakistani E&P companies in the listed space yielded 21 discoveries during FY25, with a cumulative discovery size of approximately ~3,187 bopd of condensate and ~303 mmcf of gas.

Result Previews:

POL: Net profit to settle at PKR 79.48/share in FY25

Pakistan Oilfields Limited is scheduled to announce its financial results for the period soon, where we expect the company to post a profit after tax of PKR 22,560mn (EPS: PKR 79.48), reflecting a massive decline of 42% YoY. The decrease in the bottom line comes amid: i) hefty exploration costs booked in 1QFY25 due to the high cost of the dry well Balkassar Deep 1A, ii) 12% YoY decline in average realized oil prices, and iii) 1% YoY appreciation of the Pak Rupee against the greenback. During 4QFY25, profitability is expected to reach PKR 5,807mn (EPS: PKR 20.46), marking a significant decline of 37% YoY. The reduction in earnings is attributed to: i) 12% YoY fall in average realized oil prices, and ii) 6% and 21% YoY reduction in oil and gas production, respectively. Moreover, we anticipate exploration costs to increase by 74% YoY due to higher geological and geophysical cost during the period. In addition to this, we expect the company to give final cash dividend of PKR 48.00/share in the quarter (PKR 73.00 in FY25).

MARI: Profitability to arrive at PKR 50.61/share in FY25

Mari Energies Limited (MARI) is expected to post earnings of PKR 60,758mn (EPS: PKR 50.61) in FY25, compared to PKR 77,288mn (EPS: PKR 64.37) in FY24, depicting decline of 21% YoY. This reduction in profitability is attributable to i) imposition of incremental royalty on the wellhead revenue from the Mari D&P Lease, and ii) 5% YoY decrease in the wellhead price of the Mari gas field. On a quarterly basis, net profit for 4QFY25 is projected to dwindle by 44% YoY, amounting to PKR 14,457mn (EPS: PKR 12.04). The decrease in earnings comes amid reversal of impairment loss in exploration expense in 4QFY24, and incremental royalty imposed on the wellhead value of the Mari D&P Lease during the quarter. Meanwhile, oil and gas production increase by 18% and 16% YoY, respectively. Alongside the result, the company is anticipated to announce a final dividend of PKR 18.00/share.

AHL E&P Universe

	FY25	FY24	YoY
Oil Production (BOPD)			
OGDC	30,961	33,027	-6%
PPL	10,221	11,325	-10%
POL	4,444	4,727	-6%
MARI	1,271	1,193	7%

Gas Production (MMCFD)

	FY25	FY24	YoY
OGDC	652	715	-9%
PPL	480	532	-10%
POL	53	62	-14%
MARI	818	799	2%

	4QFY25	4QFY24	YoY
Oil Production (BOPD)			
OGDC	28,709	32,082	-11%
PPL	9,549	10,588	-10%
POL	4,089	4,340	-6%
MARI	1,381	1,167	18%

Gas Production (MMCFD)

	4QFY25	4QFY24	YoY
OGDC	582	700	-17%
PPL	443	524	-15%
POL	43	55	-21%
MARI	869	747	16%

Source (s): PPIS, AHL Research

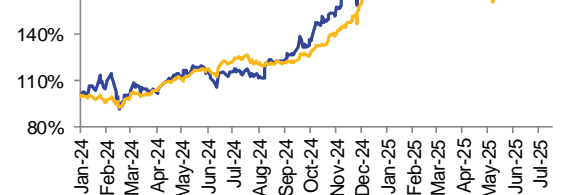
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Relative Performance



Source (s): PSX, AHL Research

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OGDC: Earnings of PKR 38.46/share expected during FY25

Oil & Gas Development Company Limited (OGDC) is expected to announce its financial results for FY25 in a few days, where we project earnings of PKR 165,392mn (EPS: PKR 38.46), depicting a decline of 21% YoY. The decrease in earnings is anticipated due to: i) 6% and 9% YoY reduction in oil and gas production, respectively, ii) 13% YoY decline in oil prices, and iii) depreciation of the USD against the PKR. On a quarterly basis, net profit is estimated to clock in at PKR 35,787mn (EPS: PKR 8.32) in 4QFY25, compared to PKR 37,872mn (EPS: PKR 8.81) in 4QFY24, showcasing a decrease of 6% YoY. This decline in profitability is primarily attributed to a 11% and 17% YoY reduction in oil and gas production, respectively, coupled with a 21% YoY fall in oil prices. The exploration costs are projected to contract by 26% YoY, reaching PKR 2,988mn in 4QFY25 amid lower costs associated with the dry well (Chak 263-1) incurred during the quarter. Furthermore, we expect the company to record other income of PKR 11,326mn in 4QFY25 compared to other expense of PKR 3,197mn given the company booked loss on modification in terms of TFCs amounting to PKR 23bn in 4QFY24. Alongside the results, we expect the company to announce a final cash dividend of PKR 4.00/share, bringing the total dividend for FY25 to PKR 14.05/share.

PPL: Bottom line to clock in at PKR 34.12/share during FY25

In the financial results for FY25, Pakistan Petroleum Limited (PPL) is expected to report a net profit of PKR 92,853mn (EPS: PKR 34.12), compared to PKR 114,309mn (EPS: PKR 42.01) in FY24, reflecting an 19% YoY decline. The drop in earnings comes on the back of i) a fall in oil and gas production in by 10% YoY each, ii) lower oil prices, and iii) ~2% YoY dip in the wellhead price of Sui. During 4QFY25, profitability is expected to climb up by 13% YoY, settling at PKR 20,144mn (EPS: PKR 7.40) amid higher exploration cost booked last year. The topline declined by 17% YoY amid a 10% and 15% YoY reduction in oil and gas production, respectively, along with a drop in oil prices. The exploration expenses are projected to decrease by 78% YoY in 4QFY25 due to the absence of a dry well during the quarter. In addition to the results, we expect the company to announce a final cash dividend of PKR 2.50/share, taking the total payout for FY25 to PKR 7.50/share.

Exhibit: Earnings Forecast of E&P universe

	FY25e	FY24a	YoY	4QFY25e	4QFY24a	YoY	QoQ
OGDC	38.46	48.59	-21%	8.32	8.81	-6%	-24%
PPL	34.12	42.01	-19%	7.40	6.58	13%	-8%
POL	79.48	137.93	-42%	20.46	32.45	-37%	-12%
MARI	50.61	64.37	-21%	12.04	21.37	-44%	29%

Source (s): Company Financials, AHL Research

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Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Jun 2026 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between 0% and +15% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than 0% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks

The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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