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POL: FY24 EPS clocks in at PKR 137.93, up by 7% YoY, DPS PKR 70.00

Pakistan Oilfields Limited

PSX: POL | Bloomberg: POL PA | Reuters: PKOL.PSX

- Pakistan Oilfields Limited (POL) announced its FY24 financial result today, wherein it reported an EPS of PKR 137.93, up by 7% YoY. Along with the result, the company announced a final cash dividend of PKR 70.00/share, taking the FY24 dividend payout to PKR 95.00/share.
- Net sales clocked in at PKR 65.3bn during FY24, compared to PKR 60.9bn in SPLY, up 7% YoY mainly on account of higher oil price, up ~5.2% (in PKR terms) during the year.
- Exploration expenses dropped significantly to PKR 1.6bn (-76% YoY) during FY24 vs PKR 6.7bn in SPLY, owing to the absence of dry wells and abandonment costs during the year.
- On the contrary, other income declined by 39% YoY to PKR 16.6bn due to a lower quantum of exchange gains compared to last year.
- On a quarterly basis, the company posted an EPS of PKR 32.45, up 57% YoY during 4QFY24. This was mainly driven by low finance charges (-41% YoY) and effective tax rate (28.1% in 4QFY24 vs 51.8% in SPLY)
- We revise our recommendation to 'HOLD' based on a Jun-25 price target (PT) of PKR 608/share which provides an upside of 2% including a dividend yield of 11.8%.

Key Data

PSX Ticker	POL
Target Price (PKR)	608
Current Price (PKR)	599
Upside/(Downside) (%)	+2%
Dividend Yield (%)	11.8%
Total Return (%)	+13%
12-month High (PKR)	613
12-month Low (PKR)	381
Outstanding Shares (mn)	284
Market Cap (PKR mn)	168,897

Source: Company Accounts, Akseer Research

Financial Estimates (PKR mn)	4QFY23	4QFY24E	YoY	FY23	FY24	YoY
Sales	15,081	14,956	-1%	60,952	65,290	7%
Operating expenses	3,167	3,311	5%	11,160	12,127	9%
Royalties	1,742	1,652	-5%	6,880	7,374	7%
Gross profit	11,287	9,982	-12%	41,737	45,394	9%
Exploration expenses	390	160	-59%	6,720	1,606	-76%
Other income	3,993	4,821	21%	27,062	16,574	-39%
Other operating expenses	832	707	-15%	2,489	3,445	38%
Finance costs	1,834	1,085	-41%	9,619	3,347	-65%
Profit before tax	12,170	12,806	5%	49,659	53,239	7%
Taxation	6,305	3,594	-43%	13,206	14,088	7%
Net income (loss)	5,864	9,212	57%	36,453	39,152	7%
EPS	20.66	32.45	57%	128.42	137.93	7%
DPS	60.00	70.00		80.00	95.00	

Source: Company Accounts, Akseer Research

Key Financial Ratios	FY21A	FY22A	FY23A	FY24A	FY25F	FY26F
EPS (PKR)	47.1	91.4	128.4	137.9	123.2	120.3
EPS Growth	-18.3%	93.8%	40.6%	7.4%	-10.7%	-2.4%
DPS (PKR)	50.0	70.0	80.0	95.0	70.0	70.0
BVPS	138.7	179.9	238.5	291.9	345.1	395.4
PER	12.6	6.5	4.6	4.3	4.8	5.0
Dividend Yield	8.4%	11.8%	13.4%	16.0%	11.8%	11.8%
EV/EBITDA	4.9	2.7	2.8	2.3	2.3	1.9
P/B	4.3	3.3	2.5	2.0	1.7	1.5
ROE	33.6%	57.4%	61.4%	52.5%	38.7%	32.5%

Source: Company Accounts, Akseer Research

Valuation Basis

Our PT for Pakistan Oilfields Limited (POL) has been computed using the reserve-based Free Cash Flow to Equity (FCFE) method. We have used a risk-free rate of 14%, beta of 0.9, and a market risk premium of 6%, arriving at a cost of equity of 19.4%.

Investment Thesis

We have a 'HOLD' recommendation on the stock based on our Jun-25 PT of PKR 608/share which results in an upside of 2% alongside a dividend yield of 11.8%. Our investment case on POL is based on (1) recovery in oil prices, (2) currency devaluation, and (3) incremental production from discoveries.

Risks

Key downside risks to our investment thesis are 1) a decrease in oil prices, 2) a lower-than-expected currency devaluation, and 3) a lower-than-estimated life of main reserves.

Company Description

Pakistan Oilfields Limited (POL) engages in the exploration, drilling, development, and production of crude oil and gas in Pakistan. In addition to operating nine development and production leases, the company produces liquefied petroleum gas (LPG), solvent oil, and sulphur. The company is also involved in the marketing of LPG under the POLGAS brand, and the operation of a network of pipelines for the transportation of crude oil. A subsidiary of The Attock Oil Company Limited (AOL), the company was incorporated in 1950 and is headquartered in Rawalpindi, Pakistan.

Financial Highlights - POL

Income Statement (PKR mn)	FY21A	FY22A	FY23A	FY24A	FY25F	FY26F
Net sales	36,042	51,945	60,952	65,290	62,756	65,872
Operating expenses	12,929	15,242	21,197	12,127	19,652	22,038
Royalties	3,908	5,563	6,880	7,374	7,662	8,301
Gross profit	21,633	33,947	41,737	45,394	39,860	40,447
Other income	1,539	11,697	27,062	16,574	17,139	15,930
Other charges	1,545	2,026	2,489	3,445	2,509	2,710
Finance cost	260	5,549	9,619	3,347	7,499	5,045
Profit before tax	20,678	36,987	49,659	53,239	44,135	45,089
Taxation	7,296	11,052	13,206	14,088	9,160	10,941
Profit after tax	13,382	25,935	36,453	39,152	34,974	34,148

Source: Company Accounts, Akseer Research

Balance sheet (PKR mn)	FY21A	FY22A	FY23A	FY24A	FY25F	FY26F
PPE	6,129	6,220	5,417	5,834	5,138	4,572
Other LT assets	24,389	23,357	19,723	27,404	28,648	29,427
Non-Current Assets	30,518	29,577	25,141	33,238	33,786	33,998
Current assets	63,826	88,477	133,898	142,651	149,144	165,719
Total Assets	94,344	118,054	159,039	175,889	182,931	199,717
Non-Current liabilities	20,852	25,866	31,686	37,191	37,717	38,270
Current liabilities	34,130	41,125	59,666	55,846	47,257	49,212
Total Liabilities	54,982	66,990	91,351	93,037	84,974	87,482
Equity	39,362	51,063	67,687	82,852	97,956	112,235
Total Equity & liabilities	94,344	118,054	159,039	175,889	182,931	199,717

Source: Company Accounts, Akseer Research

Cashflow statement (PKR mn)	FY21A	FY22A	FY23A	FY24E	FY25F	FY26F
Net Income	13,382	25,935	36,453	39,152	34,974	34,148
Non-cash Charges	4,803	6,057	5,383	5,026	7,010	6,996
Operating Cash flows	25,698	31,107	32,106	36,250	30,130	32,834
FCFF	23,002	30,718	38,133	23,696	22,567	25,622
Net borrowings	-	-	-	-	-	-
FCFE	23,002	30,718	38,133	23,696	22,567	25,622
Net change in cash	10,892	20,150	2,573	(1,420)	11,901	14,819
Closing cash	47,572	67,723	70,296	68,875	80,777	95,595

Source: Company Accounts, Akseer Research

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To arrive at our 12-months Price Target, the JV uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology.

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Rating	Expected Total Return
Buy	Greater than or equal to +15%
Hold	Between -5% and +15%
Sell	Less than or equal to -5%

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