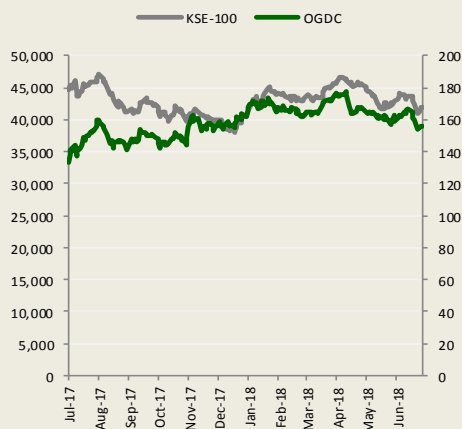


KEY DATA

PSX Ticker	OGDC
Sector	Oil & Gas Exp.
Current Price PKR	152.25
Market Cap (PKR mn)	654,816.59
Market Cap (US\$ mn)	5,280.78
52 weeks High	177.31
52 weeks Low	141.76
Shares Outstanding (mn)	4,300.93
Free Float (%)	15%

Source: PSX/Darson Research

RELATIVE PERFORMANCE

EPS grew by +23%YoY

OGDC declared its result for FY18, in which the bottom-line of the company increased to PKR 78,736mn against PKR 63,803mn SPLY, translating into an EPS of PKR 18.31 when compared with the preceding period in which EPS was PKR 14.83. Beside the announced financial result the company announced final cash dividend of PKR 2/share taking the total dividend for FY18 to PKR 7.5/share.

The topline of the company witnessed an upsurge of +19.50%YoY to PKR 205.34mn for FY18 on the back of higher oil prices coupled with PKR devaluation and improved volumes.

Furthermore, the gross profit of the company portrayed an impressive picture of PKR 121.48bn, this is mainly accredited to improved volumes.

Focusing on the expense, the exploration expense of the company rose by +22.02%YoY to PKR 161.19bn in FY18 owed to hefty dry well cost incurred amidst the period whereas, finance cost is inclined by +14.21%YoY to PKR 1.73bn as compared to previous year which was PKR 1.51bn.

Collectively all these led to a swelling EBT for FY18 by +26.35%YoY. Moreover the company posted earnings of PKR 78.74bn with an EPS of PKR 18.31 for FY18, both of which shows a massive incline of +23.40%YoY on its bottom line

PKR (mn)	FY'18	FY'17	YoY%
Sales - net	205,335	171,829	19.50%
Royalty	(21,971)	(18,519)	18.64%
Operating Expenses	(60,213)	(56,585)	6.41%
Transportation Charges	(1,671)	(1,721)	-2.91%
Gross Profit	121,480	95,004	27.87%
Other income	16,008	16,020	-0.08%
Exploration & prospecting expenses	(16,190)	(13,269)	22.02%
General and administrative expenses	(4,088)	(4,240)	-3.58%
Finance Cost	(1,730)	(1,515)	14.21%
Workers' profit participation fund	(5,928)	(4,691)	26.35%
Share of profit in associate - net of taxation	3,075	1,827	68.28%
Profit before taxation	112,627	89,137	26.35%
Taxation	(33,890)	(25,334)	33.77%
Profit after taxation	78,736	63,803	23.40%
Earnings per share - basis and diluted (Rupees)	18.31	14.83	23.47%

Source: Darson Research, Company Accounts

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Notified Research Entity

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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.

Rating System:

- | | |
|---|---------------------|
| If; | |
| • Expected return >15% | - Buy Call |
| • Expected Return is in between 0% to 15% | - Neutral/Hold Call |
| • Expected Return <0% | - Sell Call |

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: www.JamaPunji.pk

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