



OGDC 4QFY25 Result Review — Highest ever cash dividend amid improving liquidity



AKD Securities Limited

Oil and Gas Development Company Ltd (OGDC) announced its financial results earlier today, with earnings clocking in at PkR40.3bn for the final quarter (EPS: PkR9.37), up 6% YoY — slightly above our expectations due to lower effective tax rate. For the full year, company's earnings amounted to PkR169.9bn (EPS: PkR39.50), down 19%YoY. Alongside the result, company also announced a final cash dividend of PkR5.0/sh, taking FY25 cash payout to PkR15.05/sh (payout ratio: 38%), compared to PkR10.10/sh in FY24.

- Net Sales stood at PkR90.3bn during 4QFY25, down 22%YoY, largely led by reduced hydrocarbon production alongside lower average oil prices (Arab light: US\$69/bbl during 4Q, down 22%YoY).
- Regarding production, OGDC's estimated oil and gas output fell by 12%/11%YoY during 4QFY25, reaching 28.7k bpd of oil and 637 mmcf of gas, respectively.
- Operating expenses for the quarter amounted PkR35.8bn, a decline of 3%YoY. Additionally, exploration expenses totaled PkR4.1bn for 4QFY25 (up 1%YoY), as the company was involved in drilling of: Bettani Deep-1, Baragzai X-1, Faakir-1 and Chak263-1 during the quarter. Furthermore, company also remained active in conducting 2D and 3D seismic surveys during the period.
- Finance income clocked in at PkR17.1bn, compared to –ve PkR3.2bn in SPLY. The said turnaround is attributable to loss on modification of TFC receivables recorded last year. Notably, company's cash and short-term investment balances stand at PkR206bn as of 4QFY25 accounts, down 21%YoY.
- Company's trade receivables continued their downward trend, closing the period at PkR614bn, down 3%YoY from PkR635bn in SPLY. Gas revenue collection for FY25 is estimated at 110%, a significant improvement over the 75% recorded in FY24.
- Effective tax rate for 4QFY25 stood at 28%, taking full-year ETR to 39% for FY25.
- We reiterate our 'BUY' stance on OGDC with a Dec'25 target price of PkR371/sh, alongside a DY of 7% for FY26.

OGDC: Income Statement

(PKRmn)	4QFY25	4QFY24	YoY	3QFY25	QoQ	FY25	FY24	YoY
Net Sales	90,271	115,534	-22%	104,484	-14%	401,178	463,698	-13%
Royalty	10,208	13,853	-26%	12,153	-16%	47,145	54,279	-13%
Op. Exp.	35,782	36,925	-3%	32,417	10%	122,425	126,106	-2.9%
Exploration Exp.	4,096	4,060	1%	6,784	-40%	18,767	12,561	49%
Operating profit	40,184	60,715	-34%	54,157	-26%	214,431	271,154	-21%
Finance cost	1,332	1,890	-30%	1,535	-13%	5,806	7,143	-19%
Finance Income	17,129	-3,197	-636%	18,110	-5%	81,821	41,344	98%
Other charges	2,959	2,852	4%	3,541	-16%	14,701	15,462	-5%
PAT	40,298	37,872	6%	47,149	-15%	169,904	208,976	-19%
EPS-Adjusted	9.37	8.81	6%	10.96	-15%	39.50	48.59	-19%
DPS-Adjusted	5.00	4.00	25%	3.00	67%	15.05	10.10	49.0%

Source: PSX & AKD Research

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Valuation Methodology

To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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