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FOR IMMEDIATE RELEASE

**OGDCL Audited Financial Results for the Full Year Ended 30 June 2018**

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Full Year ended 30 June 2018. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

**Highlights of the Full Year include:**

- OGDCL's net sales registered Rs 205.335 billion compared to Rs 171.829 billion in the corresponding period last year
- Net profit before taxation registered Rs 112.627 billion compared to Rs 89.137 billion in the corresponding period last year
- Net Profit after Taxation came to Rs 78.736 billion as against Rs 63.803 billion in the preceding period translating into Earnings per Share of Rs 18.31
- The Board of Directors declared final cash dividend of Rs 2.50 per share
- Operating profit margin and net profit margin were 46% and 38%, respectively.
- Average net realized price of crude oil sold was US\$ 54.56 / bbl as against US \$ 44.04 / bbl during corresponding period last year
- Average net realized price for natural gas sold was Rs 258.93/Mcf as against Rs 239.08/Mcf during corresponding period last year.
- 2,073 Line Kms of 2D and 792 Sq. Kms of 3D seismic acquisition completed
- Twenty (20) new wells including twelve (12) exploratory/appraisal wells and eight (8) development wells were spud during the year ended June 30, 2018
- Company's exploratory efforts yielded four (4) new oil and gas discoveries namely Bhambara-1 in district Sukkur, Tando Allah Yar South West-1 in district Hyderabad, Umair-1 in district Ghotki, Sindh province and Dhok Hussain-1 in district Kohat, KPK province.
- Net crude oil production of 41,278 barrels per day, net gas production of 1,022 MMcf per day and net LPG production of 690 Metric Tons per day was witnessed during the period under review

## **MD & CEO's Statement**

Mr. Zahid Mir, MD & CEO, while commenting on OGDCL's full year FY2018 results stated:

"I am pleased to inform you that OGDCL is continuously striving to enhance oil and gas reserves and production from our hydrocarbon assets. During the fiscal year 2018, OGDCL financial success and operational excellence continued unabated. This was achieved against the backdrop of cost discipline and introduction of new technologies in the exploration and production activities. I am happy to report that our exploration-led growth strategy enabled the Company to realize four new oil and gas discoveries. Company also focused in encompassing adherence to investment prudence, exhibiting operational efficiency and continuous efforts towards training and development of our Human Resources to emerge as a more stronger E&P company

It makes me proud to report to you that our focused and concerted efforts to bring our discoveries into production have resulted in the completion of major development at Nashpa field. Furthermore, despite security challenges, E&P activities were satisfactorily completed for being on target during the current year.

I feel elated to state that the skill, dedication and commitment of our workforce is the major impetus behind this consistent performance of the Company and I thank all employees of the Company for making it happen. Let me assure you that OGDCL remains steadfast in its resolve to carry on vigorous exploratory endeavours, expedite completion of ongoing development projects and exercise financial discipline and deployment of new technology while undertaking new development activities to maintain and improve business operational performance alongside creating material value for the shareholders in the years to come."

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**Notes to Editors**

OGDCL, the largest petroleum Exploration and Production (E&P) Company in Pakistan, is a listed Company on Pakistan Stock Exchange and its Global Depository Shares (GDS) were issued on London Stock Exchange in December 2006. It holds the largest portfolio of recoverable hydrocarbon reserves of Pakistan, at 32% of gas and 55% of oil, respectively, as at June 30, 2018. It contributed 29% of the country's total natural gas production and 47% of its total oil production from July 2017 to June 2018.

With a portfolio of 48 exploration licences, the Company has the largest exploration acreage in Pakistan, covering 27% of the total awarded acreage as of June 30, 2018. Currently, all production volumes are being realized from onshore areas of Pakistan, however, the Company also has working interests in Pakistan's offshore exploration blocks.

OGDCL had a net Profit after Tax of Rs 63.803 billion for the year ended June 30, 2017.

## SUMMARY RESULTS

### Financial Results

OGDCL witnessed yet another improved financial performance for the year ended 30 June 2018. This is evident by the fact that Company's Sales Revenue and Profit before Tax climbed to 205.335 billion (FY 2016-17: Rs 171.829 billion) and Rs 112.627 billion (FY 2016-17: Rs 89.137 billion) showing growth of 19% and 26% respectively. Financial results are primarily supported by moderate recovery in average basket price of crude oil which during the twelve months period stood at US\$ 61.21/barrel against US\$ 49.27/barrel in the comparative period leading to higher average realized price of US\$ 54.56/barrel against US\$ 44.04/barrel in the last year.

In addition to the above, OGDCL during the reporting period also recorded improvement in the realized price for gas and LPG averaging Rs 258.93/Mcf and Rs 55,666/ton compared with Rs 239.08/Mcf and Rs 43,684/ton respectively in the preceding year. During the year, Rs 3.677 billion worth of revenue recognized due to wellhead gas price notification by OGRA in respect of TAL block pertaining to the period prior to June 2015. However as a matter of prudence, the Company has set-aside revenue of Rs 1.995 billion on point forward basis w.e.f. 24 November 2017. Increase in LPG production and positive exchange rate variance lent further strength to business financials.

Moreover, OGDCL's financial performance during July 2017-June 2018 was boosted by increase in share of profit in associate by 68%. However, increase in operating expenses by 6% YoY due to salaries and wages on account of annual increment of officers and staff, depreciation on account of capitalization of assets at KPD and amortization of development and production assets on account of capitalization of new wells and change in reserves estimates as a result of reserves evaluation study negatively impacted the financial results. Similarly, greater cost of dry and abandoned wells owing to eleven (11) wells declared dry and abandoned against four (4) wells in the last year also affected business financials. Overall, the Company recorded Profit after Tax of Rs 78.736 billion (FY 2016-17: Rs 63.803 billion) translating into Earnings per Share of Rs 18.31 (FY 2016-17: Rs 14.83).

## Key Performance Indicators

Indicators	UOM	FY 2017-18	FY 2016-17
Net Sales	Rs in Million	205,335	171,829
Profit after Tax	Rs in Million	78,736	63,803
Gross Profit Margin	%	59	55
Net Profit Margin	%	38	37
Return on Average Capital Employed	%	15	13
EBITDA Margin	%	62	58
Current Ratio	Times	7.35	6.39
Earnings per Share	Rupees	18.31	14.83

### Dividend

The Board has announced final interim cash dividend of Rs 2.50 per share (25%) for the year ending June 30, 2018. This is in addition to the cumulative cash dividends of Rs 7.50 per share (75%) already declared during the fiscal year. This makes a total dividend of Rs 10.00 per share (100%) for the year ended 30 June 2018.

### Exploration and Development Activities

OGDCL during the fiscal year 2017-18 carried on exploration activities in its awarded acreage which as of 30 June 2018 stood at 91,933 sq. km and represents the largest exploration area held by any E&P company in Pakistan. The Company's exploration portfolio spreads across all four provinces of Pakistan, currently constituting forty eight (48) owned and operated joint venture exploration licenses. Adding to this strength, the Company holds working interest in four (4) blocks operated by other E&P companies.

In line with its exploration-led growth strategy of exploring new oil and gas reserves, OGDCL during the year acquired 2,073 Line km of 2D seismic data and 792 sq. km of 3D seismic data representing respectively 39% and 75% of total seismic data acquisition in the Country. This seismic data has been gathered from exploratory blocks viz., Lakhi Rud, Rakshan, Kulachi, Pezu, Gurgalot, Soghri, Guddu, Zin, Wali and Pasni West. Moreover, 5,690 Line km of 2D and 4,245 sq. km of 3D seismic data of various blocks has been processed / reprocessed using in-house resources.

In addition to the above, OGDCL spud twenty (20) wells comprising twelve (12) exploratory/ appraisal wells namely Qadir Wali-1, Shawa X-1, Urs-1, Ganjo Takkar-1, Umair-1, Khirun-1, Nur West-1, Sheikhan Bhutta-1, Chak 25-1, Zin Deep-2, Wasan-1 and Soghri X-3 and eight

(8) development wells namely Mela-6, Kunnar West-2, Pasahki North-3, Nashpa-9, Kunnar-12, Qadirpur-59 and HRL-13 & 14. Additionally, drilling and testing of fourteen (14) wells from previous fiscal years have been completed. Total drilling recorded during the year under review is 74,878 meters.

### **Discoveries**

Fiscal year 2017-18 has witnessed success across the Company's exploration acreage with four (4) new oil and gas discoveries including Bhambara-1 in district Sukkur, Tando Allah Yar South West-1 in district Hyderabad, Umair-1 in district Ghotki, Sindh province and Dhok Hussain-1 in district Kohat, KPK province. Aforementioned discoveries have expected cumulative daily production potential of 47 MMcf of gas and 749 barrels of oil while preliminary reserves estimates are 116.87 billion cubic feet of gas and 1.40 million barrels of oil combined 20.45 million barrels of oil equivalent. Subsequently in August 2018, the Company reported another discovery at Mela-5 in district Kohat, KPK province having a daily production potential of 95 barrels of oil and 0.25 MMcf of gas.

### **Development Projects**

During the period under review, OGDCL in addition to commissioning of LPG plant on 14 February 2018 made significant progress towards construction and development activities at Nashpa field. At present, Nashpa plant is in normal operational mode and daily producing around 19,200 barrels of oil/NGL, 82 MMcf of gas and 245 Tons of LPG. In order to cater depletion in pressure and exploit maximum production potential, compression project has also been initiated at Nashpa field. The project is expected to be completed in March 2020.

At Mela field, oil and gas are currently produced from installation of early production facilities. Development activities are underway to up-grade plant facilities and lay gas pipeline to Nashpa plant for the purpose of LPG and NGL extraction. Regarding Jhal Magsi project, government has reallocated gas to the Company for sale to a third party.

### **Production**

OGDCL being a state owned enterprise is making all viable efforts to maintain and optimize hydrocarbon production through expediting connectivity of newly discovered exploratory, appraisal and development wells in the system coupled with employing latest production

techniques to minimize natural decline and completing/undertaking ongoing development projects in a timely manner. In this pursuit, the Company during the fiscal year 2017-18 injected twenty five (25) new operated wells in the production system which cumulatively yielded gross crude oil and gas production of 581,412 barrels and 17,628 MMcf respectively. Moreover, Company's production during July 2017-June 2018 contributed around 47% and 29% towards the Country's total oil and natural gas production respectively.

During July 2017-June 2018, OGDCL in order to arrest natural decline and sustain production from mature wells carried out successful workover jobs at Chanda-1, Qadirpur-9A & 25A, Kunnar-9 & 10 and Pasakhi-1, 2 & 7. Company's average daily net LPG production is 690 Tons which in comparison to the preceding year shows 52% surge largely due to startup of production from Nashpa field along with production increase from KPD-TAY and non-operated JV fields. However, Company's average daily net crude oil production clocked at 41,278 barrels showing a decline of 6% in comparison to the last year primarily owing to natural depletion at Kunnar, Palli, Pasakhi, Rajian, Dakhni, Lashari Centre, Mela, Nashpa and Sinjhora fields. Moreover, production got affected owing to short lifting of crude oil by refineries from Nashpa field with effect from 27 November 2017 to 29 December 2017.

OGDCL's average daily net saleable gas production during the year under review is 1,022 MMcf which in comparison to the preceding year is lower by 3% mainly on account of natural decline at Loti, Qadirpur, KPD and Nashpa fields coupled with less gas intake at Uch-I and Uch-II fields by UPL-I and UPL-II respectively owing to tripping/shut-in of their turbines accompanied with no gas supply from Qadirpur field to Liberty Power Limited with effect from 16 December 2017 to 4 April 2018 as per demand of SNGPL.

During the period under review, average daily net saleable hydrocarbon production comprising crude oil, gas, LPG and sulphur including share in both operated and non-operated JV fields is as follows:

<b>Products</b>	<b>Unit of Measurement</b>	<b>FY 2017-18</b>	<b>FY 2016-17</b>
Crude oil	Barrels per day	41,278	44,041
Gas	MMcf per day	1,022	1,051
LPG	Tons per day	690	455
Sulphur	Tons per day	58	63

Moving on, OGDCL remains steadfast in its resolve to carry on vigorous exploratory endeavors, expedite completion of ongoing development projects and exercise financial discipline while undertaking new development activities to maintain and improve business operational performance alongside creating material value for the shareholders in the years to come.