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FOR IMMEDIATE RELEASE

**OGDCL Un-Audited Financial Results for the Half Year Ended 31 December 2019**

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Half Year ended December 2019. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

**Highlights of the Half Year include:**

- OGDCL's net sales registered Rs 133.441 billion compared to Rs 126.898 billion in the corresponding period last year
- Net profit before taxation registered Rs 78.836 billion compared to Rs 84.739 billion in the corresponding period last year
- Net Profit after Taxation came to Rs 53.184 billion as against Rs 56.756 billion in the preceding period translating into Earnings per Share of Rs 12.37
- The Board of Directors declared second interim cash dividend of Rs 1.75 per share
- Both the operating profit margin and net profit margin were 51% & 40%, respectively.
- Average net realized price of crude oil sold was US\$ 54.11/ bbl as against US\$ 62.22/ bbl during corresponding period last year
- Average net realized price for natural gas sold was Rs 396.01/Mcf as against Rs 317.33/Mcf during corresponding period last year
- 1,503 Line Kms of 2D seismic acquisition completed compared to 584 Line kms of 2D seismic data acquired in the corresponding period last year.
- Twelve (12) wells were spud, comprising seven (7) exploratory, three (3) development and 2 two re-entry wells (one each exploratory & development)
- Company's exploratory efforts yielded three (3) new oil and gas discoveries; namely Pandhi-1 in district Sanghar, Sindh Province and Togh-1 and Chanda 5 in district Kohat, KPK Province.
- Net crude oil production of 38,084 barrels per day, net gas production of 910 MMcf per day and net LPG production of 747 Metric Tons per day was witnessed during the period under review.

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

Mr. Shahid Salim Khan, MD/CEO OGDCL, commenting on the financial results of OGDCL's first half FY2019-20, said:

"I am pleased to report that OGDCL is continuously striving to enhance oil and gas reserves and production from our hydrocarbon assets. Despite declines in production and international price of crude oil, OGDCL during the half year ended 31 December 2019 registered Sales Revenue of Rs 133.441 billion. OGDCL's profitability, during the period under review, got impacted by higher exploration and prospecting expenditures owing to five wells being declared dry and abandoned against one well in the corresponding period last year. During the first half of our fiscal year 2019-20, OGDCL acquired 1,503 Line kms of 2D seismic data which accounted for 79% of the total 2D seismic data acquisition carried out in the Country. OGDCL was also able to spud twelve (12) wells during the period under review and our exploration-led growth strategy enabled the Company to discover Three new hydrocarbon finds.

The Company during the half year contributed around 46%, 28% and 32% of Country's total oil, gas and LPG production, respectively. I am pleased to inform you that Compression projects have already been initiated at our major fields like Nashpa, Uch and Qadirpur so as to maximize hydrocarbon recovery and to maintain production plateaus.

It will not be fair to not underscore the untiring and dedicated efforts of all of our employees towards the success which the Company has achieved so far over the years; a workforce, which is second to none. I assure all of our stakeholders and shareholders that the Company is working to its best in pursuit of maximizing shareholders value."

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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 23% of gas and 38% of oil, respectively, as at June 30, 2019. It contributed 28% of the country's total natural gas production and 46% of its total oil production from July 2019 to December 2019.

With a portfolio of 45 exploration licences, the Company has the largest exploration acreage in Pakistan, covering 37% of the total awarded acreage as of December 31, 2019. 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 118.386 billion for the year ended June 30, 2019.

## **SUMMARY RESULTS**

### **Financial Results**

Despite decline in production and international price of crude oil, OGDCL during the half year ended 31 December 2019 registered Sales Revenue of Rs 133.441 billion (1H 2018-19: Rs 126.898 billion). Average basket price of crude oil during the six months plunged to US\$ 61.93/barrel (1H 2018-19: US\$ 72.34/barrel) leading to lower realized price of US\$ 54.11/BBL (1H 2018-19: US\$ 62.22/barrel). Moreover, Sales were influenced by decrease in average realized price of LPG to Rs 63,174/ton (1H 2018-19: Rs 69,296/ton) offset by increase in average realized price of gas to Rs 396.01/Mcf (1H 2018-19: Rs 317.33/Mcf) and average exchange rate to Rs 156.99/US\$ (1H 2018-19: Rs 129.92/US\$).

However, OGDCL's profitability during the period under review got impacted by higher exploration and prospecting expenditures owing to five (5) number of wells declared dry and abandoned against one (1) well in the corresponding period last year. Moreover, reduced other income on account of exchange loss on revaluation of FC investment contributed towards lower financial results. Overall, the Company recorded Profit after Tax of Rs 53.184 billion (1H 2018-19: Rs 56.756 billion) translating into an Earnings per Share of Rs 12.37 (1H 2018-19: Rs 13.20).

### **Dividend**

The Board has announced second interim cash dividend of Rs 1.75 per share (17.50%) for the year ending 30 June 2020. This is in addition to the first interim cash dividend of Rs 2.50 per share (25%) already declared during this fiscal year.

### **Exploration and Development Activities**

OGDCL being the market leader in E&P sector of Pakistan holds the largest exploration acreage, which as of 31 December 2019 stood at 82,239 sq. km representing 37% of the Country's total area under exploration. Business exploration portfolio currently comprises forty-five (45) owned and operated joint venture exploration licenses. Additionally, the Company possesses working interest in six (6) exploration blocks operated by other E&P companies.

OGDCL with an aim to explore new oil and gas reserves and augment production acquired 1,503 Line km of 2D seismic data compared to 584 Line km of 2D and 394 sq. km of 3D seismic data in the corresponding period last year. This seismic data acquisition represents 79% of total 2D seismic data acquired in the Country during the period under review (source: PPIS). Moreover, 1,623 Line km of 2D and 1,169 sq. km of 3D seismic data were also processed/reprocessed using in-house resources.

In addition to the above, OGDCL during the reporting period spud twelve (12) wells (1H 2018-19: 6 wells) comprising seven (7) exploratory/appraisal wells; Rangunwari-1, Dhok Hussain North-1, Wali-1, Metlo-1, Katiar-1, KUC-1 & Zin SML-4, three (3) development wells; Thora Deep-3, Rajian-11 & Nashpa-10 and two (2) re-entry wells; Siab-1 & Qadirpur-14. Moreover, drilling and testing of twelve (12) wells pertaining to previous fiscal years have also been completed, whereas total drilling recorded during the six months' period was 28,043 meters.

## Discoveries

OGDCL's exploratory endeavors to locate hydrocarbon reserves yielded three (3) oil and gas discoveries namely Pandhi-1 in district Sanghar, Sindh province, Togh-1 and Chanda-5 in district Kohat, KPK province. Aforementioned discoveries have cumulative daily production potential of 22 MMcf of gas and 836 barrels of oil. Preliminary reserves estimates of discoveries on 2P basis are 42.26 billion cubic feet of gas and 1.50 million barrels of oil, combined 9.37 million barrels of oil equivalent.

## Development Projects

Name of Project	Location of Project	Working Interest	Completion Date	Current Status
Nashpa Compression	Karak, KPK	OGDCL 56.45% PPL 28.55% GHPL 15.00%	July 2020	Design review and HAZOP study have been completed while development work at project site by the EPCC contractor is underway.
Mela	Kohat, KPK	OGDCL 56.45% PPL 28.55% GHPL 15.00%	February 2020	Pre-commissioning activities at project site have started while laying of gas pipeline to Nashpa plant for LPG extraction is near to completion.
Qadirpur Compression	Ghotki, Sindh	OGDCL 75.00% PPL 7.00% KUFPEC 8.50% PKPEL 4.75% PKPEL2 4.75%	June 2021	Turbine up-gradation contract has been finalized while cases for procurement of compressors and hiring of PC contractor is under financial and technical evaluation respectively.
Uch Compression	Dera Bugti, Balochistan	OGDCL 100%	June 2022	Basic engineering/FEED work has been completed while tender documents prepared by the consultant ENAR are under review.

## Production

OGDCL in line with its production strategy is endeavoring to maintain and optimize oil and gas production from owned and operated joint venture fields. In this pursuit, the Company during the half year contributed around 46%, 28% and 32% of Country's total oil, gas and LPG production respectively. The Company's hydrocarbon production in comparison to corresponding period last year was adversely affected owing to natural decline at Rajian, Lashari Centre, Nashpa, Sinjhor and Qadirpur fields coupled with mechanical problems at

Tando Alam, Nashpa and KPD fields. Moreover, less gas intake from Uch-II and Qadirpur fields by UPL-II (unplanned ATA) and Engro (lower demand by WAPDA during November and December 2019) respectively impacted gas production. Furthermore, decline in production from NJV fields contributed towards lower hydrocarbon production.

Aforesaid decline in production was partially mitigated by injection of seven (7) operated wells in the production system viz., Qadirpur-61, Pasakhi Deep-4 & 5, Nashpa-9, Qadirpur Deep X-1, TAY North-1 & Uch-17A which cumulatively yielded gross crude oil and gas production of 48,255 barrels and 2,483 MMcf respectively, whereas installation of Electrical Submersible Pump at Pasahki-5 produced a positive impact of 52,850 barrels. OGDCL's average daily net saleable production is as follows:

<b>Products</b>	<b>Unit of Measurement</b>	<b>1H 2018-19</b>	<b>1H 2019-20</b>
Crude oil	Barrels per day	40,846	38,084
Gas	MMcf per day	990	910
LPG	Tons per day	798	747
Sulphur	Tons per day	61	54