



Pakistan Petroleum Limited Corporate Briefing Session

Financial Year 2018-19

November 26, 2019

FORGING AHEAD

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- Corporate History and Introduction
 - Capital and Shareholding
 - Subsidiaries
 - Board of Directors & Committees of the Board
- Operational Overview
- Financial Overview
- Outlook & Challenges
- Q&A

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Corporate History and Introduction

- The Company was incorporated in 1950 as a public limited company by Burmah Oil Company
- In 1997, the GoP held 29.43% shares in the Company
- Burmah Oil Company divested its entire holding (63.97%) in the Company in 1997
- Upon divestment by Burmah Oil Company, the GoP acquired its entire holding (63.97%) and control of the Company
- Thus the GoP's holding in the Company increased to 93.35%
- In 2004, the GoP divested 102.5 million (14.95%) shares in the Company by way of an Initial Public Offer and the GoP's holding consequently decreased to 78.40% via listing on Pakistan Stock Exchange
- In 2009, the GoP transferred 78 million (12%) of its shares in the Company to the Benazir Employees Stock Option Scheme (BESOS)
- As a result the GoP's holding decreased to 69.77%
- In 2014, a further 70 million (3.55%) shares in the Company were divested by the GoP by way of a Secondary Public Offer
- Consequently, the GoP's holding in the Company decreased to its current holding of 67.51%

Capital and Shareholding

Capital & Shareholding



The authorized capital of the Company is PKR 35 billion.

The subscribed capital of the Company is PKR 27.21 billion.

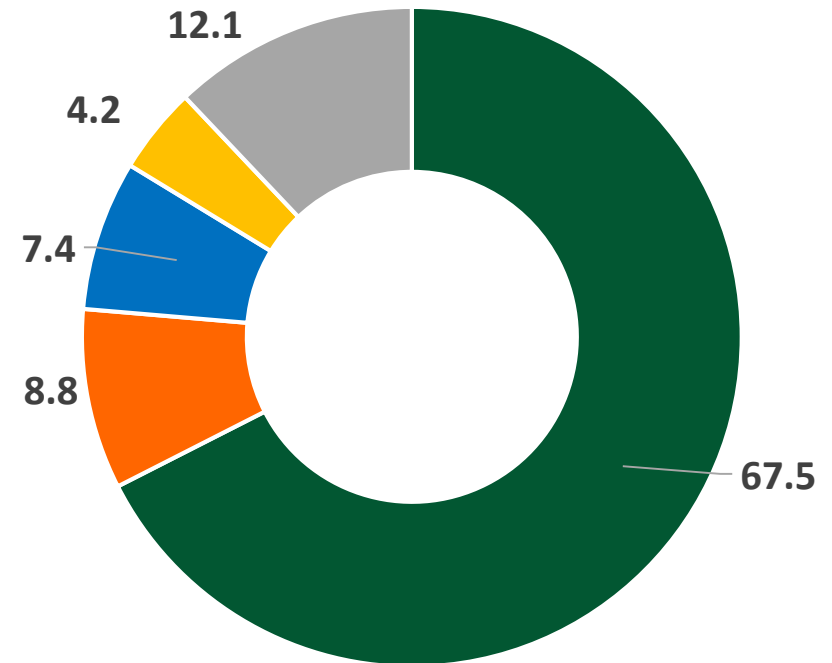
The subscribed capital of the Company is divided into:

2,720,971,712 Ordinary Shares

11,816 Convertible Preference Shares

Pattern of Shareholding (%)

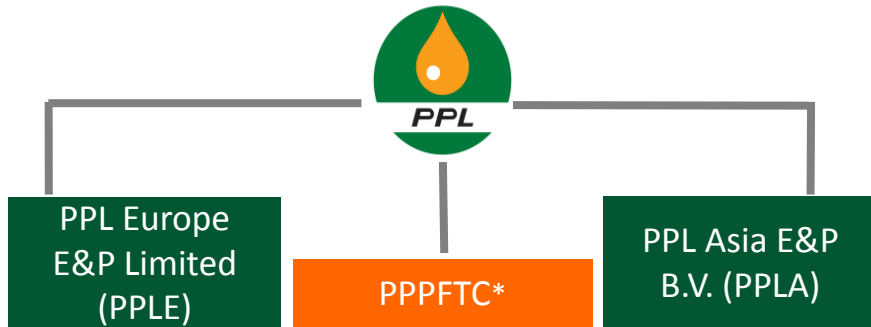
June 30, 2019



- Government of Pakistan
- Non-Resident Financial Institutions
- PPL Employees Empowerment Trust
- General Public
- Other Investors

Subsidiaries

Group Structure



The Group, except PPPFTC, is principally engaged in conducting exploration, prospecting, development and production of oil and natural gas resources.

**Pakistan Petroleum Provident Fund Trust Company (Private) Limited.*

PPL Asia E&P B.V.:

- It was incorporated in the Netherlands in 2013 as a wholly owned subsidiary by the Company.
- It holds 100% working interest in Block 8, Iraq.
- It is managed by a branch office registered in Baghdad.

PPL Europe E&P Limited:

- Incorporated in the UK and acquired by the Company in 2013.
- Upon acquisition by the Company, it was renamed PPL Europe E&P Limited.
- It holds working interests in 1 producing field and 3 exploration blocks in Pakistan and 1 exploration block in Yemen.

Pakistan Petroleum Provident Fund Trust Company (Private) Limited:

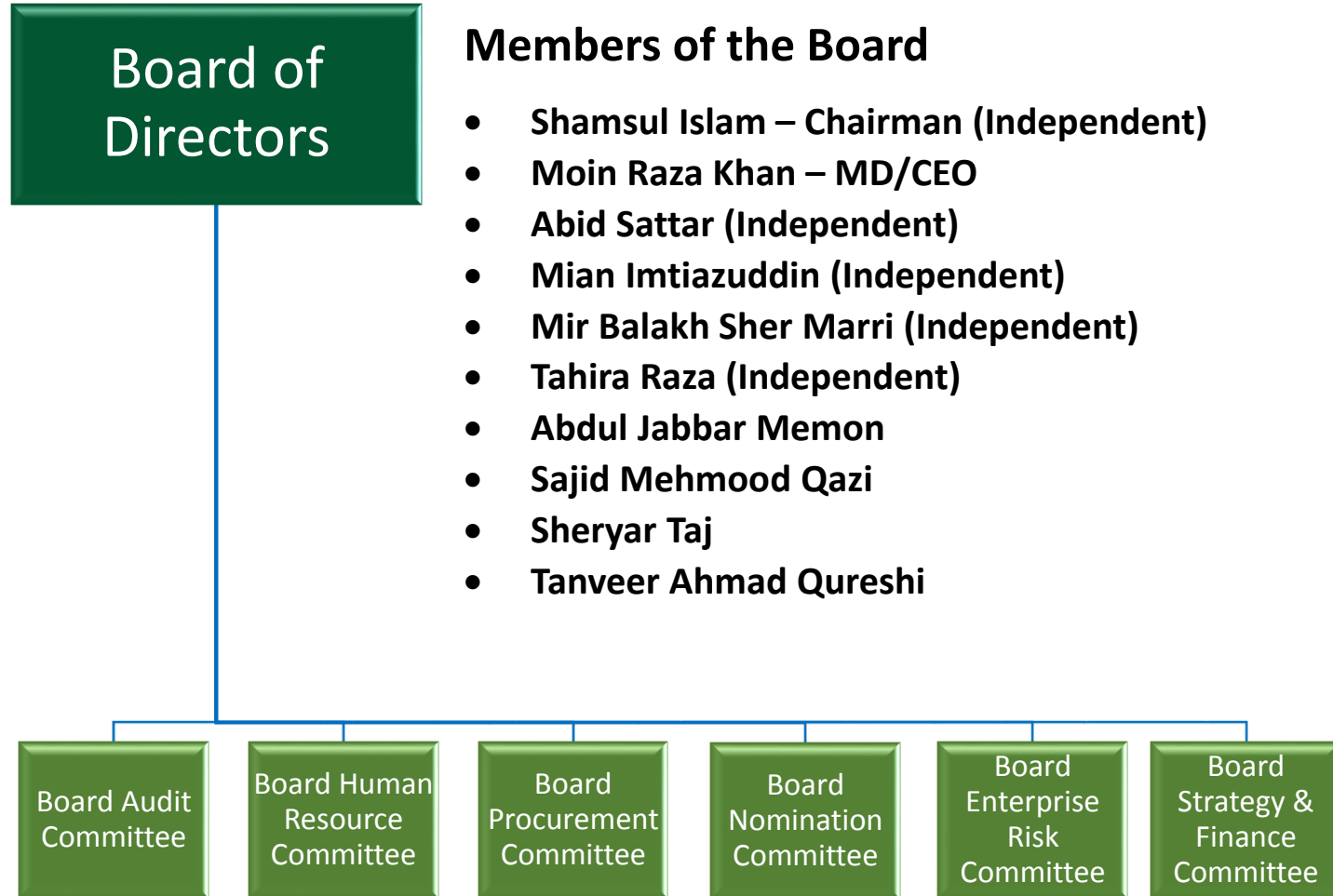
- Was incorporated as a private limited company in 1955.
- It administers employee funds.

Board of Directors & Committees

Board of Directors & Committees



- The Board of Directors is recommended by the GoP and elected by the shareholders.
- One third of the directors are independent members in accordance with applicable Rules.
- As the Company is a Public Sector Company, its Chairman and Chief Executive Officer are approved by the GoP and appointed by the Company's Board of Directors.

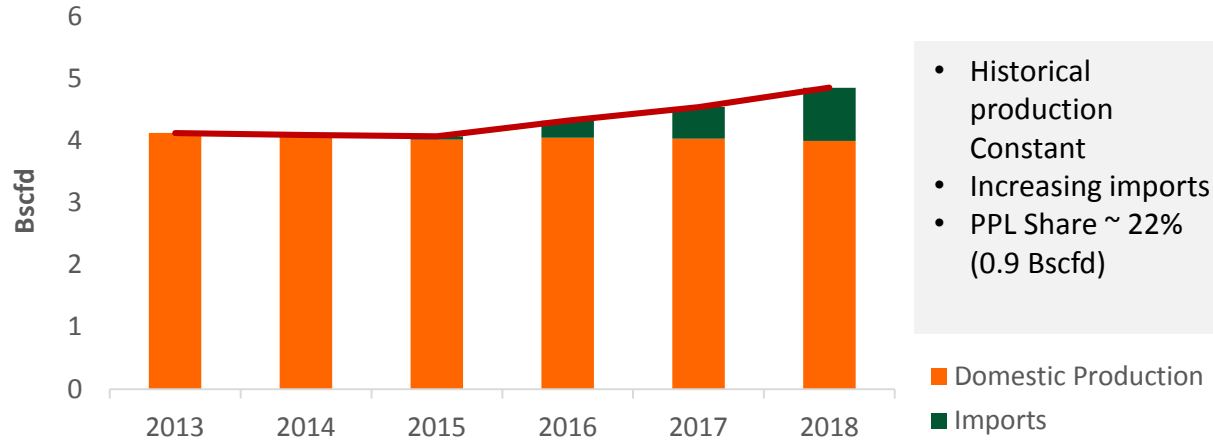


Operational Overview

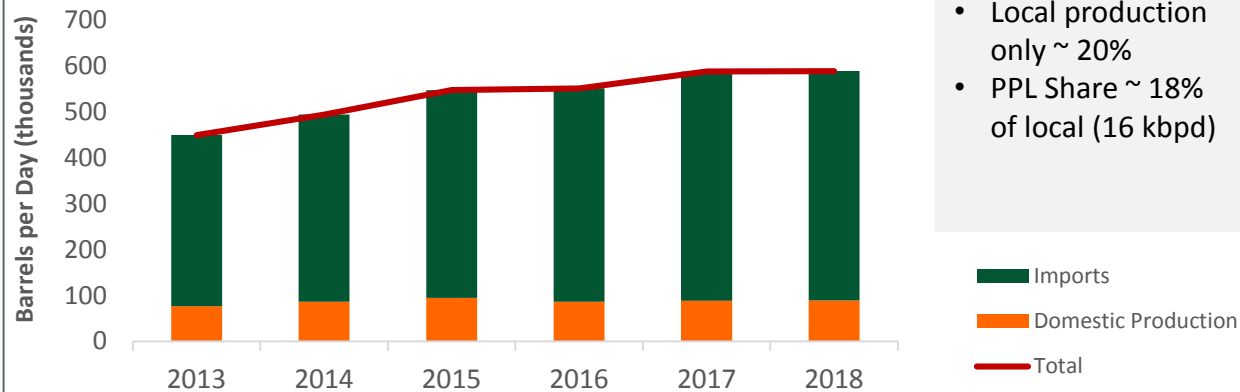
Pakistan Energy Scenario



Gas Supply

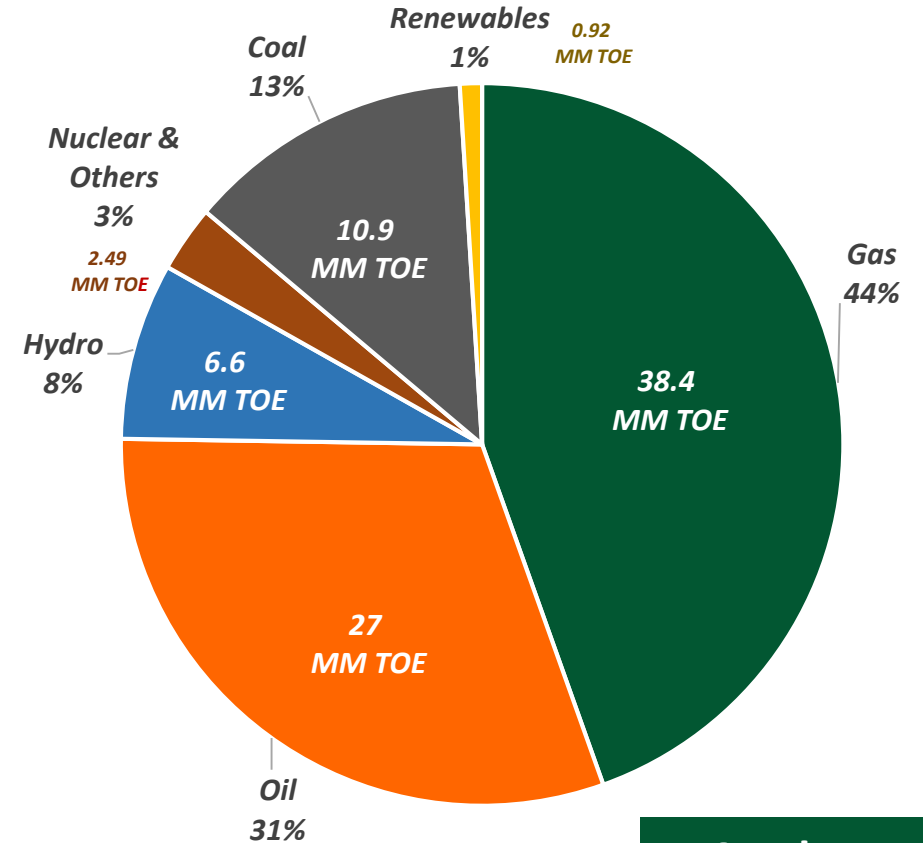


Oil Supply



Pakistan's Energy Mix

86.3 MMTOE



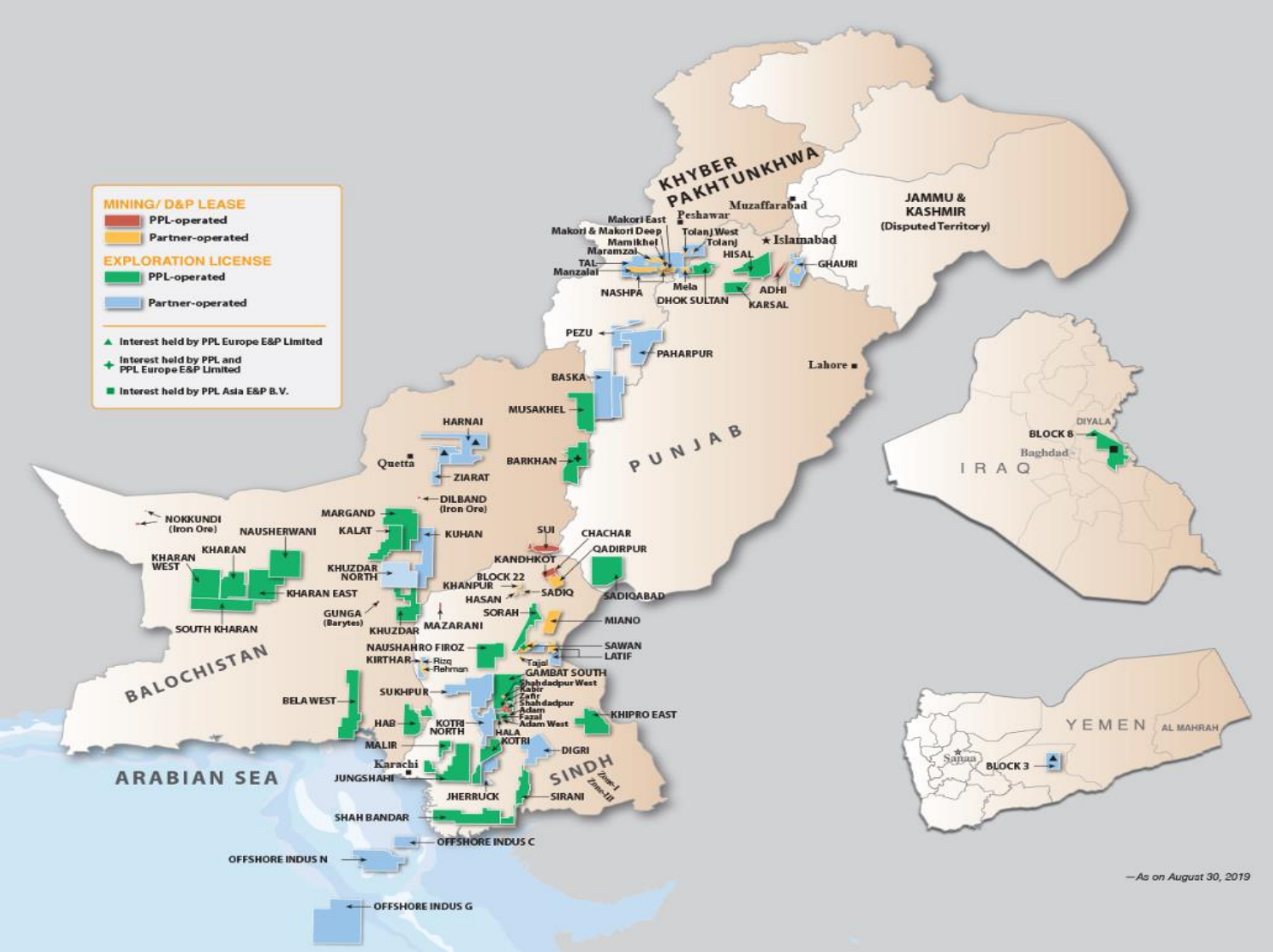
1/3rd

Pakistan Energy Use per capita vs developing countries

Source: Pakistan Energy Outlook

Source: Pakistan Energy Year Book & World Bank

Our Portfolio



Portfolio

(June 30, 2019)

Producing fields

PPL Operated	07
Partner Operated	11
Total	18

Exploratory blocks

PPL Operated	28*
Partner Operated	19**
Total	47

*including Block-8 in Iraq being operated by PPL Asia

**including 3 offshore blocks in Pakistan and 1 onshore block in Yemen

Key Achievements in 2018-19



Exploration

11 Discoveries



Production

~ 1 Bcfde



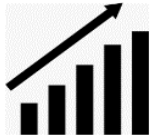
Profits

Rs 61.6 Billion



Growth and Risk
Diversification

**2 New Blocks
+1 Farm-in
+1 Farm-out**



Record Mining
Activity

**228 thousand
tons of Baryte**



Gambat South
GPF-IV Plant

**In-House
Commissioning**



International
Exploration

**Madain-1
Block-8, Iraq**

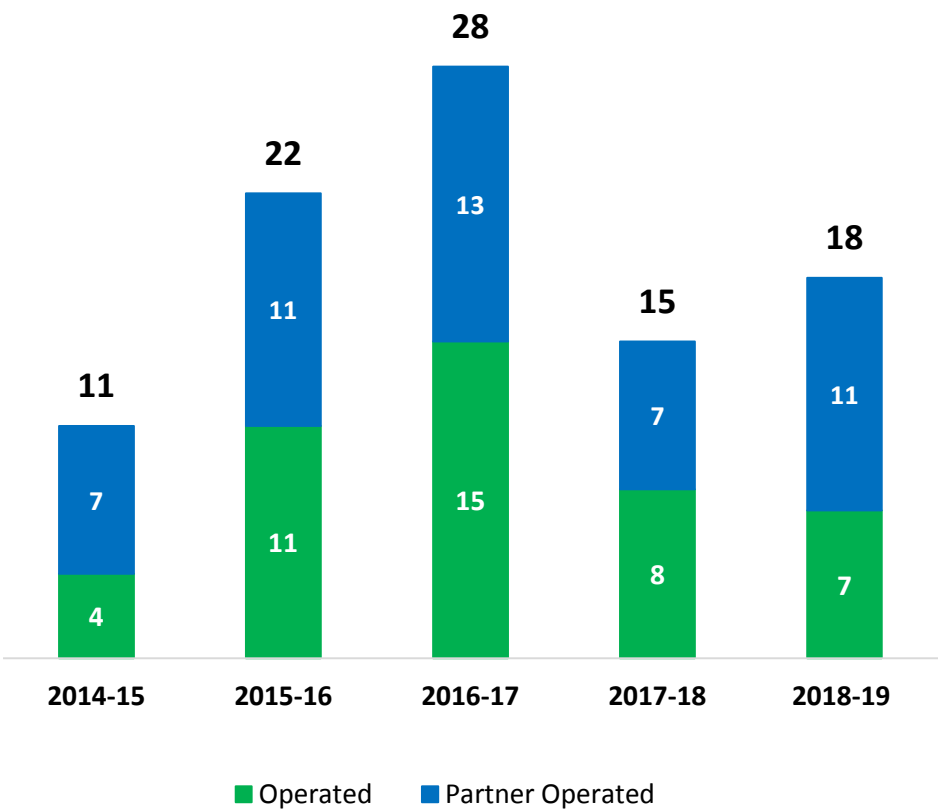


Largest Corporate
Giver

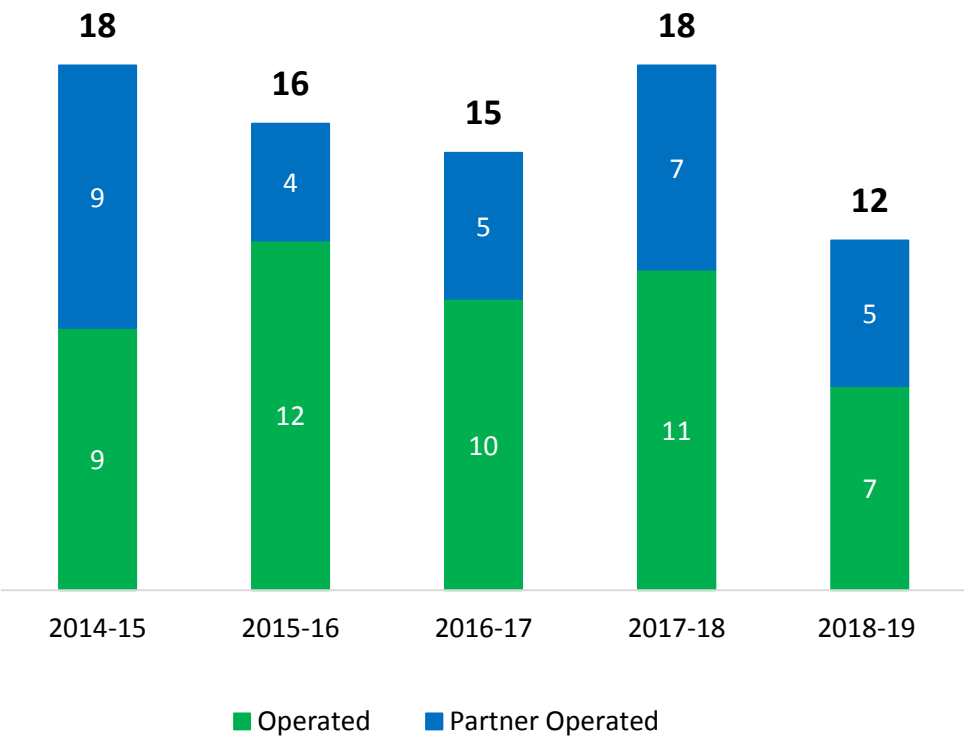
**14th Consecutive
Year**



Development Wells Drilled

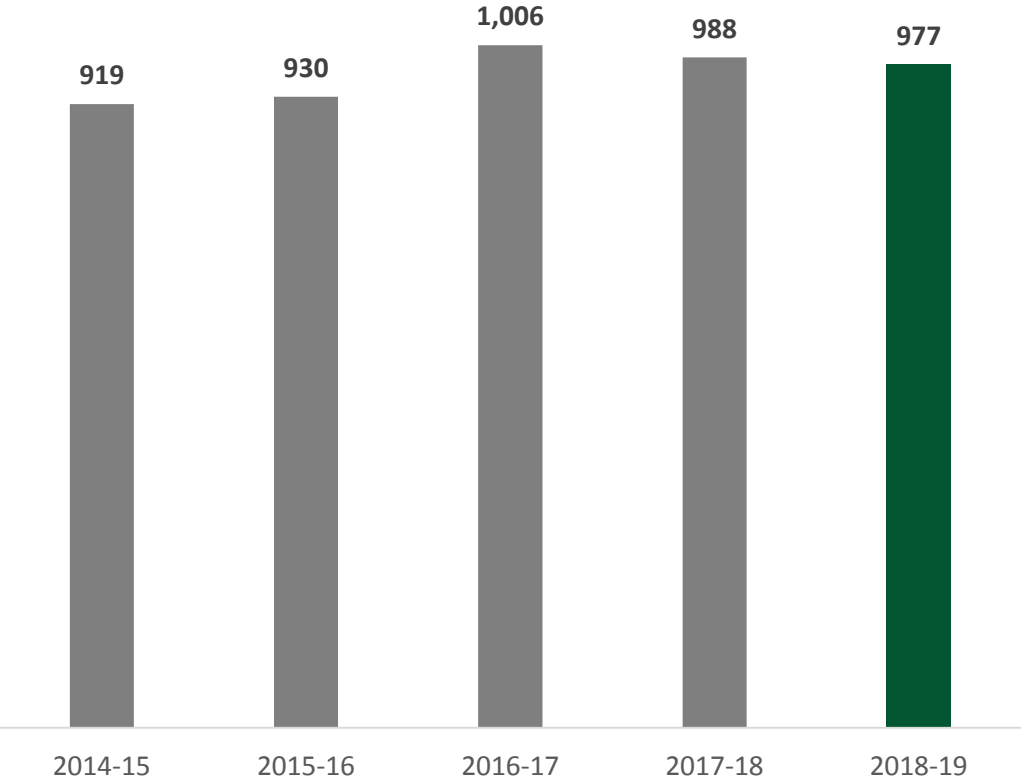


Exploration Wells Drilled

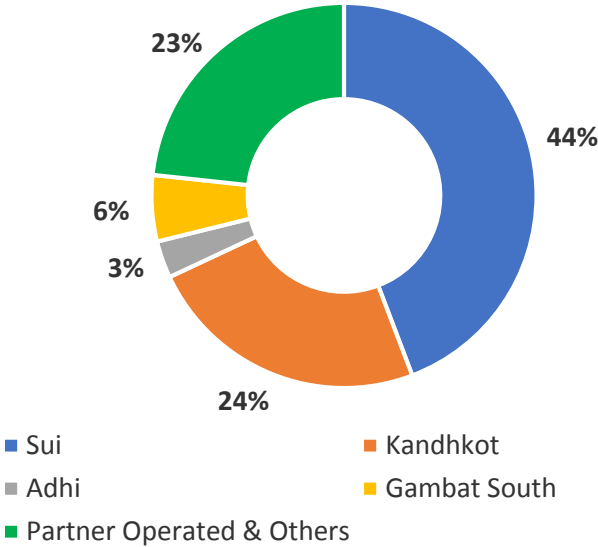




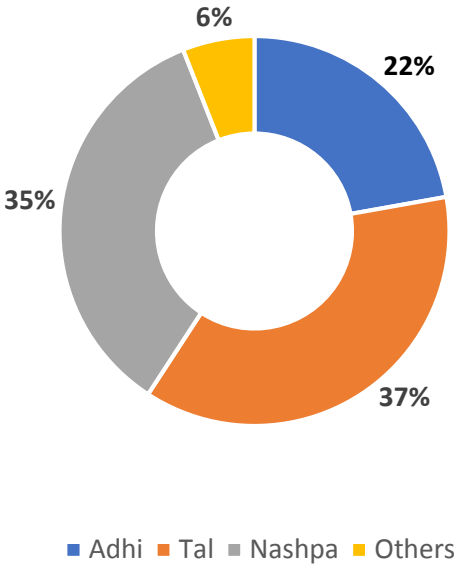
Production (PPL Net)
MMscfd equivalent



Gas Production
(PPL Net 2018-19)

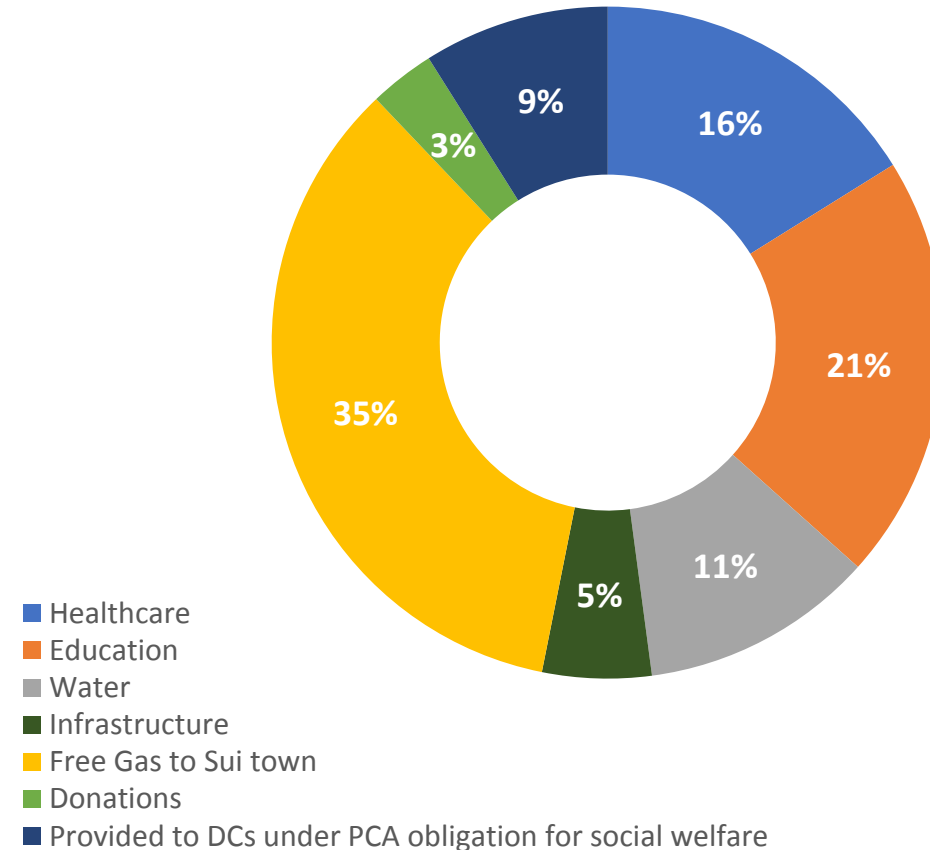


Oil/Condensate Production
(PPL Net 2018-19)



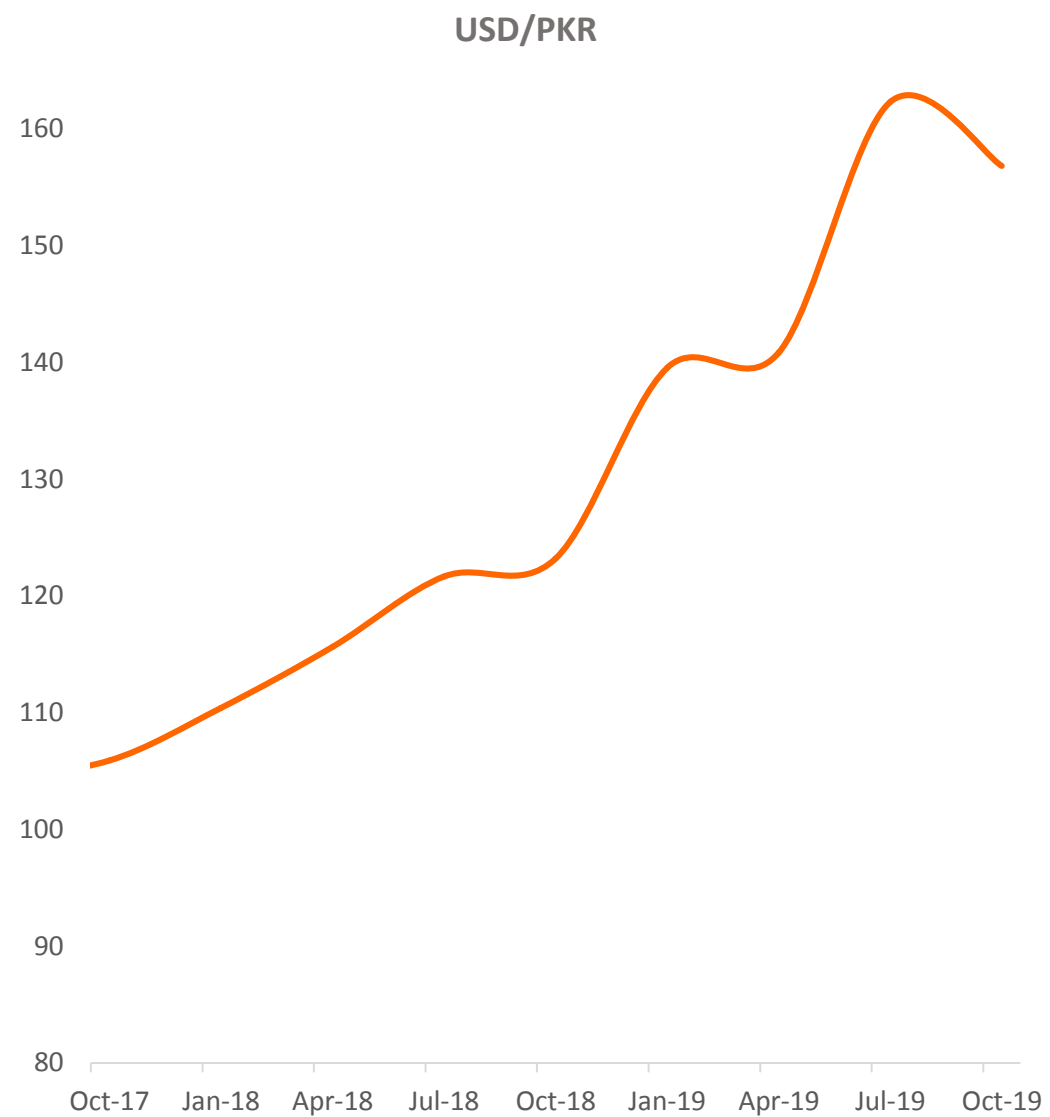
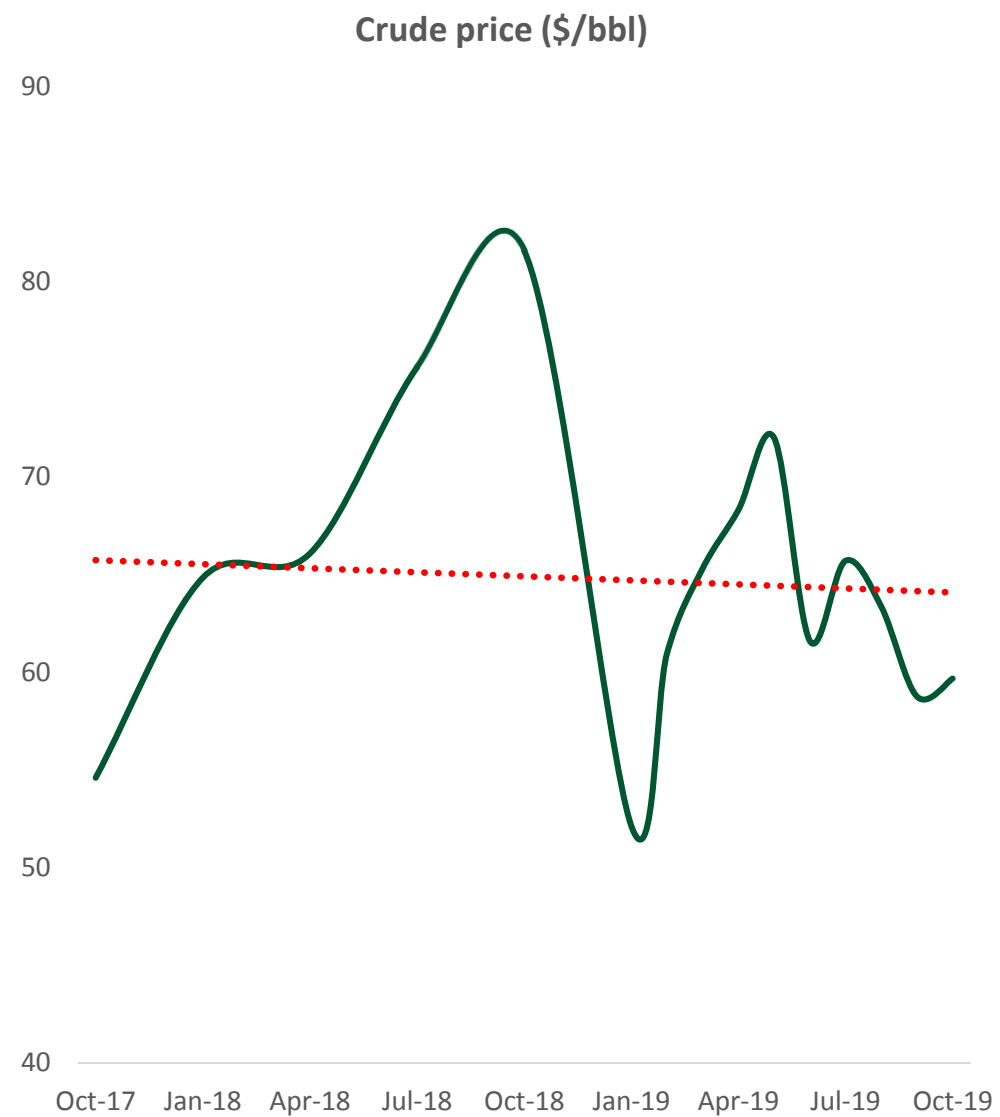
- Corporate Social Responsibility (CSR) is deeply embedded in the Company's culture.
- The CSR program includes focus areas such as education, health, sports, alternate energy, infrastructure and skill development for socio-economic upliftment of underprivileged communities.
- The Company has a policy to dedicate 1.5% of its annual pre-tax profits on promotion of welfare activities under CSR.
- During the year 2018-19, the Company spent a significant amount of Rs 1.3 billion on CSR activities in PPL operated areas.

**2015-16 to 2018-19:
Average Spending Sector wise**
(PPL Operated Areas – Gross basis)



Financial Overview

Macro-economic environment



Profitability



	2019	2018
	(Rupees in billion)	
Revenue from contracts with customers	163.9	126.2
Operating expenses	(40.2)	(33.5)
Royalties and other levies	(24.3)	(18.5)
	(64.5)	(52.0)
Gross profit	99.4	74.2
Exploration expenses	(24.9)	(11.2)
Administrative expenses	(2.2)	(2.6)
Finance costs	(0.7)	(0.4)
Other charges	(8.2)	(5.9)
	63.4	54.1
Other income	16.5	9.3
Profit before taxation	79.9	63.4
Taxation	(18.3)	(17.7)
Profit after taxation	61.6	45.7
		(Restated)
Basic and diluted earnings per share (Rs)	27.18	20.15

Sales revenue up by 30%

+ve price variance (including exchange rate) ~ Rs **37.6** billion

+ve volume variance of Rs **0.1** billion.

Profitability up by 35%. Main drivers are:

↑ sales revenue (as explained above)

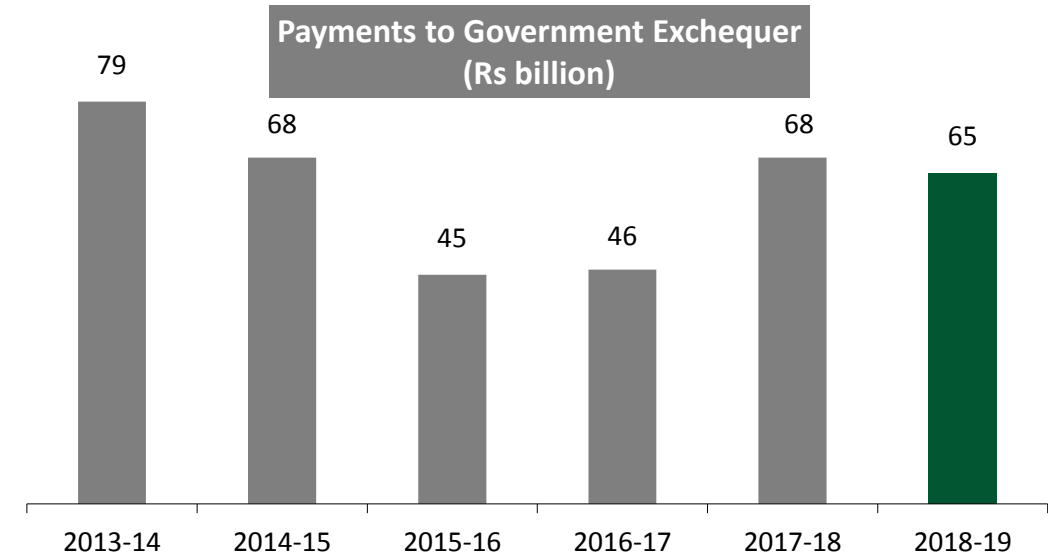
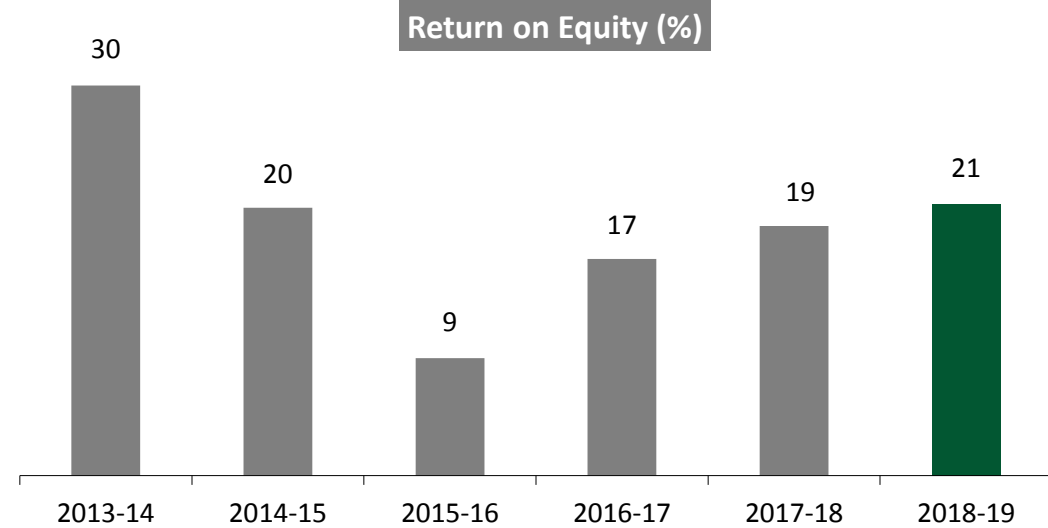
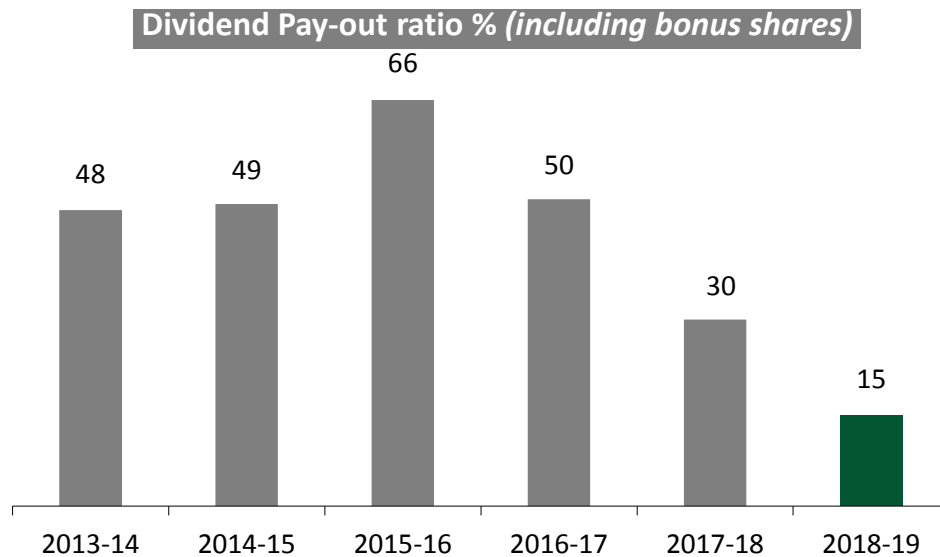
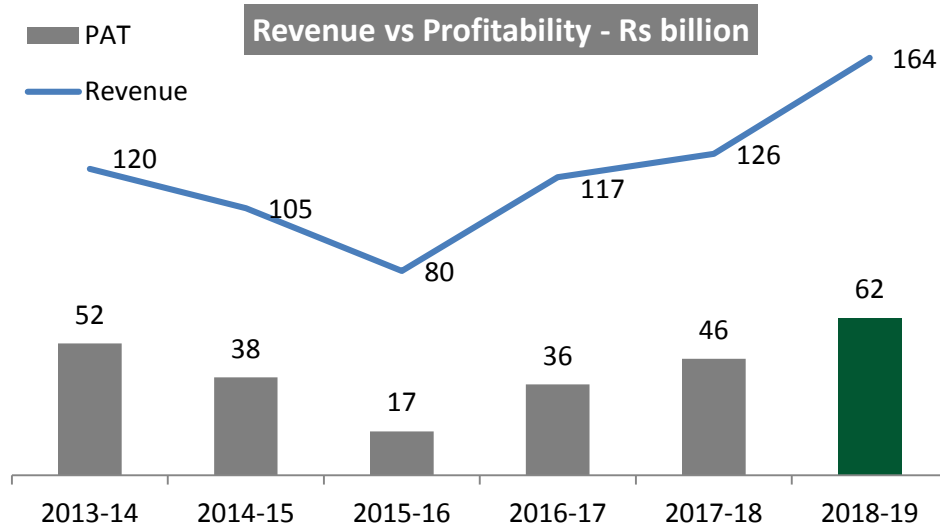
↑ opex (mainly under the heads of DD&A) and levies (in-line with sales)

↑ exploration expenses (higher cost of dry wells)

↑ other charges (increase in provision for WLO & higher impairment loss)

↑ other income (higher exchange gain)

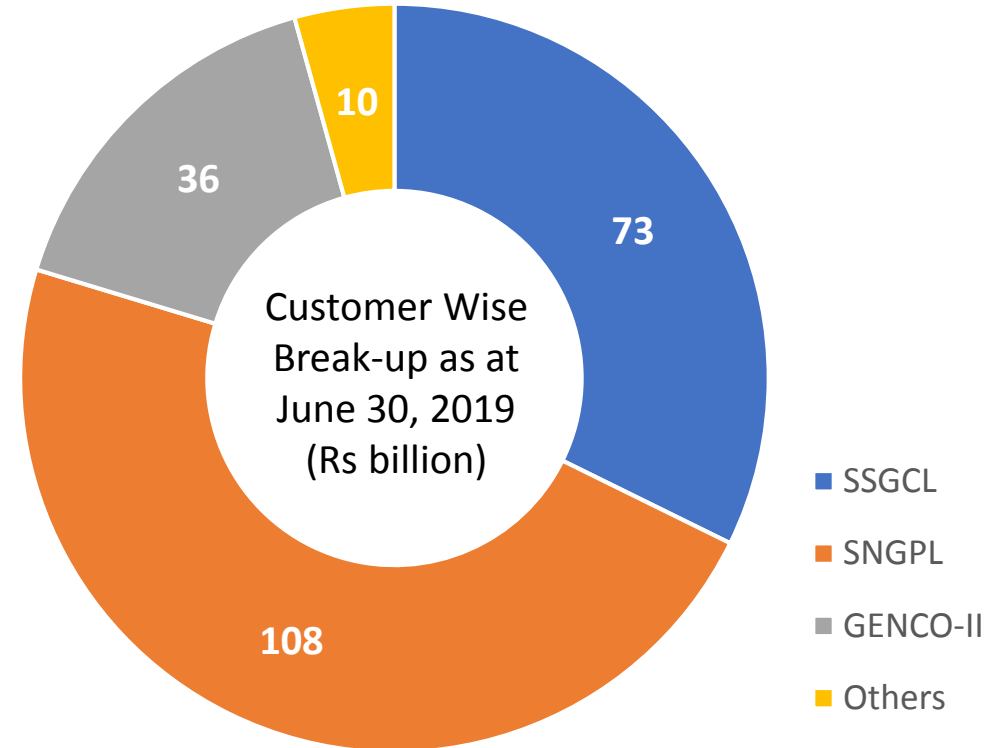
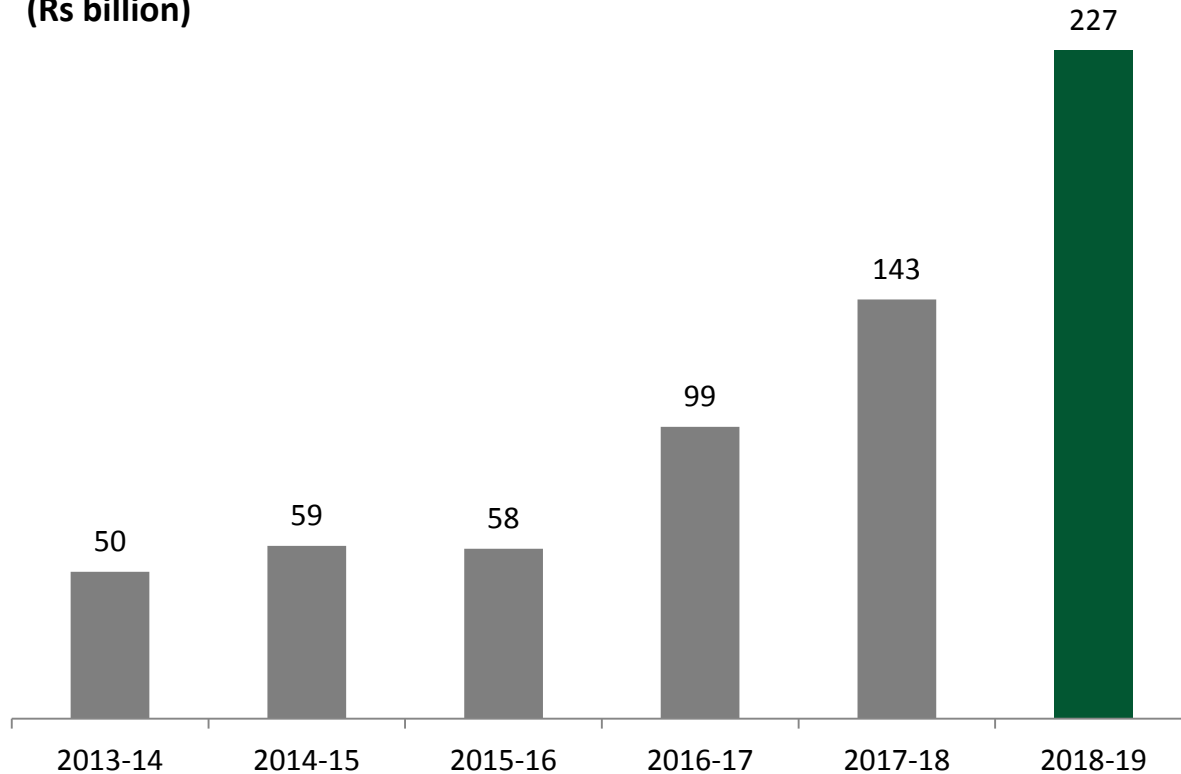
Key Financial Indicators



Trade Debtors

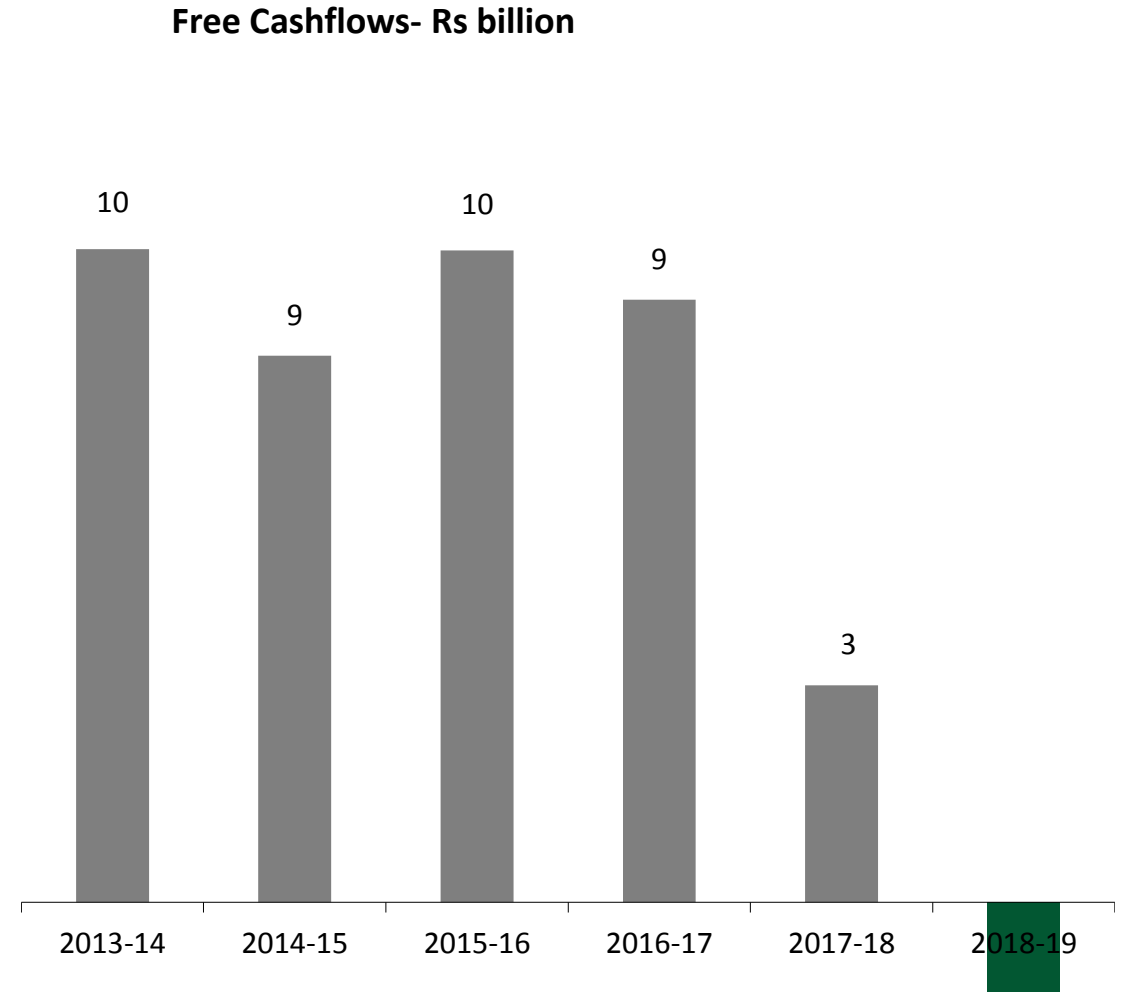
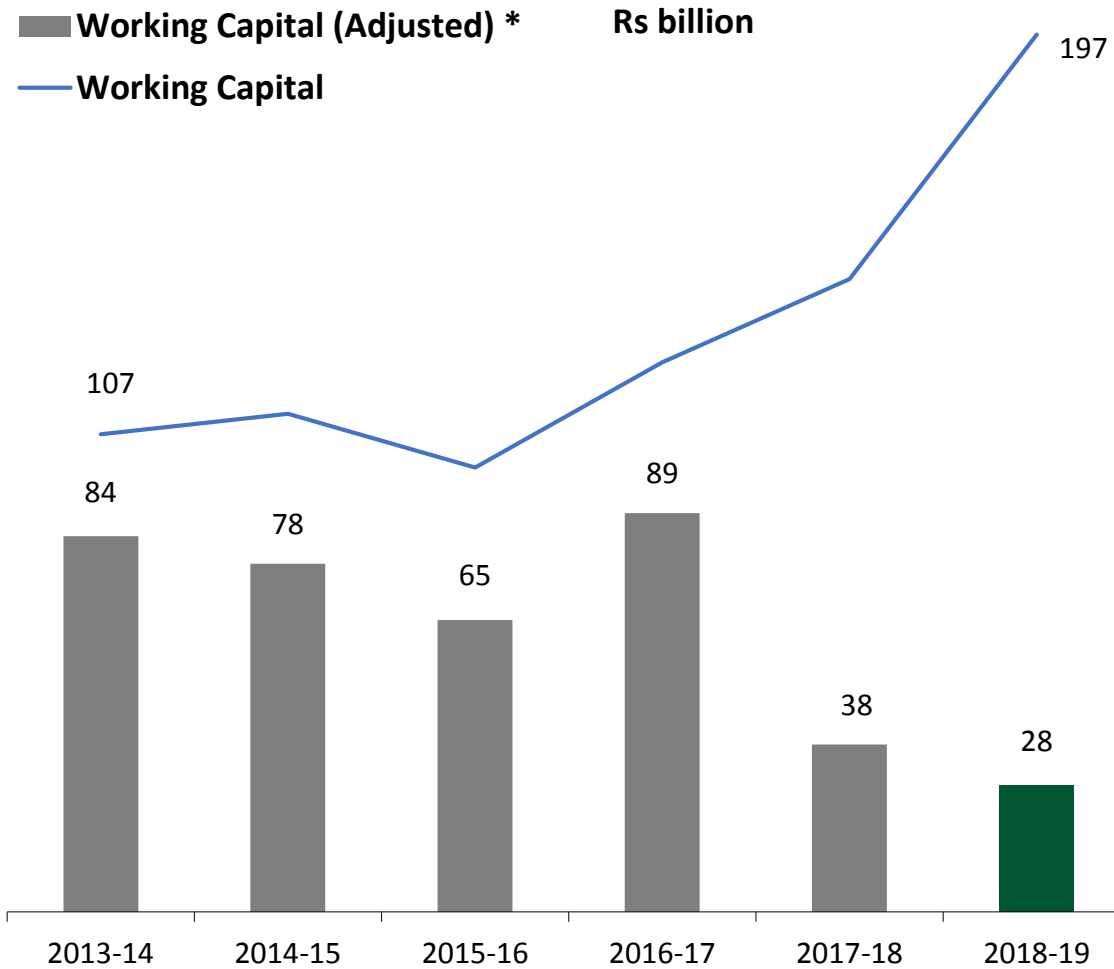


(Rs billion)



- The year 2018-19 saw significant deterioration in the liquidity position due to the circular debt.
- The trade debts reached the historically high level of PKR 227 billion.
- Low recoveries from customers coupled with higher statutory payments arising from increase in revenues. **Out of pocket expenditure (levies) in respect of over due receivables as at September 30, 2019 was Rs 57 billion**
- This is effecting future development plans, dividends etc.

Liquidity Position



* Current assets are adjusted with (-)overdue receivables & (+) LT cash. Current liabilities are adjusted with (-) GIDC & GDS

Outlook and Challenges

- Production target around 1 BCFDe
- Projects targeted for completion in 2019-20:
 - GPF 4 Phase II
 - Nodal compression in Adhi
- Dhok Sultan production
- Production from Benari expected in July 2020
- Target of more than 20 wells. 10 each in operated and partner operated areas
- Bolan, Mining, Zinc (BLZ) project – MDRL issued by authorities, application for Mineral License and EPCC contract planned

Key challenges



Challenges	Actions
Surge in trade receivables, mainly due to circular debt	Work Program prioritisation Pursuing for linking statutory payments to collections
Arresting the natural decline in mature fields	7 dev wells in operated areas in 2018-19. GPF 4 phase 1
Depleting exploration portfolio	Participation in new bid rounds / Farm-ins Evaluating international opportunities Hedging depletion via diversification
Big discoveries	Focus on frontier areas. 3 wells drilled
Project execution and timely delivery	Multiple options being considered
Settlement of TAL Windfall Levy matter	Challenged in court
Grant of Sui D&PL	ECC approval in place. Matter under consideration.
Impact on production due to LNG cargoes	Seasonal impact due to LNG



- Optimization of production and recovery from current producing assets
- Bringing discoveries to production in the shortest possible time



create

- Maintain Exploration activity to achieve desired Reserves Replacement Ratio
- Exploration in frontier areas with better prospects of bigger discoveries
- Diversify portfolio risk through new acreage, farm-ins and farm-outs
- Explore opportunities to grow internationally and become regional leader in E&P
- Pursuing technology innovations to produce Tight Gas at commercial rates
- Explore technologies to develop shale gas
- Pursue Pakistan's offshore region as an operator



- Expanding operations in mining through Bolan Mining Enterprise
- Evaluate diversification in the energy sector

Q&A