



Pakistan Petroleum Limited Corporate Briefing Session

Financial Year 2019-20

November 24, 2020

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Corporate History and Introduction

Corporate History



- 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.
- The GoP's holding in the Company thus 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 78.4%.
- The Company was listed on the Pakistan Stock Exchange in 2004.
- In 2009, the GoP transferred 78 million (12%) of its shares in the Company to the Benazir Employees Stock Option Scheme (BESOS).
- Hence, the GoP's holding decreased to 69.77%.
- The GoP divested a further further 70 million (3.55%) shares in the Company by way of a Secondary Public Offer in 2014.
- 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.

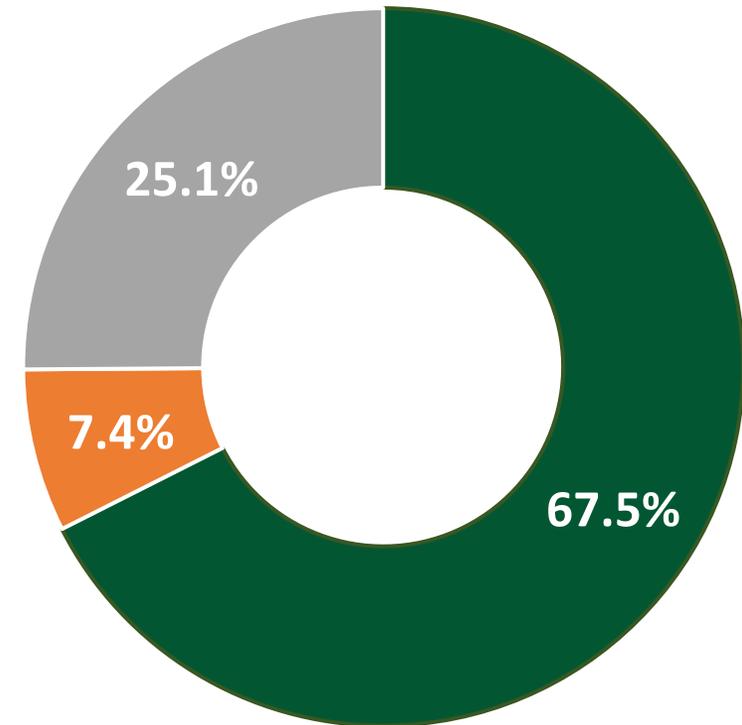
The subscribed capital of the Company is PKR 27.21 billion.

The subscribed capital of the Company is divided into:

- 2,720,971,712 Ordinary Shares
- 11,816 Convertible Preference Shares

Pattern of Shareholding (%)

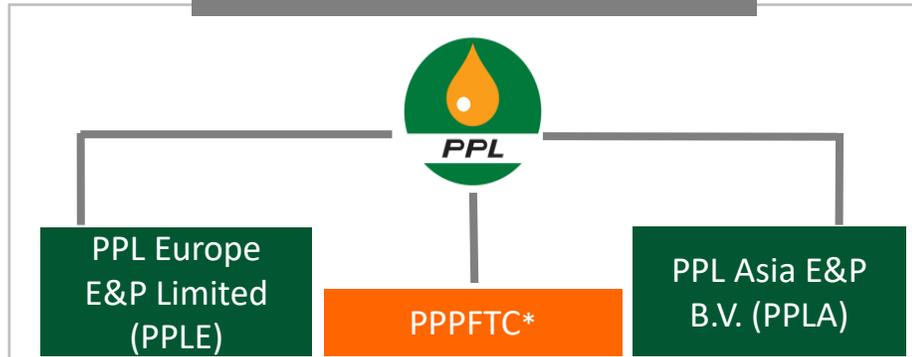
31 October 2020



- Government of Pakistan
- PPL Employees Empowerment Trust
- Others

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.:

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

PPL Europe E&P Limited:

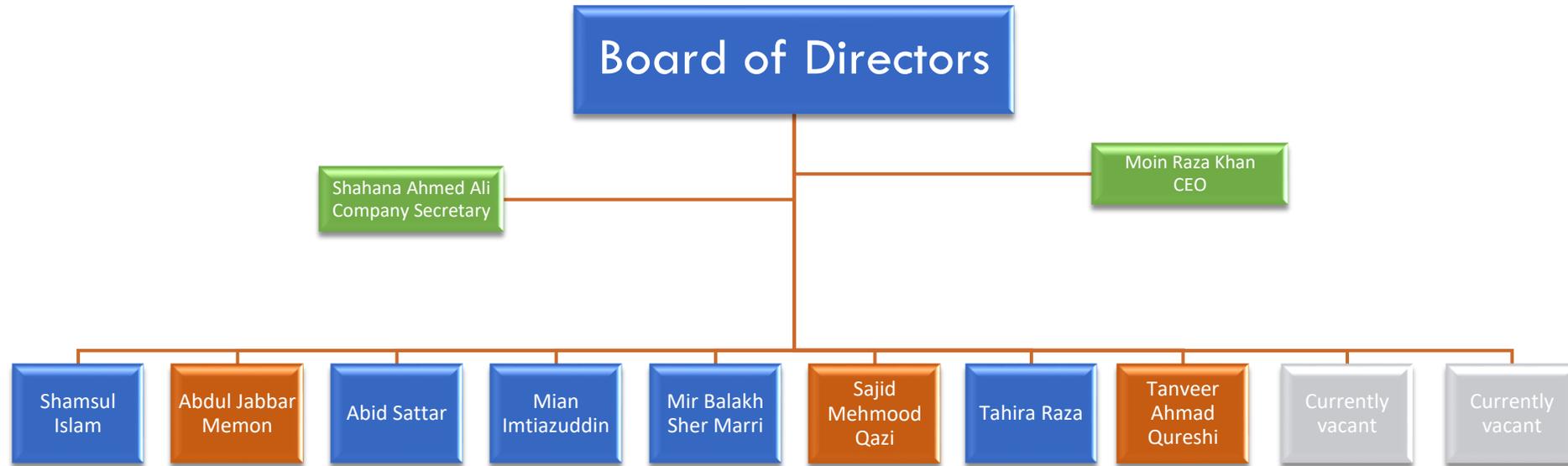
- Incorporated in the UK.
- Acquired by the Company in 2013 and renamed PPL Europe E&P Limited.
- It holds working interests in 1 producing field and 3 exploration blocks in Pakistan and 1 block in Yemen.

Pakistan Petroleum Provident Fund Trust Company (Private) Limited:

- Incorporated as a private limited company in 1955.
- It manages employee funds.

Board of Directors & Committees

Board of Directors



 Independent Directors

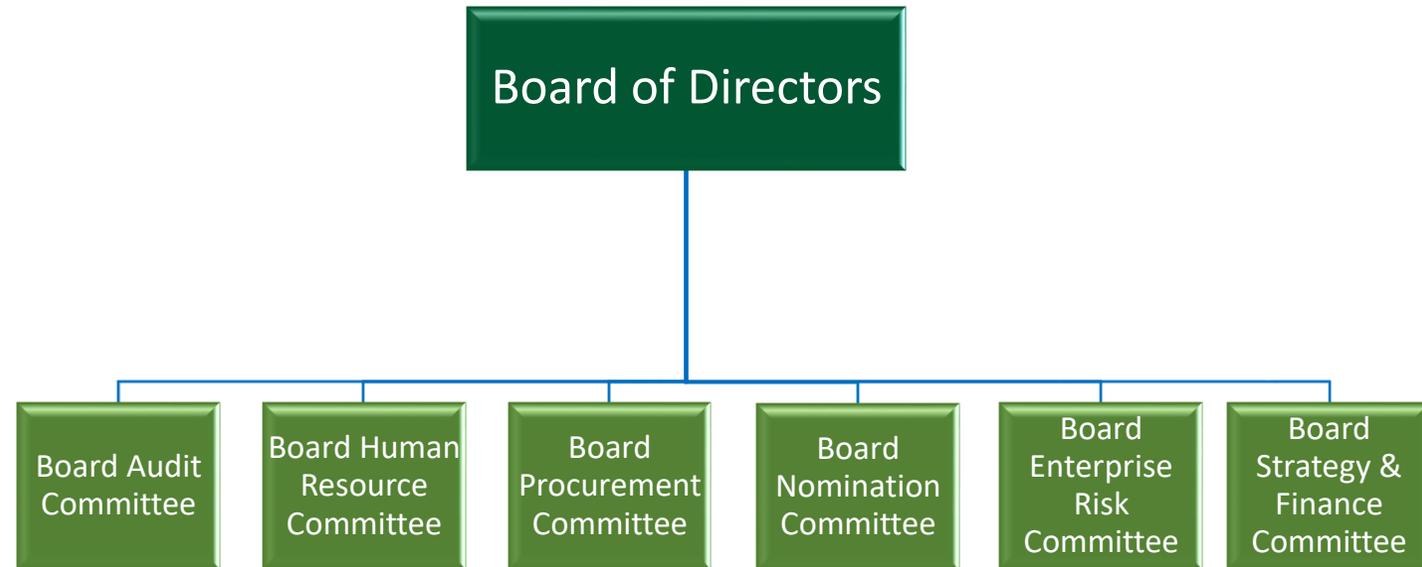
 Non-Independent Directors

- The GoP nominates the Board of Directors for election by the shareholders according to law.
- The number of elected directors is ten.
- At least one third of the directors are independent members as required by the Public Sector Companies (Corporate Governance) Rules.
- The Chairman and Chief Executive Officer of the Company are approved by the GoP and appointed by the Board of Directors of the Company.

Board Committees



- There are 6 committees of the Board.
- In addition to the mandatory committees, the Board has formed one more committee in view of the needs of the Company, that is the Board Strategy and Finance Committee.

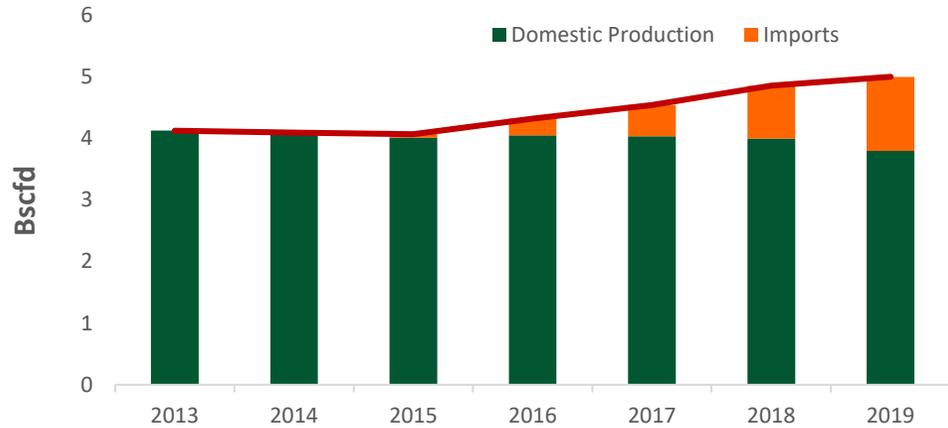


Operational Overview

Pakistan Energy Scenario

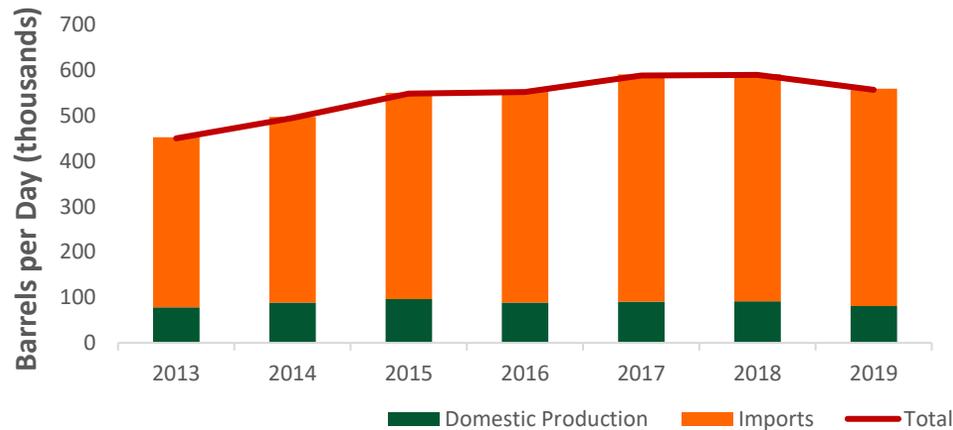


Gas Supply



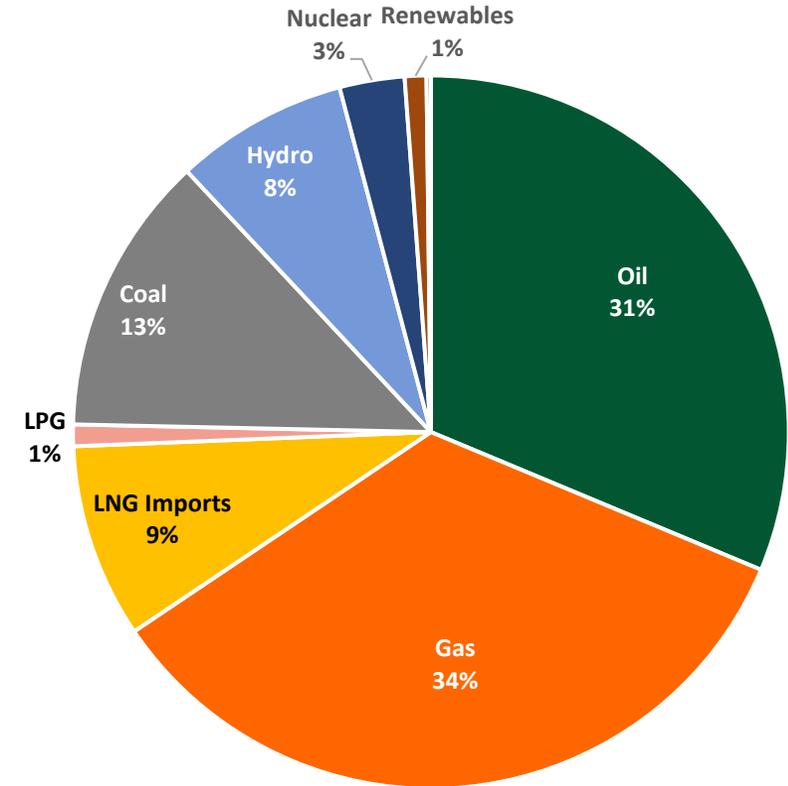
- Local production down
- Increasing imports
- PPL Share ~ 21% of local prod (~0.8 Bscfd)

Oil Supply



- As per 2018-19 Report
- Local production only ~ 21%
 - PPL Share ~ 18% of local prod (14 kbpd)

Pakistan's Energy Mix



- Heavy reliance on Gas and Oil
- Local Gas and Oil to decrease due to natural depletion. Significant increase in LNG from previous years
- Renewable share low

1/3rd

Pakistan Energy Use per capita vs developing countries

• Source: Pakistan Energy Outlook

Source: World Bank

Our Portfolio

Portfolio

(June 30, 2020)

Producing fields

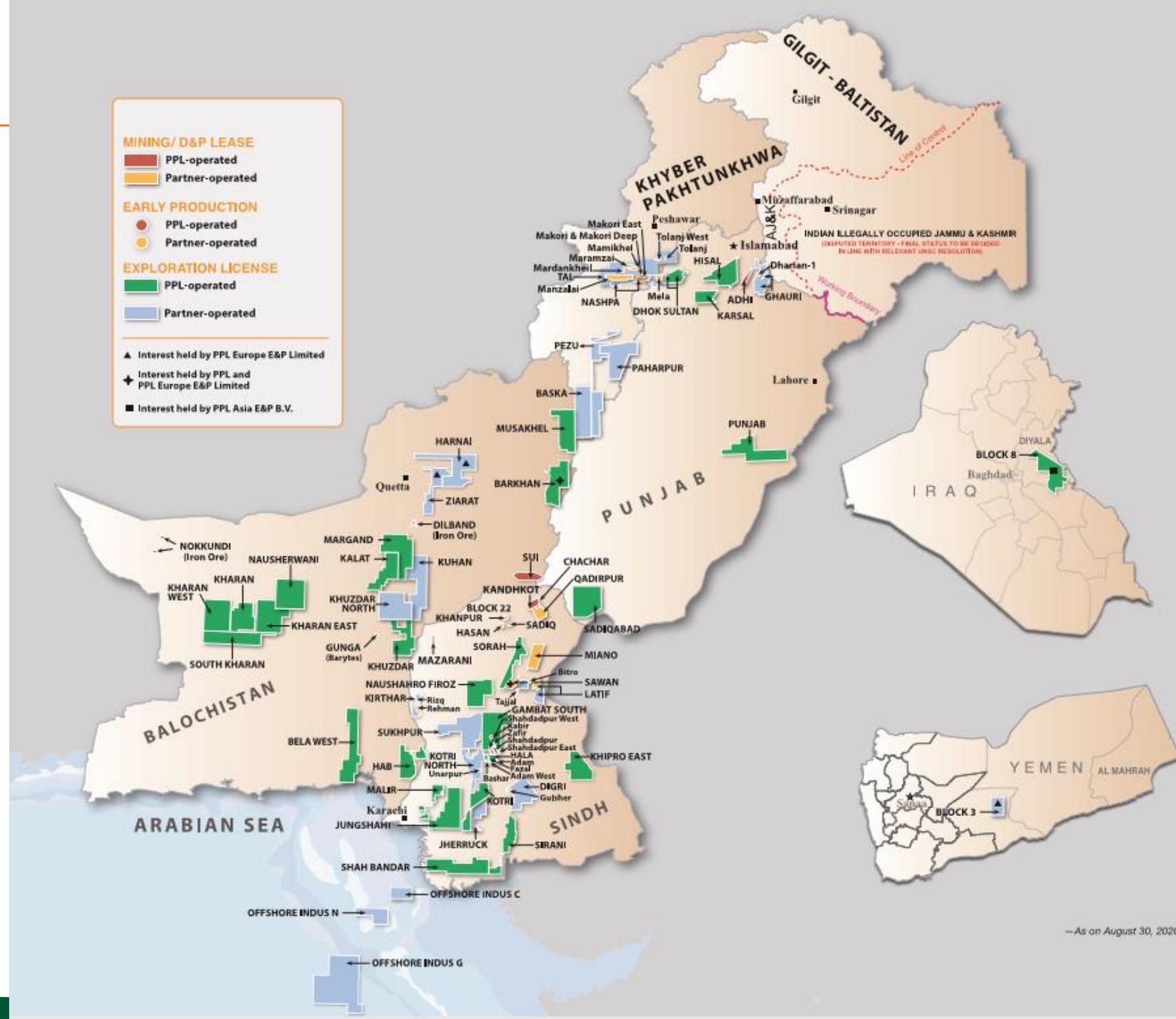
PPL Operated	08
Partner Operated	12
Total	20

Exploratory blocks

PPL Operated	28*
Partner Operated	20**
Total	48

*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 2019-20



Exploration

2 Discoveries



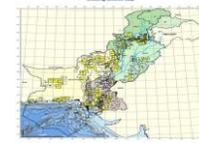
Production

~0.9 Bcfde



Profits

Rs 50.25 Billion



Growth and Risk
Diversification

**1 Farm-in
3 Farm-out**



Iron Ore
Mining (BME)

**Commercial ops
start up**



Production Optimization /
start ups

**Sui Debottlenecking
Dhok Sultan
Bitro**



International
Exploration

**Abu Dhabi bid
round (results
awaited)**

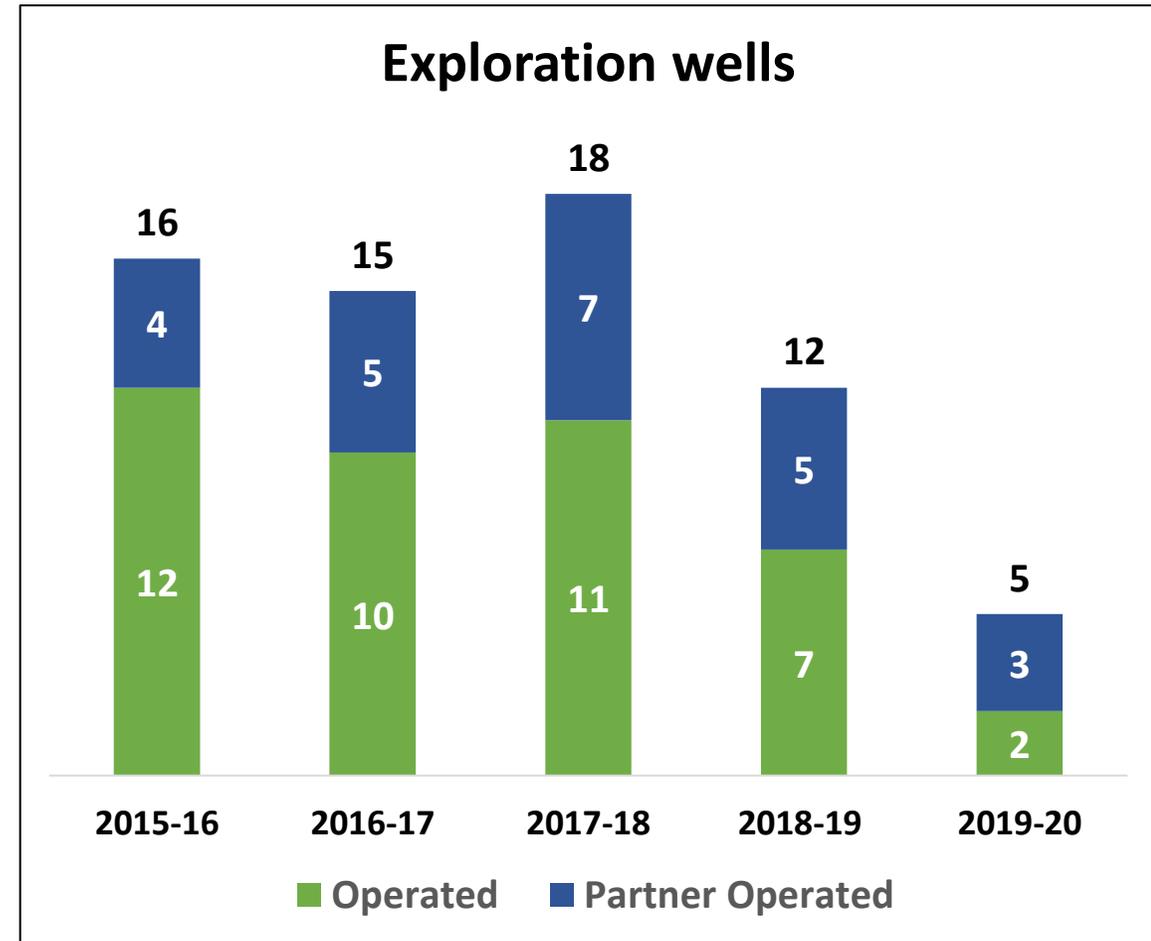
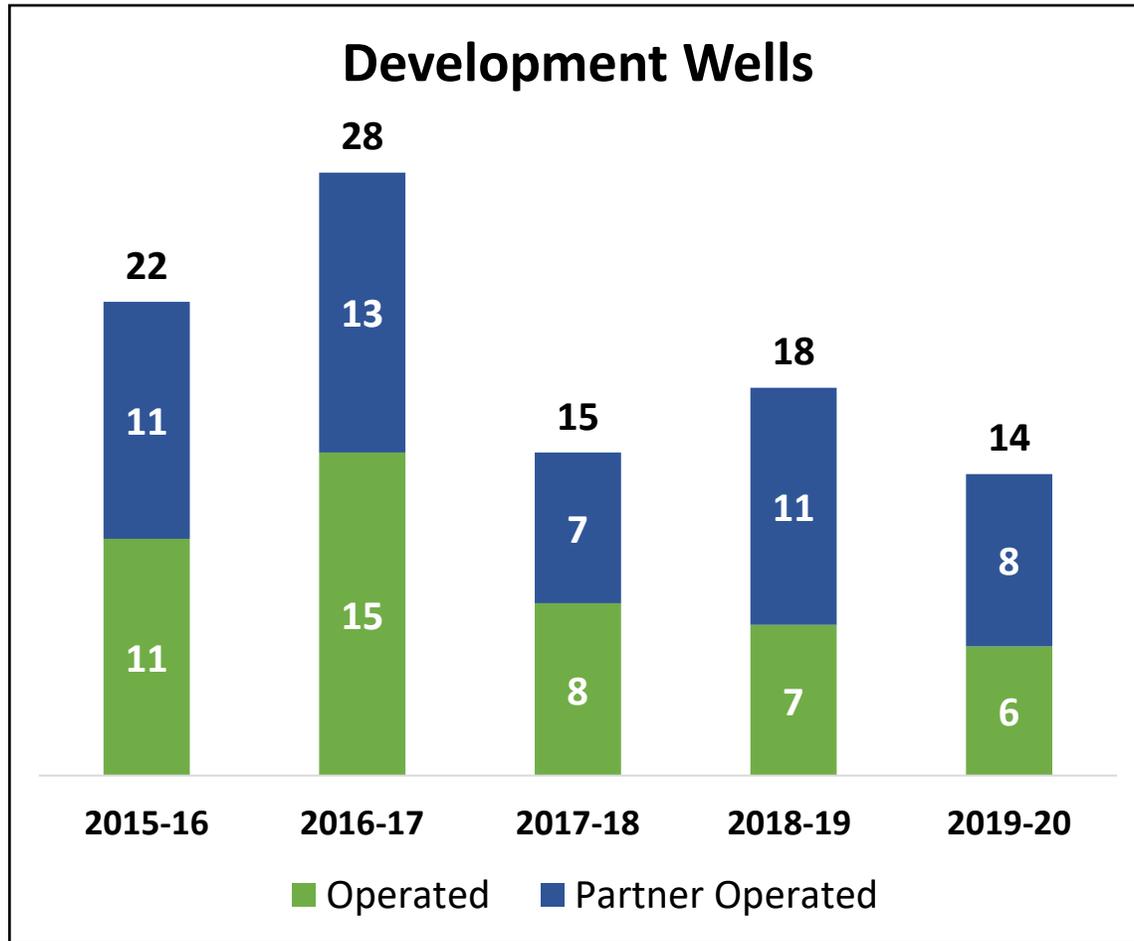


One of the largest
Corporate Giver

**15thConsecutive
Year**

Production operations on track despite of COVID-19

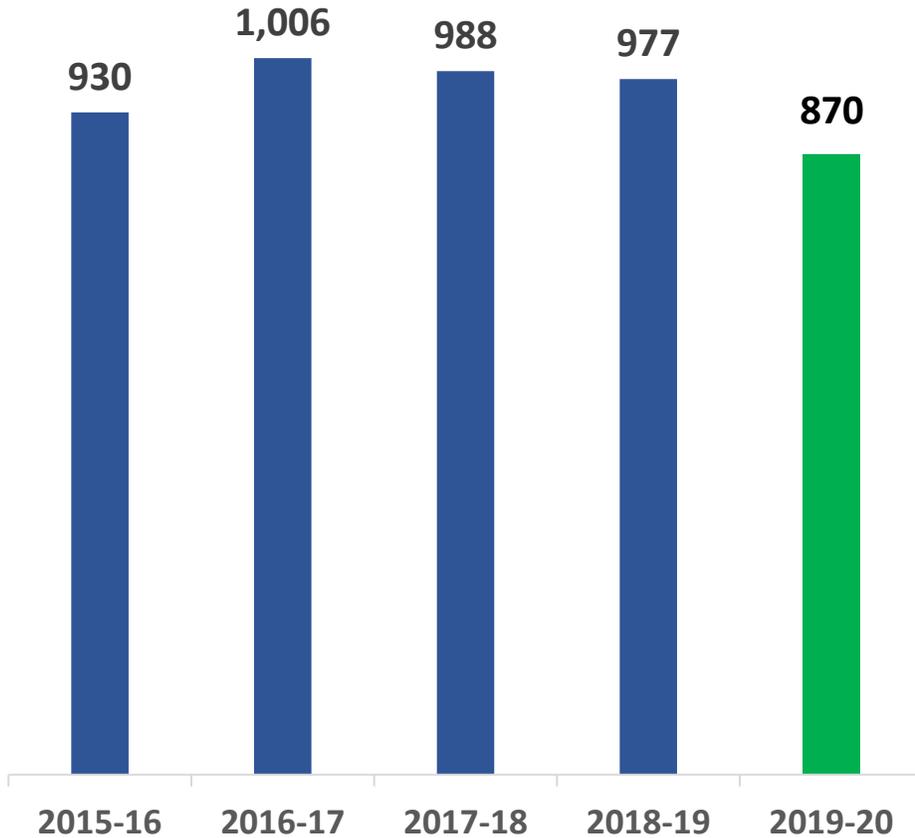
Work Program Delivery



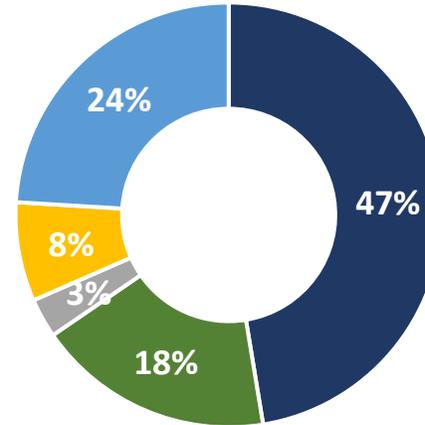
Production



Production (PPL Net)
MMscfd equivalent

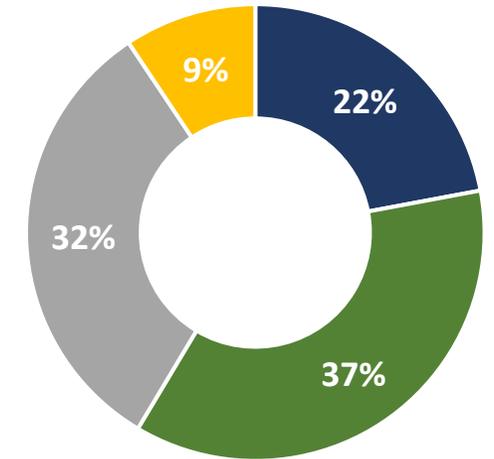


Field-wise Production of Natural Gas
2019-20 (PPL Net)



- Sui
- Kandhkot
- Adhi
- Gambat South
- Partner Operated and Others

Field-wise Production of Liquids
2019-20 (PPL Net)



- Adhi
- Tal
- Nashpa
- Others

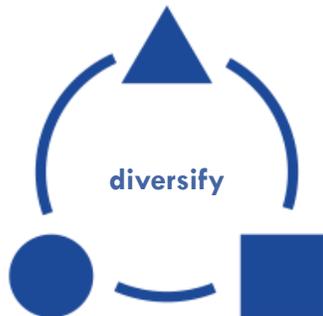


- Optimization of production and recovery from current producing assets
- Bringing discoveries to production in the shortest possible time



create

- Maintain Exploration activity to achieve desired Reserves Replacement Ratio
- Exploration in frontier areas with better prospects of bigger discoveries
- Pursue Pakistan's offshore region as an operator, particularly in shallow offshore
- Optimize 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 and appraise shale gas potential of Pakistan with globally available technologies



diversify

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

Financial Overview

Profitability



	2020	2019
	(Rupees in billion)	
Revenue from contracts with customers	157.6	163.9
Operating expenses	(42.8)	(40.0)
Royalties and other levies	(23.8)	(24.3)
	(66.6)	(64.3)
Gross profit	91.0	99.6
Exploration expenses	(14.7)	(24.9)
Administrative expenses	(3.1)	(2.4)
Finance costs	(1.1)	(0.7)
Other charges	(8.1)	(8.2)
	64.0	63.4
Other income	6.5	16.5
Profit before taxation	70.5	79.9
Taxation	(20.2)	(18.3)
Profit after taxation	50.3	61.6
		Restated
Basic and diluted earnings per share (Rs)	18.47	22.65

Sales revenue down by 4%

+ve price variance (+ve exchange rate partially offset by -ve crude oil price) ~ Rs 7.6 billion

-ve volume variance of Rs 13.9 billion.

Profitability down by 18%. Main drivers are:

 *sales revenue (as explained above)*

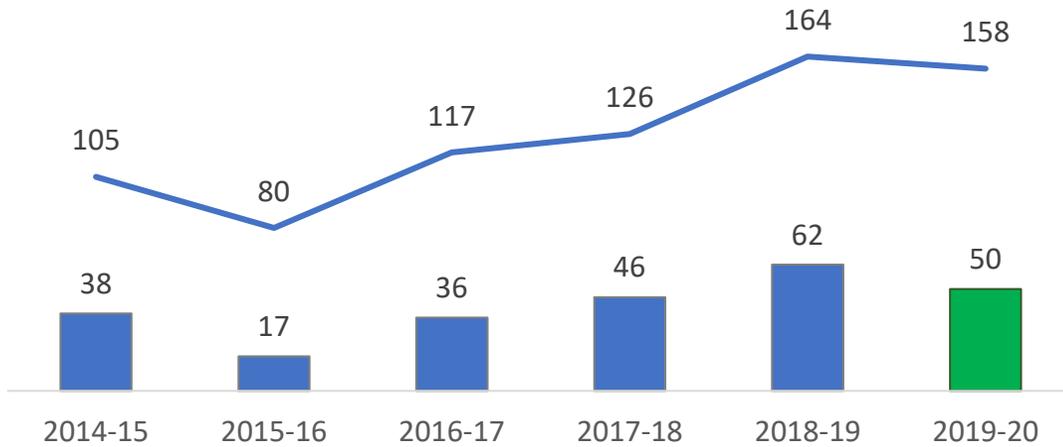
 *exploration expenses (lower cost of dry wells)*

 *other income (reduced exchange gain owing to lesser volatility in the USD / PKR parity during 2020).*

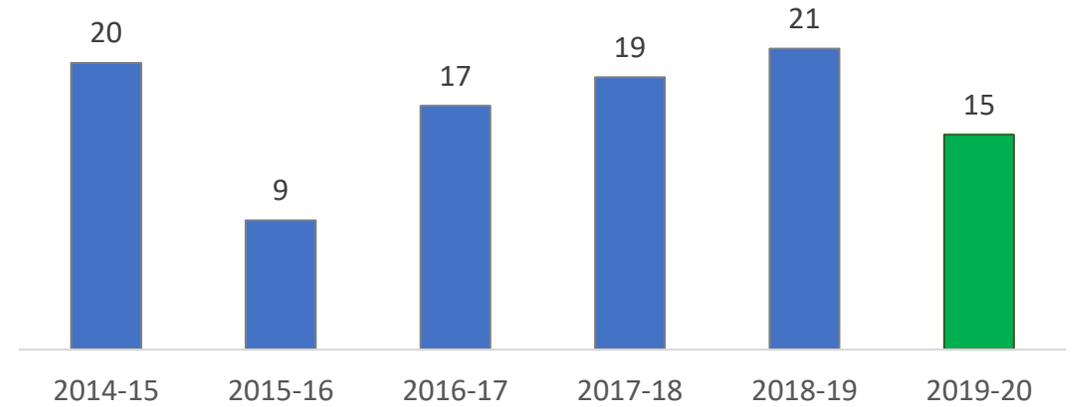
Key Financial Indicators



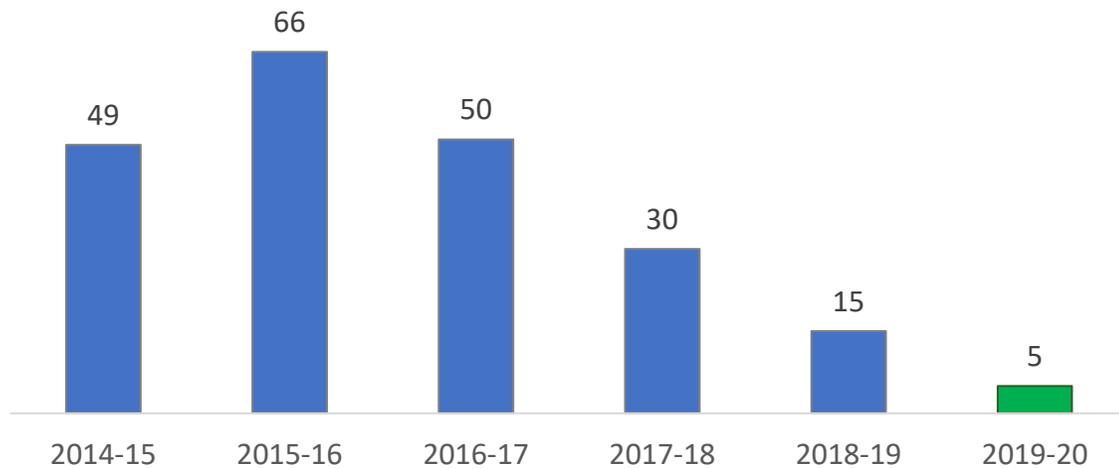
Revenue vs Profitability - Rs billion



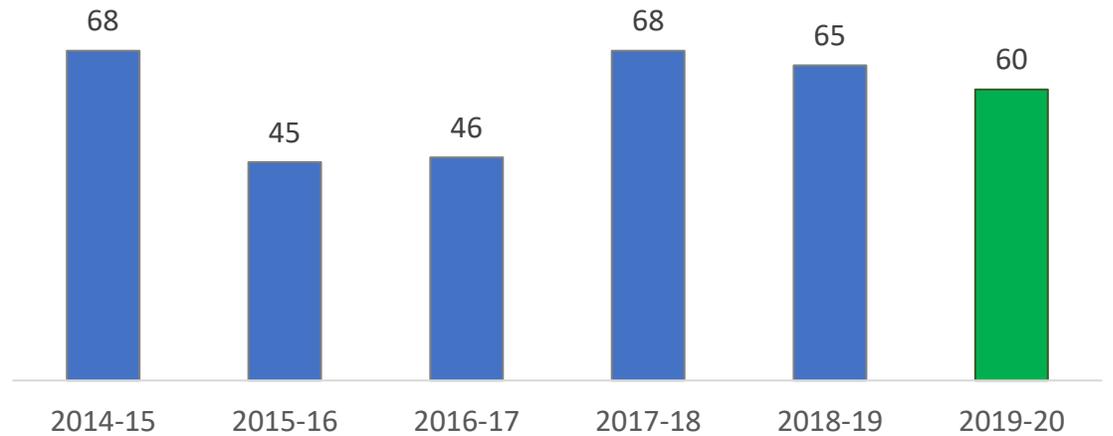
Return on Equity (%)



Dividend Pay-out ratio % (including bonus shares)



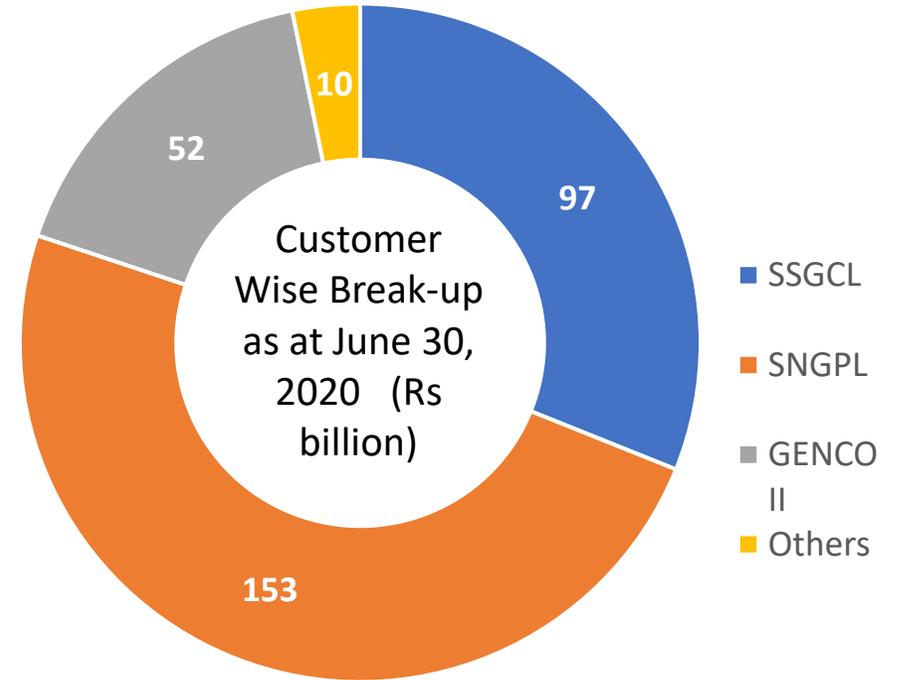
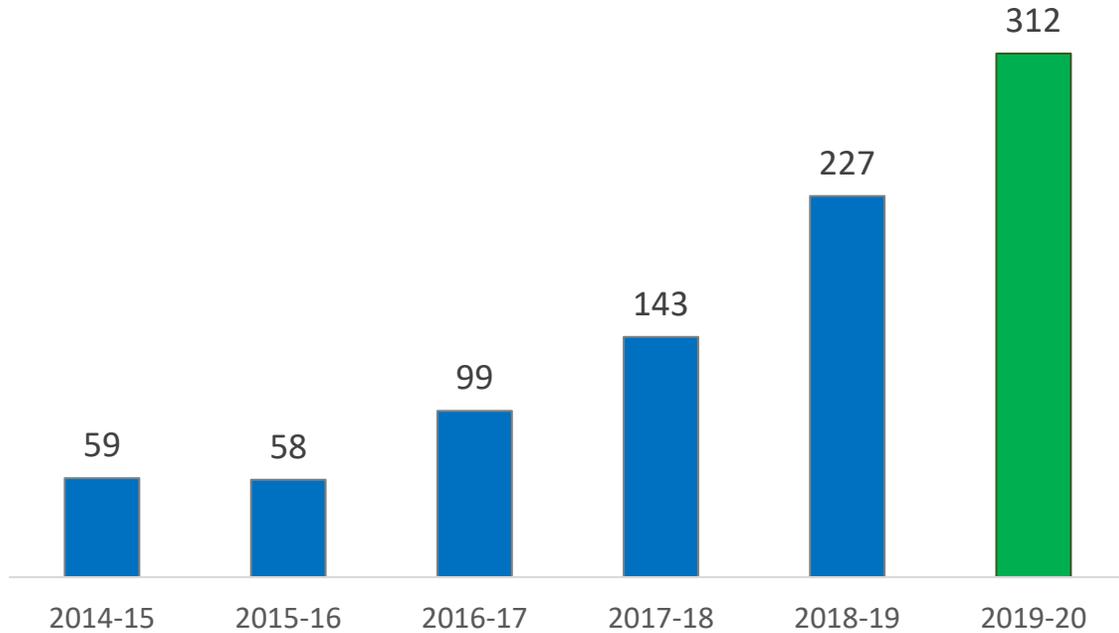
Payments to Government Exchequer (Rs billion)



Trade Debtors



Rs billion



- The year 2019-20 saw deterioration in the liquidity position due to the circular debt.
- Out of pocket expenditure (levies) in respect of over-due receivables as at September 30, 2020 was Rs 60 billion.
- Matter being escalated at top levels with customers and ministry

Outlook and Challenges

- Production target around 0.9 BCFDe
- Focus on frontier exploration
- Deliver 5 exploration wells and 5 development wells in constrained liquidity scenario
- Pursue mining activities with BME
- Dhok Sultan field development and Zafir Project
- Abu Dhabi bid round – results awaited
- Projects targeted for completion in 2020-21:
 - GPF 4 Phase II
 - Benari pipeline

Key challenges



Challenges	Remarks
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	Continue development drilling and projects works
Depleting exploration portfolio	Participation in new bid rounds / Farm-ins Evaluating international opportunities Hedging depletion via diversification
Slowdown in large discoveries	Focus on high risk/high reward areas
Low oil prices post COVID 19	Impact on profitability
Grant of Sui D&PL	Matter under consideration by GoP and GoB

Q&A

Thanks