Day Break

Tuesday, July 28, 2026

Oil & Gas Exploration Companies

4QFY26: E&P Sector Earnings to Increase by +23%y/y

- IGI E&P universe earnings are expected to increase by +23%y/y during 4QFY26 to PKR 105.7bn compared to PKR 92.0bn in the same period last year. Earnings accretion is anticipated on the back of higher oil prices and oil/gas production despite increase in exploration cost. On sequential basis, earnings are expected to increase by +15%q/q owing to higher oil prices and oil/gas production. This brings total profitability for FY26 to PKR 351.3bn, flat on yearly basis, compared to PKR 351.2bn last year.
- We expect Mari Petroleum Company Limited's (MARI) to register earnings of PKR 17.2bn (EPS: PKR 14.3), down by 9%y/y. We expect Pakistan Oilfields Limited (POL) to report earnings of PKR 8.5bn (EPS: PKR 29.9) during 4QFY26, up by +14%y/y.
- We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 54.2bn (EPS: PKR 12.6), up by +35%y/y. We expect Pakistan Petroleum Limited (PPL) to post earnings of PKR 54.2bn (EPS: PKR 12.6), up by +35%y/y during 4QFY26.

E&P Sector: Earnings to increase by +23%y/y to PKR 105.7bn during 4QFY26

IGI E&P universe earnings are expected to increase by +23%y/y during 4QFY26 to PKR 105.7bn compared to PKR 92.0bn in the same period last year. Earnings accretion is anticipated on the back of higher oil prices and oil/gas production despite increase in exploration cost. On sequential basis, earnings are expected to increase by +15%q/q owing to higher oil prices and oil/gas production. This brings total profitability for FY26 to PKR 351.3bn, flat on yearly basis, compared to PKR 351.2bn last year.

Exhibit: E&P sector profit after tax preview for 4qFY26
Period end = Jun

EPS	Jun/26	Mar/26	q/q	Jun/25	y/y	FY'26e	FY'25	y/y
PPL	9.5	7.6	24%	7.1	34%	32.0	33.8	-6%
MARI	14.3	17.6	-19%	15.7	-9%	55.7	54.3	3%
OGDC	12.6	9.8	28%	9.4	35%	39.4	39.5	0%
POL	29.9	27.5	9%	26.2	14%	98.7	85.2	16%
Total (PKRbn)	**105.7**	**92.0**	**15%**	**85.9**	**23%**	**351.3**	**351.2**	**0%**
DPS	Jun/26	Mar/26		Jun/25		FY'26e	FY'25	
PPL	3.3	2.0		2.5		9.3	7.5	
MARI	13.7	0.0		21.7		22.0	21.7	
OGDC	5.8	3.3		5.0		16.8	15.1	
POL	55.0	0.0		50.0		82.5	75.0	

Source: Company Financials, IGI Research

Analyst

Abdullah Farhan
abdullah.farhan@igi.com.pk

MARI: Earnings to drop by 9%y/y to PKR 14.3/share during 4QFY26e

We expect Mari Petroleum Company Limited's (MARI) to register earnings of PKR 17.2bn (EPS: PKR 14.3), down by 9%y/y during 4QFY26 compared to PKR 18.8bn (EPS: PKR 15.7) in the same period last year. On quarterly basis, earnings are estimated to drop by 19%q/q. We attribute this decline in earnings on yearly basis during 4QFY26 to normalized tax rate despite lower exploration cost and higher gas production. This brings total profitability for FY26 to PKR 66.8bn (EPS PKR 55.7), up by +3%y/y compared to PKR 65.1bn (EPS PKR 54.3) in the same period last year. We expect MARI to announce cash dividend of PKR 13.7/share along with the result bring total cash payout for FY26 to PKR 22.0/share.

POL: Earnings to increase by +14%y/y during 4QFY26e to PKR 29.9/share

We expect Pakistan Oilfields Limited (POL) to report earnings of PKR 8.5bn (EPS: PKR 29.9) during 4QFY26, up by +14%y/y, compared to PKR 7.4bn (EPS: PKR 26.2) in the same period last year. On a quarterly basis, earnings are expected to incline by +9%q/q. We attribute this yearly growth in earnings during 4QFY26 to higher oil production and oil prices. This brings total profitability for FY26 to PKR 28.0bn (EPS PKR 98.7), up by +16%y/y compared to PKR 24.2bn (EPS PKR 85.2) in the same period last year. We expect POL to announce cash dividend of PKR 55/share along with the result bringing total cash dividend for FY26 to PKR 82.5/share.

OGDC: Profitability to augment by +35%y/y to PKR 12.6/share during 4QFY26e

We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 54.2bn (EPS: PKR 12.6), up by +35%y/y during 4QFY26 compared to PKR 40.3bn (EPS: PKR 9.4) in the same period last year. On sequential basis, earnings are expected to increase by +28%q/q. We attribute this yearly growth in earnings during 4QFY26 to higher oil prices and oil/gas production (up by +24%/+14%y/y) led by ease in production curtailment and new discoveries coming online despite higher exploration cost owing to higher prospecting expense and 2 dry wells incurred (Saidpur and Chak 203). This brings total profitability for FY26 to PKR 169.5bn (EPS PKR 39.4), flat on yearly basis compared to PKR 169.9bn (EPS PKR 39.5) last year. We expect the Company to announce cash dividend of PKR 5.75/share along with the result bringing total cash payout for FY26 to PKR 16.75/share.

PPL: Earnings to increase by +34%y/y to PKR 9.5/share during 4QFY26e

We expect Pakistan Petroleum Limited (PPL) to post earnings of PKR 25.8bn (EPS: PKR 9.5), up by +34%y/y during 4QFY26 compared to PKR 19.3bn (EPS: PKR 7.1) in the same period last year. On a quarterly basis, earnings are expected to increase by +24%q/q. We attribute this increase in earnings on yearly basis during 4QFY26 to higher oil prices and oil/gas production up by 35%/29%y/y. This brings total profitability for FY26 to PKR 86.9bn (EPS PKR 32.0), down by 6%y/y compared to PKR 92.0bn (EPS PKR 33.8) in the same period last year. We expect PPL to announce cash dividend of PKR 3.25/share along with the result bringing total cash payout for FY26 to PKR 9.25/share

Exhibit: E&P sector quarterly earnings (PKRbn)

E&P sector earnings to increase by +23%y/y.

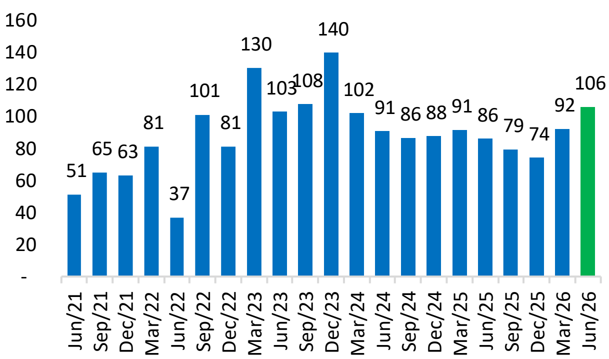


Exhibit: International oil prices (USD/bbl)

Oil prices on average increased by +51%y/y and +30%q/q during 4QFY26.

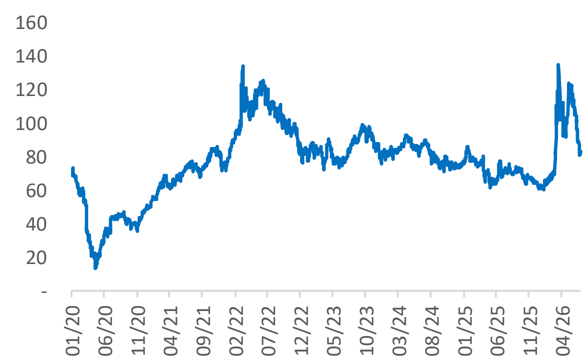


Exhibit: Quarter-wise exchange gains/(losses) (PKRmn)

E&P sector witnessed slight up-tick in exchange losses during 3QFY26. Marginal exchange losses expected in 4QFY26

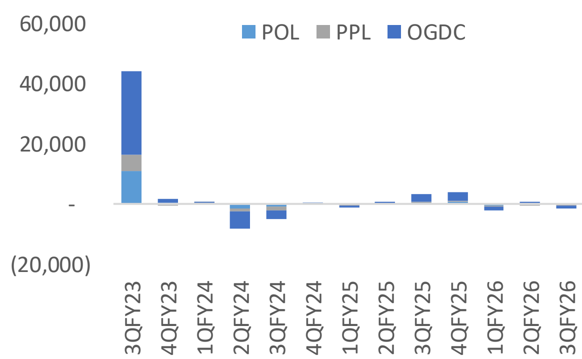
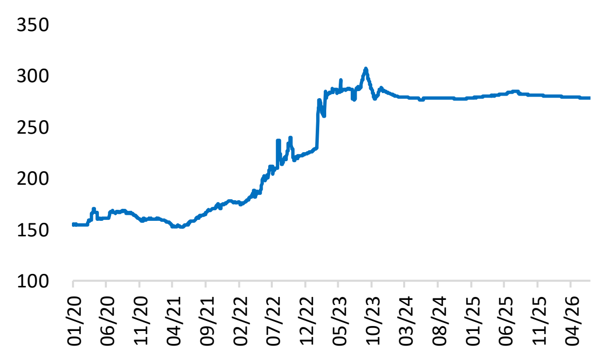


Exhibit: Exchange rate movement

PKR appreciated by almost 1.1%y/y on average during 4QFY26.



Source: Bloomberg, Company Financials, IGI Research

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IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@igi.com.pk

IGI Finex Securities Limited
Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited
Website: www.igisecurities.com.pk

Head Office
Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001
Fax: (+92-21) 35309169, 35301780

Lahore Office
Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69

LSE Plaza
Office No.1A at North Mezzanine Floor of the LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.
Tel: (+92-42) 38303565

Islamabad Office
3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Faisalabad Office
Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad
Tel: (+92-41) 2540843-45

Rahim Yar Khan Office
Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Multan Office
Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009