Day Break

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Oil & Gas Exploration Companies

OGDC: 1HFY26 Management Call Takeaways

- OGDC held an investor briefing session to discuss 1HFY26 financial results. Management also provided further details on key developments and future outlook for the Company.
- OGDC reported 2QFY26 earnings of PKR 34.71bn (EPS PKR 8.07), down by 16%y/y compared to PKR 41.44bn (EPS PKR 9.63) in the similar period last year. On quarterly basis, profitability is down by 9%q/q. This brings total profitability for 1HFY26 to PKR 73.02bn (EPS PKR 16.98), down by 11%y/y, compared to PKR 82.46bn (EPS PKR 19.17) in the same period last year.
- Earnings declined mainly due to drop in production, lower oil prices, higher exploration cost as Company booked 2 dry well costs (Khatian and Jakhro North) and lower other income owing to drop in interest rates.
- The management highlighted that forced curtailment led to an overall net revenue loss of PKR 36.5bn during 1HFY26, which was primary reason behind lower revenues along with decline in average oil prices. Cumulative volumes from Nashpa, Dhok Hussain, Chanda, Bettani, Waziristan, Tal and Uch field would have been higher by 3,400bopd of oil, 152mmcfd of gas and 51tpd of LPG in the absence of curtailment.

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Analyst

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Exhibit: OGDC Financial Highlights For the period 2QFY26								
PKRmn	2QFY26	2QFY25	y/y	1QFY26	q/q	1HFY26	1HFY25	y/y
Net Sales	96,638	100,412	-4%	96,192	0%	192,830	206,423	-7%
Royalty	11,954	11,633	3%	10,598	13%	22,552	24,784	-9%
Operating Expenses	36,932	26,807	38%	28,803	28%	65,735	53,072	24%
Gross Profit	47,173	61,597	-23%	56,285	-16%	103,458	127,413	-19%
Other Income	14,753	20,855	-29%	12,185	21%	26,938	46,582	-42%
Exploration and Prospecting	8,817	4,034	119%	3,082	186%	11,898	7,887	51%
Finance Cost	1,201	1,326	-9%	1,221	-2%	2,423	2,940	-18%
WPP Fund	2,573	3,826	-33%	3,262	-21%	5,835	8,201	-29%
Share of profit from associate	1,997	1,405	42%	3,173	-37%	5,170	4,652	11%
PBT	48,883	72,702	-33%	61,982	-21%	110,865	155,819	-29%
PAT	34,714	41,437	-16%	38,305	-9%	73,019	82,457	-11%
EPS (PKR)	**8.07**	**9.63**		**8.91**		**16.98**	**19.17**	
DPS (PKR)	4.25	4.05		3.50		7.75	7.05	
Source: IGI Research, PSX						No of Shares: 4,300.93mn		

Key highlights from management conference call

- Average realized prices during 1HFY26 stood US$ 56.3bbl for crude oil, PKR 751.5/mmbtu for gas and PKR 141/ton for LPG.
- OGDC's 2P reserves stand at 161mn boe of oil and 641mn boe of gas as at Dec-25 representing 49%/31% of total oil/gas reserves of Pakistan. Production stood at 31,848 bopd of oil (up by +1%y/y), 626mmcfd of gas (down 7%y/y) and 636tpd of LPG (up by +1%y/y) during 1HFY26.
- The management highlighted that forced curtailment led to an overall net revenue loss of PKR 36.5bn during 1HFY26, which was primary reason behind lower revenues along with decline in average oil prices. Cumulative volumes from Nashpa, Dhok Hussain, Chanda, Bettani, Waziristan, Tal and Uch field would have been higher by 3,400bopd of oil, 152mmcfd of gas and 51tpd of LPG in the absence of curtailment.
- Operating expenses were higher mainly due to routine salary increments and higher activity following recent discoveries.
- OGDC drilled 5 wells (2 development and 3 exploratory wells) during 1HFY26 which yielded 4 discoveries. The Company also acquired 110sqkm of 3D and 352sqkm of 2D seismic data during the period.

- In terms of recently announced discovery in Nashpa Block (Baragzai X-1), 4 formations have been successfully identified while work on 5th formation is expected to yield results next week. Currently one formation has been completed while further capex is required to enable activation of multiple formations.

- Regarding Reko Diq project, initial project timelines remain intact. The Company has recently made equipment orders for structural development. Barrick Gold and local consortium partners continue to inject capital. PMPL has invested US$ 75mn during FY26TD (of which OGDC's share is US$ 24.5mn) with total investment to date standing at US$ 315mn.

- In terms of projects, Jhal Magsi project was completed in Aug-25 and carries a production capacity of 15mmcfd. Additionally, Dakhni compression project was completed in Jan-26 adding 24mmcfd of raw gas.

- The Company also highlighted completion timelines of current projects a) Uch Compression Project expected to be completed by Jun-26 with raw gas production capacity of 480mmcfd, b) KPD-TAY Compression Project expected to be completed by Apr-26 and anticipated to add 100mmcfd of incremental gas, c) Bettani Project is likely to completed by Dec-27 adding 85mmcfd and 3,800bopd of incremental gas and condensate production and d) Sinjhoro Phase-2 expected to be completed by Jun-27 with incremental flows of 30mmcfd of gas.

- Detailed judgment on super tax is awaited as the short order indicates continuation of levy. Accordingly, the Company has not reversed any super tax provision.

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