Flash Note

Wednesday, October 29, 2025

Oil & Gas Exploration Companies

Oil & Gas Development Company Limited (OGDC)

Earnings: Oil & Gas Development Company Limited (OGDC) announced it 1QFY26 result. The Company reported 1QFY26 earnings of PKR 38.31bn (EPS PKR 8.91), down by 7%y/y compared to PKR 41.02bn (EPS PKR 9.54) in the similar period last year. On quarterly basis, profitability is down by 5%q/q.

Dividend/Payout: The Company announced cash dividend of PKR 3.5/share along with the result compared to PKR 3.0/share (4QFY25: PKR 5.0/share) in the same period last year.

Operating Performance: During the period under review, OGDC reported 9%y/y decline in revenue during 1QFY26 on the back of lower oil prices and production. Exploration cost declined by 20%y/y to PKR 3.08bn during 1QFY26 likely owing to lower prospecting expense. Operating expenses increased by +10%y/y to PKR 28.80bn during 1QFY26 compared to PKR 26.27bn in the same period last year. The Company recorded other income of PKR 12.19bn during 1QFY26 compared to PKR 25.73bn in the corresponding period last year likely due to decline in interest rates. On quarterly basis, earnings declined by 5%q/q mainly due to lower other income and higher taxation. Effective tax rate stood at 38.2% during 1QFY26 (4QFY25: 28.3%) compared to 50.6% in in the same period last year. OGDC's trade receivables declined by PKR 0.9bn to PKR 612.78bn against PKR 613.66bn as at Jun-25.

Exhibit: OGDC Financial Highlights
For the period 1QFY26

PKRmn	1QFY26	1QFY25	y/y	4QFY25	q/q
Net Sales	96,192	106,011	-9%	90,271	7%
Royalty	10,598	13,151	-19%	10,208	4%
Operating Expenses	28,803	26,265	10%	35,217	-18%
Gross Profit	56,285	65,816	-14%	44,280	27%
Other Income	12,185	25,727	-53%	17,129	-29%
Exploration and Prospecting	3,082	3,853	-20%	4,096	-25%
Finance Cost	1,221	1,614	-24%	1,332	-8%
WPP Fund	3,262	4,375	-25%	2,959	10%
Share of profit from associate	3,173	3,247	-2%	5,093	-38%
PBT	61,982	83,118	-25%	56,215	10%
PAT	38,305	41,020	-7%	40,298	-5%
EPS (PKR)	**8.91**	**9.54**		**9.37**	
DPS (PKR)	3.50	3.00		5.00	

Source: IGI Research, PSX — No of Shares: 4,300.93mn

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- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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Basic Definitions and Terminologies used: Target Price: A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

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