Flash Note

Friday, October 30, 2026

Oil & Gas Exploration Companies

Oil & Gas Development Company Limited (OGDC)

Earnings: Oil & Gas Development Company Limited (OGDC) announced it 1QFY27 result. The Company reported 1QFY27 earnings of PKR 58.51bn (EPS PKR 13.60), up by +53%y/y compared to PKR 38.31bn (EPS PKR 8.91) in the similar period last year. Earnings growth was mainly driven by higher oil prices, oil/gas production and lower tax rate. On quarterly basis, profitability is down by 54%q/q mainly due to super tax reversal booked in 4QFY26.

Dividend/Payout: The Company announced cash dividend of PKR 5.0/share along with the result compared to PKR 3.5/share (4QFY26: PKR 6.0/share) in the same period last year.

Operating Performance: During the period under review, OGDC reported +38%y/y increase in revenue during 1QFY27 likely on the back of +22%y/y increase in average oil prices and higher oil/gas production. Exploration cost augmented by +55%y/y to PKR 4.77bn during 1QFY27 likely due to higher prospecting expense amid higher seismic acquisition. Operating expenses increased by +14%y/y to PKR 32.92bn during 1QFY27 compared to PKR 28.80bn in the same period last year. The Company recorded other income of PKR 13.77bn during 1QFY27, up by +13%y/y, compared to PKR 12.19bn in the corresponding period last year likely due to increase in ST investments and bank deposit. Effective tax rate stood at 33.5% during 1QFY27 against 38.2% in the same period last year and tax reversal of PKR 43.8bn in 4QFY26. OGDC's trade receivables inched up by PKR 0.7bn to PKR 595.6bn against PKR 594.8bn as at Jun-26.

Recommendation: We have a 'BUY' stance on OGDC with Dec-26 Target Price of PKR 395/share offering 29% upside from last close. OGDC is trading at FY27 P/E of 6.5x and offers DY of 5.4%.

Exhibit: OGDC Financial Highlights
For the period 1QFY27

PKRmn	1QFY27	1QFY26	y/y	4QFY26	q/q
Net Sales	132,419	96,192	38%	149,064	-11%
Royalty	15,554	10,598	47%	17,243	-10%
Operating Expenses	32,921	28,803	14%	50,956	-35%
Gross Profit	83,072	56,285	48%	80,437	3%
Other Income	13,772	12,185	13%	15,885	-13%
Exploration and Prospecting	4,771	3,082	55%	10,878	-56%
Finance Cost	1,161	1,221	-5%	1,286	-10%
WPP Fund	4,631	3,262	42%	4,387	6%
Share of profit from associate	3,943	3,173	24%	7,452	-47%
PBT	87,993	61,982	42%	83,352	6%
PAT	58,513	38,305	53%	127,110	-54%
EPS (PKR)	**13.60**	**8.91**		**29.55**	
DPS (PKR)	5.00	3.50		6.00	
Source: IGI Research, PSX				No of Shares: 4,300.93mn	

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Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
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Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including

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- Reserve Based DCF
- 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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