Flash Note

Friday, September 4, 2026

IGI Securities
SERVING YOU SINCE 1994

Oil & Gas Exploration Companies

Oil & Gas Development Company Limited (OGDC)

Earnings: Oil & Gas Development Company Limited (OGDC) announced it 4QFY26 result. The Company reported 4QFY26 earnings of PKR 127.11bn (EPS PKR 29.55), up by +3.2xy/y compared to PKR 40.30bn (EPS PKR 9.37) in the similar period last year. Earnings growth was mainly driven by higher oil prices, oil/gas production and super tax reversal. On quarterly basis, profitability is up by +3.0xq/q. This brings total profitability for FY26 to PKR 242.37bn (EPS PKR 56.35), up by +43%y/y, compared to PKR 169.90bn (EPS PKR 15.05) in the same period last year.

Dividend/Payout: The Company announced cash dividend of PKR 6.0/share along with the result bringing total cash payout for FY26 to PKR 17.0/share.

Operating Performance: During the period under review, OGDC reported +65%y/y increase in revenue during 4QFY26 likely on the back of +51%y/y increase in average oil prices and higher oil/gas production. Exploration cost augmented by +2.7xy/y to PKR 10.88bn during 4QFY26 likely due to 2 dry well cost (Saidpur and Chak 203) booked during the quarter. Operating expenses increased by +45%y/y to PKR 50.96bn during 4QFY26 compared to PKR 35.22bn in the same period last year. The Company recorded other income of PKR 15.89bn during 4QFY26, down by 7%y/y, compared to PKR 17.13bn in the corresponding period last year likely due to decline in interest rates. OGDC booked tax reversal of PKR 43.8bn in 4QFY26 likely due to super tax adjustment compared to tax charge of PKR 15.9bn (effective tax of 28.3%) during 4QFY25 bringing total effective tax rate for FY26 to 6.5% against 39.2% in FY25. OGDC's trade receivables declined by PKR 3.9bn to PKR 594.8bn against PKR 598.7bn as at Mar-26.

Recommendation: We have a 'BUY' stance on OGDC with Dec-26 Target Price of PKR 395/share offering 21% upside from last close. OGDC is trading at FY27 P/E of 7.2x and offers DY of 5.5%.

Exhibit: OGDC Financial Highlights
For the period 4QFY26

PKRmn	4QFY26	4QFY25	y/y	3QFY26	q/q	FY26	FY25	y/y
Net Sales	149,064	90,271	65%	107,297	39%	449,191	401,178	12%
Royalty	17,243	10,208	69%	12,824	34%	52,619	47,145	12%
Operating Expenses	50,956	35,217	45%	31,002	64%	147,693	120,197	23%
Gross Profit	80,437	44,280	82%	62,869	28%	246,764	231,608	7%
Other Income	15,885	17,129	-7%	11,563	37%	54,385	81,821	-34%
Exploration and Prospecting	10,878	4,096	166%	6,004	81%	28,781	18,767	53%
Finance Cost	1,286	1,332	-3%	1,392	-8%	5,101	5,806	-12%
WPP Fund	4,387	2,959	48%	3,418	28%	13,640	14,701	-7%
Share of profit from associate	7,452	5,093	46%	3,970	88%	16,592	12,675	31%
PBT	83,352	56,215	48%	64,939	28%	259,157	279,315	-7%
PAT	127,110	40,298	215%	42,244	201%	242,374	169,904	43%
EPS (PKR)	**29.55**	**9.37**		**9.82**		**56.35**	**39.50**	
DPS (PKR)	6.00	5.00		3.25		17.00	15.05	

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

Analyst
Abdullah Farhan
Abdullah.Farhan@igi.com.pk

9Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution. All Research Analysts are receiving fixed pay and reporting directly to Head of Research who reports to CEO.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation Rating System
Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)
Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including

- Discounted Cash Flow (DCF)
- 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)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

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.

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
Saher Hussain	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	saher.hussain@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