Oil & Gas Exploration Companies

POL: FY26 Corporate Briefing Takeaways

- Pakistan Oilfields Limited (POL) held an investor briefing session to discuss FY26 financial results. Management also provided further details on key developments and future outlook for the Company.
- POL reported earnings of PKR 31.9bn (EPS PKR 112.45), up by +32%y/y, during FY26 compared to PKR 24.2bn (EPS PKR 85.2) in FY25. Growth in profitability was mainly led by higher realised prices and lower exploration expenses.
- Total hydrocarbon sales increased by 4.3%y/y to 5.24mn BOE during FY26, led by 9.8%y/y growth in gas sales, while crude oil sales declined to 1.55mn bbl compared to 1.62mn bbl in FY25.
- The Company has approved an Exploration, Development and Workover programme of PKR 24.7bn for FY27, alongside capital expenditure of PKR 4.5bn, though some activities may carry over into FY28.
- Management clarified that the remaining PKR 6.2bn tax provision relates to other tax assessments under litigation and should not be viewed as an unreversed Super Tax liability.

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POL reported earnings of PKR 31.9bn (EPS PKR 112.45), up by +32%y/y, during FY26 compared to PKR 24.2bn (EPS PKR 85.19) in FY25. Net sales increased by 10.4%y/y to PKR 63.0bn, supported by 15%y/y and 10%y/y higher realised crude oil and gas prices respectively. Profitability was further supported by a 58%y/y decline in exploration expenses to PKR 4.7bn, as FY25 included a PKR 7.7bn write-off of the Balkassar Deep-1A well.

The Company announced final cash dividend of PKR 72.5/share bringing total cash payout for FY26 to PKR 100.0/share, compared to PKR 75/share declared in FY25.

Key highlights from management call

- Total hydrocarbon sales increased by 4.3%y/y to 5.24mn BOE during FY26. Natural gas sales rose by 9.8%y/y to 18,247MMscf, while crude oil sales declined to 1.55mn bbl against 1.62mn bbl in FY25.

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- POL's operations span upstream exploration and production, alongside value-added products including LPG, solvent oil and sulphur.
- 3D seismic acquisition increased by 9%y/y to 407sq.km during FY26, supporting the Company's ongoing exploration efforts.
- Regarding Jhandial and Pindori, the management highlighted that efforts are underway to enhance production potential at both fields. One well is currently being drilled at Jhandial, with the outcome dependent on well success. Work is also progressing across other concessions, where management expects results over the next six months.
- Production at Manzalai South remains under pressure due to natural depletion. Management stated that efforts to sustain and enhance output will continue as long as economically recoverable potential remains.
- The Company has approved an Exploration, Development and Workover programme of around PKR 24.7bn for FY27, alongside capital expenditure of PKR 4.5bn. However, actual spending could vary depending on drilling timelines, operational requirements and other project-related factors, and some of the planned activities may carry over into FY28.
- Regarding the low effective tax rate during FY26, the management stated that the required reversal of the Super Tax provision has already been recognised after considering outstanding tax assessments. The remaining tax provision of PKR 6.2bn should not be viewed as an unreversed Super Tax liability, as it relates to other tax assessments at various stages of litigation spanning the past 10-15 years.
- Going forward, the effective tax rate will remain dependent on the concession-wise tax structure, depletion allowances and other applicable factors. The tax outcome is therefore a key variable for how sustainable earnings and dividend payouts are.
- Regarding Bilitang block, the management clarified that POL is a non-operating partner. The operator (MOL) is pursuing approval of the Field Development Plan (FDP), alongside the commercial bidding and gas allocation process.
- Regarding LPG pricing, the management stated that sales are currently based on the regulated producer price. The recently

introduced LPG policy is still under review and further clarity is expected once the policy is formally notified.

- The Company stated that production growth and reserve replacement remain key priorities given the natural decline in mature fields. POL follows a selective approach towards acquiring new exploration blocks, focusing on opportunities with manageable geological risks and quicker monetisation potential rather than high-risk prospects.

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