

Flash Note

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Oil & Gas Exploration Companies

Pakistan Oilfields Limited (POL)

Earnings: Pakistan Oilfields Limited (POL) announced its 3QFY26 result. The Company reported 3QFY26 unconsolidated earnings of PKR 7.80bn (EPS PKR 27.46), up by +18%/y compared to PKR 6.61bn (EPS PKR 23.29) in the similar period last year. On a quarterly basis, profitability is up by +24%/q. This brings total profitability for 9MFY26 to PKR 19.52bn (EPS PKR 68.75), up by +16%/y, compared to PKR 16.75bn (EPS PKR 59.02) in the same period last year.

Dividend/Payout: The Company did not announce any cash dividend along with the result.

Operating Performance: During the period under review, POL reported +5%/y incline in revenue during 3QFY26 on the back of higher gas production and slightly higher average oil prices. Exploration cost remained flat at PKR 1.41bn during 3QFY26. Operating expenses increased by +9%/y to PKR 3.52bn during 3QFY26 compared to PKR 3.23bn in the same period last year. Other income declined by 5%/y during 3QFY26 likely owing to a drop in interest rates. On a quarterly basis, earnings increased by +24%/q mainly due to higher other income, lower exploration cost and taxation. Effective tax stood at 21.6% during 3QFY26 (2QFY26: 26.2%) compared to 29.8% in the same period last year bringing total effective tax rate for 9MFY26 to 26.6% against 35.8% in 9MFY25.

Recommendation: We have a "BUY" stance on POL with our Dec-26 Target Price of PKR 792/share offering 19% upside from last close of PKR 667/share. The Company is currently trading at FY26 P/E of 7.7x and offers a healthy dividend yield of 10.5%.

Exhibit: POL Financial Highlights								
For the period 3QFY26								
PKRmn	3QFY26	3QFY25	y/y	2QFY26	q/q	9MFY26	9MFY25	y/y
Net Sales	15,259	14,551	5%	14,573	5%	42,944	44,834	-4%
Operating Costs	3,516	3,227	9%	3,384	4%	10,048	10,365	-3%
Royalty	1,747	1,570	11%	1,691	3%	4,888	4,881	0%
Gross Profit	9,996	9,755	2%	9,498	5%	28,008	29,588	-5%
Exploration Costs	1,410	1,412	0%	2,037	-31%	4,574	9,773	-53%
Administration Expenses	102	121	-15%	84	21%	309	353	-12%
Finance Cost	648	1,086	-40%	631	3%	1,808	2,944	-39%
Other Income	2,691	2,846	-5%	2,263	19%	6,812	11,219	-39%
PBT	9,946	9,418	6%	8,526	17%	26,590	26,106	2%
PAT	7,797	6,612	18%	6,290	24%	19,516	16,753	16%
EPS (PKR)	27.47	23.29		22.16		68.75	59.02	
DPS (PKR)	0.00	0.00		27.50		27.50	25.00	

Source: IGI Research, PSX No of Shares: 283.86mn

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- Justified Price to Book
- Residual Income (RI)
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