Flash Note

Thursday, August 27, 2026

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Oil & Gas Exploration Companies

Pakistan Oilfields Limited (POL)

Earnings: Pakistan Oilfields Limited (POL) announced it 4QFY26 result. The Company reported 4QFY26 unconsolidated earnings of PKR 12.40bn (EPS PKR 43.69), up by +67%y/y compared to PKR 7.43bn (EPS PKR 26.17) in the similar period last year. On quarterly basis, profitability is up by +59%q/q. This brings total profitability for FY26 to PKR 31.92bn (EPS PKR 112.45), up by +32%y/y, compared to PKR 24.18bn (EPS PKR 85.19) in the same period last year.

Dividend/Payout: The Company announced cash dividend of PKR 72.5/share along with the result bring total cash payout for FY26 to PKR 100/share against PKR 75.0/share in FY25.

Operating Performance: POL reported +64%y/y incline in revenue during 4QFY26 on the back of higher average oil prices owing to Middle East conflict. Exploration cost plummeted by 91%y/y to PKR 0.13bn during 4QFY26 likely on the back of lower prospecting expense. Operating expenses increased by +6xy/y to PKR 3.62bn during 4QFY26 compared to PKR 0.6bn in the same period last year. Other income declined by 11%y/y during 4QFY26 likely owing to drop in interest rates. On quarterly basis, earnings increased by +59%q/q mainly due to higher oil prices, other income, lower exploration cost and taxation. Effective tax stood at 18.8% during 4QFY26 (3QFY26: 21.6%) compared to 25.1% in the same period last year bringing total effective tax rate for FY26 to 23.8% against 32.9% in 9MFY25.

Recommendation: We have a "**BUY**' stance on POL with our Dec-26 Target Price of PKR 792/share offering 10% upside from last close of PKR 723/share. The Company is currently trading at FY27 P/E of 7.6x and offers healthy dividend yield of 11%.

Exhibit: POL Financial Highlights
For the period 4QFY26

PKRmn	4QFY26	4QFY25	y/y	3QFY26	q/q	FY26	FY25	y/y
Net Sales	20,089	12,282	64%	15,259	32%	63,033	57,117	10%
Operating Costs	3,622	601	503%	3,516	3%	13,670	10,966	25%
Royalty	2,228	1,290	73%	1,747	28%	7,116	6,171	15%
Gross Profit	14,238	10,392	37%	9,996	42%	42,246	39,980	6%
Exploration Costs	133	1,407	-91%	1,410	-91%	4,707	11,180	-58%
Administration Expenses	19	22	-14%	102	-81%	328	375	-13%
Finance Cost	724	1,830	-60%	648	12%	2,532	4,775	-47%
Other Income	2,953	3,310	-11%	2,691	10%	9,764	14,529	-33%
PBT	15,280	9,919	54%	9,946	54%	41,870	36,025	16%
PAT	12,402	7,428	67%	7,797	59%	31,918	24,182	32%
EPS (PKR)	**43.69**	**26.17**		**27.47**		**112.45**	**85.19**	
DPS (PKR)	72.50	50.00		0.00		100.00	75.00	

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

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

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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)

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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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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