Flash Note

Wednesday, October 29, 2025

Oil & Gas Exploration Companies

Pakistan Petroleum Limited (PPL)

Earnings: Pakistan Petroleum Limited (PPL) announced it 1QFY26 result. The Company reported 1QFY26 unconsolidated earnings of PKR 20.09bn (EPS PKR 7.38), down by 15%y/y compared to PKR 23.58bn (EPS PKR 8.67) in the similar period last year. On quarterly basis, profitability is up by +4%q/q.

Dividend/Payout: The Company announced cash dividend of PKR 2.0/share along with the result compared to PKR 2.0/share in the same period last year.

Operating Performance: During the period under review, PPL reported 14%y/y decline in revenue during 1QFY26 on the back of lower oil prices and production. Exploration cost declined by 58%y/y to PKR 0.63bn during 1QFY26 likely owing lower prospecting expense. Operating expenses declined by 16%y/y to PKR 12.50bn during 1QFY26 compared to PKR 14.85bn in the same period last year. Other income declined by 68%y/y during 1QFY26 likely due to lower short-term investments and decline in interest rates. On quarterly basis, earnings increased by +4%q/q mainly due to higher revenue, lower exploration cost and tax charge. Effective tax stood at 34.9% during 1QFY26 (4QFY25: 31.5%) compared to 39.1% in the same period last year. However, PPL's receivables increased by PKR 3.0bn on a quarterly basis to PKR 595.4bn.

Exhibit: PPL Financial Highlights
For the period 1QFY26

PKRmn	1QFY26	1QFY25	y/y	4QFY25	q/q
Net Sales	56,812	66,177	-14%	51,794	10%
Operating Expense	13,648	14,851	-8%	13,490	1%
Royalty	8,611	10,536	-18%	7,401	16%
Gross Profit	34,553	40,790	-15%	30,903	12%
Exploration Expense	633	1,519	-58%	4,062	-84%
Administrative Expense	1,494	1,644	-9%	1,811	-18%
Other Income	2,024	6,394	-68%	4,695	-57%
Other Charges	3,013	4,099	-27%	2,109	43%
Share of loss / (profit) from associate	99	618	-84%	(1,146)	n/m
EBIT	31,337	39,305	-20%	28,762	9%
Finance Cost	489	561	-13%	556	-12%
PBT	30,849	38,743	-20%	28,206	9%
PAT	20,088	23,577	-15%	19,319	4%
EPS (PKR)	**7.38**	**8.67**		**7.10**	
DPS (PKR)	2.00	2.00		2.50	

Source: IGI Research, PSX — No of Shares: 2,720.97mn

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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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