

Flash Note

Thursday, October 29, 2026



Oil & Gas Exploration Companies

Pakistan Petroleum Limited (PPL)

Earnings: Pakistan Petroleum Limited (PPL) announced its 1QFY27 result. The Company reported 1QFY27 unconsolidated earnings of PKR 25.20bn (EPS PKR 9.26), up by +25%y/y compared to PKR 20.09bn (EPS PKR 7.38) in the similar period last year. On a quarterly basis, profitability is down by 33%q/q.

Dividend/Payout: The Company announced a cash dividend of PKR 2.0/share along with the result against PKR 2.0/share announced in 1QFY26 (4QFY26: PKR 6/share).

Operating Performance: During the period under review, PPL reported a +30%y/y increase in revenue during 1QFY27 likely on the back of higher oil prices and oil/gas production. Exploration cost augmented by +5.0x/y to PKR 3.19bn during 1QFY27 likely owing to dry well cost (Ishraq X-1). Operating expenses inclined by +12%y/y to PKR 15.3bn during 1QFY27 compared to PKR 13.65bn in the same period last year. Other income increased by +48%y/y during 1QFY27 compared to PKR 2.02bn in the similar period last year. Effective tax stood at 33.0% during 1QFY27 (4QFY26: 10.4%) compared to 34.9% in the same period last year. However, PPL's receivables declined by PKR 1.1bn on a quarterly basis to PKR 622.38bn.

Recommendation: We have a 'BUY' stance on PPL with Dec-26 Target Price of PKR 285/share offering 33% upside from last close. PPL is trading at FY27 P/E of 6.9x and offers DY of 5.1%.

Exhibit: PPL Financial Highlights					
For the period 1QFY27					
PKRmn	1QFY27	1QFY26	y/y	4QFY26	q/q
Net Sales	73,998	56,812	30%	84,978	-13%
Operating Expense	15,287	13,648	12%	15,101	1%
Royalty	15,065	8,611	75%	15,862	-5%
Gross Profit	43,646	34,553	26%	54,016	-19%
Exploration Expense	3,186	633	5.0x	6,973	-54%
Administrative Expense	1,663	1,494	11%	2,153	-23%
Other Income	3,001	2,024	48%	3,177	-6%
Other Charges	3,482	3,013	16%	5,696	-39%
Share of loss from associate	63	99	-36%	114	-45%
EBIT	38,253	31,337	22%	42,255	-9%
Finance Cost	646	489	32%	555	16%
PBT	37,606	30,849	22%	41,700	-10%
PAT	25,203	20,088	25%	37,377	-33%
EPS (PKR)	9.26	7.38		13.74	
DPS (PKR)	2.00	2.00		6.00	
Source: IGI Research, PSX			No of Shares: 2,720.97mn		

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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)

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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)

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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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