

Flash Note

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Oil & Gas Exploration Companies

Pakistan Petroleum Limited (PPL)

Earnings: Pakistan Petroleum Limited (PPL) announced its 2QFY26 result. The Company reported 2QFY26 unconsolidated earnings of PKR 20.30bn (EPS PKR 7.46), down by 26%y/y compared to PKR 27.34bn (EPS PKR 10.05) in the similar period last year. On a quarterly basis, profitability is up by +1%q/q. This brings total profitability for 1HFY26 to PKR 40.39bn (EPS PKR 14.84), down by 21%y/y, compared to PKR 50.91bn (EPS PKR 18.71) in the similar period last year.

Dividend/Payout: The Company announced cash dividend of PKR 2.0/share along with the result bringing total cash payout for 1HFY26 to PKR 4.0/share.

Operating Performance: During the period under review, PPL reported +1%y/y increase in revenue during 2QFY26 on the back of slight depreciation of PKR on average. Exploration cost declined by 74%y/y to PKR 0.13bn during 2QFY26 likely in the absence of dry well cost. Operating expenses inclined by +32%y/y to PKR 16.09bn during 2QFY26 compared to PKR 12.20bn in the same period last year. Other income declined by 59%y/y during 2QFY26 likely due to one-off impairment reversal booked in 2QFY25. Earnings were down mainly due to higher operating expense, lower other income and higher tax. On a quarterly basis, earnings increased by +1%q/q mainly due to higher revenue and other income. Effective tax stood at 36.9% during 2QFY26 (1QFY26: 34.9%) compared to 26.6% in the same period last year bringing total effective tax rate for 1HFY26 to 35.9% against 33.0% in the same period last year. However, PPL's receivables increased by PKR 4.5bn on a quarterly basis to PKR 599.9bn.

Exhibit: PPL Financial Highlights								
For the period 2QFY26								
PKRmn	2QFY26	2QFY25	y/y	1QFY26	q/q	1HFY26	1HFY25	y/y
Net Sales	61,190	60,721	1%	56,812	8%	118,002	126,898	-7%
Operating Expense	16,091	12,203	32%	13,648	18%	29,739	27,054	10%
Royalty	9,019	9,030	0%	8,611	5%	17,630	19,566	-10%
Gross Profit	36,080	39,488	-9%	34,553	4%	70,633	80,278	-12%
Exploration Expense	1,330	5,183	-74%	633	2.1x	1,964	6,702	-71%
Administrative Expense	2,284	1,609	42%	1,494	53%	3,778	3,253	16%
Other Income	3,644	8,848	-59%	2,024	80%	5,668	15,242	-63%
Other Charges	2,956	2,825	5%	3,013	-2%	5,969	6,924	-14%
Share of loss from associate	467	824	-43%	99	4.7x	566	1,441	-61%
EBIT	32,687	37,895	-14%	31,337	4%	64,024	77,200	-17%
Finance Cost	494	645	-24%	489	1%	982	1,207	-19%
PBT	32,193	37,250	-14%	30,849	4%	63,042	75,993	-17%
PAT	20,299	27,336	-26%	20,088	1%	40,387	50,914	-21%
EPS (PKR)	7.46	10.05		7.38		14.84	18.71	
DPS (PKR)	2.00	2.00		2.00		4.00	4.00	
Source: IGI Research, PSX						No of Shares: 2,720.97mn		

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