Pakistan Oil & Gas Exploration

29 September 2026

Pakistan Oilfields Ltd. (POL PA)

Annual Report Takeaways

Pakistan Oilfields Ltd. (POL) reported FY26 NPAT of PKR31.9bn (EPS: PKR112.45), up 32% YoY from PKR24.2bn (EPS: PKR85.19). Earnings were supported by a one-off super tax reversal of PKR1.7bn (EPS: PKR6.02). Excluding this, adjusted EPS stood at PKR106.43, up 25% YoY. POL announced a final cash dividend of PKR72.50/sh, taking FY26 DPS to PKR100/sh (FY25: PKR75/sh).

Key Takeaways

- **Price-led topline growth:** Net sales rose 10.4% YoY to PKR63.0bn, driven by 15% and 10% increases in realized crude oil and gas prices, respectively.
- **Production mixed:** POL's net share of production averaged 4,273bpd of oil, down c.4% YoY, and 57.6mmscfd of gas, up c.9% YoY. LPG averaged 131.4MTD, down c.1% YoY.
- **Lower exploration cost on base effect:** Exploration costs declined 58% YoY to PKR4.7bn. This reflects the absence of the PKR7.7bn write-off of the dry Balkassar Deep-1A well booked in FY25.
- **Exploration:** Bilitang-01 (TAL Block, POL: 25%) tested c.26.5mmscfd and will be tied into the Tolanj facility, it is expected to come online by 2QFY27. At Adhi (POL: 11%), the Adhi South-02 sidetrack came on stream at 950bpd and 1mmscfd, and Adhi South-10 and Adhi-36 are approved to arrest decline. Jhandial-04 and Pindori-09 are still drilling after multiple sidetracks, and completing them is the Chairman's top FY27 priority.
- **Super tax reversal boosts bottom line:** POL reversed PKR1.7bn of super tax on petroleum income following the Federal Constitutional Court's judgment dated 27 Jan'26. The applicable tax rate fell to 52.5% from 62.7% in SPLY.
- **TAL litigation offers upside:** PKR39.3bn (PKR138/sh) in gas price incentive revenue remains unrecognized pending resolution of the TAL Block windfall levy on oil (WLO) case.

POL continues to deliver strong profitability, driven by higher oil prices amid ongoing Middle East tensions, elevated interest rates lifting other income, and a lower effective tax rate. The company is well placed to navigate the volatile geopolitical environment: its dollarized revenues keep core profitability resilient, while its substantial cash reserves of PKR117bn (PKR413/sh) let it capitalize on higher rates to bolster finance income while also ensuring that the present payout policy sustains. We have a TP of PKR770/sh, with a FY27f D/Y of 11%.

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Ratings Guide*	Criteria
Buy	Total return expectation of ≥ 15% or expected to outperform the KSE-100 index
Neutral	Total return expectation of > -5% or expected to match the return of KSE-100 index
Sell	Expected downside of more than 5% or expected to underperform the KSE-100 index

*Based on 12 month horizon unless stated otherwise in the report.

Valuation Methodology: We use multiple valuation methodologies in arriving at a Target Price including, but not limited to, Discounted Cash Flow (DCF), Dividend Discount Model (DDM) and relative multiples based valuations.

Risks: Not applicable

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