Pakistan Oil and Gas Exploration Sector

One-off Super Tax Reversals Lift Earnings

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REP-300

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EUROMONEY

Best Broker: '25
Best Bank for Research:'25
Best Investment Bank for M&A: '25
Best for Research: '24
Best for Diversity & Inclusion: '24
Best Investment Bank: '23

CFA Society Pakistan

Best Corporate Finance House: '25, '23-'13
Best Brokerage House: '23 – '21
Best Brokerage House (Runner-up): '25–'24
Best Economic Research House: '23–'21
Best Economic Research House (Runner-up): '25–'24

FinanceAsia

Best Broker:'26
Best Equity Capital Market House:'26
Best Investment Bank:'26

ASSET ASIAN AWARDS TRIPLE A

Best Gender Equality Bond: '24
Best Equity Advisor: '21

ASIAMONEY

Best Securities House: '23
Best Investment Bank: '23

INTERNATIONAL FINANCE

Best Brokerage House: 2023

PSX PAKISTAN STOCK EXCHANGE LIMITED

Top 25 Companies ('17-'19)

CENTRAL DEPOSITORY COMPANY

Excellence Award Leading Brokerage House for RDA '21

Pakistan E&P Sector

One-off Super Tax Reversals Lift Earnings

FY26 turned out to be an exceptional year for earnings at Pakistan's listed E&P companies, and a large part of it came from reversal of super tax. OGDC, PPL, MARI and POL together reversed PKR 77.8bn of super tax provisions relating to prior years. That reversal fed straight into reported profits. A further PKR 53.0bn remains provided for, pending discussions with the Commissioner of Income Tax, with the companies expected to reassess the provision as tax proceedings progress.

The ruling in one line

Super tax under Sections 4B and 4C, applied through Rules 4AA and 4AB of the Fifth Schedule, **cannot push E&P petroleum income above the aggregate tax rate** set by the Schedule and each company's PCA.

Company scorecard

OGDC

Reversed **PKR 50.8bn | 11.80/sh**

Remaining **PKR 36.8bn | 8.57/sh**

58%

PPL

Reversed **PKR 8.1bn | 2.98/sh**

Remaining **PKR 9.9bn | 3.66/sh**

45%

MARI

Reversed **PKR 17.2bn | 14.31/sh**

Remaining **Nil**

100%

POL

Reversed **PKR 1.7bn | 6.02/sh**

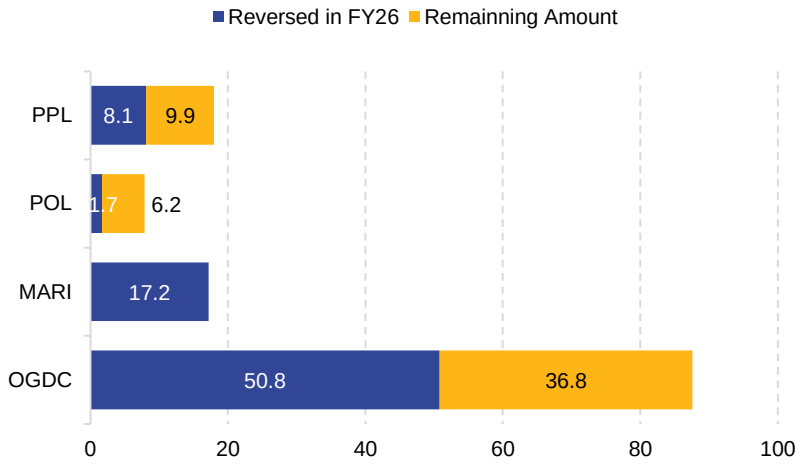
Remaining **PKR 6.2bn | 21.80/sh**

21%

What the FCC decided

1. **27 JAN 2026** — Short order
2. **29 APR 2026** — Detailed order
3. **AUG to SEP 2026** — FY26 accounts book reversals

Exhibit: Provision stack: released vs pending (PKR bn)



Source: Company financials, AHL Research

Pakistan E&P Sector

One-off Super Tax Reversals Lift Earnings

The combined EPS of OGDC, PPL, MARI and POL increased 8.8% YoY on an ex-Super Tax basis, while reported EPS growth stood at 30.9% YoY. OGDC led reported growth at 42.7%, followed by MARI at 33.7% and POL at 32.0%, whereas PPL recorded the weakest growth at 7.1%. On an ex-Super Tax basis, OGDC, POL and MARI posted growth of 12.8%, 24.9% and 7.3%, respectively, while PPL declined 1.7%.

Companies Profitability

OGDC

FY26 EPS **PKR 242bn | 56.4/sh**

FY26 ex super tax **PKR 192bn | 44.6/sh**

Ex super tax 12.8% YoY rise in EPS

PPL

FY26 EPS **PKR 99bn | 36.2/sh**

FY26 ex super tax **PKR 90bn | 33.2/sh**

Ex super tax 1.7% YoY decline in EPS

MARI

FY26 EPS **PKR 87bn | 72.4/sh**

FY26 ex super tax **PKR 69bn | 58.2/sh**

Ex super tax 7.3% YoY growth in EPS

POL

FY26 EPS **PKR 32bn | 112.5/sh**

FY26 ex super tax **PKR 30bn | 106.4/sh**

Ex super tax 24.9% YoY growth in EPS

Exhibit: Super tax reversals

	Profit after tax			YoY	
	FY25	FY26	FY26 (Ex Super Tax)	ex super tax	with super tax reversal
OGDC	169,904	242,374	191,612	12.80%	42.70%
PPL	92,027	98,526	90,422	-1.70%	7.10%
MARI	65,132	87,069	69,894	7.30%	33.70%
POL	24,182	31,919	30,211	24.90%	32.00%
Total	**351,245**	**459,889**	**382,140**	**8.80%**	**30.90%**

Source: Company financials, AHL Research

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Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec 2026 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +10% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -5% and +10% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -5% from last closing of market price(s)

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AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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Arif Habib Limited (AHL) has a shareholding in PPL.