

Production update & result preview of 1QFY27

1QFY27: Oil and gas production up by 10.26% and 5.81% YoY, respectively

Pakistan's oil and gas production increased by 10.26% and 5.81% YoY, respectively, while LPG production rose by 15% YoY during 1QFY27.

The increase in hydrocarbon production was primarily driven by reduced curtailments across major producing fields amid RLNG supply disruptions and stronger power sector demand, alongside the contribution from the Baragzai discovery, which added approximately 6,001 bopd during the quarter. Among key oil-producing assets, the TAL Block and Nashpa recorded YoY production growth of 10% and 9%, respectively. Production from Dhok Sultan, Bettani, and Pasakhi also increased by 1.6x, 5.3x, and 63% YoY, respectively. In contrast, output from Adhi and Sono declined by 13% and 73% YoY, respectively.

Gas production across major fields recorded growth in 1QFY27, supported by lower curtailments, stronger power sector demand, and disruptions in RLNG supplies. Output from Mari Ghazij and HRL increased by 65% and 1% YoY, respectively. Similarly, Shawal, Qadirpur, Sui, Kandhkot, Sharf, Nashpa, and the TAL Block posted YoY growth of 23x, 65%, 15%, 5%, 6%, 21%, and 47%, respectively, while Baragzai contributed an additional 17mmcf. In contrast, production from the Uch and Mari Deep fields declined by 10% and 3% YoY, respectively, during the quarter.

Result Previews:

OGDC: Earnings of PKR 12.30/share expected in 1QFY27

OGDC is expected to report 1QFY27 earnings of PKR 52,894mn (EPS: PKR 12.30), reflecting a 38% YoY increase. Net sales are projected to grow by 36% YoY, primarily driven by a 13% YoY increase in oil production and a 17% YoY rise in gas production, coupled with a 26% YoY increase in Arab Light prices to USD 90.07/bbl. Additionally, higher LPG revenues are expected to support topline growth, driven by a 17% YoY increase in LPG prices and an 11% YoY rise in production.

The projected earnings growth is primarily attributable to higher net sales, complemented by a ~26% YoY increase in other income, driven by higher cash and cash equivalents. However, exploration expenses are expected to rise by 45% YoY, mainly due to higher prospecting expenditures, despite no dry wells being reported during the quarter or in the corresponding period last year.

Oil and Gas production rose across key fields, including Baragzai adding its output, Bettani increase by (5.3x YoY due to lower curtailment), Nashpa (1.2x YoY), Soghri North (10.5x YoY), Dars West (1.5x YoY) and TAL (47% YoY), whereas decline has been seen in Uch by 10% YoY.

We also expect OGDC to announce a cash dividend of PKR 5.0/share.

PPL: Bottom line to clock in at PKR 9.89/share in 1QFY27

In 1QFY27, Pakistan Petroleum Limited (PPL) is expected to report a net profit of PKR 26,898mn (EPS: PKR 9.89), compared to PKR 20,088mn (EPS: PKR 7.38) in 1QFY26, reflecting a 34% YoY surge.

Earnings growth is expected to be driven by a 11% YoY increase in Arab Light oil prices and higher hydrocarbon production, with oil and gas output rising 26% YoY and 14% YoY, respectively, despite the impact of the dry Ishraq X-1 well (depth: 3,104 meters). Among key gas fields, Kandhkot production increased 5% YoY, Sui

AHL E&P Universe

	1QFY27	1QFY26	YoY
Oil Production (BOPD)			
OGDC	35,284	31,315	13%
PPL	12,317	9,807	26%
POL	4,088	4,314	-5%
MARI	1,305	1,370	-5%
Gas Production (MMCFD)			
OGDC	747	641	17%
PPL	592	521	14%
POL	61	48	27%
MARI	868	813	7%

Source (s): PPIS, AHL Research

Relative Performance



Source (s): PSX, AHL Research

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inclined 15% YoY and Nashpa surged 21% YoY, while Jhim East declined 33% YoY. On the oil side, Nashpa production increased 9% YoY, while TAL Block output rose 10% YoY to 12,706 bopd (not stake-adjusted), supported by lower curtailments amid RLNG supply disruptions, while Sharf declined 14% YoY.

Consequently, net sales are expected to rise 39% YoY, reflecting stronger production and higher realized oil prices. However, other income is projected to incline 37% YoY, primarily due to increased cash and cash equivalents.

Alongside the results, we expect the company to announce an interim cash dividend of PKR 3.00/share for 1QFY27, implying a 30% payout ratio.

MARI: Profitability to arrive at PKR 17.70/share in 1QFY27

Mari Energies Limited (MARI) is expected to report 1QFY27 earnings of PKR 21,256mn (EPS: PKR 17.70), reflecting a 36% YoY increase. Earnings growth is primarily attributable to an estimated 50% YoY increase in net sales, driven by higher gas production and stronger oil and gas prices. However, exploration expenses are projected to rise by 7% YoY, primarily due to higher prospecting expenditures.

Operationally, gas production remained robust, driven by a 35x YoY increase in output from the Shawal field and 1% YoY growth at Mari HRL. Additionally, the Shams field contributed 21mmcf/d of incremental production. These gains were partially offset by a 3% YoY decline in Grou-B production and a 37% YoY drop in output from the Shewa field, reflecting disruptions caused by the SNGPL pipeline rupture.

POL: Net profit to settle at PKR 27.53/share in 1QFY27

Pakistan Oilfields Limited (POL) is expected to report a profit after tax of PKR 7,813mn (EPS: PKR 27.53/share), reflecting a 44% YoY incline.

Earnings are projected to increase, primarily driven by higher net sales, supported by a 27% YoY increase in gas production and stronger oil and LPG prices. While oil and LPG production are expected to decline by 5% and 3% YoY, respectively, the impact is likely to be offset by a 25% YoY increase in oil prices to USD 90.07/bbl and an 11% YoY rise in LPG prices. Overall, net sales are projected to grow by 32% YoY.

Among the key oil-producing fields, production declined significantly at Jhandial, Adhi, and Mamikhel South, down 89%, 13%, and 9% YoY, respectively. In contrast, Makori Deep, Maramzai, and Minwal recorded production growth of 57%, 31%, and 4x YoY, respectively. Gas production also recorded robust growth, primarily driven by higher output from Makori Deep and Makori East, which increased by 1.4x and 1.3x YoY, respectively, alongside incremental volumes from the Razgir field. However, gas production at Jhandial declined by 16% YoY.

We expect the effective tax rate (ETR) of 40% in 1QFY27, compared with 31% in 1QFY26.

Exhibit: Earnings Forecast of E&P universe

	1QFY27e	1QFY26a	YoY
OGDC	12.30	8.91	38%
PPL	9.89	7.38	34%
POL	27.53	19.13	44%
MARI	17.70	13.03	36%

Source (s): Company Financials, AHL Research

Exhibit: Dividend Forecast of E&P universe

	1QFY27e	1QFY26a	YoY
OGDC	5.00	3.50	43%
PPL	3.00	2.00	50%
POL	-	-	nm
MARI	-	-	nm

Source (s): Company Financials, AHL Research

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Arif Habib Limited (AHL) uses three rating categories, depending upon return from 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)

Equity Valuation Methodology

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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In order to avoid any conflict of interest, we hereby disclosed that;

Arif Habib Limited (AHL) has a shareholding in OGDC & PPL