Oil & Gas Exploration Companies: Pakistan Oilfields Limited

Result Review: 1QFY27 EPS clocked-in at PKR 28.86

REP-300

1QFY27 earnings arrived at PKR 28.86/share, up by 51% YoY but down 34% QoQ

Pakistan Oilfields Limited (POL) reported 1QFY27 earnings of PKR 8,191mn (EPS: PKR 28.86), up 51% YoY from PKR 5,429mn (EPS: PKR 19.13). The strong earnings growth was primarily driven by a 25% YoY increase in oil prices, a 17% YoY increase in LPG prices, and lower exploration costs. However, earnings declined QoQ, mainly due to the non-recurring benefit of a PKR 1.7bn super tax reversal booked in 4QFY26.

Result Highlights

- In 1QFY27, POL's sales rose 26% YoY to PKR 16.5bn, increase in mainly due to increase in oil and lpg prices, along with increase in 27% YoY increase in gas production, whereas decrease has been seen in overall oil and lpg production. Gas output increased at Makori Deep (+1.4x YoY), Makori East (+1.3x), and incremental volumes from Razgir field. On the oil side, Jhandial down 89% YoY, Adhi down 13% YoY and Mamikhel South down 9% YoY.
- Operating expenses inclined by 32% YoY in 1QFY27, amounting to PKR 4,051mn.
- Exploration costs decreased significantly by 83% YoY in 1QFY27, amounting to PKR 193mn, mainly due to lower geological and geophysical cost.
- Other income increased by 58% YoY, totaling PKR 2,939mn in 1QFY27, mainly due to increase in cash and cash equivalents.
- Cash and Short term investment position of the company increased to PKR 125bn (~PKR 441/share) in 1QFY27 compared to PKR 112bn in 1QFY26 and PKR 117bn in 4QFY26.
- The effective tax rate in 1QFY27 stood at 32%, compared to 33% in 1QFY26.

Recommendation

- The stock is trading at FY27e and FY28f P/E multiples of 6.8x and 7.2x, respectively.

Exhibit: Financial Highlights

(PKR mn)	1QFY27	1QFY26	YoY	4QFY26	QoQ
Income Statement					
Net Sales	16,496	13,113	26%	20,089	-18%
Operationg Cost	5,922	4,599	29%	5,850	1%
Gross Profit	10,574	8,514	24%	14,238	-26%
Exploration Cost	193	1,126	-83%	133	46%
Other Expenses	1,001	598	67%	1,054	-5%
Other Income	2,939	1,858	58%	2,953	0%
PBT	12,100	8,118	49%	15,280	-21%
Taxation	3,908	2,689	45%	2,878	36%
PAT	8,192	5,429	51%	12,402	-34%
EPS (PKR)	28.86	19.13		43.69	
DPS (PKR)	-	-		72.50	
Ratio Analysis					
Gross Margins	64.1%	64.9%		70.9%	
Net Margins	49.7%	41.4%		61.7%	
Return on Equity	42.3%	30.4%		59.3%	
Return on Assets	16.5%	12.1%		26.4%	
Payout Ratio	0.0%	0.0%		165.9%	
Effective Tax	32.3%	33.1%		18.8%	

Source (s): Company Financials, AHL Research

Zayan Babar Khan | Muhammad Anas Habib
D: +92 21 38280662
zayan.babar@arifhabibltd.com | anas.habib@arifhabibltd.com

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