October 28, 2025
REP 019

POL 1QFY26 Review: Absence of dry well leads to earning rise

AKD Securities Limited

Pakistan Oilfields Ltd (POL) reported its 1QFY26 financial results today, where-in the company reported NPAT of PkR5.4bn (EPS: PkR19.1), up by 111%. The result is in-line with our expectations, where the increase compared to last year is due to lower exploration expenses.

- Company reported net sales of PkR13.1bn during the quarter, down 15%YoY, however, up by 7%QoQ.
- The annual decline was due to significantly reduced gas and oil output of 47mmcfd/4.4k bpd (as per PPIS), down 23%/6%YoY compared to SPLY, amidst natural decline and line-pack pressure in gas transmission system. Furthermore, lower average oil prices and lower well-head prices also contributed to the decline in revenue.
- Exploration expenses clocked in at PkR1.1bn, down by 85%YoY. Notably, sharp rise in exploration expenses to PkR7.7bn last year was led by a dry-well in the wholly-owned Balkassar block (Balkassar Deep-1A). During the quarter, company conducted 3D seismic surveys in Pariwali D&P (POL: 82.5%) and Ikhlas EL (POL: 80%).
- Other income clocked in at PkR1.9bn during the quarter, down 50%YoY/44% QoQ. The decline is possibly due to falling investment yields during the period, despite higher cash and short term investment of PkR112bn as of Sep'25
- Effective tax rate for the quarter stood at 33%, compared to ETR of 25%/45% in SPLY/4QFY25, respectively.
- We reiterate our 'Buy' stance for POL, with Dec'25 TP of PkR800/sh and DY of 12.5% during FY26

POL: Income Statement

(PKRmn)	1QFY26	1QFY25	YoY	4QFY25	QoQ
Net Sales	13,113	15,451	-15%	12,282	7%
Royalty	1,450	1,714	-15%	1,290	12%
Op. Exp.	3,149	2,826	11%	3,284	-4%
Exploration Exp.	1,126	7,735	-85%	1,407	-20%
Operating profit	6,789	1,893	259%	8,425	-19%
Finance cost	529	939	-44%	1,830	-71%
Other income	1,858	3,746	-50%	3,310	-44%
PAT	5,429	2,569	111%	7,414	-27%
EPS	19.1	9.0	111%	26.1	-27%
DPS	0.0	0.0	0%	50.0	-

Source: PSX & AKD Research

Muhammad Ali
ali.muhammad@akdsl.com
+92-21-111253111 EXT:637

Disclosure Section

Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument and is for the personal information of the recipient containing general information only. AKD Securities Limited (hereinafter referred as AKDS) is not soliciting any action based upon it. This report is not intended to provide personal investment advice nor does it provide individually tailored investment advice. This report does not take into account the specific investment objectives, financial situation/financial circumstances and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. AKDS recommends that investors independently evaluate particular investments and strategies and it encourages investors to seek the advice of a financial advisor.

The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities or strategies discussed in this report may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them.

Reports prepared by AKDS research personnel are based on public information. AKDS makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. Facts and views presented in this report have not been reviewed by and may not reflect information known to professionals in other business areas of AKDS including investment banking personnel. AKDS has established information barriers between certain business groups maintaining complete independence of this research report.

This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. Neither AKDS, nor any of its affiliates or their research analysts have any authority whatsoever to make any representation or warranty on behalf of the issuer (s). AKDS Research Policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

We have taken all reasonable care to ensure that the information contained herein is accurate, up to date, and complies with all prevailing Pakistani legislations. However, no liability can be accepted for any errors or omissions, or for any loss resulting from the use of the information provided as any data and research material provided ahead of an investment decision are for information purposes only. We shall not be liable for any errors in the provision of this information, or for any actions taken in reliance thereon. We reserve the right to amend, alter, or withdraw any of the information contained in these pages at any time and without notice. No liability is accepted for such changes.

Stock Ratings

Investors should carefully read the definitions of all ratings used in each research report. In addition, research reports contain information carrying the analyst's view and investors should carefully read the entire research report and not infer its contents from the rating ascribed by the analyst. In any case, ratings or research should not be used or relied upon as investment advice. An investor's decision to buy, sell or hold a stock should depend on individual circumstances and other considerations. AKDS uses a three tier rating system: i) Buy, ii) Neutral and iii) Sell with total returns (capital upside + dividend yield) benchmarked against the expected one year forward floating (variable) risk free rate (10yr PIB) plus risk premium.

Valuation Methodology

To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

New Rating Definitions

Buy > 15% expected total return

Neutral > 0% to < 15% expected total return

Sell < 0% expected total return

Analyst Certification of Independence

The analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

The research analysts, strategists or research associates principally having received compensation responsible for the preparation of this AKDS research report based upon various factors including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

Disclosure of Interest Area

AKDS and the authoring analyst do not have any interest in any companies recommended in this research report irrespective of the fact that AKD Securities Limited may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment.

Regional Disclosures (Outside Pakistan)

The information provided in this report and the report itself is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject AKDS or its affiliates to any registration or licensing requirements within such jurisdiction or country.

For the United States

Compliance Notice.

This research report prepared by AKD Securities Limited is distributed in the United States to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Decker & Co, LLC, a broker-dealer registered in the US (registered under Section 15 of Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Decker & Co, LLC in the US shall be borne by Decker & Co, LLC. All resulting transactions by a US person or entity should be effected through a registered broker-dealer in the US. This report is not directed at you if AKD Securities Limited or Decker & Co, LLC is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Decker & Co, LLC and AKD Securities Limited are permitted to provide research material concerning investment to you under relevant applicable legislations and regulations.