



Pakistan Petroleum Limited (PPL) reported 2QFY26 financial results earlier today, with consolidated earnings clocking in at PkR20bn for the second quarter (EPS: PkR7.40), down 26% YoY — slightly below expectations. Alongside the result, company also announced a half-yearly cash dividend of PkR2.0/sh, taking cumulative cash payout to PkR4.0/sh for the first half (payout ratio: 27%).

- Net Sales stood at PkR61.8bn during 2QFY26, up 1%YoY. Regarding hydrocarbon production, PPL's estimated oil and gas output clocked in at 11.1kbpd (up 4%YoY) and 554mmcf/d (down 1%YoY) as per PPIS data.
- Operating expenses for the quarter amounted PkR16.5bn, marking a 32%YoY increase. Additionally, exploration expenses totaled PkR1.4bn for 2Q (down 23%YoY).
- Company's trade receivables ended the period at PkR600bn, up 4%YoY/1% QoQ from PkR576bn in SPLY. Gas revenue collection for 2QFY26 is estimated at 93%, compared to 96% in the corresponding period last year.
- Other income declined to PkR3.7bn, down 57%YoY. The decline is possibly due to lower investment yields alongside reduced cash and short-term investment balances during the outgoing quarter (PkR93.8bn/PkR34 per sh during 2QFY26, down 35%YoY), as company paid off lease extension bonus on Sui D&PL (PkR50bn as of Mar'25) during 4QFY25.
- Effective tax rate for 2QFY26 stood at 37%, compared to 26%/35% in SPLY/1QFY26, respectively.
- We have a 'BUY' stance on PPL with a Dec'26 target price of PkR412/sh, alongside a DY of 4.6% during the same period. Our outlook is strengthened on the back of: i) higher future exploration prospects given improving liquidity situation, ii) 8.33% stake in highly prospective Reko Diq Mining Project, and iii) off-shore working interests in Abu Dhabi Block-5, along with consortium partners and iv) improvement in cash payouts.

PPL: Income Statement

(PKRmn)	2QFY26	2QFY25	YoY	1QFY26	QoQ	1HFY26	1HFY25	YoY
Net Sales	61,753	61,289	1%	57,377	8%	119,130	128,075	-7%
Royalty	9,182	9,194	0%	8,774	5%	17,957	19,916	-10%
Op. Exp.	16,539	12,500	32%	14,064	18%	30,602	27,633	11%
Exploration Exp.	1,385	1,794	-23%	664	109%	2,049	3,396	-40%
Other Income	3,698	8,692	-57%	2,082	78%	5,780	15,182	-62%
Other charges	2,963	2,816	5%	3,016	-2%	5,979	6,919	-14%
Tax	11,906	9,750	22%	10,772	11%	22,677	24,922	-9%
PAT	20,147	27,258	-26%	20,037	1%	40,183	49,954	-20%
EPS (PkR)	7.4	10.0	-26%	7.4	1%	14.8	18.4	-20%
DPS (PkR)	2.0	2.0	-	2.0	-	4.0	4.0	0%

Source: PSX & AKD Research

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- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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NEUTRAL > 0% < 15% expected total return

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