

Oil & Gas Exploration Companies

2QFY26: E&P Sector Earnings to Drop by 14%/y

- IGI E&P universe earnings are expected to decrease by 14%/y during 2QFY26 to PKR 75.4bn compared to PKR 87.5bn in the same period last year. Earnings attrition is anticipated on the back of a) lower gas production and, b) lower average oil prices. On sequential basis, earnings are expected to drop by 5%q/q. This brings total profitability for 1HFY26 to PKR 154.9bn, down by 11%/y, compared to PKR 173.9bn in the same period last year.
- We expect Mari Petroleum Company Limited's (MARI) to register earnings of PKR 15.48bn (EPS: PKR 12.9), up by +39%/y. We expect Pakistan Oilfields Limited's (POL) to report earnings of PKR 5.3bn (EPS: PKR 18.6) during 2QFY26, down by 30%/y.
- We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 34.3bn (EPS: PKR 8.0), down by 17%/y during 2QFY26 compared to PKR 41.4bn (EPS: PKR 9.6). We expect Pakistan Petroleum Limited (PPL) to post earnings of PKR 20.4bn (EPS: PKR 7.5), down by 25%/y during 2QFY26 compared to PKR 27.3bn (EPS: PKR 10.0).

E&P Sector: Earnings to decline by 14%/y to PKR 75.4bn during 2QFY26

IGI E&P universe earnings are expected to decrease by 14%/y during 2QFY26 to PKR 75.4bn compared to PKR 87.5bn in the same period last year. Earnings attrition is anticipated on the back of a) lower gas production and, b) lower average oil prices. On sequential basis, earnings are expected to drop by 5%q/q. This brings total profitability for 1HFY26 to PKR 154.9bn, down by 11%/y, compared to PKR 173.9bn in the same period last year.

Exhibit: E&P sector profit after tax preview for 2qFY26

Period end = Jun

EPS	Dec/25	Sep/25	q/q	Dec/24	y/y	1H'26e	1H'25	y/y
PPL	7.5	7.4	1%	10.0	-25%	14.9	18.7	-21%
MARI	12.9	13.0	-1%	9.3	39%	25.9	25.3	2%
OGDC	8.0	8.9	-11%	9.6	-17%	16.9	19.2	-12%
POL	18.6	19.1	-3%	26.7	-30%	37.8	35.7	6%
Total (PKRbn)	75.4	79.5	-5%	87.5	-14%	154.9	173.9	-11%
DPS	Dec/25	Sep/25		Dec/24		1H'26e	1H'25	
PPL	2.0	2.0		2.0		4.0	4.0	
MARI	0.0	0.0		0.0		0.0	0.0	
OGDC	3.5	3.5		4.1		7.0	7.1	
POL	20.0	0.0		25.0		20.0	25.0	

Source: Company Financials, IGI Research

Analyst

Abdullah Farhan
abdullah.farhan@igi.com.pk

MARI: Earnings to increase by +39%/y/y to PKR 12.9/share during 2QFY26e

Mari Petroleum Company Limited's (MARI) board meeting is scheduled on 26-Jan-2026 to announce financial result for 2QFY26 where we expect the Company to register earnings of PKR 15.48bn (EPS: PKR 12.9), up by +39%/y/y during 2QFY26 compared to PKR 11.17bn (EPS: PKR 9.3) in the same period last year. On quarterly basis, earnings are estimated to drop by 1%q/q. We attribute this increase in earnings on yearly basis during 2QFY26 to lower operating expense. This brings total profitability for 1HFY26 to PKR 31.1bn (EPS PKR 25.9), up by +2%/y/y compared to PKR 30.4bn (EPS PKR 25.3) in the same period last year. We do not expect MARI to announce cash dividend along with the result.

POL: Earnings to drop by 30%/y/y during 2QFY26e to PKR 18.6/share

We expect Pakistan Oilfields Limited (POL) to report earnings of PKR 5.3bn (EPS: PKR 18.6) during 2QFY26, down by 30%/y/y, compared to PKR 7.6bn (EPS: PKR 26.7) in the same period last year. On a quarterly basis, earnings are expected to decline by 3%/y/y. We attribute this yearly decline in earnings during 2QFY26 to a) lower oil prices and, b) elevated exploration cost amid higher prospecting expense (Ikhlas and Parwali). This brings total profitability for 1HFY26 to PKR 10.72bn (EPS PKR 37.8), up by +6%/y/y compared to PKR 10.14bn (EPS PKR 35.7) in the same period last year. We expect the POL to announce cash dividend of PKR 20/share along with the result.

OGDC: Profitability to decline by 17%/y/y to PKR 8.0/share during 2QFY26e

We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 34.3bn (EPS: PKR 8.0), down by 17%/y/y during 2QFY26 compared to PKR 41.4bn (EPS: PKR 9.6) in the same period last year. On sequential basis, earnings are expected to drop by 11%q/q. We attribute this yearly decline in earnings during 2QFY26 to lower oil prices, gas production and higher exploration cost amid 2 dry wells (Khatian and Jakhro North). This brings total profitability for 1HFY26 to PKR 72.6bn (EPS PKR 16.9), down by 12%/y/y compared to PKR 82.5bn (EPS PKR 19.2) in the same period last year. We expect the Company to announce cash dividend of PKR 3.5/share along with the result bringing total cash payout for 1HFY26 to PKR 7.0/share.

PPL: Earnings to decline by 25%/y to PKR 7.5/share during 2QFY26e

We expect Pakistan Petroleum Limited (PPL) to post earnings of PKR 20.4bn (EPS: PKR 7.5), down by 25%/y during 2QFY26 compared to PKR 27.3bn (EPS: PKR 10.0) in the same period last year. On a quarterly basis, earnings are expected to increase by +1%/q. We attribute this decline in earnings on yearly basis during 2QFY26 to lower oil price and other income due to one-offs booked in 2QFY25. This brings total profitability for 1HFY26 to PKR 40.5bn (EPS PKR 14.9), down by 21%/y compared to PKR 50.9bn (EPS PKR 18.7) in the same period last year. We expect PPL to announce cash dividend of PKR 2.0/share along with the result bringing total cash payout for 1HFY26 to PKR 4.0/share

Exhibit: E&P sector quarterly earnings (PKRbn)

E&P sector earnings to decline by 14%/y.

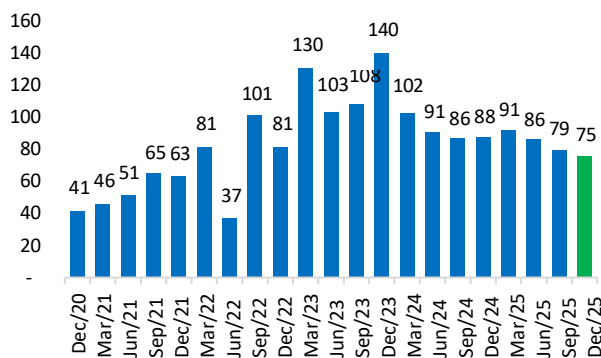


Exhibit: International oil prices (USD/bbl)

Oil prices on average declined by 13%/y and 9%/q during 2QFY26.

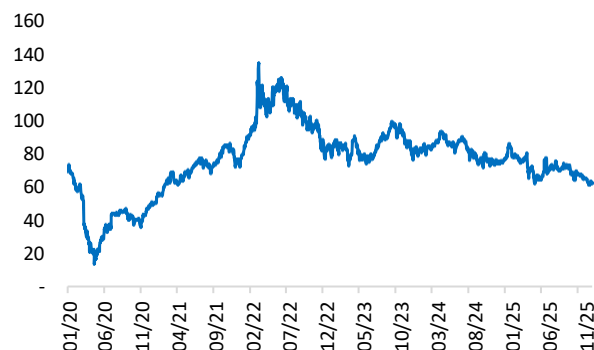


Exhibit: Quarter-wise exchange gains/(losses) (PKRmn)

E&P sector witnessed exchange losses during 1QFY26. Marginal exchange losses expected in 2QFY26

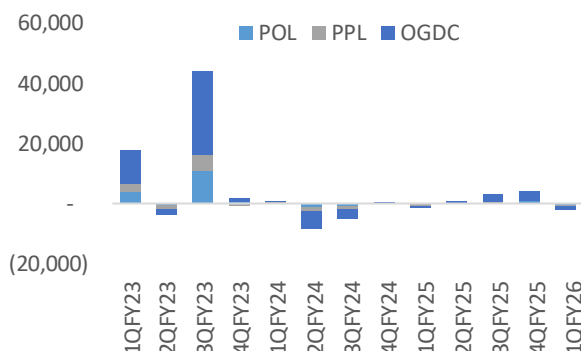
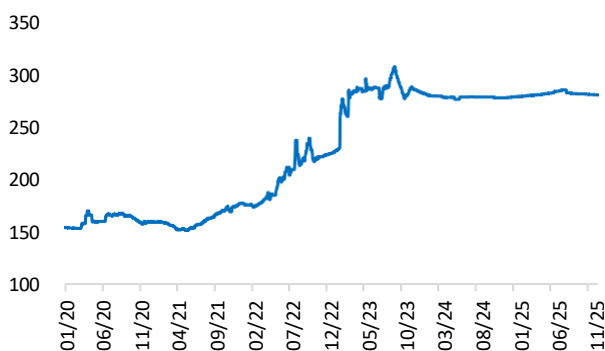


Exhibit: Exchange rate movement

PKR appreciated by almost 0.5%/y on average during 2QFY26.



Source: Bloomberg, Company Financials, IGI Research

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600

UAN: (+92-21) 111-444-001

Fax: (+92-21) 35309169, 35301780

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall

Tel: (+92-42) 38303560-69

Fax: (+92-42) 38303559

Islamabad Office

3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area

Tel: (+92-51) 2604861-2, 2604864, 2273439

Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad

Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road

Tel: (+92-68) 5871652-3

Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road

Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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