

Oil & Gas Exploration Companies

OGDC: 9MFY26 Management Call Takeaways

- OGDC held an investor briefing session to discuss 9MFY26 financial results. Management also provided further details on key developments and future outlook for the Company.
- Oil & Gas Development Company Limited (OGDC) announced its 3QFY26 result. The Company reported 3QFY26 earnings of PKR 42.24bn (EPS PKR 9.82), down by 10%/y compared to PKR 47.15bn (EPS PKR 10.96) in the similar period last year. This brings total profitability for 9MFY26 to PKR 115.26bn (EPS PKR 26.8), down by 11%/y, compared to PKR 129.61bn (EPS PKR 30.13) in the same period last year.
- Regarding gas circular debt, the Company shared that proposal has been submitted to IMF and is structured to benefit both minority and majority shareholders.
- The management highlighted production optimization and production from Baragzai X-1 well led to oil flows crossing 40,000bopd mark for the first time since FY19. Baragzai X-1 is currently producing 6,100bopd of oil, 18mmcf of gas and 50mtpd of LPG. The Management noted that Baragzai can produce 22,000-25,000bopd of oil in the next 2-2.5yrs with recoverable reserves expected at 100mnBOE.

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OGDC reported earnings decline of 16%/y to PKR 8.07/share during 2QFY26

Oil & Gas Development Company Limited (OGDC) announced its 3QFY26 result. The Company reported 3QFY26 earnings of PKR 42.24bn (EPS PKR 9.82), down by 10%/y compared to PKR 47.15bn (EPS PKR 10.96) in the similar period last year. This brings total profitability for 9MFY26 to PKR 115.26bn (EPS PKR 26.8), down by 11%/y, compared to PKR 129.61bn (EPS PKR 30.13) in the same period last year. The Company announced cash dividend of PKR 3.25/share along with the result bringing total cash payout for 9MFY26 to PKR 11.0/share

Earnings declined during 3QFY26 mainly due to lower other income amid decline in interest rates and higher effective tax rate of 35% compared to 30% in the similar period last year.

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Exhibit: OGDC Financial Highlights								
For the period 3QFY26								
PKRmn	3QFY26	3QFY25	y/y	2QFY26	q/q	9MFY26	9MFY25	y/y
Net Sales	107,297	104,484	3%	96,638	11%	300,127	310,907	-3%
Royalty	12,824	12,153	6%	11,954	7%	35,376	36,937	-4%
Operating Expenses	31,002	31,908	-3%	36,932	-16%	96,737	84,980	14%
Gross Profit	62,869	59,914	5%	47,173	33%	166,327	187,327	-11%
Other Income	11,563	18,110	-36%	14,753	-22%	38,501	64,692	-40%
Exploration and Prospecting	6,004	6,784	-12%	8,817	-32%	17,902	14,671	22%
Finance Cost	1,392	1,535	-9%	1,201	16%	3,815	4,475	-15%
WPP Fund	3,418	3,541	-3%	2,573	33%	9,253	11,742	-21%
Share of profit from associate	3,970	2,929	36%	1,997	99%	9,140	7,581	21%
PBT	64,939	67,280	-3%	48,883	33%	175,804	223,100	-21%
PAT	42,244	47,149	-10%	34,714	22%	115,263	129,606	-11%
EPS (PKR)	9.82	10.96		8.07		26.80	30.13	
DPS (PKR)	3.25	3.00		4.25		11.00	10.05	
Source: IGI Research, PSX						No of Shares: 4,300.93mn		

Key highlights from management conference call

- Average production during 9MFY26 stood at 32,022bopd of oil, 648mmcf of gas and 653mtpd of LPG compared to 31,710bopd for oil, 676mmcf for gas and 654mtpd for LPG in the same last year. Excluding the impact of forced curtailment, net production would have been 35,505bopd for oil, 789mmcf for gas and 701mtpd for LPG.
- Forced curtailment led lower oil production by 2,300nopa and 300bopd from Bettani and Nashpa fields.
- The management highlighted production optimization and production from Baragzai X-1 well led to oil flows crossing 40,000bopd mark for the first time since FY19. Baragzai X-1 is currently producing 6,100bopd of oil, 18mmcf of gas and 50mtpd of LPG. The Management noted that Baragzai can produce 22,000-25,000bopd of oil in the next 2-2.5yrs with recoverable reserves expected at 100mnBOE.
- Recovery ratio declined by 87% during 3QFY26 mainly due to lower recoveries from Uch and CPPA-G. However, overall recovery is better than last year in Apr-26.
- Total Reserve Replacement Ratio (RRR) stood at 153% including JV fields owing to addition of Baragzai while OGDC's operated field RRR stood at 240%.

- The Company remains in discussion with its partners in Reko Diq regarding the project timelines while civil works are currently underway.
- Total oil production has increased by 11,000bopd since FY24 and the Company is targeting production of around 48,000-50,000bopd by Dec-26.
- OGDC drilled 10 wells (4 development and 3 exploratory wells) during 9MFY26 which yielded 8 discoveries with expected oil/gas production of 14,435bopd/76mmcf. The Company plans to drill 10 wells in 4QFY26.
- Regarding the development projects, OGDC had targeted 6 projects out of which 2 have been completed (Jhal Magsi and Dakhni) while remaining 4 are ongoing (Uch, KPD-TAY, Bettani and Sinjhor) with timeline range between 2HFY26 and FY27. These projects are expected to yield incremental production of 5,432bopd of oil and 215mmcf of gas. Bettani field development project is in place whereby production potential depends on SNGP enhancing pipeline capacity which could take 6-9 months. Management also highlighted that target of 1,500bopd of oil and 100mmcf of gas from KPD compression project remains intact with targeted timeline of CY26 while Uch turnaround was completed during Apr-26.
- Regarding super tax, the Company highlighted that notices from tax authorities have been received and the Company is engaged with commissioners for calculation of tax liabilities under PCAs. The process will take some time however, lump sum payment from the reversal of the provisioning could not be ruled out.
- Regarding gas circular debt, the Company shared that proposal has been submitted to IMF and is structured to benefit both minority and majority shareholders.

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