Day Break

Friday, November 6, 2026

Oil & Gas Exploration Companies

OGDC: 1QFY27 & FY26 Corporate Briefing Takeaways

- Oil & Gas Development Company Limited (OGDC) held an investor briefing session to discuss FY26 and 1QFY27 financial results. Management also provided further details on key developments and future outlook for the Company.
- OGDC reported earnings of PKR 242.4bn (EPS PKR 56.35), up by +43%y/y, during FY26 compared to PKR 169.9bn (EPS PKR 39.5) in FY25. During 1QFY27, profitability stood at PKR 58.5bn (EPS PKR 13.6), up by +53%y/y, compared to PKR 38.3bn (EPS PKR 8.91) in the same period last year. Growth in profitability was mainly led by super tax reversal and higher oil prices.
- The Company stated that production enhancement remains a key focus and expects 8-10% production growth in FY27. Natural depletion rate stands at 16% making production optimization of mature fields and improved recoveries key priorities.
- OGDCL continues to face production curtailments, though their impact eased in 1QFY27 compared with the same period last year. Curtailed volumes averaged 1,254bpd of crude oil, 94MMcfd of gas and 5 tons/day of LPG during the quarter.

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

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The Company announced cash dividend of PKR 6/share during 4QFY26 bringing total cash payout for FY26 to PKR 17.0/share. OGDC also announced cash dividend of PKR 5/share for 1QFY27 compared to PKR 3.5/share in the same period last year.

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Key highlights from management conference call

- Average daily net production increased by 13.2%y/y, 14.2%y/y and 10.5%y/y for oil, gas and LPG during 1QFY27 and stood at 35,494bopd, 732mmcfd and 696tons/day respectively. However, production loss due to curtailment stood at PKR 9.7bn during 1QFY27 against PKR 19.3bn in 1QFY26 and PKR 12.1bn in 4QFY26 with an estimated earnings impact of PKR 1.2/share during 1QFY27 against PKR 2.41/share in 1QFY26 and PKR 1.98/share in 4QFY26. Curtailments were mainly due to security related incidents including attacks and pipeline disruptions.
- The Company stated that production enhancement remains a key focus and expects 8-10% production growth in FY27. Natural depletion rate stands at 16% making production optimization of mature fields and improved recoveries key priorities.
- OGDC reported 100% receivables collection in during FY26 and 1QFY27.
- During 1QFY27, OGDC drilled 2 wells including Pakistan's first pilot horizontal shale gas well while 4 wells were connected to production gathering system.
- Although collection performance has improved, outstanding trade receivables remain a key factor for cash flow generation and working capital management. Whether the company can sustain current collection levels and recover its accumulated receivables will bear directly on its capacity to fund a substantial exploration and development program.
- OGDCL continues to face production curtailments, though their impact eased in 1QFY27 compared with the same period last year. Curtailed volumes averaged 1,254bpd of crude oil, 94MMcfd of gas and 5 tons/day of LPG during the quarter.
- The Company is advancing the Rajian Heavy Oil Project to revive production at the Rajian field having potential to reach 8,000-10,000bopd, and tendering is currently underway. Separately, the company is working with Baker Hughes under its Mature Asset Solutions programme to evaluate and carry out recovery enhancement initiatives across its mature fields.
- The KPD-TAY Compression Project is progressing, with installation at an advanced stage. Completion is scheduled for Mar-27, and the project is expected to add 1,500bopd of crude oil, 100MMscfd of gas and 170 tons/day of LPG.

- The Uch Compression Project is nearing commissioning. Construction and mechanical work on Packages A and B is complete, and commissioning is underway. Package C is targeted for completion by Dec-26. The project should allow the existing gas supply arrangement with Uch Power Limited to continue.
- Sinjhoro Development Phase-II is targeted for completion by Dec'27, with expected incremental output of 30MMscfd of sales gas and 30 tons/day of LPG. However, timelines depend on contractor procurement, as the PCC contractor tender has been reissued.
- Bettani Development will be carried out in two phases, with Phase-I targeted for Dec'27 and Phase-II for Jun'28. Once complete, the project is expected to add 3,842bopd of crude oil, 85MMscfd of sales gas and 165 tons/day of LPG.
- FY26 profit growth came alongside the reversal of Super Tax provisions. Management noted that the tax treatment is still subject to ongoing legal proceedings and discussions with the tax authorities. The size of any Super Tax charge in FY27 will remain unclear until these proceedings conclude. The tax outcome is therefore a key variable for how sustainable earnings and dividend payouts are.
- Regarding Reko Diq project, the management highlighted that the operator is reviewing the development plan to improve project efficiency and cost effectiveness. Though there may be some changes to the project timeline, the JV partners remain committed and the work at the site in ongoing.
- The management stated that the Company is planning CAPEX of around PKR 100bn over the next 2 years, however it could vary by ~25% depending on project execution timelines and changes in costs.

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