# Flash Note

Monday, September 14, 2026

Oil & Gas Exploration Companies

## Pakistan Petroleum Limited (PPL)

**Earnings:** Pakistan Petroleum Limited (PPL) announced it 4QFY26 result. The Company reported 4QFY26 unconsolidated earnings of PKR 37.38bn (EPS PKR 13.74), up by +93%y/y compared to PKR 19.32bn (EPS PKR 7.10) in the similar period last year. On quarterly basis, profitability is up by +80%q/q. This brings total profitability for FY26 to PKR 98.53bn (EPS PKR 36.21), up by +7%y/y, compared to PKR 92.03bn (EPS PKR 33.82) in the similar period last year.

**Dividend/Payout:** The Company announced cash dividend of PKR 6.0/share along with the result bringing total cash payout for FY26 to PKR 12.0/share.

**Operating Performance:** During the period under review, PPL reported +64%y/y decline in revenue during 4QFY26 likely on the back of higher oil prices. Exploration cost augmented by +72%y/y to PKR 6.97bn during 4QFY26 likely owing to dry well cost (Taban East-1) and higher prospecting expense. Operating expenses inclined by +12%y/y to PKR 15.1bn during 4QFY26 compared to PKR 13.49bn in the same period last year. Other income declined by 32%y/y during 4QFY26 compared to PKR 4.70bn in the similar period last year. Earnings growth in 4QFY26 was mainly driven by super tax reversal and higher oil prices. Effective tax stood at 10.4% during 4QFY26 (3QFY26: 35.0%) compared to 31.5% in the same period last year bringing total effective tax rate for FY26 to 27.9% against 33.8% in the same period last year. However, PPL's receivables increased by PKR 11.8bn on a quarterly basis to PKR 623.45bn.

**Recommendation:** We have a 'BUY' stance on PPL with Dec-26 Target Price of PKR 285/share offering 30% upside from last close. PPL is trading at FY27 P/E of 7.2x and offers DY of 5.0%.

**Exhibit: PPL Financial Highlights**
For the period 4QFY26

| PKRmn | 4QFY26 | 4QFY25 | y/y | 3QFY26 | q/q | FY26 | FY25 | y/y |
|---|---|---|---|---|---|---|---|---|
| Net Sales | 84,978 | 51,794 | 64% | 61,034 | 39% | 264,015 | 242,516 | 9% |
| Operating Expense | 15,101 | 13,490 | 12% | 16,098 | -6% | 60,938 | 53,783 | 13% |
| Royalty | 15,862 | 7,401 | 2.1x | 9,579 | 66% | 43,070 | 36,935 | 17% |
| Gross Profit | 54,016 | 30,903 | 75% | 35,357 | 53% | 160,006 | 151,798 | 5% |
| Exploration Expense | 6,973 | 4,062 | 72% | 2,168 | 3.2x | 11,105 | 15,683 | -29% |
| Administrative Expense | 2,153 | 1,811 | 19% | 2,048 | 5% | 7,979 | 6,680 | 19% |
| Other Income | 3,177 | 4,695 | -32% | 4,298 | -26% | 13,143 | 24,169 | -46% |
| Other Charges | 5,696 | 2,109 | 2.7x | 2,936 | 94% | 14,601 | 11,762 | 24% |
| Share of loss from associate | 114 | (1,146) | n/m | 84 | 35% | 764 | 344 | 2.2x |
| EBIT | 42,255 | 28,762 | 47% | 32,420 | 30% | 138,700 | 141,498 | -2% |
| Finance Cost | 555 | 556 | 0% | 463 | 20% | 2,000 | 2,416 | -17% |
| PBT | 41,700 | 28,206 | 48% | 31,957 | 30% | 136,699 | 139,083 | -2% |
| PAT | 37,377 | 19,319 | 93% | 20,770 | 80% | 98,533 | 92,027 | 7% |
| **EPS (PKR)** | **13.74** | **7.10** | | **7.63** | | **36.21** | **33.82** | |
| DPS (PKR) | 6.00 | 2.50 | | 2.00 | | 12.00 | 7.50 | |

Source: IGI Research, PSX — No of Shares: 2,720.97mn

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