

Production update & result preview of 3QFY26

3QFY26: Oil and gas production up by 0.9% and 0.6% YoY, respectively

Oil and gas production in Pakistan witnessed a rise of 0.9% and 0.6% YoY, respectively, during 3QFY26.

The increase in hydrocarbon output stems from reduced curtailments at major production blocks and better power sector demand. Key oil fields, including TAL block (15.7% YoY), Nashpa (2.6% YoY), and KPD block (14.5% YoY), recorded production rises during 3QFY26. Dhok Sultan also posted a 42.0% YoY increase, however Bettani and Sono registered a 63.9% and 53.2 YoY decline, respectively.

In terms of gas production, key fields, including Mari (7.2% YoY), Uch (3.7% YoY), Kandhkot (8.6% YoY), Nashpa (13.0% YoY) and the TAL Block (10.3% YoY) recorded increases due to aforementioned reasons. However, Sui and Qadirpur registered a 6.5% and 9.5% YoY decline in 3QFY26, respectively.

Discoveries and Production Activity

CY26TD, listed E&P companies have reported 11 major discoveries, with Baragzai standing out as the most lucrative, contributing an estimated incremental ~13,534 bopd of oil and 147 mmcf of gas. OGDC has been the leading E&P company in discoveries, followed by PPL and MARI. CY26TD, oil production stands at 63,982 bopd and gas production at 2,958 mmcf, with these discoveries contributing ~21% to oil output and ~4% to gas production.

Result Previews:

OGDC: Earnings of PKR 9.79/share expected in 3QFY26

OGDC is expected to report 3QFY26 earnings of PKR 42,122mn (EPS: PKR 9.79), down 11% YoY. Net sales are projected to grow 17% YoY, driven by higher oil and gas production, up 1% and 3% YoY, respectively.

The decline in earnings is primarily due to a 21% YoY drop in other income amid lower finance income in a declining interest rate environment. This is partially offset by the remaining TFC loss unwind (PKR 0.54/share), while last year's earnings also benefited from a lower effective tax rate of 30% in 3QFY25.

Oil and Gas production inclined across key fields, including Uch (9% YoY due to strong power demand), Nashpa (13% YoY), KPD (15% YoY) and TAL (16% YoY), whereas decline has been seen in Qadirpur by 10% YoY.

Exploration expenses are expected to decline as no dry well has been reported in this quarter. The company is also expected to announce a cash dividend of PKR 4.0/share, taking 9MFY26 year payout to PKR 11.75/share.

PPL: Bottom line to clock in at PKR 8.49/share in 3QFY26

In 3QFY26, Pakistan Petroleum Limited (PPL) is expected to report a net profit of PKR 23,092mn (EPS: PKR 8.49), compared to PKR 22,314mn (EPS: PKR 8.20) in 3QFY25, reflecting a modest 3% YoY increase.

Earnings growth is primarily supported by higher production, with oil output rising 7% YoY, and the impact of a dry well at Sabzani-1 (Kuhan block) in the SPLY. Among key gas fields, Kandhkot output increased 8.6% YoY on a low base (though still below capacity), while Sharf/Shahpur declined 2.8% YoY and Nashpa rose 8.6% YoY. On the oil side, Nashpa production edged up 2.6% YoY, while TAL Block output

AHL E&P Universe

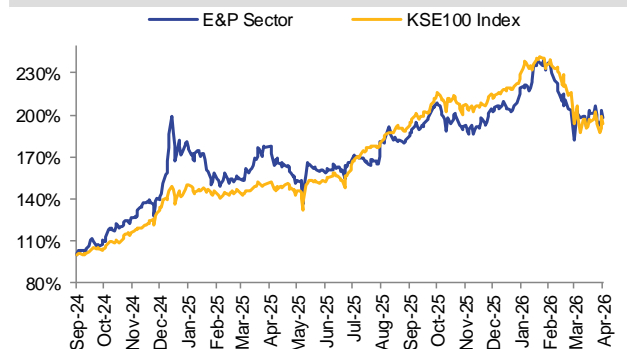
| | 3QFY26 | 3QFY25 | YoY |
|-------------------------------|--------|--------|-----|
| Oil Production (BOPD) | | | |
| OGDC | 32,966 | 32,746 | 1% |
| PPL | 10,378 | 9,740 | 7% |
| POL | 4,129 | 4,528 | -9% |
| MARI | 1,282 | 1,130 | 13% |
| Gas Production (MMCFD) | | | |
| OGDC | 638 | 619 | 3% |
| PPL | 572 | 583 | -2% |
| POL | 62 | 53 | 16% |
| MARI | 946 | 907 | 4% |

Recent Major Oil and Gas Discoveries

| Field | Stake | Oil (bopd) | Gas (mmcf) |
|---------------|------------|---------------|------------|
| Baragzai X-01 | OGDC / PPL | 2,280 | 6 |
| Baragzai X-01 | OGDC / PPL | 4,100 | 11 |
| Baragzai X-01 | OGDC / PPL | 3,100 | 8 |
| Baragzai X-01 | OGDC / PPL | 225 | 1 |
| Baragzai X-01 | OGDC / PPL | 3,765 | 11 |
| Bilitang-1 | OGDC / PPL | - | 2 |
| Bilitang-1 | OGDC / PPL | - | 27 |
| Tibri-1 | MARI | - | 7 |
| Tibri-1 | MARI | - | 11 |
| Shams-1 | MARI | 64 | 48 |
| Sahito-1 | OGDC | - | 17 |
| Total | | 13,534 | 147 |

Source (s): PPIS, AHL Research

Relative Performance



Source (s): PSX, AHL Research

Zayan Babar Khan | Muhammad Anas Habib

D: +92 21 38280256

zayan.babar@arifhabilt.com | anas.habib@arifhabilt.com

www.arifhabilt.com

grew 15.7% YoY to 13,142 bopd (not stake-adjusted), albeit still below potential due to curtailments.

Net sales are expected to increase 4% YoY, supported by higher production and slightly improved oil prices. However, other income is likely to decline sharply to PKR 2.5bn (-55% YoY), mainly due to lower interest rates and reduced cash balances.

Alongside the results, the company is expected to announce an interim cash dividend of PKR 2.00/share for 3QFY26 (payout: 24%).

MARI: Profitability to arrive at PKR 11.37/share in 3QFY26

Mari Energies Limited (MARI) is expected to report 3QFY26 earnings of PKR 13,657mn (EPS: PKR 11.37), compared to PKR 15,905mn (EPS: PKR 13.25) in 3QFY25, reflecting a 14% YoY decline, primarily due to normalization of the effective tax rate (ETR) to 39% and higher operating expenses.

Operationally, production remained strong. Output from the Mari field (including Goru B) grew 7.2% YoY, supporting higher incremental volumes during the quarter, while Shewa production ramped up significantly to 56 mmcf/d (up 11x YoY).

POL: Net profit to settle at PKR 22.11/share in 3QFY26

Pakistan Oilfields Limited (POL) is expected to report a profit after tax of PKR 6,277mn (EPS: PKR 22.11/share), reflecting a 5% YoY decline.

Earnings are projected to decline primarily due to a higher ETR of 39% in 3QFY26, compared to 28% in 3QFY25, despite improved operational performance. Gas production is expected to increase by 16% YoY, while oil production has recorded a relatively a decline of 9% YoY. Among key oil fields, output declined YoY at Adhi (down 11%), Jhandial (down 79%), and Mamikhel South (down 8%), partially offset by significant gains at Makori Deep (up 76x) and Makori East (up 3%). On the gas side, production growth remained strong, primarily driven by Makori Deep (up 70x), along with incremental volumes from the newly added Razgir field. In contrast, gas output from Jhandial declined by 70% YoY.

Net sales are projected to increase by 7% YoY, mainly supported by higher gas production (up 20% YoY), despite a 4% YoY decline in oil output. Other income is expected to rise by 8% YoY, driven by higher cash and cash equivalents.

Exhibit: Earnings Forecast of E&P universe

| | 9MFY26e | 9MFY25a | YoY | 3QFY26e | 3QFY25a | YoY | QoQ |
|------|---------|---------|------|---------|---------|------|-----|
| OGDC | 26.77 | 30.13 | -11% | 9.79 | 10.96 | -11% | 21% |
| PPL | 23.33 | 26.91 | -13% | 8.49 | 8.20 | 3% | 14% |
| POL | 63.40 | 59.02 | 7% | 22.11 | 23.29 | -5% | 0% |
| MARI | 35.06 | 38.56 | -9% | 11.37 | 13.25 | -14% | 7% |

Source (s): Company Financials, AHL Research

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Arif Habib Limited (AHL) uses three rating categories, depending upon return from current market price, with Target period as Dec 2026 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

| Rating | Description |
|--------|---|
| BUY | Upside* of subject security(ies) is more than +10% from last closing of market price(s) |
| HOLD | Upside* of subject security(ies) is between -5% and +10% from last closing of market price(s) |
| SELL | Upside* of subject security(ies) is less than -5% from last closing of market price(s) |

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks

The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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Disclosure required under Research Analyst Regulations, 2015:

In order to avoid any conflict of interest, we hereby disclosed that;

Arif Habib Limited (AHL) has a shareholding in MARI, OGDC & PPL