

Pakistan Oilfields Limited (POL) – 3QFY26

Thursday, April 30, 2026

Pakistan Oilfields Limited (PSX: POL) reported 3QFY26 profit after tax of PKR 7,797mn (EPS: PKR 27.47), up 24% q/q and 18% y/y — a clean beat on both axes driven by top-line recovery, sharp exploration cost normalisation, and a lower tax charge, partially offset by rising field costs and elevated other charges.

Revenue growth — steady on both axes: Net sales of PKR 15,259mn rose 5% q/q and 5% y/y, reflecting stable hydrocarbon realisations and consistent production output. The symmetry across both time horizons signals a relatively steady operating environment for POL's field portfolio.

Field costs — y/y inflation remains a concern: Operating/field costs of PKR 3,516mn rose 4% q/q and 12% y/y. The y/y escalation of 12% against 5% revenue growth represents a meaningful margin headwind — echoing the broader industry trend of lifting cost inflation.

Exploration costs — the quarter's standout positive: Exploration charges collapsed 31% q/q to PKR 1,410mn from PKR 2,037mn. On a y/y basis, exploration costs were flat at PKR 1,412mn.

Financial charges — declining, rate cut tailwind intact: Finance costs of PKR 648mn rose marginally 3% q/q but declined sharply 40% y/y from PKR 1,086mn — a direct beneficiary of SBP's aggressive rate cut cycle.

Other income — solid but softening y/y: Other income of PKR 2,691mn rose 19% q/q from PKR 2,263mn but declined 5% y/y from PKR 2,846mn. The y/y softness is consistent with lower treasury yields on short-term investments as the policy rate declined.

Tax charge — ETR relief a meaningful PAT driver: Taxation of PKR 2,149mn declined 4% q/q from PKR 2,236mn and 23% y/y from PKR 2,806mn. ETR of 21.6% compares favourably to 26.2% in 2QFY26 and 29.8% in 3QFY25. The ETR compression is the second most important driver of PAT outperformance after exploration cost normalisation.

Financials (PKR 'Mn)	3QFY26	2QFY26	QoQ	3QFY25	YoY
Net sales	15,259	14,573	5%	14,551	5%
Royalty	-1,747	-1,691	3%	-1,651	6%
Operating/field costs	-3,516	-3,384	4%	-3,145	12%
Gross profit	9,996	9,498	5%	9,755	2%
Exploration costs	-1,410	-2,037	-31%	-1,412	0%
Administrative expenses	-102	-84	21%	-121	-16%
Operating profit	8,484	7,376	15%	8,222	3%
Financial charges	-648	-631	3%	-1,086	-40%
Other income	2,691	2,263	19%	2,846	-5%
Other charges	-581	-482	21%	-565	3%
Profit before tax	9,946	8,526	17%	9,418	6%
Taxation	-2,149	-2,236	-4%	-2,806	-23%
Profit after tax	7,797	6,290	24%	6,612	18%
EPS - Basic	27.47	22.16		23.29	

Source: Company Financials, HMFS Research

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