

RESULT REVIEW

Pakistan Petroleum Limited (PPL) – 3QFY26

Wednesday, April 29, 2026

Pakistan Petroleum Limited (PSX: PPL) announced their 3QFY26 results, reporting a profit after tax of PKR 20.77bn (EPS: PKR 7.63), inline with HMFS expectations. The company also declared a cash dividend of PKR 2.0/share.

Top-line under modest pressure: Net sales clocked in at PKR 61.03bn, down ~4% y/y and broadly flat q/q (-0.3%), reflecting softer hydrocarbon realization.

Field cost inflation remains a structural concern: Operating/field costs held flat q/q at PKR 16.10bn but surged 22% y/y, compressing gross margins meaningfully. This y/y cost escalation signals ongoing inflationary pressure on lifting costs, well intervention expenses, and third-party services.

Exploration costs normalize sharply: Exploration costs fell 56% y/y to PKR 2.17bn, though they spiked 63% q/q from a low base of PKR 1.33bn in 2QFY26. The y/y decline provides meaningful below-the-line relief, partially cushioning the gross profit compression.

Other income provides incremental support: Other income rose 17.9% q/q and 2% y/y to PKR 4.30bn, likely supported by higher returns on short-term investments/treasury placements.

Effective tax rate eased: Taxation at PKR 11.19bn implies an effective tax rate of ~35.0% vs. ~37.5% in 3QFY25, providing a modest PAT tailwind.

Financials (PKR '000)	3QFY26	2QFY26	QoQ	3QFY25	YoY
Net sales	61,034	61,190	-0.3%	63,825	-4%
Royalty	(9,579)	(9,019)	6.2%	(9,968)	-4%
Operating/field costs	(16,098)	(16,091)	0.0%	(13,240)	22%
Gross profit	35,357	36,080	-2.0%	40,616	-13%
Exploration costs	(2,168)	(1,330)	63.0%	(4,919)	-56%
Administrative expenses	(2,048)	(2,284)	-10.3%	(1,616)	27%
Operating profit	31,142	32,466	-4.1%	34,081	-9%
Financial charges	(463)	(494)	-6.3%	(653)	-29%
Other income	4,298	3,644	17.9%	4,232	2%
Other charges	(2,936)	(2,956)	-0.7%	(2,728)	8%
Profit before tax	31,957	32,193	-0.7%	34,883	-8%
Taxation	(11,188)	(11,894)		(13,088)	
Profit after tax	20,770	20,299	2.3%	21,795	-5%
EPS	7.63	7.46		8.01	

Source: Company Financials, HMFS Research

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HMFS RATING GUIDE

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