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REP 019

PPL 4QFY26 Result Review — Record payout in final quarter

AKD Securities Limited

PPL reported 4QFY26 PAT of PkR36.9bn (EPS: PkR13.6), up 104%YoY/79%QoQ, higher than our expectations due to lower than anticipated taxation charge, taking FY26 PAT to PkR97.7bn (EPS: PkR35.9), up 9%YoY from PkR89.9bn in FY25. The company declared a record final DPS of PkR6.0/sh, taking cumulative FY26 DPS to PkR12.0/sh (+60%YoY).

- Net sales surged to PkR85.6bn (+63%YoY/+39%QoQ) during the quarter, led by higher hydrocarbon production and oil prices. Oil production reached 13,024bpd in 4QFY26 (+22%YoY/+16%QoQ), while gas production improved to 607mmcfd (+5%YoY/+3%QoQ) as per PPIS data. Moreover, Arab Light averaged at US$103.9/bbl during the period, highest since Jun’22 amid the Iran-US conflict's geopolitical disruption.
- Royalty rose to PkR16.1bn (+113%YoY/+65%QoQ), resulting in effective royalty charge of 18.8% during the quarter (vs. 15.3% in 9MFY26). Exploration expenses surged to PkR7.7bn (+154%YoY/+230%QoQ), led by accelerated drilling activity across the portfolio.
- Other income fell to PkR3.2bn (-31%YoY/-26%QoQ), due to decline in investment yields, whereas company’s cash and cash equivalents stood at PkR107bn (up 26%YoY) as of 4QFY26.
- The deviation was taxation which fell to PkR4.3bn (-51%YoY/-61%QoQ), leading to an ETR of 10.5%/28% during 4QFY26/FY26. This is due to the FCC's Jan’26 ruling excluding E&P companies from Super Tax (Sections 4B/4C) under the Fifth Schedule over the provisions in the respect PCAs, triggering a one-off provision reversal similar to sectoral peers.
- We have a ‘BUY’ stance on PPL with a Dec’26 target price of PkR412/sh, alongside a DY of 8.0% during the same period. Our outlook is strengthened on the by: i) higher future exploration prospects given improving liquidity situation, ii) ongoing gas circular debt resolution, iii) 8.33% stake in highly prospective Reko Diq Mining Project, iv) offshore working interests in Abu Dhabi Block-5, along with consortium partners and v) improvement in cash payouts.

PPL: Income Statement

(PKRmn)	4QFY26	4QFY25	YoY	3QFY26	QoQ	FY26	FY25	YoY
Net Sales	85,591	52,416	63%	61,584	39%	266,306	244,977	9%
Royalty	16,108	7,580	113%	9,767	65%	43,831	37,663	16%
Op. Exp.	15,243	13,487	13%	16,473	-7%	62,318	54,701	14%
Exploration Exp.	7,687	3,023	154%	2,333	230%	12,069	8,544	41%
Other Income	3,232	4,685	-31%	4,350	-26%	13,362	24,186	-45%
Other charges	5,686	2,113	169%	2,908	96%	14,573	11,763	24%
Tax	4,334	8,899	-51%	11,197	-61%	38,209	46,919	-19%
PAT	36,890	18,098	104%	20,608	79%	97,681	89,949	9%
EPS (PkR)	13.56	6.65	104%	7.57	79%	35.90	33.06	9%
DPS (PkR)	6.00	2.50	140%	2.00	200%	12.00	7.50	60%

Source: PSX & AKD Research

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- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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BUY > 15% expected total return

NEUTRAL > 0% to < 15% expected total return

SELL < 0% expected total return

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