Power Generation: Kot Addu Power Company Limited

Result Review: EPS arrived at PKR 1.14/share in 4QFY26

REP-300

Kot Addu Power Company (KAPCO) announced its financial results for 4QFY26, wherein the EPS arrived at PKR 1.14 (7.7x YoY). The YoY improvement in earnings is driven by a turnaround at the gross level at PKR 507mn, as last year reflected a gross profit of just PKR 11mn following the absence of KAPCO's PPA and initial contribution from ACPL. To recall, its original PPA expired in Jun'21, after which the company entered into a three-year tri-partite PPA with CPPA-G and National Grid Company of Pakistan Limited (NGPCL).

Result Highlights

- In 4QFY26, revenue stood at PKR 19.1bn (vs. PKR 5.7bn in the prior quarter and PKR 1.6bn SPLY). After resuming operations in 4QFY25 post an 18-month shutdown, KAPCO's SY plant operated at ~18% utilization in Jun'26. The 500MW plant now operates under a hybrid take-and-pay model, ensuring fixed cost recovery and a minimum 25% ROE, with additional upside from incremental generation.
- The company declared dividend of PKR 1.5/sh for 4QFY26.
- The company earnings were primarily driven by interest income as well as penal income (PKR 1.4/share in 4QFY26). As of Jun'26, KAPCO holds cash and investments of PKR 26.7/share and a book value per share (ex-PPE) of PKR 61.8.
- Moreover, 4QFY26 marked the first quarter to reflect earnings contribution from ACPL, albeit for only two months. KAPCO acquired 63.2mn shares of ACPL for a total consideration of PKR 20.9bn, including the public tender offer, financed through a USD 47.5mn (PKR 13.3bn) debt facility, with the remaining amount funded through internal resources. ACPL contributed PKR 355mn to KAPCO, translating into PKR 0.40/share for 4QFY26.

Other Information

- KAPCO has also bid for two solar projects (150MW & 120MW), pending NEPRA approval.

Recommendation

- We maintain a **Buy** stance on KAPCO with a Dec'26 target price of PKR 59/share.

Exhibit: Financial Highlights

(PKR mn)	FY26	FY25	YoY	4QFY26	4QFY25	YoY	QoQ
Income statement							
Net Revenue	19,162	1,563	12.3x	9,194	1,563	5.9x	61%
Cost of Sales	19,201	2,001	9.6x	8,686	1,552	5.6x	53%
Gross Profit / (Loss)	(38)	(438)	-91%	507	11	46.8x	61.5x
Admin and Dist. Exp.	758	656	16%	166	147	12%	-16%
Other Income	4,871	7,073	-31%	1,209	1,381	-13%	22%
Other Expense	232	2,735	-92%	61	979	-94%	-14%
Share of profit	355	-	nm	355	-	nm	nm
Finance Cost	367	248	48%	336	6	60.7x	17.5x
PBT	3,830	2,995	28%	1,508	260	5.8x	112%
Taxation	1,310	459	185%	503	130	3.9x	20.9x
PAT*	2,520	2,536	-1%	1,005	130	7.7x	46%
EPS (PKR)	2.86	2.88		1.14	0.15		
DPS (PKR)	3.00	7.00		1.50	2.50		
Ratio Analysis							
Gross Margins	nm	nm		0.1%	0.7%		
Net Margins	13.1%	162.2%		12.1%	8.3%		
Effective Tax Rate	34%	15%		3%	49.9%		

Source (s): Company Financials, AHL Research

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