

Pakistan Tractors

16 September 2026

Millat Tractors Ltd (MTL PA)

4QFY26 Result Review: Margins normalize

Millat Tractor Ltd. (MTL) reported consolidated NPAT of PKR2.0bn for 4QFY26 (EPS: PKR5.01), down 35% QoQ but up a sharp 50% YoY. Earnings came in lower than our expected EPS of PKR7.89, with the deviation stemming mainly from lower-than-expected gross margins. This brings FY26 NPAT to PKR8.1bn (EPS: PKR20.23), up 28% YoY. The company announced a final cash dividend of PKR11/sh, taking full year DPS to PKR21.

Key Highlights of 4QFY26 result:

- Net sales clocked in at PKR18.3bn, up 47% YoY, driven primarily by a 42% YoY increase in tractor sales to 5,784 units during the quarter.
- Gross margin stood at c.26.7%, up 1.4ppt YoY but down a sharp 11.2ppt QoQ. The sequential decline may have been driven by a change in sales mix; however, we await the detailed financials for further clarity.
- Selling and distribution expenses came in at PKR517mn, up 61% YoY, reflecting higher sales during the quarter, along with increased transportation costs amid elevated fuel prices.
- Finance costs were recorded at PKR307mn, down 49% YoY, primarily due to reduced reliance on short-term borrowings and potentially greater utilization of subsidized financing under the Export Refinance Scheme available to exporters. The Prime Minister announced a 300bps cut in the scheme's markup at the start of the year.
- The company booked an ETR of 44% for the quarter, compared with 29% in SPLY.

Millat delivered a solid quarter, although the sharp QoQ decline in gross margins somewhat dampens the sequential comparison. Nevertheless, the current c.27% margin remains above the c.25% 10-year quarterly average. Looking ahead, elevated global agricultural prices could support farmer incomes, while provincial subsidized tractor schemes should provide additional demand support. Meanwhile, the recently announced partnership with LOVOL, China's largest agricultural machinery manufacturer, should broaden Millat's product portfolio and support its longer-term growth prospects.

MTL 4QFY26 Result - Consolidated

(PKRmn)	4QFY26	4QFY25	YoY	QoQ	FY26	FY25	YoY
Sales	18,330	12,471	47%	6%	64,238	53,348	20%
Cost of Sales	13,437	9,311	44%	26%	43,103	38,940	11%
Gross Profit	4,893	3,161	55%	-25%	21,136	14,407	47%
Selling & Dist. Expense	517	321	61%	2%	2,134	1,743	22%
Adming & Gen. Expense	549	512	7%	-1%	2,104	1,985	6%
Other Expense	340	151	126%	-7%	1,242	975	27%
Operating Profit	3,487	2,178	60%	-32%	15,655	9,704	61%
Other Income	368	308	19%	794%	501	613	-18%
Finance Cost	307	598	-49%	6%	1,478	2,212	-33%
Profit Before Taxation	3,547	1,888	88%	-27%	14,678	8,105	81%
Taxation	1,546	553	180%	-14%	6,607	1,781	271%
Profit After Taxation	2,001	1,335	50%	-35%	8,071	6,324	28%
EPS (PKR)	5.01	3.35	50%	-35%	20.23	15.85	28%
DPS (PKR)	11.00	7.50			21.00	30.00	

Source: Company Announcement, IMS Research

Shahmir Ahmed Malik

shahmir.malik@imsecurities.com.pk

+92-42-35817666

I, Shahmir Ahmed Malik, certify that the views expressed in the report reflect my personal views about the subject securities. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations made in this report. I further certify that I do not have any beneficial holding of the specific securities that I have recommendations on in this report.

Ratings Guide*	Criteria
Buy	Total return expectation of $\geq 15\%$ or expected to outperform the KSE-100 index
Neutral	Total return expectation of $> -5\%$ or expected to match the return of KSE-100 index
Sell	Expected downside of more than 5% or expected to underperform the KSE-100 index

*Based on 12 month horizon unless stated otherwise in the report.

Valuation Methodology: We use multiple valuation methodologies in arriving at a Target Price including, but not limited to, Discounted Cash Flow (DCF), Dividend Discount Model (DDM) and relative multiples based valuations.

Risks: (i) Increase in taxes on tractors/parts, (ii) higher farm input prices, and (iii) damage to crops due to floods, pest attacks etc

Disclaimer: Intermarket Securities Limited has produced this report for private circulation only. The information, opinions, and estimates herein are not direct at, or intended for distribution to or use by, any person or entity in any jurisdiction where doing so would be contrary to law or regulation or which would subject Intermarket Securities Limited to any additional registration or licensing requirement within such jurisdiction. The information and statistical data herein have been obtained from sources we believe to be reliable where such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness, and correctness. This report makes use of forward looking statements that are based on assumptions made and information currently available to us and those are subject to certain risks and uncertainties that could cause the actual results to differ materially. No part of the compensation of the author(s) of this report is related to the specific recommendations or views contained in this report.

This report is not a solicitation or any offer to buy or sell any of the securities mentioned herein. It is meant for information purposes only and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Before acting on any information in this report, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice. Neither Intermarket Securities Limited nor any of its affiliates or any other person associated with the company directly or indirectly accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein.

Subject to any applicable law and regulations, Intermarket Securities Limited, its affiliates or group companies or individuals connected with Intermarket Securities Limited directly or indirectly may have used the information contained herein before publication and may have positions in, or may from time to time purchase or sell or have a material interest in any of the securities mentioned or may currently or in future have or have had a relationship with, or may provide investment banking, capital markets and/or other services to, the entities mentioned herein, their advisors and/or any other connected parties.

RESEARCH DISCLOSURES

Third Party Research

This is third party research. It was prepared by Intermarket Securities Limited (IMS), with headquarters in Karachi, Pakistan. Intermarket Securities Limited (IMS) is authorized to engage in securities activities according to its domestic legislation. Intermarket Securities Limited (IMS) has sole control over the contents of this research report.

Intermarket Securities Limited (IMS) is the employer of the research analyst(s) responsible for the content of this report and research analysts preparing this report are resident outside the U.S. and are not associated persons of any U.S. regulated broker-dealer. The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

None of the materials provided in this report may be used, reproduced, or transmitted, in any form or by any means, electronic or mechanical, including recording or the use of any information storage and retrieval system, without written permission.

Disclaimers

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Frontier and Emerging Market laws and regulations governing investments in securities markets may not be sufficiently developed or may be subject to inconsistent or arbitrary interpretation or application. Frontier and Emerging Market securities are often not issued in physical form and registration of ownership may not be subject to a centralized system. Registration of ownership of certain types of securities may not be subject to standardized procedures and may even be effected on an ad hoc basis. The value of investments in Frontier and Emerging Market securities may also be affected by fluctuations in available currency rates and exchange control regulations. Not all of these or other risks associated with the relevant company, market or instrument which are the subject matter of the report are necessarily considered.

Intermarket Securities Limited (IMS) is not registered as a broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" and other "U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Distribution outside US

This report is not intended for distribution to the public and may not be reproduced, redistributed or published, in whole or in part, for any purpose without the written permission of Tellimer. Tellimer shall accept no liability whatsoever for the actions of third parties in this respect. This report is for distribution only under such circumstances as may be permitted by applicable law.

This report may not be used to create any financial instruments or products or any indices. Neither Tellimer, nor its members, directors, representatives, or employees accept any liability for any direct or consequential loss or damage arising out of the use of all or any part of the information herein.

United Kingdom: Distributed by Exotix Partners LLP only to Eligible Counterparties or Professional Clients (as defined in the FCA Handbook). The information herein does not apply to, and should not be relied upon by, Retail Clients (as defined in the FCA Handbook); neither the FCA's protection rules nor compensation scheme may be applied.

UAE: Distributed in the Dubai International Financial Centre by Exotix Partners LLP (Dubai) which is regulated by the Dubai Financial Services Authority ("DFSA"). Material is intended only for persons who meet the criteria for Professional Clients under the Rules of the DFSA and no other person should act upon it.

Other distribution: The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restriction