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FY26 KSE 100 Index Profitability Report

Earnings up 16%YoY during FY26

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FY26 KSE 100 Index Profitability Report

Wednesday, September 30, 2026

KSE-100 Index Profitability up 16%YoY during FY26 - (PKR Mn)

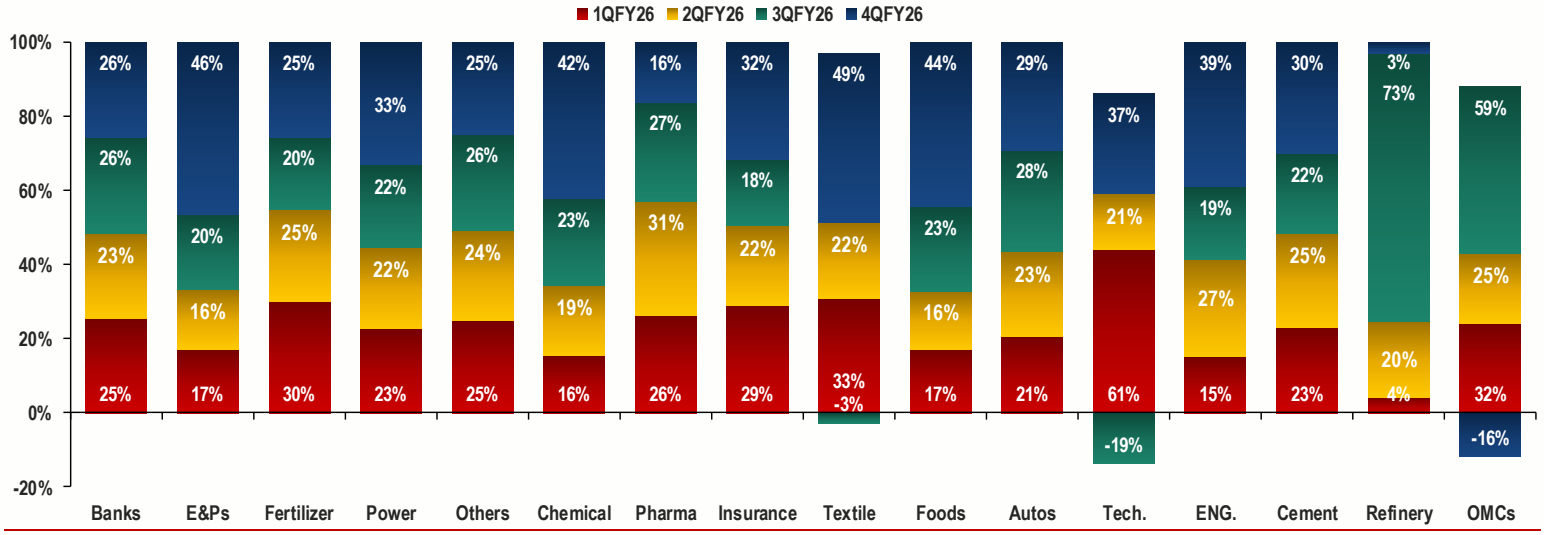
Sectors	FY26A	FY25A	YoY (%)	1QFY26A	2QFY26A	3QFY26A	4QFY26A
Transport	3,373	(258)	14.1x	617	894	590	1,272
Refinery	37,246	5,358	6.0x	1,608	7,554	27,018	1,066
Paper, Board & Packaging	6,048	(2,918)	3.1x	1,741	(1,144)	1,265	4,185
Engineering	8,170	3,138	1.6x	1,229	2,174	1,589	3,178
Oil & Gas Marketing Companies	48,541	24,635	97%	14,987	10,631	32,313	(9,389)
Technology & Communication	26,442	14,542	82%	6,423	7,164	4,523	8,332
Textiles	57,576	35,551	62%	18,848	12,334	(1,866)	28,260
Food & Personal Care Products	80,643	56,258	43%	13,773	12,857	18,189	35,824
Autos	109,089	82,369	32%	22,634	24,563	30,311	31,581
Oil & Gas Exploration Companies	460,967	349,171	32%	79,876	74,161	92,759	214,170
Cable & Electrical Goods	4,097	3,321	23%	681	795	870	1,749
Pharmaceuticals	32,512	26,454	23%	8,510	10,013	8,594	5,395
Power Generation & Distribution	61,259	53,565	14%	13,868	13,546	13,504	20,342
Sugar & Allied Industries	9,378	8,268	13%	4,418	3,190	1,657	114
Cement	191,276	168,899	13%	44,390	48,138	41,214	57,534
Chemical	14,437	12,975	11%	2,246	2,730	3,379	6,083
Tobacco	34,123	31,046	10%	10,259	5,337	9,343	9,184
Insurance	5,990	5,466	10%	1,738	1,288	1,077	1,888
Glass & Ceramics	11,240	10,680	5%	1,592	2,652	3,395	3,601
Commercial Banks	652,870	635,865	3%	166,090	149,675	170,310	166,795
Fertilizer	138,710	147,494	-6%	41,836	34,114	27,473	35,288
Others	94,327	127,137	-26%	21,180	26,615	25,201	21,331
Grand Total	**2,088,312**	**1,799,014**	16%	**478,544**	**449,281**	**512,706**	**647,782**

Source: Company Accounts & TSL Research; Consolidated basis

** Based on results annoucned by 86 out of 100 companies in the KSE-100 Index.*

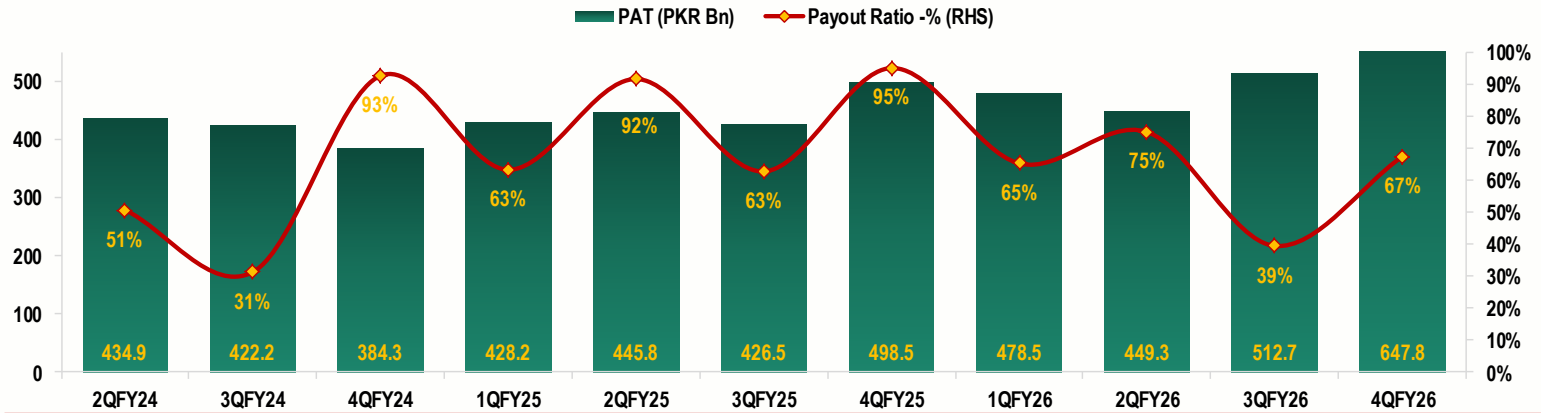
Does not include SNGP, DCR, CPHL, SSGC, HUMNL, MEHT, YOUW, AHCL, TPLRF1, TRG, SSOM, HGFA, KEL & PSEL.

Sector-wise Quarterly Earnings Contribution - FY26



Source: Company Accounts & TSL Research

Quarterly Profits after tax (PKR Bn) & Payout Ratio (%) - KSE-100 Index



Source: PSX, Company Accounts TSL Research.

KSE-100 Index Sales up 4%YoY during FY26 - (PKR Mn)

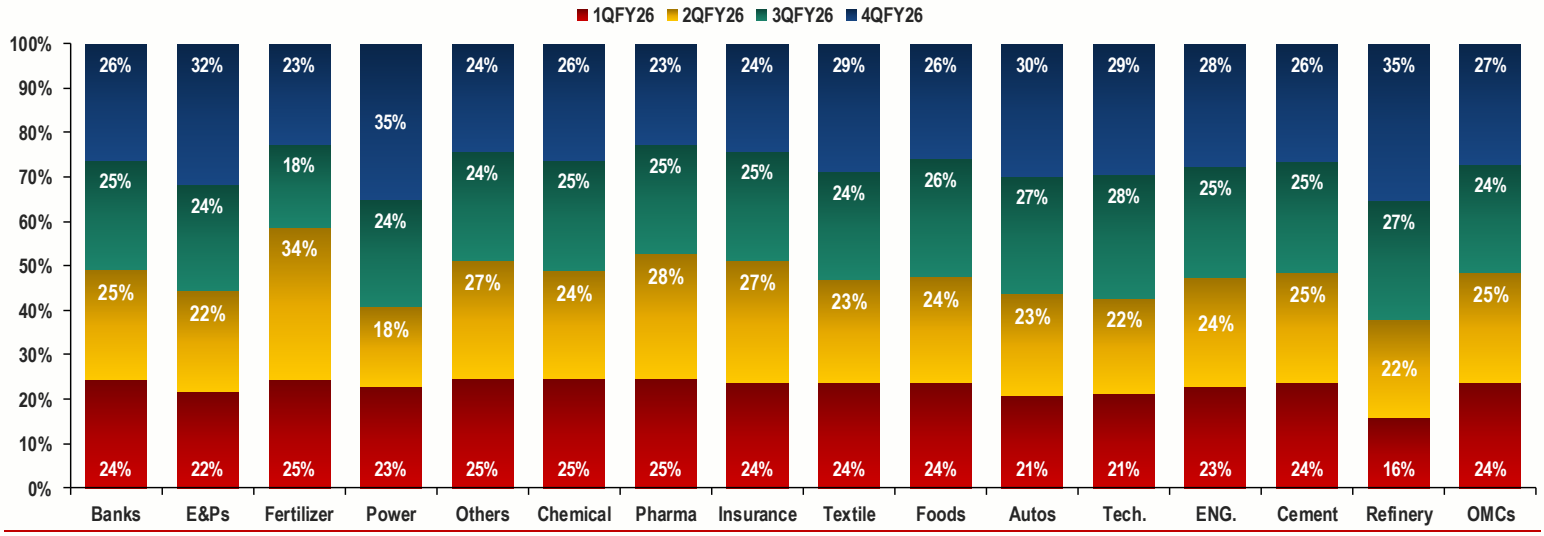
Sectors	FY26A	FY25A	YoY (%)	1QFY26A	2QFY26A	3QFY26A	4QFY26A
Transport	16,388	9,969	64%	3,980	4,208	3,507	4,693
Engineering	213,604	148,124	44%	48,800	51,891	53,814	59,099
Autos	1,092,884	792,881	38%	227,682	248,701	291,381	325,120
Others	945,571	748,748	26%	241,270	273,857	219,364	211,080
Refinery	752,036	598,241	26%	120,978	162,474	203,355	265,229
Insurance	81,666	66,713	22%	19,530	22,329	20,039	19,768
Technology & Communication	511,936	418,475	22%	108,805	110,753	141,422	150,956
Cable & Electrical Goods	70,324	58,549	20%	11,272	16,730	20,223	22,099
Tobacco	152,694	132,284	15%	33,155	36,470	38,097	44,972
Cement	1,038,659	936,240	11%	247,610	257,576	258,800	274,673
Food & Personal Care Products	564,682	512,000	10%	134,105	134,307	149,628	146,642
Oil & Gas Exploration Companies	971,407	881,808	10%	212,339	218,010	232,584	308,474
Power Generation & Distribution	101,307	91,971	10%	23,225	18,090	24,486	35,506
Paper, Board & Packaging	204,367	185,539	10%	51,875	44,189	53,098	55,205
Fertilizer	1,049,824	955,311	10%	257,868	360,364	194,196	237,396
Pharmaceuticals	276,244	254,991	8%	68,467	77,178	67,725	62,874
Textiles	615,932	579,567	6%	146,376	142,588	149,714	177,254
Sugar & Allied Industries	130,490	129,836	1%	36,291	29,137	35,638	29,424
Glass & Ceramics	79,078	79,346	0%	17,490	19,381	20,919	21,288
Oil & Gas Marketing Companies	3,583,123	3,623,485	-1%	854,970	884,274	871,466	972,413
Chemical	198,817	205,037	-3%	48,987	48,081	49,910	51,839
Commercial Banks	5,481,480	5,950,173	-8%	1,342,390	1,351,454	1,349,950	1,437,686
Grand Total	**18,132,513**	**17,359,288**	4%	**4,257,465**	**4,512,042**	**4,449,316**	**4,913,690**

Source: Company Accounts & TSL Research; Unconsolidated basis

** Based on results annoucned by 86 out of 100 companies in the KSE-100 Index.*

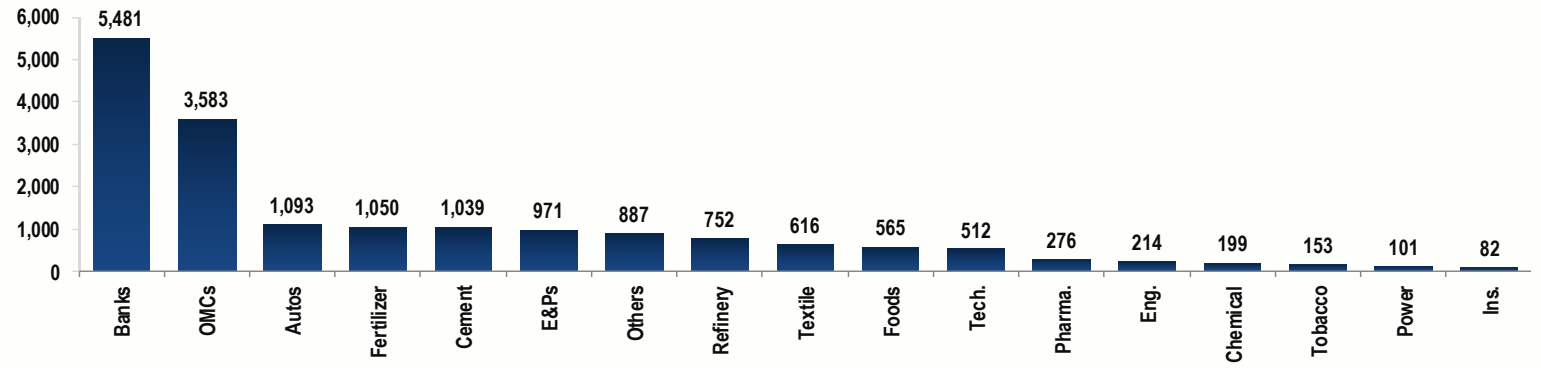
Does not include SNGP, DCR, CPHL, SSGC, HUMNL, MEHT, YOUW, AHCL, TPLRF1, TRG, SSOM, HGFA, KEL & PSEL.

Sector-wise Quarterly Sales Contribution - FY26



Source: Company Accounts & TSL Research

KSE-100 Index Sector wise Sales (PKR Bn) - FY26

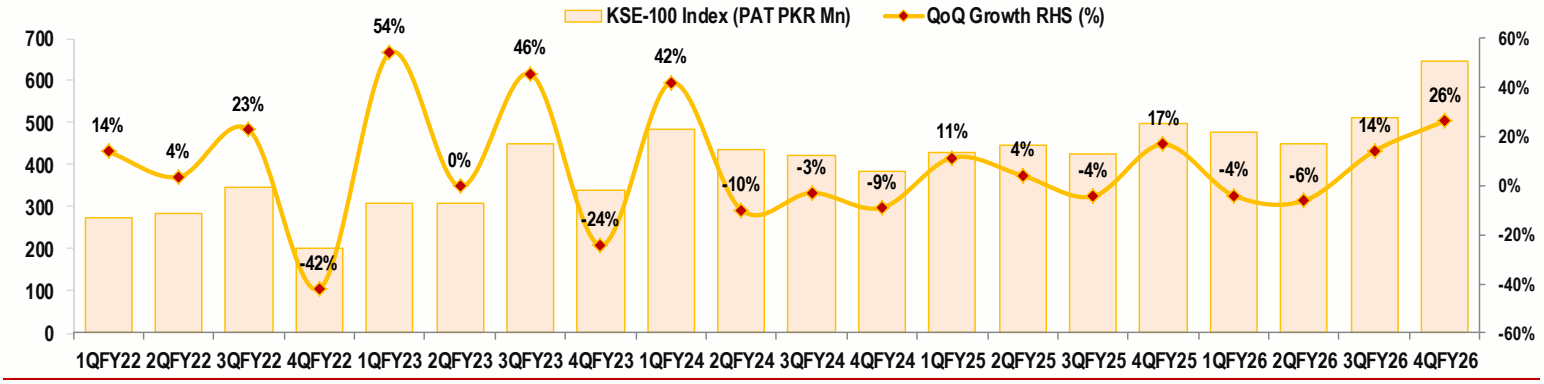


Source: Company Accounts & TSL Research.

FY26 KSE 100 Index Profitability Report

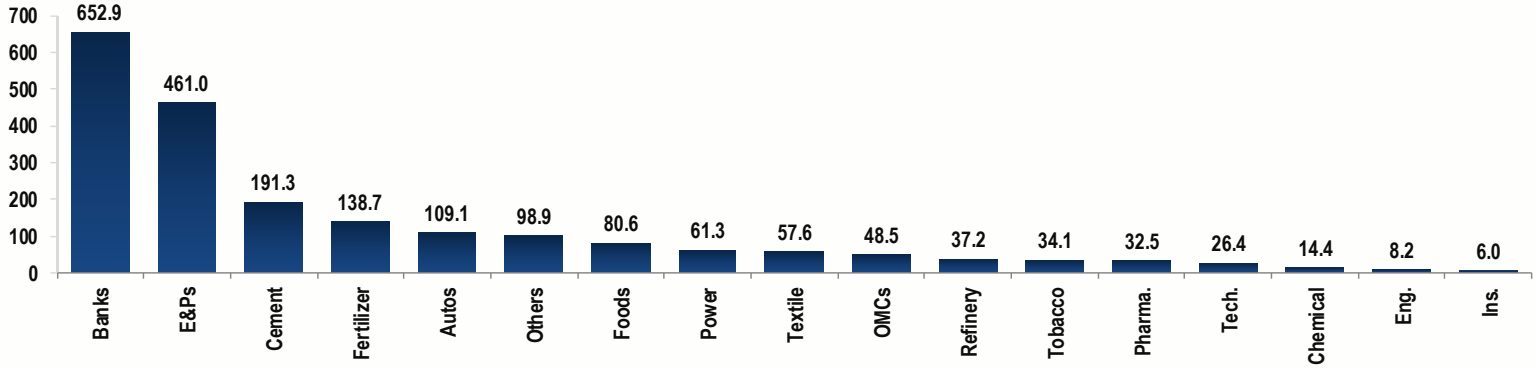
Wednesday, September 30, 2026

KSE-100 Index Quarterly Profits (PKR Bn)



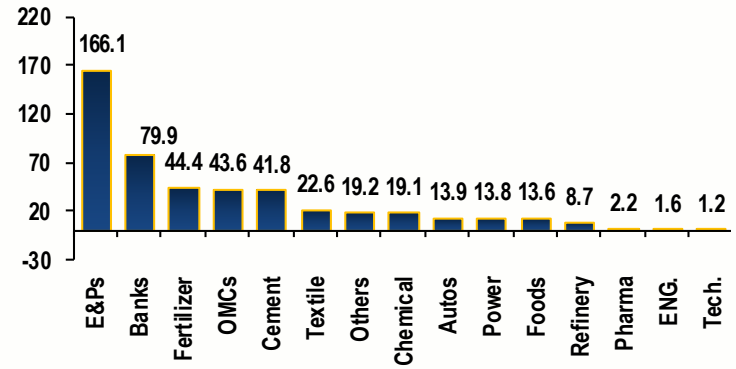
Source: Company Accounts & TSL Research.

KSE-100 Index Sector wise Profits (PKR Bn) - FY26



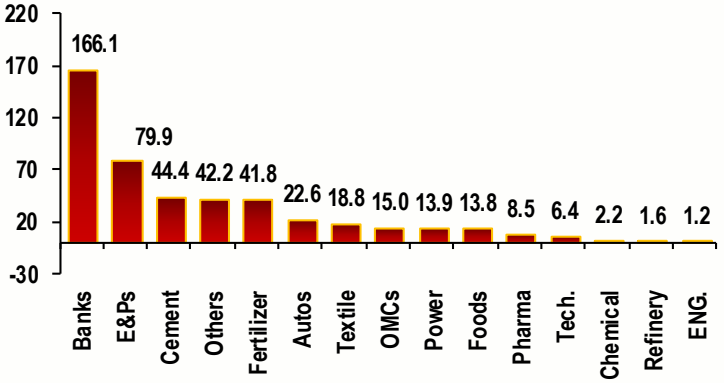
Source: Company Accounts & TSL Research.

Profitability in 1QFY26 (PKR Bn)



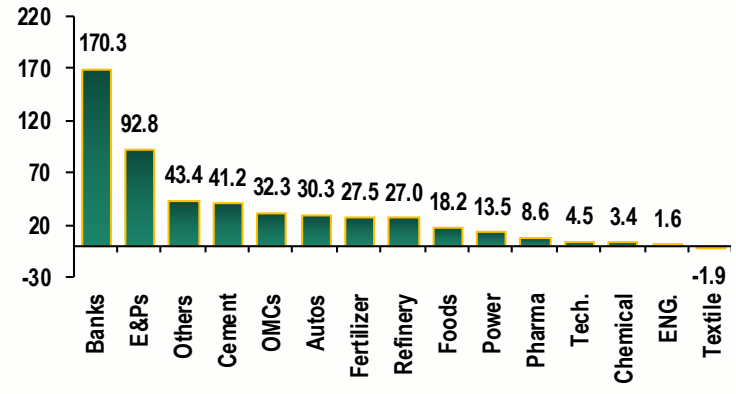
Source: Company Accounts & TSL Research.

Profitability in 2QFY26 (PKR Bn)



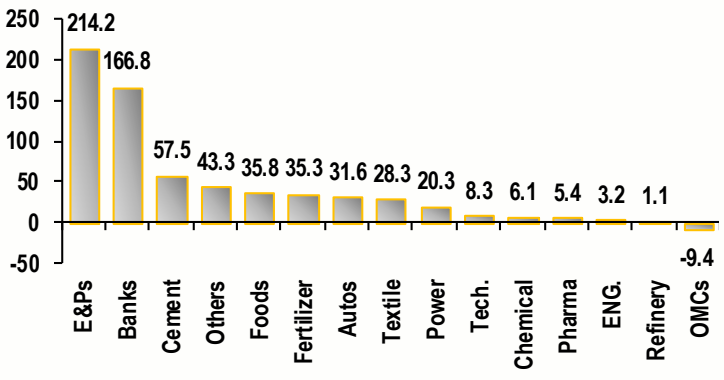
Source: Company Accounts & TSL Research.

Profitability in 3QFY26 (PKR Bn)



Source: Company Accounts & TSL Research.

Profitability in 4QFY26 (PKR Bn)

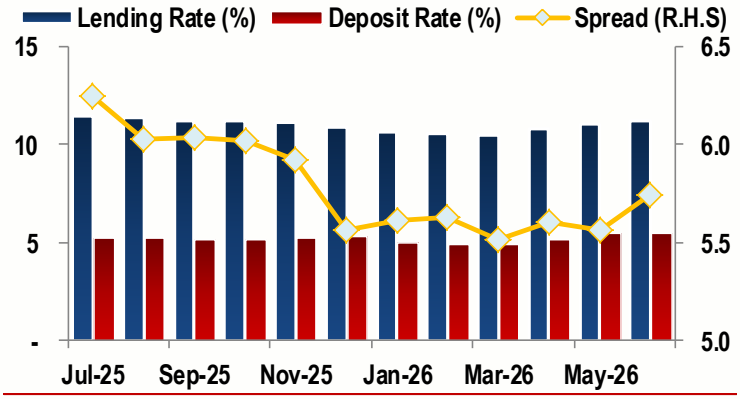


Source: Company Accounts & TSL Research.

FY26 PAT up 5%YoY due to higher total income & lower provisions

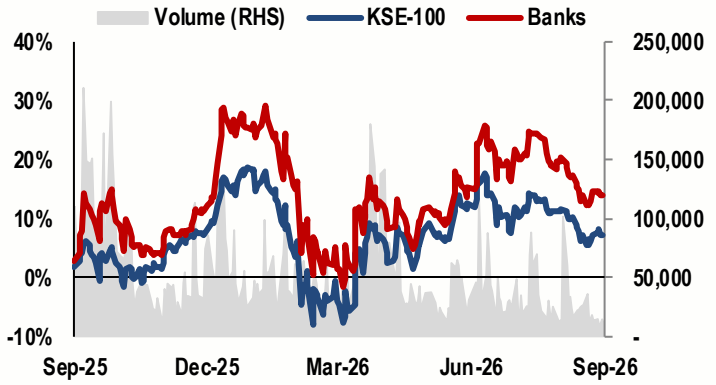
- TSL Banking Universe PAT was up 5%YoY during FY26, driven primarily by surge in total income and substantially lower provisions i.e. net ECL charge. Overall, NIMs posted slight improvement YoY on account of: i) growth in current accounts i.e. industry CA ratio as of Jun'26 was ~45%; ii) 50bps hike in the policy rate during the year; & iii) benefit of changes to the Minimum Deposit Rate (MDR) framework. Moreover, increase in OMO-based arbitrage positions also enabled certain Banks to grow their Net Interest Income (NII) on an absolute basis, boosting the bottom-line too.
- Elsewhere, Non-Markup Income (NMI) was up 10%YoY for our coverage banks, driven by modest growth in Fee & Commissions income, Dividend income as well as Income from foreign exchange activity. However, the highlight was booking of hefty capital gains during the period in case of banks like UBL & BAFL, mainly. Nevertheless, Operating Costs were up ~15%YoY reflecting inflationary pressures, branch expansions as well as the impact of investments in IT & digital infrastructure. Hence, Cost-to-Income ratio as of Jun'26 for FY26 stood at 48%, up 4pptsYoY.
- On the balance sheet front, total assets were up ~16%YoY for the industry, supported by 16%YoY & ~18%YoY growth in Deposits and Borrowings. Gross Advances were up 14%YoY, while asset quality improved amid 2pptsYoY decline in the NPL ratio. Coverage ratio also improved to 110%. Net investments were up 16%YoY, focused heavily on Government securities (main revenue driver).
- TSL Banking Universe is currently trading at a P/B of 1.2x. We are 'Market-weight' on the sector.

Banking Sector Spread during FY26: Avg. 5.78%



Source: SBP & TSL Research

12 Month Relative Performance of Banking Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

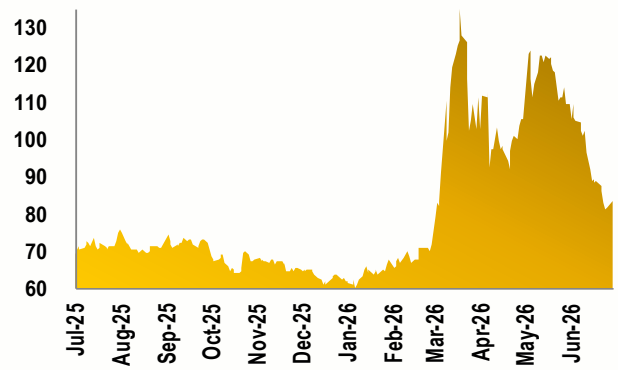
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
ABL	34,318	38,296	-10%	8,823	9,522	8,308	7,666	-8%
BAFL	33,878	33,008	3%	6,338	6,403	10,986	10,151	-8%
BAHL	28,087	40,005	-30%	6,887	5,791	7,275	8,135	12%
BOP	18,395	14,933	23%	5,082	3,929	4,689	4,695	0%
FABL	22,815	20,756	10%	5,548	6,915	5,326	5,026	-6%
HBL	66,852	63,196	6%	16,932	15,384	16,150	18,386	14%
HMB	20,853	25,818	-19%	5,755	5,399	5,142	4,558	-11%
MCB	57,481	58,169	-1%	15,235	14,150	13,142	14,954	14%
MEBL	93,679	98,892	-5%	23,382	21,656	22,402	26,239	17%
UBL	151,196	109,103	39%	35,362	29,926	48,420	37,487	-23%
Total	**527,555**	**502,174**	**5%**	**129,344**	**119,073**	**141,840**	**137,297**	**-3%**

Source: Company Accounts & TSL Research.

FY26 profitability up 32%YoY amid surge in volumes and realized prices

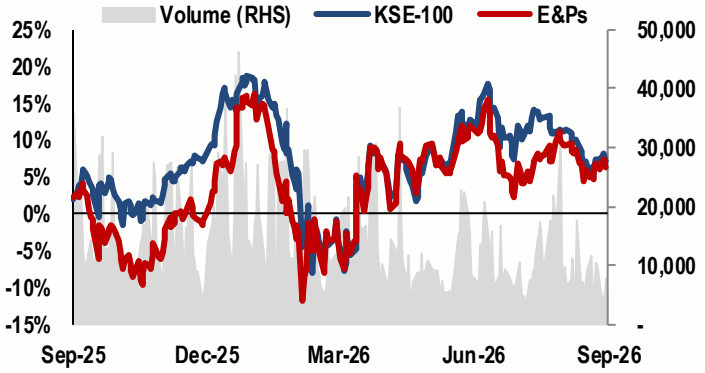
- TSL E&P Universe earnings increased ~32%YoY in FY26, supported by higher realized oil prices and stronger production. Arab Light prices surged in 2HFY26 amid heightened Middle East tensions, the Strait of Hormuz disruption and the Ras Laffan shutdown, briefly approaching ~USD 135/bbl. New production from Baragzai, Spinwam and Faiz supported sector volumes; as per FY26 Annual Reports, OGDC and MARI oil production rose 6.3%YoY and 5.5%YoY, while gas production increased 2.3%YoY and 4.5%, respectively. PPL's oil production grew 11.4%YoY, while POL's declined 3.7%; gas production rose 2.4%YoY and 8.1%, respectively, based on PPIS data.
- Earnings also benefited from a one-off PKR 54.9Bn tax reversal in 4QFY26 following the Federal Constitutional Court (FCC) ruling that super tax could not push E&P companies' tax burden beyond Petroleum Concession Agreement (PCA) limits, materially boosting FY26 profitability.
- Elsewhere, collection performance softened, with OGDC's recovery ratio easing to 1.04x in FY26 from 1.05x last year, while PPL's declined to 88% from 94%. The key development on the cards, however, is the Petroleum Division's proposed PKR 1.49Tn circular-debt settlement plan, which includes PKR 540Bn of incremental dividends from OGDC, PPL and GHPL, potentially providing a meaningful catalyst for receivables and cash flows across the E&P sector going forward.
- In addition, Reko Diq remains a key long-term growth driver, although Barrick's security review has delayed timelines, while Mari Minerals' Siah Diq project adds upside following completion of its feasibility study. Meanwhile, OGDC, PPL, MARI and TPOC plan offshore seismic surveys this year, with an exploratory well potentially targeted for 2027, offering further sector de-risking.
- Looking ahead, we expect E&P earnings to normalize, supported by the absence of the non-recurring super tax impact and lower realized prices following a decline in Arab Light prices as geopolitical tensions ease. Within the sector, we retain OGDC and PPL as our preferred picks, supported by their production growth and earnings outlook.

Arab Light USD/BBL in FY26



Source: Bloomberg & TSL Research

12 Month Relative Performance of E&P Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

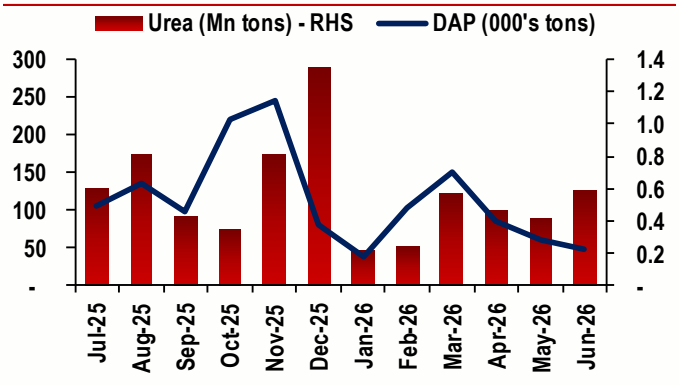
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
MARI	87,069	65,136	34%	15,640	12,800	21,171	37,457	77%
OGDC	242,374	169,904	43%	38,305	34,714	42,244	127,110	2.0x
PPL	97,681	89,949	9%	20,037	20,147	20,608	36,890	79%
POL	33,843	24,182	40%	5,895	6,500	8,736	12,713	46%
Total	**460,967**	**349,171**	**32%**	**79,876**	**74,161**	**92,759**	**214,170**	**1.3x**

Source: Company Accounts & TSL Research.

FY26 profitability increased; reflecting higher off-take growth

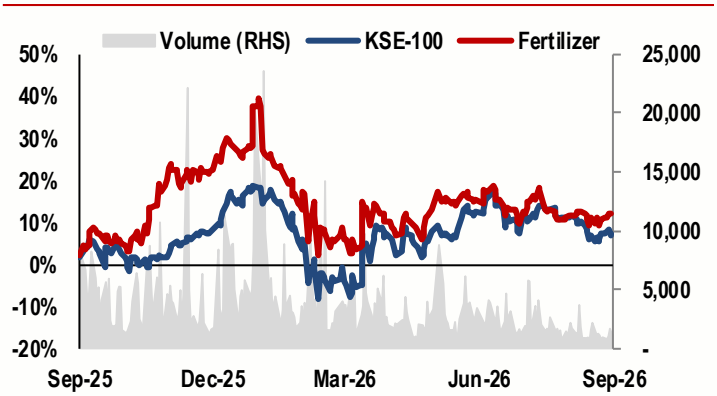
- TSL's Fertilizer Universe profitability increased ~1%YoY with PAT arriving at PKR 110.7Bn during FY26 i.e. Urea sales were up 17%YoY to 6.9Mn tons while DAP sales were down ~11%YoY to 1.4Mn tons during FY26—Total sales (including Urea and DAP) went up by 11%YoY to 8.3Mn tons. However, gross margins dropped by 2pptsYoY to ~31% during FY26 owing to higher cost of raw material on account of trade disruptions due to the Middle-East conflict along with expensive feed gas cost (in case of EFERT) and surge in the selling expenses (up ~11%YoY) due to higher cost of inland transportation; causing profitability to fall during the period.
- FFC's profitability during FY26 surged 4%YoY (arrived at PKR 89.4Bn) due to increase in overall off-take by ~14%YoY i.e. Urea and DAP off-take went up by 18%YoY and 2%YoY, respectively. Gross margins dropped ~2pptsYoY to 31% on the back of discounts in Urea of up to PKR 60/bag during 1HFY26 and higher cost of major imported nutrients (during 4QFY26) due to trade disruptions near Strait of Hormuz. However, FFC has an advantage of procuring low feed gas from MARI (PKR 580/mmbtu). Elsewhere, EFERT's PAT during FY26 dropped 12%YoY despite increase in the overall off-take by 13%YoY i.e. Urea sales up 16% and DAP sales down significantly by 20%; as it offered massive discounts in Urea of up to PKR 300-400/bag during Dec'25. Further, higher imported DAP prices along with higher cost of production (expensive Feed gas at PKR 1,597/mmbtu) dragged the gross margins downwards by 3pptsYoY to ~30% during FY26.
- Going forward, Urea demand is expected to remain stable during FY27 on the back of favorable budgetary measures i.e. the Government has announced "Zarkhezi" and "Agri Storage Financing Facility" programs to provide PKR 300Bn loans to 750K small farmers and allocated PKR 7.1Bn to build storage facilities for farmers. Also, exempted duties on import of Agricultural machinery. However, we expect significant pressure on DAP sales as increase in the international DAP prices is likely to increase freight and insurance cost—leading to an increase in the imported DAP prices except for FFC as it produces local DAP. Therefore, FFC remains our top pick in the sector.

Urea & DAP Off-take - FY26



Source: NFDC & TSL Research

12 Month Relative Performance of Fertilizer Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

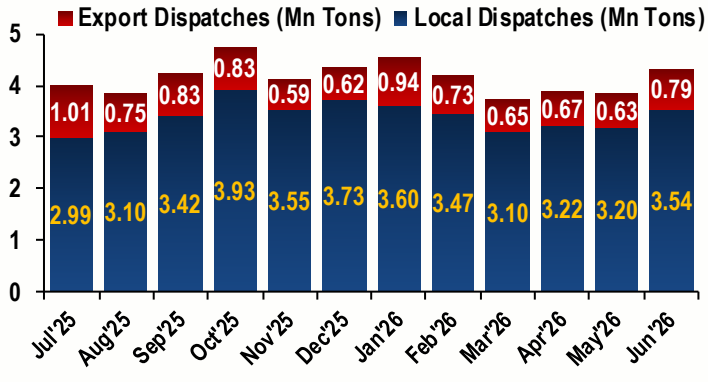
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
EFERT	21,283	24,274	-12%	5,811	8,354	3,319	3,800	15%
FFC	89,410	85,791	4%	25,089	21,904	19,965	22,452	12%
Total	**110,693**	**110,066**	**1%**	**30,899**	**30,258**	**23,283**	**26,252**	**13%**

Source: Company Accounts & TSL Research.

Higher retention prices and sales drive FY26 profitability

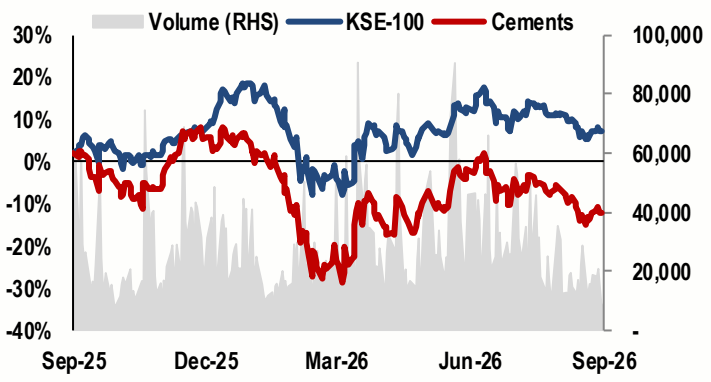
- TSL's Cement universe profitability clocked-in at ~PKR 165.3Bn in FY26, up 13%YoY mainly due to increase in overall sales volume by 7%YoY i.e. Domestic sales went up by 9%YoY due to increase in the construction demand, stable construction material prices, lower interest rates and surge in private sector construction activities. While, exports were down 2%YoY due to border closure with Afghanistan since Oct'25 and international trade disruptions near Strait of Hormuz (since Mar'26).
- Therefore, North players increased local coal consumption and shifted from Afghan coal to Imported coal. So, we expect significant cost pressure for North players due to volatility in imported coal prices on account of the US-Iran conflict—coal prices to normalize during 2HFY27 on the back of expectations of a permanent ceasefire between the US and Iran. Nevertheless, cement players are now investing significantly in renewables and alternative fuel in order to rely less on coal; contributing to improved overall margins, going forward. Additionally, average cement retail prices rose ~2%YoY to PKR 1,443/bag in FY26 compared to PKR 1,414 during the SPLY. Moreover, international coal prices declined 4%YoY to an average of USD 97.11/ton.
- We expect slight uptick in domestic demand during FY27 supported by the favorable budgetary measures i.e. PKR 16.4Bn for housing loan, PKR 71Bn allocated for "Apna Ghar program" and super tax reduced to 8% on earnings exceeding PKR 500Mn. While, exports are likely to remain subdued both for the North and South based players until 1HFY27 and may recover from 2HFY27 on account of resetting geo-political stability i.e. expecting a permanent ceasefire in US-Iran conflict.
- Finally, we highlight LUCK, DGKC, FCCL and MLCF as our top picks.

Monthly Cement Dispatches Trend - FY26



Source: APCMA, The News & TSL Research

12 Month Relative Performance of Cement Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

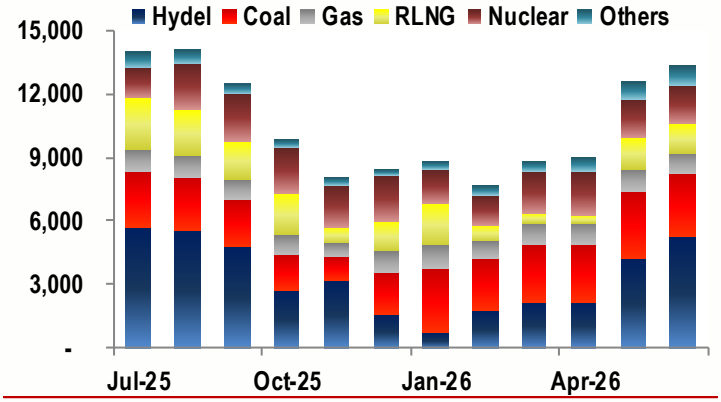
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
MLCF	12,565	11,503	9%	2,728	3,118	1,949	4,769	1.4x
PIOC	6,594	4,876	35%	1,274	1,600	1,522	2,198	44%
KOHC	10,697	11,575	-8%	2,944	2,596	1,870	3,287	76%
DGKC	12,174	9,758	25%	2,200	3,854	2,878	3,241	13%
LUCK	96,456	84,498	14%	23,561	24,470	20,440	27,985	37%
FCCL	16,183	13,326	21%	3,286	4,030	3,459	5,407	56%
CHCC	7,255	8,681	-16%	2,095	2,015	1,407	1,737	23%
ACPL	3,416	1,731	97%	835	772	854	956	12%
Total	**165,340**	**145,949**	**13%**	**38,925**	**42,454**	**34,380**	**49,581**	**44%**

Source: Company Accounts & TSL Research.

Earnings up 27%YoY on higher load factors & contribution from associates

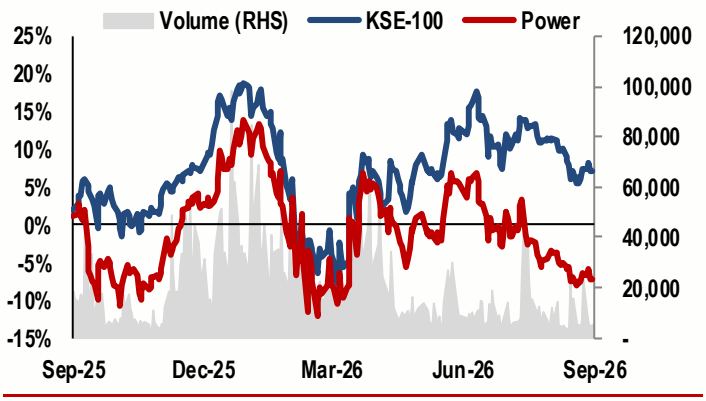
- TSL Power Universe earnings increased 27%YoY during FY26, supported by higher load factors and earnings from associates like NexGen Auto (in case of NPL and NCPL), which sold 10,000 units within 8 months. Nevertheless, power generation in Pakistan clocked-in at 128,699GwH in FY26 (up 1.2%YoY), translating into an average generation cost of ~PKR 8.4/unit for the year. Hydel (30.7%), Coal (23.0%), Nuclear (17.7%) and RLNG (13.3%) led the generation mix.
- HUBC's earnings rose by 9%YoY in FY26, primarily driven by the higher share of profit from associates, led by CPHGC (+5%), TNPTL (+22%), PRIME (+9%) and MMC (+41x), respectively. Additionally, lower finance costs, supported by monetary policy easing, further contributed to profitability. HUBC also announced a dividend of PKR 20/sh. during FY26.
- EPQL's earnings declined 27%YoY, primarily impacted by the tariff revision that limited the return on equity (ROE) to 35% on a Take and Pay basis. Furthermore, EPQL announced a DPS of PKR 2.75/sh. during FY26 Meanwhile, NPL and NCPL witnessed a positive turnaround in profitability during FY26 compared to losses in FY25, primarily due to the absence of last year's CPPA-G adjustments of PKR 3.9Bn and PKR 5.7Bn, respectively. Additionally, PKR 1,303Mn in earnings from NexGen Auto further supported the profitability of NPL and NCPL. Both NPL and NCPL also announced a dividend of PKR 2.5/sh. each during FY26.
- We maintain our Market-weight stance on the sector with HUBC as our top pick. Our positive view is supported by the Company's diversification into the EV sector where BYD is gaining traction, with ~10,000 EVs sold as of late Sep'26 and local assembly expected to commence by 2HCY26.
- Moreover, NPL and NCPL could further benefit from their investment in NexGen Auto as the company continues to expand its presence in the domestic EV market, capturing greater market share.

Monthly Power Generation (GwH) - FY26



Source: NEPRA and TSL Research

12 Month Relative Performance of Power Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

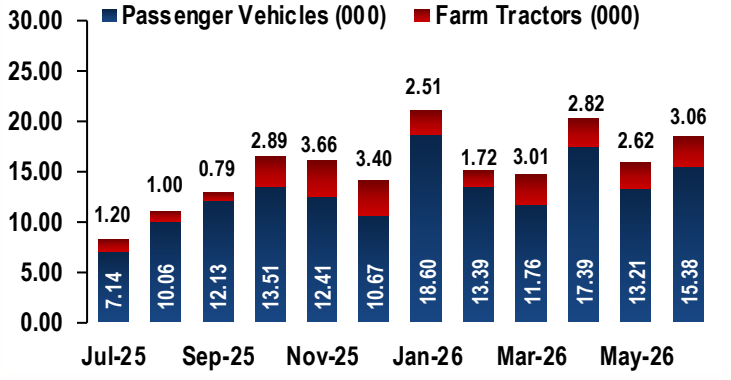
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
NCPL	2,480	(3,376)	1.7x	552	347	681	900	32%
NPL	2,483	(747)	4.3x	584	384	691	824	19%
HUBC	56,257	51,775	9%	13,279	12,346	12,125	18,507	53%
EPQL	723	988	-27%	391	(15)	151	195	29%
Total	**61,943**	**48,640**	**27%**	**14,806**	**13,062**	**13,649**	**20,425**	**50%**

Source: Company Accounts & TSL Research.

PAT Up 18%YoY as demand recovers on lower inflation and interest rates

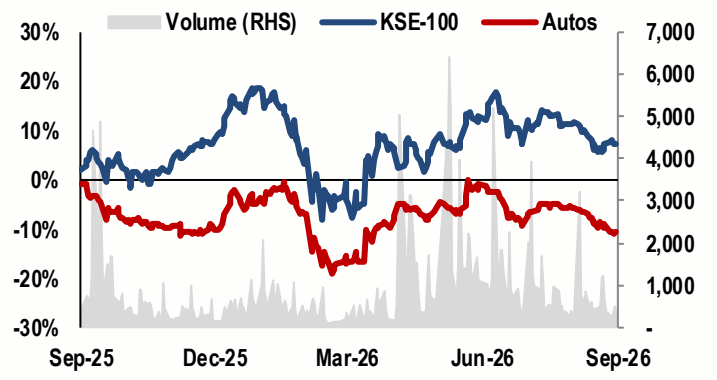
- During FY26, automobile assemblers witnessed strong growth as easing inflation and lower interest rates boosted demand. INDU, MTL and HCAR posted higher sales on the back of improved consumer affordability and stable supply chains.
- Passenger vehicle sales volumes increased 39%YoY in FY26, primarily driven by falling interest rates, controlled inflation. Moreover, auto financing increased 34%YoY, supported by lower interest rates and better demand. Following that, tractor sales volumes declined 2%YoY in FY26, primarily due to weak farm economics and much delays in Green Tractor Financing Scheme.
- Accordingly, TSL Auto Universe companies delivered a resilient performance in FY26. Wherein, sales increased 28%YoY driven by HCAR (+50%), MTL (+22%) and INDU (+20%), respectively. Nevertheless the sector continued to face pressure from elevated fuel prices and rising input costs. However, Universe earnings grew 18%YoY, led by INDU (+11%), MTL (+28%) and HCAR (+47% YoY) due to uptick in volumes & margins.
- Going forward, we expect volumes to remain on an upward trajectory, supported by the expected favorable Auto Policy, which is likely to boost EV sales through lower tax rates, increased localization, higher exports, and a potential increase in the auto financing limit to PKR 10Mn, particularly for EVs. Meanwhile, tractor sales are also expected to improve following the announcement of Phases 4 and 5 of the Green Tractor Scheme, with 19,500 tractors expected to be delivered in FY27.
- We are Market-weight on the sector, with INDU as our top-pick due to i) Strong balance sheet; ii) Strong brand value, iii) planned CAPEX of PKR 5.1Bn to execute greater localization and iv) Attractive dividend yield.

Monthly Auto Sales during FY26



Source: PAMA, Company Accounts & TSL Research

12 Month Relative Performance of Auto Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

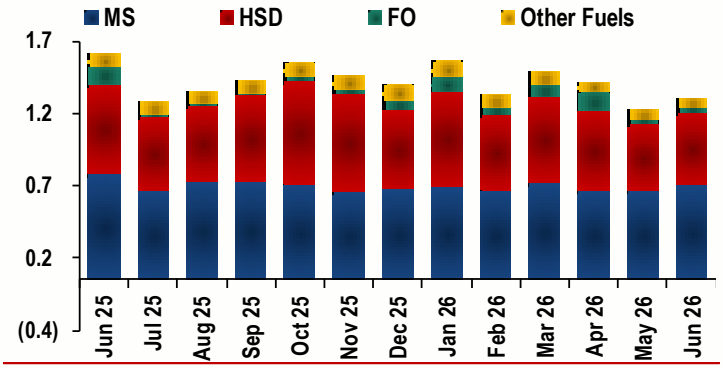
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
INDU	25,506	23,010	11%	6,719	5,982	6,697	6,107	-9%
HCAR	4,891	3,334	47%	742	655	1,008	2,486	1.5x
MTL	8,071	6,324	28%	613	2,401	3,056	2,001	-35%
Total	**38,468**	**32,668**	**18%**	**8,075**	**9,038**	**10,761**	**10,594**	**-2%**

Source: Company Accounts & TSL Research.

Bottom-line expansion continues despite volatile global oil prices

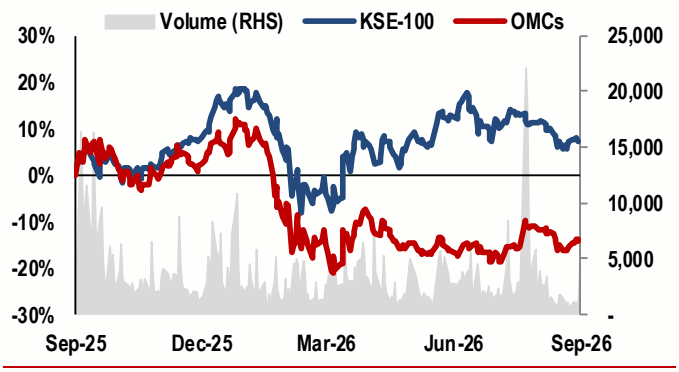
- During FY26, petroleum products off-take stood at 16.2Mn tons, reflecting a decrease of 1%YoY in overall industry sales. Although, MS volumes surged 1%YoY while HSD volumes declined 1%YoY. PSO and APL were inline with the industry's volume loss. Wherein, the decline in their MS volumes stood at 5%YoY and 2%YoY respectively, while HSD volume fell 6%YoY and 5%YoY, leading to overall volume declines of 7%YoY and 4%YoY, respectively.
- Despite this, earnings for the TSL OMC universe increased 97%YoY as both companies reported higher profits, with PSO's PAT surging 1.2xYoY to PKR 31.6Bn and APL's rising 63%YoY to PKR 16.9Bn. To recall during Mar'26, fuel prices were up substantially with MS at PKR 321.17/litre, up 26% from SPLY, on the other hand HSD was pricing at PKR 335.86/litre, up 30% from SPLY. The price hikes—amid ME disruptions during 3QFY26 (i.e. Closure of the Strait of Hormuz) yielded OMCs PKR 113Bn in windfall gains through Apr'26—a major driver of profitability in FY26.
- In terms of market share (as of Jun'26), PSO and APL managed to stabilize their market shares at 42% and 8% respectively. This was reflected by the decrease in the market share of other players to 37% as of Jun'26 from 39% during the SPLY.
- Moreover, PSO's balance sheet has improved considerably due to over-100% recovery ratio during 4QFY26 as its receivables declined by PKR 40Bn quarterly. Further supported by a 5% drop in trade debts and winding up of a wholly-owned subsidiary during the year. PSO is likely to leverage its stakes in Pakistan Refinery Limited (PRL) and Pak-Arab Pipeline Company to stabilize its supply chain, while expanding its retail presence and EV charging network.
- Going forward, in order to improve profitability, OMCs seek margin increase after three years, following PKR 1.34/litre hike in dealers' margins by the Government. Furthermore, the Government has decided to deregulate MS by Jun'27 and HSD later—amid pricing mechanism interventions putting OMC supplies and refinery utilization at risk. Our top-pick in the sector is PSO.

OMCs Volumetric Sales Trend (Mn tons)



Source: OCAC & TSL Research

12 Month Relative Performance of OMCs Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

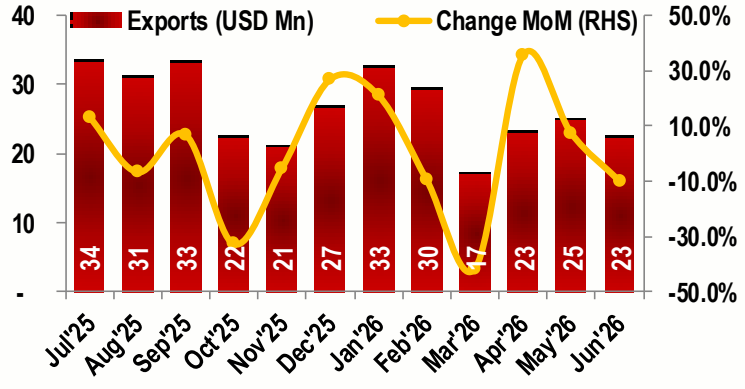
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
APL	16,959	10,393	63%	3,811	2,610	8,344	2,194	-74%
PSO	31,582	14,242	1.2x	11,176	8,021	23,968	(11,583)	-1.5x
Total	**48,541**	**24,635**	**97%**	**14,987**	**10,631**	**32,313**	**(9,389)**	**-1.3x**

Source: Company Accounts & TSL Research.

50%YoY jump in profitability amid price gains & lower finance costs

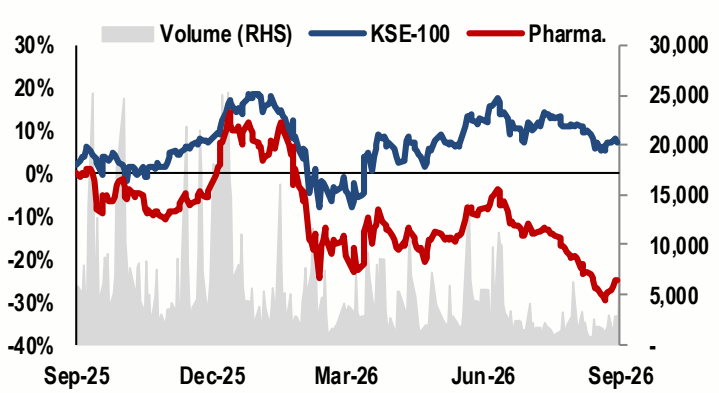
- During FY26, TSL Pharmaceutical Universe recorded ~50%YoY growth in profitability, supported by 18%YoY topline growth and margin expansion. The sector benefitted from higher medicine prices following the deregulation of non-essential drugs, while, increased cases of viral diseases during the year further supported demand. However, ongoing trade disruptions amid the Pak-Afghan dispute and higher API prices due to global tensions remained key challenges for the sector, particularly for AGP given its significant exposure to the Afghan market.
- SEARL delivered a robust ~93%YoY growth in PAT, primarily driven by lower finance costs following the partial settlement of long-term debt, alongside a 29%YoY rise in sales and 3ppts expansion in margins, driven by improved product portfolio that enables stable demand. SEARL has expanded into high therapeutic areas with the launch of Semaglutide in oral form and Denosumab injection, unlocking significant opportunities in osteoporosis and diabetes markets.
- Moreover, AGP's FY26 profitability rose 46%YoY, supported by a 6%YoY sales growth primarily from its Pfizer and Sandoz portfolios. The planned merger of OBS AGP, OBS Pakistan and OBS Pharma is expected to strengthen its portfolio, improve efficiencies and support revenue and earnings growth, while the commercialization of Xanax and Viagra provides additional growth potential, going forward. The Company also announced a dividend of PKR 6/sh. during the year.
- Looking ahead, global tensions could push up raw material prices, creating near-term cost pressures. Pharma exports declined 30%YoY in FY26, mainly due to Pak-Afghan trade disruption. However, rising chronic disease prevalence, greater healthcare awareness and a stable exchange rate are likely to support sector demand and help sustain sector profitability. We are Over-weight on the sector with AGP & SEARL as our top picks.

Pharmaceutical Exports (USD Mn)



Source: PBS & TSL Research

12 Month Relative Performance of Pharmaceutical Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

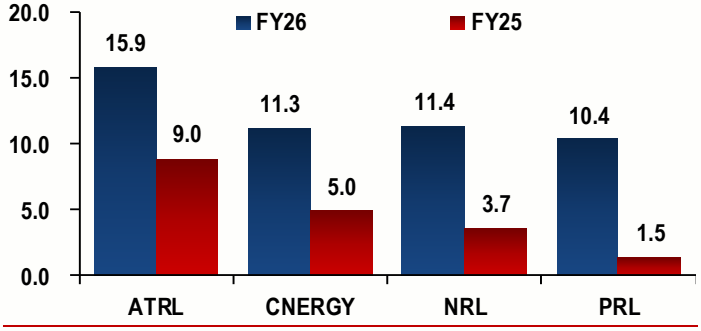
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
SEARL	536	277	93%	914	892	502	(1,773)	-4.5x
AGP	4,268	2,918	46%	1,175	1,538	968	586	-39%
Total	**4,804**	**3,195**	**50%**	**2,089**	**2,430**	**1,470**	**(1,186)**	**-1.8x**

Source: Company Accounts & TSL Research.

Higher GRMs and throughput boost profitability in FY26

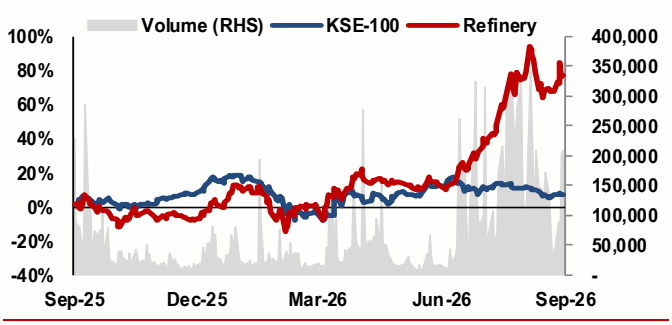
- TSL's Refinery Universe posted a PAT of PKR 53Bn in FY26, up significantly by 75xYoY. The sharp turnaround in profitability was driven by multiple factors, including: i) GRMs increased substantially, driven by significant inventory gains in 4QFY26 amid the sharp rise in international crude prices following the US–Iran escalation, coupled with widening HSD and MS crack spreads (FY26 GRMs stood at ~USD 12.3/bbl. compared to ~USD 4.8/bbl. in the SPLY); ii) Increase in the refinery upliftment by ~9%YoY in FY26, primarily driven by higher HSD, MS, and Jet Fuel/Kerosene sales, which grew by ~14%, ~11%, and ~31% YoY, respectively (sector utilization improved to ~56% in FY26); iii) Operational efficiencies related to higher Diesel and MS throughput along with drop in FO production by ~8%YoY; and iv) Higher domestic crude production i.e. up ~5%YoY.
- ATRL's profitability arrived at ~PKR 26Bn in FY26, up 1.9xYoY mainly due to higher gross margins along with increase in throughput by ~4%YoY to 1.73Mn tons. In case of PRL, the Company posted a PAT of ~PKR 16Bn in FY26 compared to a LAT of ~PKR 4.7Bn in the SPLY; driven largely by higher gross margins and operational efficiency as PRL produced above 800K tons of HSD for the first time in its history; strongly increasing the utilization to ~68% in FY26 (highest among listed refineries). Likewise, CNERGY posted a PAT of PKR 11.2Bn in FY26 compared to a LAT of ~PKR 3.6Bn in FY25. The significant jump in the earnings is likely to be an impact of higher gross refinery margins as a result of record high cracking spreads & significant inventory gains triggered by higher international oil prices due to the Middle-East conflict.
- Going forward, we expect TSL Refinery Sector earnings to increase during FY27 as well; mainly due to; i) Higher crack spreads on account of lower inventory levels in the Middle-East post infrastructural damages i.e. likely to take months to recover (although GRMs growth is likely to be restricted by the stipulated cap on HSD crack spread at USD 41.89/bbl.); ii) Post-signing of the Brownfield Refining Policy (as amended on Aug'26) is likely to increase topline i.e. claiming deemed duty benefit (7.5%) on HSD and iii) Super tax reduced to 8% for companies with earnings exceeding PKR 500Mn; improving overall bottom-line.

FY26 Gross Margins For Listed Refineries (USD/BBl.)



Source: Company Financials & TSL Research

12 Month Relative Performance of Refinery Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

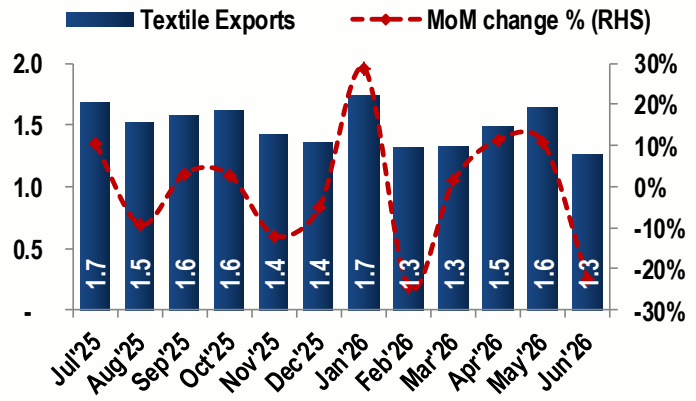
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
PRL	15,780	(4,659)	-4.4x	1,016	1,121	9,943	3,700	-63%
ATRL	26,062	8,949	1.9x	2,401	4,011	12,665	6,985	-45%
CNERGY	11,183	(3,590)	-4.1x	(793)	3,543	14,353	(5,920)	-1.4x
Total	**53,026**	**700**	**74.8x**	**2,624**	**8,675**	**36,960**	**4,766**	**-87%**

Source: Company Accounts & TSL Research.

FY26 Earnings up 87%YoY amid stable demand

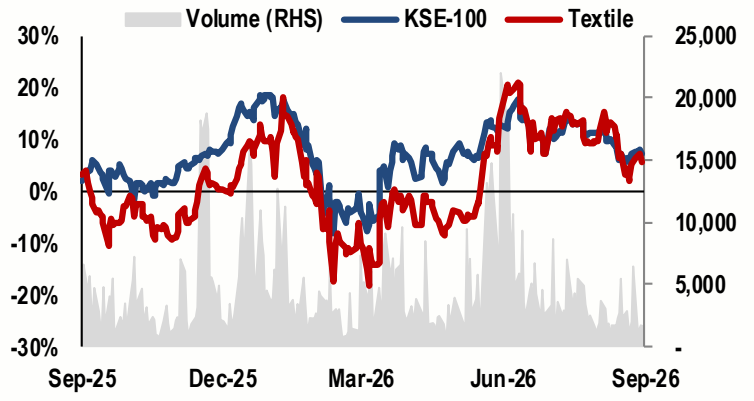
- TSL Textile Universe profitability increased ~87%YoY in FY26, supported by improved demand in value-added textiles and lower finance costs. However, margins declined 1pptsYoY, amid elevated energy prices, higher taxation and persistent geo-political tensions weighed on global demand. However, on a positive side, the FY27 budget reduced advance income/minimum tax on exporters from 2% to 1.5% and eliminated the 10% super tax for companies deriving over 80% of sales from exports, providing relief particularly to ILP and GATM, respectively.
- Cotton arrivals remained under pressure during the year mainly due to reduced domestic cotton production attributable to adverse weather conditions and floods. Total arrivals stood at ~5.6Mn bales, while cotton production remained well below the 10Mn bales target at ~5.5Mn bales. Despite supply side challenges, textile exports remained stable at USD 17.9Bn in FY26, while, lower interest rates supported profitability for leveraged players.
- Company-wise performance varied in FY26. NML recorded the strongest profitability growth, increasing ~2.3xYoY, supported by higher sales of value added textiles, a balanced sales mix and a 28%YoY increase in other income. Similarly, ILP's profitability rose ~1.2xYoY, driven by higher exports particularly from the apparel & denim segments and robust margins (up ~3pptsYoY). ILP is also investing in hosiery manufacturing plant in Egypt, supporting easy gateway to exports routes. Meanwhile, GATM posted a 1.1xYoY decline in profitability mainly due to losses from discontinued operations, higher taxation, and elevated costs. Overall, the sector benefited from stronger sales growth and lower interest rates, which provided some relief against cost pressures.
- We are Market-weight on the sector with ILP as our top pick.

Textile Exports Trend (USD Bn)



Source: PBS and TSL Research

12 Month Relative Performance of Textile Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

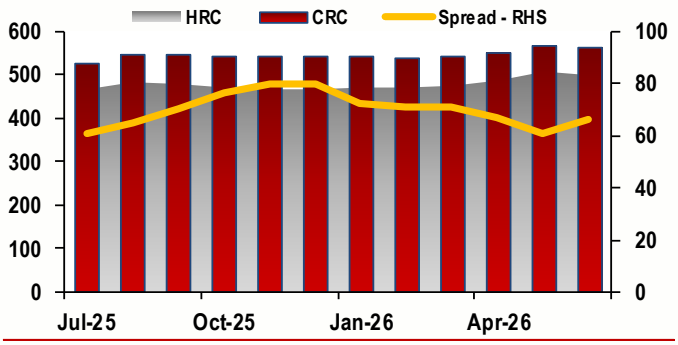
Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
ILP	12,451	5,647	1.2x	2,742	3,157	2,897	3,654	26%
GATM	(339)	4,454	-1.1x	307	(256)	(169)	(220)	30%
NML	15,618	4,738	2.3x	1,693	4,073	1,544	8,309	4.4x
Total	**27,731**	**14,840**	**87%**	**4,742**	**6,973**	**4,272**	**11,743**	**1.7x**

Source: Company Accounts & TSL Research.

Increase in Auto sales & construction demand boosted FY26 earnings

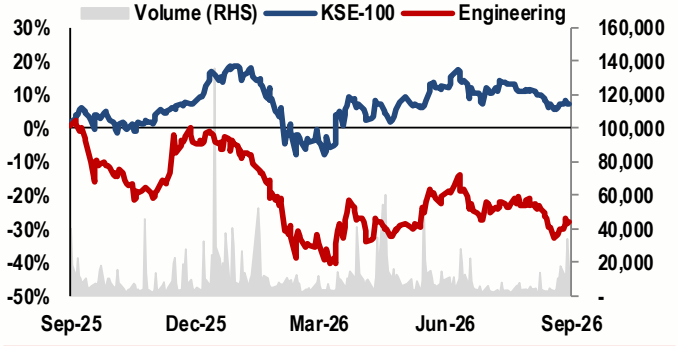
- During FY26, TSL Engineering Universe posted a PAT of ~PKR 2Bn compared to a LAT of ~PKR 8.5Bn in the SPLY; a resultant effect of improvement in the construction demand, reducing dominancy of the undocumented players in FATA/PATA due to imposition of 10% GST—introduced in FY26 Budget (increased to 12% for FY27), lower interest rates, surge in the Automobile sales by ~30%YoY i.e. Passenger cars and 2/3 wheelers sales went up by 39%YoY and 30%YoY (increase in ISL sales growth) and gains on loan restructuring—~PKR 3.1Bn as one-off gains booked by ASTL; driving overall TSL Steel Universe earnings in FY26.
- In the long steel segment, ASTL posted a PAT of PKR 548Mn in FY26 compared to a LAT of PKR 3.8Bn in the SPLY; mainly attributed to one-off gain on restructuring of loans amounting to ~PKR 3.1Bn. On the operational front, the Company has decided to extend the suspension of its operations at SITE Rolling Mill for an additional one year—till Jun'27. Moreover, AGHA's LAT arrived at PKR 4.7Bn in FY26, down 34%YoY due to working capital management issues along with higher finance cost. Although, AGHA & BAHL have agreed on the restructuring and rescheduling of the financing facilities for up to 10 years (restructuring gains are likely to be booked in FY27). Further, MUGHAL posted a PAT of PKR 2.5Bn in FY26 (up 1.6x over the SPLY) due to increase in domestic sales. In the flat steel category, ISL's PAT arrived at PKR 3.7Bn in FY26, up 1.4xYoY due to increase in the construction demand along with significant increase in Automobile sales during the year.
- Nevertheless, we expect steel demand to recover during FY27 due to: i) Favorable budgetary measures for the construction sector; ii) Increase in sales tax on FATA/PATA from 10% to 12% (Budget FY27) which will benefit documented players; iii) Loan restructuring (for ASTL and AGHA) to reduce finance cost; iv) Increase in Auto-financing to boost sales (benefiting ISL) and; v) Super tax reduced from 10% to 8% for companies with earnings exceeding PKR 500Mn, improving the overall bottom-line of the steel companies. Our top picks are MUGHAL and ISL.

CRC-HRC Prices - FY26 (USD per ton)



Source: Bloomberg & TSL Research

12 Month Relative Performance of Engineering Sector



Source: PSX and TSL Research

Profit After Tax (PKR Mn)

Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
ASTL	548	(3,811)	1.1x	(790)	1,965	(305)	(321)	5%
MUGHAL	2,487	966	1.6x	997	665	461	364	-21%
ISL	3,673	1,559	1.4x	620	995	793	1,265	60%
AGHA	(4,741)	(7,211)	-34%	(1,169)	(636)	(926)	(2,010)	1.2x
Total	**1,968**	**(8,498)**	**1.2x**	**(341)**	**2,989**	**22**	**(702)**	**-32.6x**

Source: Company Accounts & TSL Research.

PIBTL: Increase in demand for imported coal improved FY26 earnings

› During FY26, PAT arrived at PKR 3.4Bn, up 14.1xYoY, with gross margin arriving at 33%; as cargo volumes increased supported by rising coal imports for cement manufacturers mainly after the Afghan-border closure. Further, PIBTL's finance cost reduced 43%YoY reflecting efficient debt management throughout the year as well as lower interest rates. EPS arrived at PKR 1.89.

EPCL: One-offs benefited earnings for the year

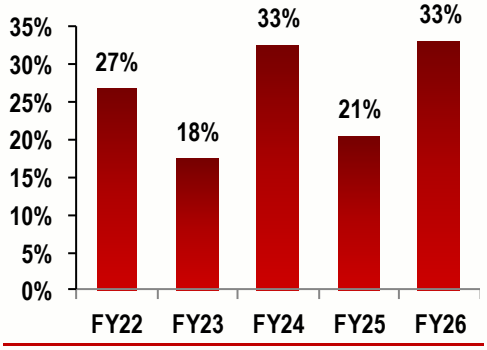
› During FY26, PAT arrived at PKR 960Mn, up 1.5xYoY, with gross margin arriving at 10%; as Global oil prices surged—amid ME disruptions. During the year, core delta (PVC-Ethylene) averaged ~USD 303/ton, down 2% from the SPLY. Additionally, due to hike in oil prices, the International PVC prices clocked-in at USD 938/ton, up 34%YoY and Ethylene prices rose to USD 1,224/ton, up 40%YoY during the last quarter of FY26—a major driver of improved margins. Although EPCL's topline was affected due to planned plant closure in May'26, it's bottom-line improved—supported by the reversal of SIDC (one-off) in 4QFY26 and reduction in captive gas levy during the year.

› Moreover, 1HCY26 EPS arrived at PKR 1.89.

PAEL: Bottom-line remained unharmed during Geo-political disruptions

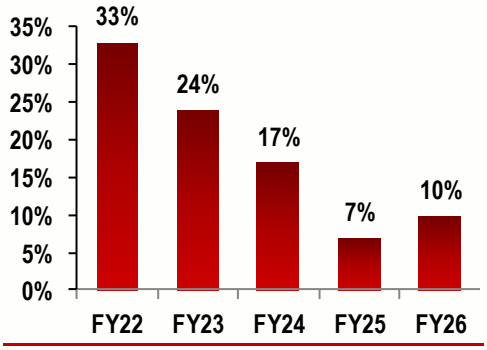
› During FY26, PAT arrived at PKR 4.1Bn, up 23%YoY, with gross margin down 1pptYoY to 26%. The topline of the Company was supported by seasonal demand for home appliances. During the year, revenue from Home Appliances division reached PKR 60.6Bn, up 16%YoY, while Power division's revenue clocked-in at PKR 31.2Bn, up 20%YoY. Additionally, exports of the Company (primarily to the US) climbed to PKR 9.8Bn which were up 2.5x from the SPLY—supported by US certification for exporting power transformers. 1HCY26 EPS arrived at PKR 2.84.

PIBTL Gross Margin (%)



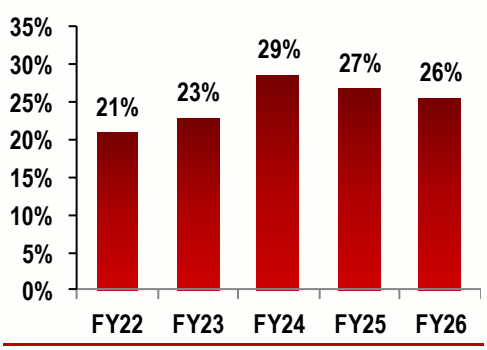
Source: PSX & TSL Research

EPCL Gross Margin (%)



Source: PSX & TSL Research

PAEL Gross Margin (%)



Source: PSX & TSL Research

Profit After Tax (PKR Mn)

Universe	FY26A	FY25A	YoY	1QFY26A	2QFY26A	3QFY26A	4QFY26A	QoQ
EPCL	960	(1,803)	1.5x	(222)	(446)	371	1,257	2.4x
PIBTL	3,373	(258)	14.1x	617	894	590	1,272	1.2x
PAEL	4,095	3,322	23%	681	795	870	1,749	1.0x

Source: Company Accounts & TSL Research.

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- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S, EV/EBITDA, EV/Revenue etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: https://jamapunji.pk/

Frequently Used Acronyms

TP	Target Price	**DCF**	Discounted Cash Flows			**FCF**	Free Cash Flows
FCFE	Free Cash Flows to Equity	**FCFF**	Free Cash Flows to Firm			**DDM**	Dividend Discount Model
SOTP	Sum of the Parts	**P/E**	Price to Earnings ratio		**P/BVPS**	Price to Book ratio	
P/S	Price to Sales	**EVA**	Economic Valued Added			**BVPS**	Book Value per Share
EPS	Earnings per Share	**DPS**	Dividend per Share	**DY**	Dividend Yield		
ROE	Return on Equity	**ROA**	Return on Assets			**JPB**	Justified Price to Book

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