Power Generation: Kot Addu Power Company Limited

Result Review: EPS arrived at PKR 0.57/share in 1QFY27

Kot Addu Power Company (KAPCO) announced its financial results for 1QFY27, wherein the EPS arrived at PKR 0.57 (102x YoY). The YoY improvement in earnings is driven by a turnaround at the gross level at PKR 39mn, as last year reflected a gross loss of PKR 831mn following the absence of KAPCO's PPA and second 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 1QFY27, revenue stood at PKR 11.7bn (vs. PKR 9.0bn in the prior quarter and PKR 4.2bn SPLY). After resuming operations in 4QFY25 post an 18-month shutdown, KAPCO's SY plant operated at ~17% utilization in Sep'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 no dividend for 1QFY27.
- The company earnings were primarily driven by interest income as well as penal income (PKR 1.05/share in 1QFY27). As of Sep'26, KAPCO holds cash and investments of PKR 13.3/share and a book value per share (ex-PPE) of PKR 62.3.
- Moreover, 1QFY27 marked the second 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. ACPL contributed PKR 397mn to KAPCO, translating into PKR 0.45/share for 1QFY27.

Recommendation

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

REP-300

Exhibit: Financial Highlights

(PKR mn)	1QFY27	1QFY26	YoY	4QFY26	QoQ
Income statement					
Net Revenue	11,724	4,156	182%	9,194	28%
Cost of Sales	11,686	4,987	134%	8,686	35%
Gross Profit / (Loss)	39	(831)	nm	507	-92%
Admin and Dist. Exp.	141	221	-36%	166	-15%
Other Income	922	1,291	-29%	1,209	-24%
Other Expense	29	22	32%	61	-53%
Share of profit	397	-	nm	355	12%
Finance Cost	427	5	85x	336	27%
PBT	762	211	261%	1,508	-49%
Taxation	262	206	27%	503	-48%
PAT*	500	5	102x	1,005	-50%
EPS (PKR)	0.57	0.01		1.14	
DPS (PKR)	-	-		1.50	
Ratio Analysis					
Gross Margins	0.3%	nm		5.5%	
Net Margins	4.3%	0.1%		10.9%	
Effective Tax Rate	34%	98%		33%	

Source (s): Company Financials, AHL Research

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