ARIF HABIB LIMITED

REP-300

KSE-100 Index Profitability

CY25: Earnings up 5.3% YoY

26-Feb-2026

EUROMONEY
Best Broker: '25
Best Bank for Research:'25
Best Investment Bank for M&A: '25
Best for Research: '24
Best for Diversity & Inclusion: '24
Best Investment Bank: '23

CFA Society Pakistan
Best Corporate Finance House: '25, '23-'13
Best Brokerage House: '23 – '21
Best Brokerage House (Runner-up): '25–'24
Best Economic Research House: '23–'21
Best Economic Research House (Runner-up): '25–'24

FinanceAsia
Best Broker:'25
Best Equity Capital Market House:'25

Asset Asian Awards Triple A
Best Gender Equality Bond: '24
Best Equity Advisor: '21

ASIAMONEY
Best Securities House: '23
Best Investment Bank: '23

INTERNATIONAL FINANCE
Best Brokerage House: 2023

Pakistan Stock Exchange Limited
Top 25 Companies ('17-'19)

Central Depository Company
Excellence Award Leading Brokerage House for RDA '21

AHL Research
D: +92 21 38280283
E: research@arifhabibltd.com

KSE-100 Index Profitability

CY25: Earnings increased by 5.3% YoY to PKR 1.6trn

- The KSE-100 index's profitability (based on 83% of the index weightage) increased by 5.3% YoY in CY25, reaching PKR 1,558bn.
- This earnings increase was witnessed on the back of 50%, 44%, 36%, 31%, 24%, 10%, 10%, 10%, 8% and 3% YoY in the Inv. Banking, Auto Assemblers, Miscellaneous, Textile Composite, Cements, Banks, OGMCs, Others, Food and Fertilizer respectively.
- Conversely, YoY declines were observed in the Refinery, REIT, Power, Chemicals, and E&P sectors, recording decreases of 57%, 49%, 26%, 20%, and 10%, respectively.
- We have based our analysis on the KSE-100 index and have included the results of 69 companies.
- The companies that have been included in our analysis represent almost 83% of the market capitalization of KSE100.

Commercial Banks

In CY25, despite low policy rate, the banking sector was able to post a jump in profitability by 10% YoY to PKR 640bn on the back of expanding low-cost deposits, provisioning reversals and strengthening balance sheet.

Oil and Gas Exploration Companies

The sector's profitability declined by 10% YoY to PKR 331bn in CY25, primarily due to lower international oil prices and reduced oil and gas output amid production curtailments and weak power demand. The decline was further exacerbated by higher operating and royalty expenses (notably at MARI), along with lower other income.

Cement

Bottom-line increased 24% YoY to PKR 165bn in CY25, driven by a 15% YoY decline in coal prices and a 14% YoY rise in dispatches. These factors supported gross margin expansion, while higher other income and lower finance costs amid decline in interest rates further boosted earnings.

Power

Net profit declined by 26% YoY to PKR 45bn in CY25, primarily due to the termination of HUBC's base plant PPA, NEL LPS provisioning, and a lower share of associate profits, following one-off gains in CY24 related to PRIME.

KSE-100 Index Profitability

CY25: Earnings increased by 5.3% YoY to PKR 1.6trn

ARIF HABIB LIMITED

Fertilizer

Earnings rose 3% YoY to PKR 96bn in CY25, led by FFC, reflecting the full year merger impact (effective Sep'24), offsetting lower urea and DAP offtake, while dividend income remained strong, supported by power investments, PMP, and AKBL.

Auto Assembler

Bottom-line surged by 44% YoY to PKR 88bn in CY25, driven by a low base effect, recovery in volumetric sales amid easing inflation, revival in auto financing, new model launches, and a stronger cash position that boosted other income for listed players. However, tractor volumes declined due to weak farm economics and flood-related disruptions.

Textile Composite

The sector's profitability increased by 31% YoY to PKR 13bn in CY25, primarily due to a decline in raw materials cost (both local and imported cotton) and declining finance costs.

OGMCs

Earnings rose by 10% YoY to PKR 34bn in CY25, with margin expansion driven by higher inventory gains, improved inventory management versus SPLY, and lower finance costs.

Technology

The sector posted a loss of PKR 2bn in CY25, compared to a loss of PKR 6.6bn last year, mainly supported by PTC's narrower losses from higher telecom service pricing and lower finance costs amid decline in interest rates.

KSE-100 Index Profitability

CY25: PAT up by 5.3% YoY

ARIF HABIB LIMITED

Exhibit: Sector Wise KSE-100 Index Profit after tax

(PKR mn)	Weight	4QCY25	YoY	QoQ	CY25	YoY
		383,354	-1.9%	-4.6%	1,557,988	5.3%
Banks	29.2%	149,058	-3%	-10%	639,670	10%
Fertilizer	13.5%	24,282	-1%	-3%	96,192	3%
E&P	11.5%	74,104	-15%	-7%	330,907	-10%
Cement	9.7%	45,272	-3%	8%	165,200	24%
Inv. Banks	5.1%	440	-9%	-33%	1,887	50%
Power	4.8%	10,629	152%	-9%	45,054	-26%
Technology	4.7%	4,284	42%	nm	(2,020)	nm
OGMCs	3.3%	5,343	-46%	-60%	33,546	10%
Auto Assem.	3.2%	20,944	32%	-14%	87,539	44%
Pharma	2.7%	1,336	nm	26%	3,299	nm
Food	1.7%	11,385	12%	-5%	50,603	8%
Textile Composite	1.5%	4,199	138%	21%	13,280	31%
Chemicals	1.3%	2,447	-35%	14%	9,984	-20%
Miscellaneous	1.2%	874	28%	18%	2,633	36%
Refinery	0.8%	7,125	5%	726%	8,519	-57%
REIT	0.7%	2,401	-58%	73%	4,972	-49%
Others	5.1%	19,232	14%	0%	66,723	10%

Source (s): Company Financials, AHL Research

KSE-100 Index Profitability

CY25: PBT up by 8.2% YoY

Exhibit: Sector Wise KSE-100 Index Profit before Tax

(PKR mn)	Weight	4QCY25	YoY	QoQ	CY25	YoY
		715,863	-3.7%	-1.2%	2,862,845	8.2%
Banks	29.2%	330,332	-10%	-7%	1,404,074	13%
Fertilizer	13.5%	46,117	5%	10%	160,895	3%
E&P	11.5%	109,251	-20%	-12%	483,227	-16%
Cement	9.7%	64,760	-6%	6%	265,798	32%
Inv. Banks	5.1%	760	28%	11%	2,542	84%
Power	4.8%	16,212	74%	-1%	64,318	-21%
Technology	4.7%	8,351	9%	97%	12,358	-10%
Auto Assem.	3.2%	36,129	52%	15%	134,481	42%
OGMCs	3.3%	32,030	65%	19%	81,833	69%
Pharma	2.7%	1,655	189x	-3%	4,647	nm
Food	1.7%	17,843	8%	-10%	82,443	12%
Chemicals	1.3%	3,909	-34%	9%	16,112	-15%
Textile Composite	1.5%	7,030	164%	25%	21,318	61%
Insurance	0.4%	3,107	-15%	31%	9,816	14%
Tobacco	0.4%	9,558	-31%	-43%	51,116	3%
REIT	0.7%	1,408	21%	2%	5,428	20%
Others	6.3%	27,411	33%	118%	62,439	-9%

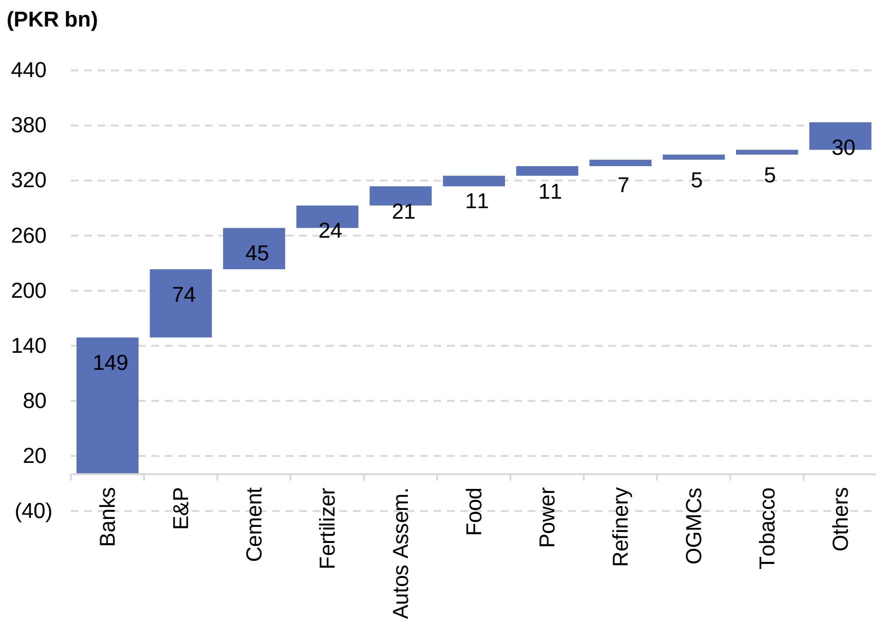
Source (s): Company Financials, AHL Research

KSE-100 Index Profitability

Earnings decline – a 2% dip in 4QCY25

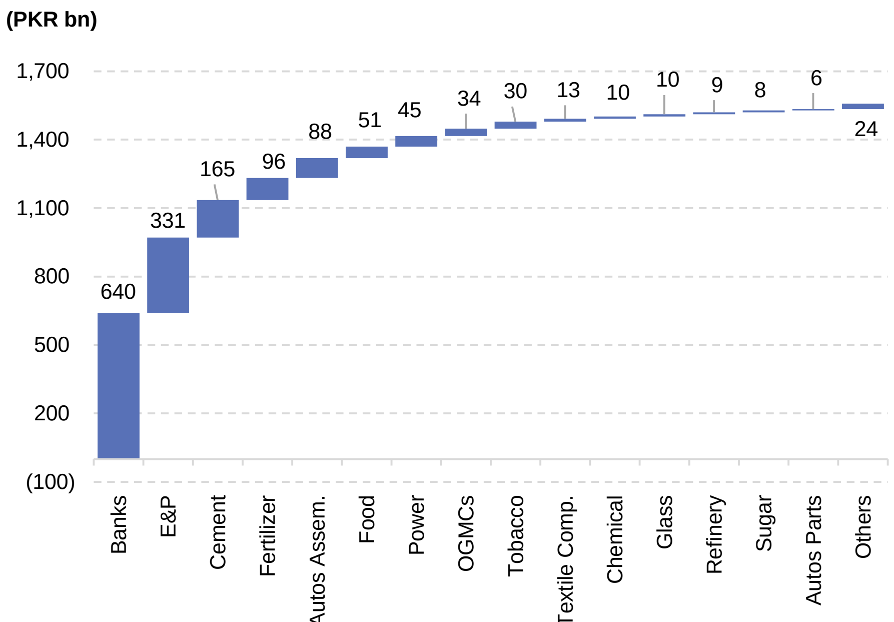
- KSE-100 profitability tumbled by 2% YoY to PKR 383bn in 4QCY25.
- This earnings decrease was witnessed on the back of 58%, 46%, 35%, 15%, 9%, 3%, 3% and 1% YoY in the REIT, OGMCs, Chemicals, E&Ps, Inv Banks, Banks, Cement and Fertilizer respectively.
- Conversely, increase was recorded in Power, Textile Composite, Technology, Autos, Miscellaneous, Others, Food, and Refinery YoY decrease of 152%, 138%, 42%, 32%, 28%, 14%, 12% and 5% respectively.

Exhibit: KSE100 Profitability Contribution (4QCY25)



Source (s): Company financial, AHL Research

Exhibit: KSE100 Profitability Contribution (CY25)



Source (s): Company financial, AHL Research

KSE-100 Index Profitability

Earnings decline – a 2% dip in 4QCY25

ARIF HABIB LIMITED

Commercial Banks

In 4QCY25, earnings contracted by 3% YoY to PKR 149bn, amid lower net interest income and higher provisions.

E&Ps

E&P sector's profitability declined by 15% YoY to PKR 74bn in 4QCY25, mainly due to lower oil prices and reduced gas output, coupled with higher operating and royalty expenses (primarily in MARI), as well as a drop in other income.

Fertilizer

Earnings were largely flat YoY at PKR 24bn in 4QCY25 but missed expectations, as one-offs, higher discounts on urea and lower other income for FFC offset record urea offtake.

Cement

Bottom-line declined 3% YoY to PKR 45bn in 4QCY25, primarily due to the unavailability of Afghan coal in the Northern region, which led to higher fuel costs. The decline was further impacted by lower other income due to lower interest rates.

OGMC's

Earnings fell by 46% YoY to PKR 5bn in 4QCY25, due to lower MS and HSD volumes, higher than expected inventory losses, reduced other income, and increased operating expenses.

Technology

The sector posted a 42% YoY increase to PKR 4bn in 4QCY25, primarily driven by higher profitability in PTC for the reasons mentioned earlier.

Auto Assembler

The automobile sector posted strong 4QCY25 results, with profitability increasing 32% YoY to PKR 21bn, driven by lower auto financing rates, alongside easing inflation, new model launches, and improved cash positions for listed companies.

Textile Composite

The sector's profitability increased by 138% YoY to PKR 4bn in 4QCY25, driven by lower raw material costs, including both local and imported and higher other income.

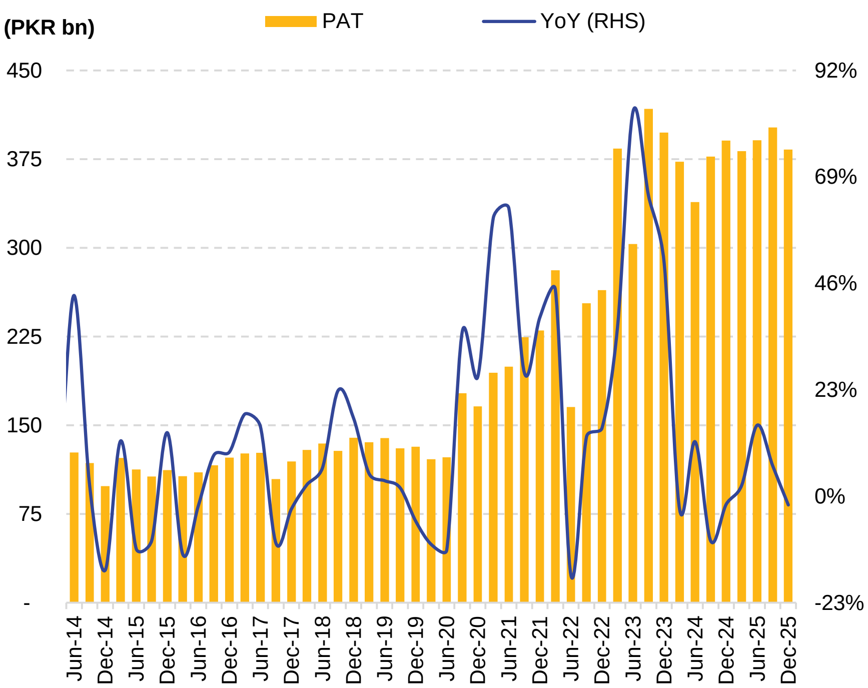
Power

Net profit rose by 152% YoY to PKR 10.6bn in 4QCY25, driven by higher gross profit, increased associate profit, and lower finance costs for HUBC. Earnings were further supported by reduced other operating expenses, as a PKR 2.6bn NEL provision had been recorded in the SPLY.

KSE-100 Index Profitability

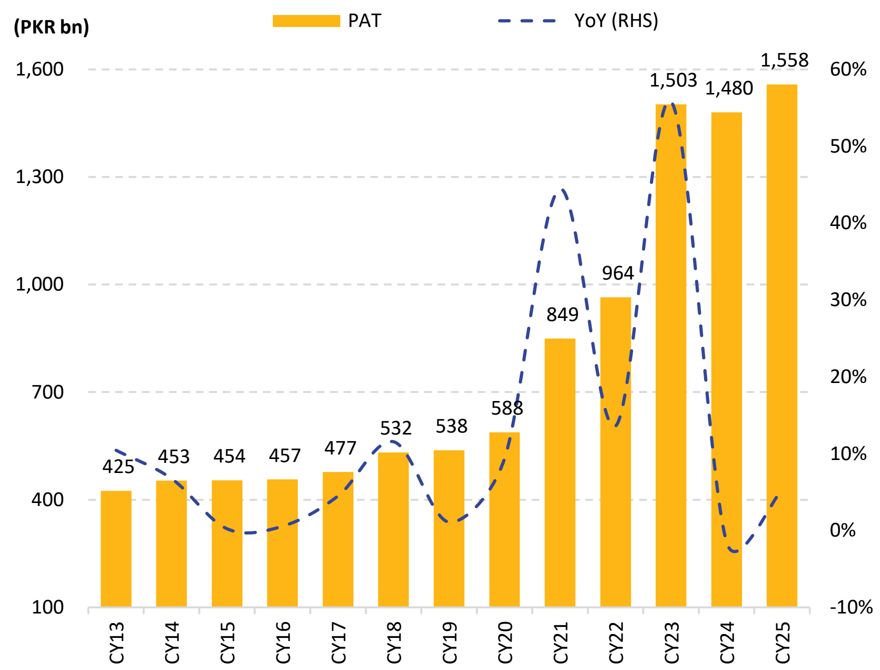
Historical trends

Exhibit: KSE100 Historical Profitability (Quarterly)



Source (s): Company financial, AHL Research

Exhibit: KSE100 Historical Profitability (CY25)



Source (s): Company financial, AHL Research

KSE-100 Index Dividends

Pay out reached 52% in CY25

- Dividends of KSE-100 companies increased by 23% YoY to PKR 808bn in CY25.
- The pay out reached 52% in CY25.

Commercial Banks

Sector dividends increased by 35% YoY to PKR 378bn, supported by improved profitability, with major contributions from leading players such as MCB, NBP and UBL.

.

E&Ps

Dividends increased by 20% YoY to PKR 146bn in CY25, driven primarily by higher payouts from OGDC and the continuation of semi-annual dividends by MARI.

Fertilizer

Dividends from the fertilizer sector declined by 7% YoY to PKR 73bn, primarily due to lower payouts by EFERT amid weaker earnings and a reduced payout ratio overall.

Cement

Dividends from the cement sector rose 35% YoY to PKR 35bn, also driven by higher profitability.

Power

Dividends from power sector increased by 25% YoY to PKR 26bn during CY25 due to higher dividend from HUBC.

Auto Assemblers

The sector's dividend increased by 24% YoY to PKR 39bn during CY25, due to increase in dividend from INDU, SAZEW, HCAR, GAL and ATLH due to increase in profitability.

KSE-100 Index Dividends

Pay out reached 52% in CY25

ARIF HABIB LIMITED

Exhibit: Sector Wise KSE-100 Index Dividends

(PKR mn)	Weight	4QCY25	YoY	QoQ	CY25	YoY
KSE100 Index		**281,121**	**26%**	**86%**	**808,583**	**22.8%**
Banks	29.2%	167,690	54%	140%	378,214	35.3%
E&P	11.5%	41,492	39%	102%	146,164	20.4%
Fertilizer	13.5%	17,438	-57%	-11%	72,685	-7.2%
Food	1.7%	21,057	53%	94%	58,120	51.3%
Auto Assem.	3.2%	8,513	-30%	-20%	39,273	23.9%
Cement	9.7%	6,254	1%	5%	34,664	34.9%
Power	4.8%	6,486	0%	0%	25,943	25.0%
Auto Parts	0.4%	1,215	275%	nm	1,702	110.0%
OGMCs	3.1%	2,488	60%	nm	8,800	5.2%
Textile Composite	1.5%	2,803	nm	nm	4,205	20.0%
Chemicals	1.3%	2,424	286%	nm	2,997	142.2%
Glass	0.5%	1,861	440%	272%	4,893	264.0%
Engineering	0.5%	1,134	nm	nm	2,749	55.6%
Others	19.1%	266.54	-90%	-96%	28,173	-38.4%

Source (s): Company Financials, AHL Research

Analyst Certification and Disclaimer

Analyst Certification: The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec 2026 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +10% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -5% and +10% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -5% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report