

Flash Note

Friday, October 24, 2025

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Tobacco

Pakistan Tobacco Company Limited (PAKT)

Earnings: PAKT announced its 3QCY25 results, posting earnings of PKR 10.26 bn (EPS: PKR 40.15), up 15% y/y compared to PKR 8.93 bn (EPS 34.91) in 3QCY24, and up 28% q/q versus 2QCY25. This takes 9MCY25 profitability to PKR 24.52 bn (EPS 95.96), representing 23% y/y growth against PKR 22.21 bn (EPS 77.95) in the same period last year. The improvement in profitability stems from higher gross margins, elevated other income (+147% y/y), and better cost management.

Dividend/Payout: Along with the result, the company declared a fifth interim cash dividend of PKR 20.00/share, taking total payout for 9MCY25 to PKR 150.00/share, compared to PKR 125.00/share during the same period last year.

Operating Performance: During 3QCY25, net sales clocked in at PKR 33.16bn, up 11% y/y, driven by continued price increases implemented earlier in the year to offset higher excise duties. However, sales declined 14% q/q driven by lower trade offtake, and a slowdown in volumes amid affordability pressures in the formal segment. Gross profit stood at PKR 19.58bn, marking a 6% y/y increase, with gross margins improving to 59% during 3QCY25 as compared to 38% in the same period last year. On the cost front, selling and distribution expenses remained largely stable (-2% y/y) but declined significantly (-45% q/q), as the company optimized trade and logistics spending. Administrative expenses increased 22% y/y, while on a q/q basis, it declined -57%. Meanwhile, other operating expenses were flat (-2% y/y), suggesting better cost rationalization. Notably, other income surged 5.17x y/y. As a result, profit from operations rose 8% y/y and 20% q/q to PKR 16.33bn. During 9MCY25, Finance Cost significantly declined (-1.52x y/y). During the period under review, effective tax rate declined to 63% against 84% in 3QCY24, bringing 9MCY25 effective tax rate to 69% vs 71% in the same period last year.

Exhibit: PAKT Financial Highlights								
For the period 3QCY25								
PKRmn	3QCY25	3QCY24	y/y	2QCY25	q/q	9MCY25	9MCY24	y/y
Sales- Net	33,155	29,931	11%	38,743	-14%	102,548	88,119	16%
Cost of Sales	13,578	11,509	18%	19,765	-31%	50,130	46,059	9%
Gross Profit	19,577	18,422	6%	18,978	3%	52,418	42,060	25%
Selling & Distribution expenses	1,319	1,302	1%	2,419	-45%	5,007	5,104	-2%
Admin Expense	884	726	22%	2,071	-57%	4,166	3,889	7%
Other Operating Expense	1,248	1,268	-2%	1,065	17%	3,116	2,339	33%
Other Income	200	32	5.17x	131	53%	333	135	1.47x
Profit from Operations	16,326	15,158	8%	13,553	20%	40,463	30,862	31%
Finance Income	577	1,481	-61%	825	-30%	1,685	5,899	-71%
Finance Cost	(191)	(190)	1%	(143)	34%	(591)	(1,146)	-1.52x
Profit before tax	16,712	16,450	2%	14,236	17%	41,557	37,907	10%
Taxation	6,453	7,532	-14%	6,242	3%	17,039	15,701	9%
PAT	10,259	8,918	15%	7,993	28%	24,518	22,206	10%
EPS (PKR)	40.15	34.91	15%	31.3	28%	95.96	77.95	23%
DPS (PKR)	20.0	65.0	-23%	40.0	25%	150.0	125.0	20%
Source: IGI Research, PSX					No of Shares: 255.49mn			

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