



Permian Basin Royalty Trust (PBT)

Updated August 28th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	\$34	5 Year CAGR Estimate:	-23.6%	Market Cap:	\$1.6 B
Fair Value Price:	\$4.2	5 Year Growth Estimate:	10.0%	Ex-Dividend Date:	8/31/26
% Fair Value:	817%	5 Year Valuation Multiple Estimate:	-34.3%	Dividend Payment Date:	9/15/26
Dividend Yield:	0.9%	5 Year Price Target	\$6.7	Years Of Dividend Growth:	0
Dividend Risk Score:	D	Sector:	Energy	Rating:	Sell

Overview & Current Events

Permian Basin Royalty Trust (PBT), based in Dallas, Texas, is an oil and gas trust, which was founded in 1980. In 2025, about 57% of output was oil and 43% was gas, but 90% of revenues came from oil. PBT is a combination trust: unit holders have a 75% net overriding royalty interest in Waddell Ranch Properties in Texas, which includes several oil and gas wells; and a 95% net overriding royalty interest in the Texas Royalty Properties, which includes various oil wells.

The trust's assets are static in that no further properties can be added. The trust has no operations but is merely a pass-through vehicle for the royalties. PBT had royalty income of \$27.0 million in 2024 and \$11.6 million in 2025.

On May 19th, 2026, Permian Basin Royalty Trust announced the receipt of interest from SoftVest Schedule 13D with respect to proposed business combination. SoftVest, which is a unitholder of Permian Basin Royalty Trust, has proposed that Permian Basin Royalty Trust combines its assets with some assets of Blackbeard. This combination will create a new company, which will be owned by the unitholders of Permian Basin Royalty Trust and Blackbeard. This development is the primary driver behind the 98% rally of the stock of PBT this year. However, as there is no info regarding the value of the assets of Blackbeard, the value of the combined entity is unknown.

In mid-August, PBT reported (8/13/26) financial results for the second quarter of fiscal 2026. The average realized price of gas decreased but the average realized price of oil increased over the prior year's quarter. Production of oil and gas increased. Overall, distributable income per unit improved from \$0.05 to \$0.08.

After some months of disappointing distributions, which resulted from high operating expenses on the Waddell Ranch properties, PBT boosted its distributions in the last two months of 2023. However, it has reduced them again in recent months due to high operating expenses on the Waddell Ranch properties. In the first eight months of this year, PBT has offered total distributions of \$0.21 per unit, which correspond to a 0.9% annualized yield. We are concerned over the unreliable and volatile business performance of PBT.

Growth on a Per-Unit Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
DCFU	\$0.42	\$0.63	\$0.66	\$0.42	\$0.24	\$0.23	\$1.15	\$0.60	\$0.54	\$0.31	\$0.32	\$0.52
DPU	\$0.42	\$0.63	\$0.66	\$0.42	\$0.24	\$0.23	\$1.15	\$0.60	\$0.54	\$0.31	\$0.32	\$0.52
Units¹	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6

Essentially all the royalty income the trust receives is passed through to unit holders. The trust has generated an average distributable and distributed cash flow of \$0.52/unit annually for the past 10 years, though with a noticeable decrease in 2015-2021. Given the natural decline of the production of oil wells and gas wells, the long-term downtrend in cash flows should be expected. The trust posted 10-year high distributable cash flow in 2022 thanks to the sanctions of western countries on Russia but gas prices have reverted to normal levels since 2023 due to high supply and unfavorable weather. The ongoing war in Iran is likely to result in much higher distributions in the upcoming months but we consider

¹ Average Weighted Unit count is in millions.

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this tailwind short-lived, as we expect the war to end soon. Nevertheless, given the abnormally low comparison base so far this year, we expect distributable cash flow to grow 10% per year on average over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
P/DCFU	15.8	14.4	13.2	13.6	13.3	23.9	14.5	37.1	22.2	44.5	106.3	13.0
Avg. Yld.	6.3%	6.9%	7.6%	7.4%	7.5%	4.2%	6.9%	2.7%	4.5%	2.2%	0.9%	7.7%

The trust's DCFU price multiple has averaged 21.3 over the past 10 years. We assume a fair valuation multiple of 13.0 for the trust due to our natural expectations for declining production volumes in the long run. PBT is currently trading at a sky-high valuation multiple of 106.3 due to the abnormally low distributions so far this year. If PBT trades at our assumed fair valuation level in five years, it will incur a -34.3% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

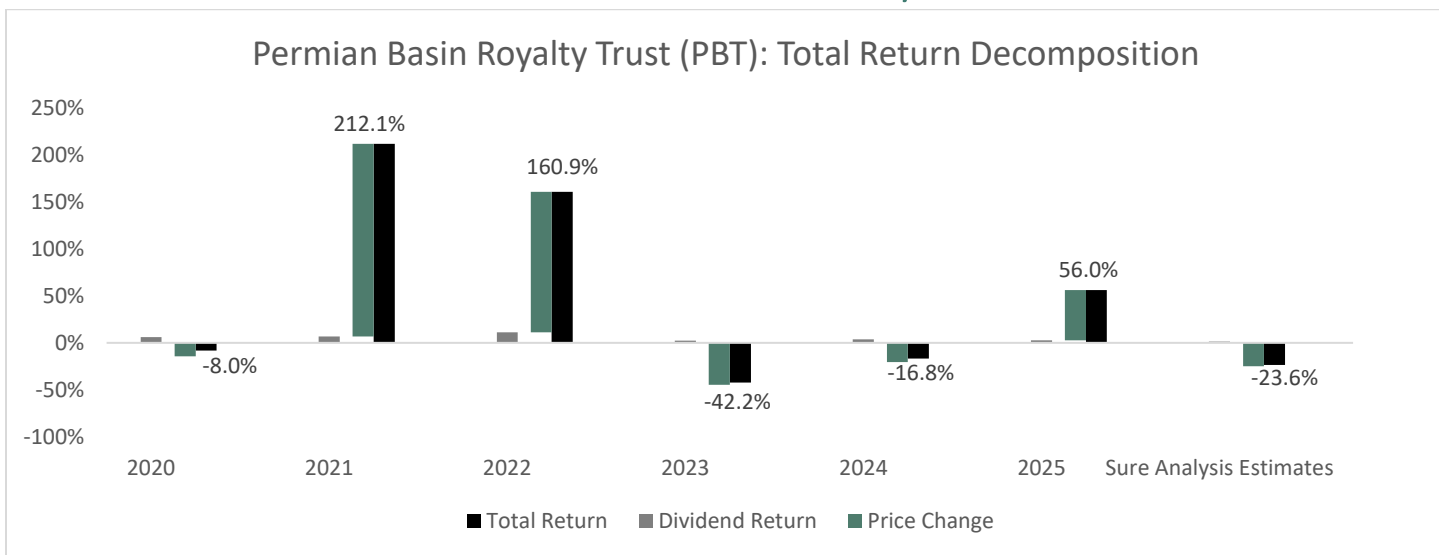
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

PBT has been in continuous existence for 46 years paying an average 5.6% yield in the last decade (albeit with high volatility in the distributions). However, future distributions are highly unpredictable due to the absence of any guidance and the unknown path of oil and gas prices. If the realized prices of oil and gas of PBT remain elevated, the trust is likely to reward its unit holders with generous distributions. On the other hand, whenever the energy market enters another downturn, the trust is likely to exhibit poor performance.

Final Thoughts & Recommendation

PBT benefits from the ongoing crisis in the Middle East but we expect this tailwind to fade in the upcoming years. PBT has rallied 98% this year, primarily thanks to the aforementioned receipt of interest to combine its assets with some assets of Blackbeard. However, due to the unknown value of the combined entity and the sky-high valuation of PBT, we consider the stock risky from a long-term perspective. PBT could offer a -23.6% average annual return over the next five years, as 10% growth of distributable income per unit and a 0.9% initial distribution may be offset by a -34.3% valuation headwind. As a result, PBT receives a sell rating. We also reiterate that we do not believe PBT is a buy-and-hold-forever stock due to the natural decline of its production in the long run.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	21.09	30.57	32.11	20.51	12.05	11.81	54.47	29.10	27.11	16.13
SG&A Exp.	1.19	1.25	1.32	1.09	1.04	1.09	0.92	1.12	1.70	0.00
Operating Profit	19.35	29.33	30.79	19.42	10.96	10.72	53.54	27.98	25.42	14.30
Operating Margin	92%	96%	96%	95%	91%	91%	98%	96%	94%	89%
Net Profit	19.35	29.33	30.79	19.42	10.96	10.72	53.54	27.98	25.42	14.30
Net Margin	92%	96%	96%	95%	91%	91%	98%	96%	94%	89%

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	4.40	3.95	3.99	3.29	2.11	2.60	3.13	6.27	2.29	1.88
Total Liabilities	3.80	3.42	3.53	2.86	1.73	2.25	2.86	6.05	2.12	1.72
Long-Term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Book Value	0.60	0.53	0.47	0.42	0.38	0.35	0.28	0.22	0.16	0.16
LTD/E Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shares Out.	46.61	46.61	46.61	46.61	46.61	46.61	46.61	46.61	46.61	26.61
Revenue/Share	0.45	0.66	0.69	0.44	0.26	0.25	1.17	0.62	0.58	0.35

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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