

# Fertilizer: Fauji Fertilizer Company Limited

## Corporate Briefing Takeaways

REP-300

### Management Conference Call

Fauji Fertilizer Company (FFC) analyst briefing was held on 6th August, 2025. Management mainly presented their view on current Sharia compliance status of the company, impact of weak farm economics, high inventory levels and update on Sona Centres.

### Brief Takeaways

- To recall, FFC posted a net profit of PKR 38,451mn (EPS: PKR 27.02) during 1HCY25, up by 32% YoY.
- Management updated that company is striving to achieve Shariah compliant status by the end of CY25. Certain requirements are still pending towards Shariah compliant status and progress towards this goal will be reflected in 2QCY25 quarterly accounts.
- Urea international prices are on the rise with CFR prices standing at USD 478/ton at the end of June'25 compared to USD 430/ton at the end of Mar'25. Prices have increased due to Chinese import restrictions and disruptions in Middle East. FFC Urea price currently stands at PKR 4,286/bag compared to landed import price of PKR 9,023/bag.
- Urea market has contracted by 23% in 1HCY25. FFC market share has reduced to 48% compared to 52% in 1HCY24. FFC inventory at the end of Jun'25 stood at 338k Tons compared to industry inventory of 1,310k Tons.
- DAP market has contracted by 18% in 1HCY25 with FFC market share decreasing to 64% compared to 71% in 1HCY24. Inventory stands at 134k tons compared to industry inventory of 336k tons.
- Reason for contraction in Urea and DAP volumes of industry are due to weak farm economics where profit per acre has declined for all major Kharif crops including Wheat, Cotton, Sugarcane, and Rice. Farmers have suffered losses of PKR 10.7k/acre in Wheat crop .
- Company's gross margins have declined to 34% in 1HCY25 (1HCY24: 42%) due to higher input cost at Port Qasim plant and discounts offered to off-load inventories.
- The company's unconsolidated other income rose to PKR 28bn in 1HCY25, primarily driven by higher dividend income of PKR 19bn. This includes contributions of PKR 9bn from the Energy segment, PKR 7bn from Askari Bank, and PKR 3bn from other associates and subsidiaries.
- FFC has launched 100th Sona Center in 2QCY25, with 98k farmers already registered. Products are now being marketed through dealer networks and Sona Centers.

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In order to avoid any conflict of interest, we hereby disclosed that; Arif Habib Limited (AHL) has a shareholding in FFC.