

**AHL Alert: Fertilizer**
**Fauji Fertilizer Company Limited**
**Result Review: One-Off Costs Weigh on 4QCY25 Earnings**
**REP-300**
**4QCY25: Earnings clocked in at PKR 11.19/share**

Fauji Fertilizer Company Limited (FFC) announced its results today, reporting a net profit of PKR 73.6bn (EPS: PKR 51.69) in CY25, up 14% YoY. 4QCY25 profit also increased 12% YoY to PKR 15.9bn (EPS: PKR 11.19). Alongside the results, the company announced a DPS of PKR 37.0 for CY25, up from PKR 34.86 last year, with a 4QCY25 DPS of PKR 8.5.

**Result Highlights**

- Net sales rose 16% YoY to PKR 432.4bn in CY25. However, 4QCY25 net revenue remained flat YoY at PKR 149.7bn, as higher discounts offset improved offtake. During the quarter, prilled and granular urea volumes increased 11% YoY each, while Sona DAP volumes declined 12.1% YoY. FFC offered discounts of ~PKR 150 per bag.
- Cost of sales rose 22.5% YoY to PKR 302bn in CY25. In 4QCY25, costs exceeded expectations, leading to subdued results, likely due to sales tax impairments on inputs such as urea. Other receivables fell from PKR 17.8bn in CY24 to PKR 5.2bn in CY25, reflecting these impairments, in our view. Sales tax receivables stood at PKR 8.6bn (PKR 6.01/share) as of Sep'25. Consequently, 4QCY25 gross margins declined to 25.2%, below historical levels.
- Other income rose 13% YoY to PKR 39.8bn in CY25, driven by higher dividend income from subsidiaries and associates. Contributions included PKR 7bn from PMP, PKR 5.9bn from AKBL, and PKR 9bn from power sector investments, offsetting the impact of lower interest rates and a reduced cash position.
- Finance costs remained largely stable YoY at PKR 6.5bn in CY25, as lower interest rates offset a higher debt position.
- On the balance sheet, FFC's inventory, which peaked at PKR 60bn in Sep'25, normalized to PKR 38bn, driven by higher offtake during the quarter.

**Recommendation**

- We maintain a Buy stance on FFC, with a Dec'26 target price of PKR 712/share. The stock is trading at CY26e and CY27f P/E multiples of 11.3x and 10.8x, respectively.

**Exhibit: Financial Highlights**

(PKR mn)	2025	2024	YoY	4QCY25	4QCY24	YoY	QoQ
<b>Income Statement</b>							
Net Revenue	432,410	373,537	16%	149,711	150,014	0%	18%
Cost of Sales	301,800	246,364	23%	111,926	111,160	1%	27%
Gross Profit	130,611	127,173	3%	37,785	38,853	-3%	-4%
Others Income	39,844	35,231	13%	5,410	6,837	-21%	-14%
Finance Cost	6,518	6,524	0%	1,556	1,567	-1%	0%
PBT	120,864	111,112	9%	29,809	27,359	9%	-8%
Net Profit	73,564	64,731	14%	15,928	14,171	12%	-17%
EPS (PKR)	51.69	45.49		11.19	9.96		
DPS (PKR)	37.00	34.86		8.50	21.00		
<b>Ratio Analysis</b>							
BVPS (PKR)	95.3	92.7		95.3	92.7		
Gross Margins	30.2%	34.0%		25.2%	25.9%		
Net Margins	17.0%	17.3%		10.6%	9.4%		
Return on Equity	55.0%	66.8%		55.0%	66.8%		
Return on Assets	17.2%	20.2%		17.2%	20.2%		
Effective Tax Rate	39.1%	41.7%		46.6%	48.2%		
Source (s): Company Financials, AHL Research							

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## Fauji Fertilizer Company Limited

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Arif Habib Limited (AHL) has a shareholding in FFC