October 29, 2025
REP 019

# FFC - 9MCY25 Analyst Briefing Takeaways

AKD Securities Limited

**Usama Rauf**
usama.rauf@akdsl.com
+92-21-111253111 EXT:634

**Fauji Fertilizer Company Ltd. (FFC) held its corporate briefing session today to discuss 9MCY25 financial results and future outlook. Key takeaways from the call are as follows:**

- Company reported standalone earnings of PkR57.6bn (PkR40.5/sh) in 9MCY25, compared to PkR50.6bn (PkR35.5/sh) in SPLY, primarily driven by higher sales and 21%YoY increase in other income.
- Industry-wide nutrient offtake remained subdued during 9MCY25, with urea sales declining by 8%YoY, mainly due to lower sales in 1H impacted by reduced rainfall and weak farm economics.
- Offtakes, however, improved during 3Q due to recovery in farmers liquidity and a positive outlook for upcoming wheat season. Consequently, industry's urea inventory level eased to 1,162k ton by 3Q-end from 1,310k tons at end-Jun'25.
- Company's urea sales declined by 12%YoY to 1,955k tons (including FFBL sales), resulting in market share normalizing to 47% from 51% in SPLY. The company holds 25% of total industry inventory, equivalent to 294k tons.
- FFC's DAP sales fell by 17%YoY to 541k tons, down from 649k tons in SPLY, though market share increased to 69% from 66% in SPLY. Company hold 110k tons of DAP inventory, 29% of the industry stock.
- Management expects nutrient demand to rebound in upcoming seasons, supported by improving farm economics, the recently announced wheat support price and a discounted energy package for farmers.
- Management foresees CY25 urea sales to reach 6.3mn tons, with year-end urea inventory expected to fall below 1.0mn tons. In addition, further recovery in urea demand is anticipated in CY26.
- Company is offering a discount of PkR70/bag on urea, lower than peers. In addition, FFC is not considering exports of urea.
- Phos-acid prices are trending upward, currently standing at US$1,290/ton.
- Management highlighted ongoing efforts to achieve Shariah-compliant status, with significant progress already made and expects to achieve compliance soon.
- Management apprised that company has been actively working on the Thar coal gasification project for the past few years, with steady progress so far, and stated that updates would be shared upon achieving tangible progress.
- As per management, Plant-II is scheduled for a routine maintenance shutdown in Dec'25.
- FFC has established 100 Sona centers to date and plans to expand the network to 270 by 1QCY26 to ensure fertilizer availability directly to consumers at controlled rates.
- We maintain our 'Buy' stance on FFC with a Jun'26 TP of PkR597/sh. Our liking for the scrip stems from: i) lower gas prices to FFC's base plants, ii) increasing DAP core margins, iii) consistent dividend income from power and banking subsidiaries, and iV) improvement in food business with increasing market penetration and cost efficiencies.

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|---|---|
| 475.6<br>Price (PkR/sh) | 1,423.1<br>Shares (mn) |
| 676,873.2<br>Market Capitalization (PkRmn) | 2,408.7<br>Market Capitalization (USDmn) |
| 2.55<br>3M Avg Turnover (mn) | 1,169.1<br>3M Avg DT Value(PkRmn) |

**Price Performance**

| HIGH | | LOW |
|---|---|---|
| 487.0 | 1.7% (1 Month) | 462.8 |
| 487.0 | 88.9% (52 Week) | 251.7 |

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- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

***New Rating Definitions***

Buy > 15% expected total return

Neutral > 0% to < 15% expected total return

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