



## FATIMA: 3QCY25 Result Review — Profitability exceeded expectations on higher other income

Fatima Fertilizer Company Ltd. (FATIMA) announced its 3QCY25 financial results, reporting consolidated earnings of PkR12.0bn (EPS: PkR5.7), up 30%YoY. Earnings came in higher-than-expectations, mainly due to stronger-than-anticipated other income.

- Revenue clocked in at PkR62.9bn from PkR62.6bn in SPLY, flat YoY, where impact of 8%/64% YoY increase in urea and CAN sales is offset by 9%/77% decline in NP and DAP offtakes, respectively.
- Gross margins improved to 35.3% from 33.7% in SPLY, primarily driven by lower Phosrock input cost and higher sales from base plant (beneficiary of cheap gas).
- Other income clocked in at PkR7.0bn, up 3.4x YoY, driven by 3.6x YoY increase in cash & investments.
- Finance cost inclined by 2.1x YoY to PkR2.0bn from PkR1.0bn in SPLY, mainly due to 3.9x YoY increase in total borrowings, though partially offset by declining financing rates.
- Effective tax rate during the quarter stood at 35%, compared to 38% in SPLY and 39% in 2QCY25, due to higher contribution from other income.
- This bring 9MCY25 profitability to PkR28.9bn (EPS: PkR13.8), an increase of 27%YoY from PkR22.8bn (EPS: PkR10.8) in SPLY.
- We maintain 'Neutral' stance on FATIMA with a Jun'26 target price of PkR125/sh, as the benefits from lower input cost, including cheaper gas for base plant and easing Phosrock prices, are largely priced-in. However, potential developments on Natural Resources Ltd. (NRL) front, sustained softness in Phosrock prices, and allocation of Sheikhpura plant gas from Mari field remain key upside risks to our valuation.

### FATIMA: Income Statement (Consolidated)

(PkRmn)	3QCY25	3QCY24	YoY	2QCY25	QoQ	9MCY25	9MCY24	YoY
Sales	62,899	62,624	0%	63,941	-2%	178,800	171,001	5%
COGS	40,660	41,497	-2%	42,970	-5%	114,623	106,269	8%
Gross Profit	22,239	21,127	5%	20,971	6%	64,178	64,733	-1%
Gross Margins	35.4%	33.7%	-	32.8%	-	35.9%	37.9%	-
Opex	7,098	5,958	19%	6,796	4%	20,488	17,611	16%
Other Income	6,967	2,054	239%	3,510	98%	12,695	6,484	96%
Finance Cost	1,999	960	108%	2,005	0%	5,906	2,592	128%
PBT	18,494	14,715	26%	13,954	33%	46,066	41,227	12%
Taxation	6,518	5,527	18%	5,394	21%	17,155	18,455	-7%
NPAT	11,976	9,188	30%	8,560	40%	28,911	22,771	27%
EPS	5.70	4.38	-	4.08	-	13.77	10.84	-
DPS	0.00	0.00	n.m	3.50	-100%	3.50	2.75	27%

Source: PSX & AKD Research

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## Valuation Methodology

To arrive at our period end target prices, AKDS uses different valuation techniques including:

- 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  
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