



FATIMA: 4QCY25 Result Review — Profitability declined on lower other income



AKD Securities Limited

Fatima Fertilizer Company Ltd. (FATIMA) announced its 4QCY25 financial results, reporting consolidated earnings of PkR13.1bn (EPS: PkR6.3), down 3%YoY. Earnings came in lower-than-expectations, mainly due to lower than anticipated gross margins. Moreover, company announced a final dividend of PkR2.5/sh, taking full year CY25 dividend to PkR6.0/sh.

- Revenue increased by 13%YoY to PkR97.4bn in 4QCY25 from PkR85.9bn in SPLY, as 30%/86%YoY growth in urea and CAN sales outweighed the 17%/52% decline in NP and DAP offtakes, respectively.
- Gross margins declined to 31.1% from 31.5% in SPLY, likely on the back of lower offtakes from the base plant, which is beneficiary of cheap gas.
- Other income clocked in at PkR3.5bn, down 42%YoY, due to lower investment yields.
- Finance cost declined by 18%YoY to PkR2.0bn from PkR2.5bn in SPLY, mainly due to declining policy rates.
- Effective tax rate during the quarter stood at 41%, compared to 37% in SPLY and 35% in 3QCY25, due to lower contribution from other income.
- This brings CY25 profitability to PkR42.1bn (EPS: PkR20.0), an increase of 16%YoY from PkR36.4bn (EPS: PkR17.3) in SPLY.
- Company announced a final dividend of PkR2.5/sh, lower-than-anticipated due to increasing investment commitments, including PkR50.0bn in Aviation, PkR9.9bn in E&P, PkR7.0bn in Capital Market investments and PkR5.3bn in Real Estate sector
- We maintain 'BUY' stance on FATIMA with Dec'26 target price of PkR175/sh. Our bullish outlook on the scrip stems from i) recovery in nutrient offtakes with improving farm economics, ii) lower gas prices on base plant to support gross margins, and iii) increasing investments in mining, E&P and aviation to support growth.

FATIMA: Income Statement (Consolidated)

(PkRmn)	4QCY25	4QCY24	YoY	3QCY25	QoQ	CY25	CY24	YoY
Sales	97,376	85,919	13%	62,899	55%	276,177	256,920	7%
COGS	67,130	58,834	14%	40,660	65%	181,753	165,103	10%
Gross Profit	30,246	27,084	12%	22,239	36%	94,424	91,817	3%
Gross Margins	31.1%	31.5%	-	35.4%	-	34.2%	35.7%	-
Opex	7,856	7,233	9%	7,098	11%	28,344	24,844	14%
Other Income	3,497	6,018	-42%	6,967	-50%	16,192	12,502	30%
Finance Cost	2,032	2,491	-18%	1,999	2%	7,938	5,083	56%
PBT	22,278	21,607	3%	18,494	20%	68,343	62,834	9%
Taxation	9,130	7,983	14%	6,518	40%	26,284	26,439	-1%
NPAT	13,148	13,623	-3%	11,976	10%	42,059	36,395	16%
EPS	6.26	6.49	-	5.70	-	20.03	17.33	-
DPS	2.50	4.25	-41%	0.00	n.m	6.00	7.00	-14%

Source: PSX & AKD Research

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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.)

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