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BERG — FY26 Analyst Briefing takeaways

AKD Securities Limited

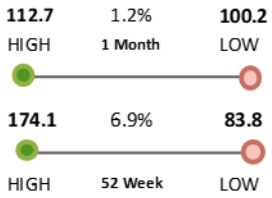
Berger Paints Pakistan Ltd (BERG) held its analyst briefing today to discuss FY26 financial results and future outlook of the company. Following are the key takeaways:

- Company reported unconsolidated net profit of PkR309mn (EPS: PkR12.6) in FY26 compared to PkR299mn (EPS: PkR12.2) in SPLY, up 4%YoY, attributable to gross margin expansion to 23.2% (SPLY: 20.7%) and a 16%YoY reduction in finance costs to PkR188mn.
- Topline clocked in at PkR9.2bn in FY26, up 3%YoY compared to PkR8.9bn in SPLY, on the back of 6% YoY overall sales volume growth.
- For 1QFY27, net profit edged down 3%YoY to PkR67.4mn (EPS: PkR2.7) compared to PkR69.3mn in SPLY as margin attrition (19.3% vs 21.9% in SPLY) and higher distribution expenses (up 20%YoY) offset a 21% YoY surge in revenue to PkR2.6bn.
- Management stated higher raw material prices from China negatively impacted gross margins in 1QFY27, as the company is unable to pass on higher prices due to intensified competition.
- Company primarily manufactures and sells decorative, automotive, and industrial paints, varnishes, and protective coatings across Pakistan, operating alongside key industry peers including AkzoNobel, Diamond, Brighto, Nippon, Kansai, and Master Paints.
- Management disclosed that the retail segment contributes 65% of the sales mix while non-retail contributed 35% (mainly 10%/10% for road safety works and automotive industry, respectively)
- Division-wise volumetric growth in FY26 was led by automotive (+41% YoY), industrial (+20% YoY), powder coating (+15% YoY), and decorative (+13% YoY), reflecting strong OEM auto demand and industrial recovery.
- Conversely, road marking (-10%YoY), government/marine (-9%YoY), resin & raw materials (-8% YoY), and printing ink (-8%YoY) divisions recorded volumetric contractions during the year.
- Management informed that business has been growing significantly in the two-wheeler category, mainly supplied to Honda Atlas, however, with minimal presence in four-wheelers where Nippon Paints leads the market share.
- Company holds equity stakes in associated and subsidiary entities including Berger DPI (Private) Limited (51%, road safety), 3S Pharmaceuticals (Private) Limited (49%, life sciences), and Buxly Paints Limited (19%, paint).
- The scrip is not in our formal coverage.

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107.7	24.6
Price (PkR/sh)	Shares (mn)
2,644.0	9.6
Market Capitalization (PkRmn)	Market Capitalization (USDmn)
0.557	80.4
3M Avg Turnover (mn)	3M Avg DT Value(PkRmn)

Price Performance



Source: PSX & AKD Research

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