

Fertilizer

FFC: 4QCY25 Management Call Takeaways

- Fauji Fertilizer Company Limited (FFC) held an investor briefing session to discuss the 4QCY25 financial results and provide key insights on the future outlook for the Company.
- The Company reported 4QCY25 earnings of PKR 15.9bn (EPS PKR 11.2), up by +15%/y compared to PKR 13.8bn (EPS PKR 9.7) in the similar period last year. On quarterly basis, profitability was down by -17%q/q during 4QCY25.
- During CY25, FFC's total volumetric sales declined by ~12%/y whereas urea and DAP sales were down by 9%/y and 21%/y respectively. The management attributed this decline mainly to unfavorable climate condition and weak farmers' economics.
- Regarding the PIA deal, the management noted that FFC holds 34% share in the consortium with Arif Habib. The total transaction value is ~PKR 195bn with payments to be made in phases: PKR 90bn during April-May 2026 (FFC to pay PKR 31bn) and PKR ~45bn during Apr-May 2027 (FFC to pay PKR 15bn). It also includes a call option of PKR 50bn (FFC's share is ~21bn) making the total payment of PKR ~185bn (PKR 67bn for FFC) for PIA.

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Key highlights from management conference call

- During CY25, FFC's total volumetric sales declined by ~12%/y whereas urea and DAP sales were down by 9%/y and 21%/y respectively. The management attributed this decline mainly to unfavorable climate condition and weak farmers' economics.
- The management expressed its concern over escalation in geopolitical conflicts which has disrupted global energy prices. However, regarding the increase in RLNG prices the management

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informed that the Company receives gas under the petroleum policy 2012 which is dollar-denominated, and government has no plans for an increase.

- The management also noted that the government has set an agricultural growth target of ~4.5% for FY26 which is higher than last year's target of ~1.5% expecting stronger agriculture activity in the upcoming year.
- The management of the Company highlighted its achievement of inclusion in the KMI-30 index during the year which also strengthened the Company's position in the capital markets.
- The Company further informed that during the year it has also launched 244 Sona Centers, creating a farmer network of 118k.
- Regarding the coal gasification project, the management informed that the feasibility study has been completed and discussions are underway with the Government of Sindh regarding the potential development of the project.
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- Discussing the future outlook of the Company, the management stated that it expects the Pressure Enhancement Facility project to be completed and come online during CY26 which will enable the company to enhance its production levels.
- The management also noted that escalating geo-political tensions in the Middle East has already driven up energy prices to record highs, which has also pressured increase in LNG prices which has impact only on the Port Qasim plant of the Company.

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