

Fauji Fertilizer Company Limited (FFC) - 1QCY26

Wednesday, April 29, 2026

FFC delivered a strong start to CY26, with broad-based growth across the income statement, supported by robust topline expansion and improved operating leverage.

Key Takeaways:

- Strong revenue growth remains the key highlight of the quarter.
- Interim dividend of PKR 8.5/ per share in the Q1.
- Margin pressure persists due to higher input and distribution costs.
- Other income continues to play a meaningful role in supporting earnings.
- Bottom-line growth remains healthy despite a higher tax burden.

Topline & Margins:

Net turnover grew by 50% Y/Y to PKR 95.3bn, driven by a combination of volumetric growth and price adjustments. Cost of sales increased by 61% Y/Y, outpacing revenue growth, leading to a relatively modest expansion in gross profit (+29% Y/Y to PKR 29.1bn). Consequently, gross margins witnessed some compression due to higher sales of FFC's specialty fertilizer i.e. DAP.

Operating Performance:

Despite an uptick in distribution expenses (+27% Y/Y) and finance costs (+28% Y/Y)—the latter reflecting higher leverage during the period—operating profit grew by 29% Y/Y to PKR 21.4bn, indicating continued operating resilience. The increase in other income (+43% Y/Y) largely stemmed from higher contributions from associated/subsidiary investments (including the power segment and other Fauji group entities), which provided meaningful support to the bottom line and helped offset cost pressures.

Financials (PKR in mn)	1QCY26	1QCY25	Y/Y
Turnover - net	95,294	63,637	50%
Cost of sales	(66,166)	(40,988)	61%
Gross Profit	29,127	22,649	29%
Distribution cost	(7,753)	(6,098)	27%
	21,374	16,551	29%
Finance cost	(2,171)	(1,699)	28%
Other expenses	(2,116)	(1,893)	12%
Other income	10,669	7,445	43%
Profit before income tax and	27,756	20,404	36%
Final taxes	(0.131)	(6.935)	-98%
Profit before income tax and	27,756	20,397	36%
Provision for taxation	(10,279)	(7,119)	44%
Profit for the period	17,477	13,278	32%
EPS - basic and diluted (Rupees)	12.14	9.33	30%

Source: Company Financials, HMFS Research

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Profitability:

Profit before tax increased by 36% Y/Y to PKR 27.8bn. Notably, the effective tax charge rose sharply (+44% Y/Y), resulting in profit after tax of PKR 17.5bn, up 32% Y/Y. Earnings per share clocked in at PKR 12.14 (vs. PKR 9.33 in 1QCY25), reflecting a 30% Y/Y increase.

Outlook:

While topline momentum is expected to remain intact, margin trajectory will be contingent on cost normalization and pricing power sustainability. The sustainability of other income and tax incidence will also be key variables to watch going forward.

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