

The background of the report features a close-up, slightly blurred image of a computer monitor displaying financial data. The top portion of the screen shows a candlestick chart with green and red bars, indicating price movements over time. Below this, there are two line charts: a yellow one in the middle and a grey one at the bottom. The charts are set against a light-colored background with horizontal grid lines. The overall image has a professional, financial feel, with dark green geometric shapes overlaid on the left and bottom right corners.

WEEKLY REPORT

MOMENTUM EXTENDS

SCRIP IN FOCUS:

Fauji Fertilizer Company Ltd
(FFC)

DATE:

Friday, December 19, 2025

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Upcoming Week: Scrip in Focus - FFC

Feeding the Future: A Multi-Pronged Growth Thesis on FFC

In a market where earnings visibility remains uneven and policy noise continues to cloud sentiment, Fauji Fertilizer Company (FFC) stands out for the right reasons. As one of the largest listed scrips on the Pakistan Stock Exchange with a market capitalisation north of PKR ~830bn— and consistently among the top companies by investor attention and size — FFC’s scale and standing reinforce its importance in portfolio allocations. Backed by sustained offtake leadership, resilient cash flows and a dependable dividend profile, we maintain a BUY on FFC, as its resilient earnings profile continues to offer comfort in an otherwise volatile landscape.

Fauji Fertilizer Company Limited	
Symbol	FFC
Bloomberg Code	FFC PA
Current Price	585.00
Mkt Cap (PKR Mn)	832,519.00
Mkt Cap (USD Mn)	2,963.54
No Of Shares (In Mn)	1,423.11
52 Weeks High	599.00
52 Weeks Low	314.18
Avg Volume (52 Weeks)	2,481,758.23
Avg Value	1,064,467,003.36
Source: PSX, HMFS Research	

Valuation and Earnings Outlook

From a valuation standpoint, FFC currently trades at a premium P/E multiple of ~10.3x, above both the broader market and the fertilizer sector average of 8.5–9.0x. We view this premium as reasonable given the company’s earnings visibility and cash-flow profile, rather than a reflection of near-term exuberance. We forecast earnings acceleration into CY26 (EPS: PKR 60.5, DY: ~7.3%), driven by improving offtakes and stable pricing dynamics. On a fundamental basis, our DCF-derived fair value stands at PKR 635, with scope for upside should execution on projects in the pipeline remain on track.

Operational Advantage: Secure and Cost-Effective Gas Supply

For fertilizer producers, secure and competitively priced gas supply remains the single most critical determinant of cost competitiveness. FFC operates four urea plants, of which three facilities (Goth Machhi I & II and Mirpur Mathelo III) receive dedicated indigenous gas from the Mari field (PKR 580/MMBtu for feedstock and PKR 1,580/MMBtu for fuel stock), while the Port Qasim plant (Plant IV) has historically relied on gas supplied through the SSGC network. Importantly, gas sourced from the Mari field has remained uninterrupted and structurally cheaper, as it is insulated from the higher costs embedded in the SNGPL/SSGC networks that increasingly incorporate imported RLNG. This advantage is set to strengthen further, as the ECC has approved the allocation of indigenous gas from Mari’s new Ghazij and Shawal reservoirs to FFC’s Port Qasim plant upon expiry of its existing gas arrangement in Dec-25, effectively replacing reliance on network gas or RLNG. In our view, this materially improves FFC’s cost positioning and reinforces its pricing flexibility relative to industry peers, particularly in a high-cost energy environment. All four urea plants operate at highly optimal efficiency, with overall utilization at ~109.45%, highlighting operational excellence in addition to cost advantages.

Vertical Integration and Strategic Diversification

Beyond urea, FFC operates Pakistan’s only domestic DAP manufacturing plant at Port Qasim, giving it a unique position in a product with otherwise limited domestic supply. Port Qasim is also home to FFBL Power Company (FPCL), which FFC has recently announced plans to acquire 100% ownership of (up from 75%). FPCL currently generates electricity and steam for FFC’s Port Qasim fertilizer complex (both urea and DAP plants) and sells surplus power to K-Electric; the full acquisition will improve margin capture on surplus electricity, and operational synergies. In addition to gas, phosphoric

Upcoming Week: Scrip in Focus - FFC

acid is a critical raw material for DAP production, and FFC has its supply secured through a 50/50 joint venture with Office Chérifien des Phosphates (OCP) of Morocco, the world's largest exporter of phosphate. This arrangement ensures reduced import dependency, further reinforcing FFC's vertical integration and competitiveness.

2025 Headwinds: Climatic and Policy Challenges

Calendar Year 2025 proved challenging for fertilizer producers, as widespread floods mid-year caused significant on-ground devastation, severely muting both urea and DAP offtakes. The situation was compounded by the government's decision, under IMF guidance, to abolish the Minimum Support Price (MSP) for wheat, which historically guaranteed farmers a floor price. Without the MSP, wheat became less financially attractive, prompting a shift in acreage toward more profitable cash crops such as mustard, pulses, vegetables, oilseeds, and condiments. Uncertainty was further heightened by the absence of clear government procurement signals, creating a volatile market environment.

Policy Reversal and Demand Stabilization

The landscape, however, has improved as of November 2025, with the government reinstating a price support system (PKR 3,500 per 40kg) to mitigate a feared 10% drop in wheat production and a potential USD 1bn import bill. This reversal benefits FFC by stabilizing demand for urea, as farmers regain confidence in fertilizer-intensive crops, restoring a more predictable backdrop for the company's volumes and margins.

Financial Performance and Market Dominance

With the flood situation behind us and the MSP reinstated, the outlook for FFC appears considerably more constructive. In 9MCY25, FFC's revenue grew by 26.4% to PKR 282bn, despite the dual challenges of flood-induced demand disruption and offering a discount of ~PKR 70 per bag, which remained lower than peer discounts. This demonstrates FFC's ability to navigate a crisis cycle while retaining farmer preference, reinforcing its market dominance, evidenced by a 9MCY25 market share of ~47%. Looking ahead, improving crop cycles and yields—often a silver lining after flooding—support a constructive volume environment, and we anticipate CY25 EPS in the range of PKR 57.5 per share, underpinned by resilient offtakes, disciplined pricing, and operational efficiency, all detailed above.

Balance Sheet Strength and Shareholder Returns

FFC's balance sheet remains robust, with a debt-to-equity ratio improving to 15:85 as of September 2025, down from 19:81 at end-2024, reflecting prudent leverage management. The company also holds a significant liquidity buffer of ~PKR 224 billion in short- and long-term investments, providing flexibility to manage operational and strategic needs. This financial strength underpins generous shareholder returns: FFC declared a third interim dividend of PKR 9.5 per share, bringing total dividends for 9MCY25 to PKR 28.5 per share, representing a payout ratio of ~70%. We expect the company to announce a final dividend of ~PKR 11 per share in the last quarter, which would take the total dividend for CY25 to PKR 39.5. Looking ahead, FFC is likely to maintain a similar dividend trajectory in CY26 (expected DPS ~PKR 43), supported by consistent and accelerating earnings.

Upcoming Week: Scrip in Focus - FFC

Future Outlook: Strategic Growth and Innovation

FFC remains a major and proactive player in Pakistan's fertilizer sector, constantly adapting, expanding, and seeking avenues to strengthen its competitive position. Its journey of strategic growth is evident through the amalgamation with Fauji Fertilizer Bin Qasim (FFBL), the acquisition of Agritech Limited (AGL), and more recently the move to fully acquire Fauji Bin Qasim Power (FPCL). Looking ahead, the company is exploring a coal gasification project to reduce dependence on natural gas, leveraging Pakistan's domestic coal reserves, while simultaneously eyeing the acquisition of a strategic stake in the national carrier, PIA. Which if materialize, would together add value to the company. Operationally, FFC's plants continue to run above optimal efficiency, positioning it well to benefit should the government allow excess urea exports, especially against a backdrop of China's export restrictions, which tighten global supply. Taken together, these initiatives underscore FFC's ability to combine operational excellence with strategic foresight, reinforcing its leadership and optionality in a dynamic market environment.

Risks to Valuation

- **Policy & Subsidy Risk:** Any sudden changes in government fertilizer pricing/ MSP policies.
- **Natural Gas Dependence:** While FFC has secured Mari gas and is exploring alternatives, interruptions or price hikes in gas supply could pressure cost structure.
- **Weather & Crop Cycles:** Floods, droughts, or other extreme weather events can materially affect offtakes, particularly in key wheat and urea-consuming regions.
- **Raw Material Availability:** For DAP production, phosphoric acid supply disruptions or JV partner constraints could affect volumes and margins.
- **Execution Risk on New Projects:** Coal gasification, FPCL full acquisition, or other expansion initiatives carry execution and regulatory risks.

Upcoming Week: Scrip in Focus - FFC

Financial Performance			
Amount in PKR 'Mn'	9MCY25	9MCY24	% Change
Turnover - net	282,700	223,523	26%
Cost of sales	(189,874)	(135,204)	40%
Gross Profit	92,826	88,319	5%
Distribution cost	(23,419)	(18,950)	24%
Finance cost	(4,962)	(4,957)	0.1%
Unwinding of GIDC Liability	-	(212)	
Loss allowance on subsidy receivable from GoP and others	-	(1,603)	
Other expenses	(7,823)	(7,238)	8%
Other income	34,433	28,395	21%
Profit before income tax and final tax	91,055	83,754	9%
Final taxes	(8)	(2,361)	-100%
Profit before income tax	91,047	81,393	12%
Provision for taxation	(33,411)	(30,832)	8%
Profit for the period	57,636	50,561	14%
Earnings per share	40.50	35.53	

Source: Company Financials, HMFS Research

Major Events

During the week, the stock market was impacted by a combination of news and events that had a considerable effect on its direction. Key events that shaped the market's trend included:

Energy Sector at an Inflection Point as Circular Debt Controls Tighten

Pakistan's energy sector has entered a decisive phase as policymakers move to contain circular debt while pushing long-delayed structural reforms. This week, the IMF significantly tightened fiscal discipline by cutting power subsidies by PKR 143bn, reducing the allocation to PKR 893bn from PKR 1.04tr, and setting a hard cap of PKR 400bn on the annual flow of circular debt. The shift signals a clear move away from reliance on taxpayer-funded bailouts toward performance-driven reforms across the power value chain. To manage immediate liquidity pressures, the government engaged the Asian Development Bank (ADB) to explore refinancing options for up to PKR 1.7tn of circular debt and restructure part of the recently raised PKR 1.25tn commercial financing at longer tenors. This effort is being supported through a permanent PKR 3.23/unit debt servicing surcharge, transferring part of the adjustment burden to consumers while easing fiscal stress. Despite these measures, projections of a PKR 491bn rise in circular debt over six months prompted the ECC to approve a PKR 200bn supplementary subsidy, injected as equity into DISCOs to stabilise cash flows and stay within IMF-agreed limits. On the regulatory front, NEPRA has revised net metering framework which would mark a structural reset when implemented, introducing separate tariffs for power bought from and sold to the grid, aimed at reducing cross-subsidisation and revenue leakages. Complementing this, the government reiterated its intent to privatise key DISCOs (IESCO, FESCO, GEPCO), introduce battery energy storage systems via PPPs, transition thermal plants to Thar coal, and curb line losses—collectively underscoring a gradual but necessary recalibration of Pakistan's power sector toward sustainability and efficiency.

Foreign Partnerships Signal Gradual Re-opening of Pakistan's Investment Landscape

Pakistan's investment outlook received incremental support this week as the government advanced multiple foreign partnerships. A key development was progress under the Pakistan–Russia Inter-Government Commission, where both sides signed a second protocol to revive Pakistan Steel Mills (PSM) through a bankable EPC structure. With the government reiterating its intent to privatise PSM, the project—anchored around reactivating the dormant Iron Ore and Coal Berth at Port Qasim—could reduce steel imports by up to 20%, potentially saving USD 13bn over the next decade while easing pressure on the external account. Parallel engagement with Azerbaijan, which has indicated appetite to invest up to USD 2bn in energy, oil & gas, and mining, underscores Pakistan's shift toward trade- and asset-backed financing models. Energy diplomacy also gained traction through discussions with Russia and Kuwait, including refinery upgrades and crude supply cooperation, building on Pakistan's earlier entry into Russian oil imports to diversify sourcing and manage costs. On the infrastructure front, the European Investment Bank's first loan to Pakistan in a decade—supporting Karachi's water systems—signals renewed confidence from European financiers, while talks with China on a USD 2.2bn maritime industrial complex at Port Qasim align with Pakistan's ambition to position itself as a regional trade and transit hub. Meanwhile, cautious steps toward regulating digital assets, including NOCs for global crypto exchanges and a Fauji Foundation–Binance collaboration, point to early institutional efforts to formalise emerging sectors. Collectively, these developments suggest a gradual broadening of Pakistan's investment base, anchored in industrial revival, energy security, and regulatory reform.

Major Events

External Balances Stabilise, but Trade Composition Raises Medium-term Questions

Pakistan's external account showed short-term relief in November 2025 as the current account posted a surplus of USD 100mn, reversing a USD 291mn deficit in October, largely driven by import compression rather than export momentum. Imports declined 12% m/m, outpacing a 10% m/m fall in exports, helping temporarily narrow the external gap. However, the improvement masks underlying pressure, as the current account remains in deficit over 5MFY26, with trade dynamics still tilted unfavourably. Export performance weakened across most major categories in November, contributing to a widening trade deficit that reached USD 37.78bn in the first five months of FY26. Food exports fell sharply (-46.9%), led by a 47% drop in rice shipments, reflecting both pricing pressures and volume constraints. This weakness was partially offset by strong growth in select categories, including tobacco (+98%), fruits (+22.6%), and meat (+10%), indicating scope for diversification but from a low base. The textile sector continued to anchor exports, contributing USD 7.84bn in 5MFY26 (+2.8% y/y, ~61% of total exports), though November saw a 2.7% y/y and 11.7% m/m decline, signalling softer near-term demand. On the import side, the petroleum bill rose 27.7% y/y to USD 1.01bn, despite a 22.1% m/m decline, underscoring energy price sensitivity. Encouragingly, IT exports grew 19% y/y to USD 1.8bn in 5MFY26, offering a structural cushion. Meanwhile, Pakistan's decision to extend its Preferential Trade Agreement with Uzbekistan, targeting USD 2bn in bilateral trade, could support medium-term trade expansion. Overall, while near-term external stability has improved, a durable turnaround will hinge on export diversification and sustained demand recovery rather than continued import suppression.

Other News

IMF imposes 11 new conditions to Pakistan's \$7 billion bailout package: The International Monetary Fund (IMF) has slapped Pakistan with 11 more stringent conditions to address corruption vulnerabilities, end elite capture of the sugar sector and unearth the true cost of foreign remittances.

Aurangzeb rules out mini budget; insists revenue gap to be met via tax compliance: Finance Minister on Saturday ruled out the possibility of a mini budget, asserting that any revenue shortfalls would be bridged through improved tax compliance and more effective budget management rather than additional fiscal measures.

Pakistan fails to meet structural benchmark on SEZs, EPZs: IMF: The IMF in its report noted that although Pakistan missed the SB deadline of end-June 2025 for preparing the plan to phase out SEZs, the plan was subsequently implemented in October 2025. The government pledged to build a comprehensive plan to fully phase out all current SEZs and EPZs incentives by 2035 (first phase by end June 2025), with the Fund urging the authorities to accelerate efforts to advance amendments to the SEZ Act.

Shifting focus from aid to trade with Gulf states, says Aurangzeb: FINANCE Minister Muhammad Aurangzeb on Monday underscored the country's strategic shift from aid-based support towards trade- and investment-led engagement with the world, saying that progress on a Free Trade Agreement with the Gulf Cooperation Council was at an "advanced stage".

Diesel price cut by Rs14, petrol unchanged: The government on Monday decreased the price of high-speed diesel (HSD) by Rs14 per litre while keeping the rate of petrol unchanged for the fortnight ending Dec 31, citing favourable international market trends.

PSW extends post-payment regime to SIDC within WeBOC system: The Pakistan Single Window (PSW), in collaboration with the Federal Board of Revenue (FBR) and Pakistan Customs, has extended the post-payment regime to the Sindh Infrastructure Development Cess (SIDC) within the WeBOC/PSW ecosystem.

Fecto Cement faces temporary suspension at Sangjani Plant: FECTC has disclosed a temporary operational development concerning its cement manufacturing plant located at Sangjani, Islamabad. The facility is currently under a temporary suspension of operations due to certain administrative and procedural matters with local authorities.

Supernet's UAE subsidiary teams up with Athena Telecom: Supernet Limited's wholly owned UAE-based subsidiary, Phoenix Global FZE (PGF), has signed a Joint Collaboration Agreement with Athena Telecommunications Equipment Trading Co. L.L.C., UAE. The partnership aims to jointly promote and deliver a wide range of maritime connectivity, safety, security, earth-observation, IoT, and related digital infrastructure solutions across regional and international markets.

Pakistan reiterates desire to join BRICS: Pakistan has reiterated its desire to join the BRICS grouping, as Finance Minister Muhammad Aurangzeb said the country could play a constructive role within the bloc.

Govt borrows Rs100bn debt in a week: The government of Pakistan has acquired an additional debt of Rs99.79 billion during the week ended December 05, 2025, which brings its total net retirement for ongoing fiscal year 2026 to Rs615.76bn, according to the central bank's weekly estimates.

Other News

CPPA-G seeks negative adjustment in FCA for Nov: The Central Power Purchasing Agency–Guaranteed (CPPA-G) has sought a negative adjustment of Re 0.72 per unit in Fuel Charges Adjustment (FCA) for November 2025 to refund over Rs 5.6 billion to consumers across the country, including K-Electric.

Full PIA sale approved after bidders reject government's role in airline's affairs: The government has decided to sell its 100% stake in Pakistan International Airlines (PIA), but one-fourth of the shares will only be offered to the winning bidder at a 12% premium on the bid price, with an option to make the payment one year later. The government has also decided to take only 7.5% of the bid money in cash, while the bidder will invest the remaining 92.5% amount in the PIA company instead of depositing it in the exchequer

Pakistan cargo transporters call off strike after increase in time for goods movement: Pakistan's cargo transporters – including those operating between Karachi seaports and factories nationwide – called off the wheel jam strike on Wednesday, stating that the government had agreed to address their demands including increasing time for “20-feet long 10-wheel cargo vehicles” to 19 hours a day on roads.

SIFC prioritises brownfield refinery upgrades: The Special Investment Facilitation Council (SIFC) has listed brownfield refinery upgrades as a top priority for modernising existing refineries in the country. SIFC officials told the top management of refineries that the council is attaching the highest priority to brownfield refinery projects and will take all possible measures to remove hurdles to their upgradation.

PSO seeks tax zero-rating to prevent refund buildup: As state-owned Pakistan State Oil (PSO) is in hot water due to the Federal Board of Revenue's (FBR) refusal to release refunds, it has urged the government to switch over to zero-rating of jet fuel and petroleum products to tackle the accumulation of sales tax refunds. The FBR has to pay Rs54 billion sales tax refunds accumulated in financial year 2024-25, which has left PSO struggling and forced it to seek government intervention.

Jul-Nov FDI down 25% to roughly \$1billion YoY: Foreign Direct Investment (FDI) into Pakistan declined by 25 percent during the first five months of the current fiscal year (FY26). According to the State Bank of Pakistan (SBP), FDI stood at USD 927.4 million in July to November of FY26, down from USD 1.242 billion in the same period last year, reflecting a fall of USD 315 million.

Auto financing grows for 12th straight month: While continuing to show a gradual recovery, the outstanding auto loans reached Rs318 billion in November from Rs315.4bn in October, marking the 12th consecutive month of growth, showed State Bank of Pakistan (SBP) data.

IFC, Fatima Fertilizer announce \$60mn renewable liquidity facility to support Pakistan's agriculture: Fatima Fertilizer Company Limited, one of Pakistan's leading fertiliser manufacturers, and International Finance Corporation (IFC), a member of the World Bank Group, announced a renewable liquidity facility of \$60 million per year to help maintain uninterrupted domestic fertiliser production in Pakistan.

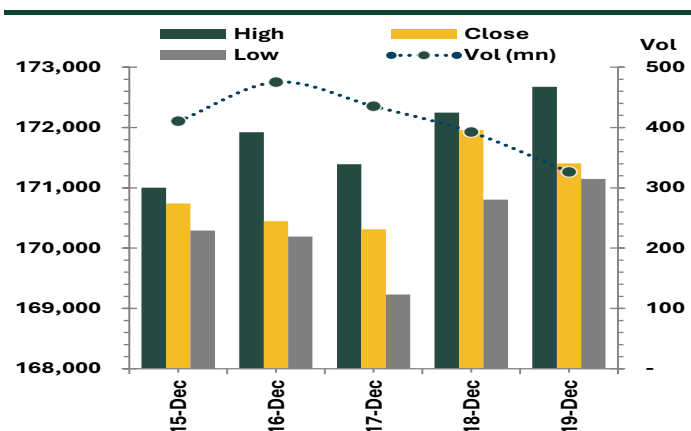
Maple Leaf Cement to acquire majority stake in Pioneer Cement for \$270.5mn: Maple Leaf Cement Factory Limited (MLCF) has launched a public offer to acquire up to 11.72% of Pioneer Cement Limited (PIOC) at Rs478.43 per share, following a prior agreement to purchase a 58.03% stake at the same rate.

Equity Market Review

Summary

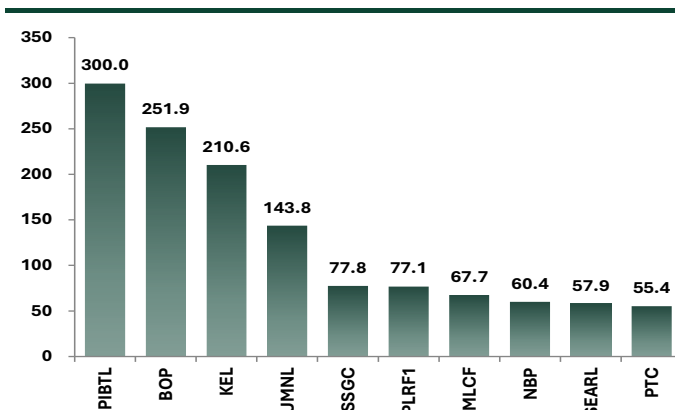
The equity market demonstrated resilience this week, with the KSE-100 Index closing at 171,404.48, up 1,539.96 points w/w, reflecting cautious optimism amid intermittent profit-taking. The week's momentum was anchored by the SBP's 50bps policy rate cut to 10.5%, the first after four consecutive holds, which provided incremental support to rate-sensitive sectors including E&Ps, cement, and banks. While early sessions saw some consolidation following sharp gains, renewed broad-based participation later in the week helped the benchmark maintain an upward trajectory, culminating in a fresh all-time high of 172,674.65. Market participation remained strong, with average daily volumes of 408.03mn shares on the KSE-100 and 977.41mn shares across the broader market.

Daily Market Performance



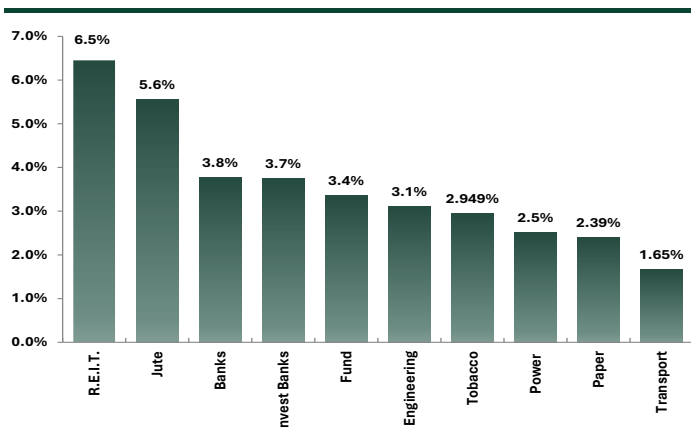
Source: PSX & HMFS Research

Top 10 Volume leaders (volumes in mn)



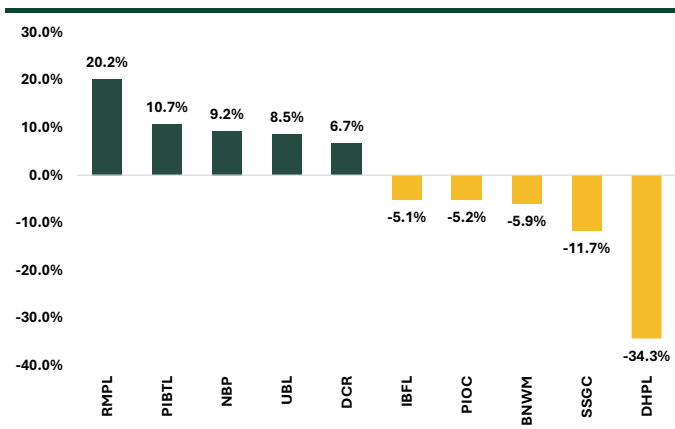
Source: PSX & HMFS Research

Sector Performance



Source: PSX & HMFS Research

Gainers & Losers (KSE-100 Index)



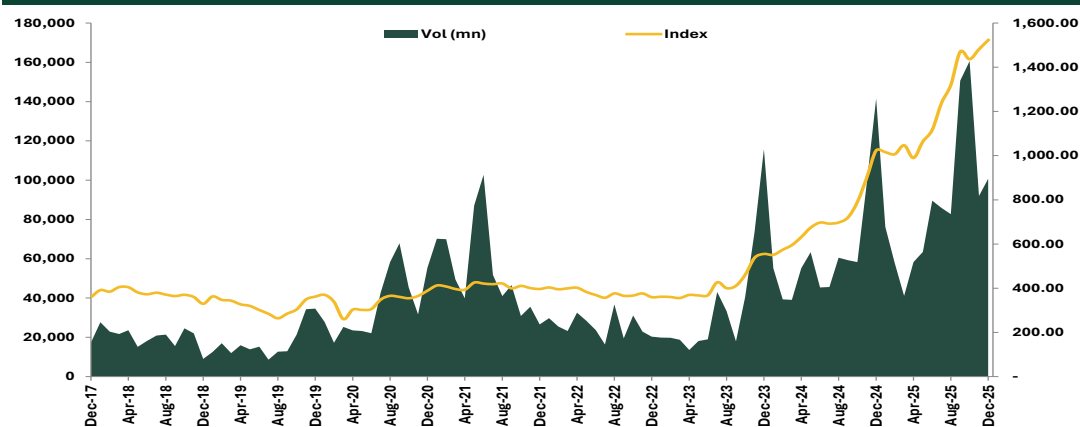
Source: PSX & HMFS Research

Equity Market Review

Outlook

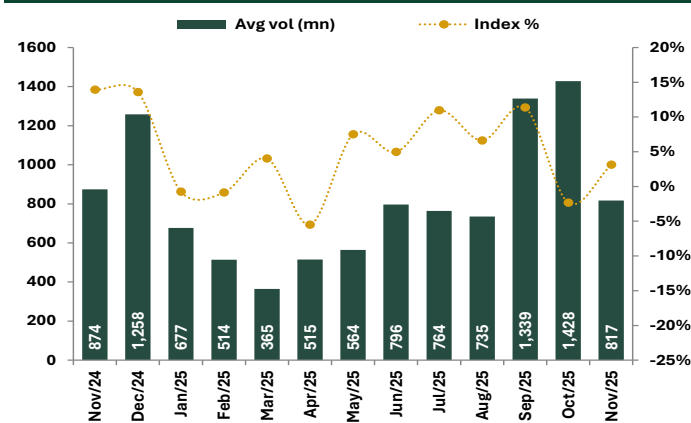
Looking ahead, the equity market is expected to remain constructive with measured activity in the coming week, as investors balance tactical profit-taking with renewed interest in fundamentally strong and structurally resilient sectors. While intermittent profit realization may occur in high-performing stocks at elevated levels, index-heavy scrips are likely to continue attracting participation. Near-term movements may oscillate within a range as the market digests recent gains, yet the broader tone remains upward-leaning, supported by improved macro conditions, policy clarity, and selective conviction in robust equities. Investors are advised to exercise caution amid short-term volatility and focus on fundamentally strong stocks with sustainable long-term growth potential.

Index Performance



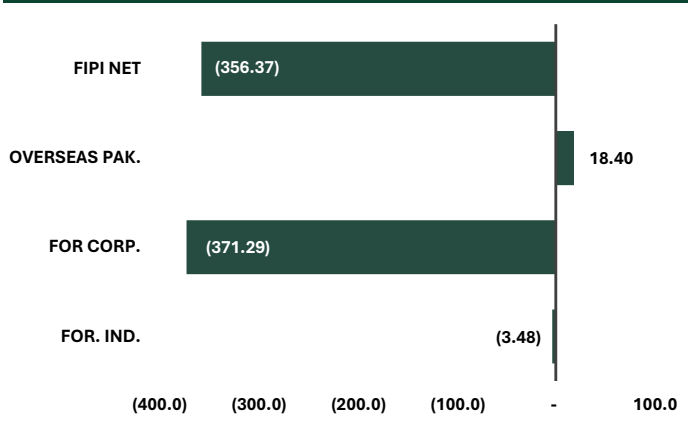
Source: PSX & HMFS Research

MoM Index gain vs Average Volume



Source: PSX & HMFS Research

FIPI (CYTD in USD mn)



Source: NCCPL & HMFS Research

Money Market Review

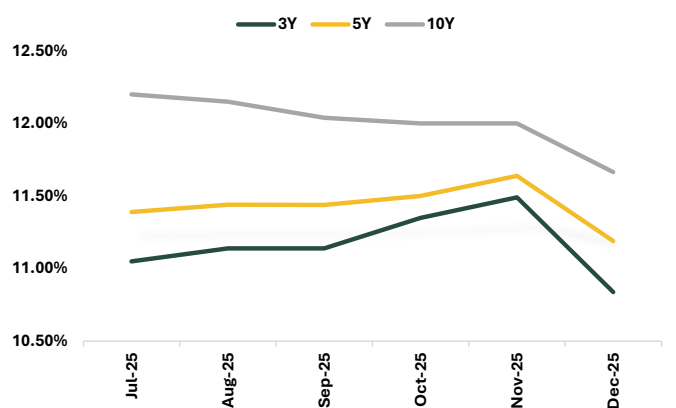
Summary

During the week, money market activity remained active as the State Bank of Pakistan (SBP) conducted a Pakistan Investment Bond (PIB) auction, raising PKR 360.7bn. Cutoff yields declined across all tenors, yet reflecting strong demand, with the 2-year set at 10.78% (-66bps), 3-year at 10.84% (-59bps), 5-year at 11.19% (-38bps), 10-year at 11.67% (-27bps), and 15-year at 12.00% (-25bps). No Market Treasury Bill (MTB) auction was held during the week. Liquidity conditions remained comfortable, supported by an SBP OMO (Reverse Repo) injection of PKR 11.9bn to manage short-term funding requirements.

Outlook

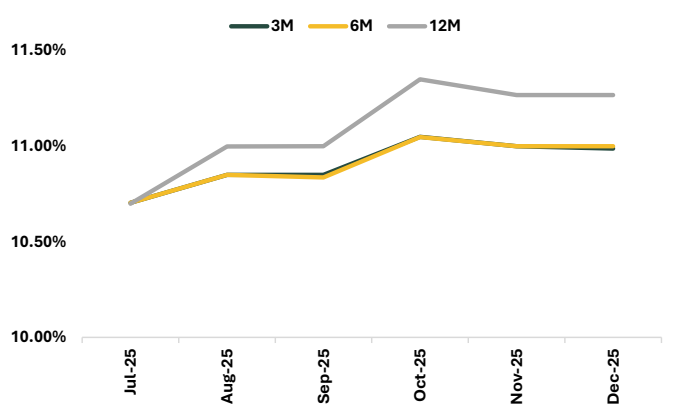
The recent 50bps policy rate cut to 10.5%, following an extended period of monetary stability, has reinforced expectations of a gradual easing cycle, which is already being reflected in the sharp compression in PIB yields across most tenors. Going forward, yields at the short to medium end are likely to remain under pressure, particularly if liquidity conditions stay supportive and rollover needs remain elevated. However, the pace of decline at the longer end may remain relatively measured, as duration risk and fiscal supply considerations could limit aggressive positioning. Overall, money market dynamics are expected to stay biased toward lower yields, with auction outcomes and SBP liquidity operations continuing to guide near-term rate direction.

PIB Yields



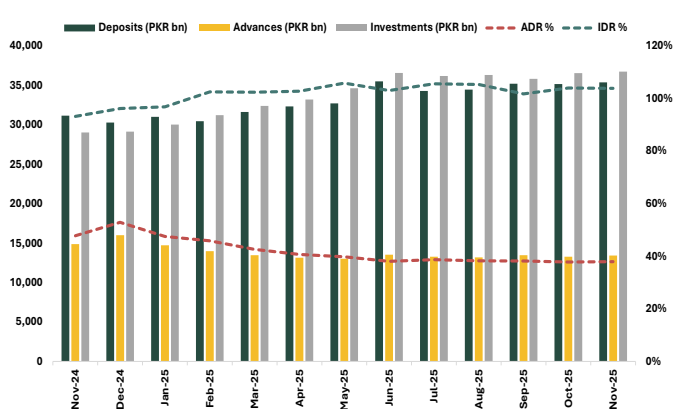
Source: SBP & HMFS Research

T-Bill Yields



Source: SBP & HMFS Research

Bank's ADR & IDR



Source: SBP & HMFS Research

Forex Market Review

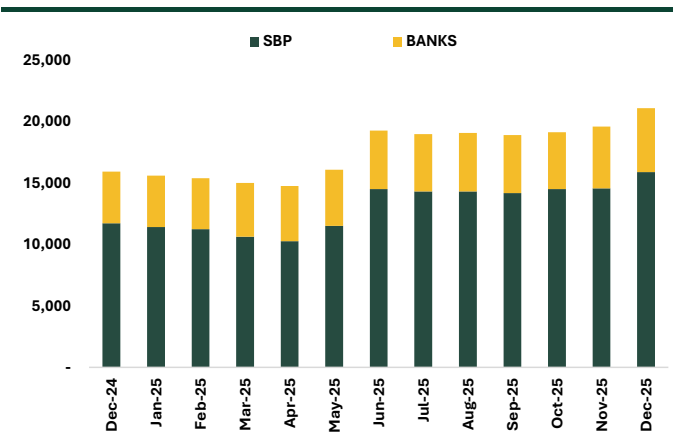
Summary

During the week ended December 12, 2025, Pakistan's foreign exchange reserves witnessed a sharp improvement, primarily driven by external inflows. SBP-held reserves increased significantly by USD 1.3bn to USD 15.89bn, largely reflecting inflows from the International Monetary Fund (IMF). Reserves held by commercial banks also strengthened, rising by USD 176.5mn to USD 5.2bn. As a result, total liquid foreign exchange reserves increased by USD 1.48bn, reaching USD 21.09bn. Meanwhile, the PKR remained largely stable in the interbank market, closing at PKR 280.25 per USD as of December 19, 2025, amid contained demand pressures.

Outlook

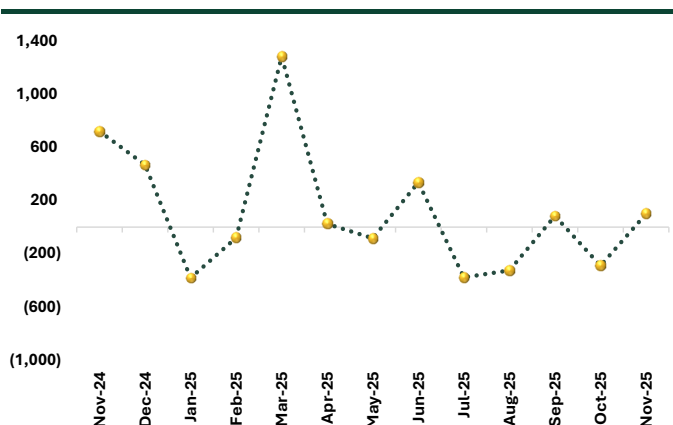
The FX market is expected to remain relatively stable in the near term, supported by the recent build-up in reserves and import cover of around 2.6 months, which eases immediate balance-of-payments pressures. The USD 100mn current account surplus in November, driven by lower imports, provides some additional short-term relief, though declining exports and weak FDI inflows remain key constraints on external liquidity. Looking ahead, medium- to long-term support may come from development loans, such as the EUR 60mn European Investment Bank (EIB) facility for Karachi's water projects, and potential large-scale investments, including the proposed USD 2.2bn maritime complex at Port Qasim. Overall, the PKR is likely to trade in a stable range, with near-term volatility limited but contingent on the pace of inflows and the evolution of trade dynamics.

Foreign Exchange Reserves (USD bn)



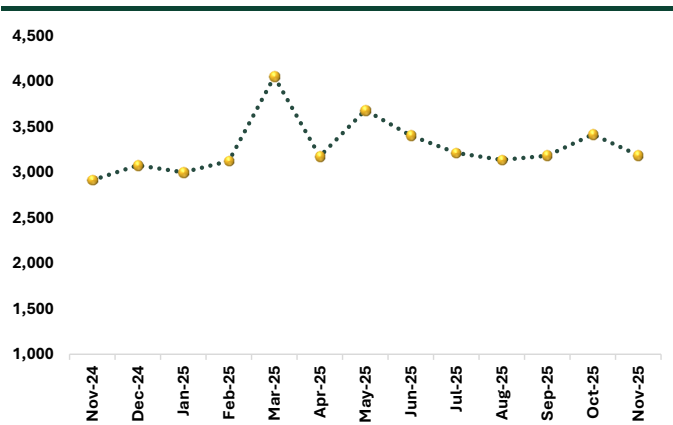
Source: SBP & HMFS Research

Current Account Balance (USD mn)



Source: SBP & HMFS Research

Remittances (USD mn)



Source: SBP & HMFS Research

Key Economic Indicators

Item	Units	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25	%M/M	CY24	CY23	%Y/Y
Banking Indicators											
Return on Outstanding Loans	%	11.14%	11.25%	11.24%	11.33%	11.48%	11.81%	-0.11%	17.07%	17.48%	-0.41%
Return on Deposits	%	5.22%	5.23%	5.20%	5.31%	5.23%	5.34%	-0.01%	10.74%	10.30%	0.44%
Interest rate Spread	%	5.92%	6.02%	6.04%	6.02%	6.25%	6.47%	-0.10%	6.33%	7.18%	-0.85%
Deposits	(PKR bn)	35,380	35,149	35,211	34,463	34,280	35,498	0.66%	30,283	27,841	8.77%
Advances	(PKR bn)	13,421	13,279	13,456	13,193	13,273	13,522	1.07%	16,009	12,352	29.61%
Investments	(PKR bn)	36,732	36,547	35,816	36,303	36,191	36,571	0.51%	29,129	25,280	15.23%
ADR	%	37.93%	37.78%	38.22%	38.28%	38.72%	38.09%	0.16%	52.87%	44.37%	8.50%
IDR	%	103.82%	103.98%	101.72%	105.34%	105.57%	103.03%	-0.16%	96.19%	90.80%	5.39%

Kibor (Ask Side)											
3-Month	%	11.16%	11.16%	11.05%	11.05%	11.02%	11.16%	0.00%	18.81%	21.48%	-2.67%
6-Month	%	11.19%	11.18%	11.05%	11.05%	10.98%	11.16%	0.01%	18.58%	21.58%	-3.00%
9-Month	%	11.44%	11.39%	11.27%	11.25%	11.19%	11.38%	0.06%	18.50%	21.84%	-3.34%
1-Year	%	11.47%	11.40%	11.28%	11.26%	11.16%	11.39%	0.07%	18.21%	21.86%	-3.65%

Avg. Exchange Rates											
USD		280.71	281.11	281.53	282.19	284.20	283.09	-0.14%	278.53	280.44	-0.68%
Euro		324.52	327.24	330.31	328.15	332.05	326.32	-0.83%	301.36	303.36	-0.66%
JPY		1.81	1.86	1.90	1.91	1.93	1.96	-2.57%	1.8410	1.9983	-7.87%
GBP		368.67	375.43	380.11	379.09	383.70	383.76	-1.80%	355.94	348.95	2.00%
CNY		39.49	39.48	39.51	39.33	39.62	39.42	0.03%	38.70	39.59	-2.25%

Item	Units	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25	%M/M	FY25	FY24	%Y/Y
Inflation											
Avg. CPI	%	5.01%	4.73%	4.22%	3.53%	4.07%	4.49%	0.28%	4.49%	23.41%	-18.92%
Avg. NFNE	%	6.60%	7.50%	7.00%	6.90%	7.00%	6.90%	-0.90%	6.90%	12.20%	-5.30%

Commodities											
Arab Light (Avg.)	USD/bbl	65.62	66.82	71.31	71.59	70.81	69.93	-1.80%	74.89	86.22	-13.14%

External Sector (FY USD mn)											
Total Imports	(USD Mn)	5,253	6,087	5,848	5,288	5,830	4,849	-13.70%	58,387	54,937	6.28%
Total Exports	(USD Mn)	2,398	2,848	2,499	2,416	2,685	2,477	-15.80%	32,039	30,684	4.42%
Trade Balance	(USD Mn)	(2,855)	(3,239)	(3,349)	(2,872)	(3,145)	(2,372)	11.86%	(26,348)	(24,253)	-8.64%
Current Account Balance	(USD Mn)	100	(291)	83	(325)	(379)	335	134.36%	328	(313)	204.79%
Remittances	(USD Mn)	3,189	3,420	3,184	3,138	3,215	3,406	-6.75%	38,300	30,251	26.61%
Oil Import Bill	(USD Mn)	1,007.78	1,293.23	1,092.95	1,238.98	1,275.20	1,095.97	-22.07%	15,003.59	15,161.83	-1.04%

Source: SBP, PBS, Oilprice.com, HMFS Research

Note: % change is of last available month

*N/M: Not Meaningful

Valuation Guide

	Symbol	Period End	Stance	Current Price	Fair Value	FV Return	M. Cap	EPS			DPS			DY		P/E		P/B		ROE		Total Yield
							PKR	2024 A	2025 E	2026 F	2024 A	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	CY-26/ FY-26
							Trn	PKR	PKR	PKR	PKR	PKR	PKR	%	%	x	x	x	x	%	%	%
1	FFC	Dec	BUY	585.0	635.0	9%	832.5	45.5	57.5	60.5	36.5	39.5	43.5	7%	7%	10.2	9.7	5.3	4.6	52%	47%	16%
2	EFERT	Dec	BUY	218.6	255.0	17%	291.9	21.2	24.7	28.5	21.5	22.0	26.7	10%	12%	8.8	7.7	5.7	5.5	60%	65%	29%
3	INDU	Jun	BUY	1966.8	2429.0	24%	154.6	191.8	292.7	347.0	114.7	176.0	208.0	9%	11%	6.7	5.7	2.3	2.0	14%	27%	34%
4	HCAR	Mar	HOLD	279.0	298.0	7%	39.8	16.3	19.0	27.3	6.5	8.0	11.5	3%	4%	14.7	10.2	1.7	1.5	8%	6%	11%
5	HBL	Dec	BUY	320.5	372.0	16%	470.1	39.9	44.6	43.2	16.3	17.0	18.0	5%	6%	7.2	7.4	1.0	0.9	16%	13%	22%
6	MCB	Dec	BUY	368.6	476.0	29%	436.8	48.6	45.5	44.5	36.0	36.0	36.0	10%	10%	8.1	8.3	1.8	1.7	37%	22%	39%
7	UBL	Dec	BUY	412.1	514.0	25%	1,031.9	61.1	64.0	60.5	44.0	45.0	44.0	11%	11%	6.4	6.8	1.4	1.3	29%	21%	35%
8	BAHL	Dec	BUY	186.3	228.0	22%	207.0	37.7	34.9	35.5	17.0	16.0	15.0	9%	8%	5.3	5.2	1.2	1.1	35%	23%	30%
9	ABL	Dec	BUY	180.4	254.0	41%	206.6	38.8	47.5	45.4	16.0	14.0	17.5	8%	10%	3.8	4.0	0.9	0.8	30%	24%	50%
10	MEBL	Dec	BUY	438.8	565.0	29%	790.0	57.3	45.7	45.2	28.0	28.0	27.0	6%	6%	9.6	9.7	2.8	2.5	41%	29%	35%
11	MUGHAL	Jun	HOLD	104.3	106.0	2%	35.0	6.0	2.8	2.8	0.0	0.0	0.0	0%	0%	36.9	37.3	1.3	1.3	15%	4%	2%
12	ISL	Jun	HOLD	109.5	98.0	-10%	47.6	8.4	3.6	3.7	5.5	2.5	1.0	2%	1%	30.6	29.6	2.3	2.2	6%	8%	-10%
13	OGDC	Jun	HOLD	268.0	260.0	-3%	1,152.6	48.6	39.5	48.0	10.1	15.1	18.0	6%	7%	6.8	5.6	0.8	0.8	18%	15%	4%
14	PPL	Jun	HOLD	219.3	230.0	5%	596.8	42.0	33.8	43.5	6.0	7.5	8.0	3%	4%	6.5	5.0	0.8	0.7	20%	13%	9%
15	POL	Jun	BUY	611.1	688.0	13%	173.5	137.9	85.2	105.0	95.0	75.0	90.0	12%	15%	7.2	5.8	2.0	1.9	47%	28%	27%
16	LUCK	Jun	BUY	499.0	568.0	14%	731.1	44.1	52.5	62.8	3.0	4.0	6.5	1%	1%	9.5	7.9	0.9	0.8	19%	10%	15%
17	FCCL	Jun	BUY	56.1	67.0	19%	137.7	3.4	5.4	7.9	1.0	1.3	1.8	2%	3%	10.3	7.1	1.7	1.5	12%	17%	22%
18	MLCF	Jun	HOLD	119.0	120.0	1%	124.6	5.0	16.3	15.6	0.0	0.0	0.0	0%	0%	7.3	7.6	2.4	1.8	11%	12%	1%
19	NML	Jun	HOLD	184.9	175.0	-5%	65.0	18.1	17.1	35.0	3.0	2.0	4.5	1%	2%	10.8	5.3	0.5	0.4	6%	6%	-3%
20	ILP	Jun	BUY	77.2	109.0	41%	108.3	11.3	3.8	8.6	5.5	1.0	4.0	1%	5%	20.1	9.0	1.4	1.3	40%	11%	46%
21	GATM	Jun	BUY	29.1	49.0	68%	21.6	6.4	5.4	7.0	0.0	0.0	0.0	0%	0%	5.4	4.2	0.4	0.4	11%	8%	68%
HMFS Universe							17%	7,655.1						5%	6%	11.1	9.5	1.7	1.5	25%	19%	22%

(*) Under Review (A) Actual (E) Estimated (F) Forecasted

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