

Fertilizers: CY25e Preview – Payout up, profit rise by 15% YoY

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CY25e earnings expected to surge by 15% YoY

Fertilizer earnings to increase by 15% YoY

We project that earnings across the BMA Fertilizer universe will rise by 15% YoY to PKR 149bn in CY25. The growth is expected to be supported by an 18% YoY increase in other income, a 2.3% YoY expansion in urea offtake, and a sharp 41% YoY surge in CAN volumes. On a QoQ basis, earnings are forecast to climb by 30%, largely driven by stronger urea offtake.

Better Urea offtake

Urea sales rose sharply by 26% YoY and 36% QoQ to 2.5mn tons in 4QCY25. In contrast, DAP offtake is projected to decline by 22% YoY, though it is expected to rebound by 60% QoQ to 543k tons during the same period. The increase in urea sales was largely driven by aggressive discounting by manufacturers, particularly EFERT, according to our channel checks.

Fauji Fertilizer Company (FFC)

We expect FFC to post an unconsolidated EPS of PKR 16.1 in 4QCY25e, up 32% YoY and 19% QoQ. The earnings growth is primarily driven by higher urea offtake and improved gross margins amid lower DAP sales. We also anticipate a cash dividend of PKR 11 per share to be announced with the results.

Engro Fertilizers (EFERT)

We estimate EFERT's consolidated EPS at PKR 7.75 in 4QCY25e, up 1% YoY. The YoY growth is driven by substantially higher urea sales, although aggressive discounting weighed on gross margins. On a QoQ basis, earnings are projected to surge by 78%, supported by a 76% increase in urea offtake. We also expect the company to declare a cash dividend of PKR 8.0 per share with the results.

Fatima Fertilizer Company Limited (FATIMA)

We estimate FATIMA's consolidated EPS at PKR 7.2 in 4QCY25e, marking a 10% YoY and 25% QoQ increase. The strong earnings performance is driven by a 30% YoY rise in urea offtake and an 86% surge in CAN volumes. Additionally, other income for CY25e is expected to grow by 33% YoY, supporting full-year EPS of PKR 20.92. We also anticipate a cash dividend of PKR 4.50 per share to be announced with the results.

Pakistan Fertilizer Earnings Estimates

PkR	CY25E	CY24A	YoY	4QCY25E	QoQ
FFC	56.6	49.5	24%	16.1	19%
EFERT*	18.4	21.2	-13%	7.7	78%
FATIMA*	20.9	17.3	21%	7.2	25%

Source: Company Accounts, BMA Research, *Consolidated

Pakistan Urea Off-take in CY25

K Tons	CY25A	CY24A	YoY	4QCY25A	QoQ
FFC	2,889	3,063	-6%	934	12%
EFERT	2,314	2,027	14%	1,034	76%
FATIMA	1,163	950	22%	427	33%
Total	6,730	6,577	2%	2,526	36%

Source: NDFC, BMA Research

Pakistan DAP Off-take in CY25

K Tons	CY25A	CY24A	YoY	4QCY25A	QoQ
FFC	834	995	-16%	293	16%
EFERT	166	306	-46%	71	4.1x
FATIMA	34	51	-33%	6.7	12%
Total	1,339	1,637	-18%	543	60%

Source: NDFC, BMA Research

Urea & DAP Prices in 4QCY25

PkR/Bag	4QCY25A	4QCY24A	YoY	3QCY25A	QoQ
Urea	4,293	4,500	-5%	4,335	-1%
DAP	14,540	11,970	21%	13,449	8%

Source: NDFC, BMA Research

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Old rating system

Valuation Methodology

To arrive at our period end target prices, BMA Capital uses different valuation methodologies including

- 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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