

Key Themes & Sector Context

DAP Offtakes Recover Sharply — DAP offtake declined by 18% YoY to 281k tons, with demand remaining muted due to elevated DAP prices, which continue to create affordability challenges for farmers.

Mixed Trends in Urea Offtake— Industry urea offtake rose by 2% YoY to 1,892k tons in 3QCY26, with the modest increase largely attributable to improved crop prices.

Demand Outlook Stable — Fertilizer demand is expected to remain supported heading into the Rabi season application.

Margins to Broadly Remain Stable — Gross margins are expected to be supported by higher urea prices.

Inventory Buildup — Current industry inventory stands at 647k tons, well below 1mn tons, indicating a manageable stock position. Resilient urea demand, alongside an expected inventory drawdown during the Rabi season, could support pricing discipline. Lower year end inventories would reduce pressure on producers to offer discounts to clear excess stocks.

UREA Offtakes ('000 Tons)

Company	3QCY26E	2QCY26	QoQ	3QCY25	YoY
FFC	756	803	-6%	833	-9%
EFERT	711	258	175%	589	21%
Others	425	413	3%	432	-2%
Industry	1,892	1,474	28%	1,854	2%

Source: NFDC, Chase Research

DAP Offtakes ('000 Tons)

Company	3QCY26E	2QCY26	QoQ	3QCY25	YoY
FFC	206	136	51%	253	-19%
EFERT	37	17	114%	14	169%
Others	37	40	-7%	73	-49%
Industry	281	194	45%	340	-18%

Source: NFDC, Chase Research

Pakistan Fertilizers | Jul-Sep 2026 Quarter Preview

Coverage Estimates | FFC · EFERT | Jul-Sep 2026

EFERT | Engro Fertilizer Company Limited (Consol)



PKR Mn	3QCY26E	2QCY26A	QoQ	3QCY25A	YoY
Net Sales	75,260	33,065	128%	54,764	37%
Gross Profit	26,112	11,825	121%	17,841	46%
Gross Margin	35%	36%		33%	
Operating Profit	16,705	6,582	154%	11,243	49%
PAT	8,762	3,800	131%	5,811	51%
EPS	6.56	2.85	130%	4.35	51%
DPS	5.5	1.75		4.5	

Commentary:

Net sales are expected to increase by 128% QoQ, primarily driven by a 175% QoQ increase in urea offtake. Gross margins are likely to remain stable, supported by higher urea prices. Going forward, we expect EFERT's inventory levels to remain manageable compared with the same period last year, when the company offered substantial discounts to reduce its inventory buildup.

FFC | Fauji Fertilizer Company Limited



PKR Mn	3QCY26E	2QCY26A	QoQ	3QCY25A	YoY
Net Sales	125,107	104,320	20%	127,251	-2%
Gross Profit	41,058	34,580	19%	39,219	5%
Gross Margin	33%	33%		31%	
Operating Profit	30,737	24,611	25%	30,618	0%
PAT	21,139	24,369	-13%	19,185	10%
EPS	14.69	16.93	-13%	13.48	9%
DPS	11	14.5		9.5	

Commentary:

Net sales are projected to rise by 20% QoQ, primarily driven by a 51% QoQ increase in DAP offtake and higher realized DAP prices. Going forward, elevated DAP prices could weigh on farmer affordability and consequently constrain offtake.

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Buy	Total stock return > 15%
Neutral	Total stock return between 0% -15%
Sell	Total Stock return < 0%

* Total stock return = capital gains + dividend yield

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- Period end target prices, Chase Securities Pakistan Private Limited uses different valuation methodologies including but not limited to:
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- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return o arrive at our based methodologies (EVA, Residual Income etc.)