3QCY26 Preview: Earnings Growth Led by EFERT Amid Diverging Offtake Trends

- We expect AHCML's fertilizer universe to post combined earnings growth of 22% YoY and 10% QoQ in 3QCY26, with aggregate EPS projected at PKR21.74 compared to PKR17.83 in 3QCY25 and PKR19.79 in 2QCY26. The expected growth is primarily driven by higher earnings from EFERT, supported by a significant recovery in urea offtakes, while FFC is likely to post moderate YoY growth. On a combined basis, the universe is projected to generate net sales of PKR190.2bn and profit after tax (PAT) of PKR30.4bn, with a net profit margin of approximately 16%.
- Industry urea offtakes increased by 38% YoY to 590k tons in September 2026, although volumes declined by 16% MoM. Consequently, 3QCY26E urea offtakes reached 1.87mn tons, up 1% YoY. In contrast, DAP offtakes declined by 32% YoY and 47% MoM to 66k tons during September 2026, bringing 3QCY26E volumes to 288k tons, down 15% YoY. The weakness in DAP demand is consistent with affordability pressures amid elevated product prices.

Company-wise:

- EFERT is expected to post EPS of PKR6.58 in 3QCY26, up 51% YoY and 131% QoQ, primarily supported by a significant recovery in urea offtakes. The company's urea offtakes increased 92% YoY to 200k tons in Sep'26, taking quarterly volumes to 693k tons, up 18% YoY. However, Sep sales declined 39% MoM from 326k tons in August, indicating some moderation in monthly demand momentum. EFERT's DAP offtakes also increased to 37k tons in 3QCY26 from 14k tons in the corresponding period last year, although volumes remain relatively small.
- FFC is expected to report EPS of PKR15.16, up 12% YoY but down 11% QoQ. Its urea offtakes declined 9% YoY to 755k tons during the quarter, despite Sep sales increasing 10% YoY to 260k tons. Meanwhile, DAP offtakes fell 22% YoY to 198k tons in 3QCY26, with Sep volumes declining 45% YoY to 34k tons. The weakness in DAP demand and lower quarterly urea volumes are likely to weigh on sequential earnings.
- Alongside their 3QCY26 results, we expect EFERT and FFC to announce cash dividends of PKR6.50 and PKR12.25 per share, respectively, implying payout ratios of approximately 95% and 80%, respectively, based on our earnings estimates.

Fertilizer Industry Offtakes

Tons ('000)	Sept-26E	Aug-26	MoM	Sept-25	YoY	3QCY'26E	3QCY'25	YoY %
UREA	590	701	-16%	429	38%	1,871	1,854	1%
DAP	66	126	-47%	97	-32%	288	340	-15%
COMPANY WISE								
FFC								
UREA	260	226	15%	236	10%	755	833	-9%
DAP	34	83	-59%	61	-45%	198	253	-22%
EFERT								
UREA	200	326	-39%	104	92%	693	589	18%
DAP	15	16	-3%	3	351%	37	14	168%

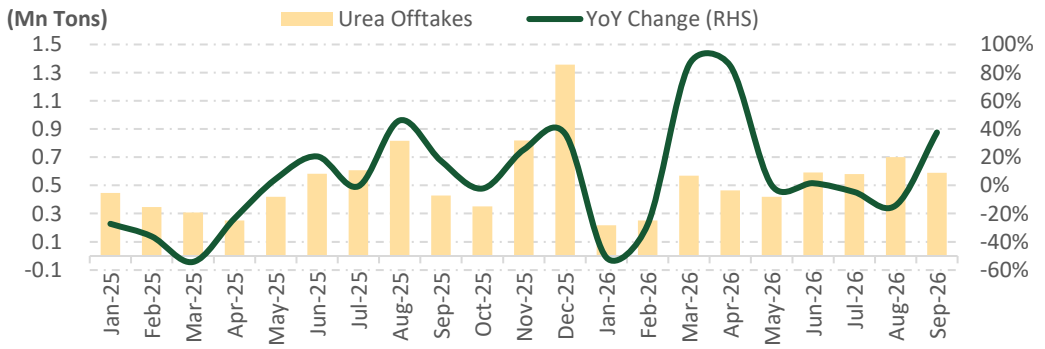
Source (s): NFDC, AHCML Research

Fertilizers (AHCML Universe)

	EPS					DPS
	3QCY26E	3QCY25	YoY	2QCY26	QoQ	3QCY26E
EFERT	6.58	4.35	51%	2.85	131%	6.50
FFC	15.16	13.48	12%	16.94	-11%	12.25

Source (s): Company Accounts, AHCML Research

Industry Urea Offtakes Trend



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