JS Research Beep

Pakistan Food Sector

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JS Global Capital Limited

MFL: FY26 & 1QFY27 Corporate analyst briefing takeaways

Matco Foods Limited (MFL) held its corporate briefing session to discuss FY26 and 1QFY27 results and outlook. In FY26, consolidated EPS rose 36% YoY to Rs4.61 on higher gross margins and lower finance costs amid lower basmati export volumes (down 37.9%). In 1QFY27, consolidated EPS fell 8.1% YoY to Rs1.25 (Rs0.47 continuing, Rs0.78 discontinued - Matco Corn Products) on lower export volumes. We present key highlights from the session.

- Consol net sales fell 10.6% YoY to Rs23.85bn in FY26 (EPS: Rs4.61, +36% YoY). Standalone net sales fell 38.2% YoY to Rs16.48bn (EPS: Rs2.13, -37% YoY), primarily driven by lower basmati export volumes (down 37.9%) following India's bumper crop and market re-entry at prices roughly USD 200/MT below Pakistani rates. Lower basmati export volumes were cushioned by higher domestic Falak rice sales and strong B2B growth in rice protein, glucose, and dextrose monohydrate, alongside solar power installations in the glucose division to trim electricity costs.

- Consolidated finance costs fell 15.5% YoY to Rs1,567mn in FY26 as effective borrowing rates dropped to 9.0% (vs. 13.0% in FY25), though finance charges still absorbed 86.4% of EBIT, amid working capital debt and a Rs2.5bn Short-Term Sukuk.

- In 1QFY27, consol net sales and EPS both fell 8.1% YoY to Rs4.09bn and Rs1.25 respectively, while standalone EPS dropped 69.2% YoY to Rs0.37 on Rs391mn (104% of Operating Profit) in finance charges. Management flagged rate hikes as a key challenge.

- Moving forward, management sees stronger FY27 export competitiveness as Pakistan's rice crop is ~12% higher YoY with carryforward inventory (unlike India), while paddy prices eased to Rs115–116/kg (~Rs4,700/maund) vs. Rs131/kg last year. Export basmati prices for Pakistan (USD 900–925/MT) and India (USD 800–950/MT) are now broadly at parity, though freight disruptions have lengthened lead times.

- Margin-leader Falak Foods (FFL) grew FY26 net sales 29.0% YoY to Rs697mn (41.5% gross margin). Following the Apr-2026 par-value rights transfer of the Gujranwala unit, management plans a new spice facility, while the 25% PSX IPO is on hold until market stability returns and regional war tensions subside.

Bloomberg Code: MFL PA

Market Price: Rs45.15

Market Cap: Rs5bn, US$20mn

1-yr ADTO: 0.6mn shrs, Rs28mn, US$0.1mn

1-yr High / Low: Rs79.93 / 38.16

Estimated free float: 43mn shares (35%)

MFL Consolidated: Key Statistics

(Rs mn)	FY25	FY26	1QFY27
Sales	26,671	23,847	4,093
Sales Growth	-3.7%	-10.6%	-8.1%
Gross Margins	12.6%	14.9%	17.6%
PAT (Rs mn)	**415**	**565**	**153**
Diluted EPS (Rs)	**3.39**	**4.61**	**1.25**
EPS Growth	NM	36.0%	-8.1%
DPS (Rs)	0.00	0.00	0.00
P/E (x)	10.77	11.85	9.00*
D/Y	0%	0%	0%

Source: Company accounts, JS Research
FY25 FY26 PE multiples calculated on avg prices
** Annualized*

- Subsidiary MCPPL posted FY26 net sales of Rs6,661mn (~85% utilization), deliberately pivoting from low-margin bulk exports to domestic buyers. MCPPL installed solar power to manage energy costs and added 4 silos of 10k MT each (taking total storage to 50k MT), alongside plans for a 300 TPD expansion (200 TPD existing) backed by a Rs750mn convertible facility.

- Following IGI Investments' October 15, 2026 non-binding offer for 100% of MCPPL, management expects mutual due diligence to conclude by end-December 2026, with proceeds earmarked for parent-level debt retirement. MFL is also divesting its 49% stake in JV with Barentz Pakistan to improve its gearing ratio.

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