

Hassan Raza

hassan.raza@akseerresearch.com

15 April 2026

FCCL: Surge in Dispatches and Other Income to Boost Earnings 64% YoY

Fauji Cement Company Limited

PSX: FCCL | Bloomberg: FCCL PA | Reuters: FAUC.PSX

- FCCL is expected to announce its 3QFY26 results, wherein we expect the company to report an EPS of PKR 1.43, up by 64% YoY. We do not expect FCCL to declare any dividend along with the result.
- Net sales for 3QFY26 are expected to clock in at PKR 22.8bn up 18% YoY, driven by 18% YoY growth in local dispatches, which offsets the plunge in exports to Afghanistan. This was complemented by 3% YoY increase in net retention. We expect gross margins to settle at ~34% in 3QFY26 up 2ppts YoY.
- Net finance costs are expected to drop 43% YoY to PKR 926mn owing to a decline in interest rates and deleveraging of the balance sheet. Debt/equity ratio will likely decline to 0.42x in 3QFY26 (from 0.51x SPLY).
- Other income is projected to increase 2.1x YoY to PKR 719mn primarily on the back of expected increase in short-term investments from PKR 5.7bn SPLY to PKR 24.7bn in 3QFY26.
- On a sequential basis, earnings are expected to decrease 13% QoQ, as net sales will likely fall 5%, due to 6% QoQ decline in local dispatches, along with complete halt of exports to Afghanistan, following Afghan border closure. Volume contraction was partially offset by 3% QoQ increase in cement prices. Gross margins are expected to compress 1 ppt QoQ, reflecting higher fuel costs and absorption of fixed costs on a narrower base.

Key Data

PSX Ticker	FCCL
Target Price (PKR)	67
Current Price (PKR)	52
Upside/(Downside) (%)	29%
Dividend Yield (%)	4%
Total Return (%)	33%
12-month High (PKR)	63
12-month Low (PKR)	36
Outstanding Shares (mn)	2,452
Market Cap (PKR mn)	128,283

Source: PSX, Akseer Research

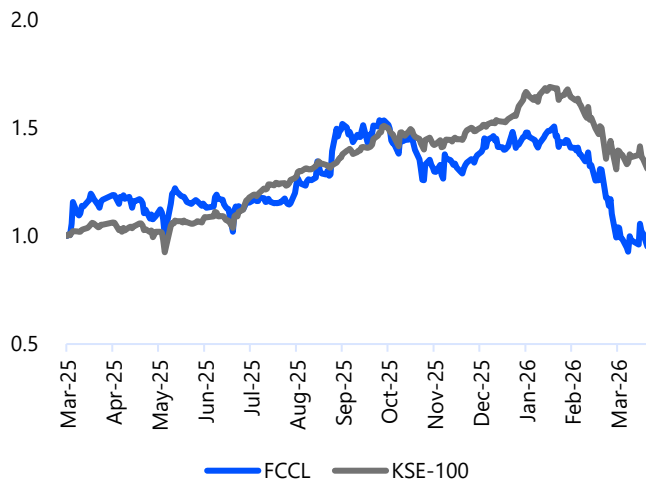
Financial Estimates (PKR mn)	3QFY25	3QFY26E	YoY	9MFY25	9MFY26E	YoY
Sales	19,310	22,787	18%	67,154	70,140	4%
Cost of Sales	13,041	15,017	15%	44,100	46,642	6%
Gross Profit	6,269	7,770	23%	23,054	23,498	2%
Selling and Distribution	847	834	-2%	2,250	2,435	8%
General and Admin	408	523	28%	1,257	1,536	22%
Other Operating Expenses	232	449	93%	1,044	1,253	20%
Other Income	343	719	109%	1,326	2,133	61%
Finance Cost	1,636	926	-43%	4,640	3,135	-32%
Profit Before Tax	3,489	5,757	65%	15,189	17,271	14%
Taxation	1,349	2,245	66%	5,782	6,443	11%
Net Income	2,140	3,512	64%	9,407	10,829	15%
EPS (PKR)	0.87	1.43	64%	3.84	4.41	15%
DPS (PKR)	0.00	0.00		0.00	0.00	

Source: Company Accounts, Akseer Research

Key Financial Ratios	FY24A	FY25A	FY26E	FY27F	FY28F	FY29F	FY30F	FY31F
EPS (PKR)	3.2	3.4	5.8	7.5	9.5	11.7	14.1	16.8
EPS Growth	4.6%	6.0%	7.0%	29.3%	25.9%	24.2%	20.4%	18.6%
DPS (PKR)	0.0	1.0	1.7	2.3	2.8	3.5	4.2	5.0
BVPS (PKR)	27.7	29.9	38.9	44.2	50.8	59.0	68.9	80.6
PER	16.3	15.4	9.0	7.0	5.5	4.5	3.7	3.1
Dividend Yield	0.0%	1.9%	3.3%	4.3%	5.4%	6.7%	8.1%	9.6%
P/B	1.9	1.7	1.3	1.2	1.0	0.9	0.8	0.6
ROE	12.1%	11.9%	15.9%	18.1%	19.9%	21.4%	22.1%	22.4%

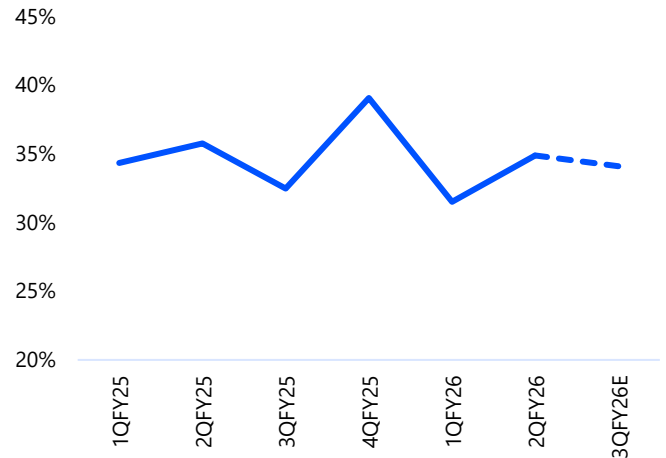
Source: Company Accounts, Akseer Research

Relative Price Performance of FCCL



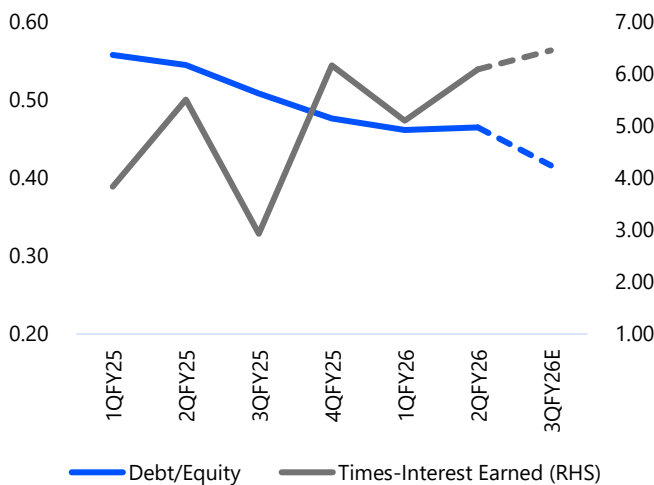
Source: PSX, Akseer Research

Normalizing Gross Margins



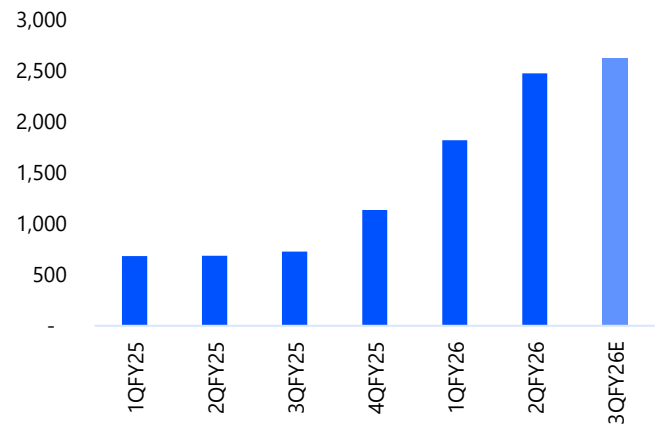
Source: Company Accounts, Akseer Research

Deleveraging of Balance Sheet and Improving Interest Coverage ...



Source: Company Accounts, Akseer Research

... And Higher Cash and ST Investments/Ton Cushioning Earnings



Source: Company Accounts, Akseer Research

Valuation Basis

Our PT for Fauji Cement Company Limited (FCCL) has been computed using the Free Cash Flow to Firm (FCFF) method. We have used a risk-free rate of 10.5%, a beta of 1.1, a market risk premium of 6%, and cost of debt of 10.5% to arrive at WACC of 14.3%.

Investment Thesis

We have a 'Buy' recommendation on the stock based on our Dec-26 PT of PKR 67/share, which results in an upside of 29% alongside a dividend yield of 4%. Our investment case is based on (1) highest projected 3-year earnings CAGR of 23% in our cement universe, (2) increasing reliance on renewable sources of energy to control cost, and (3) ACPL acquisition enabling southern and new export market access, making it the only cement player to operate in 3 provinces.

Risks

Key downside risks to our investment thesis include (1) continued closure of Afghan border to disrupt exports (2) increase in international/local coal prices to pressure energy costs and (3) lower than expected offtake in local dispatches.

Company Description

Fauji Cement Company Limited (FCCL) is a Pakistani based cement manufacturer, producing ordinary Portland and various other types of cement. It is backed by the Fauji group, and has an cement production capacity of 10.5mn tons, giving it a ~16% market share in the Northern region.

Financial Highlights – FCCL

Income Statement (PKR Mn)	FY24A	FY25A	FY26E	FY27F	FY28F	FY29F	FY30F	FY31F
Net Sales	80,026	88,956	93,374	113,519	132,337	153,966	174,701	196,381
Cost of Sales	54,346	57,385	62,338	76,066	87,537	100,662	112,940	125,760
Gross Profit	25,680	31,571	31,036	37,454	44,800	53,304	61,760	70,621
Other Expenses	5,629	6,103	7,038	7,863	9,039	10,384	11,710	13,101
Operating Profit (EBIT)	20,052	25,468	23,998	29,591	35,761	42,920	50,050	57,520
Other Income	840	1,830	2,926	3,950	5,162	6,755	8,822	11,471
Finance Cost	5,537	5,772	4,035	3,331	2,895	2,460	2,024	1,588
Profit before tax (PBT)	15,354	21,526	22,889	30,210	38,028	47,216	56,848	67,402
Taxation/Levies	7,132	8,199	8,634	11,782	14,831	18,414	22,171	26,287
Profit after tax (PAT)	8,223	13,326	14,256	18,428	23,197	28,802	34,677	41,115
EPS (PKR)	3.35	5.43	5.81	7.51	9.46	11.74	14.14	16.76
DPS (PKR)	1.00	1.25	1.74	2.25	2.84	3.52	4.24	5.03

Source: Company Accounts, Akseer Research

Balance Sheet (PKR Mn)	FY24A	FY25A	FY26E	FY27F	FY28F	FY29F	FY30F	FY31F
PPE	110,846	109,579	107,174	104,660	102,082	99,440	96,732	93,957
Other LT assets	11,007	10,794	10,752	10,300	10,075	9,857	9,643	9,432
Non-current assets	121,852	120,373	117,926	114,960	112,157	109,297	106,375	103,388
Current assets	25,784	40,473	54,586	67,143	83,163	103,465	127,991	158,274
Total assets	147,636	160,845	172,512	182,103	195,320	212,762	234,366	261,662
Non-current liabilities	47,372	45,935	41,501	37,554	33,607	29,660	25,713	22,754
Current liabilities	26,865	30,637	35,549	36,187	37,113	38,341	39,617	41,093
Total liabilities	74,237	76,573	77,050	73,741	70,720	68,001	65,331	63,846
Equity	73,399	84,272	95,462	108,362	124,600	144,761	169,035	197,816
Total equity & liabilities	147,636	160,845	172,512	182,103	195,320	212,762	234,366	261,662

Source: Company Accounts, Akseer Research

Cash Flow Statement (PKR Mn)	FY24A	FY25A	FY26E	FY27F	FY28F	FY29F	FY30F	FY31F
Net Income	8,223	13,326	14,256	18,428	23,197	28,802	34,677	41,115
Non-Cash Charges	4,058	4,970	6,003	6,356	6,498	6,647	6,804	6,966
Operating Cash Flows	16,243	18,391	28,781	20,950	26,798	32,200	38,569	45,151
FCFF	10,723	9,883	10,811	16,941	20,836	24,118	27,889	31,290
Net Borrowings	(4,064)	(3,755)	(3,819)	(4,625)	(4,601)	(4,601)	(4,601)	(3,613)
FCFE	1,962	2,185	5,883	12,935	18,502	23,812	30,086	37,559
Closing Cash	2,933	2,665	5,483	12,889	24,432	39,604	59,287	84,511

Source: Company Accounts, Akseer Research

Disclaimer

This report has been prepared and marketed jointly by Akseer Research (Pvt) Limited and Alpha Capital (Pvt) Limited, hereinafter referred jointly as "JV" and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, the JV and/or any of their officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professionals who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and the JV accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of the JV's Research Department and do not necessarily reflect those of the JV or its directors. Akseer Research and Alpha Capital as firms may have business relationships, including investment--banking relationships, with the companies referred to in this report. The JV or any of their officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the companies mentioned in this report, may have a financial interest in the securities of these companies to an amount exceeding 1% of the value of the securities of these companies, may serve or may have served in the past as a director or officer of these companies, may have received compensation from these companies for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from these companies for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the companies mentioned in this report.

All rights reserved by the JV. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of the JV. Action could be taken for unauthorized reproduction, distribution or publication.

Valuation Methodology

To arrive at our 12-months Price Target, the JV uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology.

Ratings Criteria

JV employs a three-tier ratings system to rate a stock, as mentioned below, which is based upon the level of expected return for a specific stock. The rating is based on the following with time horizon of 12-months.

Rating	Expected Total Return
Buy	Greater than or equal to +15%
Hold	Between -5% and +15%
Sell	Less than or equal to -5%

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

Research Dissemination Policy

The JV endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc.

Analyst Certification

The research analyst, denoted by 'AC' on the cover of this report, has also been involved in the preparation of this report, and is a member of JV's Equity Research Team. The analyst certifies that (1) the views expressed in this report accurately reflect his/her personal views and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Contact Details



Akseer Research (Pvt) Limited
 1st Floor, Shaheen Chambers, KCHS block 7 & 8,
 off. Shahrah-e-Faisal
 T: +92-21-34320359 -60
 E: info@akseerresearch.com



Alpha Capital (Pvt) Limited
 3rd Floor, Shaheen Chambers, A-4 Central Commercial Area,
 KCH Society, Block 7 & 8, Near Virtual University, Karachi
 T: +92-21-38694242
 E: info@alphacapital.com.pk



www.jamapunji.pk