Flash Note

Tuesday, August 11, 2026

Cement

Fauji Cement Company Limited (FCCL)

Earnings: Fauji Cement Company Limited (FCCL) announced it 4QFY26 result. The Company reported unconsolidated earnings for 4QFY26 of PKR 5.4bn (PKR 2.2/share), up by +37.94% y/y, compared to earnings of PKR 3.9bn (PKR 1.6/share) in the same period last year. On FY26 basis, the Company reported earnings of PKR 16.2bn (EPS PKR 6.6/share) up by +21%y/y compared to PKR 13.3bn (EPS PKR 5.43/share) in the same period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 1.5/share along with the result.

Operating Performance: During 4QFY26, company's net sales increased by +10%y/y (+7% q/q) to PKR 23.9bn as compared to same period last year, primarily driven by 6% y/y growth in local dispatches, while export dispatches remained nil due to the closure of Afghan border. Gross margin declined to 38% during 4QFY26 against 39% in the same period last year however increase sequentially from 36% in 3QFY26 owing to cost optimization initiatives, along with increased usage of local coal, various alternative fuels and enhanced in-house generation. Finance cost decreased by -76%y/y as compared to SPLY due to decline in long-term borrowings and interest rate. The effective tax rate during 4QFY26 stood at 22.8% compared to 53.1% during 4QFY25 while in FY26 stood at 34% compared to 38.1% last year.

Material Information: FCCL has notified that the Board has authorized the Management to evaluate feasibility of potential merger of Attock Cement Pakistan Limited with and into FCCL and to be presented to the Board for consideration.

Recommendation: We have a "BUY'' stance on FCCL with our Dec-26 Target Price of PKR 85/share offering 47% upside from last close. The Company is currently trading at FY27 P/E of 6.7x.

Exhibit: Fauji Cement Company Limited (FCCL) Financial highlights

For period ending: 4q/26

PKRbn	4q/26	4q/25	y/y	3q/26	q/q	FY26	FY25	y/y
Net Sales	23.9	21.8	10%	22.4	7%	93.7	89.0	5%
Gross Profits	9.0	8.5	6%	8.0	12%	32.7	31.6	4%
Admin	0.46	0.43	6%	0.4	2%	1.9	1.7	14%
EBIT	7.5	6.5	16%	6.5	14%	27.6	26.2	5%
Finance cost	0.5	1.9	-76%	0.5	-13%	2.1	5.8	-63%
Profit before tax	7.0	4.5	54%	6.0	17%	24.5	21.5	14%
Taxation	1.6	2.4	-34%	2.5	-37%	8.3	8.2	2%
Profit after Tax	5.4	3.9	38%	3.5	56%	16.2	13.3	21%
EPS*	**2.20**	**1.60**		**1.41**		**6.60**	**5.43**	
DPS	**1.50**	**1.25**		**0.00**		**1.50**	**1.25**	
Gross Margins	38%	39%		36%		35%	35%	
Effective tax	23%	53%		42%		34%	38%	
Net Margins	23%	18%		15%		17%	15%	

Source: Company Accounts, IGI Research, *Number of Shares (mn): 2,452.8

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Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including

- Discounted Cash Flow (DCF)
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- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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Basic Definitions and Terminologies used: Target Price: A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

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