Day Break

Thursday, September 25, 2025

Cement

FCCL: FY25 Management Call Takeaways

- Fauji Cement Company Limited (FCCL) held a corporate briefing session to discuss the FY25 financial results and provide key insights on the future outlook for the Company.
- FCCL's overall revenues grew 11% y/y in FY25, supported by higher sales volumes. Gross profit was up 23% and EBITDA up 24% y/y, yielding margins of 35% and 36%, respectively, while PAT rose 15% to PKR 13.3 bn (EPS: PKR 5.43). A dividend of PKR 1.25/sh was announced (vs. PKR 1.00 last year).
- Local dispatches stood at 4.81 Mn tons while exports reached 0.56 Mn tons, making FCCL the largest exporter to Afghanistan with a 33% market share. Domestic demand improved modestly, and management expects 4–5% growth in local sales alongside 8–9% growth in exports in FY26.

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Key highlights from Corporate Briefing

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- FCCL has a 131 MW captive power base, including 67.5 MW solar and 48 MW WHR, raising the share of renewable energy in its power mix to 49% (vs. 43% last year). Management reiterated its focus on further reducing grid reliance (currently ~31 PKR/unit), while coal sourcing is diversified between local (mainly Darra and Balochistan) and Afghan coal. Current local coal mix (25% Afghan coal vs 75% local) is expected to expand to 80-85%.

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- Alternate fuels contributed 5–7% this year, lower than 10–12% last year, with usage dependent on relative local coal cost.

- The management stated that no new capacity expansions are planned for the next 4–5 years, with focus remaining on cost leadership, energy efficiency, and renewables.

- Management also noted that the impact of recent floods has been neutralized, with demand holding up in the second quarter. Royalty charges have risen to PKR 1,232/ton from 250/ton, however FCCL has obtained a stay order and is contesting the levy. Company is expecting the result in its favor.

- On financing, the company highlighted that the earlier PKR 7.5 bn interest-free loan now carries a 10% rate, with no decision yet on conversion to equity. Additionally, lower interest rates are expected to reduce financial costs by PKR 2–3 bn going forward in FY26.

- Management highlighted that post Acquisition of Polypropylene (PP) Bags Manufacturing plant at Hattar KPK, FCCL has reduced packaging cost by ~PKR 4/bag relative to market price.

- On cost optimization front, efforts for becoming the lowest cost producer remains the major focus for FCCL.

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