

Cement

FCCL: FY26 Management Call Takeaways

- Fauji Cement Company Limited (FCCL) held a corporate briefing session to discuss the FY26 financial results and provide key insights on the future outlook for the company.
- Management expects domestic cement demand to grow 8-10% going forward. Infrastructure activity and hydropower projects are the main drivers.
- Average net retention was about PKR 872-875/bag in FY26. The DG Khan plant earns the highest net retention in the portfolio.

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Key Highlights from Corporate Briefing

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- Average net retention was about PKR 872-875/bag in FY26. The DG Khan plant earns the highest net retention in the portfolio.
- Early repayment of existing borrowings lowered finance costs in FY26. Leverage should rise again, as new debt has been raised to fund the ACPL acquisition.
- Local coal averaged about PKR 40k/ton in FY26 but has risen to about PKR 60k/ton (+50%). Freight is around PKR 15k/ton. With consumption at roughly 130kg per ton of cement, this is a clear margin headwind going into FY27.
- Local coal makes up 70-75% of the fuel mix, with imported coal covering the balance depending on relative pricing. Fuel costs rose in FY26 on higher fuel prices.
- Total dispatches were about 5.7mn tons, split into 5.4mn tons of local sales and 0.29mn tons of exports. Exports stayed constrained by the Afghan border closure.

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- Net revenue rose about 6% YoY to PKR 94bn on higher volumes. Gross margin improved by about 3ppts on cost optimization, and net profit grew 21% YoY to PKR 16.1bn (EPS PKR 6.6).
- Packaging costs declined as in-house production of polypropylene (PP) bags increased meeting 100% of PP bags requirement internally. Capacity has already been expanded from 72mn to 108mn bags.
- Renewables made up about 51% of the power mix, up from 49% last year. The company has 70MW of solar and 48MW of waste heat recovery (WHR), with total captive capacity of about 133.5MW. A further 4MW of solar has been added: 3MW at DG Khan and 1MW at Jhang Bahtar.
- Lower government tariffs and the incremental power package have eased electricity costs. Grid power costs about PKR 30-32/kWh.
- FCCL is the only government-approved cement supplier for major hydropower projects. Other suppliers must go through an approval process first, which gives FCCL a head start in capturing demand from these projects as they ramp up.
- No hearing date has been set for the next stage of the Punjab royalty case. The outcome stays unresolved, so any related cost impact remains an overhang with no clear timeline.

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