

Earnings Preview 3QCY23

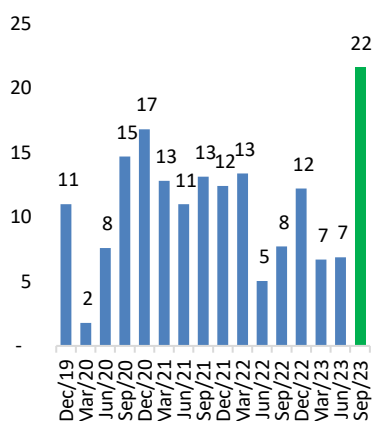
EPS Estimate for 3QCY23

PKR	3Q'23e	y/y	9M'23	q/q
EFERT	5.6	79%	9.7	35%
FFC	7.7	86%	18.0	54%
FFBL	3.4	n/m	-0.5	n/m

DPS Estimate for 3QCY23

PKR	3Q23e	9M23e
EFERT	5.5	12.0
FFC	5.2	12.6
FFBL	-	-

Exhibit: Fertilizer Sector Historical Earnings (PKRbn)



Fertilizer

Sector Earnings to jump up by +2.8xy/y during 3QCY23

- IGI Fertilizer universe earnings is expected to incline by +2.8xy/y in 3QCY23 to PKR 21.6bn compared to PKR 6.9bn in the same period last year. Earnings accretion is expected on the back of higher fertilizer prices and offtake. On sequential basis, earnings are expected to improve by +3.1xq/q mainly owing to higher tax expense in 2QCY23 due to imposition of super tax on CY22 income.
- EFERT's board meeting is scheduled on 12th-Oct-2023 to announce financial result for 3QCY23 where we expect the Company to report earnings of PKR 7.51bn (EPS: PKR 5.62) up by +79%/y. We expect FFC to register earnings of PKR 1.26bn (EPS: PKR 3.44) up by +32%/y.
- FFBL's board meeting is scheduled on 24th-Oct-2023 to announce financial result for 3QCY23 where we expect the Company to register earnings of PKR 4.36bn (EPS: PKR 3.38) compared to loss of PKR 1.70bn (LPS: PKR 1.31) in the same period last year.

Fertilizer Sector: Earnings to increase by +2.8xy/y to PKR 21.6bn in 3QCY23

IGI Fertilizer universe earnings is expected to incline by +2.8xy/y in 3QCY23 to PKR 21.6bn compared to PKR 6.9bn in the same period last year. Earnings accretion is expected on the back of higher fertilizer prices and offtake. On sequential basis, earnings are expected to improve by +3.1xq/q mainly owing to higher tax expense in 2QCY23 due to imposition of super tax on CY22 income.

Exhibit: Fertilizer sector profit after tax preview for 3qCY23								
PKR bn								
Period end = Jun	Sep/23	Jun/23	q/q	Sep/22	y/y	9M'23e	9M'22	y/y
EFERT	5.6	0.8	7.1x	3.1	79%	9.7	7.2	35%
FFC	7.7	4.2	83%	4.1	86%	18.0	11.7	54%
FFBL	3.4	0.4	9.1x	-1.3	n/m	-0.5	1.3	n/m
Total (PKRbn)	21.6	6.9	3.1x	7.7	2.8x	35.2	26.2	35%

Source: IGI Research, Company Financials

Analyst

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EFERT: Earnings to improve by +79%/y during 3QCY23e to PKR 5.6/share

Engro Fertilizers Limited (EFERT) board meeting is scheduled on 12th-Oct-2023 to announce financial result for 3QCY23 where we expect the

Company to report earnings of PKR 7.51bn (EPS: PKR 5.62) up by +79%/y/y compared to PKR 4.18bn (EPS: PKR 3.13) in the same period last year. On a quarterly basis earnings are expected to augment by +7.1xq/q on the back of lower tax expense and closure of plant for maintenance for 1 month during 2QCY23. We attribute the incline in the earnings on yearly basis during 3QCY23 to higher retention prices and increase off-take. However, higher finance cost is likely to limit earnings growth during 3QCY23. This brings total 9MCY23 profitability to PKR 12.97bn (EPS PKR 9.71) up by 35%/y/y. We expect the company to announce cash dividend of PKR 5.5/share along with the result taking total cash payout for 9MCY23 to PKR 12.0/share.

FFC: Earnings to appreciate by +86%/y/y to PKR 7.68/share during 3QCY23

We expect Fauji Fertilizer Company Limited (FFC) to register earnings of PKR 1.26bn (EPS: PKR 3.44) up by +32%/y/y compared to PKR 0.96bn (EPS: PKR 2.61) in the same period last year. On a quarterly basis, earnings are expected to increase by +3%q/q. We attribute the growth in the earnings during 3QCY23 on yearly basis to lower gas prices being charged at old rates, higher retention prices and increase in offtake. This brings total 9MCY23 profitability to PKR 22.84bn (EPS PKR 17.96) up by 54%/y/y. We expect the company to announce cash dividend of PKR 5.2/share along with the result taking total cash payout for 9MCY23 to PKR 12.6/share.

FFBL: Earnings to jump to PKR 3.38/share during 3QCY23

Fauji Fertilizer Bin Qasim Limited's (FFBL) board meeting is scheduled on 24th-Oct-2023 to announce financial result for 3QCY23 where we expect the Company to register earnings of PKR 4.36bn (EPS: PKR 3.38) compared to loss of PKR 1.70bn (LPS: PKR 1.31) in the same period last year. On a quarterly basis, earnings are expected to increase by +9.1xq/q. We attribute the growth in the earnings during 3QCY23 on yearly basis to absence of exchange losses and higher margins due to price increase. However, higher finance cost is likely to limit earnings growth. This brings total 9MCY23 loss to PKR 0.59bn (LPS PKR 0.46).

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