

Flash Note

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Fertilizer

Fauji Fertilizer Company Limited (FFC)

Earnings: Fauji Fertilizer Company Limited (FFC) announced its 4QCY23 result. The Company reported 4QCY23 unconsolidated earnings of PKR 7.5bn (EPS PKR 5.86), up by +43%/y/y compared to PKR 5.2bn (EPS PKR 4.09) in the similar period last year. This brings total CY23 profitability to PKR 29.7bn (EPS PKR 23.32), up by +2.5x/y/y compared to PKR 20bn (EPS PKR 15.76) in the same period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 4.1/share along with the result bringing total cash payout for CY23 to PKR 15.5/share.

Operating Performance: During 4QCY23, FFC reported +44%/y/y incline in revenue on the back of higher retention prices and increase in DAP offtake. Gross margins clocked in at 45% during 4QCY23 compared to 32% in the similar period last year. Finance cost declined marginally by -1%/y/y to PKR 1.6bn during 4QCY23. The Company also recorded higher than estimated loss allowance on subsidy receivable from GoP at PKR 2.3bn which adversely impacted the bottom-line. Other income during 4QCY23 increased by +10%/y/y to PKR 4.6bn compared to PKR 4.1bn in the same period last year. Effective tax rate during 4QCY23 stood at 47% compared to 30% in the same period last year bringing total effective tax rate for CY23 to 45% against 44% in CY22.

Exhibit: Fauji Fertilizer Company Limited (FFC)										
in PKRbn										
Period end (DEC)	CY23	4Q'23	3Q'23	2Q'23	1Q'23	CY22	4Q'22	3Q'22	2Q'22	1Q'22
Net Sales	159.5	43.4	44.1	35.6	36.4	109.4	30.2	24.5	28.4	26.3
Cost of Sales	95.2	24.0	30.5	18.9	21.8	69.3	20.5	15.0	16.8	17.0
Gross Profit	64.3	19.4	13.7	16.7	14.6	40.0	9.7	9.4	11.5	9.4
Gross Profit margin	40%	45%	31%	47%	40%	37%	32%	39%	41%	36%
Admin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Selling & Dist.	12.7	4.0	3.0	2.7	3.1	10.1	3.2	2.6	2.1	2.2
EBIT	63.2	18.1	15.6	15.5	14.0	41.3	9.9	9.1	12.5	9.9
EBIT margin	40%	42%	35%	44%	38%	38%	33%	37%	44%	38%
Finance Cost	5.6	1.6	1.3	1.2	1.5	4.9	1.6	1.2	0.9	1.1
Profit before tax	53.5	14.0	13.9	13.7	11.9	33.7	7.4	7.4	10.5	8.3
Tax	23.9	6.5	4.7	8.4	4.2	13.6	2.2	2.2	7.2	2.1
Effective tax rate	45%	47%	34%	61%	35%	40%	30%	30%	68%	25%
Profit after tax	29.7	7.5	9.1	5.3	7.7	20.0	5.2	5.2	3.4	6.2
Net Margins	19%	17%	21%	15%	21%	18%	17%	21%	12%	24%
EPS	23.32	5.86	7.18	4.20	6.08	15.76	4.09	4.12	2.64	4.90
DPS	15.49	4.10	3.98	3.15	4.26	12.13	3.15	3.18	2.10	3.70

Source: Company Accounts, IGI Research

No. of Shares: 1,272.2mn.

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