

# Day Break

Wednesday, April 17, 2024



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## Earnings Preview 1QCY24

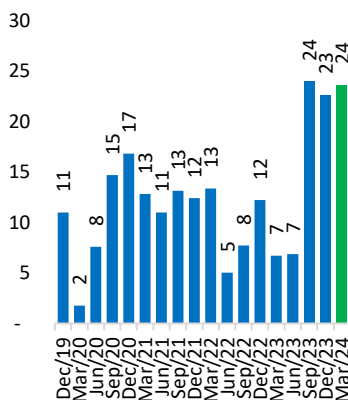
### EPS Estimate for 1QCY24

PKR	1Q'24e	y/y	4Q'23	q/q
EFERT	6.0	82%	8.3	-28%
FFC	8.8	45%	5.9	50%
FFBL	3.4	-	3.1	9%

### DPS Estimate for 1QCY24

PKR	1Q24e	4Q23
EFERT	5.0	8.0
FFC	6.0	4.1
FFBL	-	1.0

**Exhibit:** Fertilizer Sector Historical Earnings (PKRbn)



## Fertilizer

### Sector Earnings to jump up by +3.5xy/y during 1QCY24

- IGI Fertilizer universe earnings is expected to incline by +3.53xy/y in 1QCY24 to PKR 23.6bn compared to PKR 6.7bn 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 +4%q/q on the back of healthy margins due to higher retention prices.
- EFERT is expected to report earnings of PKR 8.0bn (EPS: PKR 6.00) up by +82%y/y compared to PKR 4.4bn (EPS: PKR 3.30). We expect FFC to register earnings of PKR 11.2bn (EPS: PKR 8.82) up by +45%y/y compared to PKR 7.7bn (EPS: PKR 6.08) in the same period last year.
- FFBL is expected to post earnings of PKR 4.4bn (EPS: PKR 3.4) as compared to a loss of PKR 5.4bn (LPS: PKR: 4.2) in the same period last year. On a quarterly basis, earnings are expected to increase by +9%q/q mainly due to higher urea prices and dividend income.

### Fertilizer Sector: Earnings to jump by +3.5xy/y to PKR 23.6bn in 1QCY24

IGI Fertilizer universe earnings is expected to incline by +3.53xy/y in 1QCY24 to PKR 23.6bn compared to PKR 6.7bn 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 +4%q/q on the back of healthy margins due to higher retention prices.

**Exhibit:** Fertilizer sector profit after tax preview for 1qCY24

Period end = Jun	Mar/24	Dec/23	q/q	Mar/23	y/y
EFERT	6.0	8.3	-28%	3.3	82%
FFC	8.8	5.9	50%	6.1	45%
FFBL	3.4	3.1	9%	-4.2	n/m
<b>Total (in PKRbn)</b>	<b>23.6</b>	<b>22.7</b>	<b>4%</b>	<b>6.7</b>	<b>3.5x</b>

### EFERT: Earnings to increase by +82%y/y during 1QCY24e to PKR 6.0/share

Engro Fertilizers Limited's (EFERT) board meeting is scheduled on 18<sup>th</sup>-Apr-2024 to announce financial result for 1QCY24, where we expect the Company to report earnings of PKR 8.0bn (EPS: PKR 6.00) up by +82%y/y compared to PKR 4.4bn (EPS: PKR 3.30) in the same period last year. On a

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quarterly basis earnings are expected to decline by -28%q/q as the Gross Margins are expected to decline q/q on the back of higher cost of sales amid hike in gas prices. We attribute the incline in the earnings on yearly basis during 1QCY24 to higher retention prices and increase in off-takes as compared to last year. We expect the Company to announce cash dividend of PKR 5.0/share along with the result.

#### FFC: Earnings to appreciate by +45%/y/y to PKR 8.80/share during 1QCY24

Fauji Fertilizer Company Limited (FFC) is expected to register earnings of PKR 11.2bn (EPS: PKR 8.82) up by +45%/y/y compared to PKR 7.7bn (EPS: PKR 6.08) in the same period last year. On a quarterly basis, earnings are expected to increase by +50%q/q. We attribute the growth in the earnings during 1QCY24 on yearly basis to higher retention prices of urea which increased by 48%/y/y and increase in other income led by higher dividend income and incline in income from short term investments. However, higher finance cost amid higher interest rates is likely to keep earnings growth restricted. We expect the company to announce cash dividend of PKR 6.0/share along with the result.

#### FFBL: Earnings to jump to PKR 3.42/share during 1QCY24

Fauji Fertilizer Bin Qasim Limited (FFBL) is expected to post earnings of PKR 4.4bn (EPS: PKR 3.4) as compared to a loss of PKR 5.4bn (LPS: PKR: 4.2) in the same period last year. On a quarterly basis, earnings are expected to increase by +9%q/q mainly due to higher urea prices and dividend income. We attribute the growth in earnings during 1QCY24 on yearly basis to higher margins due to increase in retention prices and DAP off-take. Gross margins are likely to improve owing to lower phosphoric acid prices.

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