

Day Break

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Earnings Preview 4QCY23

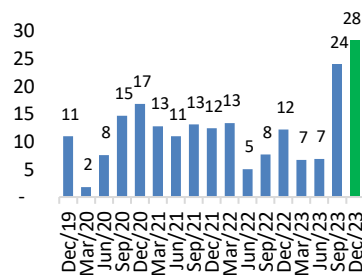
EPS Estimate for 4QCY23

PKR	4Q'23e	y/y	CY'23	q/q
EFERT	7.7	61%	19.0	59%
FFC	8.8	2.2x	26.2	67%
FFBL	5.2	10.0x	5.5	3.0x

DPS Estimate for 4QCY23

PKR	4Q23e	CY23e
EFERT	7.0	19.5
FFC	6.6	17.9
FFBL	-	-

Exhibit: Fertilizer Sector Historical Earnings (PKRbn)



Fertilizer

Sector Earnings to jump up by +2.3xy/y during 4QCY23

- IGI Fertilizer universe earnings is expected to incline by +2.3xy/y in 4QCY23 to PKR 28.3bn compared to PKR 12.2bn 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 +18%q/q on the back of healthy margins due to higher retention prices outpacing gas price hikes.
- EFERT is expected to report earnings of PKR 10.3bn (EPS: PKR 7.75) up by +61%y/y compared to PKR 6.4bn (EPS: PKR 4.80). We expect FFC to register earnings of PKR 11.2bn (EPS: PKR 8.80) up by +2.2xy/y compared to PKR 5.2bn (EPS: PKR 4.09) in the same period last year
- FFBL's board meeting is scheduled on 25th-Jan-2023 to announce financial result for 4QCY23 where we expect the Company to register earnings of PKR 6.7bn (EPS: PKR 5.2) as compared to PKR 614mn (EPS: PKR: 0.48) in the same period last year.

Fertilizer Sector: Earnings to increase by +2.3xy/y to PKR 28.3bn in 4QCY23

IGI Fertilizer universe earnings is expected to incline by +2.3xy/y in 4QCY23 to PKR 28.3bn compared to PKR 12.2bn 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 +18%q/q on the back of healthy margins due to higher retention prices outpacing gas price hikes.

Exhibit: Fertilizer sector profit after tax preview for 3qCY23

PKR bn	Period end = Jun	Dec/23	Sep/23	q/q	Dec/22	y/y	CY23e	CY22e	y/y
EFERT		7.7	7.2	8%	4.8	61%	19.0	12.0	59%
FFC		8.8	7.2	22%	4.1	2.2x	26.2	15.8	67%
FFBL		5.2	4.1	27%	0.5	10x	5.5	1.8	3.0x
Total (in PKRbn)		28.3	24.0	18%	12.2	2.3x	65.9	38.4	72%

EFERT: Earnings to improve by +61%y/y during 4QCY23e to PKR 7.7/share

Engro Fertilizers Limited (EFERT) is expected to report earnings of PKR 10.3bn (EPS: PKR 7.75) up by +61%y/y compared to PKR 6.4bn (EPS: PKR 4.80) in the same period last year. On a quarterly basis earnings are expected to increase by +8%q/q. However, the Gross Margins are expected to decline q/q on the back of higher cost of sales amid hike in

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gas prices. We attribute the incline in the earnings on yearly basis during 4QCY23 to higher retention prices and increase off-takes. This brings total CY23 profitability to PKR 25.4bn (EPS PKR 19.02) up by +59%/y. We expect the Company to announce cash dividend of PKR 7.0/share along with the result taking total cash payout for CY23 to PKR 19.5/share.

FFC: Earnings to appreciate by +2.2xy/y to PKR 8.80/share during 4QCY23

Fauji Fertilizer Company Limited's (FFC) board meeting is scheduled on 26th-Jan-2024 to announce financial result for 4QCY23, where we expect the Company to register earnings of PKR 11.2bn (EPS: PKR 8.80) up by +2.2xy/y compared to PKR 5.2bn (EPS: PKR 4.09) in the same period last year. On a quarterly basis, earnings are expected to increase by +22%/q. We attribute the growth in the earnings during 4QCY23 on yearly basis to higher retention prices of urea which increased by 63%/y. This brings total CY23 profitability to PKR 33.4bn (EPS PKR 26.25) up by 67%/y. We expect the company to announce cash dividend of PKR 6.6/share along with the result taking total cash payout for CY23 to PKR 17.99/share.

FFBL: Earnings to jump to PKR 5.21/share during 4QCY23

Fauji Fertilizer Bin Qasim Limited's (FFBL) board meeting is scheduled on 25th-Jan-2023 to announce financial result for 4QCY23 where we expect the Company to register earnings of PKR 6.7bn (EPS: PKR 5.2) as compared to PKR 614mn (EPS: PKR: 0.48) in the same period last year. On a quarterly basis, earnings are expected to increase by +27%/q. We attribute the growth in earnings during 4QCY23 on yearly basis to higher margins due to increase in retention prices and DAP off-take. However, finance cost is expected to come down significantly due to decline in the Company's debt burden. This brings total CY23 earnings to PKR 7.1bn (EPS: PKR 5.49).

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