

Company Update

Fauji Fertilizer Bin Qasim Limited (FFBL)

Target Price: PKR 30/share;

Upside: 25.5%

2022: Dividend yld: 0%, P/E: 4.2x

Market Price: PKR 23.9

52 weeks: 23 — 24.6

Return: (3M) -2.7%, (6M) -2.3%, (12M) 3.8%

Outstanding Shares: 1.29bn (FF%: 35)

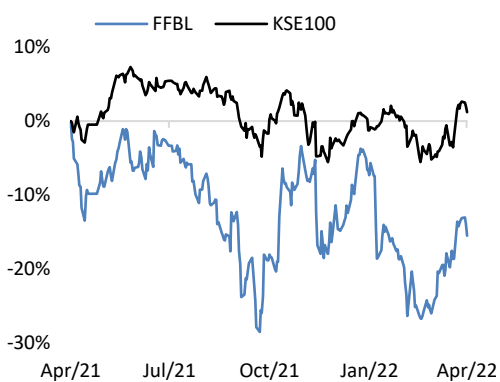
Market Capitalisation: PKR 29.7bn, US\$ 0.16bn

Exchange: KSE100, KSEALL,

Key Financial Highlights

PKR/ Share	2021a	2022e	2023f
EPS	8.9	5.7	3.2
DPS	1.8	0.0	1.0
BVPS	14.8	20.6	22.8
ROE%	60%	28%	14%
P/E	2.7x	4.2x	7.4x
DY	7.3%	0.0%	4.2%
P/B	1.6x	1.2x	1.0x

Relative Price performance



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Fertilizer

FFBL: 1q'22 EPS Expected at PKR 1.6/share; up by +61%y

- Fauji Fertilizer Bin Qasim Limited (FFBL) is scheduled to announce its financial result for 1QCY22 on 22nd Apr-22 where we expect the company to report a profit of PKR 2.03bn or PKR 1.6/share; up by 61%y.
- Although sales of Dap are expected to decline by ~13%y (Link) during the 1QCY22, but rise in Dap prices is likely to lift overall revenues. Moreover, increased sales of Urea and rise in prices will keep trading sales upbeat.
- Company's gross margins are expected to expand to 25% from 18% in previous quarter mainly attributable to hike in fertilizer prices during the quarter. Moreover, other income is likely to remain healthy owing to dividend income and higher markup income on bank deposits.

FFBL earnings expected to arrive at PKR 1.6/share for 1QCY22

Fauji Fertilizer Bin Qasim Limited (FFBL) is scheduled to announce its financial result for 1QCY22 on 22nd Apr-22 where we expect the company to report profit of PKR 2.03bn or PKR 1.6/share; up by +61%y and +8.4xq.

Stable offtake and hike in DAP price to drive earnings growth

We expect net sales to remain upbeat, clocking in at PKR 24.18bn; up by +86%y. Although sales of Dap are expected to decline by ~13%y (Link) during the 1QCY22, but rise in Dap prices is likely to lift overall revenues. Company's gross margins are expected to expand to 25% from 18% in previous quarter mainly attributable to hike in fertilizer prices during the quarter. Moreover, other income is likely to remain healthy owing to dividend income and higher markup income on bank deposits. However, earnings growth is likely to be restrained by higher other expense on the back of exchange losses. The Company did not close down its plant for annual turnaround and remained operational during 1QCY22 amid higher demand.

Exhibit: Fauji Fertilizer Bin Qasim Limited (FFBL)

in PKRbn							
Period end (DEC)	1q/22e	2021a	4q/21a	3q/21a	2q/21a	1q/21a	2020a
Net Sales	24.2	110.5	42.1	38.4	16.9	13.0	83.2
Gross Profit	5.9	22.2	7.6	8.5	3.5	2.5	12.6
Admin	0.3	1.6	0.7	0.3	0.3	0.3	1.3
S/M/D	1.5	5.6	1.6	1.7	1.5	0.9	5.3
EBIT	3.8	21.5	8.3	6.6	3.9	2.7	10.9
Finance Cost	0.6	2.3	0.5	0.6	0.6	0.7	4.4
Tax	0.8	5.1	3.0	1.4	0.4	0.4	2.7
Profit after tax	2.0	6.4	0.2	2.3	2.6	1.3	2.2
EPS	1.6	4.9	0.2	1.8	2.0	1.0	1.7
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: IGI Research, Company accounts.

Number of shares: (bn) 1.291

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