

## Fertiliser

### Fauji Fertilizer Company Limited (FFC)

**Earnings:** Fauji Fertilizers Company Limited (FFC) announced its results for the quarter ending June 2022. The company reported earnings of PKR 3.4bn (PKR 2.6/share) during 2QCY22 compared to last year's PKR 3.6bn (PKR 2.8/share). This brings total profitability for 1HCy22 to PKR 9.6bn (PKR 7.5/share) up by 2%/y compared to PKR 9.4bn (PKR 7.4/share) in the same period last year.

**Dividend:** Fauji Fertilizers Company Limited (FFC) announced an interim cash dividend of PKR 2.1/share for the half year ended June 30, 2022, this is in addition to interim dividend already paid at PKR 3.7/share, this brings total dividend to PKR 5.8/share

**Operating performance:** During the period under review, the Company's net sales increased to PKR 28.4bn showing an increase of +27%/y likely owing to higher Urea prices and offtake. Company gross margins increased to 40.7% compared to last year's 34.7%; Company's EBIT increased to PKR12.5bn (+85%/y). However, EBIT margins increased to 43.9% compared to last year's 30.1%. Effective tax charge for EFERT increased to 68% versus last year's 30% due to imposition of additional tax announced in Budget 2023.

Exhibit: Fauji Fertilizer Company Limited (FFC)								
in PKRbn								
Period end (DEC)	2q/22a	1q/22a	2021a	4q/21a	3q/21a	2q/21a	1q/21a	2020a
Net Sales	28.4	26.3	108.7	35.1	29.6	22.4	21.6	97.7
Cost of Sales	16.8	17.0	69.8	23.6	18.4	14.7	13.2	66.1
Gross Profit	11.5	9.4	38.9	11.5	11.2	7.8	8.4	31.6
Gross Profit margin	40.7%	35.6%	35.8%	32.8%	37.8%	34.7%	39.1%	32.3%
EBIT	12.5	9.9	35.4	10.3	10.0	6.7	8.4	26.5
EBIT margin	43.9%	37.6%	32.6%	29.4%	33.7%	30.1%	39.0%	27.2%
Finance Cost	0.9	1.1	2.3	0.8	0.6	0.4	0.4	1.9
Profit before tax	10.5	8.3	30.3	8.5	8.7	5.2	8.0	29.6
Tax	7.2	2.1	8.4	2.5	2.3	1.5	2.2	8.8
Effective tax rate	68%	25%	28%	29%	26%	30%	27%	30%
Profit after tax	3.4	6.2	21.9	6.0	6.5	3.6	5.8	20.8
Net Margins	12%	24%	0%	17%	22%	16%	27%	21%

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