

Result announcement 3QCY22

Fertiliser

Fauji Fertilizer Company Limited (FFC)

Earnings: Fauji Fertilizers Company Limited (FFC) announced its results for the 3QCY22. The Company reported earnings of PKR 5.2bn (PKR 4.12/share) during 3QCY22, down by 19%/y compared to last year's PKR 6.5bn (PKR 5.07/share). This brings total profitability for 9MCY22 to PKR 14.8bn (PKR 11.67/share) down by 7%/y compared to PKR 15.9bn (PKR 12.49/share) in the same period last year.

Dividend: Company announced an interim cash dividend of PKR 3.18/share along with the result, bringing total cash payout for 9MCY22 to PKR 8.98/share.

Operating performance: During the period under review, the Company's net sales dropped to PKR 24.5bn depicting a decline of 17%/y likely owing to lower Urea & DAP offtake. Company gross margins increased to 38.6% during 3QCY22 compared to last year's 37.8% amid higher retention prices. Finance cost increased by +87%/y to PKR 1.2bn during 3QCY22 compared to PKR 0.65bn in the similar period last year due to higher mark-up expense led by higher interest rates. Other income increased by +69%/y to PKR 2.9bn during 3QCY22 likely due to higher income on financial assets. Effective tax rate for FFC increased to 30% during 3QCY22 compared to 26% reported in the same period last year bringing total effective tax rate for 9MCY22 to 43% as against 27% during 9MCY21.

Exhibit: Fauji Fertilizer Company Limited (FFC)								
in PKRbn								
Period end (DEC)	9MCY22	3q/22a	2q/22a	1q/22a	9MCY21	3q/21a	2q/21a	1q/21a
Net Sales	79.2	24.5	28.4	26.3	73.6	29.6	22.4	21.6
Cost of Sales	48.8	15.0	16.8	17.0	46.2	18.4	14.7	13.2
Gross Profit	30.3	9.4	11.5	9.4	27.4	11.2	7.8	8.4
Gross Profit margin	38.3%	38.6%	40.7%	35.6%	37.2%	37.8%	34.7%	39.1%
EBIT	31.4	9.1	12.5	9.9	25.1	10.0	6.7	8.4
EBIT margin	39.7%	37.1%	43.9%	37.6%	34.2%	33.7%	30.1%	39.0%
Finance Cost	3.2	1.2	0.9	1.1	1.5	0.6	0.4	0.4
Profit before tax	26.3	7.4	10.5	8.3	21.9	8.7	5.2	8.0
Tax	11.4	2.2	7.2	2.1	6.0	2.3	1.5	2.2
Effective tax rate	43%	30%	68%	25%	27%	26%	30%	27%
Profit after tax	14.8	5.2	3.4	6.2	15.9	6.5	3.6	5.8
Net Margins	19%	21%	12%	24%	22%	22%	16%	27%
EPS	11.67	4.12	2.64	4.90	12.49	5.07	2.85	4.57
DPS	8.98	3.18	2.10	3.70	9.85	3.75	2.60	3.50

Source: Company Accounts, IGI Research

No. of Shares: 1,272.2mn.

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