

Flash Note

Monday, April 29, 2024



Fertilizer

Fauji Fertilizer Company Limited (FFC)

Earnings: Fauji Fertilizer Company Limited (FFC) announced its 1QCY24 result. The Company reported 1QCY24 unconsolidated earnings of PKR 10.5bn (EPS PKR 8.27), up by +36%y/y compared to PKR 7.7bn (EPS PKR 6.08) in the similar period last year.

Dividend/Payout: The Company announced cash dividend of PKR 5.5/share along with the result.

Operating Performance: During 1QCY24, FFC reported +60%y/y incline in revenue mainly on the back of higher retention prices and urea offtake. Gross margins clocked in at 30% during 1QCY24 compared to 40% in the similar period last year mainly due to higher gas prices and cost of imported urea. Finance cost increased by +3%y/y to PKR 1.5bn during 1QCY24. The Company also recorded allowance on subsidy receivable from GoP at PKR 1.0bn. Other income during 1QCY24 increased significantly by +2.9xy/y to PKR 10.3bn compared to PKR 3.5bn in the same period last year likely due to higher income on short-term investments and dividend income, which positively impacted the bottom line amid decline in gross margins. Effective tax rate during 1QCY24 stood at 42% compared to 35% in the same period last year.

Exhibit: Fauji Fertilizer Company Limited (FFC)							
in PKRbn							
Period end (DEC)	1Q'24	2023	4Q'23	3Q'23	2Q'23	1Q'23	2022
Net Sales	58.4	159.5	43.4	44.1	35.6	36.4	109.4
Cost of Sales	41.1	95.2	24.0	30.5	18.9	21.8	69.3
Gross Profit	17.3	64.3	19.4	13.7	16.7	14.6	40.0
Gross Profit margin	30%	40%	45%	31%	47%	40%	37%
Admin	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Selling & Dist.	5.2	12.7	4.0	3.0	2.7	3.1	10.1
EBIT	20.7	63.2	18.1	15.6	15.5	14.0	41.3
EBIT margin	35%	40%	42%	35%	44%	38%	38%
Finance Cost	1.5	5.6	1.6	1.3	1.2	1.5	4.9
Profit before tax	18.0	53.5	14.0	13.9	13.7	11.9	33.7
Tax	7.5	23.9	6.5	4.7	8.4	4.2	13.6
Effective tax rate	42%	45%	47%	34%	61%	35%	40%
Profit after tax	10.5	29.7	7.5	9.1	5.3	7.7	20.0
Net Margins	18%	19%	17%	21%	15%	21%	18%
EPS	8.27	23.32	5.86	7.18	4.20	6.08	15.76
DPS	5.50	15.49	4.10	3.98	3.15	4.26	12.13

Source: Company Accounts, IGI Research

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