

Flash Note

Monday, January 30, 2023



Fertilizer

Fauji Fertilizer Company Limited (FFC)

Earnings: Fauji Fertilizer Company Limited (FFC) announced its 4QCY22 result. The Company reported 4QCY22 unconsolidated earnings of PKR 5.2bn (EPS PKR 4.09), down by 13%/y compared to PKR 6.0bn (EPS PKR 4.72) in the similar period last year. This brings total CY22 profitability to PKR 20.0bn (EPS PKR 15.76), down by 8%/y compared to PKR 21.9bn (EPS PKR 4.72) in the same period last year.

Dividend/Payout: The Company announced cash dividend of PKR 3.15/share along with the result bringing total cash payout for CY22 to PKR 12.13/share.

Operating Performance: During 4QCY22, FFC reported 14%/y decline in revenue on the back of drop in Urea offtake. However, gross margins remained relatively unchanged at 32.2%. Finance cost increased by +95%/y to PKR 1.6bn during 4QCY22 likely owing to higher mark-up expense. Earnings decline was mainly driven by lower sales and higher finance cost. Effective tax rate stood at 30% during 4QCY22 compared to 29% in the same period last year bringing total effective tax rate for CY22 to 40% against 28% in CY21.

Exhibit: Fauji Fertilizer Company Limited (FFC)							
in PKRbn							
Period end (DEC)	CY22	4q/22a	3q/22a	2q/22a	1q/22a	CY21	4q/21a
Net Sales	109.4	30.2	24.5	28.4	26.3	108.7	35.1
Cost of Sales	69.3	20.5	15.0	16.8	17.0	69.8	23.6
Gross Profit	40.0	9.7	9.4	11.5	9.4	38.9	11.5
Gross Profit margin	36.6%	32.2%	38.6%	40.7%	35.6%	35.8%	32.8%
EBIT	41.3	9.9	9.1	12.5	9.9	35.4	10.3
EBIT margin	37.8%	32.8%	37.1%	43.9%	37.6%	32.6%	29.4%
Finance Cost	4.9	1.6	1.2	0.9	1.1	2.3	0.8
Profit before tax	33.7	7.4	7.4	10.5	8.3	30.3	8.5
Tax	13.6	2.2	2.2	7.2	2.1	8.4	2.5
Effective tax rate	40%	30%	30%	68%	25%	28%	29%
Profit after tax	20.0	5.2	5.2	3.4	6.2	21.9	6.0
EPS	15.76	4.09	4.12	2.64	4.90	17.21	4.72
DPS	12.13	3.15	3.18	2.10	3.70	14.50	4.65

Source: Company Accounts, IGI Research

No. of Shares: 1,272.2mn.

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