

# Flash Note

Wednesday, 28 April 2021

## Fertilisers

### Fauji Fertilizer Company Limited (FFC)

#### Higher Urea offtakes and uptick in fertilizer prices drive 1Q2021 EPS to PKR 4.57; Cash dividend PKR 3.5/share

- Fauji Fertilizer Company Limited (FFC) announced its financial result for 1QCY21, registering net profits of PKR 5.81bn or PKR 4.57/share as compared to net profits PKR 3.48bn or PKR 2.74/share in the corresponding period last year, an increase of 67%.
- In conjunction with the results, the company announced an interim cash dividend of PKR 3.50/share.
- Net sales of the company increased by +5% y/y to clock in at PKR 21.5bn which is primarily attributable to higher Urea offtakes (up by +5% y/y) and a surge in domestic Urea and DAP prices. Gross profit for the quarter under review stood at PKR 8.4bn (margin: 39%) compared to a gross profit of PKR 6.7bn (margin: 33%), an increase of 6pps from 1QCY20. Other operating expenses rose by +28% y/y to PKR 0.723bn from PKR 0.563bn in the same period last year whereas company's financial charges saw a reduction of -38% y/y to arrive at PKR 0.42bn. Other income of the firm soared by +58% y/y registering at PKR 2.7bn mainly contributed by dividend income of PKR 3/share from Askari Bank Limited (AKBL). The company recorded an effective tax rate of 27% as compared to 32% in the corresponding period last year.

Exhibit: Fauji Fertilizer Company Limited (FFC)								
in PKRbn								
Period end (DEC)	1q/21a	2020a	4q/20	3q/20	2q/20	1q/20	2019a	2018a
Net Sales	21.59	97.65	29.24	24.64	23.16	20.63	105.78	105.96
Cost of Sales	13.15	66.07	18.92	19.01	14.23	13.91	75.05	77.99
<b>Gross Profit</b>	<b>8.43</b>	<b>31.58</b>	<b>10.31</b>	<b>5.63</b>	<b>8.93</b>	<b>6.71</b>	<b>30.74</b>	<b>27.98</b>
Gross Profit margin	39%	32%	35%	23%	39%	33%	29%	26%
Admin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
S/M/D	2.01	7.85	2.19	1.73	1.86	2.08	8.29	8.83
<b>Operating profit</b>	<b>6.43</b>	<b>23.74</b>	<b>8.12</b>	<b>3.90</b>	<b>7.07</b>	<b>4.64</b>	<b>22.45</b>	<b>19.15</b>
Operating profit margin	30%	24%	28%	16%	31%	22%	21%	18%
Other Income	2.72	6.43	1.47	0.95	2.29	1.72	7.19	6.28
<b>EBIT</b>	<b>8.42</b>	<b>26.53</b>	<b>7.77</b>	<b>4.23</b>	<b>8.73</b>	<b>5.80</b>	<b>26.23</b>	<b>23.32</b>
EBIT margin	39%	27%	27%	17%	38%	28%	25%	22%
Finance Cost	0.42	1.87	0.47	0.27	0.46	0.67	2.48	1.64
Other e.off/impairments	0.00	3.94	3.94	0.00	0.00	0.00	(1.10)	0.00
Profit before tax	8.00	29.59	12.24	3.96	8.27	5.12	23.75	21.68
Tax	2.19	8.77	3.30	1.97	1.87	1.64	6.64	7.24
Effective tax rate	27%	30%	27%	50%	23%	32%	28%	33%
<b>Profit after tax</b>	<b>5.81</b>	<b>20.82</b>	<b>8.95</b>	<b>1.99</b>	<b>6.40</b>	<b>3.49</b>	<b>17.11</b>	<b>14.44</b>
Net Margins	27%	21%	31%	8%	28%	17%	16%	14%
<b>EPS</b>	<b>4.57</b>	<b>16.36</b>	<b>7.03</b>	<b>1.56</b>	<b>5.03</b>	<b>2.74</b>	<b>13.45</b>	<b>11.35</b>
<b>DPS</b>	<b>3.50</b>	<b>11.20</b>	<b>3.40</b>	<b>2.55</b>	<b>2.75</b>	<b>2.50</b>	<b>10.80</b>	<b>8.85</b>

Source: IGI Research, Company accounts.

Number of shares: (bn) 1.272

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