

# Flash Note

Thursday, 29 July 2021

## Fertilizers

### Fauji Fertilizer Bin Qasim Limited (FFBL)

#### Lucrative Margins and High Other Income Prop Earnings to 2.02/share; Cash dividend (nil)

- Fauji Fertilizer Bin Qasim Limited (FFBL) announced its financial results for 2QCY21 with earnings clocking in at PKR 2.6bn or PKR 2.02/share as compared to a loss of PKR 1.1bn or PKR 0.09/share in same period last year. This brings cumulative earnings for 1hCy21 to PKR 3.8bn or PKR 3.0/share as compared to a loss of PKR 4.2bn or PKR 3.26/share in the same period last year. The company did not announce any cash dividend.
- Net sales for the quarter increased by 11%y/y (30%q/q) to PKR 16.9bn despite lower offtakes mainly driven by higher DAP prices, up by 2.0x since last year. This translated into gross margin increase to 21% (19% reported in previous quarter), compared to margins of 13% in 2qCy21, an increase of 800bps. Other income posted a gain of by +81%y/y (59%q/q) to PKR 1,372mn during 2qCy21 mainly attributable to dividend income from subsidiaries. The company also booked Amortization expense of PKR 3232mn against previously reported GIDC re-measurement gain. Effective Tax rate for the quarter stood at 12%.

Exhibit: Fauji Fertilizer Bin Qasim Limited (FFBL) Financial Highlights							
in PKRbn							
Period end (DEC)	2q/21a	1q/21	2020a	4q/20	3q/20	2q/20	1q/20
Net Sales	16.9	13.0	83.2	33.3	25.2	15.2	9.6
Cost of Sales	13.4	10.5	70.7	26.0	21.2	13.3	10.1
<b>Gross Profit</b>	<b>3.5</b>	<b>2.5</b>	<b>12.6</b>	<b>7.3</b>	<b>3.9</b>	<b>1.9</b>	<b>(0.6)</b>
Gross Profit margin	21%	19%	15%	22%	16%	13%	-6%
Other Income	2.5	1.6	5.2	1.0	2.5	1.4	0.3
<b>EBIT</b>	<b>3.9</b>	<b>2.7</b>	<b>10.7</b>	<b>7.3</b>	<b>4.5</b>	<b>0.4</b>	<b>(1.4)</b>
EBIT margin	23%	21%	13%	22%	18%	2%	-15%
Profit before tax	3.0	1.7	4.9	5.0	3.7	(0.8)	(3.0)
Tax	0.4	0.4	2.7	1.7	0.6	0.3	0.1
Effective tax rate	12%	26%	55%	33%	17%	-37%	-3%
<b>Profit after tax</b>	<b>2.6</b>	<b>1.3</b>	<b>2.2</b>	<b>3.4</b>	<b>3.0</b>	<b>(1.2)</b>	<b>(3.0)</b>
Net Margins	15%	10%	3%	10%	12%	-8%	-32%
<b>EPS</b>	<b>2.02</b>	<b>0.98</b>	<b>1.70</b>	<b>2.60</b>	<b>2.35</b>	<b>(0.90)</b>	<b>(2.36)</b>
<b>DPS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Source: IGI Research, Company accounts.

Number of shares: (bn) 1.291

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