

Flash Note

Wednesday, 29 January 2020

Fertilizer

Fauji Fertilizer Bin Qasim Limited (FFBL)

Increase in finance cost and possibility of exchange loss led to a loss of PKR 3.5bn (LPS: PKR 3.75) for 4QCY19; no payout for the whole year

- ✓ Fauji Fertilizer Bin Qasim Limited (FFBL) announced its financial results for 4QCY19, reporting a loss of PKR 3.5bn (LPS: PKR 3.75) as compared to earnings of PKR 1.6bn (EPS: PKR 1.76) reported in the same period last year. On a cumulative basis for CY19 this takes total loss to PKR 5.9bn (LPS: PKR 6.34) compared to profit of PKR 1.4bn (EPS: PKR 1.54) witnessed in CY18.
- ✓ Net sales for the quarter dipped by 3% y/y to PKR 23.2bn owing to 13% y/y drop in DAP sales.
- ✓ Other expenses increased by 2.0x y/y to PKR 1.6bn likely owing to exchange loss incurred associated with raw material import.
- ✓ Other income failed to cushion up earnings dropping by 78% y/y due to nil dividend from subsidiaries during 4QCY19.
- ✓ Major dent to earnings came from increase in finance costs by 2.3x y/y to PKR 1.6bn attributed to increase in borrowings and interest rate hike.

| Exhibit FFBL: 4QCY19 Result Highlights | | | | | | | |
|---|---------|--------|------|----------------------|--------|------|--|
| Period End Dec- PKRmn | 4QCY19 | 4QCY18 | Y/Y | CY19 | CY18 | Y/Y | |
| Net Sales | 23,196 | 23,938 | -3% | 66,839 | 61,511 | 9% | |
| Gross Profit | 2,315 | 3,420 | -32% | 5,885 | 8,183 | -28% | |
| Selling / Dist. | 1,649 | 1,297 | 27% | 5,345 | 4,525 | 18% | |
| Other Op. Income | 385 | 1,718 | -78% | 4,370 | 3,182 | 37% | |
| EBIT | (924) | 2,639 | n.m | 1,330 | 4,032 | -67% | |
| Finance Cost | 1,640 | 700 | 2.3x | 5,199 | 2,223 | 2.3x | |
| Pre-Tax Profits | (2,564) | 1,939 | n.m | (3,869) | 1,809 | n.m | |
| Taxation | 939 | 299 | 3.1x | 2,052 | 910 | 2.3x | |
| Post-Tax Profits | (3,503) | 1,640 | n.m | (5,921) | 1,437 | n.m | |
| EPS | (3.75) | 1.76 | | (6.34) | 1.54 | | |
| DPS | - | 1.00 | | - | 1.00 | | |
| Key Ratios | | | | | | | |
| Gross Profit Margins | 10.0% | 14.3% | | 8.8% | 13.3% | | |
| Ebit Margins | n.m | 11.0% | | 2.0% | 6.6% | | |
| Effective Tax Rate | n.m | 15.4% | | n.m | 50.3% | | |
| Source: IGI Research, Company Financials, PSX | | | | No. of shares: 934mn | | | |

Analyst

Suleman Ashraf

suleman.ashraf@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 957

Contact Details

Research Team

| | | | |
|-----------------|------------------|------------------------------------|----------------------------|
| Saad Khan | Head of Research | Tel: (+92-21) 111-234-234 Ext: 810 | saad.khan@igi.com.pk |
| Abdullah Farhan | Senior Analyst | Tel: (+92-21) 111-234-234 Ext: 912 | abdullah.farhan@igi.com.pk |
| Suleman Ashraf | Research Analyst | Tel: (+92-21) 111-234-234 Ext: 957 | suleman.ashraf@igi.com.pk |
| Muhammad Saad | Research Analyst | Tel: (+92-21) 111-234-234 Ext: 816 | muhammad.saad@igi.com.pk |
| Bharat Kishore | Database Officer | Tel: (+92-21) 111-234-234 Ext: 974 | bharat.kishore@igi.com.pk |

Equity Sales

| | | | |
|-------------------|--|---------------------------|----------------------------|
| Faisal Jawed Khan | Head of Equities | Tel: (+92-21) 35301779 | faisal.jawed@igi.com.pk |
| Zaeem Haider Khan | Regional Head (North) | Tel: (+92-42) 38303559-68 | zaeem.haider@igi.com.pk |
| Muhammad Naveed | Regional Manager (Islamabad & Upper North) | Tel: (+92-51) 2604861-62 | muhammad.naveed@igi.com.pk |
| Irfan Ali | Regional Manager (Faisalabad) | Tel: (+92-41) 2540843-45 | irfan.ali@igi.com.pk |
| Asif Saleem | Branch Manager (RY Khan) | Tel: (+92-68) 5871652-56 | asif.saleem@igi.com.pk |
| Mehtab Ali | Branch Manager (Multan) | Tel: (+92-61) 4512003 | mahtab.ali@igi.com.pk |
| Zeeshan Kayani | Branch Manager (Abbottabad) | Tel: (+92-992) 408243-44 | zeeshan.kayani@igi.com.pk |

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of
Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Faisalabad Office

Room #: 515-516, 5th Floor, State Life
Building, 2- Liaqat Road
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Abbottabad Office

Ground Floor, Al Fatah Shopping Center ,
Opp. Radio Station, Mansehra Road
Tel: (+92-99) 2408243 - 44

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2019 IGI Finex Securities Limited


Jama Punji
 سرمایہ کاری سمجھداری کے ساتھ
<http://www.jamapunji.pk>