

# Flash Note

Wednesday, 30 January 2019

## Fertilizer

### Fauji Fertilizer Bin Qasim Limited (FFBL)

**FFBL: Other income supported earnings by +28%YoY to PKR 1.76/share for 4QCY18; Full year dividend at PKR 1.00/share**

- Fauji Fertilizer Bin Qasim Limited (FFBL) announced its financial results for 4QCY18 with unconsolidated earnings clocking at PKR 1.64mn (EPS: PKR 1.76) as compared to PKR 1.28mn (EPS: PKR 1.37) in the same period last year. However, on pre-tax basis, earnings increased by +9%YoY to PKR 1.94bn as compared to PKR 1.78bn in the corresponding period last year.
- The company also announced cash dividend of PKR 1.00/share for the whole year.
- Net sales for the quarter inched down by 6%YoY to PKR 23.94bn, owing to drop in sales of urea/ DAP by 36%/49%YoY.
- Other income witnessed relatively a two-fold increase possibly contributed by dividend from its subsidiary.
- Finance cost increased substantially by 49%YoY to PKR 0.70mn attributed to increase in borrowings and high interest rates.
- Effective tax rate for the quarter stood at 15.4% compared to 28% in the same period last year.
- The Board of Directors has authorized the company to invest in and provide sponsor support of PKR 3.00bn to Fauji Foods Ltd. (FFL) through either, or a combination or collateral support for a period not exceeding one (1) year as security for working capital facilities extended or to be extended by financial institutions to FFL, or in any other form. The proposed investment is to be approved by the shareholders at the Annual General Meeting.

Exhibit:

#### FFBL: 4QCY18 Result Highlights

Period End Dec- PKRmn	4QCY18	4QCY17	YoY	CY18	CY17	YoY
Net Sales	23,938	25,577	-6%	61,511	52,733	17%
Gross Profit	3,420	3,945	-13%	8,183	6,028	36%
Selling / Dist.	1,297	1,552	-16%	4,525	4,872	-7%
Other Op. Income	1,718	888	94%	3,182	4,377	-27%
EBIT	2,639	2,249	17%	4,032	3,382	19%
Finance Cost	700	469	49%	2,223	1,941	15%
Pre-Tax Profits	1,939	1,780	9%	1,809	1,441	26%
Taxation	299	498	-40%	910	437	1.08x
Post-Tax Profits	1,640	1,282	28%	1,437	1,004	43%
EPS	1.76	1.37		1.54	1.08	
DPS	1.00	0.75		1.00	0.85	

#### Key Ratios

Gross Profit Margins	14.3%	15.4%	13.3%	11.4%
Ebit Margins	11.0%	8.8%	6.6%	6.4%
Effective Tax Rate	15.4%	28.0%	50.3%	30.3%

Source: IGI Research, Company Financials, PSX

No. of shares: 934mn

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