

Flash Note

Wednesday, 28 October 2020

Fertilisers

Fauji Fertilizer Company Limited (FFC)

Improved margins and low taxation charge took 3q 2020 earnings up by 8.09x ; Dividend at PKR 2.55/share

- Fauji Fertilizer Company Limited (FFC) announced its financial results for 3QCY20 with earnings clocking in at PKR 4.6bn (EPS: PKR 3.64) as compared to the profit of PKR 3.5bn (EPS: PKR 2.80) in the same period last year. This brings total earnings for 9MCY20 to PKR 13.7bn (EPS: PKR 10.82) compared to PKR 12.4bn (EPS: PKR 9.80) in the same period last year. In conjunction with the result company announced an interim cash dividend of PKR 2.55/share. This take total DPS for 9MCY20 to PKR 7.88 as compared to PKR 7.55/share in the same period last year.
- Net sales for the quarter decreased by 7% y/y to PKR 25bn amid decline in urea off-take.
- Gross margins of the company clocked in at ~34% as compared to 26% in the same period last year. This improvement in gross margins is mainly due to reduction in GIDC.
- Other Income of the company decreased by 39% y/y to PKR 0.95bn mainly due to absence of dividend from its subsidiary AKBL.
- Finance cost of the company clocked in at PKR 0.27bn, down by 51% y/y due to low interest rates.
- Effective tax rate of the company stood at ~30% as compared to ~32% in the same period last year.

Exhibit: Fauji Fertiliser Company Limited (FFC)						
Period end (Dec) - PKRmn	3QCY20	2QCY19	YoY	9MCY20	9MCY19	YoY
Net Sales	24,636	26,532	-7%	68,418	73,022	-6%
Cost of Sales	16,365	19,706	-17%	45,258	51,390	-12%
Gross Margins	8,271	6,825	21%	23,160	21,633	7%
Gross Margins	34%	26%		34%	30%	
Selling & Dist. Costs	1,725	2,092	-18%	5,654	5,836	-3%
Other Op. Income	951	1,552	-39%	4,958	5,521	-10%
Other Op. Expense	628	525	20%	1,819	2,331	-22%
EBIT	6,869	5,761	19%	20,644	18,987	9%
Finance Costs	271	557	-51%	1,406	1,655	-15%
Pre-Tax Profits	6,598	5,204	2.47x	19,238	17,332	11%
Taxation	1,970	1,641	20%	5,474	4,864	13%
Profit After Tax	4,628	3,563	8.09x	13,764	12,468	10%
EPS	3.64	2.80		10.82	9.80	
DPS	2.55	2.85		7.8	7.55	

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