

Flash Note

Thursday, 25 October 2018

Fertilizer

Fauji Fertilizer Bin Qasim Limited (FFBL)

FFBL: High prices and healthy offtake increased earnings to PKR 0.84/share for 3QCY18

- Fauji Fertilizer Bin Qasim Limited (FFBL) announced its financial results for 3QCY18 with unconsolidated earnings clocking at PKR 0.79mn (EPS: PKR 0.84) as compared to PKR 0.11mn (EPS: PKR 0.11) in the same period last year.
- Net sales for the quarter surged by +61%YoY to PKR 18.65bn led by price increase, taking net sales for 9MCY18 to PKR 37.57bn. As a result, gross margins also improved by +250bpsYoY to 18%. Margin accretion was also likely led by high production of DAP during the quarter in review.
- Selling and distribution expense inched up by +1%YoY to PKR 1.31bn while other income declined by 55%YoY owing to removal of subsidy in urea.
- Finance cost increased by +10%YoY to PKR 0.61mn, possibly due to increased short term borrowing to finance working capital.

Exhibit:

FFBL:3QCY18 Result Highlights

Period End Dec- PKRmn	3QCY18	3QCY17	YoY	9MCY18	9MCY17	YoY
Net Sales	18,645	11,602	61%	37,573	27,156	38%
Gross Profit	3,347	1,794	87%	4,763	2,083	2.28x
Selling / Dist.	1,306	1,296	1%	3,228	3,320	-3%
Other Op. Income	243	543	-55%	1,463	3,490	-58%
EBIT	1,738	680	2.55x	1,393	1,133	23%
Finance Cost	606	550	10%	1,523	1,472	3%
Pre-Tax Profits	1,133	130	8.69x	(130)	(339)	-62%
Taxation	342	24	14.5x	209	(61)	n.m
Post-Tax Profits	790	107	7.40x	(203)	(278)	-27%
EPS	0.84	0.11		(0.22)	(0.30)	
DPS	-	-		-	-	

Key Ratios

Gross Profit Margins	18.0%	15.5%		12.7%	7.7%	
Ebit Margins	9.3%	5.9%		3.7%	4.2%	
Effective Tax Rate	30.2%	18.1%		-161.2%	18.1%	

Source: IGI Research, Company Financials, PSX

No. of shares : 934 mn

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