

Flash Note

Friday, 20 October 2017

Fertilizer

FFC: 3QCY17 Earnings down by 19%YoY to PKR 1.66/share owing to high distribution cost and low support from other income

- Fauji Fertilizer Company Limited (FFC) announced its financial results for 3QCY17 with unconsolidated earnings clocking at PKR 2.1bn (EPS: PKR 1.66) down by 19%YoY (+30.2%QoQ) as compared to PKR 2.6bn (EPS PKR 2.05) in the same period last year.
- The company also announced a cash dividend of PKR 1.5/share, bringing 9MCY17 total cash dividend to PKR 4.0/share
- Overall net sales jumped by +57%YoY to PKR 27.6bn during the period supported by high Urea offtake
- Gross margins remained relatively intact at 19% in line with the last quarter, although down by 4bps in the same period last year
- Distribution costs leaped up by 43%YoY to PKR 2.4bn as compared to PKR 1.7bn in the corresponding period last year. In addition, negative growth (36%YoY) in other income due to low subsidy dragged company's bottom line further.

Exhibit:

FFC Result Highlights

Period End Dec- PKRbn	3QCY17	2QCY17	QoQ	3QCY16	YoY
Net sales	27,589	18,971	45%	17,604	57%
Cost of sales	22,264	15,334	45%	13,514	65%
Gross Profit	5,325	3,637	46%	4,090	30%
Selling/Distribution	2,464	2,395	3%	1,721	43%
Operating Profit	2,860	1,242	130%	2,369	21%
Other income	1,549	2,788	-44%	2,433	-36%
Other expenses	369	361	2%	413	-11%
EBIT	4,041	3,669	10%	4,390	-8%
Finance Cost	715	666	7%	606	18%
PBT	3,325	3,003	11%	3,784	-12%
PAT	2,116	1,625	30%	2,613	-19%
EPS	1.66	1.28	30%	2.05	-19%
DPS	1.50	1.00	50%	1.75	-14%

Source: IGI Research, PSX

No of share: 1,272 mn

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