

Flash Note

Monday, 01 April 2019

Fertilizer

Fatima Fertilizer Company Limited (FATIMA)

Earnings marginally down by 2%YoY to PKR 1.83/share for 4QCY18; Full year dividend at PKR 1.75/share

- Fatima Fertilizer Company Limited (FATIMA) announced its financial results for 4QCY18 with unconsolidated earnings clocking at PKR 3.83bn (EPS: PKR 1.83) as compared to PKR 3.90 (EPS: PKR 1.86) in the same period last year. On a cumulative basis, profitability rose by +25%YoY to PKR 13.27bn (EPS: PKR 6.32).
- The company also declared a cash dividend of PKR 1.75/share for full year as against PKR 3.60/share announced last year.
- Net sales for the quarter inched down 1%YoY to PKR 11.45bn, owing to drop in total offtake by 40%YoY while increase in prices partially arrested the impact.
- However, drop in selling and distribution expenses by 63%YoY to PKR 0.40bn provided some respite to the earnings with other income lifting up the profitability by +2.1xYoY to PKR 0.33bn.
- In addition, lower taxation charges during the quarter also boosted profitability with effective tax rate of 4% as against 14% in the same period last year.

Exhibit:

FATIMA: 4QCY18 Result Highlights

Period End Dec- PKRmn	4QCY18	4QCY17	YoY	CY18	CY17	YoY
Net Sales	11,453	11,533	-1%	45,964	37,612	22%
Gross Profit	5,711	6,787	-16%	26,481	20,337	30%
Selling / Dist.	399	1,084	-63%	3,630	3,482	4%
Other Op. Income	327	155	2.11x	915	527	74%
EBIT	4,480	5,098	-12%	19,961	14,935	34%
Finance Cost	481	591	-19%	1,450	2,198	-34%
Pre-Tax Profits	3,999	4,508	-11%	18,511	12,736	45%
Taxation	166	607	-73%	5,238	2,160	2.42x
Post-Tax Profits	3,833	3,901	-2%	13,272	10,576	25%
EPS	1.83	1.86		6.32	5.04	
DPS	1.75	3.60		1.75	3.60	

Key Ratios

Gross Profit Margins	49.9%	58.8%	57.6%	54.1%
Ebit Margins	39.1%	44.2%	43.4%	39.7%
Effective Tax Rate	4.1%	13.5%	28.3%	17.0%

Source: IGI Research, Company Financials, PSX

No. of shares: 2100mn

Analyst

Suleman Ashraf

suleman.ashraf@igi.com.pk

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

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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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
Umesh Solanki	Database Manager	Tel: (+92-21) 111-234-234 Ext: 974	umesh.solanki@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
Ihsan Mohammad	Branch Manager (Peshawar)	Tel: (92-91) 5253035	ihsan.mohammad@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

Peshawar Office

2nd Floor, The Mall Tower,
35 The Mall Saddar Cantt.
Tel: (92-91) 5273035, 5223882

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

Sialkot Office

Suite No. 10 & 11, 1st Floor, Soni Square,
Mubarik Pura
Tel: (+92-52) 3258028

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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