

Flash Note

Wednesday, 24 April 2019

Fertilizer

Fauji Fertilizer Bin Qasim Limited (FFBL)

Low offtake and rise in input and finance costs takes its toll; company reporting a loss of PKR 2.00/share for 1QCY19

- Fauji Fertilizer Bin Qasim Limited (FFBL) announced its financial results for 1QCY19, reporting a loss of PKR 1.87bn (LPS: PKR 2.00) as compared to PKR 449mn (LPS: PKR 0.48) in the same period last year.
- Net sales for the quarter decreased substantially by 66%YoY to PKR 3.50bn owing to decline in urea and DAP sales.
- Gross profit turned negative at PKR 683mn, owing to rise in input costs (power/steam payments and PKR depreciation) and limited price-pass over.
- Other income provided some respite to the earnings witnessing more than two-fold increase contributed by dividend from its subsidiary.
- Erosion to earnings also stemmed from increase in finance cost by 2.20xYoY to PKR 912mn, attributed to increase in borrowings and interest rate hike.

Exhibit:

FFBL: 1QCY19 Result Highlights

Period End Dec- PKRmn	1QCY19	1QCY18	YoY	4QCY18	QoQ
Net Sales	3,499	10,283	-66%	23,938	-85%
Gross Profit	(683)	746	n.m	3,420	n.m
Selling / Dist.	679	936	-27%	1,297	-48%
Other Op. Income	801	360	2.22x	1,718	-53%
EBIT	(904)	(231)	3.91x	2,639	n.m
Finance Cost	912	419	2.17x	700	30%
Pre-Tax Profits	(1,816)	(650)	2.79x	1,939	n.m
Taxation	51	201	-75%	299	-83%
Post-Tax Profits	(1,867)	(449)	4.15x	1,640	n.m
EPS	(2.00)	(0.48)		1.76	
DPS	-	-		1.00	
Key Ratios					
Gross Profit Margins	-19.5%	7.3%		14.3%	
Ebit Margins	-25.8%	-2.2%		11.0%	
Effective Tax Rate	-2.8%	-30.9%		15.4%	

Source: IGI Research, Company Financials, PSX

No. of shares: 934mn

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