

Flash Note

Tuesday, July 30, 2024

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Fertilizer

Fauji Fertilizer Company Limited (FFC)

Earnings: Fauji Fertilizer Company Limited (FFC) announced its 2QCY24 result. The Company reported 2QCY24 unconsolidated earnings of PKR 15.5bn (EPS PKR 12.22), up by +2.9xy/y compared to PKR 5.3bn (EPS PKR 4.20) in the similar period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 10.0/share along with the result taking the total dividend for 1HCY24 to PKR 15.5/share.

Operating Performance: During 2QCY24, FFC reported +61%/y/y incline in revenue mainly on the back of higher retention prices and urea offtake. Gross margins clocked in at 54% during 2QCY24 compared to 47% in the similar period last year mainly due to lower gas prices as compared to peers. Finance cost increased by +16%/y/y to PKR 1.4bn during 2QCY24. Other income during 2QCY24 increased significantly by +2.0xy/y to PKR 5.5bn compared to PKR 2.7bn in the same period last year likely due to higher income on short-term investments and dividend income. Effective tax rate during 2QCY24 stood at 43% compared to 61% in the same period last year.

Exhibit: Fauji Fertilizer Company Limited (FFC)					
in PKRbn					
Period end (DEC)	2Q'24	2Q'23	1Q'24	1H'24	1H'23
Net Sales	57.2	35.6	58.4	115.6	72.0
Cost of Sales	26.0	18.9	41.1	67.2	40.7
Gross Profit	31.1	16.7	17.3	48.4	31.2
Gross Profit margin	54%	47%	30%	42%	43%
Admin	0.0	0.0	0.0	0.0	0.0
Selling & Dist.	5.5	2.7	5.2	10.7	5.7
EBIT	28.5	15.5	20.7	49.2	29.5
EBIT margin	50%	44%	35%	43%	41%
Finance Cost	1.4	1.2	1.5	2.9	2.7
Profit before tax	27.2	18.0	18.0	45.2	25.7
Tax	11.6	8.4	7.5	19.1	12.6
Effective tax rate	43%	46%	42%	42%	49%
Profit after tax	15.5	5.3	10.5	26.1	13.1
Net Margins	27%	15%	18%	23%	18%
EPS	12.2	4.2	8.3	20.5	10.3
DPS	10.0	5.5	5.5	15.5	7.4

Source: Company Accounts, IGI Research

No. of Shares: 1272.2mn.

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