

# Day Break

Friday, October 11, 2024



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## Earnings Preview 3QCY24

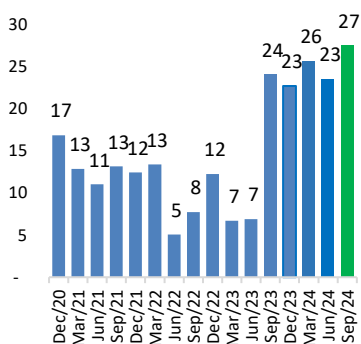
### EPS Estimate for 3QCY24

PKR	3Q'24e	y/y	2Q'24	q/q
EFERT	4.5	-37%	1.2	3.6x
FFC	12.4	72%	12.2	1%
FFBL	4.4	8%	4.8	-8%

### DPS Estimate for 3QCY24

PKR	3Q'24e	2Q'24	9M'24
EFERT	4.0	3.0	15.0
FFC	9.0	10.0	24.5
FFBL	-	-	-

### Exhibit: Fertilizer Sector Historical Earnings (PKRbn)



## Fertilizer

### Sector Earnings to increase by +14%y/y during 3QCY24

- IGI Fertilizer universe earnings is expected to incline by +14%/y/y in 3QCY24 to PKR 27.5bn compared to PKR 24.0bn in the same period last year attributable to higher retention prices. On a sequential basis, earnings are expected to incline by +17%q/q on the back of higher offtakes as compared to previous quarter.
- EFERT is expected to report earnings of PKR 6.0bn (EPS: PKR 4.5) +3.6xq/q higher compared to PKR 1.7bn (EPS: PKR 1.2) in the previous quarter. We expect FFC to register earnings of PKR 15.7bn (EPS: PKR 12.4) up by +72%/y/y compared to PKR 9.1bn (EPS: PKR 7.2) in the same period last year.
- We expect Fauji Fertilizer Bin Qasim Limited (FFBL) to post earnings of PKR 5.7bn (EPS: PKR 4.4) as compared to a PAT of PKR 5.3bn (EPS: PKR: 4.1) in the same period last year. On a quarterly basis, earnings are expected to decline by -8%q/q.

### Fertilizer Sector: Earnings to increase by +14%/y/y to PKR 27.5bn in 3QCY24

IGI Fertilizer universe earnings is expected to incline by +14%/y/y in 3QCY24 to PKR 27.5bn compared to PKR 24.0bn in the same period last year attributable to higher retention prices. On a sequential basis, earnings are expected to incline by +17%q/q on the back of higher offtakes as compared to previous quarter. Total earnings for 9MCY24 are expected to clock in at PKR 76.6bn (EPS PKR 59.3), up by 2xy/y compared to PKR 37.6bn (EPS PKR 29.0) in the same period last year.

Exhibit: Fertilizer sector profit after tax preview for 3qCY23								
PKR bn								
	Sep/24	Jun/24	q/q	Sep/23	y/y	9M'24e	9M'23e	y/y
EFERT	4.5	1.2	260%	7.2	-37%	13.8	11.3	23%
FFC	12.4	12.2	1%	7.2	72%	32.9	17.5	88%
FFBL	4.4	4.8	-8%	4.1	8%	12.6	0.3	45x
<b>Total (PKRbn)</b>	<b>27.5</b>	<b>23.5</b>	<b>17%</b>	<b>24.0</b>	<b>14%</b>	<b>76.6</b>	<b>37.6</b>	<b>104%</b>

Source: Company Accounts, IGI Research

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### EFERT: Earnings to surge by +3.6xy/y during 3QCY24e to PKR 4.5/share

Engro Fertilizers Limited's (EFERT) board meeting is scheduled on 14th-Oct-2024 to announce financial result for 3QCY24, where we expect the Company to report earnings of PKR 6.0bn (EPS: PKR 4.5) +3.6xq/q higher

compared to PKR 1.7bn (EPS PKR 1.2) in the previous quarter on the back of recovery in sales volume as its Enven Plant resumed operations in mid June 2024 after a 55-days long turnaround. On yearly basis, earnings are estimated to decline by -37%/y/y attributable to the decline in offtakes by ~16%. This brings total earnings for 9MCY24 to PKR 18.4bn (EPS PKR 13.8), up by +23%/y/y compared to PKR 15.0bn (EPS PKR 11.3) in the same period last year. We expect the Company to announce cash dividend of PKR 4.0/share along with the result taking the cumulative dividend for 9MCY24 to PKR 15.0/share.

#### FFC: Earnings to appreciate by +72%/y/y to PKR 12.4/share during 3QCY24

In 3QCY24, Fauji Fertilizer Company Limited (FFC) is expected to register earnings of PKR 15.7bn (EPS: PKR 12.4) up by +72%/y/y compared to PKR 9.1bn (EPS: PKR 7.2) in the same period last year. On a quarterly basis, earnings are expected to record a minor uptick of +1%/q/q. We attribute the growth in the earnings during 3QCY24 on yearly basis to higher gross margins. As the gas costs for the Company remain low compared to other players, FFC is expected to post gross margins of ~58%. This brings total earnings for 9MCY24 to PKR 41.8bn (EPS PKR 32.9), up by +88%/y/y compared to PKR 22.2bn (EPS PKR 17.5) in the same period last year. We expect the company to announce cash dividend of PKR 9/share along with the result taking the cumulative dividend for 9MCY24 to PKR 24.5/share.

#### FFBL: Earnings to improve by +8%/y/y to PKR 4.4/share during 3QCY24

We expect Fauji Fertilizer Bin Qasim Limited (FFBL) to post earnings of PKR 5.7bn (EPS: PKR 4.4) as compared to a PAT of PKR 5.3bn (EPS: PKR: 4.1) in the same period last year. On a quarterly basis, earnings are expected to decline by -8%/q/q. We attribute the growth in earnings during 3QCY24 on yearly basis on the back of higher retention prices and DAP off-takes. This brings total earnings for 9MCY24 to PKR 16.3bn (EPS PKR 12.6) as compared to a PAT of PKR 355mn (EPS PKR 0.3) in the same period last year.

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