

# Flash Note

Friday, 26 October 2018



## Fertilizer

### Fauji Fertilizer Company Limited (FFC)

#### FFC: Earnings up by +80%YoY to PKR 2.99/share for 3QCY18; Dividend at PKR 1.80/share

- Fauji Fertilizer Company Limited (FFC) announced its financial results for 3QCY18 with unconsolidated earnings clocking in at PKR 3.81bn (EPS: PKR 2.99) as compared to PKR 2.12bn (EPS: PKR 1.66) in the same period last year. In addition, the Company also announced an interim cash dividend of PKR 1.80/share.
- Net sales for the quarter inched down by 1%YoY to PKR 27.41bn owing to decrease in DAP offtakes. However, increase in urea offtakes and price hikes partially resisted the impact. As a result, gross margins improved significantly to 31.3%.
- Other income dropped by 57%YoY to PKR 6.35bn, attributed to removal of subsidy in urea.
- In addition, finance cost decreased by 41%YoY to PKR 0.42bn owing to debt retirement.

Exhibit:

#### FFC:3QCY18 Result Highlights

Period End Dec- PKRmn	3QCY18	3QCY17	YoY	9MCY18	9MCY17	YoY
Net Sales	27,411	27,589	-1%	70,677	57,750	22%
Gross Profit	8,593	5,325	61%	18,112	11,563	57%
Selling / Dist.	2,342	2,464	-5%	6,711	6,535	3%
Other Op. Income	665	1,549	-57%	4,909	7,116	-31%
EBIT	6,346	4,041	57%	14,901	11,106	34%
Finance Cost	419	715	-41%	1,183	1,917	-38%
Pre-Tax Profits	5,927	3,325	78%	13,718	9,189	49%
Taxation	2,117	1,209	75%	5,193	3,255	60%
Post-Tax Profits	3,810	2,116	80%	8,525	5,934	44%
EPS	2.99	1.66		6.70	4.66	
DPS	1.80	1.50		4.95	4.00	

#### Key Ratios

Gross Profit Margins	31.3%	19.3%	25.6%	20.0%
Ebit Margins	23.1%	14.6%	21.1%	19.2%
Effective Tax Rate	35.7%	36.4%	37.9%	35.4%

Source: IGI Research, Company Financials, PSX

No. of shares :1,272 mn

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