

# Flash Note

Wednesday, 24 April 2019

## Fertilizer

### Fatima Fertilizer Company Limited (FATIMA)

#### Earnings increased by +26%YoY to PKR 3.64bn (1.73/share) for 1QCY19

- Fatima Fertilizer Company Limited (FATIMA) announced its financial results for 1QCY19 with unconsolidated earnings clocking at PKR 3.64bn (EPS: PKR 1.73) as compared to PKR 2.89 (EPS: PKR 1.37) in the same period last year.
- Net sales for the quarter increased by +17%YoY to PKR 13.35bn, led by increase in prices despite decrease in total fertilizer sales during the quarter.
- Gross margins on sequential basis improved by +100bpsQoQ to 59% (likely owing to better sales mix) while remained flat on yearly basis.
- Finance cost increased by +74%YoY to PKR 563mn owing to increase in borrowings and interest rate hike.
- Accretion to earnings also stemmed from drop in selling and distribution expenses by 6%YoY to PKR 1.26bn with other income lifting up the profitability by +96%YoY to PKR 0.33bn.
- In addition, lower taxation charges during the quarter also boosted profitability with effective tax rate of 30% as against 34% reported in the same period last year.

Exhibit:

#### FATIMA: 1QCY19 Result Highlights

Period End Dec- PKRmn	1QCY19	1QCY18	YoY	4QCY18	QoQ
Net Sales	13,347	11,389	17%	11,453	17%
Gross Profit	7,887	6,834	15%	5,711	38%
Selling / Dist.	1,260	1,342	-6%	399	3.16x
Other Op. Income	302	154	96%	327	-8%
EBIT	5,772	4,662	24%	4,480	29%
Finance Cost	563	323	74%	481	17%
Pre-Tax Profits	5,209	4,339	20%	3,999	30%
Taxation	1,571	1,452	8%	166	9.47x
Post-Tax Profits	3,638	2,887	26%	3,833	-5%
EPS	1.73	1.37		1.83	
DPS	-	-		1.75	
<b>Key Ratios</b>					
Gross Profit Margins	59.1%	60.0%		49.9%	
Ebit Margins	43.2%	40.9%		39.1%	
Effective Tax Rate	30.2%	33.5%		4.1%	

Source: IGI Research, Company Financials, PSX

No. of shares: 2100mn

#### Analyst

Suleman Ashraf

[suleman.ashraf@igi.com.pk](mailto:suleman.ashraf@igi.com.pk)

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