

Flash Note

Friday, 27 April 2018

Fertilizer

FATIMA: Earnings increased by +27%YoY to PKR 2.9bn (EPS: PKR 1.37) for 1QCY18 despite high effective tax rate

- Fatima Fertilizer Company Limited (FATIMA) announced its financial results for 1QCY18 with unconsolidated earnings clocking at PKR 2.9bn (EPS: PKR 1.37), an increase of +27% YoY as compared to PKR 2.3bn (EPS: PKR 1.08) in the same period last year.
- Net sales jumped by +38%YoY to PKR 11.4bn during the period led by increase in offtake and increased prices.
- Gross margins increased by +500bps YoY to 60% compared to 55% in the same period last year owing to improved retention prices.
- Other income decreased by 12%YoY to PKR 0.15bn as against PKR 0.17bn in the corresponding period last year.
- In addition, finance cost decreased by -35%YoY to PKR 0.32bn attributed to low short-term financing and debt repayments.
- Distribution costs leaped up by +86%YoY to PKR 1.3bn as compared to PKR 0.7bn in the corresponding period last year.
- Moreover, effective tax rate for the quarter stood at 33% as against 22% in the same period last year.

Exhibit:

FATIMA: 1QCY18 Result Highlights (unconsolidated)

Period End Dec- PKRmn	1QCY18	1QCY17	YoY	4QCY17	QoQ
Net Sales	11,389	8,259	38%	11,533	-1%
Gross Profit	6,834	4,509	52%	6,787	1%
Selling / Dist.	1,342	720	86%	1,084	24%
Other Op. Income	154	174	-12%	155	-1%
EBIT	4,662	3,404	37%	5,098	-9%
Finance Cost	323	497	-35%	591	-45%
Pre-Tax Profits	4,339	2,906	49%	4,508	-4%
Taxation	1,452	632	130%	607	139%
Post-Tax Profits	2,887	2,274	27%	3,901	-26%
EPS	1.37	1.08		1.86	
DPS	-	-		3.60	

Key Ratios

Gross Profit Margins	60%	55%	59%
Ebit Margins	41%	41%	44%
Effective Tax Rate	33%	22%	13%

Source: IGI Research, Company Financials, PSX No. of shares :2100mn

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