

Flash Note

Friday, 24 July 2020



Securities

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Fertilisers

Fauji Fertilizer Bin Qasim Limited (FFBL)

2q 2020 LPS clocks in at 1.24/share; Cash dividend (nil)

- ✓ Fauji Fertilizer Bin Qasim Limited (FFBL) announced its financial results for 2QCY20 with earnings clocking in at PKR 1.16bn (LPS: PKR 1.24) as compared to PKR 0.08bn (LPS: PKR 0.09) in the same period last year. This brings total loss for 1HCY20 to PKR 4.20bn (LPS: PKR 4.50) compared to loss of PKR 1.95bn in the same period last year. The company did not announce any cash dividend.
- ✓ Net sales for the quarter decreased by -15% YoY to PKR 15,224mn owing to slowdown in offtake and reduction in urea prices. Moreover, key drag on company's earnings include higher finance cost and tax expense of PKR 314mn.
- ✓ Gross margins improved by 170bps to 13% during 2QCY20 which may probably relate to removal of GIDC and stable DAP margins.
- ✓ Other income increased by +21% YoY to PKR 1,372mn during 2QCY20 likely owing to dividend income from subsidiaries.
- ✓ However increase in other income was offset by rise in other expense, up by +43% YoY to PKR 1,391mn, which may be attributable to exchange loss.

Exhibit: Fauji Fertiliser Bin Qasim Limited (FFBL)								
Period end (Dec) - PKRmn	2QCY20	2QCY19	YoY	1QCY20	QoQ	1HCY20	1HCY19	YoY
Net Sales	15,224	17,998	-15%	9,558	59%	24,782	21,497	15%
Cost of Sales	13,293	16,021	-17%	10,116	31%	23,410	20,203	16%
Gross Margins	1,930	1,977	-2%	(558)	-446%	1,372	1,294	6%
Gross Margins	12.7%	11.0%		-5.8%		5.5%	6.0%	
Selling & Dist. Costs	1,248	1,211	3%	714	75%	1,962	1,890	4%
Admin. Costs	301	330	-9%	287	5%	588	623	-6%
Other Op. Income	1,372	1,130	21%	316	4.3x	1,688	1,931	-13%
Other Op. Expense	1,391	970	43%	193	7.2x	1,584	1,021	55%
EBIT	362	596	-39%	(1,436)	n/m	(1,074)	(308)	3.5x
EBIT Growth								
Finance Costs	1,208	1,213	0%	1,519	-20%	2,726	2,125	28%
Pre-Tax Profits	(846)	(617)	37%	(2,954)	-71%	(3,800)	(2,434)	56%
Taxation	314	(533)	n/m	94	235%	408	483	-15%
Profit After Tax	(1,160)	(84)	13.8x	(3,048)	-62%	(4,208)	(1,951)	n/m
EPS	(1.24)	(0.09)		(3.26)		(4.51)	(2.09)	
DPS	-	-		-		-	-	

Source: IGI Research, Company Financials

No. of shares: 934mn

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