

Flash Note

Friday, 26 April 2019

Fertilizer

Fauji Fertilizer Company Limited (FFC)

High prices, improved margins and low taxation charge took 1QCY19 earnings up by +63%YoY to PKR 2.91/share; Dividend at PKR 2.50/share

- Fauji Fertilizer Company Limited (FFC) announced its financial results for 1QCY19 with unconsolidated earnings clocking at PKR 3.69bn (EPS: PKR 2.91) as compared to PKR 2.27bn (EPS: PKR 1.78) in the same period last year.
- The company also declared a cash dividend of PKR 2.50/share for the quarter.
- Net sales for the quarter inched down by 1%YoY to PKR 20.3bn owing to 14%YoY decline in total fertilizer sales. However, the impact was absorbed by increase in fertilizer prices, 24%YoY on average. Likewise, gross margins saw an improvement of 100bpsYoY to 29%.
- Other income decreased by 4%YoY owing to removal of subsidy (PKR 100/bag) while dividend contribution from AKBL and FFBL partially arrested the decline.
- Finance cost increased by +24%YoY to PKR 0.47bn owing to increase in borrowings and interest rate hike.
- Effective tax rate for the quarter stood at 26% as against 35% in the same period last year.

Exhibit:

FFC: 1QCY19 Result Highlights

Period End Dec- PKRmn	1QCY19	1QCY18	YoY	4QCY18	QoQ
Net Sales	20,311	20,558	-1%	35,287	-42%
Gross Profit	5,963	4,093	46%	9,866	-40%
Selling / Dist.	2,007	1,925	4%	2,122	-5%
Other Op. Income	2,000	2,086	-4%	1,375	46%
EBIT	5,472	3,871	41%	8,418	-35%
Finance Cost	469	377	24%	454	3%
Pre-Tax Profits	5,003	3,494	43%	7,965	-37%
Taxation	1,307	1,229	6%	2,051	-36%
Post-Tax Profits	3,696	2,265	63%	5,914	-37%
EPS	2.91	1.78		4.65	
DPS	2.50	1.75		3.90	
Key Ratios					
Gross Profit Margins	29.4%	19.9%		28.0%	
Ebit Margins	26.9%	18.8%		23.9%	
Effective Tax Rate	26.1%	35.2%		25.8%	

Source: IGI Research, Company Financials, PSX

No. of shares: 1272mn

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