

Pakistan Fertilizers

April'23 Urea offtakes down by 11% YoY

In Apr'23, urea offtakes clocked in at ~408kt, down by 11% YoY. The dip in urea offtakes is mainly attributable to lower offtakes by FATIMA and FFC due to interrupted supply prior to price hike. To note, both companies raised urea prices by PKR125/bag on 16th May'23. Similarly, on MoM basis, urea offtakes declined by 17%, despite 43.6kt offtakes by RLNG based plants (currently operating on indigenous gas). This is due to lower imported urea offtakes (82%↓) and lower offtakes by FFC (38%↓), FFBL (32%↓) and FATIMA (45%↓). Similarly, DAP sales witnessed a decline of 47% YoY to clock in at ~51kt vs. ~95kt in SPLY mainly due to lower imported offtakes led by higher prices of DAP, up by 11% YoY (NFDC). On MoM basis, DAP offtakes remained flattish. Furthermore, NP and NPK offtakes clocked in at 48kt & 2kt, witnessing a decline of 47% & 33% YoY, respectively.

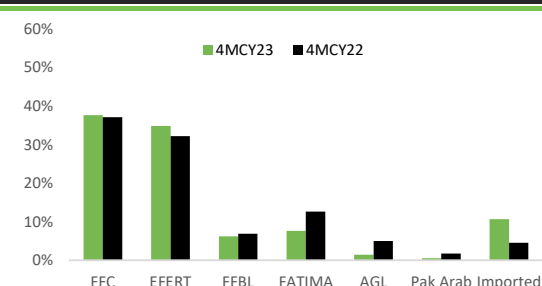
NFDC proposed imports of 200kt urea with ensured arrival during May'23 to secure availability of urea in the market. Along with this, they have also proposed that RLNG based urea manufacturing plants shall remain operational throughout the Kharif season, otherwise, shortage may occur during remaining period of the season.

Urea offtakes witnessed decline of 11% YoY in Apr'23

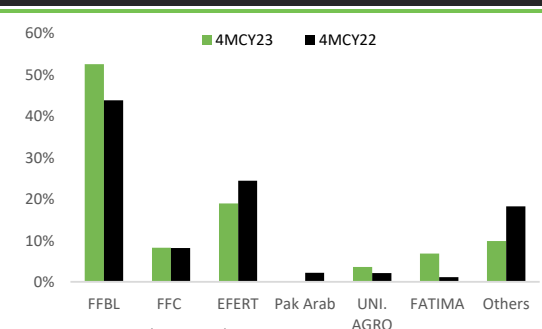
During Apr'23, urea offtakes witnessed a decline of 11% YoY which is mainly attributable to lower offtakes by FFC and FATIMA. EFERT offtakes remained flattish YoY to clock in at 157kt, whereas, improved by 6% MoM. On the flipside, FFC's offtakes during the month clocked in at 134kt vs. 182kt in SPLY. down by 27%/38% YoY/MoM. Similarly, FATIMA witnessed a decline of 57%/45% YoY/QoQ. Furthermore, after decision to operate RLNG based plants on indigenous gas, FATIMA fert and AGL posted urea offtakes of 20kt and 23kt, respectively. We believe that continued operations of these plants will improve supply-demand in rest of the Kharif season which is evident from an increase in urea inventory by 250% to clock in at 242kt during the month vs 69kt in preceding month. However, as per latest updates, FFC plant 3 (Capacity:718kt) has undergone a turnaround from 15-27th May'23, similarly, EFERT's base plant (975kt) is also witnessing an unplanned outage from 8th May'23. These plant outages might result in supply-demand disparity in the market, increasing the likelihood of greater reliance on imported nutrient.

DAP offtakes posted decline of 47% YoY

During Apr'23, DAP offtakes clocked in at 51kt vs. 95kt in SPLY, recording a decline of 47% YoY. International DAP prices were averaged around ~US\$615/ton in Apr'23, down by 50% YoY from US\$1,240/ton in SPLY. However, most impact of lower international prices is offset by PKR devaluation in the country, therefore, local prices are hovering around PKR10,405/bag (NFDC), up by 11% as compared to SPLY. Whereas sequentially DAP offtakes remained flattish. FFBL's DAP offtakes clocked in at ~28kt during the month, down by 22% YoY, whereas on MoM, offtakes improved by 21%.

Urea Market Share


Source: NFDC, Insight Research

DAP Market Share


Source: NFDC, Insight Research

Urea Inventory (Tons)	Apr-23	Mar-23	MoM
FFC	97,151	15,065	545%
EFERT	85,178	42,251	102%
FFBL	8,226	2,596	217%
FATIMA	37,893	1,260	NM
Other	13,259	7,976	66%
Total	241,707	69,148	250%

Source: NFDC & Insight Research

DAP Inventory (Tons)	Apr-23	Mar-23	MoM
FFC	53,177	54,145	-2%
EFERT	7,642	16,089	-53%
FFBL	141,727	110,331	28%
FATIMA	38,086	38,573	-1%
Other	44,752	55,516	-19%
Total	285,384	274,654	4%

Source: NFDC & Insight Research

Tons	Apr-23	Apr-22	Mar-23	YoY	MoM	4MCY22	4MCY23	YoY
UREA								
FFC	133,793	182,141	214,498	-27%	-38%	813,491	764,816	-6%
EFERT	157,061	157,176	148,526	0%	6%	706,228	707,675	0%
FFBL	37,341	33,485	55,218	12%	-32%	150,054	125,197	-17%
FATIMA	24,967	58,528	45,135	-57%	-45%	276,364	154,413	-44%
AGL	23,378	21,079	1,945	11%	NM	108,519	28,756	-74%
DH	20,303	-	-	NM	NM	-	22,443	NM
Pak Arab	7,340	6,543	1,220	12%	502%	37,671	11,456	-70%
Imported	4,114	-	22,688	NM	-82%	100,198	216,809	116%
TOTAL	408,297	458,952	489,230	-11%	-17%	2,192,525	2,031,565	-7%
DAP								
FFBL	27,662	35,465	22,882	-22%	21%	150,015	155,122	3%
FFC	968	2,559	3,563	-62%	-73%	27,904	24,396	-13%
EFERT	10,882	26,343	12,209	-59%	-11%	83,534	55,897	-33%
Pak Arab	-	28	-	NM	NM	7,403	10	NM
UNI. AGRO	4,540	3,355	1,305	35%	248%	7,148	10,649	49%
FATIMA	152	813	2,148	-81%	-93%	3,975	20,261	410%
Others	6,560	26,668	9,131	-75%	-28%	62,503	29,120	-53%
TOTAL	50,764	95,231	51,238	-47%	-1%	342,482	295,455	-14%
NP								
Pak Arab	22,095	25,488	10,014	-13%	121%	79,901	90,849	14%
EFERT	1,528	5,042	5,303	-70%	-71%	22,792	20,204	-11%
FATIMA	24,787	41,403	21,638	-40%	15%	118,512	133,816	13%
TOTAL	48,410	71,933	36,955	-33%	31%	221,205	244,869	11%
NPK								
EFERT	2,015	3,700	4,674	-46%	-57%	25,589	21,196	-17%
TOTAL	2,015	3,700	4,674	-46%	-57%	25,589	21,196	-17%
CAN								
Pak Arab	32,855	30,248	9,754	9%	237%	117,311	65,649	-44%
FATIMA	29,093	27,155	45,852	7%	-37%	154,748	159,778	3%
TOTAL	61,948	57,403	55,606	8%	11%	272,059	225,427	-17%

Source: NFDC & Insight Research

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TP	Target Price	DCF	Discounted Cash Flows	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DDM	Dividend Discount Model
SOTP	Sum of the Parts	P/E	Price to Earnings ratio	P/Bv	Price to Book ratio
P/S	Price to Sales	EVA	Economic Valued Added	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	DY	Dividend Yield
ROE	Return on Equity	ROA	Return on Assets	CAGR	Compounded Annual Growth Rate

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