

October 23, 2023

Company

FFC

**Fauji Fertilizer Company
Limited**
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Symbol: FFC

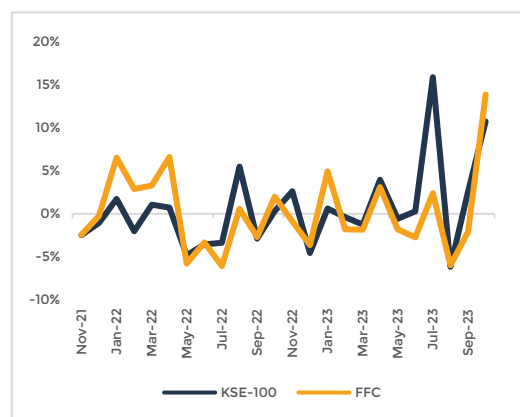
Current Price: **PKR 105.35**

Market Cap (PKR bn): **PKR 134.03**

Total Shares (mn): **1,272**

Free Float (mn): **699.7**

52 Week High: **PKR 109.0**

52 Week Low: **PKR 90.45**


FFC: Earnings Preview 3QCY23

Fauji Fertilizers Company Limited (FFC) is due to announce its corporate result on 25th October, 2023.

FFC is expected to record a consolidated EPS of PKR 7.94/sh in 3QCY23 against a consolidated EPS of PKR 4.12/sh in SPLY. While on a cumulative basis, the company is anticipated to record an EPS of PKR 18.22/sh, up by 56% YoY, compared to PKR11.67/sh in SPLY.

Net sales of the company are anticipated to increase by 73% YoY to PKR 42bn, as on the back of higher offtakes compared to last year. Higher Urea offtake for the quarter coupled with elevated Urea prices, have significantly supported the topline.

Gross margin for the 3QCY23 will likely to settle at 47% compared to 39% SPLY, on the back of multiple hikes in urea prices while, gas prices remains unaffected.

FFC	3Q CY23	3Q CY22	YoY	2Q CY23	QoQ	9M CY23	9M CY22	YoY
EPS	7.94	4.12	93%	4.20	89%	18.22	11.67	56%

Besides the result, FFC is expected to announce an interim dividend of PKR6.0/sh for the quarter, taking 9MCY23 dividend to PKR 13.41/share.

FFC	3Q CY23	3Q CY22	YoY	2Q CY23	QoQ	9M CY23	9M CY22	YoY
DPS	6.0	3.18	89%	3.15	90%	13.41	8.98	49%

Outlook:

The equalizing gas tariffs for the fertilizer sector and general industry will likely to offset the impact for FFC due to Urea price disparity in international and domestic markets. However, the newly tariffs will likely to pose risks

for FFBL's phosphate business. We recommend buying the sector, with EFERT as the top pick for its strong earnings and high dividend yield.

Important Disclosures

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