

Pakistan Fertilizers

FFBL PA: 3QCY23 EPS clocked in at PKR4.11 – Above expectations

Fauji Fertilizers Bin Qasim Ltd. has announced its results where company has posted unconsolidated PAT of PKR5.3bn (EPS: PKR4.11) vs. LAT of PKR1.7bn (LPS: PKR1.31) in SPLY. The result is above our expectations mainly due to higher than expected other income and lower selling and distribution expense.

- Revenue for the quarter stood at PKR70.1bn vs. PKR22.6bn in SPLY, up by ~3.1x/1.9x YoY. The turnaround in revenue is mainly attributable to higher offtakes coupled with higher product prices.
- Gross margins for the quarter clocked in at ~15% vs. ~13% in preceding quarter amid higher DAP margins coupled with elevated urea prices.
- Selling and distribution expenses increased by 131%/55% YoY/QoQ amid higher volumetric sales.
- Finance cost increased by 98% YoY to clock in at PKR2.3bn, due to hike in borrowing rates.
- Other income for the quarter clocked in at PKR2.8bn up by 196%/12% YoY/QoQ.
- Effective tax rate for the quarter clocked in at 26% vs. tax credit of PKR473mn in SPLY.
- Company has posted exchange gain of PKR0.12bn in 3QCY23 vs. exchange loss of PKR4.16bn in SPLY.

FFBL (PKR mn)	3QCY23	3QCY22	2QCY23	YoY	QoQ
Net sales	70,070	22,568	35,235	210%	99%
Cost of sales	(59,712)	(18,813)	(30,689)	217%	95%
Gross profit	10,358	3,754	4,546	176%	128%
GM %	15%	17%	13%		
S&D Expenses	(2,434)	(1,054)	(1,567)	131%	55%
Administrative expenses	(412)	(237)	(323)	74%	28%
Other income	2,848	964	2,541	196%	12%
Other charges	(318)	(4,192)	(156)	-92%	104%
Financial charges	(2,360)	(1,193)	(2,837)	98%	-17%
Profit before tax	7,175	- 2,170	2,010	NM	257%
Taxation	(1,870)	473	(1,531)	NM	22%
Profit after tax	5,305	(1,696)	479	NM	1007%
EPS - Basic	4.11	(1.31)	0.37		

Source: Company accounts, Insight research

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- Discounted cash flow (DCF)
- Relative Valuation (P/E, P/Bv, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

Frequently Used Acronyms

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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