

Sector**CHEMICAL****Chase Research**

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Symbol: **BIFO**

Current Price: **PKR 122.00**

Market Cap (PKR bn): **5.66**

Total Shares (mn): **46.38**

Free Float (mn): **9.27**

52 Week High: **PKR 124.50**

52 Week Low: **PKR 53.70**

**Biafo Industries Limited (BIFO)**

The company achieved a notable increase of 63% YoY in net sales, reaching at PKR2.7bn in FY23, compared to PKR1.6bn in SPLY. Gross profit experienced a substantial 103% growth, totaling at PKR1.2bn, up from PKR581.98mn in previous year. The net profit after tax clocked in at PKR607.68mn (EPS: PKR13.10/sh) compared to PKR524.8mn (EPS: PKR5.34/sh) in SPLY.

Despite challenges such as currency devaluation, high costs of imported raw materials, and supply chain disruptions, the company maintained stable profitability. Notably, export sales and transactions with the Oil and Gas sector saw substantial growth, while blasting activities in large construction projects decreased due to project completions.

The company successfully entered the export market, particularly targeting Africa, with successful supplies to North Sudan. However, delays in export proceeds were experienced due to the eruption of war and disruptions in Sudan's banking system. Management has received confirmation of fund transfer initiation, expressing confidence in imminent payment receipt.

As part of its strategic approach, the company will continue to promote exports, focusing on other African countries. Significant supplies were directed to the oil and gas and mining sectors, compensating for decreased supplies to other sectors amid the economic downturn.

Additionally, the company allocated PKR37mn in capital investments during the year to maintain manufacturing capacity. Looking ahead, the Company aims to strengthen its local market position, capitalizing on opportunities from mega projects including Reko Diq and allied infrastructure projects. Exploration of international markets, specifically in Africa, remains a priority.

The management is actively pursuing Infrastructure Development projects in the country, including involvement in CPEC projects like ML-1, and hydropower projects such as

Kohala, Diامر-Bhasha, and Balakot, is underway to maximize market share.

Biafo is strategically focused on expanding into the African market and targeting new opportunities, especially in the mining sector, aligning with prospective large-scale mining projects in the country.

PKR "mn	FY23	FY22	YoY	1QFY24	1QFY23	YoY
Revenue	2,713	1,668	63%	981	627	57%
Cost of sales	1,529	1,086	41%	520	435	20%
Gross profit	1,184	582	103%	461	192	140%
<b>Gross margins</b>	<b>44%</b>	<b>35%</b>		<b>47%</b>	<b>31%</b>	
Other income	12	8	58%	1	1	0%
Distribution expense	68	54	27%	16	19	-17%
Administrative expenses	183	158	16%	57	40	41%
Net impairment loss	68	5	NM	-	-	NM
<b>Operating profit</b>	<b>876</b>	<b>373</b>	135%	<b>390</b>	<b>134</b>	191%
Finance cost/(Income)	(26)	(5)	437%	12	(11)	-205%
WPPF	45	19	139%	19	7	
WWF	18	7	146%	7	3	
Profit before taxation	840	352	139%	352	135	161%
Taxation/Reversal	232	104	123%	84	25	243%
<b>Effective tax rate</b>	<b>28%</b>	<b>30%</b>		<b>24%</b>	<b>18%</b>	
Profit after taxation	608	248	145%	267	110	142%
EPS	13.10	5.34	145%	5.76	2.38	142%

## Important Disclosures

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