

January 24, 2024

Company

FFC

Fauji Fertilizer Company Limited

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Symbol: **FFC**

Current Price: **PKR 118.98**

Market Cap (PKR bn): **PKR 151.37**

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

Free Float (mn): **699.7**

52 Week High: **PKR 122.25**

52 Week Low: **PKR 90.45**

FFC: Earnings Preview 4QCY23

Fauji Fertilizers Company Limited (FFC) is due to announce its corporate result on 26th January, 2024.

FFC is likely to report an EPS of PKR 7.78/sh in 4QCY23 against an EPS of PKR 4.09/sh in SPLY. While on a cumulative basis, the company is anticipated to record an EPS of PKR 25.24/sh, up by 60% YoY, compared to PKR15.76/sh in SPLY.

Net sales of the company are anticipated to increase by 59% YoY, mainly due to higher Urea and DAP prices and the potential reversal of gas costs, booked higher during the last quarter.

Gross margin for the 4QCY23 will likely to settle at 40% compared to 32% SPLY, on the back of multiple hikes in urea prices and DAP prices.

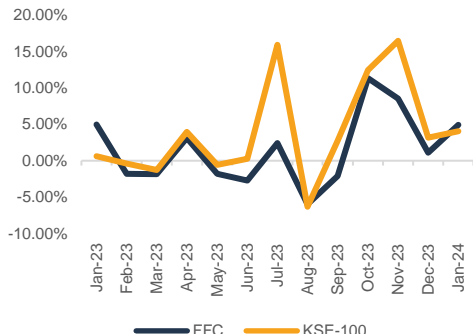
FFC	4Q CY23	4Q CY22	YoY	3Q CY23	QoQ	CY23	CY22	YoY
EPS	7.78	4.09	90%	7.18	8%	25.24	15.76	60%

Besides the result, FFC is expected to announce an interim dividend of PKR5.8/sh for the quarter, taking CY23 dividend to PKR 17.19/share.

FFC	4Q CY23	4Q CY22	YoY	3Q CY23	QoQ	CY23	CY22	YoY
DPS	5.8	3.15	84%	3.98	46%	17.19	12.13	42%

Outlook

We continue to recommend an optimistic outlook on the sector, expecting it to consistently generate steady revenue and cash flow in the coming years. To recall, urea offtakes remained flat to 6.64mn tons in CY23 against 6.61mn tons in SPLY. Whereas, DAP offtakes clocked in at 1.56mn tons witnessing an upside of 31% YoY. With robust pricing power coupled with significant Urea market and a strong cash balance, FFC stands out as a top pick in the fertilizer sector.



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