

Fauji Fertilizer Bin Qasim Limited

Corporate Briefing Takeaways

The management of Fauji Fertilizer Bin Qasim Limited (FFBL) held a corporate briefing session on 29th Jan'24 to discuss the CY23 financial result and future outlook.

Brief Takeaways

- To recall, the company posted a profit after tax of PKR 4,403mn (EPS: PKR 3.40) in CY23, climbing up by 89% YoY. The surge in profitability comes amid jump in DAP offtake coupled with hike in DAP price.

Fertilizer business:

- The company's market share of DAP arrived at 54% in CY23 compared to 56% in SPLY. Whereas, DAP sales increased by 28% YoY to settle at 846k tons in CY23 against 661k tons in CY22.
- The management informed that primary margins during CY23 were USD 119/ton.
- The company's market share in urea declined to 5% in CY23 from 8% in SPLY, while the sales reduced by 36% YoY to clock in at 337k tons.
- FFBL's local urea prices are during CY22 traded at PKR 3,070/bag against international landed price of PKR 6,128/bag.
- During CY23, the gas curtailment reached 58% of the allocation. The company has engaged with the Govt. to resolve this issue. In response, the Govt. committed to supply uninterrupted gas till Mar'24. Therefore, the company delayed ATA plans in CY24. The company is currently receiving 30 mmcf/d gas, which is expected to increase to 40mmcf/d during CY24.
- The company is launching Boron DAP in CY24, which will be catering to boron deficiency in the soil.
- The company has placed order for phosphoric acid at price of USD 985/ton for 1QCY24. The management expects the phosphoric acid to decline to USD 900/ton in 2QCY24.
- On a question regarding jump in higher selling & distribution during 4QCY23, the management told that the company has book impact recent imposition of axle load policy.

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- Regarding the blockage of cargo at Red Sea, the management told that the Moroccan shipment will face delay of 10-15 days, which could reduce DAP production briefly.
- The management shared that PMP posted a loss of USD 40mn 9MCY23, due to which no dividends were announced by the company. The management expects PMP to be profitable in CY24.

Power business

The management highlighted that FPCL continues to remain profitable. The management further re-iterated the company uses a coal mix, which includes Thar coal (70% international and 30% local), which has resulted in healthy gross margins in CY23.

Meat business

- The company has sold off its entire stake in Fauji Meat to Fauji Foundation for PKR 4.3bn (booking capital gain of PKR 268mn) in 3QCY23.

Dairy business

The management told that Fauji Food Limited (FFL) posted a revenue growth of 60% YoY in CY23.

- FFL posted highest ever quarterly PAT of PKR 605mn (EPS: PKR 0.26) in CY23 compared to loss of PKR 2,169mn (LPS: PKR 1.37) in CY22. The improvement in profitability comes on account of better portfolio management.

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