

# AHL Alert: Fertilizer

## Fauji Fertilizer Company Limited

### Result Review: EPS clocked in at PKR 20.49 in 1HCY24

#### All time high quarterly profit posted during the 2QCY24

Fauji Fertilizer Company Limited (FFC) disclosed its financial result today where the company posted net profit of PKR 26,071mn (EPS: PKR 20.49) during 1HCY24 against PKR 13,079mn (EPS: PKR 10.28) in 1HCY23, up by 99% YoY. On the other hand, the profitability in 2QCY24 augmented by 2.9x YoY to PKR 15,549mn (EPS: PKR 12.22). In addition to this, FFC announced a cash dividend of PKR 10.00/share in 2QCY24 (PKR 15.50/share in 1HCY24).

#### Result Highlights

- Net sales climbed up by 61% YoY during 1HCY24, settling at PKR 115,574mn on account of a jump in urea and DAP offtake by 3% and 26% YoY, respectively tagged with 62% and 19% YoY higher urea and DAP prices. On a quarterly basis, the revenue in 2QCY24 surged by 61% YoY amid an increase in DAP sales by 55% YoY coupled with 59% YoY higher urea prices. Whereas, urea sales remained stable during the quarter.
- The gross margins during 1HCY24 arrived at 41.90% compared to 43.40% in SPLY on account higher gas prices coupled with high cost of imported urea in 1QCY24. Whereas, gross margins in 2QCY24 arrived at 54.46% (up by 762bps YoY) amid better urea and DAP margins.
- Financial charges increased by 9% YoY, clocking in at PKR 2,886mn in 1HCY24 amid higher interest rates. Meanwhile, the finance charges went up by 16% YoY to PKR 1,380mn.
- Other income ascended by 2.5x YoY, clocking in at PKR 15,770mn in 1HCY24, given i) higher dividend income from associates, and subsidiaries such as AKBL and PMP, and ii) increase in income from cash and cash balances.
- The company booked effective taxation at 43% in 2QCY24 vis-à-vis 61% in 2QCY23.

#### Exhibit: Financial Highlights

(PKR mn)	1HCY24a	1HCY23a	YoY	2QCY24a	2QCY23a	YoY	QoQ
Net Sales	115,574	71,958	61%	57,167	35,552	61%	-2%
Gross Profit	48,420	31,228	55%	31,133	16,653	87%	80%
Distribution Costs	10,736	5,738	87%	5,543	2,682	107%	7%
Other Income	15,770	6,295	2.5x	5,494	2,750	100%	-47%
Financial Charges	2,886	2,657	9%	1,380	1,193	16%	-8%
Net Profit	26,071	13,079	99%	15,549	5,349	2.9x	48%
EPS (PKR)	20.49	10.28		12.22	4.20		
DPS (PKR)	15.50	7.41		10.00	3.15		

Source (s): Company Financials, AHL Research

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**AHL Alert: Fertilizer****Fauji Fertilizer Company Limited****Result Review: EPS clocked in at PKR 20.49 in 1HCY24****Other information**

- FFC has commenced selling fertilizers via company owned stores/outlets, enabling the farmers to purchase directly from the company.
- The company is targeting to open 70 sales outlets towards the end of 3QCY24.
- The company produced 1,279k tons of urea during the 1HCY24.
- Thus, the company sold 1,280k tons of urea, up by 3% YoY. In addition to this, the company marketed 94k tons of imported urea during the period.
- The market share of FFC's urea reached 46% from 40% in SPYL.

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