

Fauji Fertilizer Company Limited

Result Review: EPS clocked in at PKR 33.45 in 9MCY24

28 October 2024

REP-300

All time high quarterly profit posted during the 3QCY24

Fauji Fertilizer Company Limited (FFC) disclosed its financial result today where the company posted net profit of PKR 42,552mn (EPS: PKR 33.45) during 9MCY24 against PKR 22,214mn (EPS: PKR 17.46) in 9MCY23, up 92% YoY. On the other hand, the profitability in 3QCY24 augmented by 80% YoY to PKR 16,481mn (EPS: PKR 12.95). The company has skipped quarterly dividend for the first time (based on reports available till 2002), due to the ongoing amalgamation process. The company is likely to resume dividend post merger with FFBL, as per notice issued by the company.

Result Highlights

- Net sales climbed up by 43% YoY during 9MCY24, settling at PKR 165,914mn on account of a jump in urea and DAP price by 51% and 15% YoY, respectively. Similarly, the revenue on a quarterly basis increased by 14% YoY in 3QCY24 amid hike in urea and DAP price by 32% and 9% YoY, respectively. Meanwhile, the urea and DAP offtake declined by 12% and 58% YoY, respectively.
- The gross margins during 9MCY24 arrived at 44.91% compared to 38.66% in 9MCY23 amid better urea and DAP margins. Whereas, gross margins in 3QCY24 arrived at 51.84% (up by 2,091bps YoY) due to aforementioned reason.
- Financial charges increased by 5% YoY, clocking in at PKR 4,189mn in 9MCY24 amid higher interest rates. Meanwhile, the finance charges during 3QCY24 decreased by 3% YoY to PKR 1,304mn on account of lower interest rates.
- Other income ascended by 98% YoY, clocking in at PKR 24,841mn in 9MCY24, given higher dividend income from associates, and subsidiaries. Meanwhile, the other income during 3QCY24 ascended by 46% YoY on account of i) dividend income from wind power segment, and ii) increase in income from cash and cash balances.
- The company booked effective taxation at 36% in 3QCY24 vis-à-vis 34% in 3QCY23.

Exhibit: Financial Highlights

(PKR mn)	9MCY24	9MCY23	YoY	3QCY24	3QCY23	YoY	QoQ
Net Sales	165,914	116,093	43%	50,339	44,135	14%	-12%
Gross Profit	74,516	44,880	66%	26,096	13,653	91%	-16%
Distribution Costs	16,077	8,727	84%	5,341	2,988	79%	-4%
Other Income	24,841	12,526	98%	9,071	6,231	46%	65%
Financial Charges	4,189	4,005	5%	1,304	1,348	-3%	-6%
Net Profit	42,552	22,214	92%	16,481	9,135	80%	6%
EPS (PKR)	33.45	17.46		12.95	7.18		
DPS (PKR)	15.50	11.39		-	3.98		

Source (s): Company Financials, AHL Research

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Other information

- FFC has commenced selling fertilizers via 70 company owned stores/outlets, registering 50,000 farmer across the country.
- The company produced 1,900k tons of urea during the 9MCY24.
- The company sold 1,864k tons of urea, down 12% YoY. In addition to this, the company marketed 94k tons of imported urea during the period.
- The market share of FFC's urea reached 43% in 9MCY24 from 39% in SPYL.

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