

Fatima Fertilizer (FATIMA)

Notified Research Entity
www.JamaPunji.pk

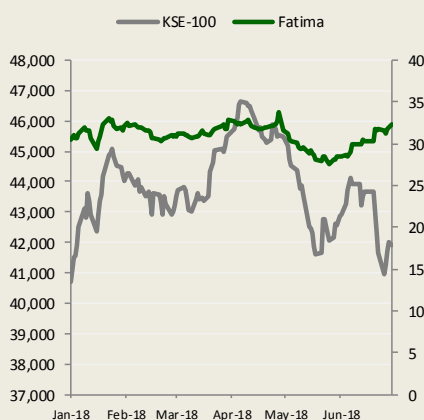
Result Review

KEY DATA

| | |
|-------------------------|------------|
| PSX Ticker | FATIMA |
| Sector | FERTILIZER |
| Current Price PkR | 34.70 |
| Market Cap (PkR mn) | 72,870 |
| Market Cap (US\$ mn) | 592 |
| 52 weeks High | 35.90 |
| 52 weeks Low | 26.83 |
| Shares Outstanding (mn) | 2,100 |
| Free Float (%) | 16% |

Source: PSX/Darson Research

RELATIVE PERFORMANCE



EPS Recorded a growth of +48%YoY in HCY18

FATIMA declared its result for the half year ended June, 30th 2018, in which the bottom-line of the company increased to PKR 6,337mn against PKR 4,291mn SPLY, translating into an EPS of PKR3.02/share, when compared with the preceding period in which EPS was PKR 2.04/share. Beside the announced financial result the company did not pay any dividend.

The topline of the company clocked in at PKR 23,101mn surge +31%YoY for CY18 on the back of increase in urea prices followed by robust growth in Urea/NP.

Furthermore, the Gross margin portrayed an impressive picture of 13,759mn. This increase is mainly accredited to higher urea prices.

Moreover finance cost of the company tumbled by -39%YoY to PKR 640mn in HCY18 as compared to PKR 1,049mn in HCY17 due to better cash flow position. As far as other income is concerned, which increased drastically to PKR 354mn, up +37%YoY in HCY18.

| PKR mn | HCY18 | HCY17 | YoY% | 2QCY18 | 2QCY17 | YoY% |
|---------------------|--------|--------|------|--------|--------|------|
| Sales | 23,101 | 17,692 | 31% | 11,713 | 9,433 | 24% |
| Cost of Sales | 9,343 | 8,835 | 6% | 4,788 | 5,085 | -6% |
| Gross Profit | 13,759 | 8,857 | 55% | 6,925 | 4,348 | 59% |
| Dist. Cost | 2,351 | 1,518 | 55% | 1,008 | 797 | 26% |
| Admin. Expenses | 1,015 | 830 | 22% | 390 | 462 | -16% |
| | 10,393 | 6,509 | 60% | 5,527 | 3,089 | 79% |
| Financial Cost | 640 | 1,049 | -39% | 317 | 552 | -43% |
| Other Opr. Expenses | 794 | 348 | 128% | 437 | 157 | 179% |
| | 8,958 | 7,906 | 13% | 4,773 | 2,381 | 101% |
| Other Income | 354 | 259 | 37% | 200 | 85 | 136% |
| Profit Before Tax | 9,312 | 8,165 | 14% | 4,974 | 2,465 | 102% |
| Taxation | 2,976 | 1,080 | 175% | 1,524 | 448 | 240% |
| Profit After Tax | 6,337 | 7,085 | -11% | 3,450 | 2,017 | 71% |
| EPS | 3.02 | 2.04 | 48% | 1.64 | 0.96 | 71% |

Source: Darson Research, Company Accounts

Prepared by:
 DSL Research
research@darsononline.com



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Rating System:

- | | |
|---|---------------------|
| If; | |
| • Expected return >15% | - Buy Call |
| • Expected Return is in between 0% to 15% | - Neutral/Hold Call |
| • Expected Return <0% | - Sell Call |

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: www.JamaPunji.pk

Contact Details

MALIK DIL AWAYZ AHMED , CFA
Chief Executive Officer
 Tel: +(92-21) 32471080-83
ceo@darsononline.com

SAAD PERVEZ
Equity Research Analyst
 Tel: +(92-21) 32467224
research@darsononline.com

SANTOSH KUMAR
Head of Institutional Sales
 Tel: +(92-21) 32471086-87
santosh.kumar@darsononline.com

SYED MOHSIN ALI
Head of Online Sales
 Tel: +(92-21) 32468921
mohsin.ali@darsononline.com

IMRAN KHAN
Head of Retail Sales
 Tel: +(92-21) 32469678
imran.khan@darsononline.com