

August 29, 2022

INDUSTRY UPDATE

Urea offtakes declined by 26% YoY to ~462.8K Tons in July'22

As per the latest data released by the National Fertilizer Development Corporation (NFDC), urea sales recorded a decline of 37% MoM to 462.8K tons in July'22 compared to 736.9K tons in the preceding month. On the other hand, the DAP offtakes witnessed a decline of 54% MoM to clocked in at 67.12K. Cumulative 7MCY22, fertilizers offtakes plunged by ~3% to clocked in at 5,378 tons vs. 5,516 tons in SPLY.

Company-wise, FFBL witnessed decline of 68% in its urea offtakes, followed by EFERT (64%), FFC (48%) and FATIMA (2%). On the other hand, DAP offtakes decreased by 54% MoM for July'22. where the major contributor are FFC (down by 95%) and FFBL (down by 63%). On the flipside, EFERT's DAP sales witnessed a growth of 102% MoM.

In the urea segment, FFC remained the market leader, capturing 32% of industry offtakes in July'22, followed by EFERT (19%), FATIMA (18%) and FFBL (5%). Whereas, in the DAP segment, FFBL emerged as the market leader, capturing 58% of industry offtakes, followed by EFERT (35%), FFC (1%) and FATIMA (1%), respectively.

INDUSTRY								
PRODUCT	Jul-22	Jun-22	MoM%	Jul-21	YoY %	7MCY'22	7MCY'21	YoY %
UREA	462.81	736.96	-37%	621.73	-26%	3,709.62	3,520.49	5%
DAP	67.12	145.50	-54%	193.42	-65%	650.06	794.50	-18%
CAN	76.46	77.15	-1%	71.47	7%	477.06	560.60	-15%
NP	70.21	56.29	25%	70.25	0%	416.79	424.30	-2%
NPK	3.89	5.20	-25%	6.58	-41%	39.19	50.26	-22%
TOTAL	688.15	1,035.65	-34%	987.87	-30%	5,378.77	5,516.98	-3%
ENGRO FERTILIZER								
UREA	86.55	240.30	-64%	239.69	-64%	1,184.11	1,407.48	-16%
DAP	23.45	11.60	102%	36.35	-36%	134.45	132.23	2%
NP	3.17	5.74	-45%	2.97	7%	39.44	23.23	70%
NPK	3.89	5.20	-25%	6.58	-41%	39.19	50.26	-22%
FAUJI FERTILIZER								
UREA	146.89	282.33	-48%	236.84	-38%	1,421.48	1,367.74	4%
DAP	0.41	7.72	-95%	25.78	-98%	50.04	91.13	-45%
FAUJI FERTILIZER BIN QASIM								
UREA	23.49	72.59	-68%	49.67	-53%	284.15	268.81	6%
DAP	39.14	106.33	-63%	92.82	-58%	350.40	323.30	8%
FATIMA FERTILIZER								
UREA	85.45	87.28	-2%	73.99	15%	476.88	392.12	22%
DAP	0.38	2.22	-83%	0.70	-46%	7.13	6.66	7%
CAN	48.23	49.33	-2%	44.36	9%	276.47	450.51	-39%
NP	37.57	25.63	47%	40.38	-7%	210.43	340.14	-38%

SOURCE: NFDC / AAH Research

UREA OFFTAKES

462k Tons | -37% MoM | -26% YoY

Company	22-Jul	22-Jun	MoM%
Urea			
EFERT	19%	33%	-14%
FFC	32%	38%	-7%
FFBL	5%	10%	-5%
FATIMA	18%	12%	7%
DAP			
EFERT	35%	8%	27%
FFC	1%	5%	-5%
FFBL	58%	73%	-15%
FATIMA	1%	2%	-1%

SOURCE: NFDC / AAH Research

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Rating Criteria

Rating - Expected Total Return
Buy - Greater than 10%
Hold - Neither Buy nor Sell
Sell - Less than and equal to -10%

Valuation Methodology

To arrive at our 12-months Price Target, ABA Ali Habib Research uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology. In this report, our PT is founded on FCFF based DCF methodology.

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