

# Fertilizer| Result Preview | 1QCY25

## Muted Offtakes Keeps Fertilizer Sector Earnings Subdued



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The fertilizer sector saw a subdued quarter as dealers had already bulked up on discounted purchases last quarter, leading to record sales then and weaker demand now. This was further impacted by weaker farmer incomes. Nevertheless, companies have sustained production, showing optimism that demand will recover with the start of Kharif season, boosting offtakes and reducing inventory.

Gas price disparity continues to be a major issue, with some companies still benefiting from lower costs. Companies have discussions underway with relevant authorities regarding efforts to shift all supply network to MARL. This disparity is likely to be addressed soon, as Mari’s wellhead price revision is anticipated in June 2025, which could result in changes within the sector.

**EFERT:** We expect consolidated EPS of PKR 1.76 this quarter, with a dividend payout of PKR 2 per share. The company has struggled with offtakes due to higher bag prices compared to competitors, driven by elevated feed gas costs.

**FFC:** Expected to post an unconsolidated EPS of PKR 11.60 for 1QCY25, along with a dividend of PKR 8.75 per share. The earnings reflect gains from dividends received this quarter following its increased stake in AKBL post merger. Lower feed gas costs continue to keep FFC’s urea prices competitive.

**FATIMA:** Expected to post consolidated EPS of PKR 4.21 with no dividend this quarter. The company benefits from operating some plants on lower feed cost gas, allowing for higher margins. Competitive urea bag prices and continued RLNG supply at favorable rates support profitability, while inventory levels continue to build.

EPS	1QCY25E	1QCY24	YoY Δ	4QCY24	QoQ Δ	DPS
EFERT	1.76	5.81	-70%	7.70	-77%	2.00
FFC	11.60	8.27	40%	9.96	16%	8.75
FATIMA	4.21	4.00	5%	6.49	-35%	-

EFERT (PKR'mn)	1QCY25E	1QCY24	YoY Δ	4QCY24	QoQ Δ
Sales	31,486	73,783	-57%	84,830	-63%
Gross Profit	8,100	17,198	-53%	29,643	-73%
Profit after Tax	2,349	7,761	-70%	10,281	-77%

FFC (PKR'mn)	1QCY25E	1QCY24	YoY Δ	4QCY24	QoQ Δ
Sales	63,473	58,407	n.m	150,013	-58%
Gross Profit	24,126	17,287	n.m	38,854	-38%
Profit after Tax	16,504	10,522	n.m	14,176	16%

FATIMA (PKR'mn)	1QCY25E	1QCY24	YoY Δ	4QCY24	QoQ Δ
Sales	59,705	66,039	-10%	85,919	-31%
Gross Profit	23,082	27,438	-16%	27,084	-15%
Profit after Tax	8,851	8,394	5%	13,624	-35%

Urea Offtake - Tons	1QCY25E	1QCY24	YoY Δ	4QCY24	QoQ Δ
EFERT	260,744	622,063	-58%	704,826	-63%
FFC	537,107	819,073	-34%	838,796	-36%
FATIMA	213,337	274,342	-22%	328,217	-35%
Industry	1,100,825	1,827,034	-40%	2,003,328	-45%

DAP Offtake - Tons	1QCY25E	1QCY24	YoY Δ	4QCY24	QoQ Δ
EFERT	24,227	83,077	-71%	110,816	-78%
FFC	88,645	187,196	-53%	380,272	-77%
FATIMA	7,038	5,173	36%	13,999	-50%
Industry	139,586	288,708	-52%	696,587	-80%

CAN Offtake - Tons	1QCY25E	1QCY24	YoY Δ	4QCY24	QoQ Δ
FATIMA	265,537	226,537	17%	203,398	31%
Industry	265,537	226,537	17%	203,398	31%

Note: FFBL's offtake data is compiled with FFC for comparison

Source: NFDC, Company Account, IIS Research

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