

# Urea Offtake Up by 12% YoY in 6MCY22

Tuesday, 26 July, 2022



## UREA Price Per Bag (Rs.)

Jun-22	May-22	Change	% Change
2,070	2,099	▼ -29	▼ -1%

## DAP Price Per Bag (Rs.)

Jun-22	May-22	Change	% Change
10,316	9,703	▲ 613	▲ 6%

## NP Price Per Bag (Rs.)

Jun-22	May-22	Change	% Change
6,603	6,087	▲ 516	▲ 8%

## CAN Price Per Bag (Rs.)

Jun-22	May-22	Change	% Change
1,899	1,794	▲ 105	▲ 6%

Urea offtake has improved by 6.8% YoY in Jun-22 and clocked at 737k tons as compared to 690k tons SPLY. Cumulatively, Urea offtake witnessed a growth of 12% YoY in 6MCY22. On the other hand, DAP offtake has surged by 113% YoY during Jun-22 and clocked at 146k tons as compared to 68k tons SPLY. Meanwhile, cumulative DAP offtake has slightly decreased by 3%, in 6MCY22.

Company-wise, EFERT witnessed a decline of 6% in Urea offtake in Jun-22. FFC & FFBL both witnessed a growth of 14% and 35% respectively. Furthermore, offtake for FATIMA Group dropped by 12%. Cumulatively, FFC, FFBL, and FATIMA Group showed a growth of 14.2%, 29.7%, and 23.1% respectively. On the other hand, EFERT witnessed a decline of 6% in Urea offtake. Furthermore, cumulative DAP offtake for FFBL & EFERT surged by 28% and 16% YoY respectively for 6MCY22. On the other hand, DAP offtake for FFC witnessed a decline of 5% in 6MCY22.

Going forward, we expect the sector to remain depressed amid increased gas prices, devaluation of rupee, inflation, and surge in finance cost. Furthermore, the sector is continuously suffering due to the accumulation of GST refunds, subsidy receivables, amendments in the GST regime and imposition of super tax. However, the sector is quite attractive due to high dividend yielding stocks.

Industry (000' Tons)	Jun-22	Jun-21	YoY	May-22	MoM	6MCY22	6MCY21	YoY
Urea	737	690	6.8% ▲	418	76.5% ▲	3,247	2,899	12.0% ▲
DAP	146	68	113.4% ▲	94	54.2% ▲	583	601	3.0% ▼
NP	56	42	81.6% ▲	69	18.5% ▼	347	354	7.3% ▼
CAN	77	92	16.6% ▼	51	50.1% ▲	401	489	18.1% ▼
<b>Urea (000' Tons)</b>								
FFC	282	247	14.2% ▲	179	57.9% ▲	1,313	1,149	14.2% ▲
FFBL	73	54	35.4% ▲	38	91.0% ▲	261	201	29.7% ▲
EFERT	240	256	6.1% ▼	151	59.1% ▲	1,098	1,168	6.0% ▼
FATIMA Group	87	99	11.8% ▼	28	214.0% ▲	391	318	23.1% ▲
<b>DAP (000' Tons)</b>								
FFC	8	1	730.4% ▲	14	44.8% ▼	50	52	4.8% ▼
FFBL	106	23	360.8% ▲	55	93.6% ▲	311	244	27.6% ▲
EFERT	12	12	3.6% ▼	16	26.9% ▼	111	96	15.5% ▲

Source: NFDC

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### DEFINITION OF TERMS

<b>TP</b>	Target Price	<b>DDM</b>	Dividend Discount Model	<b>FCF</b>	Free Cash Flows
<b>FCFE</b>	Free Cash Flows to Equity	<b>FCFF</b>	Free Cash Flows to Firm	<b>DCF</b>	Discounted Cash Flows
<b>PE</b>	Price to Earnings Ratio	<b>PB</b>	Price to Book Ratio	<b>BVPS</b>	Book Value Per Share
<b>EPS</b>	Earnings Per Share	<b>DPS</b>	Dividend Per Share	<b>ROE</b>	Return of Equity
<b>ROA</b>	Return on Assets	<b>SOTP</b>	Sum of the Parts	<b>JPB</b>	Justified Price to Book

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### VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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Stock Rating	Expected Total Return
BUY	Greater than 15%
HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
Overweight	Positive
Market Weight	Neutral
Underweight	Negative

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