

# Urea Offtake dropped by 4.6% YoY in Feb-23

Friday, 31 March, 2023



## UREA Price Per Bag (Rs.)

Feb/23	Jan/23	Change	% Change
2,832	2,691	▲ 141	▲ 5%

## DAP Price Per Bag (Rs.)

Feb/23	Jan/23	Change	% Change
10,434	9,724	▲ 710	▲ 7%

## NP Price Per Bag (Rs.)

Feb/23	Jan/23	Change	% Change
5,827	5,577	▲ 250	▲ 4%

## CAN Price Per Bag (Rs.)

Feb/23	Jan/23	Change	% Change
2,486	2,390	▲ 96	▲ 4%

Urea offtake has decreased by 4.6% YoY in Feb-23 and clocked at 503K tons as compared to 527K tons SPLY. Cumulatively, Urea offtake witnessed a growth of merely 0.8% YoY in 2MCY23. Furthermore, DAP offtake has increased by 76% YoY during Feb-23 and clocked at 98K tons as compared to 55K tons in SPLY. Meanwhile, cumulative DAP offtake has increased by 15% in 2MCY23.

Company-wise, FFC, FFBL, and FATIMA witnessed a decline of 5.5%, 31%, and 39.8% respectively in Urea offtake in Feb-23 as compared to SPLY, whereas EFERT observed an improvement of 10% YoY. Cumulatively, EFERT showed a growth of 6.2% while FFC, FFBL, and FATIMA witnessed a decline of 4.8%, 55% and 45.7% respectively in Urea offtake in 2MCY23. Furthermore, cumulative DAP offtake for FFC and FFBL increased by 3% and 36.1% respectively. While, EFERT decreased by 9.5% in 2MCY23.

Though post-floods, agricultural activity has started to resume, going forward, we expect the demand of the sector to remain dicey in coming months owing to post-floods liquidity challenges suffered by the farmers in addition to higher prices of fertilizers. With the discontinuation of subsidized RLNG and super tax in addition to the devaluation of rupee and surge in finance cost, the margins of the fertilizer companies are expected to remain tight. However, the increase in DAP offtake for FFBL is expected to positively influence the stock price.

Industry (000' Tons)	Feb/23	Feb/22	YoY	Jan/23	MoM	2MCY23	2MCY22	YoY
Urea	503	527	4.6% ▼	631	20.4% ▼	1,134	1,125	0.8% ▲
DAP	98	55	76.3% ▲	96	1.8% ▲	193	168	15.0% ▲
NP	95	65	47.2% ▲	64	48.9% ▲	160	113	40.9% ▲
CAN	41	70	41.0% ▼	67	38.1% ▼	108	146	26.1% ▼
<b>Urea (000' Tons)</b>								
FFC	201	212	5.5% ▼	216	7.0% ▼	417	437	4.8% ▼
FFBL	27	39	31.0% ▼	6	392.3% ▲	33	73	55.0% ▼
EFERT	187	170	10.0% ▲	215	13.3% ▼	402	378	6.2% ▲
FATIMA Group	39	65	39.8% ▼	45	12.3% ▼	84	155	45.7% ▼
<b>DAP (000' Tons)</b>								
FFC	11	13	17.7% ▼	9	16.2% ▲	20	19	3.0% ▲
FFBL	51	15	242.0% ▲	54	5.7% ▼	105	77	36.1% ▲
EFERT	11	13	16.2% ▼	22	49.8% ▼	33	36	9.5% ▼

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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