

# Fertilizer Sector

## Jul'24: Urea sales down 3% YoY; DAP sales up 43% YoY

06-Aug-2024

**Muhammad Iqbal Jawaid**

D: +92 21 38280256

UAN: +92 21 111 245 111, Ext: 255

E: iqbal.jawaid@arifhabibltd.com

**ASIAMONEY**

Best Securities House: 2023  
Best Investment Bank: 2023

**FinanceAsia**

Best Investment Bank: 2022

 **Global  
Business  
Outlook**

Best Equity House: 2022

 **ASSET ASIAN AWARDS  
TRIPLE A**

Best Equity Advisor: 2021

 **CFA Society  
Pakistan**

Best Brokerage House: 2023  
Corporate Finance House: 2023  
Best Economic Research House: 2023  
Best Equity Sales Person (Runner up): 2023

 **PAKISTAN  
STOCK EXCHANGE  
LIMITED**

Top 25 Companies  
(2019, 2018 & 2017)

 **CENTRAL  
DEPOSITORY  
COMPANY**

Excellence Award  
Leading Brokerage House for RDA 2021

 **FINANCIAL MARKETS ASSOCIATION OF PAKISTAN  
FMA**

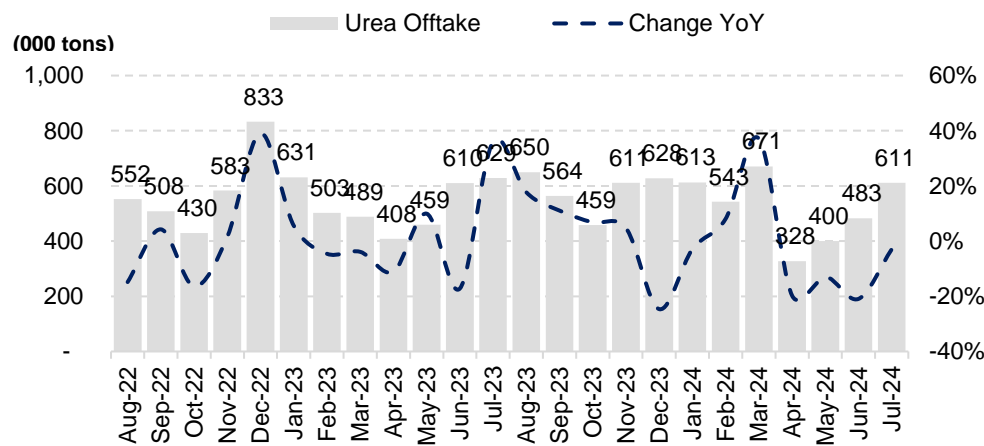
Best Money Market Broker  
(Islamic) 2021

# Fertilizer Sector

## Jul'24: Urea sales decreased by 3% YoY

- The tentative fertilizer data depicts a reduction in urea sales by 3% YoY in Jul'24, settling at 611k tons.
- On a company-wise basis, urea dispatches of EFERT and FATIMA declined by 7%, and 11% YoY, clocking in at 247k tons, and 93k tons, respectively. On the flip side, FFC and FFBL group reported a growth of 4% YoY.
- On a MoM basis, urea sales climbed up by 27% owing to a resumption of production from EFERT's EnVen plant. Urea offtake of EFERT and FATIMA displayed a surge of 59% and 2.2x MoM, respectively. Meanwhile, urea dispatches of FFC and FFBL combined decreased by 4% MoM.
- On a cumulative basis, urea sales decreased by 2% YoY at 3,648k tons in 7MCY24. Offtake of FATIMA and EFERT contracted by 17% and 15% YoY, respectively settling at 361k tons and 1,102k tons, respectively. Meanwhile, urea sales of FFC and FFBL increased by 5% YoY, settling at 1,743 tons.

**Exhibit:** Urea offtake clocked in at 611k tons in Jul'24



Source (s): NFDC, AHL Research

**Exhibit:** Fertilizer Industry's Sales

000 tons	Jul-24	Jul-23	YoY	Jun-24	MoM	7MCY24	7MCY23	YoY
Urea	611	629	-3%	483	27%	3,648	3,730	-2%
DAP	161	113	43%	123	31%	705	632	12%
CAN	51	74	-32%	71	-28%	416	448	-7%
NP	103	58	77%	102	1%	491	519	-5%
<b>Company-wise offtake</b>								
<b>Urea</b>								
FFC and FFBL	248	238	4%	258	-4%	1,743	1,666	5%
EFERT	247	266	-7%	155	59%	1,102	1,300	-15%
FATIMA Group	93	104	-11%	42	2x	361	437	-17%
NFML	-	-	nm	-	nm	-	217	nm
<b>DAP</b>								
FFC and FFBL	89	85	5%	87	2%	479	409	17%
EFERT	43	26	62%	31	39%	168	108	56%
FATIMA Group	28	0	1867x	3	11x	37	37	0%
Private Import	2	1	18%	3	-48%	21	78	-73%

Source (s): AHL Research

# Fertilizer Sector

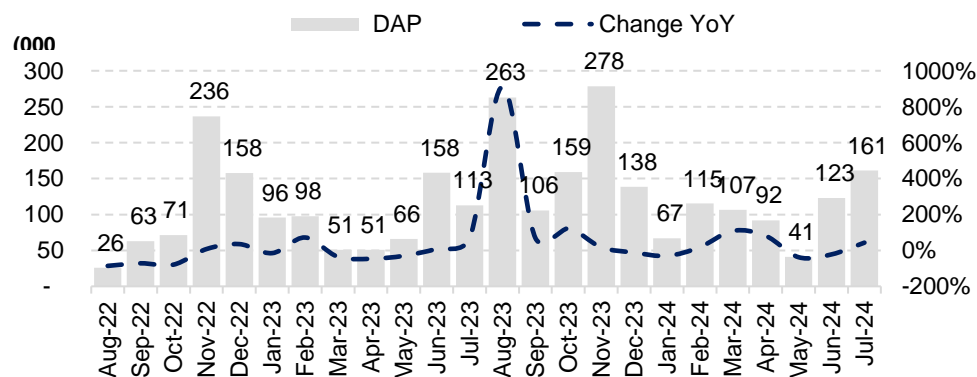
## DAP sales swelled up by 43% YoY in Jul'24

- DAP sales settled at 161k tons in Jul'24, depicting a jump of 43% YoY | 31% MoM on the anticipation of hike in DAP prices. With this, total offtake during 7MCY24 arrived at 705k tons, up by 12% YoY.
- On a company-specific basis, DAP sales of FFC and FFBL combined witnessed a growth of 5% YoY | 2% MoM, to 89 tons in Jul'24. Therefore, FFC and FFBL's DAP offtake in 7MCY24 clocked in at 479k tons, up by 17% YoY.
- Whereas, EFERT's DAP dispatches in Jul'24 climbed up by 62% YoY | 39% MoM to arrive at 43k tons. Consequently, EFERT's DAP offtake in 7MCY24 witnessed a jump of 56% YoY, arriving at 168k tons.
- On the other hand, FATIMA Group's DAP sales witnessed a robust growth on a YoY basis, settling at 28k tons in Jul'24. On a MoM basis, the company's offtake augmented by 10.9x. Hence, FATIMA's DAP offtake remained stable at 37k tons during 7MCY24.

### Inventory position

- The urea inventory towards the end of Jul'24 stood at 401k tons compared to 431k tons in Jun'24. Whereas, DAP inventory settled at 103k tons in Jul'24 against 166k tons in Jun'24.

**Exhibit: DAP offtake arrived at 161k tons in Jul'24**



Source (s): NFDC, AHL Research

**Exhibit: Inventory Position (Jul-24)**

### Fertilizer Inventory (k tons)

Urea	401
DAP	103
CAN	130
NP	224

### Company Inventory (k tons)

#### Urea

FFC and FFBL	46
EFERT	55
FATIMA	251
NFML	0
AGL	49

#### DAP

FFC and FFBL	72
EFERT	5
FATIMA	11
Private Import	15

Source (s): AHL Research

# Analyst Certification and Disclaimer

**Analyst Certification:** The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

## Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return from current market price, with Target period as Jun 2025 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -15% and +15% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -15% from last closing of market price(s)

## Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

**Risks:** The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

**Disclaimer:** This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.