

# Urea Offtake Down by 16.4% YoY in Oct-22

Thursday, 24 November, 2022



## UREA Price Per Bag (Rs.)

Oct-22	Sep-22	Change	% Change
2,415	2,406	▲ 9	▲ 0%

## DAP Price Per Bag (Rs.)

Oct-22	Sep-22	Change	% Change
12,529	12,532	▼ -3	▼ -0%

## NP Price Per Bag (Rs.)

Oct-22	Sep-22	Change	% Change
7,180	7,411	▼ -231	▼ -3%

## CAN Price Per Bag (Rs.)

Oct-22	Sep-22	Change	% Change
2,284	2,212	▲ 72	▲ 3%

Urea offtake has declined by 16.4% YoY in Oct-22 and clocked at 430k tons as compared to 514k tons SPLY. Cumulatively, Urea offtake witnessed a slight growth of just 0.6% YoY in 10MCY22. On the other hand, DAP offtake has plunged by 79.1% YoY during Oct-22 and clocked at 71k tons as compared to 342k tons SPLY. Meanwhile, cumulative DAP offtake has decreased by 47.5% in 10MCY22.

Company-wise, FFBL witnessed an increase of 8.5% in Urea offtake in Oct-22. FFC & EFERT both witnessed a decrease of 8.8% and 39.9% respectively. Furthermore, offtake for FATIMA dropped by 5%. Cumulatively, FFBL and FATIMA Group showed a growth of 1.7%, 12.8% respectively. On the other hand, FFC and EFERT witnessed a decline of 1.1% and 15% respectively in Urea offtake. Furthermore, cumulative DAP offtake for FFC, FFBL, and EFERT decreased by 58.7%, 35.9%, and 31.5% YoY respectively for 10MCY22.

Going forward, we expect the sector to remain depressed amid various threats and concerns due to climate change, after the adverse effects of floods, increased gas prices, devaluation of rupee, inflation, and surge in finance cost. However, step by the government to provide special financial subsidy package particularly in the flood-hit areas can play a role to support the sector.

Industry (000' Tons)	Oct-22	Oct-21	YoY	Sep-22	MoM	10MCY22	10MCY21	YoY
Urea	430	514	16.4% ▼	508	15.4% ▼	5,200	5,170	0.6% ▲
DAP	71	342	79.1% ▼	63	14.1% ▲	810	1,544	47.5% ▼
NP	38	120	67.9% ▼	33	17.7% ▲	506	692	26.9% ▼
CAN	57	106	46.7% ▼	41	37.2% ▲	652	779	16.4% ▼
<b>Urea (000' Tons)</b>								
FFC	185	203	8.8% ▼	201	7.7% ▼	2,018	2,042	1.1% ▼
FFBL	48	44	8.5% ▲	36	33.2% ▲	415	408	1.7% ▲
EFERT	97	161	39.9% ▼	164	40.6% ▼	1,619	1,906	15.0% ▼
FATIMA Group	69	73	5.0% ▼	69	0.2% ▲	709	628	12.8% ▲
<b>DAP (000' Tons)</b>								
FFC	5	49	88.9% ▼	6	2.0% ▼	62	151	58.7% ▼
FFBL	33	118	71.8% ▼	19	75.6% ▲	414	646	35.9% ▼
EFERT	19	67	71.2% ▼	19	0.1% ▼	181	265	31.5% ▼

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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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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