

Urea Offtake Down by 26% YoY in Jul-22

Monday, 29 August, 2022



UREA Price Per Bag (Rs.)

Jul-22	Jun-22	Change	% Change
2,317	2,070	▲ 247	▲ 12%

DAP Price Per Bag (Rs.)

Jul-22	Jun-22	Change	% Change
12,120	10,316	▲ 1804	▲ 17%

NP Price Per Bag (Rs.)

Jul-22	Jun-22	Change	% Change
7,447	6,603	▲ 844	▲ 13%

CAN Price Per Bag (Rs.)

Jul-22	Jun-22	Change	% Change
2,108	1,899	▲ 209	▲ 11%

Urea offtake has dropped by 25.6% YoY in Jul-22 and clocked at 463k tons as compared to 622k tons SPLY. Cumulatively, Urea offtake witnessed a growth of 5.4% YoY in 7MCY22. On the other hand, DAP offtake has plunged by 65.3% YoY during Jul-22 and clocked at 67k tons as compared to 193k tons SPLY. Meanwhile, cumulative DAP offtake has decreased by 18.2%, in 7MCY22.

Company-wise, FATIMA witnessed an increase of 15.5% in Urea offtake in Jul-22. FFC & FFBL both witnessed a decrease of 38% and 53% respectively. Furthermore, offtake for EFERT dropped by 64%. Cumulatively, FFC, FFBL, and FATIMA Group showed a growth of 5.3%, 13.3%, and 21.7% respectively. On the other hand, EFERT witnessed a decline of 15.9% in Urea offtake. Furthermore, cumulative DAP offtake for FFBL & EFERT increased by 4.1% and 1.5% YoY respectively for 7MCY22. On the other hand, DAP offtake for FFC witnessed a decline of 35.7% in 7MCY22.

Going forward, we expect the sector to remain depressed amid increased gas prices, devaluation of rupee, inflation, and surge in finance cost. Furthermore, flood havoc in the country will further plunge the demand. However, the sector is quite attractive due to high dividend yielding stocks.

Industry (000' Tons)	Jul-22	Jul-21	YoY	Jun-22	MoM	7MCY22	7MCY21	YoY
Urea	463	622	25.6% ▼	737	37.2% ▼	3,710	3,520	5.4% ▲
DAP	67	193	65.3% ▼	146	53.9% ▼	650	795	18.2% ▼
NP	70	70	81.6% ▲	56	24.7% ▲	417	424	7.3% ▼
CAN	76	71	7.0% ▲	77	0.9% ▼	477	561	14.9% ▼
Urea (000' Tons)								
FFC	147	237	38.0% ▼	282	48.0% ▼	1,459	1,386	5.3% ▲
FFBL	23	50	52.7% ▼	73	67.6% ▼	284	251	13.3% ▲
EFERT	87	240	63.9% ▼	240	64.0% ▼	1,184	1,408	15.9% ▼
FATIMA Group	85	74	15.5% ▲	87	2.1% ▼	477	392	21.7% ▲
DAP (000' Tons)								
FFC	0	26	98.4% ▼	8	94.7% ▼	50	78	35.7% ▼
FFBL	39	93	57.8% ▼	106	63.2% ▼	350	337	4.1% ▲
EFERT	23	36	35.5% ▼	12	102.1% ▲	134	132	1.5% ▲

Source: NFDC

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DEFINITION OF TERMS

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