

# Urea Offtake declined by 11% YoY in Apr-23

Tuesday, 30 May, 2023



## UREA Price Per Bag (Rs.)

Apr/23	Mar/23	Change	% Change
2,957	2,803	▲ 155	▲ 6%

## DAP Price Per Bag (Rs.)

Apr/23	Mar/23	Change	% Change
10,405	10,544	▼ -139	▼ -1%

## NP Price Per Bag (Rs.)

Apr/23	Mar/23	Change	% Change
5,896	5,948	▼ -52	▼ -1%

## CAN Price Per Bag (Rs.)

Apr/23	Mar/23	Change	% Change
2,884	2,673	▲ 211	▲ 8%

Urea offtake has declined by 11% YoY in Apr-23 and clocked at 408K tons as compared to 459K tons in SPLY. Cumulatively, Urea offtake witnessed a decrease of 2.9% YoY in 4MCY23. Furthermore, DAP offtake decreased by 46.7% YoY during Apr-23 and clocked at 51K tons as compared to 95K tons in SPLY. Meanwhile, cumulative DAP offtake has decreased by 13.9% in 4MCY23.

Company-wise, FFC, EFERT, and FATIMA witnessed a decline of 26.5%, 0.1%, and 57.3% respectively in Urea offtake in Apr-23 as compared to SPLY, whereas FFBL observed an improvement of 11.5% YoY. Cumulatively, EFERT showed a growth of merely 0.2% while FFC, FFBL, and FATIMA witnessed a decline of 10.2%, 16.6% and 44.1% respectively in Urea offtake in 4MCY23. Furthermore, cumulative DAP offtake for FFC and EFERT decreased by 12.7% and 33% respectively, while FFBL increased by 3.4% in 4MCY23.

Despite the commencement of the Kharif season in the country, the future demand for fertilizers is expected to remain uncertain due to liquidity constraints experienced by farmers. Furthermore, the decline in international prices of DAP is predominantly offset by the devaluation of the PKR. Simultaneously, the escalating finance costs and depreciation of rupee are anticipated to constrict the profit margins of the fertilizer companies. However, a further decline in international DAP prices could potentially surpass the anticipated levels of market uptake.

Industry (000' Tons)	Apr/23	Apr/22	YoY	Mar/23	MoM	4MCY23	4MCY22	YoY
Urea	408	459	11.0% ▼	489	16.5% ▼	2,032	2,092	2.9% ▼
DAP	51	95	46.7% ▼	51	0.9% ▼	295	343	13.9% ▼
NP	48	72	32.7% ▼	37	31.0% ▲	245	221	10.7% ▲
CAN	62	57	8.0% ▲	56	11.5% ▲	225	272	17.1% ▼
<b>Urea (000' Tons)</b>								
FFC	134	182	26.5% ▼	214	37.6% ▼	765	851	10.2% ▼
FFBL	37	33	11.5% ▲	55	32.4% ▼	125	150	16.6% ▼
EFERT	157	157	0.1% ▼	149	5.7% ▲	708	706	0.2% ▲
FATIMA Group	25	59	57.3% ▼	45	44.7% ▼	154	276	44.1% ▼
<b>DAP (000' Tons)</b>								
FFC	1	3	62.2% ▼	4	72.8% ▼	24	28	12.7% ▼
FFBL	28	35	22.0% ▼	23	20.9% ▲	155	150	3.4% ▲
EFERT	11	26	58.7% ▼	12	10.9% ▼	56	83	33.0% ▼

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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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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