Fertilizer

A least risky sector with attractive dividend yield

Equity Research | Monday, 7 June, 2021

The agricultural sector is the backbone of Pakistan's economy and contributes around 19% to the GDP of Pakistan. During FY20, the sector has seen a growth of 2.67% despite negative growth in the GDP. Therefore, we expect the sector to outperform in coming years as well amid the revival of the economy post-Covid-19 scenario

Going forward, we expect the fertilizer prices to remain on the upward trajectory on account of rising demand amid support by the various government policies such as funding via PM National Emergency Program and availability of the agriculture credit throughout the country to enhance the productivity of the crops such as rice, sugar, and wheat

Fertilizer Products

Urea is being considered the most preferred fertilizer by farmers and its average share among other fertilizers stood at 63% in 2019-2020. Urea contains the highest content of nitrogen, as it will help to increase the crop yield by improving the nitrogen deficiency of the soil. Whereas DAP fulfills the need for phosphoric needs of the soil, plus it has more solubility in water. After Urea, DAP is the second most preferred fertilizer by the farmer and currently, it is only produced by FFBL, and the rest of the players import it from other countries to fulfill the local demand. Market share for DAP stood at 21%. Whereas, locally produced CAN & NP holds around 4.7% & 6.2% of the market share.

Sales mix in %	UREA	DAP	CAN	NP	OTHERS
FFC	100.00	-	-	-	-
EFERT	66.00	-	-	6.00	28.00
FFBL	38.00	62.00	-	-	-
FATIMA	34.00	12.00	19.00	34.00	1.00

Source: NFDC, ACPL Research

FFC and EFERT leading the market

FFC holds 43% of the market share, whereas EFERT holds around 27.7% of the market share. The entire sector got highly influenced by these two players. Whereas the Fatima group holds 19.5% of the market share but its expertise lies in the CAN & NP market.

Agriculture Seasons of Pakistan

The agriculture season of Pakistan can be divided into two parts: Rabi & Kharif. Kharif season starts right after the winter season in April and runs till the end of June. It consists of staple crops such as rice, sugarcane, and cotton. The harvesting period begins in early October and ends in late December. Rabi season starts from October till the end of December and harvesting starts from April until late May. The major crop of the season is Wheat, other crops for the season are barley, mustard, and gram. The demand for Urea and DAP usually surges during the Kharif and Rabi seasons respectively due to their particular nutrients required for the respective crops.

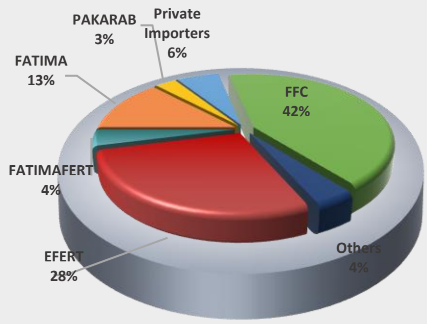
CPEC Opportunity

CPEC Phase 1 was entirely focused on energy and infrastructure projects. However, several projects related to the agriculture sector have been incorporated in Phase 2 including the establishment of various agriculture laboratories in Pakistan, awarding scholarships to Pakistani students who will be studying agriculture in China. This will equip them with the latest skills and techniques related to the handling of crops.

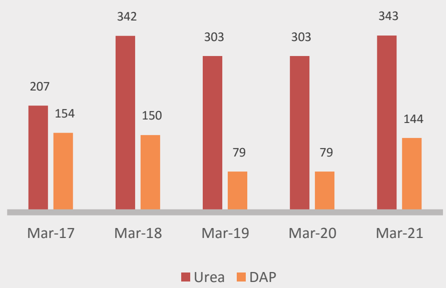
Key Statistics

Scrips	LDCP	Dec-21 TP	Upside
FFC	107.53	131	23%
EFERT	71.99	73.0	1%
FABL	27.47	30.0	10%
FATIMA	28.75	30.0	6%

Market Share



Offtake (mn tons))



Sources: ACPL Research, Company Financials, PSX, NFDC

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Furthermore, Pakistan has a huge export potential as China is one of the largest agriculture importers in the world currently fulfilling its demand by importing from the USA and Brazil. Hence, by improving the quality of agricultural products, Pakistan can easily tap into this neighboring market.

Recommended Picks

We have a BUY stance on FFC, EFERT, FFBL, and FATIMA for the Dec-21 targets of Rs109, Rs73, Rs30, and Rs30 respectively

Key Statistics

Key Ratios / Scoring

Upside Potential		FFC	EFERT	FFBL	FATIMA	Weight	FFC	EFERT	FFBL	FATIMA
Dec-21 Target Price	Rs.	131.0	73.0	30.0	30.0					
LDCP	Rs.	107.5	72.0	27.5	28.8					
Upside	**%**	**21.8**	**1.4**	**9.2**	**4.3**	**17%**	4	1	3	2

Profitability Ratios | FY20		FFC	EFERT	FFBL	FATIMA	Weight	FFC	EFERT	FFBL	FATIMA
GP Margin	%	32.3	32.4	15.1	40.4	7%	2	3	1	4
NP Margin	%	21.3	23.2	2.6	30.4	15%	2	3	1	4
OP Margin	%	32.2	17.1	12.8	18.6	0%	4	2	1	3
ROE	%	53.3	40.3	21.1	16.1	5%	4	3	2	1
ROCE	%	19.3	19.0	11.7	13.9	0%	4	3	1	2
ROA	%	12.8	14.0	2.4	8.5	0%	3	4	1	2

Liquidity Ratios | FY20		FFC	EFERT	FFBL	FATIMA	Weight	FFC	EFERT	FFBL	FATIMA
Current	x	1.4	1.2	1.0	1.0	5%	4	3	2	1
Acid-test	x	0.0	0.2	0.6	0.3	0%	1	2	4	3
Cash to current liab.	x	0.0	0.1	0.5	0.0	0%	2	3	4	1

Activity Ratios | FY20		FFC	EFERT	FFBL	FATIMA	Weight	FFC	EFERT	FFBL	FATIMA
Inventory Turnover	x	9.3	3.6	12.8	1.7	0%	2	3	1	4
Inventory Days		40	50	28	116	0%	3	2	4	1
Receivables Days		35	30	7	23	0%	1	2	4	3
Payables Days		430	170	52	197	0%	4	2	1	3
Operating Cycle		-355	-90	-17	-57	7%	4	3	1	2

Investment Ratios | FY21E		FFC	EFERT	FFBL	FATIMA	Weight	FFC	EFERT	FFBL	FATIMA
EPS	Rs.	15.56	11.35	3.31	5.27	0%	4	3	1	2
DPS	Rs.	12.4	10.2	1.7	2.5	0%	4	3	1	2
Div. Yield	%	11.4	15.0	6.4	8.2	20%	3	4	1	2
Dividend Cover	x	1.3	1.1	2.0	2.1	0%	2	1	3	4
BVPS		36.5	36.1	8.7	44.2	0%	2	3	4	1
Payout	%	80	90	50	0	0%	3	4	2	1
Retention	%	20.0	10.1	50.0	99.6	0%	3	4	2	1
No. of Shares	('m)	1272.2	1335.3	1291.3	2100.0	0%	1	3	2	4
P/E	x	7.0	6.0	7.8	5.1	9%	2	3	1	4
Sales per share		78.0	80.7	65.5	39.4	0%	3	4	2	1
P/BV	x	3.0	1.9	3.0	0.6	5%	2	3	1	4
Price to Sales	x	1.4	0.8	0.4	0.7	5%	1	2	4	3

Gearing Ratios | FY20E		FFC	EFERT	FFBL	FATIMA	Weight	FFC	EFERT	FFBL	FATIMA
Debt to Equity	x	0.9	0.5	2.7	0.2	5%	2	3	1	4
L.T. Debt to Equity	x	0.4	0.5	1.6	0.1	0%	3	2	1	4
Interest Cover	x	16.8	7.6	2.4	6.3	0%	4	3	1	2

	EFERT	FFC	FATIMA	FFBL
Final Ranking	2.81	2.83	2.77	1.59

Source: ACPL Research, Company Financials

Note: Final ranking is based on the total weighted sum score of the scrips as mentioned above. The weights are assigned to different ratios solely at the discretion of the analyst according to the importance of the ratio. The scrip with the highest final ranking is the best among others as per the analyst's view.

COMPANY UPDATE

FFC

The scrip with attractive valuations offering a return of 35%

Equity Research | Fertilizer | Monday, 7 June, 2021

We initiate our coverage on Fauji Fertilizer Company Limited (FFC) with a DCF based Dec-21 TP of Rs.131 which provides an upside potential of 23%. A dividend yield of 12%, if incorporated gives a total return of 35%

The surge in fertilizer prices, stable demand, strong support from subsidiaries, and diversified investment portfolio will support the bottom line and keep the payout stable

Furthermore, the much-awaited GIDC verdict favored the Government and an amount of 417 billion will be payable in 48 months by the companies falling under the GIDC act 2015 and 57 billion will be payable by FFC. Currently, Sindh high court has put the matter on hold. Whereas, an accounting gain of 5.93 billion has been recorded due to remeasurement of GIDC liability

Company Overview

Fauji Fertilizer Company Limited is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017). The principal activity of the Company is manufacturing, purchasing, and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical, cement, energy generation, food processing, and banking operations. FFC holds a vast, nationwide production and marketing infrastructure and produces leading fertilizer brands optimized for local cultivation needs and demand. FFC is also a leading importer and seller of DAP, which are marketed extensively across Pakistan as phosphatic fertilizers. FFC's production facilities are situated in Goth Machhi, District Rahim Yar Khan, Punjab and Mirpur Mathelo, District Ghotki, Sindh.

Standing Tall Despite Distressed Economy

Fauji Fertilizer Company is a mature organization. It has stable selling volumes of Urea owing to a loyal customer base and stagnant Urea demand in the country. As it can be seen historically, its selling volumes of Urea are approximately around 2.5 million KT's every year, depicting no fluctuations in relation to the economic cycle. It has installed a production capacity of 2,048,000 KT's of Urea and has been operating between the capacity utilization rate of 121% to 123% to meet the demand.

Diversified Investment Portfolio

FFC holds a diversified investment portfolio. It has investments in the fertilizer sector, food sector, energy sector, cement sector, banking sector, and chemical sector. Other than this, FFC also holds positions in financial instruments i.e., Pakistan Investment Bonds and mutual funds. It has a total investment of Rs.116 billion, out of which Rs.35 billion are long-term and Rs.82 billion are short-term. Income from these investments is a significant part of the company's bottom line. In CY20 other income constituted 35% of the profit before taxation.

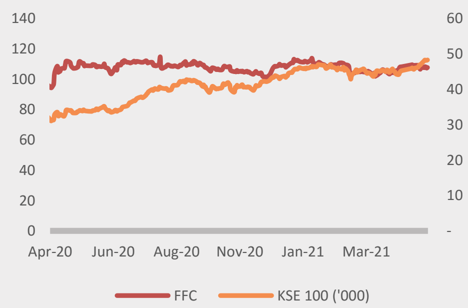
Much Awaited GIDC Verdict Favors the Government

The Supreme court gave the GIDC verdict in the favor of the Government and Rs. 417 billion in 48 equal installments will be payable by the industries falling under the GIDC act 2015, whereas FFC has a GIDC payable of 57 billion. Following the accounting standards, FFC recorded an accounting gain of Rs 5.93 billion due to extinguishment and re-measurement of GIDC liability at fair value. This temporary gain will be reversed in the next four years owing to the payment of GIDC.

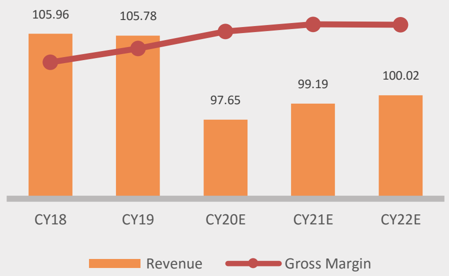
Key Statistics

Symbol	FFC
TP - Dec 21	131.00
LDCP	107.53
Upside (%)	23
Free Float ('mn)	700
Market Cap. (Rs.'mn)	136,956

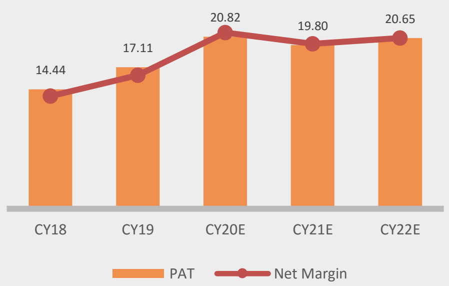
FFC vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'bn) vs Net Margin



Sources: ACPL Research, Company Financials, PSX,

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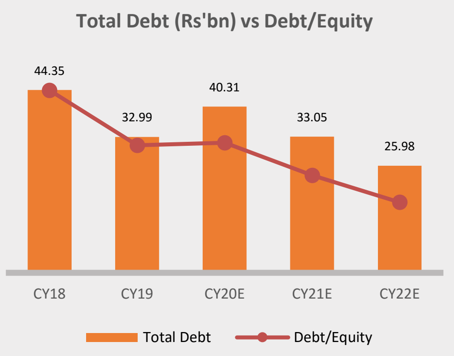
Key Statistics



Earnings Tend to be Stable

Given the FFC's dominant position in the UREA market, current economic conditions, lower inventory levels, and surge in UREA prices would help the company to maintain its healthy margins. Furthermore, better dividends from its subsidiaries (i.e AKBL, FCCL & FFBL) will also support the bottom line. We expect the payout to be around 80%.

Valuation

FFC is currently trading at CY21E PE of 6.9x. Furthermore, the scrip is trading at a CY21E P/B of 2.94x which offers a discount of 28% relative to its historical 5-year average of 4.49x. We have a **BUY** stance on the script with a DCF based Dec-21 TP of Rs 131 which provides an upside potential of 23%. A dividend yield of 12%, if incorporated gives a total return of 35%.

Key Risks to Valuation

- More than expected depreciation of PKR
- More than expected rise in interest rate
- More than expected hike in prices of gas
- An unexpected decline in demand

Financial Projections

Rupees' millions	CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Net sales	84,831	72,877	90,714	105,964	105,783	97,655	99,195	100,019	101,601
Cost of sale	55,949	54,827	72,621	77,986	75,046	66,071	65,705	66,321	67,439
Gross profit	**28,882**	**18,050**	**18,093**	**27,979**	**30,737**	**31,583**	**33,490**	**33,698**	**34,162**
Selling and promotion expenses	6,814	7,154	8,574	8,833	8,288	7,848	7,972	8,038	8,165
Other operating expenses	2,285	1,761	1,631	2,109	3,409	2,639	2,681	2,703	2,746
Operating Profit	**19,783**	**9,135**	**7,888**	**17,037**	**19,040**	**21,096**	**22,837**	**22,956**	**23,251**
Other operating income	6,194	10,665	10,324	6,283	7,191	10,369	7,021	7,628	7,908
Finance cost	1,475	2,406	2,471	1,637	2,477	1,874	1,977	1,502	1,080
Profit before taxation	24,503	17,394	15,741	21,683	23,753	29,591	27,881	29,082	30,079
Taxation	7,737	5,612	5,030	7,244	6,643	8,772	8,085	8,434	8,723
Profit after taxation	**16,766**	**11,782**	**10,711**	**14,439**	**17,110**	**20,819**	**19,795**	**20,648**	**21,356**
EPS	**13.18**	**9.26**	**8.42**	**11.35**	**13.45**	**16.36**	**15.56**	**16.23**	**16.79**

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Net sales	4.4%	-14.1%	24.5%	16.8%	-0.2%	-7.7%	1.6%	0.8%	1.6%
Cost of sale	11.6%	-2.0%	32.5%	7.4%	-3.8%	-12.0%	-0.6%	0.9%	1.7%
Gross profit	-7.1%	**-37.5%**	**0.2%**	**54.6%**	**9.9%**	**2.8%**	**6.0%**	**0.6%**	**1.4%**
Selling and promotion expenses	5.9%	5.0%	19.8%	3.0%	-6.2%	-5.3%	1.6%	0.8%	1.6%
Other operating expenses	-0.8%	-22.9%	-7.4%	29.3%	61.7%	-22.6%	1.6%	0.8%	1.6%
Operating Profit	**-11.6%**	**-53.8%**	**-13.6%**	**116.0%**	**11.8%**	**10.8%**	**8.3%**	**0.5%**	**1.3%**
Other operating income	31.2%	72.2%	-3.2%	-39.1%	14.5%	44.2%	-32.3%	8.6%	3.7%
Finance cost	73.7%	63.1%	2.7%	-33.7%	51.3%	-24.4%	5.6%	-24.0%	-28.1%
Profit before taxation	-6.6%	-29.0%	-9.5%	37.7%	9.6%	-24.6%	5.8%	4.3%	3.4%
Taxation	-4.1%	-27.5%	-10.4%	44.0%	-8.3%	32.0%	7.8%	4.3%	3.4%
Profit after taxation	-7.7%	-29.7%	**-9.1%**	**34.8%**	**18.5%**	**21.7%**	**4.9%**	**4.3%**	**3.4%**
EPS	**-7.7%**	**-29.7%**	**-9.1%**	**34.8%**	**18.5%**	**21.7%**	**4.9%**	**4.3%**	**3.4%**

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
GP Margin	%	34.05	24.77	19.95	26.40	29.06	32.34	33.76	33.69	33.62
OP Margin	%	30.62	27.17	20.08	22.01	24.80	32.22	30.10	30.58	30.67
NP Margin	%	19.76	16.17	11.81	13.63	16.18	21.32	19.96	20.64	21.02
ROE	%	61.39	42.44	37.22	46.03	49.63	53.31	44.47	42.52	40.48
ROCE	%	32.42	23.18	18.27	18.28	17.49	19.28	16.19	15.58	15.74
ROA	%	20.92	13.79	10.75	11.32	11.41	12.76	10.73	10.52	10.79

Liquidity Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Current	x	0.84	0.91	0.95	0.95	0.91	1.37	1.27	1.28	1.28
Acid-test	x	0.14	0.17	0.09	0.08	0.18	0.04	0.18	0.16	0.16
Cash to current liab.	x	0.08	0.06	0.03	0.04	0.05	0.01	0.08	0.07	0.07

Activity Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Inventory Turnover	x	11	6	16	6	4	9	9	5	5
Inventory Days		33	28	2	61	33	40	40	40	40
Receivables Days		8	22	15	13	46	35	35	35	35
Payables Days		53	72	197	284	370	430	430	430	430
Operating Cycle		-12	-22	-180	-210	-290	-355	-355	-355	-355

Investment Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
EPS	Rs.	13.18	9.26	8.42	11.35	13.45	16.36	15.56	16.23	16.79
DPS	Rs.	11.80	7.90	7.00	8.85	10.80	11.20	12.45	12.98	13.43
Div. Yield	%	10.97	7.35	6.51	8.23	10.04	10.42	11.58	12.07	12.49
Dividend Cover	x	1.12	1.17	1.20	1.28	1.25	1.46	1.25	1.25	1.25
BVPS	Rs.	21.47	22.17	23.07	26.24	27.96	33.43	36.55	39.79	43.15
Payout	%	89.54	85.31	83.14	77.98	80.30	68.44	80.00	80.00	80.00
Retention	%	10.46	14.69	16.86	22.02	19.70	31.56	20.00	20.00	20.00
No. of Shares	'mn	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272
P/E		8.16	11.61	12.77	9.47	8.00	6.57	6.91	6.63	6.41
Sales per share		66.68	57.28	71.30	83.29	83.15	76.76	77.97	78.62	79.86
P/BV		5.01	4.85	4.66	4.10	3.85	3.22	2.94	2.70	2.49
Price to Sales		1.61	1.88	1.51	1.29	1.29	1.40	1.38	1.37	1.35

Gearing Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Debt to Equity	x	1.41	1.60	1.16	1.33	0.93	0.95	0.71	0.51	0.43
L.T. Debt to Equity	x	0.75	0.82	0.76	0.47	0.31	0.35	0.33	0.14	0.08
Interest Cover	x	17.61	8.23	7.37	14.25	10.59	16.79	15.10	20.36	28.85

Source: ACPL Research, Company Financials

COMPANY UPDATE

EFERT

The scrip with attractive valuations offering a return of 15%

Equity Research | Fertilizer | Monday, 7 June, 2021

We initiate our coverage on Engro Fertilizer Limited (EFERT) with a DCF based Dec-21 TP of Rs.73 which provides an upside potential of 1%. A dividend yield of 14%, if incorporated gives a total return of 15%

A surge in fertilizer prices and stable demand for fertilizers will support the bottom line and keep the payout stable

Furthermore, the much-awaited GIDC verdict favored the Government and an amount of 417 billion will be payable in 48 months by the companies falling under the GIDC act 2015 and 19 billion will be payable by EFERT. Currently, Sindh high court has put the matter on hold. Whereas, an accounting gain of 2.1 billion has been recorded due to remeasurement of GIDC liability

EFERT was given a concessionary gas supply for its Enven's plant under the Fertilizer Policy 2001 at the rate of USD 0.7/MMBTU. This agreement is about to end at 2HY21 and this will substantially increase the cost of feed gas if management could not extend the concessionary rate agreement

Company Overview

Engro Fertilizers Limited is a subsidiary of Engro Corporation. Engro Fertilizers Limited was incorporated in June 2009, following a decision to demerge fertilizer concern from its parent company Engro Chemical Pakistan Limited, later named Engro Corporation Limited. Engro holds a vast, nationwide production and marketing infrastructure and produces leading fertilizer brands optimized for local cultivation needs and demand. Engro is also a leading importer and seller of Phosphate products, which are marketed extensively across Pakistan as phosphatic fertilizers. Efert's production facilities are situated at Daharki, District Ghotki, and Easter Zone, Port Qasim, Karachi.

Attractive Dividend Yield at Discounted Prices

One of the simplest ways for companies to communicate financial well-being and shareholder value is to say, "the dividend check is in the mail." EFERT had announced the annual dividend of Rs13 (96% payout ratio) in CY20 which makes a dividend yield of around 21%. Hence, during the period of uncertainty and high volatility in the stock market, EFERT is one of the best options to secure a regular stream of income in the form of a high expected dividend yield of around 16% in CY21.

The Benefit of Concessionary Gas Rate

The company is getting concessionary gas prices for one of its production plants. EFERT is paying $0.7 per MMBtu of gas for feedstock, whereas other players are getting the feed gas at PKR 302 / MMBtu. It will continue to get gas for feedstock at concessionary rates till Jun-21. However, there is a disagreement between management and authorities regarding the duration of the concessionary gas. According to the management, they are of the view that EFERT will get extended concessionary gas duration. This will allow the company to keep its cost of goods sold low till Jun-21 and earn improved gross profit margins. Whereas, the Government will review the gas tariff for the entire industry consuming indigenous gas and treat the entire industry on similar grounds.

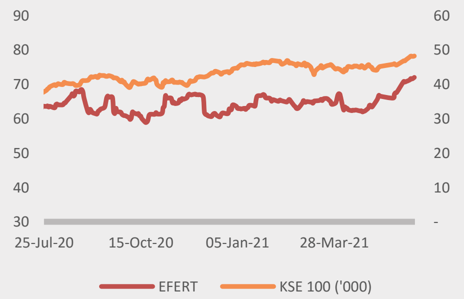
Long-Awaited GIDC Verdict Favors the Government

The Supreme court gave the GIDC verdict in the favor of the Government and

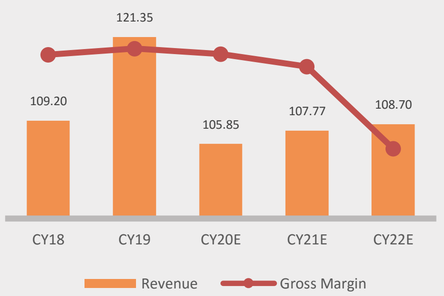
Key Statistics

Symbol	EFERT
TP - Jun 21	73.00
LDCP	71.99
Upside (%)	1
Free Float ('mn)	601
Market Cap. (Rs.'mn)	96,642

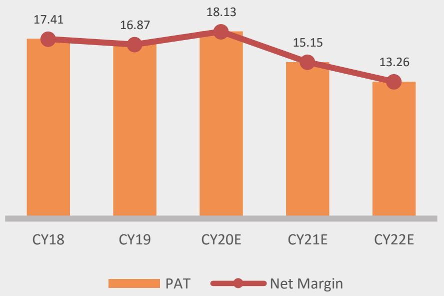
EFERT vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'bn) vs Net Margin



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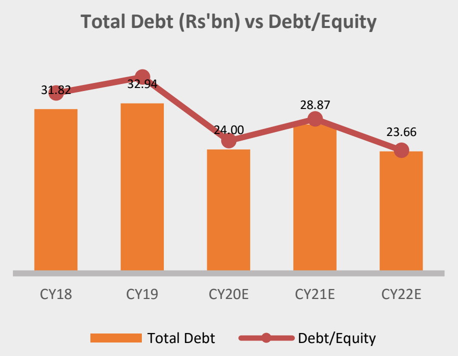
Key Statistics



Rs. 417 billion in 48 equal installments will be payable by the industries falling under the GIDC act 2015, whereas EFERT has a GIDC payable of 19 billion. Following the accounting standards, EFERT recorded an accounting gain of Rs 2.121 billion due to extinguishment and re-measurement of GIDC liability at fair value. This temporary gain will be reversed in the next four years owing to the payment of GIDC.

Valuation

EFERT is currently trading at CY21E PE of 6.3x. Furthermore, the scrip is trading at a CY21E P/B of 1.99x which offers a discount of 9% relative to its historical 5-year average of 2.19x. We have a HOLD stance on the script with a DCF based Dec-21 TP of Rs 73 which provides an upside potential of 1%. A dividend yield of 14%, if incorporated gives a total return of 15%.

Key Risks to Valuation

- More than expected depreciation of PKR
- More than expected increase in interest rate
- Hike in prices of gas
- An unexpected decline in demand

Financial Projections

Rupees' millions	CY15A	CY16A	CY17A	CY18A	CY19A	CY20E	CY21E	CY22E	CY23E
Net sales	88,033	69,537	77,129	109,197	121,355	105,846	107,766	108,700	110,486
Cost of sale	55,724	52,098	53,911	73,880	81,815	71,592	73,410	77,494	79,637
Gross profit	**32,309**	**17,439**	**23,219**	**35,316**	**39,540**	**34,255**	**34,356**	**31,206**	**30,849**
Selling and promotion expenses	5,466	6,705	7,245	8,008	8,736	8,457	7,758	7,825	7,954
Administration expenses	896	907	1,294	1,585	1,248	1,908	1,108	1,118	1,136
Other operating expenses	2,034	1,149	1,234	1,432	2,623	1,905	2,329	2,349	2,388
Operating Profit	**23,913**	**8,677**	**13,447**	**24,291**	**26,933**	**21,985**	**23,160**	**19,914**	**19,371**
Other operating income	1,781	8,143	5,866	2,062	4,352	2,550	1,728	1,743	1,771
Finance cost	4,627	3,187	2,648	2,071	3,887	3,236	3,544	2,974	2,609
Profit before taxation	21,068	13,634	16,665	24,282	27,398	21,298	21,345	18,683	18,534
Taxation	6,249	4,351	5,509	6,869	10,526	3,165	6,190	5,418	5,375
Profit after taxation	**14,819**	**9,283**	**11,156**	**17,414**	**16,871**	**18,133**	**15,155**	**13,265**	**13,159**
EPS	**11.10**	**6.95**	**8.35**	**13.04**	**12.63**	**13.58**	**11.35**	**9.93**	**9.85**

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY15A	CY16A	CY17A	CY18A	CY19A	CY20E	CY21E	CY22E	CY23E
Net sales	43.3%	-21.0%	10.9%	41.6%	11.1%	-12.8%	1.8%	0.9%	1.6%
Cost of sale	43.5%	-6.5%	3.5%	37.0%	10.7%	-12.5%	2.5%	5.6%	2.8%
Gross profit	42.9%	**-46.0%**	**33.1%**	**52.1%**	**12.0%**	**-13.4%**	**0.3%**	**-9.2%**	**-1.1%**
Selling and promotion expenses	23.1%	22.7%	8.1%	10.5%	9.1%	-3.2%	-8.3%	0.9%	1.6%
Administration expenses	16.0%	1.3%	42.6%	22.6%	-21.3%	52.8%	-41.9%	0.9%	1.6%
Other operating expenses	54.3%	-43.5%	7.3%	16.1%	83.2%	-27.4%	22.3%	0.9%	1.6%
Operating Profit	**48.8%**	**-63.7%**	**55.0%**	**80.6%**	**10.9%**	**-18.4%**	**5.3%**	**-14.0%**	**-2.7%**
Other operating income	-27.3%	357.2%	-28.0%	-64.8%	111.1%	-41.4%	-32.2%	0.9%	1.6%
Finance cost	-30.2%	-31.1%	-16.9%	-21.8%	87.7%	-16.7%	9.5%	-16.1%	-12.3%
Profit before taxation	77.1%	-35.3%	22.2%	45.7%	12.8%	22.3%	-0.2%	-12.5%	-0.8%
Taxation	69.5%	-30.4%	26.6%	24.7%	53.3%	-69.9%	-95.6%	-12.5%	-0.8%
Profit after taxation	80.5%	-37.4%	**20.2%**	**56.1%**	**-3.1%**	**7.5%**	**16.4%**	**-12.5%**	**-0.8%**
EPS	**80.5%**	**-37.4%**	**20.2%**	**56.1%**	**-3.1%**	**7.5%**	**16.4%**	**-12.5%**	**-0.8%**

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20E	CY21E	CY22E	CY23E
GP Margin	%	36.70	25.08	30.10	32.34	32.58	32.36	31.88	28.71	27.92
OP Margin	%	29.19	24.19	25.04	24.13	25.78	23.18	23.09	19.92	19.14
NP Margin	%	16.83	13.35	14.46	15.95	13.90	17.13	14.06	12.20	11.91
ROE	%	35.01	22.11	26.52	39.58	38.00	40.29	31.91	27.11	26.18
ROCE	%	24.22	16.10	18.00	22.96	25.56	18.96	18.58	15.95	15.65
ROA	%	13.97	8.89	10.40	15.17	13.79	14.02	11.32	9.77	9.74

Liquidity Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20E	CY21E	CY22E	CY23E
Current	x	0.92	1.17	1.04	1.15	1.14	1.24	1.34	1.30	1.31
Acid-test	x	0.12	0.35	0.23	0.29	0.42	0.18	0.28	0.27	0.27
Cash to current liab.	x	0.03	0.00	0.05	0.02	0.07	0.07	0.07	0.07	0.07

Activity Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20E	CY21E	CY22E	CY23E
Inventory Turnover	x	8	4	4	4	3	4	4	4	4
Inventory Days		46	48	52	57	56	50	50	50	50
Receivables Days		9	40	26	30	43	30	30	30	30
Payables Days		116	105	149	144	168	170	170	170	170
Operating Cycle		-61	-17	-71	-56	-70	-90	-90	-90	-90

Investment Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20E	CY21E	CY22E	CY23E
EPS	Rs.	11.10	6.95	8.35	13.04	12.63	13.58	11.35	9.93	9.85
DPS	Rs.	6.00	7.00	8.50	11.00	13.00	13.00	10.20	8.93	8.86
Div. Yield	%	8.33	9.72	11.81	15.28	18.06	18.06	14.17	12.41	12.31
Dividend Cover	x	1.85	0.99	0.98	1.19	0.97	1.04	1.11	1.11	1.11
BVPS	Rs.	31.70	31.19	31.81	34.09	32.41	35.00	36.14	37.14	38.14
Payout	%	54.06	100.69	101.74	84.35	102.89	95.73	89.91	89.91	89.91
Retention	%	45.94	-0.69	-1.74	15.65	-2.89	4.27	10.09	10.09	10.09
No. of Shares	'mn	1,335	1,335	1,335	1,335	1,335	1,335	1,335	1,335	1,335
P/E		6.49	10.35	8.62	5.52	5.70	5.30	6.34	7.25	7.31
Sales per share		65.93	52.08	57.76	81.78	90.88	79.27	80.71	81.40	82.74
P/BV		2.27	2.31	2.26	2.11	2.22	2.06	1.99	1.94	1.89
Price to Sales		1.09	1.38	1.25	0.88	0.79	0.91	0.89	0.88	0.87

Gearing Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20E	CY21E	CY22E	CY23E
Debt to Equity	x	0.85	0.88	0.85	0.70	0.76	0.51	0.60	0.48	0.36
L.T. Debt to Equity	x	0.85	0.83	0.73	0.68	0.72	0.50	0.40	0.25	0.10
Interest Cover	x	5.55	5.28	7.29	12.73	8.05	7.58	7.02	7.28	8.10

Source: ACPL Research, Company Financials

COMPANY UPDATE

FFBL

The scrip with attractive valuations offering a return of 16%

Equity Research | Fertilizer | Monday, 7 June, 2021

We initiate our coverage on Fauji Fertilizer Bin Qasi Company Limited (FFBL) with a DCF based Dec-21 TP of Rs.31 which provides an upside potential of 10%. A dividend yield of 6%, if incorporated gives a total return of 16%

Surge in international DAP prices owing to supply chain disruptions caused by COVID-19 restrictions and surge in international demand led the DAP international prices above USD550/MT. Further, domestic prices followed the international trend and is currently above Rs.5000/Bag. Whereas, prices are expected to ease down after 1HYCY21.

Due to the high prices of DAP, importers are reluctant to import DAP at such an high price, whereas FFBL is the only local producer of DAP which puts him in light.

Strong support from various subsidiaries in the form of dividends will support the bottom and keep the payouts stable. Whereas investments will also support the valuation.

Company Overview

Fauji Fertilizer Company Limited is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017). The principal activity of the Company is manufacturing, purchasing, and marketing of fertilizers including investment in other fertilizer, chemical, cement, energy generation, food processing, and banking operations. FFBL holds a vast, nationwide production and marketing infrastructure and produces leading fertilizer brands optimized for local cultivation needs and demand. FFBL is a local producer of DAP, which is marketed extensively across Pakistan. FFBL production facilities are situated in Port Qasim, Karachi.

DAP Prices to Continue to Surge

Due to supply chain disruptions led by COVID-19 and surge in demand amid the revival of the economies from lockdown, the international DAP prices have increased dramatically and are currently clocked at above US550/MT. Whereas, local prices for DAP remained in the range-bound between Rs. 4,919 to 5,272 per 50 kg bag. Further, phosphoric acid prices have also surged and trading above USD800/MT, resulting in the surge of DAP prices. Currently, importers are reluctant to import DAP at such high prices, and FFBL as being a sole domestic producer of DAP puts it in a good position to benefit from the current situation. Whereas, DAP prices are expected to ease down after 1HYCY21.

Diversified Investment Portfolio

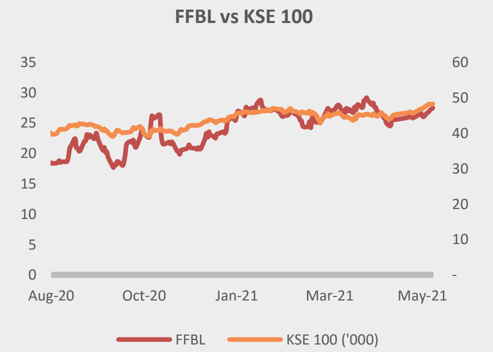
FFBL holds a diversified investment portfolio. It has investments in the food sector, energy sector, and banking sector. FFBL holds its investments in Askari Bank, Pak Maroc Phosphore and Foundation, Wind Energy 1 and 2, Fauji Meat Limited, and Fauji Foods Limited. These investments will support the bottom line via dividends and will add to the valuation.

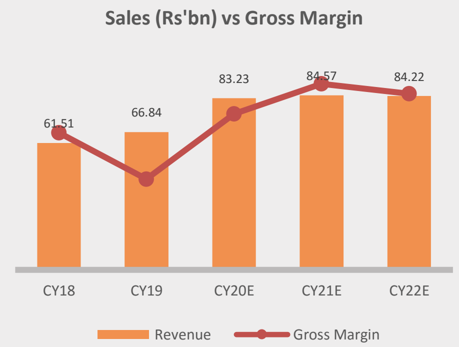
Earning Tend to be Stable

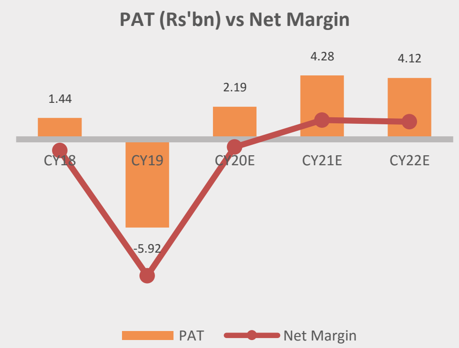
Given the FFBL's dominant position in the DAP market, current high international and domestic DAP prices, strong demand for DAP, and the reluctance of other players to import DAP due to its high prices, FFBL is likely to show hefty earnings growth with an expected EPS of Rs. 3.31 for CY-21

Key Statistics

Symbol	FFBL
TP - Jun 21	30.00
LDCP	27.47
Upside (%)	10.00
Free Float ('mn)	452
Market Cap. (Rs.'mn)	36,452







Sources: ACPL Research, Company Financials, PSX,

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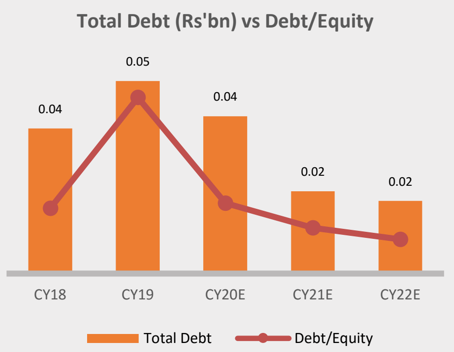
Key Statistics



Valuation

FFBL is currently trading at CY21E PE of 8.3x. We have a **BUY** stance on the script with a DCF based Dec-21 TP of Rs 30 which provides an upside potential of 10%. A dividend yield of 6%, if incorporated gives a total return of 16%.

Key Risks to Valuation

- More than expected depreciation of PKR
- More than expected rise in interest rate
- More than expected hike in prices of gas
- An unexpected decline in demand
- More than expected rise in Phosphoric Acid Prices

Financial Projections

Rupees' millions	**CY17A**	**CY18A**	**CY19A**	**CY20A**	**CY21E**	**CY22E**	**CY23E**
Net sales	52,733	61,511	66,839	83,234	88,777	85,539	85,353
Cost of sale	46,705	53,327	60,955	70,655	72,792	71,181	72,826
Gross profit	**6,028**	**8,183**	**5,885**	**12,579**	**15,986**	**14,358**	**12,527**
Selling and promotion expenses	4,872	4,525	5,345	5,518	5,885	5,671	5,658
Other operating expenses	423	1,259	638	312	332	320	320
Operating Profit	**732**	**2,399**	**- 99**	**6,750**	**9,768**	**8,367**	**6,549**
Other operating income	4,377	3,182	4,370	5,184	2,542	2,542	2,542
Finance cost	1,941	2,223	5,199	4,444	1,987	1,387	1,077
Profit before taxation	3,169	3,358	- 927	7,489	10,323	9,521	8,014
Taxation	437	373	2,052	2,700	1,832	1,628	1,192
Profit after taxation	**2,732**	**2,985**	**- 2,979**	**4,789**	**8,491**	**7,893**	**6,821**
EPS	**1.08**	**1.54**	**- 6.34**	**2.35**	**3.47**	**3.09**	**2.26**

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY17A	**CY18A**	**CY19A**	**CY20A**	**CY21E**	**CY22E**	**CY23E**
Net sales	17.2%	16.6%	8.7%	24.5%	6.7%	-3.6%	-0.2%
Cost of sale	6.7%	14.2%	14.3%	15.9%	3.0%	-2.2%	2.3%
Gross profit	**394.5%**	**35.8%**	**-28.1%**	**113.8%**	**27.1%**	**-10.2%**	**-12.7%**
Selling and promotion expenses	11.4%	-7.1%	18.1%	3.2%	6.7%	-3.6%	-0.2%
Other operating expenses	140.3%	197.3%	-49.3%	-51.1%	6.7%	-3.6%	-0.2%
Operating Profit	**-122.0%**	**227.5%**	**-104.1%**	**-6943.4%**	**44.7%**	**-14.3%**	**-21.7%**
Other operating income	-49.8%	-27.3%	37.4%	18.6%	-51.0%	0.0%	0.0%
Finance cost	-10.0%	14.5%	133.9%	-14.5%	-55.3%	-30.2%	-22.4%
Profit before taxation	-2.2%	6.0%	-127.6%	907.9%	-37.8%	-7.8%	-15.8%
Taxation	66.6%	-14.7%	450.7%	31.6%	32.1%	-11.2%	-26.8%
Profit after taxation	**-8.3%**	**9.3%**	**-199.8%**	**-260.8%**	**-77.3%**	**-7.0%**	**-13.6%**
EPS	**-25.0%**	**43.0%**	**-512.2%**	**-137.0%**	**-48.0%**	**-11.2%**	**-26.8%**

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
GP Margin	%	2.71	11.43	13.30	8.80	15.11	18.03	17.06	16.66
OP Margin	%	8.35	6.41	6.55	4.26	12.83	11.03	10.07	9.69
NP Margin	%	2.97	1.90	2.34	-8.86	2.63	5.06	4.89	4.89
ROE	%	20.98	7.75	10.62	-57.12	21.09	33.98	33.67	28.60
ROCE	%	11.78	5.23	5.52	3.32	11.73	10.65	10.34	10.42
ROA	%	4.20	1.55	1.97	-6.90	2.41	4.88	5.03	5.25

Liquidity Ratios		CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Current	x	0.98	0.84	0.88	0.74	1.04	1.10	0.88	0.74
Acid-test	x	0.28	0.13	0.19	0.20	0.57	0.88	0.68	0.55
Cash to current liab.	x	0.18	0.10	0.07	0.08	0.53	0.84	0.64	0.52

Activity Ratios		CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Inventory Turnover	x	18	11	7	3	4	15	18	18
Inventory Days		20	14	39	88	15	10	10	10
Receivables Days		29	7	34	47	7	5	5	5
Payables Days		112	181	204	210	112	170	170	170
Operating Cycle		-63	-160	-131	-74	-90	-155	-155	-155

Investment Ratios		CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
EPS	Rs.	1.43	1.08	1.54	-6.34	2.35	3.31	3.19	3.17
DPS	Rs.	0.50	0.85	1.00	0.00	0.00	1.66	1.60	1.58
Div. Yield	%	1.82	3.09	3.64	0.00	0.00	6.03	5.81	5.76
Dividend Cover	x	2.87	1.26	1.54	0.00	0.00	2.00	2.00	2.00
BVPS	Rs.	13.66	14.08	14.88	7.32	14.94	8.68	10.28	11.86
Payout	%	34.90	79.06	65.03	0.00	0.00	50.00	50.00	50.00
Retention	%	65.10	20.94	34.97	100.00	100.00	50.00	50.00	50.00
No. of Shares	'mn	934	934	934	934	934	1,291	1,291	1,291
P/E		19.17	25.55	17.86	0.00	11.70	8.29	8.60	8.68
Sales per share		48.19	56.45	65.85	71.55	89.11	65.49	65.23	64.79
P/BV		2.01	1.95	1.85	3.75	1.84	3.16	2.67	2.32
Price to Sales		0.57	0.49	0.42	0.38	0.31	0.42	0.42	0.42

Gearing Ratios		CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Debt to Equity	x	2.75	2.17	2.53	6.82	2.73	1.77	1.32	1.02
L.T. Debt to Equity	x	1.52	1.41	1.53	2.69	1.59	1.71	0.92	0.40
Interest Cover	x	1.74	1.74	1.81	0.55	2.40	4.75	6.34	8.03

Source: ACPL Research, Company Financials

COMPANY UPDATE

FATIMA

The scrip with attractive valuations offering a return of 21%

Equity Research | Fertilizer | Monday, 7 June, 2021

We initiate our coverage on Fatima Fertilizers (Fatima) with a DCF based Dec-21 TP of Rs.30 which provides an upside potential of 6%. A dividend yield of 8%, if incorporated gives a total return of 14%

The surge in fertilizer prices, stable demand, dominant position in the CAN & NP market, and ability to affect the fertilizer prices will support the bottom line and keep the payout stable

Further, the concessionary gas agreement is about to end, which will significantly increase the cost, but being in a dominant position in the CAN & NP market, the increase in gas prices can easily be passed on to the final consumer and keep the earnings intact up to some extent

Company Overview

Fatima Fertilizer Company Limited is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017). The principal activity of the Company is manufacturing, purchasing, and marketing fertilizers. Fatima holds a vast, nationwide production and marketing infrastructure and produces leading fertilizer brands optimized for local cultivation needs and demand. FATIMA is also a market leader in the CAN & NP market, which are marketed extensively across Pakistan as a substitute for UREA & DAP. FATIMA production facilities are situated in Sadiqabad, Multan, and Sekhupura.

Concessionary Gas Agreement

Fatima Fertilizer is one of the companies used to get feed gas at a concessionary rate of 0.70$. However, this agreement ceases to end in the second half of CY-20 after which the company would get the feed gas at an industrial rate. As per our estimate, the increase in gas price would result in the decline of EPS by around Rs3.6 in CY22. However, there is a huge probability that the company would raise the prices to pass on the impact up to some extent. Though we have not incorporated any price increase in our model during CY22.

Market Leader in CAN & NP

Urea and CAN can be substituted by each other and due to the said reason, prices of CAN have a strong correlation with Urea prices. After acquiring Pakarab fertilizers, Fatima fertilizer is the sole domestic producer of the CAN in the entire industry and can play a very important role in setting the price. On the other side, DAP and NP can be used as a substitute for each other and their prices are also strongly correlated. Fatima fertilizer (including Pak Arab) holds 91% of the market share of NP and can significantly affect the price levels.

Diversified Product Mix

Fatima fertilizer holds a diversified set of product mix of CAN/NP/UREA and their market shares are 81%/91%/10% respectively. Prices of CAN and NP are linked with UREA and DAP. Therefore, the increase in Urea or DAP prices will allow Fatima fertilizer to increase the prices of its products which would eventually improve the earnings of the company.

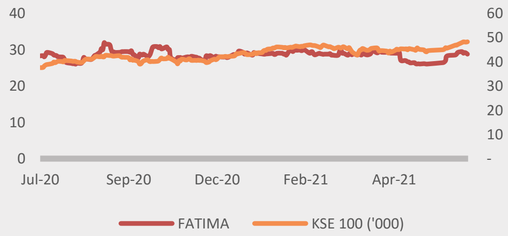
Reduction in Leverage to Support the Bottom Line

Fatima Fertilizer is currently in the process of repaying its long-term debt. The company's debt to equity ratio in CY19 and CY20 was 0.37x and 0.23x respectively.

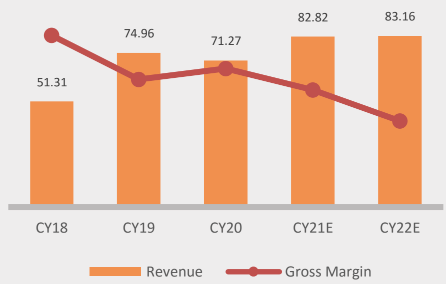
Key Statistics

Symbol	FATIMA
TP - Dec 21	30.00
LDCP	28.75
Upside (%)	6
Free Float ('mn)	315
Market Cap. (Rs.'mn)	60,837

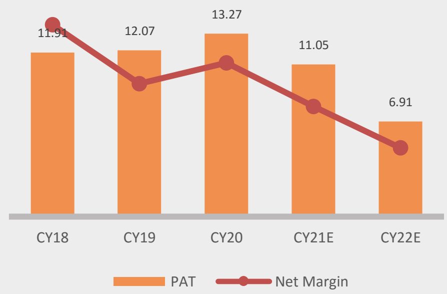
FATIMA vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'bn) vs Net Margin



Sources: ACPL Research, Company Financials, PSX,

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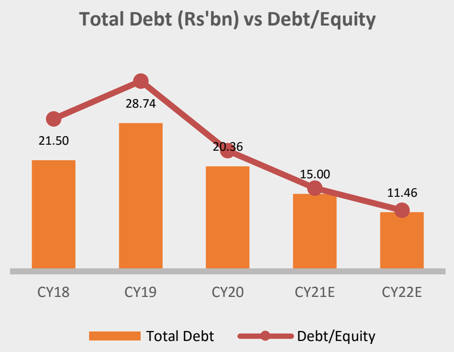
Key Statistics



Going forward, we expect the company's debt to equity ratio to decline to 0.12x by the end of CY22 which will reduce the burden of finance cost from the bottom line of the company.

Valuation

Fatima is currently trading at CY21E PE of 5.5x. Furthermore, the scrip is trading at a CY21E P/B of 0.65x which offers a discount of 8.1% relative to its historical 5-year average of 0.84x. We have a BUY stance on the script with a DCF based Dec-21 TP of Rs 30 which provides an upside potential of 6%. A dividend yield of 8%, if incorporated gives a total return of 14%.

Key Risks to Valuation

- More than expected depreciation of PKR
- More than expected rise in interest rate
- More than expected hike in prices of gas
- An unexpected decline in demand

Financial Projections

Rupees' millions	CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Net sales	31,826	42,396	45,371	51,310	74,964	71,267	82,821	83,158	84,520
Cost of sale	14,305	23,701	26,686	25,639	47,065	42,473	54,537	62,277	63,692
Gross profit	**17,521**	**18,694**	**18,686**	**25,671**	**27,899**	**28,795**	**28,284**	**20,881**	**20,828**
Selling and promotion expenses	1,310	2,725	3,610	3,685	3,800	3,891	4,969	4,366	4,437
Other operating expenses	861	631	914	1,708	1,480	2,038	3,313	2,495	2,536
Administrative Expenses	1,689	1,476	1,737	2,317	2,779	3,369	3,313	3,260	3,313
Operating Profit	**13,661**	**13,863**	**12,424**	**17,961**	**19,840**	**19,498**	**16,689**	**10,760**	**10,542**
Other operating income	14,131	469	403	652	1,114	2,714	580	582	592
Finance cost	2,625	3,236	2,707	1,823	3,761	3,469	1,711	1,606	1,507
Profit before taxation	25,167	11,096	10,120	16,790	17,193	18,743	15,558	9,737	9,626
Taxation	2,320	1,703	852	4,877	5,123	5,468	4,512	2,824	2,792
Profit after taxation	**22,847**	**9,393**	**9,268**	**11,914**	**12,070**	**13,275**	**11,046**	**6,913**	**6,835**
EPS	**10.88**	**4.47**	**4.41**	**5.67**	**5.75**	**6.32**	**5.26**	**3.29**	**3.25**

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Net sales	-12.00%	33.20%	7.00%	13.10%	46.10%	-4.90%	16.20%	0.40%	1.60%
Cost of sale	-2.70%	65.70%	12.60%	-3.90%	83.60%	-9.80%	28.40%	14.20%	2.30%
Gross profit	**-18.40%**	**6.70%**	**0.00%**	**37.40%**	**8.70%**	**3.20%**	**-1.80%**	**-26.20%**	**-0.30%**
Selling and promotion expenses	-9.60%	107.90%	32.50%	2.10%	3.10%	2.40%	27.70%	-12.10%	1.60%
Other operating expenses	-37.40%	-26.70%	44.90%	86.90%	-13.30%	37.60%	62.60%	-24.70%	1.60%
Operating Profit	**-11.60%**	**1.50%**	**-10.40%**	**44.60%**	**10.50%**	**-1.70%**	**-14.40%**	**-35.50%**	**-2.00%**
Other operating income	2163.50%	-96.70%	-14.10%	61.80%	70.80%	143.60%	-78.60%	0.40%	1.60%
Finance cost	-30.30%	23.30%	-16.30%	-32.70%	106.30%	-7.80%	-50.70%	-6.20%	-6.10%
Profit before taxation	77.90%	-55.90%	-8.80%	65.90%	2.40%	-9.00%	17.00%	-37.40%	-1.10%
Taxation	-52.60%	-26.60%	-50.00%	472.20%	5.10%	6.70%	17.50%	-37.40%	-1.10%
Profit after taxation	146.80%	-58.90%	**-1.30%**	**28.50%**	**1.30%**	**10.00%**	**16.80%**	**-37.40%**	**-1.10%**
EPS	**146.80%**	**-58.90%**	**-1.30%**	**28.50%**	**1.30%**	**10.00%**	**16.80%**	**-37.40%**	**-1.10%**

Key Ratios

Profitability Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
GP Margin	%	55.05	44.10	41.18	50.03	37.22	40.40	34.15	25.11	24.64
OP Margin	%	87.33	33.81	28.27	36.28	27.95	30.44	20.88	13.67	13.20
NP Margin	%	71.79	22.16	20.43	23.22	16.10	18.63	13.36	8.34	8.11
ROE	%	50.44	16.41	14.68	17.21	16.01	16.08	12.29	7.30	6.91
ROCE	%	28.05	11.49	10.18	15.14	14.79	13.88	10.63	6.66	6.37
ROA	%	23.06	7.53	7.35	9.69	8.52	8.49	6.80	4.06	3.91

Liquidity Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Current	x	0.77	1.03	0.93	0.89	0.88	1.03	1.18	1.20	1.24
Acid-test	x	0.22	0.59	0.45	0.39	0.43	0.33	0.40	0.41	0.45
Cash to current liab.	x	0.03	0.31	0.04	0.02	0.01	0.01	0.07	0.10	0.14

Activity Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Inventory Turnover	x	1	1	2	2	3	2	2	2	2
Inventory Days		181	143	58	87	89	116	116	116	116
Receivables Days		6	23	16	18	35	23	23	23	23
Payables Days		258	313	190	257	205	197	220	220	220
Operating Cycle		-71	-146	-117	-152	-81	-57	-81	-81	-81

Investment Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
EPS	Rs.	10.88	4.47	4.41	5.67	5.75	6.32	5.27	3.30	3.26
DPS	Rs.	0.00	3.25	2.25	2.00	2.00	2.50	2.50	1.32	1.31
Div. Yield	%	0.00	0.11	0.07	0.07	0.07	0.08	0.08	0.04	0.04
Dividend Cover	x	0.00	1.38	1.96	2.84	2.87	2.53	2.11	2.50	2.50
BVPS	Rs.	25.64	28.87	31.26	34.66	37.15	41.48	44.25	46.23	48.19
Payout	%	0.00	0.73	0.51	0.35	0.35	0.40	0.40	0.40	0.40
Retention	%	100.00	99.27	99.49	99.65	99.65	99.60	99.60	99.60	99.60
No. of Shares	'mn	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
P/E		2.64	6.43	6.51	5.07	5.00	4.55	5.46	8.71	8.81
Sales per share		15.16	20.19	21.61	24.43	35.70	33.94	39.44	39.60	40.25
P/BV		1.12	1.00	0.92	0.83	0.77	0.69	0.65	0.62	0.60
Price to Sales		1.90	1.42	1.33	1.18	0.81	0.85	0.73	0.73	0.71

Gearing Ratios		CY15A	CY16A	CY17A	CY18A	CY19A	CY20A	CY21E	CY22E	CY23E
Debt to Equity	x	0.65	0.62	0.35	0.22	0.37	0.23	0.16	0.12	0.11
L.T. Debt to Equity	x	0.45	0.43	0.32	0.22	0.16	0.10	0.06	0.01	0.00
Interest Cover	x	10.59	4.43	4.74	10.21	5.57	6.25	10.11	7.08	7.40

Source: ACPL Research, Company Financials

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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	LDCP	Last Day Closing Price

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