

Urea Offtake Increased by 58% YoY in Dec-24

Thursday, 16 January, 2025



UREA Price Per Bag (Rs.)

| Dec/24 | Nov/24 | Change | % Change |
|--------|--------|--------|----------|
| 4,552 | 4,573 | ▼ -21 | ▼ -0.5% |

DAP Price Per Bag (Rs.)

| Dec/24 | Nov/24 | Change | % Change |
|--------|--------|--------|----------|
| 11,936 | 12,033 | ▼ -97 | ▼ -1% |

NP Price Per Bag (Rs.)

| Dec/24 | Nov/24 | Change | % Change |
|--------|--------|--------|----------|
| 7,621 | 7,648 | ▼ -27 | ▼ -0.4% |

CAN Price Per Bag (Rs.)

| Dec/24 | Nov/24 | Change | % Change |
|--------|--------|--------|----------|
| 4,192 | 4,247 | ▼ -55 | ▼ -1% |

Urea offtake experienced an increase of 58% YoY in Dec-24 and clocked at 991K tons compared to 628K tons in SPLY. Cumulatively Urea offtake recorded a decrease of 0.1% YoY. Furthermore, DAP offtake in Dec 2024 saw a decline of 0.9% YoY, reaching 137k tons. Meanwhile, cumulative DAP offtake has increase of 1.7% in 1HFY25.

Company-wise, FFC, FFBL, and EFERT witnessed a increase of 38.6% , 139.5% & 95.5% respectively in Urea offtake in Dec-24 as compared to SPLY, whereas FATIMA Group observed a decline of 0.3% YoY respectively. Cumulatively, FFBL showed a significant growth of 81% while FFC, EFERT & FATIMA witnessed a decline of 7.4%, 29.8% and 9%, respectively, in Urea offtake in 1HFY25. Furthermore, cumulative DAP offtake for FFC and EFERT saw an increase of 61.8% and 0.7% respectively, while FFBL saw a decline of 13.8%, in 5MFY25.

We expect Urea off-take to recover with the Rabi season 2024-2025, while DAP demand faces uncertainty due to gas supply disruptions and reliance on imports. Positive M&A activity, sector restructuring, and the Kissan Card program in Punjab are boosting agriculture and wheat cultivation.

| Industry (000' Tons) | Dec/24 | Dec/23 | YoY | Nov/24 | MoM | 1HFY25 | 1HFY24 | YoY |
|-------------------------|--------|--------|----------|--------|----------|--------|--------|---------|
| Urea | 991 | 628 | 57.9% ▲ | 654 | 51.6% ▲ | 3,539 | 3,541 | 0.1% ▼ |
| DAP | 137 | 138 | 0.9% ▼ | 250 | 45.1% ▼ | 1,074 | 1,057 | 1.7% ▲ |
| NP | 99 | 59 | 67.6% ▲ | 118 | 15.8% ▼ | 483 | 624 | 22.5% ▼ |
| CAN | 101 | 88 | 14.6% ▲ | 70 | 43.8% ▲ | 314 | 427 | 26.6% ▼ |
| Urea (000' Tons) | | | | | | | | |
| FFC | 317 | 229 | 38.6% ▲ | 225 | 41.3% ▲ | 953 | 1,028 | 7.4% ▼ |
| FFBL | 59 | 25 | 139.5% ▲ | 59 | 1.0% ▲ | 238 | 132 | 81.0% ▲ |
| EFERT | 412 | 211 | 95.5% ▲ | 193 | 112.9% ▲ | 759 | 1,082 | 29.8% ▼ |
| FATIMA Group | 56 | 56 | 0.3% ▼ | 35 | 59.8% ▲ | 232 | 254 | 9.0% ▼ |
| DAP (000' Tons) | | | | | | | | |
| FFC | 4.2 | 0 | #DIV/0! | 36.07 | 88.5% ▼ | 90 | 56 | 61.8% ▲ |
| FFBL | 86 | 74 | 15.7% ▲ | 98 | 12.5% ▼ | 428 | 497 | 13.8% ▼ |
| EFERT | 13 | 31 | 57.7% ▼ | 48 | 72.8% ▼ | 168 | 167 | 0.7% ▲ |

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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