

# Urea Offtake Surged by 35.7% MoM in Nov-22

Wednesday, 28 December, 2022



## UREA Price Per Bag (Rs.)

Nov-22	Oct-22	Change	% Change
2,434	2,415	▲ 19	▲ 1%

## DAP Price Per Bag (Rs.)

Nov-22	Oct-22	Change	% Change
10,793	12,529	▼ -1736	▼ -14%

## NP Price Per Bag (Rs.)

Nov-22	Oct-22	Change	% Change
6,217	7,180	▼ -963	▼ -13%

## CAN Price Per Bag (Rs.)

Nov-22	Oct-22	Change	% Change
2,320	2,284	▲ 36	▲ 2%

Urea offtake has increased by 1.6% YoY in Nov-22 and clocked at 583k tons as compared to 574k tons SPLY. Cumulatively, Urea offtake witnessed a slight growth of just 0.7% YoY in 11MCY22. Furthermore, DAP offtake has increased by 7.5% YoY during Nov-22 and clocked at 236k tons as compared to 220k tons SPLY. Meanwhile, cumulative DAP offtake has decreased by 40.7% in 11MCY22.

Company-wise, FFBL and FATIMA witnessed an increase of 21.4% and 83.8% in Urea offtake in Nov-22. FFC & EFERT both witnessed a decrease of 0.4% and 52.4% respectively. Cumulatively, FFBL and FATIMA Group showed a growth of 3.6% and 19.9% respectively. On the other hand, FFC and EFERT witnessed a decline of 1.1% and 18.6% respectively in Urea offtake. Furthermore, cumulative DAP offtake for FFC, FFBL, and EFERT decreased by 63.2%, 24.4%, and 19.1% YoY respectively for 11MCY22.

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. As FATIMA having exceptional sales growth and attractive valuation, we recommend our investors to accumulate the scrip at current levels.

Industry (000' Tons)	Nov-22	Nov-21	YoY	Oct-22	MoM	11MCY22	11MCY21	YoY
Urea	583	574	1.6% ▲	430	35.7% ▲	5,783	5,744	0.7% ▲
DAP	236	220	7.5% ▲	71	230.8% ▲	1,047	1,764	40.7% ▼
NP	91	88	3.1% ▲	38	135.9% ▲	597	780	23.5% ▼
CAN	73	52	39.9% ▲	57	29.2% ▲	725	832	12.8% ▼
<b>Urea (000' Tons)</b>								
FFC	220	221	0.4% ▼	185	18.7% ▲	2,238	2,263	1.1% ▼
FFBL	53	43	21.4% ▲	48	9.6% ▲	468	452	3.6% ▲
EFERT	96	201	52.4% ▼	97	1.5% ▼	1,715	2,107	18.6% ▼
FATIMA Group	128	70	83.8% ▲	69	85.1% ▲	837	698	19.9% ▲
<b>DAP (000' Tons)</b>								
FFC	6	36	82.4% ▼	5	14.9% ▲	69	187	63.2% ▼
FFBL	135	81	67.7% ▲	33	307.8% ▲	549	726	24.4% ▼
EFERT	51	22	128.4% ▲	19	164.5% ▲	232	287	19.1% ▼

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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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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