

# Urea Offtake Up by 4.3% YoY in Sep-22

Monday, 24 October, 2022



## UREA Price Per Bag (Rs.)

Sep-22	Aug-22	Change	% Change
2,406	2,380	▲ 26	▲ 1%

## DAP Price Per Bag (Rs.)

Sep-22	Aug-22	Change	% Change
12,532	12,698	▼ -166	▼ -1%

## NP Price Per Bag (Rs.)

Sep-22	Aug-22	Change	% Change
7,411	7,451	▼ -40	▼ -1%

## CAN Price Per Bag (Rs.)

Sep-22	Aug-22	Change	% Change
2,212	2,151	▲ 61	▲ 3%

Urea offtake has increased by 4.3% YoY in Sep-22 and clocked at 508k tons as compared to 487k tons SPLY. Cumulatively, Urea offtake witnessed a growth of 2.4% YoY in 9MCY22. On the other hand, DAP offtake has plunged by 71.7% YoY during Sep-22 and clocked at 63k tons as compared to 221k tons SPLY. Meanwhile, cumulative DAP offtake has decreased by 38.6%, in 9MCY22.

Company-wise, EFERT witnessed an increase of 21.9% in Urea offtake in Sep-22. FFC & FFBL both witnessed a decrease of 1.1% and 21.9% respectively. Furthermore, offtake for FATIMA dropped by 11.7%. Cumulatively, FFBL and FATIMA Group showed a growth of 0.8%, 15.2% respectively. On the other hand, FFC and EFERT witnessed a decline of 0.3% and 12.7% respectively in Urea offtake. Furthermore, cumulative DAP offtake for FFC, FFBL, and EFERT decreased by 44.1%, 27.9%, and 18.2% YoY respectively for 9MCY22.

Going forward, we expect the sector to remain depressed amid flood havoc, increased gas prices, devaluation of rupee, inflation, and surge in finance cost. However, step by the federal government to provide subsidized seeds and fertilizers to farmers in flood-affected areas during upcoming Rabi sowing season is likely to support the offtake.

Industry (000' Tons)	Sep-22	Sep-21	YoY	Aug-22	MoM	9MCY22	9MCY21	YoY
Urea	508	487	4.3% ▲	552	8.0% ▼	4,770	4,656	2.4% ▲
DAP	63	221	71.7% ▼	26	140.9% ▲	739	1,202	38.6% ▼
NP	33	62	46.9% ▼	18	82.1% ▲	467	572	18.3% ▼
CAN	41	33	26.2% ▲	77	46.1% ▼	595	673	11.6% ▼
<b>Urea (000' Tons)</b>								
FFC	201	203	1.1% ▼	173	16.2% ▲	1,833	1,839	0.3% ▼
FFBL	36	46	21.9% ▼	46	22.1% ▼	367	364	0.8% ▲
EFERT	164	134	21.9% ▲	175	6.3% ▼	1,522	1,745	12.7% ▼
FATIMA Group	69	78	11.7% ▼	93	25.8% ▼	639	555	15.2% ▲
<b>DAP (000' Tons)</b>								
FFC	6	22	74.4% ▼	1	316.6% ▲	57	102	44.1% ▼
FFBL	19	98	80.8% ▼	12	63.3% ▲	381	528	27.9% ▼
EFERT	19	52	62.8% ▼	9	122.2% ▲	162	198	18.2% ▼

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
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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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