



FFBL

Fauji Fertilizer Bin Qasim Limited

Ref. No. 33.1/Sectt/C

24 October 2023

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi - 74000, Pakistan

Director/HOD (Enforcement Department)
Securities and Exchange Commission of Pakistan
NIC Building, Jinnah Avenue
Islamabad - 44000, Pakistan

Subject: **Financial Results for the Period Ended 30 September 2023**

Dear Sir,

1. It is informed that the Board of Directors of our Company, in their meeting held at Fauji Foundation, Fauji Towers, 68, Tipu Road, Rawalpindi on 23 October 2023, recommended the following:

- | | | | |
|----|---|---|-----|
| a. | Cash Dividend | : | Nil |
| b. | Bonus Issue | : | Nil |
| c. | Right Shares | : | Nil |
| d. | Any other Entitlement / Corporate Action. | : | Nil |
| e. | Any other price sensitive Information. | : | Nil |

2. The Financial Results of the Company for the period ended 30 September 2023, comprising of Statement of Profit or Loss (Unconsolidated as Annex-A and Consolidated as Annex-B) are attached.

3. **FINANCIAL RESULTS – OVERVIEW**

a. **July – September 2023**

- i. During Q3 of 2023, high inflation and unprecedented policy rate continued to affect the business. The Rupee, however, managed to settle at strength against the US Dollar after quite some volatility earlier in the quarter. The Company received 3,392 MMSCF gas supply during Q3 as compared to 4,936 MMSCF in the same quarter of last year (SQLY) and as against 6,256 MMSCF of allocation by the Government, representing a decline in gas supplies by 31% and 46% respectively. Consequently, Urea and DAP production declined by 43% and 7% respectively in comparison to SQLY.



- ii. The international phosphate fertilizer margins improved in the later part of Q3. DAP availability remained tight in the local market. At first, importers were reluctant to import DAP due to volatility of prices in the international market along with uncertainty of foreign exchange parity. Later on during the quarter, DAP was not available for prompt shipment in the international market. FFBL was the only entity with inventory to serve the market.
- iii. Management strategized early liquidation of DAP inventory at optimal margins and exercised prudent financial management. During Q3, the Company also concluded the sale of its entire shareholding (95.07%) in Fauji Meat Limited to Fauji Foundation as part of its strategic divestment plan, to focus on the core business. This transaction has resulted in a gain of PKR 268 million and cash inflow of PKR 4.3 billion, which will save significant finance cost in times to come.
- iv. During the quarter, revenue clocked in at PKR 70 billion as compared to PKR 23 billion in SPLY, a growth of 210%. The gross profit, operating profit and profit before tax have also increased significantly by 176%, 205% and 431% respectively as compared with SPLY. The Company has posted a profit after tax of PKR 5.3 billion for Q3 as compared to the loss after tax of PKR 1.7 billion in SPLY.

b. **January - September 2023**

- i. During the nine months period under review, the Company received gas supply of 9,882 MMSCF as compared to 14,661 MMSCF in the same period of last year (SPLY), and 18,564 MMSCF of Government allocation, representing gas supply shortfall of 33% and 47% respectively. DAP plant was also shut down for an additional 33 days during the current nine-month period for better management of DAP inventory carried forward from last year. As a result, Urea and DAP production was lower by 134 KT and 229 KT respectively, representing 35% and 34% decrease respectively in comparison to SPLY.
- ii. The financial performance of Q3 has offset the impact of the exogenous shock of severe devaluation that the Company faced in Q1, as well as the exorbitant finance cost borne in first six months of the year on account of high interest rates. During the nine-month period, the Company achieved revenue of PKR 137 billion as compared to PKR 94 billion in SPLY, an increase of 46%. The Company earned gross profit of PKR 17 billion (SPLY PKR 18 billion), operating profit of PKR 11 billion (SPLY PKR 13 billion) and profit after tax of PKR 0.35 billion (SPLY PKR 1.7 billion). Lower profitability is due to the additional cost of PKR 2.5 billion (up to June 30, 2023) on account of Government's GST policy, which was discriminatory to domestic DAP producer (resolved since July 2023), and the exchange loss of PKR 3.6 billion on foreign payments due in 2022, which could not be paid till Q1, 2023 due to State Bank restrictions.

c. **Consolidated January - September 2023**

- i. On a Consolidated basis, during the nine-month period, the Company reported gross profit of PKR 26 billion (SPLY: PKR 24 billion) and operating profit of PKR 18.2 billion (SPLY: PKR 17.6 billion). However, the profit after tax declined to PKR 163 million from PKR 3.6 billion reported in SPLY. This decrease is primarily attributed to the reduced earnings of FFBL. On the other hand, there is a significant improvement in the financial results of Fauji Foods Limited (FFL) to the tune of PKR 1.8 billion.
- ii. FFL is pursuing the strategy of margin assertive growth with focus on internal efficiencies with consistency. During the nine-months period, FFL has achieved 83% increase in sales revenue (PKR 15 billion as against PKR 8 billion in SPLY) and 3.5 times growth in gross margins, 12.3% as compared to 3.5% in SPLY. FFL has achieved its highest ever quarterly profit after tax of PKR 38.5 million (SPLY loss after tax of PKR 690 million).

d. **Outlook**

- i. As FFBL is the only local producer of DAP, which is necessary for better yield, and is also a leading producer of Urea, we strongly urge that the Government should take immediate steps to prioritize the fertilizer sector for gas supply to avoid such shortages in the country and save scarce foreign exchange on import of DAP and Urea.
- ii. The Company is well positioned to continue its financial performance in Q4 2023. However, supply of allocated volumes of gas in the coming winter season and stability of PKR against the US Dollar will remain critical for the Company.

4. The nine-month report of the Company for the period ended 30 September 2023 will be transmitted through PUCARS separately, within the specified time.

Regards



Brig Khurram Shahzada SI(M), (Retd)
Company Secretary

FAUJI FERTILIZER BIN QASIM LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

Annex-A


	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	(Rupees '000)		(Rupees '000)	
Sales - net	70,069,746	22,567,729	136,827,250	93,500,660
Cost of sales	(59,711,939)	(18,813,450)	(119,679,335)	(75,566,330)
Gross profit	10,357,807	3,754,279	17,147,915	17,934,330
Selling and distribution expenses	(2,434,327)	(1,054,064)	(4,687,849)	(4,062,802)
Administrative expenses	(412,248)	(237,073)	(1,008,878)	(943,939)
Operating profit	7,511,232	2,463,142	11,451,188	12,927,589
Finance costs	(2,359,946)	(1,193,402)	(7,684,997)	(2,805,600)
Exchange gain / (loss) - net	12,106	(4,166,750)	(4,672,850)	(7,217,141)
Other expenses	(330,552)	(24,846)	(422,783)	(889,606)
Other income	2,847,855	963,540	6,286,717	5,329,986
	7,680,695	(1,958,316)	4,957,275	7,345,228
Other losses				
Unwinding cost of GIDC payable	(112,162)	(211,373)	(411,704)	(702,943)
Loss allowance on subsidy receivable from GoP	(394,000)	-	(450,000)	-
	(506,162)	(211,373)	(861,704)	(702,943)
Profit / (loss) before taxation	7,174,533	(2,169,689)	4,095,571	6,642,285
Taxation - net	(1,869,871)	473,314	(3,741,082)	(4,928,610)
Profit / (loss) after taxation	5,304,662	(1,696,375)	354,489	1,713,675
Earnings / (loss) per share - basic and diluted (Rupees)	4.10	(1.31)	0.27	1.33


Brig Khurram Shahzada, SI(M). (Retd)
 Company Secretary
 Fauji Fertilizer Bin Qasim Limited
 FFBL Tower, DHA-II, Islamabad

FAUJI FERTILIZER BIN QASIM LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

Annex-B

	Quarter ended September 30,		Nine months ended September 30,	
	2023	Re-presented 2022	2023	Re-presented 2022
	(Rupees '000)		(Rupees '000)	
Sales - net	77,038,951	28,489,512	157,967,426	108,771,272
Cost of sales	(64,467,964)	(22,071,817)	(132,220,345)	(84,295,001)
Gross profit	12,570,987	6,417,695	25,747,081	24,476,271
Selling and distribution expenses	(2,574,149)	(1,483,670)	(5,712,598)	(5,281,920)
Administrative expenses	(699,449)	(441,576)	(1,838,476)	(1,545,191)
Operating profit	9,297,389	4,492,449	18,196,007	17,649,160
Finance costs	(3,260,450)	(2,193,403)	(10,377,298)	(5,144,136)
Exchange gain / (loss) - net	6,866	(4,134,919)	(4,956,775)	(7,426,599)
Other operating expenses	(397,997)	(154,455)	(639,699)	(910,228)
Other losses				
Unwinding of GIDC payable	(112,163)	(211,373)	(411,704)	(702,943)
Loss allowance on subsidy receivable from GoP	(394,000)	-	(450,000)	-
	(506,163)	(211,373)	(861,704)	(702,943)
	5,139,645	(2,201,701)	1,360,531	3,465,254
<i>Other income</i>				
Share of profit of associate and joint venture - net	478,532	1,145,436	1,349,703	4,525,611
Others	1,386,876	772,725	3,663,054	2,201,504
	1,865,408	1,918,161	5,012,756	6,727,115
Profit / (loss) before taxation	7,005,053	(283,540)	6,373,288	10,192,369
Taxation - net	(2,094,950)	(6,535)	(4,598,887)	(5,987,126)
Profit / (loss) after taxation from Continuing operations	4,910,103	(290,075)	1,774,401	4,205,243
Discontinued operations - net of tax	(1,503,215)	(165,295)	(1,610,954)	(577,045)
Profit- / (loss) for the year	3,406,888	(455,370)	163,447	3,628,198
Profit / (loss) attributable to:				
- Owners of the Holding Company	3,294,649	(597,857)	(536,414)	3,456,650
- Non-controlling interest	112,239	142,487	699,861	171,548
	3,406,888	(455,370)	163,447	3,628,198
Earnings / (loss) per share - basic and diluted (Rupees)	2.55	(0.46)	(0.42)	2.68


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