

FFBL: CY11 result beats expectations

(Above expectations)

FFBL posted above-line 4QCY11 earnings with NPAT of PkR3.6bn (EPS: PkR3.85) compared with our estimate of PkR3.0bn (EPS: PkR3.21). Similarly for the full-year CY11, NPAT was up by a substantial 65%YoY to PkR10.8bn (EPS: PkR11.53) against NPAT of PkR6.5bn (EPS: PkR6.97) in CY10. Furthermore, the company also announced a final cash dividend of PkR3.5/share, bringing full-year DPS to PkR10.

Main factors leading to the deviation from our 4QCY11 estimates were i) slightly higher than estimated volumetric sales for Dec'11, ii) lower S&A expenses due to robust product demand following severe shortage of fertilizer products, especially urea, and iii) higher than expected profitability of PMP, where FFBL's share of profit stood at ~PkR170mn compared with just PkR2mn in 3QCY11.

At current levels, FFBL is trading at a CY12F PER and dividend yield of 6.6x and 15.2%, respectively. FFBL is trading near our Target Price of PkR49.8/share and at current levels we have a Neutral stance on the scrip.