

# Engro Polymer & Chemicals Limited

## Result review: Loss of PKR 0.99/share in 1QCY24

### Higher gas prices and a decline in PVC margins result in a loss after tax

Engro Polymer & Chemicals Limited (EPCL) announced its 1QCY24 financial result today where the company posted a loss of PKR 901mn (LPS: PKR 0.99) compared to PKR 1,183mn (EPS: PKR 1.30) and PKR 3,951mn (EPS: PKR 3.90) in 1QCY23 and 4QCY24, respectively.

### Result Highlights

- Net sales during 1QCY24 reduced by 8% YoY to PKR 16,572mn amid decline in PVC volumes. On a QoQ basis, the topline tumbled by 14% YoY due to the aforementioned reason.
- The gross profit margin in 1QCY24 arrived at 6.4% compared to 20.0% during SPLY due to higher gas prices and subdued PVC margins.
- The finance cost climbed up by 42% YoY, arriving at PKR 1,668mn during 1QCY24 amid higher interest rates and a jump in short-term borrowings. On a sequential basis, the finance cost surged by 7x YoY, which is attributable to higher short-term borrowings.
- Other income plummeted by 61% YoY to PKR 175mn during 1QCY24 due to lower short-term investments.
- The other expenses plunged by 97% YoY to PKR 23mn in 1QCY24, which is mainly on the back of absence on exchange loss in the quarter.
- The company booked a tax reversal of PKR 371mn in 1QCY24 compared to taxation of PKR 489mn in 1QCY23.

### Exhibit: Financial Highlights

(PKR mn)	1QCY24a	1QCY23a	YoY	QoQ
Net Revenue	16,572	17,978	-8%	-14%
Gross Profit	1,066	3,591	-70%	-79%
Other Expenses	23	766	-97%	nm
Other Income	175	444	-61%	-56%
Finance Cost	1,668	1,177	42%	7x
PAT / (LAT)	(901)	1,183	nm	nm
EPS / (LPS) (PKR)	(0.99)	1.30		
DPS (PKR)	-	1.00		

Source (s): Company Financials, AHL Research

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