

AHL Alert: Fertilizer

Engro Corporation Limited

Result Review: EPS arrives at PKR 11.67 in 1HCY24

2QCY24: Bottom-line plummets by 63% YoY

Engro Corporation Limited (ENGRO) announced its 1HCY24 financial result with a consolidated profit after tax of PKR 6,261mn (EPS: PKR 11.67), depicting a decline of 42% YoY. On a quarterly basis, the consolidated earnings clocked in at PKR 2,243mn (EPS: PKR 4.18), plunging by 63% YoY. Alongside the result, the company announced dividend of PKR 8.00/share in 2QCY24 (PKR 19.00/share in 1HCY24).

Result Highlights

- On the fertilizer business front, EFERT's bottom-line in 2QCY24 clocked in at PKR 1,666mn (EPS: PKR 1.25) against PKR 1,060mn (EPS: PKR 0.79) in SPLY, up by 57% YoY given hike in urea and DAP price by 59% and 15% YoY, respectively coupled with increase in DAP offtake by 16% YoY.
- Meanwhile, EPCL reported a loss of PKR 688mn (LPS: PKR 0.76) in 2QCY24 compared to a net profit of PKR 1,562mn (EPS: PKR 1.72) in SPLY, owed to lower PVC margins tagged with higher gas prices.
- FCEPL posted earnings of PKR 588mn (EPS: PKR 0.77), up by 75% YoY on the back of increase in gross margins by 281bps to 17.55% amid higher sales of dairy products.
- The other income of ENGRO depicted a jump of 72% YoY during 2QCY24, which is attributable to a surge in income from cash and cash balances.
- The company booked a reversal of the loss allowance on subsidy receivable from Govt. amounting to PKR 177mn in 2QCY24 against the loss allowance on subsidiary receivable from Govt. of PKR 72mn in 2QCY23.
- The company booked effective taxation at 59% in 2QCY24 vis-à-vis 89% in 2QCY23.
- In addition to the result, the company re-iterated that the financial results of thermal energy (EPTL, EPQL, and SECMC) have been reported as discontinued operations given that these companies have met the classification criteria of IFRS-5 related to "Non-Current Assets Held for Sale and Discontinued Operation"

Exhibit: Financial Highlights

(PKR mn)	1HCY24a	1HCY23a	YoY	1QCY24a	1QCY23a	YoY
Net Revenue	178,889	147,161	22%	74,589	75,088	-1%
Cost of Sales	143,607	108,070	-10%	61,581	53,900	14%
Gross Profit	35,282	39,091	-10%	13,008	21,188	-39%
Admin Expense	7,249	5,404	34%	3,896	2,757	41%
Other Income	7,440	6,139	21%	3,900	2,265	72%
PBT	19,844	24,534	-19%	5,473	13,608	-60%
Taxation	10,259	16,951	-39%	3,250	12,128	-73%
PAT*	6,261	10,804	-42%	2,243	6,124	-63%
EPS (PKR)	11.67	20.13		4.18	11.41	
DPS (PKR)	19.00	42.00		8.00	2.00	

Source (s): Company Financials, AHL Research, * profit attributable to the owners of the holding company

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