

AHL Alert: Fertilizer

Engro Corporation Limited

Result Review: EPS arrives at PKR 22.33 in 9MCY24

3QCY24: Bottom-line plunges by 53% YoY

Engro Corporation Limited (ENGRO) announced its 9MCY24 financial result with a consolidated profit after tax of PKR 11,983mn (EPS: PKR 22.33), depicting a decline of 48% YoY. On a quarterly basis, the consolidated earnings clocked in at PKR 5,722mn (EPS: PKR 10.66), plunging by 53% YoY. Alongside the result, the company announced dividend of PKR 5.00/share in 3QCY24 (PKR 24.00/share in 9MCY24).

Result Highlights

- On the fertilizer business front, EFERT's earnings settled at PKR 8,554mn (EPS: PKR 6.41), declining by 11% YoY during 3QCY24 which is due to i) 33% and 14% YoY fall in urea and DAP offtake, respectively, and ii) higher finance cost amid jump in short term borrowings.
- Meanwhile, Engro Polymer & Chemicals Limited (EPCL) registered a loss of PKR 698mn (LPS: PKR 0.77) compared to net profit of PKR 2,642mn (EPS: PKR 2.91) due to higher gas prices and subdued PVC margins.
- FCEPL posted earnings of PKR 766mn (EPS: PKR 1.00), up 3x YoY on the back of increase in gross margins by 190bps to 15.40% amid higher sales of dairy products.
- The other income of ENGRO depicted a jump of 53% YoY during 3QCY24, which is attributable to a surge in income from cash and cash balances.
- The finance cost of the company augmented by 41% YoY on the back of higher short term borrowings.
- The company booked gain on allowance on subsidy receivable from Govt. amounting to PKR 464mn in 3QCY24 against the gain allowance on subsidiary receivable from Govt. of PKR 1mn in 3QCY23.
- The company booked effective taxation at 39.95% in 3QCY24 vis-à-vis 40.54% in 3QCY23.

Exhibit: Financial Highlights

(PKR mn)	9MCY24	9MCY23	YoY	3QCY24	3QCY23	YoY	QoQ
Net Revenue	279,018	249,856	12%	100,130	102,694	-2%	34%
Cost of Sales	219,267	179,636	-15%	75,661	71,566	6%	23%
Gross Profit	59,751	70,219	-15%	24,469	31,128	-21%	88%
Admin Exp.	10,410	7,850	33%	3,161	2,446	29%	-19%
Other Income	10,921	8,415	30%	3,480	2,276	53%	-11%
Finance Cost	15,195	12,138	25%	5,668	4,021	41%	3%
PAT*	11,983	23,002	-48%	5,722	12,198	-53%	155%
EPS (PKR)	22.33	42.86		10.66	22.73		
DPS (PKR)	24.00	46.00		5.00	4.00		

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

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