

AHL Alert: Fertilizer

Engro Fertilizers Limited

Result Review: EPS arrives at PKR 21.16 in CY24

4QCY24: Bottom-line plummeted by 8% YoY

Engro Fertilizers Limited (EFERT) today unveiled the financial result for CY24 posting a consolidated profit after Tax (PAT) of PKR 28,260mn (EPS: PKR 21.16) against PKR 26,191mn (EPS: PKR 19.61) in CY23, up by 8% YoY. Whereas, consolidated earnings in 4QCY24 clocked in at PKR 10,280mn (EPS: PKR 7.70), down 8% YoY. Alongside the result, the company announced a final cash dividend of PKR 8.00/share (PKR 21.50/share in CY24).

Result Highlights

- Net sales in CY24 clocked in at PKR 256,675mn, up 15% YoY which is on account of 39% and 9% YoY hike in urea and DAP price, respectively tagged with 10% YoY jump in DAP offtake. Meanwhile, urea sales declined by 13% YoY on the back of 54 days closure of EnVen plant for maintenance. On a quarterly basis, the topline during 4QCY24 increased by 13% YoY, settling at PKR 84,830mn, which is due to 17% jump in urea offtake. Whereas, DAP sales reduced by 5% YoY, respectively.
- Gross margins in CY24 arrived at 28.2% vis-à-vis 32.3% in CY23. Whereas, gross margins plummeted by 378bps, settling at 34.9% amid higher gas prices.
- The distribution cost in CY24 clocked in at PKR 17,855mn, up by 37% YoY. Meanwhile, during 4QCY24, the distribution cost of the company surged by 2x YoY due to higher volumetric sales.
- Other income declined by 21% YoY settling at PKR 2,925mn in CY24 given dip in income from cash and cash balances. Meanwhile, in 4QCY24, the other income came out to be PKR 511mn, down 72% YoY owing to lower interest income.
- Finance cost climbed up by 2x YoY, clocking in at PKR 4,129mn during CY24 owed to higher interest rates. Whereas, the finance cost in 4QCY24 swelled up by 5x YoY, reaching PKR 1,467mn due to higher borrowings.
- The company booked effective taxation at 38% in 4QCY24 vs 44% in 4QCY23.

Exhibit: Financial Highlights

(PKR mn)	CY24a	CY23a	YoY	4QCY24	YoY	QoQ
Income Statement						
Net Revenue	256,675	223,705	15%	84,830	13%	45%
Cost of Sales	184,391	151,407	22%	55,187	20%	37%
Gross Profit	72,285	72,297	0%	29,643	2%	62%
Distribution Expense	17,855	13,053	37%	9,809	2x	390%
Admin Expense	4,760	4,007	19%	1,070	-45%	31%
Others Income	2,925	3,714	-21%	511	-72%	-34%
EBIT	48,081	54,582	-12%	17,189	-25%	16%
Finance Cost	4,129	1,911	116%	1,467	436%	15%
Profit before Taxation	45,156	49,693	-9%	16,460	-18%	17%
Taxation	16,896	23,502	-28%	6,180	-30%	13%
Profit after Taxation	28,260	26,191	8%	10,280	-8%	20%
EPS (PKR)	21.2	19.6		7.7		
DPS (PKR)	21.5	20.5		8.0		

Ratio Analysis

BVPS (PKR)	35.54	35.87	35.54
Gross Margins	28%	32%	35%
Net Margins	11%	12%	12%
Return on Equity	59%	56%	59%
Return on Assets	17%	17%	17%
Payout Ratio	102%	105%	104%
ETR	37%	47%	38%

Source (s): Company Financials, AHL Research

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