

Engro Holdings Limited

Analyst Briefing Takeaways

The management of Engro Holdings Limited (ENGROH) held an analyst briefing session on 30th Oct'25 to discuss the 3QCY25 financial result and future outlook.

REP-300

Brief Takeaways

- To recall, the company posted a consolidated profit after tax of PKR 42bn (EPS: PKR 34.89) in 9MCY25, depicting a surge of 5.6x YoY. The increase in profitability is primarily due to a one-time reversal of an impairment loss in the Energy business, contributing PKR 26.9bn (EPS: PKR 22.31). Excluding this remeasurement, consolidated PAT stands at PKR 15.21bn (EPS: PKR 12.59).

Fertilizer business

- Fertilizer business remains the major contributor despite some headwind in business, EFERT reported earnings of PKR 14.3bn (-21% YoY) in 9MCY25 due to lower Urea and DAP volumes (-3% and 55% YoY) and discounted price of urea bags.
- Total Urea offtake volume remained at 1,280KT showed a significant dip of 3% from same period last year.
- Management believe that demand is expected to strengthen on the back of better water availability and potential government support prices.

Chemical business

- EPCL reported a loss of PKR 3.5bn in 9MCY25, driven by elevated gas prices and Core delta margins at their lowest in a decade.
- EPCL delivered higher revenue despite challenges with respect to Core-delta and energy cost due to higher volumetric sales of PVC pertaining to recovery in construction industry and commencement of Hydrogen per Oxide business.
- EPCL sold around 174KT PVC in the period vs 146KT last year (9MCY25 vs 9MCY24).

Energy business

- In the energy segment, EPTL continues to perform strongly, consistently delivering dividends, with management expressing confidence in both EPTL and SECMC.
- EPQL profitability decreased from PKR 2,875mn to PKR 851mn due to lower dispatches and decrease in capacity payment owing to hybrid take and pay mechanism.
- Management is exploring options to divest the EPQL business while retaining the rest of the energy portfolio.
- Energy business dispatched 3,359 GWh of power and SECMC maintained smooth mining operations throughout the period

Eximp Business

- Company booked revenue of USD 461mn, a slight 1% increase over last year.
- Third party trades improved as 3P ratio jumped from 22% last year to 48% this period. Total volume traded during the period reached 707KT.

Ajeet Kumar

D: +92 21 38280256

UAN: +92 21 111 245 111, Ext: 255

ajeet.kumar@arifhabibltd.com

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Analyst Briefing Takeaways

Engro Elengy and Vopak

- Elengy terminal's profitability declined due to higher taxes, as the minimum tax on turnover increased from 9% to 15%, resulting in an effective tax rate of 75%.
- The chemical volume handled during the period was 899 KT, showing a 3% decrease compared to SPLY.
- The LNG terminal handled 55 cargos during the year, with an availability of 98%, while its LNG market share rose from 60% to 70% compared to SPLY.
- Vopak terminal business remains under the normal tax regime.
- The company also recorded a one-off provisioning related to the Elengy terminal business.

Tower business

- Engro Connect ranked among the top 20 independent tower companies globally and continues to lead the ITC market in Pakistan.
- The connectivity business is subject to a minimum tax rate of 6% on turnover, increased from 4% in the current budget, resulting in an effective tax rate of 60%.
- The connectivity business recorded a significant revenue increase from PKR 12bn to PKR 32bn in 9MCY25, as the total site count rose to 15,078 from 4,143 SPLY.

Food business

- FCEPL profits increased by 4% YoY in 9MCY25 to PKR 2.1bn on the back of better product mix and cost optimization.
- Post imposition of sales tax, packaged milk category has decreased significantly thus revenue declined by 3% to PKR 80bn in 9MCY25.
- The imposition of sales tax on the formal dairy sector, combined with weak legislation, has distorted the market in favour of the informal sector.

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