

Result announcement: 1QFY22

Fertiliser

Engro Fertilizer Limited

Earnings: Engro Fertiliser Limited (EFERT) announced its results for the quarter ending March 2022. As per the details available, the company reported earnings of PKR 5.5bn or PKR 4.1/share compared to last year PKR 5.7bn (PKR 4.3/share) a decline of 4%y.

Dividends/Payouts: The company announced an interim cash dividend of PKR 5.5/share (PKR 3.0-3.5/share market expectation) compared to last year interim dividend of PKR 4/share; up by +38%y.

Operating performance: During the period under review, company's net sales increased to PKR 36.8bn showing an increase of +25%y. Company gross margins declined to 30% compared to last year 39%; we believe owing to expiry of concessionary gas. Company's EBIT decreased to PKR8.5bn (-7%y) as well as EBIT margins deteriorated to 23% compared to last year 31%. Company tax charge decreased to 29% versus last year 34%.

Exhibit: Engro Fertilizers Limited (EFERT)							
in PKRbn							
Quarter end (March)	1q/22e	2021a	4q/21a	3q/21a	2q/21a	1q/21a	2020a
Net Sales	36.8	132.4	39.6	37.4	25.9	29.4	105.8
Gross Profit	10.9	44.1	13.1	9.6	9.9	11.6	34.3
Admin	0.4	1.9	0.5	0.5	0.5	0.4	1.9
S/M/D	2.0	8.5	2.5	2.1	2.0	1.8	8.5
EBIT	8.5	32.8	9.4	6.9	7.4	9.1	23.7
Finance Cost	0.5	1.6	0.3	0.4	0.6	0.3	3.2
Tax	2.2	8.8	2.1	1.9	1.9	2.9	3.2
Profit after tax	5.5	21.1	6.2	4.4	4.8	5.7	18.1
EPS	4.1	15.8	4.6	3.3	3.6	4.3	13.6
DPS	5.5	16.5	5.3	3.3	4.0	4.0	13.0

Source: IGI Research, Company accounts. Number of shares: (bn) 1.335

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Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

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