

# Flash Note

Wednesday, July 31, 2024

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## Fertilizer

### Engro Fertilizer Limited (EFERT)

**Earnings:** Engro Fertilizer Limited (EFERT) announced its 2QCY24 result. For the period, the Company reported consolidated earnings of PKR 1.7bn (PKR 1.25), up by +57%/y/y, compared to profit of PKR 1.1bn (EPS PKR 0.79) in the same period last year.

**Dividend/Payout:** The Company announced a cash dividend of PKR 3.0/share along with the result, taking the cumulative dividend for 1HCY24 to PKR 11.0/share.

**Operating Performance:** During 2QCY24, the Company's net sales increased by a meagre +3%/y/y, likely owing to lower urea offtakes as its Enven Plant was offline for a period of 55-days for its Annual Turnaround. Gross margins clocked in at 18% during the quarter compared to 30% in the same period last year, amid higher gas costs. The Company's administrative expenses increased by 2.2x/y/y while selling costs declined by -26%/y/y. Other Income also declined by -42%/y/y to PKR 0.75bn. The Company's finance cost increased by 74%/y/y to PKR 1.2bn during 2QCY24, likely due to higher borrowings. Tax charge clocked in at PKR 0.9bn or 35% as compared to PKR 6.1 billion charged in 2QCY23.

Exhibit: Engro Fertilizers Limited (EFERT)					
in PKRbn					
Period end (DEC)	2Q'24	2Q'23	1Q'24	1H'24	1H'23
Net Sales	39.4	38.4	73.8	113.2	82.4
Cost of Sales	32.3	27.0	51.3	83.6	60.2
Gross Profit	7.1	11.4	22.5	29.7	22.2
Gross Profit margin	18%	30%	31%	26%	27%
Admin	1.8	0.8	1.1	2.9	1.4
Selling & Dist.	1.7	2.2	4.4	6.0	4.7
EBIT	3.6	8.2	17.2	20.8	16.0
EBIT margin	9%	21%	23%	18%	19%
Finance Cost	1.2	0.7	0.2	1.4	1.1
Profit before tax	2.6	7.1	17.1	19.6	13.9
Tax	0.9	6.1	6.3	7.2	8.5
Effective tax rate	35%	85%	37%	37%	61%
Profit after tax	1.7	1.1	10.8	12.4	5.5
Net Margins	4%	3%	15%	11%	7%
EPS	1.2	0.8	8.1	9.3	4.1
DPS	3.0	8.0	8.0	11.0	6.5

Source: Company Accounts, IGI Research

No. of Shares: 1335.3mn.

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IGI Finex Securities Limited

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