# Flash Note

Wednesday, July 30, 2025

IGI Securities
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Fertilizer

## Engro Fertilizer Limited (EFERT)

**Earnings:** Engro Fertilizer Limited (EFERT) announced it 2QCY25 result. The Company reported consolidated earnings of PKR 5.6bn (PKR 4.17) during 2QCY25, up by +3.3xy/y, compared to profit of PKR 1.7bn (EPS PKR 1.25) in the same period last year. The earnings for 1HCY25 clocked in at PKR 8.5bn (PKR 6.34), down by -10%y/y, compared to PKR 9.4bn (PKR 7.1) in the same period last year.

**Dividend/Payout:** The Company announced cash dividend of PKR 4.25/share along with the result taking the cumulative dividend to PKR 6.5/share for 1HCY25.

**Operating Performance:** During 2QCY25, Company's net sales inclined by +28%y/y clocking in at PKR 50.4bn as compared to PKR 39.4bn in the same period of last year. Net sales are also up by +66%q/q on the back of higher Urea and DAP offtakes. Gross margins increased to 31% during the quarter compared to 18% in the same period last year. Company's administrative expenses remained almost flat while selling costs surged by +2.0xy/y. Other Income increased by +73%y/y to PKR 1.29bn. Company's finance cost increased by +44%y/y to PKR 1.8bn during 2QCY25 likely due to higher borrowings. Tax charge clocked in at PKR 3.7bn as compared to PKR 0.9bn charged in 2QCY24. Effective tax rate during 2QCY25 stood at 40% as compared to 35% in the same period last year.

**Exhibit: Engro Fertilizers Limited (EFERT)**

in PKRbn

| Period end (Mar) | 2Q'25 | 2Q'24 | y/y | 1Q'25 | q/q | 1H'25 | 1H'24 | y/y |
|---|---|---|---|---|---|---|---|---|
| Net Sales | 50.4 | 39.4 | 28% | 30.3 | 66% | 80.7 | 113.2 | -29% |
| Cost of Sales | 34.6 | 32.3 | 7% | 19.6 | 76% | 54.2 | 88.9 | -39% |
| Gross Profit | 15.8 | 7.1 | 122% | 10.7 | 48% | 26.5 | 24.3 | 9% |
| Gross Profit margin | 31% | 18% | | 35% | | 33% | 21% | |
| Admin | 1.8 | 1.8 | -1% | 1.1 | 64% | 4.8 | 2.1 | - |
| Selling & Dist. | 3.4 | 1.7 | 105% | 3.2 | 5% | 6.6 | 6.0 | 9% |
| EBIT | 10.8 | 3.6 | 200% | 6.0 | 80% | 16.8 | 15.8 | 6% |
| EBIT margin | 21% | 9% | | 20% | | 21% | 14% | |
| Finance Cost | 1.8 | 1.2 | 44% | 1.1 | 62% | 2.9 | 1.4 | 106% |
| Profit before tax | 9.2 | 2.6 | 260% | 4.9 | 87% | 14.1 | 14.7 | -4% |
| Tax | 3.7 | 0.9 | 309% | 2.0 | 80% | 5.7 | 5.2 | 8% |
| Effective tax rate | 40% | 35% | | 41% | | 40% | 36% | |
| Profit after tax | 5.6 | 1.7 | 234% | 2.9 | 92% | 8.5 | 9.4 | -10% |
| Net Margins | 11% | 4% | | 10% | | 10% | 8% | |
| **EPS** | **4.2** | **1.2** | | **2.2** | | **6.3** | **7.1** | |
| **DPS** | **4.3** | **3.0** | | **2.3** | | **6.5** | **11.0** | |

Source: Company Accounts, IGI Research	No. of Shares: 1335.3mn.

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