

Flash Note

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Fertilizer

Engro Fertilizer Limited (EFERT)

Earnings: Engro Fertilizer Limited (EFERT) announced its 3QCY24 result. The Company reported consolidated earnings of PKR 8.6bn (PKR 6.41) during 3QCY24, down by -11%/y/y, compared to profit of PKR 9.6bn (EPS PKR 7.2) in the same period last year. This brings total profitability for 9MCY24 to PKR 21bn (EPS PKR 15.7) up by +40%/y/y compared to PKR 15.0bn (EPS PKR 11.3) in the same period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 2.5/share along with the result, taking the cumulative dividend for 9MCY24 to PKR 13.5/share.

Operating Performance: During 3QCY24, the Company's net sales declined by -11%/y/y, clocking in at PKR 58.6bn as compared to PKR 66.2bn in the same period of last year. However, net sales are up by +49%q/q on the back of higher offtakes as the plant resumed operations at full capacity in mid-June after a successful turnaround. Gross margins remained relatively stable at 31% during the quarter compared to 32% in the same period last year, owing to higher urea prices which were offset by an increase in gas costs. The Company's administrative expenses increased by +20%/y/y while selling costs declined by -43%/y/y. Other income inclined by +9%/y/y to PKR 0.80bn. The Company's finance cost surged by +2.5x/y/y to PKR 1.3bn during 3QCY24, likely due to higher borrowings. Tax charge clocked in at PKR 5.5bn as compared to PKR 6.2 billion charged in 3QCY23. Effective tax rate during 9MCY24 stood at 39% as compared to 49% in the same period last year.

Exhibit: Engro Fertilizers Limited (EFERT)					
in PKRbn					
Period end (DEC)	3Q'24	3Q'23	2Q'24	9M'24	9M'23
Net Sales	58.6	66.2	39.4	171.8	148.5
Cost of Sales	40.3	45.2	32.3	123.9	105.3
Gross Profit	18.3	21.0	7.1	48.0	43.2
Gross Profit margin	31%	32%	18%	28%	29%
Admin	0.8	0.7	1.8	3.7	2.1
Selling & Dist.	2.0	3.5	1.7	8.0	8.2
EBIT	14.8	16.4	3.6	35.6	32.4
EBIT margin	25%	25%	9%	21%	22%
Finance Cost	1.3	0.5	1.2	2.7	1.6
Profit before tax	14.0	15.8	2.6	33.7	29.7
Tax	5.5	6.2	0.9	12.7	14.7
Effective tax rate	39%	39%	35%	38%	49%
Profit after tax	8.6	9.6	1.7	21.0	15.0
Net Margins	15%	14%	4%	12%	10%
EPS	6.4	7.2	1.2	15.7	11.3
DPS	2.5	3.0	3.0	13.5	12.5

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

Analyst

Sakina Makati

sakina.makati@igi.com.pk

Tel: +92 21 111 234 234 Ext: 810

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

IGI Finex Securities Limited

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Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
 Fax: (+92-21) 35309169, 35301780

Lahore Office

Shop # G-009, Ground Floor,
 Packages Mall
 Tel: (+92-42) 38303560-69
 Fax: (+92-42) 38303559

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
 Block- B, Jinnah Avenue, Blue Area
 Tel: (+92-51) 2604861-2, 2604864, 2273439
 Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
 Regency International 949, The Mall
 Faisalabad
 Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
 Model Town, Town Hall Road
 Tel: (+92-68) 5871652-3
 Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
 Abdali Road
 Tel: (92-61) 4512003, 4571183

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Research Analyst(s)

Research Identity Number: BRP009

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