

Flash Note

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Fertilizer

Engro Fertilizer Limited (EFERT)

Earnings: Engro Fertilizer Limited (EFERT) announced its 4QCY24 result. The Company reported consolidated earnings of PKR 10.3bn (PKR 7.70) during 4QCY24, down by -8%y/y, compared to profit of PKR 11.1bn (EPS PKR 8.3) in the same period last year. This brings total profitability for CY24 to PKR 28.3bn (EPS PKR 21.2) up by +8%y/y compared to PKR 28.3bn (EPS PKR 21.2) in the same period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 8.0/share along with the result, taking the cumulative dividend for CY24 to PKR 21.5/share.

Operating Performance: During 4QCY24, the Company's net sales increased by +13%y/y, clocking in at PKR 84.8bn as compared to PKR 75.2bn in the same period of last year. However, net sales are up by +45%q/q on the back of higher urea offtakes. Gross margins declined to 35% during the quarter compared to 39% in the same period last year. The Company's administrative expenses decreased by -45%y/y while selling costs surged by +2%y/y. Other Income fell by -72%y/y to PKR 0.51bn. The Company's finance cost increased by +5.3x/y to PKR 1.5bn during 4QCY24, likely due to higher borrowings. Tax charge clocked in at PKR 6.2bn as compared to PKR 8.8 billion charged in 4QCY23. Effective tax rate during CY24 stood at 37% as compared to 47% in the same period last year.

Exhibit: Engro Fertilizers Limited (EFERT)								
in PKRbn								
Period end (DEC)	4Q'24	4Q'23	y/y	3Q'24	q/q	CY'24	CY'23	y/y
Net Sales	84.8	75.2	13%	58.6	45%	256.7	223.7	15%
Cost of Sales	55.2	46.1	20%	40.3	37%	184.4	151.4	22%
Gross Profit	29.6	29.1	2%	18.3	62%	72.3	72.3	0%
Gross Profit margin	35%	39%		31%		28%	32%	
Selling & Dist.	9.8	4.9	102%	2.0	390%	17.9	13.1	37%
EBIT	17.4	22.2	-22%	14.8	17%	48.1	54.6	-12%
EBIT margin	21%	30%		25%		19%	24%	
Finance Cost	1.5	0.3	436%	1.3	15%	4.1	1.9	116%
Profit before tax	16.5	20.0	-18%	14.0	17%	45.2	49.7	-9%
Tax	6.2	8.8	-30%	5.5	13%	16.9	23.5	-28%
Effective tax rate	38%	44%		39%		37%	47%	
Profit after tax	10.3	11.1	-8%	8.6	20%	28.3	26.2	8%
Net Margins	12%	15%		15%		11%	12%	
EPS	7.7	8.3		6.4		21.2	19.6	
DPS	8.0	8.0		2.5		21.5	20.5	

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

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