

Fertilizer

EFERT: Management Call Takeaways

- Engro Fertilizers Limited (EFERT) held a corporate briefing session to discuss the 2QFY25 financial results and provide key insights on the future outlook for the Company.
- EFERT reported a consolidated PAT of PKR 5.6 billion (EPS: PKR 4.17), marking a 2.3x YoY and 72% QoQ increase, driven by strong growth in urea (+66%) and DAP (+132%) offtake. A dividend of PKR 4.25/share was also announced.
- EFERT is promoting its 'UgAi' app for purchase planning and operating retail outlets (Engro Markaz) in 4 cities. It also launched a PKR 250 million financing program with Bank Alfalah to enhance farmers' access to resources.

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Key highlights from Corporate Briefing

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- EFERT is promoting its 'UgAi' app for purchase planning and operating retail outlets (Engro Markaz) in 4 cities. It also launched a PKR 250 million financing program with Bank Alfalah to enhance farmers' access to resources.
- Despite the strong quarterly performance, the company acknowledged headwinds in the agriculture sector. Persistently high input costs (fuel and seeds), the removal of government crop support prices, and climate-related disruptions have led to reduced sales and inventory buildup across the industry. As a result, EFERT's market share in both urea and DAP has declined in line with overall demand contraction.
- Industry-wide urea inventory currently stands at 1.3 million tons and is expected to remain elevated in the short term. However, offtake is anticipated to improve with the upcoming season, and

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potential exports may help reduce surplus stock. EFERT remains in regular discussions with the Ministry and the Fertilizer Review Committee, indicating that exports will be pursued when conditions are favorable.

- On operational improvements, Phase 1 (Scope 1) of the Pressure Enhancement Facility agreement with Mari has been completed, with Scope 2 on track for completion by August 2025. Work on Phase 2, including equipment procurement, is underway.
- The company emphasized that local urea pricing (PKR 4,649/bag) remains 44% lower than international prices, offering substantial cost relief to farmers. EFERT continues to adjust its discount strategy based on market dynamics to maintain competitive positioning.

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