Fertilizer

## EFERT: 3QCY25 Management Call Takeaways

- Engro Fertilizer Limited (EFERT) held an investor briefing session to discuss the 3QCY25 financial results and provide key insights on the future outlook for the Company.
- The Company reported 3QCY25 earnings of PKR 5.8bn (EPS PKR 4.35), down by -32%y/y compared to PKR 8.5bn (EPS PKR 6.41) in the similar period last year. On quarterly basis, profitability was up by +4%q/q during 3QCY25. The Company announced dividend of PKR 4.5/share with the result.
- Management highlighted that there has been some improvement in farmer economics for wheat, rice and cotton. During the 3QCY25, wheat prices increased to PKR 3500-3800/maund from PKR 2600-2800 in 2QCY25.
- During the period, the Company's market share in urea declined to 32% from 34% in the last quarter. However, the offtakes increased by 26%y/y/37%m/m which led to a decent decline in inventory levels. However, in the DAP market, EFERT's market share declined to 5% in 3QCY25 from 19% in 2QCY25.

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### Key highlights from management conference call

- Management highlighted that there has been some improvement in farmer economics for wheat, rice and cotton. During the 3QCY25, wheat prices increased to PKR 3500-3800/maund from PKR 2600-2800 in 2QCY25.

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- However, in the DAP market, EFERT's market share declined to 5% in 3QCY25 from 19% in 2QCY25 as global DAP prices spiked sharply. The market conditions have now improved and the management expects that sales will recover in the next quarter.

- EFERT also introduced a lower-cost alternative to DAP, Triple Super Phosphate (TSP). Even though its composition is not directly the same as DAP, it offers a discount of about PKR 2,000/bag.

- Regarding the issue of gas prices, the management stated that discussions are ongoing with the government. Once the decision has been finalized, the management believes most of the key concerns will be resolved.

- Regarding the pressure enhancement facility at the Mari field, the management stated that scope 1 of phase-1 has been completed while scope-2 is expected to be completed by 4QCY25.

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