

Flash Note

Thursday, 15 October 2020

Chemicals

Engro Polymer & Chemicals Limited (EPCL)

Earnings for the 3qCY20 increased by +45% y/y to PKR 2.06/share

- Engro Polymer & Chemicals (EPCL) announced its financial results for 3QCY20 with un-consolidated earnings clocking in at PKR 1.8bn (EPS: PKR 2.06) as compared to PKR 1.2bn (EPS: PKR 1.42) in the same period last year. On a cumulative basis, for 9MCY19 earnings have dropped by 28% y/y to PKR 2.04bn (EPS: PKR 2.25). The bank did not announce any cash dividend.
- Net sales for the quarter increased by +9% y/y to PKR 10.0bn owing to increase in local PVC prices by 9% y/y to USD 913/ton.
- Gross margins increase by 0.08bps y/y to 32%, owing to removal of GIDC. In addition, healthy PVC core delta (488 USD/ton) provide much needed breather for EPCL.
- Finance cost decreased by mere 2% y/y to PKR 0.45bn during 3QCY20 owing to low interest rates regime.

Exhibit: Engro Polymer & Chemicals Limited (EPCL)

Period end (Dec) - PKRmn	3qCY20	3qCY19	YoY	9mCY20	9mCY19	YoY
Net Sales	10,057	9,234	9%	22,932	27,834	-20%
Cost of Sales	6,840	7,064	-3%	17,809	21,780	-23%
Gross Profits	3,217	2,169	48%	5,123	6,054	-13%
Gross Margins	32%	23%		22%	22%	
Selling & Dist. Costs	85	79	7%	176	229	1%
Admin. Costs	122	142	-14%	369	425	22%
Other Op. Income	223	270	-17%	840	702	-79%
Other Op. Expense	101	6	n/m	740	1,083	39%
EBIT	3,133	2,212	42%	4,679	5,019	-34%
Finance Costs	454	465	-2%	1,821	1,192	4%
Pre-Tax Profits	2,679	1,747	53%	2,858	3,827	-40%
Taxation	811	461	76%	810	989	-44%
Effective Tax Rate	30%	26%		28%	26%	
Profit After Tax	1,868	1,287	45%	2,048	2,838	-38%
EPS	2.06	1.42		2.25	3.12	

Source: IGI Research, PSX

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