

# Flash Note

Thursday, 18 October 2018

## Fertilizer

### Engro Fertilizers Limited (EFERT)

#### EFERT: Earnings up by +82%YoY to PKR 3.82/share for 3QCY18; Dividend at PKR 4.00/share

- Engro Fertilizers Limited (EFERT) announced its financial results for 3QCY18 with consolidated earnings clocking at PKR 5.10bn (EPS: PKR 3.82) as compared to PKR 2.81bn (EPS: PKR 2.10) in the same period last year. In addition, the Company also announced an interim cash dividend of PKR 4.00/share.
- Net sales for the quarter surged by +33%YoY to PKR 28.01bn led by price increase, taking net sales for 9MCY18 to PKR 69.22bn.
- Selling and distribution expense increased by +13%YoY to PKR 1.98bn.
- Other income dropped by 79%YoY to PKR 0.21bn, attributed to removal of subsidy in urea.
- In addition, finance cost decreased by 23%YoY to PKR 0.53bn owing to debt retirement.
- Effective tax rate for the period stood at 25% as against 33% in the corresponding period last year, possibly owing to tax adjustments (PKR ~300mn) from reduction in tax rate.

#### Exhibit:

##### EFERT:3QCY18 Result Highlights

Period End Dec- PKRmn	3QCY18	3QCY17	YoY	9MCY18	9MCY17	YoY
Net Sales	28,099	21,162	33%	69,215	48,473	43%
Gross Profit	9,875	6,164	60%	23,896	14,911	60%
Selling / Dist.	1,975	1,748	13%	5,246	4,901	7%
Other Op. Income	214	1,001	-79%	1,868	4,282	-56%
EBIT	7,362	4,867	51%	18,680	12,675	47%
Finance Cost	534	694	-23%	1,420	2,002	-29%
Pre-Tax Profits	6,829	4,173	64%	17,260	10,673	62%
Taxation	1,729	1,366	27%	5,011	3,730	34%
Post-Tax Profits	5,100	2,808	82%	12,249	6,943	76%
EPS	3.82	2.10		9.18	5.20	
DPS	4.00	3.00		8.00	5.50	

#### Key Ratios

Gross Profit Margins	35.1%	29.1%	34.5%	30.8%
Ebit Margins	26.2%	23.0%	27.0%	26.1%
Effective Tax Rate	25.3%	32.7%	29.0%	34.9%

Source: IGI Research, Company Financials, PSX

No. of shares :1,334 mn

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