

Flash Note

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Fertilizer

Engro Fertilizer Limited (EFERT)

Earnings: Engro Fertilizer Limited (EFERT) announced its 2QCY23 result. For the period, the Company reported consolidated earnings of PKR 1.1bn (PKR 0.79) compared to a loss of PKR 0.1bn (LPS PKR 0.1) in the same period last year. This brings total earnings for 1HCY23 to PKR 5.5bn (PKR 4.09), up by +1%/y.

Dividend/Payout: The Company announced a cash dividend of PKR 3.0/share along with the result bringing total cash payout for 1HCY23 to PKR 6.5/share.

Operating Performance: During 2QCY23, the Company's net sales remained flat as lower urea offtake was offset by higher prices. Gross margins clocked in at 30% during the quarter compared to 31% in the same period last year, amid higher gas prices. The Company's administrative cost declined by 12%/y and Selling & Distribution costs increased by +25%/y. The Company's finance cost increased by +21%/y, owing to higher mark-up cost. Tax charge clocked in at PKR 6.1bn or 85% effectively higher when compared to 2QCY22 charge of 101%.

Exhibit: Engro Fertilizers Limited (EFERT)								
in PKRbn								
Period end (DEC)	2q'23	1Q'23	CY22	4Q'22	3Q'22	2Q'22	1Q'22	CY21
Net Sales	38.4	44.0	157.0	46.1	35.7	38.3	36.8	132.4
Cost of Sales	27.0	33.2	114.2	35.6	26.0	26.6	26.0	88.3
Gross Profit	11.4	10.8	42.8	10.5	9.8	11.7	10.9	44.1
Gross Profit margin	30%	24%	27%	23%	27%	31%	30%	33%
Admin	0.8	0.6	2.2	0.3	0.5	0.9	0.4	1.9
Selling & Dist.	2.2	2.5	9.9	3.9	2.2	1.8	2.0	8.5
EBIT	8.2	7.9	30.5	6.9	7.1	8.2	8.5	31.1
EBIT margin	21%	18%	19%	15%	20%	21%	23%	24%
Finance Cost	0.7	0.4	2.6	1.0	0.6	0.6	0.5	1.6
Profit before tax	7.1	6.8	26.6	5.5	6.2	7.1	7.7	29.9
Tax	6.1	2.4	10.6	(0.9)	2.0	7.2	2.2	8.8
Effective tax rate	85%	35%	40%	-16%	33%	101%	28%	29%
Profit after tax	1.1	4.4	16.0	6.4	4.2	(0.1)	5.5	21.1
Net Margins	3%	10%	10%	14%	12%	0%	15%	16%
EPS	0.8	3.3	12.0	4.8	3.1	(0.1)	4.1	15.8
DPS	3.0	3.5	14.0	5.0	3.5	0.0	5.5	16.5

Source: Company Accounts, IGI Research

No. of Shares: 1,335.3mn.

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