

Flash Note

Friday, February 16, 2024

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Fertilizer

Engro Fertilizer Limited (EFERT)

Earnings: Engro Fertilizer Limited (EFERT) announced its 4QCY23 result. For the period, the Company reported consolidated earnings of PKR 11.1bn (PKR 8.35), up by +74%/y, compared to profit of PKR 6.4bn (EPS PKR 4.80) in the same period last year. This brings total earnings for CY23 to PKR 26.2bn (PKR 19.61), up by +64%/y.

Dividend/Payout: The Company announced a cash dividend of PKR 8.0/share along with the result bringing total cash payout for CY23 to PKR 20.5/share.

Operating Performance: During 4QCY23, Company's net sales improved by +63%/y likely owing to higher offtake and fertilizer prices. Gross margins clocked in at 39% during the quarter compared to 23% in the same period last year, amid higher prices. Company's administrative cost increased by +5.7xy/y and Selling & Distribution costs increased by +26%/y. Other Income also increased by +78%/y to PKR 1.8bn due to higher short-term investments. Company's finance cost dropped by 72%/y to PKR 0.3bn during 4QCY23 likely owing to lower borrowings. Tax charge clocked in at PKR 8.8bn or 44% as compared to a tax income of 0.9 billion in 4QCY22 bringing total effective tax rate for CY23 to 47% compared to 40% last year.

Exhibit: Engro Fertilizers Limited (EFERT)										
in PKRbn										
Period end (DEC)	CY23	4Q'23	3Q'23	2Q'23	1Q'23	CY22	4Q'22	3Q'22	2Q'22	1Q'22
Net Sales	223.7	75.2	66.2	38.4	44.0	157.0	46.1	35.7	38.3	36.8
Cost of Sales	151.4	46.1	45.2	27.0	33.2	114.2	35.6	26.0	26.6	26.0
Gross Profit	72.3	29.1	21.0	11.4	10.8	42.8	10.5	9.8	11.7	10.9
Gross Profit margin	32%	39%	32%	30%	24%	27%	23%	27%	31%	30%
Admin	4.0	2.0	0.7	0.8	0.6	2.2	0.3	0.5	0.9	0.4
Selling & Dist.	13.1	4.9	3.5	2.2	2.5	9.9	3.9	2.2	1.8	2.0
EBIT	54.6	22.2	16.4	8.2	7.9	30.5	6.9	7.1	8.2	8.5
EBIT margin	24%	30%	25%	21%	18%	19%	15%	20%	21%	23%
Finance Cost	1.9	0.3	0.5	0.7	0.4	2.6	1.0	0.6	0.6	0.5
Profit before tax	49.7	20.0	15.8	7.1	6.8	26.6	5.5	6.2	7.1	7.7
Tax	23.5	8.8	6.2	6.1	2.4	10.6	(0.9)	2.0	7.2	2.2
Effective tax rate	47%	44%	39%	85%	35%	40%	-16%	33%	101%	28%
Profit after tax	26.2	11.1	9.6	1.1	4.4	16.0	6.4	4.2	(0.1)	5.5
Net Margins	12%	15%	14%	3%	10%	10%	14%	12%	0%	15%
EPS	19.61	8.35	7.17	0.79	3.30	11.98	4.80	3.13	(0.07)	4.13
DPS	20.50	8.00	6.00	3.00	3.50	14.00	5.00	3.50	0.00	5.50

Source: Company Accounts, IGI Research

No. of Shares: 1335.3mn.

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