

Flash Note

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Chemical

Engro Polymer & Chemicals Limited (EPCL)

Earnings: Engro Polymer & Chemicals Limited (EPCL) announced its 1Q'23 result. For the period, the Company reported unconsolidated earnings of PKR 1.2bn (EPS PKR 1.3), down by 75%/y/y, compared to last year same period an earnings of PKR 4.7bn (EPS PKR 5.2).

Dividend/Payout: The Company announced cash dividend of PKR 1/share along with the result compared to PKR 5/share last year same period.

Operating Performance: During 1Q'23, company's net sales fell by 22%/y/y. Moreover, gross profit margin compressed to 20% compared to 33% last year same period, on account of reduced PVC margins, and higher gas price. Administrative cost jumped by +20%/y/y and Selling & Distribution costs decreased by +5%/y/y. Finance cost increased by +91%/y/y amid higher interest rate. Tax charge clocked in at PKR 0.5bn or +29% effectively higher when compared to 1Q'22 charge of +25%.

Exhibit: Engro Polymer & Chemicals Limited (EPCL)											
in PKRbn											
Period end (DEC)	1Q'23	CY22	4Q'22	3Q'22	2Q'22	1Q'22	CY21	4Q'21	3Q'21	2Q'21	1Q'21
Net Sales	18.0	82.1	19.8	16.9	22.3	23.1	70.0	20.7	18.8	14.8	15.7
Cost of Sales	14.4	58.7	16.5	11.9	14.7	15.5	46.0	13.4	13.6	9.6	9.4
Gross Profit	3.6	23.4	3.2	5.0	7.5	7.7	24.0	7.3	5.2	5.2	6.2
Gross Profit margin	20%	28%	16%	29%	34%	33%	34%	35%	28%	35%	40%
Admin	0.3	1.0	0.2	0.3	0.3	0.2	0.7	0.2	0.1	0.2	0.2
Selling & Dist.	0.1	0.6	0.2	0.1	0.1	0.2	0.4	0.1	0.1	0.1	0.1
EBIT	2.8	19.8	2.7	4.0	6.3	6.9	21.9	6.5	4.6	4.7	6.1
EBIT margin	16%	24%	14%	24%	28%	30%	31%	31%	25%	32%	39%
Finance Cost	1.2	3.1	0.9	0.9	0.7	0.6	1.9	0.5	0.5	0.5	0.4
Profit before tax	1.7	16.7	1.8	3.1	5.5	6.3	20.0	6.0	4.1	4.2	5.7
Tax	0.5	5.0	(0.6)	0.9	3.2	1.5	4.9	1.8	0.5	1.1	1.6
Effective tax rate	29%	30%	-32%	27%	58%	25%	25%	30%	12%	25%	28%
Profit after tax	1.2	11.7	2.4	2.3	2.3	4.7	15.1	4.2	3.6	3.1	4.1
Net Margins	7%	14%	12%	13%	10%	20%	22%	20%	19%	21%	26%
EPS	1.3	12.9	2.6	2.5	2.6	5.2	16.6	4.6	4.0	3.4	4.6
DPS	1.0	12.5	2.5	2.5	2.5	5.0	16.3	5.5	3.0	7.0	0.8

Source: Company Accounts, IGI Research No. of Shares: 908.9mn.

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