

Flash Note

Thursday, April 18, 2024

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Fertilizer

Engro Fertilizer Limited (EFERT)

Earnings: Engro Fertilizer Limited (EFERT) announced its 1QCY24 result. For the period, the Company reported consolidated earnings of PKR 10.8bn (PKR 8.08), up by +2.4x%y/y, compared to profit of PKR 4.4bn (EPS PKR 3.30) in the same period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 8.0/share along with the result.

Operating Performance: During 1QCY24, the Company's net sales improved by +68%y/y, likely owing to higher offtake and fertilizer prices. Gross margins clocked in at 31% during the quarter compared to 24% in the same period last year, amid higher prices. The Company's administrative cost almost doubled and Selling & Distribution costs increased by +78%y/y. Other Income also increased by +79%y/y to PKR 1.1bn. The Company's finance cost dropped by -63%y/y to PKR 0.2bn during 1QCY24, likely owing to lower borrowings. Tax charge clocked in at PKR 6.3bn or 37% as compared to PKR 2.4 billion charged in 1QCY23.

Exhibit: Engro Fertilizers Limited (EFERT)							
in PKRbn							
Period end (DEC)	1Q'24	2023	4Q'23	3Q'23	2Q'23	1Q'23	2022
Net Sales	73.8	223.7	75.2	66.2	38.4	44.0	157.0
Cost of Sales	51.3	151.4	46.1	45.2	27.0	33.2	114.2
Gross Profit	22.5	72.3	29.1	21.0	11.4	10.8	42.8
Gross Profit margin	31%	32%	39%	32%	30%	24%	27%
Admin	1.1	4.0	2.0	0.7	0.8	0.6	2.2
Selling & Dist.	4.4	13.1	4.9	3.5	2.2	2.5	9.9
EBIT	17.2	54.6	22.2	16.4	8.2	7.9	30.5
EBIT margin	23%	24%	30%	25%	21%	18%	19%
Finance Cost	0.2	1.9	0.3	0.5	0.7	0.4	2.6
Profit before tax	17.1	49.7	20.0	15.8	7.1	6.8	26.6
Tax	6.3	23.5	8.8	6.2	6.1	2.4	10.6
Effective tax rate	37%	47%	44%	39%	85%	35%	40%
Profit after tax	10.8	26.2	11.1	9.6	1.1	4.4	16.0
Net Margins	15%	12%	15%	14%	3%	10%	10%
EPS	8.08	19.61	8.35	7.17	0.79	3.30	11.98
DPS	8.00	20.50	8.00	6.00	3.00	3.50	14.00

Source: Company Accounts, IGI Research

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