

## Fertiliser

### Engro Fertilizers Limited (EFERT)

**Earnings:** Engro Fertilizers Limited (EFERT) announced its results for the quarter ending June 2022. The company reported a loss of PKR 0.1bn (PKR 0.07/share) during 2QCY22 compared to last year's PKR 4.8bn (PKR 3.6/share). This brings total profitability for 1HCy22 to PKR 5.4bn (PKR 4.05/share) down by 48%/y compared to PKR 10.5bn (PKR 7.87/share) in the same period last year.

**Operating performance:** During the period under review, the Company's net sales increased to PKR 38.3bn showing an increase of +48%/y likely owing to higher Urea prices and offtake. Company gross margins decreased to 30.5% compared to last year's 38% likely owing to higher gas prices; Company's EBIT increased to PKR8.2bn (+11%). However, EBIT margins deteriorated to 21.3% compared to last year's 28.4%. Effective tax charge for EFERT increased to 101% versus last year's 28% due to imposition of additional tax announced in Budget 2023.

Exhibit: Engro Fertilizers Limited (EFERT)								
in PKRbn								
Period end (DEC)	2q/22e	1q/22a	2021a	4q/21a	3q/21a	2q/21a	1q/21a	2020a
Net Sales	38.3	36.8	132.4	39.6	37.4	25.9	29.4	105.8
Cost of Sales	26.6	26.0	88.3	26.6	27.8	16.1	17.9	71.6
Gross Profit	11.7	10.9	44.1	13.1	9.6	9.9	11.6	34.3
Gross Profit margin	30.5%	29.5%	33.3%	32.9%	25.7%	38.0%	39.3%	32.4%
EBIT	8.2	8.5	32.8	9.4	6.9	7.4	9.1	23.7
EBIT margin	21.3%	23.0%	24.8%	23.7%	18.5%	28.4%	31.0%	22.3%
Finance Cost	0.6	0.5	1.6	0.3	0.4	0.6	0.3	3.2
Profit before tax	7.1	7.7	29.9	8.3	6.3	6.6	8.7	21.3
Tax	7.2	2.2	8.8	2.1	1.9	1.9	2.9	3.2
Effective tax rate	101%	28%	29%	25%	30%	28%	34%	15%
Profit after tax	(0.1)	5.5	21.1	6.2	4.4	4.8	5.7	18.1
Net Margins	0%	15%	0%	16%	12%	18%	19%	17%

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