

Fertiliser

Engro Fertilizers Limited (EFERT)

Earnings: Engro Fertilizers Limited (EFERT) announced its results for the quarter ending September 2022. The company reported a profit after tax of PKR 4.2bn (PKR 3.1/share) during 3QCY22 compared to last year's PKR 4.4bn (PKR 3.6/share). This brings total profitability for 9MCY22 to PKR 9.6bn (PKR 7.2/share) down by 36%/y compared to PKR 14.9bn (PKR 11.2/share) in the same period last year.

Dividend: The company announced an interim cash dividend of PKR 3/share compared to last year interim dividend of PKR 3.3/share; down by 9%y. this is in addition to interim cash dividend already paid at Rs. 5.50/share, this brings total dividend for 9MCY22 to PKR 8.8/share

Operating performance: During the period under review, the Company's net sales decreased to PKR 35.7bn showing a decrease of 4%/y likely owing to reduced fertilizer offtake. Company gross margins increased to 27% compared to last year's 26% likely owing to higher retention prices. Company's EBIT increased to PKR 7.1bn (+2%y) and EBIT margins improved to 19.8% compared to last year's 18.5%. Effective tax charge for EFERT increased to 33% versus last year's 30% due to imposition of additional tax announced in Budget 2023.

Exhibit: Engro Fertilizers Limited (EFERT)								
in PKRbn								
Period end (DEC)	9MCY22	3q/22a	2q/22a	1q/22a	9MCY21	3q/21a	2q/21a	1q/21a
Net Sales	110.9	35.7	38.3	36.8	92.7	37.4	25.9	29.4
Cost of Sales	78.6	26.0	26.6	26.0	61.7	27.8	16.1	17.9
Gross Profit	32.3	9.8	11.7	10.9	31.0	9.6	9.9	11.6
Gross Profit margin	29.1%	27.3%	30.5%	29.5%	33.5%	25.7%	38.0%	39.3%
EBIT	23.7	7.1	8.2	8.5	23.4	6.9	7.4	9.1
EBIT margin	21.4%	19.8%	21.3%	23.0%	25.2%	18.5%	28.4%	31.0%
Finance Cost	1.6	0.6	0.6	0.5	1.3	0.4	0.6	0.3
Profit before tax	21.0	6.2	7.1	7.7	21.6	6.3	6.6	8.7
Tax	11.4	2.0	7.2	2.2	6.7	1.9	1.9	2.9
Effective tax rate	54%	33%	101%	28%	31%	30%	28%	34%
Profit after tax	9.6	4.2	(0.1)	5.5	14.9	4.4	4.8	5.7
Net Margins	9%	12%	0%	15%	16%	12%	18%	19%
EPS	7.19	3.13	(0.07)	4.13	11.17	3.30	3.57	4.30
DPS	8.50	3.00	0.00	5.50	11.25	3.25	4.00	4.00

Source: Company Accounts, IGI Research

No. of Shares: 1335.3mn.

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