

MTL | INDU | ENGRO

MTL: Profitability to arrive at PKR 42.2/share in 9MFY24

MTL is expected to announce its financial result for the period ended 9MFY24 on 25th April'24, whereby we expect net profit to arrive at PKR 8,086mn (EPS: PKR 42.2), massively up by 280% YoY. The growth in earnings is primarily expected due to better volumetric sales which are up by 3.8x YoY. On a quarterly basis, the bottom line is projected to clock in at PKR 2,840mn (EPS: PKR 14.8) in 3QFY24 vis-à-vis PKR 1,280mn (EPS: PKR 6.67) in 2QFY23, depicting a growth of 2x YoY. The increase in profitability is primarily owed to the increase in tractors' prices coupled with volumetric growth of 7% YoY on the back of improved farmers income. The other income is anticipated to improve YoY, settling at PKR 151mn in 3QFY24 on account of increase in short term investments by the company compared to SPLY.

Exhibit: Financial Highlights

(PKR mn)	9MFY24e	9MFY23a	YoY	3QFY24e	3QFY23a	YoY	QoQ
Net Sales	68,399	30,297	126%	23,705	16,922	40%	-1%
Gross Profit	16,166	5,309	204%	5,689	2,919	95%	0%
Gross Margins	23.6%	17.5%		24.0%	17.2%		
Other Income	842	370	2.3x	151	54	2.8x	-72%
PAT	8,086	2,127	3.8x	2,840	1,280	122%	-4%
EPS (PKR)	42.2	11.1		14.8	6.67		

Source (s): Company Financials, AHL Research

INDU: Improvement in gross margins to boost earnings in 9MFY24

INDU is expected to announce the financial result for period ended 9MFY24 on 26th April'24. The company is projected to post a net profit of PKR 7.9bn (EPS: PKR 101.6), up by 37% YoY. Gross margins are expected to recover substantially due to stable PKR/USD parity. On a quarterly basis, the company is expected to register a profit of PKR 3.0bn (EPS: PKR 38.5) compared to a profit of PKR 1.7bn (EPS: PKR 22.2) owed to i) improved gross margins and, ii) positive operating profits. However, a subdued topline of PKR 38.8bn (-20% YoY) is expected on the back of lower volumetric sales with major drag coming from Fortuner and Hilux (-69% YoY). Other income is expected to remain stable YoY but improve by 21% QoQ primarily attributable to increase in short term investments. Alongside the result, we expect the company to announce an interim cash dividend of PKR 23.1/share (PKR 60.8/share in 9MFY24).

Exhibit: Financial Highlights

(PKR mn)	9MFY24e	9MFY23a	YoY	3QFY24e	3QFY23a	YoY	QoQ
Net Sales	89,697	135,033	-34%	38,786	48,199	-20%	113%
Gross Profit	7,862	197	150%	3,144	3,045	3%	122%
Gross Margins	8.77%	0.15%		8.11%	6.32%		
Other Income	8,345	11,653	-28%	3,029	3,036	0%	21%
PAT	7,984	5,844	37%	3,027	3,216	-6%	74%
EPS (PKR)	101.6	74.4		38.5	40.9		74%
DPS (PKR)	60.8	42.8		23.1	24.4		

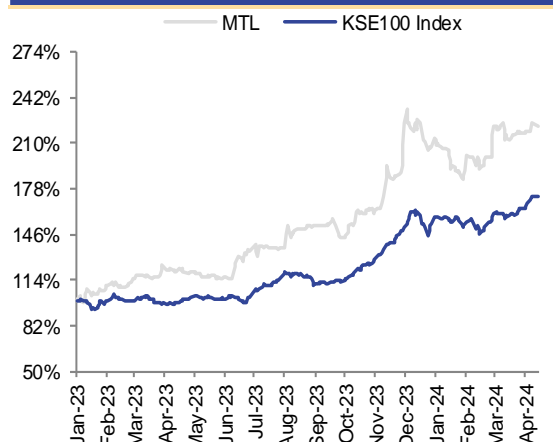
Source (s): Company Financials, AHL Research

Last Closing 611.85

PSX Code MTL

Bloomberg Code MTL PA

Relative Performance



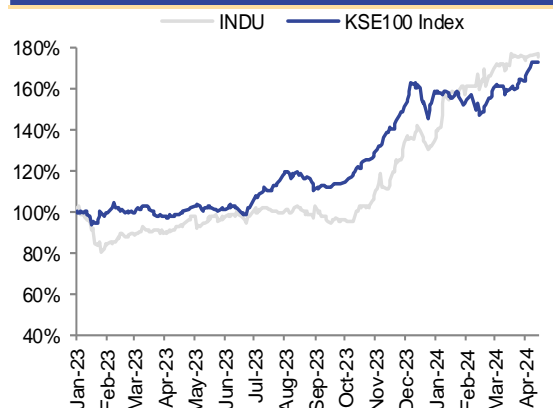
Source (s): PSX, AHL Research

Last Closing 1588.99

PSX Code INDU

Bloomberg Code INDU PA

Relative Performance



Source (s): PSX, AHL Research

Muhammad Abrar | Menka Kirpalani

muhammad.abrar@arifhabibltd.com

menka.kumari@arifhabibltd.com

UAN: +92 21 111 245 111, Ext: 255

www.arifhabibltd.com

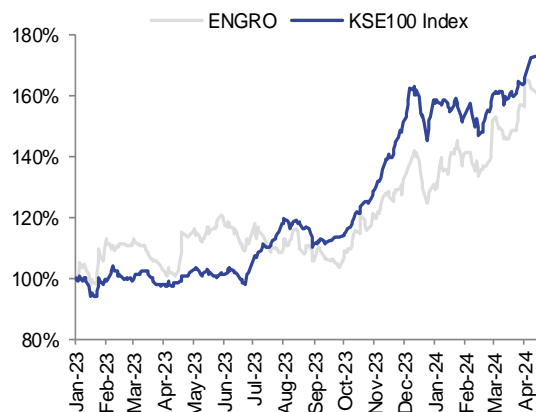
ENGRO: Bottom-line projected at PKR 16.78/share in 1QCY24

Engro Corporation Limited (ENGRO) is scheduled to announce its 1QCY24 financial result on 25th Apr'24, where we expect the company's consolidated earnings to arrive at PKR 9,006mn (EPS: PKR 16.78), depicting a massive jump of 94% YoY. On the fertilizer business front, EFERT's earnings settled at PKR 10,784mn (EPS: PKR 8.08), surging by 2x YoY during 1QCY24 owed to i) a hike in urea and DAP prices by 66% and 22% YoY, respectively, ii) a massive jump in DAP offtake by 85% YoY, and iii) fall in finance cost amid reduction in short term borrowings. Meanwhile, Engro Polymer & Chemicals Limited (EPCL) registered a loss of PKR 901mn (LPS: PKR 0.99) compared to net profit of PKR 1,183mn (EPS: PKR 1.30) due to higher gas prices and subdued PVC margins. Whereas, Engro Powergen Qadirpur Pakistan Limited (EPQL) posted a Profit after Tax of PKR 585mn (EPS: PKR 1.81) in 1QCY24, up by 33% YoY on account of 8x YoY jump in finance income. Alongside this, we expect the profitability of Elengy business to settle at PKR 1,441mn, with an assumption of handling of ~663/mmcfd of RLNG during 1QCY24, as per our estimates. Meanwhile, the contribution from Thar business (EPTL & SECMC) during 1QCY24 is anticipated to be PKR 3,487mn. In addition to the result, we expect the company to announce an interim cash dividend of PKR 12.00/share in 1QCY24.

Last Closing 364.38

PSX Code ENGRO

Bloomberg Code ENGRO PA

Relative Performance

Source (s): PSX, AHL Research

Muhammad Iqbal Jawaidiqbal.jawaid@arifhabibltd.com

UAN: +92 21 111 245 111, Ext: 255

www.arifhabibltd.com

Analyst Certification: The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec 2024 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -15% and +15% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -15% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks

The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.