

AHL Alert: Chemicals

Engro Polymer & Chemicals Limited

Result Review: 1QCY25 LPS @ PKR 0.91

Gas price hike and lower PVC margin take toll on bottom-line

Engro Polymer & Chemicals Ltd (EPCL) disclosed its 1QCY25 financial results today, registering a loss of PKR 825mn (LPS: PKR 0.91), compared to the loss PKR 901mn (LPS: PKR 0.99) in the SPLY. To recall, the company posted a profit after tax of PKR 2,128mn (EPS: PKR 2.34) in 4QCY24.

Result Highlights

- Net sales for 1QCY25 clocked in at PKR 17.9bn, depicting jump of 8% YoY | -16% QoQ, driven by higher volumetric sales, we view.
- The gross profit margin for 1QCY25 stood at 7.9%, showcasing a jump from 6.4% in 1QCY24, which in our view is due to lower depreciation charged. On a sequential basis, the gross margins observed a 617bps QoQ decline, which is majorly due to higher gas prices and weaker PVC margins.
- Finance costs plummeted by 10% YoY | 15% QoQ to PKR 1.5bn for 1QCY25, owing to decline in interest rates. Similarly, the finance cost on QoQ basis tumbled by 10%, due to aforementioned reason.
- Other income dropped by 8% YoY | 47%, reaching PKR 161mn in 1QCY25, on account of reduction in income from cash and cash balances.
- Net margins for 1QCY25 were recorded at -4.6% compared to -5.4% in 1QCY25.
- As of Mar'25, the company has cash and cash equivalents of PKR 4.4bn compared to PKR 5.1bn in Dec'24.
- The company recorded taxation charge of PKR 39mn in 1QCY25 vis-à-vis PKR 371mn in 1QCY24.

Exhibit: Financial Highlights

| (PKR mn) | 1QCY25a | 1QCY24a | YoY | 4QCY24 | QoQ |
|-------------------------|---------|---------|------|--------|------|
| Income Statement | | | | | |
| Net Revenue | 17,866 | 16,572 | 8% | 21,256 | -16% |
| Gross Profit | 1,412 | 1,066 | 32% | 2,991 | -53% |
| Other Expenses | 108 | 23 | 366% | 64 | 69% |
| Other Income | 161 | 175 | -8% | 306 | -47% |
| Finance Cost | 1,503 | 1,668 | -10% | 1,774 | -15% |
| PBT | (786) | (1,272) | nm | 901 | nm |
| Taxation | 39 | 371 | -90% | 1,226 | -97% |
| PAT | (825) | (901) | nm | 2,128 | nm |
| EPS (PKR) | (0.91) | (0.99) | | 2.34 | |
| DPS (PKR) | - | - | | - | |
| Ratio Analysis | | | | | |
| BVPS (PKR) | 29.15 | 29.24 | | 30.06 | |
| Gross Margins | 7.9% | 6.4% | | 14.1% | |
| Net Margins | -4.6% | -5.4% | | 10.0% | |
| Return on Equity | -0.3% | 31.8% | | -0.6% | |
| Return on Assets | -0.1% | 10.0% | | -0.2% | |
| Payout Ratio | 0.0% | 0.0% | | 0.0% | |
| Effective Tax | -5.0% | -29.1% | | 136.0% | |

Source (s): Company Financials, AHL Research

AHL Alert: Chemicals

Engro Polymer & Chemicals Limited

Result Review: 1QCY25 LPS @ PKR 0.91

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.