

Inv. Cos: Engro Holdings Limited
Amalgamation of Engro Connect with Deodar (Pvt) Ltd approved

- Engro Holdings Limited has announced that the Islamabad High Court, Competition Commission of Pakistan, Pakistan Telecommunication Authority, and other relevant authorities have approved the amalgamation of Engro Connect with Jazz Deodar (Pvt.) Ltd.
- To recall, Engro Corporation has entered into an amalgamation agreement with Pakistan Mobile Communications Limited (Jazz), under which its wholly owned subsidiary, Deodar (Pvt.) Ltd., will be merged into Engro Connect (Pvt.) Ltd., a 100% owned subsidiary of Engro Corporation. The scheme of arrangement will become effective from 3rd Jun'25.
- As per the terms of the agreement, ENGRO will commit to the repayment of Deodar's debt amounting to USD 375mn (PKR 106bn) along with an additional payment of USD 187.7mn (PKR 53bn) to Jazz.
- ENGRO established Engro Connect Pvt Ltd as a wholly owned subsidiary in 2021. As of Sep'24, the company has invested PKR 21bn in this business. Engro Connect owns Engro Enfrashare, subsidiary which focuses on developing connectivity infrastructure for mobile network operators in Pakistan.
- As of Dec'24, Engro Enfrashare has successfully increased its tower sites to 4,215, capturing a 52% market share among towers owned by independent tower companies. Its tenancy ratio improved to 1.26x in CY24, compared to 1.21x in CY23. The company has set a target of achieving 5,000 tower sites towards end of this year.
- Post-merger, we estimate that the ENGRO will be able to generate a revenue of PKR 42bn and PKR 44bn in CY25 and CY26, respectively, from the newly acquired towers of around ~10,500 with expected profit of PKR 1,009mn (EPS:PKR 0.83) and PKR 4,024mn (EPS: PKR 3.34) in CY25 and CY26, respectively.
- Jazz will continue to have access to Deodar's extensive infrastructure portfolio through a long-term lease agreement.

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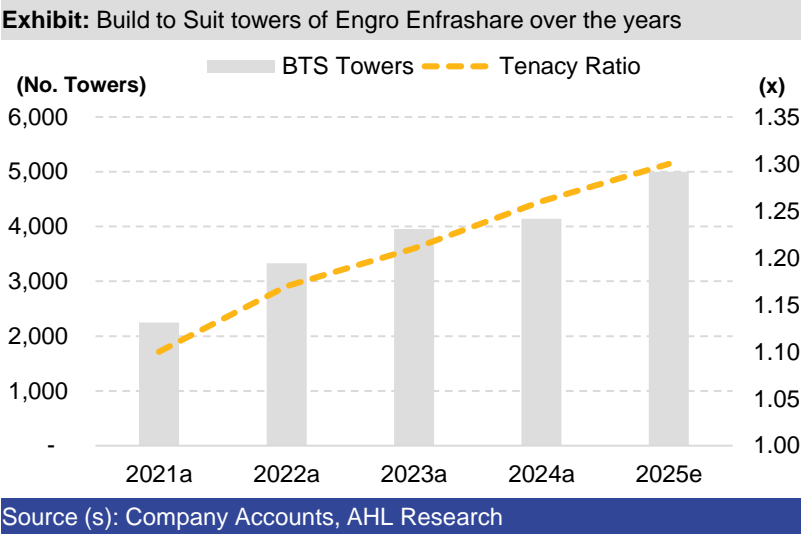


Exhibit: Impact of Deodar (Private) Limited Merger

PKR mn	CY25	CY26	CY27	CY28	CY29
Revenue	41,871	44,453	47,262	50,953	55,030
EBITDA	23,029	24,449	25,994	28,024	30,266
Depreciation	7,822	7,844	7,867	7,889	7,912
Finance cost	13,553	10,008	7,506	5,004	2,502
PBT	1,655	6,597	10,622	15,131	19,853
PAT	1,009	4,024	6,479	9,230	12,110

Source (s): AHL Research

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