

## ENGRO: CY15 EPS clocked in at PKR26.3; Final DPS PKR7.0

- ❑ ENGRO has announced its CY15 result today, wherein consolidated profit attributable to equity shareholders has clocked in at PKR13.8bn (EPS PKR26.3), up 97%. The result was in line with our expectations. Along with the results, the board has also declared final cash dividend of PKR7.0/share, taking full year payout to PKR18.0/share.
- ❑ With the result of listed subsidiaries already announced, the 97% rise in profitability during CY15 can be attributed to i) 77% rise in profits of fertilizer business, thanks to stable gas flows and commencement of USD0.7/mmbtu concessionary gas and ii) 2.6x growth in EFOODS earnings mainly due to 4.4pps higher gross margins on the back of 31% fall in average WMP prices. Further, positive contributions from EPQL, VOPAK and LNG business added to the profitability.
- ❑ On the negative side, polymer remained in loss; posting loss of PKR649mn due to subdued PVC-ethylene core delta, however the quantum of loss declined by 36% due to reversal of certain provisions. Further, expected subdued performance of rice business coupled with a hefty PKR3.4bn impairment charge has put some brakes on the bottom-line growth.
- ❑ During 4Q, profits jumped to PKR4.9bn (EPS PKR9.4), up 4.6x QoQ mainly on the back of exceptional earnings performance in fertilizer business, growing 91% QoQ. Further, profitable last quarter of EPCL along with reduced quantum of impairment charge (down 38%) strengthened the bottom-line.

ENGRO - PKR (mn)	CY14	CY15	YoY	3QCY15	4QCY15	QoQ
Net Sales	175,958	184,264	5%	37,163	59,347	60%
Gross Profit	36,189	51,495	42%	10,990	16,569	51%
Impairment	-	3,454	N.M	2,138	1,316	-38%
Financial Charges	12,344	8,425	-32%	2,018	1,913	-5%
Share from associates	723	1,019	41%	288	255	-12%
Profit before tax	10,983	25,785	135%	2,983	9,669	224%
Profit after tax*	7,007	13,784	97%	874	4,905	461%
EPS	13.4	26.3		1.7	9.4	
DPS	6.0	18.0		5.0	7.0	

Source: Company Accounts & TSL Research

\*PAT attributable to shareholders

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TP	Target Price	DDM	Dividend Discount Model
FCF	Free Cash Flows	FCFE	Free Cash Flows to Equity
FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings ratio	PBv	Price to Book ratio
BVPS	Book Value per Share	EPS	Earnings per Share
DPS	Dividend per Share	ROE	Return on Equity
ROA	Return on Assets	SOTP	Sum of the Parts