

Engro Fertilizers Limited (EFERT) - 1QCY26

Tuesday, April 21, 2026

EFERT posted PAT of PKR 3,319mn in 1QCY26, which was up by ~14.5% Y/Y, translating to an EPS of PKR 2.49 against the PKR 2.17 in the comparable period of 1QCY25. The Board has announced an interim cash dividend of PKR 2.00 per share (20%) for 1QCY26.

Topline: Net sales rose a robust 24.8% Y/Y to PKR 37,790mn, supported by improved fertilizer offtake, especially DAP, during the Rabi season and firmer retention prices.

Margins: While topline growth remained robust, it masked pressure at the gross level, with cost of sales rising 32.9% Y/Y—outpacing revenue growth—and compressing margins by ~420bps. The increase appears less driven by structural cost escalation and more by a combination of volume/mix dynamics and broader inflationary pressures, rather than a clear shift in underlying production efficiency.

Below-the-line items: Other income rose modestly to PKR 382mn (from PKR 313mn), while other operating expenses held steady at PKR 543mn. Finance cost, however, jumped 30.9% Y/Y to PKR 1,427mn, likely reflecting higher average borrowings during the quarter. A gain of PKR 130mn on subsidy receivable from the Government of Pakistan (vs. a near-negligible PKR 11mn in 1QCY25) also provided incremental bottom-line support.

Bottom line: Profit before tax came in at PKR 5,560mn (+12.9% Y/Y). With an effective tax rate broadly in line at ~40.3% (vs. ~41.2% prior year), the PAT settled at PKR 3,319mn during the first three months of the year.

Financials (PKR in mn)	1QCY26	1QCY25	Y/Y
Net sales	37,790	30,286	24.78%
Cost of sales	26,059	19,604	32.93%
Gross profit	11,731	10,682	9.82%
Selling and distribution expenses	(3,256)	(3,225)	0.97%
Administrative expenses	(1,197)	(1,236)	-3.14%
	7,278	6,221	16.98%
Other income	382	313	22.01%
Other operating expenses	(543)	(529)	2.68%
Finance cost	(1,427)	(1,090)	30.92%
(Loss)/ Gain on subsidy receivable from GoP	(130)	11	1131.20%
Profit before taxation	5,560	4,926	12.88%
Taxation	(2,242)	(2,028)	10.56%
Profit for the period	3,319	2,898	14.50%
Earnings per share	2.49	2.17	

Source: Company Financials, HMFS Research

*Consolidated

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