



## ENGROH: 3QCY25 Result Review — Earnings below expectations on higher finance cost & tax

Engro Holdings Ltd. (ENGROH) announced its 3QCY25 results, reporting consolidated earnings of Pkr6.4bn (EPS: Pkr5.35) compared to Pkr5.7bn (EPS: Pkr4.75) in SPLY, up 13%YoY. Earnings came in lower-than-expectations due to higher-than-anticipated finance cost and taxation.

- Segment wise, energy portfolio i.e., Engro Energy Ltd. (EEL) has contributed Pkr5.0bn (Pkr4.1/sh) during 3QCY25, as per our estimates.
- EFERT reported a decline of 32%YoY in earnings to Pkr5.8bn in 3QCY25, mainly due to higher repair & maintenance expense related to base plant maintenance and lower DAP sales during the quarter.
- EPCL losses contracted by 68%YoY Pkr222mn in 3QCY25 from loss of Pkr698mn in SPLY, mainly due to higher volumes, better pricing premium and decline in finance cost due to easing interest rates.
- Elengy terminal's profitability is expected to be clocked in at Pkr1.0bn. While, FCEPL contributed Pkr309mn to profitability vs. Pkr306mn in SPLY.
- Taxation during the quarter remained higher than expected, with ETR calculating to 47% from ~37% in SPLY, likely due to imposition of minimum turnover tax in Connect.
- For 9MCY25, earnings stood at Pkr42.0bn (EPS: Pkr34.9), up 4x YoY, largely due to accounting impact of Pkr27bn (Pkr22/sh) stemming from the reclassification of the energy portfolio to continued operations.
- We maintain our 'Buy' stance on ENGROH as profitability growth from the existing segments, coupled with the expansion into the telecom sector amid declining interest rate, and energy sector reforms are expected to enhance future prospects. Our Dec'25 target price for the scrip is Pkr301/sh.

### ENGROH: Income Statement (Consolidated)

PkrRmn	3QCY25	3QCY24	YoY	2QCY25	QoQ	9MCY25	9MCY24	YoY
Sales	158,606	129,387	23%	146,996	8%	406,850	380,555	7%
COGS	116,514	91,729	27%	122,111	-5%	308,226	265,428	16%
Gross Profit	42,092	37,658	12%	24,886	69%	98,624	115,126	-14%
Gross Margins	26.5%	29.1%		16.9%		24.2%	30.3%	
Opex	8,328	5,018	66%	12,239	-32%	27,396	18,136	51%
Other Income	2,117	3,725	-43%	8,314	-75%	13,903	16,221	-14%
Finance Cost	12,370	12,123	2%	11,983	3%	33,403	19,101	75%
Adj gains/-loss	418	-4,760	n.m	67,987	-99%	60,275	-29,926	n.m
Share of profit	1,323	1,592	-17%	4,107	-68%	6,114	2,195	3x
Taxation	11,383	7,410	54%	9,868	15%	27,738	40,683	-32%
NPAT *	6,443	5,722	13%	33,748	-81%	42,017	11,983	4x
EPS	5.35	4.75	-	28.02	-	34.89	9.95	-
DPS	0.00	2.23	-100%	0.00	n.m	0.00	10.69	-100%

Source: PSX & AKD Research

@1,204mn sh \*attributable to holding company shareholders

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## Valuation Methodology

To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

## New Rating Definitions

Buy > 15% expected total return  
Neutral > 0% to < 15% expected total return  
Sell < 0% expected total return

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