



ENGROH announces share buyback of 45mn shares



AKD Securities Limited

ENGROH's board has approved the buyback of up to 45mn ordinary shares through PSX at spot prices for the purpose of cancellation. This represents 3.7% of total outstanding shares and 4.7% of free float. The purchase period will be from May 7, 2026 to October 25, 2026 (both days inclusive).

Based on the last closing price, buyback size is estimated at over Pkr12bn. We believe this decision reflects the company's strong cash generation, supported by dividend inflows from EPTL, EFERT, and SECMC. Additionally, ENGROH has received an expression of interest for the acquisition of 56.2% stake in EPCL in Mar'26, which, if materialized, could further strengthen its cash position. Notably, the company has also recently divested 18.5% shareholding in EPQL during Feb'26.

Overall, the buyback is positive development for shareholder value distribution through a tax-efficient mechanism. We revise our CY26 dividend forecast from Pkr10/sh to nil, as the company is expected to distribute a similar quantum through the aforementioned buyback. To recall, company did not announce any cash dividend with its CY25 results due to funding requirements for 'Deodar' transaction.

Investment Perspective: We maintain our 'BUY' stance on ENGROH with Dec'26 TP of Pkr351/sh. Our positive outlook is underpinned by i) turnaround of telecom segment, ii) stable earnings from energy portfolio, iii) recovery in fertilizer offtakes supporting EFERT's profitability, iv) portfolio readjustment towards more value-enhancing segments.

ENGROH - Valstats

| (PkrMn) | CY24 | CY25 | CY26E | CY27E | CY28E |
|-----------------|-------|--------|-------|-------|-------|
| EPS | 18.4 | 46.4 | 50.7 | 55.0 | 60.1 |
| DPS | 10.7 | 0.0 | 0.0 | 20.0 | 21.0 |
| BVS | 123.8 | 172.2 | 208.2 | 243.3 | 282.4 |
| PE | 8.2 | 5.9 | 5.4 | 4.9 | 4.5 |
| Dividend Yield | 7.1% | 0.0% | 0.0% | 7.4% | 7.7% |
| P/BVS(x) | 1.2 | 1.6 | 1.3 | 1.1 | 1.0 |
| Earnings Growth | 5.3% | 152.5% | 9.3% | 8.5% | 9.2% |
| ROE | 14.9% | 27.0% | 24.4% | 22.6% | 21.3% |

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Source: PSX and AKD Research

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271.8
Price
(Pkr/sh)



1,204.2
Shares (mn)



327,358.4
Market
Capitalization
(PkrMn)



1,171.8
Market
Capitalization
(USDmn)



3.5
3M Avg
Turnover (mn)



926.4
3M Avg DT Value
(PkrMn)

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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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