



Engro Corporation

H1 2024 Analyst Briefing

August 2024





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Company Profile: [Click here](#)

Agenda

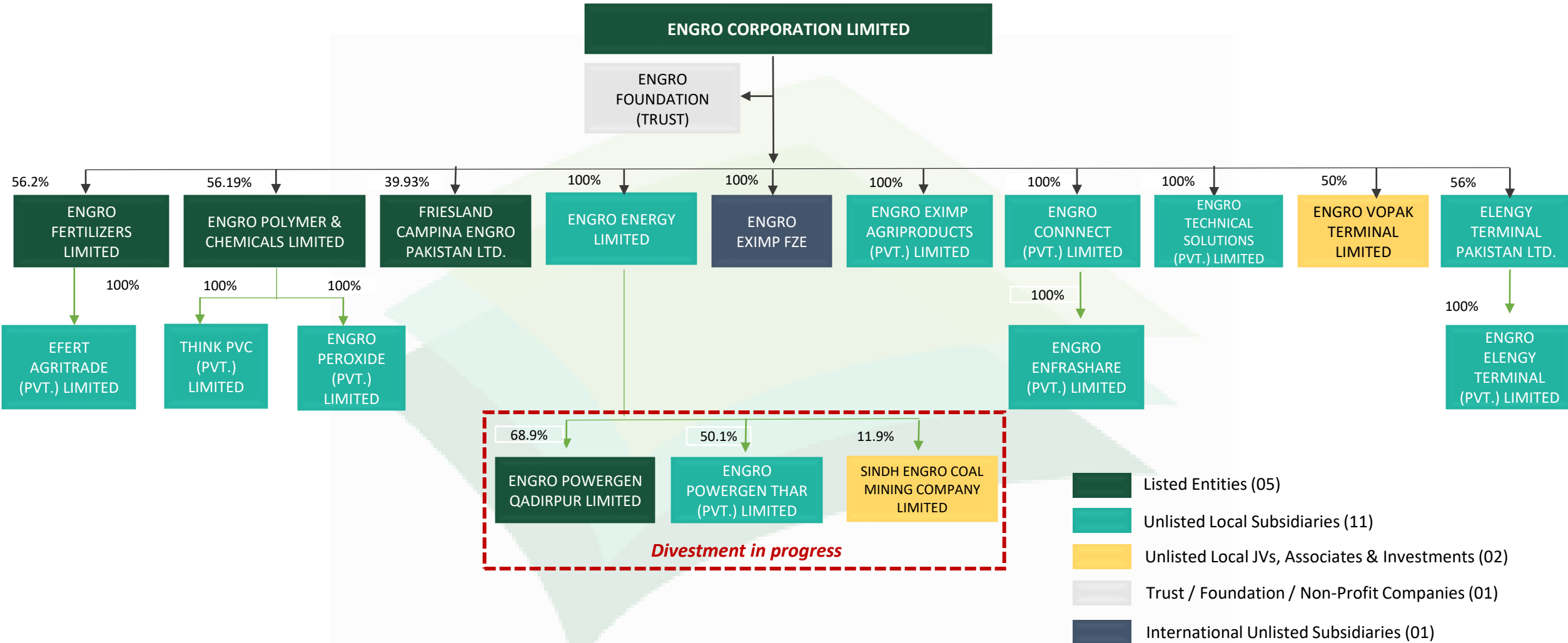
| | | |
|---|----------|--|
|  | 1 | Group Overview |
|  | 2 | Pakistan Economy |
|  | 3 | Key Achievements during 1H 2024 |
|  | 4 | Financial Highlights & Other Key Information |
|  | 5 | Awards & Sustainability |
|  | 6 | Q&A Session |





Group Overview

Companies and Legal Entities within Engro Corporation





Despite IMF Agreement and structural reforms in place, Pakistan remains on protracted path towards economic stability

1H 2024 – Signs of improvement amidst few challenges



IMF ~ \$1.1bn disbursement, CAD remained under control



Monetary easing by GoP, policy rate reduced to **19.5%**



The **KSE 100** Index hits a **record high of 81,839** points



Inflation eased, but **cost pressures remained high** due to the elevated base effect



Depressed domestic demand due to distorted farmers' economics and reduced purchasing power



Elections successfully concluded with smooth transition of power



Rising utility prices / living expenses, increased tax burden fueling **brain drain** from the country

2H 2024 – Economic environment to remain challenging



Improvement in forex position to **ease pressure on currency**; PKR/USD expected to remain stable



Interest rates **may further reduce**, however, **financing cost to remain high** compared to historical levels



Considering near term macro-outlook, **stock market to remain positive**



Inflation to ease on the back of past monetary measures, **cost pressures to remain elevated**



Demand recovery for elastic goods on back of inflation ease



Govt to focus on implementation of **structural reforms in compliance with IMF**



Public frustration is mounting as living conditions continue to deteriorate



Key Group Achievements during H1 2024

Leveraging improving macroeconomic conditions, the Group is resiliently positioned to remain on course to deliver exceptional performance



Performance Excellence

- **EnVen plant** successfully completed a major **turnaround** to ensure long-term reliability.
- Fertilizer business achieved **import substitution of USD 271 mn** and provided a **discount of 22%** to **international urea prices**.
- **Contributed 15% towards gas supply** of Country
- **Contributed PKR 44 bn to government** exchequer
- **Contributed 2,041 GWH** to the national grid



Capital Allocation

- **Restructuring with Dawood Hercules** – The scheme of arrangement filed by Engro Corp, DH Corp and DH Partners limited before the Islamabad High Court has been sanctioned. The effective date of the scheme of arrangement will be January 01, 2025.
- **Thermal Divestments** – The transaction is in-progress and remains subject to stakeholders' approval.
- Tower footprint expanded to **4,063 sites**, capturing **52% of the ITC market**.



Awards & Recognition

- 6th OICCI Women Empowerment Award for '**Conductive Workplace Environment**'
- Two awards for **Best Emerging Technology and Big Data Analytics**
- Recognized at Pakistan Digital Award for **Best Aerial & Underwater Robots**
- Recognized Internationally with IFA Green Leaf Award for **Safety and Sustainability**

[\(Details ahead\)](#)



Financial Highlights – H1 2024

Consolidated Financial Highlights

As per Statutory Financial Statements

| | | |
|----------------------------------|--------------------------------|------------------------------------|
| Revenue | Profitability – Owners' share | EPS |
| PKR 179 bn ↑ 22% vs LY | PKR 6 bn ↓ 42% vs LY | PKR 11.67 ↓ vs. 19.54 LY |

Last year's profitability includes profit from energy vertical

Profits from Continued Operations

| | |
|--------------------------------|----------------------------------|
| Profitability – Owners' share | EPS |
| PKR 5 bn ↑ 83% vs LY | PKR 9.09 ↑ vs. 4.81 LY |

Standalone Financial Highlights

| | | |
|-----------------------------------|-----------------------------------|-------------------------------------|
| Dividend & Royalty Income | Profitability | EPS |
| PKR 16.8 bn ↑ 38% vs LY | PKR 14.2 bn ↑ 50% vs LY | PKR 26.46 ↑ PKR. 17.09 LY |

Highlights

Consolidated

Higher profitability from continued operations is attributable to:

- 17% higher Phosphates volume and 41% growth in specialty fertilizer volume
- Higher earnings from dollar denominated businesses
- Efficiencies derived through cost optimization

Partially netted off by:

- Lower PVC demand due to muted construction activities and lower core delta
- Increase in energy prices and cost of doing business







































Standalone

Higher profitability mainly due to:

- Higher dividends from fertilizer business
- Cost optimization initiatives



Portfolio Performance – Petrochemicals

| Company | KPI | Highlights | | | | | | | | | |
|--|--|--|-----------------|---|---|-----------------------|--|---|----------------------|--|--|
|  <p>Engro Fertilizers Limited</p> | <table border="1"> <tr> <td data-bbox="606 368 708 486">  </td> <td data-bbox="708 368 886 486">Revenue PKR.</td> <td data-bbox="886 368 1217 486"> 113bn 37% vs LY  </td> </tr> <tr> <td data-bbox="606 486 708 605">  </td> <td data-bbox="708 486 886 605">Profitability PKR.</td> <td data-bbox="886 486 1217 605"> 9.4bn 73% vs LY  </td> </tr> <tr> <td data-bbox="606 605 708 701">  </td> <td data-bbox="708 605 886 701">Urea Volumes (KT)</td> <td data-bbox="886 605 1217 701"> 855KT -17% vs LY  </td> </tr> </table> |  | Revenue PKR. | 113bn 37% vs LY  |  | Profitability PKR. | 9.4bn 73% vs LY  |  | Urea Volumes (KT) | 855KT -17% vs LY  | <ul style="list-style-type: none"> Higher profitability due to increased DAP and specialty fertilizer volumes Ensured availability of urea to farmers at a discount of 22% over int. prices Business enabled import substitution of ~USD 271Mn <p>Outlook</p> <ul style="list-style-type: none"> Specialty Fertilizers demand may be impacted on account of deteriorating farm economics |
|  | Revenue PKR. | 113bn 37% vs LY  | | | | | | | | | |
|  | Profitability PKR. | 9.4bn 73% vs LY  | | | | | | | | | |
|  | Urea Volumes (KT) | 855KT -17% vs LY  | | | | | | | | | |
|  <p>Engro Polymers Limited</p> | <table border="1"> <tr> <td data-bbox="606 896 708 1015">  </td> <td data-bbox="708 896 886 1015">Revenue PKR.</td> <td data-bbox="886 896 1217 1015"> 34bn -7% vs LY  </td> </tr> <tr> <td data-bbox="606 1015 708 1133">  </td> <td data-bbox="708 1015 886 1133">Profitability PKR.</td> <td data-bbox="886 1015 1217 1133"> -1.6bn -158% vs LY  </td> </tr> <tr> <td data-bbox="606 1133 708 1229">  </td> <td data-bbox="708 1133 886 1229">Domestic Sales</td> <td data-bbox="886 1133 1217 1229"> 95KT vs. 92KT LY  </td> </tr> </table> |  | Revenue PKR. | 34bn -7% vs LY  |  | Profitability PKR. | -1.6bn -158% vs LY  |  | Domestic Sales | 95KT vs. 92KT LY  | <ul style="list-style-type: none"> Loss due to significant decline in global commodity prices, high energy costs and elevated financing cost coupled with subdued domestic construction activities Despite challenges in domestic market, EPCL delivered consistent domestics volumes at 95kT <p>Outlook</p> <ul style="list-style-type: none"> With muted demand in India and China, international prices are expected to remain bearish Domestic PVC market to remain under pressure |
|  | Revenue PKR. | 34bn -7% vs LY  | | | | | | | | | |
|  | Profitability PKR. | -1.6bn -158% vs LY  | | | | | | | | | |
|  | Domestic Sales | 95KT vs. 92KT LY  | | | | | | | | | |






Portfolio Performance – Terminals & Connectivity

| Company | KPI | Highlights |
|---------|-----|------------|
|---------|-----|------------|

Engro Elengy & Vopak



| | | | |
|---|-------------------------|--------------------|---|
|  | Chemical handled | 711KT 58% vs LY | ↑ |
|  | LPG Market Share (adj.) | 66% vs. 66% LY | ↔ |
|  | % of total gas demand | 13% - 15% | |

- Higher chemical volumes handled driven by **relative ease in LC opening** compared to the same period last year and higher LPG marine imports resulting from **proactive commercial efforts**
- The LNG terminal **handled 36 cargoes** this year with availability over 97%
- Profitability remains strong driven by **dollar denominated earnings**

Outlook

- Considering ease in imports and proactive efforts, chemical handling **likely to normalize** in the current year

Engro Enfrashare Limited



| | | | |
|---|-------------------|-----------------------|---|
|  | Operational Sites | 4,063 12% vs LY | ↑ |
|  | Tenancy Ratio | 1.23x vs. 1.18x LY | ↑ |















- Captured **31% of the ITC colocations market**
- Tower footprint increased by **adding 111 towers**, achieve a **market share of 52% in the ITC market**

Outlook

- Continue to **increase footprint** across Pakistan
- Incentivize colocation** to enable better coverage across Pakistan
- Interest rates** may continue to challenge in shorter term due to high base effect



Portfolio Performance – Energy & FZE (Trading)

| Company | KPI | Highlights | | | | |
|--|--|--|--|--|--|--|
| <div data-bbox="71 365 535 425" data-label="Section-Header"> <h3>Engro Energy Limited</h3> </div>  | <table border="1"> <tr> <td data-bbox="606 365 894 515">  <p>EPQL Profitability PKR.</p> </td> <td data-bbox="894 365 1217 515"> <p>1.6bn 33% vs LY</p> <p>↑</p> </td> </tr> <tr> <td data-bbox="606 515 894 672">  <p>Dispatch GWH¹</p> </td> <td data-bbox="894 515 1217 672"> <p>2,041 vs 1,960 LY</p> <p>↑</p> </td> </tr> </table> |  <p>EPQL Profitability PKR.</p> | <p>1.6bn 33% vs LY</p> <p>↑</p> |  <p>Dispatch GWH¹</p> | <p>2,041 vs 1,960 LY</p> <p>↑</p> | <ul style="list-style-type: none"> • EPQL higher profitability attributable to efficient plant operations and higher interest income. • EPQL Generation License acquired to include gas from Badar field as an alternate fuel. • Mining operations continued smoothly |
|  <p>EPQL Profitability PKR.</p> | <p>1.6bn 33% vs LY</p> <p>↑</p> | | | | | |
|  <p>Dispatch GWH¹</p> | <p>2,041 vs 1,960 LY</p> <p>↑</p> | | | | | |
| <p>The divestment transaction is in-progress and the process of obtaining stakeholders' approval for transaction execution is underway.</p> | | | | | | |
| <div data-bbox="71 933 535 993" data-label="Section-Header"> <h3>Engro Eximp FZE</h3> </div>  | <table border="1"> <tr> <td data-bbox="606 979 894 1129">  <p>Revenue (USD Mn)</p> </td> <td data-bbox="894 979 1217 1129"> <p>201 29% vs LY</p> <p>↑</p> </td> </tr> <tr> <td data-bbox="606 1129 894 1282">  <p>Total trade Volume (KT)</p> </td> <td data-bbox="894 1129 1217 1282"> <p>331 25% vs LY</p> <p>↑</p> </td> </tr> </table> |  <p>Revenue (USD Mn)</p> | <p>201 29% vs LY</p> <p>↑</p> |  <p>Total trade Volume (KT)</p> | <p>331 25% vs LY</p> <p>↑</p> | <ul style="list-style-type: none"> • Strong focus on securing third party trades – 3P ratio improved to 23% versus 15% last year. • Successfully secured first ever 3P DAP cargo in Pakistan. <p>Outlook</p> <ul style="list-style-type: none"> • Continue to expand our footprint in the Global Trade Market. • Actively pursuing opportunities in the non-captive space |
|  <p>Revenue (USD Mn)</p> | <p>201 29% vs LY</p> <p>↑</p> | | | | | |
|  <p>Total trade Volume (KT)</p> | <p>331 25% vs LY</p> <p>↑</p> | | | | | |



Portfolio Performance – Foods

| Company | KPI | Highlights |
|---------|-----|------------|
|---------|-----|------------|

Friesland Campina Engro



Revenue
PKR.

55bn
17% vs LY



Profitability
PKR.

1.3bn
-7% vs. LY



- Achieved **topline growth** on the back of **favorable portfolio mix and expansion of retail network**
- Decline in profitability is mainly due to significant **increase in interest costs**

Outlook

- The imposition of **sales tax** on packaged milk will add **financial strain** on consumers
- Continue driving efficiencies** across the value chain to deliver growth in challenging macro environment.



Awards and Recognition



June 11, 2024

Engro Polymer and Chemicals has won two awards at Pakistan Digital Awards 2024 for Best Emerging Technology and Big Data Analytics, highlighting innovation in 3D modeling and hazard management.



May 8, 2024

Engro is honored with the 6th OICCI Women Empowerment Award for 'Conductive Workplace Environment 2023



May 23, 2024

Engro Fertilizers Recognized Internationally with IFA Green Leaf Award 2024 for Safety and Sustainability



June 11, 2024

Engro Fertilizers won Clarisync's 2024 Best Web/App Market Award for pioneering in-app dealer payments on PC and Android.



May 24, 2024

Engro VOPAK Terminals Limited has been recognized at Vopak Flow Forward Global Awards for WeConnect Foundation Award acknowledging long term project Uraan.



June 11, 2024

Engro Vopak is recognized at the 2024 Pakistan Digital Award for Best Aerial & Underwater Robots, showcasing innovation and excellence.

















May 24, 2024

Engro VOPAK Terminals Limited has been recognized at Vopak Flow Forward Global Awards for Global Service Award.

Click on these links for details: [Website](#)



Sustainability Initiatives

| | | | | | |
|--|--|---|--|--|--|
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Environment</p> |  <p>Water Conservation</p> |  <p>Biodiversity Preservation</p> |  <p>Energy Efficiency</p> |  <p>Waste Management</p> |  <p>Nature-based Solutions</p> |
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Society</p> |  <p>Agriculture and Food Security</p> |  <p>Education & Skills Development</p> |  <p>Livelihood & Capacity Building</p> |  <p>Healthcare Services & Infrastructure</p> | |
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Our People and Business</p> |  <p>Employee Wellbeing and Benefits</p> |  <p>Health & Safety</p> |  <p>Diversity Equity & Inclusion</p> |  <p>Governance and Compliance</p> |  <p>Digitalization and Technology</p> |





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