EPCL: 3QCY26 LPS clocked-in at PKR 1.45; LAT down 2.1xQoQ

TAURUS SECURITIES LIMITED
A Subsidiary of National Bank of Pakistan

Flashnote: Chemical – Engro Polymer & Chemicals Limited (EPCL) - Result Review

Wednesday, October 21, 2026

- **Board Meeting:** Tuesday, October 20, 2026
- **3QCY26 LPS:** PKR 1.45; **DPS:** NIL; **LAT:** PKR 1.3Bn—below expectation.
- **9MCY26 EPS:** PKR 0.44; **DPS:** NIL; **PAT:** PKR 399Mn.
- During 3QCY26, net sales clocked-in at ~PKR 25.5Bn, up 29%YoY and 53%QoQ. On a sequential basis, gross margin declined to ~2%, mainly due to increased cost of sales—expensive raw material and captive gas. Moreover, other income declined 69%QoQ, normalizing after a one-time SIDC reversal booked in the prior quarter. Concurrently, the absence of tax reversals that supported the preceding quarter caused taxation to surge 2.3xQoQ as well.
- To note, core delta (PVC-Ethylene) for the quarter was averaging around ~USD 316/ton, up 14%YoY. Additionally, the International PVC prices averaged at USD 809/ton, up 16%YoY and Ethylene prices averaged at USD 987/ton, up 18%YoY during the quarter—amid continued ME conflict and volatility in oil prices.

EPCL Result Review 3QCY26

PKR Mn	3QCY26A	3QCY25A	YoY	2QCY26A	QoQ	9MCY26A	9MCY25A	YoY
Net sales	25,459	19,680	29%	16,668	53%	63,944	57,079	12%
Cost of sales	(24,941)	(17,227)	45%	(14,713)	70%	(58,877)	(53,031)	11%
Gross profit	518	2,453	-79%	1,955	-73%	5,067	4,048	25%
Other income	545	55	8.9x	1,732	-69%	2,719	569	3.8x
Operating profit	313	1,571	80%	3,001	-90%	5,613	1,809	2.1x
Finance Cost	(1,975)	(1,421)	39%	(1,893)	4%	(5,639)	(4,420)	28%
Profit before tax	(1,663)	150	-12.1x	1,108	-2.5x	(26)	(2,611)	1.0x
Taxation	347	159	1.2x	105	2.3x	425	(222)	2.9x
Profit after tax	**(1,315)**	**(9)**	**NM**	**1,213**	**-2.1x**	**399**	**(2,833)**	**1.1x**
EPS	(1.45)	(0.01)		1.33		0.44	(3.12)	
DPS	-	-		-		-	-	

Source: Company Accounts & TSL Research

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- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S, EV/EBITDA, EV/Revenue etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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TP	Target Price	**DCF**	Discounted Cash Flow	**FCF**	Free Cash Flows
FCFE	Free Cash Flows to Equity	**FCFF**	Free Cash Flows to Firm	**DDM**	Dividend Discount Model
SOTP	Sum of the Parts	**P/E**	Price to Earnings ratio	**P/BVPS**	Price to Book ratio
P/S	Price to Sales	**EVA**	Economic Valued Added	**BVPS**	Book Value per Share
EPS	Earnings per Share	**DPS**	Dividend per Share	**DY**	Dividend Yield
ROE	Return on Equity	**ROA**	Return on Assets	**JPB**	Justified Price to Book

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