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ENGROH — 9MCY26 Analyst Briefing Takeaways

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Engro Holdings Ltd. (ENGROH) held its analyst briefing today to discuss their 9MCY26 performance and future outlook. Here are the key highlights from the call:

- Company reported consolidated earnings of PkR29.1bn (EPS: PkR24.3) in 9MCY26, up 36%YoY from PkR21.4bn (EPS: PkR17.8) in SPLY, excluding one-off impacts from energy segment, as company reclassified its energy business from 'held for sale' back to continuous profits from 2QCY25 amid termination of sale of thermal assets in Apr'25.
- The growth in recurring earnings was largely due to inclusion of Deodar in Connect portfolio for entire 9 months vs. 4 months in SPLY, along with improvement in fertilizer, energy, polymer, and food segment, which was partially offset by terminal segment amid increased minimum tax and declining LNG imports amid ME conflict.
- Segment-wise, fertilizer segment's profitability contributed PkR9.1bn (up 14%YoY) in 9M due to higher Urea margins amid increase in prices, along with remeasurement gain on SIDC.
- Management expects industry demand for Urea at 6.3-6.5mn tons in CY27, which will lower company's elevated inventory. However, DAP is expected to remain volatile amid Strait of Hormuz disruption.
- Telecom segment posted profitability of PkR5.8bn in 9M vs. PkR2.3bn in SPLY (excluding one-off impact). Additionally, Engro Connect leads the market with 15.4k sites, while its tenancy ratio hovers at ~1.4x from 1.3x in Mar'26, with 3.5k sites solarized.
- Management is optimistic about increasing 5G adoption, with the segment expected to increase its footprint with multiple orders of upgradation received already. Moreover, completion of Ufone-Telenor merger is further expected to increase demand for upgradation, with tenancy ratio expected to exceed 1.4 by year-end.
- Energy segment contributed PkR13.0bn in 9M profitability (vs PkR10.2bn in SPLY - excluding one-off impact), led by healthy collections and improved load factor. Meanwhile, mining operations continued smoothly with Phase-III expansion commenced, thereby increasing mine capacity to 11.2mn tons.
- Regarding Polymer segment, management highlighted contribution in profitability of PkR176mn vs. a loss of PkR1.9bn in SPLY, due to higher global PVC prices and increase in volumes. While relief in cost side from reduced captive gas levy supported margins.
- Management informed that the transaction with Noventra Limited (formally Lotte Chemical Pakistan Ltd) for EPCL is expected to finalize by end-1QCY27.
- Engro Terminal business contribution in profitability was reported at PkR1.1bn in 9M vs PkR1.6bn in SPLY. The business witnessed lower LNG imports, while reduced utilization and lower chemical handling volumes also contributed to the decline. Management highlighted that the risk remains amid geopolitical uncertainty.
- Moreover, Vopak's new agreement involved an upfront payment to PQA, weighing on profitability relative to the previous agreement due to higher finance costs on associated borrowings.
- EXIMP FZE revenues increased by 19%YoY to US$548mn during 9MCY26, with total volume of 668k tons vs. 637k tons in SPLY. Profitability improved due to volumetric growth and improved margins despite supply chain disruptions and geopolitical volatility.
- FCEPL's bottom line rose to PkR6.5bn in 9M vs PkR2.1bn in SPLY, due to addition of value-added products, pricing actions and cost optimization. Management emphasized that demand may face near term pressure due to constrained consumer purchasing power, while higher sales tax also remains a challenge.
- Management confirmed completion of the buyback, with acquisitions and expansions remaining priorities for free cash flow deployment, while further buybacks remain an option to maximize shareholder value.
- We have a 'BUY' stance on ENGROH with Dec'26 TP of PkR351. Our positive outlook is underpinned by i) turnaround of telecom segment, ii) stable earnings from energy portfolio, and iii) recovery in fertilizer offtakes supporting EFERT's profitability.

264.9	1,204.2
Price (PkR/sh)	Shares (mn)
318,977.0	1,152.5
Market Capitalization (PkRmn)	Market Capitalization (USDmn)
1.089	289.4
3M Avg Turnover (mn)	3M Avg DT Value(PkRmn)

Price Performance

264.9	1.0%	245.5
HIGH	1 Month	LOW
298.0	15.6%	210.5
HIGH	52 Week	LOW

Source: PSX & AKD Research

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NEUTRAL > 0% to < 15% expected total return

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