

HBL, MEBL & EFERT: 9MCY21E Result Previews

HBL expected to announce earnings of Pkr18.1/sh – flat on a YOY basis: Habib Bank Limited (HBL) is set to announce its 9MCY21 results on Oct 15, 2021 where we expect the bank to post NPAT of Pkr27.2bn (EPS: Pkr18.1) compared to NPAT of Pkr25.2bn (EPS: Pkr17.2) in the same period last year. For 3QCY21, earnings are expected to be recorded at Pkr6.1/sh, down 3.5/9.3% QoQ/YoY where the sequential decline in earnings is attributable to possible absence of capital gains (2QCY21: Pkr1.6bn, EPS contribution: Pkr0.45) – cumulative non-funded income is expected to diminish by 25.6%QoQ. Net Interest Income (NII) of the bank is expected to improve 6.1%QoQ benefitting from strong balance sheet as seen industry-wide. Together with the result, the bank is expected to announce a dividend of Pkr1.75/sh, taking cumulative payout for CYTD to Pkr5.25/sh.

HBL: EPS Estimate

(Pkrmn)	9MCY21E	9MCY20	YoY	3QCY21E	QoQ	YoY
NPAT	27,172	25,272	7.5%	9,142	-3.5%	-9.3%
EPS (Pkr)	18.14	17.17	-	6.10	-	-
DPS (Pkr)	5.25	1.25	-	1.75	-	-

Source: Company Report & AKD Research

MEBL to announce 9MCY21 earnings of Pkr11.85/sh – DPS: Pkr1.5/sh: Meezan Bank Limited's (MEBL) BOD is scheduled for Oct 14, 2021 to announce 9MCY21 results. In this regard, we expect the bank to post NPAT of Pkr19.5bn (EPS: Pkr11.85) during this period as against NPAT of Pkr18.5bn (EPS: Pkr11.2) in the same period last year. On a quarterly basis, 3QCY21 earnings is likely to stand at Pkr4.0/sh, down 2.2%QoQ/3.6%YoY where the sequential downtick comes after incorporating higher tax liability in 3QCY21 on account of changes in tax regime (MEBL in contrast to other major banks did not realize higher tax expense in 2QCY21). Effective tax rate for 3QCY21 is assumed at 45.0% compared to 38.2% in the same period last year. NII is expected to jump 10.8%QoQ primarily driven by robust balance sheet growth amid stable net spread of 4.8%. Along with the result, the bank is expected to announce a dividend of Pkr1.5/sh, taking bonus adjusted interim dividend payouts to Pkr4.2/sh.

MEBL: EPS Estimate

(Pkrmn)	9MCY21E	9MCY20	YoY	3QCY21E	QoQ	YoY
NPAT	19,530	18,460	5.8%	6,628	-2.2%	-3.6%
EPS (Pkr)	11.85	11.24	-	4.02	-	-
DPS (Pkr)	4.2	3.6	-	1.5	-	-

Source: Company Report & AKD Research

Engro Fertilizers Limited (EFERT) is expected to announce NPAT of Pkr4.42bn (EPS: Pkr3.32) in 3QCY21, down 7%QoQ and 37%YoY. This will take 9MCY21 NPAT to Pkr14.94bn (EPS: Pkr11.19), up 30%YoY. Despite an increase in Urea offtake by 53%QoQ, the sequential decline in earnings is expected as we record gas price at non concessionary rates (at concessionary gas rates, our earnings estimate comes out at Pkr4.00/sh) whereas the gross margin is expected to clock in at 32% vs 38% in 2QCY21. The increase in 9MCY21 earnings is expected to emanate from (i) 12%YoY higher offtake in Urea due to low base on account of staggered decline in prices of Urea in 1QCY20, and ii) 54%YoY contraction in finance cost in light of low interest rate environment. The company has paid out a dividend of Pkr8.0/sh in 1HCY21 vs Pkr4.0/sh in 1HCY20. We therefore expect third interim payout to stand at Pkr3.0/sh, taking cumulative payout to Pkr11.0/sh (vs 9MCY20 payout of Pkr9.0/sh). Going forward, we expect healthy EBITDA margins to enable the company to maintain its historical payout ratio of 75%+, despite upcoming GIDC payments as per Supreme Court's decision. Our TP of Pkr74.7/sh implies an upside of 6% and DY 15% taking the total return to 21% - Buy!

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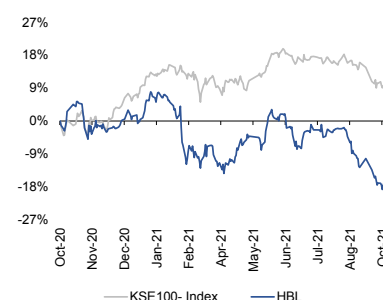
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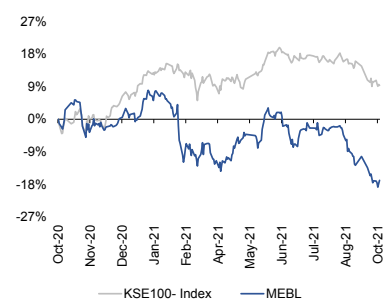
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KSE100 Index vs. HBL



KSE100 Index vs. MEBL



Source: PSX & AKD Research

EFERT: EPS Estimate

	3QCY21E	3QCY20A	YoY%	2QCY21A	QoQ%
Net Sales	32,285	37,435	-13.8%	25,916	24.6%
Cost of sales	21,841	26,592	-17.9%	16,065	36.0%
Gross profit	10,444	10,843	-3.7%	9,851	6.0%
GMs	32.3%	29.0%	N/A	38%	N/A
Other income	348	501	-30.5%	492	-29.1%
PBT	6,243	7,203	-13.3%	6,633	-5.9%
tax	1,817	169	972.8%	1,866	-2.6%
NPAT	4,427	7,034	-37.1%	4,768	-7.2%
EPS	3.3	5.3	-37.1%	3.6	-7.2%

Source: Company Report & AKD Research



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