



Corporate Briefing

For the period ended
September 30, 2020

October 29, 2020



01

**Financial
Review**

September 30, 2020

02

**Business
Expansion**

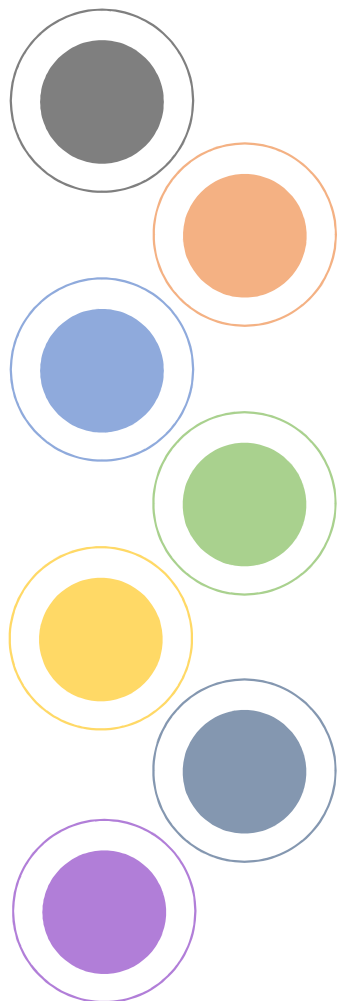
03

**Future
Outlook**

04

**Questions &
Answers
session**

Business Environment



The year 2020 started with balanced urea market conditions with low inventories

Selling prices of urea were reduced in response to the reduction in GIDC rates by the Government

Prices of urea were reduced despite significant absorption by Company, for the benefit of farming community

COVID-19 negatively impacted economic environment

The interest rates registered a steep decline during the period

Fuel prices also decreased. Partial implementation of axle load regulation

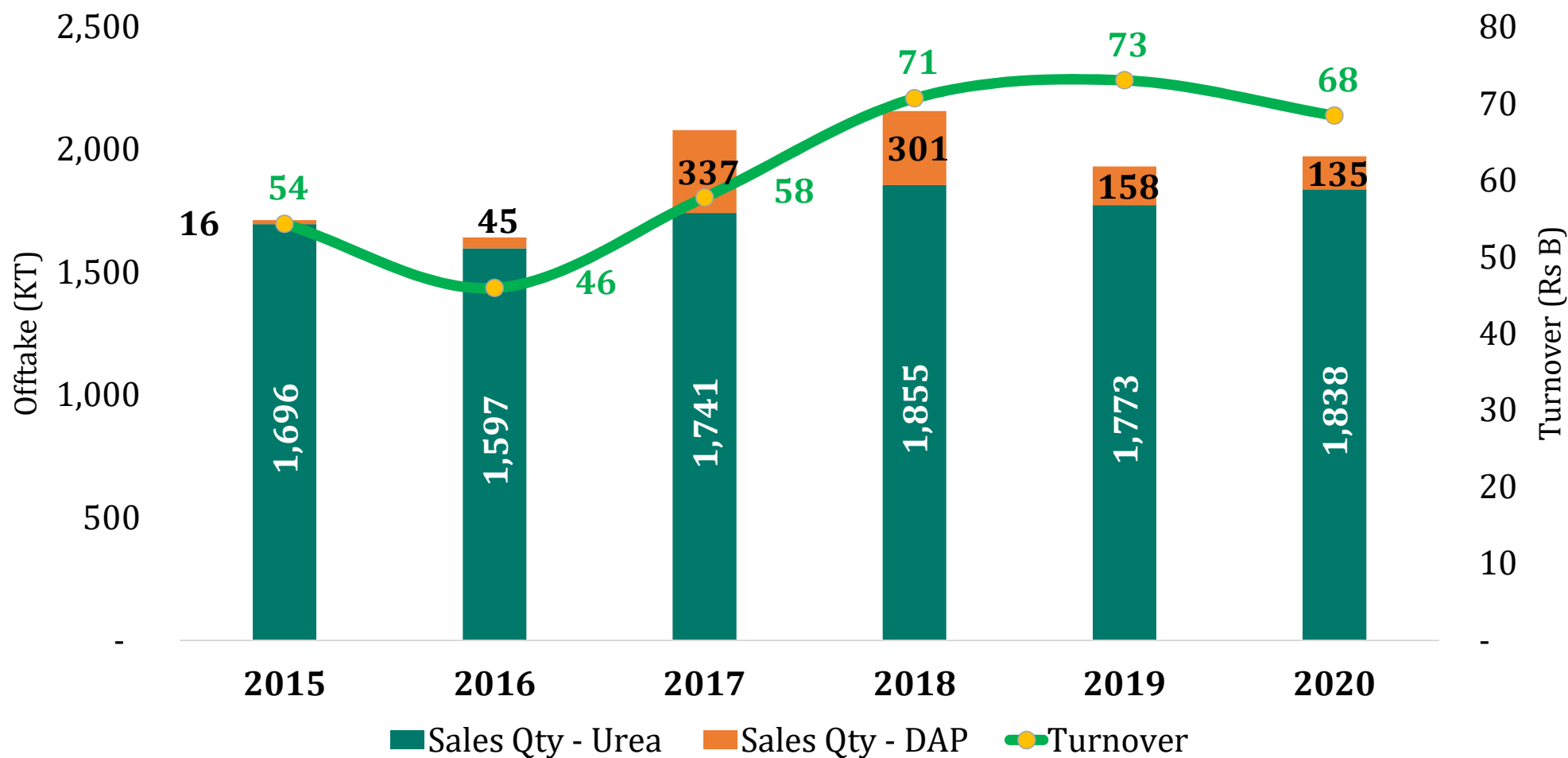
GIDC case – Supreme Court has ordered payment of GIDC liability. Review petition filed by the Company

Sona Urea Production - KT (Jan to Sep)

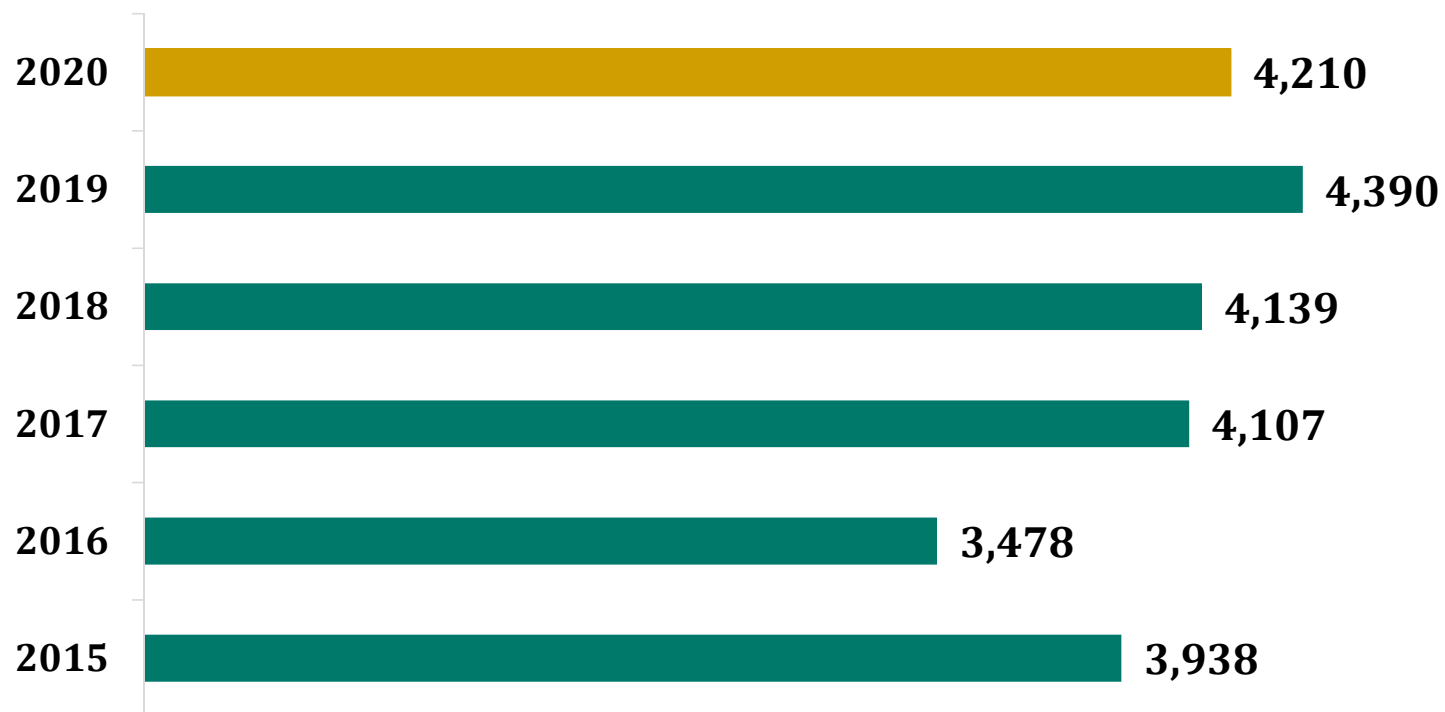


2% higher vs 2019

Fertilizer Offtake and Turnover (Jan to Sep)



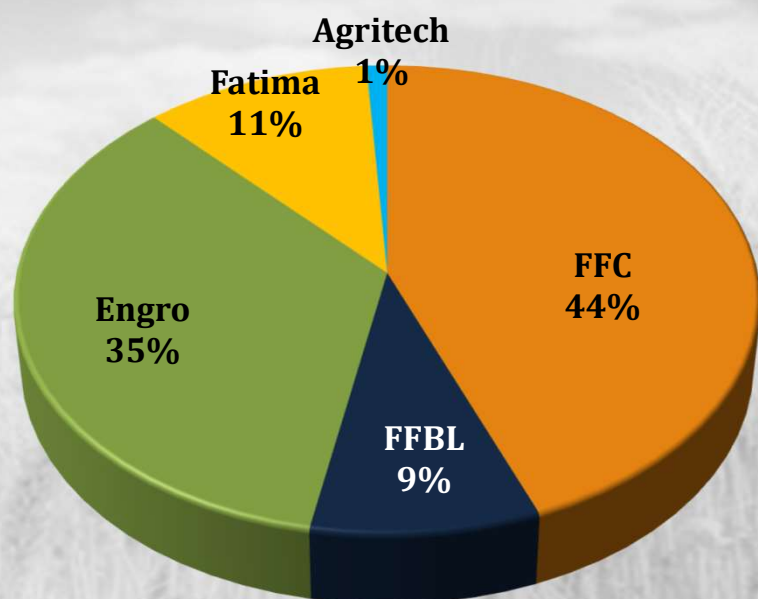
Industry Urea Sales – Jan to Sep



▼ 4% lower vs 2019

Urea Market share – Jan to Sep

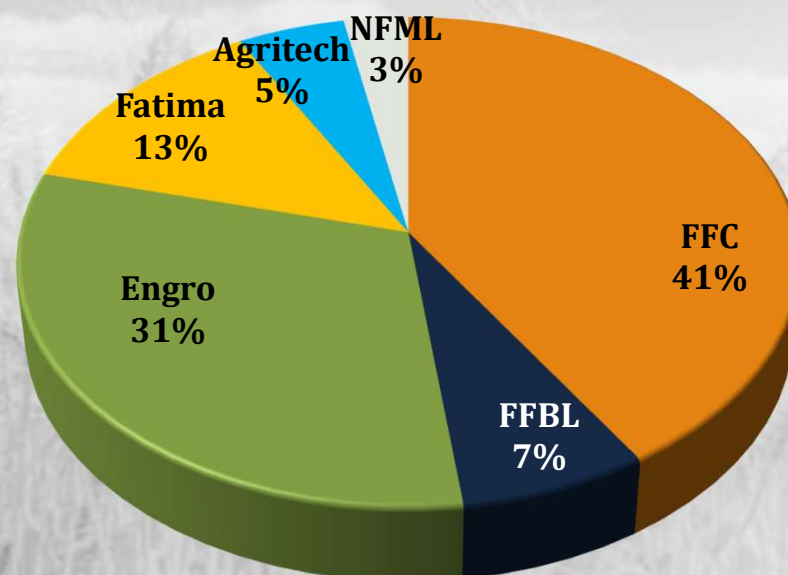
2020



4,210 Kt

FFC+FFBL: 53%

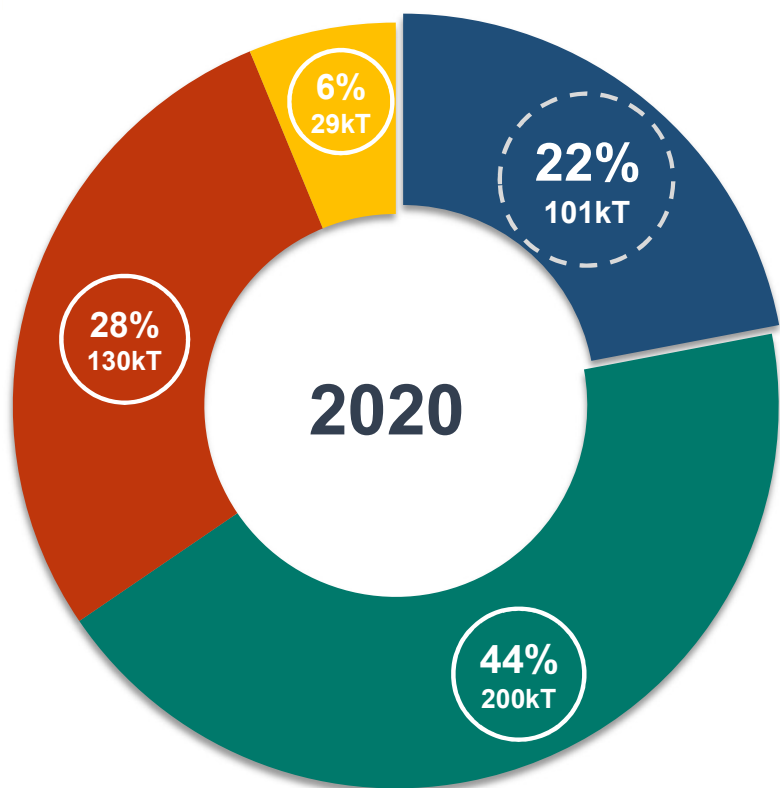
2019



4,390 Kt

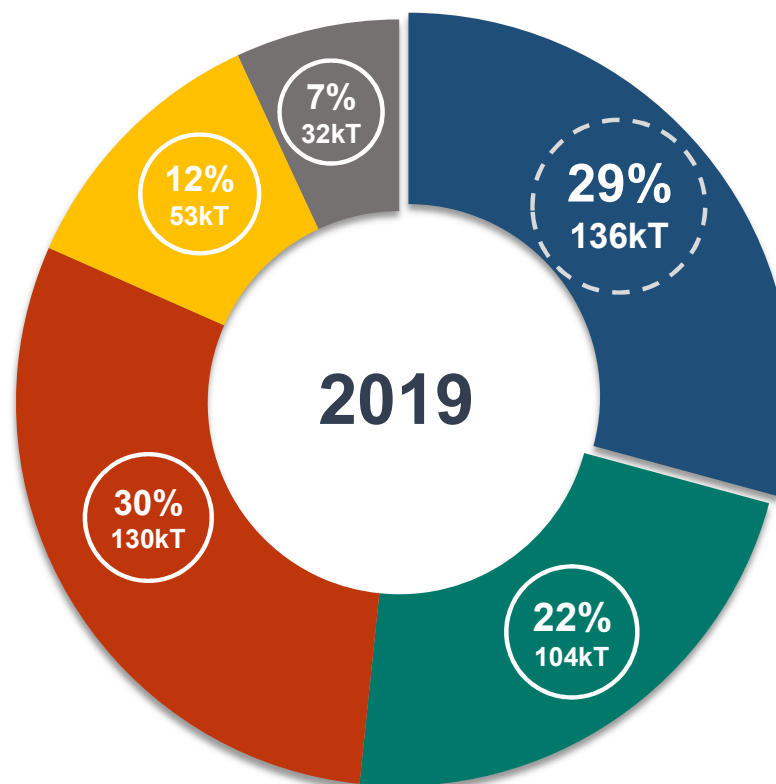
FFC+FFBL: 48%

Urea Inventory - September



0.46 Million Tonnes

FFC+FFBL: 101 KT

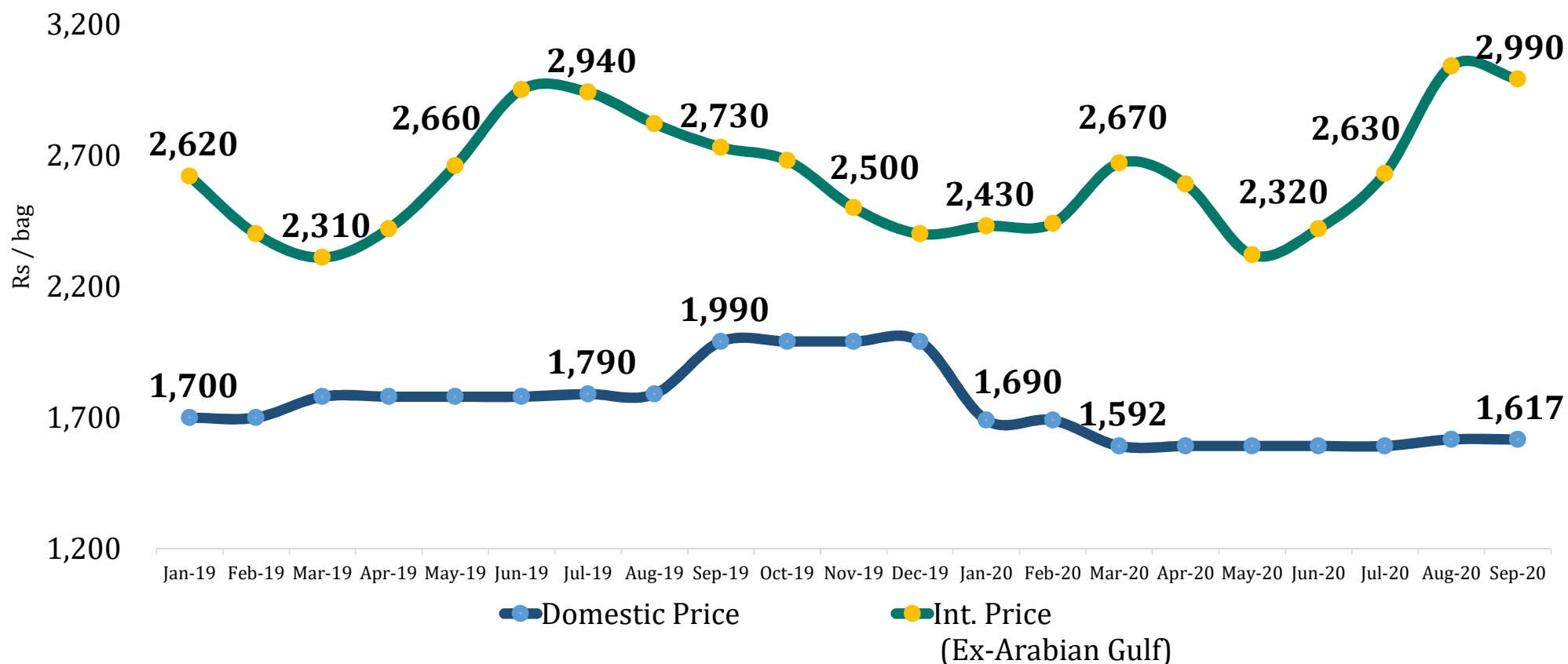


0.47 Million Tonnes

FFC+FFBL: 136 KT

- FFC+FFBL
- Engro
- Fatima Grp
- Agri Tech
- NFML

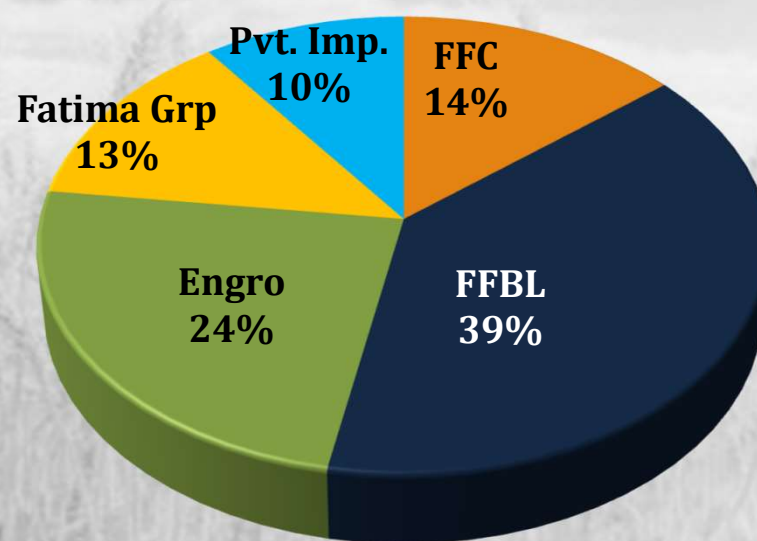
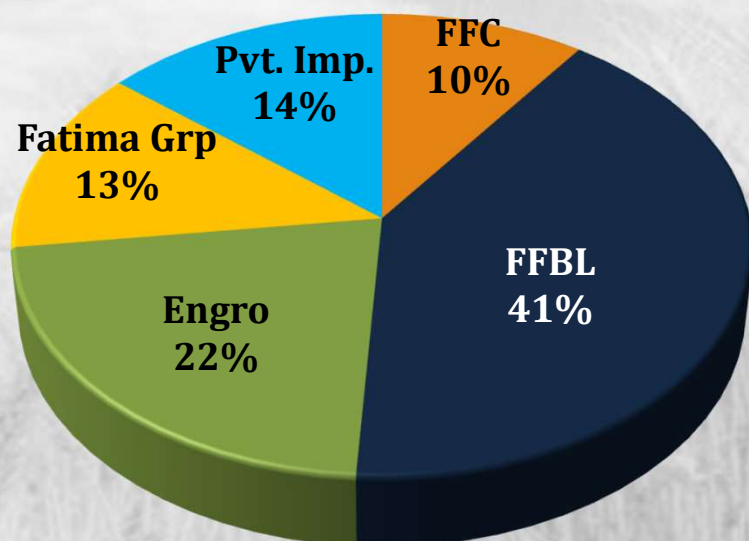
Urea International vs Local Prices



DAP Market Share – Jan to Sep

2020

2019



1,365 Kt

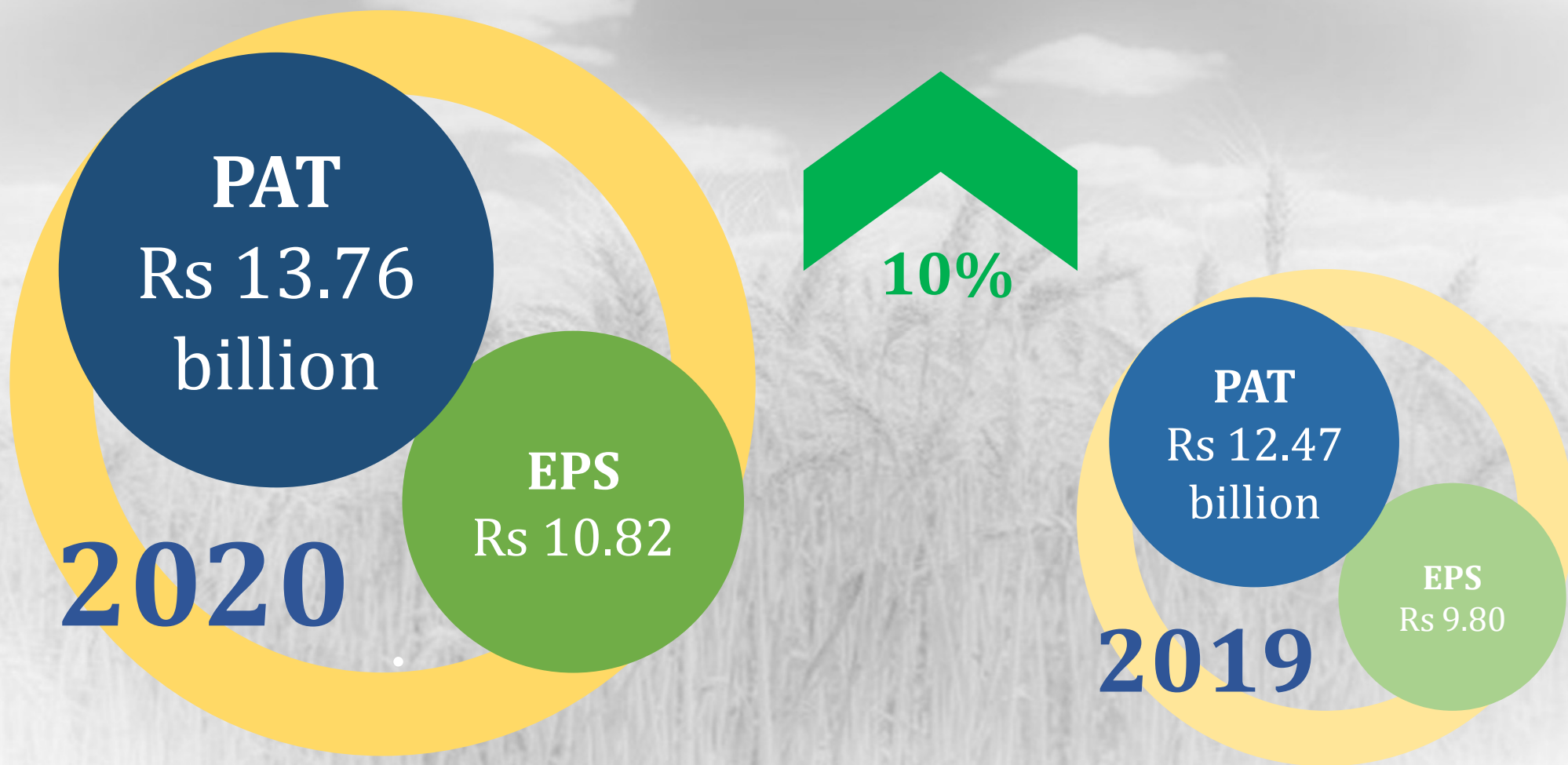
FFC+FFBL: 51%

1,165 Kt

FFC+FFBL: 53%

2020 Estimated

Profitability – Jan to Sep



Key Performance Indicators – Jan to Sep

Gross Profit

Rs in Million

Actual 2020 23,160

Actual 2019 21,632 7% ▲

Operating Profit

Rs in Million

Actual 2020 17,506

Actual 2019 15,797 11% ▲

Net Profit

Rs in Million

Actual 2020 13,764

Actual 2019 12,468 10% ▲

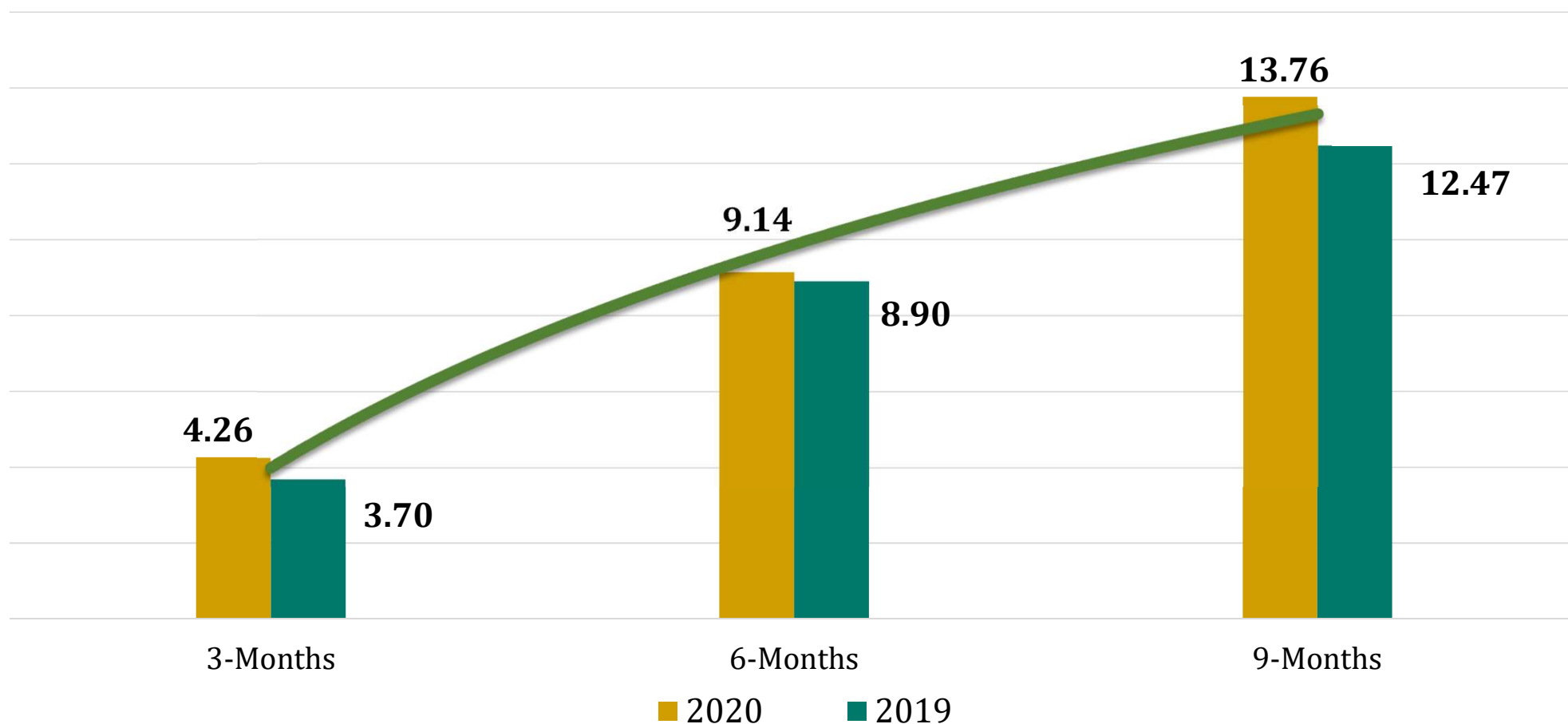
Earnings per share

Rs per share

Actual 2020 10.82

Actual 2019 9.80 10% ▲

Profitability – Rs in Billion (Jan to Sep)



Corporate Awards and Achievements



**Management
Excellence
Award**
2019 (6th
Consecutive
Year) by MAP

**“Overall top
Position” 2019
in ICAP/ ICMAP
Best Corporate
Report Awards**
(13th Overall top
Position)

**Winner of
ICAP/ICMAP
“Best
Sustainability
Report Award”**
2019 – 5th time

GIDC - Supreme Court of Pakistan's judgement

Decision & Follow-up

Financial Impact

- Supreme Court (SC) declared GIDC Act, 2015 as **valid**
- GIDC is required to be paid in **24 months**
- SC has **assumed** that GIDC has been **collected** from customers, **in full**
- **Review petition** filed before SC for **factual determination**

- **Suit** filed with Sindh High Court (SHC) against collection of GIDC before factual determination
- **Stay granted** by SHC

- FFC - **single largest contributor** of GIDC – **Rs 73 billion**
- FFC **absorbed significant portion** of GIDC over the years
- GIDC payment in specified time - **significant financial distress**
- The Company would be forced to **pass on the impact** thereof



GIDC

Government has been requested to
increase the payment period

GIDC Charge and Payments – Jul 31, 2020

	Rs in Billion		
	FFC	Fertilizer Industry	All Sectors
GIDC Charged	136	292	752
Paid	73	128	295
Balance	63	164	457

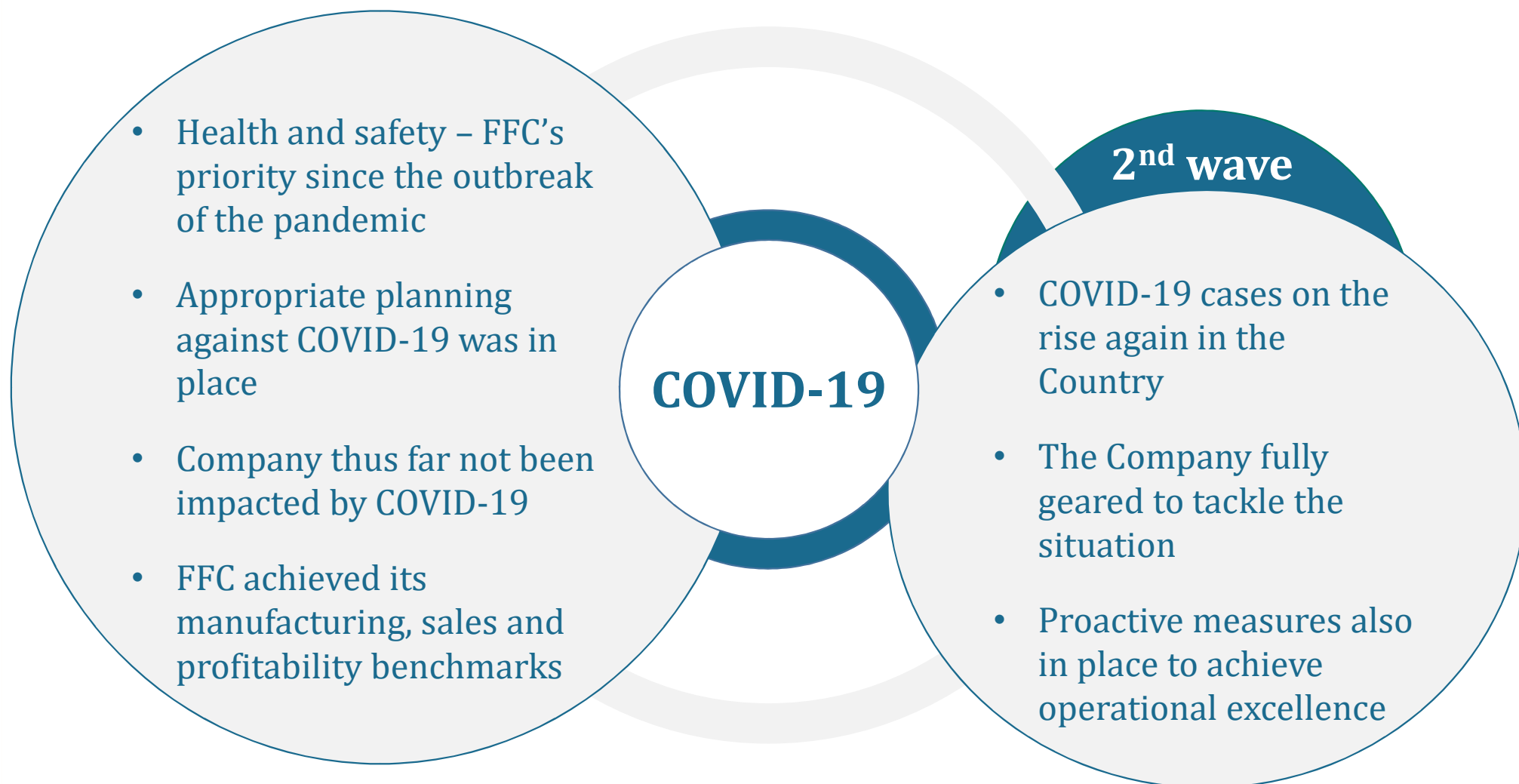
Percentage of total payment by FFC

25%

Percentage of total payment by the
Fertilizer Industry

43%

Impact of COVID-19 on Company Operations



Equity injection in FFBL

Right share issue

- FFBL made right share offer to reduce debt levels & manage working capital
- In the process of issuing **38%** of their existing capital
- Offer price – **Rs 14** per share

- FFC's share amounts to **178 million** shares valuing **Rs 2.5 billion**
- BOD recommended this offer and EGM scheduled on Nov 6, 2020

Business Expansion

FWEL I & II

FFBL also plans to divest its stake in:

- **Foundation Wind Energy Limited – I (FWEL-I)**
- **Foundation Wind Energy Limited – II (FWEL-II)**

- **FWEL-I & FWEL-II are profitable projects**
- **FFC being the pioneer has the necessary skills to create synergies**
- **FFC intends to evaluate acquisition of majority shareholding and issue EOIs in this regard**

Future Outlook & Challenges

1

Expected increase in wheat support prices – improved farm economics

2

Timely implementation of DAP subsidy to benefit farmers and the industry

3

Undue onus on the industry for registration of dealers under Sales Tax Act

4

Increase in cost due to disallowance of GST and business expenditure on sales to unregistered dealers

5

Depleting gas reserves.
Alternate raw material sources required

6

Persistent pricing pressure from Government to pass on the inflationary and other impacts

7

Unfavorable outcome of GIDC case may lead to substantial financial impact

8

Continued delay in settlement of fertilizer subsidy / outstanding GST refunds

Questions & Answers Session



THANK YOU