

**Raising
Growth**

Analyst Briefing

1Q 2014

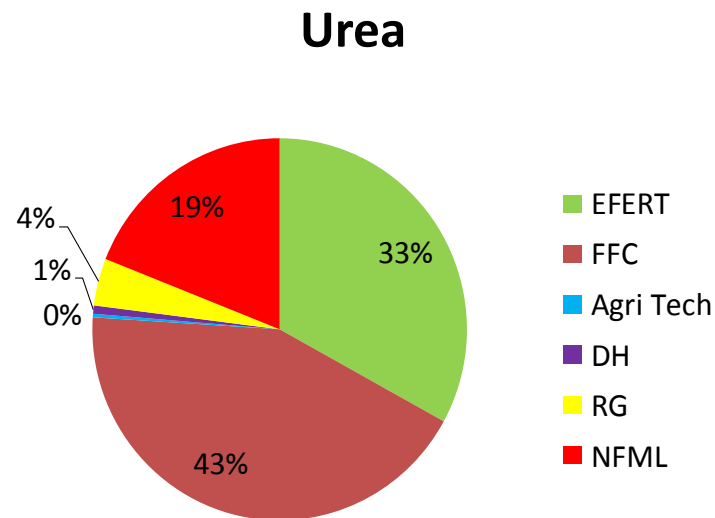
Business Results



UREA MARKET ENVIRONMENT

Urea Industry (million Tons)	1Q 2014	1Q 2013
Production	1.1	1.0
Sales	1.4	1.3

Industry sales remained fairly stable (1.36MT vs. 1.34MT) because of stable commodity prices and agricultural output. Sale of branded urea increased by 10% vs. 1Q 2013



- Significant gap between local urea and international urea prices prevailed during the quarter
- International urea prices averaged ~USD 365 per ton (CFR) which was equivalent to local cost of Rs 2,740 per bag (inclusive of all ancillary charges) as against local price of Rs. 1,786/bag.

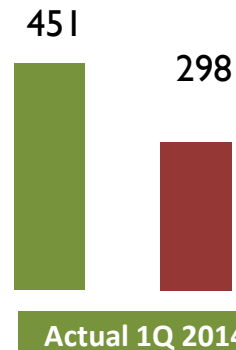
UREA MARKET ENVIRONMENT

- Total urea production increased by 7% due to improved gas availability to fertilizers sector by the Government
- Consequently, the burden on national exchequer was reduced. The benefit passed on by the local producers to the farmers in 1Q 2014 is around Rs 17 billion
- Gas Infrastructure Development Cess (GIDC) was increased effective December 31, 2013 and the substantial portion of this cost increase was absorbed by the Industry

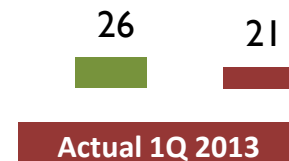
BUSINESS HIGHLIGHTS

Engro Fertilizers	1Q 2014	1Q 2013
Revenue (PKR b)	15.0	9.8
EBITDA (PKR b)	5.6	4.6
PAT (PKR b)	1.4	0.6
EPS (PKR / share)	1.12	0.57

Urea Sales (KT)



Zarkhez/ENP Sales Volume (KT)



- PAT of **PKR 1,437 M vs. PKR 646 M** in 1Q 2013
- Production 456KT. Higher gas availability allowing operations of both plants
- Market share estimated at 33% up from 22%. Market share in branded urea is also estimated higher at 41% up from 30% a year ago

- Both plants are in operation since July 2013 due to availability of gas from Guddu
- Pursuing Long Term Gas Allocation and specifically KPD allocation to fertilizer sector is still pending with the ministry for ratification. We are also evaluating various options such as permanent allocation of other non-pipeline quality gases close to the plant
- Engaging with Mari and SNGPL for implementation of concessionary gas price arrangement as per the directive of Ministry of Petroleum

- Local urea demand is expected to remain stable because of stable commodity prices and agricultural output
- Temporary gas allocation of 60 mmscfd from Mari is likely to continue in the short term due to Government's desire to reduce urea imports

Q&A

Thank You