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1. Pakistan Overview
2. Engro Corp Overview
3. Engro Fertilizers Overview
4. Key Investment Highlights and Business Strategy
5. Financial Performance
1. Pakistan Overview
Pakistan is strategically located in South Asia bordering India to the east, China to the north and Iran to the west

## Key Statistics

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP</td>
<td>US$172bn</td>
</tr>
<tr>
<td>Population</td>
<td>189 million</td>
</tr>
<tr>
<td>GDP per capita at PPP level</td>
<td>US$5,051</td>
</tr>
</tbody>
</table>

Source: EIU.

### Strategic Location

### Economy Highlights

**Overview**
- GDP growth of c.5% annually until 2019E
- 6th largest country by population
- Agricultural sector contributes c.24% of GDP

**Recent Macroeconomic developments**
- Country’s FX reserves have recently reached a record high of US$20bn+ in 2016
- Stable economy with decreasing interest rates and a stable currency

**IMF Program**
- IMF extended loan facility of US$6.6bn in 2013 with disbursement spread over 3 years with US$5.6bn already disbursed
- IMF has recognized that “Economic activity has continued to gradually gain strength, and short-term vulnerabilities have receded”

**China Pakistan Economic Corridor**
- China-Pakistan Economic Corridor ("CPEC") has been labelled as a “game changer” for Pakistan
- CPEC involves development of US$46bn of projects in infrastructure and power sectors
Macroeconomic Snapshot

Population and GDP per Capita

Key macroeconomic indicators have taken an up-turn in recent years with the economy poised for strong growth supported by a young and growing population.

GDP and GDP Growth

Benchmarking Population Growth

Source: EIU.  
Note: Fiscal years ending 30 June.  
(1) As of 2014.
Macroeconomic fundamentals across the domestic and external sectors have continued to improve in recent years driving the overall health and stability of the economy.
Improvements in Credit Ratings

Pakistan CDS Spread and Agency Ratings\(^{(1)}\)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Current Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody's</td>
<td>B3</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>B-</td>
</tr>
</tbody>
</table>

CDS spreads have maintained a steady downward trend, reflecting the underlying stability of key macroeconomic and political indicators.

Rating Agencies Outlook

- **Ratings rationale:**
  - Improved economic growth prospects that are expected to further improve Pakistan’s budgetary position
  - Government is making significant progress in fiscal consolidation
  - Pakistan’s external financing conditions and external performance also continue to improve
  - Sizable and robust remittance inflows which support the BOP and economy
  - The recent improvements in Pakistan’s external debt dynamics have eased the government’s market access and funding costs
  - A significant recent development has been progress on plans for the c.US$46bn China-Pakistan Economic Corridor

\(^{(1)}\) Ratings based on S&P.
Growth Witnessed in the Stock Market

Index value increased c.5x since 2009

Index has one of the lowest valuations compared to peers

Despite the recent market volatility, experienced globally, the Karachi Stock Exchange has grown ~500% in value since 2009 until present, with further equity upside expected in the near term given the relatively cheap valuations, outperforming other frontier and emerging markets.

Source: Bloomberg, Factset as of 26 April 2016.
2. Engro Corp Overview
Engro Corporation Limited – An Introduction

Engro Corporation Limited ("Engro Corp" or "ECorp") is one of Pakistan's largest conglomerates. It seeks to be the premier Pakistani enterprise with a global reach passionately pursuing value creation for all stakeholders.

ECorp has over 50 years of experience of operating in Pakistan, a demonstrated in-house capability of project execution and strong working relationships with leading international technology, construction and financial partners.

ECorp’s major shareholder is the Dawood Group, with other shareholders including the general public and reputed local and foreign institutions.

Engro Corp has a market capitalization of PKR 161.0bn (US$ 1.5bn)*.

*Market capitalization is as of 26 April 2016, using a USDPKR rate of 1USD=104.80PKR.
### Engro Corp’s Evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>PAK STANVAC A 50-50 Esso Mobil JV discovered Mari Gas Field</td>
</tr>
<tr>
<td>1965</td>
<td>Esso Pakistan Fertilizer Co. incorporated</td>
</tr>
</tbody>
</table>
| 1968 | 1965 Esso Pakistan Fertilizer Company
Ensiva divested its equity, Company renamed Engro Chemical Pakistan Limited |
| 1968 | Engro enters chemical storage & handling business in JV with Royal Vopak of Netherlands |
| 1968 | Dawood Group becomes Engro’s patron shareholder |
| 1968 | Engro enters the largest foreign investment in private sector (US $43mn) |
| 1991 | Exxon divested its equity, Company renamed Engro Chemical Pakistan Limited |
| 1995 | Engro enters energy business and begins work on a 220 MW power plant based on flared gas |
| 2001 | Engro enters petrochemical business and becomes sole manufacturer of PVC in Pakistan in a JV with Mitsubishi & Asahi Glass |
| 2002 | Engro enters food business and sets up milk processing plant at Sukkur |
| 2002 | Back integration of Engro Polymers completed |
| 2003 | Engro commences 1.3mt Enven expansion project. Largest private sector industrial investment of US$1.1 Bn |
| 2005-06 | Engro enters into the largest public private partnership in the history of Pakistan by setting up Sindh Engro Coal Mining Company with the Sindh Government |
| 2007 | Engro enters automation/control business, acquires majority stake in Avanceon |
| 2009 | Engro enters into the largest public private partnership in the history of Pakistan by setting up Sindh Engro Coal Mining Company with the Sindh Government |
| 2011 | Engro acquires Al Safa Halal in Canada |
| 2011 | Engro Eximp FZE, a trading business is set up in Dubai |
| 2012 | Engro divests its equity shares in the automation/control business – Avanceon |
| 2013 | Engro enters the chemical storage & handling business in JV with Royal Vopak of Netherlands |
| 2015 | Engro constructed the world’s fastest built LNG terminal with commercial operations beginning in March |
| 2015 | Fertilizers purchases Eximp for imported DAP business |
| 2015 | Consolidating the fertilizer portfolio of the group under a single company |
| 2015 | Engro enters the largest public private partnership in the history of Pakistan by setting up Sindh Engro Coal Mining Company with the Sindh Government |
| 2015 | Back integration of Engro Polymers completed |
| 2015 | Engro acquires Al Safa Halal in Canada |
| 2015 | Engro Eximp FZE, a trading business is set up in Dubai |
| 2015 | Engro divests its equity shares in the automation/control business – Avanceon |
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| 2015 | Engro Eximp FZE, a trading business is set up in Dubai |
| 2015 | Engro divests its equity shares in the automation/control business – Avanceon |
Engro Corporation – Conglomerate Organogram*
[shareholding as of March 2016]

* Concise Version - This does not include companies with limited operations and SPVs in Netherlands, Nigeria and Mauritius

** Holding for SECMC will be ~12%, Engro Powergen Thar will be 50.1% and Elengy Terminal Pakistan will be 80% at their respective Financial Close & Equity Disbursement
Engro Corporation Limited – Key Figures

**Total Assets**
(USS in millions)

- 2011: 2,047
- 2012: 1,952
- 2013: 1,969
- 2014: 2,160
- 2015: 1,874

**Sales**
(USS in millions)

- 2011: 1,327
- 2012: 1,340
- 2013: 1,530
- 2014: 1,742
- 2015: 1,794

**Market Capitalization**
(USS in millions)

- 2011: 405
- 2012: 484
- 2013: 770
- 2014: 1,154
- 2015: 1,397

**Net Profit***
(USS in millions)

- 2011: 93
- 2012: 14
- 2013: 77
- 2014: 69
- 2015: 134

*Profit attributable to owners of the holding company
**Includes the rice impairment of US$31.3mn
Note: Annual historical exchange rate used.
Engro Corp’s Growth Strategy

Engro Corp history

- Engro Corp has historically raised significant capital (debt and equity) to finance growth in the fertilizer & agri-inputs, energy & related infrastructure and consumer verticals

- While achieving success Engro has also gained trust of reputable international partners – IFC, ADB, VOPAK, DEG, Mitsubishi & GE

Future Initiatives

- Engro Corp has expanded its energy vertical through investments in LNG Terminal, Thar coal mining & power generation

- As part of its strategic initiatives to enable the Company to diversify its portfolio and meet its capital allocation requirements, the Company plans a further pruning of Engro Fertilizers

- The Company has appointed advisors for the potential sale, subject to market conditions, of up to 24% of the shares of Engro Fertilizers Limited by way of a private offering to local and international investors
3. Engro Fertilizers Overview
Engro Fertilizers Limited – An Introduction

- Engro Fertilizers Limited ("EFERT" or the "Company") is a Pakistan-based fertilizer company, engaged in the manufacturing and marketing of fertilizers in Pakistan.

- It offers Urea, NPK (Potash / Zarkhez) and Di-Ammonium Phosphate (DAP) fertilizers under seven unique Engro brands across the country with an outreach to 2 million farmers.

- EFERT has over 50 years of experience of operating in Pakistan, a demonstrated in-house capability of project execution and strong working relationships with leading international technology, construction and financial partners.

- The Company’s major shareholder is Engro Corporation Limited which holds a 78.8% stake in the Company.

- EFERT is listed on the Pakistan Stock Exchange following its IPO in 2013, and currently maintains a market capitalization of PKR91.6bn (US$ 874mn)*

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Pakistan’s 2nd largest Urea Producer

Largest DAP importer in Pakistan

Rich history going back to 1957

90 warehouses across Pakistan

Dealer network spread over 300 cities and towns

National outreach to 2 million farmers

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*Market capitalization is as of 26 April 2016, using a USDPKR rate of 1USD=104.80PKR.
Journey & Key Milestones

1957
Mari gas field discovered by Esso Mobil Joint Venture

1964
Signed agreement with the government to set up a urea plant with an annual capacity of 173 KT

1965
The company was incorporated as Esso Pakistan Fertilizer Limited, to manufacture and market fertilizer

1968
Urea plant commissioned; largest foreign investment in private sector in the history of Pakistan

1978
Esso Pakistan Fertilizer Company Limited renamed as Exxon Chemical Pakistan Limited

1991
Exxon divests its equity from fertilizer business globally; the Company is rename as Engro Chemical Pakistan Limited through an employee led buyout

2005
Annual production capacity increased from 850KT to 975KT through De-bottleneck (DBN) of base plant

2007
Construction of World's largest single-train urea plant started

2010
Enven plant started producing urea demerger of Engro Chemical Pakistan Ltd. & transfer of fertilizer business to a separate company, Engro Fertilizer Ltd.

2011
Engro capitalized and started commercial production taking total site capacity to 2,275 KT

2014
Successful IPO

2015
In 1QCY15 Engro Corp. sold its trading arm Engro Eximp (the single largest importer of phosphate fertilizers in Pakistan) to Engro Fertilizers.

Source: Company Information.
EFERT is a subsidiary of Engro Corporation Limited involved in the production of Urea and NPK (Potash) based fertilizers and is also a leading importer and seller of Phosphate (DAP) products, which are marketed extensively across Pakistan.

- Pakistan’s 2nd largest urea player by production
- First company to have setup a urea production facility in Pakistan, a landmark event in the agricultural sector of the country
- Installed capacity of Urea 7 million tons which is 6th largest in world, against domestic demand of around 5.5 million tons; making Pakistan self-sufficient, with the potential to export if installed capacity is fully operated
- However, due to gas shortage, domestic urea production in Pakistan has historically averaged between 4.8-5.3 mn tons making Pakistan a net importer of Urea

<table>
<thead>
<tr>
<th>Company</th>
<th>Urea</th>
<th>NPK</th>
<th>DAP</th>
<th>NP</th>
<th>CAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fauji Fertilizer Co. Ltd</td>
<td>2.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fauji Fertilizer Bin Qasim Ltd</td>
<td>0.6</td>
<td>0.74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engro Fertilizer Ltd</td>
<td>2.3</td>
<td>0.15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fatima Fertilizer Co. Ltd</td>
<td>0.5</td>
<td></td>
<td>0.38</td>
<td>0.45</td>
<td></td>
</tr>
<tr>
<td>Pak Arab Fertilizers</td>
<td>0.1</td>
<td></td>
<td>0.32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dawood Hercules Ltd</td>
<td>0.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agritech</td>
<td>0.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
<td><strong>0.15</strong></td>
<td><strong>0.74</strong></td>
<td><strong>0.69</strong></td>
<td><strong>0.45</strong></td>
</tr>
</tbody>
</table>

Source: NFDC
Engro Urea
- EFERT is the first company to have setup urea production facility in Pakistan, a landmark event in agricultural sector of the country
- This together with the fact that urea is the most widely used fertilizer in the country, gives Engro Urea a special standing in the domestic fertilizer market
- EFERT started annual production of 173,000 tons in 1968
- Through various debottlenecking and expansion steps, the capacity has been increased to 975,000 tons per year
- In the year 2011 the Company setup a single train urea plant of 1,300,000 ton capacity
- In the year 2015 the market share for urea stood at 34%

Engro DAP
- For a healthy growth the plant requires three major nutrients namely Nitrogen, Phosphorus and Potassium
- Di-Ammonium Phosphate (DAP), which contains 46% Phosphorus, is the most widely used source of Phosphorus for the plant
- DAP strengthens the roots of the plant and improves nutrient uptake
- DAP was imported in Pakistan by the fertilizer import department until 1994 and since then the private sector has been responsible for all imports
- EFERT has been importing and marketing DAP in the country since 1996
- EFERT is the most trusted and one of the largest importer of DAP in the country

Others - Revenue share 7%

Engro NP
NP formulations that contain Nitrogen and Phosphorus in almost equal quantity have been especially important to Pakistani farmers

Zingro
Zinc is a micronutrient, it is a nutrient which the crop requires in small dosages and it compliments functions of major nutrients

Engro Zarkhez
Zarkhez, introduced in 2002, is the only branded fertilizer in Pakistan which contains all Nitrogen, Potassium and Phosphate nutrients.

Engro MOP
In addition to potash based blended fertilizer NPK, Potassium can also be applied in form of straight fertilizer

Engro SSP
Engro is fulfilling the need for a quality player in the market for SSP which can uplift the farmer confidence.
4. Key Investment Highlights and Business Strategy
Key Investment Highlights

1. Well Established Player in the Fertilizer Market
2. Robust Operating and Financial Performance
3. Lowest Cost Producer in Pakistan – Enven Plant
4. Sustainable Dividend Payout
5. Supported By a Strong Local Shareholder
6. Led By a Highly Experienced Management and Board
Well Established Player in the Fertilizer Market

- Engro Fertilizers Limited maintains a successful operating history with beginnings dating as far back as 1957.
- The Company has an established and well-recognized brand name with leading market shares in its product offerings.
- In addition to existing brands, in order to promote balanced use of fertilizers, EFert has been leading the development of the Potash market in Pakistan.

### Market shares – FY15

#### Urea Market

- **Engro**: 34%
- **Fauji**: 6%
- **Agri Tech**: 9%
- **Fatima**: 0%
- **DH**: 49%
- **Others**: 1%

#2 by market share in the Urea market

US$2.0bn Domestic Market

#### DAP Market

- **Engro**: 22%
- **Fauji**: 20%
- **Fatima**: 6%
- **Others**: 52%

Largest DAP importer in Pakistan

US$1.2bn Domestic Market
Robust Operating and Financial Performance

Urea Production

<table>
<thead>
<tr>
<th>Year</th>
<th>MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.25</td>
</tr>
<tr>
<td>2012</td>
<td>0.97</td>
</tr>
<tr>
<td>2013</td>
<td>1.56</td>
</tr>
<tr>
<td>2014</td>
<td>1.82</td>
</tr>
<tr>
<td>2015</td>
<td>1.97</td>
</tr>
</tbody>
</table>

Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>USD in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>363</td>
</tr>
<tr>
<td>2012</td>
<td>328</td>
</tr>
<tr>
<td>2013</td>
<td>494</td>
</tr>
<tr>
<td>2014</td>
<td>608</td>
</tr>
<tr>
<td>2015</td>
<td>853</td>
</tr>
</tbody>
</table>

Note: Annual historical exchange rate used.

NPK Production

<table>
<thead>
<tr>
<th>Year</th>
<th>MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.09</td>
</tr>
<tr>
<td>2012</td>
<td>0.07</td>
</tr>
<tr>
<td>2013</td>
<td>0.09</td>
</tr>
<tr>
<td>2014</td>
<td>0.12</td>
</tr>
<tr>
<td>2015</td>
<td>0.13</td>
</tr>
</tbody>
</table>

LT Debt / Capital

<table>
<thead>
<tr>
<th>Year</th>
<th>LT Debt / Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>79%</td>
</tr>
<tr>
<td>2012</td>
<td>81%</td>
</tr>
<tr>
<td>2013</td>
<td>70%</td>
</tr>
<tr>
<td>2014</td>
<td>56%</td>
</tr>
<tr>
<td>2015</td>
<td>46%</td>
</tr>
</tbody>
</table>

CAGR: 24%
The concessionary gas price along with efficiency provides a strong competitive advantage and is the key driver of Engro Fertilizer’s profitability.

Engro’s new plant, Enven, was commissioned in 2011.

It is a state of the art modern plant with the one of the highest efficiencies in the region.

As per 2001 Fertilizer Policy all new investments in the fertilizers sector, as an investment incentive, are entitled to feedstock gas at concessionary rate of US$ 0.7/MMBTU compared to US$ 4.0/MMTBU for old plants.

Fuel for all industrial players is priced at $7.5/MMBTU.

Further the new plant is supplied from a dedicated network, thereby reducing any chances of curtailment or diversion to other consumers which the country saw in the last couple of years due to high crude oil prices.

**Total Gas Cost (US$/MMBTU)**

- **Engro (Enven):** 1.8
- **Industry:** 4.7

*Based on prevailing market rates.

**Pakistan fertilizer industry.
Sustainable Dividend Payout

Post commissioning of the new plant in 2011 and resolution of gas related issues in 2013, the Company produced robust financial results in 2014 & 2015.

Due to healthy cash flow generation and deleveraging in the past, EFert has reached conservative debt levels allowing it to significantly enhance shareholder payout.

Given its recent performance, the Company plans to adopt a progressive dividend policy subject to the following factors:

i. The level of the Company’s cash, gearing, debt profile and retained earnings;

ii. Company’s expected financial performance;

iii. Projected levels of capital expenditure and other investment plans; and

iv. Any circumstances which may affect or restrict the Company’s ability to pay dividends.

Note: Annual historical exchange rate used.
* Based on EFert's average 2015 share price.
Engro Corporation Limited ("Engro Corp" or "ECorp") is one of Pakistan's largest conglomerates with ECorp’s business portfolio spanning across a wide array of sectors, including chemical fertilizers, PVC resin, a bulk liquid chemical terminal, LNG terminal, foods processing, power generation and commodity trade.

Our Awards & Achievements

- Investor Relations Award at the 11th CFA Pakistan Annual Excellence Awards Ceremony
- Best Corporate Governance in Pakistan Award for 2014
- Rozee.pk top employer in Pakistan – 2013
- Constructed the world's fastest built LNG terminal
- Largest public private partnership in the history of Pakistan by setting up Sindh Engro Coal Mining Company with the Sindh Government
- Equity and/or Debt partnerships with IFC, ADB, DEG, MITSUBISHI, GE, CMEC & Vopak Netherlands

Geographical Spread

300+ Cities

Total Employees

3,500+
Led by a Highly Experienced Management and Board

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Business Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Khalid Siraj Subhani, Chairman</strong></td>
<td><strong>Ruhail Mohammed, CEO</strong></td>
</tr>
<tr>
<td>- President of Engro Corporation Limited since 2015</td>
<td></td>
</tr>
<tr>
<td>- Chairman and Director on various Engro Corporation Limited subsidiaries</td>
<td></td>
</tr>
<tr>
<td><strong>Ruhail Mohammed, President &amp; CEO</strong></td>
<td><strong>Atif Kaludi, CFO</strong></td>
</tr>
<tr>
<td>- Assumed CEO role in 2012</td>
<td></td>
</tr>
<tr>
<td>- Former CFO of Engro Corporation and Chief Executive Officer of Engro Powergen Ltd</td>
<td></td>
</tr>
<tr>
<td>- On the boards of various Group companies</td>
<td><strong>Aasim Butt, VP of Marketing</strong></td>
</tr>
<tr>
<td><strong>Abdul Samad Dawood, Director</strong></td>
<td><strong>Ahmad Shakoor, GM New Ventures Division</strong></td>
</tr>
<tr>
<td>- CEO of Dawood Hercules Corporation and Chairman of Engro Foods Limited</td>
<td></td>
</tr>
<tr>
<td>- Joined the board in 2009</td>
<td></td>
</tr>
<tr>
<td><strong>Asad Said Jafar, Director</strong></td>
<td><strong>M. Asif Sultan Tajik, Senior Vice President Manufacturing</strong></td>
</tr>
<tr>
<td>- Chairman &amp; CEO Phillips Pakistan Limited</td>
<td><strong>Mudassar Yaqub Rathore, GM Operations</strong></td>
</tr>
<tr>
<td>- Has experience in various engineering, manufacturing, project management and planning related roles</td>
<td></td>
</tr>
<tr>
<td><strong>Javed Akbar, Director</strong></td>
<td><strong>Mohsin Ali Mangi, GM International Trade Division</strong></td>
</tr>
<tr>
<td>- Former Chief Executive of Engro Vopak Terminal Limited, a joint venture between Engro and Royal Vopak of Holland</td>
<td></td>
</tr>
<tr>
<td>- Over 40 years of experience in the fertilizer and chemical business</td>
<td><strong>Syed Shahzad Nabi, GM HR &amp; Admin</strong></td>
</tr>
<tr>
<td><strong>Naz Khan, Director</strong></td>
<td><strong>Syed Muhammad Ali, Manager Audit</strong></td>
</tr>
<tr>
<td>- Currently CFO Engro Corporation</td>
<td></td>
</tr>
<tr>
<td>- Former Chief Executive Officer of KASB Funds Limited with over 19 years of experience in Pakistan’s capital markets</td>
<td></td>
</tr>
<tr>
<td><strong>Sadia Khan, Director</strong></td>
<td></td>
</tr>
<tr>
<td>- Versatile career with experience across investment banking, financial regulation, family businesses and entrepreneurship</td>
<td></td>
</tr>
<tr>
<td>- Currently CEO of Salar Enterprises (Pvt) Ltd, a company she founded in 2011</td>
<td></td>
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<tr>
<td><strong>Asim Murtaza Khan, Director</strong></td>
<td></td>
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<tr>
<td>- Working as CEO (Hon) with the Petroleum Institute of Pakistan (PIP) since November 2015</td>
<td></td>
</tr>
<tr>
<td>- Prior to that he worked for Pakistan Petroleum Limited for over 32 years</td>
<td></td>
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</table>
Key Business Risks and Mitigants

1. Gas Availability
   - The Fertilizer sector competes with the power, industrial and domestic sectors for gas supply
   - EFert receives gas supply for its new plant (Enven, from where bulk of its EBITDA is generated) from a dedicated gas network, with a long term gas supply agreement with Mari petroleum
   - For the old plant the Company is negotiating with the relevant quarters for a long term allocation of surplus gas for the base plant, which has been running on a temporary allocation basis for the last 3 years

2. Depressed International Urea Prices
   - Historically, domestic urea prices have remained significantly lower than international landed equivalent allowing the local industry to pass on any increases in cost while ensuring that the local farmer benefit from low urea prices
   - However due to the recent downturn in international urea prices in 2015/16, domestic urea for the first time in more than decade is being sold at a slight premium to landed equivalent international urea. This trend is expected to reverse in the long run once prices rebound to normal levels

3. Local Urea Oversupply Situation
   - As a result of better gas availability (additional gas from Mari & LNG) and low agronomic demand, a long supply situation has developed. This is expected to improve over time as the Kharif season starts
   - Further the industry as a whole is also exploring the possibility of exporting Urea to reduce domestic inventories

4. GIDC on Concessionary Gas
   - Gas was allocated to the Company’s new Enven plant at concessionary price of 70 cents under the fertilizer policy of 2001. However, due to subsequent enactment of a GIDC act a levy $2.9/MMBTU was imposed. This in the Company’s view is in direct contravention with the Fertilizer Policy and our Gas supply contracts
   - The Company obtained a stay order in 2015, and therefore no GIDC is being paid or accrued for concessionary gas supplied to the new urea plant
Continued 2 Plant Operations

- EFERT to pursue continued 2 plant operations, in order to sustain prevailing cashflows
- There are long term contracts in place to ensure continuous operations for the new plant. For the old plant, the management is in discussions with the relevant quarters for allocation of additional gas to ensure continued two plant operations

Market Strategy

- The Company continues to explore opportunities both within the country and abroad to expand its business within the Agri Input space
- On the domestic front Engro Fertilizers is developing other Agri-inputs in order to provide a one stop solution to farmers. This includes:
  - Connecting with farmers at the grass root level to improve farm productivity of small to medium growers through capacity building and introduction of innovative techniques for input/output resource efficiency
  - Increasing farmer knowledge to improve yield through balanced use of fertilizer
  - Testing the Pakistani market for other agricultural inputs such as seeds, pesticides and other fertilizers

Pursuing Offshore Opportunities

- Many countries are opening up and offering gas at competitive rates; EFERT is poised to take advantage of these strategic developments taking place around the world
- The company has identified various business development opportunities for sustainable growth. Discussion with various potential project owners/sponsors has been initiated in Africa & USA:
  - Greenfield Project with O&M
  - Relocation Project
  - Participation as Equity Investor
5. Financial Performance
Historical Financial Performance

**Revenue**

(US$ in millions)

![Revenue chart showing CAGR of 24%](chart)

- 2011: $363 million
- 2012: $328 million
- 2013: $494 million
- 2014: $608 million
- 2015: $853 million

**Gross Profit**

(US$ in millions)

![Gross Profit chart showing CAGR of 13%](chart)

- 2011: $194 million
- 2012: $106 million
- 2013: $218 million
- 2014: $224 million
- 2015: $313 million

**EBITDA**

(US$ in millions)

![EBITDA chart showing CAGR of 10%](chart)

- 2011: $205 million
- 2012: $126 million
- 2013: $229 million
- 2014: $230 million
- 2015: $297 million

**Net Profit**

(PKR in billions)

![Net Profit chart showing CAGR of 29%](chart)

- 2011: $53 billion
- 2012: $54 billion
- 2013: $81 billion
- 2014: $146 billion

Note: Annual historical exchange rate used.
Balance Sheet Strength

LT Debt

(US$ in millions)

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<tr>
<th></th>
<th>Dec '11</th>
<th>Mar '12</th>
<th>Jun '12</th>
<th>Sep '12</th>
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LT Debt / EBITDA

(k)

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<th>2014</th>
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<tr>
<td>3.8x</td>
<td>5.5x</td>
<td>2.5x</td>
<td>1.9x</td>
<td>1.2x</td>
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LT Debt / Capital

(LT Debt / Capital)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
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<th>2014</th>
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<tr>
<td>79%</td>
<td>81%</td>
<td>70%</td>
<td>56%</td>
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Note: Annual historical exchange rate used.
Q1 2016 Performance

Key Highlights

- EFERT Q1 2016 PAT stood at PKR 2.1 B (US$20mn) vs PKR 3.1 B (US$30mn) in Q1 2015
- Q1 2016 urea production stood at 514 KT, compared to 486 KT in Q1 2015 mainly due to better gas availability
- However, due to poor crop economics, sales remained lower at 286 KT vs. 481 KT in Q1 2015 in line with the industry trend
- Financial performance of the Company is impacted mainly due to depressed volumetric sales
- Financial charges continue to decline mainly due to debt servicing, rate reduction and repricing/refinancing of loans

Note: Historical exchange rate used.
Current Situation and Outlook

- Urea offtake has been low for the start of 2016 mainly due to poor crop economics, low international prices and subsidy rumors on urea. However we expect the local urea demand to recover in the upcoming Kharif season for which the industry is supplied with adequate inventory.

- Domestic Urea prices have stabilized at PKR 1,790 bringing it close to the landed equivalent international Urea prices of US$ 220-230/Ton (CFR Karachi).

- On February 22, 2016, ECC permanently reallocated 60 MMSCFD gas back to the fertilizer sector initially diverted to EFERT old plant. However due to improved gas availability EFERT continues to get gas for its old plant on an ad-hoc arrangement. EFERT in discussion with relevant quarters for permanent allocation of the surplus gas to ensure continued two plant operations.

- Phosphates prices continued their bearish trend in 2016 due to a number of factors: continuation of inventory glut, volatility in the Chinese commodity markets, continuing weakness in key currencies, and steady reduction in energy and raw material prices.

- However once the downturn in commodity prices reverses and DAP prices recover we expect to earn normalized trading margins going forward.
THANK YOU
Q&A