

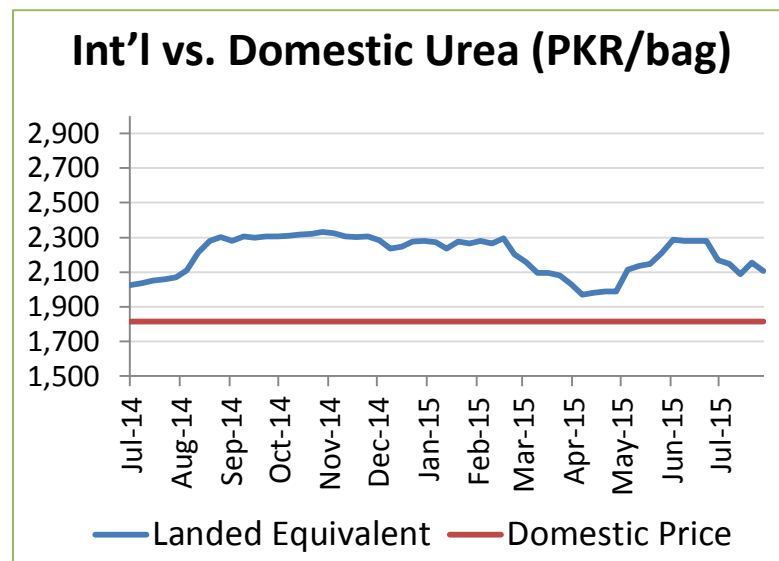


Analyst Briefing 1H 2015 Business Results

UREA MARKET ENVIRONMENT

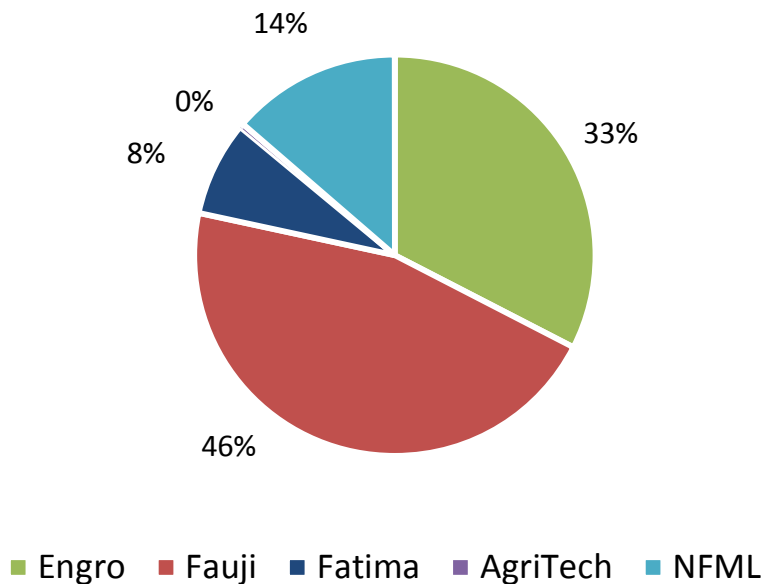
- ❖ Domestic urea production rose by 7% vs 1H 2014; led by better capacity utilization
- ❖ Overall urea sales rose sharply by 12% attributed to the following
 - ❖ Spillover sales from last year increasing 1Q sales
 - ❖ Dealer demand in anticipation of possible price increases
- ❖ Local prices remained stable at PKR 1,813/bag given stable domestic gas prices
- ❖ Int'l urea prices remained stable though slightly low during the period
- ❖ The gap between international and domestic urea prices still remains at a comfortable level

Urea Industry (MT)	1H 2015	1H 2014	Change
Opening Inventory	0.2	0.3	
Production	2.5	2.3	7%
Imports	0.4	0.4	
Sales	2.9	2.6	12%
Closing Inventory	0.2	0.5	

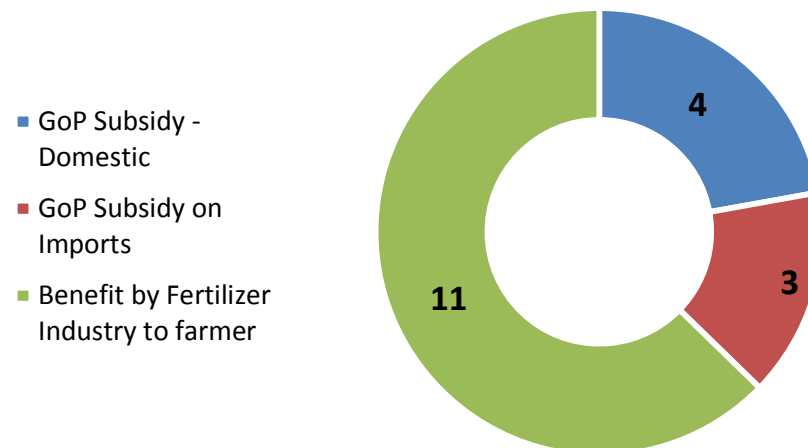


UREA MARKET ENVIRONMENT

1H 2015*



Farmer Subsidy (PKR B)



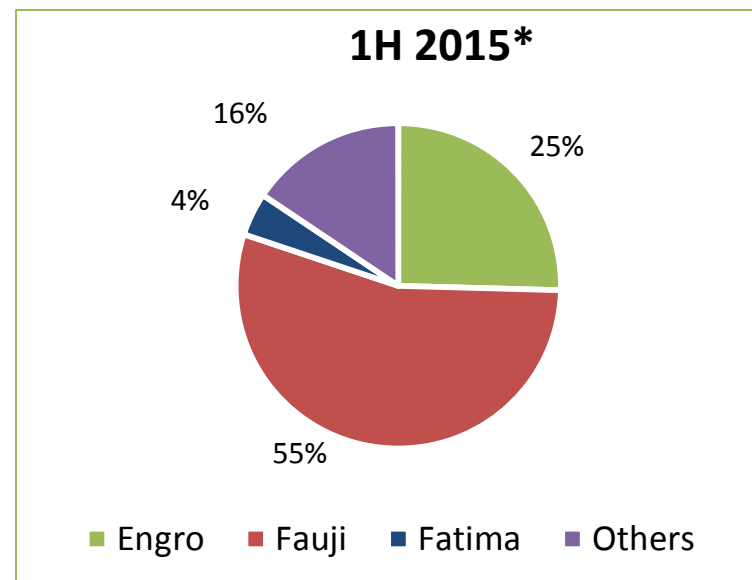
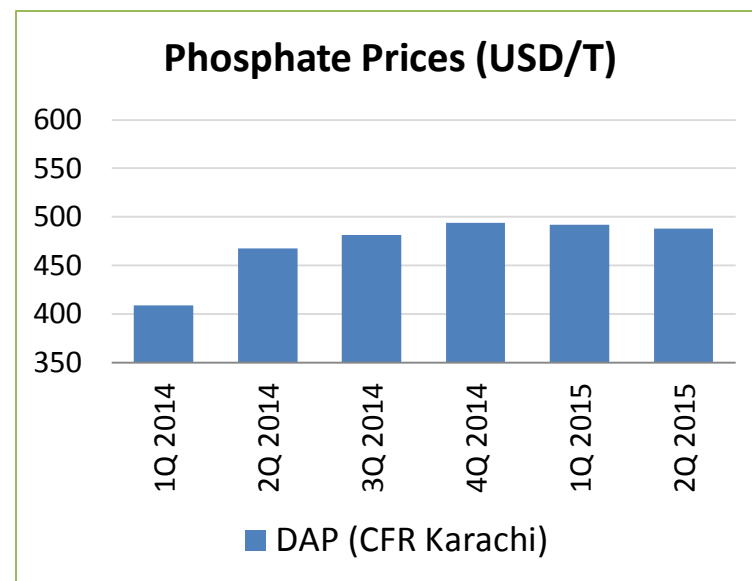
Urea market shares are broadly unchanged from last year

Benefit passed on by local urea producers to the farmers in 1H 2015 is PKR ~11 B

* Source: NFDC Reports

PHOSPHATES MARKET ENVIRONMENT

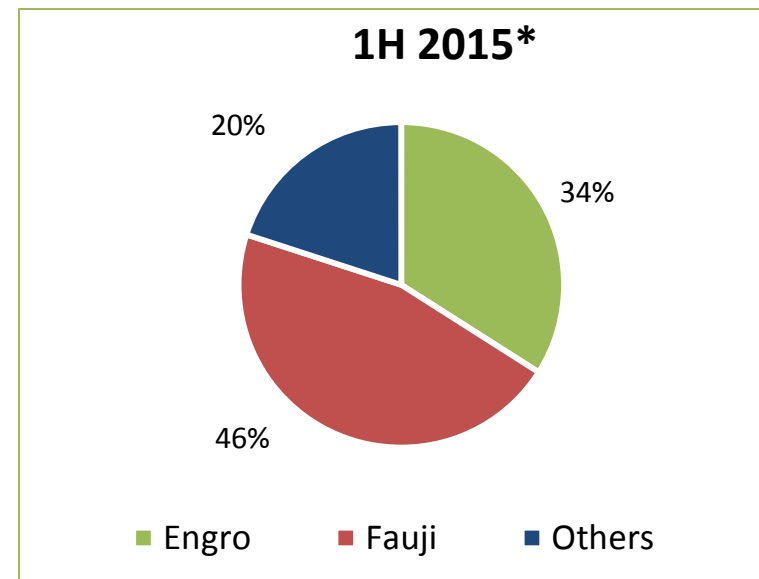
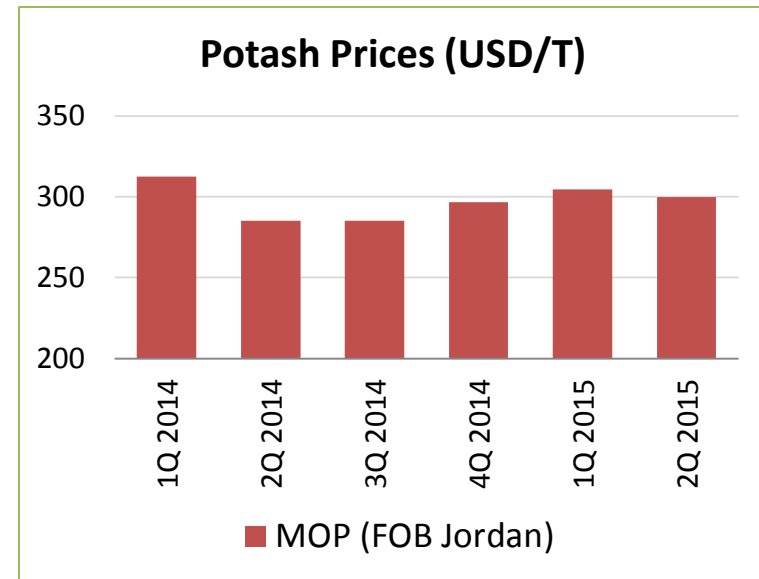
- ❖ International DAP prices (CFR Karachi) have remained relatively stable since Dec 2014, around the USD 490/ton mark
- ❖ Total DAP off take grew by 20% vs 1H 2014 primarily due to low base effect of 2014 sales that were dampened due to expectation of subsidy
- ❖ EFERT imported 111KT of DAP during the 1H 2015 and recorded sales of 105KT



* Source: NFDC Reports

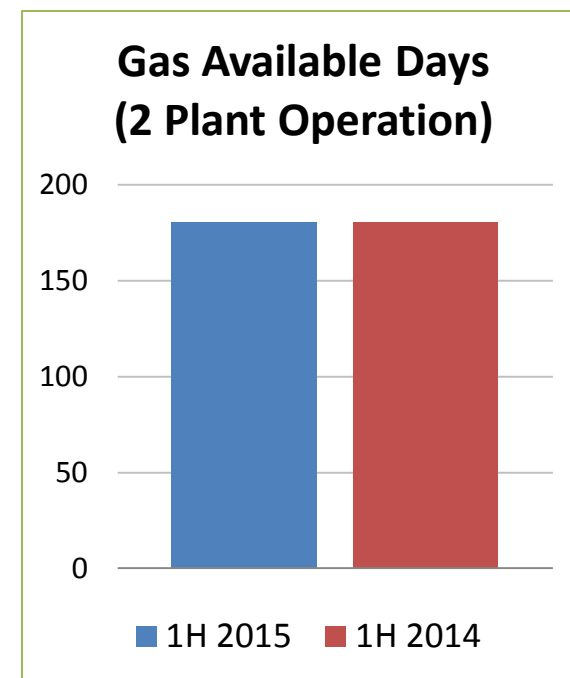
ZARKHEZ MARKET ENVIRONMENT

- ❖ MOP pricing remained stable since December 2014
- ❖ The Potash market grew by 22% YoY due to slightly lower prices and direct marketing of MOP in the industry
- ❖ Zarkhez volumes stood stable at 29 KT vs 29 KT in 1H 2014 as the company focused on maintaining it as a premium product
- ❖ NP volumes stood at 35 KT vs 20 KT in 1H 2014 with a focus on maintaining a wide product offering



* Source: NFDC Reports

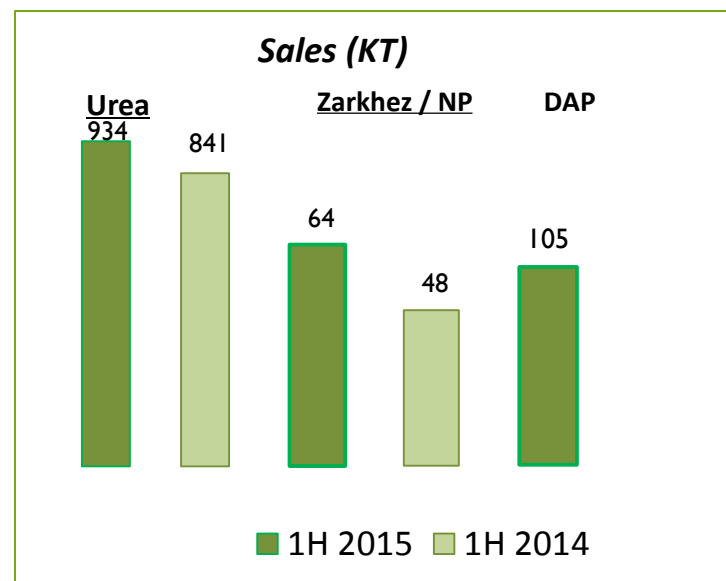
- ❖ Gas for both plants has remained available continuously and is likely to remain so until 31st December 2015
- ❖ Implementation of compressors for Guddu has been completed and subsequently Guddu has been able to increase its power output substantially
- ❖ Subsequent to the enactment of the GIDC Act 2015, the company has challenged the applicability on retrospective GIDC and concessionary gas contracts in the courts
- ❖ However, on the request of the government, and without compromising on the legal standing, the company has paid the complete accrued GIDC amount subsequent to period end
- ❖ The company has also started paying GIDC on current billing excluding concessionary gas



BUSINESS HIGHLIGHTS

- ❖ EFERT 1H 2015 standalone PAT stood at **PKR 7.1 B** vs PKR 3.4 B in 1H 2014
- ❖ The company announced a cash dividend of PKR 1.50 per share
- ❖ Better financial performance is attributed to
 - ❖ Higher sales of urea by 93 KT
 - ❖ Concessionary gas pricing
 - ❖ Integration of DAP business
 - ❖ Lower financial charges
 - ❖ One off impacts
- ❖ Post shareholder approval Engro Fertilizer's Limited completed the acquisition of 100% shares of Engro Eximp (Pvt) Limited

Engro Fertilizers Standalone (PKR M)	1H 2015	1H 2014
Revenue	38,059	27,657
Gross Profit	14,090	9,873
Finance Cost	(2,396)	(3,113)
PAT	7,116	3,375
EPS (PKR)	5.35	2.61



ONE OFF IMPACTS

Engro Fertilizers Standalone	PAT Impact (PKR M)
Expense booked against Guddu compressors (Pre-Tax PKR 925M)	(577)
Reduction in Tax Rates from 33% to 30% as per Finance Act	1,165
Super Tax Imposition on 2014 Profits as per Finance Act	(357)
Tax Charge related to IFC Conversion	(548)
Recoup-ability of Minimum Tax due to better profitability	341
Total	24

- ❖ Production is expected to remain stable during the rest of the year given continued availability of gas for both plants
- ❖ The company continues to negotiate with the government for availability of gas for both plants beyond 2015
- ❖ Given current urea demand supply situation, it is likely that additional imports by the government would be required to bridge the gap between local production and farmer demand during the *Rabi* season
- ❖ DAP volumes are expected to rise in second half in line with industry seasonality. International DAP prices are also expected to slightly firm up in the coming months
- ❖ The company is launching a farmer connect program with an aim to improve farm productivity of small to medium growers through their capacity building
- ❖ The company continues to explore opportunities both within the country and abroad to expand its business within the Agri Input space



Q & A
Thank You