

Ref. No. 13.1/Sectt/C

01 February 2023

To: **The General Manager**  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

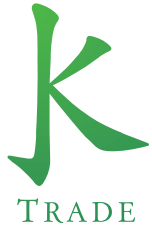
Subject: Corporate Briefing Session (CBS)

1. We inform that the **Corporate Briefing Session (CBS)** of **Fauji Fertilizer Bin Qasim Limited (FFBL)** will be held on **Wednesday, 8 Feb 2023 at 1600 Hrs** at **FFBL Tower, C1/C2, Sector-B, Jinnah Boulevard, Phase-2, DHA, Islamabad** to brief the analysts / investors about annual financial performance of the Company. The CBS will be held physically as well as through webinar being hosted by M/s KTrade Securities Limited. Investors / analysts desirous to join may register before 07 Feb 2023 at <http://kasb.com/ffbl-register> for necessary arrangements / zoom link etc.
2. Corporate flyer along with presentation is attached herewith and the same is also being posted on the website of the Company.
3. We would appreciate your assistance in communicating this information to members of the exchange.

Regards



Brig Asif Ali SI(M), (Retd)  
Company Secretary



# FAUJI FERTILIZER BIN QASIM

## CORPORATE BRIEFING SESSION FOR 4QCY22



### Mr. Arif ur Rehman

Chief Executive Officer

Since Oct 2021, Mr Arif ur Rehman is serving as Chief Executive Officer of Fauji Fertilizer Bin Qasim Limited, FFBL Power Company Limited and Fauji Meat Limited. He is also on Board of Directors of Fauji Foods Limited, Askari Bank Limited and Pakistan Maroc Phosphore (Morccan Company). Prior to joining the Fauji Group, he served as Chief Manufacturing Officer, Fatima Group since Jul 2016 at their Head Office in Lahore with responsibility for all aspects of manufacturing for the Fatima Group's three Fertilizer Manufacturing facilities i.e, Fatima Fertilizers, Sadiqabad; Pak Arab Fertilizer Company, Multan and Fatima Fertilizers, Lahore (Ex Dawood Hercules).



### Mr. M. Javed Akhtar

Chief Financial Officer

Mr. Akhtar is the Chief Financial Officer of Fauji Fertilizer Bin Qasim Limited. He qualified as an Associate Chartered Accountant in 1999 from Price Waterhouse Coopers, Pakistan and presently is a Fellow member of the Institute of Chartered Accountants of Pakistan. He has diverse experience of over 21 years (14 years in fertilizer business) in the fields of Audit, Financial Management, Budgeting, Investment Appraisal, Tax Planning, Investor Relations, and Secretarial Affairs, both in and outside Pakistan. Before joining FFBL in 2006, he had worked with Fauji Fertilizer Company, Pakistan State Oil, KPMG-Oman, and Attock Refinery.



HOSTED BY

**MOHAMMAD YOUSUF RAHMAN**

Head of Research

Register before **Feb 7, 2023** for Virtual and  
Physical (Islamabad) session at:

<http://kasb.com/ffbl-register>



**Wednesday 8<sup>th</sup> February**

4:00 PM PST



Venue: **FFBL Tower**



# Analyst Briefing

**Feb 2023**

# INDEX

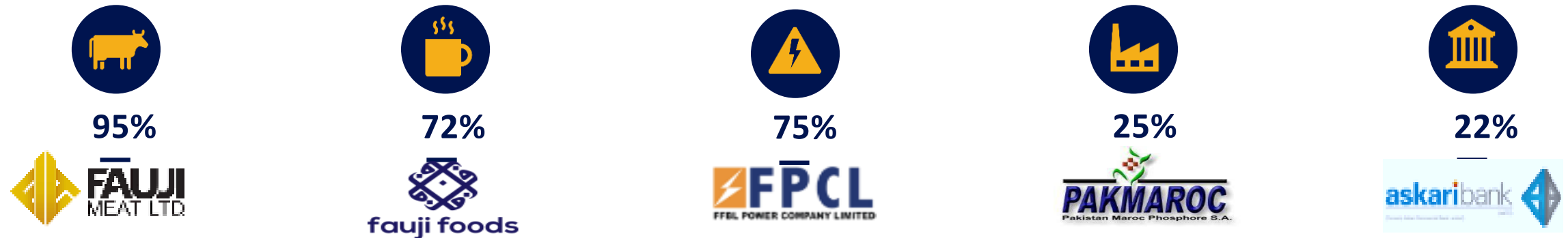
- **Company Overview**
- **Economic Highlights**
- **Fertilizer Industry**
- **Business Highlights & Financial Performance**
- **Outlook**
- **Q&A**





# Company Overview

# Fauji Fertilizer Bin Qasim Limited



State of the art  
Halal Meat  
processing  
facility in Karachi,  
Pakistan

Dairy company known  
for brands such as  
Nurpur butter / UHT  
Milk, and Dostea

Coal based power  
plant with gross power  
generation capacity of  
118 MW in Karachi,  
Pakistan

Morocco based JV,  
engaged in  
manufacture of  
Phosphoric Acid

AKBL is principally  
engaged in the  
banking business with  
a nationwide branch  
network

# FFBL's Journey



**1993 - 2001**

Established Under  
Fertilizer Policy 1989

**Only DAP  
manufacturing Plant  
in Pakistan**

1



**2002 - 2008**

**BMR**  
Capacity Enhanced

**Partnership with OCP  
Morocco**  
PAK Maroc  
Phosphore (PMP)

2



**2009 - 2011**

**Gas Curtailment**  
Business survival risk

**Investment in  
Renewable energy  
projects**

**SAP - ERP  
Implementation**

3



**2012 - 2019**

**Vertical Integration**  
(FPCL - 118 MW  
coal fired power  
project)

**Diversification**  
(FFL, FML & AKBL)

4



**2020 - 2022**

**Business & Culture  
Turnaround**  
Highest sales:  
PKR 150 Bn+

**Highest  
production of  
DAP & Urea**

5



# Business Dynamics



Natural Gas

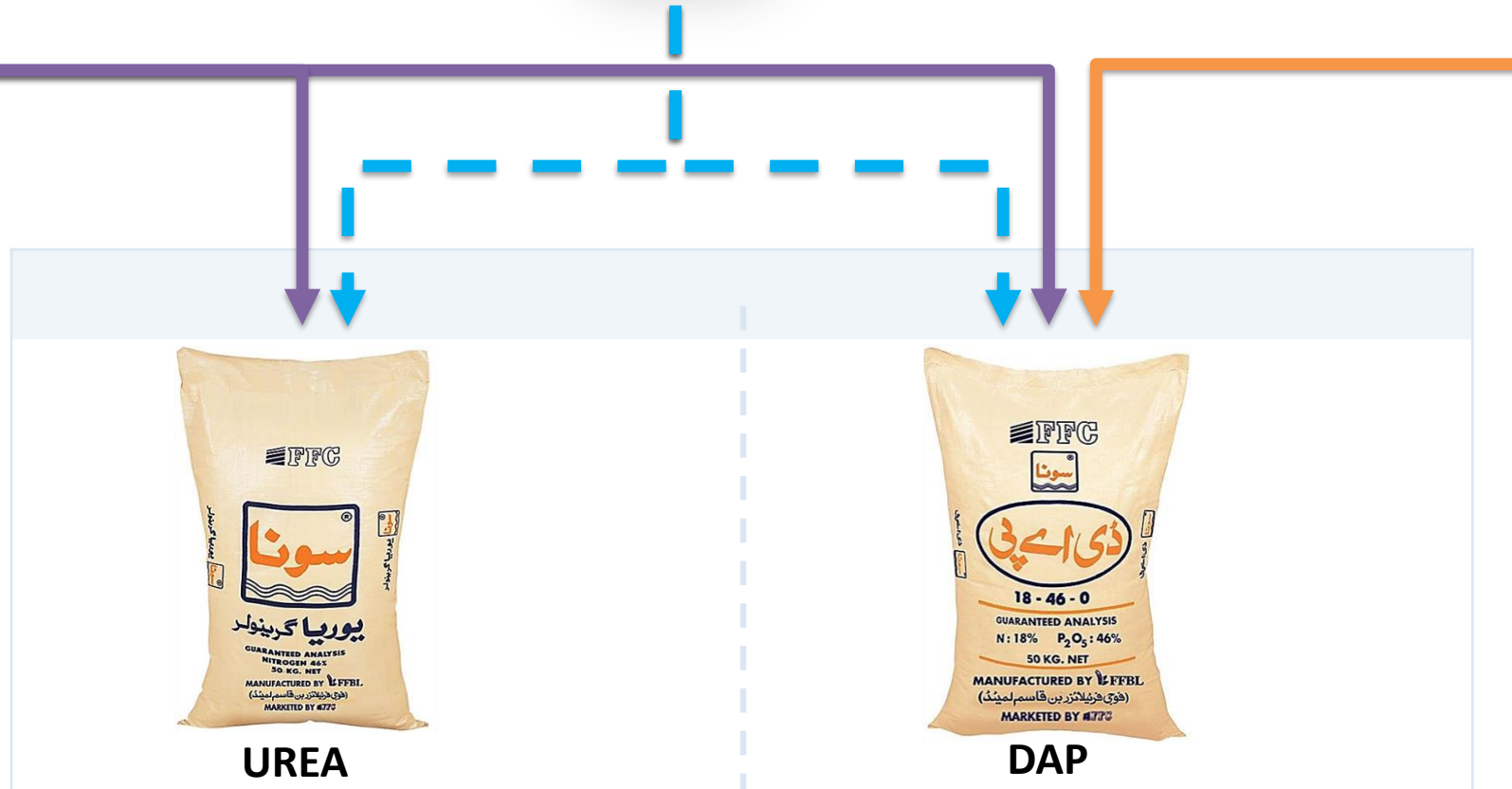
(Only Fertilizer Company on SSGC Network)



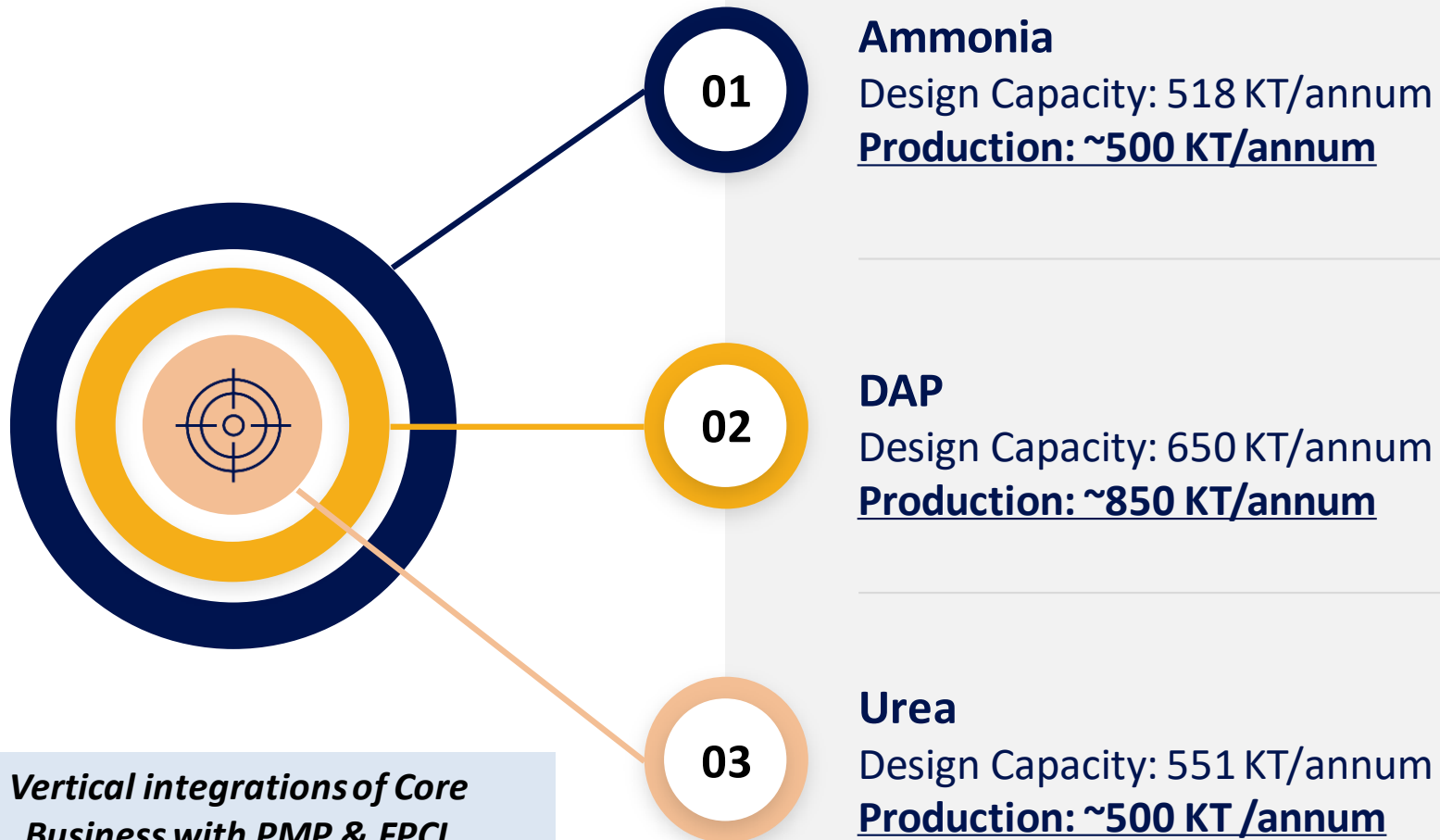
Coal based  
Steam & Power



Phos. Acid



# Production Capacity



**Ammonia** is internally used for the production of Urea and DAP.



**DAP:** Being sole manufacturer of DAP in Pakistan, production of DAP is preferred vs Urea.



**Urea:** FFBL is sole manufacturer of Granular Urea in Pakistan.

# SWOT Analysis

S

## Strength

- Sole DAP & “**Granular**” Urea manufacturer
- Offshore JV (PMP) for Phos Acid

## Opportunity

- Growth / Portfolio Expansion
- Trading / O&M Services

O

W

## Weakness

- Gas Curtailment
- Old plant with high energy usage

## Threat

Climate Change impacts, Seasonality  
/Calamities/Farm economics  
Forex & High Energy Cost

T







# Economic Highlights

# Economic Highlights

*2022 adversely impacted due to macroeconomic conditions*

Source: World Bank



## INFLATION & POLICY RATE

- Inflation stands at **24.6%**
- Policy rate increased to **17%** (Increased by 625 bps over the year)



## RUPEE DEVALUATION

- Unstable exchange rate;
- Current devaluation by **52%** on YoY basis.



## WAR

- Ukraine war causing a commodities 'Super Cycle' and likely global food crisis



## FOREX

- Non-availability of FOREX resulting in SBP delaying payments
- Uncertainty & heavy exchange losses



## FLOODS

- Floods caused Supply Chain disruption
- Resulting in heavy transportation cost



## GOP Policies

- Discriminatory policies including super tax on selected sectors, GST exemptions and delay in Kissan Package



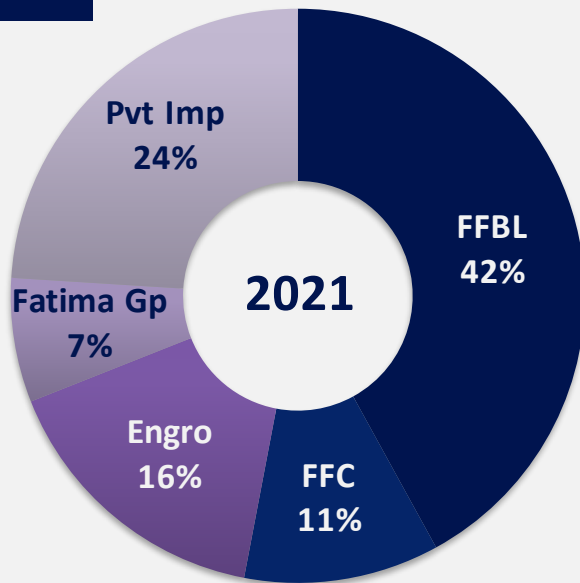
# Fertilizer Industry



# Fertilizer Market

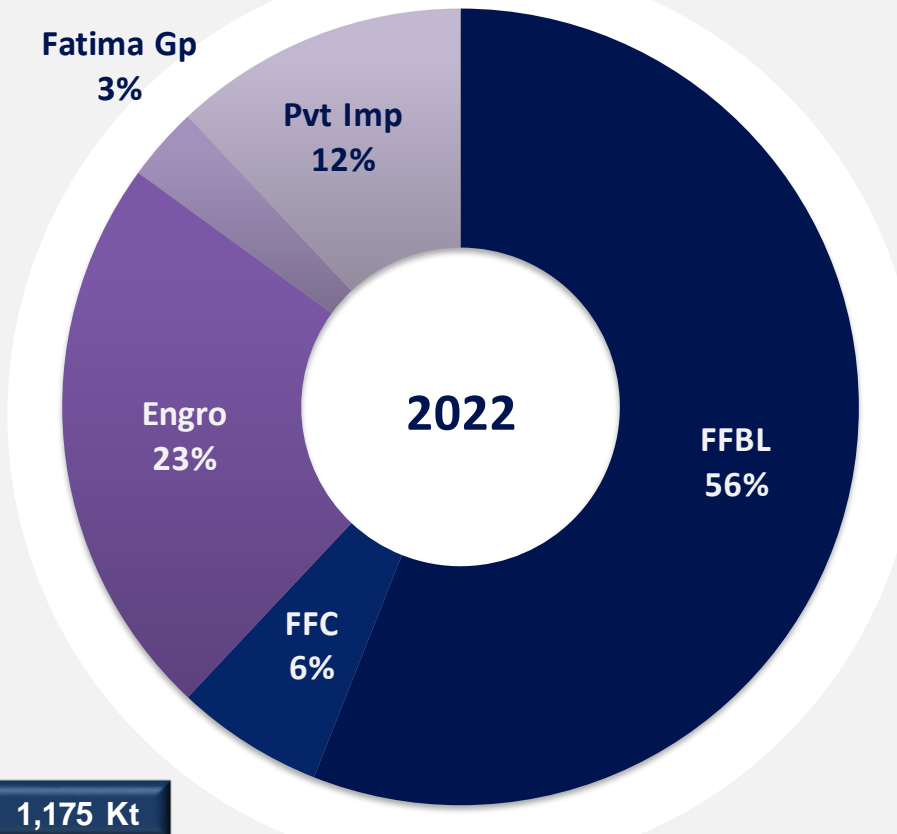
**DAP: Market Share improved by 14% in 2022**

## 1 DAP



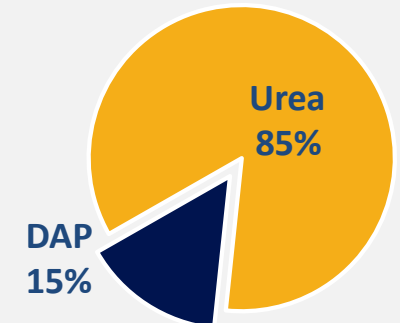
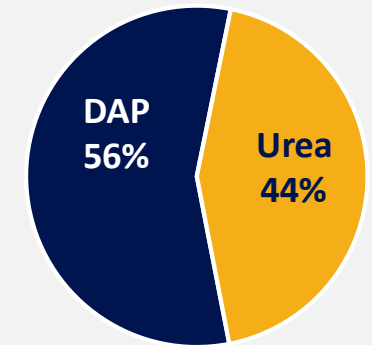
1,886 Kt

Fatima Gp  
3%



1,175 Kt

Market size : PKR ~530 Bn\*



Market (volumes) : 7.8 Mn T

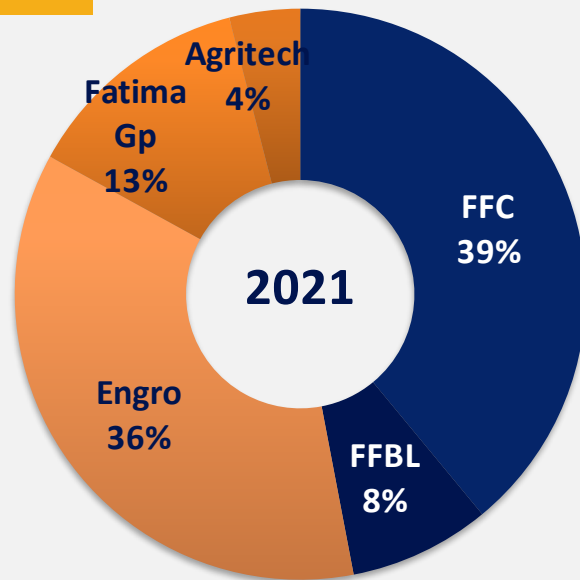
**\*Market Size Assumptions:** Applicable Fertilizer prices of Dec 2022 applied to volumetric sales for 2022

# Fertilizer Market

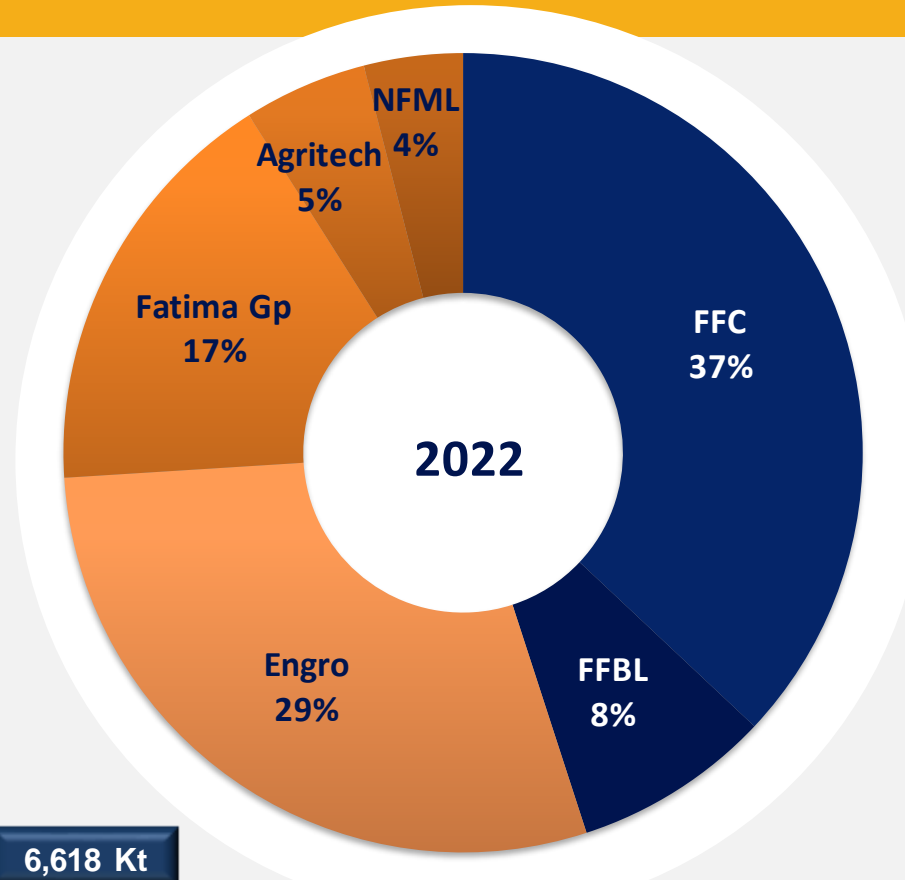
## UREA: Market Share maintained

2

### UREA

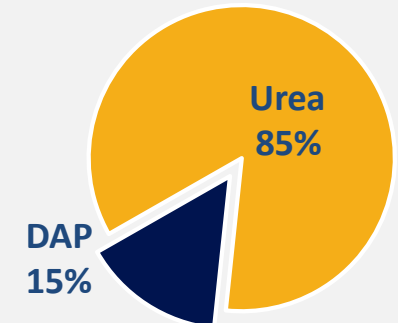
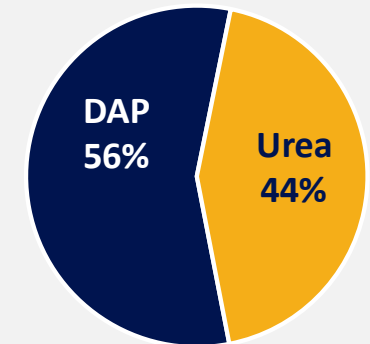


6,343 Kt



6,618 Kt

Market size : PKR ~530 Bn\*



Market (volumes) : 7.8 Mn T

*\*Market Size Assumptions: Applicable Fertilizer prices of Dec 2022 applied to volumetric sales for 2022*

# Industry Dynamics

*Urea in high demand, DAP sales lowest in a decade....*

DAP Sales (KT)

*Inventory  
carryover: 433KT*

2,192

1,886

-38%

1,175

2020

2021

2022

UREA Sales (KT)

6,039

6,343

+4%

6,618

2020

2021

2022

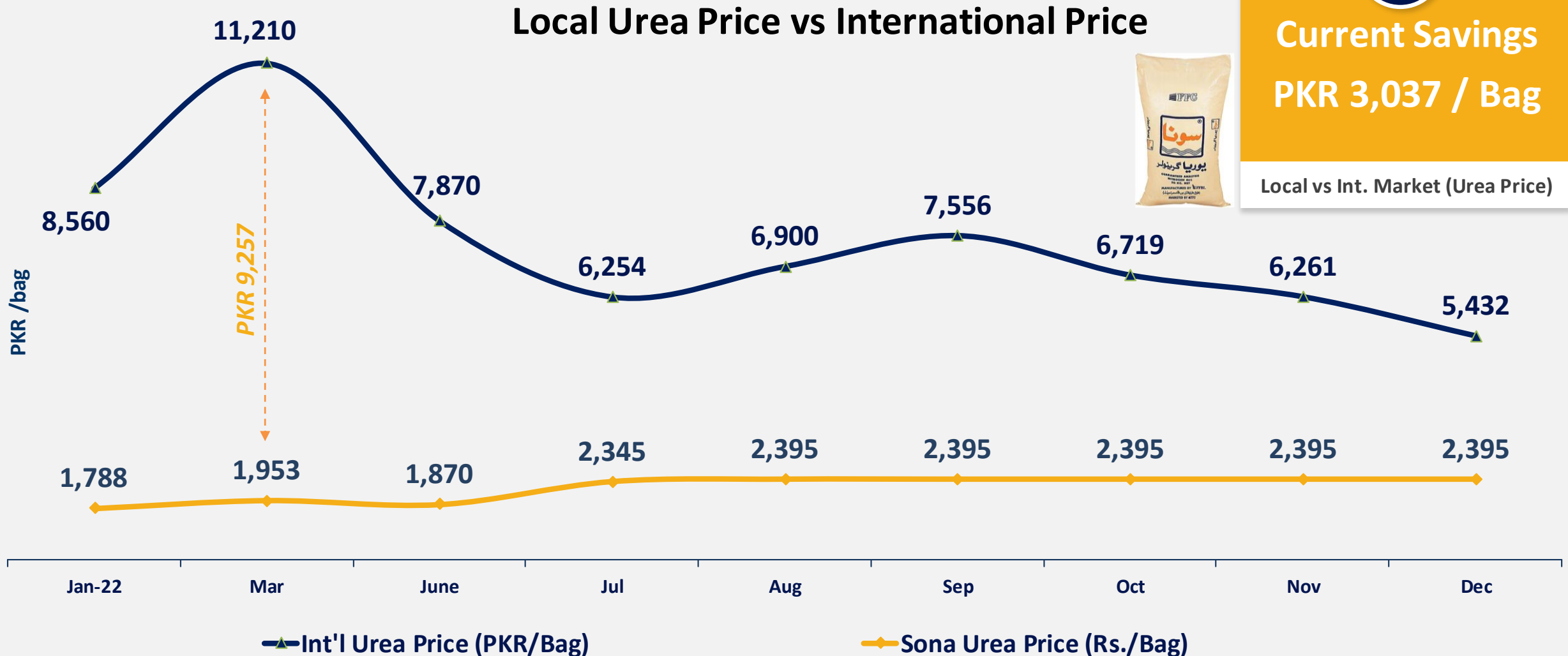


# Urea



**Current Savings**  
**PKR 3,037 / Bag**

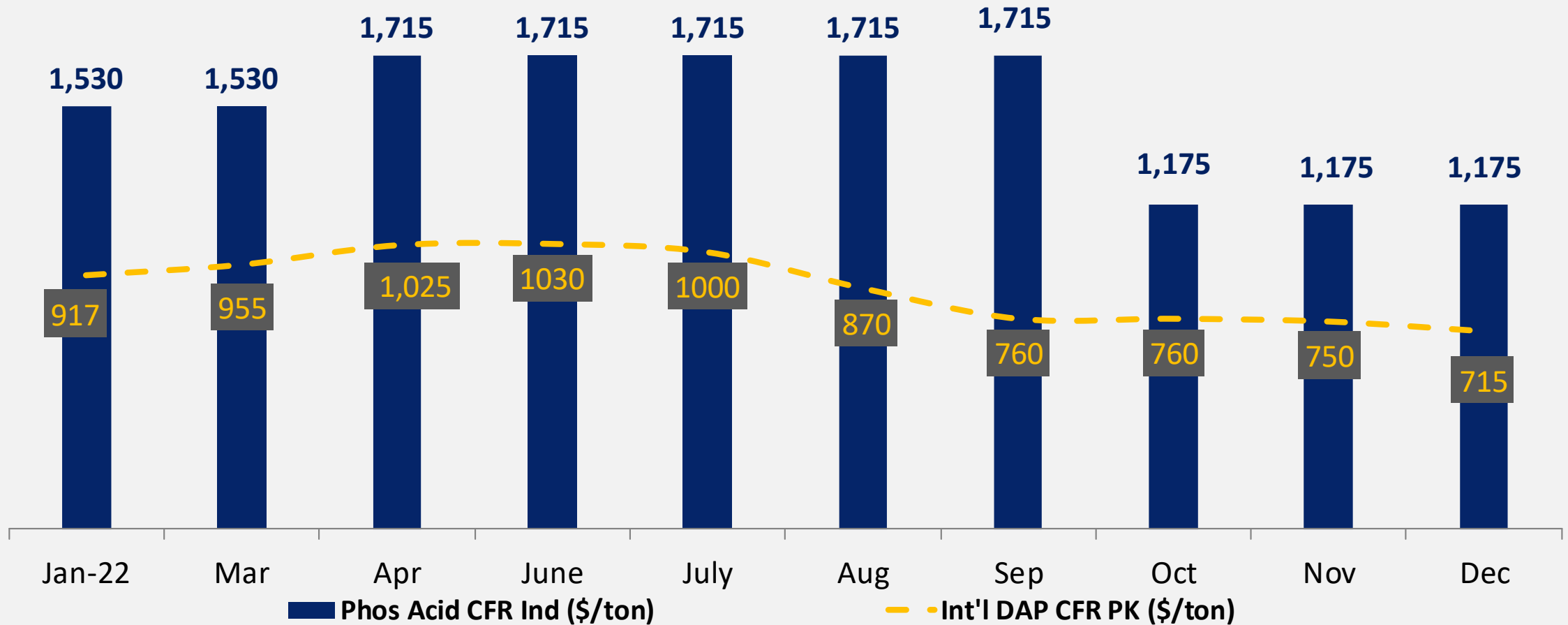
Local vs Int. Market (Urea Price)



Int'l Price Source: Argus Nitrogen

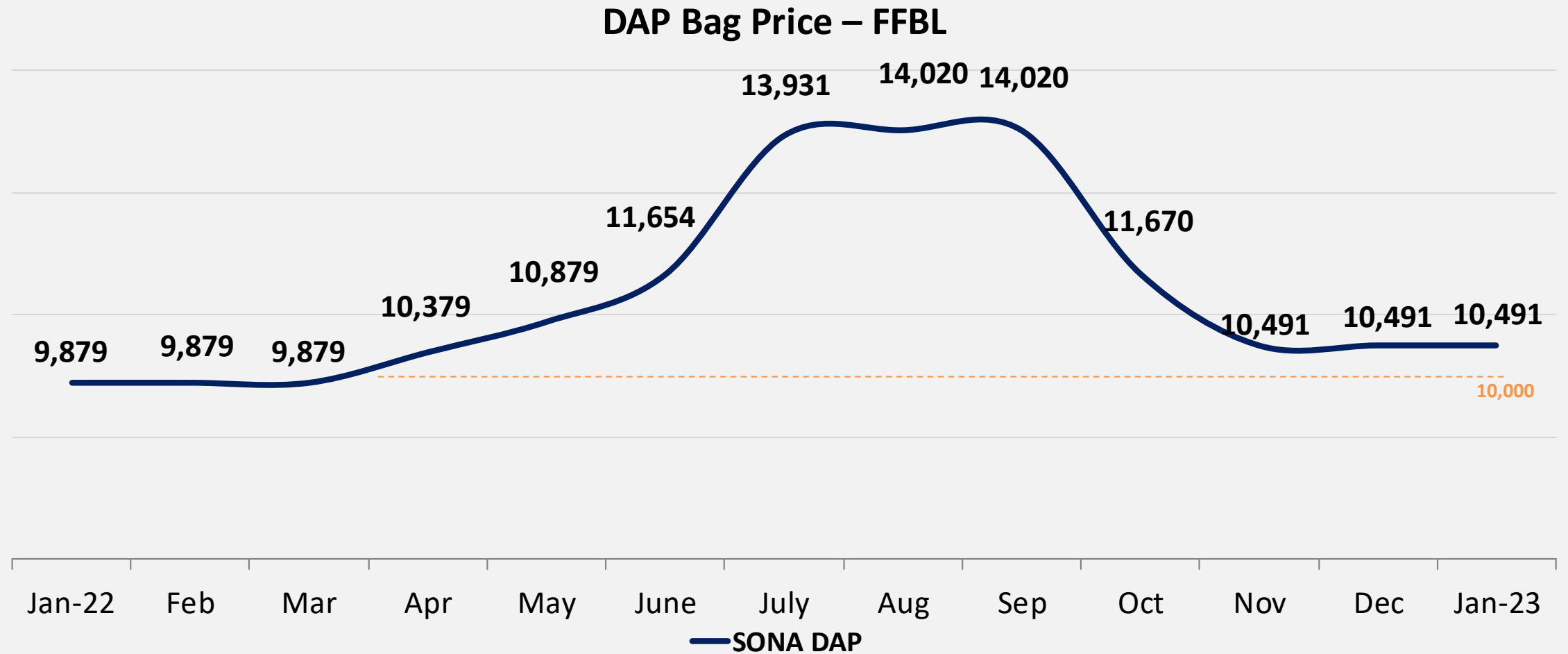
# International DAP Market

*Volatile Phos Acid and DAP prices in 1H 2022, declining ever since...*



# Pakistan DAP market

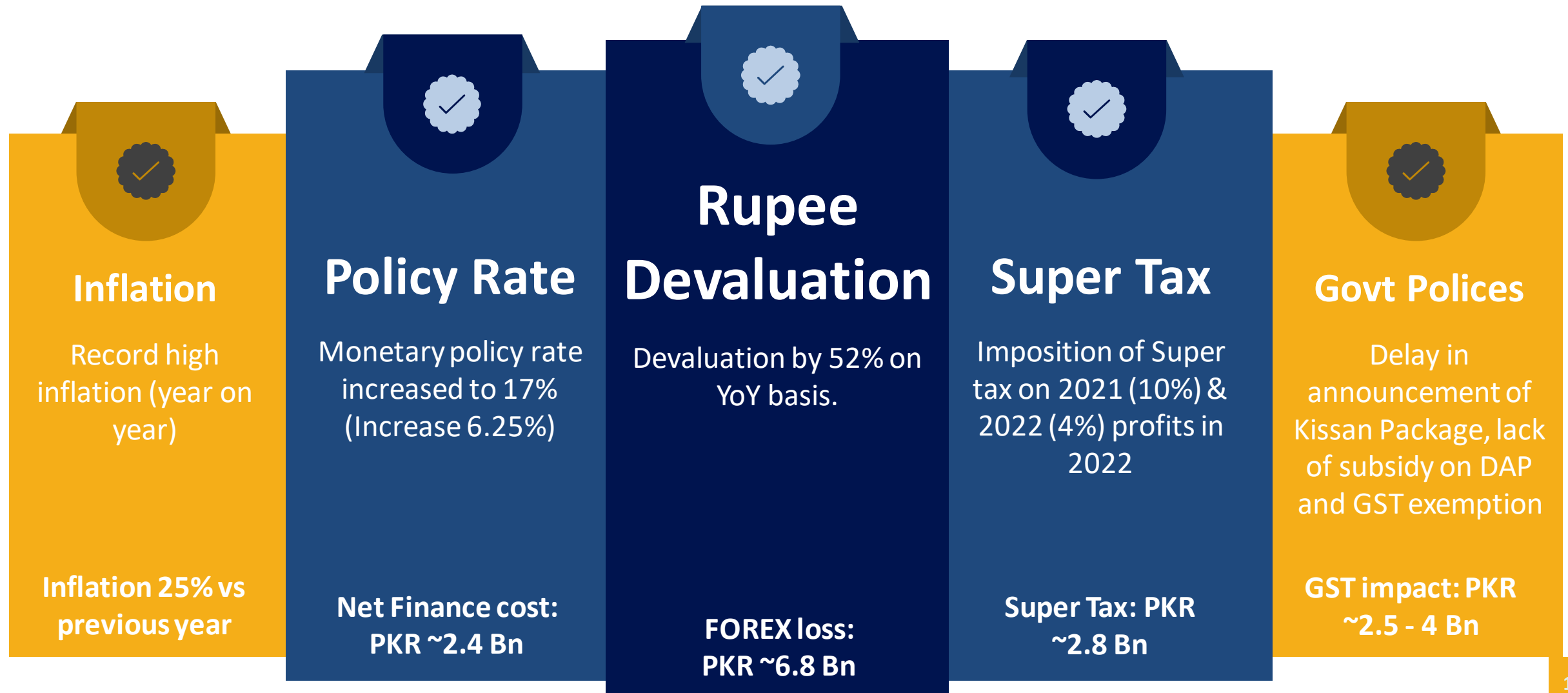
*Psychological threshold of PKR 10,000 per bag breached.....*





# Business Highlights

# Challenges to FFBL Fertilizer Business in 2022





# Business Performance

*Despite challenges, FFBL managed to strengthen shareholders' wealth*



Significant growth in DAP Market share from 42% to 56%, while maintaining UREA market share at 8%



Despite FOREX restriction by SBP, FFBL managed to ensure supply of Phos Acid for smooth operations



Despite demand destruction due to floods, achieved highest revenue (PKR 159 Bn)



Highest production of DAP & Urea in a year, GSA signed



Credit rating enhanced to AA/A1

# Sales

*DAP sales affected by floods, high pricing and farm economics...*

DAP Sales (KT)

*Inventory  
carryover: 188 KT*

*Industry  
decline: -38%*

**-16%**

926

790

661

2020

2021

2022

UREA Sales (KT)

559

501

**+4%**

523

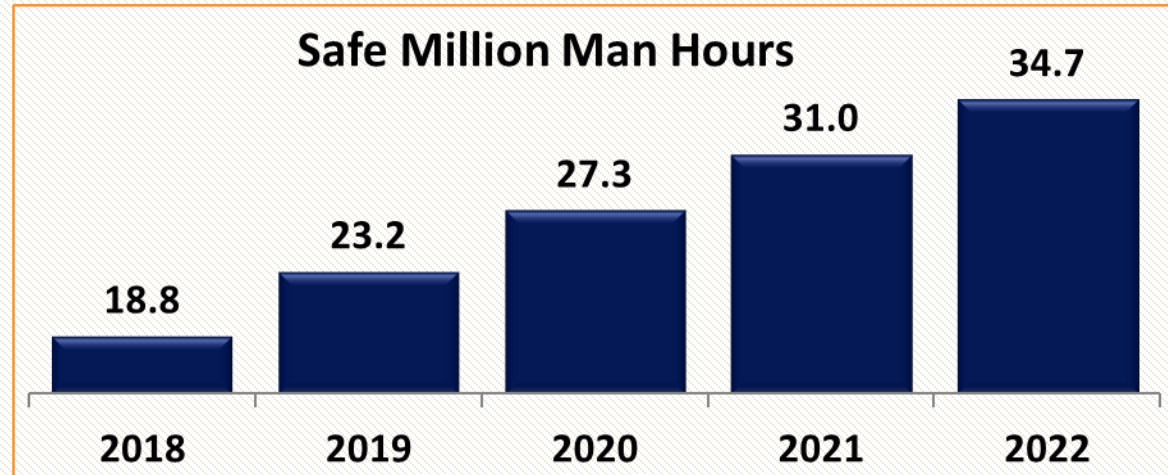
2020

2021

2022

# Operational Excellence

*Recipient of multiple safety awards and incident free performance*



**ROSPA award for HSE performance**

Award - 2022



**Annual Environment Excellence Award**

2022



**Process Safety Management – on track.**

PSM



**Superior Safety Performance Award**

1st Fertilizer complex -Pak



**Climate Change & Green Finance Summit**

Award - 2022



# Financial Performance

# Financials – Standalone

GP:  
PKR 26  
Bn



GP  
Margin:  
16%

OP  
PKR 17  
Bn

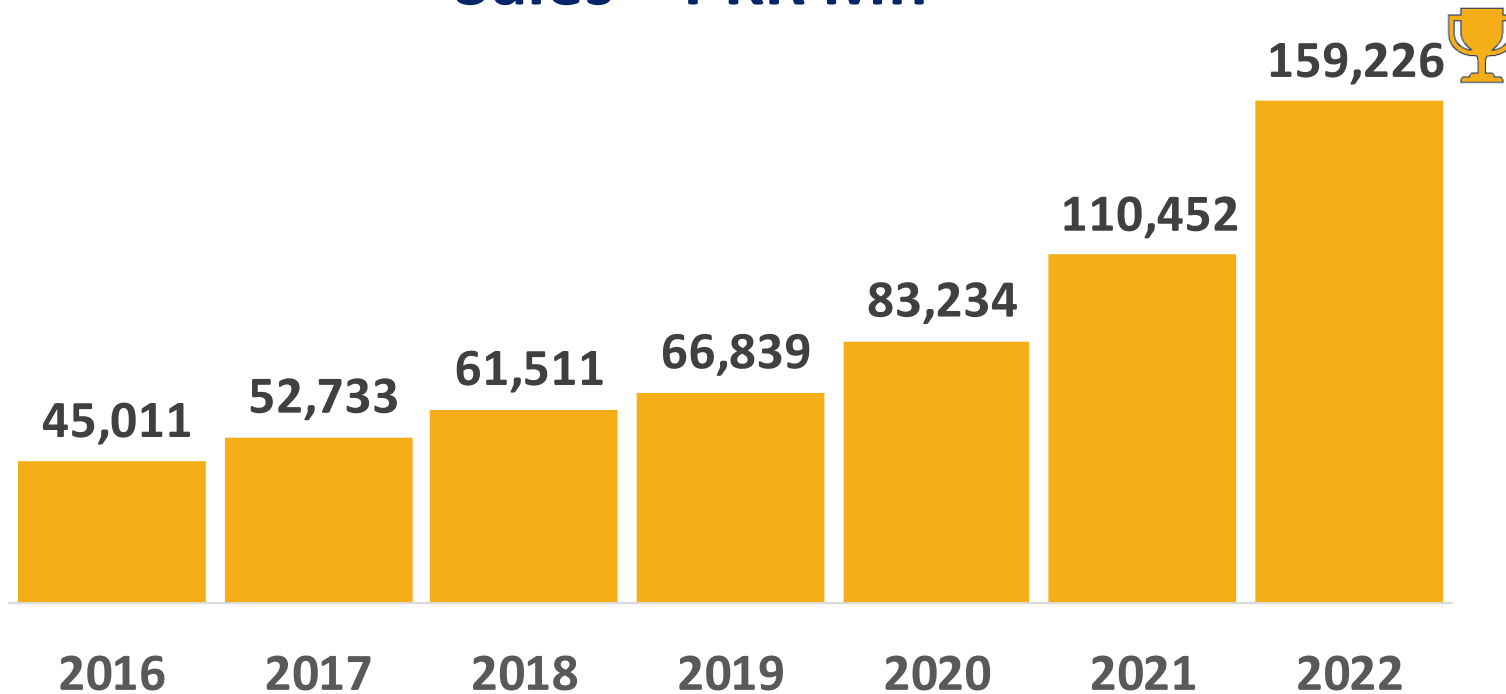


EBITDA:  
PKR  
14.6 Bn

PBT  
PKR 8.5  
Bn

PAT:  
PKR 2.3  
Bn

## Sales – PKR Mn



  
**Highest Ever**

Revenue, Gross Profit  
&  
Operational Profit

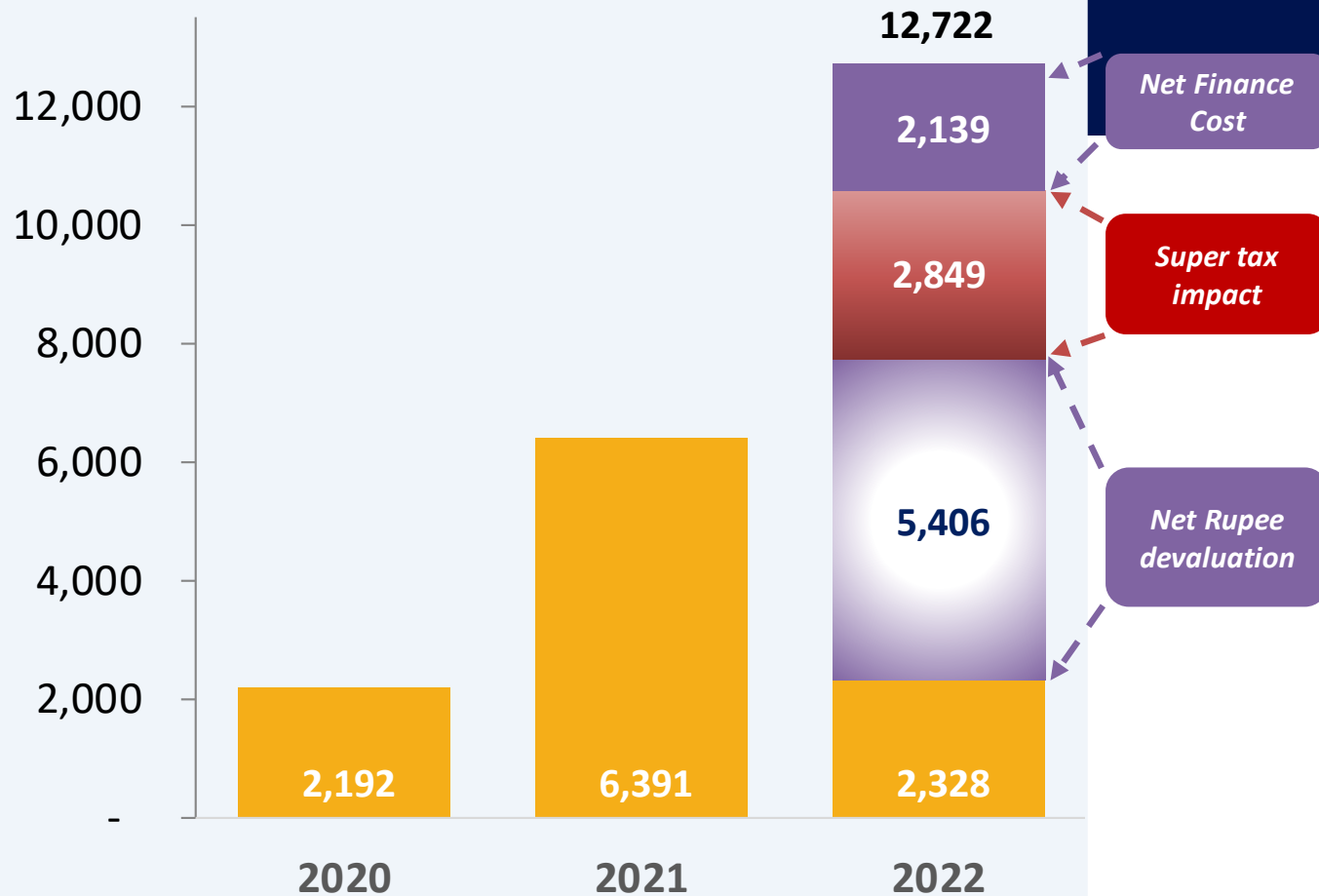
(Jan – Dec 2022)



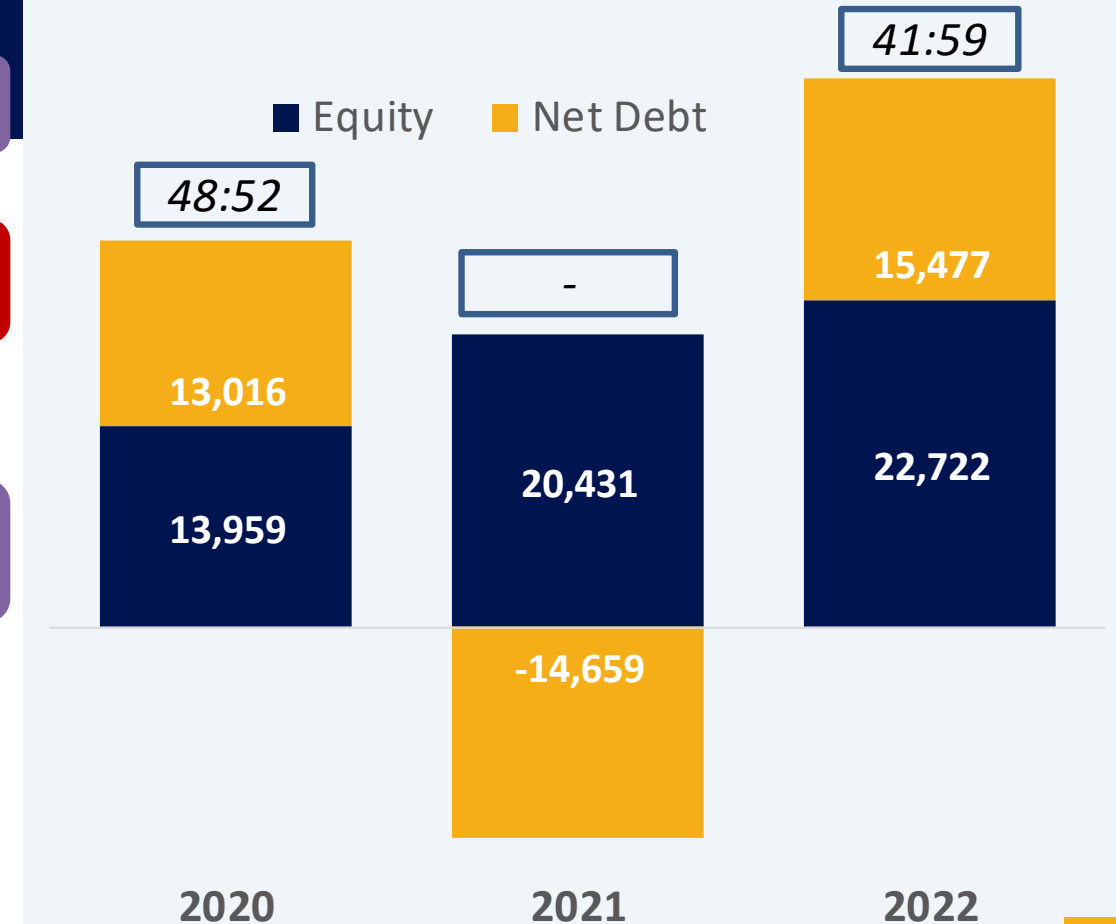
# Financials – Standalone

*Profitability impacted due to DAP sales, super tax and loss due to rupee devaluation*

Profit After Tax – PKR Mn



Net Debt Equity Ratio – PKR Mn



# Financials – Consolidated

GP:  
PKR 35  
Bn



GP  
Margin:  
19%

OP  
PKR  
23.7 Bn



EBITDA:  
PKR  
27.4 Bn

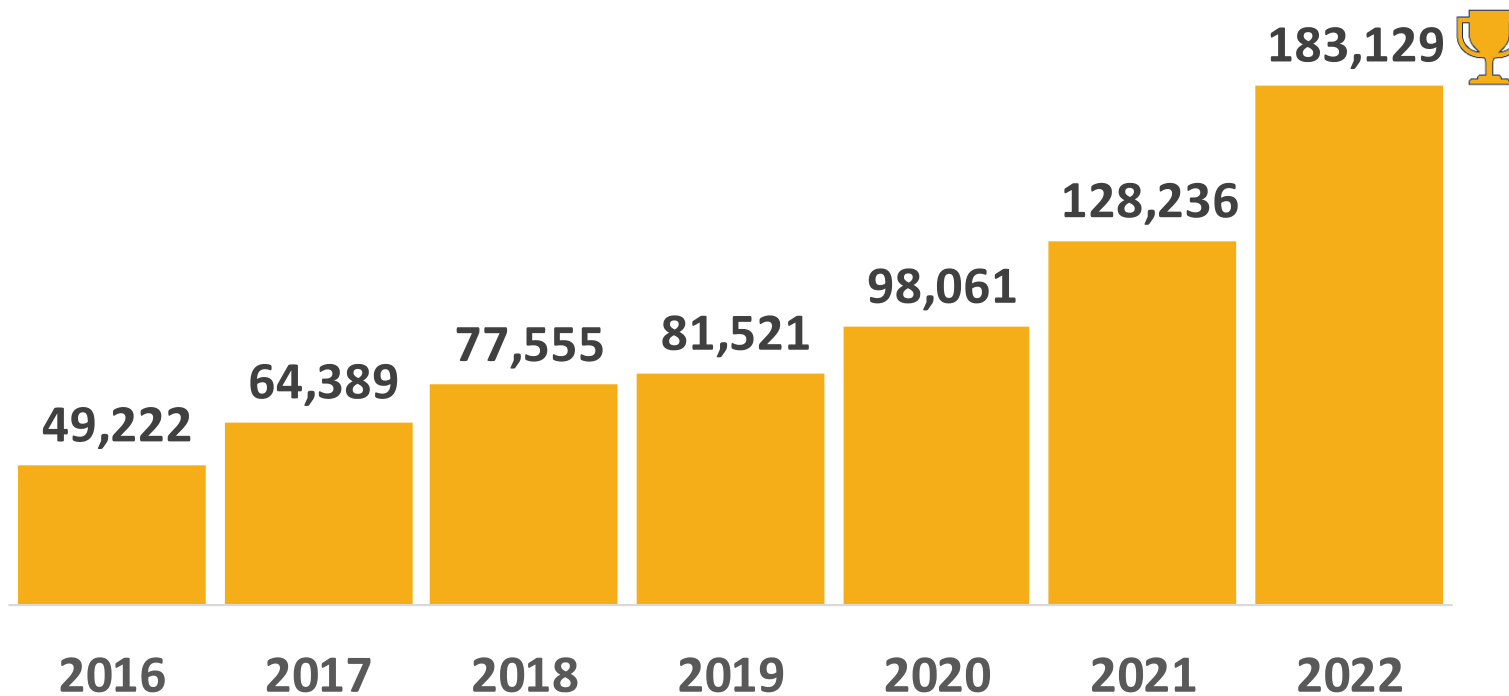


PBT  
PKR  
15.9 Bn



PAT:  
PKR 8  
Bn

Sales – PKR Mn



  
**Highest Ever**

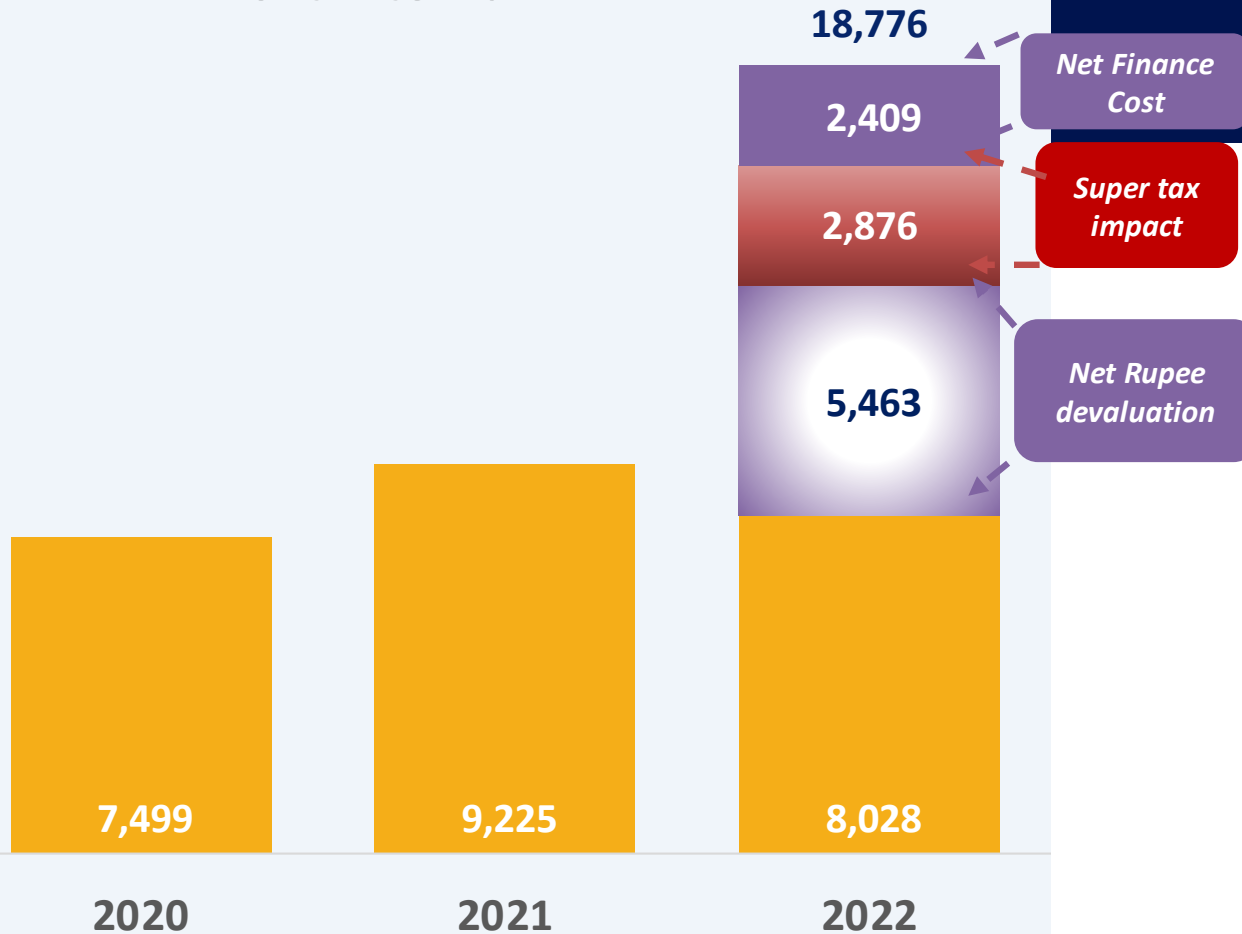
Revenue, Gross Profit,  
Operational Profit, EBITDA  
& Profit before tax

(Jan – Dec 2022)

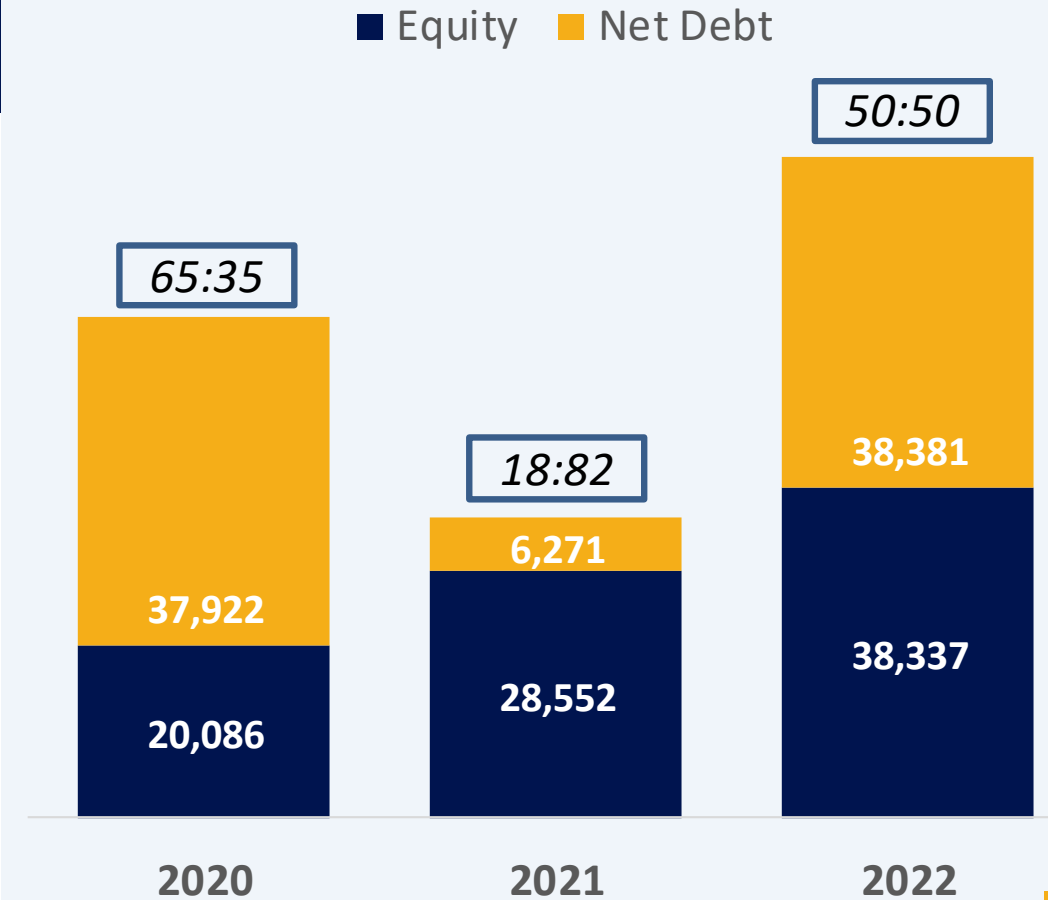
# Financials – Consolidated

*Profitability impacted due to super tax and loss due rupee devaluation*

Profit After Tax – PKR Mn



Net Debt Equity Ratio – PKR Mn



# Subsidiaries



*Consistently profitable.*

*Effective coal mix – Input cost controlled*

*Reduction in forex payments / LC due to local coal sourcing*



*Focus on capacity utilization (achieved 26%)*

*Cost optimization underway, loss reduced by 24%*

*Gradually tapping into export markets*



fauji foods



*Strong Revenue growth (44%) in FY22*

*Equity injection of PKR 11 Bn by Fauji Group*

*Portfolio transformation in progress*



# Outlook



# Strategy and way forward



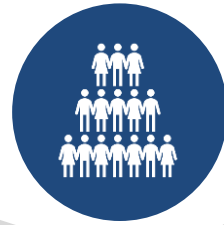
## PLANT DYNAMICS

- Plant turnaround as per plan
- Safe and effective operations



## BUSINESS EXCELLENCE

- Continuous cost effectiveness through process optimization
- People Focus – Transformational journey



## PROMOTE DAP USAGE

- Promote DAP usage through GOP Engagement



## DISCRIMINATION ON GST DAP IMPORT

- Eliminate discrimination on import duty as compared to local production



# Outlook – A challenging year ahead

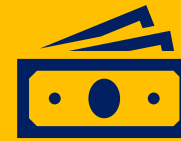
*2022 was a challenging year, however 2023 is off to a strong start.*



Based on recent sales, projected demand for DAP appears high. FFBL is in a unique position to capitalize on this owing to existing inventory available and lack of imports.



Farm economics to improve in 2023 with projected Net income per acre rising. DAP demand to improve as farmers look to maximize output per acre.



Super tax and GoP policies impacted FY 22. GoP appears receptive to demands of FFBL regarding taxation, Gas availability and discriminatory policies against DAP manufacturers



GoP actively working on improving yields by promoting usage of DAP and specialized products. DAP demand likely to increase as a result of this



Q & A



**Thank You.**