

# Engro Fertilizers Limited - Corporate Briefing Session

**Q2 2025**

4<sup>th</sup> August 2025



# Agenda



1

Highlights



2

Business Performance



3

Contributions & Challenges



4

Q&A Session

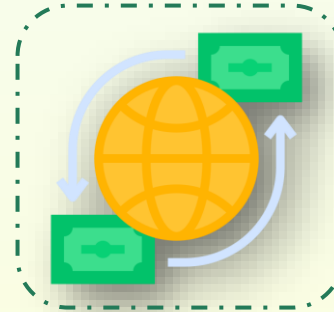


# 1. Highlights





# Macro Economic Overview





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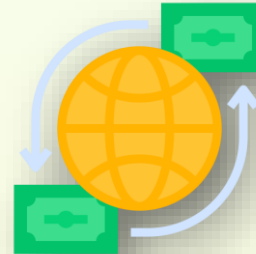
## Inflation

**3.2% YoY**  
(12.6% SPLY)



## Exchange Rate

Has risen to  
**~284 PKR/USD**  
(278.64 Dec'24)



## Policy Rate

Reduced to **11%**  
in May 25  
(12% Mar'25)



## GDP

**2.68% YoY**  
(2.51% SPLY)



Agriculture sector, which contributed 23.5% to the national GDP grew by 0.56% in FY'25, largely due to livestock. Crop related agriculture GDP (constituting 32% of agriculture sector) declined by 6.82%.



## Q2 2025 – Agricultural Landscape



### 1. Input Costs

Farm inputs including utilities, seeds, diesel and land rentals remain high impacting farmer profitability.



### 2. Crop Support Prices

Free market for agri-products has replaced earlier support price mechanism; farmer economics remain under stress



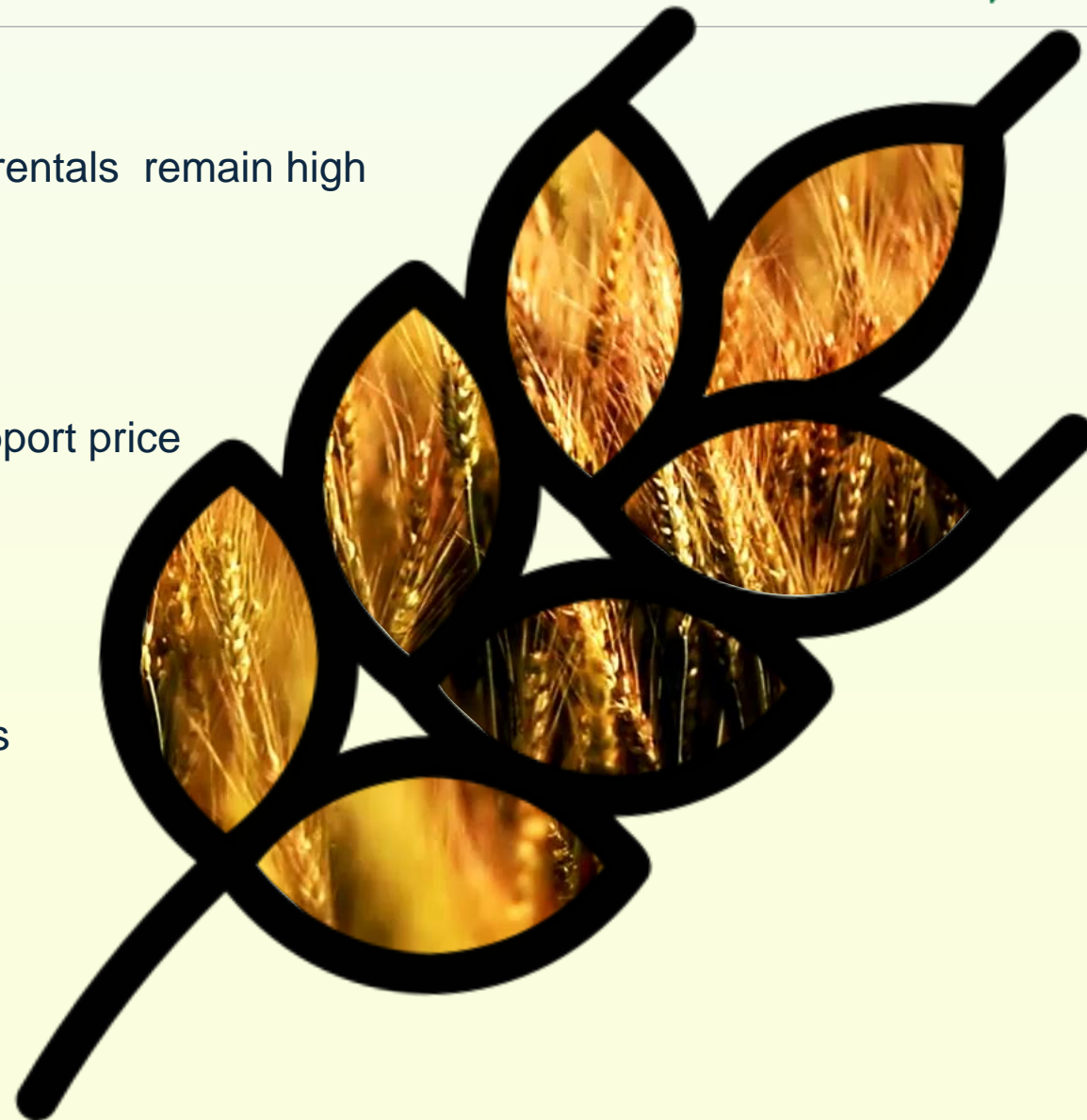
### 3. Climate Change

While lower snowfall impaired water availability in 1H, recent rainfalls have helped. However, excessive rains may potentially lead to flooding.



### 4. Agri production

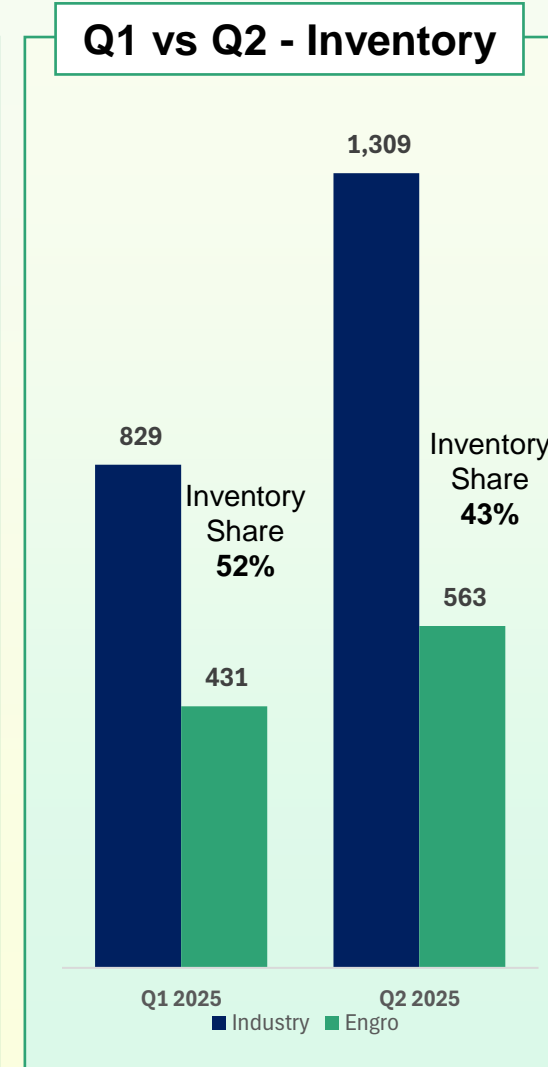
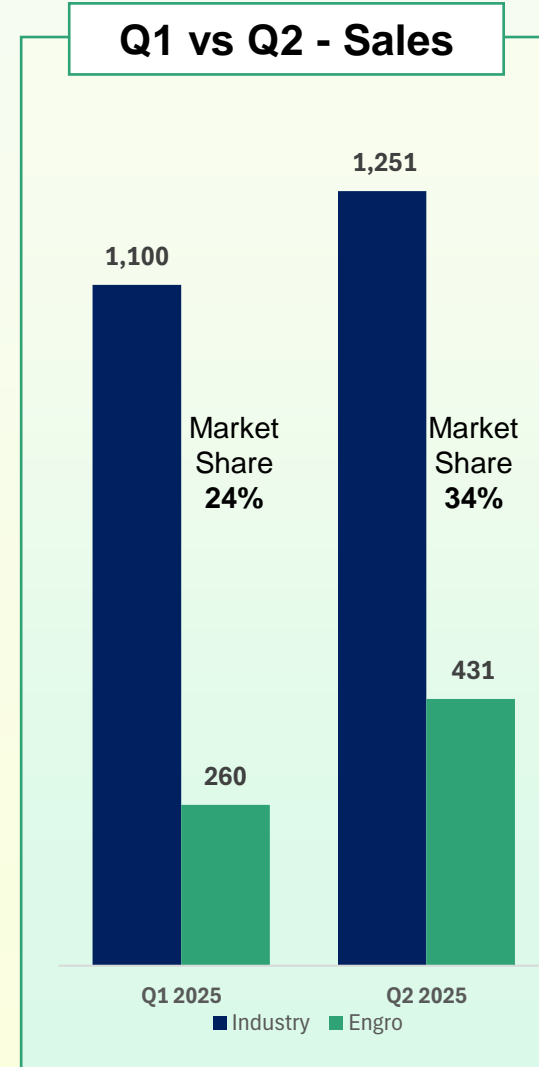
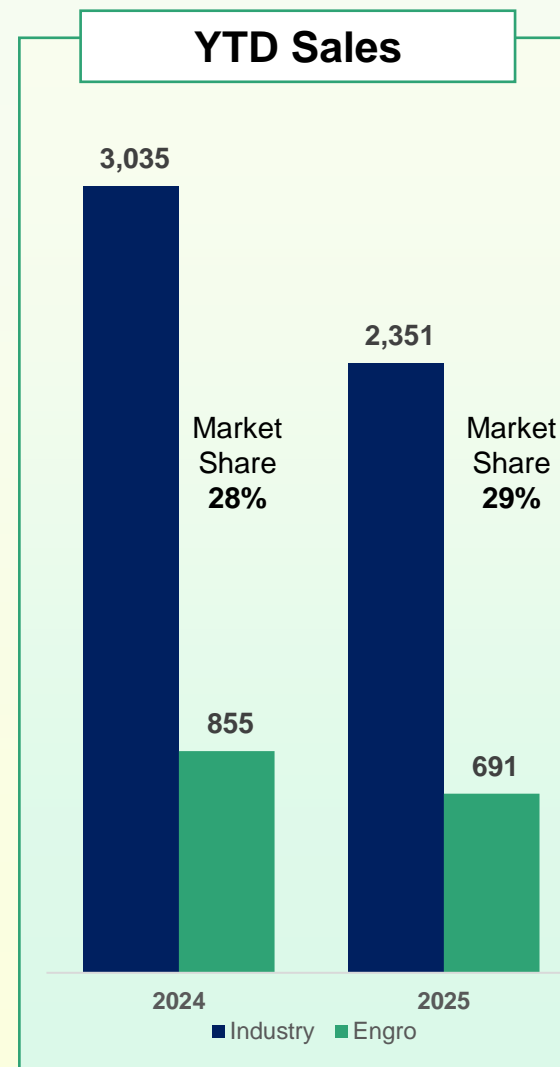
Cash crops declined by 13.5% due to reduced area and adverse weather conditions.



## 2. Business Performance



## Urea Business



While we were able to secure higher market share and reduce our inventory share.  
The urea market remains under stress due to weak farmer economics.





## Engro Markaz and UgAi



### What is Markaz?

Outlets in Punjab offering fertilizers along with advisory and soil testing.



### What is UgAi?

Pakistan's first digital platform for farmers to purchase fertilizers at official prices and access AgTech services.



We continue to focus on these platforms to enable farmer outreach and value added services



# Agri Finance Initiative



## Engro Fertilizers and Bank Alfalah partner to launch PKR 250 million financing for farmers

To advance sustainable farming, Engro Fertilizers and Bank Alfalah have launched a programme offering loans of up to **PKR 1 million** to farmers registered via **ugAi** and **Engro Markaz** in **Sahiwal, Sargodha, Bahawalpur, and Muridke**.

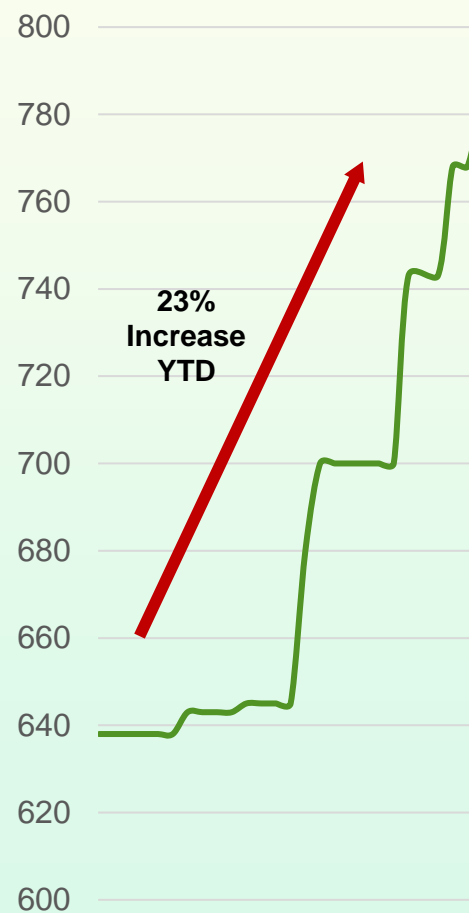
With a total allocation of **PKR 250 million**, the initiative aims to benefit up to **2,000 farmers**, encouraging inclusive financial access and strengthening the agri-value chain.



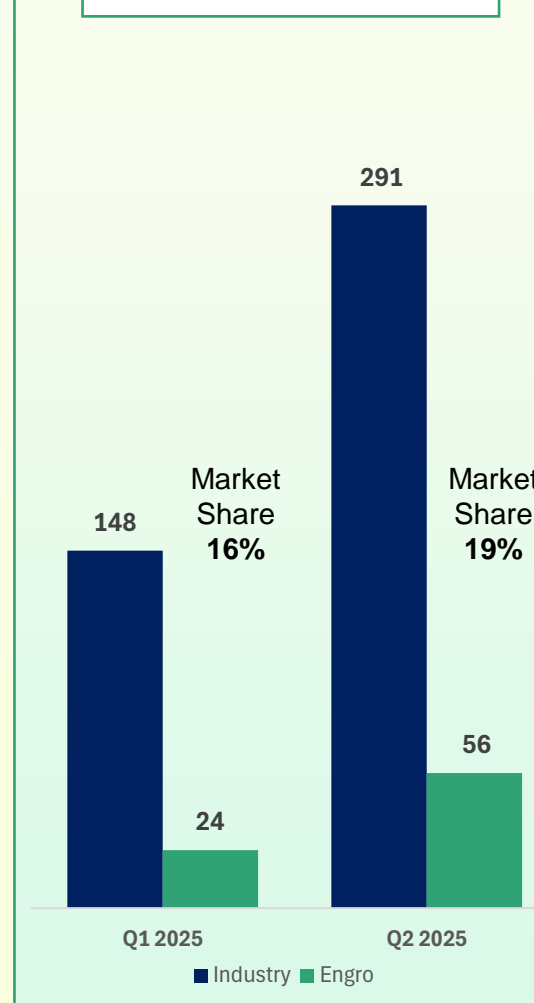
## DAP Business



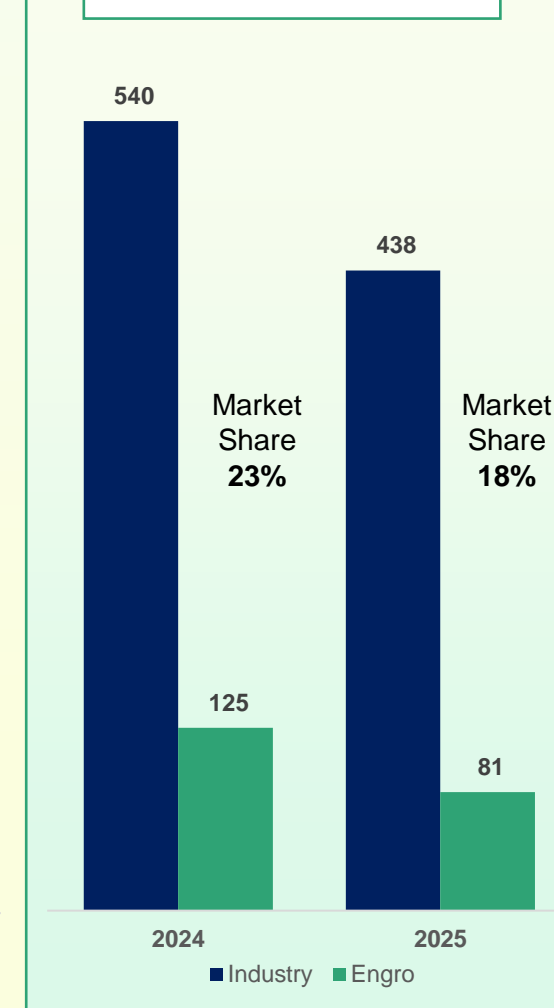
### DAP international Prices



### Q1 vs Q2 - Sales



### YTD Sales




Local DAP market has not reciprocated to the sharp increase in international DAP pricing, due to weak farmer economics.



## Financial Highlights – 1/2




Revenue  
 PKR **50.4** bn  
 28% vs SPLY




Profitability  
 PKR **5.6** Bn  
 232% vs SPLY



EPS  
 PKR **4.17**  
 vs. 1.25 SPLY

### Year To Date Financial Highlights

Revenue  
 PKR **80.7** bn  
 -29% vs SPLY

Profitability  
 PKR **8.5** Bn  
 -11% vs SPLY

EPS  
 PKR **6.34**  
 vs. 7.06 SPLY

EFERT has announced first interim dividend of PKR 4.25/share for Q2'25 vs PKR 3.00/share for Q2'24.  
 YTD Dividend PKR 6.50/share.



## Financial Highlights – 1H 2025 vs 1H 2024 – 2/2



Revenue has decreased by **29%**

Reduced sales volumes of Urea and DAP, driven by an oversupplied market and weakened farmer economics.



Gross profit has increased by **5%**

Primarily due to the absence of the EnVen turnaround costs and imported urea costs.



Net Profit Margin is at **10% vs 8%**

Although higher financial charges and inventory holding costs exerted pressure on the net profit margin, higher gross profit and effective cost management measures contributed to its overall improvement



Gearing ratio at **57% vs 42% on Dec'24**  
Debt to EBITDA **1.02 vs 0.87 (1H 2024)**

Increase in short term borrowings is primarily due to high working capital requirement.  
Debt to EBITDA remains at healthy levels.

## 3. Contributions & Challenges





# Contributing to the Nation

## Contribution to the National Exchequer

The Company contributed ~**PKR 14.2 Bn** towards the National Exchequer by way of Government taxes, duties, and levies.

## Import Substitution - shielding farmers from higher costing international Urea

	International Urea	Local Urea
MRP PKR / Bag	8,280	4,649
Discount to international pricing PKR / Bag	~3,600 (44%)	



## Pressure Enhancement Facility

- **Approximately USD 300Mn CAPEX** by the fertilizer industry to enhance gas pressure from Mari field, thereby securing long term sustainability of company operations
- **Phase 1**
  - **Scope 1** : Completed.
  - **Scope 2** : In Progress, Expected completion by August 2025
- **Phase 2**: Procurement of compressors and other activities are in progress.







Thank you