



Analyst Briefing

Jan 2024

DISCLOSURE

All forward – looking statements are management’s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward – looking statements.

Forward – looking statements should not be relied upon for making investment or other decisions as the statements speak only as of the date they were made

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Economic Highlights and Fertilizer Industry

FFBL



Economic Highlights



29.2% Inflation (YoY)

Headline inflation in FY 23 measured at **29.2%** (FY 22 12.2%)

2nd highest in South Asia after Sri Lanka



24% Rupee Devaluation (YoY)

External and internal factors continue to pose a risk to the USD-PKR parity.

Current parity PKR 282.4 / USD.



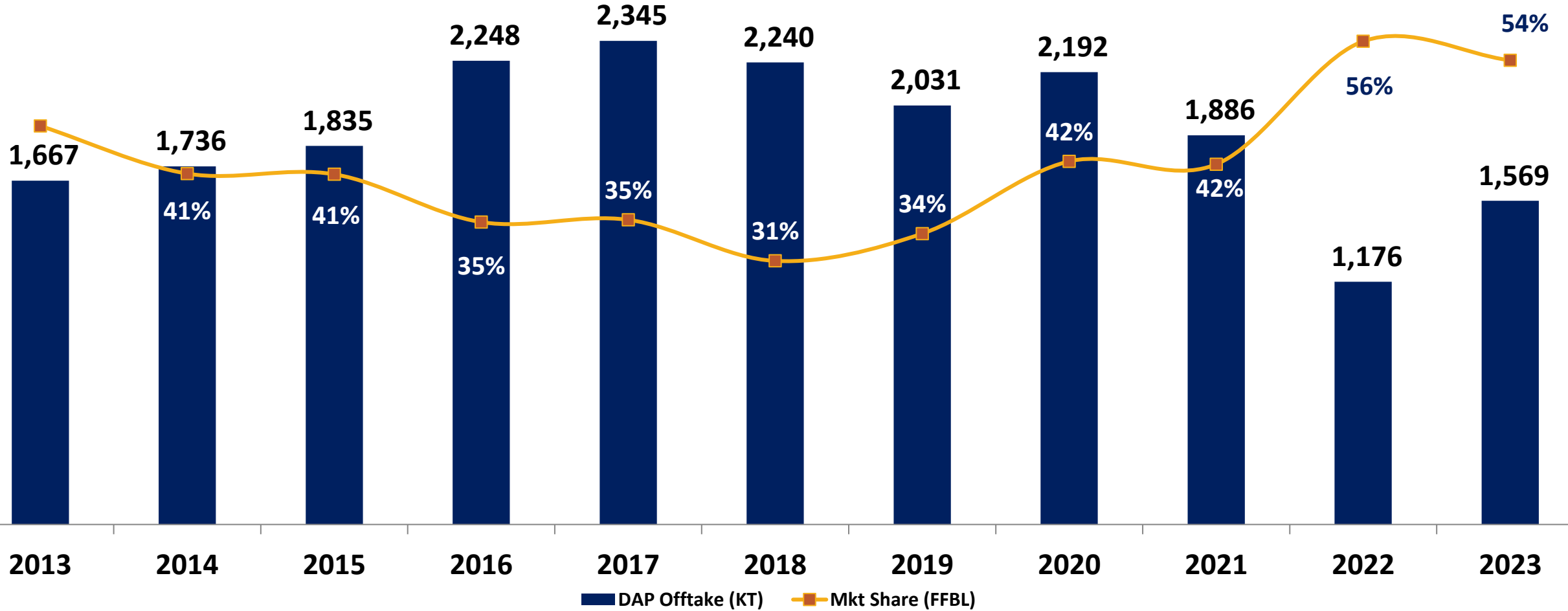
28% Gas Shortfall over FY22

Received ~42% of the GoP allocated level of 68 MMSCFD leading to reduced production.

GoP forced to import 220 KT of Urea to make up for shortfall in local production.

DAP Market (2023)

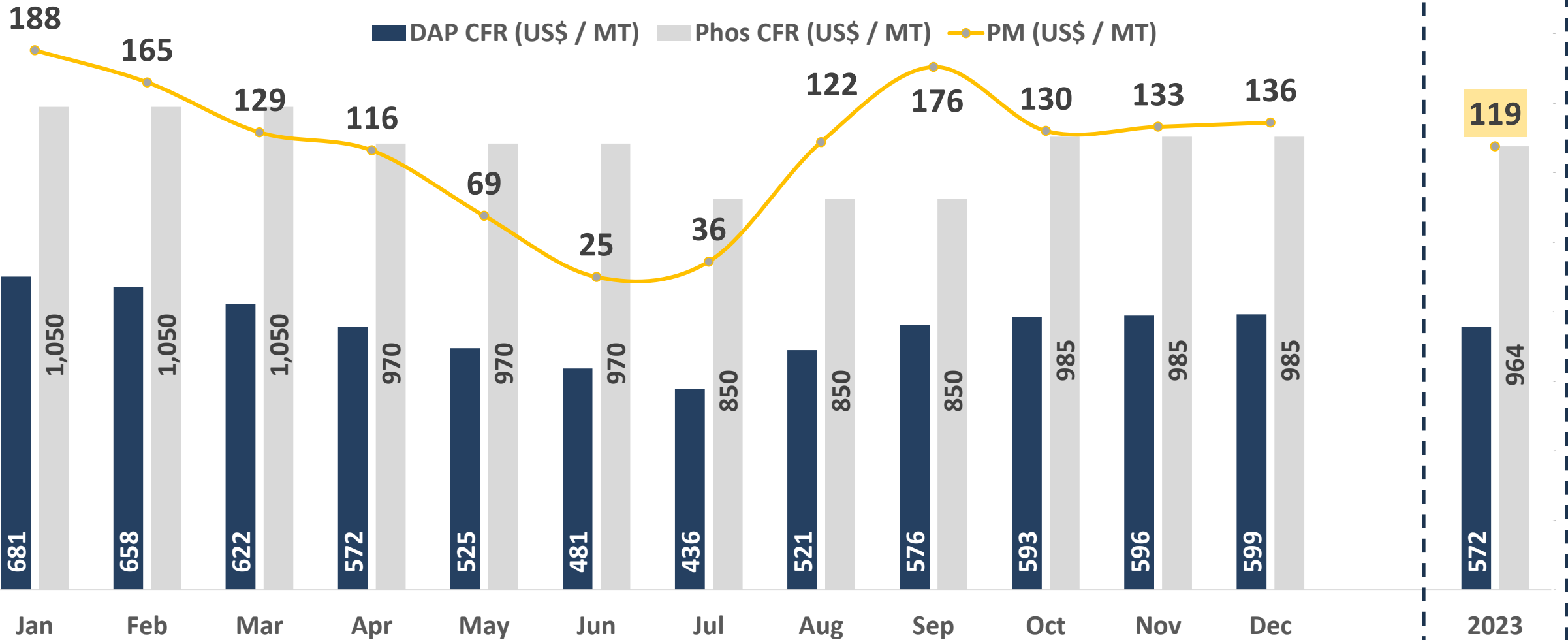
Industry sales registered a 34% increase in 2023



FFBL successfully managed to liquidate its entire inventory, including carry-over inventory from 2022 and achieved its 2nd highest market share ever.

Primary Margin International Trend

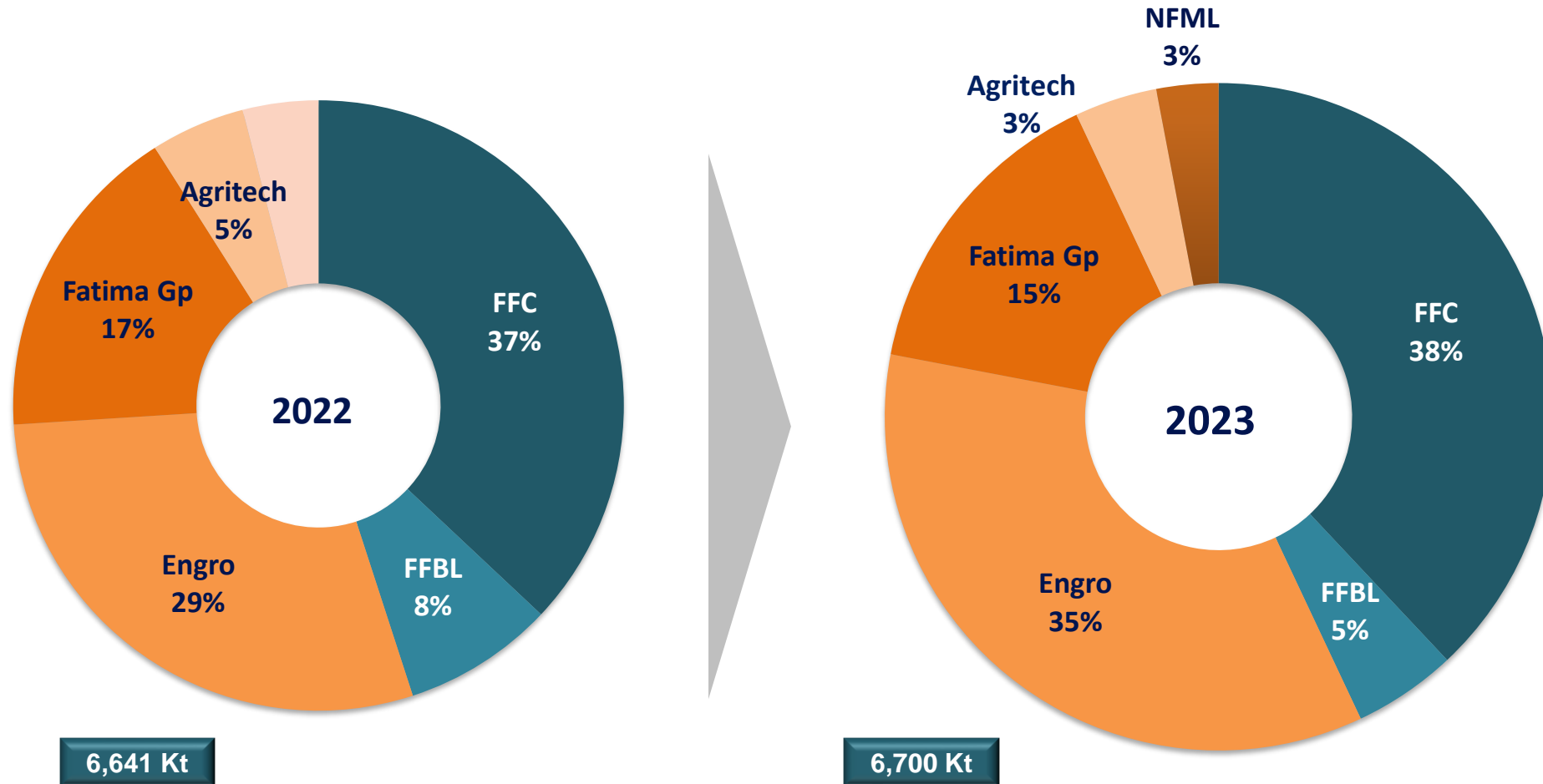
After steep decline in 1H 23, Margins rebounded, propelled by global inflation and supply shortages.
For Pakistan, this translated to speculative buying even at high prices



Urea Market (2023)

Urea Market showed modest growth in FY23.

FFBL's Urea sale, impacted by gas Curtailment, led to reduction in market share over FY22.



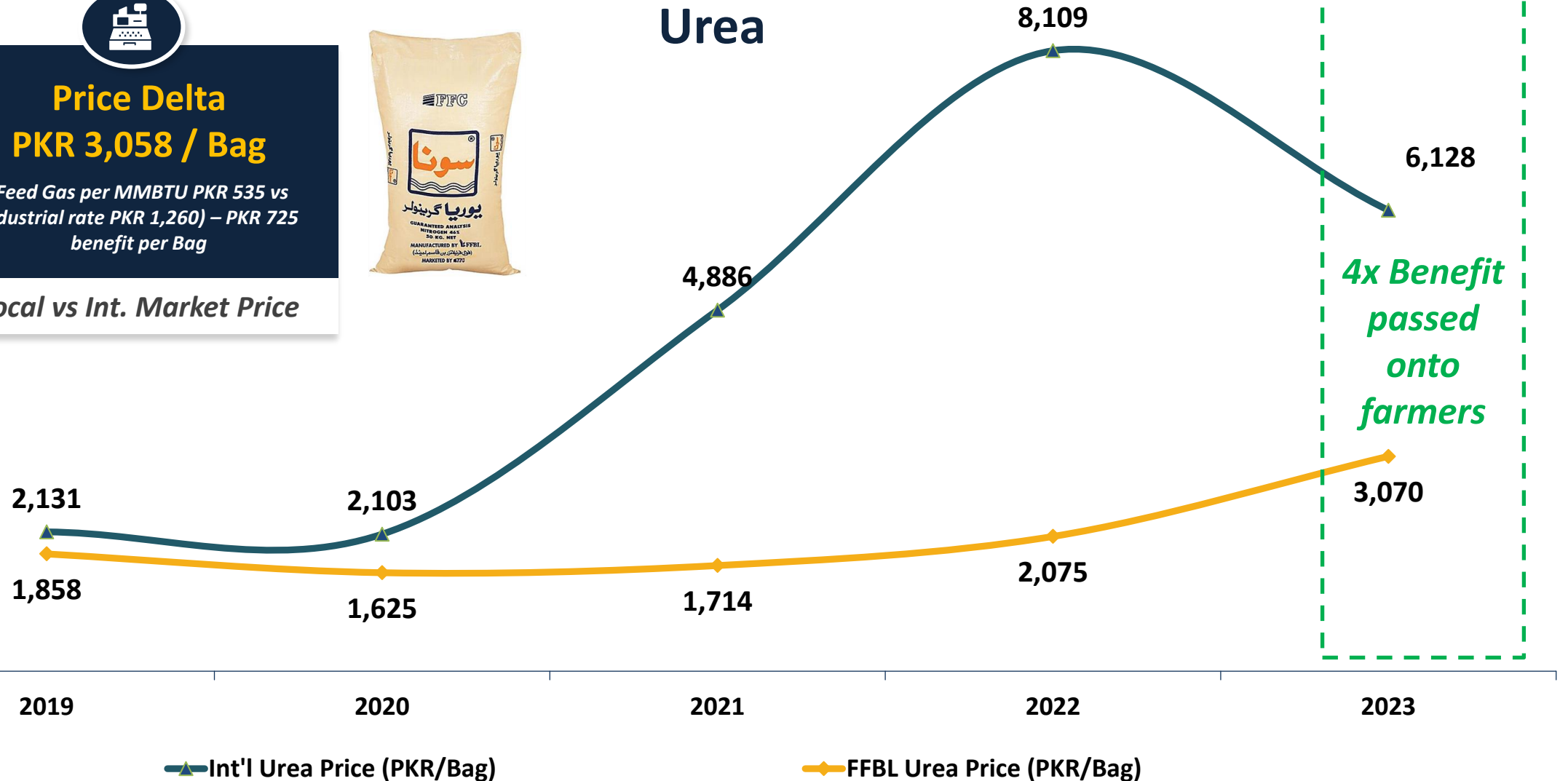
Advantages – Local Manufacturing



Price Delta
PKR 3,058 / Bag
(Feed Gas per MMBTU PKR 535 vs Industrial rate PKR 1,260) – PKR 725 benefit per Bag
Local vs Int. Market Price



Urea



Int'l Price: Average annual Ex-Arab FoB with transport and taxes
FFBL Price: Average annual Dealer Transfer Price

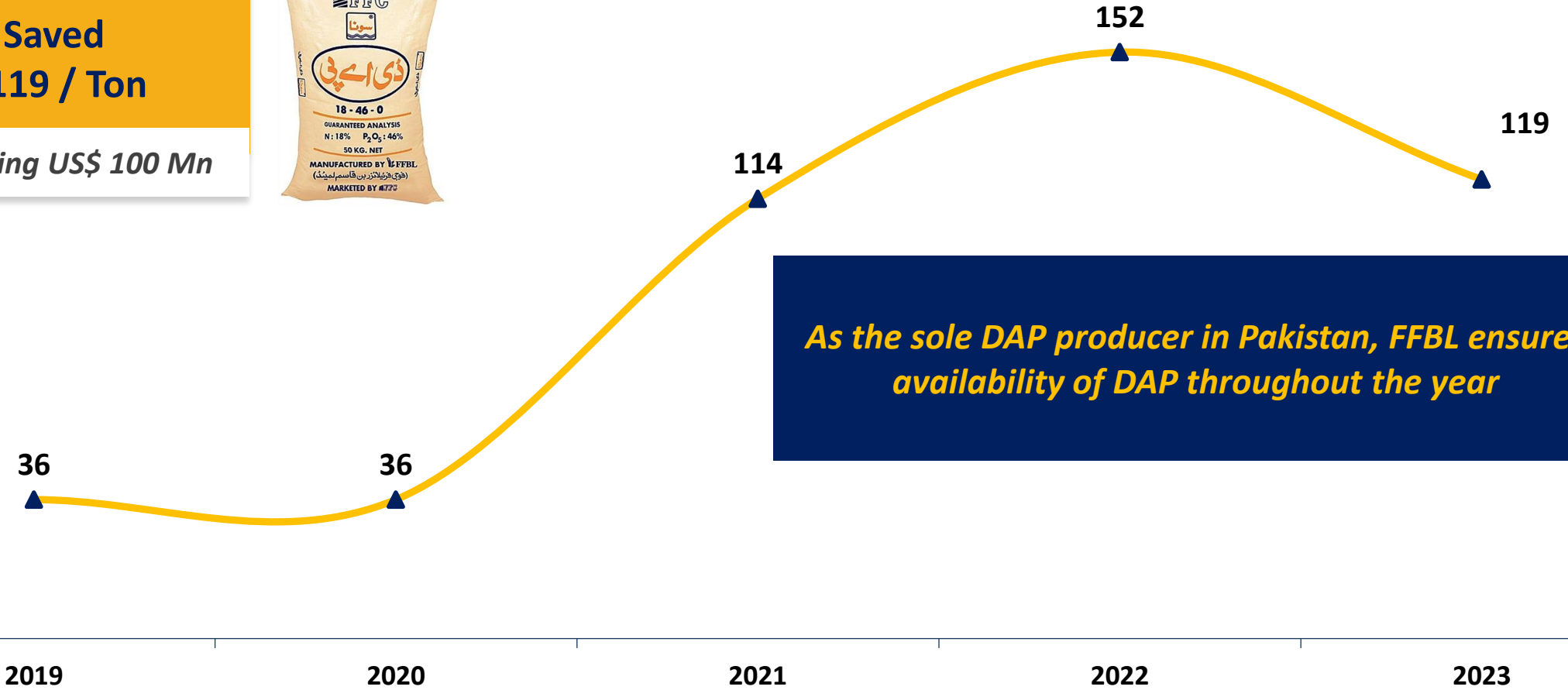
Advantages – Local Manufacturing

FX saving per ton of DAP - US\$



**FX Saved
US\$ 119 / Ton**

Annual Saving US\$ 100 Mn



As the sole DAP producer in Pakistan, FFBL ensures availability of DAP throughout the year



FFBL Performance

FFBL



Financial Snapshot 2023



PKR 193 Bn

Revenue

*Highest Ever
21% over FY 22
(PKR 159 Bn)*



PKR 33 Bn

Gross Profit

*Highest Ever
29% over FY 22
(PKR 26 Bn)*



PKR 22 Bn

Operating Profit

*Highest Ever
26% over FY 22
(PKR 17 Bn)*



PKR 42 Bn

Cash Positive

*From PKR 15.4
Bn net debt in
FY 22*



PKR 4.4 Bn

Profit After Tax

*Increase of 89%
over FY 22
(PKR 2.3 Bn)*



FFBL annual report 2022 awarded with merit certificate for recognition of its excellence in corporate reporting by the South Asian Federation of Accountants (SAFA)

Revenue Growth – PKR Bn

Highest Ever
FY 2023



DAP

Urea



193

159

110

83

67

62

53

45

52

49

54

2013

2014

2015

2016

2017

2018

2019

2020

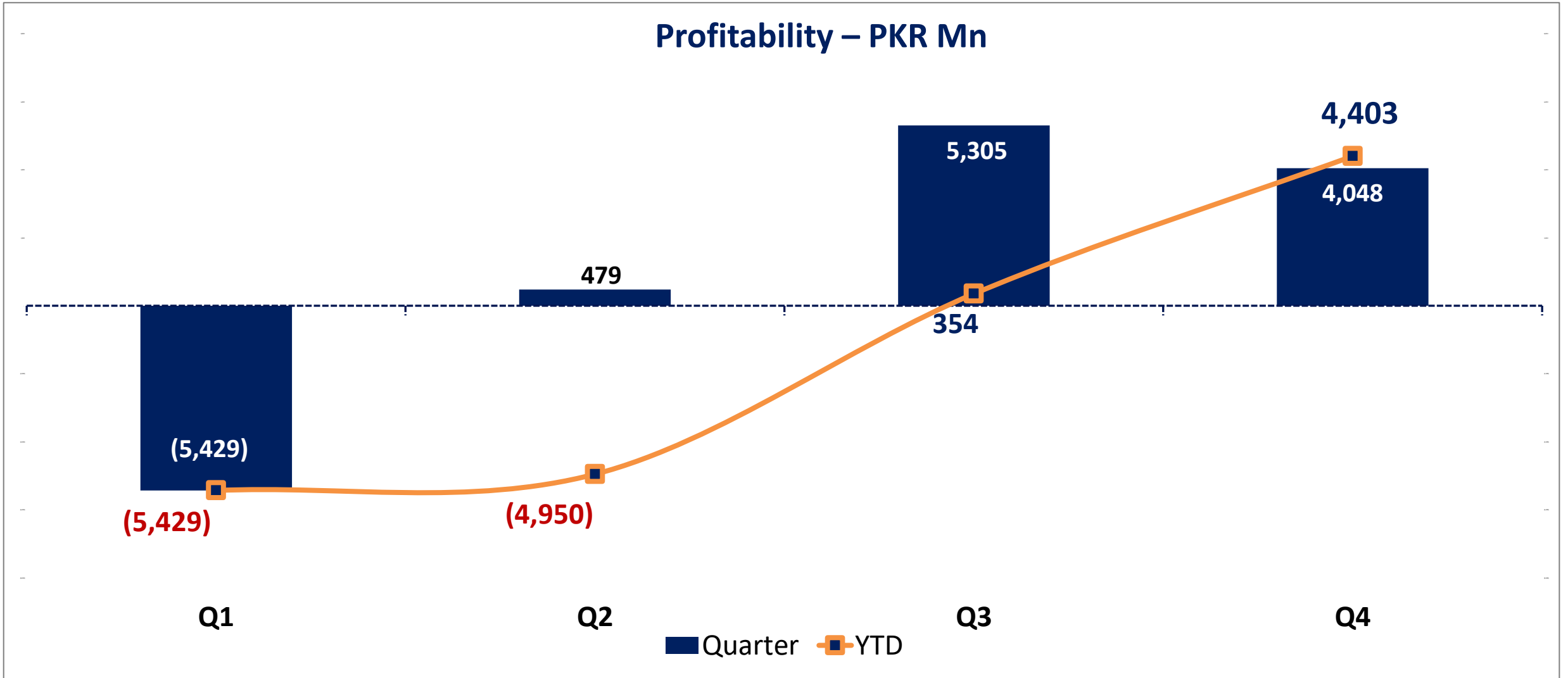
2021

2022

2023

FFBL's revenue witness a remarkable expansion of 2.3x since 2020

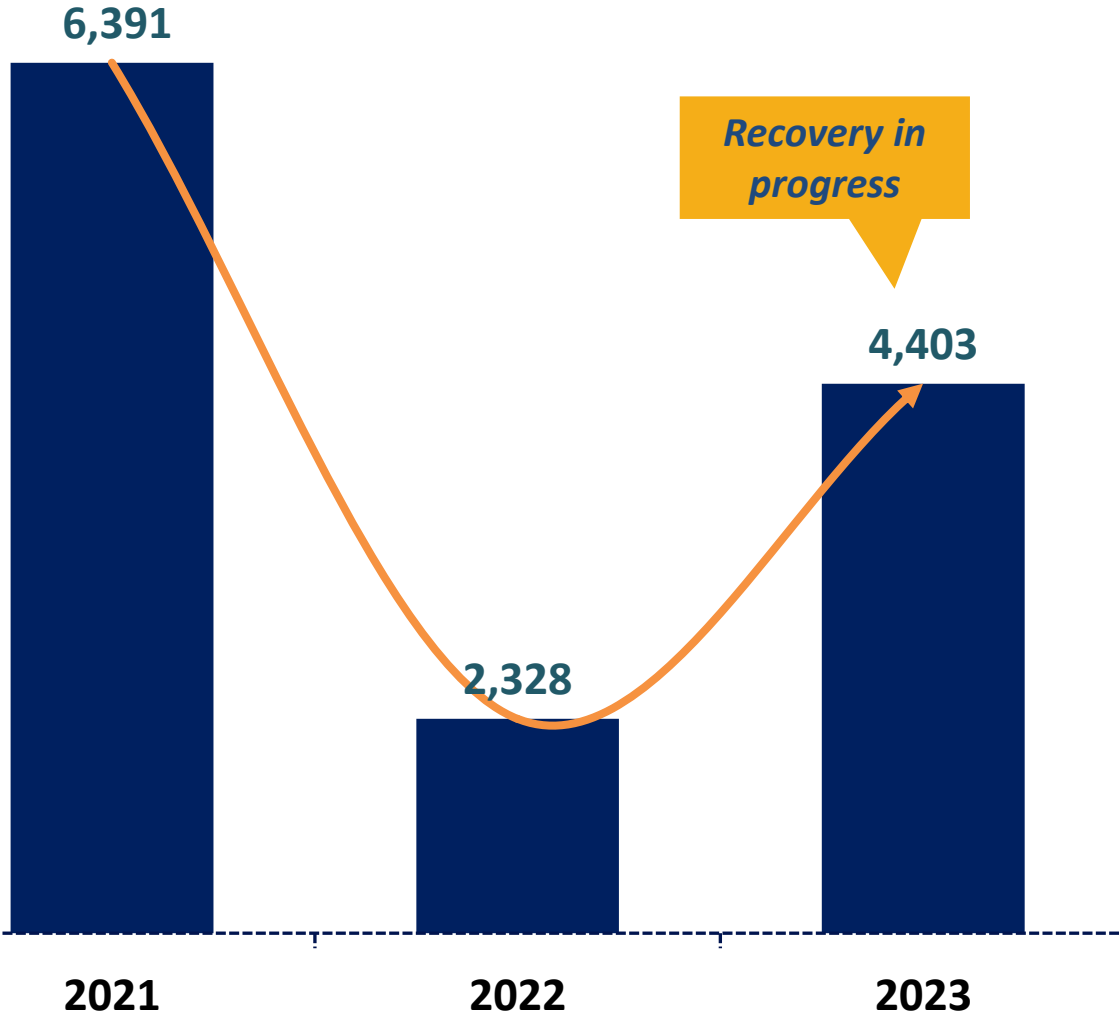
2023 – Financial Turnaround



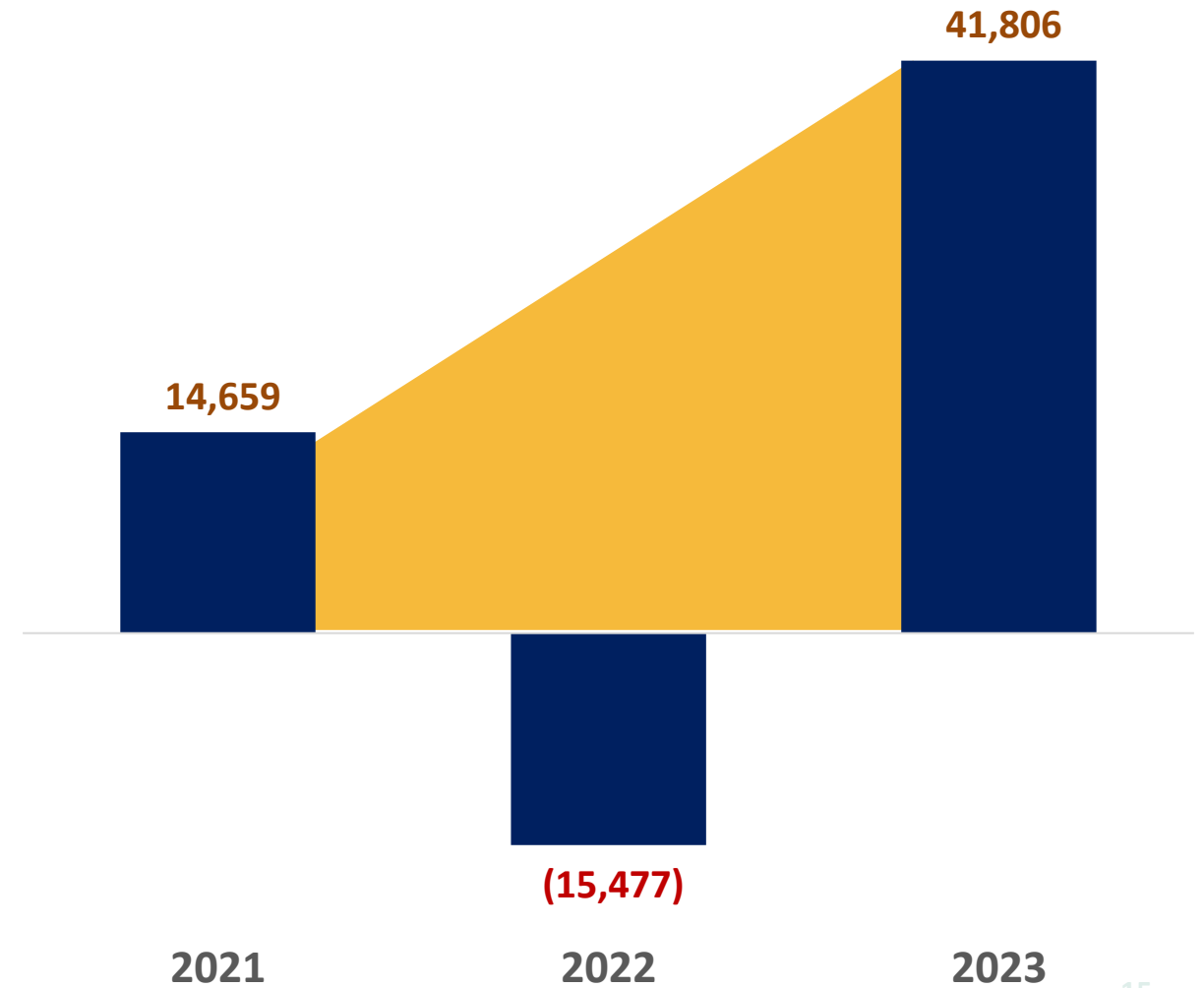
After a 4-year hiatus, FFBL has declared a dividend of PKR 1 per share (10%)

Annual Performance

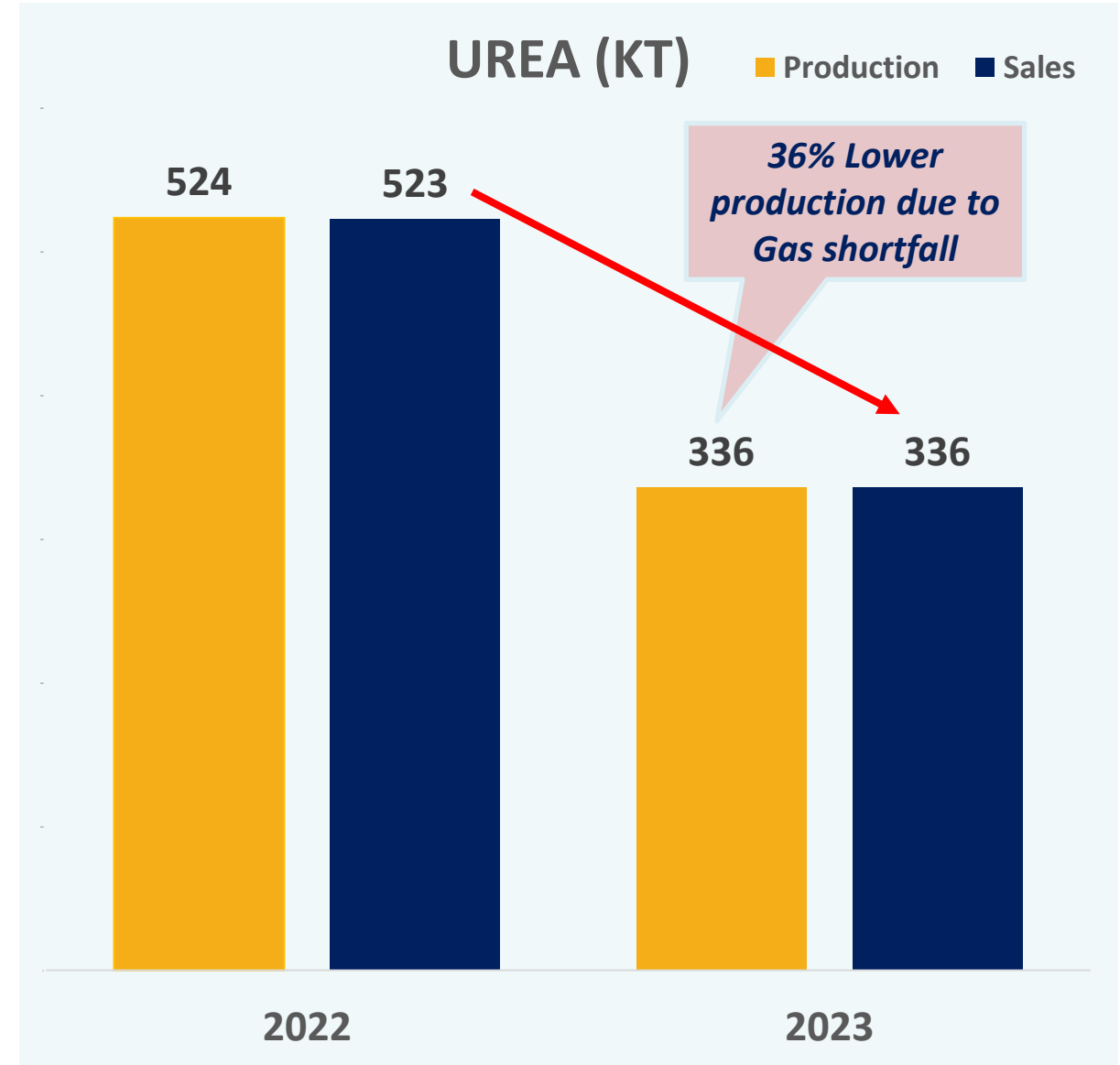
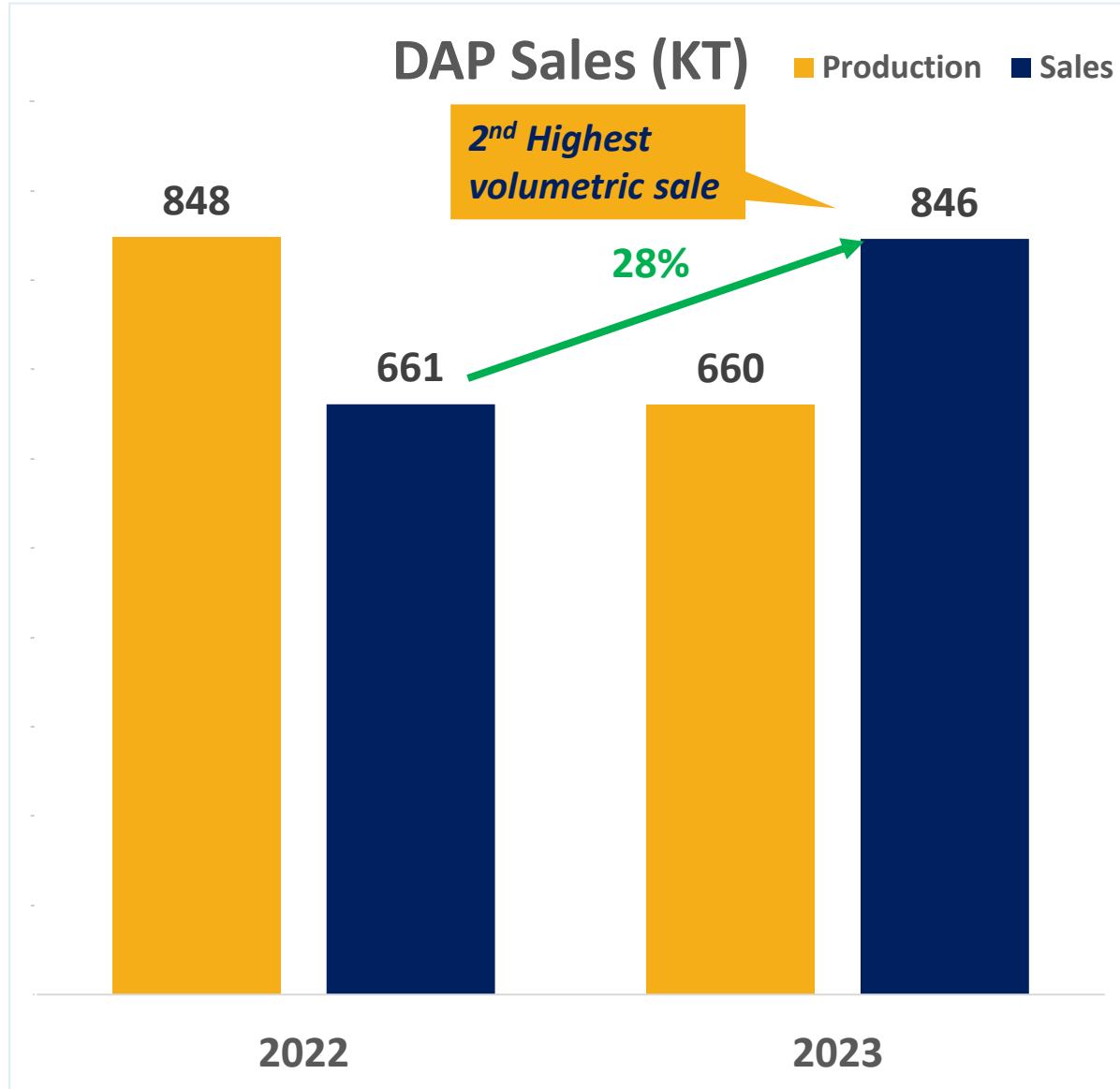
FFBL Profitability – PKR Mn



Net Cash Position – PKR Mn



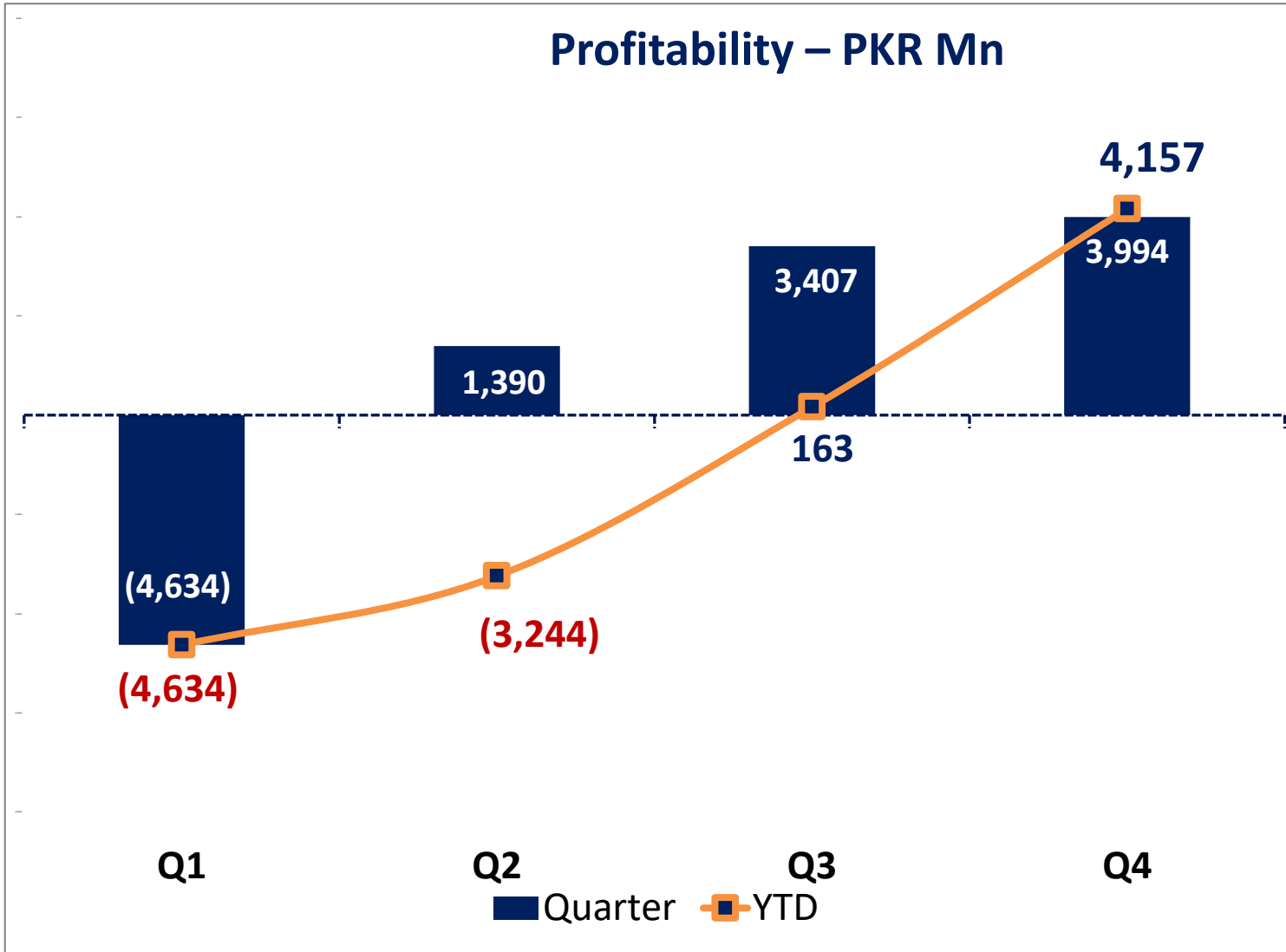
Operational Metrics



Consolidated Performance



Profitability – PKR Mn



22%

Gross Profit increase over FY22

Consistently profitable & regular dividends payout

Reduction in energy cost by optimizing the coal blend with locally sourced Thar coal.



128%

Increase in PAT over FY22

*Highest ever PAT of PKR 0.61 Bn (post acquisition by Fauji Group) compared to **LAT of PKR 2.2 Bn** in FY22*

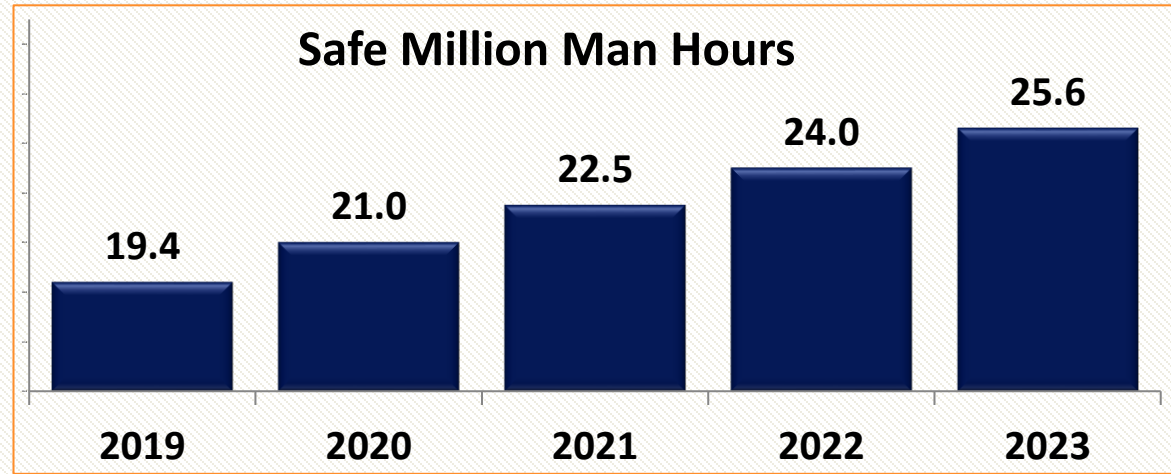
Strategic pillars of Margin Accretive Growth, COGS reduction and Capability Development contributed to

- Revenue of PKR 19.8 bn (+60% vs FY22),
- GP of PKR 2.98 bn (+207% vs FY22) &
- EBITDA of PKR 1.09 bn (443% vs FY 22)

Fauji Meat Limited was successfully divested for PKR 4.3 Bn

FFBL Achievements & Awards

Recipient of multiple safety awards and incident free performance



International Safety Award Merit – UK

Award - 2023



Green World Award – Green Organization UK

Award - 2023



Annual Environment Excellence Award - NFEH

Award – 2023



CSR Award for Employee Health Safety, Sustainability & Community Impact

Award - 2023



Fire Safety Award 2023 – NFEH & FPAP

Award - 2023



Outlook

FFBL



Outlook

Challenges persisting from the previous year, compounded by the adversities of 2023, created a unique set of complexities for FFBL.

However, given the return of economic stability and focus of the Government for transformation of agriculture sector, we believe that FFBL is well positioned to capitalize on opportunities.



Economic recovery

Economic indicators including institutional reforms, sustained PSX performance, improving fiscal deficit and primary surplus along with growing FDI indicate steady economic recovery and positive outlook.



SIFC and GPI

Under the auspices of Special Facilitation Investment Committee (SIFC) and its Green Pakistan Initiative (GPI), the agriculture sector has been identified as flagship sector in the overall economic recovery plan.



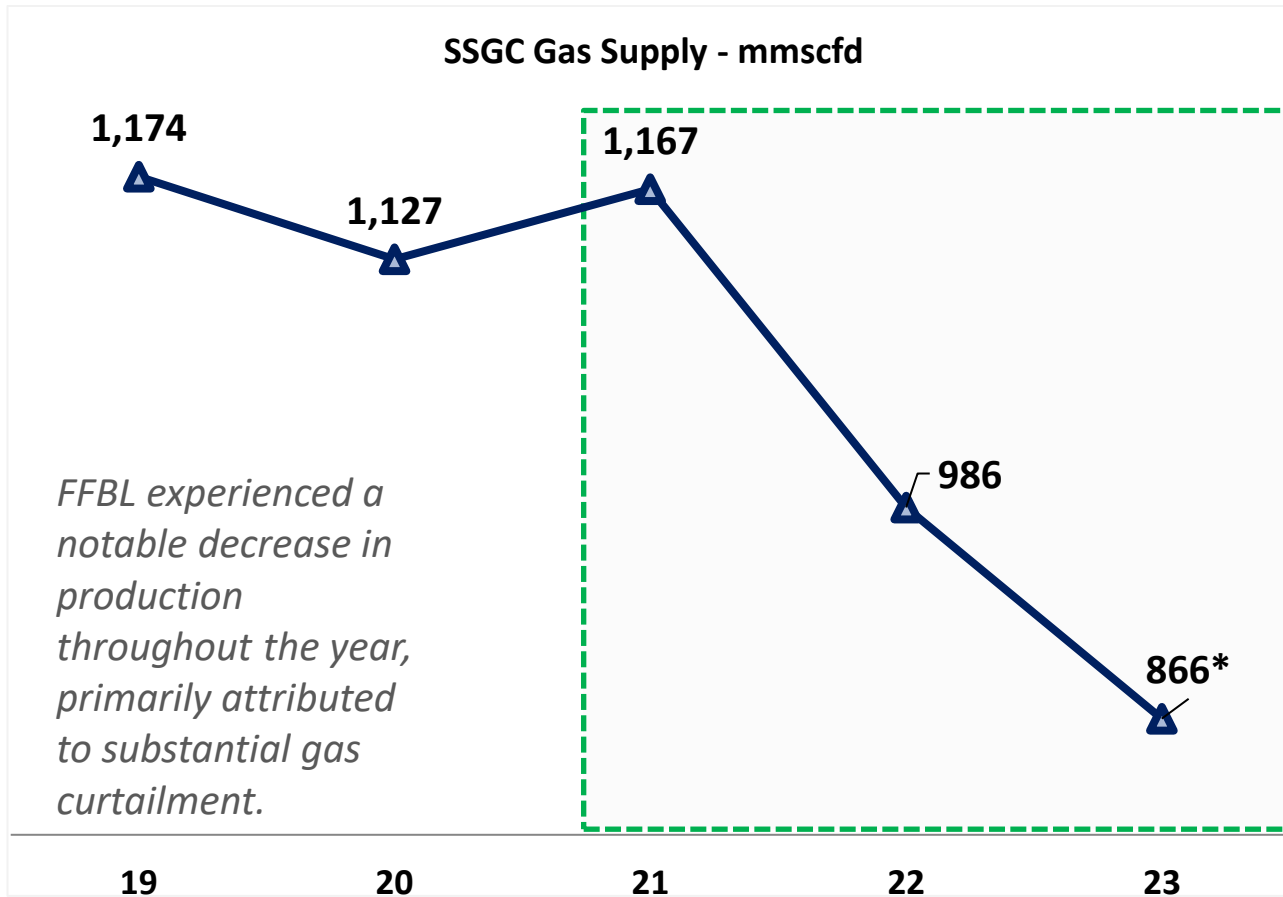
GoP Support

Resolution of GST discrimination with FFBL was a welcome step towards the right direction.

However, more supportive policies that recognize the significance of DAP are urgently needed

Diminishing gas supply... Ask from GoP

FFBL is the only fertilizer plant on SSGC network



Management Efforts



GoP Engagement

Management actively pursuing for sustainable gas supplies with relevant authorities



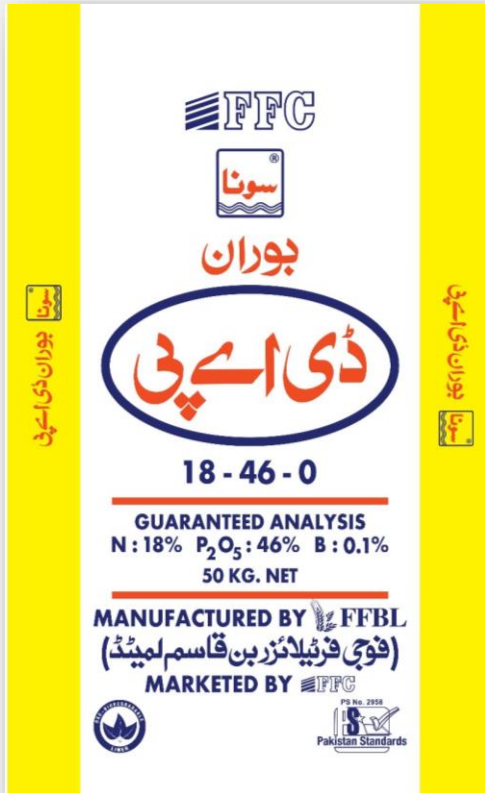
Continuous operations

Plant turnaround not planned in 2024 to ensure consistent supply of fertilizer by utilizing available gas

**Projected – OGRA Report 2022*

Going forward, FFBL's primary objective is to secure consistent gas supplies for its plant

Unveiling Value-Added Excellence



Boron Fortified DAP

Boron (B) is an essential micronutrient for plant growth and development.

- *Boron Fortified Phosphatic Fertilizers are being used globally to overcome Boron deficiency.*
- *In Pakistan, about 60% of the soils are deficient in Boron and this deficiency results in yield loss, especially in wheat.*
- *Presence of Boron with DAP has synergistic effect, which increases yield and contribute to more sustainable agricultural practices by mitigating environmental impacts related to nutrient runoff.*

Launch planned in 2024



Q & A





Thank You

