

Analyst Briefing

May 2023

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FFBL



Company Overview

Fauji Fertilizer Bin Qasim Limited



95%



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



48%



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



75%



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



25%



Morocco based JV, engaged in manufacture of Phosphoric Acid



22%



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



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Economic Highlights

Economic challenges continue.....



INFLATION & POLICY RATE

- Inflation stands at **35.4%** (SPLY 11%)
- SBP policy rate increased to **20%** (SPLY 9.75%)



RUPEE DEVALUATION

- Unstable exchange rate;
- Current devaluation by **52%** on YoY basis. (PKR 284 vs PKR 186 in SPLY)



FOREX

- Non-availability of FOREX resulting in SBP delaying payments and uncertainty.



GOP Policies

- Discriminatory policies including GST exemption for importers.
- Lack of focus on the Agricultural sector.



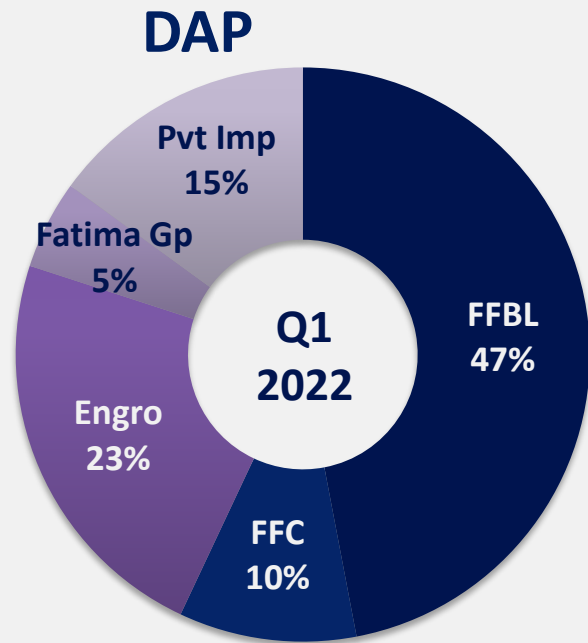
FFBL



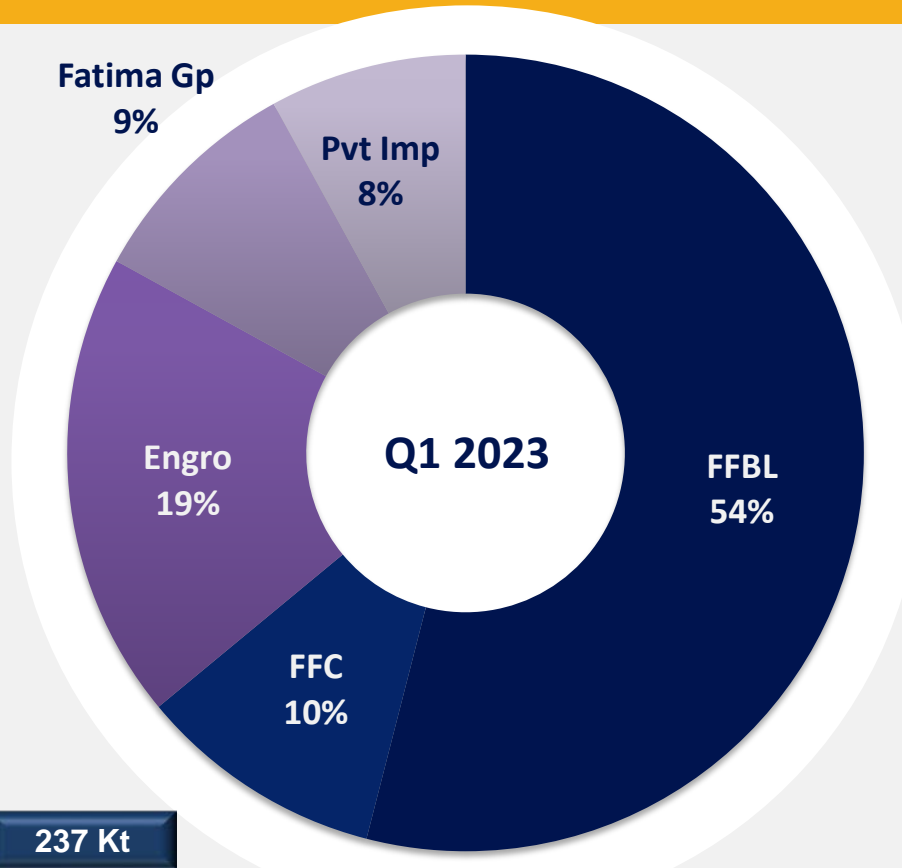
Fertilizer Industry

Fertilizer Market (Jan – Mar 2023)

DAP: FFBL share improved on YoY basis

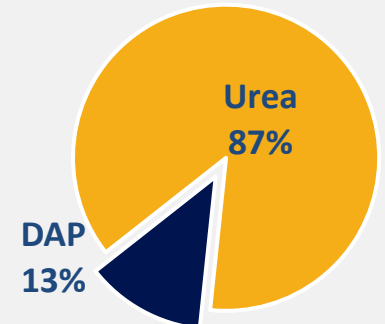
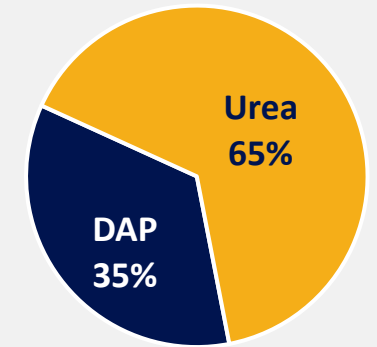


245 Kt



237 Kt

Market size : PKR ~151 Bn*

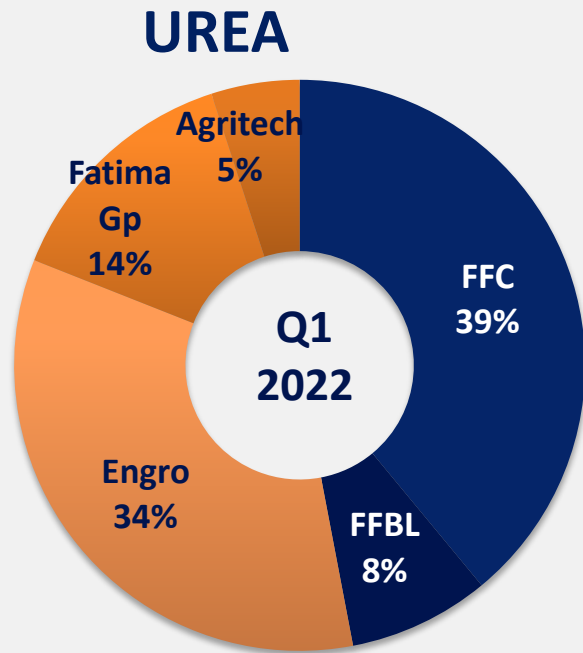


Market (volumes) : 1.9 Mn T

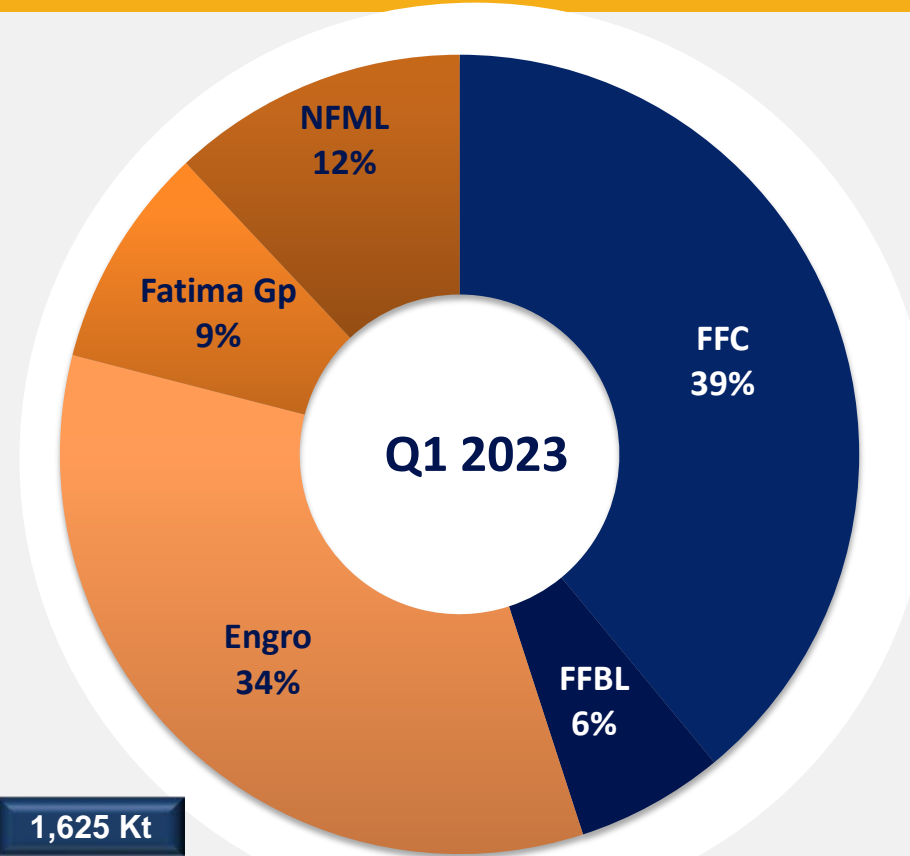
*Applicable Fertilizer prices of Mar 2023

Fertilizer Market (Jan – Mar 2023)

UREA: Market size and FFBL share declined on YoY basis

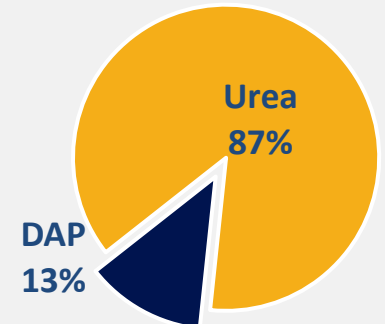
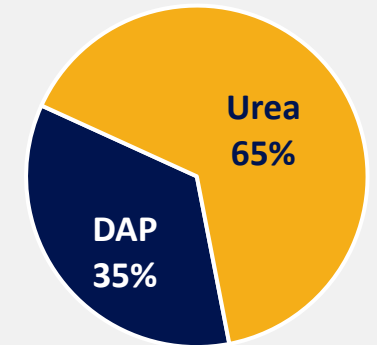


1,634 Kt



1,625 Kt

Market size : PKR ~151 Bn*



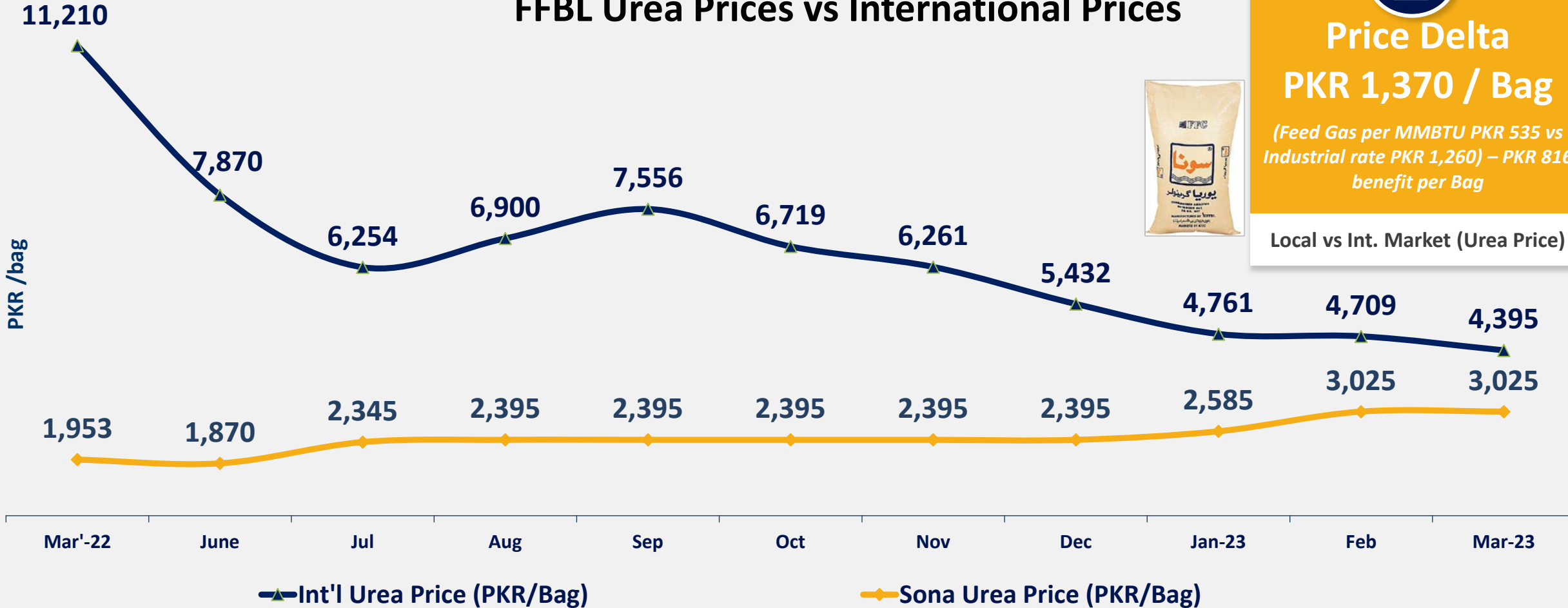
Market (volumes) : 1.9 Mn T

*Applicable Fertilizer prices of Mar 2023

Urea Prices

~1.7x benefit passed through Urea Pricing (vs FP 2001 Feed Gas pricing)

FFBL Urea Prices vs International Prices



Price Delta
PKR 1,370 / Bag
(Feed Gas per MMBTU PKR 535 vs Industrial rate PKR 1,260) – PKR 816 benefit per Bag
 Local vs Int. Market (Urea Price)

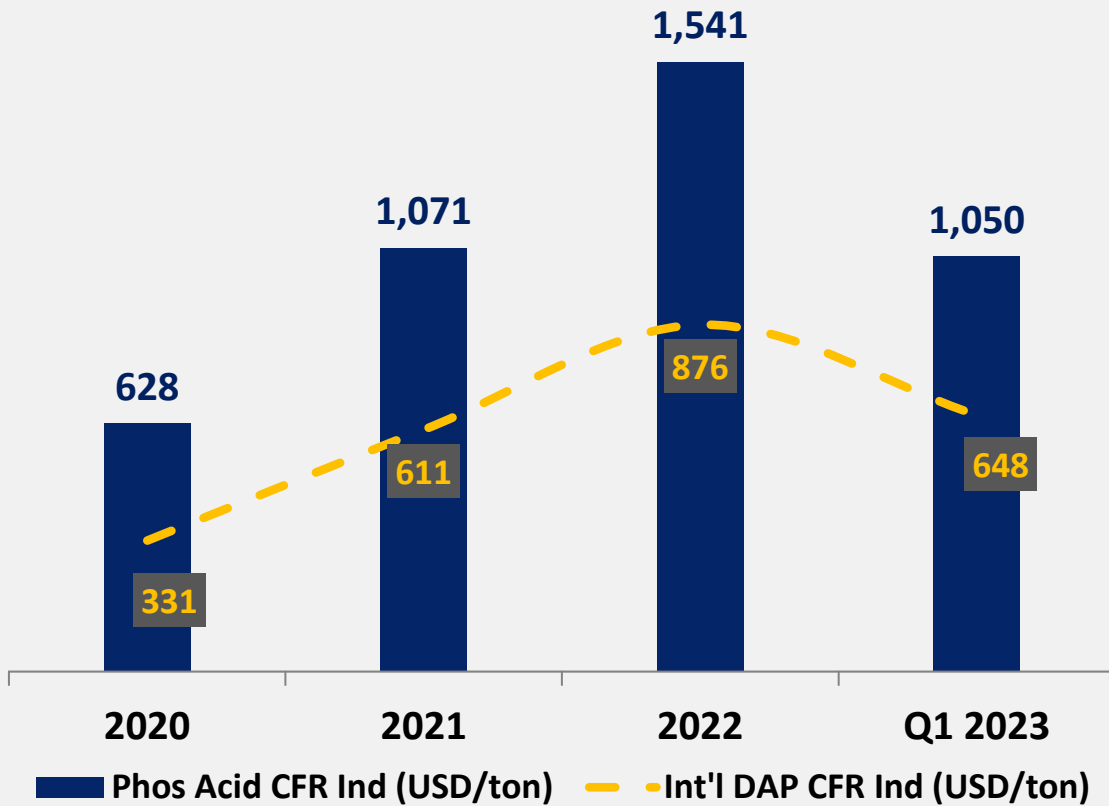


Int'l Price Source: Argus
 FFBL Price: End user Selling price

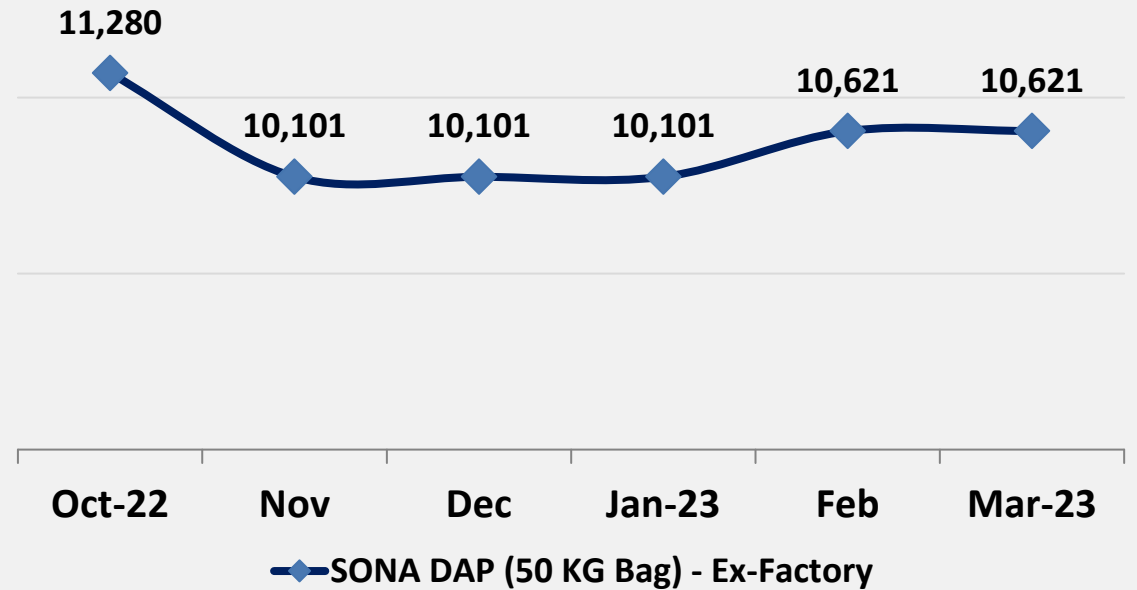
International DAP Market

Declining trend in International Phos Acid and DAP prices in Q1 2023

International Phos Acid and DAP



DAP Price – FFBL (PKR / Bag)



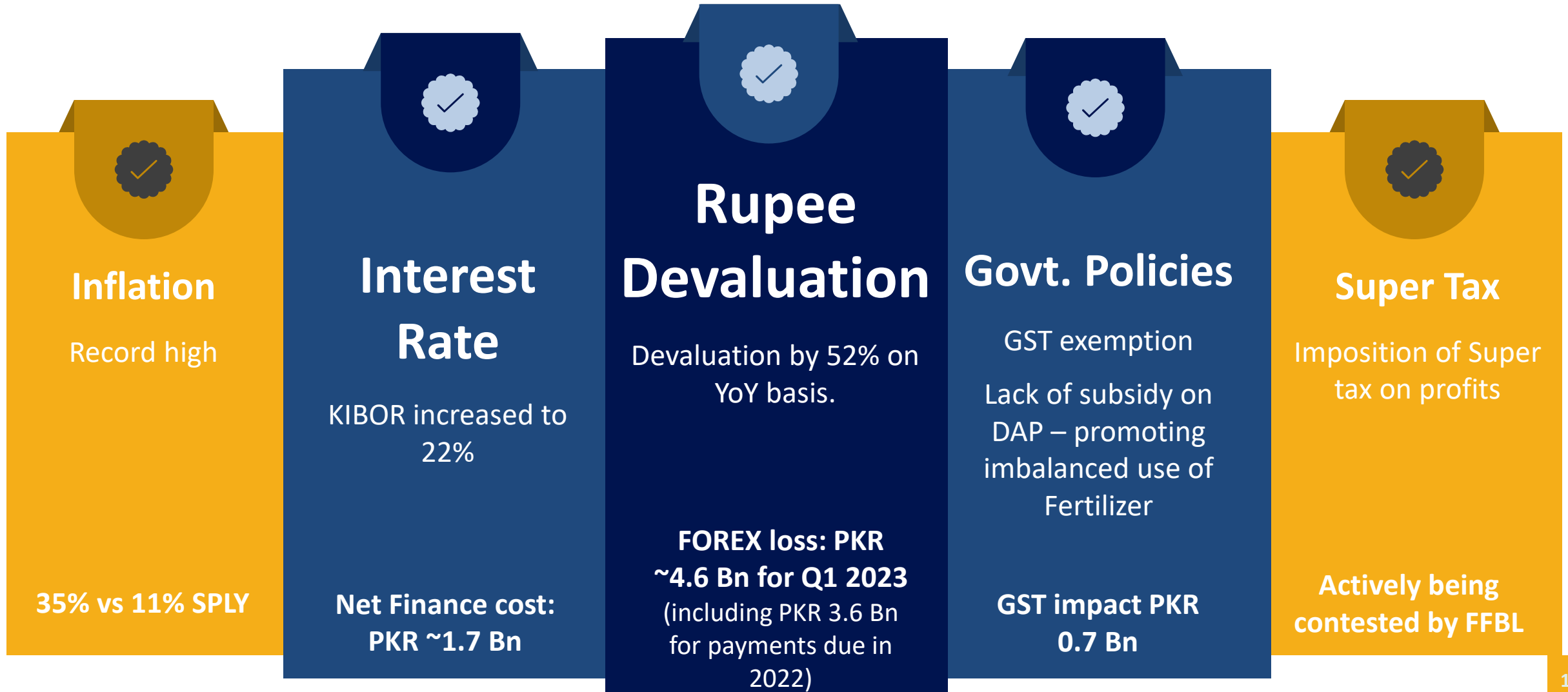


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Business Highlights & Financial Performance

Challenges



Business Performance (Jan – Mar 2023)

FFBL REMAINS RESILIENT



Significant sale of DAP inventory (67%) carried over from last year.



Settlement of all overdue and due forex payables.



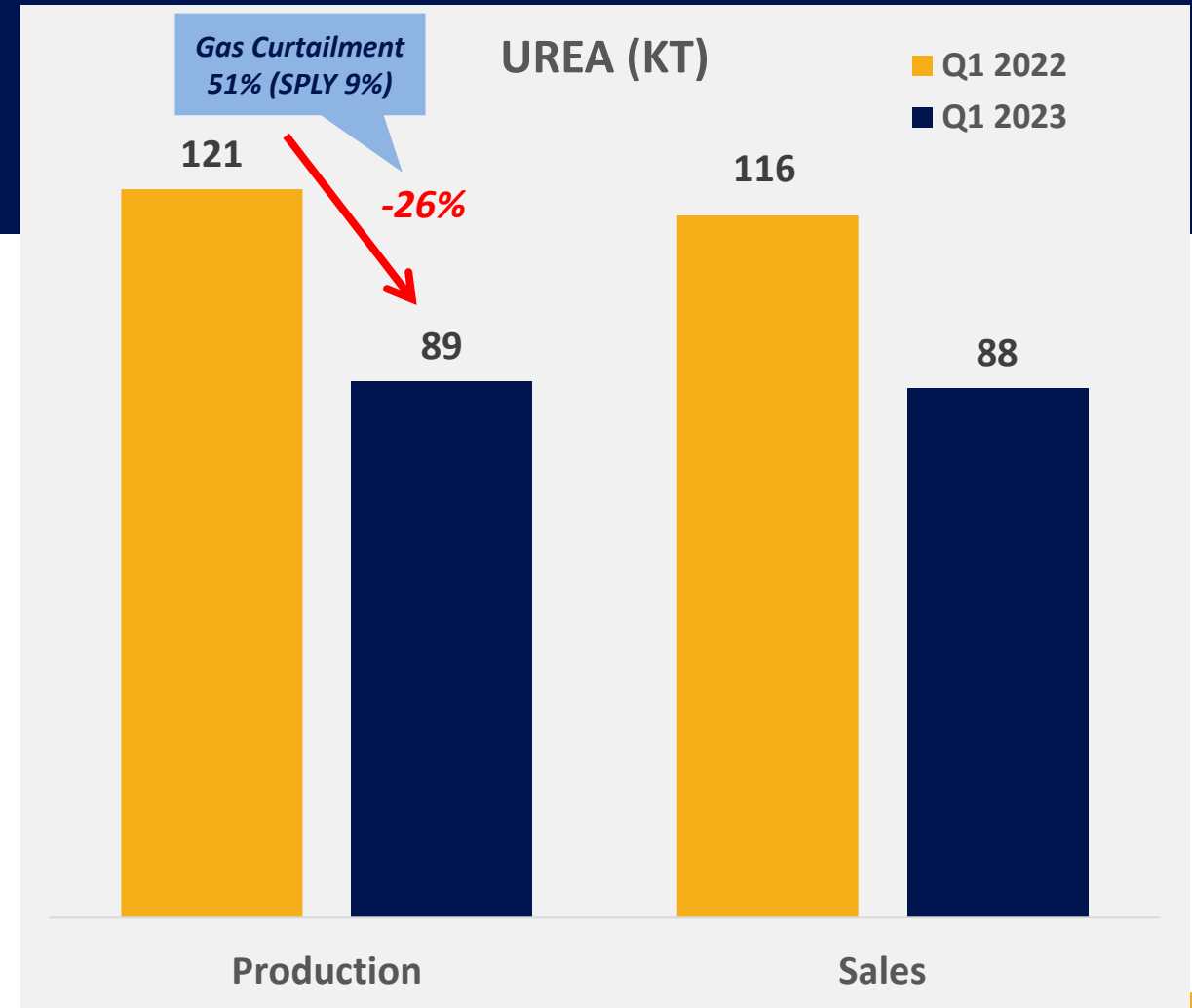
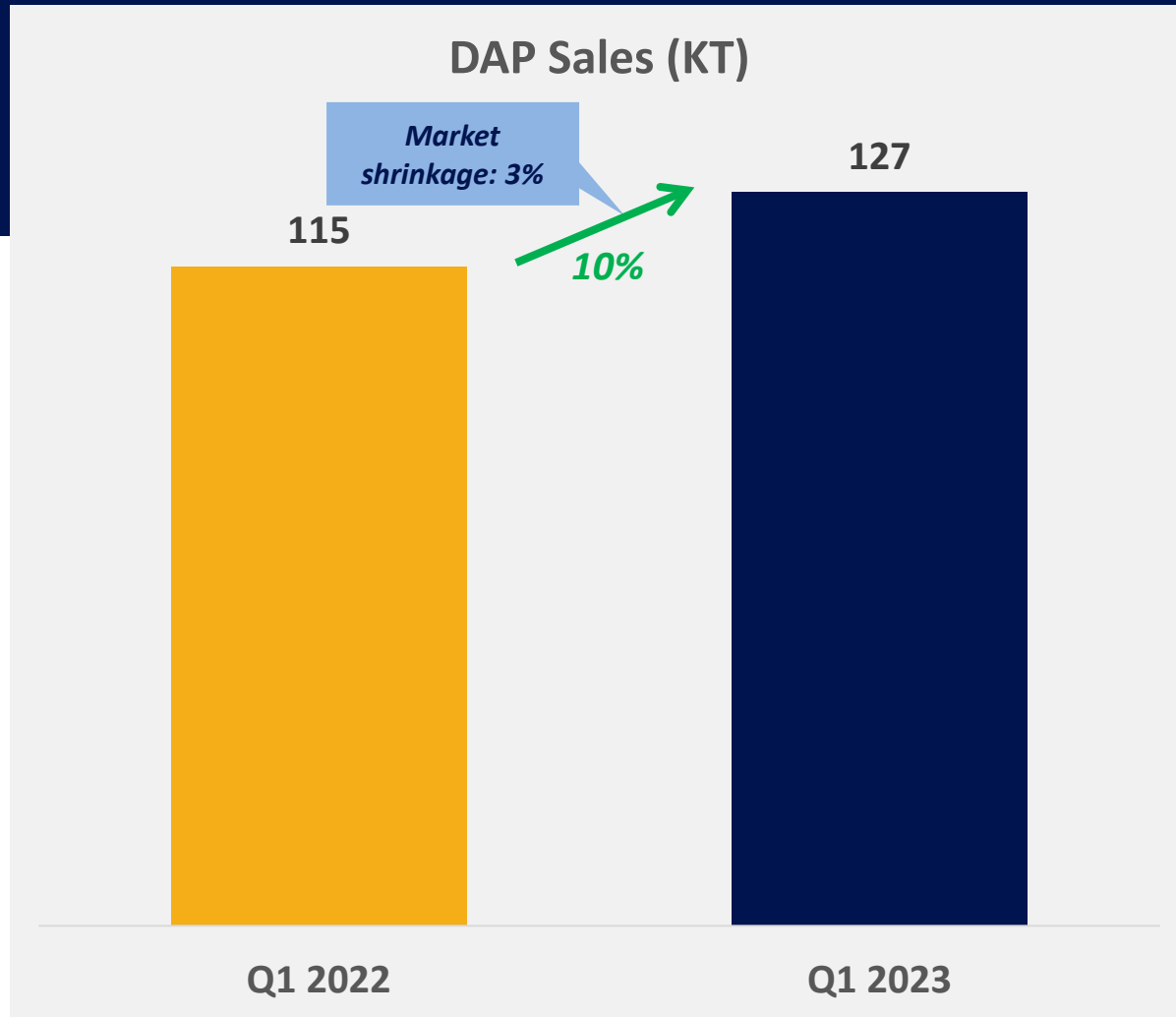
Highest quarterly revenue for both separate (PKR 31.5 Bn) and consolidated (PKR 39.7 Bn).



Successful TA conducted after 2 years with zero injury rate and within budget.

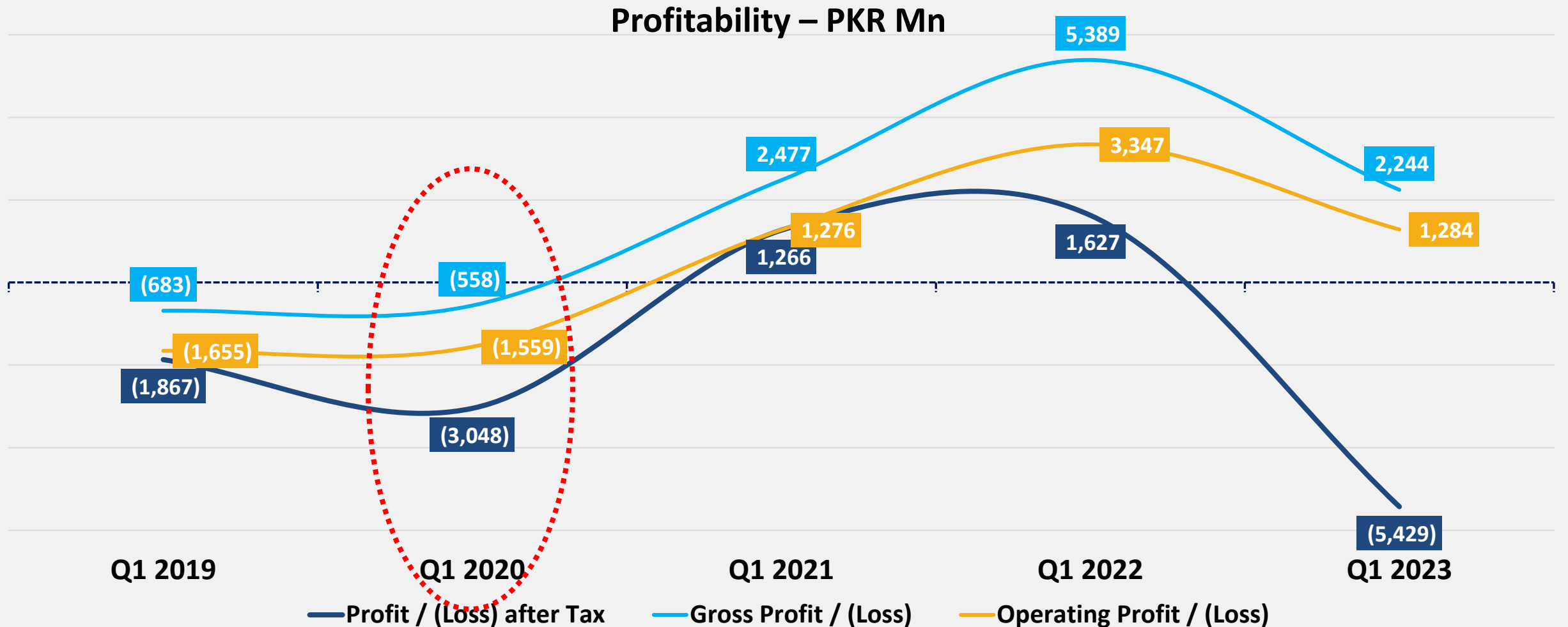
FFBL Volumetric sales (Jan – Mar 2023)

Despite market shrinkage, increase in DAP sales on YoY basis



5 Year Analysis – Profitability – Standalone

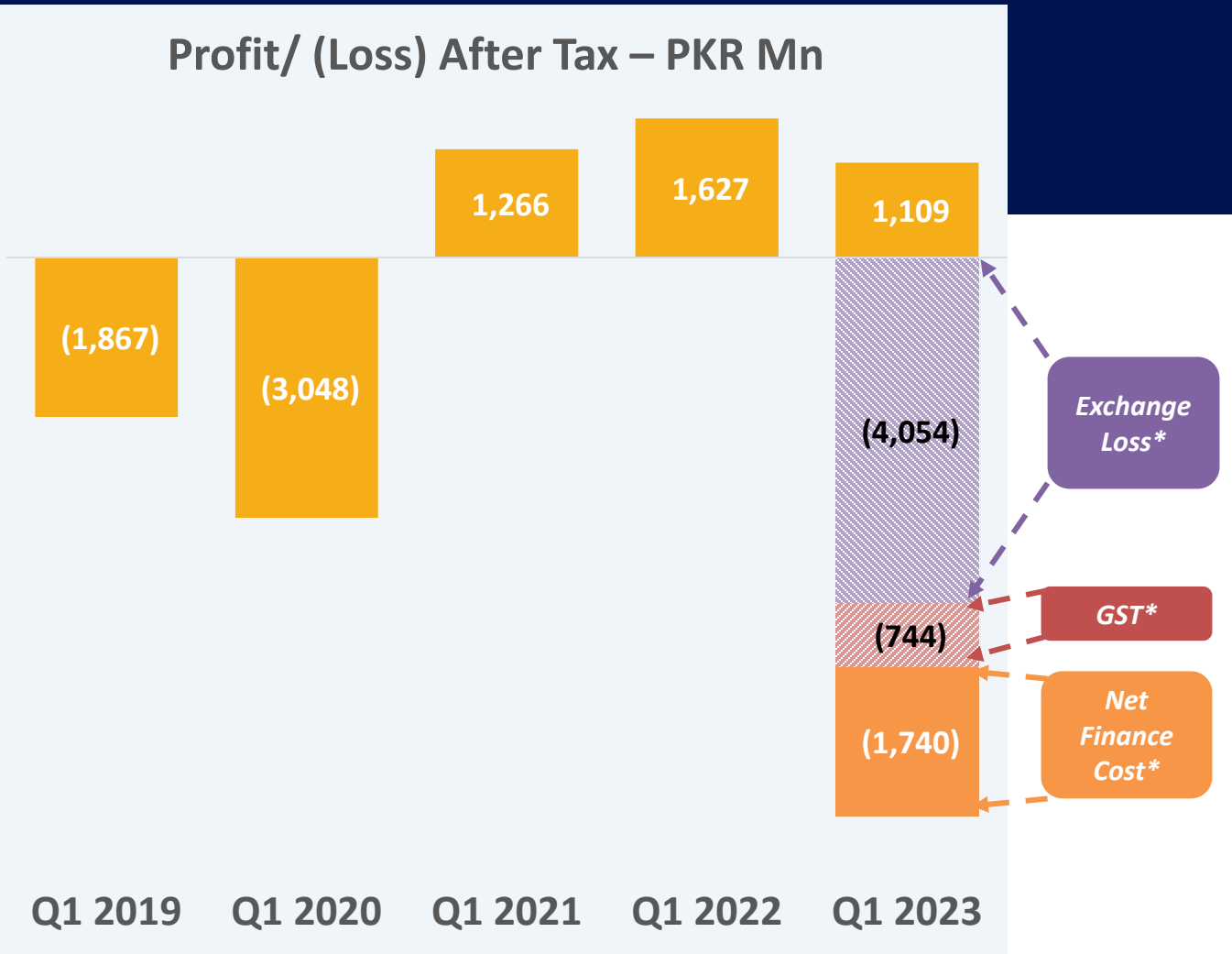
Positive GP and OP, Net Profit impacted by Exchange Loss and Finance Cost



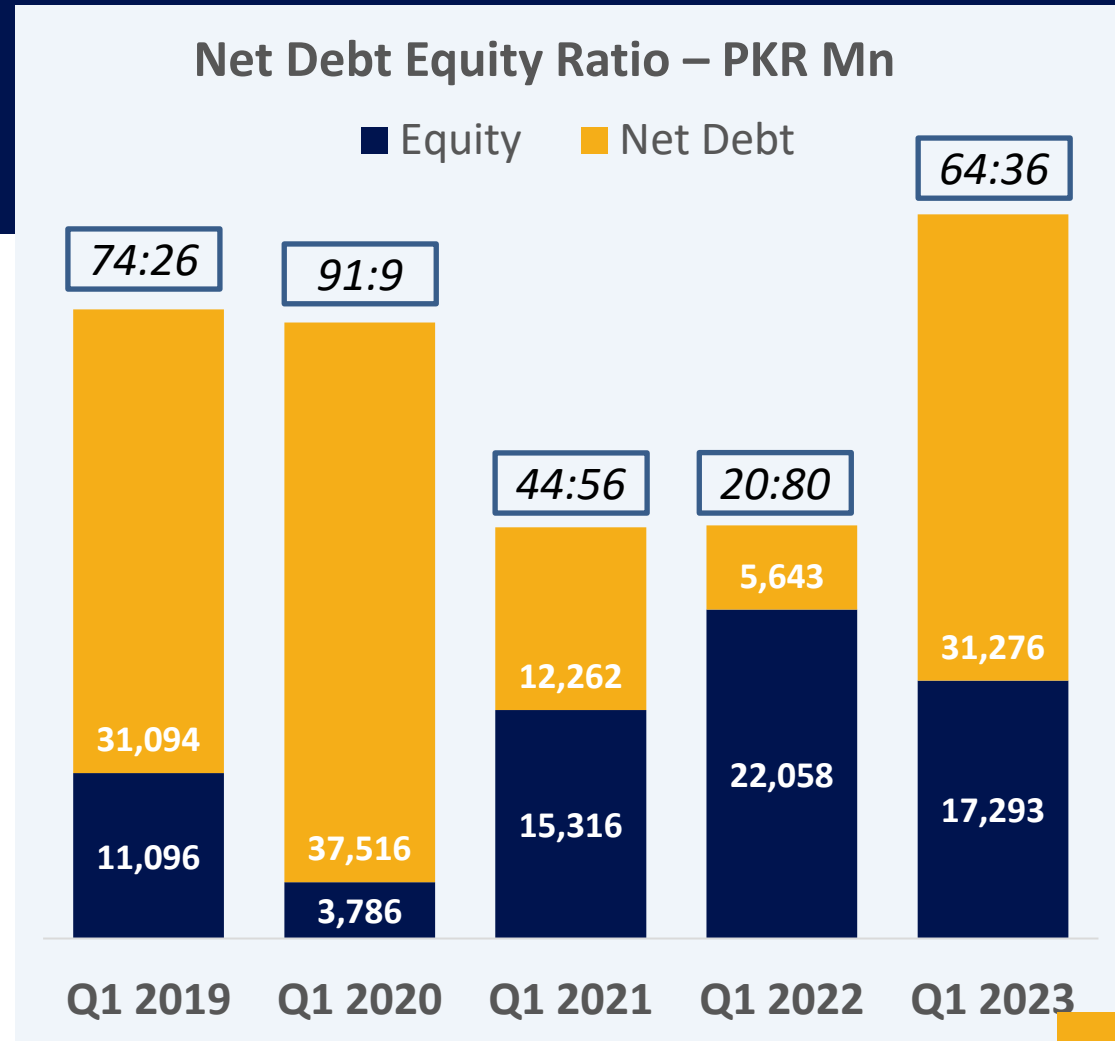
Financials – Standalone

Excluding GST, Exchange Loss and Finance Cost, bottom line would be in Black

Profit/ (Loss) After Tax – PKR Mn



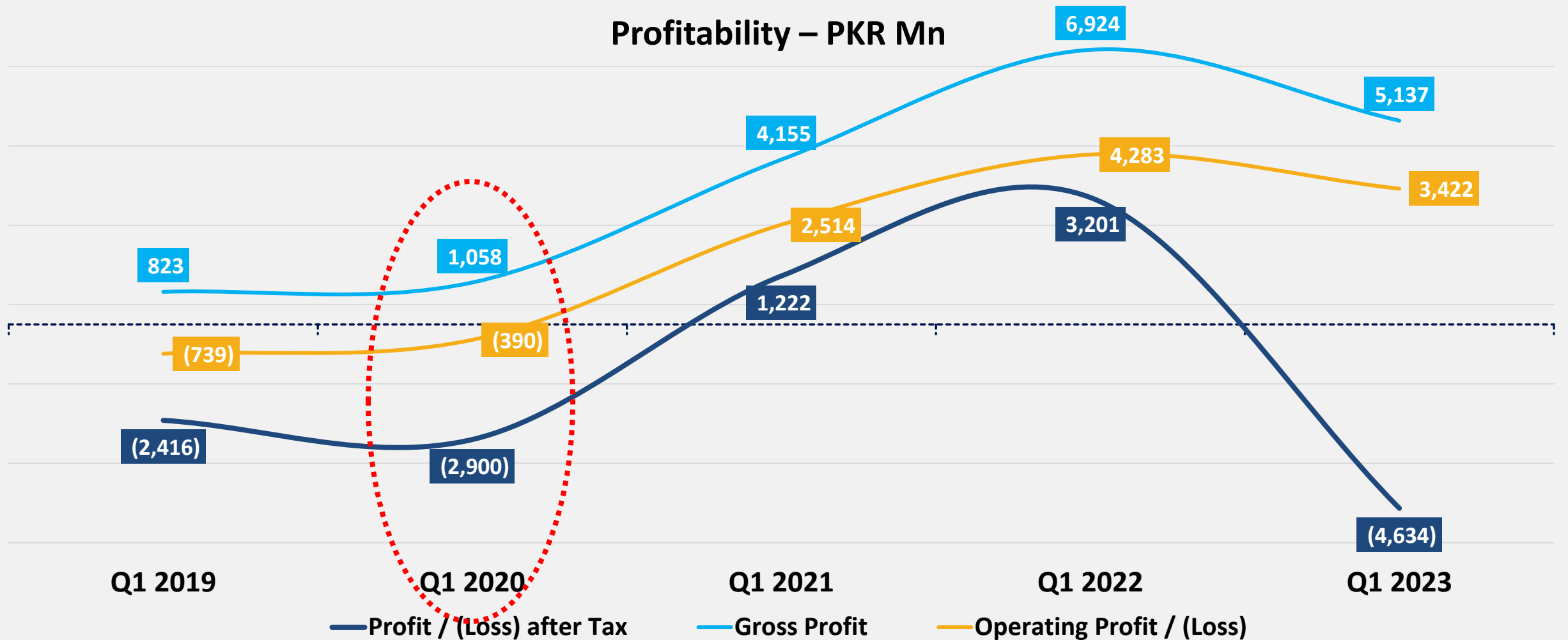
Net Debt Equity Ratio – PKR Mn



*Incremental impact over SPLY has been taken.

5 Year Analysis – Profitability - Consolidated

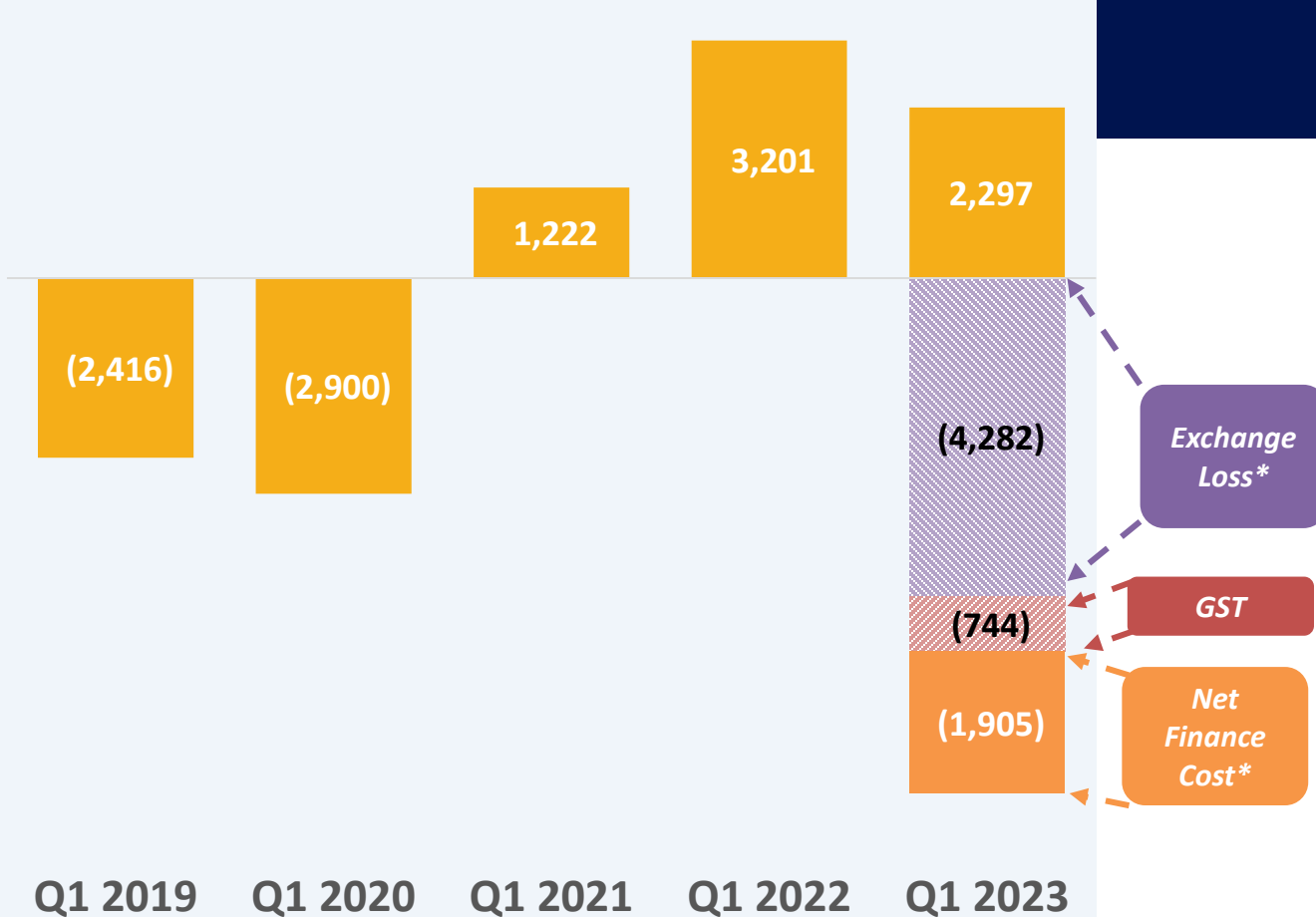
Positive GP and OP, Net Profit impacted by Exchange Loss and Finance Cost



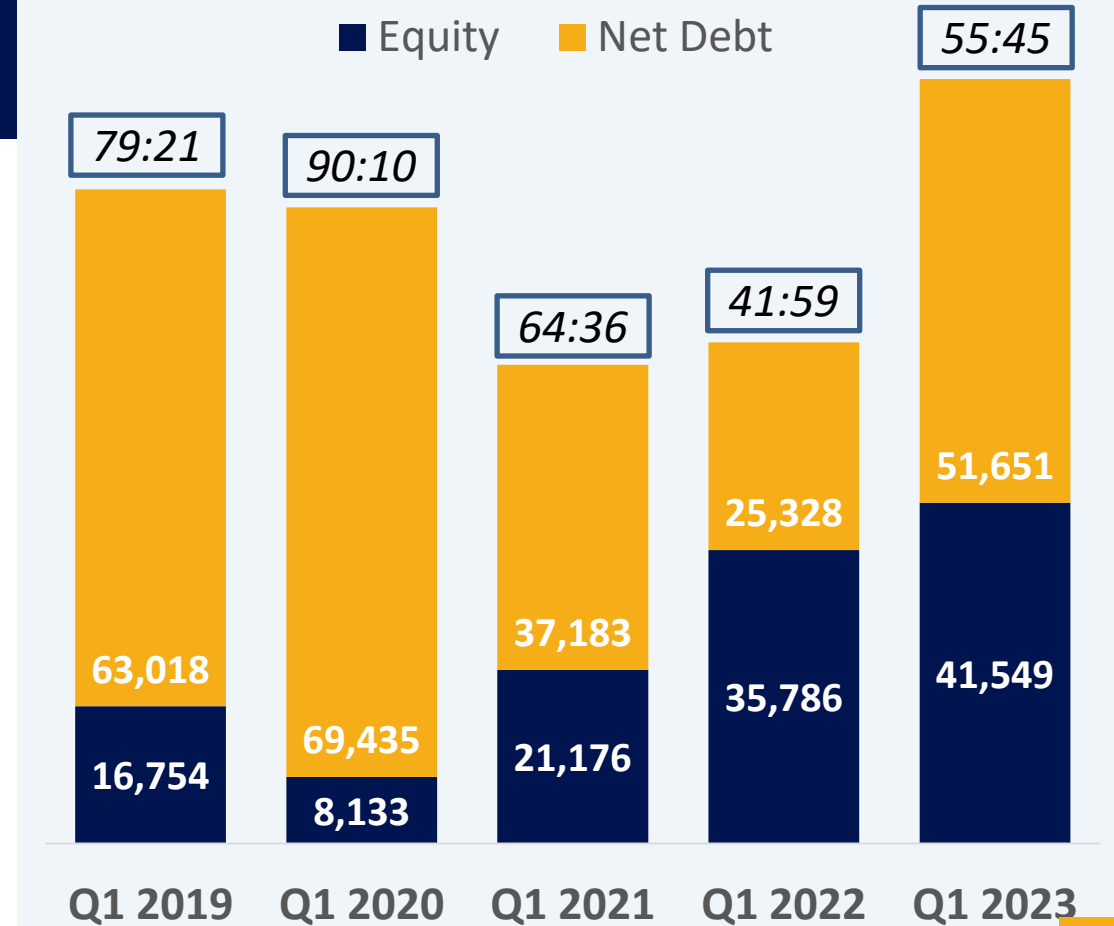
Financials – Consolidated

Excluding GST, Exchange Loss and Finance Cost, bottom line would be in Black

Profit/ (Loss) After Tax – PKR Mn



Net Debt Equity Ratio – PKR Mn



*Incremental impact over SPLY has been taken.

Subsidiaries



Consistently profitable.

Coal mix using local Thar coal. Saving of Forex.

Maintaining Merit order with smart Coal supply chain



Consistent, safe and reliable operation.

EBITDA positive and Capacity utilization improving

Continued focus on Export and low-cost operations



fauji foods



117% growth in Revenue (5.2 Bn vs 2.4 Bn in Q1 22).

2x GP Margins (12.8% vs 6.4%) and EBITDA positive (262% growth)

Operating profit PKR 127 Mn (Loss 278 Mn Q1 22).

Settlement of all banking obligations in March 2023. Finance cost eliminated.



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Way Forward

Focus areas & Way forward



MARKET DYNAMICS

- After seeing peak period, raw material prices decreasing trend in Q1-23.
- Demand destruction of 2022 is possibly on slow recovery



BUSINESS EXCELLENCE

- Safe and effective operations
- Cost optimization and excellence program
- People Focus – Transformational journey



GoP Engagement

- Long term Natural Gas solution
- Promotion of DAP usage



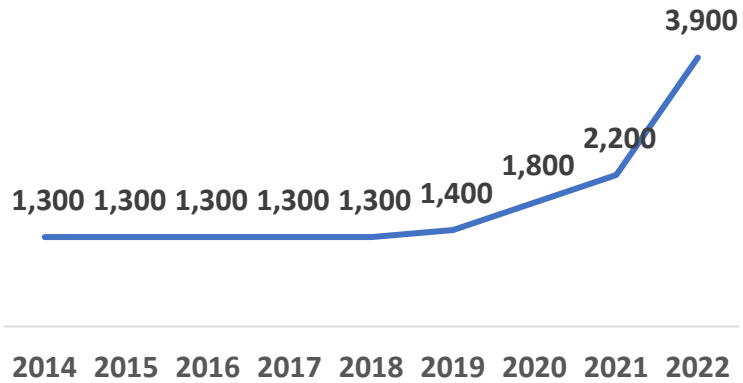
DISCRIMINATION ON GST DAP IMPORT

- Engagement of GoP to reverse Finance Bill 2022 impact of GST on local DAP manufacturing

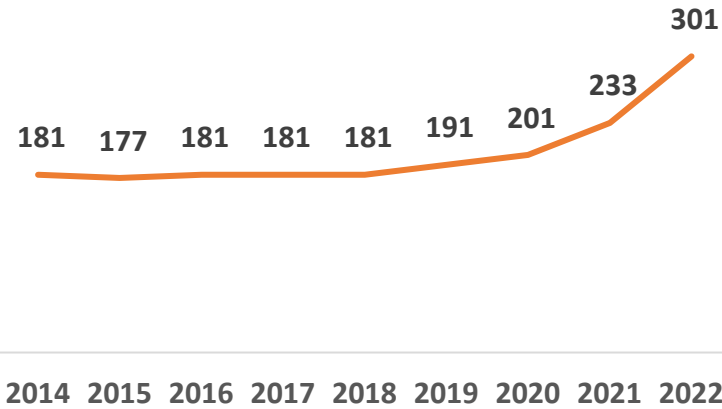
Farm Economics

Rising commodity prices benefiting farmers by improving farm economics and profitability.

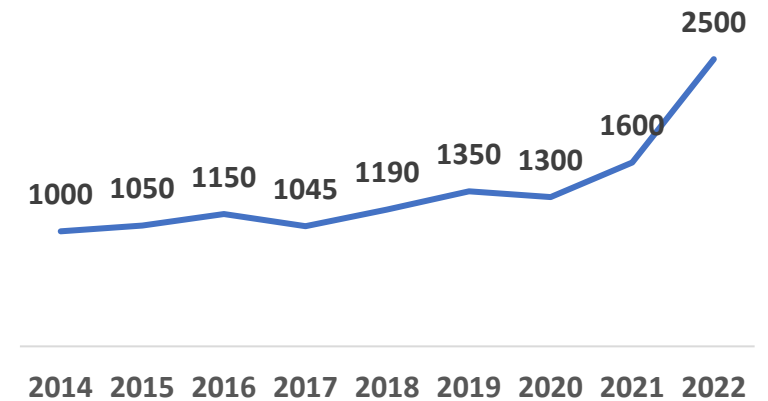
Wheat (PKR/Mound)



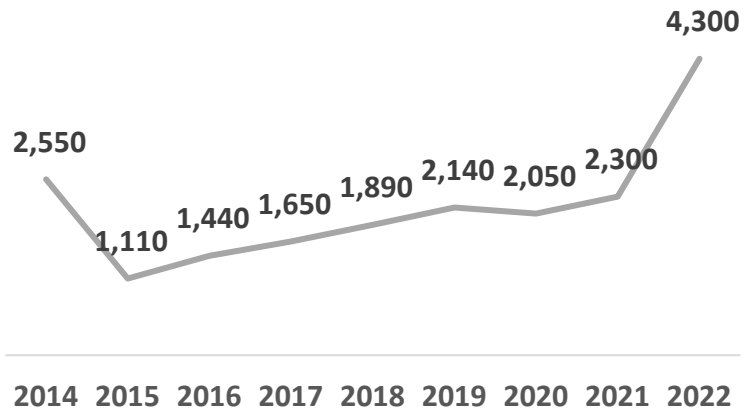
Sugar Cane (PKR/Mound)



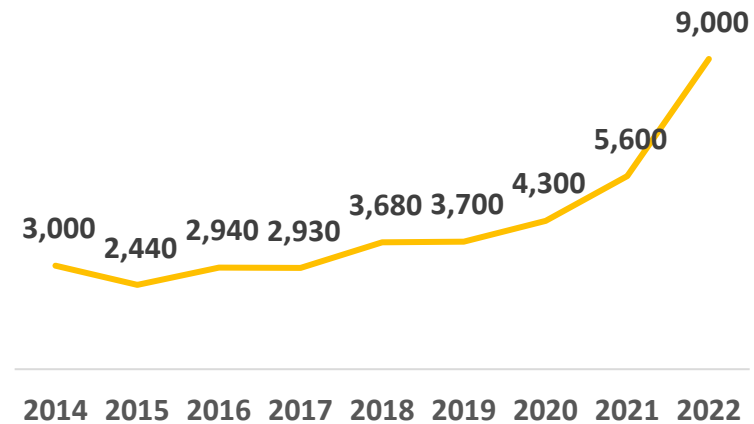
Maize (PKR/Mound)



Rice (PKR/Mound)



Cotton (PKR/Mound)





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Q & A



Thank You.

