

Agenda

	1	EFERT Highlights
	2	Industry & EFERT Business Performance
	3	Contributions & Challenges
	4	Way Forward
	5	Q&A Session



1. EFERT Highlights





Financial Highlights

YTD Financial Highlights



Revenue

↑ PKR **73.8** bn
68% vs SPLY



Profitability

↑ PKR **10.8** Bn
144% vs SPLY



EPS

↑ PKR **8.08** /share
vs. 3.50 SPLY

EFERT has announced an interim dividend of **PKR 8.1/share** for **Q1 2024**, compared to PKR 3.50/share in Q1 2023.



Key levers for higher profitability vs SPLY



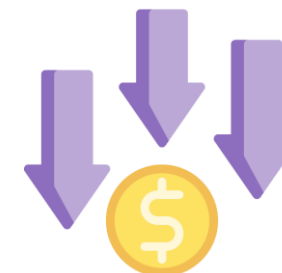
84%

DAP
Volume Growth
(83KT vs 45KT in SPLY)



47%

Zabardast Urea
Volume Growth
(140KT vs 81KT in SPLY)

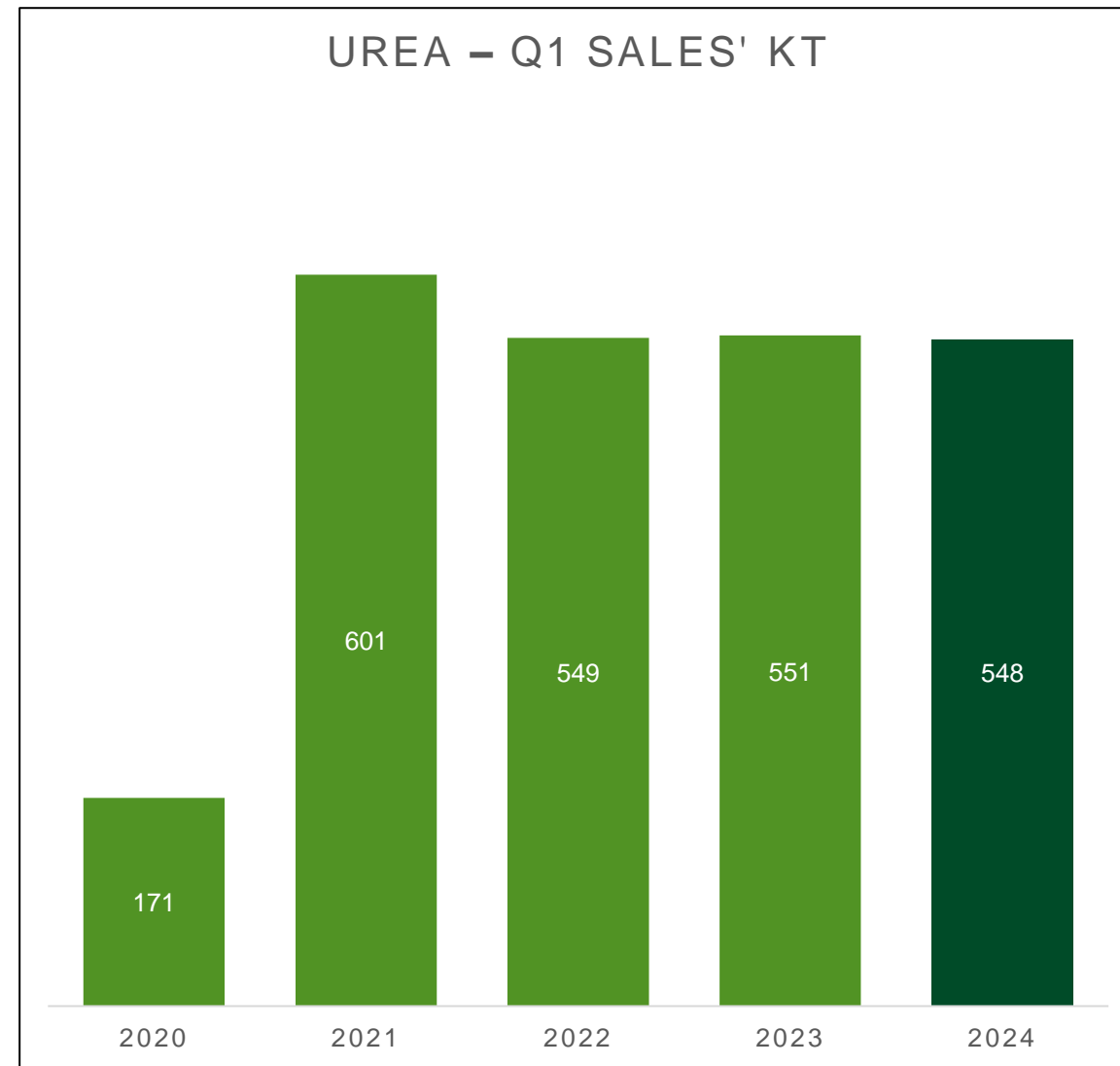
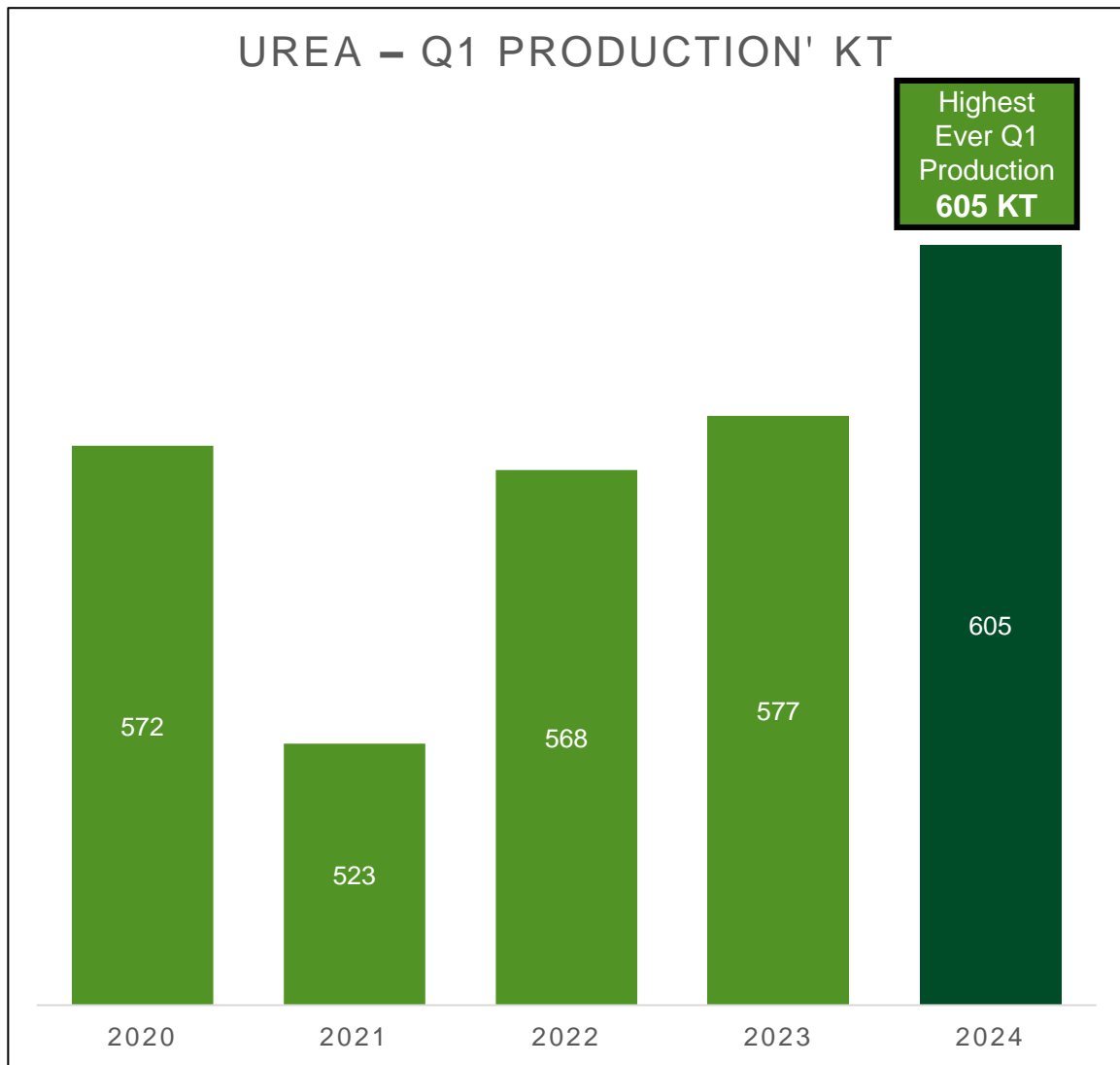


(63%)

Lower Finance Cost
(PKR 160Mn vs PKR 435Mn SPLY)



Urea Production & Sales Q1 FY 2024

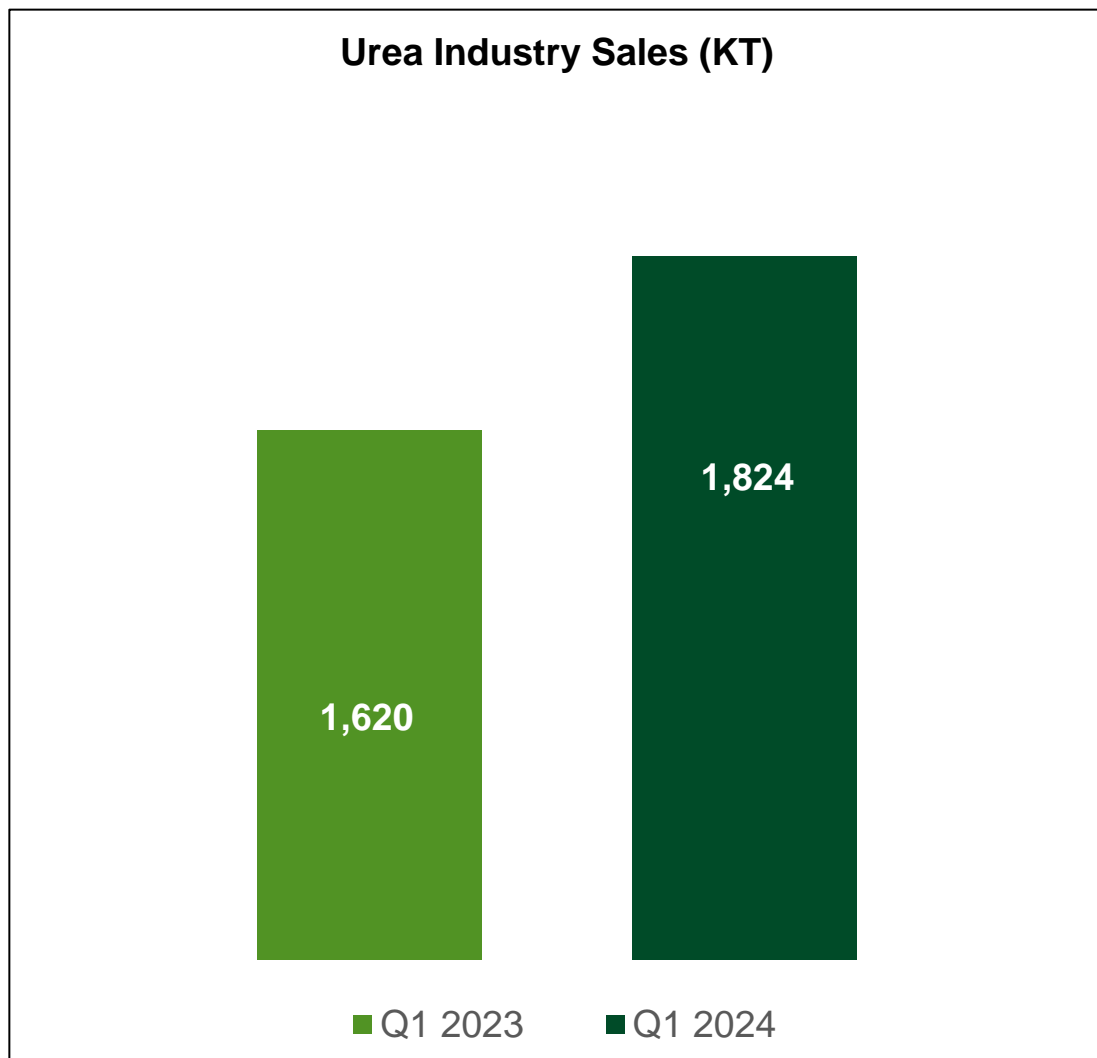


2. Industry & EFERT Business Performance

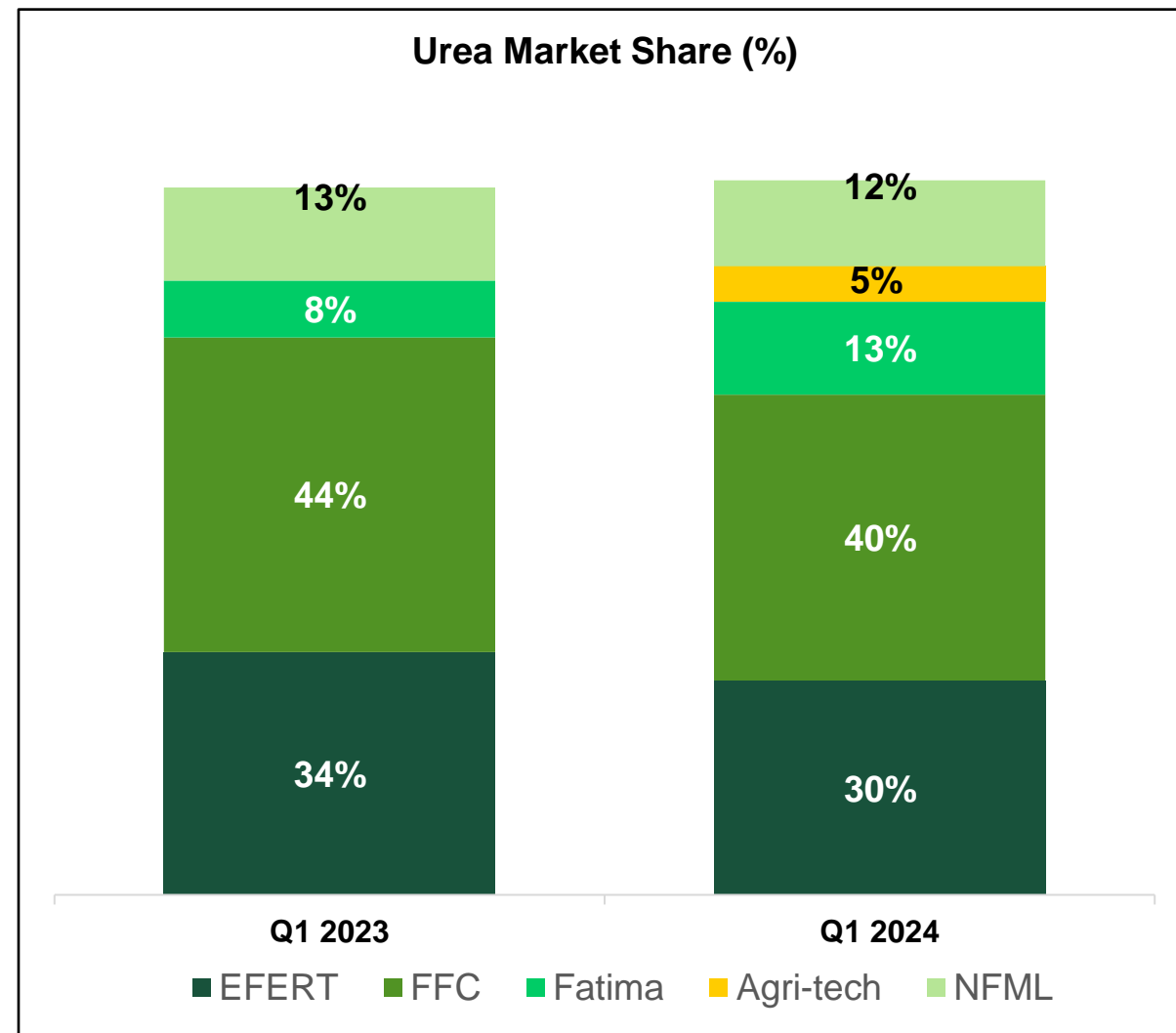




Urea Industry & Market Share Q1 FY 2024



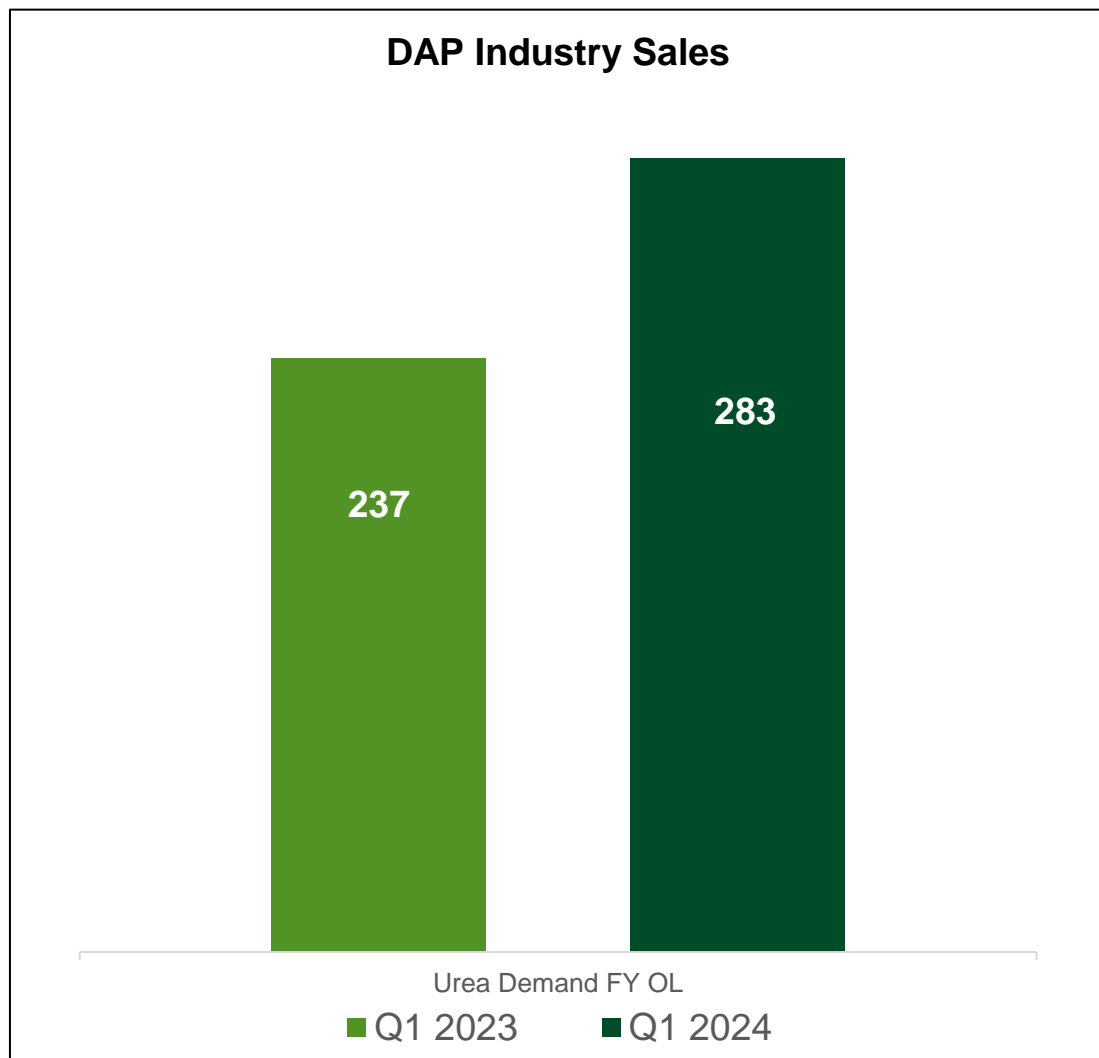
Urea industry has grown by 13% vs SPLY



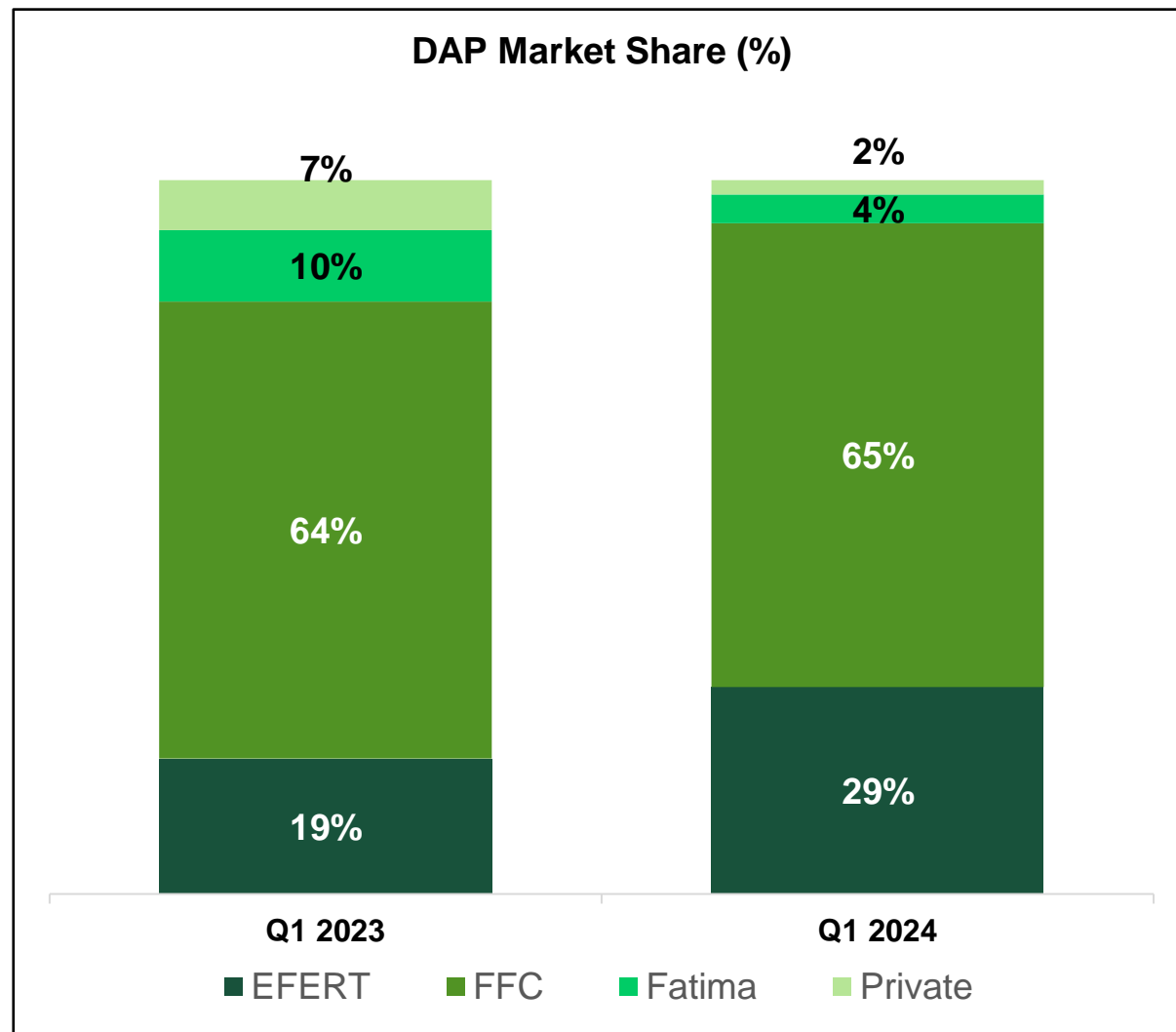
Urea market share declined by 4% vs SPLY



DAP Industry & Market Share Q1 FY 2024



DAP industry has grown by 19% vs SPLY



DAP market share improved by 10% vs SPLY

3. Contributions & Challenges





Contributing to the Nation

1. Imported Urea purchase from the Government

- Urea shortage forced the Government to import ~220 KT.
- Due to fiscal considerations, GoP decided not to offer subsidy on imported Urea (as per past practice).
- Instead, it allocated these volumes to local players who were told to recover the differential between imported Urea price and local selling price over the next 12 months.
- EFERT along with other Fertilizer players, stepped up and supported the GOP by uplifting ~220KT of this Urea at imported price. EFERT share was 75KT.

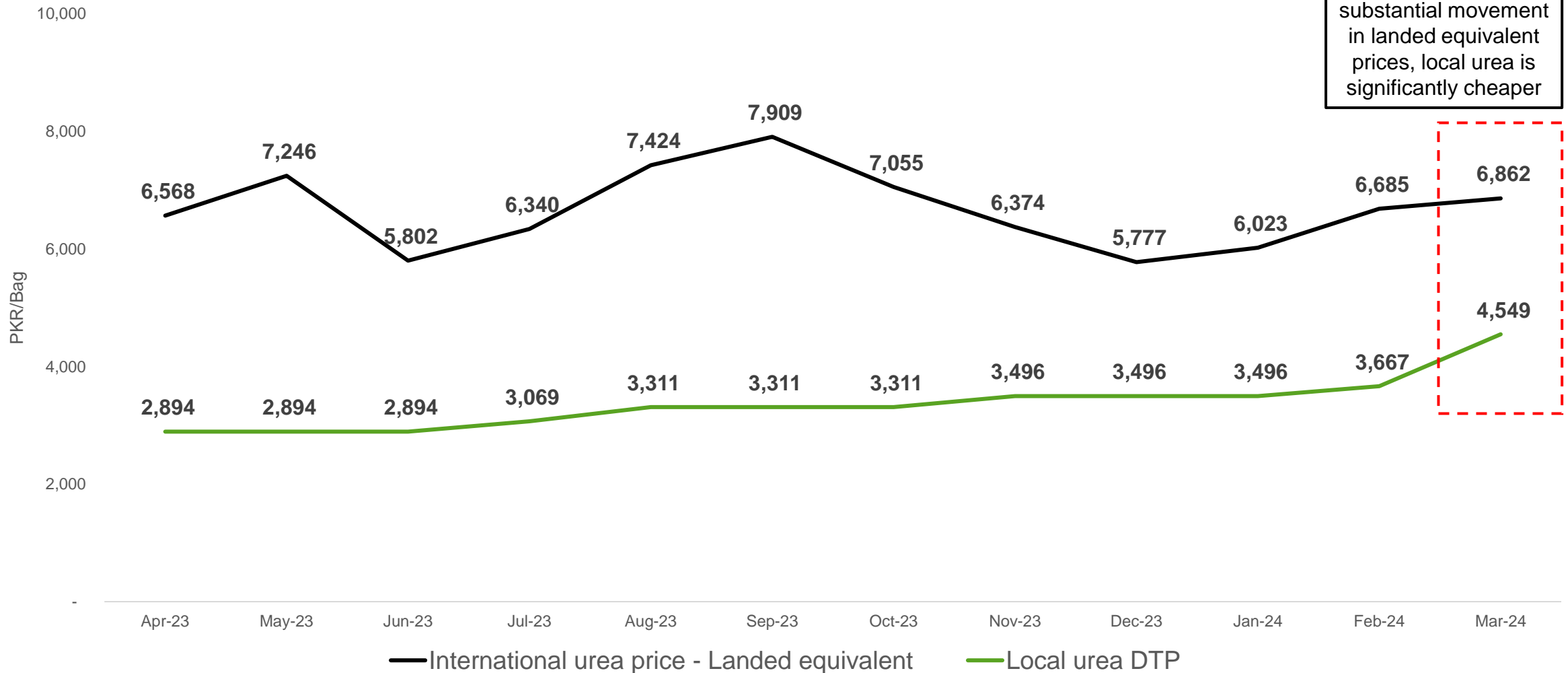
2. Contribution to the National Exchequer

- The Company contributed ~PKR 10.9Bn* towards the National Exchequer by way of Government taxes, duties, and levies, compared to PKR 2.9Bn in 2023. The contribution increased significantly due to higher profitability and application of sales tax and FED on some products, in Finance Act 2023.
- Our effective tax rate for Q1 2024 was 37%.



Fertilizer Sector - shielding farmers from higher costs of International Urea

Urea Prices - Local & International





Gas Pricing Update

The Government has increased gas price for some Fertilizer players, including Engro Fertilizers, from PKR 580/MMBtu to PKR 1,597/MMBtu.

Gas price increase is only for 60% of the sector. Remaining 40% remain at PKR 580/MMBtu.

40% represents major players, i.e. FFC and Fatima.

This gas price increase has resulted in gas cost disparity. It now costs Engro substantially more to manufacture Urea than FFC and Fatima.

Even though we welcome the gas price increase as a step in the right direction. We urge the GoP to unify gas prices for the entire industry.

4. Way Forward





Way Forward

Pressure Enhancement Facility

- **USD 300Mn CAPEX** by the fertilizer industry to enhance gas pressure from Mari field, thereby securing long term sustainability of company operations
- **Phase 1:** 74% complete. Expected 100% completion by end of 2024.
- **Phase 2:** Ordering of compressors is in progress.

EnVen Turn Around *(In progress)*

- Commenced on April 22, 2024, and is expected to continue till June 14, 2024.
- This maintenance activity will ensure long term reliability and sustainable safe operations of the EnVen plant.
- Turnaround is progressing as per plan due to timely procurement of equipment and mobilization of contractors.

