

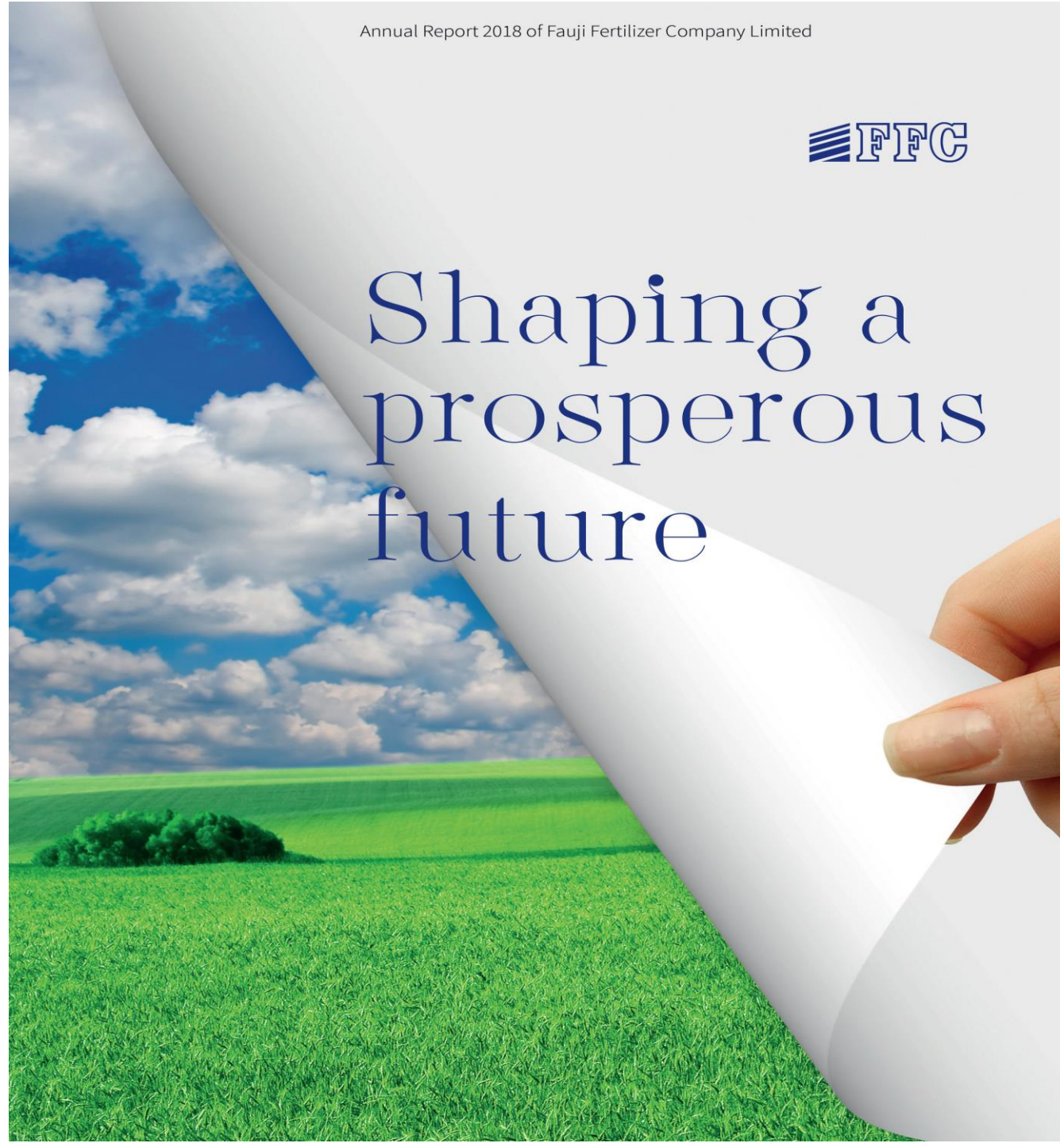
# Corporate Briefing

For the year ended  
December 31, 2018

**March 8, 2019**



Shaping a  
prosperous  
future



**1** **2018 Review**

**2** **Corporate Awards**

**3** **Thar Energy Limited**

**4** **Future Outlook / Challenges**

**5** **Q & A Session**

# 2018 Review

# Business Environment - 2018

With offloading of excessive inventories during last year, 2018 started with relatively balanced market dynamics.

Subsidy on Urea was completely withdrawn effective July 1, 2018 giving way to revival of normal pricing structure. Restoration of customary urea demand during 2018, resulted in improved prices.

Gas rates for feed and fuel were significantly increased effective September 27, 2018 which had to be passed on to maintain profitability margins.

The Country witnessed one of the worst Rupee devaluation during 2018 while interest rates also increased sharply, negatively impacting operating cost and profitability margins of the Company.

The Company continues to face challenges in delayed receipts of subsidy claims and unadjusted GST balances.

Imposition of Minimum/Fixed tax regime on imported fertilizers besides persistent levy of super tax also continued to pressurize profitability margins of the Company.

# FFC - 2017 vs 2018



2017



2018

2,513

2,522

Production (KT)

534

650

Savings through import substitution (US\$ M)

8

3

Urea Inventory (KT)

10,711

14,439

Net Profit (Rs M)

3,223

3,030

Total Fertilizer Sales (KT)

8.42

11.35

EPS (Rs / share)

97,316

108,365

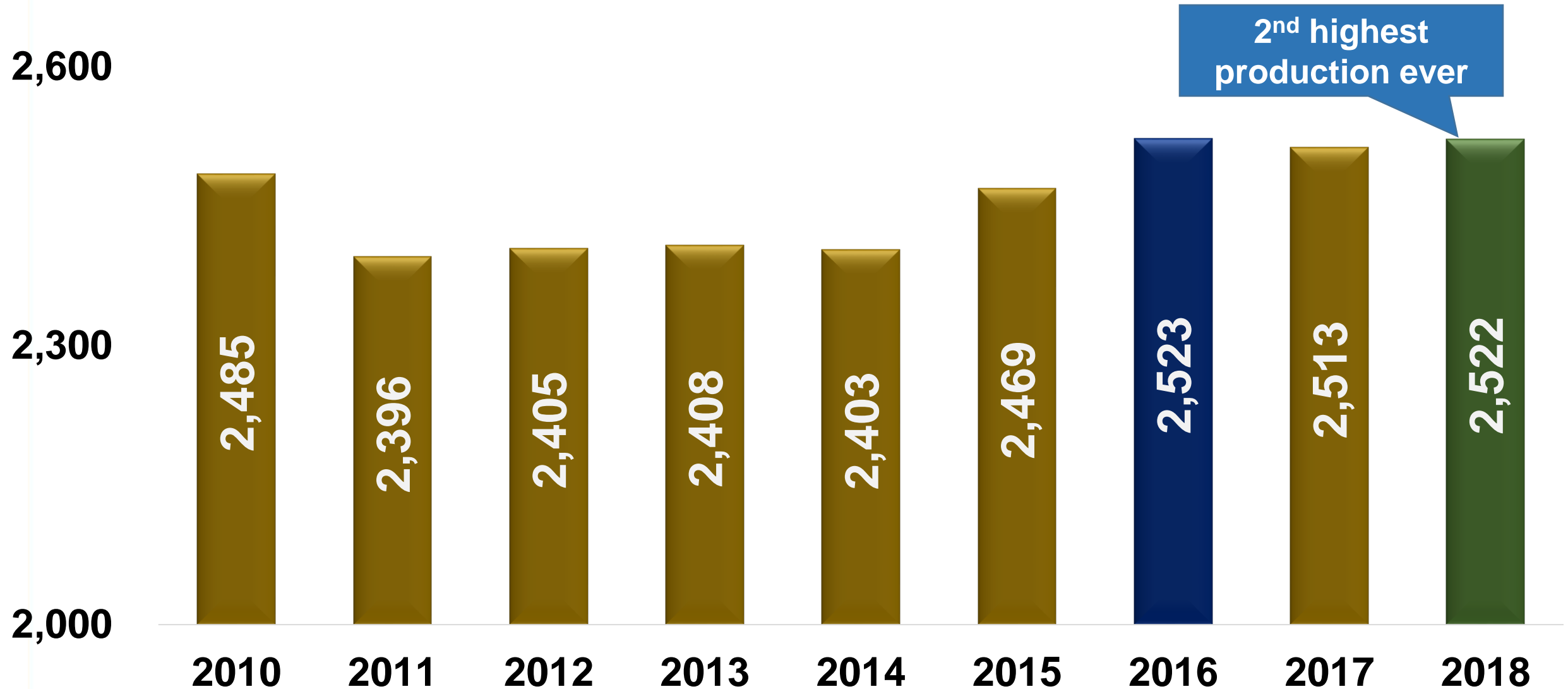
Revenue - Including Subsidy (Rs M)

29,352

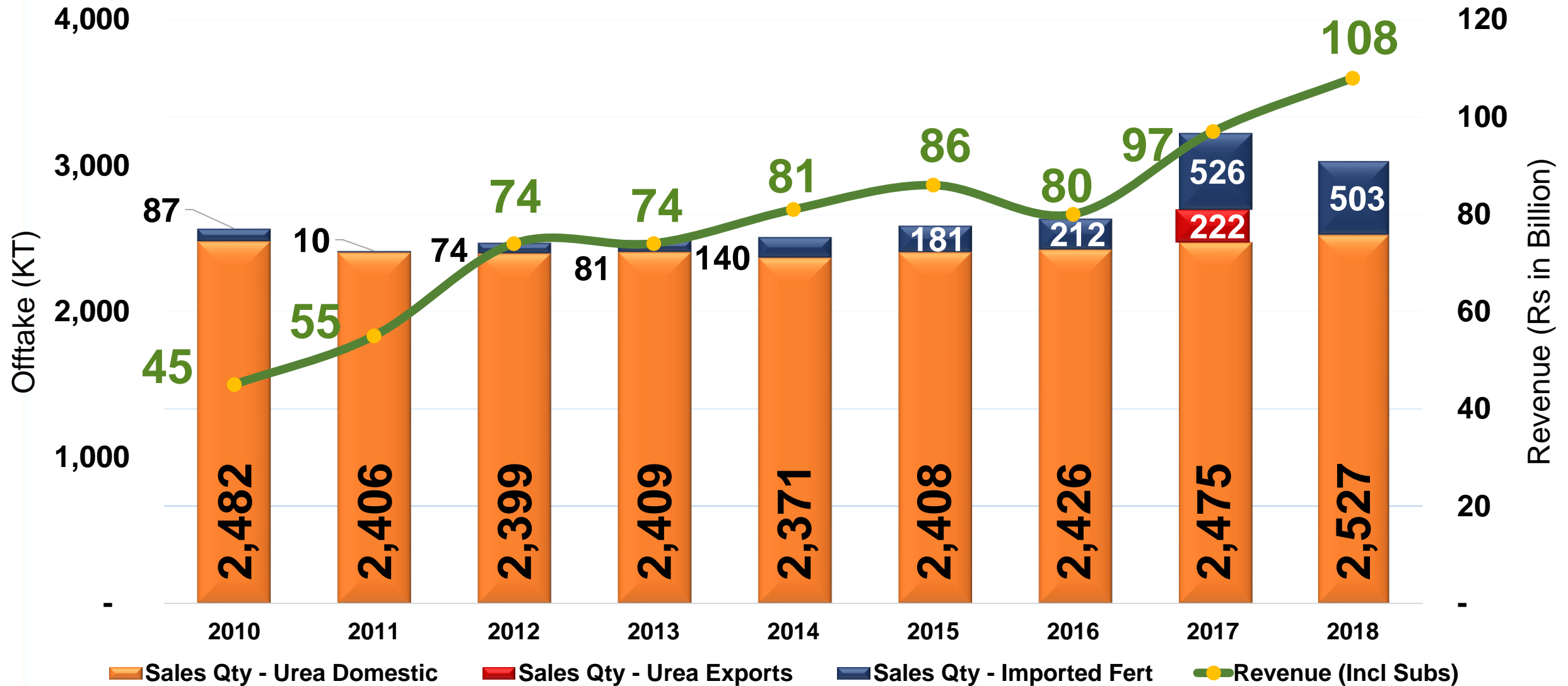
33,383

Equity (Rs M)

# Sona Urea Production (KT) - 2018

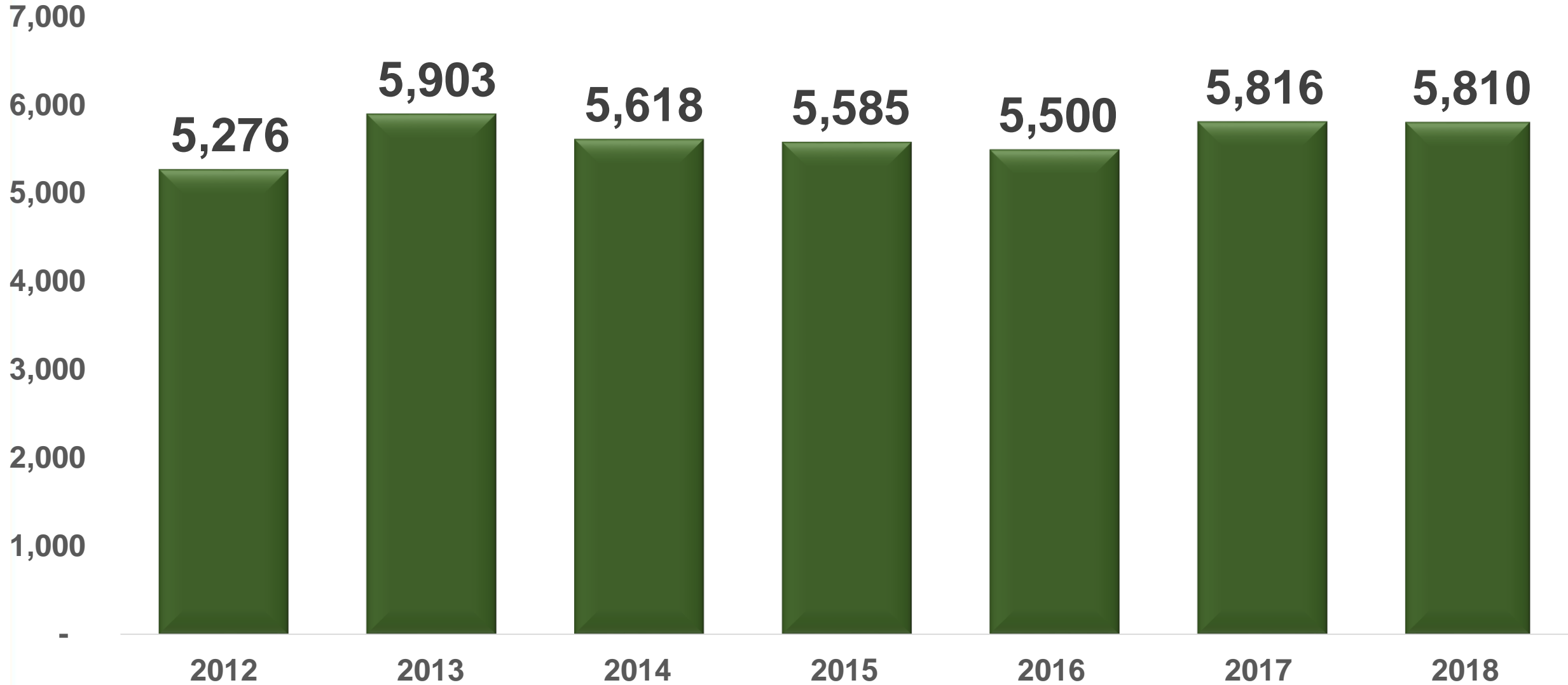


# Offtake & Revenue - FFC 2018



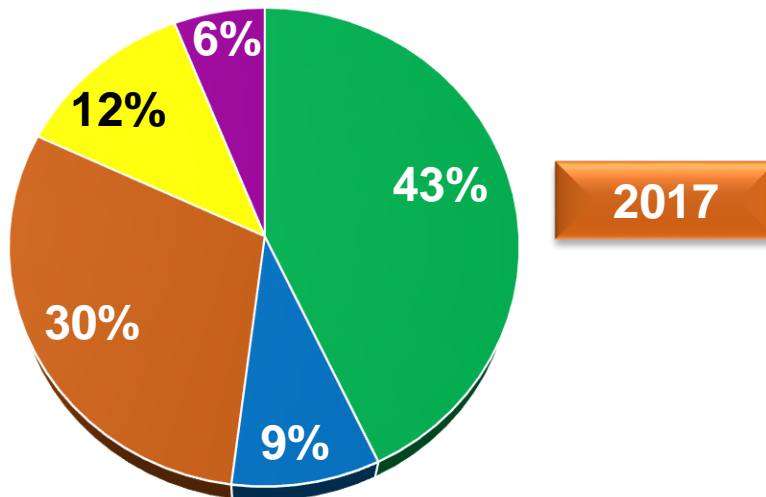
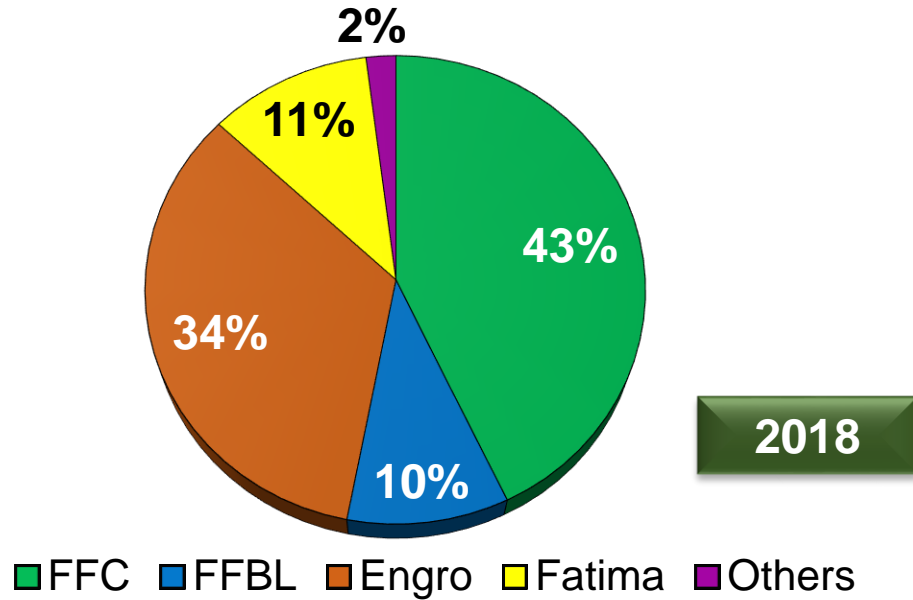


# Industry Urea Sales - Domestic (KT)



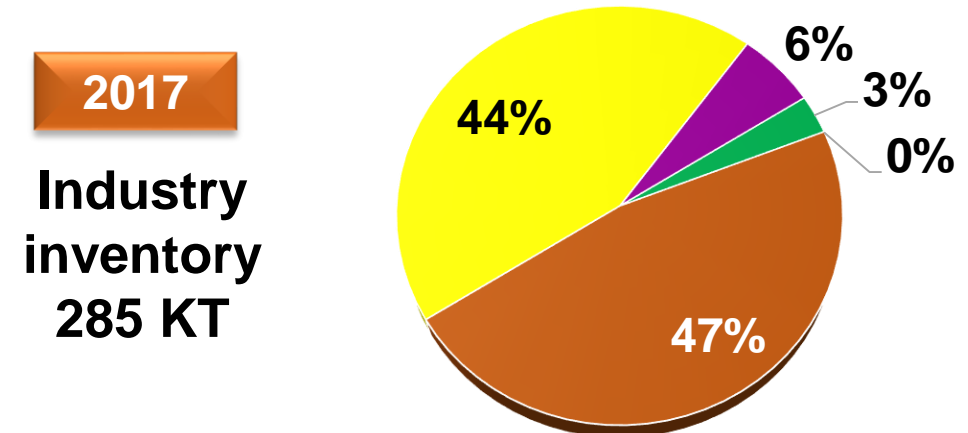
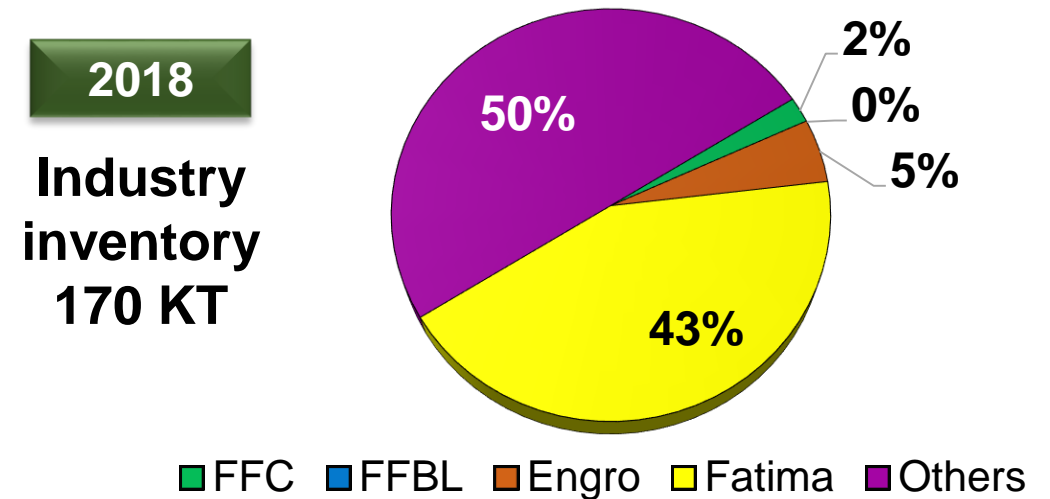


## Domestic Urea Market Share



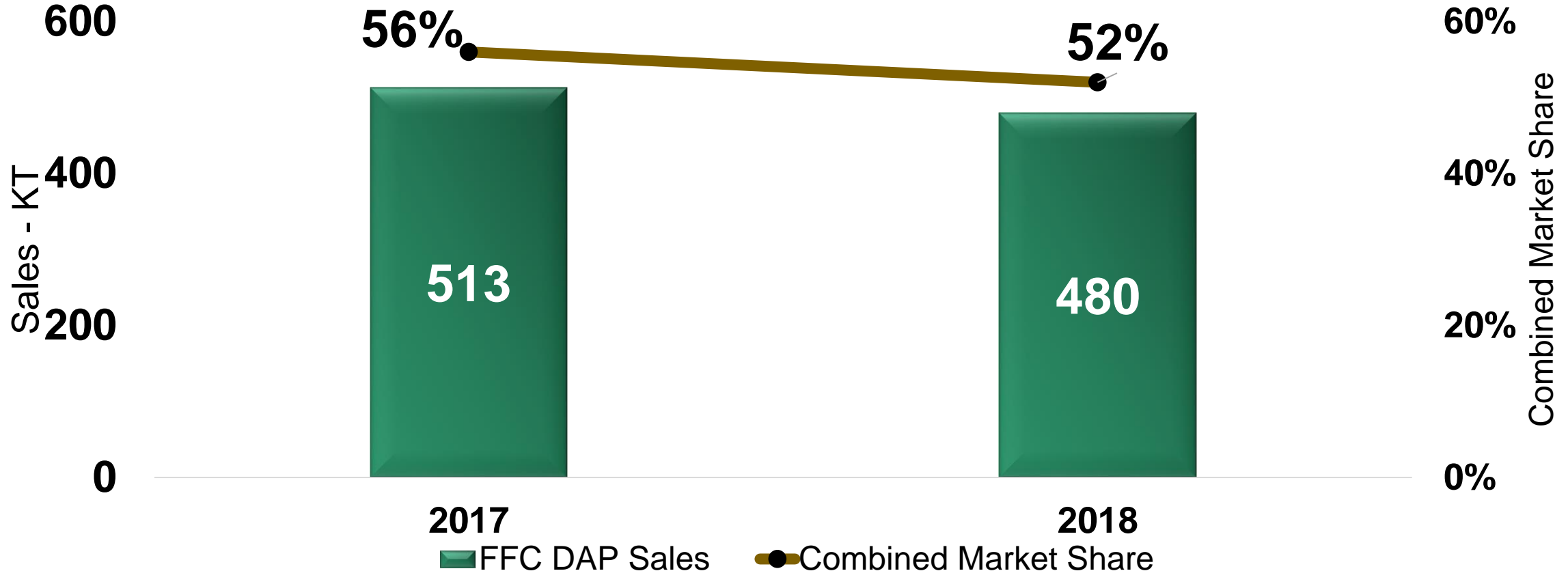
- FFC carried a minimal urea inventory of 3 KT (2017: 8 KT) only at the close of 2018.

## Urea Inventory Share

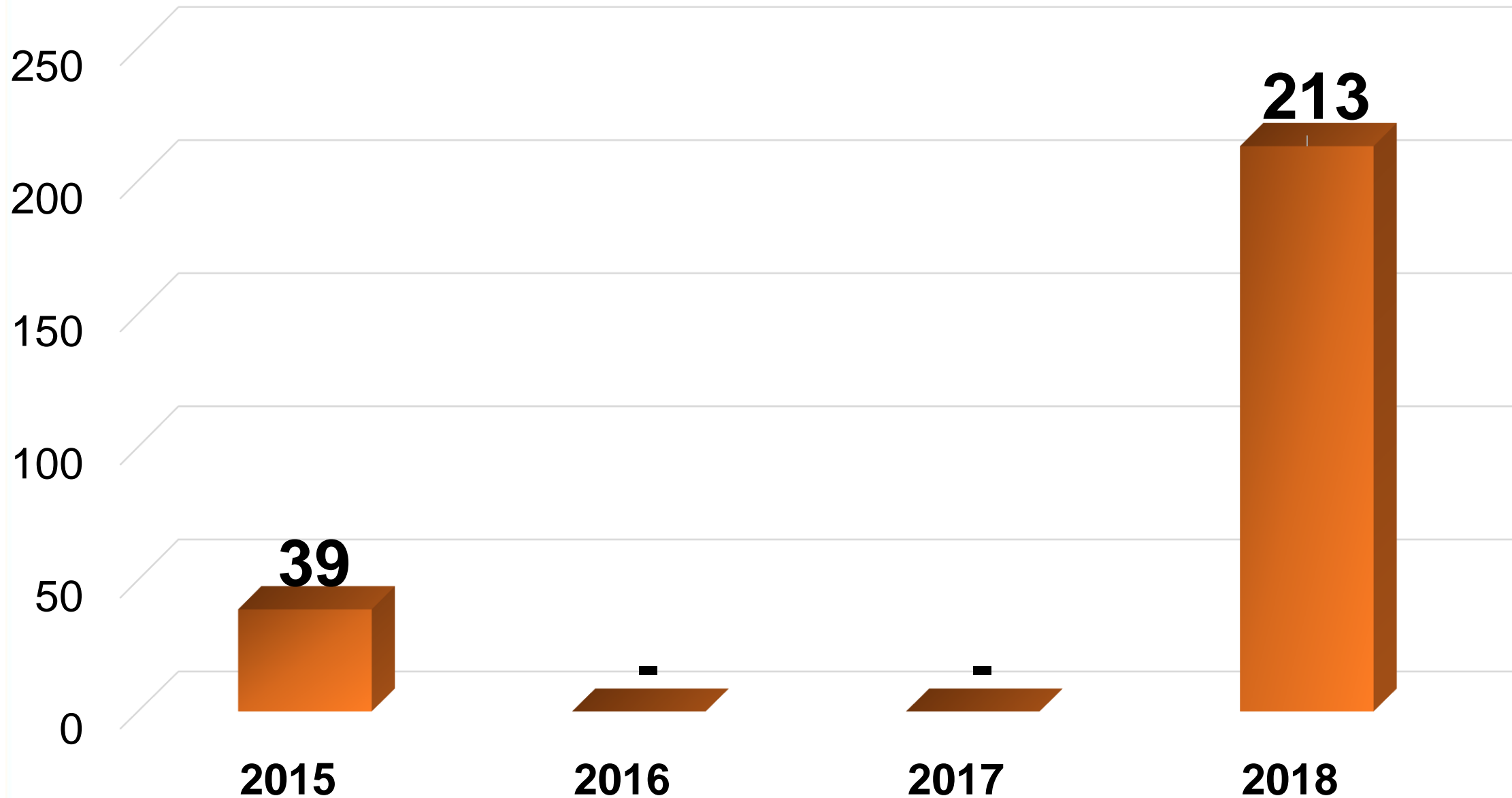


# Highlights 2018 – DAP


- FFC marketed second highest imported DAP quantities ever of 480 KT translating into record DAP revenue of around Rs 31 billion.
- Combined FFC / FFBL DAP market share stood at 52% as compared to 56% achieved in 2017.



# DAP Closing inventory (KT)



# Profitability

	Net Profit Rs in Million	EPS Rs / share
<b>Actual 2018</b>	<b>14,439</b>	<b>11.35</b>
<b>Super Tax</b>	<b>877</b>	<b>0.69</b>
<b>Adjusted Profit</b>	<b>15,316</b>	<b>12.04</b>
<b>Actual 2017</b>	<b>10,711</b>	<b>8.42</b>
<b>% age increase</b>	<b>43 %</b>	

# Operating Highlights

For the Year Ended December 31,

		<b>2018</b>	<b>2017</b>	<b>Variance</b>	<b>%</b>
<b>Production - Sona Urea</b>	KT	<b>2,522</b>	2,513	▲ 9	-
<b>Sales - Sona Urea</b>	"	<b>2,527</b>	2,697	▼ (170)	(6)
<b>Sales Revenue (incl Subsidy)</b>	Rs M	<b>108,365</b>	97,316	▲ 11,049	11
<b>Finance Cost</b>	"	<b>1,637</b>	2,445	▼ 808	33
<b>Investment Income</b>	"	<b>2,635</b>	1,417	▲ 1,218	86
<b>Dividend Income</b>	"	<b>1,248</b>	2,279	▼ (1,031)	(45)

# Corporate Awards



## SAFA Award 2017

Ranked amongst the best under “Corporate Governance Disclosures” category

## Best Corporate Report Award 2017 - ICAP / ICMAP

First position in “Chemical & Pharmaceuticals” sector



## Best Sustainability Report Award 2017 - ICAP / ICMAP

Ranked amongst the best sustainability reports

## PSX Award

Stood first on PSX Top 25 Companies list, for the year 2016 which was the 7<sup>th</sup> consecutive year for the top placement





# New Venture

## Thar Energy Limited

# Thar Energy Limited – Project Snapshot

## Project Snapshot

<b>Particulars</b>		
Project Size	330 MW	
Project Cost US\$ M	520	
Debt / Equity (75:25)	390	130
<b>IRR</b> (Dollarized, %)	<b>~19%</b>	

## Project Details

Location	Thar Block II
Tariff Regime	Upfront
Water Supply	GoS - LBOD Scheme
Foreign Financing	China Development Bank
Local Financing	Habib Bank Limited

Project Role	Company
EPC Contractor	China Machinery Engineering Corporation (CMEC)
Project Developer	HUBCO
Coal Supplier	Sindh Engro Coal Mining Company (SECMC)

Shareholding Pattern	At FC	At COD
HUBCO	60%	51%
<b>FFC</b>	<b>30%</b>	
CMEC	10%	
HUBCO Shareholders	-	9%
<b>Total FFC Investment</b>	<b>USD 39.0 M</b>	

# Thar Energy Limited (TEL)

**Financing agreements signed on December 20, 2018.**

**EPC contractor mobilized on site and project completion activities are progressing as per plan**

**The Company has invested Rs 1.46 billion in the project till December 31, 2018**

# Future Outlook/ Challenges

**1**

**High gas cost /  
Declining gas pressure**

**2**

**Delay in receipt of subsidy /  
adjustment of GST**

**3**

**Pricing pressure due to  
Govt. intervention**

**4**

**FTR – impacting margins of  
imported fertilizers**

**5**

**High DAP prices may impact  
farmers' affordability leading to  
decline in DAP application**

**6**

**Resolution of GIDC Levy with  
likely impact on urea prices**

	<b><u>PKR / Bag</u></b>
Total GIDC Impact	380
<b>Retail Price of Urea in 2011</b>	<b>1,580</b>
<b><u>Factors affecting retail price*</u></b>	
Price decrease due to reduction in GST (from 16% to 2%)	(191)
GIDC Impact per bag	380
Non-gas related costs (Salaries, maintenance etc)	152
Feed gas cost (from Rs.102.01 to Rs.185 / MMBTU)	95
Fuel gas cost (from Rs.434.18 to Rs.780 / MMBTU)	87
	<b>523</b>
<b>Urea price if all costs were passed on</b>	<b>2,103</b>
Current Retail Price - Urea	1,740
<b>Cost Absorbed</b>	<b>363</b>

\* Retail price of urea stood at Rs. 2,020 per bag in September 2015

# Q & A Session



**Thank you**