

## FFC holds Corporate Briefing for year ended December 31, 2019



Fauji Fertilizer Company (FFC), held Annual Corporate Briefing for the year ended 31<sup>st</sup> December 2019, as a part of its best corporate governance practices.

FFC has been recognized by Pakistan Stock Exchange (PSX) as first amongst top 25 companies consecutively for 9 years attributed to its Compliance of Code of Corporate Governance, Company Performance and efficient management which has consistently surpassed established corporate governance standards



In the same backdrop the subject briefing for year 2019 was held at FFC's corporate Head Office in Rawalpindi where prominent capital market analysts and dignitary from PSX Mr. Saquib Ali also attended the event.

Company Secretary FFC, Brig Ashfaq Ahmed SI(M) (Retd) opened the meeting and apprised the house about significance of the event. Chief Financial Officer FFC, Mr. Mohammad Munir Malik briefed the house about FFC's performance for the year 2019 and answered various questions raised from the forum.

# Corporate Briefing

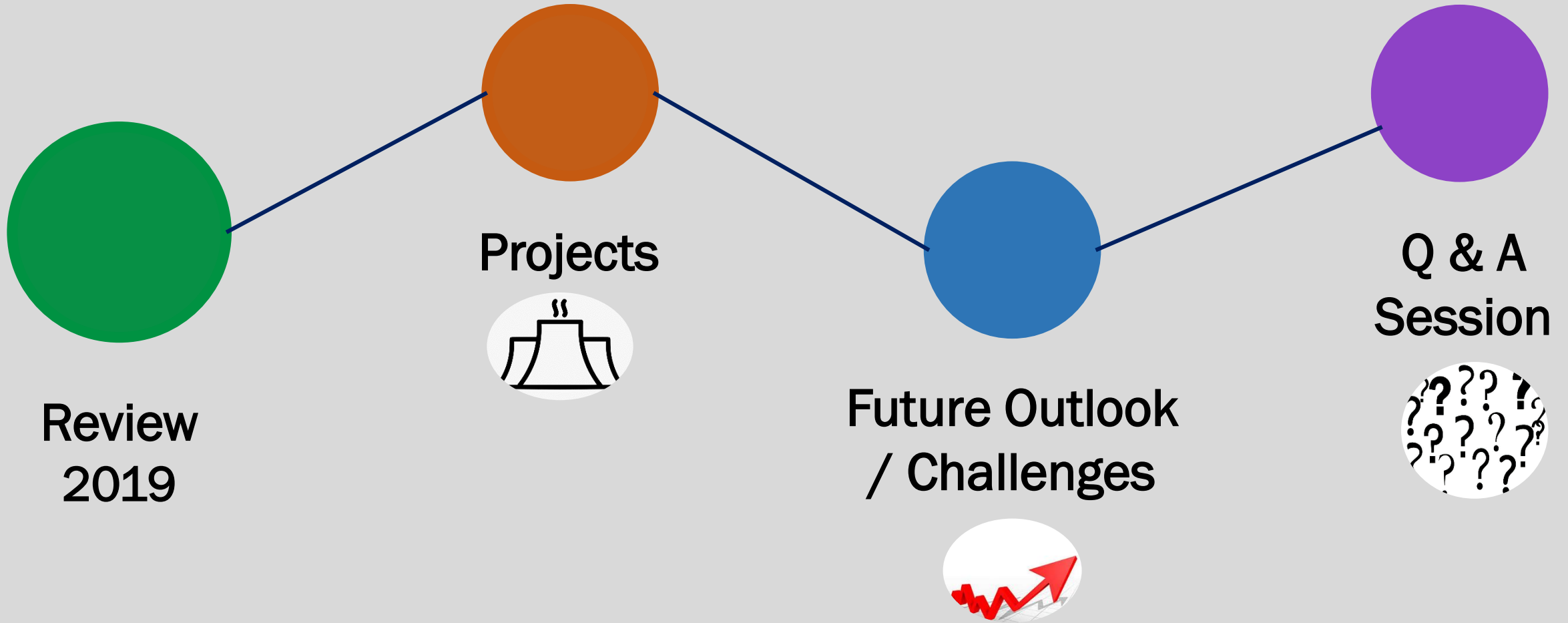
For the year ended  
December 31, 2019

**March 2, 2020**

Annual Report of Fertilizer Company Limited for the year ended December 31, 2019



Contributing towards  
**National Food Security**



# 2019 Review



# Business Environment - 2019

- ❑ The year commenced with industry urea inventory of 170 thousand tonnes - 40% lower compared to 2018.
- ❑ DAP inventory of 570 thousand tonnes carried into 2019 - the highest ever.

- ❑ Freight cost increased due to implementation of Axle Weight Regime.

- ❑ Continued challenges of delays in receipt of subsidy and realization of GST refunds.

- ❑ Substantial increase in Gas rates effective July 01, 2019.

- ❑ The increase in gas cost not passed on immediately in view of Government offer of reduction in GIDC rates effective July 01, 2019.
- ❑ Had to absorb major part of gas cost in third quarter of 2019 as Government could not fulfill its commitment.

# Reduction in GIDC

**GIDC levy  
reduced from  
the month of  
January 2020  
by Rs.400/bag.**

**This reduction has  
no impact on GIDC  
levied previously  
which is sub-judice  
to Court  
proceedings.**

**Although the Company  
had been absorbing major  
part of this levy over the  
years, the Company  
reduced urea selling  
prices by Rs. 375/bag for  
the benefit of the farming  
community.**

# FFC 2018 vs 2019

2018

2019

2,522

Urea Production (KT)

2,492

650

Savings through import  
Substitution (US \$ M)

674

3

Urea Inventory(KT)

28

14,439

Net Profit (Rs M)

17,110

3,030

Total Fertilizer Sales (KT)

2,720

11.35

EPS (Rs / Share)

13.45

108,365

Revenue—Including Subsidy (Rs.M)

105,783

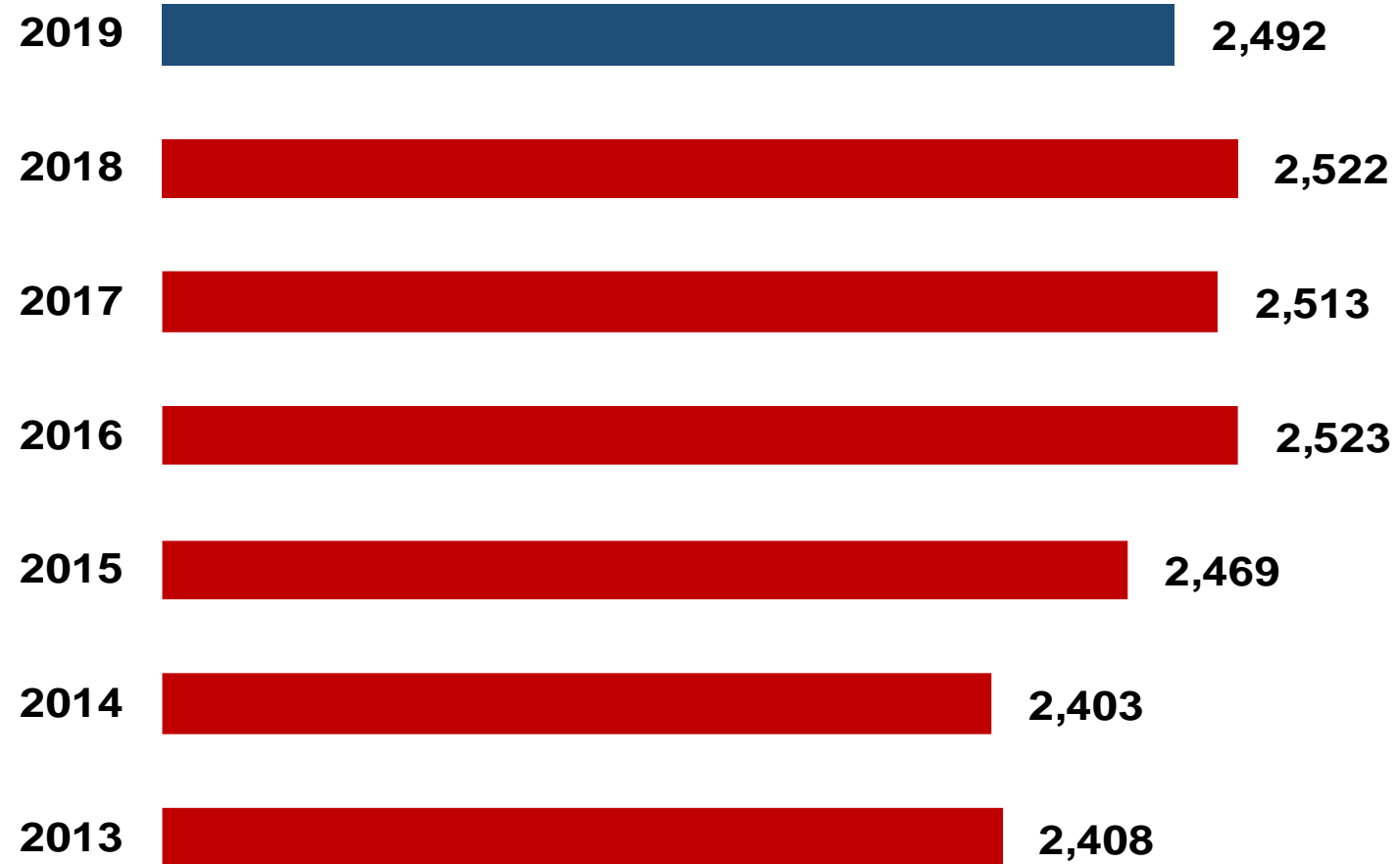
33,383

Equity (Rs M)

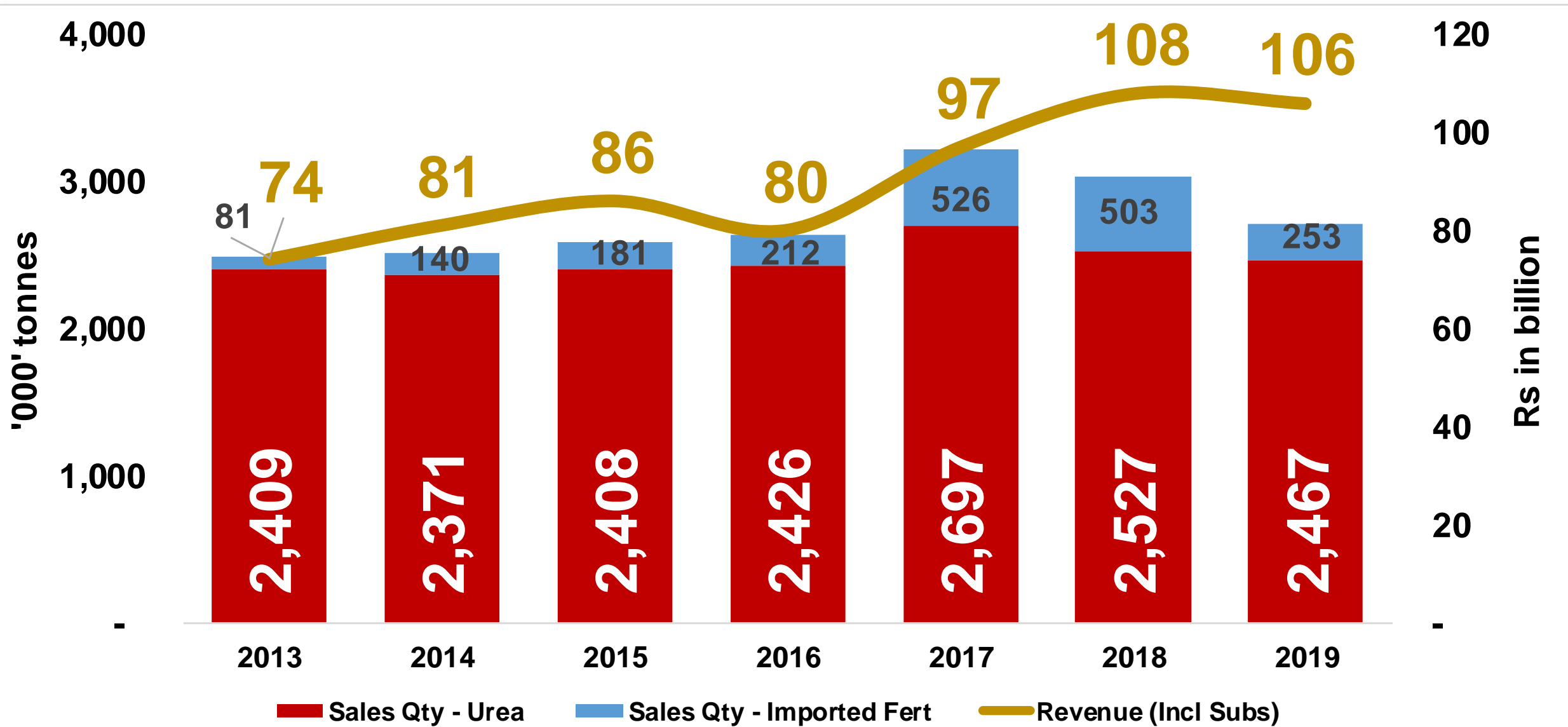
35,567



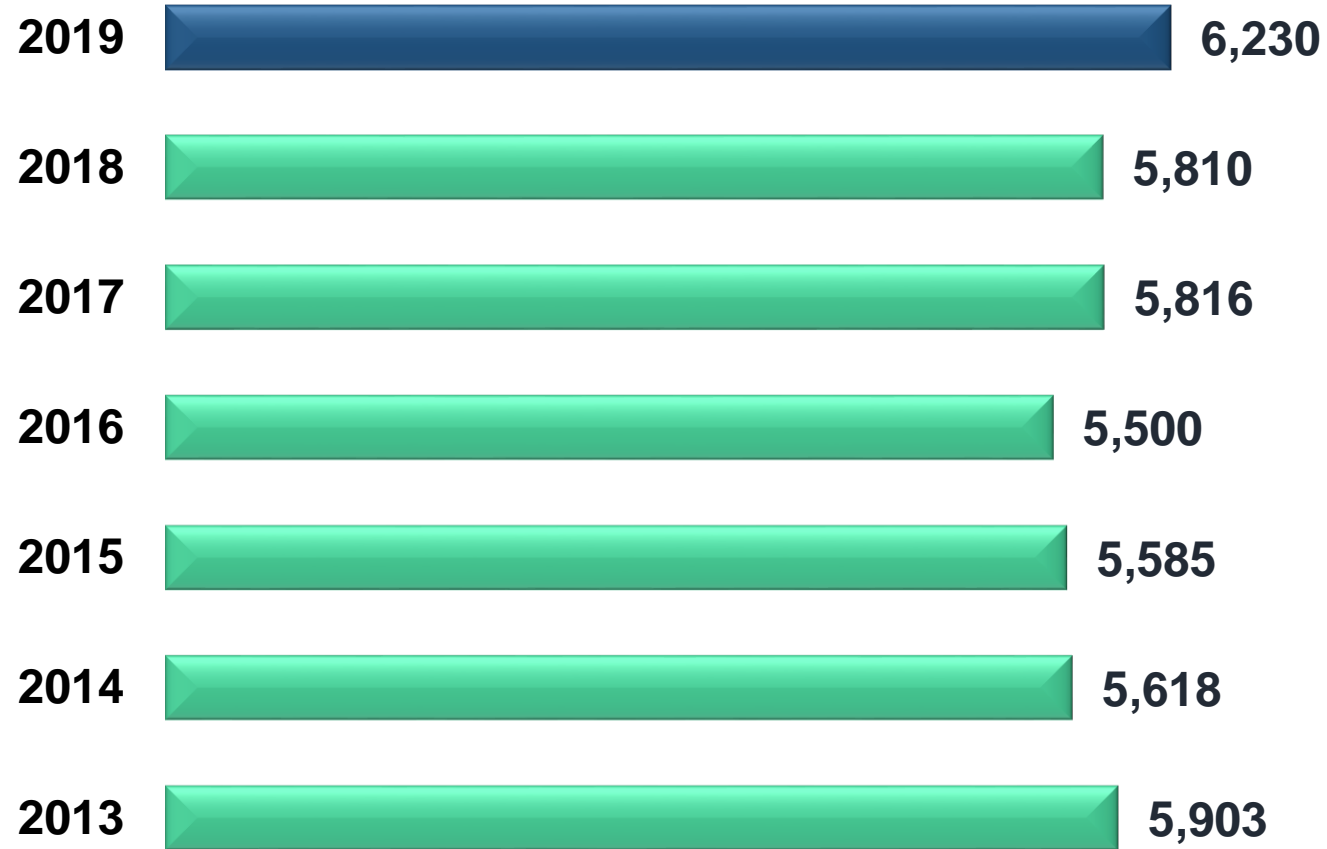
# Sona Urea Production (KT)



# Offtake & Revenue - 2019



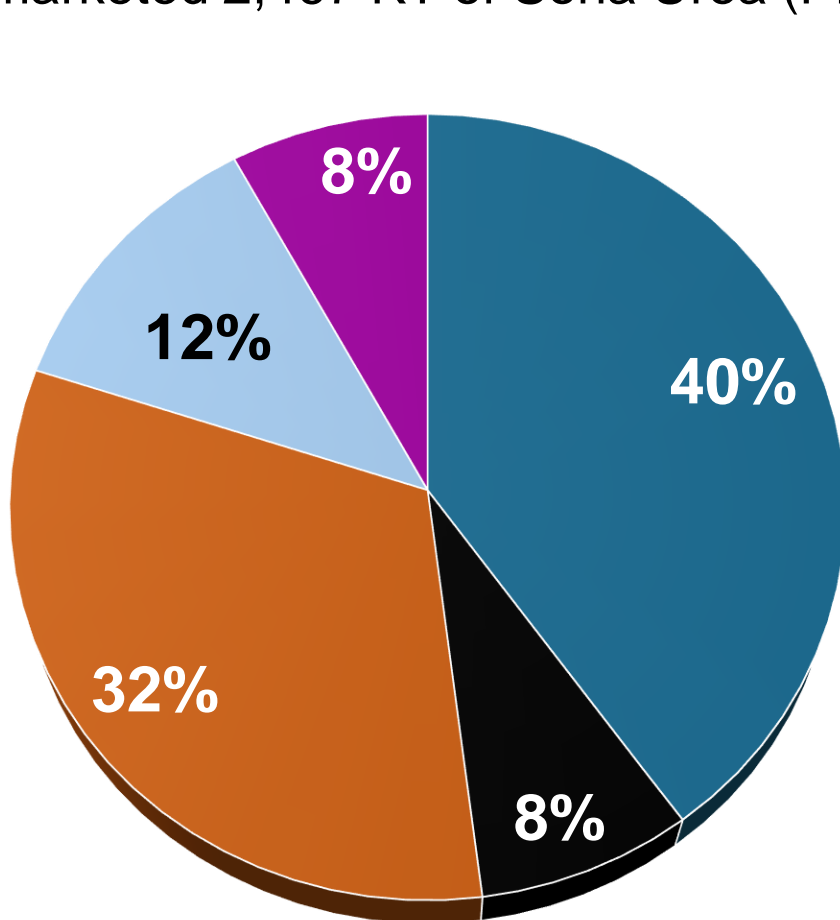
# Industry Urea Sales (KT)



- Domestic Sales Only

# Domestic Urea Market Share

➤ FFC marketed 2,467 KT of Sona Urea (Prilled) and captured a market share of 40%.



■ FFC

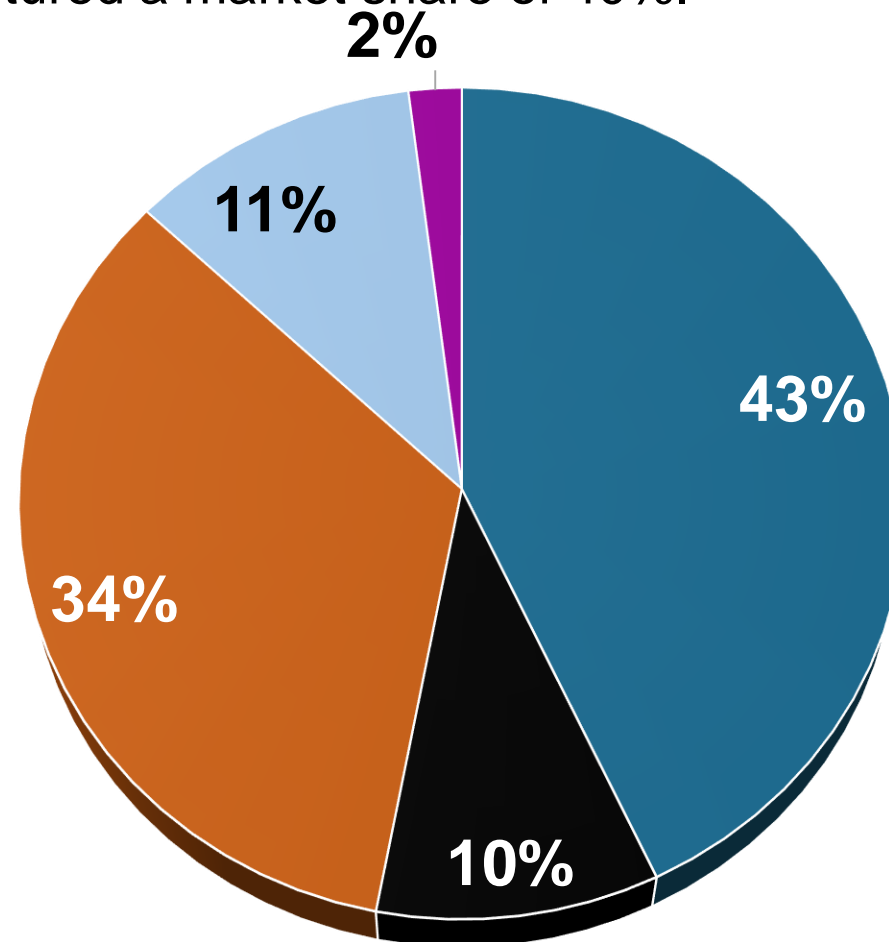
■ FFBL

■ Engro

■ Fatima

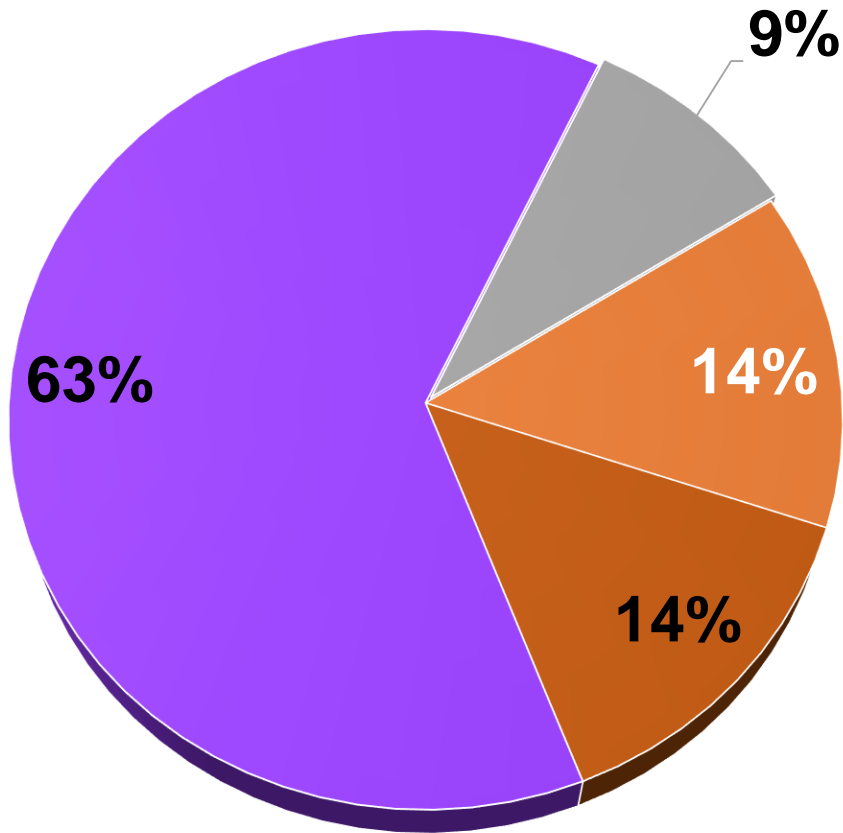
■ Others

2019

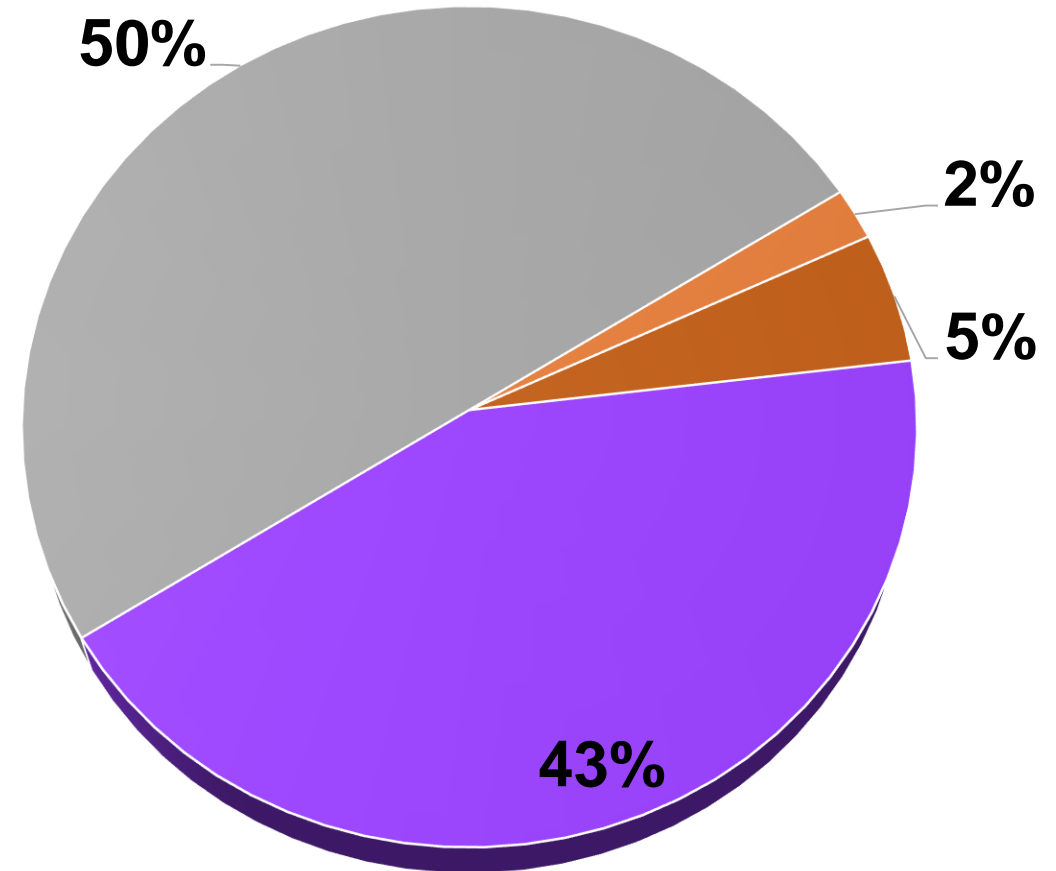


2018

# Urea Market Inventory Share



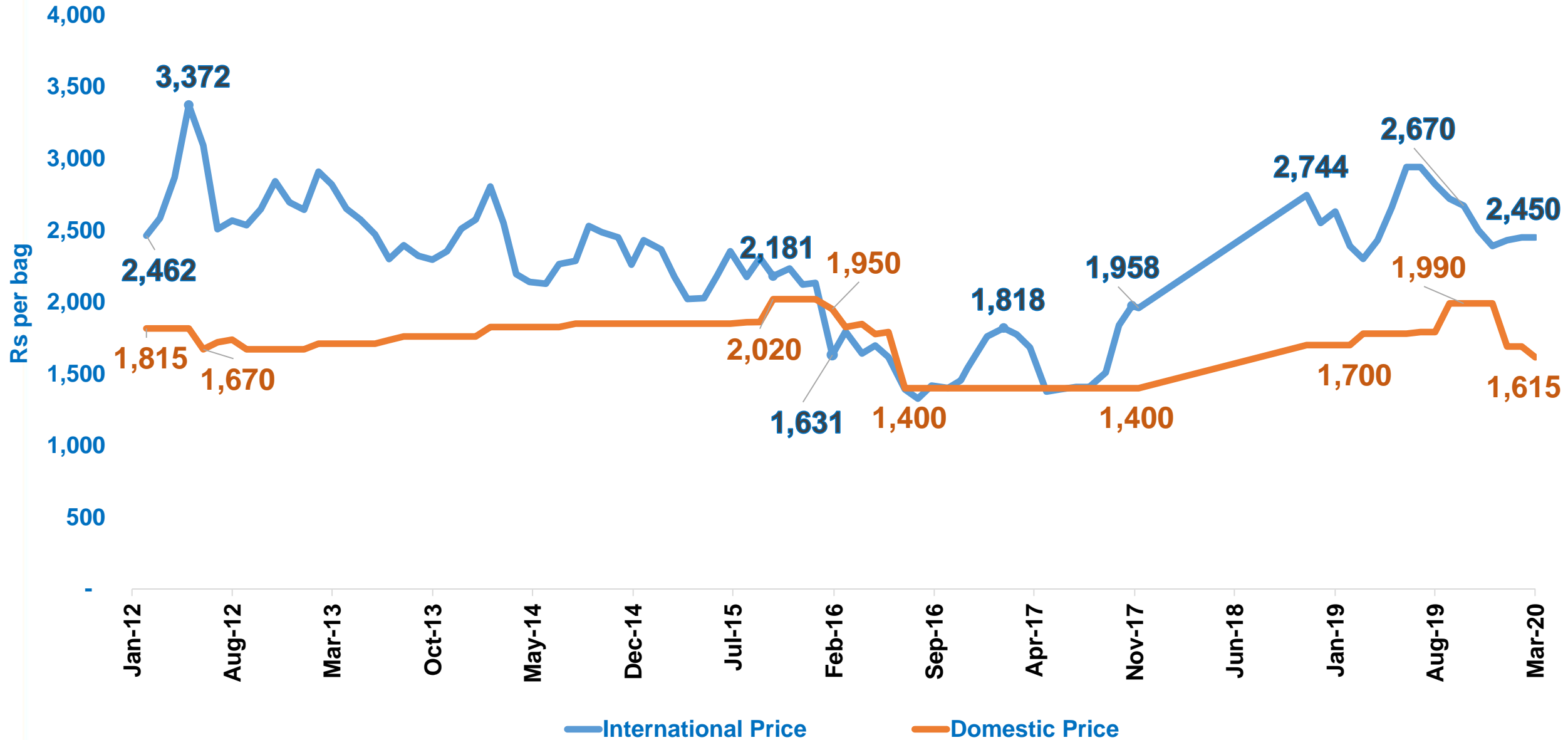
**2019 – 170 KT**



**2018 – 285 KT**

■ FFC ■ Engro ■ Fatima ■ Others

# International Vs Local Price



# Corporate Awards

**1<sup>st</sup> position in the “PSX Top 25 Companies” for 9 consecutive years**

**“Overall Winner” ICAP /ICMAP Best Corporate Report Awards - 2018 (12<sup>th</sup> Overall top Position)**

**First position in the “Manufacturing Sector” of SAFA Best Annual Report Awards 2018**

**Winner of ICAP/ICMAP “Best Sustainability Report Award” for 2018 in the Large National Category For the 4<sup>th</sup> time**

**“Corporate Excellence Award” award for 2018 by the Management Association of Pakistan 5<sup>th</sup> consecutive time**

**Gold Medal as “Industry Stewardship Champions 2019” by International Fertilizer Association**

**“Best company of the year” award for 2018 by the Rawalpindi chamber of commerce & industry 7<sup>th</sup> consecutive year**

# NEW PROJECTS





# Thar Energy Limited

**Thar Energy Limited (TEL), an associated company of FFC, is a CPEC Project, currently under construction at Thar Coal Block II.**

**Government of Pakistan has notified the achievement of Financial Closing by TEL on 30th January, 2020.**

**Commercial operation of the project is expected in the year 2021.**

# Future Outlook/Challenges



# Future Outlook / Challenges

1

Poor farm economics due to lower crop yield , reduction in cultivable land and other economic factors

2

Depleting gas reserves need alternate raw material resource

3

Pricing pressure due to governmental intervention

4

Delay in receipt of subsidy / GST refund

5

Unfavorable settlement of sub-judice GIDC case may lead to substantial finance cost

6

Minimum Tax - impacting margins of imported fertilizers

7

Undue onus on the industry for registration of dealers under Sales Tax Act, resulting in increased company cost

8

Increased transportation cost due to Axle Weight Regime

# Q & A SESSION



**Thank you**