

FFC holds First Corporate Briefing for the Year 2023



Fauji Fertilizer Company (FFC), held its First Corporate Briefing for the year 2023, as part of its best corporate governance practices.

FFC has been recognized by Pakistan Stock Exchange (PSX) as first amongst Top 25 Companies consecutively for 12 years attributed to its Compliance of Code of Corporate Governance, Company Performance and Efficient Management.

In the same backdrop the subject briefing for the year ended 31st December 2022 was held at FFC's corporate Head Office, Rawalpindi. Virtual access was also provided to all the desirous stakeholders. Prominent capital market analysts and dignitary from Pakistan Stock Exchange attended the event.

Company Secretary FFC, Brig Asrat Mahmood SI(M) (Retd) opened the briefing and apprised the house about significance of the event. Chief Financial Officer, Syed Atif Ali briefed the house about FFC's performance for the year 2022 and assured Company's commitment to achieve higher standards of performance and sustained earnings.

Corporate Briefing

Year ended Dec 31, 2022

Presented by CFO

February 7, 2023






**Historical
Overview**

**Business
Highlights**

**Key
Challenges**

**Q & A
session**

Historical Overview; 1979 - 2022

1  3

Number of Plants

569  2,048

Design Capacity
(Thousand Tonnes)

567  2,404

Sona Urea Production
(Thousand Tonnes)

19%  45%

Urea Market Share

2,133  109,364

Revenue - all products (Rs Mn)

Incorporated as a JV between Fauji Foundation and Haldor Topsoe A/S Denmark in 1978 (US\$330 Mn), the Company has demonstrated phenomenal growth over the past four decades, with increase in urea production by 4.4 times over the period



Highest-ever Annual:

- Revenue - Rs 109 Bn
- Investment Income – Rs 10 Bn
- pre-tax profit - Rs 34 Bn



Import Substitution - US\$ 1.65 Bn



Benefit to farmers - Difference in Int vs local urea prices - US\$ 1.5Bn



Contribution to National Exchequer - Taxes & Levies - Rs 30 Bn



Awards and Recognition

Awards & Recognition

01

SAFA Best Presented Annual Report Awards 2021

- Gold – Manufacturing Sector
- Gold – Integrated Reporting
- Silver – Overall Excellence in Corporate Reporting
- Bronze – Corporate Governance

02

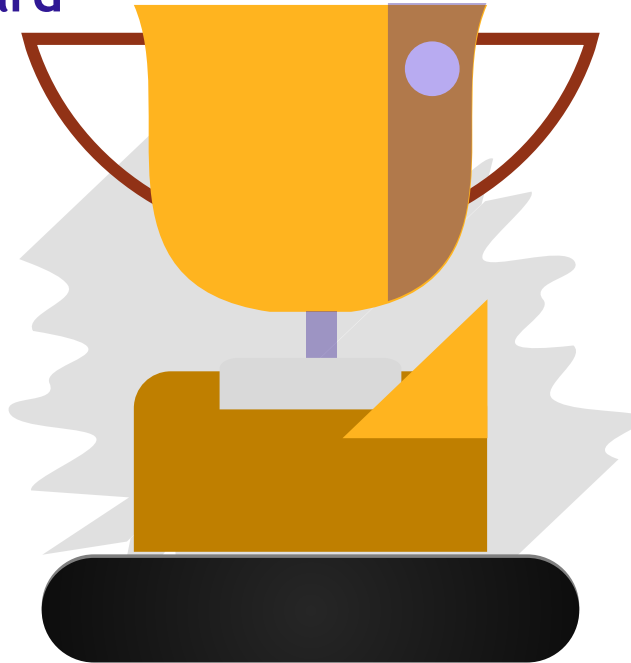
Best Corporate Report Award 2021 by ICAP/ICMAP

Overall 1st position
1st position in manufacturing
sector

03

Best Sustainability Report Award 2021 by ICAP/ICMAP

Overall 1st position



04

Largest National Taxpayer Award by RCCI/FBR

Largest National Taxpayer
from Manufacturing Sector

05

PSX Top 25 Companies Award 2021

Overall 1st position (12th
Consecutive Year)

KPI Dashboard – Production & Sales



Urea production (K tons)

2022	2,404
2021	2,507

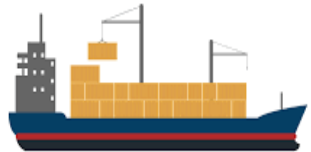
4%



Urea Sales (K tons)

2022	2,423
2021	2,477

2%



DAP Imports (K tons)

2022	147
2021	205

28%

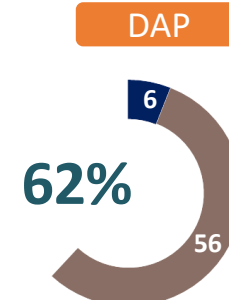
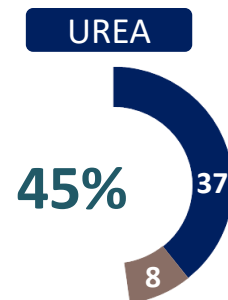


DAP Sales (K tons)

2022	70
2021	205

66%

Market Share (FFC & FFBL Combined)



■ FFC
■ FFBL

KPI Dashboard – Financial indicators



Revenue - PKR Mn

▲ 1%

2022	109,364
2021	<u>108,651</u>



Gross Profit - PKR Mn

▲ 3%

2022	40,047
2021	<u>38,879</u>



Operating Profit- PKR Mn

▼ 2%

2022	29,939
2021	<u>30,470</u>



Net Profit - PKR Mn

▼ 8%

2022	20,050
2021	<u>21,896</u>



Net Profit - USD Mn

▼ 27%

2022	97
2021	<u>134</u>



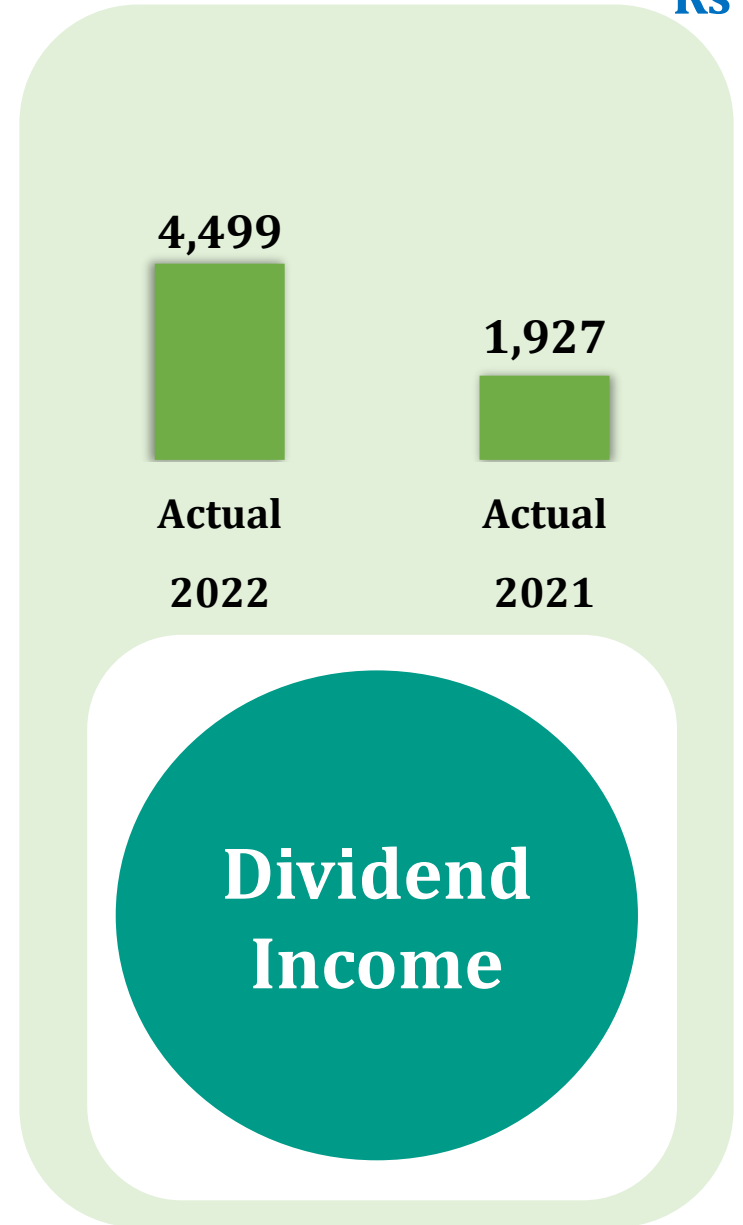
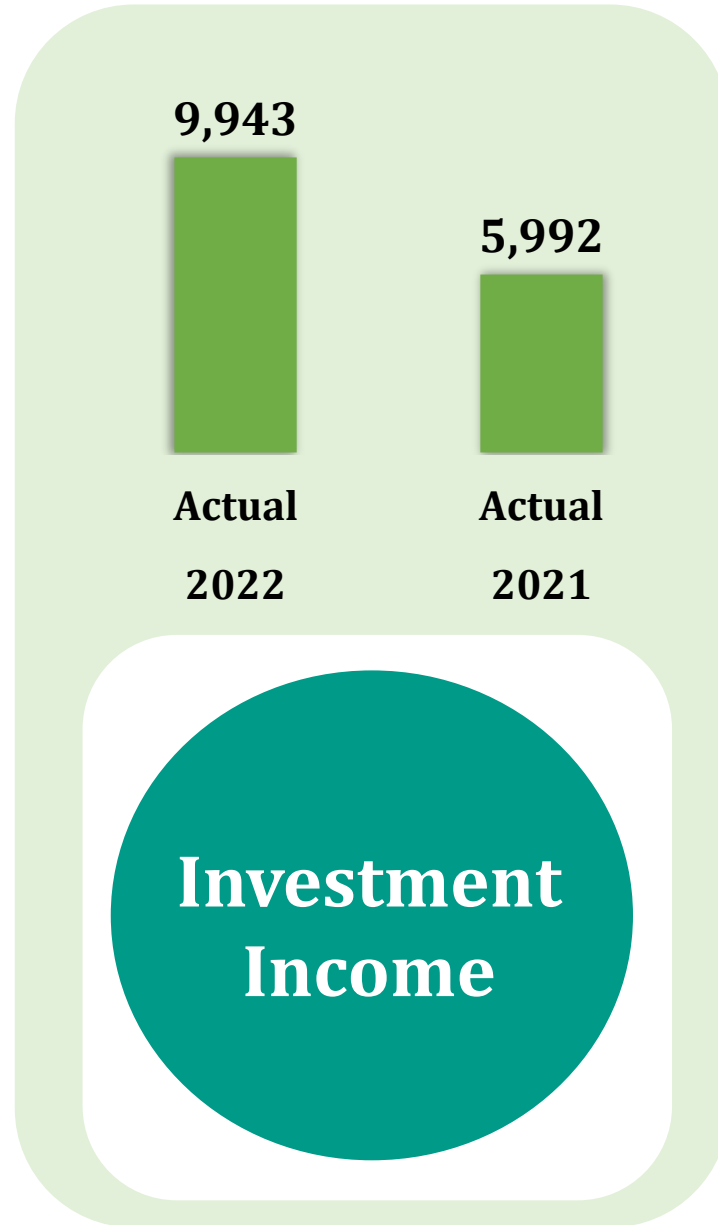
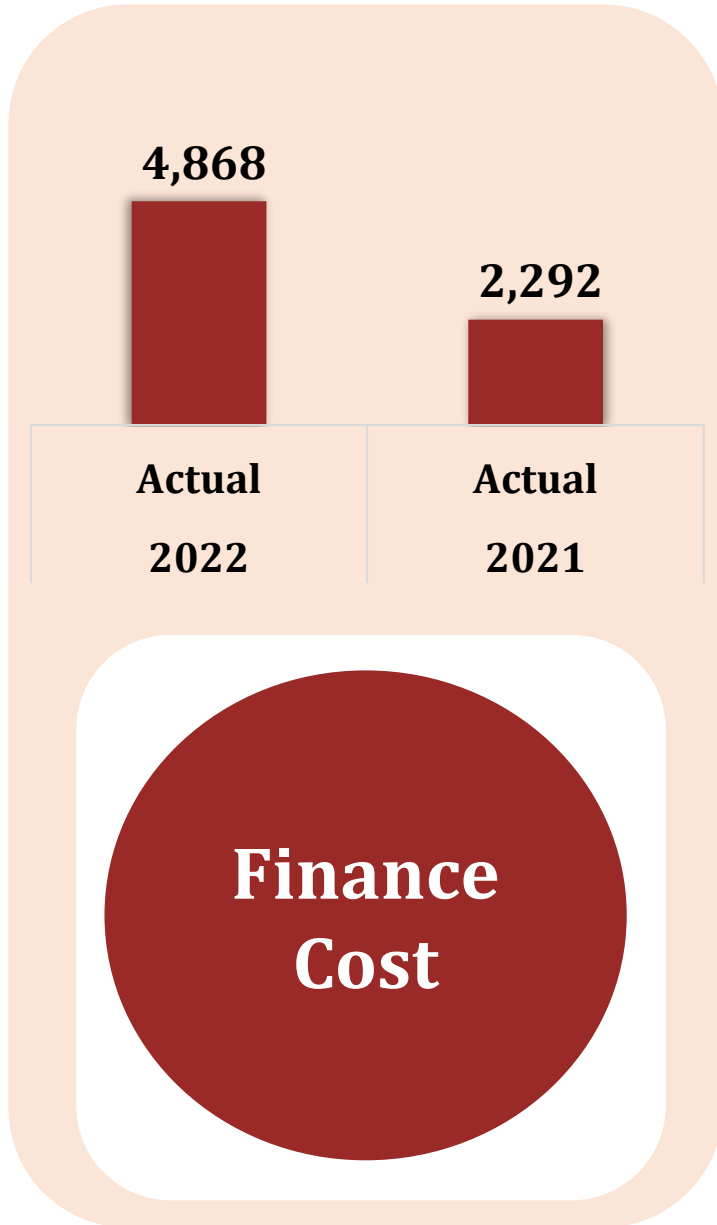
Earnings per share - PKR

▼ 8%

2022	15.76
2021	<u>17.21</u>

Finance Cost and Other Income

Rs Mn



Sona Urea Production

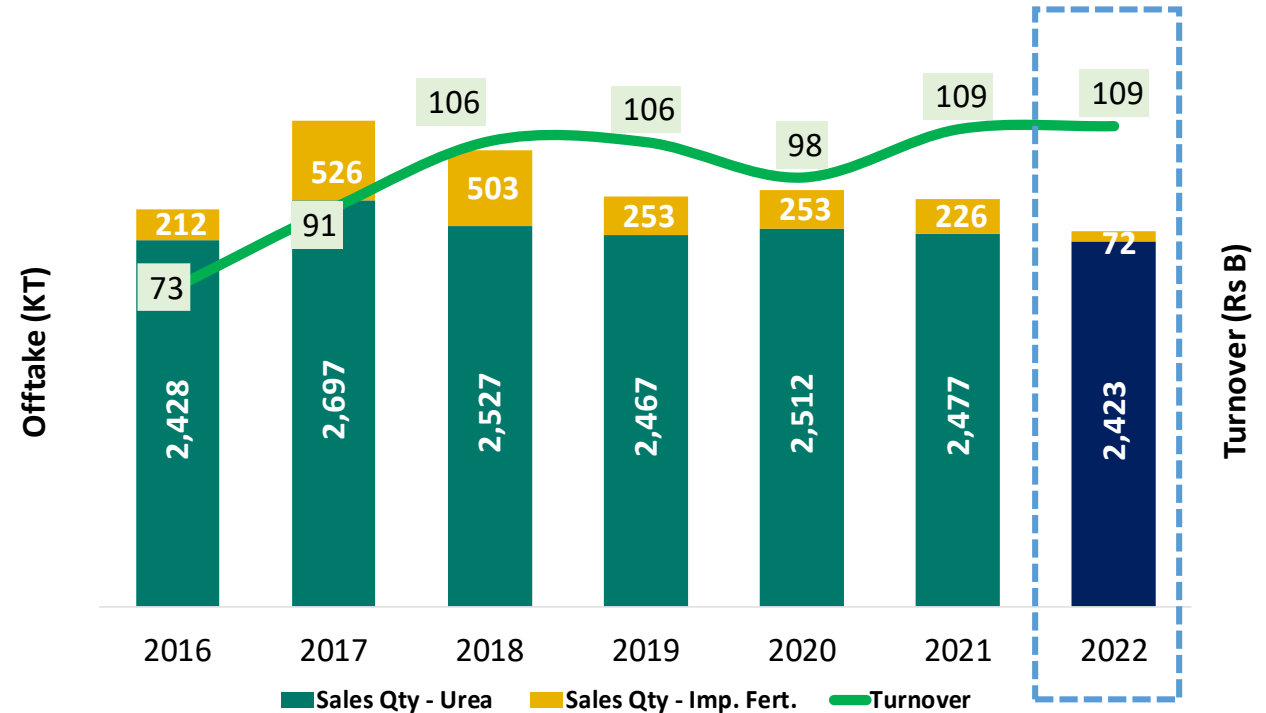
Lower by 4% vs LY
due to 2 X T/As

000' MT



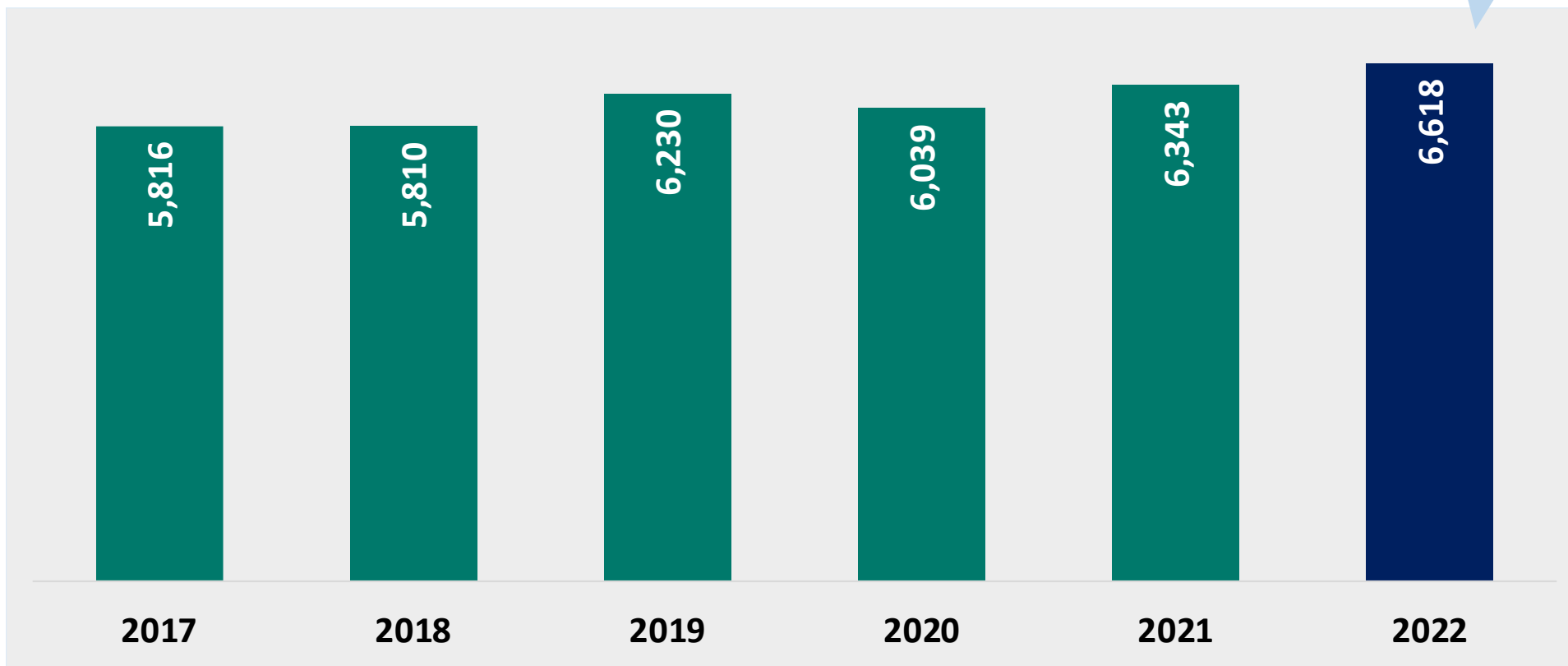
Fertilizer Sales & Aggregate Turnover

Highest ever
Turnover



Industry Urea sales – 6 year’s at a glance

000’ MT



4% growth in industry sales vs LY

- Average sales for the past 6 years is 6,142KT

Associated Businesses

Combined Net Profit: **Rs 8.8 bn**

FFCEL

89.5GWh of electricity supplied
(2021: 108.92 GWh)

Record net profit
Rs 2.5 Bn, 17% ↑

Sold 518K verified Carbon Credits against Rs 244K
(shared equally with CPPA)

Repaid last installment of Project loan

FWEL I & II

FWEL-I

106.3 GWh of electricity supplied
(2021: 109.8GWh)

Net Profit: **Rs 3.16 Bn**
198% ↑

FWEL-II

114.5 GWh of electricity supplied
(2021: 124.7GWh)

Net profit: **Rs 3.14 Bn**
194% ↑

FFF

Revenue **82%** ↑
Gross profit **125%** ↑
Operating loss **60%** ↓
Net loss **19%** ↑

New 3 Ton/hour FF line commenced production in June

Business with McDonald & KFC growing steadily

TEL

Investment **Rs 2.17 Bn**
(Total Rs 5.67 bn)

Achieved **COD in Oct 2022**

Key Challenges



- **Governmental Pricing Intervention**
 - Restricts Company pass-through ability

- **Forex non-availability**
 - For import of essential Machinery and spares & Other items

- **Offloading DAP inventory**
 - Slowdown in downstream demand (78 KT inventory in hand)



- **Galloping Cost Push**
 - Inflation, high interest rates environment and PKR devaluation

- **Declining profitability in US\$ term**
 - US\$ 97 Mn (2021: US\$ 134 Mn)

- **Imposition of Super Tax**
 - Super Tax, Rs 5.0 Bn in 2022

- **Continuity of Operations**
 - In case of sovereign default

ANY QUESTIONS



THANK YOU