

FFC holds Second Corporate Briefing for the Year 2021



Fauji Fertilizer Company (FFC), held its second Corporate Briefing for the year 2021, 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 10 years attributed to its Compliance of Code of Corporate Governance, Company Performance and Efficient Management.

In the same backdrop the subject briefing for the period ended 30th September 2021 was held at FFC's corporate Head Office, Rawalpindi where prominent capital market analysts and dignitary from PSX Mr. Muhammad Saqib (in person) and Ms. Khushbukht Shuja (thru VC) also attended the event.



Company Secretary FFC, Brig Asrat Mahmood SI(M) (Retd) opened the meeting and apprised the house about significance of the event. Chief Financial Officer, Mr. Mohammad Munir Malik briefed the house about FFC's performance for three quarters of the year 2021 and assured Company's commitment to achieve higher standards of performance and sustained earnings.

Corporate Briefing

For the period ended
September 30, 2021

Presented by: CFO

November 19, 2021



Business Environment

Business Environment

1

Agri sector growth during the year 2020-21 remained at 2.8% which is expected to grow to 3.5% in 2021-22

2

Overall urea demand and supply situation remained balanced despite COVID-19. Govt supplied uninterrupted gas to RLNG based plants

3

Substantially low domestic urea prices (around 20% of Intl. prices) – contribution towards forex savings ensuring National food security

4

Decade highest DAP International prices and weakened PKR, resulting in historic price hike

5

Supply chain disruption in the International market causing increase in major commodity prices and international freight costs adversely impacting the local economy

	Av. Yield	Market Price	Expenses	Net Income
	Mds / Acre	Rs / Mond		Rs / Acre
2017-18	41	1,200	762	17,954
2018-19	35	1,300	955	12,058 ▼
2019-20	40	1,550	919	24,457 ▲
2020-21	42	1850	1,067	32,882 ▲



Wheat

	Av. Yield	Market Price	Expenses	Net Income
	Mds / Acre	Rs / Mond		Rs / Acre
2017-18	25	2,930	2,179	18,765
2018-19	23	3,680	2,654	23,590 ▲
2019-20	21	3,700	3,038	13,912 ▼
2020-21	18	4,300	3,623	10,030 ▼



Cotton

	Av. Yield	Market Price	Expenses	Net Income
	Mds / Acre	Rs / Mond		Rs / Acre
2017-18	875	160	123	32,643
2018-19	840	180	145	29,158 ▼
2019-20	842	210	151	49,305 ▲
2020-21	871	254	174	69,397 ▲

Sugarcane



	Av. Yield	Market Price	Expenses	Net Income
	Mds / Acre	Rs / Mond		Rs / Acre
2017-18	42	1,650	1,184	19,254
2018-19	42	1,890	1,397	20,144 ▲
2019-20	40	2,140	1,537	24,103 ▲
2020-21	43	2,050	1,452	25,694 ▲

Basmati



Source: Input provided by FACs based on Farmer Surveys

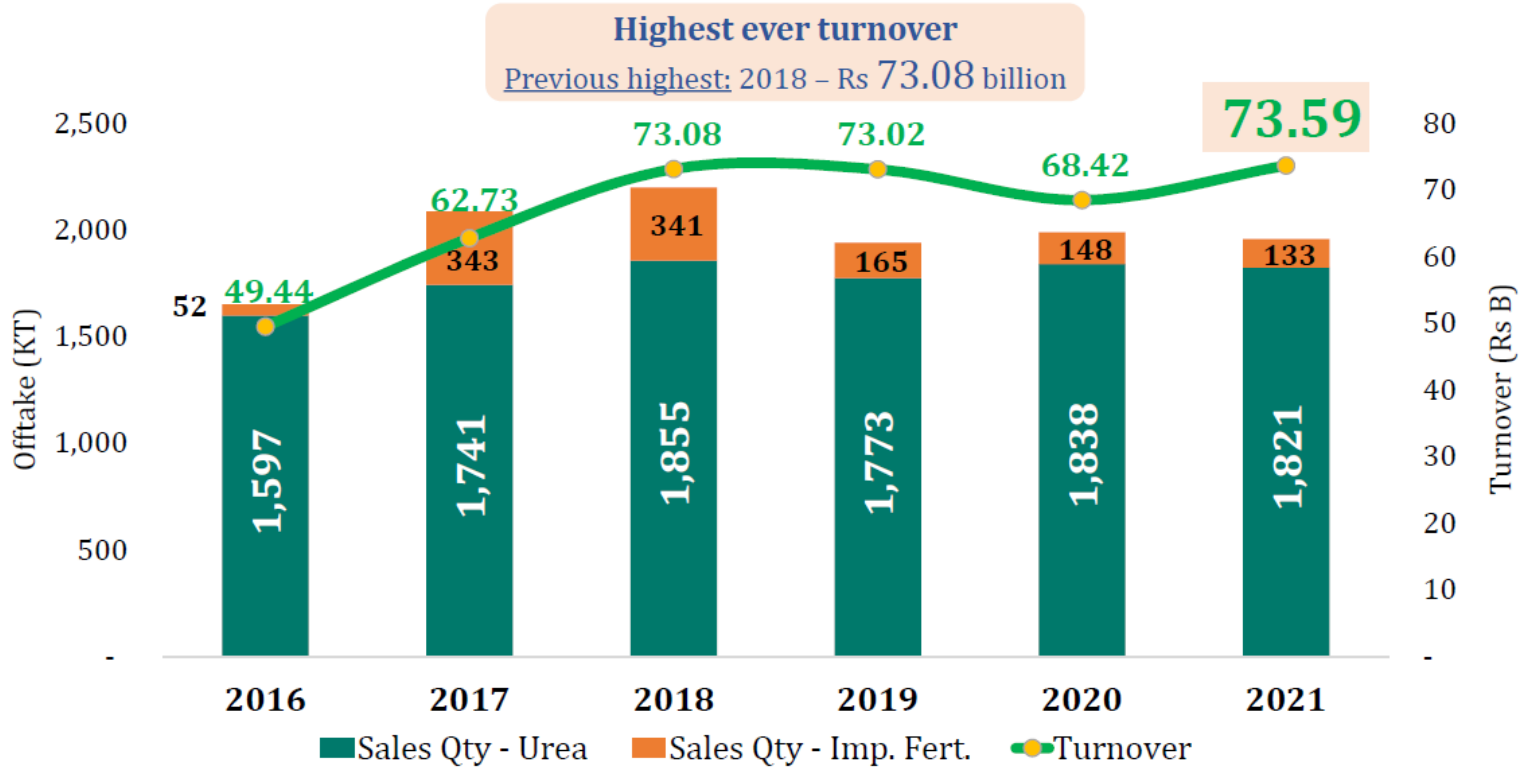
Sona Urea Production (Jan to Sep)

000' MT

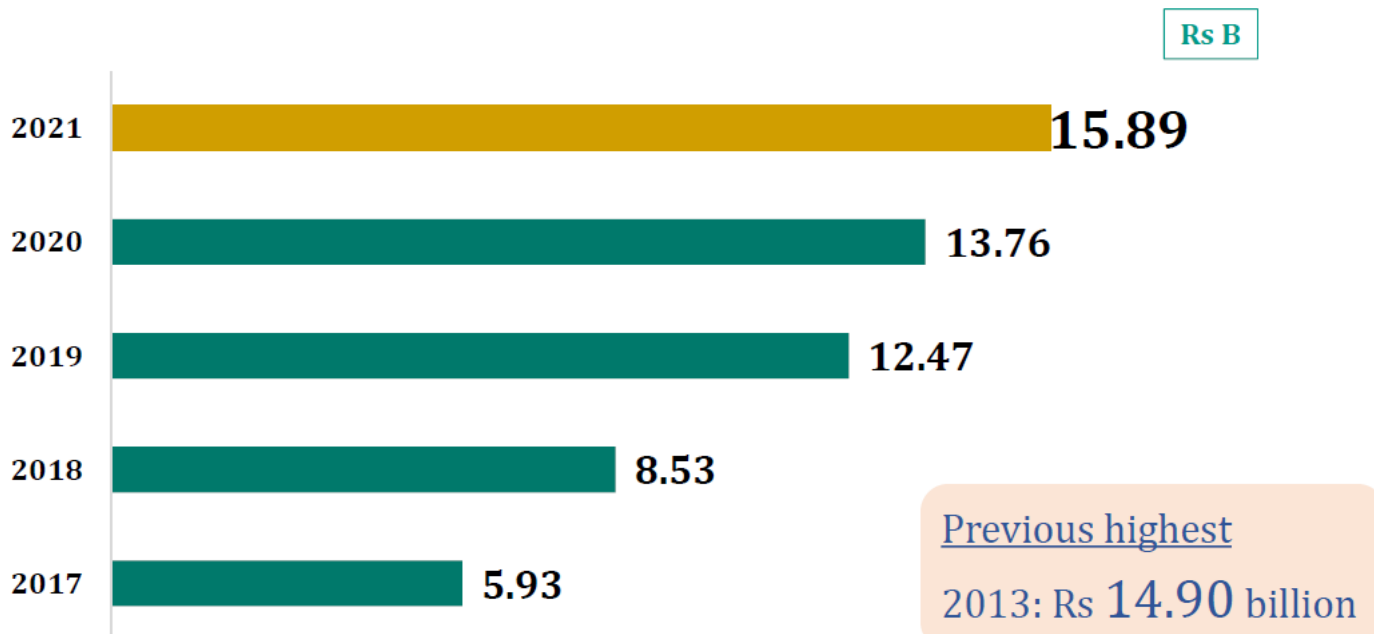


2% lower vs 2020
due to annual maintenance turnaround

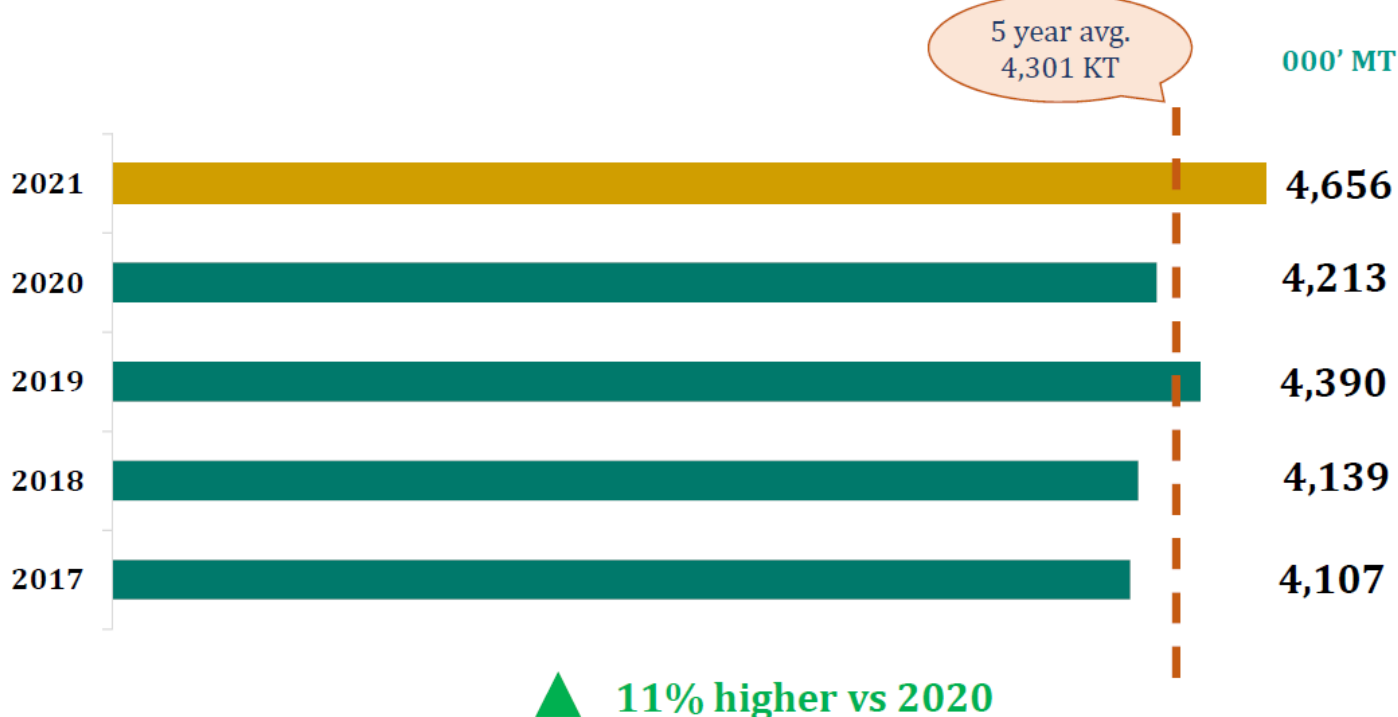
Fertilizer Offtake and Turnover (Jan to Sep)



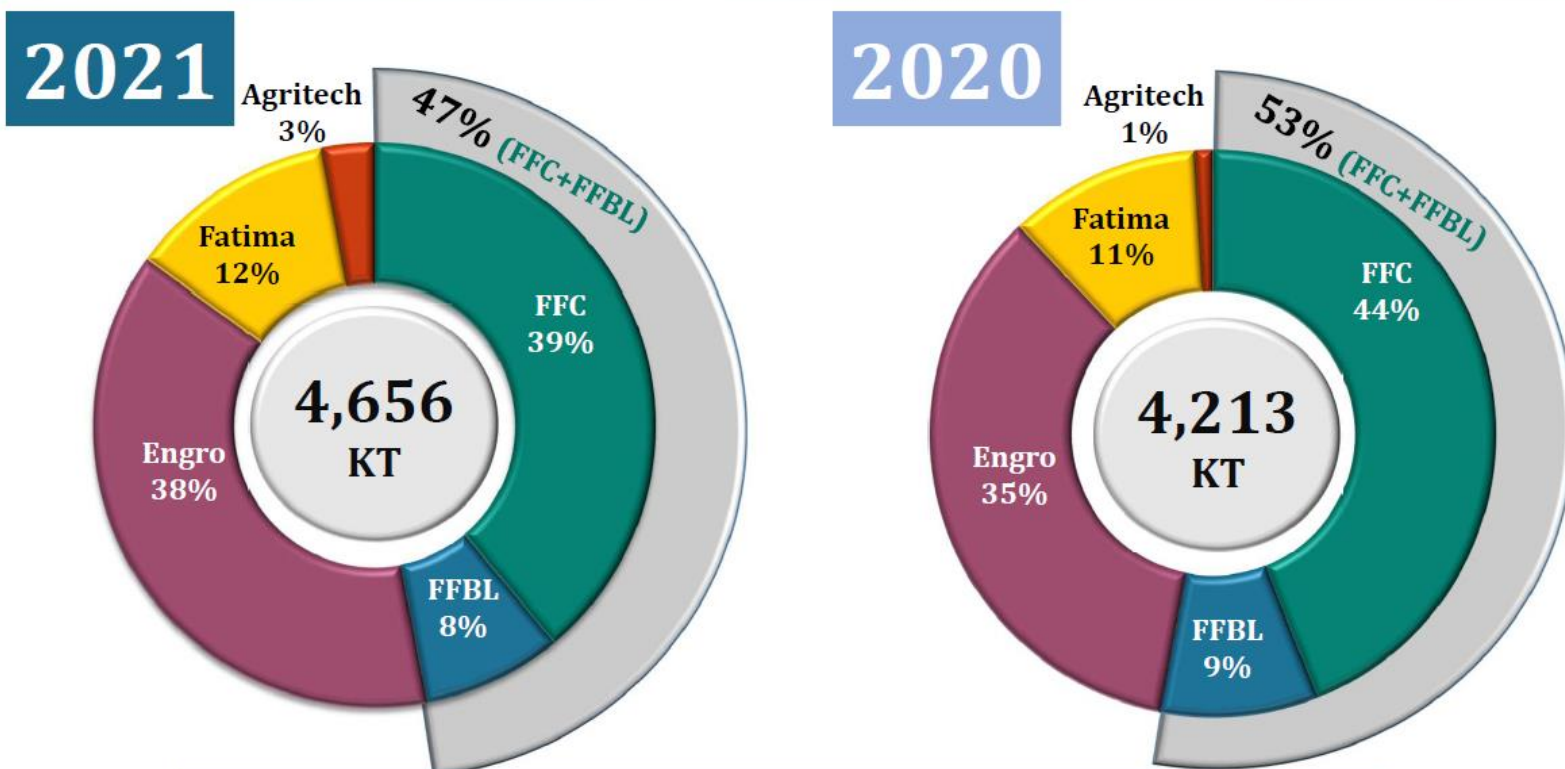
Highest ever Net Profit (Jan to Sep)



Industry Urea Sales (Jan to Sep)



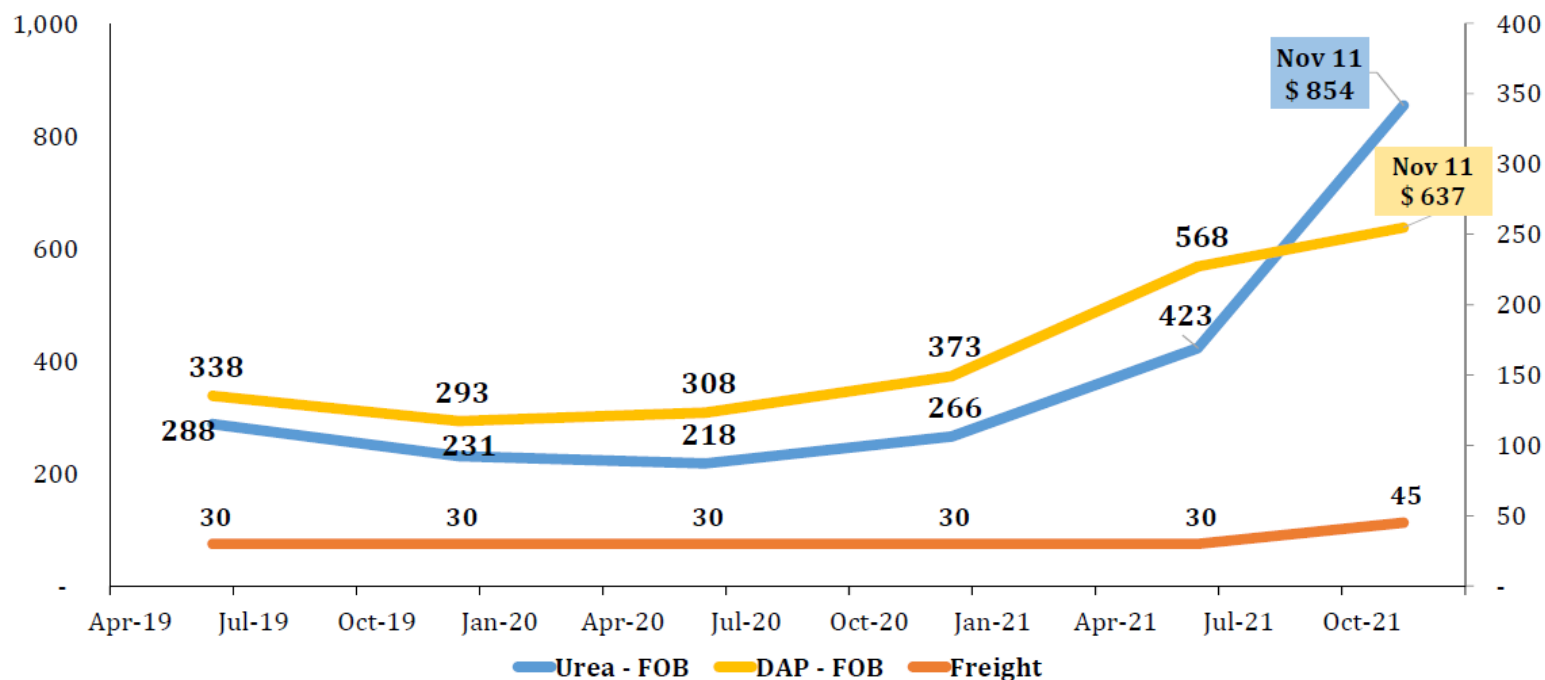
Urea Market share (Jan to Sep)



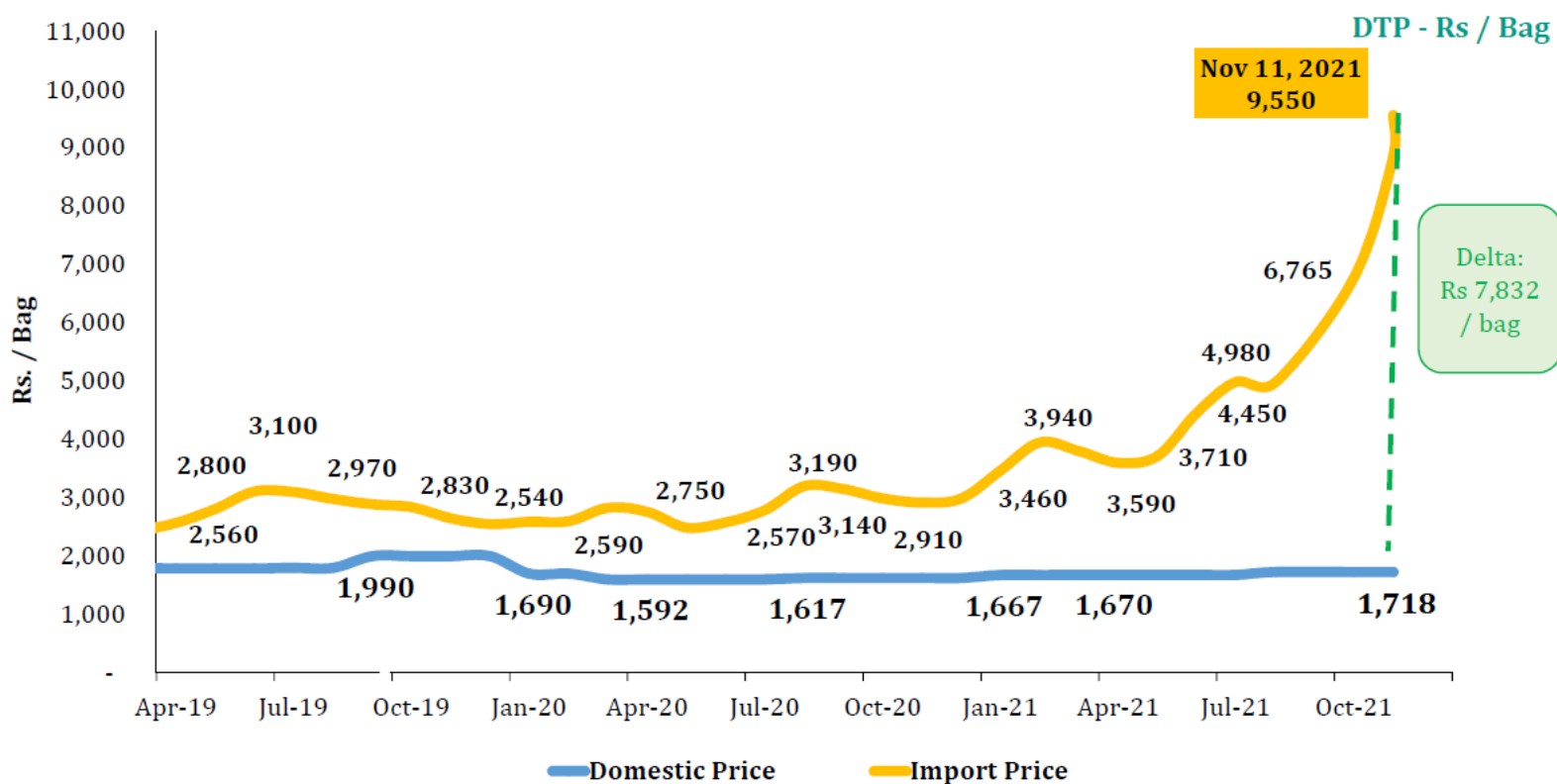
Market share reduced from 53% to 47% mainly due to lower urea availability during the period

International Prices – Urea & DAP

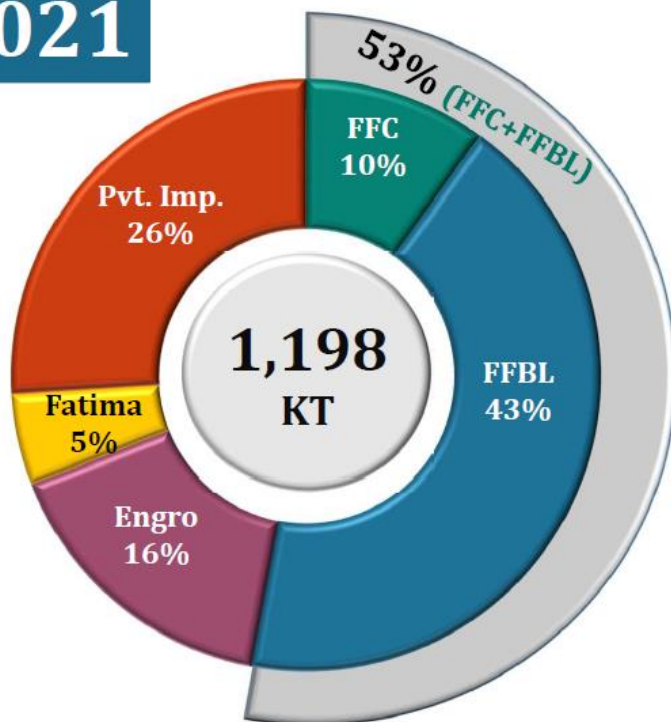
USD / Tonne



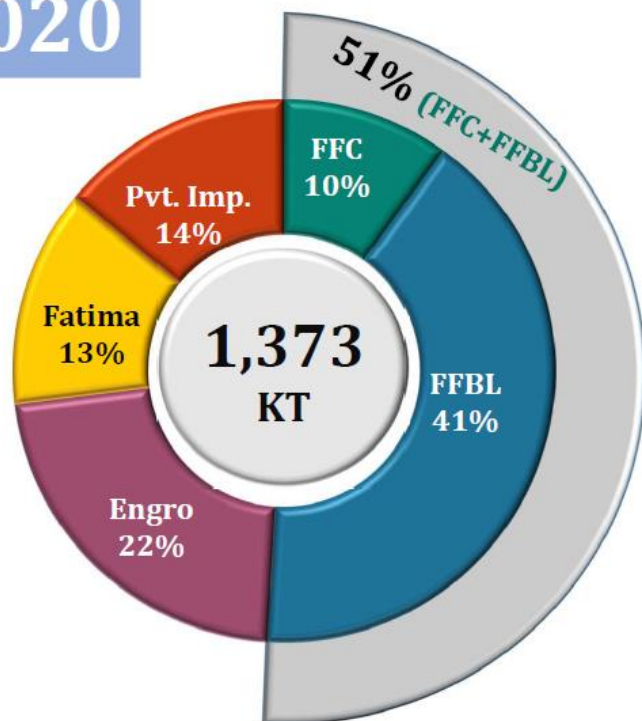
Urea International vs Local Prices



2021



2020



Key Performance Indicators (Rs M)

		Change %
Actual 2021	<u>27,376</u>	
Actual 2020	<u>22,255</u>	23
Actual 2019	<u>23,160</u>	18



Gross Profit

		Change %
Actual 2021	<u>21,326</u>	
Actual 2020	<u>15,306</u>	39
Actual 2019	<u>17,506</u>	22



Operating Profit

		Change %
Actual 2021	<u>15,888</u>	
Actual 2020	<u>11,150</u>	42
Actual 2019	<u>13,764</u>	15



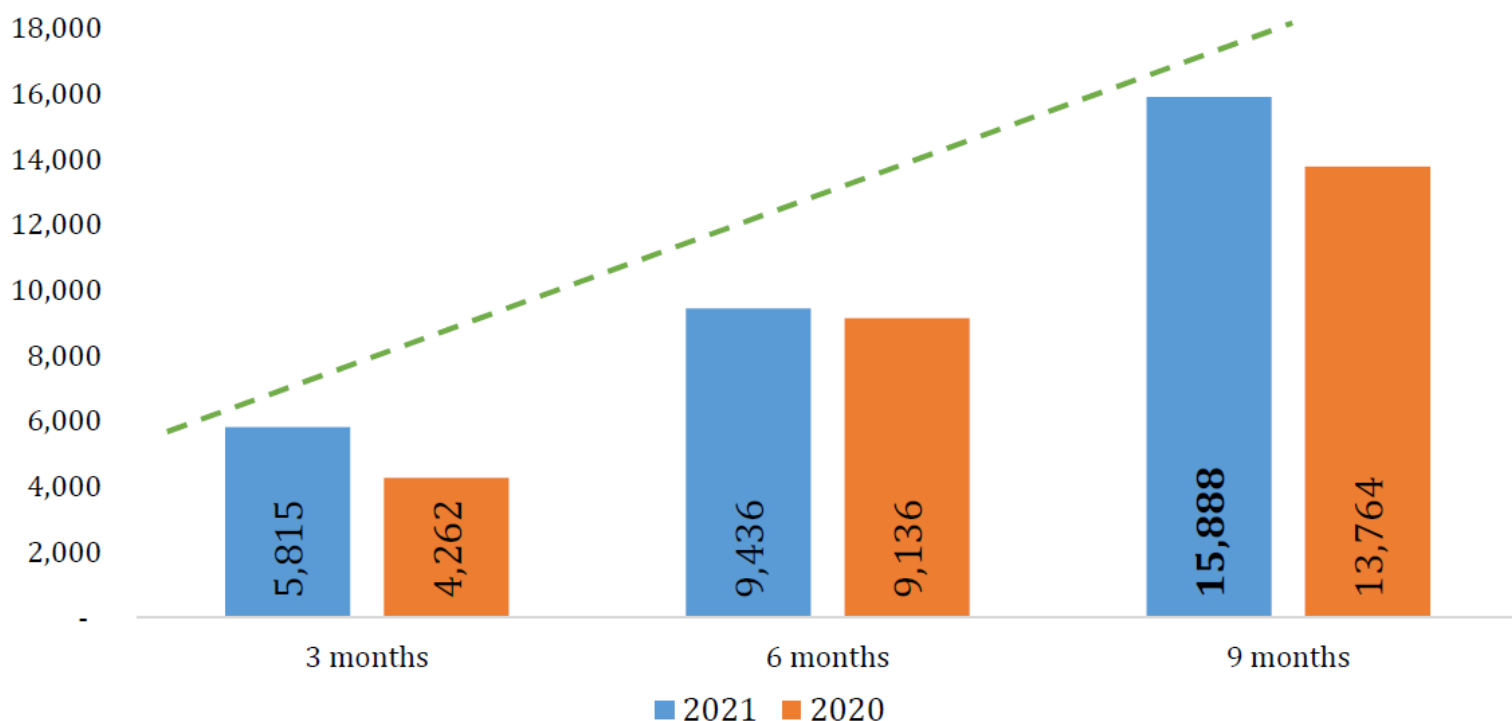
Net Profit

		Change %
Actual 2021	<u>12.49</u>	
Actual 2020	<u>8.76</u>	42
Actual 2019	<u>10.82</u>	15



EPS (Rs/Share)

Quarterly Net Profitability (Rs M)



Corporate Awards and Achievements



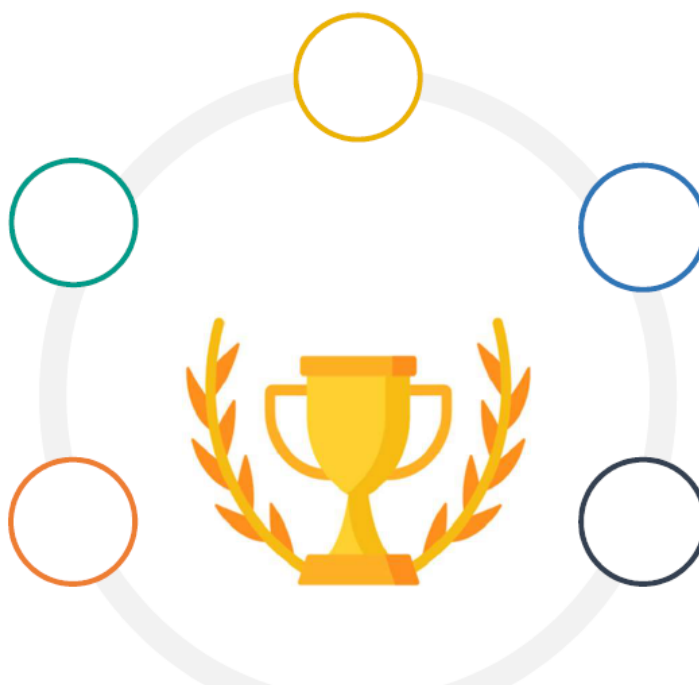
ICAP / ICMAP Best Corporate Report Award
 Overall Second Position – 2020

Rawalpindi Chamber of Commerce and Industries
 Largest Taxpayer from Manufacturing Sector (Nation-wide)

Management Association of Pakistan
 Management Excellence Award-2020

ICAP / ICMAP Best Corporate Report Award
 First position in Fertilizer and Chemical Sector – 2020

ICAP / ICMAP Best Sustainability Report Award
 Second Position – 2020



GIDC liability being carried at amortized Cost

GIDC

The case is sub-judice.
Payments are being withheld as stay against recovery by SHC remains valid

Temporary accounting gain booked in Dec 2020 (Rs 5.93b) reversed partly by **Rs 1.82b**. Remaining shall reverse over the next three years.

Health and safety have been FFC's priority since outbreak of the pandemic

**COVID
19**

Appropriate planning has been in place with strict implementation of SOPs

FFC achieved uninterrupted urea production and supply and attained turnover and profitability benchmarks

Expansion & Diversification

Successfully completed acquisition of two Wind Power Projects during the period.

Both the projects have power generation capacity of **50 MW each** and are located at Gharo, Thatta, Sindh

FFC acquired

- **FWEL-I: 100% stake at Rs 7.49 billion**

- **FWEL-II: 80% stake at Rs 6.02 billion in**

FFC now has direct interest in power generation projects having capacity of approx. 480 MW

**FWEL
I & II**

Challenges and Future Outlook

1

Depleting gas reserves
Alternate raw material sources required

3

Persistent pricing pressure from Govt. not to pass on the inflationary and other impacts

5

Discharge of GIDC liability would pressurize working capital of the Company

2

Global inflation and weakening PKR impacting local economy, leading to higher costs affecting industry & farm economics

4

Business expenditure and input GST disallowances by FBR resulting in cost escalation

6

Working capital constraints due to unsettled subsidy claims (Rs 6.96b) and accumulating GST refunds (Rs 16.67b)

ANY QUESTIONS



THANK YOU