BUSINESS HIGHLIGHTS

- For Q1 2020, EFERT’s Profit After Tax (PAT) stood at **PKR 571 M** vs Q1 2019 PAT of **PKR 4,007 M**
- Lower profitability was largely attributable to lower product offtake in view of urea industry reduction by 25%, coupled with logistical challenges in the tail end of the quarter post lock down
- The GMs clocked in at **33.7%** in Q1 2020 vs **32%** last year
- Finance cost was higher at **PKR 1,212** (vs PKR 800 M last year) as a result of higher policy rates and exchange loss on foreign denominated borrowing

<table>
<thead>
<tr>
<th></th>
<th>PKR M</th>
<th>Q1 2020</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td></td>
<td>10,791</td>
<td>23,652</td>
</tr>
<tr>
<td>Gross Profit</td>
<td></td>
<td>3,635</td>
<td>7,599</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>(1,212)</td>
<td></td>
<td>(800)</td>
</tr>
<tr>
<td>Profit / (Loss) After Tax</td>
<td>571</td>
<td>4007</td>
<td></td>
</tr>
</tbody>
</table>

**Sales KT (2020 vs 2019)**

- **Urea**: 169 (Q1 2020) vs 34 (Q1 2019)
- **Phosphates**: 435 (Q1 2020) vs 90 (Q1 2019)
- **SFB**: 34 (Q1 2020) vs 54 (Q1 2019)
UBEA MARKET ENVIRONMENT

- Urea industry sales for Q1 2020 clocked in at 1,017 KT, down by 25% vs 1,348 KT in Q1 2019, (i) significant channel inventory at the start of year; and (ii) market disruption due to lockdown in March

- Industry inventory est. at ~600 KT at the end of Q1 2020.

- EFERT market share stood at 17% in Q1 2020 vs 32% in Q1 2019. EFERT Q1 2020 sales were 169 KT compared to 435 KT in Q1 2019, significantly down by 61% owing to the price disparity prevalent in the market for most of the quarter

- Industry urea production for Q1 2020 stood at 1,427 KT VS 1,335 KT during the same period last year – this is the highest ever first quarter production

- EFert recorded its highest quarterly production of 572 KT vs 446 KT in Q1 2019

- On the international front, urea prices are currently at USD 274/T (Landed eqv. of PKR 2,710/bag) . Local urea prices are currently at PKR 1,600/bag for EFERT

<table>
<thead>
<tr>
<th>Urea Industry (KT)</th>
<th>Q1 2020</th>
<th>Q1 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Inv.</td>
<td>200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>1427</td>
<td>1335</td>
<td>+7%</td>
</tr>
<tr>
<td>Imports</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1017</td>
<td>1348</td>
<td>-25%</td>
</tr>
<tr>
<td>Closing Inv.</td>
<td>600</td>
<td>169</td>
<td></td>
</tr>
</tbody>
</table>

Market Share Q1 2020

- Engro: 65%
- Fauji: 17%
- Agri Tech: 2%
- Fatimafert: 1%
- Fatima: 1%
- NFML: 0%
PHOSPHATES MARKET ENVIRONMENT

- Q1 2020 industry sales stood at 229KT vs 197KT in Q1 2019 (up 16%). This positive change is attributed to the lower channel inventory at the start of this year, coupled with lower prices.
- EFERT’s market share for Q1 2020 clocked at 15% vs 46% LY and sales of 34KT during Q1 2020 vs 90KT in Q1 2019. This is attributable to retrospective price decreases and capitalization of Urea price differential by the competition.
- Industry inventory stands at 507KT vs. 611KT as at March 2020.
- International DAP prices have risen from USD 300/T in Q4 2019 to USD 325/T by the end of Q1 2020. This is an outcome of global plant shutdowns and reduction in market activity during 1Q.

SFB MARKET ENVIRONMENT

- The overall potash market stood at 10 KT in Q1 2020 vs 13KT in Q1 2019 due to untimely rains in Punjab delaying sugarcane sowing.
- EFERT managed to maintain Potash market share in a shrinking market (68% vs. 67% in Q1 2019). This was an outcome of proactive strategy to engage institutional clients accompanied by launch of new products.
- Total sales for SFB stood at 34KT in Q1 2020 vs sales of 54KT Q1 2019, a decrease of 37% owing to untimely rains in Punjab which delayed the sowing period and price disparity in Urea prices.
Indigenous gas-based Urea sufficient to meet demand

- Agronomic demand for urea is expected to be around 5.8 MT in 2020 in line with the last 5-year average.
- Opening industry inventory in 2020: ~200KT and channel inventory at start of the year: ~400KT.
- This implies that local plants operating on indigenous gas with capacity of 5.7 MT will be able to fulfill the demand for the year.

Production capacity of 5.7 Mn MT based on available gas*:
- Fatima Fertilizer Company Limited: 0.6
- Engro Fertilizers: 2.0
- FFC: 3.1

Opening inventory:
- Opening inventory: 0.6

Total Agronomic demand of 5.8 Mn MT:
- Opening inventory: 6.3

Local players are more than equipped to fulfill urea demand based on indigenous gas.

*If additional gas is allocated to EFERT, it can produce up to 2.2 MT for the year.

At the run rate of 1,467 KT for Q1 2020, yearly production would be around 5.9 MT.
As one of Pakistan’s most responsible companies, EFERT reduced its urea prices by another PKR 240/bag to alleviate the adverse impact of a global pandemic on our nation, in particular the agriculture sector which remains the largest driver of employment in our country.

- **PKR 25/bag**: Reduction in prices by competition following EFERT
- **PKR 28 B**: Total benefit passed on to the farmer as middlemen/dealers were selling urea at highest price point
- **PKR 400/bag**: Cumulative price reduction during the year
The industry has passed almost 3.4x benefit to farmers in terms of lower urea prices versus benefit received in the form of subsidized gas prices.
Awards & Recognition

Corporate Excellence Award-Management Association of Pakistan

- Awarded the Amir S. Chinoy trophy for being ranked as the best company in Pakistan in the Industrial sector. This marks our return to this podium after 26 years.
- The award was conferred to the Company at the 35th Corporate Excellence awards held by Management Association of Pakistan for showing outstanding performance, demonstrating progress and enlightened management practices.

Green Office Awards

- The Company’s head office and manufacturing facilities were conferred with 8 Green Office Awards in the various categories that included:
  - Best coordinator, most innovative recycling, highest audit score, carbon offsetting, massive tree plantation drive and best-ever energy & water conservation projects.
Donation - To Combat COVID-19 in Pakistan

Focus on 4 Verticals

1. Prevention: Testing / Diagnostics
2. Protecting frontline staff
3. Patient care and facilities
4. Livelihoods and sustenance

- Board has approved **PKR 200 Mn** for a donation under Husain Dawood’s pledge to fight Covid-19 in Pakistan
How Are We Combating COVID-19?
Our Approach

Ensure business continuity while adopting safety protocols to ensure national food security

1. Risk Identification
Comprehensive company wide exercise conducted to identify risks which pose threat to business continuity and employee safety

2. Immediate Responses
Implementing the action plan that immediately addresses business continuity and safety concerns
a) Prevention measures, b) Emergency responses & c) Crisis communication

3. Levers for Business Continuity in the new norm
Re-aligned business processes to ensure continuity & resilience by
a) building redundancies, b) conducting succession planning exercises and c) taking measures to ensure employee health & motivation

4. Opportunities to mitigate the impact
Identification of opportunities to improve production to ensure food security and implement cost reduction
Changing The Work Culture To Adopt To The New Norm

**Promoting Work From Home**

- Office based staff reduced to **20%**
- Allows opportunity to reduce retail footprint in the future

**Leveraging Technology**

- **215 meetings** scheduled through **zoom**, engaging ~**2,500 participants** since lock down was announced culminating ~**270 hours** company wide*

- **MS Teams** to be made available to L1,L2 & M4 employees by April end

- **MS Teams** will be made available to M1-M3 employees by mid June

- Launched **Fiori App** which enables SAP access without VPN

**Promoting Employee Engagement & Well being**

- **E-Learning** framework launched offering online courses on enabling productivity while working from home

- Townhall sessions routinely conducted by the CEO to address employee concerns

- Virtual activities being held, whereas other engagement activities are under development

- Pulse surveys are being conducted

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*Enabling business continuity in the new norm*

*16th March onwards*
Preventive measures in Control Room

Measures taken in Urea-II Control Room

Preventing spread of infection in control rooms by undertaking relevant safety and hygiene protocols
Prevention Measures at Plant Site

Preventing spread through regular fumigation/disinfecting of premises
ISOLATION FACILITY AT DAHARKI

Separate COVID-19 facility for male, female and children
Prevention Measures & Awareness Efforts

Preventives measures such as use of hand sanitizers, hand gloves and temperature checks have been put to regular practice.
Temperature Checking, Screening, and PPE Facility at Karachi Warehouses
CSR Activities

- EFERT distributing food to 1500 families in the plant’s vicinity
- Fumigation/Disinfecting of nearby villages and Daharki City
- Holding awareness campaigns on COVID-19 and installing hand wash stations
- Disinfection tunnel installed outside Deputy Commissioner’s office
THANK YOU
Q & A