



ANALYSTS' BRIEFING

YEAR 2011

Syed Aamir Ahsan - CFO FFBL (02 Feb 2012)





SEQUENCE

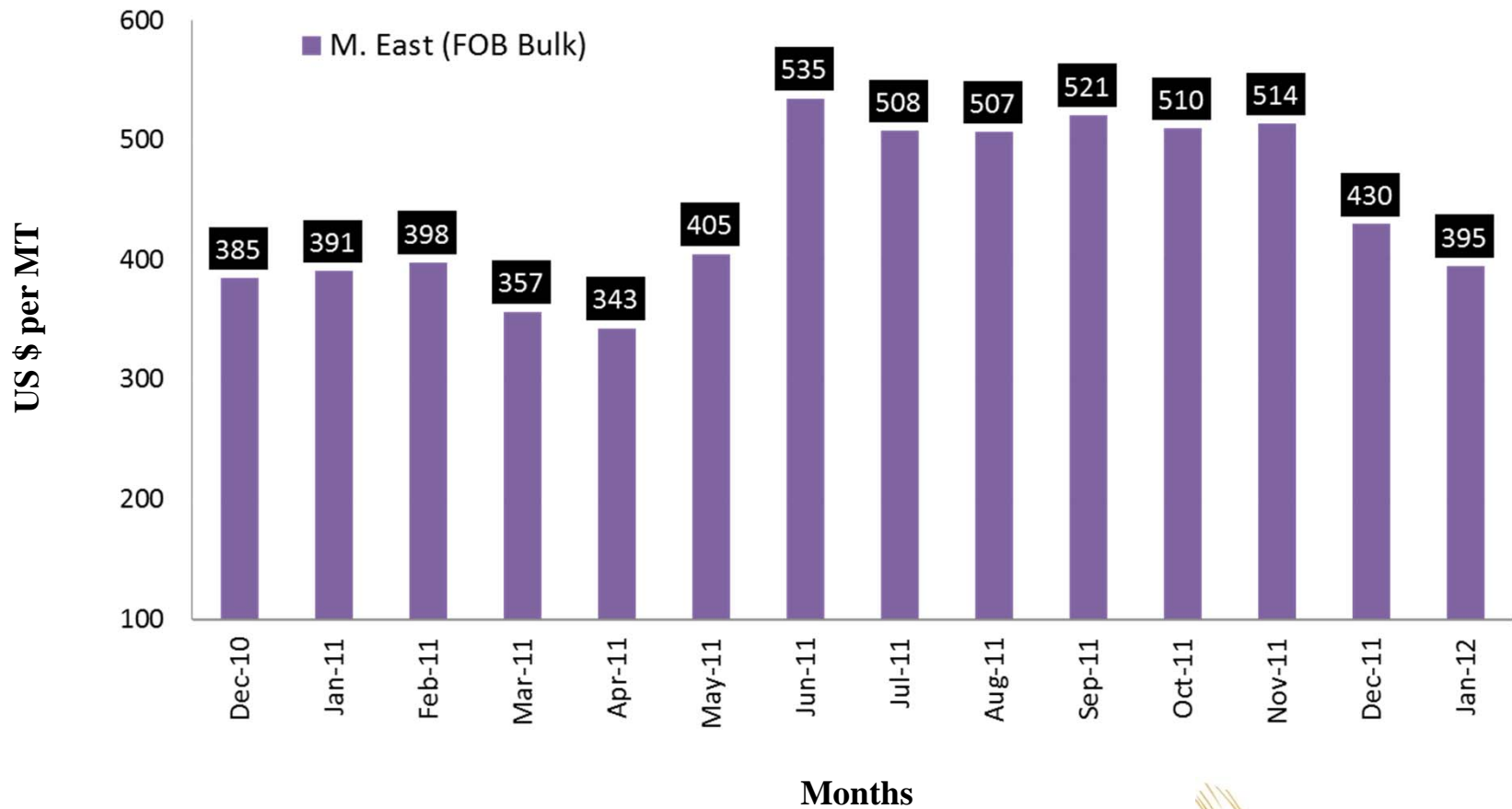
- Global Trends
- Industry and FFBL Performance in 2011
- Gas Curtailment
- PMP Operations
- Wind-Power Projects Update
- Outlook (Global & Local)

INTL' PRICE TRENDS

Product	26-Jan-12	27-Oct-11	Variance % age	Future Tendency
Prilled Urea-fob Yuzhny	378	503	(25)	Firm
Urea (G)-fob AG	402	500	(20)	Firm
Urea (G)- fob USG	391	492	(21)	Firm
Ammonia-Cfr Tampa	472	705	(33)	Firm
DAP-fob Tampa	528	625	(16)	Firm
Phos Acid-CFR India	Not Settled yet	1,080	-	Soft

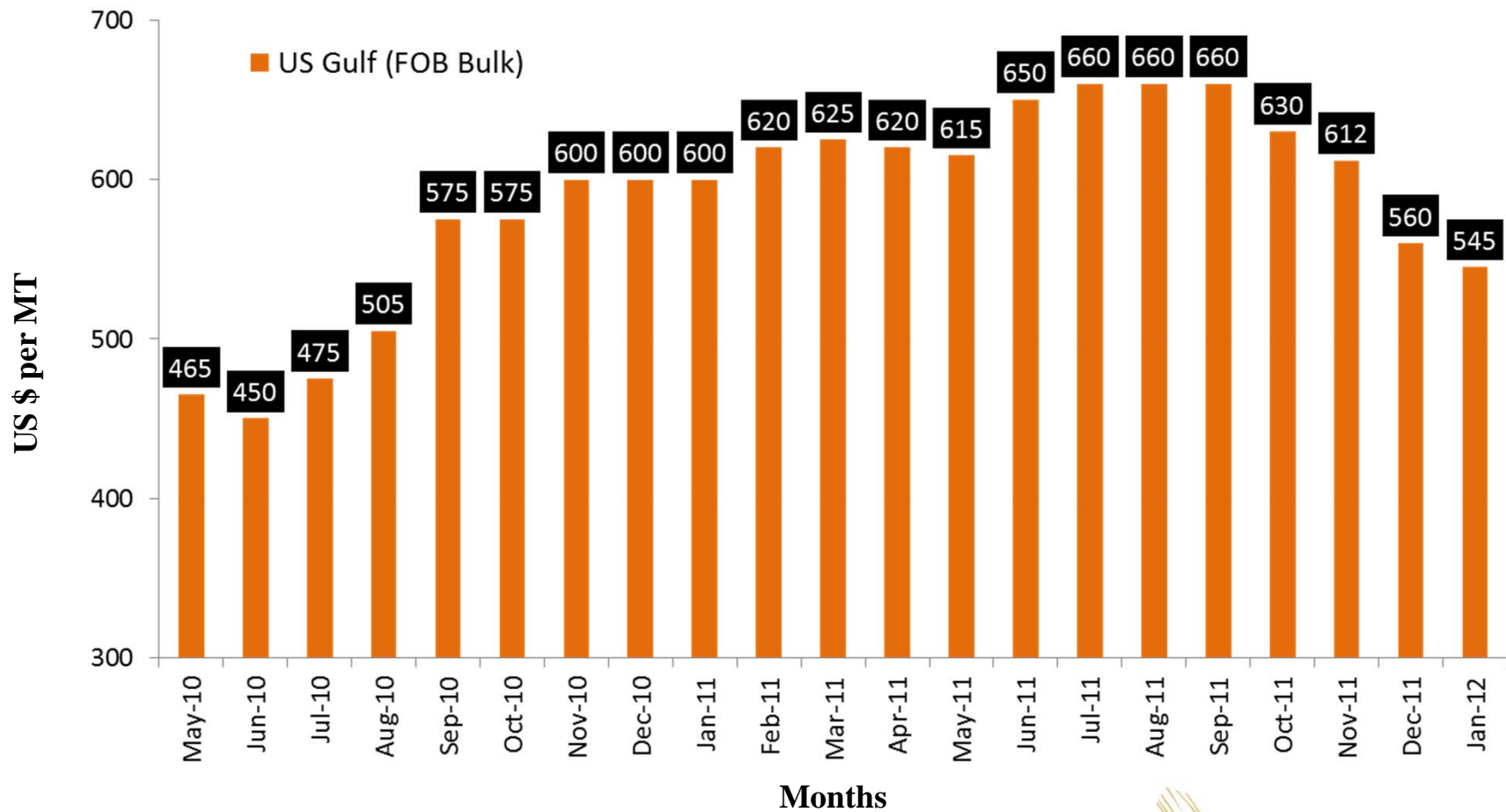
- **Nitrogen**: Demand for prilled urea is too light to prompt a major run up in price, but tight supply and some short covering for Pakistan could see a modest increase. Granular urea seems better placed with the US and Europe heading towards their peak season. Firmer corn prices and a stronger euro are likely to help sentiment in the market.
- **Ammonia**: The Tampa price for February deliveries has settled at \$472pt cfr. The new price represents an \$83pt drop from the January price, and brings the Tampa price more in-line with current fob prices in the ammonia market.
- **Phosphates**: DAP Tampa seems steady for at \$523-533/t fob on small sales to central and Latin America with the US domestic market still slow. The phosphates market remains stable for now.

UREA INTERNATIONAL PRICES 2010 - 2012



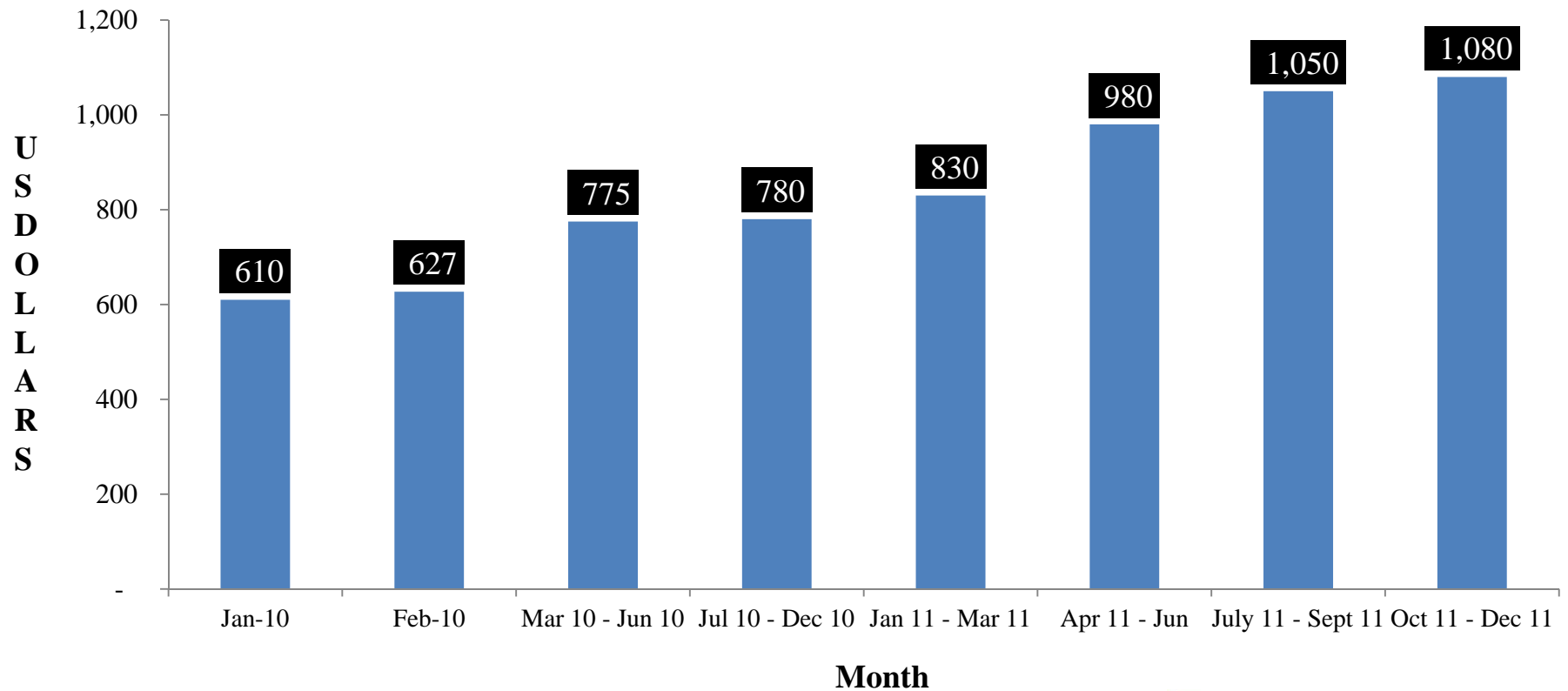
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DAP INTERNATIONAL PRICES 2010 - 2012



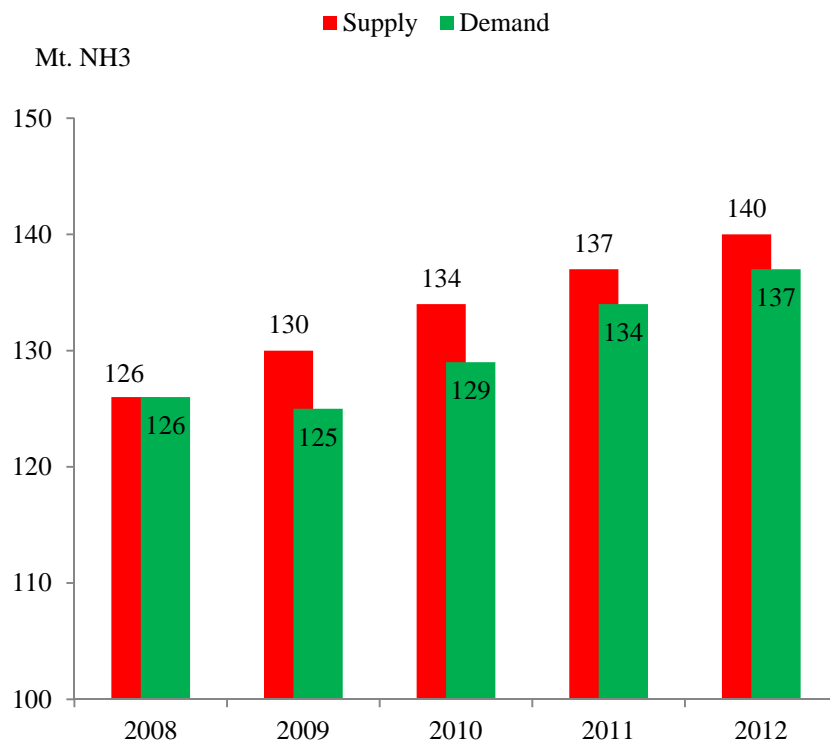
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PHOS ACID CFR INDIA 2010 – 2011



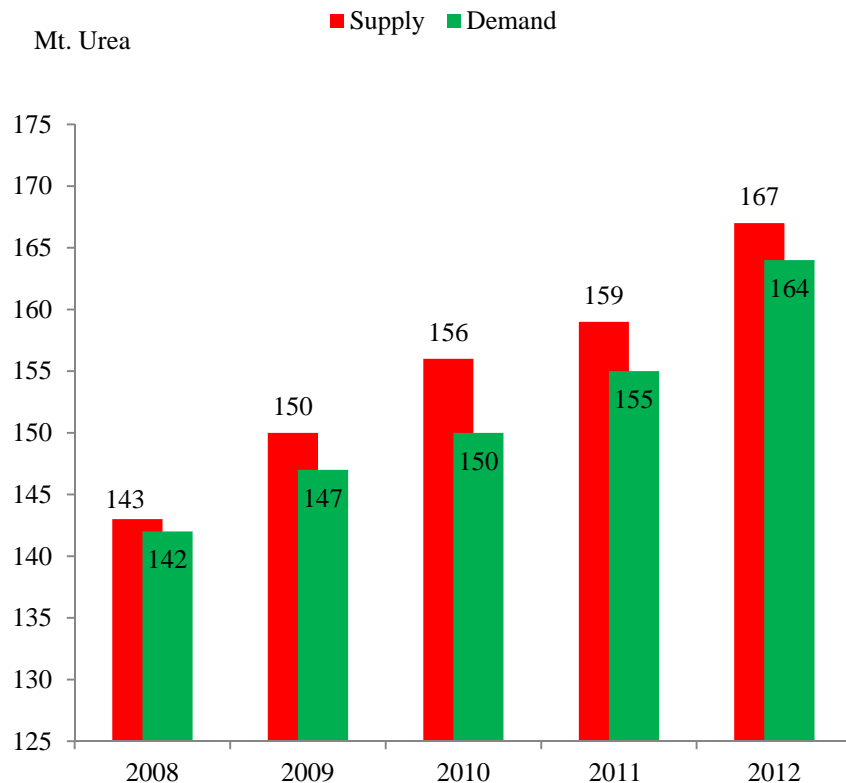
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GLOBAL SUPPLY/DEMAND BALANCE: NITROGEN 2008-2012



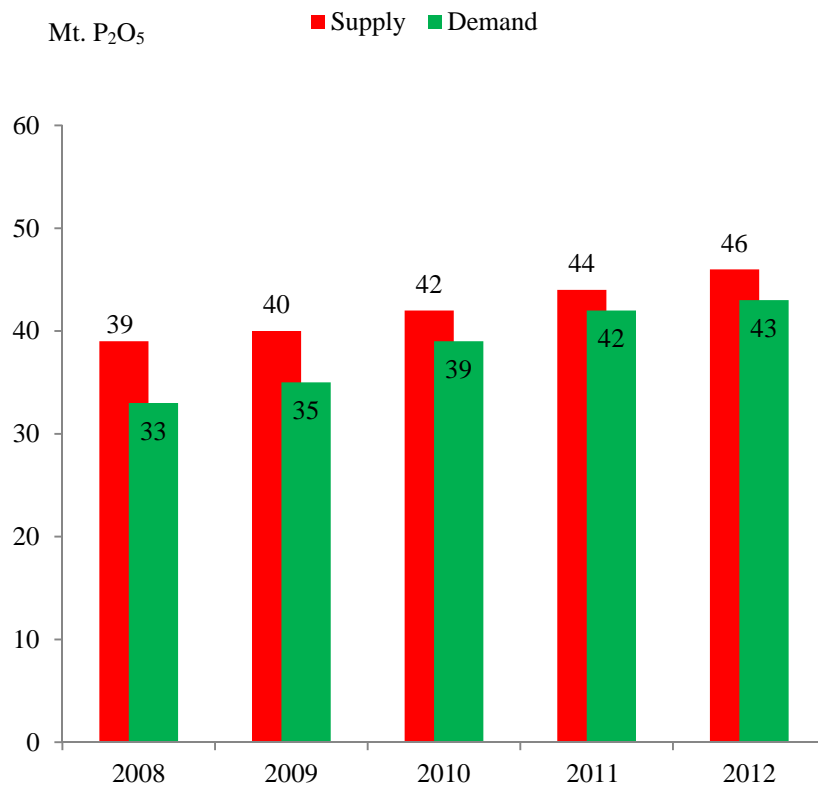
- Robust demand for nitrogen products prevailed in 2011, notably in the fertilizer sector supporting a 4% expansion in global ammonia and urea production.
- Global ammonia capacity is projected to grow by 5% in 2012 to 208 Mt NH₃.
- The supply and demand balances for nitrogen show a marginal potential surplus of around 2.5 Mt in 2012.

GLOBAL SUPPLY/DEMAND BALANCE: UREA 2008-2012



- IFA estimates that global urea capacity would be close to 184 Mt in 2011 and 196 Mt in 2012.
- The global urea supply/demand balance shows a lower potential surplus in 2011, at 3.6 Mt. This surplus is anticipated to remain steady in 2012.
- Overall, the potential surplus would represent less than 2% of available supply. The bulk of new capacity that is planned to come on stream in 2012 would emerge in the second half of the year.

GLOBAL SUPPLY/DEMAND BALANCE: PHOSPHATES 2008-2012



- World phosphate demand remained firm in 2011. Consumption of phosphate products rose in almost all consuming countries, thus supporting record levels of production.
- No merchant acid capacity came on stream in 2011. Global phosphoric acid capacity in 2012 is projected to expand by 2.1 Mt to 54.1 Mt P₂O₅. China will account for most of this increase.
- The global supply/demand of phosphoric acid shows relatively tight conditions in 2011. These conditions are expected to continue into 2012, with a very marginal potential surplus of 2.3 Mt P₂O₅.



FERTILIZER INDUSTRY & FFBL PERFORMANCE YEAR 2011

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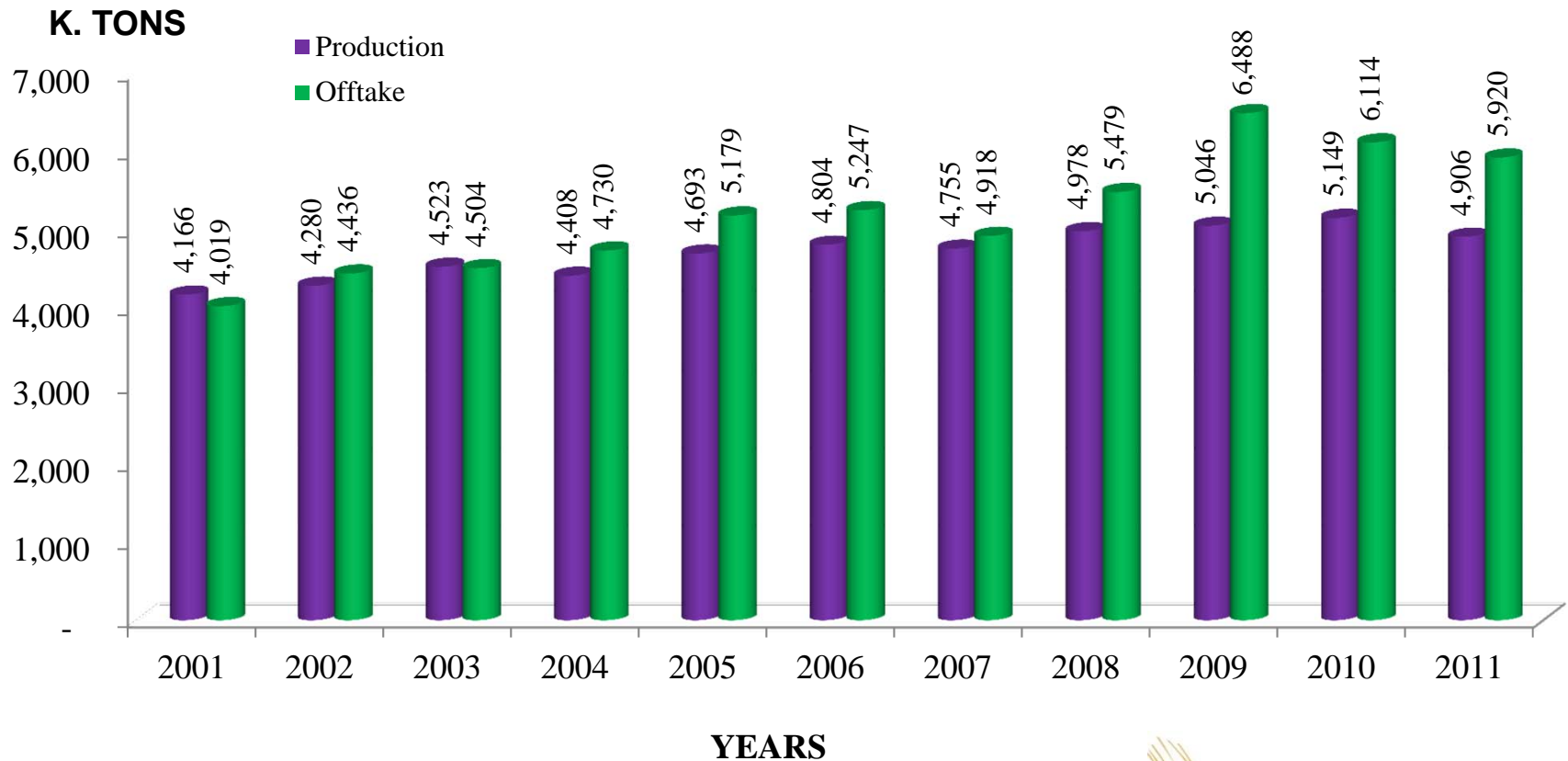
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PRODUCTION VS OFF-TAKE

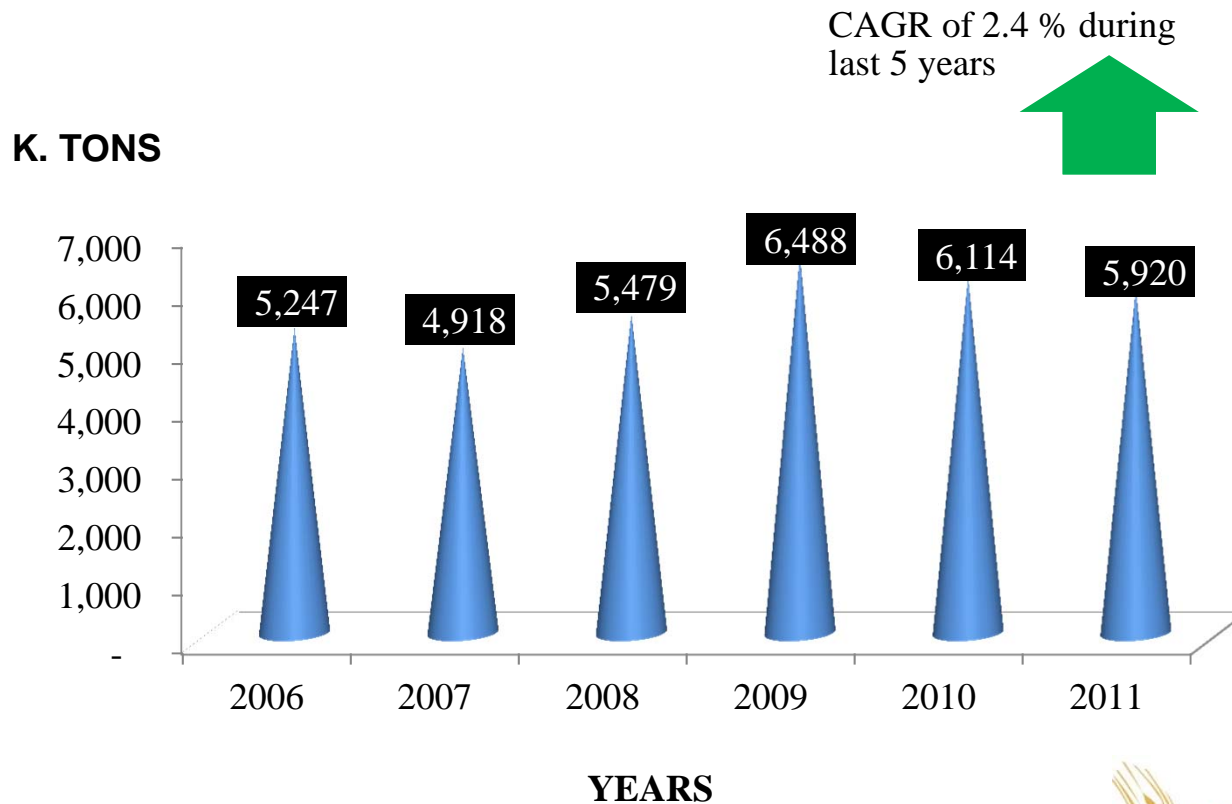
UREA



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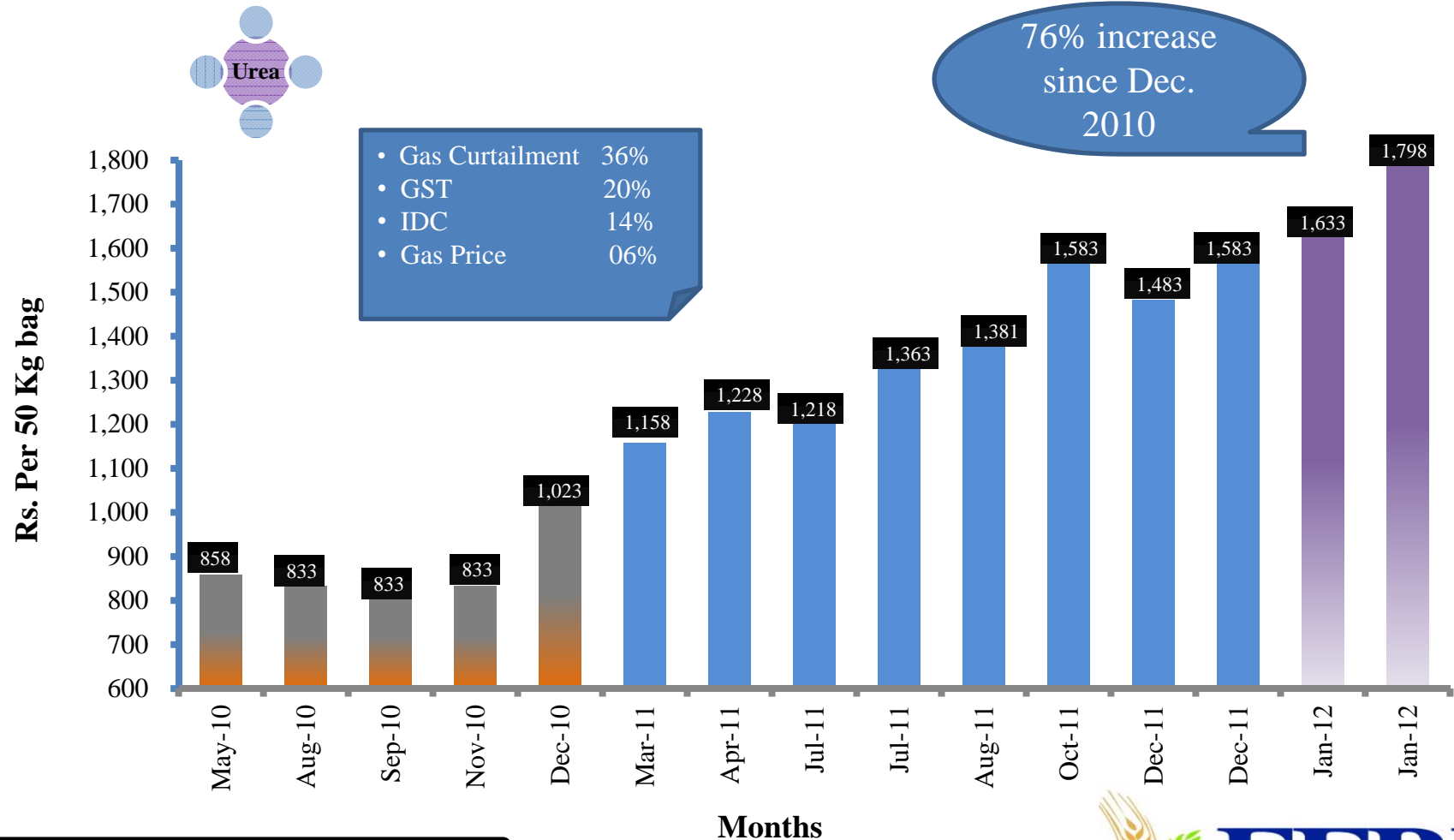
UREA GROWTH

Historic Urea Off-take Trend



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LOCAL UREA PRICES



FFC Marketing

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FFBL
Fauji Fertilizer Bin Qasim Limited



INDUSTRY UREA MOVEMENT

4th QUARTER

	4Q – 2011 Kt.	4Q – 2010 Kt.	Variance %
Opening	196	809	(76)
Produced	1,151	1,312	(12)
Imported	706	0	706
Sold	1,680	1,925	(13)
Closing (Adjusted)	375	205	83

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FFBL UREA MOVEMENT

4th QUARTER

	4Q – 2011 Kt.	4Q – 2010 Kt.	Variance %
Opening	5	31	(84)
Produced	93	125	(27)
Sold	94	152	(38)
Closing	4	4	0

INDUSTRY UREA MOVEMENT ANNUAL

	2011 Kt.	2010 Kt.	Variance %
Opening	166	238	(30)
Produced	4,906	5,149	(5)
Imported	1,241	886	40
Sold	5,920	6,114	(3)
Closing (Adjusted)	375	166	126

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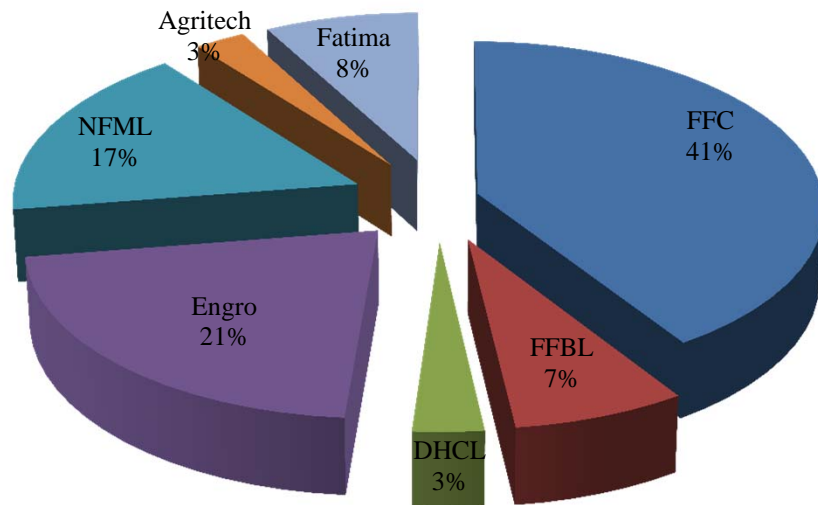
FFBL UREA MOVEMENT ANNUAL

	2011 Kt.	2010 Kt.	Variance %
Opening	3	4	(25)
Produced	433	524	(17)
Sold	433	524	(17)
Closing	3	4	(25)

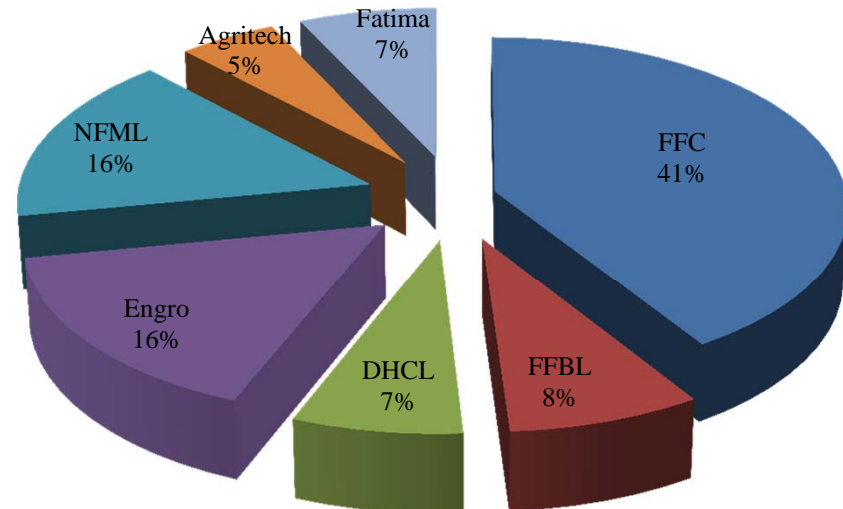
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UREA MARKET SHARES ANNUAL

2011



2010



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DAP

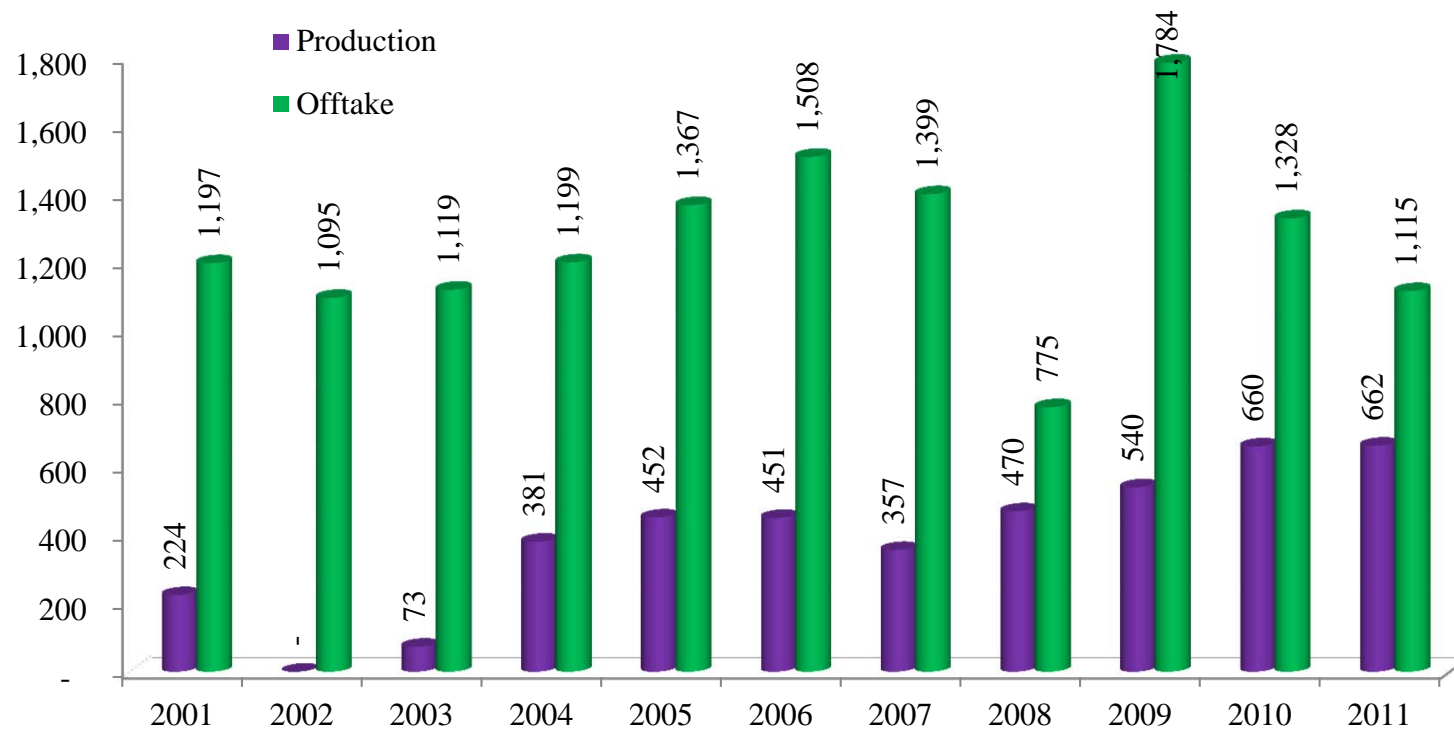
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PRODUCTION VS OFF-TAKE

DAP

K. TONS

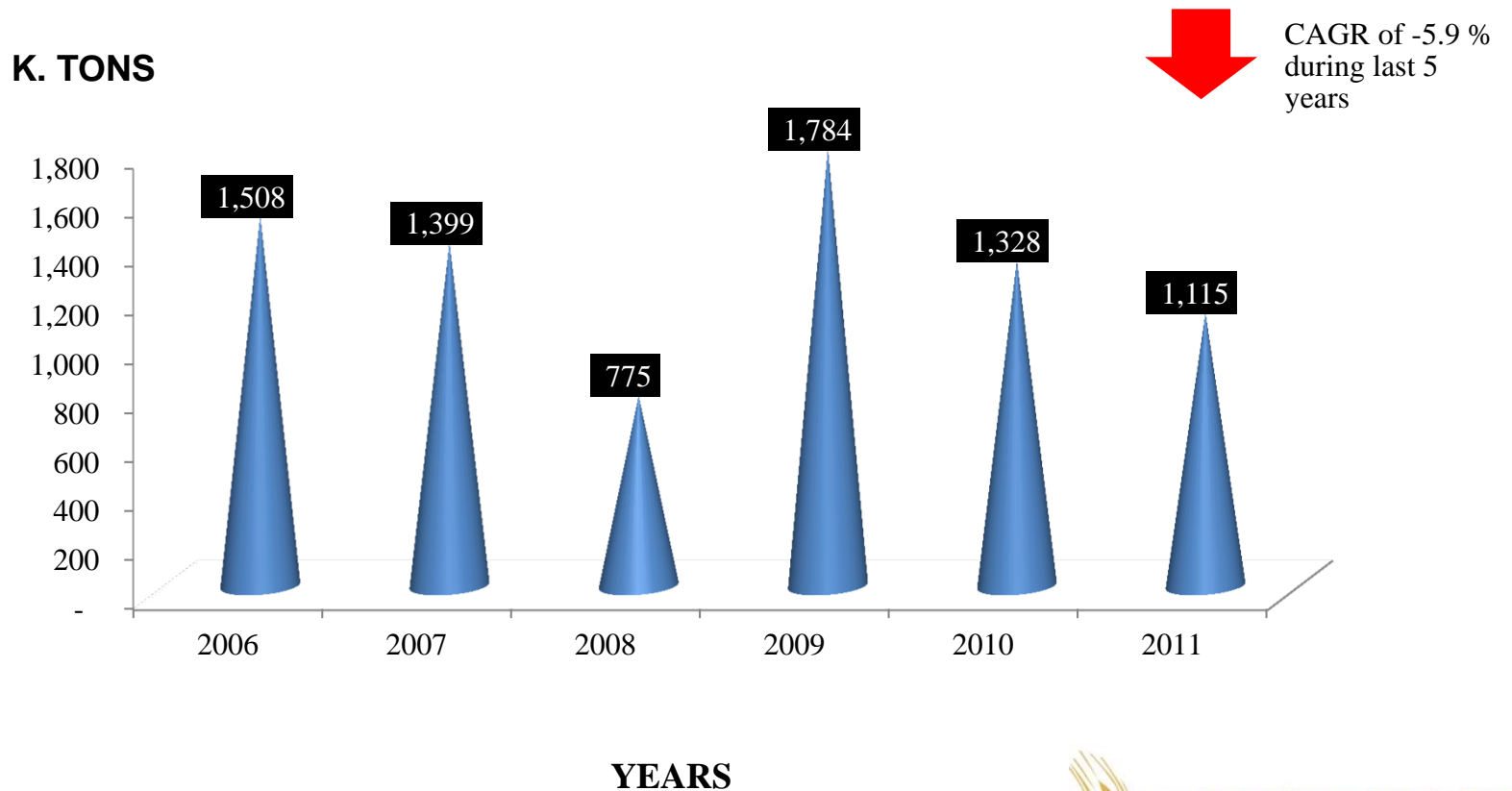


YEARS

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DAP GROWTH

Historic DAP Off-take Trend



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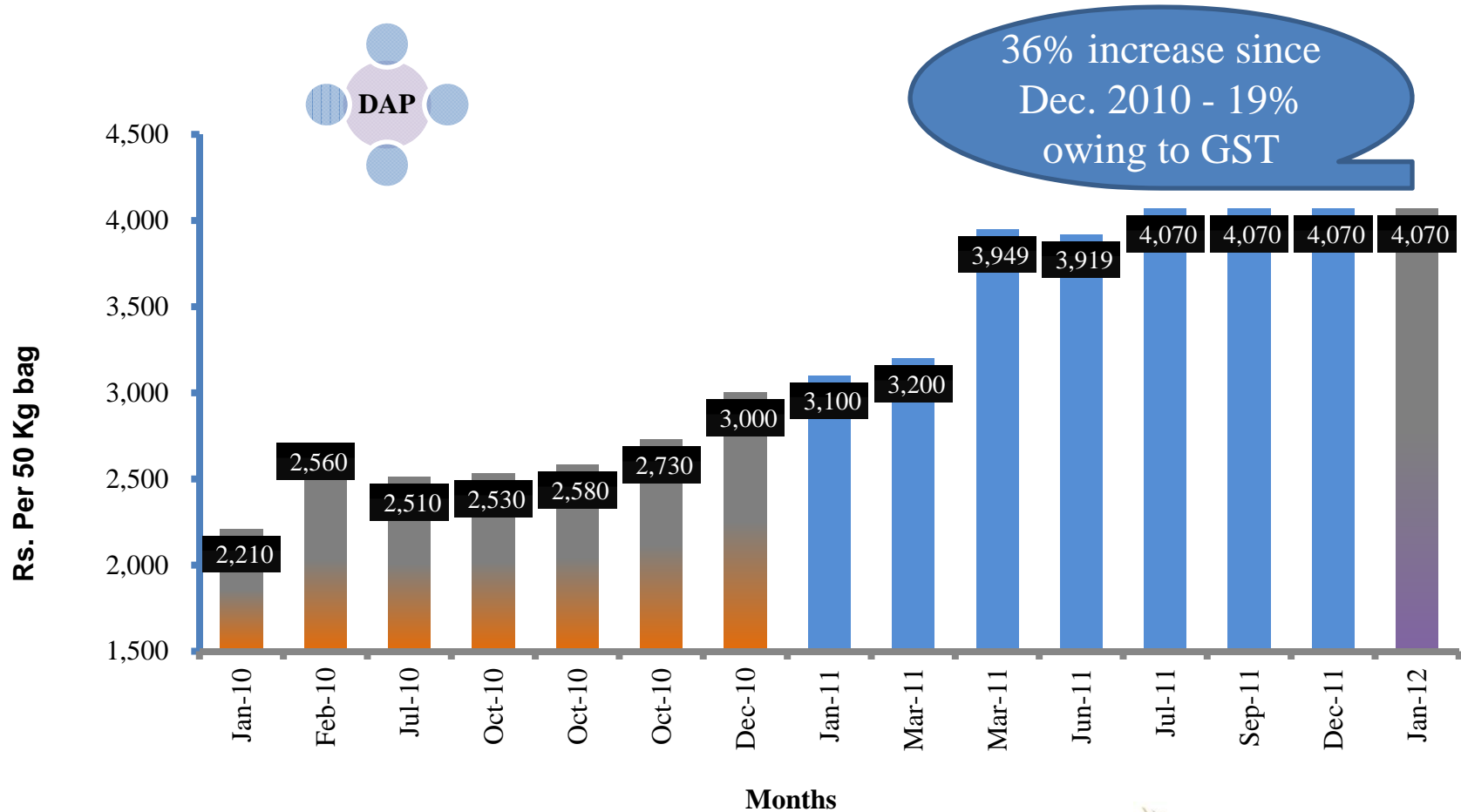
INDUSTRY FERTILIZER OFFTAKE NUTRIENTWISE

(Nutrient Qty. in '000 mt)

	Sales		Ratios	
	Nitrogen	P2O5	Nitrogen	P2O5
2005	2,818	862	3.3	1
2006	2,873	916	3.1	1
2007	2,730	831	3.3	1
2008	2,822	473	6.0	1
2009	3,491	993	3.5	1
2010	3,266	760	4.3	1
2011	3,174	639	5.0	1

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LOCAL DAP PRICES



FFC Marketing

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INDUSTRY DAP MOVEMENT

4th QUARTER

	4Q – 2011 Kt.	4Q – 2010 Kt.	Variance %
Opening	233	422	(45)
Produced	176	183	(4)
Imported	185	87	113
Sold	473	669	(29)
Closing (Adjusted)	116	23	404

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FFBL DAP MOVEMENT

4th QUARTER

	4Q – 2011 Kt.	4Q – 2010 Kt.	Variance %
Opening	67	160	(58)
Produced	176	184	(4)
Sold	238	338	(30)
Closing	5	6	(17)

INDUSTRY DAP MOVEMENT ANNUAL

	2011 Kt.	2010 Kt.	Variance %
Opening	19	74	(74)
Produced	662	660	0
Imported	589	632	(7)
Sold	1,115	1,331	(16)
Closing (Adjusted)	116	19	511

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FFBL DAP MOVEMENT ANNUAL

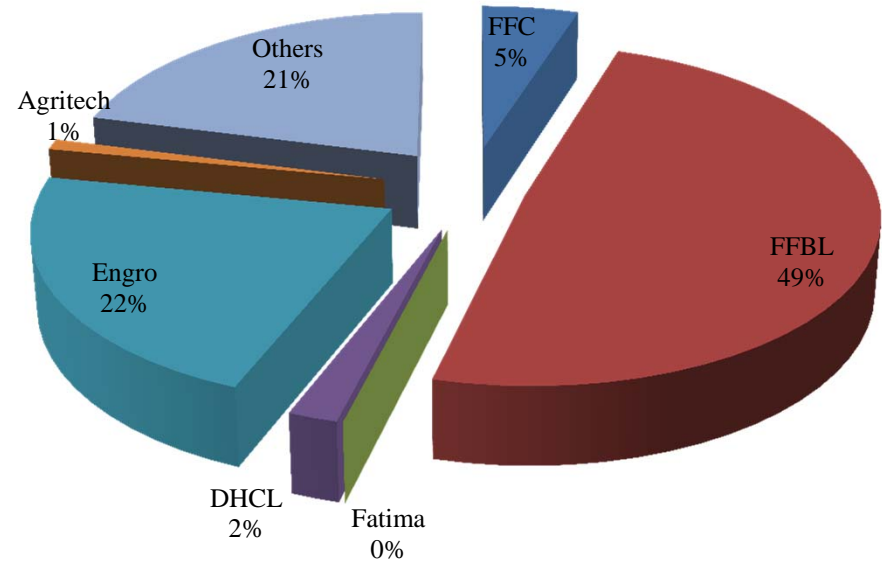
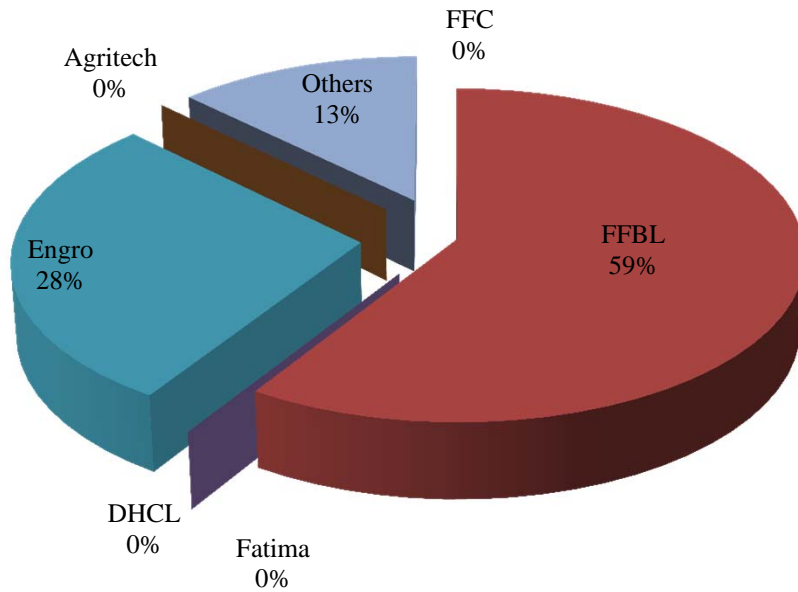
	2011 Kt.	2010 Kt.	Variance %
Opening	6	4	50
Produced	662	660	0
Sold	663	658	1
Closing	5	6	(17)

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DAP MARKET SHARES ANNUAL

2011

2010



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FINANCIAL HIGHLIGHTS 4Q 2011

Rs' million	4 Q 2011	4 Q 2010
Sales	19,548	21,055
Cost of sales	(13,188)	(14,275)
Gross profit	6,360	6,780
Dist/other Chgs.	(1,308)	(1,523)
Financial Chgs.	(332)	(214)
Other income	384	372
Associates Profit/Loss	174	(37)
Tax	(1,681)	(1,795)
Profit after tax	3,597	3,583
EPS (Rupees)	3.85	3.84

Sales

- Urea Qty Variance -38 %
- Urea Price Variance +54%
- DAP Qty Variance -30%
- DAP Price Variance +30%

Costs and expenses

- Urea production down 26%
- DAP production down 4%
- Raw material cost up 27%
- Fuel & power down 2%
- Repairs & maint. up 50%
- Fin. chrgs. up Rs 118 M
- Other income up Rs 223 M
- PMP Profit of Rs 195 M

FINANCIAL HIGHLIGHTS 2011

Rs' million	2011	2010
Sales	55,869	43,257
Cost of sales	(35,753)	(29,794)
Gross profit	20,115	13,463
Dist/other Chgs.	(4,508)	(3,999)
Financial Chgs.	(1,088)	(934)
Other income	1,409	1,035
Associates Profit/Loss	241	121
Tax	(5,403)	(3,171)
Profit after tax	10,767	6,514
EPS (Rupees)	11.53	6.97

Sales

- Urea Qty Variance -17%
- Urea Price Variance +34%
- DAP Qty Variance + 1%
- DAP Price Variance +31%

Costs and expenses

- Urea production down 17%
- DAP production no change
- Raw material cost up 26%
- Fuel & power down 12%
- Repairs & maint down 6%
- Fin. chrgs. up Rs 154 M
- Other income up Rs 495 M
- PMP Profit of Rs 255 M

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FACTORS CONTRIBUTED TO PROFITABILITY

□ FAVOURABLE FACTORS

- The enhancement in revenue is attributable primarily to increase in DAP price.
- DAP and Urea sales accounted for 82% and 18% of total revenue respectively as compared to 80% and 20% in 2010.
- Other income increased by Rs. 444 M on account of better liquidity and funds management
- Increase in profit share from PMP by Rs. 137 M.

□ ADVERSE FACTORS

- Increase in production cost is mainly attributed to increase in P_2O_5 price.
- Financial charges increased on account of exchange loss on P_2O_5 shipments.
- Gas curtailment resulted in significant reduction in urea.



GAS CURTAILMENT ISSUE

- Fertilizer the only sector using gas as Raw Material
- No alternative and high value addition
- Overall gas curtailment to Sui network plants in 2011 was 48%
- Continuous supply to low priority consumers
- Enhanced winter gas load management plan of 60 – 90 days
- Shortfall of around 2 million tonnes urea which has resulted in:
 - wastage of huge foreign exchange on urea imports
 - shortage of urea due to delayed imports
 - steep jump in urea prices
 - reduction in agricultural output due to low consumption of urea

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PMP OPERATIONS – 2011

- PMP achieved a landmark in Year 2011, by producing more than 382 thousand tonnes of P_2O_5 , surpassing the name-plate capacity of 375 thousand tonnes a year for the first time.
- Year 2011 remained a challenging year owing to imbalance between input and output prices, as expected.
- Despite all challenges, PMP contributed Rs. 255 M in Year 2011.
- With recent fall of DAP prices in the international fertilizer market and indications going forward, Year 2012 again looks a quite challenging year in terms of PMP financial results.



Wind-Power Projects

- FFBL paid Rs 235 million towards equity of two wind power plants, FWE I & II (49.5 MW each).
- Estimated cost of each plant is \$ 130 M.
- Projects have a “Debt to Equity” ratio of 75:25.
- FFBL has 35% shareholding in each project.
- Expected financial close in first quarter 2012.
- Expected commercial production in 2013.
- EPC contracts signed.
- Tariff determination by Alternative Energy Development Board (AEDB) awaited.



COMMODITIES OUTLOOK

- Commodity prices recovered in 2010 and continued to rise at the beginning of the year.
- They have remained firm since the second quarter.
- Food and agricultural commodity prices were influenced by energy prices and followed a similar trend.
- The FAO Food Price Index peaked in February 2011 and remained very high until the end of the third quarter.
- IMF forecasts that food prices should decline modestly but remain firm through 2012.

GLOBAL FERTILIZERS OUTLOOK

Urea

- Global urea capacity expected to increase by ~ 7% in 2012.
- China to contribute the initial ~ 4%.
- Additional capacity is emerging outside China while capacity growth is slowing down in that country.
- Supply to remain tight in 2012.

Phosphates

- International DAP prices have dropped sharply in the last few months.
- International Producers have cut production and are determined to put a floor under prices.
- The question now is whether the current international price fall is seasonal, or whether it is the first element of the next down-cycle in the market.
- The answer is likely to once again rest with what happens in India over the next 2-3 months.



LOCAL FERTILIZERS OUTLOOK

- Gas curtailment is most likely to be more than last year
- Our estimate of local production is ~ 4.7 – 5 MT against 4.9 MT in 2011, despite capacity to produce ~ 7 MT.
- Urea off-take of ~ 6.2 MT is expected in 2012 – an increase of 5% over 2011. Import of ~ 1.2 – 1.5 MT shall be required with these targets. Import of 1.5 MT will be ~ 21% higher than 2011.
- 2012 DAP availability is estimated at 1.2 MT (including 600 KT of imports), a growth of ~ 6% over 2011 in terms of availability.
- DAP off-take of 1.2 MT is estimated in 2012, a growth of ~ 8% over 2011.



THANK YOU

Question - Answer Session

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