FERTILIZERS –PRICE TRENDS AND FFBL 3 Q 2011 REVIEW

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FFBL
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SEQUENCE

- International Price Trends
- Industry and FFBL Performance
- PMP Operations
- Wind Power Projects
- Future Outlook

INTL' PRICE TRENDS

Product	27-Oct-11	28-Jul-11	Variance % age	Future Tendency
Prilled Urea-fob Yuzhny	503	472	7	Rising
Urea (G)-fob AG	500	504	(1)	Rising
Urea (G)- fob USG	492	487	1	Rising
Ammonia-Cfr Tampa	705	560	26	Rising
DAP-fob Tampa	625	658	(5)	Firm
Phos Acid-CFR India	1,080	1,050	3	Firm

Nitrogen:

- Prices are very sticky upwards in some markets, the demand pull from India, Pakistan and Bangladesh is sufficient to lift the market by itself.
- TCP is seeking 700kt of urea under its tender and it is not evident where all this tonnage can come from within the November shipment deadline.

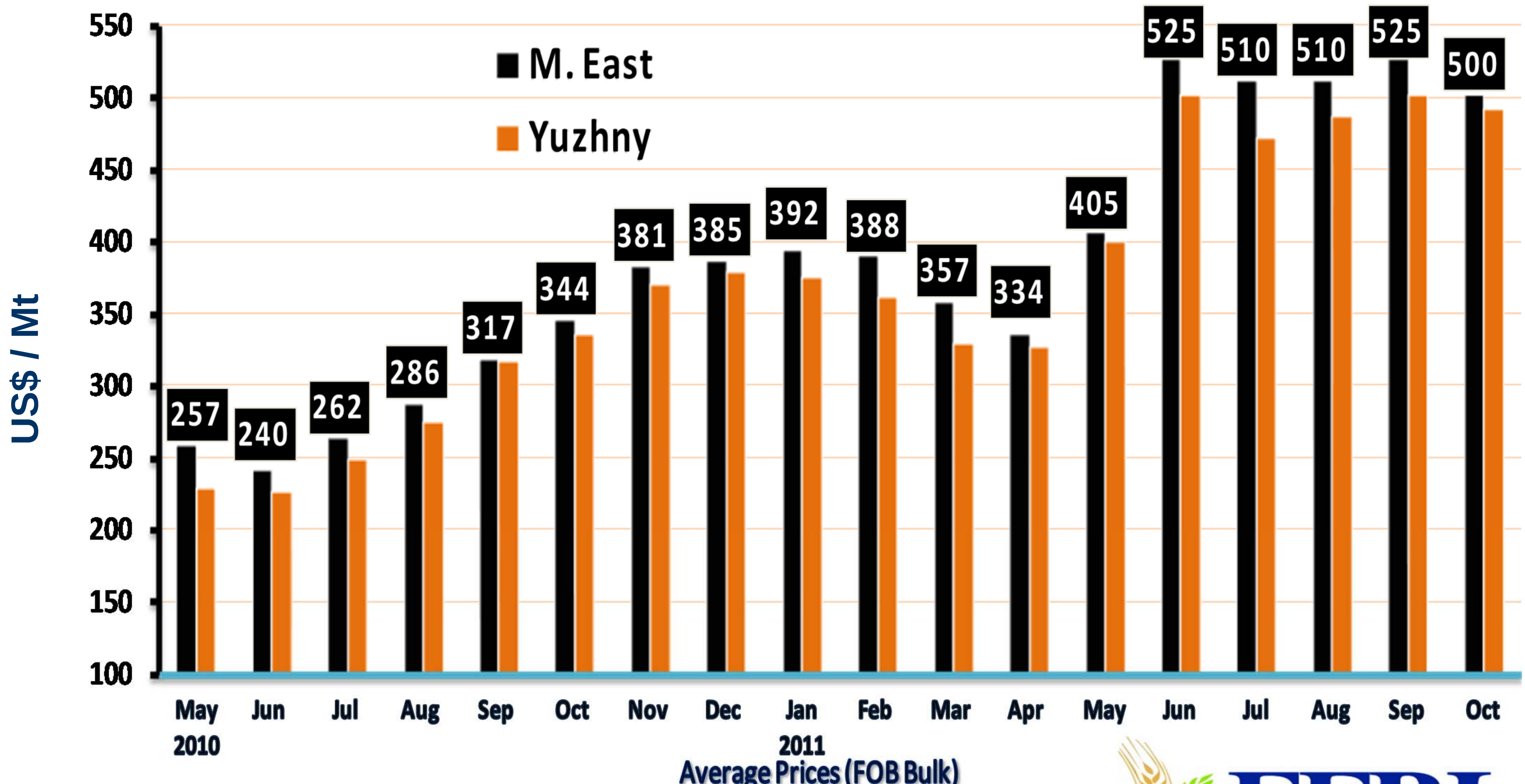
Ammonia:

- Tampa price rises to $705pt cfr. Yuzhny prices in the $620-635pt fob range.

Phosphates:

- The phosphates market remains fundamentally stable, underpinned by substantial shipments to India from all export origins.
- US DAP steady at $620-630 fob Tampa.
- Pakistan looking for additional DAP cargoes as low stocks projected for end Rabi.
- US DAP November line up strong and Russian producers also very comfortable for November.
- Moroccans still have 100-150kt DAP/MAP of October production to place.

UREA INTERNATIONAL PRICES 2010 - 2011



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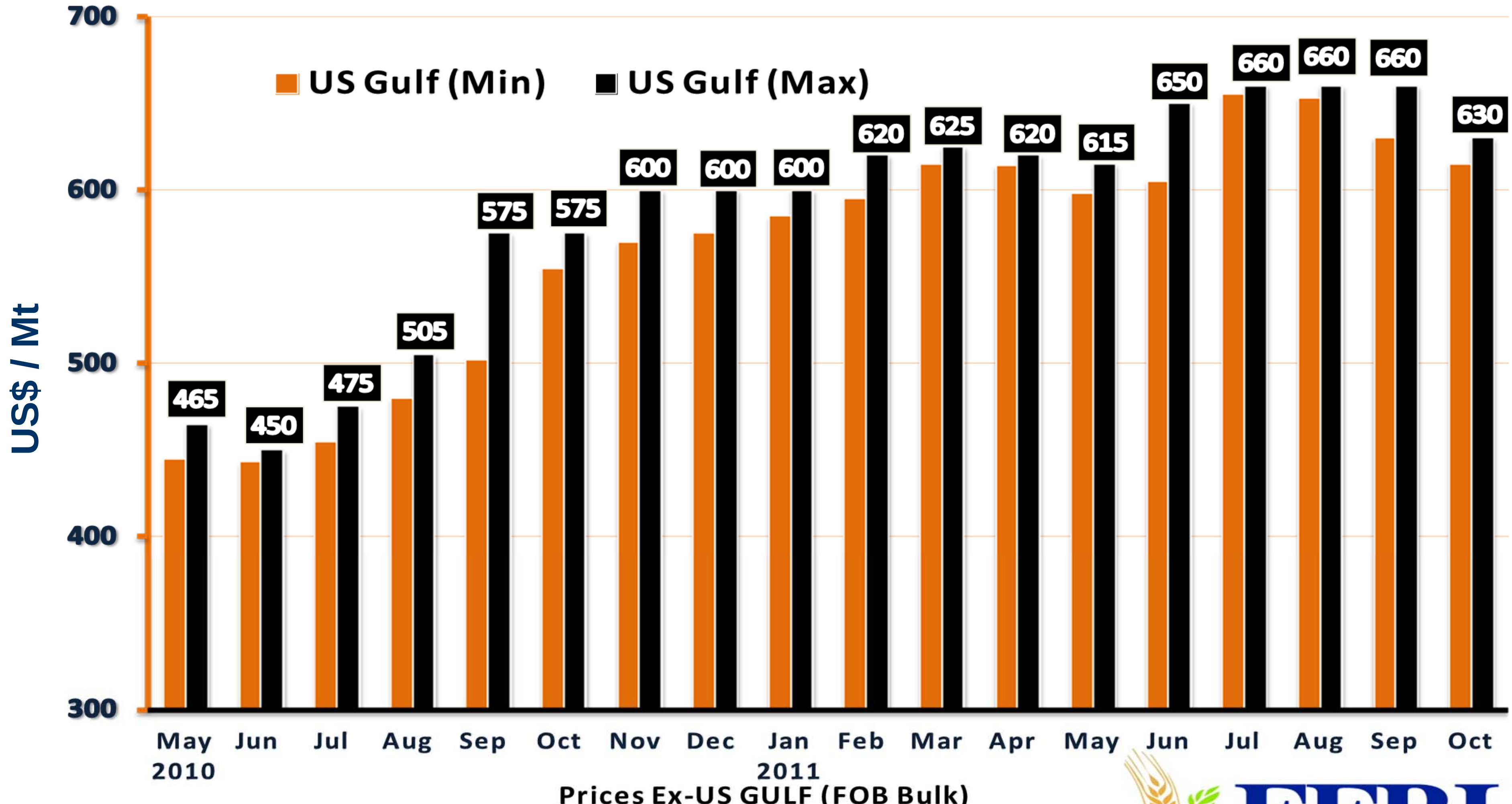
DAP INTERNATIONAL PRICES 2010 - 2011



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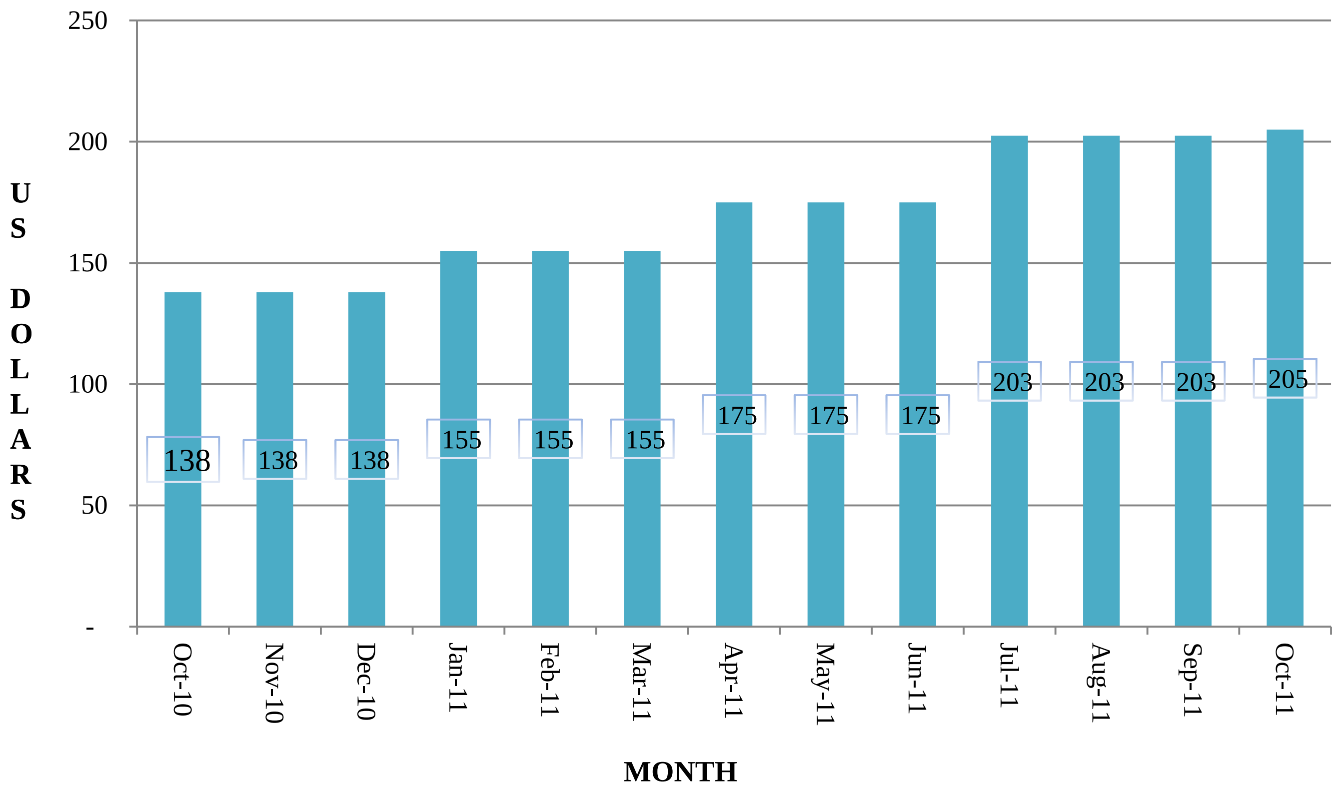
PHOS ROCK fob NORTH AFRICA
OCT 2010 – OCT 2011



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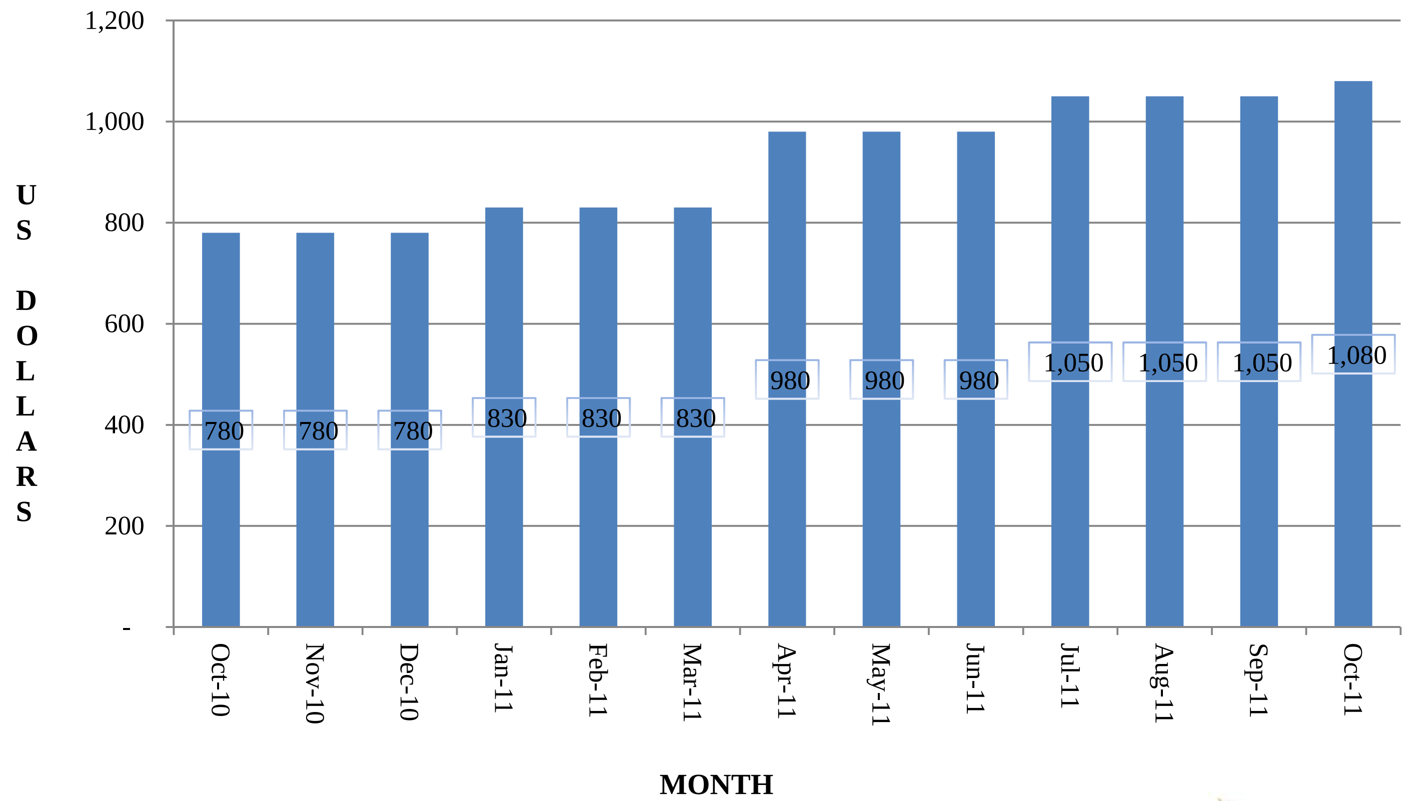
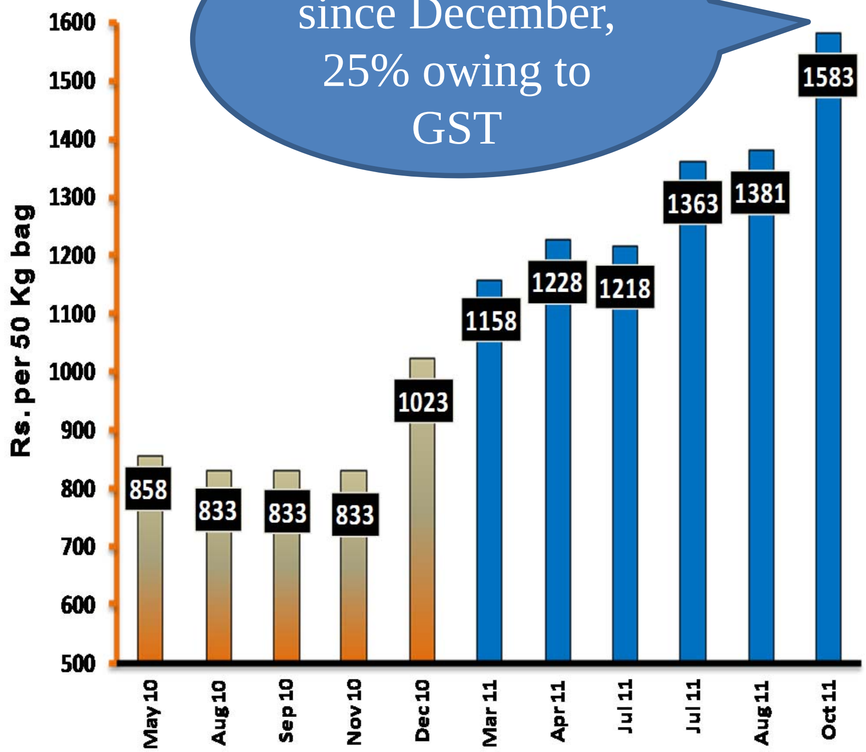
PHOS ACID CFR INDIA
OCT 2010- OCT 2011



LOCAL UREA & DAP PRICES

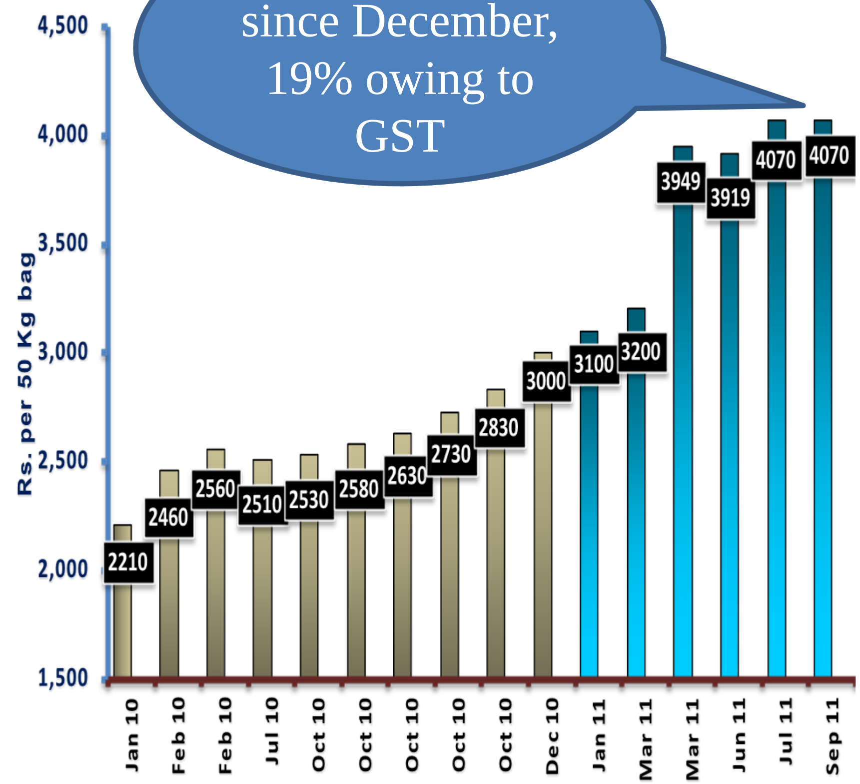
UREA

55% increase since December, 25% owing to GST



DAP

36% increase since December, 19% owing to GST



FFC Marketing

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FERTILIZER INDUSTRY AND FFBL PERFORMANCE

UREA

INDUSTRY UREA MOVEMENT 3 Q 2011

	3Q-2011 Kt	3Q-2010 Kt	Variance %
Opening	75	237	(68)
Produced	1,393	1,313	6
Imports	295	394	(25)
Sold	1,559	1,136	37
Closing (Adjusted)	196	793	(75)

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INDUSTRY UREA MOVEMENT NINE MONTHS 2011

	9 M-2011 Kt	9 M-2010 Kt	Variance %
Opening	166	238	(30)
Produced	3,755	3,841	(2)
Imports	535	886	(40)
Sold	4,240	4,181	1
Closing (Adjusted)	196	793	(75)

FFBL UREA MOVEMENT – 3Q 2011

		3Q 2011 Kt		3Q 2010 Kt		Variance%
Opening		4		5		(20)
Produced		120		138		(13)
Sold		119		112		6
Closing		5		31		(84)

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FFBL UREA MOVEMENT
9 MONTHS 2011

	9 M - 2011 Kt	9 M - 2010 Kt	Variance%
Opening	3	4	(25)
Produced	341	400	(15)
Sold	339	373	(9)
Closing	5	31	(84)

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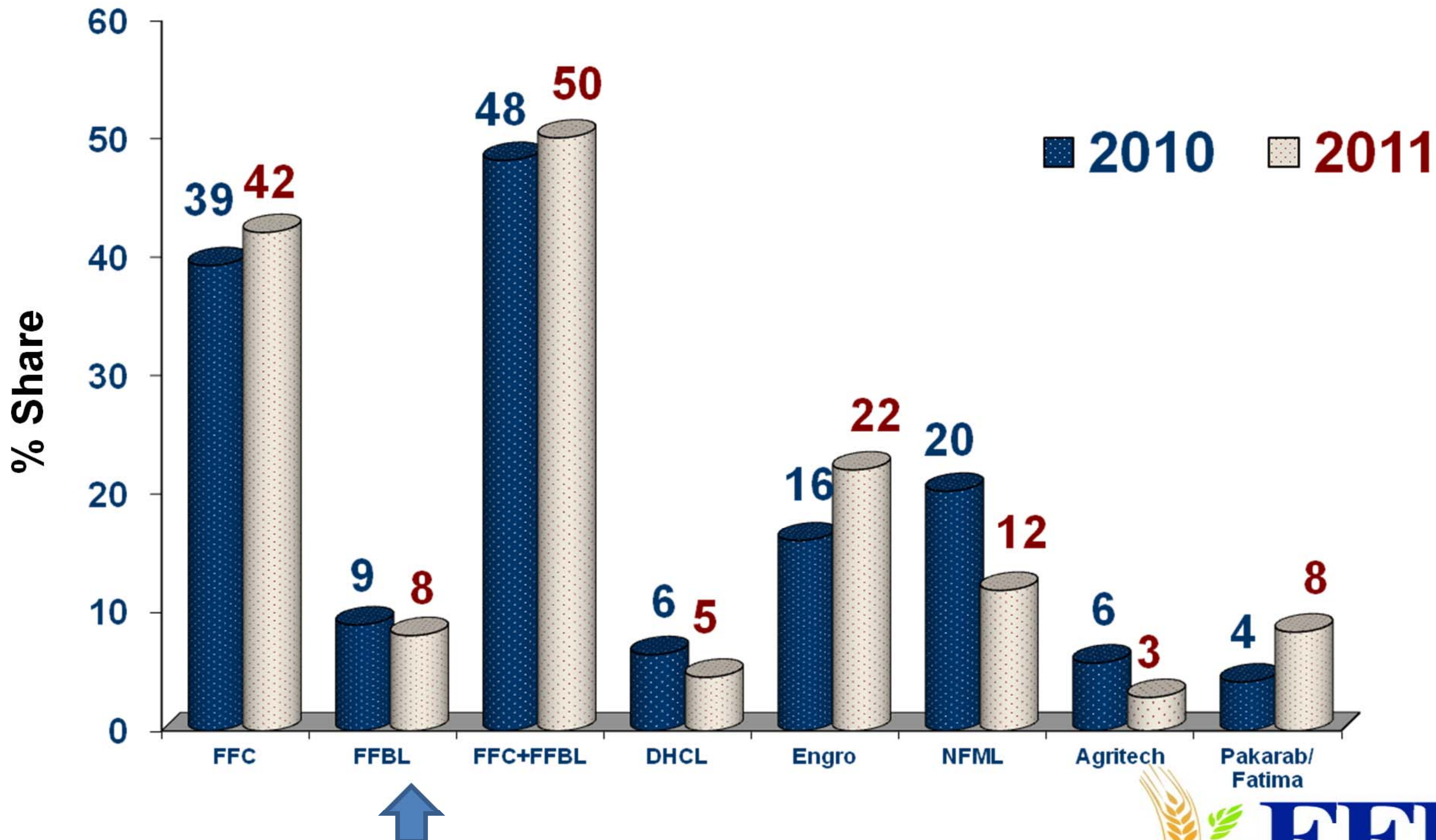
UREA MARKET SHARES
JAN – SEPT 2011 vs 2010



INDUSTRY UREA SUPPLY DEMAND ESTIMATES 2011 VS 2010

	2011	2010	% Change
Opening Inventory	166	238	(30)
Production	5,060	5,149	(2)
Imports:			
Actual/Contracts	615	886	
Additional Required	700	0	
Total Availability	6,541	6,273	4
Sales	6,300	6,114	3
Closing (Adjusted)	241	166	45

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DAP

INDUSTRY DAP MOVEMENT – 3Q 2011

	3Q-2011 Kt	3Q-2010 Kt	Variance %
Opening	**147**	**354**	(58)
Produced	**183**	**177**	3
Imported	**249**	**235**	6
Sold	**326**	**344**	(5)
Closing (Adjusted)	**233**	**411**	(43)

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INDUSTRY DAP MOVEMENT
9 MONTHS 2011

	9 M-2011 Kt	9 M-2010 Kt	Variance %
Opening	19	74	(74)
Produced	486	476	2
Imported	404	545	(26)
Sold	642	677	(5)
Closing (Adjusted)	233	411	(43)

FFBL DAP MOVEMENT – 3Q 2011

	3Q-2011 Kt	3Q-2010 Kt	Variance%
Opening	104	144	(28)
Produced	183	177	3
Sold	220	161	37
Closing	67	160	(58)

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FFBL DAP MOVEMENT
9 MONTHS 2011

	9 M-2011 Kt	9 M-2010 Kt	Variance%
Opening	6	5	20
Produced	486	475	2
Sold	425	320	33
Closing	67	160	(58)

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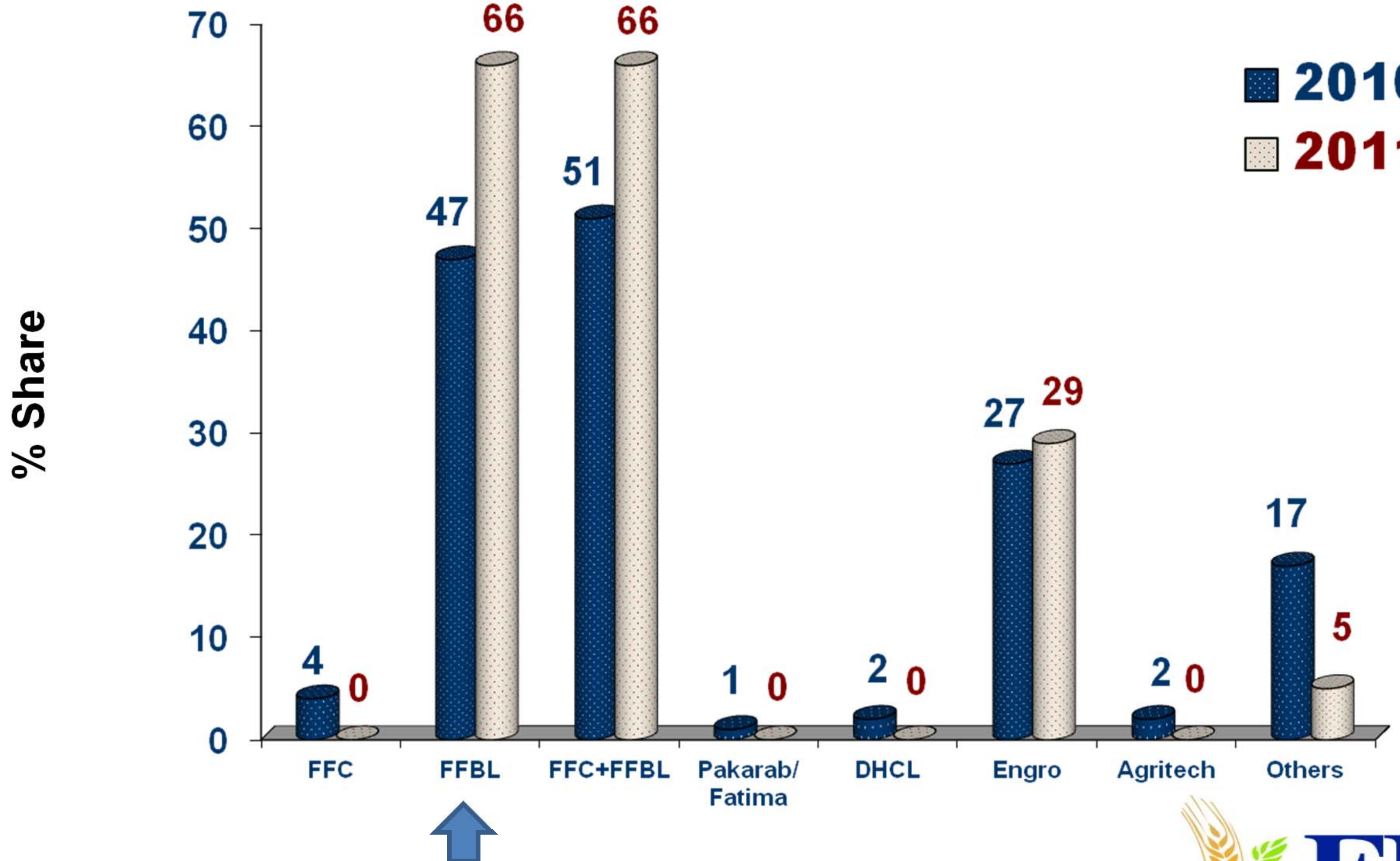
DAP MARKET SHARES
JAN – SEPT 2011 vs 2010



INDUSTRY DAP SUPPLY DEMAND ESTIMATES 2011 VS 2010

	2011	2010	% Change
Opening Inventory	**19**	**74**	(74)
Production	**672**	**659**	2
Imports:			
Jan- Sept	**404**	**545**	
Oct - Dec	**396**	**87**	
Total Availability	**1,491**	**1,365**	9
Sales	**1,200**	**1,331**	(10)
Closing (Adjusted)	**291**	**19**	1,432

FINANCIAL HIGHLIGHTS 3Q 2011

Rs' million	3Q 2011	3 Q 2010
Sales	18,303	10,282
Cost of sales	(11,477)	(7,436)
Gross profit	6,826	2,846
Dist/other Chgs.	(1,450)	(989)
Financial Chgs.	(383)	(388)
Other income	351	328
Tax	(1,688)	(587)
Profit after tax	3,656	1,209
EPS (Rupees)	*3.91*	*1.29*

Sales

- Urea Qty Variance + 6 %
- Urea Price Variance +35%
- DAP Qty Variance +37 %
- DAP Price Variance +35%

Costs and expenses

- Urea production down 13 %
- DAP production up 3 %
- Raw material cost up 30 %
- Repairs & maint. Up 15 %
- Fin. chrgs. Down Rs 5 Million
- Other income up Rs 23 M

FINANCIAL HIGHLIGHTS 2011

Rs' million	9 M 2011	9 M 2010
Sales	36,321	22,201
Cost of sales	(22,565)	(15,519)
Gross profit	13,756	6,682
Dist/other Chgs.	(3,201)	(2,476)
Financial Chgs.	(756)	(720)
Other income	1,092	821
Tax	(3,721)	(1,376)
Profit after tax	7,170	2,931
EPS (Rupees)	*7.68*	*3.14*

Sales

- Urea Qty Variance -9 %
- Urea Price Variance +29 %
- DAP Qty Variance +33%
- DAP Price Variance +34%

Costs and expenses

- Urea production down 15%
- DAP production up 2 %
- Raw material cost up 25%
- Repairs & maint. Down 19 %
- Fin. chrgs. up Rs 36 Million
- Other income up Rs 271 M

PMP OPERATIONS

- The overall plant performance remained satisfactory during the period under review.
- Due to increase in commodity prices, input/output prices relationship still not favorable, margins are expected to remain under pressure.
- Therefore 2011 will be a challenging year in terms of profitability of the joint venture.

WIND POWER PROJECTS

- FFBL has paid Rs 235 million towards the two wind power generation facilities of 49.5 MW each acquired by Fauji Foundation.
- The expected financial close of both projects is in 4th quarter 2011.
- Both projects are expected to come online by 1st quarter 2013.

FUTURE OUTLOOK

- The recent floods in Sind are not expected to impact fertilizer offtake however the floods have affected certain gas fields which has further disrupted gas supplies to the industry.
- Consistent gas curtailment has resulted into shortfall in overall urea production. Delayed & insufficient Urea Imports resulted in urea shortage throughout the country and it was being sold at a premium of Rs 200 – 300 per bag.
- Winter gas curtailment to the industry is still not clear, load management program being finalized by the Government.
- DAP offtake is expected to decline to 1.2 million tonnes as compared to 1.3 million tonnes in 2010. Around 400,000 tonne imports of DAP are in the pipeline.

THANK YOU

Question - Answer Session