



# FFBL – 1H 2009 Review

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# SEQUENCE

- Latest Price Trends
- Industry and FFBL Performance in 1<sup>st</sup> Half 2009
- PMP Operations
- Future Outlook

# LATEST PRICE TRENDS

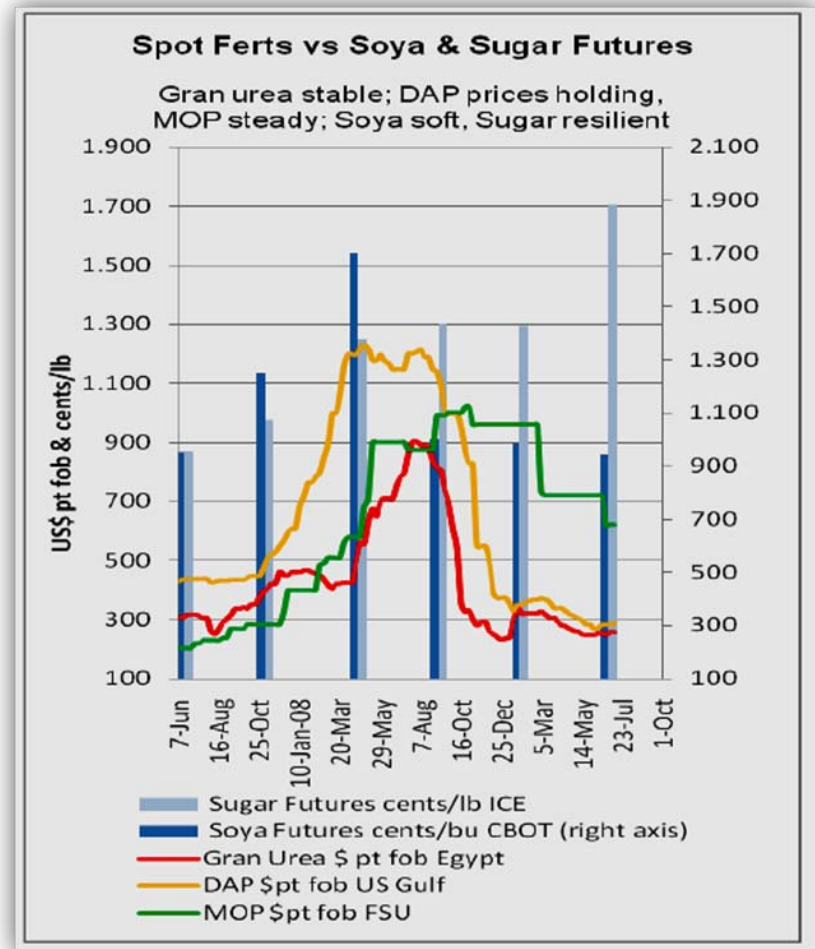
	JULY 2009	\$ PT - fob
	CURRENT	LAST WEEK
DAP - US GULF	288-290	285-290
MAP - BALTIC	305-320	290-320
UREA - PRILLED AG	260-261	260-261
UREA - GRANULAR	238-261	223-161
AMMONIA - MIDDLE EAST	182-200	182-200
SULPHUR - VANCOUVER	25-30	25-30

- *DAP Outlook – Stable to Firm*
- *Sellers looking to increase prices in August with next round of Indian importing is about to start.*
- *Tampa holding \$ 290 fob – ar \$ 350 cfr*
- *China exporters asking for \$340 cfr*

FMB

# PRICE TRENDS – CONTD.

- *Urea Outlook – Stable*
- *Ammonia – prices recovery on rising demand*
- *Sulphur – prices falling into place with a ceiling of \$ 50 per Ton cfr in major markets*
- *Phosphoric acid- stable will follow DAP trend*



# **FERTILIZER INDUSTRY AND COMPANY PERFORMANCE JAN-JUNE - 2009**

# UREA

# INDUSTRY UREA MOVEMENT – 2Q 2009

	<b>2Q-2009 Kt</b>	<b>2Q- 2008 Kt</b>	<b>Variance %</b>
Opening	<b>87</b>	92	(5)
Produced	<b>1,269</b>	1,274	0
Imported	<b>256</b>	0	
Sold	<b>1,436</b>	1,291	11
Closing (Adjusted)	<b>176</b>	61	189

# INDUSTRY UREA MOVEMENT – 1<sup>ST</sup> H2009

	<b>1H-2009 Kt</b>	<b>1H- 2008 Kt</b>	<b>Variance %</b>
Opening	<b>140</b>	159	(12)
Produced	<b>2,416</b>	2,473	(2)
Imported	<b>588</b>	136	332
Sold	<b>2,968</b>	2,693	10
Closing (Adjusted)	<b>176</b>	61	189



# FFBL UREA MOVEMENT – 2nd Q 2009

	2Q-2009 Kt	2Q-2008 Kt	Variance%
Opening	4	20	(80)
Produced	167	171	(2)
Imported	-	-	-
Sold	167	187	(11)
Closing	4	4	-

*Granular Urea Sale was 105% of target*



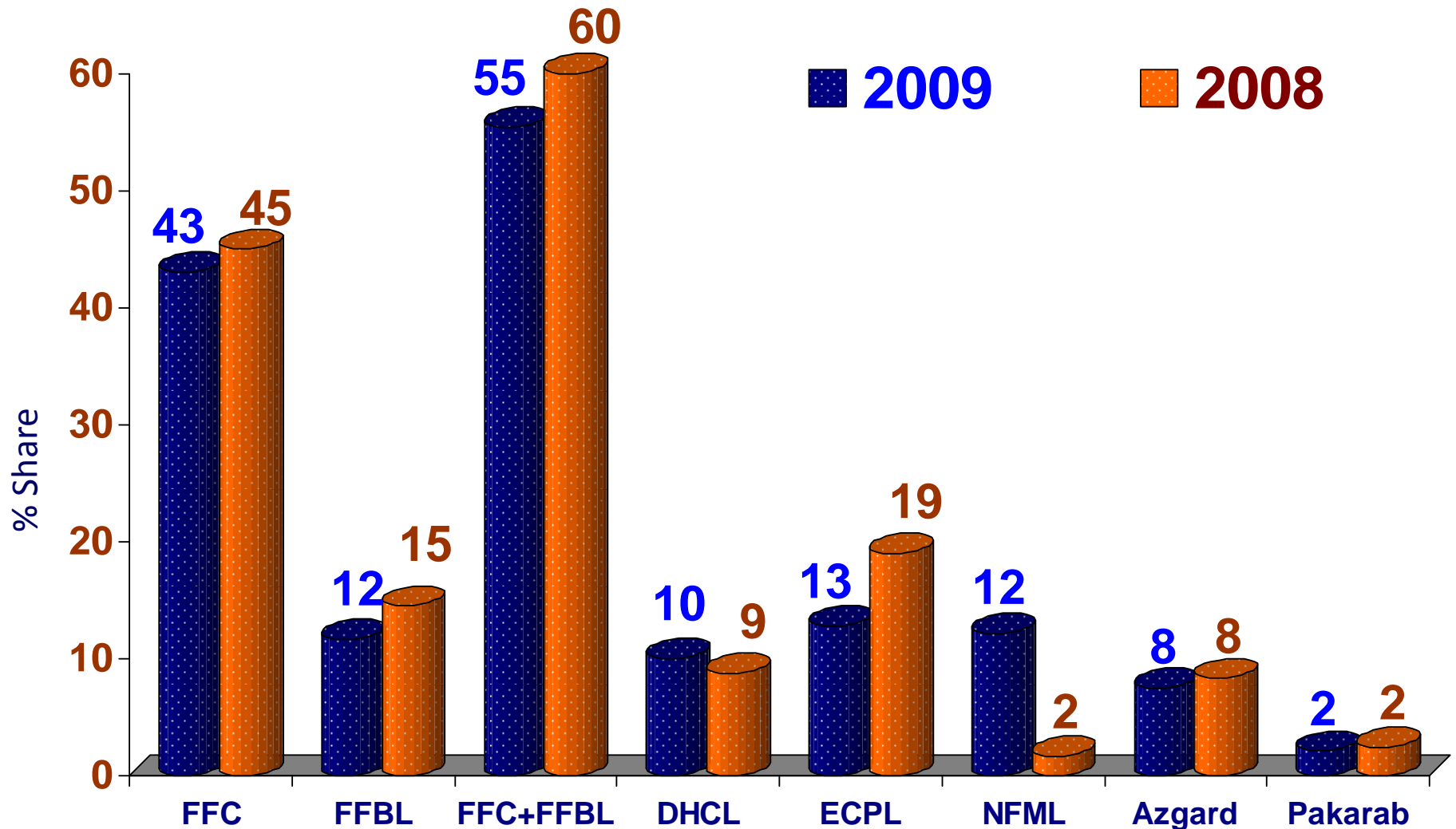
## FFBL UREA MOVEMENT – 1<sup>st</sup> H2009

	1H-2009 Kt	1H-2008 Kt	Variance%
Opening	4	22	(82)
Produced	281	334	(16)
Imported	-	7	-
Sold	281	359	(22)
Closing	4	4	-

*Granular Urea Sale was 115% of target*

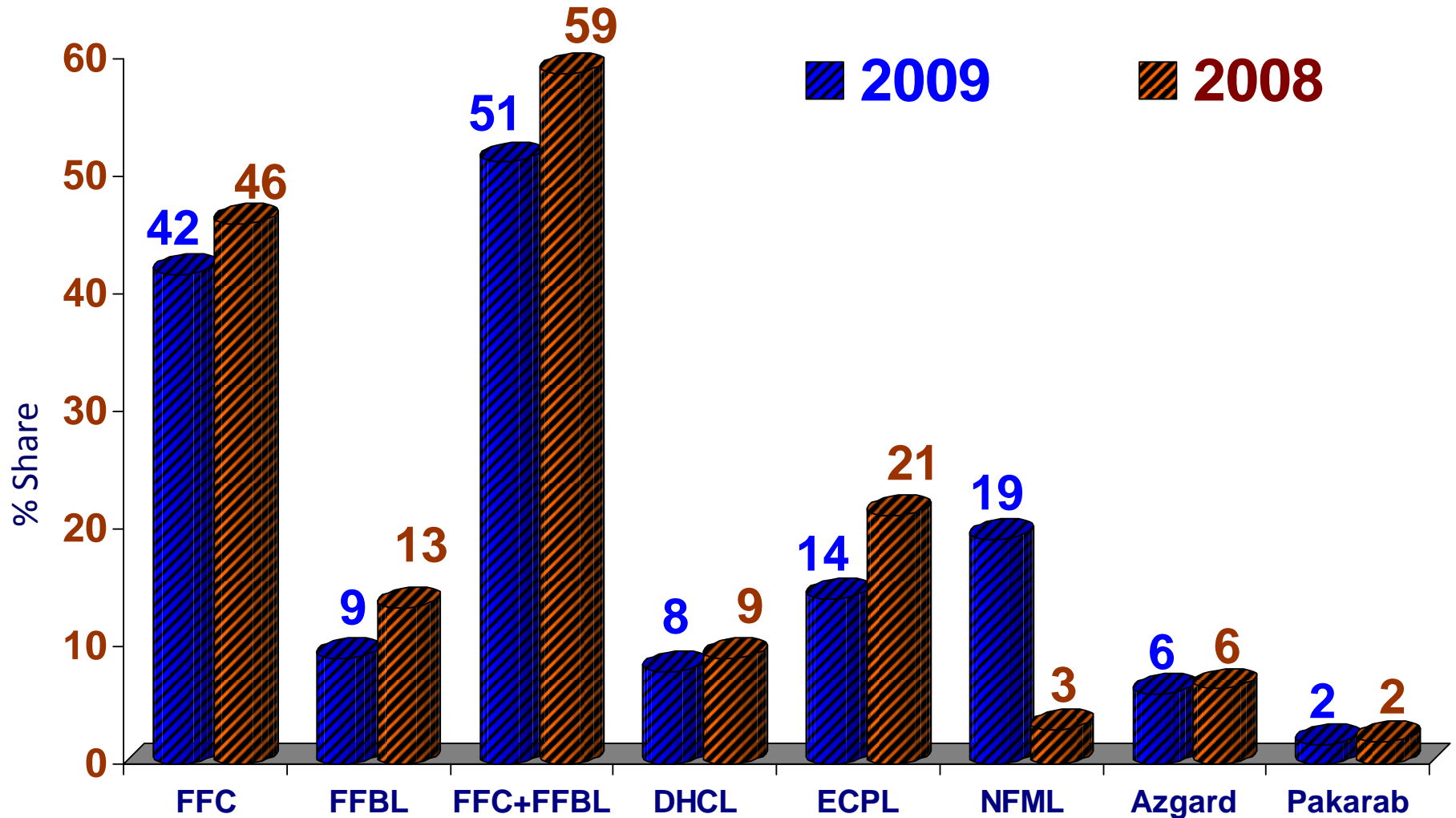


# UREA MARKET SHARES APR – JUN 2009 vs 2008



# UREA MARKET SHARES

## JAN – JUN 2009 vs 2008



# DAP

## INDUSTRY DAP MOVEMENT – 2nd Q 2009

	<b>2Q-2009 Kt</b>	<b>2Q- 2008 Kt</b>	<b>Variance %</b>
Opening	<b>229</b>	364	(37)
Produced	<b>161</b>	124	30
Imported	<b>69</b>	91	(24)
Sold	<b>309</b>	86	259
Closing (Adjusted)	<b>150</b>	493	(70)

## INDUSTRY DAP MOVEMENT – 1st H 2009

	<b>1H-2009 Kt</b>		<b>1H- 2008 Kt</b>		<b>Variance %</b>
Opening	<b>339</b>		<b>276</b>		<b>23</b>
Produced	<b>213</b>		<b>150</b>		<b>42</b>
Imported	<b>99</b>		<b>224</b>		<b>(56)</b>
Sold	<b>501</b>		<b>163</b>		<b>207</b>
Closing (Adjusted)	<b>150</b>		<b>493</b>		<b>(70)</b>



## FFBL DAP MOVEMENT – 2ND Q 2009

	2Q-2009 Kt	2Q-2008 Kt	Variance%
Opening	<b>120</b>	28	329
Produced	<b>161</b>	124	30
Imported	-	-	-
Sold	<b>173</b>	29	497
Closing	<b>108</b>	123	(12)

*DAP Sale was 165% of target*



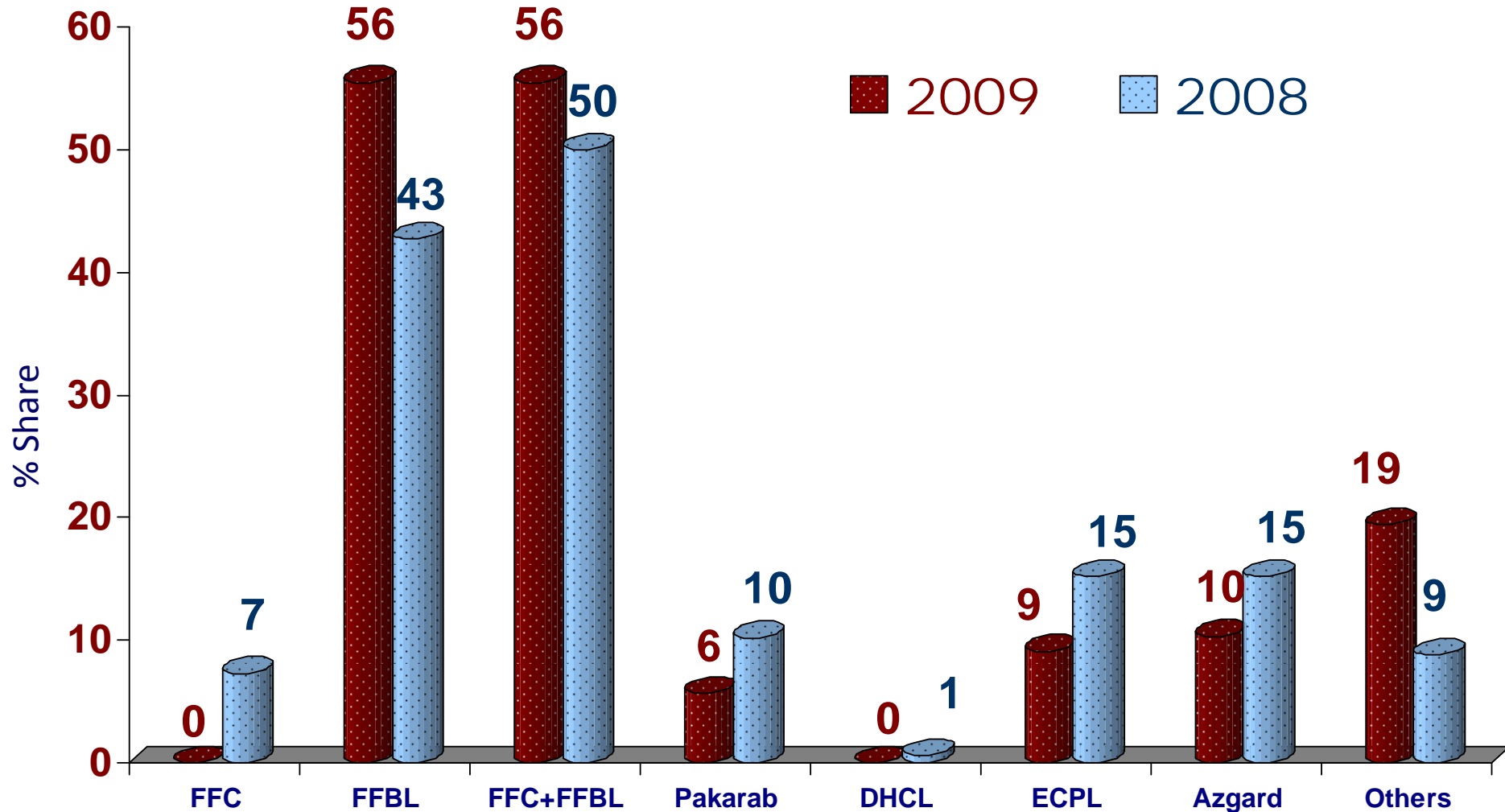
## FFBL DAP MOVEMENT – 1<sup>ST</sup> H2009

	<b>1H-2009</b>		1H-2008		Variance%
	<b>Kt</b>		Kt		
Opening	<b>173</b>		9		1822
Produced	<b>213</b>		150		42
Imported	<b>-</b>		-		-
Sold	<b>279</b>		36		675
Closing	<b>108</b>		123		(12)

*DAP Sale was 165% of target*

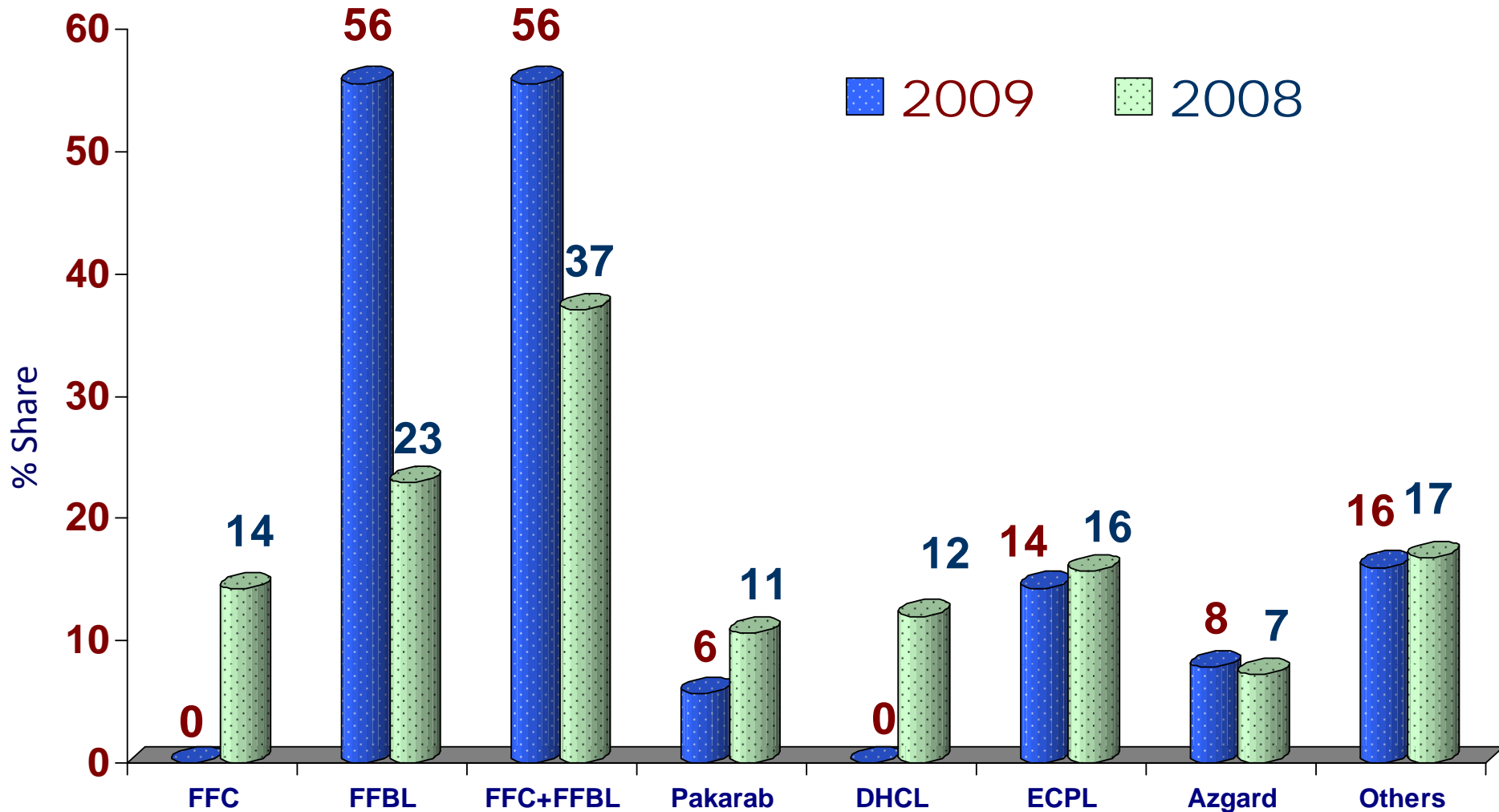


# DAP MARKET SHARES APR – JUN 2009 vs 2008





# DAP MARKET SHARES JAN – JUN 2009 vs 2008



# FINANCIAL HIGHLIGHTS 2Q 2009

	2009	2008
<b>Sales</b>	<b>9,142</b>	3,670
<b>Cost of sales</b>	<b>(7,012)</b>	(2,751)
<b>Gross profit</b>	<b>2130</b>	<b>919</b>
<b>Dist/other Chgs.</b>	<b>(727)</b>	(509)
<b>Financial Chgs.</b>	<b>(370)</b>	(385)
<b>Other income</b>	<b>(150)</b>	796
<b>Pretax profit</b>	<b>883</b>	<b>821</b>
<b>Tax</b>	<b>(398)</b>	(265)
<b>Profit after tax</b>	<b>485</b>	<b>556</b>
<b>EPS</b>	<b>0.52</b>	<b>0.60</b>

## Sales

- *Urea Qty Variance -10%*
- *Urea Price Variance +19%*
- *DAP Qty Variance +496%*
- *DAP Price Variance -30%*

## Costs and expenses

- *Urea production down 2%*
- *DAP production up 30%*
- *Raw material cost down 37%*
- *Fuel & power up 66%*
- *Repairs & maint. Up 63%*
- *Fin. chrgs. down Rs 15 million*
- *Other income down Rs 857 m*

# 2<sup>nd</sup> Quarter 2009 - Performance

***Company's operating performance of 2<sup>nd</sup> Quarter 2009 remained satisfactory with an EPS of Rs 0.52 against EPS of Rs 0.60 in the corresponding period in spite of three major significant hits to profitability.***

2 <sup>nd</sup> Quarter Performance	Rs
EPS – Reported	0.52
Unfavorable impacts of	
GoP Compensation (Rs 390 million net of tax)	0.42
Increased ammonia cost (Rs 260 million net of tax)	0.28
PMP loss of Rs 327 million	0.35
Total	1.57

# FINANCIAL HIGHLIGHTS 2009

	2009	2008
<b>Sales</b>	<b>14,998</b>	5,675
<b>Cost of sales</b>	<b>(12,049)</b>	(4,153)
<b>Gross profit</b>	<b>2,949</b>	<b>1,522</b>
<b>Dist/other Chgs.</b>	<b>(1,155)</b>	(848)
<b>Financial Chgs.</b>	<b>(998)</b>	(581)
<b>Other income - net</b>	<b>96</b>	953
<b>Pretax profit</b>	<b>892</b>	<b>1,046</b>
<b>Tax</b>	<b>(394)</b>	(328)
<b>Profit after tax</b>	<b>498</b>	<b>718</b>
<b>EPS</b>	<b>0.53</b>	<b>0.77</b>

## Sales

- *Urea Qty Variance -20%*
- *Urea Price Variance +31%*
- *DAP Qty Variance +655%*
- *DAP Price Variance +22%*

## Costs and expenses

- *Urea production down 16%*
- *DAP production up 42%*
- *Raw material cost down 20%*
- *Fuel & power up 42%*
- *Repairs & maint. Up 89%*
- *Fin. chrgs. up Rs 417 million*
- *Other income down Rs 857 m*

# PMP – Operational Highlights

- The major factors contributing to such loss included:
  - The shutdown of operations of PMP for about three months period (16 Nov 2008 – 19 Feb 2009), and
  - Significant inventory write-downs to bring stocks at net realizable value
- The situation to improve going forward, as market conditions are improving and above factors are ‘one-off’ in the nature.

# Future Outlook

- We expect the bullish trend of DAP off-take to continue in 2<sup>nd</sup> half of Year 2009, at existing price levels due to the following factors:
  - stable to firm, global DAP price outlook
  - unprecedented lower off-take of DAP in the last year, and
  - farmers' improved liquidity position due to good wheat support price
- Further, declining interest rates and improved liquidity position of Company will help in reducing financial charges, thus improving the bottom line.



# *Question - Answer Session*