Corporate Briefing

For the year ended
December 31, 2020

February 9, 2021

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Financial Review
December 31, 2020

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Expansion & Diversification

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Questions & Answers session

Business Environment

- The year 2020 started with balanced urea market conditions with low inventories
- Prices of urea were reduced, after decrease in GIDC, despite significant absorption by Company, for the benefit of farming community
- COVID-19 negatively impacted economic environment
- The interest rates registered a steep decline during the period
- Fuel prices also decreased. Partial implementation of axle load regulation
- GIDC case – Supreme Court has ordered payment of GIDC liability. Stay granted by SHC for factual determination of payable

Farm Economics

Wheat

	Av. Yield (Mds/Acre)	Market Price Rs. / Mond	Expenses Rs. / Acre	Net Income Rs. / Acre
2016-17	42	1,210	29,200	**21,500**
2017-18	41	1,200	31,200	**18,000**
2018-19	35	1,300	33,442	**12,058**
2019-20	40	1,550	36,700	**24,470**

Cotton

	Av. Yield (Mds/Acre)	Market Price Rs. / Mond	Expenses Rs. / Acre	Net Income Rs. / Acre
2017-18	25	2,930	54,500	**18,800**
2018-19	23	3,680	61,000	**23,600**
2019-20	21	3,700	63,765	**13,935**
2020-21	18	4,300	65,220	**10,020**

Sugarcane

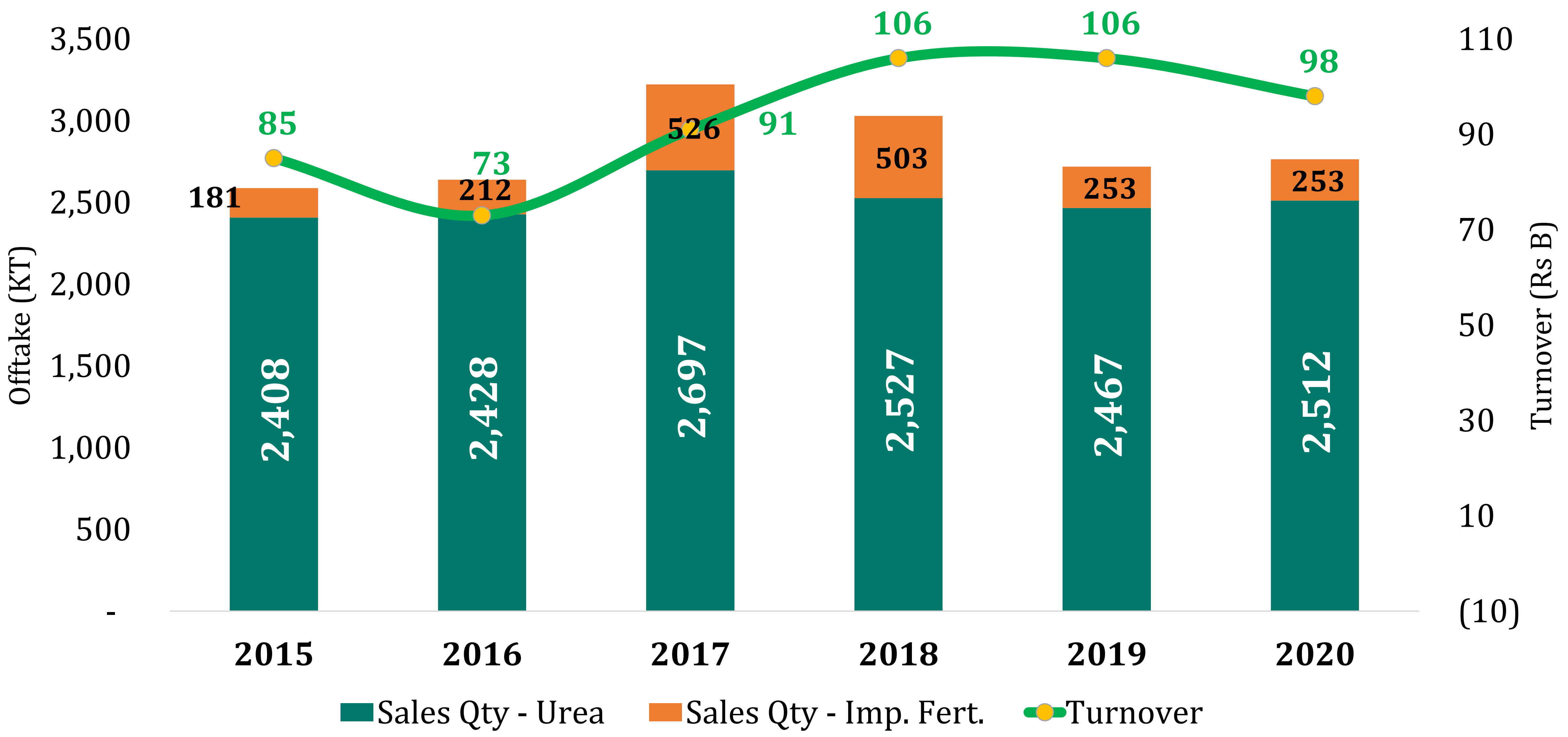
	Av. Yield (Mds/Acre)	Market Price Rs. / Mond	Expenses Rs. / Acre	Net Income Rs. / Acre
2016-17	870	160	106,600	**32,600**
2017-18	845	180	122,600	**29,500**
2018-19	855	190	126,600	**35,800**
2019-20	842	210	127,500	**49,275**

Basmati

	Av. Yield (Mds/Acre)	Market Price Rs. / Mond	Expenses Rs. / Acre	Net Income Rs. / Acre
2017-18	42	1,650	50,000	**19,300**
2018-19	42	1,860	58,059	**20,100**
2019-20	40	2,140	61,484	**24,116**
2020-21	43	2,050	62,443	**25,707**

Sona Urea Production

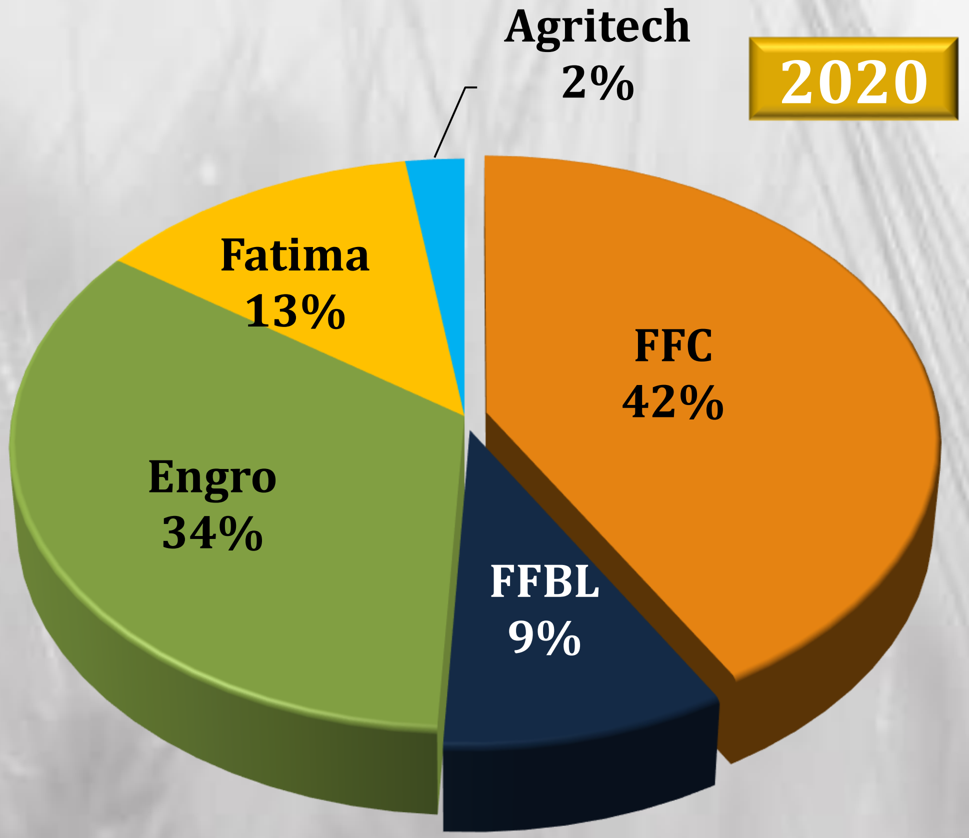
Fertilizer Offtake and Turnover

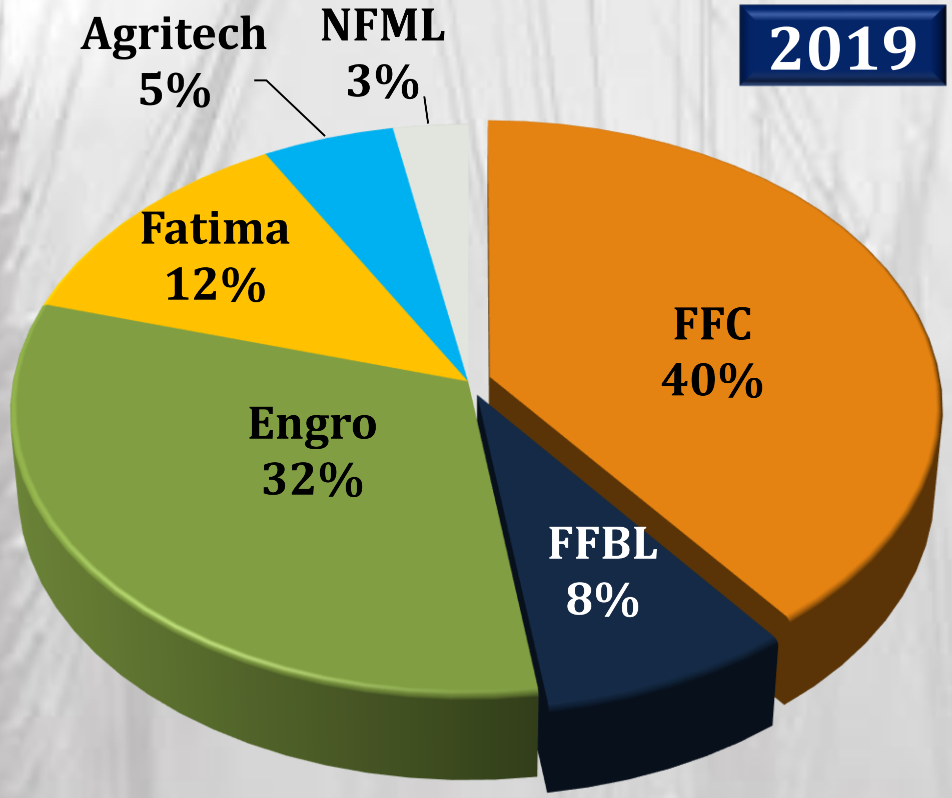


Industry Urea Sales

3% lower vs 2019

Urea Market share





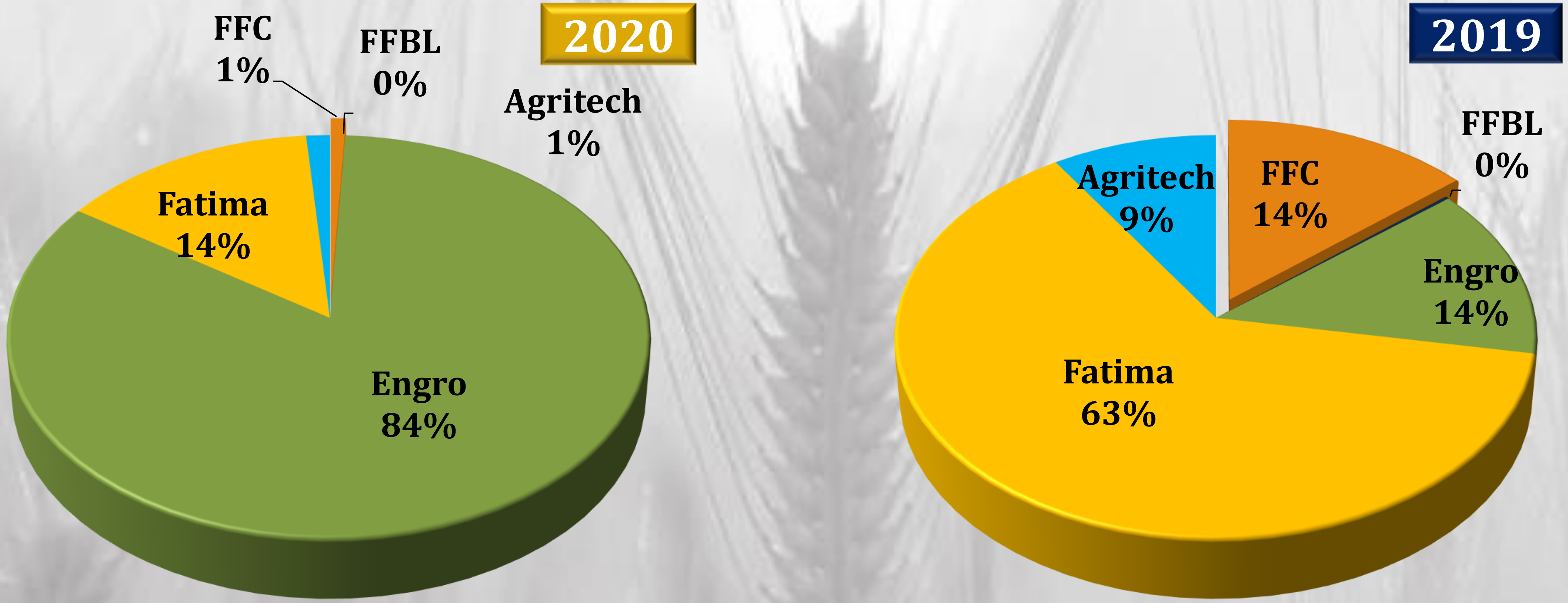
6,038 KT

FFC+FFBL: 51%

6,230 KT

FFC+FFBL: 48%

Urea Inventory share



288 KT

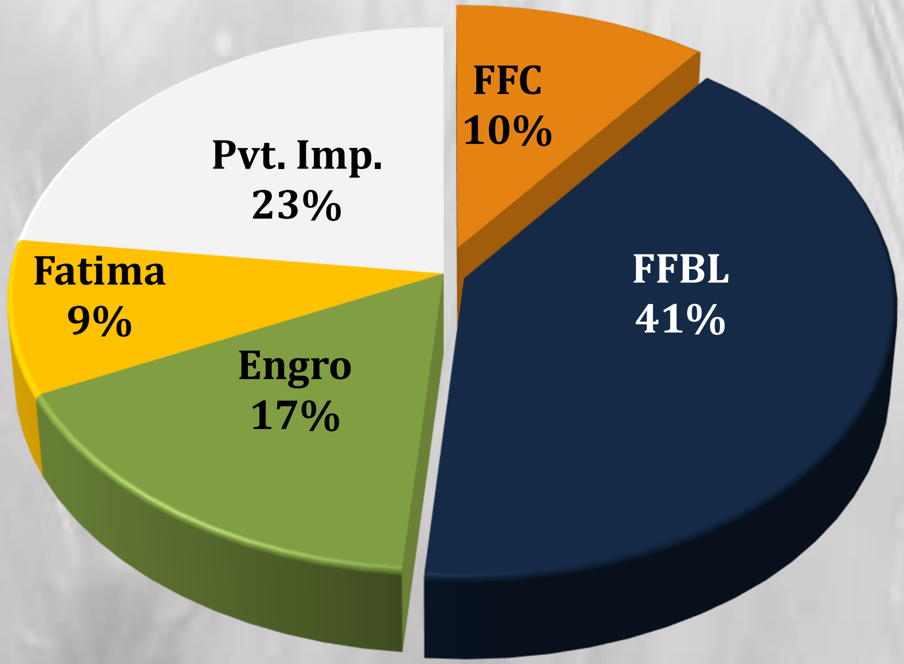
FFC+FFBL: 1%

200 KT

FFC+FFBL: 14%

DAP Market Share

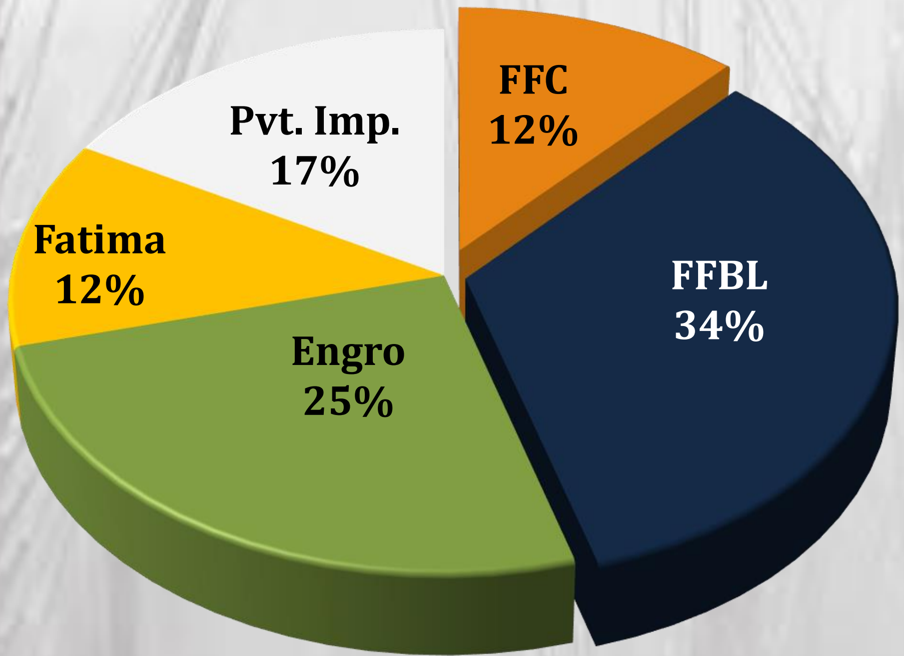
2020



2,256 KT

FFC+FFBL: 51%
(1,159 KT)

2019



2,030 KT

FFC+FFBL: 46%
(925 KT)

Key Performance Indicators

Rs. M

Gross Profit

		Change %
Actual 2020	31,583	
Actual 2019	30,737	3 ▲
Actual 2018	27,978	13 ▲

Operating Profit

		Change %
Actual 2020	23,735	
Actual 2019	22,449	6 ▲
Actual 2018	19,145	24 ▲

Net Profit

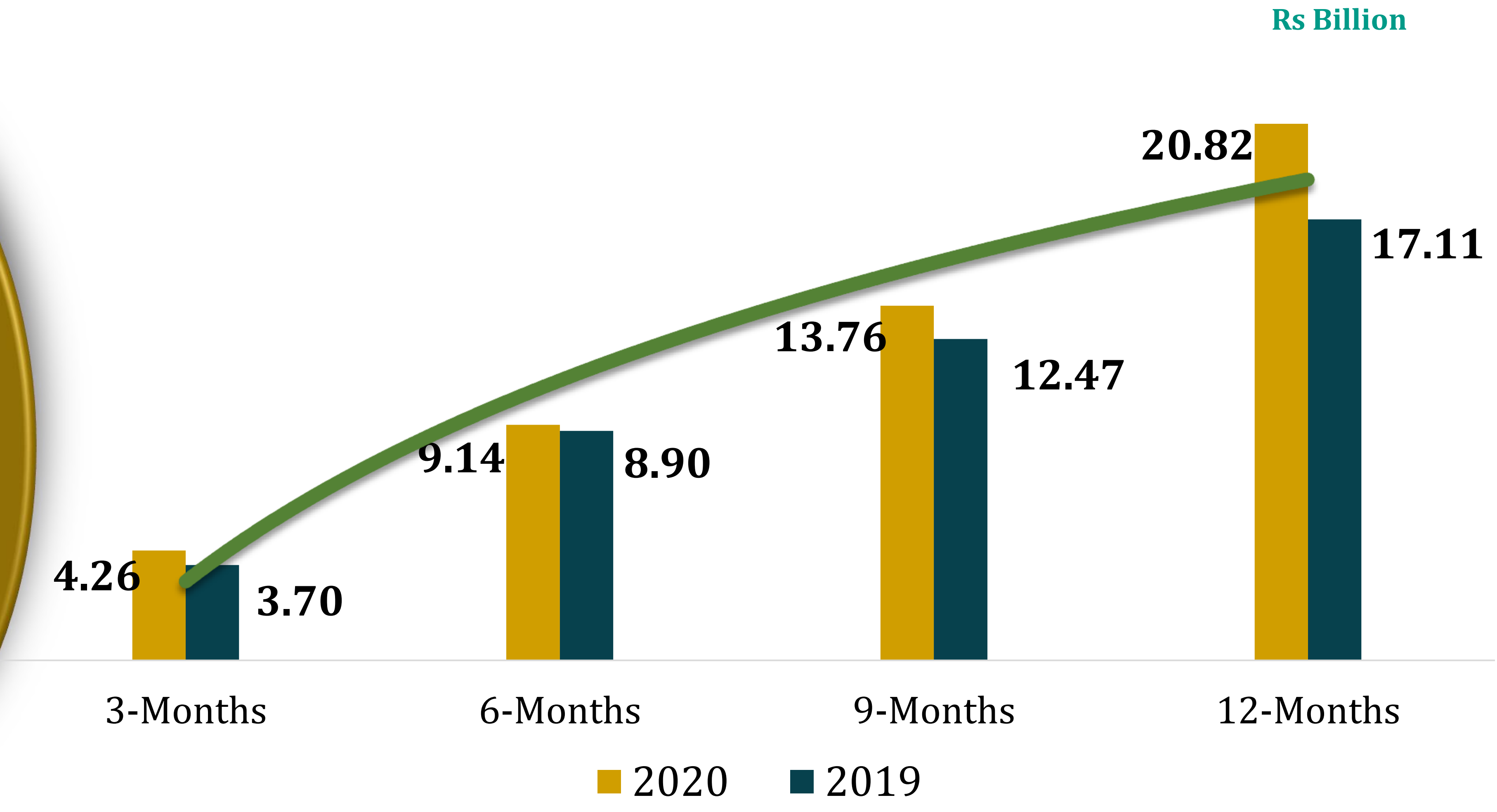
		Change %
Actual 2020	20,819	
Actual 2019	17,110	22 ▲
Actual 2018	14,439	44 ▲

EPS (Rs / Share)

		Change %
Actual 2020	16.36	
Actual 2019	13.45	22 ▲
Actual 2018	11.35	44 ▲

Profitability

Quarterly Profitability



Update on GIDC

GIDC

- Payment term extended to **48 equal monthly installments** instead of 24, as a result of Review Petition filed before the Supreme Court of Pakistan
- Suit filed with Sindh High Court (SHC) against collection of GIDC before **factual determination**
- **Stay granted** by SHC

- Temporary accounting gain amounting **Rs 5.93 billion** on extinguishment and re-measurement of GIDC liability as per IFRS
- This temporary gain shall reverse in next four years, over the repayment period of GIDC, as determined by the apex court

GIDC Payable

Rs B

	2020	2019
GIDC Payable	(62.64)	(61.06)
Income against GIDC liability / reversal in (2021 - 2024)	5.93	
	(56.71)	(61.06)
Current portion	(23.94)	(61.06)
Long term	(32.77)	-
	(56.71)	**(61.06)**

Expected Credit Loss – Subsidy Receivable

Subsidy Receivable

- Considerable delay in subsidy settlement by the Government
- Receivable stood at Rs 7.32 billion at the end of 2020
- Expected Credit Loss of Rs 987 million recognized under the requirements of IFRSs

Subsidy Receivable

	Rs B
Total receivable	**7.32**
Loss allowance	**(0.98)**
	6.34

Impact of COVID-19 on Company Operations

- Health and safety have been FFC's priority since outbreak of the pandemic
- Successful negotiations with the Govt. to allow uninterrupted manufacturing and fertilizer supply during the lockdown conditions
- Strict implementation of SOPs including use of masks, sanitizers, social distancing and work from home etc.

COVID-19

- Effective workplace management including manpower, IT support etc.
- Company operations thus far not impacted by COVID-19
- FFC achieved uninterrupted urea production and supply
- The Company also achieved profitability benchmarks

Corporate Awards and Achievements

First Position in **PSX Top 25 Companies Award** 2019 – 10^{th} consecutive year

“Overall top Position” 2019 in ICAP/ICMAP Best Corporate Report Awards (13^{th} Overall top Position)

Management Excellence Award 2019 (6^{th} Consecutive Year) by MAP

Winner of ICAP/ICMAP **“Best Sustainability Report Award”** 2019 – 5^{th} time

Winner Manufacturing Sector in **SAFA Best Presented Annual Report** competition 2019 & Certificates of merit for ‘Corporate Governance Disclosures’ and ‘Integrated Reporting’

Expansion & Diversification

FFF

Equity injection of **Rs 1.5 billion**

FFBL

Equity injection of **Rs 2.49 billion**

FWEL I & II

Evaluating the acquisition of majority stake

OLIVE

Incorporated to provide technical services

TEL

Further Equity Investment of USD 14.4 M in 2021 onwards

Future Outlook & Challenges

1. The ongoing Pandemic continues to pose threat to overall economy
2. Implementation of tax stamp for FBR's Track and Trace system
3. Business expenditure disallowance by FBR resulting in cost escalation
4. Depleting gas reserves. Alternate raw material sources required
5. Persistent pricing pressure from Government to pass on the inflationary and other impacts
6. Discharge of GIDC liability would pressurize working capital of the Company.
7. Continued delay in subsidy receivable impacting working capital besides promoting ECL provision on the receivables
8. Long outstanding GST refunds resulting in increasing working capital needs

Any Question

THANK YOU