Agenda



1 EFERT Highlights



2 Industry & EFERT Business Performance



3 Contributions & Challenges



4 Way Forward



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1. EFERT Highlights

Financial Highlights

YTD Financial Highlights

Revenue
PKR **113.2** bn
38% vs SPLY

Profitability
PKR **9.4** Bn
71% vs SPLY

EPS
PKR **7.06** /share
vs. 4.09 SPLY

Quarterly Financial Highlights

Revenue
PKR **39.4** bn
3% vs SPLY

Profitability
PKR **1.7** Bn
55% vs SPLY

EPS
PKR **1.25**
vs. 0.79 SPLY

EFERT has announced an interim dividend of **PKR 3.00/share** for **Q2 2024,** compared to PKR 3.00/share in Q2 2023.

EnVen Plant TA 2024 – Major Jobs and Challenges

Major Jobs

Monumental Turnaround was accomplished in 55 days.



Waste Heat Boiler Replacement



Syn turbine steam nozzle Replacement



Furnace Steam Coil (KS Coil) Replacement



Ammonia Storage Tank Inspection

Challenges Tackled

Unexpected Long Heat Wave

(Max Temp ~52 Degrees)

Resources

6K+

Peak Manning

Safety Record

0.05

TRIR

Successfully navigated a complex and high-stakes Turnaround, transforming challenges into opportunity through a combination of strategic planning & effective leadership

Key Indicators vs Last Year – Q2



17%

Higher Phosphates Volumes



41%

Specialty Fertilizer Volume Growth



74%

Higher Finance Cost

Agronomy Update and Farm Economics

Rabi Season - (November – April)

WHEAT

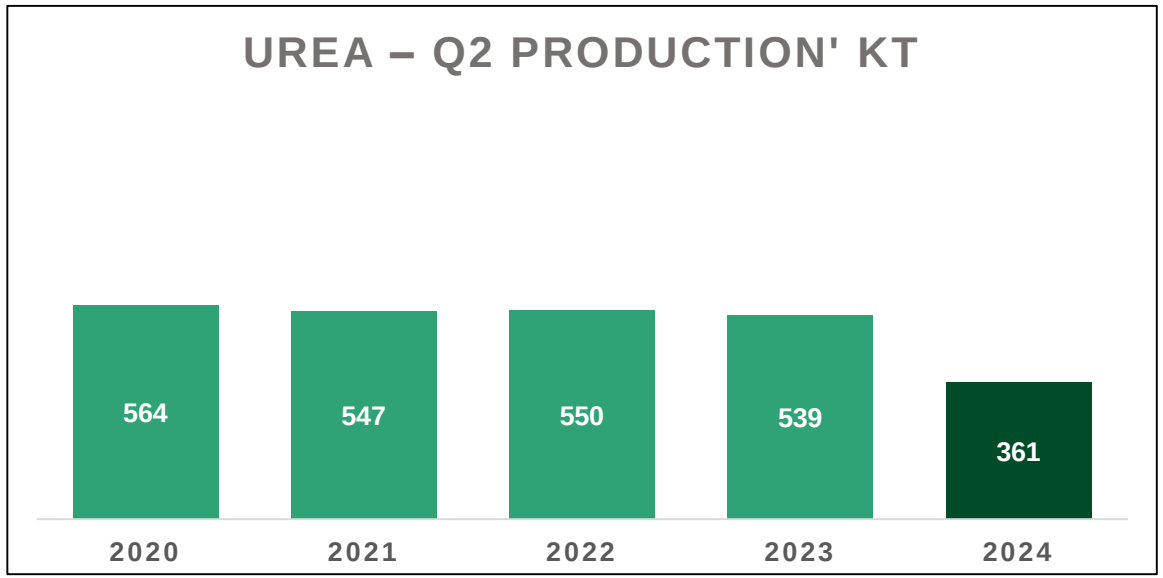
- Wheat cultivation increased by **1.5M acres** backed by **strong sentiment on support price** / govt. procurement.
- With govt. opting out of the procurement at harvesting in April, the market price fell **to PKR 2.5K/ maund** against an anticipated support price of **PKR 4K/ maund.**
- Resultantly farmer income dropped by **PKR 58K/acre (80%)**

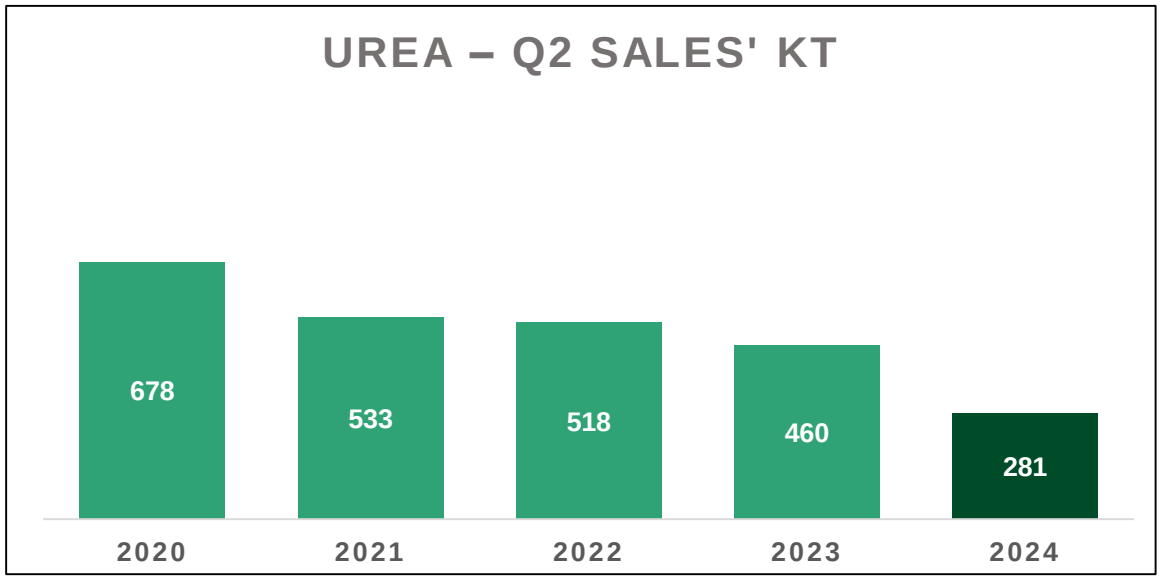
MAIZE

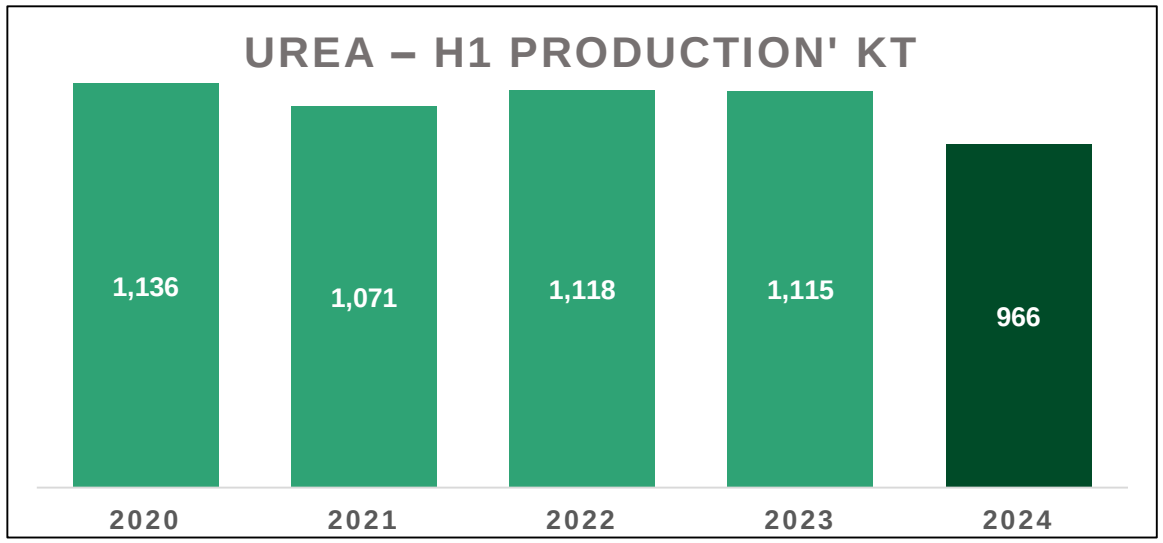
- Spring Maize witnessed a **decline of 429K acres** in cultivation due to a declining price trend in maize.
- Despite lower cultivation, market price did not improve owing to surplus stocks and remained at **PKR 1.9K / maund**
- Higher production cost **(26%)** and lower crop revenue **(10%)** reduced crop earnings by **PKR 40K/acre (84%)**

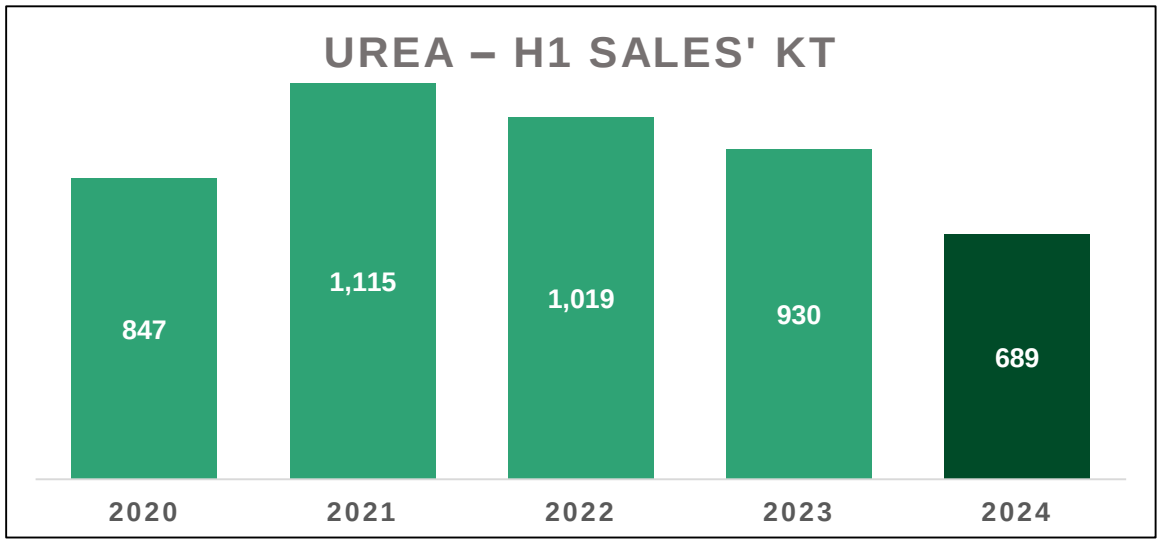
Farmer incomes and cashflows were under **severe pressure** during **Q2 2024**. This had a knock-on impact on fertilizer sales.

Urea Production & Sales Q2 2024



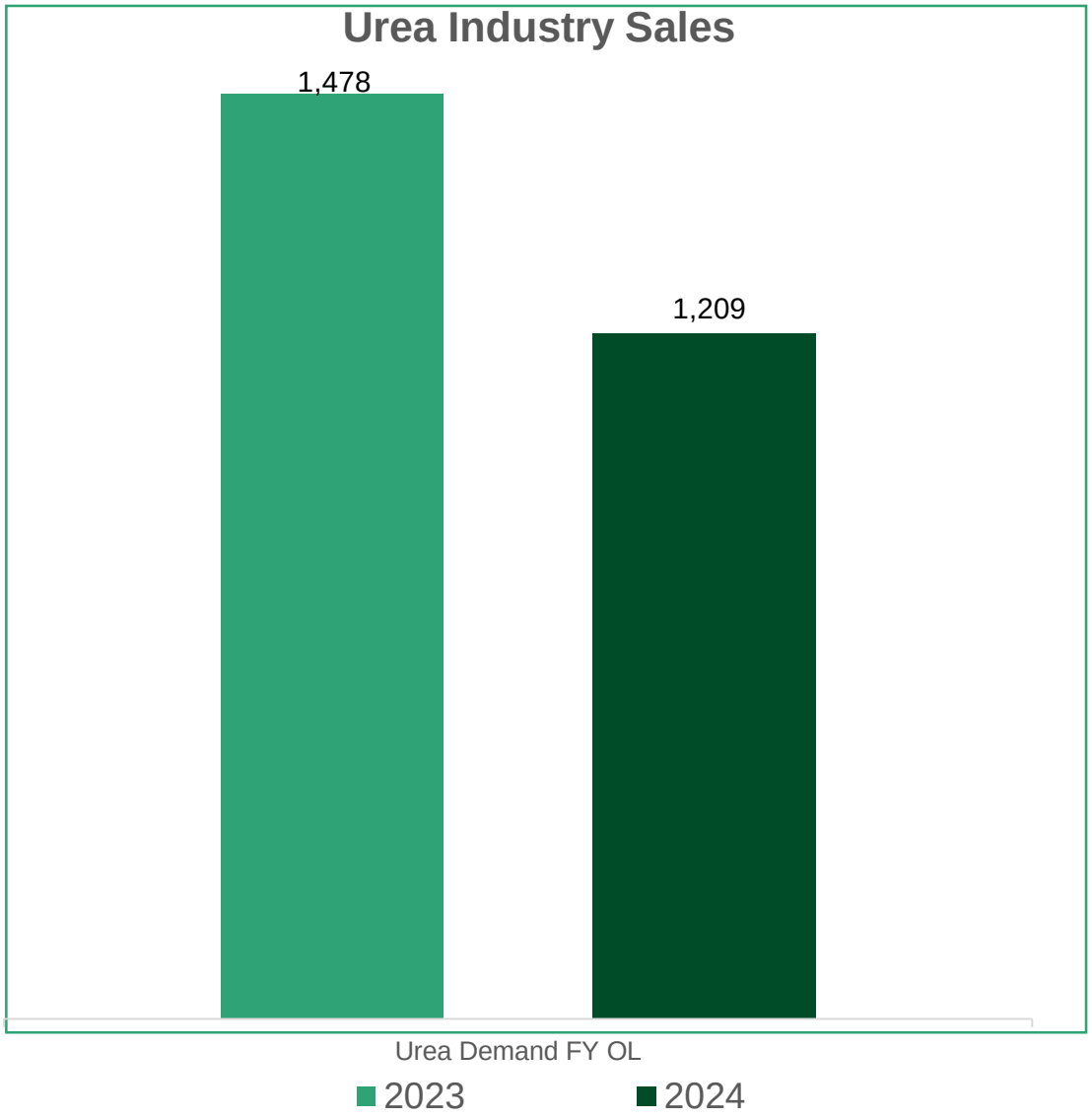




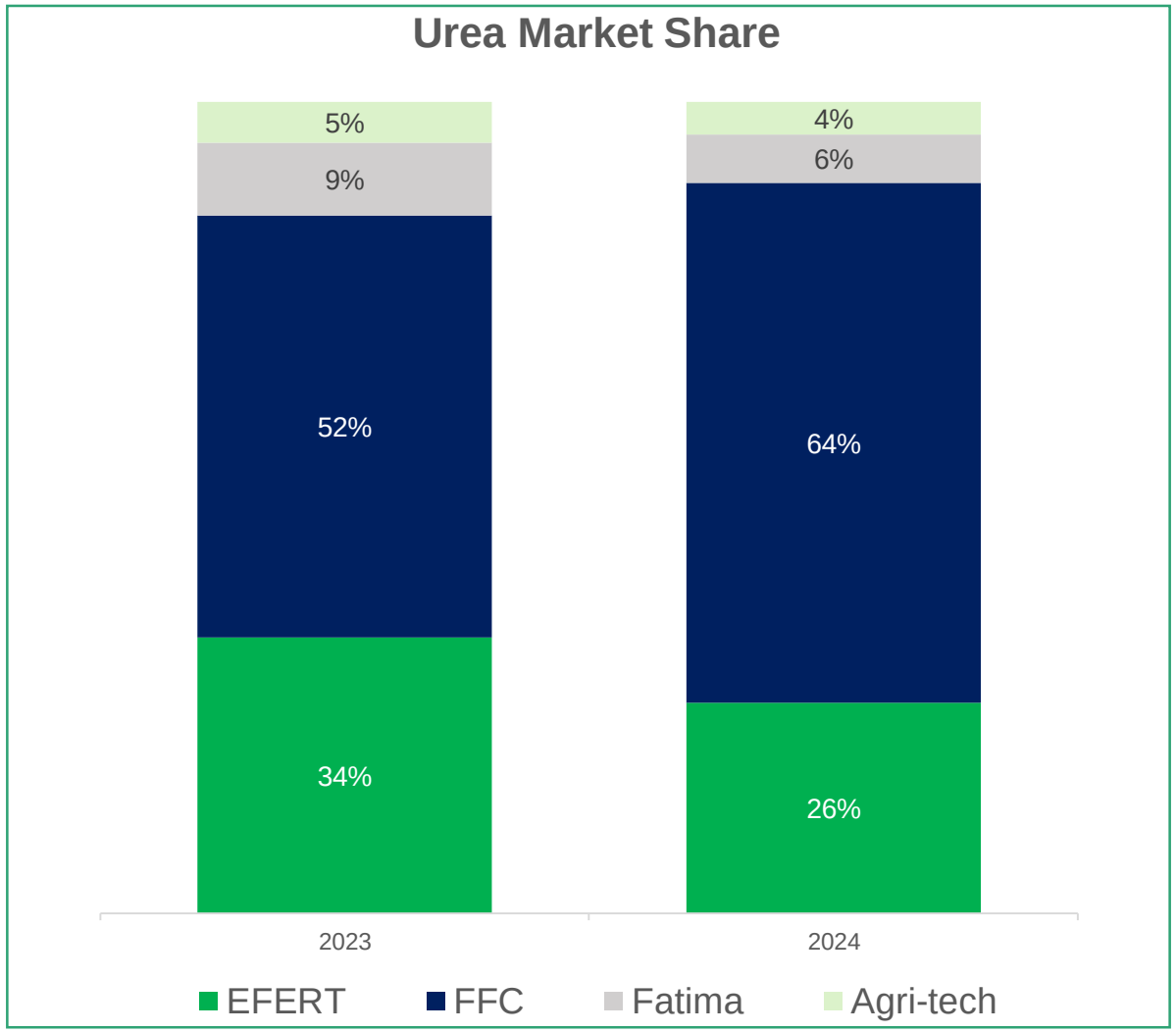


2. Industry & EFERT Business Performance

Urea Industry & Market Share Q2 2024

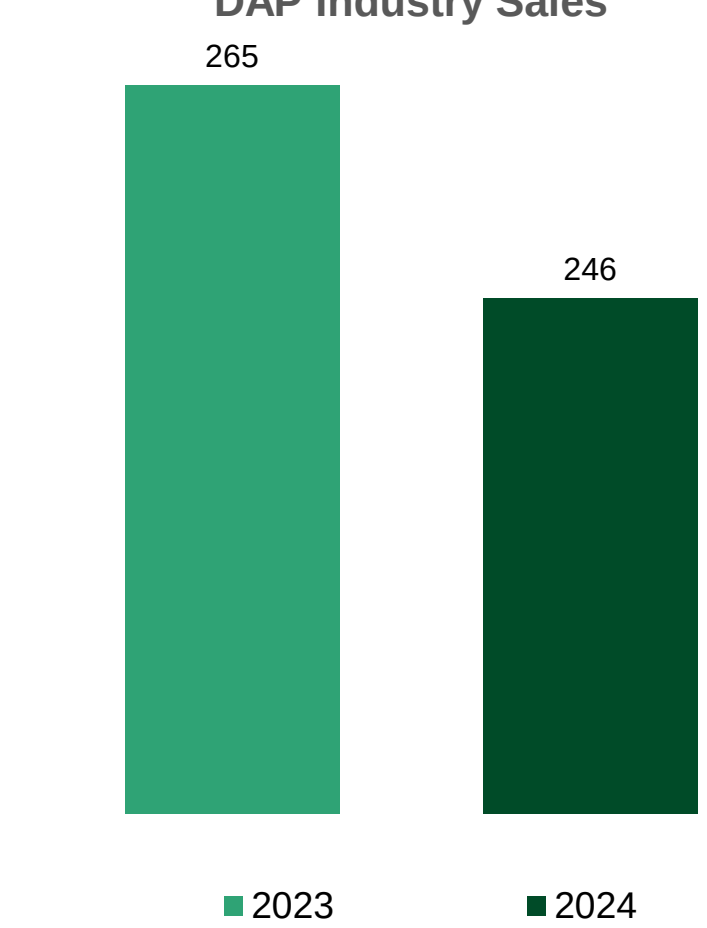


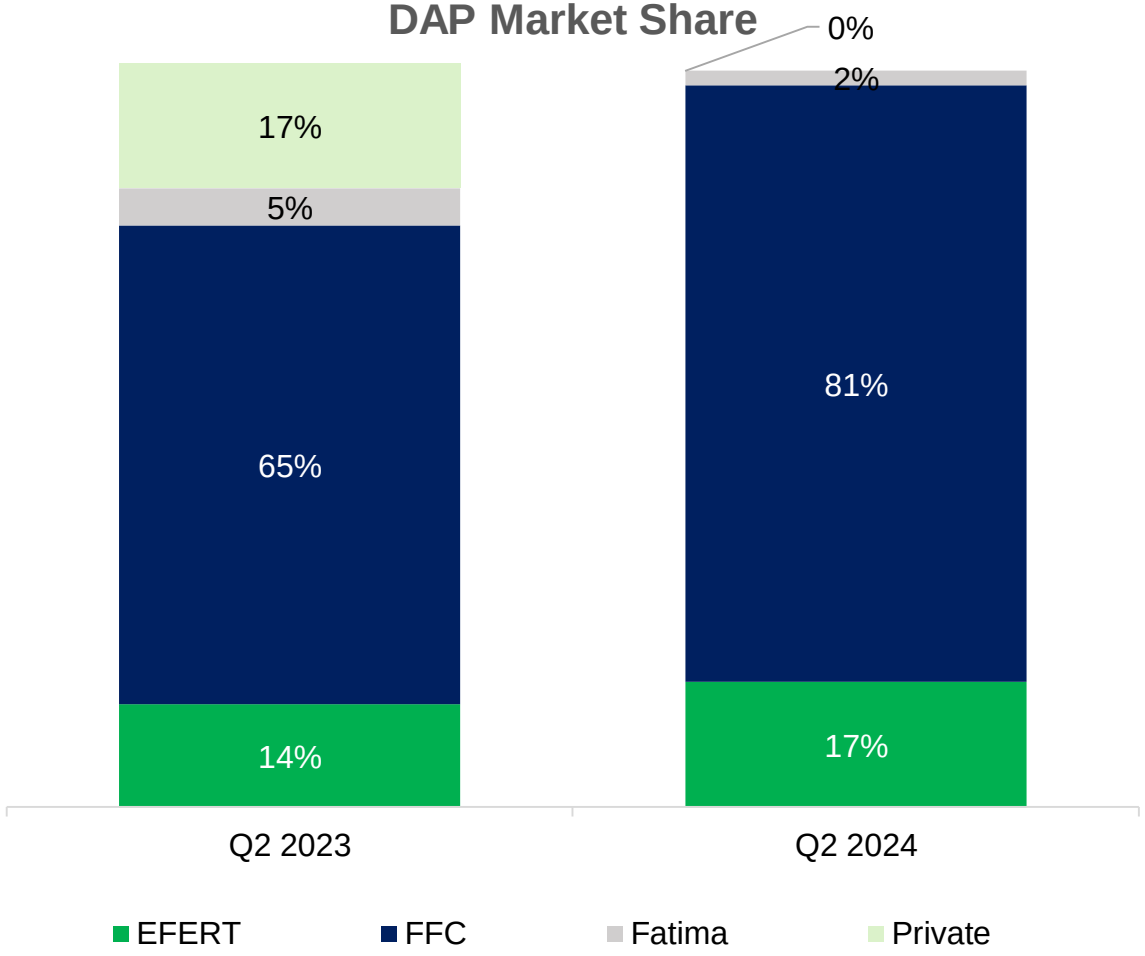
Urea industry has declined by 18%



Urea market share declined by 8%

DAP Industry & Market Share Q2 2024





DAP industry has declined by 7%

DAP market share improved by 3%

3.Contributions & Challenges



Contributing to the Nation

1. Imported Urea purchase from the Government

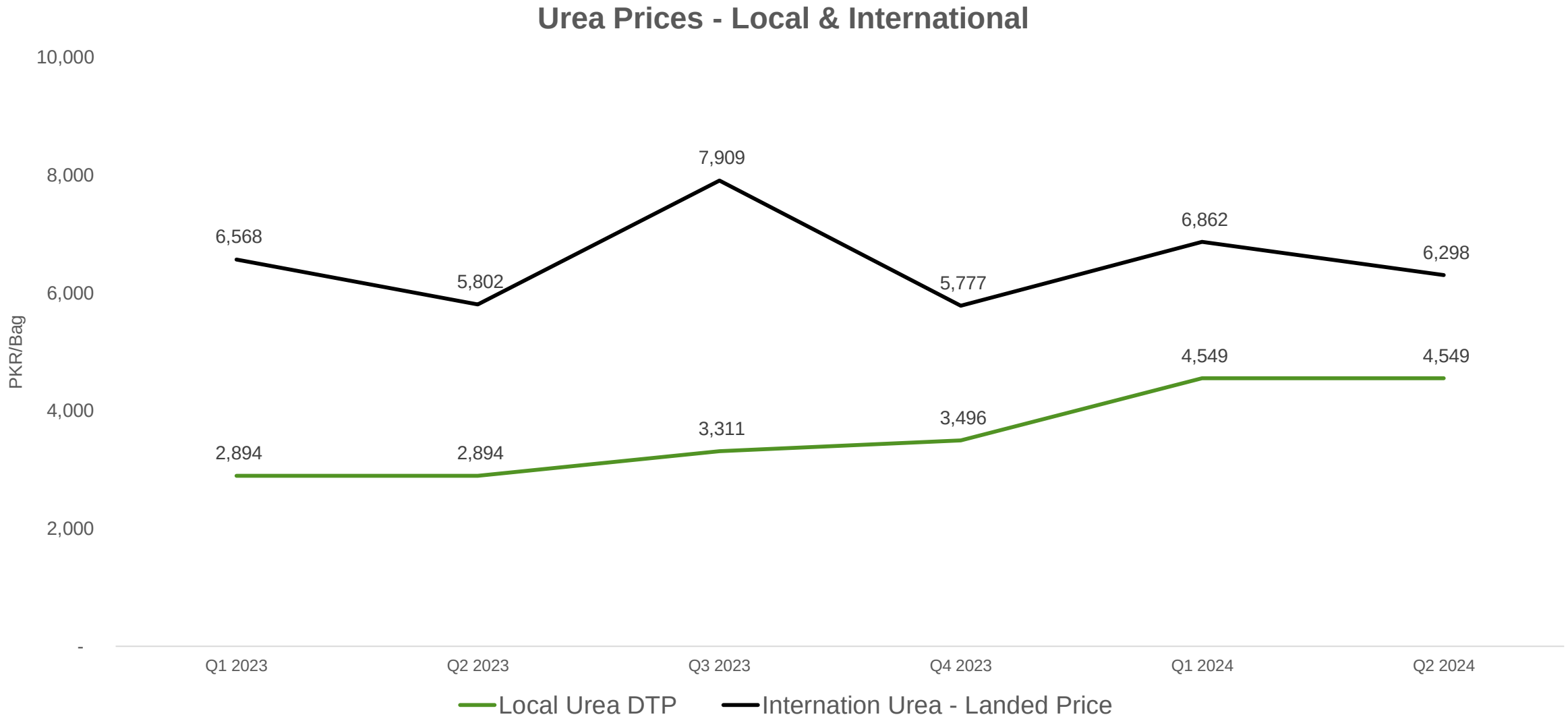
- EFERT along with other Fertilizer players supported the GOP by uplifting ~220KT of the Imported Urea at imported price. EFERT's share was 75KT.
- The GoP allocated these volumes to local players, Efert along with other competitors elected to recover the differential between imported Urea price and local selling price over the next 12 months.
- To keep the P&L of EFERT neutral, the differential was recognized as a deferred cost, with our intention to amortize it over the 12 months. However, in line with industry EFERT has recognized the differential as cost, resulting in a PAT impact of PKR 2.3 Bn.

2. Contribution to the National Exchequer

- The Company contributed ~PKR 28.75 Bn towards the National Exchequer by way of Government taxes, duties, and levies, compared to PKR 7.62 Bn in 2023. The contribution increased significantly due to higher profitability and application of sales tax and FED on some products, in Finance Act 2023.
- Our effective tax rate for H1 2024 was 36%.



Fertilizer Sector - shielding farmers from higher costs of International Urea





Gas Pricing Snapshot

Gas price increase is only for 60% of the sector. Remaining 40% remain at PKR 580/MMBtu.

40% represents major players, i.e. FFC and Fatima.

This gas price increase has resulted in gas cost disparity. It now costs Engro substantially more to manufacture Urea than FFC and Fatima.

In March, Government increased gas price for some Fertilizer players, including Engro Fertilizers, from PKR 580/MMBtu to PKR 1,597/MMBtu.

Even though we welcome the gas price increase as a step in the right direction. We continue to urge the GoP to unify gas prices for the entire industry.

4. Way Forward



Way Forward

Pressure Enhancement Facility

- **USD 300Mn CAPEX** by the fertilizer industry to enhance gas pressure from Mari field, thereby securing long term sustainability of company operations
- **Phase 1**: 85% complete. Expected 100% completion by Q4 2024.
- **Phase 2**: Ordering of compressors is in progress.



Session