Industry Urea sales in 1Q2018 clocked in at 1,242 KT vs 869 KT SPLY (up ~43% YoY)

However, overall demand for Rabi increased only marginally to 2,952KT from 2,882 KT LY

Industry export sales clocked in at 75KT in 1Q2018 (EFERT: 12KT) vs 31 KT last year

Industry production for the quarter was 1,333KT vs 1,353KT in 1Q 2017, lower by 2%

FatimaFert and Agritech remained non operational during the quarter

EFERT produced 517 KT vs 447 KT last year, up 16% YoY due to no plant outages in 1Q 2018

Total EFERT domestic sales were 497KT in Q1 2018 vs 269KT in Q1 2017

Domestic market share stood at 40% in Q1 2018 vs. 31% in Q1 2017. Branded urea market share stood at 40% in Q1 2018 vs 32% in Q1 2017

Domestic Urea prices remained stable at PKR 1,370/bag throughout Q1 2018

International urea prices gained further traction during the quarter rising from USD 255/T in 4Q 2017 to USD 270/T in Q1 2018 (Landed eqv. of PKR 1,930/bag)
PHOSPHATES MARKET ENVIRONMENT

- 1Q 2018 industry sales stood at 357 KT compared to 312 KT SPLY, a growth of 14% YoY

- Higher industry sales were primarily due to pre-buying because of rising international prices, despite relatively weaker agronomics

- Moreover, coupon based subsidy (direct to farmer) in Punjab, also augmented sales during the quarter

- EFERT DAP sales in 1Q 2018 were recorded at 54 KT vs 37 KT last year, up 46% YoY, market share for 1Q FY 2018 stood at 15% (1Q 2017: 12%)

- International prices have been picking up (currently hovering around CFR USD 430/T) due to seasonality factor which has resulted in gradual price increases during the quarter
Total sales in Q1 2018 for SFB stood at 44 KT vs Q1 2017 sales of 31 KT (higher by 40% YOY)

Higher sales were attributable to 7% increase in potash market (Q1 2018: 15 KT vs. Q1 2017: 14 KT) vs SPLY, better avails of MOP/SOP compared to last year and subsidy on NPK

Resultantly, EFERT’s market share for Q1 2018 clocked in at 42% vs 33% SPLY

Within total SFB sales, Zarkhez sales stood at 19 KT (up 12% YoY). MOP/SOP/AS sales stood at 9 KT (up 200% YoY), NP sales remained at 11 KT and sales from new products stood at 4 KT

This year, SFB has started marketing 4 new products; Zoron, Power Potash, SSP+Zn and Zabardast Urea

To support improved sales, production during 1Q 2018 stood at 34 KT vs 25 KT SPLY
For Q1 2018, the Company has declared Profit after Tax of PKR 3,890 M, an increase of 137% over PKR 1,638M earned in Q1 2017

Higher profitability was led by higher urea offtake, higher domestic prices on the back of reduced inventory levels and reduced finance cost

Sales revenue for the Company was PKR 18,219 million for Q1 2018, up 81% as compared to Q1 2017 (PKR 10,064 million)

Finance cost was lower at PKR 524 M (vs PKR 687 M SPLY) as a result of improved working capital, lower benchmark interest rates and re-pricing of various long-term loans.
GIDC on all non-concessionary gases is being accrued, but payment is being withheld due to litigation, in line with industry practice.

However, GIDC on concessionary gas is a separate legal matter, and EFERT continues to make no accrual or payments for GIDC.

Our current Subsidy Receivable from the government is at PKR 7.7 B. Despite repeated assurances by the GoP of timely settlement of subsidy, the matter remains outstanding due to procedural hurdles.

IRSA has forecasted shortage in surface water avails by 32% during early Kharif and 10% during late Kharif. Due to dry weather and lower water avails the cost of irrigation in canal dependent areas will increase for cotton crop during April-May. The water situation is expected to delay cotton sowing, which may delay the Urea offtake pattern in the country, especially in core cotton areas.
Globally, urea demand in 2018 is expected to grow marginally by 1.7%, while supply is expected to trend moderately higher with new capacities entering the global market.

Low crop prices and supply side pressure, along with the commissioning of new capacities in India, US and Nigeria are expected to keep prices soft during most of 2018.

Domestic urea market is expected to experience delayed offtake in the Kharif season due to expected water shortage in early Kharif however, total offtake is expected to remain stable, keeping prices around the same level going forward.

Local urea demand for 2018 is expected to remain stable, courtesy the anticipated improvement in farmer income and subsidy continuation in 2018 providing relief to demand. Domestic production is expected to clock around the same levels as 2017, hence maintaining the demand-supply equilibrium.

International DAP prices are expected to remain range bound in 2Q led by Indian demand.
THANK YOU

Q & A