

Analyst Briefing

1Q 2013 Business Results

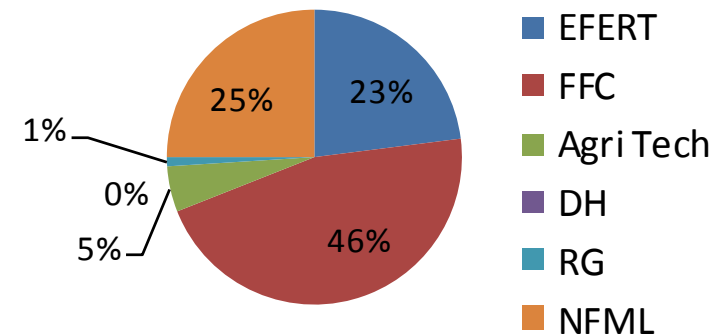


at the heart
of growth

Urea Industry (million Tons)	1Q 2013	1Q 2012
Production	1.0	1.0
Imports	0.1	0.7
Sales	1.3	1.0

Overall industry sales increased from 1.0 mn tons in 1Q 2012 to 1.3 mn tons in 1Q 2013 mainly due to better crop economics owing to enhanced wheat support price

Urea Market Share



- Domestically produced urea market share registered an increase of 101% in 1Q 2013 vs same period last year during which imported urea was being sold at sub optimal prices
- International urea price increased from USD 400/ton CFR Karachi-level at the beginning of the year to USD 415/ton in March 2013
- Current landed equivalent of international urea price is ~ Rs. 2,430/bag (USD 415/ton CFR Khi) ex. GST vs. domestic price of Rs. 1,440/bag ex. GST
- Gas prices increased in Jan 2013 by 6% which was passed on to the consumers
- The fertilizer industry continued to experience gas curtailment particularly on SNGPL network

UREA BUSINESS HIGHLIGHTS

Engro Fertilizers	1Q 2013	1Q 2012
Production (K tons)	296	255
Sales (K tons)	298	77
Revenue (PKR m)	9,672	3,263
EBITDA (PKR m)	4,607	392
PAT (PKR m)	646	(1,420)

- 1Q was profitable owing to higher production and higher sales due to efficient operations of Evenen on Mari gas, minor additional quantity of gas from SNGPL (Around 12 – 13 mmscfd) and some cost cutting measures
- Utilization debit due to plant issues was less than 2% during 1Q 2013
- Gas on Rota was not available during the quarter

Lender's Update

- Principal repayments due in 2H 2012 were deferred to 1Q 2013
- The Company is very close to an in-principle agreement on loan restructuring with local lenders
- Post agreement with local lenders, the Company will negotiate with other consortiums

Long Term

- ECC has approved summary of long-term gas supply out of which the Company's share is 78 mmscfd – implementation expected by mid-2014. This excludes the Bahu gas field which may take some time to develop
- The Four Fertilizer Manufacturers (FFM) Consortium has signed 3 GSAs (KPD, Reti Maru and Makori East) as well as a tolling agreement with the gas distribution companies
- The overall CAPEX has been revised to USD 115 MN and the Company's proportional share stands at USD 48 MN
- The weighted average cost of gas would be around USD 4.50 / mmbtu

Short Term

- In its efforts to secure gas during short-term (till mid-2014), a term-sheet with Mari SML has been executed for 22 mmscfd to increment production from Even
- Currently 10 mmscfd is being utilized from Mari SML and close to full volume will be achieved in 4-6 months post debottlenecking

Q&A

Thank You