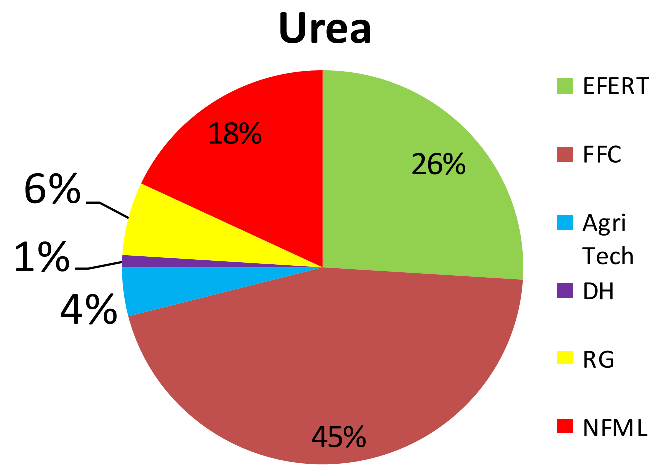
Analyst Briefing

2013 Business Results

Urea Market Environment

Urea Industry (million Tons)	2013	2012
Production	4.8	4.2
Imports	1.1	1.2
Sales	5.9	5.2

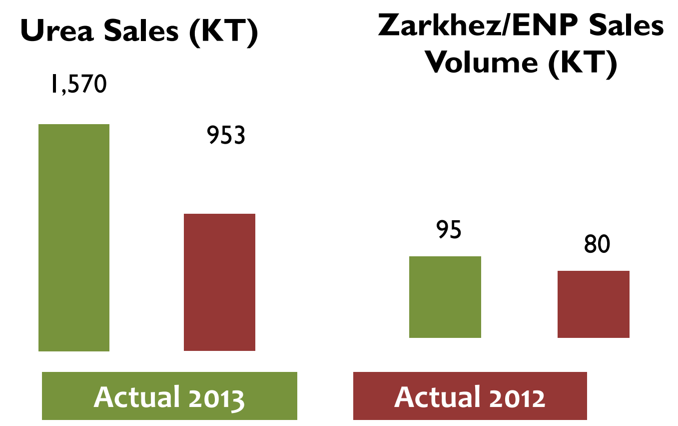
Industry grew by 13% (5.9 kT in 2013 versus 5.2 kT in 2012) due to better economics on major crops and increased off take as a result of restoration of channel confidence at retail and trade level.



- International urea price witnessed a downward trend in 2013 – USD 400/ton in the start of the year to USD 300/ton in 3Q. Current price is restored to ~USD 350/ton translating into a significant gap of ~ Rs. 750/bag when compared with the locally produced urea prices
- Local production increased by 17%. Consequently, the burden on national exchequer was reduced. The benefit passed on by the local producers to the farmers in 2013 is around Rs 60 billion
- Imports remained stable at 1.1 million tons
- The gas prices remained fairly stable in 2013. The Government, however, has increased the GIDC rate on feed gas by Rs 103 and fuel by Rs 50/MMBTU respectively. The urea price was increased to Rs 1,786/bag from Rs 1,722/bag partially transferring the gas cost increase

Business Highlights

Engro Fertilizers	2013	2012
Revenue (PKR b)	50.1	30.9
EBITDA (PKR b)	22.8	11.5
PAT (PKR b)	5.5	(2.9)
EPS (PKR / share)	4.66	(2.59)



- Top line exceeds PKR 50 Billion
- Highest Profit After Tax of PKR 5.5b – vs. a previous record of PKR 4.6b in 2011
- Highest ever back to back quarterly profits of PKR 2.2 b and PKR 1.8 b in 4Q and 3Q respectively
- Highest production (1,562KT) and sales (1,570 KT) vs. a previous best of 1,279 KT in 2011. Highest ever quarterly production of 499 KT
- The Company’s share of the urea market increased to 26% in 2013 as compared to 18% in 2012

GAS

engrofertilizers

- Mari SML (~22 MMSCFD) started flowing in from April 2013
- Approx one month gas on rotational basis was received in 1H 2013
- 60 MMSCFD gas from Mari shallow has started to flow from end July 2013. Engro is still receiving this gas
- Reti Maru (~11-12 MMSCFD) started flowing in from beginning 2014
- Ratification of Long Term (LT) allocation is pending with ECC. From this allocation ECC has temporarily allowed to use Reti Maru and Mari SML till LT solution is fully implemented. Capex on KPD is deferred until formal ratification
- In January 2014, ECC has approved the provision of Mari gas to the Company at concessionary rate in order to discharge the Government's contractual obligation. Implementation of this decision is expected in due course

OTHER HIGHLIGHTS

- EFERT Listed – the book building and public portions of the IPO were subscribed by 4x and 3x respectively. The Company is also going for listing on Islamabad Stock Exchange
- Loan restructuring completed
- Improved cash position allowed the Company to early pay some part of its 2014 debt obligations
- Daharki achieved Level 4 rating from DuPont in Process Safety Management. Highest for a fertilizer plant in the Dupont affiliated sites-worldwide

OUTLOOK

- Local urea demand in 2014 is expected to remain steady based on stable commodity prices and agri output
- International urea prices are expected to increase in the 2H 2014 as seasonal demand picks up. Significant gap between prices of locally produced urea and imported urea is expected to continue in 2014
- Gap is likely to persist between local production and demand which will be bridged through imports
- Government likely to hand over the distribution of imported urea to local fertilizer manufacturers – bringing in efficiencies

Q&A

Thank You