

AGRITECH LIMITED

CORPORATE BRIEFING SESSION – 13 Nov 2023

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Profile

A solid blue horizontal bar containing the text "Industry overview" in white, sans-serif font.

Industry overview

A solid blue horizontal bar containing the text "Financials / outlook" in white, sans-serif font.

Financials / outlook

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Interactive session

Profile

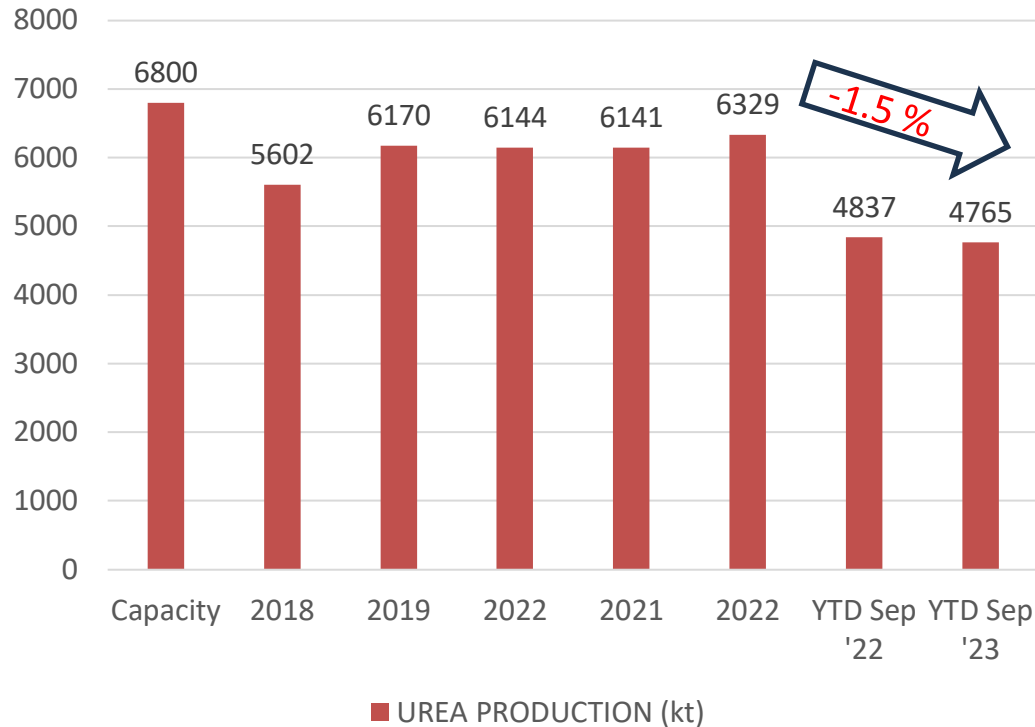
- **Agritech** (formerly Pak American Fertilizers Ltd) is the **First Fertilizer Complex** of the country established in 1958 at Mianwali (Punjab) with **Ammonium Sulphate** plant.
- Later with the recovery of Gas in the North, plant was switched to **Urea Manufacturing in 1998** with brand new Urea & Ammonia plants.
- GOP privatized Pak American in 2006
- **Hazara Phosphates** located in Haripur (KPK) was also acquired in 2008/09 as part of GOP Privatization plan.
- In 2010 the company was listed on PSX as Agritech Limited.
- Urea plant fully operated till 2010. Fertilizer sector as a whole, SNGPL plants including **Agritech** in particular faced **Gas Curtailment** from 2010/2011 onwards which intensified in subsequent years.
- **Consortium of Banks** are the major shareholders of the company since 2013/14. Multiple gas supply initiatives worked out with GOP in the past with gas supplies remained on intermittent basis.

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Industry overview

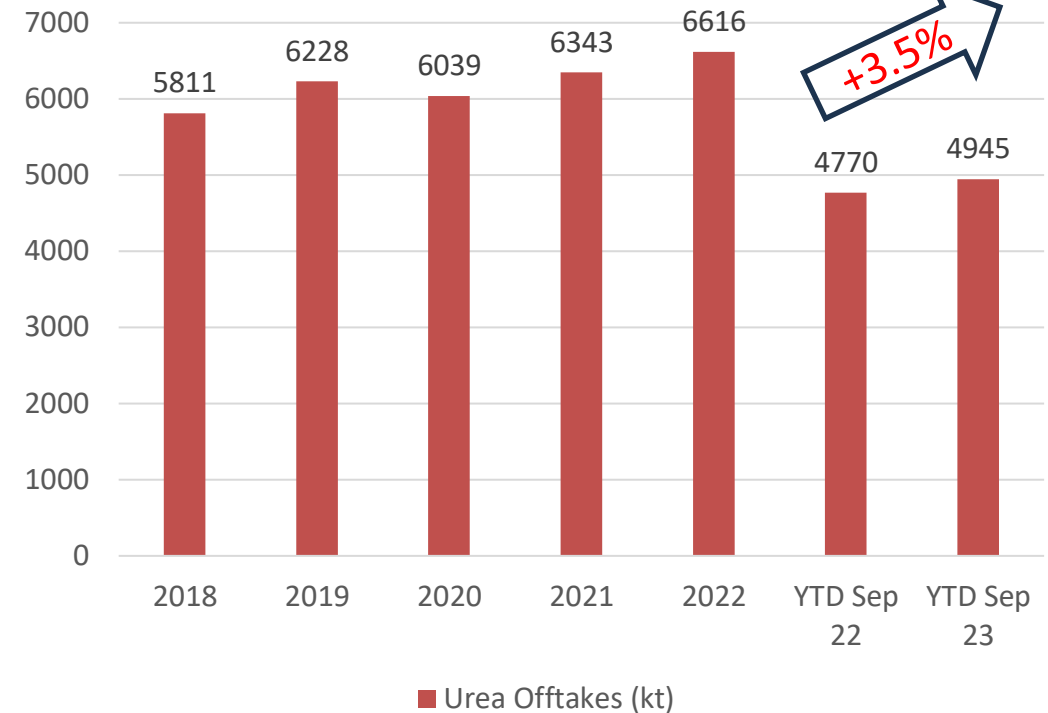
UREA INDUSTRY UPDATE

UREA PRODUCTION (kt)



- Production declines by 1.5% in 2023 vs 2022 (Jan-Sep).
- Gas curtailment to RLNG Plants in 1st Q '23.
- Lower gas supply to fertilizer plant on SSGC Network.

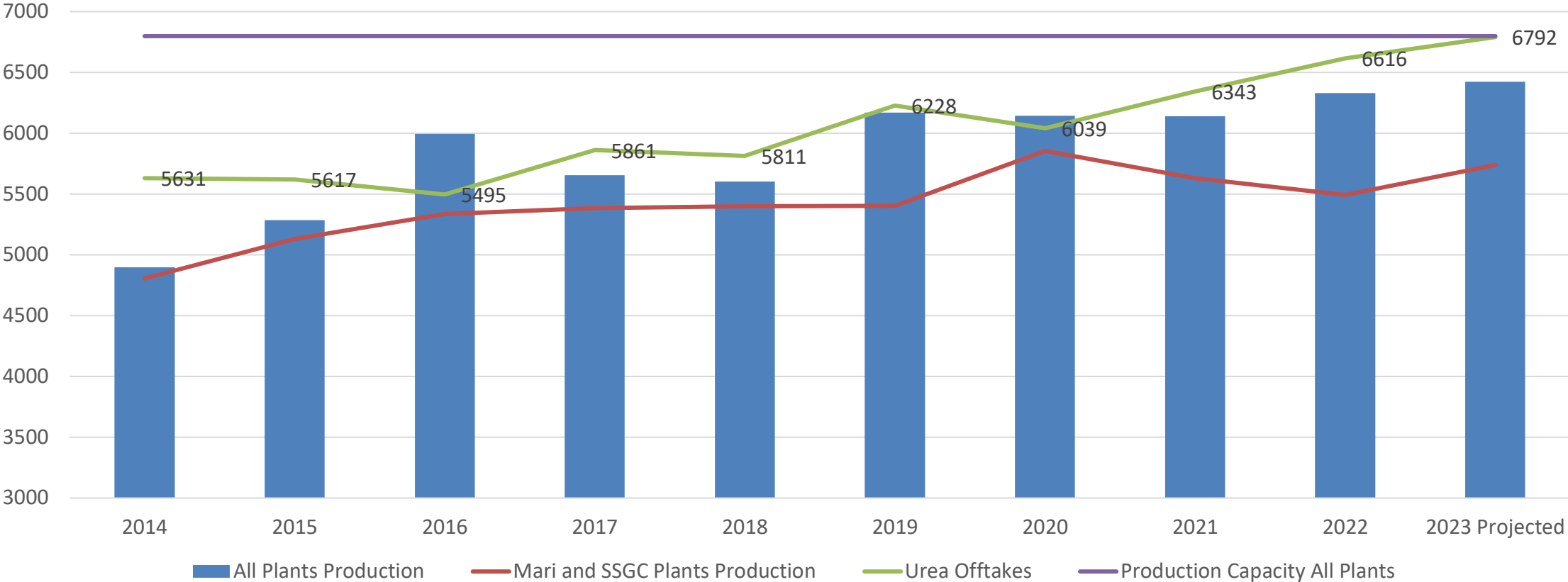
Urea Offtakes (kt)



- Offtakes increase by 3.5% in 2023 vs 2022 (Jan-Sep).
- Urea Offtakes - CAGR of 2.6 % for the past 5 years (1.9% last 10 Years).
- Improved Farm Economics (Wheat); and increase in Hybrid Area (Rice/Maize) major contributors.
- 2022 Offtakes at 97% of Industry Capacity.

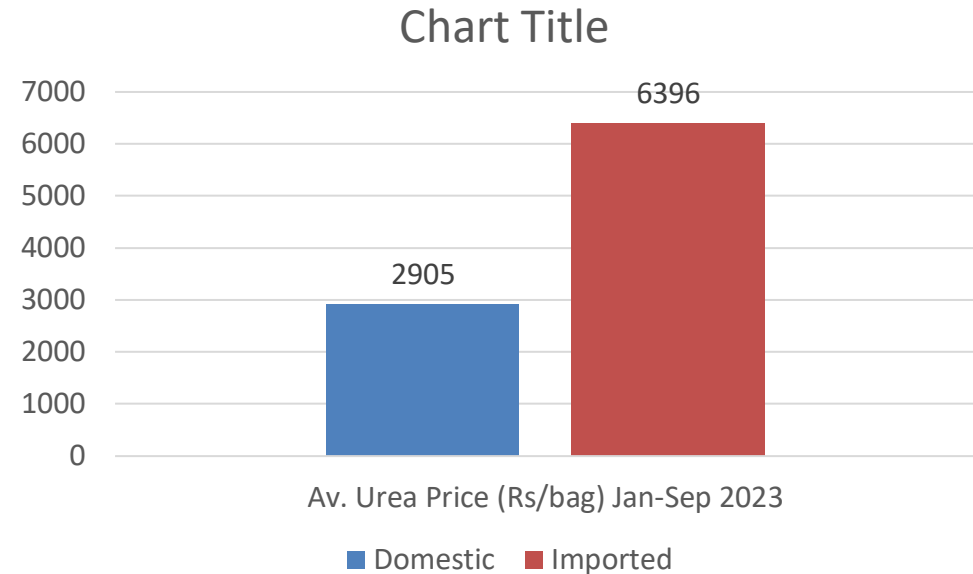
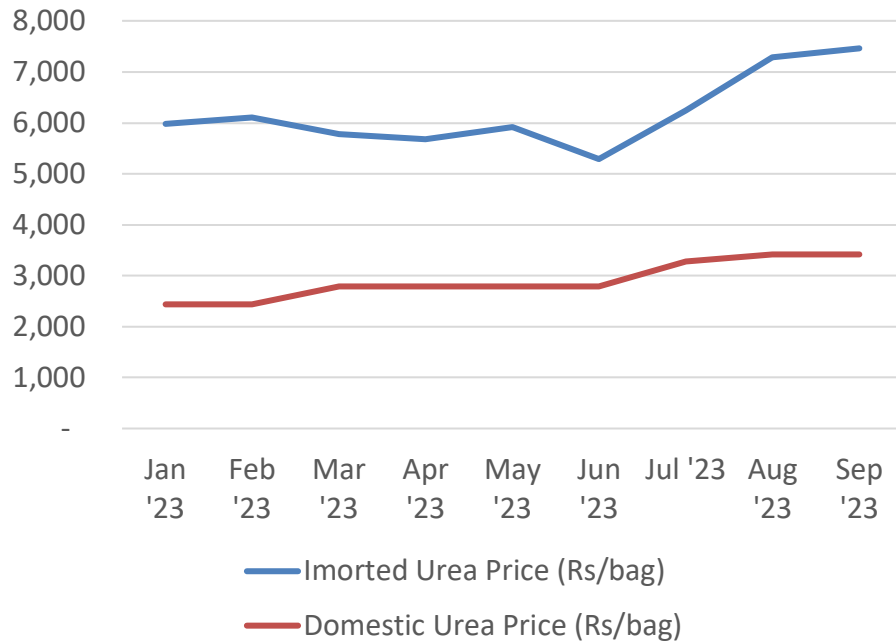
HISTORICAL GAP BETWEEN Offtakes and Domestic Production

Chart Title



➤ Installed Capacity of Urea in the country sufficient to meet Demand – Subject to full gas supply

Urea Prices : Domestic vs Imported

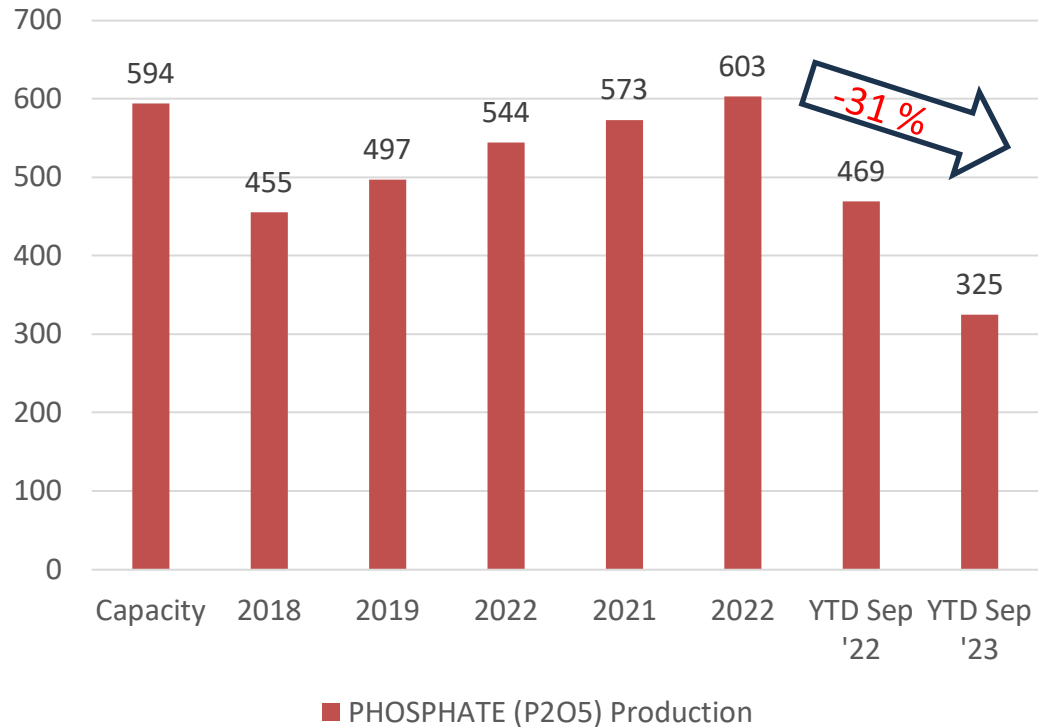


- Domestic Urea Prices significantly lower than international prices despite passing on Gas Prices.

- 453kt production in 2023 by RLNG plants resulted in savings of Rs 31.6 Billion (USD 111 million FOREX)

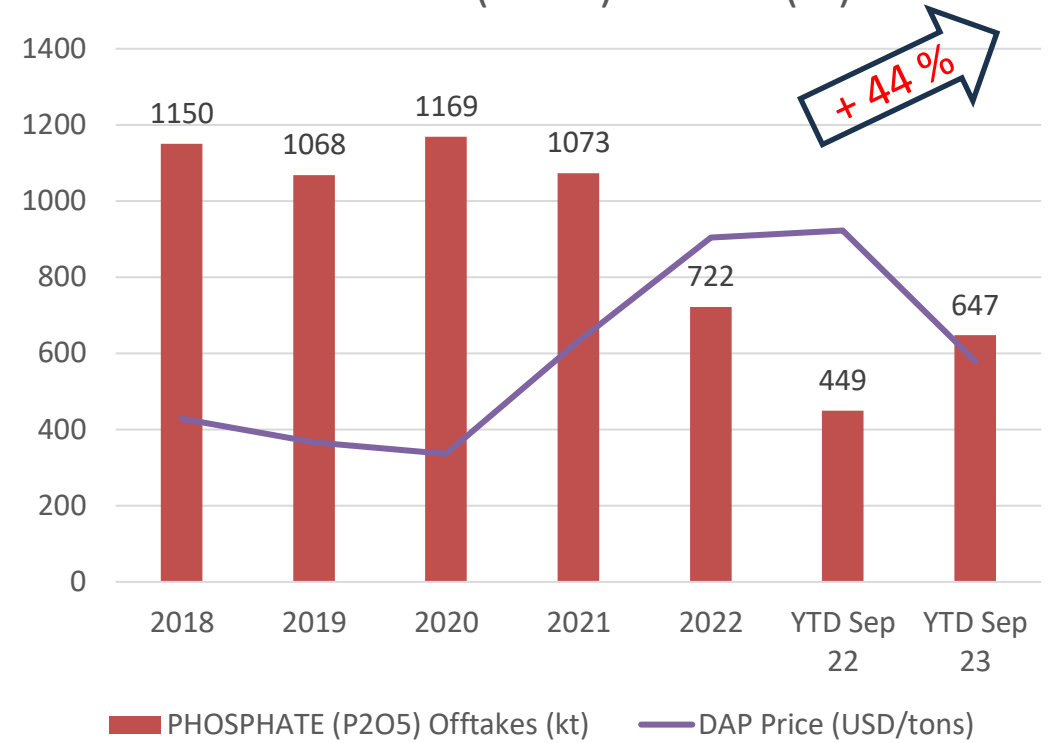
PHOSPHATE INDUSTRY UPDATE

PHOSPHATE (P2O5) Production (kt)



- Massive Demand Destruction in 2022, resulted in higher opening inventories for 2023.
- Production declines by 31 % in 2023 vs 2022 (Jan-Sep).
- Production decline seen across all segments.

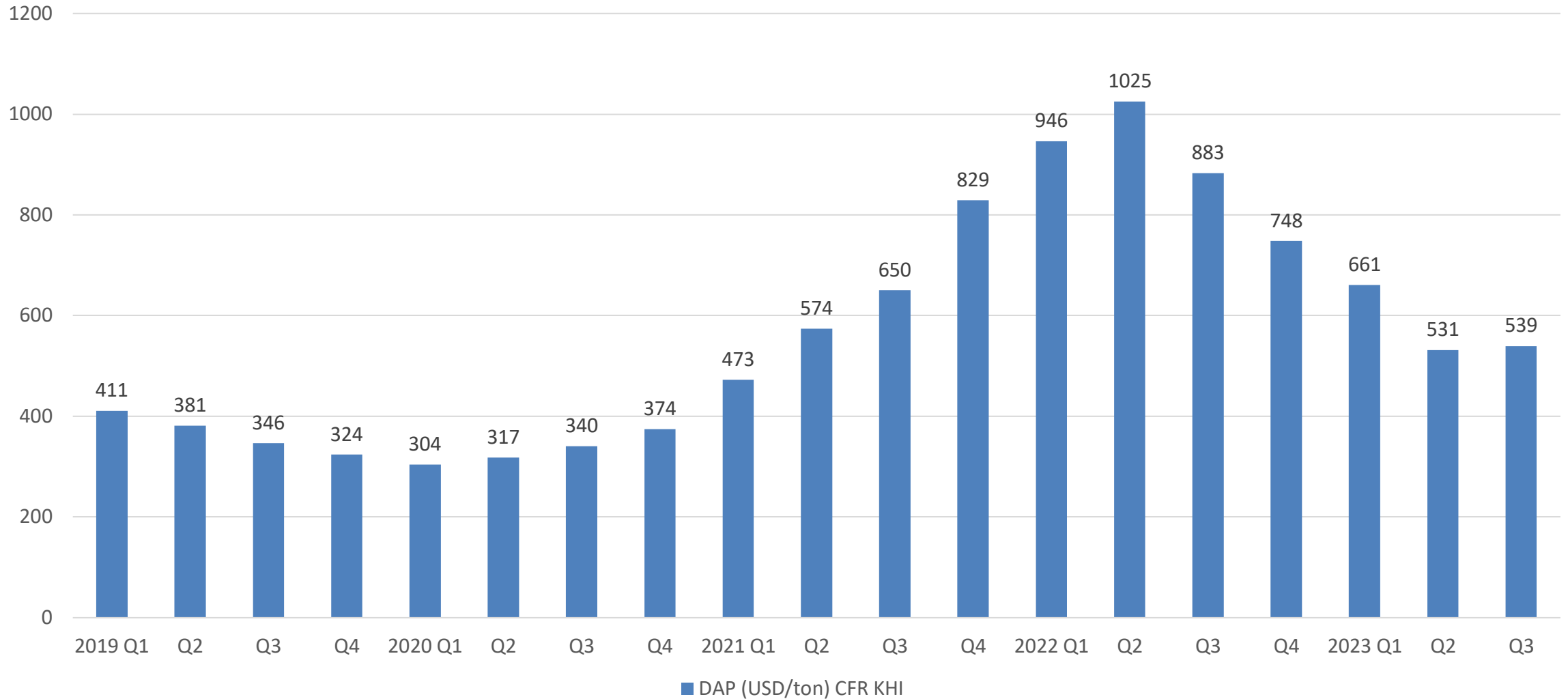
PHOSPHATE (P2O5) Offtake (kt)



- Offtakes increase by 44 % in 2023 vs 2022 (Jan-Sep).
- Lowering of Phosphate Prices made it economical for farmer along-with better Farm Economics (Wheat); and increase in Hybrid Area (Rice/Maize).

DAP (USD/ton) CFR KARACHI - Historical

DAP (USD/ton) CFR KHI

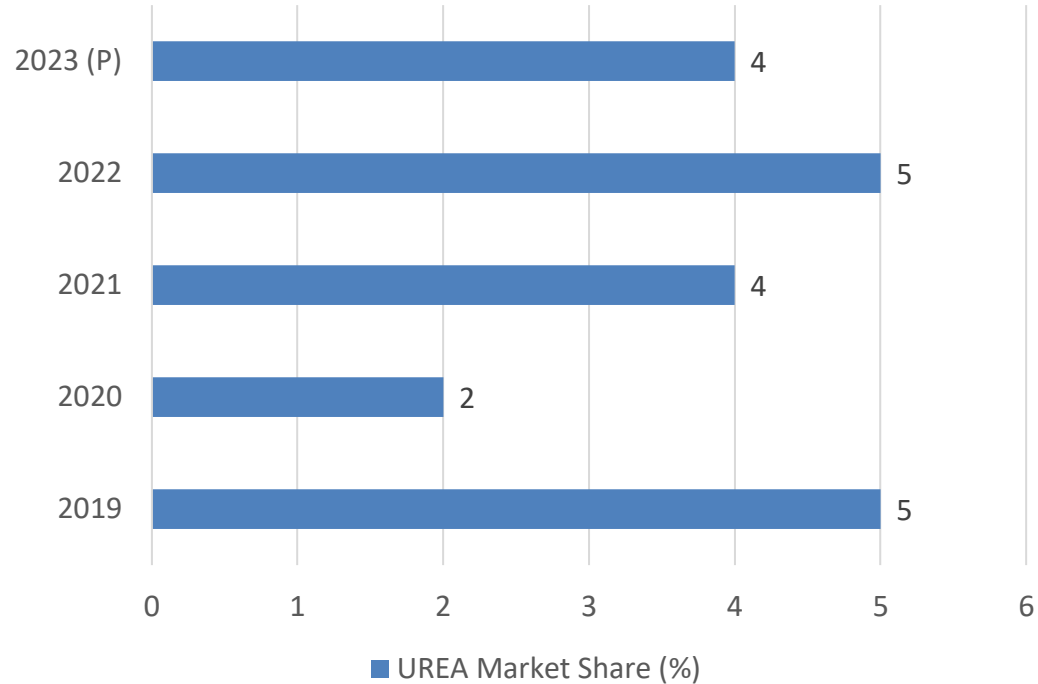


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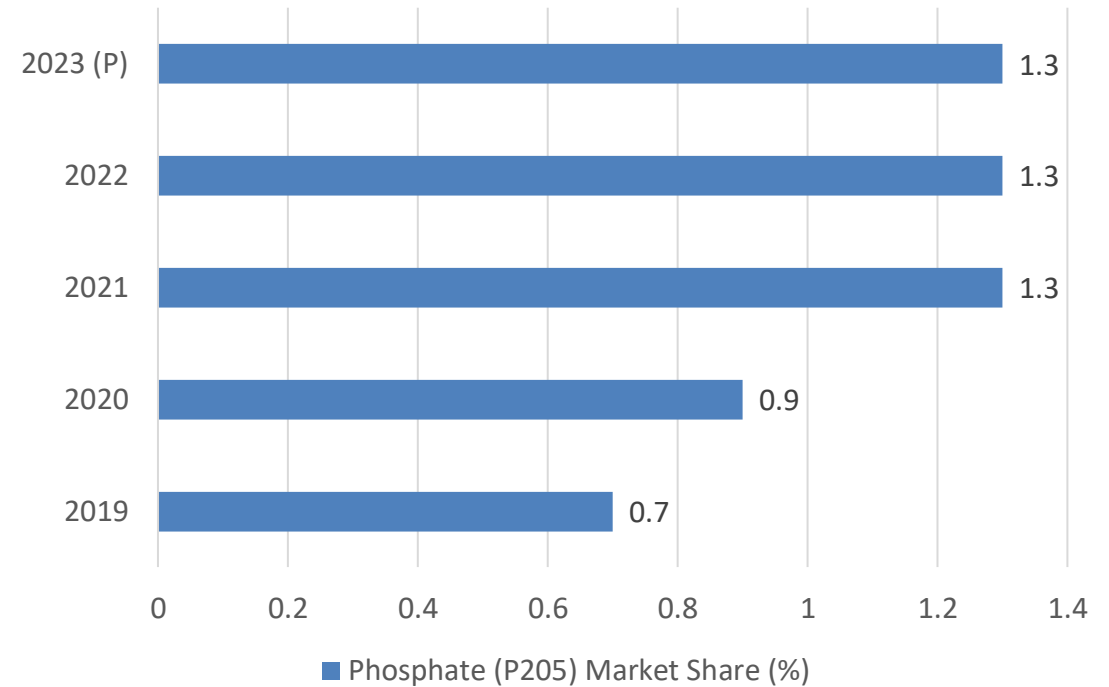
Financials / outlook

MARKET SHARES

UREA Market Share (%)



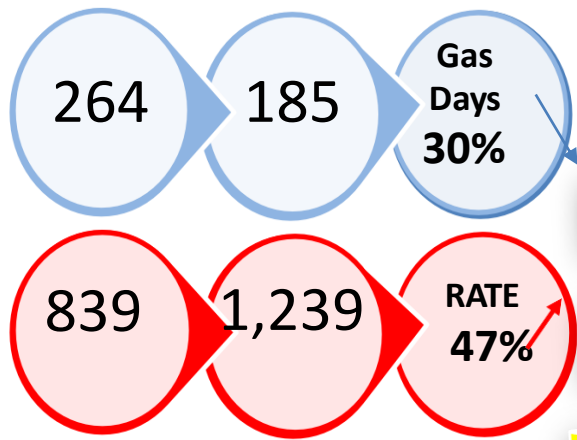
Phosphate (P2O5) Market Share (%)



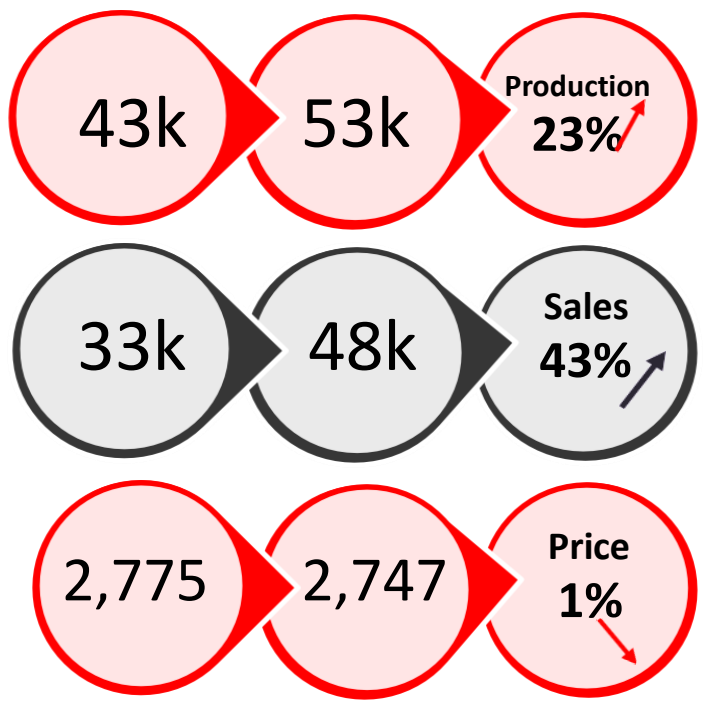
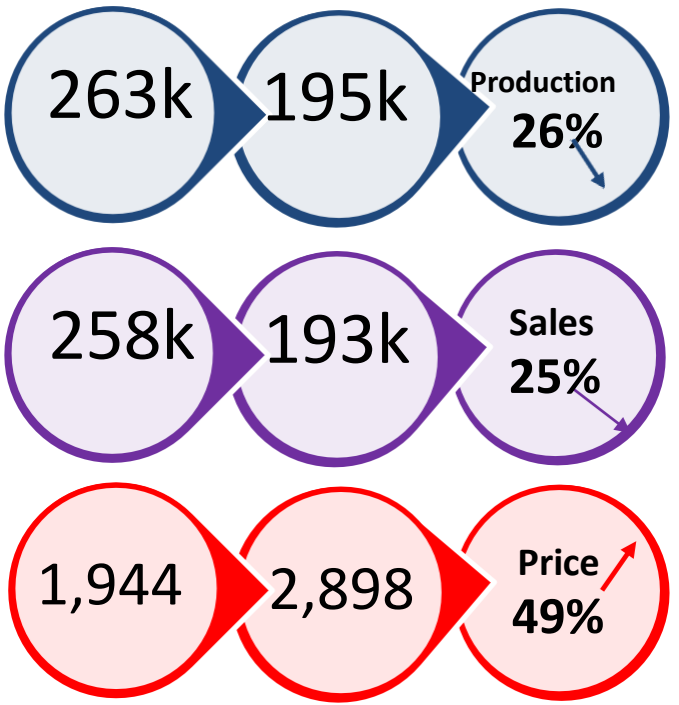
- Urea Market Share Dependent on Supply of Gas.
- 6% Share in overall Capacity of 6.8 million tons.

- Market Leader in SSP Category with more than 70% Market Share.
- Potential exists to improve Mkt Share through enhanced SSP Sales and DAP Imports.

AGRITECH BUSINESS PERFORMANCE (YTD SEP 2022 vs 2023)



	2022	2023	Change
Revenue (Rs Bn)	12	13.9	16%
Gross Profit (Rs Bn)	1.3	2.4	79%
Operating Profit (Rs Bn)	0.6	1.5	167%
Finance Cost (Rs Bn)	3.2	4.5	42%
Loss after Tax (Rs Bn)	(2.4)	(2.8)	14%
EBIDTA (Rs Bn)	1.8	2.9	63%



Scheme of Arrangement Key Milestones Achieved

- AGL Scheme of Arrangement sanctioned by Lahore High Court in July 2022
- Necessary disclosures to & PSX & SECP were made to effectuate the Completion Date
- Memorandum of Articles and Association of the Company amended. Authorized Share Capital enhanced to Rs. 35 Billion from Rs. 15 Billion.
- Changes of Options by the lenders undertaken and Four Tranches of Cash Flow (CFAD) amounting ~Rs. 1,541 Million paid
- Reconciliation of balances with vendors and verification by auditors has been initiated.
- Issuance of Preference Shares and Zero Coupon PPTFCs is expected to be completed by 31 Dec 2023.

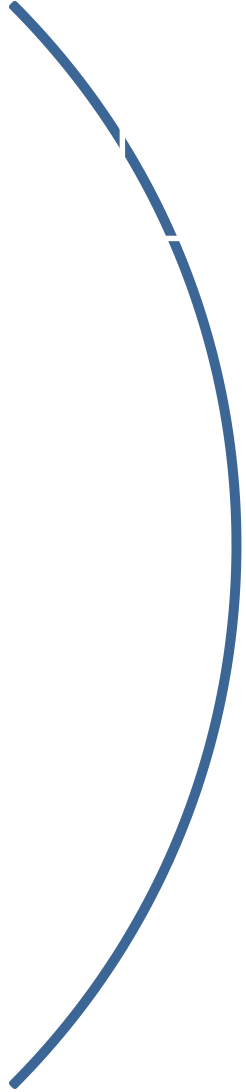
Robust Urea Demand and likely Urea shortages in the country to ensure Continuity of Gas Supply to the Company's Urea Plant

Gas Pricing Reform by GOP likely to settle the Uniform Gas Pricing Negotiation with Industry bringing all plants at Uniform Gas Rates

Phosphate Fertilizers (lead by DAP) prices' downward adjustments and likely demand recovery of all phosphates fertilizer variants including SSP.

Implementation of Scheme of Arrangement with complete disbursements of CFADS to lenders and completing the process to issue Preference Shares and TFCs.

Production and Efficiency Enhancement Initiatives for both Urea and SSP to be undertaken.



Interactive session