Fertilizer Sector — Chemicals

Sow today, harvest tomorrow!

Fertilizer sector – Set to rebound

Though an awful year for the fertilizer sector came to an end, clouds of uncertainties still roam around the sector. Among key issues, with respect to the fertilizer sector, gas remains on top. Companies on the SNGPL's network suffered the most, with complete gas shutdown for almost 290 days in CY12. Since a long-term gas plan has been on the cards, for the plants operating on the SNGPL network, the new ray of hope has eventually spelled out new soul into the fertilizer sector scrips once particulars of the long-term plan were approved by the ECC.

Engro Corporation Limited – The worst seems behind us

CY12 was a miserable year for Engro Corporation, as its fertilizer arm (Enven) only managed to operate for 45 days during the entire year. This was the prime factor in dragging company's bottom-line by a heft hefty 77% YoY in CY12. Silver lining appears on the horizon with the approval of long term gas plan, which will enable ENGRO to operate both of its plants though at a higher gas price of PKR 426/mmbtu, expected to be materialized by 2QCY14. Meanwhile, ENGRO is expected to receive gas from SNGP's network as and when available on the agreed price of PKR 70/mmbtu. Assuming a 45 days gas availability of 76mmcfd, we expect EFERT to post an EPS of PKR 2.39 (Impact on ENGRO: PKR 4.99/share) in CY13. The stock offers 51% upside with SOTP Dec-13 PT of PKR 196/share; thus we recommend 'Buy'.

Fauji fertilizer Company Limited – Safest bet in the fertilizer sector

FFC remained the biggest beneficiary in terms of gas curtailment to peers in CY12, thanks to Mari's gas network, which faced least gas curtailment (~12%-15%). FFC remained the market leader in urea sales, as the company managed to cater 46% of total urea offtake with capacity utilization at 120%. We expect the company to carry forward the same utilization level in CY13 with an estimated earnings PKR 15.49/share. We also expect the company's new ventures i.e. significant stake in AKBL and power sector to yield long-term support to earnings. FFC trades at 16% discount to our DCF based Dec-13 TP of PKR 126/share. In addition, a massive CY13F DY of 14% puts icing on the cake. 'Buy' FFC!

Fauji Fertilizer Bin Qasim Limited – DAP margins on thriving mode

FFBL's plant remained shut on numerous occasions due to persistent gas curtailments during CY12. We expect CY13 not to bring any major turnaround in terms of gas availability. However, strong recovery in DAP's primary margins (12% YoY jump to USD 280/ton) coupled with the fact that DAP production requires less gas (so low impact of gas curtailment on DAP production) is not only expected to mitigate the impact of lower urea production due to gas curtailment but yield a healthy 46% YoY earnings growth to PKR 6.66/share during CY13. Our DCF based Dec-13 target price for FFBL works out to PKR 45/share, offering an upside potential of 22% with CY13F DY of 16%, so, we recommend 'Buy' on FFBL.

Scrip	PE*	Div Yield*	PB*	ROE*	Target Price	Upside	Recommendation
FFC	7.0	14%	5.1	73%	126	16%	BUY
ENGRO	7.8	-	1.6	21%	196	50%	BUY
FFBL	5.6	16%	2.6	47%	45	22%	BUY

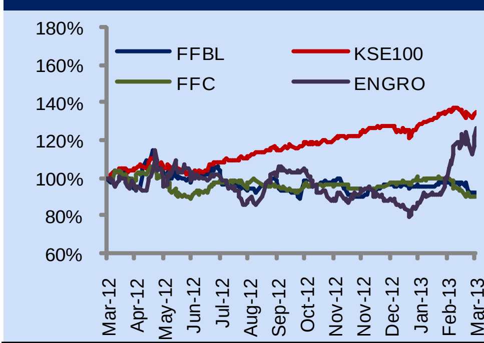
Source: Arif Habib Research, * On CY13F earnings

Fauji Fertilizer	
Target Price	126
Last Closing	109
Upside	16%
KSE Code	FFC
Bloomberg Code	FFC PA

Fauji Fertilizer Bin Qasim	
Target Price	45
Last Closing	37
Upside	22%
KSE Code	FFBL
Bloomberg Code	FFBL PA

Engro Corporation	
Target Price	196
Last Closing	130
Upside	51%
KSE Code	ENGRO
Bloomberg Code	ENGRO PA

Stock Performance



Source: KSE

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Content

Closing Prices as of Tuesday, 26th March, 2013

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Sow today, harvest tomorrow!

Though an awful year for the fertilizer sector came to an end, clouds of uncertainties still roam around the sector. Among key issues, with respect to the fertilizer sector, gas remains on top. Companies on the SNGPL network suffered the most, with complete gas shutdown for almost 290 days in CY12. However, a safe bet can be made on the companies operating on MARI's network. In this detailed note, we have discussed Pakistan fertilizer sector's fate going forward, including various factors that are shaping up the profitability outlook of the entire sector as well as individual companies alongside key risks that may continue to affect individual companies differently. Our individual company sample includes FFC, FFBL and ENGRO.

Gas plan on the map!

Since a long-term gas plan has been on the cards, for the plants operating on the SNGPL network, the new ray of hope has eventually spelled out new soul into the fertilizer sector scrips, once particulars of the long-term plan were approved by the ECC. With the approval of the long-term plan (detailed graphical presentation of plan provided in the annexure) and the GSA signed, ENGRO and DWHC rallied by 43%, 59%, respectively against KSE100's 5.7% since Jan-13. Only AGL lagged with -5.3% return.

Long term plan breakup	
Company	mmcfd
Engro	79
Dawood Herculus Fertilizer	40
Pak Arab Fertilizer	58
Agritech Limited	25
Total	**202**

Source: Arif Habib Research

The ECC has already approved the diversion of allocated gas from ENGRO's old plant to its new plant till Dec 31, 2013. Gas from MARI SML and Reti Maru could be in the network within the expected timeframe of 6-8 months (considered as the short-term plan). This should particularly benefit ENGRO in the short term, as the two fields are quite adjacent to the company's plant. However, the long-term plan is scheduled to take around 12 months for completion (operational from 2QCY14). As per KSE notice, the GSA between EFert and the two fields i.e. Kunnar Pasaki Deep and Reti Maru has been signed while the gas price has not been disclosed by the company. Similarly, ENGRO's other GSAs are also expected to be signed soon with respect to Mari SML as well as Sara West. Detail of the short-term as well as long-term plans is given as under:

Fields	Long term plan mmcfd	Availability Timeframe
Kunnar Pasaki Deep	130	10 to 12 months
Mari SML	22	2 to 3 months
Bahu	15	NA
Reti Maru	10	5 to 6 months
Markori East	25	NA
Total	**202**	

Source: Arif Habib Research

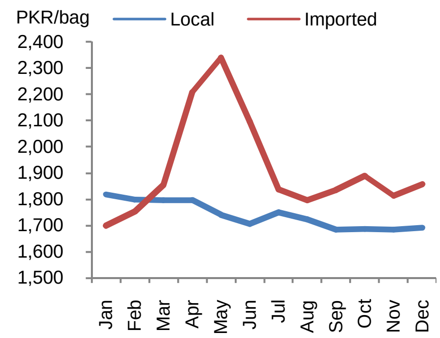
Fields	Short term plan mmcfd	Availability Timeframe
Mari SML	22	2 to 3 months
Reti Maru	10	5 to 6 months
Sara West	-	NA
Total	**32**	

Source: Arif Habib Research

Pricing scenario; price cut seems a far cry!

On the product pricing side, we rule out any price cuts in CY13 mainly due to unavailability of the gas on an immediate basis, and even the short term plan (Reti Maru, Mari SML, and Sara West) is expected to take at 6-8 months, thereby reducing any chance of price cuts in CY13. Instead, bright possibility exists for urea price augmentation (to pass on price to consumer), when OGRA is expected to increase gas sale prices from Jul-13 onwards.

Urea pricing in CY12



Source: NFDC and Bloomberg

Other side of the story post long-term gas plan

With the successful implementation of the long-term gas arrangement plan assuming gas price, for plants operating on the SNGPL network, at USD5.0/mmbtu or ~PKR 500/mmbtu (excluding ENGRO, FFC ad FFBL), we expect urea price to rather be raised from 2QCY14 onwards.

In this regard, as per our calculations, the price for the 17% of the total urea production (or 0.9mn tons) should be increased by PKR 221/bag (see table below). Particularly, the cost for ENGRO's Enven could jump by PKR 392/bag or 509% post gas-price increase (from USc70/mmbtu to USD4.26/mmbtu). However, weighted average gas cost for ENGRO should lead to a hike of PKR 224/bag post long-term plan.

Hence, after the proposed scenario, cost of 34% of total urea production (~2.1mn tons) is expected to increase by an average PKR 224/bag. Conclusively, going forward, we do not expect any price reduction from fertilizer companies, hence as analysis shows on average urea prices are expected to increase by PKR 224/bag once the long-term plan is in place primarily on account of increase in gas costs. The table further elaborates:

Company	Gas Price (PKR/mmbtu)		Conversion	Per ton Feed Gas Cost		Capacity	Utilisation	Production	Gas Cost (PKR mn)	
	New	Old		New	Old			mn tons	New	Old
FFC	320	320	24.00	7,680	7,680	2.04	120%	2.45	18,819	18,819
ENGRO (Old)	320	320	23.50	7,520	7,520	0.98	90%	0.88	6,599	6,599
ENGRO (Enven)	426	70	22.00	9,372	1,540	1.30	90%	1.17	10,965	1,802
FFBL	320	320	24.50	7,840	7,840	0.50	50%	0.25	1,960	1,960
FATIMA	70	70	21.00	1,470	1,470	0.50	90%	0.45	662	662
PAK Arab	500	320	24.50	12,250	7,840	0.09	90%	0.08	1,014	649
Agritech	500	320	24.50	12,250	7,840	0.47	90%	0.42	5,149	3,295
Dawood Herculis	500	320	24.50	12,250	7,840	0.45	90%	0.40	4,906	3,140
								6.10	50,074	36,925

	PKR/ton	PKR/bag
Increase in Feed gas cost for plants on SNGP excluding ENGRO	4,410	221
Increase in Feed gas cost for ENGRO's ENVEN	7,832	392
Weighted Avg increase in Feed Stock Cost for ENGRO	4,475	224

Source: Arif Habib Research

FFC and FATIMA stand as key beneficiaries of price hike

FFC and FATIMA would remain major beneficiaries with respect to any increase in urea prices ahead, post long-term gas plan. FFC being the major player in the industry is expected to enjoy windfall gains in this regard while FATIMA would benefit the most courtesy its subsidized gas agreement with MARI Gas at USc 70/mmbtu.

GIDC remains talk of the town

Earlier, with the commencement of CY12, the Federal gov't applied Gas Infrastructure Development Surcharge (GIDC) to all the fertilizer plants, which led gas prices to surge by a massive PKR 197/mmtbu, translating into a hefty jump of 207% YoY. After the imposition of the GIDC, the average urea price per 0bag went straight up 20% YoY in CY12. FATIMA and ENGRO were the key beneficiaries of the aforesaid cess due to their long-term agreements in place with the GoP at subsidized feed-stock price for ten years. However, only FATIMA enjoyed the aforesaid benefit as ENGRO (EnVen plant) was facing fatal gas curtailment due to shortage of gas on the SNGPL network.

Companies	Pass on price (PKR/bag)	Annualized EPS impact (no pass-on)
FFC	161	(3.54)
FFBL	177	(0.64)
ENGRO Fert	141	(1.91)
ENGRO Corp	-	(4.00)

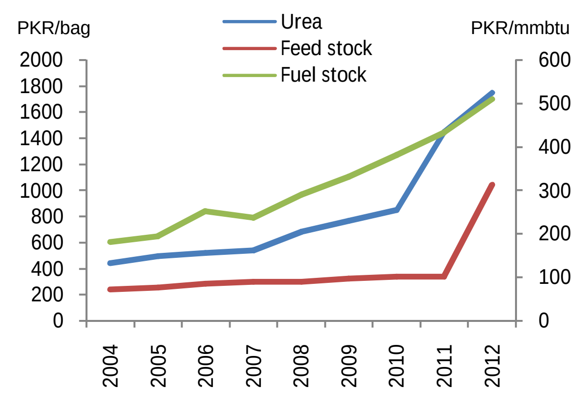
Source: Arif Habib Research

Company	Pass on price (PKR/bag)	Annualized EPS impact (pass-on)
FATIMA	161	0.63

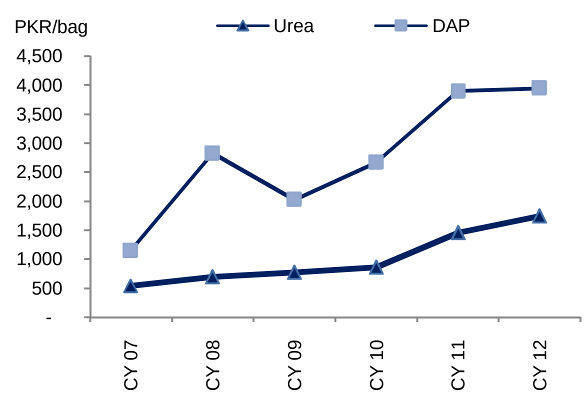
Source: Arif Habib Research

As per the Budgetary Document for FY13, and the Finance Bill 2012, the gov't had already approved the maximum price of GIDC, i.e PKR 300/mmbtu. However, GIDC for FY13TD remained intact at PKR 197/mmbtu, which is expected to be the same for the rest of FY13 as well. Our discussion with the industry reveals that urea manufacturers are not in a position to bear such a massive hike in gas prices (+52%) and, thus, passing on this impact in the urea prices, once increased, would be the eventual reality.

Gas and Fertilizer prices



Historical Urea and DAP prices



Source: NFDC and Arif Habib Research

Outlook

As far as sector outlook is concerned, we expect sector's urea offtake to grow by 5% YoY in CY13. Our assumption with respect to growth in urea offtake mainly stems from: 1) increase in Wheat Support Price to PKR 1200/maund, 2) low interest rates to provide farmers with cheap agri-loans, 3) better demand due to increased cultivatable areas with improving yields amid favorable weather conditions last year (absence of huge floods).

As far as the long-term gas plan goes (gas pipeline to SNGPL network), we expect its materialization from 2QCY14 onwards and the impact on companies' earnings from there onwards. Product prices may then be interesting to track as we expect a notch-up given higher gas prices along with pipeline expenditures incurred by the beneficiaries.

Key Risks

The key risk remains the unavailability of gas to the fertilizer plants, especially on the SNGPL network. In this regard, the materialization of the long-term plan and its timings are very crucial for the plants operating on the SNGPL network.

Alongside, pricing risk prevails, as the gov't may pressurize the manufacturers to cut urea prices due to the plants utilizing its optimal capacities once the gov't fulfils its commitment for the dedicated gas supply to all the companies operating on the SNGPL network. However, we believe the probability of this risk is low, as the gov't is assuring gas supply to all the plants on SNGPL but at a significantly higher gas rate (56% higher than current levels) than the industry.

Additionally, the imported urea could be a threat to local manufacturers due to its subsidized price. The difference between the subsidized and the local prices is negatively related to the local sales. The GoP has already approved import of 0.17mn tons of urea for the upcoming Kharif season. This remains a threat in the short term.

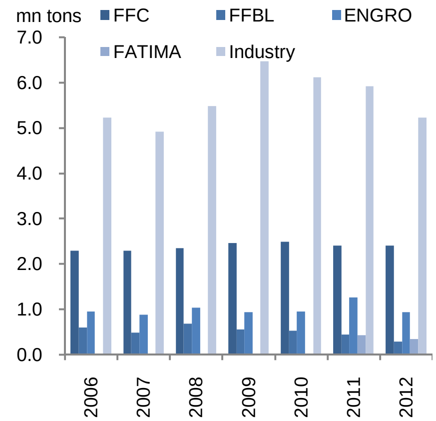
Political instability and upcoming elections in May 13 remain a significant risk factor for the industry. The policies of the new gov't and how it prioritizes gas allocation to the fertilizer sector would clarify the future of the fertilizer sector. However, with the long-term gas plan already approved, chances of gas curtailment would minimize as the plants operating on the SNGPL network would receive gas from the dedicated fields.

CY12 an ailing year for domestic fertilizers

Urea offtake remains dull, higher prices come to rescue

Total urea offtake for CY12 was down 11.5% YoY to stand at 5.2mn tons while our sample's offtake was down 11.7%. However, as far as revenues are concerned, our fertilizer sample's revenue rose 7% YoY. These incremental sales were mainly on account of higher urea prices (17% YoY in CY12) during the year. On the other hand, gross margins of our sample plunged by a massive 1,300bps during the year, from 50% in CY11 to 37% in CY12. This decline in gross margins was mainly due to upsurge in feed as well as fuel stock prices by massive 207% and 17% YoY to PKR 313/mmbtu and 510/mmbtu respectively. This decline in gross margins squeezed net margins to 15% in CY12, from a high of 27% in CY11.

CY12 Urea Offtake



Source: NFDC

Severe production losses amid acute gas dearth but better 4Q CY12 earnings

Total urea production for CY12 clocked in at 4.3mn tons, down 12% YoY against the last year production of 4.9mn tons. This sizeable decline in the production was mainly due to the unavailability of gas particularly for the plants operating on the SNGPL network. As the commencement of Rabi season in 4Q was witnessed, along with expected increase in gas prices from Jan-13, urea offtake during 4QCY12 was boosted by 55% QoQ (pre-buying in expectation of increase in urea prices as seen in Jun-12). The profitability of our sample companies rose massive 151% QoQ to stand at PKR 9,294mn in 4QCY12.

Company-wise profitability analysis 2012

FFC remained the best-performer in our sector sample, as the company's offtake remained intact at 2.4mn tons in comparison with the industry's decline of 11.5% YoY. FFC's bottomline was marginally down 7% YoY to PKR 20.84bn in CY12.

On the other hand, FFBL faced complete shutdown of gas in 1QCY12, leading to gross loss during the quarter. However, FFBL's profitability jumped back, primarily due to prospering primary margins on DAP (increase in local product prices while decrease in int'l raw material prices). FFBL's bottom-line plunged 60% YoY to PKR 4.3bn in CY12; the reduction was mainly due to the lower production of urea.

ENGRO was the key victim of gas curtailment during CY12; with its new plant remaining un-operational during 1HCY12 (arrangement was made in the 2HCY12 for diversion of gas to EnVen from the base plant due to annual turnaround). ENGRO's total urea offtake plunged 25% YoY to 0.9mn tons while production contracted by 22% YoY in CY12. Thus, Engro Fertilizer recorded net loss of PKR 2.9bn in CY12, mainly owing to gas curtailment and immense financial cost burden.

Engro Corporation Limited (ENGRO)

Severe pain in CY12

CY12 was a miserable year for Engro Corporation, as its fertilizer arm only managed to operate for 45 days during the entire year. However, to lessen the severity of the situation, the company decided to divert gas from its base plant to EnVen. This enabled the company to yield 15-20% higher production from the same amount of gas due to efficiency of the new plant. However, it was a little too less and too late for CY12 profitability, which went downward by a hefty 77% YoY in CY12. However, net sales of Engro Corp. went up 9% YoY, mainly on account of 53% YoY jump in EFOOD's sales in CY12. Despite a 400bps jump in gross margin of EFOOD, ENGRO suffered a 500bps drop in gross margins mainly on account of high gas prices and imposition of GIDC.

P&L (PKR mn)	CY12A	CY11A	YoY
Sales	125,151	114,612	9%
Gross profit	28,520	32,081	-11%
Selling and Admin expenses	11,683	10,177	15%
Other income	2,028	2,057	-1%
Finance cost	17,404	14,244	22%
Profit before taxation	2,457	11,459	-79%
Profit after taxation	1,797	7,811	-77%
EPS (PKR)	2.61	15.77	
DPS (PKR)	-	6.00	

Source: Company accounts

GSA at USD 4.26/mmbtu for the pipeline while USD 3.2/mmbtu remains for CY13

The ECC has already extended the gas supply diversion from the Mari network to Enven till Dec-13. However, as per our discussion with the industry, the gov't has turned down ENGRO's request to supply the gas at a subsidized price of USD 0.7/mmbtu while USD 3.2/mmbtu has been continued at least for CY13.

Currently, ENGRO is operating its new plant (Enven) on Mari gas network (gas diversion from the base plant). Total gas availability to the new plant stands at 103mmcfd (93mmcfd from Mari, 10mmcfd from SNGPL). We foresee that, EFert will operate EnVen till the completion of the long-term gas plan (end 1QCY14) and the gas price will remain at USD 3.2/mmbtu. After completion of the long-term gas arrangement plan through a pipeline (details provided in annexure), while the company is expected to contend for its original GSA price of USc70/mmbtu, the gas price contract for the pipeline is expected to have been finalized at USD 4.26/mmbtu (feed gas at USD 3.75/mmbtu, USD 0.51/mmbtu as tolling charge). ENGRO is expected to operate both of its plants at 90% utilization levels once the pipeline becomes operational in CY14. Following table summarizes the benefits of gas diversion from base plant to EnVen.

Category	Units	Base	EnVen	Change
Gas	mmcfd	93	103	10 mmcfd additional
Heat rate	Btu/cu.ft	730	753	n.m
Gas	mmbtu	67,890	77,559	9,669
Consumption	mmbtu/ton	23.50	22.00	n.m
Production	Tons/day	2,889	3,525	636
Production per annum	Tons	953,349	1,163,385	22%
Total Capacity	Tons	975,000	1,300,000	n.m
Capacity utilisation	%	98%	89%	n.m

Source: Arif Habib Research .

Buy

Target Price	196.00
Last Closing	130.03
Upside	51%
KSE Code	ENGRO
Bloomberg Code	ENGRO PA

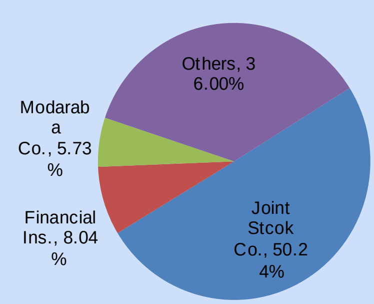
The Company

Engro Corporation Limited is a public listed company incorporated in Pakistan and its shares are quoted on Karachi, Lahore and Islamabad stock exchanges. The principal activity of the company is to manage investments in subsidairy companies and joint ventures. Engro fertilizer, Engro Polymer, Engro Foods, Engro Eximp and Engro Pow er are the subsidairies of Engro Corportaion, While Engro Vopak is a joint venture.

Shares

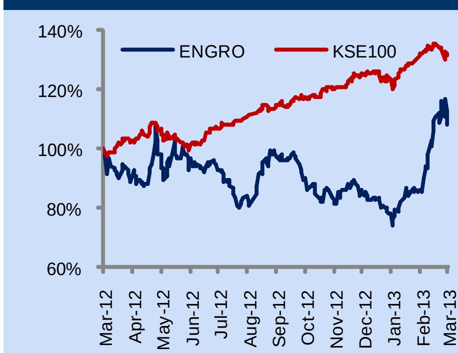
Market Cap (US$ m)	678.4
Outstanding Shares (m)	511.3
Free Float	50%
12M Avg. Daily Turnover (m)	4.6
12M High/Low (PKR)	128.65/81.92

Shareholding



Source: Company Financials

Stock Performance



Source: Bloomberg

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Pricing scenario once the long-term plan in place

As far as product pricing is concerned, ENGRO is expected to maintain urea prices at current levels with least expectation of any price war in CY13, with part gas provision during the year. We derive our assumption from the demand-supply gap of urea, which is expected to remain widened as witnessed from regular imports being made by the gov't. The GoP has already approved 0.13mn tons of urea for the Kharif season (commencing Apr-13 onwards). Even by mid 2014, when both of ENGRO's plants are expected to be operational, we rule out any significant price cuts provided massive increase in contract gas price, especially for ENGRO (at USD4.26/mmbtu instead of Enven's original contract price of USc70/mmbtu), unless the gas price is revised downward to the original GSA. Given huge financial burden and inability to absorb significant hike in the feed gas prices, increase in urea prices can be expected, instead.

What to expect in CY13?

We have run sensitivity on EFert's earrings assuming various possible scenarios. For the base-case of CY13 (remains same in all scenarios) we have assumed base plant to receive gas when there is an additional availability on the SNGPL network (recall the situation last year when Enven operated less than 45 days on SNGPL network) and Enven to operate at 90% capacity level (on Mari gas network) till the completion of the long-term gas plan (expected by end 1QCY14). Thus for CY13, the feed (gas) stock price for Enven will be USD 3.2/mmbtu (PKR 320.42/mmtbu same as current level) while for the base plant, once operational on incremental gas flows in CY13, the feed gas price expected to be applied will be USD 0.7/mmbtu (~PKR 70/mmtbu) till 1QCY14. ENGRO's earnings sensitivity on CY13-gas diversion from Mari to Enven with old plant being run at USc70/mmbtu is provided as under:

CY13 Earnings Forecast				
Capacity Utilisation				
ENVEN	90%	90%	90%	90%
Base plant	14% in 45 days	13% in 40 days	10% in 30 days	0%
Production (k tons)				
ENVEN	1,170	1,170	1,170	1170
Base plant	140	124	93	0
Total Production	1,310	1,294	1,263	1170
Off take	1,266	1,251	1,221	1130
Closing inventory	75	75	75	75
Urea Prices (PKR)	1,670/bag	1,670/bag	1,670/bag	1,670/bag
Gas prices (USD/mmbtu)				
ENVEN (on Mari gas network)	3.2	3.2	3.2	3.2
Base Plant (Rotational on SNGPL)	0.7	0.7	0.7	0.7
Earnings				
ENGRO Fertilizer (EPS: PKR)	**2.39**	**2.22**	**1.89**	**0.93**
Impact on Engro Corporation	4.99	4.65	3.98	1.95
ENGRO Corporation (EPS: PKR)	**16.76**	**16.42**	**15.74**	**13.71**

Source: Arif Habib Research

In addition to this, from 2QCY14 onwards, we have assumed Enven to operate at 90% utilization level, while base plant's utilization depends upon the implementation of the long-term gas pipeline plan. We have run sensitivity on earnings based on the number of day's base plant is anticipated to be operational (maximum 270 days or nine months) in CY14. Furthermore, the earnings sensitivity is based on two different feed gas price scenarios (from 2QCY14 onwards), which includes USD 4.26/mmbtu (gas sale price USD 3.75/mmbtu plus USD 0.51/mmbtu tolling charge), and USD 1.21/mmbtu (gas sale price USD 0.7/mmbtu plus USD 0.51/mmbtu tolling charge). Our industry checks suggest ENGRO partially agreed on the gas sale price of USD 4.26/mmbtu and signed various GSAs for the long-term gas plan. However, company's management is optimistic to bring back the gas sale price to USD 0.7/mmbtu (as per the original/initial agreement with SNGPL) though the company seems comfortable with the tolling charge of USD 0.51/mmbtu. Given its share in the gas allocation, ENGRO's share in the long-term gas pipeline plan stands ~PKR 3.0bn out of total estimated cost of PKR 10bn, and we believe that ENGRO will utilize the existing subordinated loan of PKR 3bn to fund the Capex.

CY14 Earnings Forecast Capacity Utilisation				
ENVEN	90%	90%	90%	90%
Base plant	86% in 270 days	76% in 240 days	67% in 210 days	57% in 180 days
Production (k tons)				
ENVEN	1,170	1,170	1,170	1,170
Base plant	838	745	652	559
Total Production	2,008	1,915	1,822	1,729
Off take	2,009	1,916	1,821	1,728
Closing inventory	75	75	75	75
Urea Prices	1,670/bag	1,670/bag	1,670/bag	1,670/bag
Gas prices (USD/mmbtu)				
ENVEN (on Mari gas network)	3.20	3.20	3.20	3.20
Base Plant (gas from long term plan)	4.26	4.26	4.26	4.26
Earnings				
ENGRO Fertilizer (EPS: PKR)	**8.42**	**7.89**	**7.34**	**6.79**
Impact on Engro Corporation	17.66	16.56	15.41	14.26
ENGRO Corporation (EPS: PKR)	**33.93**	**32.83**	**31.68**	**30.53**

Source: Arif Habib Research

CY14 Earnings Forecast Capacity Utilisation				
ENVEN	90%	90%	90%	90%
Base plant	88% in 270 days	78% in 240 days	69% in 210 days	59% in 180 days
Production (k tons)				
ENVEN	1,170	1,170	1,170	1,170
Base plant	838	745	652	559
Total Production	2,008	1,915	1,822	1,729
Off take	2,009	1,916	1,821	1,728
Closing inventory	75	75	75	75
Urea Prices	1,670/bag	1,670/bag	1,670/bag	1,670/bag
Gas prices (USD/mmbtu)				
ENVEN (on Mari gas network)	3.20	3.20	3.20	3.20
Base Plant (gas from long term plan)	1.21	1.21	1.21	1.21
Earnings				
ENGRO Fertilizer (EPS: PKR)	**12.36**	**11.38**	**10.39**	**9.41**
Impact on Engro Corporation	25.94	23.87	21.80	19.74
ENGRO Corporation (EPS: PKR)	**42.21**	**40.14**	**38.07**	**36.01**

Source: Arif Habib Research

Valuation

Our SOTP-based Dec-13 target price for the scrip (detailed company-wise value alongside) works out to PKR 196/share, translating into an upside potential of 51% from current level. However, any further change/revision in the subsidized gas availability and the long-term gas plan would lead us to amend our earnings estimates and the price target accordingly.

Target Prices (PKR/share)	13-Dec	Corp Stake
Engro Fertilizer	45.92	100%
Engro Foods	102.81	88.54%
Engro Polymer	10.36	56.19%
Eximp	8.60	100%
Power	23.56	100%
Vopak	4.50	50%
Target Price Dec-13	**196**	

Source; Arif Habib Research

Financial Summary, Forecasts and Key Ratios

PKR mn

Income Statement	CY12A	CY13E	CY14F	CY15F	CY16F
Net Sales	30,627	39,033	58,619	60,865	61,921
Gross profit	**9,861**	**17,280**	**26,024**	**26,445**	**26,633**
Gross margins	32%	44%	44%	43%	43%
EBITDA margin	**34%**	**45%**	**42%**	**41%**	**41%**
Operating Profit	**6,778**	**13,678**	**20,753**	**20,860**	**20,927**
Other income	379	884	1,172	1,217	1,238
Financial charges	10,703	9,922	7,450	5,141	3,303
PAT	**(2,935)**	**2,563**	**9,028**	**10,613**	**11,858**
Net margins	**n.m**	**7%**	**15%**	**17%**	**19%**
Earnings per Share - Adjusted (PKR)	**(2.74)**	**2.39**	**8.42**	**9.89**	**11.05**
DPS	-	-	-	-	-

Balance Sheet	CY12A	CY13E	CY14F	CY15F	CY16F
Total Shareholders' Equity	15,798	18,512	27,564	38,303	50,161
Non Current Liabilities					
Long Term Loan	48,482	33,906	20,471	10,142	3,983
Total Non Current Liabilities	55,459	40,883	27,448	17,119	10,961
Current Liabilities					
Trade and Other Payables	7,960	10,877	16,298	17,210	17,644
Total Current Liabilities	26,250	35,885	38,883	36,966	33,456
Total Liabilities and Equity	**97,508**	**95,280**	**93,895**	**92,388**	**94,578**
Assets					
Non Current Assets	83,123	82,619	82,288	81,962	81,591
Current Assets	14,385	12,661	11,607	10,425	12,986
Total Assets	**97,508**	**95,280**	**93,895**	**92,388**	**94,578**

Cash Flow Statement	CY12A	CY13E	CY14F	CY15F	CY16F
Cashflow from operating activities	6,371	11,033	18,297	14,746	15,633
Cash used in investing activities	(1,857)	(2,711)	(2,953)	(3,069)	(3,118)
Cashflow from financing activities	(4,920)	(7,708)	(15,834)	(13,033)	(10,102)
Net increase/(decrease in cash & equivalents	**(406)**	**614**	**(490)**	**(1,355)**	**2,413**
Cash	**2,449**	**5,513**	**5,637**	**3,792**	**4,850**

Ratio Analysis	CY12A	CY13E	CY14F	CY15F	CY16F
ROE	n.m	14%	33%	28%	24%
ROA	n.m	3%	10%	11%	13%
Coverage ratio	0.63	1.38	2.79	4.06	6.34
Debt to equity	5.17	4.15	2.41	1.41	0.89
Debt to assets	0.84	0.81	0.71	0.59	0.47
Div yield	0%	0%	0%	0%	0%
P/E	n.m	n.m	n.m	n.m	n.m
P/B	n.m	n.m	n.m	n.m	n.m

Source: Arif Habib Research

Fauji Fertilizer Company Limited (FFC)

FFC remained the biggest beneficiary in terms of gas curtailment against peers in CY12, thanks to Mari's gas network, which faced least gas curtailment (~12%-15%). FFC remained the market leader in urea sales, as the company managed to cater 46% of total urea off take. Company's urea offtake remained intact at 2.4mn tons in CY12 as last year. Net sales of the company jumped 35% YoY to PKR 55bn in CY12. Improved sales were due to massive jump in urea prices by 17% YoY (mainly a pass on effect of GIDC imposition). However, gross margins of the company stood at 48%, down 1,400bps, as increase in urea prices was not sufficient enough to fully pass on the GIDC impact. Increase in gas prices along with the GIDC mainly contributed to this plunge in gross margins (partial pass-on of GIDC). Other income showed a massive decline of 36% YoY amid lower dividend income from the subsidiary FFBL.

P&L (PKR mn)	CY12A	CY11A	YoY
Sales	74,333	55,221	35%
Gross profit	35,998	34,349	5%
Selling and Admin expenses	8,246	7,027	17%
Other income	4,268	6,630	-36%
Finance cost	999	786	27%
Profit before taxation	31,021	33,166	-6%
Profit after taxation	20,840	22,492	-7%
EPS (PKR)	16.38	17.68	-
DPS (PKR)	15.50	20.00	-23%

Source: Company accounts

Operational outlook

Capacity utilization of the company was optimal in CY12, and was recorded at a huge 120%. We expect the company to carry forward with the same utilization level in CY13 as well, as the company operates on the least-affected Mari gas network, which is expected to remain the safest field in terms of gas supply.

Pricing scenario and impact

FFC earnings are highly sensitive to urea price changes. We have run a sensitivity analysis on FFC earnings with respect to reduction in urea prices. Our sensitivity suggests every PKR 50/bag reduction in urea prices drags FFC earnings by PKR 1.11/share (-7% of base-case earnings for CY13). However, we do not expect any price cuts in the local urea prices due to prevailing demand-supply gap amid shortfall in production on account of unavailability of gas for most of CY13. Urea price cut can only be expected if all the capacities come online (ENGRO will have parallel capacity share with both of its plants fully operational) and given that the companies on the SNGPL network could easily bear additional cost burden of the feed stock price.

Reduction in urea prices	PKR 50/bag	PKR 100/bag	PKR 150/bag	PKR 200/bag
Base case EPS at PKR 1,670		**EPS (PKR)**		
15.57	14.46	13.35	12.24	11.13
Change from the base-case	-7%	-14%	-22%	-29%

Source: Arif Habib Research

Buy

Target Price	126
Last Closing	109
Upside	16%
KSE Code	FFC
Bloomberg Code	FFC PA

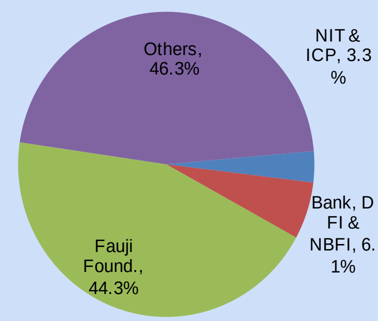
The Company

Fauji Fertilizer Company Limited (FFC) is one of the key fertilizer players in Pakistan. It is a public company with shares listed on the Karachi, Lahore and Islamabad stock exchanges. The principal activity of the company is manufacturing, purchasing and marketing of fertilizers and chemicals. The Fauji Foundation has major shareholding in FFC with 44% stake.

Shares

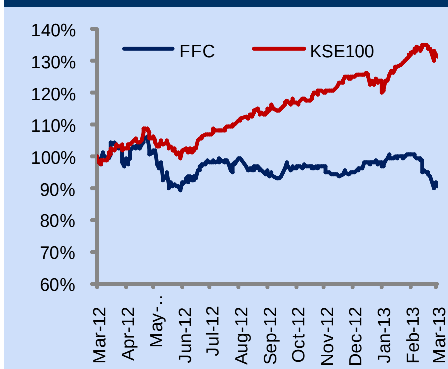
Market Cap (US$ m)	1,413.0
Outstanding Shares (m)	1,272.2
Free Float	55%
12M Avg. Daily Turnover (m)	2.0
12M High/Low (PKR)	127.12/106.23

Shareholding



Source: Company Financials

Stock Performance



Source: Bloomberg

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Askari Bank transaction and other business ventures

FFC has acquired 351mn shares of Askari Bank Ltd (AKBL) with the total estimated outlay of PKR 8.5bn. We expect FFC to easily fund this transaction with its cash and cash equivalent balances. Even after managing its working capital requirement, the company is left with PKR 1.6bn cash at the end CY13. However, to maintain its high dividend payout, we can expect the company to raise additional short-term debt for the transaction. Currently, FFC has available credit lines of PKR 11.24bn, out of which, only PKR 4.9bn had been used by the company as per the latest financials. Therefore, there is a bright chance that FFC could avail these credit lines for the funding of the aforesaid transaction and maintain its higher dividend payouts.

FFC share in AKBL transaction	FFC
Stakeholding	60%
AKBL Shares (mn)	351
Acquisition PKR bn	**Outlay**
Price @ PKR 24.32/share	**8.53**

Source: KSE Notice, Arif Habib Research

As far as earnings impact of the AKBL transaction's impact on FFC earnings is concerned, assuming equity method treatment of the AKBL stake going forward, a cash dividend of PKR 0.5/share by AKBL ahead should yield a marginal impact on FFC (+0.8%) earnings according to FFC's specified stake in AKBL. On the other hand, we expect earnings impact of FFC's venture into wind power business to yield results. As per the latest info, the commercial operations of the FFCEL have not been started due to some technical reasons in the contract. However, on the basis of 16% ROE component, we have assumed that the commercial operation to start by 2HCY13 and having 1% annualized impact on the FFC earrings, keeping 20% equity contribution by the FFC.

Valuation

Our Discounted Cash Flow (DCF) based December 2013 target price for FFC works out to PKR 126/share, translating into an upside potential of 16% from the last closing price of PKR 108.6/share. Our valuation is based on the market return of 19%, beta of 1.0 and a highly conservative terminal growth rate of 2%. Besides this sizeable upside potential the stock is trading at CY13 PER of 7.03x, offering a deep discount of 50% from the market PE, thus forming a strong case of rerating from current levels.

Financial Summary, Forecasts and Key Ratios

PKR mn

Income Statement	CY12A	CY13E	CY14F	CY15F	CY16F
Net Sales	74,323	75,150	78,189	81,351	84,641
Gross profit	**35,998**	**33,213**	**34,390**	**35,249**	**36,473**
Gross margins	48%	44%	44%	43%	43%
EBITDA margin	**45%**	**43%**	**43%**	**42%**	**41%**
Operating Profit	**30,449**	**27,923**	**28,675**	**29,042**	**29,689**
Other income	4,268	5,169	5,418	5,584	5,793
Financial charges	999	1,290	1,529	1,429	1,328
PAT	**20,840**	**19,803**	**20,306**	**20,738**	**21,370**
Net margin	**28%**	**26%**	**26%**	**25%**	**25%**
Earnings per Share - Adjusted (PKR)	**16.38**	**15.57**	**15.96**	**16.30**	**16.80**
DPS	15.50	14.80	15.20	15.50	16.00

Balance Sheet	CY12A	CY13E	CY14F	CY15F	CY16F
Total Shareholders' Equity	26,096	27,073	28,045	29,067	30,085
Non Current Liabilities					
Long Term Loan	3,870	2,430	1,125	250	-
Total Non Current Liabilities	7,973	6,246	4,674	3,551	3,069
Current Liabilities					
Trade and Other Payables	15,837	16,525	17,223	18,100	18,877
Total Current Liabilities	26,817	33,670	35,154	36,675	37,885
Total Liabilities and Equity	**60,887**	**66,989**	**67,873**	**69,292**	**71,039**
Assets					
Non Current Assets	29,932	37,691	39,075	40,418	41,720
Current Assets	30,954	29,298	28,799	28,875	29,319
Total Assets	**60,887**	**66,989**	**67,873**	**69,292**	**71,039**

Cash Flow Statement	CY12A	CY13E	CY14F	CY15F	CY16F
Cashflow from operating activities	18,646	18,583	17,019	17,513	18,023
Cash used in investing activities	4,719	(4,079)	2,390	2,437	2,521
Cashflow from financing activities	(16,765)	(14,389)	(20,120)	(20,195)	(20,401)
Net increase/(decrease in cash & equivalents	6,600	115	(711)	(246)	143
Cash	16,571	22,614	21,903	21,657	21,801

Ratio Analysis	CY12A	CY13E	CY14F	CY15F	CY16F
ROE	80%	73%	72%	71%	71%
ROA	34%	30%	30%	30%	30%
Coverage ratio	30.47	21.64	18.76	20.32	22.36
Debt to equity	1.33	1.47	1.42	1.38	1.36
Debt to assets	0.57	0.60	0.59	0.58	0.58
Div yield	14%	14%	14%	14%	15%
P/E	6.63	6.98	6.80	6.66	6.46
P/B	5.29	5.10	4.93	4.75	4.59

Source: Arif Habib Research

Fauji Fertilizer Bin Qasim Limited (FFBL)

CY12 remained a turbulent year for FFBL as well as the company has also been plagued by the notorious gas shortages during CY12. FFBL's plant remained shut on numerous occasions due to persistent gas curtailments, including a complete shutdown that the company plant went under for 1QCY12. However, sailing through such serious issues, FFBL's profitability reverted in 2HCY12 causing bottom-line to turn red. The company recorded profit after tax (PAT) of PKR 4,338mn, a plunge of 60% YoY. This decline in profitability was on account of numerous issues, which mainly included: 1) total gas cut due to which urea production was completely halted during 1QCY12, and 2) primary margins of DAP showed a downward trend 9% YoY as compared to last year. Though steep recovery was observed in 2HCY12, along with that, lower urea offtake led the company to face this massive decline in its profitability during CY12.

P&L (PKR mn)	CY12A	CY11A	YoY
Sales	47,911	55,869	-14%
Gross profit	11,461	20,116	-43%
Selling and Admin expenses	2,650	3,331	-20%
Other income	1,045	1,650	-37%
Finance cost	1,821	1,088	67%
Profit before taxation	6,469	16,170	-60%
Profit after taxation	4,338	10,767	-60%
EPS (PKR)	4.64	11.53	
DPS (PKR)	4.50	10.00	

Source: Company accounts

Operational outlook

Going forward, we assume gas curtailment to remain at the same level as last year (total 45% including annual turnaround). Thus, we expect that the company would be able to operate its urea plant on 55% capacity while on the other hand, DAP plant is expected to operate at its optimal capacity.

Pricing scenario and impact

We do not expect any price cuts in urea prices in the short term, as discussed earlier, while as far as FFBL is concerned, urea sales could be called as a third wheel in the company's profitability as DAP remains the company's primary product. On the other hand, DAP prices may seek a decline in CY13 by PKR 100-150/bag range, mainly owing to weakening DAP prices internationally.

Thriving DAP primary margins

Primary margins of DAP is expected to remain on the impressive side, as we have already seen the declining trend in the int'l phosphoric acid prices since Mar-12. In the same tenure, the local DAP prices were stable, in fact, FFBL increased local DAP prices by PKR 150/bag in the 4QCY12. As a result of the contrary movements, DAP's primary margins jumped to USD 280/ton in 4QCY12.

In 1QCY13, the company's phos-acid contract was also settled at USD 770/ton, down 10% QoQ. However, with the full-fledged gas curtailment in winters faced by the company in the first two months of 1QCY13, it couldn't yield the company much advantage out of it.

Buy

Target Price	45.0
Last Closing	37.0
Upside	22%
KSE Code	FFBL
Bloomberg Code	FFBL PA

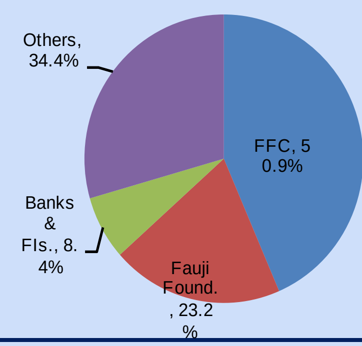
The Company

Fauji Fertilizer Bin Qasim Limited (FFBL) is a public limited company with its shares quoted on all three bourses of Pakistan. The principal activity of the company is manufacturing, purchasing and marketing of fertilizers. The company is a sudsidiary of Fauji Fertilizer Company Limited (FFC) having shareholding of 50.88%. Fauji Foundation is another major shareholder of FFBL.

Shares

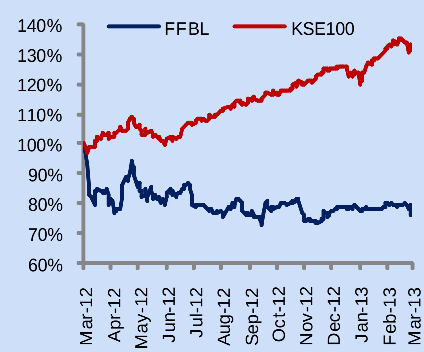
Market Cap (US$ m)	352.8
Outstanding Shares (m)	934.1
Free Float	35%
12M Avg. Daily Turnover (m)	1.9
12M High/Low (PKR)	45.93/35.73

Shareholding



Source: Company Financials

Stock Performance



Source: Bloomberg

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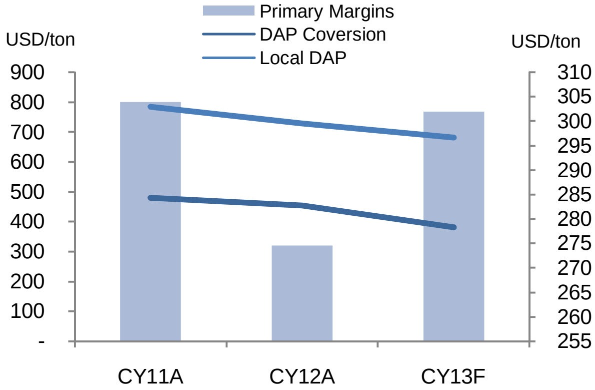
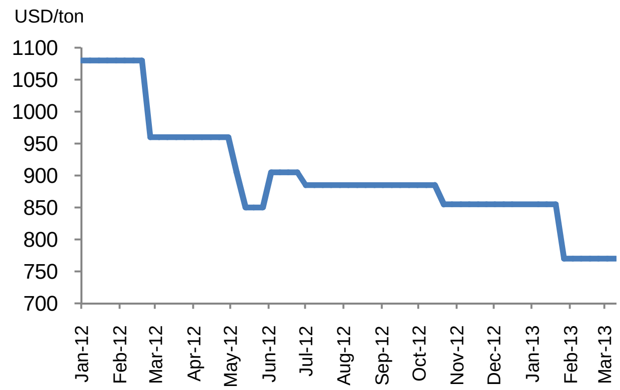
DAP primary margins



Phosphoric acid price trend



Source: NFDC and Arif Habib Research

Askari Bank transaction and other business ventures

FFBL has acquired 175mn shares of Askari Bank Limited with the total estimated outlay of PKR 4.27bn. Along with that, company is diversifying its base business and ready to enter in the meat export business with the expected completion by mid 2015. As far as AKBL transaction's impact on FFBL's earnings is concerned, assuming equity method treatment of the AKBL stake going forward, like FFC, a cash dividend of PKR 0.5/share by AKBL ahead should yield a marginal impact on FFBL (+1%) earnings according to FFBL's specified stake in AKBL.

FFBL share in AKBL transaction

	FFBL
Stakeholding	30%
AKBL Shares (mn)	175
Acquisition PKR bn	
Price @ PKR 24.32/share	**4.27**

Source: KSE Notice, Arif Habib Research

However, as far as the impact of meat business on FFBL's earnings is concerned, the business is in its initial stage and, therefore, earnings impact can be calculated once detail is made available by the company. In addition to this, FFBL holds 35% each in Foundation Wind Energy I and II, which are scheduled to be completed in 2013. We will incorporate earnings impact of the same into FFBL's bottomline once detail of the projects is made available.

Valuation

Our Discounted Cash Flow (DCF) based December 2013 target price for FFBL works out to PKR 45/share, translating into a striking upside potential of 20 % from closing price of PKR 37.02 /share. Our valuation is based on the market return of 19%, beta of 1.09 and a very conservative terminal growth rate of 2% applied to the company valuation. Besides this sizeable upside potential, the stock trades at CY13 PER of 5.58x, offering a deep discount of 61% from the market PE, thus compelling a strong case of stock rerating from current levels.

Financial Summary, Forecasts and Key Ratios

PKR mn

Income Statement	CY12A	CY13E	CY14F	CY15F	CY16F
Net Sales	47,911	50,336	53,771	57,520	61,571
Gross profit	**11,461**	**13,414**	**14,320**	**15,262**	**16,329**
Gross margins	23.9%	26.6%	26.6%	26.5%	26.5%
EBITDA margin	**20%**	**23%**	**23%**	**23%**	**23%**
Operating Profit	**7,811**	**10,449**	**11,176**	**11,928**	**12,799**
Other income	1,045	659	489	478	488
Financial charges	1,821	976	970	1,038	1,112
PAT	**4,338**	**6,217**	**6,557**	**6,965**	**7,454**
Net margin	**9%**	**12%**	**12%**	**12%**	**12%**
Earnings per Share - Adjusted (PKR)	**4.64**	**6.66**	**7.02**	**7.46**	**7.98**
DPS	4.50	6.00	6.30	6.70	7.20

Balance Sheet	CY12A	CY13E	CY14F	CY15F	CY16F
Total Shareholders' Equity	12,631	13,243	13,909	14,616	15,344
Non Current Liabilities					
Long Term Loan	1,232	924	616	308	-
Total Non Current Liabilities	4,905	4,564	4,289	4,014	3,739
Current Liabilities					
Trade and Other Payables	11,176	10,600	11,326	12,132	12,989
Total Current Liabilities	23,168	20,203	21,513	22,968	24,514
Total Liabilities and Equity	**40,704**	**38,010**	**39,711**	**41,597**	**43,597**
Assets					
Non Current Assets	17,435	22,514	23,681	24,890	26,143
Current Assets	23,268	15,496	16,030	16,707	17,455
Total Assets	**40,704**	**38,010**	**39,711**	**41,597**	**43,597**

Cash Flow Statement	CY12A	CY13E	CY14F	CY15F	CY16F
Cashflow from operating activities	1,443	9,689	8,529	10,091	10,673
Cash used in investing activities	6,827	(6,493)	(2,675)	(2,853)	(3,052)
Cashflow from financing activities	(9,105)	(9,278)	(6,579)	(6,956)	(7,456)
Net increase/(decrease) in cash & equivalents	(836)	(6,082)	(724)	282	165
Cash	4,717	2,707	1,982	2,264	2,430

Ratio Analysis	CY12A	CY13E	CY14F	CY15F	CY16F
ROE	34%	47%	47%	48%	49%
ROA	11%	16%	17%	17%	17%
Coverage ratio	4.29	10.71	11.52	11.49	11.51
Debt to equity	2.22	1.87	1.86	1.85	1.84
Debt to assets	0.69	0.65	0.65	0.65	0.65
Div yield	12%	16%	17%	18%	19%
P/E	7.97	5.56	5.27	4.96	4.64
P/B	2.74	2.61	2.49	2.37	2.25

Source: Arif Habib Research

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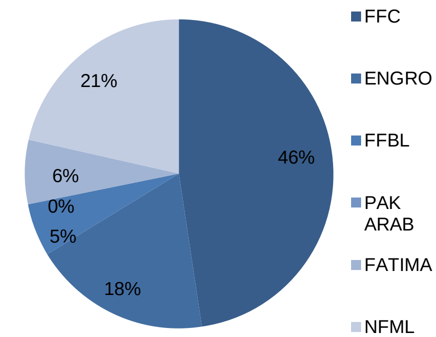
About the Sector

The backbone of Pakistan' economy, agriculture, contributes 21% to the GDP. During FY12, the overall agriculture sector showed 3.1% growth mainly due to positive growth in its subsectors, except minor crops. Agriculture adds to overall GDP growth by providing raw materials to industry as well as by contributing considerably to Pakistan's exports. Thus, any progress in this sector will not only help the country prosper at a quicker pace but will also do good to a large section of the country's population.

Fertilizer sector has market capitalization of PKR 146bn and the market capitalization of our sample companies (FFC, FFBL and ENGRO) stood at 128bn. The index weight of total chemical sector is around ~15.1% in KSE-100 index, while, our sample companies (FFC, FFBL and ENGRO) comprises ~12.5% of KSE-100 index.

Pakistan fertilizer sector comprises of seven companies. The prime product of the sector is urea, seconded by DAP. The major players of the sectors includes Fauji Fertilizer Company limited and Engro Fertilizer having total capacities of 2.05mn tons and 2.3mn tons per annum respectively and contributes 68% of country's total capacity. Fauji Fertilizer Bin Qasim Limited is the country's sole producer of DAP having capacity of 0.6mn tons per annum. In addition to this FFBL urea capacity stands at 0.5mn tons per annum. The snapshot of Pakistan's fertilizer sector is summarized below in the table:

CY12 Market Share (Urea)



Source: NFDC

Pakistan's Fertilizer Sector Snapshot

Company	Location	Urea Capacity mn tons	CY12 Urea production mn tons	CY12 Utilisation	Gas supplier	Current Status	Primary Products
FFC	Goth Machhi, Punjab and Ghotki, Sindh	2.05	2.46	120%	Mari gas	Operational	Urea
ENGRO (Base)	Ghotki, Sindh	0.98	0.91	94%	SNGP (diversion)	Rotational basis	Urea
ENGRO (Enven)	Ghotki, Sindh	1.30	0.12	9%	Mari gas (diversion)	Operational	Urea
FFBL	Bin Qasim, Sindh	0.50	0.28	56%	SSGC	Operational	DAP
FATIMA	Rahimyar khan, Punjab	0.50	0.34	68%	Mari gas	Operational	NP, CAN
PAK Arab	Multan, Punjab	0.09	-	0%	SNGP	Rotational basis	NP, CAN
Agritech	Mianw ali and Haripur	0.47	0.09	20%	SNGP	Rotational basis	Urea
Daw ood Herculis	Sheikupura, Punjab	0.45	0.07	17%	SNGP	Rotational basis	Urea
Total urea capacity (mn tons)		**6.33**					
Operational urea capacity in CY12 (mn tons)		**4.28**					
Total capacity utilization in CY12		**68%**					

Source: Arif Habib Research

Gas Plan for Fertilizer Sector

Long Term Gas Plan

Long term plan		
Fields	mmcfd	Avaliablity (months)
Kunnar Pasaki Deep	130	16 to 18 months
Mari SML	22	2 to 3 months
Bahu	15	n.a
Reti Maru	10	5 to 6 months
Markori East	25	n.a
Total	**202**	

Source: Arif Habib Research

Long term plan breakup	
Company	mmcfd
Engro	79
Dawood Herculus Fertilizer	40
Pak Arab Fertilizer	58
Agritech Limited	25
Total	**202**

Source: Arif Habib Research

Short Term Gas Plan

Short term plan		
Fields	mmcfd	Avaliablity (months)
Mari SML	22	2 to 3 months
Reti Maru	10	5 to 6 months
Sara West	n.a	n.a
Total	**32**	

Source: Arif Habib Research

Fields Information

Fields	Location	Operator
Kunnar Pasaki Deep	Hyderabad, Sindh	OGDC
Mari SML	Dharki, Sindh	Mari Gas Company Ltd
Bahu	Kohat, KPK	OGDC
Reti Maru	Dharki, Sindh	OGDC
Markori East	Kohat, Karak, KPK	PPL
Sara West	Dharki, Sindh	OGDC, POL

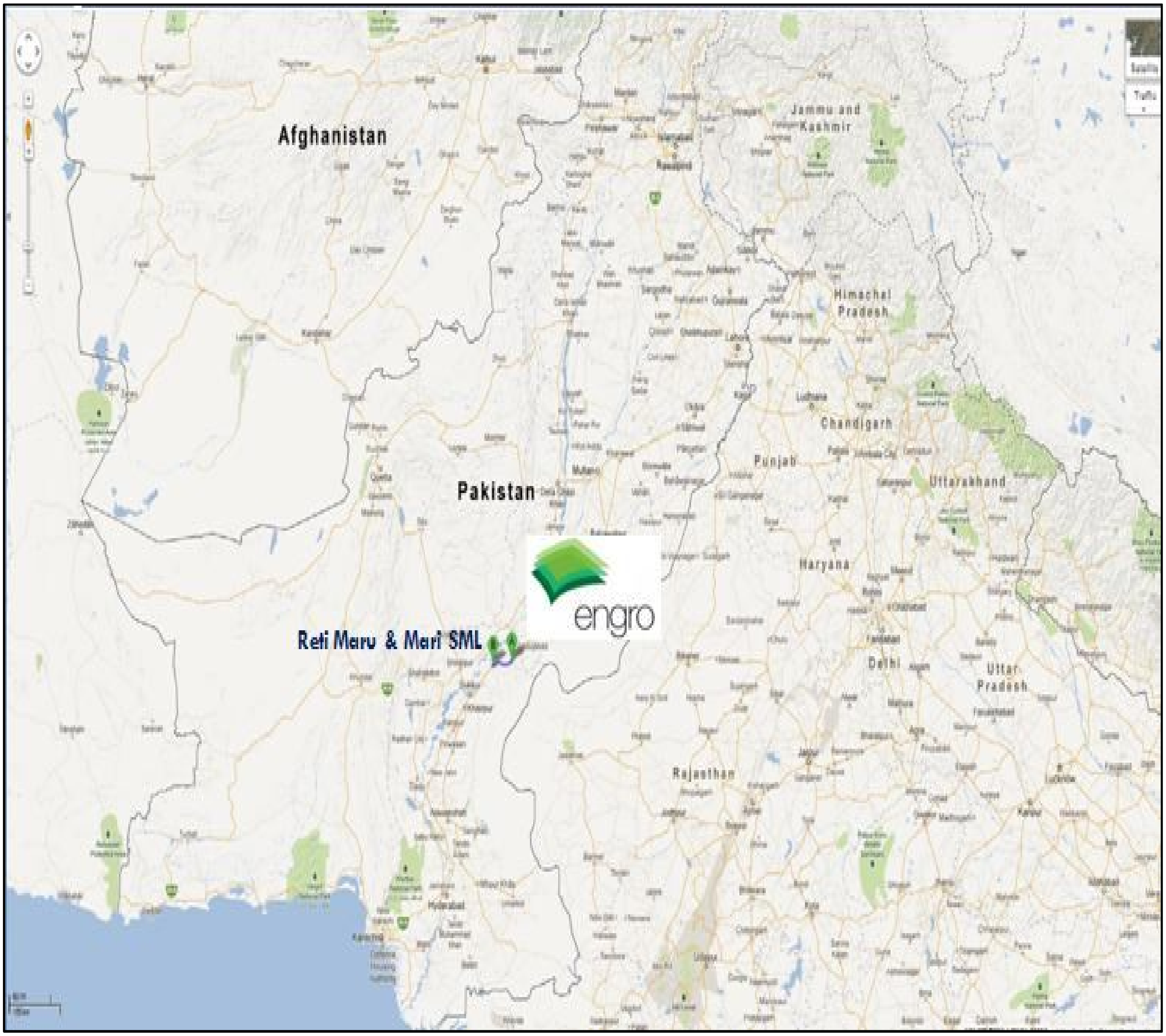
Source: Company Websites and Arif Habib Research

Plant Information

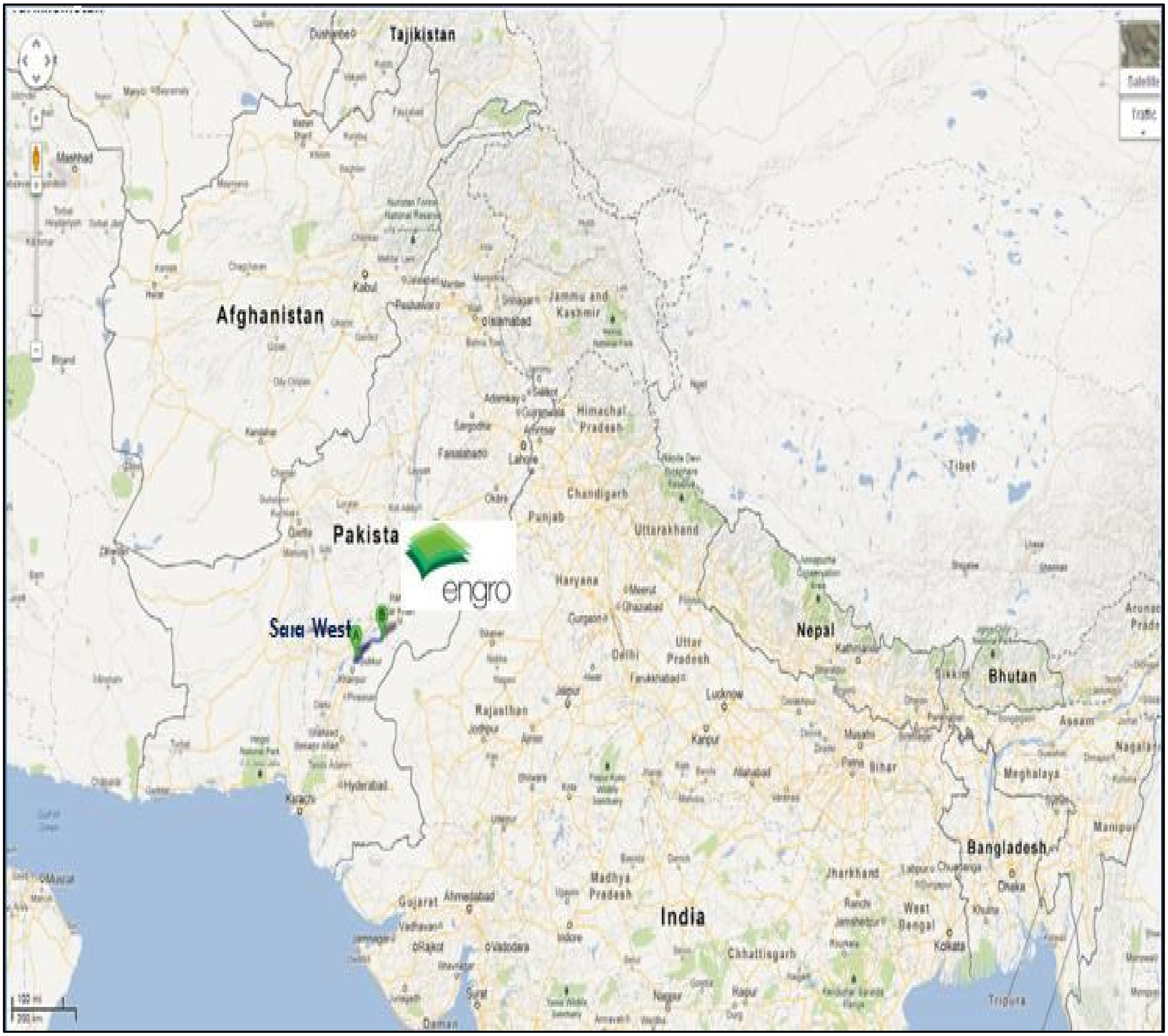
Fertilizer Companies	Location
Engro	Dharki, District Ghotki Sindh
Dawood Herculus Fertilizer	Sheikhupura, Punjab
Pak Arab Fertilizer	Kherwal Road, Multan
Agritech Limited	Mianwali & Haripur

Source: Company Websites and Arif Habib Research

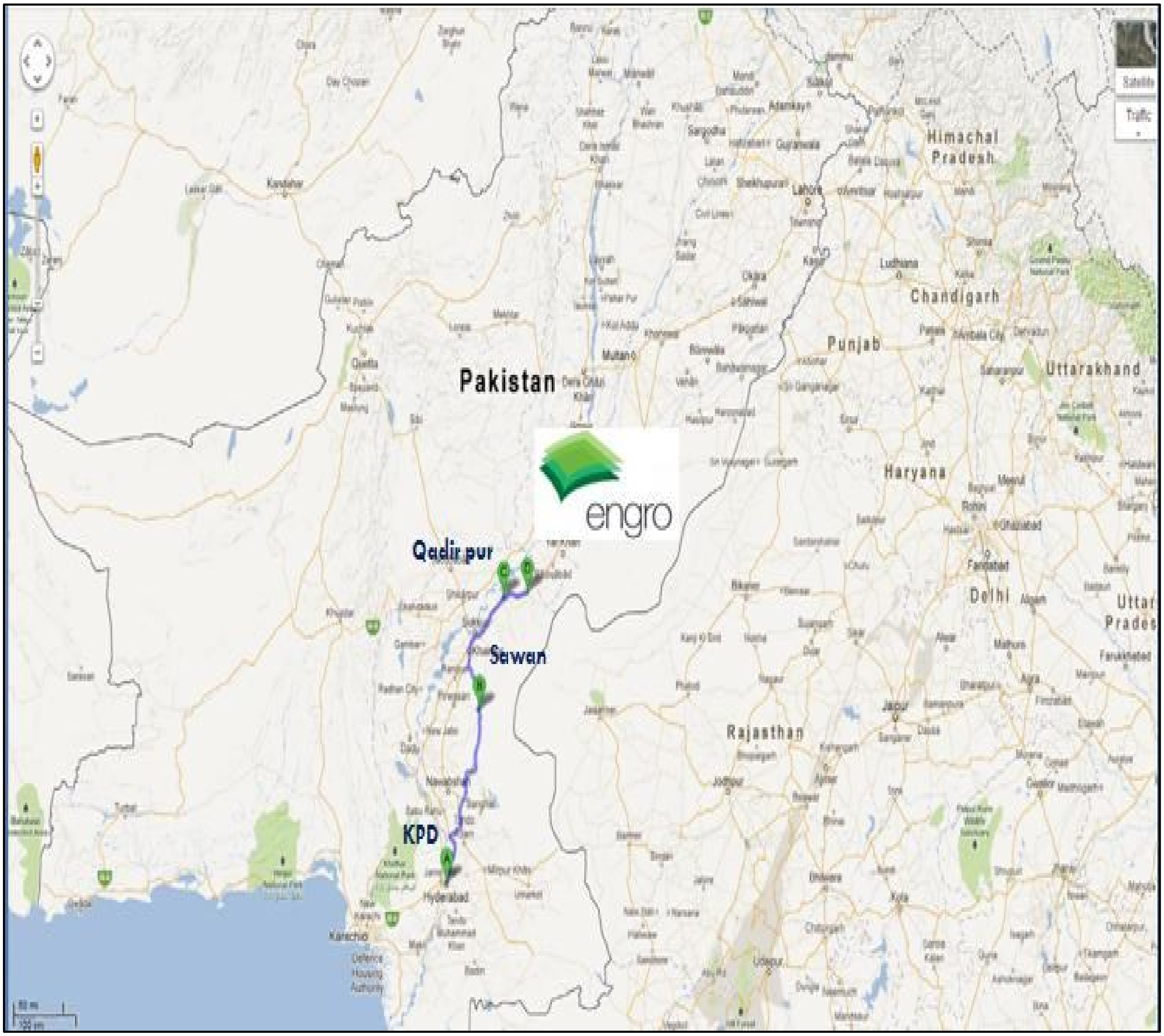
ENGRO Plan (Reti Maru and Mari)



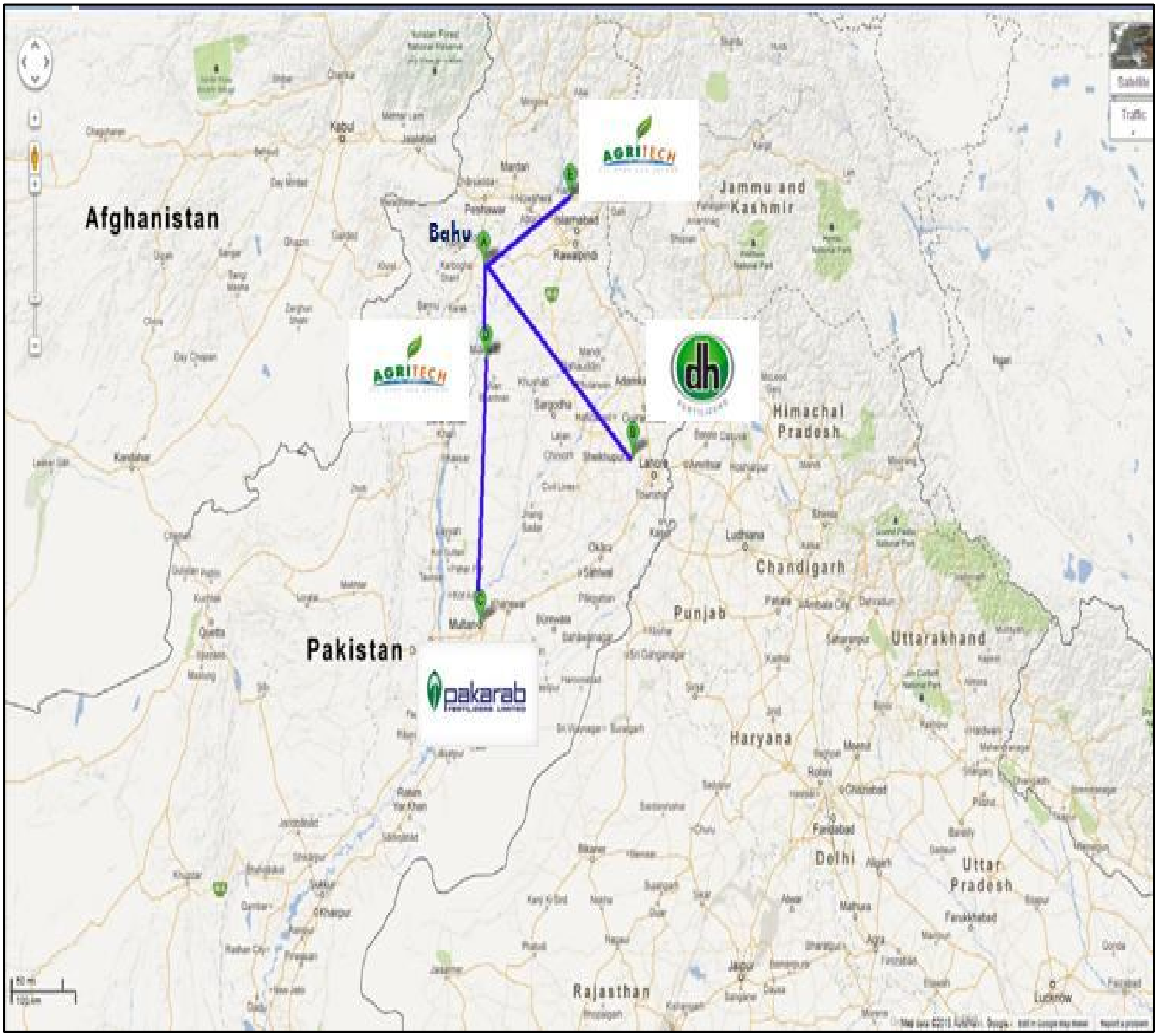
ENGRO Plan (Sara West)



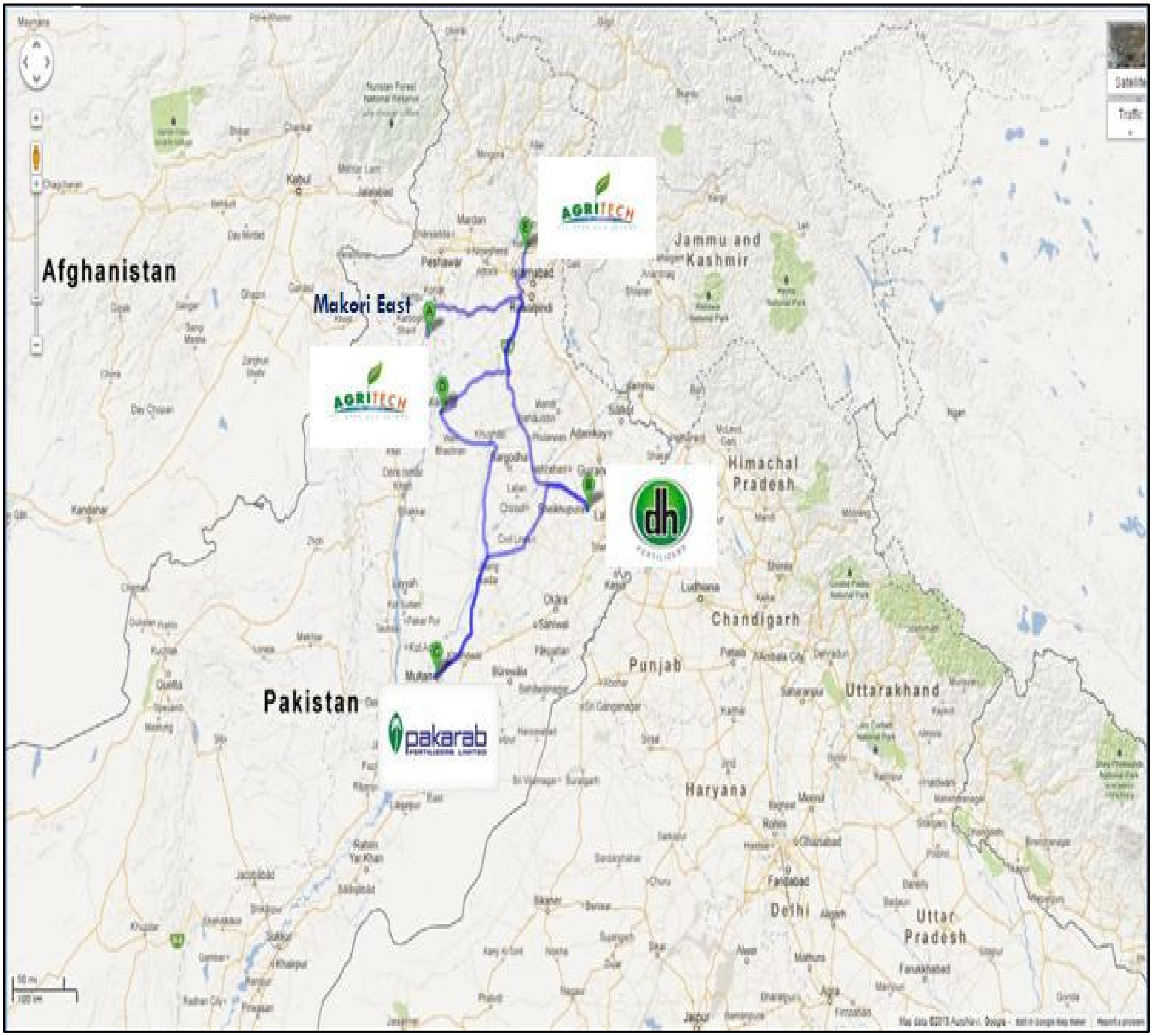
ENGRO Plan (Kunnar Pasaki Deep)



Bahu to Other Plants



Makori East to Other Plants



List of Abbreviation

~ - Approximately
AGRI - Agritech Limited
bn - Billion
bps – Base points
CY- Calendar Year
DAP - Di Ammonium Phosphate
DAWH - Dawood Hercules Corporation
Div. Yield – Dividend Yield
DPS – Dividend per Share
ECC – Economic Coordination Committee
Efert – Engro Fertilizers
EPS – Earning per Share
FATIMA – Fatima Fertilizer Company Limited
FFBL – Fauji Fertilizer Bin Qasim Limited
FFC – Fauji Fertilizer Company
GIDC - Gas Infrastructure Development Surcharge
GoP – Government of Pakistan
GSA – Gas Sale Agreement
Int'l – International
KSE-100 – Karachi Stock Exchange 100 Index
MARI SML – MARI Sui Main
mmbtu - Million Metric British Thermal Units
mn - Million
NFDC – National Fertilizer Development Centre
NFML – National Fertilizer Marketing Limited
OGRA – Oil Gas Regulatory Authority
P/B – Price to Book
P/E – Price Earning
PAK ARAB – Pakarab Fertilizers Limited
PKR – Pakistani Rupee
QCY – Quarter Calendar Year
QoQ – Quarter on Quarter
SNGPL - Sui Northern Gas Pipe Lines
USc – United States Dollar (cent)
USD – United States Dollar
YoY – Year on Year

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