

### Engro: DAP prices increased by further Rs250 per bag

In line with the rising international DAP prices (currently hovering around US\$440-460 per ton), Engro has further increased DAP prices by Rs250 per bag to Rs2,450 per bag. This increase in prices will have a minimal impact on the bottom line as the incremental revenues will be offset by high import cost of DAP. According to our estimates the diluted impact on Engro's bottom line will be of Rs0.2 per share. Moreover, we believe FFBL is likely to follow the suite and we estimate a positive earnings impact of Rs0.6-0.8 per share depending on phosacid cost, the main raw material for DAP.

We believe this increase in DAP price would however hit DAP offtake going forward. During first eleven months (Jan-Nov) 2009, 1.3mn tons of DAP were sold (up 114%YoY), out of which 278k tons was sold by Engro and 641k tons by FFBL.

Bilal Qamar  
bilal.qamar@js.com  
92 (21) 111-574-111(Ext. 3099)