



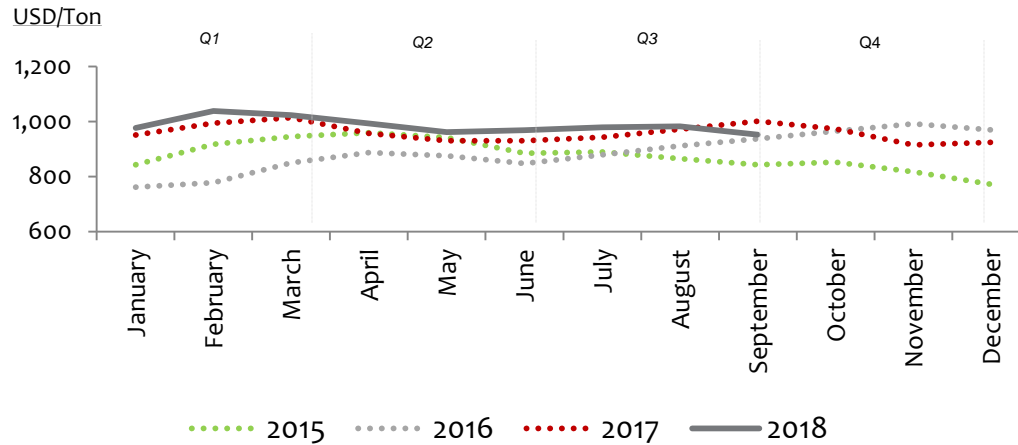
engro polymer & chemicals

**ANALYST BRIEFING**  
**Q3, 2018**



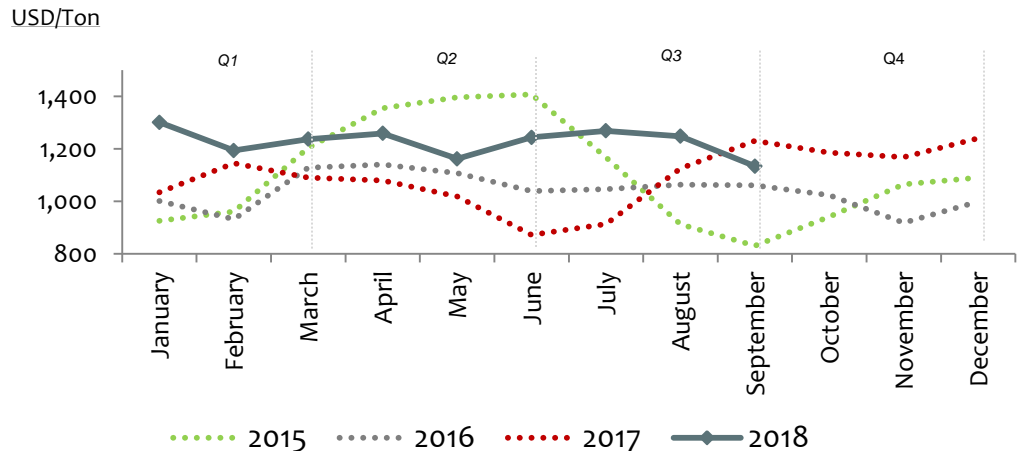
# International Business Context

- International PVC Price



- PVC prices remained soft due to monsoon in the region

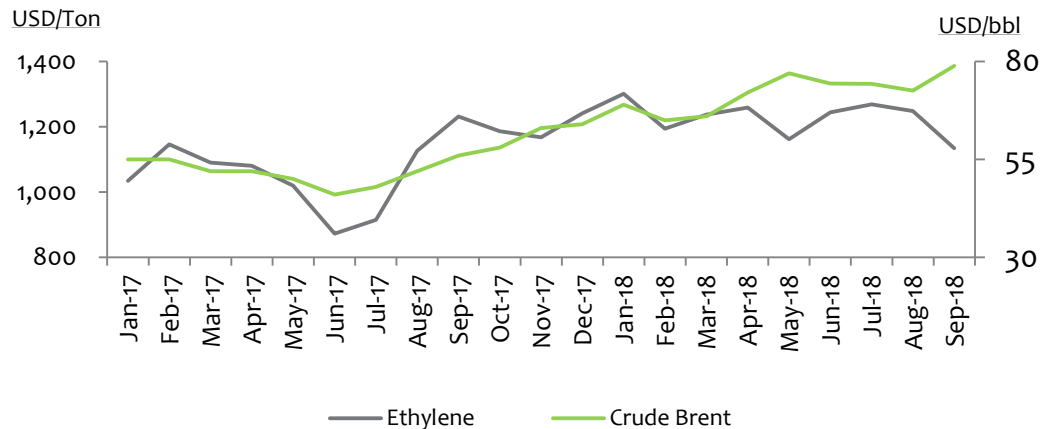
- International Ethylene Price



- Ethylene prices rationalized after crackers returned from turnaround season

# Ethylene, Crude oil and PVC

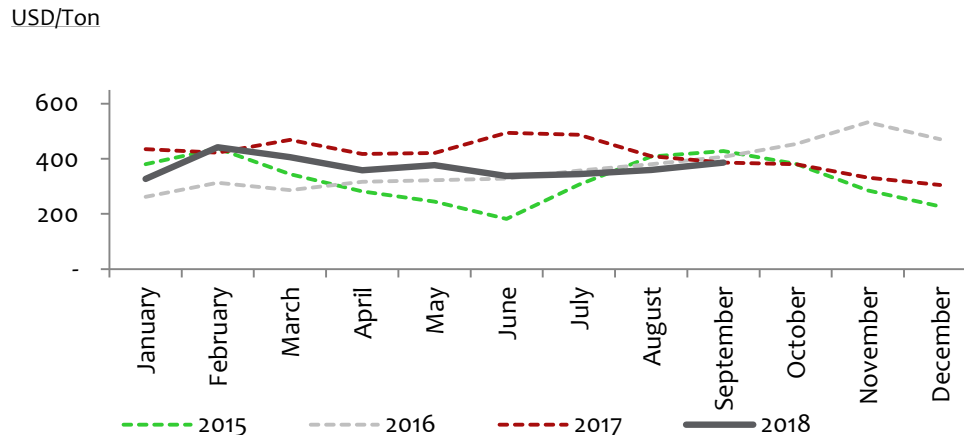
- Analysis of ethylene and crude oil prices



- Oil prices strengthened on the back of rising global tension and supply concerns

- Despite rise in crude oil prices, ethylene prices dropped sharply due to ample supply availability in the region

- PVC- Ethylene Core Delta



- PVC – Ethylene core delta averaged at \$363/MT

# Domestic Market Overview

## PVC

- EPCL achieved its highest ever production numbers for 9M
- The Company posted a 9% volumetric growth on YoY basis

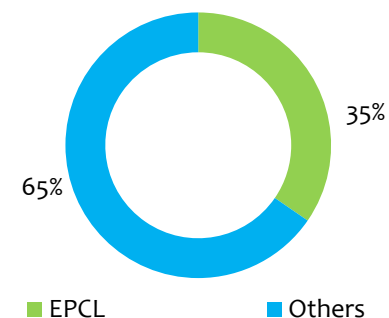
## Caustic

- Caustic soda remained stable in 2018
- The Company posted a 3% volumetric growth on YoY basis
- Operational efficiencies and favorable market dynamics supported the Caustic segment

# Business Highlights

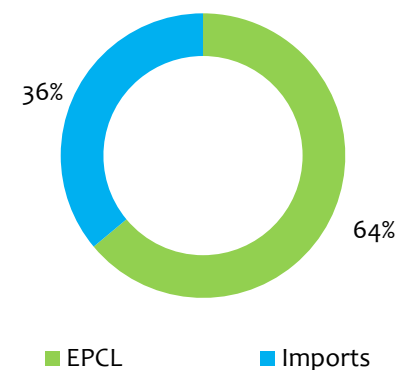
(KT)	3Q 2018	3Q 2017	9M 2018	9M 2017
Caustic Production	30	28	81	77
Caustic Domestic	21	21	64	62
Caustic Export	4	3	6	6

Caustic Domestic Market Share \*



(KT)	3Q 2018	3Q 2017	9M 2018	9M 2017
PVC production	51	51	153	142
VCM production	53	51	146	139
PVC Domestic Sales	46	49	149	137

PVC Domestic Market Share \*



\* Market share is based on our best estimates and have not been verified by an independent source

# Financial Summary



Rs. Mn	3Q 2018	3Q 2017	9M 2018	9M 2017
Total Revenue	8,422	7,344	25,524	20,390
Profit Before Tax	1,564	1,286	4,970	2,877
Profit After Tax	1,082	901	3,865	1,947
EPS	1.25	1.25	5.03	2.7
Weighted Average Number of shares (Mn)	865	721	768	721

- In 9M 2018, Company achieved an increase of 25% in revenue vs same period last year
- The Company posted a profit after tax of Rs. 3,865 Mn as against a profit after tax of Rs. 1,947 Mn LY same period
- Quarterly variance as compared to last year was witnessed on account of:
  - Higher domestic sales of PVC and operational efficiencies
  - Improved Caustic Margins

# Outlook for 4Q '18

- International PVC/Ethylene prices will remain a function of regional supply and demand dynamics
- Caustic Soda market is expected to remain stable
- The Company is on track with expansion projects and we are hopeful that we will achieve commercial production as per plan, within budget and with strong focus on HSE

Thank You