



engro polymer & chemicals

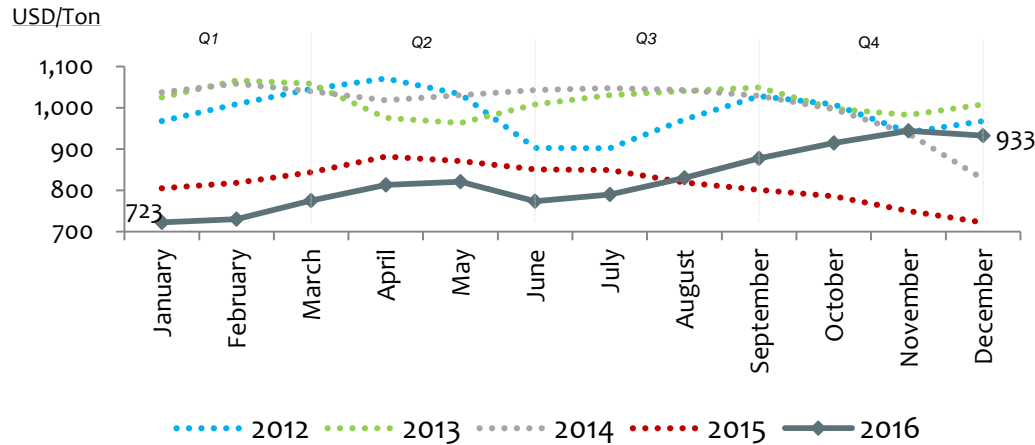
ANALYST BRIEFING 4Q 2016



International Business Context

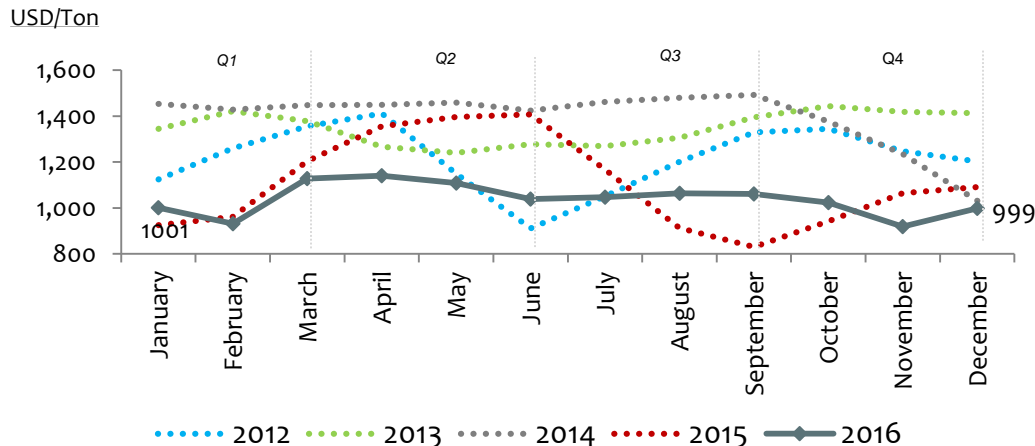


• International PVC Price



- During 4Q '16, PVC prices posted an increase on account of lower supply, primarily from China
- PVC prices averaged at \$932/ MT for 4Q '16

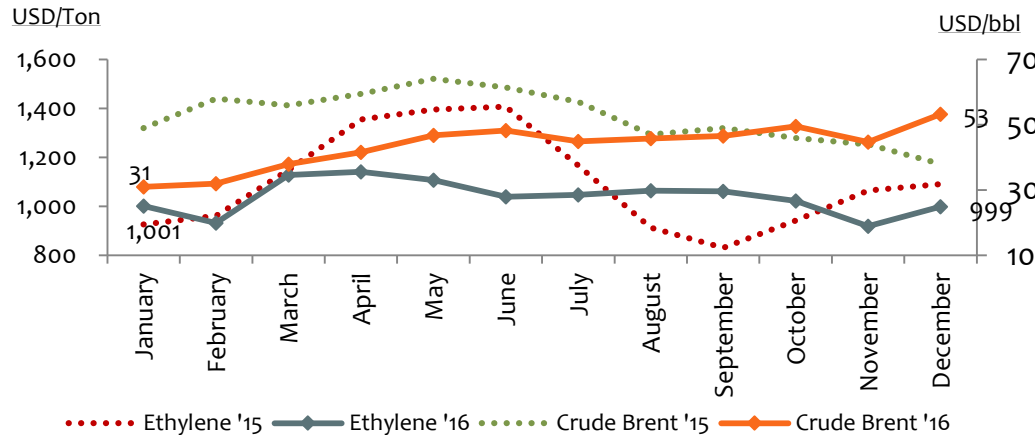
• International Ethylene Price



- Ethylene prices softened in 4Q on the back of supply rationalization
- Ethylene supply is expected to tighten due to scheduled turnarounds in the first half of the year
- Ethylene prices averaged at \$982/ MT for 4Q '16

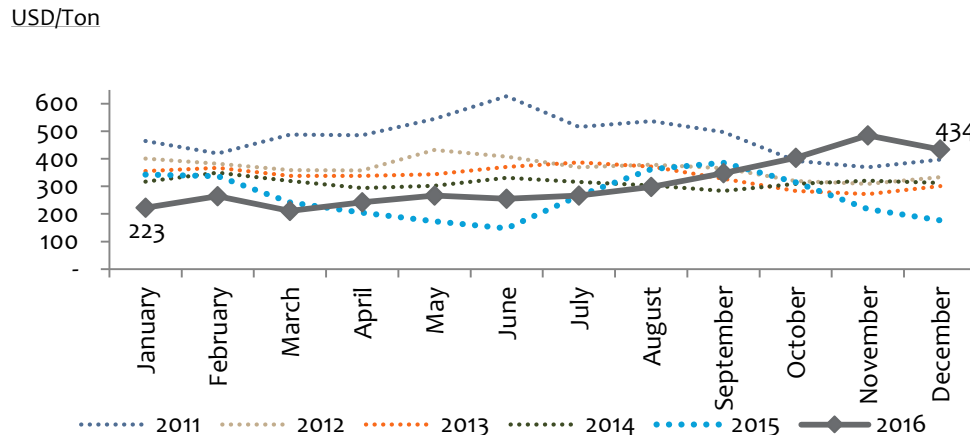
Ethylene, Crude oil and PVC

- Analysis of ethylene and crude oil prices



- Crude oil and ethylene maintained the same price pattern in 4Q '16

- PVC- Ethylene Core Delta



- For 4Q '16, PVC – ethylene core delta averaged at \$441/mt
- In 4Q '16 the PVC – ethylene core delta improved versus previous quarter primarily due to higher PVC prices
- Core delta averaged at \$386/MT for Jan '17

Domestic Market Overview

PVC

- Domestic market remained strong in 2016
 - EPCL achieved its highest ever sales and also achieved its highest production for a year in 2016
 - The Company posted a 13% volumetric growth on YoY basis
 - PVC demand increased versus last year on the back of strong downstream demand and firm economic sentiments

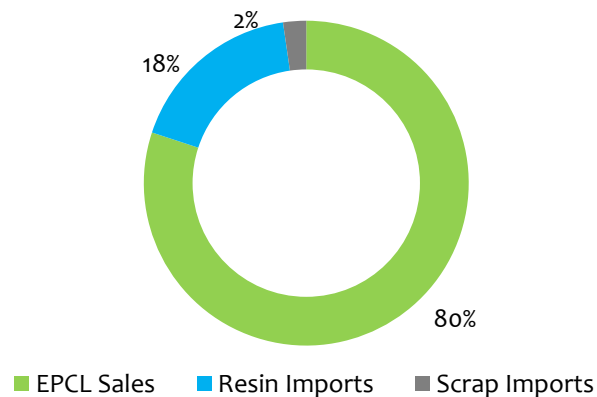
Caustic

- Caustic market remained stable in 2016:
 - Caustic soda sales performed in line with same period last year
 - Market dynamics remained competitive

Highlights – Vinyls

	4Q 2016	4Q 2015	2016	2015
PVC production (KT)	44	42	172	161
VCM production (KT)	41	42	174	162
PVC Sales in (KT)				
Local	41	36	168	149
Export	1	5	2	21

PVC Domestic Market Share *

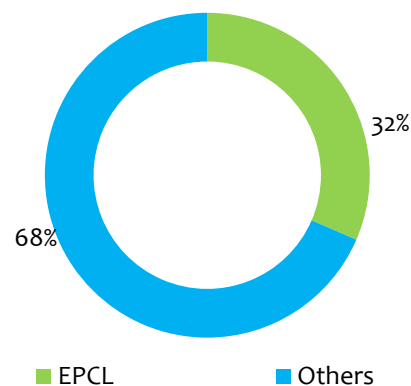


* Market share is based on our best estimates and have not been verified by an independent source

Highlights – Caustic & Allied

	4Q 2016	4Q 2015	2016	2015
Caustic Production (KT)	25	25	103	98
Caustic Sales Volume (KT)	19	19	83	83
Hypo Sales (KT)	7	6	22	17
HCL Sales in (KT)	6	6	18	19

Caustic Domestic Market Share *



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

Financial Summary



PKR Million	4Q 2016	4Q 2015	2016	2015
Total Revenue	6,245	5,200	22,854	22,264
Profit/(Loss) Before Tax	1,129	696	1,187	(360)
Profit/(Loss) After Tax	628	169	660	(644)

- In 2016, the Company achieved a revenue of Rs 22,854 Mn as against Rs. 22,264 Mn in 2015
- The Company posted a profit after tax of Rs. 660 Mn as against a loss after tax of Rs. 644 Mn last year
- The Company re-profiled its long term debts to achieve fiscal space
- Variance as compared to last year was witnessed on account of:
 - Higher domestic sales of PVC, operational efficiencies and strict cost control measures
 - Reassessment of plant useful life
 - Lower financial charges

PKR Million	2016	EPS Impact
PAT – pre write off & re-assessment	534	0.80
Deferred Tax write off	(171)	(0.26)
Reassessment of useful life	297	0.45
PAT	660	0.99

Outlook for 1Q '17

- Domestic PVC demand is expected to remain stable on account of favorable outlook for construction and an overall positive economic sentiment.
- The Company announced debottlenecking measures to enhance production capacity to 195 MT expected to complete by Dec '17
- Caustic Soda market is expected to remain stable
- PVC – ethylene core delta will remain sensitive to the price volatility of ethylene



Thank You