



engro polymer & chemicals

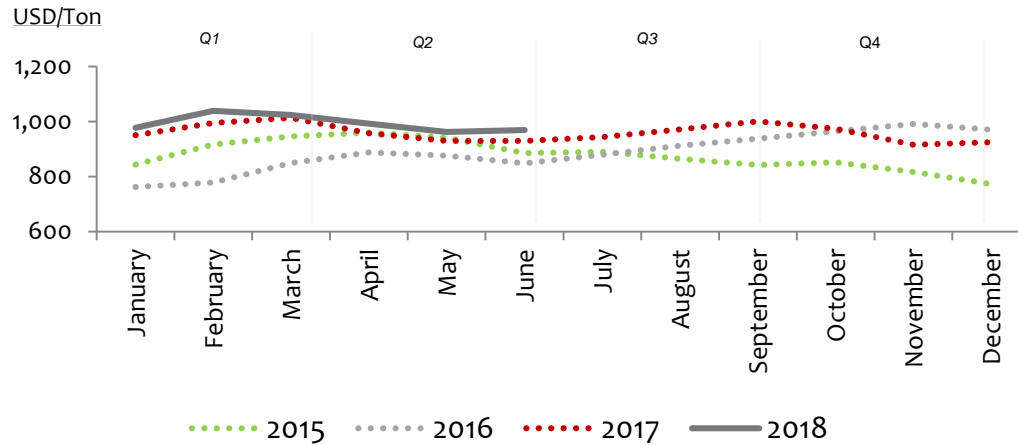
**ANALYST BRIEFING**  
**Q2, 2018**



# International Business Context

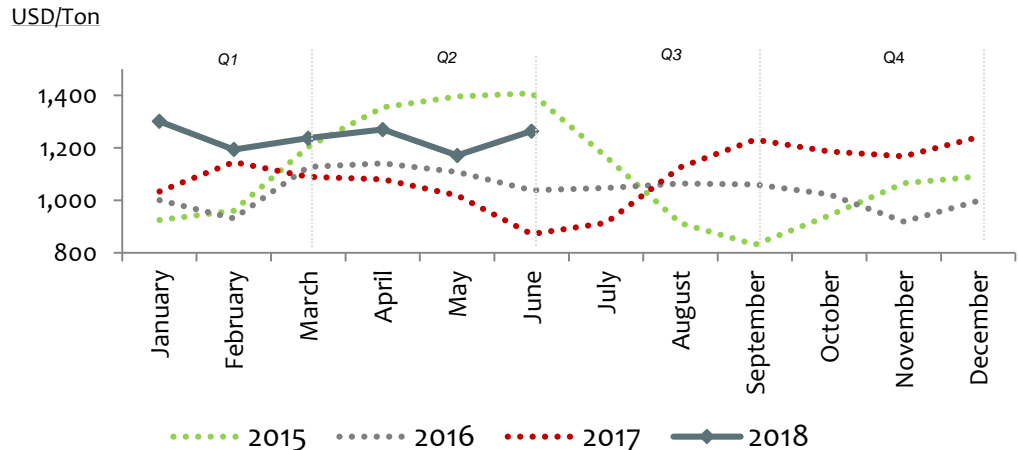


- International PVC Price



- PVC prices remained flattish in 2Q like yester years on account of monsoon season in India

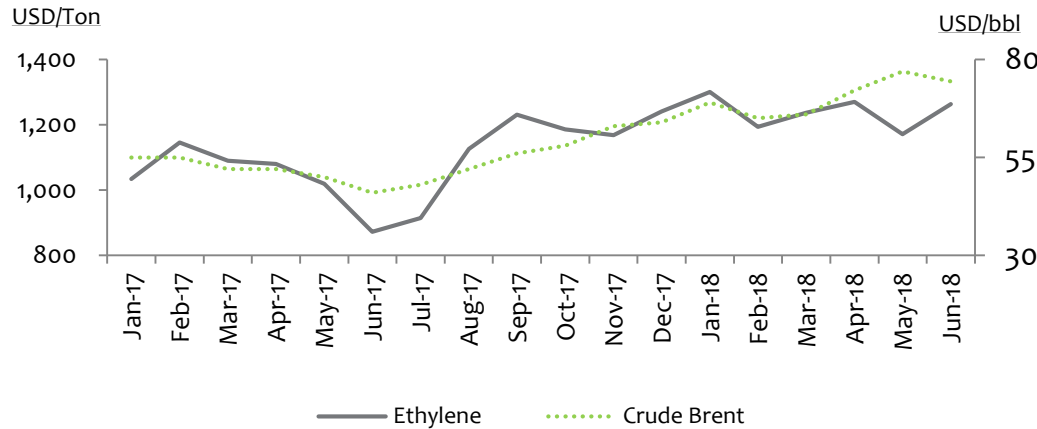
- International Ethylene Price



- Ethylene prices displayed a surge on the back of cracker turnarounds and tight availability within the region

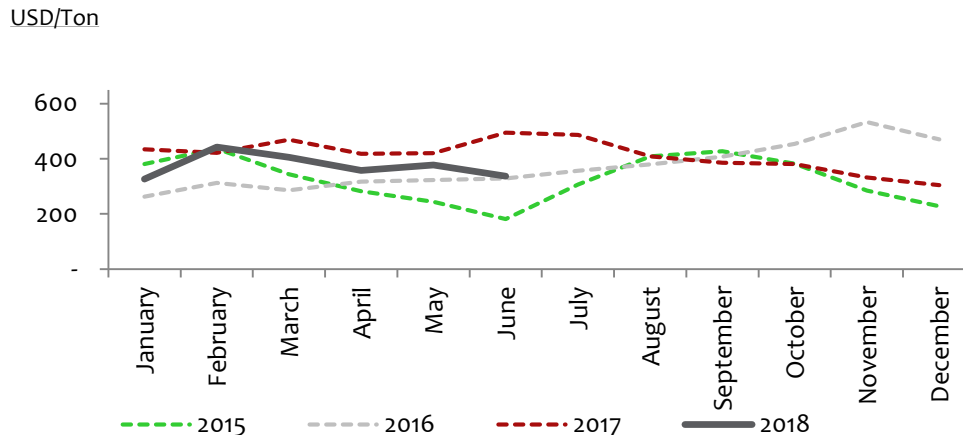
# Ethylene, Crude oil and PVC

- Analysis of ethylene and crude oil prices



- Oil prices are currently in flux due supply uncertainties arising from political instability

- PVC- Ethylene Core Delta



- PVC – Ethylene core delta averaged at \$357/MT. Lower PVC prices weighed on the core delta

# Domestic Market Overview

## PVC

- EPCL achieved its highest ever production numbers for half year
- The Company posted a 16% volumetric growth on YoY basis on account of strong economic activity
- On the regulatory front, NTC imposed an antidumping duty on the following countries
  - China (3.44% – 20.47%)
  - Taiwan (16.68%)
  - Korea (4% – 14.97%)
  - Thailand (13.98%)

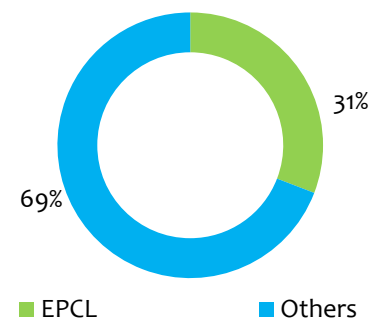
## Caustic

- Caustic soda remained stable in 2018
- Market dynamics remained favorable and better margins could be realized due to price increase and operational efficiencies

# Business Highlights

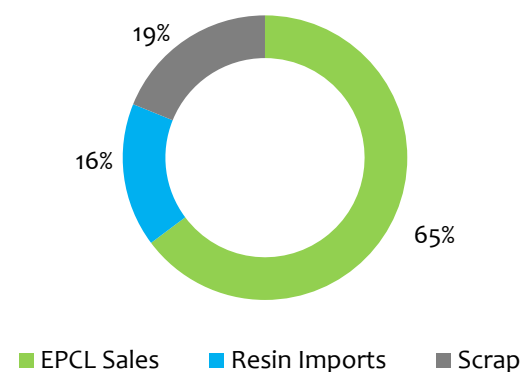
(KT)	2Q 2018	2Q 2017	1H 2018	1H 2017
Caustic Production	23	22	51	49
Caustic Domestic	21	20	44	41
Caustic Export	-		2	
Hypo Sales	6	5	13	11
HCL Sales	6	3	11	7

Caustic Domestic Market Share \*



(KT)	2Q 2018	2Q 2017	1H 2018	1H 2017
PVC production	49	42	102	90
VCM production	44	39	93	88
PVC Domestic Sales	49	45	103	89

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	2Q 2018	2Q 2017	1H 2018	1H 2017
Total Revenue	8,414	6,233	17,102	13,046
Profit Before Tax	1,370	386	3,403	1,591
Profit After Tax	1,336	200	2,784	1,046
<b>EPS</b>	<b>2.01</b>	<b>0.30</b>	<b>4.20</b>	<b>1.58</b>

- In 1H 2018, Company achieved an increase of 31% in revenue vs same period last year
- The Company posted a profit after tax of Rs. 2,784 Mn as against a profit after tax of Rs. 1,046 Mn LY same period
- Impact of one time items in 2Q 2018 is as follow:

Rs. Mn	2Q 2018
Tax Benefit (MTOT and Super Tax Net impact)	397
Benefit from WPPF	42
FX Loss due to USD Volatility	(99)
Net Impact	340
<b>EPS Impact of one time events</b>	<b>Rs. 0.51 per Share</b>

# Outlook for 3Q '18

- Domestic PVC demand is expected to remain stable. International PVC/Ethylene prices will remain a function of demand/supply
- Caustic Soda market is expected to remain stable
- The right issue for PVC / VCM expansion project has been subscribed upto Rs. 5,247 Mn
- 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