



engro polymer & chemicals

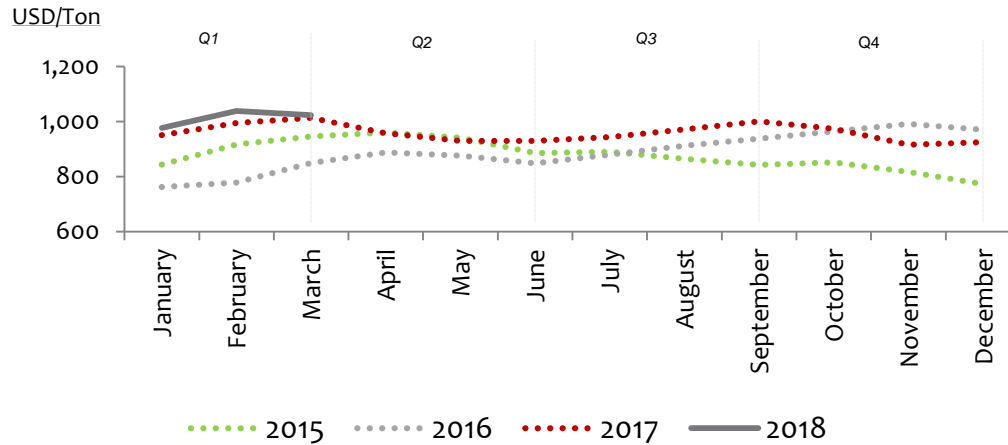
ANALYST BRIEFING
Q1, 2018



International Business Context

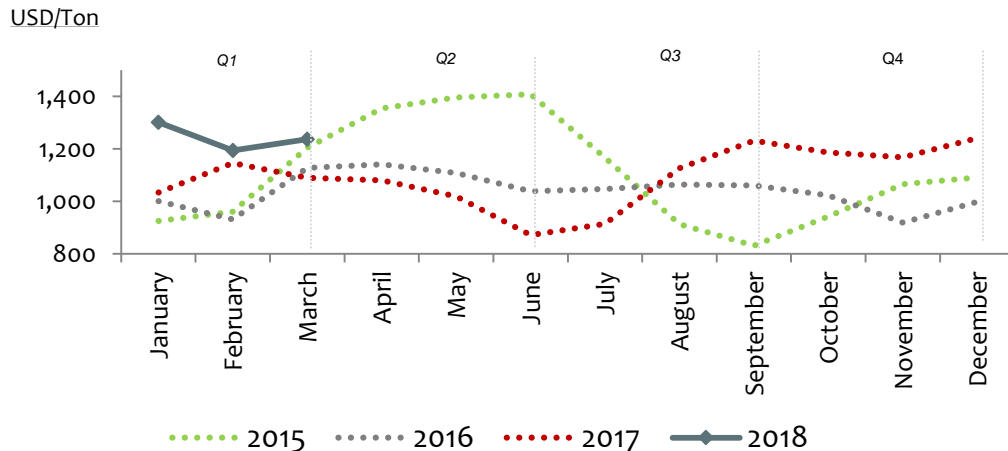


- International PVC Price



- PVC prices remained strong during 1Q of 2018 on account of supply tightening in Asia

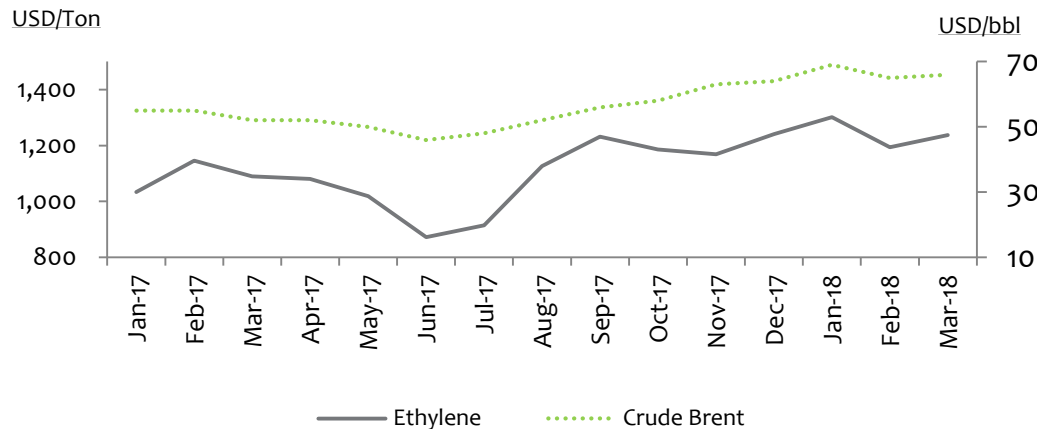
- International Ethylene Price



- Ethylene prices softened initially but then stabilized due to turnaround season towards quarter end.
- Positive downstream margins led to higher demand for ethylene

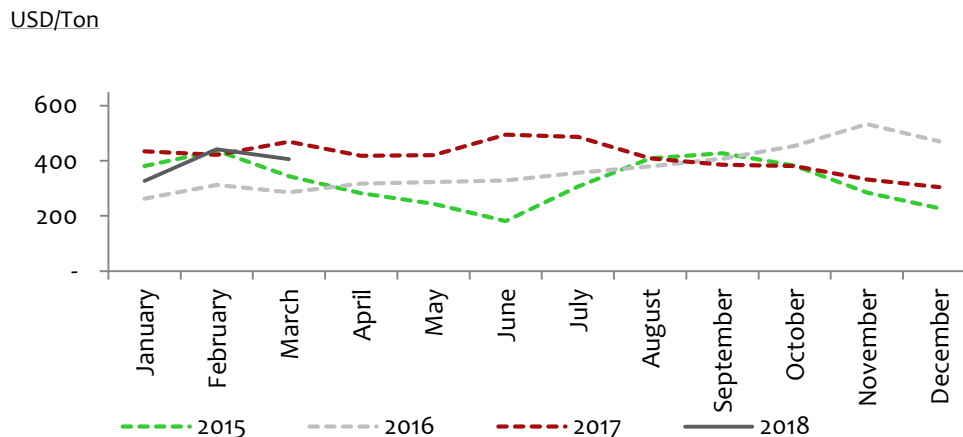
Ethylene, Crude oil and PVC

- Analysis of ethylene and crude oil prices



- Ethylene movement depicted similar trend as crude oil in 1Q 2018, prices remained on the higher side however, we believe that it was due to scheduled turnarounds than oil prices

- PVC- Ethylene Core Delta



- For 1Q '18, PVC – ethylene core delta averaged at \$392/mt. Strong PVC fundamentals supported core delta for Q1 2018

Domestic Market Overview

PVC

- EPCL achieved its highest ever production numbers for a quarter
- The Company posted a 23% volumetric growth on YoY basis and was constrained by capacity otherwise market appetite was available

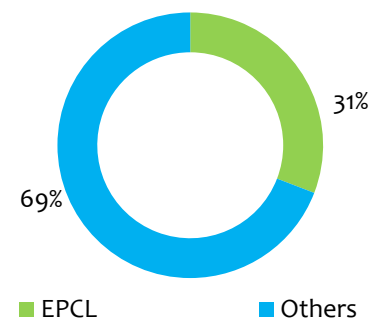
Caustic

- Caustic soda sales showed marginal improvement vs LY same quarter
- Market dynamics remained stable
- Prices in the international market remained strong on account of increased demand from regional markets

Business Highlights

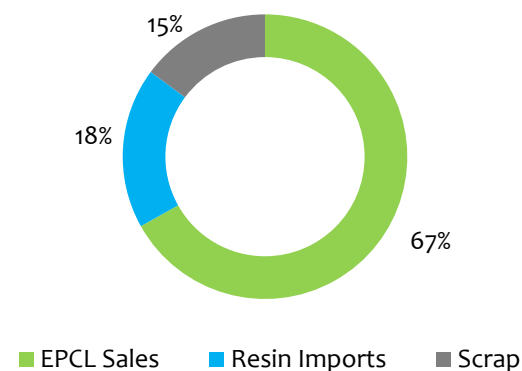
	1Q 2018	1Q 2017
Caustic Production (KT)	28	27
Caustic Domestic (KT)	23	20
Caustic Export (KT)	2	3
Hypo Sales (KT)	7	6
HCL Sales in (KT)	6	4

Caustic Domestic Market Share *



	1Q 2018	1Q 2017
PVC production (KT)	53	48
VCM production (KT)	49	49
PVC Sales in (KT)		
Local	54	44

PVC Domestic Market Share *



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

Financial Summary

PKR Million	1Q 2018	1Q 2017
Total Revenue	8,388	6,566
Profit/(Loss) Before Tax	2,031	1,204
Profit/(Loss) After Tax	1,447	846

- In Q1 2018, Company achieved an increase of 28% in revenue vs LY same quarter
- The Company posted a profit after tax of Rs. 1,447 Mn as against a profit after tax of Rs. 846 Mn LY same quarter
- The Company recorded a one time insurance gain of Rs. 276 Mn after tax
- Variance as compared to last year was witnessed on account of:
 - Higher domestic sales of PVC and operational efficiencies
 - Improved Caustic Margins
 - One time insurance gain of Rs. 276Mn

Outlook for 2Q '18

- Domestic PVC demand is expected to remain stable on account of favorable outlook for construction and project completions. International PVC/Ethylene prices will remain a function of demand/supply
- Caustic Soda market is expected to remain stable
- The Company is on track with expansion projects, ground breaking ceremony of Caustic Flaker was conducted recently, we are hopeful that we will achieve commercial production as per plan, within budget and with strong focus on HSE



Thank You