

Analyst Briefing

2Q and 1H 2012 Business Results

August 2012



engro polymer & chemicals

VCM Plant Highlights

- Annual turnaround completed successfully in April
- Smooth operations thereafter (34 KT VCM in 2Q). Operating rate of 540+ tpd.
- Sustained production during 1H (67 KT) up by 91% as compared to same period last year
- 3 KT VCM exported in 1H yielding a margin of \$168/t vs. no exports in 1H '11

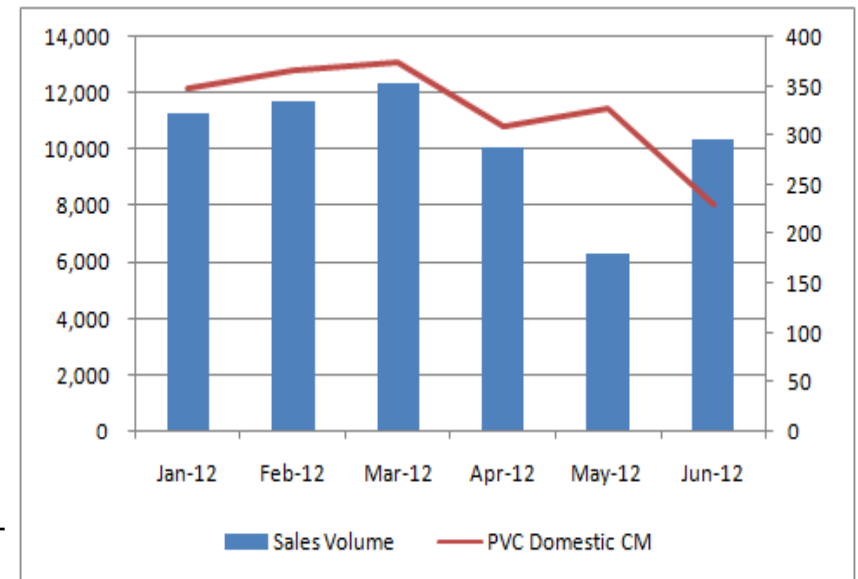
PVC Highlights

Production

- 34 KT & 70KT PVC produced in Q2 & 1H respectively

Sales

- 27 KT domestic and 2 KT export sales in 2Q
- 62 KT domestic and 4 KT export sales in 1H
- Domestic sales volume grew by 14% in 1H'12 as compared to 1H'11
- Falling international prices put customers in wait-and-see mode, leading to lower sales in 2Q. Prices dropped by USD 200/ton during Q2



Caustic Soda Highlights

- 25 KT Caustic produced and sold in the domestic market in 2Q
- 48 KT caustic sold in 1H which was up by 14% as compared to last year
- EPCL well-positioned to sell its entire production
- EPCL has a competitive advantage over other suppliers in terms of:
 - Consistent gas supply
 - Geographical location in South
 - Dedicated distribution fleet

Sodium Hypochlorite

- 10 KT Hypo sold in 1H 2012 versus 9 KT last year
- Only supplied in South
- All production sold

Operating Highlights

	(units)	2Q 2012	2Q 2011	1H 2012	1H 2011
Production:					
PVC	KT	34	27	70	52
VCM	KT	34	21	67	35
EDC	KT	26	26	55	49
Caustic Soda	KT	25	25	53	46
Sales:					
PVC Domestic	KT	27	26	62	55
PVC Export	KT	2	-	4	2
Caustic Domestic	KT	25	22	48	42
Caustic Exports	KT	-	-	2	-
EDC Export	KT	-	4	-	7
PVC Domestic CM	\$/ton	277	347	321	356
International PVC-VCM Margin	\$/ton	87	91	102	128
Contribution Margin	Rs. M	1,234	1,063	2,882	2,359
Profit After Tax	Rs. M	(355)	(136)	59	(195)

Forex loss of Rs. 480 mln in Q2 as compared to Rs 54 mln in Q2 2011 (4.4% deval vs 0.7%).

Business Outlook

- PVC prices are expected to remain stable during 3Q 2012; however uncertainty is expected to prevail due to regional demand/supply and Euro-zone crisis.
- Caustic Soda demand is expected to remain stable.
- The management of the Company will continue its focus and commitment on safe and sustained operations of the integrated facility at desired operating level to obtain full economic benefits.



Thank You

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Major Variance in PAT (2Q '12 vs. 2Q '11)

2Q 2012:	(355)
2Q 2011:	<u>(136)</u>
Variance	(219)

Major factors (Rs. M):

• Prices	(74)
• Higher sales volumes:	127
• VCM import	22
• Other costs	(31)
• PKR deval.	(211)
• Fixed cost	(98)
• <u>Miscellaneous</u>	<u>47</u>
• Total	(219)