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ANALYST BRIEFING – Q2 AND 1H 2013

AUGUST 22, 2013

Summary – Q2 2013

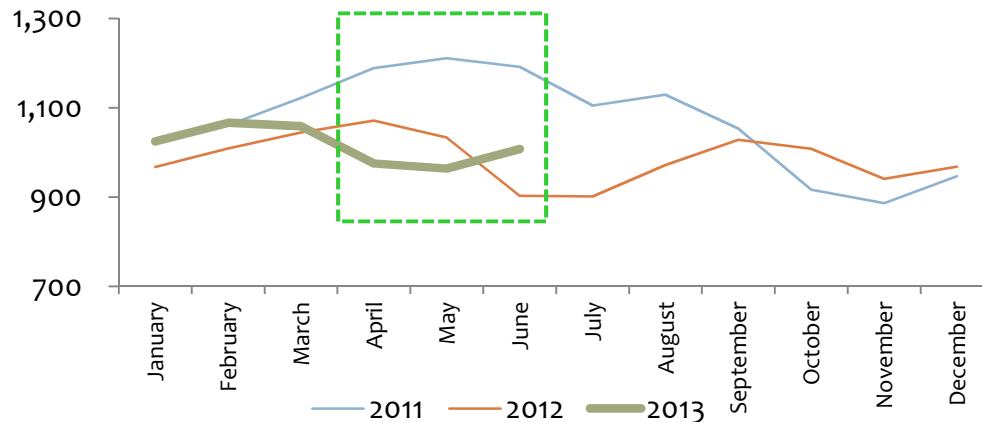


- In Q2 2013, the Company recorded a revenue of Rs.6.1 B as compared to Rs.4.5 B in Q2 2012
 - The Company posted a Profit After Tax (PAT) of Rs.162 M in Q2 2013 as compared to a Loss After Tax of Rs.355 M in Q2 2012
 - Rise in profitability is mainly attributable to the following factors:
 - Improvement in PVC Volumes due to marketing strategy and good market demand (35 KT vs. 27 KT in Q2 2012)
 - Higher PVC margins then last year (\$316/t vs. \$277/t in Q2 2012)
 - 44 KT VCM was produced in Q2 2013 vs. 34 KT in Q2 2012, higher production mainly due to stable plant operations and improved maintenance shutdown plan
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International Business Context

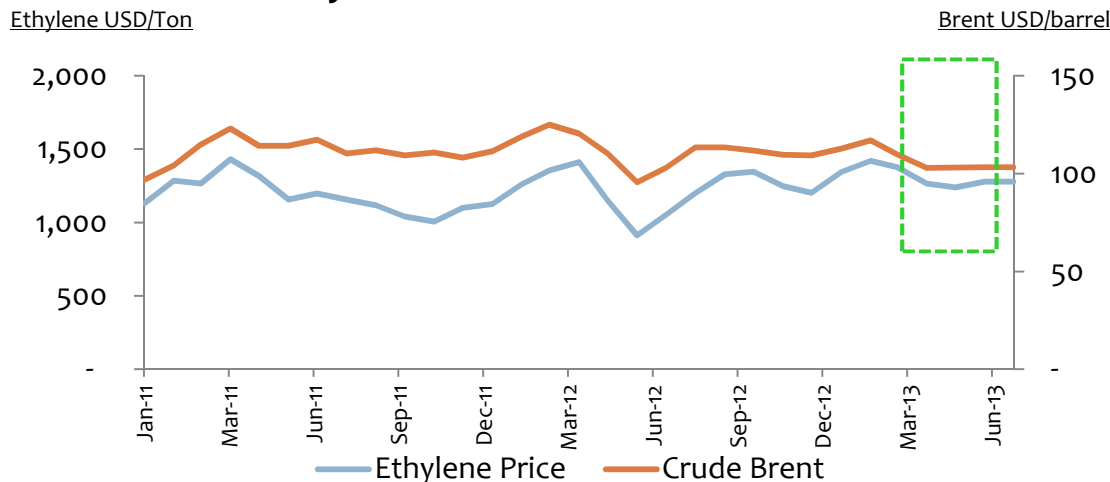


- International PVC Price**



– Margins in 2Q 2013 remained soft, going forward prices are expected to improve on account of post monsoon and pre Christmas buying

- International Ethylene & Crude Oil Price trend**



– Ethylene followed the trend with crude and it is expected to sustain its price in the upcoming quarter

Production Highlights



- Company witnessed smooth operations in Q2 2013, VCM plant operations were streamlined and highest production of VCM was posted in 2Q 2013
- Stable VCM operations enabled the company to produce PVC by entirely using in house VCM
- Caustic production remained robust

Volume (MT)	Q2 2013	Q2 2012
PVC	36.2	34.0
VCM	44.2	34.0
EDC	26.8	26.0
Caustic	27.0	25.0
Hypo	5.4	5.0

Sales Analysis



Volume (MT)	Q2 2013	Q2 2012
PVC		
Local	35.0	27.0
Export	2.3	2.0
VCM	7.4	3.0
Caustic Soda	23.6	25.0

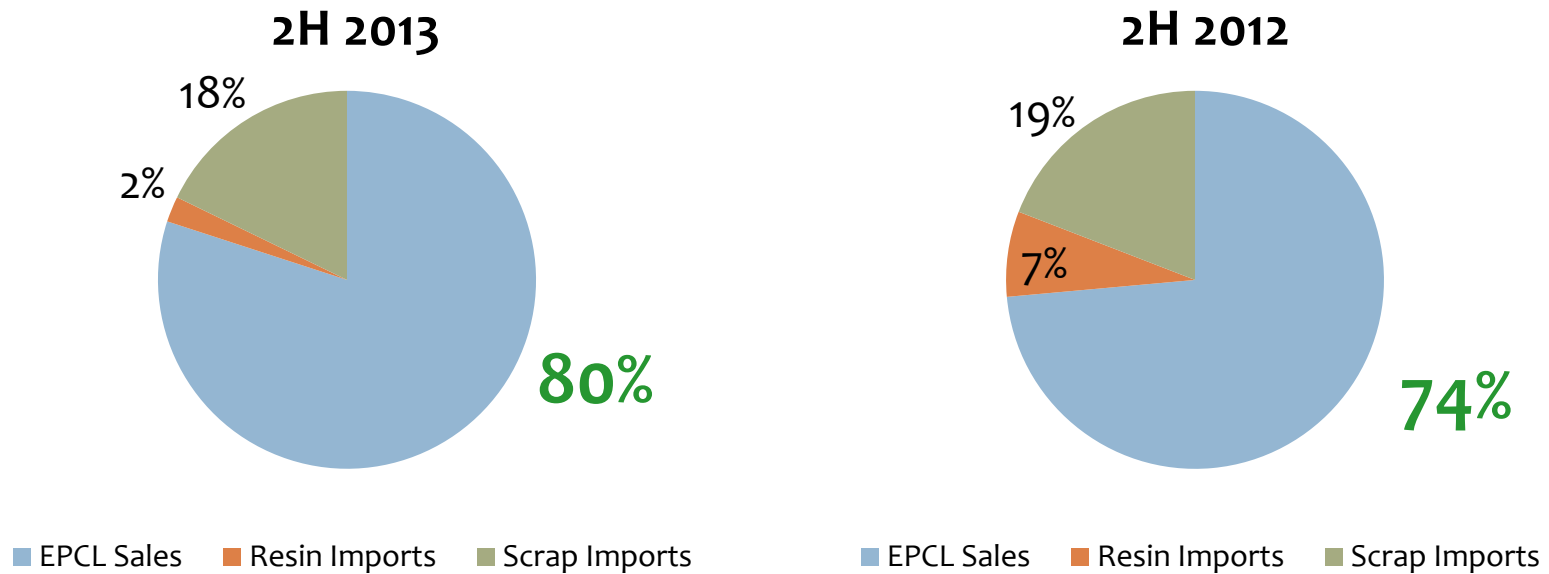
Prices (USD/MT)	Q2 2013	Q2 2012
PVC Base Price	1,018	991
Ethylene Weighted Avg Price	1,307	1,146

EPCL Margins	Q2 2013	Q2 2012
PVC (\$/Ton)	316	277
Caustic (Rs/Ton)	22,497	18,344

- PVC sales grew by 28% as compared to 2Q 2012, mainly due to market development initiatives and strict enforcement of PVC scrap import regulations
- Caustic sales were marginally lower than 2Q 2012, primarily due to timing difference
- PVC prices remained fairly stable after peaking in 1Q'13. Strong pre-monsoon demand supported price levels in 2Q'13
- Healthy PVC margins due to favorable prices
- Caustic margins remained higher due to company sales strategy and better regional sales mix

PVC Market Analysis

- **PVC Market Share ***



- **New developments and application**

- Successfully introduced PVC in Panaflex
- Promoted use of PVC rigid sheet in blister packaging of medicines
- Exploring large diameter pipe segment

* Market share based on best estimates available

Financial Highlights



- Company posted strong financial performance in Q2 2013 as compared to Q2 2012

PKR Million	Q2 2013	Q2 2012
Total Revenue	6,144	4,458
Contribution Margin	1,676	1,234
Profit After Tax	162	(355)

- Variance as compared to 2012 was witnessed on account of:
 - Better PVC Volumes
 - Higher VCM Exports
 - Higher margins on PVC and Caustic

Future Outlook



- PVC international prices are expected to remain stable to strong post monsoon season
- Ethylene is expected to follow the upward trend with rise in crude oil prices and temporary shut down for turnaround of plants in Indonesia
- PVC debottlenecking plan has already been initiated, in this regard company has successfully implemented Hot Water Charging which would result in an additional 6 KT per annum capacity of PVC taking the total PVC capacity to 156 KT p.a.



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Thank You