



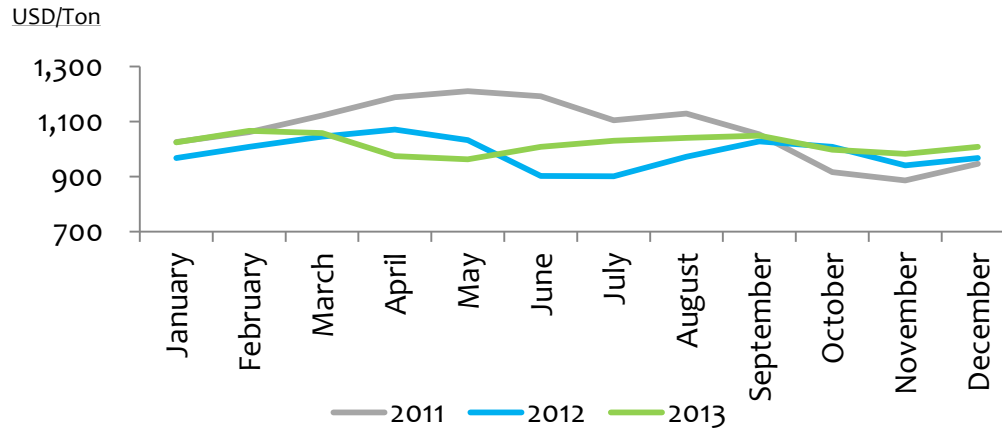
ANALYST BRIEFING – 2013
FEBRUARY 4, 2014

Summary – 2013

- In 2013, company recorded a Revenue of PKR 24.8 Bn as compared to PKR 20.6 Bn in 2012
- Company posted a Profit After Tax (PAT) of PKR 707 Mn in the 2013 as against Profit After Tax of PKR 77 Mn in 2012
- Highest ever sales of Domestic PVC, Caustic Soda, Sodium Hypo and VCM exports
- Highest ever production of Vinyl Chloride Monomer (VCM), Ethylene Di Chloride (EDC), Caustic and Sodium Hypochlorite
- Company has been successful in streamlining its VCM operations and recorded highest ever VCM production of 170 KT

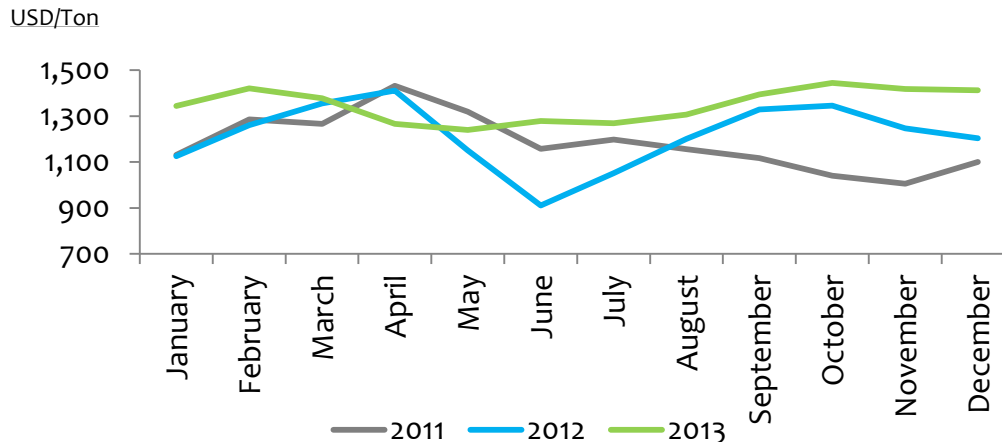
International Business Context

• International PVC Price



- International PVC prices remained flattish in 2013
 - Mild drop was witnessed in spring
 - Prices bounced back due strong pre monsoon demand and rising feedstock prices
 - Trend reversed due to prolonged monsoon

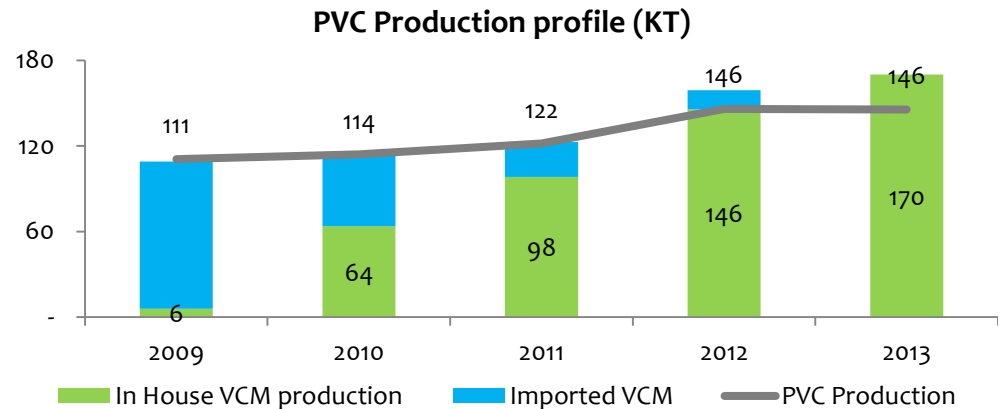
• International Ethylene Price



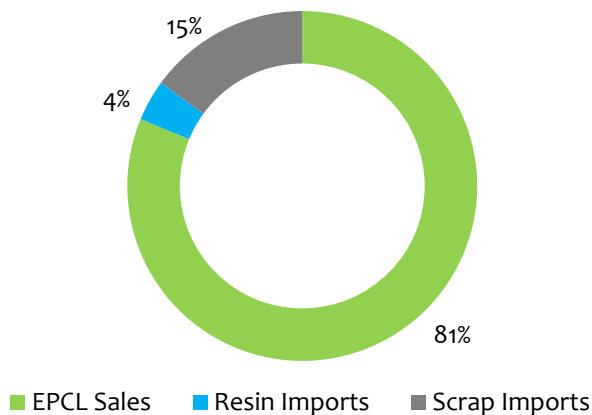
- Ethylene prices remained buoyant in 2013
 - Economic slowdown pulled the prices down in Spring
 - Trend reversed due to Geo political tensions and further due to supply tightness in later half

Highlights – Vinyls

	2013	2012
PVC Sales in KT		
Local	139	133
Export	4	13
PVC Base Price (\$/MT)	1,052	979
Ethylene Avg. Price (\$/MT)	1,358	1,178



PVC Domestic Market Share *

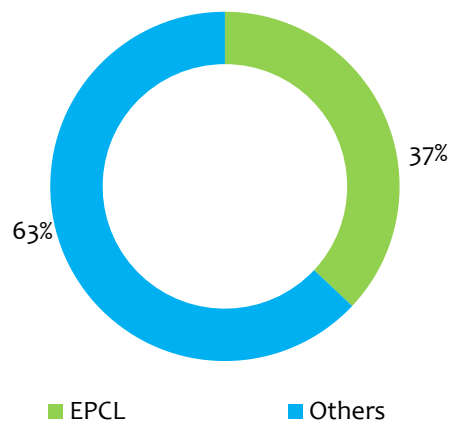


- Overall PVC sales remained flat, sales mix was skewed towards domestic market which grew by 5%
- Highest ever VCM production recorded in 2013, it was enough to meet entire PVC production and also resulted in surplus which was exported.
- Despite high ethylene cost, company was able to maintain healthy domestic margin through its effective marketing strategy
- In 2013, company achieved market share of 81% against 79% in 2012

Highlights – Caustic & Allied

	2013	2012
Caustic Sales Volume (KT)	100	90
Caustic Price (Rs/MT)	49,369	44,212

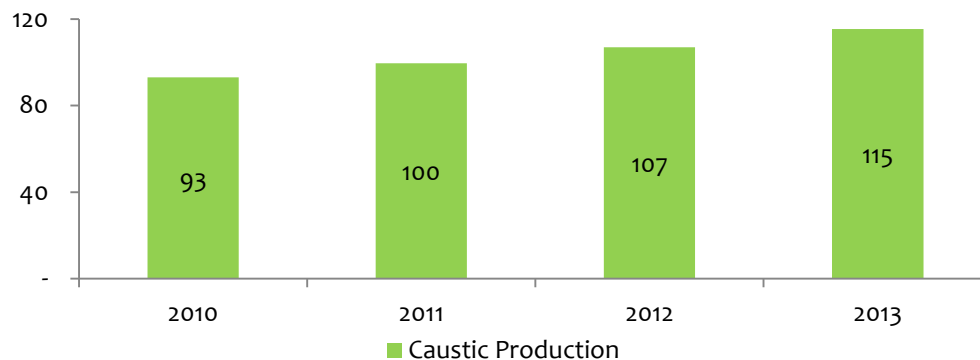
Caustic Domestic Market Share *



Recent Initiatives

	2013
HCL (KT)	19
Hydrogen (MnNM ₃)	1.7

Caustic Production profile (KT)



- Caustic sales witnessed healthy growth of 10% YoY
- Plant operated at a capacity utilization of 105% of name plate capacity. High production rate is sustainable
- Caustic margins remained healthy in 2013, rise in gas price was compensated by PKR devaluation maintained import parity
- In 2013, company achieved market share of 37%
- HCL and Hydrogen were launched in the market and company achieved market leadership in South for HCL

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

Financial Highlights

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

PKR Million	2013	2012
Total Revenue	24,781	20,606
Contribution Margin	7,759	6,205
EBITDA	4,051	3,205
Profit Before Tax	1,343	212
Profit After Tax	707	77

- Variance as compared to 2012 was witnessed on account of:
 - Higher sales of PVC in Domestic Market
 - Use of In House VCM to produce PVC
 - Higher PVC margins
 - Higher volumes and margins in Caustic
 - Lower financial charges

Major Developments & Outlook



- Completed first phase of de bottlenecking, resulting in an increase in production of 6 KT
- Initiated 2nd bottlenecking which will result in production increase of 15 KT and will materialize in 3Q 2014
- Debottlenecking will enable high product availability in the market and will allow the company to convert export PVC instead of VCM in case of surplus
- Grant of General Scheme of Preference (GSP) Plus to Pakistan can further support Caustic scenario in Pakistan
- Company made a debt repayment of Rs. 2.4 Bn and raised new long term financing of Rs. 1.9 Bn. The new facility will be utilized for CAPEX which will result in higher volumes and higher efficiency
- Company has provided Rs. 210 Mn for tax recoup ability in addition to current period tax on account of tax asset created due to payment of minimum turnover tax in yester years

Thank You