



engro polymer & chemicals

ANALYST BRIEFING 1Q 2016

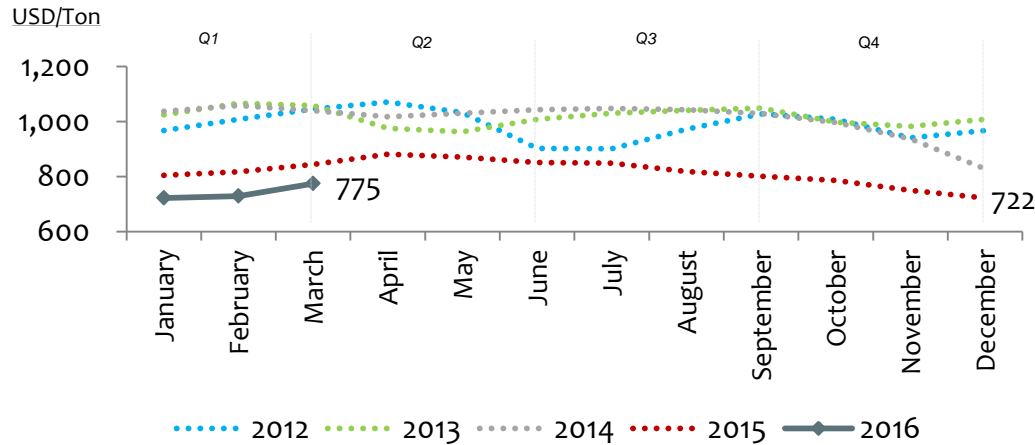


Summary

- In 1Q 2016, the Company achieved a revenue of Rs 5,739 Mn as against Rs. 6,701 Mn in 1Q 2015
- The Company posted a profit after tax of Rs. 18 Mn as against a loss after tax of Rs. 107 Mn in 1Q 2015
- The profit per share for 1Q '16 stood at Rs 0.03 as compared to a loss per share Rs 0.16 in the same period last year
- Variance as compared to 1Q 2015 was witnessed on account of:
 - Strong market demand for PVC further complemented the quarter's performance
 - Operational efficiency in 1Q '16 led to cost optimization

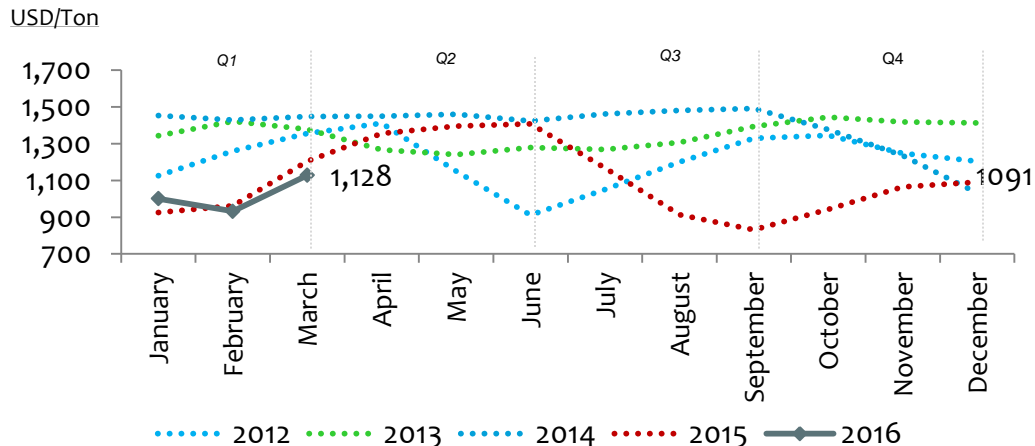
International Business Context

- International PVC Price



- During 1Q, PVC prices posted an increase breaking the decreasing trend from the previous quarters

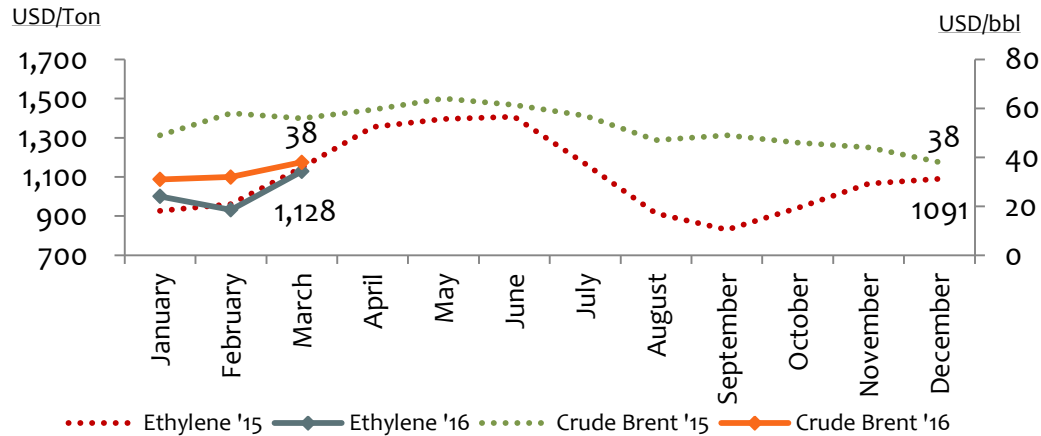
- International Ethylene Price



- Ethylene prices dropped at the start of the quarter, however the drop was not sustainable due to turnarounds in the region which pulled prices back up

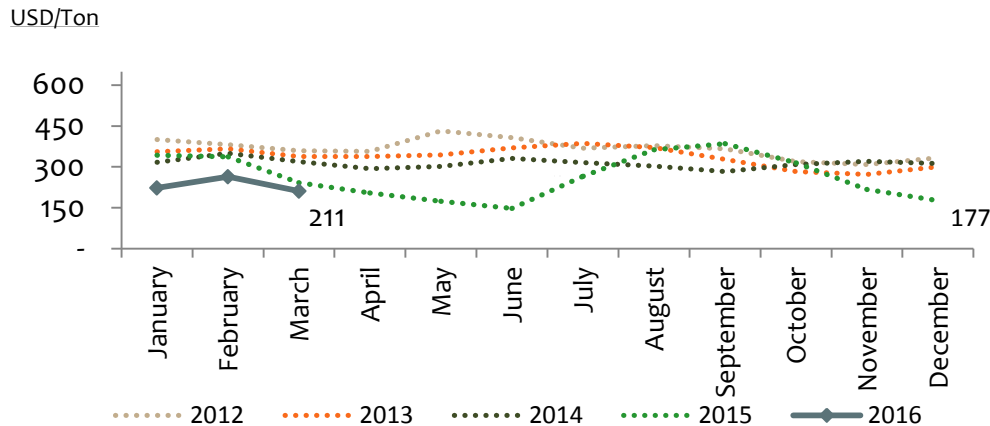
Ethylene, Crude oil and PVC

- Analysis of ethylene and crude oil prices



- Crude oil and ethylene maintained the same trajectory in the 1Q '16. The quantum of price increase in ethylene was majorly backed by supply constraints

- PVC- Ethylene Core Delta



- PVC and ethylene core delta remained under pressure through out the quarter

Domestic Market Overview

PVC

- Domestic market remained strong in 1Q 2016
 - EPCL achieved its highest ever quarterly sales and also achieved its highest quarterly production in 1Q '16
 - During the quarter, the Company posted a 12% volumetric growth on YoY basis and secured a market share of 83%
 - PVC demand increased versus last quarter on the back of improved economic sentiment

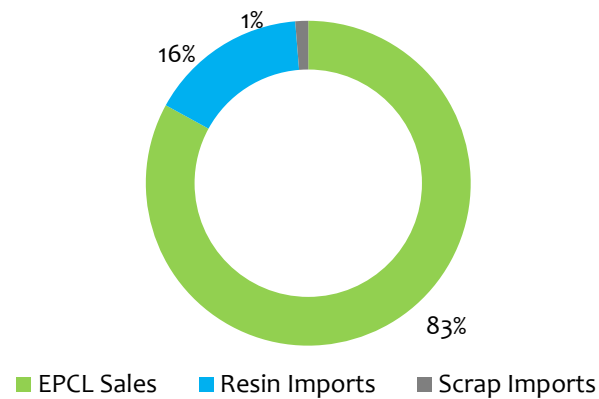
Caustic

- Caustic market remained stable in 1Q 2016:
 - On a quarterly basis, domestic sales were lower which was compensated by an increase in export sales

Highlights – Vinyls

	1Q 2016	1Q 2015
PVC production (KT)	46	41
VCM production (KT)	50	41
PVC Sales in (KT)		
Local	45	40
Export	1	13

PVC Domestic Market Share *

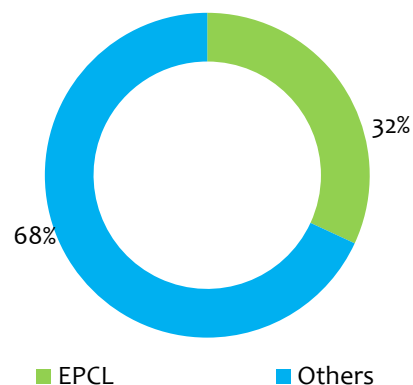


* Market share is based on our best estimates and have not been verified by an independent source

Highlights – Caustic & Allied

	1Q 2016	1Q 2015
Caustic Production (KT)	29	26
Caustic Sales Volume (KT)	25	24
Hypo Sales (KT)	5	3
HCL Sales in (KT)	5	4

Caustic Domestic Market Share *



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

Financial Highlights

- Financial Performance

PKR Million	1Q 2016	1Q 2015
Total Revenue	5,739	6,701
EBITDA	627	555
Profit/(Loss) Before Tax	24	(125)
Profit/(Loss) After Tax	18	(107)

- Variance as compared to 1Q 2015 was witnessed on account of:
 - Strong PVC demand in the domestic market
 - Higher production efficiency led to cost optimization

Outlook for 2Q '16

- PVC domestic demand is expected to remain strong in the coming quarters as market appetite seems favorable on the back of an improved economic sentiment & construction outlook
- Domestic demand of Caustic Soda is expected to remain stable
- PVC and ethylene core delta may remain under pressure as supply constraints of ethylene are anticipated to continue due to planned turnarounds in the region
- On the production front, projects and regular procedures are planned to sustain efficiency

Thank You