



engro polymer & chemicals

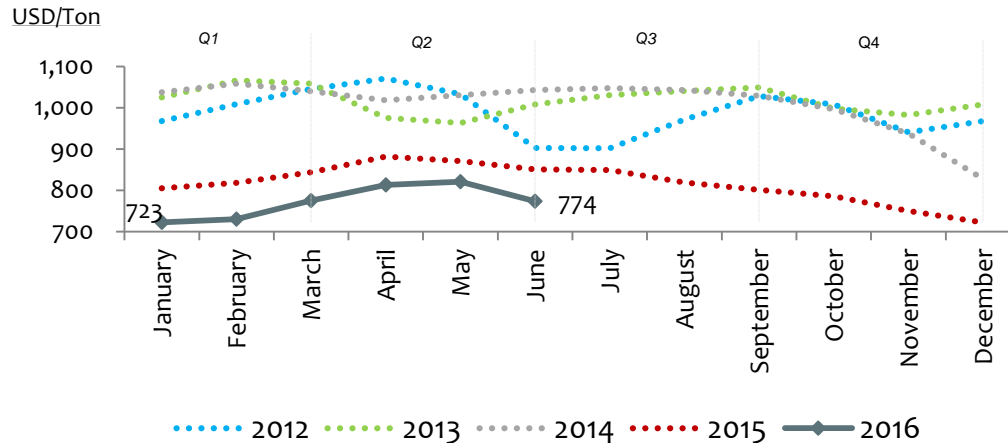
ANALYST BRIEFING 2Q & 1H 2016



International Business Context

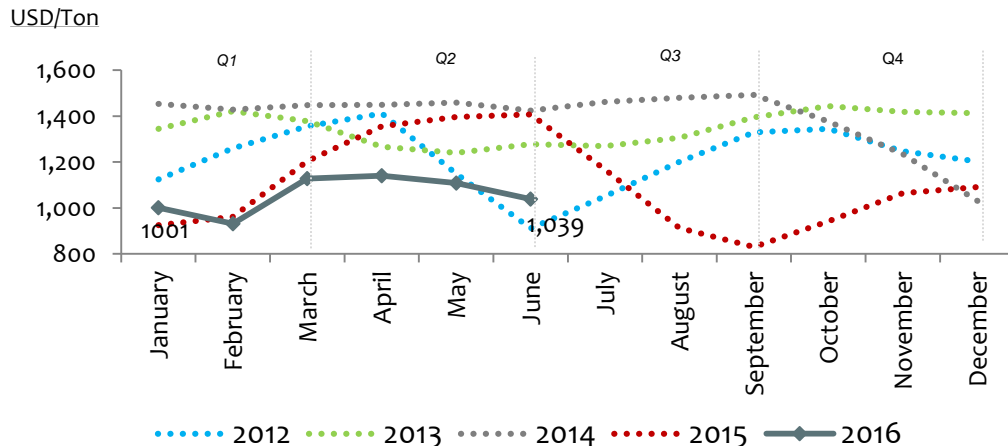


• International PVC Price



- During 2Q '16, PVC prices picked up initially, however posted a decline towards the end of the quarter

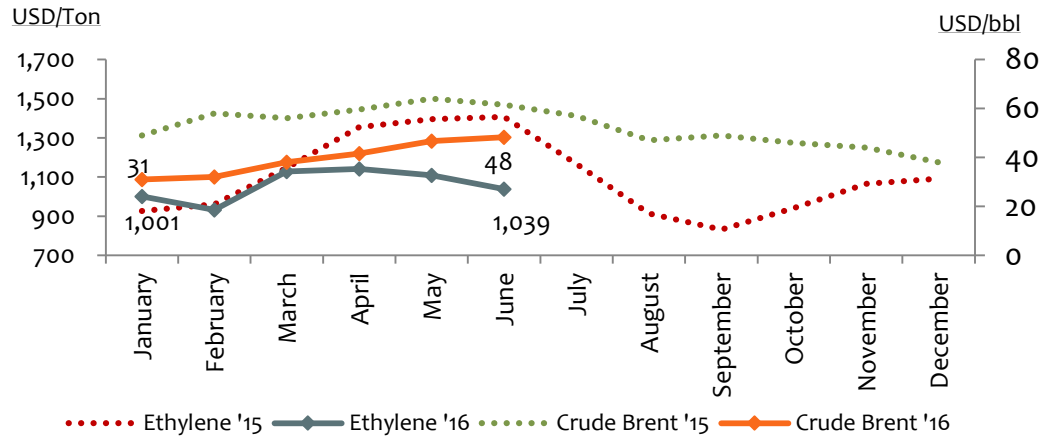
• International Ethylene Price



- Ethylene prices softened in 2Q '16 on the back of improved supply.
- Resumption in operations of various crackers eased supply into the markets

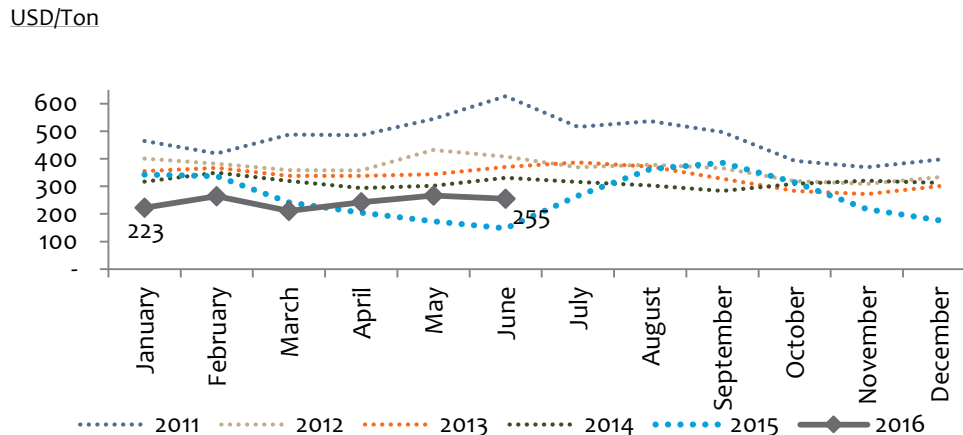
Ethylene, Crude oil and PVC

- Analysis of ethylene and crude oil prices



- Crude oil and ethylene decoupled in 2Q due to varying supply dynamics. Resumption of supply in Ethylene market assisted price decline

- PVC- Ethylene Core Delta



- For 2Q 2016, PVC – Ethylene core delta averaged at \$255/mt
- In 2Q '16 the PVC – Ethylene Core delta improved versus the previous quarter due to price rationalization of Ethylene

Domestic Market Overview

PVC

- Domestic market remained strong in 2Q & 1H 2016
 - EPCL achieved its highest ever sales and also achieved its highest production in 1H '16
 - During the first half, the Company posted a 5% volumetric growth on YoY basis
 - PVC demand increased versus last year on the back of robust construction activity and an improved economic sentiment

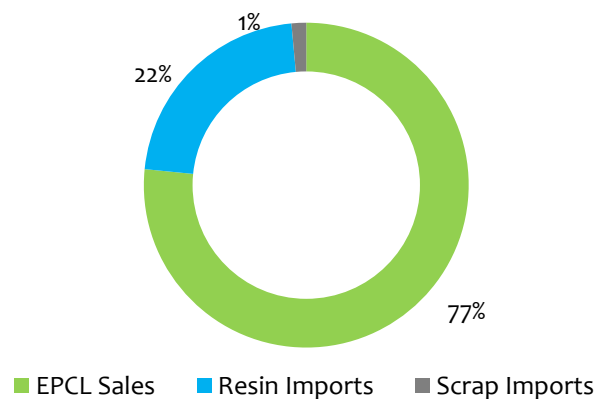
Caustic

- Caustic market remained stable in 2Q & 1H 2016:
 - On a quarterly basis, Caustic soda sales posted a 5% volumetric growth on YoY basis
 - Market landscape remained competitive

Highlights – Vinyls

	2Q 2016	2Q 2015	1H 2016	1H 2015
PVC production (KT)	37	38	83	79
VCM production (KT)	34	39	85	80
PVC Sales in (KT)				
Local	39	39	84	80
Export	-	1	1	15

PVC Domestic Market Share *

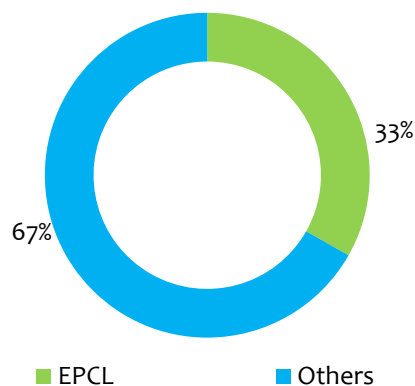


* Market share is based on our best estimates and have not been verified by an independent source

Highlights – Caustic & Allied

	2Q 2016	2Q 2015	1H 2016	1H 2015
Caustic Production (KT)	26	26	54	52
Caustic Sales Volume (KT)	23	22	44	46
Hypo Sales (KT)	5	5	10	8
HCL Sales in (KT)	4	5	8	9

Caustic Domestic Market Share *



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

Financial Summary



PKR Million	2Q 2016	2Q 2015	1H 2016	1H 2015
Total Revenue	5,422	5,716	11,161	12,417
EBITDA	603	205	1,194	720
Profit/(Loss) Before Tax	46	(399)	70	(524)
Profit/(Loss) After Tax	22	(326)	40	(433)

- In 2Q 2016, the Company achieved a revenue of Rs 5,422 Mn as against Rs. 5,716 Mn in 2Q 2015
- The Company posted a profit after tax of Rs. 22 Mn as against a loss after tax of Rs. 326 Mn in 2Q 2015
- The profit per share for 2Q '16 stood at Rs 0.03 as compared to a loss per share Rs 0.49 in the same period last year
- Variance as compared to 2Q 2015 was witnessed on account of:
 - Improved PVC – Ethylene Core delta assisted margin expansion, although PVC prices were lower as against 2Q 2015
 - Operational efficiency led to strong cost optimization
 - Lower fixed costs & financial charges recuperated the Company's bottom line

Outlook for 3Q '16

- Domestic PVC demand is expected to remain strong on account of favorable outlook for construction and an overall positive economic sentiment
- Domestic demand of Caustic Soda is expected to remain stable, however the market landscape is likely to stay competitive
- PVC - Ethylene core delta may remain under pressure as supply constraints of ethylene are anticipated to continue due to planned turnarounds in the region



Thank You