



engro polymer & chemicals

ANALYST BRIEFING

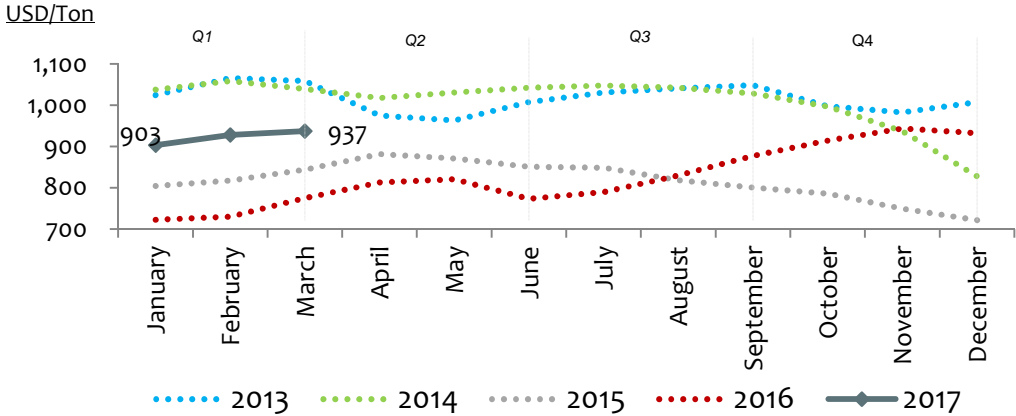
1Q 2017



International Business Context

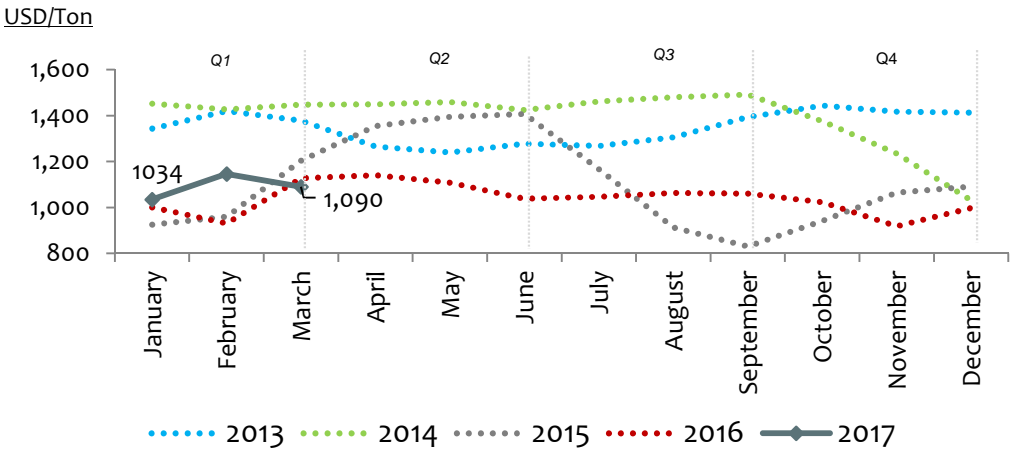


- International PVC Price



- During 1Q '17, PVC prices remained fairly stable & aligned with 4Q '16. Prices went down in late Dec/early Jan, however resumed their upward trajectory thereafter
- PVC prices averaged at \$923/ MT for 1Q '17

- International Ethylene Price

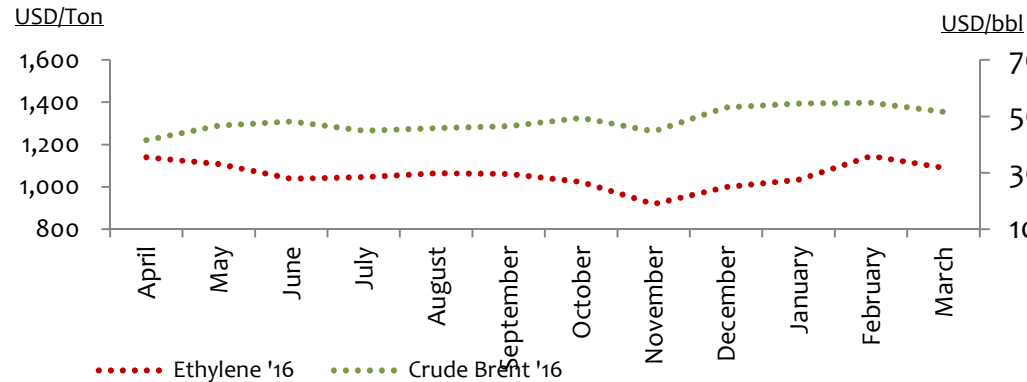


- Tight supply in the region coupled with a major unplanned shutdown led to bullish trend in Ethylene prices. However, tough economics for downstream products led to reduced ethylene prices later in Q1
- Ethylene prices averaged at \$1090/ MT for 1Q '17

Ethylene, Crude oil and PVC

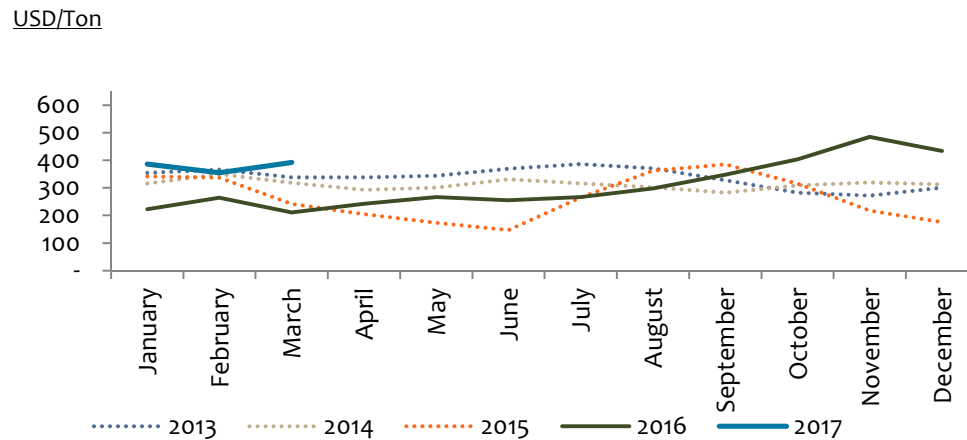


- Analysis of ethylene and crude oil prices



- Crude oil and ethylene maintained the same price pattern in 1Q '17

- PVC- Ethylene Core Delta



- For 1Q '17, PVC – ethylene core delta averaged at \$378/mt
- In 1Q '17 the PVC – ethylene core delta declined vs previous quarter primarily due to high ethylene prices

Domestic Market Overview



PVC

- Domestic market witnessed growth in PVC demand in 1Q 2017. EPCL sales remained in tandem with comparative quarter last year

Caustic

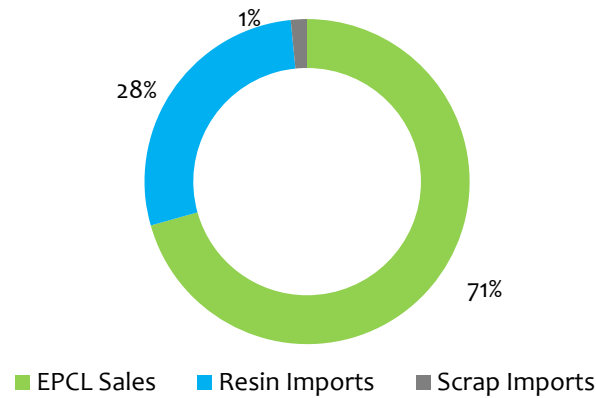
- Caustic market remained stable in 1Q 2017:
 - Caustic soda sales performed in line with same period last year
 - Market dynamics remained competitive

Highlights – Vinyls



| | 1Q 2017 | 1Q 2016 |
|-----------------------------------|---------|---------|
| PVC production (KT) | 48 | 46 |
| VCM production (KT) | 49 | 50 |
| PVC Sales in (KT) | | |
| Local | 44 | 45 |
| Export | - | 0.6 |
| PVC – Ethylene Core Delta (\$/MT) | 378 | 232 |

PVC Domestic Market Share *



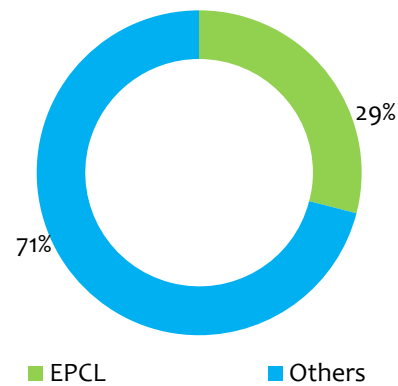
* Market share is based on our best estimates and have not been verified by an independent source

Highlights – Caustic & Allied



| | 1Q 2017 | 1Q 2016 |
|---------------------------|---------|---------|
| Caustic Production (KT) | 26.8 | 28.6 |
| Caustic Sales Volume (KT) | 20.5 | 20.6 |
| Hypo Sales (KT) | 6.0 | 5.2 |
| HCL Sales in (KT) | 4.0 | 4.0 |

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 | 1Q 2017 | 1Q 2016 |
|-------------------|---------|---------|
| Total Revenue | 6,812 | 5,739 |
| Profit Before Tax | 1,206 | 24 |
| Profit After Tax | 846 | 18 |

- Variance as compared to 1Q2016 was witnessed on account of:
 - Higher core delta
 - Operational efficiencies and strict cost control measures
 - Lower finance cost

Outlook for 2Q '17



- Domestic PVC demand is expected to remain robust on account of favorable outlook for construction and an overall positive economic sentiment
- Caustic Soda market is expected to remain stable
- PVC – ethylene core delta will remain sensitive to the price volatility of ethylene and PVC

Thank You