



engro polymer & chemicals

Annual Report 2018

ANALYST BRIEFING

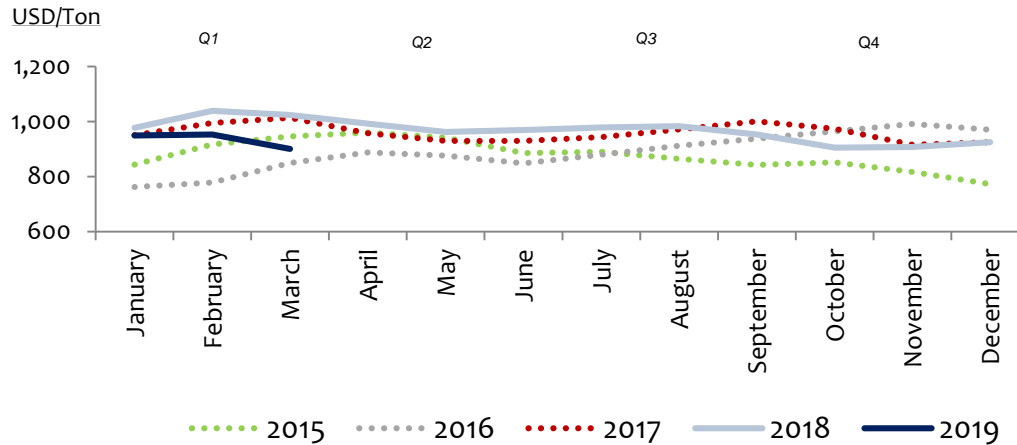
Q1, 2019

POWER OF
PERSPECTIVE

International Business Context

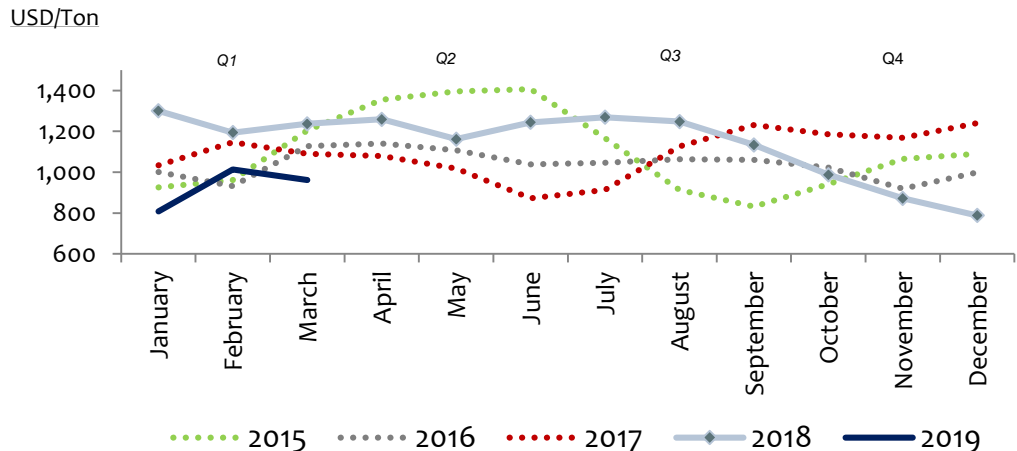


- International PVC Price



- In Q1 PVC prices softened on account of demand lull driven due to prolonged winters in key markets such as China & ample supplies in the region

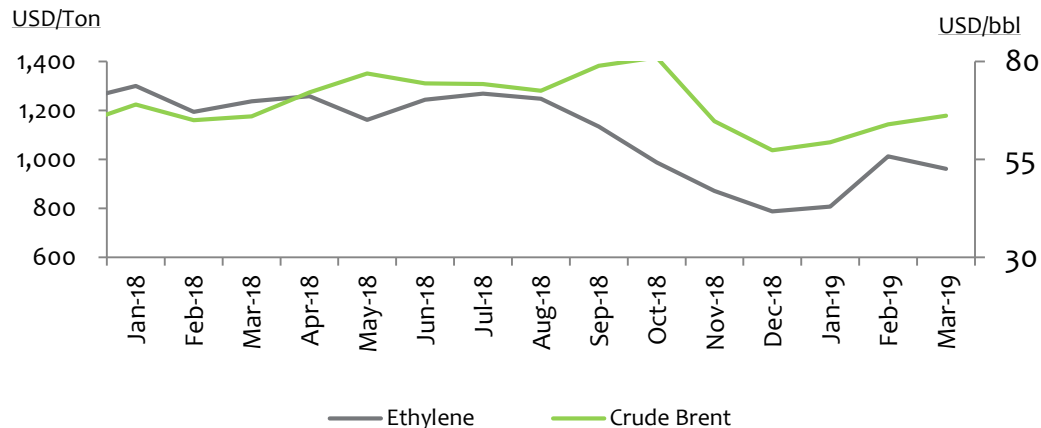
- International Ethylene Price



- Ethylene prices surged early Q1, however increasing spot supply from key regional players & softening demand kept prices in check

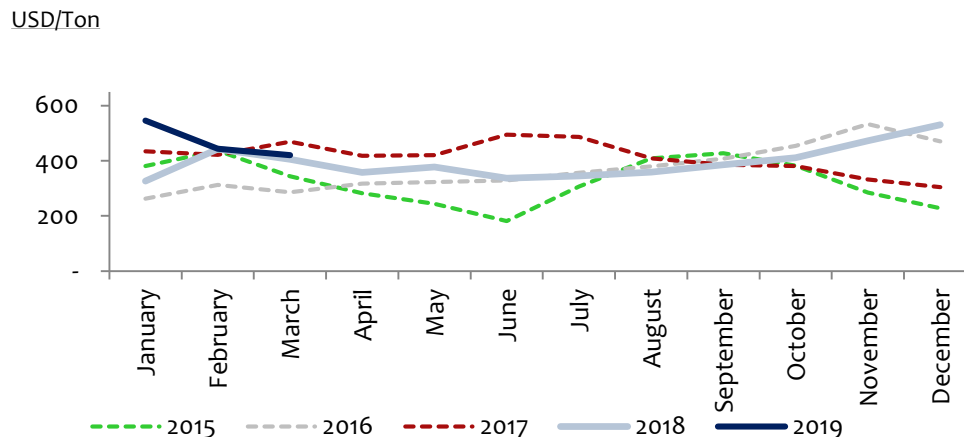
Ethylene, Crude oil and PVC

- Analysis of ethylene and crude oil prices



- Oil & ethylene prices decoupled in Q1 due to varying fundamental dynamics. Oil prices rose on account of supply concerns. Ethylene prices softened on the back of ample supply

- PVC- Ethylene Core Delta



- PVC – Ethylene core delta averaged at \$418/MT for Q1'19

Domestic Market Overview

PVC

- PVC domestic market remained slower against LY due to stagnation in economy

Caustic

- Caustic soda remained stable in Q1'2019
- Caustic Flakes plant has been commissioned and commercial production has been achieved, post balance sheet date

Business Highlights



Chlor Alkali (KT)	Q1 2019	Q1 2018
Caustic Production	26	28
Caustic Domestic	21	23

Vinyl (KT)	Q1 2019	Q1 2018
PVC production	49	53
VCM production	45	49
PVC Domestic Sales	50	54

Financial Summary

Rs. Mn	Q1 2019	Q1 2018
Total Revenue	9,344	8,687
Profit Before Tax	1,522	2,033
Profit After Tax	1,094	1,448
EPS	1.20	2.07

- In Q1 2019, Company achieved an increase of ~8% in revenue vs same period last year
- The Company posted a profit after tax of Rs. 1,094 Mn as against a profit after tax of Rs. 1,448 Mn LY same period
- Variance as compared to last year was witnessed on account of:
 - In Q1' 2018 one time Insurance income was booked - Rs. 250 Mn
 - Higher finance costs due to increase in KIBOR

Significant Achievements:

- Caustic **Flakes plant has been commissioned** and commercial production has been achieved, post balance sheet date
- EPCL has been awarded **“Pakistan Deal of the year 2018”** at IFN awards in Dubai as IFC’s ijarah based funding of US \$ 35 Mn is first of its kind in Pakistan and will open new avenues for corporate sector to tap into Islamic Financing

Outlook for Q2’2019:

- The Vinyl chain segment will continue to remain a function of PVC/Ethylene international dynamics
- Caustic Soda market is likely to remain stable
- The Company is on track to execute the projects and is hopeful to achieve completion within timelines



Thank You