



engro polymer & chemicals

## ANALYST BRIEFING – 3Q 2021



Evolve | Adapt | Grow



# Key achievement & highlights

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9M 2021

- Highest ever PAT
- Highest ever quarterly sales
- Highest ever market share for PVC (9M21: **94%**; 9M20: **64%**)
- PVC **exports of 16 KT**
- Caustic liquid & flakes **export transaction of 4KT & 1KT, respectively**
- Strong lead generation from **Think PVC**



# Key Focus on Sustainability

Targeted interventions in **sustainability** to ensure **value** for all key stakeholders



## Energy and Climate

- **Carbon emission reduction** – various opportunities identified to reduce CO<sub>2</sub> emissions
- **Carbon offset** - embarking on a tree plantation program with the aim of achieving carbon neutrality



## Materials and Waste

- **Circular Plastics** - Contribute to offsetting the consumption of single use PVC applications by catalyzing a circular economy for plastics in Pakistan



## Water Conservation

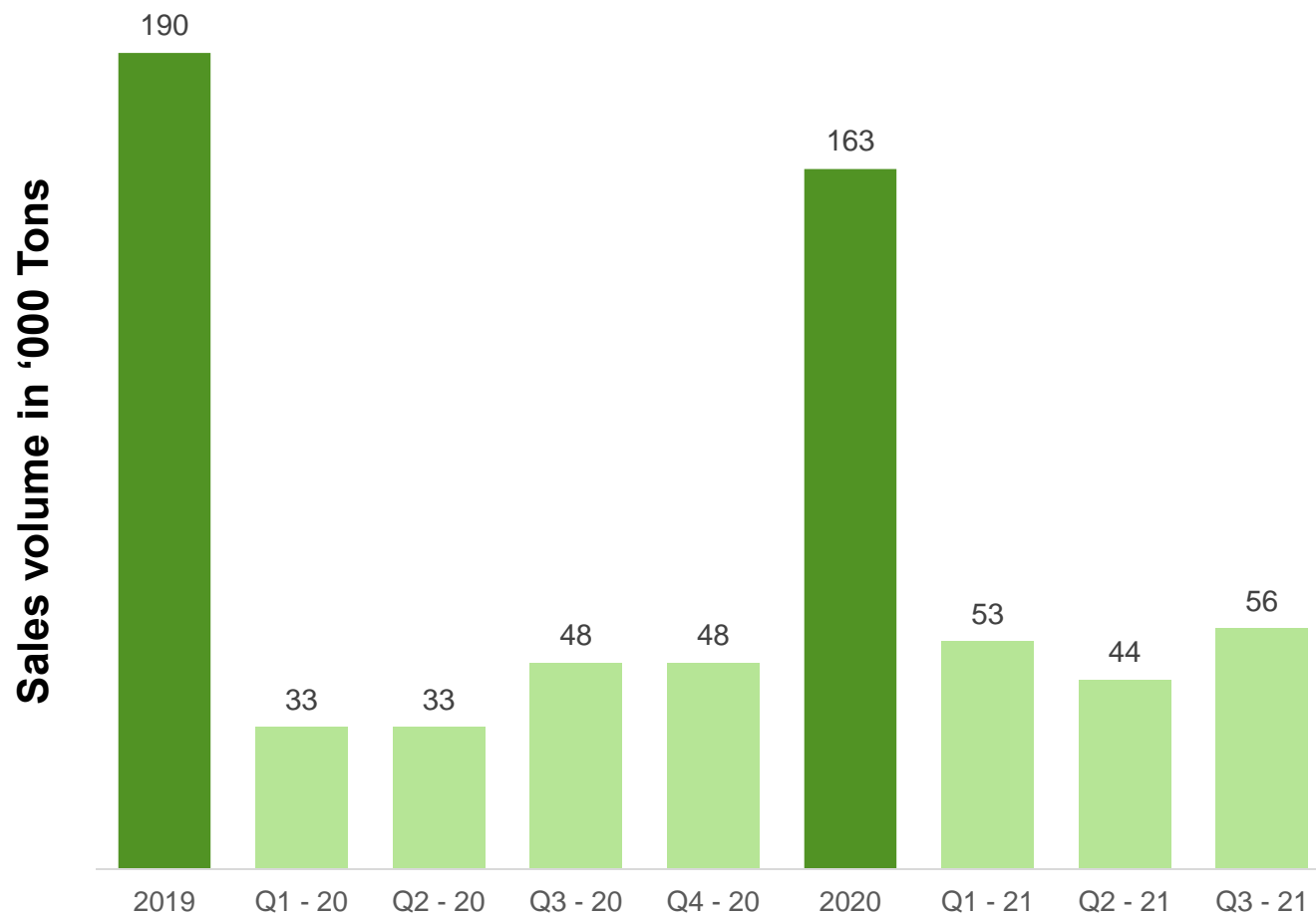
- **Water use optimization** – optimize current water consumption and use of ground water
- **Water recycling** – improve capacity to recycle water



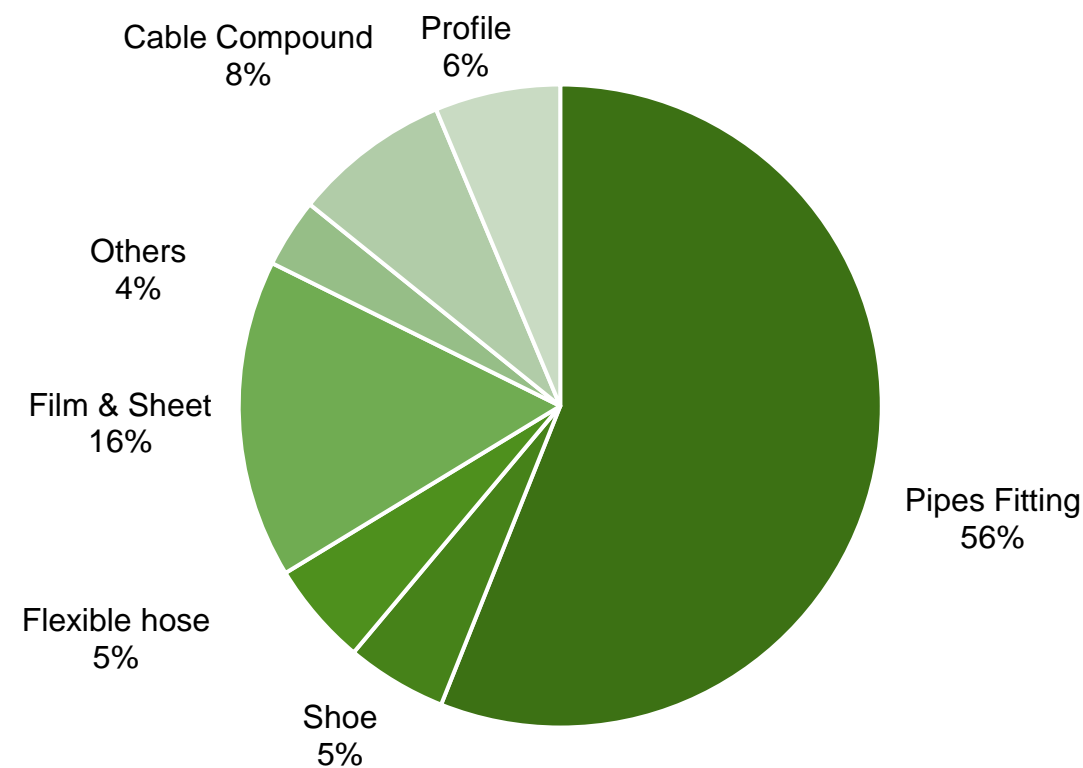
# Domestic market overview - PVC

*PVC sales increased in the quarter compared to last year despite the high PVC international prices*

### PVC - Quarterly Sales Trend



Pipes and fittings remains major application of PVC in Pakistan. Meanwhile, EPCL continues to play its part in promoting other downstream applications for which we have made significant investment in Think PVC outlet



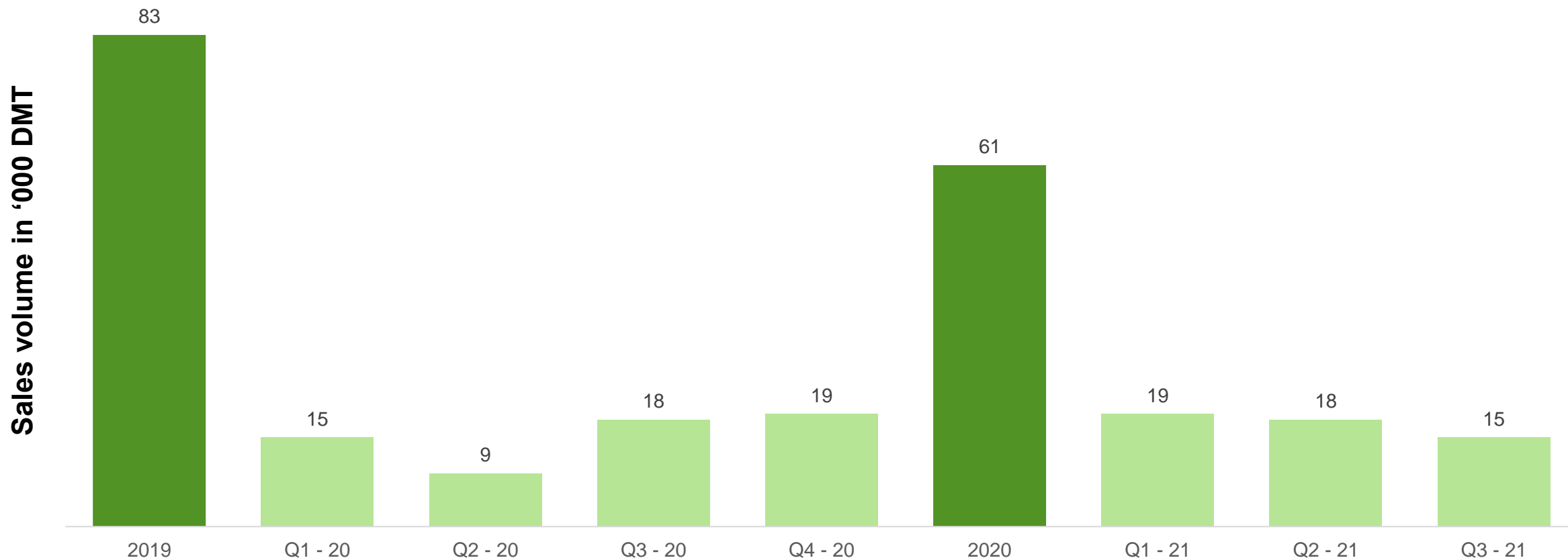
The Company also exported 16KT of PVC in international market in 9M 2021



# Domestic market overview - Caustic

*Our market share of ~33% in 1H dropped to 30% in 9M 2021; driven by production issue which resulted in product supply constraints. We aim to capture the lost sales in the months forward*

## Caustic Soda - Quarterly Sales Trend



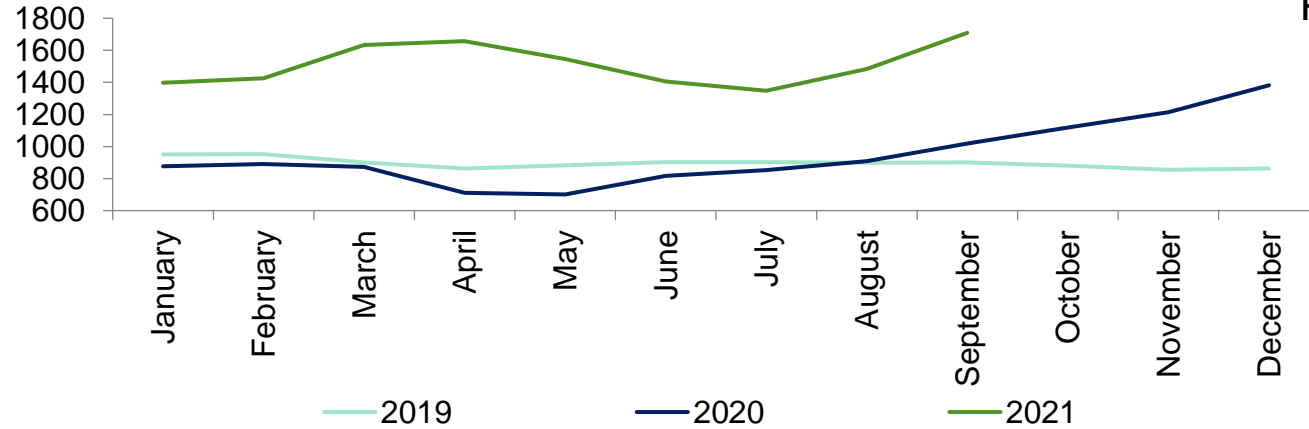
The Company also exported 4KT of Caustic Liquid & 1KT of Caustic Flakes in 9M 2021



# International Business Context

## International PVC Price

USD/Ton

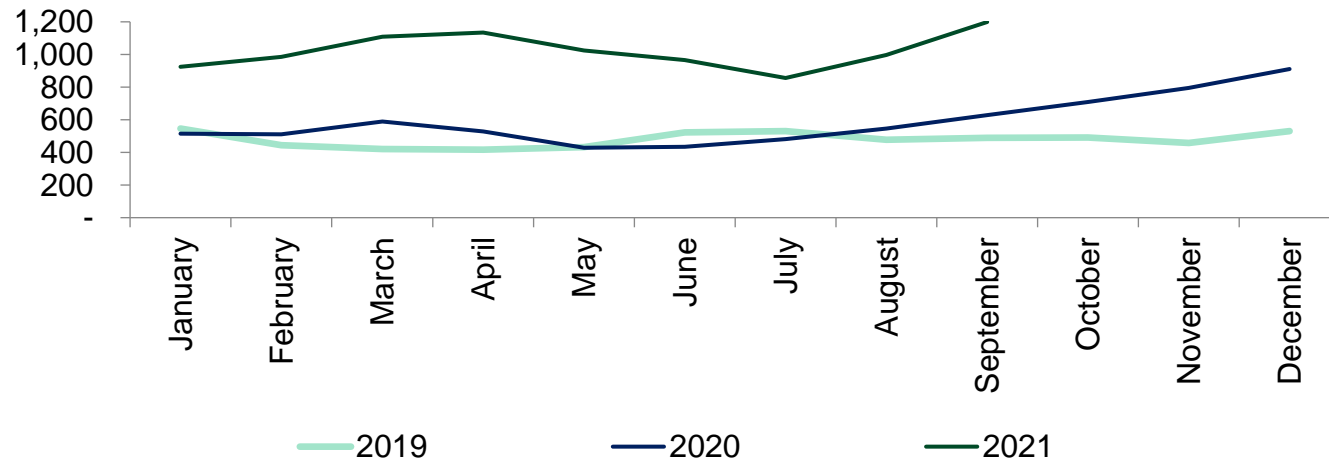


PVC international prices increased this quarter because of;

- ✓ Increase demand in India post easement in lockdown
- ✓ Hurricane Ida which knocked off 60% of PVC supply on US Gulf Coast
- ✓ Lower production rates in China on account of Power Control Policy issued by Chinese government

## PVC – Ethylene Core Delta

USD/Ton



Ethylene prices increased towards the end of Q3'2021 due to rising crude prices , which reached as high as \$80/bbl

The PVC price trajectory resulted in increase in core delta



# Performance vs 9M 2020

PKR million

	9M 2021	9M 2020
Total revenue	49,323	22,931
Profit after tax	10,372	2,103
EPS Basic (PKR/Share)	11.41	2.31
EPS Diluted (PKR/Share)	8.58	2.31

- ❖ The increase in profit is mainly attributable to:
  - Higher volumetric sales due to expansion capacity coming online
  - Efficient plant operations
  - Historically high international PVC prices

\* In accordance with IFRS 9, the Company also recorded unwinding of GIDC (PAT impact – PKR 149 M)



# Outlook

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- PVC prices will continue bullish trend as a result of continued supply disruptions from most PVC plants in China
- Ethylene prices will be impacted by decision of OPEC+ on global crude oil production and its resultant impact on oil prices
- EDC prices will continue to rise driven by high demand and slow recovery of supply
- Latest update on projects are as follows:
  - ✓ OVR and HTDC to come online in 2021 and 2023
  - ✓ Hydrogen Peroxide is expected to achieve COD in 1H 2023
- Ensuring safe operations amid the COVID situation and maintaining market share will be key focus area for next quarter





**THANK YOU**

