



# Analyst Briefing – Q2 2022



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# Key achievement & highlights

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Q2 2022

- **Highest ever first half PVC domestic sales**
- **PACRA long term credit rating upgraded from AA- to AA, short term rating already stands at highest A1 +**
- **Initiation of sunset review on ADD**
- **OVR Project has been successfully commissioned**



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# International Markets

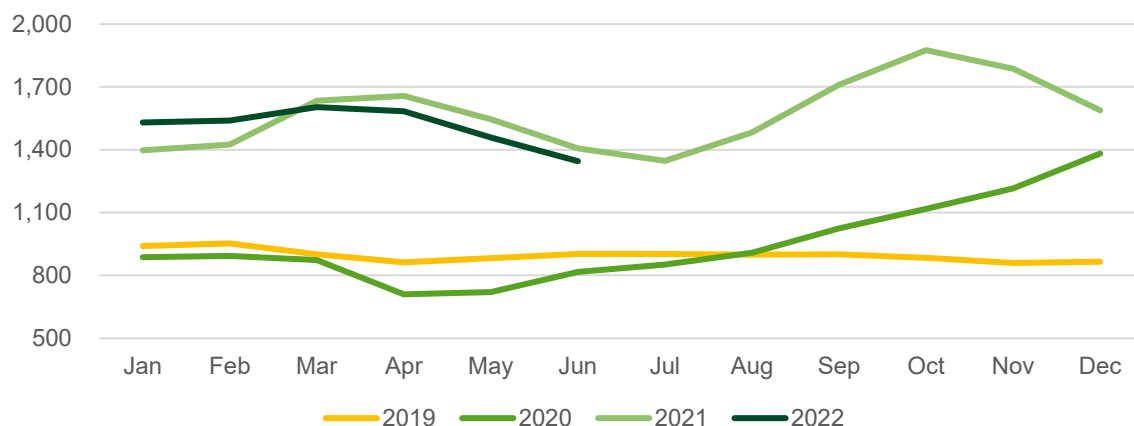
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# International Market Prices

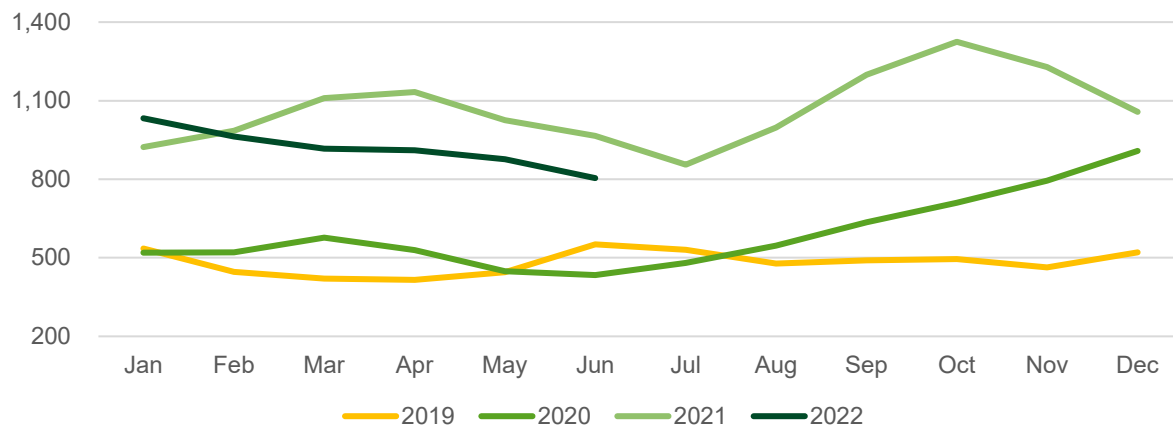
## International PVC Price

USD/Ton



## PVC – Ethylene Core Delta

USD/Ton



- PVC intl prices declined in the last quarter owing to demand slow down in China and India due to monsoon season
- Demand in China witnessed some improvement this week as some buyers are out in the market revealing some early signs of demand pick-up
- Ethylene’s International prices remained soft amid well supplied markets, bearish oil/naphtha outlook and mixed picture on downstream demand. Prices may remain stable amid weak demand fundamentals.
- A gradual recovery of ethylene demand in mainland China is expected during the second half of the year as the pandemic restrictions ease off. In the short term, we expect ethylene prices to remain flattish on the back of divergent cost and downstream demand pressures.
- After easement in COVID restrictions and Monsoon season, the demand is expected to recover as a result we expect the PVC prices to rebound which will give support to Core Delta



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# Business Updates

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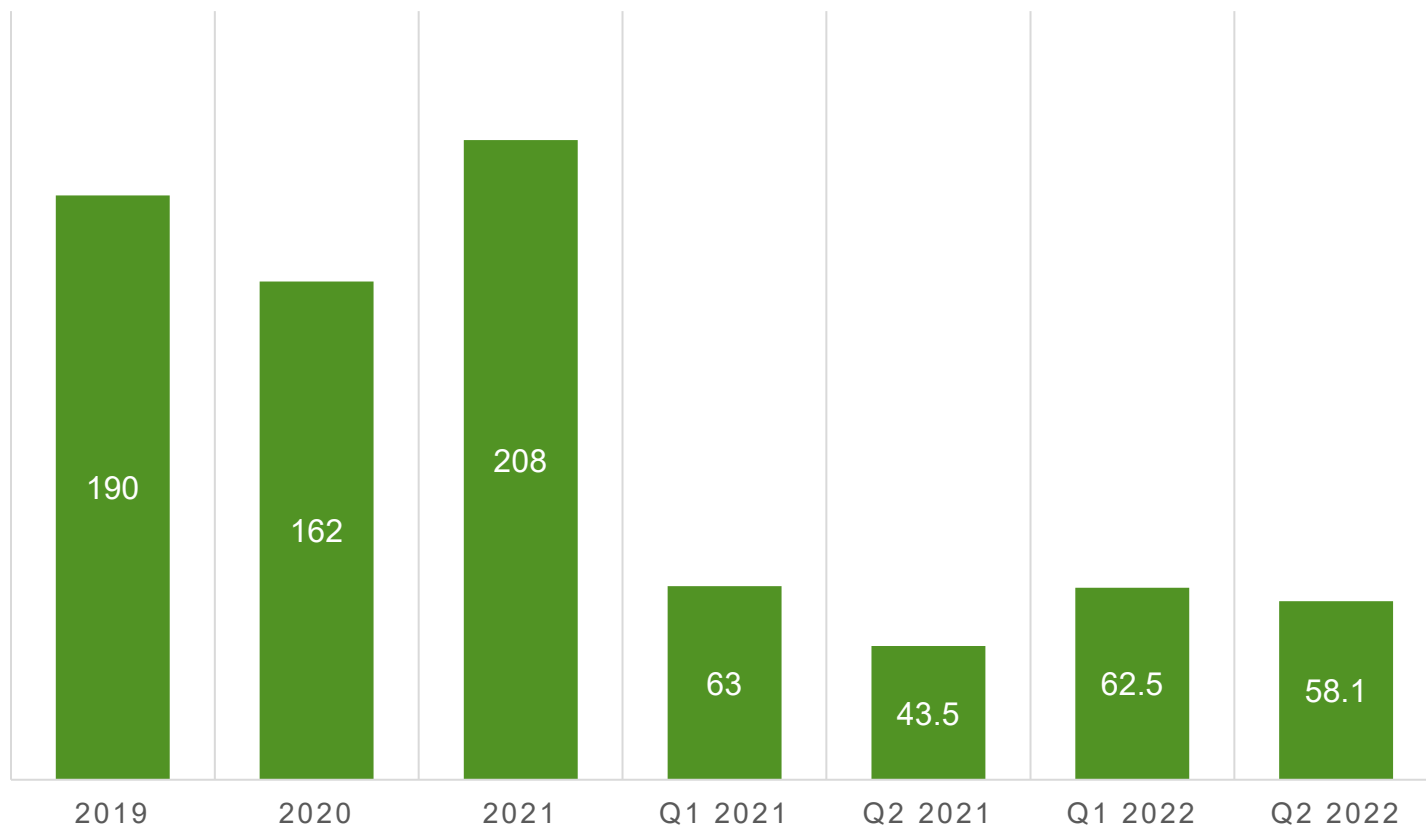


# Vinyl's Overview

*Highest ever PVC sales for EPCL in the domestic market*

## SALES VOLUME IN TONS

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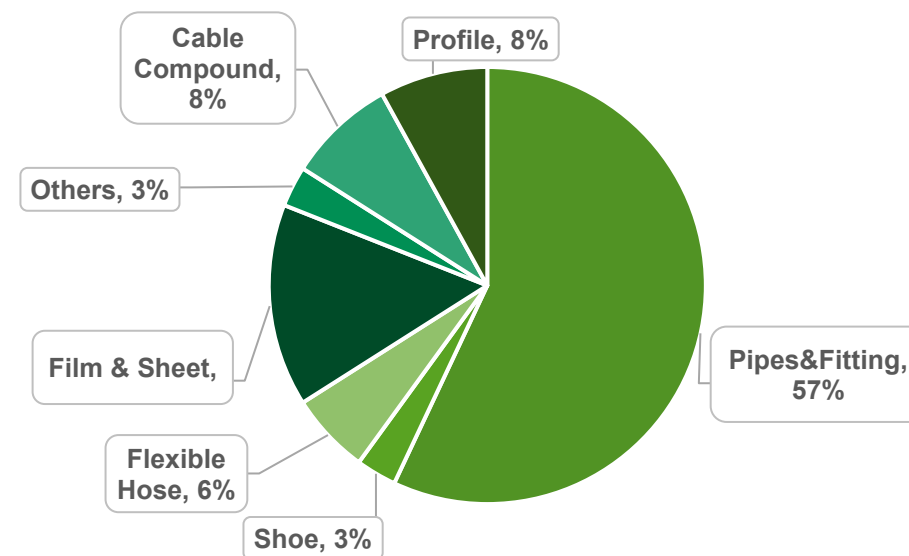


The Company also **exported 0.9KT of PVC** in 2<sup>ND</sup> quarter of 2022

Pipes and fittings remain 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 ThinkPVC outlet

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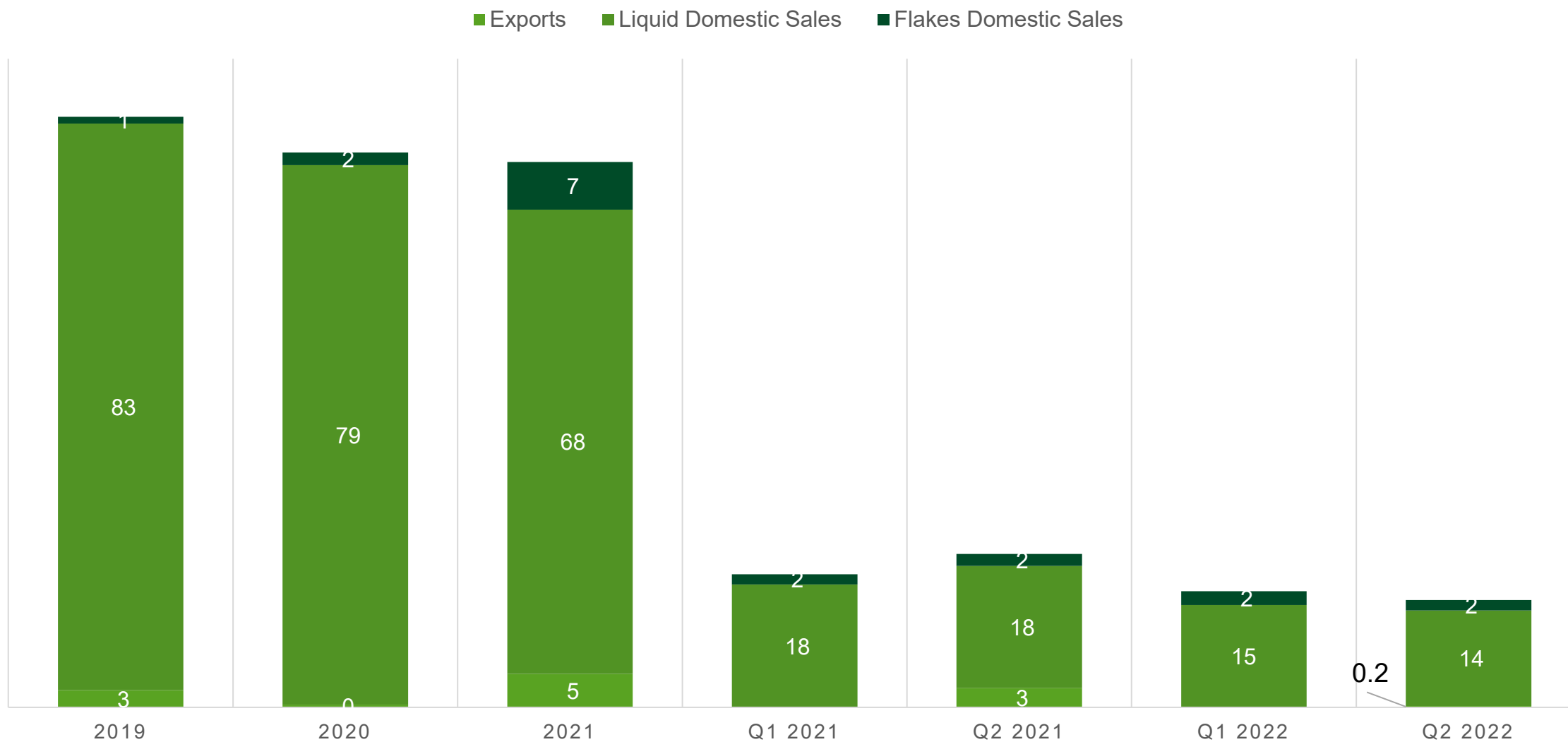
### APPLICATION WISE MARKET – Jun 2022





# Chlor Alkali Overview

## Chlor Alkali – Sales Volumes (KT)







# Performance Q2 2022 vs Q2 2021

	Unit	Q2 2022	Q2 2021	2021
Total revenue	PKR Mn	22,277	14,824	70,022
Profit after tax	PKR Mn	2,338	3,122	15,060
EPS Basic	Rs. / Share	2.45	3.44	16.28
EPS Diluted	Rs. / Share	1.93	2.58	12.46
DPS	Rs. / Share	2.5	7.0	16.30

- The Company recorded revenue increase of ~50% compared to the same period last year on the back of higher volumetric sales.
- Decline in profit vs same period last year is attributed to the impact of super tax charge imposed by the government on prior and current year
- Given the ongoing economic uncertainty, the company is facing inflationary pressures on account of instability in PKR to dollar parity, high fuel prices and rising KIBOR rates.



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# Looking Forward

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# Outlook

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- HTDC and Hydrogen peroxide projects are on track for commissioning in next year
- Basic engineering study is under progress for de-bottlenecking VCM production facility to 300 KT p.a
- **Market development**
  - Promotion and awareness in both public & private sector and adoption of quality standards in collaboration with PHED
    - Approached various government organizations and private institutions for inclusion of PVC downstream Products in their tenders/contracts for development works
- **Economic Outlook**
  - Recent macroeconomic developments indicate uncertainty in the business environment ahead
  - Unusually high fuel prices and global tightness in RLNG market is expected to challenge gas availability towards the end of the year
  - significant dollar devaluation, rising interest rates and inflationary environment might impact the market sentiment which could ultimately lead to domestic demand slow down



**THANK YOU**

