



engro polymer & chemicals

## Analyst Briefing – Q3 2022



a sustainable tomorrow



# Key highlights

---

- + Long term credit rating enhanced by PACRA (**AA Minus to AA**), short term rating stands at **A1+**
- + Recognition as one of the top 25 PSX companies based on a comprehensive criteria including profitability, CCG and DE&I
- + Secured second position in Chemical Sector for Annual Report 2021
- + OVR project successfully commissioned
- + Approval sought to conduct FEED study in relation to debottlenecking VCM production to 300 KT per annum
- Sharp increase in cost of doing business given unprecedented devaluation and inflationary pressures resulting in FX loss and high finance cost
- Supply chain disruptions in China affecting timelines for delivery of various materials



Engro Polymer & Chemicals Limited

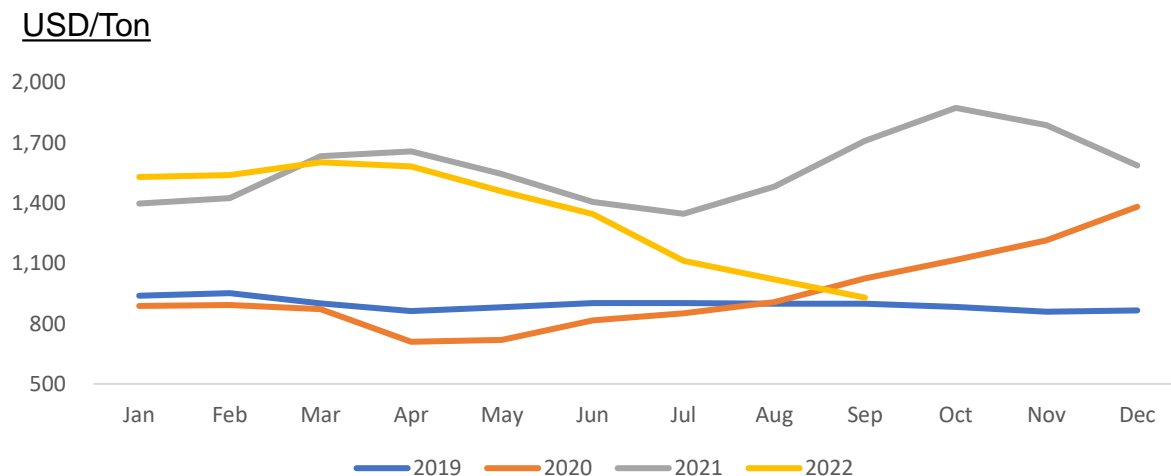
# International Markets

---

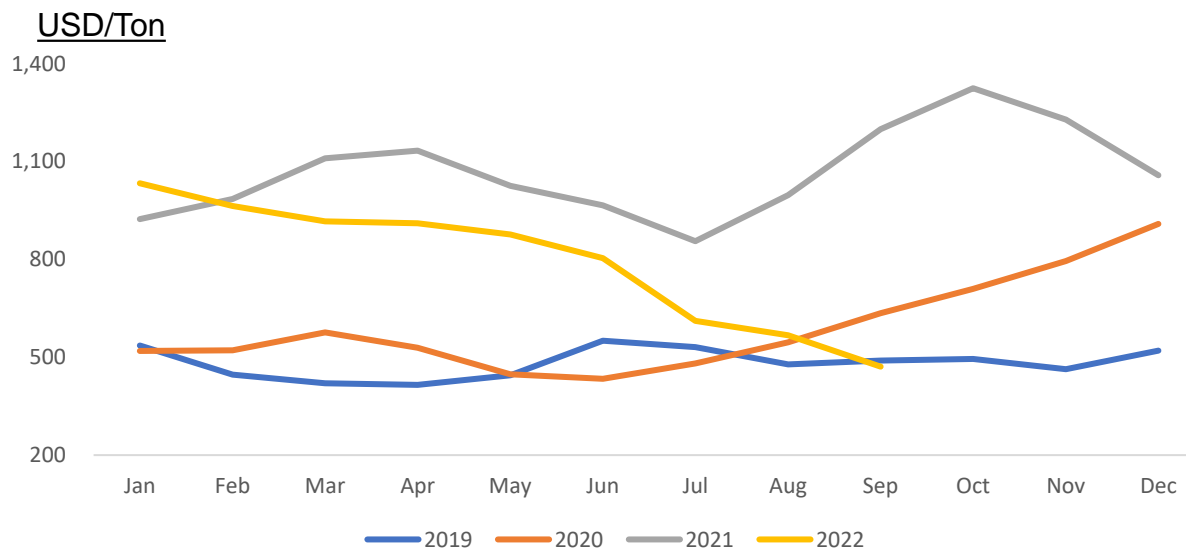


# International Market Prices

## International PVC Price



## PVC – Ethylene Core Delta



- PVC intl prices declined in the last quarter owing to a global demand slowdown on the back of rising inflation
- In China, the market continued to remain impacted owing to zero-COVID policy by government
- Ethylene prices remained bearish, following a decline in oil prices and excess supply in Asia. Increased supply in Asia is due to reduced downstream activity on the back of scheduled maintenance, production issues and weak margins
- Ethylene prices will remain impacted by crude oil prices and OPEC+ decisions
- PVC prices are expected to slowly rebound as Indian demand recovers post monsoon and China COVID cases subside.



Engro Polymer & Chemicals Limited

# Business Updates

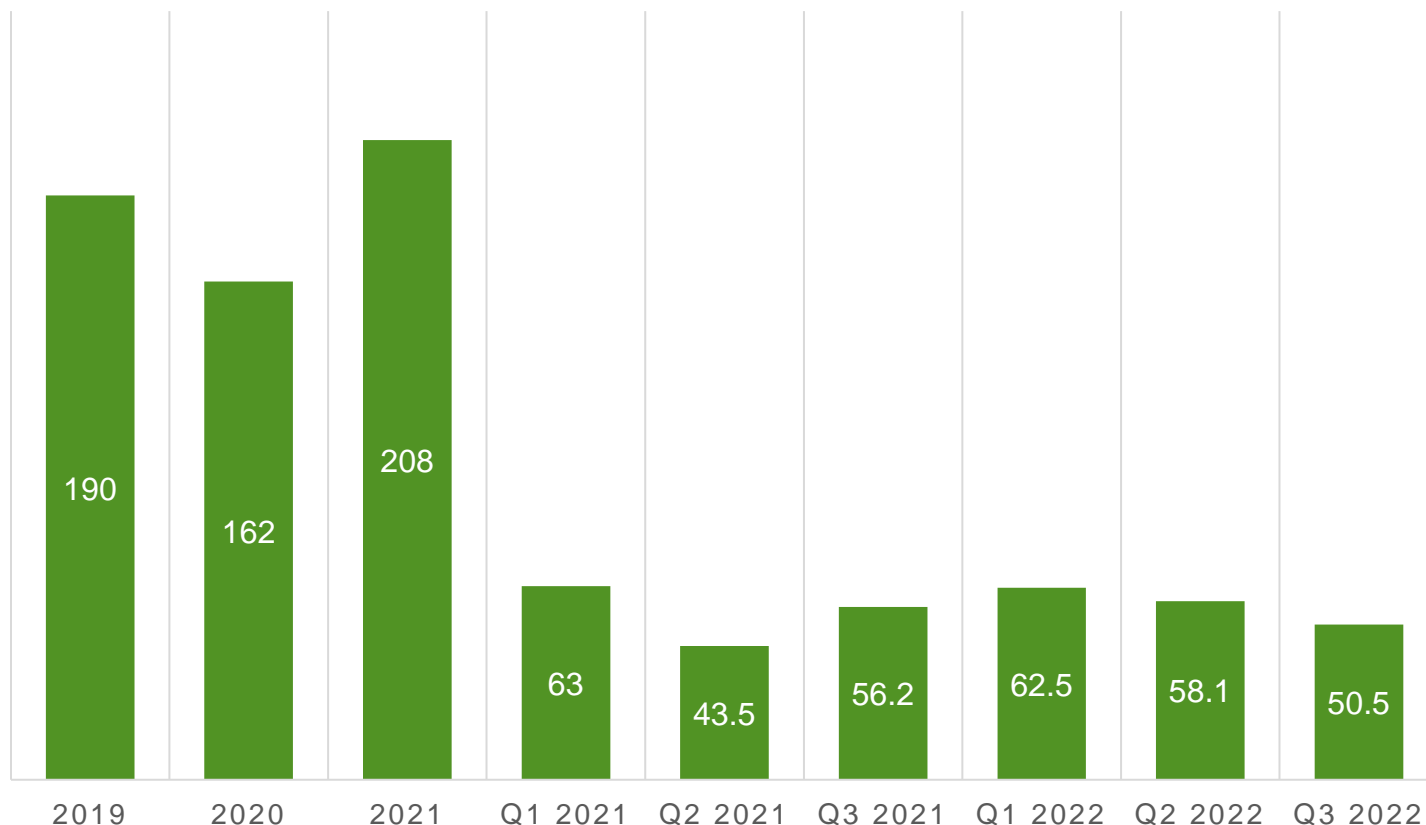
---



# Vinyl's Overview

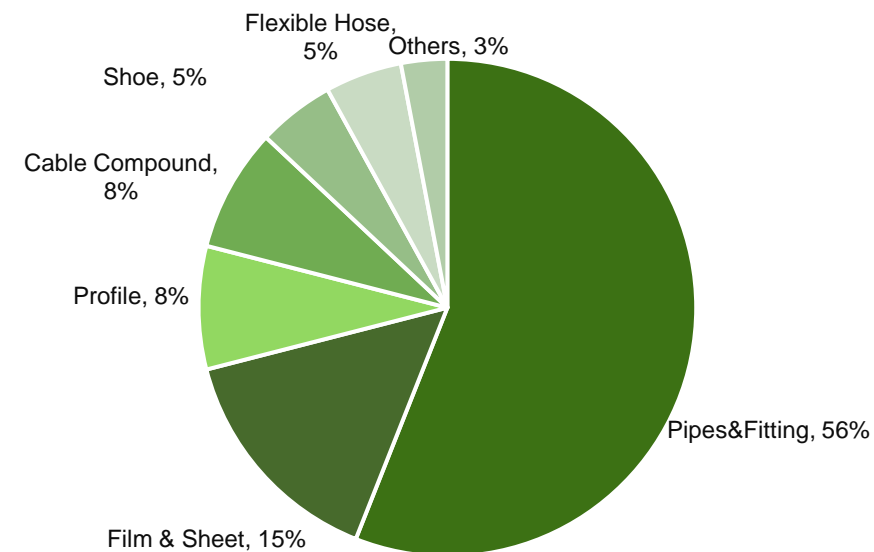
## SALES VOLUME IN TONS

■ SALES VOLUME IN TONS



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

### Application wise market – Sep 2022



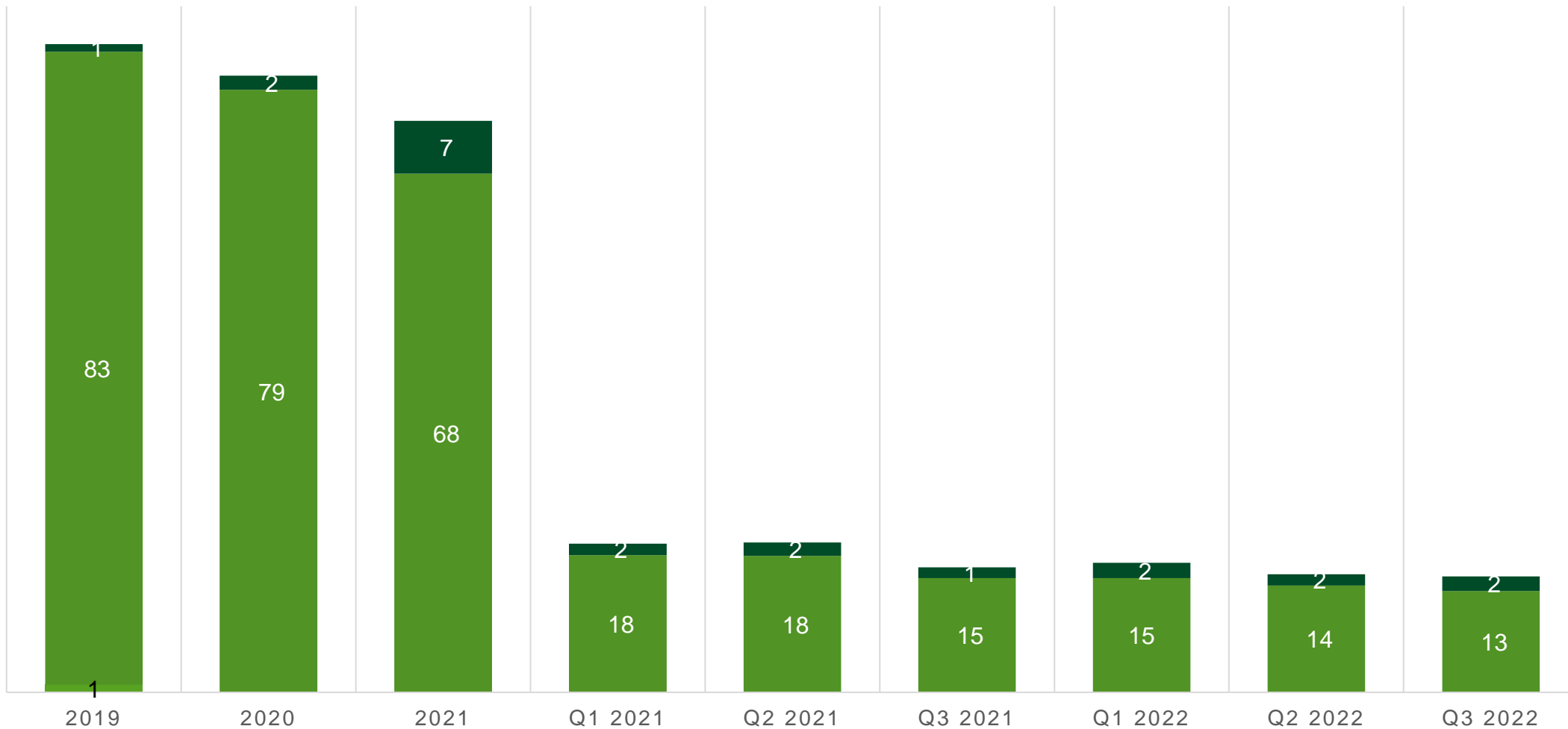
The Company also **exported 0.3KT of PVC** in 3Q 2022



# Chlor Alkali Overview

## Chlor Alkali – Sales Volumes (KT)

■ Liquid Domestic Sales   ■ Flakes Domestic Sales





# Performance Q3 2022 vs Q3 2021

	Unit	Q3 2022	Q3 2021	2021
Total revenue	PKR Mn	16,904	18,826	70,022
Profit after tax	PKR Mn	2,257	3,106	15,060
EPS Basic	Rs. / Share	2.36	3.24	16.28
EPS Diluted	Rs. / Share	1.87	2.57	12.46

- The Company recorded revenue decline of ~10% compared to the same period last year on the back of lower volumetric sales and declining PVC prices
- Decline in profit vs same period last year is attributed to the impact of super tax charge imposed by the government on current year and inflationary pressures
- 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.





Engro Polymer & Chemicals Limited

# Looking Forward

---



# Outlook

---

- HTDC and Hydrogen peroxide projects are on track for commissioning in next year
- **Market development**
  - Continuous awareness by participation in exhibitions
  - Engagement with government and private projects for inclusion of PVC in downstream products
  - ThinkPVC continue to increase footfall through continuous engagement and by addressing customers inquiries
- **Future Outlook**
  - Our key focus areas for the coming quarter will be to ensure safe and sustainable operations at our Plant and completing on-going projects safely and within communicated timelines
  - We will continue to support the market during tough economic times where rising interest rates and inflationary environment will likely continue to impact our customers



**THANK YOU**

