

ANALYST BRIEFING

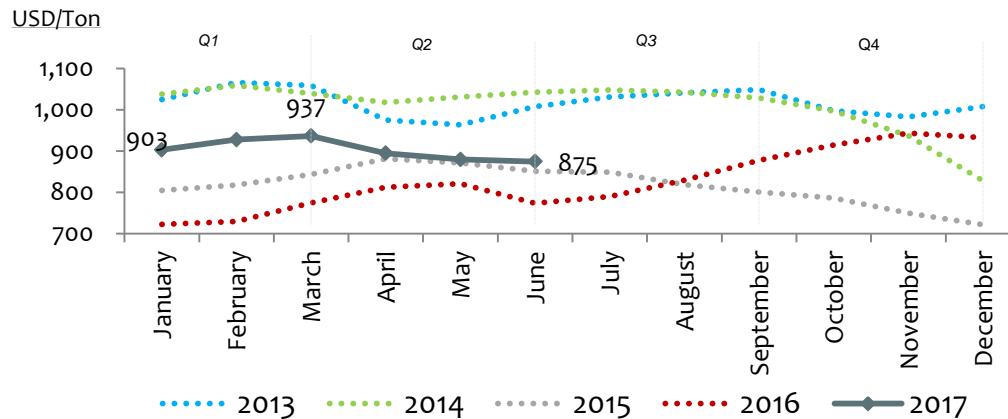
2Q 2017



International Business Context

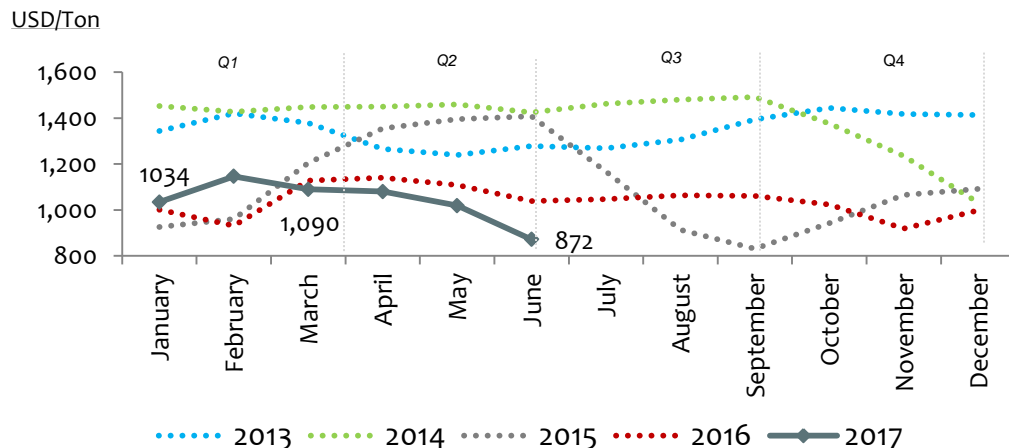


• International PVC Price



- During 2Q '17, PVC prices softened on the back of ample supply in the region
- PVC prices averaged at \$883/MT for 2Q '17

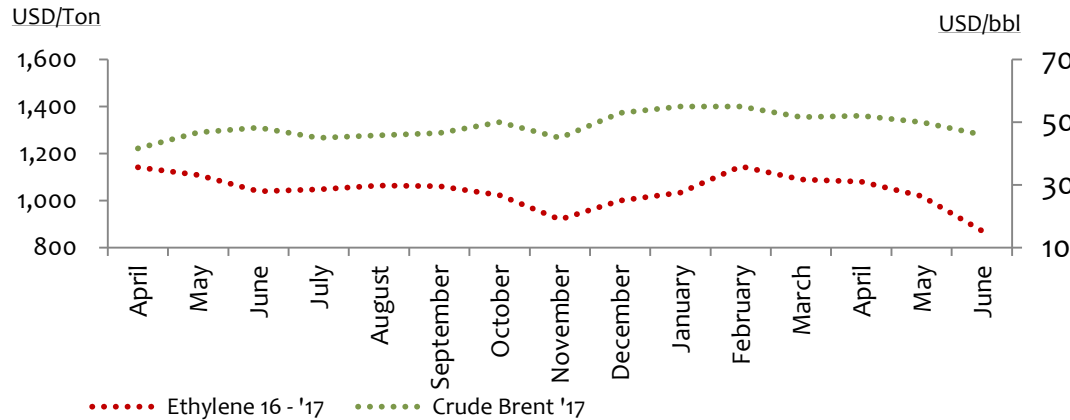
• International Ethylene Price



- Ethylene prices rationalized during the 2Q due to supply resumption from major crackers post turnaround season. Ethylene prices touched a year low in the month of June '17
- Ethylene prices averaged at \$990/MT for 2Q '17

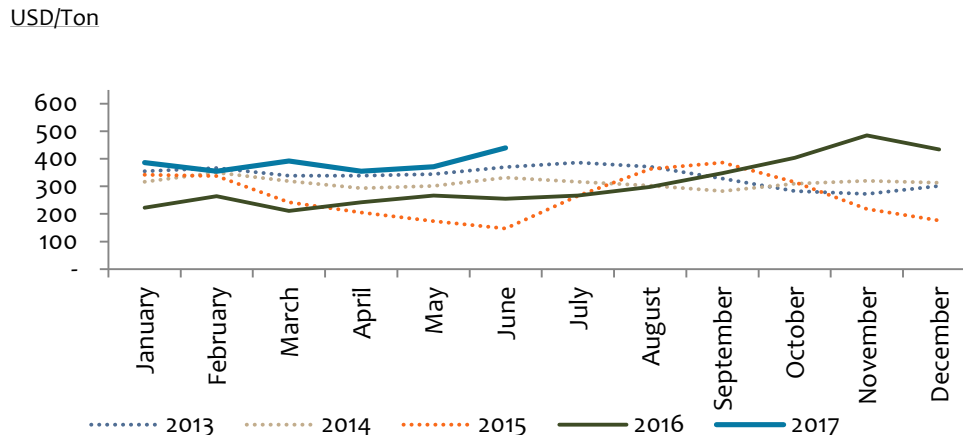
Ethylene, Crude oil and PVC

- Analysis of ethylene and crude oil prices



- Crude oil and ethylene maintained the same price pattern in 2Q '17

- PVC- Ethylene Core Delta



- For 2Q '17, PVC – ethylene core delta averaged at \$388/MT
- In 2Q '17 the PVC – ethylene core delta increased vs. previous quarter primarily due to the relatively sharper decline in the ethylene prices as compared to PVC.

Domestic Market Overview

PVC

- Domestic market witnessed growth in PVC demand in 2Q 2017. EPCL sales increased by 15% against same period last year
- Market grew by approximately 23%* in 1H 17 compared to the same period last year
- Regulatory duty of 2% imposed on imports of PVC
- Preliminary anti-dumping duties imposed on import of PVC resin from China (31-37%), Korea (11%), Taiwan (42%) and Thailand (36%)

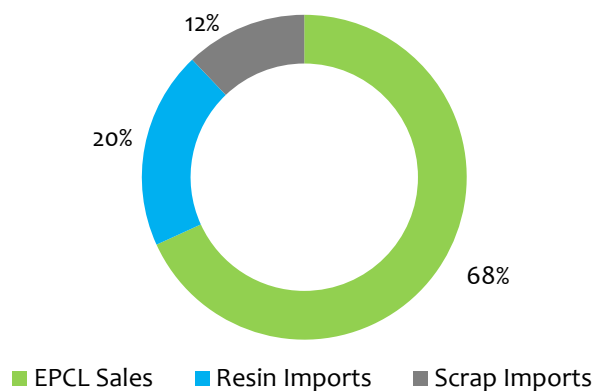
Caustic

- Caustic market remained stable in 2Q 2017:
 - Caustic soda sales performed in line with expectation

Highlights – Vinyls

	2Q 2017	2Q 2016
PVC production (KT)	42	37
VCM production (KT)	39	34
PVC Sales in (KT)		
Local	45	39
Export	-	-
PVC – Ethylene Core Delta (\$/MT)	388	255

PVC Domestic Market Share *

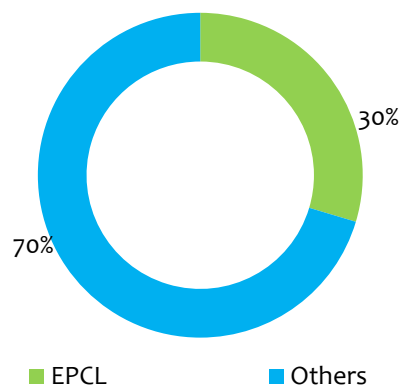


* Market share is based on our best estimates and have not been verified by an independent source

Highlights – Caustic & Allied

	2Q 2017	2Q 2016
Caustic Production (KT)	22	26
Caustic Sales Volume (KT)	20	24
Hypo Sales (KT)	5	5
HCL Sales in (KT)	3	4

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	2Q 2017	2Q 2016
Total Revenue	5,987	5,165
Profit Before Tax	385	46
Profit After Tax	200	23

- Variance as compared to 2Q2016 was witnessed on account of:
 - Higher core delta
 - Higher PVC Sales
 - Operational efficiencies and strict cost control measures

- Variance as compared to 1Q2017 was witnessed on account of:
 - Diversification of supplier base to ensure smooth procurement resulted in higher cost
 - Lower PVC prices during Q2
 - Shutdown taken during Q2

Outlook for 3Q '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
- The PVC & VCM plant debottlenecking activity is on track to enhance production capacity by the year end

Thank You