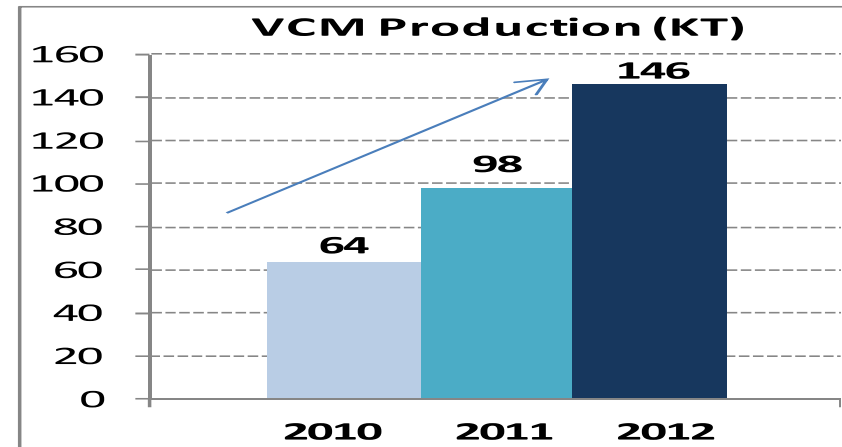


# **EPCL Analyst Briefing Financial Results 2012**

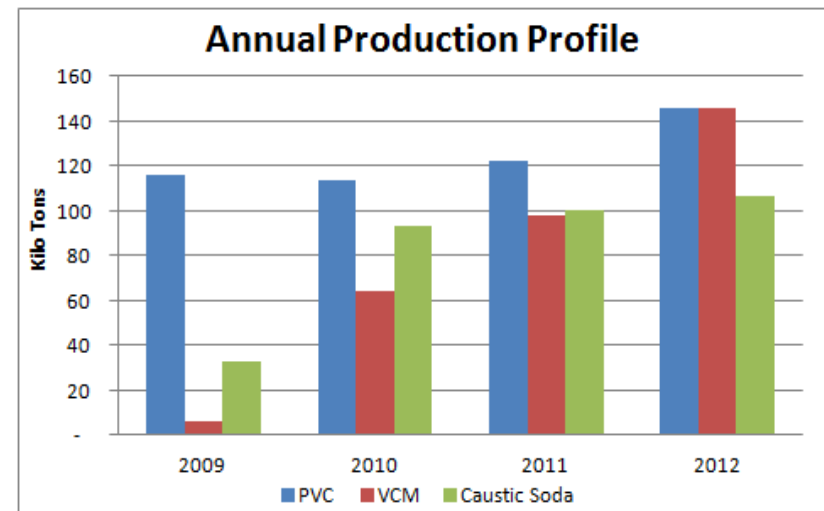
Thursday, February 14, 2013

## HIGHLIGHTS 2012

- VCM plant demonstrated stable production in 2012 (production: 146 KT vs. 98 KT in 2011)
- Unfavorable PVC-Ethylene prices in 2012 compared to prior years adversely effected Company's profitability



(KT)	4Q'12	4Q'11	CY12	CY11	CY10
<b>Production</b>					
VCM	38	41	146	98	64
PVC	39	40	146	122	115
EDC	26	29	110	104	96
Caustic Soda	26	27	107	100	93
Sodium Hypo.	6	5	21	19	20
<b>Imports</b>					
VCM	3	-	13	24	52



## MARKET HIGHLIGHTS 2012

(KT)	4Q'12	4Q'11	CY12	CY11	CY10
<b>Sales</b>					
PVC Domestic	33	31	133	113	97
Caustic Soda	21	21	96	87	80
PVC Export	2	8	13	11	9
VCM Export	-	-	12	3	-
<b>Int'l Prices (\$/t)</b>					
PVC	953	910	990	1,056	992
Ethylene	1,284	1,064	1,215	1,188	1,085

### SALES

Improved production ensured consistent product availability:

- PVC Domestic sales +18% YoY
- Caustic Soda sales (+10% YoY; Includes 6KT export).
- All surplus PVC & VCM exported (13 & 12 KT respectively).

### INT'L PRICES & MARGINS

Int'l PVC-Ethylene margin remained low in 2012 compared to preceding years (2012: \$383/t vs. \$465/\$450/t in 2011/10):

- PVC prices remained low due to weak growth in emerging economies & Euro zone slowdown
- Ethylene prices hovered at higher levels due to high Crude Oil prices and supply issues- led by geo-political tension & associated Iran sanctions.

## FINANCIAL HIGHLIGHTS 2012

Overall contribution margin grew by approximately 28% YoY

Profitability was impacted by

- + Higher sales volumes (PVC +22KT; Caustic Soda+9KT & VCM export +9KT)
- + Lower VCM imports (-11KT/)
- Offset by lower EPCL PVC-Ethylene margin
- Rs.275 M total insurance claims received in 2012 (after tax impact)

(\$/t)	4Q'12	4Q'11	CY12	CY11	CY10
EPCL PVC-VCM	357	329	324	387	315
Int'l PVC-VCM	96	172	115	146	119
(Rs.M)					
Contribution Margin	1,495	1,250	5,978	4,660	3,411
<b>PAT</b>	<b>(6)</b>	<b>(267)</b>	<b>77</b>	<b>(707)</b>	<b>(770)</b>

## OUTLOOK

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- The Company would continue to strengthen its existing business fundamentals, ensure stable and optimal plant operations and market development initiatives
  - This strategy will enable the Company to reap full economic benefits of the petrochemicals value chain in accordance with international and domestic industry trends
  - **Domestic demand**
    - **PVC**: Demand from pipes & construction sectors to remain strong
    - **Caustic Soda**: Expect stable demand; Gas & Power load shedding will continue to impact customers
    - **Market Development Initiatives**
      - Promotion of new applications
      - Tap existing untapped market (pipes & construction sector)
  - **International Prices & Margins**
    - Will continue to be driven by demand-supply dynamics, feedstock costs & global macroeconomic situation
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**THANK YOU!**