



engro polymer & chemicals

Annual Report 2018

ANALYST BRIEFING

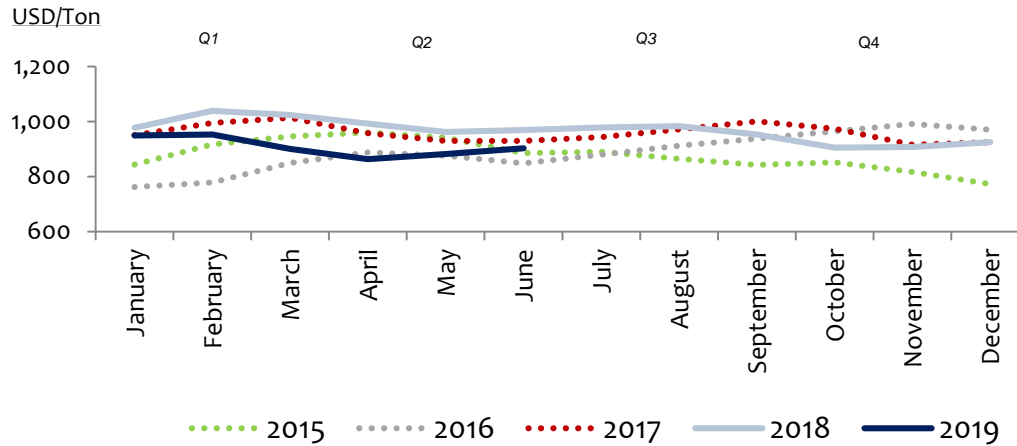
Q2, 2019

POWER OF
PERSPECTIVE

International Business Context

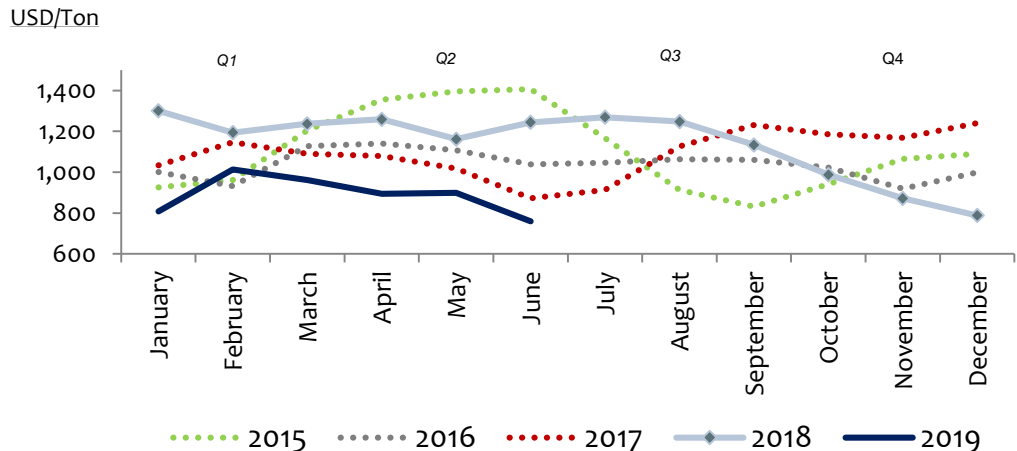


- International PVC Price



- In Q2 PVC prices posted an uptick on account of lower product availability in the region and strong demand post election close in major countries

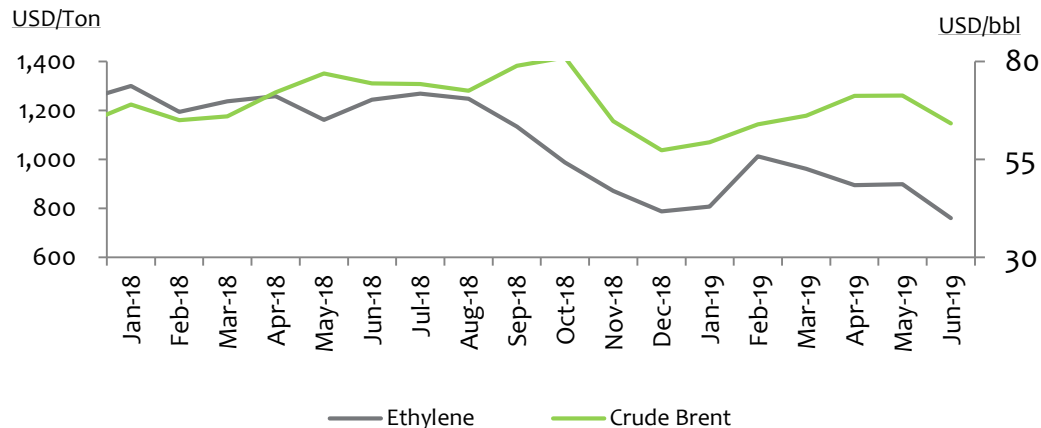
- International Ethylene Price



- Ethylene prices posted a dip on account of strong regional supply & lower downstream margin for main products

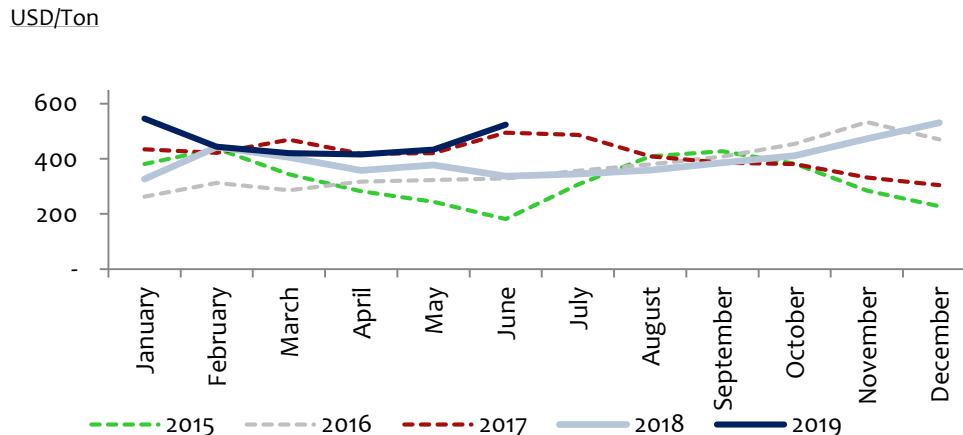
Ethylene, Crude oil and PVC

- Analysis of ethylene and crude oil prices



- Oil & ethylene prices coupled in Q2'19 on account of high supply. With macroeconomic indicators depicting low oil demand, in the quarter, oil prices softened towards the end of the quarter

- PVC- Ethylene Core Delta



- PVC – Ethylene core delta averaged at US \$463/MT for 1H '19

Domestic Market Overview

PVC

- PVC domestic market remained slower against LY on account of slowness in macroeconomic demand simulation with PKR devaluation & weakness in construction sector

Caustic

- Caustic soda remained stable in Q1'2019
- Slowness in the textile sector, the major consumer of caustic soda, is likely to impact the industry going forward

Business Highlights



Chlor Alkali (KT)	Q2 2019	Q2 2018	1H 2019	1H 2018
Caustic Production	26	23	52	51
Caustic Domestic	20	21	41	44

Vinyl (KT)	Q2 2019	Q2 2018	1H 2019	1H 2018
PVC production	45	49	94	102
PVC Domestic Sales	48	49	98	103

Financial Summary



Rs. Mn	Q2 2019	Q2 2018	1H 2019	1H 2018
Total Revenue	9,257	8,414	18,600	17,102
Profit Before Tax	554	1,370	2,073	3,403
Profit After Tax	452	1,336	1,544	2,784
Profit After Tax (Pre one-time adjustments)	814	794	1,906	1,993
EPS (PKR/ share)	0.50	1.91	1.70	3.98

- In Q1 2019, Company achieved an increase of ~10 % in revenue vs same period last year
- The Company posted a profit after tax of Rs. 1,544 Mn as against a profit after tax of Rs. 2,784 Mn LY same period
- Some one off items have impacted the financials which are as follows

One time items	PAT impact (Rs. Mn)	EPS impact
2019		
IFRS 16 implementation	(362)	(0.40)
2018		
MTOT reversal benefit	542	0.77
One time insurance benefit	249	0.36
Total Impact	791	1.13

Outlook for 3Q '19

- The Vinyl chain segment will continue to remain a function of PVC/Ethylene international dynamics
- Caustic Soda market may experience some pressure going forward
- The Company is on track to execute the projects and is hopeful to achieve completion within timelines



Thank You