



engro polymer & chemicals

Analyst Briefing – Q4 2022





Key Accomplishments

- + Highest ever PVC sales of 241 KT in a difficult market
- + Exports of USD 21 M and enabled import substitution of \$ 134 M
- + Highest ever VCM production of 218KT with 483 days of continuous plant operations
- + Long term credit rating enhanced by PACRA (**AA Minus to AA**), short term rating stands at **A1+**
- + OVR project successfully commissioned
- + TRIR (total recordable injury rate) of 0.1; turnaround successfully initiated in December 2022 and completed in January 2023
- + Recognition as one of the top 25 PSX companies



Challenges faced in Q4

- Sharp drop in PVC prices and Core Delta given worsening global macroeconomic and geopolitical developments
- Entered into an interim agreement with SSGC for supply of RLNG till 28th February 2023
- Increase in cost of doing business given unprecedented devaluation and inflationary pressures
- Supply chain disruptions resulting from frequent COVID-19 related lockdowns in China



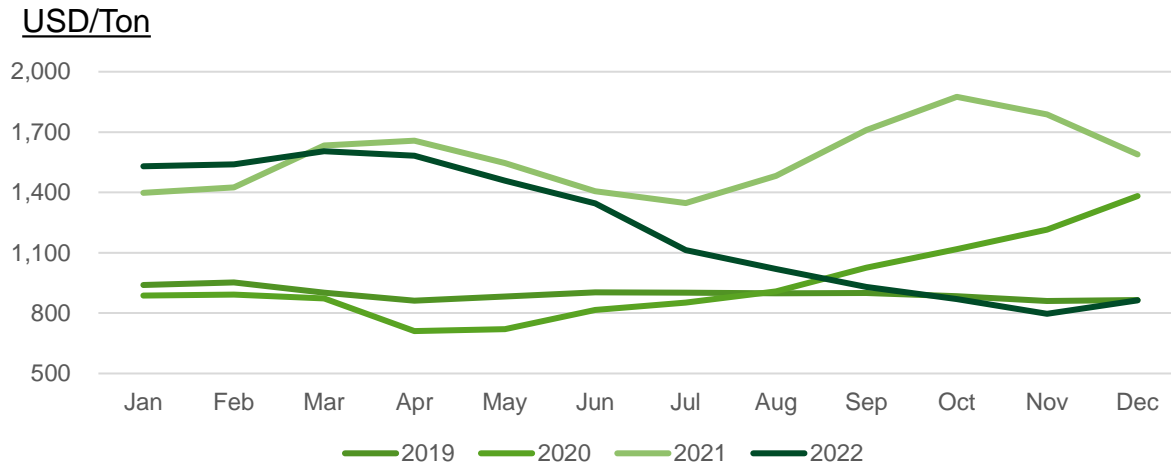
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International Markets

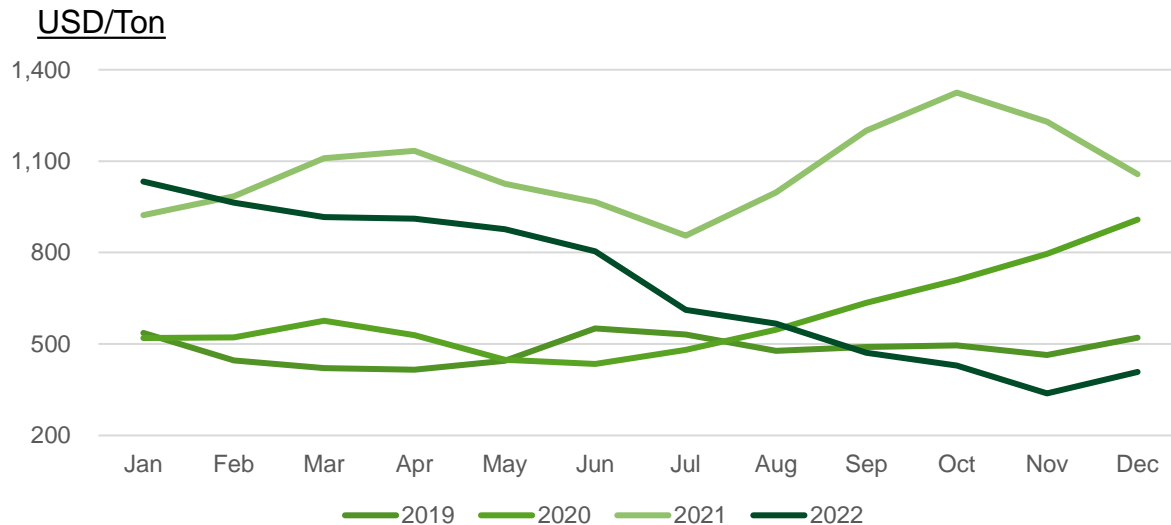


International Market Prices

International PVC Price



PVC – Ethylene Core Delta



- PVC international prices declined sharply in the last quarter owing to a global demand slowdown on the back of rising inflation before rebounding slightly in Dec
- In China, the market continued to remain impacted owing to the resurgence of COVID and zero-COVID policy by government. Lifting of lockdown towards the end of the year supported PVC prices
- Ethylene prices remained bearish, due to weakened demand on the back of a bearish economic outlook and ample supply. Ample supply availability in Asia was 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 remain stable as Indian demand continues to recover and Chinese COVID cases subside.



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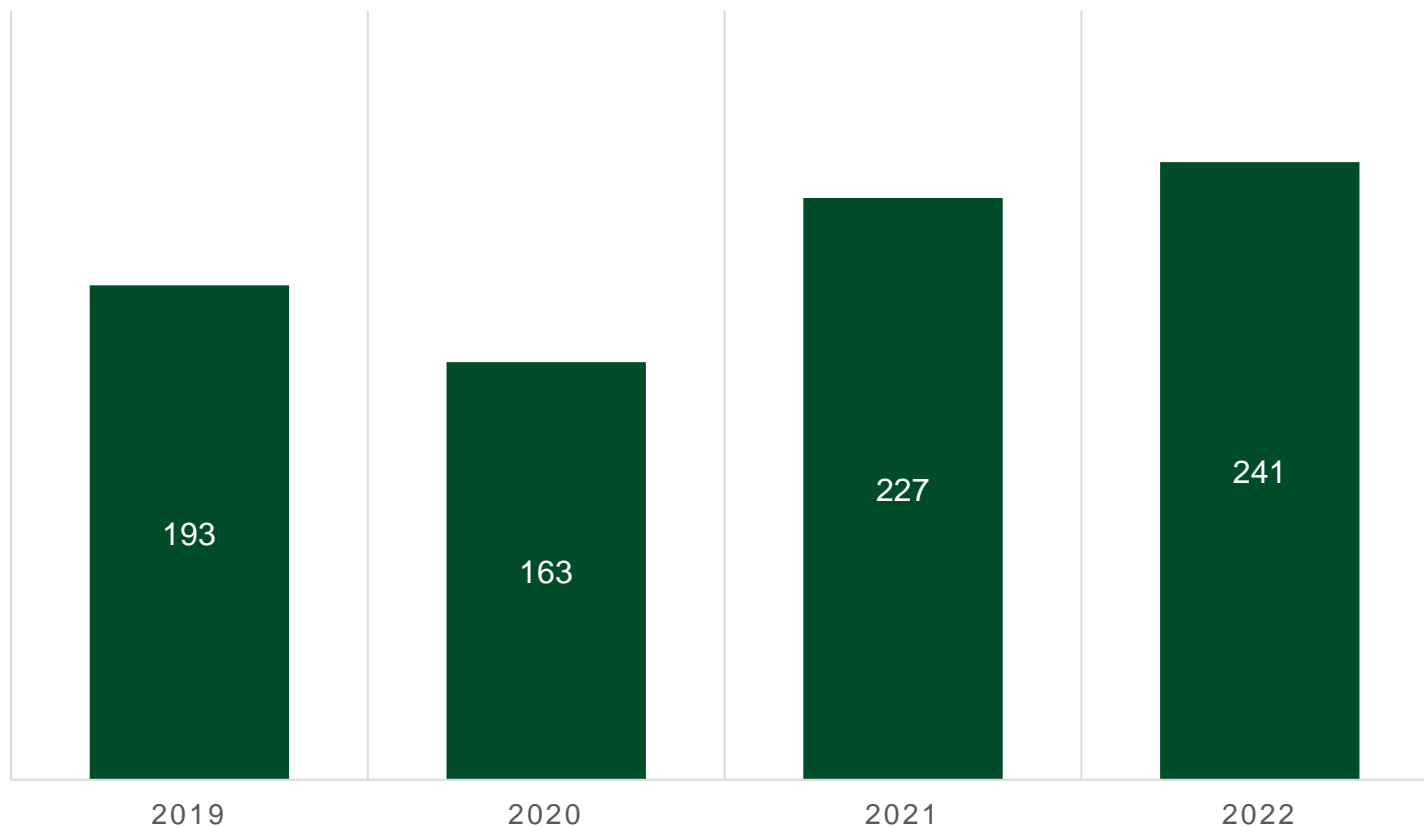
Business Updates



Vinyl's Overview

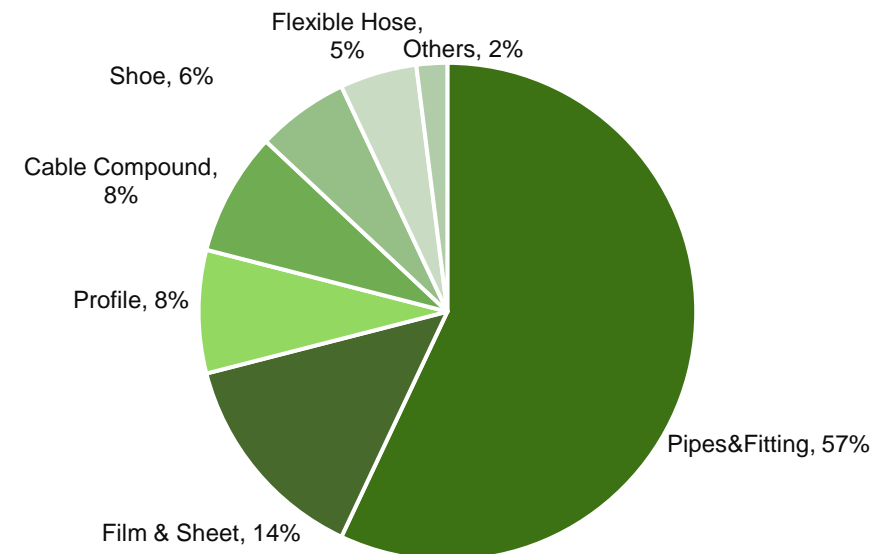
SALES VOLUME IN TONS

■ 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

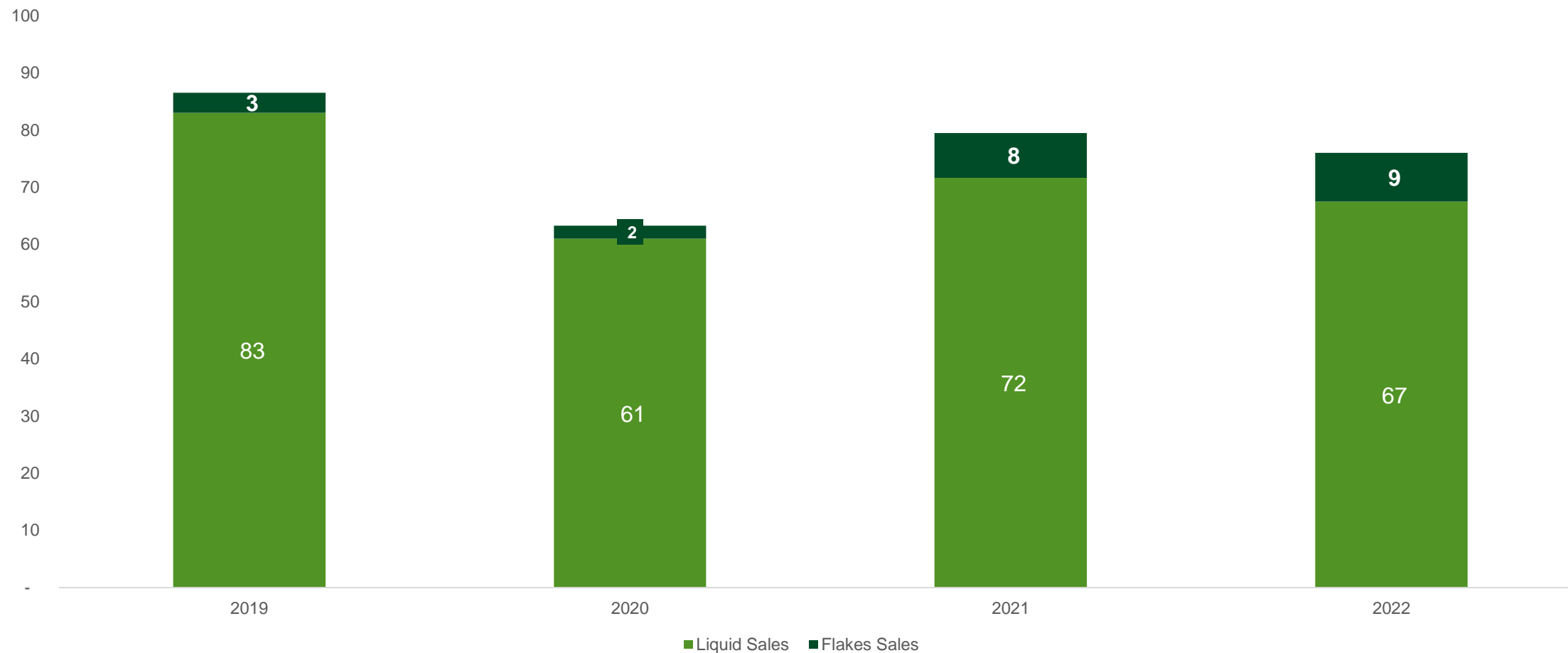
Application wise market – 2022





Chlor Alkali Overview

Chlor Alkali – Sales Volumes (KT)





Performance 2022 vs 2021

	Unit	2022	2021
Total revenue	PKR Mn	82,060	70,022
Profit after tax	PKR Mn	11,689	15,061
EPS Basic	Rs. / Share	12.37	16.28
EPS Diluted	Rs. / Share	9.67	12.46

- The company recorded a revenue increase of 17% compared to 2021 on the back of higher sales volumes, and further optimization in pricing strategy despite declining PVC prices
- Decline in profit vs the preceding year is primarily attributable to the impact of super tax charge imposed by the government, inflationary pressures, and lower core delta
- Given the ongoing economic uncertainty, the company is facing unprecedented inflationary pressures coupled with volatility in PKR to USD parity, high fuel prices, and rising KIBOR rates



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Community Investments



Community Investments

A well-crafted CSR strategy focused on

... uplifting the standard of living in Port Qasim area

Education



580 students in Ghagar Phatak area

Rs. 3.8 M per-campus funding provided

Healthcare



31,000+ patients treated in 2022 free of charge

2,500+ lab tests conducted

Water



05 water filtration plants on solar power

7 million liters of clean drinking water to 153K community members



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Looking Forward



Looking forward...

- ✓ Key focus is ensuring safe and sustainable operations and completing on-going projects within communicated timelines
- ✓ Rising interest rates and inflationary environment will likely continue to impact our customers
- ✓ We will continue to support the market during tough economic times
- ✓ Issues with establishment of LCs given the forex situation – will impact CAPEX and raw material delivery
- ✓ Continued increase in cost of doing business will affect margins



THANK YOU

