



engro polymer & chemicals

## **Analyst Briefing – Q2 2023**





# Key Highlights

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- + TRIR (total recordable injury rate) of 0.23
- + Execution of digitization and efficiency projects
- + Recovery in Quarter-on-Quarter Caustic sales
- + Increase in dollar inflows against exports
- + Ease in LC establishment and remittances, and progress on ongoing projects
- Adverse budgetary implications including reimposition of super tax at 10%
- Worsening Core Delta Quarter-on-Quarter
- Continued increases in cost of doing business given devaluation and inflationary pressures



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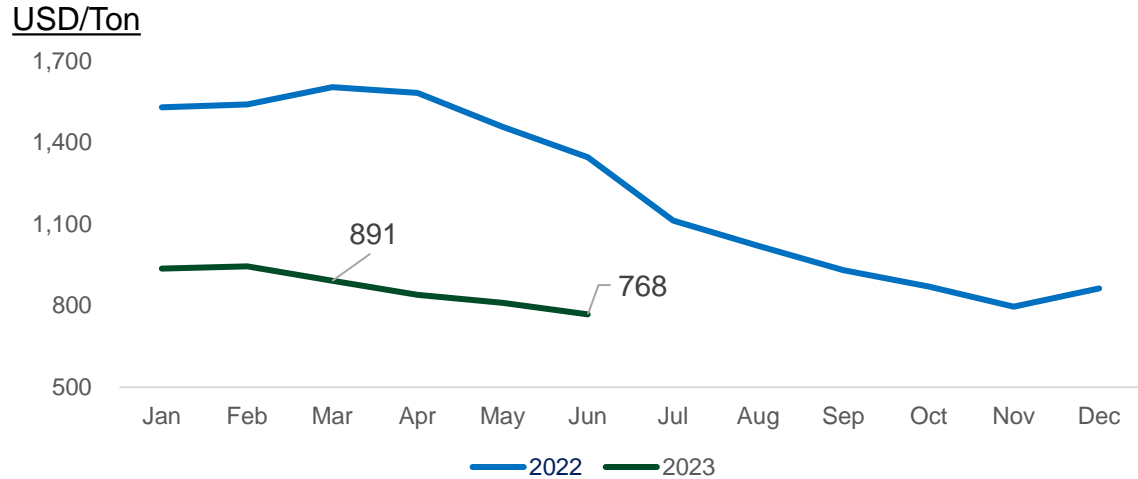
# International Markets

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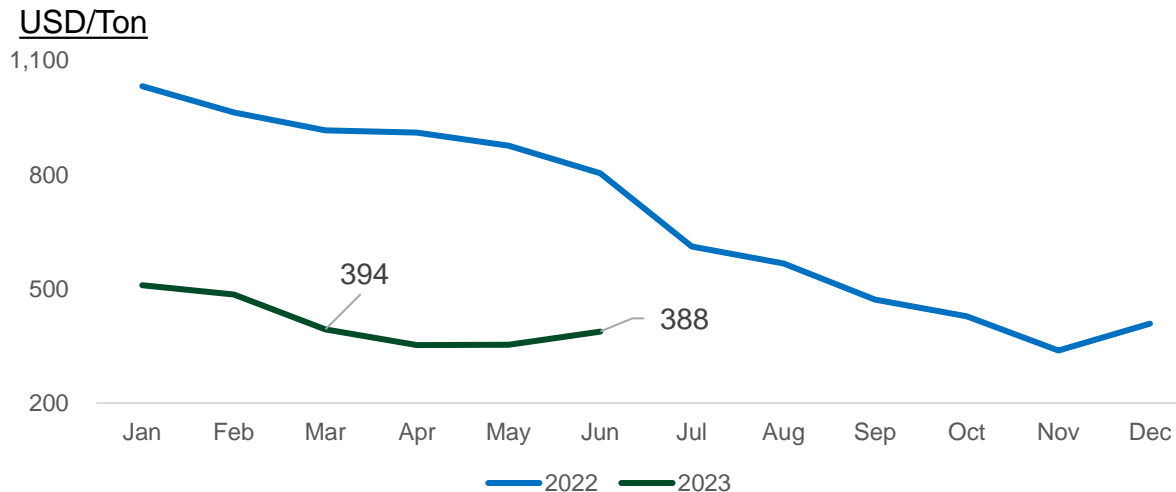


# International Market Prices

## International PVC Price



## PVC – Ethylene Core Delta



- PVC international prices remained bearish in the second quarter
- Prices impacted by a hazy economic outlook, geopolitical turbulence, slower than expected recovery in China, and an oversupply situation in India.
- Ethylene prices decreased during the quarter due to limited downstream demand, volatility in oil prices, and oversupply across most regions.
- Ethylene prices will remain impacted by crude oil prices and OPEC+ decisions
- PVC prices are expected to recover to healthy levels once the challenging global geopolitical climate improves and recessionary concerns subside



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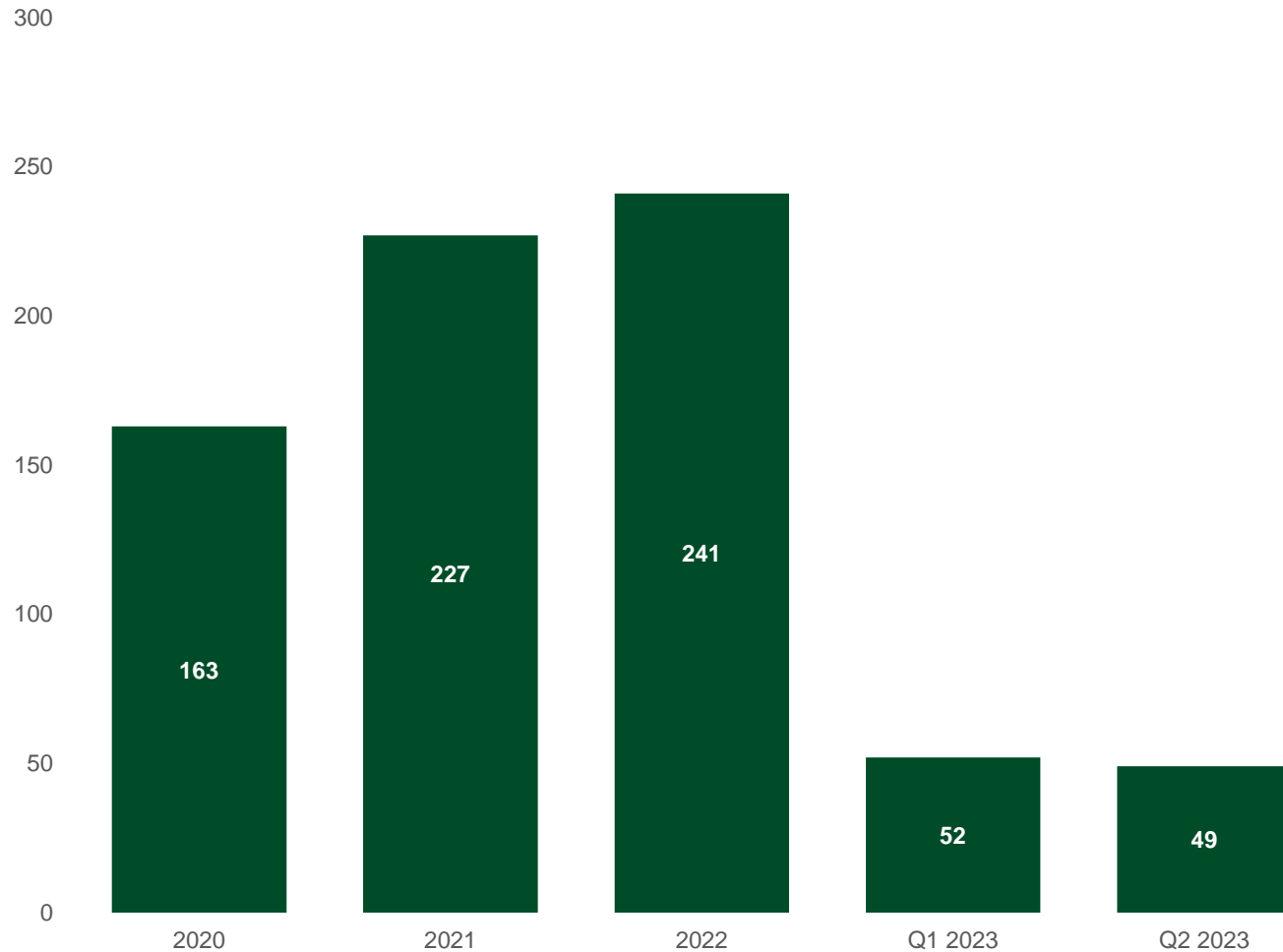
# Business Updates

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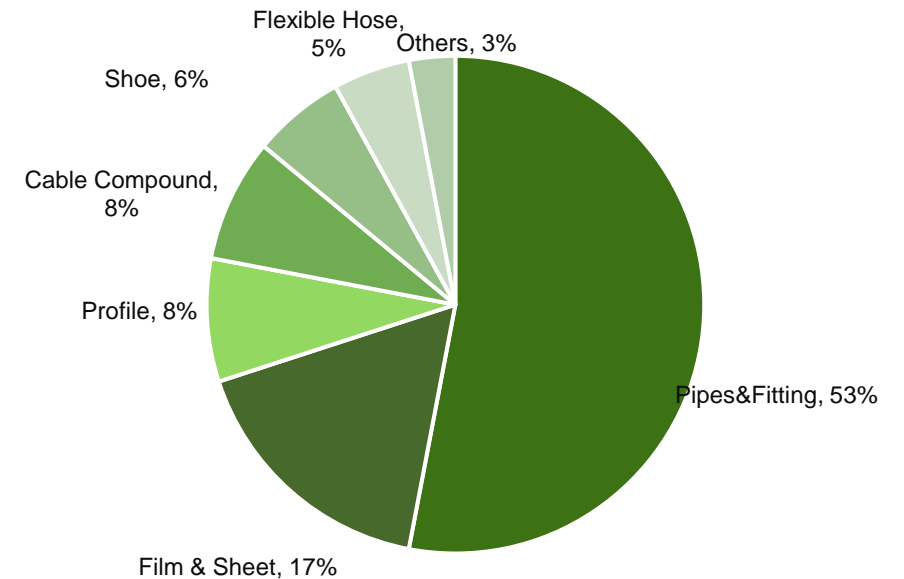
# Vinyl's Overview

**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 retain a significant focus on market development activities

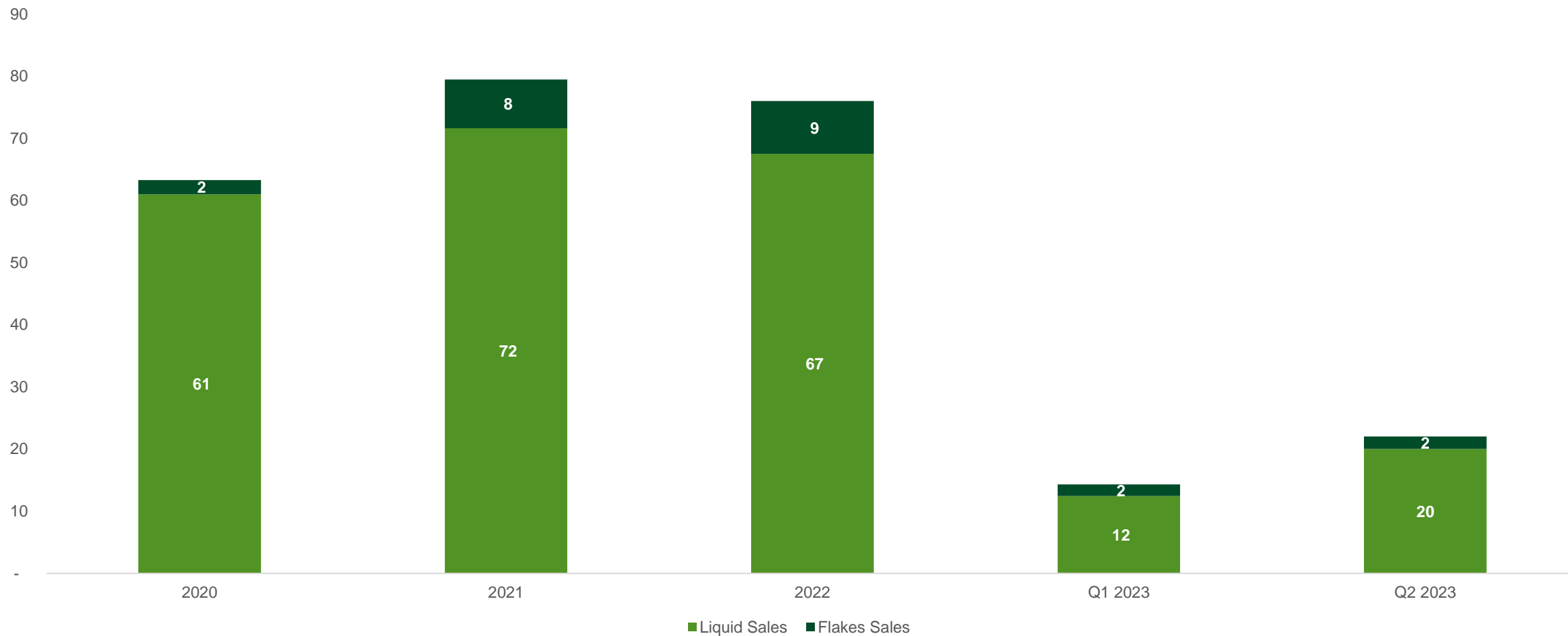
**Application wise market – 2022**





# Chlor Alkali Overview

Chlor Alkali – Sales Volumes (KT)





# Performance 1'H 2023 vs 1'H 2022

	Unit	1'H 2023	1'H 2022	FY 2022
Total revenue	PKR Mn	37,022	45,404	82,060
Profit after tax	PKR Mn	2,745	7,052	11,689
EPS Basic	Rs. / Share	2.69	7.55	12.37
EPS Diluted	Rs. / Share	2.27	5.83	9.67

- The company recorded a revenue decrease of 18% compared to 1'H 2022 mainly because of lower international PVC prices and lower sales volumes
- Decline in profit vs the preceding year is primarily due to decreased topline, inflationary pressures, lower core delta, and adverse budgetary impacts
- Given the ongoing economic uncertainty, the company continues to face unprecedented inflationary pressures coupled with volatility in PKR to USD parity, high fuel prices, and rising interest rates





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# Looking Forward

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# Looking forward...

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- ✓ 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
- ✓ Any further issues with establishment of LCs and remittances will impact CAPEX and raw material delivery
- ✓ Continued increase in cost of doing business will affect margins



**THANK YOU**

