



engro polymer & chemicals

Analyst Briefing – Q1 2025





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Agenda

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	3	<u>Business Updates</u>
	4	<u>Looking Forward</u>
	5	<u>Q&A</u>





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Key Highlights



Key Highlights

Financial Highlights



Revenue

PKR **17.9** Bn

↑ 8% vs LY



Profitability

PKR **(0.8)** Bn

↑ 9% vs LY



LPS

PKR **(0.9)**

↑ 25% vs LY

Scale



Market Capitalization

PKR **34.6** Bn



Total Employees

540



Total Assets

PKR **105** Bn



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Key Drivers

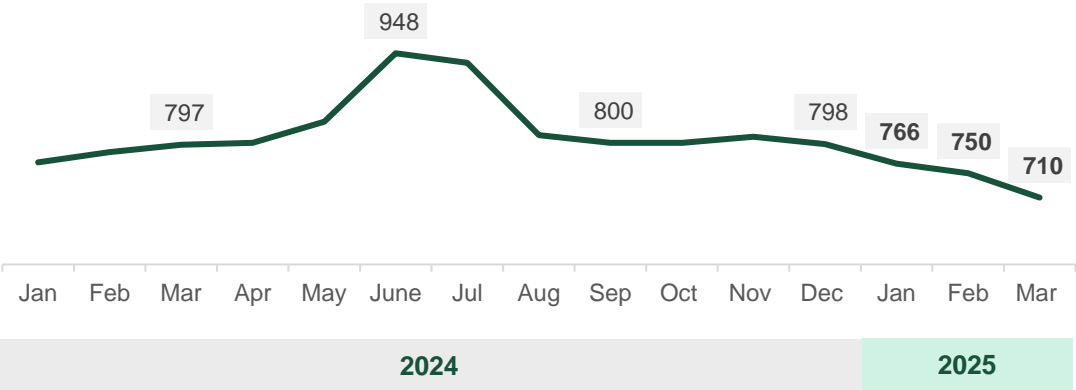
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Key Drivers

International PVC Prices

(USD / MT)

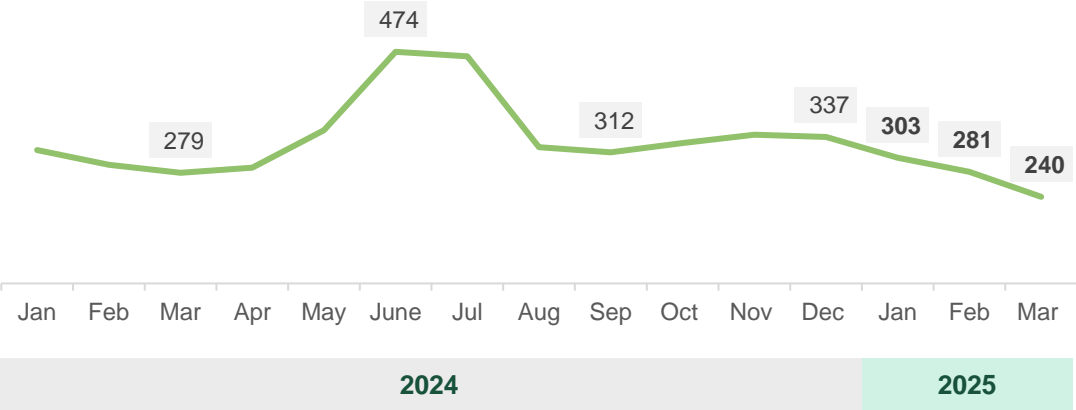


Highlights

- Construction demand remained weak in major economies. In the US, housing permits have declined for three-straight months. In China, PVC market continued to face a property market downturn and rising trade concerns with the US
- Ample supply weighs on the market amid weakening demand, further contributing to a downward trend in price
- Ongoing uncertainty over the potential impact of US tariffs and India's upcoming ADDs are expected to strain the supply-demand balance, particularly in China and US – Increased dumping into other markets likely (potentially Pakistan)
- Currently, the PVC price stands at \$700/ ton

Core Delta

(USD / MT)



Highlights

- Ethylene prices remained rangebound, between \$910/ton and \$940/ton
- Market sentiment remained subdued due to extended losses in upstream crude and naphtha markets, and lackluster demand from downstream sectors
- This along with lower PVC prices kept core delta under pressure which stood at \$240/ton in March

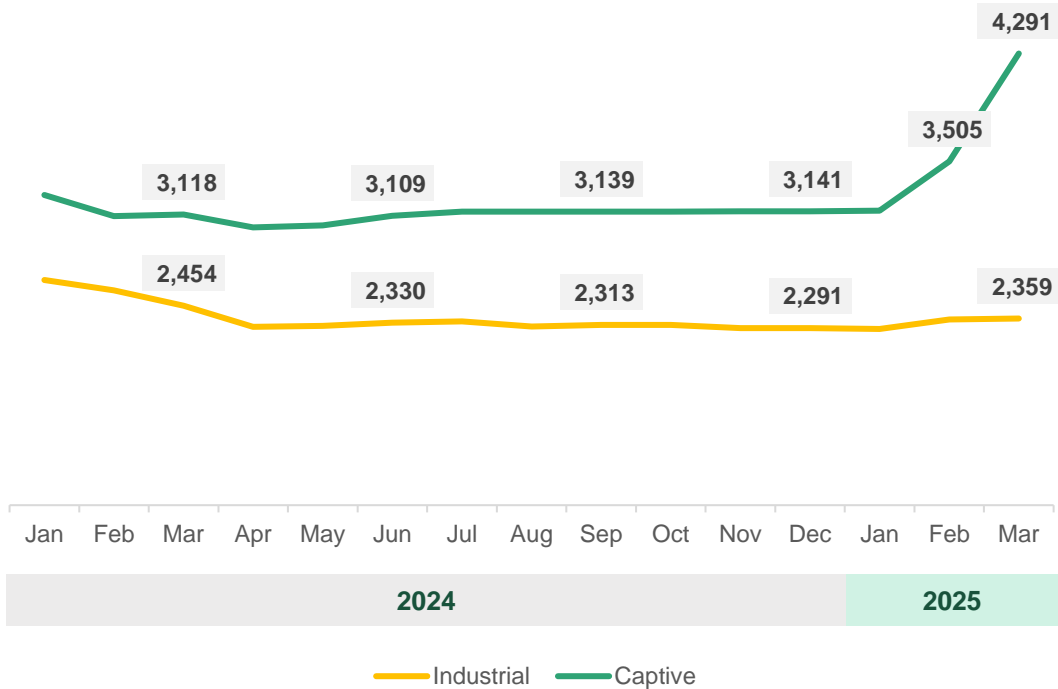
Outlook

- Decline in international ethylene prices recently to USD 870/ton has improved core delta to USD 265/ton
- Moving forward, we expect rangebound PVC prices and lower Ethylene prices, to keep core delta and margins on similar levels in 2025
- On the domestic front, reduction in interest rates should boost the real-estate market and lead to a gradual recovery in construction activity



Key Drivers

Gas Cost (PKR / MMBtu)



Highlights

- Captive gas price has increased to PKR 3,500 / MMBtu plus levy of PKR 791 / MMBtu (PKR 4,291 / MMBtu) effective March 2025
- Rate of levy increase as notified is increase of 10% by July 25, 15% by February 26, and 20% by August 26
- The industry has challenged the application of this levy in courts
- Process gas price remains unchanged at PKR 2,150 / MMBtu
- Given depletion of indigenous gas reserves, availability of gas at competitive rates remains a challenge. The Company is actively exploring alternative power options, and is engaging with relevant government ministries to seek favorable outcomes regarding gas availability for captive power needs



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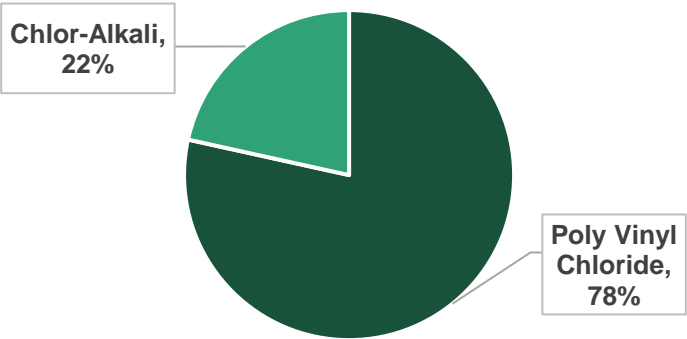
Business Updates

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Segment Wise Performance

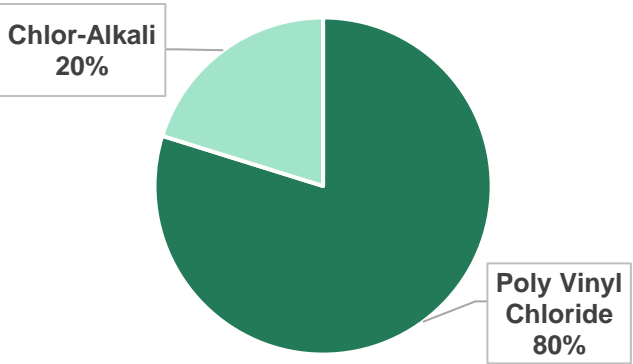
Q1 2025

Revenue



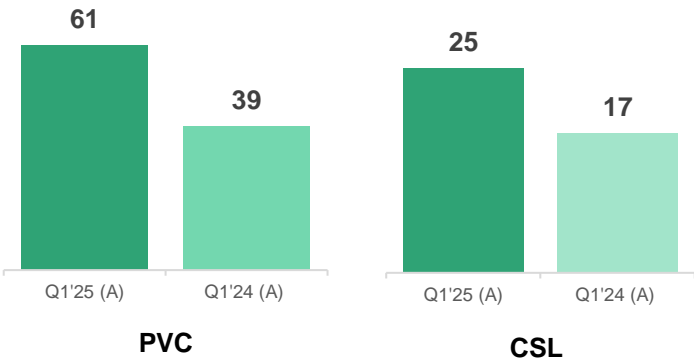
Q1 2024

Revenue

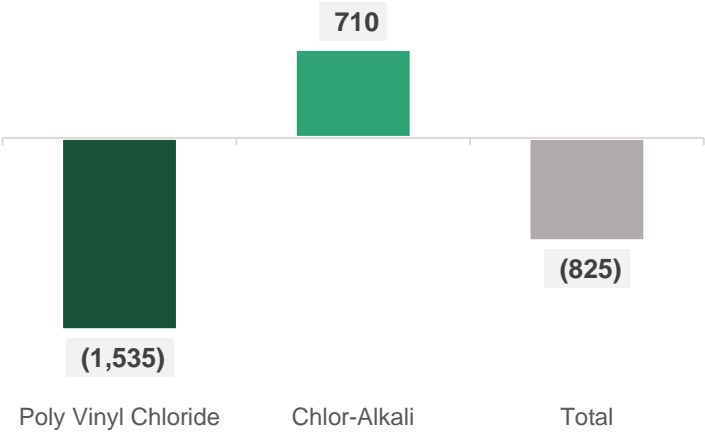


Production

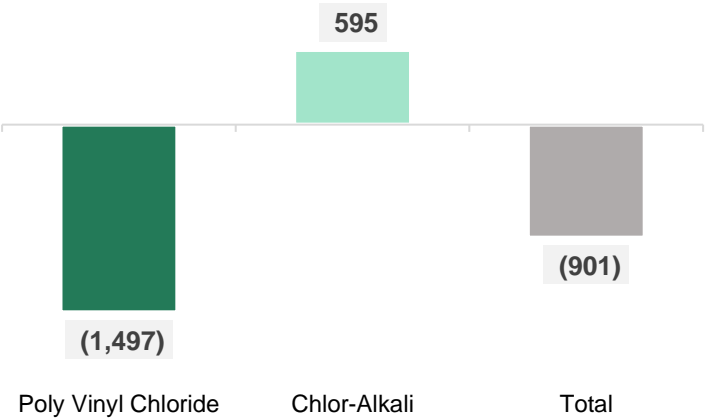
Production



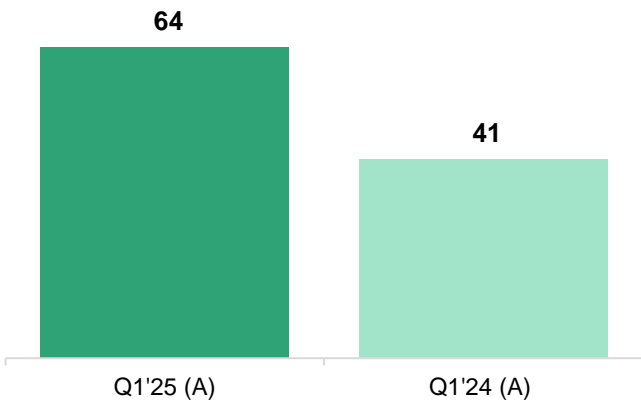
PAT



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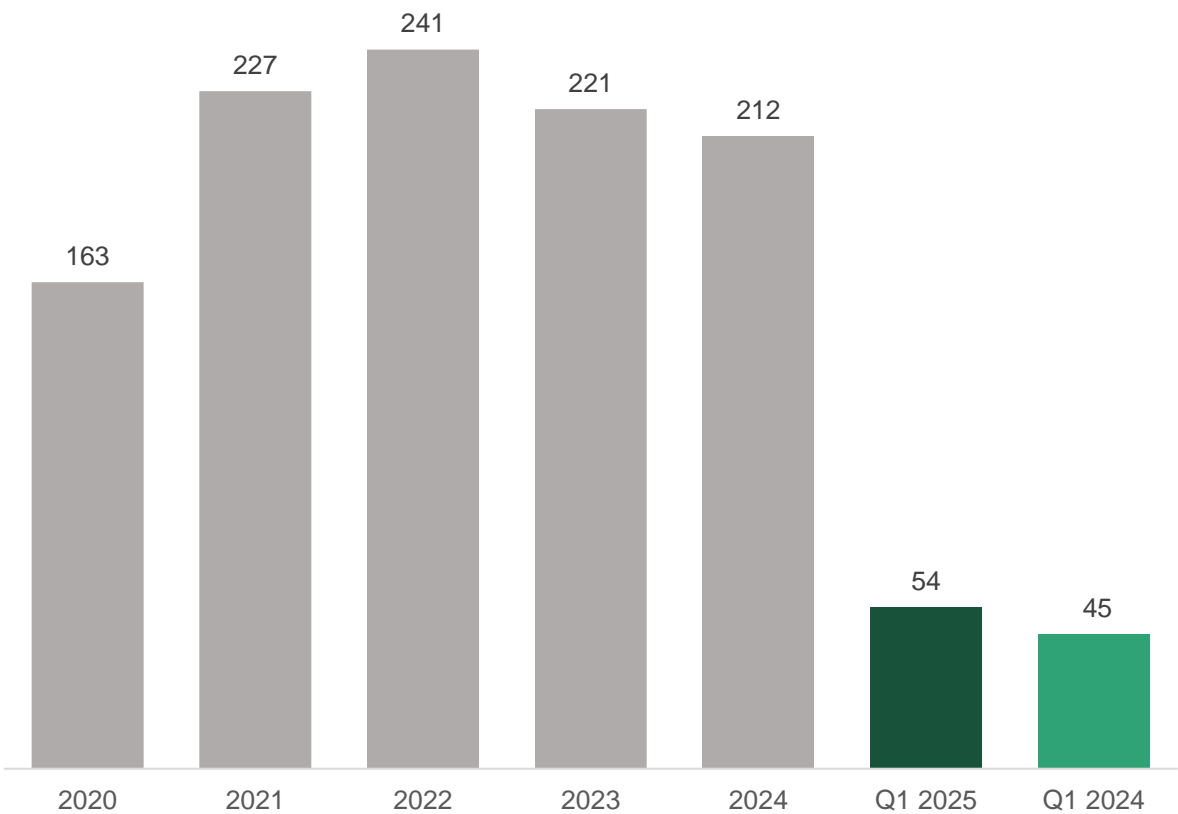
VCM Production





Business Update – Poly Vinyl Chloride (PVC)

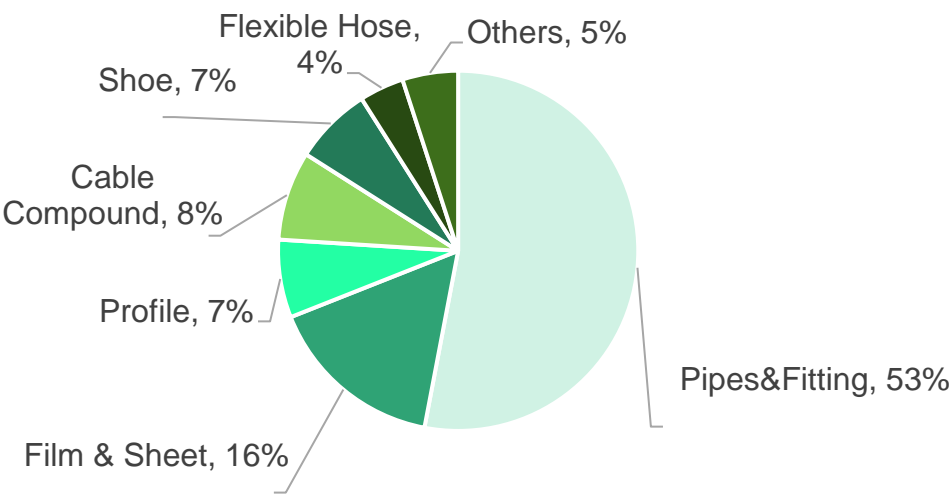
Poly Vinyl Chloride Sales Volumes (kT)



Highlights

- PVC domestic market has grown by 23% YoY, leading to higher domestic sales by the Company as well as high import influx due to consistently low international prices
- Imported resin remains competitive amid historically low global prices, though aggressive pricing strategies are being employed to limit inflows with initial signs of success
- Public project spending remains sluggish, with only 28% of PSDP funds utilized over eight months

Segment-wise PVC Domestic Sales





Business Update – Chlor-Alkali

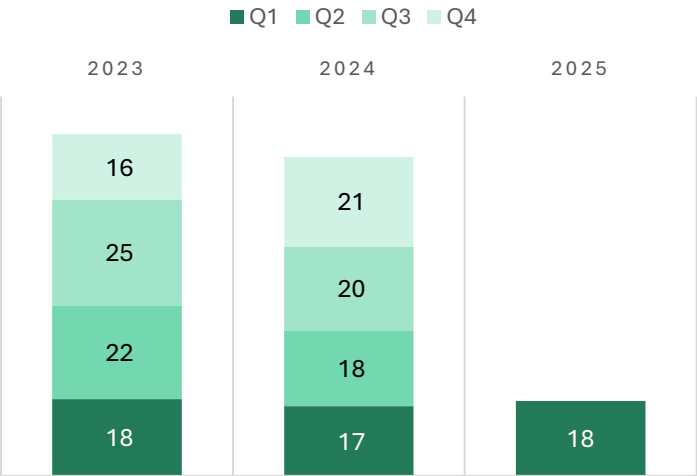
Highlights

- Q1 2025 witnessed an increase in caustic prices, as tight supply conditions early in the quarter lent support to the market before moving to a balanced state towards the end of the quarter
- An increase in supply is expected due to the startup of new capacities in China and Southeast Asia
- New alumina capacities, expected to come online in the coming quarters, will increase demand, partially offsetting the supply increase
- Increasing gas costs continue to adversely impact margins
- Domestic market remains balanced between Sitara, Ittehad, EPCL and Nimir

Consolidated Performance – Q1 2025 vs Q1 2024



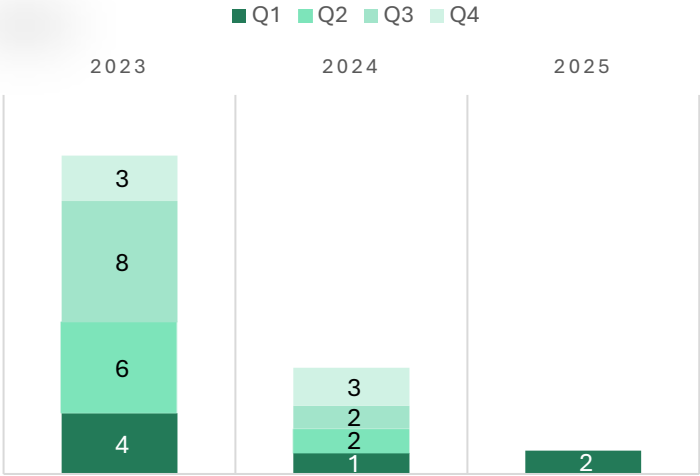
Revenue
▲ 8% YoY



Revenue increased 8% YoY due to higher PVC and Caustic sales during the quarter



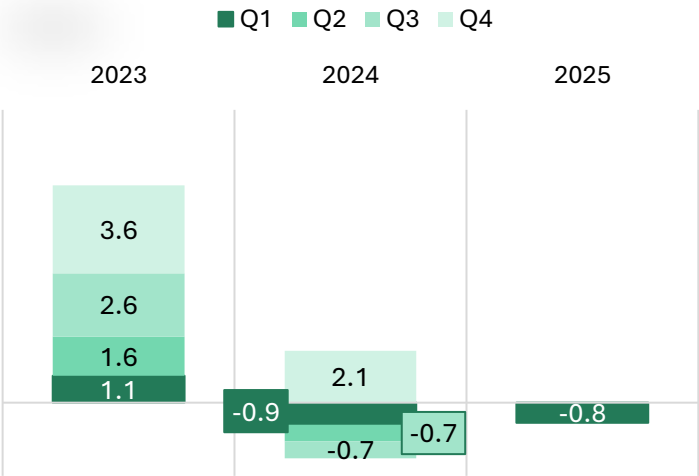
EBITDA
▲ 7% YoY



EBITDA increased YoY, supported by higher revenue and lower operating costs. Revenue growth was driven by improved domestic sales, although partially offset by lower PVC prices



PAT
▲ 9% YoY



Net Loss reduced by 9% YoY, as the company tackled the same with competitive pricing strategy along with cost optimization measures









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Looking Forward

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Looking Forward

Key Areas	→ Outlook
 Projects	<ul style="list-style-type: none"> The Company commissioned its Hydrogen Peroxide plant in February 2025 and HTDC in March 2025. Operations are stabilized and sales commissioned as planned
 Safety	<ul style="list-style-type: none"> Key focus on ensuring safe and sustainable operations Make substantial progress on process safety transformation, showcasing our continuous drive for safety excellence
 PVC	<ul style="list-style-type: none"> Ample supply weighs on the market amid lackluster demand, leading to a stable-to-bearish trend in global PVC prices Domestically, economic conditions are expected to improve, with GDP growth forecast at 3%, and reduction in inflation and interest rate Ethylene prices are also expected to see a bearish trend as new capacity additions are expected to increase supply
 Caustic	<ul style="list-style-type: none"> Domestic Caustic Soda sales improved on YoY basis The domestic textile sector showed a 7% YoY growth in the first 8 months of FY25, indicating a positive demand outlook for caustic in the export-oriented sector
 Hydrogen Peroxide	<ul style="list-style-type: none"> After the commissioning, the Company is now focusing on promoting this product and building partnerships with key stakeholders The Company is targeting both EFS and non EFS segments
 Gas	<ul style="list-style-type: none"> Captive gas price has increased to PKR 3,500 / MMBtu + levy of 791 / MMBtu (PKR 4,291 / MMBtu) effective March 01, 2025 To mitigate the impact of high gas cost, the Company is evaluating alternate power options including the supply of gas from third party and alternate fuel sources



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Q&A

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THANK YOU

