



engro polymer & chemicals

Analyst Briefing – 1H 2025





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Agenda

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Key Highlights



Key Highlights

Financial Highlights



Revenue

PKR **37.6** Bn

↑ 9% vs LY



Profitability

PKR **(3.2)** Bn

↓ 103% vs LY



LPS

PKR **(3.55)**

↓ vs. 80% vs LY

Scale



Market Capitalization

PKR **27** Bn



Total Employees

701



Total Assets

PKR **101** Bn



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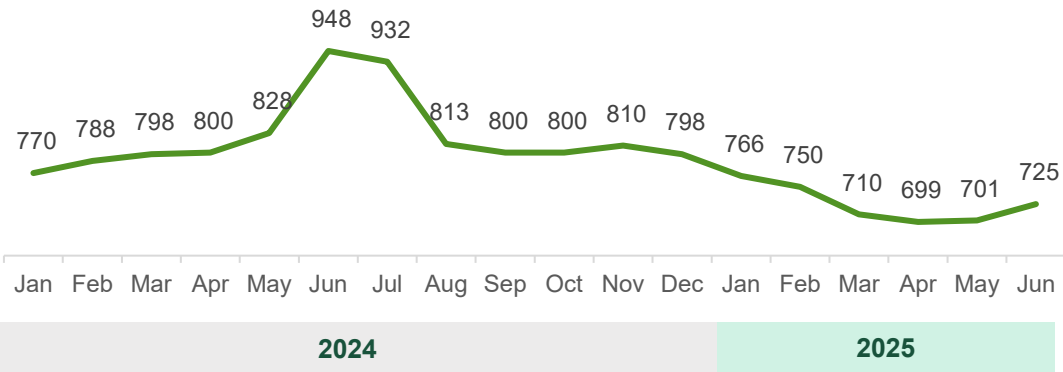
Key Drivers



Key Drivers

PVC CFR South Asia

(USD / MT)

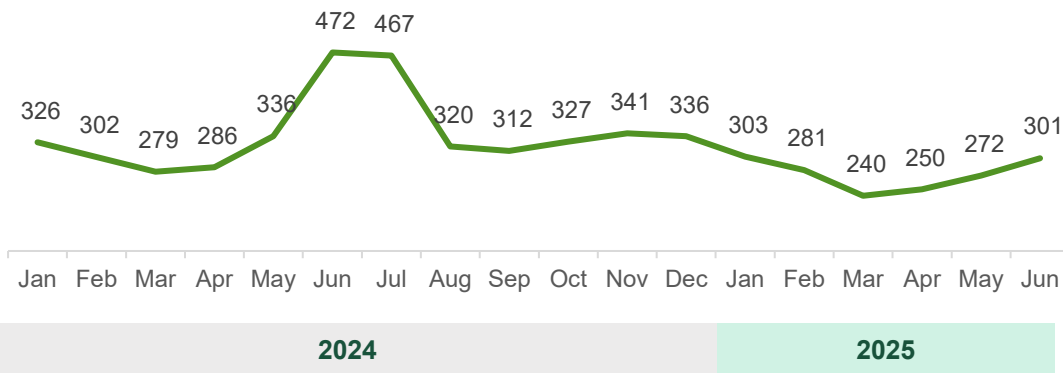


Highlights

- Global PVC market remained under pressure in 1H 2025, with weaker construction activity and excess supply continuing to drag prices.
- In the U.S., demand slowed as housing construction cooled and anticipated rate cuts failed to materialize. China’s property sector remained sluggish, while converter activity showed no real recovery though fresh stimulus is expected in the second half.
- Seasonal weakness in South and Southeast Asia during the monsoon season further softened regional demand.
- Currently, the PVC price stands at \$730/ ton

Core Delta

(USD / MT)



Highlights

- Core delta averaged around \$275/ton, dipping to a low of \$240/ton in March before recovering to \$301 by June.
- Ethylene prices remained firm through Q1, peaking at \$941/ton, however declined to \$850 by end-Q2.

Outlook

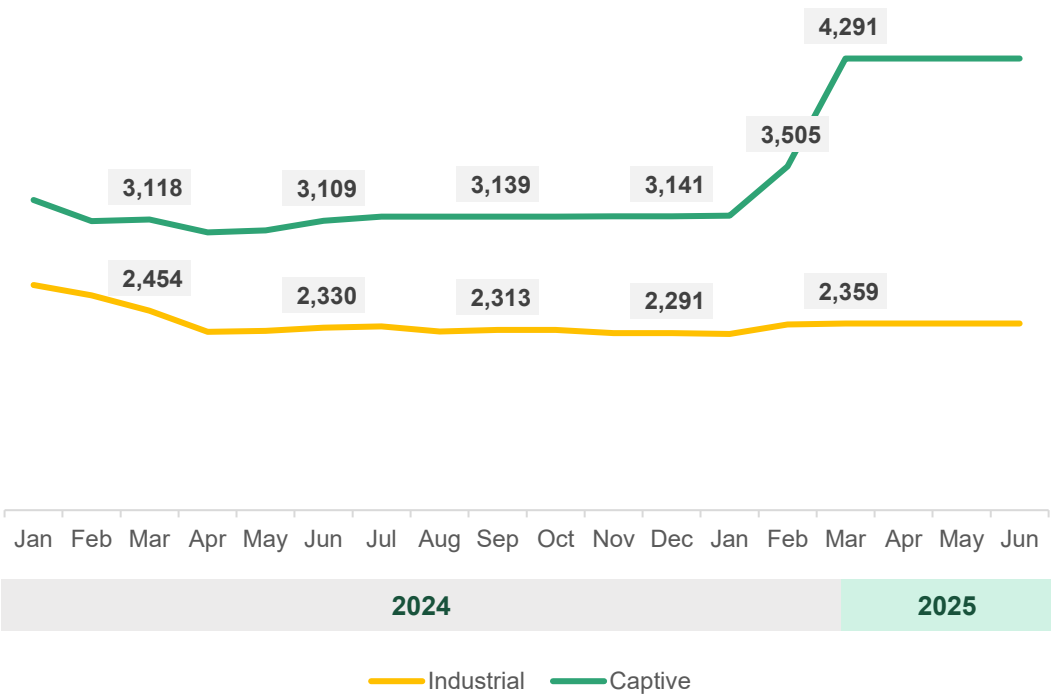
- Core Delta improved in Q2 as Ethylene softened and PVC recovered to \$725/ton.
- Future delta stability depends on regional demand pickup and further easing in Ethylene pricing.
- Domestic PVC demand may gradually improve with interest rate cuts, market development activities and recovery in construction activity expected in H2.



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
- As per a latest notification, this levy is now notified at PKR 238 / MMBtu effective July 2025. The retrospective application of this is under question
- The industry has challenged the application of this levy in courts
- Process gas price increased to PKR 2,300 / MMBtu effective July 1, 2025
- 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

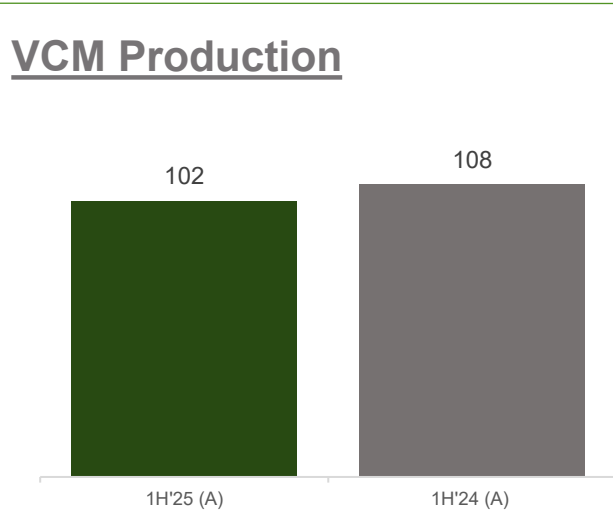
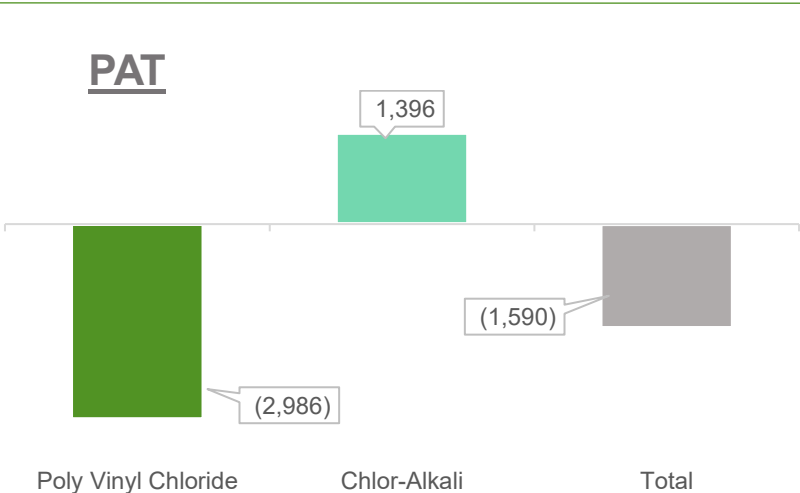
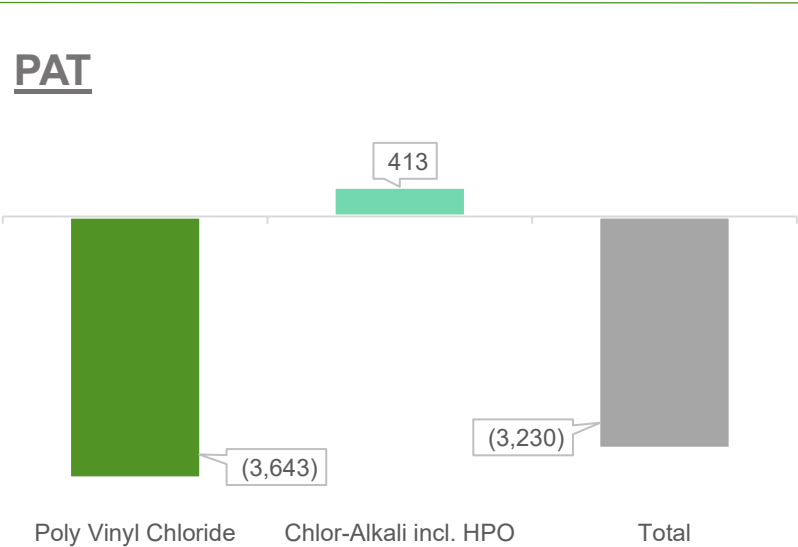
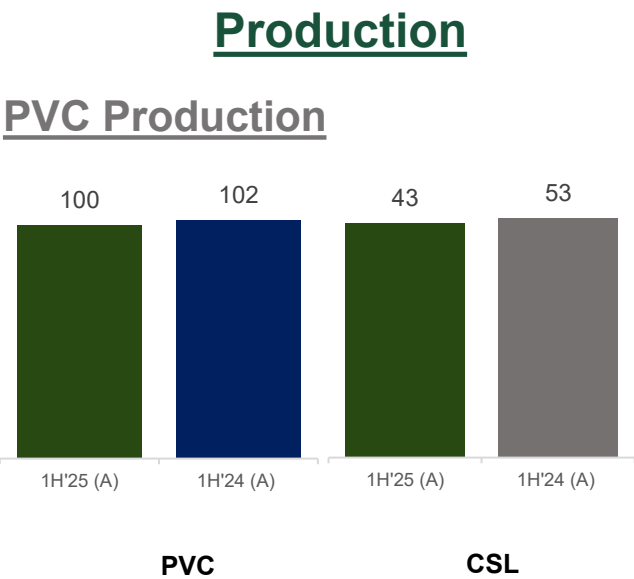
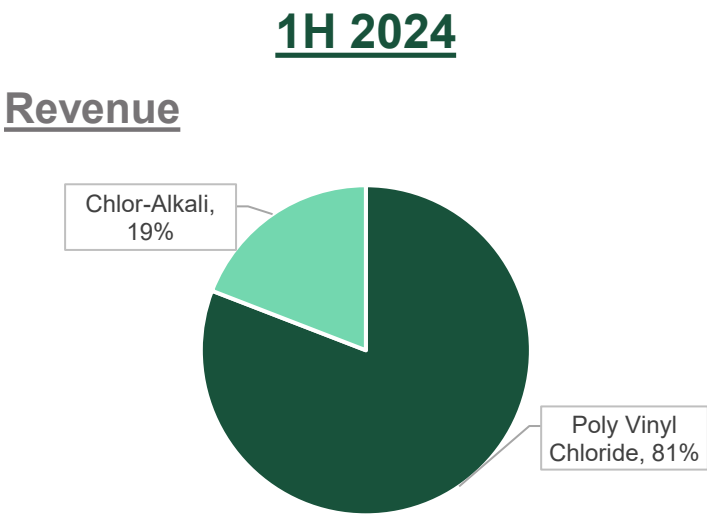
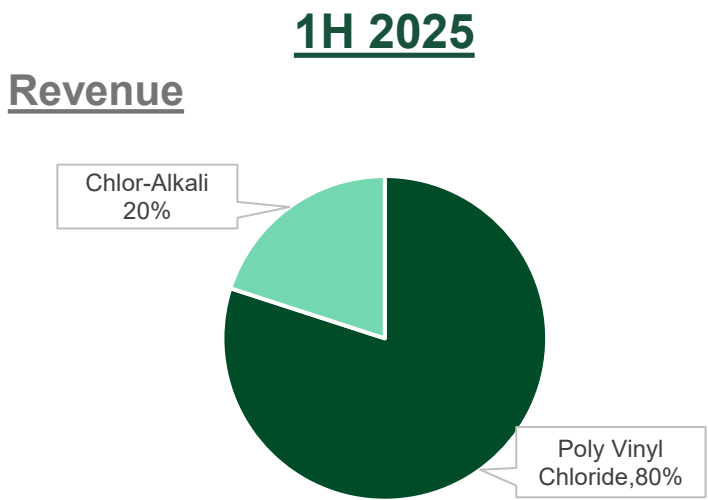


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Business Updates

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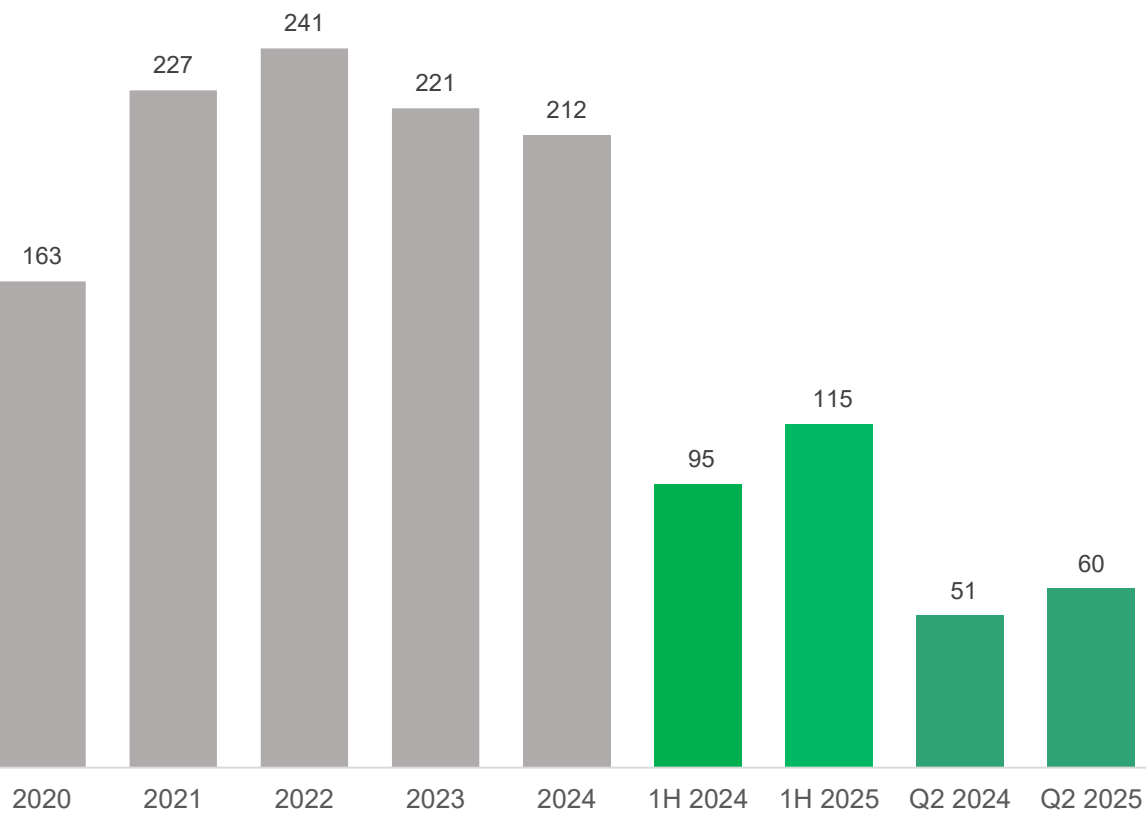
Segment Wise Performance





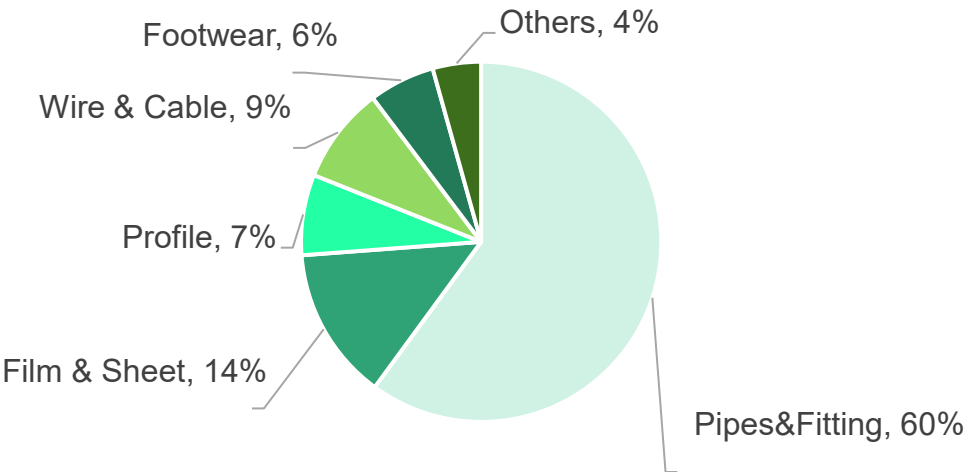
Business Updates - Poly Vinyl Chloride (PVC)

Poly Vinyl Chloride Sales Volumes (kT)



Highlights

- Domestic PVC demand improved in 1H 2025 vs LY on account of improvement in construction segment driven by improved policy rates, recovery in the real estate sector, and stabilized inflation, supporting demand for pipes & fittings, cables, and profiles
- EPCL ensured product availability despite operational constraints and engaged closely with channel partners through dealer-led activations and strategic customer interventions
- The company recorded a 21% YoY increase in PVC sales volumes, driven by both market recovery and a strategic push, aimed at retaining domestic share.





Business Update – Chlor-Alkali

Highlights

- Caustic soda prices remained stable through the first half, supported by steady demand from core sectors and a balanced domestic market landscape.
- Regionally, additional supply is expected as new capacities ramp up in China and Southeast Asia, though increased downstream demand from alumina and textile may help absorb some of the surplus.
- Margin pressure persisted due to elevated energy costs, particularly gas, which remains a critical input across the value chain.
- Margins will potentially improve due to reduction in gas levy going forward.
- Domestically, competition remained measured, with no significant supply disruptions among key players: EPCL, Sitara, Ittehad, and Nimir.
- The business remains focused on cost discipline and value chain integration to safeguard margins amid a volatile energy and pricing environment.

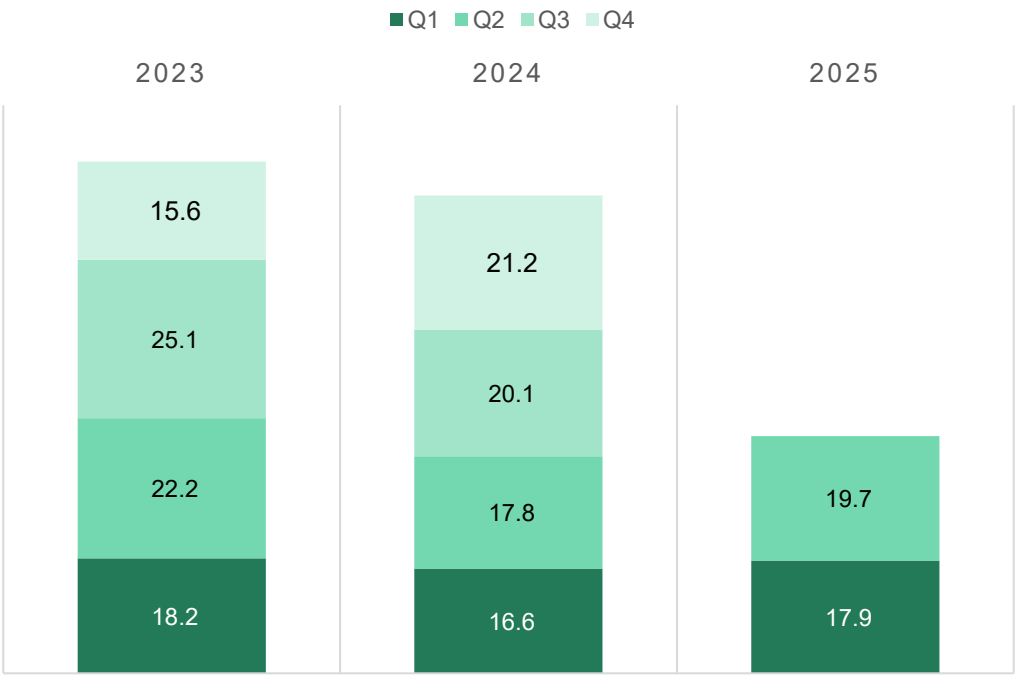


Consolidated Performance 1H 2025 vs 1H 2024



Revenue

▲ 9% YoY

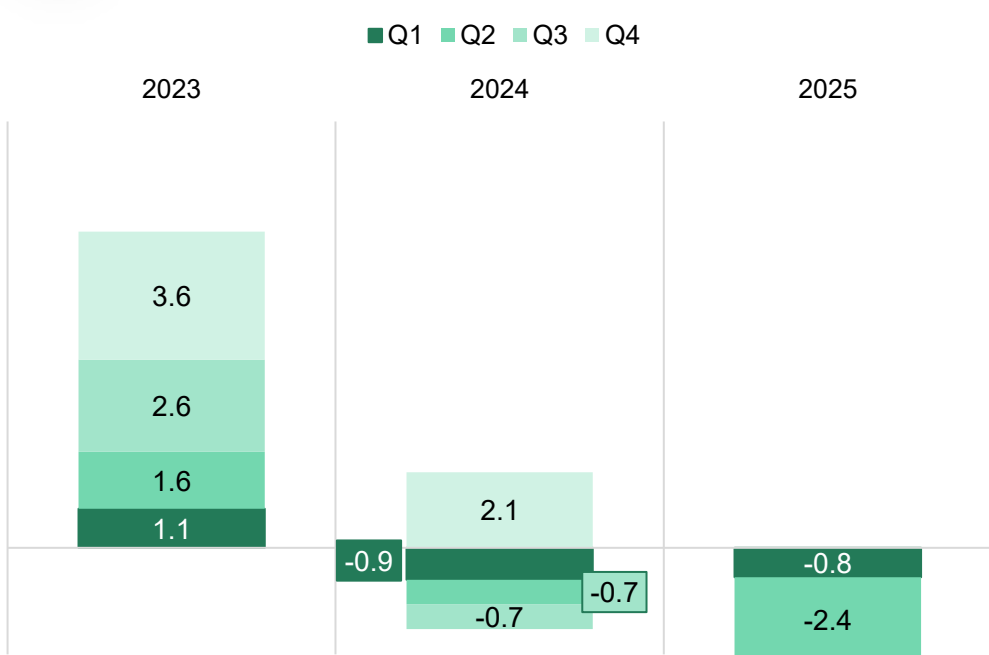


Revenue increased 9% YoY due to higher PVC sales volumes, commencement of hydrogen peroxide sales and higher caustic soda volumes



PAT

▼ 103% YoY



In addition to lower international prices, increase in short term borrowing and macroeconomic headwinds also had an adverse impact on profitability









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Looking Forward

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Looking Forward

Key Areas	Outlook
 Projects	<ul style="list-style-type: none"> • The Company successfully commissioned its Hydrogen Peroxide and HTDC projects in Q1 2025, and operations have stabilized now • The plant has successfully completed its GTR in June 2025
 Safety	<ul style="list-style-type: none"> • Operational discipline and safety systems remained a core focus area across sites in 1H. • The Company continued to strengthen its process safety framework and reinforce frontline ownership as part of its long-term safety transformation journey.
 PVC	<ul style="list-style-type: none"> • The global PVC market remained oversupplied in 1H 2025, with weak construction demand and high Chinese exports pressuring prices. • Domestically, market growth and commercial strategies helped increase market share • The domestic industry will continue to bear the brunt of the regulatory decisions of duty reductions in the recent federal budget • Ethylene prices softened in Q2 and are expected to offer support to the declining core delta
 Caustic	<ul style="list-style-type: none"> • Caustic sales volumes improved YoY in 1H 2025, supported by textile sector growth and stable domestic demand. • While export prices remained volatile, local offtake and sector resilience provided margin support. • Margin pressures persist due to elevated energy input costs, some relief will come from reduction in gas levy in 2H
 Hydrogen Peroxide	<ul style="list-style-type: none"> • With commissioning completed, 1H 2025 focused on product rollout and customer onboarding. • Commercial traction was initiated in both EFS and non-EFS segments, with trials and partnerships progressing as planned.
 Gas	<ul style="list-style-type: none"> • The revised captive gas price (PKR 4,291/MMBtu effective March) materially impacted production costs in Q2. However, as per the recent notification, the gas levy is expected to decline to PKR 238/ mmbtu in 2H 2025 • To mitigate this, the Company has accelerated evaluation of third-party gas, alternative fuels, and energy efficiency levers to manage long-term competitiveness.



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Q&A

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THANK YOU

