Corporate Briefing
18th August 2026

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Agenda

Macroeconomic Overview

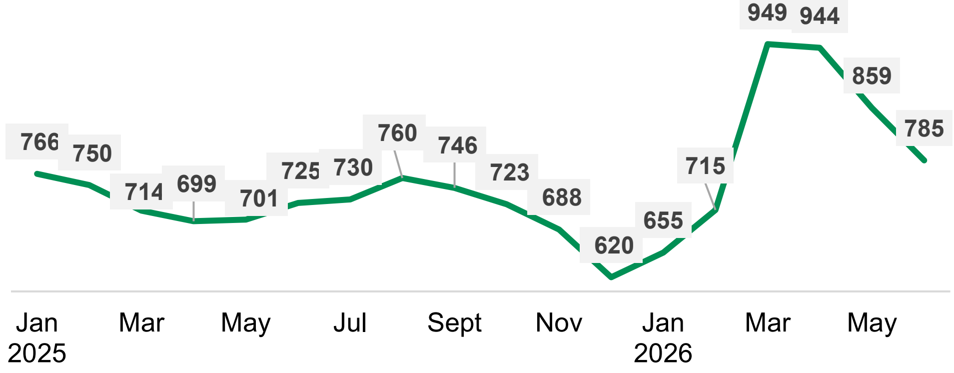
Macroeconomic Indicators	1H 2026 Recap
GDP Growth	Pakistan's **real GDP grew by 3.7%** in FY 2026
Inflation	Inflation rose to **11.1% YoY in June 2026,** while a hike in energy prices led to a surge in fuel cost resulting in higher freights
Policy Rate	Policy rate increased by 100 bps to **11.5% in April** (first increase since June 2023)
Exchange Rate	Exchange rate averaged **~279 PKR/USD** in 1H 2026 (closing at 278)

Global Market Overview

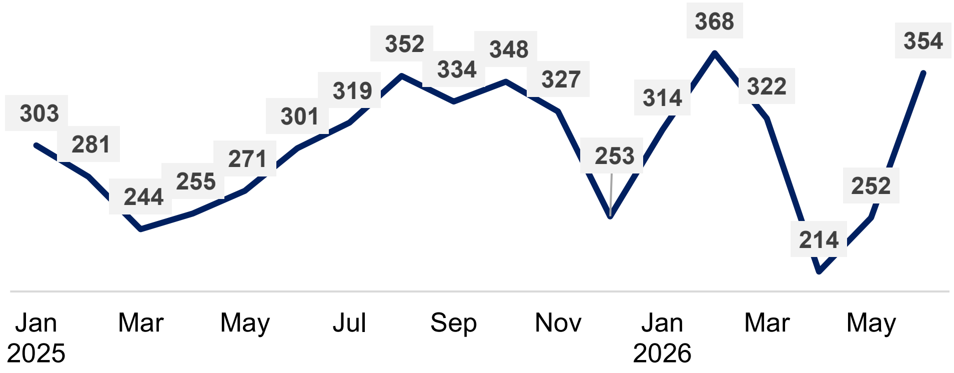
Poly Vinyl Chloride

- PVC **prices peaked in March** following the start of US-Iran war, but gradually declined over the second quarter as tensions reduced
- Operating rates of Chinese carbide-based and US-based producers increased, exerting downward pressure on PVC prices
- A temporary duty waiver in India triggered a surge in import demand but has slowed following the waiver's expiry in July and onset of the monsoon season
- The **cost-price squeeze intensified** during the quarter; Ethylene price rose 35%, outpacing the 18% increase in PVC
- **Core delta reduced to $273/ton in Q2** (-18% vs Q1 average)

PVC CFR South Asia
$/ton



Core Delta
$/ton



Chlor-Alkali & Allied Chemicals

Caustic

- Global caustic prices returning to pre-war levels
- The supply gap created by the ME conflict has been partially filled by US and European producers
- Chinese oversupply continues to pressure export pricing

Hydrogen Peroxide

- Global HPO prices softened but remained above pre-war levels
- Higher freight costs continue to add upward pressure in import prices
- Bangladesh producers operated at 60-70% of their capacity while benefitting from lower energy costs (despite higher LNG prices)

Key Highlights – 1H 2026

Financial Highlights

Revenue
PKR **39** Bn
↑ 4% vs LY

Gross Profit
PKR **4.6** Bn
↑ 282% vs LY

Profitability
PKR **1.6** Bn
vs (3.2) Bn LY

EPS
PKR **1.79**
vs (3.55) LY

Scale

Market Capitalization
PKR **30.7** Bn

Safe Workhours
50 Mn

Total Employees
694

Total Assets
PKR **118** Bn

Material Variance in P&L Items vs LY

Revenue +4% due to higher global PVC prices and higher Revenue from HPO

Cost of sales -5% driven by efficient plant operations

As a result, **gross profit increased by 282%**

Other Income +912% due to remeasurement gain on SIDC of PKR 1.3 bn and increase in short-term investments vs LY

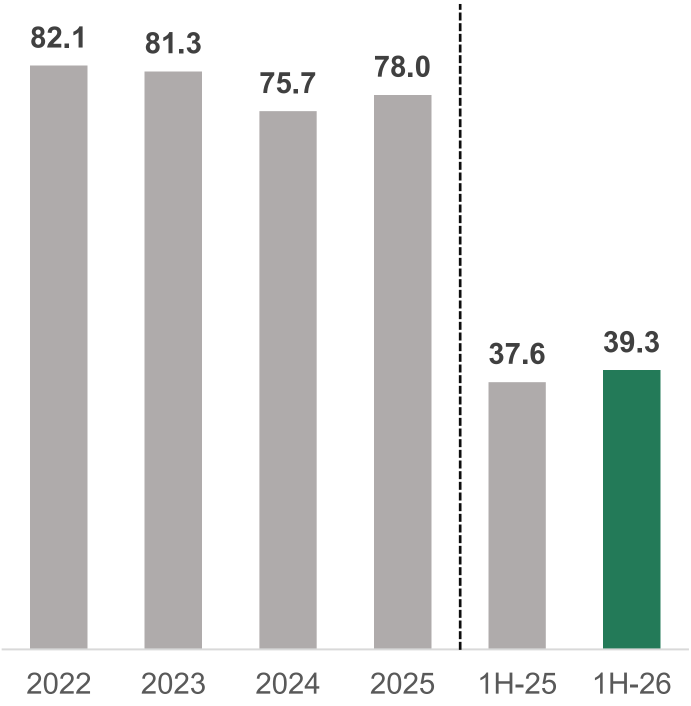
Finance cost +23% due to an increase in long-term borrowings while KIBOR remained consistent

Tax -544% (tax income in 2025) - prior year income u/s 65E and impact of super tax reduction from 10% to 8% on DTL

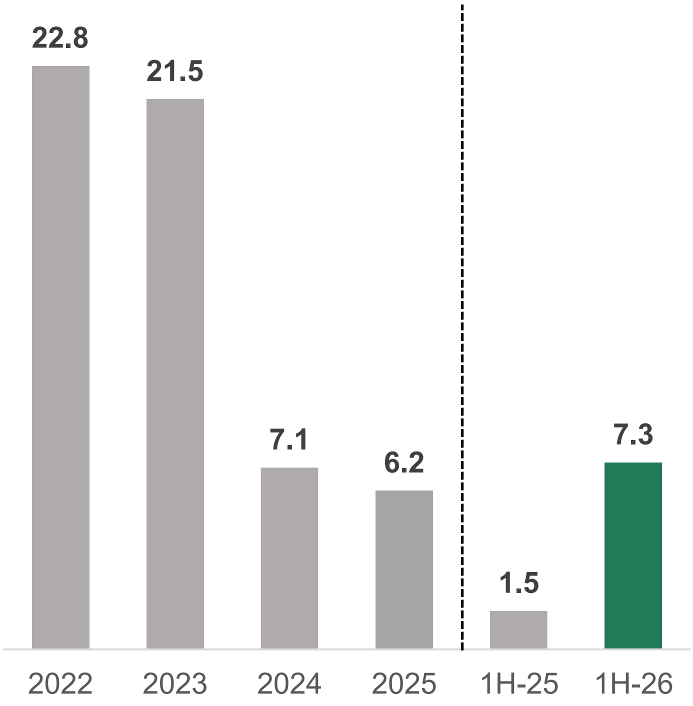
Overall, **profitability increased 1.5x** (loss converted to profit vs LY)

Financial Highlights

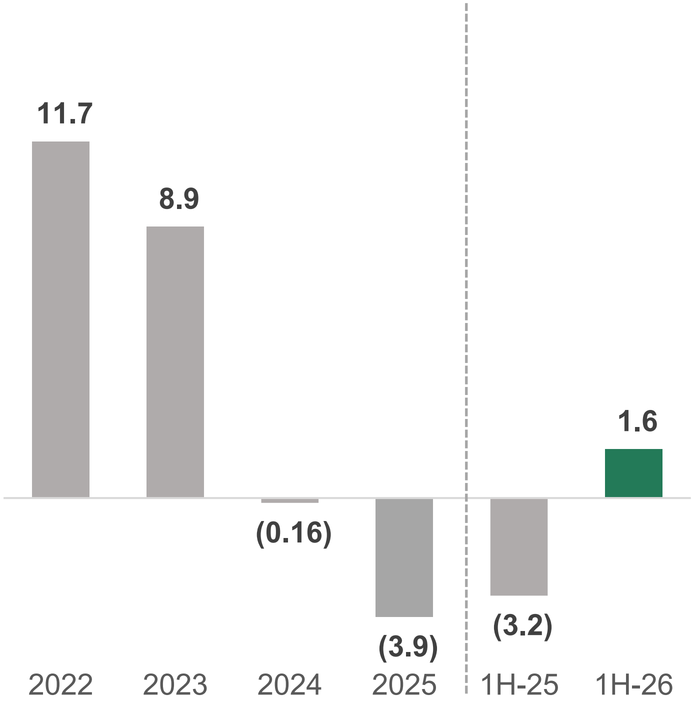
Revenue (PKR Bn)



EBITDA (PKR Bn)

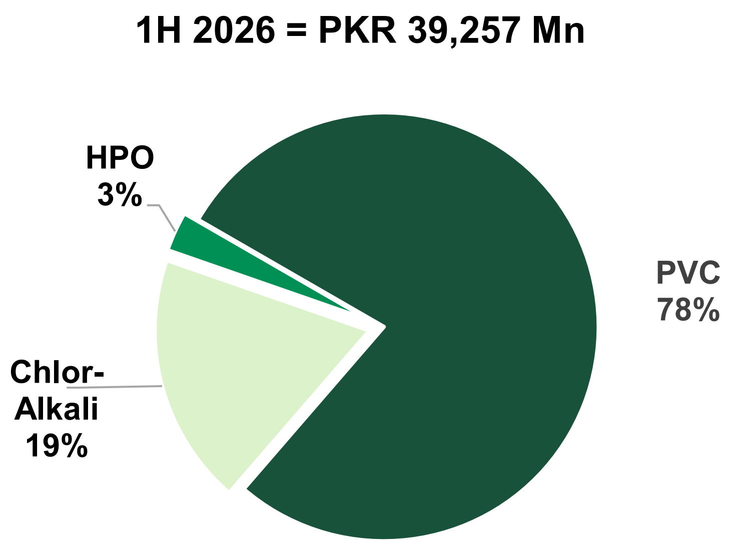


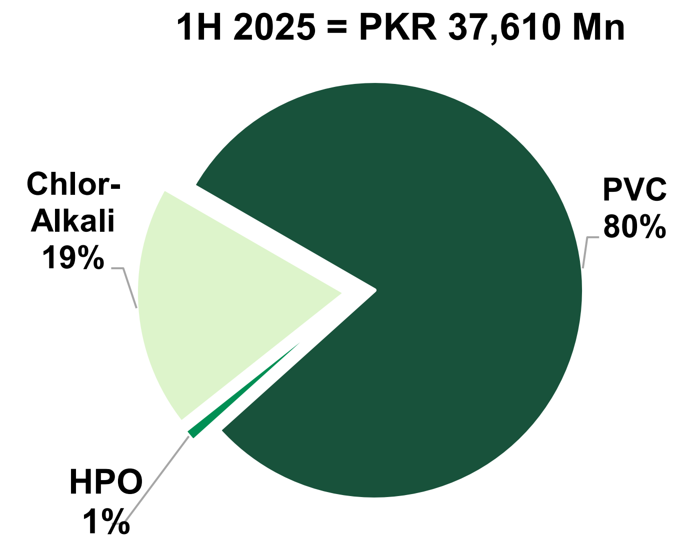
Profit After Tax (PKR Bn)



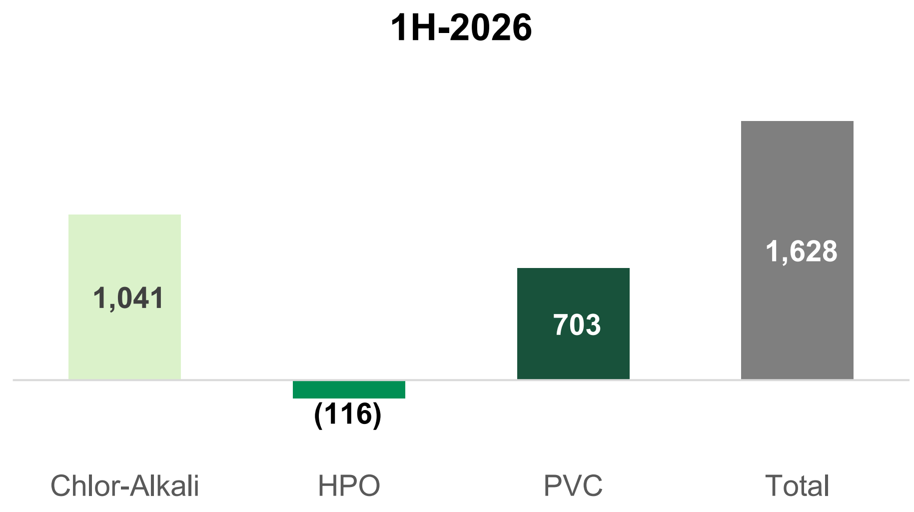
Segment Wise Performance

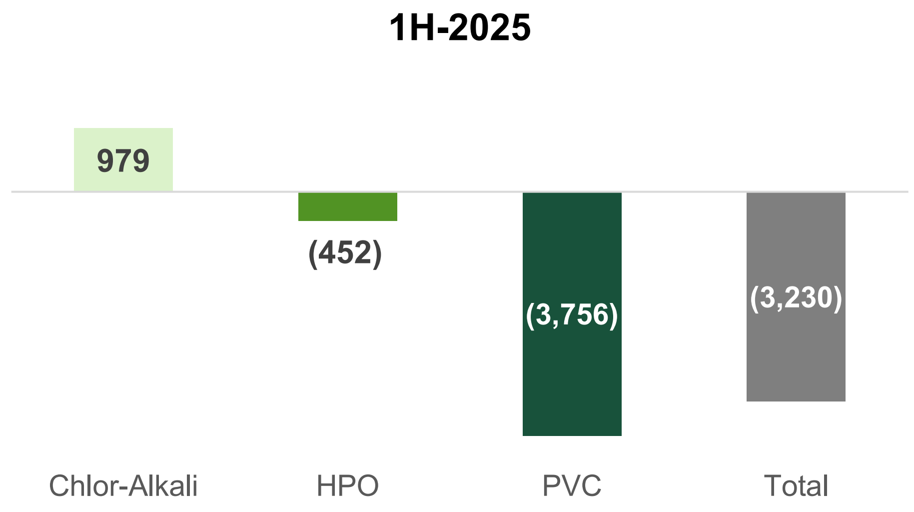
REVENUE





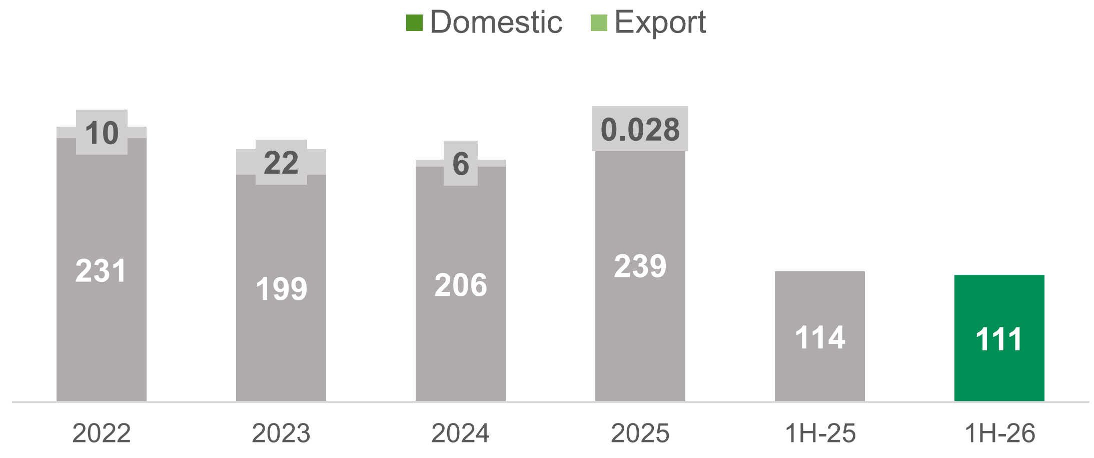
PROFIT AFTER TAX



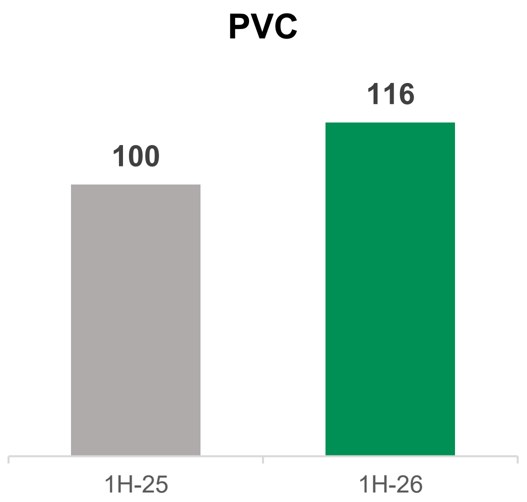


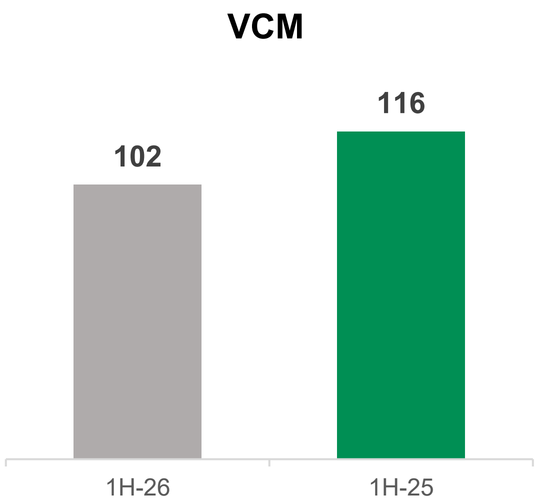
Business Update – PVC

PVC Sales Volume (KT)



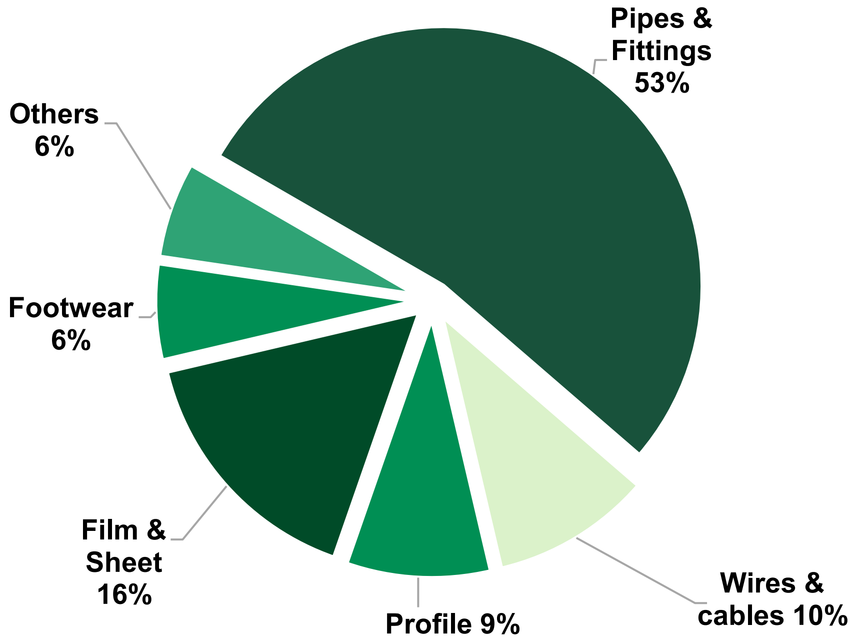
Production (KT)





Highlights

- PVC sales are 4% lower vs last year, as uncertainty surrounding global prices resulted in weak offtake in Q2 – overall market size also reduced
- Following our application filed in Q1, provisional anti-dumping duties have been imposed on US and Indonesia for 4 months following our application (effective July)
- Outlook for 2H remains optimistic with government measures expected to stimulate housing and construction sector



Business Update – Chlor-Alkali

Highlights

Caustic

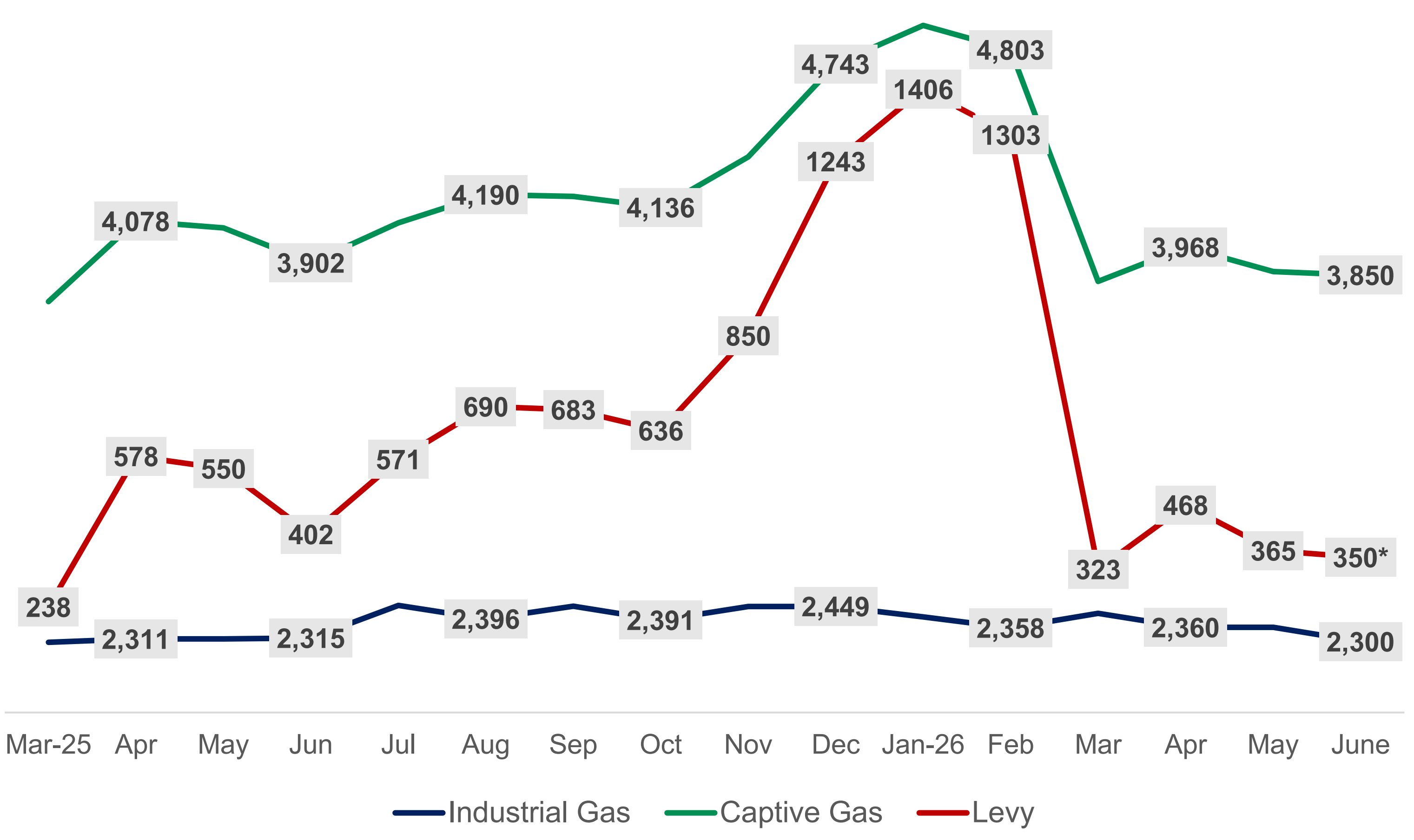
- Caustic soda sales remained steady in Q2 2026, supported by stable demand from key industries and a well-balanced domestic supply environment
- Sales were primarily concentrated in the southern region
- Relief on the cost side in Q2 as captive gas levy reduced from Rs. 1406/MMBtu in Jan to Rs. 365/MMBtu in May
- Global prices have returned to pre–war levels – limited export opportunities at current prices
- The business maintained its focus on cost efficiency and deeper value-chain integration to protect profitability amid fluctuating energy conditions

Hydrogen Peroxide

- The Company continued to strengthen its position in the local HPO market
- Sales are primarily concentrated in the southern region
- Imports from Bangladesh reduced in Q2 amid higher freight and import prices but continue to remain a challenge for the business, disrupting fair competition in the domestic market
- Higher import prices (above pre-war levels) provided some support to domestic pricing
- The plant operated reliably throughout the first half with stable production and best demonstrated production ratios

Update on Gas

Gas Cost (PKR / MMBtu)



*Levy accrued at 350 in June

Highlights

- In March 2026, GoP corrected the gas levy formula (now based on average rate vs peak rate resulting in levy reduction from Rs. 1406/MMBtu in Jan to PKR 365/MMBtu in May)
- Proactive measures underway: EPCL secured a stay on levy payments in the Islamabad High Court
- No RLNG has been charged to EPCL since April
- 2 MW solar project commissioned in August 2026

Looking Ahead

Key risks highlighted in green

Focus Areas	Outlook
Safety	• EPCL continues to lead with a strong safety culture, focusing on proactive risk mitigation and behavioral reinforcement
Macroeconomic Factors	• Factors such as inflation, policy rate and exchange rate affect the Company's cost structure and future capital commitments • Actively reviewing dollar liability and cashflows
Raw Material Availability	• Geopolitical conflict leading to disruption in Ethylene and EDC supply chain amid feedstock unavailability and shipping disruptions • Actively monitoring the market and securing cargoes as per requirement – we are covered on raw material inventory
PVC	• Decline in PVC prices impacts our core delta • Domestic PVC demand is expected to remain robust, supported by infrastructure and construction activity • Continue to focus on market development activities to increase resin offtake
Caustic	• Reduced levy on captive gas eased pressure on caustic margins • Drive further margin expansion through cost optimization and efficiency gains, leveraging the reduced captive gas levy
Hydrogen Peroxide	• Import pressure from Bangladesh weighing on HPO commercials • EPCL continues to focus on expanding market presence and retaining existing customers • Continue work on the regulatory front to promote fair competition and tackle import influx
Energy	• Grid power is being evaluated as a viable option alongside renewable initiatives
Cash Conversion	• EPCL continues to focus on cash conversion measures, driven by disciplined working capital management, cost optimization and strategic financing

Engro Polymer & Chemicals Limited

Q&A

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thank you!