



engro polymer & chemicals

## **Analyst Briefing – Q1 2023**





# Key Highlights

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- + Successful execution of Turnaround
- + TRIR (total recordable injury rate) of 0.13
- + Enabled import substitution of USD 23 M
- + Execution of digitization and efficiency projects
- Worsening global macroeconomic and geopolitical developments
- Sharp increase in cost of doing business given unprecedented devaluation and inflationary pressures
- Operated on RLNG in Jan and Feb 2023



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# International Markets

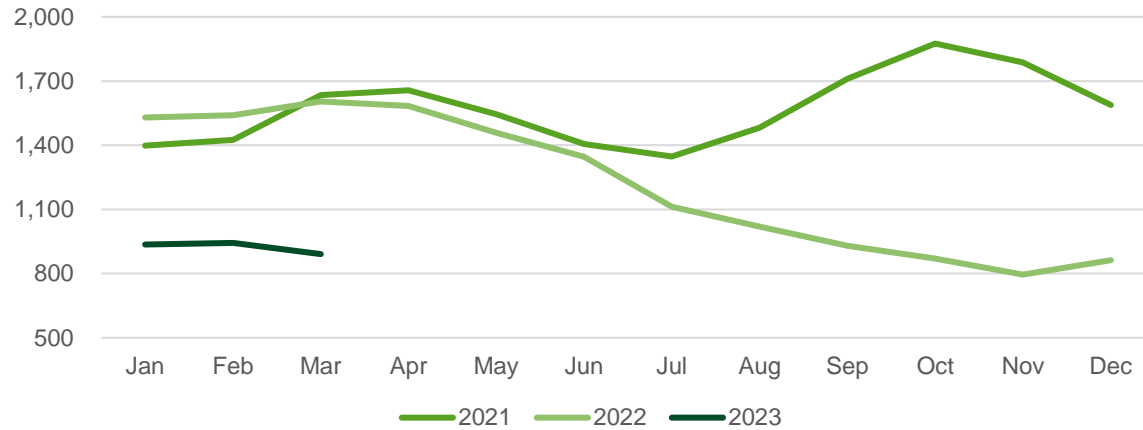
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# International Market Prices

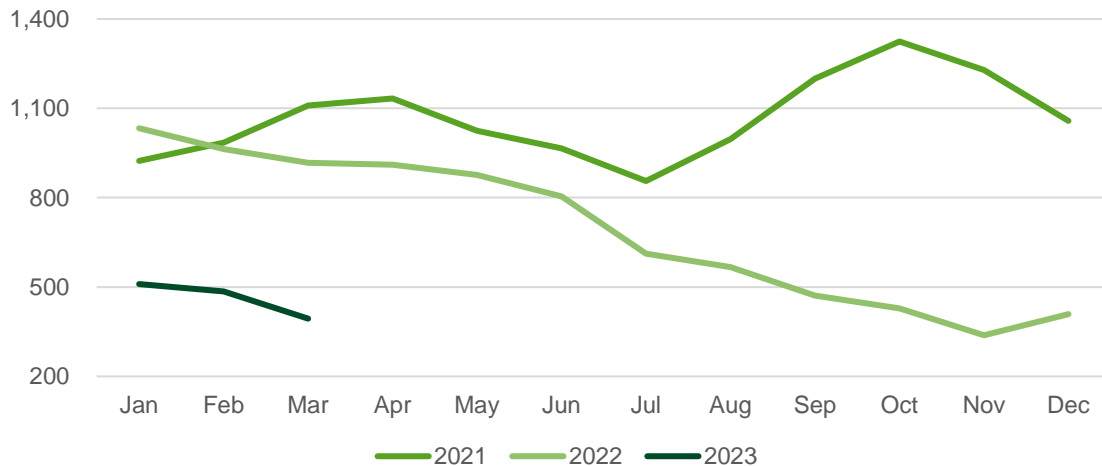
## International PVC Price

USD/Ton



## PVC – Ethylene Core Delta

USD/Ton



- PVC international prices witnessed an uptick in the initial two months of the quarter on the back of renewed demand and restocking activity in India.
- Prices then softened on the back of a hazy economic outlook, geopolitical turbulence, high volatility in international prices, slower than expected recovery in China, and an oversupply situation developing in India.
- Ethylene prices saw soft demand during the Lunar New Year Holidays in China; however, supply crunches kept the upward pressure on prices during the quarter. A slight dip was observed near the end of the quarter owing to bearish crude prices
- 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, Chinese economy opens up and recessionary concerns subside



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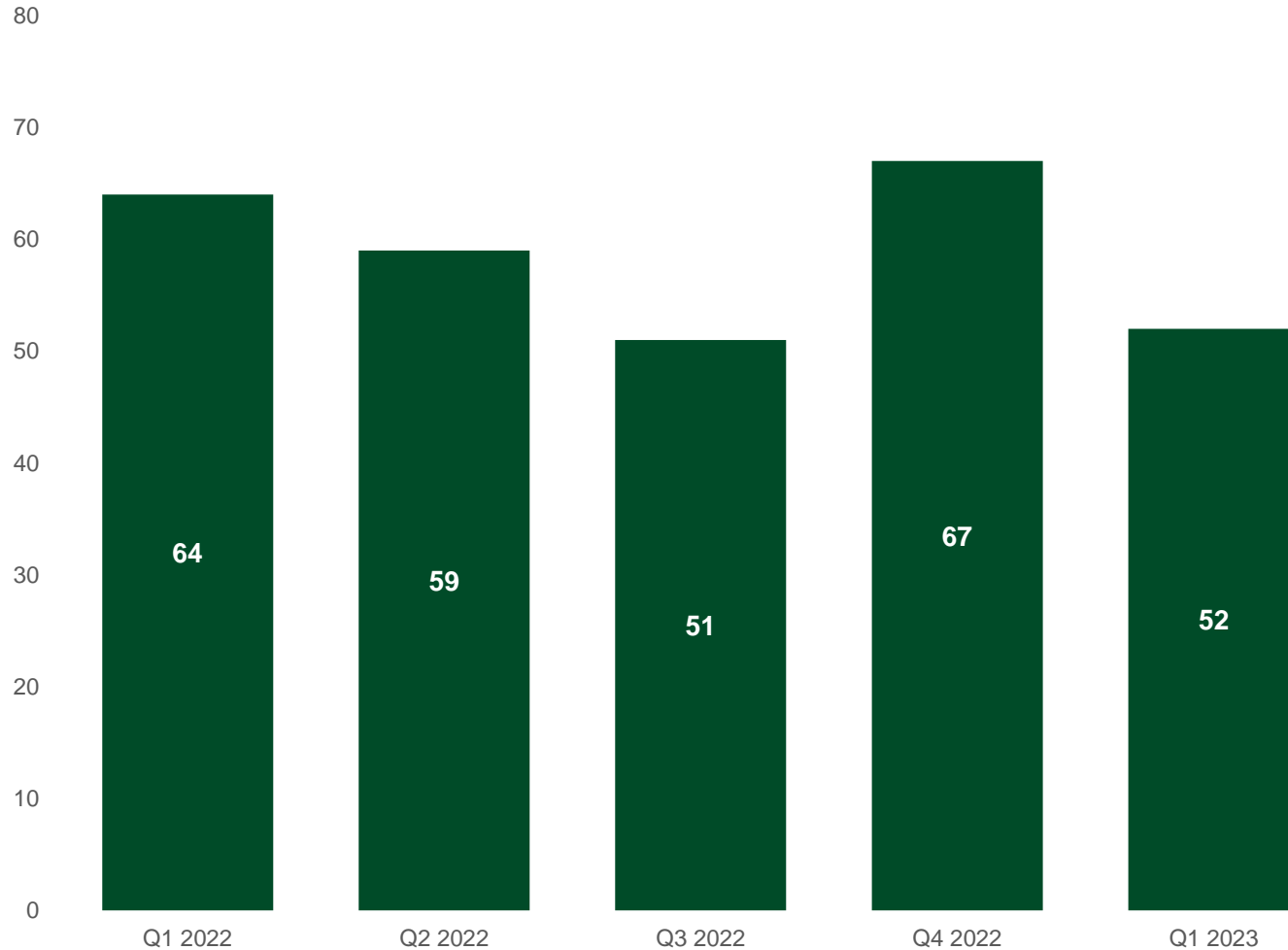
# Business Updates

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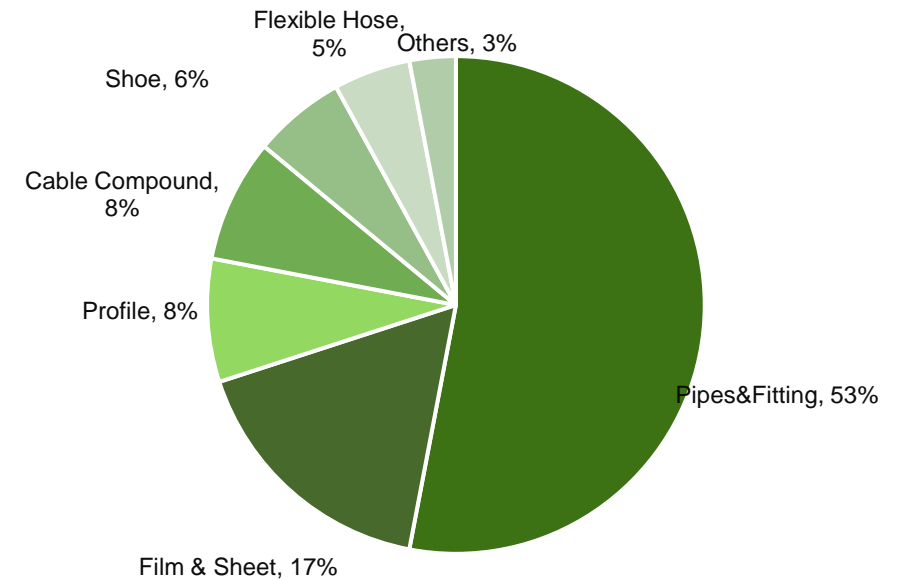
# Vinyl's Overview

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 have made significant investment in ThinkPVC outlet

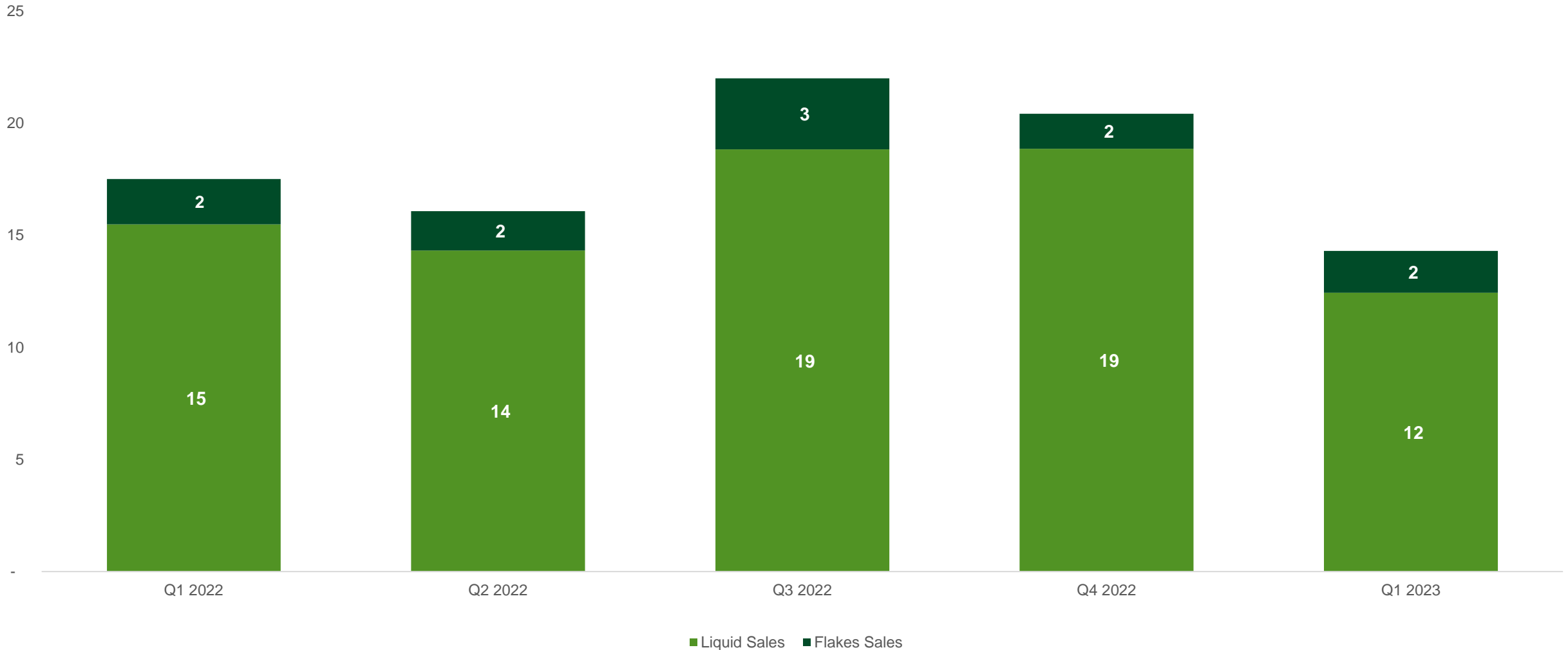
Application wise market – 2022





# Chlor Alkali Overview

Chlor Alkali – Sales Volumes (KT)





# Performance Q1 2023 vs Q1 2022

	Unit	Q1 2023	Q1 2022	2022
Total revenue	PKR Mn	17,978	23,127	82,060
Profit after tax	PKR Mn	1,183	4,714	11,689
EPS Basic	Rs. / Share	1.30	5.19	12.37
EPS Diluted	Rs. / Share	0.98	3.90	9.67

- The company recorded a revenue decrease of 22% compared to 2022 mainly because of lower prices and also because of lower sales volumes
- Decline in profit vs the preceding year is primarily attributable to decreased topline, 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 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
- ✓ Active management of the challenges with establishment of LCs given the forex situation
- ✓ Continued increase in cost of doing business will affect margins



**THANK YOU**

