

# Analyst Briefing – Q4 2023





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# Agenda

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	<b>2</b>	Key Drivers
	<b>3</b>	Business Updates
	<b>4</b>	Looking Forward
	<b>5</b>	Q&A





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# Key Highlights

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# Key Highlights

## Financial Highlights

## Scale



**Revenue**  
PKR **82** Bn  
↓ 1% vs LY



**Profitability**  
PKR **9** Bn  
↓ 24% vs LY



**EPS**  
PKR **9.1**  
↓ vs. 12.37 LY



**Exports**  
\$M **26**  
↑ vs. 20% LY



**Market Capitalization**  
PKR **41** Bn



**Total Employees**  
**711**



**Tax Contribution**  
PKR **9.4** Bn



**Total Assets**  
PKR **91** Bn



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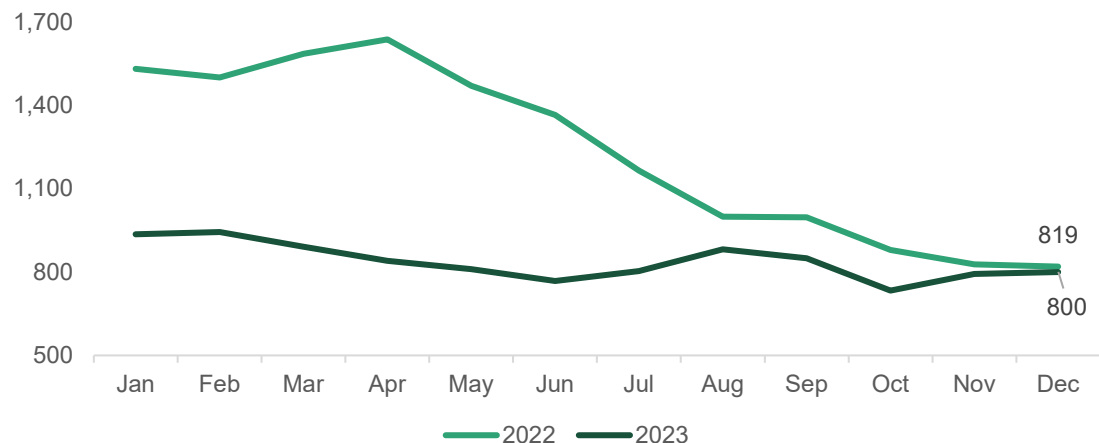
# Key Drivers

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# Key Drivers

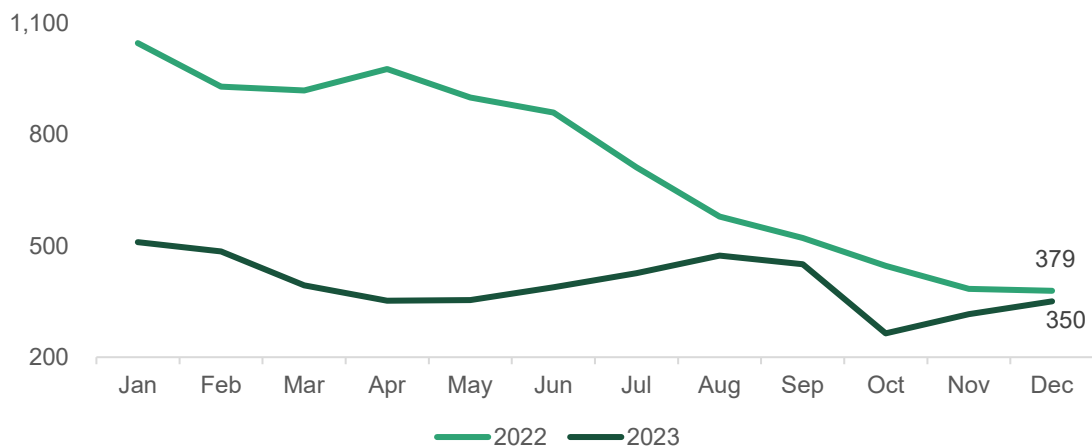
## International PVC Prices



## Highlights

- The global polyvinyl chloride (PVC) industry in 2023 performed lackluster. The prices went back down to pre-Covid-19 levels, rangebound USD 770 – 850 per MT
- During the first two months of 2023, PVC prices remained elevated mainly due to restocking activity in India and Europe, following an extensive liquidation of inventory in late 2022
- Coming out of the lunar new year, signs of slowdown started to appear especially in China and the US
- Prices started picking up mid-2023 due to supply constraints as some plants-initiated maintenance shutdowns, while others cut production levels. Prices took a downturn again as various plants came back online after scheduled maintenance bottoming out in October

## Core Delta



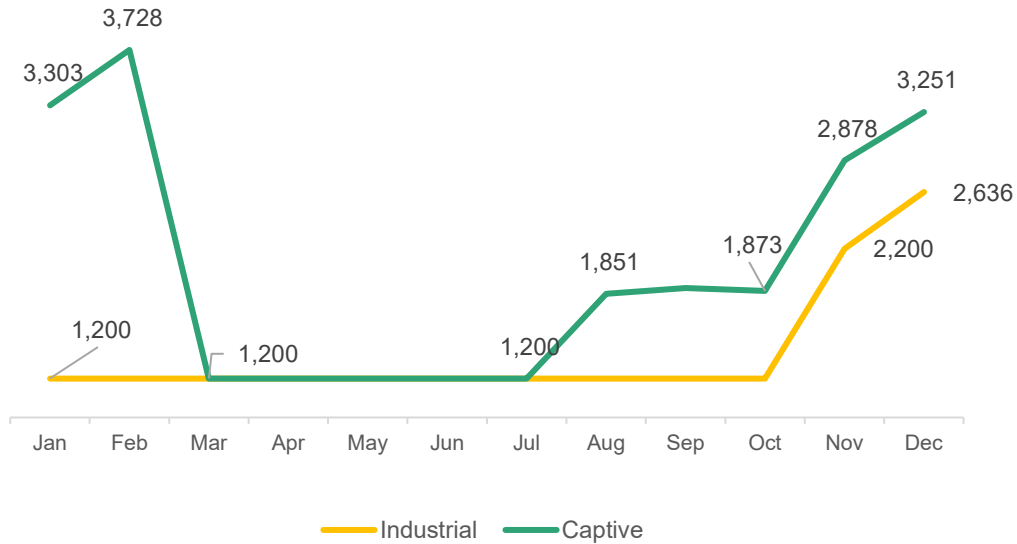
## Highlights

- During the outgoing year, ethylene prices were volatile due to instability in the global oil and gas market in 2023
- Ethylene prices peaked around March mainly due to supply tightness and increase in crude prices
- Operating rates of steam crackers also saw a decline to ~78% during the year
- As supply disruptions eased, lackluster downstream PPE demand forced prices to remain rangebound



# Key Drivers

## Gas Cost (PKR / MMBtu)



## Highlights

- Gas availability at competitive prices remains a key challenge for the Company.
- Gas rates fluctuated throughout the year starting at a high in January at 100% RLNG nomination before going back down to PKR 1,200 / MMBtu in March.
- To ensure uninterrupted gas supply the Company entered into an agreement with SSGC to source captive gas at blended rate of 25:75 from August to November 2023.
- In December, RLNG blending ratio was revised upwards to 40:60 for captive and 20:80 for indigenous gas.





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# Business Updates

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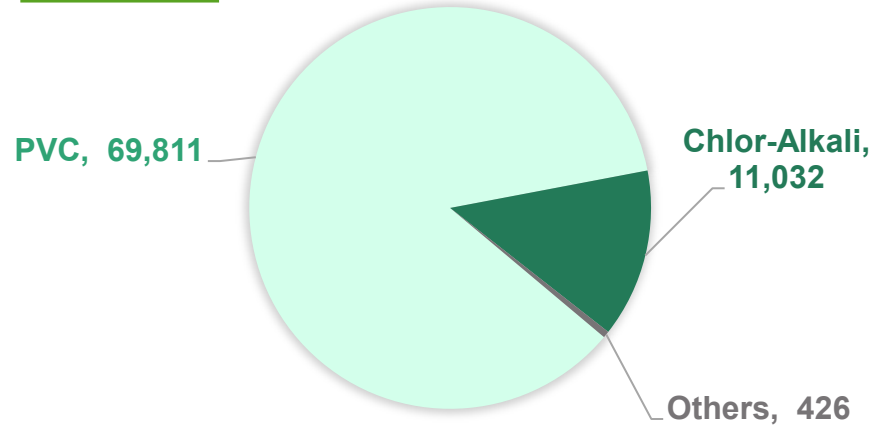


# Segment Wise Performance

PKR Mn

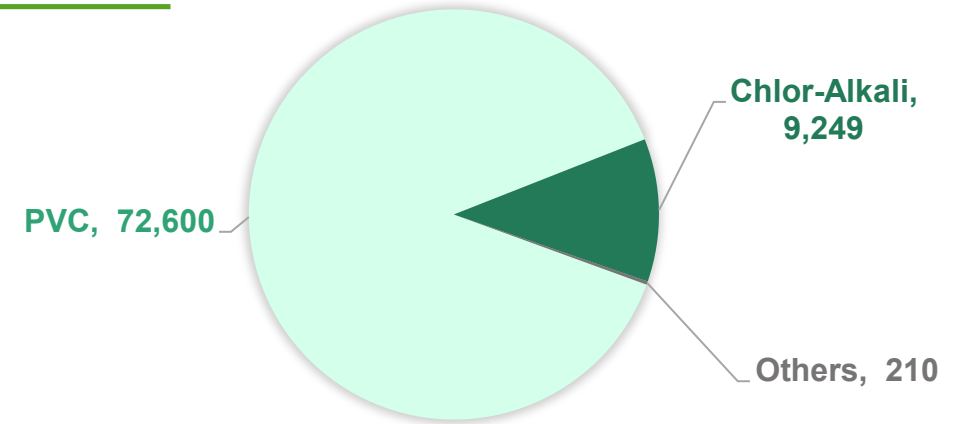
**2023**

**Revenue**

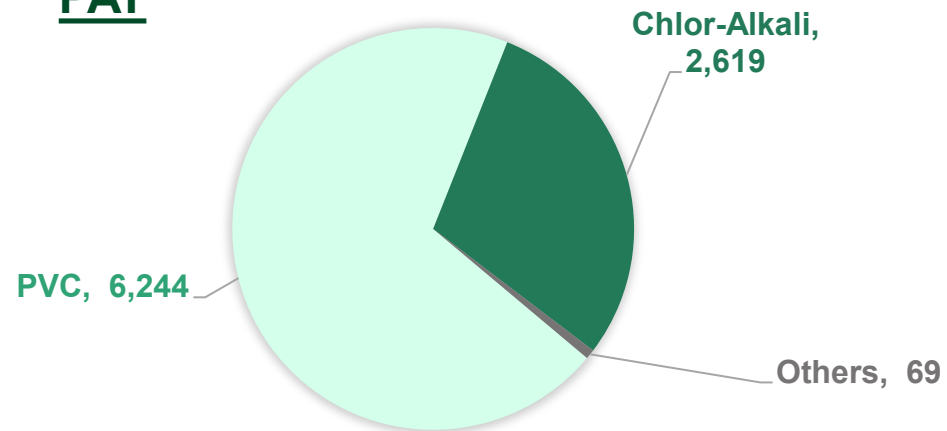


**2022**

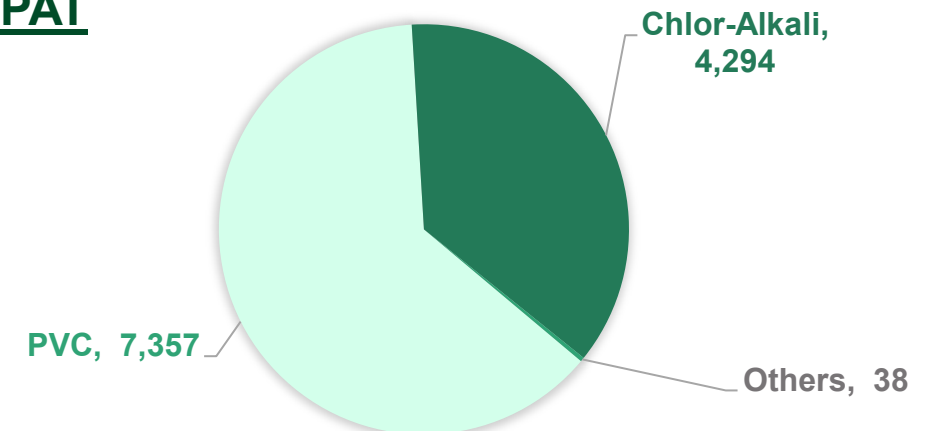
**Revenue**



**PAT**



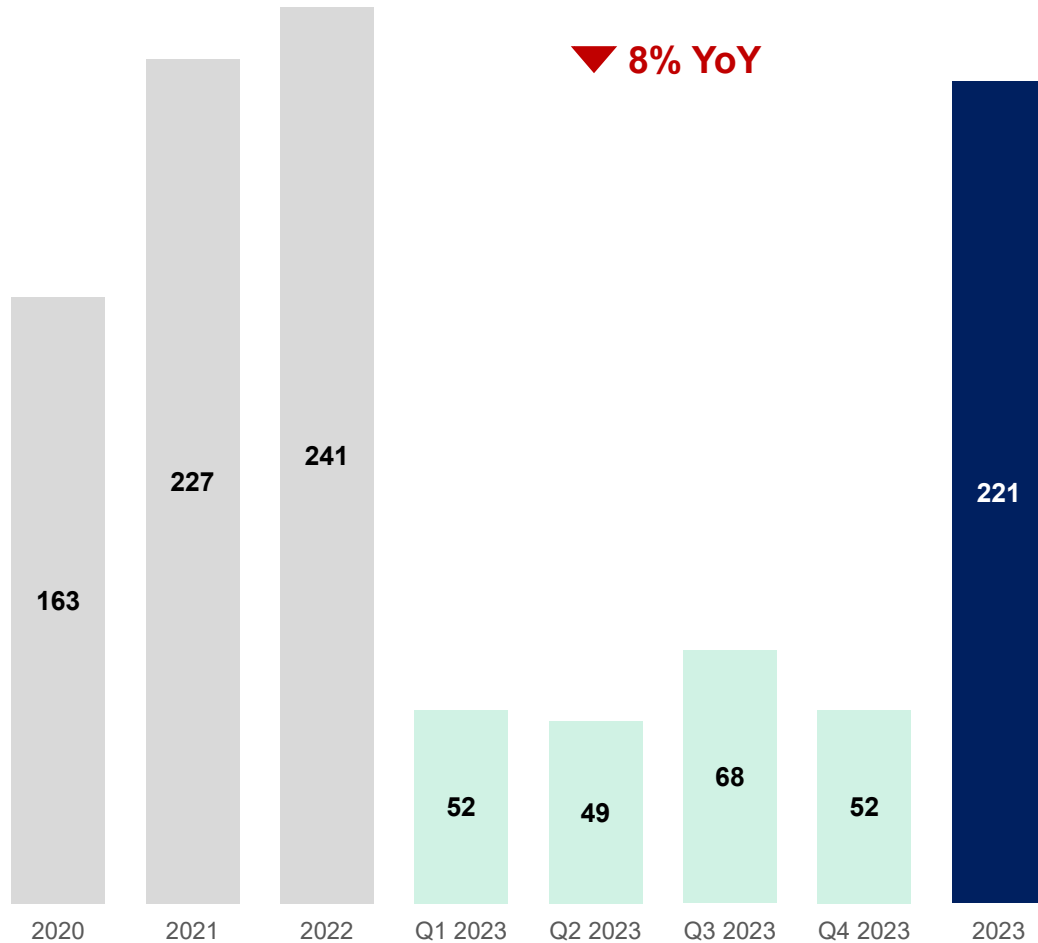
**PAT**





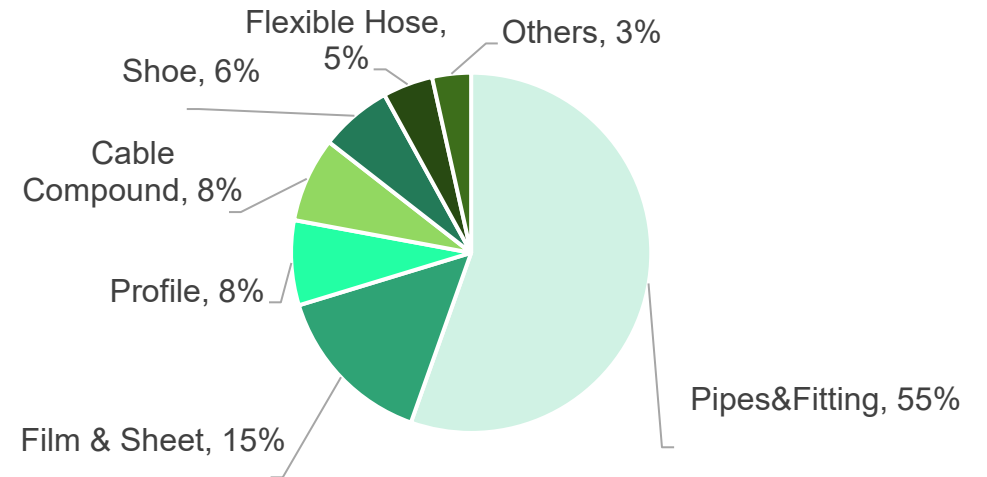
# Business Updates - PVC

## PVC Sales Volumes (kT)



## Highlights

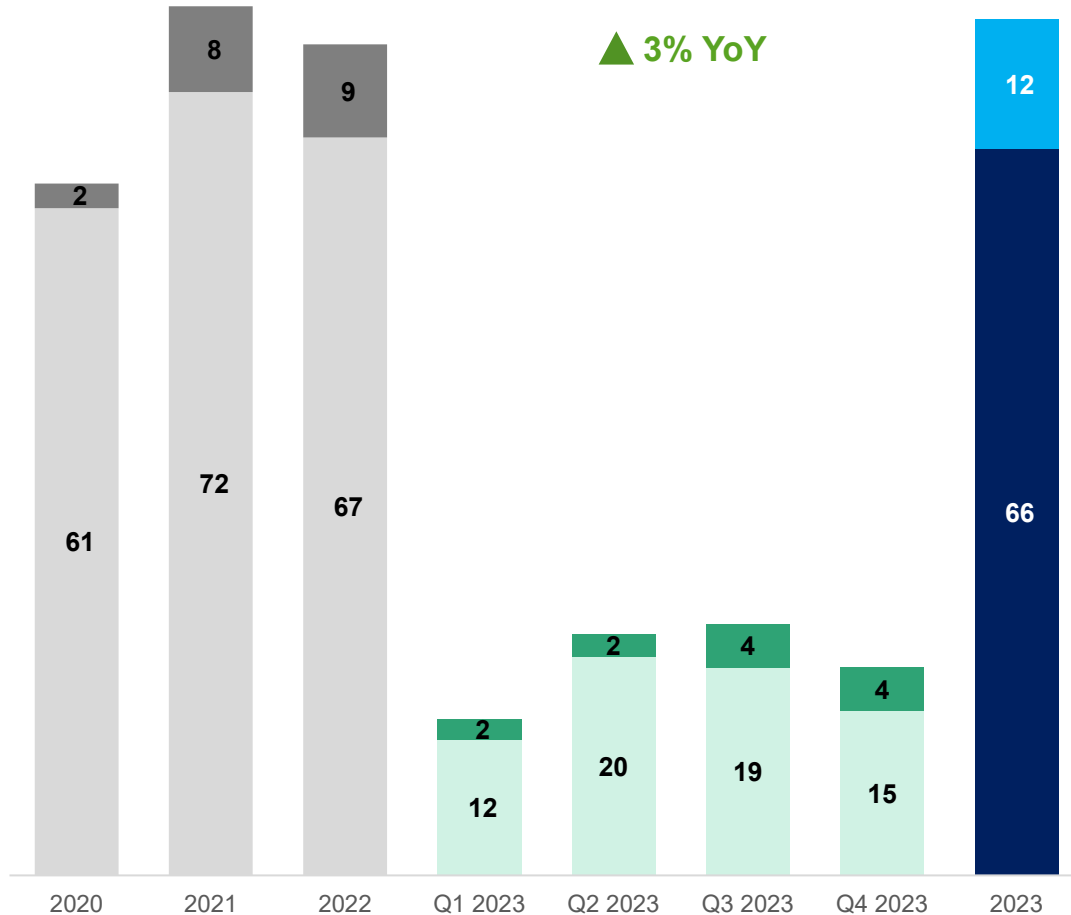
- In 2023, the domestic PVC market in Pakistan contracted by 9% owing to high inflation, slowdown in construction activity and low government spending on infrastructure development
- Political uncertainty and depleting foreign reserves negatively impacted economic sentiment, particularly in the first half of the year
- Construction activity remained slow, with domestic cement sales dropping by 8% YoY
- Despite these headwinds, the Company was able to support the market by ensuring product availability and implementing various incentives to boost market confidence





# Business Updates – Chlor Alkali

## Chlor Alkali Sales Volumes (kT)

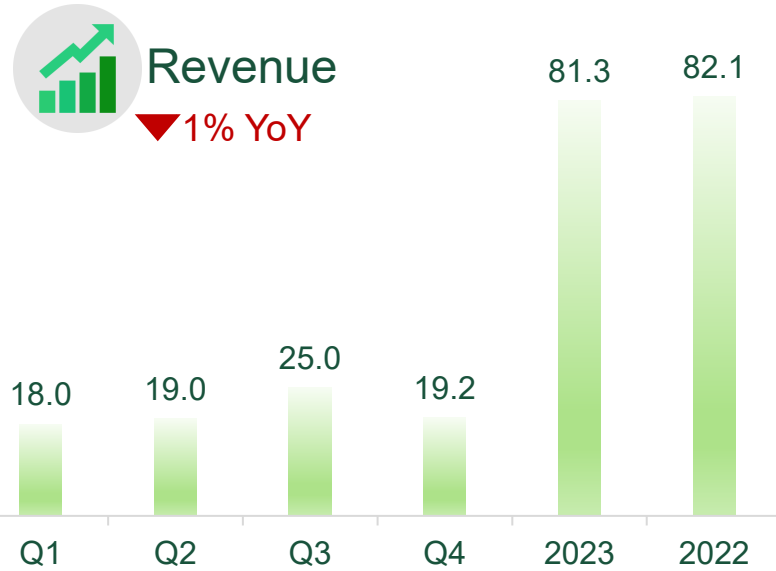


## Highlights

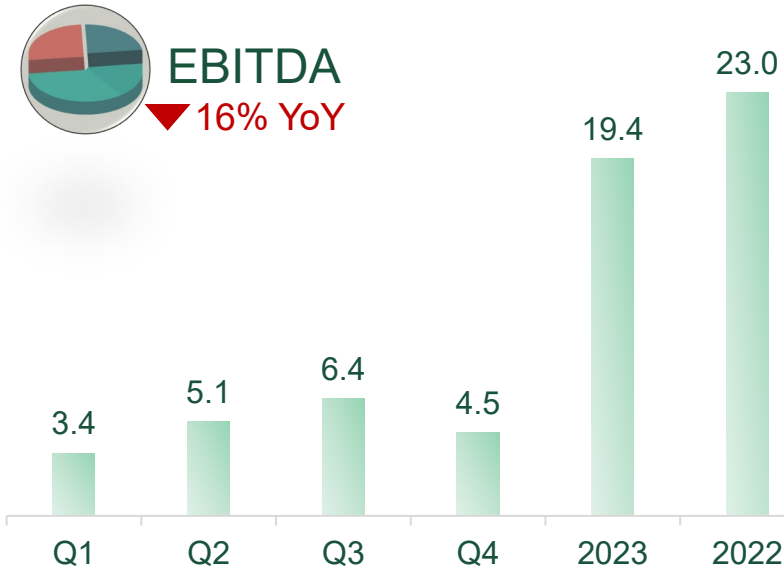
- Globally, the Chlor-Alkali market was oversupplied in 2023 leading to depressed international prices
- Historically, the correlation between Chlor-Alkali market and economic activity has been strong, and this was witnessed in 2023 when the industry underperformed due to dull economic growth globally
- Caustic soda international market remained long with sufficient supply and low demand leading to lower prices
- As international prices declined, domestic margins turned more attractive. Despite that we maintained presence in the export market to enable inflow of valuable FX into the country
- The market was sluggish in the first half of 2023, on the back of high energy costs and economic uncertainty plaguing the industrial sector
- In the second half amid favorable textile export market mainly in the denim sector overall caustic demand picked up
- Supply to domestic Export Oriented Units maintained at 75%



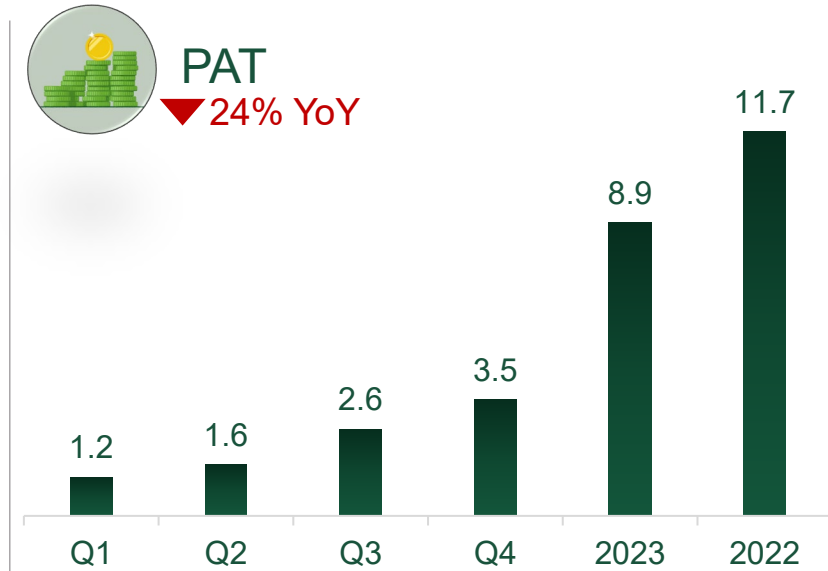
## Consolidated Performance 2023 vs 2022



- Revenue declined slightly on YoY basis on the back of lower international PVC prices and slower domestic market, partially offset by higher export proceeds vs last year.



- Decline in EBITDA vs the preceding year is primarily due to inflationary pressures, lower core delta.



- In addition to slower domestic sales, budgetary and macro economic headwinds also had an adverse impact on profitability.








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# Looking Forward

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# Looking forward

Key Areas	Outlook
 <p><b>Safety</b></p>	<ul style="list-style-type: none"> <li>• Key focus on ensuring safe and sustainable operations and completing on-going projects.</li> <li>• Make substantial progress on process safety transformation, showcasing our continuous drive for safety excellence.</li> </ul>
 <p><b>PVC</b></p>	<ul style="list-style-type: none"> <li>• In 2024, while oversupply and weak demand might suggest International PVC price will decline, narrow producer margins will limit further price cuts.</li> <li>• Domestically we expect construction sector demand to rebound post-elections.</li> <li>• Ethylene prices are expected to rise to USD 1,000 / Ton by year-end, on the back of higher crude oil price expectations.</li> <li>• Geopolitical tensions in the Red Sea could further tighten supply, offering additional support for price increases. The second half holds potential for margin improvement as demand strengthens.</li> </ul>
 <p><b>Caustic</b></p>	<ul style="list-style-type: none"> <li>• The Chlor-Alkali industry in the local market is primarily influenced by energy costs. Affordable energy cost will remain a challenge for Chlor-Alkali industry.</li> <li>• The domestic demand outlook is positive, determined by factors such as the recovery in the Large-Scale Manufacturing Sector and the government's increased focus on textile exports.</li> </ul>
 <p><b>Gas Price</b></p>	<ul style="list-style-type: none"> <li>• Given depletion of indigenous gas reserves, availability of gas at competitive rates will remain a challenge.</li> <li>• The company aims to explore various alternate power solutions at competitive rates.</li> </ul>
 <p><b>Projects</b></p>	<ul style="list-style-type: none"> <li>• The Company continues to work towards executing its Hydrogen Peroxide &amp; High Temperature Direct Chlorination projects with COD in 2024.</li> </ul>



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# Q&A

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**THANK YOU**

