

Analyst Briefing – Q4 2024





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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

Scale



Revenue
PKR **75.7** Bn
↓ 7% vs LY



Profitability
PKR **(161)** Mn
↓ 102% vs LY



LPS
PKR **(0.4)**
↓ vs. 104% vs LY



Exports
\$M **13**
↓ vs. -50% LY



Market Capitalization
PKR **34** Bn



Total Employees
540



Tax Contribution
PKR **13.5** Bn



Total Assets
PKR **101** Bn



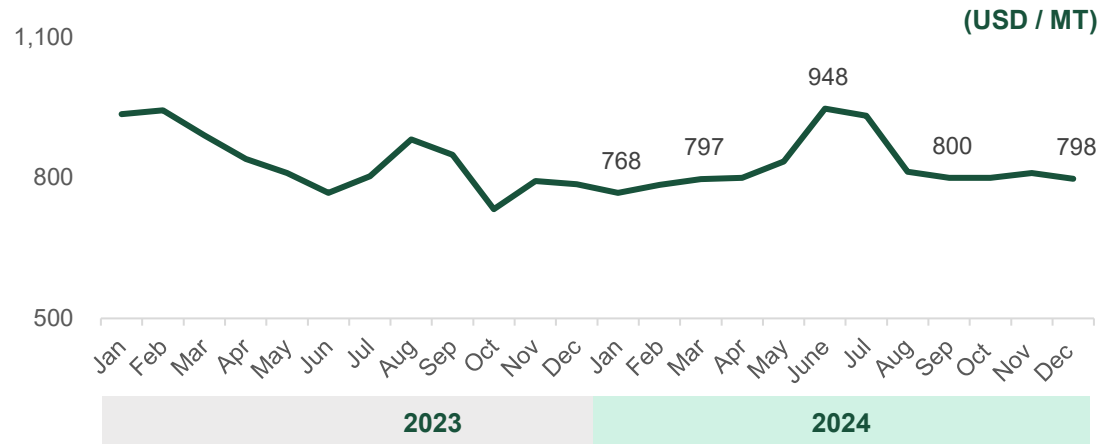
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Key Drivers



Key Drivers

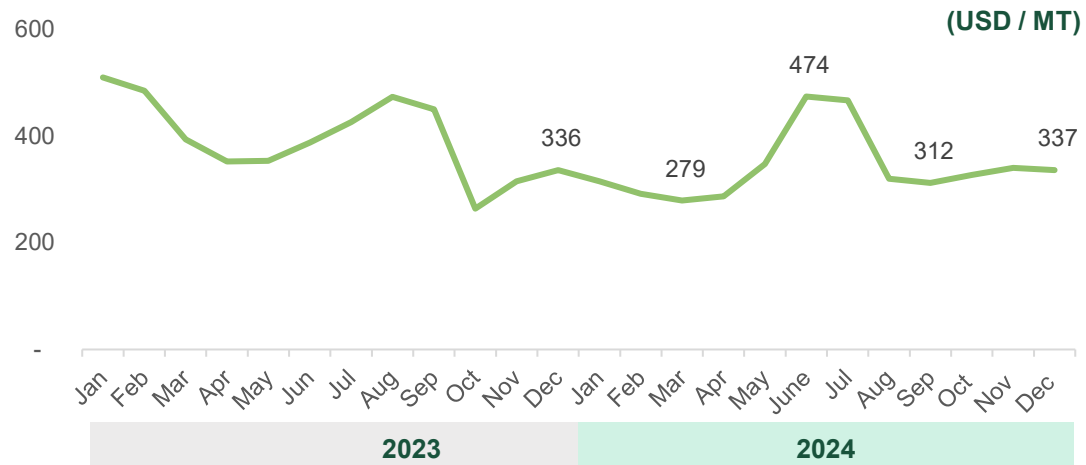
International PVC Prices



Highlights

- PVC prices witnessed a downward trend in the second half of the year. From \$948/ton in Jun-24 to \$798/ ton. This was mainly due to normalization of freight rates and supply chain constraints.
- Average global operating rates for 2024 stood at 77% vs 76% in 2023
- PVC market remained dull due to challenges from over supply, weak demand, rising feedstock prices and new plants start up in US, China, Thailand and Qatar. Additionally, geopolitical and macroeconomic variables hampered the growth of PVC demand, resulting in reduction in prices along with margins.
- Currently the PVC price stands at \$760/ ton.

Core Delta



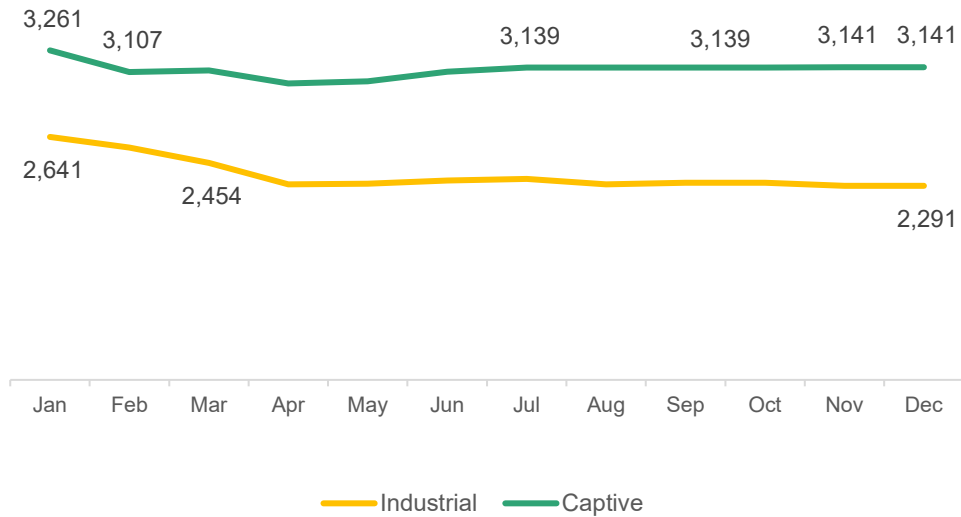
Highlights

- During the quarter, ethylene prices were on the declining trend due to weaker downstream demand and decline in crude oil prices. This along with lower PVC prices put pressure on core delta which stood at \$337/ ton (as at Dec 24)
- Ethylene prices declined from the high of 1,000/t in Aug-24 to \$935/T in Dec-24
- Rangebound PVC and Ethylene prices, will keep core delta and margins stable in 2025. However, reduction in interest rates should boost the regional real estate market and lead to a gradual recovery in construction activity



Key Drivers

FY 2024 – Gas Cost (PKR / MMBtu)



Highlights

- The threat of shifting captive power plants to the grid in Dec 2024 has pivoted to a gas price hike, with levy notified to align captive power costs with grid cost.
- Captive gas prices increased to PKR 3,000 / MMBtu in 2H 2024. The same has further increased to PKR 3,500/ MMBtu effective February 01, 2025 (with an additional levy of 5% upto June and 10% July onwards)
- Given depletion of indigenous gas reserves, availability of gas at competitive rates will remain a challenge. The company is evaluating alternate power options and meanwhile is engaging with relevant ministries to drive positive conclusions on gas availability for captive power



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Business Updates

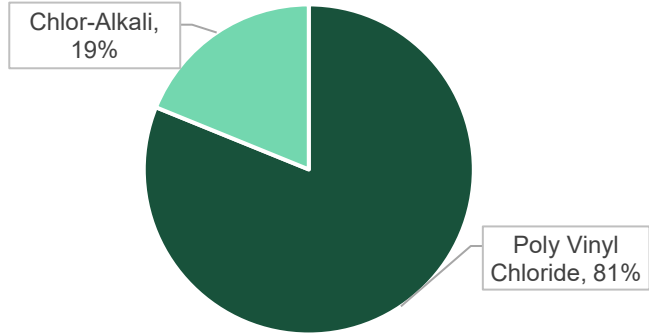


Segment Wise Performance

PKR Mn

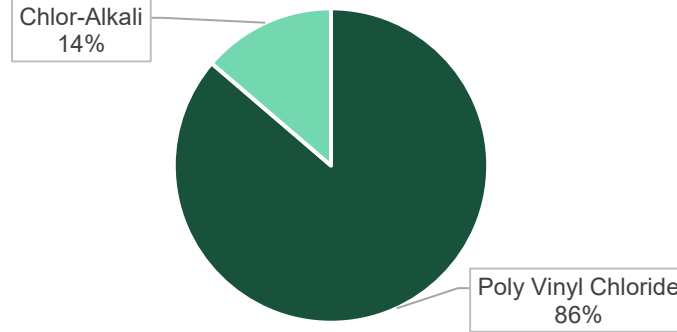
FY 2024

Revenue



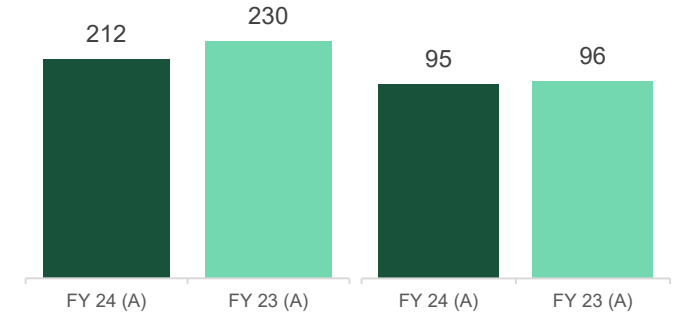
FY 2023

Revenue



Production

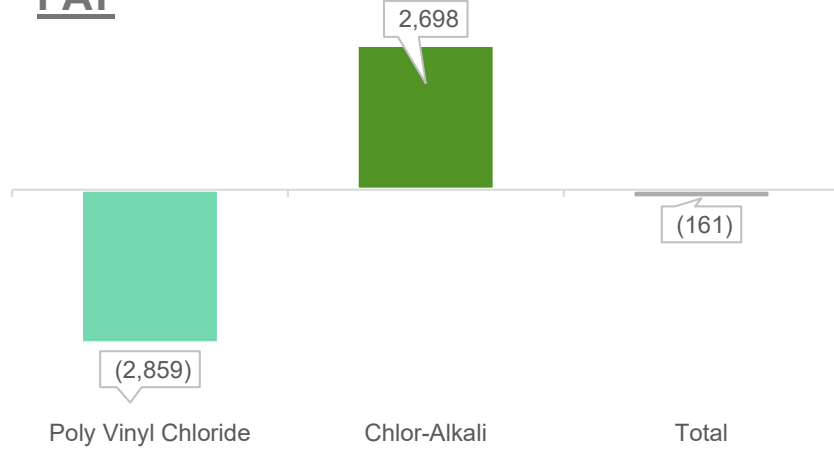
Production



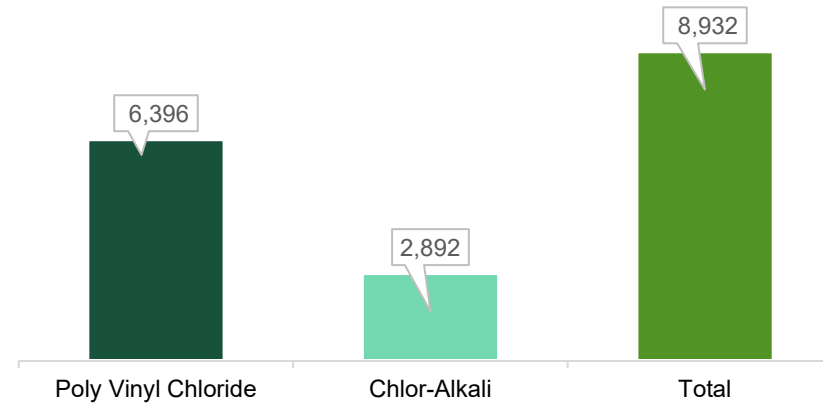
PVC

CSL

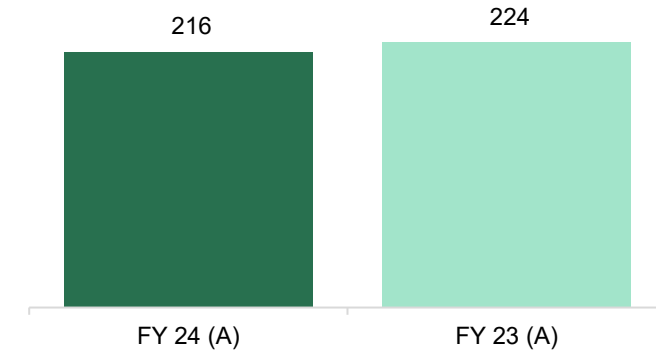
PAT



PAT



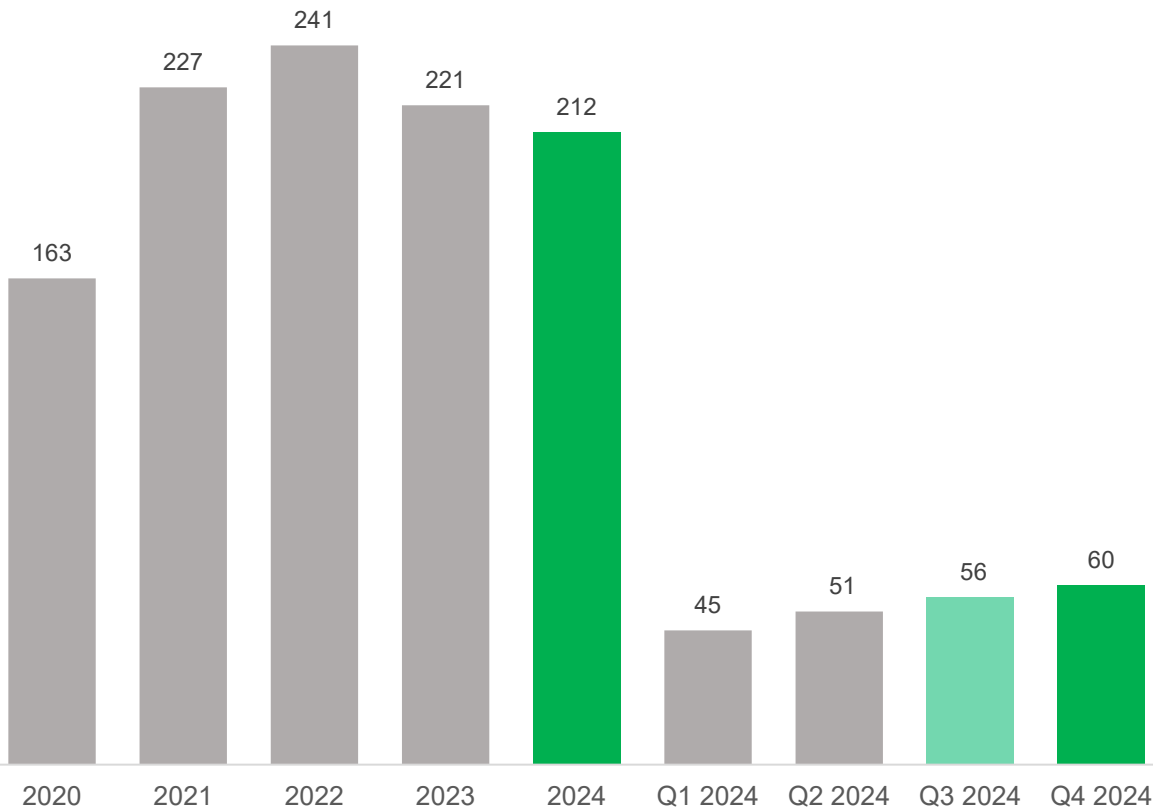
VCM Production





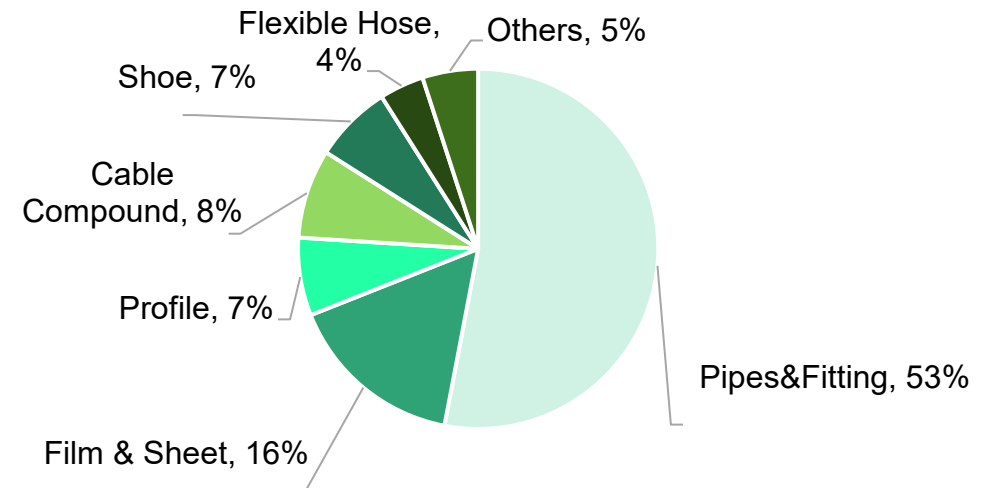
Business Updates - Poly Vinyl Chloride (PVC)

Poly Vinyl Chloride Sales Volumes (kT)



Highlights

- Despite reduction in GDP growth, PVC market grew by 8% due to market development efforts by the Company and imports from Indonesia & China
- The cement sector declined by 8% YoY due to muted construction activity.
- Despite the headwinds, the Company was able to support the market by ensuring product availability and implementing various incentives to boost market confidence
- On QoQ basis, aggressive pricing strategies, targeted incentive programs, ensured sustained market share along with growth in sales .





Business Updates – Chlor Alkali

Highlights

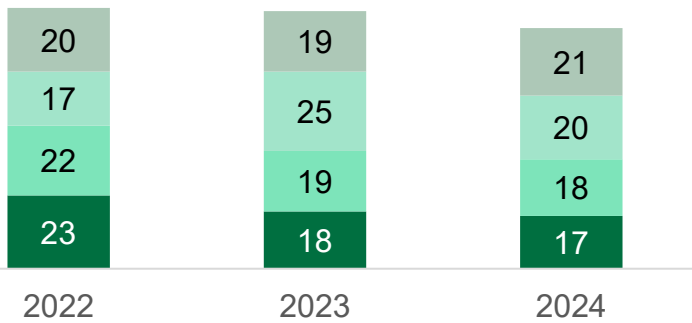
- Towards the end of Q4 24, prices increased in the international market due to increase in demand. Export supply increased in the first half of November, with South Korean producers increasing spot export allocations.
- Domestic market remains balanced between Sitara, Ittehad, EPCL and Nimir
- Prices remained stable domestically & internationally and EPCL continues to maintain presence in exports.
- Increasing gas costs adversely impacted margins.
- Supply to domestic Export Oriented Units maintained at 80%

Consolidated Performance FY 2024 vs FY 2023

Revenue

▼7% YoY

■ Q1 ■ Q2 ■ Q3 ■ Q4

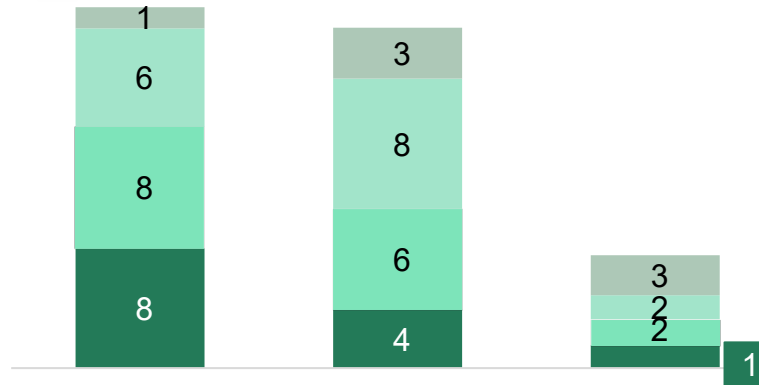


Revenue declined 7% on YoY basis on the back of lower international PVC prices, partially offset by higher caustic and PVC domestic sales.

EBITDA

▼67% YoY

■ Q1 ■ Q2 ■ Q3 ■ Q4

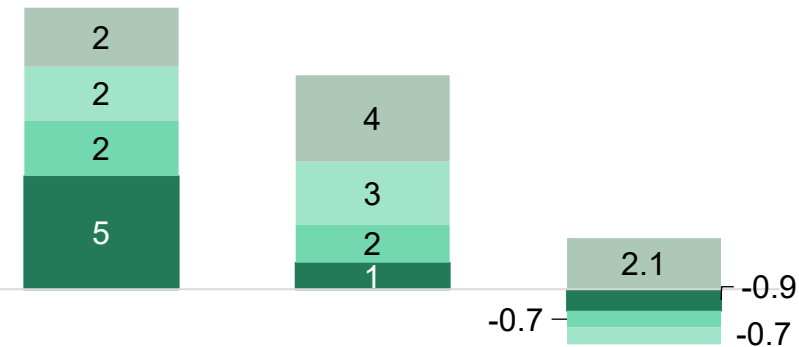


Decline in EBITDA vs the preceding year is primarily due to lower core delta and higher gas prices.

PAT

▼102% YoY

■ Q1 ■ Q2 ■ Q3 ■ Q4



Lower international prices, higher energy costs, increase in short-term borrowing due to inventory levels and macroeconomic headwinds all impacted the profitability adversely.



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Looking Forward



Looking forward

Key Areas

Outlook

 Projects	 <ul style="list-style-type: none"> The Company is progressing well on Hydrogen Peroxide & High Temperature Direct Chlorination projects with commencement expected in Q1 2025
 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"> In 2024, while weak global demand kept international PVC prices bearish, narrow producer margins will limit further price cuts Domestically, demand is expected to recover as was also witnessed in 2024 (8% market growth) due to increase in PSDP spend, lower interest rates and market development efforts Ethylene prices are expected to remain rangebound on the back of crude oil price, and new capacity additions
 Caustic	<ul style="list-style-type: none"> 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 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 along with on boarding new customers
 Hydrogen Peroxide	<ul style="list-style-type: none"> The Company is gearing up to launch the product in the domestic market by engaging with customer and is preparing to implement the commercial strategy for HPO.



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Q&A



THANK YOU

