

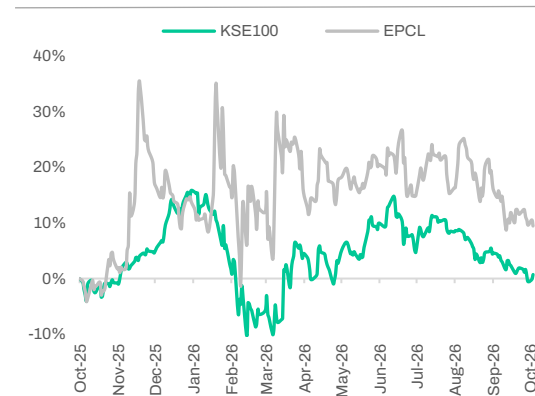
EPCL | Corporate Briefing Session 9MCY26

Engro Polymer & Chemicals Ltd. conducted its analyst briefing to discuss 9MCY26 performance, wherein the company reported a profitable earnings of PkR0.31bn reflecting in an EPS of PkR0.35 (vs. loss of PkR3.45bn into a LPS of PkR3.80, attributed to a 13%YoY increase in consolidated revenue to PkR65.3bn in 9MCY26, primarily driven by higher PVC prices, improved sales volumes and increased revenue from Hydrogen Peroxide. Other income increased 10.8x YoY, reflecting a remeasurement gain on SIDC and higher returns on short-term investments, further supporting the earnings.

Key Highlights:

- PVC CFR South Asia bottomed at US\$744/ton in Jul'26 and recovered to US\$881/ton in Sep'26, after peaking at US\$949/ton in Mar'26. Ethylene increased above US\$1,000/ton on scarce naphtha and lower cracker run rates, while Chinese carbide-based and US producers kept run rates flat. Core delta rose to US\$328/t in 3Q from US\$273/ton in 2Q (Sep'26: US\$333/ton).
- India's minimum import price held imports at customs and pushed buyers to local suppliers. It has since opened a countervailing duty investigation on Chinese PVC.
- PVC sales increased 4% to 182KT (vs. 174KT), with record 3Q sales on the housing stimulus and a smaller-than-expected flood impact. PVC production rose to 176KT (vs. 160KT) and VCM to 170KT (vs. 162KT).
- Provisional anti-dumping duties were imposed in Jul'26 on PVC from the US and Indonesia for 4-months, following EPCL's application, curbing imports from both. Demand comes from pipes and fittings (60%), film and sheet (13%), wires and cables (9%), profile (7%), footwear (6%) and others (5%).
- Global prices are back to pre-war levels, limiting exports; Northeast Asian producers (ex-China) cut run rates to ~70%, and higher ethylene and power costs squeezed regional chlor-vinyl margins. The revised captive gas levy formula gave some cost relief, and the focus is on protecting value, broadening customers and better service.
- HPO achieved its highest monthly sales and production in 3Q, with the plant running reliably all year, mainly selling in the south. Bangladesh's gas crisis cut its output and exports, lifting import prices above US\$400/ton, and war-related freight added upward pressure. EPCL is working on market development and with regulators for a level playing field.
- In Mar'26, the GoP moved the levy to an average-rate basis, cutting it from PkR1,406/mmbtu in Jan'26 to PkR341/mmbtu in May'26, but it has since increased to PkR520/mmbtu in Sep'26. Captive gas cost peaked at ~PkR4,906/mmbtu in Jan-Feb 2026 and was PkR4,020 in Sep'26. EPCL secured a stay on levy payments from the Islamabad High Court and commissioned a 2MW solar project in Aug'26.
- The 28MW grid power project is expected to be commissioned by 1QCY27, generating annualized savings of PkR2.4-4.0Bn. However, the complete transition to grid power remains subject to Board approval. Additional, albeit marginal, savings are expected from a reduction in shared corporate services.

EPCL vs KSE-100 Performance



Source: PSX; KTrade Research

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- Neutral: 12.5% to 18.5% potential upside
- Underperform <12.5% potential upside