

INDUSTRY RISK ANALYSIS

June, 2021

Rating analysis at VIS begins with an assessment of the environment i.e. risks inherent to the industry in which the company operates. The industry risk analysis focuses on the degree of cyclicity and the strength of competitive forces along with the extent of capital intensity, vulnerability to technological change and level of regulatory interference in the industry.

The industry risk assessment sets the ceiling for ratings of individual entities within a given industry. Individual risk parameters, that include cyclicity, competition, capital intensity, technology, regulatory and energy sensitivity, are assessed on a scale ranging between high, high to medium, medium, medium to low and low to assign an overall (equal-weighted) risk level to each industry. These analytical sessions are not only joined by VIS's rating team but also include analysts from our international affiliates in Bahrain, Bangladesh, Iran and Turkey providing a comprehensive overview of risk dynamics of a particular sector.

The results of the latest assessment exercise conducted in June 2021 are presented below:

Industries	Cyclicity	Competition				Capital Intensity	Technology Risk	Regulatory Framework	Energy Sensitivity	Overall Industry Risk
		Risk of Effectiveness of barrier to entry	Risk of Substitution of Products, Services & Technology	Risk in Growth Trends	Overall					
Automobile	High	Low	Low	Low	Low	High	Medium	Medium	Medium	Medium
Cement	High	Medium	Low	Medium to Low	Medium to Low	High	Low	Medium to Low	High	Medium
Chemical	Medium	Medium to Low	Low	Low	Low	High to Medium	Low	Medium to Low	Medium	Medium to Low
Consumer-FMCGs	Low	High	High	Low	High to Medium	High to Medium	High to Medium	Medium	Low	Medium
Fertilizer	Low	Low	Low	Medium	Medium to Low	High	Low	High to Medium	Medium	Medium to Low
Leather Tanneries	High	Medium	Medium	High	High to Medium	Low	Medium	Medium to Low	Medium to Low	Medium
Paper & Board	Medium	Medium	Low	Medium	Medium	Medium to Low	Medium	Low	High to Medium	Medium
Packaging	Low	Low	Low	Low	Low	Medium to Low	Medium	Low	High to Medium	Medium to Low
Pharmaceuticals	Low	High	Low	Low	Medium	Medium to Low	Low	High	Low	Medium to Low
Sugar	High	Medium	Low	Low	Medium to Low	Medium	Medium	High	Low	Medium
Storage, Transport & Distribution	Medium	High to Medium	Medium to Low	Low	Medium to Low	Medium	Medium to Low	Low	Medium to Low	Medium to Low
Telecommunication	Low	Low	Low	High to Medium	Medium to Low	High	High	High	High	Medium
Power Renewable Energy	Low	Low	Low	Low	Low	High	Medium	High	Low	Medium
Engineering										
Cable & Wires	Medium	Medium	Low	Low	Medium to Low	Medium	Medium to Low	Medium to Low	High to Medium	Medium
Electronic Durables	Medium	High to Medium	Medium	Medium	Medium	High to Medium	High to Medium	Low	Medium to Low	Medium

Industries	Cyclicality	Competition				Capital Intensity	Technology Risk	Regulatory Framework	Energy Sensitivity	Overall Industry Risk
		Risk of Effectiveness of barrier to entry	Risk of Substitution of Products, Services & Technology	Risk in Growth Trends	Overall					
Oil & Gas										
Exploration & Production	Medium	Low	Medium to Low	High to Medium	Medium to Low	High	Medium	High	High	High to Medium
Refineries	High	Low	Medium to Low	High to Medium	Medium to Low	High	Medium	High	High	High to Medium
Marketing	High	Low	Medium to Low	Low	Low	High	Low	High	High	High to Medium
Power Non-Renewable										
Generation	Low	Medium to Low	Low	Low	Low	High	Medium	High	Medium to Low	Medium to Low
Transmission	Low	Low	Low	Low	Low	High	Medium	High	Medium to Low	Medium to Low
Distribution	Low	Low	Low	Low	Low	High	Medium	High	Medium to Low	Medium to Low
Steel										
Flat	Medium	Medium	Low	Medium	Medium to Low	High	Low	Low	High	Medium
Long	High	High	Medium to Low	High to Medium	High to Medium	Medium	Medium	Low	High	High to Medium
Pipes	Medium	Medium to Low	Medium to Low	Medium to Low	Medium to Low	High	High to Medium	Low	High	Medium
Textile										
Spinning	Medium	High	Medium	Medium to Low	Medium	Medium	Medium	Low	Medium	Medium
Weaving	Medium	High	Medium	Low	Medium	Medium to Low	Medium	Low	Medium	Medium
Composite	Medium	Medium	Medium	Low	Medium	High to Medium	Medium	Low	Medium	Medium

For Contact:

email at

info@vis.com.pk