

Essel Propack Limited

Q1FY19 Earnings Update

Consolidated Financial Highlights for the quarter ended 30th June 2018

(INR Lacs)

Particulars	Q1FY19	Q1FY18	% change
Total Income from operations (net of indirect taxes)*	63536	56072	13.3%
EBIDTA	11156	10415	7.1%
EBIDTA Margin (%)	17.6%	18.6%	
EBIT	6711	6394	5.0%
EBIT Margin (%)	10.6%	11.4%	
PAT	4133	3429	20.5%
EPS (in Rs.)#	1.31	1.09	

*Revenue reported is exclusive of GST/ Excise Duty recovery to make the same comparable; accordingly margin % have been restated for comparability.

#Q1FY18 EPS adjusted for Bonus Shares allotted by the Company in the ratio of 1:1 during the quarter.

Consolidated Performance Highlights:

- Revenue growth helped by increased offtake in US & Egypt by key customers and EDG continue to deliver after the integration. China's efforts for laminate exports to external customers have materialized in new geographies. The revenue growth in constant currency is at 7.1% for the quarter.
- India business commenced the First phase of commercial production at its new unit in Kamrup, Assam w.e.f. 23rd July 2018. The size of investment in phase-I is over Rs. 60 Crore. Spread across 70,000 sq.ft. and this Greenfield investment is planned for production of 750 million laminated tubes per annum when it is fully completed. In the first phase, the facility is equipped to produce 200 million tubes per annum and will ramp up to 750 million tubes over a span of 18 months. The new unit will augment the capacity, making the unit a strategic sourcing site for its Customers who have their presence in the NE of India.

- EBIDTA and Operating Margin impacted mainly due to change in product mix.
- Net Debt as at June 18 end stood at INR 60101 Lacs compared to INR 56359 Lacs at March 18 end.
- ROE and ROCE on TTM basis is at 15.6% and 17.5% respectively.

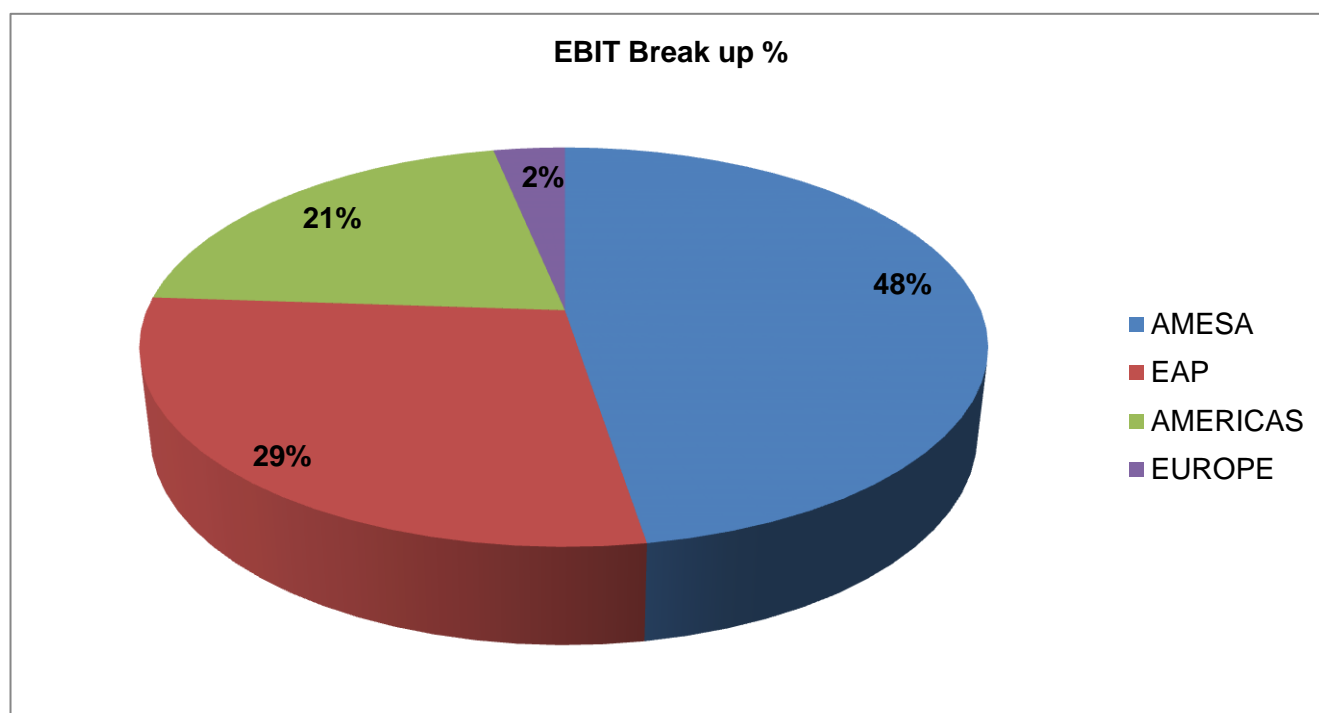
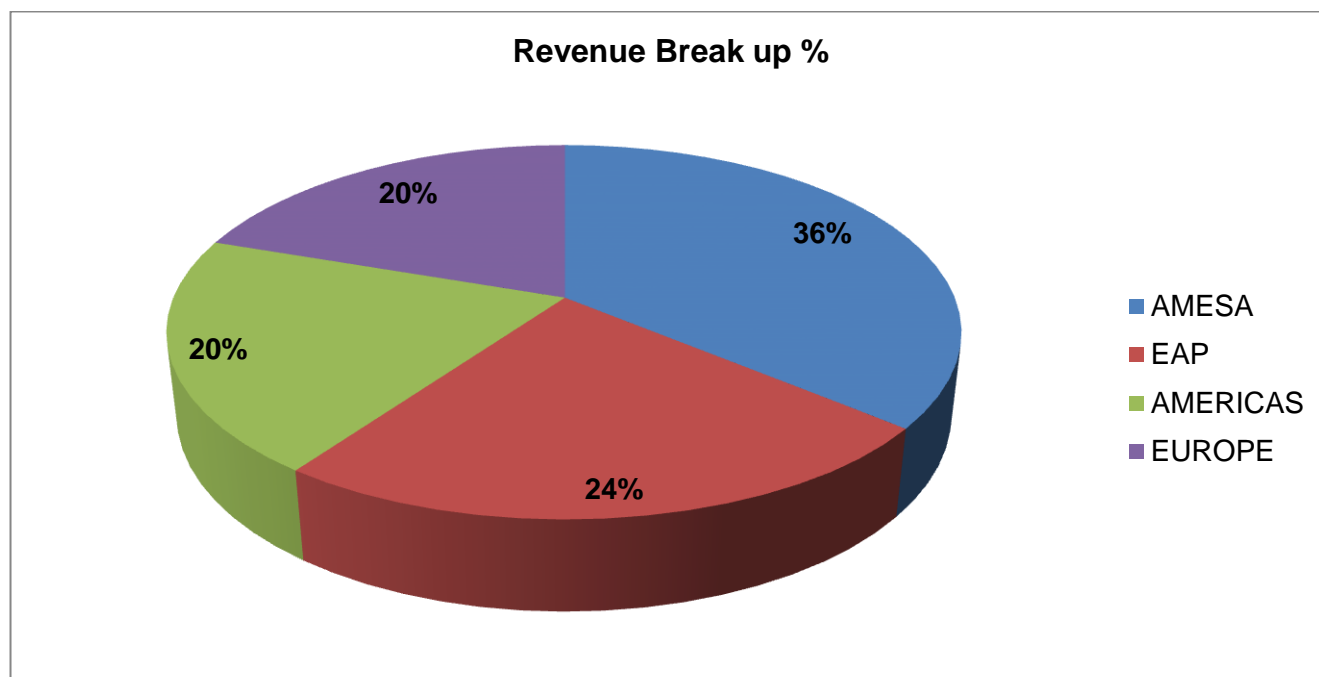
Consolidated Category-wise Revenue break up for the quarter ended 30th June 2018

Particulars	(in %)	
	Q1FY19	Q1FY18
Oral Care	59.4%	58.2%
Non-Oral Care	40.6%	41.8%

India Standalone Performance Highlights:

- India standalone revenue grew 6.3% compared to same quarter last year. The revenue growth would have been higher but for inventory correction by key customers and also due to change in regulations for pharma category requiring prominent display of generic name vis-à-vis brand name, leading to change in the artwork of packaging material. The offtake of pharma customers will continue to get impacted in second and part of third quarter also.
- EBIT margin for the quarter improved by 130 bps due to operational efficiencies.

Region wise Revenue & EBIT Break-up for the Q1 FY19:



(excludes 'unallocated')

Region wise Financial Highlights:

AMESA

(INR Lacs)

Particulars	Q1FY19	Q1FY18	% change
Revenue (net of indirect taxes)	23563	21931	7.4%
EBIT	3459	3075	12.5%
EBIDTA Margin (%)	22.3%	21.8%	

- Egypt revenue at grew at 18.8% helped by increased offtake by key customer.
- Region's EBIT margin improved by 58 bps due to operational efficiencies.

EAP

(INR Lacs)

Particulars	Q1FY19	Q1FY18	% change
Revenue	15635	13293	17.6%
EBIT	2075	2216	-6.4%
EBIDTA Margin (%)	19.4%	22.8%	

- China's efforts for laminate exports to external customers have materialized in new geographies.
- EAP revenue growth is helped by both oral and non-oral care category. At constant currency the revenue growth is at 6.2%.
- EBIT margin impacted due to product mix and minimum wage increase.

AMERICAS

(INR Lacs)

Particulars	Q1FY19	Q1FY18	% change
Revenue	13286	10570	25.7%
EBIT	1499	738	103.1%
EBIDTA Margin (%)	16.0%	12.7%	

- Revenue grew 21.6% at constant currency helped by increase in offtake by key customer and better product mix in US. Colombia and Mexico continues the effort to change to better product mix.
- EBIT improvement due to better product mix in US and improved operational efficiencies.

EUROPE

(INR Lacs)

Particulars	Q1FY19	Q1FY18	% change
Revenue	12931	11734	10.2%
EBIT	194	179	8.3%
EBIDTA Margin (%)	9.5%	9.1%	

- Europe revenue growth at constant currency is muted. EDG revenue grew 9.1% at constant currency. New business pipeline is on track and expected to yield results in coming quarters.
- Operating Margin improved due to better product mix.
- Russia unit shifting to much modern new location, which will help in growing the customer base.

Overall:

The new unit in Assam is a strategic investment, in-line with our stated objective of 'go and grow' with customers. Several of our customers have set up units in Assam and our presence near them will facilitate servicing them better, besides opening up opportunities for developing markets in North-East India and surrounding countries.

The quarter has seen increased offtake from key customers in US, Egypt and Germany. New business pipeline development efforts during last year are beginning to yield results across geographies. The effect of which will be seen beginning next calendar year.

Impact on India revenue due to change in pharma regulations should get over by third quarter of this financial year.



Valuation Comparison with Global Peers – 30-06-2018

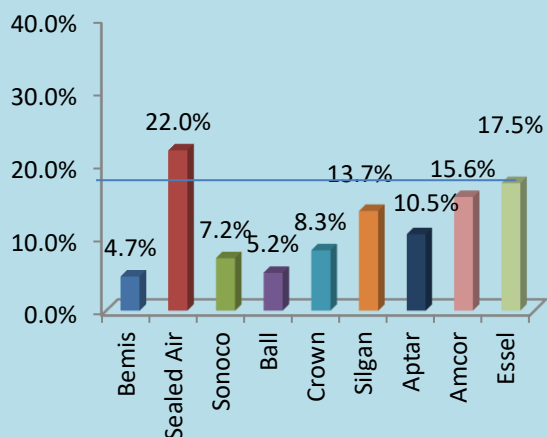
	Company Name	Business Description	Performance Indicators*				Value Indicators*			
			ROE	EBIDTA Margin (LTM)	ROCE	Avg. Annual Growth PAT (Last 5 years)	P/E (LTM)	Book Value (LTM) (\$)	P/BV (LTM)	EV/EBIT DA
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	7.60%	7.10%	4.70%	-4.81%	41.10	13.61	3.11	21.58
2	Sealed Air Corporation	Manufacturer of a range of flexible packaging material, shrink films and packaging equipment that serve food, industrial, medical and consumer applications across USA, South America, Europe, and Asia.	212.60%	16.70%	22.00%	28.30%	9.80	-2.26	NA	14.54
3	Sonoco Products Company	Manufacturer of rigid papers & closures, flexible packaging materials, pallets, containers etc. for industrial and consumer use in USA, Canada, South America, Europe, and Asia.	10.80%	11.70%	7.20%	0.25%	30.10	17.80	2.98	12.92
4	Ball Corporation	Manufacturer of metal cans and plastic blow moulded containers for beverage, food and household use in USA, Canada, South America, Europe, and Asia.	10.10%	13.90%	5.20%	2.39%	34.10	11.55	3.19	16.50
5	Crown Holdings Inc	Manufacturer of metal cans, closures for food, beverage, household and consumer applications in US, Europe and other regions.	66.80%	15.30%	8.30%	-5.90%	18.80	5.70	7.97	11.53
6	Silgan Holdings, Inc.	Manufacturer of metal and plastic containers and closures for consumer applications in USA, South America, Europe, and Asia.	43.70%	12.80%	13.70%	16.05%	11.10	7.46	3.64	12.93
7	AptarGroup, Inc.	Manufacturer of caps & closures, spray pumps, valves etc. primarily for the cosmetic, and personal care, pharmaceutical, household, food and beverage markets across USA, South America, Europe, and Asia.	17.70%	19.80%	10.50%	6.25%	26.90	22.51	4.18	12.84
8	AMCOR	Amcor Ltd. engages in the manufacture and supply of packaging products for the food, beverage, healthcare, home, personal care, and tobacco industries. It operates through the following business segments: Amcor Rigid Plastics, Amcor Flexibles, and Other/Investments.	72.67%	14.68%	15.60%	23.94%	19.19	0.77	13.65	11.46
8	Essel Propack	Essel Propack is leading specialty packaging company for personal care & hygiene, cosmetic, pharmaceutical, household and food having presence in USA, South America, Europe, and Asia.	15.60%	19.22%	17.52%	15.58%	20.69	39.78(INR)	2.96	8.95

Source: www.in.advn.com & Company filings for competitor companies

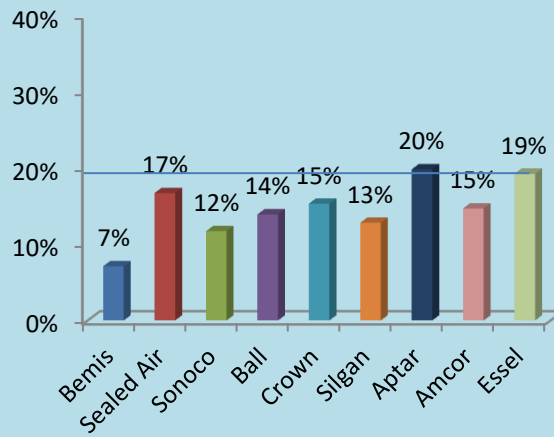
* LTM- Latest Twelve Months for Peers and Trailing Twelve Months (based on IND AS) for EPL at 30-06-2018



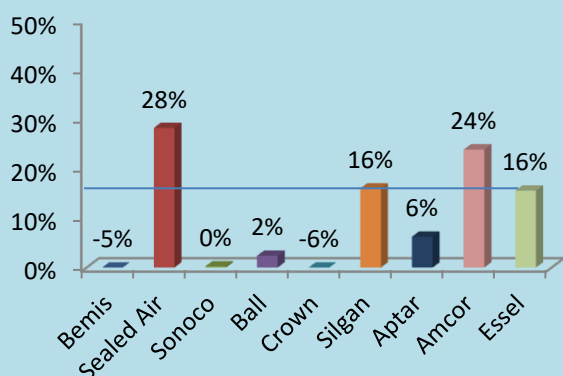
ROCE (%)



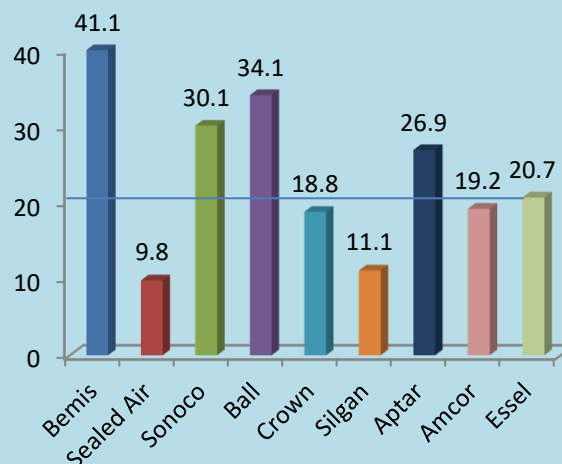
EBIDTA Margin (%)



Avg. Annual Growth PAT (5 years) (%)



P/E



Source: www.in.advfn.com for competitor companies

For more details – see table (Page 7)

About Essel Propack Ltd:

Essel Propack, part of the USD 4.2 billion Essel Group, with FY18 turnover of over USD 372 million, is the largest specialty packaging global company, manufacturing laminated plastic tubes catering to the FMCG and Pharma space. Employing over 3158 people representing 25 different nationalities, Essel Propack functions through 19 state of the art facilities and in eleven countries, selling circa 7 billion tubes and continuing to grow every year.

Holding Oral Care market share of 36% in volume terms globally, Essel Propack is the world's largest manufacturer with units operating across countries such as USA, Mexico, Colombia, Poland, Germany, Egypt, Russia, China, Philippines and India. These facilities cater to diverse categories that include brands in Beauty & Cosmetics, Pharma & Health, Food, Oral and Home, offering customized solutions through continuously pioneering first-in-class innovations in materials, technology and processes.

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SAFE HARBOUR

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fiscal policy, competition, inflationary pressures and general economic conditions affecting our industry. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.