

Essel Propack Limited Q1FY17 Earnings Update

Consolidated Financial Highlights for the quarter ended 30th June 2016

(INR million)

Particulars	Q1 FY17	Q1 FY16	% change
Total Income from operations	5280	5601	-5.7%
EBIT	663	698	-4.9%
EBIT Margin (%)	12.6%	12.5%	
PAT	376	355	6.0%
EPS (in Rs.)	2.40	2.26	

Consolidated Financial Highlights for the quarter ended 30th June 2016 (excluding divested flexible packaging business)

(INR million)

Particulars	Q1 FY17	Q1 FY16	% change
Total Income from operations	5280	5101	3.5%
EBIT	663	685	-3.2%
EBIT Margin (%)	12.6%	13.4%	
PAT	376	353	6.6%
EPS (in Rs.)	2.40	2.25	

Consolidated Performance Highlights (for continuing business):

- The above quarterly results are based on IND AS applicable to the Company from 1st April, 2016. Previous year numbers too have been re-stated on IND AS basis.
- The revenue growth of 3.5% would be 5.5%, but for RM price pass thru impact.
- Lower than planned offtake by key customers and slower ramping up of new customers/ capacities in the non-oral care category outside India, impacted revenue growth. India standalone however, has recovered, posting 7.1% growth sequentially and 5.8% y-o-y (9% but for RM price pass thru impact).

- PAT growth at 6.6% was impacted by 80bps drop in EBIT margin consequent to lower revenue growth.
- Finance cost reduced by 24.4% over previous year.
- ROE and ROCE on TTM basis are 20.0% and 17.8% respectively.

Consolidated Category-wise Revenue break up for the quarter ended 30th June 2016

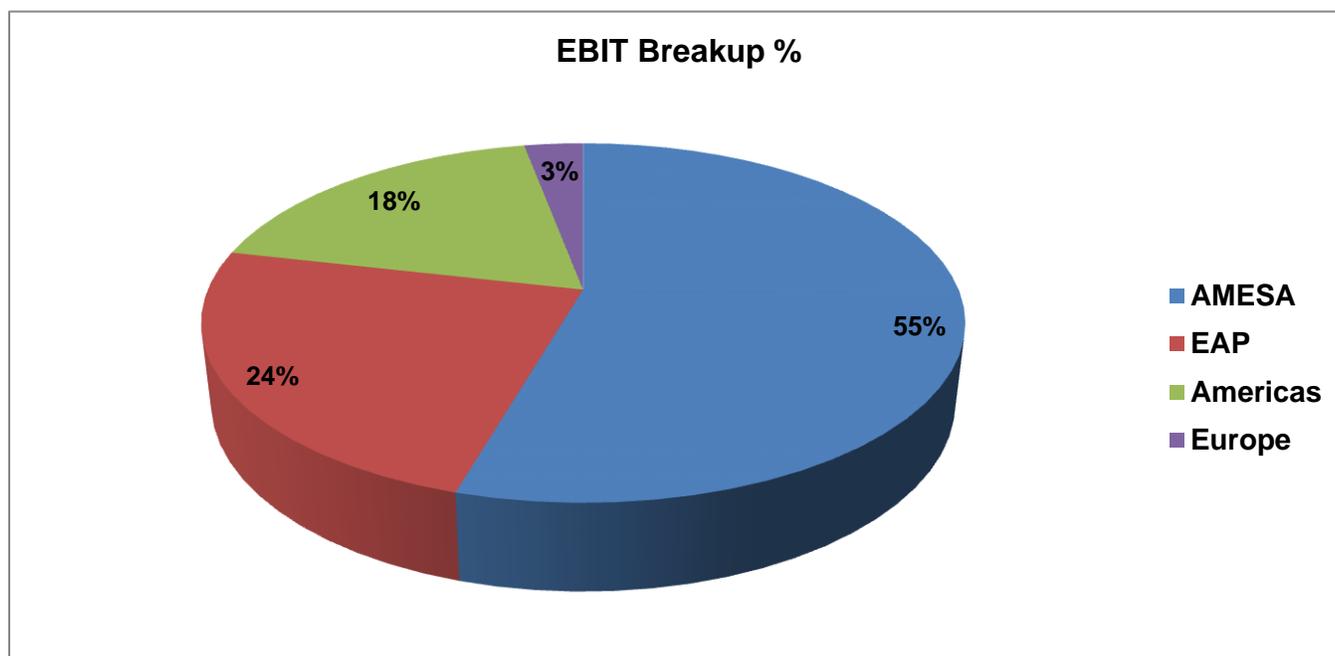
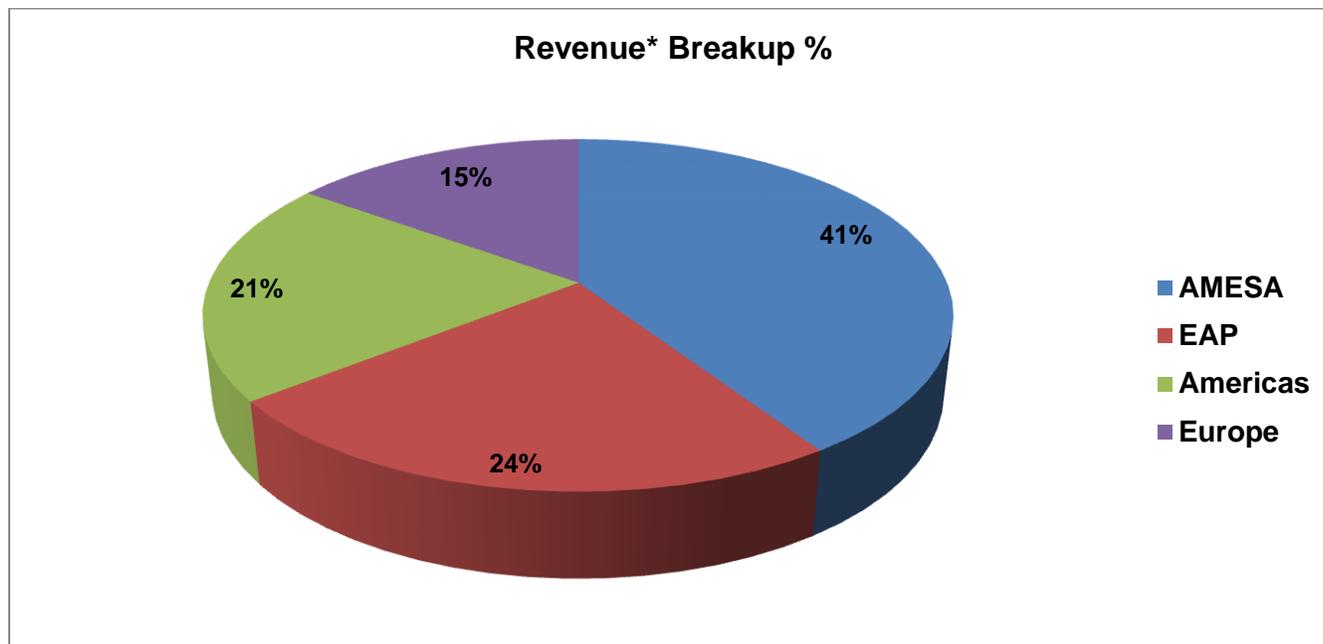
(in %)

Particulars	Q1FY17	Q1FY16
Oral Care	59.5%	57.4%
Non-Oral Care	40.5%	42.6%

India Standalone Performance Highlights:

- Domestic Demand showed signs of picking up during the quarter both sequentially and compared to last year. Revenue grew by 5.8% (9% but for RM price pass thru impact) compared to last year and by 7.1% sequentially.
- The non- oral care share of revenue recovered from 49.9% in FY16 to 53.4% in Q1 FY17, helped by strong recovery in cosmetic and pharma categories.
- Operating margin for the quarter grew to 15.3% from 14.8% compared to last year.
- Further helped by 41.6% reduction in interest cost, India standalone PAT increased by 23.4% over previous year.

Region wise Revenue & EBIT Break-up for the Q1 FY17:



(excludes 'unallocated')

*** Consolidation of German JV as an "Associate" pursuant to IND AS has impacted Europe share of revenue by 270 bps.**

Region wise Financial Highlights:

AMESA (continuing business)

(INR million)

Particulars	Q1 FY17	Q1 FY16	% change
Revenue	2210	2129	3.8%
EBIT	361	338	7.0%
EBIT Margin (%)	16.3%	15.9%	

- Revenue growth is showing recovery with non-oral care category sequentially growing by 16.2% and the share of revenue improving to 50.3%.
- Operating margin improved by 40 bps y-o-y.

EAP

(INR million)

Particulars	Q1 FY17	Q1 FY16	% change
Revenue	1288	1340	-3.9%
EBIT	160	187	-14.5%
EBIT Margin (%)	12.4%	13.9%	

- Revenue growth adjusted for RM price pass thru was -2%, impacted on account of continued reduction in oral care offtake by MNC customers, although wallet share was maintained.
- However Non-oral care revenue grew sequentially by 5.9% with revenue share improving to 25.6% consequent to new customer development. A big dia cosmetic tube was introduced for MNC cosmetic brand. Pharma opportunities are looking up.
- Looking to get break through with Chinese top oral care brand.
- Operating costs were reduced compared to previous year.

- Operating margin however, is lower due to lower revenue growth.
- Philippines continue to exceed budget and grew by 24.9% y-o-y.

AMERICAS

(INR million)

Particulars	Q1 FY17	Q1 FY16	% change
Revenue	1115	1210	-7.8%
EBIT	122	128	-4.7%
EBIT Margin (%)	11.0%	10.6%	

- Revenue growth over previous year is impacted by Inventory correction at key customers, closure of plastic tube operations in US and teething issues in the newly commissioned Colombia facility.
- New business in Non-oral care category is under various stages of development in US.
- Colombia market continues to be promising, with non-oral care sales performing above budget.
- Higher volume negotiated with key customers in Mexico, is driving revenue growth of 16.8% (30.7% in constant currency) compared to the same quarter last year.

EUROPE

(INR million)

Particulars	Q1 FY17	Q1 FY16	% change
Revenue	820	784	4.7%
EBIT	20	46	-57.1%
EBIT Margin (%)	2.4%	5.9%	

- Revenue impacted on account of Inventory correction by key customers and slower new

customer ramp up in the Non-oral care category.

- One plastic line is being re-sited to India in view of new non-oral care business opportunities in India.
- Russia operations performed above budget growing by 8.5% (28.5% in constant currency term) compared to last year and by 15.7% sequentially.

Overall:

Overall the quarter Revenue growth was muted due to issues outside India. Some of the factors such as pipe-line inventory corrections by key customers in USA and Europe and ramping up of the new facility in Colombia should correct in the coming months. Customer development in Non-oral care category in China and Europe is intense and a number of projects should see commercialization in the near term. In AMESA including India, growth is recovering on the back of high demand and new customer wins.

Further, we are on track in our strategy to drive growth thru new offerings in the non-oral care category with a robust pipeline of products. In fact, we just have a break through invention “MYSTIK”, an innovative tube solution on laminate platform with a novel multi-functional cap. This, we believe opens a 2.5 billion tube fast growing Hair Colorant and Developer category across the globe.

We believe our topline growth to recover to around 12% in the coming months.

Valuation Comparison with Global Peers – 30-06-2016

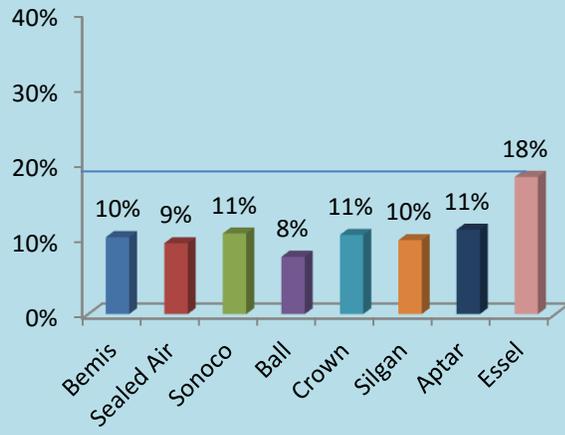
	Company Name	Business Description	Performance Indicators*				Value Indicators*			
			ROE	EBIDTA Margin (LTM)	ROCE	Avg. Annual Growth PAT (Last 4 years)	P/E (LTM)	Book Value (LTM) (\$)	P/BV (LTM)	EV/EBITD A
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	18.10%	14.10%	10.20%	12.48%	20.60	13.70	3.74	12.24
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.	39.40%	12.30%	9.40%	9.65%	28.40	2.98	15.55	17.66
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.	16.60%	12.00%	10.70%	8.51%	21.10	15.49	3.35	12.28
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.	24.60%	9.70%	7.60%	-7.96%	39.20	21.41	3.76	28.57
5	Crown Holdings Inc	Manufacturer of metal cans, closures for food, beverage, household and consumer applications in US, Europe and other regions.	298.90%	13.10%	10.50%	-6.95%	19.00	2.28	23.75	13.96
6	Silgan Holdings, Inc.	Manufacturer of metal and plastic containers and closures for consumer applications in USA, South America, Europe, and Asia.	25.60%	12.30%	9.80%	5.15%	17.00	11.40	4.24	11.41
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%	20.20%	11.20%	7.07%	24.10	19.99	3.84	10.92
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.	19.96%	19.52%	17.85%	26.78%	16.73	64.07(INR)	3.05	8.90

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

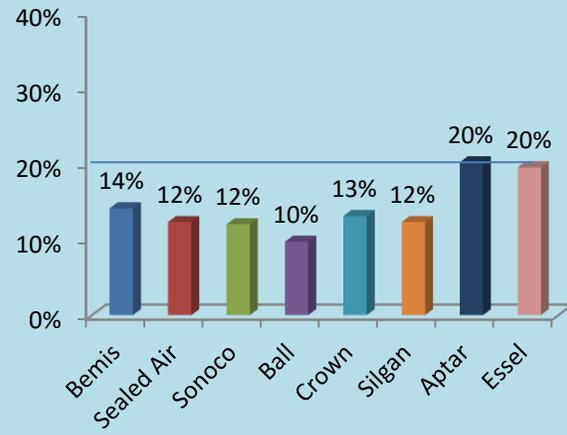
* LTM- Latest Twelve Months for Peers and Trailing Twelve Months (based on Indian GAAP) for EPL at 30-06-2016



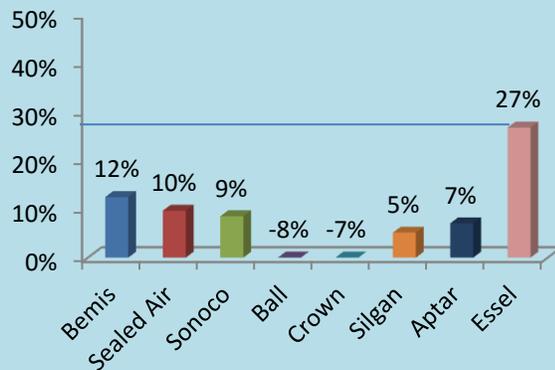
ROCE (%)



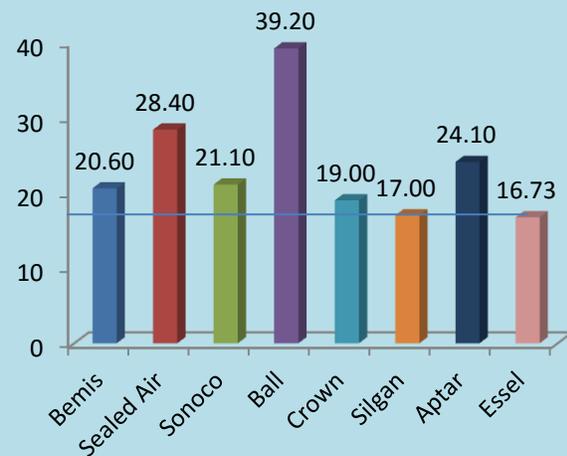
EBIDTA Margin (%)



Avg. Annual Growth PAT (4 years) (%)



P/E



Essel leads the pack in Avg. Annual PAT growth and ROCE

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 2.4 billion Essel Group, with FY16 turnover of over USD 322 million, is the largest specialty packaging global company, manufacturing laminated plastic tubes catering to the FMCG and Pharma space. Employing over 2852 people representing 25 different nationalities, Essel Propack functions through 21 state of the art facilities and in eleven countries, selling more than 6 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.

For more information contact

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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.

