

Essel Propack Limited

Q4FY17 Earnings Update

Consolidated Financial Highlights for the quarter ended 31st March 2017 (excluding divested flexible packaging business)

(INR million)

| Particulars | Q4FY17 | Q4FY16 | % change | FY16-17 | FY15-16 | % change |
|--------------------------------------|--------|--------|----------|---------|---------|----------|
| Total Income from Operations | 6344 | 5702 | 11.3% | 23879 | 21520 | 11.0% |
| EBIT | 775 | 693 | 11.8% | 2828 | 2857 | -1.0% |
| EBIT Margin (%) | 12.2% | 12.2% | | 11.8% | 13.3% | |
| PAT excl. Exceptional Items | 523 | 467 | 12.0% | 1748 | 1676 | 4.2% |
| PAT incl. Exceptional Items | 440 | 454 | -3.2% | 1903 | 1647 | 15.5% |
| EPS (in Rs.) excl. Exceptional Items | 2.8 | 2.9 | | 12.1 | 10.5 | |

Consolidated Financial Highlights for the quarter ended 31st March 2017 (as reported)

(INR million)

| Particulars | Q4FY17 | Q4FY16 | % change | FY16-17 | FY15-16 | % change |
|-------------------------------------|--------|--------|----------|---------|---------|----------|
| Total Income from Operations | 6344 | 5702 | 11.3% | 23879 | 22056 | 8.3% |
| EBIT | 775 | 693 | 11.8% | 2828 | 2870 | -1.5% |
| EBIT Margin (%) | 12.2% | 12.2% | | 11.8% | 13.0% | |
| PAT excl. Exceptional Items | 523 | 467 | 12.0% | 1748 | 1678 | 4.1% |
| PAT incl. Exceptional Items | 440 | 380 | 15.8% | 1903 | 1701 | 11.9% |
| EPS (in Rs) excl. Exceptional Items | 2.8 | 2.4 | | 12.1 | 10.8 | |

Consolidated Performance Highlights (for continuing business):

- The above 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.

- Quarterly and YTD results include 100% of the profit and loss of Essel Deutschland, Germany (EDG) operation, which was acquired effective 30th September 2016. To that extent the results are not comparable with previous year same quarter and YTD.
- The revenue growth for the quarter is at 11.3%. In India, demonetization continued to impact revenue during this quarter also, specially during January-February 2017. Estimated revenue loss on account of demonetization for the quarter is Rs. 195.2 Million and EBIT reduction is Rs. 69.2 Million. EAP sustained revenue growth. Europe revenue was benefited by acquisition of EDG.
- EBITDA Margin for the quarter has improved by 60 bps y-o-y and 180 bps sequentially. For the year however, EBITDA margin at 17.8% was lower by 110 bps mainly on account of 40 bps being one off costs in India/ Colombia and 30 bps impact due to consolidation of EDG. But for these and the change in excise duty accounting in India, the year's EBITDA margin would be 19.3%.
- Operating margin for the year is impacted by 1.5% on account of EDG acquisition, demonetization and one off expenses in connection with consolidation of units in India and Colombia. Sequentially however, the Operating margin improved by 220 bps.
- ROE and ROCE on TTM basis is at 16.6% and 17.4% respectively compared to 19.7% and 18.3% previous year.

Consolidated Category-wise Revenue break up for the quarter ended 31st March 2017

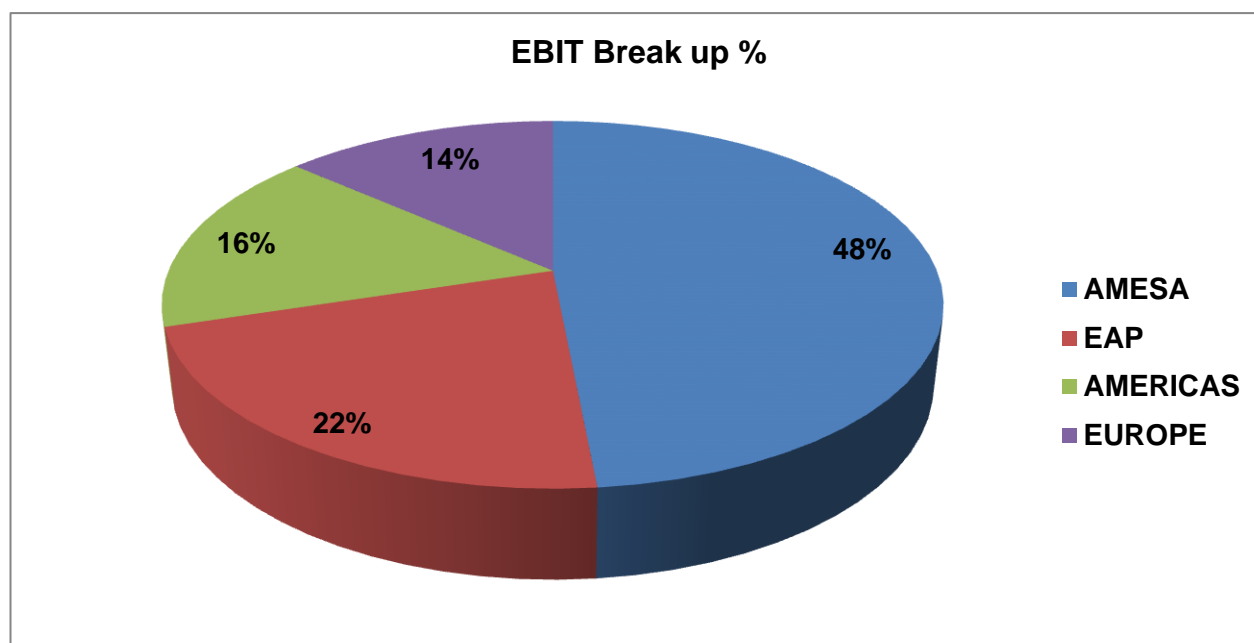
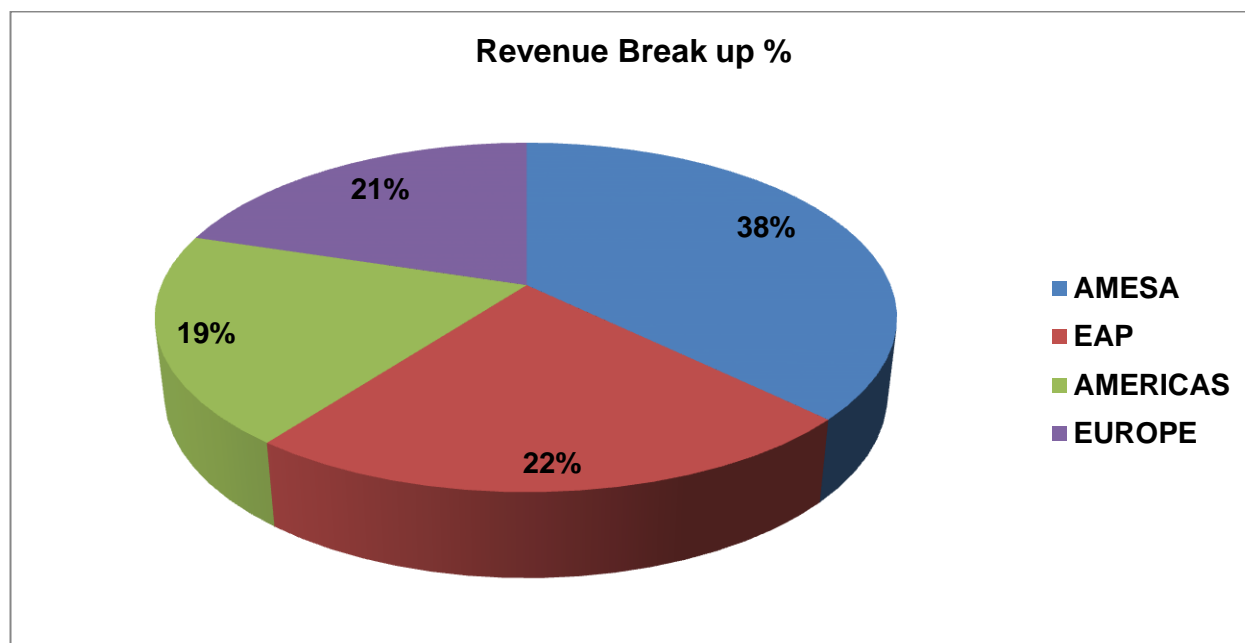
(in %)

| Particulars | Q4FY17 | Q4FY16 | FY16-17 | FY15-16 |
|---------------|--------|--------|---------|---------|
| Oral Care | 59.9% | 61.6% | 59.6% | 59.1% |
| Non Oral Care | 40.1% | 38.4% | 40.4% | 40.9% |

India Standalone Performance Highlights:

- Demonetization impact on India Standalone revenue continued during the quarter also specially during January-February 2017. Estimated revenue loss on account of demonetization for the quarter is Rs. 195.2 Million and EBIT reduction is Rs. 69.2 Million. But for this, the revenue growth is 13.2%.
- Operating margin improved by 3.1 pp sequentially. However, the same is impacted for the quarter y-o-y due to lower revenue on account of demonetization. But for this, the EBIT for the quarter improved y-o-y by 100 bps
- Non Oral Care revenue share for the quarter increased to 50.1% (+ 2.8 pp y-o-y) with strong growth of 14.2%.
- The consolidation of units in India is now complete.

Region wise Revenue & EBIT Break-up for the Q4 FY17:



(excludes 'unallocated')

Region wise Financial Highlights:

AMESA (continuing business)

(INR million)

| Particulars | Q4FY17 | Q4FY16 | % change | FY16-17 | FY15-16 | % change |
|-----------------|--------|--------|----------|---------|---------|----------|
| Revenue | 2472 | 2292 | 7.8% | 9808 | 9087 | 7.9% |
| EBIT | 374 | 323 | 15.6% | 1278 | 1274 | 0.3% |
| EBIT Margin (%) | 15.1% | 14.1% | | 13.0% | 14.0% | |

- Egypt continued to post robust revenue growth for the quarter in both oral care and non-oral care categories. However, India revenue growth is lower due to continued impact of demonetization during the quarter. But for this, revenue growth for the quarter is 16.4% and 13.0% for the full year.
- Operating margin for the quarter of 15.1% is higher by 1 pp y-o-y and 5.9 pp sequentially. The margin would have been 16.8% for the quarter, but for the demonetization impact.
- The regions non oral care category focus and growth is strong. Non oral care revenue share composition for the quarter improved to 47.4% (+1.9% compared to previous year same quarter).

EAP

(INR million)

| Particulars | Q4FY17 | Q4FY16 | % change | FY16-17 | FY15-16 | % change |
|-----------------|--------|--------|----------|---------|---------|----------|
| Revenue | 1402 | 1274 | 10.0% | 5529 | 5459 | 1.3% |
| EBIT | 171 | 174 | -1.6% | 781 | 855 | -8.7% |
| EBIT Margin (%) | 12.2% | 13.6% | | 14.1% | 15.7% | |

- EAP revenue is showing sign of recovery helped by non-oral care category, though Offtake issues at key oral care customers continued.
- Operating margin during the quarter was impacted due to material cost and operating cost increases.

- New business development is on track.
- Non oral care revenue share for the quarter improved to 25.6% (+3.9% y-o-y) and the category grew by 24.1% for the quarter.

AMERICAS

(INR million)

| Particulars | Q4FY17 | Q4FY16 | % change | FY16-17 | FY15-16 | % change |
|-----------------|--------|--------|----------|---------|---------|----------|
| Revenue | 1227 | 1263 | -2.9% | 4828 | 4719 | 2.3% |
| EBIT | 126 | 151 | -16.5% | 527 | 583 | -9.7% |
| EBIT Margin (%) | 10.2% | 11.9% | | 10.9% | 12.4% | |

- Colombia new unit is stabilized now with robust underlying growth of 29.4% for the quarter over same quarter previous year. However, US and Mexico revenue for the quarter were impacted due to lower than planned offtake by key customers and the discontinuance of plastic tube since Q1 this year.
- Operating Margin for the quarter is mainly impacted by product mix.

EUROPE

(INR million)

| Particulars | Q4FY17 | Q4FY16 | % change | FY16-17 | FY15-16 | % change |
|-----------------|--------|--------|----------|---------|---------|----------|
| Revenue | 1382 | 979 | 41.2% | 4353 | 3474 | 25.3% |
| EBIT | 104 | 70 | 49.5% | 245 | 210 | 16.7% |
| EBIT Margin (%) | 7.5% | 7.1% | | 5.6% | 6.0% | |

- The profit & loss of Essel Deutschland Germany (EDG) operations is 100% consolidated beginning 1st October 2016.
- Europe revenue grew 7.9% sequentially.
- EDG Integration is on track. Revenue grew by 6.6% sequentially

Overall:

FY17 was a year involving a number of internal as well as external happenings like demonetization in India, floating and devaluation of currency in Egypt, consolidation of units in Colombia and India, acquisition of German JV, offtake issues with key customers in EAP.

We believe our strategy to grow non-oral care category has begun to yield results in EAP and should see traction going forward in Europe and Americas where all capability including organization and process has been revamped based on learnings till date. Customer engagement continues to be strong. Innovations such as “Mystik” and “Green Maple Leaf” are being actively promoted in the market place. Looking forward, we are on track with strategy execution. There could be some immediate issues in India in the wake of GST migration, although we believe this reform in long term will be a growth driver for economy and the business.

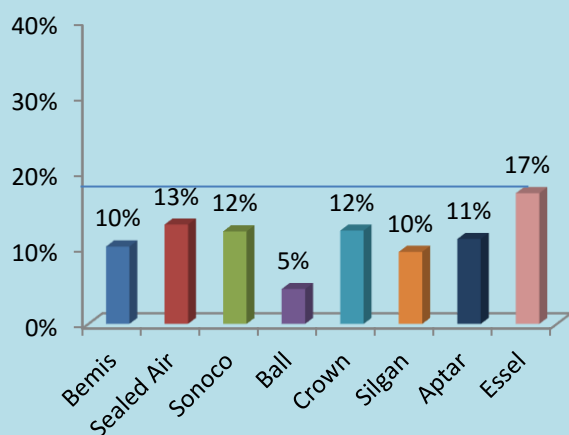
Valuation Comparison with Global Peers – 31-03-2017

| | 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/EBITDA |
| 1 | Bemis | Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia. | 19.10% | 14.30% | 10.20% | 4.60% | 17.90 | 13.72 | 3.31 | 11.31 |
| 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. | 85.60% | 14.50% | 13.10% | 60.93% | 18.10 | 3.12 | 14.66 | 15.30 |
| 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. | 18.80% | 14.60% | 12.20% | 9.41% | 18.70 | 15.95 | 3.31 | 10.17 |
| 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. | 11.20% | 8.90% | 4.60% | -10.36% | 48.50 | 19.62 | 4.08 | 31.67 |
| 5 | Crown Holdings Inc | Manufacturer of metal cans, closures for food, beverage, household and consumer applications in US, Europe and other regions. | 194.50% | 15.20% | 12.30% | 15.73% | 15.90 | 3.99 | 14.22 | 12.58 |
| 6 | Silgan Holdings, Inc. | Manufacturer of metal and plastic containers and closures for consumer applications in USA, South America, Europe, and Asia. | 27.70% | 12.30% | 9.50% | -6.04% | 24.30 | 8.51 | 7.26 | 13.64 |
| 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% | 6.19% | 24.90 | 19.87 | 4.12 | 11.93 |
| 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. | 16.61% | 17.77% | 17.38% | 18.97% | 19.62 | 66.11(INR) | 3.59 | 10.46 |

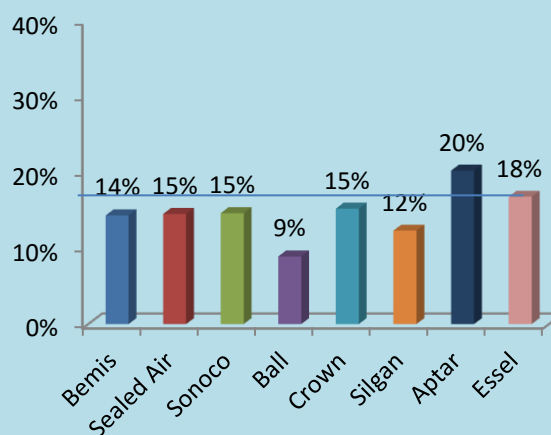
Source: www.in.advn.com & Company filings for competitor companies

* LTM- Latest Twelve Months for Peers and Trailing Twelve Months (based on IND AS) for EPL at 31-03-2017.

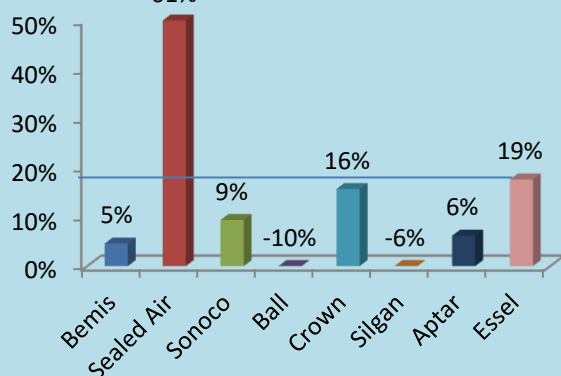
ROCE (%)



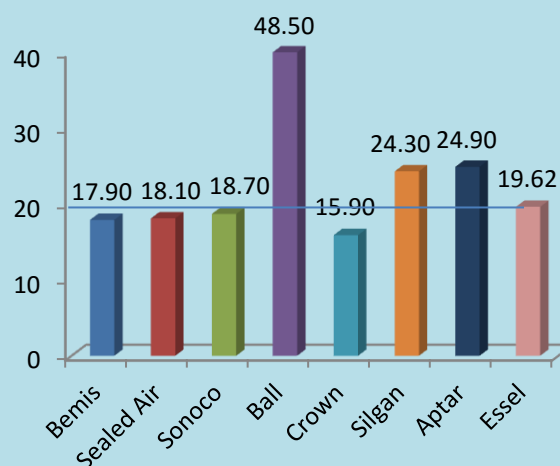
EBIDTA Margin (%)



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



P/E



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

For more details – see table (Page 8)

About Essel Propack Ltd:

Essel Propack, part of the USD 4.2 billion Essel Group, with FY17 turnover of over USD 368 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 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.