

Essel Propack Limited

Q4FY18 Earnings Update

Consolidated Financial Highlights for the quarter ended 31st March 2018

(INR Lacs)

Particulars	Q4FY18	Q4FY17	% change	FY17-18	FY16-17	% change
Total Income from operations (net of indirect taxes)*	62840	61258	2.6%	242388	230229	5.3%
EBIDTA	11752	11596	1.3%	47275	42483	11.3%
EBIDTA Margin (%)	18.7%	18.9%		19.5%	18.4%	
EBIT	7454	7806	-4.5%	30568	28335	7.9%
EBIT Margin (%)	11.9%	12.7%		12.6%	12.3%	
PAT excl. Exceptional Items	4479	5224	-14.3%	17658	17467	1.1%
EPS (in Rs.)	2.85	2.80		10.92	12.12	

* Revenue reported for the Q4FY18 and FY18 is exclusive of GST/ Excise Duty recovery to make the same comparable, accordingly margins have been restated for comparability.

Consolidated Performance Highlights:

- Revenue net of indirect tax (GST/ Excise) recovery grew 2.6% during the quarter and 5.3% for the FY18. Further, in constant currency terms, the quarter revenue growth was at 1.9% for the quarter and 7.7% for the year.
- The Q4 growth has been muted due to continued lower offtake during start of the quarter in India Beauty & Cosmetics and Pharma categories linked to GST rate change during Q3. Europe revenue is showing signs of recovery helped by Germany.
- EBIDTA margin for the quarter is healthy, and improved by 110 bps to 19.5% for the FY18. EBIDTA for the year grew 17.9% in constant currency term.
- Net Debt as at March 18 end stood at INR 56359 Lacs, lower compared to INR 70354 Lacs at March 17 end, a reduction of INR 13995 Lacs.
- ROE and ROCE on TTM basis is at 15.0% and 16.8% respectively.

Consolidated Category-wise Revenue break up for the quarter ended 31st March 2018

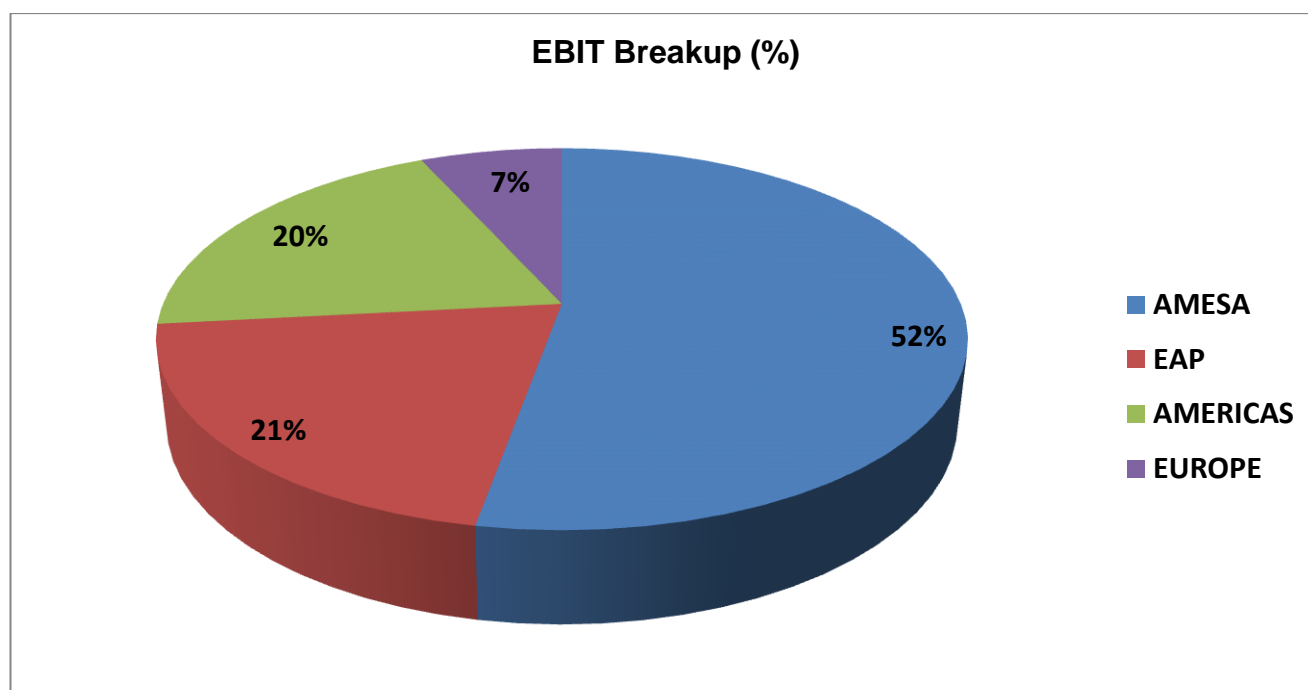
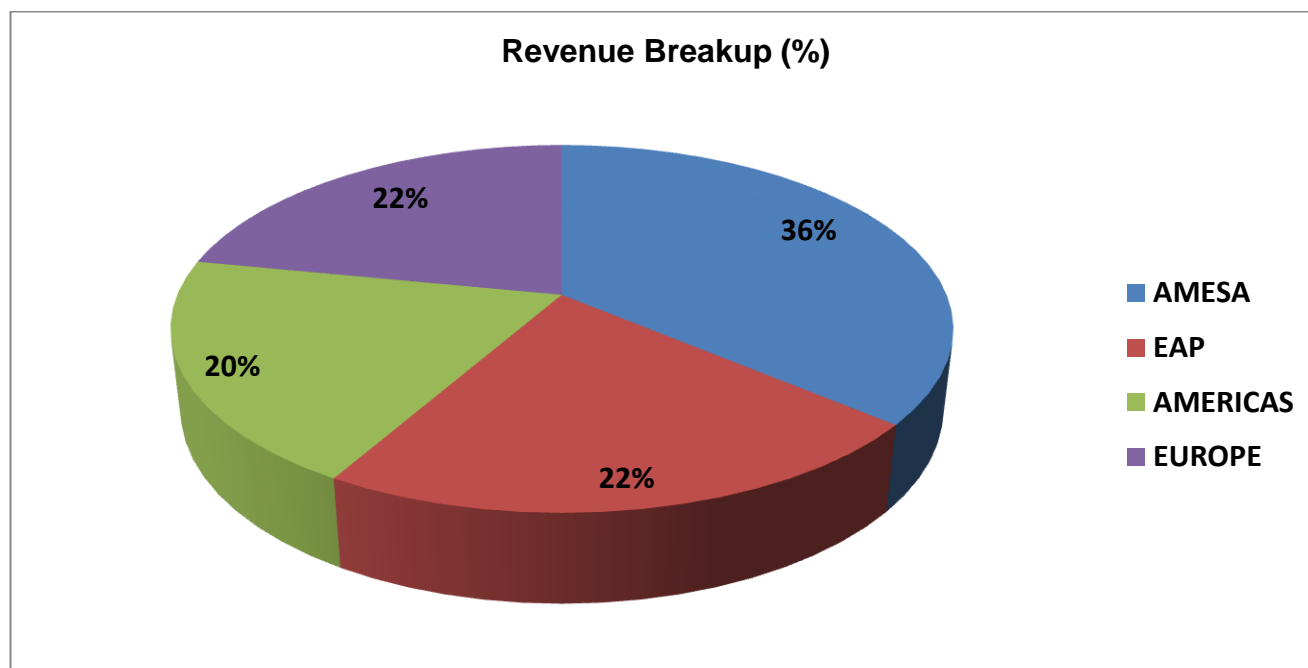
(in %)

Particulars	Q4FY18	Q4FY17	FY17-18	FY16-17
Oral Care	59.6%	59.9%	58.9%	60.1%
Non Oral Care	40.4%	40.1%	41.1%	39.9%

India Standalone Performance Highlights:

- The revenue for Q4 previous year is inclusive of Excise Duty and therefore not comparable with the Q4FY18 revenue, which is net of GST. Adjusted for the same, revenue growth for the quarter is 6.1%. The GST rate changes during Q3 continued to impact cosmetic category offtake in the early part of the quarter. The situation has since stabilized as indicated by sequential quarter growth of 2.6% in revenue.
- EBIT margin for the quarter improved on comparable basis by 320 bps over last year same quarter, and by 110 bps sequentially due to improved operating efficiencies and revenue.

Region wise Revenue & EBIT Break-up for the Q4 FY18:



(excludes 'unallocated')

Region wise Financial Highlights:

AMESA

(INR Lacs)

Particulars	Q4FY18	Q4FY17	% change	FY17-18	FY16-17	% change
Revenue (net of indirect taxes)	23292	22536	3.4%	91230	89515	1.9%
EBIT	3831	3796	0.9%	14124	12840	10.0%
EBIDTA Margin (%)	24.0%	23.9%		23.2%	21.4%	

- AMESA underlying revenue growth is higher than reported above, at 5.9% for the quarter and 7% for the year, in constant currency terms.
- EBIDTA margin improved by 10 bps during the quarter and 180 bps for the full year.
- Egypt continued to perform well and has grown 36% y-o-y in constant currency, helped by non oral care category, composition of which is increased by 670 bps over previous year.
- India is showing recovery with GST related issues stabilizing, growing 2.6% compared to sequential quarter.

EAP

(INR Lacs)

Particulars	Q4FY18	Q4FY17	% change	FY17-18	FY16-17	% change
Revenue	14257	14017	1.7%	57436	55285	3.9%
EBIT	1542	1711	-9.9%	9050	7808	15.9%
EBIDTA Margin (%)	17.3%	17.9%		21.7%	20.1%	

- EAP underlying revenue growth is higher than reported above, at 2.4% for the quarter and 6.8% for the year in constant currency terms. The oral care revenue has stabilized after prolonged de-growth due to customers losing market share. Non oral care business development is on track with non oral care share of revenue improving by 2.1 pp y-o-y and the category grew by 13.4% during the quarter.

- EBIT grew 22.7% for the year in constant currency.
- Philippines grew 19.9% for the quarter in constant currency, helped by non oral care business.
- The region's EBIDTA margin improved by 160 bps for the year.

AMERICAS

(INR Lacs)

Particulars	Q4FY18	Q4FY17	% change	FY17-18	FY16-17	% change
Revenue	12754	12269	4.0%	48846	48277	1.2%
EBIT	1502	1257	19.5%	6112	5265	16.1%
EBIDTA Margin (%)	16.3%	13.9%		17.2%	14.6%	

- Americas underlying revenue growth is higher than reported above, at 6.5% for the quarter and 4.5% for the year in constant currency terms, helped by strong performance in US (8.4% for the quarter) and Mexico (17.2% for the quarter).
- New business awards and improved offtake by existing customers underpin growth in US and Mexico.
- EBIT grew by 39.4% for the quarter and 21.8% for the year in constant currency, helped by operating efficiencies.
- EBIDTA margin expanded by 240 bps for the quarter and by 260 bps for the year.
- Turnaround initiatives in Colombia unit is bearing results. Improved product mix has helped EBIDTA margin for the quarter to recover by 740 bps to 8.3 pp vs previous year. The unit is being monitored for normalizing at the earliest.

EUROPE

(INR Lacs)

Particulars	Q4FY18	Q4FY17	% change	FY17-18	FY16-17	% change
Revenue	14115	13819	2.1%	50959	43525	17.1%
EBIT	517	1042	-50.4%	1200	2447	-51.0%
EBIDTA Margin (%)	10.9%	14.0%		10.0%	11.9%	

- Europe underlying revenue growth is lower than reported above, at -8.6% for the quarter and 12.2% for the year in constant currency. The full year growth includes benefit on account of EDG acquisition on 30th Sep 2016. However, various measures under implementation to improve operations are helping the business as can be seen from a sequential quarter revenue growth of 18.8% (12.3% in constant currency). Consequently, the quarter EBIDTA margin sequentially improved by 410 bps to 10.9%.
- During the quarter, EDG EBIDTA margin improved to 14.3% backed by sales growth of 2.7% for the quarter (sequentially 22.6%) in constant currency and improved sales mix.
- Europe excluding EDG revenue for the quarter de grew 5.1%. However, sales activity and new project delivery is showing positive sign as evidenced by sequential growth of 12.5% for the quarter. EBIDTA for the quarter sequentially improved by 420 bps.

Overall:

The quarter has shown promise in terms of growth recovering across regions with strong performance in Americas and AMESA. Turnaround in Germany and margin expansion across all regions including Europe is assuring. All the regions continue to see opportunity to grow and have developed robust new business pipelines which are monitored and progressed proactively. While acknowledging that the year's growth in sales and profits has fallen short of Mission 20:20:20 targets, it gives us confidence that the business will return to growth trajectory in the coming quarters.

Valuation Comparison with Global Peers – 31-03-2018

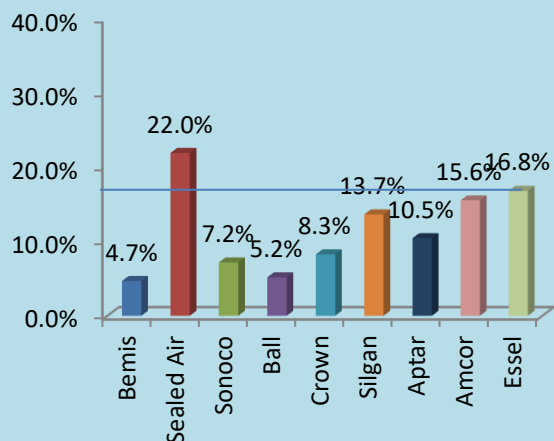
	Company Name	Business Description	Performance Indicators*				Value Indicators*			
			ROE	EBIDTA Margin (LTM)	ROCE	Avg. Annual Growth PAT (Last 5 years)	P/E (LTM)	Book Value (LTM) (\$)	P/BV (LTM)	EV/EBIT DA
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	7.60%	7.10%	4.70%	-4.81%	43.30	13.06	3.41	22.38
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%	10.20	0.91	48.08	15.14
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%	30.20	17.15	3.02	12.71
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%	18.50	11.24	3.62	17.40
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%	21.40	4.48	11.45	12.13
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%	11.40	6.94	3.98	13.01
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%	19.31%	10.50%	6.25%	27.76	21.20	4.46	13.22
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%	25.43	0.77	18.08	14.33
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.	15.00%	19.32%	16.80%	15.58%	21.92	79.56(INR)	3.01	9.15

Source: www.in.advn.com, www.marketwatch.com & Company fillings for competitor companies

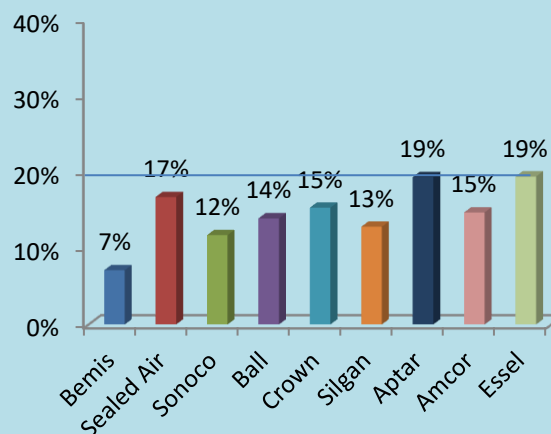
* LTM- Latest Twelve Months for Peers and Trailing Twelve Months (based on IND AS) for EPL at 31-03-2018



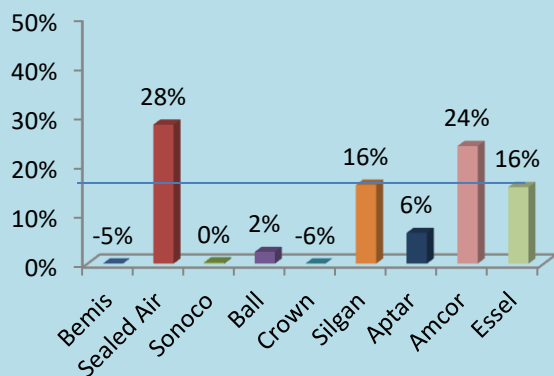
ROCE (%)



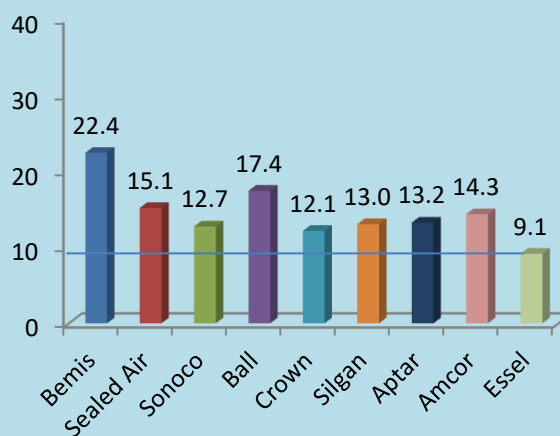
EBIDTA Margin (%)



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



EV/EBIDTA



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 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.