



Essel Propack Limited (EPL)

Q2FY20 Earnings Presentation



Safe Harbour

Certain statements in this presentation concerning our future growth prospects are forward-looking statements. The Company cautions that, by their nature, forward-looking statements involve 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 fluctuations in earnings, our ability to manage growth, intense competition in packaging industry including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, industry segment concentration, our ability to manage our operations, reduced demand for packaging products in our key focus areas, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Essel Propack has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.





EPL 2.0

First Quarter Since Blackstone Investment

EPL 2.0: Executive Summary

1

**With Blackstone as the new controlling shareholder, our mission is to deliver:
“Capital Efficient, Consistent Earnings Growth”**

2

Revamped the Board with fit-for-purpose professionals, strengthened the management team, and engaged Blackstone’s global advisor network

3

Identified levers to execute our mission:

- **Accelerated growth in Personal Care**
- **Continued leadership in Oral Care**
- **Innovation and sustainability solutions**
- **Prudent capital allocation across regions**

4

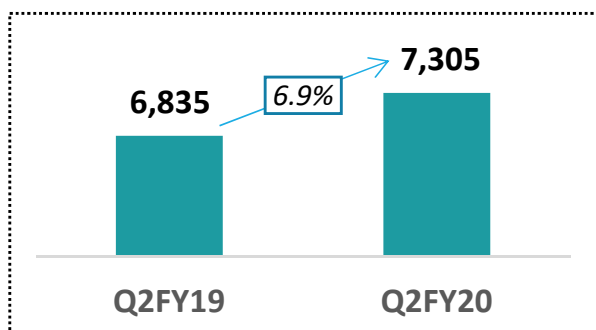
Early results visible in Q2FY20



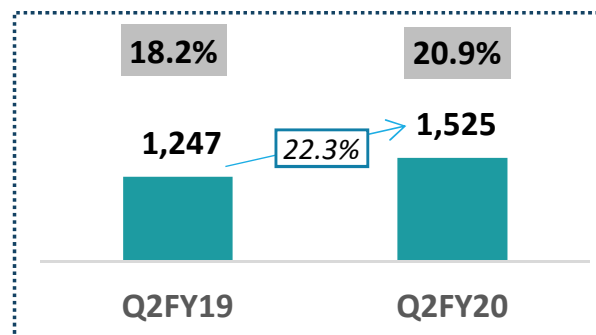
Q2FY20 Consolidated Financial Highlights: Reported Y-o-Y Revenue growth of 6.9% and PAT¹ growth of 49.1%

(INR million)

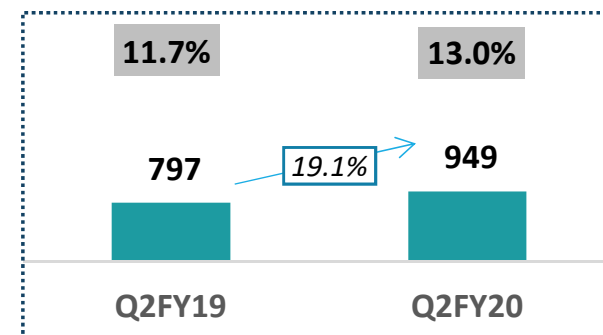
Revenue from Operations



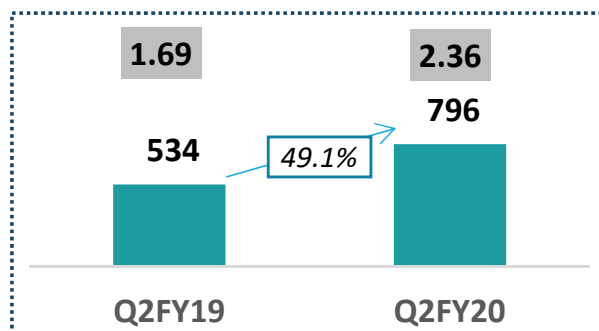
EBITDA and EBITDA Margins



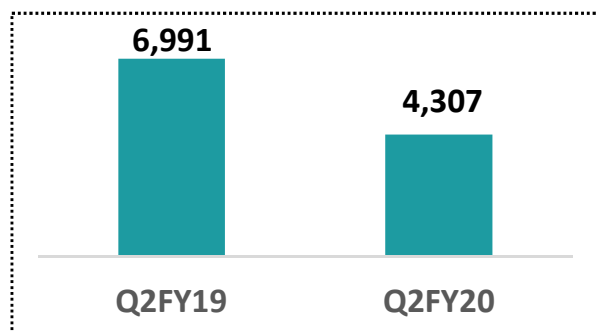
EBIT and EBIT Margins



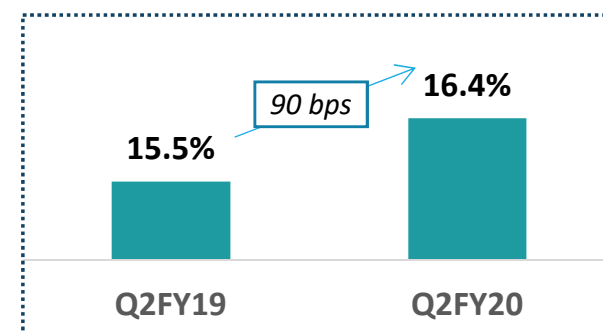
PAT¹ and EPS¹ (INR)



Net Debt



ROCE²



- ▶ Strong revenue growth in Personal Care³: Q2FY20 growth of 21.4% y-o-y; accounted for 46% of total tube revenue in Q2FY20
- ▶ Q2FY20 EBITDA margin increased by 270 bps y-o-y driven by favorable mix shift and productivity improvement
- ▶ Reduction in Net Debt to 0.8x EBITDA² driven by robust cash flow generation

(1) Excluding exceptional items (2) Trailing twelve month basis ; Adjusted for INR 17 mm of Transition Services Agreement (TSA) related expense and INR 11 mm of tax amnesty expense (3) Non-Oral category has been renamed as Personal Care, consisting of Beauty & Cosmetics, Pharmaceuticals, Food and Home categories



EPL 2.0 Mission: Capital Efficient, Consistent Earnings Growth Early Results Visible in Q2FY20

(INR million)

	Q2FY19	Q2FY20	Growth		
Growth	Revenue	6,835	7,305	6.9%	↑
	Adjusted EBITDA ¹	1,247	1,476	18.4%	↑
	Adjusted EPS ¹	1.69	2.11	24.3%	↑
Capital Efficiency	ROCE ²	15.5%	16.4%		↑
	Capex	FY19 3,040	H1FY20 536		↓
	Dividend per share (INR)	Annual Dividend 1.25	Interim H1 Dividend 1.25		↑

(1) Refer page 26 for details (2) Return on Capital Employed, defined as EBIT/Average Capital Employed, on a trailing twelve month basis, adjusted for INR 17 mm of TSA related expense and INR 11 mm of tax amnesty expense



Revamped the Board with Industry Veterans and Professionals to Ensure Best-in-Class Governance and Shareholder Value Creation

Independent Directors



Davinder Singh Brar,
Board Chairman

- ▶ Ex CEO, Ranbaxy Limited
- ▶ Chairman at Mphasis
- ▶ Director at Wockhardt and Maruti Suzuki



Uwe Roehrhoff,
Chairman, Nomination
and Remuneration
Committee

- ▶ Extensive packaging industry experience:
 - Ex CEO at Gerresheimer
 - Ex CEO at Perrigo
 - Director at Ensinger GmbH



Sharmila Karve,
Chairman, Audit
Committee

- ▶ Ex Head - Audit, PwC India
- ▶ Ex Head - Risk & Quality, PwC India
- ▶ Ex Global Diversity Leader at PwC
- ▶ Chartered Accountant

Shareholder Representatives



Amit Dixit
Senior Managing
Director and India Head
of Private Equity,
Blackstone

- ▶ Director at Mphasis, Jagran, TaskUs, IBS Software and formerly SH Kelkar, Intelenet, Trans Maldivian Airways and Emcure Pharmaceuticals



Alex Yang
Senior Managing
Director, Blackstone

- ▶ Director at Shya Hsin Packaging, leading Chinese cosmetics packaging company
- ▶ Former Director at HCP Packaging



Amit Jain
Managing Director,
Blackstone

- ▶ Managing Director, Blackstone
- ▶ Director at Aakash Education, Sona BLW, Comstar Automotive, FINO Payments Bank



Strengthened Management Team; Deep Engagement of Blackstone's Global Advisor Network

New CFO hired with experience across packaging, consumer and pharmaceutical industries



Parag Shah



Supply Chain Roles
Hindustan Unilever
14 years



Finance Director
Nike India
2 years



Finance Director
Medtronic
7 years



Group CFO
ACG Packaging
4 years

Blackstone's global expert network actively engaged to drive growth and operational improvements



Harish Manwani
Ex-President and COO,
Unilever Global



Dhaval Buch
Ex- Chief Procurement
Officer, Unilever Global



Don Anderson
Chief Sustainability
Officer, Blackstone

Strategic guidance and growth initiatives



Lean initiatives and productivity improvement



Energy cost optimization program



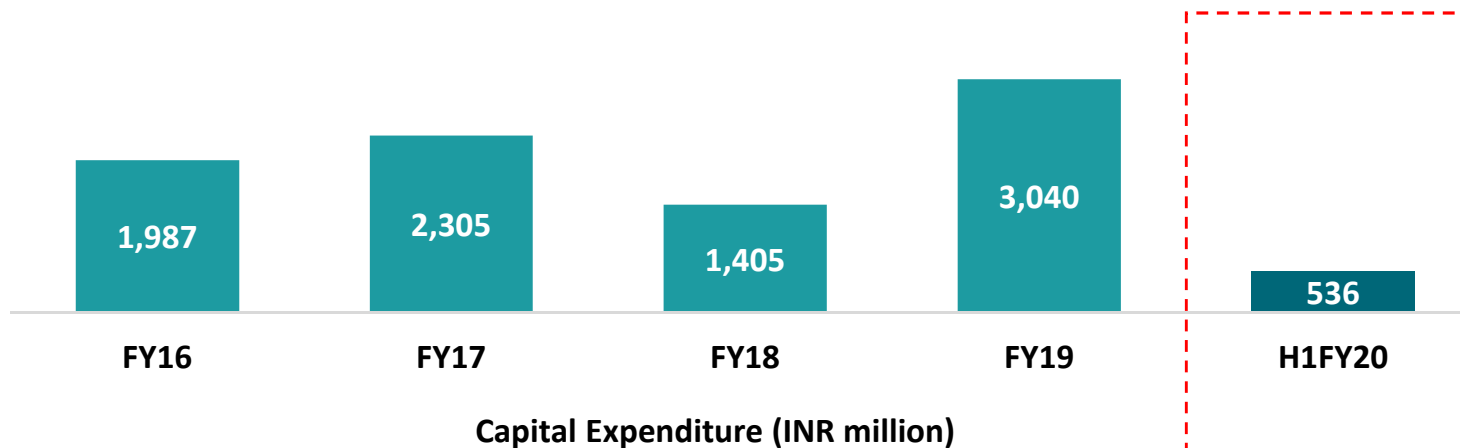
Strong Revenue Growth led by Personal Care Segment with Improved Profitability

(INR million)

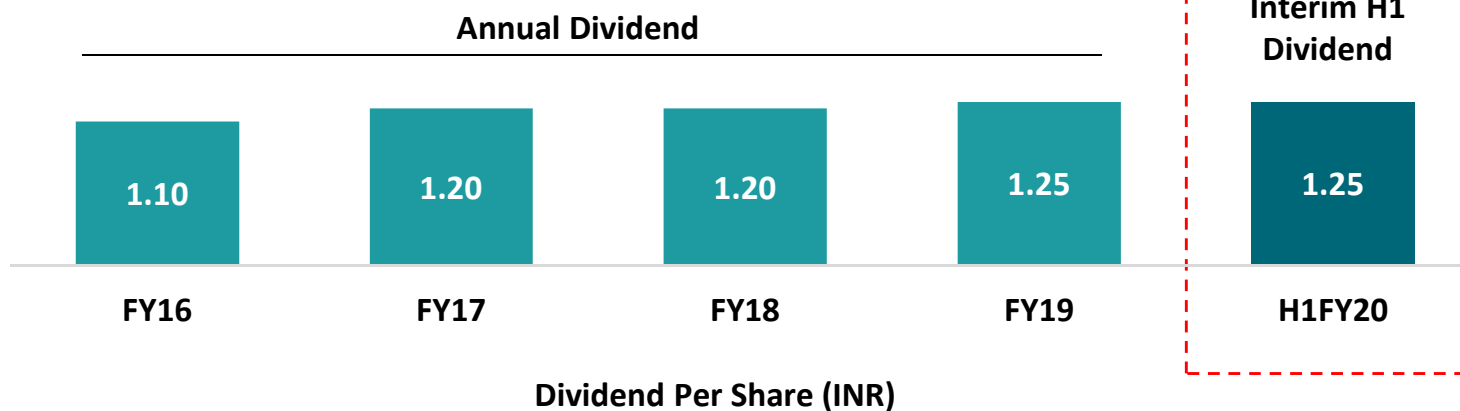


Renewed focus on capital allocation and efficient cash management

Prudent capex spend



Increased dividend payouts¹



(1) FY16, FY17 and FY18 dividends adjusted for 1:1 bonus issuance

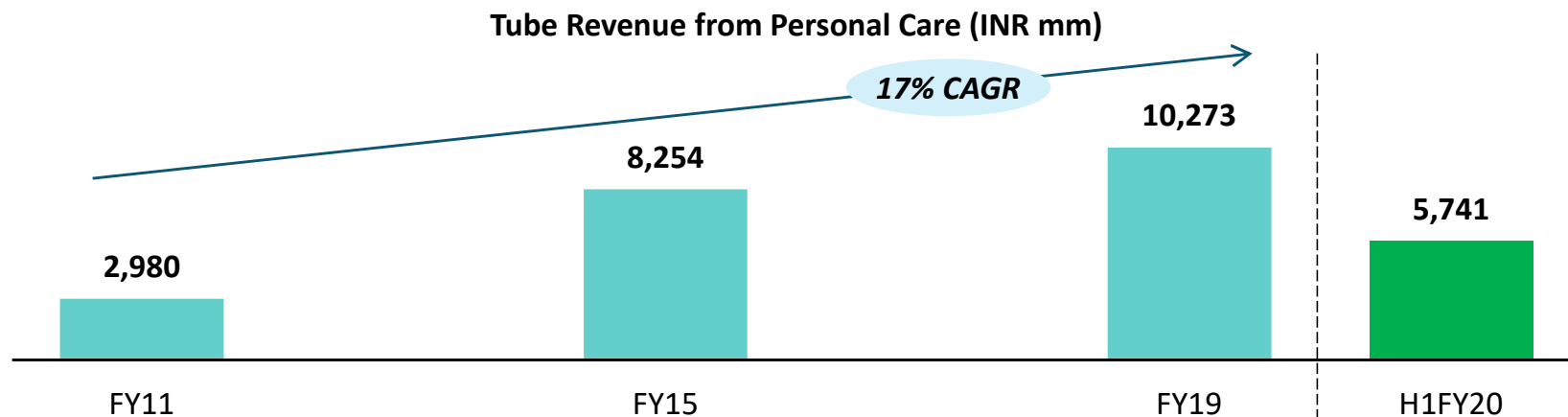


Key Business Highlights - Q2FY20

- **Accelerated growth in Personal Care**
- Continued leadership in Oral Care
- Improved Performance in Europe
- Industry leadership in eco-friendly solutions



Personal Care has tripled over last eight years and has been the major growth driver for the company



Sub-categories

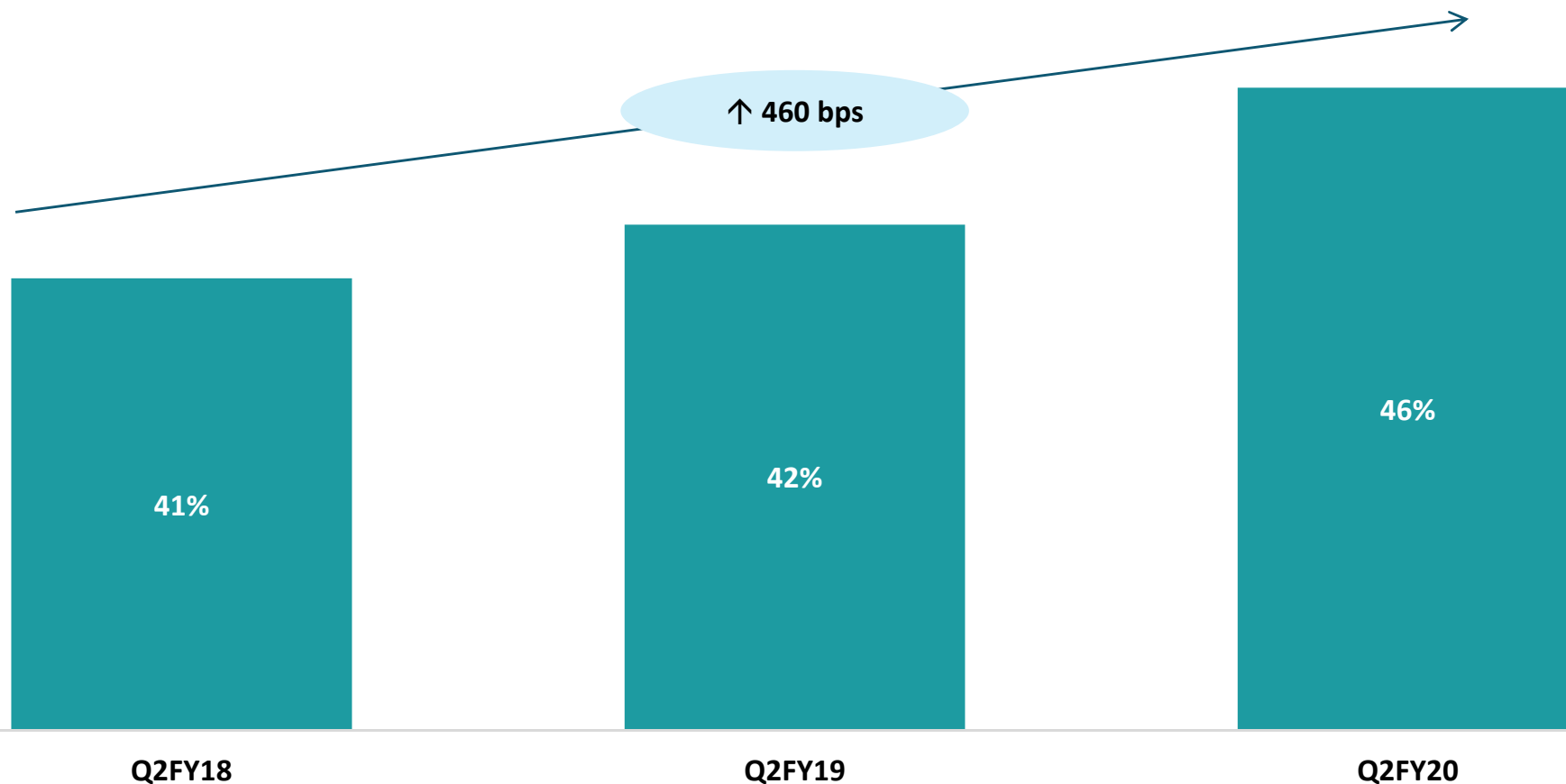
Sub-categories	FY11	FY15	FY19
Face Care	✓	✓	✓
Hair Care	✗	✗	✓
OTC medication	✗	✓	✓
Prescription medication	✗	✗	✓
Food	✗	✓	✓
Home	✗	✗	✓

Ongoing shift towards laminated tubes across Beauty & Cosmetics and Pharma is driving penetration into Personal Care



Personal Care in Q2FY20 contributed to 46% of tube revenue

Personal Care contribution to Tube Revenue



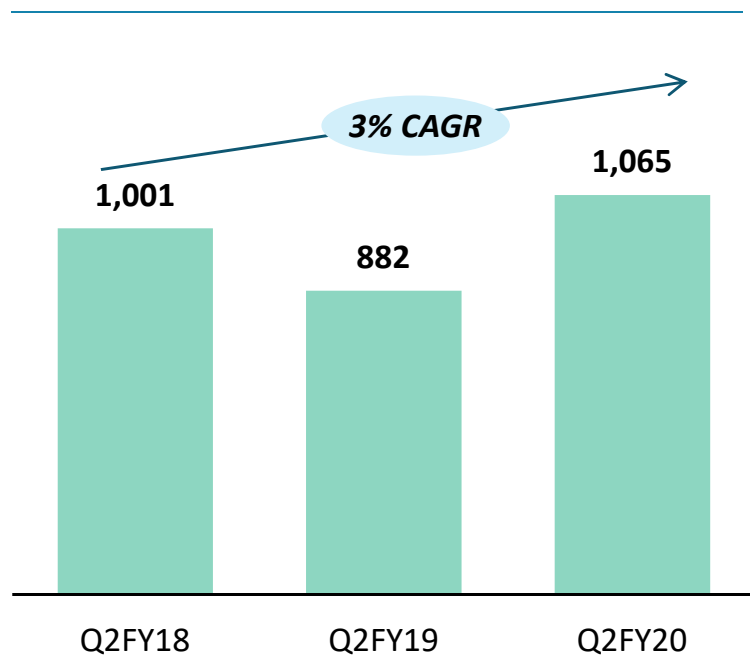
Mix shift towards Personal Care to continue, driven by increasing penetration of laminated tubes in the end-industry



Growth in Personal Care Visible Across Regions (1/2)

(INR million)

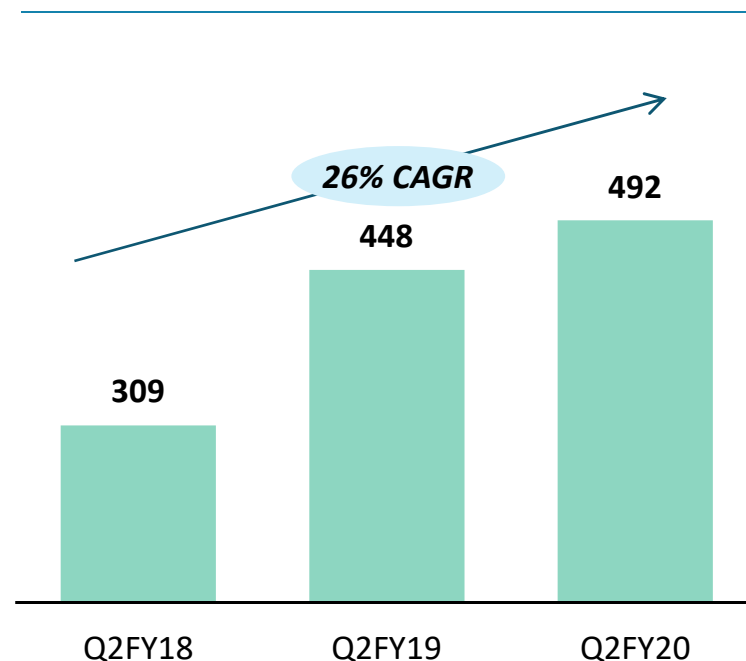
AMESA



Highlights

- ▶ Personal Care contribution increased to 51.7% in Q2FY20 (v/s 50.3% in Q2FY18)
- ▶ Successfully converted leading Indian anti-fungal ointment brand to laminated tubes (earlier in aluminum tubes)
- ▶ Q2FY19 impacted due to change in pharma regulations

EAP



Highlights

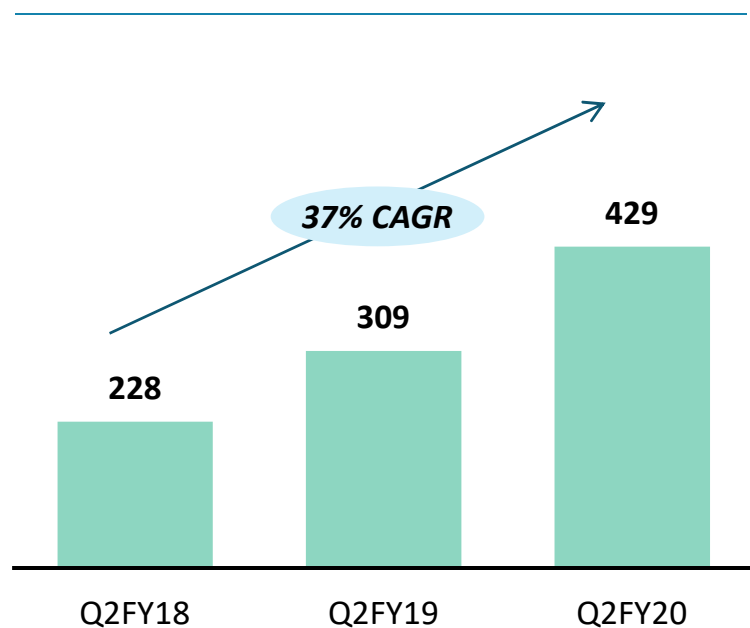
- ▶ Personal Care contribution increased to 34.7% in Q2FY20 (v/s 26.3% in Q2FY18)
- ▶ Strong business pipeline; increased focus on fast-growing regional players



Growth in Personal Care Visible Across Regions (2/2)

(INR million)

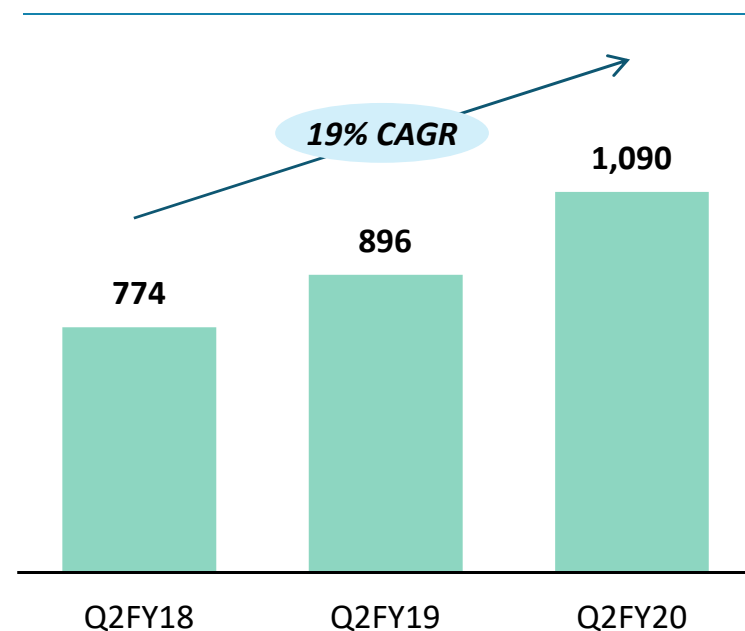
Americas



Highlights

- ▶ Personal Care contribution increased to 27.2% in Q2FY20 (v/s 18.3% in Q2FY18)
- ▶ New customer wins and cross-selling Personal Care products to existing Oral care customers

Europe



Highlights

- ▶ Personal Care contribution increased to 64.1% in Q2FY20 (v/s 62.4% in Q2FY18)
- ▶ Started Hair Care business with a marquee global OEM



Case Study

EPL is driving conversion to laminated tubes in the Personal Care industry – Pharmaceuticals



Conversion of marquee pharma products in India

Key Customer Challenges

EPL Offered A Better Product

Impact

Conversion of leading skincare ointment for French MNC

100% aluminum tubes historically



- ✗ Sharp edges
- ✗ Loss of product
- ✗ Denting/Deformation
- ✗ Poor aesthetics

- ✓ Enhanced visual appeal
- ✓ Premium feel
- ✓ Ownership cost reduction
- ✓ Better Products

Conversion of leading ophthalmic solution for domestic major

100% aluminum tubes historically



- ✗ Product leakage
- ✗ Seal tampering
- ✗ Consumer inconvenience



- ✓ Tamper evident seal
- ✓ Improved aesthetics

100% conversion to laminated tubes; opened up new market opportunity in pharma category

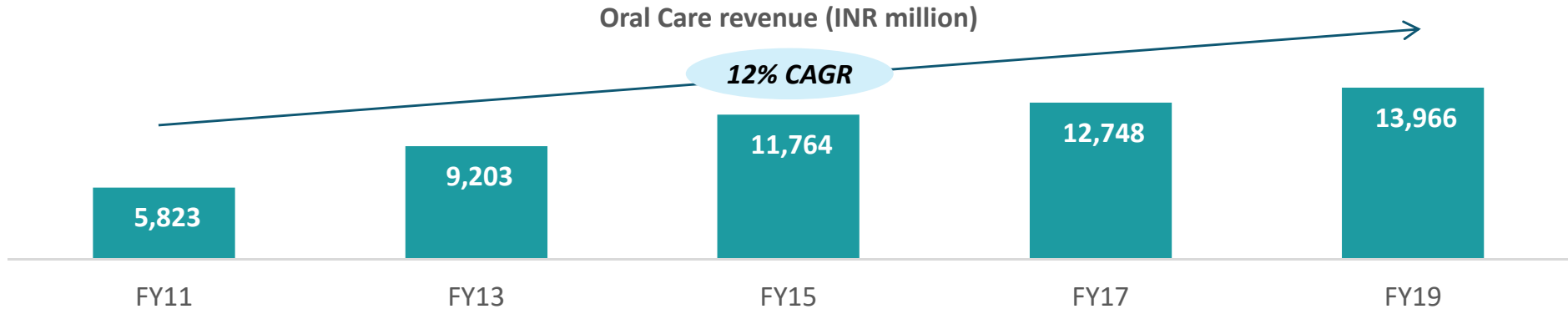


Key Business Highlights - Q2FY20

- Accelerated growth in Personal Care
- **Continued leadership in Oral Care**
- Improved Performance in Europe
- Industry leadership in eco-friendly solutions



EPL has established global leadership in Oral Care with the segment demonstrating steady long-term revenue growth



Customers



Market Positioning

#1

1. Market leader across key markets
2. Long term relationships with customers
3. Continued leadership through product and process innovation

Business highlights

1. Wallet share gain with marquee global consumer companies in Europe
2. Market share gain from regional players in China
3. Wallet share gain in the leading Oral brands in Americas

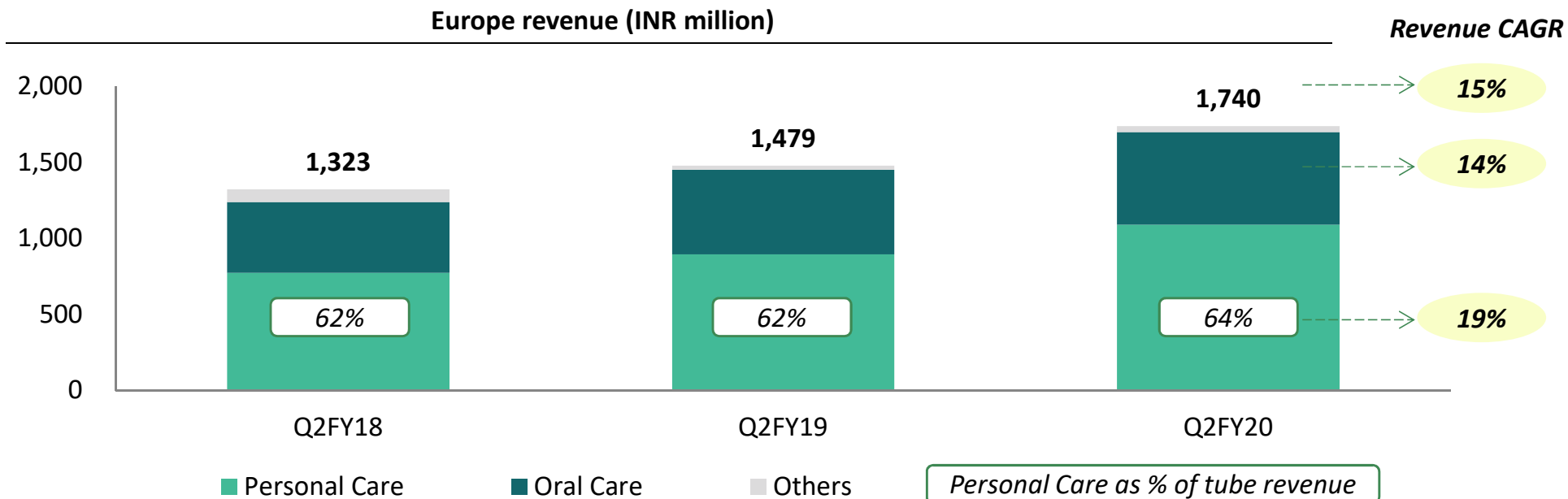


Key Business Highlights - Q2FY20

- Accelerated growth in Personal Care
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- **Improved Performance in Europe**
- Industry leadership in eco-friendly solutions



Strong growth momentum in Europe driven by Personal Care



Efforts/Investments in last few quarters starting to show results

1. Strengthening of front-end organization
2. Improved pipeline development process
3. High customer engagement focused on delivering new business projects

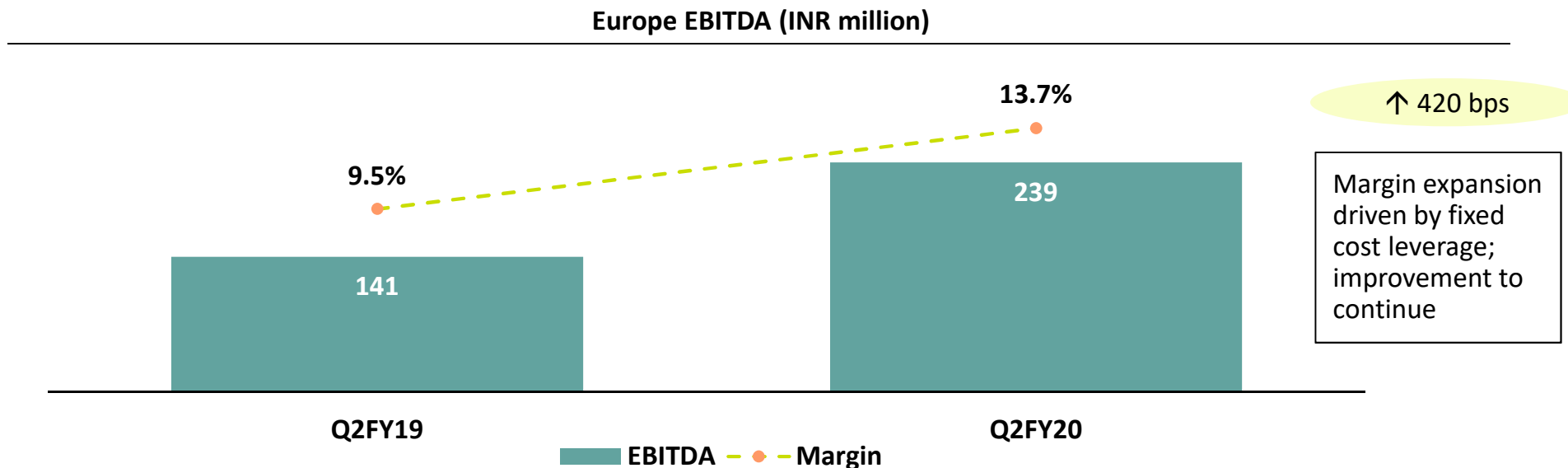
Impact

1. Q2 revenue growth of 22.1% YoY at constant currency
2. Accelerated growth in Personal Care
3. Significant new customer wins/cross-sell in key customer accounts

Strong future business pipeline, especially in Beauty & Cosmetics and Oral Care, indicates growth momentum will continue



Leading to strong EBITDA growth and margin improvement



Key elements to profit growth

1. Revenue growth contributing to fixed cost leverage
2. Shift towards premium products
3. Lean initiatives and productivity improvement

Impact

1. Q2 EBITDA growth of 70% YoY
2. Margin expansion by 420 bps
3. Scope for further margin improvement in coming quarters by continued improvement in utilization

Sustained revenue momentum will lead to further improvement in margins



Key Business Highlights - Q2FY20

- Accelerated growth in Personal Care
- Continued leadership in Oral Care
- Improved Performance in Europe
- **Industry leadership in eco-friendly solutions**



Sustainability : An intrinsic value at EPL

Committed to sustainability by offering innovative solutions across product categories



Recycle

Platina

Oral Care



- Fully-recyclable (Code 2) laminate
- Suitable for oral, hair care and food products

Green Maple Leaf

Personal Care



- Fully-recyclable solution that maintains product freshness
- Suitable for beauty & cosmetics, toiletries and food products

Reduce

All above sustainable tube laminates are designed to reduce plastic consumption viz. plastic tubes & bottles

Reuse

Etain

PCR Tubes



- Recyclable tube made using a percentage of recycled plastic
- Suitable for beauty and skin care, hair care and oral products

Partnering with Marquee Global Consumer Companies on Sustainability Initiatives



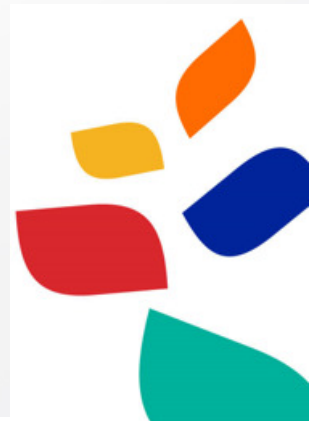
EPL 2.0: Executive Summary

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- 3 Identified levers to execute our mission:**
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 - Continued leadership in Oral Care
 - Innovation and sustainability solutions
 - Prudent capital allocation across regions
- 4 Early results visible in Q2FY20**





Appendix



Adjusted EBITDA grew by 18.4% Y-o-Y & Adjusted PAT grew by 24.3% Y-o-Y

(INR million)

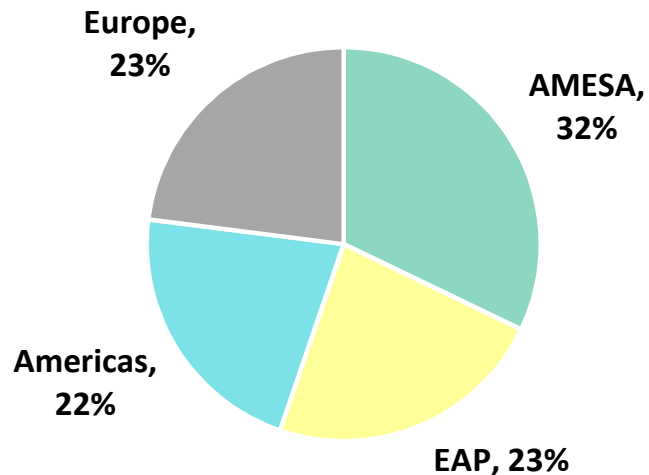
<i>Adjustments</i>	EBITDA	PAT ¹
Q2FY20 Reported numbers	1,525	796
• TSA ¹ related expenses	+17	+13
• One-time tax amnesty expenses ²	+11	+7
• Impact of change in accounting standard for leases	-77	+11
• Tax benefit from one-time provision ³	NA	-51
• China tax refund ⁴	NA	-112
Adjusted Q2FY20 numbers	1,476	664
Q2FY19 Reported numbers	1,247	534
Like for Like Y-o-Y Growth (%)	18.4%	24.3%

(1) Transition Services Agreement (2) Settlement under Maharashtra Tax Settlement Scheme 2019 (3) Tax impact of provision of INR 203 mm taken for outstanding inter company deposits (4) Tax refund of previous year in China due to High Tech Company Tax Benefits

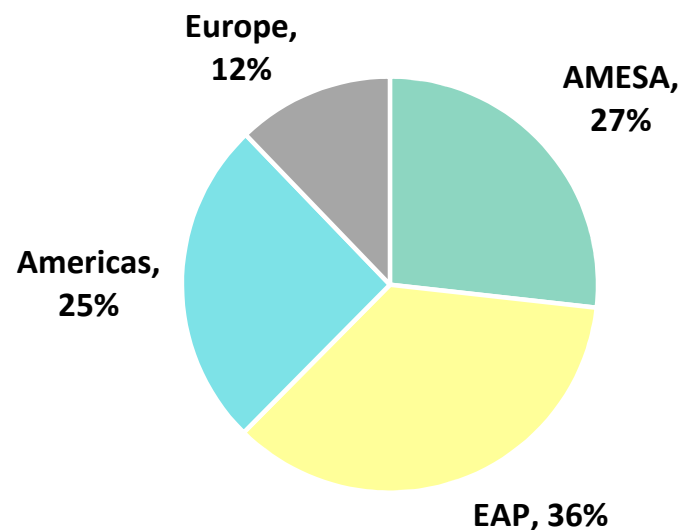


Q2FY20 Regional Performance – 1/2

Revenue Split % across regions



EBIT Split % across regions



- The quarterly revenue grew by 6.9% y-o-y (7.7% at constant currency) and by 16.0% sequentially (16.2% at constant currency) driven by strong revenue growth in Americas and Europe
- The quarterly EBIT grew by 19.1% y-o-y and EBIT margin expanded by 1.3% y-o-y
- Strong business pipeline across regions would help continued growth momentum



Q2FY20 Regional Performance – 2/2

(INR million)

	Revenue	YoY QoQ Growth	EBITDA	Margin
AMESA¹	2,433	4.1% 8.1%	539	22.2%
EAP	1,749	-5.3% 26.0%	451	25.8%
Americas	1,648	14.8% 20.6%	335	20.3%
Europe	1,740	17.7% 14.7%	239	13.7%

(1) EBITDA excludes INR 17 mm of TSA related expense and INR 11 mm of tax amnesty expense



Q2FY20 Performance – AMESA and EAP

(INR million)

AMESA			
Particulars	Q2FY20	Q2FY19	% change
Revenue	2,433	2,337	4.1%
EBITDA ¹	539	455	18.5%
EBITDA %	22.2%	19.5%	
EBIT ¹	286	268	6.7%
EBIT %	11.8%	11.5%	

EAP			
Particulars	Q2FY20	Q2FY19	% change
Revenue	1,749	1,847	-5.3%
EBITDA	451	451	0%
EBITDA %	25.8%	24.4%	
EBIT	343	361	-4.9%
EBIT %	19.6%	19.5%	

(1) Excludes INR 17 mm of TSA related expense and INR 11 mm of tax amnesty expense



Q2FY20 Performance – Americas and Europe

(INR million)

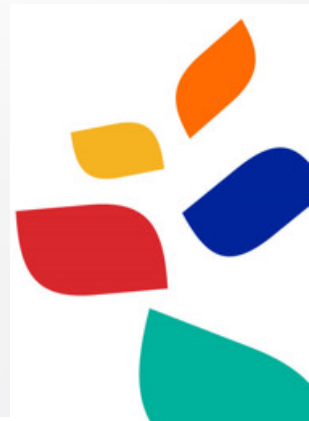
Americas			
Particulars	Q2FY20	Q2FY19	% change
Revenue	1,648	1,435	14.8%
EBITDA	335	260	28.8%
EBITDA %	20.3%	18.1%	
EBIT	245	192	27.4%
EBIT %	14.9%	13.4%	

Europe			
Particulars	Q2FY20	Q2FY19	% change
Revenue	1,740	1,479	17.7%
EBITDA	239	141	69.5%
EBITDA %	13.7%	9.5%	
EBIT	117	38	210.3%
EBIT %	6.7%	2.6%	





About EPL



EPL: Company Overview

Largest laminated tubes manufacturer

~8 bn Tubes

Global Leader in Oral Care

#1 Globally

Growing emergence in Personal Care

46% contribution

Strong relationships with marquee FMCG customers

20+ years

Best in class EBITDA Margins

20.9%

Best in class ROCE

16.4%

Global Footprint

**20+ factories
10+ countries**

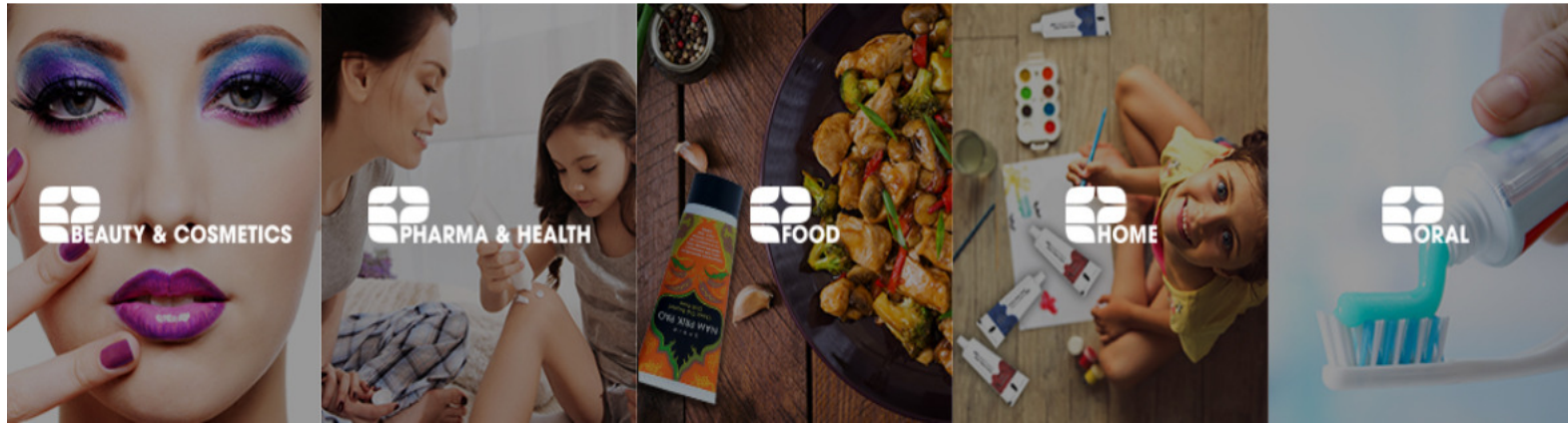
Strong Innovation Platform

150+ patents filed

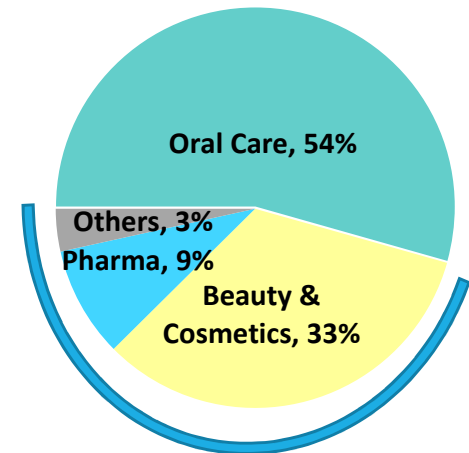
With sustainability focus



EPL caters to marquee customers across trillion dollar categories



Tube revenue split (Q2FY20)



Personal Care, 46%



About EPL

EPL is the largest specialty packaging global company, manufacturing laminated plastic tubes catering to the FMCG and Pharma space. Employing over 3366 people representing 25 different nationalities, EPL functions through 20 state of the art facilities and in eleven countries, and is continuing to grow every year.

EPL 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.

Essel Propack Limited

CIN : L74950MH1982PLC028947

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