

INEOS STYROLUTION INDIA LIMITED

INVESTOR PRESENTATION

Q3 2019-20 (Oct-Dec)

INEOS
STYROLUTION

Driving Success. Together.

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Notes

- Segment Information :

Segment reporting in financial results: Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker (CODM), as represented by Chairman, Managing Director and CFO, evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of these financial results are consistently applied to record revenue and expenditure in individual segment.

Contents

Executive summary

Company information

Financial review

Outlook 2020

Executive summary

Oct - Dec 2019 Performance summary

- Loss Before Tax & Exceptional item is (58) INR mn in Oct-Dec 2019 as compared to profit before tax 70 INR mn in Jul-Sep 2019
- Loss Before Tax & Exceptional item is (58) INR mn in Oct-Dec 2019 as compared to Loss before tax (355) INR mn in Oct-Dec 2018

Oct - Dec 2019 Update

- FG market prices did not improve as per expectation resulting in margin pressure
- Volatility seen in key raw material prices throughout the quarter
- Automotive market slow down continued during quarter
- Slowdown observed across all segments
- Imports continued in PS and ABS commodity segment
- Markets reacted adversely over announcement of ban on single use disposable plastics
- Liquidity crisis continues to weaken market sentiments
- Weakening INR compared to USD remains concern

INEOS Styrolution at a glance

 **3,500**
EMPLOYEES

 **10**
COUNTRIES

20 
PRODUCTION SITES

 **6** R&D
CENTERS

 **24** sales
offices

No1
GLOBAL
LEADER
in styrenics

85+
YEARS
of experience
in styrenics

founded in
2011

APPROX. **1,000**
PATENTS

4,000+
CUSTOMERS

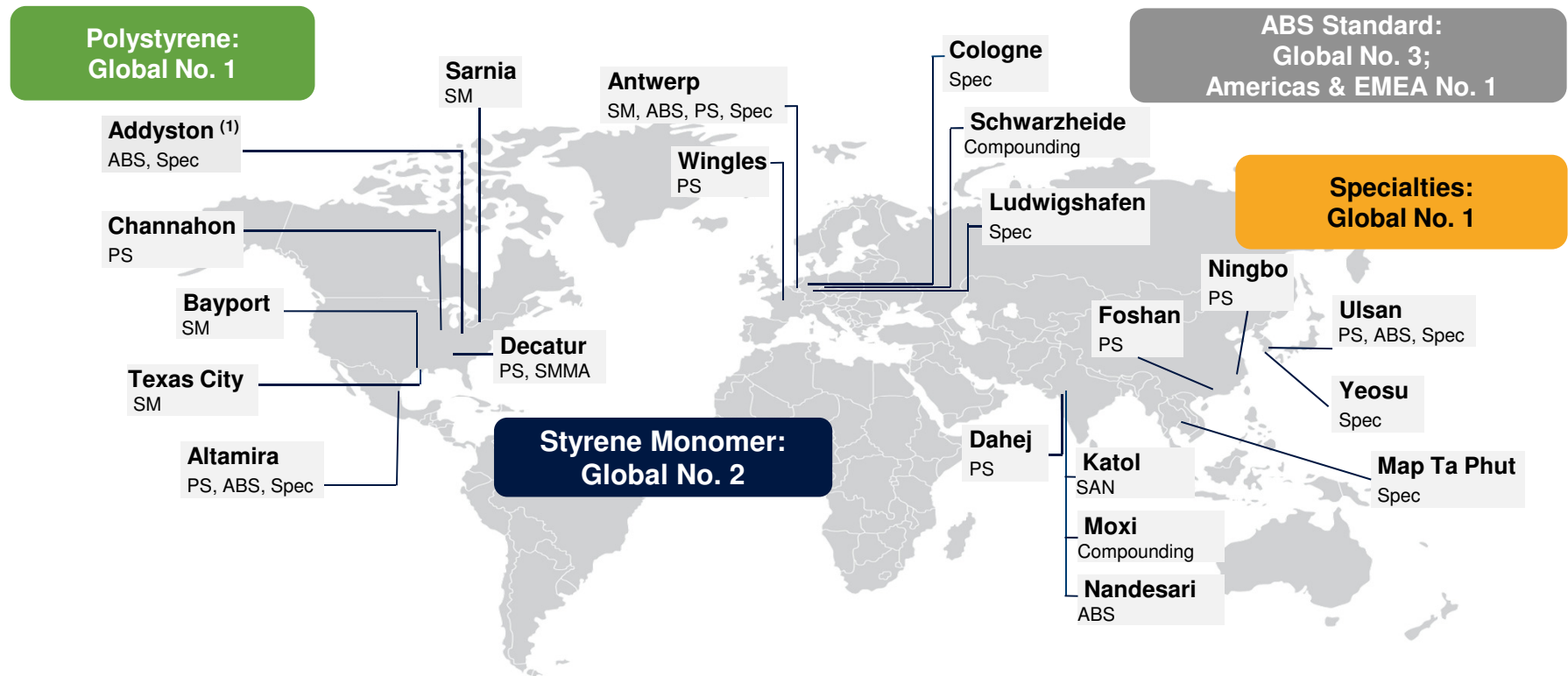
1,500+ PRODUCTS

5.4 BILLION
EUROS IN REVENUE
IN 2018

2,000+ APPLICATIONS ACROSS SEVEN INDUSTRIES



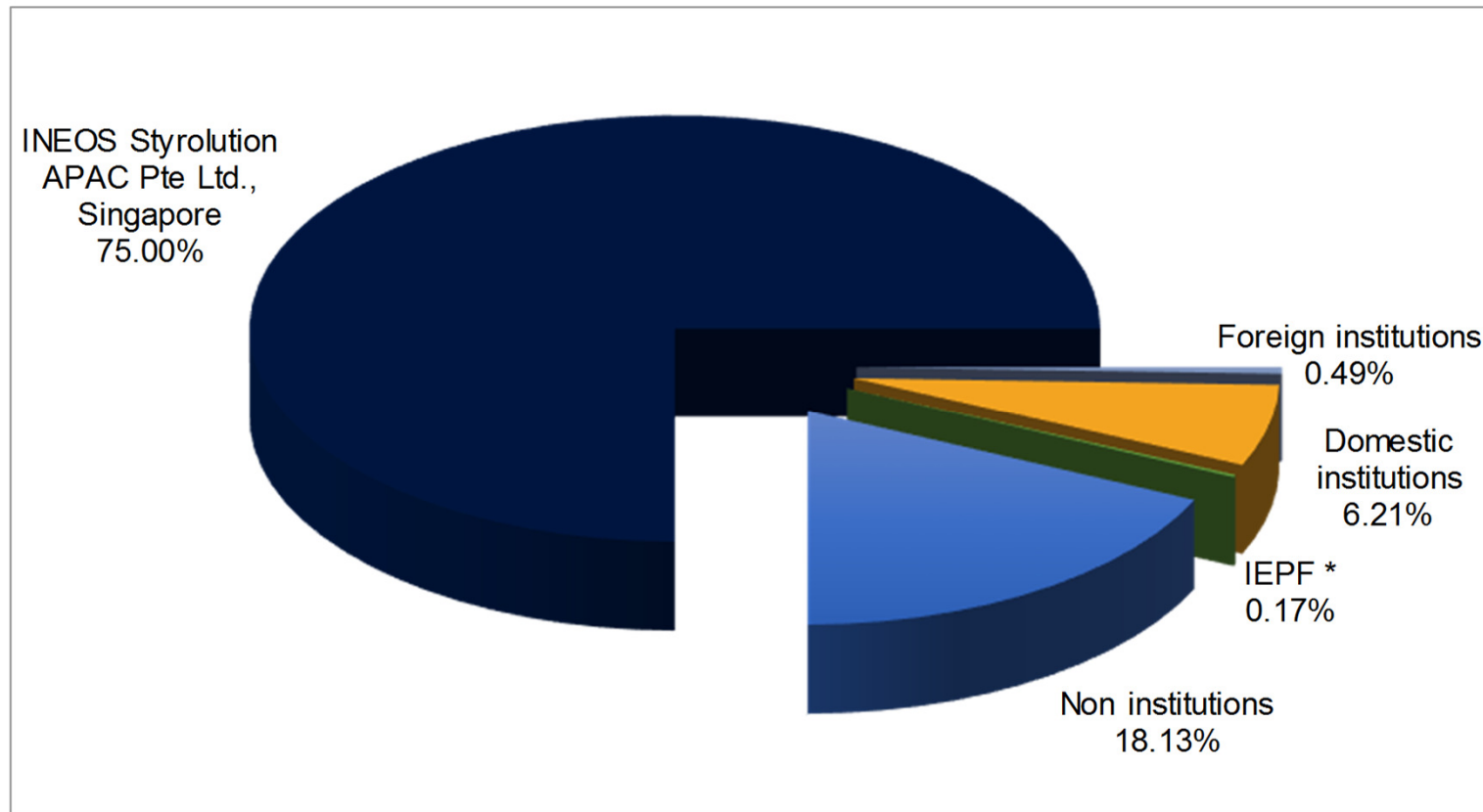
Leading styrenics producer with global reach and proximity to customers



(1) INEOS Styrolution acts as exclusive distributor for the INEOS ABS plant in Addyston, Ohio.

Shareholding pattern

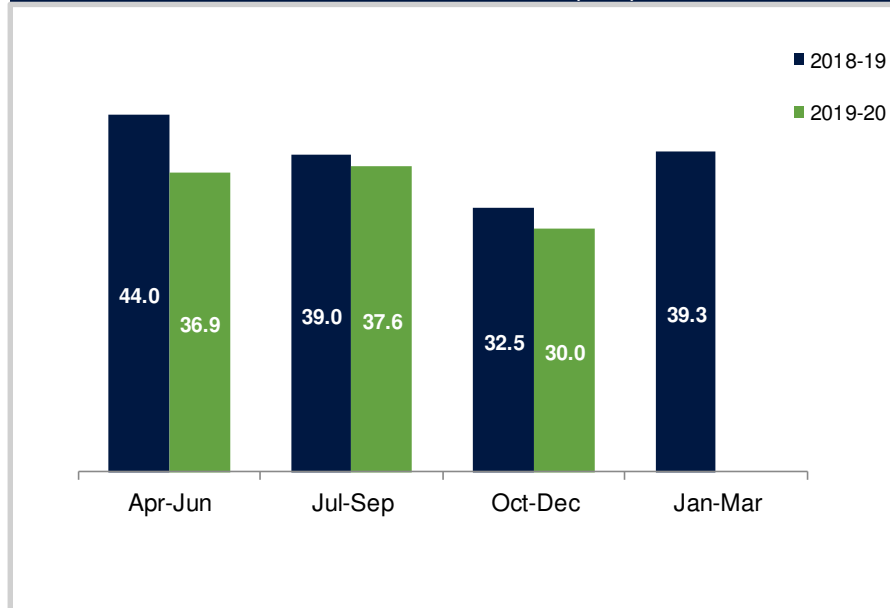
as at Dec 31, 2019



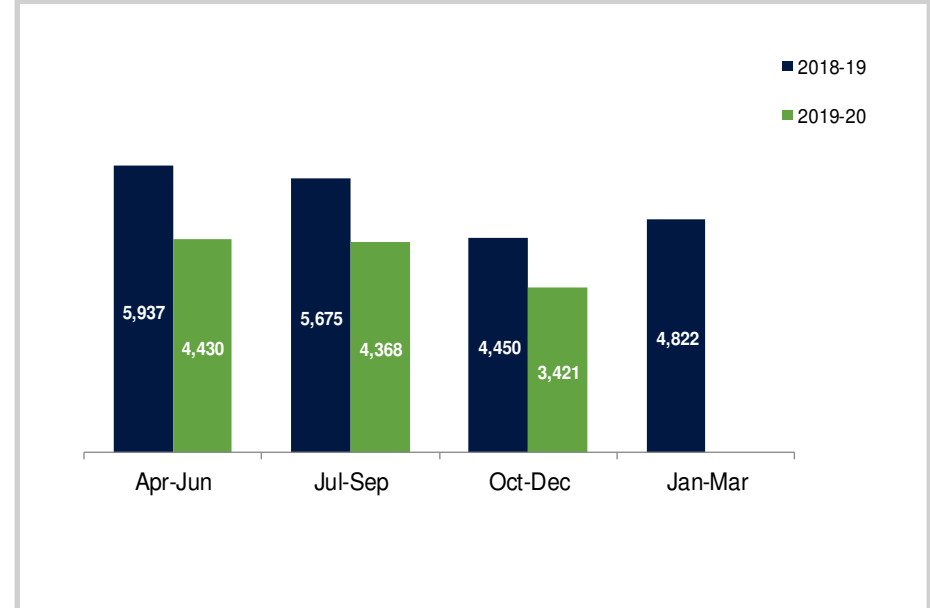
* IEPF : Investor Education and Protection Fund [Government Organization]

Sales performance

SALES VOLUME (KT)



SALES REVENUE (INR mn)



Financial review

Quarter & YTD Dec 2019 results highlights

(Unit : INR mn except volumes & EPS)

Particulars	Oct-Dec 19	Jul-Sep 19	Oct-Dec 18	% vs Jul-Sep 19	% vs Oct-Dec 18	Apr-Dec 19	Apr-Dec 18	%
Volumes (kt)	30.0	37.3	32.3	-19%	-7%	104.0	114.6	-9%
Sales revenue	3,397	4,368	4,455	-22%	-24%	12,200	16,084	-24%
Other income	15	18	35	-16%	-57%	51	120	-57%
Cost of goods sold	2,668	3,457	4,000	-23%	-33%	9,606	13,474	-29%
Depreciation & amortization	79	72	54	9%	46%	222	180	23%
Other expenses	723	786	791	-8%	-9%	2,267	2,530	-10%
Profit before exceptional Item & tax	(58)	70	(355)	-182%	-84%	156	19	739%
Exceptional Item	(380)	0	0			(380)	0	
Profit before tax	(438)	70	(355)	-721%	23%	(224)	19	-1307%
Profit after tax	(331)	99	(228)	-435%	46%	(140)	11	-1333%
Other comprehensive income	(0)	3	(1)	-108%	-82%	(2)	(2)	12%
Total comprehensive income	(332)	101	(229)	-427%	45%	(142)	10	-1558%
EPS (Rs.)	(18.8)	5.6	(12.9)	-435%	46%	(7.9)	0.6	-1333%

Exceptional Item:

In respect of one of the leasehold lands, the Company has received provisional order from relevant authority, demanding to pay INR 194 mn towards transfer fee and non-utilization of land charges. Accordingly, the Company has created the provision for the said amount during the quarter ended December 31, 2019. In view of the said provisional order, the Company has reviewed its other similar leases for potential liability and accordingly, based on the assessment and best estimates of the management, a provision of INR 186 mn has been made during the quarter ended December 31, 2019 in respect transfer fees for those leases. The Management is in the process of evaluating various remedial measures that can be taken.

Segment revenue & results

Quarter & YTD Dec 2019 results highlights

(Unit : INR mn)

Particulars	Oct-Dec 19	Jul-Sep 19	Oct-Dec 18	% vs Jul-Sep 19	% vs Oct-Dec 18	Apr-Dec 19	Apr-Dec 18	% vs Apr-Dec 18
1. Segment revenue								
(Revenue from operations)								
(a) Specialties	2,562	3,304	3,299	-22%	-22%	9,070	12,046	-25%
(b) Polystyrene	835	1,064	1,157	-22%	-28%	3,131	4,037	-22%
Total	3,397	4,368	4,455	-22%	-24%	12,200	16,084	-24%
2. Segment results								
(Segment profit before interest and tax)								
(a) Specialties	63	141	(125)	-55%	151%	310	451	-31%
(b) Polystyrene	(70)	(9)	(200)	-643%	65%	(21)	(273)	92%
Total segment profit before interest and tax	(6)	131	(325)	-105%	98%	289	177	63%
(i) Interest expense	(39)	(30)	(45)	-31%	14%	(110)	(82)	-33%
(ii) Interest income	0	9	0	-99%	16%	18	22	-20%
(iii) Exceptional Item (net of credit/charge)	(380)	-	-			(380)	0	
(iv) Other unallocable expenditure (Net of income)	(13)	(40)	16	68%	-181%	(41)	(98)	58%
Profit before tax	(438)	70	(355)	-721%	-23%	(224)	19	-1307%

Exceptional Item:

In respect of one of the leasehold lands, the Company has received provisional order from relevant authority, demanding to pay INR 194 mn towards transfer fee and non-utilization of land charges. Accordingly, the Company has created the provision for the said amount during the quarter ended December 31, 2019. In view of the said provisional order, the Company has reviewed its other similar leases for potential liability and accordingly, based on the assessment and best estimates of the management, a provision of INR 186 mn has been made during the quarter ended December 31, 2019 in respect transfer fees for those leases. The Management is in the process of evaluating various remedial measures that can be taken.

Segment assets & liabilities

Quarter & YTD Dec 2019 results highlights

(Unit : INR mn)

Particulars	Oct-Dec 19	Jul-Sep 19	Oct-Dec 18	% vs Jul-Sep 19	% vs Oct-Dec 18	Apr-Dec 19	Apr-Dec 18	% vs Apr-Dec 18
Segment assets								
(a) Specialties	8,271	8,798	9,178	-6%	-10%	8,271	9,178	-10%
(b) Polystyrene	2,041	2,443	2,631	-16%	-22%	2,041	2,631	-22%
(c) Unallocated	237	329	295	-28%	-20%	237	295	-20%
Total segment assets	10,550	11,571	12,104	-9%	-13%	10,550	12,104	-13%
Segment liabilities								
(a) Specialties	2,993	3,262	2,329	-8%	28%	2,993	2,329	28%
(b) Polystyrene	834	972	662	-14%	26%	834	662	26%
(c) Unallocated	674	957	2,743	-30%	-75%	674	2,743	-75%
Total segment liabilities	4,501	5,191	5,734	-13%	-22%	4,501	5,734	-22%

Outlook 2020

Assumptions for 2020

- Given the uncertainties in global economy due to events like US-China trade war, Middle-East unrest, potential disruption in supply chain due to Coronavirus may impact business
- We expect Indian economy to show improvements after NBFC crisis, improvement in NPA status by banks and corporate tax reduction by Central Government
- We expect Central government initiatives in new budget to help industry and drive consumption in economy

Target 2020

- Continue to strengthen our product position in focus segments and drive mix to maximize margins in line with INEOS Styrolution Triple Shift Strategy
- Continue focus on safe operations and maximize utilization of in-house assets to improve ROCE

THANK YOU
