

## Essel Propack Limited Q1FY18 Earnings Update

### Consolidated Financial Highlights for the quarter ended 30<sup>th</sup> June 2017

*(INR million)*

Particulars	Q1FY18	Q1FY17	% change
Total Income from operations	5833	5499	6.1%
EBIDTA	1042	976	6.7%
EBIDTA Margin (%)	17.9%	17.8%	
EBIT	639	663	-3.5%
EBIT Margin (%)	11.0%	12.1%	
PAT	343	376	-8.9%
EPS (in Rs.) excl. Exceptional Items	2.2	2.4	

### **Consolidated Performance Highlights:**

- In constant currency terms the quarter revenue grew 12.3% over previous year as against reported 6.1%, reflecting significant appreciation of INR against multiple currencies, in which the Company has operations viz. appreciation of INR against EGP 52.7%, GBP 14.1%, PHP 10.0%, RMB 8.3%, EURO 6.2%, MXN 6.1%, USD 3.7%, PLN 2.7%, COP 1.3%. The revenue growth of 12.3% includes 9% growth on account of EDG acquisition. But for the GST impact in India (estimated loss of revenue INR 165 Million), the constant currency revenue growth would have been 15.4%.
- EBIDTA in constant currency grew 13.5 as against reported 6.7%, a swing of 6.8%. But for GST impact (estimated loss of EBIDTA INR 50.5 Million) the EBIDTA in constant currency would have grown by 18.9%.
- EBIT in constant currency grew 2.9% as against reported -3.5%, a swing of 6.4%. But for GST impact (estimated loss of EBIT INR 50.5 Million) EBIT in constant currency would have grown by 10.8%.



- PAT in constant currency grew 3.0% against reported -8.9%, a swing of 11.9%. But for GST impact (estimated loss of profit INR 32.0 Million) the PAT in constant currency would have grown by 12.2%.
- Net Debt as at June 17 end stood at INR 6306 Million lower compared to INR 7035 Million at March 17 end, a reduction of INR 729 Million.
- ROE and ROCE on TTM basis is at 17.8% and 17.0% respectively.

**Consolidated Category-wise Revenue break up for the quarter ended 30<sup>th</sup> June 2017**

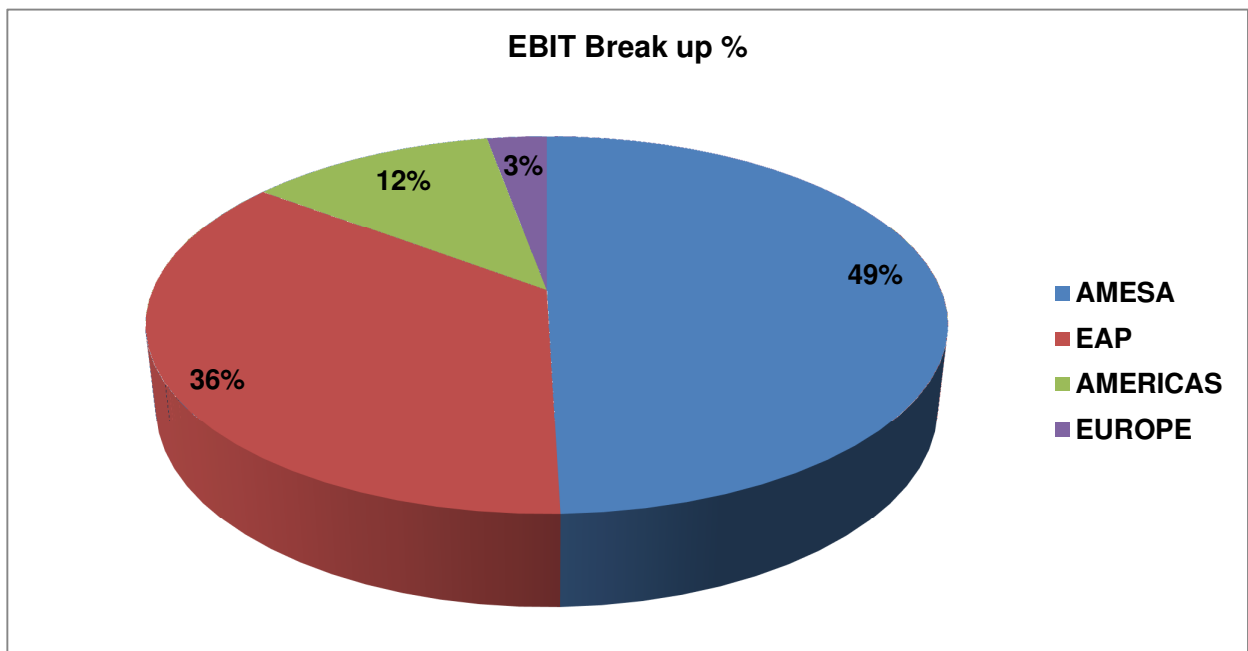
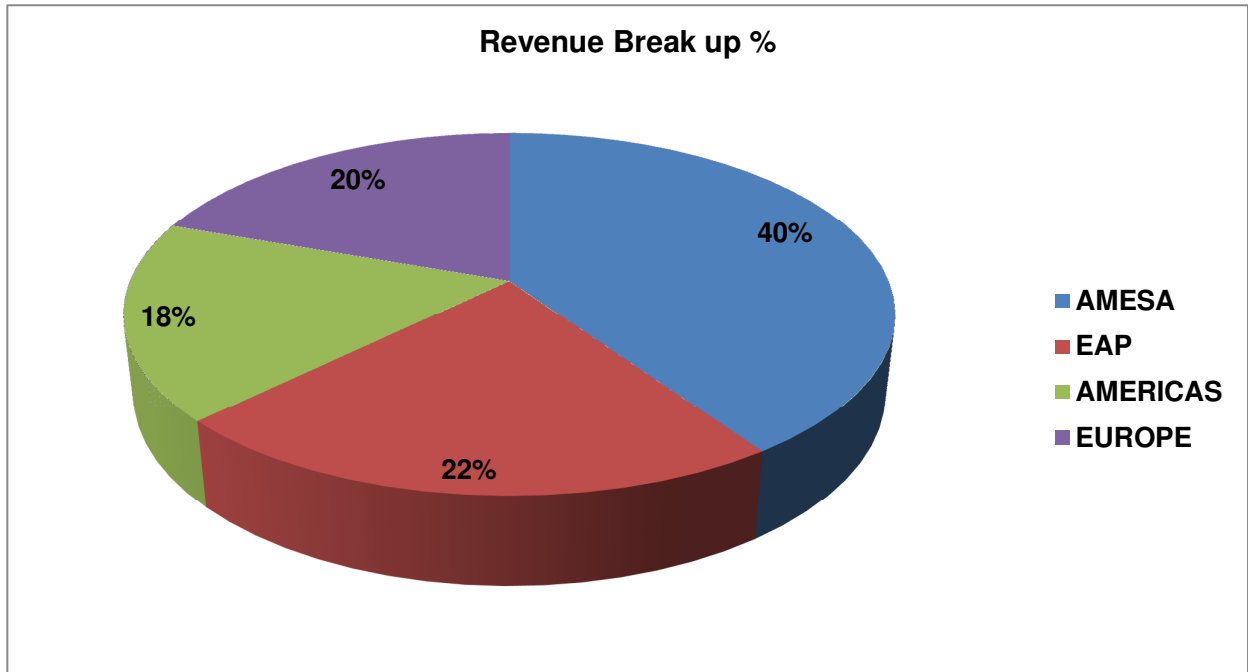
*(in % )*

Particulars	Q1FY18	Q1FY17
Oral Care	58.2%	59.5%
Non-Oral Care	41.8%	40.5%

**India Standalone Performance Highlights:**

- GST implementation in India impacted the revenue growth due to destocking by customers. Estimated revenue loss on account of GST for the quarter is INR 165 Million. But for this, the revenue growth would have been 8.7% as against reported 1.2%.
- EBIT margin for the quarter is 11.4%, impacted due to lower revenue on account of GST implementation. Adjusted for the same the EBIT margin would have been 12.8%.

**Region wise Revenue & EBIT Break-up for the Q1 FY18:**



*(excludes 'unallocated')*



## Region wise Financial Highlights:

### AMESA

(INR million)

Particulars	Q1FY18	Q1FY17	% change
Revenue	2419	2429	-0.4%
EBIT	308	361	-14.8%
EBIT Margin (%)	12.7%	14.9%	

- In constant currency (appreciation of INR against EGP) and considering estimated impact of destocking due to GST implementation in India, the underlying revenue growth is 13.4% and EBIT growth is 5.4%.
- Egypt posted robust revenue growth of 66.7% (reported in INR -16.2%) in constant currency with focus on non-oral care category, share of which increased by 19.7 pp to 50.3%.

### EAP

(INR million)

Particulars	Q1FY18	Q1FY17	% change
Revenue	1329	1288	3.2%
EBIT	222	160	38.9%
EBIT Margin (%)	16.7%	12.4%	

- EAP revenue is showing sign of recovery helped by both oral and non-oral care category. In constant currency, the revenue growth is 12.6% and EBIT growth is 47.2% for the quarter.
- EBIT margin also benefited from improved operational efficiencies.
- New business development is on track.

## AMERICAS

(INR million)

Particulars	Q1FY18	Q1FY17	% change
Revenue	1057	1115	-5.2%
EBIT	74	122	-39.7%
EBIT Margin (%)	7.0%	11.0%	

- Revenue growth in constant currency was -3% against reported -5.2%. New unit in Colombia is stabilized and posted growth of 42.4% at constant currency. However, weak offtake by key customers in US and Mexico impacted the quarter revenue.
- EBIT in constant currency grew strongly by 128.2% post stabilization in Colombia, and by 14.1% in Mexico thru improved operational efficiencies. However, lower topline and new capacity cost (pending ramp up) in the US caused the EBIT to de-grow.

## EUROPE

(INR million)

Particulars	Q1FY18	Q1FY17	% change
Revenue	1173	820	43.1%
EBIT	18	20	-9.1%
EBIT Margin (%)	1.5%	2.4%	

- Europe revenue excluding EDG de-grew by 9.8% in constant currency. However, EBIT grew 49% helped by improved product mix. EBIT margin of region excluding EDG improved by 3.5 pp to 5.9%.
- EDG acquisition contributed to 59.6% of revenue growth in constant currency. However, it has significantly impacted region's EBIT on account of lower offtake although operating efficiencies improved as per plan. Going forward, it is expected that the volume will ramp up and help the EBIDTA margin to align with rest of Europe.



**Overall:**

The quarter has been impacted by GST linked destocking in India and weaker offtake in US and Europe. Further, significant appreciation this quarter in Indian Rupee against various currencies has depressed the reported performance on account of translation impact. However, we are seeing traction in volumes in major markets in Germany, US and China, which should help improve performance in coming months.



## Valuation Comparison with Global Peers – 30-06-2017

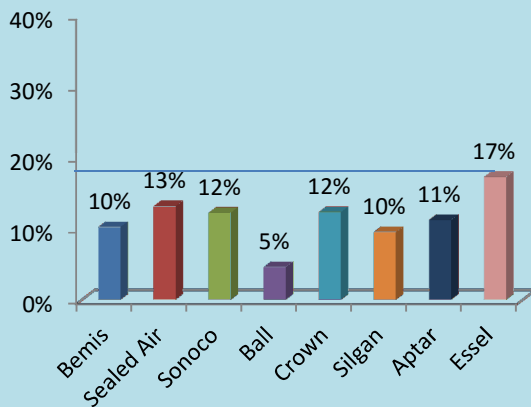
	Company Name	Business Description	Performance Indicators*				Value Indicators*			
			ROE	EBIDTA Margin (LTM)	ROCE	Avg. Annual Growth PAT (Last 4 years)	P/E (LTM)	Book Value (LTM) (\$)	P/BV (LTM)	EV/EBITDA
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	19.10%	14.30%	10.20%	4.60%	17.40	13.72	3.10	10.85
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%	17.90	3.04	14.45	14.94
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%	17.30	15.95	3.05	9.57
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%	51.00	10.31	4.07	32.53
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%	16.50	4.01	14.68	12.78
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%	24.10	4.45	6.85	13.53
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%	26.90	19.87	4.14	11.98
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.	17.77%	17.79%	16.95%	18.97%	20.55	69.83(INR)	3.50	10.39

Source: [www.in.advfn.com](http://www.in.advfn.com) & Company filings for competitor companies

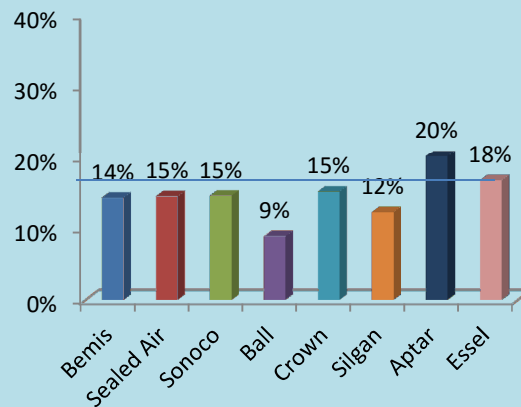
\* LTM- Latest Twelve Months for Peers and Trailing Twelve Months (based on IND AS) for EPL at 30-06-2017



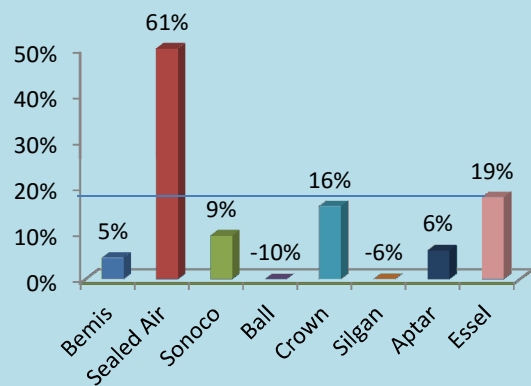
### ROCE (%)



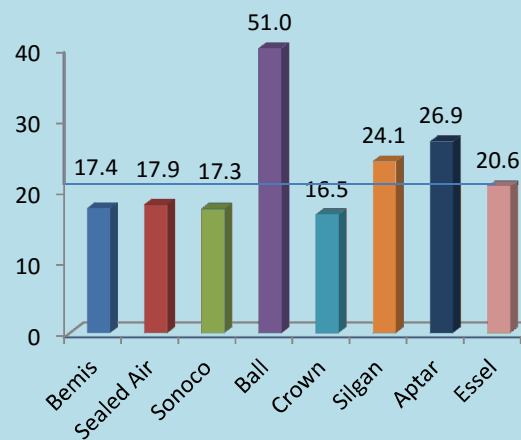
### EBIDTA Margin (%)



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



### P/E



Source: [www.in.advfn.com](http://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 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.*