



Q3 & 9M FY17 Results Presentation

February 7, 2017

ESTER
INDUSTRIES LTD.

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**Q3 & 9M FY17
Performance**



Key Highlights



Patent filing under PCT for Master Batch to produce Speciality polyester yarn

- Filed a patent for Master Batch to produce specialized polyester yarn - The Master batch is for a Cationic Dyeable Yarn which offers value advantages both from a quality and cost perspective
- Product already approved by some Indian Entities
- Overall patent filing under Specialty Polymer business - 9



Setting up a world class R & D and Innovation complex at Gurgaon –

- Plans to set up R&D and Innovation complex at an approx. cost of Rs. 50 crore. This is expected to further enhance the Specialty Polyester business and stimulate the existing collaboration with companies like DuPont for development of certain other Specialty Polyester polymers
- To bring downstream analytics and pilot scale manufacturing functions in-house, in a bid to lower the lead time
- Proposes to house 40 scientists/ engineers responsible for researching and developing breakthrough innovations



Promoter hikes stake in Company– reflection of confidence in the business

- **Purchased 4.92% recently**, resulting in increasing **overall stake in the Company to 59.14%** from earlier 54.22%. Heightened stake, indicative of promoter's belief and confidence in long term performance of the business



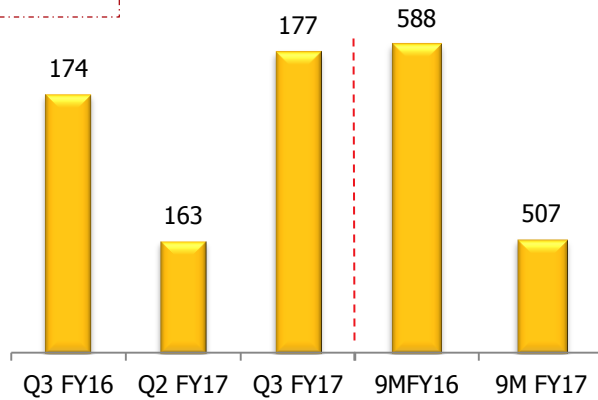
Shift towards being more cost effective by focusing on Cost optimisation –

- The Company has aligned its operational efficiencies towards meeting the future goals by optimizing operational cost
- Emphasis on value addition, value added offerings presently comprise ~15% of portfolio

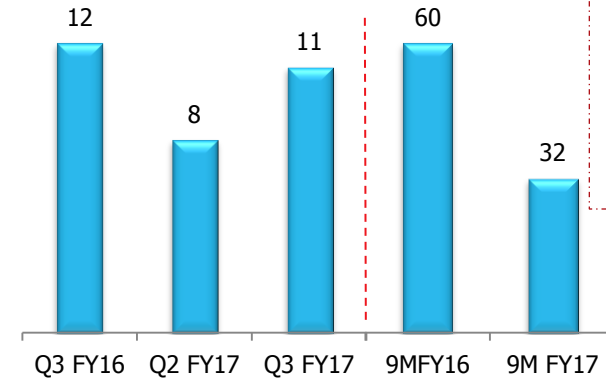
Performance Update

Subdued performance of the dominant film business resulting in moderate revenue growth for the period.

Revenue

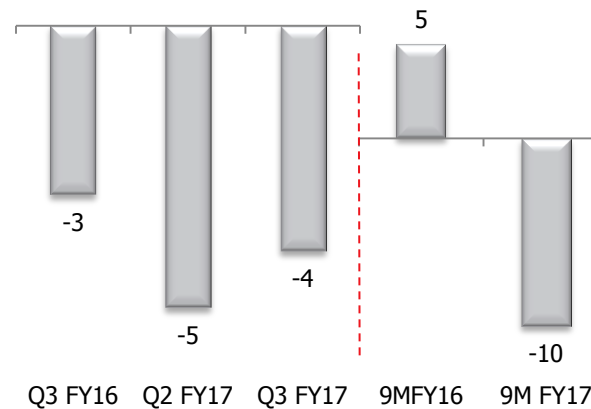


EBITDA



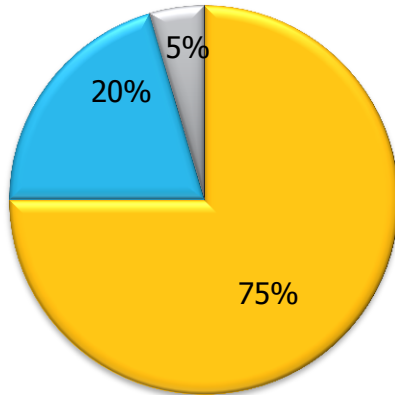
Lower proportion of high margin Specialty Polymer business resulting in reduction of operational profitability and margins. Working towards improving the overall product mix by increasing the share of value added products.

PAT

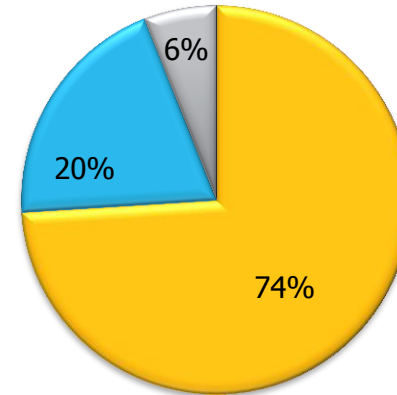


Business Wise - Revenue Contribution

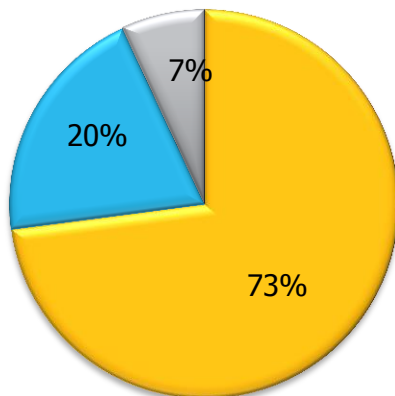
Q3 FY17



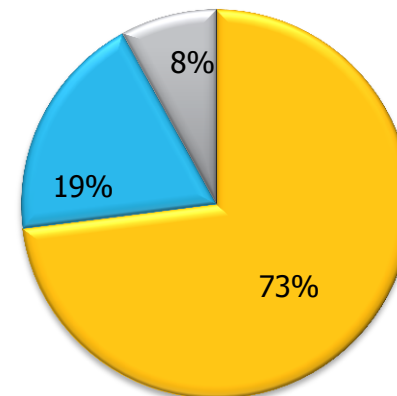
Q3 FY16



9MFY17



9MFY16

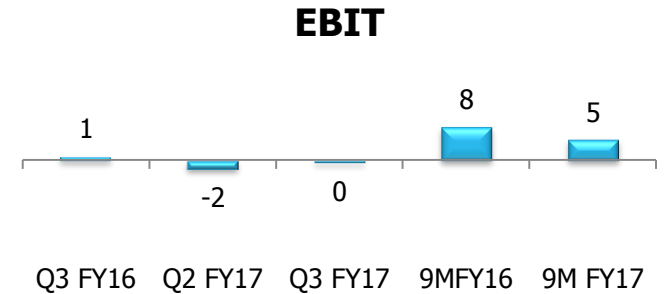
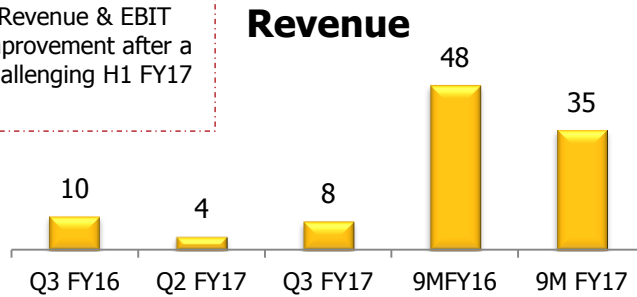


■ PF ■ EP ■ SP

Business Performance..... (Rs. cr)

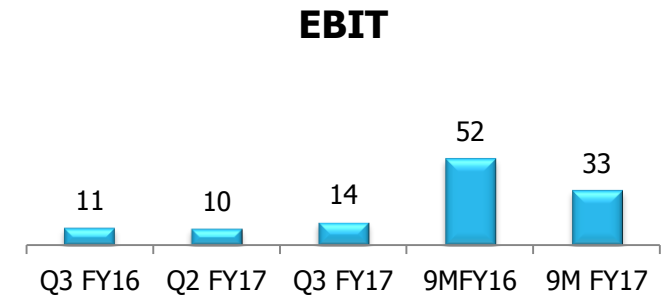
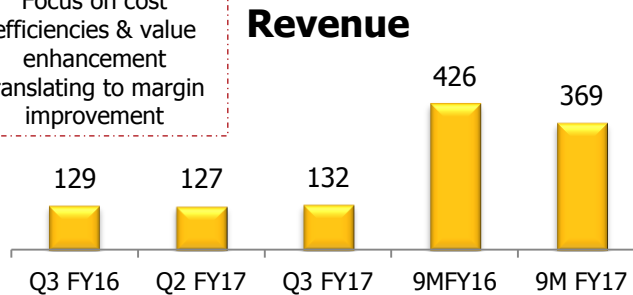
Specialty Polymers

Revenue & EBIT improvement after a challenging H1 FY17



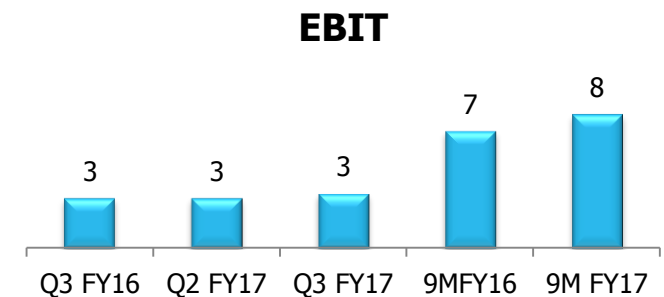
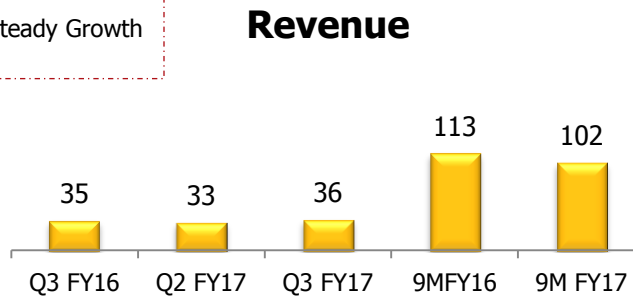
Polyester Films & Chips

Focus on cost efficiencies & value enhancement translating to margin improvement



Engineering Plastics

Steady Growth



Chairman's Comments



Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said

"We have moved a step forward in transforming the existing business profile of the Company. Our efforts towards strengthening the innovation and executional capabilities of Specialty Polymer business should help us quicken the transitioning phase.

Specialty Polymer business, our key focus area is shaping up well and continues to be extremely promising. The filing of patent for Master Batch to produce Specialty Polyester yarn, and collaboration with leading global players should help us further improve our proficiencies. The setting up of innovation and R&D complex will enable us to undertake downstream analytics and pilot scale manufacturing internally in-turn resulting in lowering the lead time.

We are also working towards improving the performance of our legacy businesses namely polyester film and engineering plastics through a two pronged approach of value enhancement and optimizing cost efficiencies. This is reflected in an improving trend for both these businesses

Going ahead, we are confident of delivering strong and consistent returns post completion of our transition process."

Specialty Polymers



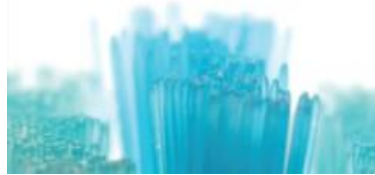
Specialty Polymers

- **Product portfolio** - 18 products at various stages of development of which patents have been filed in respect of **9**
- **High entry barriers** protected by Intellectual Property rights
- **Setting up of R&D and Innovation Centre** – In house downstream analytics and pilot scale manufacturing to lower lead time
- **Existing Product Portfolio** –
 - **Product Stain resistant Master Batch** – Positive response from the customers; ramping up sales
 - **PET resin for Draught beer Kegs** - Working with a leading global beer maker for developing a PET beer keg
 - **Master batch for a Cationic Dyeable Yarn** -- Patent filed under PCT for a Master Batch to produce specialised polyester yarn. Gaining strong potential in China and Taiwan

Particulars (Rs cr)	Q3 FY17	Q3 FY16	%	9M FY17	9M FY16	%
Revenues	8.4	10	-15.9	34.8	47.5	-26.7
EBIT	-0.5	1.4	-	4.8	8.5	-43.1
<i>Margins (%)</i>	-5.7	14.3	-	13.8	17.8	-400 bps

- **Growth Drivers** –
 - Strengthening R&D capabilities
 - Develop customized polyester resins based on customer's requirement
 - Focus on developing products which will help transform latent demand into real demand
 - Develop high quality specialty polyesters to ensure competitive advantage for customers

Specialty Polymers – Products & Applications



Products

Polyethylene Terephthalate (PET)

Polybutylene Terephthalate (PBT)

Polyethylene Naphthalate (PEN)

Master Batches

Applications

Rigid Packaging – Hot-fill / Beer Kegs

Textile – Flame Retardant

Carpets – Stain Resistant Master Batches

Heat Sealable

Engineered Plastics / Injection Moulding

Low Melt Polymers for Textiles

Polyester Films



Polyester Films

- Manufactures and markets polyester films under the brand “UmaPET”
- **Manufacturing capacity** - 57,000 MTPA for polyester films & 13,200 MTPA for metalized polyester films
- **Integrated player** – Polyethylene Terephthalate (Polyester) chips manufacturing capacity 70,000 MTPA
- **Global Footprint:** Formidable reach across more than 85 countries
- **Value Added & Specialty products** include transparent barrier film, shrink film etc
 - Transparent high barrier film is being keenly explored by global buyers to replace PVdC coated PET (environmentally hazardous material) and EVOH coextruded films (due to their higher mass).
- Aiming towards increasing proportion of value added & specialty products in overall mix by focusing on innovation, development and partnership with customers both in India and overseas which will reduce the effect of inherent cyclicity

Particulars (Rs cr)	Q3 FY17	Q3 FY16	%	9M FY17	9M FY16	%
Revenues	132.5	129.3	2.4	369.5	426.1	-13.3
EBIT	13.9	10.6	31.3	33.1	51.8	-35.9
<i>Margins (%)</i>	10.5	8.2	+230 bps	8.9	12.2	-330 bps

- Heightened competitive intensity and weak realisations resulted in muted performance for the business.
- Cost reduction exercise translating to improving profitability, hopeful of improving operational efficiencies even further
- Focus on improving profitability by sprucing up product mix; more focus on developing value added products
 - Value added / specialty products constitutes about 20% of the overall revenue at present
- Company has aligned its operational efficiencies towards meeting the future goals by optimizing operational cost
- Focused on offering customers unique value proposition by aligning innovation, development and partnership

Polyester Films – Products & Applications



Products	White Opaque	High Clear
	High Barrier	Embossable
	Heat Saleable	Twist Wrap
	Shrink film	Anti - Static
	Metalized High Barrier	Matte



Applications	Flexible Packaging
	Barrier Packaging
	Embossing
	Lidding
	Label & Graphics

Engineering Plastics



Engineering Plastics – Products & Applications

- A well regarded manufacturer of Engineering plastics
- **Diverse Product Portfolio** – 350+ grades products marketed under the brand “ESTOPLAST”
- **Manufacturing capacity - 16,500 MTPA**
- Growing at **better than industry run rate** since the last 3 years
- **Awarded** the prestigious **Plasticon Gold Award** for the “Fastest Growing Enterprise – Processing (Engineering Polymers)” at the Plastindia Exhibition in February 2015

Particulars (Rs cr)	Q3 FY17	Q3 FY16	%	9M FY17	9M FY16	%
Revenues	36.4	34.8	4.6	102.5	113.8	-9.9
EBIT	3.3	3.1	6.4	7.7	6.6	15.6
<i>Margins (%)</i>	8.9	8.8	10 bps	7.5	5.8	170 bps

- Being an integrated player, Ester is able to offer one of the most diversified Engineering Plastics product portfolio covering most of the polymers in this category
- Working towards scaling up its presence in the business

Applications	CFL Holders, Adaptors & Sockets
	MCB Case, Cover & other Parts
	Handles
	Knobs, Panels
	Switches
	Optical Fibre Sheathing
	Textile Machinery Parts
	Connectors

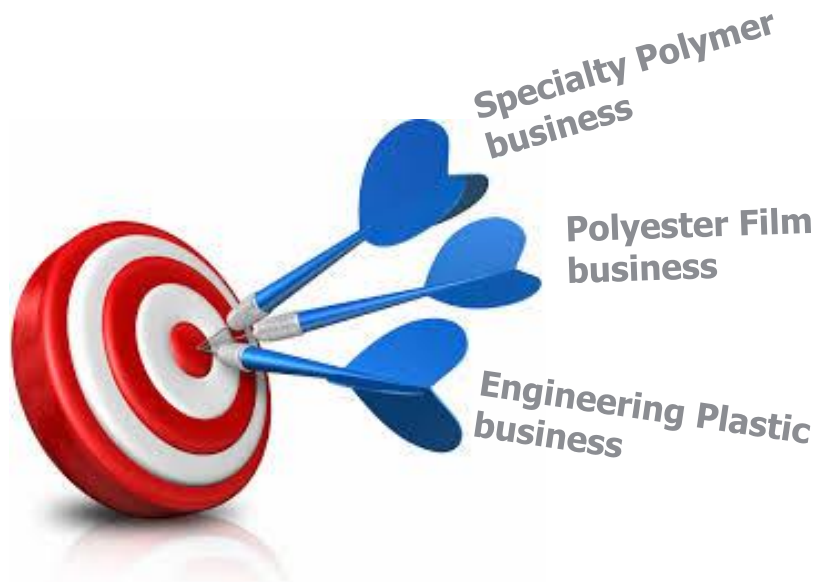
Products	Thermoplastic Polyester Compounds
	Polybutylene Terephthalate (PBT)
	Polyethylene Terephthalate (PET)
	Polyamide 6 Compounds
	Polyamide 6.6 Compounds



Vision - 2022

Revenue: Rs. 1,700 – Rs 2,000 crore

 Revenue: 2x



- Achieve revenues upwards of 5x
- EBITDA Margins ~ 25%+

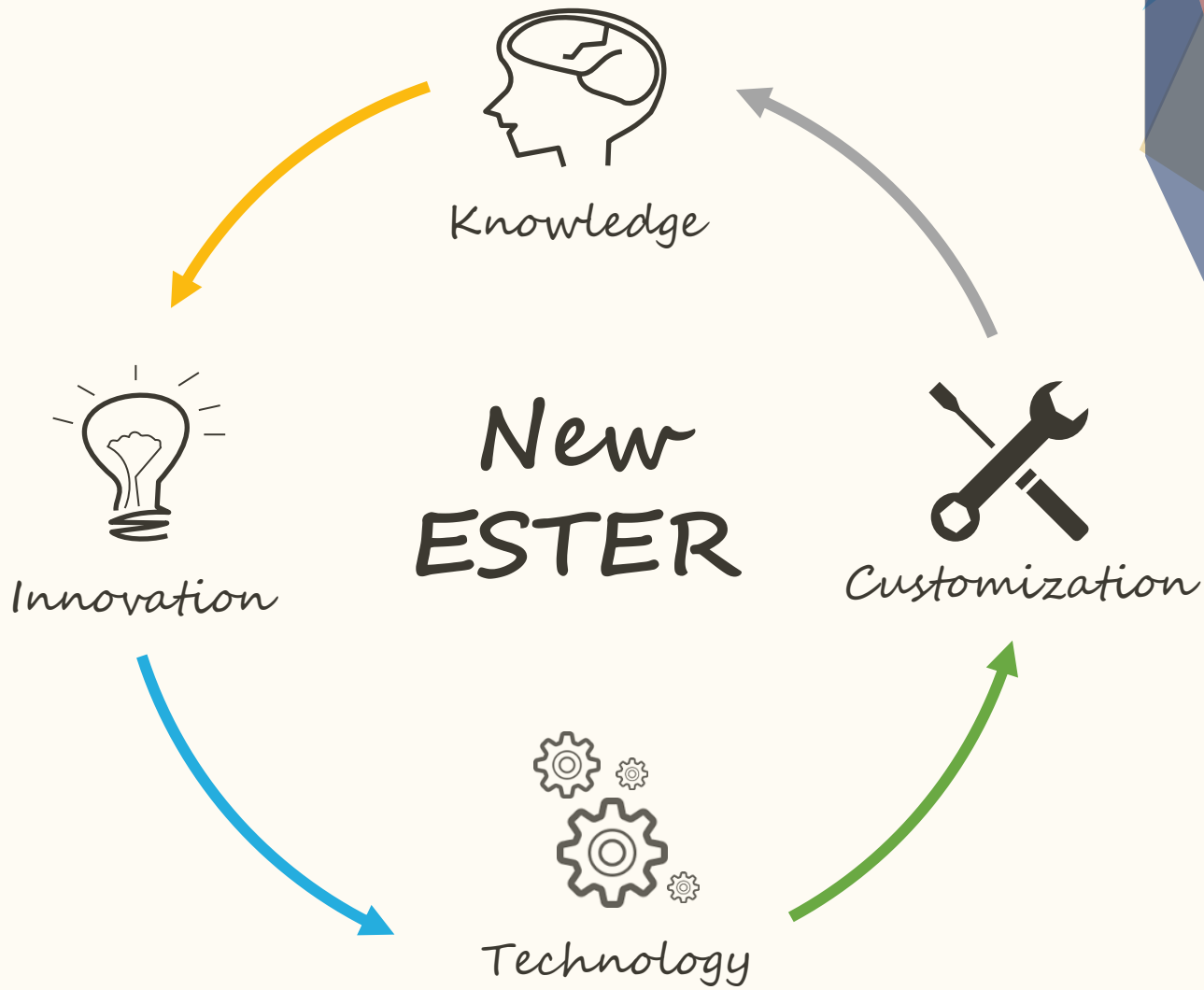
- Increase share of value added products to 30-35%*
- EBITDA margins ~ 13%-14%
- Increasing focus on optimizing operational cost

- Increase share of high margin products
- EBITDA margins ~ 11%-12%

* Over 2 years

Strategic shift – The new Ester





Business Transformation – “Commodity” to “Technology”

New Product Development

Value Addition

Technology

Innovation

Customisation



- One amongst many in the Polyester Film and Engineering plastic space



- Transforming from a “commodity” to “technology” player
- Redefining product portfolio with innovative and customer centric products



- Aiming to be a Technology driven enterprise
- Insulate performance from effects of volatility & cyclicality
- Emphasis on sustainable & profitable growth

The Specialty Polymers business will be a key driver of this transition

Investor Contacts

About Us: (CIN :- L24111UR1985PLC015063)

Incorporated in 1985, Ester Industries Limited (EIL) is an ISO 9001:2008, ISO 22000:2005, TS16949:2002 certified Company engaged in the manufacture of polyester films, specialty polymers, engineering plastics and polyester chips with manufacturing facilities located in Khatima (Uttarakhand). A globally recognized player Ester manufactures and markets its polyester films under the brand 'UmaPET' and engineering plastics as 'Estoplast'. The Specialty Polymers business is driven by technology and innovation and the Company presently has many patent applications pending for this business. With state-of-the-art manufacturing plant, skillfully managed operations and a committed work force Ester continuously strives to meet commitments towards total customer satisfaction.

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