



Q1 FY17 Results Presentation

August - 2016

ESTER
INDUSTRIES LTD.

Disclaimer

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Index

Q1FY17 Performance

04

Business – wise Performance

08

Strategic Shift – The New Ester

18

Business Overview

21

Q1 FY17 Performance



Financial - Q1 FY17 Performance

Particular (Rs cr)	Q1* FY17	Q1 FY16	Y-o-Y (%)
Total Income	166	211	(21.3)
EBITDA	13	25	(48)
Margins %	7.8	11.8	(400 bps)
PAT	(2)	4	-

Temporary shut-down of plant for maintenance and discontinuation of sale of polyester chips impacted operations and performance for the Qtr. Weaker performance of dominant polyester film business affected overall performance

Weaker realisations, lower sales due to shutdown and inventory valuation losses resulted in margin contraction of 400 bps.

*Plant shutdown for approx. 3 weeks for purpose of maintenance and introduction of new infrastructure

- Specialty business continue to gain traction
 - ❑ Strong innovative product pipeline being well received, undergoing evaluation at customer end
- Polyester films business hurt by weaker realisations on the back of heightened competitive environment combined with plant shutdown
 - ❑ Working towards improving share of value added products
- Engineering Plastics business contracted owing to lower off-take; although margins remained steady
 - ❑ Emphasis on enhancing scale and product mix

Key Highlights

- Temporary shut down of Continuous Polymerization (CP) and Film Plant for ~3 weeks for purpose of maintenance and introduction of new infrastructure impacted performance during the quarter
- Specialty Polymer business reported strong performance: revenue growth of ~30%; EBIT margins ~2x at 31% as against Q1 FY16
 - New product offerings possess superior properties and are more cost effective. Products continue to be well received and are undergoing tests by several global majors
 - Differentiated nature of offering may result in testing and evaluation process at customer end taking time. However on finalisation potential is significant
- Engineering Plastics business remained largely steady, with revenue de-growth compensated by gradual uptick in EBIT margin

Chairman's Comments



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

"We are gradually progressing towards attaining our goal of transforming the existing business profile and emerging as an innovation and technology driven Company. Our Specialty polymer business the key catalyst for the transformation continues to perform well. Our R&D initiatives have resulted in building an innovative and exciting product pipeline in addition to the products we have commenced commercializing.

We are however seeing that while the merits of our new offerings are well recognized and accepted, the increase in offtake can be slower than hoped for. This is for a variety of reasons almost all of which are external in nature. Customer response, though gives me strong confidence that these entities, most of who are global majors will gradually increase volumes to significant levels.

We are also working towards improving the product mix for our legacy business, Polyester film and engineering plastic by increasing the share of value added products and are confident of improved operating performance from these businesses too"

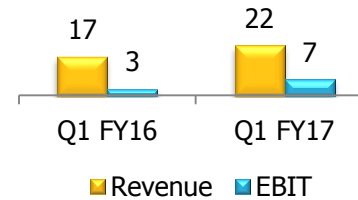
Specialty Polymers



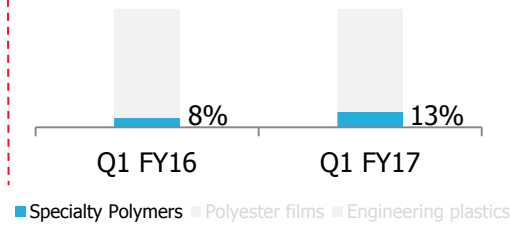
Specialty Polymers

- **Stain resistant Master Batch** – Increased demand led to increase in sales as a result of acceptance and awareness
- **Product portfolio** - 18 products of which patents have been filed in respect of **8**
- **Strong product pipeline** - 18 products at various stages of development
- **High entry barriers** resulting from protection granted by Intellectual Property rights, leading to consistent high margins
- **Noteworthy developments** – Products like Stain resistant Master Batch for Carpets and PET resin for Hot-fill rigid packaging application already commercialized

Specialty Polymers



Revenue Share (%)



▪ Growth Drivers –

- Good traction on the order flow leading to better sales
- 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

Awards

- Felicitated at the 6th National Awards for Technology Innovation 2015-16 in Petrochemicals under the category of **“Innovation in Polymeric Materials”**
- **Joint Winner** in the category of **Innovation in Polymeric Materials for “Modified Polyester for Hotfill Application by Injection Stretch Blow Molding (ISBM) Process”**
 - Ester has successfully developed a polymer, with which bottles/jar can be blown with normal ISBM process without the need for heat set and also permitting filling temperatures of up-to 90 degree Centigrade
 - Use of PET for packaging hot-fill products is highly desirable and preferred by end-users as it not only reduces the overall cost but also makes it user friendly by being lightweight and unbreakable
- **Joint runner up** in the category of **Innovation in Polymeric Materials for “Polyester Masterbatch to Impart Stain Resistance in Nylon for Carpet Application”**
 - Ester’s master batch provides total flexibility to producers of “nylon yarns for carpets” to adjust the content of the active ingredient for stain resistance to their specific need, thereby reducing the cost as well as providing total flexibility in the production process



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

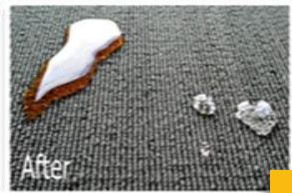
Engineered Plastics / Injection Moulding

Low Melt Polymers for Textiles



Problem – High cost towards carpet stain removal

- Stain marks on (nylon) carpets given spillover / spillage of liquid shortens its shelf life
- Impairs aesthetic appeal
- Present technology – ‘Sulphonated Nylon’ (Costly & inflexible) and ‘Topical coating’ (wash fastness & longevity issue) for addressing the problem are not feasible



Solution – Flexible low cost solution

- Ester has developed a PET based master batch, which imparts permanent stain resistance in nylon carpets
- Provides total flexibility to producers of “nylon yarns for carpets” to adjust the content of the active ingredient for stain resistance to their specific need
- Product is patent pending

Business Opportunity

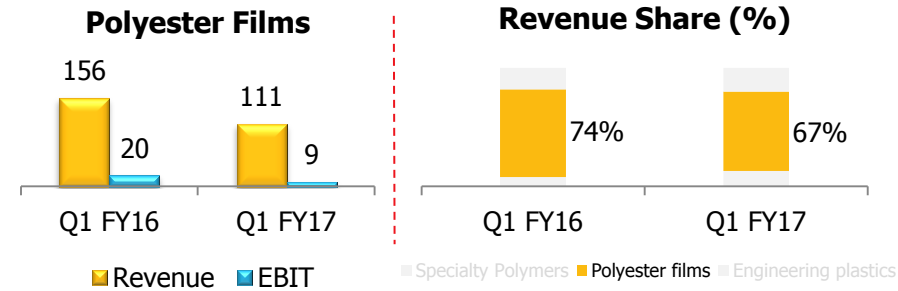
USA, largest producer of Carpets & Rugs boasts of an industry with annual revenues of ~USD 10 Billion

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



- Lower generation following plant shutdown, heightened competition and weak realisations impacted business performance
- 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
- 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

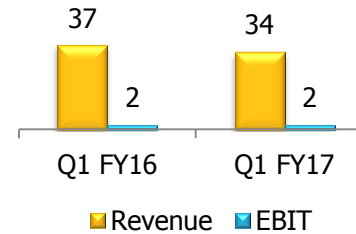
Engineering Plastics



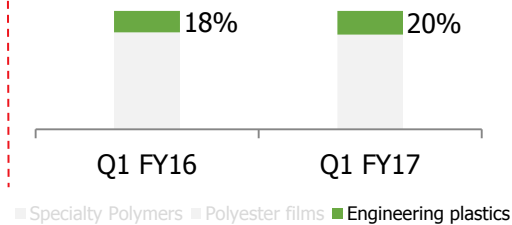
Engineering Plastics – Products & Applications

- 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

Engineering Plastics



Revenue Share (%)



- 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

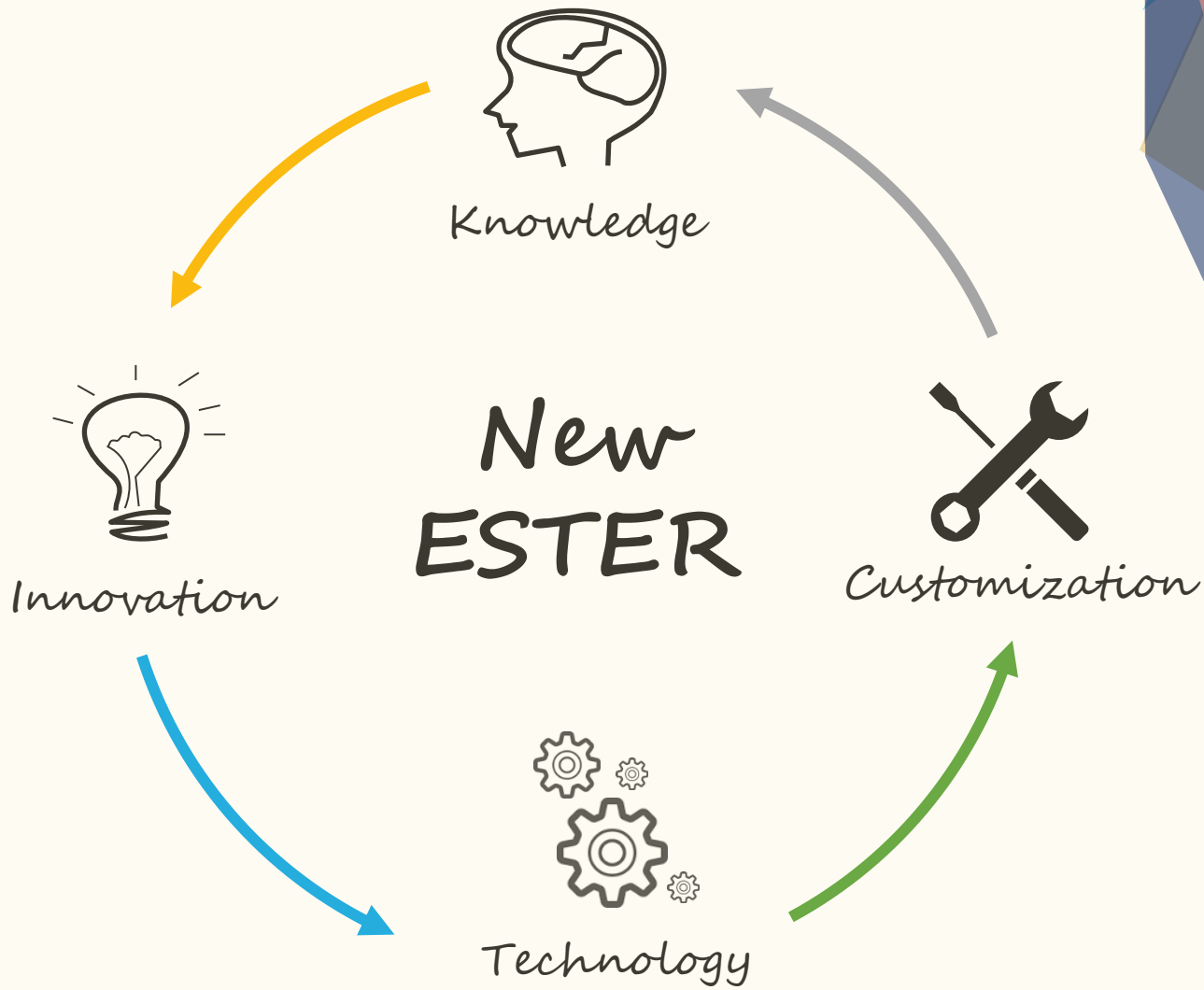
Applications	CFL Holders, Adaptors & Sockets
	MCB Case, Cover & other Parts
	Handles
	Knobs, Panels
	Switches
	Optical Fibre Sheathing
	Textile Machinery Parts
	Connectors

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



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

Business Overview



Quick Facts



Founded

1985



Corporate Headquarters

**GURGAON,
INDIA**



Businesses & Annual Capacities

Polyester Chips – 70 KT

Specialty Polymers – 30 KT

Polyester Film – 57 KT

Metallized Film – 13.2 KT

Engineering Plastics – 16.5 KT



Global Presence

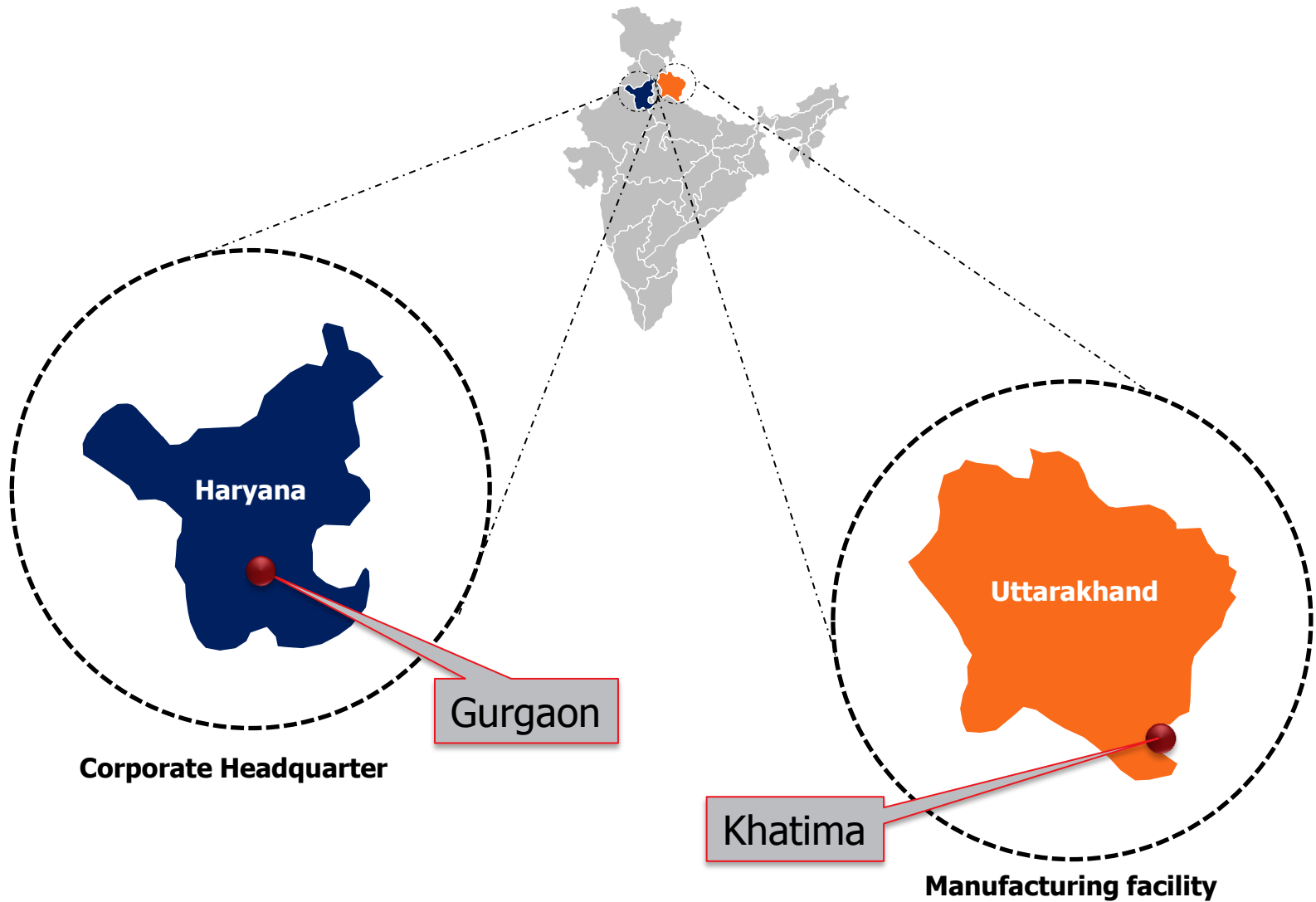
**EXPORTS TO 50+
COUNTRIES**



People

560+

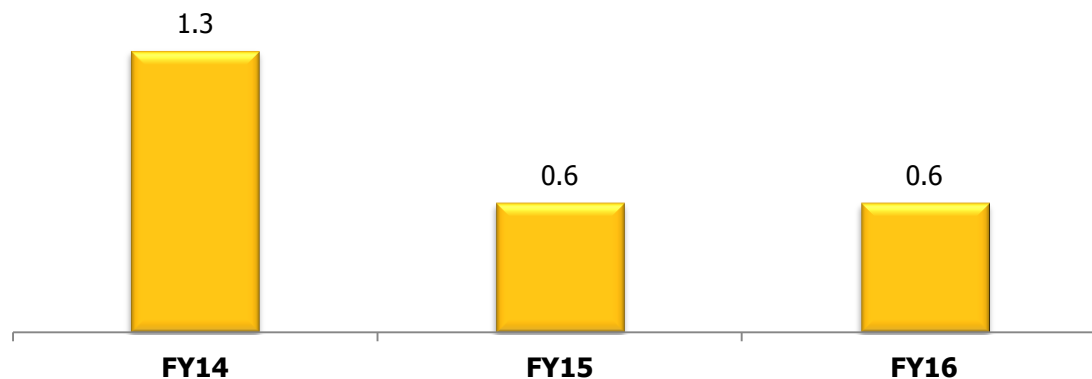
Our Presence



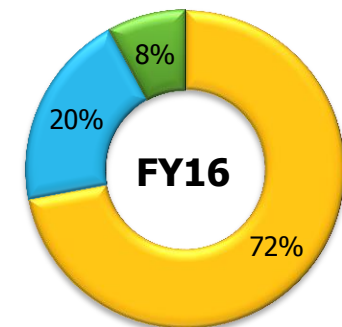
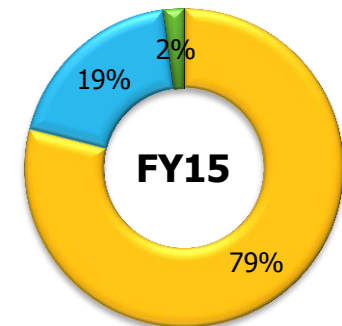
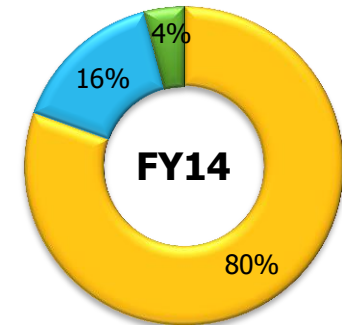
Financial Summary

Particulars	FY14	FY15	FY16
Revenue by Segment (Rs.cr)	928.5	896.3	770.8
Specialty Polymers	38.5	19.7	66.8
Polyester Films	746.10	703.3	548.9
Engineering Plastics	143.9	173.3	155.2
Revenue by Geography			
Domestic (%)	75	78	71
Exports (%)	25	22	29
EBITDA (Rs.cr)	79.3	74.1	75.2
<i>EBITDA Margin</i>	<i>8.5</i>	<i>8.3</i>	<i>9.8</i>

EPS



Segment-wise Share (%)



Global Presence



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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