

Essel Propack Limited Q2FY16 Earnings Update

Consolidated Financial Highlights for the quarter ended 30th September 2015

(INR million)

Particulars	Q2FY16	Q2FY15	% change	H1FY16	H1FY15	% change	FY 15
Total Income from operations	5353	5952	-10.1%	11099	11438	-3.0%	23230
EBIT	832	739	12.5%	1550	1295	19.7%	2645
EBIT Margin (%)	15.5%	12.4%		14.0%	11.3%		11.4%
PAT	593	385	54.1%	977	648	50.7%	1406
EPS (in Rs)	3.77	2.45		6.22	4.13		8.95

Consolidated Financial Highlights for the quarter ended 30th September 2015 (excluding divested flexible packaging business)

(INR million)

Particulars	Q2FY16	Q2FY15	% change	H1FY16	H1FY15	% change	FY 15
Total Income from operations	5353	5296	1.1%	10599	10182	4.1%	20715
EBIT	832	713	16.7%	1538	1258	22.2%	2524
EBIT Margin (%)	15.5%	13.5%		14.5%	12.4%		12.2%
PAT	467	375	24.3%	849	640	32.5%	1334
EPS (in Rs)	2.97	2.39		5.40	4.08		8.49

Consolidated Performance Highlights (for continuing business):

- PAT growth of 24.3% y-o-y; excluding exceptional items PAT growth is 28.6% for the quarter and 35.0% for H1FY16.
- Flexible Packaging Business divested during the quarter.
- Underlying revenue growth is 6.1%. However, on account of pass thru of RM price reduction to the extent of 5%, the reported growth is 1.1%.



- Underlying revenue growth for rest of the world excluding India was 10.8%. Europe posting strong growth of 11.6% (26.7% in constant currency). Softness in India has however, pulled the overall revenue growth down.
- Operating margin improved y-o-y by 220 bps for the quarter and by 220 bps sequentially with improvement in all the regions helped by improved efficiencies.
- Non oral care share in revenue at 42% for the quarter, improved 30 bps over last year.
- External Credit Rating was upgraded to AA- from A(for long term loans/ instruments) and A1+ from A2+ (for short term loans/ instruments).
- Finance cost reduced by 21.7% over last year same quarter.
- Debt to Net worth improved to 0.88 compared to 1.32 last year.
- RoE and RoCE improved to 20.3% and 17.8% respectively.

Consolidated Category-wise break up for the quarter ended 30th September 2015

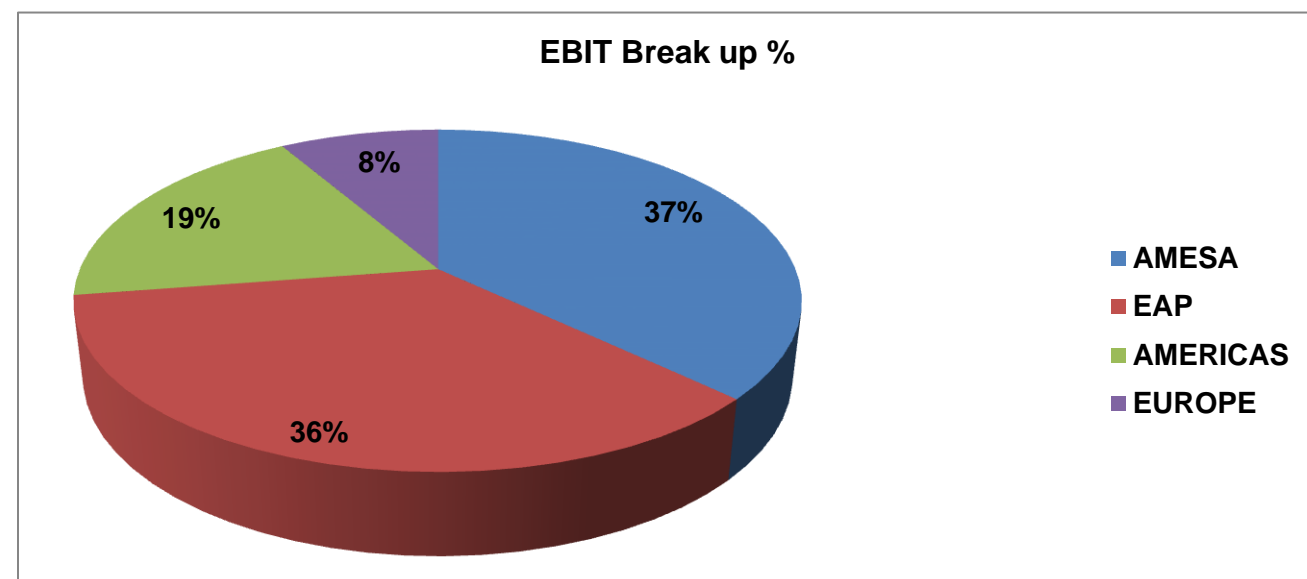
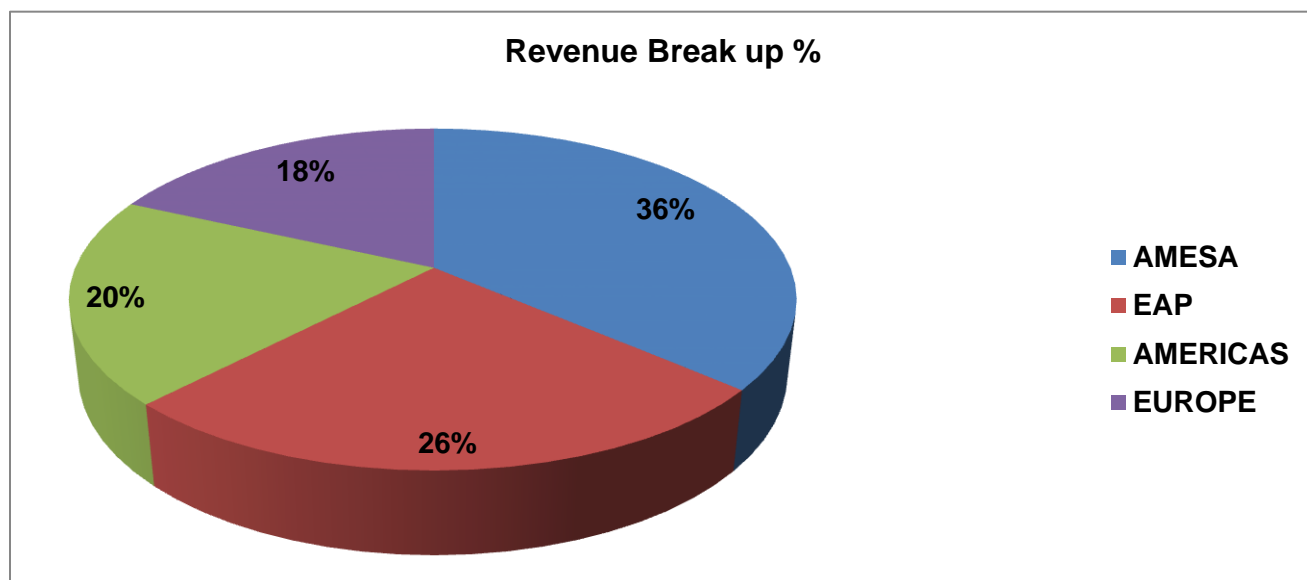
(in %)

Particulars	Q2FY16	Q2FY15	H1FY16	H1FY15	FY15
Oral Care	58.0%	58.3%	57.4%	58.1%	58.8%
Non Oral Care	42.0%	41.7%	42.6%	41.9%	41.2%

India Standalone Performance Highlights:

- Revenue growth over previous year is impacted by pass thru of RM price reduction to the extent of 6.1%. Adjusted for this the underlying de-growth is only 2.4%.
- Operating margin however, improved by 130 bps for the quarter compared to last year due to improved efficiencies.

Region wise Revenue & EBIT Break-up :



(excludes 'unallocated')

Region wise Financial Highlights:

AMESA (continuing business)

(INR million)

Particulars	Q2FY16	Q2FY15	% change	H1FY16	H1FY15	% change	FY 15
Revenue	2080	2222	-6.4%	4209	4304	-2.2%	8459
EBIT	314	316	-0.8%	663	632	4.8%	1212
EBIT Margin (%)	15.1%	14.2%		15.7%	14.7%		14.3%

- Revenue growth over previous year is impacted by pass thru of RM price reduction to the extent of 5.3%. Adjusted for this the underlying de-growth is only 1.1%.
- Egypt continued to grow double digit helped by non-oral care revenue growth of 39.8%.
- Operating margin expansion by 90 bps y-o-y.

EAP

(INR million)

Particulars	Q2FY16	Q2FY15	% change	H1FY16	H1FY15	% change	FY 15
Revenue	1485	1425	4.2%	2825	2572	9.8%	5338
EBIT	301	220	37.0%	491	336	45.9%	688
EBIT Margin (%)	20.3%	15.4%		17.4%	13.1%		12.9%

- Revenue growth over previous year is impacted by pass thru of RM price reduction to the extent of 5%. Adjusted for this the underlying growth is 9.2% (4% in constant currency).
- Non oral care sales continue to grow strongly at 42% y-o-y in China.
- Non oral care share in revenue increased by 7 pp to 30.5%.
- Operating margin expanded by 490 bps y-o-y and 610 bps sequentially due to improved efficiencies.

AMERICAS

(INR million)

Particulars	Q2FY16	Q2FY15	% change	H1FY16	H1FY15	% change	FY 15
Revenue	1121	1193	-6.0%	2331	2363	-1.4%	4782
EBIT	161	144	11.5%	293	251	16.5%	486
EBIT Margin (%)	14.4%	12.1%		12.6%	10.6%		10.2%

- Revenue growth over previous year is impacted by pass thru of RM price reduction to the extent of 6%. Adjusted for this the underlying growth is muted.
- Mexico Revenue is impacted by lower off take from key customer.
- 1st phase of new investment in Colombia is ramped up helping y-o-y growth of 38%.
- Operating Margin improved by 230 bps y-o-y and 350 bps sequentially due to improved efficiencies.

EUROPE

(INR million)

Particulars	Q2FY16	Q2FY15	% change	H1FY16	H1FY15	% change	FY 15
Revenue	1042	934	11.6%	1971	1712	15.1%	3585
EBIT	72	50	44.4%	121	65	84.8%	186
EBIT Margin (%)	6.9%	5.3%		6.1%	3.8%		5.2%

- Europe expansion is on track with revenue growing by 11.6% y-o-y (26.7% in constant currency).
- Operating margin improved by 160 bps y-o-y and by 160 bps sequentially.
- Existing capacity is fully stretched; considering the buoyant demand, capacity expansion is underway in a measured manner.

Overall:

During the quarter flexible packaging business was divested, in line with our strategic decision to intensify focus on non-oral care opportunities in our tubing business globally. Although the underlying revenue growth is 6.1%, the impact of RM price reduction pass thru has caused the growth to appear flat. Soft conditions in India continue to pull down overall growth. With improved financial health and strong customer engagement, we continue on track with our 20:20:20 mission.



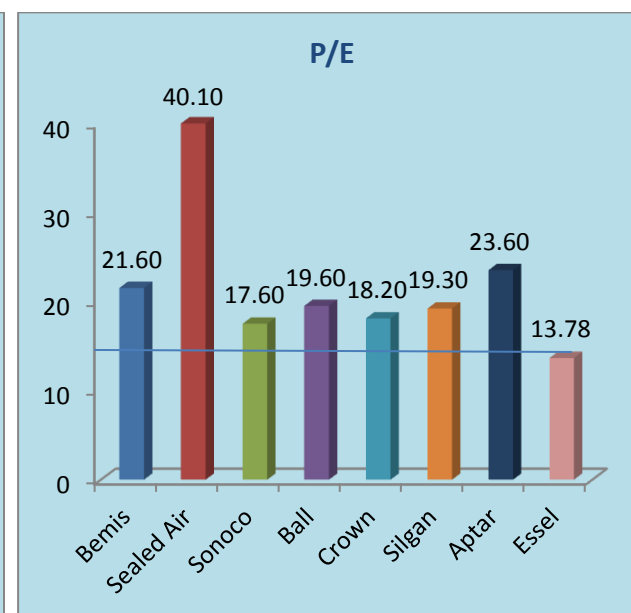
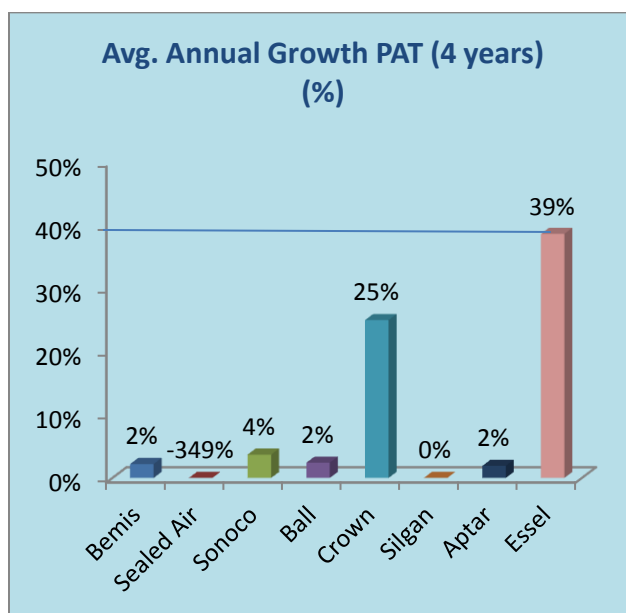
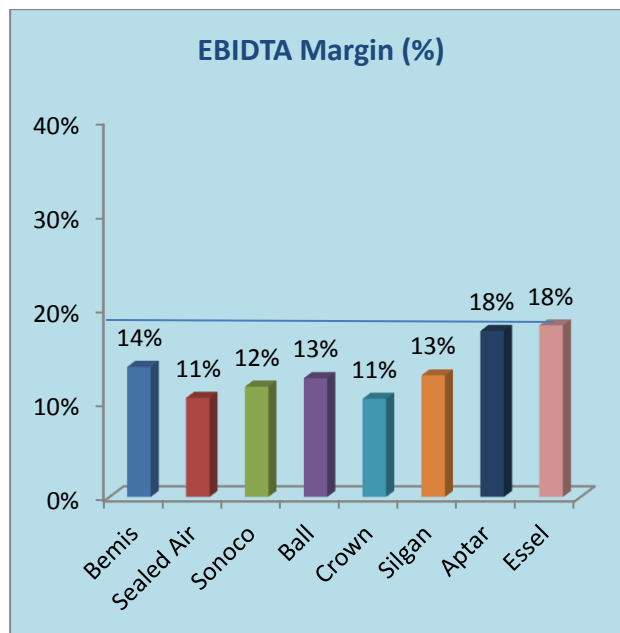
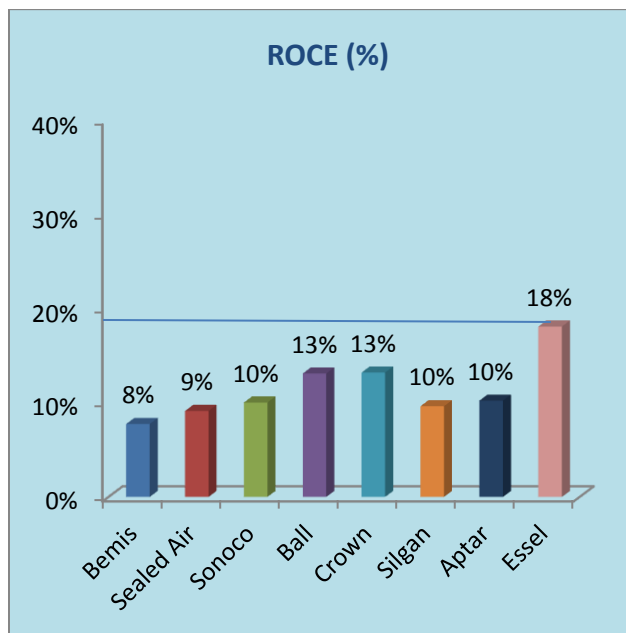
Valuation Comparison with Global Peers – 30-09-2015

	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/EBITD A
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	12.30%	13.90%	7.80%	2.21%	21.60	13.91	2.99	10.09
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.	20.20%	10.60%	9.20%	-348.96%	40.10	5.22	9.32	19.78
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.	14.90%	11.80%	10.10%	3.69%	17.60	15.06	2.74	11.03
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.	42.10%	12.70%	13.20%	2.41%	19.60	8.24	8.12	14.18
5	Crown Holdings Inc	Manufacturer of metal cans, closures for food, beverage, household and consumer applications in US, Europe and other regions.	629.31%	10.50%	13.30%	25.04%	18.20	0.90	57.14	15.49
6	Silgan Holdings, Inc.	Manufacturer of metal and plastic containers and closures for consumer applications in USA, South America, Europe, and Asia.	25.60%	13.00%	9.70%	-0.26%	19.30	9.66	5.76	10.86
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.	14.80%	17.70%	10.30%	1.92%	23.60	17.95	3.89	10.71
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.	20.25%	18.24%	17.84%	38.64%	13.78	60.45 (INR)	2.53	7.51

Source: www.in.advfn.com & Company filings for competitor companies

* LTM- Latest Twelve Months for Peers and Trailing Twelve Months for EPL at 30-09-2015





Essel leads the pack in Avg. Annual PAT growth, EBITDA Margin and ROCE

Source: www.in.advfn.com for competitor companies

For more details – see table (Page 7)

About Essel Propack Ltd:

Essel Propack, part of the USD 2.4 billion Essel Group, with FY15 turnover of over USD 380 million, is the largest specialty packaging global company, manufacturing laminated plastic tubes catering to the FMCG and Pharma space. Employing over 2700 people representing 25 different nationalities, Essel Propack functions through 21 state of the art facilities and in eleven countries, selling more than 6 billion tubes and continuing to grow every year.

Holding Oral Care market share of 33% 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.

