

Date: 11th February, 2020

BSE Limited Department of Corporate services Phirojee Jeejeebhoy Towers Dalal Street, Mumbai – 400023	National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
Scrip Code: 500136	Symbol: ESTER

Dear Sir

Subject: Investor presentation on financial results for the quarter and period ended on 31st December, 2019

We wish to submit the Investor presentation on financial results for the quarter and period ended on 31st December, 2019.

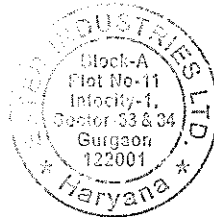
Please acknowledge the receipt of the same.

Thanking You

Yours Faithfully
For Ester Industries Limited



Diwaker Dinesh
Head-Legal & Company Secretary



Encls: As Above

Ester Industries Limited

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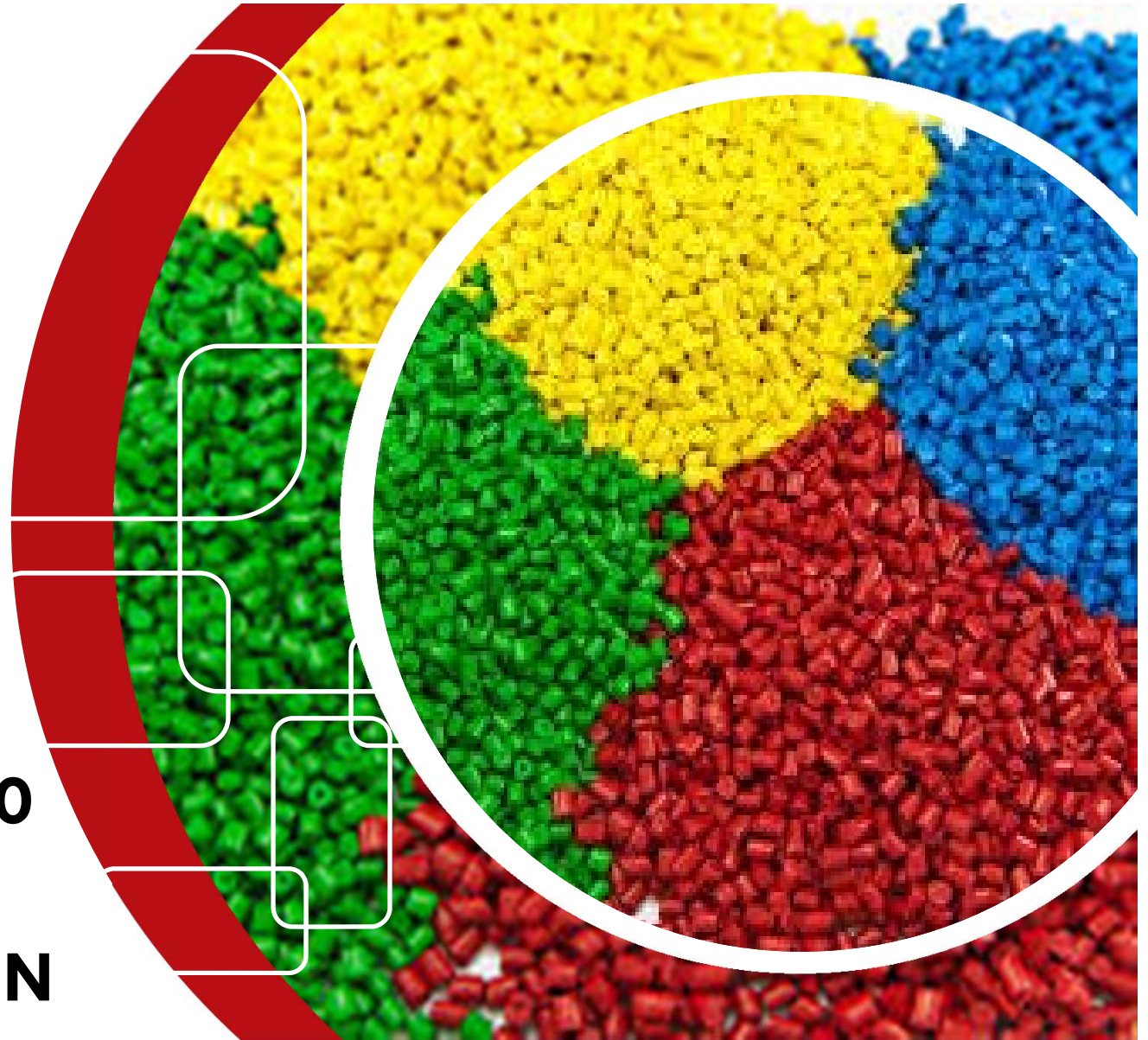
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February 10, 2020

**Q3 & 9M FY20
RESULTS
PRESENTATION**



Disclaimer

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Ester Industries Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



**Q3 & 9M FY20
Performance
Overview**



Financial Summary



	Revenues	EBITDA	PAT
Q3 FY20	246	45	19
Q3 FY19	270	29	8
	(9%)	55%	138%
9M FY20	785	145	63
9M FY19	773	83	23
	2%	75%	172%

Momentum in Film & Specialty Polymer business drives revenue growth

Greater contribution of high margin Specialty Polymer business along with steady volumes & margins in Film business aids EBITDA & profitability expansion

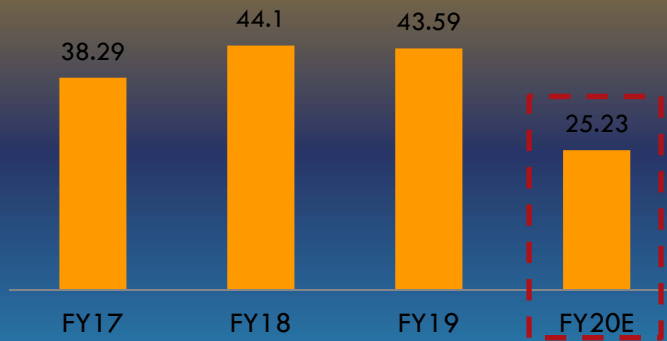
Strong operational performance coupled with reduced finance cost on account of debt rationalization drive bottom line

Figs in cr.

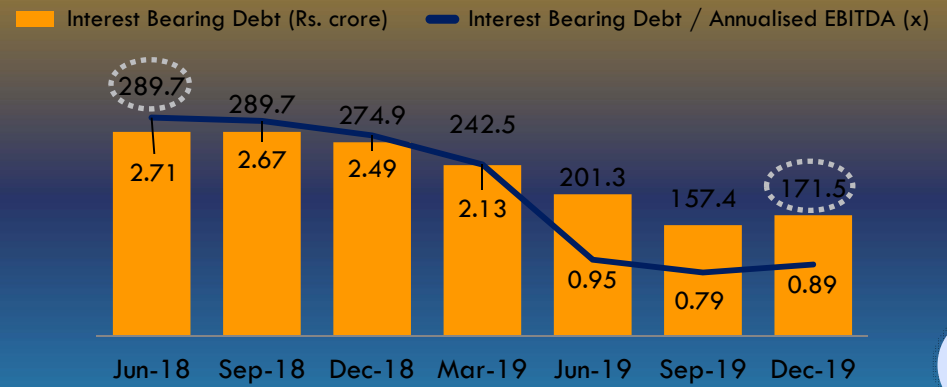
Debt rationalization



Actual Debt Repayment (Rs. crore) in the past.....



....resulting in strengthening B/S & gearing ratios



- Total Repayment of Term Loans since FY 2016-17 -- Rs. 151 cr
- Total Interest bearing debt as of Dec 31, 2019 stood at Rs. 171 cr. comprising of Interest bearing Working Capital of Rs. 99 cr and Term debt amounting to Rs. 72 cr
- Total interest bearing debt as multiple of EBITDA stood at 0.89 as at Dec 31, 2019
- Total Outside Liabilities (TOL): Tangible Net Worth (TNW) ratio stood at 0.74 as at 31st Dec 2019 as compared to 0.83 as at 30th Sep 2019. TOL : TNW ratio to remain at prudent levels going forward
- Basis current operations, we estimate company to be debt – free by FY 2023

Chairman's Comments



Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said “We have delivered yet another solid quarter marked by strong profitability growth. The positive momentum was largely driven by the strong performances of Film and Specialty Polymer business.

FY20 is shaping up to be a turnaround year for Specialty Polymer business – which after initial few soft years is now hitting consistency and delivering the returns which we had envisaged. Demand and order visibility for the products remains high, lending us the confidence for scaling up our capacities in the business. While the performance for the current fiscal was largely driven by strong performance of MB-03 and innovative Polybutylene Terephthalate (PBT) product; we are seeing positive responses for our other products as well which will help drive the future growth of the business. Fresh investment of Rs. 110 cr in Specialty Polymers business is estimated to yield revenues of Rs. 180 – Rs. 190 cr at full capacity.

Volume momentum in Film business continues to remain strong. Realisations as well as margins are relatively steady despite additional capacities entering the market during current fiscal. Further our efforts towards improving the product mix – focusing on increasing the share of Value added products likely to help us maintain revenues and profitability momentum.

The softness in Engineering Plastic is largely owing to overall economic slow down and weakness in the Auto segment, large end user of the business. We are hopeful that our internal efforts coupled with overall revival in the economy should help us improve the performance in the coming quarter. Lastly, our efforts towards rationalizing cost and interest expense should help us in creating value for our Shareholders.”

Specialty Polymers



Specialty Polymer – The Catalyst



High entry barriers -
Patent protected
business (Product &
process)

7

Patents
filed

19

Product
portfolio

30,000_{MTPA}

Production Capacity

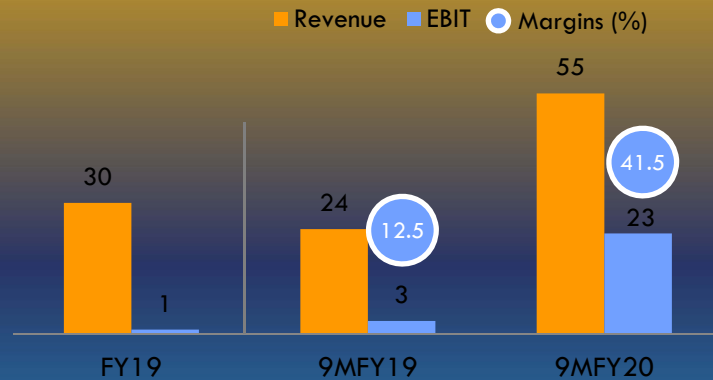
20%+

Margins on achieving
of adequate scale of
operations

Specialty Polymers



Figs in cr.



- Stellar 9M – 125% revenue growth; ~8x profitability expansion
- Higher off-take of products; export sales of high margin MB03 & iQPBT drove bulk of the growth
- Margin expansion on the back of high operating leverage
- Better earnings visibility – expect momentum to continue in FY21

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Business highlights

- Product portfolio -19 products at various stages of development of which patents have been filed in respect of 7
- High entry barriers protected by Intellectual Property rights
- Existing Product Portfolio –
 - Product Stain resistant Master Batch – Positive response from customers; ramping up sales
 - Master batch for a Cationic Dyeable Yarn and Deep Dyeable Yarn- Patent application filed in US, European Union, Korea, Thailand and China for a Master Batch to produce specialized polyester yarn. Gaining strong potential in China and Taiwan
- Sales of MB – 03 expected to be around 1200 MT during FY 2019-20 and higher volumes during FY 2020-21 in comparison to 377 MT during FY 2018-19

Expect business momentum to continue in FY21



➤ **Partners with a Global Chemical Leader in Manufacturing innovative Polybutylene Terephthalate (PBT)**

- Signed '**Manufacture and Supply Agreement**' with a global chemical leader in April 2019 effective 1st April 2019
- Agreement is renewable by mutual consent after two years
- While agreement is for nominal quantity, there is possibility of substantial upside
- Innovative PBT find application across varied Industries and products - automotive to consumer products, and from electronics to fibers.

➤ **Cationic Dyeable Master Batch (MB-06)**

- Approaching final stages of product development phase
- Expect good demand in years to come

➤ **Deep Dyeable Master Batch (MB-07)**

- Cleared qualification steps at various customers in USA, EU, China and Korea
- Commercial sales have begun albeit with very small volumes
- Expect volumes to pick up in coming years

Board approves Capex plan to address growing demand



- Board approves investment of Rs. 110 cr in the Specialty Polymers SBU.
- Investment to be funded through a mix of Debt & Internal Accruals in the ratio of 2 : 1
- Sanction for majority of the proposed term debt has already been obtained
- Fresh investment to help company meet the growing needs of existing as well as new customers
- Investment of ~ Rs. 110 cr will span over 2 years
- Incremental revenues from the approved investment expected to be around Rs. 180 – Rs. 190 cr

Patent Status



Product Code	Product Description	Status of Patent	Product approval from customer	Application
ESTER HR-03	Hot Fill PET by normal ISBM	Granted in USA and filed in India, Europe	Approved	Packaging
ESPET MB-03	Masterbatch Sulfonated PET	Granted in USA and filed in India, Europe, Korea	Approved	Stain Resistance in Nylon Carpet
ESPBN	Clear PBN	Granted in USA & EU and filed in India	Under Trials	Monolayer and Multilayer Containers
ESPET HR-01 B3	Beer Keg PET	Granted in USA and filed in India & EU	Under Trials	Monolayer containers/Kegs
ESPET MW-01	Microwaveable PET	Filed in India	Under Trials	Extrusion and thermoforming
ESPET FR-10	Flame Retardent PET	Filed in India	Approved	Flame retardant master batch for PET Polyester in textile (PFY/PSF) & Film application
ESPET MB-06 R4 & ESPET MB-07 R8	Easy Dyeable & Cationic Masterbatch	Filed in India, USA, European Union, China, Korea & Thailand	MB-06 R3 - Under Trial MB-07 R7 - Approved	Deep and Dark dyeability in Textile

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, Deep dyeable master batches, Cationic dyeable master batch

Carpets – Stain Resistant Master Batches

Heat Sealable

Engineered Plastics / Injection Moulding

Low Melt Polymers for Textiles



Polyester Films



Polyester Film – “De-Commoditizing”



De-commoditizing the business by changing product mix



Mfg. Capacity - 60,000 MTPA Polyester Films & 13,200 MTPA Metalized polyester films



Strong sector fundamentals – Stable pricing environment;

#56

No. of countries (exports)

~30%

Share of value added product in next two years from ~20% (FY19)



Cost rationalization initiatives and improving production & process efficiencies likely to contribute to bottom line

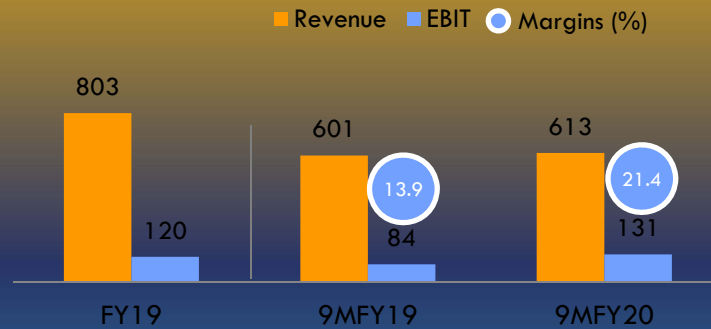


Improved productivity & efficiency drives growth in production

Polyester Films



Figs in cr.



- Strong Performance – Sharp improvement in Profitability & margins
- Steady volume growth amidst balanced Demand – Supply situation
- Realisations remain steady despite additional capacities entering the market during current fiscal
- Efforts towards improving product mix by increasing the share of high margin product – to help maintain realization & margins trend

9M FY 20 – Film includes revenue of Rs. 57.85 crore & EBIT of Rs. 2.10 crore from Polyester Chips.

9M FY 19 – Film includes revenue of Rs. 66.81 crore & EBIT of Rs. 1.92 crore from Polyester Chips

Excluding Chips, the EBIT margins for the Film SBU stood at 23.2% (9M FY20) as against 15.4% (9M FY19) higher by 780 bps

Business highlights

- Manufactures and markets polyester films under the brand **“UmaPET”**
- **Manufacturing capacity** - 60,000 MTPA for polyester films & 13,200 MTPA for metalized polyester films
- **Integrated player** – Polyethylene Terephthalate (Polyester) chips manufacturing capacity 67,000 MTPA
- **Global Footprint** : Formidable reach across more than 56+ countries
- Value Added & Specialty products include transparent barrier film, shrink film & silky matte etc.
- Thrust on 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

Film Business – Expect momentum to continue



Industry Dynamics

- Market size of Domestic BOPET films ~480000 tpa
- Domestic demand growing at 10%-12%
- Incremental supply of about 65000 TPA on account of commissioning of 2 new production lines in August & November 2019 already absorbed by the market with minimal disruption

Company specific initiatives

- Working towards increasing the share of value added products – ~30% within next 2 years
- Off Line Coater that will be commissioned in April / May 2020 will enable us to enhance the volume of Value Added & Specialty Films significantly
- BOPET Film made from 100% PCR has been certified by a reputed institution
- Evaluating existing as well as emerging demand supply scenario and plans for expanding capacities

Polyester Films – Products & Applications

Products			Applications
	White Opaque	High Clear	Flexible Packaging
	High Barrier	Embossable	Barrier Packaging
	Heat Sealable	Twist Wrap	Embossing
	Shrink film	Anti - Static	Lidding
	Metalized High Barrier	Matte	Label & Graphics



Engineering Plastics



Engineering Plastics – “Structurally positive; near term challenging”



#250

Product Portfolio

13,500MTPA

Mfg. capacity

“Estoplast”

Products marketed
under the brand



“Fastest Growing Enterprise
Processing (Engineering Polymers)”
at the Plastindia Exhibition in
February 2015

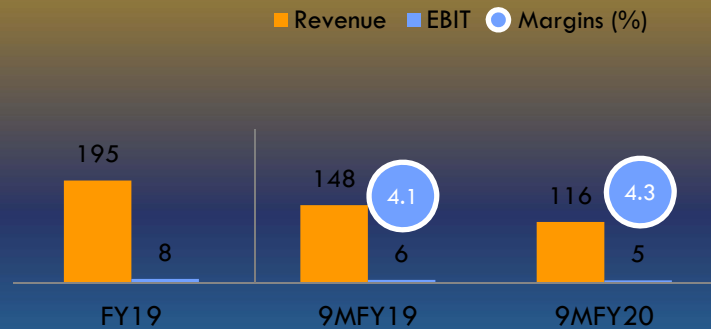


Improving product / customer
mix, expanding exports &
controlling costs to improve
margin profile & return ratio

Engineering Plastics



Figs in cr.



- Overall economic slowdown & Softness in Auto segment – biggest end user continues to weigh on the performance
- Working towards increasing share of high margin products in the overall mix

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Business highlights

- A well regarded manufacturer of Engineering plastics
- Diverse Product Portfolio – 250+ grades / products marketed under the brand “ESTOPLAST”
- Manufacturing capacity - 13,500 MTPA
- Achieved CAGR of 5% and 6% in volume & value terms respectively over last 5 years
- Awarded the prestigious Plasticon Gold Award for the “Fastest Growing Enterprise – Processing (Engineering Polymers)” at the Plastindia Exhibition in February 2015

Engineering Plastics – Products & Applications



Products

Polybutylene Terephthalate (PBT)

Polyethylene Terephthalate (PET)

Polyamide 6 (Nylon 6)

Polyamide 66 (Nylon 66)

Polycarbonate (PC)

Acrylonitrile Butadiene Styrene (ABS)

Polyoxymethylene (POM)

Alloys & Blends

Applications

Switchgear Industry

MCB, MCCB, RCCB, etc. Case, Cover & other Parts

Lighting Industry

Switches, Sockets, LED/CFL Holders, etc.

Appliances Industry

Knobs, Rotary Switches, Couplers, Body Parts, etc.

Textile Industry

Bobbins, Apron Gauge, Suction Tubes, etc.

Automotive Industry - Passenger Vehicles

External - Door Handles, Bezels, Wheel Cover, Mirror parts, etc.

Internal - Center Fascia, HVAC Parts, Clips, Engine Parts like Connectors

Automotive Industry - 2 Wheelers

Handle Bar parts, Grab Handles, Covers, Bezels, Ignition Coils, etc.

Safety Devices

Helmet Parts, Toe-guards, etc.



Investor Contacts

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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.