Essel Propack Limited
Q2FY17 Earnings Update

Consolidated Financial Highlights for the quarter ended 30th September 2016 (excluding divested flexible packaging business)

(INR million)

Particulars	Q2FY17	Q2FY16	% change	H1FY17	H1FY16	% change
Total Income from operations	5961	5393	10.5%	11460	10625	7.9%
EBIT	783	795	-1.5%	1446	1481	-2.3%
EBIT Margin (%)	13.1%	14.7%		12.6%	13.9%	
PAT incl. Exceptional Items	708	430	64.8%	1084	782	38.6%
PAT excl. Exceptional Items	469	446	5.2%	845	798	5.8%
EPS (in Rs.) excl. Exceptional Items	3.0	2.8		5.4	5.1	

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Total Income from operations	5961	5393	10.5%	11460	11161	2.7%
EBIT	783	795	-1.5%	1446	1493	-3.1%
EBIT Margin (%)	13.1%	14.7%		12.6%	13.4%	
PAT incl. Exceptional Items	708	556	27.4%	1084	910	19.1%
PAT excl. Exceptional Items	469	446	5.2%	845	800	5.5%
EPS (in Rs) excl. Exceptional Items	3.0	2.8		5.4	5.1	

Consolidated Performance Highlights (for continuing business):

- The above results are based on IND AS applicable to the Company from 1st April, 2016. Previous year numbers too have been re-stated on IND AS basis.

- This quarter witnessed some significant one off impact on account of unforeseen hitches in stabilizing the new units in Colombia and India. These costs estimated at Rs. 74.1 Million (1.2% of revenue), have impacted the operating margin and have depressed the PAT growth. Adjusted for these one off costs, the PAT growth on underlying basis would be 18.4% y-o-y.

- The revenue grew by 10.5% y-o-y. Non oral care demand picked up in India with high double digit growth. Mexico and U.S. posted strong top line growth. EAP and Europe however remained flat with key customer off take still not recovering to the extent expected.

- Finance cost reduced by 8.8% over previous year.

- Exceptional Item for the quarter represents the reversal of associate's share of EDG as at 30.09.2016, as mandated by IND AS.

- During the quarter, the Company completed the buyout of its Associate Company, Essel Deutschland Germany (EDG) to make it a 100% subsidiary of the Company, with effective date 30th September 2016. Accordingly, the Balance Sheet of EDG has been consolidated as a subsidiary. The profit & loss of EDG operations however will get consolidated beginning 01.10.2016. For the current quarter the share of profit only has been considered, as an associate.

- ROE and ROCE on TTM basis is at 17.5% and 16.8% respectively.(Since EDG buyout is effective 30.09.2016 the same has not been considered, to keep the figure comparable)

- Sequentially, however, EBITDA Margin has improved by 90 bps and PAT before exceptional item has grown 24.5%.

Consolidated Category-wise Revenue break up for the quarter ended 30th September 2016

(in %)

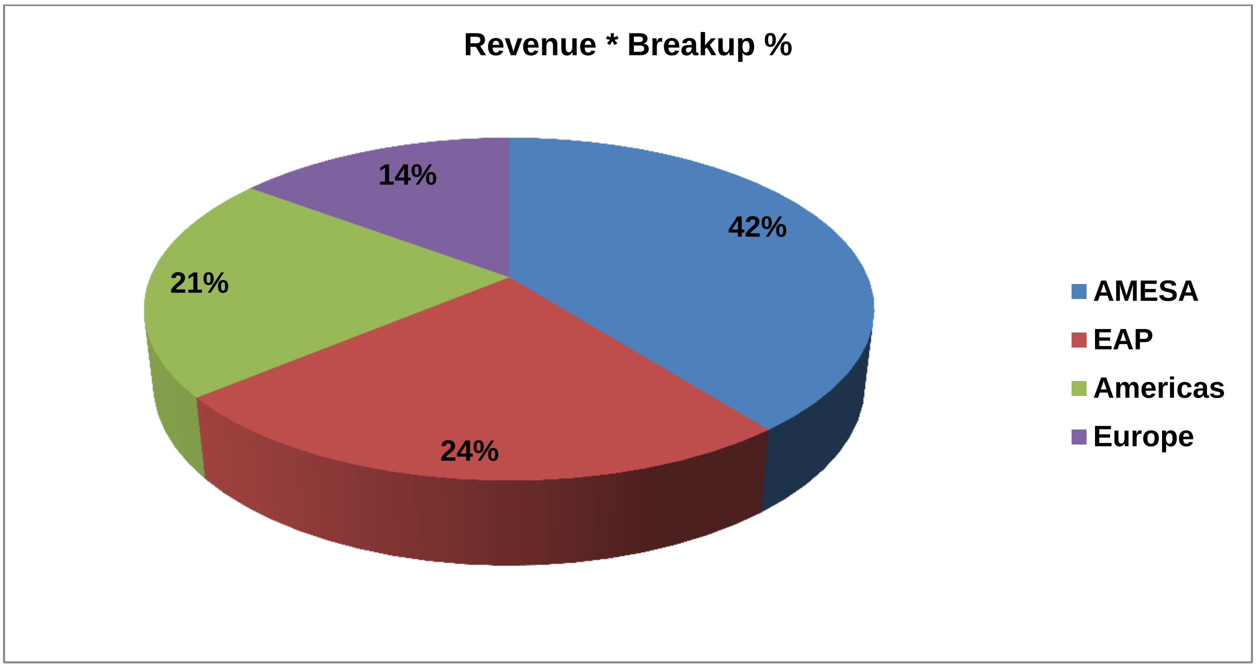
Particulars	Q2FY17*	Q2FY16	H1FY17	H1FY16
Oral Care	60.1%	58.5%	59.8%	58.0%
Non Oral Care	39.9%	41.5%	40.2%	42.0%

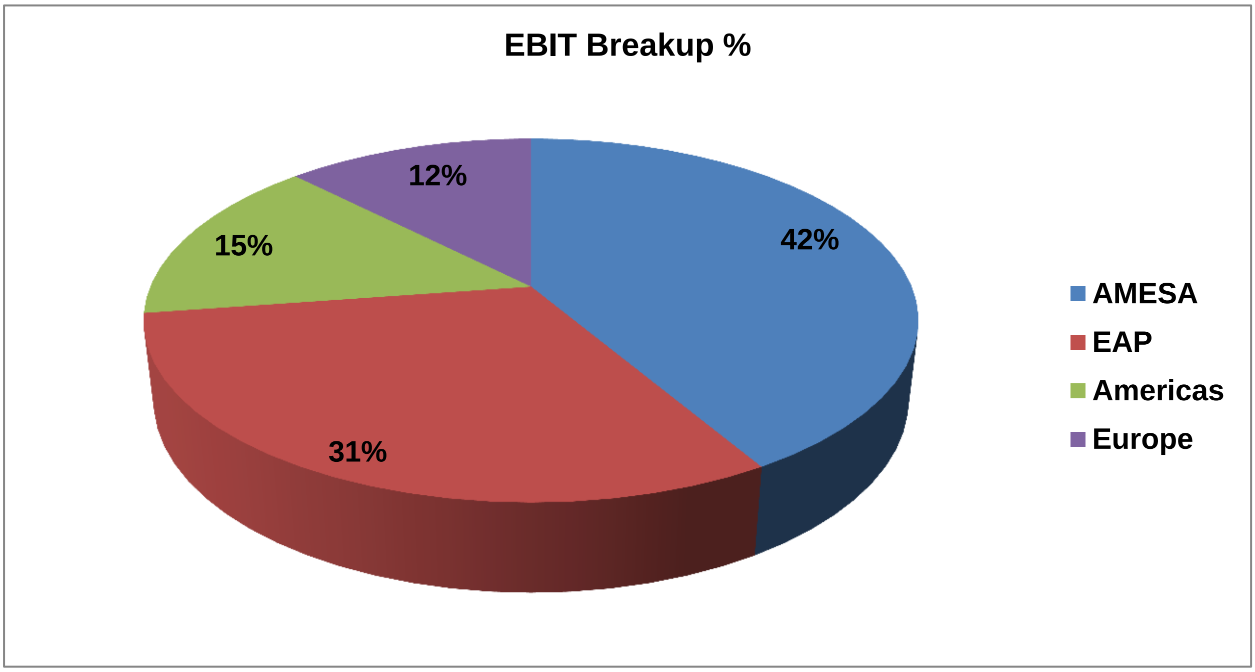
** EDG sales, when considered (w.e.f. 1.10.2016), the non-oral care share % on annualized basis shall be improved by 2.85% on global basis*

India Standalone Performance Highlights:

- Pick up in domestic demand caused revenue grew by 15.4% y-o-y and 5.8% sequentially.
- Operating margin however is impacted due to one off cost of Rs. 20 Million already explained earlier. Adjusted for this, on underlying basis EBIT margin grew 14.7% in line with sales.
- Non oral care revenue demand picked up in India with high double digit growth. The non- oral care share in the revenue composition improved by 1.2% compared to last year, helped by strong growth in cosmetic and pharma categories.

Region wise Revenue & EBIT Break-up for the Q2 FY17:





(excludes 'unallocated')

*** Since German JV is accounted as an "Associate" pursuant to IND AS during the quarter, Europe share of revenue is impacted by 210 bps, as would have been reported under I GAAP.**

Region wise Financial Highlights:

AMESA (continuing business)

(INR million)

Particulars	Q2FY17	Q2FY16	% change	H1FY17	H1FY16	% change
Revenue	2565	2278	12.6%	4994	4573	9.2%
EBIT	329	304	8.1%	690	642	7.0%
EBIT Margin (%)	12.8%	13.3%		13.8%	14.0%	

- Non oral care category demand picked up in the region contributing to the robust growth. Oral care category growth continues to be strong.

- EBIT growth is impacted by Rs. 20 Mn one off operating costs caused by consolidating Silvassa & Chakan operations in a new state-of-art unit commenced in Vapi in a phased manner during the quarter, including transfer and re-installation of equipment. Adjusted for this EBIT grew at 14.8% and EBIT margin shows improvement to 13.6% on underlying basis for the quarter.

EAP

(INR million)

Particulars	Q2FY17	Q2FY16	% change	H1FY17	H1FY16	% change
Revenue	1454	1485	-2.1%	2742	2825	-2.9%
EBIT	247	298	-17.1%	407	485	-16.1%
EBIT Margin (%)	17.0%	20.1%		14.8%	17.2%	

- Off take issues at key oral care customers continued to impact y-o-y sales growth and the EBIT margin. Operating cost increase containment has helped minimize the impact.

- Revenue is showing sign of recovery with 13% sequential growth lead by Non oral care category growth of 40.3%.

- Operating margin improved by 460 bps sequentially.

- Philippines continue to exceed budget and grew by 26.5% y-o-y.

AMERICAS

(INR million)

Particulars	Q2FY17	Q2FY16	% change	H1FY17	H1FY16	% change
Revenue	1263	1121	12.7%	2378	2331	2.0%
EBIT	119	158	-24.8%	241	286	-15.8%
EBIT Margin (%)	9.4%	14.1%		10.1%	12.3%	

- Revenue growth is on track in the U.S. & Mexico contributing to the overall growth.

- Mexico revenue grew 55% y-o-y

- Colombia new unit faced a number of hitches causing loss of sales volumes, duplicate operating cost, on-cost due to importing of finished tubes from EP US to meet local market demand and adverse product mix on account of prioritizing capacity among customers. Overall one time impact on region EBIT was about Rs. 54.1 Million. Adjusted for this, the EBIT margin is 13.7% and EBIT growth is 9.6%.

- Underlying demand is strong in the region & with Colombia plant stabilising thru December, the region should deliver to budget by Q-4.

EUROPE

(INR million)

Particulars	Q2FY17	Q2FY16	% change	H1FY17	H1FY16	% change
Revenue	878	884	-0.7%	1698	1668	1.8%
EBIT	98	52	90.3%	118	98	20.9%
EBIT Margin (%)	11.2%	5.8%		6.9%	5.8%	

- Europe revenue is flat on account of lower than planned key customer off take and delays in new customer development in the non-oral care.

- The development pipeline however is healthy, with regular reviews and stepped up customer engagement, the growth is expected to resume.

- The buyout of EDG should help realize synergies of capability, capacity and markets specially for non-oral care, and further help the recovery. The buyout will boost the global revenue by 11% and will improve non-oral care global revenue share by 2.85% on annualized basis.

- The margin improvement is on account of other operating income during the quarter.

Overall:

The quarter certainly has shown a recovery over the previous year on the revenue front with growth of 10.5%, although two of the regions EAP and Europe did not fire to expectations. The profitability was impacted by one-off costs in India and Colombia where new facility are being stabilized to support business growth. Adjusted for this, underlying PAT growth for the quarter is 18.4%. Customer engagement continues to be strong. New product like Mystik (Hair Colorant Tubes) and GML (100% recyclable tubes) are being received with huge interest by the customers, which should strengthen the growth pipeline for the next financial year.

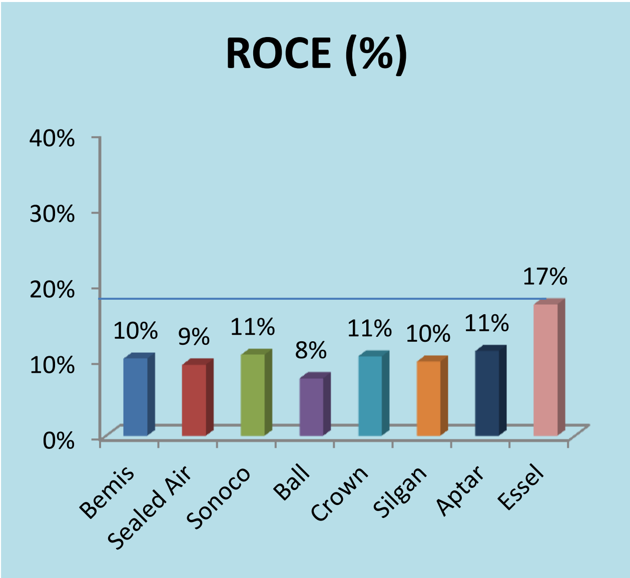
EDG acquisition will help unlock synergies such as cross selling opportunity in the German markets, sourcing flexibility and better capacity utilization at all of Europe plants. The acquisition will further enhance the position in the non-oral care category.

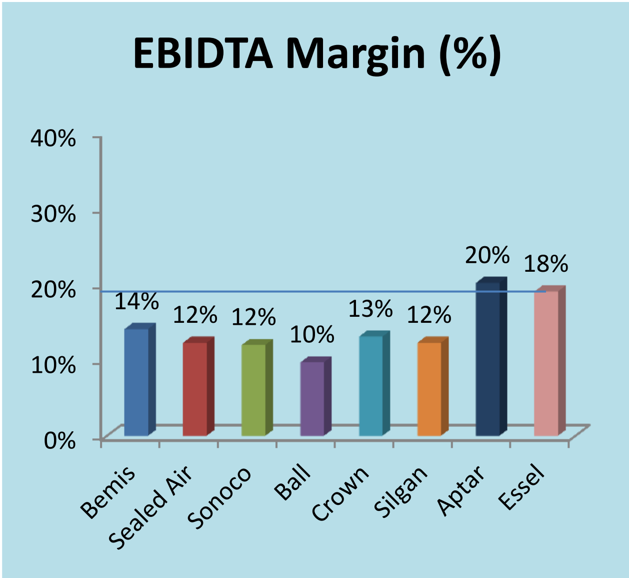
Overall, the strategy and the mission 20:20:20, we believe, is well secured.

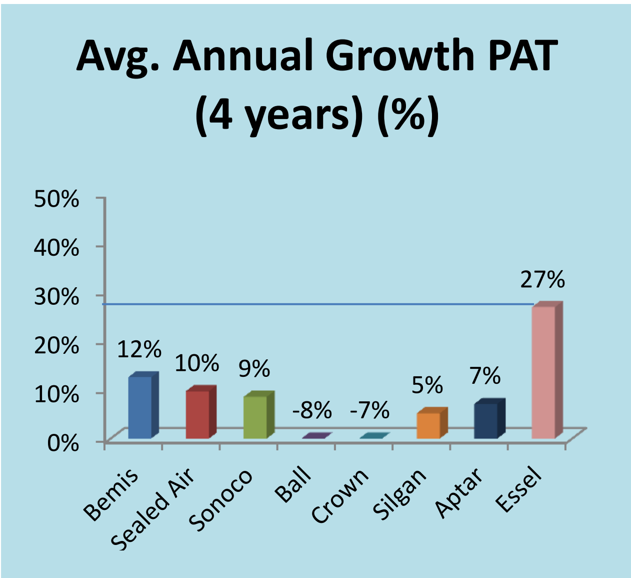
Valuation Comparison with Global Peers – 30-09-2016

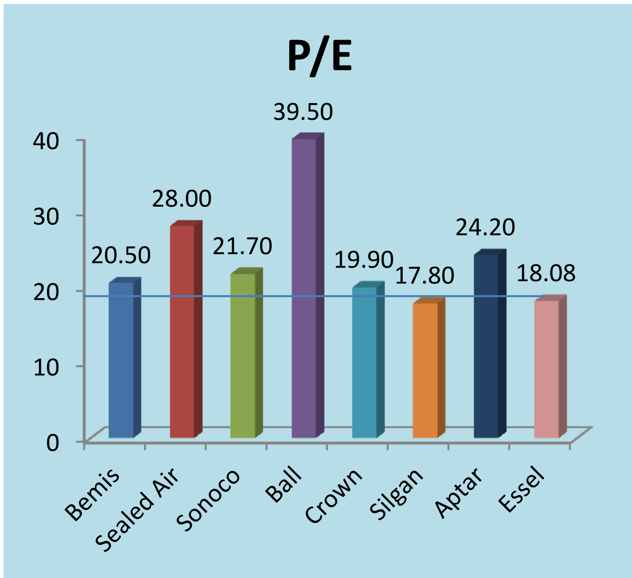
			Performance Indicators*				Value Indicators*			
	Company Name	**Business Description**	**ROE**	**EBIDTA Margin (LTM)**	**ROCE**	**Avg. Annual Growth PAT (Last 4 years)**	**P/E (LTM)**	**Book Value (LTM) ($)**	**P/BV (LTM)**	**EV/EBITDA**
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	18.10%	14.10%	10.20%	12.48%	20.50	13.70	3.72	12.19
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.	39.40%	12.30%	9.40%	9.65%	28.00	2.98	15.36	17.53
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.	16.60%	12.00%	10.70%	8.51%	21.70	15.49	3.41	12.45
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.	24.60%	9.70%	7.60%	-7.96%	39.50	21.41	3.83	28.88
5	Crown Holdings Inc	Manufacturer of metal cans, closures for food, beverage, household and consumer applications in US, Europe and other regions.	298.90%	13.10%	10.50%	-6.95%	19.90	2.28	25.06	14.32
6	Silgan Holdings, Inc.	Manufacturer of metal and plastic containers and closures for consumer applications in USA, South America, Europe, and Asia.	25.60%	12.30%	9.80%	5.15%	17.80	11.40	4.44	11.72
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%	7.07%	24.20	19.99	3.87	11.01
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.	17.48%	18.34%	16.81%	26.78%	18.08	67.66(INR)	3.35	10.46

Source: www.in.advfn.com & Company fillings for competitor companies
* LTM- Latest Twelve Months for Peers and Trailing Twelve Months (based on Indian GAAP) for EPL at 30-09-2016.









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

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

For more details – see table (Page 8)

About Essel Propack Ltd:

Essel Propack, part of the USD 2.4 billion Essel Group, with FY16 turnover of over USD 322 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 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 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.

For more information contact

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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.