essel
EXTRAORDINARY PACKAGING

January 21, 2016

Corporate Service Department **BSE Limited** 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	The Listing Department **National Stock Exchange of India Ltd** Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai 400 051
corp.relations@bseindia.com	cmlist@nse.co.in
Scrip: Equity 500135. NCDs 951429 & 951430	**Trading Symbol:** ESSELPACK

Ref.: Essel Propack Limited

Sub.: Investors notes / update with respect to Unaudited Financial Results for the third quarter and nine months ended 31 December 2015

Dear Sirs,

Please find attached copy of the Investors note/updates as mentioned in the subject line.

We request you to kindly take note of the aforesaid and acknowledge receipt.

Thanking You

Yours faithfully,
For Essel Propack Limited

Suresh Savaliya
Company Secretary & Head – Legal

Filed through email/online

Essel Propack Limited
Q3FY16 Earnings Update

Consolidated Financial Highlights for the quarter ended 31st December 2015

(INR million)

Particulars	Q3 FY16	Q3 FY15	% change	9M FY16	9M FY15	% change	FY 15
Total Income from operations	5134	5674	-9.5%	16233	17112	-5.1%	23230
EBIT	707	594	19.2%	2257	1888	19.5%	2645
EBIT Margin (%)	13.8%	10.5%		13.9%	11.0%		11.4%
PAT	429	304	41.3%	1406	952	47.7%	1406
EPS (in Rs)	2.73	1.94		8.95	6.06		8.95

Consolidated Financial Highlights for the quarter ended 31st December 2015 (excluding divested flexible packaging business)

(INR million)

Particulars	Q3 FY16	Q3 FY15	% change	9M FY16	9M FY15	% change	FY 15
Total Income from operations	5134	5074	1.2%	15733	15256	3.1%	20715
EBIT	707	572	23.6%	2245	1830	22.6%	2524
EBIT Margin (%)	13.8%	11.3%		14.3%	12.0%		12.2%
PAT	429	297	44.5%	1278	938	36.3%	1334
EPS (in Rs)	2.73	1.89		8.14	5.97		8.49

Consolidated Performance Highlights (for continuing business):

- PAT grew 44.5% y-o-y, for the quarter and 36.3% for the 9MFY16.
- Adjusted for RM price reduction pass thru, the underlying revenue growth for the quarter is 5.2%.
- Europe continued to post strong growth of 14.0% (24.1% in constant currency).
- Operating margin improved y-o-y by 250 bps for the quarter helped inter alia by improved efficiencies.

- Net Profit as a % to revenue improved y-o-y by 250 bps to 8.4% during the quarter and by 200 bps to 8.2% for the 9 months.

- Long Term Issuer Rating of AA and CP Rating of A1+ awarded by India Ratings. Earlier CARE had assigned AA- for bank loans and NCD.

- Finance cost reduced by 34.4% over last year same quarter. Average interest rate for the quarter improved to 7.4% vs 8.5% y-o-y.

- Debt Equity Ratio improved to 0.75 compared to 1.23 last year and 0.87 during previous quarter.

- Net Debt reduced by INR 2411 Million y-o-y.

- RoE and RoCE for trailing 12 months improved to 20.9% and 18.8% respectively.

Consolidated Category-wise Revenue break up for the quarter ended 31st December 2015

(in %)

Particulars	Q3FY16	Q3FY15	9MFY16	9MFY15	FY 15
Oral Care	58.6%	58.8%	57.3%	58.5%	58.8%
Non Oral Care	41.4%	41.2%	42.7%	41.5%	41.2%

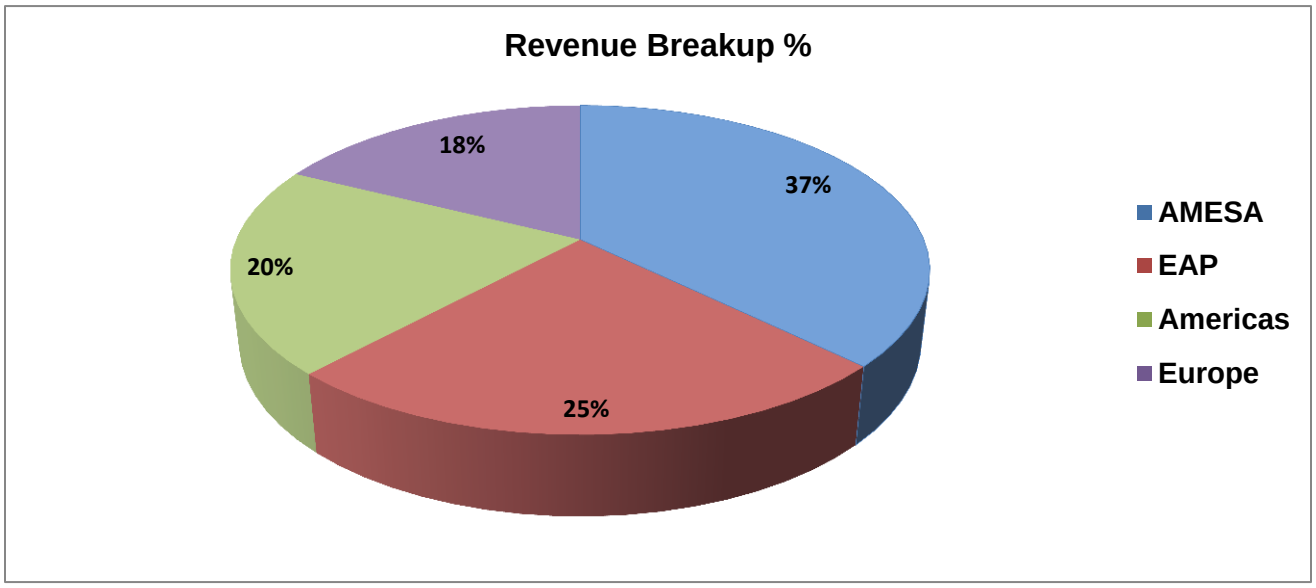
Non Oral care share in revenue during quarter is impacted by the mix change in India caused by sluggish cosmetics and pharma sales.

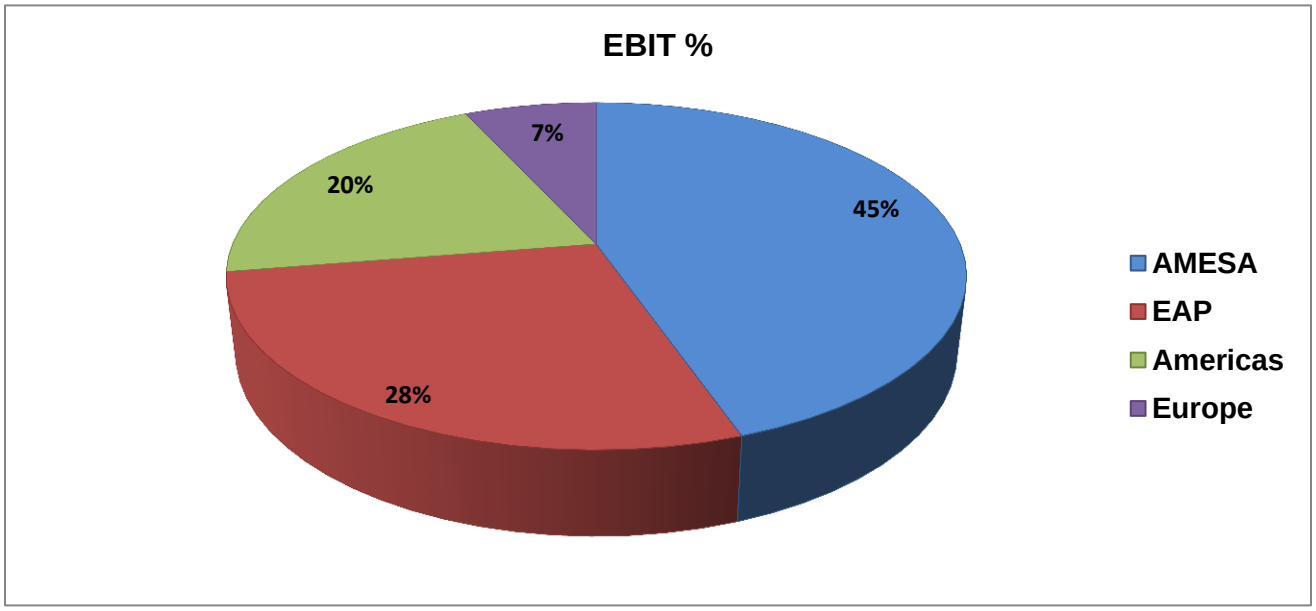
India Standalone Performance Highlights:

- Revenue growth over previous year is impacted mainly by sluggish economy resulting into lower rural demand, reduced new launches in cosmetics and offtake issues in pharma sales. Pass thru of RM price reduction further deflated the revenue. Adjusted for the pass thru impact, the underlying growth is 4%, driven largely by oral care growth.

- Operating margin however, improved by 360 bps for the quarter compared to last year and by 80 bps sequentially, helped by operational efficiencies.

Region wise Revenue & EBIT Break-up :





(excludes 'unallocated')

Region wise Financial Highlights:

AMESA (continuing business)

(INR million)

Particulars	Q3 FY16	Q3 FY15	% change	9M FY16	9M FY15	% change	FY15
Revenue	2053	2108	-2.6%	6262	6412	-2.3%	8459
EBIT	321	272	18.1%	984	904	8.8%	1212
EBIT Margin (%)	15.6%	12.9%		15.7%	14.1%		14.3%

- Revenue growth over previous year is impacted mainly by sluggish economy resulting into lower rural demand, reduced new launches in cosmetics, off take issues in pharma sales in India and lower than planned offtake by key customers in Egypt.

- Operating margin expansion by 270 bps y-o-y, with improved operational efficiencies.

EAP

(INR million)

Particulars	Q3 FY16	Q3 FY15	% change	9M FY16	9M FY15	% change	FY15
Revenue	1360	1420	-4.2%	4185	3992	4.8%	5338
EBIT	200	172	16.3%	691	508	35.9%	688
EBIT Margin (%)	14.7%	12.1%		16.5%	12.7%		12.9%

- Revenue growth over previous year is impacted by pass thru of RM price reduction to the extent of 4.1%.

- Non oral care revenue in EAP increased by 12.2% compared to last year same quarter, partly impacted by lower than planned off take during the quarter at certain customers. Non Oral Care revenue grew by 29.0% for 9 months period and evinces traction with niche brands adding to portfolio.

- Operating margin expanded by 260 bps y-o-y due to improved efficiencies and increasing non oral care sales.

AMERICAS

(INR million)

Particulars	Q3 FY16	Q3 FY15	% change	9M FY16	9M FY15	% change	FY 15
Revenue	1125	1125	0.0%	3456	3488	-0.9%	4782
EBIT	149	85	74.1%	441	336	31.1%	486
EBIT Margin (%)	13.2%	7.6%		12.8%	9.6%		10.2%

- Revenue growth over previous year is impacted by currency devaluation in Latin America and pass thru of RM price reduction. Adjusted for this the underlying growth is 2.6%.
- Colombia grew 17% in constant currency, helped by ramping up of the new line.
- Mexico revenue too grew 23% in constant currency and also improved sequentially, as the initiatives to turnaround are getting implemented.
- Operating Margin improved by 560 bps y-o-y due to closure of plastic tubes operation and increasing non oral care sales.

EUROPE

(INR million)

Particulars	Q3 FY16	Q3 FY15	% change	9M FY16	9M FY15	% change	FY 15
Revenue	973	853	14.0%	2943	2565	14.7%	3585
EBIT	50	57	-13.2%	170	122	39.1%	186
EBIT Margin (%)	5.1%	6.7%		5.8%	4.8%		5.2%

- Europe expansion is on track with revenue growing by 14.0% y-o-y (24.1% in constant currency).
- Operating margin for the quarter was impacted by product mix change.
- A new line has been added to debottleneck capacity and to make headspace for further growth in Non-Oral care.
- Europe continues to be a promising market and is being watched for new growth opportunities.

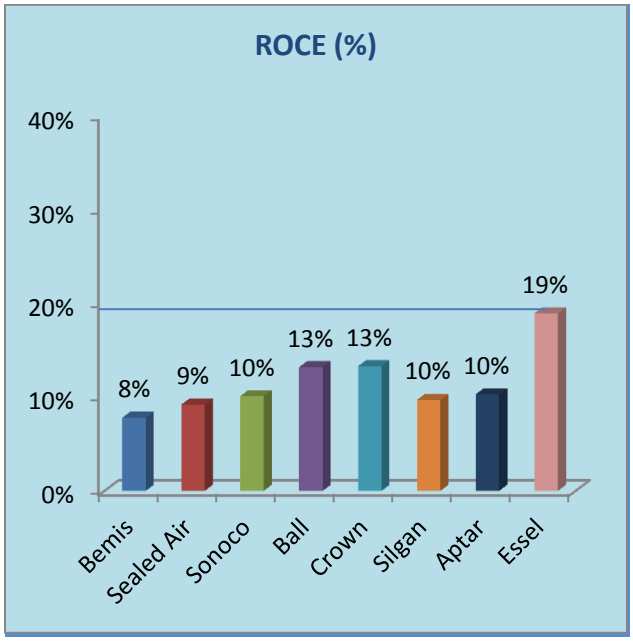
Overall:

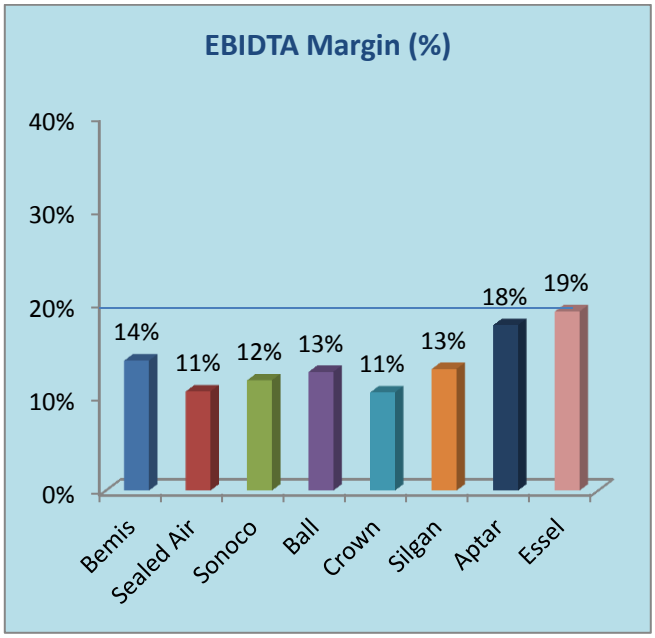
We continue to see growth opportunity through share gain in the non-oral care category in Europe and Americas backed by strong customer engagement and new capabilities deployed across our units. Europe is a clear example. Sluggish condition in India, we believe, is a temporary phase. India returning to high teen growth and the continued success in our on-going China non-oral care thrust, should help the sales growth to step up in the coming quarters. Debt reduction and lower interest cost helped by strong cash flows will further benefit the bottom line.

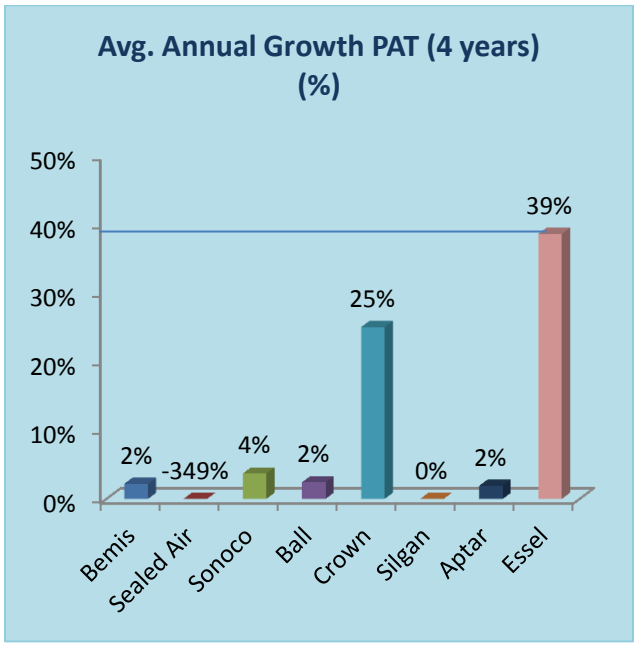
Valuation Comparison with Global Peers – 31-12-2015

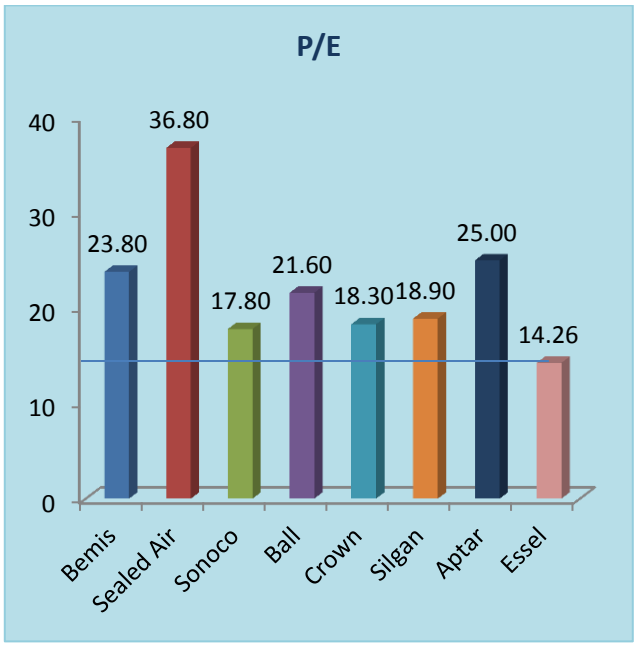
			Performance Indicators*				Value Indicators*			
	Company Name	Business Description	ROE	EBIDTA Margin (LTM)	ROCE	Avg. Annual Growth PAT (Last 4 years)	P/E (LTM)	Book Value (LTM) ($)	P/BV (LTM)	EV/EBITDA
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	12.30%	13.90%	7.80%	2.21%	23.80	12.95	3.45	10.54
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%	36.80	2.24	19.92	18.30
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%	17.80	14.66	2.79	10.97
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%	21.60	7.58	9.59	14.79
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%	18.30	1.00	50.51	15.36
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%	18.90	10.46	5.13	10.63
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%	25.00	18.57	3.91	11.03
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.	20.90%	19.10%	18.82%	38.64%	14.26	61.99(INR)	2.72	7.79

Source: www.in.advfn.com & Company fillings for competitor companies
* LTM- Latest Twelve Months for Peers and Trailing Twelve Months for EPL at 31-12-2015









Essel leads the pack in Avg. Annual PAT growth, EBIDTA 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 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.