EXTRAORDINARY PACKAGING

1 February 2018

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
Scrip: Equity 500135. NCDs 951430 & 957238	**Trading Symbol:** ESSELPACK

Ref.: Essel Propack Limited

Sub.: Investors notes/updates with respect to Unaudited Financial Results for the third quarter and nine months ended 31 December 2017.

Dear Sirs,

Please find attached copy of the Investors notes/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

ESSEL PROPACK LIMITED MUMBAI

Suresh Savaliya
Head - Legal & Company Secretary

Filed online

Essel GROUP

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CIN: L74950MH1982PLC028947

Essel Propack Limited
Q3FY18 Earnings Update

Consolidated Financial Highlights for the quarter ended 31st December 2017

(INR million)

Particulars	Q3FY18	Q3FY17	% change	9MFY18	9MFY17	% change
Total Income from operations (net of indirect taxes)*	5951	5881	1.2%	17955	16897	6.3%
EBIDTA	1159	998	16.1%	3552	3089	15.0%
EBIDTA Margin (%)	19.5%	17.0%		19.8%	18.3%	
EBIT	745	607	22.8%	2311	2053	12.6%
EBIT Margin (%)	12.5%	10.3%		12.9%	12.2%	
PAT excl. Exceptional Items	450	380	18.6%	1318	1224	7.7%
EPS (in Rs.) excl. Exceptional Items	2.55	2.42		8.07	9.32	

* Revenue reported for the Q3FY18 is exclusive of GST (implemented in India w.e.f. 1st July 2017) recovery; in the pre GST regime however, the excise duty recovery is included in the revenue. Hence, total income from operations has been made comparable by netting off excise duty recovery, accordingly margins have been restated for comparability.

Consolidated Performance Highlights:

- Revenue net of indirect tax (GST/ Excise) recovery grew 1.2% during the quarter and 6.3% during the 9 months period as compared to the reported -2.0% and 3.7% respectively. Further, in constant currency terms, the quarter revenue growth was at 1.8% for the quarter and 9.8% for the 9 months.

- The growth has been muted due to continued uncertainty and supply chain re-balancing by customers in India following GST rollout as well GST correction in November 2017. Europe revenue is impacted by customer off take issues and delay in commercialization of new customers in Europe.

- EBIDTA margin and PAT growth for the quarter have been healthy at 19.5% and 18.6% respectively.

- Net Debt as at December 17 end stood at INR 5996 Million, lower compared to INR 7035 Million at March 17 end and INR 6653 Million at September 17 end, a reduction of INR 1039 Million and INR 657 Million respectively.

- ROE and ROCE on TTM basis is at 15.5% and 16.8% respectively.

Consolidated Category-wise Revenue break up for the quarter ended 31st December 2017

(in %)

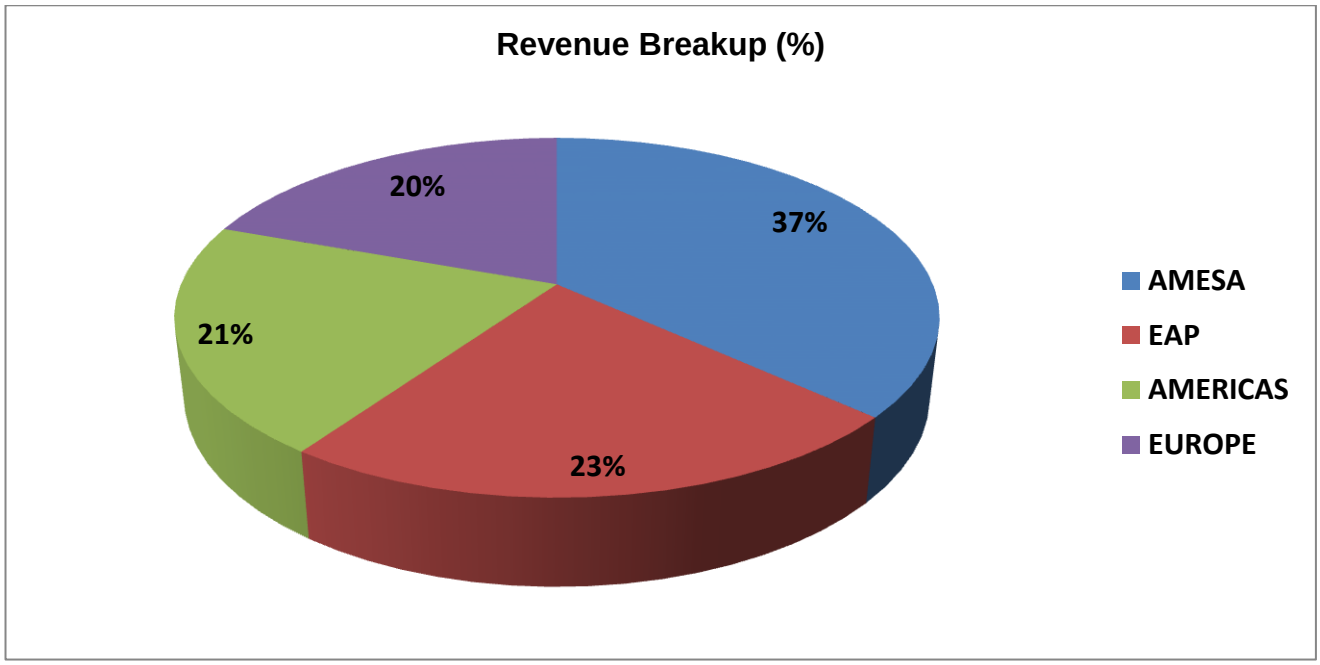
Particulars	Q3FY18	Q3FY17	9MFY18	9MFY17
Oral Care	58.7%	58.8%	58.7%	60.1%
Non Oral Care	41.3%	41.2%	41.3%	39.9%

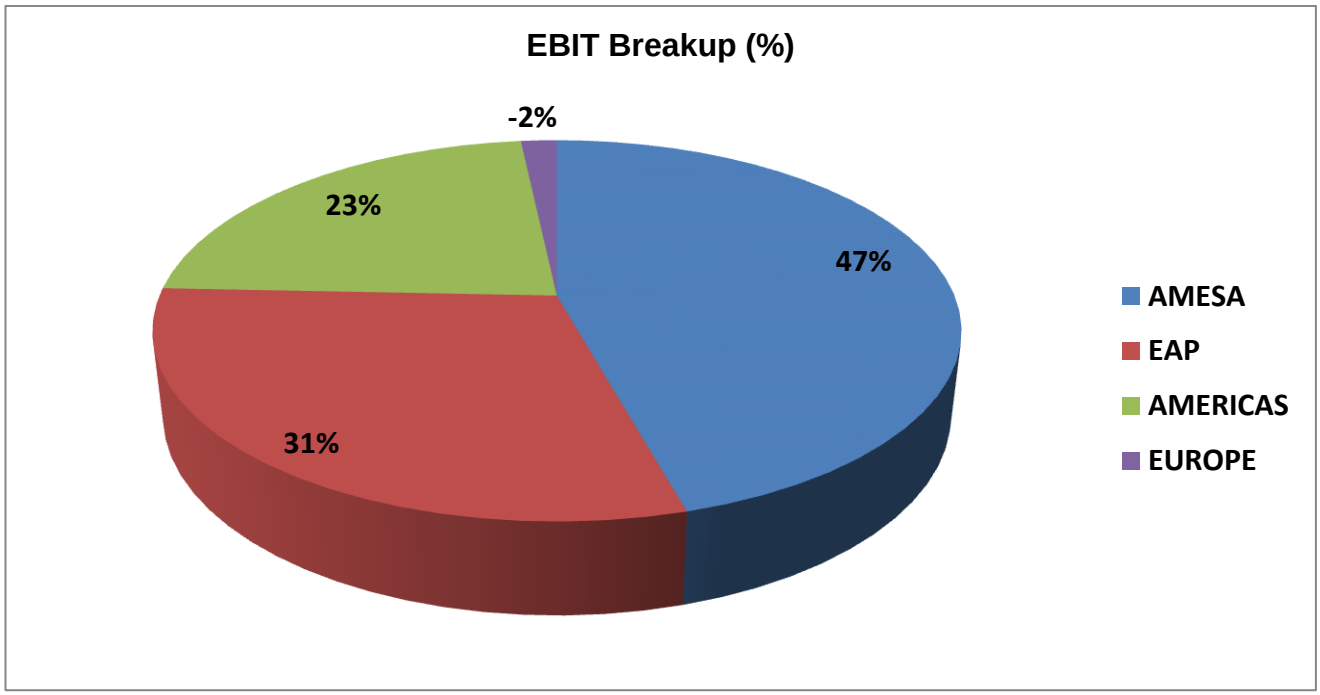
India Standalone Performance Highlights:

- The revenue for Q3 previous year is inclusive of Excise Duty and therefore not comparable with the Q3FY18 revenue, which is net of GST. Adjusted for the same, revenue growth for the quarter is 6.9% as against reported growth of -3.0%. The impact of GST transition is still seen on the India Revenue.

- EBIT margin for the quarter improved on comparable basis by 600 bps over last year same quarter and by 30 bps sequentially due to improved operating efficiencies.

Region wise Revenue & EBIT Break-up for the Q3 FY18:





(excludes 'unallocated')

Region wise Financial Highlights:

AMESA

(INR million)

Particulars	Q3FY18	Q3FY17	% change	9MFY18	9MFY17	% change
Revenue	2237	2342	-4.5%	7019	7336	-4.3%
EBIT	355	215	65.0%	1029	904	13.8%
EBIT Margin (%)	15.9%	9.2%		14.7%	12.3%	

- AMESA underlying revenue growth is 9.0% (as against reported -4.5%) on a comparable basis in constant currency and excluding excise duty on sales. For the 9 months the underlying revenue growth is 7.3% against -4.3%, as reported on similar basis.

- EBIT growth in constant currency is 58.1% for the quarter and 19.7% for 9 months.

- Egypt focus on non oral care category continues with robust revenue growth of 27.0% in constant currency for the quarter.

- Non oral care revenue share for the region at 51.5%, improved by 2.5 pp compared to previous year.

EAP

(INR million)

Particulars	Q3FY18	Q3FY17	% change	9MFY18	9MFY17	% change
Revenue	1404	1385	1.4%	4318	4127	4.6%
EBIT	233	203	14.6%	751	610	23.1%
EBIT Margin (%)	16.6%	14.7%		17.4%	14.8%	

- EAP revenue growth continues helped by new business development. In constant currency, the revenue growth is 1.8% for the quarter and 8.2% for the 9 months, against reported 1.4% and 4.6% respectively.

- EBIT grew 13.2% for the quarter and 29.8% for 9 months in constant currency.

AMERICAS

(INR million)

Particulars	Q3FY17	Q3FY16	% change	9MFY17	9MFY16	% change
Revenue	1262	1223	3.2%	3609	3601	0.2%
EBIT	176	160	9.9%	461	401	15.0%
EBIT Margin (%)	13.9%	13.1%		12.8%	11.1%	

- Revenue growth in constant currency is 4.7% (against reported 3.2%) for the quarter and 3.9% for the 9 months (against reported 0.2%), helped by strong performance in US. However, Mexico and Colombia revenue growth was below plan.

- EBIT grew by 16.9% for the quarter and 17.1% for 9 months in constant currency, helped by operating efficiencies.

- Measures are under implementation to secure growth in Colombia focusing on non oral care opportunities.

EUROPE

(INR million)

Particulars	Q3FY18	Q3FY17	% change	9MFY18	9MFY17	% change
Revenue	1188	1272	-6.6%	3684	2971	24.0%
EBIT	-13	23	-158.8%	68	141	-51.4%
EBIT Margin (%)	-1.1%	1.8%		1.9%	4.7%	

- EDG EBIDTA grew by 17.2% y-o-y in constant currency and margin is comparable to the rest of Europe, despite de-growth in quarter revenue y-o-y of 10.8% in constant currency.

- Europe continued to present challenge in terms of growth with both existing and newly developed customers. Overall revenue in constant currency declined by 12.5% in this quarter, consequently EBIT has been adversely impacted.

- The region continues to focus on new project delivery and sales activity with a view to growing revenue going forward.

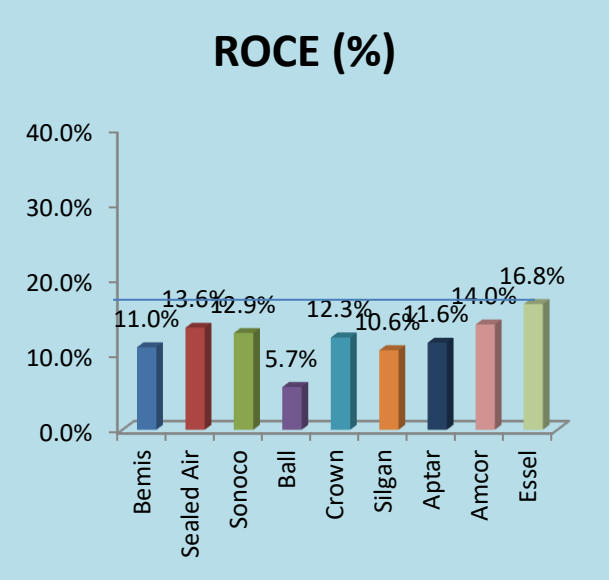
Overall:

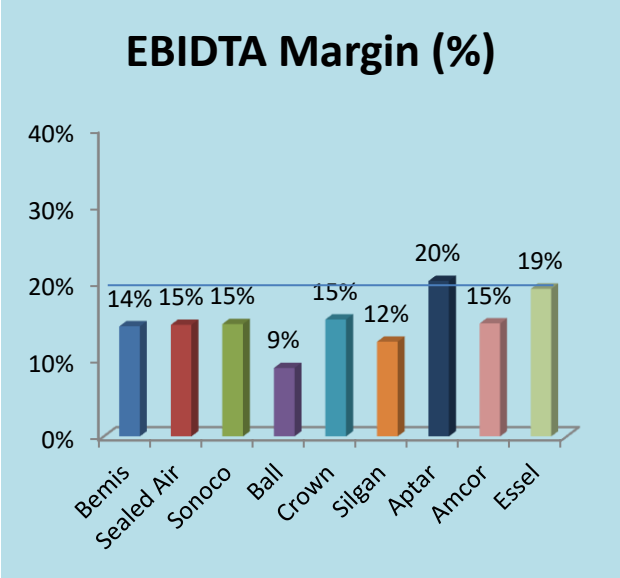
The quarter has been disappointing in terms of topline growth. While EAP, AMESA seem to indicate a recovery as regards growth, Europe and Americas need to step up. Colombia recovery measures and new customer acquisition in US is expected to help realize this. Europe has been a bigger disappointment for the year and corrective measures are underway to address the challenges in Europe. Even while addressing the topline growth, we are doing everything to sustain the business health in terms of cost, efficiencies and margins. Additionally, we are actively promoting new innovations like GML and Mystik with a view to buffering the topline for future.

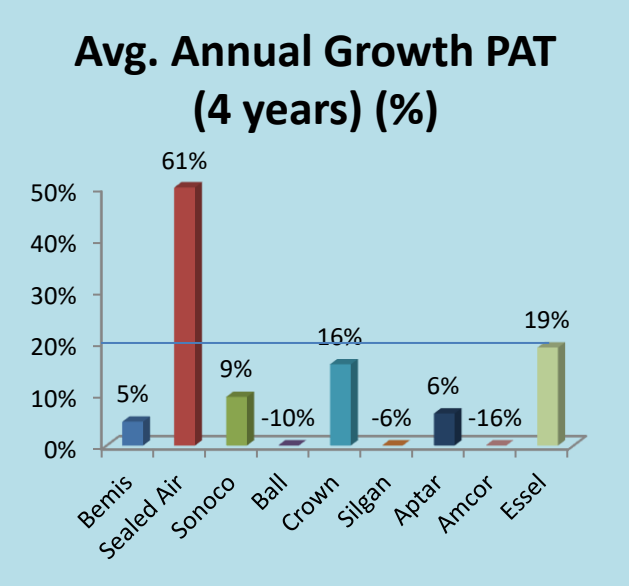
Valuation Comparison with Global Peers – 31-12-2017

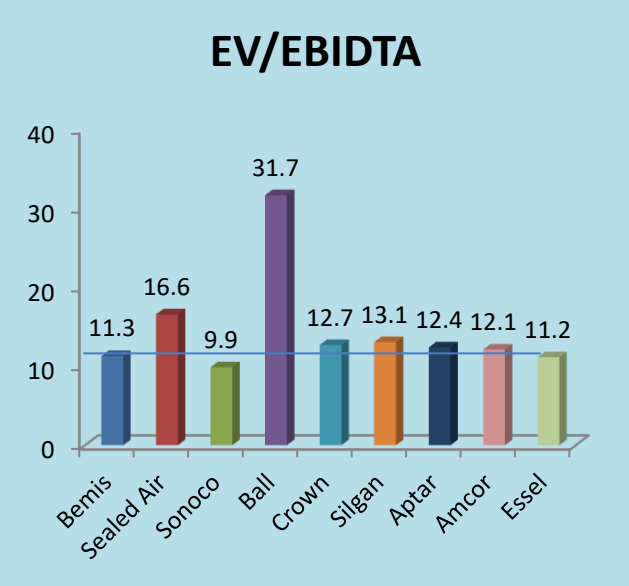
			Performance Indicators*				Value Indicators*			
	Company Name	Business Description	ROE	EBIDTA Margin (LTM)	ROCE	Avg. Annual Growth PAT (Last 4 years)	P/E (LTM)	Book Value (LTM) ($)	P/BV (LTM)	EV/EBITDA
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	19.10%	14.30%	11.00%	4.60%	18.20	14.05	3.27	11.31
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.	85.60%	14.50%	13.60%	60.93%	18.00	3.31	13.40	16.58
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.	18.80%	14.60%	12.90%	9.41%	18.00	17.43	2.91	9.88
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.	11.20%	8.90%	5.70%	-10.36%	48.80	10.08	3.97	31.65
5	Crown Holdings Inc	Manufacturer of metal cans, closures for food, beverage, household and consumer applications in US, Europe and other regions.	194.50%	15.20%	12.30%	15.73%	16.50	5.94	9.86	12.70
6	Silgan Holdings, Inc.	Manufacturer of metal and plastic containers and closures for consumer applications in USA, South America, Europe, and Asia.	27.70%	12.30%	10.60%	-6.04%	22.40	5.65	5.07	13.07
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%	11.60%	6.19%	26.30	21.21	4.04	12.40
8	AMCOR	Amcor Ltd. engages in the manufacture and supply of packaging products for the food, beverage, healthcare, home, personal care, and tobacco industries. It operates through the following business segments: Amcor Rigid Plastics, Amcor Flexibles, and Other/Investments.	74.73%	14.68%	14.04%	-16.27%	21.34	0.60	17.51	12.13
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.	15.49%	19.19%	16.77%	18.97%	27.22	74.31(INR)	3.98	11.15

Source: www.in.advfn.com, www.marketwatch.com & Company fillings for competitor companies
* LTM- Latest Twelve Months for Peers and Trailing Twelve Months (based on IND AS) for EPL at 31-12-2017









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 4.2 billion Essel Group, with FY17 turnover of over USD 368 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 19 state of the art facilities and in eleven countries, selling circa 7 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.