



Q2 & H1 FY16 Result Presentation

November - 2015

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.

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Business Overview



Quick Facts



Founded

1985



Corporate Headquarters

**GURGAON,
INDIA**



Businesses & Annual Capacities

Polyester Chips – 70 KT

Specialty Polymers – 30 KT

Polyester Film – 57 KT

Metallized Film – 13.2 KT

Engineering Plastics – 16.5 KT



Global Presence

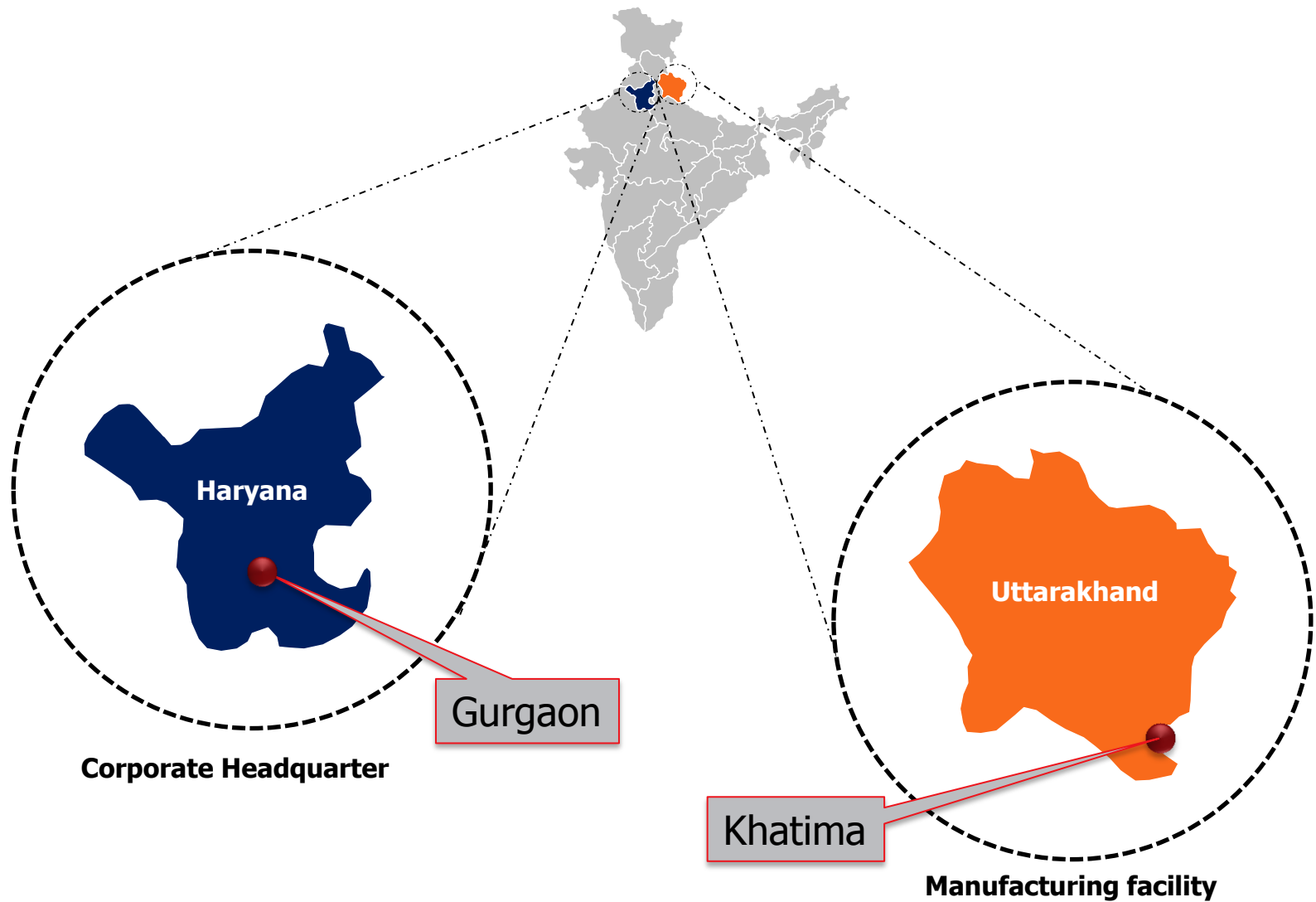
**EXPORTS TO 50+
COUNTRIES**



People

560+

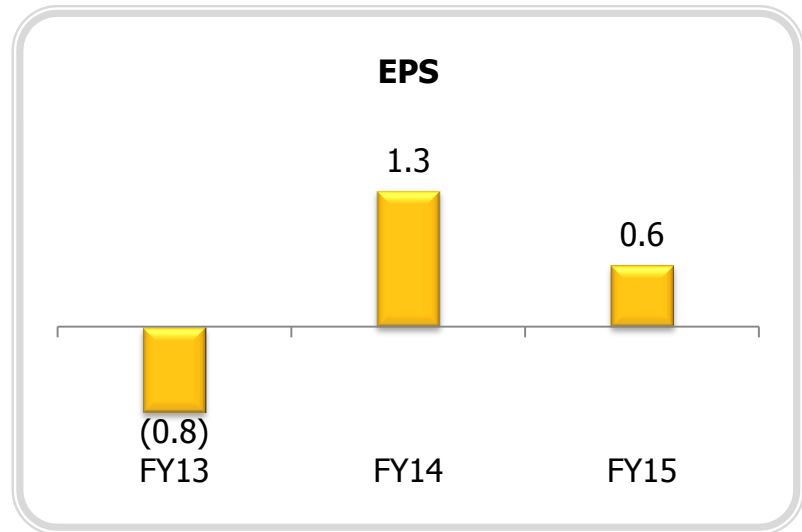
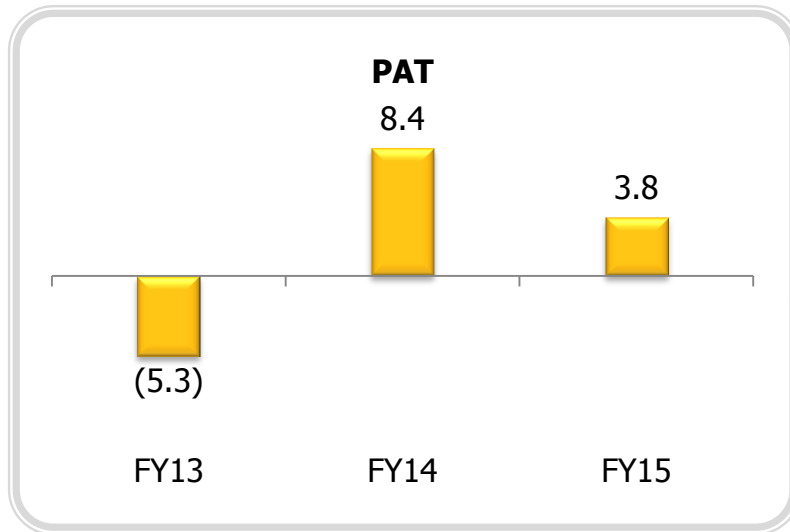
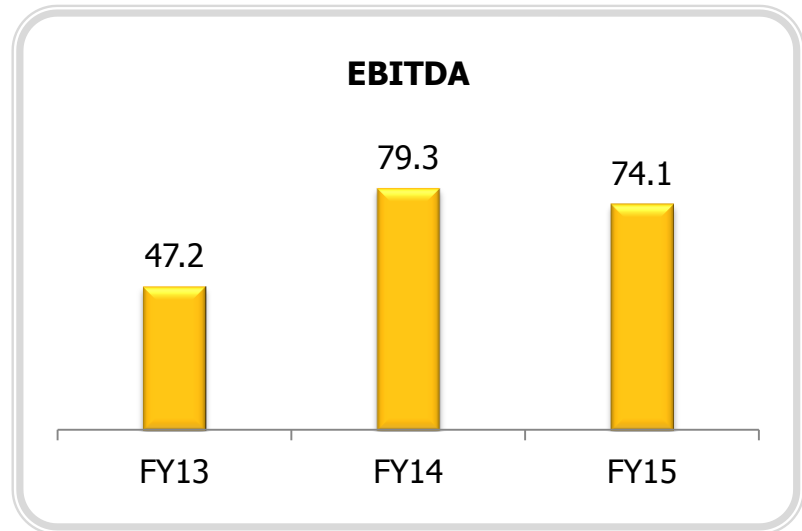
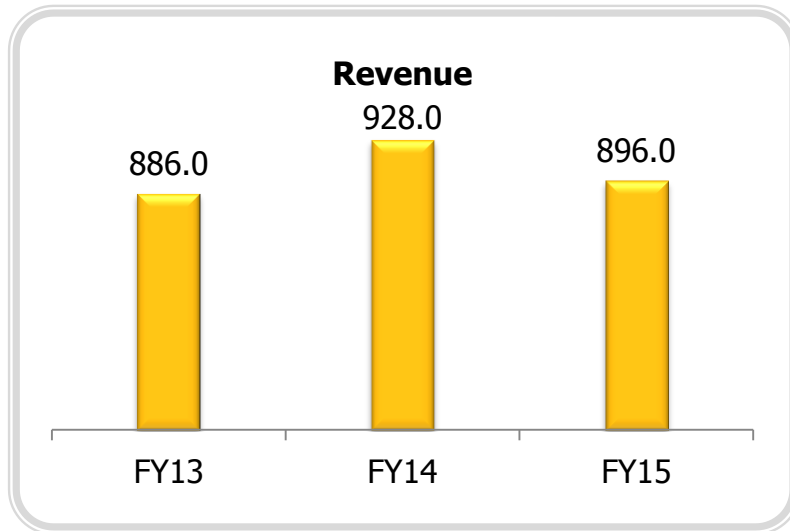
Our Presence



Global Presence



Financials..... (Rs. cr)



Strategic shift – The new Ester

ESTER
INDUSTRIES LTD.

Business Transformation – “Commodity” to “Technology”

New Product Development

Value Addition

Technology

Innovation

Customisation



- One amongst many in the Polyester Film and Engineering plastic space



- Transforming from a “commodity” to “technology” player
- Redefining product portfolio with innovative and customer centric products



- Aiming to be a Technology driven enterprise
- Insulate performance from effects of volatility & cyclicality
- Emphasis on sustainable & profitable growth

The Specialty Polymers business will be a key driver of this transition

Driving Profitable Growth

- **Specialty Polymers**

- **Polyester Films**

- **Engineering Plastics**

- Focus on building technological capabilities; emphasis on R&D and innovative product development
- Patent already filed for 7 products; many more in the pipeline
- Significant opportunities with large global entities, especially in USA & EU across varied applications including rigid & flexible packaging , carpets, textiles, engineering plastics and industrial

- Enhancing proportion of Value Added & Specialty products
- Customized solutions for International & Domestic customers
- Long Term engagement with stakeholders

- Strengthening and widening product portfolio
- Identifying opportunities in new polymer / product categories
- Exploring export opportunities
- Enhancing relationships with present customers; exploring new domestic / overseas opportunities

Innovation, Technology, Customization and Value creation across all businesses

Q2 & H1 FY16 Performance



Financial - Q2 & H1 FY16 Performance

Particular (Rs cr)	Q2 FY16	Q2 FY15	Y-o-Y (%)	H1 FY16	H1 FY15	Y-o-Y (%)
Total Income	202.2	241.1	(16.1)	413.2	474.9	(13.0)
EBITDA	23.2	19.4	19.6	48.2	39.6	21.6
Margins	11.5	8.0		11.7	8.3	
PAT	3.9	0.9	336.3	7.8	2.7	191.4

- Falling crude oil prices & consequential drop in feedstock (petrochemical products) prices resulted in revenue de-growth and inventory valuation losses
- Operating profitability improved primarily due to higher share of Specialty Polymers in the sales & EBITDA in HY ended Sept 2015 and improvement in margins in Film during quarter ended June 2015. EBITDA Margins for the quarter stood at 11.5% as against 8% during Q2 FY15
- Continue to increase volumes of products in Specialty Polymers which have been commercialized. This will ensure continuously improving financial performance
- Continue to build Innovative and Value Added product portfolio to improve business profitability going forward

Chairman's Comments



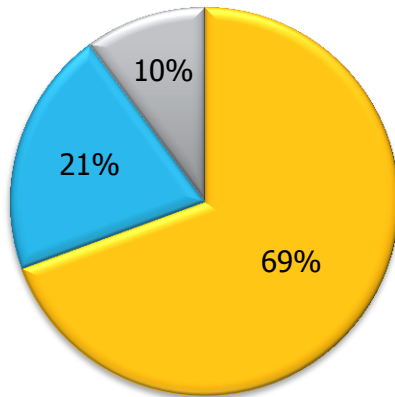
Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said

"We are pleased that our efforts towards charting a new course for Ester Industries, by placing innovation & technology at the forefront of all our initiatives, has started to yield favorable returns. It is primarily factors like these that will enable Ester to carve a niche for itself and cease to be a mere commodity player. Our emphasis on R&D and technology is also helping us strengthen our innovation pipeline, become increasingly consumer centric and execute our operations more efficiently.

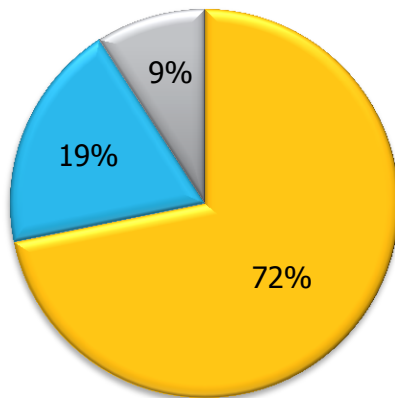
We are heartened to see the Specialty Polymer business emerging as a game-changer whilst well defined steps continue to be taken for improving the performance of both Polyester Films and Engineering Plastics businesses. Through concerted efforts, many of the Specialty Polymer products have been successfully commercialized and focus is being directed to significantly enhance volumes towards achieving improved profitability. We are confident of building a strong and exciting product pipeline as we move forward and are equally optimistic of a strong customer buy-in for our product offerings.."

Business Wise - Revenue Contribution

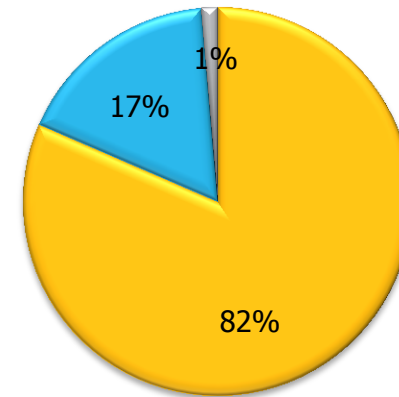
Q2 FY16 (Rs. cr)



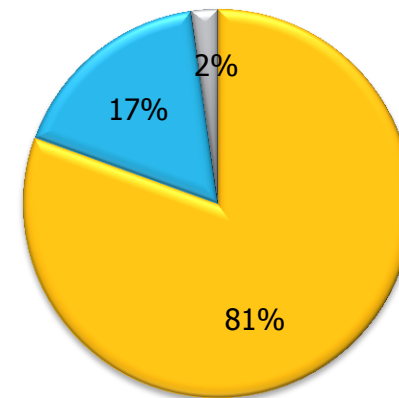
H1 FY16 (Rs. cr)



Q2 FY15 (Rs. cr)



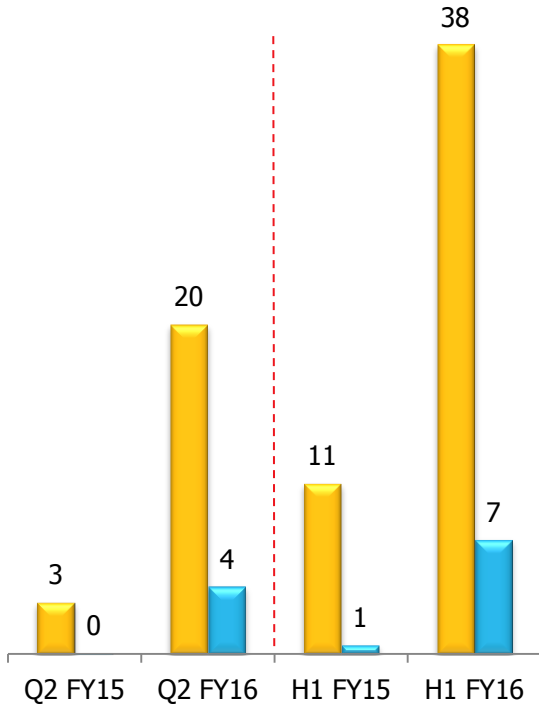
H1 FY15 (Rs. cr)



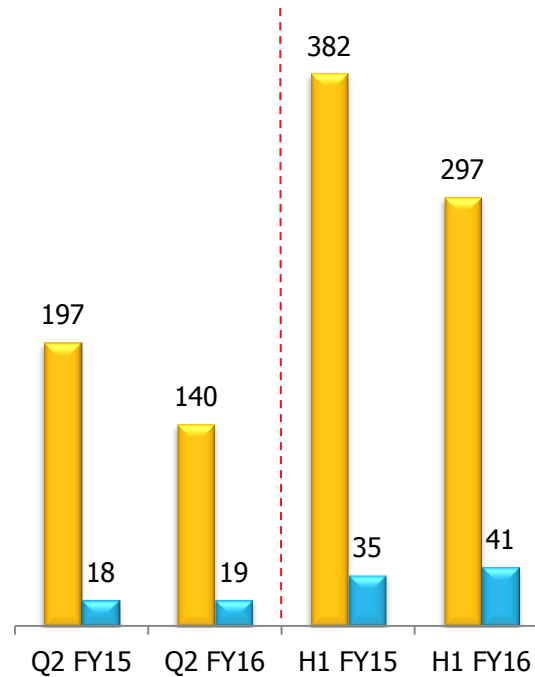
■ PF ■ EP ■ SP

Business Performance..... (Rs. cr)

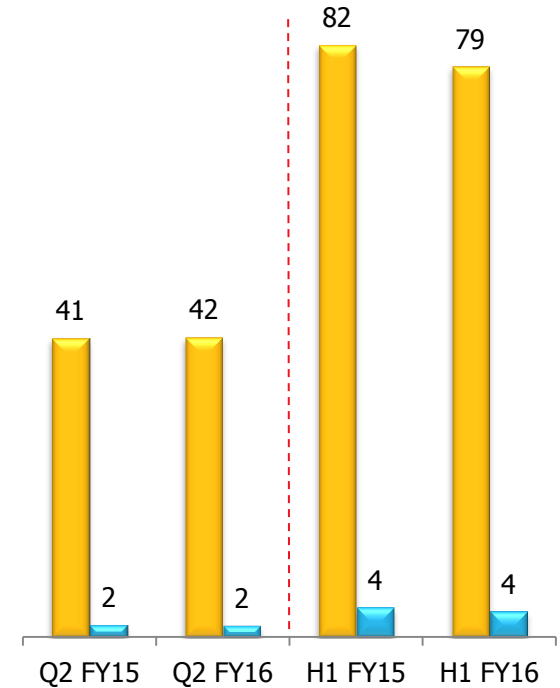
Specialty Polymers



Polyester Films & Chips



Engineering Plastics



■ Revenue ■ EBIT

Specialty Polymers

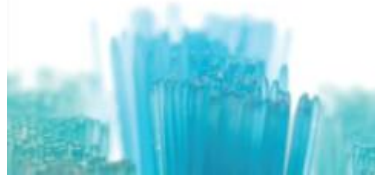
- Leveraging strong R & D base to continuously create innovative products to address customized needs
- **Product portfolio** - 15 products of which patents have been filed in respect of 7
- **Strong product pipeline** - 18 products at various stages of development
- **High entry barriers** due to protection granted by Intellectual Property rights, leading to consistent high margins
- **Noteworthy developments** – Products already commercialized like Stain resistant Master Batch for Carpets and PET resin for Hot-fill rigid packaging application

Particulars (Rs cr)	Q2 FY16	Q2 FY15	%	H1 FY16	H1 FY15	%
Revenues	20.30	3.22	530.4	37.5	10.5	255.8
EBIT	4.18	0.08	5,125.0	7.0	0.6	1,071.7
<i>Margins (%)</i>	20.6	2.5		18.7	5.7	

▪ Growth Drivers –

- Rapidly growing volumes of products already commercialized like Stain resistant Master Batch for Carpets and PET resin for Hot-fill rigid packaging application
- Continuously increasing usage in Carpet and Rigid packaging industry amongst other applications
- Continuous introduction of new and innovative products from the R & D pipeline

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

Carpets – Stain Resistant Master Batches

Heat Sealable

Engineered Plastics / Injection Moulding

Low Melt Polymers for Textiles

Polyester Films

- A leading and well known player in the Polyester Film industry
- Manufactures and markets polyester films under the brand “UmaPET”
- **Manufacturing capacity** - 57,000 MTPA for polyester films & 13,200 MTPA for metalized polyester films
- **Integrated player** – Polyethylene Terephthalate (Polyester) chips manufacturing capacity 70,000 MTPA
- **Value Added & Specialty products** include transparent barrier film, shrink film etc
 - Transparent high barrier film is being keenly explored by global buyers to replace PVdC coated PET (environmentally hazardous material) and EVOH coextruded films (due to their higher mass).
- Aiming towards 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

Particulars (Rs cr)	Q2 FY16	Q2 FY15	%	H1 FY16	H1 FY15	%
Revenues	140.4	196.5	(28.6)	296.8	382.4	(22.4)
EBIT	18.6	18.5	0.9	41.2	35.4	16.4
<i>Margins (%)</i>	<i>13.3</i>	<i>9.4</i>		<i>13.9</i>	<i>9.3</i>	

- Results for Polyester Film segment include Chips
- Lower Chips sales and moderating crude prices resulted in revenue generation of Rs. 161 crore for Q2 FY16, as against Rs. 200 crore of Q2 FY15
- Benign input prices coupled with higher margins resulted in margin expansion of 387 bps for the quarter
- Efforts towards improving product mix should result in consistent performance over long period

Polyester Films – Products & Applications



Products	White Opaque	High Clear
	High Barrier	Embossable
	Heat Saleable	Twist Wrap
	Shrink film	Anti - Static
	Metalized High Barrier	Matte



Applications	Flexible Packaging
	Barrier Packaging
	Embossing
	Lidding
	Label & Graphics

Engineering Plastics – Products & Applications

- A well regarded manufacturer of Engineering plastics
- Manufactures and markets engineering plastics under the brand name “**Estoplast**”
- **Manufacturing capacity - 16,500 MTPA**
- Growing at **better than industry run rate** since the last 3 years
- **Awarded** the prestigious **Plasticon Gold Award** for the “*Fastest Growing Enterprise – Processing (Engineering Polymers)*” at the Plastindia Exhibition in February 2015

Particulars (Rs cr)	Q2 FY16	Q2 FY15	%	H1 FY16	H1 FY15	%
Revenues	41.5	41.4	0.3	78.9	81.9	(3.7)
EBIT	1.7	1.7	(4.6)	3.6	4.1	(13.8)
Margins (%)	4.0	4.2		4.5	5.0	

- Revenue for the segment remained stable at Rs. 42 crore
- Efforts towards scaling up business and building up product portfolio. Targeting overseas markets as well.

Applications	CFL Holders, Adaptors & Sockets
	MCB Case, Cover & other Parts
	Handles
	Knobs, Panels
	Switches
	Optical Fibre Sheathing
	Textile Machinery Parts
	Connectors

Products	Thermoplastic Polyester Compounds
	Polybutylene Terephthalate (PBT)
	Polyethylene Terephthalate (PET)
	Polyamide 6 Compounds
	Polyamide 6.6 Compounds



Business Outlook



Business Outlook



Specialty Polymers

- High entry barriers
- Rapidly growing revenues
- High & consistent margins



Polyester Films

- **Greater awareness of environmental issues:** Shift from substrates (such as PVC and PVDC) to BOPET
- Rapid conversion of product portfolio from commodity to Value Added & Specialty will reduce effects of commoditization
- **Brand differentiation:** Redefine company's approach from product supplier to solution provider



Engineering Plastics

- Increased usage of plastics in the automotive industry
- Increased focus towards promoting usage of energy-saving lighting
- New and wider usage of product across various industries such as the Medical industry

About Us



Investor Contacts

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.

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