



Ester Industries delivers strong H1 performance
- Revenue up 21%; EBITDA % contracts by 127 bps

Gurugram, 15th November, 2022: Ester Industries Limited, India's leading manufacturer of Polyester Films and Specialty Polymers, announced its financial results for the quarter and half year ended September 30, 2022.

Particulars – Continued Operations (Rs.cr)	Q2 FY23	Q2 FY22	%	H1 FY23	H1 FY22	%
Revenues	304.22	258.78	17.6%	628.51	518.7	21.2%
EBITDA (including Non-operating income)	30.22	40.68	(25.7%)	92.22	82.69	11.5%
Margins (%)	9.93%	15.72%	(579 bps)	14.67%	15.94%	(127 bps)
PAT (Continuing operations)	7.62	19.84	(61.6%)	41.73	41.02	1.7%
Margins (%)	2.50%	7.67%	(517 bps)	6.64%	7.91%	(127 bps)
Particulars – Discontinued Operations (Rs.cr)						
PAT from discontinued operations	5.25	13.15	(60.08)	13.23	29.59	(55.29)
PAT from disposal of discontinued operations	114.03	-	-	114.03	-	-
Particulars – Company as a whole (Rs.cr)						
PAT	126.90	32.99	284.7	168.99	70.61	139.3
EPS	15.22	3.96	284.7	20.26	8.47	139.3

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

"We have had a good first half wherein both Films and Specialty Polymers reported good volume of sales resulting in higher revenue growth.

Specialty Polymer business has had a stellar run with Q2 registering highest sales and EBIT (in absolute terms) till date. The performance is both volume and value driven. We continue to see good traction for our marquee products namely MB03 and especially Innovative PBT. We continue to enhance our capabilities through fresh investment and focus on development of new innovative products. We continue to get encouragement from customers as these products satisfy their varied needs.

While it is possible that in the near term demand may be impacted by the recessionary trend in global markets (especially US), longer term prognosis remains extremely positive for this business. If the US markets were not hit by recession, the Specialty Polymers business would have done very well in FY23



which is evident from the performance of first half year of FY23. Expected slowdown in the business is due to external environment beyond the control of the management.

Growth in revenue in Film business was mainly driven by increase in feedstock prices leading to higher per unit realization. The margins however remained benign following commissioning of newer capacities. Another reasons for lower performance is inflationary pressure resulting in higher cost of conversion / operations. While a slowing macro-economic environment combined with increasing supplies presents some challenges in the near term; in the medium to long term, our focus on enhancing proportion of value addition will hold us in good stead to long term as the demand supply situation as well as global & domestic economic environment stabilizes. We continue to enhance capacity to produce value added & specialty products.

Sale of EP SBU has happened at the right time as margins that peaked in June 21 have started to normalize. Proceeds from the slump sale have enabled the Company to improve its liquidity position and further strengthen the leveraging position as demonstrated by Net Debt / EBITDA multiple of 0.23 as at 30th Sept 2022.

We are confident of the long term growth outlook for both our businesses and the commissioning of our new unit will help to further strengthen our competitive position as new unit will turn out to be low cost operations. Our strong balance sheet offers comfort and is supportive of our growth plans”

Business Highlights

- **Polyester Films – Volume growth drives revenue growth; competitive intensity drags profitability**
 - Higher volume growth coupled with higher per unit realization consequent to increase in feedstock prices resulted in revenue growth of ~9% for Q2FY23
 - Share of Value-added products stood at 23% during Q2FY23 as against 20% during Q2FY22
 - EBIT moderation in Q2 FY23 was largely owing to pressure on margins consequent to commissioning of new capacities.
 - Inflationary pressure on costs resulted into higher cost of conversion / operations
- **Specialty Polymers – Stellar H1; Global recessionary worries may impact near term performance**
 - Higher product off-take coupled with improved product mix resulted in higher revenue growth during Q2 as well as H1FY23
 - Generates highest ever sales till date during Q2 FY23
 - Registers highest ever EBIT (in absolute terms) till date on account of higher volumes and better product mix
 - Product pipeline remains strong; although global slowdown (especially in US) may reduce the growth momentum given that the products we produce are exported to customers mainly in US
- **Engineering Plastics (Discontinued Operations) – Soft performance on expected lines**
 - Lower volume off-take resulted in revenue moderation for the quarter and first half
 - EBIT and margins declined marginally on expected lines; primarily on account of lower volumes of EP compounds, OFC grade material and gradual moderation in realizations



- Pursuant to the Board of Directors approving the sale of Engineering Plastics division to Radici Plastics India Private Limited (RPIPL) in an all-cash slump sales transaction, the business was transferred to RPIPL on 15th September 2022. The performance of EP SBU therefore represented the last quarter for the business operating within the Company

About Ester Industries:

Ester Industries Limited is a public limited company incorporated in 1985 promoted by the Singhanian family. The company is one of India's leading producers of Polyester Films and Specialty Polymers having a track record of continually developing new and innovative products for customers across the globe. Ester Industries has state of the art manufacturing facilities in Khatima in Uttarakhand with the capacity of 67,000 TPA of Polyester Resin, 57,000 TPA of Polyester Film and 30,000 TPA of Specialty Polymers. The company currently exports about 30% of its production of Polyester Films with sales and distribution network in more than 50 countries across the world resulting in strong customer relationship. Specialty Polymers are manufactured primarily for the US and other overseas markets.

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