

August 17, 2020

<p>The Manager - Listing Department, National Stock Exchange of India Limited, Exchange Plaza, NSE Building, Bandra Kurla Complex, Bandra East, Mumbai- 400 051</p> <p><b>SYMBOL : POLYPLEX</b></p>	<p>The General Manager - Listing Department, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001</p> <p><b>BSE Scrip Code : 524051</b></p>
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Dear Sir(s),

**Sub: Regulation 30 of SEBI (LODR) Regulations, 2015**

**Ref: Presentation on Q1 Unaudited Financial Results for the Financial Year 2020-21.**

We are pleased to enclose herewith our presentation on Q1 Unaudited Financial Results for the Financial Year 2020-21.

A Copy of this presentation is also being posted on Company's Website i.e. [www.polyplex.com](http://www.polyplex.com).

Thanking you,

Yours faithfully,  
For Polyplex Corporation Limited



Ashok Kumar Gurnani  
Company Secretary

Email : [akgurnani@polyplex.com](mailto:akgurnani@polyplex.com)

**Polyplex Corporation Limited**

(CIN: L25209UR1984PLC011596)

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Board: +91.120.2443716-19, Fax: +91.120.2443723 & 24 Website : [www.polyplex.com](http://www.polyplex.com)  
Registered Office: Lohia Head Road, Khatima - 262308, Distt. Udham Singh Nagar, Uttarakhand, India

# POLYPLEX<sup>®</sup>

Polyplex Corporation Limited (PCL)  
August 17th, 2020

First Quarter FY 20-21  
Financial Results & Summary



# Disclaimer

- This presentation may contain forward-looking statements which are based on the Company's current expectations and estimates about the industry, management's beliefs and various other assumptions. These forward-looking statements are subject to various risks, uncertainties and other factors, some of which maybe beyond our control. No assurance is given with regard to future events or the actual results, which may differ materially from those projected herein.
- This presentation does not constitute an offer to sell or a solicitation of an offer to buy or sell PCL stock and in no event shall the Company be held responsible or liable for any damages or lost opportunities resulting from use of this material.
- Numbers for previous periods may have been regrouped/rearranged/reworked for comparison purpose and for better analysis.

# Polyplex: At a Glance

## Q1 20-21 Highlights

<b>1,155 Cr</b> Sales Revenue#	<b>-3%</b> QoQ	<b>+4%</b> YoY
<b>299 Cr</b> Normalized EBITDA* ( <b>26% EBITDA Margin</b> )	<b>+21%</b> ▲ 478bps QoQ	<b>+23%</b> ▲ 410bps YoY

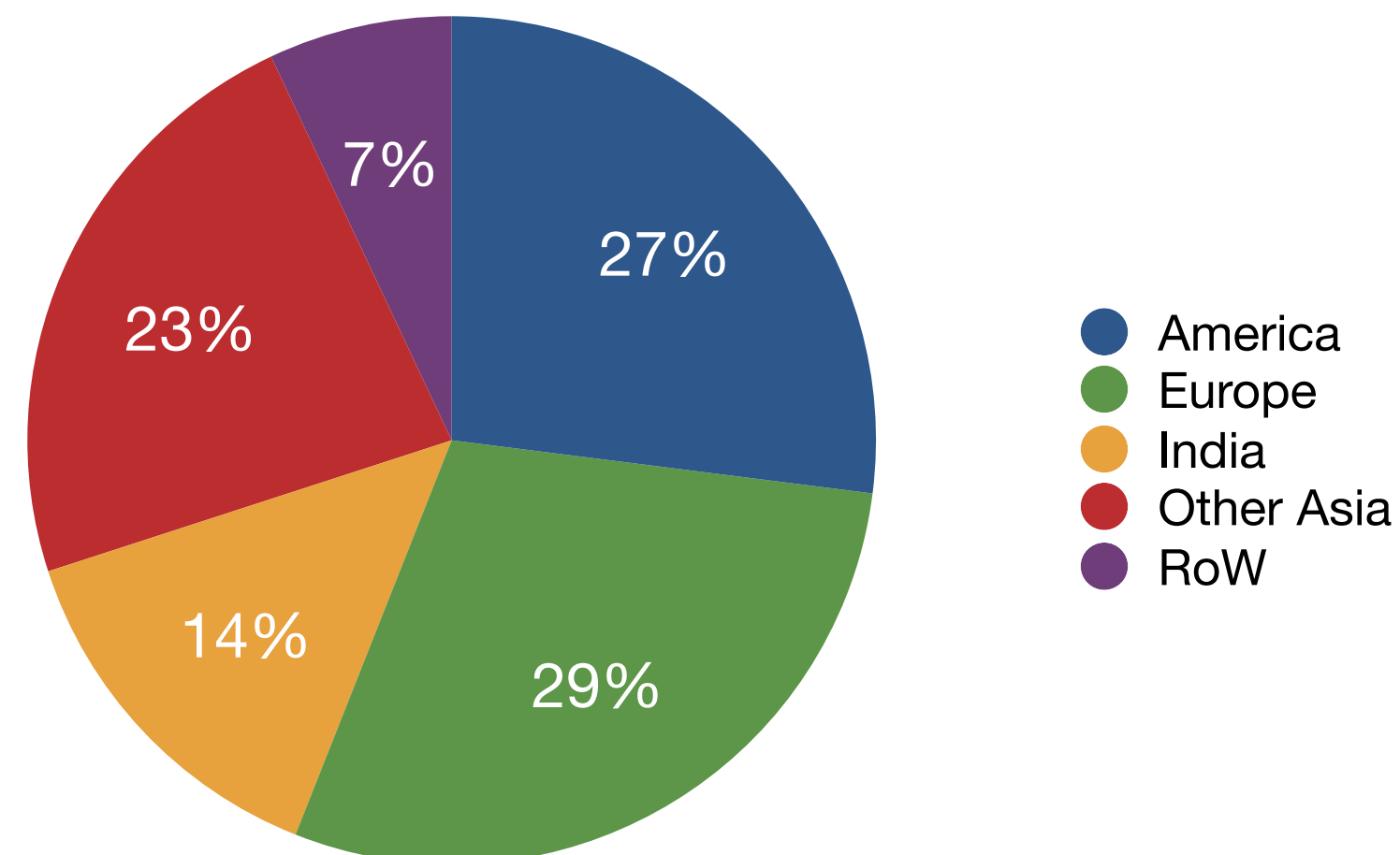
## FY 19-20 Highlights

<b>4,465 Cr</b> Sales Revenue#	<b>-2%</b> YoY
<b>944 Cr</b> Normalized EBITDA* ( <b>21% EBITDA Margin</b> )	<b>+18%</b> ▲ 352bps YoY

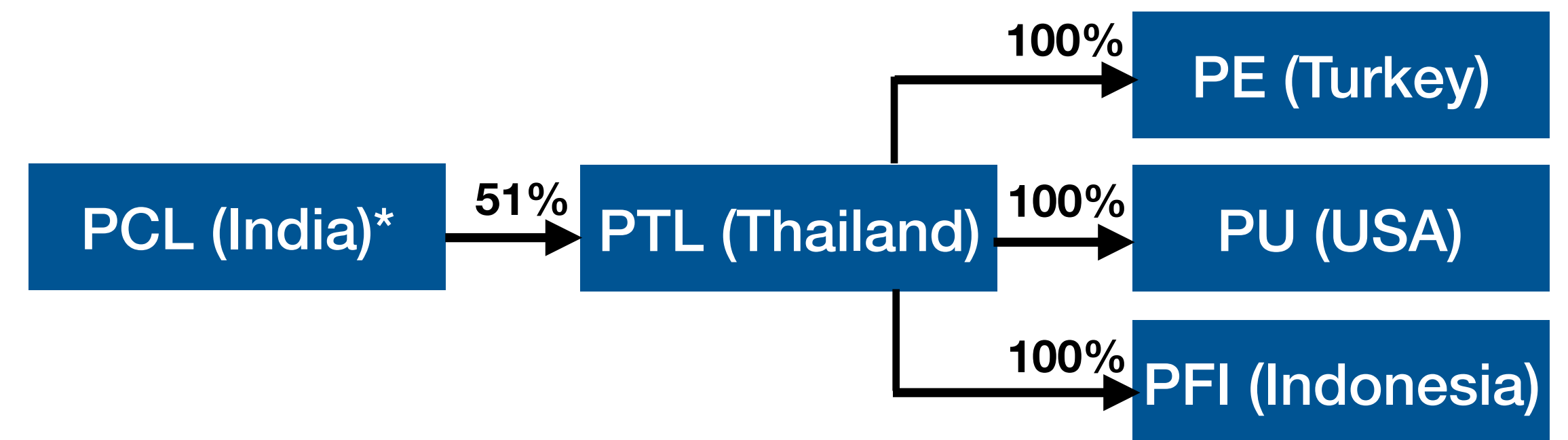
# Excludes other operating revenues

\* Normalised EBITDA: EBITDA excluding impact of unrealised FX gains / (losses) on long term loans

## Business Mix (Q1 FY 20-21)



## Polyplex Group Structure



\* Including WOS Holding  
Covers only manufacturing locations

# Success Enablers



**Global leadership position with industry leading scale & cost**



**Strong financial & operational track record**



**Continuous and high growth in demand**



**Stable earning across business cycles**

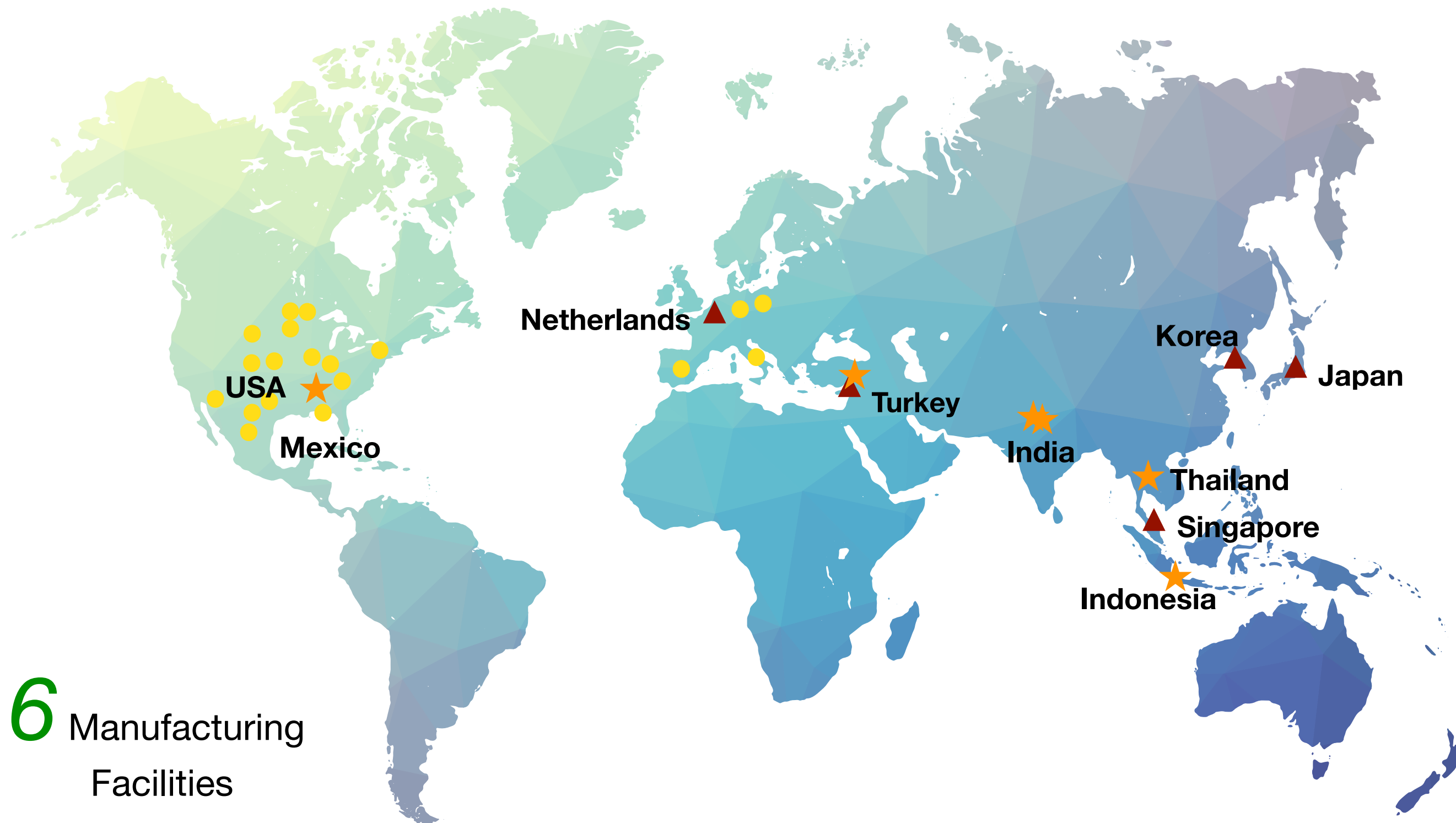


**Stable & proven Management team**

**Global leadership position with industry leading scale & cost**

# Global Leadership

*Unique model of on-shore, off-shore and near-shore manufacturing*



**6** Manufacturing Facilities

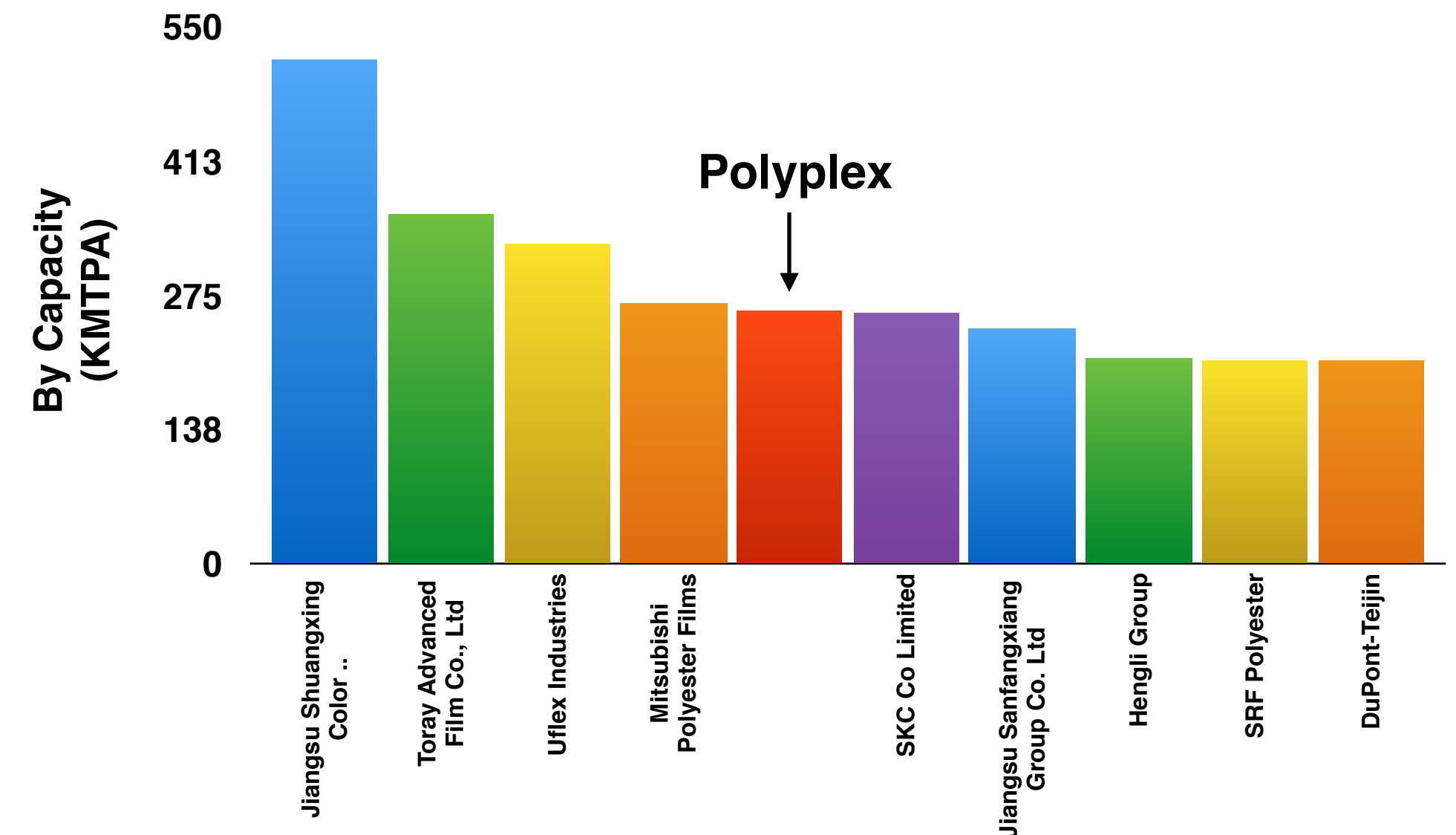
In **5** Countries

with Multiple Warehouses & Liaison Offices Worldwide

- ★ Group Manufacturing Locations
- Warehouses
- ▲ Trading Company/Representative Office

*Preferred strategic partner in flexible packaging - the largest and fastest growing segment in polyester film*

*Global #5 in PET Film\**

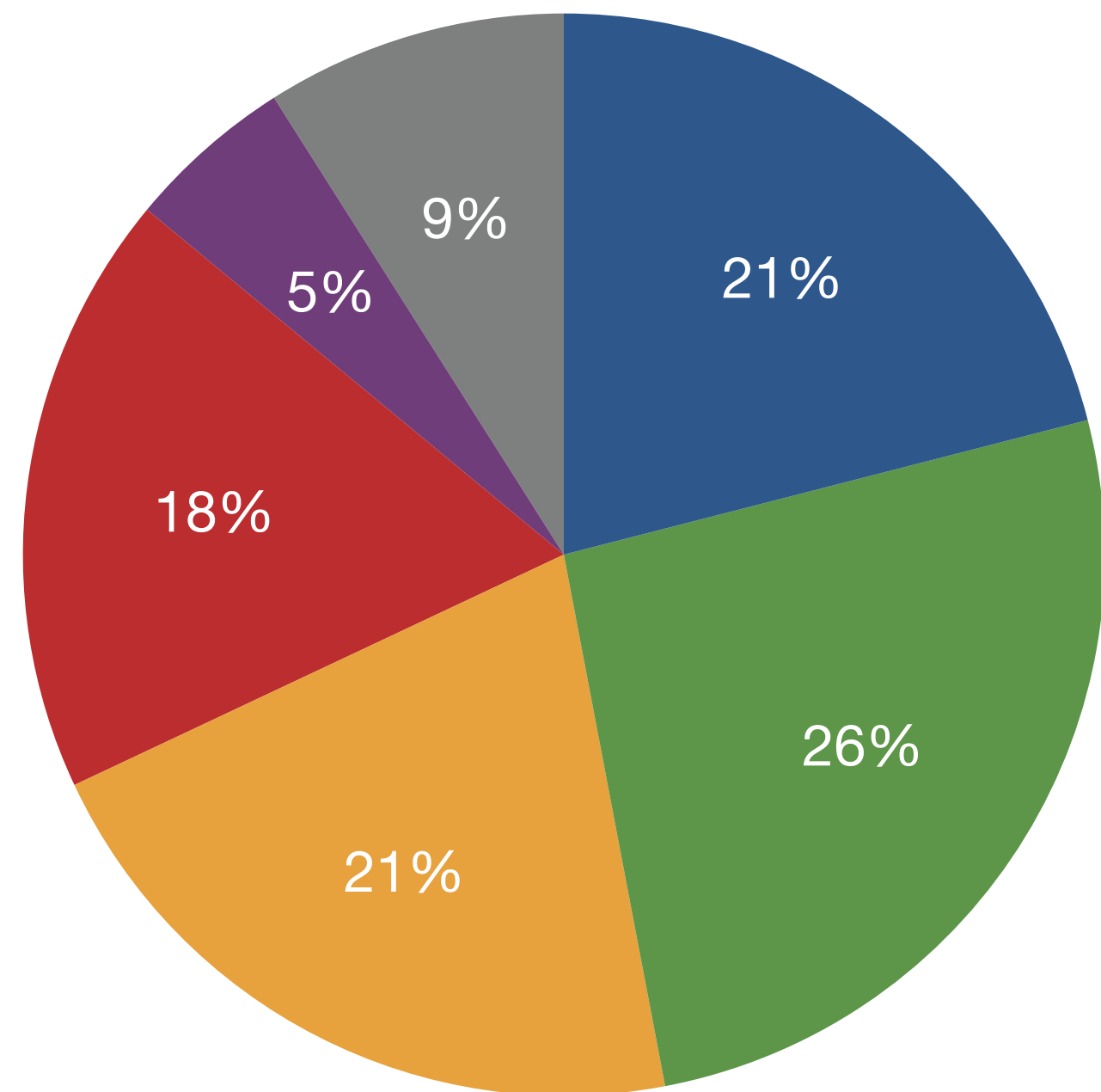


*\*Including all industry capacity started till now*

*Global footprint providing customers a low-risk, reliable and cost effective supply chain*

# Global Presence & Portfolio

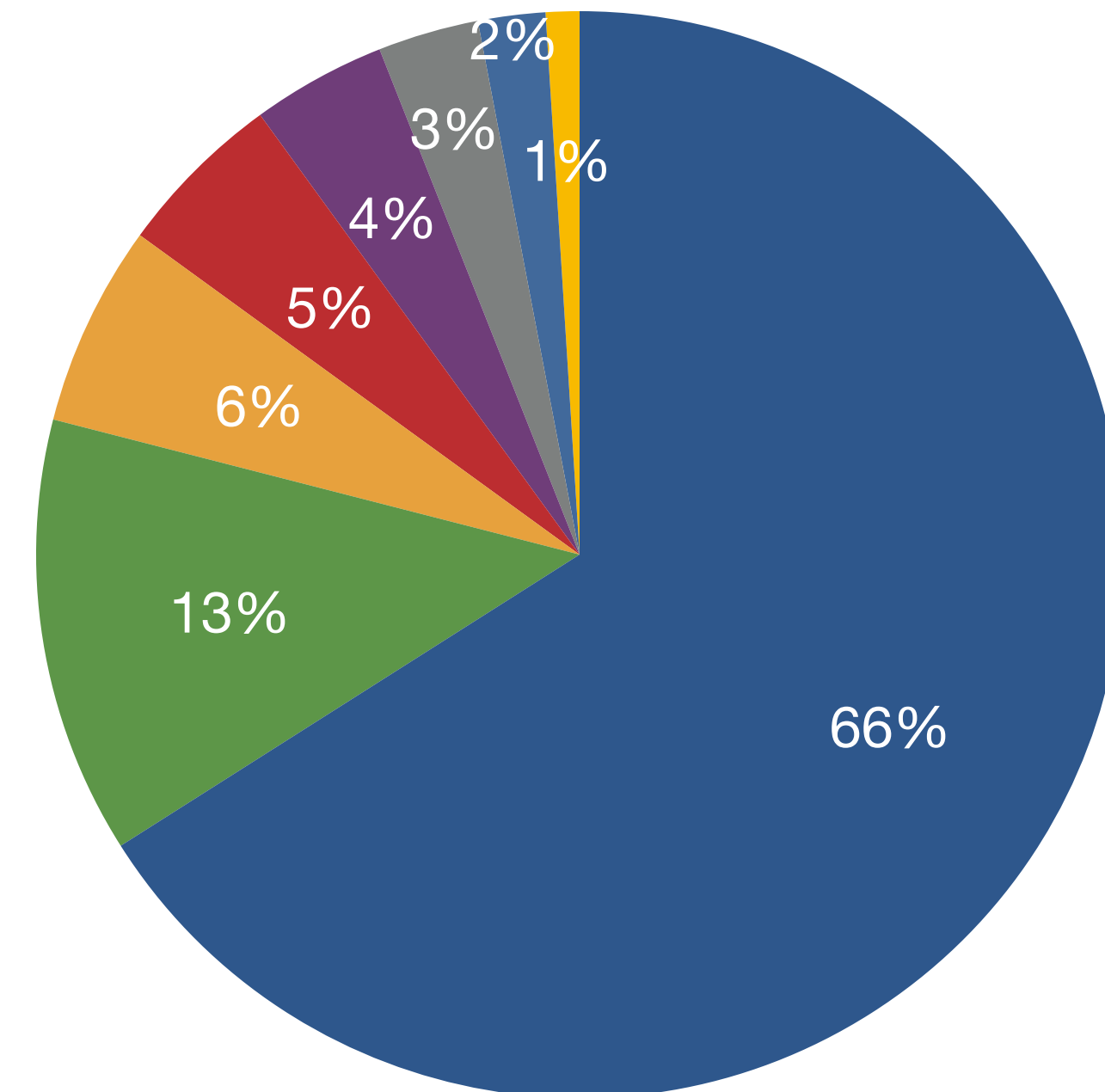
Operating company-wise breakup of sales  
Q1 FY 20-21



- Polyplex India
- Polyplex Thailand
- Other operations (EB, PEBV, PAPL)

- Polyplex USA
- Polyplex Turkey
- Polyplex Indonesia






Business segment-wise breakup of sales  
Q1 FY 20-21



- Thin PET Film
- OPP
- CPP/Blown PP
- Other sales
- Coated Film
- Thick PET Film
- Chips
- Other Speciality (TMP, Holo, Saraprint)



# Industry leading scale & vertical integration

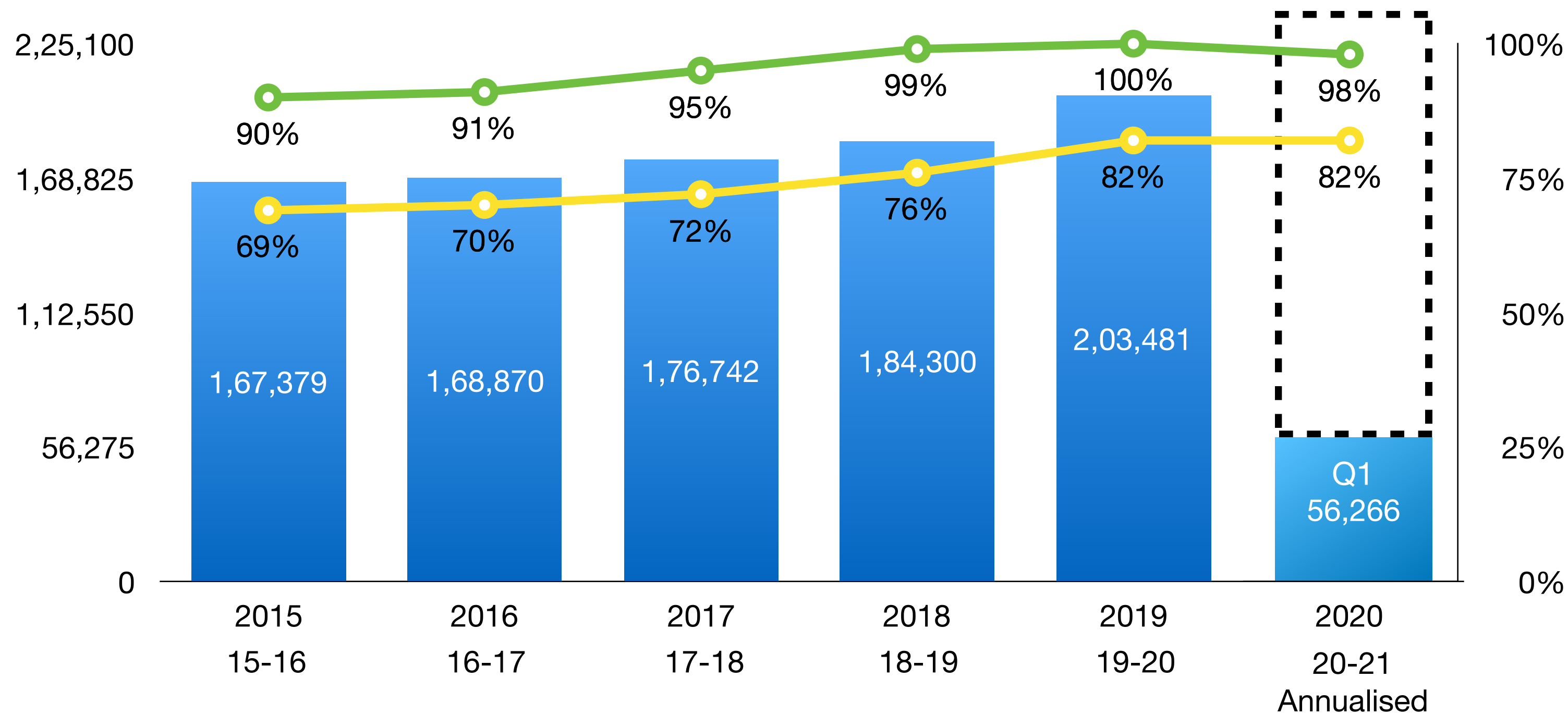
	Resin*		Base Films*				Value Added Films*				
	PET Film Resin (MT)	Recycled Resin# (MT)	PET Thin (MT)	PET Thick (MT)	BOPP (MT)	CPP (MT)	Blown PP (MT)	Metallized (MT)	Holography (MT)	Coated (Million SQM)	TMP (Million SQM)
 India	77,600		55,000		35,000			33,600	4,080	257	83
 Thailand	131,550	45,000	42,000	28,800		10,000	13,645	21,700	960	985	
 Turkey	75,850		58,000				4,392	17,700	480	320	
 USA	57,600		31,000					9,250			
 Indonesia	73,000		44,000		60,000			18,000			
<b>Polyplex Group</b>	<b>415,600</b>	<b>45,000</b>	<b>230,000</b>	<b>28,800</b>	<b>95,000</b>	<b>10,000</b>	<b>18,037</b>	<b>100,250</b>	<b>5,520</b>	<b>1,562</b>	<b>83</b>

\*Including New Upcoming Capacities

# EcoBlue, Thailand

# Industry leading cost structure

Polyplex CUF vs Industry (Thin PET)



■ Polyplex Production (MT)    ● Polyplex Capacity Utilization (%)    ● Industry Capacity Utilization (%)

Note:

- Industry CUF as per CY, Polyplex CUF as per FY
- Industry CUF for 2020 is based on internal estimates
- Slight decline in Polyplex CUF in Q1 FY 20-21 is due to Plant closures in India (Nationwide Lockdown due to Covid 19)

**Industry leader with near 100% Capacity Utilization through business cycles**

- Globally one of the lowest cost manufacturers, driven by scale economies, operational excellence, vertical integration and strategic manufacturing locations.
- Favorable tax regime
- Low cost of delivery due to distributed manufacturing location of plants

**Strong financial & operational track record**

# Q1'20-21 Performance Snapshot

## QoQ Growth (Q1 20-21 v/s Q4 19-20)

## YoY Growth (Q1 20-21 v/s Q1 19-20)

Sales Volume (All Films) 70,196 MT	-6% ↓	8% ↑
Sales Revenue# 1,155 INR Crores	-3% ↓	4% ↑
Normalized EBITDA 299 INR Crores	21% ↑	23% ↑
PAT (Before Minority) 330 INR Crores	1438% ↑	114% ↑
EPS 56.26 INR/Share	684% ↑	122% ↑

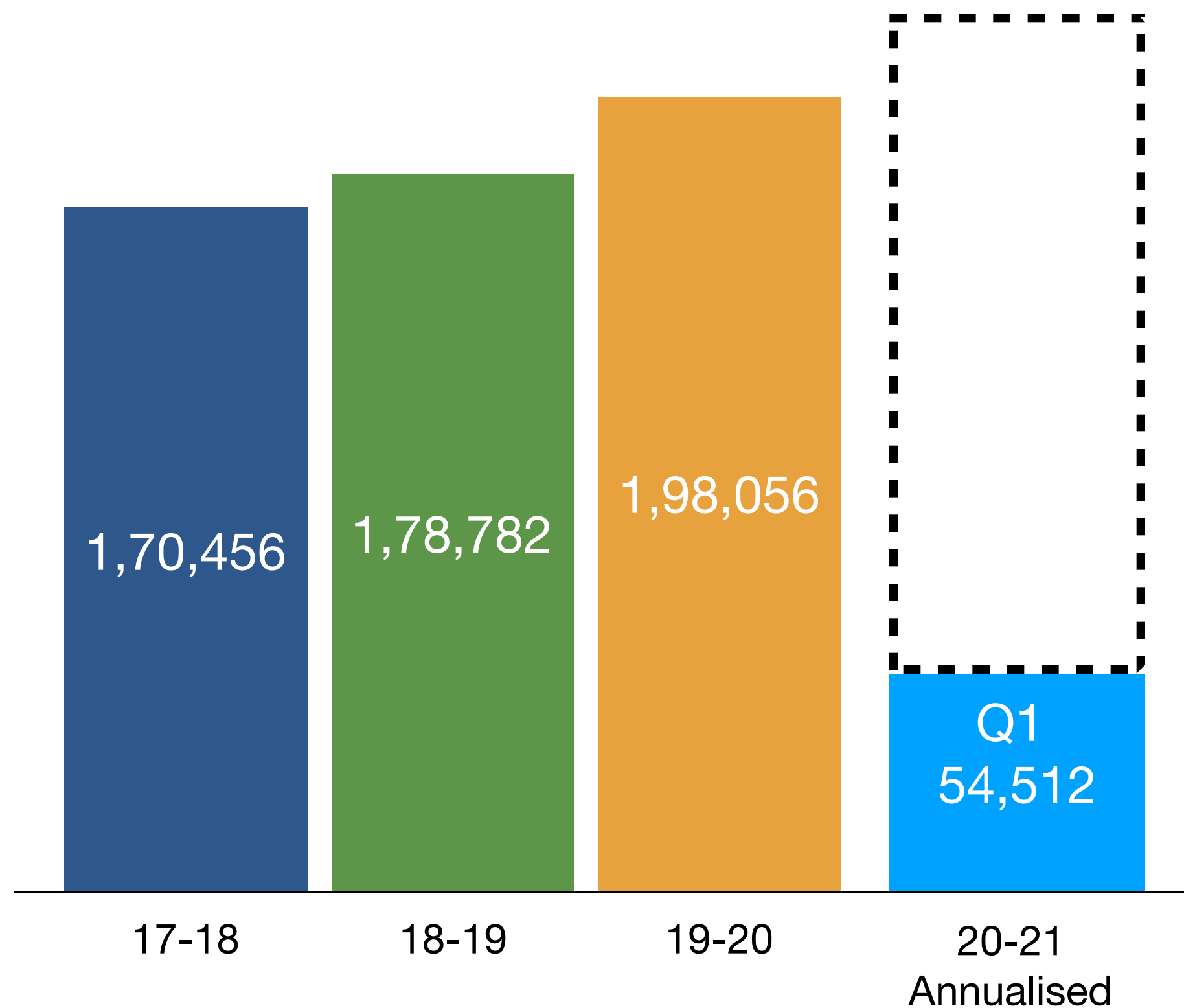
### Factors impacting Q1 FY 20-21 performance v/s previous quarter (Q4 FY 19-20)

- \* Lower sales volume due to few days of plant shutdown in April 2020 in India - Nationwide Lockdown
- \* Lower sales realization in line with lower raw material cost
- \* Exceptional items impacting PAT & EPS:
  - a. Unrealized FX gain of INR 118.56 crores in Q1 FY 20-21 as against FX loss of INR 143.29 crores in Q4 FY 19-20 on account of re-statement of foreign currency long term loans
  - b. Reversal of impairment loss on manufacturing assets of Polyplex USA in Q4 FY 19-20
  - c. Deferred tax liability creation / Deferred tax asset reversal amounting INR 52.92 crores in Q4 FY 19-20 v/s INR 3.70 crores in Q1 FY 20-21

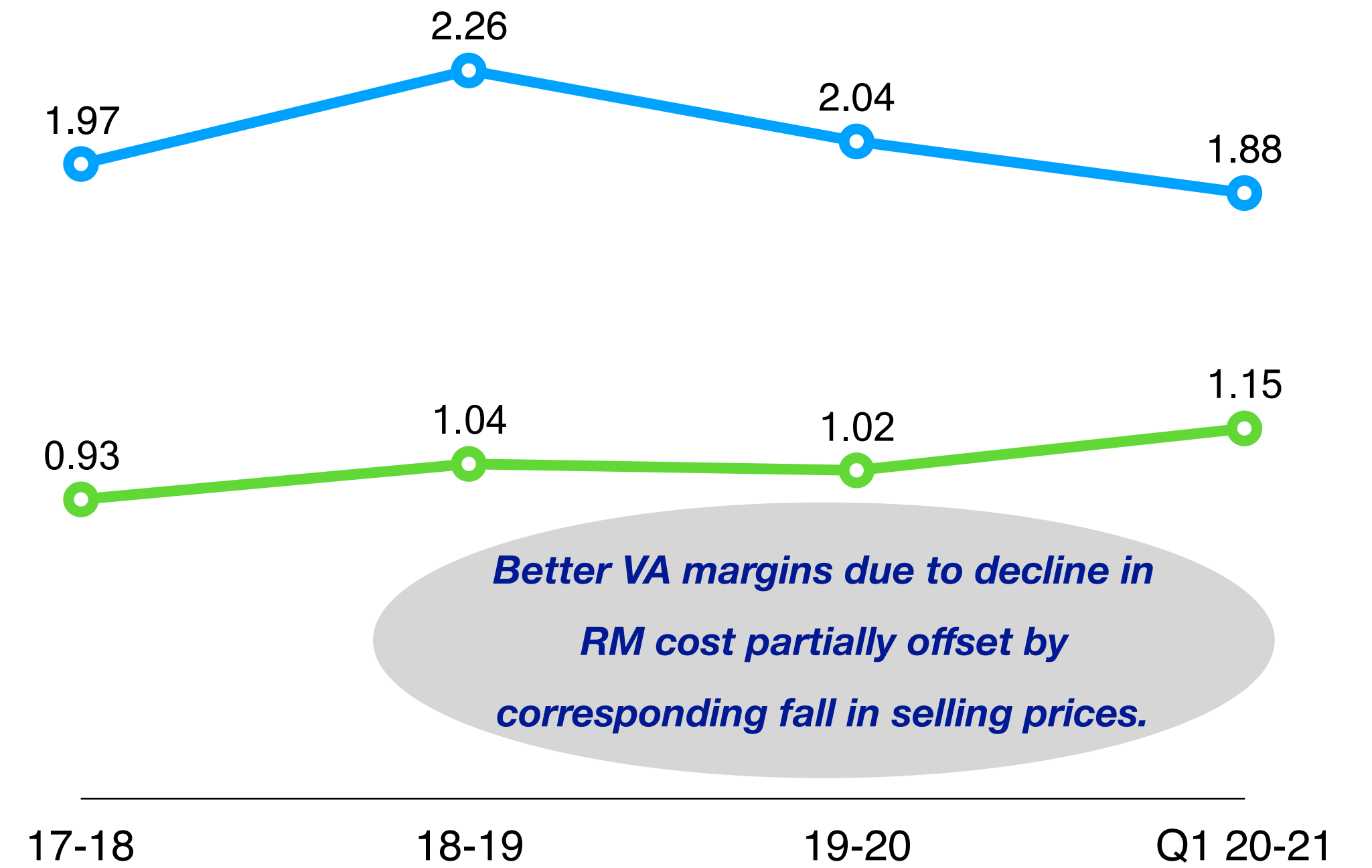
# Excludes other operating revenues

# Thin PET Film - Trend

Thin PET Film\* Sales Volume (MT)



○ Ex-Factory Price - Thin PET Film\* (USD/Kg)  
○ Value Addition\*\* - Thin PET Film\* (USD/Kg)

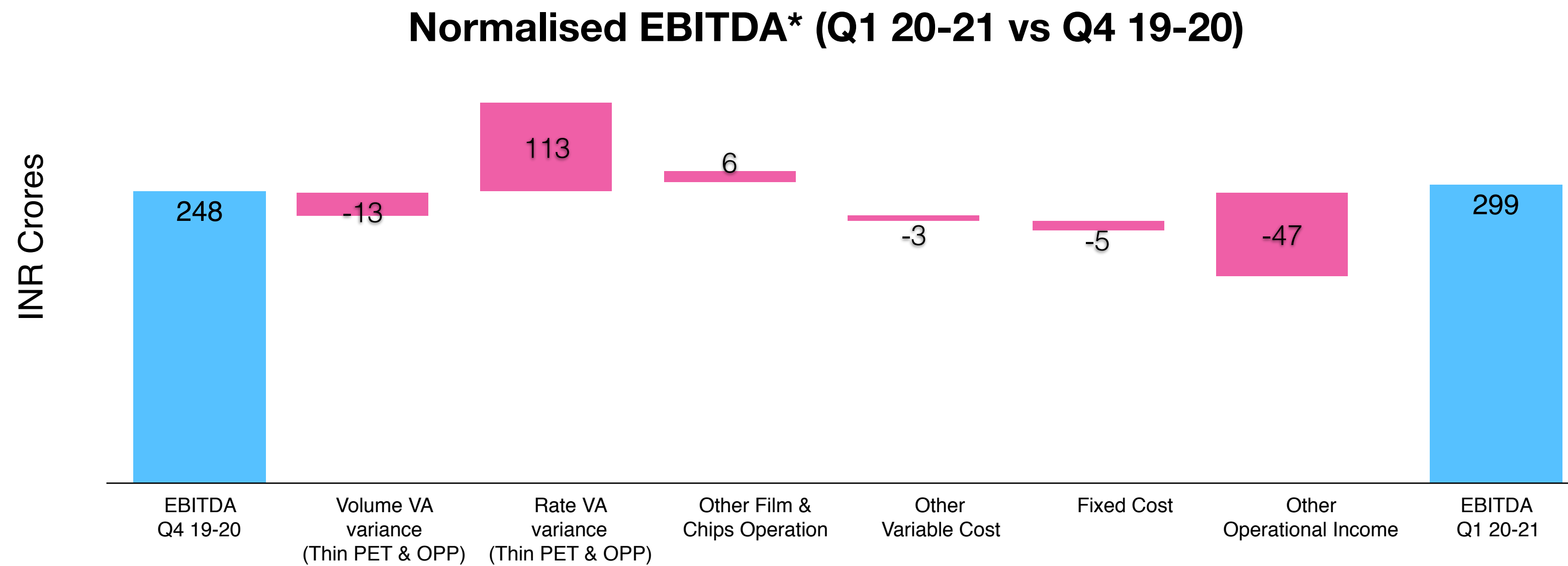
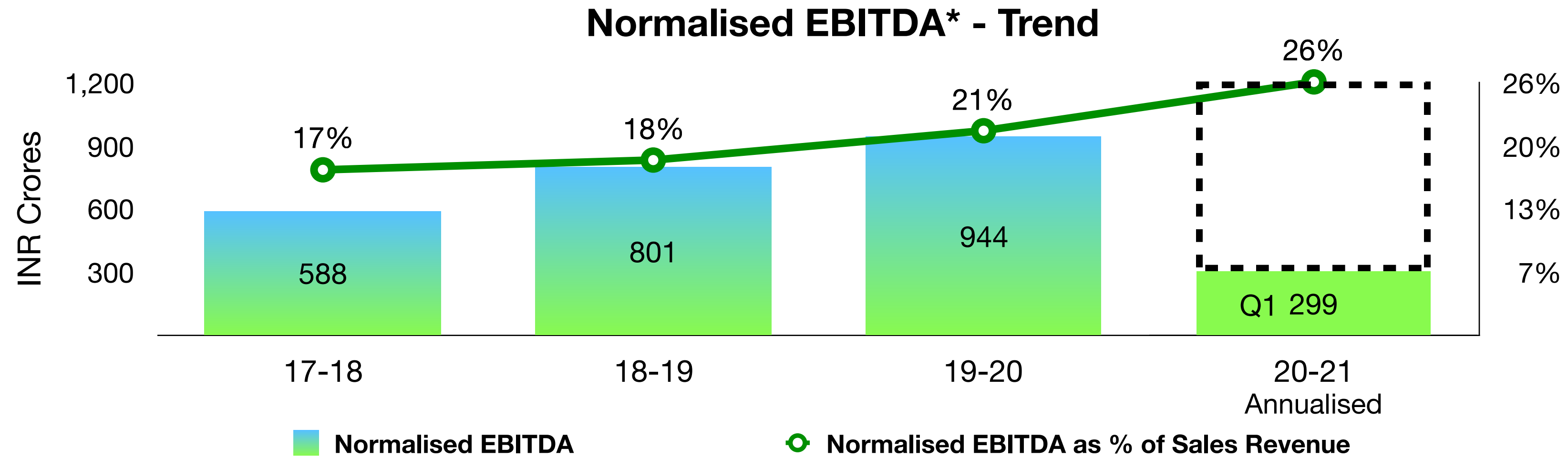


\* Includes :

- film transferred to Silicon Coating & Extrusion Coating lines but excludes sales of final product from these lines
- volume of value added films - Metallized, Holography, General purpose offline coated, Transfer Metallized Paper (TMP)

\*\* Over Raw Material

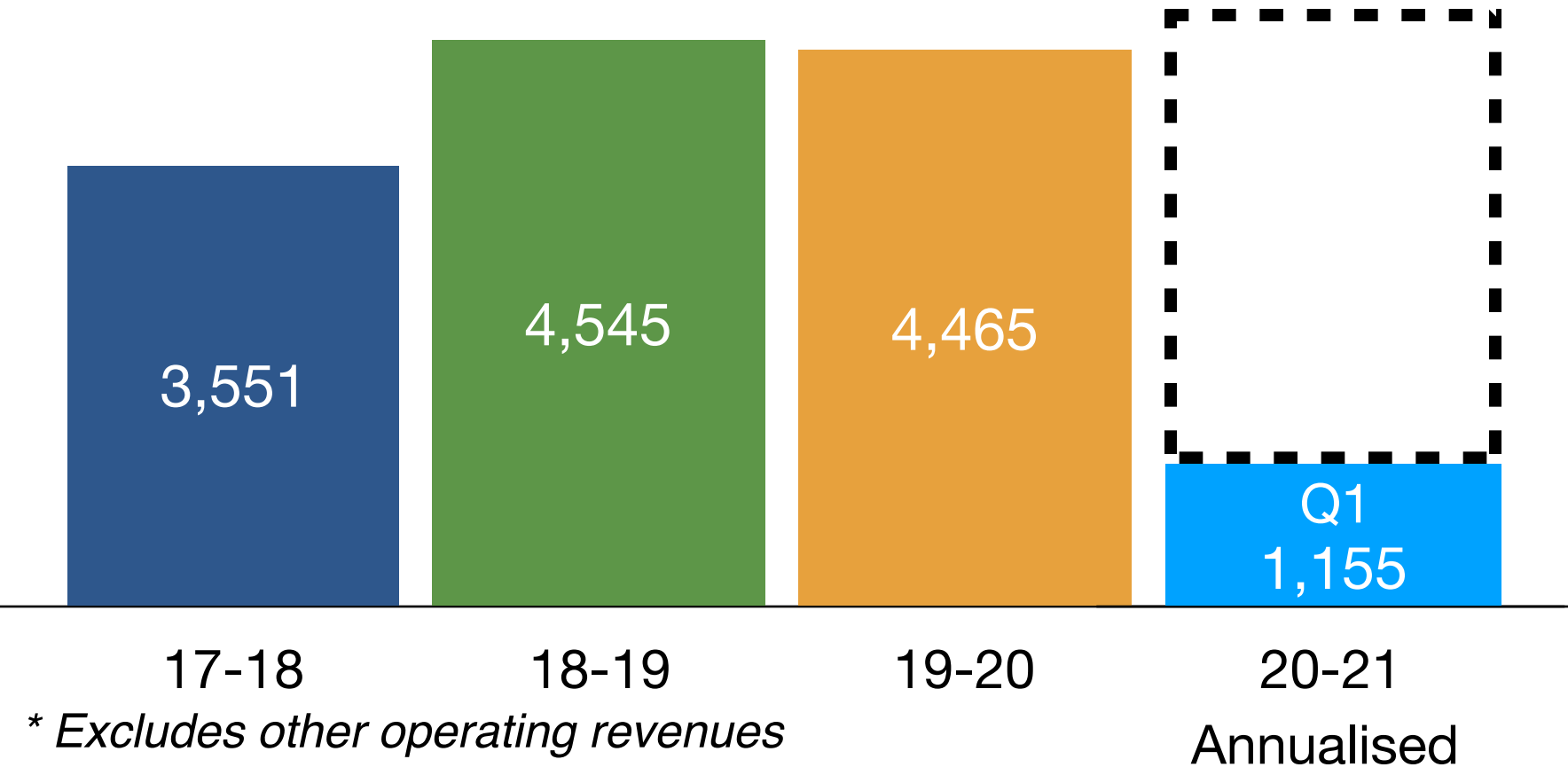
# Normalised EBITDA



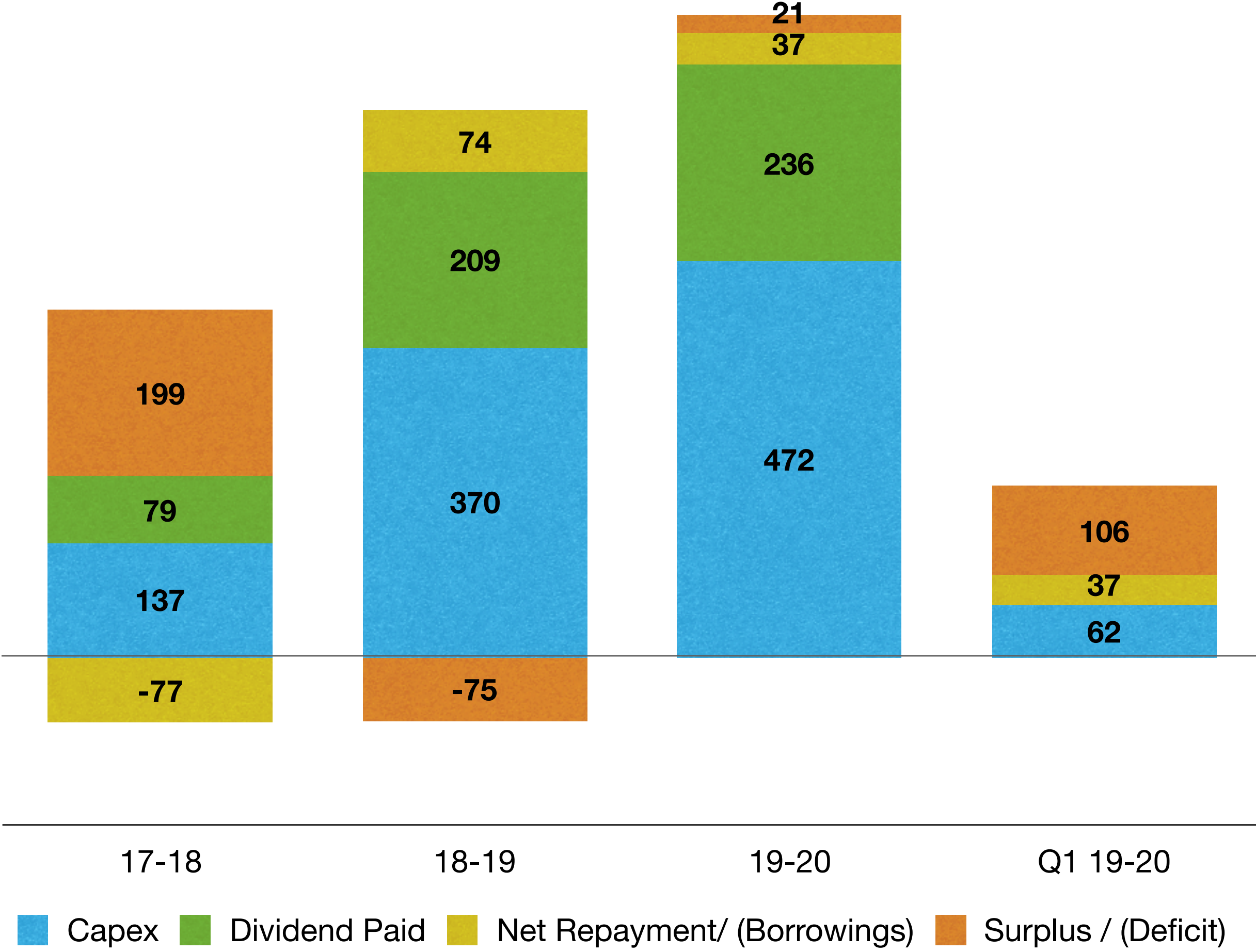
\* Normalised EBITDA: EBITDA excluding impact of unrealized FX gains/ (losses) on long term loans

# Strong Financial Performance

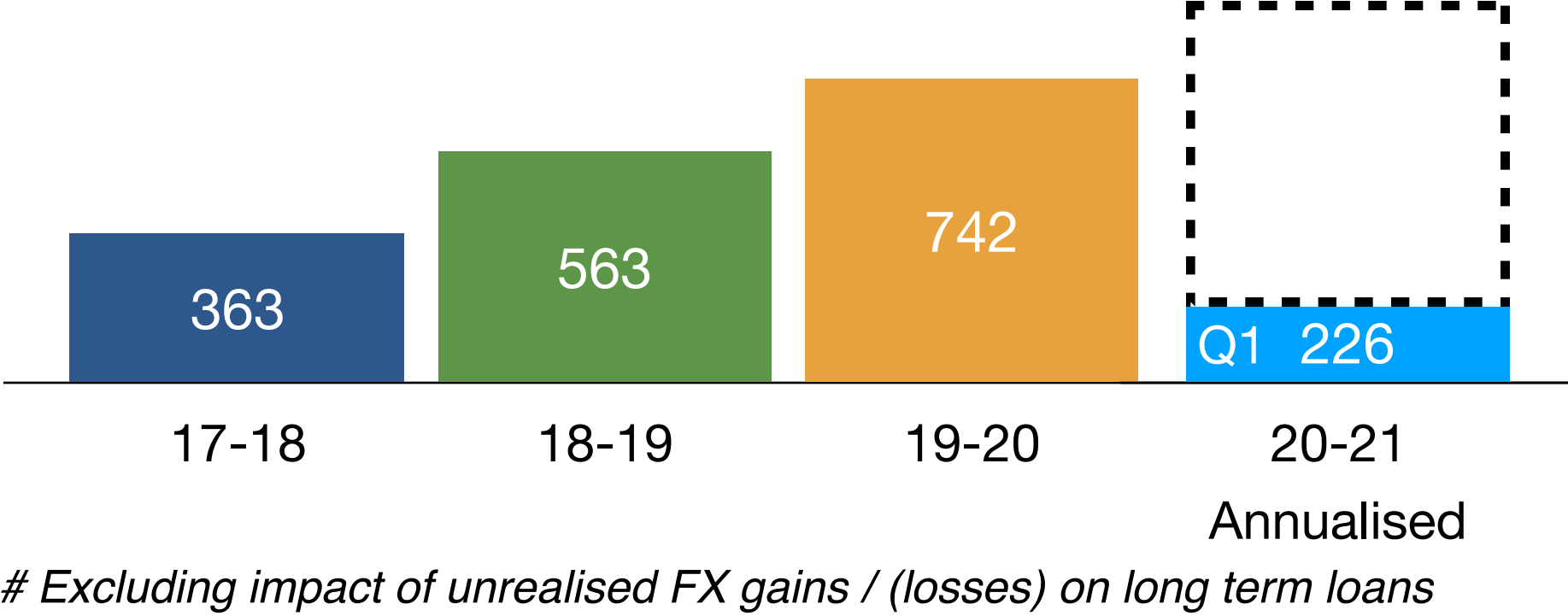
Sales Revenue\* (INR Crores)



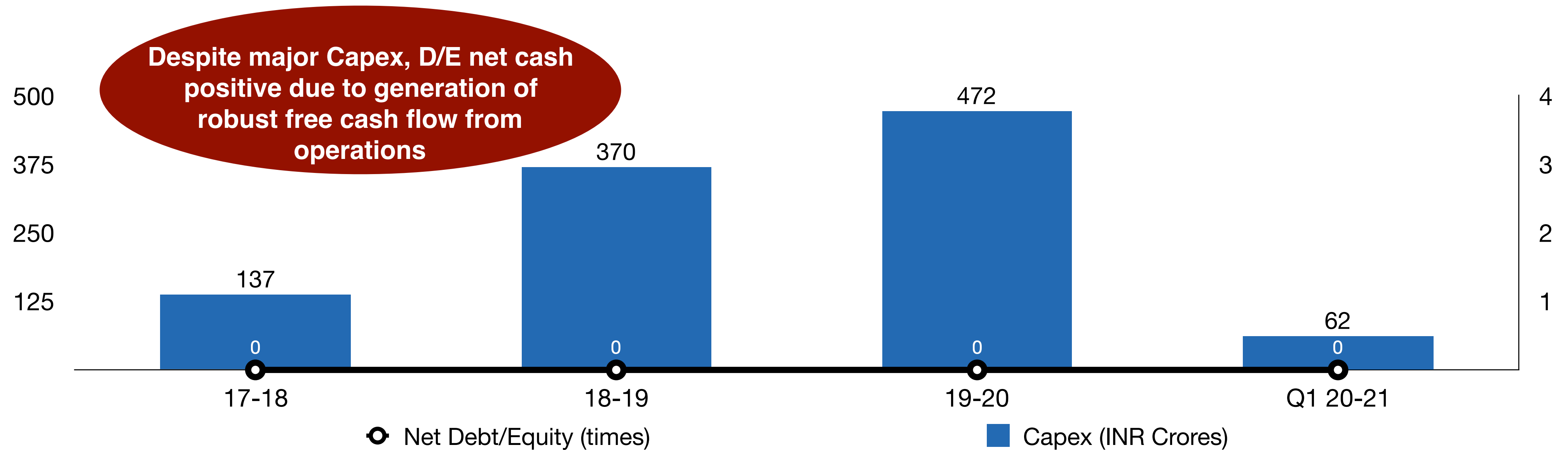
Operating Cash Flow Deployment Trend (INR Crores)



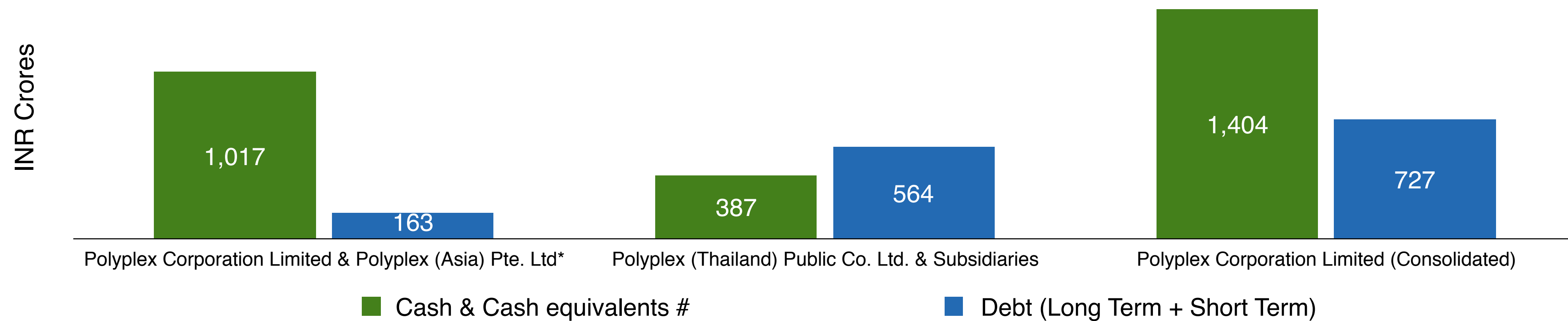
PBT Normalized# (INR Crores)



# Strong Liquidity



## Cash & Debt Position as on 30th June 2020



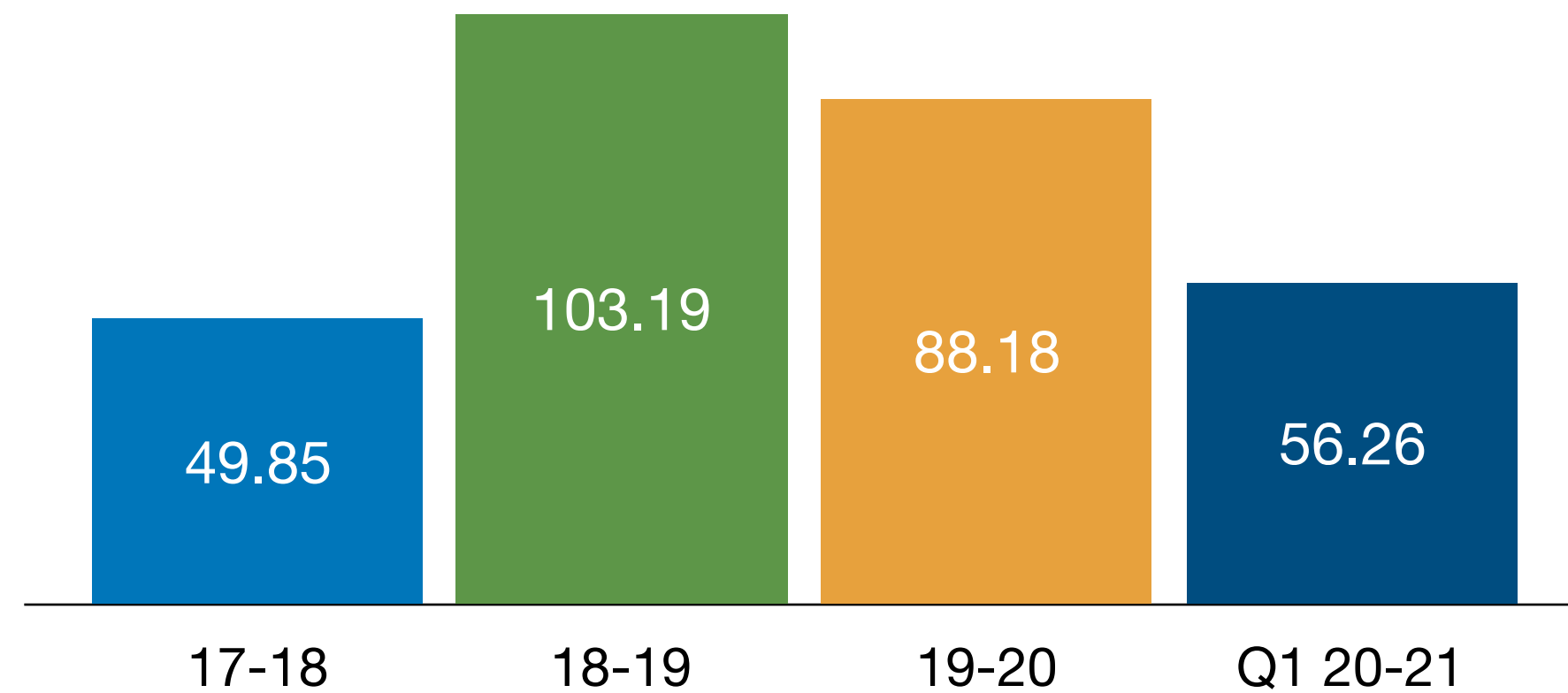
\* Polyplex (Asia) Pte. Ltd. (Singapore) is 100% owned by Polyplex Corporation Limited

# Including current & non current Investment in FD's, Bonds & Mutual funds

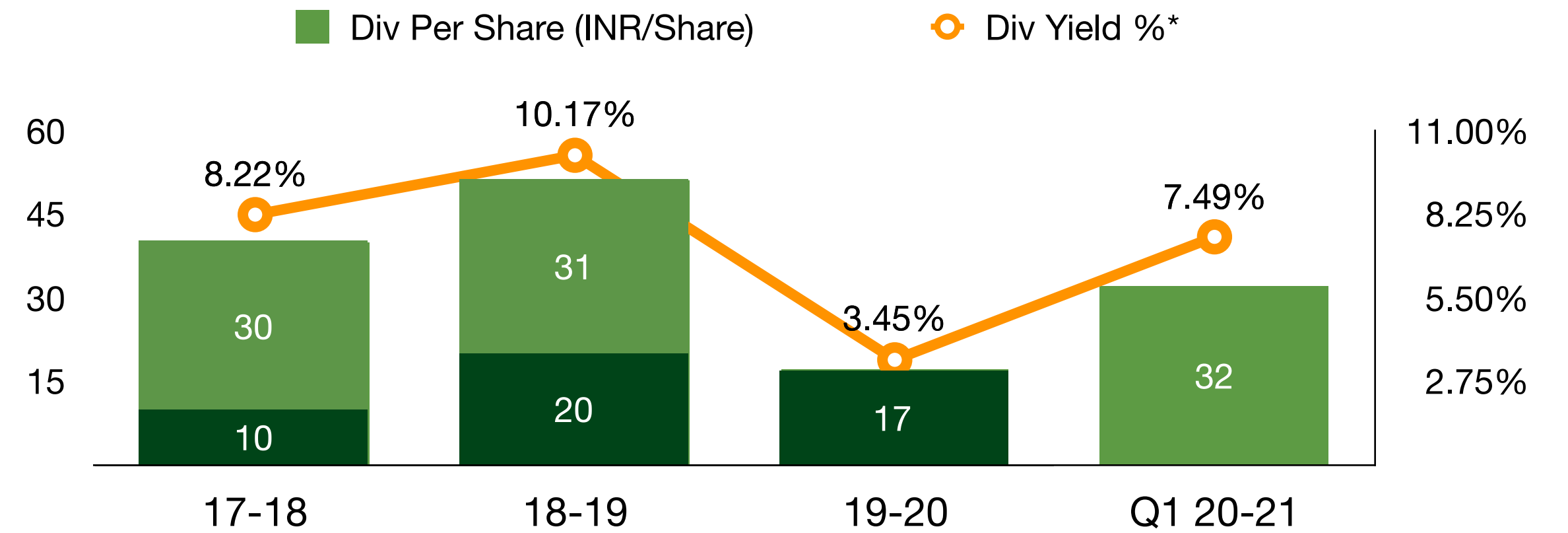


# Strong Financial Performance

### EPS (INR/Share)



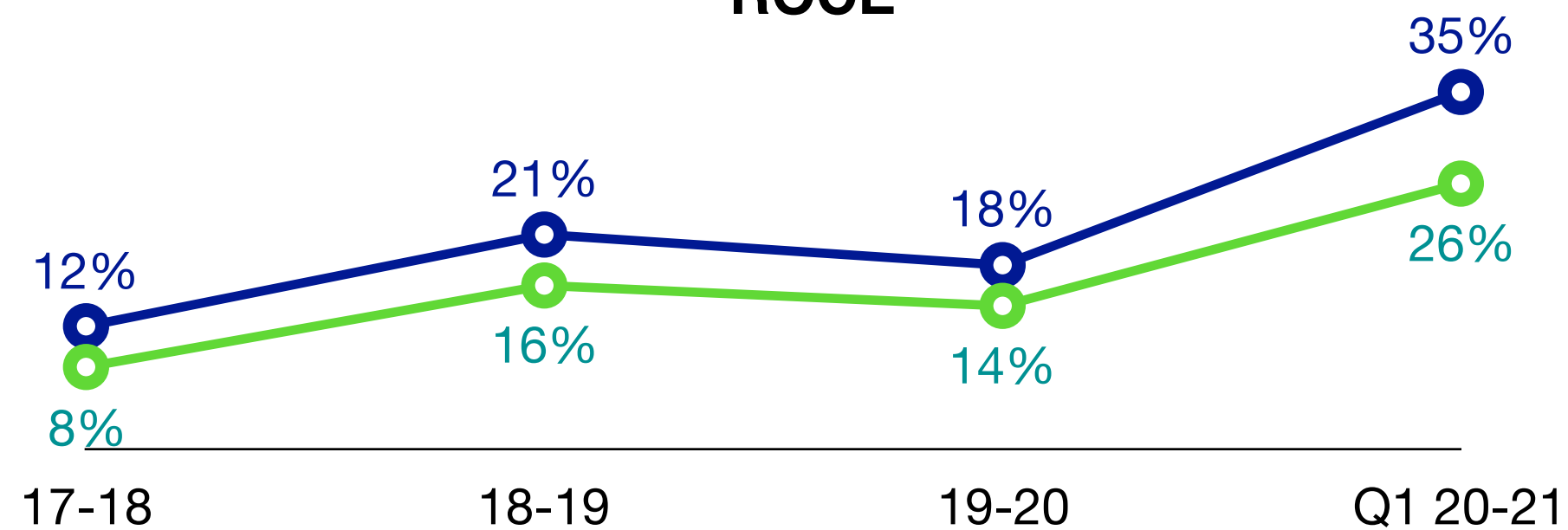
### Dividend



\* Average stock price for the period has been considered for calculating Div Yield

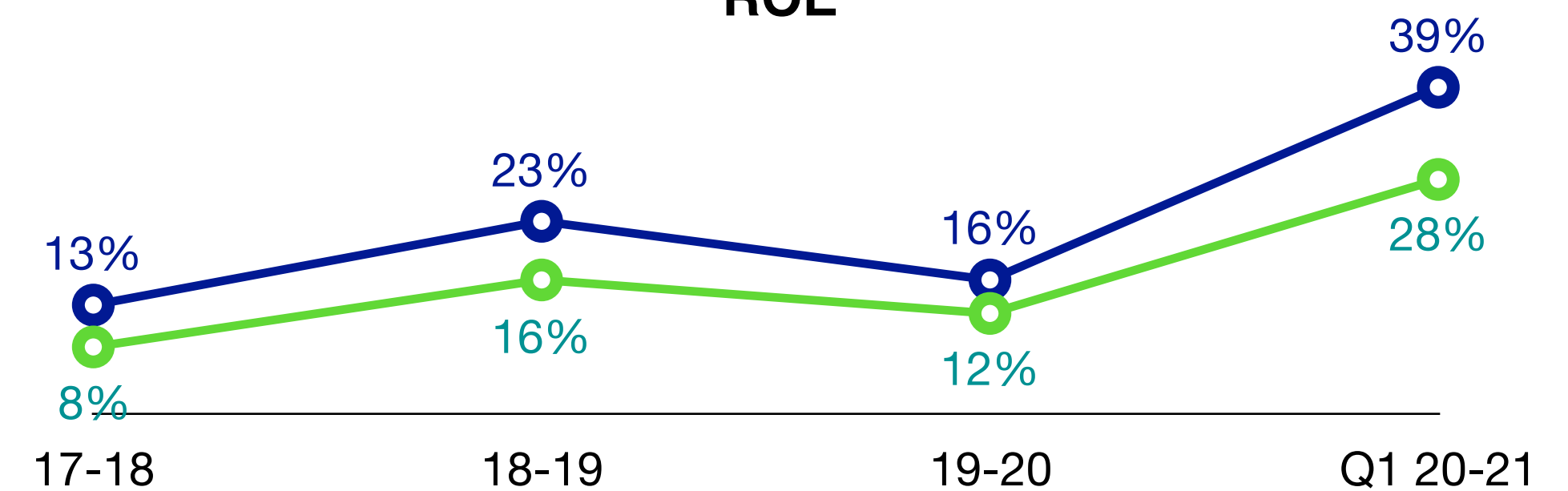
■ Normal Dividend  
■ Special Dividend

### ROCE



○ ROCE (With Cash & Cash Equivalents)  
○ ROCE (Excluding Cash & Cash Equivalents)

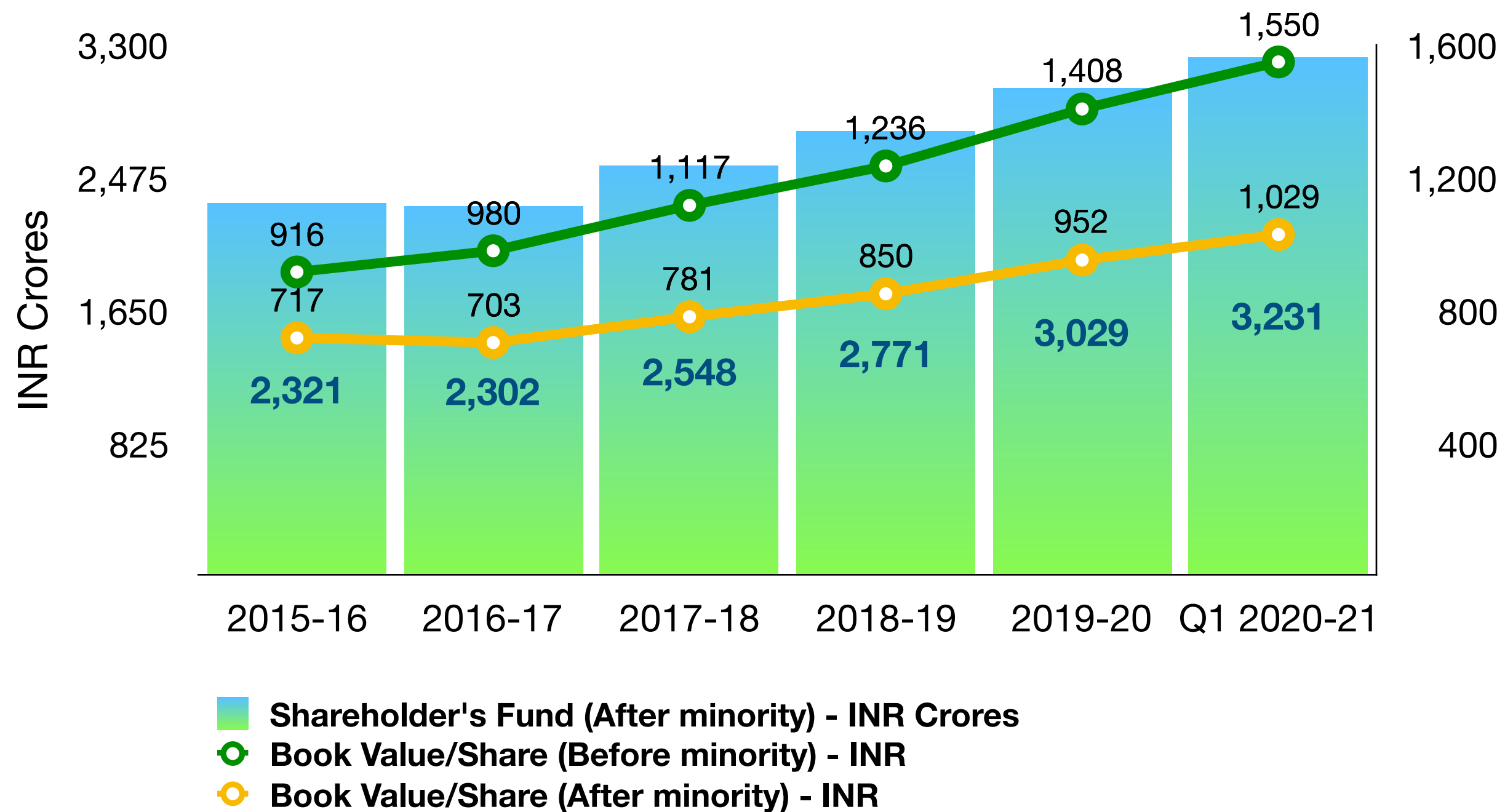
### ROE



○ ROE (With Cash & Cash Equivalents)  
○ ROE (Excluding Cash & Cash Equivalents)

- ROCE (%) = EBIT as a % to average capital employed
- ROE (%) = PAT as a % to average equity

# Total Shareholder's Return



Note:

- No of shares - Outstanding as on 30th June 2020 adjusted for Equity shares bought back & extinguished till 30th June 2020

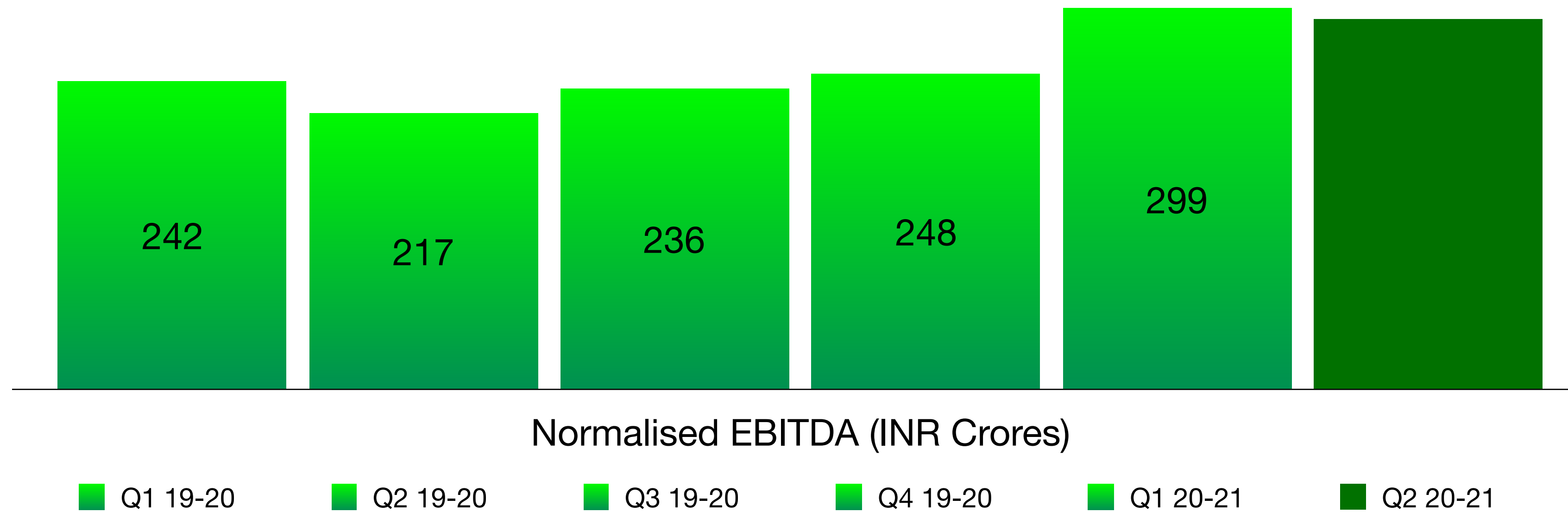
Shareholder's Return	Last 1 year	Last 3 years	Last 5 years	Since IPO (1988)
<b>(A) Total Returns*</b>				
- Polyplex	73%	28%	30%	23%
- Nifty 500 - TRI	4%	4%	7%	NA
- BSE Small Cap - TRI	12%	-2%	4%	NA
<b>(B) Stock Price Movement</b>				
- Polyplex	57%	20%	24%	14%
- Nifty 500	3%	3%	5%	NA
- BSE Small Cap	10%	-3%	3%	NA

\* Dividend Reinvestment Method

Note:

- Dividend considered based on the payout dates
- The returns have been calculated based on the stock price data till 14th August 2020
- NA : Not Available

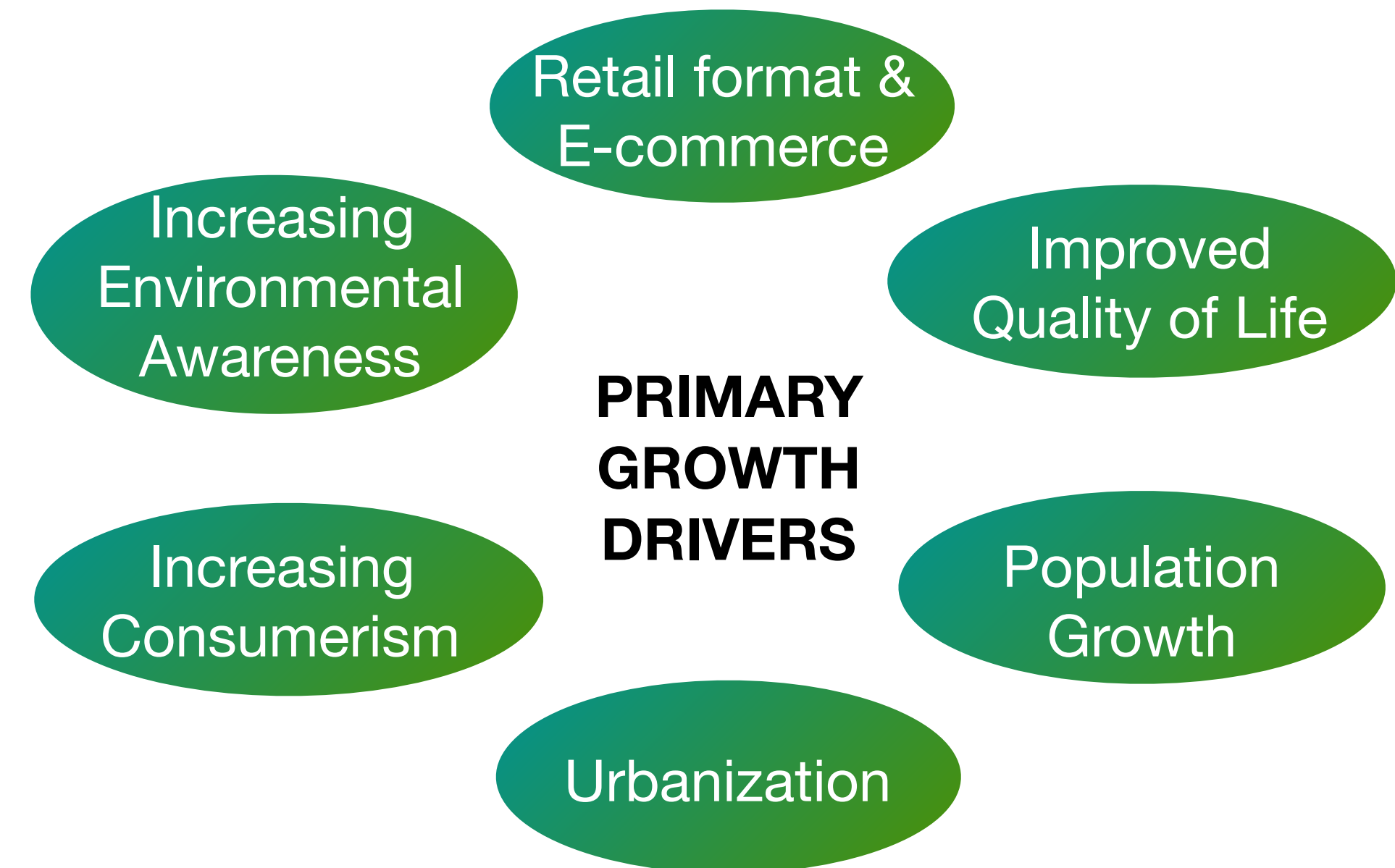
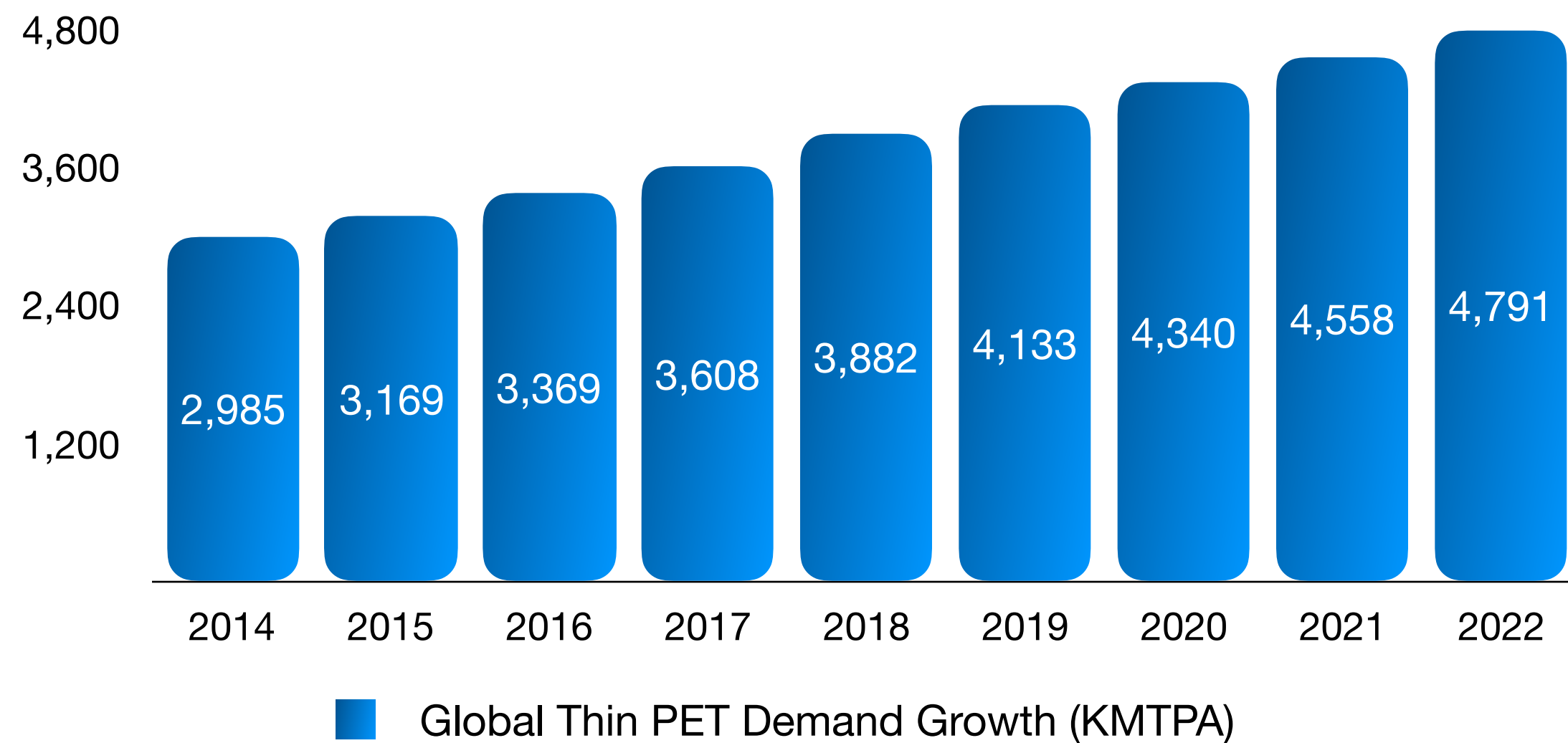
# Second Quarter 20-21 Guidance



The forward-looking statements reflect Polyplex's expectations of its next quarter earnings. These are based on certain assumptions as on date and are subject to significant risks and uncertainties, as they could be substantially influenced by several factors which are beyond Company's control including, but not limited to, fluctuations in foreign exchange rates, changes in key raw material prices, changes in market dynamics, impact of consolidation of subsidiaries and any unexpected production down times due to machinery breakdown, unforeseen delays in project start up etc. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will actually be achieved.

**Continuous and high growth in demand**

# Global Demand Growth

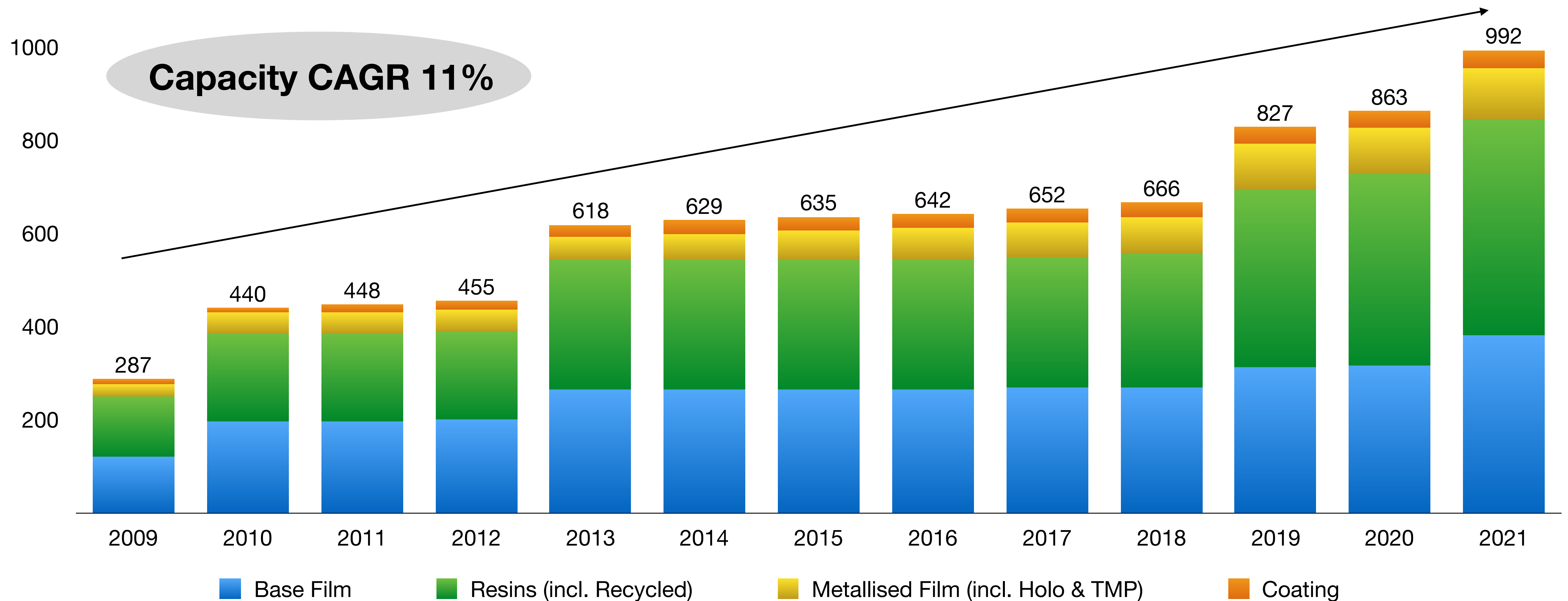


- Demand growing at 5-6% due to design versatility, cost advantage, resource economy, low carbon footprint, cost advantage and retail format/packaging innovations
- Versatility and high performance of polyester film leads itself to a wide range of 100+ applications in both industrial & consumer staples and consumer discretionary sector.
- Newer applications like healthcare could result in new stream of sustainable demand growth

# Continuous Growth

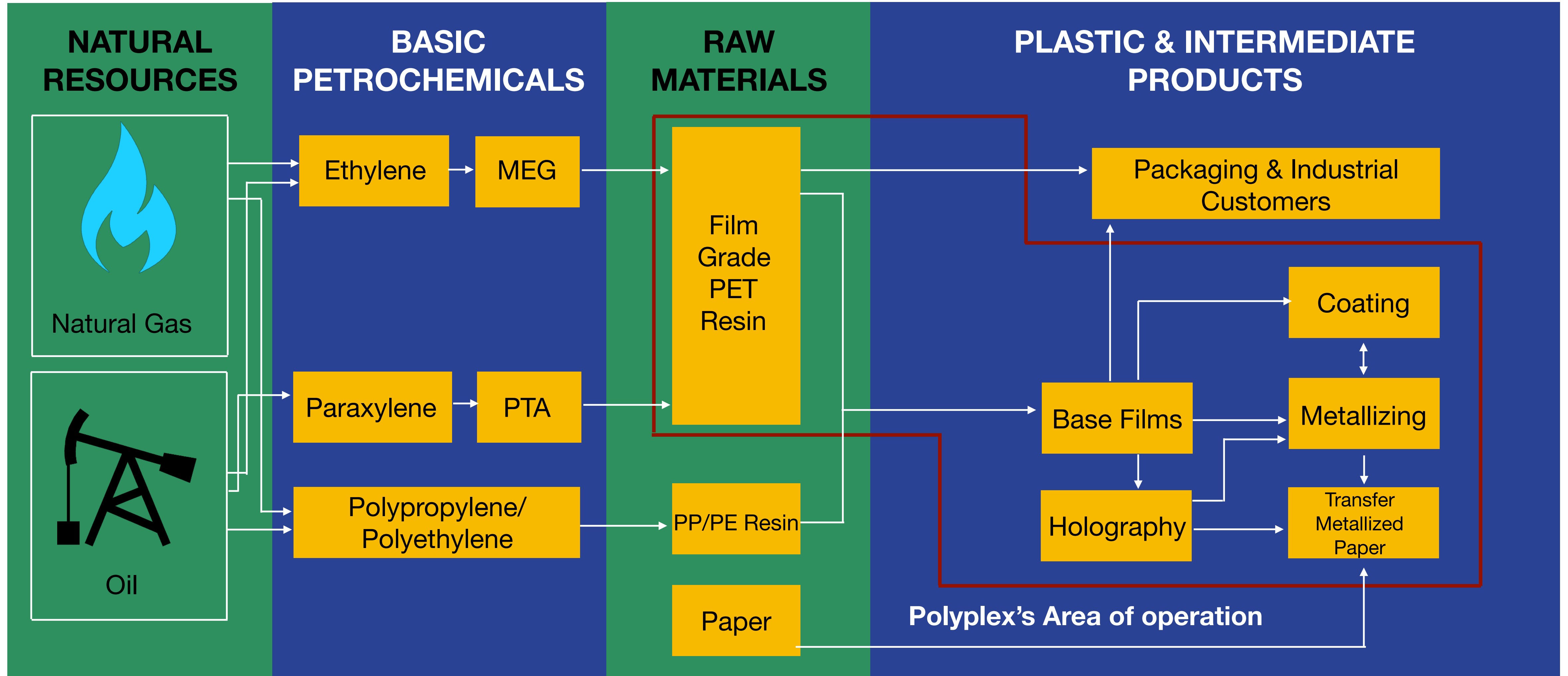
Polyplex growth more than the average market growth rate

Capacity is in '000 MT



**Stable earning across business cycles**

# Value Chain





# Product Applications & Sales Mix - Q1 FY 20-21

74%  
**Packaging  
Customers**

- Sachet Pack
- Susceptor Film
- Stand up Pouch
- Can Lamination
- Easy Peeling Lids
- Aroma Pack
- Sprouted Pack
- Ready 2 Eat Pack

26%  
**Industrial  
Customers**

- PV Backsheets
- Electrical Grade
- Electronic Grade
- Window Films
- Optical Grade
- Liner Grade
- Construction
- Graphics



**Diversity of the end use applications, coupled with the steady growth over time as well as the continuously evolving applications utilizing our product portfolio contributes to risk diversification and stability on the demand side**

# Strong R&D Capability



A separate R&D department registered with the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology (India)



15 dedicated personnel in Corporate R&D supplemented by local technical service and R&D team having significant experience in chemicals, coatings, resin, customer process and relevant fields



Focus on providing innovative solutions to customers. Collaborative Research with govt. labs and educational institutes

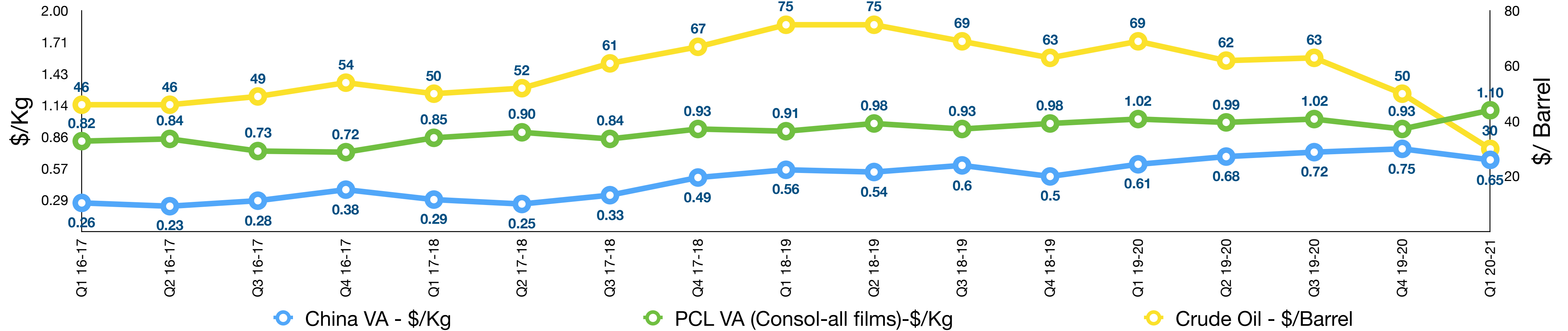
No. of Patents granted - 18 (Across products, processes & countries)

No. of Trademarks granted - 5 (Across brands and countries)

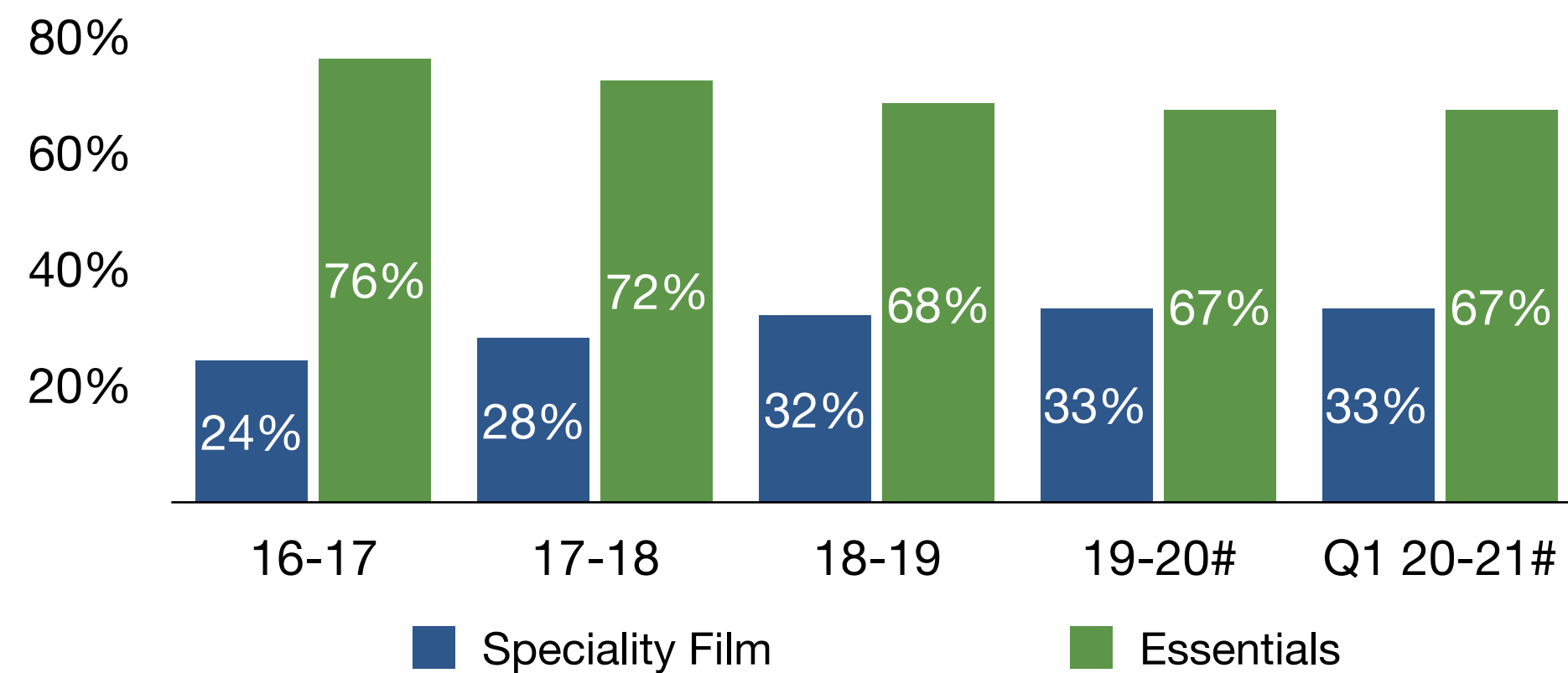
# VA Stability

Stable VA despite crude price volatility

### PCL VA v/s China VA v/s Crude

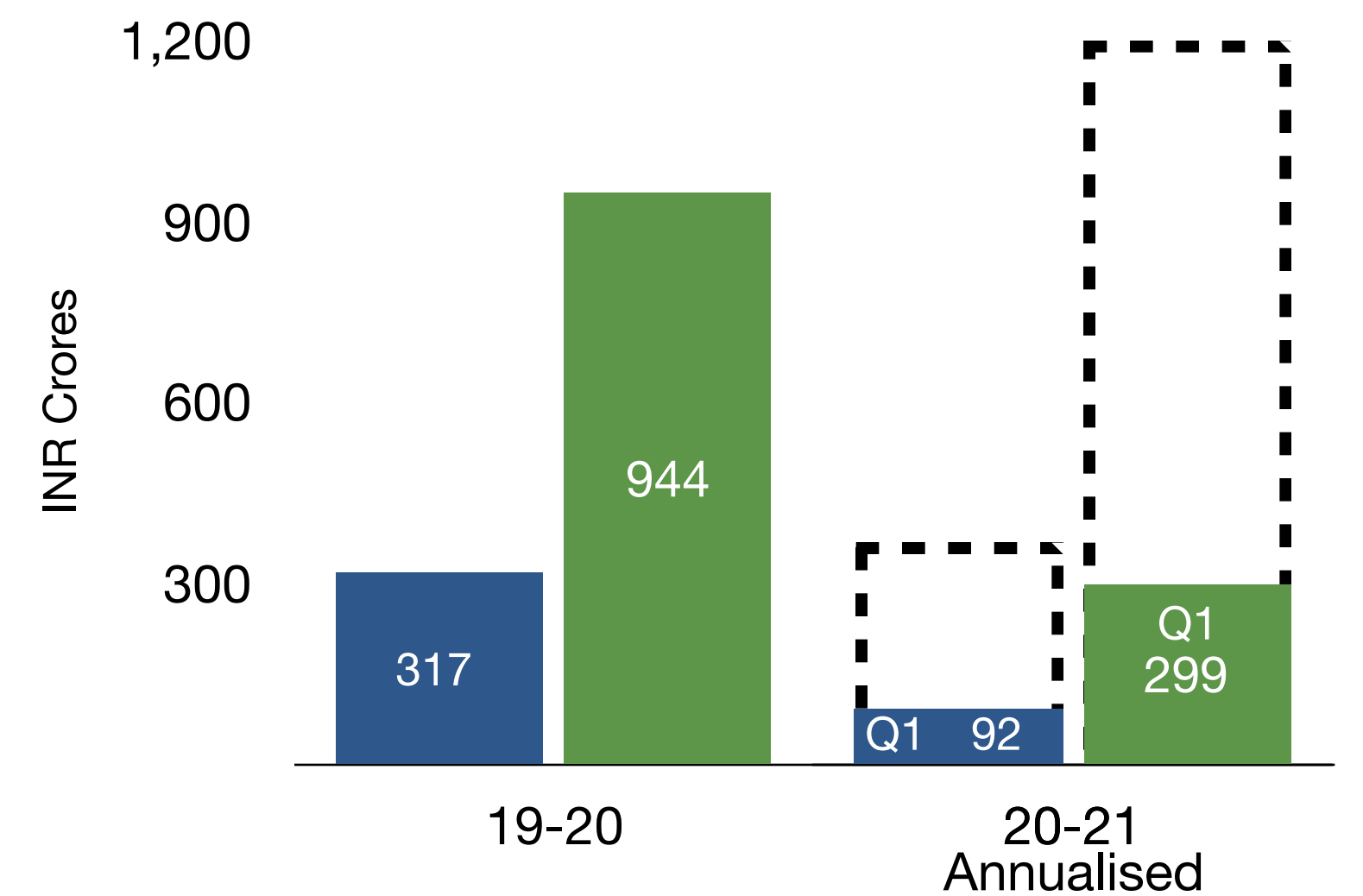


### Speciality Film Share in Turnover



Increasing contribution from Speciality Films helps sustain superior margins

# Though in absolute terms the volume of Speciality film has increased but % share remains the same/slightly increased due to the impact of new film line in Indonesia (almost 100% essentials)



■ Incremental EBITDA from Speciality Films  
■ Total Normalised EBITDA (incl. Speciality Films)



# Polyplex & Sustainability

Portfolio



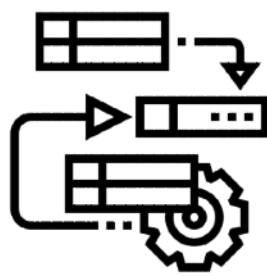
Minimize product impact through optimized product design:

- Down-gauging 8-10 $\mu$
- RPET with up to 90% PCR content
- BioPET - Bio content 30%
- Plastic Free Carton - Use of Transfer Metallization for Paper & Board Lamination
- Biodegradable films - meeting the requirements of anaerobic biodegradation either in accelerated land fill or high solids anaerobic conditions

Target Product:

- Co-create design using principles of circular economy
- Mono material (Low SIT heat sealable PET) structures to improve recyclability - Testing & Validation Stage

Operations



- Reduce energy and water consumption
- Effective & efficient waste water treatment & water conservation
- Increase usage of renewable energy
- Recycle Post Industrial and Post Consumer Waste

- Increase Sustainable Sourcing
- Use recycled material
- Use biomaterials

Collaborations



- Support development and modernization of plastic waste management infrastructure (Collection, segregation and recycling)
- Collaborate with recyclers in Europe to recycle Multi Layer Plastics (MLPs)

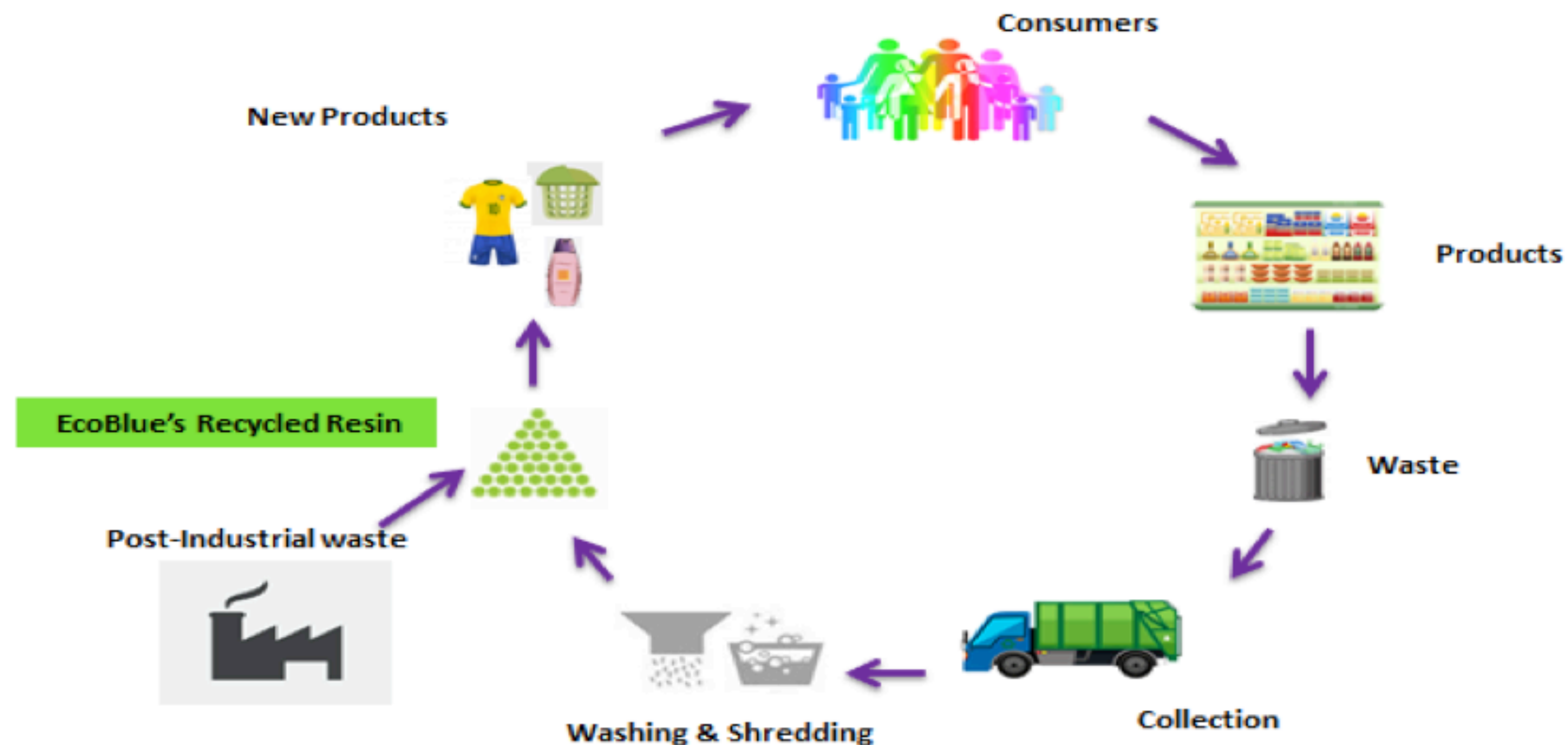
- Play catalyst and leadership role in engaging the industry in sustainability efforts - both plastic waste and climate change

# Polyplex & Sustainability

**EcoBlue Limited, Thailand provides sustainable solutions for film based post consumer and industrial process waste**

- Recycling of difficult to recycle materials like films, coated films, laminates & fibre waste with oils
- US FDA approved 3D Pure rPET resin for bottle, film and polyester yarn applications
- Recycling of post-consumer & post-industrial PET and Polyolefin waste. New state of the art facility coming soon

## Circularity Through Responsible Recycling



# Industry Outlook

## OUTLOOK

- Approx.0.87 Million Tons of Capacity (more than 56% in China) to be further added in Thin PET from 2020 to 2023 globally
- Changing cost dynamics may result in closure/underutilization of older lines
- Constant up-gradation in technology (10.6 mtr wide line) to remain a long term threat to industry players for standard films
- Some of the expected capacity additions may be deferred / delayed due to Covid 19 situation
- Favourable Raw Material price scenario:
  - a. Benign crude oil prices
  - b. Oversupply situation (both PTA & MEG)
  - c. Demand disruption in fibre/yarn markets in the short to medium term due to Covid 19
- Trend towards De Globalisation, Protectionism and preference for local & regional Suppliers
- Concerns around Sustainability - usefulness of plastics (incl. SUPs) in focus during on-going Covid crisis

## POLYPLEX- STRENGTHS

- Leverage our local presence in various geographies-Quick turnaround, urgent delivery, onshore and near-shore services, customer relationship and intimacy
- Focus on speciality and high value added products thus making earnings more predictable
- Likely impact on margins to be made up by contribution from new capacities and improvement in product portfolio
- Competitive cost structure (on DDP basis) helps sustain competitive advantage
- Pricing is a function of demand/supply-effect of crude is limited as RM Prices are passed through to customers with a varying lag
- Tax Efficient Structure
- Ongoing Capex on various line upgrades to enable optimal utilisation of assets.

# Polyplex & Sustainability

## *Is the perception going to change for the Plastic industry?*

- Single Use Plastic bane or boon?
- Will focus change from elimination to responsible usage and disposal?
- Probably yes! Plastics have proven to be an effective tool in the war against Covid 19

## *Focus on Olefin based mono-material Multi-Layer-Plastics for better recyclability to take a backseat*

- Perception that Olefinic mono-material MLPs are easier to recycle in comparison to multi-material MLPs will be strongly challenged given the economic environment which will support status quo
- Any initiative which leads to higher cost with questionable performance outcome will be postponed-limited ability for companies to absorb additional cost without tangible returns
- Balance may tilt in favour of RPET usage rather than transition to Olefinic mono-material MLPs

# Growth Plans

Projects	Location	Capital Cost (In USD million)	Likely Start Up
BrownField - BOPP	Indonesia	53	H1 FY 21-22
Other Projects	India	3	Upto Q3 FY 20-21
	Overseas#	48	Upto FY 21-22
Total		104	

Note:

# Includes Post Consumer Bottle Recycling Project (EcoBlue, Thailand) approx. USD 12 million

In addition to the above, normal maintenance Capex in the range of USD 6-7 million

Expansion in BOPP segment will enable the Company to actively participate in new developments in sustainability.

Other benefits related to on-going Projects:

1. Expansion of product portfolio
2. De-bottlenecking of existing film lines
3. Increasing the share of speciality films
4. Recycling Project - additional step towards sustainability

## GreenField Thin PET Project

10.6 Meter Line - 44 KTPA Film Capacity, 73 KTPA Resin Plant & Metallizer  
Capex: 80 Million USD

- \* Film Plant and Metallizer successfully running since Nov'2019
- \* Line fully ramped up
- \* Chips Plant in operation since March'2020
- \* **New Investment in additional Metallizer (12000 MT capacity)**



## BrownField BOPP Project

10.4 Meter Line - 60 KTPA Film Capacity, 5 layer machine with inline coating  
Capex: 53 Million USD

- \* Board Approved June'19
- \* 25 Million USD funding confirmed
- \* Estimated Date of Start Up H1 2021-22



INDONESIA



# Fallout of Covid 19 for PET Film Industry

- Flexible packaging demand (74% of our sales) for consumer staple has been at elevated level since March 2020 and is expected to remain at normal to slightly elevated level in the medium term. The demand for discretionary items may see some minor decline in the short term
- Accelerated shift from unpackaged to packaged food due to hygiene and “trust” factors in the developing countries
- Shift from consumption of food from outside (restaurants/offices) to consumption at home
- Demand for some Industrial applications is expected to fall. As our exposure is limited to 26% of sales, the impact is expected to be muted
- Increased demand from health & hygiene segments
- Low RM cost for extended period
- Delay in startup of new capacity additions



All production lines of Polyplex across the globe have been running during this pandemic except for few days of closure in Indian operations in March & April 2020. Normal operations have subsequently resumed

# Polyplex Response - Covid 19

## Towards Society:

1. Supporting the less privileged in participation with various NGO's
2. Contribution of necessary medical equipments and protective gear for healthcare workers, police staff etc.
3. Monetary contribution to Hospitals, Government relief funds etc.
4. Used Polyplex films to produce face shields for local hospitals at each of our offices worldwide

## Towards Employees:

1. Ensuring health and safety of the employees as the top priority
2. Stringent social distancing measures have been adopted
3. Implemented daily health surveys of each employee, temperature checks at our entrance gates and mandatory face masks on site
4. Regular environmental cleaning (wipe off work surfaces, doorknobs, workstations)
5. Government guidelines at all geographical locations have been adhered to



# Annexures

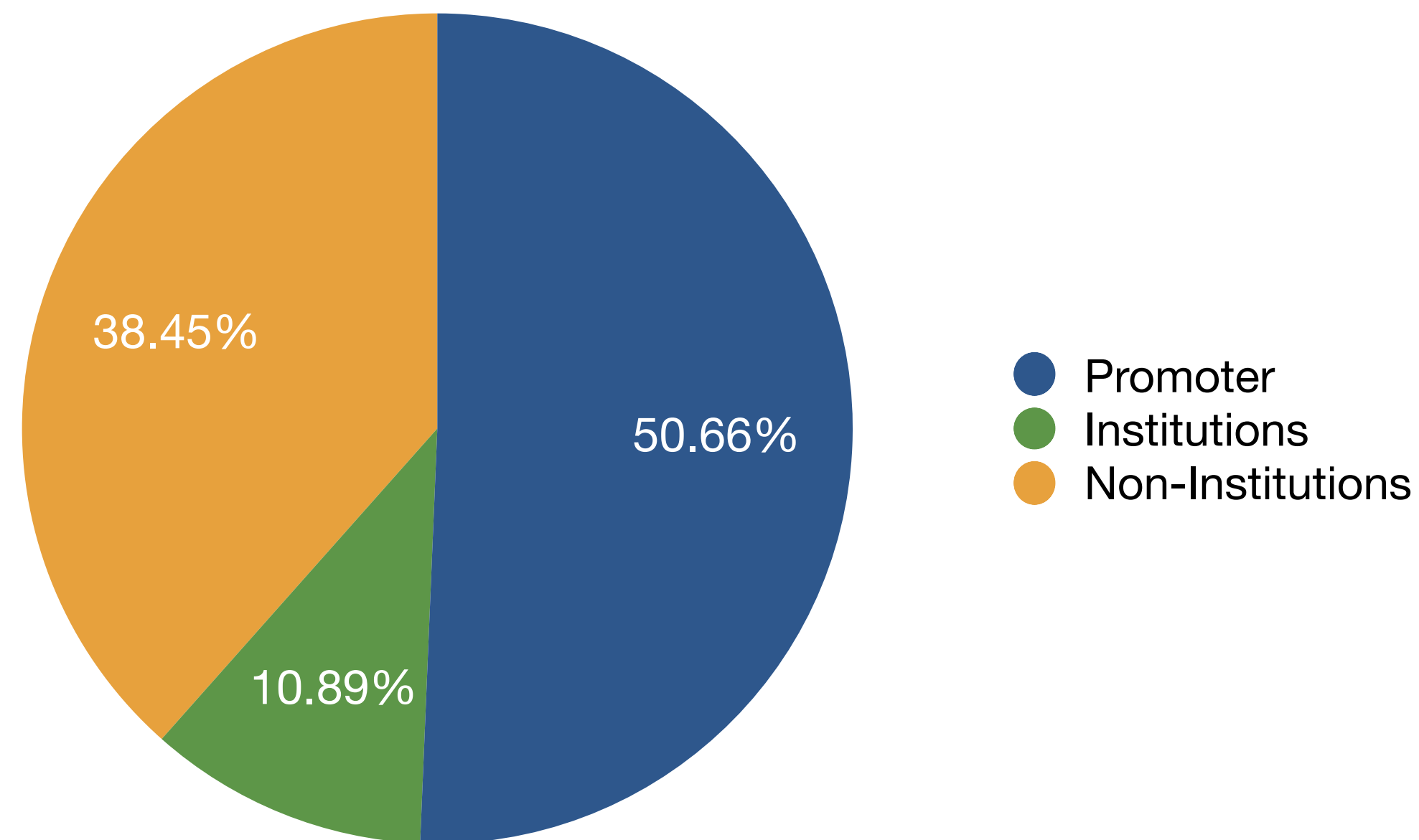
## Contents

- Shareholding Pattern
- Group Structure

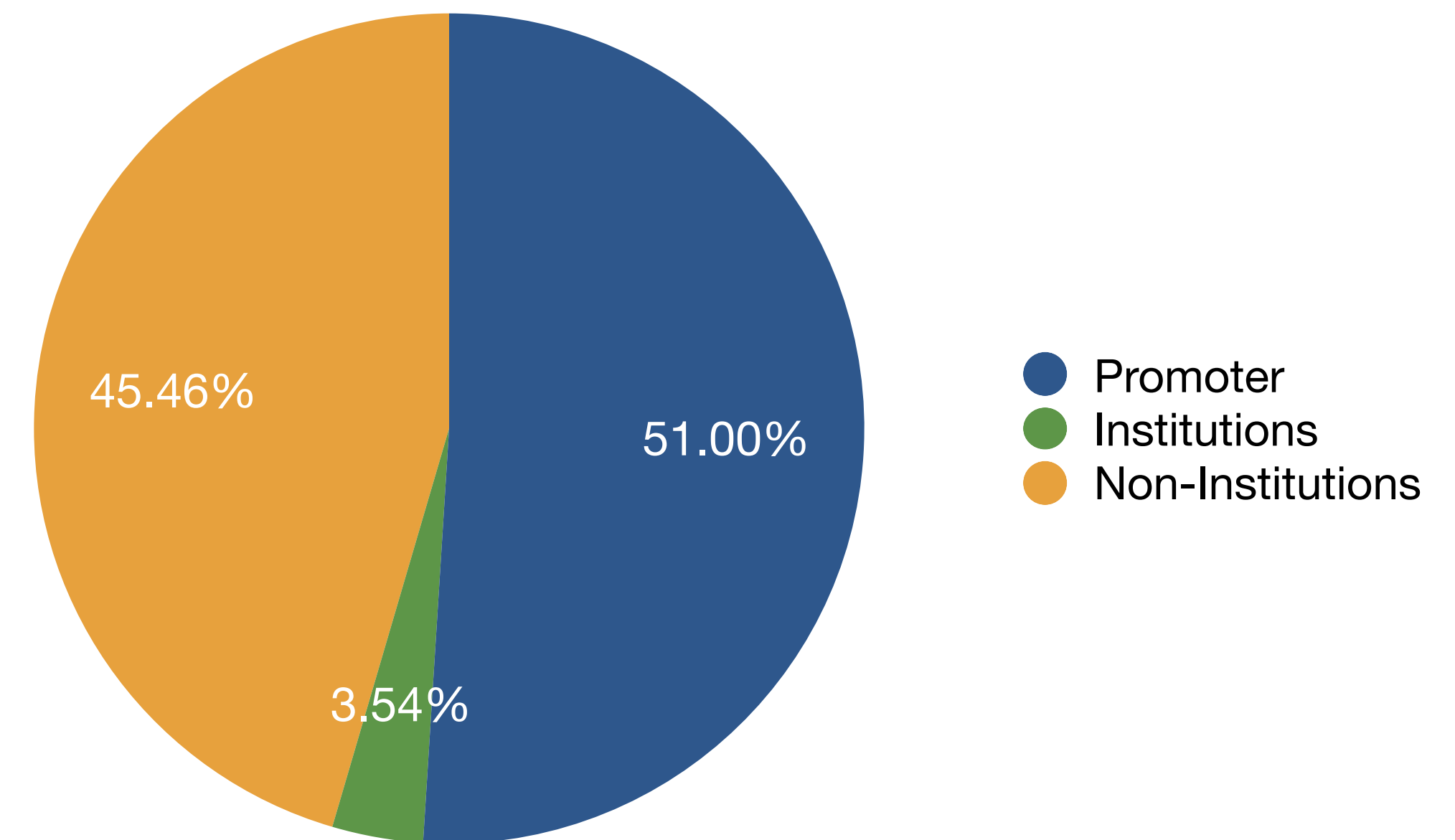
# Shareholding Pattern

- Polyplex Corporation Limited (PCL) is the Group Holding Company
- PCL's economic interest in the overseas businesses is 51%
- PCL listed on BSE/NSE in India and the Thai subsidiary (PTL) on the Stock Exchange of Thailand (SET)
- Shareholding of the Company (as on 30th June'20) is as below:

## PCL Shareholding#

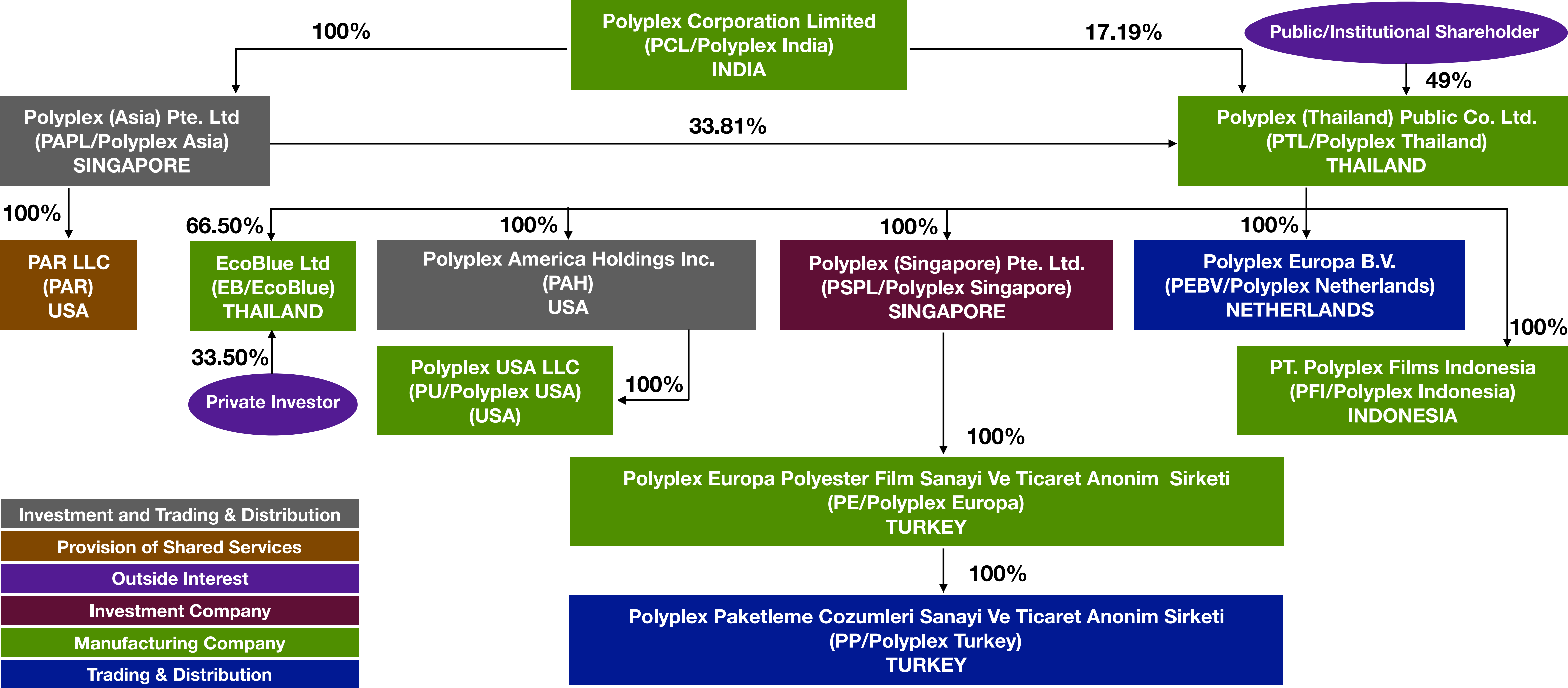


## PTL Shareholding



# Based on number of Equity shares bought back & extinguished till 30th June 2020

# Group Structure



- Investment and Trading & Distribution
- Provision of Shared Services
- Outside Interest
- Investment Company
- Manufacturing Company
- Trading & Distribution

Note: Polyplex Trading (Shenzhen) Co. Ltd (PTSL), China which was engaged in trading & distribution has been liquidated in June 2020



# Thank You

**Polyplex Corporation Limited**

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