

Q4FY24 Result Highlights

- **Strong Q4FY24 despite geopolitical issues and seasonality** – EPL's Q4FY24 Revenue grew 6.2%YoY (+5.5% QoQ) to ₹10.3bn aided by broad based growth across regions. The strong underlying business growth during the quarter was partially offset by the adverse pricing impact and unfavourable price mix. EAP/ Americas/ Europe reported revenue growth of 4.1%/ 15.9%/ 2.4% YoY respectively. AMESA Revenue grew 4.6% YoY to ₹3.54bn as the EBIT margin declined by 81bps YoY to 11.7%. Gross margins expanded by 340 bps YoY to 57.5% with overall EBITDA margin improvement by 260 bps YoY to 18.5% aided by improving margins in EAP and Americas. EBIT growth of 4x YoY to ₹240mn in Americas, was due to the ongoing program to improve margins which grew 419 bps YoY to 9% along with contribution from the Brazil business. Reported PAT declined YoY from ₹851mn to ₹151mn due to the devaluation of Egyptian currency and restructuring costs of operations in Europe amounting to ₹605mn during Q4FY24. Egyptian economy faced significant challenges in the past couple of years. Egyptian pound depreciated ~60% against USD resulting in an exceptional loss for the company. Considering the exceptional item mentioned above the Adjus. PAT declined 20% YoY to ₹677mn.
- Interest cost grew 55% YoY to ₹321mn on account of debt for Brazil facility (will was capitalized earlier). Going ahead, interest cost is largely expected to be on similar level.
- **For FY24** – Revenue/EBITDA grew 6%/23.6% to ₹39.2bn/₹7.14bn while PAT declined 10.1% YoY to ₹2.1bn.
- The Oral care/Personal care segments rose 13.4%/15.4% YoY in FY24. Personal Care contributed 47% of total sales in FY24 same as last year.
- EAP witnessed subdued revenue growth of 4% YoY to ₹2.23bn with EBIT at ₹271mn (v/s ₹248mn YoY) and margin at 12.2% (v/s 11.6% YoY) due to Chinese New Year. The management remains bullish on the growth prospects from this region.
- EBIT in Europe declined 26.1% YoY to ₹99mn with margin at 3.9% due to higher fixed costs which the management is trying to restructure it.
- As per the management, the Pharma segment requires lot more approvals and therefore is taking a little longer to reflect growth. Conversion for a Pharma customer takes around one year.
- Business in India remained solid and the company has received orders from some of the large customers who tended to be sluggish, which can lead to healthy growth from the Indian market in coming quarters. Currently the company is producing locally and not exporting everything from India as customer expects low lead time.
- Management expects to achieve double-digit revenue growth aided by the ramp-up of Brazil facility with targeted margin of +20% going forward, led by restructuring in the European business (head count optimisation and manufacturing realignment), mix improvement, active price management, and cost optimisation.

Important Statistics

Nifty	22,766
Sensex	74,748
MCAP (₹ bn)	58.9
52 Week H/L (₹)	236/175
NSE Code	EPL
BSE Code	500135
Bloomberg Code	ESEL:IN

Shareholding Pattern (%)		Mar'24
Promoter		51.5
DII		13.4
FII		10.9
Public & Others		24.2

Financials

Particulars	₹ mn		
	FY21	FY22	FY23
Revenues	30,916	34,328	36,941
EBITDA	6,111	5,761	5,778
EBITDA Margin (%)	19.8	16.8	15.6
Net Profit	2,391	2,144	2,267
EPS (₹)	7.5	6.7	7.1
DPS (₹)	4.1	4.3	4.3
RoE (%)	13.8	11.5	11.4
RoCE (%)	16.8	13.6	11.1
P/E (x)	24.5	27.4	25.9
EV/EBITDA (x)	10.4	11.3	11.4
P/BV (x)	3.4	3.2	2.9

Particulars	FY24P	FY25E	FY26E
	Revenues	39,161	43,547
EBITDA	7,143	8,813	9,792
EBITDA Margin (%)	18.2	20.2	20.9
Net Profit	2,060	3,397	4,403
EPS (₹)	6.5	10.8	13.9
DPS (₹)	4.5	5.0	5.5
RoE (%)	9.9	15.7	17.9
RoCE (%)	14.0	14.3	15.6
P/E (x)	28.5	17.1	13.2
EV/EBITDA (x)	9.2	7.0	5.9
P/BV (x)	2.8	2.6	2.3

Source: Company, Way2Wealth

Relative Performance

Return(%)	1Yr	3Yr	5Yr
EPL	2.8	(13.7)	57.1
Nifty 50	22.2	46.1	90.6
Sensex	18.7	43.9	87.7

Source: Company, Way2Wealth

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29th May 2024

CMP – ₹185.1/-

 View – **ACCUMULATE**
View

The company report healthy Q4FY24 & FY24 performance considering the Geopolitical uncertainty and downward trend in external demand at the initial stages. The growth was enabled by margin expansion, led by cost rationalisation measures, margin improvement in Brazil, and operating leverage, thereby boosting its earnings. Going ahead the Brazil business will be significantly accretive to the overall growth of the company. We expect the company to achieve its intended growth on the back of continued focus on personal care segment, leveraging sustainable products to increase wallet share of customers and ramp up of Brazil market. **Hence, we continue to maintain our ACCUMULATE stance with the stock trading at P/E 13.2x FY26E EPS of ₹13.9.**

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FINANCIAL & OPERATING PERFORMANCE

Particulars	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY%	QoQ%	FY24	FY23	YoY%
	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24					
Revenue	7,671	8,102	7,991	8,702	8,834	8,802	8,318	9,481	9,449	9,693	9,102	10,016	9,751	10,292	6.2	5.5	39,161	36,941	6.0
EBITDA	1,585	1,398	1,449	1,594	1,387	1,331	1,256	1,486	1,490	1,546	1,590	1,810	1,834	1,909	23.5	4.1	7,143	5,778	23.6
EBITDA Margin(%)	20.7	17.3	18.1	18.3	15.7	15.1	15.1	15.7	15.8	15.9	17.5	18.1	18.8	18.5	260	(26)	18.2	15.6	260
Net Profit	709	568	579	507	571	487	350	462	628	851	543	505	861	151	(82.3)	(82.5)	2060	2291	(10.1)

Source: Company, Way2Wealth

Segment-wise Revenue

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	YoY (%)
Oral care	14.3	15.6	13.8	15.2	16.7	18.3	20.8	13.4
Non-Oral care	10.0	11.5	11.2	12.9	14.3	15.9	18.4	15.4

Source: Company, Way2Wealth

Geography wise Revenue mix (%)

Region	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	FY21	FY21	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24
AMESA	28	33	31	31	34	34	37	36	38	30	37	35	37	38	36	34
EAP	26	24	27	24	25	24	28	22	23	22	24	22	24	25	26	22
Americas	20	19	23	20	20	21	21	22	24	17	24	24	24	25	26	26
Europe	26	24	22	24	21	21	20	24	24	19	20	26	23	22	21	25

AMESA (India & Egypt); EAP (China, Philippines);Americas (US, Mexico & Columbia);Europe (Poland, Germany & Russia)

Source: Company, Way2Wealth

Geography-wise Performance

AMESA	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24
Revenue (₹ mn)	2,362	2,766	2,819	3,075	3,225	3,140	3,197	3,595	3,521	3,379	3,358	3,791	3,500	3,536
YoY Growth(%)	(6.1)	28.5	28.7	18.7	36.5	13.5	13.4	16.9	9.2	7.6	5.0	5.5	(0.6)	4.6
EBIT (₹ mn)	315	224	311	352	353	277	309	333	404	423	365	446	392	414
Margin (%)	13.3	8.1	11.0	11.4	10.9	8.8	9.7	9.3	11.5	12.5	10.9	11.8	11.2	11.7
YoY Growth(%)	(14.6)	(7.1)	94.4	(8.3)	12.1	23.7	(0.6)	(5.4)	14.4	52.7	18.1	33.9	(3.0)	(2.1)

EAP	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24
Revenue (₹ mn)	2,043	1,849	2,060	2,136	2,459	1,971	1,928	2,166	2,263	2,141	2,149	2,454	2,524	2,229
YoY Growth(%)	17.4	36.7	1.9	11.9	20.4	6.6	(6.4)	1.4	(8.0)	8.6	11.5	13.3	11.5	4.1
EBIT (₹ mn)	385	216	345	353	419	160	247	377	365	248	351	428	412	271
Margin (%)	18.8	11.7	16.7	16.5	17.0	8.1	12.8	17.4	16.1	11.6	16.3	17.4	16.3	12.2
YoY Growth(%)	17.7	45.0	(21.2)	(10.6)	8.8	(25.9)	(28.4)	6.8	(12.9)	55.0	42.1	13.5	12.9	9.3

Source: Company, Way2Wealth

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 View – **ACCUMULATE**

Americas	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24
Revenue (₹ mn)	1,735	1,749	1,639	1,860	1,899	1,964	1,973	2,226	2,260	2,299	2,178	2,519	2,528	2,664
YoY Growth(%)	19.1	2.1	8.5	21.7	9.5	12.3	20.4	19.7	19.0	17.1	10.4	13.2	11.9	15.9
EBIT (₹mn)	201	202	119	168	53	189	105	106	109	59	24	91	175	240
Margin (%)	11.6	11.5	7.3	9.0	2.8	9.6	5.3	4.8	4.8	2.6	1.1	3.6	6.9	9.0
YoY Growth(%)	(6.5)	(32.0)	(23.2)	8.4	(73.6)	(6.4)	(11.8)	(36.9)	105.7	(68.8)	(77.1)	(14.2)	60.6	306.8

Europe	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24
Revenue (₹ mn)	1,768	2,002	1,784	1,882	1,732	2,086	1,972	2,050	1,911	2,502	2,125	2,163	2,076	2,563
YoY Growth(%)	9.3	5.5	(9.8)	(2.9)	(2.0)	4.2	10.5	8.9	10.3	19.9	7.8	5.5	8.6	2.4
EBIT (₹ mn)	99	189	99	75	(22)	104	34	70	(36)	134	79	46	23	99
Margin (%)	5.6	9.4	5.5	4.0	(1.3)	5.0	1.7	3.4	(1.9)	5.4	3.7	2.1	1.1	3.9
YoY Growth(%)	2.1	40.0	(44.7)	(52.5)	(122.2)	(45.0)	965.7	(6.7)	63.6	28.8	132.4	(34.3)	163.9	(26.1)

Source: Company, Way2Wealth

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 View – **ACCUMULATE**
FINANCIALS & VALUATIONS

(₹ mn)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24P	FY25E	FY26E
Revenue	27,069	27,601	30,916	34,328	36,941	39,161	43,547	46,881
EBITDA	4,991	5,575	6,111	5,761	5,778	7,143	8,813	9,792
EBITDA Margin (%)	18.4	20.2	19.8	16.8	15.6	18.2	20.2	20.9
Net Profit	1,925	2,073	2,391	2,144	2,267	2,060	3,397	4,403
EPS (₹)	6.0	6.5	7.5	6.7	7.1	6.5	10.8	13.9
DPS (₹)	1.25	3.3	4.1	4.3	4.3	4.5	5.0	5.5
P/E (x)	30.5	28.3	24.5	27.4	25.9	28.5	17.1	13.2
EV/EBITDA (x)	12.7	11.0	10.4	11.3	11.4	9.2	7.0	5.9
P/BV (x)	4.2	3.8	3.4	3.2	2.9	2.8	2.6	2.3
RoE (%)	13.8	13.5	13.8	11.5	11.4	9.9	15.7	17.9
RoCE (%)	16.1	16.3	16.8	13.6	11.1	14.0	14.3	15.6
Net Debt/Equity (x)	0.4	0.2	0.3	0.3	0.3	0.3	0.2	0.1
Debtor days	65	66	71	68	64	65	64	63
Inventory days	49	49	50	63	60	57	55	53
Creditor days	32	74	79	48	49	48	47	46
Cash Balances	1,344	3,712	2,414	1,937	2,444	2,073	2,917	5,294
FCF	561	2,833	1,828	449	2,147	2,119	4,357	5,001

Source: Company, Way2Wealth

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Name of the Security	EPL Ltd.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
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