

Press Release

UFlex announces Q3 financial results

Noida, NCR, February 13, 2024: UFlex Limited (BSE: 500148, NSE: UFLEX), India's largest multinational flexible packaging and solutions company, reported Q3 FY24 unaudited consolidated net revenue of Rs. 33,454 million, down 1.3% QoQ and 4.3% YoY. Adjusted EBITDA for the quarter stood at Rs. 4,258 million, down 0.4% QoQ and up by 4.3% YoY. EBITDA margin is 12.7%, up by 70 BPS QoQ and 50 BPS YoY.

The Board of Directors in the meeting held on February 10, 2024, have approved and taken on record the unaudited consolidated financial results of UFlex Limited and its subsidiaries for the quarter ended December 31, 2023.

Gaining traction through volume growth and diversified product portfolio

- Q3 FY24 consolidated sales volume of 147,770 MTPA; ↓ 2.0% QoQ; ↑ 5.8% YoY
- Consolidated net revenue of Rs. 33,454 million; ↓ 1.3% QoQ; ↓ 4.3% YoY
- Adjusted consolidated EBITDA* of Rs. 4,258 million; ↑ 4.3% QoQ; ↓ 0.4% YoY
- Adjusted consolidated EBITDA margin** at 12.7%; ↑ 70 BPS QoQ; ↑ 50 BPS YoY

3Q FY24 highlights (consolidated)

- 147,770 MTPA sales volume during the quarter
- Net revenue of Rs. 33,454 million
- Adjusted EBITDA of Rs. 4,258 million
- Adjusted EBITDA margin at 12.7%
- PAT of Rs. (672) million – due to foreign exchange volatility and derivative loss of Rs. 1,581 million

3Q FY24 highlights (standalone)

- 65,332 MTPA sales volume during the quarter
- Net revenue of Rs. 16,589 million
- EBITDA of Rs. 1,715 million
- EBITDA margin at 10.3%
- PAT of Rs. 237 million

Q3 FY24 maintained steady growth in volume and profitability: The company posted a healthy performance with improvement in the sales volume and operating profitability in the third quarter of the current fiscal 2024. The overall sales volume grew by 5.8% YoY, including volume growth of 6.5% and 3.6% YoY in the films and packaging business respectively. Liquid packaging drove the growth of the packaging business. Consolidated adjusted EBITDA margin improved by 50bps YoY and 70bps QoQ to 12.7%. The overall demand in the industry was impacted by oversupply and pricing pressure in the packaging film business, which is expected to persist in the near to medium term.

UFlex witnessed the impact of global geopolitical uncertainties, including the Red Sea conflict, Israel-Palestine and Russia-Ukraine war, and continued devaluation in emerging market currencies including Egypt and Nigeria, which are the relevant markets of UFlex for its packaging films business. Higher interest yield and tighter monetary policies of the central banks across the world resulted in tepid consumer sentiments. The ongoing Red Sea conflict has disrupted the global supply chains. The voyage time has increased considerably and the impact could be seen in higher costs including higher freight and insurance provisions.

India and USA: Leading the volume growth with better traction in the economies: On the back of robust GDP growth, UFlex's business in India and the Americas region continued to deliver solid performance. Europe's underperformance continued in the third quarter due to weak economic conditions, tighter monetary measures, higher borrowings, and high energy costs. In India, the economy remained strong although the prevailing overcapacity in the packaging film industry impacted the margins.

Value-added products (VAP): Packaging business (including flexible packaging, liquid packaging, and holography) volume grew by 4% YoY and down by 5% QoQ due to seasonal volatility in the consumer business. Revenue in the liquid packaging business maintained growth with higher sales volumes and steady realisations. The Company expects growth in the liquid packaging business upon completion of debottlenecking capacity at the Sanand plant in FY25.

Africa: Currency markets play the spoilsport: Egypt and Nigeria continue to be currency-sensitive regions. Nigeria's challenging economic environment and currency devaluation impacted UFlex in FY24. The Central Bank of Nigeria (CBN) reintroduced the 'Willing Buyer and Willing Seller' model at the investors and exporters window in its foreign exchange market in June 2023. This has led to a total currency loss of Rs 1,250 million in Nigeria during the current quarter in addition to the currency loss of Rs. 3,366 million in the first six months of FY24. Further, with effect from September 1, 2023, Nigeria has imposed an additional customs duty of 20% on BOPET films, thus making a total customs duty of 30% on BOPET films.

Debt portfolio to maintain diminishing growth as ongoing projects to be commercialized soon: With certain projects getting commercialized in Q4 FY24, management expects additional profitability from these projects. Gross and net debt were Rs 65.8 billion and Rs 52.3 billion as of December 31, 2023.

Commenting on the results, Mr. Ashok Chaturvedi, Chairman and Managing Director, UFlex Group, said, *"Q3 witnessed an improvement in the sales volumes on a year-on-year basis both for the packaging Films and packaging businesses. The consolidated adjusted EBITDA (excluding loss on account of currency devaluation and derivatives) stood at Rs. 4,258 million. We have commenced trial runs of our PET chips resin manufacturing facility for BOPET films at Panipat and expect the entire facility to be commissioned in the current quarter. We are confident about our long-term value creation strategy and are strongly positioned in our markets. The supply chain disruptions coupled with the escalating shipping costs caused by the Red Sea crisis has once again brought to the forefront the advantages of onshore manufacturing and reliability for our customers."*

Mr. Rajesh Bhatia, Group CFO, UFlex, said, *"I am delighted to share that we have seen a sustained rise in sales volumes over the last two quarters and a moderate expansion in margins. We have seen encouraging signs of strong demand in our end markets in the Americas, India, and Nigeria. India continues to deliver strong performance with volume traction in packaging films and value-added products (VAP). We expect improvement in our performance with the integration of a post-consumer recycled (PCR) PET chips plant in Egypt and the commissioning of a PET chips plant at Panipat in Q4, FY24. The currency markets in Nigeria and Egypt are expected to remain a matter of concern."*

Business Highlights

- **Holography:** Developed HSF in lower gauge/thickness- textile grade/graphic grade and cold foil and holographic Alu-Alu foil for the pharmaceutical industry.
- **Engineering:** Developed double-head coating-1650 machine to enhance the film barrier property that for processes such as direct gravure coating, reverse gravure coating with a gap, reverse gravure coating with a kiss, and kiss coating with a smoothening bar.
- **Packaging Films:** The UFlex packaging films business was granted a patent for its innovative research methodology to develop formable films, laminate structures, and related methods and to develop high-barrier polyethylene terephthalate (PET) films.

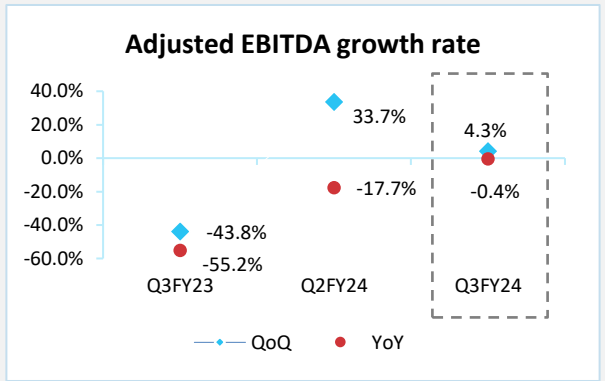
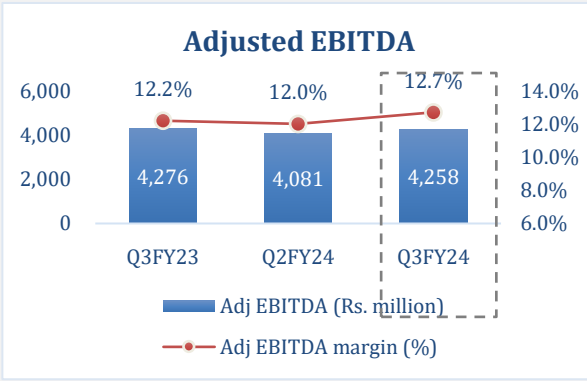
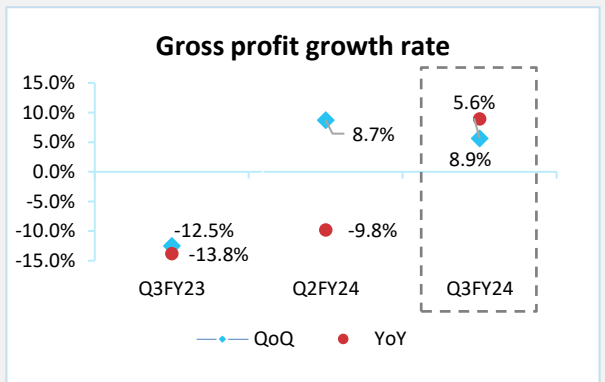
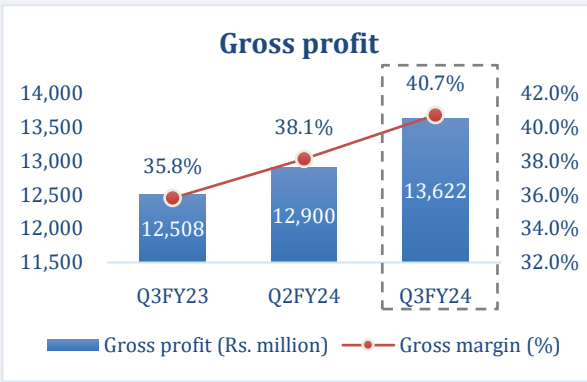
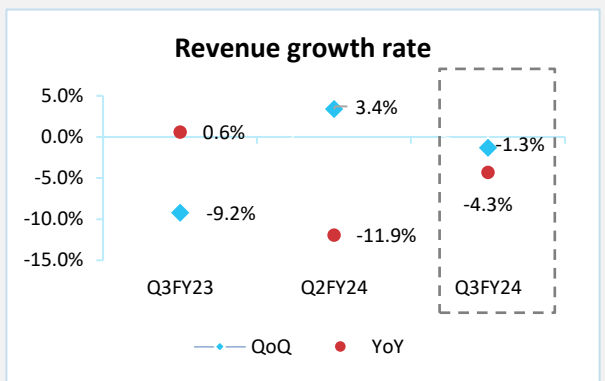
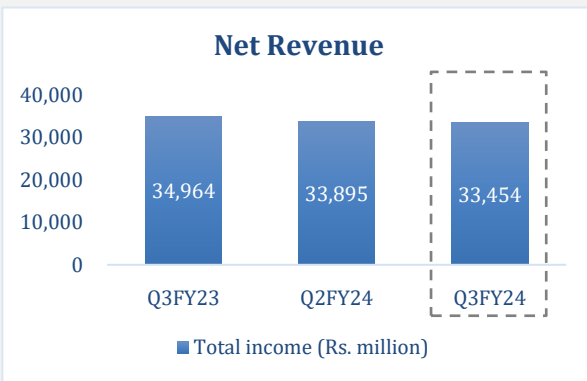
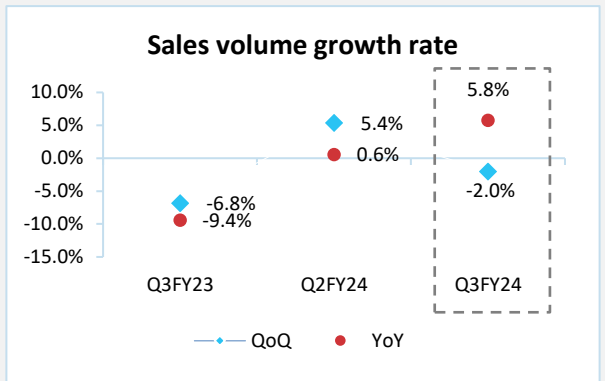
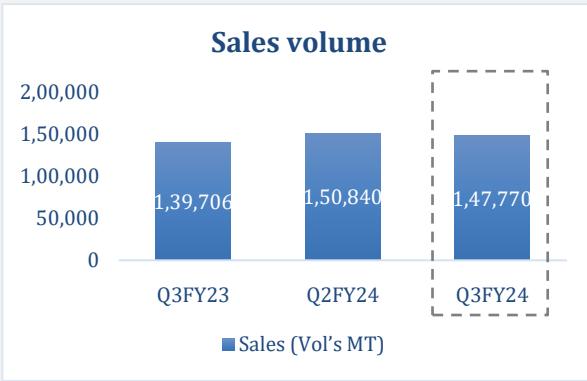
For a summary of product innovations and awards in the quarter ended December 31, 2023, please visit:
https://www.uflexltd.com/pdf/QTRPU/UFlex_Product_Updates_Q3FY24.pdf

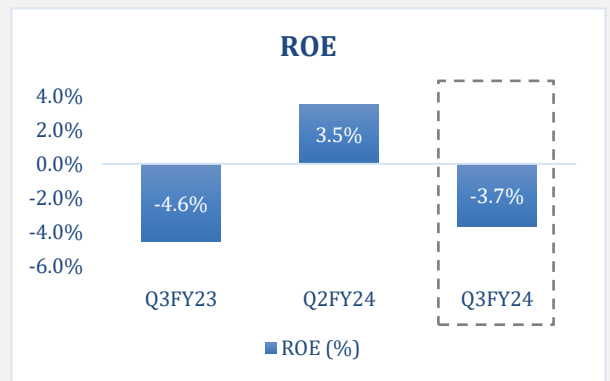
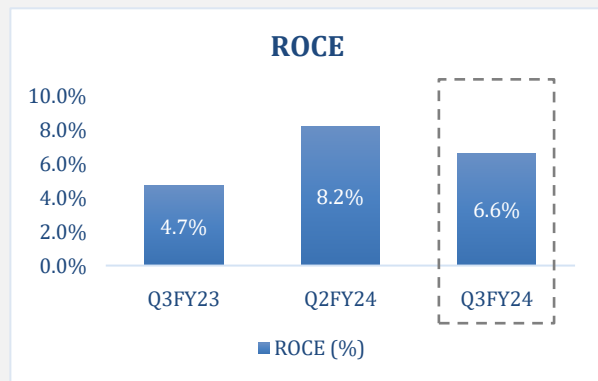
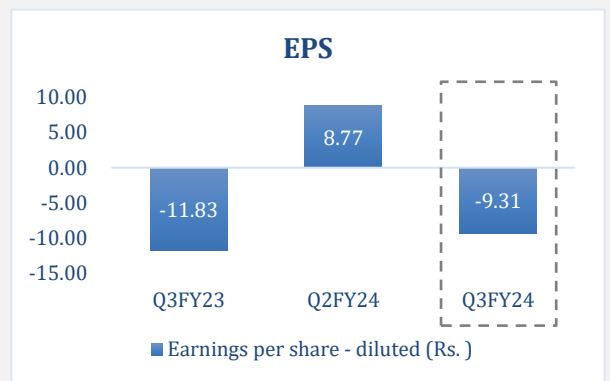
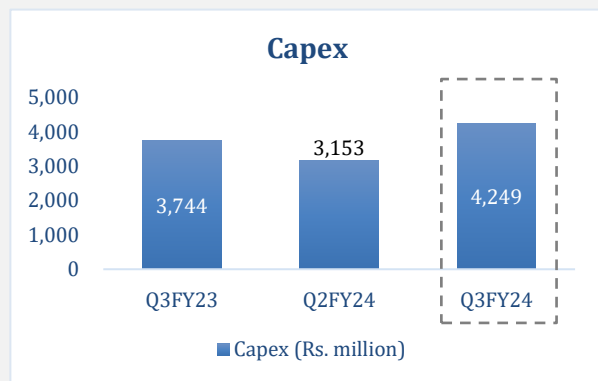
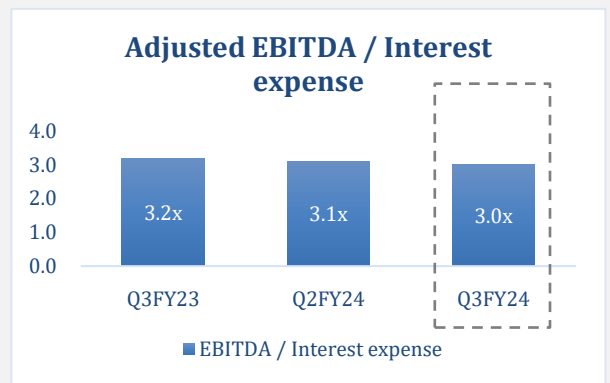
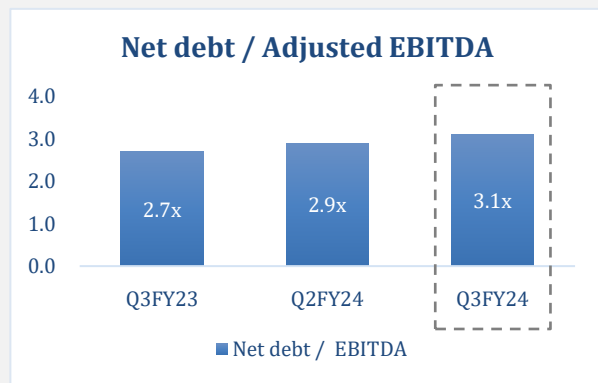
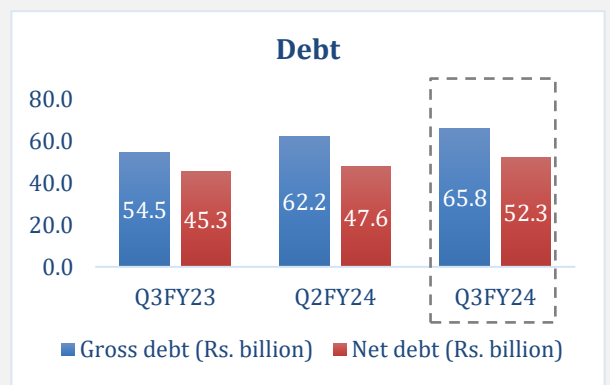
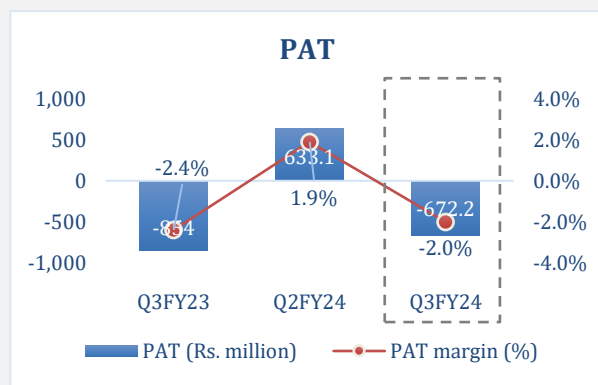
Financials

- **Debt rating:** CRISIL ratings **reaffirmed** its ratings at '**CRISIL AA-/Stable/CRISIL A1+**' for long-term and short-term borrowings respectively.

For more details on the financial results for the quarter ended December 31, 2023, please visit:
<https://www.uflexltd.com/financials.php>

Performance Trends: Consolidated operational and financial performance of the company.





Condensed consolidated quarterly statement of operations

The table below shows the condensed consolidated statement of operations for UFlex Limited for the third quarter ended December 31, 2023, compared to the second quarter ended September 30, 2023, and quarter ended December 31, 2022:

Rs. million	Quarter ended Dec. 2023	Quarter ended Sept. 2023	Quarter ended Dec. 2022	% change Q-o-Q	% change Y-o-Y
Sales/Income from operation	32,689	32,975	34,057	(0.9)	(4.0)
Other operating income	405	720	770	(43.7)	(47.3)
Revenue from operations	33,095	33,694	34,827	(1.8)	(5.0)
Other income	416	239	157	73.9	165.2
Share of (Loss) / Profit of Associate and Jointly Controlled Entities	(57)	(39)	(20)	(45.6)	(184.0)
Total income	33,454	33,895	34,964	(1.3)	(4.3)
Expenditure	29,779	29,836	32,190	(0.2)	(7.5)
EBITDA	3,675	4,059	2,774	(9.5)	32.5
Depreciation and Amortization	1,663	1,636	1,435	1.7	15.9
Financial costs	1,403	1,325	1,330	5.9	5.5
Profit / (Loss) before exceptional items and tax	609	1,098	9	(44.5)	6743.8
Exceptional items	1,001	-	842	-	18.9
Profit / (Loss) before tax and after exceptional items	(391)	1,098	(833)	(135.7)	53.0
Tax expense:					
Current tax	208	432	233	(51.8)	(10.5)
Deferred tax	73	33	(211)	122.5	134.7
Profit / (Loss) after tax	(673)	633	(855)	(206.2)	21.3
Non-controlling interest	(1)	-	(1)	-	-
Net Profit/ (Loss) for the period	(672)	633	(854)	(206.2)	21.3

Note:

- 1) Numbers in the table may not add up due to rounding-off.
- 2) Previous year figures have been regrouped wherever necessary.

Revenue

UFlex's operating revenue includes packaging films and value-added products. The table below shows each as a percentage of operating revenues:

Rs. million	Quarter ended Dec. 2023	% of revenue	Quarter ended Sep. 2023	Quarter ended Dec. 2022	% of revenue	% change Q-o-Q	% change Y-o-Y
Packaging films	20,057	61.8	20,123	21,189	60.8	1.7	(3.5)
Value added product	12,638	38.2	13,571	13,638	39.2	(6.9)	(7.3)
➤ Packaging	8,919	26.9	10,458	9,452	27.1	(14.7)	(5.6)
➤ Engineering	881	2.7	653	731	2.1	34.9	20.5
➤ Others VAP	2,838	8.6	2,460	3,455	9.9	15.4	(17.9)
Total revenue from operations	33,095	100	33,694	34,827	100	1.8	(5.0)

Packaging = Flexible packaging, Liquid packaging, and Holography

Engineering = Machines and Printing cylinders

Other value-added products (VAP) = Inks and adhesives and other operating income

Expenditure

UFlex's primary expenses include the cost of goods sold, personnel costs and other operating expenses. The table below shows each as a percentage of operating revenue:

Rs. million	Quarter ended Dec. 2023	% of revenue	Quarter ended Sept. 2023	Quarter ended Dec. 2022	% of revenue	% change Q-o-Q	% change Y-o-Y
COGS	19,832	53.3	20,995	22,456	63.6	(5.5)	(11.7)
Personnel cost	3006	8.1	2,964	2,528	7.2	1.4	18.9
Other operating expenses	6,941	18.6	5,878	7,206	20.4	18.1	(3.7)
Total operating expenses	29,779	79.9	29,837	32,190	91.1	(0.2)	(7.5)

Note:

1) Numbers in the table may not add up due to rounding-off.

2) Previous year figures have been regrouped wherever necessary.

3) Other operating expenses include expenses allocated to self-constructed assets.

4) COGS is the cost of goods sold.

Condensed standalone quarterly statement of operations

The table below shows the condensed standalone statement of operations for UFlex Limited for the third quarter ended December 31, 2023 compared to the quarter ended September 30, 2023 and quarter ended December 31, 2022.

Rs. million	Quarter ended Dec. 2023	Quarter ended Sept. 2023	Quarter ended Dec. 2022	% change Q-o-Q	% change Y-o-Y
Sales/Income from operation	16,241	16,111	16,666	0.8	(2.6)
Other operating income	245	299	382	(18.0)	(35.8)
Revenue from operations	16,487	16,411	17,049	0.5	(3.3)
Other income	103	95	85	7.9	20.0
Total income	16,589	16,506	17,134	0.5	(3.2)
Expenditure	14,875	14,825	15,423	0.3	(3.6)
EBITDA	1,714	1,681	1,711	2.0	0.2
Depreciation and Amortization	747	757	661	(1.3)	13.0
Financial costs	664	632	446	5.1	48.8
Profit / (Loss) before exceptional items and tax	303	292	603	3.8	(49.8)
Exceptional items	-	-	-	-	-
Profit / (Loss) before tax and after exceptional items	303	292	603	3.8	(49.8)
Tax expense:					
Current tax	47	71	119	(33.8)	(60.6)
Deferred tax	19	12	(9)	53.7	-
Profit / (Loss) after tax	237	209	494	13.6	(51.9)

Note: 1) Numbers in the table may not add up due to rounding-off.

2) Previous year figures have been regrouped wherever necessary.

Footnotes:

This Earnings release contains consolidated unaudited results that are prepared as per Indian Accounting Standards (Ind-AS).

*Q3 FY24, the adjusted EBITDA stood at Rs. 4,258 million and the corresponding adjusted EBITDA margin of 12.7%. The adjusted EBITDA is derived with adjustments of the impact of foreign currency gain/loss and derivative instruments. In Q3 FY24 and Q2 FY24, this adjustment amounted to Rs. 583 million and Rs 22 million respectively and in Q3 FY23, it was Rs. 1,502 million.

** The calculated adjusted EBITDA margin is determined by dividing the adjusted EBITDA by the net revenues.

Caution concerning forward-looking statements:

This document includes certain forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause UFlex's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding UFlex's present and future business strategies and the environment in which UFlex Limited will operate in the future. Among the important factors that could cause UFlex's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the condition of and changes in India's political and economic status, government policies, applicable laws, the Indian packaging sectors, and international and domestic events having a bearing on UFlex's business, particularly regarding the progress of changes in sectors' regulatory regimes, and such other factors beyond UFlex's control. UFlex Limited is under no obligation to and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

For media queries, please contact:

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About UFlex:

UFlex is India's largest multinational flexible packaging and solutions company. Since its inception in 1985, UFlex has grown from strength to strength and has built a strong presence across all verticals of the packaging value chain - packaging films, chemicals, aseptic liquid packaging, flexible packaging, holography, engineering, and printing cylinders.

With a 10,000+ strong multicultural workforce across global regions that works toward developing innovative, value-added, and sustainable packaging solutions, the company has earned an irreproachable reputation for defining the contours of the 'Packaging Industry' in India and overseas. It provides end-to-end solutions to numerous Fortune 500 clients across various sectors such as FMCG, consumer product goods, pharmaceuticals, building materials, automobiles, and more, in more than 150 countries. Headquartered in Noida, the National Capital Region, India, UFlex enjoys a global reach with advanced manufacturing facilities in India, UAE, Mexico, Egypt, USA, Poland, Russia, Nigeria, and Hungary.

A winner of various marquee global awards for product excellence, innovation, and sustainability, UFlex is the first company in the world to earn recognition at the Davos Recycle Forum in 1995 for conceptualizing the recycling of mixed plastic waste. For more details, please visit: www.uflexltd.com