



# **Greenply Industries Limited**

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**India's Largest Interior Infrastructure Company**

**Q2 FY 2015 Investor Update**

## Financial Highlights

### Q2 FY15

- Sales (net of excise duty and VAT/Sales tax) for Q2FY15 at Rs. 623.16 crores grew by 6.74% as compared to Rs 583.82 crores for Q2FY14.
- Net Profit for Q2FY15 at Rs. 37.04 crores rose by 39.67% against Rs. 26.52 crores in Q2FY14.
- Operating Profit (EBIDTA excluding Other Income and currency losses) for the quarter was up by 5.58% at Rs 76.08 crores as compared to Rs 72.06 crores earned in Q2FY14.
- EBIDTA Margin (excluding Other Income and Gain/Loss on foreign exchange fluctuation) fell by 13 basis points to 12.21% compared to 12.34% for Q2FY14.
- Net Profit margin for Q2FY15 stood at 5.94% compared to 4.54% for Q2FY14.
- EPS (fully diluted) for Q2FY15 at Rs 15.35 against Rs 10.99 for Q2FY14.
- Exports for the quarter ended September 30, 2014 was lower by 3.04% at Rs 86.73 crores and contributed 13.92% of the net revenue for the quarter.
- Currency Gains on long term borrowings for acquisition of capital assets, Rs 0.93 crores, has been capitalised during the current quarter.

(Rs. Crores)

Particulars	Q2FY15	Q2FY14
Sales (Net of Excise and VAT/Sales Tax)	623.16	583.82
PAT	37.04	26.52
EBIDTA Margin (excluding other income and Gain/Loss on foreign exchange fluctuation)	12.21%	12.34%
Net Profit Margin (PAT)	5.94%	4.54%
Equity Capital	12.07	12.07
EPS (Rs) (fully diluted)	15.35	10.99

**Segment-wise revenue break-up**

(Excludes excise duty and VAT/Sales Tax)

(Rs. Crores)

Particulars	Q2FY15	Q2FY14	% Growth	% of revenue*
<b>Plywood &amp; Allied Products</b>	312.09	275.55	13.26	50
<b>Laminates &amp; Allied Products</b>	212.90	204.38	4.17	34
<b>Medium-density Fibre Boards</b>	98.80	103.89	(4.90)	16

\*Including inter-segment revenue

**H1FY15**

- Net Sales for H1 FY15 at Rs. 1139.90 crores grew by 7.10% over Rs. 1064.32 crores in H1 FY14.
- Net Profit for H1 FY15 at Rs. 67.27 crores rose by 37.03% over Rs. 49.09 crores in H1 FY14.
- Operating Profit (excluding Other Income and Gain/Loss on foreign exchange fluctuation) for H1 FY15 was up by 8.38% at Rs. 144.28 crores as compared to operating profit of Rs. 133.13 crores in H1 FY14.
- EBIDTA Margin (excluding Other Income and Gain/Loss on foreign exchange fluctuation) of H1 FY15 increased by 15 basis points to 12.66% compared to 12.51% in H1 FY14.
- Net Profit margin for H1 FY15 stood at 5.90% compared to 4.61% in H1 FY14.
- EPS (fully diluted) for H1 FY15 at Rs 27.87 against Rs 20.34 for H1 FY14.
- Exports for H1 FY15 at Rs 164.29 crores grew by 0.40% over H1 FY14 and contributed 14.41% of the net revenue for the period.

(Rs. Crores)

Particulars	H1FY15	H1FY14
Sales (Net of Excise and VAT/Sales Tax)	1139.90	1064.32
PAT	67.27	49.09
EBIDTA Margin (excluding other income and Gain/Loss on foreign exchange fluctuation)	12.66%	12.51%
Net Profit Margin (PAT) (%)	5.90	4.61
Equity Capital	12.07	12.07
EPS (Rs) (fully diluted)	27.87	20.34

### Segment-wise revenue break-up

(Excludes excise duty and VAT/Sales Tax)

(Rs. Crores)

Particulars	H1FY15	H1FY14	% Growth	% of revenue*
Plywood & Allied Products	563.52	503.80	11.85	49
Laminates & Allied Products	398.91	379.49	5.12	35
Medium-density Fibre Boards	178.46	181.03	(1.42)	16

\*Including inter-segment revenue

Particulars	H1FY15	H1FY14
Net Profit / Net Turnover (%)	5.90	4.61
Interest / Net Turnover (%)	2.69	2.67
Operating Margin (EBIDTA) (%)	12.66	12.51
Total Debt / Equity	0.96	1.23
Working Capital Cycle (Days)	51	63

## **Business Highlights for Q2FY2015**

### 1) Plywood & Allied Products

- 0.77% increase in plywood production to 9.15 million square meters; average capacity utilisations were 113%. Sales volumes registered a growth of 1.47% to 12.29 million square meters on the back of 28% volume increase in the Outsourcing division.
- Average net realisation of Plywood improved by 10% to Rs 241 in Q2 FY15 compared to Rs 219 in Q2 FY14.
- Operating Margin (EBIDTA) for Q2 FY15 registered an increase of 36 basis points to 9.51% from 9.15% in Q2 FY14.

### 2) Laminates & Allied Products

- 1.09% fall in laminates production to 2.72 million sheets; sales volumes registered a growth of 4.54% at 2.97 million sheets; average capacity utilisations at 108% compared to 110% in the corresponding quarter.
- Average realisations of laminate in Q2 FY15 fell by 1.41% to Rs 629 compared to Rs 638 in Q2 FY14.
- Average realisations of decorative veneers rose by 17.44% to Rs 889 per sqm compared to Rs 757 in Q2 FY14.
- Operating Margin (EBIDTA) in Q2 FY15 fell by 169 basis points to 11.07% from 12.76% in Q2 FY14.

### 3) Medium Density Fibreboards

- 1.81% fall in MDF production to 35661 Cubic Meters (CBM) in Q2 FY15 compared to 36317 CBM in Q2 FY14. Sales volumes fell by 6.55% to 37667 CBM from 40305 CBM.
- Average Capacity Utilisation in Q2 FY15 was 79% compared to 81% in Q2 FY14.
- Average realisations of MDF in Q2 FY15 improved by 1.59% to Rs 26158 per CBM compared to Rs 25749 per CBM in Q2 FY14.
- Operating Margin (EBIDTA, excluding currency losses and other income) in Q2 FY15 rose by 320 basis points at 23.19% compared to 19.99% in Q2 FY14.

- **Industry Review and Outlook**

The Indian furniture industry, pegged at Rs. 71,000 crores, reputed for its design, fashion and technological quality, is exported worldwide. Around 80% of the industry is unorganised while 20% comprises organised manufacturers. Backed by a growing real estate, tourism and hospitality sectors on the one hand and rising per capita consumption and lifestyle product consumption on the other, the Indian furniture manufacturing industry is expected to grow at 13-15% across five years.

The fragmented Rs. 23,700 crores Indian panel products and laminate industry, which provide the raw materials to the furniture industry, is growing at 5-7% annually. Although the unorganised sector accounts for around 80% of the plywood and 40% of the laminate industry, the organised sector's 15-20% annual growth outperformed overall industry growth. MDF growth is expected at 20-25% because of its low base and also shifts of cheap plywood segment to MDF.

The following demand drivers are expected to provide the stimulus for real estate growth:

- **Semi Urban Demand:**

Real Estate demand is accelerating in Tier II and III cities and towns. Cities like Bhopal, Bhubaneswar, Coimbatore, Indore, Jaipur, Lucknow, Surat, Vadodara and Visakhapatnam are expected to add over 354 million square feet of residential space in 3 years with sales expected to generate Rs 180 billion in the next 8 years. An increasing number of corporates are shifting focus to Tier II and III cities, accounting for over 61% of the total job creation in India in 2010-11. (Enam)

- **Premium Housing Demand:**

The Net worth of HNIs in India is expected to increase from Rs 45 trillion in 2010-11 to Rs 235 trillion in 2015-16 widening the market for premium housing. HNIs use a fifth of their earnings for investments, of which 37% is in real estate. (Kotak)

- **Commercial office space and retail sector:**

Office space supply in top seven Indian cities is expected to reach 243.5 million square feet in 2011-15 and malls and other retail spaces are expected to account for 57 msf and 112.57 msf respectively (Cushman and Wakefield).

- **Hospitality:**

Tourist arrivals expected to increase to 11.1 million in 2021 from 6.29 million in 2011 leading to an additional demand for 150000 hotel rooms in 5 years (Care).

- **Healthcare:**

India needs to add 1.8 million beds by 2025 to reach its targeted ratio of two beds per 1000 people with an investment outlay of USD 86 billion (India Brand Equity Foundation).

### **About Greenply Industries Limited**

#### **Overview**

Greenply Industries Limited (GIL), a Rs 2215 crores (consolidated revenues) company, is an integrated interior infrastructure company with leadership in the plywood and laminate industry in India. The company was incorporated in August 1984 as a saw mill unit. The company accounts for more than 32% of the organised plywood, 28% of the organised laminate and 30% of the MDF markets in India. Pioneering the concept of branding for various products and brand building as its core, the company's track record is impeccable as a profit making dividend paying company over the last decade with 29.82% CAGR growth in net sales over the past 5 years leading to 2013-14.

Greenply has 86 branches across the country with a strong network of over 15000 dealers, distributors, sub-dealers and retailers. Greenlam has an international presence in over 100 countries. The company has subsidiaries in USA, UK & Singapore and distributors across the globe to promote the Greenlam brand.

#### **Products**

Greenply is a one-stop manufacturer of all products related to interior infrastructure from plywood and boards, flush doors, decorative veneers, decorative laminates to MDF, pre-lam MDF and particle boards.

#### **Manufacturing facilities**

##### **Plywood units based at:**

Tizit, Nagaland, proximate to abundant timber resources

Kripampur, West Bengal, adjacent to Kolkata Port

Pantnagar, Uttarakhand, proximate to abundant agro-forestry timber resources

Bamanbore, Gujarat, proximate to Kandla port.

##### **Laminate units based at:**

Behror, Rajasthan

Nalagarh, Himachal Pradesh

##### **MDF unit based at:**

Pantnagar, Uttarakhand, proximate to abundant agro-forestry timber resources.

## Marketing and Distribution

Marketing of all plywood products under the Greenply umbrella brand 360 degree marketing initiatives targeted at trade and end-consumers. Branding exercises promoted the plywood business; the company aired a new **“Forever New”** advertisement on the electronic media.

Image-strengthening exercises promoted the laminate business, the company continued to air its popular **“Zamaane Ko Sajaana Hai”** advertisement on TV channels.

Setting up of Green Design Studios (brand shops) for display of laminates and natural veneers to architects, interior designers and consumers.

Setting up of Green Teak World Stores to offer customers a feel of value-added products in an uplifting environment.

Growing exposure in below the line activities (radio, outdoor advertising, kiosks, shop hoardings and posters etc.)

- **For more information, kindly contact**

V Venkatramani Greenply Industries Limited Chief Financial Officer +919748400606 <a href="mailto:venkat.corp@greenply.com">venkat.corp@greenply.com</a>	Dhiraj Rajpal, Ad Factors PR Pvt. Ltd. Investors Relations +919820106986 <a href="mailto:dhiraj.rajpai@adfactorspr.com">dhiraj.rajpai@adfactorspr.com</a>
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## Safe Harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to statements include, but are not limited to, risks and uncertainties regarding fiscal policy, competition, inflationary pressures and general economic conditions affecting our industry. The company does not undertake to update any forward-looking statement that may be made from time-to-time by or on behalf of the company.