

# Greenply Industries Ltd

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Result Presentation - Q3 & 9M FY15

# Disclaimer

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Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

**Greenply Industries Limited (GIL)** will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

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# Company Overview



## Business segments

- Wood based products - Plywood and allied products, Medium Density Fibreboards (MDF)
- Recently demerged the Decorative Business – to be listed as separate entity

## Strong industry potential

- Plywood industry size – Rs. 160 billion
- MDF industry size – Rs. 18 billion
- Strong demand drivers – rising residential/commercial construction, increasing urbanization, high disposable incomes and Government Announcement regarding construction of 100 smart cities

## Strong brand presence built over 30 years

- Largest pan-India player with 32% share of organized plywood market; 30% share of domestic MDF market
- Large investments in advertisements and promotional activities over the years

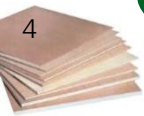
## Well-entrenched distribution network

- Distributors/stockists 

<input type="checkbox"/> Plywood 1,100		<input type="checkbox"/> Plywood 6,000
<input type="checkbox"/> MDF 450	and retailers	<input type="checkbox"/> MDF 4,000
- Serviced by 33 branches for ply and 12 branches for MDF pan-India

## Manufacturing Facilities

- 4 state-of-the-art manufacturing facilities for Plywood
- 1 facility for MDF – largest in the country



# Company Overview



## Capacity Utilization

- Plywood 103% utilization; further demand to be catered through outsourcing
- MDF 83% utilization; to undertake greenfield expansion in Andhra Pradesh over FY16-19 to cater to future demand

## Production Model

- Plywood – 75% in-house, moving towards an asset light set-up by increasing proportion of outsourcing
- MDF – 100% in-house

## Raw material sustainability

- Plantation of fast growing and improved species of clonal plantations to improve quality of wood availability and plywood manufactured
- Backward integration through 50% JV in Myanmar for production of face veneers; to start manufacture of plywood in FY17

## Financial Performance

- Revenue and PBT CAGR of 24.5% and 81.0% respectively over FY11-14

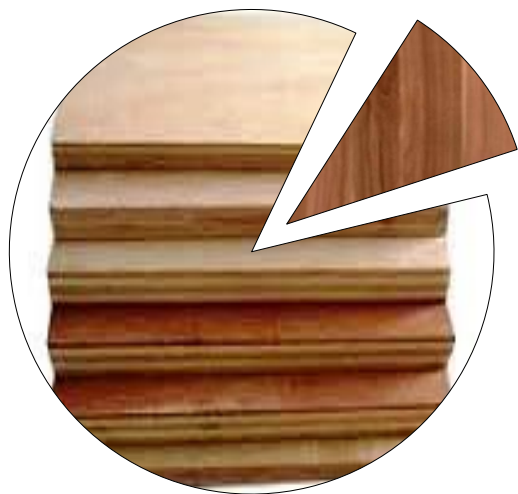
## Strong Return Ratios

- Pre-tax ROE and ROCE of 27.3% and 17.7% respectively and Post-tax ROCE of 14.4% in FY14

# Demerger of Decorative Business



- Demerged the decorative business (comprising of laminates and allied products and accounting for 37.2% of FY14 consolidated sales) of the company with all its assets and liabilities into Greenlam Industries
- Record date for the demerger was 27 November 2014; Greenply Industries stock traded as a demerged entity from 26 November 2014
- Greenlam Industries has issued and allotted to the shareholders of Greenply Industries one equity share of Rs. 5 each in Greenlam Industries for every one equity share of Rs. 5 each held by them in Greenply Industries
- Mr. Saurabh Mittal, Joint Managing Director & CEO resigned from the Company with effect from the close of the working hours of November 10, 2014, to take up assignment in Greenlam Industries Limited



# Rationale for Demerger

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- **Different product characteristics**
  - The wood based products (plywood and mdf) form the backbone materials for furniture
  - The decorative products (laminates and decorative veneers) are surfacing materials
- **Separate marketing reach**
  - Both businesses require different sets of dealers, distributors and intermediaries
  - Plywood and MDF are sold primarily in the domestic market
  - Laminates are sold both in domestic as well as international markets
- **Dedicated management focus**
  - Dedicated management focus and resource allocation in line with respective market trends to enable diversification and expansion into newer product portfolios for faster growth
- **Better cash management / utilization**
  - Two separate companies will have independent cash flows and strengthen the prospects of each of the businesses towards mobilising funds to service their respective growth plans

# P&L – Q3 & 9M FY15



## Statement of Standalone Un-audited Results for the quarter and nine- months ended 31st December, 2014

Sl. No	Particulars (Rs. Lakh)	Quarter ended		Nine-months ended	
		31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)
1	<b>Income from Operations</b>				
	(a) Net sales/income from operations (Net of excise duty)	39,052.42	32,838.64	113,216.43	101,321.03
	(b) Other Operating Income	280.97	34.22	304.62	61.17
	<b>Total income from operations (net)</b>	<b>39,333.39</b>	<b>32,872.86</b>	<b>113,521.05</b>	<b>101,382.20</b>
2	<b>Expenses</b>				
	a) Cost of materials consumed	18,629.13	18,213.43	54,690.61	54,026.36
	b) Purchase of Stock-in-trade	6,275.64	3,092.73	14,391.68	9,389.12
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-2,379.61	-2,206.87	-3,365.56	-3,646.04
	d) Employee benefits expense	3,612.02	3,072.75	10,568.52	9,081.08
	e) Depreciation and amortisation expense	1,212.58	939.98	3,469.92	2,658.27
	f) Loss/(Gain) due to fluctuation in Foreign Exchange Rates	-60.66	311.67	-83.68	1,090.35
	g) Other Expenses	7,947.45	5,984.85	22,219.18	19,083.60
	<b>Total Expenses</b>	<b>35,236.55</b>	<b>29,408.54</b>	<b>101,890.67</b>	<b>91,682.74</b>
3	Profit from operations before other income, finance costs and exceptional Items	4,096.84	3,464.32	11,630.38	9,699.46
4	Other income	10.24	26.10	29.37	290.67
5	Profit /(Loss) from ordinary activities before finance costs and exceptional items	4,107.08	3,490.42	11,659.75	9,990.13
6	Finance costs	962.24	954.16	2,751.81	2,812.06
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items	3,144.84	2,536.26	8,907.94	7,178.07
8	Exceptional items	0.00	0.00	0.00	0.00
9	<b>Profit/ (Loss) from ordinary activities before tax</b>	<b>3,144.84</b>	<b>2,536.26</b>	<b>8,907.94</b>	<b>7,178.07</b>
10	Tax Expenses				
	for Current	-659.18	-531.62	-1,867.15	-1,504.56
	for Deferred	-73.66	-199.29	185.02	-449.97
	for MAT Credit	201.68	165.28	403.22	313.12
	for Earlier Year	0.00	0.00	-3.72	-63.29
11	Net Profit/(Loss) from ordinary activities after tax	2,613.68	1,970.63	7,625.31	5,473.37
12	Extraordinary items (net of tax expense ` Nil)	0.00	0.00	0.00	0.00
13	<b>Net Profit / (Loss) for the period</b>	<b>2,613.68</b>	<b>1,970.63</b>	<b>7,625.31</b>	<b>5,473.37</b>
14	Paid-up equity share capital (Face value ` 5/- per share)	1,206.82	1,206.82	1,206.82	1,206.82
15	Reserves excluding Revaluation Reserves	0.00	0.00	0.00	0.00
16	i) Basic EPS (`) before and after extraordinary items (of ` 5/- each)	<b>10.83</b>	<b>8.16</b>	<b>31.59</b>	<b>22.68</b>
	ii) Diluted EPS (`) before and after extraordinary items (of ` 5/- each)	<b>10.83</b>	<b>8.16</b>	<b>31.59</b>	<b>22.68</b>



# Segmental Performance – Q3 & 9M FY15



Segmental Standalone Un-audited Results for the quarter and nine- months ended 31st December, 2014

Sl. No	Particulars (Rs. Lakh)	Quarter ended		Nine-months ended	
		31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)
1	<b>Segment Revenue (Net)</b>				
	a) Plywood & Allied Products	27,870.49	24,748.22	84,222.18	75,128.02
	b) Laminates & Allied Products	0.00	0.00	0.00	0.00
	c) Medium Density Fibreboards	11,196.27	8,090.41	29,042.68	26,193.01
	d) Unallocated	270.12	0.00	270.13	0.00
	<b>Total</b>	<b>39,336.88</b>	<b>32,838.63</b>	<b>113,534.99</b>	<b>101,321.03</b>
	Less: Inter Segment Revenue	384.42	795.20	2,321.15	2,551.27
	<b>Net Sales/Income from Operations</b>	<b>38,952.46</b>	<b>32,043.43</b>	<b>111,213.84</b>	<b>98,769.76</b>
2	<b>Segment Result [Profit/(Loss) before tax and interest]</b>				
	a) Plywood & Allied Products	2,293.57	2,582.37	7,608.29	6,321.83
	b) Laminates & Allied products	0.00	0.00	0.00	0.00
	c) Medium Density Fibreboards	2,434.90	1,290.38	5,947.94	4,664.22
	d) Unallocated	270.12	0.00	270.13	0.00
	<b>Total</b>	<b>4,998.59</b>	<b>3,872.75</b>	<b>13,826.36</b>	<b>10,986.05</b>
	Less: (i) Interest	962.24	954.16	2,751.81	2,812.06
	(ii) Other Unallocable expenditure net of unallocable Income	891.51	382.33	2,166.61	995.92
	<b>Total Profit before Tax</b>	<b>3,144.84</b>	<b>2,536.26</b>	<b>8,907.94</b>	<b>7,178.07</b>
	<b>Capital employed</b>				
	a) Plywood & Allied Products	43,738.07	38,451.07	43,738.07	38,451.07
	b) Laminates & Allied Products	0.00	0.00	0.00	0.00
	c) Medium Density Fibreboards	33,118.21	34,641.12	33,118.21	34,641.12
	d) Unallocated	6,204.22	4,538.15	6,204.22	4,538.15
	<b>Total</b>	<b>83,060.50</b>	<b>77,630.34</b>	<b>83,060.50</b>	<b>77,630.34</b>

Segmentwise Revenue, Results and Capital Employed

# Joint Managing Director's Message



Commenting on the performance for Q3 & 9M FY2015, Mr. Shobhan Mittal, Joint Managing Director and CEO, Greenply Industries Ltd. said,

*"We are encouraged by our performance for the quarter and year under review in an environment that continues to be largely sluggish. Growth has been achieved mainly through gaining of marketshare from the unorganised segment. We believe this trend will continue and is a reflection of our proven quality, strong brand portfolio and well developed distribution infrastructure.*

*Our MDF business has made good strides during the year on the back of increasing customer preference. Given our leadership position and capabilities, we are optimistic that this will be a key growth driver going forward.*

*The completion during the quarter of the demerger of the Decorative Business will enable Greenply to greater focus on its core business and leverage its strengths towards improving market reach and better cash management and utilisation to drive growth"*

# Financial Highlights - Q3FY15 (Post Demerger)

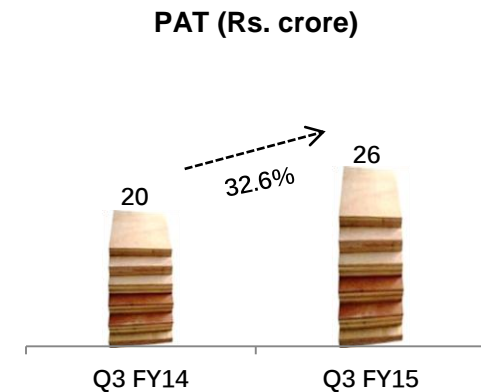
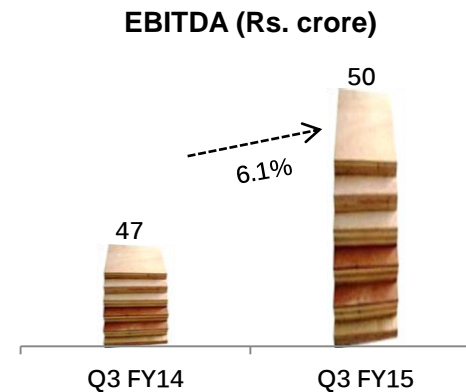
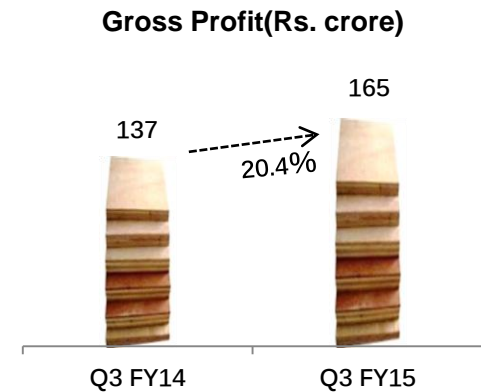
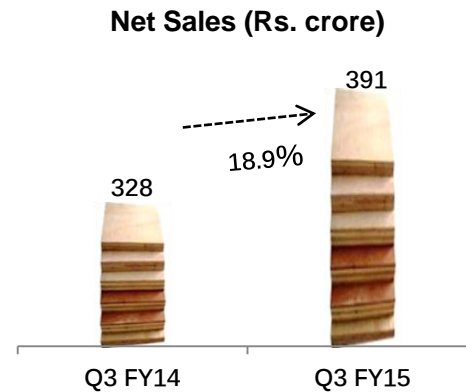


- **Net Sales up by 18.9% YoY to Rs. 390.5 crore**
  - Plywood segment grew by 12.6% YoY to Rs. 278.7 crore, contributing 71% of net sales
  - MDF grew by 38.4% YoY to Rs. 111.9 crore contributing 29% of net sales
- **Gross margins expand 60 bps YoY to 42.4%**
  - Driven by higher volumes in MDF
- **EBITDA margins down 155 bps YoY to 12.7%**
  - Ad expenditure to sales at 2.7% in Q3 FY15 as compared to 1.3% in Q3 FY14
- **PAT growth of 32.6% YoY to Rs. 26.1 crore**
  - EPS of Rs. 10.83 in Q3 FY15 compared to Rs. 8.16 in Q3 FY14
- **Working capital cycle improves by 4 days YoY to 48 days in Q3 FY15**
  - Led by 16 days improvement in inventory days to 45 days
- **Net debt to equity at 0.77x as on December 31, 2014 as compared to 1.05 as on December 31, 2013**

# Financial Highlights (Q3 FY2015)



Key ratios (%)	Q3 FY15	Q3 FY14
Gross Margin	42.4%	41.8%
EBITDA Margin	12.7%	14.3%
EBIT Margin	10.5%	10.6%
Net Margin	6.7%	6.0%
Ad and promotions / Net Sales	2.7%	1.3%
Staff Cost/ Net Sales	9.2%	8.8%
Logistics cost / Net Sales	5.7%	5.9%
EPS (Rs.)	10.83	8.16

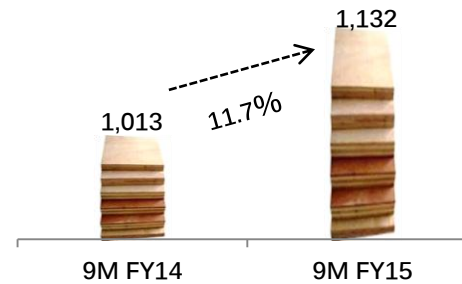


# Financial Highlights (9M FY2015)

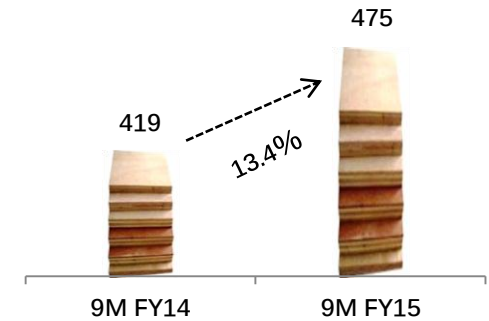


Key ratios (%)	9M FY15	9M FY14
Gross Margin	42.0%	41.4%
EBITDA Margin	13.0%	13.4%
EBIT Margin	10.3%	9.9%
Net Margin	6.7%	5.4%
Ad and promotions / Net Revenues	3.4%	2.1%
Staff Cost/ Net Revenues	9.3%	8.5%
Logistics cost / Net Revenues	5.6%	5.9%
EPS (Rs.)	31.59	22.68

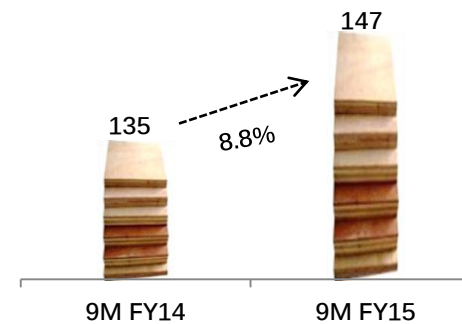
Net Sales (Rs. crore)



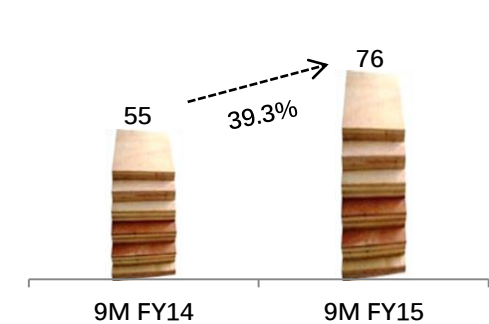
Gross Profit (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs. crore)



# Financial Highlights – B/S Perspective



Balance Sheet Snapshot (Rs. crore)	December 31, 2014	September 30, 2014	December 31, 2013	March 31, 2014	March 31, 2013
Net worth	446.54	420.35	366.16	380.29	311.52
Total debt	342.83	333.24	386.16	375.81	398.60
▪ Long Term Debt (Including Current Maturity)	181.14	201.68	231.45	238.21	263.92
▪ Short Term Debt	161.69	131.56	154.71	137.60	134.68
Capital Employed	830.61	794.09	790.84	799.18	744.15
Cash and cash equivalents	7.06	7.05	10.13	7.23	15.23
Fixed Assets	548.29	527.09	535.95	527.32	496.41
Receivables	272.37	260.81	242.26	219.95	216.26
Payables	260.99	255.47	274.87	200.58	181.18
Inventories	184.21	166.76	225.28	196.03	167.36

Key Ratios	December 31, 2014	September 30, 2014	December 31, 2013	March 31, 2014	March 31, 2013
Inventory (days)	45	41	61	51	46
Debtor (days)	66	64	66	58	60
Creditor (days)	63	63	75	53	50
Working Capital Turnover (days)	48	42	52	56	56
RoE (%)	22.8%	23.8%	19.9%	20.3%	26.6%
RoCE – Pre-Tax	18.7%	19.0%	16.8%	17.7%	20.1%
RoCE – Post-Tax	16.7%	17.1%	14.0%	14.4%	16.5%
Net Debt / Equity (x)	0.8	0.8	1.1	1.0	1.3

# Segment-wise Performance



Particulars	Plywood					
	Q3 FY15	Q3 FY14	Var (%)	9M FY15	9M FY14	Var (%)
Net sales (Rs. crore)	278.58	247.48	12.6%	841.89	751.28	12.1%
EBITDA margin (%)	8.1%	11.8%		9.3%	10.2%	
EBIT margin (%)	6.6%	9.3%		7.3%	7.4%	
Annual capacity (million sqm.)	32.4	32.4		32.4	32.4	
Production (million sqm.)	8.1	8.5	-4.6%	25.1	26.3	-4.6%
Sales volume (million sqm.)	11.1	10.3	7.6%	33.6	32.6	3.1%
Utilisation (%)	100%	105%		103%	108%	
Average realisation (Rs./sqm.)	245.00	229.00	7.0%	240.00	220.00	9.1%

Particulars	MDF					
	Q3 FY15	Q3 FY14	Var (%)	9M FY15	9M FY14	Var (%)
Net sales	111.95	80.90	38.4%	290.27	261.93	10.8%
EBITDA margin (%)	24.1%	21.9%		23.6%	21.8%	
EBIT margin (%)	20.2%	15.3%		18.9%	17.0%	
Annual capacity (cubic metre)	180,000	180,000		180,000	180,000	
Production (cubic metre)	44,808	33,001	35.8%	112,666	104,501	7.8%
Sales volume (cubic metre)	44,379	31,653	40.2%	112,396	103,205	8.9%
Utilisation (%)	100%	73%		83%	77%	
Average realisation (Rs./cum.)	25,172	25,522	-1.4%	25,743	25,357	1.5%

# Growth Outlook



<b>Industry Drivers</b>	Rising demand from the real estate sector Increasing urbanisation, higher disposable incomes and a growing middle class Rollout of GST to facilitate faster shift from unorganised to organised players
<b>Distribution Network</b>	To increase the number of distributors and retailers going forward
<b>Advertisement &amp; Promotional Spends</b>	Continued investments in increasing brand visibility pan-India Higher Ad spends at around 3% of Net Sales
<b>Expansion Plans</b>	Plywood <input type="checkbox"/> Optimise utilisation in existing facilities Increase outsourcing proportion to 30% from 18% presently over the next 3 years MDF <input type="checkbox"/> Setting up of a new plant in Andhra Pradesh over FY16-19
<b>Product Profile</b>	To improve mix of plywood To enter higher margin variants in MDF like Laminated Flooring Veneer flooring To start manufacture of plywood in FY17
<b>IT Initiatives</b>	Upgrading IT infrastructure – implementing SAP Hana to strengthen overall supply chain
<b>Financial Performance</b>	Expect a 10-12% growth in FY16 Margins expected to improve by 50-70 bps in FY16 driven by better product mix and cost control



# Annexure



# Manufacturing Facilities / Production Model



## Facilities

Location	Capacity (mn sqm.)
Tizit, Nagaland	4.50
Kripampur, West Bengal	6.00
Pantnagar, Uttarakhand	10.50
Bamanbore, Gujarat	11.40
<b>Total Capacity</b>	<b>32.40</b>

## Production Model

75% in-house, 25% outsourced

To increase proportion of outsourcing to 30% over next 3 years

- Asset light model generating higher ROCE's
- Mid-segment variants to be outsourced freeing existing capacities for premium variants
- Quality Team on vendor's site to monitor quality of inputs and ensure consistent quality of finished product

Plywood

Location	Capacity (cum)
Pantnagar, Uttarakhand	1,80,000

**Largest facility in India**

100% in-house

To undertake greenfield expansion in Andhra Pradesh – abundance of plantation wood

Expansion to take place over H2FY16-FY19

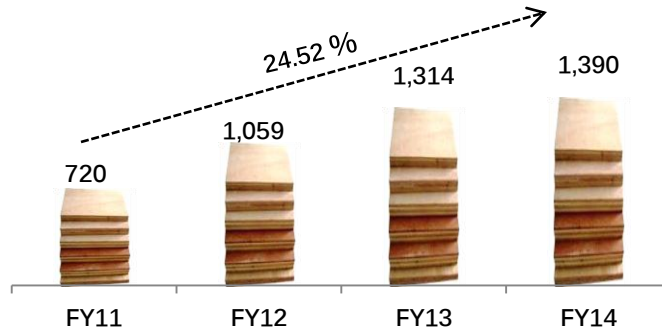
MDF



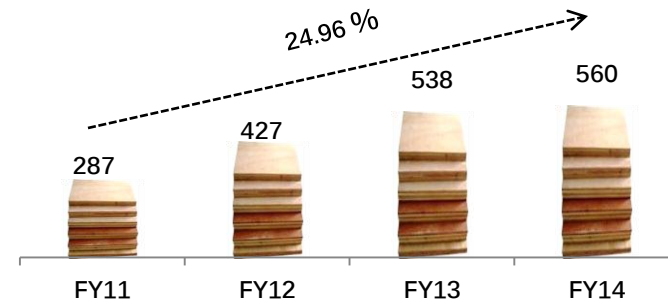
# Strong Performance Track Record



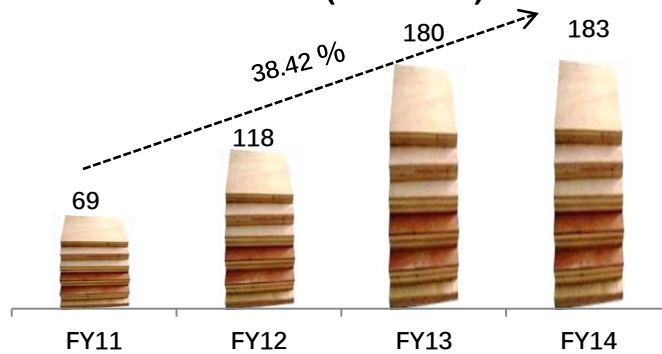
### Net Sales (Rs. crore)



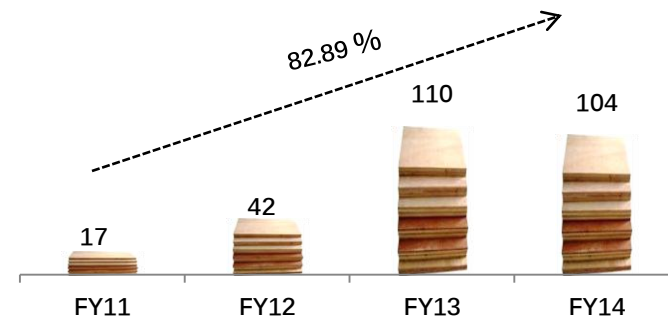
### Gross Profit (Rs. crore)



### EBITDA (Rs. crore)



### PBT (Rs. crore)



# Segment-wise Performance



Particulars	Plywood				
	FY11	FY12	FY13	FY14	CAGR
Net sales (Rs. crore)	674.43	815.58	940.17	1037.30	15.4%
EBITDA margin (%)	13.0%	9.8%	10.6%	10.3%	
EBIT margin (%)	11.5%	7.2%	8.9%	7.9%	
Annual capacity (million sqm.)	24.9	28.35	32.4	32.4	
Production (million sqm.)	29.7	32.14	34.28	34.68	5.3%
Sales volume (million sqm.)	34.58	38.02	41.54	44.51	8.8%
Utilisation (%)	119%	113%	106%	107%	
Average realisation (Rs./sqm.)	185	203	215	222	6.3%

Particulars	MDF				
	FY11	FY12	FY13	FY14	CAGR
Net sales	45.48	243.72	374.18	352.72	97.9%
EBITDA margin (%)	-41.2%	15.4%	21.6%	21.6%	
EBIT margin (%)	-76.6%	9.0%	17.5%	17.0%	
Annual capacity (cubic metre)	180,000	180,000	180,000	180,000	
Production (cubic metre)	26,924.50	116,897.81	157,947.80	136,722.79	71.9%
Sales volume (cubic metre)	23,882.00	116,622.25	153,425.65	137,931.95	79.4%
Utilisation (%)	15%	65%	88%	76%	
Average realisation (Rs./cum.)	19,236	20,898	24,386	25,552	9.9%



# Our Brands



# About Greenply Industries Ltd.

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*Greenply Industries Limited (GIL) enjoys leadership position in plywood and medium density fibreboards (MDF) accounting for almost 32 percent of the organized plywood and 30 percent of the MDF market in India.*

*GIL has four state-of-the-art manufacturing facilities for Plywood and one facility for MDF spread across the country producing world class interior products for the domestic and global markets. The company has a presence in over 300 cities across 21 states serviced through a well-entrenched distribution network of 1,550 distributors and 10,000 retailers and 45 branches pan-India.*

*GIL is the preferred partner of choice for a large number of office and home builders having a comprehensive product portfolio servicing clients at every point of the price spectrum under brand names of Greenply Plywood, Green Club Premium Ply, Optima Red, Ecotec, Green Panelmax and Green Floormax, to name a few.*

**For further information, please contact:**

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