



Greenply Industries Limited

India's Largest Interior Infrastructure Company

Q1 FY 2013 Investor Update

Financial Highlights

Q1 FY13

- Net sales for Q1 FY 2013 at Rs 430.54 crores grew by 22.20% over the corresponding quarter in the previous year.
- Net Profit for Q1FY13 at Rs. 17.97 crores grew by 38.66% against Rs. 12.96 crores. With improving capacity utilisations and better product-mix expected in the succeeding quarters, net profit levels are projected to improve over the next 3 quarters.
- Operating Profit (EBIDTA excluding Other Income and currency losses) for the quarter was up by 33.92% at Rs 56.69 crores as compared to Rs 42.33 crores earned in Q1FY12.
- EBIDTA Margin (excluding Other Income and Gain/Loss on foreign exchange fluctuation) increased by 114 basis points to 13.16% compared to 12.02% in the corresponding quarter year-on-year.
- Net Profit margin for Q1FY13 stood at 4.17% compared to 3.25% in the corresponding quarter of the previous year. The net profit margin was impacted by currency losses of Rs 7.04 crores compared to losses of Rs 4.68 crores in the corresponding quarter of the previous year.
- EPS (fully diluted) for Q1FY13 at Rs 7.44 against Rs 5.37 for Q1FY12.
- Exports for the quarter ended June 30, 2012 at Rs 61.77 crores grew by 49.31% and contributed 14.35% of the net revenue of this quarter.

(Rs. Crores)

Particulars	Q1FY13	Q1FY12
Net Sales	430.54	352.32
PAT	17.97	12.96

EBIDTA Margin (excluding other income and Gain/Loss on foreign exchange fluctuation)	13.16%	12.02%
Net Profit Margin (PAT)	4.17%	3.68%
Equity Capital	12.07	12.07
EPS (Rs) (fully diluted)	7.44	5.37

Segment-wise revenue break-up

(Excludes excise duty and VAT/Sales Tax)

(Rs. Crores)

Particulars	Q1FY13	Q1FY12	% Growth	% of revenue*
Plywood & Allied Products	202.71	178.45	13.59	47
Laminates & Allied Products	153.70	127.73	20.33	36
Medium-density Fibre Boards	74.12	46.14	60.64	17

*Including inter-segment revenue

Particulars	Q1 FY13	Q1 FY12
Net Profit / Net Turnover (%)	4.17	3.68
Interest / Net Turnover (%)	3.51	3.91
Operating Margin (EBIDTA) (%)	13.16	12.02
Total Debt / Equity	1.77	1.57
Working Capital Cycle (Days)	38	35

Business Highlights for Q1FY2013

1) Plywood & Allied Products

- 8.01% increase in plywood production to 8.08 million square meters; average capacity utilisations were 114%. Sales volumes registered a growth of 5.29% on the back of a 34% volume increase at Bamanbore unit in Gujarat. The Bamanbore unit is currently under expansion and the increased capacity is estimated to be available in October,2012, as per original schedule.
- Average realisation of Plywood is Rs 249 in this quarter compared to Rs 227 in the corresponding quarter of last year.
- Operating Margin (EBIDTA) showed a decline of 350 basis points to 9.79% from 13.29% in the corresponding quarter of last year.

2) Laminates & Allied Products

- 3.76% increase in laminate production to 2.55 million sheets from 2.46 million sheets in the corresponding quarter of the previous year.
- Average capacity utilisation of 102% in Q1FY13 against 98% in Q1FY12.
- Laminate realisations improved by 19.21% to Rs 602 on improved product mix and currency gains.
- Decorative Veneer realisations increased by 14.99% to Rs 936.

- Operating Margin (EBIDTA) improved by 392 basis points to 13.05% from 9.13% in the corresponding quarter of last year.

3) Medium Density Fibreboards

- 50.51% increase in MDF production during the quarter to 33381 Cu. Meters Vs 22179 CBM in Q1 FY 2012.
- Average Capacity Utilisation rose to 74% from 49% in Q1 FY 2012.
- Realisations improved by 21.37% to Rs 23119 per CBM.
- Operating Margin (EBIDTA) improved by 754 basis points to 22.62% from 15.08% in the corresponding quarter of last year.

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. 15,000 crore Indian plywood 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, Bhubaneshwar, 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 Networth 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 1706 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 36% of the organised plywood, 26% of the organised laminate and 26% 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 31.95% CAGR growth in net sales over the past 5 years leading to 2011-12.

Greenply has more than 40 branches across the country with a strong network of over 13000 dealers, distributors, sub-dealers and retailers. Greenlam has an international presence in 70 countries. The company has subsidiaries in USA and Singapore, branch office in Rotterdam, Netherlands 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 in the following:

- Tizit, Nagaland, proximate to abundant timber resources
- Kriparampur, 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.

Sales & Marketing

- Marketing of all plywood products under the Greenply umbrella brand
- 360 degree marketing initiatives targeted at trade and end-consumers.
- Focused approach in brand building & driving brand salience
- Re-positioned the 'Greenply plywood' brand as a young & a mass brand with the popular '**Always Hoyenga**' campaign
- High level of brand engagement programs targeting specifiers, trade, influencers & end consumer at the ATL & BTL level for laminate & veneer brand portfolio.
- Further expanding the footprints of Green Design Studios. (Brand shops – The one stop- shop for all interior related needs for laminates and natural decorative veneers

For more information, kindly contact

V Venkatramani Greenply Industries Limited Chief Financial Officer +919748400606 venkat.corp@greenply.com	Parin Narichania, Ad Factors PR Pvt. Ltd. Investors Relations +919930025733 parin.narichania@adfactorspr.com
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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.