



# GREENPLY INDUSTRIES LIMITED

## FINANCIAL RESULTS PRESENTATION - Q1 FY 2019



# DISCLAIMER

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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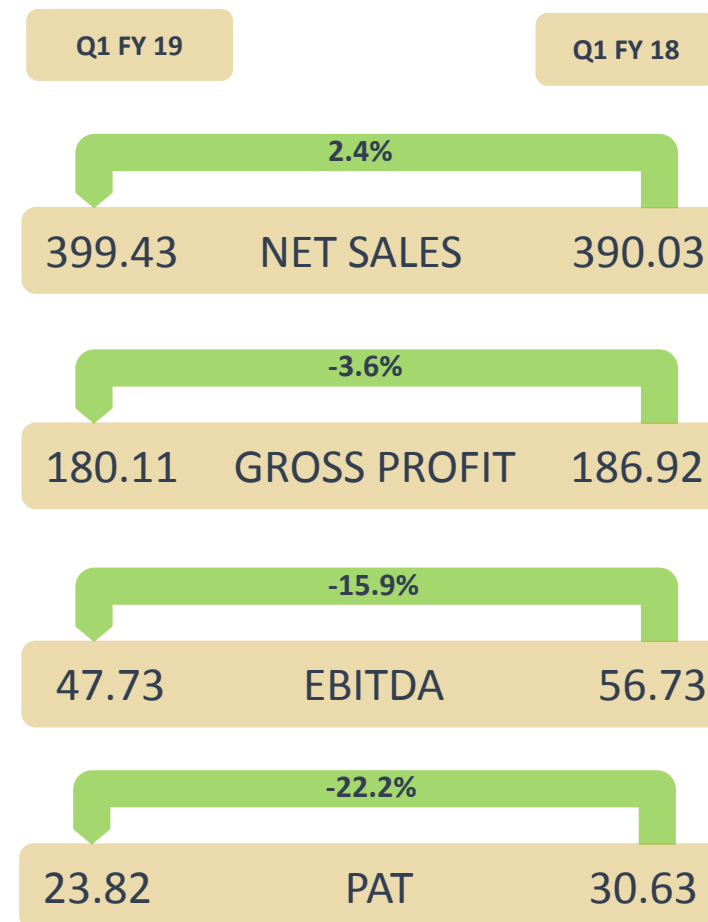
# FINANCIAL HIGHLIGHTS – Q1 FY 2019

- **Net Sales up by 2.4% YoY to Rs. 399.43 crores**
  - Plywood revenues up by 20.8% YoY to Rs. 306.03 crores, contributing 76.6% of net sales
  - MDF revenues down by 30.1% YoY to Rs 91.14 crores, contributing 22.8% to net sales
  - Unallocated products comprising Wallpaper and solid surface contributed Rs 2.26 crores
- **Gross margins fell by 280 bps YoY to 45.1%**
  - Due to a steep fall in MDF Revenues which has a higher gross margin
- **EBITDA margins down by 250 bps YoY to 12.0%**
  - Due to fall in gross margins
- **PAT fell by 22.2% YoY to Rs. 23.82 crores**
  - EPS of Rs. 1.94 in Q1FY19 compared to Rs. 2.50 in Q1FY18
- **Working capital cycle increased by 21 days YOY to 79 days due to increase in Inventories days from 47 to 59 days and reduction in Creditors days from 52 to 43. Debtors remained constant at 63.**
- **Net debt to equity at 0.77 as on 30<sup>th</sup> June, 2018 as compared to 0.62 as on 30<sup>th</sup> June, 2017**

# FINANCIAL HIGHLIGHTS – Q1 FY 2019



Key ratios (%)	Q1FY19	Q1FY18
Gross Margin	45.1%	47.9%
EBITDA Margin	12.0%	14.5%
EBIT Margin	9.0%	11.5%
Net Margin	6.0%	7.9%
Ad and promotions / Net Sales	4.7%	3.7%
Staff Cost/ Net Sales	12.7%	11.9%
Logistics cost / Net Sales	5.5%	5.9%
EPS (Rs.)	1.94	2.50



# FINANCIAL HIGHLIGHTS – B/S PERSPECTIVE



Balance Sheet Snapshot (Rs. crore)	June 30, 2018	June 30, 2017	March 31, 2018
Net worth	939.17	819.16	915.05
Total debt	724.60	506.81	652.46
▪ Long Term Debt (Including Current Maturity)	525.00	381.81	483.98
▪ Short Term Debt	199.60	125.00	168.48
Capital Employed	1664.20	1342.80	1568.83
Cash and cash equivalents	18.14	49.58	29.65
Fixed Assets	1298.01	948.99	1253.38
Receivables	277.31	270.24	284.40
Payables	187.59	222.16	211.01
Inventories	260.70	203.24	208.25

# FINANCIAL HIGHLIGHTS – RATIOS



Key Ratios	June 30, 2018	June 30, 2017	Mar 31, 2018
Inventory (days)	59	47	46
Debtor (days)	63	63	63
Creditor (days)	43	52	47
Working Capital Turnover (days)	79	58	62
RoE	10.1%	15.0%	14.8%
RoCE – Pre-Tax	8.6%	13.4%	12.7%
RoCE – Post-Tax	6.4%	10.1%	9.3%
RoE (Excl New Investments)	14.9%	21.6%	20.7%
RoCE – Pre-Tax (Excl New Investments)	16.3%	22.1%	23.9%
RoCE – Post-Tax (Excl New Investments)	12.1%	16.7%	17.5%
Total Debt / Equity (x)	0.77	0.71	0.71

# FINANCIAL RESULTS Q1 FY2019

(Rs. in lacs)

Particulars	3M 30.06.2018	3M 31.03.2018	3M 30.06.2017	12M 31.03.2018
<b>Income</b>				
a) Revenue from operations	40,488.27	43,713.34	42,161.18	1,70,413.55
b) Other income	183.55	125.02	52.38	378.20
<b>Total Income</b>	<b>40,671.82</b>	<b>43,838.36</b>	<b>42,213.56</b>	<b>1,70,791.75</b>
<b>Expenses</b>				
a) Cost of materials consumed	19,249.81	16,443.64	16,677.98	63,961.24
b) Purchase of stock-in-trade	6,338.90	7,689.89	6,284.04	26,253.78
c) Changes in inventories	(3,656.52)	(936.06)	(2,651.13)	(1,809.31)
d) Employee benefits expense	5,084.27	4,180.63	4,651.79	18,520.24
e) Finance costs	286.12	133.52	327.70	947.23
f) Depreciation and amortisation expense	1,186.03	1,113.75	1,186.45	4,481.41
g) Excise duty	-	-	2,376.99	2,376.99
h) Other expenses	8,881.94	10,625.23	9,200.64	37,140.08
<b>Total Expenses</b>	<b>37,370.55</b>	<b>39,250.60</b>	<b>38,054.46</b>	<b>1,51,871.66</b>
<b>Profit before tax</b>	<b>3,301.27</b>	<b>4,587.76</b>	<b>4,159.10</b>	<b>18,920.09</b>
<b>Tax expense</b>				
a) Current tax	795.63	923.26	896.33	4,065.61
b) Deferred tax	123.58	401.65	199.68	1,285.02
<b>Total tax expense</b>	<b>919.21</b>	<b>1,324.91</b>	<b>1,096.01</b>	<b>5,350.63</b>
<b>Net Profit after tax</b>	<b>2,382.06</b>	<b>3,262.85</b>	<b>3,063.09</b>	<b>13,569.46</b>
<b>Other Comprehensive Income (net of tax)</b>	<b>29.85</b>	<b>(212.25)</b>	<b>151.20</b>	<b>119.41</b>
<b>Total Comprehensive Income for the period</b>	<b>2,411.91</b>	<b>3,050.60</b>	<b>3,214.29</b>	<b>13,688.87</b>
<b>Earnings per equity share (of ₹ 1/- each) (Not annualised)</b>	<b>1.94*</b>	<b>2.66*</b>	<b>2.50*</b>	<b>11.07</b>





# SEGMENTAL PERFORMANCE – Q1 FY19

(Rs. in lacs)



Particulars	3M 30.06.2018	3M 31.03.2018	3M 30.06.2017	12M 31.03.2018
<b>Segment Revenue</b>				
a) Plywood and allied products	30,805.13	31,301.98	28,837.31	1,20,320.09
b) Medium density fibreboards and allied products	9,456.77	12,079.37	13,052.51	48,788.38
c) Others	226.37	331.99	271.36	1,305.08
<b>Total Revenue from Operations</b>	<b>40,488.27</b>	<b>43,713.34</b>	<b>42,161.18</b>	<b>1,70,413.55</b>
<b>Segment Results</b>				
a) Plywood and allied products	3,010.03	2,547.38	2,587.64	11,462.24
b) Medium density fibreboards and allied products	1,604.77	2,911.40	2,975.64	12,558.65
c) Others	(686.54)	(208.69)	(28.59)	(403.44)
<b>Total</b>	<b>3,928.26</b>	<b>5,250.09</b>	<b>5,534.69</b>	<b>23,617.45</b>
Less: (i) Finance costs	286.12	133.52	327.70	947.23
(ii) Other unallocable expenditure	340.87	528.81	1,047.89	3,750.13
<b>Total Profit before Tax</b>	<b>3,301.27</b>	<b>4,587.76</b>	<b>4,159.10</b>	<b>18,920.09</b>
<b>Segment Assets</b>				
a) Plywood and allied products	76,452.79	77,968.34	68,900.97	77,968.34
b) Medium density fibreboards and allied products	1,29,770.82	1,19,543.69	90,410.66	1,19,543.69
c) Others	1,889.13	1,735.75	1,390.86	1,735.75
d) Unallocated	6,880.66	6,399.01	7,400.55	6,399.01
<b>Total Segment Assets</b>	<b>2,14,993.40</b>	<b>2,05,646.79</b>	<b>1,68,103.04</b>	<b>2,05,646.79</b>
<b>Segment Liabilities</b>				
a) Plywood and allied products	43,828.79	45,671.44	35,571.63	45,671.44
b) Medium density fibreboards and allied products	68,727.54	61,543.73	42,497.36	61,543.73
c) Others	308.80	405.02	798.82	405.02
d) Unallocated	8,210.98	6,521.22	7,318.89	6,521.22
<b>Total Segment Liabilities</b>	<b>1,21,076.11</b>	<b>1,14,141.41</b>	<b>86,186.70</b>	<b>1,14,141.41</b>

# SEGMENT WISE PERFORMANCE



Particulars	Plywood					
	Q1FY19	Q1FY18	Var (%)	FY18	FY17	Var (%)
Net sales (Rs. crore)	306.03	253.37	20.8%	1147.94	1167.99	(1.7)%
EBITDA margin (%)	11.3%	10.1%		10.0%	11.2%	
EBIT margin (%)	9.2%	7.5%		7.9%	8.9%	
Annual capacity (million sqm.)	32.4	32.4		32.4	32.4	
Production (million sqm.)	8.83	8.15	8.3%	34.39	34.93	(1.5)%
Sales volume (million sqm.)	13.75	11.08	24.1%	51.08	50.30	1.6%
Utilisation (%)	109%	101%		106%	108%	
Average realisation (Rs./sqm.)	220	227	-3.1%	222	229	(3.1)%

Particulars8	MDF					
	Q1FY19	Q1FY18	Var (%)	FY18	FY17	Var (%)
Net sales (Rs. crore)	91.14	130.32	-30.1%	471.70	476.74	(1.1)%
EBITDA margin (%)	22.1%	24.5%		28.8%	27.1%	
EBIT margin (%)	15.9%	20.3%		24.4%	22.7%	
Annual capacity (cubic metre)	180000	180000		180,000	180,000	
Production (cubic metre)	35510	52560	-32.4%	180,736	189,171	(4.5)%
Sales volume (cubic metre)	36210	49883	-27.4%	179,908	184,905	(2.7)%
Utilisation (%)	79%	117%		100%	105%	
Average realisation (Rs./cum.)	25131	26115	-3.8%	26,202	25,764	1.7%



# Joint Managing Director's Message

Commenting on the performance for Q1 FY2019, Mr. Shobhan Mittal, Joint Managing Director and CEO, Greenply Industries Ltd. said,

*“While our long term plans remain intact, there are some short term hurdles due to surplus capacities in MDF. We are revising our near term plans to take some price cuts and increase our market share. We are also taking steps to increase our distribution network and thus reduce our dependence on few large dealers. We will also take steps to strengthen the “Greenpanel” brand which will ensure our price premium in the long term.”*

*Due to extensive price cuts by competition, our inventories increased substantially in the current quarter. We will continue to strive for better cash management in the coming quarters”*



# COMPANY OVERVIEW

## CAPACITY UTILIZATION

- Plywood 106% utilization; further demand to be catered through outsourcing
- MDF 100% utilization; greenfield expansion in Andhra Pradesh of 360000 CBM to cater to future demand

## PRODUCTION MODEL

- Plywood – Moving towards an asset light set-up by increasing outsourcing in mid-segment
- 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
- Significant expansion in face veneers at Gabon plant with expansion in peeling capacity from 36000 CBM to 96000 CBM.

## FINANCIAL PERFORMANCE

- Net Sales, EBIDTA and PAT CAGR of 4.4%, 7.4% and 15.1% respectively over FY14-18

## STRONG RETURN RATIOS

- Pre-tax ROCE of 23.9% and Post-tax ROCE and ROE of 17.5% and 20.7% in FY18 (excluding investments for new projects).

# COMPANY OVERVIEW



## BUSINESS SEGMENTS

- Wood based products - Plywood and allied products, Medium Density Fibreboards (MDF)

## STRONG INDUSTRY POTENTIAL

- Plywood industry size – Rs. 180 billion  
MDF industry size – Rs. 17 billion
- Strong demand drivers – rising residential/commercial construction, increasing urbanization, high disposable incomes, GST Implementation and Government Announcement regarding construction of 100 smart cities

## STRONG BRAND PRESENCE BUILT OVER 30 YEARS

- Largest pan-India player with 26% share of organized plywood market; 30% share of domestic MDF market
- Large investments in advertisements and promotional activities over the years

## WELL ENTRANCED DISTRIBUTION NETWORK

- Distributors/stockists 

	Plywood 1,656
	MDF 841
- and retailers 

	Plywood 6,000
	MDF 4,000
- Serviced by 24 branches for ply and 15 branches for MDF pan-India

## MANUFACTURING FACILITIES

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

# GROWTH OUTLOOK



## INDUSTRY DRIVERS

- 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 branded products in the plywood space

## PRODUCT PROFILE

- To improve mix of plywood through increase in mix of value-added products like Green Defender, Green Gold Prima and Natural Veneers
- To increase ratio of value-added products in MDF like Exterior grade MDF, Pre-Laminated MDF and Laminated Flooring / Veneer flooring

## ADVERTISING & PROMOTIONAL SPENDS

- Continued investments in increasing brand visibility pan-India
- Maintain Ad spends at around 3-3.5% of Net Sales

## FINANCIAL PERFORMANCE

- 12-15% growth in Plywood in FY 2019
- 40%+ growth in MDF in FY 2019
- Plywood Margin expected to improve by 100 basis points with increased usage of Gabon Face Veneers

## DISTRIBUTION NETWORK

- To increase the number of distributors and retailers going forward

## IT INITIATIVES

- Upgrading IT infrastructure – implemented SAP Hana to strengthen overall supply chain
- Implemented Microsoft CRM Module

## EXPANSION PLANS

- Plywood
  - Expansion in face veneers operations in Gabon
  - Bamanbore unit has commenced commercial production of decorative veneers in April 2018
- MDF - New plant in Andhra Pradesh with capacity of 360000 CBM has commenced commercial production in July 2018



# ANNEXURE

# MANUFACTURING FACILITIES / PRODUCTION MODEL



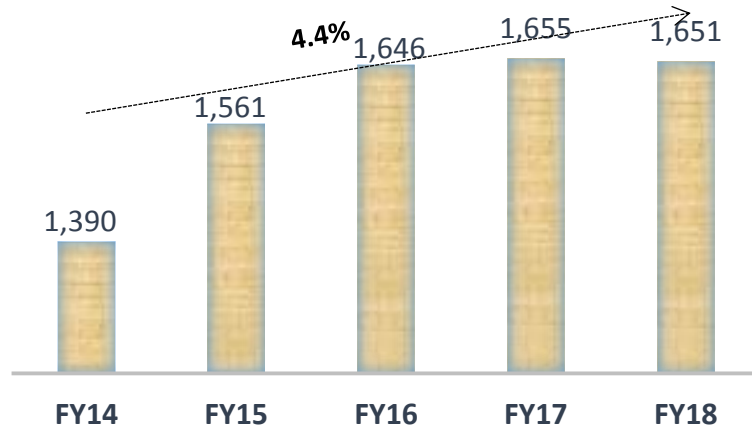
	Facilities	Production Model												
PLYWOOD	<table><tr><th>Location</th><th>Capacity (mn sqm.)</th></tr><tr><td>Tizit, Nagaland</td><td>4.50</td></tr><tr><td>Kripampur, West Bengal</td><td>6.00</td></tr><tr><td>Pantnagar, Uttarakhand</td><td>10.50</td></tr><tr><td>Bamanbore, Gujarat</td><td>11.40</td></tr><tr><td>Total Capacity</td><td>32.40</td></tr></table>	Location	Capacity (mn sqm.)	Tizit, Nagaland	4.50	Kripampur, West Bengal	6.00	Pantnagar, Uttarakhand	10.50	Bamanbore, Gujarat	11.40	Total Capacity	32.40	<p>70% in-house, 30% outsourced in volume terms</p> <p>To increase proportion of outsourcing to 30% (in value terms) from 22% currently over next 3 years</p> <ul style="list-style-type: none"><li>• Asset light model generating higher ROCE's</li><li>• Mid-segment variants to be outsourced freeing existing capacities for premium variants</li><li>• Quality Team on vendor's site to monitor quality of inputs and ensure consistent quality of finished product</li></ul>
	Location	Capacity (mn sqm.)												
	Tizit, Nagaland	4.50												
	Kripampur, West Bengal	6.00												
	Pantnagar, Uttarakhand	10.50												
Bamanbore, Gujarat	11.40													
Total Capacity	32.40													
MDF	<table><tr><th>Location</th><th>Capacity (cum)</th></tr><tr><td>Pantnagar, Uttarakhand</td><td>1,80,000</td></tr></table>	Location	Capacity (cum)	Pantnagar, Uttarakhand	1,80,000	<p>100% in-house</p> <p>Andhra Pradesh plant with capacity of 360000 CBM to commence commercial production in June 2018</p>								
	Location	Capacity (cum)												
Pantnagar, Uttarakhand	1,80,000													



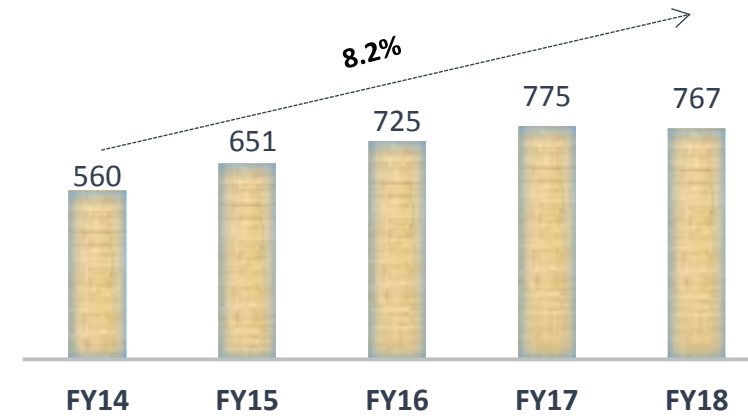


# STRONG PERFORMANCE TRACK RECORD

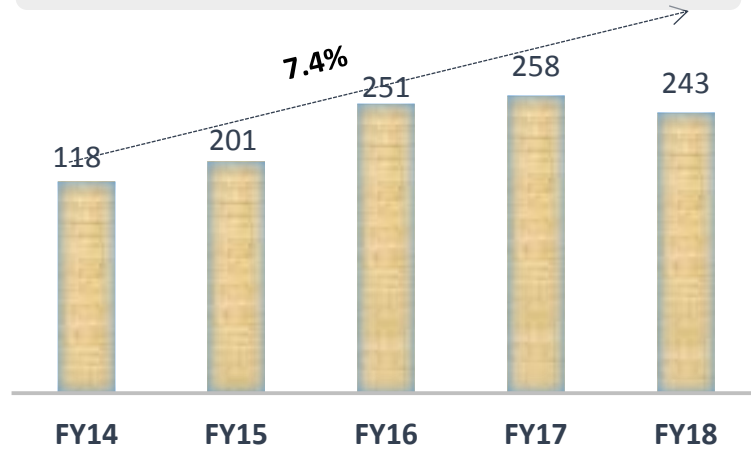
NET SALES



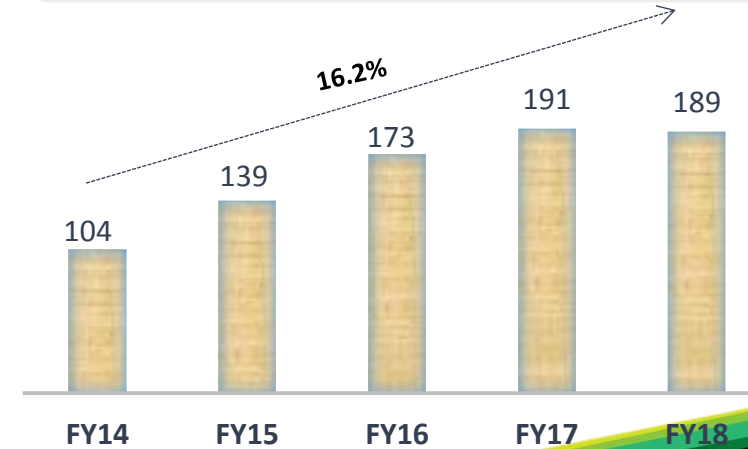
GROSS PROFIT



EBITDA



PBT



# SEGMENT-WISE PERFORMANCE

## Plywood

Particulars	FY14	FY15	FY16	FY17	FY18	CAGR
Net sales (Rs. crore)	1,037.30	1,152.07	1,175.64	1,167.99	1,147.94	2.6%
EBITDA margin (%)	10.3%	9.1%	9.3%	11.2%	10.0%	-
EBIT margin (%)	7.9%	6.8%	7.2%	8.9%	7.9%	-
Annual capacity (million sqm.)	32.4	32.4	32.4	32.4	32.4	-
Production (million sqm.)	34.68	33.08	32.60	34.93	34.39	-
Sales volume (million sqm.)	44.51	46.11	48.25	50.30	51.08	3.5%
Utilisation (%)	107%	102%	101%	108%	106%	-
Average realisation (Rs./sqm.)	222	241	239	229	222	-

## MDF

Particulars	FY14	FY15	FY16	FY17	FY18	CAGR
Net sales (Rs. crore)	352.72	408.51	476.16	476.74	471.70	7.5%
EBITDA margin (%)	21.6%	23.3%	28.5%	27.1%	28.8%	-
EBIT margin (%)	17.0%	18.5%	24.5%	22.7%	24.4%	-
Annual capacity (cubic metre)	180,000	180,000	180,000	180,000	180,000	-
Production (cubic metre)	136,723	161,229	177,382	189,171	180,736	7.2%
Sales volume (cubic metre)	137,932	161,424	177,953	184,905	179,908	6.9%
Utilisation (%)	76%	90%	99%	105%	100%	-
Average realisation (Rs./cum.)	25,552	25,238	26,723	25,764	26,202	0.6%

# OUR BRANDS



# ABOUT GREENPLY INDUSTRIES LIMITED



Greenply Industries Limited (GIL) enjoys leadership position in plywood and medium density fibreboards (MDF) accounting for almost 26 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 2,500 dealers and authorised stockists, a retail network exceeding 10,000 and about 40 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 and Club Plus Premium Ply, Optima G, Ecotec, Green Panelmax and Green Floormax, to name a few.

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