

GREENPLY INDUSTRIES LTD

Result Presentation – Q2 & H1FY2016.

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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Business Highlights – Q2FY16 (Post Demerger)

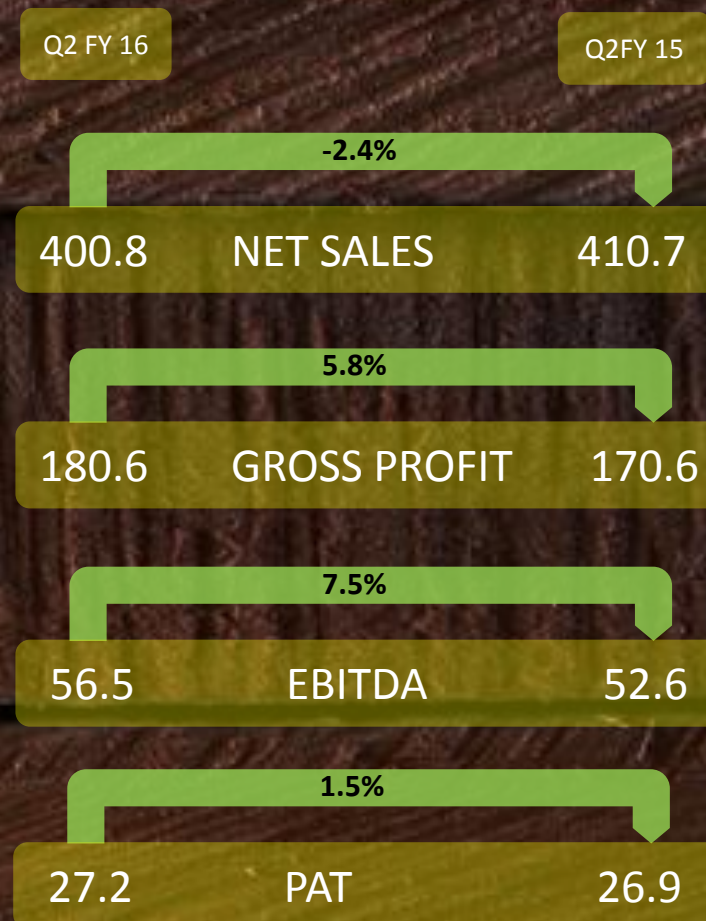
- Net Revenues at Rs 400.77 crores compared to Rs 410.71 crores in corresponding quarter.
- Gross margins expand 352 bps YoY to 45.1%
- EBITDA up by 7.5% at Rs 56.50 crores compared to Rs 52.56 crores
- PBT up by 12.9% at Rs 36.42 crores compared to Rs 32.25 crores
- PAT up by 1.5% at Rs 27.24 crores compared to Rs 26.85 crores

Financial Highlights – Q2FY16 (Post Demerger)

- **Net Sales down by 2.4% YoY to Rs. 400.77 crores**
 - Plywood revenues down by 7.8% YoY to Rs. 287.72 crores, contributing 72% of net sales
 - MDF revenues grew by 14.5% YoY to Rs. 113.05 crores, contributing 28% of net sales
- **Gross margins expand 360 bps YoY to 45.1%**
 - Led by better product mix
- **EBITDA margins up 130 bps YoY to 14.1%**
 - Ad expenditure to sales at 3.9% in Q2FY16
- **PBT growth of 12.9% YoY to Rs. 36.42 crores**
- **PAT growth of 1.5% YoY to Rs. 27.24 crores**
 - EPS of Rs. 11.29 in Q2FY16 compared to Rs. 11.12 in Q2FY15
- **Working capital cycle improves by 8 days QoQ to 49 days in Q2FY16**
 - Led by better inventory and debtor management
- **Net debt to equity at 0.54x as on September, 2015 as compared to 0.79x as on September 30, 2014**

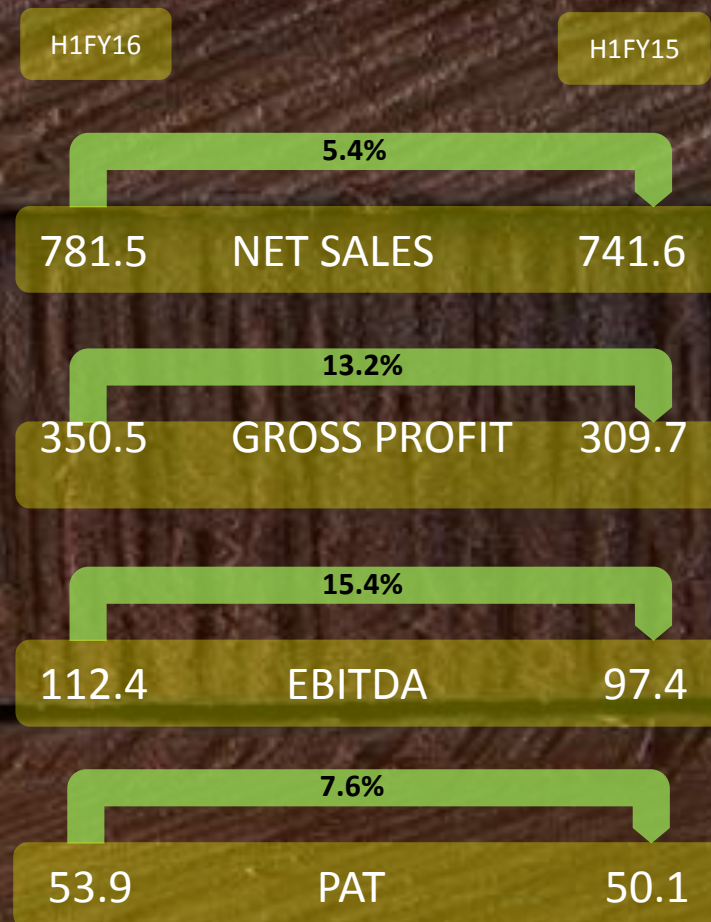
Financial Highlights – Q2 FY16

Key ratios (%)	Q2 FY16	Q2 FY15
Gross Margin	45.1%	41.5%
EBITDA Margin	14.1%	12.8%
EBIT Margin	11.0%	10.1%
Net Margin	6.8%	6.5%
Ad and promotions / Net Sales	3.9%	4.9%
Staff Cost/ Net Sales	10.7%	8.6%
Logistics cost / Net Sales	5.8%	5.6%
EPS (Rs.)	11.29	11.12



Financial Highlights – H1FY16

Key ratios (%)	H1FY16	H1FY15
Gross Margin	44.8%	41.8%
EBITDA Margin	14.4%	13.1%
EBIT Margin	11.3%	10.2%
Net Margin	6.9%	6.8%
Ad and promotions / Net Revenues	3.3%	3.7%
Staff Cost/ Net Revenues	10.8%	9.4%
Logistics cost / Net Revenues	5.8%	5.6%
EPS (Rs.)	22.35	20.76



Financial Highlights – B/S Perspective

Balance Sheet Snapshot (Rs. crore)	September 30, 2015	June 30, 2015	September 30, 2014	March 31, 2015	March 31, 2014
Net worth	537.21	509.92	420.35	483.17	380.29
Total debt	290.14	320.50	333.24	331.53	375.81
▪ Long Term Debt (Including Current Maturity)	162.05	176.69	201.68	199.86	238.21
▪ Short Term Debt	128.10	143.81	131.56	131.68	137.60
Capital Employed	867.26	870.88	794.09	855.01	799.18
Cash and cash equivalents	8.54	6.45	7.05	7.19	7.23
Fixed Assets	562.72	545.66	527.09	546.95	527.32
Receivables	264.38	279.83	260.81	257.22	219.95
Payables	240.32	237.48	255.47	224.92	200.58
Inventories	182.69	198.66	166.76	190.30	196.03

Key Ratios	September 30, 2015	June 30, 2015	September 30, 2014	March 31, 2015	March 31, 2014
Inventory (days)	43	47	41	45	51
Debtor (days)	62	67	64	60	58
Creditor (days)	56	57	63	53	53
Working Capital Turnover (days)	49	57	42	52	56
RoE (%)	20.1%	20.9%	23.8%	25.2%	20.3%
RoCE – Pre-Tax	20.3%	20.2%	19.0%	20.4%	17.7%
RoCE – Post-Tax	16.0%	15.8%	17.1%	18.4%	14.4%
Net Debt / Equity (x)	0.5	0.6	0.8	0.7	1.0

Results Q2 FY2016



PART I							(` in lacs)
Statement of Standalone Un-audited Financial Results for the quarter and half-year ended 30th September, 2015							
Sl. No.		Quarter ended			Half-year ended		Year ended
		30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from Operations						
	(a) Net sales/income from operations (Net of excise duty)	40077.48	38074.83	41071.12	78152.31	74164.01	156058.41
	(b) Other Operating Income	6.02	9.80	8.39	15.82	23.65	366.63
	Total income from operations (net)	40083.50	38084.63	41079.51	78168.13	74187.66	156425.04
2	Expenses						
	a) Cost of materials consumed	16375.64	17792.22	18698.58	34167.86	36061.48	72682.70
	b) Purchase of Stock-in-trade	4621.88	4823.89	4947.03	9445.77	8116.04	19054.83
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1021.84	(1531.64)	363.99	(509.80)	(985.95)	(827.80)
	d) Employee benefits expense	4289.42	4155.53	3515.78	8444.95	6956.50	14497.88
	e) Depreciation and amortisation expense	1231.43	1203.45	1148.75	2434.88	2257.34	4706.11
	f) Loss/(Gain) due to fluctuation in Foreign Exchange Rates	2.86	12.18	(14.25)	15.04	(23.02)	(60.55)
	g) Other Expenses	8118.36	7241.93	8289.55	15360.29	14271.73	30586.57
	Total Expenses	35661.43	33697.56	36949.43	69358.99	66654.12	140639.74
3	Profit from operations before other income, finance costs and exceptional Items	4422.07	4387.07	4130.08	8809.14	7533.54	15785.30
4	Other income	5.13	4.87	15.08	10.00	19.13	109.07
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items	4427.20	4391.94	4145.16	8819.14	7552.67	15894.37
6	Finance costs	784.85	772.48	920.19	1557.33	1789.57	3591.30
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items	3642.35	3619.46	3224.97	7261.81	5763.10	12303.07
8	Exceptional items	-	-	-	-	-	(1575.53)
9	Profit/ (Loss) from ordinary activities before tax	3642.35	3619.46	3224.97	7261.81	5763.10	13878.60
10	Tax Expenses						
	for Current	(777.33)	(772.45)	(675.96)	(1549.78)	(1207.97)	(2940.50)
	for Deferred	54.87	(15.36)	(70.26)	39.51	258.68	278.01
	for MAT Credit	(195.97)	(161.33)	205.85	(357.30)	201.54	963.53
	for Earlier Year	-	-	-	-	(3.72)	2.09
11	Net Profit/(Loss) from ordinary activities after tax	2723.92	2670.32	2684.60	5394.24	5011.63	12181.73
12	Extraordinary items (net of tax expense ` Nil)	-	-	-	-	-	-
13	Net Profit / (Loss) for the period	2723.92	2670.32	2684.60	5394.24	5011.63	12181.73
14	Paid-up equity share capital (Face value ` 5/- per share)	1206.82	1206.82	1206.82	1206.82	1206.82	1206.82
15	Reserves excluding Revaluation Reserves	-	-	-	-	-	47110.17
16	i) Basic EPS (`) before and after extraordinary items (of ` 5/- each)	11.29*	11.06*	11.12*	22.35*	20.76*	50.47
	ii) Diluted EPS (`) before and after extraordinary items (of ` 5/- each)	11.29*	11.06*	11.12*	22.35*	20.76*	50.47

Segmental Performance – Q2 FY16



Segmentwise Revenue, Results and Capital Employed

Particulars	Quarter ended			Half-year ended		(` in lacs)
	30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	Year ended
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue (Net)						
a) Plywood & Allied Products	28775.17	27348.79	31199.38	56123.96	56342.11	115232.68
b) Medium Density Fibreboards	11308.22	10735.84	9880.13	22044.06	17845.55	40878.36
c) Unallocated	0.11	-	-	0.11	-	314.00
Total	40083.50	38084.63	41079.51	78168.13	74187.66	156425.04
Less: Inter Segment Revenue	-	-	898.89	-	1936.73	2677.81
Net Sales/Income from Operations	40083.50	38084.63	40180.62	78168.13	72250.93	153747.23
2. Segment Result [Profit/(Loss) before tax and interest]						
a) Plywood & Allied Products	2482.06	2286.17	2893.38	4768.23	5314.72	10219.24
b) Medium Density Fibreboards	2865.96	2966.36	1961.89	5832.32	3513.04	8388.26
c) Unallocated	-	-	-	-	-	314.00
Total	5348.02	5252.53	4855.27	10600.55	8827.76	18921.50
Less: (i) Interest	784.85	772.48	920.19	1557.33	1789.57	3591.30
(ii) Other Unallocable expenditure net of unallocable Income	920.82	860.59	710.11	1781.41	1275.09	1451.60
Total Profit before Tax	3642.35	3619.46	3224.97	7261.81	5763.10	13878.60
Capital employed						
a) Plywood & Allied Products	45418.91	48803.92	39957.26	45418.91	39957.26	47921.11
b) Medium Density Fibreboards	35126.44	32730.18	33453.08	35126.44	33453.08	31774.95
c) Unallocated	6180.87	5553.89	5998.54	6180.87	5998.54	5804.52
Total	86726.22	87087.99	79408.88	86726.22	79408.88	85500.58

SEGMENT WISE PERFORMANCE

Particulars	Plywood					
	Q2FY16	Q2FY15	Var (%)	H1FY16	H1FY15	Var (%)
Net sales (Rs. crore)	287.72	311.98	-7.8%	561.13	563.31	-0.4%
EBITDA margin (%)	9.0%	9.5%		8.8%	9.9%	
EBIT margin (%)	6.5%	7.5%		6.3%	7.7%	
Annual capacity (million sqm.)	32.4	32.4		32.4	32.4	
Production (million sqm.)	8.25	9.15	-9.8%	15.9	17.0	-6.5%
Sales volume (million sqm.)	12.03	12.29	-2.1%	23.04	22.5	2.4%
Utilisation (%)	102%	113%		98%	105%	
Average realisation (Rs./sqm.)	235	241	-2.5%	238	238	-

Particulars	MDF					
	Q2FY16	Q2FY15	Var (%)	H1FY16	H1FY15	Var (%)
Net sales	113.05	98.73	14.5%	220.40	178.33	23.6%
EBITDA margin (%)	27.9%	23.2%		29.0%	23.3%	
EBIT margin (%)	23.3%	18.1%		24.4%	18.1%	
Annual capacity (cubic metre)	180,000	180,000		180,000	180,000	
Production (cubic metre)	41032	35661	15.1%	82282	67858	21.3%
Sales volume (cubic metre)	42067	37667	11.7%	81561	68017	19.9%
Utilisation (%)	91%	79%		91%	75%	
Average realisation (Rs./cum.)	26818	26158	2.5%	26987	26116	3.3%

Joint Managing Director's Message

Commenting on the performance for Q2 FY2016, Mr. Shobhan Mittal, Joint Managing Director and CEO, Greenply Industries Ltd. said,

“Despite a largely sluggish macro environment, Greenply Industries has delivered a stable financial and operating performance. This has been driven by our two pronged strategy of gaining market share from the unorganised segment and enhancing operational efficiencies through an improved product mix. This is a reflection of our proven quality, strong brand portfolio and well developed distribution infrastructure.

Our MDF business continues to do well. Given our leadership position and capabilities, we are optimistic that this will be a key growth driver going forward.

Our thrust will continue to be on improving our market reach while concurrently striving for better cash management and utilisation levels to drive growth”

COMPANY OVERVIEW

CAPACITY UTILIZATION

- Plywood 102% utilization; further demand to be catered through outsourcing
- MDF 90% 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

FINANCIAL PERFORMANCE

- Revenue and PBT CAGR of 16.7% and 51.3% respectively over FY11-15

STRONG RETURN RATIOS

- Pre-tax ROCE of 20.4% and Post-tax ROCE and ROE of 18.4% and 25.2% in FY15

COMPANY OVERVIEW



BUSINESS SEGMENTS

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

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

MANUFACTURING FACILITIES

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

STRONG INDUSTRY POTENTIAL

- Plywood industry size – Rs. 180 billion
MDF industry size – Rs. 14 billion
- Strong demand drivers – rising residential/ commercial construction, increasing urbanization, high disposable incomes and Government Announcement regarding construction of 100 smart cities

WELL ENTRANCED DISTRIBUTION NETWORK

- Distributors/stockists

□	Plywood 1,170
	MDF 600
- and retailers

□	Plywood 6,000
	MDF 4,000
- Serviced by 33 branches for ply and 15 branches for MDF pan-India

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 organised players

ADVERTISING & PROMOTIONAL SPENDS

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

DISTRIBUTION NETWORK

- To increase the number of distributors and retailers going forward

EXPANSION PLANS

- Plywood
 - Optimise utilisation in existing facilities
 - Increase outsourcing proportion to 30% from 20% presently over the next 3 years
- MDF - Setting up of a new plant in Andhra Pradesh over FY16-19

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

FINANCIAL PERFORMANCE

- Expect a 8-10% growth in FY16
- Margins expected to improve by 50-70 bps in FY16 driven by better product mix and cost control

IT INITIATIVES

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

ANNEXURE

MANUFACTURING FACILITIES / PRODUCTION MODEL

PLYWOOD

Facilities

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

Production Model

70% in-house, 30% outsourced in volume terms

To increase proportion of outsourcing to 30% (in value terms) from 20% currently 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

MDF

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

Largest facility in India

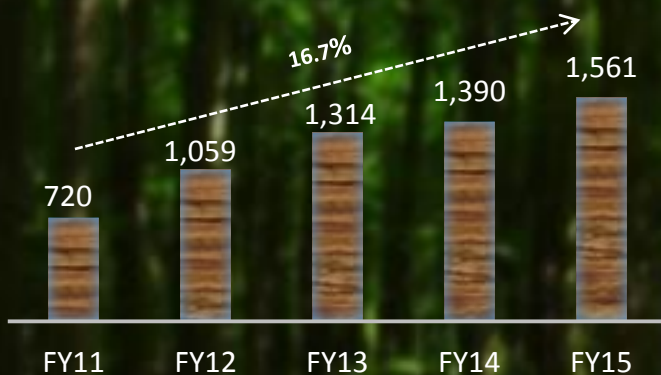
100% in-house

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

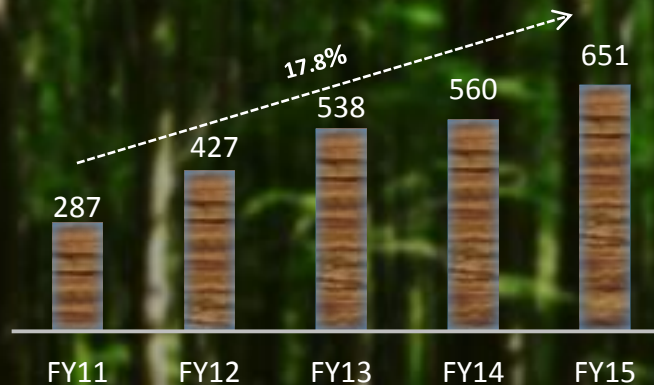
Expansion to take place over FY16-FY19

STRONG PERFORMANCE TRACK RECORD

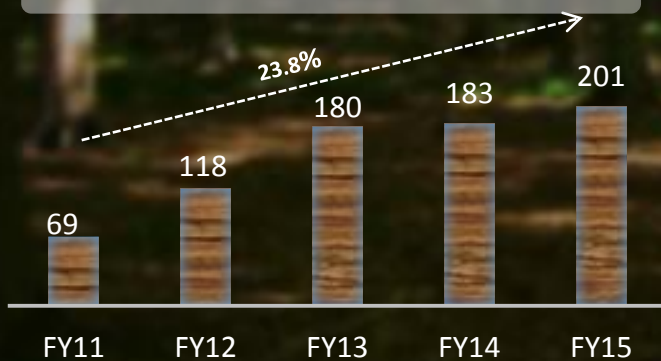
NET SALES



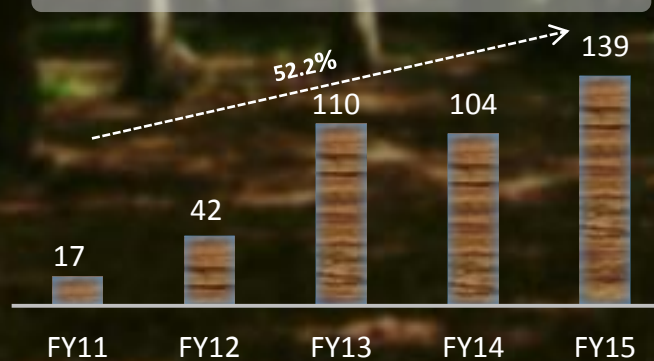
GROSS PROFIT



EBITDA



PBT

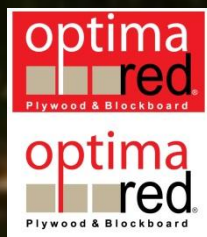


SEGMENT-WISE PERFORMANCE

Particulars	Plywood					
	FY11	FY12	FY13	FY14	FY15	CAGR
Net sales (Rs. crore)	674.43	815.58	940.17	1037.30	1152.07	11.3%
EBITDA margin (%)	13.0%	9.8%	10.6%	10.3%	9.1%	-
EBIT margin (%)	11.5%	7.2%	8.9%	7.9%	6.8%	-
Annual capacity (million sqm.)	24.9	28.35	32.4	32.4	32.4	-
Production (million sqm.)	29.7	32.14	34.28	34.68	33.08	2.2%
Sales volume (million sqm.)	34.58	38.02	41.54	44.51	46.11	5.9%
Utilisation (%)	119%	113%	106%	107%	102%	
Average realisation (Rs./sqm.)	185	203	215	222	241	5.4%

Particulars	MDF					
	FY11	FY12	FY13	FY14	FY15	CAGR
Net sales	45.48	243.72	374.18	352.72	408.51	55.1%
EBITDA margin (%)	-41.2%	15.4%	21.6%	21.6%	23.3%	
EBIT margin (%)	-76.6%	9.0%	17.5%	17.0%	18.5%	
Annual capacity (cubic metre)	180,000	180,000	180,000	180,000	180,000	
Production (cubic metre)	26,925	116,898	157,948	136,723	161,229	43.0%
Sales volume (cubic metre)	23,882	116,622	153,426	137,932	161,424	46.5%
Utilisation (%)	15%	65%	88%	76%	90%	
Average realisation (Rs./cum.)	19,236	20,898	24,386	25,552	25,238	5.6%

OUR BRANDS



ABOUT GREENPLY INDUSTRIES LTD.

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 1,770 distributors and 10,000 retailers and 48 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:

V.Venkatramani – Chief Financial Officer

Greenply Industries Limited - 'Madgul Lounge', 23, Chetla Central Road, 6th Floor, Kolkata – 700 027
Tel: +91 33 3051 5000
Email : venkat.corp@greenply.com

Gavin Desa / Rabindra Basu / Varun Divadkar

CDR, India
Tel: +91 22 6645 1237 / 1248 / 1222
Email: gavin@cdr-india.com / rabindra@cdr-india.com / varun@cdr-india.com
