



GREENPLY INDUSTRIES LIMITED

FINANCIAL RESULTS PRESENTATION
Q2 & H1 FY 2018



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.

CONTENTS



- Financial Highlights
- Results and Segment details
- Segment-wise Performance
- Management Commentary
- Company Overview
- Outlook
- Annexure



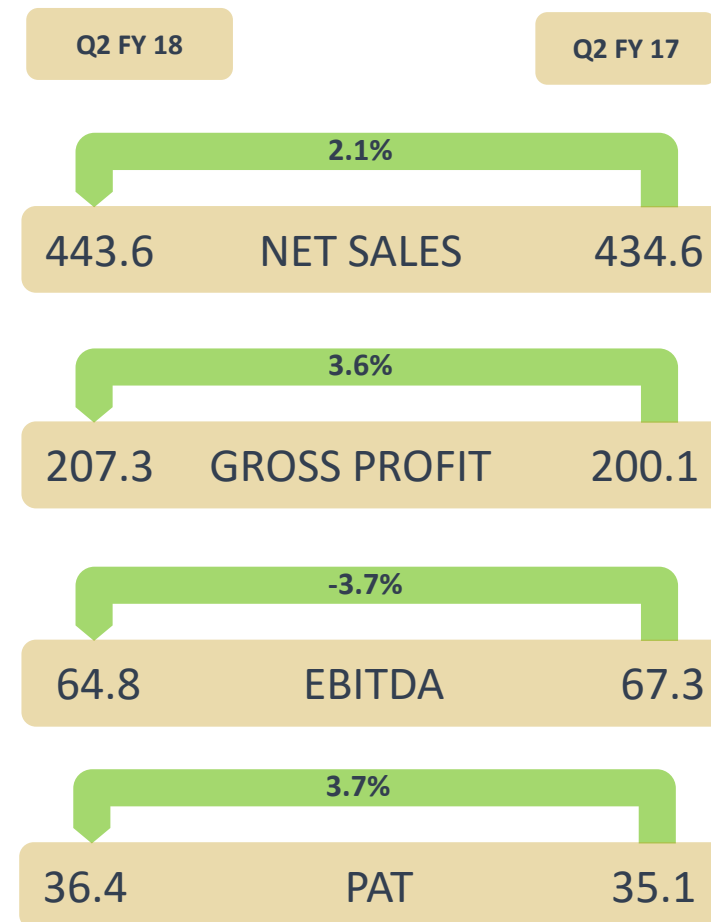
FINANCIAL HIGHLIGHTS – Q2 FY 2018

- **Net Sales up by 2.1% YoY to Rs. 443.63 crores**
 - Plywood revenues up by 1.5% YoY to Rs. 312.69 crores, contributing 70.5% of net sales
 - MDF revenues down by 1.6% YoY to Rs 121.66 crores, contributing 27.4% to net sales
 - Unallocated Segment comprising of Wallpaper, Solid Surface etc. contributed Rs 9.28 crores
- **Gross margins expand 70 bps YoY to 46.7%**
 - Led by better product mix and improved realisations in MDF
- **EBITDA margins down by 90 bps YoY to 14.6%**
 - Loss of Rs 6.03 crores on foreign currency borrowings and outstanding for New MDF Plant
 - Ad expenditure to sales at 4% in Q2FY18 compared to 3.5% YoY
- **PAT UP by 3.7% YoY to Rs. 36.38 crores compared to Rs 35.09 crores**
 - Loss of Rs 6.03 crores on foreign currency borrowings and outstanding for New MDF Plant
 - EPS of Rs. 2.97 in Q2FY18 compared to Rs.2.88 in Q2FY17
- **Working capital cycle remained constant at 62 days y-o-y and up by 4 days q-o-q**
- **Net debt to equity at 0.65 as on 30th September, 2017 as compared to 0.41 as on 30th September, 2016**

FINANCIAL HIGHLIGHTS – Q2 FY 2018



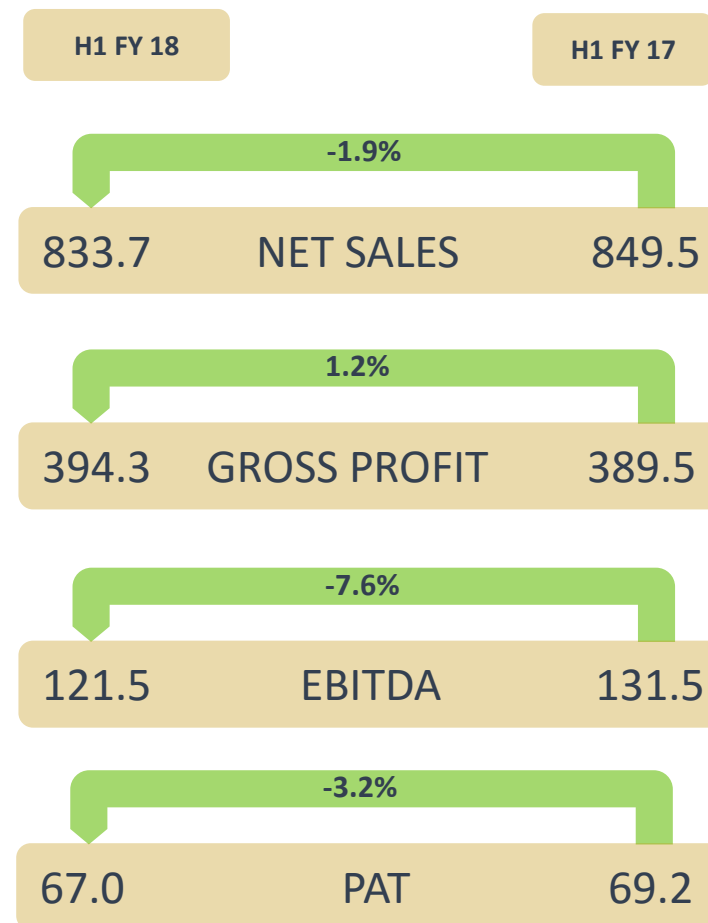
Key ratios (%)	Q2 FY18	Q2 FY17
Gross Margin	46.7%	46.0%
EBITDA Margin	14.6%	15.5%
EBIT Margin	12.0%	12.7%
Net Margin (*)	8.2%	8.1%
Ad and promotions / Net Sales	4.0%	3.5%
Staff Cost/ Net Sales	10.8%	9.9%
Logistics cost / Net Sales	5.4%	5.9%
EPS (Rs.)	2.97	2.88



FINANCIAL HIGHLIGHTS – H1 FY 2017



Key ratios (%)	H1 FY18	H1 FY17
Gross Margin	47.3%	45.8%
EBITDA Margin	14.6%	15.5%
EBIT Margin	11.8%	12.6%
Net Margin (*)	8.0%	8.1%
Ad and promotions / Net Sales	3.9%	3.4%
Staff Cost/ Net Sales	11.3%	10.4%
Logistics cost / Net Sales	5.6%	5.8%
EPS (Rs.)	5.46	5.71



FINANCIAL HIGHLIGHTS – B/S PERSPECTIVE



Balance Sheet Snapshot (Rs. crore)	Sept 30, 2017	Sept 30, 2016	March 31, 2017
Net worth	847.88	722.82	787.02
Total debt	554.25	294.33	426.25
▪ Long Term Debt (Including Current Maturity)	422.15	132.40	307.85
▪ Short Term Debt	132.10	161.94	118.40
Capital Employed	1402.13	975.50	1178.56
Cash and cash equivalents	28.03	50.97	71.60
Fixed Assets	1014.68	529.61	717.41
Receivables	350.21	352.84	304.78
Payables	236.35	222.29	227.52
Inventories	169.41	160.09	158.26

FINANCIAL HIGHLIGHTS – B/S PERSPECTIVE



Key Ratios	Sept 30, 2017	Sept 30, 2016	March 31, 2017
Inventory (days)	37	34	35
Debtor (days)	77	76	66
Creditor (days)	52	48	50
Working Capital Turnover (days)	62	62	51
RoE	15.8%	19.1%	17.2%
RoCE – Pre-Tax	14.0%	22.0%	17.7%
RoCE – Post-Tax	10.4%	16.8%	13.0%
RoE (Excluding New Investments)	21.5%	24.2%	24.1%
RoCE – Pre-Tax (Excluding New Investments)	23.8%	26.0%	27.4%
RoCE – Post-Tax (Excluding New Investments)	17.6%	19.9%	20.1%
Net Debt / Equity (x)	0.65	0.41	0.54

FINANCIAL RESULTS H1 & Q2 FY2018

(Rs. in lakhs)



Statement of Unaudited Standalone Financial Results for the quarter and six months ended 30 September 2017

Sr. No.	Particulars	Three months ended 30.09.2017 (Unaudited)	Previous Three months ended 30.06.2017 (Unaudited)	Corresponding Three months ended 30.09.2016 in the previous year (Unaudited)	Year to date figures for the current period ended 30.09.2017 (Unaudited)	Year to date figures for the previous period ended 30.09.2016 (Unaudited)	Previous year ended 31.03.2017 (Audited)
1.	Income						
	a) Revenue from operations	44,609.74	42,161.18	46,866.55	86,770.92	91,201.70	1,77,701.56
	b) Other income	100.24	52.38	80.20	152.62	144.98	437.43
	Total Income	44,709.98	42,213.56	46,946.75	86,923.54	91,346.68	1,78,138.99
2.	Expenses						
	a) Cost of materials consumed	15,533.52	16,677.98	18,843.16	32,211.50	37,059.02	68,949.35
	b) Purchase of stock-in-trade	5,541.97	6,284.04	6,177.90	11,826.01	11,234.25	22,831.81
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,555.05	(2,651.13)	(1,566.50)	(96.08)	(2,275.98)	(3,809.48)
	d) Employee benefits expense	4,776.62	4,651.79	4,310.64	9,428.41	8,807.59	17,073.57
	e) Finance costs	229.91	327.70	687.09	557.61	1,269.71	1,811.77
	f) Depreciation and amortisation expense	1,137.41	1,186.45	1,220.20	2,323.86	2,434.76	4,853.09
	g) Excise duty expense	-	2,376.99	3,185.13	2,376.99	5,848.54	11,392.52
	h) Other expenses	9,827.85	9,200.64	9,271.70	19,028.49	17,521.36	35,941.50
	Total Expenses	39,602.33	38,054.46	42,129.32	77,656.79	81,899.25	1,59,044.13
3.	Profit before exceptional items and tax (1-2)	5,107.65	4,159.10	4,817.43	9,266.75	9,447.43	19,094.86
4.	Exceptional items	-	-	-	-	-	-
5.	Profit before tax (3+4)	5,107.65	4,159.10	4,817.43	9,266.75	9,447.43	19,094.86
6.	Tax expense						
	a) Current tax	1,201.09	896.33	1,035.92	2,097.42	2,043.43	4,182.47
	b) Deferred tax	268.67	199.68	272.06	468.35	483.80	1,405.18
	Total tax expense	1,469.76	1,096.01	1,307.98	2,565.77	2,527.23	5,587.65
7.	Net Profit after tax (5-6)	3,637.89	3,063.09	3,509.45	6,700.98	6,920.20	13,507.21
8.	Other Comprehensive Income/(Loss) (net of tax)						
	Items that will not be reclassified subsequently to profit or loss	118.80	151.20	(14.72)	270.00	11.70	(154.88)
9.	Total Comprehensive Income for the period (7+8)	3,756.69	3,214.29	3,494.73	6,970.98	6,931.90	13,352.33
10.	Paid-up equity share capital (Face value ₹ 1/- each)	1,226.27	1,226.27	1,226.27	1,226.27	1,226.27	1,226.27
11.	Other equity						77,475.78
12.	Earnings per equity share (of ₹ 1/- each)						
	a) Basic (₹)	2.96*	2.50*	2.88*	5.46*	5.71*	11.08
	b) Diluted (₹)	2.96*	2.50*	2.88*	5.46*	5.71*	11.08
	* Not annualised						

SEGMENTAL PERFORMANCE – H1 & Q2 FY2018

(Rs. in lakhs)



Segment wise Revenue, Results, Assets and Liabilities

Sr. No.	Particulars	Three months ended 30.09.2017	Previous Three months ended 30.06.2017	Corresponding Three months ended 30.09.2016 in the previous year	Year to date figures for the current period ended 30.09.2017	Year to date figures for the previous period ended 30.09.2016	Previous year ended 31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Segment Revenue						
	a) Plywood and allied products	31,502.61	28,474.58	34,183.29	59,977.19	66,345.12	1,28,941.99
	b) Medium density fibreboards and allied products	12,178.86	13,052.51	12,383.86	25,231.37	24,356.30	47,742.39
	c) Others	928.27	634.09	299.40	1,562.36	500.28	1,017.18
	Total (a+b+c)	44,609.74	42,161.18	46,866.55	86,770.92	91,201.70	1,77,701.56
	Less: Inter segment revenue	-	-	-	-	-	-
	Total Revenue from Operations	44,609.74	42,161.18	46,866.55	86,770.92	91,201.70	1,77,701.56
2.	Segment Result						
	a) Plywood and allied products	3,632.81	2,628.30	3,295.55	6,261.11	6,155.10	12,925.84
	b) Medium density fibreboards and allied products	2,940.12	2,975.64	3,287.98	5,915.76	6,620.88	11,727.76
	c) Others	(119.13)	(69.25)	(30.47)	(188.38)	(104.32)	(259.99)
	Total (a+b+c)	6,453.80	5,534.69	6,553.06	11,988.49	12,671.66	24,393.61
	Less: (i) Interest	229.91	327.70	687.09	557.61	1,269.71	1,811.77
	(ii) Other unallocable expenditure net of unallocable income	1,116.24	1,047.89	1,048.54	2,164.13	1,954.52	3,486.98
	Total Profit before Tax	5,107.65	4,159.10	4,817.43	9,266.75	9,447.43	19,094.86
3.	Segment Assets						
	a) Plywood and allied products	75,008.18	68,738.71	72,508.79	75,008.18	72,508.79	70,792.36
	b) Medium density fibreboards and allied products	96,881.57	90,410.66	52,621.61	96,881.57	52,621.61	74,925.42
	c) Others	2,051.56	1,553.12	846.25	2,051.56	846.25	1,315.29
	d) Unallocated	6,650.95	7,400.55	7,721.86	6,650.95	7,721.86	7,662.83
	Total segment assets	1,80,592.26	1,68,103.04	1,33,698.51	1,80,592.26	1,33,698.51	1,54,695.90
4.	Segment Liabilities						
	a) Plywood and allied products	40,609.18	35,371.43	39,055.27	40,609.18	39,055.27	36,710.34
	b) Medium density fibreboards and allied products	46,789.48	42,497.36	13,345.61	46,789.48	13,345.61	31,871.15
	c) Others	2,025.69	999.02	583.11	2,025.69	583.11	517.08
	d) Unallocated	6,380.42	7,318.89	8,432.90	6,380.42	8,432.90	6,895.28
	Total segment liabilities	95,804.77	86,186.70	61,416.89	95,804.77	61,416.89	75,993.85

SEGMENT WISE PERFORMANCE



Particulars	Plywood					
	Q2FY17	Q2FY17	Var (%)	H1 FY 18	H1 FY 17	Var (%)
Net sales (Rs. crore)	312.69	308.03	1.4%	566.06	601.34	-5.9%
EBITDA margin (%)	11.0%	10.4%		10.6%	10.1%	
EBIT margin (%)	9.0%	8.2%		8.3%	7.9%	
Annual capacity (million sqm.)	32.4	32.4		32.4	32.4	
Production (million sqm.)	8.88	9.36	-5.1%	17.03	18.30	-6.9%
Sales volume (million sqm.)	13.74	13.04	5.4%	24.82	25.58	-3.0%
Utilisation (%)	110%	116%		105%	113%	
Average realisation (Rs./sqm.)	226	233	-3.0%	227	232	-2.6%

Particulars	MDF					
	Q2FY17	Q2FY16	Var (%)	H1 FY 18	H1 FY 17	Var (%)
Net sales (Rs. crore)	121.66	123.61	-1.6%	251.98	243.20	3.6%
EBITDA margin (%)	26.0%	28.7%		25.2%	29.4%	
EBIT margin (%)	21.7%	24.3%		21.0%	25.0%	
Annual capacity (cubic metre)	180000	180000		180000	180000	
Production (cubic metre)	41961	49067	-14.5%	94521	96545	-2.1%
Sales volume (cubic metre)	45767	47860	-4.4%	95651	93662	2.1%
Utilisation (%)	93%	109%		105%	107%	
Average realisation (Rs./cum.)	26576	25802	3.0%	26336	25946	1.5%



Joint Managing Director's Message

Commenting on the performance for Q2 FY2018, Mr. Shobhan Mittal, Joint Managing Director and CEO, Greenply Industries Ltd. said,

“This has been another quarter of consolidation. Net Sales grew by 2.1% and Ebitda margins improved by 50 basis points (before forex loss). However, currency losses to the extent of Rs 6.03 crores on long term borrowings and creditors for new MDF Plant had a negative impact on MDF and overall margins. MDF Ebitda margins were 31% before foreign currency loss on new MDF Plant. Plywood margins have improved although strong topline growth is not visible in the near horizon.

We expect that business volumes will start improving from next financial year with the implementation of E-Way Bill system reflecting the benefits of GST for the organised sector.

We will continue to strive for improved cash management in the coming quarters”



COMPANY OVERVIEW

CAPACITY UTILIZATION

- Plywood 110% utilization; further demand to be catered through new UP Plant and outsourcing
- MDF 93% utilization; greenfield expansion in Andhra Pradesh of 360000 CBM to cater to future demand

PRODUCTION MODEL

- Plywood – Expansion of 40% in premium segment in Uttar Pradesh and 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
- Backward integration through new plant in Gabon with peeling capacity of 35000 CBM for production of face veneers

FINANCIAL PERFORMANCE

- Net Sales, EBIDTA and PBT CAGR of 5.9%, 9.4% and 14.8% respectively over FY13-17

STRONG RETURN RATIOS

- Pre-tax ROCE of 27.4% and Post-tax ROCE and ROE of 20.1% and 24.1% in FY17 (excluding investments for new projects).

COMPANY OVERVIEW



BUSINESS SEGMENTS

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

STRONG INDUSTRY POTENTIAL

- Plywood industry size – Rs. 180 billion
MDF industry size – Rs. 16 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 ENTRANCHED 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

- Expect a 5-7% growth in FY18
- Margins expected to improve by 40-50 bps in FY18

DISTRIBUTION NETWORK

- To increase the number of distributors and retailers going forward

IT INITIATIVES

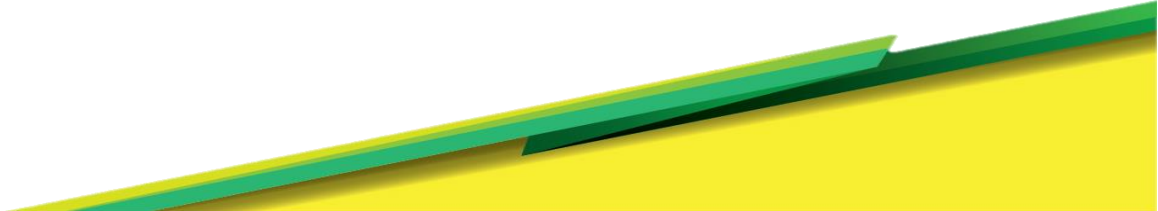
- Upgrading IT infrastructure – implemented SAP Hana to strengthen overall supply chain
- Implemented Microsoft CRM Module

EXPANSION PLANS

- Plywood
 - Setting up of new facility in Uttar Pradesh to expand capacity by 40% in premium segment
 - Increase outsourcing proportion to 30% from 22% presently over the next 3 years
 - Setting up of new facility in Gabon, West Africa for Veneer production which has begun operations
 - Setting up of Deco Veneer plant near Rajkot, Gujarat operational by Q2 FY 2019
- MDF - Setting up of a new plant in Andhra Pradesh over FY16-19



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

Greenfield Expansion in Uttar Pradesh with 13.5 MN SQM capacity

Expanding capacity in Decorative Veneers by 2 mn sqm.

To increase proportion of outsourcing to 30% (in value terms) from 22% currently over next 3 years

- Asset light model generating higher ROCE's
- Mid-segment variants to be outsourced freeing existing capacities for premium variants

MDF

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

Largest facility in India

100% in-house

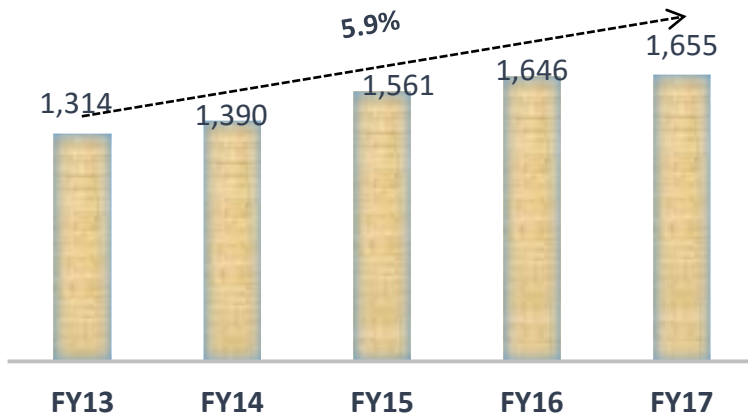
To undertake greenfield expansion in Andhra Pradesh with capacity of 360000 CBM – abundance of plantation wood

Commercial Production in FY 2019

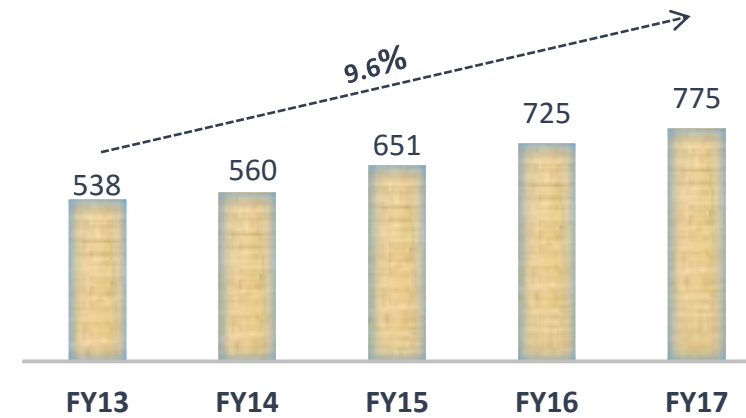
STRONG PERFORMANCE TRACK RECORD



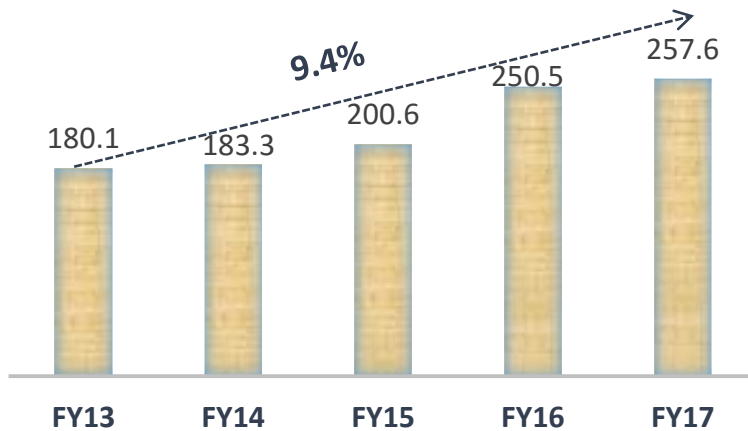
NET SALES



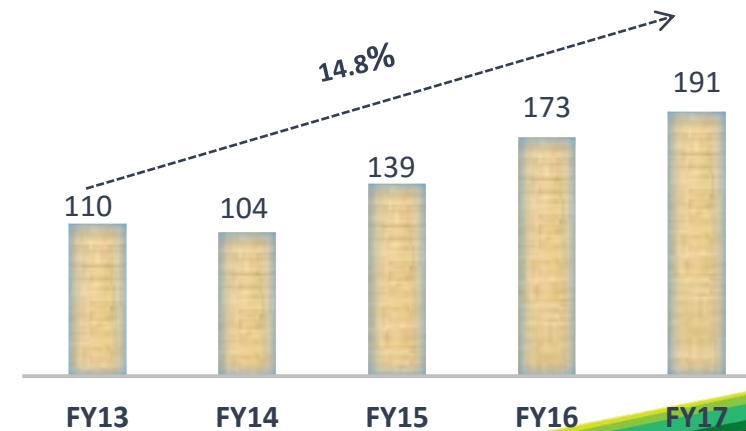
GROSS PROFIT



EBITDA



PBT



SEGMENT-WISE PERFORMANCE

Plywood

Particulars	FY13	FY14	FY15	FY16	FY17	CAGR
Net sales (Rs. crore)	940.17	1,037.30	1,152.07	1,165.36	1,167.99	5.6%
EBITDA margin (%)	10.6%	10.3%	9.1%	9.4%	11.2%	-
EBIT margin (%)	8.9%	7.9%	6.8%	7.3%	8.9%	-
Annual capacity (million sqm.)	32.4	32.4	32.4	32.4	32.4	-
Production (million sqm.)	34.28	34.68	33.08	32.60	34.93	0.5%
Sales volume (million sqm.)	41.54	44.51	46.11	48.25	50.30	4.9%
Utilisation (%)	106%	107%	102%	101%	108%	-
Average realisation (Rs./sqm.)	215	222	241	239	229	1.6%

MDF

Particulars	FY13	FY14	FY15	FY16	FY17	CAGR
Net sales (Rs. crore)	374.18	352.72	408.51	476.08	476.74	6.2%
EBITDA margin (%)	21.6%	21.6%	23.3%	28.5%	27.1%	-
EBIT margin (%)	17.5%	17.0%	18.5%	24.6%	22.7%	-
Annual capacity (cubic metre)	180,000	180,000	180,000	180,000	180,000	-
Production (cubic metre)	157,948	136,723	161,229	177,382	189,171	4.6%
Sales volume (cubic metre)	153,426	137,932	161,424	177,953	184,905	4.8%
Utilisation (%)	88%	76%	90%	99%	105%	-
Average realisation (Rs./cum.)	24,386	25,552	25,238	26,723	25,764	1.4%

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.

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

CDR, India

Tel: +91 22 6645 1237 / 1248

Email: gavin@cdr-india.com / rabindra@cdr-india.com