



GREENPLY INDUSTRIES LIMITED

FINANCIAL RESULTS PRESENTATION
Q2 & H1 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.

CONTENTS



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



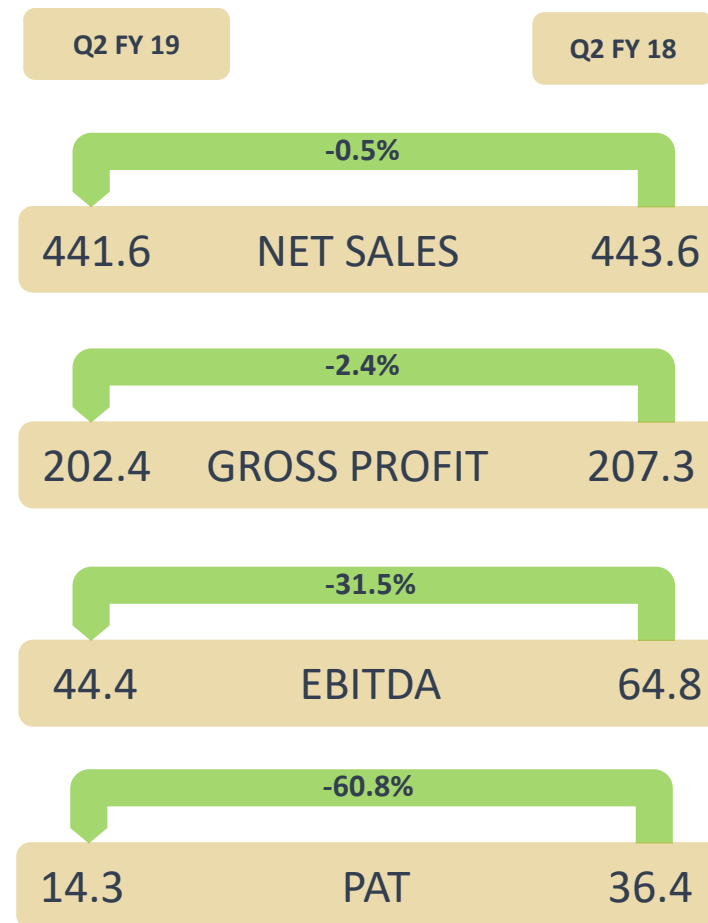
FINANCIAL HIGHLIGHTS – Q2 FY 2019

- **Net Sales down by 0.5% YoY to Rs. 441.63 crores**
 - Plywood revenues up by 11.4% YoY to Rs. 352.97 crores, contributing 79.9% of net sales
 - MDF revenues down by 28% YoY to Rs 87.63 crores, contributing 19.8% of net sales
 - Unallocated Segment comprising of Wallpaper, Solid Surface etc. contributed Rs 1.03 crores
- **Gross margins fell by 190 bps YoY to 44.8%**
 - Due to fall in sales realisations
- **EBITDA margins down by 460 bps YoY to 10.0%**
 - Significant fall in MDF volumes which has higher EBITDA margin
 - Loss of Rs 9.07 crores on foreign currency borrowings and outstanding for New MDF Plant
 - Ad expenditure to sales at 4.6% in Q2FY19 compared to 4.0% YoY
- **PAT down by 60.8% YoY to Rs. 14.26 crores compared to Rs 36.38 crores**
 - Due to reasons mentioned for fall in EBITDA margins
 - Increase of Rs 14.18 crores in Interest cost due to currency losses on borrowings for New MDF Plant
- **Working capital cycle increased by 11 days y-o-y and reduced by 6 days q-o-q**
- **Net debt to equity at 0.80 as on 30th September, 2018 as compared to 0.65 as on 30th September, 2017**

FINANCIAL HIGHLIGHTS – Q2 FY 2019



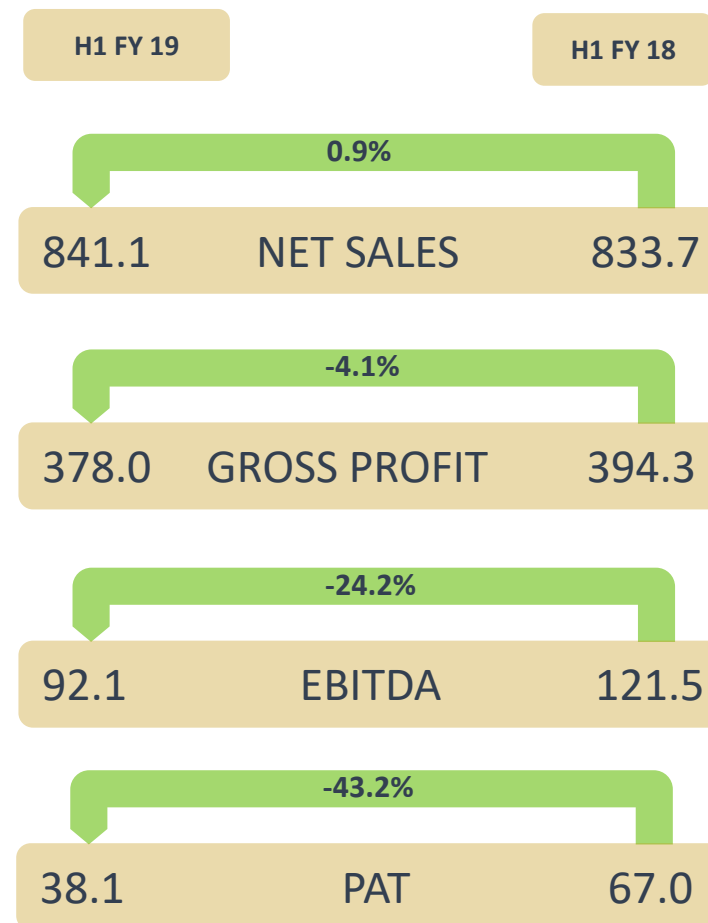
| Key ratios (%) | Q2 FY19 | Q2 FY18 |
|-------------------------------|---------|---------|
| Gross Margin | 44.8% | 46.7% |
| EBITDA Margin | 10.0% | 14.6% |
| EBIT Margin | 6.1% | 12.0% |
| Net Margin | 3.2% | 8.2% |
| Ad and promotions / Net Sales | 4.6% | 4.0% |
| Staff Cost/ Net Sales | 12.3% | 10.8% |
| Logistics cost / Net Sales | 5.7% | 5.4% |
| EPS (Rs.) | 1.17 | 2.97 |



FINANCIAL HIGHLIGHTS – H1 FY 2019



| Key ratios (%) | H1 FY19 | H1 FY18 |
|-------------------------------|---------|---------|
| Gross Margin | 44.9% | 47.3% |
| EBITDA Margin | 11.0% | 14.6% |
| EBIT Margin | 7.5% | 11.8% |
| Net Margin | 4.5% | 8.0% |
| Ad and promotions / Net Sales | 4.6% | 3.9% |
| Staff Cost/ Net Sales | 12.5% | 11.3% |
| Logistics cost / Net Sales | 5.6% | 5.6% |
| EPS (Rs.) | 3.11 | 5.46 |



FINANCIAL HIGHLIGHTS – B/S PERSPECTIVE



| Balance Sheet Snapshot (Rs. crore) | Sept 30, 2018 | Sept 30, 2017 | March 31, 2018 |
|---|---------------|---------------|----------------|
| Net worth | 944.86 | 847.88 | 915.05 |
| Total debt | 752.49 | 554.25 | 652.46 |
| ▪ Long Term Debt (Including Current Maturity) | 591.42 | 422.15 | 483.98 |
| ▪ Short Term Debt | 161.07 | 132.10 | 168.48 |
| Capital Employed | 1697.89 | 1402.13 | 1568.83 |
| Cash and cash equivalents | 14.10 | 28.03 | 29.65 |
| Fixed Assets | 1288.65 | 1014.68 | 1253.38 |
| Receivables | 303.80 | 350.21 | 284.40 |
| Payables | 249.27 | 236.35 | 211.01 |
| Inventories | 280.57 | 169.41 | 208.25 |

FINANCIAL HIGHLIGHTS – B/S PERSPECTIVE



| Key Ratios | Sept 30, 2018 | Sept 30, 2017 | March 31, 2018 |
|---|---------------|---------------|----------------|
| Inventory (days) | 61 | 37 | 46 |
| Debtor (days) | 66 | 77 | 63 |
| Creditor (days) | 54 | 52 | 47 |
| Working Capital Turnover (days) | 73 | 62 | 62 |
| RoE | 8.1% | 15.8% | 14.8% |
| RoCE – Pre-Tax | 7.4% | 14.0% | 12.7% |
| RoCE – Post-Tax | 7.6% | 10.4% | 9.3% |
| RoE (Excluding New Investments) | 8.2% | 21.5% | 20.7% |
| RoCE – Pre-Tax (Excluding New Investments) | 7.5% | 23.8% | 23.9% |
| RoCE – Post-Tax (Excluding New Investments) | 7.7% | 17.6% | 17.5% |
| Net Debt / Equity (x) | 0.80 | 0.65 | 0.71 |

FINANCIAL RESULTS H1 & Q2 FY2019

(Rs. in lakhs)

| Particulars | 3M 30.09.2018 | 3M 30.06.2018 | 3M 30.09.2017 | 6M 30.09.2018 | 6M 30.09.2017 | 12M 31.03.2018 |
|--|-------------------|------------------|------------------|------------------|------------------|--------------------|
| Income | | | | | | |
| a) Revenue from operations | 44,830.69 | 40,488.27 | 44,609.74 | 85,318.96 | 86,770.92 | 1,70,413.55 |
| b) Other income | 273.36 | 183.55 | 100.24 | 456.91 | 152.62 | 378.20 |
| Total Income | 45,104.05 | 40,671.82 | 44,709.98 | 85,775.87 | 86,923.54 | 1,70,791.75 |
| Expenses | | | | | | |
| a) Cost of materials consumed | 19,556.11 | 19,249.81 | 15,533.52 | 38,805.92 | 32,211.50 | 63,961.24 |
| b) Purchase of stock-in-trade | 7,802.16 | 6,338.90 | 5,541.97 | 14,141.06 | 11,826.01 | 26,253.78 |
| c) Changes in inventories | (2,979.31) | (3,656.52) | 2,555.05 | (6,635.83) | (96.08) | (1,809.31) |
| d) Employee benefits expense | 5,429.71 | 5,084.27 | 4,776.62 | 10,513.98 | 9,428.41 | 18,520.24 |
| e) Finance costs | 2,350.58 | 286.12 | 229.91 | 2,636.70 | 557.61 | 947.23 |
| f) Depreciation and amortisation expense | 1,726.31 | 1,186.03 | 1,137.41 | 2,912.34 | 2,323.86 | 4,481.41 |
| g) Excise duty expense | - | - | - | - | 2,376.99 | 2,376.99 |
| h) Other expenses | 10,859.19 | 8,881.94 | 9,827.85 | 19,741.13 | 19,028.49 | 37,140.08 |
| Total Expenses | 44,744.75 | 37,370.55 | 39,602.33 | 82,115.30 | 77,656.79 | 1,51,871.66 |
| Profit before tax | 359.30 | 3,301.27 | 5,107.65 | 3,660.57 | 9,266.75 | 18,920.09 |
| Tax expense | | | | | | |
| a) Current tax | 34.12 | 795.63 | 1,201.09 | 829.75 | 2,097.42 | 4,065.61 |
| b) Deferred tax | (1,100.89) | 123.58 | 268.67 | (977.31) | 468.35 | 1,285.02 |
| Total tax expense | (1,066.77) | 919.21 | 1,469.76 | (147.56) | 2,565.77 | 5,350.63 |
| Net Profit after tax | 1,426.07 | 2,382.06 | 3,637.89 | 3,808.13 | 6,700.98 | 13,569.46 |
| Other Comprehensive Income/(Loss) (net of tax) | 29.85 | 29.85 | 118.80 | 59.70 | 270.00 | 119.41 |
| Total Comprehensive Income for the period | 1,455.92 | 2,411.91 | 3,756.69 | 3,867.83 | 6,970.98 | 13,688.87 |
| 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 |
| Other equity | | | | | | 90,279.11 |
| Earnings per equity share (of ₹ 1/- each) | | | | | | |
| Basic and Diluted (₹) (* Not annualised) | 1.17* | 1.94* | 2.96* | 3.11* | 5.46* | 11.07 |



SEGMENTAL PERFORMANCE – H1 & Q2 FY2019

(Rs. in lakhs)

| Particulars | 3M 30.09.2018 | 3M 30.06.2018 | 3M 30.09.2017 | 6M 30.09.2018 | 6M 30.09.2017 | 12M 31.03.2018 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Segment Revenue | | | | | | |
| a) Plywood and allied products | 35,685.20 | 30,805.13 | 31,924.78 | 66,490.33 | 60,762.09 | 1,20,320.09 |
| b) Medium density fibreboards and allied products | 9,042.05 | 9,456.77 | 12,178.86 | 18,498.82 | 25,231.37 | 48,788.38 |
| c) Others | 103.44 | 226.37 | 506.10 | 329.81 | 777.46 | 1,305.08 |
| Total Revenue from Operations | 44,830.69 | 40,488.27 | 44,609.74 | 85,318.96 | 86,770.92 | 1,70,413.55 |
| Segment Result | | | | | | |
| a) Plywood and allied products | 3,635.17 | 3,010.03 | 3,702.81 | 6,645.20 | 6,371.77 | 11,462.24 |
| b) Medium density fibreboards and allied products | (564.93) | 1,604.77 | 2,940.12 | 1,039.84 | 5,915.76 | 12,558.65 |
| c) Others | (42.15) | (686.54) | (189.13) | (728.69) | (299.04) | (403.44) |
| Total | 3,028.09 | 3,928.26 | 6,453.80 | 6,956.35 | 11,988.49 | 23,617.45 |
| Less: (i) Finance costs | 2,350.58 | 286.12 | 229.91 | 2,636.70 | 557.61 | 947.23 |
| (ii) Other unallocable expenditure | 318.21 | 340.87 | 1,116.24 | 659.08 | 2,164.13 | 3,750.13 |
| Total Profit before Tax | 359.30 | 3,301.27 | 5,107.65 | 3,660.57 | 9,266.75 | 18,920.09 |
| Segment Assets | | | | | | |
| a) Plywood and allied products | 80,894.62 | 76,452.79 | 75,008.18 | 80,894.62 | 75,008.18 | 77,968.34 |
| b) Medium density fibreboards and allied products | 1,32,004.83 | 1,29,770.82 | 96,881.57 | 1,32,004.83 | 96,881.57 | 1,19,543.69 |
| c) Others | 1,845.74 | 1,889.13 | 2,051.56 | 1,845.74 | 2,051.56 | 1,735.75 |
| d) Unallocated | 7,084.55 | 6,880.66 | 6,650.95 | 7,084.55 | 6,650.95 | 6,399.01 |
| Total segment assets | 2,21,829.74 | 2,14,993.40 | 1,80,592.26 | 2,21,829.74 | 1,80,592.26 | 2,05,646.79 |
| Segment Liabilities | | | | | | |
| a) Plywood and allied products | 47,781.26 | 43,828.79 | 40,924.34 | 47,781.26 | 40,924.34 | 45,671.44 |
| b) Medium density fibreboards and allied products | 74,144.05 | 68,727.54 | 46,789.48 | 74,144.05 | 46,789.48 | 61,543.73 |
| c) Others | 1,651.80 | 308.80 | 1,710.53 | 1,651.80 | 1,710.53 | 405.02 |
| d) Unallocated | 3,766.42 | 8,210.98 | 6,380.42 | 3,766.42 | 6,380.42 | 6,521.22 |
| Total segment liabilities | 1,27,343.53 | 1,21,076.11 | 95,804.77 | 1,27,343.53 | 95,804.77 | 1,14,141.41 |



SEGMENT WISE PERFORMANCE



| Particulars | Plywood | | | | | |
|--------------------------------|---------|--------|---------|----------|----------|---------|
| | Q2FY19 | Q2FY18 | Var (%) | H1 FY 19 | H1 FY 18 | Var (%) |
| Net sales (Rs. crore) | 352.97 | 316.91 | 11.4% | 659.00 | 573.91 | 14.8% |
| EBITDA margin (%) | 11.5% | 11.0% | | 11.4% | 10.6% | |
| EBIT margin (%) | 9.9% | 9.1% | | 9.6% | 8.4% | |
| Annual capacity (million sqm.) | 35.4 | 32.4 | | 35.4 | 32.4 | |
| Production (million sqm.) | 10.59 | 8.88 | 19.3% | 19.42 | 17.03 | 14.0% |
| Sales volume (million sqm.) | 15.54 | 13.74 | 13.1% | 29.29 | 24.82 | 18.0% |
| Utilisation (%) | 120% | 110% | | 115% | 105% | |
| Average realisation (Rs./sqm.) | 223 | 226 | -1.3% | 221 | 227 | -2.6% |

| Particulars | MDF | | | | | |
|--------------------------------|--------|--------|---------|----------|----------|---------|
| | Q2FY19 | Q2FY18 | Var (%) | H1 FY 19 | H1 FY 18 | Var (%) |
| Net sales (Rs. crore) | 87.63 | 121.66 | -28.0% | 178.77 | 251.98 | -29.1% |
| EBITDA margin (%) | 4.7% | 26.0% | | 13.6% | 25.2% | |
| EBIT margin (%) | -8.3% | 21.7% | | 4.0% | 21.0% | |
| Annual capacity (cubic metre) | 540000 | 180000 | | 540000 | 180000 | |
| Production (cubic metre) | 56256 | 41961 | 34.1% | 91767 | 94521 | -2.9% |
| Sales volume (cubic metre) | 37563 | 45767 | -17.9% | 73774 | 95651 | -22.9% |
| Utilisation (%) | 42% | 93% | | 51% | 105% | |
| Average realisation (Rs./cum.) | 23194 | 26576 | -12.7% | 24145 | 26336 | -8.3% |



Joint Managing Director's Message

Commenting on the performance for Q2 FY2019, Mr. Shobhan Mittal, Joint Managing Director and CEO, Greenply Industries Ltd. said,

“This has been a tough quarter. Overall Net Sales was stagnant although the plywood vertical grew by 11.4%. However a significant fall in MDF volumes and a major depreciation of the Rupee had a huge negative impact on MDF and overall margins and profitability. Rupee depreciation had a negative impact of Rs 22.9 crores on the results for this quarter.

We are putting strong efforts to ensure that the numbers start improving from the next quarter onwards .

We will continue to focus on improving cash management in subsequent quarters”



COMPANY OVERVIEW

CAPACITY UTILIZATION

- Plywood 106% utilization (FY 18); further demand being catered through outsourcing
- MDF 100% utilization (FY 18); New unit in AP with 360000 CBM capacity has commenced commercial production from 01.07.2018.

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
- 2 facilities 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 3.5% 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

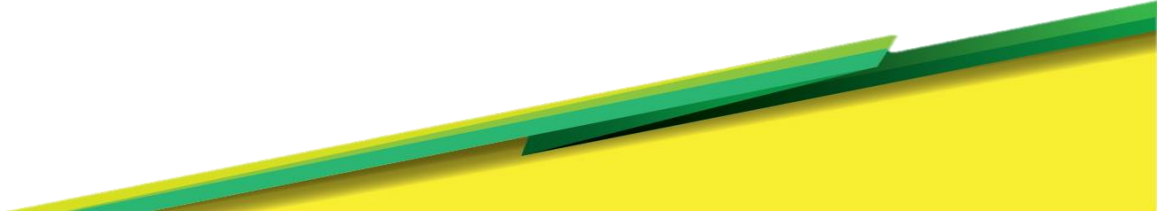
- Upgrading IT infrastructure – implemented SAP Hana to strengthen overall supply chain
- Implemented Microsoft CRM Module

EXPANSION PLANS

- Increase outsourcing proportion to 30% from 22% presently over the next 3 years
- Plywood Expansion in face veneers operations in Gabon
- Bamanbore unit has commenced commercial production of decorative veneers
- MDF - New plant in Andhra Pradesh with capacity of 360000 CBM has commenced commercial production on 1st July 2018



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 | 14.40 |
| Total Capacity | 35.40 |

Production Model

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

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
- Quality Team on vendor's site to monitor quality of inputs and ensure consistent quality of finished product

MDF

| Location | Capacity (cum.) |
|--------------------------|-----------------|
| Pantnagar, Uttarakhand | 180,000 |
| Chittoor, Andhra Pradesh | 360,000 |
| Total Capacity | 540,000 |

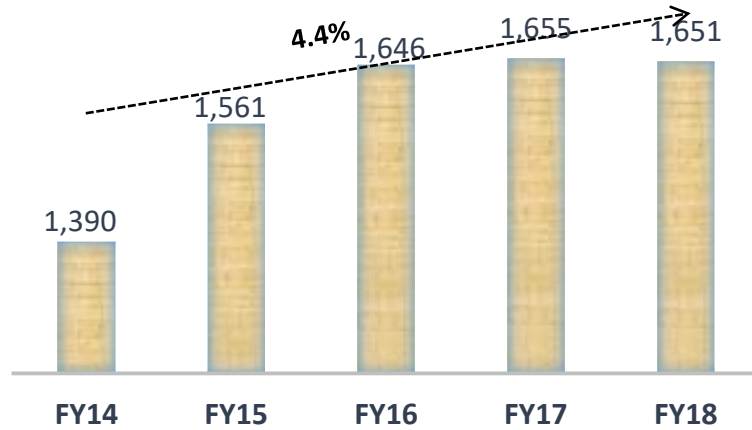
100% in-house

Andhra Pradesh plant with capacity of 360000 CBM has commenced commercial production on 01.07.2018

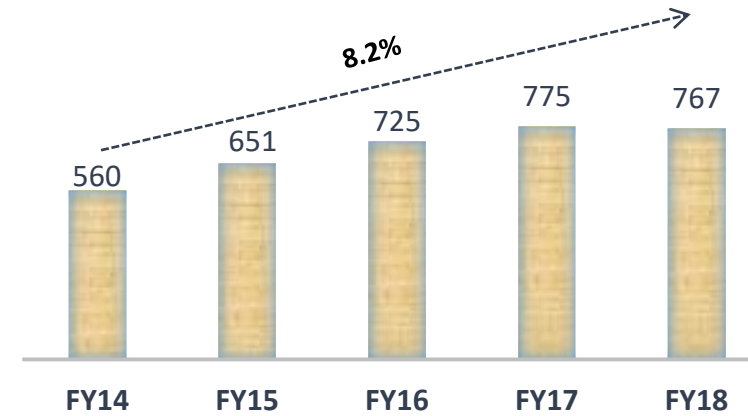


STRONG PERFORMANCE TRACK RECORD

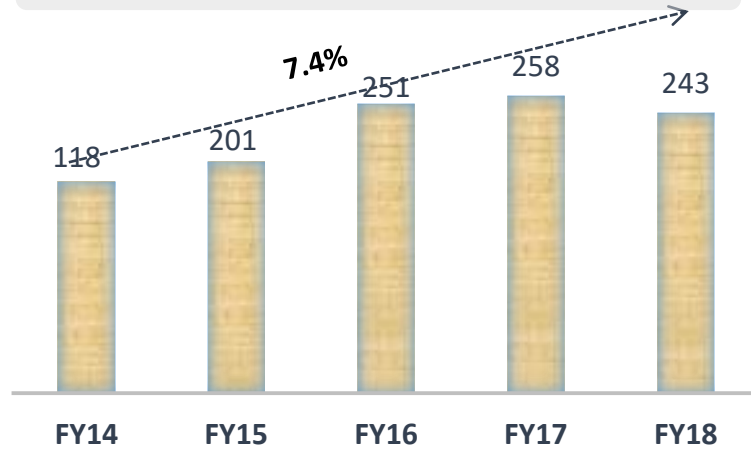
NET SALES



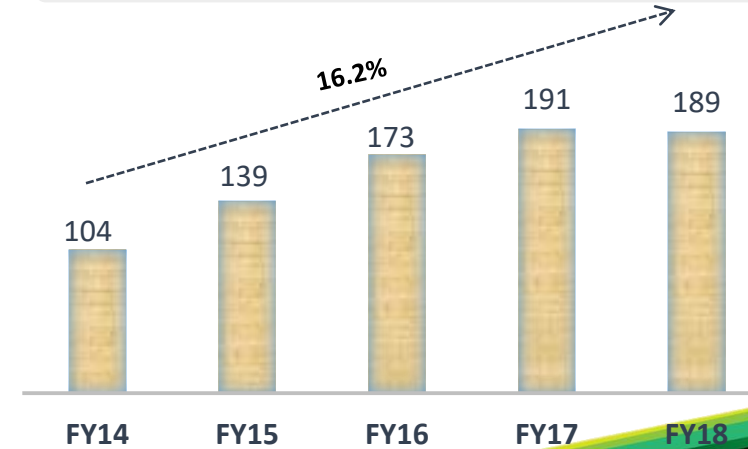
GROSS PROFIT



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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