



MORGAN STANLEY INDIA SUMMIT

Mumbai, India

June 12, 2019

DISCLAIMER



This presentation may contain statements which reflect Management's current views and estimates and could be construed as forward looking statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

Responses can only be given to questions which are not price sensitive.

ASIAN PAINTS TODAY



No. 1
Paint Company
in India

Over
\$ 2.7 Billion
Group revenue

3
Times nearest
Competitor
in India

3rd Largest Paint
Company in Asia
9th Largest Paint
Co In the World

Operations in
16
countries

27
Paint
Manufacturing
Plants

Part of
30 share
BSE
S&P SENSEX

50+
Years of Market
Leadership in India

Forbes Asia's Fab
50
Company; Fifth
times in a row

Part of NSE Nifty
50

Servicing
Consumers in over
65
Countries

7500+
Employees
worldwide

Offerings across:

Paints

Chemicals

Wall Coverings

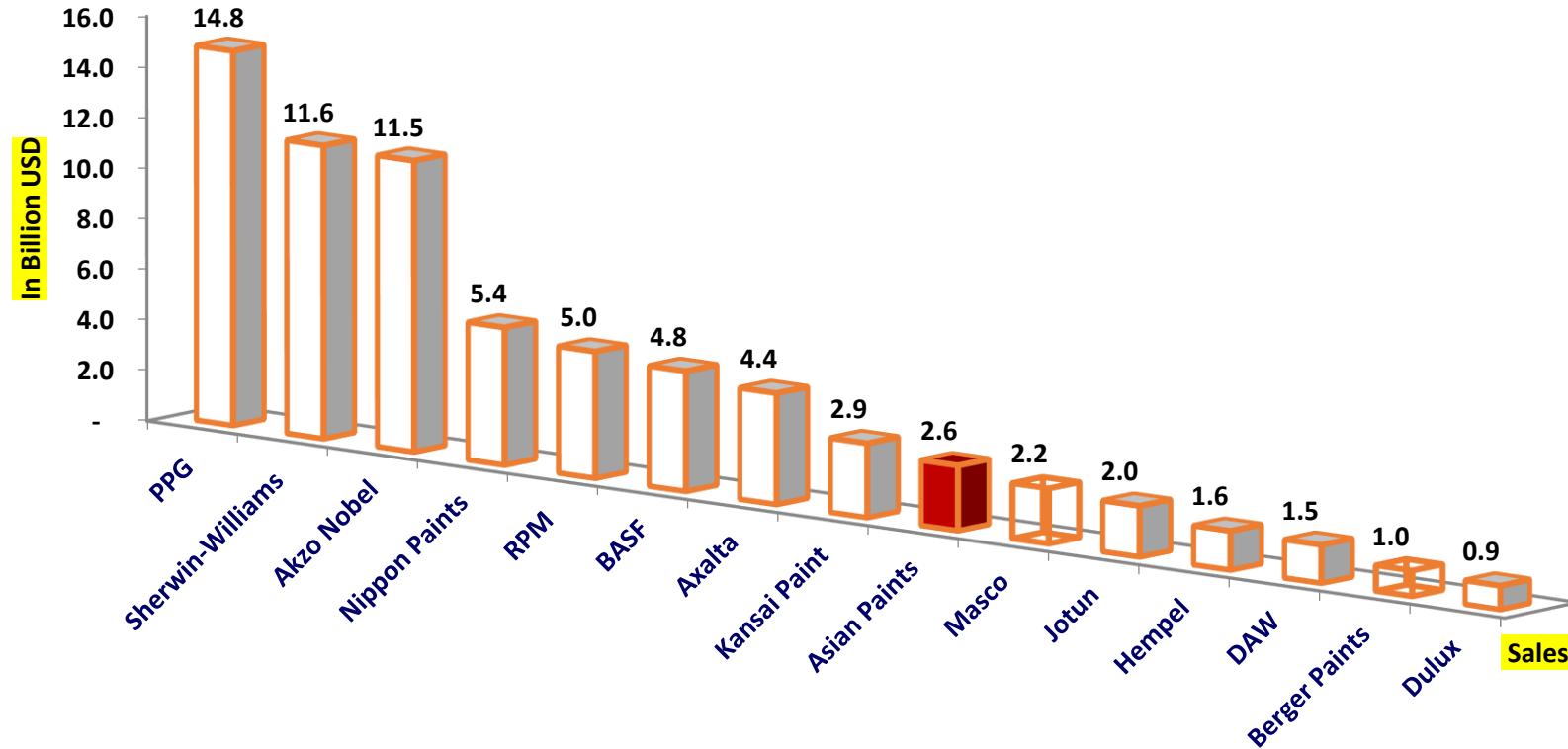
Water
proofing

Kitchen

Bath fittings

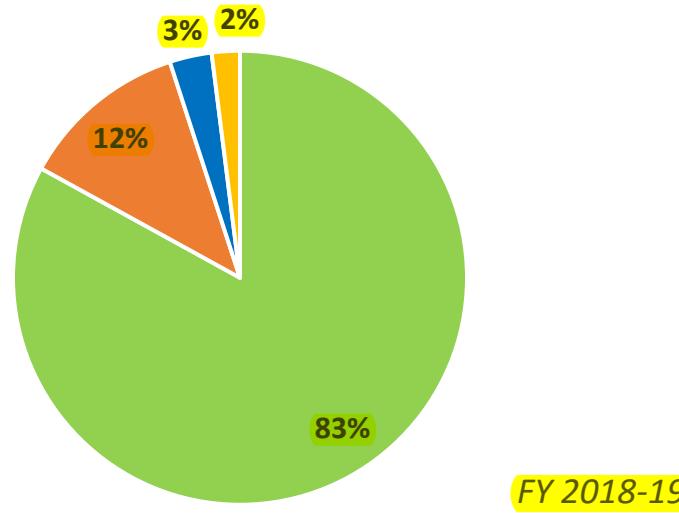
Adhesives

COATINGS INDUSTRY - GLOBAL STANDING



Source : Coatings World Magazine (July 2018 issue)

BUSINESS SEGMENTS - PORTFOLIO



FY 2018-19

■ Deco - India ■ International ■ Industrial ■ Home Improvement

Deco India : Paints, Water Proofing, Wall Coverings & Adhesives

International – Operations outside India (Asia, Africa, Middle East and South Pacific)

Industrial – Includes only AP-PPG revenues

Home Improvement – Bath & Kitchen business in India

INDIAN PAINT INDUSTRY - DYNAMICS



INDIAN PAINT INDUSTRY - GROWTH DRIVERS



- ❖ Urbanization & Nuclear Family phenomenon; Smart Cities; Affordable Housing
 - ❖ Family involvement in decision making
 - ❖ Upgradation, trendy colours, wall coverings, designer walls etc.
- ❖ Higher awareness influencing customer preferences
 - ❖ Quality, Decorative and Protective features of paints
- ❖ Unorganized to Organized shift with GST implementation from July 2017
 - ❖ GST rate reduction – latest reduction from 28% to 18% (July 2018)
- ❖ Infrastructure growth viz. Roads, Ports, Refineries etc.
 - ❖ Benefits Industrial Paint segment
- ❖ Automobile majors' India focus and Making India an Export hub
 - ❖ Benefits Auto Paint segment

DECO INDIA - BUSINESS FOOTPRINT



- ❖ Largest business unit – 83% of group revenues
- ❖ Leveraging its distribution strength (60,000+ dealers across the country)
 - ❖ Introduced new categories like Water-proofing, Adhesives, Wallpapers etc
- ❖ State of the art, highly automated decorative paint manufacturing plants – Eight plants across the country for an efficient distribution footprint
 - ❖ Total manufacturing capacity of 1.63 million KL/annum of Decorative paint products
 - ❖ Some of the largest single location automated paint manufacturing capacities across the world
 - ❖ Mysuru (Karnataka) plant commissioned in Sept 2018 with initial capacity of 0.3 million KL/annum and Vizag (Andhra Pradesh) plant commissioned in Jan 2019 with initial capacity of 0.3 million KL/annum
 - ❖ Mysuru plant can be scaled upto 0.6 million KL/annum and Vizag plant can be scaled upto 0.5 million KL/annum in a phased manner



LAST 20 YEARS.....

- ❖ Increased Market Share by over 20%
- ❖ Exploded emulsion growth – especially in exteriors
- ❖ Upgraded distempers to emulsions
- ❖ Launched over 150 new products
- ❖ Re-invented the brand - moved into Décor & services – APHS, Paint Total, ColourPro, Colour Consultancy

VISION:-

'To be the fore runner of inspiring décor and to actively empower customers to create their dream homes'

DECO INDIA - CHANGING WITH TIMES



asian paints



asianpaints



1954

2002

2012

- ❖ Lifting the brand into a modern, contemporary space
- ❖ Unique, Vibrant, Colourful
- ❖ Symbol of creativity and décor

DECO INDIA



The key has been continuously attempting to understand and meet the changing needs of the ever-changing consumer

- ❖ Refashioned retailing – focus on dealer influencing the consumer
- ❖ Increased reach – 15,000 retailers to 60,000+ retailers (46,000+ ColourWorlds – proprietary tinting system)
- ❖ Achieved a premium image; high sale of faux finishes.
- ❖ Leader across all geographies except Kashmir
- ❖ 70% of sale on 3 day payment
- ❖ Use Information Technology across all areas of operations
- ❖ 135 depots servicing over 60,000 customers yet reduced FG inventories
- ❖ 20 to 30 new products every year
- ❖ Built the largest and most modern factories in the world
- ❖ Branched into waterproofing, painting tools, premium wood finishes, adhesives

- ❖ Network Expansion

- ❖ About 3000 dealers added every year
- ❖ 4000 ColourWorlds additions per annum
- ❖ 25 Colour Ideas additions per annum

- ❖ Most products sell at a 5 to 10% premium to competition while gaining share.

- ❖ Research & Development

- ❖ 225 scientists at the Research & Technology Centre near Mumbai
- ❖ Continuous Sourcing / Formulation efficiency; New Product Development

- ❖ Training & Development

- ❖ Painter training for skill development /upskilling -100,000 trainings in FY18-19.

DECO INDIA - INNOVATION IN RETAILING



- ❖ Innovating the retailing footprint with 400+ Colour Ideas stores
 - ❖ Showcasing latest product and solution offerings
 - ❖ Enabling consumers to get inspired, try and decide – helped by a consultant



Traditional Hardware shops



**46,000+ Colour World -
Paints tinted at dealer outlets**



**Colour Ideas – Modern dealer outlets
– end to end home décor solutions**

DECO INDIA - INNOVATION IN RETAILING



- ❖ Experimenting with AP Homes
 - ❖ Multi-category integrated décor store offering products & solutions across categories of paints, wallpapers, kitchen, bath fittings, sanitaryware, furnishings, light fittings, etc.



AP Homes - Multi-category décor stores
at Coimbatore, New Delhi, Kochi,
Raipur, Karur & Tumkur

INDUSTRIAL COATINGS INDIA



- ❖ Participating in the Indian Industrial coatings segment through 2 Joint ventures with PPG Inc. of USA, the global coatings leader
- ❖ Industrial business makes up about 3% * of the group revenues
- ❖ Servicing the entire spectrum of Industrial coatings products - Automotive coatings, Refinishes, Protective coatings, Floor coatings, Powder coatings
- ❖ Market leader in the Auto Refinish segment
- ❖ Second largest player in the Auto OEM segment
- ❖ Expanding Industrial coatings manufacturing capacity to cater to OEM demand
- ❖ Many Auto OEMs (including Ford, Hyundai, General Motors) focused on using India as a base for servicing overseas markets



* Includes only AP-PPG revenues

INTERNATIONAL BUSINESS



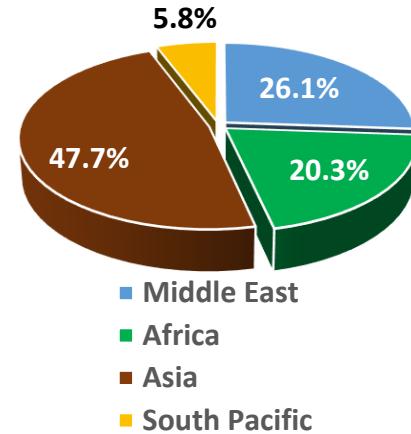
- ❖ Contributes about 12% of group revenues operating in 15 countries outside India
- ❖ In top three in all markets in Decorative paints, except in Singapore, Oman & Indonesia
- ❖ Significant presence in Middle East and South Asia
- ❖ Expanding its international presence with key focus on Africa and South East Asia
 - ❖ Set up greenfield operation in Indonesia with capacity of 24,550 KL/annum
 - ❖ Acquired the 2nd largest paint company, Causeway, in Sri Lanka in April 2017
 - ❖ Acquired the 2nd largest paint company, Kadisco, in Ethiopia in 2015
- ❖ Divested operations in Caribbean in 2017 to realign the portfolio towards high growth emerging markets

MARKET POSITION ACROSS GEOGRAPHIES



REGION	COUNTRY	MARKET POSITION	BRAND
ASIA	NEPAL	1	ASIAN PAINTS
	SRI LANKA	1	ASIAN PAINTS, CAUSEWAY
	BANGLADESH	2	ASIAN PAINTS
	INDONESIA	-	ASIAN PAINTS
	SINGAPORE	-	BERGER PAINTS
MIDDLE EAST	BAHRAIN	1	ASIAN PAINTS BERGER
	UAE	3	ASIAN PAINTS BERGER
	OMAN	4	ASIAN PAINTS BERGER
AFRICA	ETHIOPIA	2	KADISCO ASIAN PAINTS
	EGYPT	3	SCIB PAINTS
SOUTH PACIFIC	FIJI, SOLOMON ISLANDS, SAMOA, VANUATU, TONGA	1	TAUBMANS, APCO

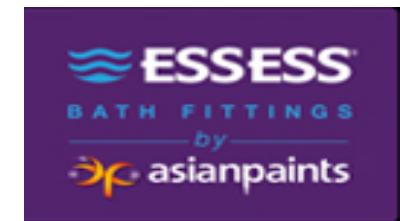
IBU Group



HOME IMPROVEMENT SEGMENT



- ❖ Forayed in this business segment six years back with a vision of being a complete décor solutions provider to help customers create their dream homes
- ❖ Currently offering products and solutions in 2 categories
 - ❖ Kitchens – engaged in business of manufacturing, selling and distributing complete modular kitchens, kitchen components including wire baskets, cabinets, appliances, accessories, etc;
 - ❖ Recently introduced Wardrobes
 - ❖ Bath Fittings
 - ❖ Introduced sanitaryware recently



- ❖ Currently contributes 2% of group revenues but a key focus area for future growth alongside the growth potential in main coatings business
- ❖ Leveraging our distribution strength and customer understanding around Décor

HIGHEST STANDARDS OF CORPORATE GOVERNANCE

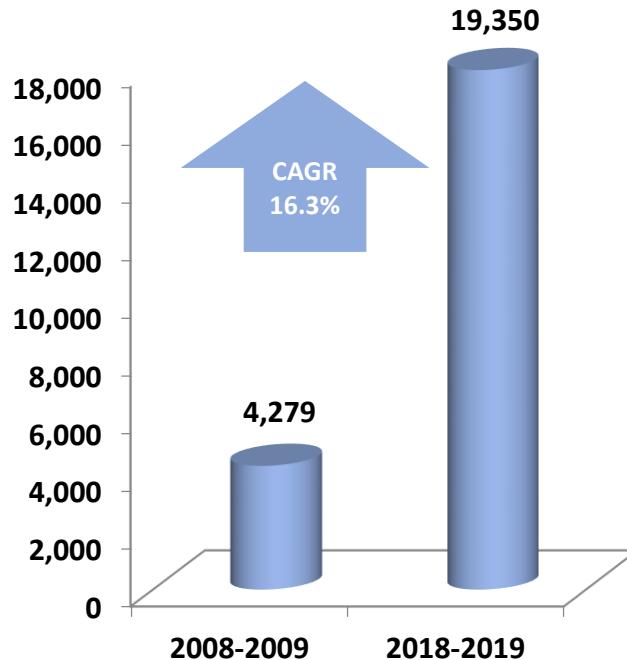


- ❖ Company's philosophy founded on fairness, accountability, disclosures and transparency
- ❖ Comprehensive disclosures, structured accountability in exercise of powers, adhering to best practices and commitment to compliance with regulations - Integral part of business
- ❖ Experienced Board of Directors – Independent Directors with strong industry knowledge & experience

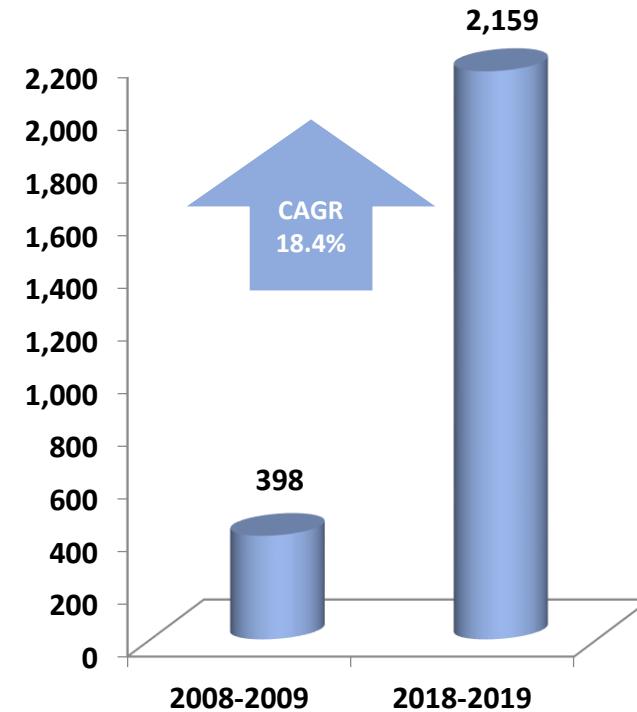
CONSISTENT PERFORMANCE



Consolidated Net Sales
and Operating Income
(₹ Crores)



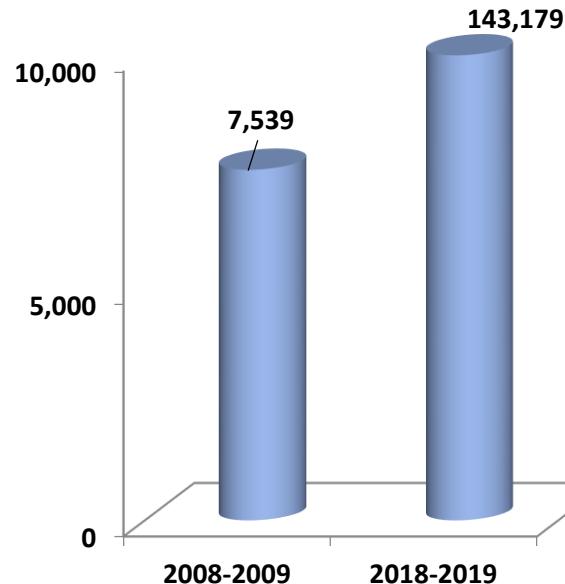
Net Profit (₹ Crores)



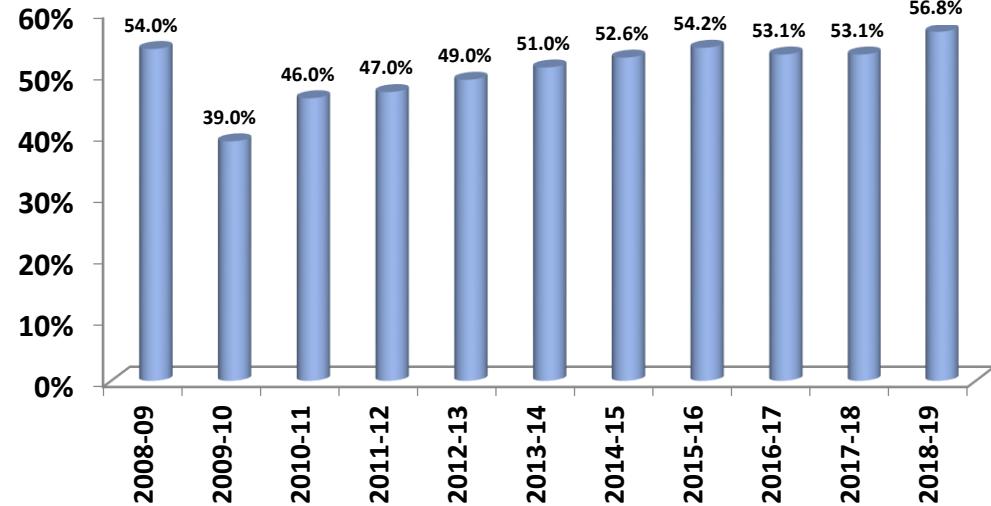
SUSTAINED VALUE CREATION



Market Cap (₹ Crores)



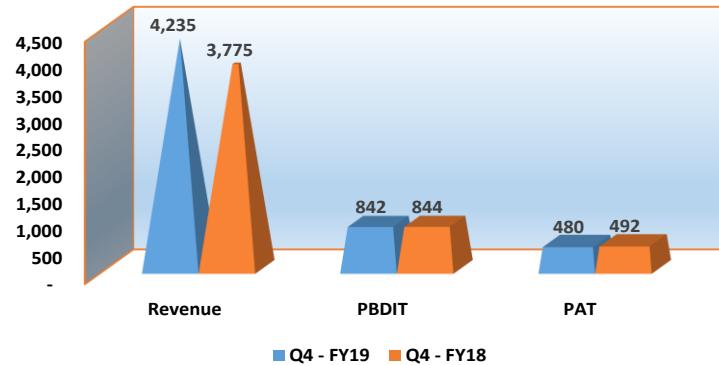
Dividend Payout Ratio



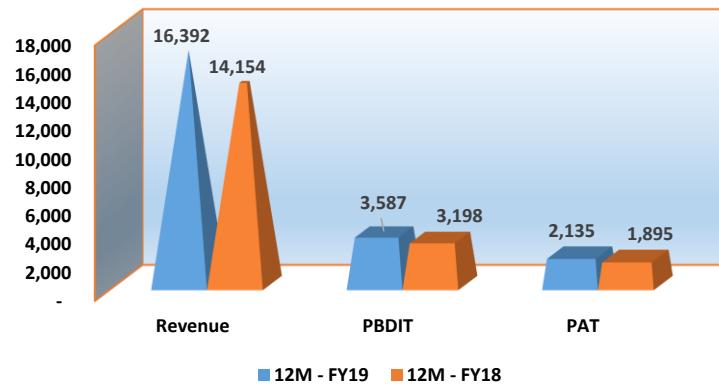
Current Market Cap at ~ ₹ 1431 Billion

STANDALONE FINANCIALS : FY 2018-19

Standalone Q4 (Rs. crs)



Standalone 12M (Rs. crs)

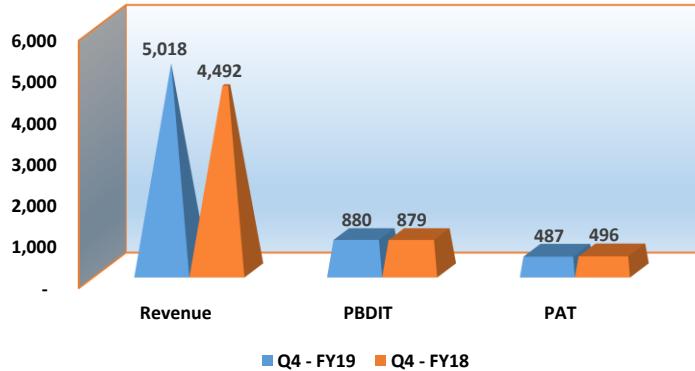


- Revenue from Operations up by 12.2%
- PBDIT flat at ₹ 842 crores – Impact of higher material prices & higher media spends
 - PBDIT Margin of 19.9% in Q4-FY19 as compared to 22.4% in Q4-FY18
- PAT marginally lower than LY – Additional impact of higher depreciation for the 2 new plants

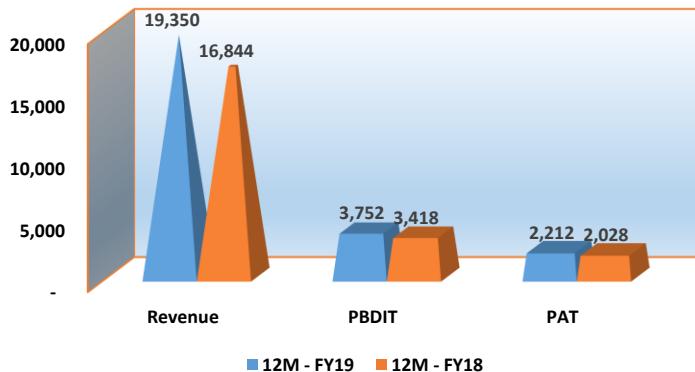
- Revenue from Operations up by 15.8%
- PBDIT at ₹ 3,587 crores; growth of 12.2%
 - PBDIT Margin of 21.9% for full year compared to 22.6% in previous year
- PAT at ₹ 2,135 crores; growth of 12.7%

CONSOLIDATED FINANCIALS : FY 2018-19

Consolidated Q4 (Rs. crs)



Consolidated 12M (Rs. crs)



- Revenue from Operations up by 11.7%
- PBDIT flat at ₹ 880 crores
 - PBDIT Margin of 17.5% in Q4-FY19 as compared to 19.6% in Q4-FY18
- PAT marginally lower than LY

- Revenue from Operations up by 14.9%
- PBDIT at ₹ 3,752 crores; growth of 9.8%
 - PBDIT Margin of 19.4% for full year compared to 20.3% in previous year
- PAT at ₹ 2,212 crores; growth of 9.1%

THANK YOU