



# Investor Conference

## Q1 - FY2022 Results

20<sup>th</sup> July, 2021



**Delivering joy since 1942....**

**We exist to Beautify, Preserve, Transform all Spaces and Objects, bringing happiness to the World!**





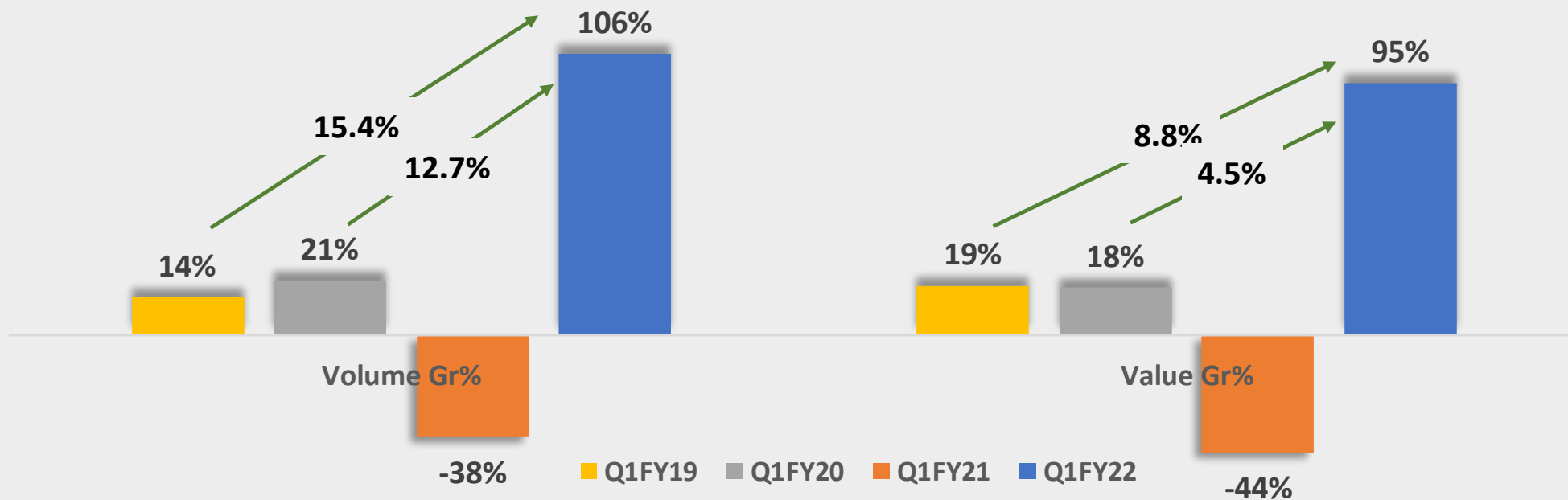
## ***Disclaimer***

***This communication, except for the historical information, may contain statements which reflect the 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 and commodity price fluctuations, competitive product and pricing pressures and regulatory developments.***

**Market Conditions – Continued momentum from last quarter i.e. Q4 FY20-21, witnessed in April'21. May'21 impacted with 2<sup>nd</sup> wave. June'21 witnessed an uptick with gradual withdrawal of restrictions.**

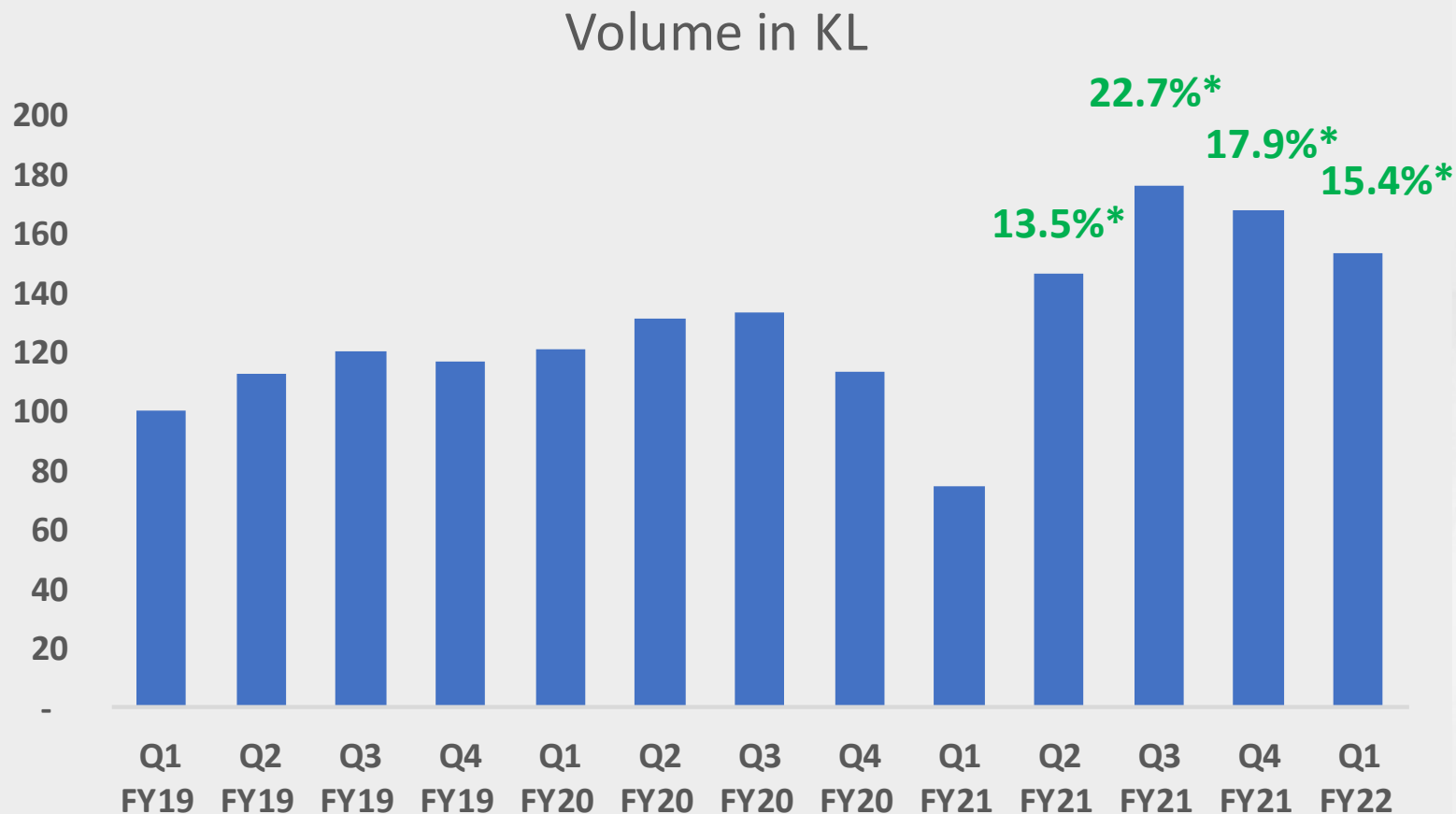
**Overall, strong volume growth trend maintained as demonstrated by the 2/3 year compounded growth rates**

### Decorative Business (India) – Quarterly Volume & Value Trend



Despite the impact in May'21, strong volume growth trend maintained as demonstrated by the 3 year compounded growths since Q2 FY20-21

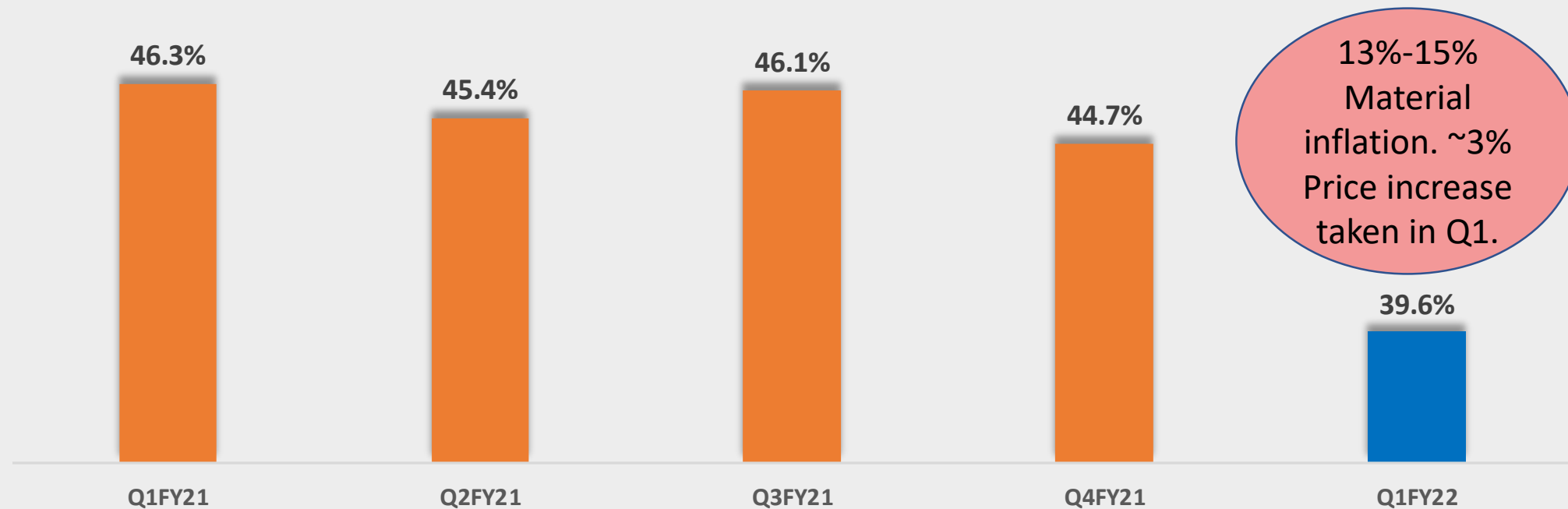
## Decorative Business (India) – Quarterly Volume Trend



Quarterly representation of Volumes sold on base of Q1 FY19 as 100

Material Prices seeing steep inflation since Q3 FY20-21. Q4 FY21 saw about 8%-10% inflation from previous quarter and material prices have seen a further inflation, of 13%-15% in Q1 FY22. Price increases implemented across businesses negating only a part of this impact.

### APL Standalone – Quarterly Gross Margin Trend



## **Key Business Update – Domestic Decorative Business**

- ❖ **Growth this time led by T1/T2 centers unlike Q1 last year when T3/T4 grew faster given severe lockdown in T1/T2**
  - ❖ **South impacted given protracted restrictive conditions over May'21 & June'21**
- ❖ **Economy and the Luxury range leading the growth**
- ❖ **Robust growth in Projects & Large institutional sales**
- ❖ **Smartcare waterproofing growth trajectory continues across Retail and Projects**
- ❖ **Adhesive Business has started to do well**
- ❖ **New products / propositions in Wood Finishes category getting huge traction**



## New Products – Q1 FY21-22

ALL Protek  
Fire Retardant Paint



Royale Glitz : Teflon  
With Luxury



AP Woodtech Ingenio



Smart Care  
Tile Grout





## **Key Business Update – Domestic Decorative Business**

### **❖ Network Expansion & Evolution continues**

- ❖ Lots of new retailers with Colour Worlds added in Q1 to enhance the Rurban footprint**
- ❖ 6 new Colour Ideas stores opened**
- ❖ 18 Beautiful Homes Stores functional; another 15 in pipeline**

### **❖ The Home Décor business**

- ❖ Beautiful Home Stores have given good business in Kitchen ,Bath ,Furnishing, Furniture and Lighting**
- ❖ Beautiful Homes Service now well accepted and growing**
- ❖ New alignment with Pure Brand yielding results and has given good access in the market**



## Nilaya by Sabyasachi

- ❖ New cutting-edge designs from Sabyasachi
- ❖ Draping the Walls like a Sari





## An Alliance with Pure Ador | Royale | Nilaya - Furnishings





## Designer Tiles | AIDs | BH Stores



- ❖ New Category launched : Strong response from the AID segment
- ❖ Spreading the distribution to Premium Stores
- ❖ Anti Skid, 3D, Anti Stain, Anti Crack, Sheen level variants



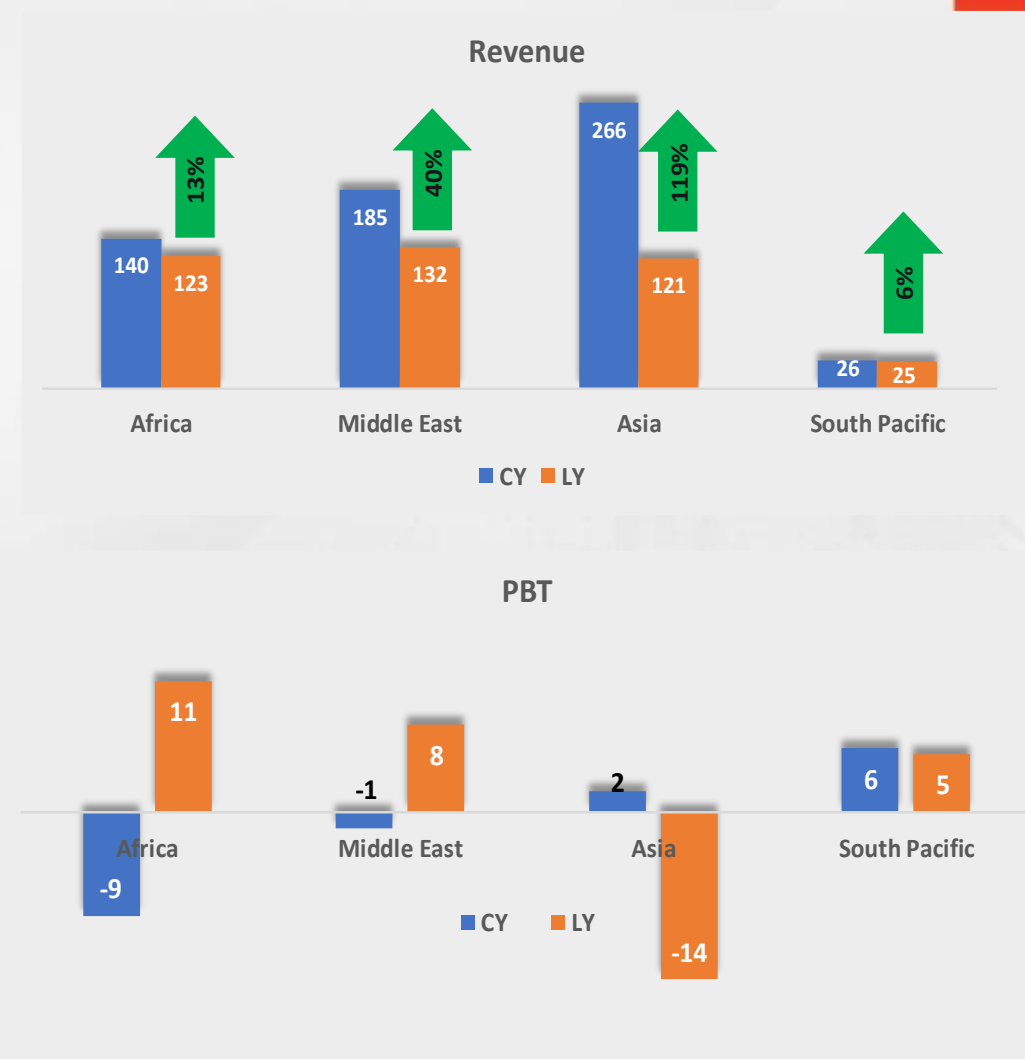
## Key Business Update – Domestic Decorative Business Services – A Key Differentiator; Unique Propositions

- ❖ Cutting edge, inspiring Décor service ‘Beautiful Homes Service’ gaining traction
  - ❖ About 100 sites booked in Q1
- ❖ Safe Painting & San Assure services providing access to customers



## Key Business Update – International Business

- ❖ Interrupted business conditions hurt the good momentum of last few quarters
- ❖ International Portfolio delivered 50%+ revenue growth over last year
  - ❖ Growth led by Asia & Middle East
  - ❖ Africa impacted by local challenges as well as steep inflation
- ❖ Focused push on Waterproofing & increasing share of Premium / Luxury emulsions continues to yield strong results across markets
- ❖ Profitability significantly impacted by the steep material inflation; Leading to PBT level loss

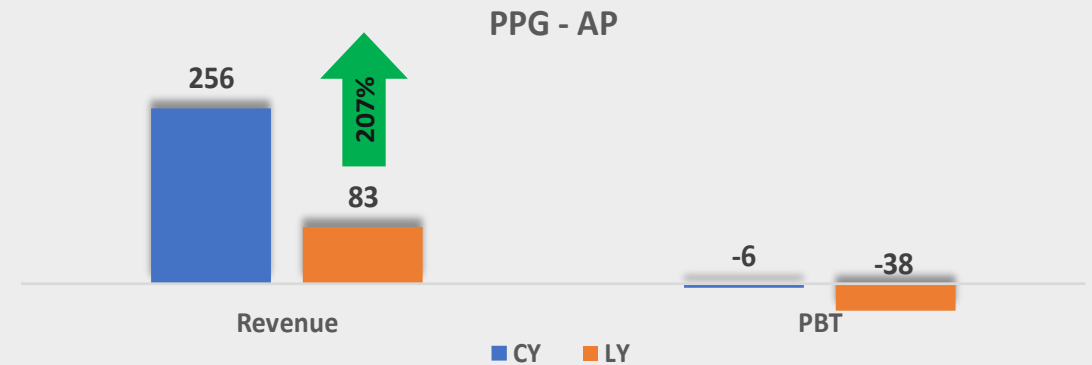




## Key Business Update – Industrial Business

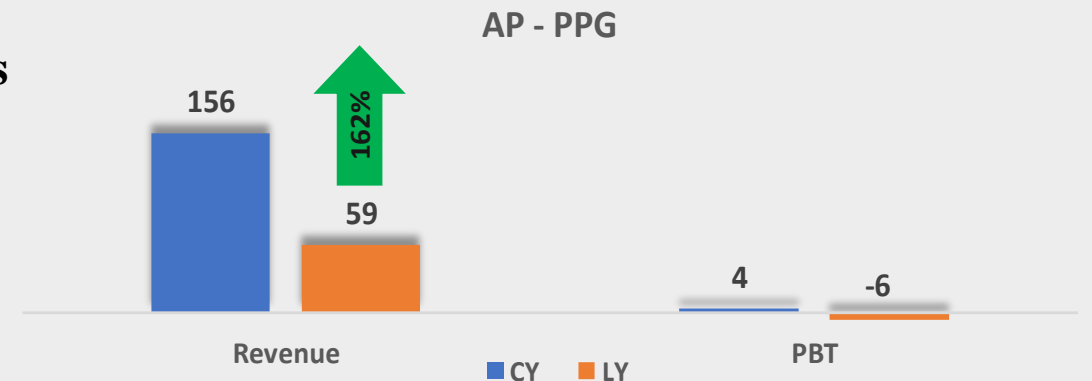
### ❖ PPG-AP

- ❖ Revenue growth coming off an extremely low base last year
- ❖ Refinish Business faced challenges with bodyshops under timing restrictions



### ❖ AP-PPG

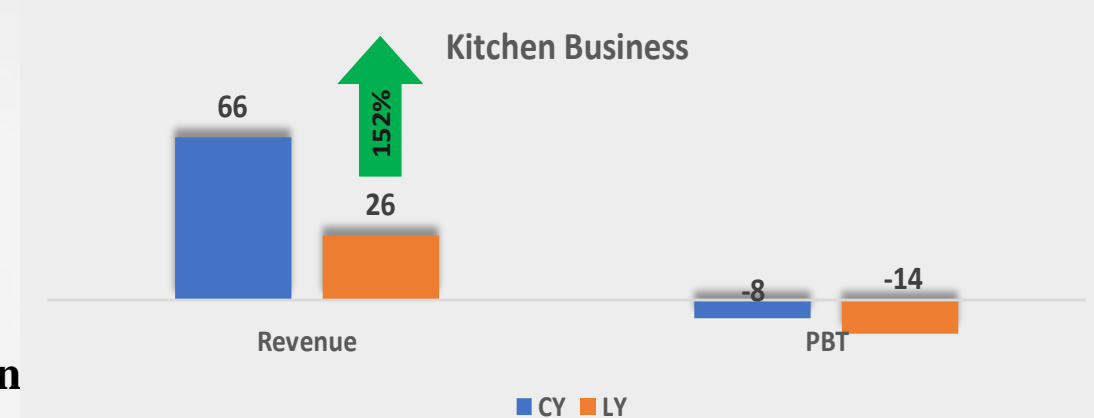
- ❖ Robust performance in Industrial Liquid Paints segment, even accounting the low base
- ❖ Strong project orders in Protective coatings supporting growth
- ❖ While Gross margins were impacted with material inflation, Profitability in both businesses supported by contained costs during the period



## Key Business Update – Home Improvement Business

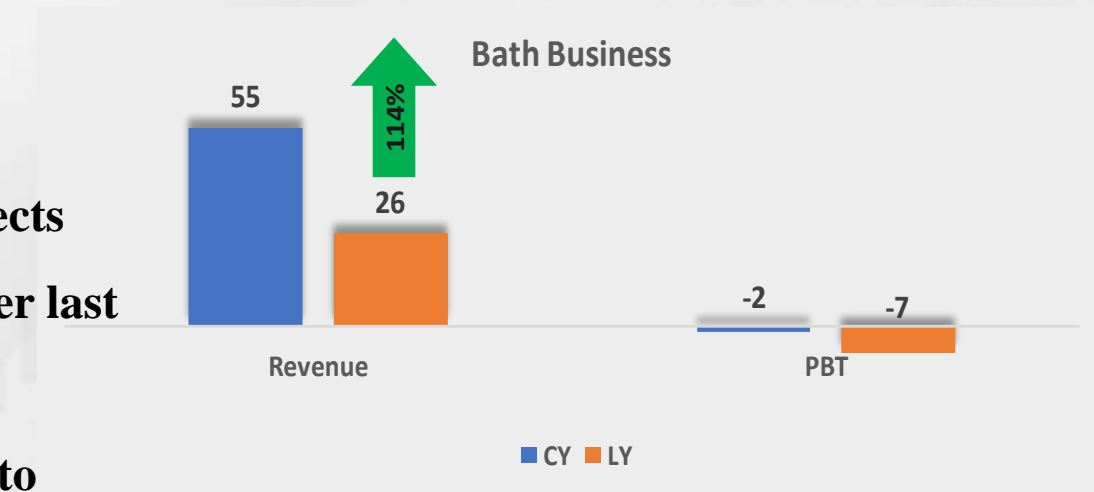
### ❖ Kitchen Business

- ❖ Full Kitchen solutions leading growth
- ❖ New full kitchen dealer openings, luxury offerings supporting growth
- ❖ Impact of Covid restrictions in the key Southern states impacted Components segment



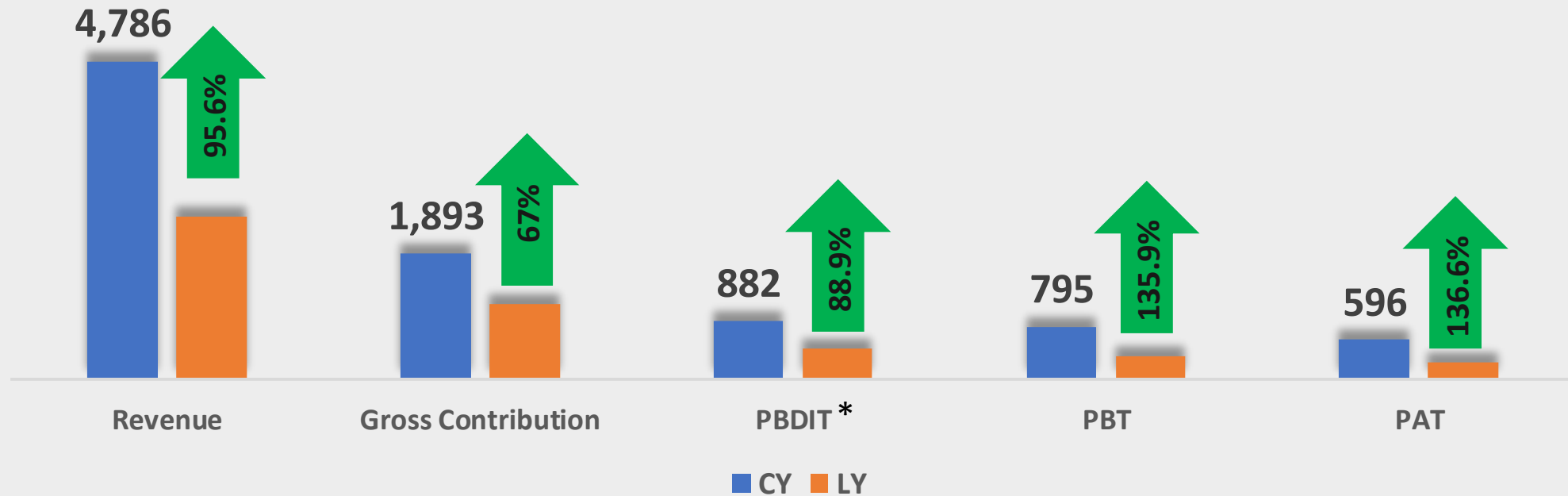
### ❖ Bath Business

- ❖ Supported by growth in Projects segment
  - ❖ Strong collaboration with Decorative Projects
- ❖ Losses at PBT level lower in both businesses over last year, due to improved scale
  - ❖ However, lower run rates than Q3/Q4 due to Covid 2<sup>nd</sup> wave, impacted performance



## Summary – Standalone Financials

Quarter 1



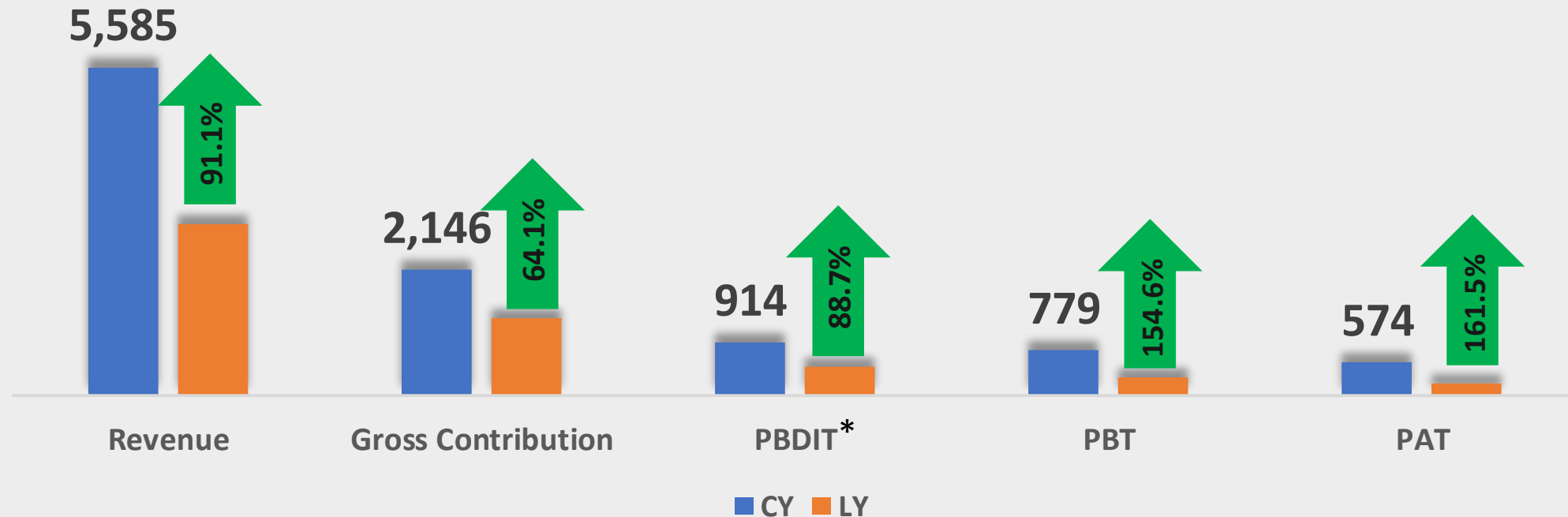
- ❖ Steep material inflation leading to contraction in Gross Contribution margin by 678 bps
- ❖ Improved scale over LY base and controlled overheads arresting the fall in PBDIT margins to only 66 bps

\* PBDIT before Other Income



## Summary – Consolidated Financials

Quarter 1



- ❖ Steep material inflation leading to contraction in Gross Contribution margin by 631 bps
- ❖ Improved scale over LY base and controlled overheads arresting the fall in PBDIT margins to only 21 bps

\* PBDIT before Share in profit of Associates & before Other Income

## Covid – Safety Precautions, Vaccinations, Stakeholder Support

- ❖ **Safety precautions – distancing, sanitization procedures in place at all manufacturing facilities, sales warehouses, offices**
- ❖ **Strong push on getting employees vaccinated across businesses / locations – About 90% of eligible employees at Group level vaccinated with 1st jab**
- ❖ **Rolled out Covid support for key stakeholders like Dealers, Contractors, Off-roll employees & the Community at large**



## Working for Sustainable Future



**184.5% Water Replenishment in FY21**

**76% Water Replenishment in Q1 FY22**



**57.2% Renewable Energy consumption out of total**



**75.9%\* reduction in Specific effluent generation**

**56%\* reduction in Specific hazardous waste disposal**



**Renewable content increased in 3 large-volume products from 20% in FY20 to 60% in FY21**



**Health & Hygiene: 1,70,000+ lives touched in FY21**

**~ 51,000 lives touched in Q1 FY22**

**\* From Baseline year 2013-14**

## Looking Forward

- ❖ Demand outlook looks positive, especially with 2<sup>nd</sup> wave abetting
- ❖ Good monsoon forecast would further support demand, especially from rural sector
- ❖ Long Diwali season would help Sept-Oct 21 Retail
- ❖ Critical to avoid 3<sup>rd</sup> wave / any further waves to retain full normalcy
- ❖ Some key raw materials showing early signs of softening; Will have to see this trend emerging more strongly
  - ❖ Have announced one more price increase effective 1<sup>st</sup> July of about 1% at portfolio level



**Thank You**