



FinOlex
Pipes

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FINOLEX INDUSTRIES LIMITED

Q3FY15 RESULTS

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Business performance

- ❖ The sales volumes for PVC declined 13% YoY to 61,826 MT and pipes and fittings declined by 10% YoY to 38,856 MT in Q3FY15.

Particulars	Q3FY15			Q3FY14			Variance breakup (INR Mn.)		
	INR Mn.	MT	Rs./Unit	INR Mn.	MT	Rs./Unit	Volume	Price	Total
PVC	3,664	61,826	59,263	4,911	71,238	68,938	-649	-598	-1,247
PVC Pipes & Fittings	3,480	38,856	89,561	3,819	42,974	88,868	-366	27	-339
Power (Mwh)	175	11,418		346	40,884		-171	-	-171

Result update – Profit & Loss

<i>Particulars (INR mn)</i>	Q3FY15	Q3FY14	Q2FY15
Net Sales	6,429	6,599	3,859
EBIDTA before exceptional items	(110)	1,180	445
<i>EBIDTA margins (%)</i>	-1.71%	17.90%	11.50%
EBIDTA after exceptional items	(388)	1,276	385
Depreciation	146	177	149
EBIT before exceptional items	(256)	1,002	296
<i>EBIT margins (%)</i>	-3.98%	15.20%	7.70%
Other Income	14	9	86
Interest	119	188	108
PBT	(639)	920	215
<i>PBT margins (%)</i>	-9.94%	13.90%	5.60%
Tax	(201)	281	77
PAT	(438)	639	137
<i>PAT margins (%)</i>	-6.81%	9.70%	3.60%

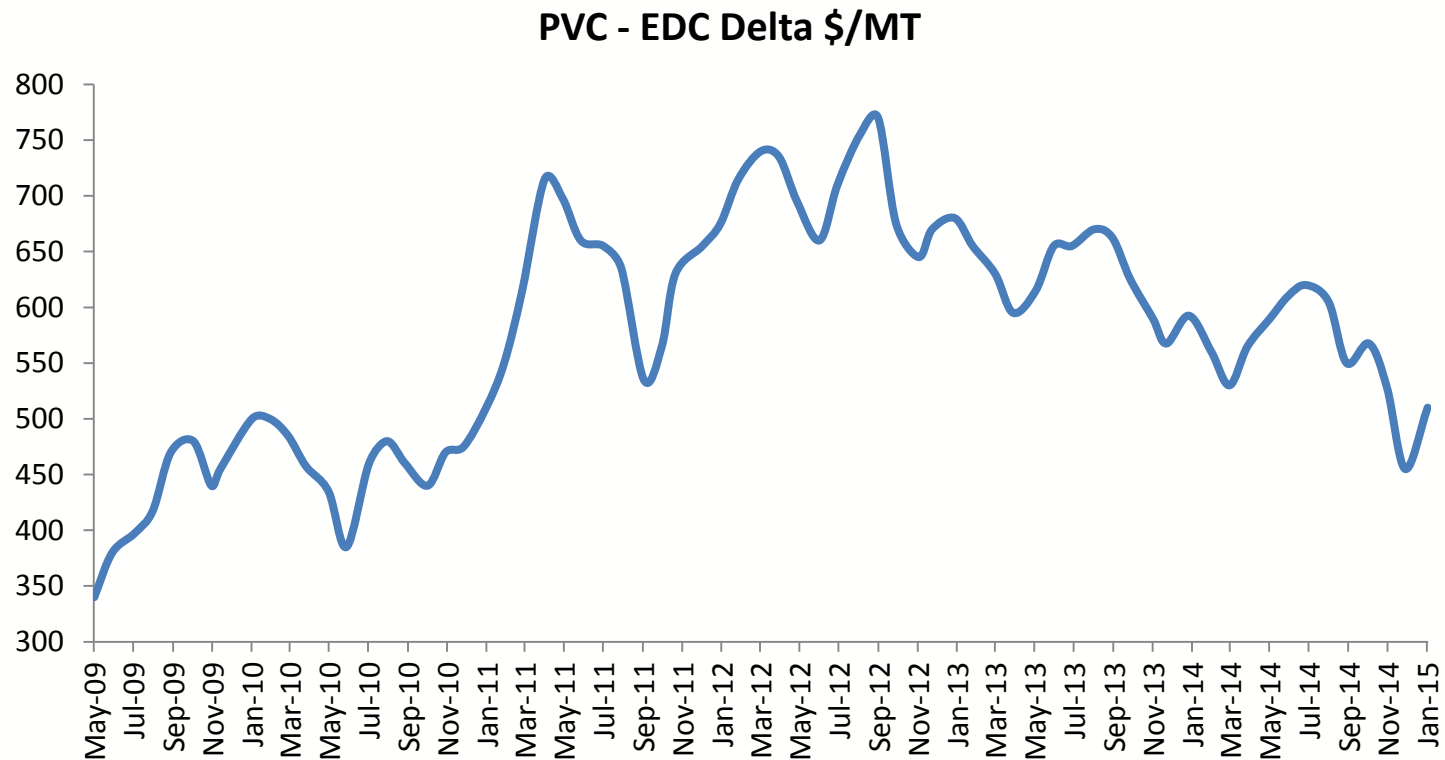
Business performance (contd.)

The business performance in Q3FY15 was impacted due to multiple factors:

- ❖ Sharp drop in PVC prices from USD 1,000 i.e. Rs. 70,500 per MT in September 2014 to USD 780 i.e. Rs. 56,300 per MT in December 2014, resulted in inventory losses of around Rs. 100 crores. Comparatively, PVC prices were USD 1,050 i.e. Rs. 70,700 per MT in September 2013 and USD 1010 i.e. Rs. 68,100 per MT in December 2013. PVC/EDC spread further reduced to USD 455 per MT during Q3FY15 as against USD 662 per MT during Q3FY14.
- ❖ PVC prices (on back of crude oil prices) continuously drifted downward during Q3FY15, which put the dealers in wait-n-watch mode and to certain extent postponing purchase of pipes and fittings. This also impacted the PVC resin volumes. Crude prices dropped from \$92/bbl in September 2014 to \$54/bbl by end of December 2014.
- ❖ Captive power plant took longer than expected to resume operations. The company had to purchase power from grid, leading to higher cost of power by approx. Rs. 8 crores. The CPP has resumed operations from December 2015.
- ❖ Increase in other expenses by Rs. 9 crores, mainly due to current branding initiatives, plant maintenance, etc.
- ❖ Rupee depreciation during the quarter from Rs. 61.75 to Rs. 63.04 per dollar, the impact of which is approx. Rs. 14 crores.

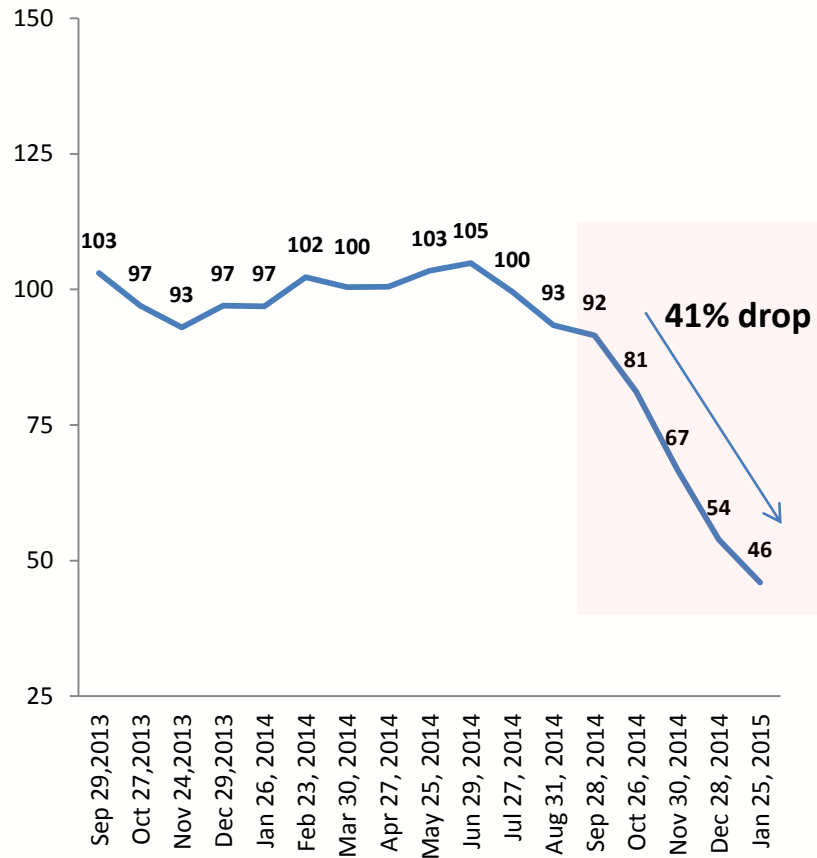
Business scenario in charts

❖ Lower spreads resulted in fall in margins

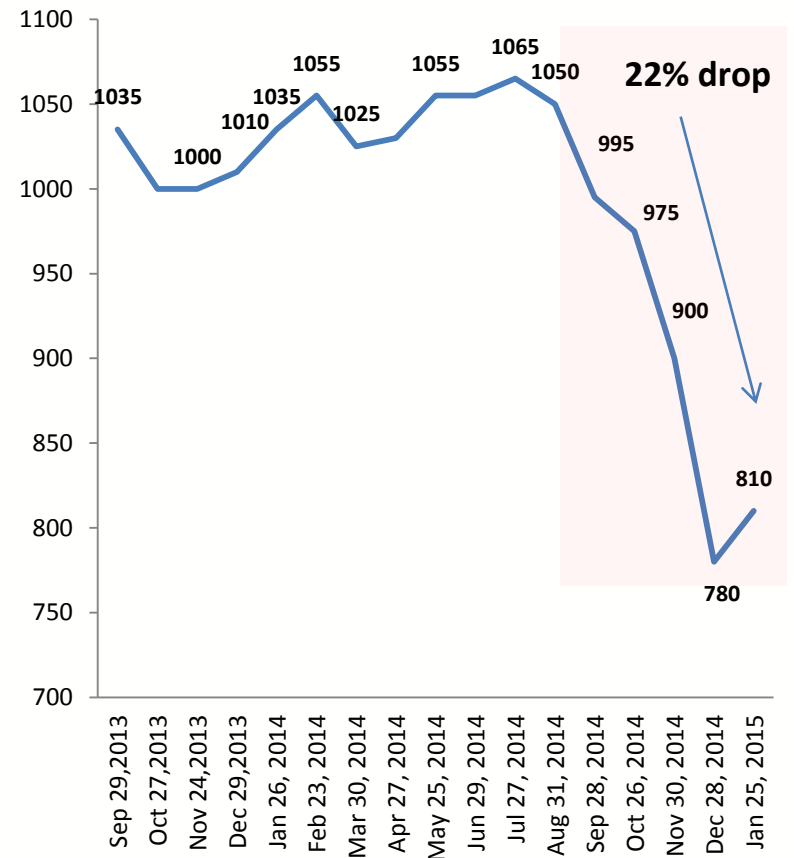


Business scenario in charts

Crude (\$/bbl)



PVC (\$/MT)



Quarterly – Profit & Loss

Quarterly PL (INR mn)	Q3		Q2		Q1		Q4	
	FY15	FY14	FY15	FY14	FY15	FY14	FY14	FY13
Net Sales	6,429	6,599	3,859	3,899	6,627	5,635	8,397	6,296
EBIDTA before exceptional items	(110)	1,180	445	815	1,246	946	1,025	1,099
EBIDTA margins (%)	-1.71%	17.90%	11.50%	20.90%	18.80%	16.80%	12.20%	17.50%
EBIDTA after exceptional items	(388)	1,276	385	490	1,079	407	1,096	1,277
Depreciation	146	177	149	148	149	146	151	132
EBIT before exceptional items	(256)	1,002	296	667	1,097	799	875	968
EBIT margins (%)	-3.98%	15.20%	7.70%	17.10%	16.60%	14.20%	10.40%	15.40%
Other Income	14	9	86	172	52	194	62	43
Interest	119	188	108	122	268	137	217	82
PBT	(639)	920	215	391	715	318	790	1,106
PBT margins (%)	-9.94%	13.90%	5.60%	10.00%	10.80%	5.60%	9.40%	17.60%
Tax	(201)	281	77	117	213	91	228	313
PAT	(438)	639	137	274	502	226	562	793
EPS	-3.5	5.1	1.1	2.2	4	1.8	4.5	6.4

Quarterly segmental – Profit & Loss

<i>Segment wise – Quarterly Profit & Loss (INR mn)</i>	Q3		Q2		Q1		Q4	
	FY15	FY14	FY15	FY14	FY14	FY13	FY14	FY13
Segmental revenues								
PVC	3,664	4,911	2,076	3,245	4,139	3,627	5,347	4,555
PVC pipes & fittings	3,480	3,819	3,158	2,779	5,438	4,349	4,686	4,142
Power	175	346	293	406	353	450	443	546
Segmental profits								
PVC	-456	711	124	379	597	424	494	605
% of Revenues	-12.45%	14.50%	6.00%	11.70%	14.40%	11.70%	9.20%	13.30%
PVC pipes & fittings	254	340	242	236	520	355	389	315
% of Revenues	7.30%	8.90%	7.70%	8.50%	9.60%	8.20%	8.30%	7.60%
Power	-41	31	9	103	62	97	113	166
% of Revenues	-23.43%	9.10%	2.90%	25.40%	17.60%	21.60%	25.50%	30.40%
Capital employed								
PVC	7,221	7,806	7,277	7,400	8,480	8,203	7,775	7,462
PVC pipes & fittings	4,789	4,583	3,899	3,839	3,063	3,429	3,393	3,191
Power	2,650	2,696	2,512	2,743	3,098	3,464	3,131	3,151
Other segments	3,413	3,723	3,051	2,734	1,381	3,824	1,715	3,479

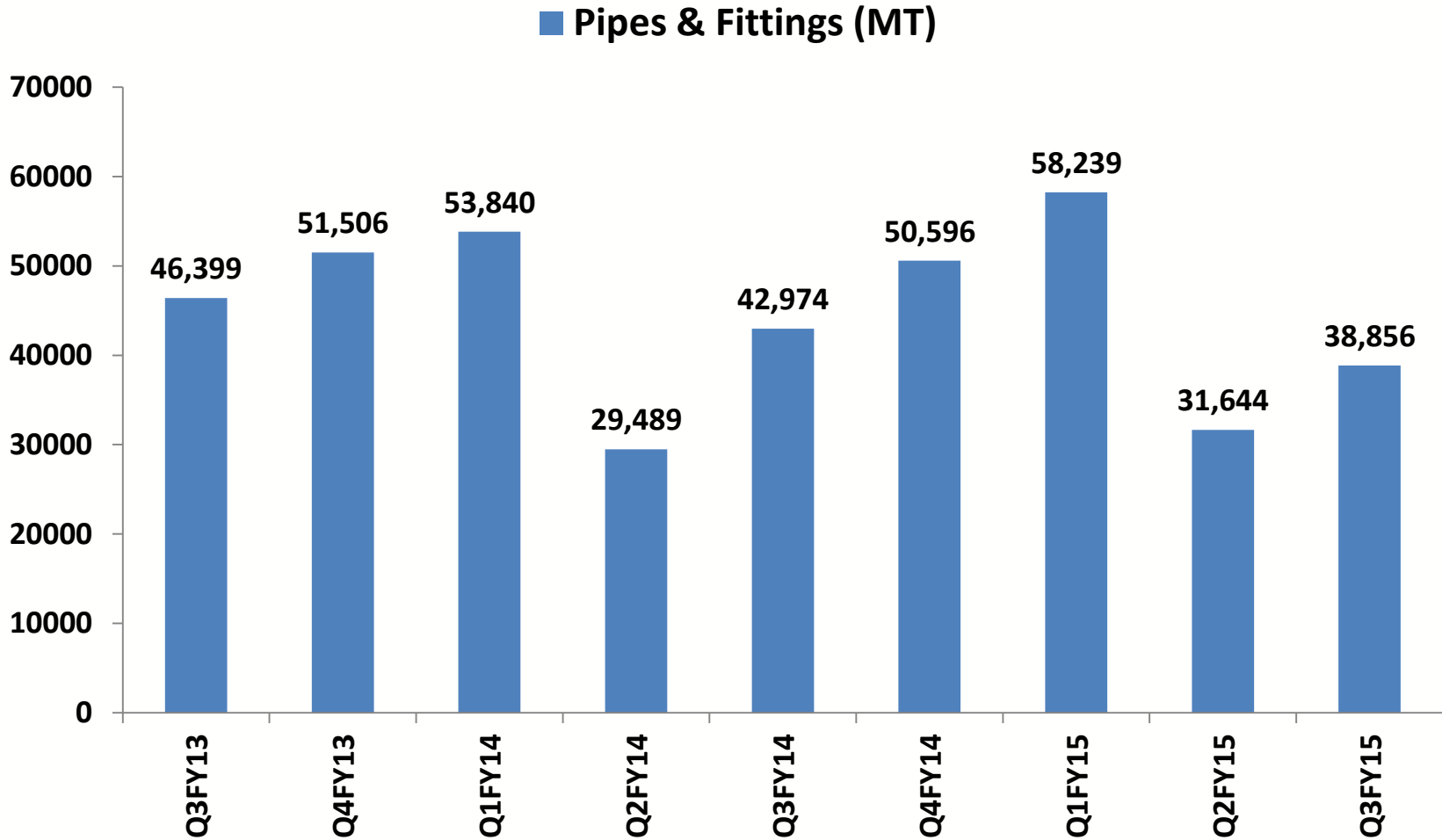
Profit & Loss – Key indicators

<i>Profit & loss account (INR mn)</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>FY14</i>	<i>9MFY15</i>
Net Income	19,777	20,998	21,448	24,530	16,915
<i>Growth in sales (%)</i>	<i>35.9%</i>	<i>6.2%</i>	<i>2.1%</i>	<i>14.4%</i>	<i>4.8%</i>
EBIDTA before exceptional items	2,655	2,618	3,921	4,403	1,734
<i>EBIDTA margins before exceptional items (%)</i>	<i>13.4%</i>	<i>12.5%</i>	<i>18.3%</i>	<i>17.9%</i>	<i>10.2%</i>
EBIDTA after forex gain/(loss)	2,490	2,472	2,960	3,705	1,229
PBT	1,150	967	1,902	2,419	290
<i>PBT (%)</i>	<i>5.8%</i>	<i>4.6%</i>	<i>8.9%</i>	<i>9.9%</i>	<i>1.7%</i>
PAT	762	752	1,361	1,701	201
<i>PAT (%)</i>	<i>3.9%</i>	<i>3.6%</i>	<i>6.3%</i>	<i>6.9%</i>	<i>1.2%</i>

Balance sheet – Key indicators

Balance Sheet (INR mn)	FY11	FY12	FY13	FY14	1HFY15
Equity and liabilities					
Share capital	1,240	1,241	1,241	1,241	1,241
Reserves and surplus	4,963	5,381	5,971	6,656	7,092
Long term borrowings	1,954	1,896	1,397	2,322	2,239
Short term borrowings (incl. loans repayable in one year)	5,512	8,528	6,997	4,812	5,293
Total borrowings	7,466	10,424	8,394	7,134	7,531
Assets					
Fixed assets (Net block)	7,924	7,840	8,795	9,052	8,630
Capital WIP	722	854	506	325	269
Non current investments	1,221	1,221	1,274	1,274	1,274
Current investments	859	3,711	2,322	941	351

PVC pipes and fittings volume



Branding and Advertisements

1. Advertisements on-the-move
2. Print Advertisements and TV commercials targeting Rural and Urban markets
3. Pipes display at an exhibition

1.



2.



3.



Accolades and awards

- ❖ ‘Excellence in CSR’ award by Amity Global School



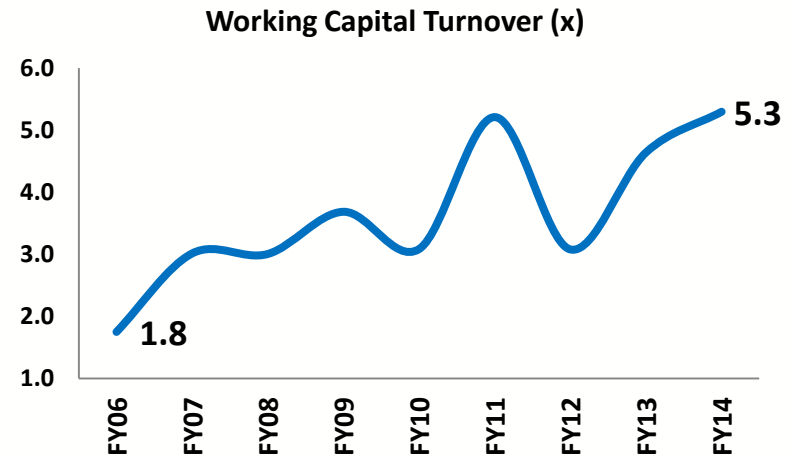
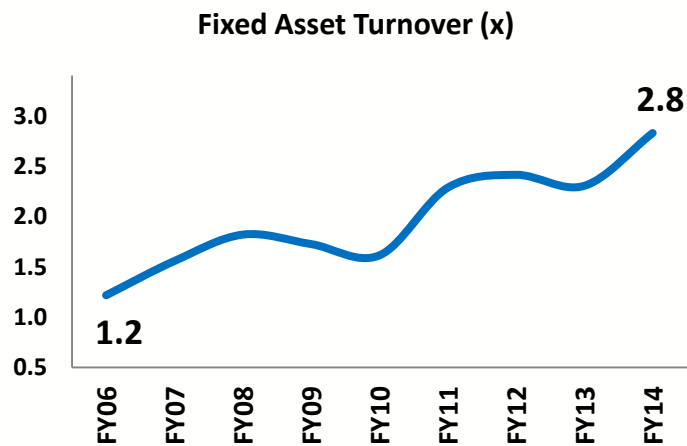
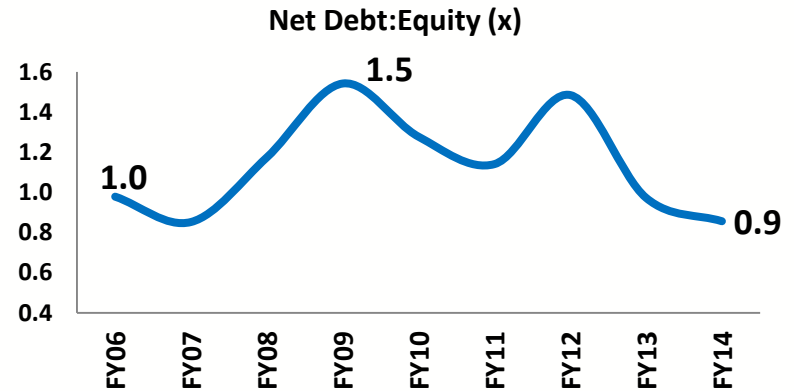
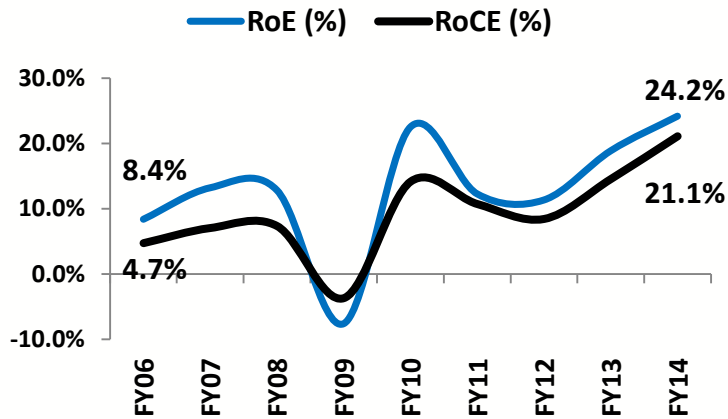
- ❖ Honoured by World Economic Forum (WEF) as amongst the ‘Global Growth Companies – 2014’ (in South Asia)



- ❖ Chosen as one of **Asia’s 100 Best Marketing Brands** by the WCRC Leaders Asia magazine



Strong balance sheet



- ❖ Plans to reduce debt to minimal levels by FY17E, with debt repayment in the range of INR 1.25bn to INR1.5bn per annum till FY17E

Key focus areas

- ❖ Increase the captive consumption of PVC resin. No capacity addition for PVC resin
- ❖ Pipes capacity to increase by 30,000 MT each year for the next two years
- ❖ Improve overall return ratios via low capital outlay for the brownfield capex for PVC pipes & fittings
- ❖ Continue to run PVC pipes operations with the cash-n-carry model
- ❖ Increase company's distribution reach by having more warehousing facilities across India
- ❖ Healthy cash generation to aid in debt reduction over the next few years
- ❖ Develop solutions in the water management business
- ❖ Maintain leadership position in the industry

For further queries:

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