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APL/SEC/22/2021-22/156

20th July, 2021

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Fort, Mumbai – 400 001
Scrip Code: 500820

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
Block G, Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400 051
Symbol: ASIANPAINT

Sir(s),

Sub: **Investor Presentation**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of the presentation made to the Investors on the Audited Standalone and Unaudited Consolidated Financial Results of the Company for the quarter ended 30th June, 2021.

This is for your information and record.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**

R. J. JEYAMURUGAN
CFO & COMPANY SECRETARY

Encl: As above



Investor Conference

Q1 - FY2022 Results

20th July, 2021



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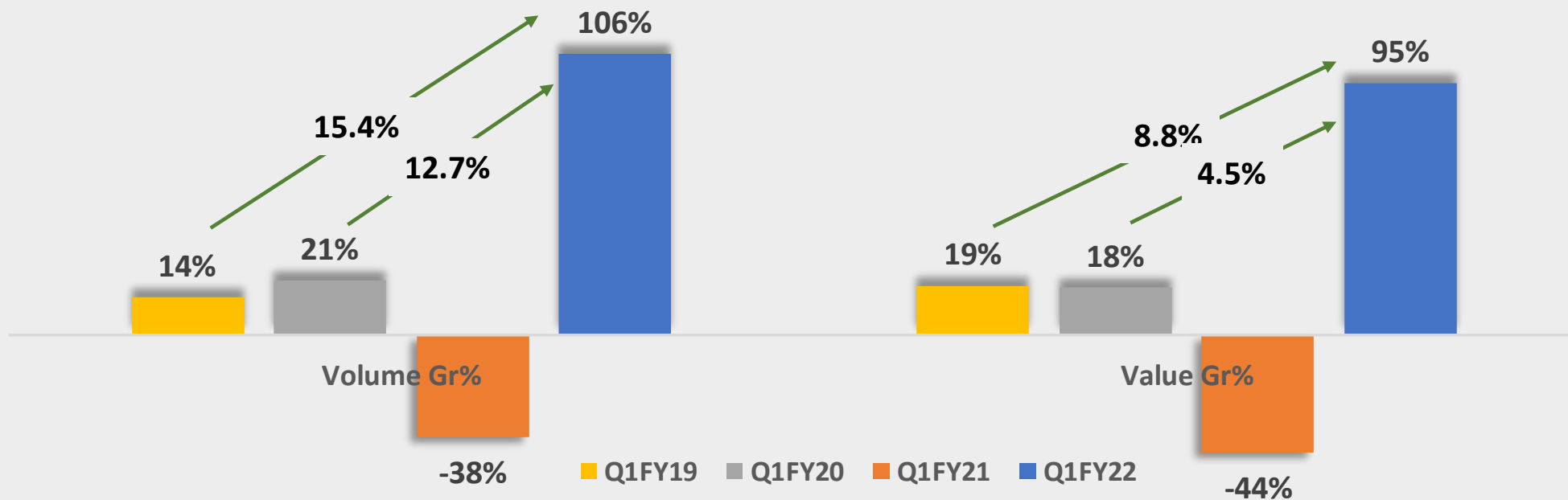
Disclaimer

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 2nd wave. June’21 witnessed an uptick with gradual withdrawal of restrictions.

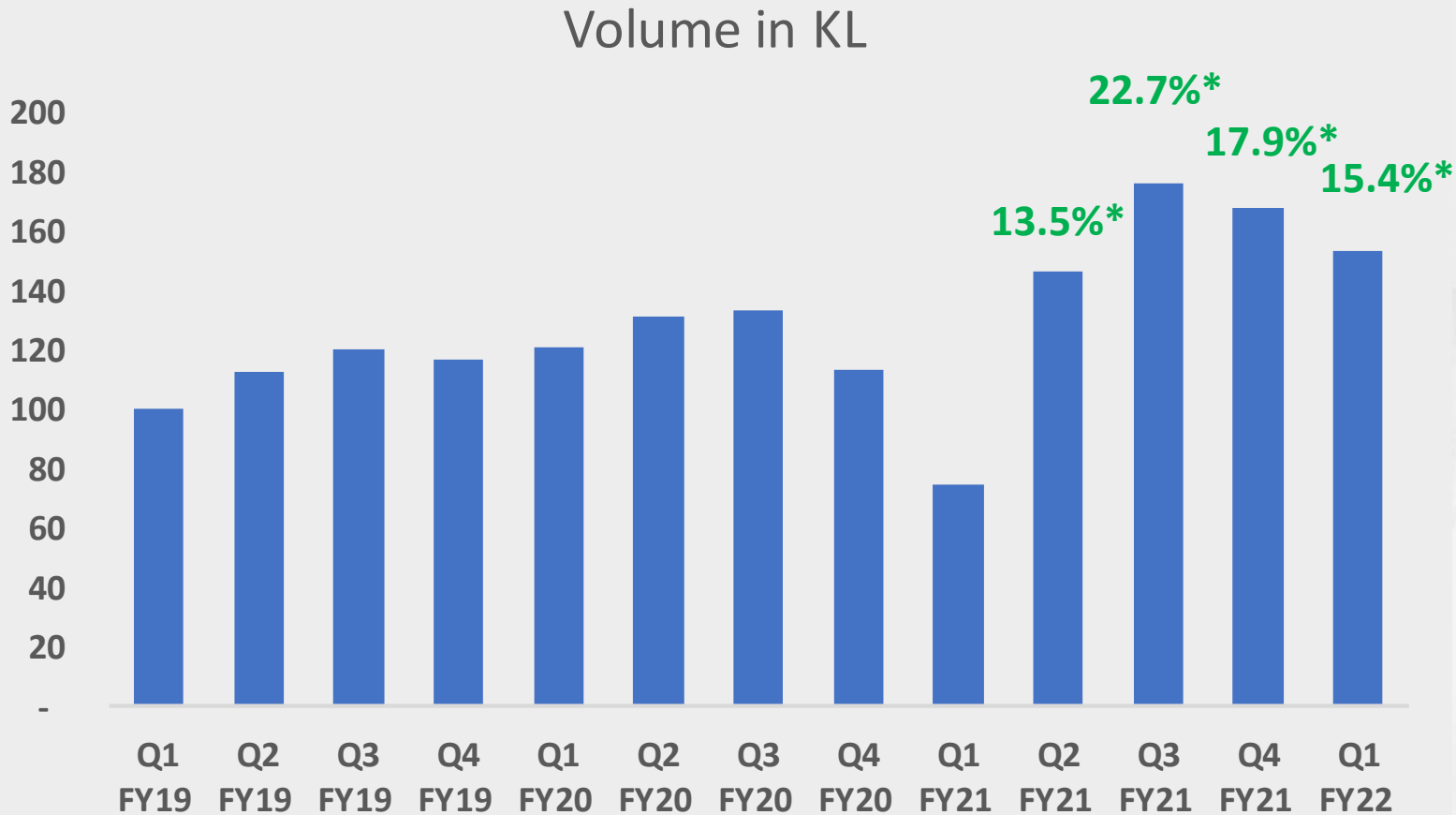
Overall, strong volume growth trend maintained as demonstrated by the 2/3 year compounded growth rates

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

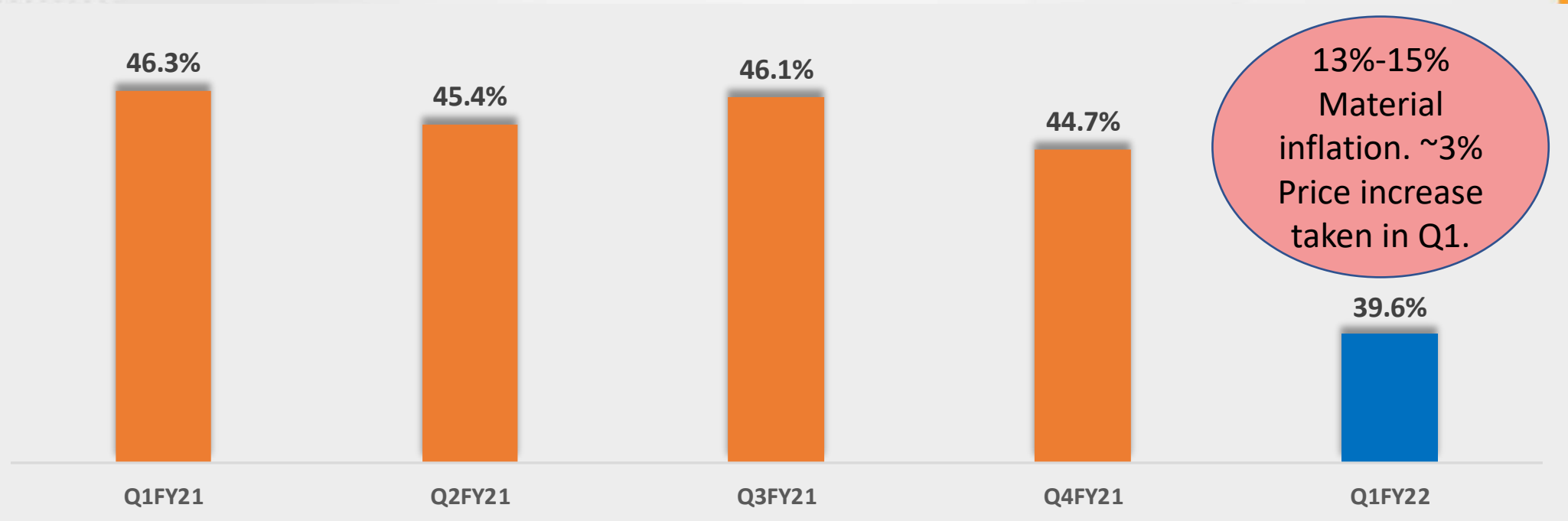
Decorative Business (India) – Quarterly Volume Trend



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



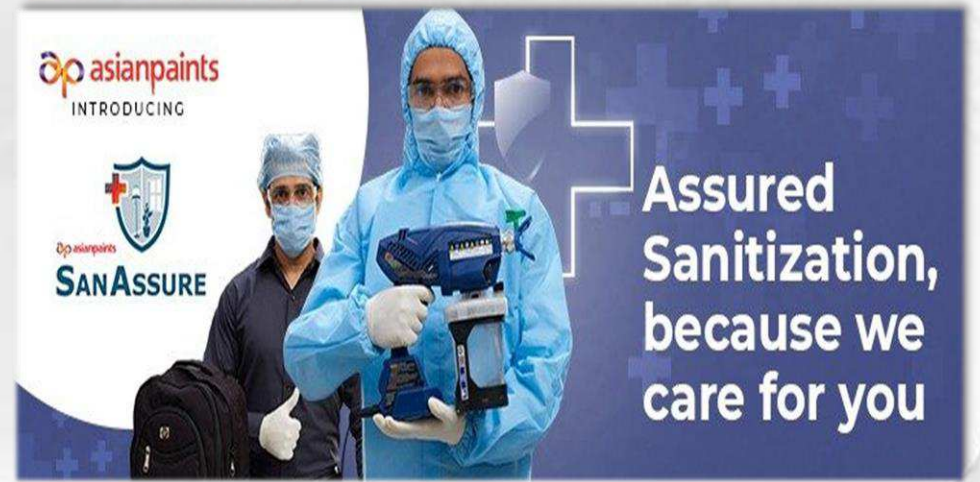
Designer Tiles | AIDs | BH Stores



- ❖ **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**

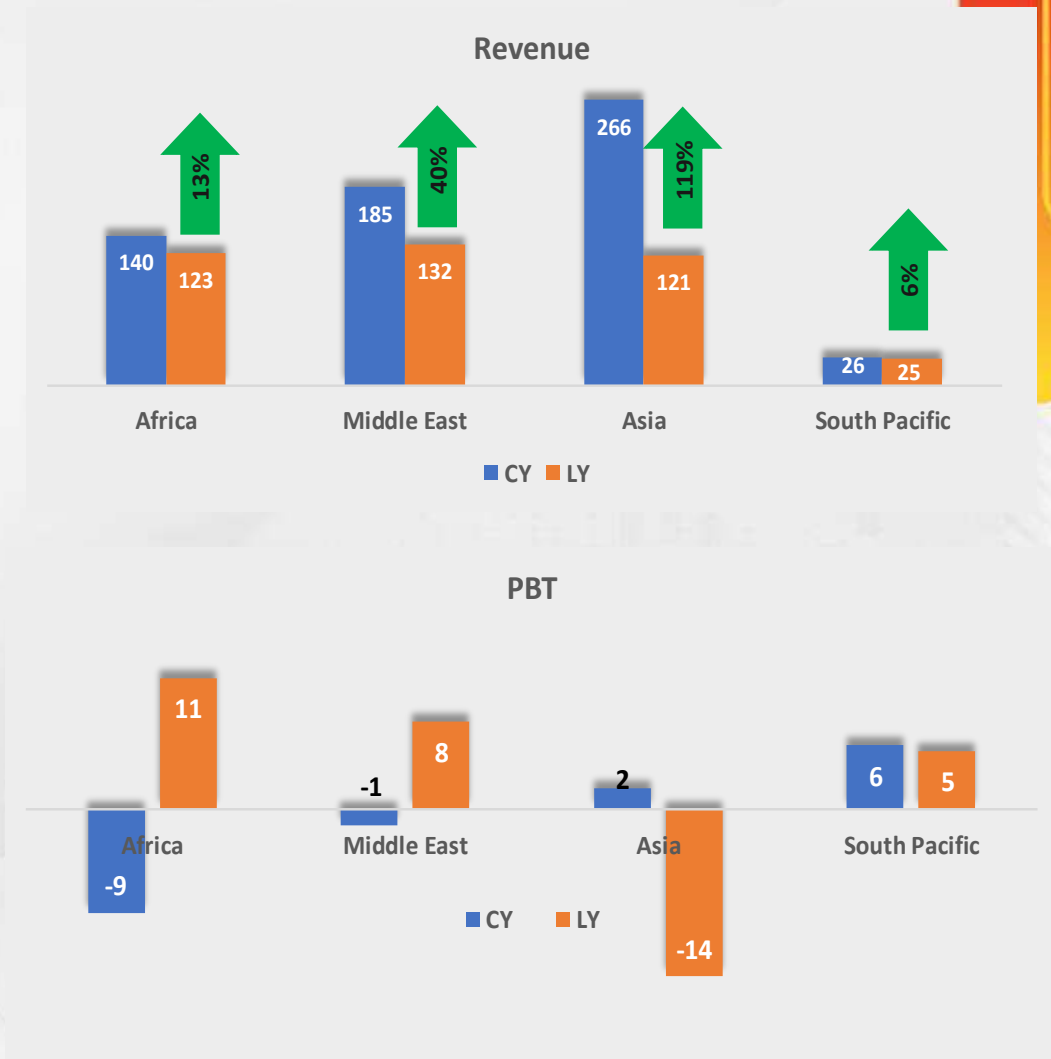
Key Business Update – Domestic Decorative Business Services – A Key Differentiator; Unique Propositions

- ❖ 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

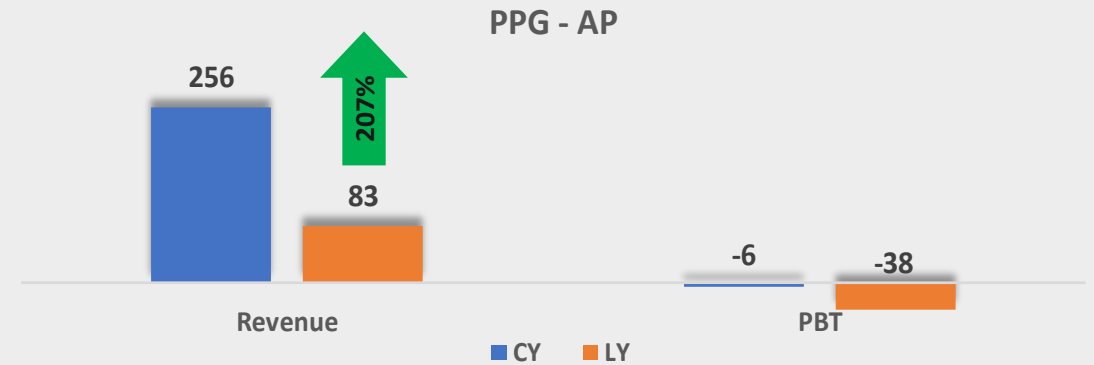
- ❖ Interrupted business conditions hurt the good momentum of last few quarters
- ❖ International Portfolio delivered 50%+ revenue growth over last year
 - ❖ Growth led by Asia & Middle East
 - ❖ Africa impacted by local challenges as well as steep inflation
- ❖ Focused push on Waterproofing & increasing 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

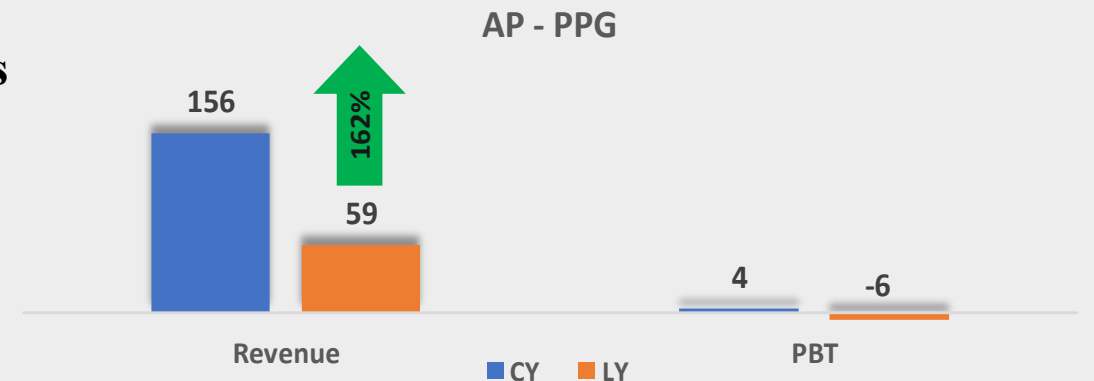
❖ PPG-AP

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



❖ AP-PPG

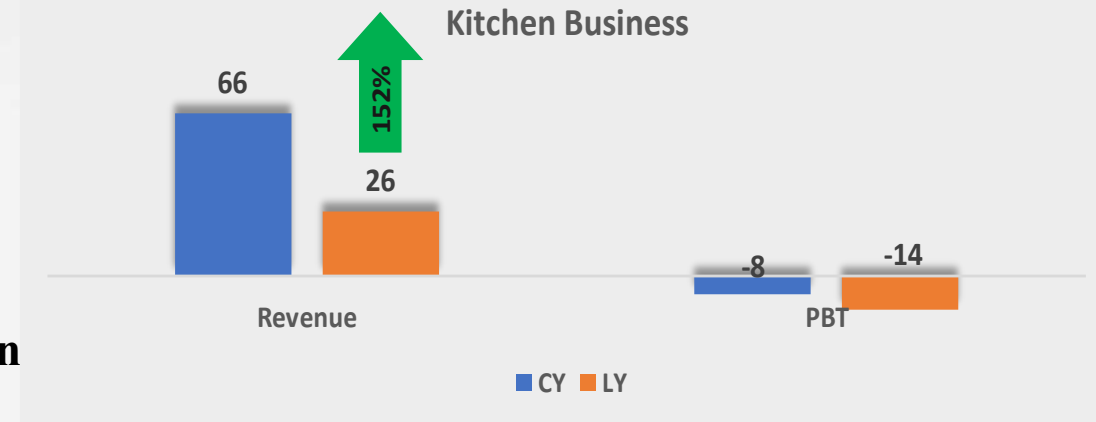
- ❖ Robust performance in Industrial Liquid Paints segment, even accounting the low base
- ❖ Strong project orders in Protective coatings supporting growth
- ❖ While Gross margins were impacted with material inflation, Profitability in both businesses supported by contained costs during the period



Key Business Update – Home Improvement Business

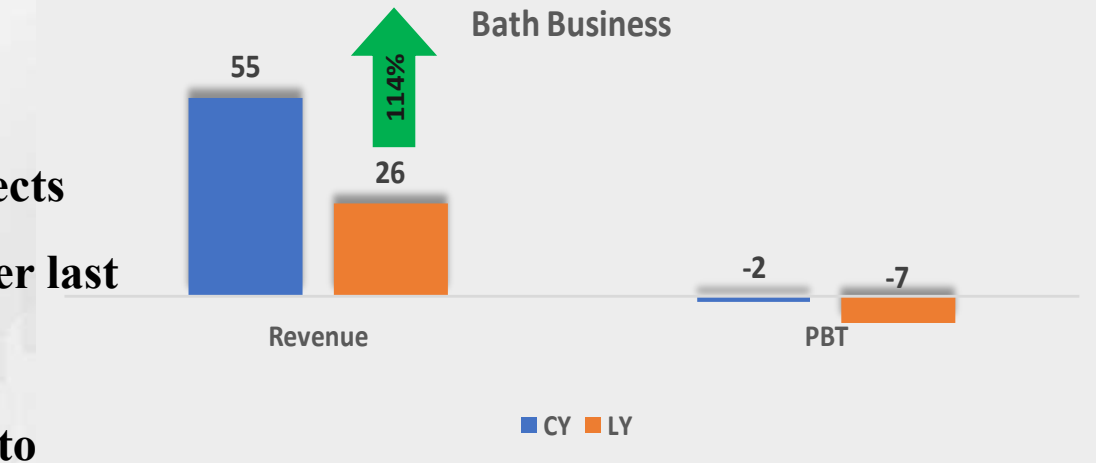
❖ Kitchen Business

- ❖ 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



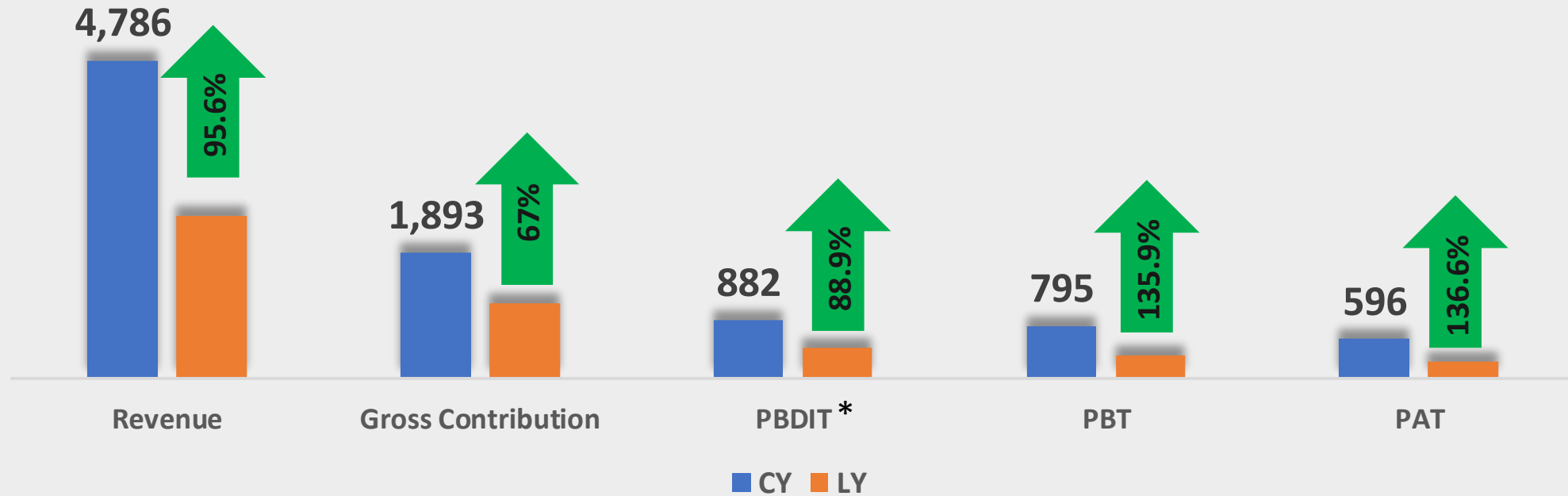
❖ Bath Business

- ❖ 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 2nd wave, impacted performance



Summary – Standalone Financials

Quarter 1

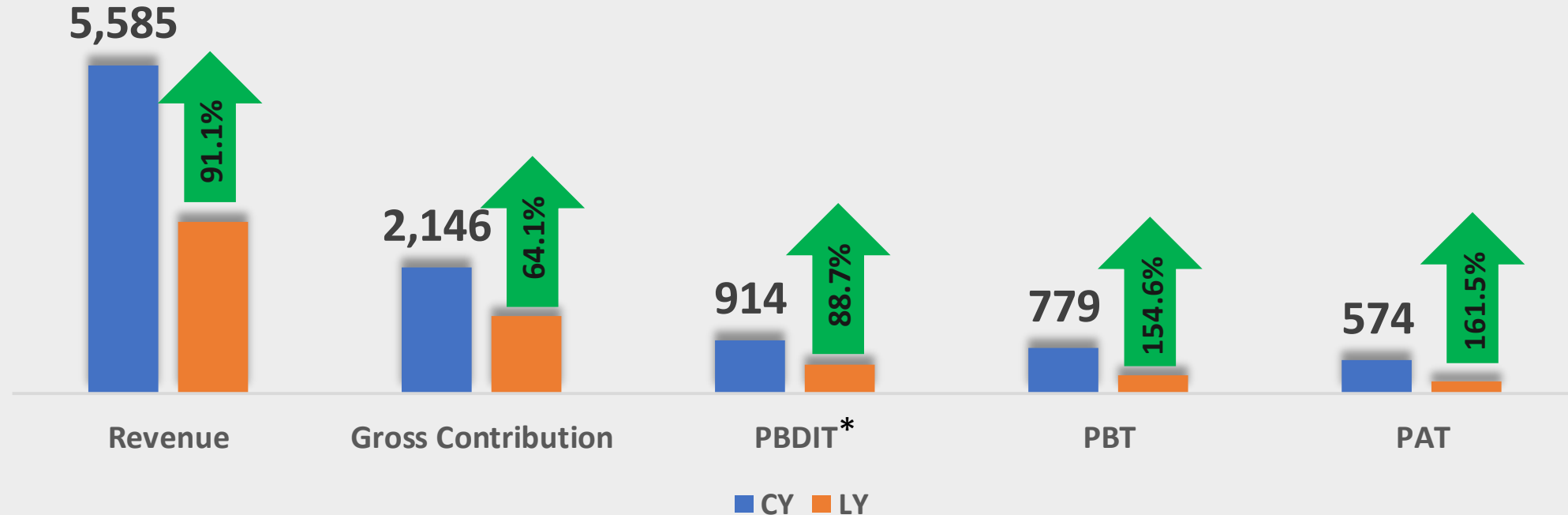


- ❖ Steep material inflation leading to contraction in Gross Contribution margin by 678 bps
- ❖ Improved scale over LY base and controlled overheads arresting the fall in PBDIT margins to only 66 bps

* 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 2nd 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 3rd 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 1st July of about 1% at portfolio level

Thank You