

APL/SEC/26/2022-23/13

6th June, 2022

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/Madam,

Sub: Investor Presentation

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of the presentation made by the Company to the investors at the 'Nomura Investment Virtual Forum Asia 2022' held today.

The said presentation will also be made to the investors at the Credit Suisse 2022 Asia Virtual Consumer Corporate Day and Jefferies India Forum to be held on 7th and 8th June, 2022, respectively, the schedule of which have already been intimated to the Stock Exchanges.

This is for your information and record.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**



 **R J JEYAMURUGAN**
CFO & COMPANY SECRETARY



Encl.: as above



Asian Paints Investor Presentation

June 2022

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 many 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.

Asian Paints Group

INR 289 Billion
Group revenue

3rd Largest
Paint
Co. in Asia

9th
Largest
Coatings Co.
in the World

Operations in
15
countries

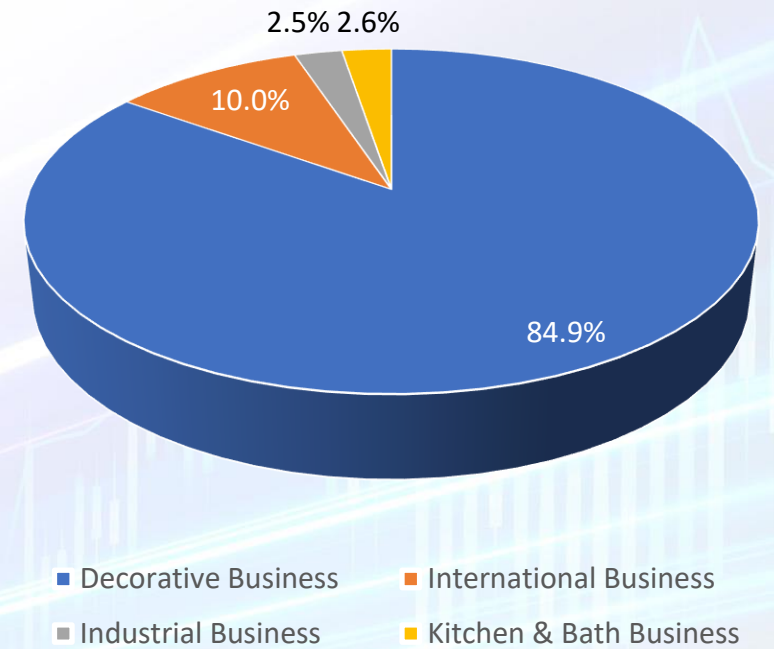
26
Paint
Manufacturing
Plants

60+
Markets Served

80 Years
of
Delivering Joy

145,000+
Retail Touch
Points
in India

200+
Scientists
driving
Innovation



PPG-AP revenues are not included in Industrial business

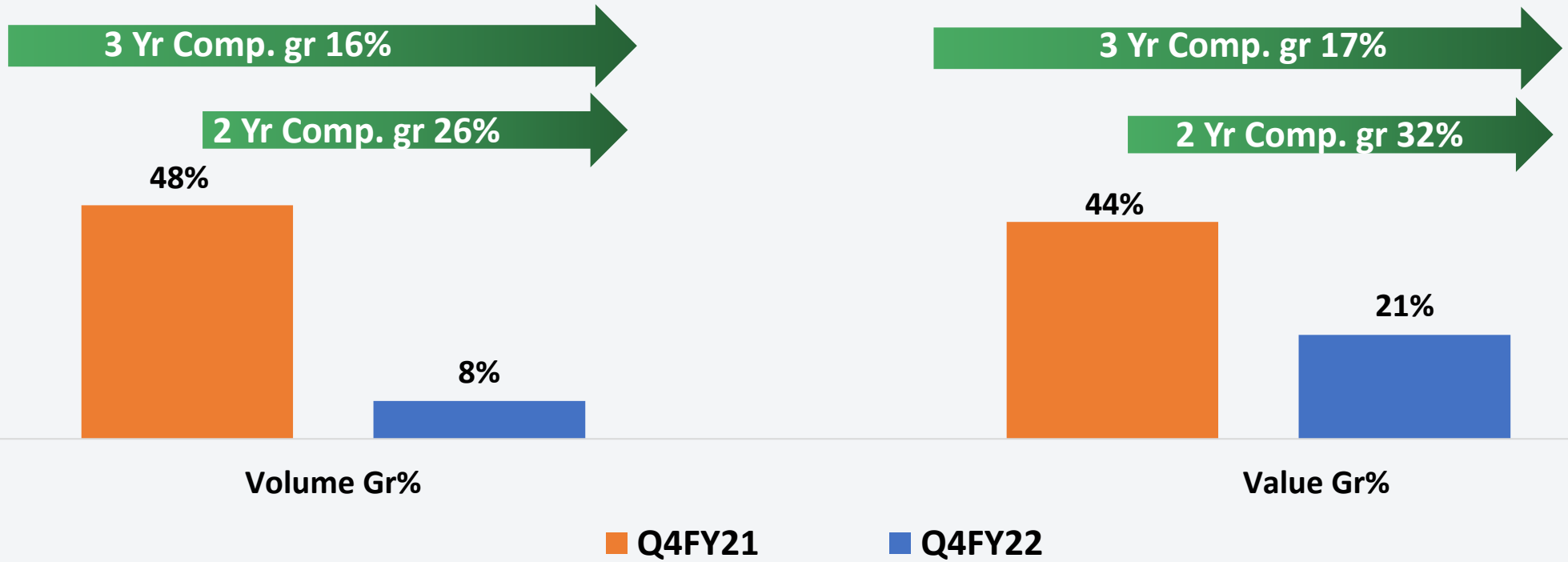
Delivering joy since 1942....

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



**Q4 & 12M FY 2022
FINANCIAL PERFORMANCE**

Growth trajectory continued in Q4; Volume growth though in single digits, strong momentum evident from the double digit 2/3 year compounded growth rates

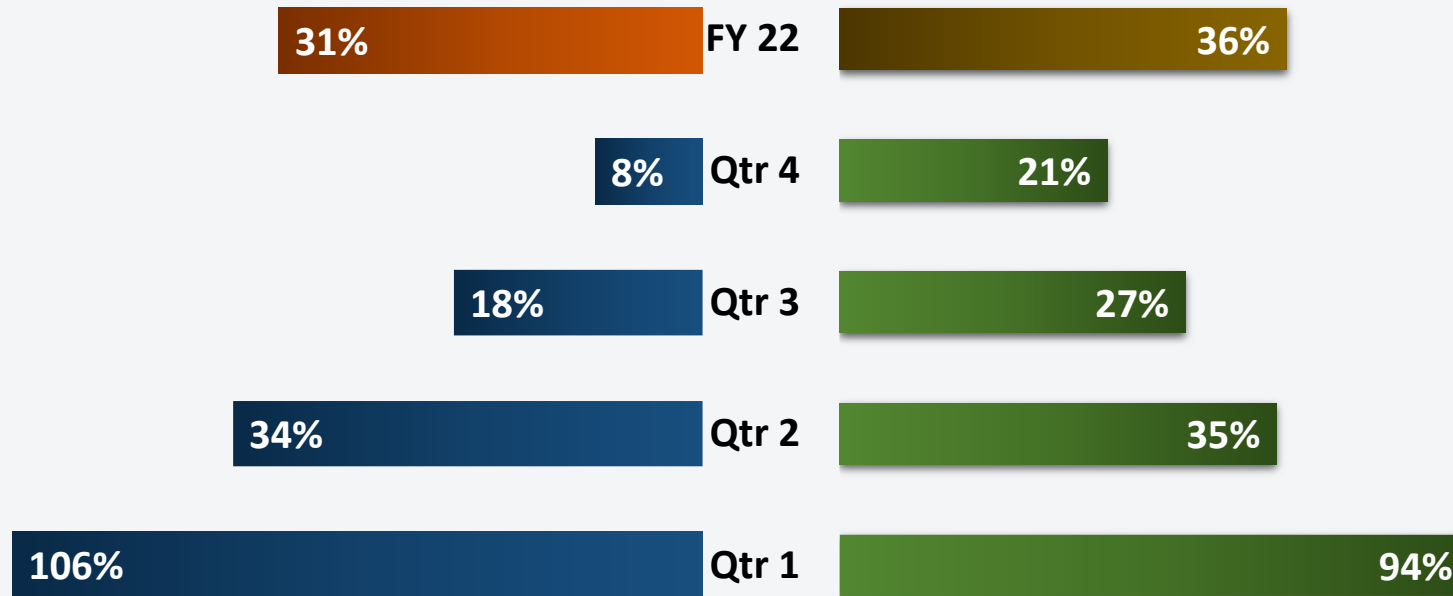


Q4 FY22 Volume and Value Trend

Decorative Business (India)

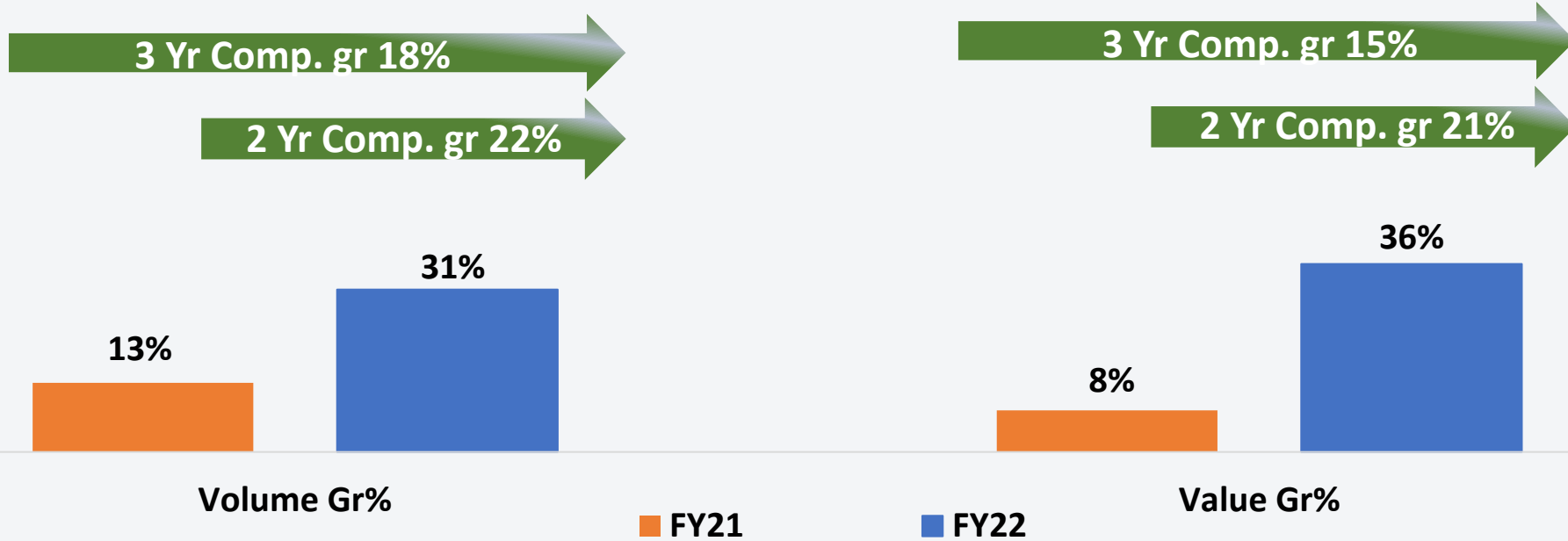
Volume Growth

Value Growth



Robust performance in FY 2021-22

Double digit volume and value growth delivery from a 2 / 3 year perspective, despite a challenging environment



Strong Medium Term Growth Trend

- ❖ **Q4 as well as Full year growth led by**
 - ❖ T1/T2 centers: Good double-digit growths, especially in Luxury & Premium range
 - ❖ T3/T4 : Good growth here as well; Double-digit growth in Economy range

- ❖ **Overall**
 - ❖ Growth dented in Jan'22; High double-digit growth in rest of the quarter
 - ❖ Growth across geographies; Highest growth in West & East geographies
 - ❖ New world-class innovation giving momentum to growth; New products contributing to 14% of revenues
 - ❖ Waterproofing & Wood Finishes growing at exponential rates

- ❖ **Project / Institutional business growing at higher clip than retail**
 - ❖ Big surge in business across T1/T2/T3 centers from the Builder segment
 - ❖ Strong growth from Government, Factories segments
 - ❖ Good trajectory in Waterproofing, especially in Admixtures and Membranes



**Ultima Allura
Graniza**



**Ultima Allura
Torino**

- ❖ World class Exterior Textures with an international range of more than 180 texture patterns
- ❖ Unique range, outclassing best in the world
- ❖ Suitable to Indian sensibilities and weather conditions



**ALL Protek
Fire Retardant
Paint**

- ❖ First time introduction in India of a Fire-Retardant category
- ❖ A unique hydrophobic 'Lotus Effect' technology
- ❖ Matched with the best Anti-Stain Absorption or Removal performance



Royale Glitz

- ❖ First time introduction of Anti-Crack durable coatings
- ❖ A unique Teflon Luxury offering with Anti-Stain Absorption
- ❖ Sophisticated finish, benchmarked to Uber - Luxe

New Product Introductions



SmartCare HydroLOC



AP Woodtech Ingenio

One of its kind, pioneering solutions for customers

- ❖ Simplified waterproofing and Efflorescence solution with patented technology
- ❖ Unique waterproofing repair range
- ❖ An Epoxy and Polyurethane Flooring Tech coatings
- ❖ Wood Finish solutions, benchmarked to best



Epoxy Apcoflur



SmartCare apcorep KCRETECOAT

❖ **Distribution Footprint**

- ❖ Expansion in Big city suburbs and T3/T4 cities in a big way
- ❖ Co-existence of a unique Distributor and Direct Dealer model
- ❖ Adding more than 15,000 retail points taking AP presence across 1,45,000 retail points

❖ **Product category expansions**

- ❖ Gaining traction across categories – Emulsions, Wood Finishes, Waterproofing, Undercoats, Adhesives, DIY Paints

❖ **Increasing the per Capita Paint consumption & enlargement of the Paint market**

- ❖ Introducing new categories to fuel growth
- ❖ Wood Polish Market : Glow Max
- ❖ Super Economy Emulsions : Tractor/ Ace Sparc Range
- ❖ New Categories like Hygiene Paints / Fire retardant Paints / Glass Paints / Floor paints
- ❖ Increasing Paint application productivity through mechanized tools

❖ **Best in Class Painting Service**

- ❖ Unique Painting Service Model : Globally the biggest and best service model
- ❖ Unparalleled Consumer delight measured through NPS
- ❖ Delivered through more than 1,50,000 trained painters
- ❖ Presence across 240 towns in India
- ❖ A Range of services offered:
 - ❖ Colour Consultancy and Visualization
 - ❖ Express Painting services : Quick Makeover
 - ❖ Waterproofing Solutions
 - ❖ Wood Finishes Solutions
 - ❖ Hygiene Services

Safe Painting Service presents

Quick Home Makeover

7 days' is all it takes to get your home festive ready!



NO EXTRA COST

Introducing Wood Solutions from Safe Painting Service



-  Expert Wood Solutions
-  Safety Protocols

Introducing Waterproofing Solutions from Safe Painting Service



-  Safety Protocols
-  Expert Waterproofing Solutions

Home Décor Business



❖ Home Décor Foray

- ❖ Asian Paints being a forerunner in inspirational and exciting Home Décor partnering the customers in making her dream home!
- ❖ Transitioning from ‘Share of Surface’ to ‘Share of Space’ within the Homes
- ❖ Asian Paints providing Home Décor under one roof : Beautiful Home Stores offering Kitchen, Bath & Sanitaryware, Lighting, Tiles, Flooring, Furnishings, Furniture, Doors & windows
 - ❖ 29 stores till March 2022
- ❖ Beautiful Homes Service – Personalized Interior Design to Professional Execution –offered in 9 cities
- ❖ Beautiful Home Shop energizing the Ecom deliveries in Home Décor
- ❖ Central Inspirational Model: [BeautifulHomes.com](https://www.beautifulhomes.com)



❖ Home Décor Acquisitions / Investments till now

- Kitchen & Kitchen Hardware & Components: Sleek; A new factory in Maharashtra in 22-23
- Bath & Sanitary: Ess Ess; A new factory in Maharashtra in 22-23
- Designer and General Tiles: Green Field foray in 21-22
- Wardrobes and Vanities: Green Field foray in 20-21
- Fabric and Furnishing: Alliance with GM Syntex - Brand Pure
- Designer Wall Paper: Green Field foray - Ink Jaipur
- Furniture: AP Design Range under Nilaya / Royale / Ador - Outsourcing Model
- Rugs: Alignment with Jaipur Rugs
- Two New Acquisitions announced in April 2022
 - White Teak in Decorative & Designer Lighting
 - Weatherseal in Doors & Windows

Makes AP a unique player in the Indian market which operates in the Ecom, Physical and the Services space with almost all categories being owned /manufactured by the brand

Home Décor - Partnership with “The White Teak Company”

- Foray in the Rs. 1200 crores Decorative & Designer Lighting market
- White Teak brings a strong ‘Phygital’ model
 - Operating 10 stores pan India across Tier 1 cities
 - Tech enabled Website provides unique experience & facilitates footfalls at stores
- Collection of unique and premium decorative lights



WT
THE WHITE TEAK COMPANY



Home Décor - Partnership with “Weatherseal”

- Rs 11,000 crores market size for Windows & Doors
- End-to-end fabrication and installation of world-class uPVC windows & doors
- Network of almost 20 COCO & Franchisee stores
 - Strong presence in Southern India
- Association with renowned builders – Prestige, Brigade, Mahindra



❖ Home Décor Business Trajectory

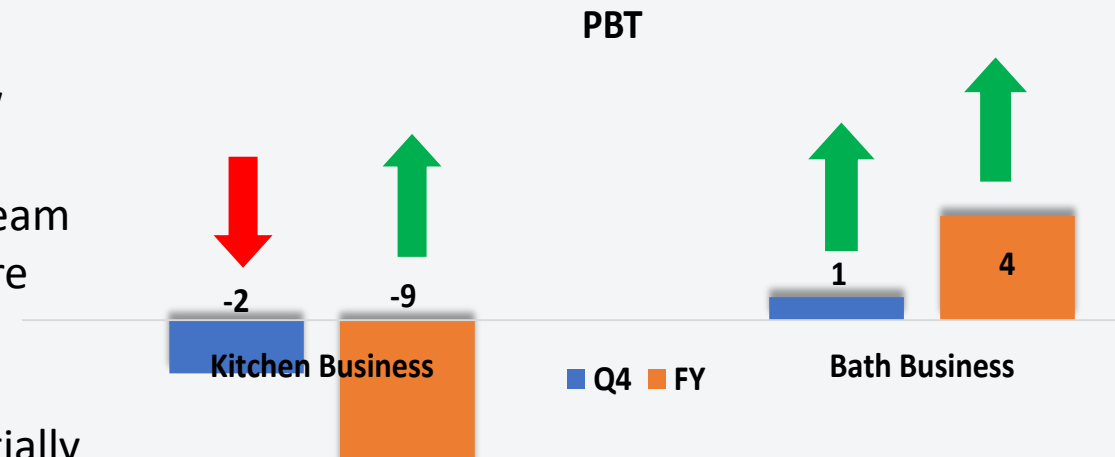
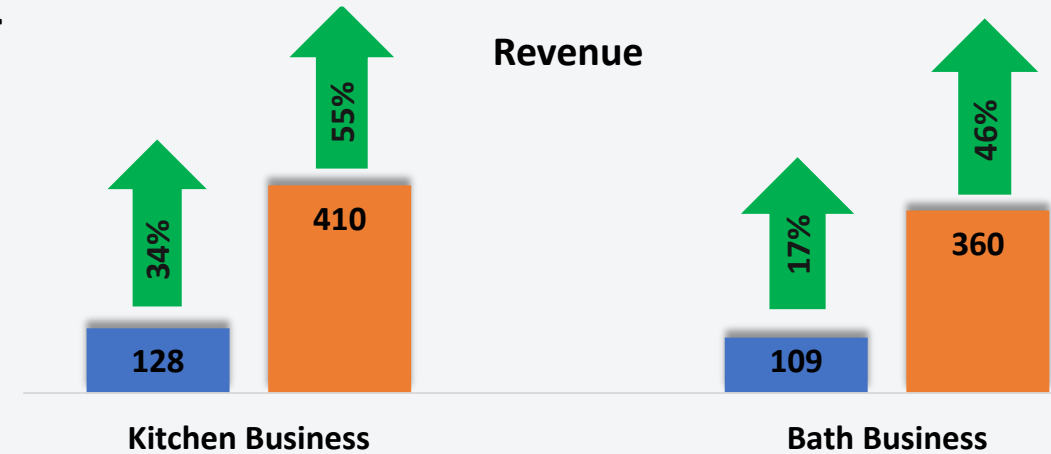
- ❖ Home Décor business about 4% of the Deco Business in FY 21-22
- ❖ Attempting to make this 8-10% of the Deco Business by FY 25-26, including the Home Décor Services
- ❖ This we believe has a strong synergy with the core business of Decorative Coatings
- ❖ This will make Asian paints a strong partner in the Customer Life journey for creating 'Beautiful Homes'

❖ Kitchen Business

- ❖ **Rs. 100 crores+ delivery for 3rd consecutive quarter**
 - ❖ Full Kitchen solutions as well as Components business doing well
 - ❖ Projects business gaining traction
- ❖ Network expansion continued in Full Kitchen dealer network
- ❖ **Significantly lower loss compared to LY; benefit of scale inspite of rising inflation**
 - ❖ Loss of Rs. 9 crores this year (vs Rs. 21 crores loss LY)

❖ Bath Business

- ❖ **Rs. 100 crores+ delivery for 2nd quarter in a row**
 - ❖ Solid footing in the Projects business in collaboration with the Decorative Project team
 - ❖ Premium range 'Bath Sense' & Sanitary ware expanding well
- ❖ **Profitable quarter & Full year**
 - ❖ Benefit of scale; Raw material inflation partially offset by price increases



(figures in columns in Rs. crs)

International Business

❖ **Double digit revenue growth for Q4 & full year**

- ❖ **Asia** – Strong growth in Nepal, Bangladesh
- ❖ Sri Lanka facing unprecedented forex crisis

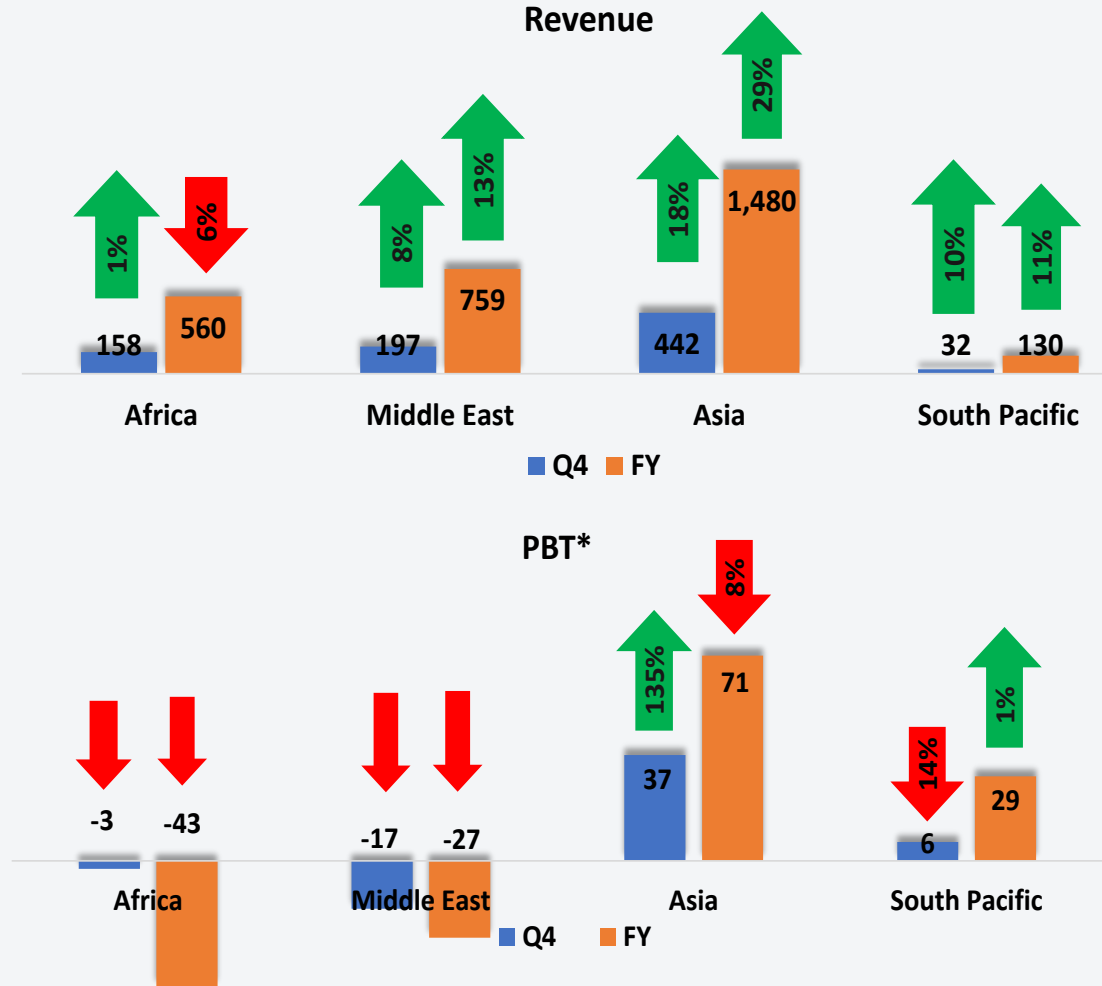
- ❖ **Africa** – a weak spot; High inflation, regional disturbances & forex crisis impacting Ethiopia

❖ **Overall, International Business revenue: Q4 at Rs. 818 crores (+12%) & FY22 at Rs. 2895 crores (+16%)**

- ❖ High single digit 3 year compounded growth in FY22 over FY19

❖ **Profitability significantly impacted by the steep material inflation & currency devaluations in Sri Lanka, Ethiopia & Egypt**

- ❖ Q4 PBT* at Rs. 15 crores against Rs 34 crores in LY & FY22 PBT* at break-even (Rs 179 crores LY)



(figures in columns in Rs. crs)
* PBT is before exceptional items

Industrial Business

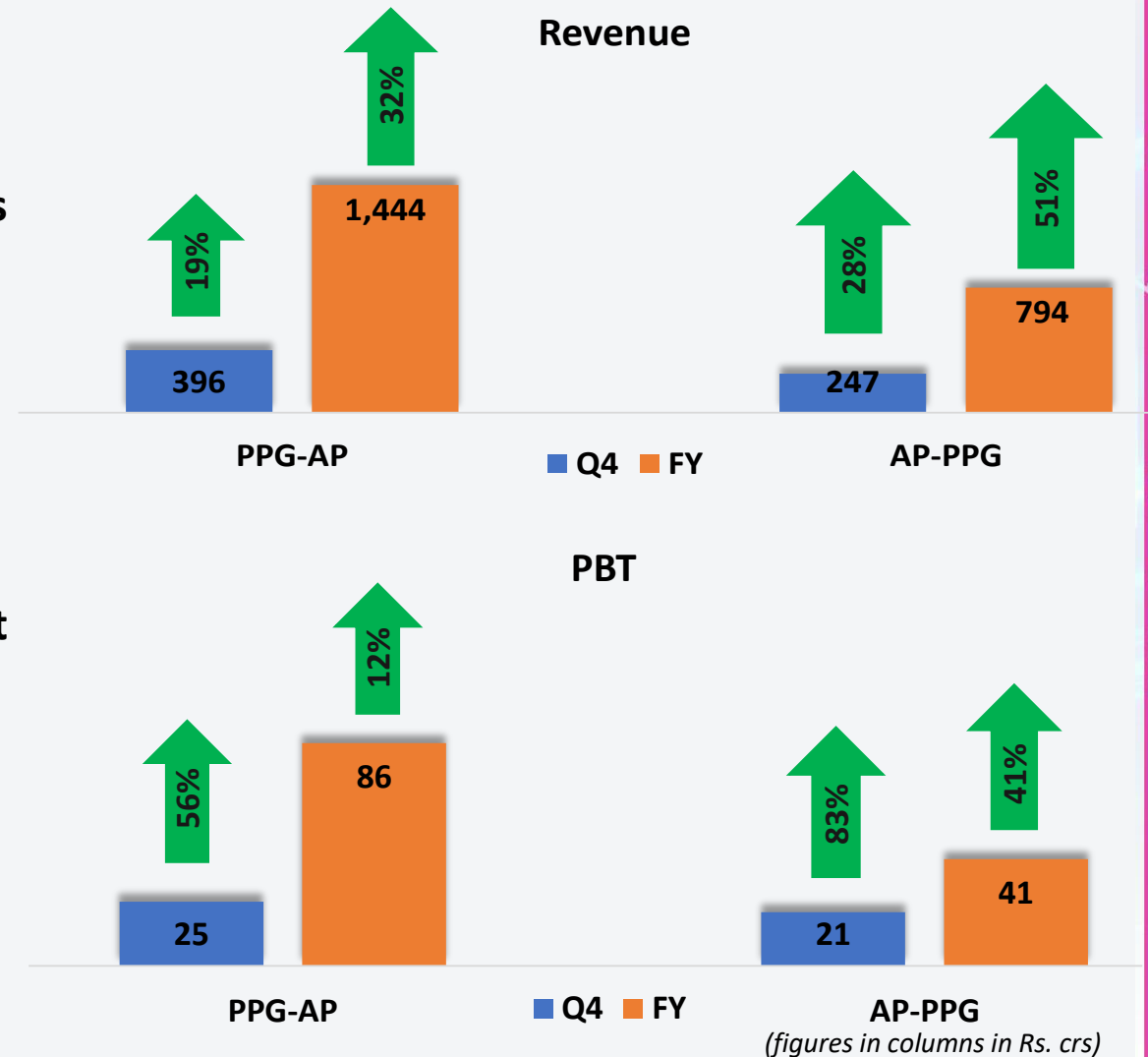
❖ **PPG-AP**

- ❖ Good growth amidst challenges faced by the Auto industry
- ❖ Strong push for implementing price increases across B2B customers

❖ **AP-PPG**

- ❖ Closed the year with record revenue delivery
 - ❖ Almost 20% plus revenue growth for the year on a 3 year compounded basis
- ❖ Led by growth in Protective Coatings segment
- ❖ Collaboration with Decorative project team lead to strong performance in Floor coating

❖ Efficiency measures, cost controls limiting the impact of fall in gross margins



Exceptional Items Impacting Q4 and FY22

Expected credit loss on subsidies available from State governments

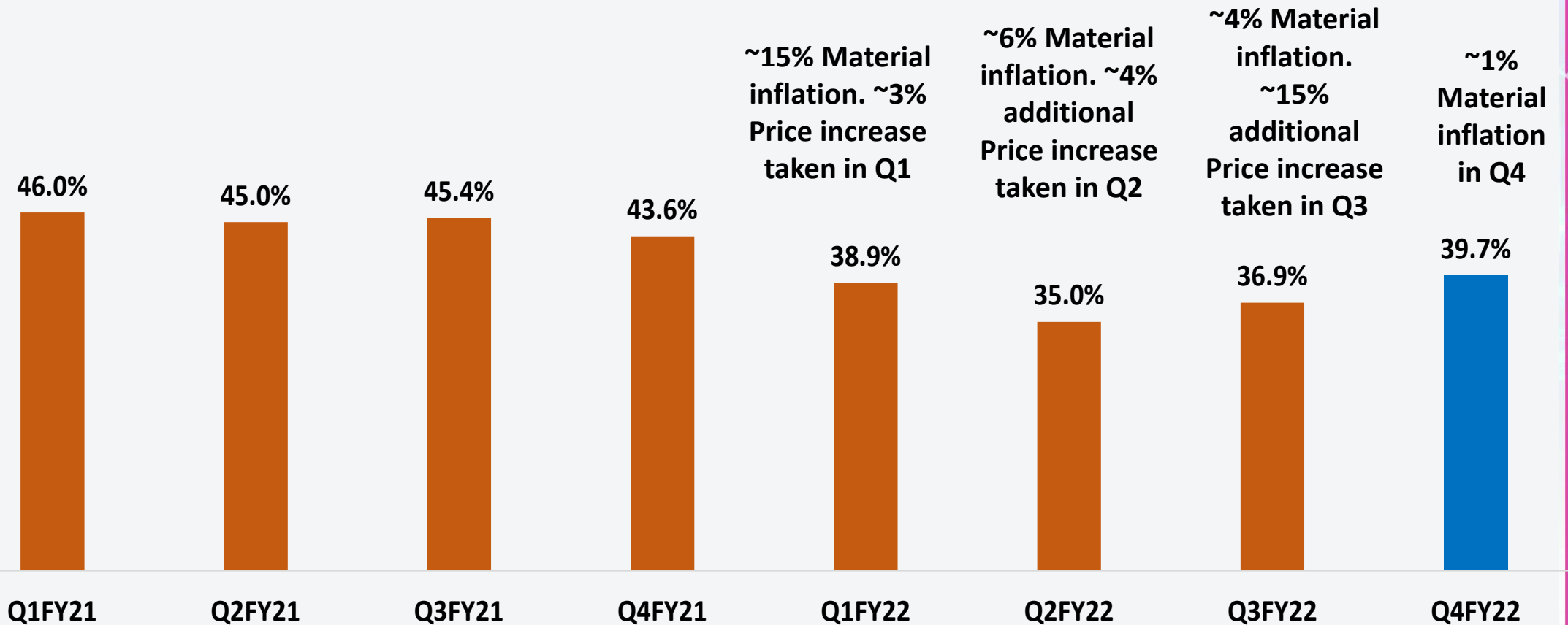
- ❖ Considering the delay in receipt of subsidy amounts from the State governments, an expense of Rs. 53.7 crores recognized as Exceptional Item, towards time value of money computed under 'expected credit loss' method based on reassessment of expected timing of cash inflows for subsidy income accrued till FY 20-21
 - ❖ Company is confident about the ultimate realization of the dues from the State Governments
- ❖ In addition, subsidy income disclosed under Operating income for Q4 FY21-22 and FY21-22 lower by Rs 31.1 crores to recognize impact of reassessment of expected timing of cash inflows for the subsidy income accrued in FY 21-22

Causeway Paints Lanka Pvt Ltd: Currency Devaluation and Impairment of loss on 'Goodwill on Consolidation'

- ❖ Current economic crisis in Sri Lanka has led to sharp currency devaluation, resulting in recognition of an expense of Rs. 48.5 crores towards exchange loss on foreign currency obligations of Causeway. Disclosed as Exceptional item.
- ❖ Impairment provision of Rs. 13.5 crores considered as Exceptional Item on Goodwill on Consolidation recognized on acquisition of Causeway

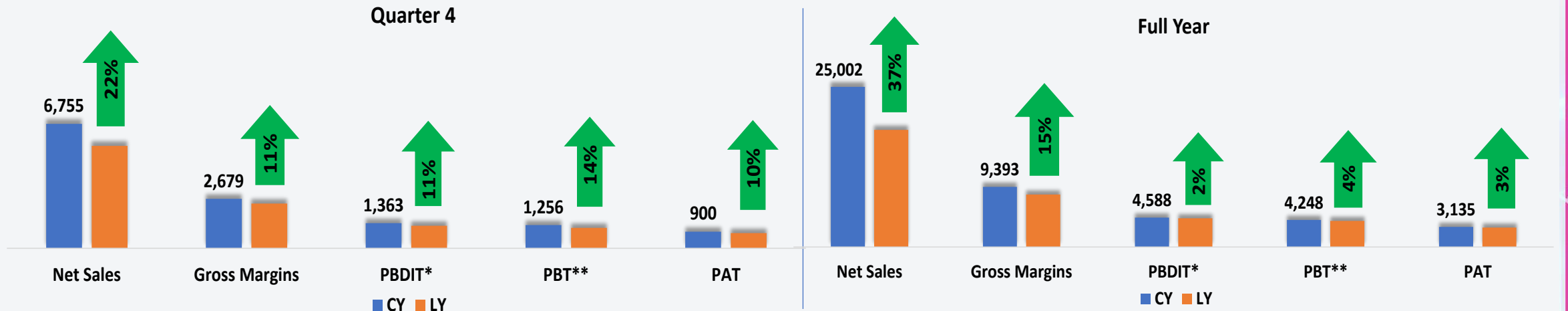
APL Standalone Gross Margins

Sequential improvement in Gross Margin from lows of 2nd Qtr. Full benefit of the calibrated price increases taken in Nov'21 & Dec'21 supporting Q4 margins



Summary – Standalone Financials

(figures in columns in Rs. crs)



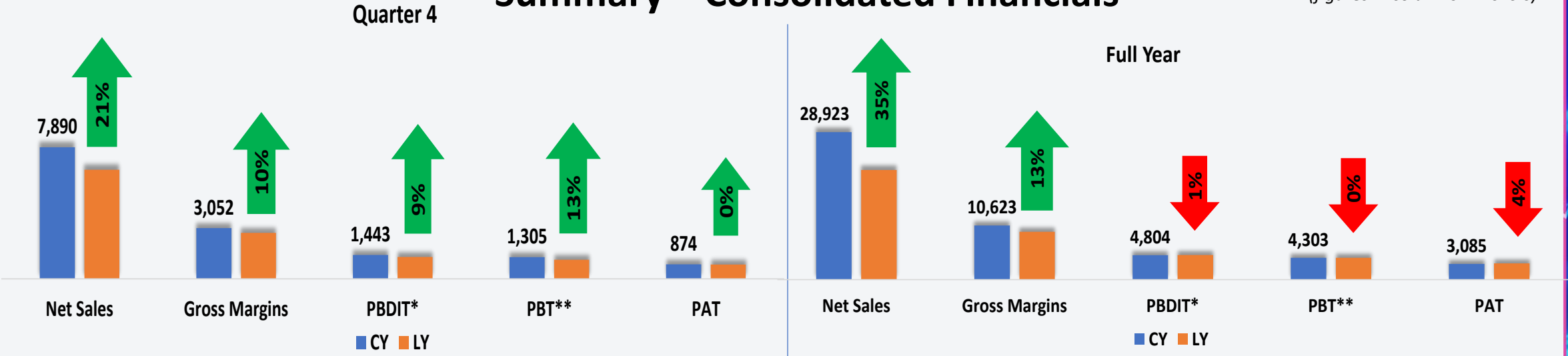
- ❖ Strong double digit revenue growth trajectory continued in Q4 FY22, leading to 37% value growth in FY22 over LY
- ❖ Steep material inflation in FY22 across all quarters – offset by multiple rounds of price increases
 - ❖ Sequential improvement in Gross Margins from Q2 FY22 onwards; improving by 470 bps from Q2 low
- ❖ Cost optimization, efficiency measures arresting impact of lower gross margins
- ❖ Q4 PBT growth of 14%; excluding impact of lower subsidy income in Other Operating income of Rs. 31.1 crores, Q4 PBT growth of 16.7%
- ❖ PAT growth lower due to impact of Exceptional Items

* PBDIT before Other Income

** PBT is before exceptional item

Summary – Consolidated Financials

(figures in columns in Rs. crs)



- ❖ Equally robust revenue growth of 21% in Q4 at Consolidated levels – all businesses growing in double digits
- ❖ Sequential improvement in Gross margins, improving by 450 bps from Q2 low
- ❖ Q4 PBT growth of 13%; Excluding impact of lower subsidy income in Other Operating income of Rs. 31.1 crores, Q4 PBT growth of 15.5%
- ❖ PAT for Q4 flat compared to previous year; impact of Exceptional Items

- PBDIT before Share in profit of Associates & before Other Income
- ** PBT is before exceptional item

Steady Dividend Payouts



* FY 16-17 data including Rs 2 per share special dividend

Figures in column are Dividend per share

Immediate Outlook - Challenging

- ❖ Tough demand conditions ahead due to fast changing macroeconomic factors
 - ❖ Spread & severity of new variants of Covid and its impact on business operations need to be closely monitored
- ❖ Monetary policy tightening could hurt consumer sentiment in key sectors like Housing, Automobiles
- ❖ Expectations of normal monsoon provides comfort
- ❖ Material inflation unabated and looking to pick up with the prolonged geopolitical tensions
 - ❖ Calibrated prices increases are imminent with continued uptrend in material prices
- ❖ Global markets facing challenges of steep inflation, economic & forex crisis
 - ❖ Especially in Sri Lanka, Egypt, Ethiopia

Focus on Long Term Sustainable Journey

Making Responsible Choices

Environment

- ❖ Product Stewardship
- ❖ Water Neutrality
- ❖ Energy Conversation
- ❖ Nature Positive

Social

- Community Ownership, Customer Celebrations
- Water Stewardship
- Empowering Safety
- Energizing, Equitable, Inclusive Work Environment

Governance

- ❖ World Class Governance
- ❖ Proactive Stakeholders Engagement
- ❖ Transparency



Product Stewardship

Certified Sustainable products



Sustainable products with leadership standards such as **Green Seal™** with **GS-11** certification as well as **Green Assure**, our voluntary standard



187 Products awarded **GreenPro** certification by **CII-IGBC**



Eliminating Harmful Ingredients

Focused on eliminating/minimizing restricted raw materials from our products.

Our Architectural paints are **lead and heavy metal free** since **2008**, and subsequently **free** from added **Respirable Crystalline Silica (RCS)** since **2013**



Shrinking Carbon Footprint

Focused on improving the scattering efficiency of Rutile through multiple formulation and process innovations

Rutile optimization resulted in **net carbon footprint reduction** of approximately **17,700 MT CO₂ e**





248% Water Replenishment

62%* reduction

in Specific Non-process Fresh Water Consumption



More than 3,400 tonnes of post-consumer flexible plastic & More than 14,400 tonnes of post-consumer rigid plastic collected and recycled across 23 states in India



77%* reduction

in Specific Industrial Effluent Generation

64%* reduction

in Specific Hazardous Waste Disposal



37%* reduction in Specific Electricity Consumption

59%* electricity from Renewable Sources



Vocational Training

Providing skilling and vocational training and technical knowledge distribution, to enhance productivity and livelihood for painters, carpenters and plumbers community



Health & Hygiene

Improving health index of the communities by providing healthcare through static clinics, mobile medical units, free medical camps, implementing sanitation projects and awareness programmes for communities



Water Management

Promoting integrated watershed development, rejuvenation of water bodies including desilting lakes, installing & maintaining rooftop rainwater harvesting units and providing access to potable water

LIVES TOUCHED

3,60,000+

Vocational Trainings imparted

2,70,000+

Healthcare beneficiaries through static clinics and MMUs

21,66,483+ KL

Water Recharged through initiatives

Thank You