Greenlam
Industries Limited

Greenlam/2021-22
December 15, 2021

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NSE Symbol: **GREENLAM**

SUB: Investor and Analyst Presentation

Dear Sir/ Madam,

Pursuant to applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Presentation to be used by the Company in the Virtual Investor & Analyst Meet scheduled to be held on December 16, 2021 to discuss Business Plan, Strategic Initiatives and the Way Forward.

The said presentation is aiso being uploaded on the website of the Company. Kindly note that changes may happen due to exigencies.

The above is for your reference and record.

Thanking You,
Yours faithfully,

For **GREENLAM INDUSTRIES LIMITED**

GREENLAM INDUSTRIES LIMITED NEW DELHI

PRAKASH KUMAR BISWAL
COMPANY SECRETARY &
VICE PRESIDENT - LEGAL

Encl: As Above

The Next Orbit

Greenlam Industries Limited

Greenlam Industries Limited

Corporate presentation 2021

Forward-looking statement

In this presentation, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements written and oral that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

PART 1

Overview: The Next Orbit explained

The Next Orbit at Greenlam

We now enter the next orbit of our existence.

This will be manifested in rethinking our business model

This will comprise a commitment to grow the business faster

This will comprise a commitment to visibly enhance stakeholder value

5 big messages of this presentation

Roadmap

We have charted out a 5 year strategic roadmap starting 2021

Growth

We intend to significantly grow our business starting 2021

One-stop

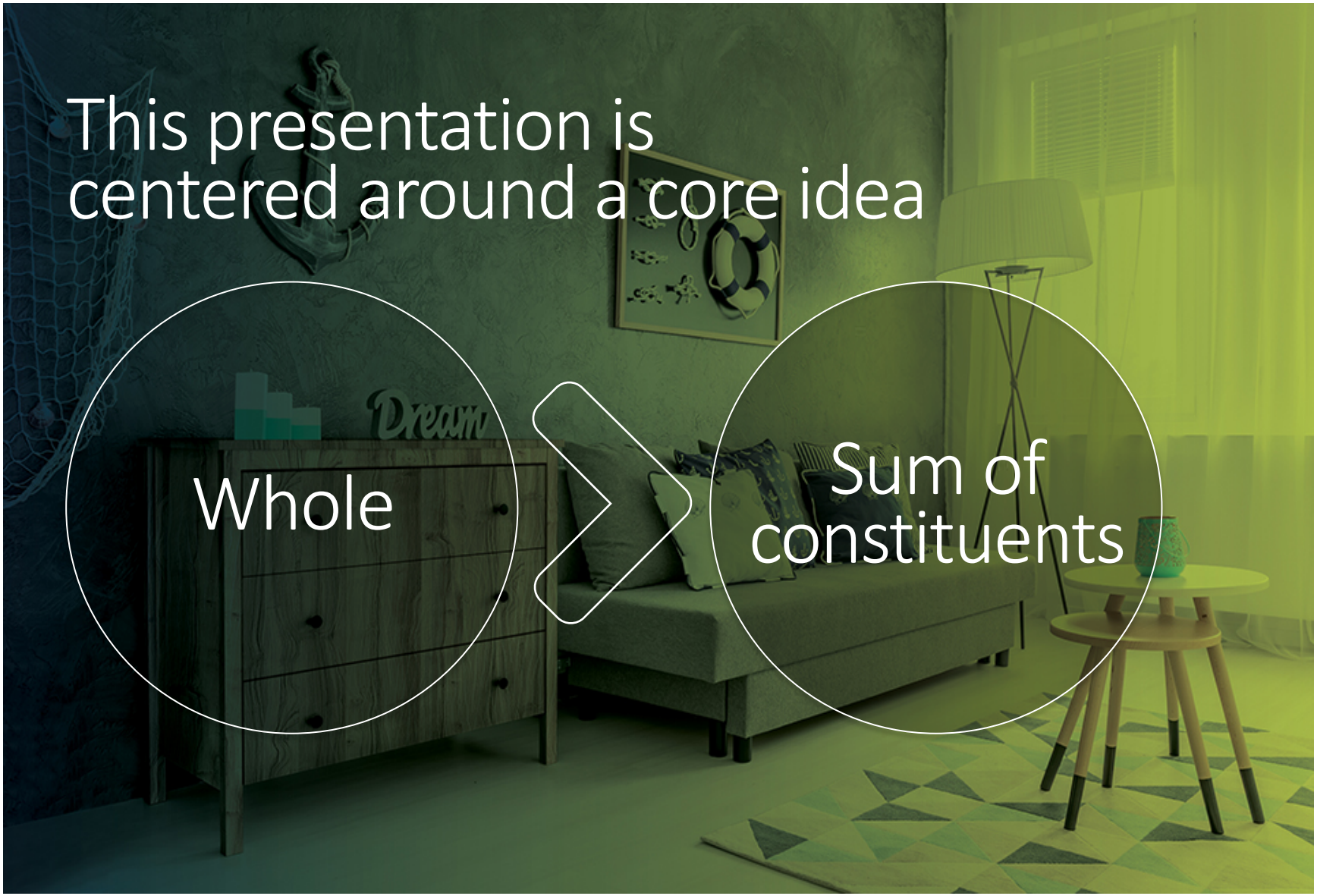
We will broad base our portfolio towards a one-stop solution

Discipline

We will deepen our financial discipline – across a larger scale

Funding

We expect our gearing to remain in control during this capex phase


This presentation is centered around a core idea
Whole
Sum of constituents

PART 2

Greenlam: A quick overview of where we have come from

What we are today: A quick glance

Size

Among the world's three largest laminate brands

Leadership

India's leading decorative veneer brand

Unique

India's only engineered wooden flooring manufacturer

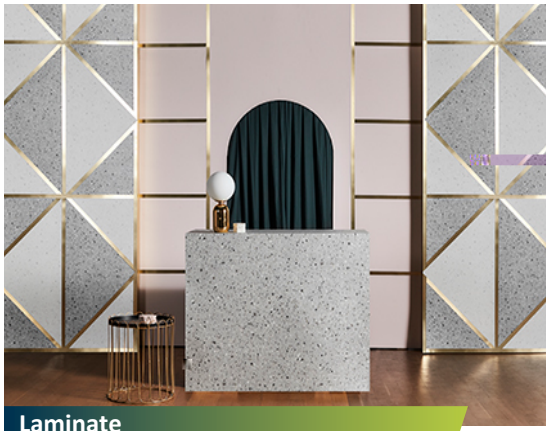
First

India's first organized manufacturer of engineered wooden doors

Products and capacities

Products portfolio

Decorative Laminate & Allied Products



Laminate

- Commodity to Premium products

Compact Panels

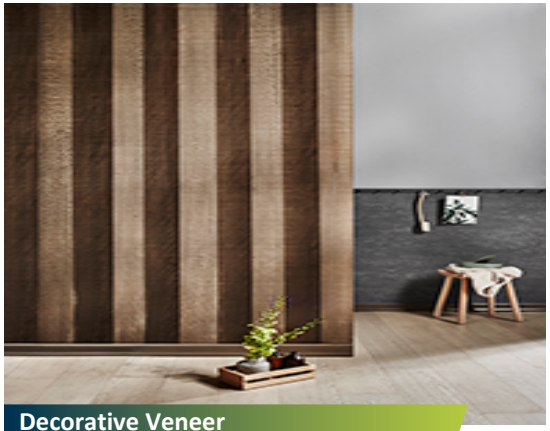
- Standard Compact Panels
- Lab Guardian
- Restroom & Locker Solutions
- Clads –Façade Panels
- Stratus Kitchen Solutions

MFC

- Melamine Faced Chip Board

Products portfolio

Veneer & Allied Products



Decorative Veneer

decowood®

- Natural Veneer
- Engineered Veneer
- Teak Veneer

Engineered Wooden Floor

Mikasa® REAL WOOD FLOORS

- Engineered Wooden Flooring & matching accessories

Engineered Wooden Doors

Mikasa® DOORS & FRAMES

- Engineered Wooden Door and Door Sets

World-class manufacturing capabilities

Behror, Rajasthan

Nalagarh, Himachal Pradesh

Our installed capacity

Laminates and Allied Products:	Decorative Veneer:	Engineered Wooden Flooring:	Engineered Wooden Doors:
15.62 million sheets	4.20 million sq.m.	1.00 million sq.m.	0.12 million doors

What we have achieved within six years of listing

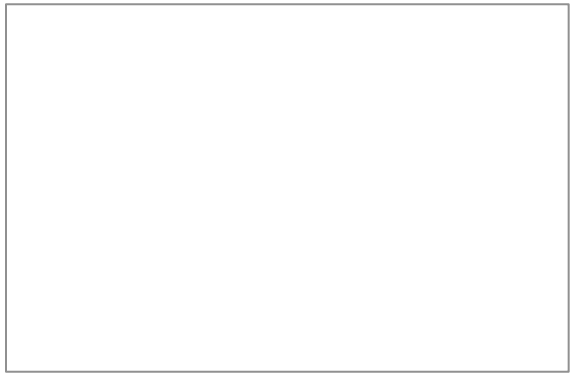
Sustained revenue growth
(5 years out of six years)

Sustained PAT growth
(5 years out of six years)

Sustained EBITDA margins growth
(5 years out of six years)

Sustained debt repayment
(4 years out of six years)

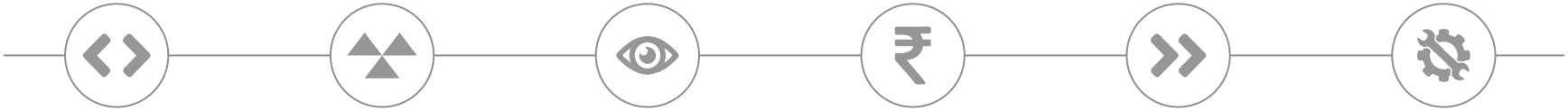
	Revenues	PAT	EBITDA margin	Net worth	Market capitalization
	1,029.8 Rs cr, 2015-16	37.7 Rs cr, 2015-16	12.3 %, 2015-16	245.2 Rs cr, 31 March 2016	1,201.8 Rs cr, 31 March 2016
	1,199.6 Rs cr, 2020-21	73.7 Rs cr, 2020-21	14.4 %, 2020-21	573.9 Rs cr, 31 March 2021	2,262.3 Rs cr, 31 March 2021



What Greenlam principally achieved in 6 years

- Turned a business into cash flow-positive (inflows > outflows)
- Demonstrated working capital hygiene across market cycles
- Created cash and liquid investments of Rs 125.1 crore (31 March 2021)

The business discipline that got us here



Capacity

Capacity creation ahead of the demand curve

Balance

Investments through a prudent mix of debt and internal accruals

Brand

Focus on branded premium-ization and superior terms of trade

Balance Sheet

Consistent debt reduction; growing the business through cash flows

Portfolio

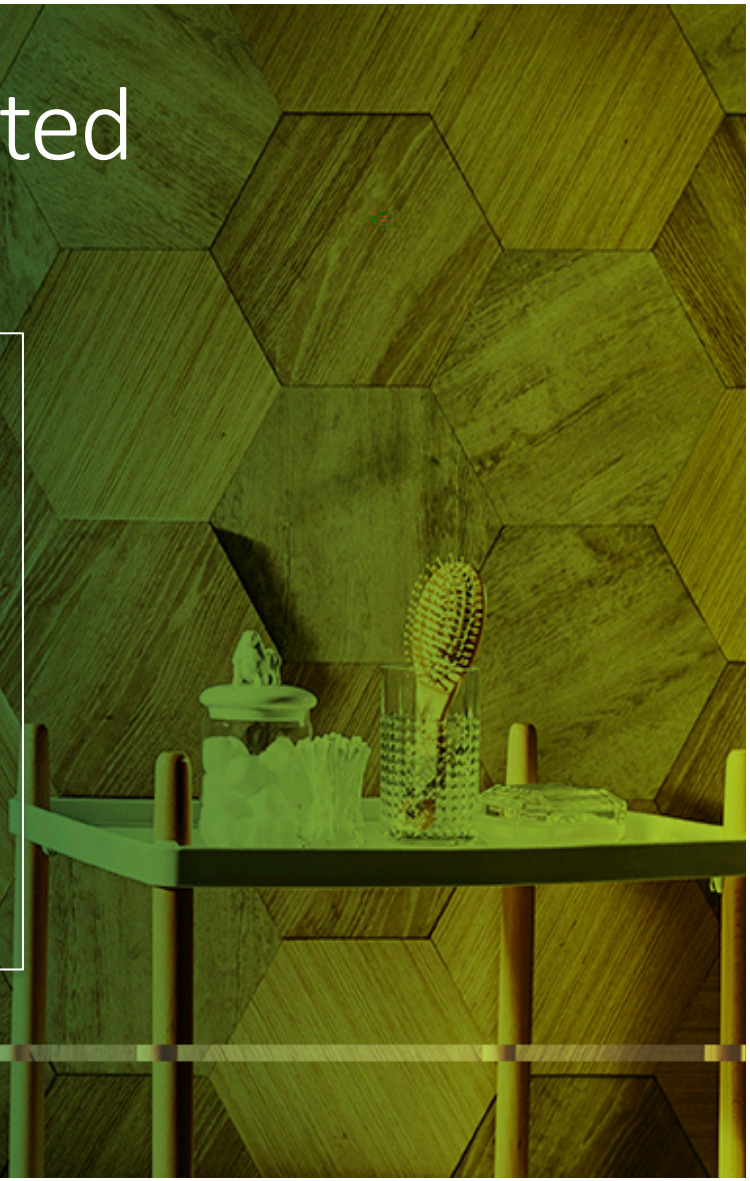
Focused Decorative Product and Solutions

Competitiveness

Capacity scale-up at relatively low infrastructure costs

What Greenlam validated in the last six years

- Vision clarity coupled with robust implementation
- Responsiveness to economic and sectorial challenges
- Smooth supply chain and trade partner support
- Sustained brand/portfolio growth; innovation and certification competence
- Successful contrarian (entering spaces / market cycles / premiumisation)



Greenlam: How this approach created a strong leadership presence

- Among the world's top three laminates manufacturer
- Presence in 100+ countries
- International revenue comprised 52% of total revenues
- Leadership across existing businesses

The big message

If this is what Greenlam achieved in 6 years from its existing business …

… the time has come to extrapolate this capability across additional revenue engines

PART 3

Where Greenlam is poised; where it seeks to go

At Greenlam, we see 5 consumer trends emerging

One

Aspiration to live and work in better surroundings

Two

A greater willingness to buy based on a superior long-term price-value proposition (as opposed to the lowest cost)

Three

Greater need for convenient product access and interiors implementation

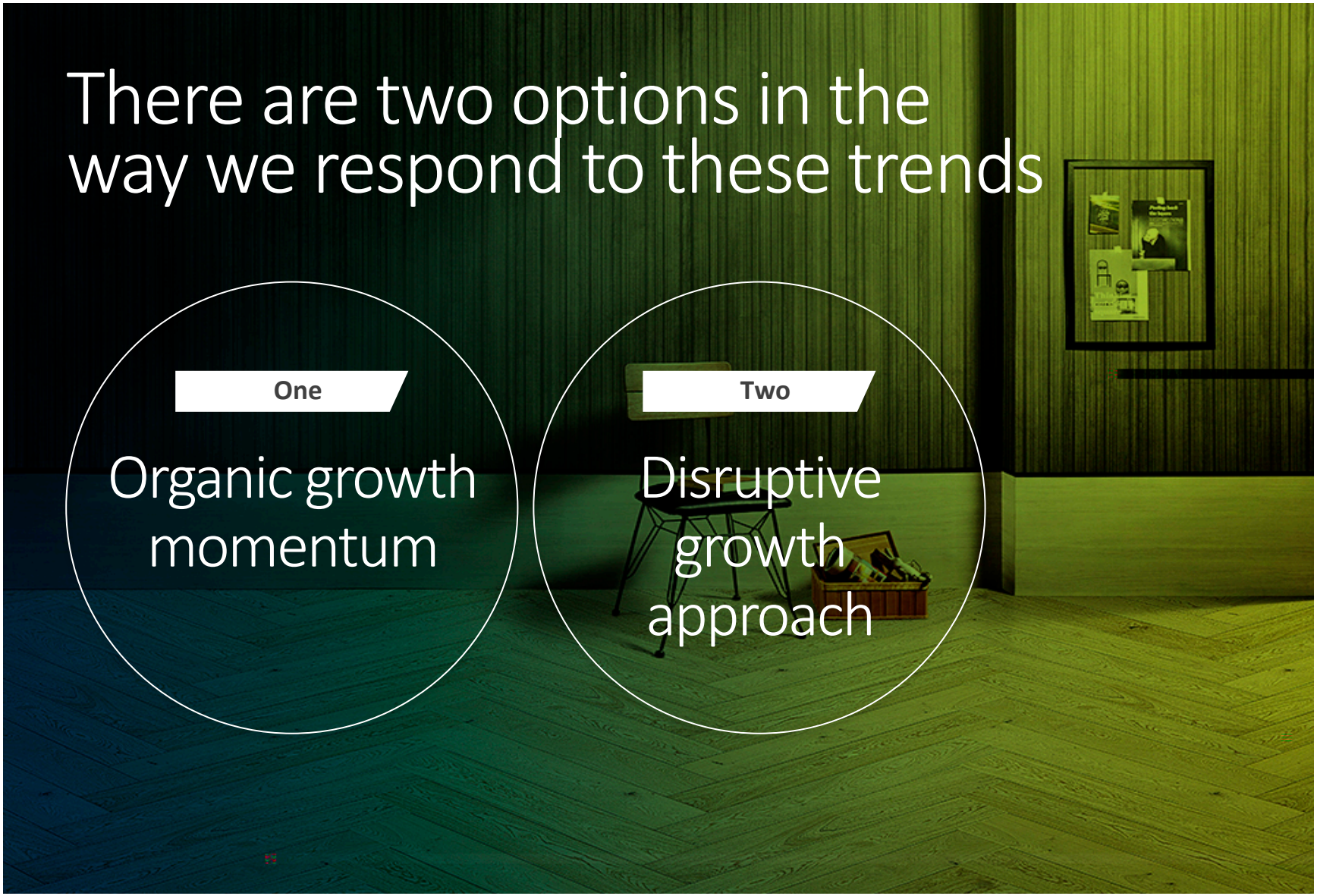
Four

Consumer desire to buy all products from a single outlet or brand

Five

Greater willingness to buy from companies committed to ESG compliance

There are two options in the way we respond to these trends



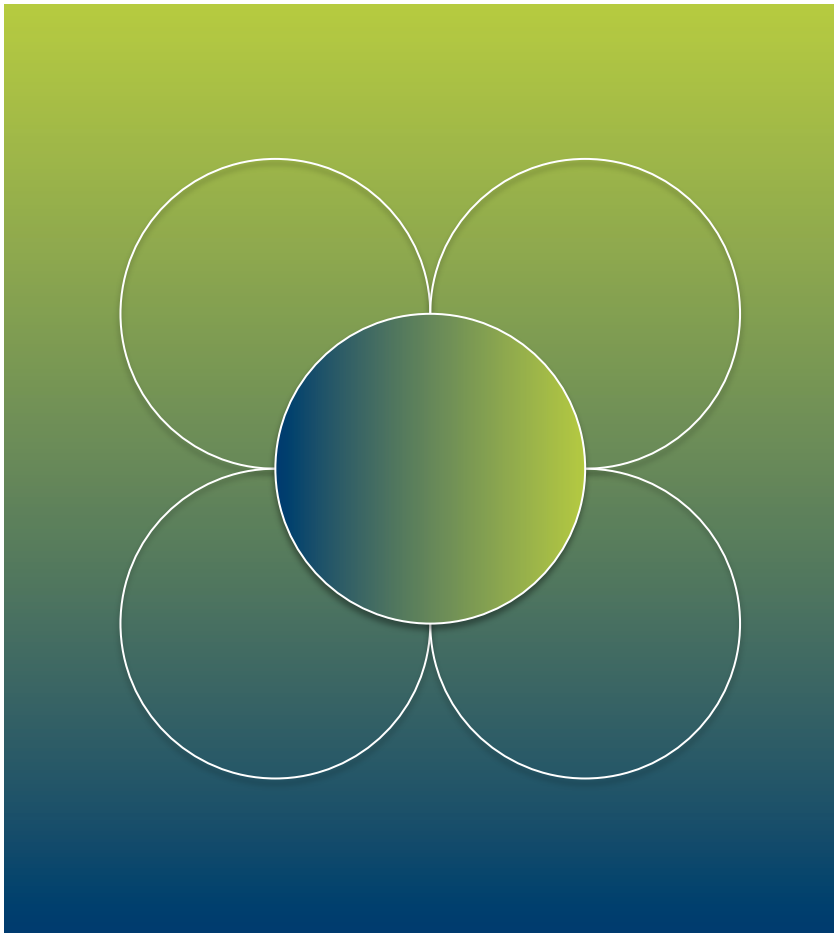
One

Organic growth momentum

Two

Disruptive growth approach

These are the product



What we are engaged in doing

Building a new Greenlam

Well-rounded profile; cross-sale-driven Greenlam

Servicing all wood panel needs at a single stop

Extending from decorative wood to commercial wood panel categories

Addressing demand across the value chain

Covering the entire wood panel products range

How this multi-business approach will enhance stakeholder value

Customers (primary)

Increase dealer throughput; enhance trade loyalty

Customers (secondary)

Address complete wood panel needs of consumers

Shareholders

Existing business to be sustained through existing accruals; revenue cum profit growth; enhanced RoCE

Vendors

Superior terms of trade based on higher volumes

Lenders

Secured debt repayment and timely interest servicing

What this approach can do for our business

Our attractive addressable markets

Where we are

Laminates

9,000
Rs cr, size of India's laminates market

Veneers

2,000
Rs cr, size of India's veneers market

Where we intend to enter

Plywood

30,000
Rs cr, size of India's plywood market

Particle board

5,000
Rs cr, size of India's particle boards market

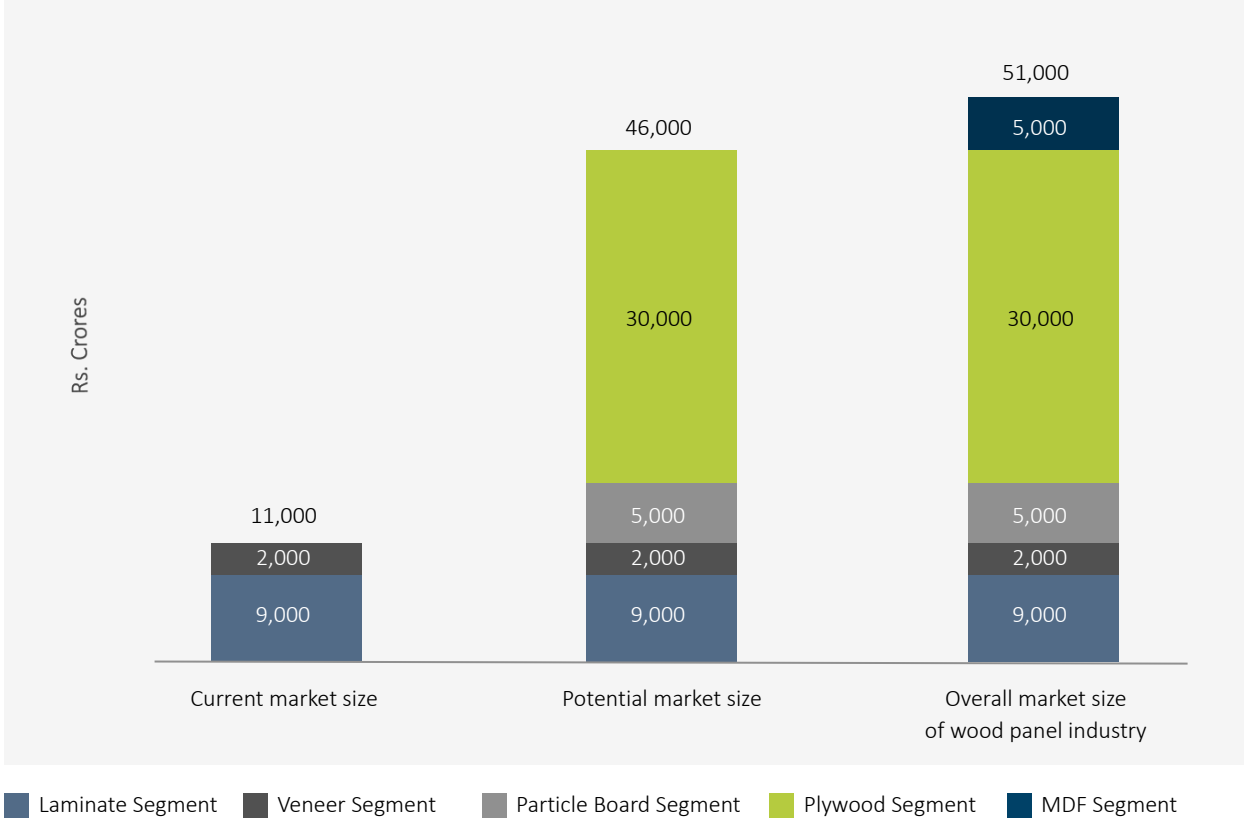
Our cumulative market opportunity

11,000

Rs cr, current market size (existing businesses)

46,000

Rs cr, size of potential market (existing and proposed businesses)



PART 4

Greenlam and India's plywood sector

Nature of the sector

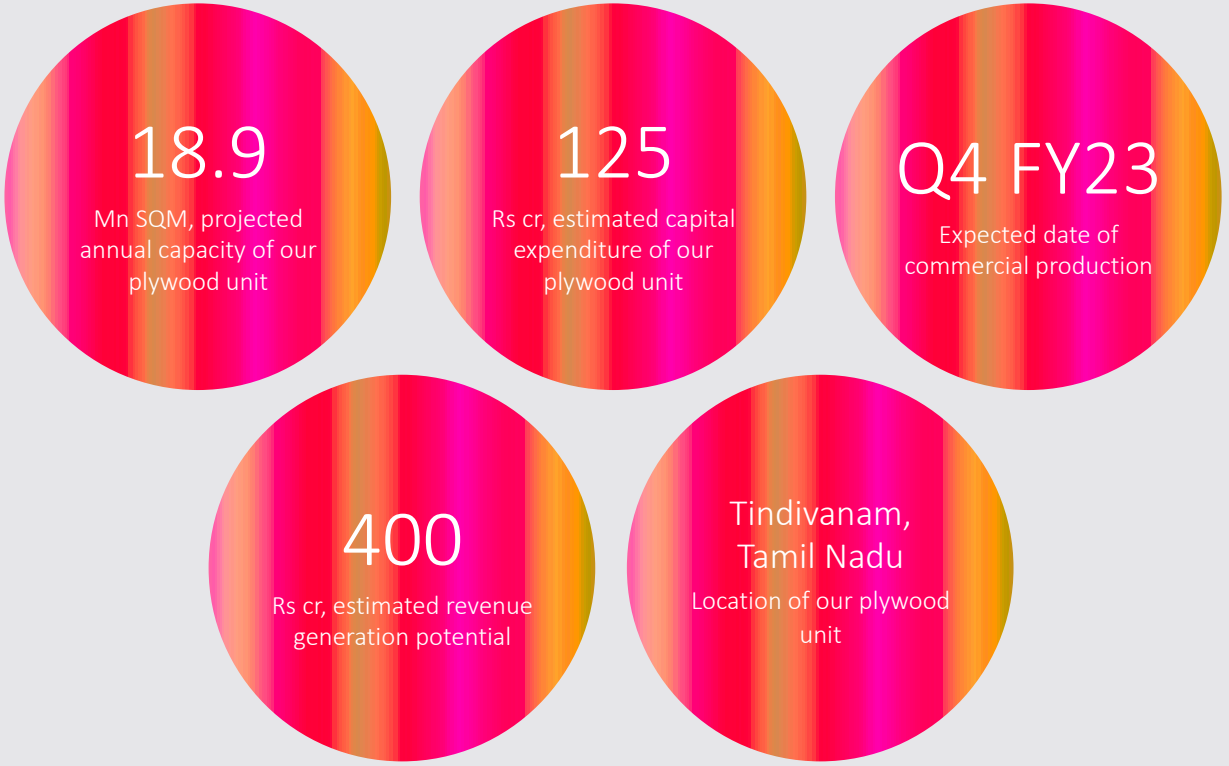
Growth opportunities

Rationale for our entry

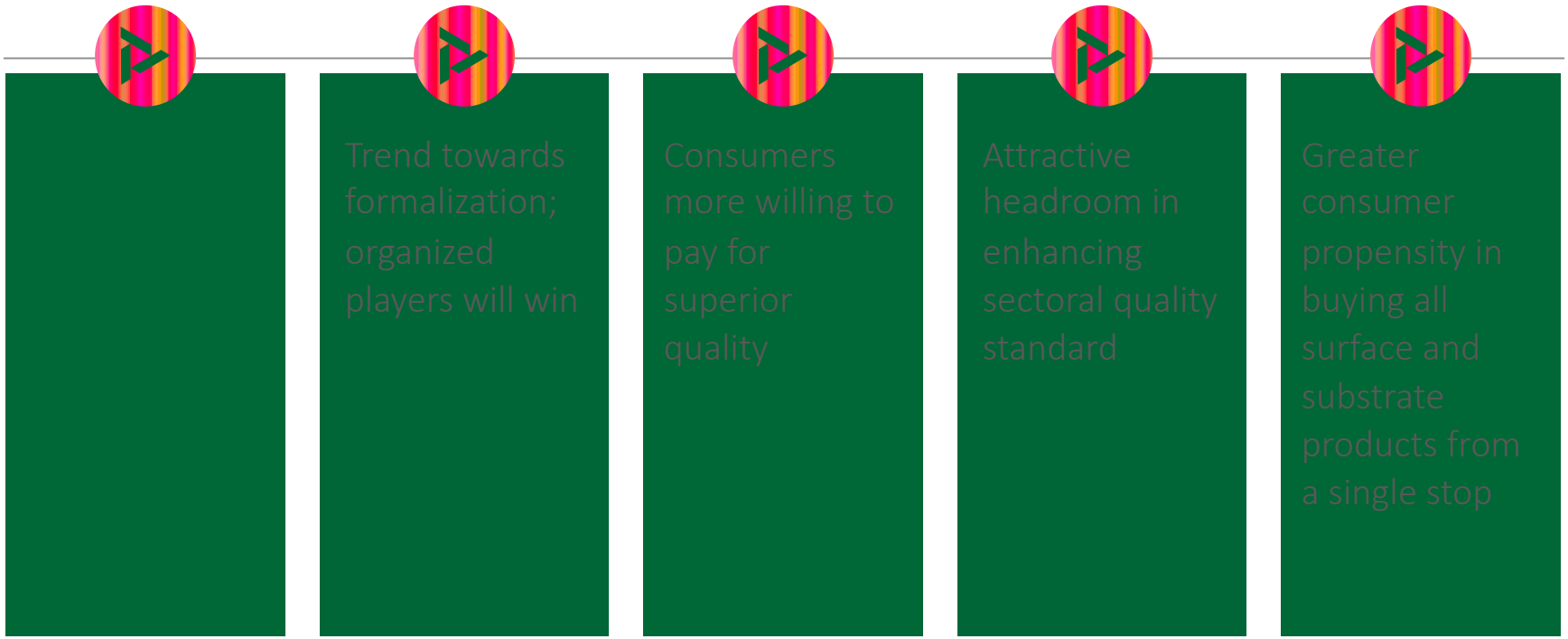
Our big picture

Greenlam intends to emerge in the top three of India's plywood sector

Greenlam's plywood strategy



India’s plywood sector’s



The big inflection trend: Unorganized plywood sector yielding ground after decades

Unable to address raw material cost volatility

Unable to pass cost inflation to consumers

Unable to manage increased working capital requirements

Unable to extend beyond the commodity and low realizations trap

Unable to address regulatory compliances

Unable to address declining consumer trust due to inferior product quality

What's driving India's plywood segment

Economy

- Indian GDP expected to grow 7%-plus; to emerge as a USD 5 Trillion economy by late Twenties
- Sustained increase in disposable incomes
- Driven by all round growth (housing, retail, hospitality and commercial)

Behavioral

Sector

- Low mortgage finance rate to sustain sectoral growth
- Regulatory changes of GST/E Way bill to enhance organized sector role
- Dearth of credible quality-driven brands
- India's furniture market expected to emerge as USD 27 Billion-plus by 2023
- Growing preference for mechanized furniture driven by product standardization, delivery and installation

Our proposed entry into the plywood business: What it will do for Greenlam

- Synergic portfolio to enhance cross-sale
- New and sustainable revenue engine
- Opportunity to emerge in India's top three within the segment
- Complete solution provider (surface and substrate products)
- Leverage the rich Greenlam goodwill across users and influencers

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PART 5

Greenlam and the particle board business

Particle board business: An overview

5,000 Rs cr, particle board market size

Greenlam's particle board game plan

Why we are excited about entering the particle boards space

Macro-sectorial

- Particle board market share highest in the global wood panel industry
- Large particle board appetite from the growing mechanized furniture industry (Modular kitchen units, wardrobes, shop fits, work tops, online furniture, co-working spaces etc.)
- Indian government (DPIIT) shortlisted 24 key domestic manufacturing sectors; furniture is one
- The Indian government seeks to make India a global furniture hub by creating Furniture Cluster Parks near ports
- India enjoys a large operating headroom compared to global capacities

Why we are excited about entering

Behaviourial

- Commercial furniture replacement cycle declining (from 12/15 years to 5/7 years)
- Declining incidence of on-site fabrication due to inconvenience factor

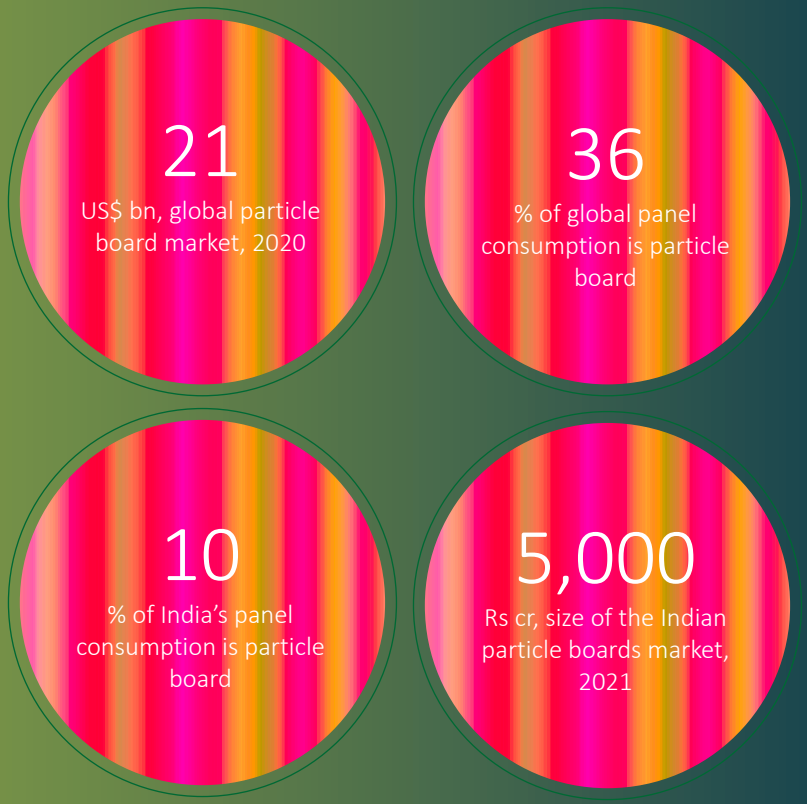
Environmental

- Wood-based particle board manufactured out of sustainable and renewable agro-forestry
- Almost 40% panel board resource vulnerable (bagasse-based); accelerated switch to wood based raw materials

Sectorial

- Import substitute product; no quality producer of global standard
- Dominated by the unorganized; switchover to organized in progress
- Limited number of Indian particle board manufacturers

Big numbers


21
US$ bn, global particle board market, 2020
36
% of global panel consumption is particle board
10
% of India's panel consumption is particle board
5,000
Rs cr, size of the Indian particle boards market, 2021

The Greenlam game-changer in the particle board business

Strategic

- Opportunity for market leadership
- No national player with relevant capacity / technology
- Opportunity to expand market size and capture market share
- Deeper positioning of Greenlam as a one-stop solution provider
- Unique interplay of scale, efficiency and branding

Technology

- Proposed commissioning of state-of-the-art particle board plant
- Continuous automatic plant to enhance industry's quality standard

Consumer proposition

- Availability of laminates, compact laminates, laminated particle boards from the same integrated plant

Greenlam. Right company at the right time in the right place

Footprint: Positioned attractively to address the market opportunity-ready

Engagement: Existing goodwill with users and influencers

Location: Proposed manufacturing facility in South India; proximate to ports, raw material availability and consuming market; lower logistics cost

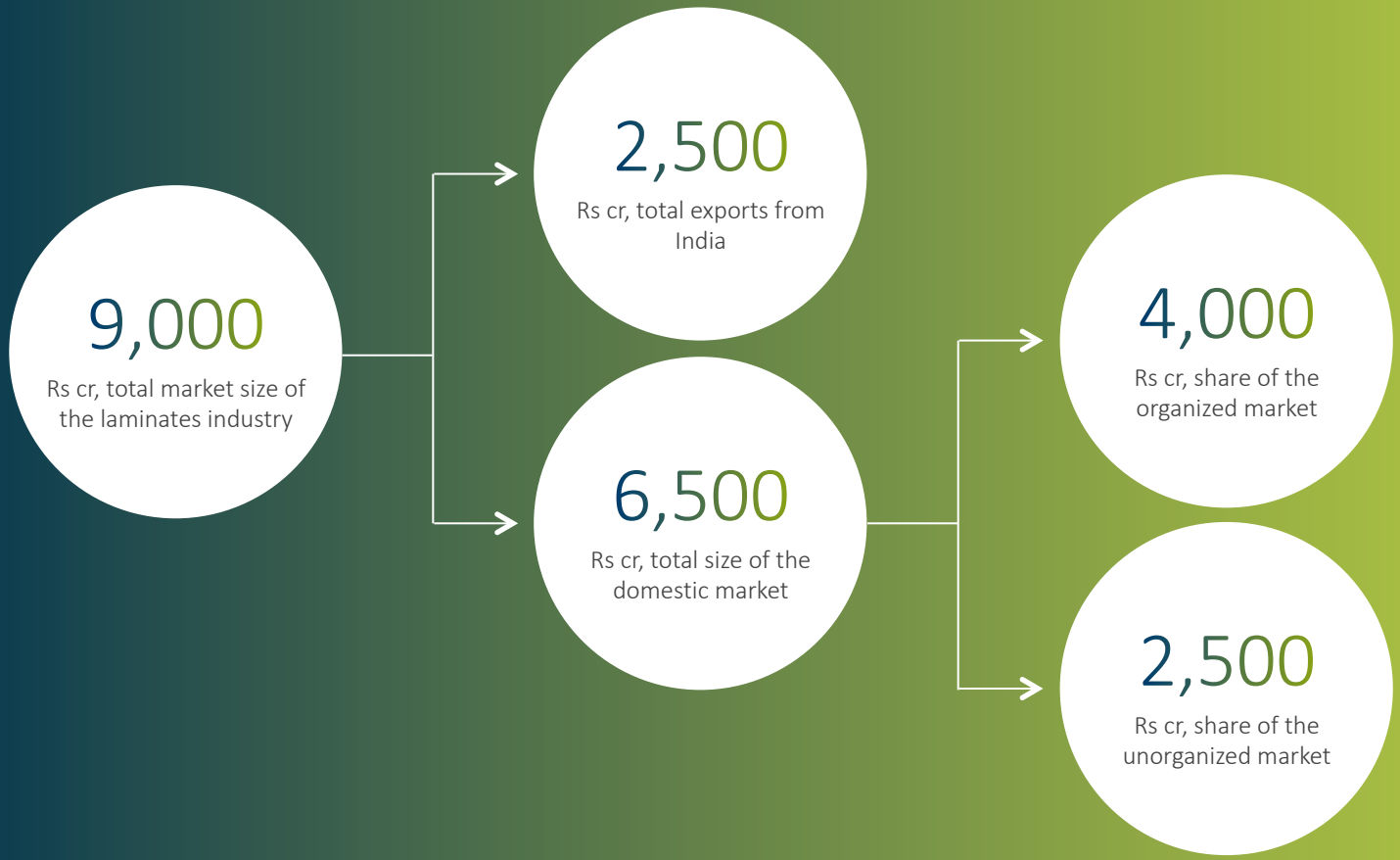
Relationships: Attractively placed to leverage relationships with distributors, MFF and other customers

Integrated manufacturing plant with laminate and compact laminate in Southern India with matching decors across product line

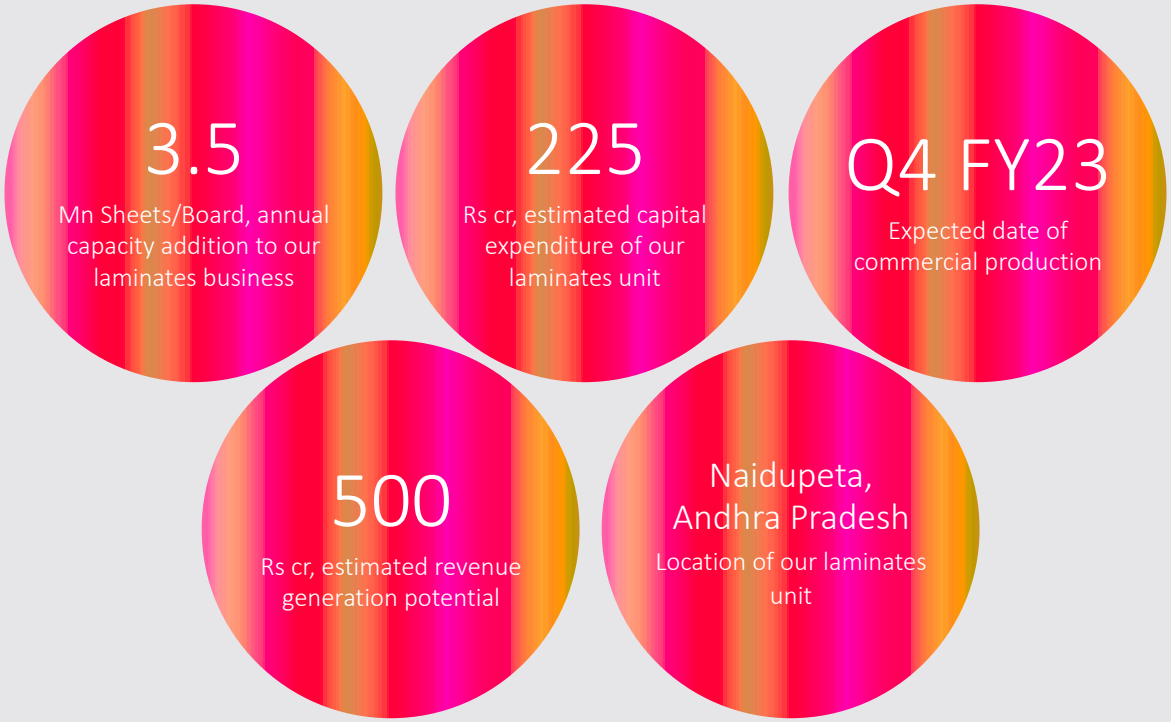
PART 6

Greenlam and the laminates business

Laminates business: An overview



Greenlam's laminates action plan



Further possibility of concurrent brownfield expansion at a significantly low capex

The big numbers of our laminates business

- Among the top three laminate manufacturers in the world, enhancing visibility and respect
- Graduated a commodity product to a premium lifestyle product; low-maintenance surfacing option
- Introduced a brand family and portfolio; created new price points; introduced value-added solutions (Kitchen worktop solution) and applications (residential to industrial to exterior)

PART 7

Greenlam 2.0 overview

We believe…

The Greenlam brand can enter new segments or commission larger capacities in existing segments

The time has come to provide the entire range of surface/ substrate products under a consolidated Greenlam brand

The time has come to create the foundation of a complete multi-product solution provider (surface and substrate)

The upsides of being an early mover could translate into sustainable sectorial leadership

Decisive value-creation opportunity

Significant business growth within a compressed time frame

Mobilising funds through a prudent balance of debt and internal accruals

Possibility of higher margins through synergies

Positive cash flows from existing businesses to drive sustainable growth

What this means for our Balance Sheet

- Existing business well capitalised to grow using its generated accruals
- Lower working capital outlay for the new businesses
- Shorter maturity curve of new projects; quicker and better profitability
- Superior margins and accelerated revenues will enhance return ratios
- Projected gearing to be reasonable

Conclusion

We are entering a new orbit that will make us…

Expansion plans			
	Laminate	**Plywood**	**Particle board**
Location	Naidupeta, Andhra Pradesh	Tindivanam, Tamil Nadu	Naidupeta, Andhra Pradesh
Annual Capacity	3.5	18.9	231000
UOM	Mn Sheets/Board	Mn SQM	CBM
Capex (Rs cr)	225	125	600
Revenue Potential (Rs cr)	500	400	600
Expected Commercial Production	Q4-FY2023	Q4-FY2023	Q4-FY2024

This is the future we are looking at

Manufacturing Capacities				
Products	**UOM**	**Current Capacity**	**Future Capacity**	**Location**
High Pressure Laminate	Mn Sheets / Boards	15.62	19.12	Behror, Raj Nalagarh, HP Naidupeta, AP
Decorative Veneer	Mn SQM	4.2	4.2	Behror, Raj
Engineered wood floor	Mn SQM	1.0	1.0	Behror, Raj
Engineered Doors	Units	12000	12000	Behror, Raj
Plywood	Mn SQM	-	18.9	Tindivanam, TN
Particle Board	CBM	-	231000	Naidupeta, AP

Raj – Rajasthan, HP – Himachal Pradesh, AP – Andhra Pradesh, TN – Tamil Nadu

Thank you