

Earnings Presentation – Q4 2021



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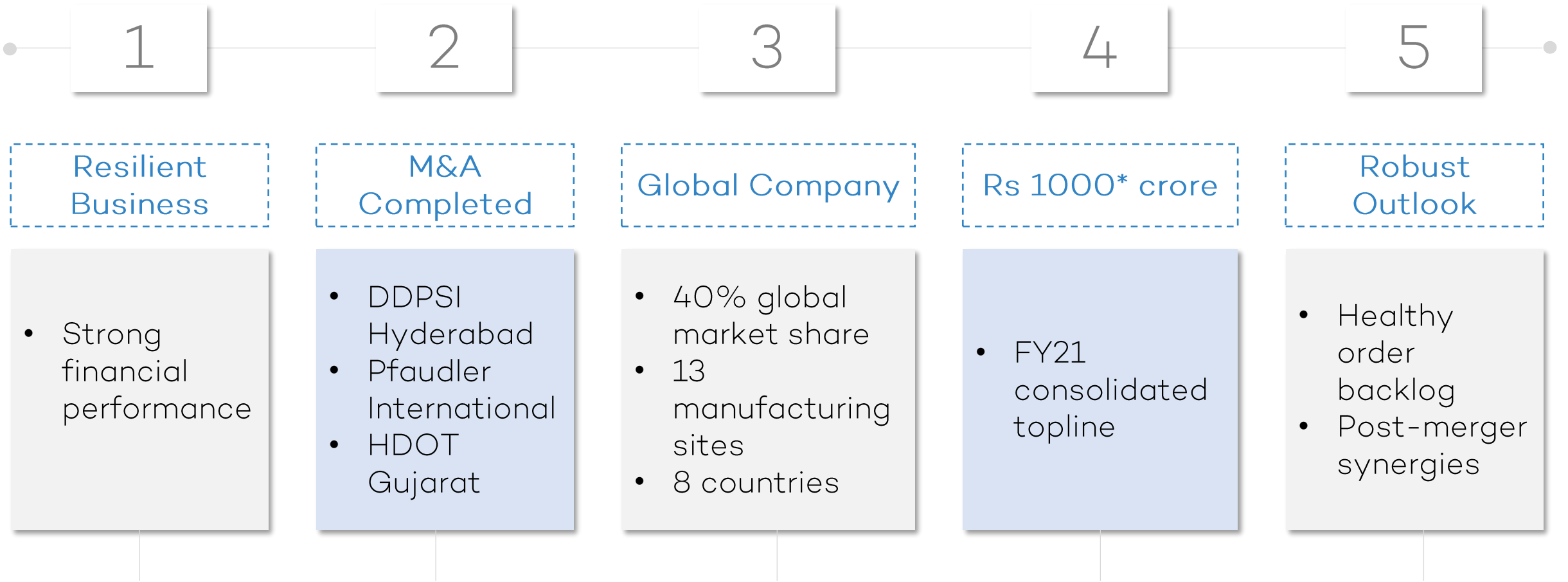
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Agenda

- ❑ Welcome address – Priyanka Daga
- ❑ Business update – Tarak Patel
- ❑ Financial performance update – Manish Poddar / Alexander Poempner
- ❑ Integration update – Tarak Patel
- ❑ Outlook – Tarak Patel
- ❑ Q&A session

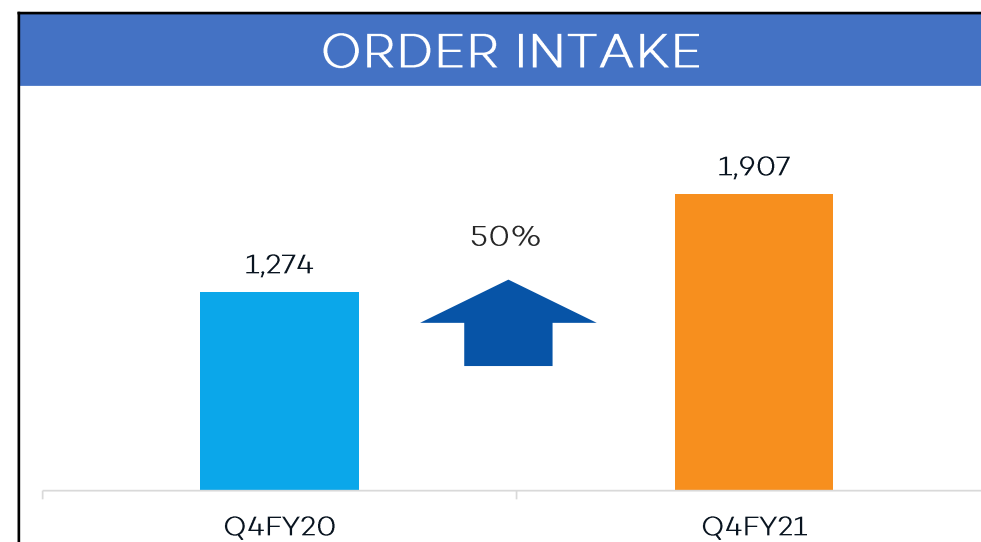
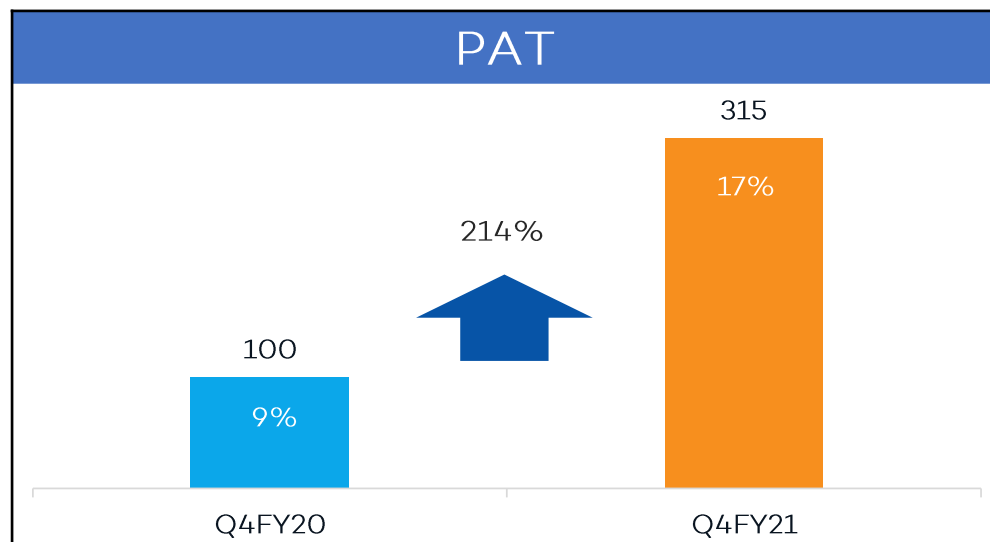
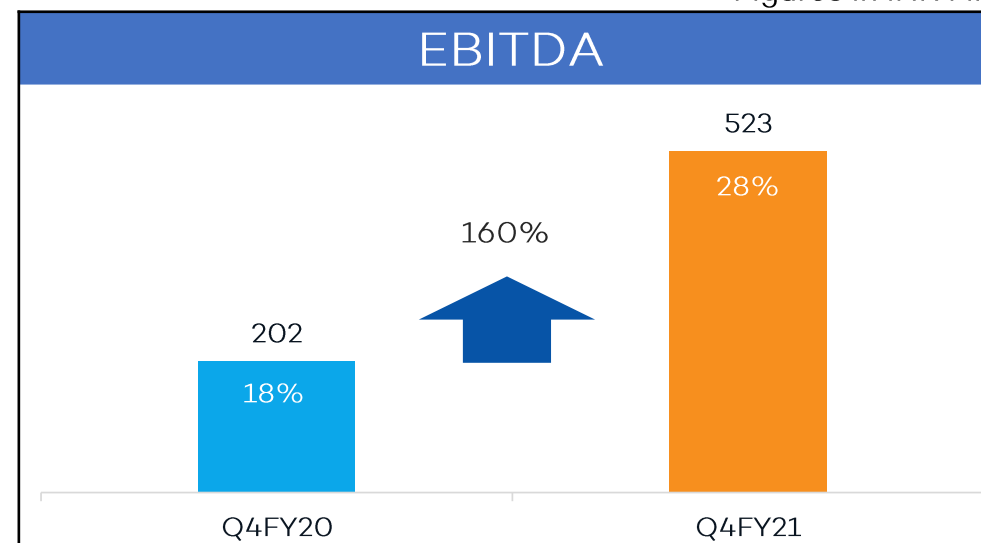
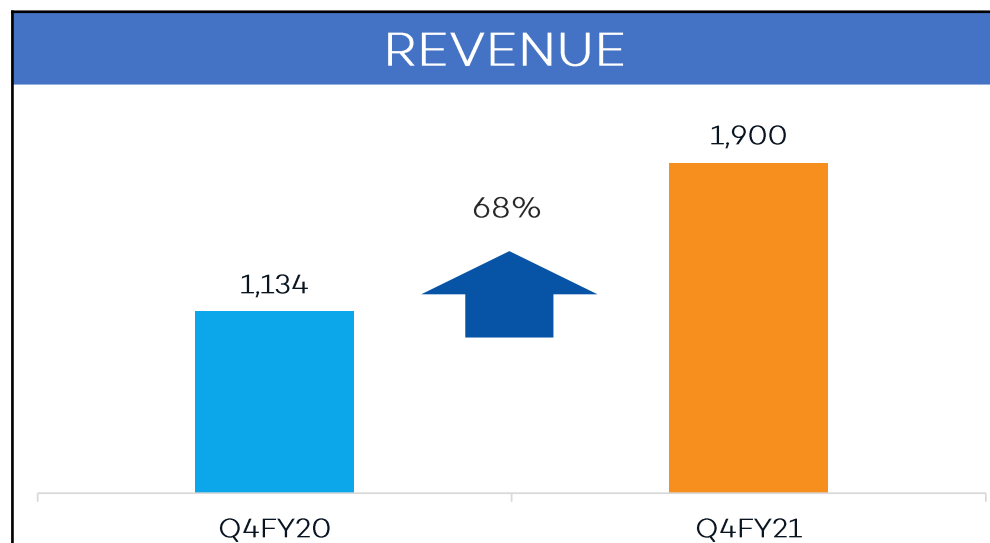
Business Update



Standalone

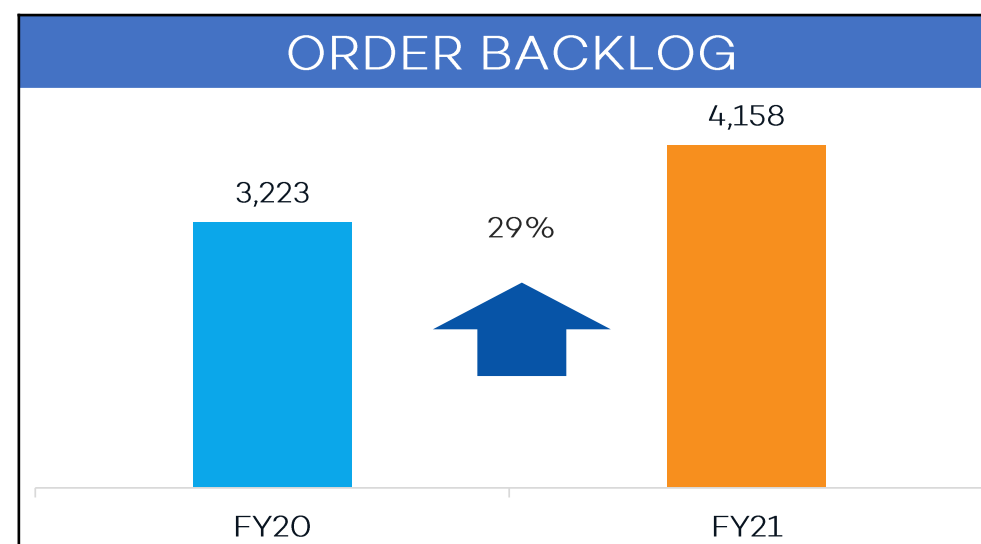
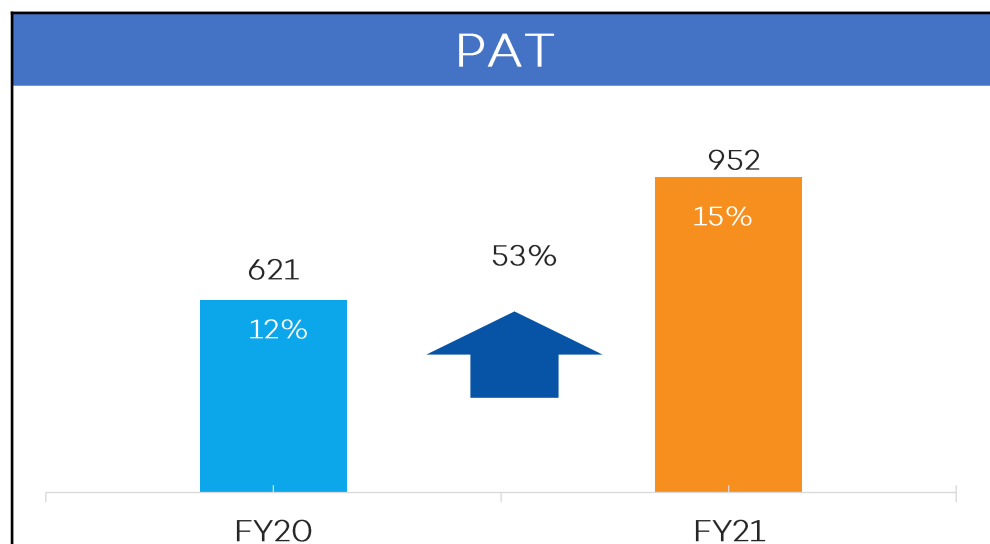
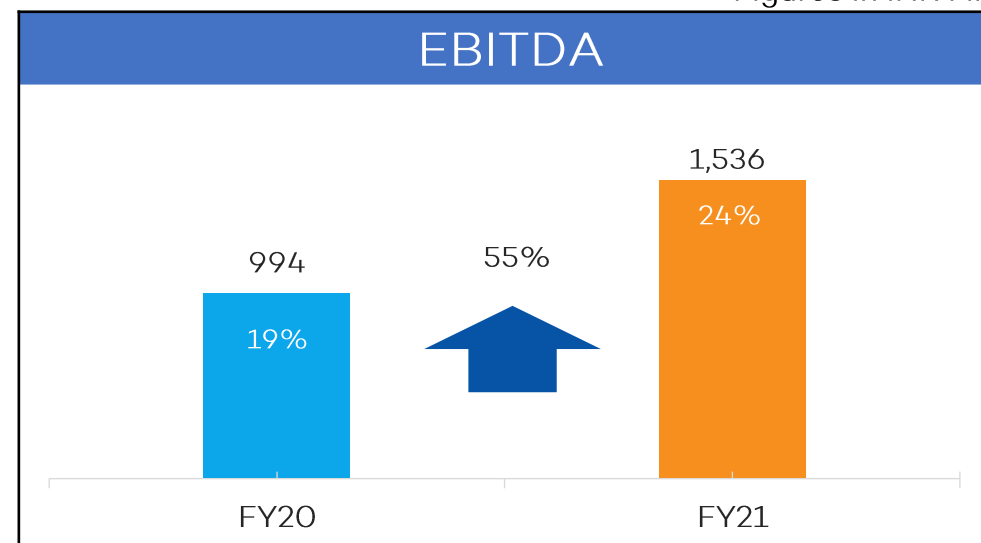
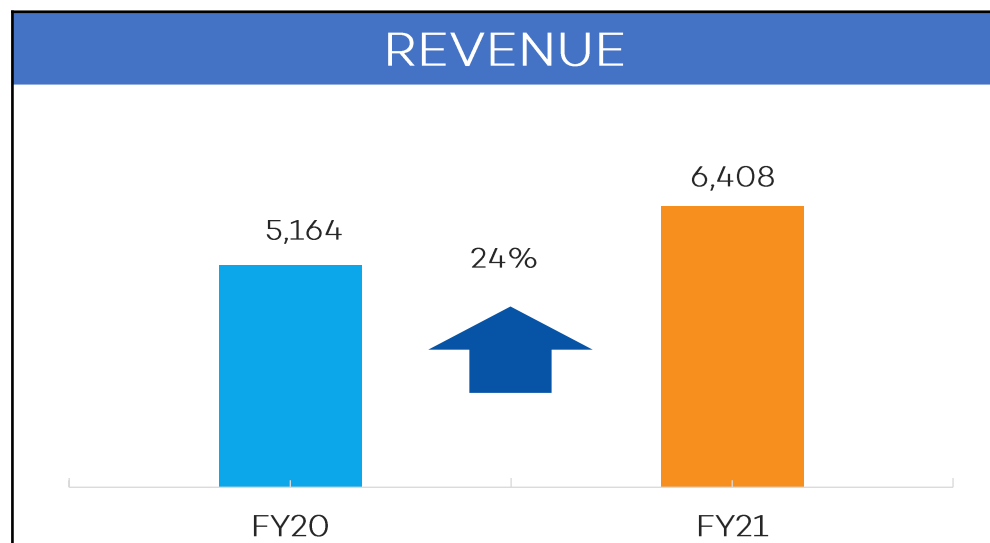
Standalone Results – Q4 FY21

Figures in INR Mn



Standalone Results – FY21

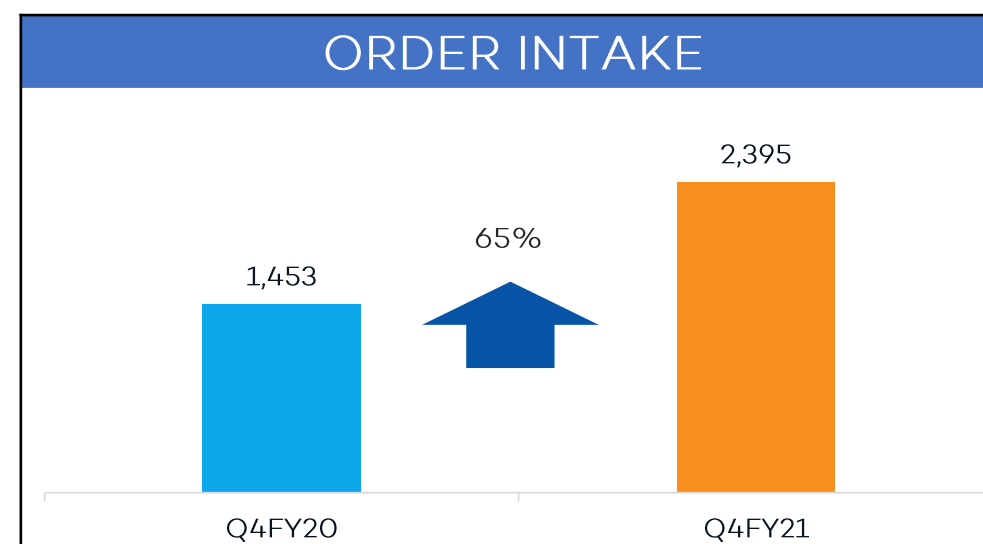
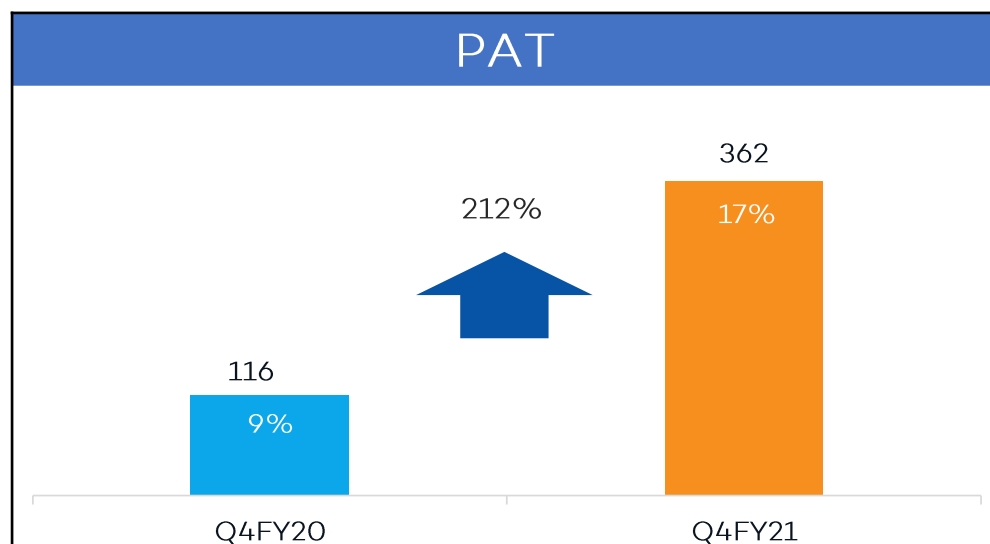
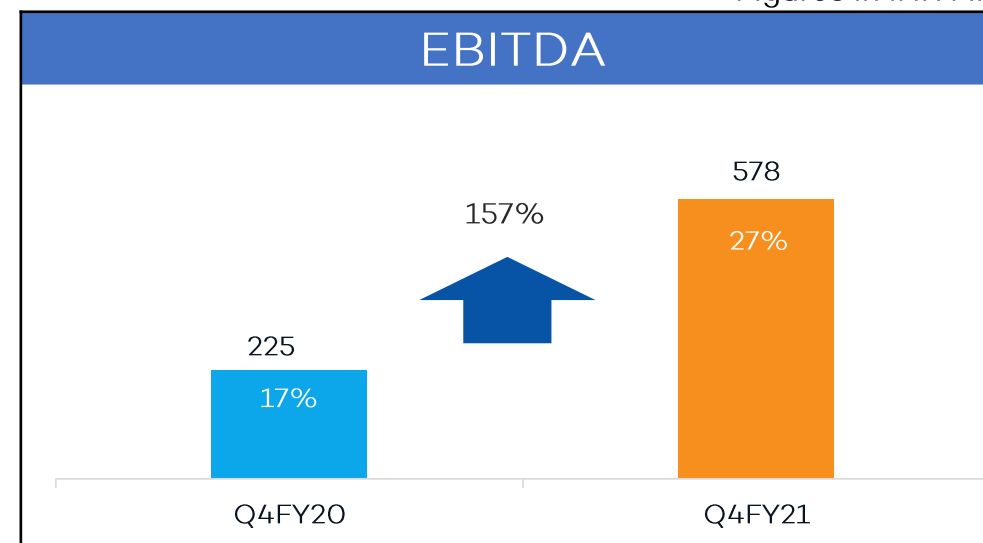
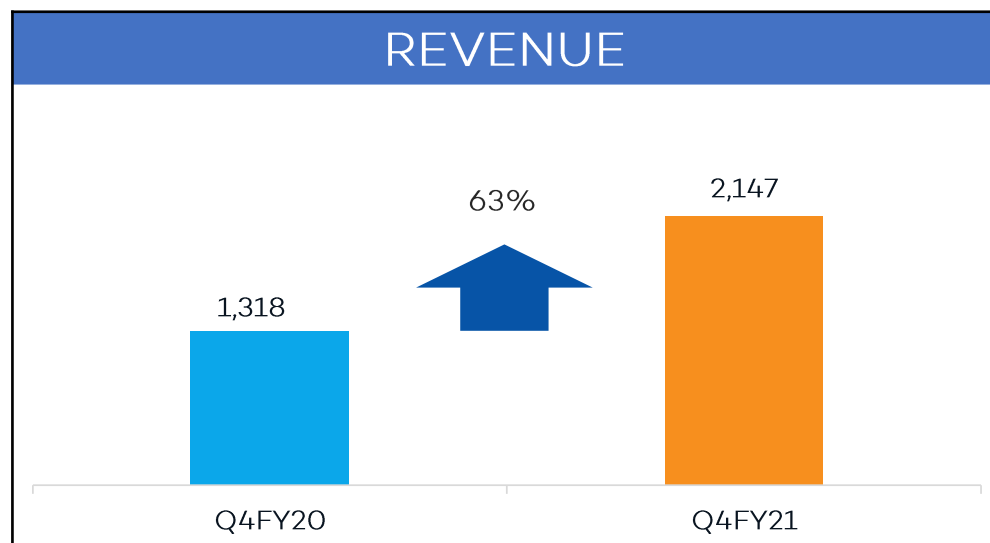
Figures in INR Mn



Standalone & Mavag*

Standalone & Mavag* Results – Q4 FY21

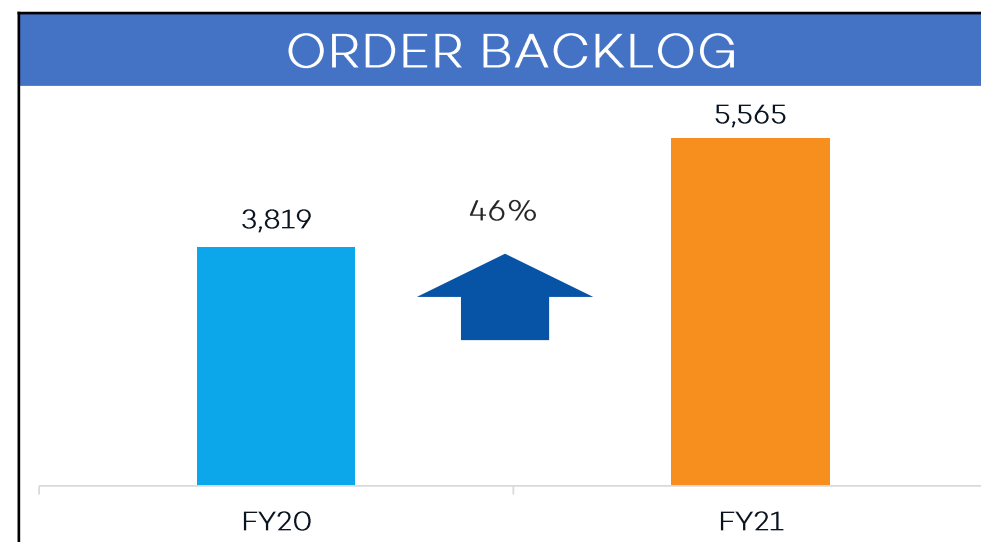
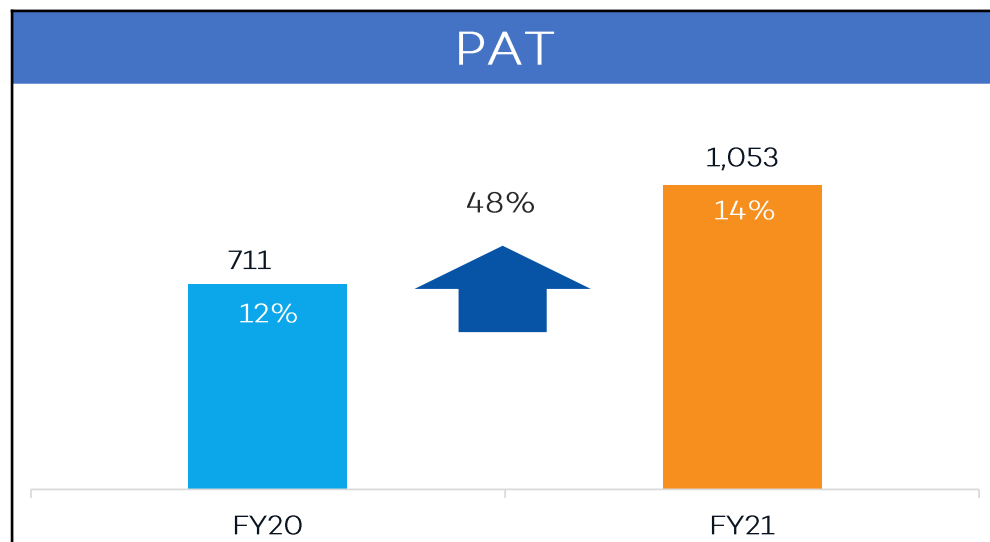
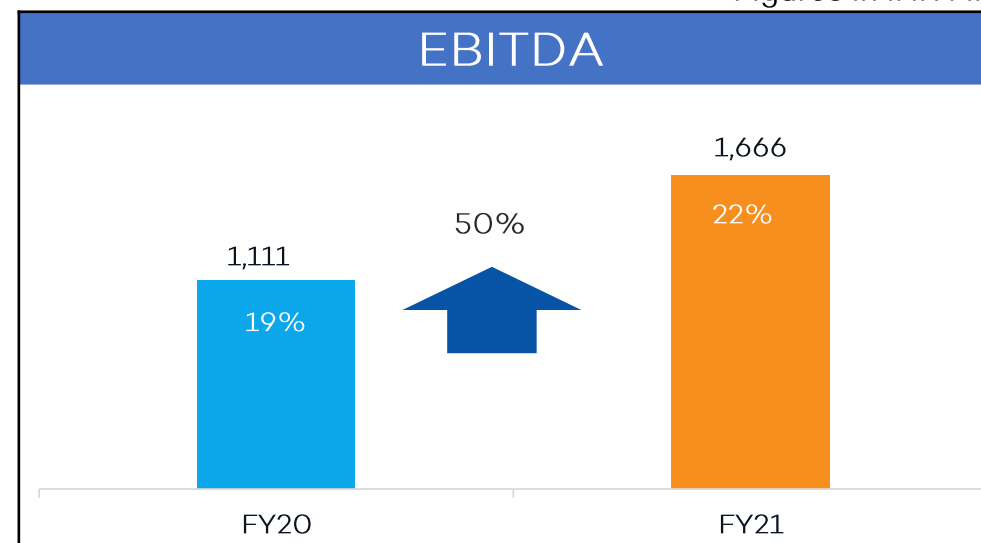
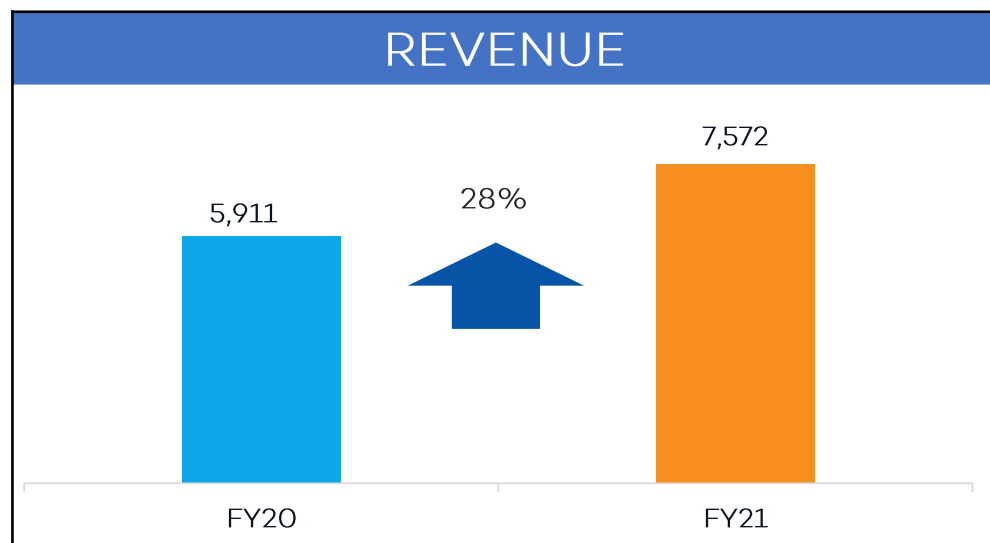
Figures in INR Mn



*Excluding Pfaudler International acquisition

Standalone & Mavag* Results – FY21

Figures in INR Mn



*Excluding Pfaudler International acquisition

Pfaudler International
(PFI)

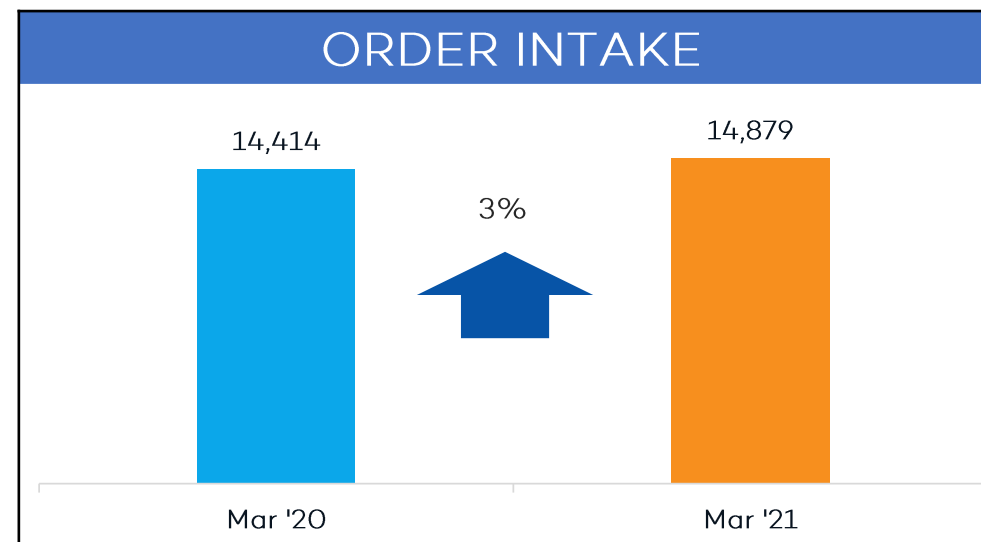
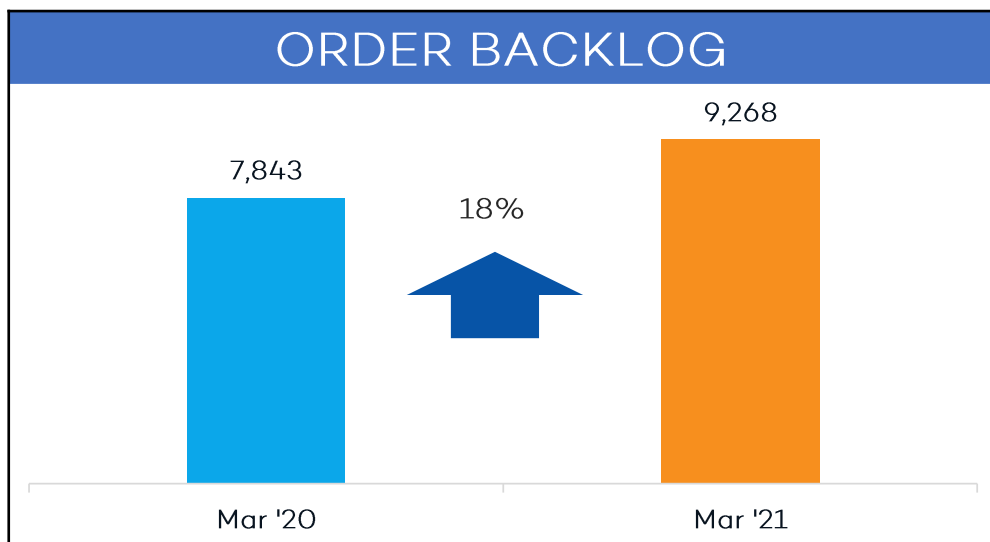
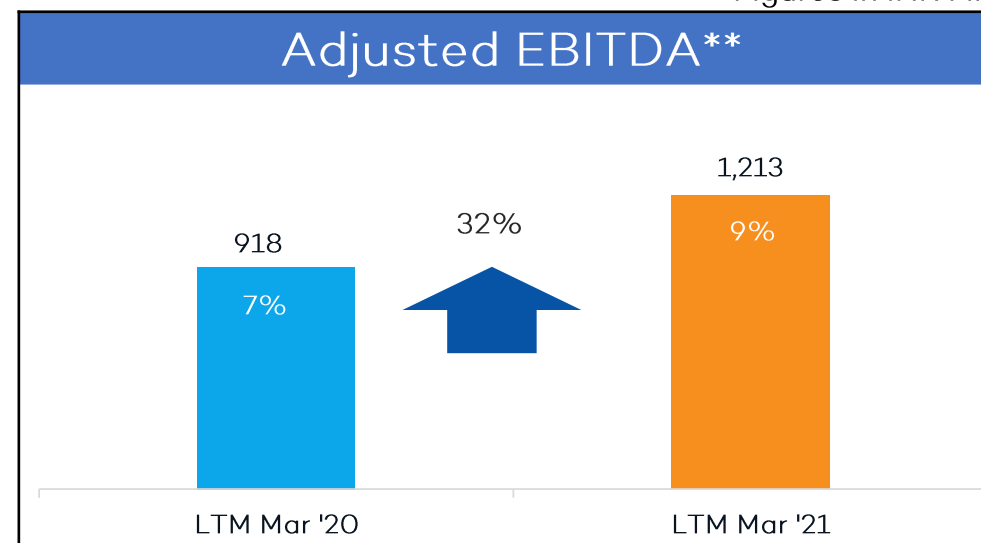
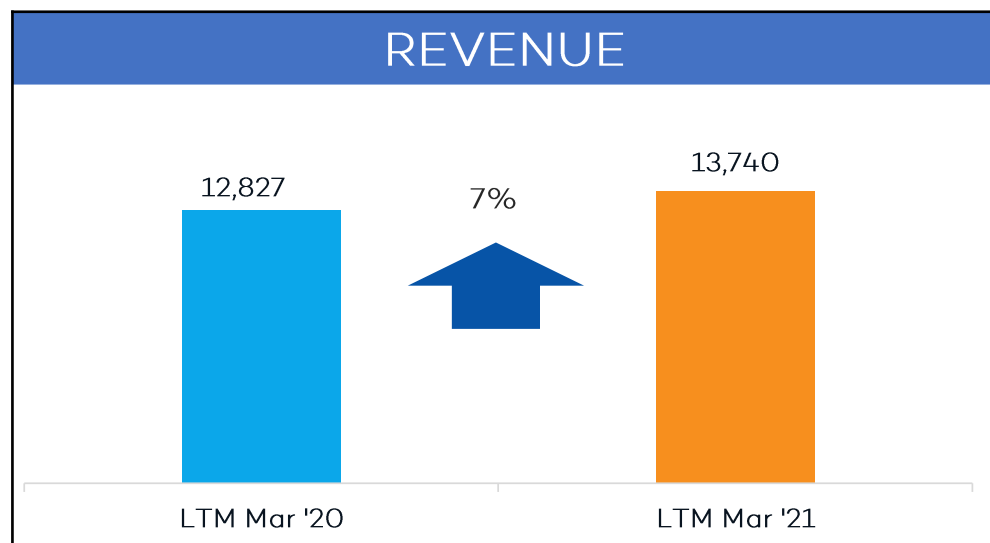
GMP Pfaudler 
Defining the standard

Pfautler International business has shown resilience with improved revenue, profitability and order intake

- ❑ Site modernization projects in Germany, China and Italy completed and now fully operational
- ❑ Europe: Solid operational and financial performance
 - Turnaround measures in Germany showing positive results
 - UK, Italy and Interseal continue to perform well
- ❑ Americas: Strong momentum in South America and signs of accelerating recovery in North America
 - Brazil witnessing strong demand
 - US business witnessing a pick-up after a muted 2020
- ❑ Asia: Growth in revenues and profitability
 - Completion of site relocation in China increases manufacturing capacity and creates basis for long-term sustainable growth

PFI Results* – Last Twelve Months (LTM) ending March

Figures in INR Mn



*Pro-forma Management Reporting converted to IFRS (unaudited)

Fx rates assumed constant for Mar' 20 and Mar '21

** Adjusted for one-time / non-recurring items (e.g. transaction and restructuring costs)

Consolidated Results

Consolidated Results – FY21 (1/2)

BUSINESS PERFORMANCE IMPROVED – BOTTOM-LINE CONTAINS ONE-TIME COSTS AND NON-CASH PPA ADJUSTMENTS

(in Rs Million) Particulars	STANDALONE + MAVAG		PFI Acquisition Related (Feb+Mar '21)				AUDITED
	Reported Results FY20	Standalone & Mavag Results FY21	PFI (Note i)	Acquisition Related	PPA Impact (Note iii)	Consol/ Eliminations	Reported Results FY21
		A	B	C	D	E	A+B+C+D+E
Revenue from Operations	5,911	7,572	2,558			(119)	10,011
Cost of materials consumed	2,620	3,129	845			(112)	3,862
Changes in inventories of FG and WIP	(76)	149	9		457		615
Employee benefits expense	880	1,085	990				2,075
Labour Charges	354	452	18				470
Other expenses	1,022	1,091	519			(7)	1,603
EBITDA	1,111	1,666	177	-	(457)	-	1,386
Other Income	58	92	143				235
Finance cost	35	68	34				102
Depreciation and amortisation expense	211	310	72		124		506
PBT	923	1,380	214	-	(581)	-	1,013
Exceptional items (Note ii)	-	-		133		202	335
PBT after exceptionals	923	1,380	214	(133)	(581)	(202)	678
Taxes	212	327	5	(140)	(148)		45
Profit after tax	711	1,053	209	7	(433)	(202)	634

(i) GMM Pfaunder Ltd acquired PFI business w.e.f. February 1, 2021. Hence the financial numbers are for Feb. and Mar. '21

(ii) Rs 335 million (GMM India and PFI) of one-time acquisition cost incurred to acquire PFI business

(iii) PPA stands for Purchase Price Allocation

Consolidated Results – FY21 (2/2)

Figures in INR Mn

BALANCE SHEET

Particulars	FY21	FY20
Fixed Assets	5,240	1,108
Goodwill & Intangibles	5,166	244
Receivables	3,096	743
Inventory	5,849	1,258
Cash and equivalents	2,435	478
Other assets (current & non-current)	2,389	1,465
Total Assets	24,175	5,296

Particulars	FY21	FY20
Shareholder's equity	4,071	3,291
Non-controlling interests	1,233	0
Debt	4,917	112
Pension liabilities	4,535	26
Trade payables	2,959	642
Other liabilities (current & non-current)	6,459	1,226
Total liabilities and equity	24,175	5,296

- Strong liquidity with cash and equivalents of Rs 2,435 million
- Post acquisition net gearing of 0.5 times in FY21
- Credit ratings reaffirmed at CRISIL AA-/CRISIL A1+ with stable outlook in April 2021

CASH FLOW SUMMARY

Particulars	FY21
Profit before tax	679
Net cash from operating activities	1,567
Net cash used in investing activities	(659)
Net cash from financing activities	1,049
Net increase in cash and cash equivalents	1,957

Integration Update

Project Apollo

Phase 1 Planning

- Senior management decided to initiate work on company-wide integration project
- Steering committee and PMO formed
- Project Apollo formally launched on March 1, 2021 and communication rolled out to all employees

Phase 2 Execution

- Define project charters and various workstreams
- Establish governance mechanism, targets and timelines
- Regular reviews by PMO and steering committee

Phase 3 Value Realisation

- Handover operational control to PMO
- Review and monitor progress on a regular basis
- Realise post-merger synergies of \$5Mn by FY24

On Track to Achieve Synergies

Lean Production



Operational Excellence

Implement GMM's **lean-production model** across manufacturing sites to increase throughput

EARLY WINS

- Established and benchmarked baseline capacity in China
- Identified debottlenecking opportunities
- Implemented GMM end-to-end planning model

Steel Cost Savings



Value Sourcing

Leverage GMM's **low-cost capabilities** to increase market share and margins across the group

EARLY WINS

- Successful breakthrough in price sensitive European market
- Initiated sourcing of components from India
- Design standardization across multiple locations on-going

Cross-Selling



Collaboration and Expansion

Capture customer wallet share through cross selling and product portfolio enhancement

EARLY WINS

- Packaging of products and manufacturing locations to create value proposition
- First Acid recovery order received in India
- Localization of Interseal for Indian market



Outlook

Outlook – India

- ❑ Growth momentum to continue with steady margins
- ❑ Robust order backlog across all business lines
- ❑ Focus on growing after-market business with addition of new service centers
- ❑ Leveraging Pfaudler's global network to increase exports
- ❑ Nacharam facility fully operational will add to Glass-lined capacity
- ❑ Vatva facility operational will be ramped up in phased manner
- ❑ Capacity expansion planned across all locations

Outlook – International

- ❑ Focus on business stabilization and margin improvement
- ❑ Order backlog remains strong driven by capacity expansions in Europe and Americas
- ❑ All site relocations complete and manufacturing momentum picking up across all locations
- ❑ Integration and cost optimization initiatives in process
- ❑ Penetrate new markets through value sourcing and cross selling

Appendix

Standalone Results – FY21

Figures in INR Mn

BALANCE SHEET

Particulars	FY21	FY20
Fixed Assets	1,474	1,048
Goodwill & Intangibles	320	241
Receivables	1,130	595
Inventory	1,127	1,110
Cash and equivalents	287	287
Other assets (current & non-current)	2,339	1,029
Total Assets	6,677	4,310

Particulars	FY21	FY20
Shareholder's equity	3,574	2,711
Non-controlling interests	0	0
Debt	1,054	112
Pension liabilities	0	0
Trade payables	931	578
Other liabilities (current & non-current)	1,119	909
Total liabilities and equity	6,677	4,310

CASH FLOW SUMMARY

Particulars	FY21
Profit before tax	1,259
Net cash from operating activities	1,247
Net cash used in investing activities	(1,987)
Net cash from financing activities	740
Net increase in cash and cash equivalents	NIL

Consolidated Results – Q4 FY21

BUSINESS PERFORMANCE IMPROVED – BOTTOM-LINE CONTAINS ONE-TIME COSTS AND NON-CASH PPA ADJUSTMENTS

(in Rs Million)	Reported Results Q4 FY20	STANDALONE & MAVAG Standalone & Mavag Results Q4 FY21	PFI Acquisition Related (Feb+Mar '21)				AUDITED Reported Results Q4 FY21
			PFI (Note i)	Acquisition Related	PPA Impact (Note iii)	Consol/ Eliminations	
Particulars			B	C	D	E	A+B+C+D+E
Revenue from Operations	1,318	2,147	2,558			(119)	4,586
Cost of materials consumed	563	849	845			(112)	1,582
Changes in inventories of FG and WIP	(9)	(38)	9		457		428
Employee benefits expense	228	266	990				1,256
Labour Charges	80	144	18				162
Other expenses	231	348	519			(7)	860
EBITDA	225	578	177	-	(457)	-	298
Other Income	7	18	143				161
Finance cost	9	21	34				55
Depreciation and amortisation expense	59	80	72		124		276
PBT	164	495	214	-	(581)	-	128
Exceptional items (Note ii)	-	-		133		202	335
PBT after exceptionals	164	495	214	(133)	(581)	(202)	(207)
Taxes	48	133	5	(140)	(148)		(150)
Profit after tax	116	362	209	7	(433)	(202)	(57)

(i) GMM Pfaudler Ltd acquired PFI business w.e.f. February 1, 2021. Hence the financial numbers are for Feb. and Mar. '21

(ii) Rs 335 million (GMM India and PFI) of one-time acquisition cost incurred to acquire PFI business

25 (iii) PPA stands for Purchase Price Allocation

PFI Results – Feb & March 2021

Particulars	Pfaudler International Acquisition Related			Total
	PFI	Acquisition Related	PPA Impact	
	A	B	C	
Revenue from Operations	2,558			2,558
Cost of materials consumed	845			845
Changes in inventories of FG and WIP	9		457	466
Employee benefits expense	990			990
Labour Charges	18			18
Other expenses	519			519
EBITDA	177	-	(457)	(280)
Other Income	143			143
Finance cost	34			34
Depreciation and amortisation expense	72		124	196
PBT	214	-	(581)	(367)
Exceptional items (Refer note: ii)		133		133
PBT after exceptionals	214	(133)	(581)	(500)
Taxes	5	(140)	(148)	(283)
Profit after tax and exceptionals	209	7	(434)	(217)

INR 457Mn:
FMV of inventory step-up charged to P&L

INR 124Mn:
Intangibles amortisation

INR 148Mn:
Deferred tax impact thereon

INR 133Mn:
Acquisition related expenses incurred by PFI

INR 140Mn:
Deferred tax liability write-back in Edlon (US subsidiary)

ONE-TIME

PPA and Acquisition Related Costs

Figures in INR Mn

PPA Adjustments

Per IND AS 103 Business Combination; assets valued at FMV and intangibles valued (with respective amortisation period) -

Inventory	922	(4 months)
Technology	1,924	(20 years)
Brands/Trademark	950	(20 years)
Customer relationships	1,185	(20 years)
Order backlog	360	(8-17 months)

Impact on Cashflow- NIL

P&L impact due to PPA

Particulars	Useful life	Q4FY21	FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22	FY23-FY41
Inventory	4 months	-457	-457	-465	0	0	0	-465	0
EBITDA impact		-457	-457	-465	0	0	0	-465	0
Intangibles	8 months - 20 years	-124	-124	-178	-178	-60	-60	-476	-201
PBT Impact		-581	-581	-643	-178	-60	-60	-941	-201
Tax		148	148	163	45	15	15	239	52
PAT Impact		-433	-433	-480	-133	-45	-45	-702	-149

Acquisition related costs

- One time legal and advisory costs paid by PFI and GMM India to conclude transaction
 - Rs 133 mn incurred by PFI
 - Rs 202 mn incurred by GMM India
- Rs 140 mn of deferred tax write-back (a positive impact) in Edlon Inc (US subsidiary) related to the hive-off of other subsidiaries

Thank You