Asian Paints Limited
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Santacruz (E)
Mumbai 400 055
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www.asianpaints.com

APL/SEC/24/2020-21/32

21st January, 2021

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

The 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 the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, we are enclosing herewith a copy of the presentation made to Investors on Audited Standalone and Unaudited Consolidated Financial Results of the Company for the quarter and nine months ended 31st December, 2020.

This is for your information and record.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**

R J JEYAMURUGAN
CFO & COMPANY SECRETARY

Encl.: As above

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Investor Conference

Q3 - FY2021 Results

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.

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Market Conditions

- **Normalization seen across activities - rise in Covid cases at a much lower rate and India seems to have done a very good job to contain the spread**
- **Post a lackluster Q1, second and third quarter witnessed rebound in demand conditions**
  - GDP decline in Q2 slowed to -7.5% showing good recovery after the sharp fall in Q1
- **Recovery supported by new construction / renovation as well as robust festive demand**
  - Uptrend seen across sectors – Manufacturing as well as Construction
- **Raw material inflation on an upswing with crude prices going up**
  - Inflation seen across crude derivatives and most coatings Raw materials from Dec 20
- **Foreign exchange movement (USD – INR) supportive in the third quarter**

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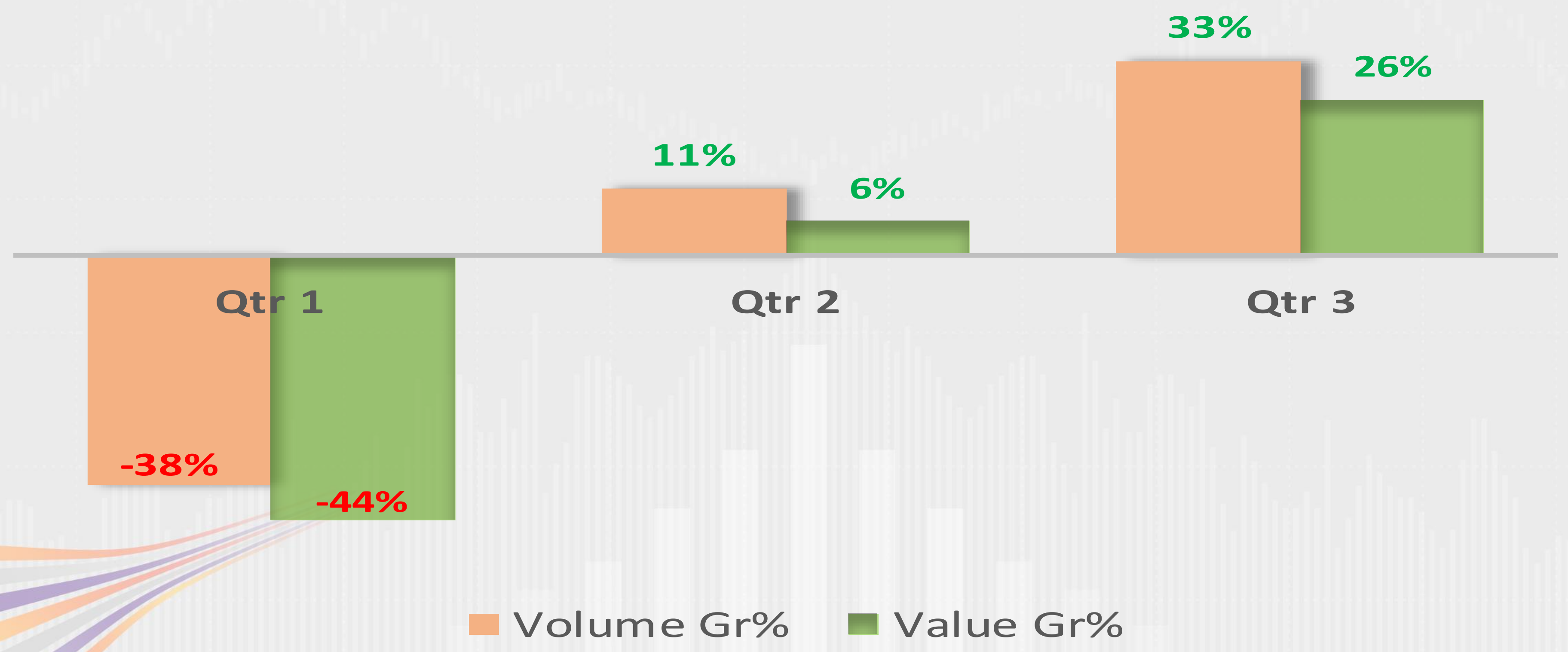
Business Update - Domestic Decorative Business

- **Strong growth in Paint market in Q3 following a positive Q2; led by continued strong growth in tier 2 / 3 / 4 markets**
    - Even tier 1 markets and metros reported a strong volume growth in Q3
- **33% volume growth in Q3 for the domestic decorative business with strong volume growth in each of the months in the quarter**
- **Strong growth in Projects and large institutional sales**
- **Strong growths in the Premium and Luxury range across regions well supported by Smartcare & Economy range**
- **'Safe Painting' & 'San Assure' Services gaining a lot of customer traction in these testing times**
- **Décor play panning out well with good response to the Beautiful Home Service in a short span**
- **Gross margins for the quarter better than LY supported by lower prices and good work on driving sourcing / formulation efficiency**
    - However, material prices have seen a sharp appreciation in the month of December

Business Update - Domestic Decorative Business

Strong 33% volume growth in Q3 – Strong push across markets and product segments, gaining market share and good demand conditions due to construction resurgence & festive demand



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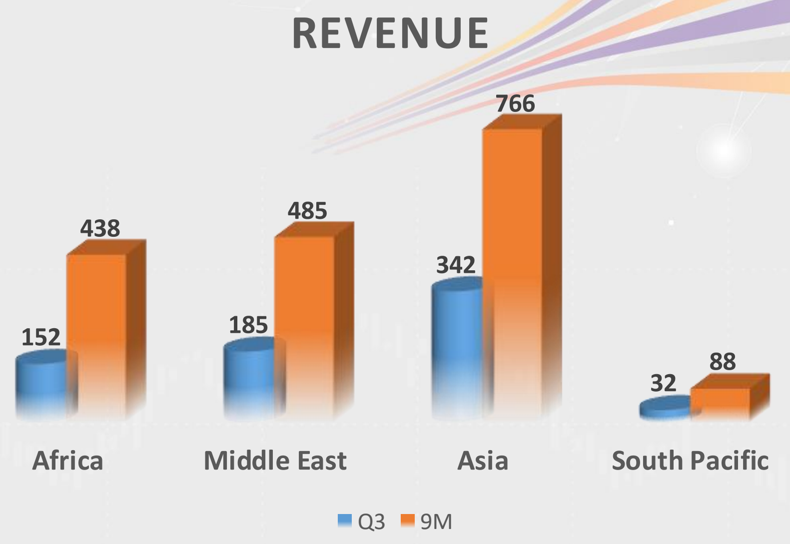
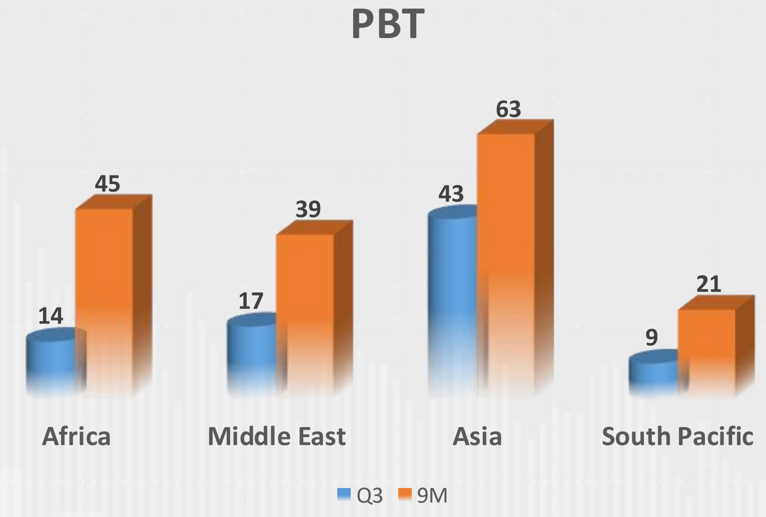
Business Update - International Business

- **Volume picked up strongly in Q3, like in India**
  - Strong recovery in Asia & Middle East
  - All units reported double digit volume growths in Q3
  - Ethiopia, Bahrain & Indonesia – the only exceptions
- **Pick-up seen across price segments**
- **Product portfolio expansion initiatives working well in focus markets, across focus products**
  - Waterproofing and Premium/Luxury emulsions segments doing well

- **Q3 margins supported by lower material prices as well as benefit of cost control measures in place**

- **Overall, International Business revenue: Q3 at ` 700 crores (+22.4%) and 9M at ` 1756 crores (+1.3%)**
- **International Business PBT: Q3 at ` 74 crores (+171.3%) and 9M at ` 147 crores (+41.6%)**





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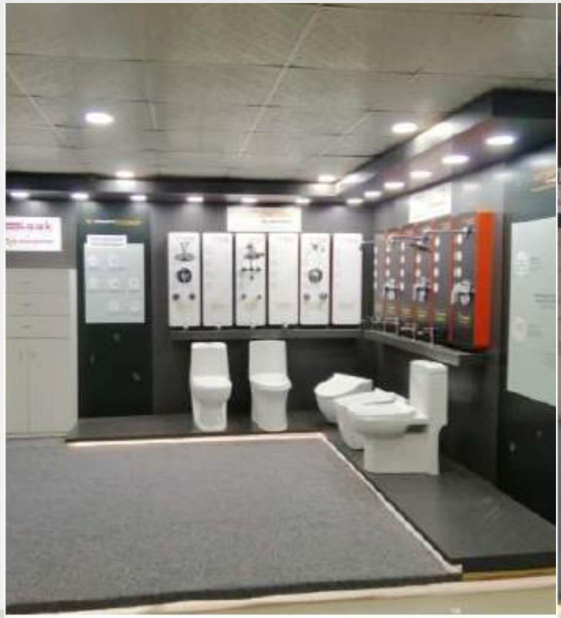
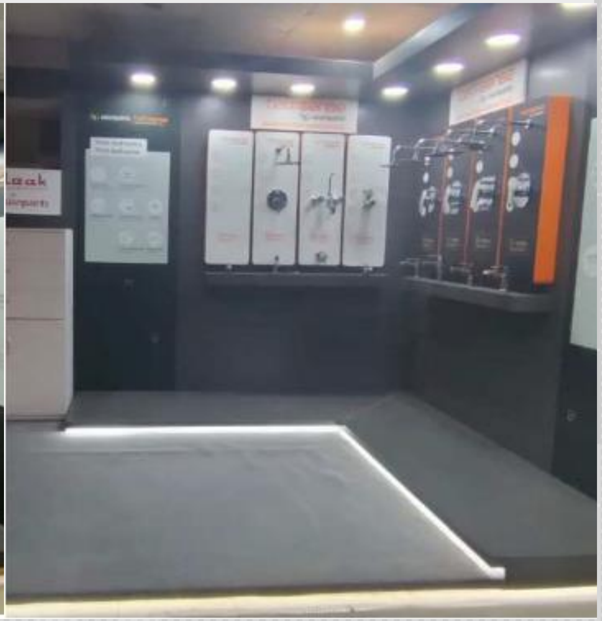
Waterproofing Product Range launched across International units

Launch of Bath Business in South Asia (Nepal & Bangladesh)





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Business Update - Industrial Business

- **PPG-AP**
  - Auto sector sales and builds data exhibit a continued recovery momentum
  - OEM business thus reported a good double digit value growth in Q3
  - Refinish business picking up, in positive zone for the quarter

PPG asian paints
Automotive, Marine and Speciality Coatings

- **AP-PPG**
  - Demand recovery leading to a double-digit value growth in Q3
  - Growth led by Powder Segment
  - Industrial Liquid Paints also showing sequential uptick

asian paints PPG
PROTECTIVE, PERFORMANCE AND POWDER COATINGS

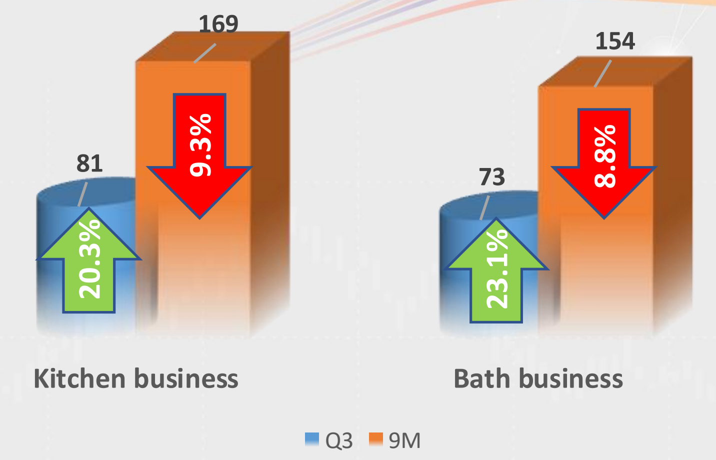
- **Profitability in both businesses supported by contained costs during the period**

Business Update - Home Improvement Business

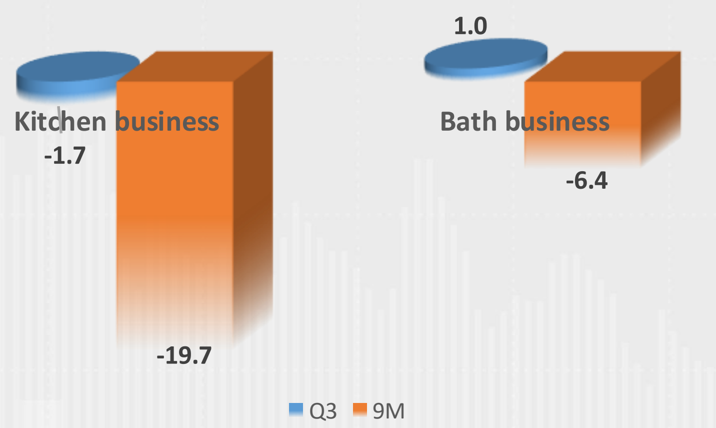
- **Kitchen Business**
  - Double digit growth in Q3 for Components as well as Full Kitchens
  - Projects segment, too, saw pick-up on a sequential basis
  - Business registered EBITDA break-even in Q3

- **Bath Business**
  - Strong sequential pick-up in demand across product segments
  - Projects business seeing improvement in tandem with the Housing sector
  - Business reported PBT level profit of `1 crores in Q3 on back of PBT break-even in Q2
    - Supported by improvement in Gross margins, cost control and lower spend in Marketing

REVENUE



PBT



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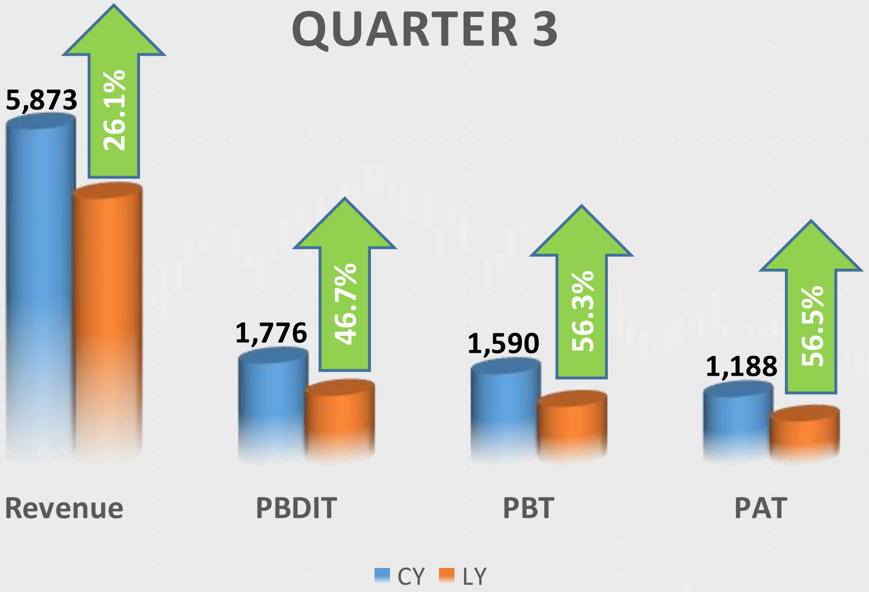
Standalone Financials



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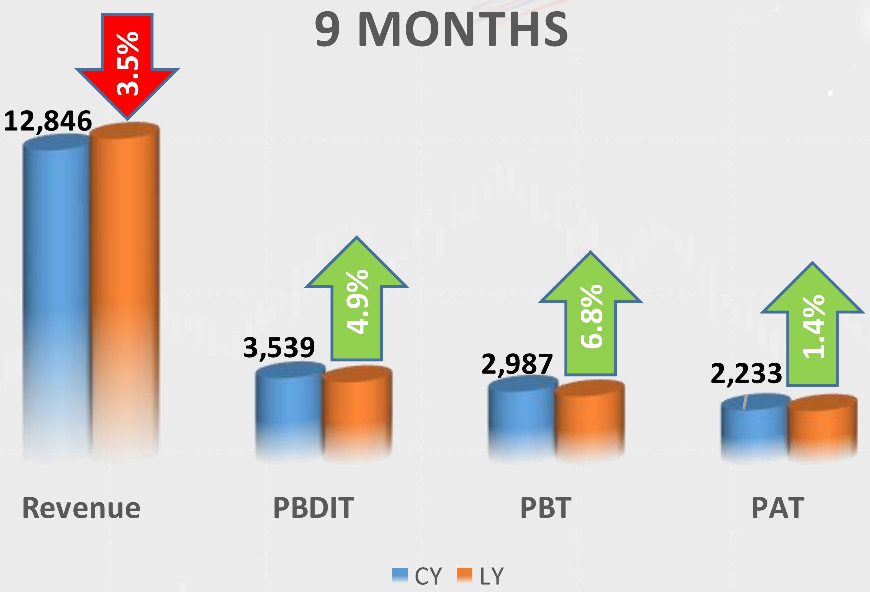
PBDIT margin +424 bps



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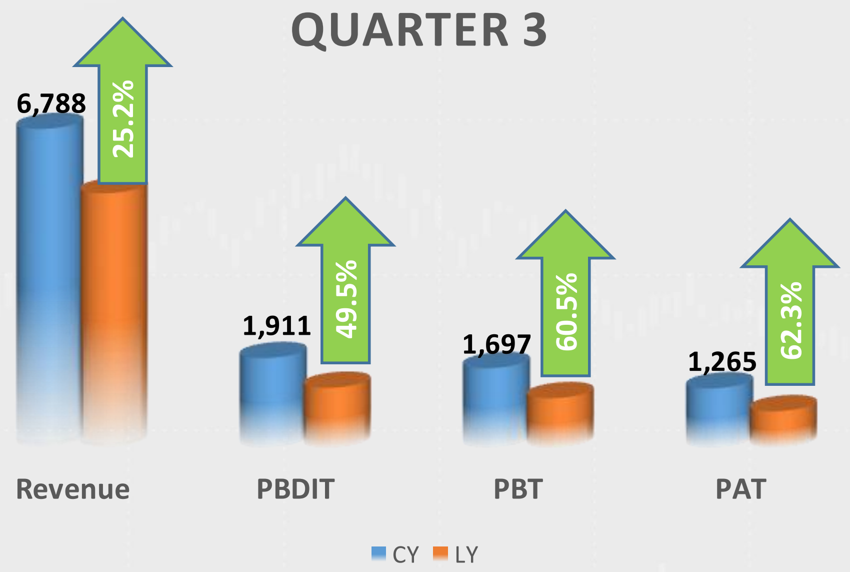
PBDIT margin +221 bps

PAT growth in 9M lower due to one-time deferred tax reversal taken LY on account of tax rate change in H1 LY

Consolidated Financials



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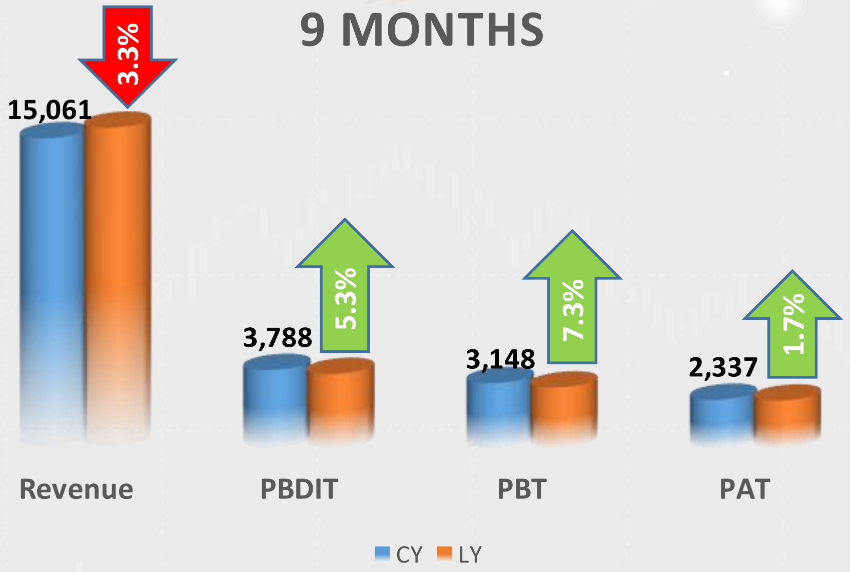
PBDIT margin +457 bps



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PBDIT margin +205 bps

PAT growth in 9M lower due to one-time deferred tax reversal taken LY on account of tax rate change in H1 LY

Looking Forward…

- ❖ **Q4 demand conditions expected to be strong with strong recovery in consumer sentiments**

- ❖ **Roll-out of Covid vaccination program augurs well for the domestic demand recovery to become broad-based and well-entrenched**

- ❖ **However, need to still watch out for any fresh surge in Covid cases – domestic as well as global**
  - ❖ Could impact supply chain networks adversely

- ❖ **Raw material prices already seeing a sharp inflation – need to see if prices sustain at these higher levels, before deciding on any price changes**

- ❖ **Continue to work on further cost optimization and take up only business critical spends, across all Businesses**

Thank You