

Earnings Presentation – Q2 FY22

October 28, 2021



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Agenda

- Welcome Address
- Executive Summary
- Performance Update
- Integration Update
- Q&A

Executive Summary

1

Resurgent India

- Improvement in revenue and earnings continue
- China plus one strategy driving growth
- Strong order intake across verticals

2

Global Resilience

- Investment across international markets driving strong order intake
- No significant impact on manufacturing operations

3

Integration Update

- Operational excellence program gaining momentum
- Value sourcing enhancing competitive advantage across developed markets
- Cross selling wins increasing customer wallet share

4

Robust Outlook

- Healthy backlog across geographies
- Order intake trends remain positive
- Potential short-term challenges due to increase in raw material and energy costs

Other updates

Management Team

- Aseem Joshi appointed as CEO, India business
- Previously worked at Honeywell, Eaton Corporation, McKinsey & Company, IBM Corporation
- MBA (INSEAD, France), MS – Industrial and Systems Engineering (Virginia Tech, USA), BE – Mechanical Engineering (Pune, India)

Employee Stock Options*

- Talent retention and performance incentive
- Dilution of 0.35%
- Exercise price @90% of last 6 months' average price
- Vesting period (Year 1: NIL, Year 2: 33.3%, Year 3: 66.7%)

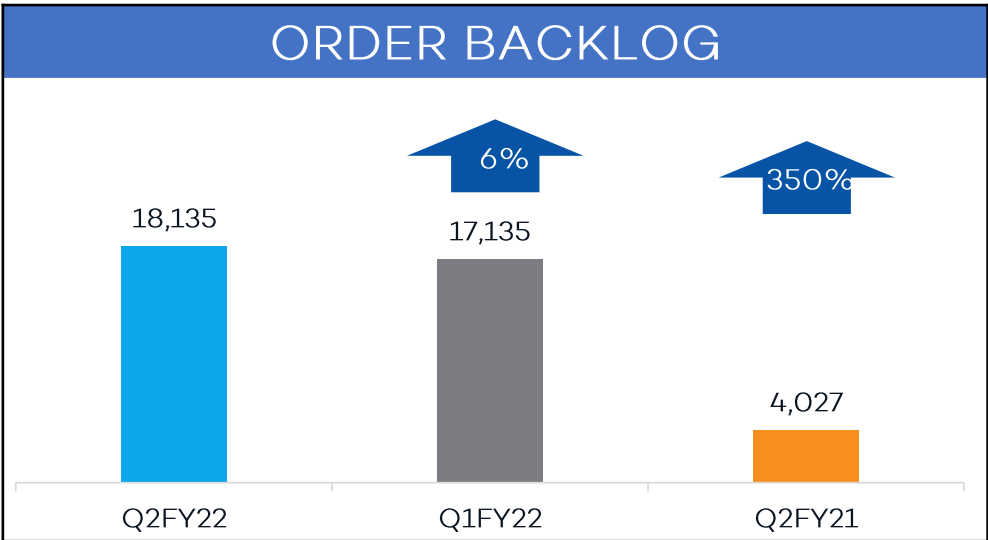
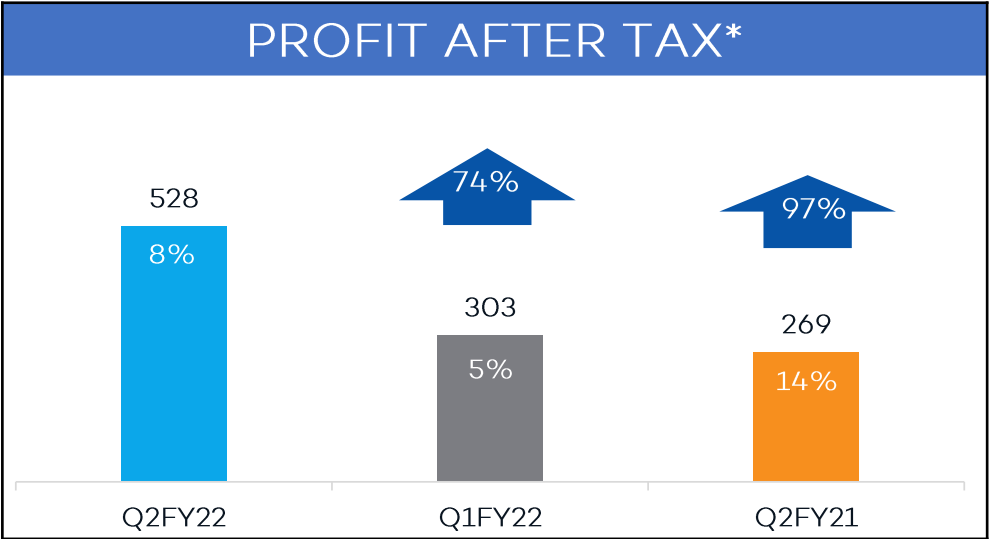
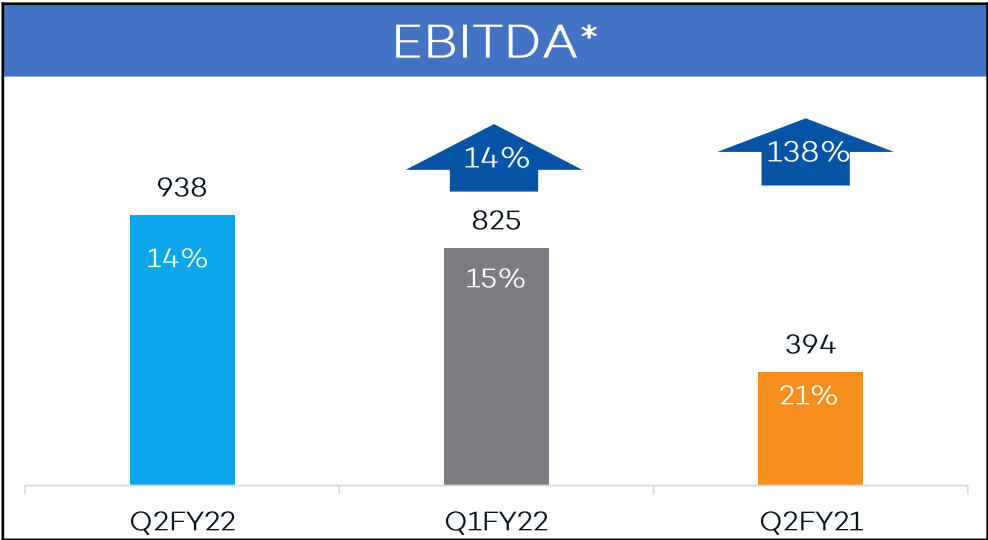
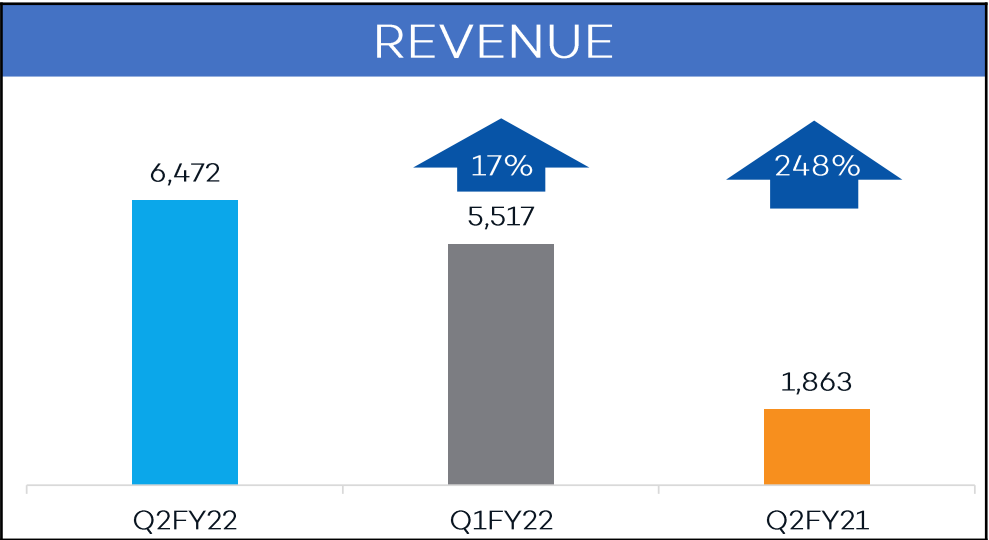
Raw material and Energy

- Input costs have increased across geographies and have been priced in or passed on
- Rising energy costs in Europe; Americas and India unaffected
- China power supply restrictions to impact capacity in the short term
- Mitigation plan in place; forecasts remain unchanged

Consolidated

Consolidated Results – Q2 FY22

Figures in INR Mn





*Excluding PPA adjustments related to PFI acquisition. Backlog is net of POC.

Consolidated Balance Sheet

Figures in INR Mn

| Particulars | 30.09.21 | 31.03.21 |
|---|---------------|---------------|
| Shareholder's equity | 4,502 | 4,071 |
| Non-controlling interests | 1,127 | 1,233 |
| Debt | 5,287 | 4,917 |
| Pension liabilities | 4,474 | 4,535 |
| Trade payables | 2,899 | 2,959 |
| Other liabilities (current & non-current) | 7,036 | 6,459 |
| Total liabilities and equity | 25,325 | 24,175 |

| Particulars | 30.09.21 | 31.03.21 |
|--------------------------------------|---------------|---------------|
| Fixed Assets | 5,740 | 5,240 |
| Goodwill & Intangibles | 4,841 | 5,166 |
| Receivables | 2,931 | 3,096 |
| Inventory | 6,103 | 5,849 |
| Cash and equivalents | 2,504 | 2,435 |
| Other assets (current & non-current) | 3,206 | 2,389 |
| Total Assets | 25,325 | 24,175 |

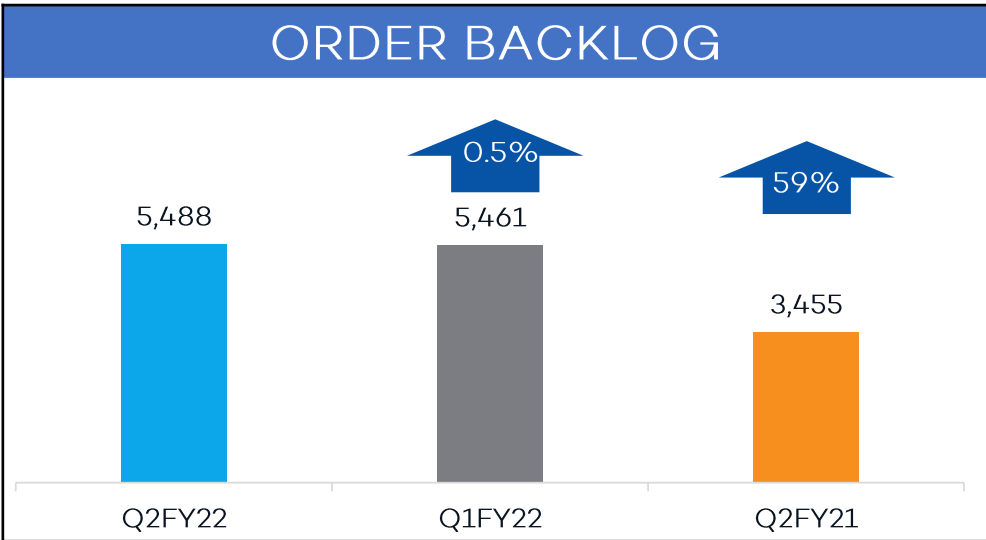
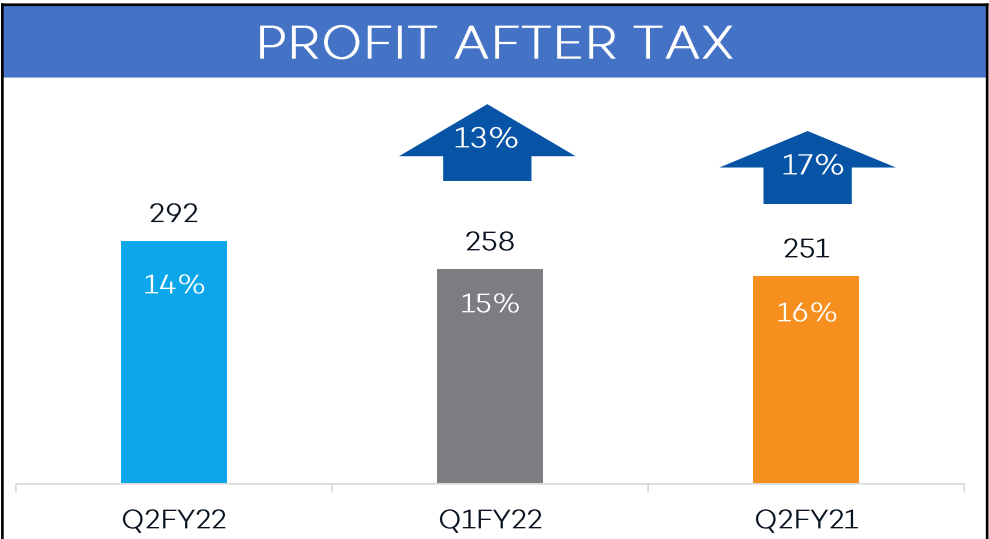
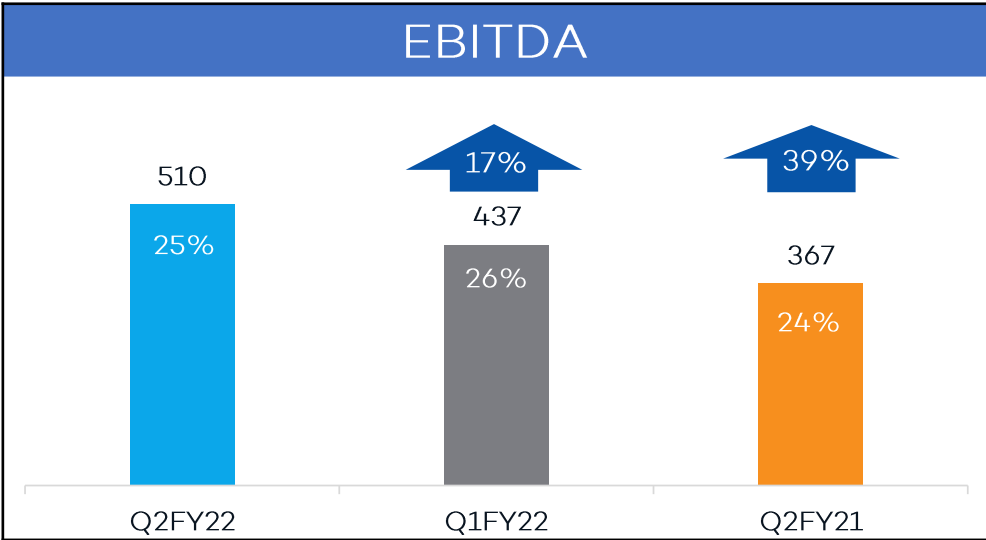
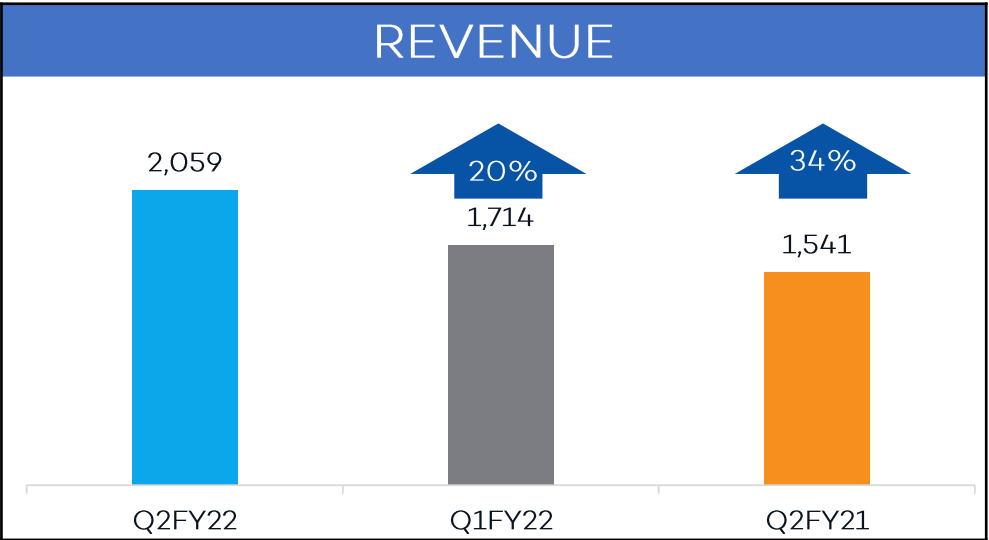
- ❑ Strong cash generation during H1 FY22, well re-invested in business 
- ❑ Existing debt levels reduced. Additional debt taken for partial funding on Vatva
- ❑ Working capital in control with healthy collections and funding by customer advances 
- ❑ Balanced capital allocation with net gearing of 0.5 times as on September 30, 2021

Stronger Balance Sheet with ROCE of 26% and ROE of 32% 

Standalone

Standalone Results – Q2 FY22

Figures in INR Mn



Backlog is net of POC

Performance Analysis

Income Statement Summary – Q2 FY22

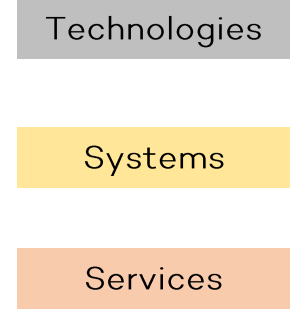
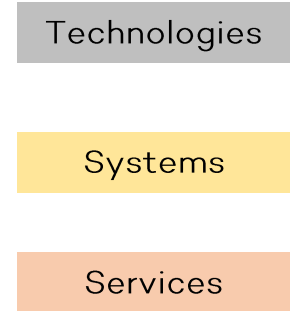
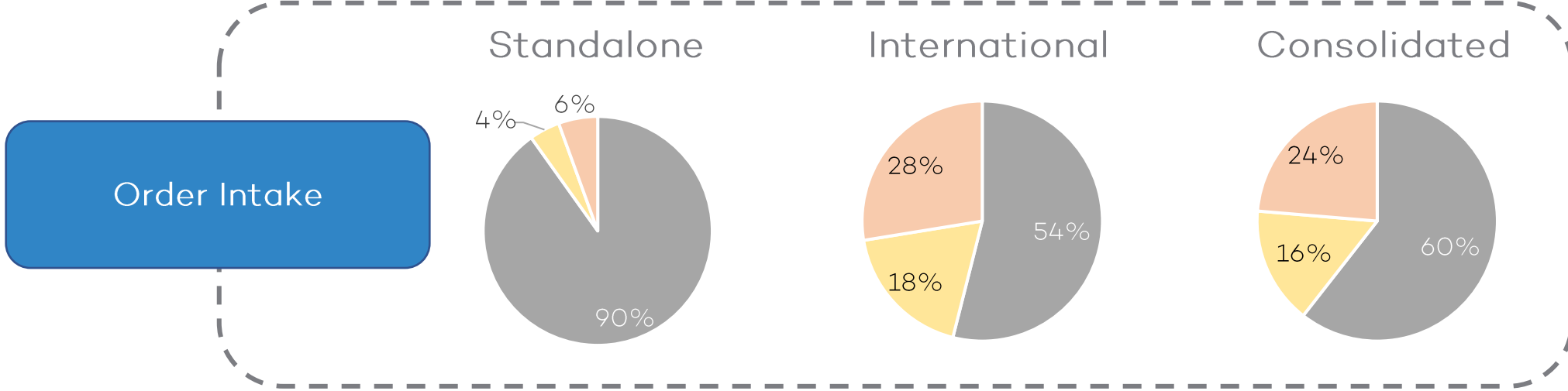
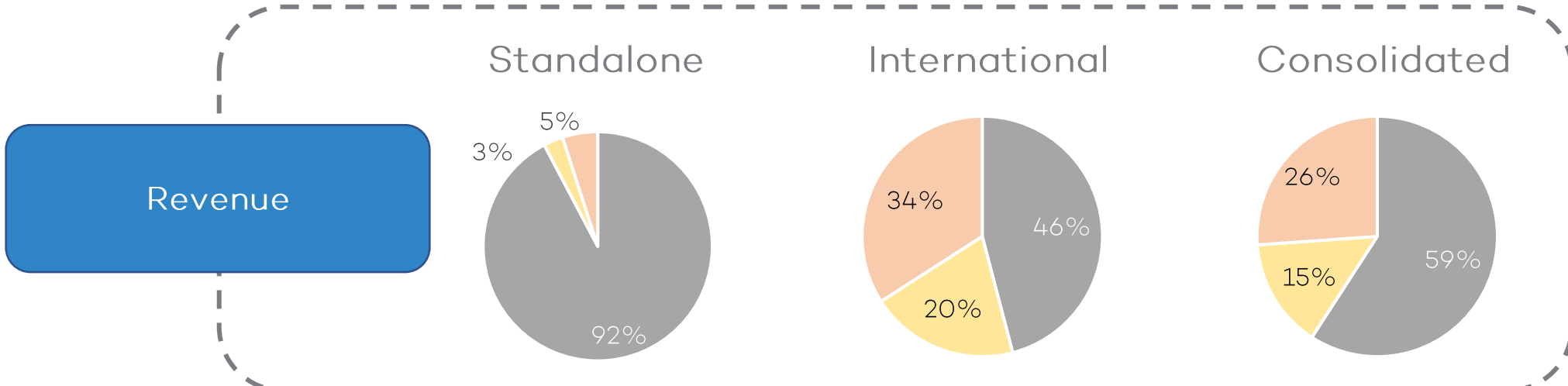
BUSINESS PERFORMANCE IMPROVED – BOTTOM-LINE CONTAINS NON-CASH PPA ADJUSTMENTS

| (in Rs Million) | Standalone Results | | International Results Q2 FY22 | | Inter-Co Elimination s | Consolidated Reported Results | | Change % |
|--|--------------------|---------|----------------------------------|------------------|------------------------------|----------------------------------|---------|-------------|
| | Q1 FY22 | Q2 FY22 | Business (Note i) | PPA (Note ii) | | Q2 FY22 | Q1 FY22 | |
| Particulars | | A | B | C | D | A+B+C+D | | |
| Revenue from Operations | 1,714 | 2,059 | 4,702 | | (289) | 6,472 | 5,517 | 17% |
| Cost of materials consumed | 695 | 896 | 1,737 | | (271) | 2,362 | 2,161 | |
| Changes in inventory (WIP & FG) | (19) | (25) | 143 | | 67 | 185 | 8 | |
| Employee benefits expense | 199 | 208 | 1,525 | | 0 | 1,733 | 1,746 | |
| Labour Charges | 107 | 137 | 35 | | 0 | 172 | 139 | |
| Other expenses | 295 | 333 | 759 | | (10) | 1,082 | 1,104 | |
| EBITDA | 437 | 510 | 504 | 0 | (76) | 938 | 359 | 161% |
| - margin % | 26% | 25% | 11% | | | 14% | 7% | |
| Other Income | 8 | 12 | 17 | | 0 | 29 | 12 | |
| Finance cost | 32 | 47 | (28) | | 0 | 19 | 141 | |
| Depreciation and amortisation expense | 78 | 85 | 119 | 188 | 0 | 392 | 386 | |
| Profit/(loss) before tax | 335 | 390 | 430 | (188) | (76) | 556 | (156) | NM |
| Taxes | 77 | 98 | 143 | (49) | (24) | 168 | 28 | |
| Profit/(loss) after tax | 258 | 292 | 287 | (139) | (52) | 388 | (184) | NM |

(i) International business includes the standalone performance of Mavag and Pfaudler International (PFI) on operational basis

(ii) PPA stands for Purchase Price Allocation

Segmental Overview – Q2 FY22



Integration Update

Project Apollo

Operational Excellence



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

- Operational excellence program in Germany and China yielding results
- Vatva ramp-up ongoing, will be at full capacity in Q4 FY22
- New furnaces in India and Brazil will be operational in December 2021
- Global EU concept finalized and will be launched in Q3 FY22

Value Sourcing



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

- Phase 1 components, made in India, sent to Europe, feedback is positive
- Phase 2 components under development
- European grade raw materials developed in India
- Market share improvement seen in developed markets by leveraging cost and capacity advantage

Cross-Selling



Capture **customer wallet share** through cross selling and product portfolio enhancement

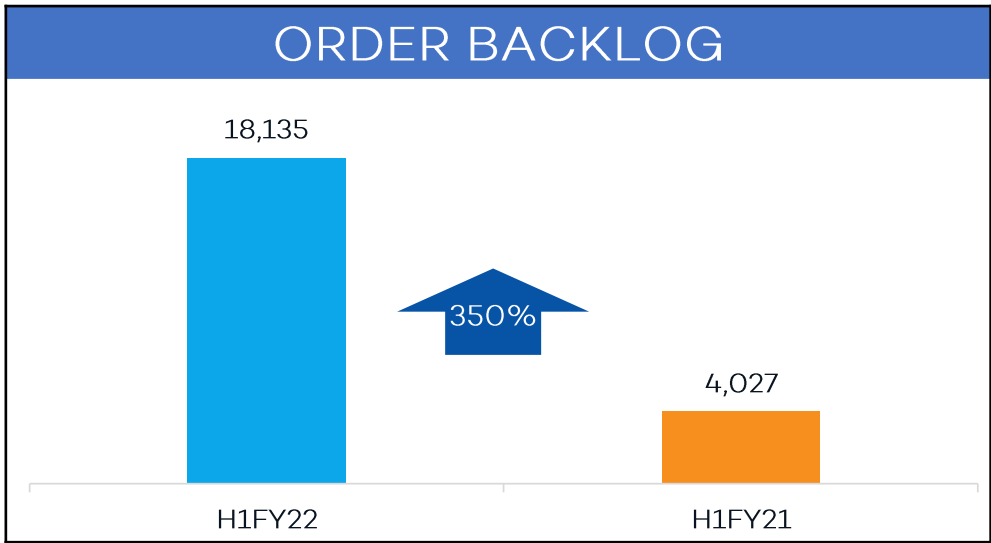
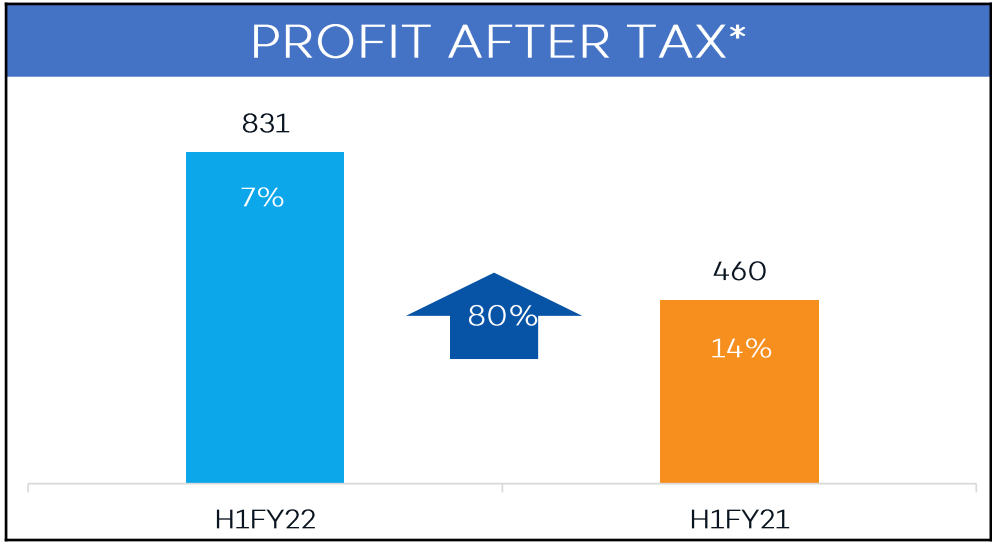
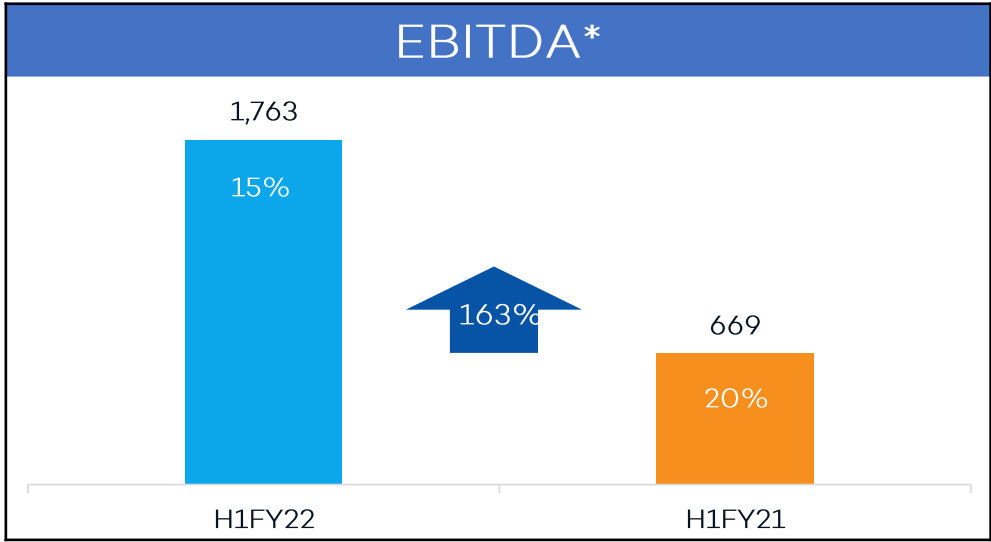
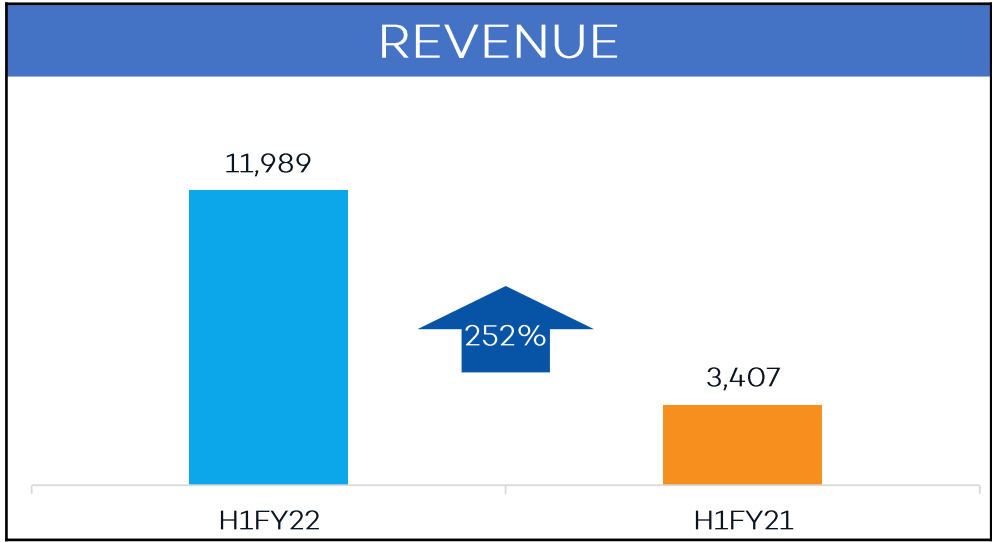
- Interseal customer trials begun, orders received and India launch on-track
- Large order from Americas (GLE, HE, and Mixing Systems)
- Centralized global opportunity management for improved B2B relationships

Appendix

Consolidated

Consolidated Results – H1 FY22

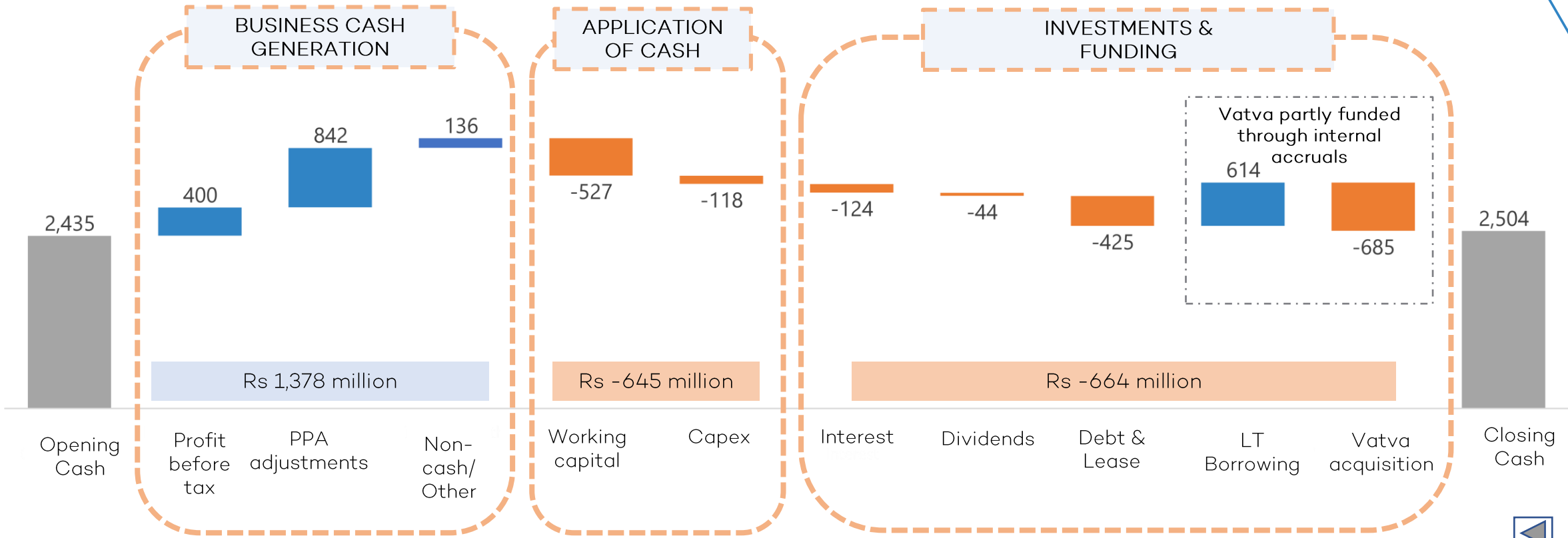
Figures in INR Mn



*Excluding PPA adjustments related to PFI acquisition. Backlog is net of POC.

Consolidated Cash Flow Statement – H1 FY22

Figures in INR Mn

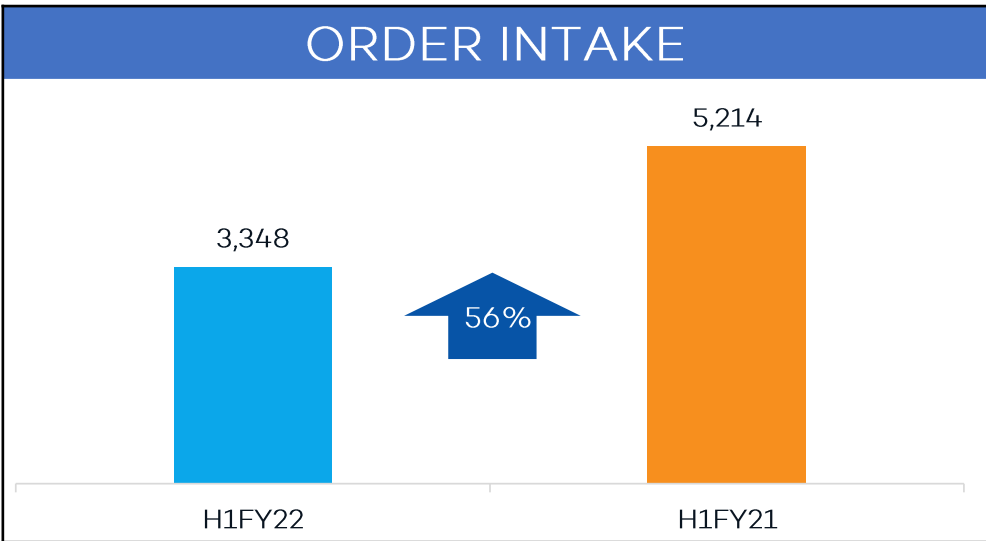
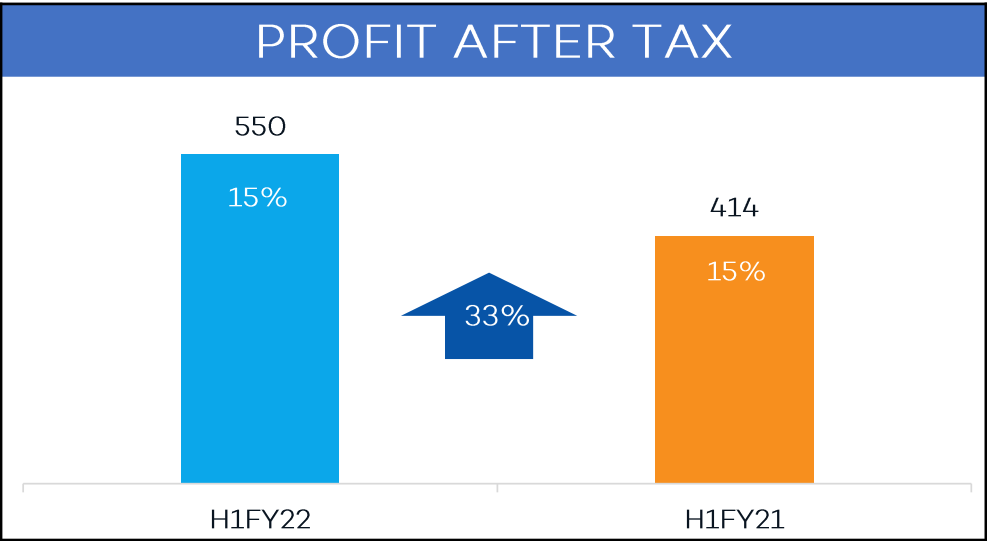
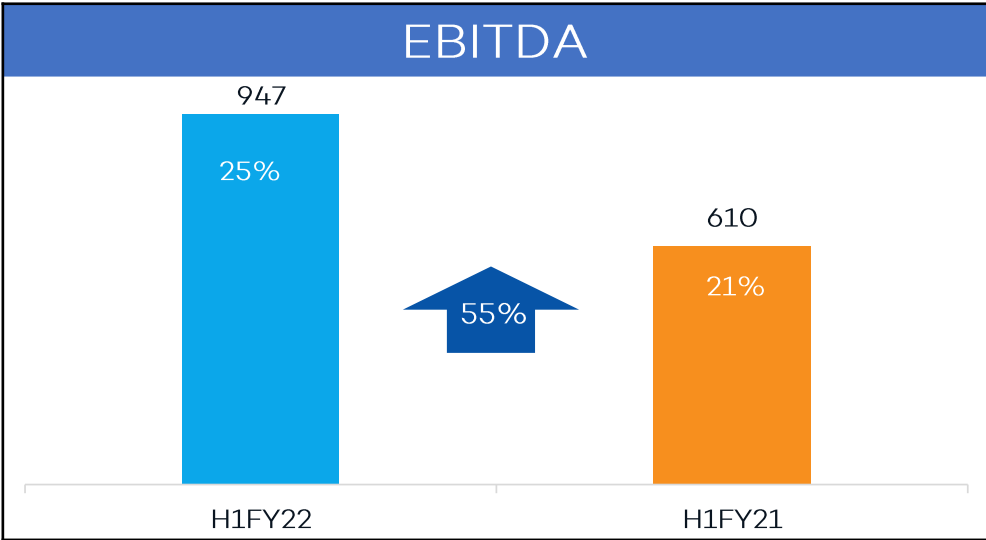
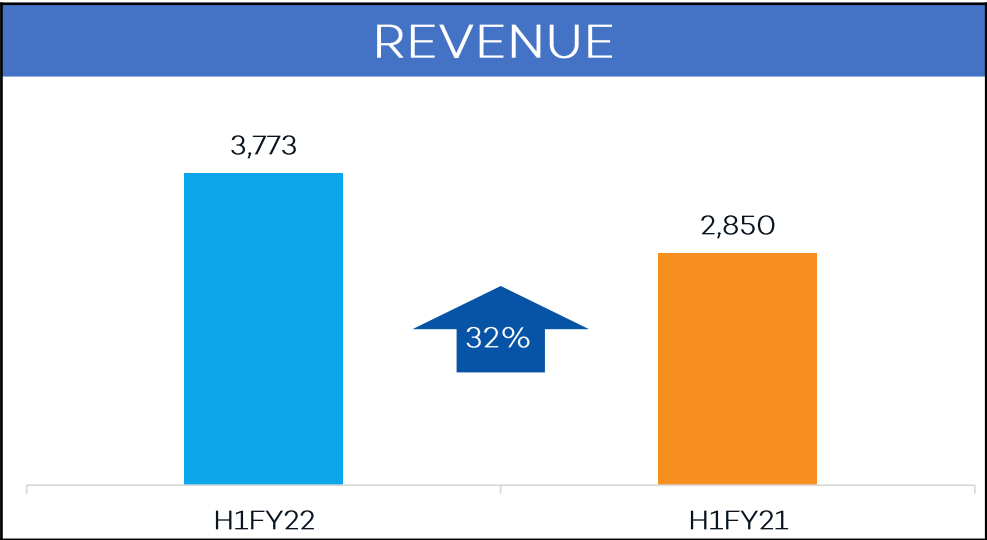


- Free cash flow generation of Rs 733 million during H1 FY22
- Increased working capital requirement due to expanding business met through business cash generation
- Vatva acquisition partly funded through internal accruals

Standalone

Standalone Results – H1 FY22

Figures in INR Mn



Standalone Balance Sheet

Figures in INR Mn

| Particulars | 30.09.21 | 31.03.21 |
|---|--------------|--------------|
| Shareholder's equity | 4,070 | 3,574 |
| Non-controlling interests | 0 | 0 |
| Debt | 1,447 | 1,054 |
| Pension liabilities | 0 | 0 |
| Trade payables | 952 | 931 |
| Other liabilities (current & non-current) | 1,380 | 1,118 |
| Total liabilities and equity | 7,849 | 6,677 |

| Particulars | 30.09.21 | 31.03.21 |
|--------------------------------------|--------------|--------------|
| Fixed Assets | 2,070 | 1,474 |
| Goodwill & Intangibles | 284 | 320 |
| Receivables | 946 | 1,130 |
| Inventory | 1,554 | 1,127 |
| Cash and equivalents | 341 | 287 |
| Other assets (current & non-current) | 2,654 | 2,339 |
| Total Assets | 7,849 | 6,677 |

- ❑ Strong cash generation during H1 FY22, well re-invested in business
- ❑ Existing debt levels reduced. Additional debt taken for partial funding on Vatva
- ❑ Working capital in control with healthy collections and funding by customer advances



Standalone Revenue (Legacy Segments)

Figures in INR Mn

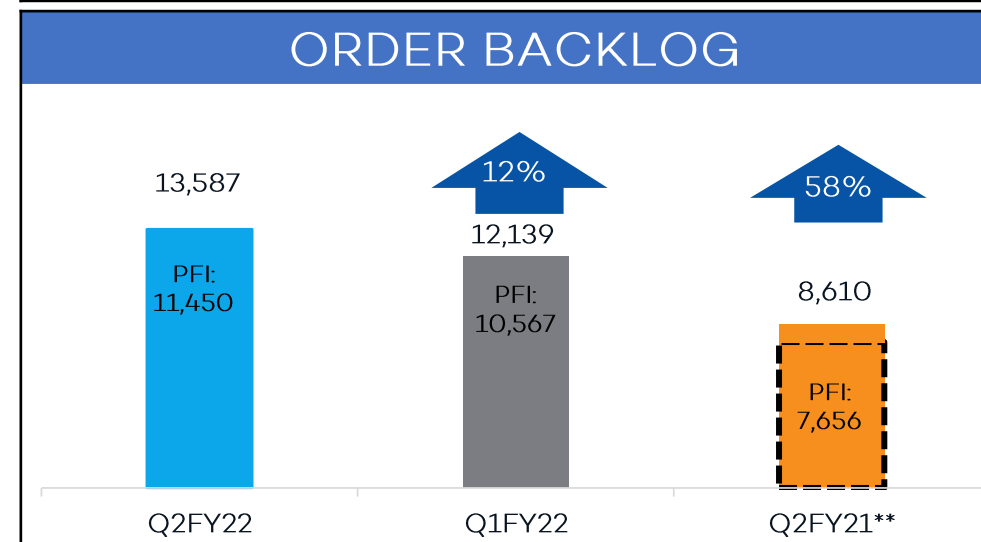
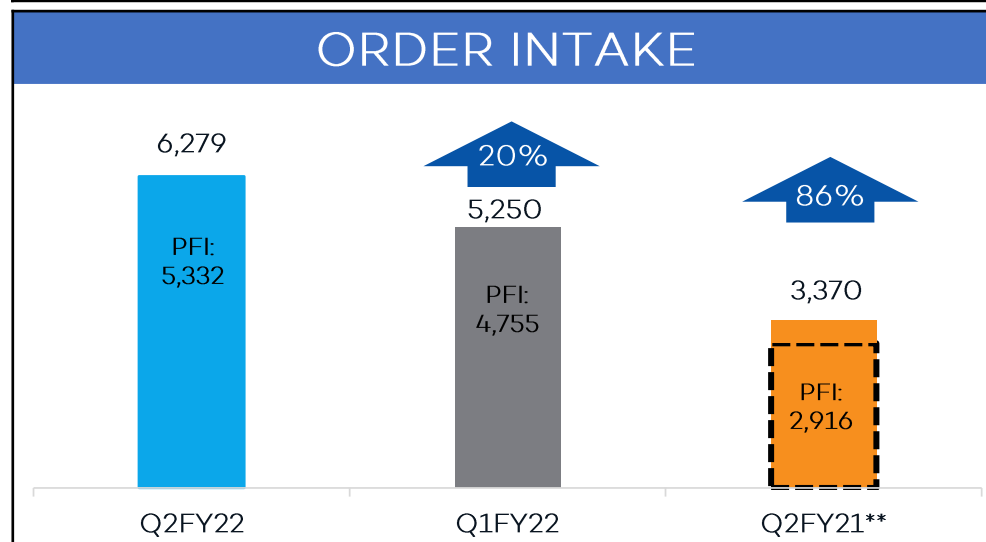
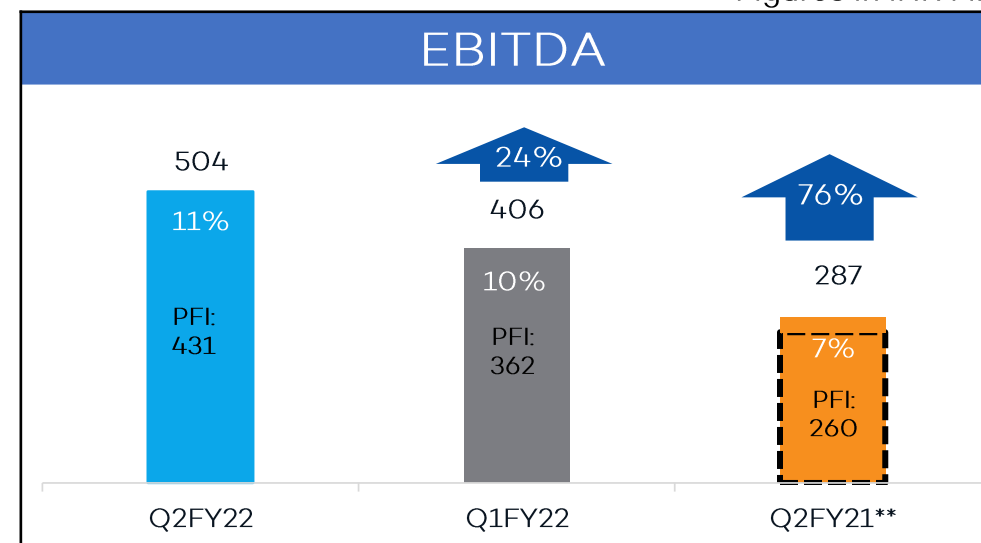
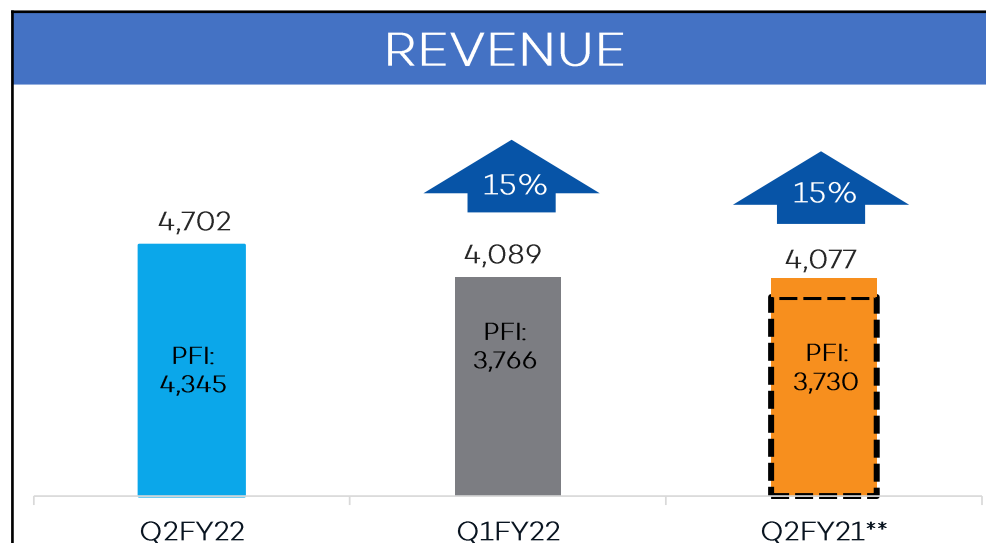
| | H1 FY22 | H1 FY21 | FY21 | FY20 |
|-----------------------|---------|---------|-------|-------|
| Glass lined Equipment | 2,496 | 1,708 | 4,013 | 3,547 |
| Heavy Engineering | 594 | 568 | 959 | 502 |
| Proprietary Products | 683 | 574 | 1,436 | 1,114 |
| Total | 3,773 | 2,850 | 6,408 | 5,163 |

- Legacy segments are being disclosed this year additionally for reference/comparison purposes only
- Profitability in each segment is in line with previous quarters trends

International

International* Results – Q2 FY22

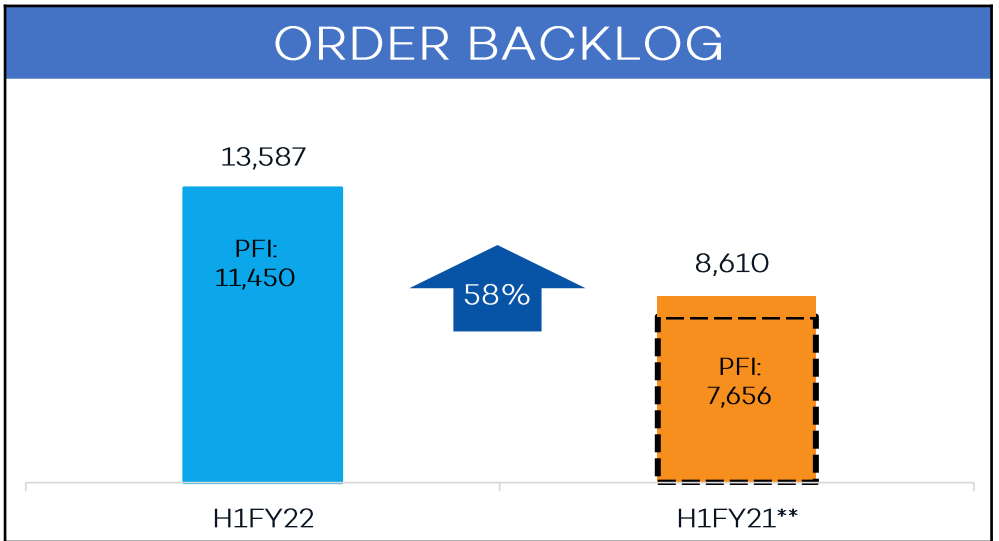
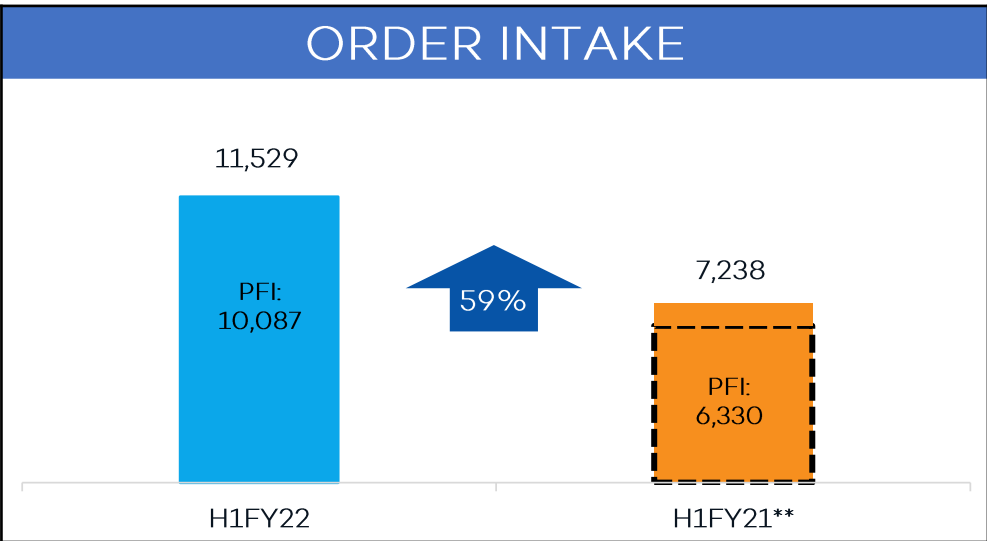
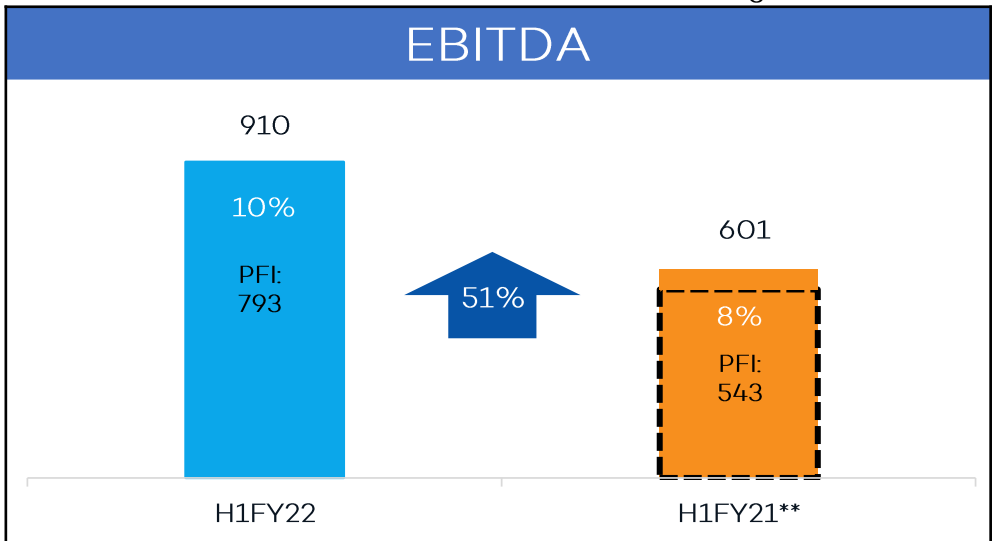
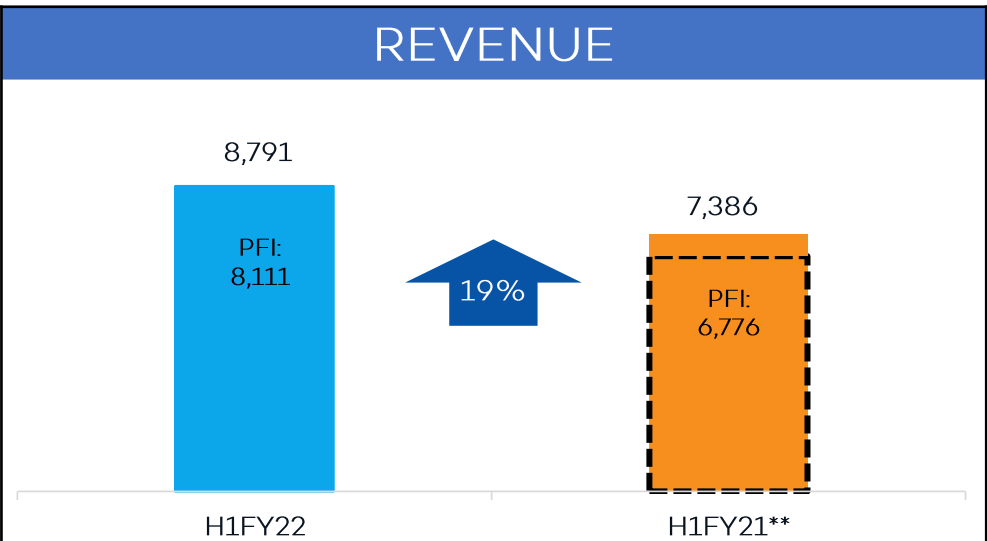
Figures in INR Mn



* Includes Mavag & PFI, Excluding inter-company eliminations. ** Q2FY21 includes PFI (management reporting converted to IFRS and unaudited) for a like-to-like comparison. Forex rates (USDINR) assumed constant for Q2FY21 & Q2FY22 to eliminate forex impact. Backlog is net of POC.

International* Results – H1 FY22

Figures in INR Mn



* Includes Mavag & PFI, Excluding inter-company eliminations. ** H1FY21 includes PFI (management reporting converted to IFRS and unaudited) for a like-to-like comparison. Forex rates (USDINR) assumed constant for H1FY21 & H1FY22 to eliminate forex impact. Backlog is net of POC.

Other Updates

Working Capital Summary

Figures in INR Mn

CONSOLIDATED

| Inventory Summary | 30.09.21 | 31.03.21 |
|---|--------------|--------------|
| Inventory | 6,103 | 5,384* |
| Customer advances | 3,709 | 2,879 |
| Net funding required for inventory | 2,394 | 2,505 |
| Backlog | 18,135 | 14,833 |
| Inventory days (net of advances) | 37 | 40 |

| Receivables Summary | 30.09.21 | 31.03.21 |
|---------------------|----------|----------|
| Trade Receivables | 2,931 | 3,096 |
| Receivable days | 45 | 50 |

| Payables Summary | 30.09.21 | 31.03.21 |
|------------------|----------|----------|
| Trade Payables | 2,899 | 2,959 |
| Payable days | 44 | 47 |

STANDALONE

| Inventory Summary | 30.09.21 | 31.03.21 |
|---|------------|------------|
| Inventory | 1,554 | 1,127 |
| Customer advances | 957 | 564 |
| Net funding required for inventory | 597 | 563 |
| Backlog | 5,488 | 4,158 |
| Inventory days (net of advances) | 30 | 32 |

| Receivables Summary | 30.09.21 | 31.03.21 |
|---------------------|----------|----------|
| Trade Receivables | 946 | 1,130 |
| Receivable days | 47 | 64 |

| Payables Summary | 30.09.21 | 31.03.21 |
|------------------|----------|----------|
| Trade Payables | 952 | 931 |
| Payable days | 47 | 53 |

RECEIVABLES AND INVENTORY (NET OF ADVANCES) IMPROVED DESPITE INCREASING BACKLOG

*Adjusted for step-up inventory (PPA- related) of Rs 465 million. Reported inventory is Rs 5,849 as on March 31, 2021.

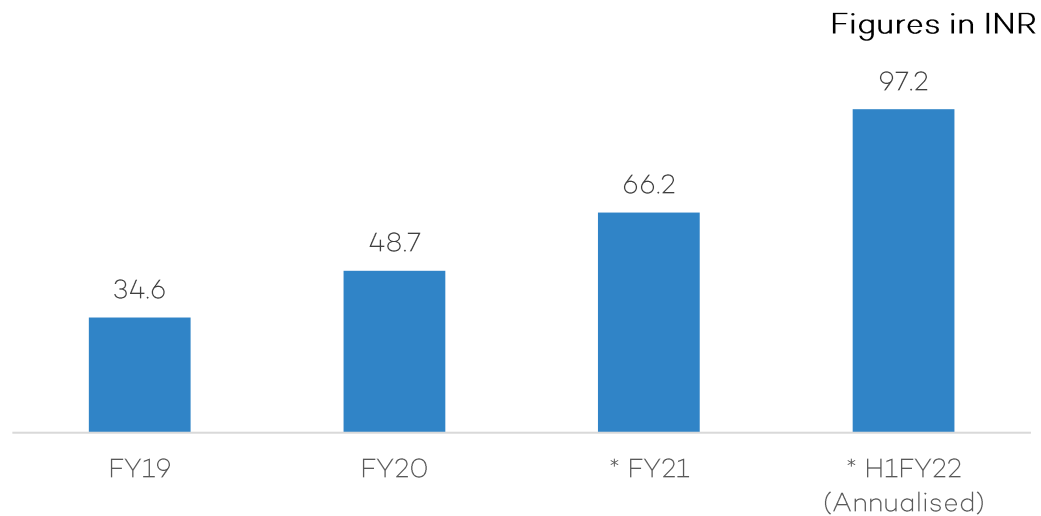
Inventory days (net of advances) is net funding required for inventory divided by LTM Sales (including proforma revenue for PFI) multiplied by 365

Receivable days is trade receivables divided by LTM Sales (including proforma revenue for PFI) multiplied by 365

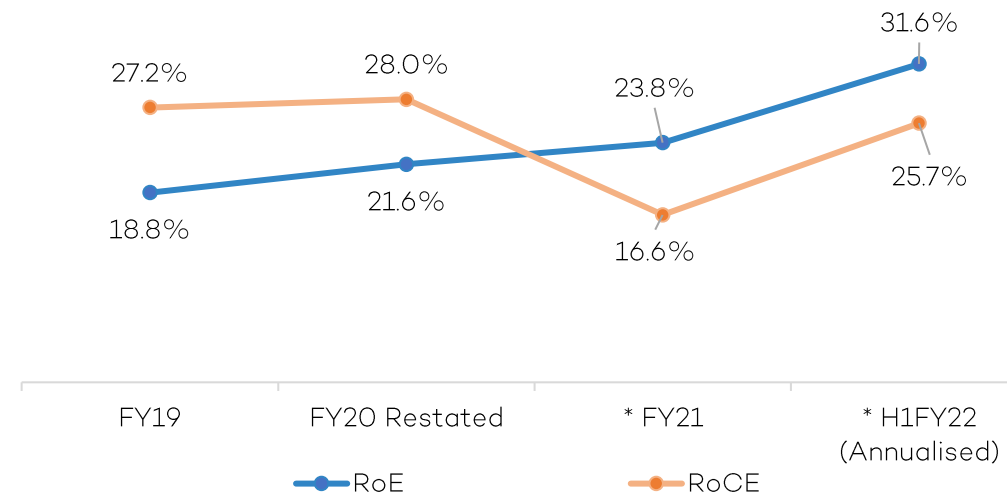
Payable days is trade payables divided by divided by LTM Sales (including proforma revenue for PFI) multiplied by 365

Consolidated Profitability Metrics

EARNINGS PER SHARE (EPS)



RETURN METRICES



*Consolidated figures exclude acquisition costs and PPA adjustments related to PFI acquisition in FY21 and H1 FY22.

Returns in H1 FY22 are multiplied by 2 for like-to-like comparison. This is meant for representation purposes only and not intended to be forward looking guidance.

FY19 and FY20 Restated includes GMM India and Mavag. FY20 Shareholder's equity (consolidated) was restated in FY21, RoE and RoCE are restated to account those changes.

EPS is calculated using net profit attributable to equity holders (excludes non-controlling interests).

RoE is calculated as net profit attributable to equity holders divided by total equity (excludes non-controlling interest).

RoCE is calculated as EBIT divided by total equity + non-controlling interest + total debt



Thank You