



asianpaints

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Presentation structure



- **Results : Q2 & H1– FY 2009**
- Review of Business Units
- Outlook and Risks : FY 2009

Highlights : Q2 & H1– FY09

- Consolidated sales have grown by 30.2% for Q2 and 29.8% for H1 in value terms.
 - Paints revenue for the domestic business grew by 31.1% for Q2 FY 09 & 34% for H1 FY09.
 - Domestic & International Paint businesses registered impressive sales growth. Chemicals business registered a negative growth, while automotive business had a flat top line.
 - Good growth in Middle East & South Asia regions.

Highlights : Q2 & H1– FY09

- Group PBT has increased by 7.2% for Q2 and 15.6% for H1 FY09. PAT after Minority Interest has increased by 15.5% in Q2 and 21.4% in H1 FY09
 - Higher raw material prices adversely impacted domestic & international margins. PBT for the group for H1 FY 09 has decreased from 14.9% to 13.3% due to increase in material costs.
 - PBIT for domestic paints business grew by 17.9% for Q2 FY09 and by 25.1% for H1 FY09.
 - Other income is lower due to lower dividends received.
 - Chemicals division and automotive business records lower profits than last year due to lower sales growth

Consolidated P&L – Q2 FY09

(Rs in Crores)	Q2 08-09	Q2 07-08	Gr %
Sales & Op Income	1,475	1,133	30.2%
PBDIT	209	182	15.0%
Depreciation	19	15	28.0%
Profit from Operations before Interest	190	167	13.9%
Other Income	18	26	-32.4%
PBIT	208	193	7.6%
Interest	7	7	-2.0%
PBT	200	187	7.2%
Curr., Def. & FB. Tax	63	60	6.3%
PAT before EOI	137	127	7.6%
EOI	0	7	
PAT before Minority interest	137	120	14.0%
Minority Share	6	6	-11.8%
PAT to parent Shareholders	131	114	15.5%
EPS	13.71	12.61	

Consolidated P&L – H1 FY09

(Rs in Crores)	H1 08-09	H1 07-08	Gr %
Sales & Op Income	2,717	2,094	29.8%
PBDIT	381	317	20.2%
Depreciation	34	29	18.6%
Profit from Operations before Interest	347	288	20.4%
Other Income	28	35	-20.4%
PBIT	375	324	15.9%
Interest	12	12	3.8%
PBT	361	313	15.6%
Curr., Def. & FB. Tax	115	102	13.1%
PAT before EOI	246	211	16.8%
EOI	-	7	
PAT before Minority interest	246	204	20.9%
Minority Share	8	8	5.2%
PAT to parent Shareholders	238	196	21.4%
EPS	24.78	21.16	

Consolidated Sales breakup : Q2 & H1 FY09

(Rs. In crores)	Q2-FY'09	Q2-FY'08	Growth	% Sales to Total Sales	
				Q2-FY'09	Q2-FY'08
			%		
APL - Paints	1,136.88	864.48	31.5%	77.1%	76.3%
Chemicals	29.23	25.29	15.6%	2.0%	2.2%
APPG*+APICL	68.28	64.24	6.3%	4.6%	5.7%
International	240.93	179.16	34.48%	16.3%	15.8%
Total	1,475.31	1,133.16	30.2%		

(Rs. In crores)	H1-FY'09	H1-FY'08	Growth	% Sales to Total Sales	
				H1-FY'09	H1-FY'08
			%		
APL - Paints	2,111.84	1,574.70	34.11%	77.7%	75.2%
Chemicals	47.36	53.69	-11.79%	1.7%	2.6%
APPG*+APICL	132.43	125.04	5.91%	4.9%	6.0%
International	425.68	340.23	25.12%	15.7%	16.3%
Total	2,717.32	2,093.66	29.79%		

* 50 % of Asian PPG Industries sales are included

Standalone P&L – Q2 FY09

(Rs in crores)	Q2 08-09	Q2 07-08	Gr %
Sales & Op Income	1,168	891	31.1%
PBDIT	180	151	18.9%
Depreciation	14	11	34.3%
Profit from operations before interest	165	140	17.8%
Other Income	18	26	-31.3%
PBIT	183	166	10.2%
Interest	3	3	17.8%
PBT	179	164	9.3%
Curr.& Def. Tax	56	54	3.5%
Fringe Benefit Tax	2	1	
PAT	122	108	12.2%
EPS	12.69	11.31	

Standalone P&L : H1 FY09

(Rs in crores)	H1 08-09	H1 07-08	Gr %
Sales & Op Income	2164	1631	32.6%
PBDIT	323	267	21.0%
Depreciation	26	21	23.0%
Profit from operations before interest	297	246	20.8%
Other Income	34	34	-2.5%
PBIT	331	281	17.9%
Interest	5	4	22.5%
PBT	325	277	17.2%
Curr. & Def. Tax	102	91	11.6%
Fringe Benefit Tax	3	3	
PAT	220	183	20.3%
EPS	22.91	19.04	

Key Ratios: Q2 & H1 FY09

	Standalone		Consolidated	
	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Mat cost/Net Sales	60.3%	57.7%	61.1%	58.7%
EBITDA/ Net Sales	15.4%	17.0%	14.2%	16.0%
PBT before EOI/ Net Sales	15.3%	18.4%	13.6%	16.5%
PAT/ Net Sales	10.4%	12.2%	8.9%	10.0%

	Standalone		Consolidated	
	H1 2009	H1 2008	H1 2009	H1 2008
Mat cost/Net Sales	60.2%	57.5%	60.8%	58.6%
EBITDA/ Net Sales	15.0%	16.4%	14.0%	15.1%
PBT before EOI/ Net Sales	15.0%	16.9%	13.3%	14.9%
PAT/ Net Sales	10.2%	11.2%	8.7%	9.4%

Asian Paints Standalone - Cash Flow H1 FY09

(Rs in Crores)

Particulars	YTD Sep 08	YTD Sep 07
Operating profit before WC changes	342.00	283.37
Net cash generated from operating activities	203.07	188.29
Cash flow from investing activities	(34.58)	(145.35)
Cash flow from financing activities	(120.55)	(22.23)
Increase/(Decrease) in cash	47.94	20.71
Cash and Cash Equivalent as on 01.04	41.35	42.49
Cash and Cash Equivalent as on 30.09	89.28	63.20

YoY Operating profit is higher by 21%. However, operating cash flow is higher by only 7% due to increase in working capital.

Purchase of assets in the CY mainly includes capex on Sriperumbudur expansion Project, Turbhe R&D center, Distribution Center project and Rohtak Plant.

- Estimated capex for the year is Rs 300 crores.

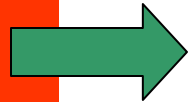
Dividend

- Interim dividend of 65% for the FY 2009.
- Interim dividend of 65% distributed for the FY 2008.
- Total dividend of 170 % distributed for FY 2008.
 - Dividend payout ratio was 50.85% in FY2008.

Presentation structure

- Results : Q2 & H1– FY 2009
- **Review of Business Units**
- Outlook and Risks : FY 2009

Review of Business Units



- **Decorative Business - India**
- Industrial Operations - India
- International Operations

Asian Paints – Decorative Business Unit

- In general, demand conditions have been good
 - Value sales in the first half year has been excellent
 - Sales in Q2 is higher on account of early Diwali and price increases across products leading to high stocks with dealers.
 - Retail demand varying across geographies,
 - Excellent in South and AP;
 - Good in parts of the North and East;
 - Weaker in the West - extended monsoon dampens demand.
 - At a category level,
 - Interior and exterior emulsions have done exceedingly well.

Asian Paints – Decorative Business Unit

- Material costs have risen sharply during H1:
 - 19% increase over last year average.
 - Major increase in solvent prices.
 - Pigments and monomers have also shown high increases in Q2.
 - Rupee depreciation against \$ has had a negative impact.

2007-2008 Base = 100			
Price Indices	RM	PM	RM+PM
Q1 - FY 2009	112.19	104.71	110.92
Q2 - FY 2009	125.88	123.93	125.55
H1 - FY 2009	119.75	115.28	118.99

Asian Paints – Decorative Business Unit

- Sales Price increased in H1:
 - 15% on an average as compared to prices as on 1st Apr 08
- New Products have been doing well. The response to the products launched this year- Exterior Textures, Premium Semi Gloss Enamel and APEX Tile Guard has been very good.
- Retailing Initiatives:
 - A new Sampler campaign was launched in Apr 08 which met with tremendous success.
 - Foresites as a service is doing extremely well .

Review of Business Units

- Decorative Business - India
- Industrial Operations - India
- International Operations

Industrial Operations

- Sales for Powder coatings grew by 12%.
- Good growth has been observed in road marking paints and floor coating paints.
- The sales of automotive JV (APPG) has shown marginal growth.

Review of Business Units

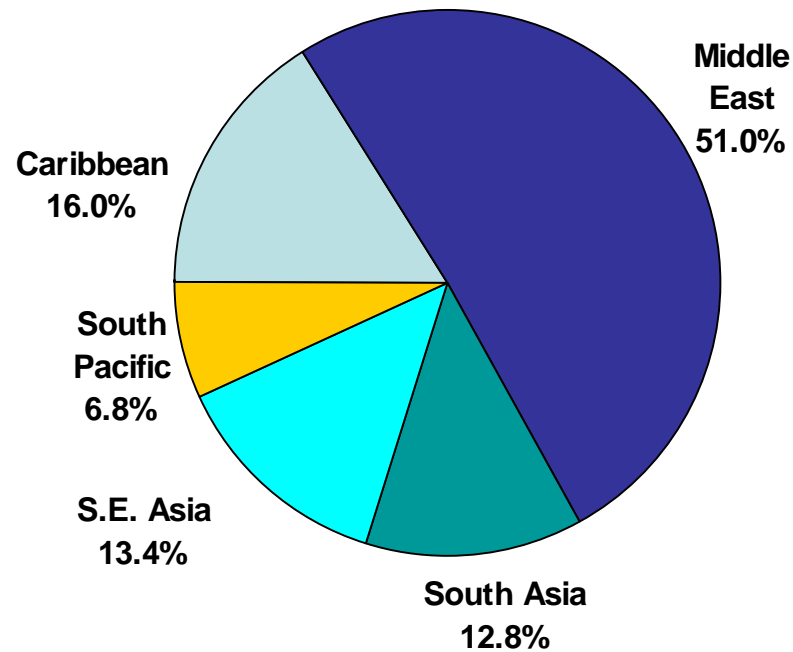
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International Operations : H1 FY2009

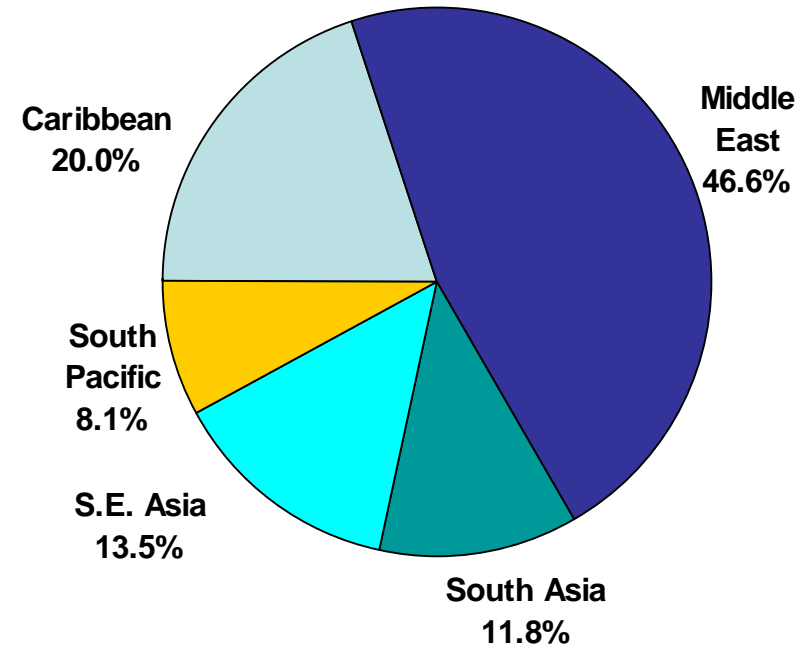
- International operations have grown by 25.1% in H1 FY 09 in value terms.
 - Volume growth is in excess of 25%.
 - EBIT for International operations has grown by 27.7% for H1 FY09 compared to last year.
 - Middle East Region has registered a sales growth of 38.5%.
 - South Asia has registered a sales growth of 37.5%.

Region wise Sales Breakup

H1 - FY'09



H1 - FY'08



Region wise – Sales & EBIT H1 FY2009

In INR Crores

Value Sales - Paints	H1 2009	H1 2008	Growth
Caribbean	64	63	1.6%
Middle East	205	148	38.5%
South Asia	51	37	37.5%
South East Asia	54	43	25.0%
South Pacific	27	26	7.1%

In INR Crores

EBIT	H1 2009	H1 2008	Growth
Caribbean	-0.8	0.6	
Middle East	25.3	19.1	32.5%
South Asia	4.5	2.7	63.1%
South East Asia	-0.7	-1.8	
South Pacific	2.1	2.8	-25.4%

Presentation structure

- Results : Q2 & H1– FY 2009
- Review of Business Units
- **Outlook and Risks : FY 2009**



Indian operations

- Volatility in financial markets taking toll on growth
 - IIP for Aug'08 down to 1.3%
 - GDP growth forecasts being pruned down to 6.5%-7% from 8% earlier
- For Deco-
 - Almost all regions report slow down in construction especially Bangalore, Pune and Mumbai
 - Credit situation difficult
 - Demand conditions may be impacted due to inflationary pressures and slow down in economy
- For Industrial –
 - The current liquidity crunch and higher interest rates are likely to affect project implementation as well as demand from critical direct user and OEM segments
- Inflation in material costs is a concern area.

International Operations

- The focus for international business is to grow top line and improve profitability
 - The Middle East and South Asia regions are expected to register an improved performance
 - Focus on reducing losses in the South East Asia region will continue
 - Focus on increasing market share through initiatives viz. new product introductions, dealer tinting systems and also increasing operating efficiency



Thank you...