Creative Peripherals

Creative Peripherals and Distribution Limited

Result Update Presentation
Q1 FY20

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Table of Contents

Creative Peripherals

Chairman's Message & Key Developments

Financial Highlights

Company Overview

Business Overview

Way Forward

Creative Peripherals

Chairman's Message & Key Developments

Management Comment

Creative Peripherals

Commenting on performance of Q4 & FY19, ***Mr. Ketan Patel, Chairman & Managing Director of Creative Peripherals & Distribution Ltd.*** *said:*

"I am happy to share that our financial performance for Q1 FY20 has been in line with our expectations. We delivered over 35% revenue growth, 59.3% EBITDA growth and a 107.3% PAT growth in Q1 FY20. This is mainly on the back of increased contribution of higher-margin value-added products in the imaging & IT business segments such as GoPro, Viewsonic and Printronix. In fact, sales from the niche and reputed brand GoPro more than doubled year-on-year in the quarter ended 30th June 2019.

The start of this new financial year has been very exciting for our Company. We signed an agreement with iBall to distribute their products across two states in India. We also bagged the 'Distributor of the Year' award from Printronix, reflecting the recognition our brands give for our services.

And among one of the significant milestones that we achieved is our successful migration to the NSE Main Board from NSE SME Exchange. We expect this to create better visibility for our Company to reach out to a wider investor community. The migration bears a testimony to our performance and client confidence. Our Company has grown significantly since listing on the SME platform, and we believe we are ready for this larger platform, that would not only provide us greater visibility in the market, but also enable us to achieve new and higher benchmarks. This move to the Main Board also comes at an appropriate time, as our Company expands across international markets and takes up larger projects.

We strive to be the go-to market entry specialist for experiential brands seeking entry into the Indian markets. I would like to thank our team and all our stakeholders for their invaluable support and belief in us which drives us to set & achieve higher benchmarks."

Creative Peripherals

Financial Highlights

Quarterly Performance Highlights – Q1 FY20 (YoY%)

Creative Peripherals

35.32%

Revenue Rs 104.83 Cr

59.35%

EBITDA Rs 4.29 Cr

107.31%

PAT Rs 1.98 Cr

3.64%

EPS Rs 1.71 Vs. Rs. 1.65 (Q1 FY19)

Robust growth driven by Imaging & IT businesses

Key Quarterly Financial Highlights

Creative Peripherals

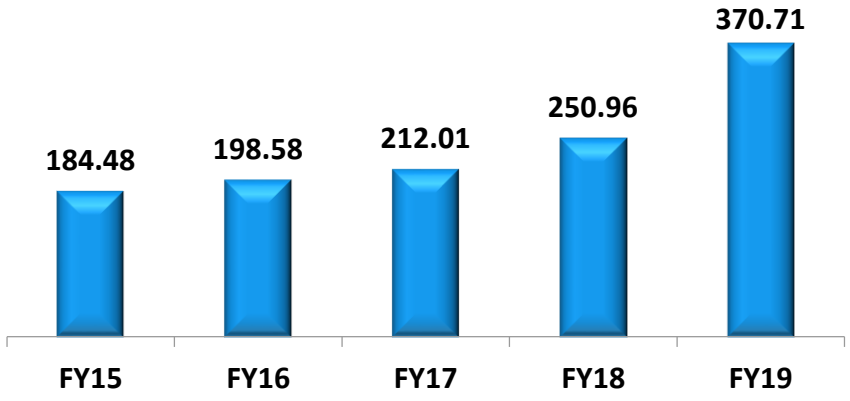
Rs. Cr	Q1 FY20	Q1 FY19	YoY%	Q4 FY19
Income From Operations	104.50	77.44		112.41
Other Operating Income	0.33	0.02		1.78
Total Income from Operations	**104.83**	**77.47**	**35.32%**	**114.19**
Raw material	94.51	70.09		103.22
Employee Cost	1.97	1.61		2.02
Other Costs	4.05	3.07		4.91
Total Expenditure	**100.54**	**74.77**		110.14
EBITDA	**4.29**	**2.69**	**59.35%**	**4.05**
EBITDA Margin (%)	**4.09%**	**3.48%**	**61 bps**	**3.55%**
Interest	1.11	0.97		1.28
Depreciation	0.13	0.02		0.18
Other Income	0.00	0.00		0.00
Exceptional Item	0.00	0.00		0.00
Profit Before Tax	**3.05**	**1.70**		2.59
Tax	1.07	0.74		0.27
PAT	**1.98**	**0.96**	**107.31%**	**2.32**
PAT Margin (%)	**1.89%**	**1.23%**	**66 bps**	**2.03%**
EPS in Rs.	**1.71**	**1.65**	**3.64%**	**3.99**

- Increase in Revenue account of higher sales in imaging & IT businesses
- Demand driven by products of niche reputed brands, especially GoPro
- EBITDA margins improved mainly on back of increased contribution from high-margin value-added products

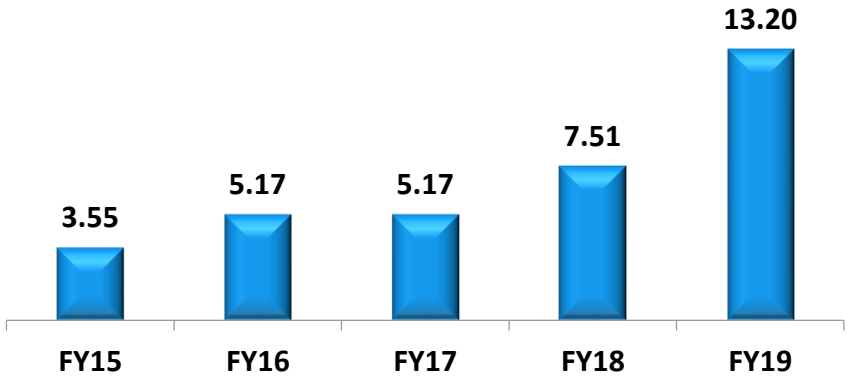
Annual Financial Highlights

Creative Peripherals

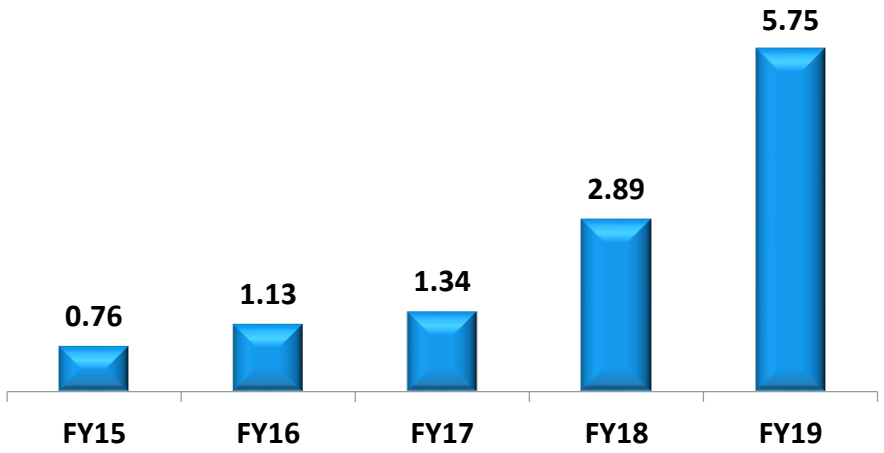
Revenue (Rs. Cr)



EBITDA (Rs. Cr)



PAT (Rs. Cr)



Annual Financial Highlights

Creative Peripherals

Rs. Cr	FY19	FY18	YoY%
Income from Operations	367.65	249.83	
Other Operating Income	3.05	1.12	
Total Income from Operations	**370.71**	**250.96**	**47.72%**
Raw material	335.66	226.41	
Employee Cost	6.99	5.76	
Other Cost	14.86	11.28	
Total Expenditure	357.51	**243.45**	
EBITDA	**13.20**	**7.51**	**75.70%**
EBITDA Margin%	**3.56%**	**2.99%**	**57 bps**
Interest	4.59	3.02	
Depreciation	0.53	0.14	
Other Income	0.00	0.00	
Exceptional Item	0.00	0.00	
Profit Before Tax	8.08	**4.34**	
Tax	2.33	1.46	
PAT	**5.75**	**2.89**	**98.97%**
PAT Margin%	**1.55%**	**1.15%**	**40 bps**
EPS in Rs.	9.91	**5.02**	**97.41%**

Revenue Contribution – Business category

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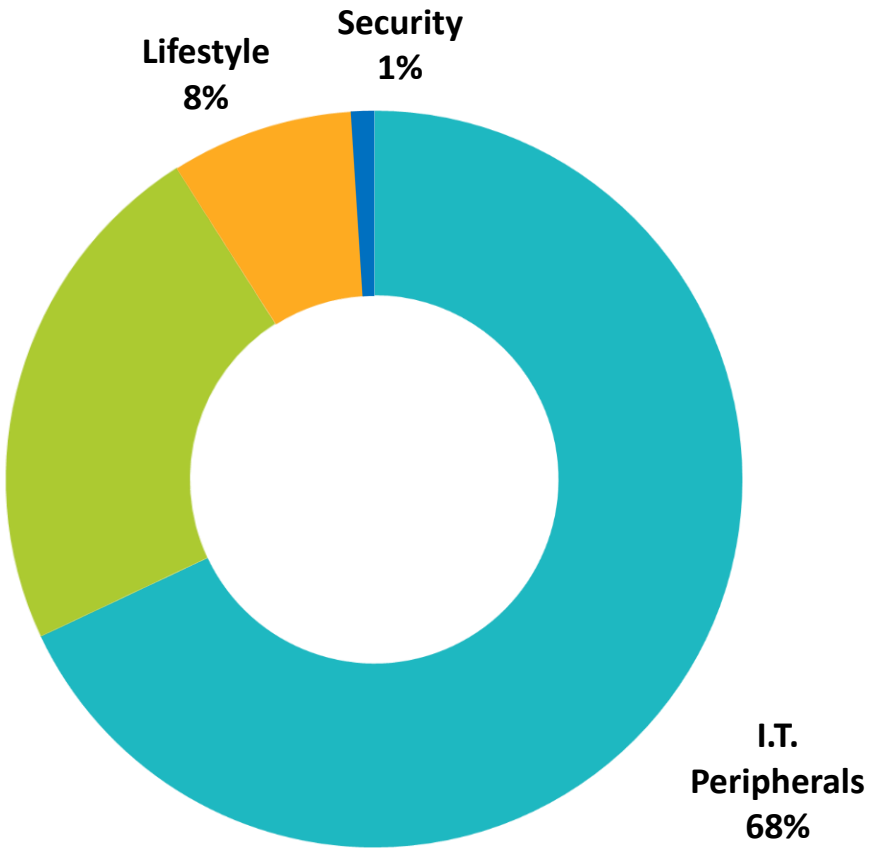
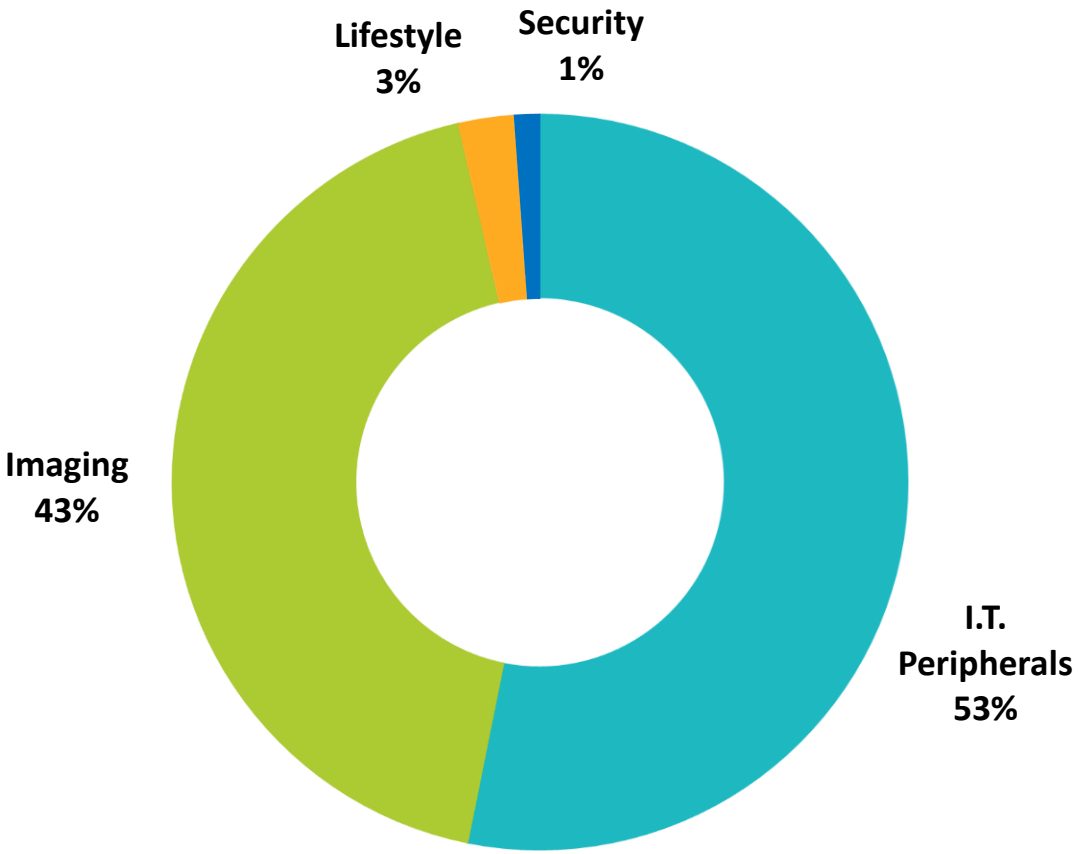
FY2018



FY2019



Consolidated Key Return Ratios

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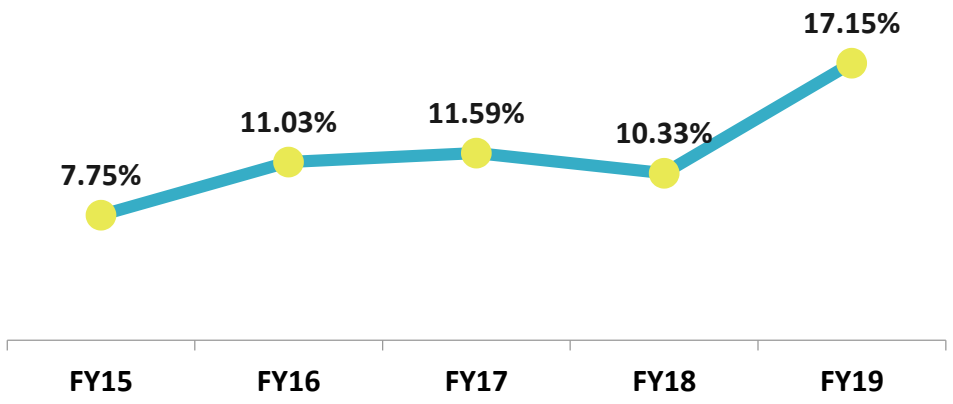
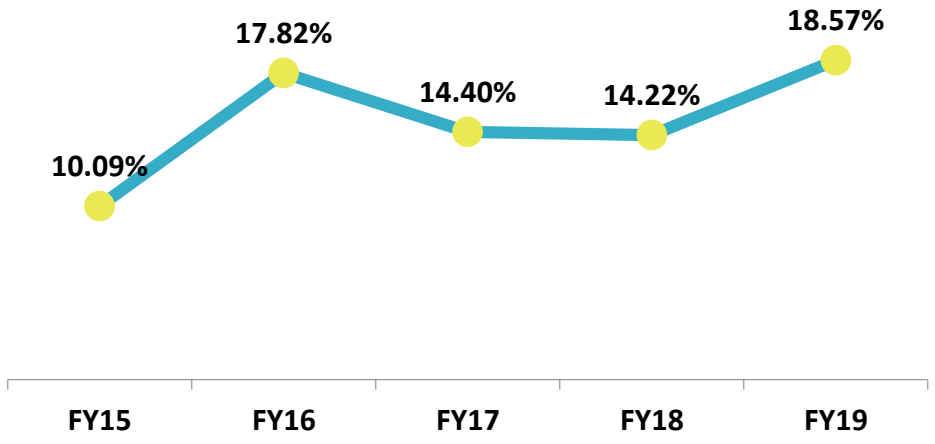
RoE(%)



RoCE(%)



Focus on improving RoCE and long term value creation

**RoE = Net Profit/Net Worth | RoCE = EBIT/(Shareholders Fund+Long-term Borrowing+Short-term Borrowing-Non Current Investment)*

Balance Sheet Highlights – As on 31st March

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Rs. Cr	As on 31st March 2019	As on 31st March 2018
Shareholder's Funds	**33.49**	**27.95**
Share capital	5.80	5.80
Reserves & Surplus	27.69	22.15
Non-current liabilities	**4.61**	**0.09**
Long term borrowings	4.61	0.09
Defer Tax liabilities	0.00	0.00
Other Long-Term liabilities	0.00	0.00
Long-Term Provisions	0.00	0.00
Current liabilities	**80.66**	**73.62**
Short Term Borrowings	31.36	25.15
Trade Payables	26.59	34.23
Other Current liabilities	21.58	12.19
Short-term provisions	1.14	2.05
Total Equities & Liabilities	**118.77**	**101.66**

Rs. Cr	As on 31st March 2019	As on 31st March 2018
Non-current assets	**10.55**	**9.64**
Tangible Assets	8.93	7.65
Non-current Investments	1.24	1.38
Net Deferred Tax Asset	0.13	0.26
Long-term loans & advances	0.00	0.00
Other non-current assets	0.00	0.00
Miscellaneous Expenses	0.25	0.34
Current assets	**108.22**	**92.02**
Inventories	27.79	27.92
Trade receivables	44.05	42.85
Cash & Cash equivalents	3.59	2.24
Short-term loans & Advances	32.80	19.02
Other Current Assets	0.00	0.00
Total Assets	**118.77**	**101.66**

Creative Peripherals

Company Overview

Who we are

Creative Peripherals

Market Specialists for Experiential Products

in IT, Imaging, Lifestyle and Retail Security domains

- Industry leader **specialising in market entry for global niche brands** in India
- **20+ Brands**
- **3,200+ Products**

- **Unique business model** – well-placed to capitalise on market opportunities
- Right skill sets for execution
- Contract manufacturing capabilities

- Provide end-to-end solutions from **contract manufacturing to retail distribution & brand licensing**

- **Omni-channel network** encompassing **Online, Retail and General Trade**

- **Robust distribution network** built over two decades
- **5,000+ Partners**
- **150+ Employees**

Journey so far…

Creative Peripherals

1990s

- Started as trading concern with 2 employees
- Epson Dot-matrix Printer aggregator

2000-10

- Microsoft sub-distribution in Maharashtra & Gujarat
- Changed name to Creative Peripherals & Distribution Pvt. Ltd.
- Opened branches in Pune, Bangalore and Ahmedabad
- Epson Business Partner
- Foray into Lifestyle business

2012-15

- **2012** - Foray into Imaging business by signing Olympus
- **2013** - Exclusive Photo Distribution from Vitec Group of Italy for Manfrotto
- **2013** - Exclusive distribution for 5 new global IT vendors
- **2015** - Reliance Digital '**Best Fulfillment Partner**'
- **2015** - Exclusive distribution for 8 new global brands including ViewSonic & Samsung

2016

- Forayed into retail security business
- Exclusive license for Honeywell
- Distribution license received for GoPro

2017

- Listed on NSE - SME stock exchange
- Forayed into gaming products under lifestyle segment
- Agreement with TPV Technology India for Philips Digital Signage in India

2018

- Expand Trademark Licensing agreement with Honeywell - geographic expansion to Middle East countries & added new products
- Forayed into Retail Security segment - Signed Exclusive Agreement with InVue Security Products Corp.
- Agreement with Future Tech Electronics - LED TV's for DAEWOO, MEPL & INDICOOL brands in India
- Launched GoPro Hero 7 series Products – HERO 7 Black, HERO 7 Silver, HERO 7 White

2019

- Expansion into gaming products segment in India - through agreement with Thermaltake Technology Co. Ltd.
- Entered into exclusive agreement with "**iball**" for all their products in Madhya Pradesh and Vidarbha

Key Team

Creative Peripherals

Mr. Ketan Patel

Chairman & Managing Director

- IIM - B Alumnus with Engineering in Computer Technology from Mumbai University
- Over three decades of experience - has built expertise in business strategy, planning, product marketing and people management
- Responsible for maintaining vendor relations & new product development

Mrs. Purvi Patel

Whole Time Director

- Holds Diploma in Pharmacy with rich experience in Computer Programming
- Responsible for execution of business strategies and planning
- In-charge of all key business functions

Vijay Advani

Whole Time Director

- Bachelor of Commerce from Mumbai University, with over 32 years of experience
- Expertise lies in business planning, execution and key account management
- Over three decades' experience in Value Added Distributors Industry, including companies like General Electronics

Abhijit Kanvinde

Chief Financial Officer

- Chartered Accountant with over 20 years of strong and multi-industry experience
- Worked in companies like Garnier India, Novartis Consumer Health, Shringar Cinemas, etc
- Was CFO of listed company for over 8 years, also successfully completed IPO 2x in his career

Upendra Singh

National Sales Head

- Bachelor of Commerce from Ranchi University, with nearly 30 years experience in Sales & Marketing
- Expertise lies in vendor management, sales generation & market penetration With over 11 years' experience in IT hardware industry, he drives national channel & corporate sales

Amol Patil

National Product Head

- MBA in Marketing with Engineering in Electronics and Telecom, with over 20 years' experience in IT industry
- Expertise lies in identifying latest market opportunities with excellent team management and execution skills. He is responsible for profitable management of products portfolio

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Business Overview

Niche & Experiential Product Offerings

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Information Technology

NZXT
Thermaltake
PHILIPS
ASRock
Transcend
Digflick
Net Protector NP AV Total Internet Security
The Ultimate Wireless rapoo
PRINTRONIX
AOC
Honeywell
SAMSUNG

Imaging

NATIONAL GEOGRAPHIC
GITZO
GoPro
Manfrotto Imagine More
OLYMPUS

Lifestyle

MEPL
DAEWOO
SENNHEISER
SHARP
ViewSonic See the difference

Security

InVue

Driving digital transformation…

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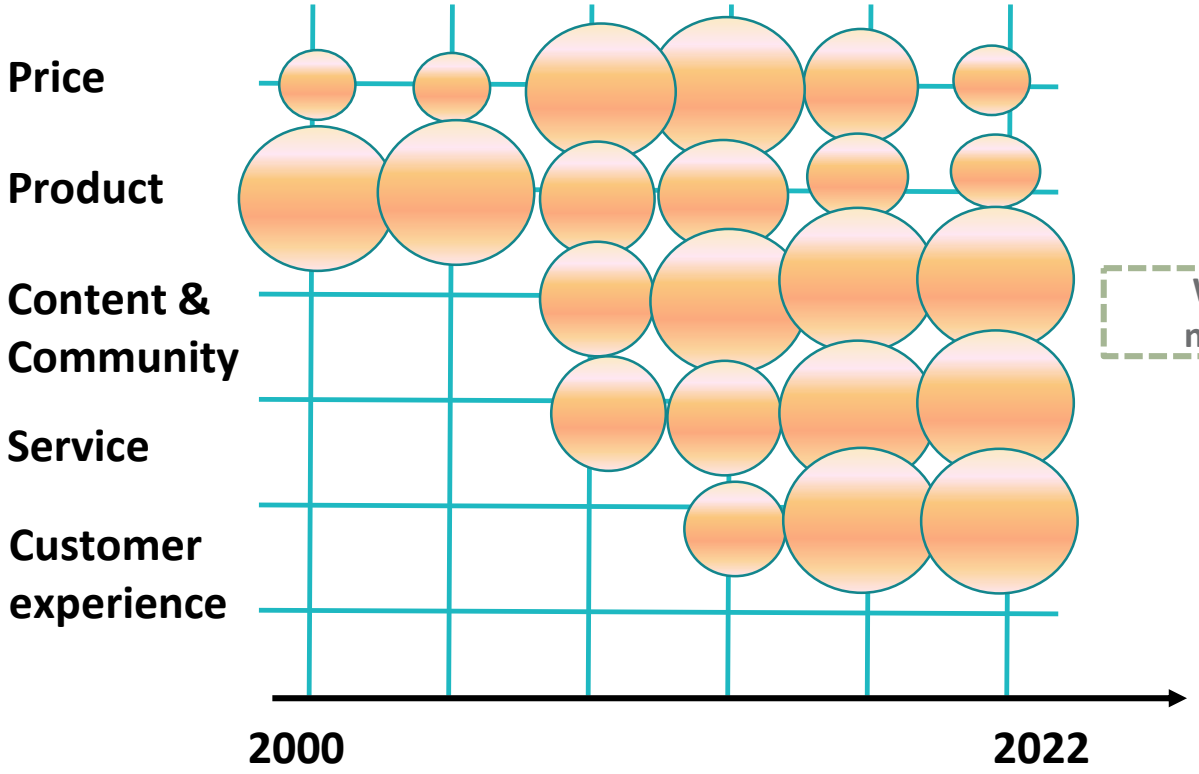
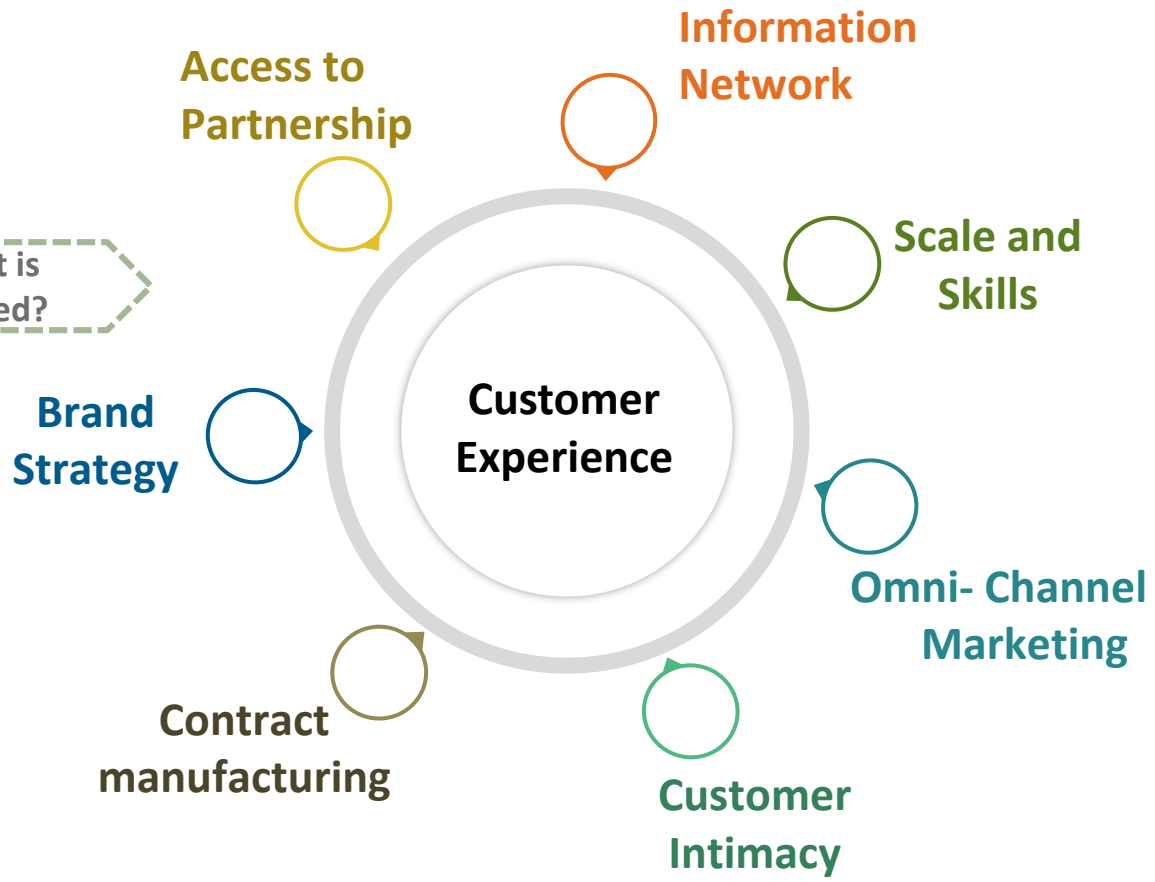


What is needed?

Our Value Addition

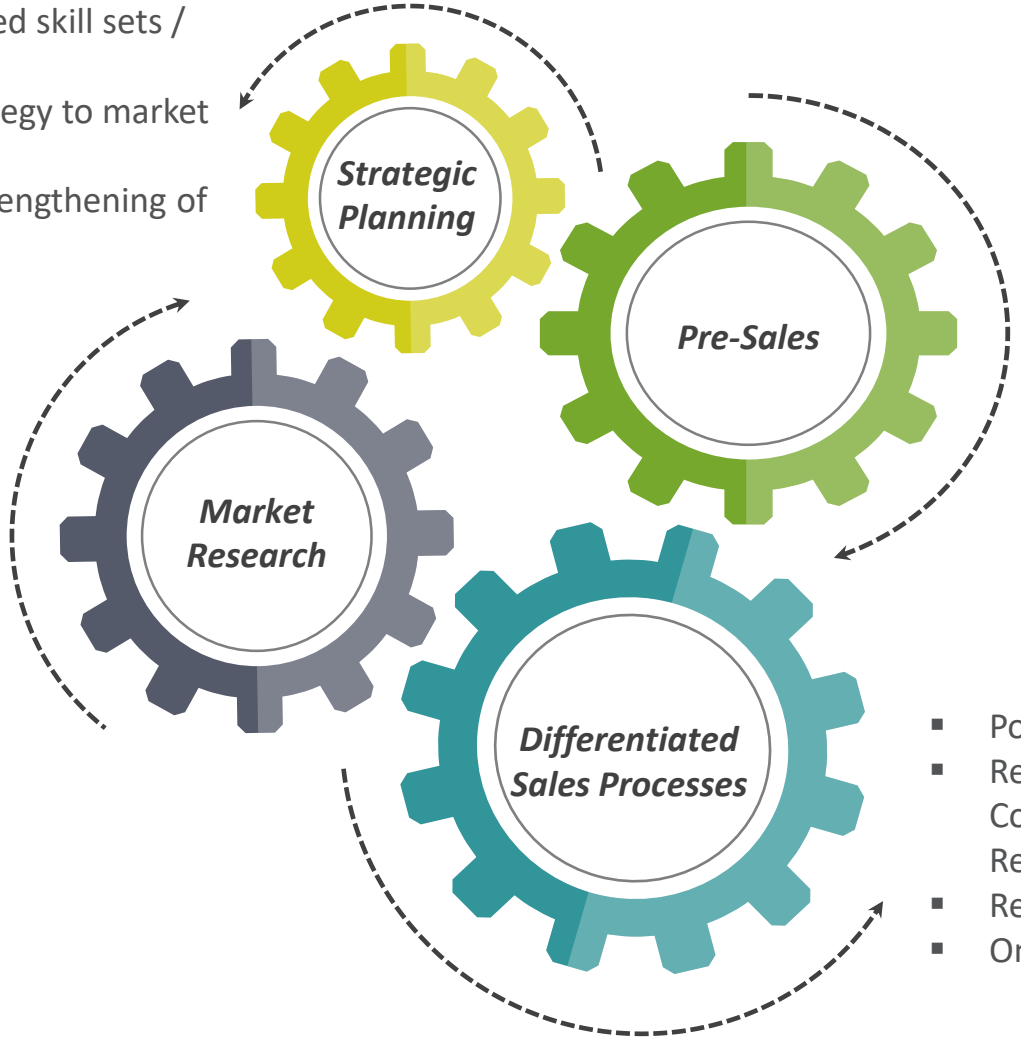


By 2022, **Customer Experience** would overtake **Price** & **Product** as the key brand differentiator

Integrated Business Model

Creative Peripherals

- Identification of ideal distribution channel
- Identify and acquire required skill sets / man power
- Regional planning and strategy to market brand
- Resource allocation and strengthening of operations



- Executing marketing strategy
- Creating brand awareness
- Training and events
- Customer Engagement
- Digital Cataloguing

- On-field research and in-house usage and checking
- Location-wise market demand analysis
- Price waterfall analysis
- Detailed product comparison
- Competition Analysis

- Point-of-sales (POS) activity
- Relationships with channel partners : E-Commerce, Large Format and Specialized Retailers
- Reseller workshop & demos
- Online-to-Offline channel

Integrated Business Model contd…

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Market Research

- **Product to product comparison with similar products from peer brands in industry** – for competitive benchmarking
- **On-field research & in-house usage & checking** – Checking product's usability, viability and features internally as well as in real-world scenario across markets. Conducting brainstorming sessions and Price Waterfall analysis.
- **Location-wise market demand** – Gaining insight on consumer trends & demand of various demographics for product
- **Market analysis** – Research to support ramp-up of brands in multiple countries with cost effective scalable process
- **Competition Analysis** – Ascertain products and strategy of peer brands, and vetting overall technology landscape

Strategic Planning

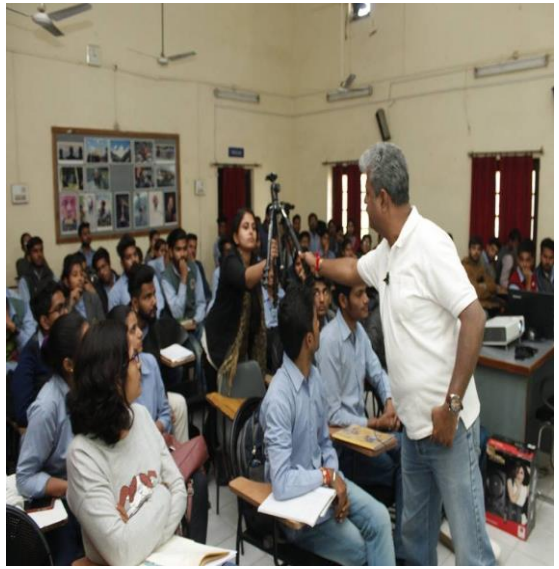
- **Identification of ideal distribution channel** for specific product/brand, based on the target market Channels - mix of online & offline modes
- **Identify and acquire required skill sets / man power** – Conducting necessary training to equip personnel with required knowledge and skills to perform demo's etc. at POS
- **Regional planning and strategy including target-setting** – formulating strategy specific to region, product and channel
- Strategy to market brand
- Resource allocation and strengthening of operations

Integrated Business Model contd…

Creative Peripherals

Pre-Sales

- Executing marketing strategy
- Creating brand awareness
- Training and events
- Customer Engagement
- Digital Cataloguing
- POP Displays
- **100+** Trained, professional sales staff
- **1,200+** Trainings conducted at shop level annually



Differentiated Sales Processes

- Point-of-sales (POS) activity
- Relationships with channel partners : E-Commerce, large format and specialized retailers
- Reseller workshop & demos
- Online-to-offline channel
- 20 branches across India

Case Study – Honeywell

End to end services from factory to consumer

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Honeywell : Fortune 50 multinational conglomerate offers various commercial and consumer products, engineering services and aerospace systems. Active across **aerospace, automation & control systems** and **performance materials** & technologies.

Our Involvement: Started association in September 2016 to capitalize opportunities seen in Indian market. Creative has been crucial support and channel for Honeywell to expand their product distribution in India, and eventually across other Asian markets, and recreate **"Power of Connect"** among consumers

Honeywell

www.honeywell.com

Product Designing and Manufacturing

- Contract manufacturing – products manufactured at Honeywell certified factories
- Design and casts – owned by Creative

Exclusive Distribution, Premium Pricing

- Exclusive rights across multiple product segments
- Soon to launch new product category – Wi-Fi networking - Home segment
- Omni-channel supplying platforms – modern retail, e-commerce and traditional channel stores
- Rights to assign premium pricing for certain products

International Markets

- Distribution agreement in SAARC and Middle East countries (Expect to launch products in Middle East in Mid-2019)

Value Added Services

- Designing and packing of products as per Honeywell global packing guidelines
- Offers higher/longer warranty and better after sales services
- Demand generation and marketing activities as per Honeywell global guidelines

Scalability

- Plan to manufacture in India under 'Make in India' initiative
- Plans to scale up operations in international markets and expand product portfolio

Case Study – Go Pro

Market entry, Brand awareness, Consumer engagement

Creative Peripherals

GoPro : Global brand offering broad range of imaging devices and accessories for professional as well as amateur users

Our Involvement: Started association in 2016-17 to enter Indian market. Creative has been a key enabler for brand to penetrate market and establish its presence here. GoPro has grown from barely-known foreign brand to a well-recognized premium imaging brand in urban India

Marketing Strategy

- Market research & expertise to formulate customized, ideal marketing strategy
- Launched 'GoPro Hero' two days prior to global release, to make it available in time for Diwali sales in 2016
- Arrange and manage POP setups and kiosks for the brand at various malls
- Specialized training to 1,200 on-ground staff (ISD – In-Store-Demonstrators)

Exclusive Distribution

- Exclusive distribution rights across India
- Leverage strong nation-wide network
- From introduction of 'GoPro Hero' in 2016-17, current portfolio spans several new variants of cameras, e.g. "GoPro 7"

www.gopro.com

On-Field Activities

- Brand awareness & promotion
- Content creation & influencers
- Over ~36 events and workshop per year – e.g. 7th India HOG Rally by Harley Davidson at Goa, Times Green Wheels bike festival
- Pre-sales activities

Scalability

- Witnessed growing sales in India: Share of revenue grew from $1 mn in FY2016-17 to $14 mn in FY2018-19
- India offers high growth potential among Asian markets, compared to mature markets like Japan and China

Geographical Presence

Creative Peripherals

Strong network of 5,000+ partners across India

Domestic

- Pan India presence
- 20 branches across India
- Over 150-strong highly skilled workforce across India – mix of young and experienced talent

International

- Strong distribution tie-up in Middle East
- Expanding network across SAARC countries

Smart Sourcing Capabilities

Creative Peripherals

Central Warehouse @ Bhiwandi, Maharashtra

Dispatch all over India from Central warehouse

- Warehousing and Transportation services
- 40,000 Sq. ft. area
- Semi-automatic warehousing
- Advanced systems for inward & outward, packing and stock keeping (Bar Code system for outward)
- Technology enabled supply chain
- Transactions handled: 3,500 tonnes per annum

Key features

- State-of-art inventory management and warehousing equipment
- Fast and on-time delivery
- Can arrange dispatch from single unit to container
- Tie-ups with reputed logistics service providers
- Trained and experienced staff

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Way Forward

Future-ready business growth

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New markets

Future-ready business with focus on niche products

High growth from key business category

01 Expansion in new markets

- **Domestic market**: Smart Cities and Make in India boosting demand from OEMs & service providers; Smart Homes, Vehicles; Big Data and Analytics, Intelligent technology & hardware to drive future growth
- **International market**: Expanding in Middle East and SAARC Countries

02 Primed for new-age customer behavior

- **Internet of Things & Artificial Intelligence**: APAC investment projected over $2.5tr by 2020; smart connected machines, augmented reality, cloud connectivity in enterprise markets. Machine learning solutions & applications used across institutions ; advanced robotics, wearables market size currently over $35bn
- **Experiential products** focused on the younger demographic – bring niche brands into India
- Focus on **high margin & high-value** brands such as GoPro, Honeywell, Manfrotto, Olympus
- Expand **omni-channel network** covering **online, retail and general trade**

03 Key growth drivers

- **Honeywell** : High-margin products for connectivity, which are secure and energy-efficient
- **GoPro Cameras**: Next-gen technology, premium pricing, target high-end users
- **Lifestyle Products / Consumer Durables**: Expected to grow 22%, as smartphone market stabilizes
- **Security Products**: Estimated market size over $350 bn; exclusive distribution of premium brands

Thank You

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NSE CREATIVE

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Thank you!