Asian Paints Limited
Asian Paints House
6A, Shantinagar
Santacruz (E)
Mumbai 400 055
T : (022) 6218 1000
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www.asianpaints.com

APL/SEC/15/652

11th May, 2018

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/Madam,

Sub: Investor Presentation on the financial results for the financial year ended 31st March, 2018

Further to our letter no. APL/SEC/15/644 dated 10th May, 2018 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of presentation made to the Investors' on financial results of the Company for the quarter and financial year ended 31st March, 2018.

The aforesaid presentation has been uploaded on the website of the Company (www.asianpaints.com).

This is for your information and record.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**

JAYESH MERCHANT
CFO & COMPANY SECRETARY,
PRESIDENT – INDUSTRIAL JVs

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INVESTOR PRESENTATION

Q4 & 12M : FY 2017-18

10th May 2018

Disclaimer

This presentation may contain statements which reflect 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 fluctuations, competitive product and pricing pressures and regulatory developments.

Responses can only be given to questions which are not price sensitive.

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Economic Environment

Company Performance

Business Review

Risks and Outlook

Economic Environment

- Recovery trend continues amidst at a slow pace
  - Healthy GDP growth of 7.2% in Dec 2017 quarter
    - Positive signs for the economy considering 6.3% growth in Sept 2017 quarter and 5.7% growth in June 2017 quarter
  - Recovery of sorts from the disruptions encountered on account of demonetization and implementation of GST
- Better demand conditions witnessed for the paint industry in the second half
- Upward trend in commodity prices witnessed through the year
- In the International markets, key units in Egypt & Ethiopia, continued to face challenges around foreign exchange availability and currency depreciation

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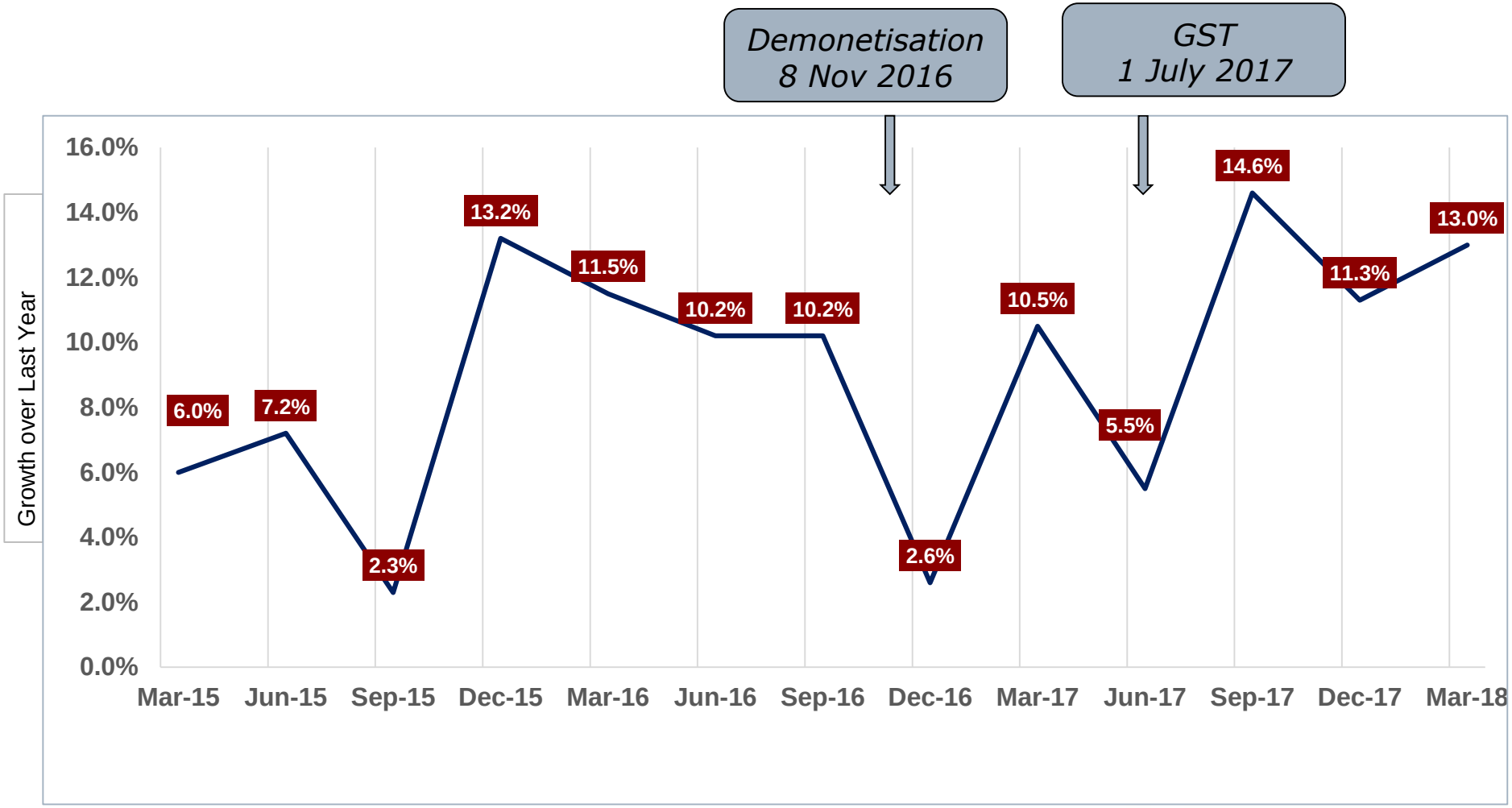
APL Standalone Sales Quarter Growth



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Economic Environment

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Financials

Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue. The figures and growth percentages given herein have been suitably adjusted to make the revenue from operations for periods upto 30th June 2017 comparable.

The Consolidated results for the current year include the results of Causeway Paints Lanka (Private) Limited, Sri Lanka, in which Asian Paints International Private Limited (erstwhile Berger International Private Limited, Singapore), subsidiary of the company acquired 100% controlling stake on 3rd April 2017 and hence the results are not comparable with the previous periods.

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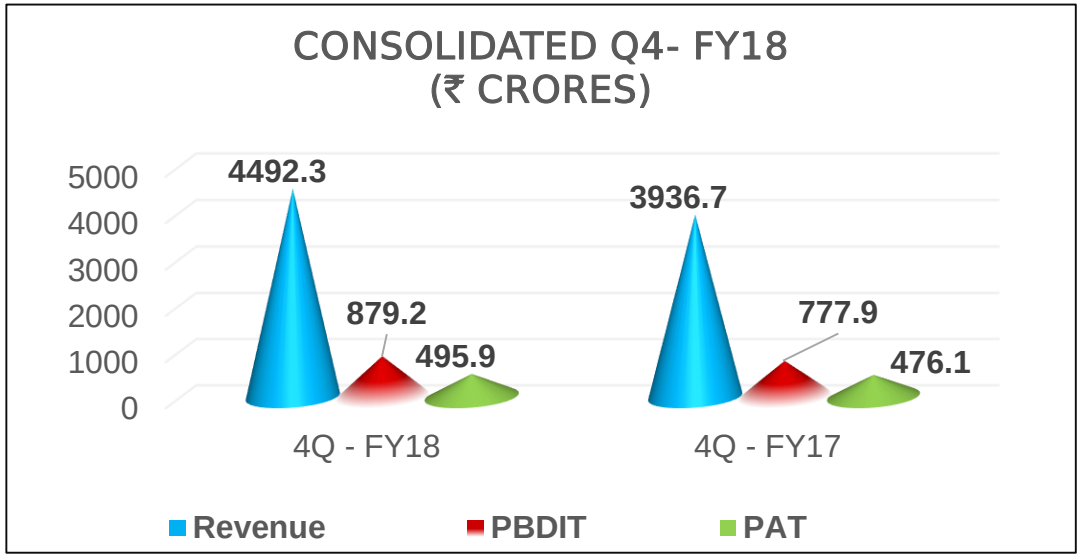
Consolidated Financials : FY 2017-18

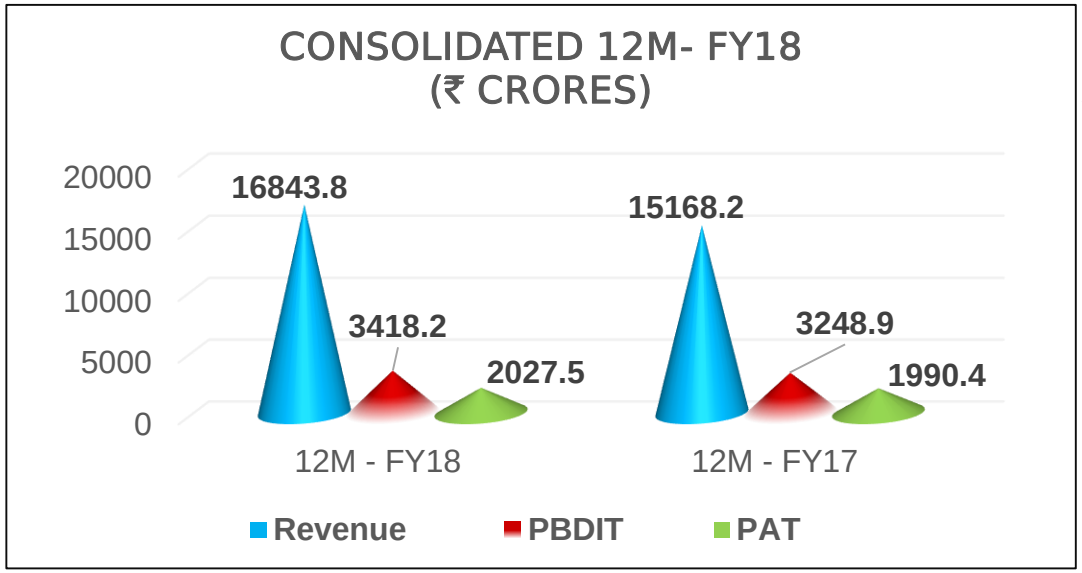


Revenue from Operations: 14.1%

PBDIT : 13.0%

PAT from continuing Operations : 4.2%

PBDIT Margin of 19.6% in Q4-FY18 as compared to 19.8% in Q4-FY17



Revenue from Operations: 11.0%

PBDIT : 5.2%

PAT from continuing Operations : 1.9%

PBDIT Margin of 20.3% in FY18 as compared to 21.4% in FY17

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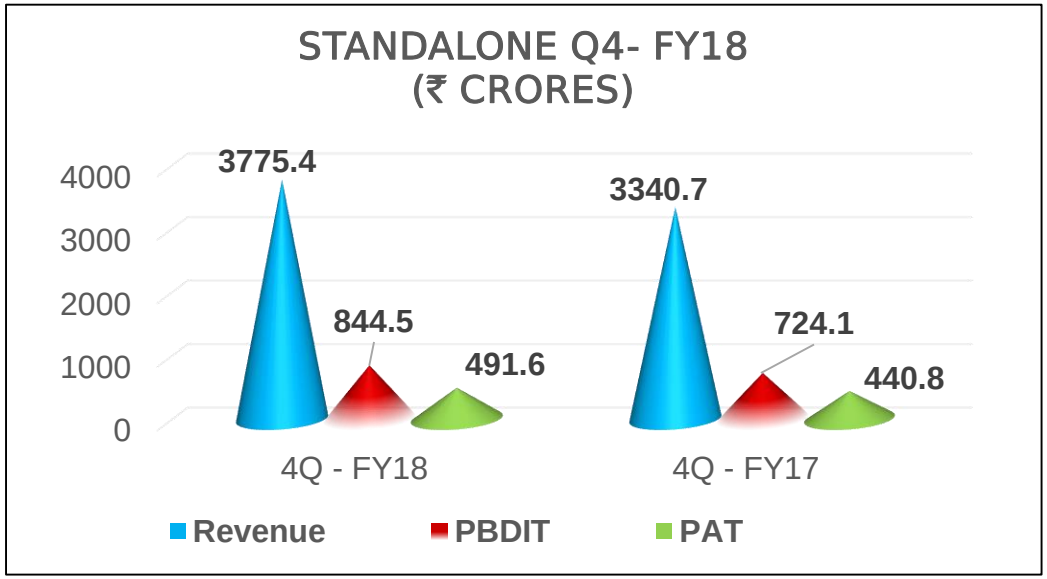
Standalone Financials : FY 2017-18

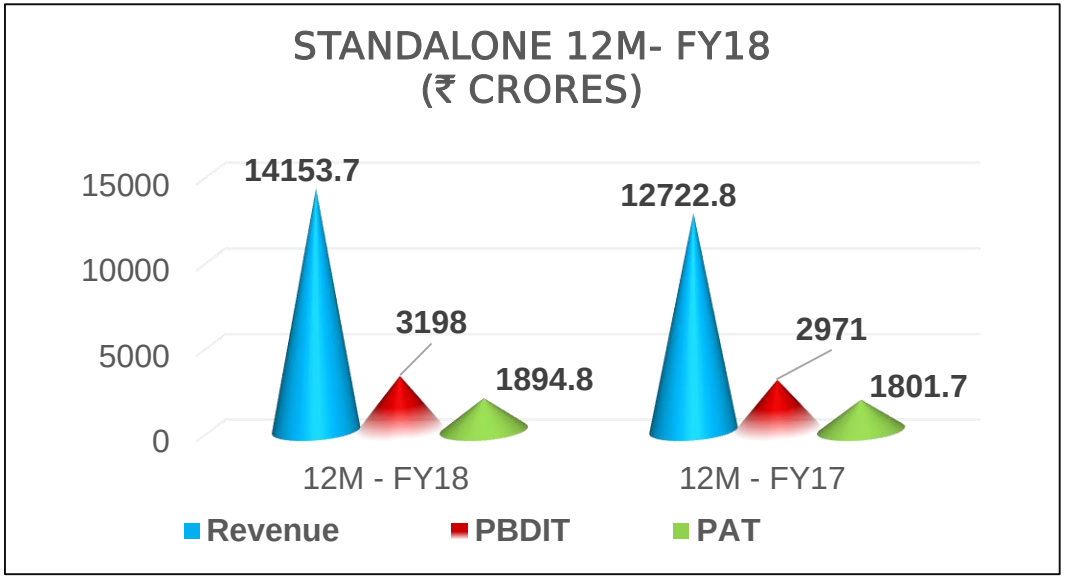


Revenue from Operations: 13.0%

PBDIT : 16.6%

PAT : 11.5%

PBDIT Margin of 22.4% in Q4-FY18 as compared to 21.7% in Q4-FY17



Revenue from Operations: 11.2%

PBDIT : 7.6%

PAT : 5.2%

PBDIT Margin of 22.6% in FY18 as compared to 23.4% in FY17

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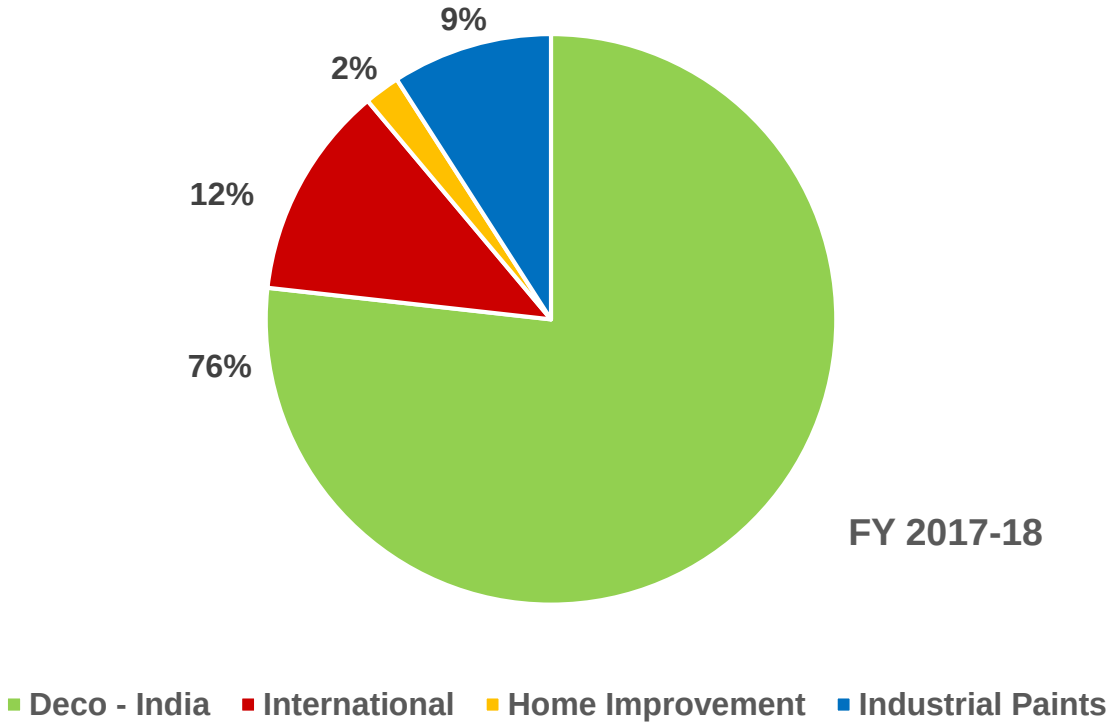
Business Portfolio…



Deco India : Paints, Adhesives, Wall Coverings & Adhesives

Industrial – Two 50:50 JVs with PPG Inc, USA for automotive & Industrial paints in India

Home Improvement – Bath & Kitchen business in India

International – Operations outside India (Asia, Africa, Middle East and South Pacific)

Exited Caribbean operations in July 2017

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Dividend

FY 2017-2018

- Interim Dividend 265% (₹ 2.65)
- Final Dividend 605% (₹ 6.05)
- Total Dividend 870% (₹ 8.70)
- Payout Ratio : 53.1%

FY 2016-2017

- **Interim Dividend 265% (₹ 2.65)**
- **Special Dividend 200% (₹ 2.00) ****
- **Final Dividend 565% (₹ 5.65)**
- **Total Dividend 1030% (₹ 10.30)**
- **Payout Ratio : 53.1% (excl. special div)**

*** Completion of 75 years*

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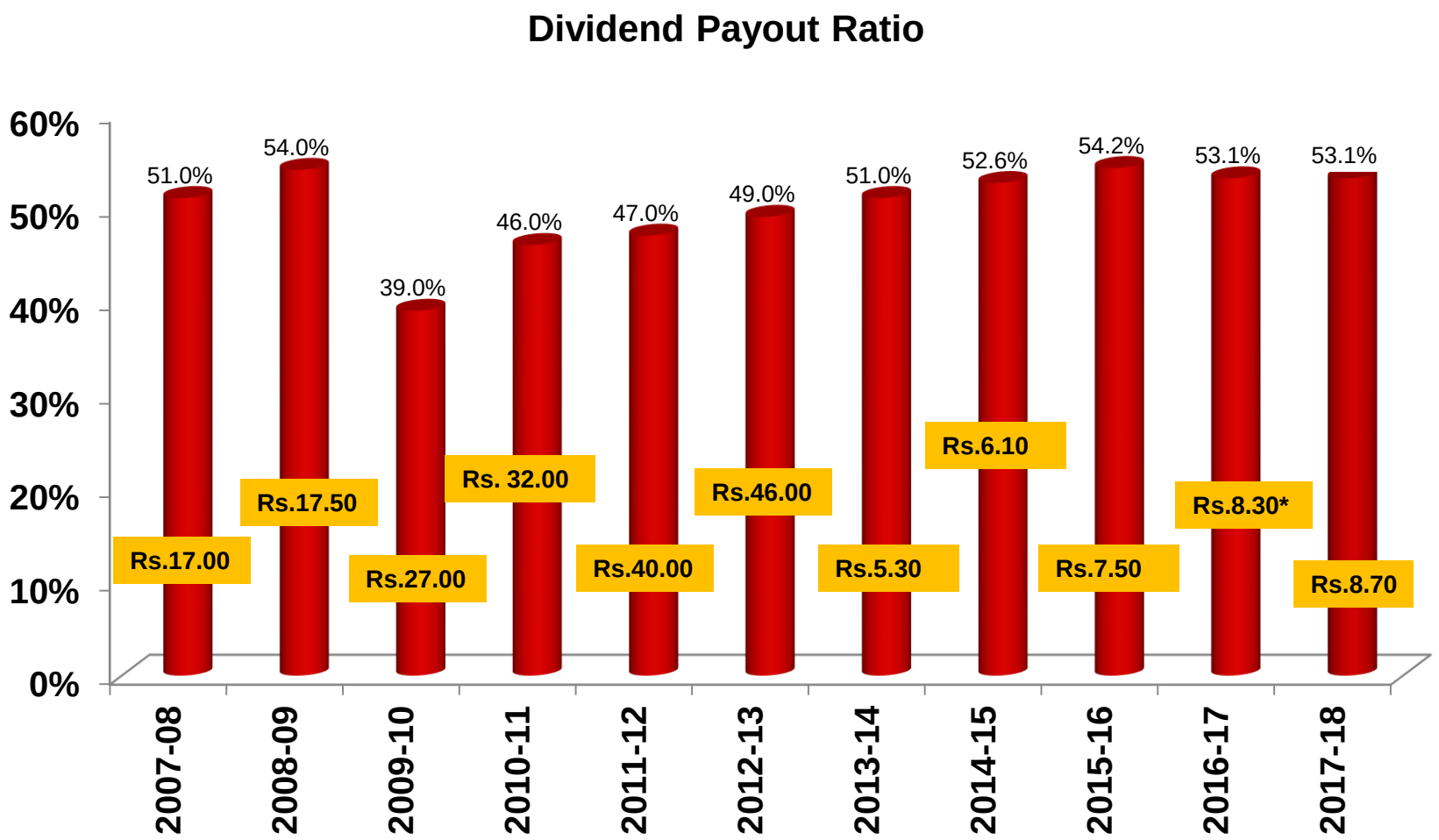
Dividend Payouts over the years



Total dividend in Rs. **Dividend Payout Ratio in %**

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** FY 2016-17 Total dividend of Rs. 10.30 including special dividend of Rs. 2.00 per share*

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Business Review – Decorative India

- Decorative Paints business in India registered low double digit volume growth for Q4
- Continued focus on network expansion and opening new 'Colour Ideas' store
  - 42,000+ 'Colour World' machines and 380+ 'Colour Ideas' stores across the country
  - Good response to the 'AP Homes' stores at Coimbatore, New Delhi and Kochi
    - Opened another store at Raipur in April 2018
- Good growth witnessed in the Adhesive, Wall paper and waterproofing segment
- Host of new products introduced in the Indian Paint market
  - Royale HealthShield, Royale Atmos, etc

Business Review – Decorative India

- Material prices continued to witness an upward trend, thereby squeezing margins
  - Affected 2% price increase across products wef 1st May 2018
    - 1 March 2018 **+1.4%** ; 1st May 2017 **+2.7% ;** 1st March 2017 **+2.9%**

- Construction work for the two new paint plants at Vizag (Andhra Pradesh) and Mysuru (Karnataka) as per schedule
  - Vizag : Setting up 5,00,000 KL/annum plant at a total investment outlay of ₹ 1785 crores
  - Mysuru : Setting up 6,00,000 KL/annum plant at a total investment outlay of ₹ 2300 crores
  - The first phase (3,00,000 KL/annum) of both the plants to be commissioned in FY 2018-19

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Business Review – International

- Financials of the current quarter include the financials of Causeway Paints, Sri Lanka which was acquired by Asian Paints International Pvt Ltd, Singapore (erstwhile Berger International Private Ltd (BIPL)), our wholly owned subsidiary, on 3rd April 2017
  - Hence the numbers are not comparable with the financials of the previous quarter
- The units in Oman, Bangladesh & Nepal registered decent topline growth
- Sluggish demand conditions in Sri Lanka impacted the financials significantly
- The greenfield paint plant at Indonesia with a total capacity of 5,000 MT/annum was inaugurated during the year
  - Business has picked up and we are witnessing good sales
- Adverse exchange rate fluctuations, especially currency devaluation in Egypt & Ethiopia impacted operations
  - Raw Material procurement continued to be a concern due to forex unavailability
- Higher material prices impacted operational profitability of the group

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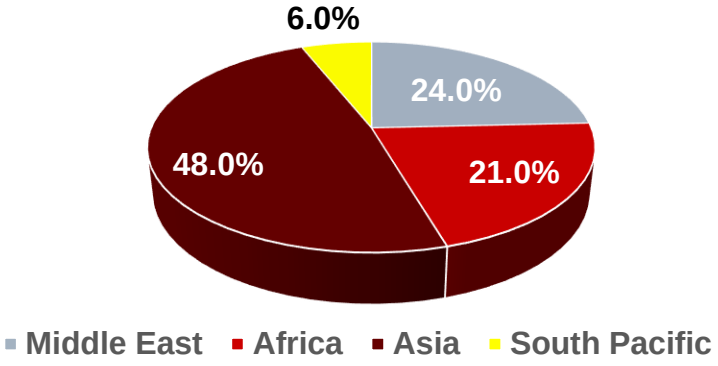
Business Review – International

	Net Sales (₹ Crores)			PBT (₹ Crores)		
	12M- FY18	12M - FY17	Gr(%)	12M- FY18	12M - FY17	Gr(%)
Asia	1,071	695	54%	81	54	50%
Middle East	538	519	4%	42	53	-21%
Africa	466	635	-27%	58	104	-44%
South Pacific	141	144	-2%	33	35	-6%
IBU	**2,176**	**1,972**	**10%**	**167**	**231**	**-28%**

Current year financials of Asia includes Causeway (Sri Lanka) which was acquired in April 2017 and hence not comparable with previous year

Excluding Causeway, The revenue growth of Asia would had been 14% ; IBU revenue would have been 3.8% lower than previous year

The company divested its entire stake in Caribbean (Jamaica, Barbados and Trinidad & Tobago) during the year. The resultant profit of Rs. 67.47 crores has been included in results from discontinued operations. (The above table excludes the financials of discontinued operations)



Asia : Nepal, Sri Lanka, Bangladesh, Singapore & Indonesia

Middle East : UAE, Bahrain & Oman

Africa : Egypt & Ethiopia

South Pacific : Fiji, Tonga, Solomon Islands, Vanuatu & Samoa

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Business Review – Industrial India

PPG Asian Paints (PPGAP)

- The business registered better growth in H2 as compared to the earlier period.
- Net sales grew by double digits during the year driven by good demand in the automotive and General Industrial business segment
- The setting up of Dahej (Gujarat) plant for Resins is progressing as per timelines

Asian Paints PPG (APPPG)

- In FY18, Net Sales grew by 7.7% to ₹ 394.6 crores; PBIT at ₹ 10.6 crores
- Registered decent growth in the quarter led by good performance in the powder coatings and protective coatings segment

Higher raw material prices impacted profitability of both these industrial businesses

Under IND-AS, PPG-AP to be treated as an associate company wherein only APL's share of Profit after Tax of PPG-AP consolidated as against proportionate consolidation of every line item of P&L. At the same time, AP-PPG to be consolidated as a subsidiary of APL in the consolidated financials.

Business Review - Home Improvement

SLEEK

- Present in the kitchen segment; introduced wardrobes over the last year
- Registered Net Sales of ₹ 169.5 crores in FY18; Full year growth of 12.3%
- PBIT Loss of ₹ 10.1 crores during the year
- In Dec 2017, company acquired balance 49% of Sleek from its erstwhile promoters
  - Sleek is now a wholly owned subsidiary of the company

ESS ESS

- Registered Net Sales of ₹ 158.2 crores in FY18; Full year growth of 20.3%
- PBIT Loss of ₹ 19.0 crores for the year

- Both Sleek & Ess Ess saw pick-up in demand in the second half
  - Sleek revenues grew by 18% while Ess Ess sales grew by 32% in H2
- Higher material prices impacted business profitability for Sleek and Ess Ess
- Continuous focus on enhancing distribution reach and driving operational efficiencies for both the businesses.

Capex

- Total capex at the Standalone level for FY18 was about ₹ 1350 crores
  - ₹ 1100 crores was spent towards the two new paint manufacturing facilities being built at Vizag (Andhra Pradesh) and Mysuru (Karnataka)
- Capex for FY19 will be around ₹ 1000 crores

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Economic Environment

Company Performance

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Risks and Outlook

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Outlook

- Indian economy expected to fare better in FY19
  - Projections of GDP growth ~7.5% FY19
  - Normal monsoon forecast augurs well for the economy especially rural demand
- Concerns on smooth roll-out of GST reporting requirements, e-way bills etc
- Inflationary trend in the Indian as well as Global Economy
  - Raw material prices expected to inch up further
- Rupee volatility needs to be watched out for
- Certain international markets continue to be volatile and unpredictable

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THANK YOU

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