

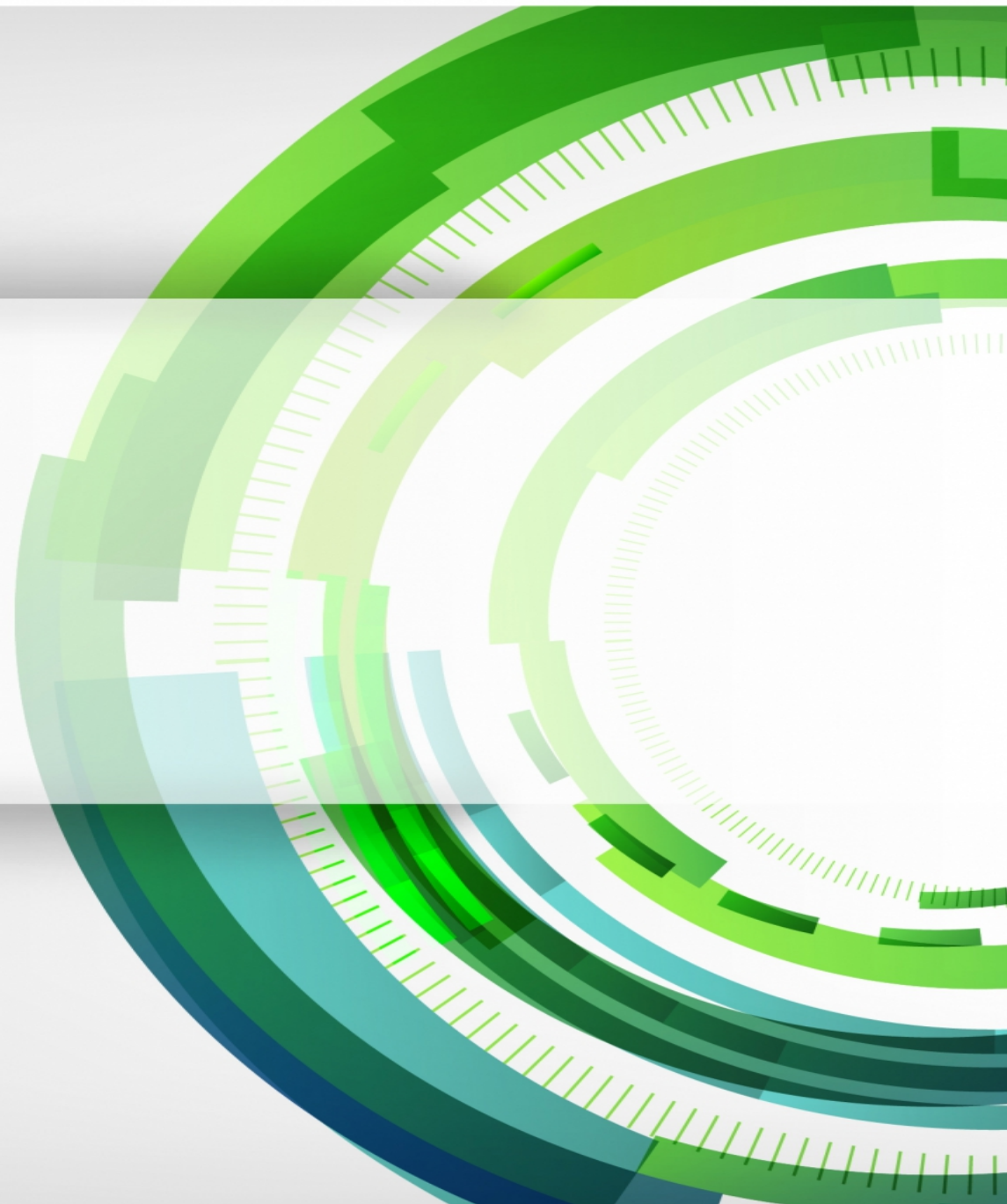


Creative Peripherals

Creative Peripherals

Creative Peripherals and Distribution Limited

**Result Update Presentation
Q1FY18**





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Creative Peripherals

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Quarterly & Annual Financial Highlights



Management Comment



Creative Peripherals

*Commenting on performance for the first quarter of FY18, **Mr. Ketan Patel**, **Chairman & Managing Director** of Creative Peripherals & Distribution Ltd. said*



“Our innovative and vibrant approach has resulted in robust growth. We remain committed to adding high margin products to our ever evolving portfolio. This approach has resulted in significant margin expansion which is reflected in our Q1FY18 numbers.

We feel great about this momentum, and our goal is to significantly increase the number of brands and products in our portfolio and distribution network during this financial year. I'd like to thank our channel partners, our business partners, and our employees for their incredible contributions and commitment, and I'd like to thank all of our customers across the country for their continued loyalty, which ultimately drives these results.”



Q1FY18 Performance Highlights

Q1FY18 v/s Q1 FY17

32%



Revenue Rs 50.17 Cr

179%



EBITDA Rs 1.15 Cr

117%



PAT Rs 0.34 Cr

Robust growth across all segments



Q1FY18 Key Financial Highlights



Creative Peripherals

Rs. Cr	Q1 FY18	Q1FY17	YoY%
Income from Operations	49.89	37.86	
Other Operating Income	0.28	0.05	
Total Income from Operations	50.17	37.91	32.34%
Raw material	46.22	36.75	
Employee Cost	1.34	1.20	
Other Cost	1.46	1.40	
Total Expenditure	49.02	39.35	
EBITDA	1.15	(1.45)	179.31%
EBITDA Margin%	2.29%	(3.81)%	610 bps
Interest	0.60	0.56	
Depreciation	0.03	0.03	
Other Income	0.00	0.00	
Profit Before Tax	0.51	(2.04)	
Tax	0.18	0.00	
PAT	0.34	(2.04)	116.67%
PAT Margin%	0.67%	(5.39)%	606 bps
EPS in Rs.	0.59	(10.1)	



Annual Performance Highlights



Creative Peripherals

7%



Revenue Rs 212.01 Cr

31%



PBT Rs 2.11 Cr

18%



PAT Rs 1.34 Cr

Robust growth across segments, particularly Imaging products



Annual Key Financial Highlights



Creative Peripherals

Rs. Cr	FY17	FY16	YoY%
Income from Operations	210.95	198.58	
Other Operating Income	1.06	0.0	
Total Income from Operations	212.01	198.58	6.76%
Raw material	196.88	182.52	
Employee Cost	4.99	5.90	
Other Cost	4.98	4.98	
Total Expenditure	206.85	193.40	
EBITDA	5.17	5.18	-
EBITDA Margin%	2.44%	2.61%	
Interest	2.91	3.36	
Depreciation	0.15	0.21	
Other Income	0.00	0.00	
Exceptional Item	0.00	0.00	
Profit Before Tax	2.11	1.61	
Tax	0.77	0.47	
PAT	1.34	1.14	17.72%
PAT Margin%	0.64%	0.57%	
EPS in Rs.	5.75	4.46	

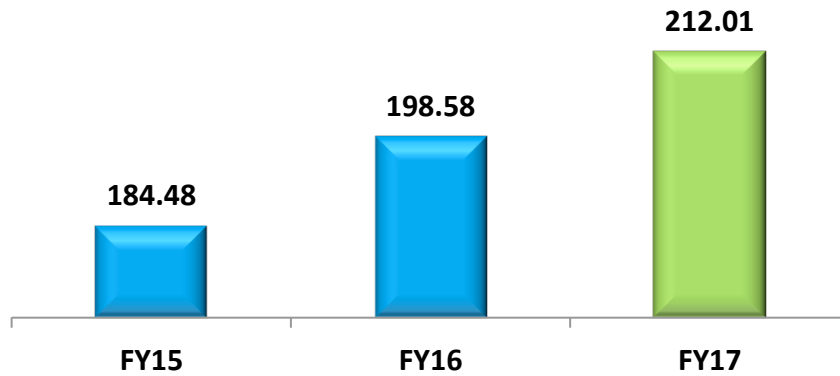


Annual Financial Highlights

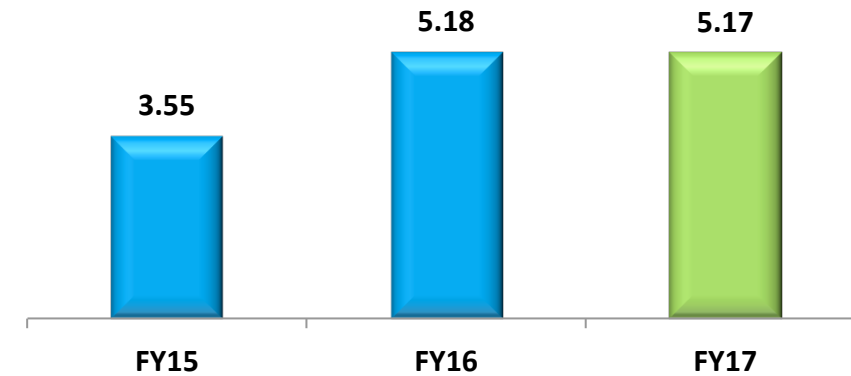


Creative Peripherals

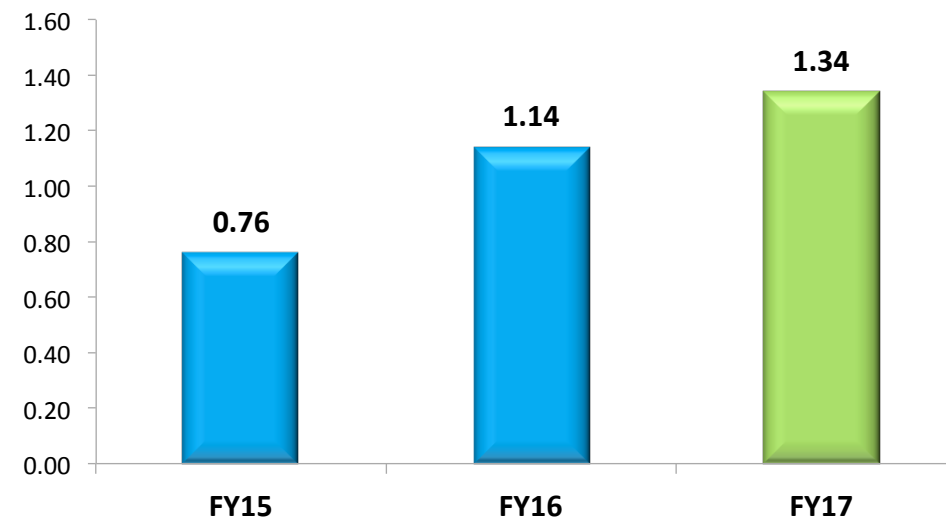
Revenue (Rs. Cr)



EBITDA (Rs. Cr)



PAT (Rs. Cr)



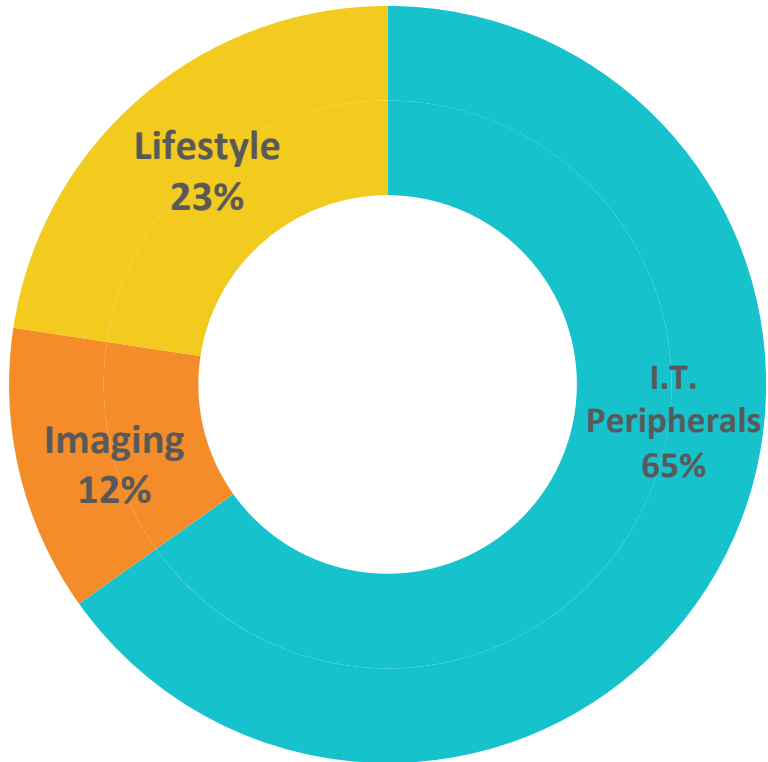


Revenue Contribution – Business Segments

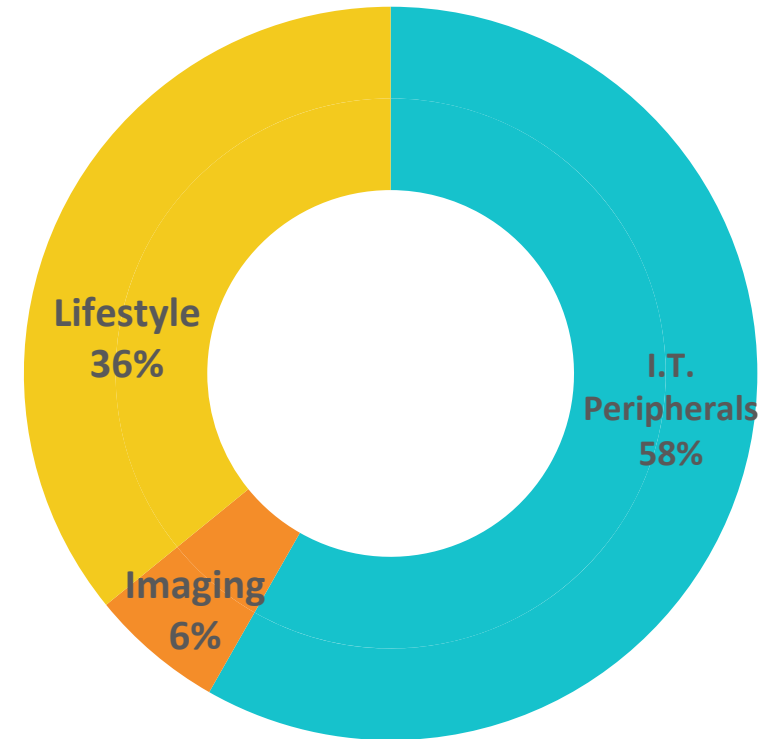


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FY2017



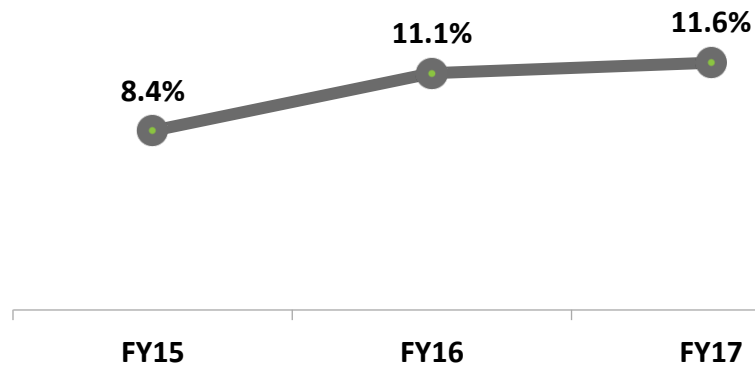
FY2016



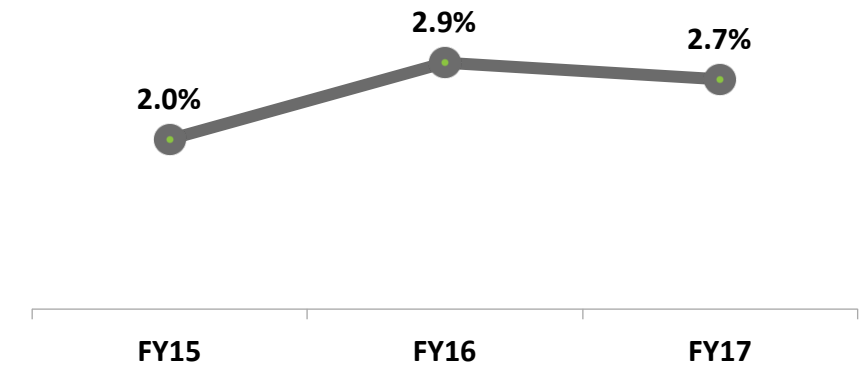


Consolidated Key Return Ratios

RoE(%)



RoA(%)



Return on Assets reflects impact of new high-end product additions in existing and new Security business segment during the financial year



Balance Sheet Highlights



Creative Peripherals

Rs. Cr	Mar-17	Mar-16
Shareholder's Funds	11.56	10.22
Share capital	4.00	2.00
Reserves & Surplus	7.56	8.22
Non-current liabilities	0.09	0.14
Long term borrowings	0.09	0.14
Defer Tax liabilities	0.00	0.00
Other Long-Term liabilities	0.00	0.00
Long-Term Provisions	0.00	0.00
Current liabilities	50.15	26.91
Short Term Borrowings	23.20	17.44
Trade Payables	23.15	6.20
Other Current liabilities	3.10	2.75
Short-term provisions	0.70	0.52
Total Equities & Liabilities	61.80	37.27

Rs. Cr	Mar-17	Mar-16
Non-current assets	0.55	0.47
Fixed assets	0.27	0.30
Deferred tax assets	0.19	0.17
Non-current Investments	0.00	0.00
Long-term loans & advances	0.00	0.00
Other non-current assets	0.00	0.00
Miscellaneous Expenses	0.09	0.00
Current assets	61.25	36.80
Inventories	20.94	12.95
Trade receivables	28.29	17.20
Cash & Cash equivalents	1.73	2.36
Short-term loans & Advances	10.29	4.28
Other Current Assets	0.00	0.00
Total Assets	61.80	37.27



Company Overview



Who we are



Creative Peripherals

Specialists in Market Penetration & Distribution

in IT, Imaging, Lifestyle and Security domains

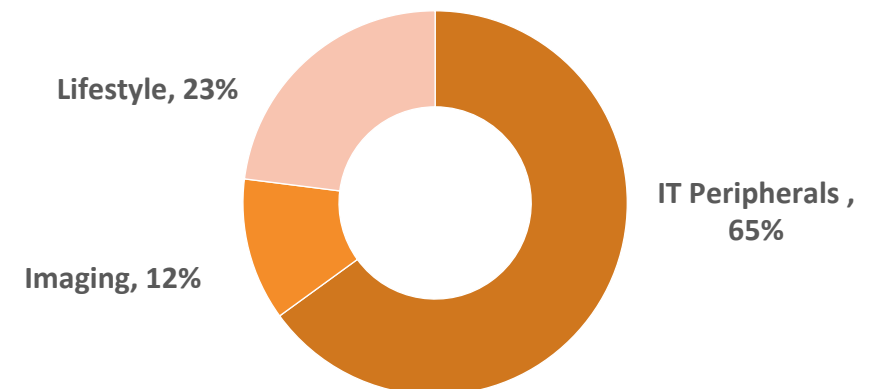
- ❑ Industry leader specialising in market entry for **global brands** in India
- ❑ Specialist in leveraging partners' market positioning and **enhancing partners' business value**
- ❑ **Fastest growing** national distributor 2014-15 (Digital Terminal)
- ❑ **Unique** distribution model, well-placed to capitalise on market opportunities
- ❑ FY17 Revenues of Rs 212 Crores

24+
Brands

3200+
Products

5000 +
Partners

Share of Revenue – FY17

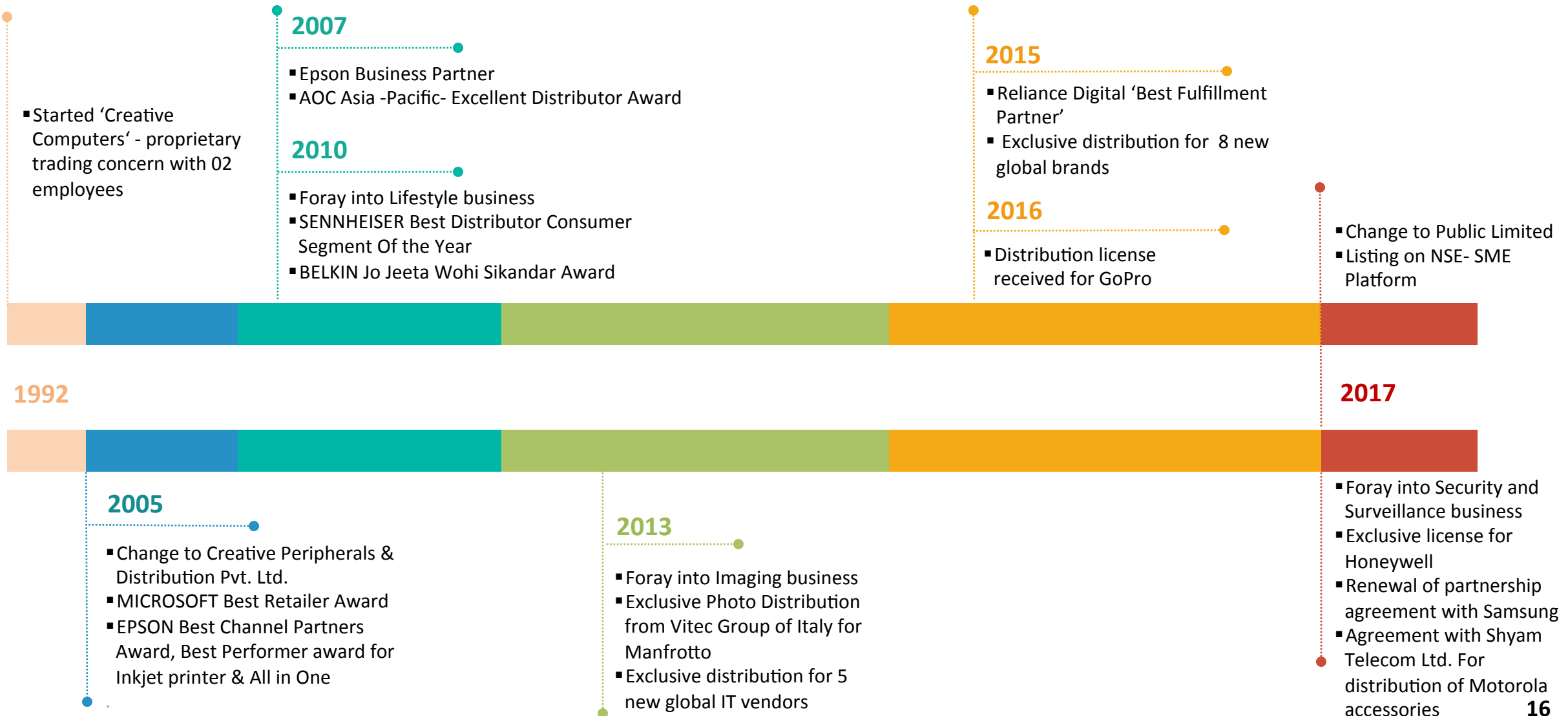




Journey so far



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Key Team



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Mr. Ketan Patel

Chairman & Managing Director

- IIM - B Alumnus with Engineering in Computer Technology from Mumbai University
- With over three decades of experience, he 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

- She holds a Diploma in Pharmacy with graduation in Computer Programming
- Responsible for human resource, administration and logistics functions



Ansuya Prasad Purohit

Chief Financial Officer

- L.L.B. (Taxation) from Garhwal University, with over 32 years of experience
- He possesses relationship management skills with abilities in liaising with Government bodies & banks for ensuring statutory compliances & smooth business operations. He looks after finance & administration operations



Vijay Advani

Whole Time Director

- Bachelor of Commerce from Mumbai University, with over 32 years of experience
- His expertise lies in business planning, execution and key account management. He has over a decade's experience in Value Added Distributors Industry, including companies like General Electronics



Upendra Singh

National Sales Head

- Bachelor of Commerce from Ranchi University, with nearly three decades experience in Sales & Marketing
- His 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 the IT industry
- His expertise lies in identifying latest market opportunities with excellent team management and execution skills. He is responsible for profitable management of products portfolio



Awards & Recognitions



Creative Peripherals



"Most Valuable Partner"
- **ADATA**



"Excellence Distributor"
- **AOC Asia Pacific**



*"Best Distributor in the
Consumer Segment"*
- **Sennheiser**



*"Microsoft Best Retailer
Award"*



*"Long Term Partnership & Best
Distributor"*
- **Sennheiser**



*"Reliance Digital Brand of the
Year & Best Fulfilment Partner"*



*"Smart Photography Award
2016"* - **Olympus**



"Jo Jeeta Wohi Sikandar" –
Belkin



Industry Overview



Technology distributors have evolved, navigating challenges



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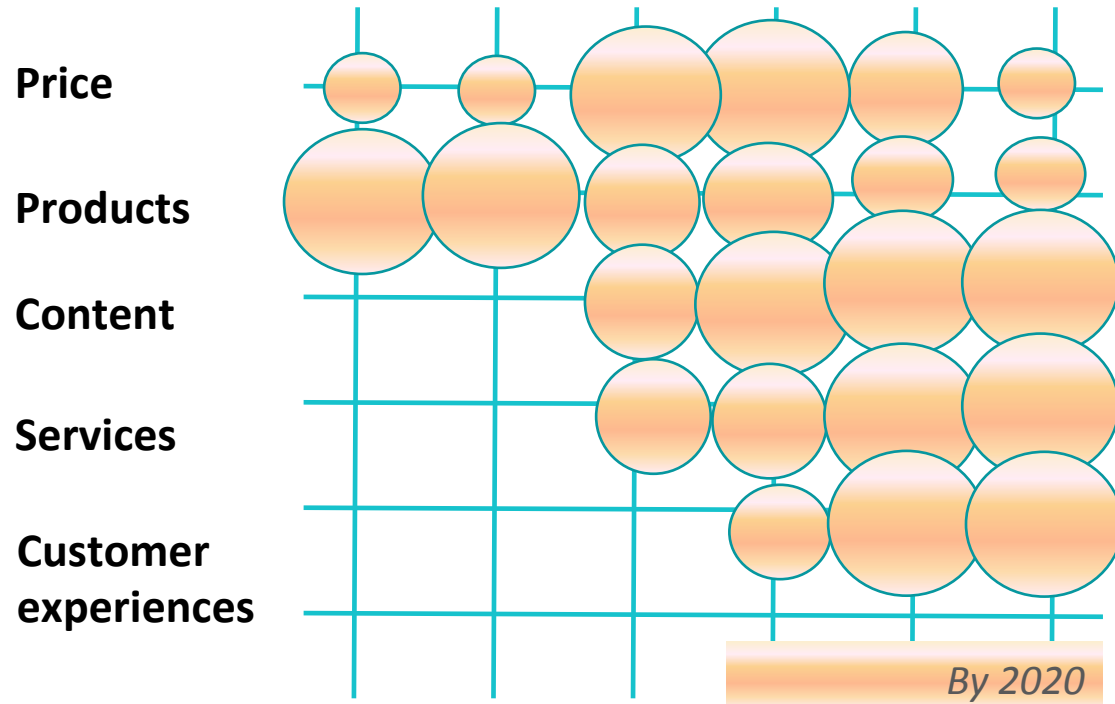
	Cycle I ‘Dawn of the PC era’	Cycle II Internet Grows Globally	Cycle III MSPs, Mobility advance	Cycle IV Digital disruption
	1970s-1980s	1990s	2000s	Current
Key Characteristics	• “Pick, pack and ship” • End-users chained to desktop	• Distributor financing programs fund channels • Wireless technology, e-Commerce models	• Shift to “problem solving” • Managed services • Internet enabled solutions and services	• Market shift from “products” to “experiences” • Connected ecosystems • Big Data, device management, Cloud and IoT
What was needed to succeed	• Capital • Scale	• Innovation • Skilled developers	• Capital • Expertise • Information sharing	• Access to partnerships • Scale & Skills • Customer intimacy, information network
Addressable market size	<\$100 BN	<\$300 BN	\$650 BN +	\$900 BN +
Key challenges	• Capital Intensive • Monolithic • Unresponsive	• Complex environment • High cost • Skills gap	• Extreme price-sensitivity • Lack of innovation • Skills gap	• Widening skills gap • Transformation pressure • Poor execution of brand strategy



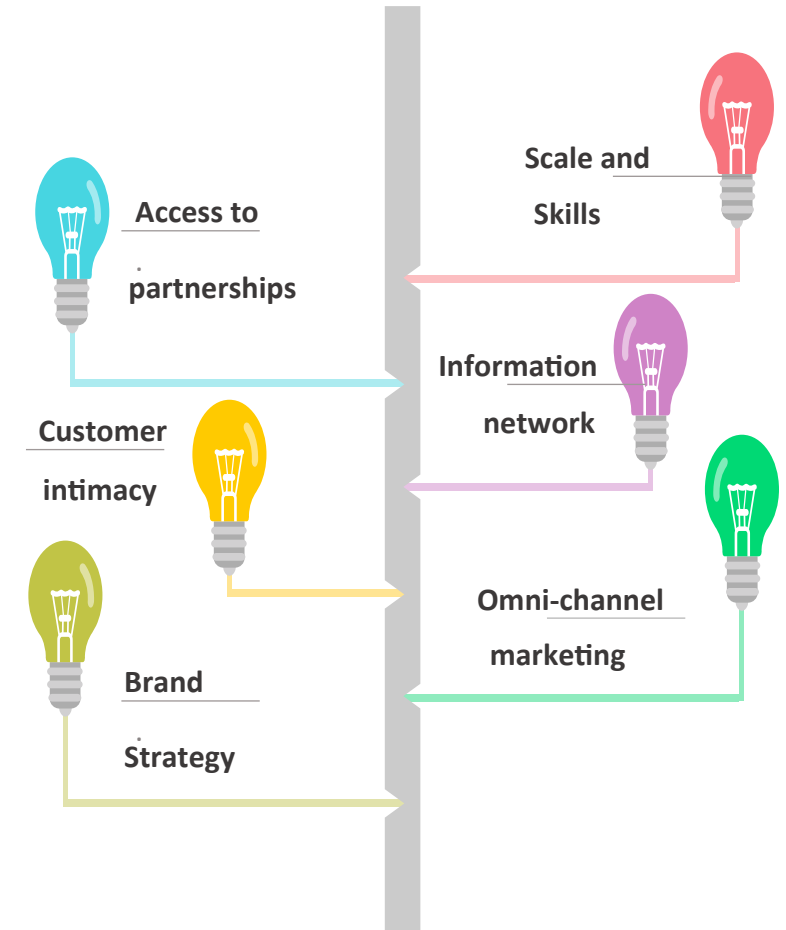
Digital Transformation : From “Product” to “Experience”



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What is needed?



By 2020, **CUSTOMER EXPERIENCE** is set to overtake **PRICE** and **PRODUCT** as the most important **BRAND DIFFERENTIATOR**



We are leading the Digital Disruption Cycle

Scale & Skills

5000+ Partners

3200+ Products

26 Branches

135+ employees

24+ Brands

Integrated Distribution Model

100+ Trained, professional sales staff

Region-wise sales targets



Building customer intimacy and improving partnerships

1200+ Trainings conducted at shop level annually

POP Installations at point-of-sale locations

150+ On-ground events conducted for brand promotion

Reseller workshops and product demos

Technology – driven innovations and brand strategy

Enabling newcomers/channel partners leverage their capabilities

Identifying right vendors & partners

Continually vetting tech landscape for ideal products and solutions

Supporting ramp-up in multiple countries/ regions with cost-effective scalable processes

Ensuring vendors have right structure for global channel programs

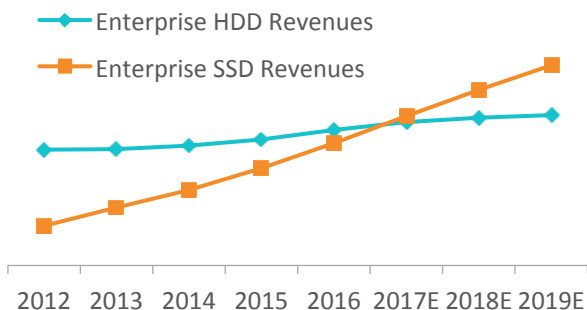




Key trends – Business Segment : IT



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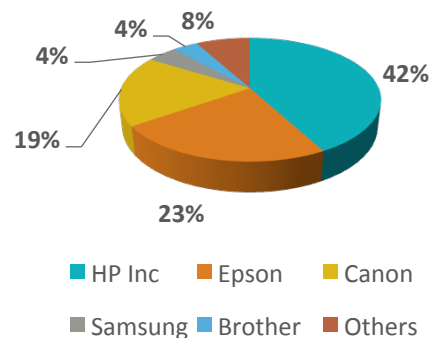
India Storage Market Growth

17.5%

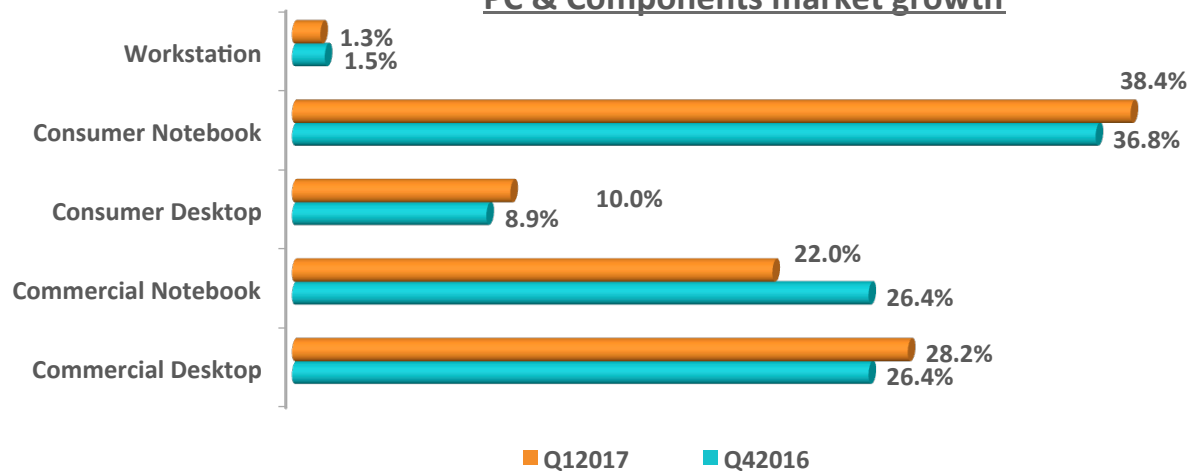
Storage: Enterprise SSD storage revenues crossover HDD data

India Market – Hardcopy Peripherals	
Q42016	7,95,188
Q1 2017	7,99,164
Growth %	0.5%

Top vendors by Market share

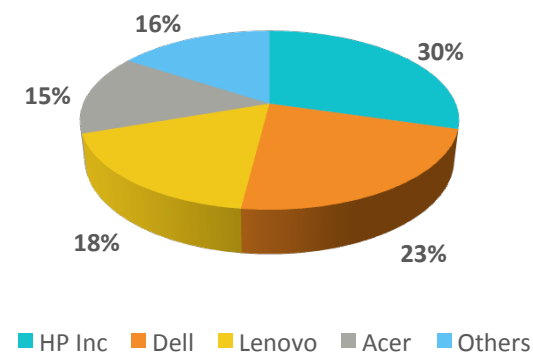


PC & Components market growth



PC & Components: Desktop shipments growth bouncing back

Top vendors by Market share

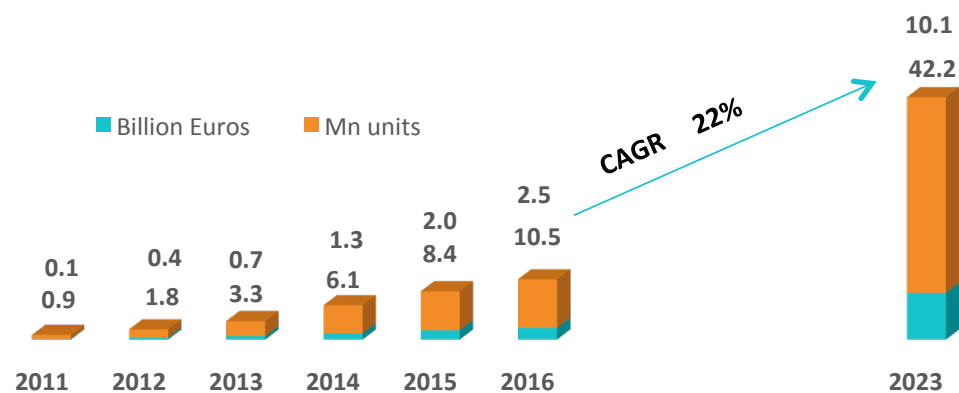


Peripherals: Steady growth in Printers & Monitors

Source: Gfk Nielsen Retail Audit Data, Dec 2016; Industry Reports

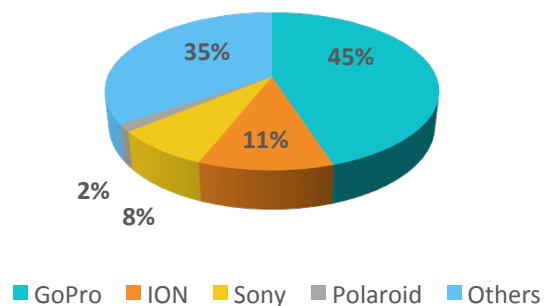


Key trends – Business Segment : Imaging



Global Action Cameras market seen at over 10 Bn Euros by 2023

Top vendors by Market share



Growth drivers

Product Innovation

Innovations like Flash higher storage, VR/AR, 360 degree images, longer battery life, connectivity through Wi-fi, bluetooth driving growth

Social Media Marketing

Facebook, Twitter, Instagram, YouTube, other social media platforms used for product promotions

Imaging for Business

- Virtual Reality (VR) Glasses can fit into any hardware or PC
- Augmented Reality (AR) reads bar codes in a warehouse and acts as virtual monitor
- Security systems for monitoring buildings, properties
- Media, healthcare, automotive, industrial usages

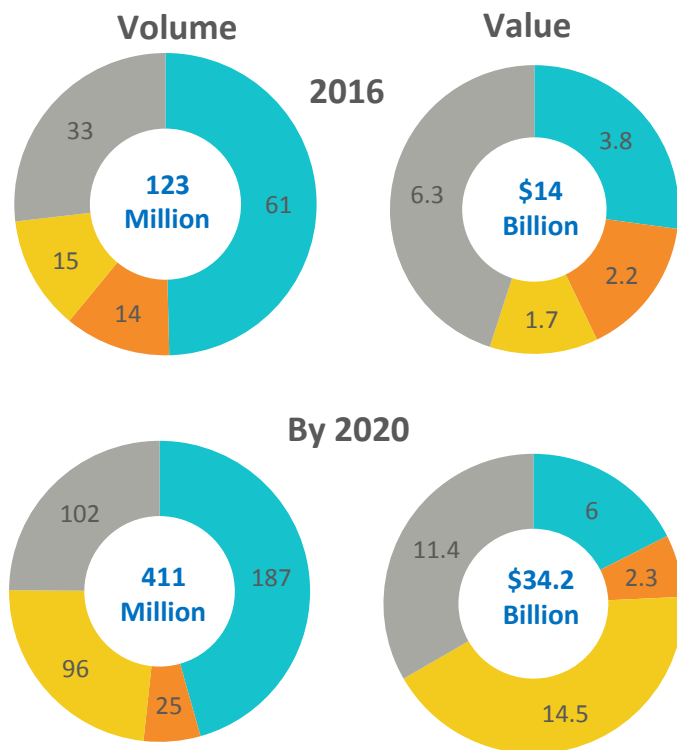


Key trends – Business Segment: Lifestyle Gadgets

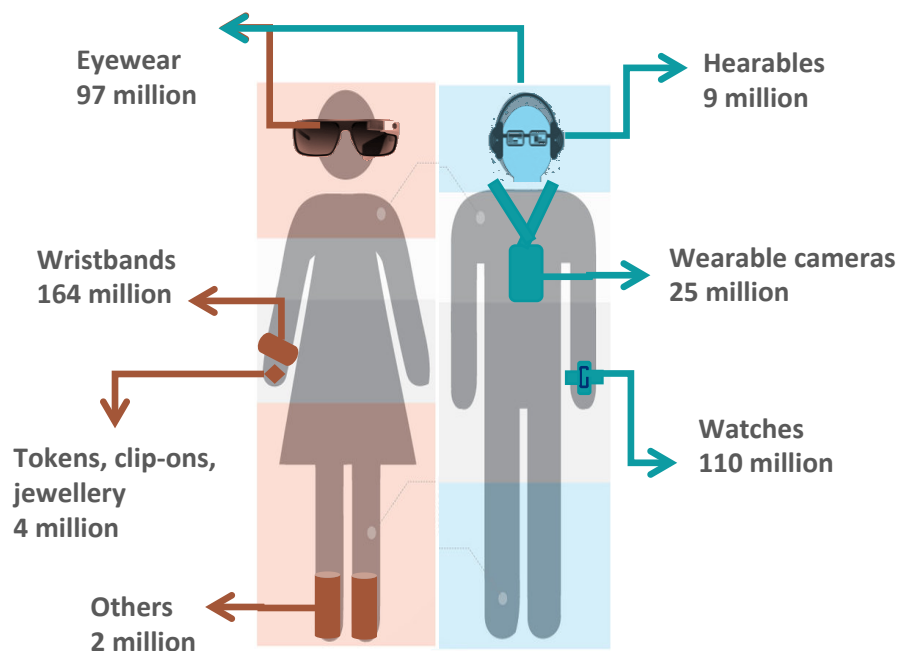


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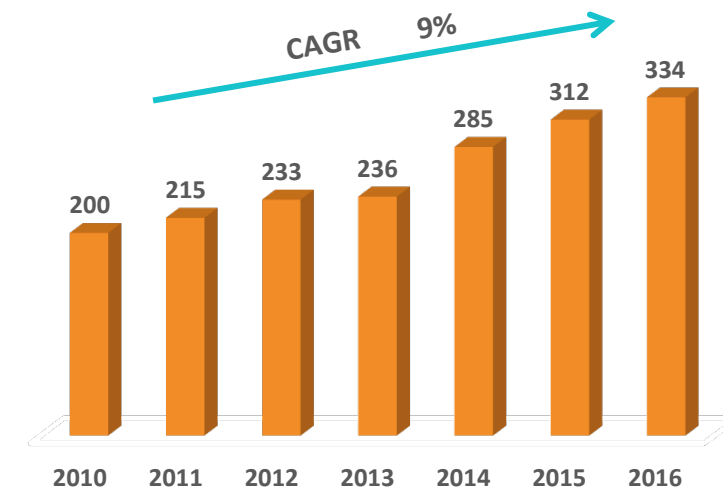
Global wearables market size



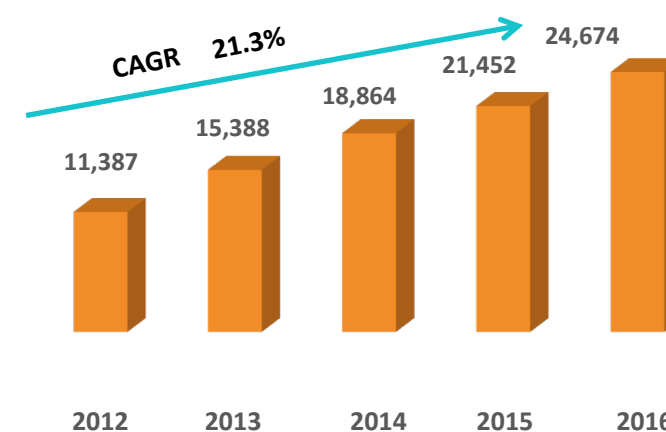
Device sales by 2020



Headphones & Earphones Market Opportunity



Panel TV Market Opportunity



Smartphones market has stabilized, incremental growth driven by durables like Panel TVs
Smart audio, headphones and ear phones market to see exponential growth



Business Overview



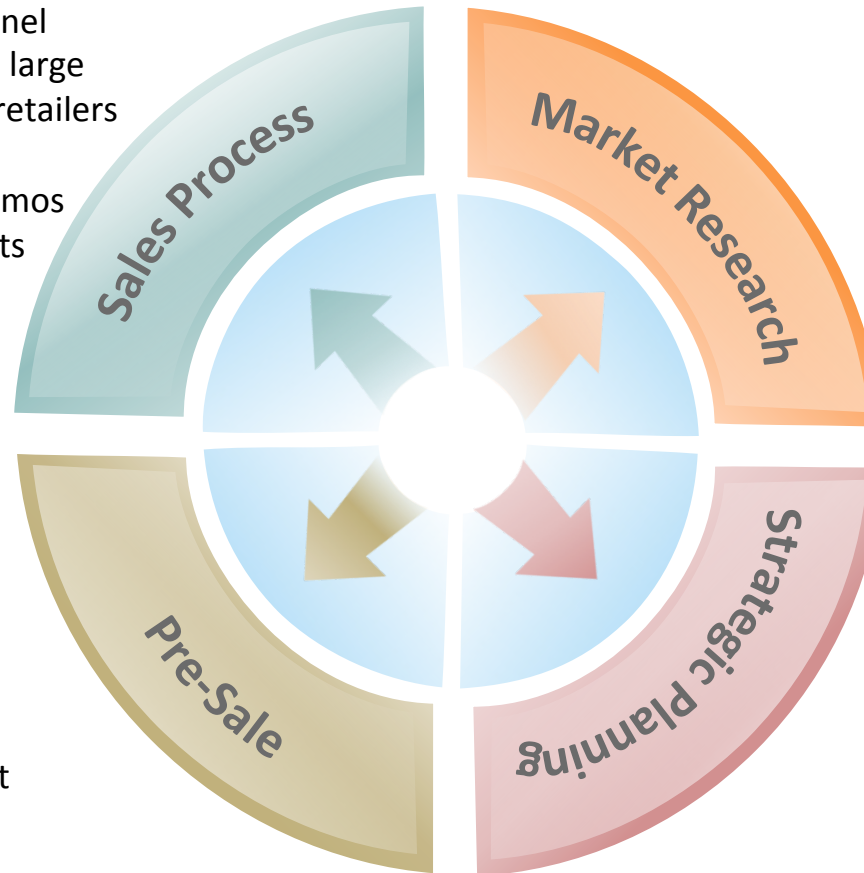
Integrated Distribution Model



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- Relationships with channel partners : E-Commerce, large format and specialized retailers
- Corporate Sales team
- Reseller workshop & demos
- Region-wise Sales targets

- Digital Cataloguing
- POP Installations
- Brand Awareness
- Customer Engagement



- Generating Brand Interest
- Location-wise market demand
- Market demand Analysis
- Competition Analysis

- ***Dedicated product sales specialists***
- ***Identification & Training of partners***
- ***On-site product implementation & support***
- ***Bundling products with ISVs***
- ***Marketing activities***

- Channel Strategy
- Sales Planning
- Quarterly Tracking
- Promotions
- Training & events



Brands we work with



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Information Technology

- Samsung
- AOC
- Transcend
- Net Protector
- Printronix
- Rapoo
- Belkin
- Honeywell
- Viewsonic
- Bandridge
- Totolink



Imaging

- GoPro
- Manfrotto
- Olympus
- Nzxt
- GITZO



Lifestyle

- AOC TV
- Sennheiser
- Beats
- Skyworth TV
- Photofast
- Philips Signage
- Motorola



Security

- Vintron



Brands we work with



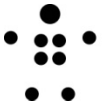
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AOC

PRINTRONIX

SAMSUNG

Net Protector
NP AV
Total Internet Security

 **belkin.**

BANDRIDGE

Transcend
Exceeding Your Expectations

NZXT.

rapoo

ViewSonic
See the difference™ 


MOTOROLA

Honeywell

OLYMPUS

GITZO


Manfrotto

GoPro


 **smart**
smarter steps

PhotoFast


SENNHEISER


beats. by dr. dre.

PHILIPS
sense and simplicity

TOTO LINK
The Smartest Network Device

Skyworth

Vintron
.....the name you trust



Geographical Presence; Network

Current Presence

- Mumbai- Lamington Road, Borivali.
- Ahmedabad
- Aurangabad
- Bangalore
- Bhopal
- Chennai
- Delhi
- Goa
- Hyderabad
- Haryana
- Hubli
- Indore
- Jaipur
- Kolhapur
- Kolkata
- Kerala,
- Ludhiana
- Lucknow,
- Noida
- Nasik
- Nagpur
- Pune
- Raipur
- Rajkot
- Surat



Extensive Reach

A network of 5,000+
partners

26 branches

135+ employees



Operations – Process Improvements



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Training



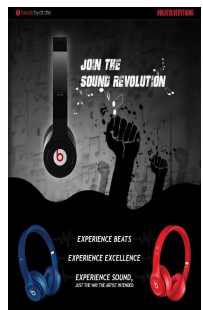
- **100+** Trained, professional sales staff
- **1,200+** Trainings conducted at shop level annually

Events



- **150+** On-ground events conducted for brand promotion

Promotions



- Digital Catalogues
- POP Displays



Infrastructure & warehousing



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Mother Warehouse @ Bhiwandi, Maharashtra



Dispatch all over India from Central warehouse

- Services offered: Warehousing and Transportation
- Area : 40,000 Sq. ft.
- Transactions handled: 3,500 tonnes per annum
- Safety measures: Camera and Fire fighters
- Systems & processes: Systems for inward & outward, packing and stock keeping (Bar Code system for outward)
- Semi-automatic warehousing



Key features

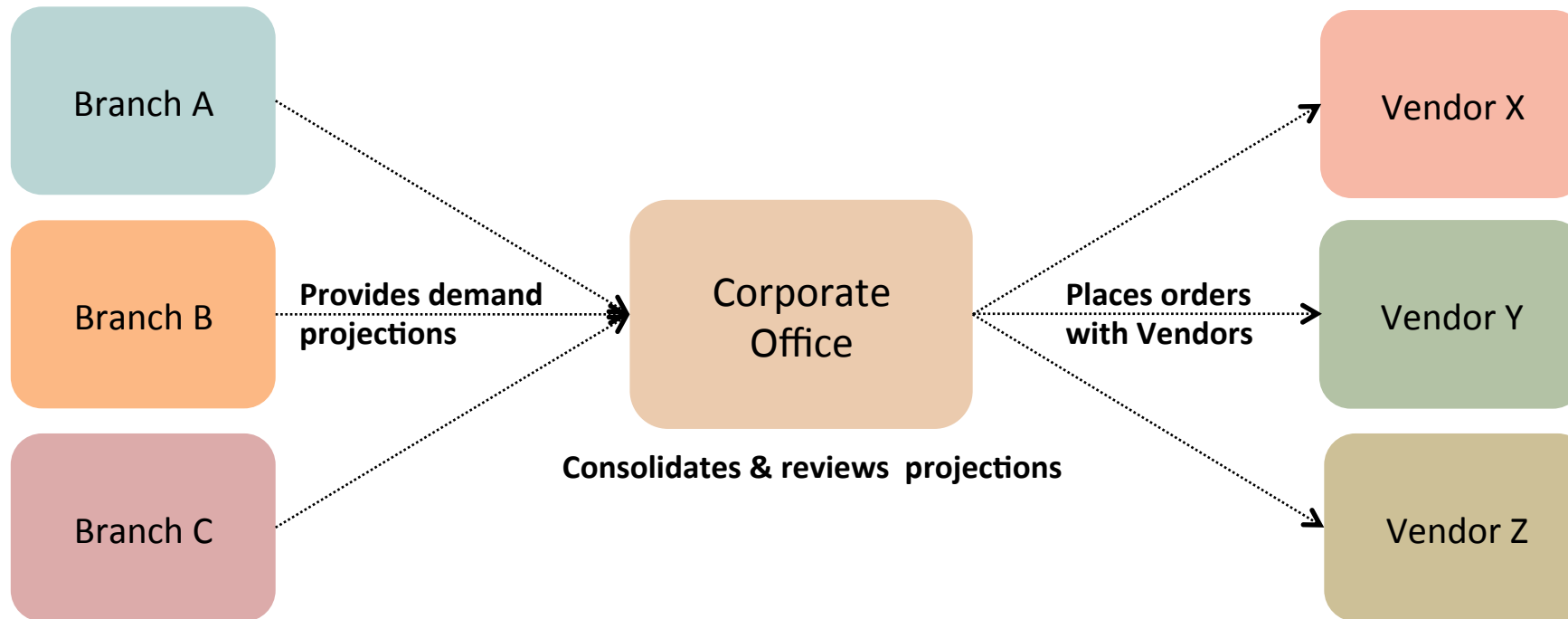
- Fast and on-time delivery
- Can arrange dispatch from single unit to container
- Tie-ups with reputed transporters and couriers
- Trained and experienced staff



Inventory and Receivables Management



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Inventory Management

- Continuous monitoring of stock over-ageing
- Physical verification by internal and external audit team
- Annual audit of each warehouse

Receivables Management

- Credit assessment to assign dealer credit limit
- Dealer accounts reviewed & monitored periodically
- Credit team present across India



Key Achievements

01

60% growth in number of partners year on year for Sennheiser, along with 42% growth in turnover for retail since partnering with CPDPL

02

40% growth in number of partners over the years, with 35% increase in turnover for retail for Beats (exclusively distributed by Creative Peripherals)

03

25% growth in turnover for retail was seen by AOC monitors and TV, after partnering with Creative Peripherals

04

48% increase in turnover in retail for Bandridge, after partnering with Creative Peripherals



Way Ahead



Expanding on Exclusive Partnership with Honeywell



Honeywell

Product Designing and Manufacturing

- Contract manufacturing of Stock Keeping Units (SKUs) in Honeywell certified and approved factories.
- Designing and packing products as per Honeywell global packing guidelines
- Design ID's owned by Creative Peripherals

Exclusive Distribution, Premium Pricing

- Supplying, merchandising across India in modern retail, E-commerce and traditional channel stores
- Warranty and after sales service for Honeywell products
- Premium pricing of products

International Markets

- Distribution agreement for India and SAARC countries
- Currently selling via large format retail, e-commerce and traditional channels
- Plans to target SAARC countries in FY18

Scalability

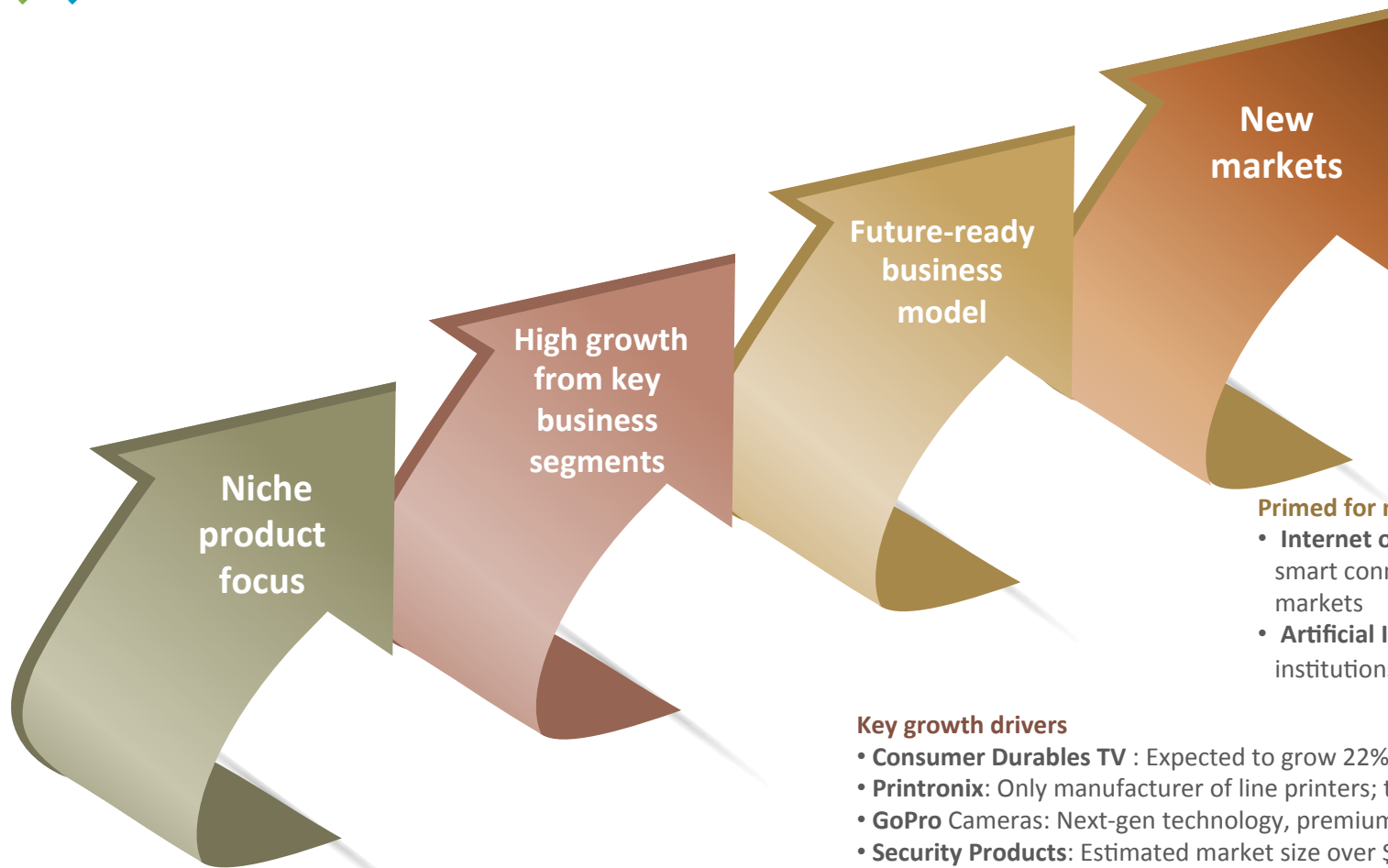
- Going forward, plan to manufacture in India under the 'Make in India' initiative
- Strong demand for networking, specialty technology products



Future-ready business growth



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Expansion in new markets

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

Primed for new-age customer behaviour

- **Internet of Things (IoT):** Asia-Pacific investment projected over \$2.5 trillion by 2020; smart connected machines, augmented reality, cloud connectivity in enterprise markets
- **Artificial Intelligence(AI):** Machine learning solutions and applications used across institutions ; advanced robotics, wearables market size currently over \$35bn

Key growth drivers

- **Consumer Durables TV :** Expected to grow 22%, as smartphone market stabilizes
- **Printronic:** Only manufacturer of line printers; target BFSI, logistics, pharma industries
- **GoPro Cameras:** Next-gen technology, premium pricing, target high-end users
- **Security Products:** Estimated market size over \$350 bn; exclusive distribution of premium brands

Value-add, high-end, high margin products

- Focus on select brands like GoPro, Manfrotto, Olympus
- High-margin, high-volume products
- Creating “Retail experience zones” for value add
- Target elite channel partners and end-user segments



Thank You



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