

Another soft quarter on weak demand & intense competition

- Our building materials universe's revenue likely to grow at a muted pace for the seventh consecutive quarter due to weak demand
- Our BM universe's EBITDA margin to contract by 67bps YoY to 13.2% in Q2FY25 due to intense competition in a weak demand environment
- On a relative basis, plastic pipe to perform the best and wood panel the worst in Q2FY25

Utkarsh Nopany
 research@bobcaps.in

Building materials (BM): We expect our BM universe revenue to grow at a muted pace (+6.3% YoY in Q2FY25) for the seventh consecutive quarter due to weak demand on account of heavy monsoon and slowdown in pace of construction of the individual home building (IHB) segment. Furthermore, our BM universe EBITDA margin is projected to contract by 67bps YoY to 13.2% in Q2FY25 due to the rise of competitive intensity across segments in a weak demand environment. On a relative basis, plastic pipe is likely to perform the best and wood panel the worst in Q2FY25.

Plastic pipes: The sector witnessed weak demand in the month of Jul-Aug'24 due to destocking of inventories in the channel on account of falling PVC resin prices. Overall, we believe our pipe universe volume will grow at 11.4% YoY in Q2FY25 (5Y CAGR: +9.7%). However, our pipe universe EBITDA per unit is projected to decline by 11.0% YoY to Rs 19.7/kg in Q2FY25 due to continued aggressive pricing strategy by SI and mark-to-market inventory loss. On a relative basis, SI is likely to post superior volume growth (+15% YoY) for the 11th straight quarter.

Bathware: We believe our bathware universe revenue will grow at 5.7% YoY, but EBITDA decline by 5.3% YoY in Q2FY25 due to higher discounts offered on slow-moving products and intense competition in a weak demand environment.

Tiles: We forecast our tiles universe EBITDA to be relatively flat (-0.2% YoY) in Q2FY25 as the impact of higher volume (+8.0%) is likely to be offset by margin pressure on account of intense competition from Morbi players.

Wood panels: Our wood panels universe EBITDA is likely to contract on a YoY basis for the ninth consecutive quarter (-0.3% YoY in Q2FY25) due to margin pressure on account of unfavourable supply-demand fundamentals in MDF & particleboard, and high timber prices. On a relative basis, MTLM is likely to post sharp growth in its operating profit (+32.3% YoY) due to the fast ramp up of its new MDF unit.



Fig 1 – Plastic Pipe earnings estimates – Q2FY25

Particulars	Q2FY25E	Q2FY24	YoY (%)	Q1FY25	QoQ (%)
SI – Consolidated					
Pipe Volume (KT)	118.4	102.9	15.0	140.2	(15.5)
Pipe Realisation (Rs/kg)	134.6	146.6	(8.2)	132.6	1.5
Pipe EBITDA (Rs/kg)	21.5	23.9	(10.1)	20.8	3.6
Sales (Rs mn)	24,756	23,087	7.2	26,364	(6.1)
EBITDA (Rs mn)	3,828	3,562	7.5	3,873	(1.2)
EBITDA margin (%)	15.5	15.4	3bps	14.7	(77bps)
Adjusted PAT (Rs mn)	2,615	2,432	7.5	2,734	(4.3)
ASTRA – Consolidated					
Pipe Volume (KT)	59.9	52.1	15.0	55.8	7.3
Pipe Realisation (Rs/kg)	178.6	184.8	(3.3)	176.9	1.0
Pipe EBITDA (Rs/kg)	30.4	33.3	(8.8)	31.0	(1.9)
Sales (Rs mn)	15,333	13,360	12.5	13,836	10.8
EBITDA (Rs mn)	2,418	2,201	9.9	2,144	12.8
EBITDA margin (%)	15.8	16.1	(38bps)	15.5	27bps
Adjusted PAT (Rs mn)	1,410	1,312	7.5	1,203	17.2
FNXP – Consolidated					
Pipe Volume (KT)	67	63	7.0	91	(25.7)
Pipe Realisation (Rs/kg)	125.2	136.2	(8.1)	124.0	1.0
Pipe EBITDA (Rs/kg)	12.0	12.8	(6.1)	15.7	(23.5)
Sales (Rs mn)	8,677	8,832	(1.7)	11,405	(23.9)
EBITDA (Rs mn)	1,095	1,030	6.3	2,067	(47.0)
EBITDA margin (%)	12.6	11.7	95bps	18.1	(550bps)
Adjusted PAT (Rs mn)	700	980	(28.6)	1,671	(58.1)
PRINCIPIP – Standalone					
Pipe Volume (KT)	43.6	41.5	5.0	42.2	3.4
Pipe Realisation (Rs/kg)	144.7	158.1	(8.4)	143.3	1.0
Pipe EBITDA (Rs/kg)	15.5	22.7	(31.8)	13.8	12.0
Sales (Rs mn)	6,311	6,565	(3.9)	6,045	4.4
EBITDA (Rs mn)	675	942	(28.3)	583	15.8
EBITDA margin (%)	10.7	14.3	(365bps)	9.6	105bps
Adjusted PAT (Rs mn)	331	663	(50.1)	247	34.2
APOLP – Consolidated					
Pipe Volume (KT)	27.0	19.8	36.5	26.6	1.8
Pipe Realisation (Rs/kg)	115.9	126.0	(8.0)	116.1	(0.2)
Pipe EBITDA (Rs/kg)	10.4	12.2	(15.0)	10.9	(5.0)
Sales (Rs mn)	3,133	2,495	25.6	3,085	1.6
EBITDA (Rs mn)	280	241	16.0	290	(3.3)
EBITDA margin (%)	8.9	9.7	(74bps)	9.4	(45bps)
Adjusted PAT (Rs mn)	116	129	(10.0)	125	(6.9)

Source: Companies, BOBCAPS Research

Fig 2 – Ceramics earnings estimates – Q2FY25

Particulars	Q2FY25E	Q2FY24	YoY (%)	Q1FY25	QoQ (%)
CRS – Consolidated					
Sales (Rs mn)	4,925	4,637	6.2	4,007	22.9
EBITDA (Rs mn)	747	765	(2.3)	581	28.6
EBITDA margin (%)	15.2	16.5	(133bps)	14.5	67bps
Adjusted PAT (Rs mn)	601	581	3.6	471	27.8
Hindware – Consolidated					
Bathware revenue (Rs mn)	4,159	3,961	5.0	3,262	27.5
Bathware EBITDA margin (%)	14.0	16.1	(211bps)	12.8	125bps
Pipe revenue (Rs mn)	1,833	2,011	(8.9)	1,632	12.3
Pipe EBITDA margin (%)	7.0	10.8	(379bps)	6.7	32bps
Consumer appliances revenue (Rs mn)	1,012	963	5.0	1,105	(8.5)
Consumer appliances EBITDA margin (%)	2.0	(2.8)	480bps	2.7	(71bps)
Sales (Rs mn)	7,003	7,004	(0.0)	5,999	16.7
EBITDA (Rs mn)	607	719	(15.5)	430	41.2
EBITDA margin (%)	8.7	10.3	(159bps)	7.2	150bps
Adjusted PAT (Rs mn)	101	225	(55.1)	(40)	(352.5)
KJC – Consolidated					
Tiles Volume (MSM)	29.1	26.5	9.8	27.0	7.7
Tiles Realisation (Rs/sqm)	367	378	(3.0)	367	(0.1)
Sales (Rs mn)	12,079	11,216	7.7	11,137	8.5
EBITDA (Rs mn)	1,827	1,797	1.7	1,671	9.4
EBITDA margin (%)	15.1	16.0	(89bps)	15.0	13bps
Adjusted PAT (Rs mn)	1,099	1,080	1.8	898	22.3
SOMC – Consolidated					
Tiles Volume (MSM)	17.8	16.9	5.1	15.6	14.3
Tiles Realisation (Rs/sqm)	319	333	(4.3)	320	(0.3)
Sales (Rs mn)	6,531	6,552	(0.3)	5,786	12.9
EBITDA (Rs mn)	606	641	(5.4)	490	23.8
EBITDA margin (%)	9.3	9.8	(50bps)	8.5	82bps
Adjusted PAT (Rs mn)	232	293	(20.9)	123	88.8

Source: Companies, BOBCAPS Research

Fig 3 – Wood Panel earnings estimates – Q2FY25

Particulars	Q2FY25E	Q2FY24	YoY (%)	Q1FY25	QoQ (%)
CPBI – Consolidated					
Sales (Rs mn)	10,599	9,968	6.3	10,054	5.4
EBITDA (Rs mn)	1,358	1,443	(5.9)	1,112	22.1
EBITDA margin (%)	12.8	14.5	(166bps)	11.1	(175bps)
Adjusted PAT (Rs mn)	715	971	(26.3)	420	70.3
Volumes					
Plywood (CBM)	1,03,223	93,839	10.0	98,913	4.4
Laminates (mn sheet)	2.3	2.1	10.0	1.7	31.7
MDF (CBM)	77,900	53,724	45.0	70,696	10.2
Particleboard (CBM)	19,268	18,350	5.0	18,505	4.1
EBITDA margin (%)					
Plywood	13.0	12.1	83bps	13.3	(36bps)
Laminates	12.0	11.2	80bps	8.8	321bps
MDF	12.0	24.9	(1293bps)	5.6	636bps
Particleboard	18.0	23.0	(500bps)	17.8	17bps
GRLM – Consolidated					
Laminates volume (mn sheet)	5.6	4.9	13.7	4.7	20.0
Laminates EBITDA margin (%)	15.0	16.4	(140bps)	13.6	136bps
Sales (Rs mn)	7,453	6,036	23.5	6,047	23.2
EBITDA (Rs mn)	919	756	21.5	640	43.5
EBITDA margin (%)	12.3	12.5	(20bps)	10.6	174bps
Adjusted PAT (Rs mn)	411	390	5.4	199	106.7
GREENP – Consolidated					
MDF volume (CBM)	120,082	123,615	(2.9)	119,071	(0.8)
MDF EBITDA margin (%)	13.0	19.4	(639bps)	11.1	185bps
Sales (Rs mn)	3,684	3,987	(7.6)	3,650	(0.9)
EBITDA (Rs mn)	439	691	(36.5)	360	21.8
EBITDA margin (%)	11.9	17.3	(541bps)	9.9	204bps
Adjusted PAT (Rs mn)	219	410	(46.7)	157	39.1
MTLM – Consolidated					
Sales (Rs mn)	6,530	6,077	7.4	5,839	11.8
EBITDA (Rs mn)	678	513	32.3	579	17.1
EBITDA margin (%)	10.4	8.4	195bps	9.9	47bps
Adjusted PAT (Rs mn)	319	139	129.6	159	100.7
Volumes					
Plywood (mn sqm)	20.3	19.1	6.5	17.7	15.0
MDF (CBM)	45,000	31,019	45.1	42,724	5.3
EBITDA margin (%)					
Plywood	8.7	7.3	137bps	8.0	73bps
MDF	16.7	13.3	333bps	16.7	0bps

Source: Companies, BOBCAPS Research

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

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