

**NOT
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GREENLAM INDUSTRIES

Construction Materials

30 July 2019

Prominent player in India's laminate market

We attended Greenlam Industries' (GRLM) analyst meet. Following are the key takeaways:

Laminates

- As of FY19, GRLM held ~13% market share in the Rs 42bn domestic laminate market and ~30% share in the Rs 15bn export market. Laminates accounted for 85% of the company's revenue for the year.
- The industry grew at ~5% in FY19 with the organised sector in the lead. Organised players control roughly 69% of the Indian laminate market.
- GRLM's domestic laminate business posted tepid revenue growth of 4.3% in FY19 as the company kept tight control on debtors and also focused on products carrying better margins. For FY20, management expects the overall laminate segment to grow ~10%.
- Export revenues clocked a 7.3% CAGR during FY14-FY19 to Rs 5.3bn. Management is targeting a 12-15% CAGR over FY19-FY22.
- Laminate capacity will be expanded by 1.6mn sheets to 15.62mn sheets by Q3FY20.
- Total planned capex for FY20 including laminate capacity expansion (at ~Rs 250mn) is Rs 500mn.

Decorative veneer

- GRLM has ~11% organised market share in India's Rs 20bn decorative veneer business (60% organised). This segment contributed ~15% of revenues in FY19.
- Decowood veneer is sourced from across the globe with the company stocking over 200 species and 600 product offerings.

New businesses

- Management expects the new engineered wood flooring (EWF) and engineered door (ED) businesses to see better traction in FY20. Both businesses had capacity utilisation of ~18% in FY19 and GRLM projects breakeven at >25-30% utilisation.

Arun Baid

research@bobcaps.in

Ticker/Price	GRLM IN/Rs 685
Market cap	US\$ 240.0mn
Shares o/s	24mn
3M ADV	US\$ 0.05mn
52wk high/low	Rs 1,090/Rs 652
Promoter/FPI/DII	55%/3%/42%

Source: NSE

STOCK PERFORMANCE



Source: NSE



Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

ADD – Expected return from >+5% to +15%

REDUCE – Expected return from -5% to +5%

SELL – Expected return <-5%

Note: Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

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