

India Wood Panels

Momentum sustains; guidance intact

Wood panel companies delivered 2-24% growth in volume (3-year CAGR basis) on the back of robust underlying demand from the real estate sector and home improvement activity. The MDF segment (c.11-24% 3-year CAGR in revenue) continued to outperform the ply/laminate segment (3-14% 3-year CAGR) led by a) steady demand from the OEM segment (c.35-40% of industry), b) distribution expansions, c) increasing applications/ acceptance, and d) subdued imports. Operating margins, however, were impacted by rising raw material cost and delay in price hikes. Ply companies effected 2-2.5% price hike in May'22, while MDF prices are steady (last price hike was undertaken in 3QFY22). Wood panel companies' managements are optimistic on future demand given the sector tailwinds and have guided for c. 10-15% volume growth in Plywood and 15-25% volume growth in MDF in FY23. Price inflation in chemicals is emerging as a key monitorable (constitutes 20%-50% of RM cost for Ply, Laminate and MDF categories) given the sharp rally in Brent crude prices (+63% CYTD; +20% since Apr'22). Greenpanel and Century Ply are our top picks given strong tailwinds and attractive valuations, followed by Greenply. We maintain HOLD on Greenlam on fair valuation. Our estimates/TP remains unchanged.

- Demand momentum in ply segment continued (+3-15% 3-year CAGR) while laminates saw muted growth (+2-7% 3 year CAGR):** Ply segment continued to witness steady demand in 4QFY22 (ply revenue grew ~7-19% on 3-year CAGR basis in 4QFY22) mainly on the back of a pick-up in the real estate cycle and healthy demand from home improvement activity. On the other hand, laminates saw muted volume growth (+2-7% 3-year CAGR, revenue grew by ~6-13%) on account of higher base of 4QFY21 and some demand disruption during January due to the 3rd Covid wave. Century's ply performance (+14% volume 3-year CAGR in 4QFY22) was significantly better than that of Greenply (+3% volume 3-year CAGR in 4QFY22). Companies expect underlying demand to remain strong in the medium term given the tailwinds in the real estate sector. Greenply/ Century have guided for 10%/15% volume growth in the ply segment.
- Performance in MDF segment continues to be better than Ply/laminate on a 3-year CAGR basis:** Greenpanel/Century MDF volume grew by 24%/11% 3-year CAGR respectively (3%/-14% QoQ respectively) in 4QFY22 on the back of a) strong demand from the OEM segment (c.35-40% of industry), b) distribution expansions, c) increasing applications/ acceptance, and d) subdued imports. Given the sector tailwinds - a) high demand from OEMs for readymade furniture, and b) decline in MDF imports due to high freight cost and container shortages, Greenpanel/Century managements have guided for healthy 15-18%/25% volume growth in FY23. Greenpanel and Century Ply increased prices by c.17-18% in the MDF segment in FY22 in order to negate raw material cost inflation.
- Mixed operating performance for our coverage companies:** EBITDA margin surprised positively for Century (+90bps YoY) and Greenpanel (+420bps YoY) as they undertook adequate price hikes. Century hiked prices by c. 3-4% in 4Q22 and c. 8% in FY22 in Plywood (both Greenpanel and Century hiked prices by c. 17-18% in MDF in FY22). On the other hand, Greenply and Greenlam's margins contracted due to delay in passing on RM cost inflation, and higher other expenses owing to increase in ad spends in case of Greenply. Companies indicated that further price hikes are likely given the rise in input commodity prices. Ply companies hiked prices by 2-2.5% in May'22. Price inflation in chemicals is emerging as a key monitorable (constitutes 20%-50% of RM cost for Ply, Laminate and MDF categories) given the sharp rally in Brent crude prices (+63% CYTD; +20% since Apr'22). Century has guided for c. 13-15%/25% EBITDA margin in plywood/ MDF as sustainable margin in the near term.
- FY22 performance summary:** Wood panel companies' revenue grew by 45% YoY (13% 3 years CAGR) led by robust underlying demand. Healthy demand environment enabled these companies to effectively pass on rising input costs, which led to EBITDA margin expansion of 90bps YoY. EBITDA grew 54% YoY, 23% on a 3-year CAGR basis. Working capital cycle (median) was flat YoY to 71 days, however, debtor days (median) improved significantly by 9 days to 42.



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4QFY22 result updates:

[Century Ply](#)

[Greenply](#)

[Greenpanel](#)

[Greenlam](#)

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- Recommendation:** We continue to maintain our positive bias on the wood panel sector over ceramics on account of reasonably strong underlying demand, and improvement in home improvement activity coupled with stronger balance sheets. Our top picks are Greenpanel Industries (biggest beneficiary of MDF industry tailwinds), Century Plyboards (only company with entire wood panel offering) and Greenply (attractive valuation).

Exhibit 1. Valuation snapshot – Wood panels

Company	Reco	M/Cap (INR bn)	CMP (INR/sh)	Mar'24TP (INR/sh)	Upside	Share O/s mn	Target P/E (x)	CAGR (FY22-24E)			CAGR (FY19-24E)		
								Revenue	EBITDA	EPS	Revenue	EBITDA	EPS
Centuryply	BUY	127	574	700	22%	222	32.0	17%	16%	22%	13%	19%	24%
Greenply	BUY	22	178	250	40%	123	22.0	20%	31%	22%	10%	12%	12%
Greenlam	HOLD	39	319	310	-3%	121	25.0	19%	29%	27%	14%	14%	14%
Greenpanel	BUY	61	494	630	28%	123	22.0	16%	13%	22%	30%	49%	55%

Company	PE (x)				EV/EBITDA (x)				P/BV (x)			
	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Centuryply	65.1	39.2	30.3	26.2	36.2	22.2	19.1	16.6	9.4	7.6	6.1	5.0
Greenply	36.0	23.1	18.1	15.6	19.8	16.4	15.4	10.7	5.1	4.2	3.5	2.9
Greenlam	43.5	41.1	30.2	25.6	23.4	22.2	18.6	14.5	6.7	5.8	5.0	4.3
Greenpanel	71.3	25.9	20.3	17.3	31.0	16.0	11.0	10.5	7.8	6.1	4.9	4.0

Company	Revenue (INR bn)				EBITDA (INR bn)				EPS (INR)			
	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Centuryply	21.1	30.0	35.0	41.1	3.3	5.3	6.3	7.2	8.8	14.6	19.0	21.9
Greenply	11.7	15.6	17.9	22.5	1.2	1.5	1.9	2.6	5.0	7.7	9.9	11.4
Greenlam	12.0	17.0	20.5	24.2	1.7	1.9	2.4	3.1	7.3	7.8	10.6	12.5
Greenpanel	10.2	16.2	20.1	21.9	2.0	4.2	5.2	5.4	6.9	19.0	24.4	28.5

Company	EBITDA (%)				RoE (%)				RoCE (%)			
	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Centuryply	15.6%	17.8%	18.0%	17.5%	16.8%	23.0%	24.0%	22.4%	15.3%	21.3%	21.3%	20.3%
Greenply	10.0%	9.6%	10.4%	11.4%	15.0%	19.4%	20.5%	19.9%	12.0%	13.9%	12.0%	12.0%
Greenlam	14.4%	11.0%	11.7%	12.8%	18.3%	15.6%	18.0%	18.2%	12.3%	11.4%	11.4%	11.4%
Greenpanel	20.1%	23.9%	26.1%	24.5%	11.6%	26.5%	27.0%	25.8%	8.3%	16.5%	24.0%	25.7%

Company	RoIC (%)				FCFE (INR bn)				Net-debt/Equity (x)			
	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Centuryply	16.8%	25.0%	25.1%	22.6%	1.7	0.9	-0.8	0.7	0.0	0.0	0.1	0.0
Greenply	13.0%	15.5%	12.3%	12.5%	1.1	-0.4	-0.2	1.3	0.1	0.4	0.9	0.6
Greenlam	12.8%	12.9%	12.2%	11.6%	1.0	1.6	-0.9	-0.1	0.4	0.5	0.8	0.8
Greenpanel	8.8%	19.2%	30.8%	33.3%	-0.2	1.8	1.2	1.4	0.5	0.1	-0.2	-0.2

Source: Company, JM Financial, Bloomberg

Exhibit 2. 4Q22 Wood panel companies' performance (1 of 2)

INR mn	4Q19	4Q20	4Q21	3Q22	4Q22	YoY	QoQ	3yr CAGR	FY21	FY22	YoY	3 Yr CAGR
Volumes												
Century Ply - Plywood and allied (mn sqm)	14.3	13.2	18.8	20.1	21.2	12%	5%	14%	53.8	72.4	35%	8%
Greenply - Plywood (mn sqm)	15.6	13.3	15.9	15.6	17.1	8%	10%	3%	45.6	57.5	26%	0%
Greenpanel - MDF (000 cbm)	65.3	90.4	139.5	120.7	124.5	-11%	3%	24%	380.4	495.0	30%	36%
Century - MDF (000 cbm)	35.4	37.2	45.9	55.9	48.1	5%	-14%	11%	147.3	177.9	21%	10%
Greenlam - Laminates (mn sheet)	3.8	3.4	4.5	4.0	4.0	-12%	1%	2%	13.4	16.5	23%	7%
Century - Laminates (mn sheet)	1.6	1.4	1.9	1.7	2.0	1%	16%	7%	5.5	6.7	22%	5%
<u>YoY</u>												
Century Ply – Plywood	-3%	-8%	43%	15%	12%				-7%	35%		
Greenply – Plywood	41%	-15%	19%	11%	8%				-19%	26%		
Greenpanel – MDF	61%	38%	54%	-2%	-11%				20%	30%		
Century – MDF	30%	5%	24%	14%	5%				-4%	21%		
Greenlam – Laminates	1%	-8%	31%	2%	-12%				1%	23%		
Century – Laminate	7%	-12%	38%	7%	1%				-11%	22%		
Total Revenue												
Century Ply	5,832	5,242	7,386	8,485	8,953	21%	6%	15%	21,135	30,009	42%	10%
Green Ply	3,917	3,447	3,967	4,211	4,486	13%	7%	5%	11,653	15,628	34%	3%
Greenpanel	1,742	2,364	3,888	4,244	4,701	21%	11%	39%	10,200	16,244	59%	40%
Greenlam	3,602	3,240	4,153	4,497	4,634	12%	3%	9%	11,996	17,034	42%	10%
Stylam	1,248	1,051	1,665	1,769	1,797	8%	2%	13%	4,758	6,593	39%	13%
Rushil Décor	865	762	987	1,668	1,951	98%	17%	31%	3,354	6,242	86%	22%
<u>YoY</u>												
Centuryply	7%	-10%	41%	30%	21%				-7%	42%		
Greenply	0%	-12%	15%	24%	13%				-18%	34%		
Greenpanel	-2%	36%	64%	34%	21%				19%	59%		
Greenlam	16%	-10%	28%	34%	12%				-9%	42%		
Stylam	22%	-16%	58%	39%	8%				3%	39%		
Rushil Décor	-2%	-12%	30%	94%	98%				0%	86%		
Gross Margin												
Centuryply	48.1%	51.1%	49.1%	47.6%	48.7%	-50 bps	110 bps		49.9%	49.3%	-60 bps	
Greenply	60.0%	61.0%	60.0%	61.3%	60.0%	0 bps	-120 bps		41.3%	40.2%	-110 bps	
Greenpanel	51.6%	59.8%	54.3%	57.7%	61.1%	680 bps	340 bps		54.8%	58.7%	400 bps	
Greenlam	43.7%	50.2%	48.7%	44.3%	44.9%	-390 bps	50 bps		49.8%	44.6%	-530 bps	
Stylam	44.4%	48.9%	46.7%	44.2%	40.4%	-640 bps	-390 bps		48.2%	43.0%	-510 bps	
Rushil Décor	45.3%	46.7%	45.4%	46.1%	48.7%	330 bps	260 bps		45.9%	47.6%	180 bps	
EBITDA												
Centuryply	612	724	1,249	1,504	1,591	27%	6%	37%	3,294	5,346	62%	21%
Greenply	482	299	455	428	445	-2%	4%	-3%	1,167	1,503	29%	1%
Greenpanel	94	468	960	1,086	1,359	42%	25%	143%	2,048	4,181	104%	79%
Greenlam	444	452	671	534	496	-26%	-7%	4%	1,733	1,870	8%	6%
Stylam	210	186	308	331	198	-36%	-40%	-2%	953	1,037	9%	10%
Rushil Décor	86	18	109	190	316	190%	67%	55%	350	739	111%	26%
<u>YoY</u>												
Centuryply	-31%	18%	72%	24%	27%				-5%	62%		
Greenply	0%	-38%	52%	3%	-2%				-25%	29%		
Greenpanel	-72%	397%	105%	53%	42%				45%	104%		
Greenlam	14%	2%	48%	-8%	-26%				-3%	8%		
Stylam	36%	-12%	66%	47%	-36%				20%	9%		
Rushil Décor	-51%	-79%	493%	53%	190%				-5%	111%		

Source: Company, JM Financial

Exhibit 3. 4Q22 Wood panel companies' performance (2 of 2)

INR mn	4Q19	4Q20	4Q21	3Q22	4Q22	YoY	QoQ	3yr CAGR	FY21	FY22	YoY	3 Yr CAGR
EBITDA Margin												
Centuryply	10.5%	13.8%	16.9%	17.7%	17.8%	90 bps	0 bps		15.6%	17.8%	220 bps	
Greenply	12.3%	8.7%	11.5%	10.2%	9.9%	-150 bps	-20 bps		10.0%	9.6%	-40 bps	
Greenpanel	5.4%	19.8%	24.7%	25.6%	28.9%	420 bps	330 bps		20.1%	25.7%	570 bps	
Greenlam	12.3%	14.0%	16.1%	11.9%	10.7%	-550 bps	-120 bps		14.4%	11.0%	-350 bps	
Stylam	16.8%	17.7%	18.5%	18.7%	11.0%	-750 bps	-770 bps		20.0%	15.7%	-430 bps	
Rushil Décor	9.9%	2.4%	11.0%	11.4%	16.2%	520 bps	480 bps		10.4%	11.8%	140 bps	
Profit after tax (Adj.)												
Centuryply	314	394	820	963	1,131	38%	17%	53%	1,960	3,253	66%	24%
Greenply	297	(215)	286	298	290	1%	-3%	-1%	609	947	56%	6%
Greenpanel	7	252	511	602	792	55%	32%	391%	849	2,334	175%	81%
Greenlam	238	217	433	269	256	-41%	-5%	2%	832	926	11%	6%
Stylam	86	(92)	234	156	165	-30%	5%	24%	553	611	11%	20%
Rushil Décor	38	(14)	52	73	154	197%	111%	59%	122	228	87%	17%
YoY												
Centuryply	-26%	25%	108%	31%	38%				-2%	66%		
Greenply	0%	-172%	-233%	19%	1%				29%	56%		
Greenpanel	-98%	3674%	103%	48%	55%				109%	175%		
Greenlam	33%	-9%	99%	-16%	-41%				-4%	11%		
Stylam	36%	-207%	-355%	183%	-30%				192%	11%		
Rushil Décor	-58%	-136%	-478%	-22%	197%				-47%	87%		

Source: Company, JM Financial

Exhibit 4. Wood panel companies' working capital days

INR bn	FY19	FY20	FY21	FY22
Debtor days				
Centuryply	47	41	51	42
Greenply	79	92	61	44
Greenpanel	33	31	28	10
Greenlam	50	38	41	28
Stylam	61	69	76	66
Rushil Décor	63	67	63	48
Median	56	54	56	43
Inventory days				
Centuryply	65	57	57	60
Greenply	44	46	56	53
Greenpanel	84	68	54	38
Greenlam	88	103	115	108
Stylam	46	53	55	74
Rushil Décor	93	93	92	91
Median	74	62	57	67
Trade Payable days				
Centuryply	26	26	37	31
Greenply	60	60	64	51
Greenpanel	52	54	48	34
Greenlam	46	48	68	55
Stylam	22	28	39	32
Rushil Décor	28	37	56	18
Median	37	42	52	33
Net WC days				
Centuryply	86	72	71	71
Greenply	63	78	53	46
Greenpanel	65	45	35	14
Greenlam	92	92	88	80
Stylam	86	94	91	107
Rushil Décor	128	123	98	121
Median	86	85	80	76
Operating Cash flow				
Centuryply	2,171	4,260	3,589	2,689
Greenply	978	578	2,278	916
Greenpanel	270	1,012	1,512	3,602
Greenlam	641	981	2,130	712
Stylam	285	659	789	106
Rushil Décor	186	471	771	(67)

Source: Company, JM Financial

Exhibit 5. Wood panel companies' key ratios

Ratios	FY19	FY20	FY21	FY22
RoIC				
Centuryply	14.8%	17.6%	16.8%	25.0%
Greenply	8.3%	20.7%	13.0%	15.5%
Greenpanel	4.1%	7.7%	8.8%	19.2%
Greenlam	13.7%	13.9%	12.8%	12.9%
Stylam	17.4%	14.8%	19.5%	18.6%
Rushil Décor	5.0%	6.3%	2.9%	5.7%
Median	11.0%	14.3%	12.9%	17.0%
RoE				
Centuryply	18.7%	19.7%	16.8%	23.0%
Greenply	13.1%	24.2%	15.0%	19.4%
Greenpanel	6.0%	5.9%	11.6%	26.5%
Greenlam	19.7%	18.7%	18.3%	15.6%
Stylam	21.5%	17.7%	23.8%	21.2%
Rushil Décor	7.6%	10.6%	5.0%	8.3%
Median	15.9%	18.2%	15.9%	20.3%
Net debt/Equity				
Centuryply	0.5	0.2	(0.1)	(0.0)
Greenply	0.7	0.7	0.1	0.4
Greenpanel	0.8	0.8	0.5	0.1
Greenlam	0.6	0.5	0.4	0.5
Stylam	0.7	0.4	0.1	0.2
Rushil Décor	1.1	1.7	1.3	1.4
Median	0.7	0.6	0.3	0.3

Source: Company, JM Financial

Exhibit 6. Key points from 4Q22 concall

Particulars	Century	Greenply	Greenpanel	Greenlam
Demand	<p>Core plywood/MDF/laminate volumes delivered strong performance as it grew by 15%/7%/11% respectively on 3yr CAGR on the back of sustained demand momentum and pick up in real estate absorption.</p> <p>Management guides for 20% overall revenue growth; Ply/ Laminates/ MDF/ Particle board volume growth of 15%/15%/25%/10% respectively.</p>	<p>Plywood volume grew 8% YoY (+3% 3 years CAGR).</p> <p>Management is optimistic about achieving c. 10-11% volume growth in FY23 on the back of healthy real estate absorption, strong demand from smaller cities and market share gains from unorganised players.</p>	<p>MDF volume declined 11% YoY (+3% QoQ, +24% 3 yr CAGR) on a high base and weakness in Jan-Feb due to the covid 3rd wave.</p> <p>Management is targeting 15-18% volume growth in MDF and 6-8% volume growth in plywood segment.</p>	<p>Company's performance was impacted due to a) restrictions at its Behror plant, which impacted the supply. However, underlying demand for laminates remains healthy.</p> <p>Management guides for revenue growth of c. 15-18% in FY23.</p>
Realisations/Pricing	<p>Ply- Took a price hike of 3-3.5% during 4Q and c. 2-2.5% in 1QFY23. Total c. 7-8% in FY22</p> <p>MDF- Took 20% price increase in MDF and 15% in particle board in FY22. In particle board took 5% price hike in 1Q23.</p>	<p>EBITDA margins contracted 150bps YoY at 9.9%.</p> <p>Contraction in margins was due to 1) delay in passing on the price increase and 2) higher ad spends (5.6% as % of sales vs. 2.8% in 4QFY21).</p>	<p>MDF- Company has taken price hike of c. 22% in FY22</p> <p>Ply- volumes declined 19% YoY (flat QoQ) on account of 3rd wave of covid, state elections and commodity inflation.</p>	<p>Domestic and export realisations improved on the back of product mix and price hikes undertaken to offset RM inflation.</p>
Capex	<p>The greenfield laminate project will be operational in two phases: 1st phase is expected to commence operations in Q2FY24.</p>	<p>Company's premium Plywood capacity at Sandila, UP is expected to start its operation in 1QFY23. MDF manufacturing facility in Vadodara too is on track and is expected to commence operations by 4QFY23.</p>	<p>Management is evaluating capex proposals for the MDF segment and may finalise by 1HFY23. Management revealed, most likely, the capacity addition will be at its Andhra Pradesh facility.</p>	<p>Company aims to invest c. INR 9.5bn over the next 2-3 years towards setting up a 3rd laminate manufacturing plant and foraying into the plywood and particle board business.</p> <p>It expects plywood and laminate capacity to commence by Q4FY23 and particle board capacity to commence by Q4FY24.</p>
Others	<p>Working capital days increased to 53 in Mar'22 (48 in Dec'21) due to decrease in payables days to 32 (38 in Dec'21). Expect sustainable working capital days c. 52-53.</p>	<p>Net working capital days have decreased to 29 in Mar'22 (34 in Mar'21) mainly on the back of decrease in debtor days to 42 (59 in Mar'21), and reduction of creditor days to 59 (72 in Dec'21).</p> <p>Consolidated net debt has increased significantly to INR 2.2bn in Mar'22 (INR 637mn in Mar'21) due to on-going capex program.</p>	<p>The company has further reduced its net debt to INR 612mn in Mar'22 (INR 1.4bn in Dec'21; INR 3.7bn in Mar'21). Net working capital days have reduced sharply to 14 as on Mar'22 (35 as on Mar'21)</p>	<p>Net working capital days increased to 74 (64 in Mar'21) as inventory days rose sharply to 99 (83 in Mar'21) because container availability issues led to delayed export shipment.</p>

Source: Company, JM Financial

Plywood segment

Exhibit 7. 4Q22 Plywood segment performance

INR mn	4Q19	4Q20	4Q21	3Q22	4Q22	YoY	QoQ	3yr CAGR	FY21	FY22	YoY	3 Yr CAGR
Volumes												
<u>Plywood (mn sqm)</u>												
Centuryply	14.3	13.2	18.8	20.1	21.2	12%	5%	14%	53.8	72.4	35%	8%
Greenply	15.6	13.3	15.9	15.6	17.1	8%	10%	3%	45.6	57.5	26%	0%
Greenpanel	1.6	1.9	3.1	2.5	2.5	-19%	0%	15%	8.5	9.3	10%	18%
<u>YoY</u>												
Centuryply	-3%	-8%	43%	15%	12%				-7%	35%		
Greenply	41%	-15%	19%	11%	8%				-19%	26%		
Greenpanel	-41%	18%	58%	-2%	-19%				0%	10%		
Realisation (INR/sqm)												
Centuryply	210	204	208	213	220	6%	3%	2%	203	214	5%	1%
Greenply	218	222	226	239	242	7%	1%	4%	222	239	8%	3%
Greenpanel	254	260	271	272	286	6%	5%	4%	256	276	8%	3%
<u>YoY</u>												
Centuryply	8%	-3%	2%	7%	6%				-1%	5%		
Greenply	4%	2%	2%	8%	7%				-1%	8%		
Greenpanel	-4%	2%	4%	10%	6%				1%	8%		
Revenue												
Centuryply	3,009	2,694	3,909	4,286	4,663	19%	9%	16%	10,942	15,506	42%	9%
Greenply	3,410	2,963	3,583	3,730	4,143	16%	11%	7%	10,117	13,769	36%	3%
Greenpanel	415	501	827	671	705	-15%	5%	19%	2,174	2,562	18%	22%
<u>YoY</u>												
Centuryply	5%	-10%	45%	23%	19%				-8%	42%		
Greenply	47%	-13%	21%	21%	16%				-20%	36%		
Greenpanel	-43%	21%	65%	8%	-15%				1%	18%		
Ply EBITDA												
Centuryply	296	237	503	635	717	43%	13%	34%	1,292	2,223	72%	8%
Greenply	338	229	420	380	400	-5%	5%	6%	969	1,304	35%	3%
Greenpanel	62	37	127	65	61	-52%	-6%	0%	270	282	5%	33%
Ply EBITDA Margin												
Centuryply	9.1%	8.5%	12.6%	14.5%	15.1%	250 bps	50 bps		11.8%	14.3%	250 bps	
Greenply	9.9%	7.7%	11.7%	10.2%	9.7%	-210 bps	50 bps		9.6%	9.5%	-10 bps	
Greenpanel	14.9%	7.4%	15.3%	9.7%	8.7%	-670 bps	100 bps		12.4%	11.0%	-140 bps	

Source: Company, JM Financial

Laminates

Exhibit 8. 4Q22 laminates segment performance

INR mn	4Q19	4Q20	4Q21	3Q22	4Q22	YoY	QoQ	3yr CAGR	FY21	FY22	YoY	3 Yr CAGR
Volumes (mn sheet)												
Greenlam	3.75	3.45	4.52	3.98	4.00	-12%	1%	2%	13.39	16.53	23%	7%
Century	1.59	1.40	1.93	1.69	1.95	1%	16%	7%	5.49	6.71	22%	5%
<u>YoY</u>												
Greenlam	1%	-8%	31%	2%	-12%				1%	23%		
Century	7%	-12%	38%	7%	1%				-11%	22%		
Realisation (INR/sqm)												
Greenlam	807	823	809	1,026	1,060	31%	3%	10%	796	941	18%	6%
Century	736	719	747	835	865	16%	4%	6%	712	808	14%	4%
<u>YoY</u>												
Greenlam	12%	2%	-2%	36%	31%				-6%	18%		
Century	7%	-2%	4%	16%	16%				0%	14%		
Revenue												
Greenlam	3,025	2,836	3,656	4,081	4,239	16%	4%	12%	10,653	15,563	46%	13%
Century	1,172	1,007	1,442	1,407	1,689	17%	20%	13%	3,905	5,418	39%	9%
Stylam	1,248	1,051	1,665	1,769	1,797	8%	2%	13%	4,758	6,593	39%	13%
Rushil	413	345	489	473	498	2%	5%	6%	1,756	1,897	8%	1%
<u>YoY</u>												
Greenlam	14%	-6%	29%	38%	16%				-5%	46%		
Century	14%	-14%	43%	24%	17%				-11%	39%		
Stylam	22%	-16%	58%	39%	8%				3%	39%		
Rushil	0%	-16%	42%	14%	2%				7%	8%		
Laminate EBITDA												
Greenlam	432	449	655	541	547	-16%	1%	8%	1,781	1,976	11%	10%
Century	107	168	341	183	209	-39%	14%	25%	724	858	18%	33%
Stylam	210	186	308	331	198	-36%	-40%	-2%	953	1,037	9%	10%
Laminate EBITDA margin												
Greenlam	14.3%	15.8%	17.9%	13.3%	12.9%	-500 bps	-40 bps		16.7%	12.7%	-400 bps	
Century	8.7%	15.8%	22.3%	12.3%	12.4%	-990 bps	-10 bps		18.5%	15.8%	-270 bps	
Stylam	16.8%	17.7%	18.5%	18.7%	11.0%	-750 bps	770 bps		20.0%	15.7%	-430 bps	

Source: Company, JM Financial

Medium Density Fibreboard (MDF)

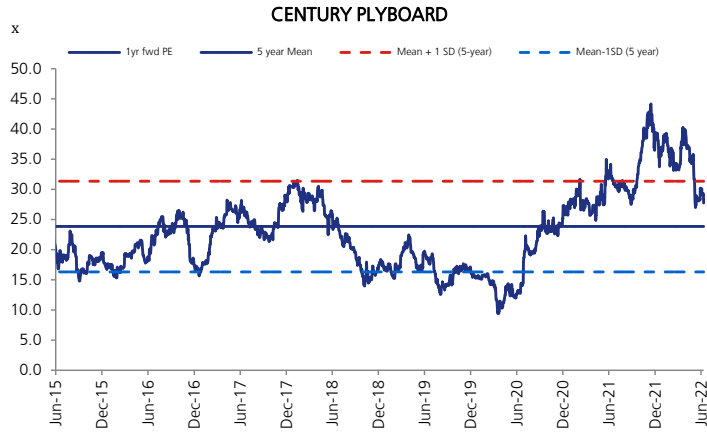
Exhibit 9. 4Q22 MDF segment performance

INR mn	4Q19	4Q20	4Q21	3Q22	4Q22	YoY	QoQ	3yr CAGR	FY21	FY22	YoY	3 Yr CAGR
Volume (mn cbm)												
Greenpanel	0.07	0.09	0.14	0.12	0.12	-11%	3%	24%	0.38	0.50	30%	36%
Century	0.04	0.04	0.05	0.06	0.05	5%	-14%	11%	0.15	0.18	21%	10%
<u>YoY</u>												
Greenpanel	61%	38%	54%	-2%	-11%				20%	30%		
Century	30%	5%	24%	14%	5%				-4%	21%		
Realisation (INR'000/cbm)												
Greenpanel	19.5	19.6	21.6	29.0	31.3	45%	8%	17%	20.6	26.9	30%	6%
Century	21.5	22.7	25.9	32.1	33.8	30%	5%	16%	24.4	31.2	28%	12%
<u>YoY</u>												
Greenpanel	-25%	0%	10%	44%	45%				1%	30%		
Century	-10%	6%	14%	36%	30%				7%	28%		
Revenue (INR mn)												
Greenpanel	1,275	1,772	3,016	3,504	3,898	29%	11%	45%	7,831	13,298	70%	44%
Century	760	844	1,190	1,796	1,626	37%	-9%	29%	3,592	5,554	55%	23%
Rushil	438	404	482	1,206	1,433	197%	19%	48%	1,559	4,344	179%	41%
<u>YoY</u>												
Greenpanel	21%	39%	70%	40%	29%				22%	70%		
Century	17%	11%	41%	54%	37%				3%	55%		
Rushil	6%	-8%	19%	180%	197%				-7%	179%		
MDF EBITDA												
Greenpanel	272	397	819	976	1,219	49%	25%	65%	1,585	3,638	130%	90%
Century	116	214	319	548	533	67%	-3%	66%	927	1,777	92%	63%
MDF EBITDA Margin												
Greenpanel	21.3%	22.4%	28.6%	30.5%	31.3%	270 bps	80 bps		20.2%	27.4%	710 bps	
Century	15.3%	25.3%	26.8%	30.5%	32.8%	600 bps	230 bps		25.8%	32.0%	620 bps	
MDF EBIT												
Greenpanel	133	252	677	804	1,046	55%	30%	99%	1,424	2,955	108%	107%
Century	63	164	299	504	540	80%	7%	105%	764	1,652	116%	102%
Rushil	50	1	68	131	215	218%	64%	63%	167	434	160%	38%
MDF EBIT Margin												
Greenpanel	10.4%	14.2%	22.4%	22.9%	26.8%	440 bps	390 bps		18.2%	22.2%	400 bps	
Century	8.3%	19.5%	25.1%	28.1%	33.2%	800 bps	510 bps		21.3%	29.7%	850 bps	
Rushil	11.4%	0.3%	14.0%	10.9%	15.0%	100 bps	410 bps		10.7%	10.0%	-70 bps	

Source: Company, JM Financial

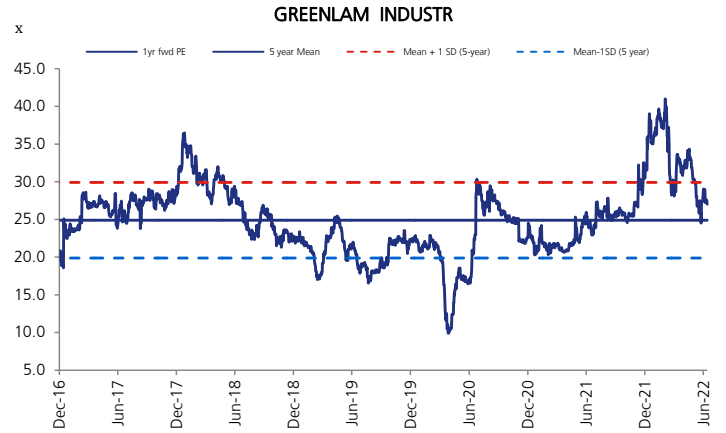
Valuation charts

Exhibit 10. Century Ply 1 yr forward PE



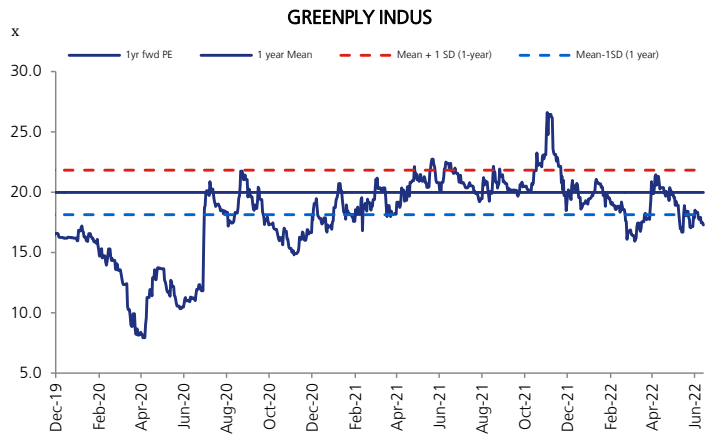
Source: Bloomberg, JM Financial

Exhibit 11. Greenlam 1yr forward PE



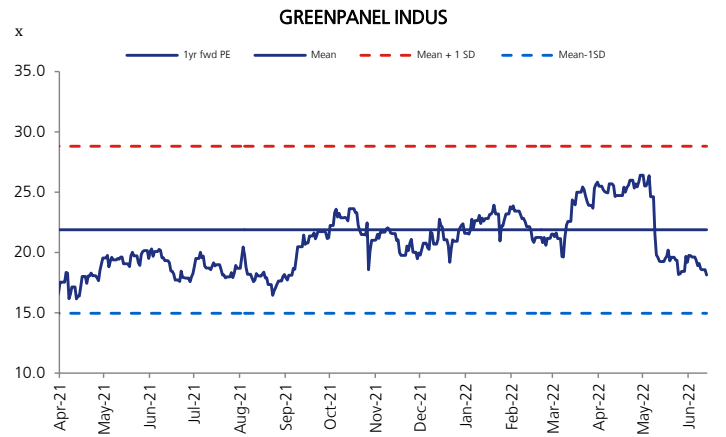
Source: Bloomberg, JM Financial

Exhibit 12. Greenply 1yr forward PE



Source: Bloomberg, JM Financial

Exhibit 13. Greenpanel 1yr forward PE



Source: Bloomberg, JM Financial

Exhibit 14. Relative valuation – Building materials

INR mn	Mkt. Cap. (INR bn)	CMP	TP	Upside	Target P/E	Rating	P/E(x)			ROE(%)			FY22-24E CAGR			FY23E PEG
							FY22	FY23E	FY24E	FY22	FY23E	FY24E	Rev	EBITDA	EPS	
Ceramics																
Kajaria Ceramics	150	939	1,200	28%	35	BUY	39.6	36.2	27.5	19%	18%	22%	16%	16%	20%	1.8
Somany Ceramics	24	566	880	55%	22	BUY	27.1	23.1	14.2	13%	14%	19%	17%	23%	38%	0.6
Cera Sanitaryware	52	4,017	4,630	15%	30	HOLD	34.0	29.2	26.0	16%	17%	17%	9%	13%	14%	2.0
Median							34.0	29.2	26.0	16%	17%	19%	16%	16%	20%	1.8
Wood Panel																
Century Plyboard	117	528	700	33%	32	BUY	36.1	27.9	24.1	23%	24%	22%	17%	16%	22%	1.2
Greenply Industries	21	173	250	44%	22	BUY	22.5	17.6	15.2	19%	20%	20%	20%	31%	22%	0.8
Greenlam Industries	36	300	310	3%	25	HOLD	38.6	28.5	25.3	16%	18%	17%	19%	26%	24%	1.2
Greenpanel Industries	57	465	630	36%	22	BUY	24.4	19.1	16.3	27%	27%	26%	18%	19%	22%	0.8
Median							30.3	23.5	20.2	21%	22%	21%	18%	22%	22%	1.0
Plastics																
Prince Pipes	66	597	770	29%	30	BUY	26.6	29.9	23.4	21%	16%	18%	9%	3%	7%	4.5
Astral Ltd (NR)	329	1,636		NR	NA	NA	65.5	59.0	44.1	24%	23%	23%	12%	22%	22%	2.7
Supreme Industries (NR)	225	1,771		NR	NA	NA	27.7	28.6	25.5	27%	23%	22%	6%	8%	4%	6.6
Finolex Industries (NR)	92	148		NR	NA	NA	11.5	18.1	15.9	22%	15%	15%	-5%	4%	-15%	NA
Median							27.2	29.3	24.4	23%	19%	20%	7%	6%	5%	4.5

Source: JM Financial, Bloomberg

APPENDIX I

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for large-cap* stocks and REITs and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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