

# SKIPPER LIMITED

## INVESTOR PRESENTATION Q2 & H1 FY'23 Results



12<sup>th</sup> November, 2022

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**Great  
Place  
To  
Work®**

**Certified**

JAN 2022 - JAN 2023

INDIA



Company is India's largest and world's only Integrated T&D company having its own Structure rolling, manufacturing, Tower Load Testing Station & Transmission Line EPC.



## SKIPPER: ONE-STOP SOLUTION PROVIDER

### Engineering products

#### Capacity: 300,000 MTPA

- Power Transmission Tower
- Power Distribution Poles
- Monopoles
- Telecom Tower
- Railway Structures
- MS & High Tensile Angles
- Solar Structures
- Fasteners
- Tower Accessories



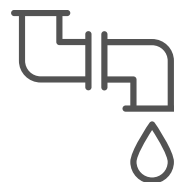
#### Highlights

Positioned as one of the world's leading transmission tower manufacturer; largest in India

### Polymer products

#### Capacity: 51,000 MTPA

- UPVC Pipes
- CPVC Pipes
- SWR Pipes
- HDPE Pipes
- CP & PTMT
- Polymer Water Tanks
- Fittings

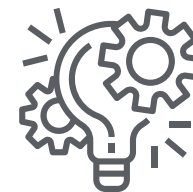


#### Highlights

- Only polymer pipe company in India to implement TOC in its operations

### Infrastructure projects

- Transmission Line EPC
- Railway Electrification EPC
- Underground Utility laying by HDD



#### Highlights

- Forward integration activity
- Aimed at high-margin projects

SKIPPER LIMITED  
Performance Update

# Q2 & H1 FY'23 Update





Sl	Profit & Loss Summary	Q2 FY'23	Q2 FY'22	YoY Change %	Q1 FY'23	QoQ Change %
1	Revenues	4,620.0	4,792.9	-3.6%	4,160.9	11.0%
2	Operating EBITDA (without forex)	519.7	358.2	45.1%	490.9	5.9%
	Operating EBITDA Margins (%)	11.2%	7.5%	+ 377 Bps	11.8%	-55 Bps
3	(+) Other Income	11.7	10.0		11.5	
4	(-) Depreciation	114.0	121.9		126.2	
5	(-) Finance Cost	225.4	249.6	-9.7%	240.4	
6	Operating Profit Before Tax (2+3-4-5)	192.0	(3.2)		135.8	41.4%
	Operating PBT Margins (%)	4.2%	-0.1%	+422 Bps	3.3%	+90 Bps
7	Forex Gain / (Loss)	(121.6)	61.1		(132.6)	
8	Profit Before Tax ( Reported PBT )(6-7)	70.4	57.9	21.6 %	3.3	+2061 %
9	Tax	25.3	14.4		1.2	
10	Profit After Tax (Reported PAT)	45.1	43.5	3.8 %	2.1	+2043 %

Forex derivatives MTM loss ( Rs - 121.6 mn) arising on account of sharp depreciation of rupee against USD has resulted mainly in decrease of profitability of the current year quarter and an increase in profitability number ( Rs + 61.1 Mn ) of the previous year corresponding quarter . **The nature of impact is largely notional.**

Thus all comparative growth numbers are required to be calculated excluding impact of forex gain / loss for better understanding and analysis on like to like basis.



				Rs in Mn
Sl	Profit & Loss Summary	H1 FY'23	H1 FY'22	Change %
1	Revenues	8,780.9	7,539.3	16.5%
2	Operating EBITDA (without Forex)	1,010.5	476.5	112.1 %
	% of Revenue	11.5%	6.3%	+520 Bps
3	(+) Other Income	23.2	18.9	
4	(-) Depreciation	240.2	241.1	
5	(-) Finance Cost	465.7	447.9	
6	Operating PBT (2+3-4-5)	327.8	(193.6)	
7	Forex Gain / (Loss)	(254.1)	109.9	
8	Profit / (Loss) Before Tax (Reported PBT) (6-7)	73.7	(83.4)	
9	Tax	26.4	(34.0)	
10	Profit / (Loss) After Tax (Reported PAT) (8-9)	47.3	(49.7)	

Forex derivatives MTM loss (**Rs - 254.1 Mn**) arising on account of sharp depreciation of rupee against USD has resulted mainly in decrease of profitability of the current year period and an increase in profitability number (Rs + 109.9 Mn) of previous year corresponding period . **The nature of impact is largely notional.**

Thus all comparative growth numbers are required to be calculated excluding impact of forex gain / loss for better understanding and analysis on like to like basis.



## Strong Revenue Performance across major business segments

Stand Alone - Revenue

Rs in Mn

8,781

7,539

17%

H1 FY '23

H1 FY'22

Segment - Revenue

Rs in Mn

9,000

+ 15 %  
6,895

5,991

8,000

7,000

6,000

5,000

4,000

3,000

2,000

1,000

0

+ 25 %

1,592

1,275

+ 8 %

295

273

Engg

Polymer

Infra

■ H1 FY'23

■ H1 FY'22

- Engineering exports increased to Rs 3,250 mn (+ 103 % over corresponding last year period )
- Revenue pie from Polymers products increased to 18 % of overall business

## Key Performance Highlights

- ❑ Strong revenue performance across major business segments in spite of inflationary cost push and geo-political related challenges;
- ❑ Stand Alone Operating EBITDA margins improved to 11.2% in compare to 7.5 % in Q2'22 and 11.5 % in H1 Fy'23 against 6.3% in H1 Fy'22
- ❑ The Operating margin of engineering business are back to their normal historical range of 13% , Achieved margin of 13.3 % in Engineering segment during the quarter
- ❑ Export share in overall engineering revenue stood at 43 % in Q2 Fy'23 and 47 % in H1 Fy'23, achieved growth of 40 % over previous year quarter and 103 % growth in H1 period.

## Order Book Highlights

- ❑ Secured new order inflow of Rs 4,610 million during the quarter and YTD inflows of 8,630 million; Strong growth trajectory in T&D product business and international markets
- ❑ Highest ever Bidding Pipeline - Actively pursuing projects worth Rs 54,000 million on international front and about Rs 51,000 million on the Domestic front.
- ❑ All new large T&D projects in domestic markets now comes along with Design and Load testing scope; Our new R&D centre will give us distinct advantage over competition.

## Other Update

- ❑ The company's strategy of broad basing its portfolio to include a higher proportion of Non T&D products like Solar, Railways, Telecom and Fasteners have started yielding good results and is helping us to derisk our exposure in T&D.
- ❑ Share of Non T&D Products in overall order book has increased to 12% ; Forayed into the manufacturing of Crash Barrier system



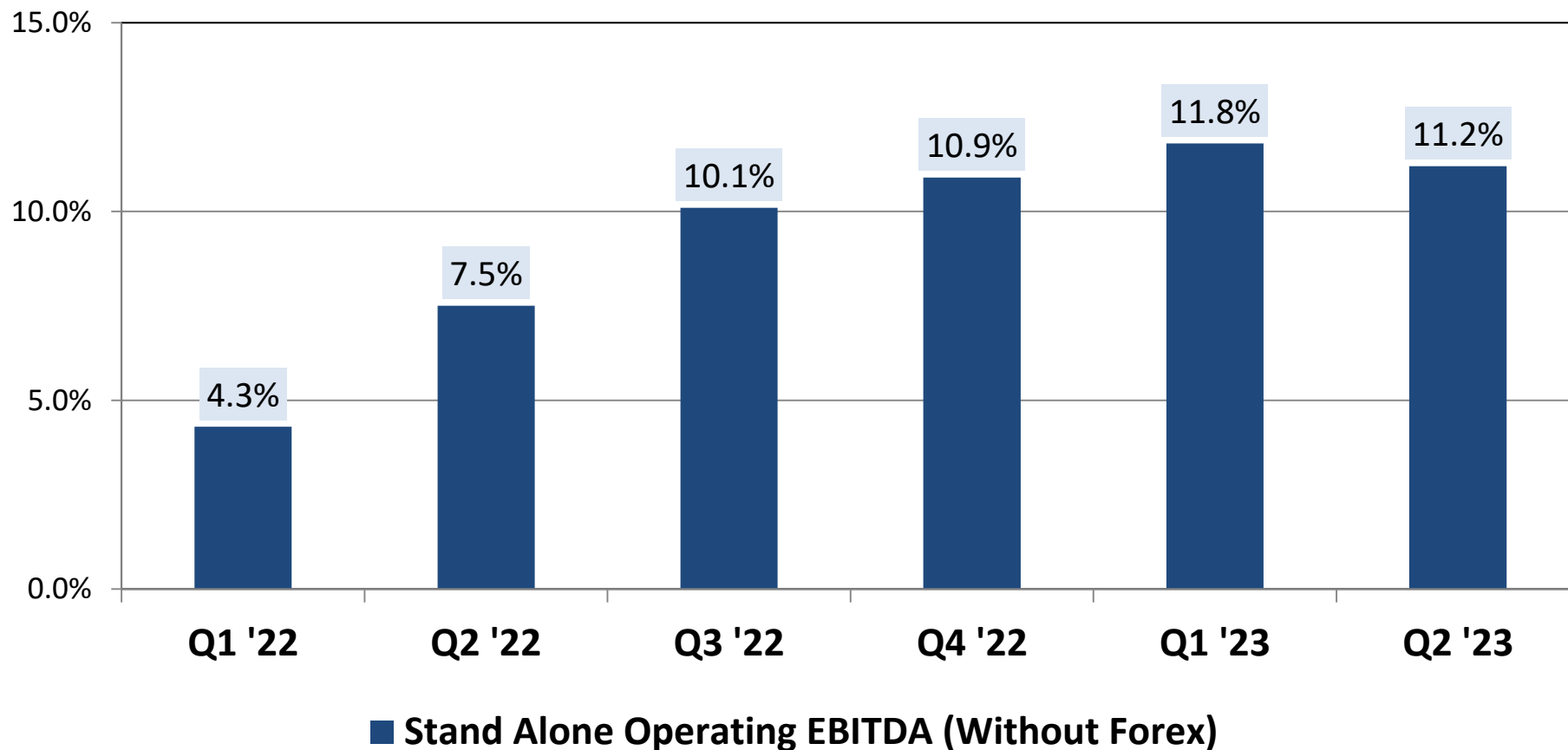
## Q2 & H1 Fy'23 EBITDA Margin improved on account of -

- ❑ Increased share of Engineering export business and parting away with majority of old legacy and CIF contracts aided to better margin performance in engineering business:
- ❑ Strict control over fixed cost and cost reduction initiatives aided to better margin performance;
- ❑ Raw material price volatility & container unavailability continues to remain a challenge, company is taking adequate measures to mitigate the same

**Going forth also most of the revenue execution will take place from newer contracts which were secured on FOB terms and at elevated commodity price level aiding to better margin performance**



## Consistent & Improved Operating Margin Performance

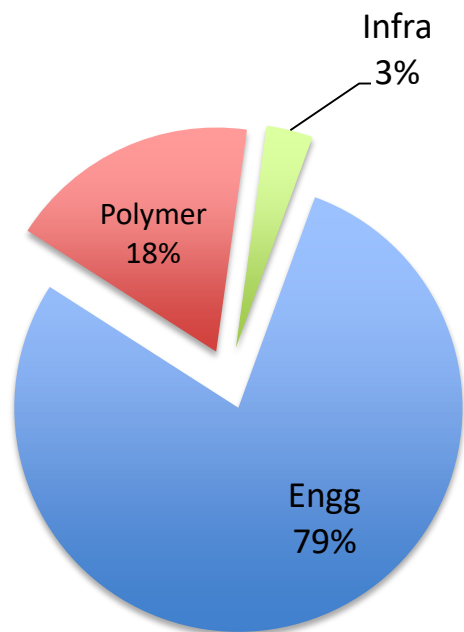


**Note:** Operating EBITDA is net of Forex derivative gain / (loss)



## Segment Performance Q2 & H1 FY'23

Rs in Mn



Segment	Profit & Loss Summary	Q2 FY'23	Q2 FY'22	Change %	H1 FY'23	H1 FY'22	Change %
Engg Products	Net Sales	3,798.4	3,943.8	-3.7%	6,894.6	5,991.3	15.1%
	EBITDA - Operating	505.7	413.1	22.4%	926.7	524.7	76.6%
	% of Sales	13.3%	10.5%		13.4%	8.8%	
PVC Products	Net Sales	712.8	771.8	-7.6%	1,591.7	1,274.8	24.9%
	EBITDA - Operating	10.0	4.9	104.8%	70.3	8.7	709.6%
	% of Sales	1.4%	0.6%		4.4%	0.7%	
Infra Projects	Net Sales	108.8	77.4	40.6%	294.7	273.3	7.8%
	EBITDA - Operating	4.0	(59.8)	-106.7%	13.5	(56.9)	-123.7%
	% of Sales	3.7%	-77.2%		4.6%	-20.8%	
Total	Net Sales Total	4,620.0	4,792.9	-3.6%	8,780.9	7,539.3	16.5%
	EBITDA Total	519.7	358.2	45.1%	1,010.5	476.5	112.1%
	% of Sales	11.2%	7.5%		11.5%	6.3%	

**Note: Segment EBITDA is net of Forex and includes allocation of un-allocable expenditure in pro-rata share of Sales and Capital Employed in their respective segment**



## Debt Details

Rs in Million

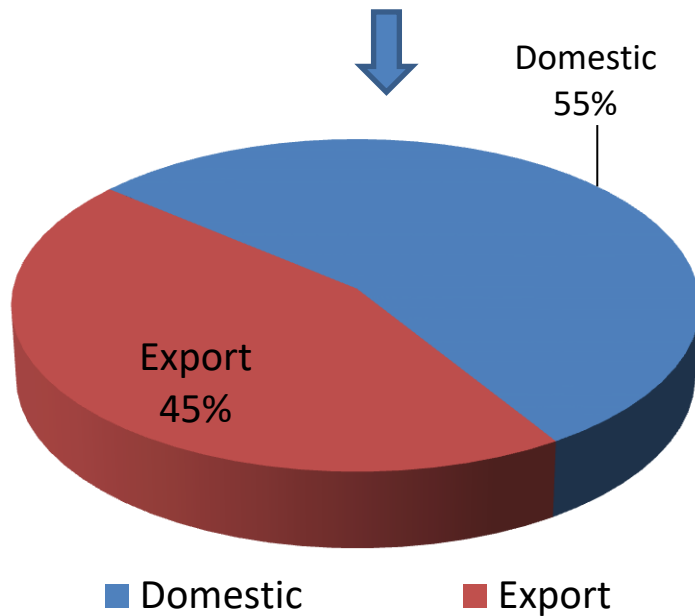
	30.09.2022	30.09.2021	Inc / (Dec)
Long Term Debt	2,269	2,059	210
Current Maturities of Long Term Debt	639	648	(9)
<b>Total Long Term Debt</b>	<b>2,908</b>	<b>2,707</b>	<b>201</b>
Short Term Debt	2,945	3,576	(631)
<b>Gross Debt Level</b>	<b>5,853</b>	<b>6,283</b>	<b>(430)</b>
<b>Debt Equity Ratio (X)</b>	<b>0.79</b>	<b>0.90</b>	<b>(0.11)</b>

- ❑ Gross debt reduced by Rs 430 million inspite of higher sales during the period, on account of better working capital utilisation, **targeting significant reduction in H2 FY'23**
- ❑ Deliberately held high level of RM inventory to mitigate commodity price risk on secured contracts; Prices of key raw materials have remained volatile over past few quarters on account of Geo political issues, leading to increased working capital requirement
- ❑ Efforts continues on cash flow & balance sheet consolidation, Interest expenses down by 10% in compare to previous year quarter in spite of a hardening rate environment



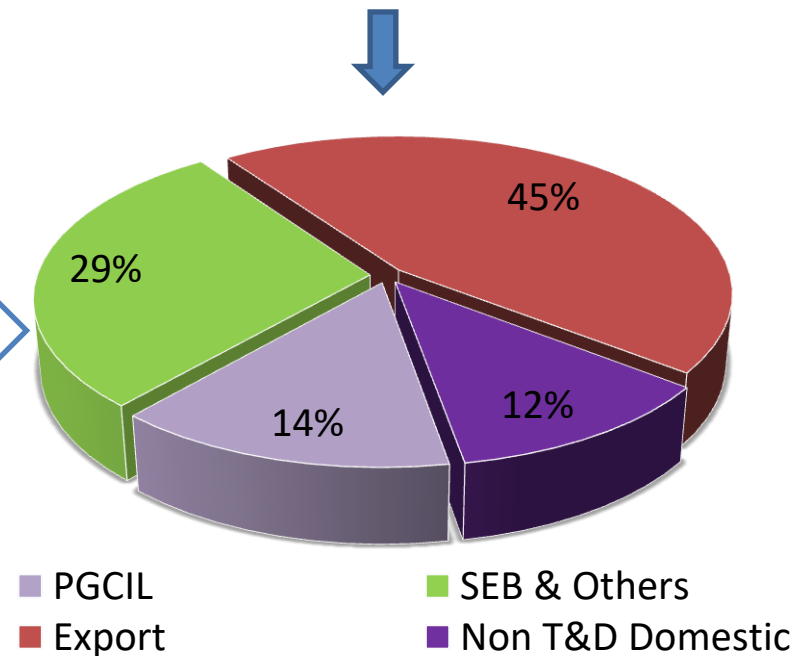
## Engineering Products – Order Book Composition – Sep 2022

**Total Order Book  
Rs 21,630 million**



Order Breakup

**Segment Break up**



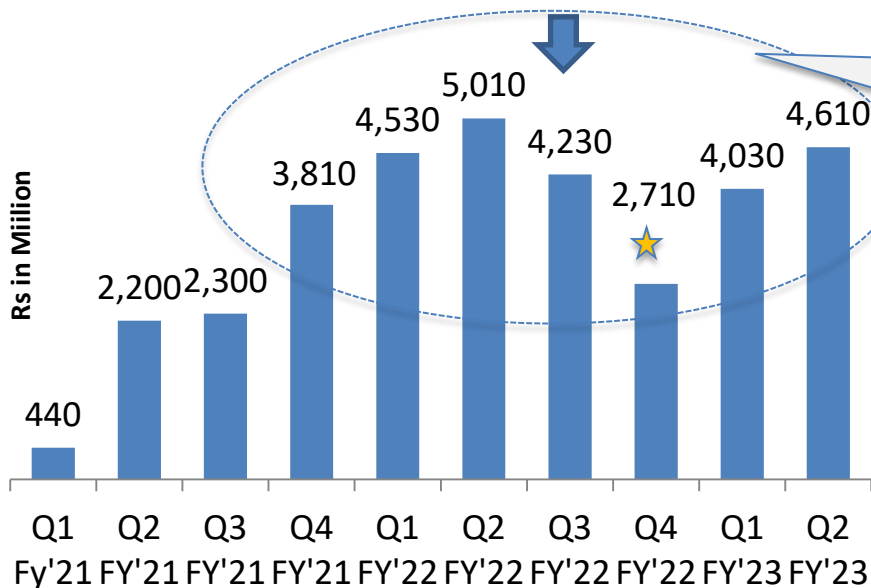
Non T&D Products - Telecom, Railways, Solar, Fasteners & other Steel Structural items



## Engineering Products – Order Inflow Composition

- New Order Intake of Rs 4,605 million in Q2 FY'23 and YTD inflows of Rs 8,630 million for engineering products supply from PGCIL, SEB's , South East Asia, Asia Pacific, Middle East, Africa & LATAM Export markets and Non T&D products (Telecom, Railways, etc)
- T&D Order Book well diversified between Power Grid, Domestic SEB / Private players and international
- Share of Non T&D products at 12% in overall order book
- The harmonization of commodity prices resulting in finalization and awarding of long pending order

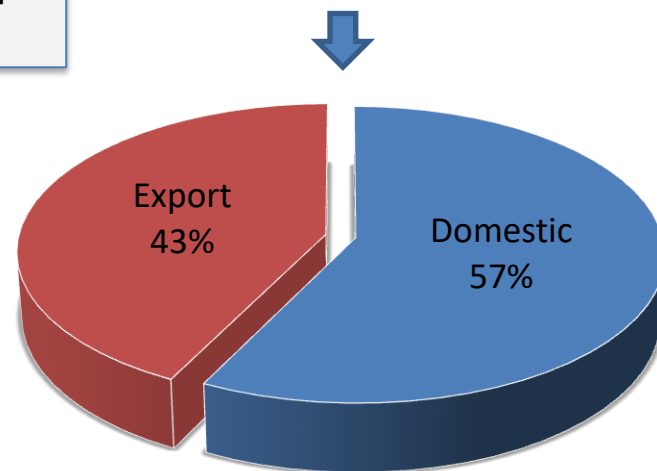
### Qtr Wise - Consistent Inflow Trend



Consistently clocked inflows in excess of 4,000 mn for the past few quarters

Q2'23 Inflow Composition

### Q2 FY'23 Inflow Composition Rs 4,610 million



★ In Q4 FY'22 - Uncertainty towards international trade have loomed and commodity volatility were at its peak with Russia - Ukraine War, considering the situation company adopted a cautious in new order intake



**Highest Ever Bidding Pipeline of 105,000 Million as on 30<sup>th</sup> Sep 2022;  
International – 54,000 Mn & Domestic - 51,000 Mn**

- Expecting International Ordering & Execution to gain pace in H2 FY'23 ;
- In advanced Stages of negotiation to secure some good size International contract
- Large pent up demand in domestic T&D ; Ordering continues to remain muted
- Increased focus on building up Engineering capabilities

**International**

- ✓ Growing global competitiveness; Focusing on international markets to drive the ordering growth;
- ✓ Strong Anti China Sentiment; and global supply chain now actively looking for reducing their dependence on China is a great positive outcome of this crisis ; bringing more opportunities on our way
- ✓ Majority of New Transmission lines are now getting built to cater renewables; leading to shorter execution cycle and faster supplies to meet project deadlines.

**Domestic**

- ✓ The domestic T&D activities are showing signs of rebound, Company's Order bidding pipe line remains strong at Rs 51,000 mn.
- ✓ Tender Pipeline continues to stay strong, Many tenders in the domestic T&D market which got postponed - now expected to be concluded in next few months.
- ✓ Strong traction in domestic telecom on account of 5G Rollout / High bandwidth usage.
- ✓ Ahead of the rollout of the high speed 5G network, the government is set to give a massive push to telecom infrastructure across the country with plans to add 8 lac new mobile towers over the next 2 years



## SKIPPER'S POLYMER BUSINESS



Polymer  
manufacturing  
capacity of 51,000  
MTPA



Plants invested  
state-of-the-art  
manufacturing  
technology



Guwahati Fittings  
Plant enjoys tax  
exemption



Among few Indian  
companies assured  
of CPVC for pipes  
manufacture



One of few Indian  
companies with  
NSF certification

### Quality certifications

- ASTM D-1785, ASTM D-2467, ASTM D-2846 • IS: 12818 • IS: 13592 • IS: 4985 • IS: 15778
- IS: 13592 • IS: 14735 • IS: 10124 • IS: 14182 • NSF



## OUR USP

Skipper is the only Indian polymer pipe company to implement Theory of Constraints (TOC) approach in an organized manner

Directed to empower the supply chain processes and systems

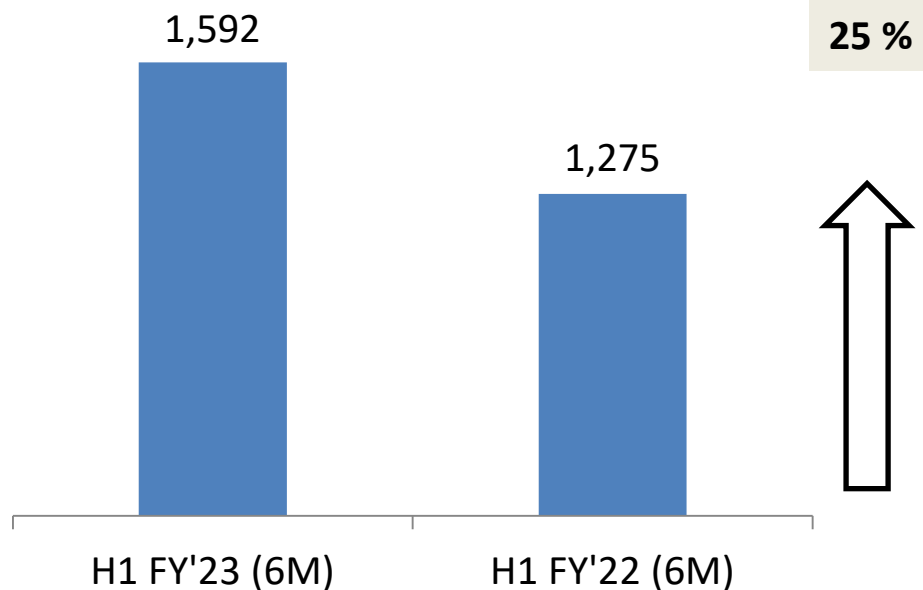
- Partnering benefits:
- Exponential Sales Growth & Gain in Market Share
- Robust Processes & Systems in place to improve profitability
- Consistent availability of entire range of products at billing points
- Improvement in working capital cycle and reduction of inventory days
- Gain of more output from the current capacity
- Improvement in ROI to dealers and distributors



## Polymer – Improving Revenue Performance

TTM Revenue of Rs 3,517 million

Rs in Million



## Major Highlights

- ❑ Only Polymer Pipe company in India to implement TOC into its operation
- ❑ Growing National Presence ;
- ❑ Deriving 85 % of overall revenue through TOC channel network
- ❑ Added 1,468 New Retailer Touch point in the current quarter
- ❑ Total Retailer Touch points in excess of 28,400 plus (nos) in Sep '22; increased 12 (X) fold in last 2 year period
- ❑ Total Monthly Billed Retailers of 5,200 plus (nos)
- ❑ Focus on Plumbing Portfolio;  
70 :30 Revenue mix share of Plumbing: Agriculture

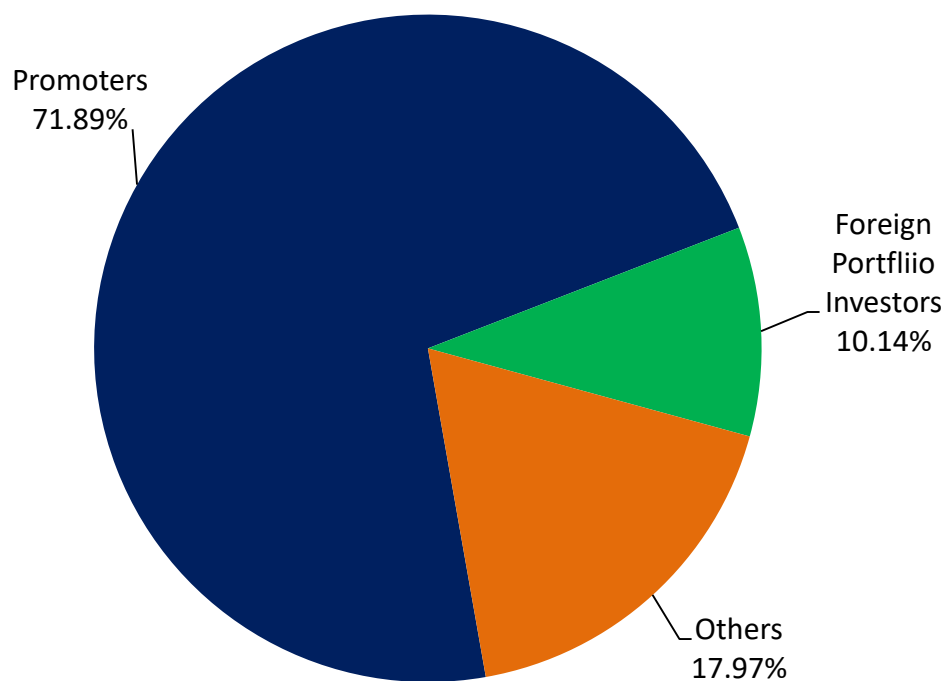


## PERFORMANCE OUTLOOK

- ❑ Company expects to clock high double digit annual revenue growth in Fy'23 on back of strong pending execution of engineering contracts and strong polymer segment performance ;
- ❑ Going forth most of the engineering revenue execution will take place from newer contracts which were secured on FOB terms and at elevated commodity price level aiding to continued better margin performance
- ❑ Targeting Inflow of Rs 22,000 - 25,000 million in Fy'23 , largely on account of international export orders and rebound in Domestic T&D ordering
- ❑ Expect good traction in International TL orders to continue, While pending domestic TL ordering bids are expected to start getting awarded by Q3 / Q4'23
- ❑ Continuing efforts to further strengthen the international T&D order book ; positioned to grow exports to 50% of engineering revenue in current year (FY'23) and to 75 % by next year (FY'24)
- ❑ Productivity and cost reduction cost reduction initiatives at the plant and site level are expected to further improve efficiency in operations and aid to stable margins
- ❑ Implementation of TOC in both Engineering and Polymer business to significantly improve its working capital cycle and bottom-line profitability



### Shareholding pattern as on 31<sup>st</sup> October 22



### Major Institutional Shareholders As on 31<sup>st</sup> October 22

Name	%
Baillie Gifford - Pacific Horizon Investment Trust	4.3%
Ocean Dial Asset Management India (ICGF)	4.1%
Crux Global Fund	0.9%
Dovetail India Fund	0.6%



# Future Ready





## FOCUS ON GROWING EXPORTS

- **Optimistic outlook:** Positioned to grow exports to 50% of Engineering revenue in current year (FY'23) and to 75 % by next year (FY'24).
- **Opportunity-ready:** Certified by prominent international organizations for confidence-enhancing certifications
- **Established traction:** Working with over 100 Global EPC player ; Enlisted 10 Plus prominent customers in past 12 months
- **In House Design Capability:** With in-house design capability and human capital, we are able to add more value into the projects we bid, offering innovative, bespoke and cost-effective design solutions.
- **Creditable beginning:** first-time order and enquiries from USA, Germany, Spain, South Korea, Uruguay, Paraguay, Romania, Croatia, Mexico, Panama, Bolivia, Poland, Afghanistan, Russia, Australia and East / West African countries among others
- **Competitiveness:** Strong Anti-Chinese Sentiment and gradual decoupling from China is also causing many projects to seek alternative supply chains, giving further fuel to business potential coming our way.
- **Brand Positioning:** Our recently set up R&D Centre and Tower Testing Station have vastly improved our brand positioning in the export markets, helping us to be taken as a serious contender.

### International certifications

Certification	Country
CFE/LAPEM	Mexico
CWB	Canada & USA
DEWA	Dubai
ROHAS	Malaysia
CE CERTIFICATION	Europe
ACHILLES/STATNET	Nordics
Saudi Electric Company	Saudi Arabia
The Jordanian Electric Power Company Ltd	Jordan
RETIE	Colombia
EETC	Egypt
BPC	Bhutan
KETRACO	Kenya
TCN	Nigeria
NGCP	Philippines
DAST	European Union



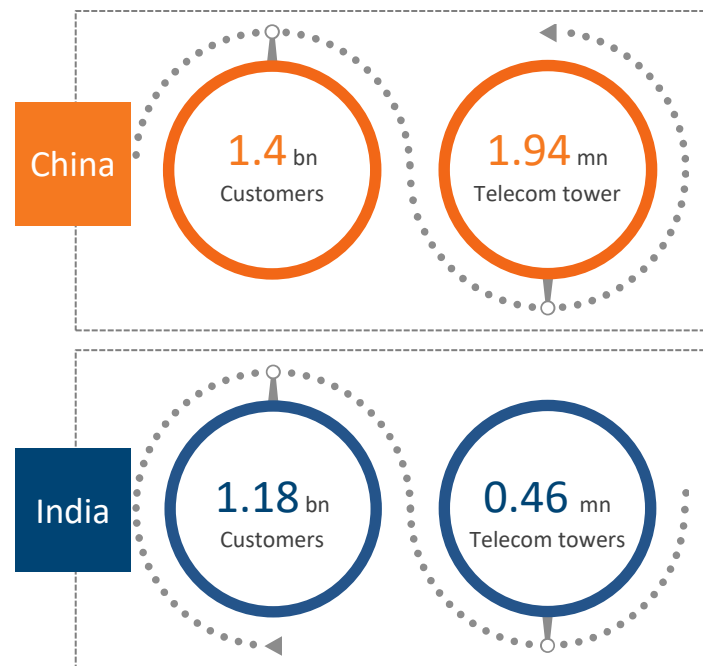
## **SKIPPER IS CLEARLY POISED TO BE IN THE WINNING SPOT IN THE INTERNATIONAL T&D SECTOR**

- Skipper is the highest accredited manufacturers in India for supplying to global markets
- Largest and lowest cost manufacturer out of India and one of the lowest globally
- In between 2005 – 15 Skipper supported multiple Indian non integrated T&D EPC Contractors (holding major market share) with low cost reliable Transmission Tower supplies (Towers are almost 50% of the value of any project).
- Currently replicating the same format in International markets with major International EPC contractors, helping them leverage their relations with the Utilities better
- Increase in approvals such as CWB (North America), CE & DAST (Europe), Lapem (Central America & Mexico), DEWA (Middle east), Achilles (Nordic countries) and Sirim (South East Asia) which gives it better access to T&D business in these regions. Continuously increasing , Utility approval list with more key utilities in the European markets



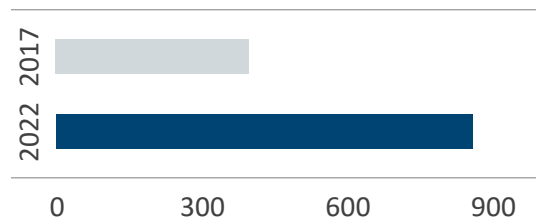
## TELECOM TOWER

- India needs around 800,000 additional towers to address digital growth and 5G Roll out
- National Telecom Policy aims to inspire \$100 bn investment in five years
- India's 30 per cent broadband penetration leaves large headroom
- Sector added 65,000 mobile towers in two years
- Expansion of 4G, 5G, Artificial Intelligence, Virtual Reality, Internet of things and M2M among others are driving the need for more towers

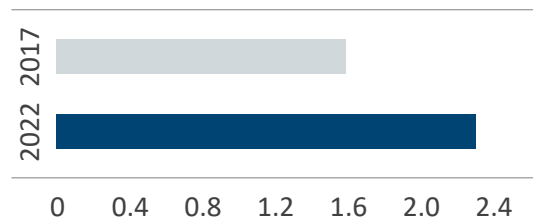


### INDIA ON THE CUSP OF MOBILE DATA EXPLOSION

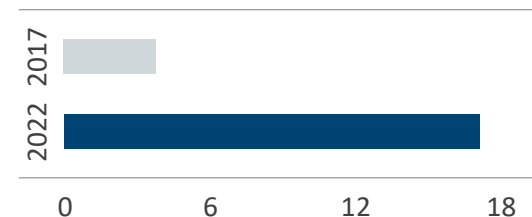
India's smartphone users has more than double by 2022 (in mn)



The number of connected devices will boom in India (in bn)



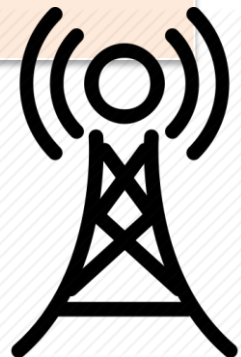
Average mobile data consumption per month in India (in gigabytes)





## SKIPPER IS CLEARLY SET TO BE IN THE WINNING SPOT IN THE TELECOM SECTOR

- Large engineering capacity to support manufacturing of Telecom structures
- Proximity to focus Telcos markets - East & North East
- Tie up with one of world's leading tower design company - Ramboll
- Long standing relationships with major telecos in India and abroad





## Skipper boasts of India 's largest Tower & Monopole Load Testing Station -

- All new large T&D projects in domestic markets now comes along with Design and Load testing scope;
- Our new R&D centre will give us distinct advantage over competition.
- Facility running at 100% capacity

## Few Power Transmission Towers & Monopoles tested at our Testing Station



765kV S/C Monopole



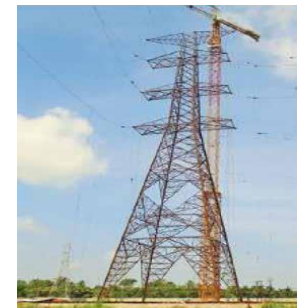
220kV Transmission Tower



765kV Transmission Tower



400kV D/C Quad Moose Monopole



500kV Transmission Tower

# Thank You

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*For any queries please contact:*

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