

# SKIPPER LIMITED

## INVESTOR PRESENTATION Q1 FY'23 Results



6<sup>th</sup> August, 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

**Revenues  
(FY'22)**

Rs13,218 mn

### Polymer products

#### Capacity: 51,000 MTPA

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



#### Highlights

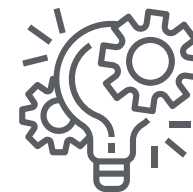
- Only polymer pipe company in India to implement TOC in its operations

**Revenues  
(FY'22)**

Rs3,200mn

### Infrastructure projects

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



#### Highlights

- Forward integration activity
- Aimed at high-margin projects

**Revenues  
(FY'22)**

Rs 652 mn

SKIPPER LIMITED  
Performance Update

# Q1 FY'23 Update





Rs in Mn

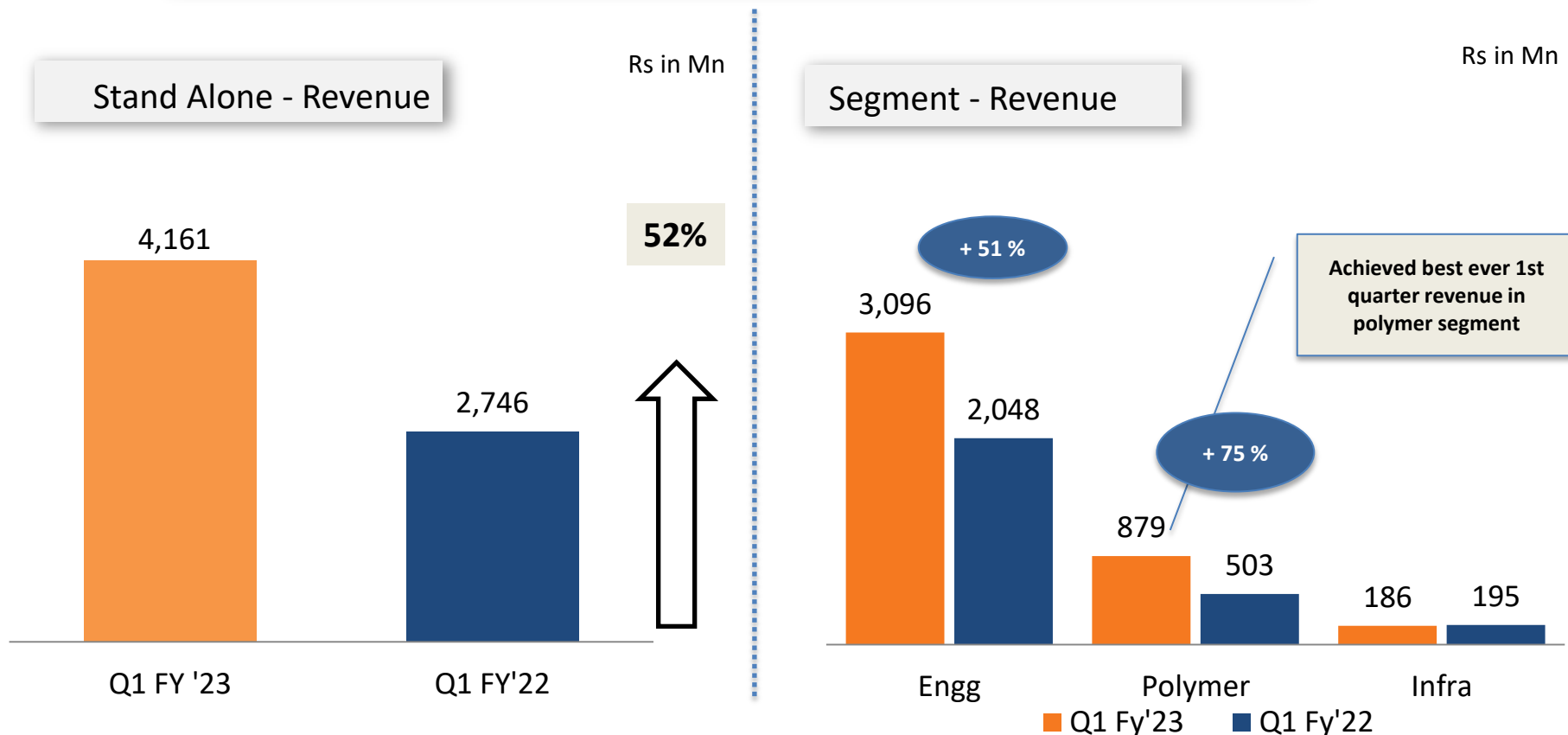
Sl	Profit & Loss Summary	Q1 FY'23	Q1 FY'22	Change %
1	Revenues	4,160.9	2,746.4	51.5%
2	<b>Operating EBITDA (without Forex)</b>	<b>490.9</b>	<b>118.3</b>	<b>315%</b>
	<b>% of Revenue</b>	<b>11.8%</b>	<b>4.3%</b>	<b>+750 Bps</b>
3	Depreciation	126.2	119.2	
4	Interest Expenses	240.4	198.3	
5	Other Income	11.5	8.9	
6	<b>Operating PBT (2-3-4+5)</b>	<b>135.8</b>	<b>(190.4)</b>	
7	Forex Gain / (Loss)	(132.5)	48.8	
8	Profit / (Loss) Before Tax (Reported PBT) (6+7)	3.3	(141.6)	
9	Tax	1.2	(48.4)	
10	Profit / (Loss) After Tax (Reported PAT) (8-9)	2.1	(93.2)	

Forex derivatives MTM gain / loss arising on account of sharp depreciation of rupee against USD has resulted mainly in decrease of profitability of the current year 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.



## Strong Revenue Performance across major business segments



- Engineering exports increased to Rs 1,640 mn (+ 255% over corresponding last year qtr & + 12 % over previous qtr )
- Revenue pie from Polymers increased from to 21 %

## 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 11.8% in compare to 4.3 % in Q1'22 and 10.9 % in Q4 '22
- ❑ The Operating margin of engineering business are back to their normal historical range, Achieved margin of 13.6% in Engineering segment and 6.9% in the polymer segment during the quarter

## Order Book Highlights

- ❑ Secured new order inflow of Rs 4,030 million during the quarter; Strong growth trajectory in Non T&D product business and international markets
- ❑ Highest ever Bidding Pipeline - Actively pursuing projects worth Rs 45,000 million on international front and about Rs 55,000 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

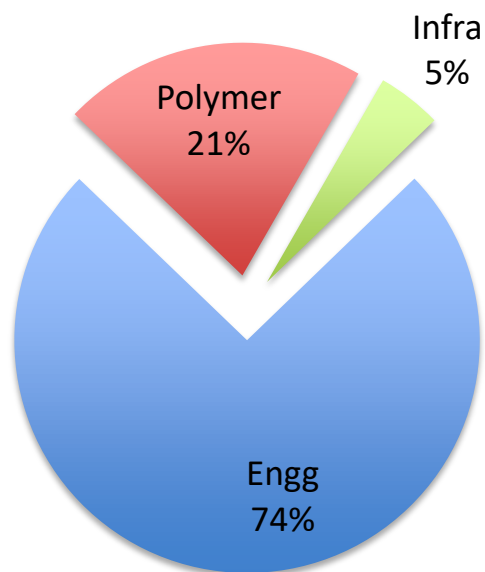
- ❑ The company's strategy of broad basing its portfolio to include a higher proportion of Non T&D products like Solar, Railways, Telecom and Fasteners have started yielding good results and is helping us to derisk our exposure in T&D.
- ❑ Share of Non T&D Products in overall order book has increased to 14%
- ❑ Forayed into the manufacturing of Crash Barrier system ; Secured its first order during the quarter
- ❑ Plants operating with strict COVID-19 protocols with contingency planning; Health and safety of employees and partners remains key focus area for the company





## Segment Performance Q1FY'23

Rs in Mn



Revenue Mix – Q1 FY'23

Segment	Profit & Loss Summary	Q1 FY'23	Q1 FY'22	Change %
Engg Products	Net Sales	3,096.1	2,047.5	51.2%
	EBITDA - Operating	421.0	111.6	277.2%
	% of Sales	13.6%	5.5%	
PVC Products	Net Sales	878.8	503.0	74.7%
	EBITDA - Operating	60.7	3.8	1497.4%
	% of Sales	6.9%	0.8%	
Infra Projects	Net Sales	185.9	195.9	-5.1%
	EBITDA - Operating	9.5	2.9	227.2%
	% of Sales	5.1%	1.5%	
Total	Net Sales Total	4,160.9	2,746.4	51.5%
	EBITDA Total	491.2	118.3	315.2%
	% of Sales	11.8%	4.3%	

**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**



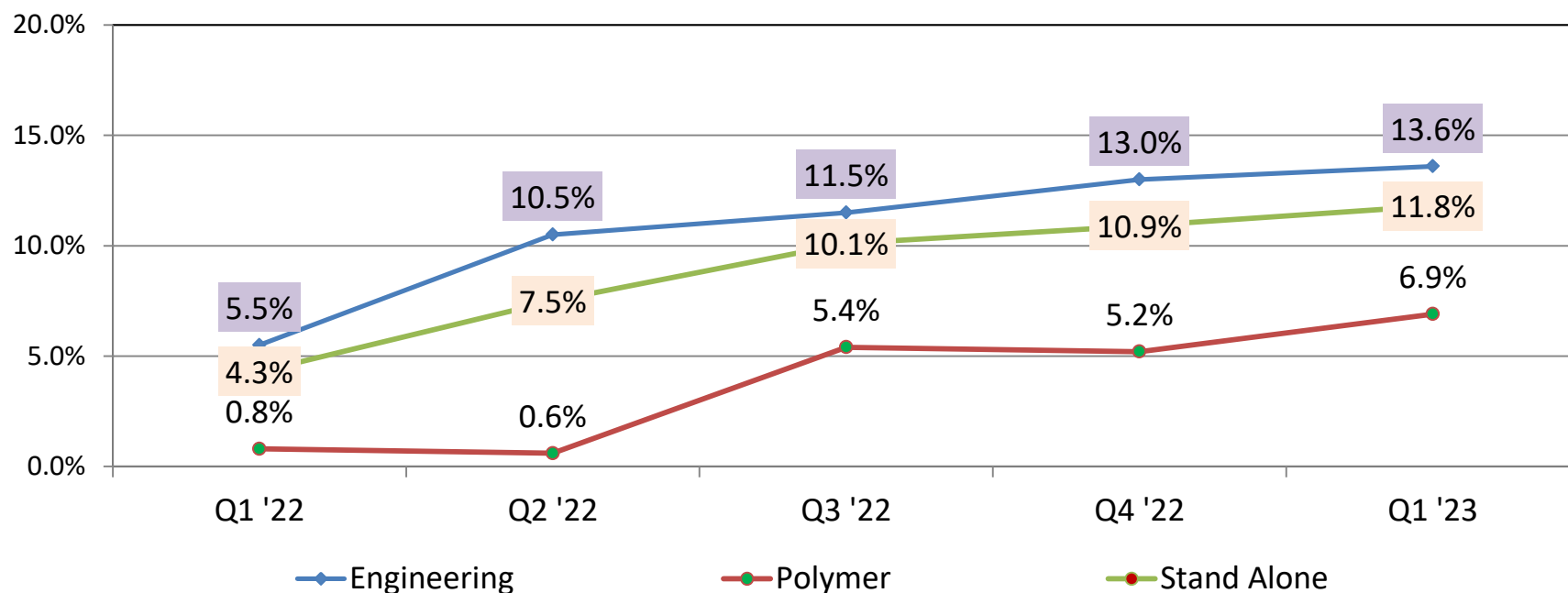
## Q1 Fy'23 EBITDA Margin improved on account of -

- ❑ Increased share of 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;
- ❑ Polymer segment attaining Scale and Size, getting benefited from fixed cost getting rationalised over larger revenue base.
- ❑ Raw material price volatility & container unavailability continues to remain a challenge, company is taking adequate measures to mitigate the same

**Going forth 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**



## Op. EBITDA Margin (without Forex)

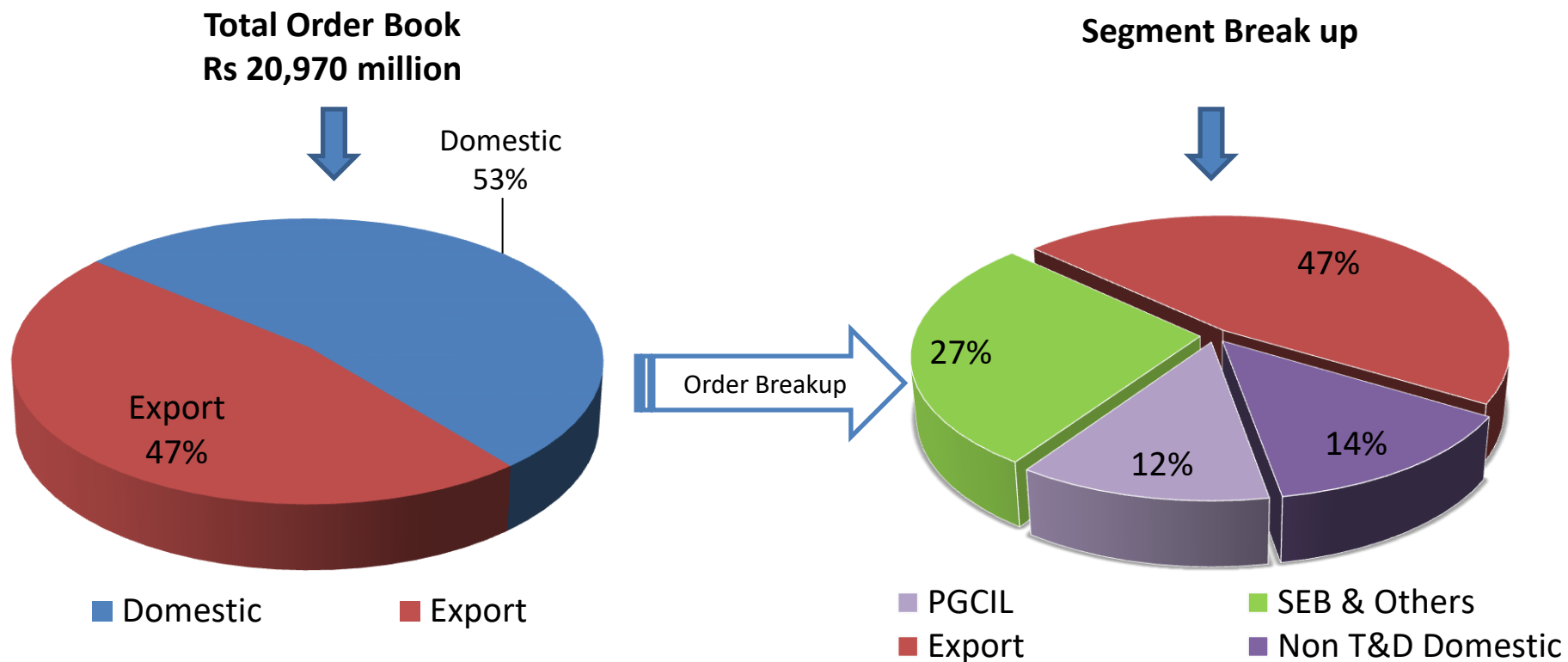


- Engineering EBITDA margin are back to its normal range , Clocked the desired range for consecutive quarters
- Polymer Margin at Multi year high level of 7% in Q1 FY'23 on account of operational consolidation and TOC benefits.

Note: Segment EBITDA is net of Forex and includes allocation of un-allocable expenditure in pro-rata share of its sales



## Engineering Products – Order Book Composition – June 2022



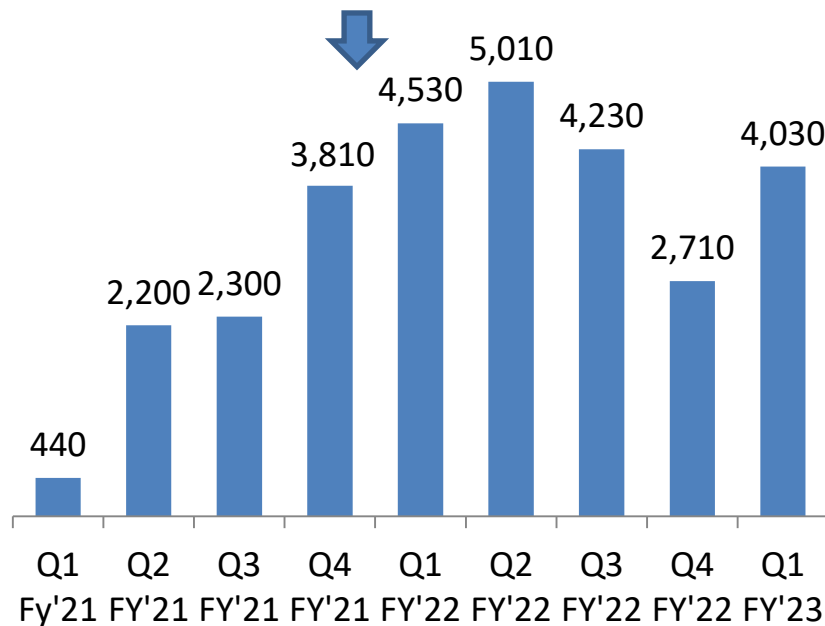
Non T&D Products - Telecom, Railways, Solar, Fasteners & other Steel Structural items



## Engineering Products – Order Inflow Composition

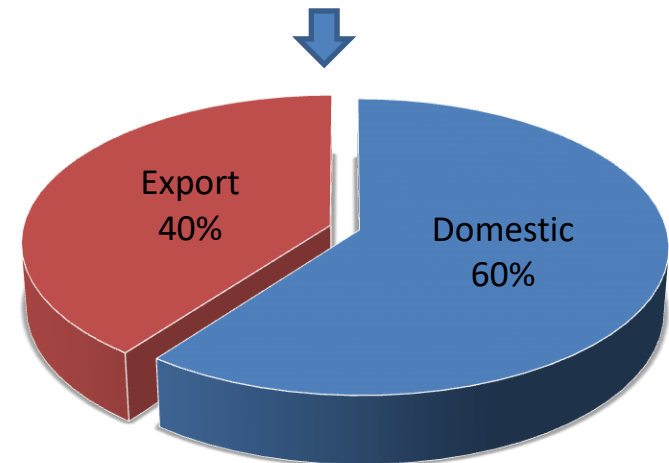
- New Order Intake of Rs 4,030 million in Q1 FY'23 for engineering products supply from PGCIL, SEB's , Asia Pacific & LATAM Export markets and Non T&D products (Telecom, Railways, etc)
- T&D Order Book well diversified between Power Grid, Domestic SEB / Private players and international
- Strong growth trajectory in Telecom & Railway Business; Share of Non T&D products at 14% in overall order book
- The commodity prices have harmonized recently resulting in finalization and awarding of long pending order with them.

### Qtr Wise - Consistent Inflow Trend



Q1'23 Inflow Composition

### Q1 FY'23 Inflow Composition Rs 4,030 million





**Highest Ever Bidding Pipeline of 100,000 Million as on 30<sup>th</sup> June 2022;  
International – 45,000 Mn & Domestic - 55,000 Mn**

- Expecting International Ordering & Execution to gain pace ;
- 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 ; will bring 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 55,000 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

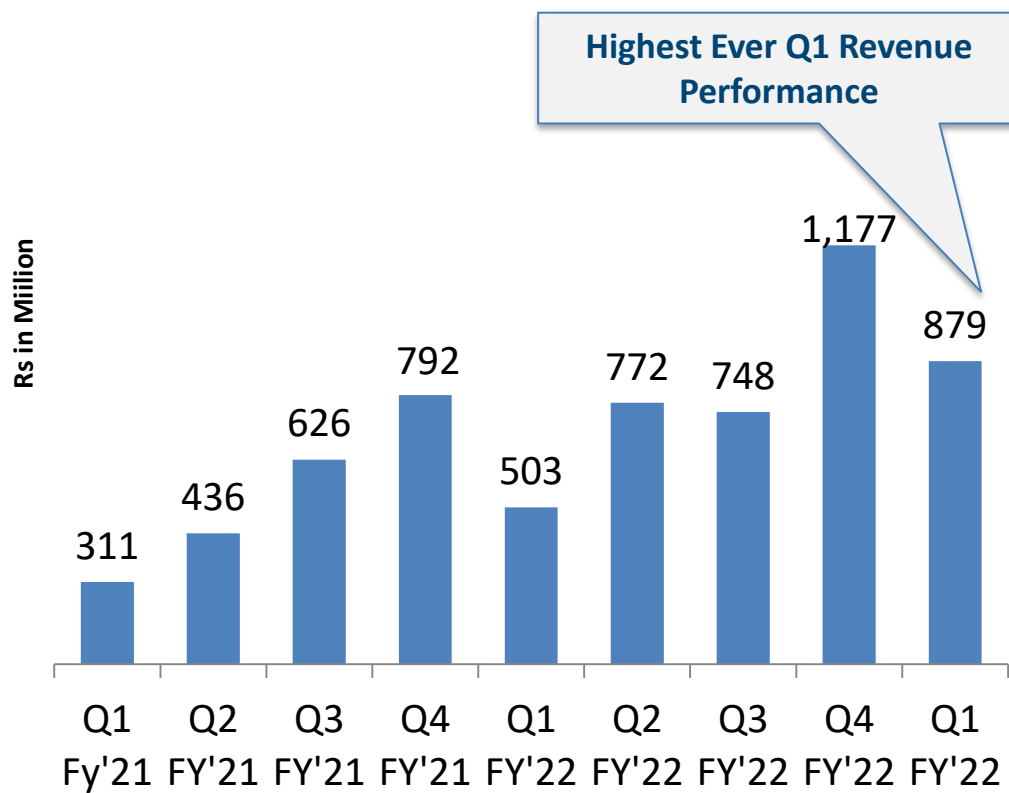
### Quality certifications

- 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



## Polymer – Improving Revenue Performance

TTM Revenue of Rs 3,576 million



## Major Highlights

- ❑ Only Polymer Pipe company in India to implement TOC into its operation
- ❑ Growing National Presence ;
- ❑ Deriving 77 % of overall revenue through TOC channel network in Q1'23
- ❑ Added 2,648 New Retailer Touch point in the current quarter
- ❑ Total Retailer Touch points in excess of 26,900 plus (nos) in June '22; increased 10(X) fold in last 2 year period
- ❑ Total Monthly Billed Retailers of 5,000 plus (nos)
- ❑ Focus on Plumbing Portfolio; 70 :30 Revenue mix share of Plumbing: Agriculture





## 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

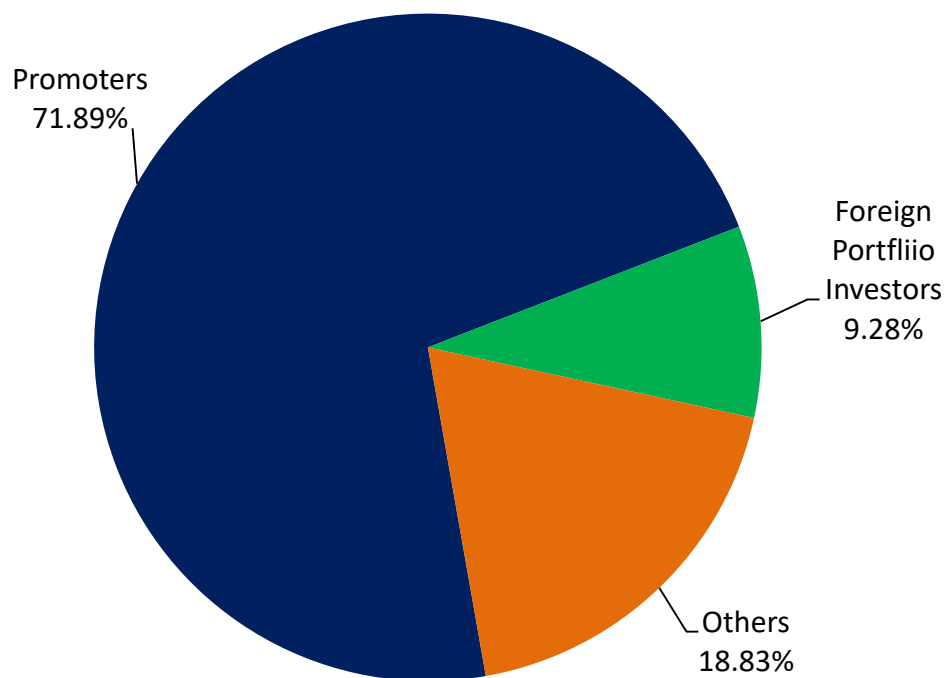


## PERFORMANCE OUTLOOK

- ❑ 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 Q2 / Q3'23
- ❑ 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 30<sup>th</sup> June 22



### Major Institutional Shareholders As on 30<sup>th</sup> June 22

Name	%
Baillie Gifford - Pacific Horizon Investment Trust	4.31%
Ocean Dial Asset Management India (ICGF)	4.08%
Dovetail India Fund	0.63%



# 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'23).
- **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



## 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 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



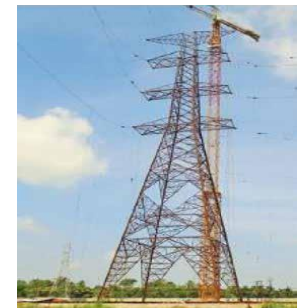
220kV Transmission Tower



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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