

SKIPPER LIMITED

INVESTOR PRESENTATION Q3 & 9M FY'23 Results



4th February, 2023

DISCLAIMER

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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



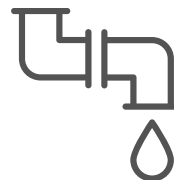
Highlights

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

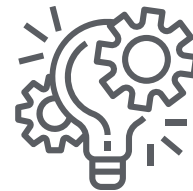


Highlights

- 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

Q3 & 9M FY'23 Update





Sl	Profit & Loss Summary	Q3 FY'23	Q3 FY'22	YoY Change %	Q2 FY'23	QoQ Change %
1	Revenues	4,448.5	4,005.0	11.1%	4,620.0	-3.7%
2	Operating EBITDA (without forex & JV)	497.2	406.4	22.3%	519.7	-4.3%
	Operating EBITDA Margins (%)	11.2%	10.2%	+ 103 Bps	11.2%	
3	(+) Other Income	12.2	10.6		11.7	
4	(-) Depreciation	113.6	121.7		114.0	
5	(-) Finance Cost	257.5	228.1		225.4	
6	Operating Profit Before Tax (2+3-4-5)	138.3	67.3	105.6%	192.0	-28.0%
	Operating PBT Margins (%)	3.1%	1.7%	+140 Bps	4.2%	-100 Bps
7	Forex Gain / (Loss)	(44.0)	68.8		(121.6)	
8	Share of Profit / (Loss) of JV	23.9	(11.2)		(15.2)	
9	Profit Before Tax (Reported PBT)	118.2	124.9	-5.3 %	55.2	+ 114 %
10	Tax	23.2	51.5		25.3	
11	Profit After Tax (Reported PAT)	95.1	73.4	29.5 %	29.9	+218 %

Forex derivatives MTM loss (Rs – 44.0 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 + 68.8 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.



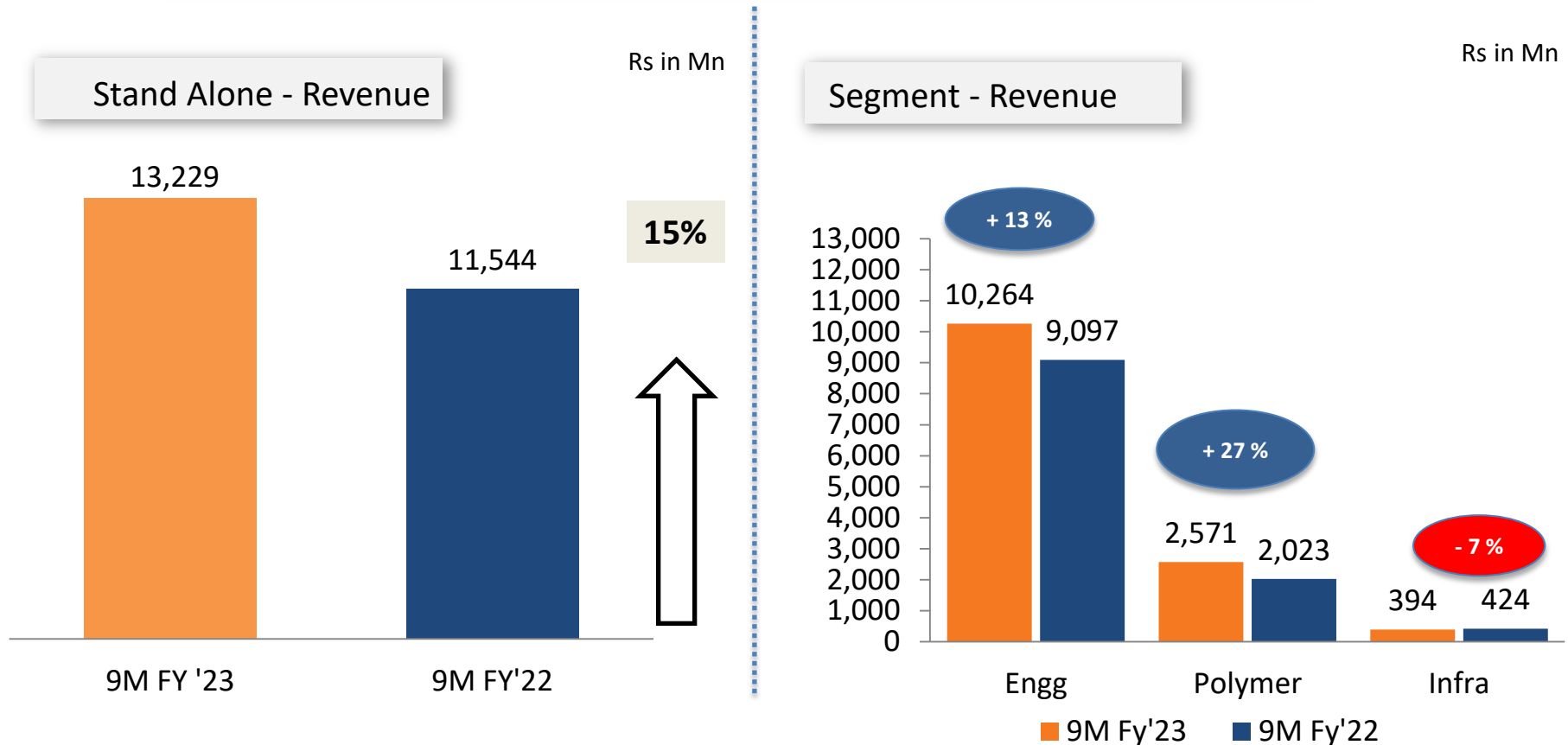
				Rs in Mn
Sl	Profit & Loss Summary	9M FY'23	9M FY'22	Change %
1	Revenues	13,229.4	11,544.3	14.6%
2	Operating EBITDA (without Forex & JV)	1,507.7	882.9	70.8 %
	% of Revenue	11.4%	7.7 %	+370 Bps
3	(+) Other Income	35.4	29.5	
4	(-) Depreciation	353.8	362.8	
5	(-) Finance Cost	723.2	675.9	
6	Operating PBT (2+3-4-5)	466.1	(126.3)	
7	Forex Gain / (Loss)	(298.1)	178.7	
8	Share of Profit / (Loss) of JV	0.1	(29.0)	
9	Profit / (Loss) Before Tax (Reported PBT)	168.1	23.4	620 %
10	Tax	49.6	17.5	
11	Profit / (Loss) After Tax (Reported PAT)	118.5	5.9	1920 %

Forex derivatives MTM loss (**Rs – 298.1 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 + 178.7 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



- Engineering exports almost doubled to Rs 4,970 mn (+ 96 % over corresponding last year period)
- Revenue pie from Polymers products increased to 19 % of overall business

Key Performance Highlights

- ❑ Strong revenue performance across major business segments in spite of inflationary cost push and geo-political related challenges; achieved growth of 11 % over previous year quarter and 15% growth in 9M period.
- ❑ Stand Alone Operating EBITDA margins improved to 11.2 % in compare to 10.2 % in Q3'22 and 11.4 % in 9M Fy'23 against 7.7 % in 9M Fy'22
- ❑ Engineering Segment Operating EBITDA margins improved to 13.3 % in compare to 11.5 % in Q3'22 and 13.5 % in 9M Fy'23 against 9.7 % in 9M Fy'23 ; Clocked the desired margin range now for the last many quarters.
- ❑ Improvement continues on back of better quality contracts and 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:
- ❑ Export sales of 4,970 million in 9M Fy'23, achieved growth of 85 % over previous year quarter and 96 % growth in 9M period.
- ❑ Export share in overall engineering revenue stood at 51 % in Q3 Fy'23 and 48 % in 9M Fy'23.
- ❑ Our JV “**Skipper-Metzer India LLP**” (50:50) engaged in the business of manufacturing of drip and micro irrigation systems has turned profitable and reported a PBT of Rs 47 million during the quarter, the consolidated Financial Results (CFS) results includes our portion of the same.

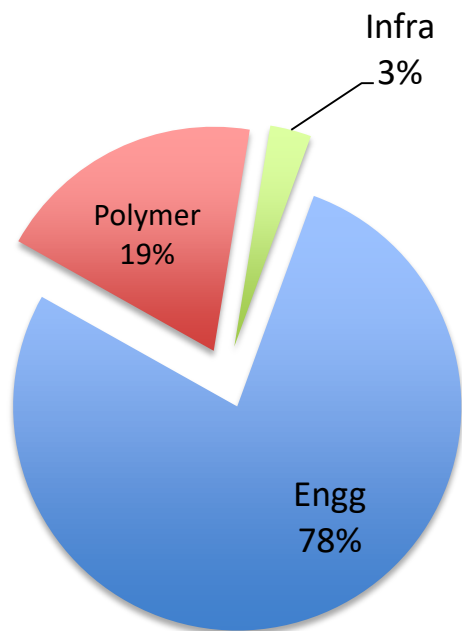
Order Book Highlights

- ❑ Secured Our largest single order win valuing Rs 25,700 million from Bharat Sanchar Nigam Ltd. (BSNL) for Supply and erection of Ground Based Telecom Towers, and subsequent O&M for 5 years extendable to 5 more years in the uncovered villages of India under 4G saturation projects.
- ❑ Secured new order inflow of Rs 28,640 million during the quarter and YTD inflows of 37,270 million;
- ❑ The closing order book as on 31st Dec 2022 stands at 47,050 million which is the highest ever in company's history and is well diversified across sector and segments.
- ❑ Bidding Pipeline continues to remain strong - Actively pursuing projects worth Rs 52,000 million on international front and about Rs 31,200 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.
- ❑ Share of Non T&D Products (Railways & Telecom) in overall order book has increased to 58 %.
- ❑ The company's strategy of broad basing its portfolio to include a higher proportion of Non T&D products like Railways & Telecom have started yielding good results and is helping us to de-risk our exposure in T&D.



Segment Performance Q3 & 9M FY'23

Rs in Mn



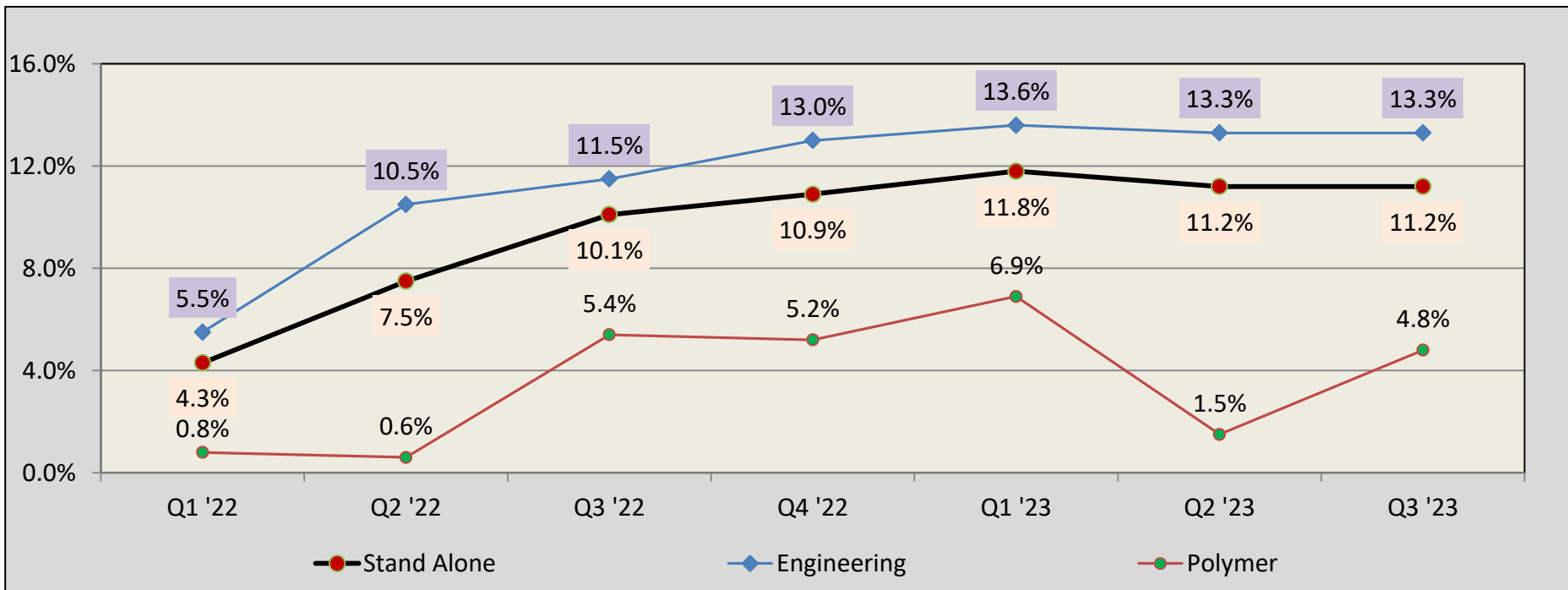
Segment	Profit & Loss Summary	Q3 FY'23	Q3 FY'22	Change %	9M FY'23	9M FY'22	Change %
Engg Products	Net Sales	3,369.8	3,105.5	8.5%	10,264.4	9,096.8	12.8%
	EBITDA - Operating	447.9	356.5	25.6%	1,374.6	881.2	56.0%
	% of Sales	13.3%	11.5%		13.4%	9.7%	
PVC Products	Net Sales	979.8	748.2	31.0%	2,571.5	2,023.0	27.1%
	EBITDA - Operating	46.9	40.4	16.1%	117.6	49.1	139.6%
	% of Sales	4.8%	5.4%		4.6%	2.4%	
Infra Projects	Net Sales	98.9	151.3	-34.6%	393.6	424.6	-7.3%
	EBITDA - Operating	2.2	9.5	-76.8%	15.5	(47.4)	
	% of Sales	2.2%	6.3%		3.9%	-11.2%	
Total	Net Sales Total	4,448.5	4,005.0	11.1%	13,229.4	11,544.3	14.6%
	EBITDA Total	497.0	406.4	22.3%	1,507.7	882.9	70.8%
	% of Sales	11.2%	10.1%		11.4%	7.6%	

Revenue Mix – 9M FY'23

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



Consistent & Improved Operating Margin Performance

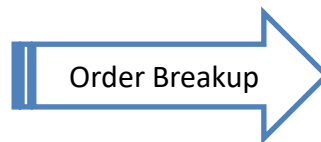
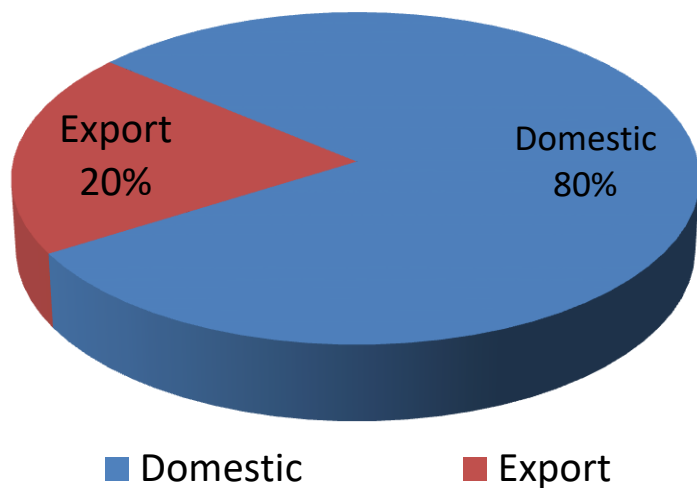


- Engineering margin have been consistent and in excess of 13% plus for the last 4 quarters, Going forth also, we see a consistent margin performance from this business on back of newer contracts getting executed and secured at elevated commodity price level and rising share of international business.
- Stand Alone Margins to get better with expected increase in engineering execution on both international and domestic front and stronger polymer & EPC segment performance going forth

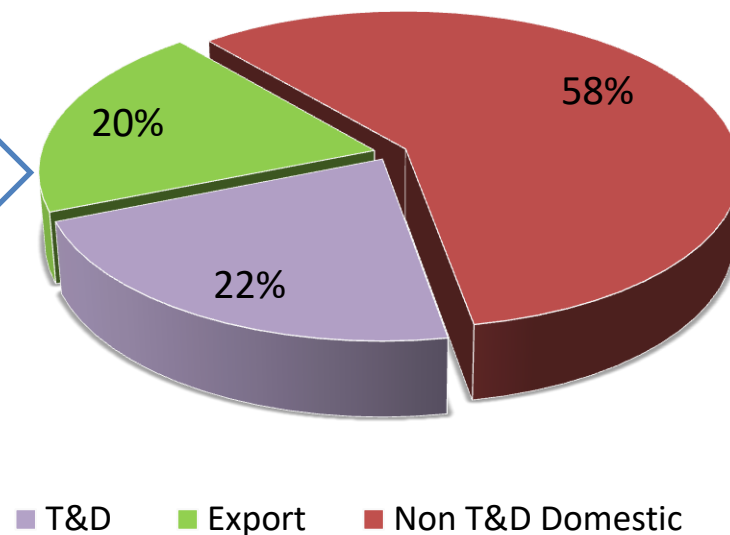


Engineering Products – Order Book Composition – Dec 2022

**Total Order Book
Rs 47,050 million**



Segment Break up

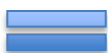


Non T&D Products - Telecom, Railways, Solar, Fasteners & other Steel Structural items, including BSNL 4G Saturation project works order of Rs 25,700 mn



Secured fresh new order valuing Rs 25,700 million from BSNL

Total Order Size
Rs 25,700 Million



CAPEX Model (60%)
Rs 15,420 Million



OPEX Model (40%)
Rs 10,280 Million

Scope

Supply and erection of Ground Based Telecom Towers, Infrastructure as a Service Provider (IaaSP) for supply, installation of Infrastructure Items and subsequent O&M for 5 years extendable to 5 more years in the uncovered villages of India under 4G saturation projects.

Circle States

Rajasthan and Orissa

Development Sites

3,350 Plus Tower Location Sites

O&M (Years)

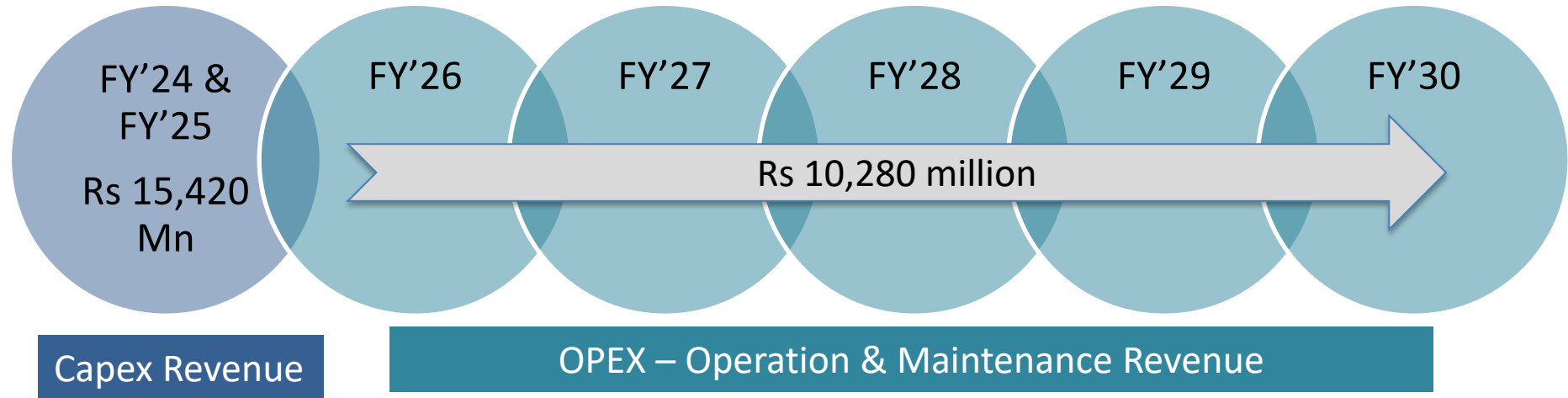
Initial 5 years, Further extendable scope of additional 5 more years

Funded by

Government of India, USOF (Universal Service Obligation Fund) - Rs 55,000 Crores strong cash reserves meant for providing connectivity in rural and remote areas.



Indicative - Revenue Execution Timeline



- Capex Value Portion is expected to be executed over the next 2 Financial years (FY'24 & FY'25)
- Sticky O&M Revenue of Rs 10,280 Mn spread over FY'26- FY'30
- Captive manufacturing of telecom structures and decades of experience in building Tower sites on turnkey basis will vastly complement the execution of this prestigious project



**Mr Sajan Kumar Bansal, Managing Director, Skipper Ltd ,
Speaks on our largest order win ever and historic achievement –**

“ We are glad that we are playing a crucial role and contributing our bit towards India’s infrastructure development and proud to be part of government vision to provide mobile connectivity in rural areas. The project will promote the delivery of various e-governance services, banking services, telemedicine, tele education etc through mobile broadband and promote employment in rural areas”

*“ Our Company is the largest manufacturer of Telecom Tower in India, Backed by our forte in executing projects for the Telecom sector; this is another significant win for us. Our large engineering capacity to support captive manufacturing of telecom structures and decades of experience in building Tower sites on turnkey basis will vastly complement the execution of this prestigious project and **will establish our company as a front runner in this domain.** ”*



Some positive development on the government policy front which will have a positive bearing on the company's growth and performance:

- ❑ **Restoration of RODTEP Scheme** in our Engineering Product business, will boost our export competitiveness and potentially improve our operational performance.
- ❑ The company will get benefitted from **India and Australia free trade agreement (FTA)**, our engineering products are now eligible to enjoy preferential market access and duty structure, this will boost our export competitiveness and future growth prospects.
- ❑ Government Launches “**Transmission System Plan for integration of over 500 GW Renewable capacity by 2030**” entails connecting mega solar parks and wind power zone with National Grid System and will see an investment of Rs 2.44 trillion in domestic transmission projects and construction of over 50,890 Ckm of new transmission lines.
- ❑ **The Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh**, spanning across 900 Ckm to be constructed with an investment of Rs 20,700 crores , This renewable energy transmission line project was put under the “green growth” priority sector in the recent budget announcement.
- ❑ Initiatives undertaken in recent budget (Fy'24) announcement to boost affordable housing will help in igniting better demand for plumbing & sanitary pipes - The capital outlay for the **Pradhan Mantri Awas Yojana (PMAY)** housing project has been increased by 66pc on the year to over Rs790bn, and by 17pc for the **Jal Jeevan Mission drinking water project** to Rs700bn



Bill Gates 

Co-chair, Bill & Melinda Gates Foundation
1w

GatesNotes THE BLOG
OF BILL GATES

The surprising key to a clean energy future

If you care about climate change, you should care about transmission.

By **Bill Gates** | January 24, 2023 • 5 minute read

“Transmission is key to our clean energy future. If we address the barriers standing in the way of that future, it will lead to lower emissions, cleaner air, more jobs, fewer blackouts, more energy and economic security, and healthier communities across the country ..

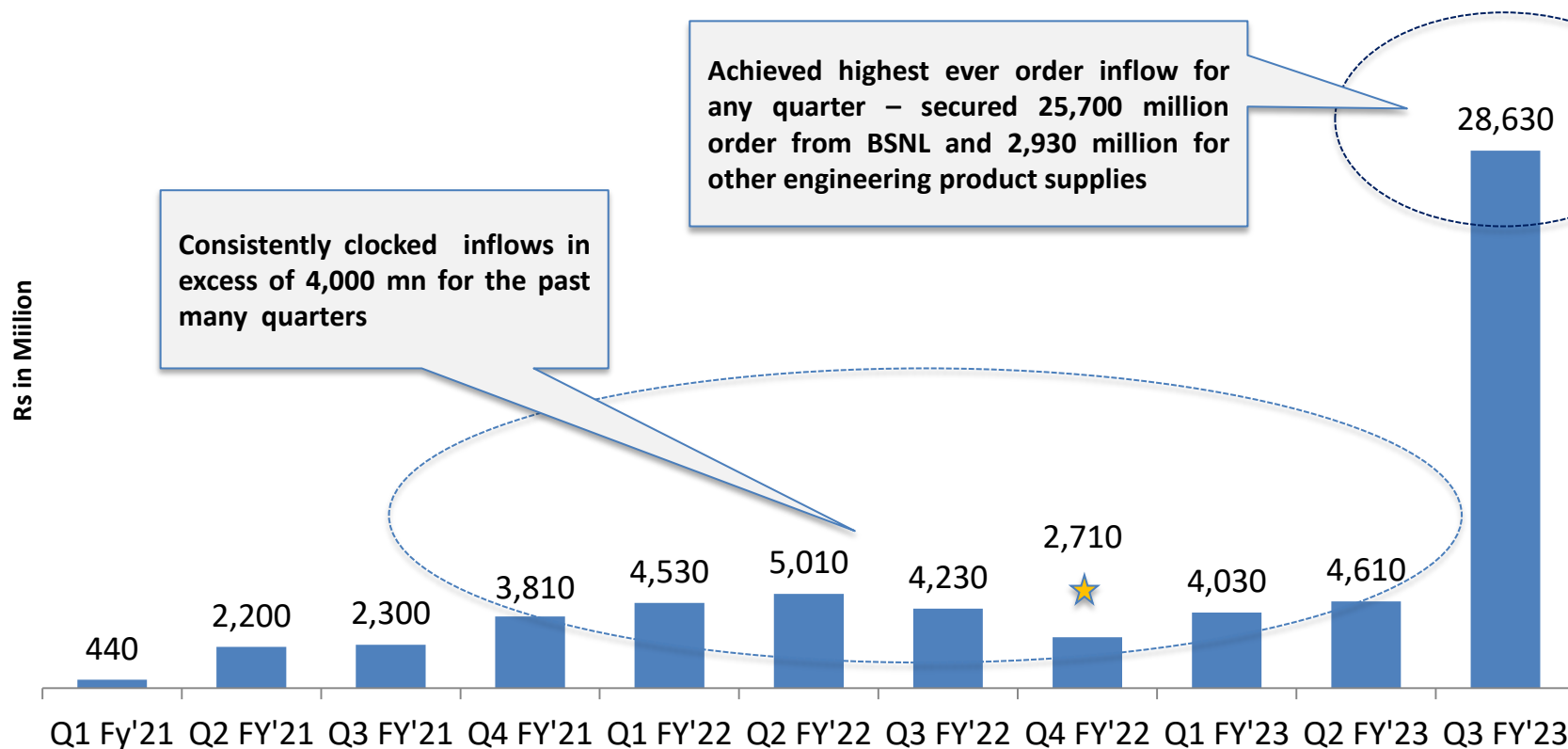
Link to the full article -

[The surprising key to a clean energy future | Bill Gates \(gatesnotes.com\)](https://gatesnotes.com/The-surprising-key-to-a-clean-energy-future)



Consistent & Rising Order Inflow Trend

9M '23 YTD inflows - Rs 37,270 mn
9M '23 Export Inflow - Rs 4,780 Mn



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



**Strong Bidding Pipeline of 83,200 Million as on 31st Dec 2022;
International – 52,000 Mn & Domestic - 31,200 Mn**

- **Expecting International Ordering & Execution to gain further pace in Q4 '23 / Q1'24 ;**
- **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**

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, 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.
- ✓ Ahead of the rollout of the high speed 5G / 4G 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

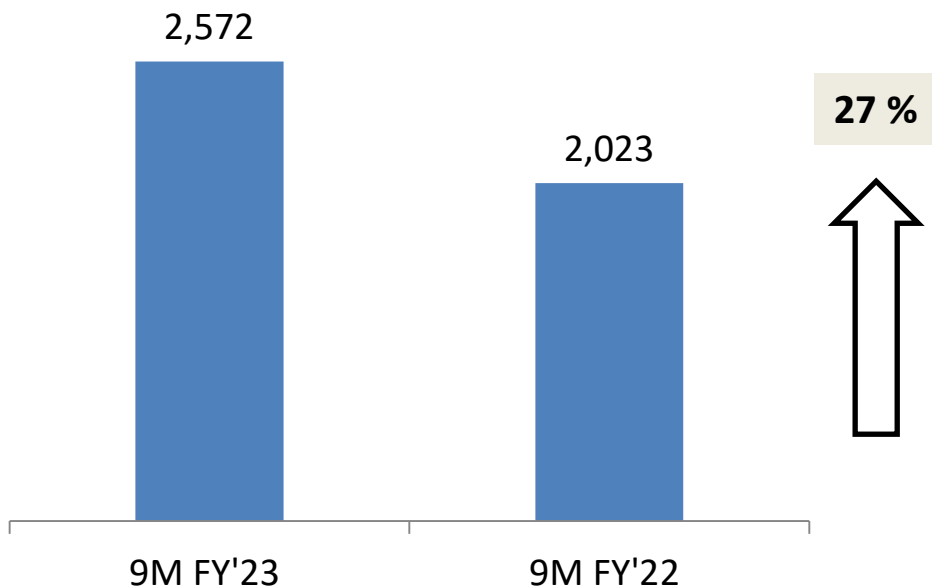
- Partnering benefits:
- Exponential Sales Growth & Gain in Market Share
- Robust Processes & Systems in place to improve profitability
- Consistent availability of entire range of products at billing points
- Improvement in working capital cycle and reduction of inventory days
- Gain of more output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



Polymer – Improving Revenue Performance

TTM Revenue of Rs 3,749 million

Rs in Million



Major Highlights

- ❑ Only Polymer Pipe company in India to implement TOC into its operation
- ❑ Growing National Presence ;
- ❑ Deriving 75 % of overall revenue through TOC channel network
- ❑ Engaging with more than 30,000 retail sales touch points across the country and planning to double the same over the next 2 years.
- ❑ Adding more products into our portfolio offerings ; Received good response from the marketplace for our recently launched new products like CP Bath Fittings & Accessories and Water storage tanks.
- ❑ Focus on Plumbing Portfolio; 70 :30 Revenue mix share of Plumbing: Agriculture

Skipper Polymer Pipes is a growing National Brand with expanding reach and consistent market share gains taking shape, the business is set for rampant growth over the next couple of years.

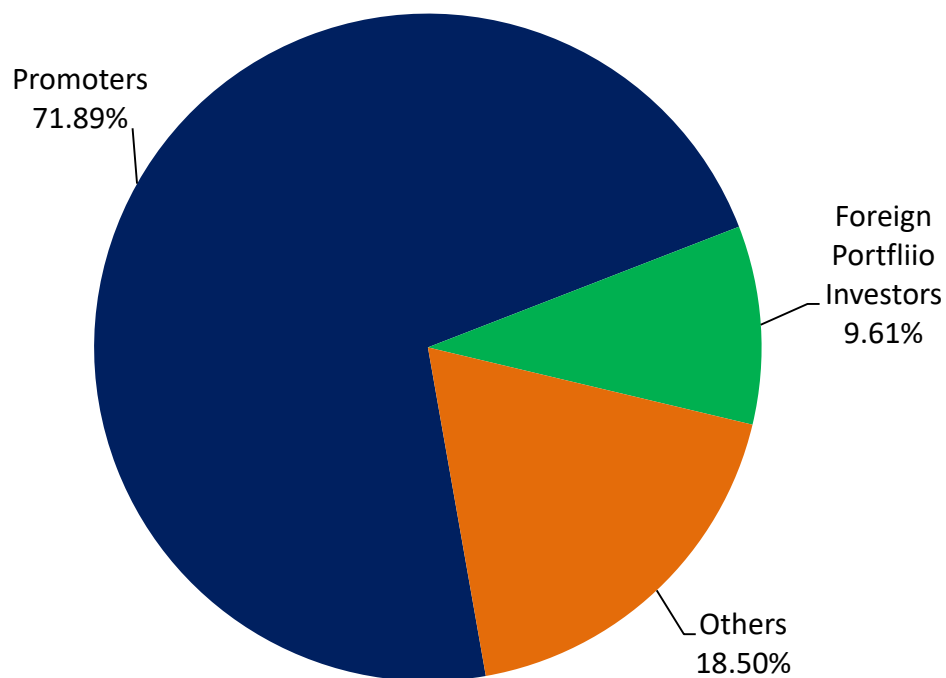


PERFORMANCE OUTLOOK

- ❑ Company expects to clock revenue growth in excess of 25% CAGR for the next 3 financial years on back of strong pending execution of BSNL 4G Saturation project works and engineering contracts and strong polymer segment performance ;
- ❑ Diversification into international markets and sectors will help us to pick choose higher margin order coming our way and provide us an opportunity to be spoilt for choices across the sectors, aiding to continued better margin performance, improved bottom-line profitability and capital return ratios.
- ❑ 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)
- ❑ Expect good traction in International TL orders to continue, While pending domestic TL ordering bids are expected to start getting awarded by Q4'23 / Q1'24
- ❑ Productivity and cost reduction initiatives at the plant and site level are expected to further improve efficiency in operations and aid to stable margins



Shareholding pattern as on 31st December 22



Major Institutional Shareholders As on 31st December 22

Name	%
Baillie Gifford - Pacific Horizon Investment Trust	4.3%
Ocean Dial Asset Management India (ICGF)	3.5 %
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



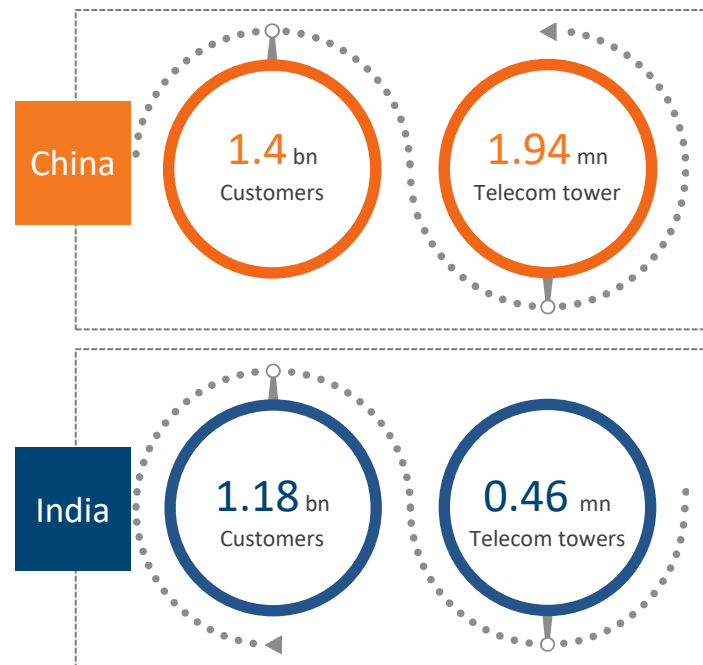
SKIPPER IS CLEARLY POISED TO BE IN THE WINNING SPOT IN THE INTERNATIONAL T&D SECTOR

- 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



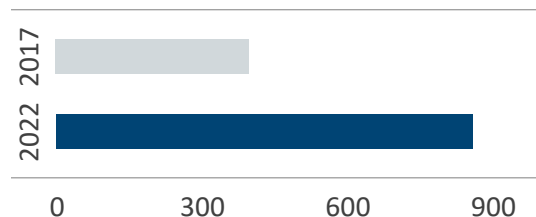
TELECOM TOWER

- 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
- Expansion of 4G, 5G, Artificial Intelligence, Virtual Reality, Internet of things and M2M among others are driving the need for more towers

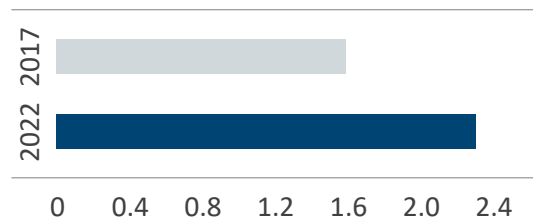


INDIA ON THE CUSP OF MOBILE DATA EXPLOSION

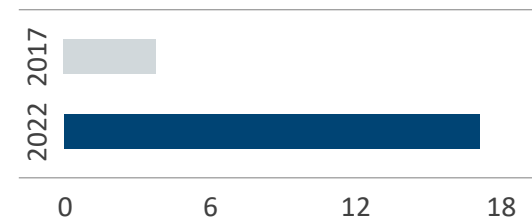
India's smartphone users has more than double by 2022 (in mn)



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



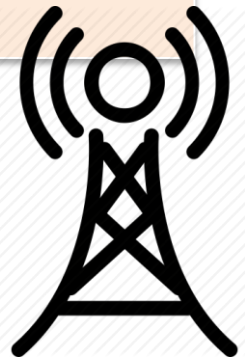
Average mobile data consumption per month in India (in gigabytes)





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



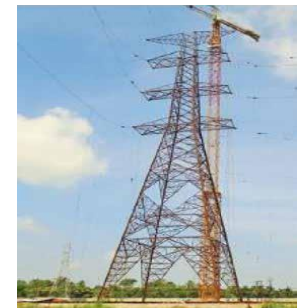
220kV Transmission Tower



765kV Transmission Tower



400kV D/C Quad Moose Monopole



500kV Transmission Tower

Thank You

For any queries please contact:

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