

- **Century Plyboards delivered record-high consolidated revenue of INR745cr in Q4FY21 (up 12.9% QoQ), led by healthy performance across segments. On a consolidated basis, revenue/EBITDA/PAT in Q4FY21 grew 40.5%/86%/139.7% YoY (significantly above est. by 15.9%/12.2%/27.9%)**
- **Consolidated gross profit came in at INR376cr. Gross margin contracted by 160bps to 50.4%, mainly due to higher raw material prices.**
- **Consolidated EBITDA stood at INR126cr. Despite the contraction in gross margin, EBITDA margin improved significantly by 420bps YoY to 16.9% (v/s est. 17.4%), mainly due to lower employee expense (down 280bps YoY) and other expenses (down 290bps YoY). However, on a sequential basis, EBITDA margin contracted by 180bps due to rise in overhead expenses.**
- **The company reported record-high quarterly PAT of INR87cr in Q4FY21, aided by higher other income (INR10cr in Q4FY21 v/s INR1cr Q4FY20) and lower finance cost (down 61.0% YoY). With businesses opening across the country and traction in home improvement products, we are optimistic of the sector's growth over the next few years. Maintain 'BUY' rating.**

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CMP INR: 414
Rating: BUY
Target Price INR 469
Upside: 13%

Plywood segment seeing market share gains

Plywood (contributing ~54% of total sales) reported robust growth of 43.3%, led by strong 38.5% YoY volume growth and 3.4% YoY increase in realisation (due to an uptick in demand with markets opening). Plywood margins improved by 470bps to 12.8%, primarily supported by 80bps expansion in gross margin to 29.9%.

MDF and Laminates continue robust performance

MDF segment (contributing ~16% of total sales) continued to see growth traction as revenues increased 38.1% YoY, primarily on account of 23.7% YoY volume growth and 11.6% rise in realisation. Gross margin improved 130bps YoY to 40.8%. This was reflected in EBITDA margins as well, which improved by 680bps YoY to 26.8%.

Laminates (contributing ~20% of total sales) segment reported robust performance with revenue surging 45.4% YoY to INR151cr, led by strong 38.1% volume growth and healthy 5.3% YoY improvement in realisation. EBITDA margin expanded 800bps YoY to record-high 23.4%, on account of higher gross margin (up 610bps YoY) due to lower raw material costs.

Outlook and valuations: Maintain 'BUY'

The company reported record sales and profitability in Q4FY21 across segments, led by strong improvement in demand. This was due to markets opening and rollout of the vaccination program, which boosted sentiment across the country. However, growth momentum was negatively impacted by the second wave of Covid-19 and substantially affected revenue and profitability in Q1FY22. With the market consolidating, we expect the company to gain further market share, especially in MDF and Laminate segments. Further, Century Plyboards has reduced its borrowings to INR109.49cr and has become a net cash company (INR81.1cr). Its working capital cycle stands at 69days. We have revised our earnings estimates upwards for FY22E/FY23E by 11%/25%. We maintain our 'BUY' rating with a revised target price of INR469 (INR376 earlier), valuing the stock at 30x FY23E earnings (average 1-year P/E over last five years stands at 30x).

Bloomberg:	CPBI:IN
52-week range (INR):	102 / 447
Share in issue (cr):	22
M cap (INR cr):	9,305
Promoter Holding (%)	73.05

Particulars (INR cr)	Q4FY21	Q4FY20	% change	Q3FY21	% change	FY21	FY20	% change
Net sales	745	530	41%	660	13%	2,130	2,317	-8%
EBITDA	126	67	86%	124	2%	336	331	1%
Margin	16.9%	12.7%		18.7%		15.7%	14.3%	
Adj PAT	87	36	140%	66	32%	188	122	54%
Margin	11.7%	6.8%		10.0%		8.8%	5.3%	
Dil. EPS (INR)	3.9	1.6	140%	3.0	32%	8.6	5.6	52%
Diluted P/E (x)						48x	73x	
EV/EBITDA (x)						28x	29x	
ROCE (%)						20.1	18.7	

Date: June 14, 2021

Particulars (INR cr)	Q4FY21	Q4FY20	% change	Q3FY21	% change	FY21	FY20	% change
Income from operations	745	530	41%	660	13%	2130	2317	-8%
Cost of goods sold	369	254	45%	322	15%	1041	1161	-10%
Employee expenses	105	90	17%	89	19%	332	358	-8%
Other expenses	144	118	22%	126	15%	423	467	-9%
Total operating expenses	619	463	34%	536	15%	1795	1986	-10%
EBITDA	126	67	86%	124		336	331	1%
Depreciation and amortization	18	18	-1%	18	0%	69	76	-10%
EBIT	108	50	117%	106		267	255	5%
Interest expenses	3	9	-61%	2	117%	13	39	-67%
Other income	10	1	692%	1	731%	17	13	36%
PBT	115	42		106		271	229	19%
Provision for tax	28	6		28		68	52	32%
Core profit	87	36	140%	78	12%	203	177	15%
Extraordinary items	0	0		12		-12	-51	
Adjusted net profit	87	36	140%	66	32%	191	126	52%
No. of shares (Cr)	22	22		22		22	22	
Diluted EPS (INR)	3.9	1.6	140%	3.0	32%	8.6	5.6	52%

Segment performance

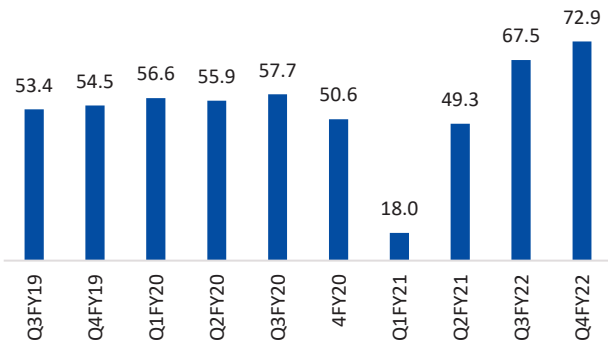
Revenue (INR cr)	Q4FY21	Q4FY20	% change	Q3FY21	% change	FY21	FY20	% change
Plywood	399	278	43.3%	357	11.8%	723	953	-24.1%
Laminates	151	104	45.4%	119	26.6%	257	351	-26.6%
MDF	119	86	38.1%	116	2.2%	240	266	-9.7%
Particle Board	30	23	29.9%	26	14.5%	60	76	-21.2%
CFS	22	20	7.0%	21	4.8%	61	66	-8.0%
Others	16	11	40.4%	14	13.4%	28	38	-26.3%
EBITDA (INR cr)	Q4FY21	Q4FY20	% change	Q3FY21	% change	FY21	FY20	% change
Plywood	51	23	125%	42	21.3%	70	135	-48.1%
Laminates	35	16	121%	23	52.9%	39	46.8	-16.8%
MDF	32	21	50%	32	-1.2%	61	64	-4.8%
Particle Board	6	5	13%	6	-7.8%	13	21	-40.1%
CFS	6	7	-15%	6	6.9%	18	22	-18.0%
Others	2	-1	-348%	3	-18.7%	4	4	10.0%
EBITDA margin (%)	Q4FY21	Q4FY20	% change	Q3FY21	% change	FY21	FY20	% change
Plywood	12.8%	8.1%	465	11.8%	101	9.7%	14.2%	-449
Laminates	23.4%	15.4%	799	19.4%	401	15.1%	13.3%	179
MDF	26.8%	24.8%	205	27.7%	-92	25.3%	24.0%	132
Particle Board	18.6%	21.5%	-283	23.1%	-450	20.8%	27.4%	-656
CFS	27.1%	34.1%	-695	26.6%	53	30.2%	33.9%	-366
Others	13.6%	-7.7%	2131	19.0%	-537	13.8%	9.3%	457

Revised Estimates

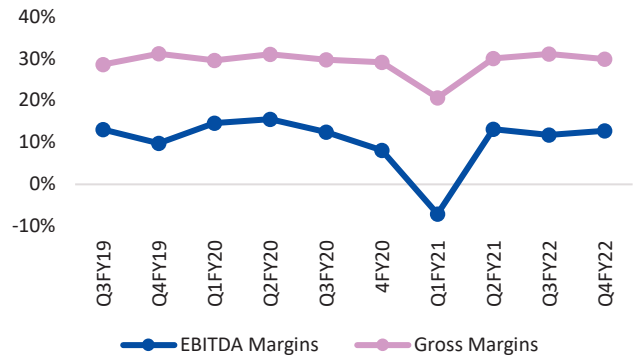
(INR cr)	FY22E			FY23E		
	Old	Revised	Change (%)	Old	Revised	Change (%)
Net sales	2,416	2,604	7.8	2,713	3,158	16.4
EBITDA	395	413	4.5	444	513	15.7
EBITDA margin (%)	16.3	15.9		16.4	16.3	
PBT	320	341	6.7	362	435	20.2
PBT margin	13.2	13.1		13.3	13.8	
Net profit	247	273	10.6	279	348	24.9
Adj EPS (Rs)	11.1	12.3	10.6	12.5	15.6	24.9

Financial Charts

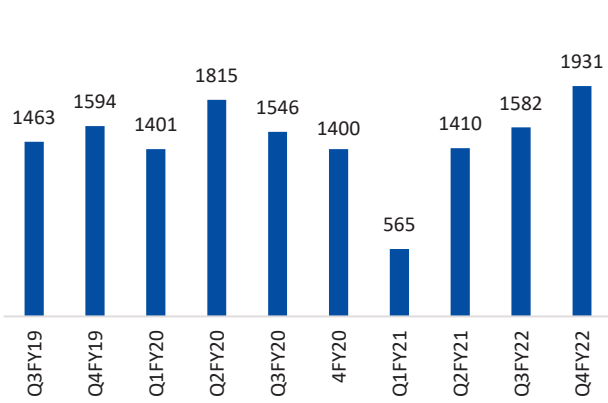
Plywood Volume ('000 CBM)



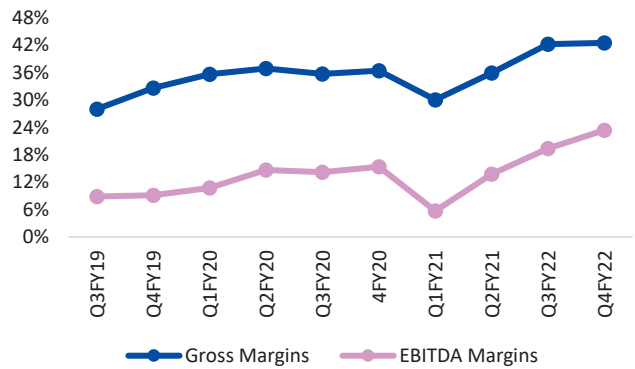
Plywood margins



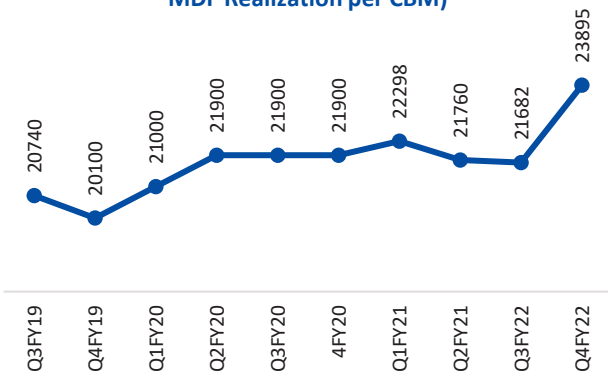
Laminate Volumes ('000)



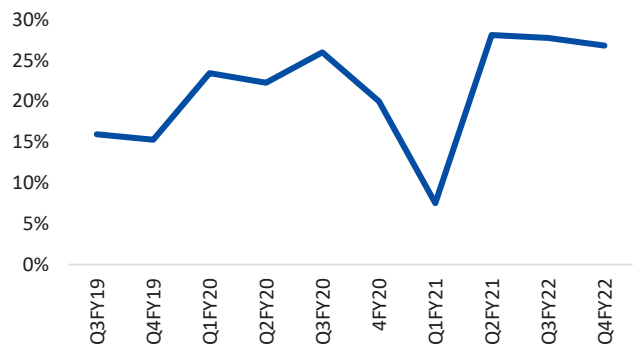
Laminate Margins



MDF Realization per CBM)



MDF Margins



Source: Edelweiss Wealth Research

Income statement					(INR crs)
Year to March	FY19	FY20	FY21	FY22E	FY23E
Income from operations	2,280	2,317	2,130	2,604	3,158
Direct costs	1,151	1,161	1,041	1,280	1,540
Employee costs	346	358	332	391	474
Other expenses	482	467	423	521	632
Total operating expenses	1,979	1,986	1,795	2,191	2,645
EBITDA	301	331	336	413	513
Depreciation and amortisation	59	76	69	75	81
EBIT	242	255	267	338	432
Interest expenses	47	39	13	7	7
Other income	7	13	17	10	10
Profit before tax	202	229	271	341	435
Provision for tax	53	52	68	68	87
Core profit	149	177	203	273	348
Extraordinary items	0	-51	-12	0	0
Profit after tax	149	126	191	273	348
Minority Interest	-3	-3	-3	0	0
Share from associates	0	0	0	0	0
Adjusted net profit	146	122	188	273	348
Equity shares outstanding (cr)	22	22	22	22	22
EPS (INR) basic	7	5.6	8.6	12.3	15.6
Diluted shares (Cr)	22	22	22	22	22
EPS (INR) fully diluted	6.7	5.6	8.6	12.3	15.6
Dividend per share	0.8	1.2	0.9	1.4	1.8
Dividend payout (%)	12	15	10	12	12

Common size metrics- as % of net revenues

Year to March	FY19	FY20	FY21	FY22E	FY23E
Operating expenses	86.8	85.7	84.3	84.1	83.7
Depreciation	2.6	3.3	3.2	2.9	2.6
Interest expenditure	2.1	1.7	0.6	0.3	0.2
EBITDA margins	13.2	14.3	15.7	15.9	16.3
Net profit margins	6.4	5.3	8.8	10.5	11.0

Growth metrics (%)

Year to March	FY19	FY20	FY21	FY22E	FY23E
Revenues	10.7	1.6	(8.1)	22.2	21.3
EBITDA	(9.3)	10.0	1.4	23.1	24.3
PBT	(5.6)	13.1	18.7	25.8	27.5
Net profit	(11.8)	18.5	15.0	34.5	27.5
EPS	(11.8)	(15.8)	52.4	42.8	27.5

Balance sheet					(INR cr)
As on 31st March	FY19	FY20	FY21	FY22E	FY23E
Equity share capital	22	22	22	22	22
Preference Share Capital	0	0	0	0	0
Reserves & surplus	953	1,068	1,245	1,482	1,784
Shareholders funds	975	1,091	1,267	1,504	1,807
Secured loans	482	265	137	87	67
Unsecured loans	0	0	0	0	0
Borrowings	482	265	137	137	137
Minority interest	25	-2	-1	-1	-1
Sources of funds	1,483	1,354	1,404	1,641	1,943
Gross block	1,091	1,109	1,155	1,305	1,405
Depreciation	255	331	400	475	556
Net block	836	777	755	830	849
Capital work in progress	27	16	28	0	0
Total fixed assets	863	793	783	830	849
Unrealised profit	0	0	0	0	0
Investments	7	8	118	26	126
Inventories	461	398	369	428	519
Sundry debtors	296	257	303	321	389
Cash and equivalents	26	25	91	92	185
Loans and advances	19	21	24	80	80
Other current assets	78	101	81	150	150
Total current assets	881	801	868	1,071	1,323
Sundry creditors and others	316	291	400	321	389
Provisions	12	14	7	8	8
Total CL & provisions	328	305	408	329	397
Net current assets	553	496	461	742	926
Net Deferred tax	60	57	42	42	42
Misc expenditure	0	0	0	0	0
Uses of funds	1,483	1,354	1,404	1,641	1,943
Book value per share (INR)	44	49	57	68	81
	-0	-0	0	0	0
Cash flow statement					(INR crs)
Year to March	FY19	FY20	FY21	FY22E	FY23E
Net profit	149	126	191	273	348
Add: Depreciation	59	76	69	75	81
Add: Misc expenses written off/Other Assets	0	0	0	0	0
Add: Deferred tax	11	3	15	0	0
Add: Others	-3	-3	-3	0	0
Gross cash flow	216	202	272	348	429
Less: Changes in W. C.	11	-55	-102	281	91
Operating cash flow	204	257	374	67	339
Less: Capex	149	90	54	150	100
Free cash flow	55	167	320	-83	239

Ratios

Year to March	FY19	FY20	FY21	FY22E	FY23E
ROAE (%)	16	17	17	20	21
ROACE (%)	18	19	20	23	25
Debtors (days)	47	40	52	45	45
Current ratio	2	2	2	3	3
Debt/Equity	0.5	0.2	0.1	0.1	0.1
Inventory (days)	74	63	63	60	60
Payable (days)	51	46	69	45	45
Cash conversion cycle (days)	71	57	47	60	60
Debt/EBITDA	2	1	0	0	0
Adjusted debt/Equity	0.5	0.2	0.0	0.0	(0.0)

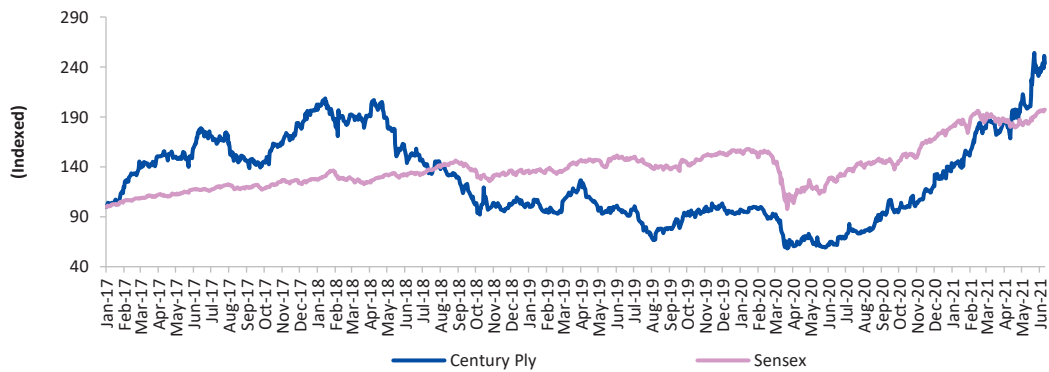
Valuation parameters

Year to March	FY19	FY20	FY21	FY22E	FY23E
Diluted EPS (INR)	6.7	5.6	8.6	12.3	15.6
<i>Y-o-Y growth (%)</i>	<i>(11.8)</i>	<i>(15.8)</i>	<i>52.4</i>	<i>42.8</i>	<i>27.5</i>
CEPS (INR)	9.3	11.4	12.2	15.6	19.3
Diluted P/E (x)	62	73	48	34	26
Price/BV(x)	9.5	8.4	7.3	6.1	5.1
EV/Sales (x)	4.2	4.1	4.3	3.6	2.9
EV/EBITDA (x)	32.1	28.6	27.6	22.4	17.9
Diluted shares O/S	22.3	22.3	22.3	22.3	22.3
Basic EPS	6.7	5.6	8.6	12.3	15.6
Basic PE (x)	61.8	73.4	48.2	33.7	26.5
Dividend yield (%)	0.2	0.3	0.2	0.3	0.4

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Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate between 5-15% over a 12-month period
Reduce	Return below 5% over a 12-month period



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