

HSIE Results Daily

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Results Reviews

- **Century Plyboards India:** In Q2FY25, Century's revenue grew 19% YoY, led by healthy growth in ply and MDF segments. EBITDA declined 23% YoY, owing to multi-quarter low MDF, laminate and particle board margin. APAT declined 59% YoY, owing to weak EBITDA, higher capital charges, lower other income, and higher tax rate. Century's particle board expansions of 240K CBM are on track to commission by Q4FY25. The company has upgraded its ply growth guidance. However, for the laminates segment, owing to the slow ramp-up of new plant, it has lowered its growth and margin guidance. We expect the company to deliver a healthy 18/21/17% revenue/EBITDA/PAT CAGR during FY24-27E. We maintain BUY on Century with a lower target price of INR 895/sh.

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Century Plyboards India

Healthy ply result; other segments disappointed

In Q2FY25, Century's revenue grew 19% YoY, led by healthy growth in ply and MDF segments. EBITDA declined 23% YoY, owing to multi-quarter low MDF, laminate and particle board margin. APAT declined 59% YoY, owing to weak EBITDA, higher capital charges, lower other income, and higher tax rate. Century's particle board expansions of 240K CBM are on track to commission by Q4FY25. The company has upgraded its ply growth guidance. However, for the laminates segment, owing to the slow ramp-up of new plant, it has lowered its growth and margin guidance. We expect the company to deliver a healthy 18/21/17% revenue/EBITDA/PAT CAGR during FY24-27E. We maintain BUY on Century with a lower target price of INR 895/sh.

- Q2FY25 performance:** Century revenue beat ours/consensus estimates by 4/7%, owing to strong volume growth in ply and MDF segments. EBITDA missed ours/consensus by 15/18% due to the multi-quarter low MDF, laminates and particle board margins. APAT sharply missed ours/consensus by 40/47%, owing to lower EBITDA and negative other income. Revenue grew 19% YoY, led by healthy growth of 21/37% in ply and MDF segments. MDF registered strong growth on the back of ramp-up of the newly-commissioned AP plant. The particle board segment reported muted 5% revenue growth. Laminates segment's 6% revenue decline was sharply lower than our expectation. EBITDA declined 23% YoY due to weak margins in MDF, laminate and particle board segments. APAT declined 59% YoY due to weak EBITDA, higher capital charges, lower other income, and higher tax rate.
- Con call KTAs and outlook:** The company has upgraded its ply growth guidance. However, for the laminates segment, given the slow ramp-up of the new plant, it has lowered its growth and margin guidance. The company has taken a 2% price hike in ply in August. Recently, it has increased its MDF prices by 3%. Management expects the Andhra Pradesh MDF plant to become EBIT-positive from Q3FY25 onwards and Andhra Pradesh laminate plant in H2FY25. The company expects to incur INR 5.5/1bn Capex in FY25/26. Century's particle board expansions of 240K CBM costing INR 5.5bn are on track to commission by Q4FY25. The company aims to achieve 50% capacity utilisation for this plant in FY26. Considering the weak Q2 margin, we cut our EPS estimates by 14/3/6% for FY25/26/27E. We expect it to deliver a healthy 18/21/17% revenue/EBITDA/APAT CAGR during FY24-27E. We value Century Ply using SOTP—ex-particle board business at 35x Sep-26E EPS and the upcoming particle board business at 2x capital employed in Sep-26E—to arrive at a TP of Rs 895/sh.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q2 FY25	Q2 FY24	YoY (%)	Q1 FY25	QoQ (%)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	11.84	9.97	18.7	10.05	17.7	36.47	38.86	46.58	55.61	64.10
EBITDA	1.11	1.44	(22.9)	1.11	0.1	6.06	5.32	5.20	7.12	9.42
EBITDAM (%)	9.4	14.5		11.1		16.6	13.7	11.2	12.8	14.7
APAT	0.40	0.97	(58.7)	0.48	(16.2)	4.30	3.37	2.42	3.78	5.42
AEPS (INR)	1.8	4.4	(58.7)	2.1	(16.2)	19.3	15.2	10.9	17.0	24.4
EV/EBITDA (x)						27.5	32.6	34.0	24.7	18.4
P/E (x)						38.4	48.9	68.4	43.7	30.4
RoE (%)						24.8	16.4	10.4	14.4	17.8

Source: Company, HSIE Research

BUY

CMP (as on 14 Nov 2024)	INR 749
Target Price	INR 895
NIFTY	23,533

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 945	INR 895
EPS	FY25E	FY26E
revision %	(14.1)	(3.1)

KEY STOCK DATA

Bloomberg code	CPBI IN
No. of Shares (mn)	222
MCap (INR bn) / (\$ mn)	166/1,970
6m avg traded value (INR mn)	192
52 Week high / low	INR 935/622

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.5	12.9	17.3
Relative (%)	4.4	6.8	(2.2)

SHAREHOLDING PATTERN (%)

	Jun-24	Sep-24
Promoters	72.59	72.59
FIs & Local MFs	16.96	16.67
FPIs	4.44	4.28
Public & Others	6.00	6.46
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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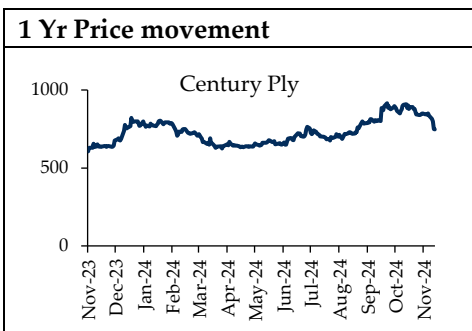
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Rating Criteria

BUY: >+15% return potential
 ADD: +5% to +15% return potential
 REDUCE: -10% to +5% return potential
 SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Keshav Lahoti	Century Plyboards India	CA	NO
Rajesh Ravi	Century Plyboards India	MBA	NO
Riddhi Shah	Century Plyboards India	MBA	NO



Disclosure:

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