

May 20, 2024

RESULT REPORT Q4 FY24 | Sector: Consumer Durables

Whirlpool of India Ltd

Strong margin performance coupled with market share gains; reiterate BUY

Result Synopsis

Whirlpool's consolidated revenue came 5% below estimates. Revenue grew 3.7% yoy. WHIRL has managed muted revenue growth, despite market for refrigerators and washers was flattish in Q4. WHIRL's market share has significantly grown as compared to previous year. Gross margin has improved ~400bps on stable raw material prices. Pricing adjustment and product mix has resulted in strong gross margins. EBITDA margins at 8.3% has surprised positively. volume growth, strong cost productivity actions leading to better margins and improved mix of premium and high margin portfolio. The company has guided high single digit revenue and margins over longer term. This guidance is given taking current environment into account where durables industry is facing growth challenges and competitive intensity is significantly high. Q4 PAT was impacted by Rs189mn loss of inventory and assets which were impacted by fire incidence at one of the company's warehouses. The company strategy on working on preimmunizing products across the product category is starting to pay dividends which has resulted in better product mix and improved margin. We expect WHIRL to continue with its current aggressive strategy and win back the lost market share and then further build on it. Management will continue to focus on improving profitability in the medium term and believes ELICA can deliver long-term sustainable growth as cooking category is in the nascent stage of growth. Despite near term demand headwinds, we continue to believe WHIRL's strong parentage, and recent action of launching new products across the range, taking price action in refrigerators and growth in ELICA will bode well for company going forward. We foresee revenue growth to follow the margin improvement. We now estimate FY24-26 Revenue/EBITDA/PAT CAGR of 14%/37%/55%. We continue to maintain BUY rating with PT of Rs1,914 valuing the stock at 45x on FY26 EPS.

Result Highlights

- Quarter summary** - WHIRL revenue growth has been despite market for refrigerator and washers remaining flattish for the quarter. Gross margins have seen strong ~400bps expansion on improved product mix.
- Margins** - EBITDA margin expanded by 198bps yoy expansion was largely on account of higher volumes, strong cost productivity action and improved mix of premium and high margin portfolio.
- New product launches** - WHIRL have been aggressive in new product launches and expect the intensity of new products launches to continue going forward as well. New products are being launched with latest technology
- Market share** - Company has now started to gain market share from past two quarters after it took pricing action and added field executives and new launches.

Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	17,340	18,251	18,690	-5.0	-7.2	Better than expected margins are on back of pricing action, cost actions and improved product mix
EBITDA	1,437	1,142	1,250	25.8	15.0	
EBITDA Margin (%)	8.3	6.3	6.7	200 bps	160 bps	
Adjusted PAT	984	689	780	42.7	26.2	

Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 1,580
Target Price	: Rs 1,914
Potential Return	: +21.2%

Stock data (as on May 18, 2024)

Nifty	22502
52 Week h/l (Rs)	1733/1186
Market cap (Rs/USD mn)	197863/2376
Outstanding Shares (mn)	127
6m Avg t/o (Rs mn):	245
Div yield (%):	0.3
Bloomberg code:	WHIRL IN
NSE code:	WHIRLPOOL

Stock performance



Shareholding pattern (As of Dec'23 end)

Promoter	51.0%
FII+DII	40.2%
Others	8.8%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1,914	1,677

Δ in earnings estimates

	FY25e	FY26e
EPS (New)	35.2	42.5
EPS (Old)	34.0	41.9
% change	3.5%	1.4%

Financial Summary

(Rs mn)	FY24E	FY25E	FY26E
Revenue	68,298	80,496	88,711
YoY Growth	2.4%	17.9%	10.2%
EBIDTA	4,030	6,440	7,540
YoY Growth	8.8	59.8	17.1
PAT	2,432	4,469	5,397
YoY Growth	8.6%	83.7%	20.8%
ROE	6.7	11.6	12.8
EPS	20.7	35.2	42.5
P/E	76.5	44.9	37.1
BV	290.7	316.0	346.5
EV/EBITDA	44.2	27.1	22.6

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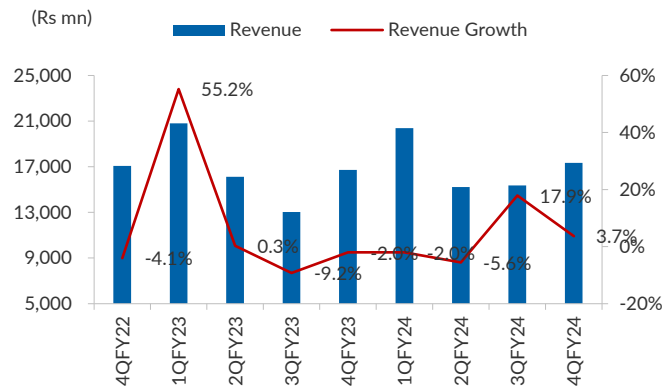
Exhibit 2: Quarterly snapshot (Consolidated)

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	y/y %	q/q %	FY24	FY23	y/y %
Sales	16,727	20,386	15,216	15,357	17,340	3.7	12.9	68,298	66,677	2.4
EBITDA	1056	1234	732	627	1437	36.1	129.2	4,030	3,703	8.8
EBITDA Margin %	6.3	6.1	4.8	4.1	8.3			5.9	5.6	
Depreciation	523	522	492	475	615	17.7	29.7	2,103	1,854	13.4
EBIT	533	712	240	153	822	54.2	438.7	1,927	1,849	4.2
EBIT Margin %	3.2	3.5	1.6	1.0	4.7			2.8	2.8	
Interest charges	56	75	56	85	86	54.6	0.9	302	150	101.4
Other Income	323	349	339	355	595	84.4	67.6	1,638	1,273	28.7
PBT	801	986	523	423	1331	66.3	215.1	3,262	2,972	9.8
Tax	163	219	141	123	348	112.8	182.2	830	732	13.4
Effective Tax Rate (%)	20.4	22.2	26.9	29.2	26.1			25.5	24.6	
PAT	637	767	382	299	984	54.4	228.6	2,432	2,240	8.6
PAT Margin %	3.8	3.8	2.5	1.9	5.7			3.6	3.4	
EPS (Rs)	5.0	6.0	3.0	2.4	7.8	54.4	228.6	19.2	17.7	8.6

Source: Company, YES Sec

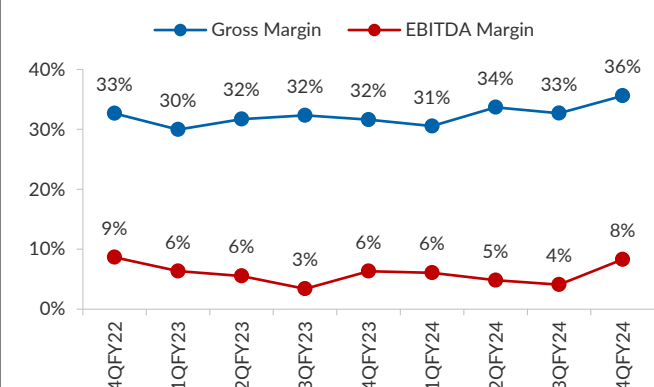
CHARTS

Exhibit 3: Revenue has grown despite market being flattish for Q4



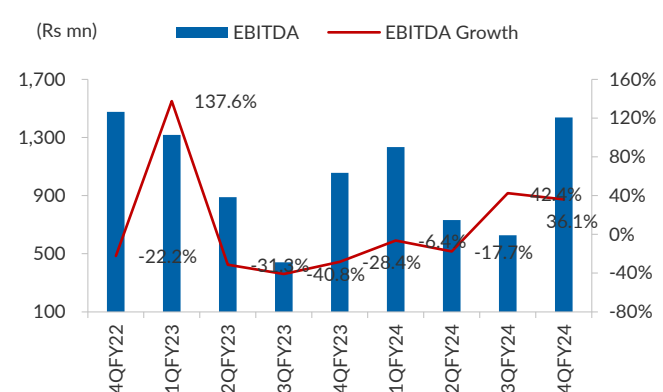
Source: Company, YES Sec

Exhibit 4: Pricing actions, improved product mix and stable RM prices have boosted gross margins



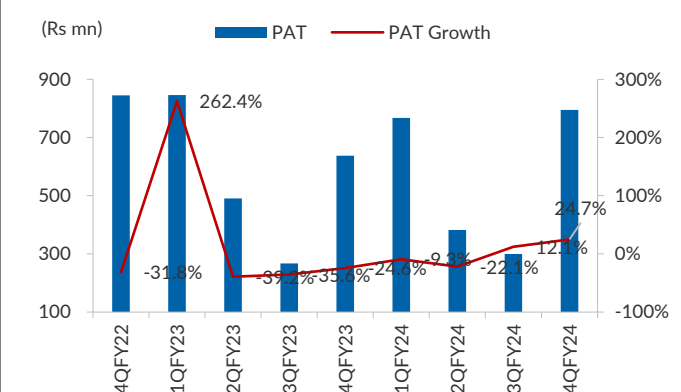
Source: Company, YES Sec

Exhibit 5: Cost reduction and higher gross margin has resulted in strong EBITDA growth



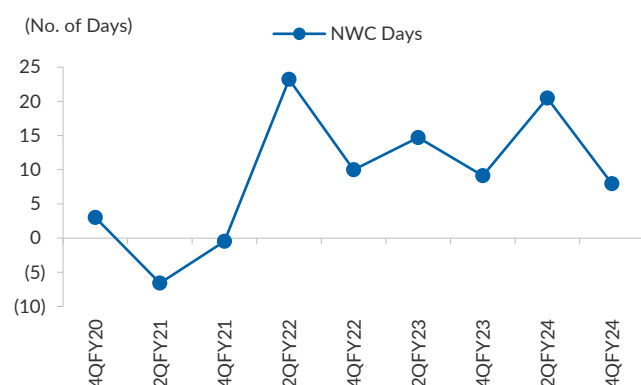
Source: Company, YES Sec

Exhibit 6: PAT growth was lower on back of Rs189mn loss of inventory due to fire incident



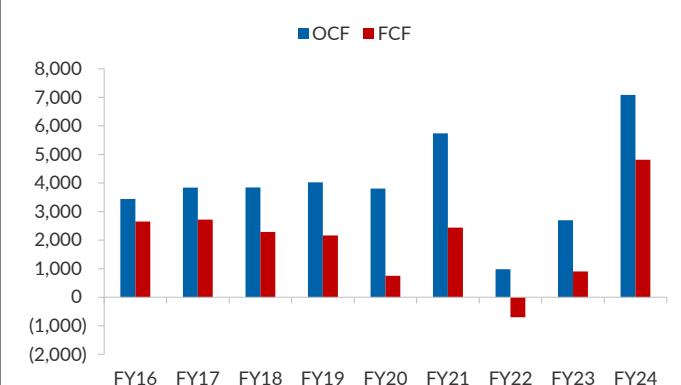
Source: Company, YES Sec

Exhibit 7: NWC continues to remain range bound



Source: Company, YES Sec

Exhibit 8: OCF continues to remain strong



Source: Company, YES Sec

FINANCIALS

Exhibit 9: Balance Sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Equity capital	1,269	1,269	1,269	1,269	1,269
Reserves	32,312	33,935	35,617	38,822	42,693
Net worth	33,581	35,204	36,886	40,091	43,962
Debt	0	0	0	0	0
Deferred tax liab (net)	621	589	557	557	557
Other non current liabilities	5,108	4,822	6,268	6,614	6,748
Total liabilities	39,310	40,614	43,711	47,262	51,266
Fixed Asset	9,973	10,818	9,823	8,746	7,598
Investments	0	0	0	0	0
Other Non-current Assets	10,999	10,039	11,325	12,426	13,342
Net Working Capital	2,236	2,979	234	(139)	(59)
Inventories	13,115	15,082	12,471	16,121	17,767
Sundry debtors	4,298	4,334	3,397	4,764	5,250
Loans and Advances	2,379	2,539	2,055	2,418	2,662
Sundry creditors	14,817	16,407	14,324	19,606	21,607
Other current liabilities	2,278	2,033	2,772	3,141	3,409
Cash & equivalents	16,102	16,778	22,329	26,229	30,385
Total Assets	39,310	40,615	43,711	47,262	51,266

Source: Company, YES Sec

Exhibit 10: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	61,966	66,677	68,298	80,496	88,711
Operating profit	4,157	3,703	4,030	6,440	7,540
Depreciation	1,475	1,854	2,103	2,327	2,552
Interest expense	159	150	302	317	333
Other income	633	1,273	1,638	2,177	2,557
Profit before tax	3,156	2,972	3,262	5,972	7,213
Taxes	830	732	830	1,503	1,815
Minorities and other	-	-	-	-	-
Adj. profit	2,326	2,240	2,432	4,469	5,397
Exceptional items	-	-	(189)	-	-
Net profit	2,326	2,240	2,621	4,469	5,397

Source: Company, YES Sec

Exhibit 11: Cashflow Statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Profit before tax	3,315	3,122	3,565	6,290	7,546
Depreciation	1,475	1,854	2,103	2,327	2,552
Tax paid	(830)	(732)	(830)	(1,503)	(1,815)
Working capital Δ	(2,304)	(743)	2,746	373	(80)
Other operating items					
Operating cashflow	1,655	3,501	7,583	7,487	8,202
Capital expenditure	(2,035)	(2,700)	(1,108)	(1,250)	(1,404)
Free cash flow	(380)	802	6,475	6,237	6,798
Equity raised	3,306	17	(304)	-	(0)
Investments	2,074	-	-	-	-
Debt financing/disposal	-	-	-	-	-
Interest paid	(159)	(150)	(302)	(317)	(333)
Dividends paid	(634)	(634)	(634)	(1,264)	(1,526)
Net Δ in cash	(2,573)	676	5,551	3,900	4,156

Source: Company, YES Sec

Exhibit 12: Du-pont analysis

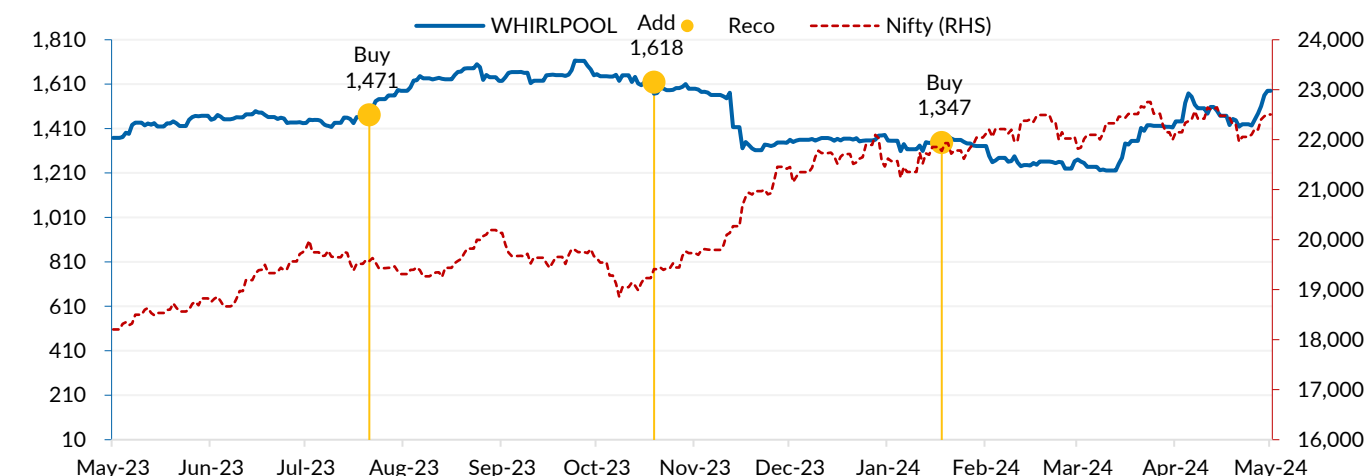
Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Tax burden (x)	0.74	0.75	0.75	0.75	0.75
Interest burden (x)	0.95	0.95	0.92	0.95	0.96
EBIT margin (x)	0.05	0.05	0.05	0.08	0.09
Asset turnover (x)	1.16	1.15	1.13	1.22	1.20
Financial leverage (x)	1.72	1.69	1.68	1.72	1.76
RoE (%)	7.5	6.5	6.7	11.6	12.8

Exhibit 13: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24E	FY25E	FY26E
Growth matrix (%)					
Revenue growth	5.0	7.6	2.4	17.9	10.2
Op profit growth	(19.9)	(10.9)	8.8	59.8	17.1
EBIT growth	(28.9)	(5.8)	14.2	76.4	20.0
Net profit growth	(30.2)	(3.7)	8.6	83.7	20.8
Profitability ratios (%)					
OPM	6.7	5.6	5.9	8.0	8.5
EBIT margin	5.3	4.7	5.2	7.8	8.5
Net profit margin	3.8	3.4	3.6	5.6	6.1
RoCE	10.7	9.1	9.9	16.3	18.0
RoNW	7.5	6.5	6.7	11.6	12.8

Y/e 31 Mar	FY22	FY23	FY24E	FY25E	FY26E
RoA	4.4	3.8	4.0	6.8	7.3
Per share ratios					
EPS	18.3	17.7	19.2	35.2	42.5
Dividend per share	5.0	5.0	5.0	10.0	12.0
Cash EPS	30.0	32.3	35.7	53.6	62.7
Book value per share	264.7	277.5	290.7	316.0	346.5
Valuation ratios					
P/E	86.2	89.5	76.5	44.9	37.1
P/CEPS	52.7	49.0	46.1	29.5	25.2
P/B	6.0	5.7	5.4	5.0	4.6
EV/EBIDTA	44.4	49.6	44.2	27.1	22.6
Payout (%)					
Dividend payout	27.3	28.3	26.1	28.3	28.3
Tax payout	26.3	24.6	25.5	25.2	25.2
Liquidity ratios					
Debtor days	25.3	23.7	18.2	21.6	21.6
Inventory days	77.2	82.6	66.6	73.1	73.1
Creditor days	87.3	89.8	76.6	88.9	88.9

Recommendation Tracker



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