

Whirlpool of India (WHIRL)

Consumer Durables | 4QFY24 Result Update

ACCUMULATE

CMP: Rs1,529 | Target Price (TP): 1,460 | Downside: 4%

May 29, 2024

'Premiumisation to drive growth & profitability

Key Points

- Both topline and EBITDA margin were below our estimate by 12.7% and 148bps respectively.
- While the market for both Refrigerators and Washers was flattish, the management stated that market shares for 4QFY24 grew significantly on a YoY basis.
- Management commentary – "Our strategy of focusing on the consumer, creating product leadership across our categories, delivering cost productivity across every line of the P&L and relentlessly driving executional excellence while always keeping ROI center stage is delivering results for growth and market share".
- While WHIRL commands a good market share in entry level categories like DC Ref & Washers, there is a lot of scope to grow its market share in the Frost Free Ref & FLWM.
- We maintain ACCUMULATE with a revised target price TP of Rs1,460, valuing it at 37x Mar'26E EPS. While we draw comfort in the strategies laid out for WHIRL, we will wait & watch to ascertain the timeframe for market share gains post the new strategic changes. Any positive surprises in the future (beyond our factored assumptions) will propel us to move our estimates upwards.

4QFY24 performance update: Revenue increased by a tepid 3.7% YoY. The management stated that, while the market for Refrigerators and Washers was flattish, WHIRL's market shares grew significantly on a YoY basis. While gross margin expanded by 400bps YoY – mainly due to raw material prices softening, higher volumes and improved mix of high margin products, EBITDA margin expanded by 198bps YoY on account of cost controls.

Positive market share movement for Ref & Washers: During 2HFY23, Ref & Washers industry grew by mid-single digit but WHIRL lost market share due to pricing challenges. Then, in 1HFY24, Ref & Washers industry growth was flat but WHIRL's market share loss reduced on account of better execution capabilities. Finally, in 4QFY24, industry growth was flattish, but WHIRL gained market share due to new product launches & premiumisation across product categories.

Positive changes made by the management to drive growth: We believe that some changes – which are at present work in progress – will help WHIRL in coming closer to its hay days of maintaining product leadership. Some of the changes are: a) incentivisation of sales personnel through value deliverance rather than volume; b) creating a strong footing on e-comm & MT channel as ROI is higher in these channels; c) improving reach and bettering extraction from channel partners; and d) premiumisation across product categories along with filling portfolio gaps.

How do we see Whirlpool in comparison to peers?: We believe that heightened competitive intensity is expected to keep Whirlpool's growth under check in the near term, primarily from newer players such as Volt Beko and Lloyd (Havells). However, the management's sharp focus on premiumisation, prudent quality & cost management and superior execution will help WHIRL gain market share over the medium term.

Est Change	No Change
TP Change	Upward
Rating Change	No Change

Company Data and Valuation Summary

Reuters	WHIR.BO
Bloomberg	WHIRL IN
Market Cap (Rsbn / US\$bn)	194.0 / 2.3
52 Wk H / L (Rs)	1,733 / 1,186
ADTV-3M (mn) (Rs / US\$)	336.4 / 4.0
Stock performance (%) 1M/6M/1yr	1.9 / (1.6) / 6.4
Nifty 50 performance(%) 1M/6M/1yr	2.2 / 3.5 / 22.8

Shareholding	2QFY24	3QFY24	4QFY24
Promoters	75.0	75.0	51.0
DII's	12.9	12.6	33.7
FII's	3.5	3.6	6.5
Others	8.6	8.7	8.9
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rs Mn)	FY23	FY24	FY25E	FY26E
Net Sales	66,677	68,298	79,936	91,260
Growth YoY (%)	7.6	2.4	17.0	14.2
Gross Margin (%)	31.3	33.0	33.5	34.5
EBITDA	3,703	4,030	5,835	7,666
EBITDA Margin (%)	5.6	5.9	7.3	8.4
Adj. PAT	2,190	2,308	3,548	4,826
Adj. PAT Margin (%)	3.3	3.2	4.4	5.3
Adj. PAT YoY Growth (%)	(9.4)	5.4	53.7	36.0
Adj. EPS (Rs)	17.3	18.2	28.0	38.0
ROCE (%)	5.2	5.1	9.2	13.8
ROCE (Post-Tax) (%)	3.9	3.8	6.9	10.3
ROE (%)	6.4	6.0	9.9	13.2
P/E	88.6	89.4	54.7	40.2
EV/EBITDA	47.8	42.6	30.8	23.0
P/B	5.5	5.3	5.5	5.1

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links – [4QFY24 Results](#)

[4QFY24 Press Release](#)

Please refer to the disclaimer towards the end of the document.

Exhibit 1: 4QFY24Consolidated Performance

Particulars (Rsmn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	FY23	FY24
Net Sales	20,810	16,115	13,025	16,727	20,386	15,216	15,357	17,340	66,677	68,298
YoY Change (%)	55.2	0.3	(15.5)	(2.0)	(2.0)	(5.6)	17.9	3.7	7.6	2.4
Gross Profit	6,098	5,108	4,211	5,287	6,225	5,124	5,019	6,173	20,841	22,541
Margin (%)	29.3	31.7	32.3	31.6	30.5	33.7	32.7	35.6	31.3	33.0
EBITDA	1,318	889	440	1,056	1,234	732	627	1,437	3,703	4,030
YoY Change (%)	137.6	(31.3)	(47.1)	(28.4)	(6.4)	(17.7)	42.4	36.1	(10.9)	8.8
Margin (%)	6.3	5.5	3.4	6.3	6.1	4.8	4.1	8.3	5.6	5.9
Depreciation	467	415	449	523	522	492	475	615	1,854	2,103
Interest	27	27	40	56	75	56	85	86	150	302
Other income	317	223	410	323	349	339	355	595	1,273	1,638
Extraordinary Items	-	-	-	-	-	-	-	(189)	-	(189)
PBT (bei)	1,141	670	361	801	986	523	423	1,331	2,972	3,262
PBT	1,141	670	361	801	986	523	423	1,520	2,972	3,451
Tax	295	180	94	163	219	141	123	348	732	830
ETR (%)	25.9	26.8	26.0	20.4	22.2	26.9	29.2	22.9	24.6	24.1
Reported PAT	837	479	247	627	749	366	280	776	2,190	2,170
Adj. PAT	837	479	267	637	749	366	280	965	2,190	2,308
YoY Change (%)	228.2	(45.9)	(39.6)	(24.0)	(10.6)	(23.7)	4.8	51.5	(9.4)	5.4
Adj. EPS	6.6	3.8	2.1	5.0	5.9	2.9	2.2	7.6	17.3	18.2

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Actuals vs Our/Consensus Estimates

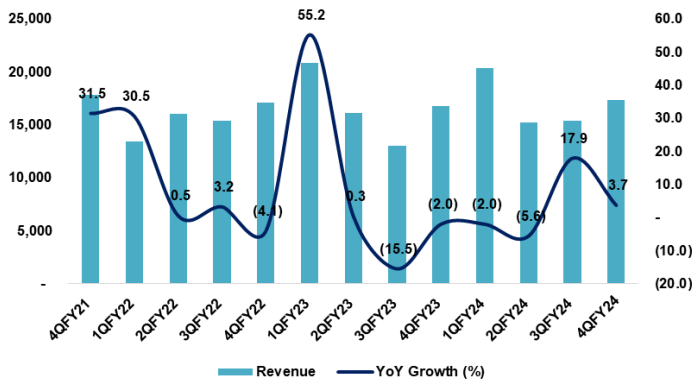
4QFY24 (Rs Mn)	Actuals	Our Estimate	Deviation (%)	BBG Estimates	Deviation (%)
Net Sales	17,340	19,855	(12.7)	14,896	16.4
EBITDA	1,437	1,940	(25.9)	NA	NA
EBITDA Margin (%)	8.3	9.8	(148) bps	NA	NA
Adj. PAT	965	1,169	(17.4)	413	133.7

Source: Company, Nirmal Bang Institutional Equities Research

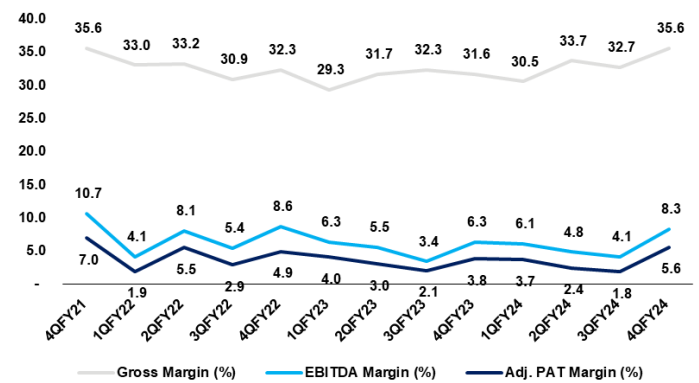
Exhibit 3: Changes in Estimates

Description (Rsmn)	FY25E			FY26E		
	Old	New	Change (%)	Old	New	Change (%)
Net Sales	79,936	79,936	(0.0)	91,260	91,260	(0.0)
EBITDA	5,835	5,835	0.0	7,848	7,666	(2.3)
EBITDA Margin (%)	7.3	7.3	0 bps	8.6	8.4	(20) bps
Adj. PAT	3,521	3,548	0.8	5,125	4,826	(5.8)
Adj. EPS	27.8	28.0	0.6	40.4	38.0	(5.8)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Revenue Trend


Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 5: Margin Trend


Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 6: 1-Year Forward P/E Chart


Source: Bloomberg, Nirmal Bang Institutional Equities Research



Financials

Exhibit 7: Income Statement

Y/E March (Rs Mn)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	61,966	66,677	68,298	79,936	91,260
% Growth	5.0	7.6	2.4	17.0	14.2
Rm Costs	41,586	45,836	45,757	53,157	59,775
Gross Profit	20,380	20,841	22,541	26,779	31,485
Gross Margin (%)	32.9	31.3	33.0	33.5	34.5
Staff Cost	6,174	6,477	7,254	7,914	8,761
Other Expenses	10,050	10,660	11,258	13,030	15,058
EBITDA	4,157	3,703	4,030	5,835	7,666
% Growth	(19.9)	(10.9)	8.8	44.8	31.4
EBITDA Margin (%)	6.7	5.6	5.9	7.3	8.4
Other Income	633	1,273	1,638	1,800	1,900
Interest	159	150	302	333	366
Depreciation	1,475	1,854	2,103	2,465	2,654
Profit Before Tax	6,402	2,972	3,073	4,838	6,546
Tax	830	732	830	1,218	1,648
Reported Net Profit	5,664	2,190	2,170	3,548	4,826
Adj. Net Profit	2,418	2,190	2,308	3,548	4,826
Adj. PAT Margin	9.1	3.3	3.2	4.4	5.3
Adj. Eps (Rs)	19.1	17.3	18.2	28.0	38.0

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Balance Sheet

Y/E March (Rs Mn)	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	1,269	1,269	1,269	1,269	1,269
Reserves	32,312	33,935	35,617	33,835	36,757
Net Worth	33,581	35,204	36,886	35,103	38,026
Total Loans	0	0	0	0	0
Deferred Tax Liability Net	93	(28)	(171)	(171)	(171)
Liabilities	35,100	36,651	38,264	34,932	37,855
Net Block	10,599	11,705	11,841	12,091	11,637
Capital Work-In-Progress	717	185	214	200	200
Long-Term Investments	0	0	0	0	0
Inventories	13,115	15,082	12,471	17,476	19,652
Debtors	4,298	4,334	3,397	5,256	6,001
Cash	16,165	16,814	22,350	14,459	17,520
Other Current Assets	3,966	3,375	2,921	3,837	4,380
Total Current Assets	37,543	39,604	41,138	41,029	47,553
Creditors	14,900	16,488	14,378	19,078	21,453
Other Current Liabilities	6,338	5,834	8,029	6,787	7,559
Total Current Liabilities	21,238	22,322	22,407	25,865	29,013
Net Current Assets	16,306	17,283	18,731	15,163	18,540
Total Assets	35,100	36,651	38,264	34,932	37,855

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Cash Flow

Y/E March (Rs Mn)	FY22	FY23	FY24E	FY25E	FY26E
EBIT	2,682	1,849	1,927	3,371	5,012
(Inc)/Dec In Working Capital	(2,163)	(328)	4,088	(4,323)	(316)
Cash Flow From Operations	519	1,521	6,015	(953)	4,696
Other Income	633	1,273	1,638	1,800	1,900
Depreciation	1,475	1,854	2,103	2,465	2,654
Tax Paid (-)	(321)	(853)	(973)	(1,218)	(1,648)
Profit From Associate	92	(50)	(73)	(73)	(73)
Net Cash From Operations	2,398	3,745	8,711	2,022	7,529
Capital Expenditure (-)	(5,308)	(2,429)	(2,268)	(2,700)	(2,200)
Net Cash After Capex	(2,910)	1,316	6,443	(678)	5,329
Interest Paid (-)	(159)	(150)	(302)	(333)	(366)
Dividends Paid (-)	(634)	(634)	(634)	(1,903)	(1,903)
Inc./(Dec.) In Total Borrowings	-	-	-	-	-
(Inc.)/Dec. In Investments	2,074	-	-	-	-
Cash From Financial Activities	2,707	(734)	(864)	(3,784)	(2,269)
Others	478	(54)	4	(3,428)	0
Opening Cash	20,632	16,165	16,814	22,350	14,459
Closing Cash	16,165	16,814	22,350	14,459	17,520

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Key Ratios

Y/E March	FY22	FY23	FY24E	FY25E	FY26E
Per Share (Rs)					
Adjusted EPS	44.6	17.3	17.1	28.0	38.0
Book Value	264.7	277.5	290.7	276.7	299.7
Valuation (X)					
P/E	34.2	88.6	89.4	54.7	40.2
P/BV	5.8	5.5	5.3	5.5	5.1
EV/EBITDA	42.8	47.8	42.6	30.8	23.0
EV/Sales	2.9	2.7	2.5	2.2	1.9
Return Ratio (%)					
RoCE	8.5	5.2	5.1	9.2	13.8
RoCE (Post-Tax)	6.2	3.9	3.8	6.9	10.3
RoE	7.8	6.4	6.0	9.9	13.2
RoIC	22.0	9.5	10.8	18.5	24.6
Profitability Ratio (%)					
EBITDA Margin	6.7	5.6	5.9	7.3	8.4
EBIT Margin	4.3	2.8	2.8	4.2	5.5
PAT Margin	9.1	3.3	3.2	4.4	5.3
Turnover Ratio					
Total Asset Turnover Ratio (X)	1.8	1.8	1.8	2.3	2.4
Debtor Days	25	24	24	24	24
Inventory Days	115	120	120	120	120
Creditors Days	131	131	131	131	131
Solvency Ratio (X)					
Net Debt-Equity	(0.5)	(0.5)	(0.6)	(0.4)	(0.5)
Debt-Equity	0.00	0.00	0.00	0.00	0.00
Interest Coverage	16.9	12.3	6.4	10.1	13.7

Source: Company, Nirmal Bang Institutional Equities Research

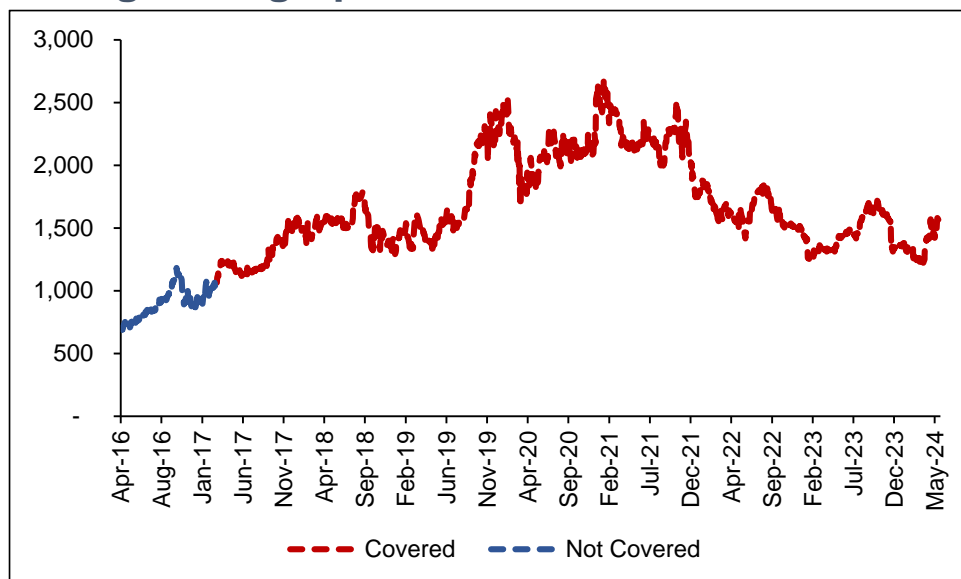
Rating track

Date	Rating	Market price	Target price (Rs)
16 March 2017	Buy	1,040	1,305
7 April 2017	Buy	1,220	1,305
17 May 2017	Buy	1,190	1,400
6 July 2017	Buy	1,174	1,400
8 August 2017	Buy	1,191	1,400
20 September 2017	Buy	1,335	1,560
9 October 2017	Buy	1,349	1,560
27 October 2017	Buy	1,400	1,620
27 November 2017	Buy	1,515	1,775
9 January 2018	Buy	1,531	1,775
2 February 2018	Buy	1,459	1,740
6 April 2018	Buy	1,530	1,740
9 May 2018	Buy	1,547	1,780
4 June 2018	Buy	1,547	1,780
10 July 2018	Buy	1,523	1,780
10 August 2018	Accumulate	1,725	1,900
18 September 2018	Buy	1,600	1,900
9 October 2018	Buy	1,355	1,900
6 November 2018	Buy	1,401	1,850
9 January 2019	Buy	1,453	1,850
5 February 2019	Buy	1,495	1,820
9 April 2019	Buy	1,453	1,900
27 May 2019	Buy	1,379	1,840
9 July 2019	Buy	1,552	1,840
13 August 2019	Buy	1,540	1,840
23 September 2019	Buy	1,842	2,205
7 October 2019	Buy	1,996	2,205
11 November 2019	Buy	2,198	2,535
9 January 2020	Buy	2,347	2,535
10 February 2020	Accumulate	2,501	2,485
26 March 2020	Buy	1,825	2,435
9 April 2020	Buy	1,827	2,435
19 June 2020	Accumulate	2,111	2,120
9 July 2020	Accumulate	2,226	2,120
25 July 2020	Accumulate	2,213	2,120
7 August 2020	Accumulate	2,098	2,120
23 September 2020	Accumulate	2,153	2,310
9 October 2020	Accumulate	2,115	2,310
3 November 2020	Buy	2,048	2,355
7 January 2021	Accumulate	2,541	2,560
4 February 2021	Accumulate	2,447	2,545
9 April 2021	Accumulate	2,182	2,545

15 June 2021	Buy	2,352	2,725
10 August 2021	Buy	2,101	2,600
26 September 2021	Buy	2,246	2,900
01 November 2021	Buy	2,129	2,700
29 December 2021	Buy	1,748	2,700
11 February 2022	Buy	1,759	2,450
21 February 2022	Buy	1,705	2,475
26 May 2022	Buy	1,504	1,870
09 August 2022	Accumulate	1,802	1,980
19 September 2022	Accumulate	1,760	1,960
1 November 2022	Accumulate	1,565	1,700
2 February 2023	Accumulate	1,345	1,375
22 March 2023	Accumulate	1,342	1,435
17 May 2023	Accumulate	1,348	1,375
07 August 2023	Sell	1,471	1,200
04 November 2023	Sell	1,618	1,185
3 February 2024	Accumulate	1,347	1,305
29 May 2024	Accumulate	1,529	1,460

Coverage was transferred to Natasha Jain with effect from 1st July 2023

Rating track graph



DISCLOSURES

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BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

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