

10 November 2024

India | Equity Research | Q2FY25 results review

Whirlpool of India

White Goods

Likely market share gains in most operating categories

Takeaways: (1) Whirlpool of India (Whirlpool) has reported strong growth in refrigerators and washers vs soft growth at industry level. It indicates the company has likely gained market shares in both key segments (~70% revenue contribution) in Q2FY25, in our view. We reckon investments in distribution expansion, introducing differentiated schemes and focus on premiumisation of product portfolio are driving market share gains and strong revenue growth. (2) Gross/EBITDA margin expanded 206/27bps YoY led by benefits of better product mix and cost optimisation, in our view. (3) Elica (subsidiary of Whirlpool) reported strong revenue growth (+15.7% YoY). We remain positive on Whirlpool's business model led by its established competitive advantages and growth opportunities.

However, at current valuations (62x FY27E), stock price upside is capped. Retain **HOLD** with DCF-based unchanged TP of INR 2,075.

Q2FY25 result review

Whirlpool reported revenue/EBITDA/PAT growth of 12.6%/18.9%/42.2% YoY. Revenue growth was largely driven by (1) higher volumes and (2) better realisations. Gross margin expanded 206bps YoY led by superior product mix, in our view. However, EBITDA margin expanded only 27bps YoY as the benefits of better product mix were offset by higher staff cost and other expenses (likely higher ad spend). Standalone revenue growth was 13% YoY. Elica's revenue grew 15.7% YoY.

Market share gains in key categories, in our view

Strong growth in refrigerator and washing machine segments amid soft demand trend (flattish industry growth projected) highlights likely market share gains for Whirlpool in Q2FY25, in our view. We believe Whirlpool's strategic investments in distribution expansion, product portfolio expansion led to market share gains in H1FY25.

Additionally, higher contribution of premium products to overall sales may yield better profitability for the company. We reckon EBITDA margin may expand led by (1) premiumisation of product portfolio and (2) cost optimisation.

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	68,298	77,957	85,012	92,707
EBITDA	4,030	5,925	6,461	7,046
EBITDA Margin (%)	5.9	7.6	7.6	7.6
Net Profit	2,359	3,285	3,723	4,219
EPS (INR)	18.6	25.9	29.3	33.3
EPS % Chg YoY	7.7	39.2	13.3	13.3
P/E (x)	110.9	79.7	70.3	62.0
EV/EBITDA (x)	60.3	40.5	36.5	32.8
RoCE (%)	3.5	6.2	6.6	6.9
RoE (%)	6.3	8.3	8.8	9.4

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Market Data

Market Cap (INR)	262bn
Market Cap (USD)	3,102mn
Bloomberg Code	WHIRL IN
Reuters Code	WHIR.BO
52-week Range (INR)	2,450 / 1,186
Free Float (%)	49.0
ADTV-3M (mn) (USD)	6.1

Price Performance (%)	3m	6m	12m
Absolute	(1.7)	42.5	29.5
Relative to Sensex	(2.4)	34.3	7.2

ESG Score	2023	2024	Change
ESG score	56.7	69.3	12.6
Environment	33.4	51.2	17.8
Social	43.4	68.0	24.6
Governance	74.7	77.4	2.7

Note - Score ranges from 0 - 100 with a higher number indicating a higher ESG score.

Source: SES ESG, I-sec research

Previous Reports

30-07-2024: [Q1FY25 results review](#)

22-05-2024: [Q4FY24 results review](#)

Valuation

We model Whirlpool to report revenue and PAT CAGRs of 10.7% and 21.4%, respectively, over FY24–27E. We remain positive on business model led by its established competitive advantages and growth opportunities. Retain **HOLD** with DCF-based unchanged TP of INR 2,075 (implied P/E 71x/62x FY26/27E EPS).

Key risks: Upside/ Downside: Decrease/ increase in competitive pressure in input prices.

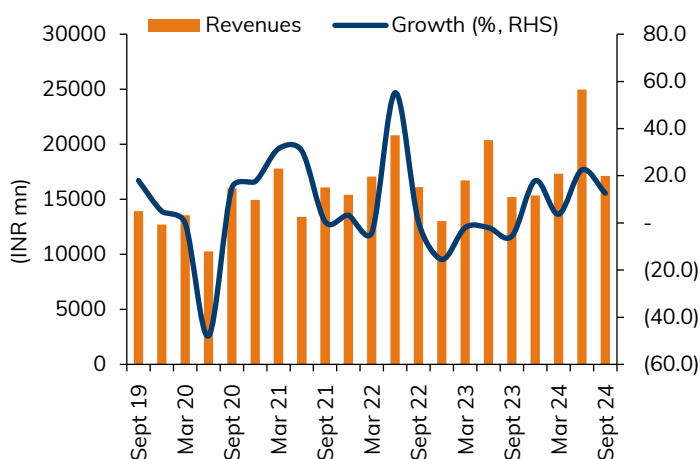
Exhibit 1: Q2FY25 consolidated result review

Y/e March (INR mn)	Q2FY25	Q2FY24	YoY % chg.	Q1FY25	QoQ % chg.	H1FY25	H1FY24	YoY % chg.
Revenue	17,130	15,216	12.6	24,969	(31.4)	42,099	35,602	18.2
Expenditure								
Raw materials	11,009	10,092	9.1	16,962	(35.1)	27,971	24,253	15.3
% of revenue	64.3	66.3		67.9		66.4	68.1	
Employee cost	2,136	1,664	28.3	2,130	0.3	4,266	3,467	23.1
% of revenue	12.5	10.9		8.5		10.1	9.7	
Other expenditure	3,115	2,728	14.2	3,766	(17.3)	6,882	5,917	16.3
% of revenue	18.2	17.9		15.1		16.3	16.6	
Total expenditure	16,260	14,484	12.3	22,859	(28.9)	39,119	33,636	16.3
EBITDA	870	732	18.9	2,109	(58.8)	2,980	1,965	51.6
EBITDA margin	5.1	4.8		8.4		7.1	5.5	
Other income	493	339	45.6	514	(3.9)	1,007	688	46.4
PBDIT	1,363	1,070	27.4	2,623	(48.0)	3,986	2,653	50.3
Depreciation	519	492	5.5	562	(7.7)	1,081	1,013	6.6
PBIT	845	579	45.9	2,061	(59.0)	2,906	1,639	77.2
Interest	111	56	98.0	102	8.8	213	131	62.6
PBT	734	523	40.3	1,959	(62.5)	2,693	1,509	78.5
Prov for tax	198	141	40.9	507	(60.8)	705	359	96.2
% of PBT	27.0	26.9		25.9		26.2	23.8	
PAT	535	382	40.1	1,453	(63.1)	1,988	1,149	73.0
Minority Interest	15	16		14		29	35	
Adjusted PAT	520	366	42.2	1,438	(63.8)	1,958	1,115	75.7
Extra ordinary items	12	(11)	(202.7)	19	(39.5)	31	2	1,933.3
Reported PAT	532	355	49.9	1,457	(63.5)	1,989	1,116	78.2

Source: Company data, I-Sec research

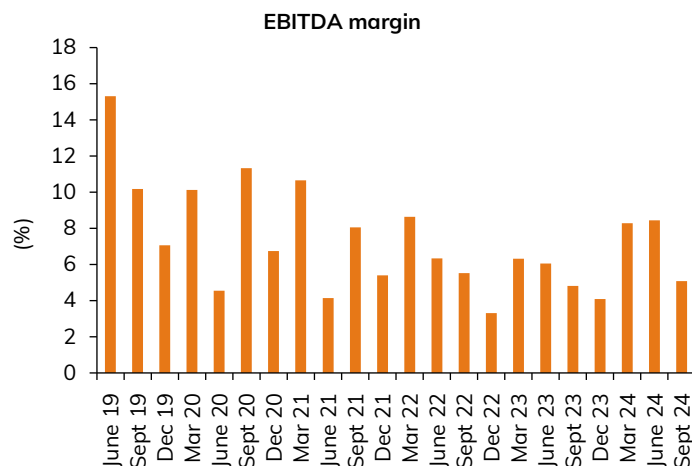
Key performance highlights

Exhibit 2: Revenue and revenue growth



Source: Company data, I-Sec research

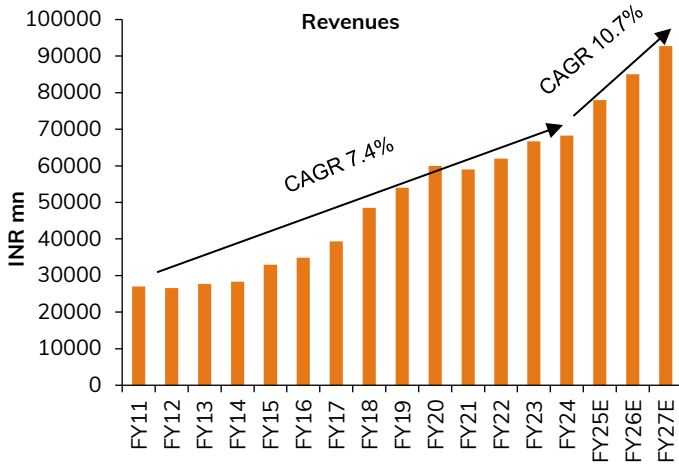
Exhibit 3: EBITDA margin



Source: Company data, I-Sec research

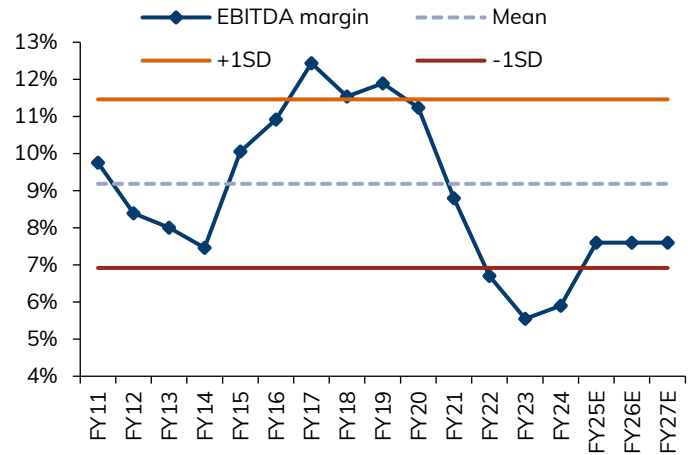
Key charts – Annual

Exhibit 4: Revenue and revenue growth



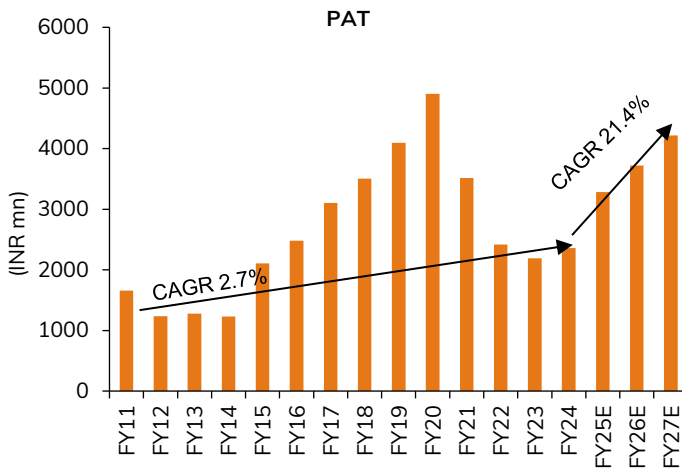
Source: Company data, I-Sec research

Exhibit 5: EBITDA margin



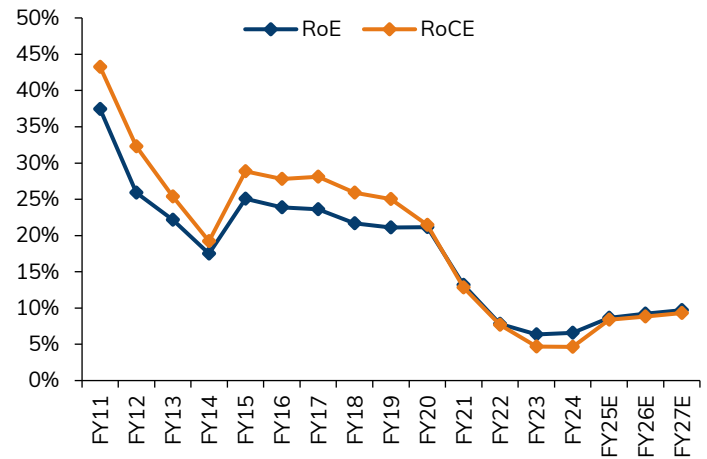
Source: Company data, I-Sec research

Exhibit 6: PAT and PAT growth



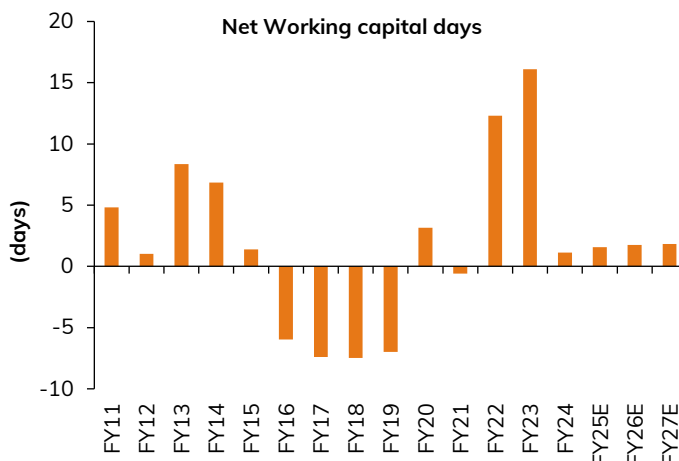
Source: Company data, I-Sec research

Exhibit 7: RoE and RoCE



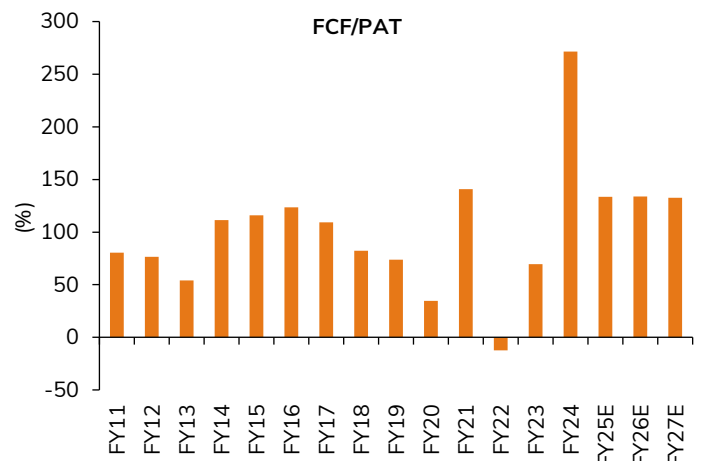
Source: Company data, I-Sec research

Exhibit 8: Net working capital days



Source: Company data, I-Sec research

Exhibit 9: FCF/PAT (%)



Source: Company data, I-Sec research

Valuation and risks

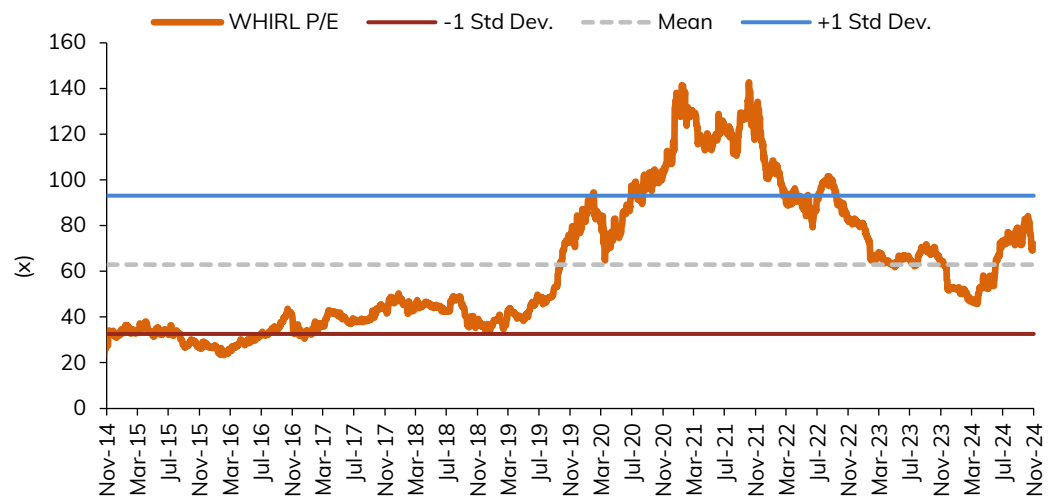
We model Whirlpool to report revenue and PAT CAGRs of 10.7% and 21.4%, respectively, over FY24–27E, and RoCE to move to 6.9% in FY27E, from 3.5% in FY24. Retain **HOLD** with DCF-based unchanged target price of INR 2,075 (implied P/E 71x/62x FY26/27E EPS).

Exhibit 10: DCF-based valuation

Particulars	
Cost of Equity (%)	11.0%
Terminal growth rate (%)	4.0%
Discounted interim cash flows (INR mn)	1,18,643
Discounted terminal value (INR mn)	1,44,113
Total equity value (INR mn)	2,62,756
Value per share (INR)	2,075

Source: Company data, I-Sec research

Exhibit 11: Mean PE (x) and standard deviations



Source: I-Sec research, Bloomberg

Risks

Upside/ Downside: Decrease/ increase in input prices and competitive pressures

Major decrease/ increase in input prices and/or increase in competitive pressures may result in downside to our estimates.

Delays in launch of new plants/products

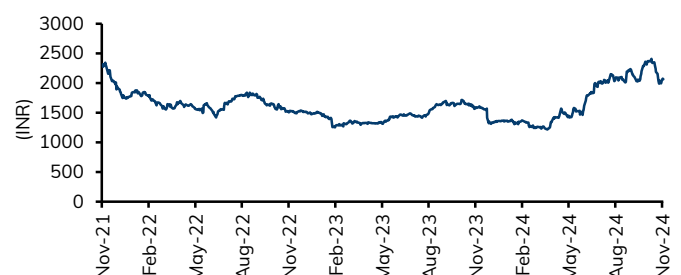
Any delay in launch of new products and/or plants may result in lower earnings than estimated.

Exhibit 12: Shareholding pattern

%	Mar'24	Jun'24	Sep'24
Promoters	51.0	51.0	51.0
Institutional investors	40.2	40.2	41.1
MFs and others	31.1	28.7	29.0
Insurance	2.4	2.6	2.4
FIIIs	6.6	8.9	9.7
Others	8.8	8.8	7.9

Source: Bloomberg

Exhibit 13: Price chart



Source: Bloomberg

Financial Summary

Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Net Sales	68,298	77,957	85,012	92,707
Operating Expenses	18,511	20,581	22,443	24,475
EBITDA	4,030	5,925	6,461	7,046
EBITDA Margin (%)	5.9	7.6	7.6	7.6
Depreciation & Amortization	2,103	2,226	2,333	2,429
EBIT	1,927	3,698	4,128	4,617
Interest expenditure	302	425	425	425
Other Non-operating Income	1,638	1,136	1,293	1,471
Recurring PBT	3,262	4,409	4,997	5,663
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	830	1,124	1,274	1,444
PAT	2,432	3,285	3,723	4,219
Less: Minority Interest	73	-	-	-
Extraordinaries (Net)	(189)	-	-	-
Net Income (Reported)	2,170	3,285	3,723	4,219
Net Income (Adjusted)	2,359	3,285	3,723	4,219

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	40,251	42,452	44,302	46,911
of which cash & cash eqv.	22,350	21,848	21,791	22,341
Total Current Liabilities & Provisions	17,688	20,269	22,103	24,104
Net Current Assets	22,563	22,183	22,199	22,808
Investments	887	4,887	8,887	12,887
Net Fixed Assets	11,841	10,829	9,497	8,068
ROU Assets	-	-	-	-
Capital Work-in-Progress	214	-	-	-
Total Intangible Assets	7,478	7,478	7,478	7,478
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	42,983	45,377	48,061	51,241
Liabilities				
Borrowings	4,719	4,719	4,719	4,719
Deferred Tax Liability	(171)	(171)	(171)	(171)
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	1,269	1,269	1,269	1,269
Reserves & Surplus	35,617	38,012	40,695	43,875
Total Net Worth	36,886	39,280	41,964	45,144
Minority Interest	1,549	1,549	1,549	1,549
Total Liabilities	42,983	45,377	48,061	51,241

Source Company data, I-Sec research

Exhibit 16: Quarterly trend

(INR mn, year ending March)

	Dec-23	Mar-24	Jun-24	Sep-24
Net Sales	15,357	17,340	24,969	17,130
% growth (YOY)	17.9	3.7	22.5	12.6
EBITDA	627	1,437	2,109	870
Margin %	4.1	8.3	8.4	5.1
Other Income	355	595	514	493
Extraordinaries	2	(193)	19	12
Adjusted Net Profit	280	965	1,438	520

Source Company data, I-Sec research

Exhibit 17: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	7,259	5,389	5,982	6,590
Working Capital Changes	2,508	(122)	(74)	(58)
Capital Commitments	(658)	(1,000)	(1,000)	(1,000)
Free Cashflow	6,601	4,389	4,982	5,590
Other investing cashflow	3	(4,000)	(4,000)	(4,000)
Cashflow from Investing Activities	(655)	(5,000)	(5,000)	(5,000)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(415)	-	-	-
Dividend paid	(634)	(891)	(1,039)	(1,039)
Others	-	-	-	-
Cash flow from Financing Activities	(1,050)	(891)	(1,039)	(1,039)
Chg. in Cash & Bank balance	5,554	(502)	(58)	551
Closing cash & balance	22,332	21,848	21,791	22,341

Source Company data, I-Sec research

Exhibit 18: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	18.6	25.9	29.3	33.3
Adjusted EPS (Diluted)	18.6	25.9	29.3	33.3
Cash EPS	35.2	43.4	47.7	52.4
Dividend per share (DPS)	5.0	7.0	8.2	8.2
Book Value per share (BV)	290.7	309.6	330.8	355.8
Dividend Payout (%)	26.9	27.1	27.9	24.6
Growth (%)				
Net Sales	2.4	14.1	9.1	9.1
EBITDA	8.8	47.0	9.1	9.1
EPS (INR)	7.7	39.2	13.3	13.3
Valuation Ratios (x)				
P/E	110.9	79.7	70.3	62.0
P/CEPS	58.6	47.5	43.2	39.4
P/BV	7.1	6.7	6.2	5.8
EV / EBITDA	60.3	40.5	36.5	32.8
P / Sales	3.8	3.4	3.1	2.8
Dividend Yield (%)	0.2	0.3	0.4	0.4
Operating Ratios				
Gross Profit Margins (%)	33.0	34.0	34.0	34.0
EBITDA Margins (%)	5.9	7.6	7.6	7.6
Effective Tax Rate (%)	25.5	25.5	25.5	25.5
Net Profit Margins (%)	3.5	4.2	4.4	4.6
NWC / Total Assets (%)	0.5	0.7	0.9	0.9
Net Debt / Equity (x)	(0.5)	(0.5)	(0.6)	(0.7)
Net Debt / EBITDA (x)	(4.6)	(3.7)	(4.0)	(4.3)
Profitability Ratios				
RoCE (%)	3.5	6.2	6.6	6.9
RoE (%)	6.3	8.3	8.8	9.4
RoC (%)	6.8	14.2	16.9	20.4
Fixed Asset Turnover (x)	3.1	3.4	3.5	3.7
Inventory Turnover Days	67	72	70	70
Receivables Days	18	19	19	19
Payables Days	92	97	95	95

Source Company data, I-Sec research

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