Twitter Thread by Mangalam Maloo



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TALE OF TWINS: ASIAN PAINTS & PIDILITE
- Gujarati Promoters, Professionally Run Companies
- Leaders in Their Categories, Have STRONG brands!
- Both known for great ads created by Oglivy
- Both Reported eerily similar numbers too!
#FMCGisLife @asianpaints @StuckByFevicol

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ASIAN PAINTS & PIDILITE Q4FY21 Earnings
- Both Reported on May 12, 2021
- Similar Expectations: ~30% revenue, ~50% EBITDA ~90% PAT growth YoY on a Low Base
- Similar Concerns: Q4 Numbers in the price, Commentary on Q1 uncertainty and RM Prices Key!
- Similar Valuations: Both Trade ~65X FY22e

ASIAN PAINTS & PIDILITE Q4FY21 Earnings
Revenue Growth
Asian Paints: 43.5%
Pidilite: 44.7%

Volume Growth
Asian Paints (Decorative): 48%
Pidilite (Consumer): 45.3%

EBITDA Growth
Asian Paints: 53.4%
Pidilite: 53.1%

PAT Growth
Asian Paints: 81%
Pidilite: 96%

MANAGEMENT COMMENTARY
Asian Paints:
Huge inflationary trend in raw material prices has been worrying
Current business environment is unprecedented, taking all steps to tackle uncertainty

Pidilite:
Demand outlook remains uncertain due to second Covid 2nd wave
Gross Margins continue to be impacted due to significant inflation in input costs

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- Both companies started by Gujarati families, now run by professional management'
- Both Leaders in their respective categories, Both Sell Products with Crude related inputs
- Both eyeing newer growth categories – Eg. Waterproofing
- Strong Brands made from generic products – paints and adhesives – by same Ad Agency: Oglivy and the same leader Piyush Pandey!
- Bharat Puri, current MD of Pidilite is Ex-Asian Paints
- Amit Syngle, current MD of Asian Paints is Bharat Puri's mentee!