

Ref: MPL / Sect1 / BSE & NSE / E-2 & E-3 / 2022

30th November 2022

The Manager,
Listing Department,
BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring,
Rotunda Building, P J Tower,
Dalal Street, Fort,
Mumbai - 400 001.
Stock Code: 500268

The Listing Department
National Stock Exchange of India
Limited
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East)
Mumbai - 400 051
Stock Code: MANALIPETC

Dear Sir,

Sub: Analyst/Investor Presentation – “Business Update”

Ref: MPL / Sect1 / BSE & NSE / E-2 & E-3 / 2022 dated 28th November 2022

In connection with the above referred letter, please find enclosed a presentation relating to a Business Update of the Company.

The aforesaid presentation is also being hosted on the website of the Company, www.manalipetro.com in accordance with Regulation 46 of the SEBI Regulations.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,

For Manali Petrochemicals Limited

R Swaminathan

Company Secretary

Encl.: as above

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Acquisition of Penn Globe Ltd and its Subsidiaries (Penn-White Ltd & PPS)

30 November 2022

NSE: MANALIPETC / BSE: 500268

Regd. Office: SPIC House, 88, Mount Road,
Guindy, Chennai – 600032.

CIN: L24294TN1986PLC013087.



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Operating cash flow: Corresponds to the free cash flow from operation.

EBITDA: Corresponds to EBIT plus recurring depreciation and amortisation of tangible and intangible assets.

EV: Enterprise Value.

GM: Gross Margin as a percentage of sales.

LTM22: Last Twelve Months for the year 2022.

WC Facility: Working Capital Facility.

ABL: Asset-Based Lending.

Transaction Summary



Transaction Description

- Penn Globe Limited currently has 100% ownership in two subsidiaries:
 - 1) Penn-White Limited - specialty chemical company
 - 2) Pennwhite Print Solutions Limited - printing solutions company
- Penn-White Limited is a manufacturer of foam control agents and similar chemical products including lubricants, surface coatings, release agents and silicone emulsions.
- Pennwhite Print Solutions Limited launched in 2012 and manufactures a range of high-performance silicone emulsions, anti-statics and consumables developed specifically for the needs of commercial printers.



Purchase Consideration

- £20.6m cash purchase price
- LTM22 adjusted pro-forma EBITDA of £2.81m**
- EV on cash and debt free basis with repayment of outstanding IC loans.



Financing of Transaction

- Financing through accrued cash from MPL.
- Expected refinancing of WC facility with a new ABL.
- Currently net long-term debt free.



Expected Performance and Financial Impact

- Increase EBITDA margin and new product sales generation.
- Synergy created through forward vertical integration and centralization.

£2.96m*

EBITDA

£15.97m*

Sales

29

Employees

>200

Products

* Numbers at FY22

** EBITDA FY22 post adjustments (management fees from PPS)

Penn Globe at a Glance

Incorporated in 1985 as a specialty company based out of Middlewich, Cheshire, UK.



Group's customers are ~60% UK based and a ~40% based overseas with growing sales in Asia.



Strong financial performance with operating cash flow constantly >£2m for the past 3 years.



~40% average GM and 22% average EBITDA over the past 3 years.



Products do not require hazardous chemicals



Less regulation and lower capex expenditure

Products and Applications



Bakery

- Oven chain lubricants
- Release glazes
- Silicone release rubber coatings



Cable Lubricants

- Blowing lubricants
- Pulling lubricants



Construction

- Plumbing
- Silicone removal
- Water repellents



Fermentation

- Beverages
- Biofuels
- Food
- Pharmaceuticals



Food Processing

- Dairy
- Drinks, jams, & sweets
- Meat & poultry
- Seafood
- Wastewater
- Organic
- Peas
- Potato
- Sugar



Recycling

- Aggregates
- Electronics
- Plastics
- Water



Release Coatings

- Bakeware
- Foundry
- Plastics & rubber



Silicone Removal

- Electronic recycling
- Plumbing & construction



Textiles

- Finishing
- Foam control
- Softening



Surface Coatings

- Adhesives
- Cements
- Inks
- Mortars & grouts
- Paints
- Varnishes



Waste & Water Treatment

- Biomass
- Industrial effluent



Others

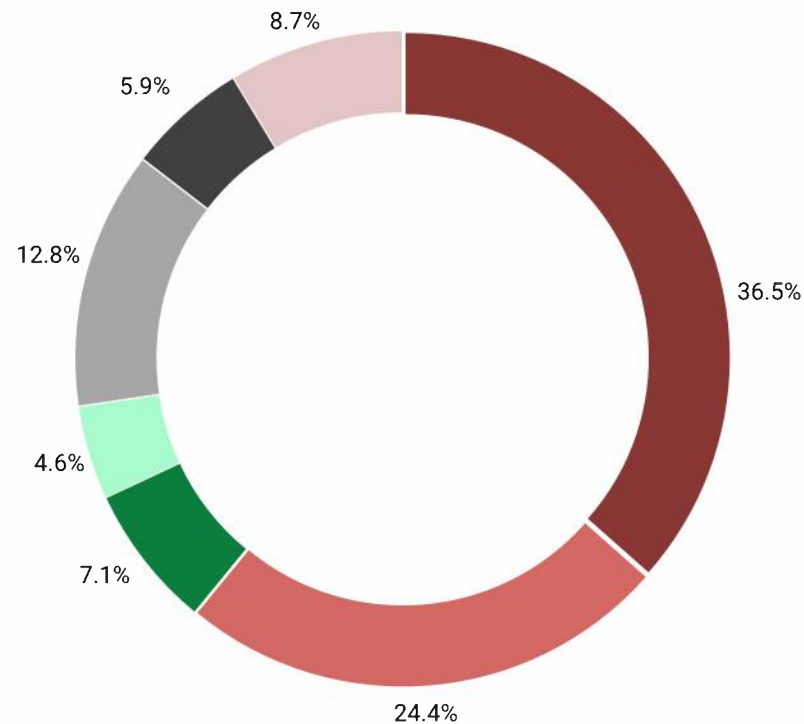
- Foam control – Adhesives
- Foam control – Emulsion Polymerisation
- Foam Control – Janitorial
- Printing
- Oil Field

Revenue FY22



Revenue Break-up (£'000)

Foam control - Food - Non-Silicone	5,833
Foam control - Food - silicone	3,899
Foam control - Non-food - silicone	1,135
Foam control - Non-food - non-silicone	737
Silicone emulsion	2,040
Silicone	944
Others	1,383
Total Revenue (Net of Discounts)	£15,971

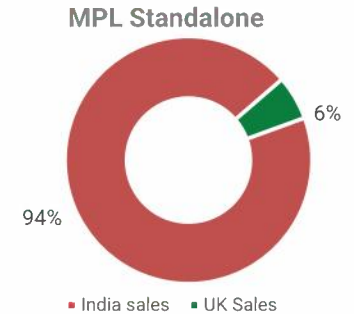
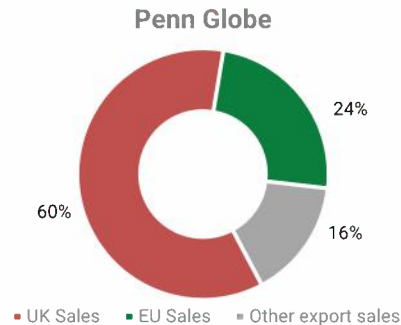


Capitalise on Advantageous Geographic Positioning

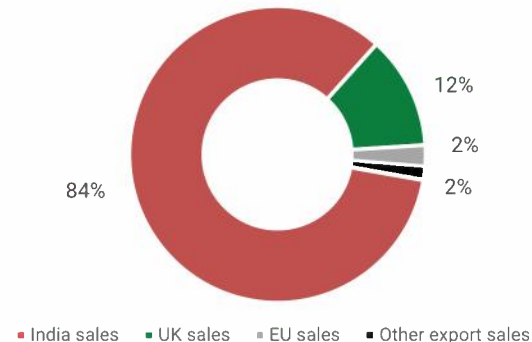
- The group's customer are c.60% UK based and c.40% based overseas, with 11.8% of sales invoiced in non-sterling currencies.
- The supplier base comprises a combination of UK and overseas based chemical providers, in particular Dow Chemical (c. 46% of LTM22 purchases), with 52% of purchases being non-sterling.



- The group will re-balance its exposure to forex movement by starting manufacturing product in India to serve the Asian market.
- The group will be less heavily exposed to movements in polyols by vertically integrating PPG supply.
- Lead time will become significantly lower for products currently sold in Asia.
- Take advantage of MPL strategic positing to supply the growing Asian market.



MPL Consolidated



Building a More Balanced and Sustainable Future



(Re)-balancing between commodity & specialty offering:

- We have an objective of an 80:20 mix between the commodity & specialty offerings' at Manali Petrochemicals level in the next year or so. This will be achieved by inorganic growth but also by developing our current portfolio.
- Bringing more products to MPL's portfolio related to the specialty chemical space will accelerate the creation of an at-scale business and take advantage of economies of scale with better margins.
- This balancing act will also help our long-term vision and positioning in an industry which faces important challenges.
- One of the key objectives is to protect value in the long term through a constant pursuit of innovation and sustainability. This can only be done by having access to alternative technologies and new product offerings where investment doesn't put at risk our balance sheet and our people.



Sustainability focus

- Penn-White's products do not call for hazardous chemicals.
- Antifoams support environment focused activities such as water treatment and plastic recycling.
- Penn-White launched its Responsible Care Improvement Plan in 2011 dedicated to the continuous improvement of its health and safety practices, its environmental policies and its relationship with the broader community.
- Penn-White products are formulated to minimise their environmental impact and manufacturing processes are designed to reduce the demand placed on finite natural resources.

"The addition of Penn Globe Limited is an important step in the execution of our growth strategy. It gives us access to world-class products, technology, and a talented team as a strategic advantage. It is in line with our inorganic expansion vision that fosters a global focus, customer-first mindset, and culture of innovation. It will help the Company increase its share in the high-demand premium customer segments that command better pricing opportunities."



ASHWIN MUTHIAH
Chairman, Manali Petrochemicals

Global Market Potential



Domestic manufacturing initiatives

- **“Made in India”** strategy under an expected new subsidiary “Pennwhite India Ltd”.
- Taking advantage of lower manufacturing costs, direct access to PPG and lower freight cost to serve the growing Asian region*.
- Strategic IP and Know-how transfer to MPL to grow R&D effort and expand our offering in attractive markets and applications.



Market Potential

- The global anti-foaming agents’ market is expected to reach up to USD 10 billion by 2030, manifesting a CAGR of 5.2% from 2022 to 2030.
- The anti-foam market has potential for high growth due to the rapid expansion of food & agriculture and PICA industries.
- IMARC Group expects the Indian agriculture industry to reach INR 142,280 Billion by 2027, exhibiting a growth rate (CAGR) of 12.3% during 2022-2027.
- The Indian paint industry is the fastest-growing major paint economy in the world, requiring ever increasing anti-foam solutions for its manufacture.



Harnessing New Opportunities

- In process of securing a large deal with a potato farmer in North America.
- Supplying our fertilizer companies where anti-foam is required (PA etc.).
- Looking to work with large Indian manufacturers on their anti-foam requirements e.g., sugar manufacturer etc.
- Global expansion on fish farming focusing on salmon and sea bass in Latin America. Currently dominates Scottish fish farming with 90% market share.
- Increase market shares in the water utility and construction industry.

Contact Us

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www.manalipetro.com

