

As temperatures rise, Whirlpool sees more AC, refrigerator sales

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The IMD forecast of a normal summer in CY16 has risen hopes for good sales show for Whirlpool of India, says Sunil D'Souza, Managing Director of the company.

He adds that India is a low penetration market, but a highly seasonal one, hence, an uptick in AC & refrigerator sales is expected for the ongoing quarter.

D'souza places his bets on the right execution strategies to drive double-digit growth for the company. Below is the verbatim transcript of Sunil D'souza's interview with Ekta Batra & Anuj Singhal on CNBC-TV18.

Ekta: If you could just start by telling us what kind of volumes are you already seeing in term of dispatches of your consumer durables of your air conditioners and if you could compares it at the same time year ago?

A: India is a relatively low penetration market across all appliances and therefore a highly seasonal market. Normally during summer we see an uptake of air conditioners and refrigerators. Last year was a mild and shorter summer and this year all predictions from IMD as well as other forecasters point out to a normal and may be a slightly warmer than normal summer. The critical point for us as a company to take advantage of that is to make sure that we have got value for the consumers.

Value in terms of brand, products, features benefits.

So, we are geared up for that whether it is in our refrigerators range or frost free where we have got our new intelligifresh technology or a new 3D cool range in our air conditioners. Coupled with execution we are geared up for summer.

We do expect an uptake in air conditioning and refrigeration very quickly. The initial signs are quite positive and as long as we continue to execute we will be able to drive the momentum.

Ekta: What is the kind of volume uptake, if you have to put a number to it?

A: Let me put it this way, we are focused on making sure that we have got product innovation, we have got our portfolio expansion, execution in place to drive double digit volume and share growth. This is across all categories. Right now refrigeration and air conditioning is focused because it is summer time and we see a pick. We are seeing initial signs that we will have good numbers.

Anuj: I am reading a brokerage report which says that because of your weak distribution you have been losing market share for last couple of quarter especially in your key categories. Would that be a right assessment and have you addressed that?

A: We have got enormous opportunities both on industry growth as well as share growth going forward. That is across all our categories, all the big categories that we play in. The critical piece and we have seen that over the last one year is as we focus on making sure that we have got innovation in our portfolio we focus on the right good market execution, cost efficiencies and manufacturing efficiencies. We are able to gain traction, so we have been seeing good traction in the recent months and I am sure as long as we put our heads down and we keep focusing we will continue to see that going forward. The Indian consumer is a very value conscious consumer.

Value defined as the entire portfolio of brand product, benefits etc. Making sure that we give him the right benefits bases local insights and then execute both on numeric reach as well as instore execution that is a critical piece. The team has started off well and I am confident we will get to strong double digit growth.

Ekta: If you are talking about market share, you have around 3-4 percent market share in the AC segment. If you are anticipating double digit growth in terms of the AC segment at least in the next couple of years how much do you think you can push your market share up to possibly by the end of FY17?

Secondly, similar case for refrigerators, how much market share do you have currently, how much do you think you can push it up to?

A: Our shares across categories vary. The biggest opportunity for share growth across all the segments that we play in currently and the big segments that we play in is probably air conditioners. Now air conditioners both we see industry growth and we see opportunity for share growth. To take advantage of the share growth as I said, the big thing is make sure that we have got products which provide value to the consumer.

So, this year we put out our new range which gives both best in class purification as well as cooling. Now as long as we execute against that we will see good growth. This year we have significantly increased our reach in terms of the number of outlets that we do.

As well as the number of products on display and in store execution. So, we do see disproportionate growth in air conditioners going forward.

Anuj: Your last quarter was great and your nine months numbers were also great because of your margin improvement is that sustainable?

A: Just a point about last quarter, last quarter we delivered good results despite tough market conditions and intense competition. So, we delivered roughly a 13 percent topline growth and we delivered closed to around 39 percent bottomline growth.

Earnings per share (EPS) per share moved from 2.5 to 3.5 significant cash. In a tough quarter we delivered that then as we are going forward we are improving both our product portfolio as well as our cost and manufacturing.

Cost, we have seen huge currency volatility so the team is tackling that very well and taking full advantage of commodity softness to make sure we drive cost to the maximum possible and focused on manufacturing efficiencies.

So, yes we are confident of delivering strong growth both on the topline as well as botomline going forward, maintaining the momentum.