



11<sup>th</sup> August, 2022

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Dear Sir,

**Re: Earning Presentation**

Please find enclosed herewith the Earning Presentation for the quarter ended 30<sup>th</sup> June, 2022.

Thanking You

Yours faithfully

For LINC LIMITED

N. K. DUJARI  
Director Finance &  
Compliance Officer



# Q1 FY23 August 2022

NSE : LINC  
BSE : LINC  
Bloomberg : LINC:IN

# EARNINGS PRESENTATION.

Linc Limited  
(formerly Linc Pen and Plastics Limited)

# Inside This Presentation .



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# Executive Summary.



- Among Top 3 brands in India for Writing Instruments.
- Presence in the affordable segment for over 4 decades.



Source: Euromonitor Report – July 2021



- New Writing Instrument brand launched in FY19 by Linc in MRP ₹10 and above segment.
- Known for its super smooth writing and sleek design.



- Global brand from Mitsubishi Pencil Co. Ltd, Japan.
- Presence across all categories of Writing Instruments – Roller Pen, Gel Pen and Ball Pen.



- Asia's largest stationery giant.
- Presence across all stationery categories with over 2000 Products.



- Linc Ltd. is one of India's largest writing instrument companies with 7.8% market share in the pen segment as of 2020
- National and international presence in over 50 countries
- Strong and extensive network in Southeast Asia, Middle East, USA, UK, Europe, South America, Africa, Russia and CIS countries
- India's exclusive importer and distributor of Asia's largest stationery giant; Deli and world-famous pen brand Uni-ball; Mitsubishi Pencil Co., Japan

# Management Commentary.

“With Covid induced restrictions behind us, our revenue has been displaying strong growth. Operating Income stood at ₹ 9,794 lacs, a growth of 77.7% over the previous year. However, first quarter being traditionally a weaker quarter for the industry, revenue fell by 11.4% QoQ. With Pentonic sales going strong, and with plans of introducing new products in the coming quarters, we expect strong top line growth in the coming quarters as well.

We are very happy to state that we were able to pass on the raw material price escalations, as we increased selling prices of our finished products in April, 2022. This resulted in improved gross margin, which increased from 22.9% in Q4 FY22 to 25.4% in Q1 FY23. Operating EBIDTA margin also improved to 8.2% and was up 569 basis points YOY and 288 basis point QoQ.

Input costs have started to come off; and prices of key inputs are expected to remain benign in the coming quarters as the focus of central banks have shifted to containing inflation. This along with our continued focus on higher margin products should help us in improving our margins and profitability going forward.

It is also very heartening to note that our touch points continue to increase with another 12,103 added in this quarter. ”

**Deepak Jalan**

Managing Director, Linc Limited



# Key Highlights.

**Operating Income** up 77.7% YoY, down 11.4% QoQ at ₹ 9,794 lacs.

**Operating EBITDA** up 486.6% YoY at ₹ 799 lacs and Margin stood at 8.2%. **Operating EBITDA** Margin increased 569 basis points YoY

**Net Debt** reduced by ₹ 776 lacs from 31<sup>st</sup> March 2022 and stood at (₹ 486) lacs

**Gross Profit** up 100.7% YoY at ₹2,487 lacs and Margin stood at 25.4%

**'Pentonic' Sales** continued to grow and was over 29% of total revenue for Q1 FY 23 and its GPM stood ~ 40%

**Net Debt/Equity** stood at (0.03) against 0.02 in FY 22 and **Net Debt/Operating EBITDA** stood at (0.15) against 0.13 in FY22



# Quarterly Highlights.

₹ Lacs

	Operating Income	Gross Profit	Operating EBITDA	PBT	PAT	Cash Profit <sup>1</sup>
	<b>9,794</b>	<b>2,487</b>	<b>799</b>	<b>593</b>	<b>438</b>	<b>766</b>
Growth (YOY)	77.7%	100.7%	486.6%	NA <sup>3</sup>	NA <sup>3</sup>	311.7%
Growth (QOQ)	(11.4%)	(1.9%)	36.8%	49.0%	46.5%	22.3%
Margin <sup>2</sup> (%)		25.4% ↑	8.2% ↑	6.1% ↑	4.5% ↑	
Margin –YoY Expansion/(Contraction)		292 bps	569 bps	899 bps	669 bps	
EPS/CEPS					2.95	5.15

**Note:**

1. Cash Profit = PAT add Depreciation
2. Margins calculated on Operating Income
3. NA – Negative number historically

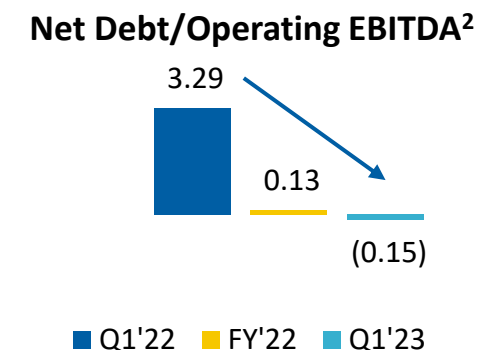
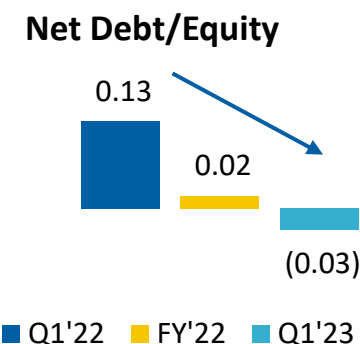
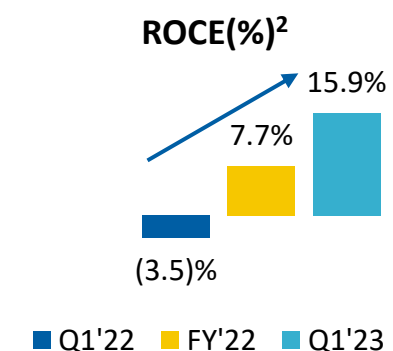
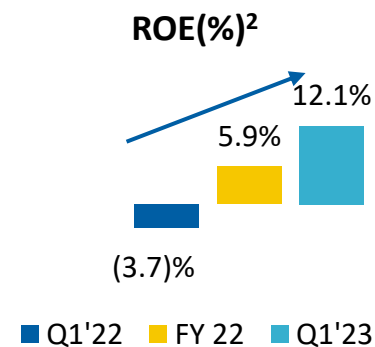
# Quarterly Highlights (Cont.)

₹ Lacs

Particulars	30-Jun-22	31-Mar-22	30-Jun-21
<b>Net Worth</b>	<b>14,724</b>	<b>14,285</b>	<b>13,306</b>
Short Term Borrowing	-	299	1,818
Long Term Borrowing	-	-	-
Gross Debt	-	299	1,818
Cash & Cash equivalent	486	9	26
<b>Net Debt</b>	<b>(486)</b>	<b>290</b>	<b>1,793</b>
Net Current Assets <sup>1</sup>	6,238	6,072	7,170
<b>Total Assets</b>	<b>20,368</b>	<b>20,162</b>	<b>20,162</b>
Total Asset Turnover	1.93	1.77	1.10
Cash Conversion Cycle	76	74	129

**Note:**

1. Net current assets excludes cash & cash equivalents
2. Profit figures are YTD annualized





# Quarterly Highlights (Cont..)

₹ Lacs

Revenue	Writing Instruments			Other Products		
	Own Brands		Licensed Brands	Own Brands		Licensed Brands
	Pentonic	Linc & Others	(Uni-Ball)	Pentonic	Linc & Others	(Deli)
Q1 FY23	2,855	4,345	1,465	16	128	498
Sales Contribution (%)	30.7%	46.7%	15.7%	0.2%	1.4%	5.4%
Q4 FY22	3,202	5,347	1,367	1	79	336
Sales Contribution (%)	31.0%	51.8%	13.2%	0.0%	0.8%	3.3%
Q1 FY22	1,483	2,804	809	1	131	116
Sales Contribution (%)	27.8%	52.5%	15.1%	0.0%	2.4%	2.2%
Growth YoY	92.5%	55.0%	81.1%	1209.2%	(1.9%)	328.4%
Growth QoQ	(10.8%)	(18.7%)	7.2%	2374.8%	62.4%	48.3%

Note: Revenue does not include Re-Sale of raw material and export incentive

# Quarterly Highlights (Cont..)

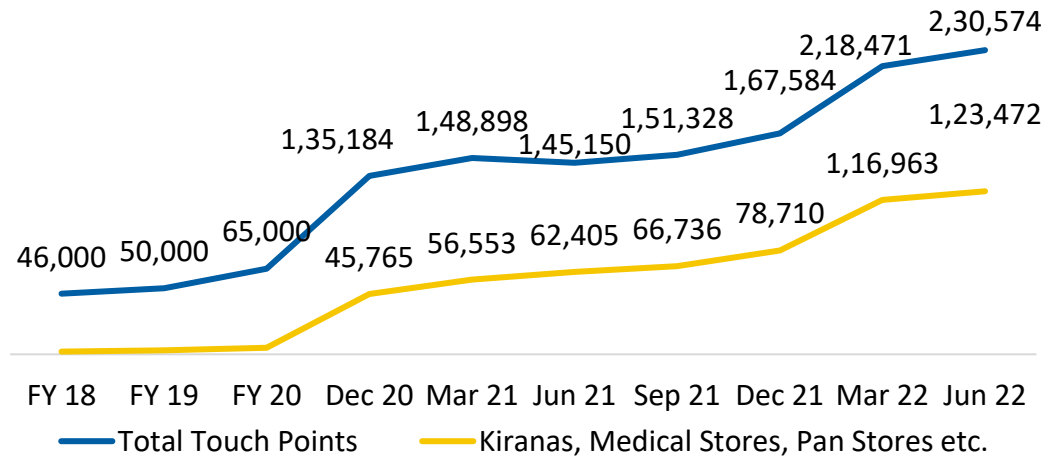
₹ Lacs

Revenue	Trade Channel				
	General Trade	Modern Trade	E-Commerce	Corporate	Exports
Q1 FY23	6,646	624	191	358	1,489
<b>Sales Contribution (%)</b>	<b>71.4%</b>	<b>6.7%</b>	<b>2.1%</b>	<b>3.8%</b>	<b>16.0%</b>
Q4 FY22	6,536	443	144	299	2,909
<b>Sales Contribution (%)</b>	<b>63.3%</b>	<b>4.3%</b>	<b>1.4%</b>	<b>2.9%</b>	<b>28.2%</b>
Q1 FY22	2,411	139	274	1,121	1,398
<b>Sales Contribution (%)</b>	<b>45.1%</b>	<b>2.6%</b>	<b>5.1%</b>	<b>21.0%</b>	<b>26.2%</b>
<i>Growth YoY</i>	175.6%	349.3%	(30.2%)	(68.1%)	6.5%
<i>Growth QoQ</i>	1.7%	40.7%	33.2%	19.4%	(48.8%)

Note: Revenue does not include Re-Sale of raw material and export incentive

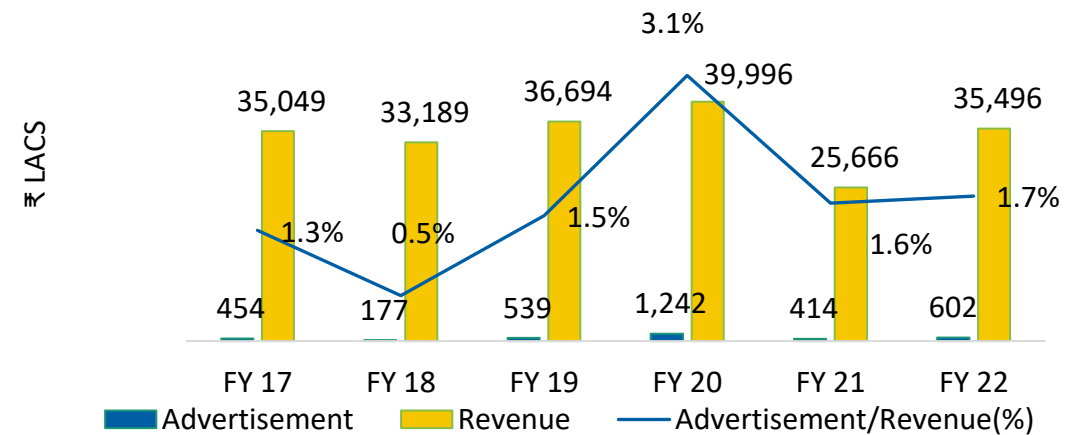
# Operational Highlights.

Increasing touch points



- Broken tradition by expanding to neighbourhood grocery stores (Kirana, Medical stores, Pan stores, etc.)
- Strong increase in touch points – 85,424 added over the last 12 months

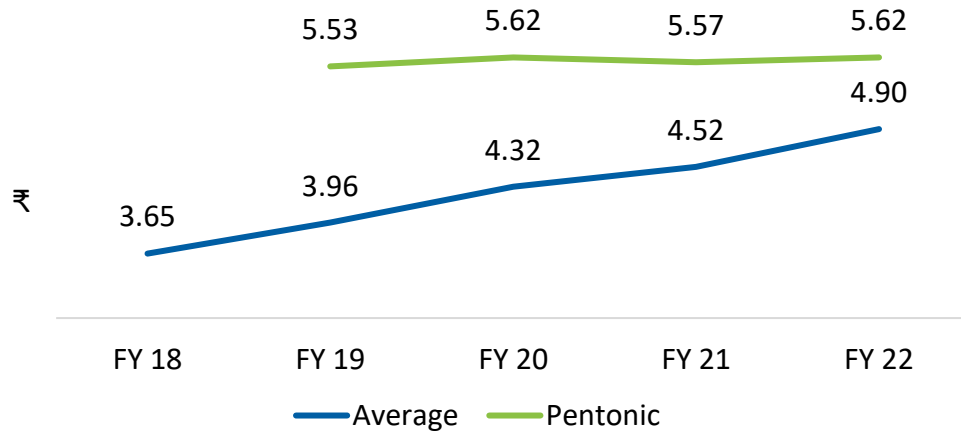
Focus on brand building



- Spent over ₹ 7,800 lacs on brands over last 12 years
- 2% of revenue spent on brands over last 12 years
- Reduced spent during covid period to conserve cash
- **Step up brand spend going forward ~ 3% of revenue**

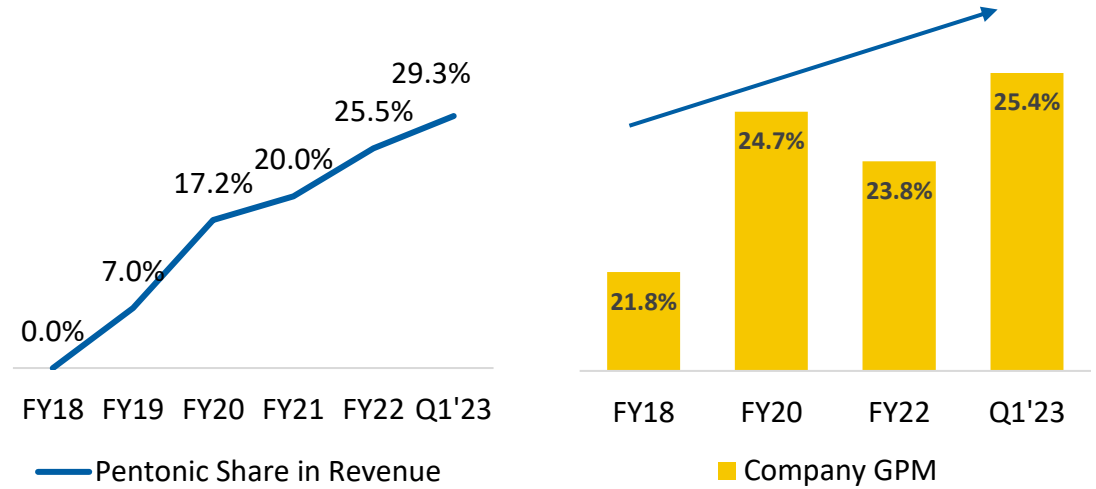
# Operational Highlights (Cont..)

Growth in average realization of Pens



- Consistent increase in average selling price
- Average realization increase possible due to focus on higher priced products

Focus on higher margin products



- 'Pentonic' brand introduced in FY19 as a minimalistic yet contemporary pen, known for its aesthetics as well as writing smoothness
- Positioned at ₹ 10 + segment, 'Pentonic's' GPM is ~ 40%
- Significant increase in revenue share of 'Pentonic' over the last 4 years
- Hence, overall GPM of the Company has increased by ~ 350 basis point

# Quarterly Profit & Loss.

₹ Lacs

Particulars	Q1 FY 23	Q1 FY 22	YoY Change	Q4 FY 22	QoQ Change	FY22
<b>Operating Income</b>	<b>9,794</b>	<b>5,513</b>	<b>77.7%</b>	<b>11,055</b>	<b>(11.4%)</b>	<b>35,496</b>
Gross Profit	2,487	1,239	100.7%	2,536	(1.9%)	8,441
<b>Gross Profit (%)</b>	<b>25.4%</b>	<b>22.5%</b>	<b>13.0%</b>	<b>22.9%</b>	<b>10.7%</b>	<b>23.8%</b>
Operating EBITDA	799	136	486.6%	584	36.8%	2,153
<b>Operating EBITDA Margin (%)</b>	<b>8.2%</b>	<b>2.5%</b>	<b>230.2%</b>	<b>5.3%</b>	<b>54.4%</b>	<b>6.1%</b>
Other Income	132	40	229.1%	161	(18.0%)	288
Finance Cost	11	30	(64.8%)	20	(47.7%)	73
Depreciation	328	308	6.3%	327	0.2%	1,282
PBT	593	(162)	(466.9%)	398	49.0%	1,085
<b>PAT</b>	<b>438</b>	<b>(122)</b>	<b>(458.4%)</b>	<b>299</b>	<b>46.5%</b>	<b>813</b>
PAT Margin	4.5%	(2.2%)	6.7%	2.7%	1.8%	2.3%
<b>EPS (₹)</b>	<b>2.95</b>	<b>(0.82)</b>	<b>(458.4%)</b>	<b>2.01</b>	<b>46.5%</b>	<b>5.47</b>

# Focus on Shareholder Value Creation.

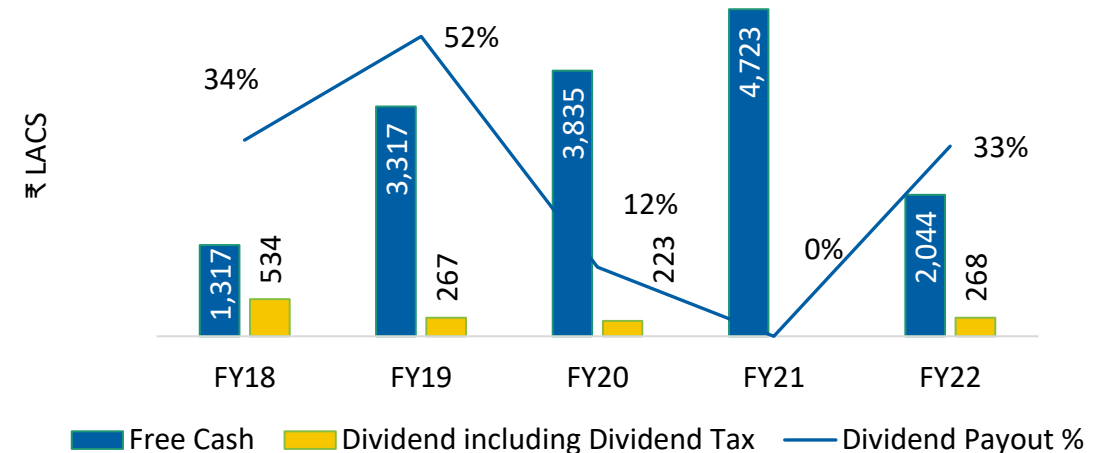
- Steady increase in Free Cash Flow
- Consistent Dividend Pay-out track record of greater than 30% (Other than Covid years due to cash conservation)

- Steady and significant decrease in Net Debt
- FCF used judiciously to reduce Debt – Net Debt now at negative ₹486 lacs
- Capex commitment funded largely through internal cash generation
- Net Debt / Operating EBITDA reduced significantly from peak of 2.54 in FY 2018 to (0.15) in Q1'23

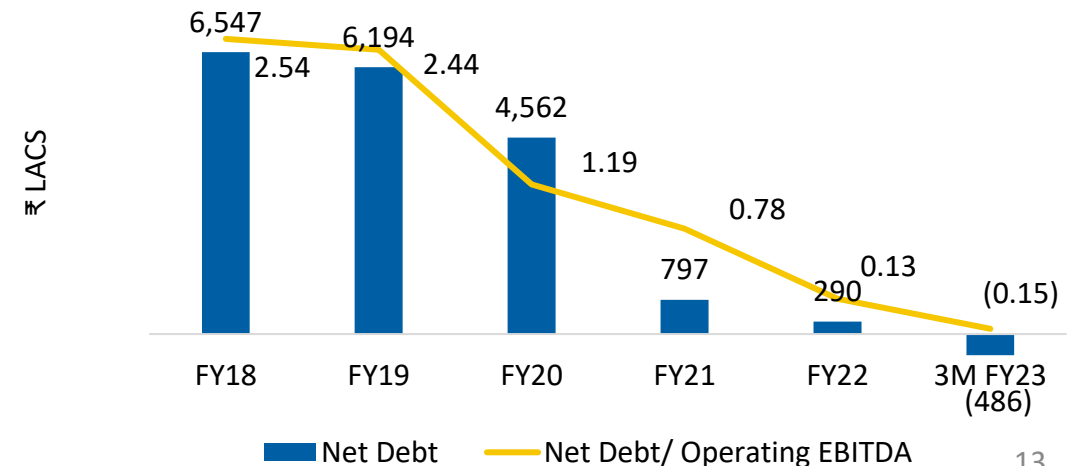
Note

1. Free Cash is Net Cash generated from Operating Activities

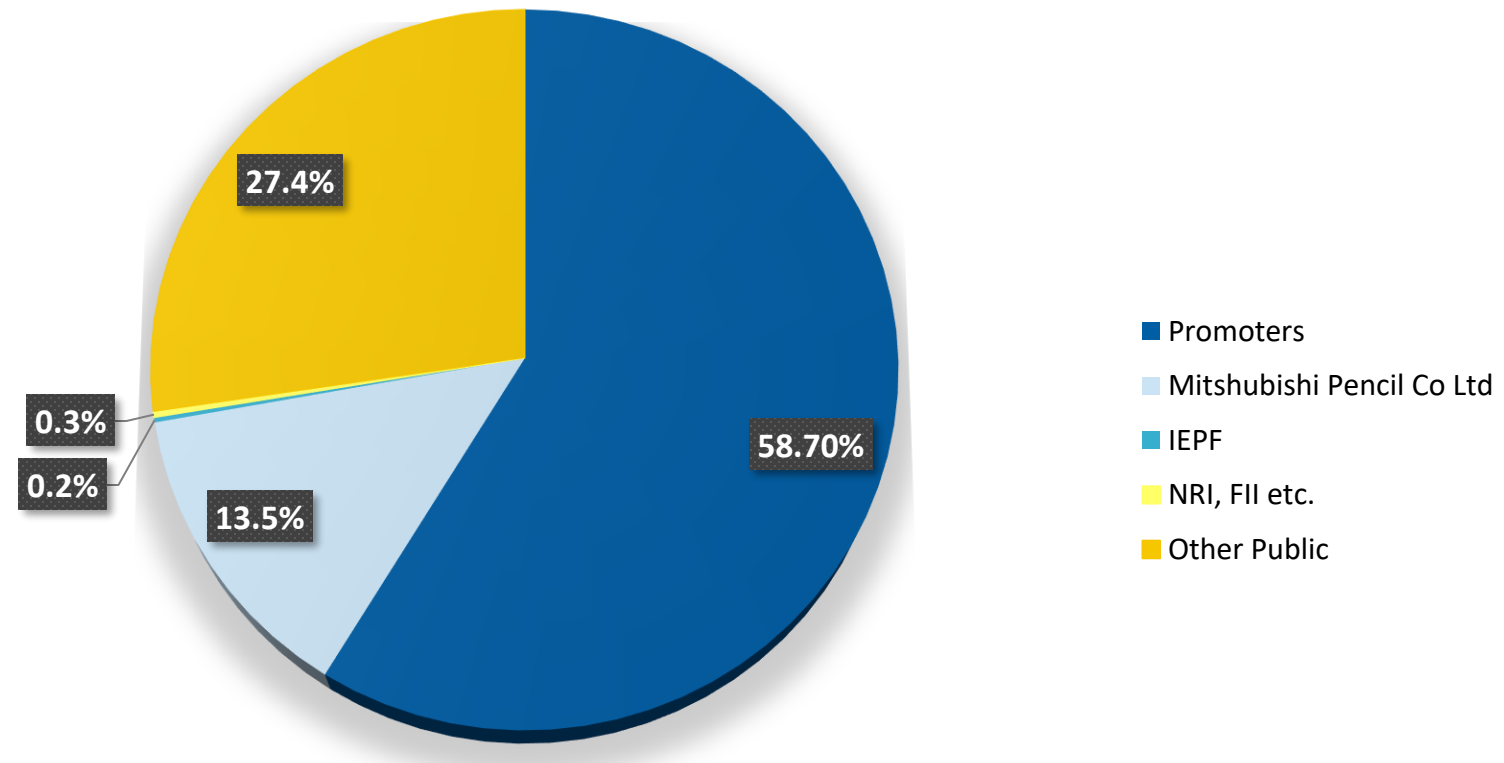
### FCF VS DIVIDEND PAYOUT



### Net Debt and Net Debt/Operating EBITDA



# Shareholding Pattern.



As on 30<sup>th</sup> Jun'22

# Why Linc?.





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# Thank You.

For further details please contact

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