



Q1 FY24 July 2023

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BSE : LINC
Bloomberg : LINC:IN

EARNINGS PRESENTATION.

Linc Limited
(formerly Linc Pen and Plastics Limited)



Inside This Presentation .

- 1. Executive Summary 03
- 2. Management Commentary 04
- 3. Key Highlights 05
- 4. Quarterly Highlights 06 - 09
- 5. Operational Highlights 10 - 11
- 6. Quarterly Profit & Loss 12
- 7. Focus on Shareholder Value Creation 13
- 8. Shareholding Pattern 14
- 9. Why Linc? 15
- 10. Disclaimer 16
- 11. Thank You 17

Executive Summary.



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



- 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 6.6% market share in the writing instrument segment as of FY 23
- 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.

“Operating income in Q1 FY24 stood at ₹ 11,188 lacs, a growth of 14.2% against the corresponding quarter previous year.

Gross profit margins also increased to 32.3% in Q1 FY24 as against 25.4% in the corresponding period previous year. However, the same contracted sequentially by 197 bps due to lower income in the first quarter, being the weakest quarter due to seasonality of business.

The company achieved PAT of ₹ 739 lacs, up 68.6% against Q1 FY23.

I am very glad to share that we were able to increase the share of Pentonic to over 36% as against ~ 30% in FY23, through special drive that we undertook during the Quarter. We launched the Pentonic G-RT, the Rs 40 gel pen in Q1, and am excited to share that it has received excellent initial response and hence we now plan to do a full-fledged launch in the coming months.

Your company continues to witness strong demand for Pentonic portfolio, increasing traction for our stationery portfolio “Deli” and growing share of higher margin products, which should enable us achieve the desired topline and bottom-line growth in the near future as well. ”

Deepak Jalan

Managing Director, Linc Limited



Key Highlights.

Operating Income up 14.2% YoY & down (18.5%) QoQ at ₹ 11,188 lacs

Operating EBITDA up 64.5% YoY at ₹ 1,315 lacs and Margin stood at 11.8%

PAT grew by 68.6% YoY at ₹ 739 lacs

Debt was nil as on 30th Jun 2023 and the company has net free cash of ₹ 1,560 lacs

Gross Profit up 45.4% YoY at ₹3,616 lacs and Margin stood at 32.3%.

'Pentonic' Sales continued to grow and was over 36% of total revenue for Q1 FY24 and its GPM stood ~ 40%

ROE stood at 16.3%

Net Debt/Equity stood at (0.08) against (0.04) in FY23 and **Net Debt/Operating EBITDA** stood at (0.30) against (0.12) in FY23



Quarterly Highlights.

₹ Lacs

	Operating Income	Gross Profit	Operating EBITDA	PBT	PAT	Cash Profit ¹
	11,188	3,616	1,315	1,004	739	1,112
Growth (YOY)	14.2%	45.4%	64.5%	69.3%	68.6%	45.2%
Growth (QOQ)	(18.5%)	(23.2%)	(33.0%)	(39.4%)	(40.1%)	(30.5%)
Margin ² (%)		32.3%	11.8%	8.9%	6.5%	
Margin –YoY Expansion/(Contraction)		693 bps	359 bps	289 bps	211 bps	
EPS/CEPS					4.97	7.47

Note:

1. Cash Profit = PAT add Depreciation

2. Gross Profit & Op EBITDA Margins calculated on Operating Income

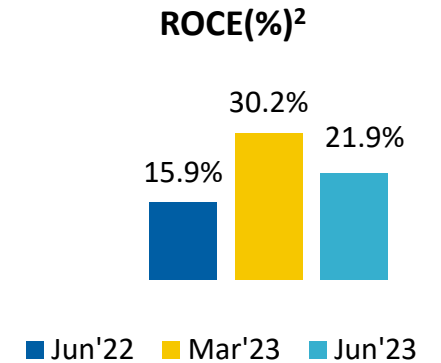
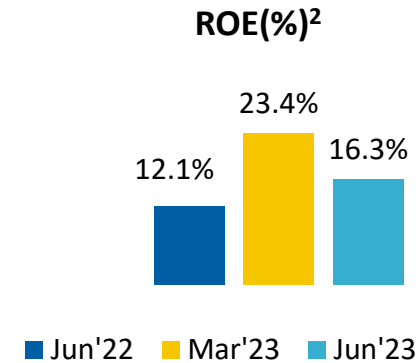
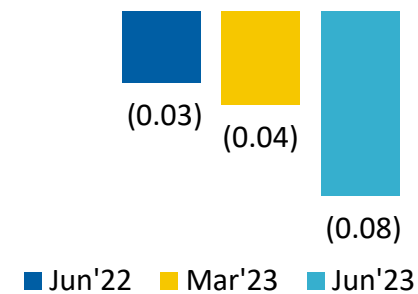
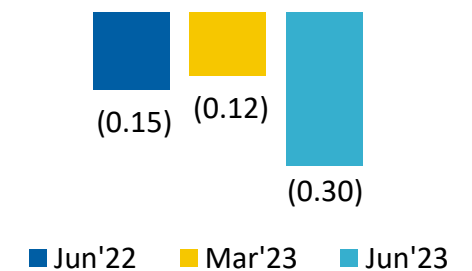
Quarterly Highlights (Cont.)

₹ Lacs

Particulars	30-Jun-23	31-Mar-23	30-Jun-22
Net Worth	18,452	17,722	14,724
Gross Debt	-	-	-
Cash & Cash equivalent	1,560	760	486
Net Debt	(1,560)	(760)	(486)
Fixed Assets	10,813	9,038	7,997
Net Current Assets ¹	7,436	7,748	6,238
Total Assets	26,982	23,746	20,368
Fixed Asset Turnover	4.51	5.64	4.83
Total Asset Turnover	1.76	2.22	1.93
Cash Conversion Cycle	86	68	76

Note:

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

**Net Debt/Equity****Net Debt/Operating EBITDA²**

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 FY24	4,013	4,296	1,624	69	528	644
Sales Contribution (%)	35.9%	38.4%	14.5%	0.6%	4.7%	5.8%
Q4 FY23	4,024	6,298	1,949	76	705	649
Sales Contribution (%)	29.4%	46.0%	14.2%	0.6%	5.1%	4.7%
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%
Growth QoQ	(0.3%)	(31.8%)	(16.7%)	(8.8%)	(25.1%)	(0.8%)
Growth YoY	40.6%	(1.1%)	10.9%	322.2%	312.1%	29.2%

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

Quarterly Highlights (Cont..)

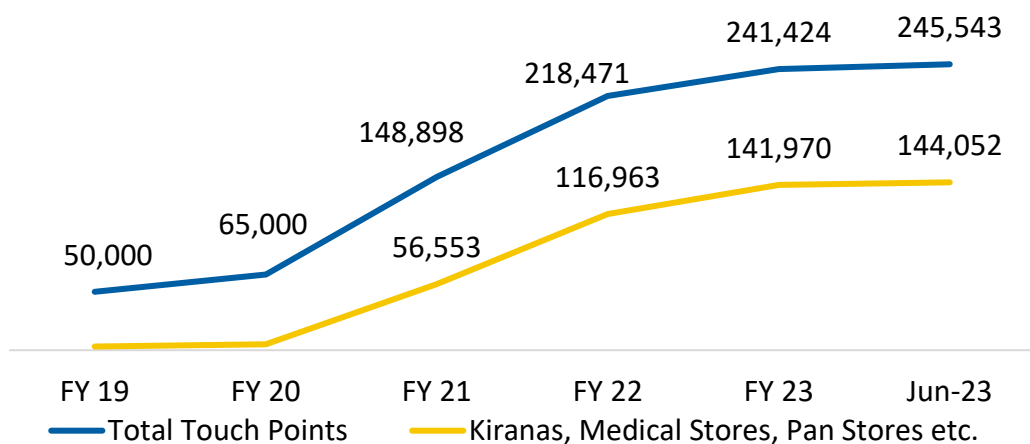
₹ Lacs

Revenue	Trade Channel				
	General Trade	Corporate	Modern Trade	E-Commerce	Exports
<i>Q1 FY24</i>	7,729	494	753	307	1,890
Sales Contribution (%)	69.2%	4.4%	6.7%	2.7%	16.9%
<i>Q4 FY23</i>	8,919	688	727	268	3,099
Sales Contribution (%)	65.1%	5.0%	5.3%	2.0%	22.6%
<i>Q1 FY23</i>	6,646	358	624	191	1,489
Sales Contribution (%)	71.4%	3.8%	6.7%	2.1%	16.0%
<i>Growth QoQ</i>	<i>(13.3%)</i>	<i>(28.3%)</i>	<i>3.6%</i>	<i>14.4%</i>	<i>(39.0%)</i>
<i>Growth YoY</i>	<i>16.3%</i>	<i>38.1%</i>	<i>20.8%</i>	<i>60.2%</i>	<i>26.9%</i>

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

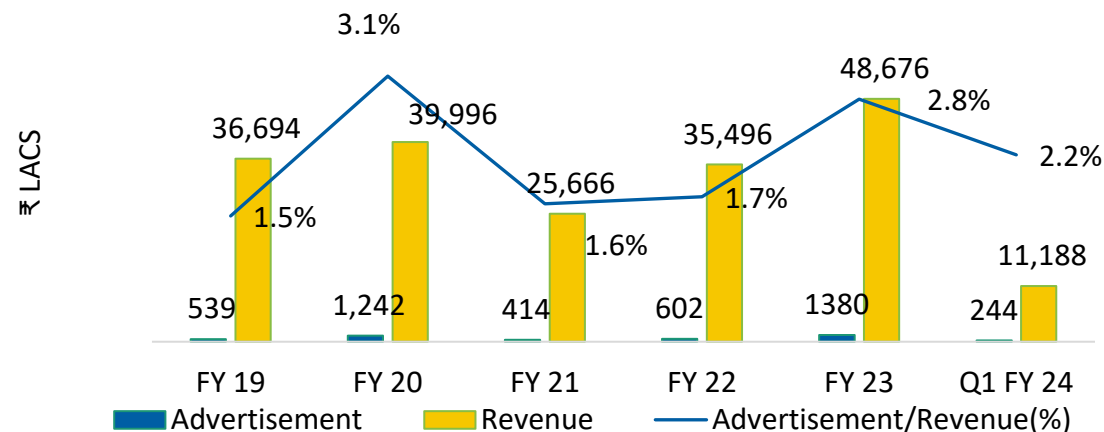
Operational Highlights.

Increasing touch points



- Started expanding aggregately to neighbourhood grocery stores (Kirana, Medical stores, Pan stores, etc.) since FY20 to increase footprint
- Added over 1,80,543 touch points since FY'20; 14,969 over the last 1 year

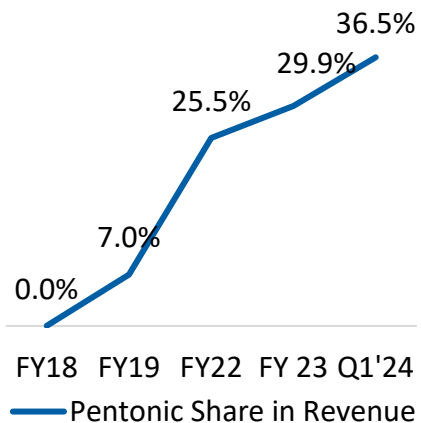
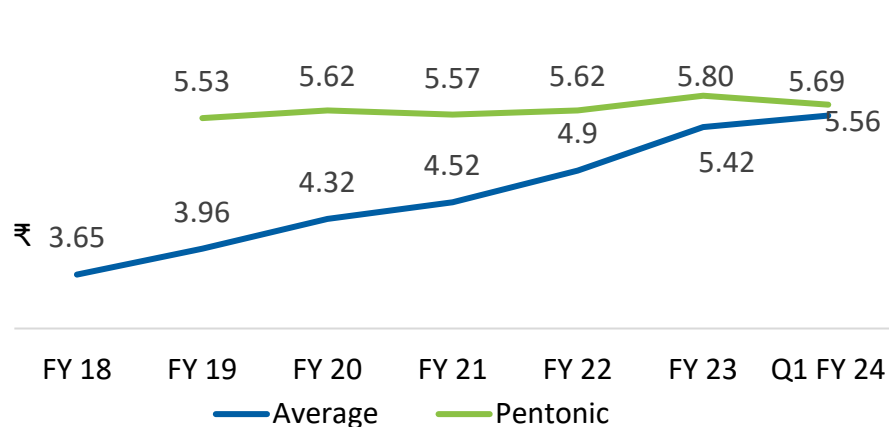
Focus on brand building



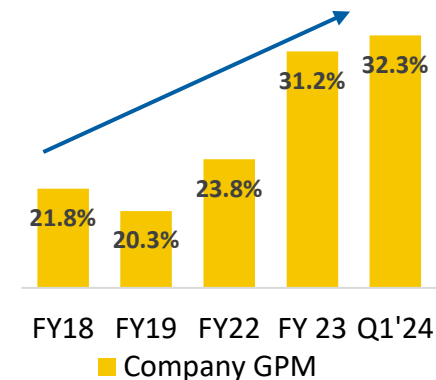
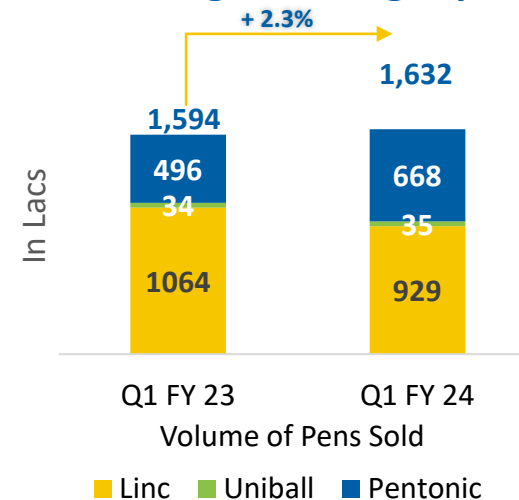
- Spent over ₹ 4,100 lacs on brands over last 5 years
- Step up brand spend going forward ~ 3% of revenue

Operational Highlights (Cont..)

Growth in average realization of Pens



Focus on higher margin products



- Consistent increase in average selling price
- Average realization increase possible due to focus on higher priced products
- Company was able to increase price of its traditional products during FY23

- Pentonic positioned at ₹ 10 + segment
- Pentonic GPM ~ 40%
- Significant increase in revenue share of 'Pentonic' over the last 5 years
- Overall GPM of the Company has increased by ~ 693 basis point YoY
- Pentonic pen volume increased by over 34%

Quarterly Profit & Loss.

₹ Lacs

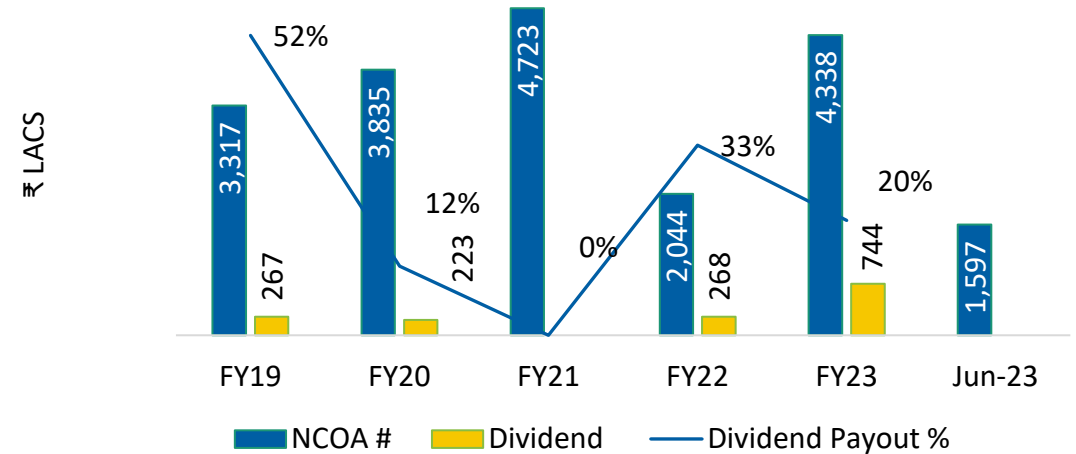
Particulars	Q1 FY 24	Q1 FY 23	YoY Change	Q4 FY 23	QoQ Change	FY 23
Operating Income	11,188	9,794	14.2%	13,729	(18.5%)	48,676
Gross Profit	3,616	2,487	45.4%	4,709	(23.2%)	15,197
Gross Profit (%)	32.3%	25.4%	27.3%	34.3%	(5.8%)	31.2%
Operating EBITDA	1,315	799	64.5%	1,961	(33.0%)	6,136
Operating EBITDA Margin (%)	11.8%	8.2%	44.0%	14.3%	(17.7%)	12.6%
Other Income	134	132	1.6%	91	46.9%	348
Finance Cost	72	11	581.3%	29	150.1%	64
Depreciation	373	328	13.9%	365	2.1%	1,411
PBT	1,004	593	69.3%	1,658	(39.4%)	5,009
PAT	739	438	68.6%	1,233	(40.1%)	3,740
PAT Margin (%)	6.5%	4.4%	47.8%	8.9%	(26.9%)	7.6%
EPS (₹)	4.97	2.95	68.6%	8.29	(40.1%)	25.15

Focus on Shareholder Value Creation.

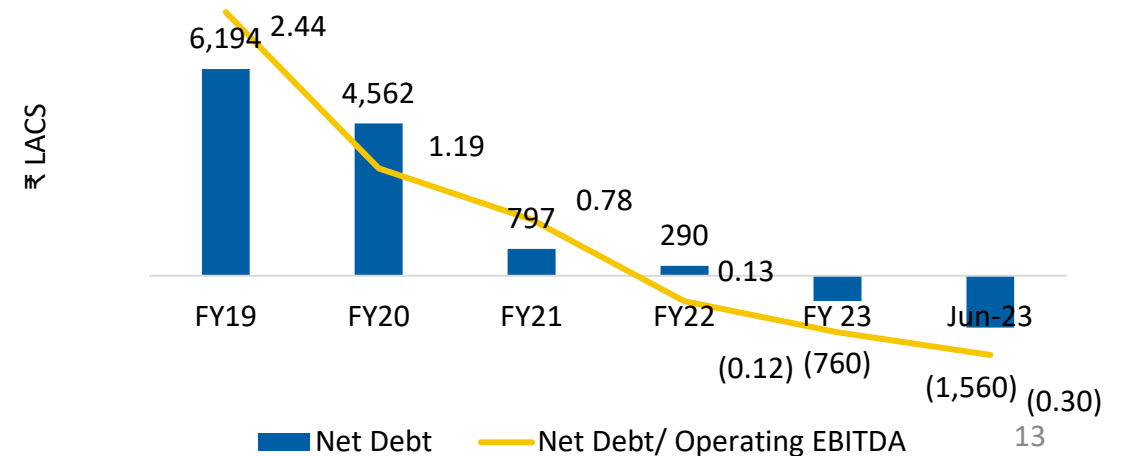
- NCOA continues to be strong in Q1 FY 24
- Consistent Dividend Pay-out track record (Other than Covid years due to cash conservation)
- Steady and significant decrease in Net Debt
- NCOA used judiciously to reduce Debt – Nil Debt and free cash of ₹1,560 lacs as on 30th Jun 2023
- Capex commitment funded largely through internal cash generation
- Net Debt / Operating EBITDA reduced significantly from peak of 2.54 in FY 2018 to (0.30) in Q1 FY 2024

Note
NCOA is Net Cash generated from Operating Activities

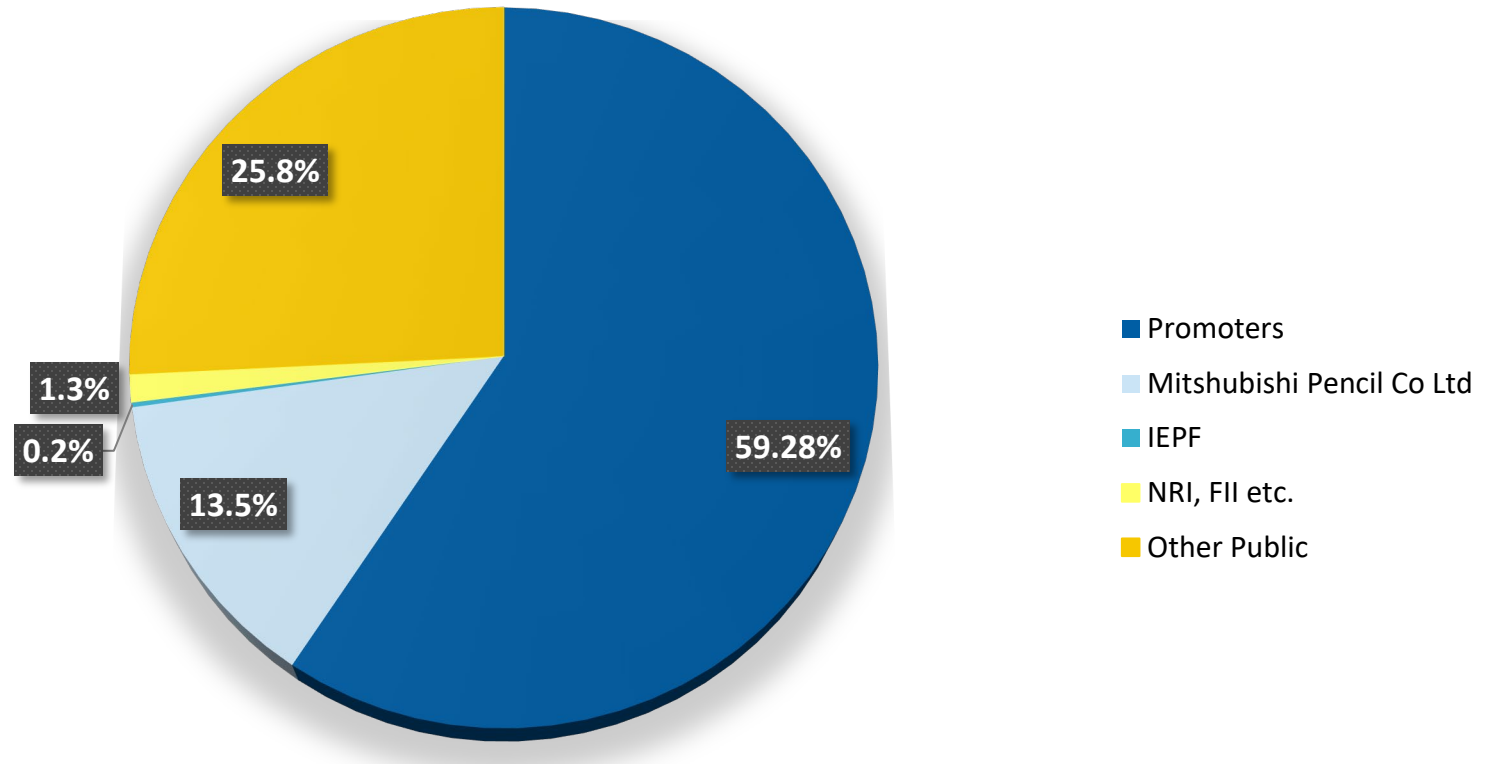
Net Cash from Operating Activities Vs Dividend Payout



Net Debt and Net Debt/Operating EBITDA



Shareholding Pattern.



As on 30th June'23

Why Linc?.



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