



8th February, 2024

The Listing Department, The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata – 700001 Scrip Code- 022035	The Manager The Department of Corporate Services, BSE Limited, P. J. Towers, Dalal Street, Mumbai - 400001 Script Code- 531241	The Manager, The Listing Department, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Symbol- LINC
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Dear Sir,

Sub: Earning Presentation

Please find enclosed herewith the Earning Presentation for the quarter and nine months ended 31st December, 2023.

Thanking You

Yours faithfully

For LINC LIMITED

NARAYAN KUMAR DUJARI
Digitally signed by
NARAYAN KUMAR
DUJARI
Date: 2024.02.08
20:07:09 +05'30'

N. K. DUJARI
Director-Finance & CFO



Q3 FY24 February 2024

NSE : LINC
BSE : LINC
Bloomberg : LINC:IN

EARNINGS PRESENTATION.

Linc Limited
(formerly Linc Pen and Plastics Limited)

Safe Harbour Statement.

This presentation may contain certain “forward-looking statements” within the meaning of applicable securities laws and regulations, which may include those describing the Company’s strategies, strategic direction, objectives, future projects and/or prospects, estimates etc. Investors are cautioned that “forward looking statements” are based on certain assumptions of future events over which the Company exercises no control. Therefore, there can be no guarantee as to their accuracy and readers are advised not to place any undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. These statements involve a number of risks, uncertainties and other factors that could cause actual results or positions to differ materially from those that may be projected or implied by these forward-looking statements. Such risks and uncertainties include, but are not limited to; growth, competition, acquisitions, domestic and international economic conditions affecting demand, supply and price conditions in the various business's verticals in the Company’s portfolio, changes in Government regulations, laws, statutes, judicial pronouncement, tax regimes, and the ability to attract and retain high quality human resource.

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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 Q3 FY24 stood at ₹ 12,396 lacs, a slight degrowth of 0.5% against the corresponding quarter previous year. Pentonic revenue, however, grew 4.7% YoY and 4.8% sequentially. Export / Overseas revenue recovered sharply, registering a growth of 32.8% QoQ, buoyed by penetration in the North American market and contribution from our Kenyan subsidiary. While this is a significant recovery, our exports were down 12.4% YoY. Our efforts towards actively exploring new export markets and optimizing our presence in the existing ones continue, and we believe we will be able to attain near full recovery of our export volumes by the end of this financial year.

Although our gross profit margin fell to 31.5% from 33.1% in the same quarter of the previous year, we view this as temporary, as we experienced dip in our higher margin export revenue. However, gross profit margin improved sequentially by 2.4%, largely due to increase in the share of Pentonic revenue, as well as recovery in exports. Operating EBITDA margin also improved sequentially from 9.6% to 11.2%.

As we move forward, we do so with unwavering confidence in our capabilities, focus on innovation, strategic market expansion, and growing market share of Pentonic range of products. We are confident that these efforts will not only help us overcome current challenges but also pave way for sustainable growth in the future.”

Deepak Jalan

Managing Director, Linc Limited



Key Highlights.

Operating Income down 0.5% YoY & down 5.5% QoQ at ₹ 12,396 lacs. Pentonic Revenue however grew by 4.7% YoY & 4.8% QoQ

Operating EBITDA down 23.4% YoY at ₹ 1,393 lacs. However, it grew by 10.7% sequentially and Margin improved to 11.2% as against 9.6% in Q2 FY23

PAT down 32.1% YoY and down 1.9% QoQ at ₹ 756 lacs. Pat Margin stood at 6.1%

Debt was 504 lacs as on 31th December 2023 and the company has net free cash of ₹ 2,132 lacs

Gross Profit down 5.4% YoY and up 2.4% QoQ at ₹ 3,903 lacs and Margin stood at 31.5% as against 29.0% in Q2 FY24

'Pentonic' Sales was ~ 33% of total revenue for Q3 FY24 as against ~29% in Q2 FY24 and its GPM stood ~ 41%

ROE¹ stood at 16.3%

Net Debt/Equity stood at (0.11) against (0.04) in FY23

Net Debt/Operating EBITDA¹ stood at (0.40) in December 2023



Note:

1. YTD figures are annualized
2. Q3 FY 24 and 9M FY 24 are consolidated; comparative figures are standalone

Quarterly Highlights.

₹ Lacs

	Operating Income	Gross Profit	Operating EBITDA	PBT	PAT	Cash Profit ¹
	12,396	3,903	1,393	1,024	756	1,130
Growth YOY	(0.5%)	(5.4%)	(23.4%)	(31.3%)	(32.1%)	(23.0%)
Growth QOQ	(5.5%)	2.4%	10.7%	(0.3%)	(1.9%)	(1.7%)
Margin²(%)		31.5%	11.2%	8.2%	6.1%	
Margin –YoY Expansion/(Contraction)		(164 bps)	(337 bps)	(372 bps)	(284 bps)	
Margin –QoQ Expansion/(Contraction)		244 bps	164 bps	50 bps	28 bps	
EPS/CEPS					5.09	7.60

Note:

1. Cash Profit = PAT add Depreciation
2. Gross Profit & Op EBITDA Margins calculated on Operating Income
3. Q3 FY 24 and 9M FY 24 are consolidated; comparative figures are standalone

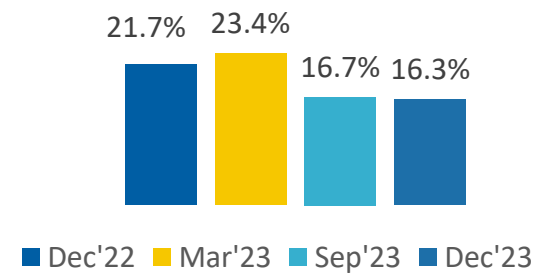
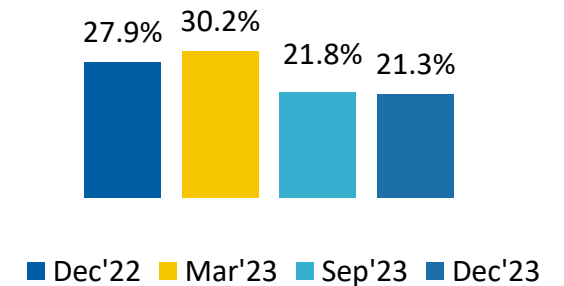
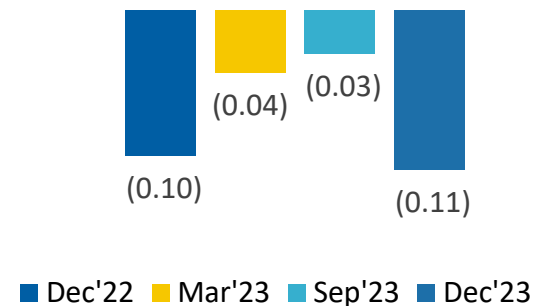
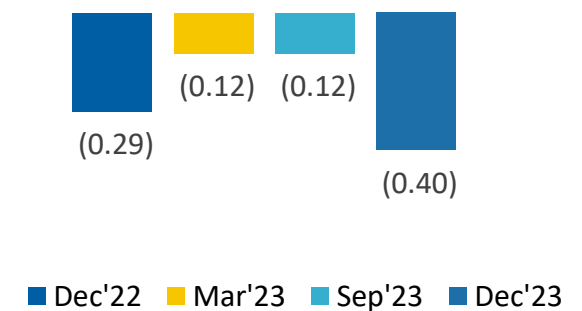
Quarterly Highlights (Cont.)

₹ Lacs

Particulars	31-Dec-22	31-Mar-23	30-Sep-23	31-Dec-23
Net Worth	16,526	17,722	18,470	19,404
Gross Debt	-	-	-	504
Cash & Cash equivalent	1,604	760	597	2,636
Net Debt	(1,604)	(760)	(597)	(2,132)
Net Fixed Assets	8,364	9,038	10,949	11,239
Net Current Assets ¹	6,376	7,748	8,154	6,642
Total Assets	24,162	23,746	26,231	28,746
Fixed Asset Turnover ²	5.62	5.64	4.87	4.83
Total Asset Turnover ²	2.10	2.22	1.95	1.86
Cash Conversion Cycle ²	67	68	79	78

Note:

1. Net current assets excludes cash & cash equivalents
2. Figures are YTD annualized
3. Q3 FY 24 and 9M FY 24 are consolidated; comparative figures are standalone

ROE(%)²**ROCE(%)²****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
Q3 FY24	3,838	5,076	1,875	226	646	708
Sales Contribution (%)	31.0%	41.0%	15.2%	1.8%	5.2%	5.7%
Q2 FY24	3,584	5,487	2,230	295	611	975
Sales Contribution (%)	27.2%	41.6%	16.9%	2.2%	4.6%	7.4%
Q3 FY23	3,591	5,908	1,697	289	412	700
Sales Contribution (%)	28.5%	46.9%	13.5%	2.3%	3.3%	5.6%
Growth QoQ	7.1%	(7.5%)	(16.0%)	(23.4%)	5.8%	(27.4%)
Growth YoY	6.9%	(14.1%)	10.5%	(22.0%)	56.9%	1.1%

Note: 1. Revenue does not include Re-Sale of raw material and export incentive

2. Linc & Others includes subsidiary revenue

Quarterly Highlights (Cont..)

₹ Lacs

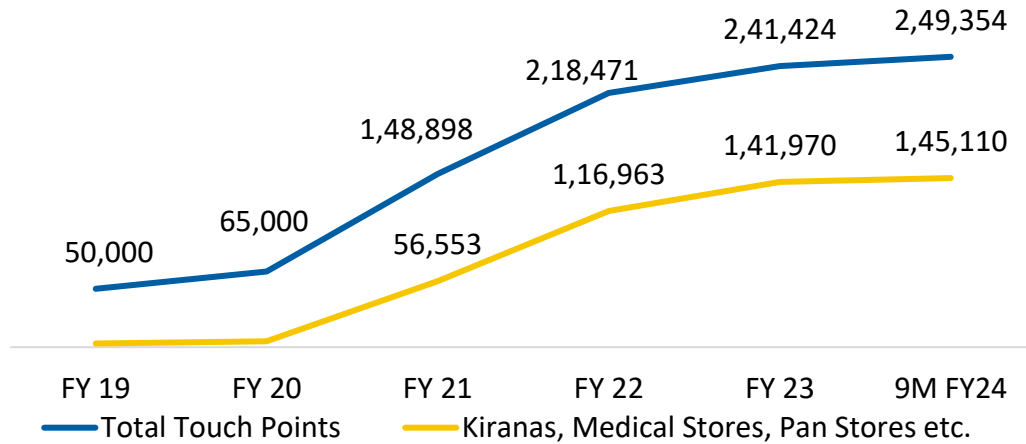
Revenue	Trade Channel				
	General Trade	Corporate	Modern Trade	E-Commerce	Exports
Q3 FY24	7914	1,171	470	266	2,548
Sales Contribution (%)	64.0%	9.5%	3.8%	2.2%	20.6%
Q2 FY24	9,509	580	688	486	1,918
Sales Contribution (%)	72.1%	4.4%	5.2%	3.7%	14.6%
Q3 FY23	7,813	1,022	622	230	2,910
Sales Contribution (%)	62.0%	8.1%	4.9%	1.8%	23.1%
<hr/>					
Growth QoQ	(16.8%)	101.9%	(31.7%)	(45.3%)	32.8%
Growth YoY	1.3%	14.6%	(24.4%)	15.7%	(12.4%)

Note: 1. Revenue does not include Re-Sale of raw material and export incentive

2. Exports includes subsidiary revenue

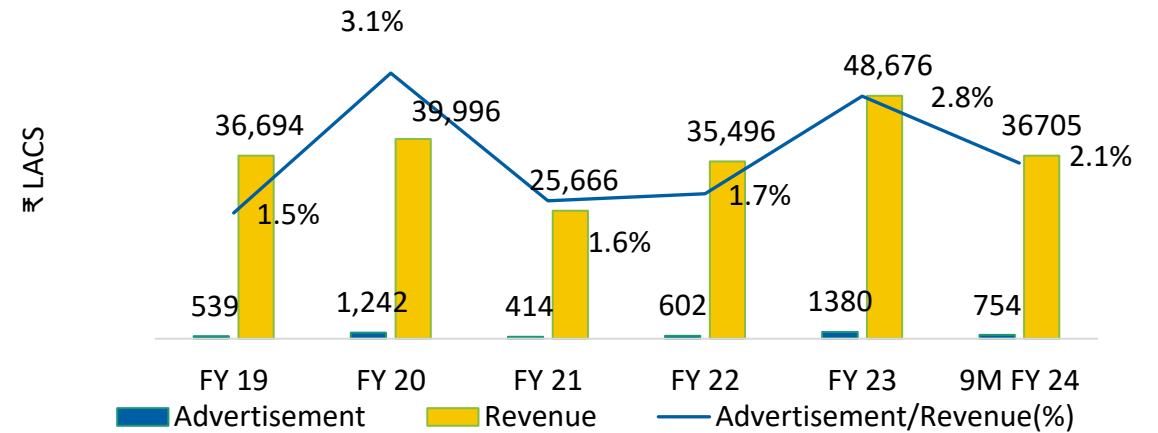
Operational Highlights.

Increasing touch points



- Started expanding aggregately to neighbourhood grocery stores (Kirana, Medical stores, Pan stores, etc.) since FY20 to increase footprint
- Added over 1,84,354 touch points since FY'20; 9,013 over the last 1 year

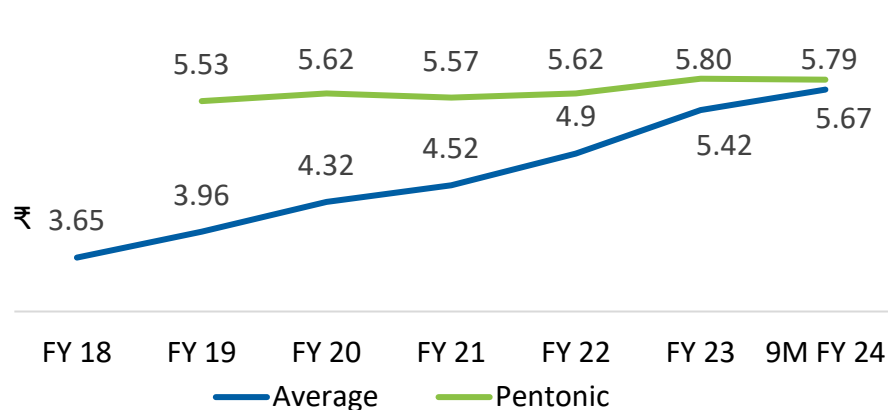
Focus on brand building



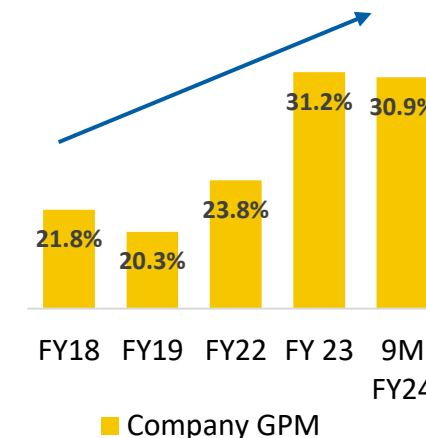
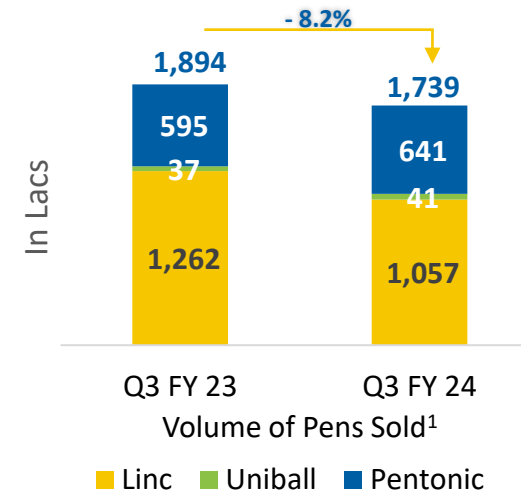
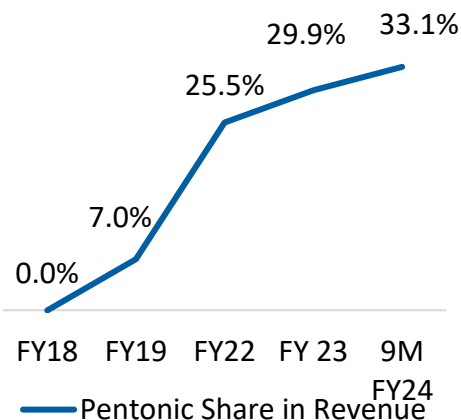
- Spent over ₹ 4,100 lacs on brands over last 5 years
- Step up brand spend going forward ~ 3% of revenue

Operational Highlights (Cont..)

Growth in average realization of Pens¹



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 ~ 41%
- Significant increase in revenue share of 'Pentonic' over the last 5 years
- **Pentonic volume grew by ~8%**

Note: 1. Does not include impact of subsidiary
 2. 9M FY24 is consolidated; comparative periods are standalone

Quarterly Profit & Loss.

₹ Lacs

Particulars	Q3 FY 24	Q3 FY 23	YoY Change	Q2 FY 24	QoQ Change	9M FY 24	9M FY 23	YoY Change	FY 23
Operating Income	12,396	12,455	(0.5%)	13,122	(5.5%)	36,705	34,947	5.0%	48,676
Gross Profit	3,903	4,126	(5.4%)	3,811	2.4%	11,330	10,488	8.0%	15,197
Gross Profit (%)	31.5%	33.1%	(164 bps)	29.0%	244 bps	30.9%	30.0%	86 bps	31.2%
Operating EBITDA	1,393	1,819	(23.4%)	1,259	10.7%	3,966	4,175	(5.0%)	6,136
Operating EBITDA Margin (%)	11.2%	14.6%	(337 bps)	9.6%	164 bps	10.8%	11.9%	(114 bps)	12.6%
Other Income	71	41	75.7%	193	(63.1%)	399	257	55.4%	348
Finance Cost	66	15	348.3%	46	44.1%	184	35	427.6%	64
Depreciation	374	354	5.7%	379	(1.4%)	1,127	1,046	7.7%	1,411
PBT	1,024	1,490	(31.3%)	1,026	(0.3%)	3,054	3,351	(8.8%)	5,009
PAT¹	756	1,113	(32.1%)	771	(1.9%)	2,265	2,507	(9.6%)	3,740
PAT Margin ¹ (%)	6.1%	8.9%	(284 bps)	5.8%	28 bps	6.1%	7.1%	(102 bps)	7.6%
EPS (₹)	5.09	7.48	(32.1%)	5.18	(1.9%)	15.23	16.86	(9.6%)	25.15

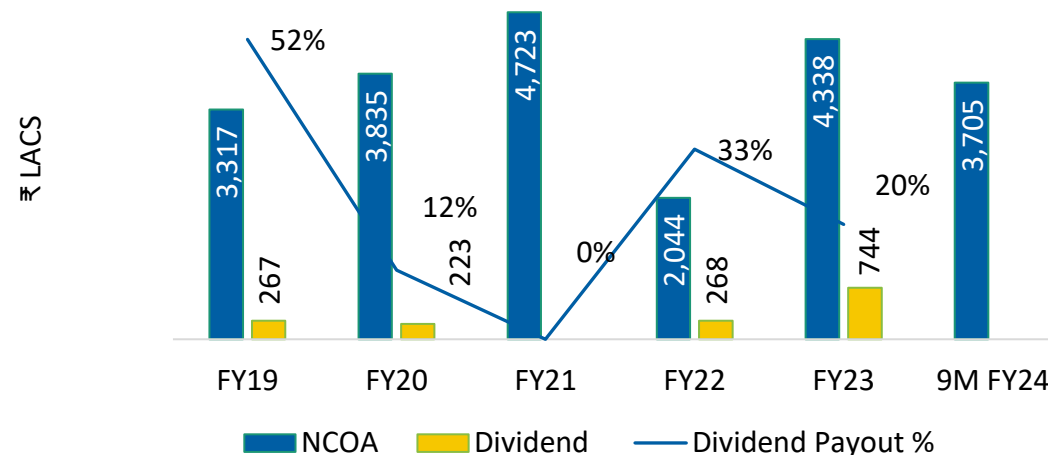
Note: 1. PAT attributable to the owners of the parent

2. Q3 FY24 and 9M FY24 is consolidated; comparative periods are standalone

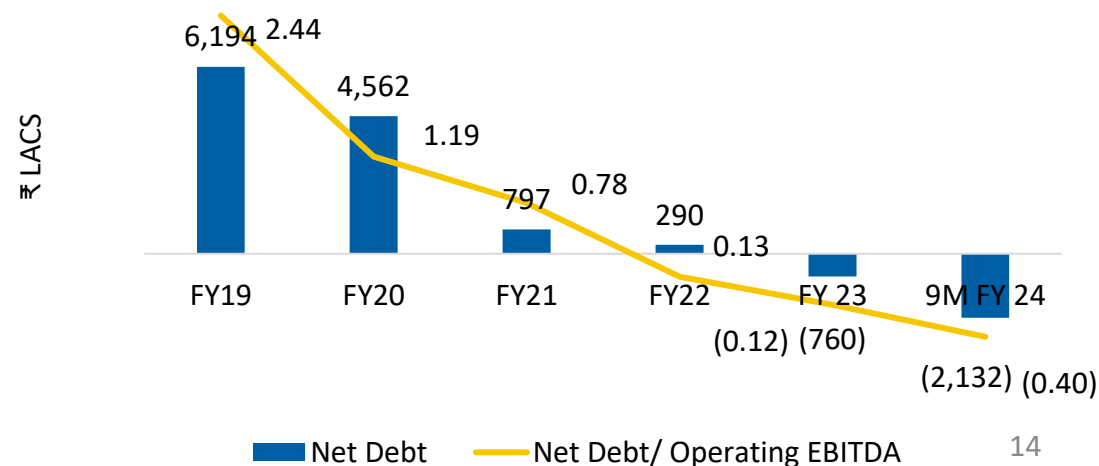
Focus on Shareholder Value Creation.

- NCOA¹ continues to be strong in 9M FY24
- Consistent Dividend Pay-out track record (Other than Covid years due to cash conservation)
- Steady and significant decrease in Net Debt
- Capex commitment funded largely through internal cash generation
- Net Debt / Operating EBITDA reduced significantly from peak of 2.54 in FY 2018 to (0.40) in 9M FY24

Net Cash from Operating Activities Vs Dividend Payout



Net Debt and Net Debt/Operating EBITDA²

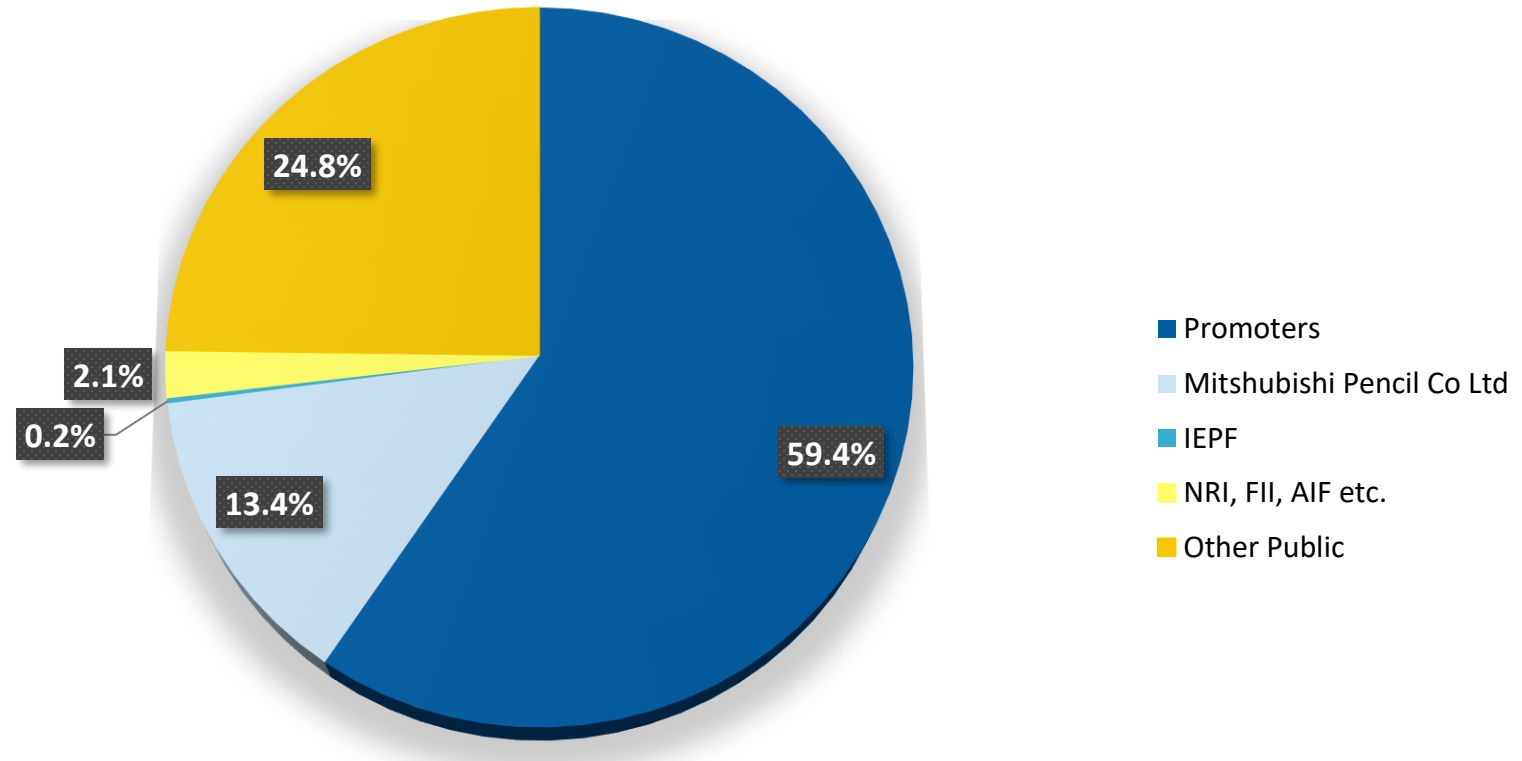


Note

1 NCOA is Net Cash generated from Operating Activities

2 Net Debt/Operating EBITDA is YTD annualized

Shareholding Pattern.



As on December'23

Why Linc?.



Thank You.

For further details please contact

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