









## FUTURE CONSUMER LIMITED

Investor Update | Q1 FY20



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GOLDEN' HARVEST























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## **ENTERING MAINSTREAM CATEGORIES**

## **Building the Foundation for FMCG 2.0**



## **Entry into Four Largest Mainstream FMCG Categories**

## **Dairy**



Market Size: ₹400,000cr; 25% Organized Market

### **Biscuits**



Market Size: ₹30,000cr

## **Detergent**



Market Size: ₹25,000cr

## **Munching and Namkeens**









Market Size: ₹28,000cr



THE CLOTHES YOU LOVE HAVE A NEW LOVE

## THE TIMES OF INDIA Biyani Sees Bright Future in Own Brands

Plans to cut shelf space of HUL and P&G by nearly a third in the laundry segment

Sagar Marviya attmcsgroup.com

Wantball: Pastne Crosp, India siarges. tioned resultive, plants to this start I specific of Handustan Us haver GUUL/sand Process & Camble (P&C) by menty a story in the mancry segment to make space for tax awaline of determent liquid and powder

To begin with, Placine Consumer, the resiler's consumer goods sern, has

being being liquid descriptors and will with powder for these to operative weeks. The new transfer as a state of the proper transfer work space to help-build visibility at the cost. of rival brands, suid two of fictations FULL OF GROUP

The retailer has about 1,500 stores AUTHOR CORPORTING CONCERNING MAIN OF STA Bassar, HyperCity, Karyday and Nilgicis, and accountable nearly 4-6% or about excession or year and Paul's arrapholes.

Learnery fache bissess caregory for DOMESTIC AND PURITY COURSE takes move youth directly from which hasiness, especially as the premium and "While their (NUL Pact) deserges a briades have a strong pull, we have to build our portifotios ace we at misuses

70%, or our vales from own brands in

Differentieres SCHOOLS DV seatty 45%. or appoint ADDOCT OF HUL MAD PROT STREET SWICE

the nontifew years," said Klohoro Edyani, founder of Placure Group. Consumers will finally decide which brands to plack true we have so push OCCUPANT DESCRIPTION OF THE PERSON OF THE PE she'ves too," he said. **Earththig to extremely** 

imshelf space reduction for the rival brands.

HULandPAG decline/top mineral Children massion empurities shares love-hase robationship with relations. who use their barged filing power in basic down prices or therebuce chetr own sue julico vocutoros or privies turtos.

### Home Advantage

nirmady (mader in bodywash at own stores and third largest in snades and biscubs segment

HER DING PRO

combrels many then part the loundry market accounts for 4-5% of HUL and P&C laundry sales

Vocam prices nearly 30% TOWER CHIEDRICAL TO (TVOS)



counts for a larger chunk of the laundry sales, and consu-

mers are also gradually me

ving to more clean, less harsh

and environment-friendly

products," said Abneesh Roy

executive vice-president, Edelweiss Socurities. "HUL's new product merges

both these trends and the launch is triggered by

premiumisation and sustai

nability strategy, and not

Dyeing Miki mitrium Segments ++ sit

## SOAP OPERA Eye on Future, **HUL Launches** Laundry Brand After 30 Years

#### Fresh Wash

new febric wash brand after a gap of 30 years.

compete with **Future** Consumer's Woom in terms of positioning

220000

Love Home and Planet

Made of plant-based and

ethically sourced ingredients

Se gar . Malvina

etimesgroup.com

laundhed at Lakme. Fashion. Week next month

> MULTINEES. wash about 50-100% orider than

We feel existing laundry

CO'S LAST LAUNDRY BRAND LAUNCH WAS 3 DECADES AGO

Liquid detergent to be priced at over double that of Voom

Sagar, Malvilya

er (HUL) is launching a new ndry brand after three dedos, which appears to boat. taller Future Group. The atter recently cut HUL's shelf pace by nearly a third in the segment to make space for Fu-ture's own line of detergent li-

quid and powder products.

The new liquid detergent roduct from parent Unile-er's portfolio, Love Home and Planet, will be HUL/seith fabric wash brand, and is expecied to be launched next oth, sald two officials awae of the development.

The move is reminiscent of HUL's introduction of Whoel detergent in 1988 to take on Nirma, which had dislodged urf as the washing powder f choice in middle-class and lower middle-class Indian homes. HUL's other deter ent brands are Rin. Surf cel and Sunlight and the mpany accounts for a ging to score on the green duct last week. out with an environmen-

While HUL declined to comoom's positioning is "cament that thrives on sta-

Fresh Wash

HUL's brands | To be account for a | launched third of India's at Lakme laundry mirt Brand will Future:

month wash about

(with the intention of) copy ing competition." Unilayer has what it hopes will be another are up its sice ve. The brand is part of its ne west line of vegan and plant based, homocare products in the fabric-care, dish-wash and surface-care segments aunched in the US earlier this year. The ingredients are said to be plant-based and ethically sourced and the product sha

ve recyclable packaging. In India, Unilever Ventures has invested in vegan and or ganicskincare startupPure-play Skin Sciences, which sells skin and hair care products under brands Plum

and Future Group have some common features. They are ent, Future Group said its being marketed as liquid de-quid decement brand screents that are largely almed at urban, modern trade consumers. Both are targemothing that's new in a ting millennials through fachion-HUL's launch will be during the Lakine Fashion Week next month, while Fu-

Manufact Hindusten Uniterer CHUILA is Isunchine a new ry and Central. The similari-tics stop there, analyses said. "Globally, liquid format ac-

laundry brand after three decades that appears to be simed at the country's biggest retailer Puture Group. The latter recently cut HUL/schelf susceby nearly athird in the segment to make space for Polyce/sown lineof detergent liquid and powder products.

ecimesgroup.com

The new liquid detergent product from parent Unflever's portfolio, Love Home and Pla-

net, will be HUL'S EED ED The move is hele: teroch reminiscent brand, and is expected to be Introduction launched next month, said two officials 1988 to take aware of the doublenement

The move is reminiscent of HUL's introduction of Wheel deservent in 1969 to take on Nirma, which had dislotged Surf as washing powder of choice in middleclass and lower-middleclass indian homes. HUL's other deter-gent brands are Rin, Surf Recei and Suntigor and the company accounts for a third of India's

#24,000 crore laundry market.

# Made of plant-based and

re competitive," said Ashni Biyani, managing director of Future Consumer, the laundry market, HUL is also arm that introduced the pro-The two brands from HUL.

rative but our pricing and ingsoldacrossitsfashion sio-ducts such as shampoos, or fashion push will be far mo-ressuch as FRR, Erand Facto-ditioners and body washes.

mium liquid detergent brand About two years ago, Unile



Voom in terms pricier than of positioning rivals BRAND

Love Home and Planel

and Phy. HUL's product will be priced at about \$150, more than do uble that of Future's Voem, which has a tag of \$150 for a litre pack. At #225, P&G's pre Ariel is also priced lower. ver also launched a personal care brand — Love Beauty makers will follow this nar- ture Consumer's brand is be- and Planet - which has pro ducts such as shampoos, con

## Voom - The Detergent of the New Era, "Fashionable Forever"!!







Foams easily



Germ and Allergen Fighter\*\*



Dissolves faster

Fabric Care Estimated Category Size by FY 2022 is ₹25,000 Cr

"based on lab studies under specific conditions and fabrics

## Introducing a New Range of Liquid Detergents













"based on lab studies under specific conditions and fabrics





1L=1.5 kg of Powder\*



Pour a little liquid on the stains



Scrub gently with a nylon scrubber



Add remaining liquid in the machine dispenser

How much love your clothes need



=

Voom

Other Detergents

60 mi

"based on recommended dasage of premium matic powders.

## Voom - The Detergent of the New Era, "Fashionable Forever"!!



### **Liquid Detergents & Conditioners**







**Bucket Wash** 



Top Load



Delicates



Fabric Conditioner

### **Powder Detergents**







### **Cross Category Placement**



- Partnered with one of the world's leading
   Market Research Organization Intertek
- Product testing done by IMRB for customers across top 5 cities
- Multiple formulations were tested by industry specialists and consultants with the consumers along with leading competitor products
- Product tested on 100+ types of fabrics

## Fonterra Future - Our "Dairy 2.0" Promise to Address New India







Provide healthy, exciting & indulgent range of dairy

Leverage strengths of Future and Fonterra

Strong dairy manufacturi ng across the supply chain Data led understanding of the evolving Indian consumer

World Class
R&D
capabilities to
develop
disruptive
dairy products

Consumer centric ecosystem

## **Fonterra Future - Unveiling of Dreamery**



## DREAMERY









## Fonterra Future - Portfolio Crafted with 130 Years of Dairy Expertise

















Calcium in Fonterra Future Dairy Milkshake builds strong bones



Minimum 93 quality checks for safe & high quality product



## Fonterra Future - Winning Market Share in Dairy 2.0



## **Display and Sampling in Stores**







## **Tasty Treat Offers a Wide Range of Delectable Snacking Options**













## Continue to Advertise on Prime-Time Television during Widely Viewed Events such as IPL







## This IPL season, groove with the Tasty Treat Army to some masaledaar moves by Melvin Louis

As the Official Partner for the Indian Premier League unveils a marketing campaign that unfolds unlimited entertainment for its consumers

ETBrandEquity | March 28, 2019, 10:00 IST

Share 0 Share Tweet



It's that time of the year when all cricket fans pick their favourite IPL team and go cheering for their victory. Indulging in this celebration Tasty Treat, the munching brand from Future Consumer Limited will execute a 360° marketing outreach that connects with its customers in their homes, stadiums and at all Future

Subscribe To ETBrandEquity Newsletter
75000+ Industry Leaders read it everyday
Your Email
Join Now!

#### **Trending In Advertising**

BE Exclusive: Not all is well with Ogilvy & Mather India



BE Exclusive: Creativity at test as







## Tasty Treat 360° Marketing Campaign Connecting Consumers in Stadiums, Homes, and Stores







- The biggest ever "Taste ka attack" commercial launched on TV during IPL
- In store marketing initiatives
- Contestants to learn RAP CHAK MOVES by Melvin on FB / Instagram / Twitter and share them on the social media
- Winners got a chance to win tickets and be part of "Tasty Treat Army"



## **New Launches across Munching Portfolio**











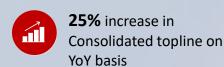




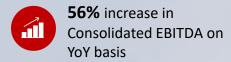
## Q1 FY20 – At A Glance

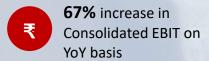


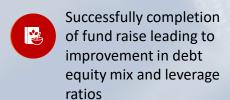
### STRONG TOPLINE GROWTH EVERY QUARTER ON CONSOLIDATED BASIS

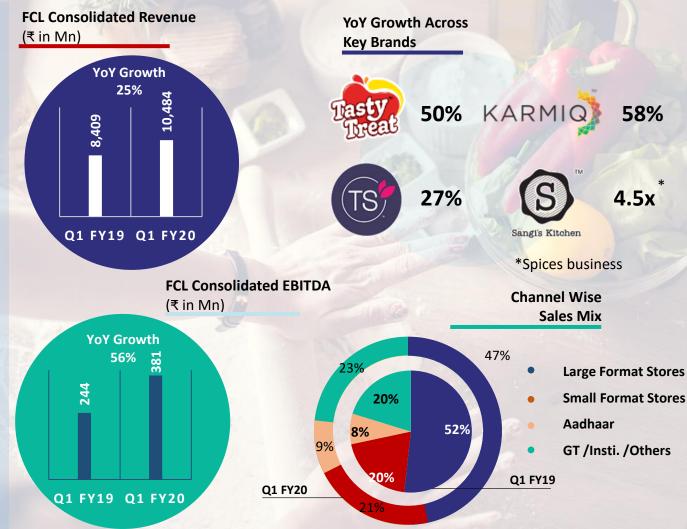








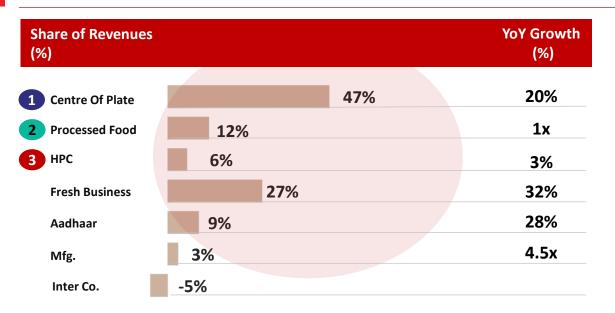




Note: Q1 FY20 financials are not comparable prior period on account of IND AS 116, Q1 FY20 comparable EBITDA / EBIT of ₹335 mn/ ₹191 mn (38% / 57% growth on YoY basis)

## Portfolio Continuously Growing at A Rapid Pace (1/2)





#### **KEY TAKEAWAYS**

- Processed Food witnessed growth of 28% on YoY basis (excluding Nilgiris)
- HPC registered strong secondary sales growth of 28%

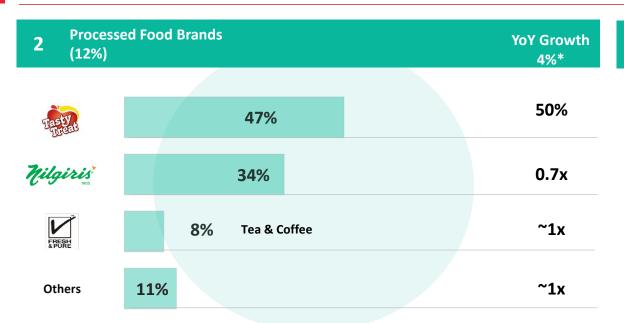


#### **KEY TAKEAWAYS**

- COP Foods registered ₹636mn in revenues in Q1FY20
- Karmiq achieved ~₹376mn in sales (YoY growth 58%)

## Portfolio Continuously Growing at A Rapid Pace (2/2)





#### **KEY TAKEAWAYS**

 Excluding Nilgiris the Processed Food portfolio grew by 28%

#### **Tasty Treat**

- Exhibited strong growth of 50%
- Share in biscuits category increased to 22% in Q1FY20

3 Home 8 (6%)	Personal Care Brands	YoY Growth 3%
Clean <sup>-</sup> Mate	30%	~1x
care	23%	16%
TS	13%	27%
Others	34% Voom	kara think skin swissle profes ~1x

#### **KEY TAKEAWAYS**

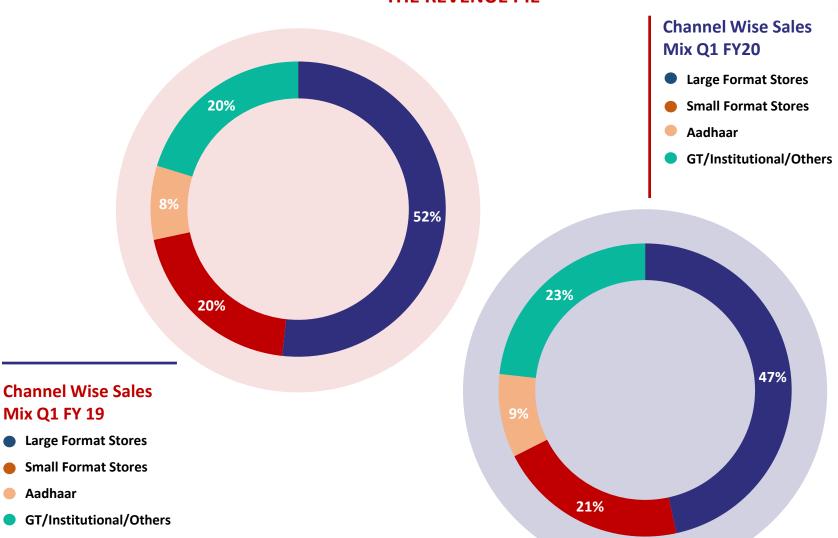
- Healthy secondary sales growth of 28%
- Cleanmate exhibited secondary sales growth of 14%
- Caremate's secondary sales growth came in at 31%



### **Revenue Distribution across Channels**



## SMALL STORES GROWING AT 32% YoY, CONTINUE TO GARNER LARGER SHARE IN THE REVENUE PIE





## **Understanding IND AS 116 Accounting**



### What is IND AS 116 implementation about?

- New lease standards effective from 1<sup>st</sup> April 2019
- No distinction between an operating lease and a finance lease
- Operating leases will also be recognized on the balance sheet
- Exemption provided for short term leases with tenure
   =12 months and assets with low values

## Impact of IND AS 116 implementation on key items

Particulars	Ť	1
Profit and Loss	EBITDA	EPS / PBT (Early years)
Balance Sheet	Total Assets	Net Assets
Ratios	Gearing	Interest Cover, Asset Turnover

Particulars	IND AS 17	IND AS 116
Assets / liabilities	Operating leases are off balance sheet and do not form part of either assets or liabilities	Operating leases shall reflect as a part of both assets and liabilities
Revenue	No impact	No impact
Operating Expenditure	All operating lease related expenses are accounted as a part of rental expense	Lease related expenses do not form part of rent and are captured as a part of depreciation and interest

## **FCL Approach and Impact of IND AS 116 Accounting**

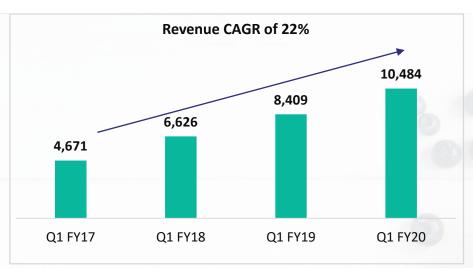


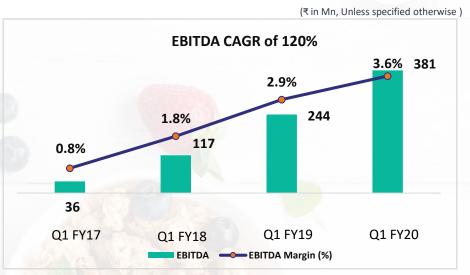
## FCL has followed the Blended Approach for IND AS 116 Implementation

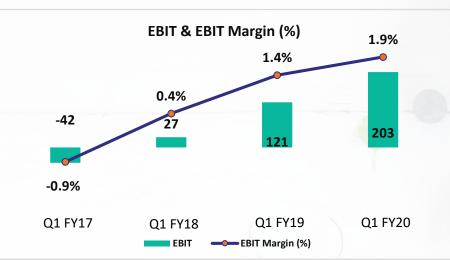
		Consolidated	I		Standalone	
Particulars	Q1 FY20	IND AS 116	Q1 FY20	Q1 FY20	IND AS 116	Q1 FY20
	Comparable	Adjustment	Reported	Comparable	Adjustment	Reported
Revenue from Operations	10,484	0	10,484	7,844	0	7,844
Other Income	21	-1	22	22	0	22
Rent & Other Expenses	-10,170	-44	-10,125	-7,523	-43	-7,480
EBITDA	335	45	381	343	43	385
Finance Cost	-181	20	-201	-70	17	-87
Depreciation & Amortisation	-145	34	-178	-91	34	-125
PBT	10	-8	2	182	-8	174
Right of Use Asset		720			622	
Lease Liability		789			691	
Deferred Tax		25			25	
Other Equity (net of Deferred Tax)		44			46	

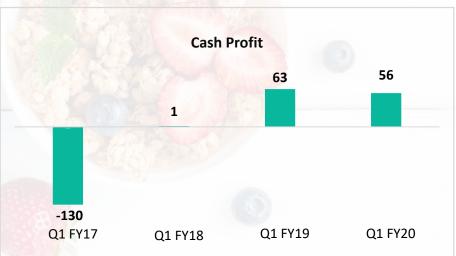
## **High Growth Delivered with Underlying Profitability Turnaround**









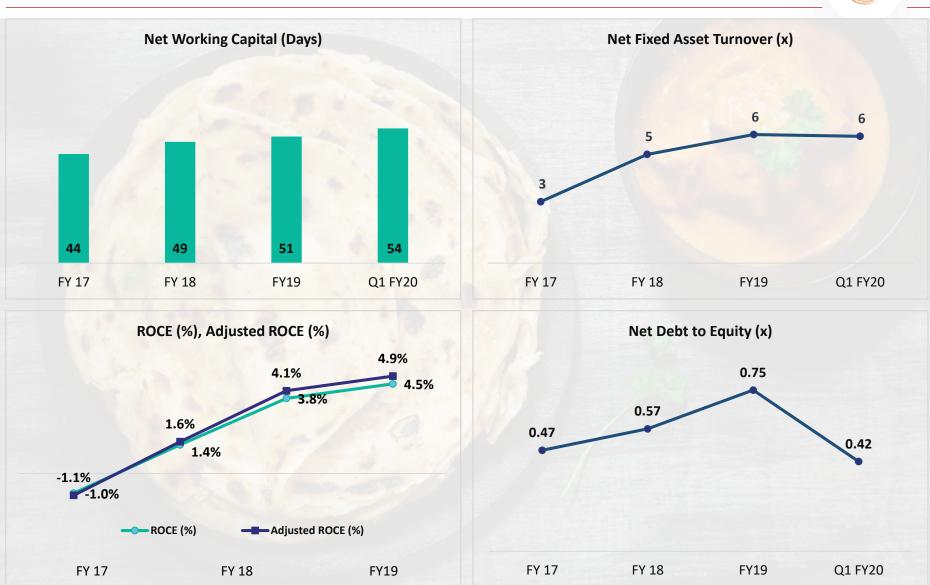


#### Focus on expanding margins and achieving higher profitability with higher contribution of value -added products

**Note:** Charts on consolidated basis, Q1 FY20 financials are not comparable prior period on account of IND AS 116, Q1 FY20 Comparable Numbers: EBITDA ₹335mn, EBITDA Margin: 3.2%, EBIT: ₹191mn, EBIT Margin: 1.8%

## **Geared to Achieve Higher Returns**





Note: Charts on consolidated basis, Q1 FY20 financials are not comparable prior period on account of IND AS 116, Q1 FY20 Comparable Numbers: ROCE 4.3%, Adjusted ROCE 5.0%, Fixed Asset Turnover 7x, Post Ind AS 116, Net Debt to Equity excludes impact of lease liabilities and debt portion of CCDs, adjusted ROCE (%) excludes Investments in JVs and Associates

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## **Consistent Improvement in Operating Profitability**



#### Profit & Loss A/C (Consolidated )

Profit & Loss A/C (Consol				
Particulars	Q1 FY20	Q4 FY19	Q1 FY19	FY19
Total Income from Operations	10,484	10,374	8,409	38,806
Gross Profit	1,423	1,318	1,215	5,246
Gross Margin (%)	14%	13%	14%	14%
Operating Cost	-1,064	-1,030	-1,017	-4,238
Other Income	22	39	46	147
EBITDA	381	327	244	1,154
EBITDA(%)	4%	3%	3%	3%
Depreciation	-178	-143	-123	-532
EBIT	203	184	121	623
EBIT (%)	2%	2%	1%	2%
Net Interest	-201	-177	-119	-568
PBT Before Exceptional	2	8	2	55
Тах	-64	181	0	166
Operating Profit/(Loss) After Tax	-62	189	2	221
Share of Profit/(Loss) in Associates, JVs and MI	-87	-111	-61	-287
PAT Before Exceptional	-149	78	-59	-66
Exceptional Items	0	0	0	2
PAT	-149	78	-59	-64
Cash Profit	56	32	63	548

(₹ in Mn, Unless specified otherwise)

#### Q1 FY20 vs Q1 FY19:

- Revenue growth of 25% on YoY basis
- 56% increase in EBITDA
- 67% jump in EBIT

#### IND AS 116 Impact Q1 FY20:

- Rent and other expenses declined by ₹44mn
- Interest expenses increased by ₹20mn
- D&A increased by ₹34mn
- PBT decreased by ₹8mn

Particulars	Q1 FY20	Q4 FY19	Q1 FY19	FY19
Current Tax	-13	-8	0	-23
Deferred Tax	-51	188	0	188
Total Tax	-64	181	0	166

## **Significant Improvement in Standalone Profitability Metrices**



#### Profit & Loss A/C (Standalone)

Particulars	Q1 FY20	Q4 FY19	Q1 FY19	FY19
Total Income from Operations	7,844	7,793	6,504	29,900
Gross Profit	1,201	1,085	956	4,240
Gross Margin (%)	15%	14%	15%	14%
Operating Cost	-837	-787	-775	-3,220
Other Income	22	24	40	119
EBITDA	385	322	221	1,139
EBITDA (%)	5%	4%	3%	4%
Depreciation	-125	-96	-79	-349
EBIT	261	226	142	790
EBIT (%)	3%	3%	2%	3%
Net Interest	-87	-66	-33	-180
PBT Before Exceptional	174	160	109	610
Tax	-57	188	0	188
PAT Before Exceptional	117	348	109	798
Exceptional Items	0	0	0	-192
PAT	117	348	109	605
PAT (%)	1%	4%	2%	2%
Cash Profit	268	632	188	1,160

(₹ in Mn, Unless specified otherwise )

#### Q1 FY20 vs Q1 FY19:

- Revenue growth of 21% on YoY basis
- 60bps expansion in gross margins on YoY basis
- 74% increase in EBITDA, while 83% jump in EBIT
- Reported PAT of ₹117mn

#### IND AS 116 Impact Q1 FY20:

- Rent and other expenses declined by ₹43mn
- Interest expenses increased by ₹17mn
- D&A increased by ₹34mn
- PBT decreased by ₹8mn

Particulars	Q1 FY20	Q4 FY19	Q1 FY19	FY19
Current Tax	-5	0	0	0
Deferred Tax	-52	188	0	188
Total Tax	-57	188	0	188

Note: Q1 FY20 financials are not comparable prior period on account of IND AS 116, Comparable numbers EBITDA: ₹343mn, EBITDA Growth:55% YoY, EBIT ₹252mn, EBIT Growth 77%

## **Capitalization of Balance Sheet Leading to Improvement in Leverage Ratios**



#### **Balance Sheet (Consolidated)**

(₹ in Mn, Unless specified otherwise )

Particulars	As	on
Turicului 3	30-Jun-19	31-Mar-19
Shareholder's Fund	12,539	9,902
Minority Interest	-26	-24
Gross Debt	6,191	8,137
Less: Cash and Cash Equivalents)	(886)	(684)
Net Debt	5,305	7,453
Lease Liabilities	771	
Debt Component of CCDs	148	
(Less: Investment in JVs)	(1,455)	(1,415)
Net Adjusted Capital Employed	17,283	15,916
Fixed Assets	6,201	6,194
Right to Use Assets	660	
Goodwill and Intangibles	3,528	3,567
Increase in Net Current Assets	6,893	6,156
Total Net Assets	17,283	15,916

### Reduction in debt by ~₹2bn

- Lease liabilities of ₹771mn and debt component of CCDs of ₹148mn aggregating to ₹920mn is classified as debt
- Fixed assets include an impact of ₹660mn as a result of IND AS 116

## **Shareholder Information**

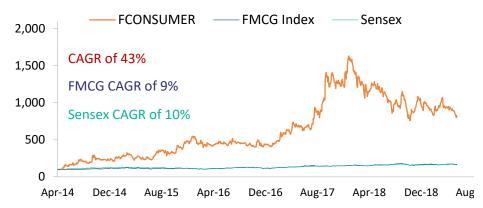


#### Stock Data (As on 21st May 2019)

Market Capitalization (₹)	53,872 Mn
Shares Outstanding	~192 Mn
<b>☆</b> Free Float	54%
Symbol (NSE/ BSE)	FCONSUMER / 533400

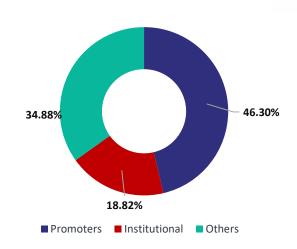
Particulars	May-19	Jun-19	Jul-19
Volume in mn	1.3	1.0	1.3
Delivery %	47%	54%	55%

#### **Stock Chart** (1st April 2014 – 09th Aug 2019)



While the FMCG Index grew at a CAGR of 9% during the period 1st April 2014 to 09th Aug 2019, FCL Market Cap grew at a CAGR of 43% over the same time period

Shareholding Pattern (%) (As on 30th June 2019)



Note: Shareholding classification as per Stock Exchange

**Key Holders** (As on 30st June 2019)

Particulars	OS (%)
Proterra	7.62
Verlinvest	7.32
Arisaig	6.99
IFC	3.04
Tata MF	1.66

**Note:** Verlinvest and IFC holding does not include conversion of recently acquired CCDs

## **Thank You**



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