



FMCG 2.0
NEW RECIPE OF CONSUMER DELIGHT

FUTURE CONSUMER LIMITED

Investor Update | Q2 FY20 / H1 FY20





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think
skin™

Clean
Mate™

Tasty
Treat

VOOM®

DREAMERY™

GOLDEN
HARVEST
PREMIUM

care
mate™

KOSH!

DESI ATTA
COMPANY™

ektaa™

Sunkist

FRESH
& PURE

GOLDEN
HARVEST

Sang's Kitchen™

Sensible
Portions™

Nilgiris
1905

prathal®
Pray • Bless • Live

Swiss
Tempelle™

veg
affaire™

TS

TERRA
real vegetable chips

kara®

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Smart Moms. Happier Babies.

prim™

mother earth™



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Journey from “Good to Great”



Key Pillars for FMCG 2.0

Multiple Categories

Brands span across food, home care, personal care, and beauty

Data Science

Data that drives (almost) every decision and strategic direction within the company

Integrated Value-chain

Ownership of the entire value chain enables velocity, launch, prototype, destroy and scale

Digital Distribution Network

Modern retail and digital commerce as the key distribution platforms

Drivers for Sustainable and Profitable Growth along with Journey towards Free Cash

Focus on higher share of value-add products

Portfolio optimization with create, grow & destroy strategy

Correct pricing to offset inflation / reap market share gain benefit

Consolidation of vendors, re-negotiating terms

Re-organize supply chain to ensure freshness and reduce shrinkage/ expiry

Scale up of JV partnerships with global FMCG players

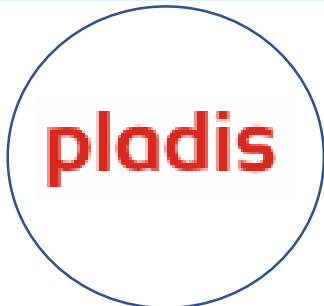
Identified and developed strong partnerships with global category leaders

Manufacturing Partnerships

Namkeens & Sweets



Biscuits



JV Partnerships

Personal Care



Dairy



Healthy Munching



Key Levers Driving Profitability and Return Enhancement



Portfolio Correction

- Premiumization of portfolio and mix correction
- Continuously Revisit tail and non-performing Brands
- Correct pricing to offset inflation / reap market share gain benefit

Sourcing Efficiencies

- Consolidation of vendor and negotiation of terms
- App based platform AGRIBID to drive Gross Margins s in COP
- Reverse auction of raw materials to drive efficiency in Processed Foods and HPC

Costs Leadership

- Supply chain reorganization to ensure freshness and reduction in loss / shrinkage
- Value engineering
- Building leaner cost structure
- Optimization of packaging

JV Scale Up

- Key JVs viz. Fonterra and Hain have become operational recently
- Scale up brands under these JVs is expected to boost consolidated profitability

Right Sizing of Balance Sheet

- Cautious Capital Allocation
- Efficient working capital management
- Debt containment
- Value unlocking from assets delivering less than benchmark returns

Efficiency measures to drive profitability and enhance return profile

Reinforcing Accountability and Responsibility in Organization Design

How are we Building Efficiencies ?



Pillar

Principles

1 Creation

- Strategizing **on entering new categories**, where we have a distinct FMCG 2.0 voice and a right to win
- **Creation of New SKUs** basis data driven algorithms driven by FCL, Channel and customer priorities
- **Value Reengineering and Simpler product design** for savings in ingredients/ RM costs and PM costs

2 Operations

- Better **demand sensing and forecasting**
- **Smart network design** of supply chain- to reduce the distance travelled of inventory before it reaches consumer plates and deliver fresh
- Stock to cash norms **for each SKU**

3 Destruction

- **Rationalization of portfolio** across the organization, building the core and continuously reducing the tail

Inculcating the Culture of FMCG 2.0



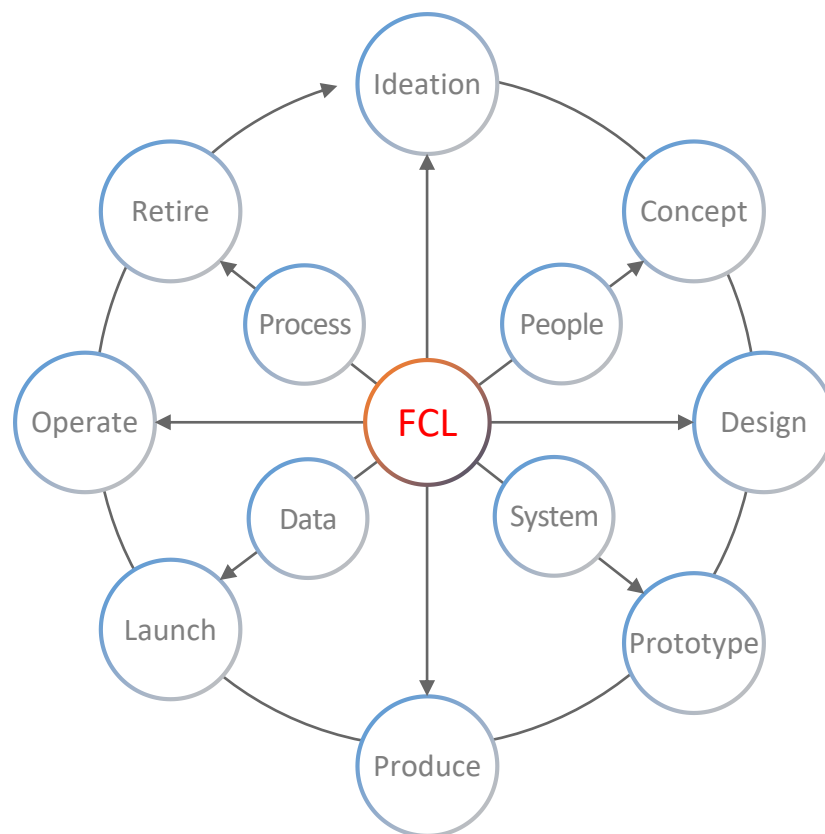
On the journey of good to great, FCL is deploying focus, rigor and consistency to build :

1. Institution – Systems, Processes, People and Data
2. Efficiencies – Across the value chain of creation, operation and destruction
3. Cost Leadership

Since FCL has been built on the premise of FMCG-2.0, it has an advantageous position of

1. Distributing from modern retail networks
2. Being customer proximate
3. Having rich access to consumer/ member/ real-time data

This, we believe can become the key differentiator of Future Consumer as an FMCG company



[illegible]

Voom Detergent Extends Portfolio to Special Clothes and Matic



Co-Branding with Bengal Warriors

Fashion Integration



Tasty Treat Continues Portfolio Expansion in Mainstream Categories and Festive Association

FUTURE
CONSUMER



Growth:
42%



Continued Festive Associations to Establish Strong Brand Connect

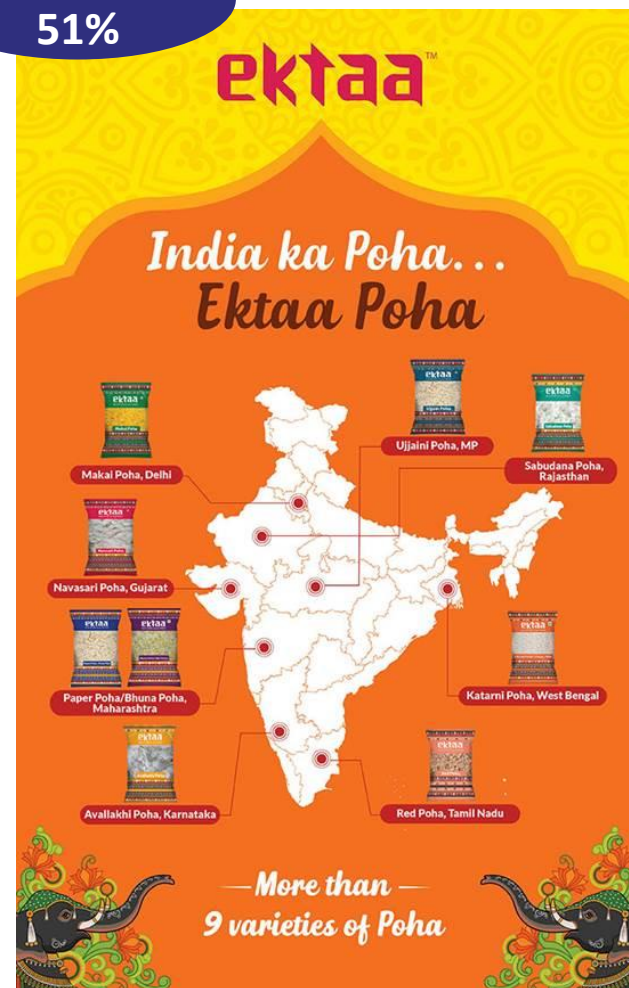


Witnessed Strong Growth in Catering to Festive Consumption

Growth:
40%



Growth:
51%



Note: Growth represents Q2FY20 revenue growth on YoY basis

A grayscale photograph of a person's hands rolling out a piece of dough on a wooden surface. The person is wearing a watch on their left wrist. Surrounding the dough are various ingredients and spices, including a bowl of flour, a bowl of water, a bowl of oil, a bowl of eggs, and several small containers of spices. The background is slightly blurred, showing more ingredients and a wooden surface.

KEY JVs ARE NEARING THE INFLECTION POINT

Portfolio crafted with 130 years of dairy expertise - Toned Milk



Designed in New Zealand with
130 years of dairy expertise



Easy to pour & reseal heli
cap to drive convenience



Boosted with Vitamin A & D
for immunity & good vision



No preservatives added
- for pure nutrition



Most preferred Toned Milk
in the market



Dreamery brand
story on pack



Calcium in Fonterra Future Dairy
Toned Milk builds strong bones



Minimum 93 quality checks for
safe & high quality product

JV is Backed by Fonterra's Strong Dairy Manufacturing Expertise Across the Value Chain



Portfolio crafted with 130 years of dairy expertise - Dahi



Designed in New Zealand with 130 years of dairy expertise



Consumers love it because it is thick & creamy

#1

Most preferred Dahi in the market



Goodness of cow's Milk



Calcium in Fonterra Future Dairy Dahi builds strong bones



Minimum 93 quality checks for safe & high quality product

Assure Dairy Nutrition with Uncompromising Standards for Safety & Quality



Portfolio crafted with 130 years of dairy expertise - Milkshake



Strawberry



Designed in New Zealand with
130 years of dairy expertise



Boosted with Vitamin A & D
for immunity & good vision

#1

Most preferred Milkshake
in the market



No Preservatives. No Artificial
Flavours. No Artificial Colours



Calcium in Fonterra Future Dairy
Milkshake builds strong bones



Minimum 93 quality checks for
safe & high quality product



Chocolate

DREAMERY: Expanding Portfolio and Distribution Reach



Products Launched



Recent Launches



1st TV / Digital Campaign



General Trade: 3,000 Stores across Mumbai, Pune, Bengaluru & Hyderabad



Expanding the Distribution Reach Across Channels



Future Fonterra: Launch of Anchor Food Services Portfolio in India



- Recently Future Fonterra launched food service business of Anchor in India
- Products are currently imported from New Zealand
- Expansion of channel to Horeca via this business as it caters to food service players such as Pizza chains etc.

Hain: Nearing the Full-Fledged India and Middle East Launch



Sensible Portions Portfolio Manufactured in India Food Park



Portfolio of 5 Variants to be Manufactured in India, Planned for Ship-Outs by Jan-20 for Indian Markets



Terra Manufacturing Commences in October '19 (Delayed by 6 months)

Product Ready for Indian Markets

Product Ship-Out for Indian Markets

Oct-19

Nov-19

Dec-19

Jan-19

Successfully shipped out 3 variants to Middle East

- 2 variants to be ready for ship out for Middle East

Distribution Continues to Scale Up

Stores

Jun-19

Sep-19

BIG BAZAAR
Making India Beautiful

192

215

easyday
Club

358

811

General Trade

1,159

2,068

FINANCIAL OVERVIEW

Q2 FY20 / H1 FY20 – At A Glance



- FCL Standalone largely represents the Food & HPC portfolio
 - Continues to deliver growth along with consistent margin expansion
 - With Topline of ₹16,624mn, FCL Standalone represents ~77% of Consolidated Total Income from Operations

Standalone H1 FY 20



14%

Topline Growth YoY;
Secondary sales growth
24%



Gross Margins

+15%

87bps increased YoY,
EBITDA Margins at 5%



₹258_{mn}

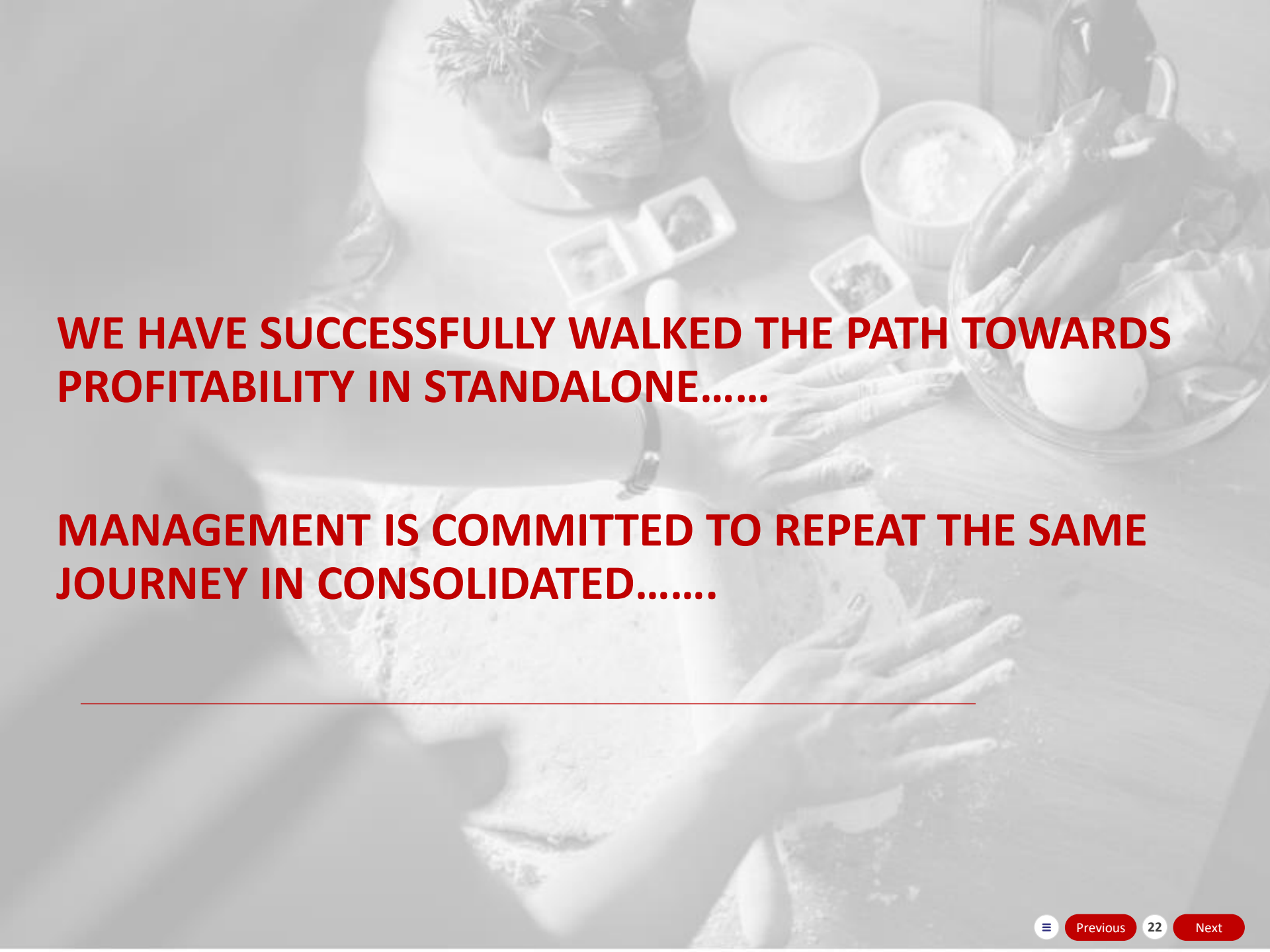
PAT increased 3x;
2% margin



11%

Adjusted ROCE* expanded
to double digits
(190bps YoY expansion)

Note: Adjusted ROCE calculation excludes investments in subsidiaries, JVs and associates



**WE HAVE SUCCESSFULLY WALKED THE PATH TOWARDS
PROFITABILITY IN STANDALONE.....**

**MANAGEMENT IS COMMITTED TO REPEAT THE SAME
JOURNEY IN CONSOLIDATED.....**

FOCUS ON SUSTAINABLE GROWTH AND PROFITABILITY



11% increase in Consolidated topline on YoY basis



Strong secondary sales growth of **21%** on YoY basis



40bps expansion of EBITDA margins to 3.3% on comparable basis

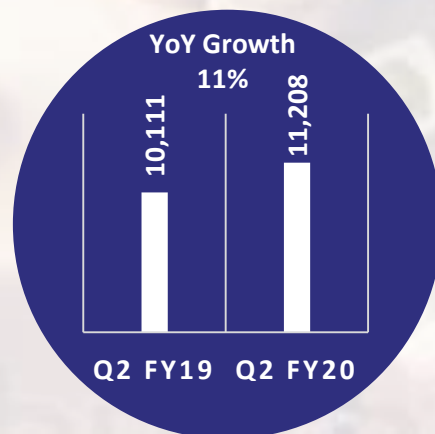


20bps expansion of PBT margins on comparable basis

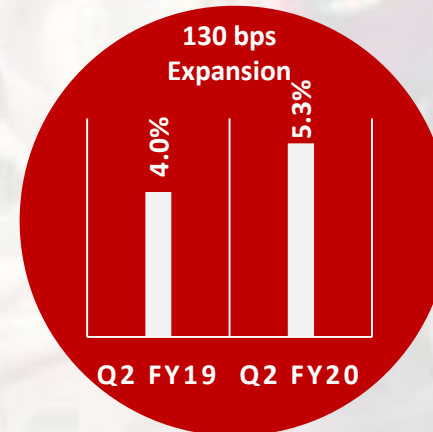


Voom detergent clocked strong revenues of ₹82mn in 1st full quarter of launch

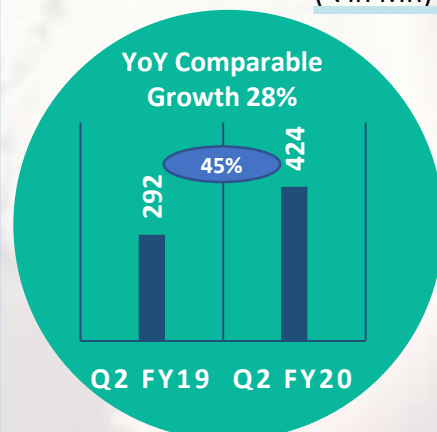
FCL Consolidated Revenue
(₹ in Mn) (**H1FY20 Growth 17%**)



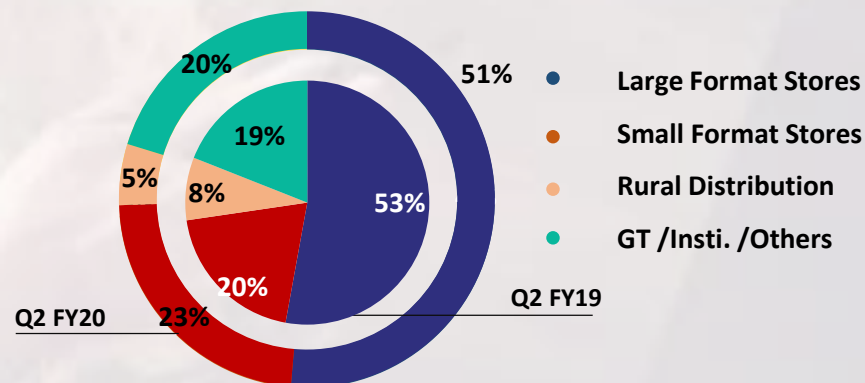
Significant Expansion in Adjusted ROCE



FCL Consolidated EBITDA
(₹ in Mn) (**H1FY20 Growth 50%**)

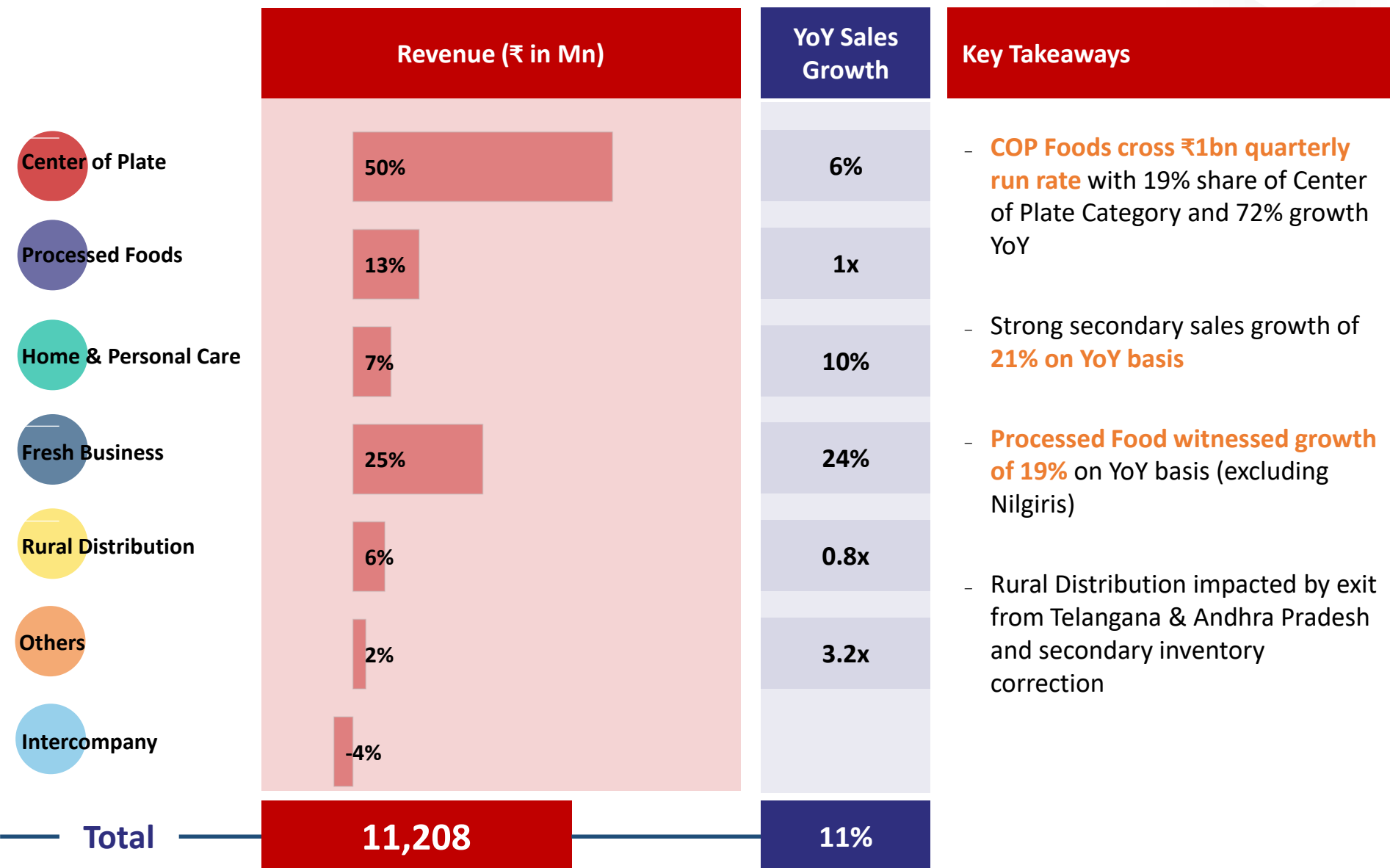


Channel Wise Sales Mix



Note: Q2 FY20 financials are not comparable prior period on account of IND AS 116, Q2 FY20 comparable EBITDA / EBIT of ₹374 mn/ ₹232 mn (28% / 40% growth on YoY basis)

Portfolio Continuously Growing at A Rapid Pace



Continued Growth Across Key Brands in Q2 FY20



+₹650mn
↑82%

Secondary growth 106%



+₹740mn
↑42%

Secondary growth 53%

**GOLDEN
HARVEST**

+₹3,500mn
↑7%

Targeted to cross ₹15bn

**Clean
Mate**

+₹250mn
↑6%

Targeted to cross ₹1bn

kara

+₹60mn
↑18%

**Continues to dominate the
category**



Sangli's Kitchen

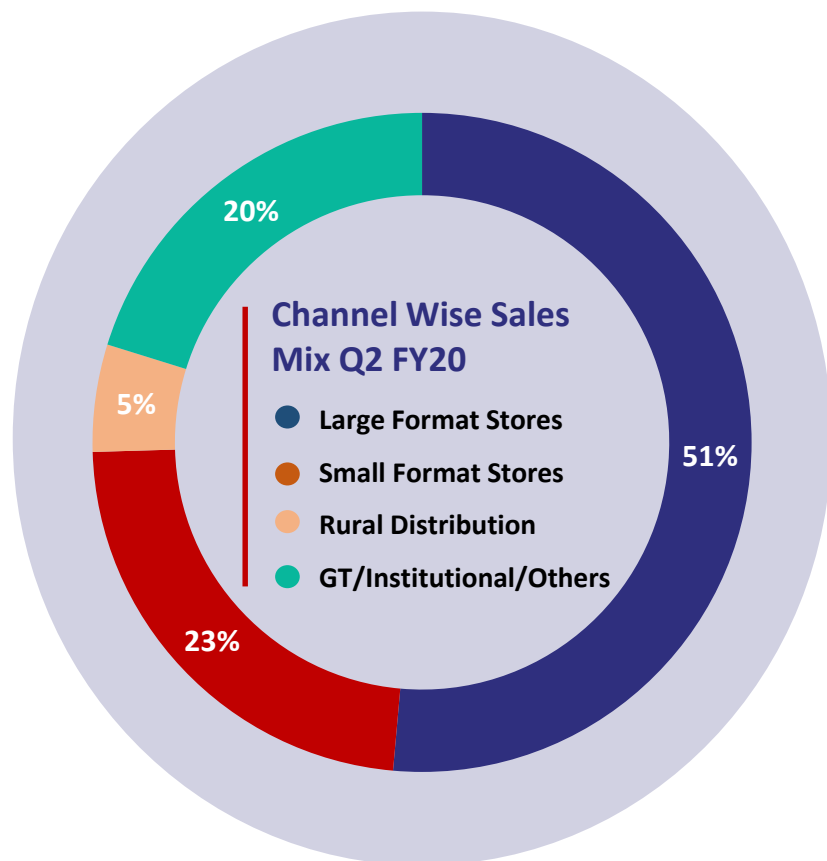
+₹110mn
↑26%

**Targeted to cross
₹400mn**

Revenue Share across Distribution Channels



**SALES IN SMALL STORES CHANNEL GROWING AT 29% YOY,
CONTINUE TO GARNER LARGER SHARE IN THE REVENUE PIE**



Actual Blended Gross Margins (Illustration Category : Processed Food* and HPC)	
Channel	Gross Margin
Large Stores and Small Stores	28%
General Trade / Other Modern Trade	24%

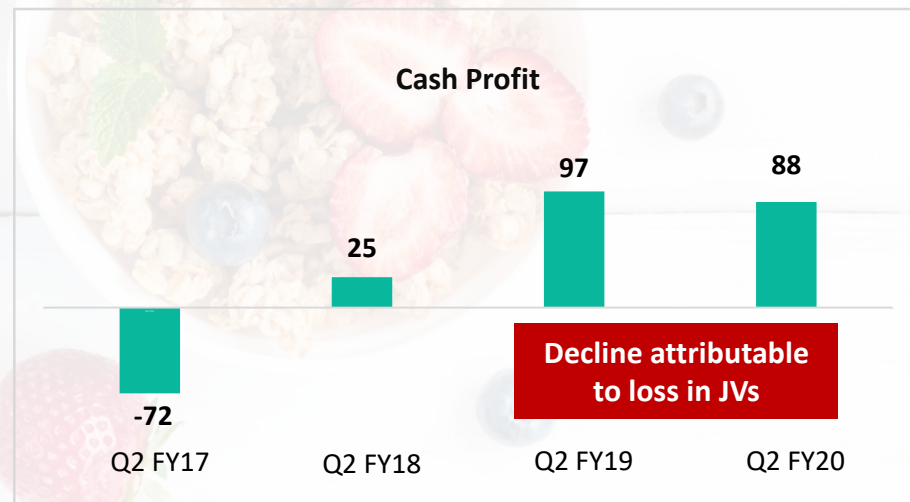
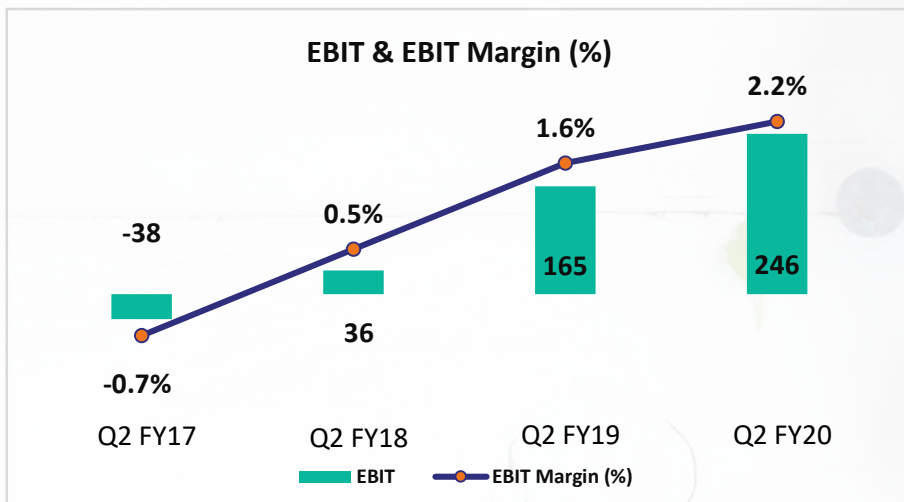
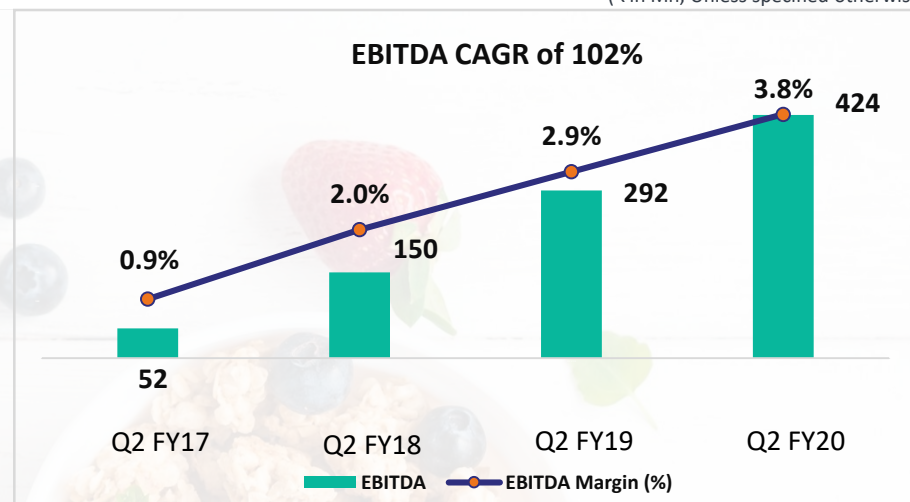
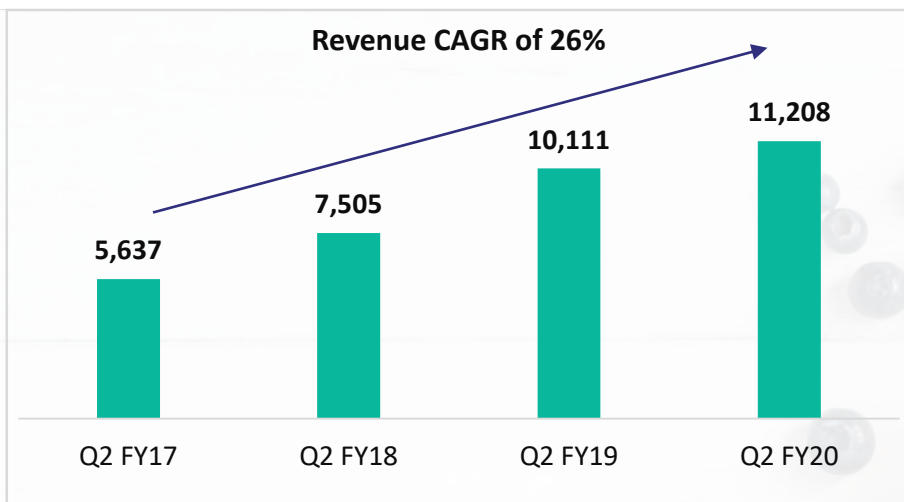
- Delta in margins across channels is on account of disintermediation and better back-end integration
- As part of its channel roll-out strategy, the Company expects to strengthen margins from General Trade and other Modern Trade

Note: Processed Food excludes Nilgiris business

High Growth Delivered with Underlying Profitability Turnaround



(₹ in Mn, Unless specified otherwise)



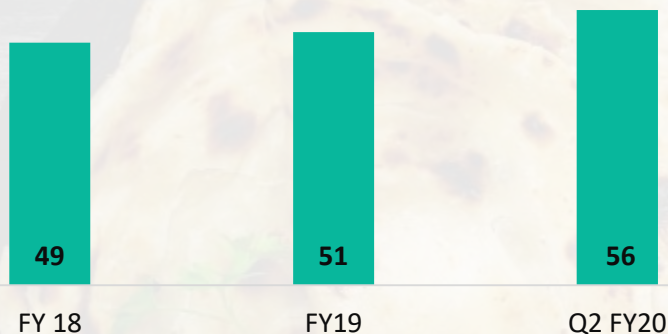
Focus on expanding margins and achieving higher profitability with higher contribution of value-added products

Note: Charts on consolidated basis, Q2 FY20 financials are not comparable prior period on account of IND AS 116, Q2 FY20 Comparable Numbers: EBITDA ₹374mn, EBITDA Margin: 3.3%, EBIT: ₹232mn, EBIT Margin: 2.1%

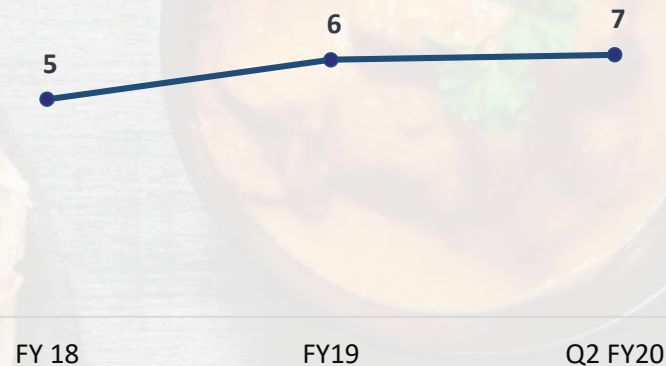
Geared to Achieve Higher Returns



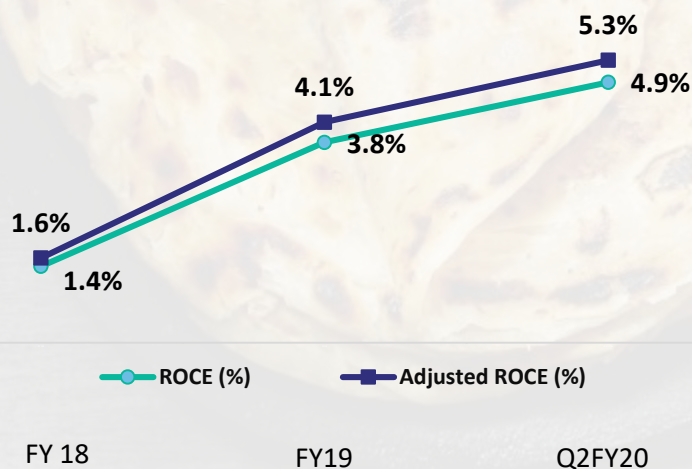
Net Working Capital (Days)



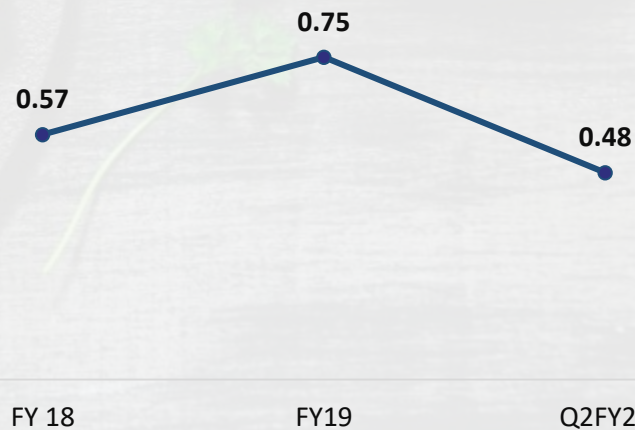
Net Fixed Asset Turnover (x)



ROCE (%), Adjusted ROCE (%)



Net Debt to Equity (x)



Note: Charts on consolidated basis, Q2 FY20 financials are not comparable prior period on account of IND AS 116, Q2 FY20 Comparable Numbers: ROCE 4.8%, Adjusted ROCE 5.2%, Fixed Asset Turnover 7x, adjusted ROCE (%) excludes Investments in JVs and Associates

Significant Improvement in Standalone Profitability Metrics



PROFIT & LOSS A/C (STANDALONE)

(₹ in Mn, Unless specified otherwise)

Particulars	Q2 FY20	Q1 FY20	Q2 FY19	H1FY20	H1FY19	FY19
Total Income from Operations	8,780	7,844	8,049	16,624	14,553	29,900
Gross Profit	1,332	1,201	1,134	2,532	2,090	4,240
<i>Gross Margin (%)</i>	<i>15.2%</i>	<i>15.3%</i>	<i>14.1%</i>	<i>15.2%</i>	<i>14.4%</i>	<i>14.2%</i>
Operating Cost	-920	-837	-868	-1,756	-1,643	-3,220
Other Income	33	22	37	55	77	119
EBITDA	445	385	303	831	524	1,139
<i>EBITDA (%)</i>	<i>5.1%</i>	<i>4.9%</i>	<i>3.8%</i>	<i>5.0%</i>	<i>3.6%</i>	<i>3.8%</i>
Depreciation	-128	-125	-82	-253	-161	-349
EBIT	317	261	221	577	363	790
<i>EBIT (%)</i>	<i>3.6%</i>	<i>3.3%</i>	<i>2.7%</i>	<i>3.5%</i>	<i>2.5%</i>	<i>2.6%</i>
Net Interest	-64	-87	-31	-150	-64	-180
PBT Before Exceptional	253	174	190	427	299	610
Current Tax	-3	-5	0	-8	0	0
Deferred Tax	-109	-52	0	-161	0	188
Exceptional Items	0	0	-210	0	-210	-192
PAT	141	117	-20	258	89	605
<i>PAT (%)</i>	<i>1.6%</i>	<i>1.5%</i>	<i>-0.3%</i>	<i>1.6%</i>	<i>0.6%</i>	<i>2.0%</i>
Cash Profit	355	268	272	623	460	1,160

Q2 FY20 vs Q2 FY19:

- Revenue growth of 9% on YoY basis
- 110bps expansion in gross margins on YoY basis led by 120bps and 140bps margin expansion in COP and HPC respectively
- Tax charge includes one-time deferred tax reversal impact of ₹62mn as a result of tax rate change
- Reported PAT of ₹141mn

H1 FY20 vs H1 FY19:

- Total Income from Operations growth of 14% H1FY20 YoY growth
- Gross Margin expanded by 87bps
- EBITDA increased by 58% with margin expansion of 139bps
- PAT crossed ₹258mn with a 192% growth

Consistently Trading the Path towards Profitability



PROFIT & LOSS A/C (CONSOLIDATED)

(₹ in Mn, Unless specified otherwise)

Particulars	Q2 FY20	Q1 FY20	Q2 FY19	H1FY20	H1FY19	FY19
Total Income from Operations	11,208	10,484	10,111	21,693	18,520	38,806
Gross Profit	1,537	1,423	1,390	2,960	2,605	5,246
<i>Gross Margin (%)</i>	<i>13.7%</i>	<i>13.6%</i>	<i>13.7%</i>	<i>13.6%</i>	<i>14.1%</i>	<i>13.5%</i>
Operating Cost	-1,147	-1,064	-1,138	-2,211	-2,155	-4,238
Other Income	34	22	41	56	87	147
EBITDA	424	381	292	805	536	1,154
<i>EBITDA(%)</i>	<i>3.8%</i>	<i>3.6%</i>	<i>2.9%</i>	<i>3.7%</i>	<i>2.9%</i>	<i>3.0%</i>
Depreciation	-178	-178	-127	-356	-249	-532
EBIT	246	203	165	449	287	623
<i>EBIT (%)</i>	<i>2.2%</i>	<i>1.9%</i>	<i>1.6%</i>	<i>2.1%</i>	<i>1.5%</i>	<i>1.6%</i>
Net Interest	-185	-201	-125	-386	-244	-568
PBT Before Exceptional	61	2	40	63	42	55
Current Tax	-8	-13	-10	-21	-10	-23
Profit/(Loss) After Current Tax	53	-11	30	43	32	33
Deferred Tax	-105	-51	0	-157	0	188
Share of Profit/(Loss) in Asso. & JVs & MI	-114	-87	-60	-201	-121	-287
Exceptional Items	0	0	0	0	0	2
Consolidated PAT	-166	-149	-30	-315	-89	-64
Consolidated Cash Profit	88	55	97	143	160	548

Note: Q2 FY20 financials are not comparable prior period on account of IND AS 116

Q2 FY20 vs Q2 FY19:

- Total Income from Operations growth of 11% on YoY basis
- Operating expenses declined YoY by 60bps on comparable basis
- Q2 FY20 includes one-time cost of ₹50mn largely attributable to Aadhaar store shut down, Genoa and FCPL acquisition cost impact
- 51% jump in PBT before exceptional items
- Tax charge includes one-time deferred tax reversal impact of ₹62mn as a result of tax rate change
- Share of Profit/(Loss) in Asso. & JVs & MI increased due to production delays on Hain and Fonterra

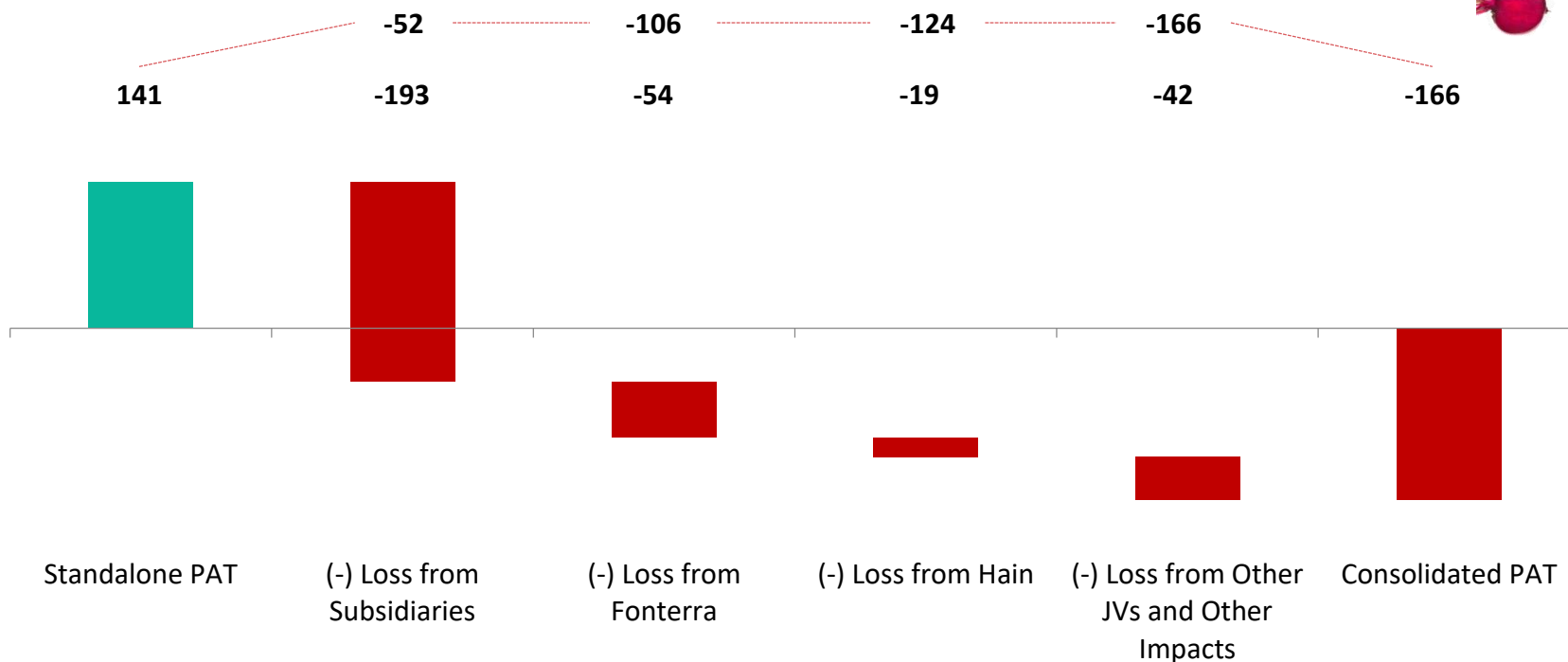
H1 FY20 vs H1 FY19:

- Total Income from Operations growth of 17% H1FY20 YoY growth
- EBITDA increased by 50% largely driven by Operating Cost declined 145 bps as % of Total Income from Operations

PAT Bridge – Q2 FY20 Standalone to Q2 FY20 Consolidated



BEEETROOT



Impact of IND AS 116 Accounting (Blended Approach)



Particulars	Consolidated		
	Q2 FY20	IND AS 116	Q2 FY20
	Comparable	Adjustment	Reported
Revenue from Operations	11,208	-	11,208
Other Income	33	+1	34
COGS	-9,672	-	-9,672
Rent & Other Operating Expenses	-1,196	+49	-1,147
EBITDA	374	+50	424
Finance Cost	-164	-21	-185
Depreciation & Amortisation	-142	-36	-178
PBT	68	-7	61
PAT	-159	-7	-166

Standalone		
Q2 FY20	IND AS 116	Q2 FY20
Comparable	Adjustment	Reported
8,780	-	8,780
33	-	33
-7,448	-	-7,448
-962	+43	-920
402	+43	445
-45	-19	-64
-92	-37	-128
266	-13	253
154	-13	141

Capitalization of Balance Sheet Leading to Improvement in Leverage Ratios



BALANCE SHEET (CONSOLIDATED)

(₹ in Mn, Unless specified otherwise)

Particulars	As on	
	30-Sep-19	31-Mar-19
Shareholder's Fund	12,397	9,902
Minority Interest	-27	-24
Gross Debt	6,920	8,137
Less: Cash and Cash Equivalents	929	684
Net Debt	5,991	7,453
Lease Liabilities and debt component of CCDs	944	
Less: Investment in JVs	-1,433	-1,415
Net Adjusted Capital Employed	17,872	15,916
Fixed Assets	6,213	6,194
Right to Use Assets	709	
Goodwill and Intangibles	3,491	3,567
Increase in Net Current Assets	7,459	6,156
Total Net Assets	17,872	15,916

- Capitalization of balance sheet leading to net debt reduction ₹1,462mn
 - Overall cash flow inflow of ₹2,975mn on account of CCDs and upfront payment for warrants
 - Net debt reduction of ₹1,462mn
 - Balance ₹1,513mn utilized largely for working capital, capital expenditure and JV / subsidiary financing
- Cash and cash equivalents increased by ₹246mn
- Net debt / equity improved from 0.75x at Mar'19 to 0.48x in Sep'19 on comparable basis



Note: Balance Sheet for period ending Sep'19 and Mar'19 are not comparable prior period on account of IND AS 116

Shareholder Information

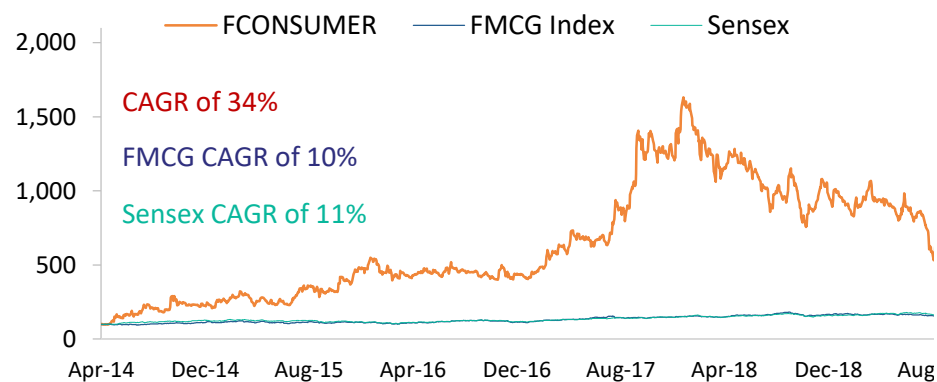


Stock Data (As on 11th Nov 2019)

Market Capitalization (₹)	48,411 Mn
Shares Outstanding	~192 Mn
Free Float	54%
Symbol (NSE/ BSE)	FCONSUMER / 533400

Particulars	Aug-19	Sep-19	Oct-19
Volume in mn	15	13	10
Delivery %	58%	53%	48%

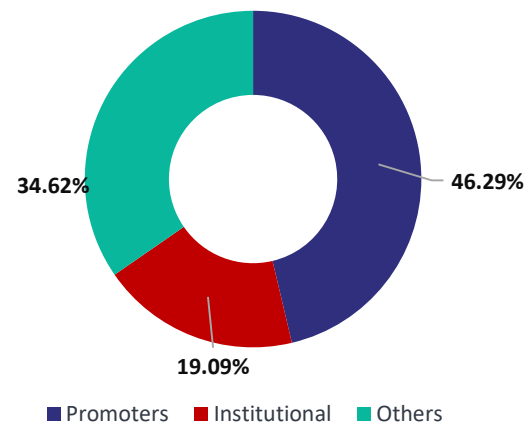
Indexed Stock Chart (1st April 2014 – 11th Nov 2019)



While the FMCG Index grew at a CAGR of 10% during the period 1st April 2014 to 11th Nov 2019, FCL Market Cap grew at a CAGR of 34% over the same time period

Note: CAGR is calculated using XIRR, Free Float calculated by excluding promoter group shareholding

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



Note: Shareholding classification as per Stock Exchange

Key Holders (As on 30st September 2019)

Particulars	OS (%)
Proterra	7.61
Verlinvest	7.31
Arisaig	6.99
IFC	3.04
Tata MF	1.67

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

Thank You



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