



9th November 2022

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

Dear Sir,

Re: Earning Presentation

Please find enclosed herewith the Earning Presentation for the quarter/ half yearly ended 30th September, 2022.

Thanking You

Yours faithfully

For LINC LIMITED

KAUSHIK RAHA  
Company Secretary

Encl: as above



# Q2 FY23 November 2022

NSE : LINC  
BSE : LINC  
Bloomberg : LINC:IN

# EARNINGS PRESENTATION.

Linc Limited  
(formerly Linc Pen and Plastics Limited)

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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.

“Q2 FY23 has been a landmark quarter as we achieved our highest ever revenue and profits. Operating Income stood at ₹ 12,698 lacs, a growth of 35.2% YoY and 29.7% QoQ. While Pentonic sales continued to grow, Linc revenue also posted strong growth of over 45% YoY. Further export revenue also experienced growth of 66.5% YoY on the back of higher volume and stronger USD.

In the beginning of Q1 FY23 we had increased selling prices of some of our traditional products, full impact of which was derived in the reported quarter. Consequently, the gross margin increased from 25.4% in Q1 FY23 to 30.5% in Q2 FY23. Operating EBIDTA margin also improved to 12.3% and was up 416 basis points YoY and 410 basis point QoQ.

Prices of key inputs, which had peaked in the earlier quarters, have since rationalized, and are expected to remain stable in the coming quarters. This along with our continued focus on higher margin products (Pentonic Series) should help us in growing our profits.

In line with our laid down long term strategy, our touch points continue to increase with over 7000 added in this quarter. ”

**Deepak Jalan**

Managing Director, Linc Limited



# Key Highlights.

**Operating Income** up 35.2% YoY, 29.7% QoQ at ₹ 12,698 lacs, **highest in a quarter**

**Operating EBITDA** up sharply by 104.6% YoY at ₹ 1,557 lacs and Margin stood at 12.3%, **highest in a quarter**

**PAT** grew by 167.0% YoY at ₹ 956 lacs, **highest in a quarter** and exceeding full year PAT of FY'22

**Net Debt** was nil as on 30th Sept 2022 and the company had net free cash of ₹ 822 lacs

**Gross Profit** up 72.2% YoY at ₹3,875 lacs and Margin stood at 30.5%. Gross Profit and GPM was also the **highest in a quarter**

**'Pentonic' Sales** continued to grow and was ~ 28% of total revenue for Q2 FY23 and its GPM stood ~ 43%

**ROE\*** improved significantly to over 18.8%

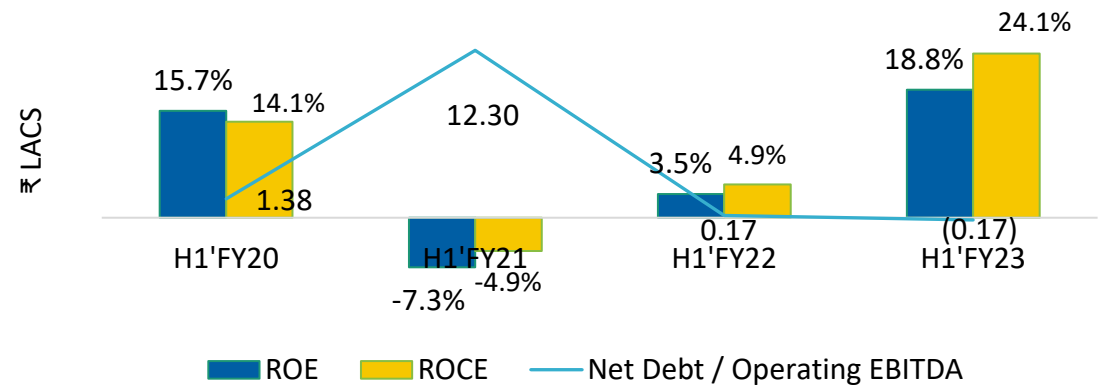
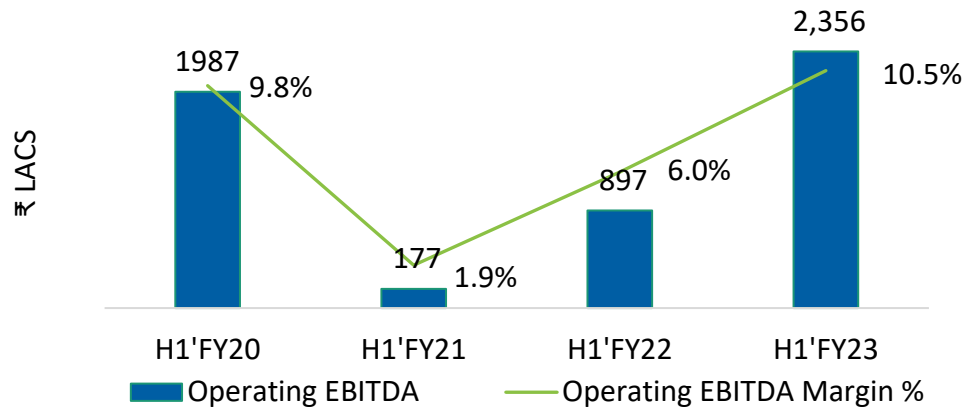
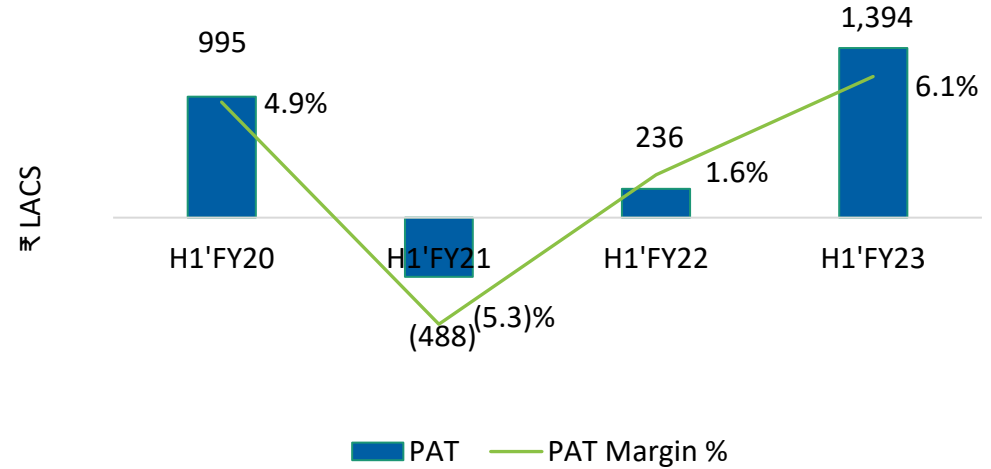
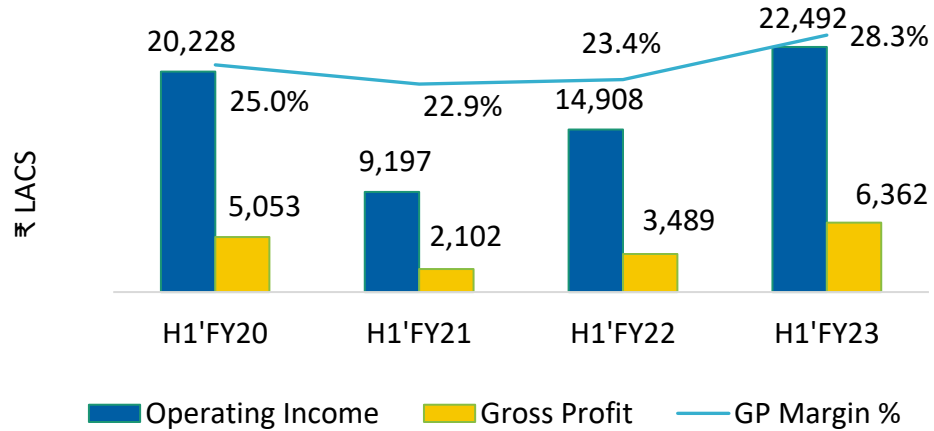
**Net Debt/Equity** stood at (0.05) against (0.03) in Q1 FY23 and **Net Debt/Operating EBITDA** stood at (0.17) against (0.15) in Q1 FY23





# Key Highlights (Cont.)

Record Performance; surpassing pre-covid peak



**Note:**

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

# Quarterly Highlights.

₹ Lacs

	Operating Income	Gross Profit	Operating EBITDA	PBT	PAT	Cash Profit <sup>1</sup>
	<b>12,698</b>	<b>3,875</b>	<b>1,557</b>	<b>1,267</b>	<b>956</b>	<b>1,320</b>
Growth (YOY)	35.2%	72.2%	104.6%	164.0%	167.0%	97.6%
Growth (QOQ)	29.7%	55.8%	94.7%	113.5%	118.1%	72.4%
Margin <sup>2</sup> (%)		30.5% ↑	12.3% ↑	9.9% ↑	7.5% ↑	
Margin –YoY Expansion/(Contraction)		657 bps	416 bps	483 bps	368 bps	
EPS/CEPS					6.43	8.87

**Note:**

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



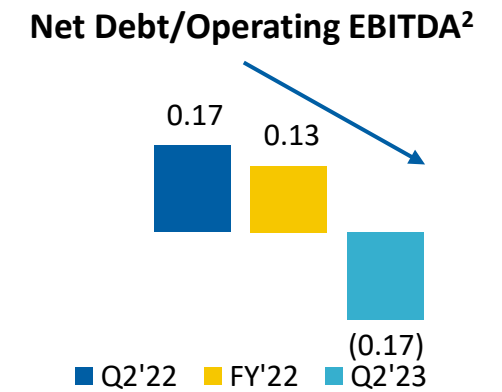
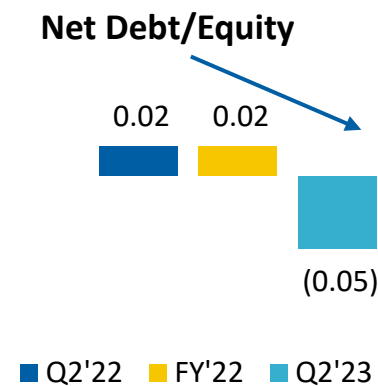
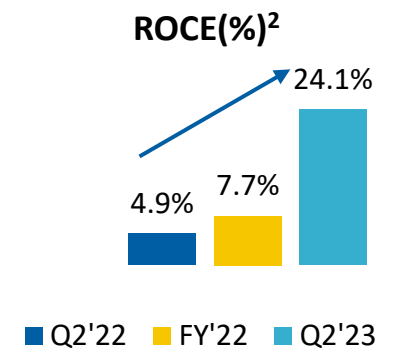
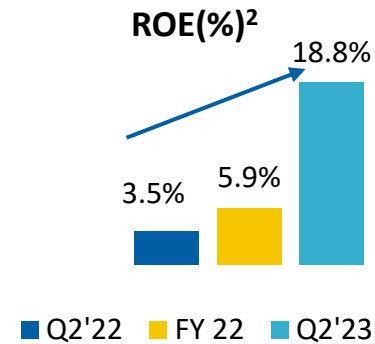
# Quarterly Highlights (Cont.)

₹ Lacs

Particulars	30-Sep-22	31-Mar-22	30-Sep-21
<b>Net Worth</b>	<b>15,412</b>	<b>14,285</b>	<b>13,703</b>
Short Term Borrowing	-	299	311
Long Term Borrowing	-	-	-
Gross Debt	-	299	311
Cash & Cash equivalent	822	9	9
<b>Net Debt</b>	<b>(822)</b>	<b>290</b>	<b>302</b>
Net Current Assets <sup>1</sup>	6,348	6,072	5,754
<b>Total Assets</b>	<b>21,605</b>	<b>20,162</b>	<b>18,468</b>
Total Asset Turnover	2.15	1.77	1.55
Cash Conversion Cycle	67	74	81

**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)
Q2 FY23	3,488	6,221	1,537	24	119	649
Sales Contribution (%)	29.0%	51.7%	12.8%	0.2%	1.0%	5.4%
Q1 FY23	2,855	4,424	1,465	16	49	498
Sales Contribution (%)	30.7%	47.5%	15.7%	0.2%	0.5%	5.4%
Q2 FY22	2,524	4,262	1,196	84	163	292
Sales Contribution (%)	29.6%	50.0%	14.0%	1.0%	1.9%	3.4%
Growth QoQ	22.2%	40.6%	4.9%	44.4%	142.5%	30.3%
Growth YoY	38.2%	46.0%	28.5%	-71.9%	-26.9%	122.0%

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

# Quarterly Highlights (Cont..)

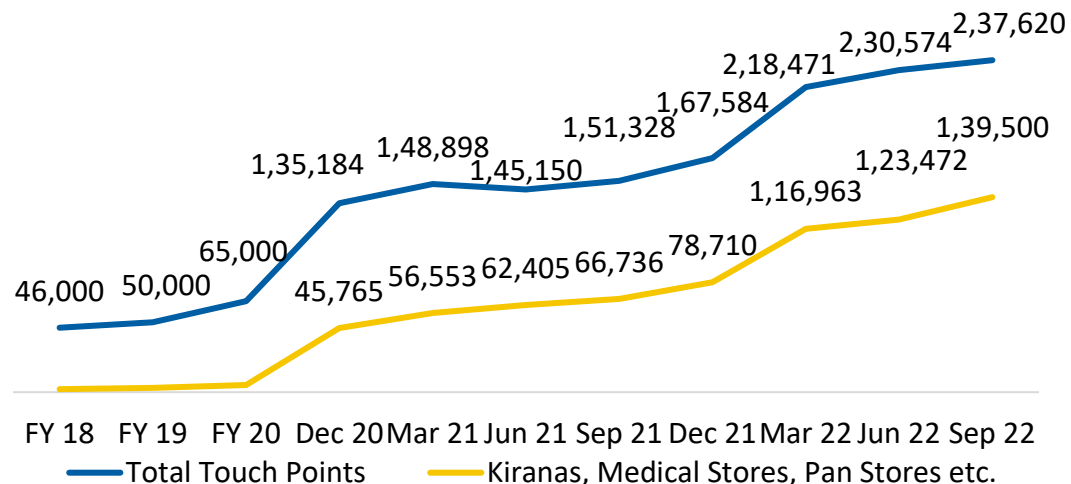
₹ Lacs

Revenue	Trade Channel				
	General Trade	Corporate	Modern Trade	E-Commerce	Exports
Q2 FY23	8,247	382	572	183	2,653
<b>Sales Contribution (%)</b>	<b>68.5%</b>	<b>3.2%</b>	<b>4.8%</b>	<b>1.5%</b>	<b>22.0%</b>
Q1 FY23	6,646	358	624	191	1,489
<b>Sales Contribution (%)</b>	<b>71.4%</b>	<b>3.8%</b>	<b>6.7%</b>	<b>2.1%</b>	<b>16.0%</b>
Q2 FY22	5,900	407	403	218	1,593
<b>Sales Contribution (%)</b>	<b>69.2%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>2.6%</b>	<b>18.7%</b>
<i>Growth QoQ</i>	24.1%	6.9%	-8.2%	-4.5%	78.2%
<i>Growth YoY</i>	39.8%	-6.1%	42.1%	-16.1%	66.5%

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

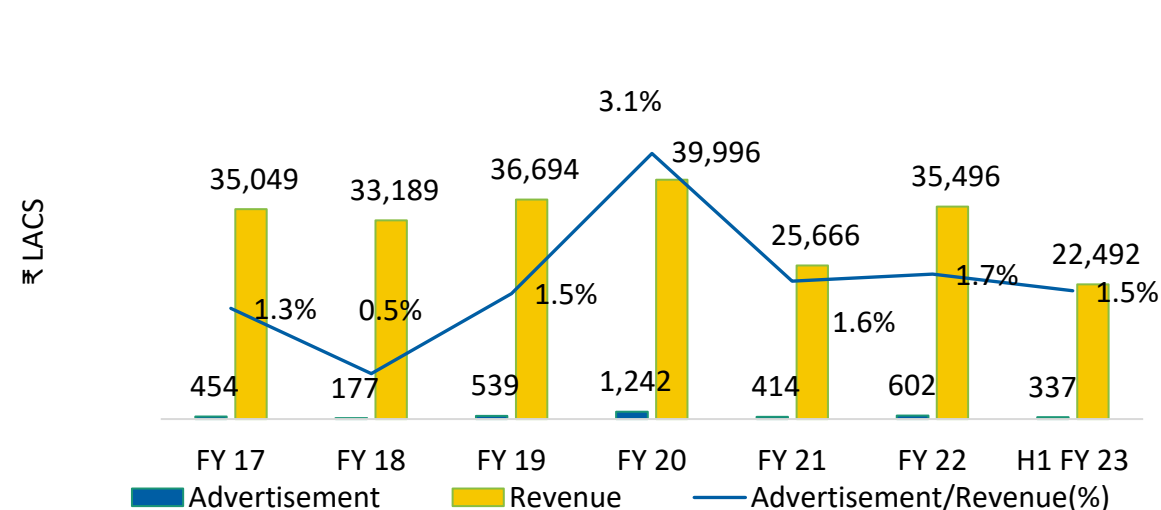
# Operational Highlights.

**Increasing touch points**



- Started expending aggregately to neighbourhood grocery stores (Kirana, Medical stores, Pan stores, etc.) since FY20 to increase footprint
- Added over 1,72,620 touch points since FY'20; 86,292 over the last 12 months

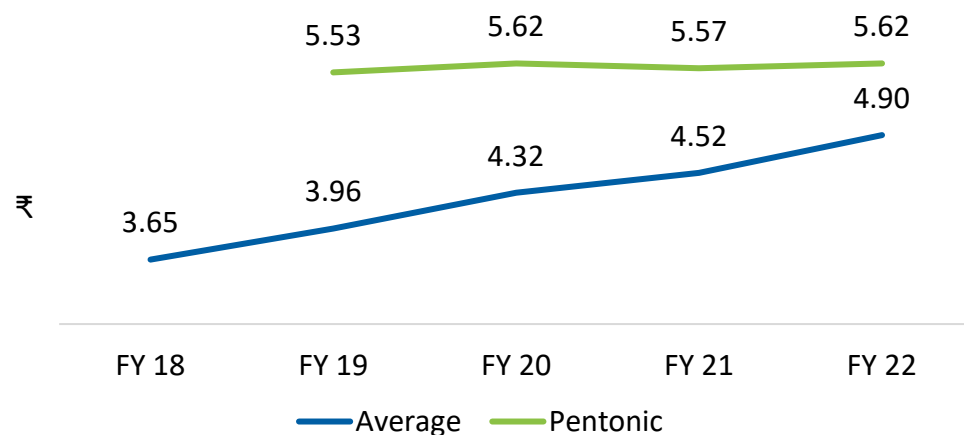
**Focus on brand building**



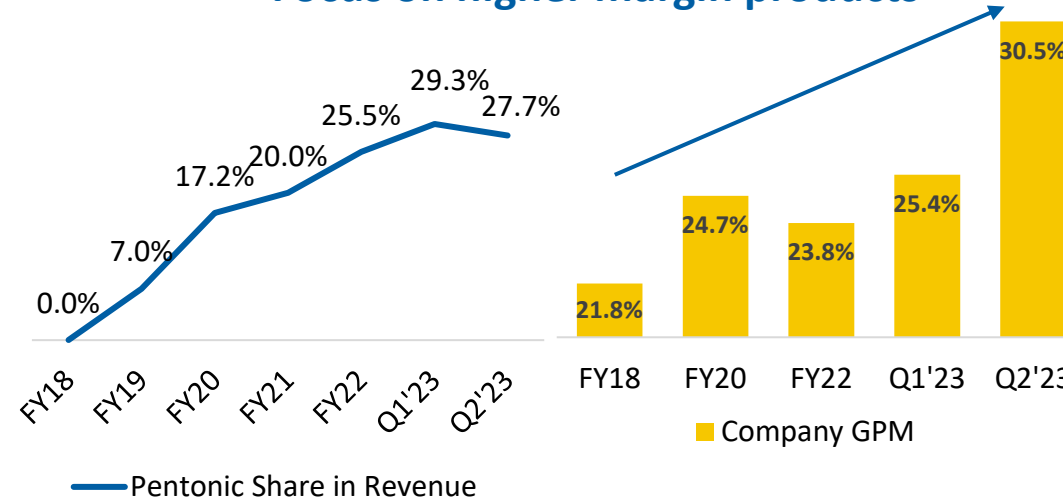
- Spent over ₹ 7,800 lacs on brands over last 12 years
- 2% of revenue spent on brands over last 12 years
- Reduced spent during covid period to conserve cash
- Step up brand spend going forward ~ 3% of revenue
- Campaign for the new Pentonic B-RT launched at the '[ICC Men's T20 World Cup](#)'

# 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
- In the last couple of quarters the company was able to pass on cost increases by increasing price of its 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 ~ 43%
- Significant increase in revenue share of 'Pentonic' over the last 4 years
- Overall GPM of the Company has increased by ~ 657 basis point YoY

# Quarterly Profit & Loss.

₹ Lacs

Particulars	Q2 FY 23	Q2 FY 22	YoY Change	Q1 FY 23	QoQ Change	H1 FY23	H1 FY22	YOY Change	FY22
<b>Operating Income</b>	<b>12,698</b>	<b>9,395</b>	<b>35.2%</b>	<b>9,794</b>	<b>29.7%</b>	<b>22,492</b>	<b>14,908</b>	<b>50.9%</b>	<b>35,496</b>
Gross Profit	3,875	2,250	72.2%	2,487	55.8%	6,362	3,489	82.3%	8,441
<b>Gross Profit (%)</b>	<b>30.5%</b>	<b>23.9%</b>	<b>27.4%</b>	<b>25.4%</b>	<b>20.2%</b>	<b>28.3%</b>	<b>23.4%</b>	<b>20.9%</b>	<b>23.8%</b>
Operating EBITDA	1,557	761	104.6%	799	94.7%	2,356	897	162.6%	2,153
<b>Operating EBITDA Margin (%)</b>	<b>12.3%</b>	<b>8.1%</b>	<b>51.4%</b>	<b>8.2%</b>	<b>50.2%</b>	<b>10.5%</b>	<b>6.0%</b>	<b>74.1%</b>	<b>6.1%</b>
Other Income	84	44	90.3%	132	(36.4%)	216	84	156.4%	288
Finance Cost	10	15	(36.1%)	11	(9.1%)	20	45	-55.2%	73
Depreciation	364	310	17.5%	328	11.2%	692	618	11.9%	1,282
PBT	1,267	480	164.0%	593	113.5%	1,860	318	484.5%	1,085
<b>PAT</b>	<b>956</b>	<b>358</b>	<b>167.0%</b>	<b>438</b>	<b>118.1%</b>	<b>1,394</b>	<b>236</b>	<b>491.4%</b>	<b>813</b>
PAT Margin (%)	7.5%	3.8%	97.2%	4.4%	69.4%	6.1%	1.6%	290.4%	2.3%
<b>EPS (₹)</b>	<b>6.43</b>	<b>2.41</b>	<b>167.0%</b>	<b>2.95</b>	<b>118.1%</b>	<b>9.37</b>	<b>1.58</b>	<b>491.4%</b>	<b>5.47</b>

**Note:**

1. NA – Negative number historically

# Focus on Shareholder Value Creation.

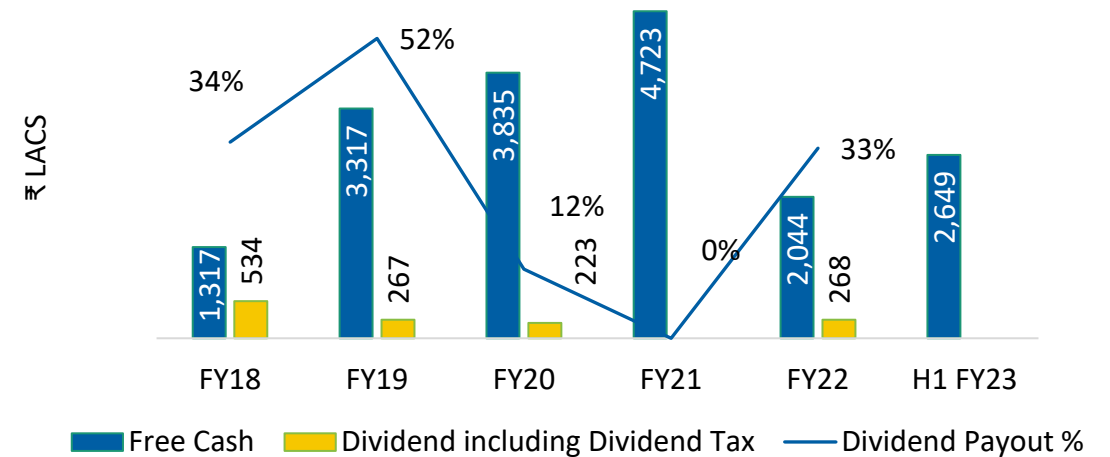
- Sharp increase in Free Cash Flow in H1 FY23
- Consistent Dividend Pay-out track record of greater than 30% (Other than Covid years due to cash conservation)

- Steady and significant decrease in Net Debt
- FCF used judiciously to reduce Debt – Nil Debt and free cash of ₹822 lacs as on 30 Sep 2022
- Capex commitment funded largely through internal cash generation
- Net Debt / Operating EBITDA reduced significantly from peak of 2.54 in FY 2018 to (0.17) in Q2'23

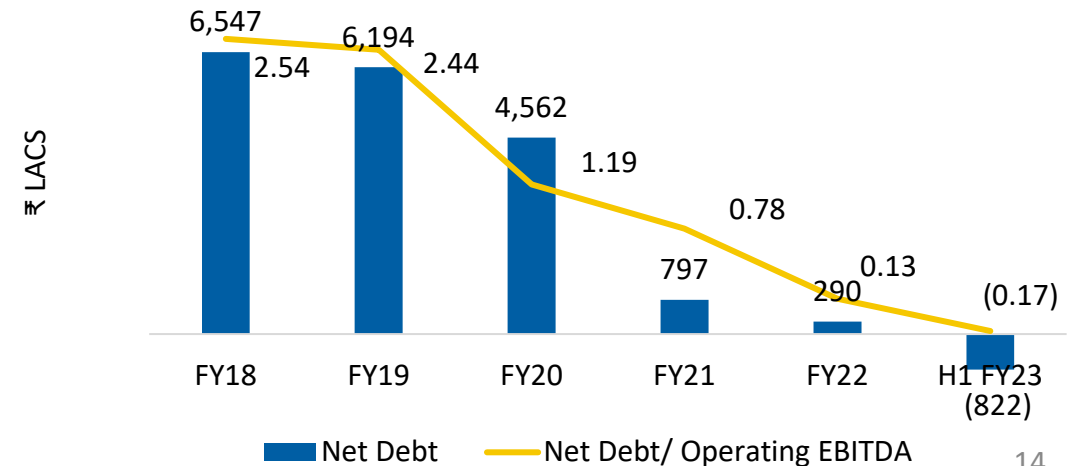
Note

1. Free Cash is Net Cash generated from Operating Activities

### FCF VS DIVIDEND PAYOUT

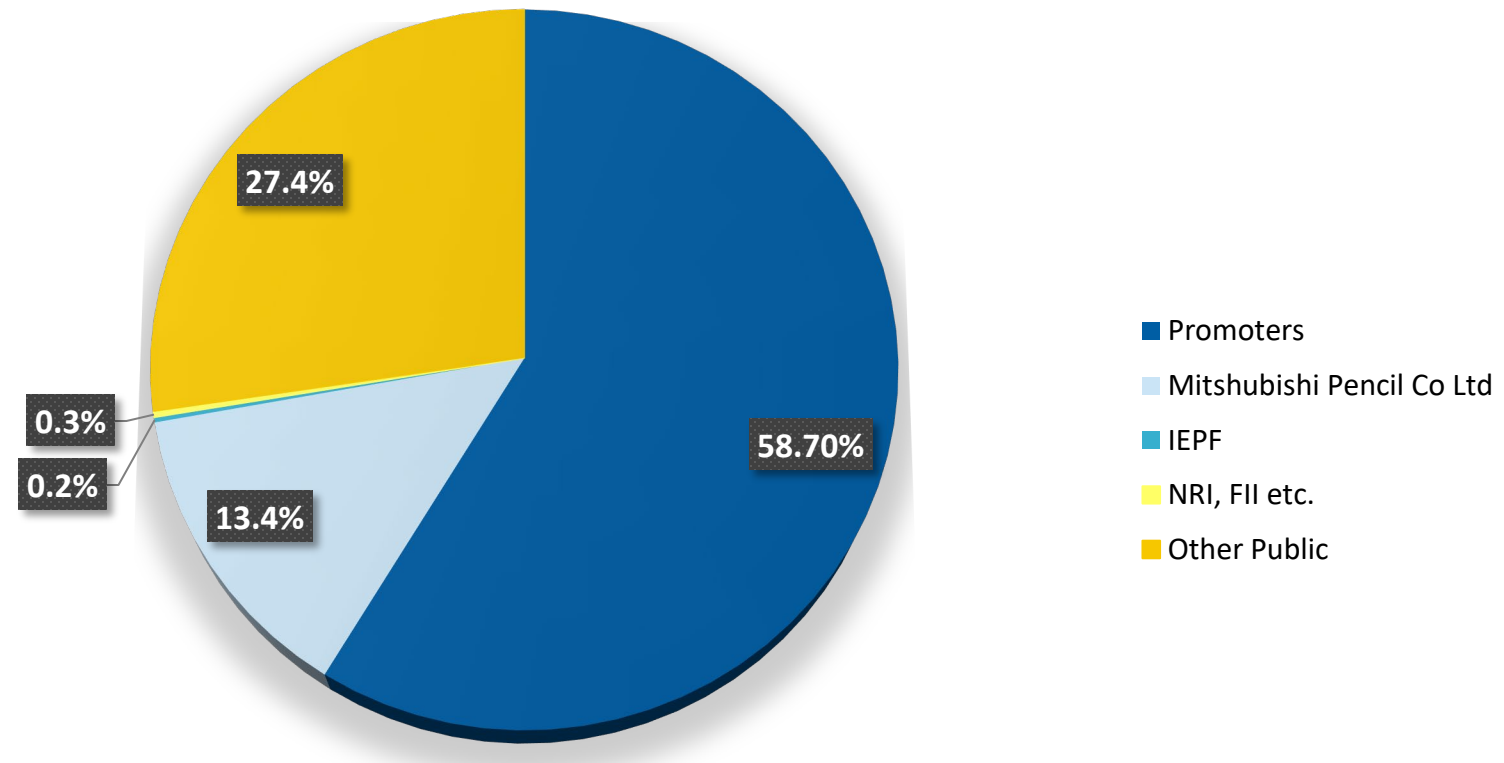


### Net Debt and Net Debt/Operating EBITDA





# Shareholding Pattern.



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

# Why Linc?.



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Any reference herein to "the Company" shall mean Linc Limited, together with its consolidated subsidiaries.

# Thank You.

For further details please contact

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