



3rd February 2023

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/ nine months ended 31st December, 2022.

Thanking You

Yours faithfully

For LINC LIMITED

KAUSHIK RAHA
Company Secretary

Encl: as above



Q3 FY23 February 2023

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.

“Q3 FY23 saw back-to-back strong performance, as we achieved our highest profit. Operating Income stood at ₹ 12,455 lacs, a growth of 30.7% YoY and (1.9)% QoQ.

Better product mix coupled with stable input costs has also led to expansion in margin in the current quarter. Consequently, the gross margin increased from 30.5% in Q2'FY23 to 33.1% in Q3'FY23. In the current quarter the company achieved Operating EBIDTA margin of 14.6% as against 12.3% in Q2'FY23.

Continued strong demand for our products, introduction of a new Rs 40 pen under the Pentonic stable in the current quarter, coupled with growing share of higher margin products will enable us maintain our margins and improve our profits.

In line with our laid down long term strategy, our touch points continue to increase with over 2,500 added in this quarter. ”

Deepak Jalan

Managing Director, Linc Limited



Key Highlights.

Operating Income up 30.7% YoY, down 1.9% QoQ at ₹ 12,455 lacs

Operating EBITDA up sharply by 170.9% YoY at ₹ 1,819 lacs and Margin stood at 14.6%, **highest in a quarter**

PAT grew by 299.6% YoY at ₹ 1,113 lacs, **highest in a quarter**

Net Debt was nil as on 31st Dec 2022 and the company has net free cash of ₹ 1,604 lacs

Gross Profit up 70.7% YoY at ₹4,126 lacs and Margin stood at 33.1%. Gross Profit and GPM was also the **highest in a quarter**

'Pentonic' Sales continued to grow and was over 30% of total revenue for Q3 FY23 and its GPM stood ~ 42%

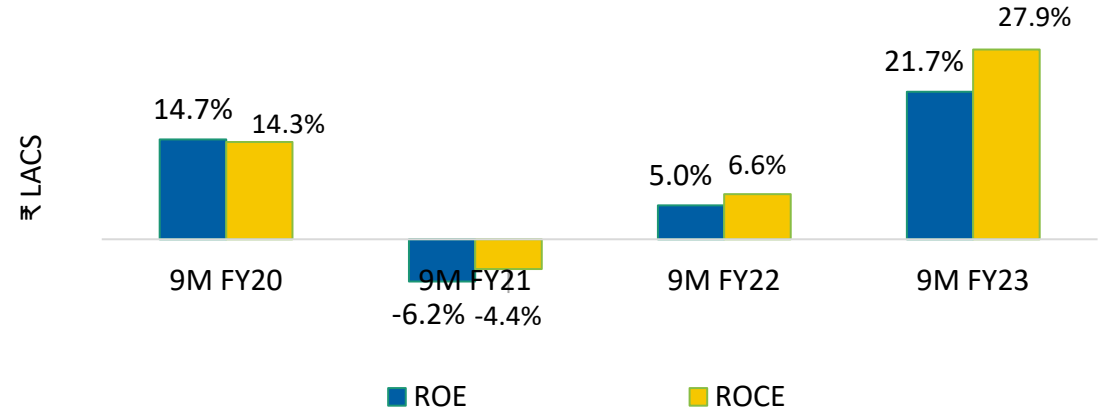
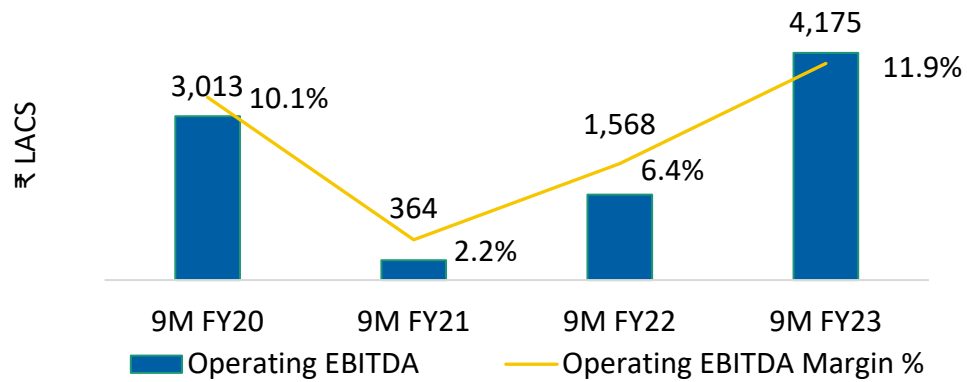
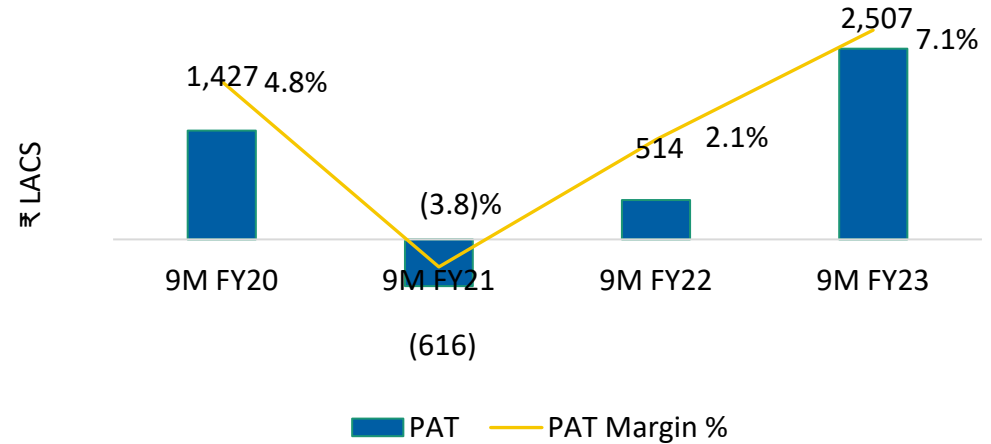
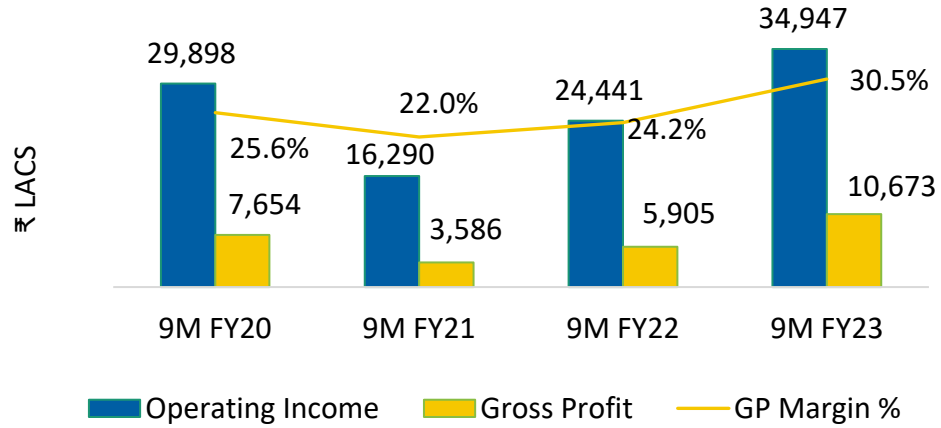
ROE* improved significantly to over 21.7%

Net Debt/Equity stood at (0.10) against (0.05) in Q2 FY23 and **Net Debt/Operating EBITDA** stood at (0.29) against (0.17) in Q2 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 ¹
	12,455	4,126	1,819	1,490	1,113	1,467
Growth (YOY)	30.7%	70.7%	170.9%	304.2%	299.6%	138.4%
Growth (QOQ)	-1.9%	6.5%	16.8%	17.6%	16.5%	11.2%
Margin²(%)		33.1% ↑	14.6% ↑	11.9% ↑	8.9% ↑	
Margin –YoY Expansion/(Contraction)		778 bps	756 bps	808 bps	600 bps	
EPS/CEPS					7.48	9.86

Note:

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

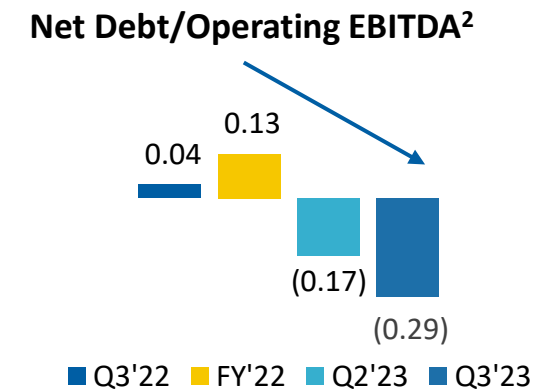
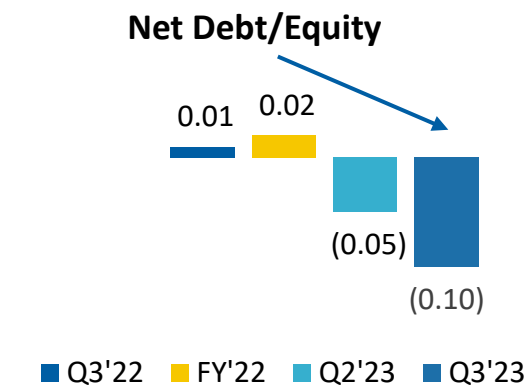
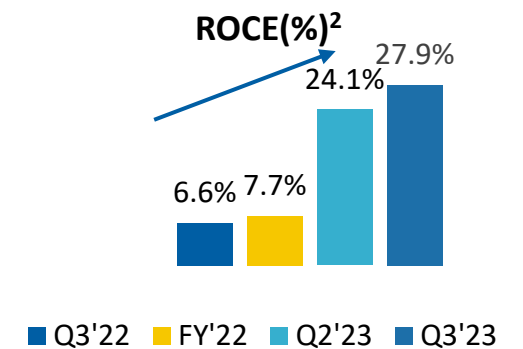
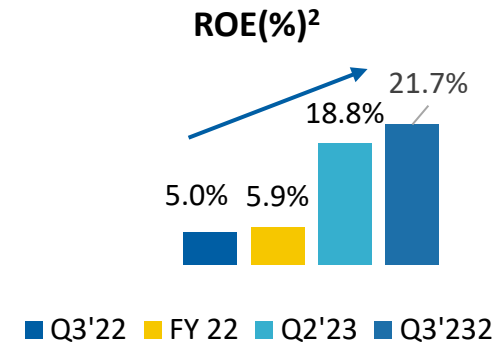
Quarterly Highlights (Cont.)

₹ Lacs

Particulars	31-Dec-22	30-Sep-22	31-Mar-22	31-Dec-21
Net Worth	16,526	15,412	14,285	13,979
Short Term Borrowing	-	-	299	142
Long Term Borrowing	-	-	-	-
Gross Debt	-	-	299	142
Cash & Cash equivalent	1,604	822	9	63
Net Debt	(1,604)	(822)	290	80
Net Current Assets ¹	6,376	6,348	6,072	5,676
Total Assets	24,162	21,605	20,162	19,864
Total Asset Turnover	2.10	2.15	1.77	1.63
Cash Conversion Cycle	67	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)
Q3 FY23	3,742	6,021	1,697	26	411	700
Sales Contribution (%)	29.7%	47.8%	13.5%	0.2%	3.3%	5.6%
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%
Q3 FY22	2,241	4,772	1,191	8	113	320
Sales Contribution (%)	25.9%	55.2%	13.8%	0.1%	1.3%	3.7%
Growth QoQ	7.3%	-3.2%	10.4%	11.4%	245.4%	7.9%
Growth YoY	67.0%	26.2%	42.5%	227.9%	265.1%	118.7%

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

Quarterly Highlights (Cont..)

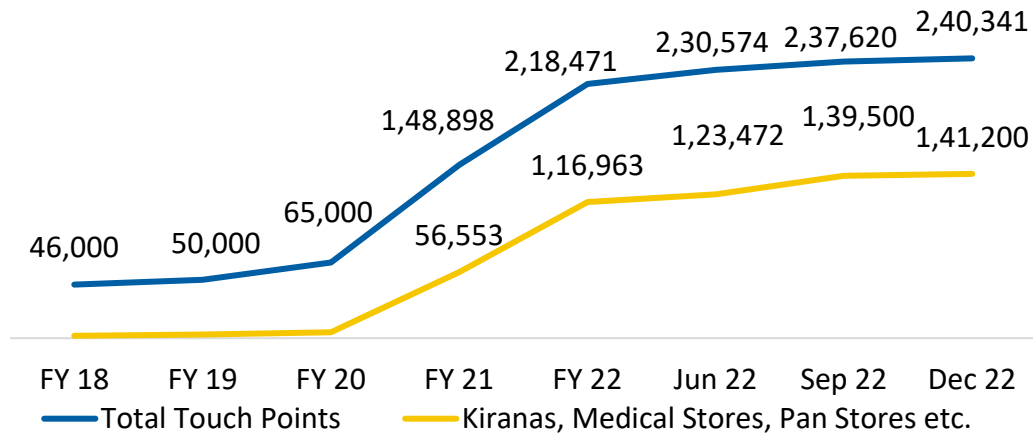
₹ Lacs

Revenue	Trade Channel				
	General Trade	Corporate	Modern Trade	E-Commerce	Exports
Q3 FY23	8,468	329	660	230	2,910
Sales Contribution (%)	67.2%	2.6%	5.2%	1.8%	23.1%
Q2 FY23	8,247	382	572	183	2,653
Sales Contribution (%)	68.5%	3.2%	4.8%	1.5%	22.0%
Q3 FY22	6,043	309	469	90	1,734
Sales Contribution (%)	69.9%	3.6%	5.4%	1.0%	20.1%
<i>Growth QoQ</i>	2.7%	-13.9%	15.3%	25.8%	9.7%
<i>Growth YoY</i>	40.1%	6.4%	40.7%	156.2%	67.9%

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

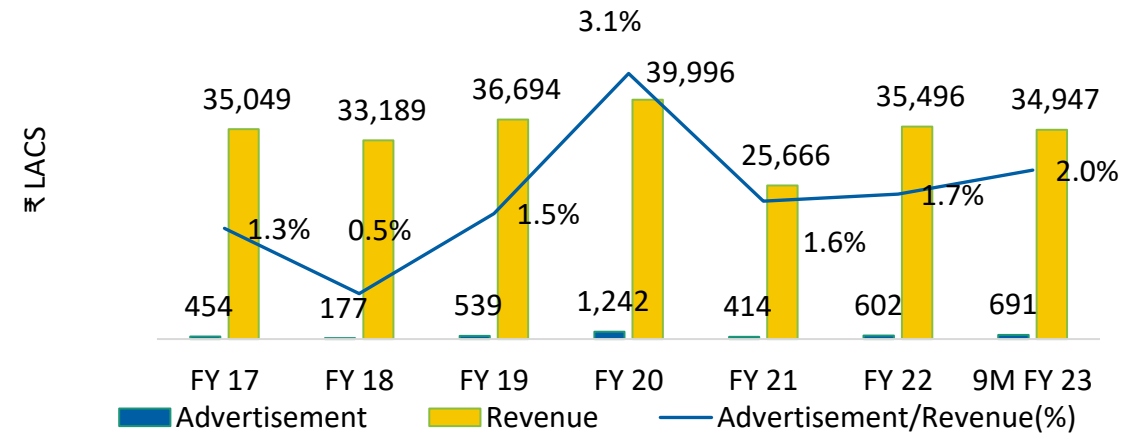
Operational Highlights.

Increasing touch points



- Started expending aggregately to neighbourhood grocery stores (Kirana, Medical stores, Pan stores, etc.) since FY20 to increase footprint
- Added over 1,75,341 touch points since FY'20; 72,757 over the last 12 months

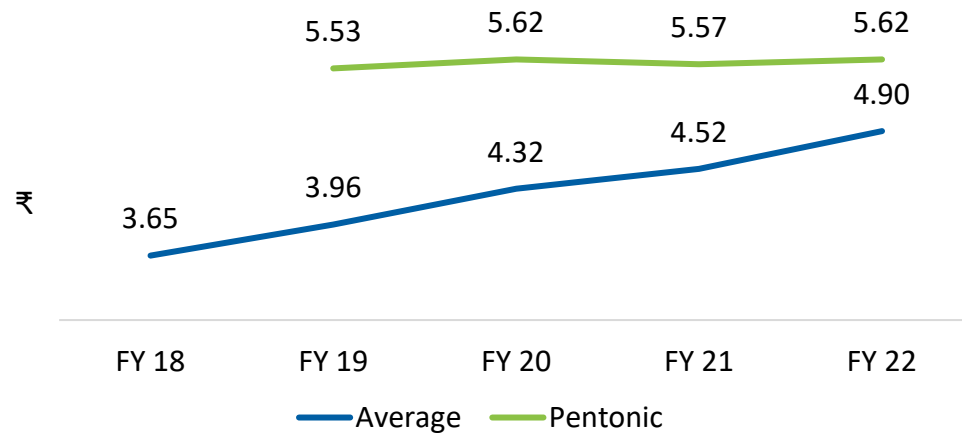
Focus on brand building



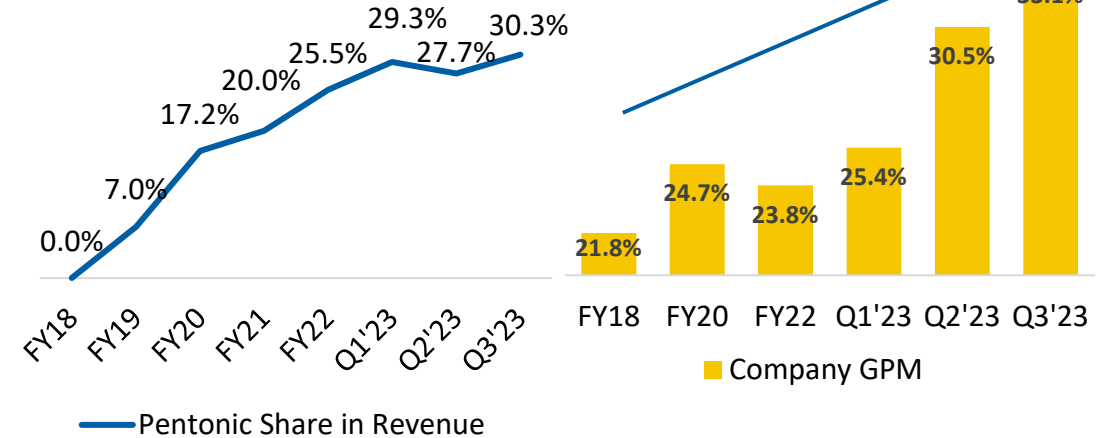
- Spent over ₹ 7,800 lacs on brands over last 12 years
- 2% of revenue spent on brands over last 12 years
- Step up brand spend going forward ~ 3% of revenue

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 in Q1-Q2 FY23

- '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 ~ 42%
- Significant increase in revenue share of 'Pentonic' over the last 4 years
- Overall GPM of the Company has increased by ~ 778 basis point YoY

Quarterly Profit & Loss.

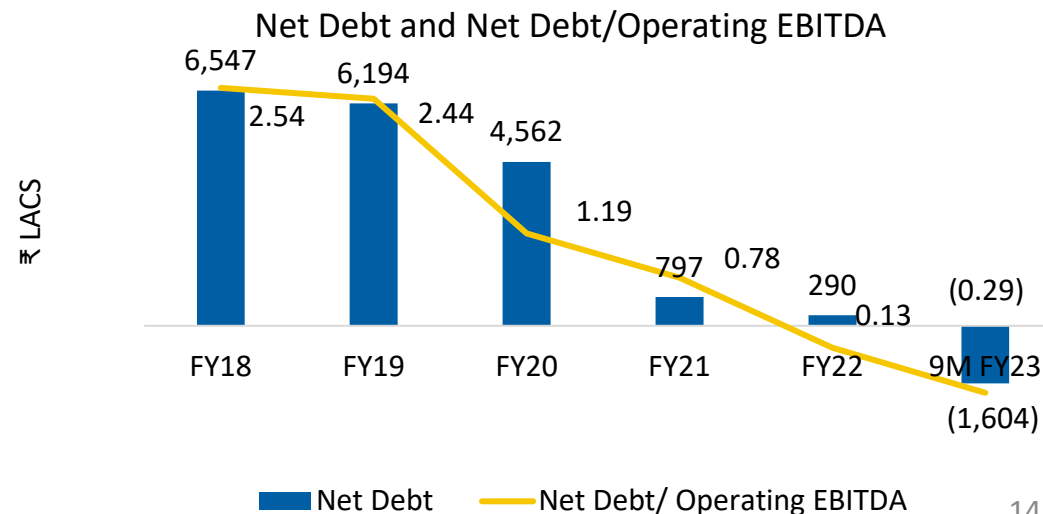
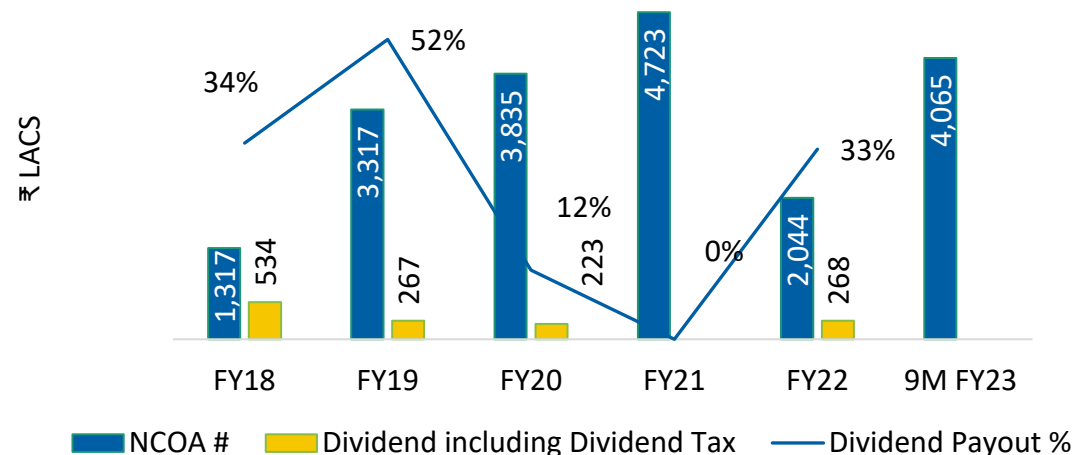
Particulars	₹ Lacs								
	Q3 FY 23	Q3 FY 22	YoY Change	Q2 FY 23	QoQ Change	9M FY23	9M FY22	YOY Change	FY22
Operating Income	12,455	9,533	30.7%	12,698	(1.9%)	34,947	24,441	43.0%	35,496
Gross Profit	4,126	2,416	70.7%	3,875	6.5%	10,673	5,905	80.7%	8,441
Gross Profit (%)	33.1%	25.3%	30.7%	30.5%	8.5%	30.5%	24.2%	26.4%	23.8%
Operating EBITDA	1,819	671	170.9%	1,557	16.8%	4,175	1,568	166.2%	2,153
Operating EBITDA Margin (%)	14.6%	7.0%	107.3%	12.3%	19.1%	11.9%	6.4%	86.1%	6.1%
Other Income	41	42	(4.4%)	84	(51.7%)	257	127	102.5%	288
Finance Cost	15	8	79.0%	10	54.6%	35	53	(34.3%)	73
Depreciation	354	337	5.1%	364	(2.8%)	1,046	955	9.5%	1,282
PBT	1,490	369	304.2%	1,267	17.6%	3,351	687	387.7%	1,085
PAT	1,113	279	299.6%	956	16.5%	2,507	514	387.5%	813
PAT Margin (%)	8.9%	2.9%	206.2%	7.5%	19.2%	7.1%	2.1%	240.2%	2.3%
EPS (₹)	7.48	1.87	299.6%	6.42	16.5%	16.86	3.46	387.5%	5.47

Focus on Shareholder Value Creation.

- Sharp increase in Free Cash Flow in 9M FY23
- Consistent Dividend Pay-out track record of greater than 30% (Other than Covid years due to cash conservation)

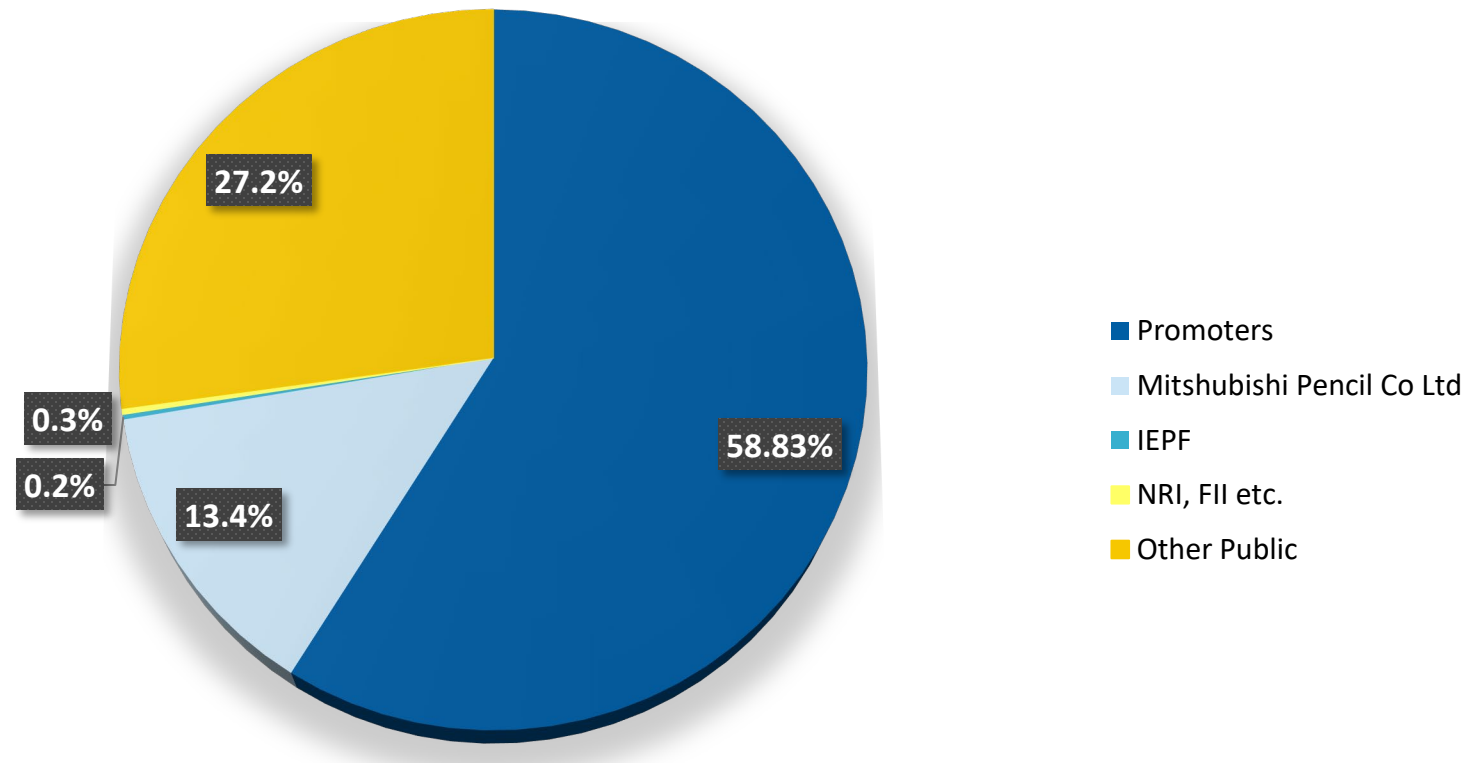
- Steady and significant decrease in Net Debt
- FCF used judiciously to reduce Debt – Nil Debt and free cash of ₹4,065 lacs as on 31 Dec 2022
- Capex commitment funded largely through internal cash generation
- Net Debt / Operating EBITDA reduced significantly from peak of 2.54 in FY 2018 to (0.29) in Q3'23

Net Cash from Operating Activities Vs Dividend Payout



Note
NCOA is Net Cash generated from Operating Activities

Shareholding Pattern.



As on 30th Dec'22

Why Linc?.



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