LINC

18th February, 2019

The Listing Department,
The Calcutta Stock Exchange Ltd.
7, Lyons Range
Kolkata – 700 001

Dear Sir,

Re : Presentation on Financial Results

Please find enclosed herewith the Presentation on the Financial Results for the quarter ended 31st December, 2018.

Thanking You

Yours faithfully

For LINC PEN & PLASTICS LTD.

N. K. DUJARI
Chief Financial Officer &
Company Secretary

Encl: as above

CC: 1. The Executive Director
The Stock Exchange, Mumbai

Stock Code - 531241

2. The Manager,
Listing Department,
National Stock Exchange of India Ltd.

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Linc Pen & Plastics Limited

Presentation on the financial results for **Q3, FY 2018-19**

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Introduction

Linc Pen & Plastics Limited. One of India's most prominent writing instrument brands.

Respected for pioneering marketing and branding initiatives.

Exporting products to more than 40 countries.

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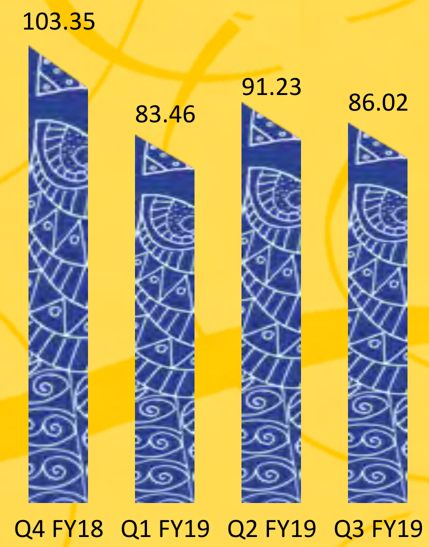
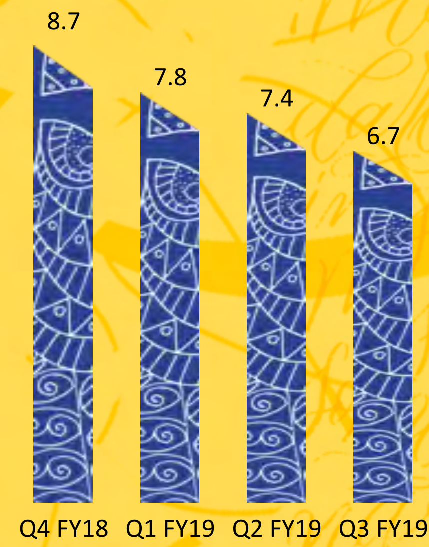
Quarterly update

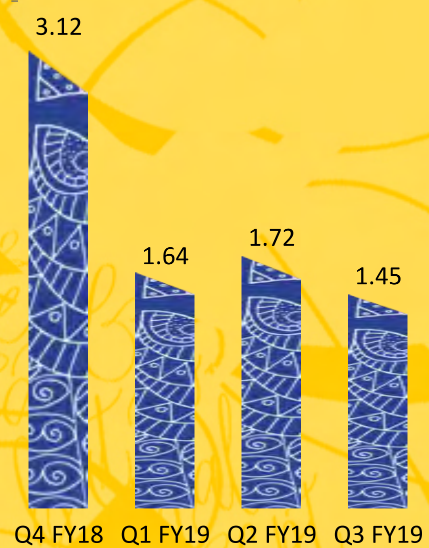
Revenues (Rs. crore)



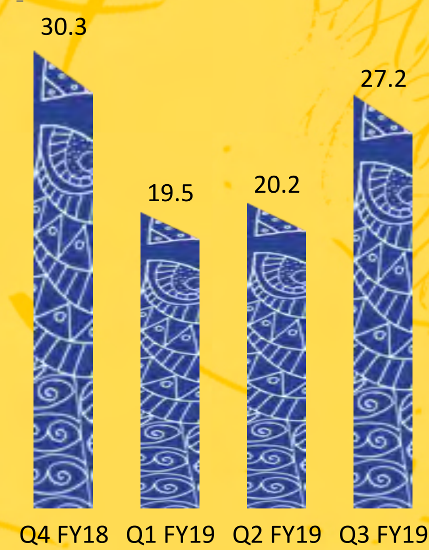
EBITDA (%)



PAT (Rs. crore)



Exports (% of total revenue)



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Performance highlights

Q3, FY2018-19

Export performance

- Linc enjoys a presence in 40 countries.
- Linc focuses on increasing throughput in existing markets than foraying into new territories.
- Linc generated export revenues worth Rs.23.42 crore in Q3 of FY2018-19 compared to Rs. 19.46 crore in Q3 of FY2017-18 – a y-o-y growth of 20.3%.
- Linc generated Rs. 58.16 crore from exports during the first nine months of FY2018-19 compared to Rs. 48.35 crore for the same period in FY2017-18 – a y-o-y growth of 20.3%.
- Linc's export revenues accounted for 27% share of Q3 FY2018-19 revenues compared to 20% in Q2 FY2018-19 – a 700 bps growth.

Performance highlights

Q3, FY2018-19

Domestic performance

- Linc is one of the leading players in the Indian writing instruments industry.
- Linc reported Rs. 62.60 crore in domestic sales in Q3 of FY2018-19 compared to Rs. 62.92 crore in Q3 of FY2017-18.
- Linc reported Rs.202.54 crore in domestic revenues for the first nine months of FY19 compared to Rs.180.19 crore for the first nine months of FY18 - a y-o-y growth of 12.4%.
- Linc's performance in Western and Southern India was relatively weak owing to Linc's late entry into these markets.
- The successful launch of Pentonic helped Linc consolidate its position in Western and Southern India. The contribution from these zones stood at 25% of cumulative revenues earned during Q3 of FY19.
- Pentonic alone accounted for 40% of aggregate zonal revenues.
- Linc recently entered into a marketing tie-up with the Chinese stationery giant, Deli. This is expected to generate additional revenues worth Rs. 100 crore per annum within the next five years.

Price-based product segments

The <Rs. 10 pen segment accounted for 75% of revenues in Q3 of FY19 revenues while the value added segment (≥Rs. 10) accounted for the rest.

Share of revenues from the value-added segment projected to increase to 50% by FY20.

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Managing Director's message

GST has helped bridge the price gap between organised and unorganised players, resulting in increased opportunities for Linc. Despite an increase in the use of computers and smartphones, people still continue to actively use pen and paper. Experts predict that the writing instrument industry will continue to grow because of the design-related and technological advancements – in terms of raw materials, inks and metals – enhancing user-friendliness. This is precisely why consumers continue to extensively use writing instruments in the digitised era.

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Performance overview

- Our Q3 FY19 performance could have been better but for some sectoral challenges. We reported a 4% topline growth over the same quarter in the previous fiscal.
- We reported a 14% nine-month revenue growth; bottomline growth was impacted due to a rise in polymer prices by Rs. 30,000 per tonne during Q2 of FY19 compared to the same quarter in the previous fiscal.
- Even though crude prices started declining in Q3 of FY19 causing polymer costs to moderate, they still remained Rs. 15,000 per metric tonne higher in Q3 of FY19 compared to the same quarter in the previous fiscal.

Quarterly highlights

- Pentonic was launched in Q1 of FY19.
- By Q3 it had emerged as the second-largest contributor to our gross margins and the fourth-largest contributor in our portfolio (by volume).

Quarterly challenges and counter-responses

- Surge in polymer prices.
- Intensifying competition dented profitability.
- We phased out low-margin and low-volume products.
- The unused capacity was allocated towards Pentonic.
- Pentonic emerged as the corporate and sectoral game-changer.

Outlook

- Proposed launch of two variants under the Pentonic brand - a gel pen priced at Rs. 10 per unit and a retractable version priced at Rs. 20 per unit.
- In Q4 of FY19, we intend to grow our topline by 10% and close the year with Rs. 375 crore worth of revenues.
- By FY20, Pentonic could emerge as our largest contributor by volume as well as gross margins.
- Focus on increasing our revenue per retail shop stocking our products.
- We expect polymer prices to decline further, strengthening projected profitability in FY2019-20.

Road ahead

"I am optimistic that our performance will improve over the next few quarters. Moreover, with our strategic volume-value play gaining steam, we expect our prospects to brighten significantly."

– Deepak Jalan, Managing Director