



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

September 6, 2017

General Manager – DCS,
Dept. of Corporate Services,
BSE Ltd,
Floor I, P.J.Towers,
Dalal Street,
Mumbai – 400 001
Scrip: 517421

Manager,
National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051
Scrip: BUTTERFLY

Dear Sir,

**Butterfly Gandhimathi Appliances Limited – Results presentation
for the first quarter ended on 30.06.2017**

We are enclosing the Company's Performance/Results presentation for the first quarter ended on 30.06.2017, which may please be uploaded on the website for information of our investors.

Thanking you,

Yours faithfully,
For Butterfly Gandhimathi Appliances Limited

K. S. Ramakrishnan
(K.S.Ramakrishnan)
Company Secretary &
General Manager (Legal)

Regd. Office : 143, Pudupakkam Village, Vandalur - Kelambakkam Road, Kelambakkam - 603 103, Kancheepuram District.
Phone : +91-44-4741 5500 CIN No. : L28931TN1986PLC012728
E-mail : gmal@butterflyindia.com Web : www.butterflyindia.com

Corporate Office : E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 600 130, Kancheepuram District.
Phone : 044 - 4900 5100, 5154 E-mail : butterflyho@butterflyindia.com



Butterfly®



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

RESULTS PRESENTATION

Q1 FY18
www.butterflyindia.com

Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, our ability to manage growth, competitive intensity in our industry of operations including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, sufficient availability of raw materials, our ability to successfully complete and integrate potential acquisitions, liability for damages on our contracts to supply products, the success of the companies in which Butterfly Gandhimathi Appliances Ltd has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Butterfly Gandhimathi Appliances Ltd may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company

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1

Company Overview

About Us..

Leading manufacturer of Kitchen and Electrical Appliances

Market Leader in India for SS LPG Stoves & Table Top Wet Grinders and major supplier of Mixer Grinders & Pressure Cookers

The 'Butterfly' brand is a highly respected brand synonymous with quality

Established in 1986 by Shri V. Murugesu Chettiar – currently helmed by 2nd and 3rd generation of promoter family

Headquartered in Tamil Nadu with Pan India presence

Strong R&D focus which has led to several pioneering initiatives and continues to drive in-house development of new products

Quick Facts

#1

IN INDIA
FOR SS LPG STOVES
& TABLE TOP WET GRINDERS

9%

BRANDED
REVENUE CAGR
FY11-17

IN THE TOP

3

IN INDIA FOR DOMESTIC
KITCHEN APPLIANCES

PRESENCE IN ALL

29

STATES IN INDIA

SALES OF BRANDED
PRODUCTS IN FY17

447

CRORE

400+

EXCLUSIVE
DISTRIBUTORS ACROSS
INDIA

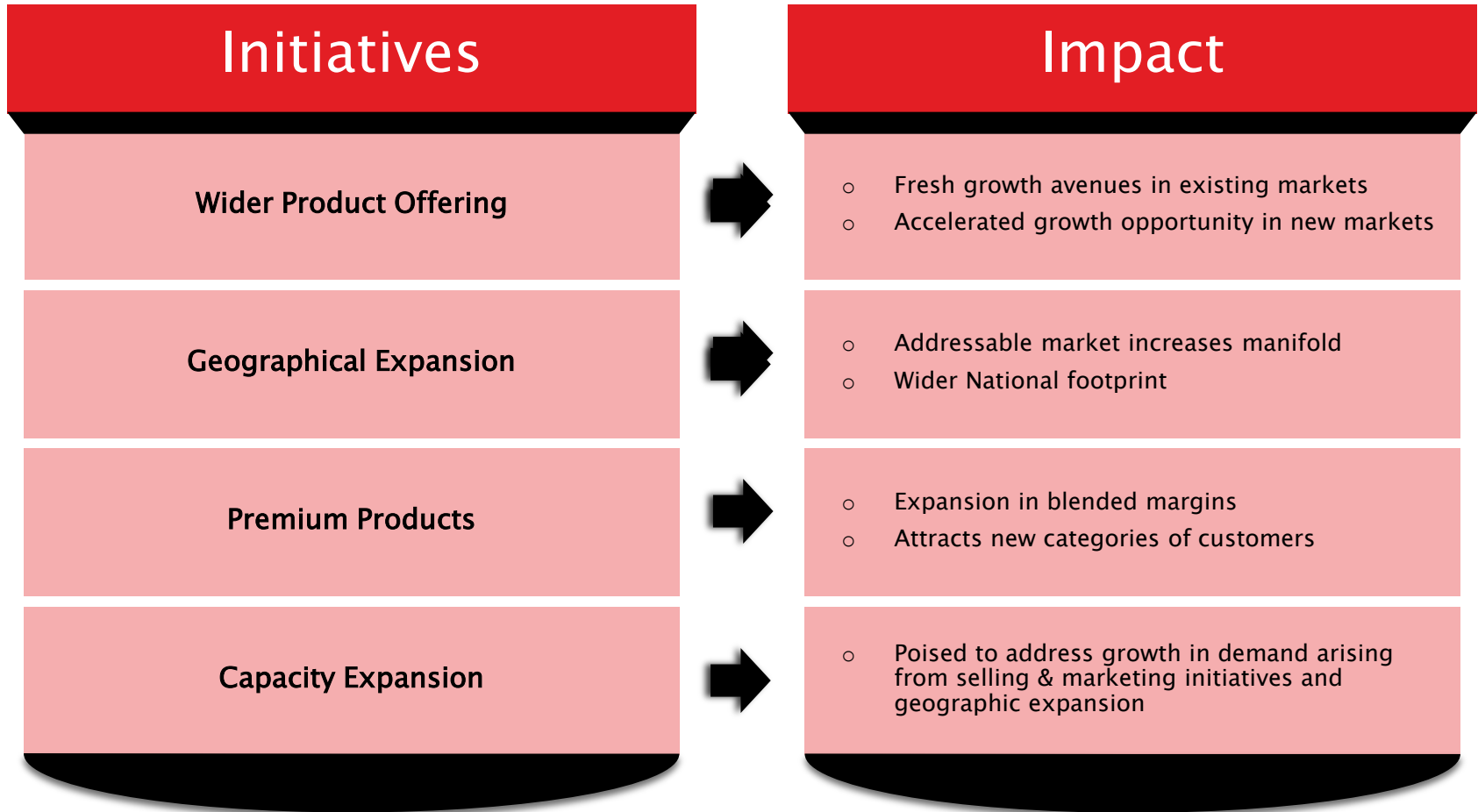
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NET DEBT / EQUITY
RATIO

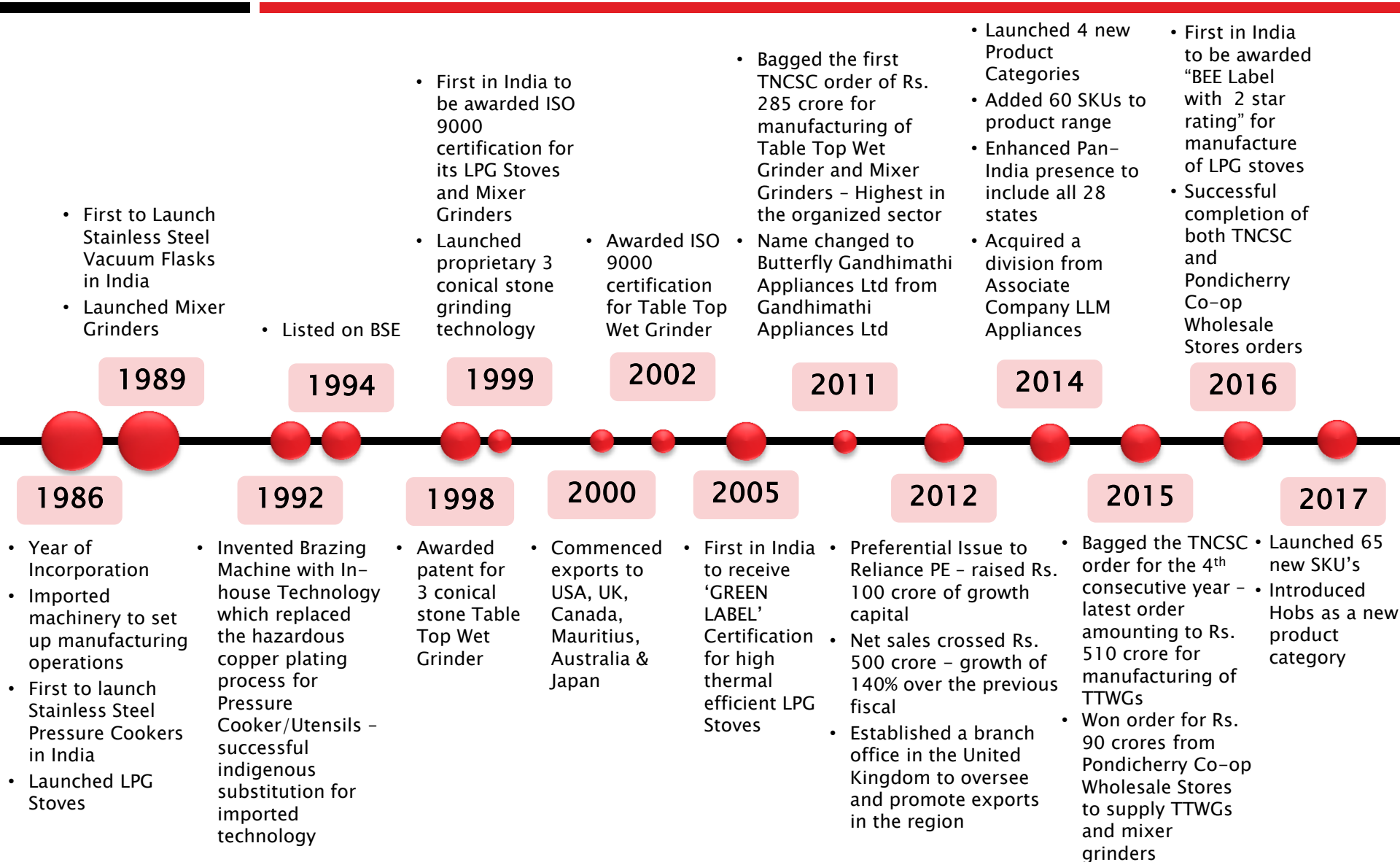
17%

OF FY17
REVENUES FROM NON-
SOUTH STATES

Growth Levers



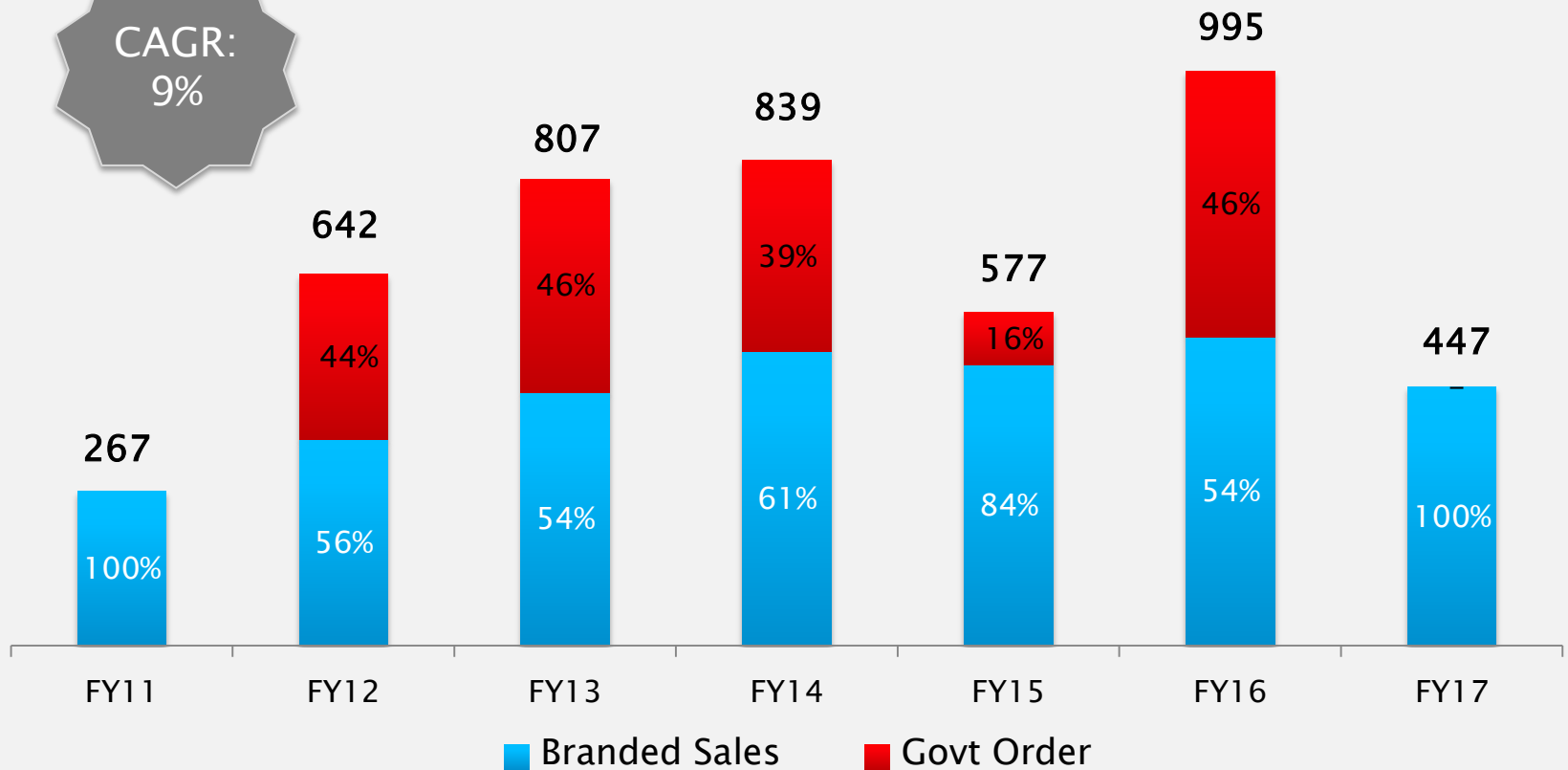
Milestones



Revenue Profile

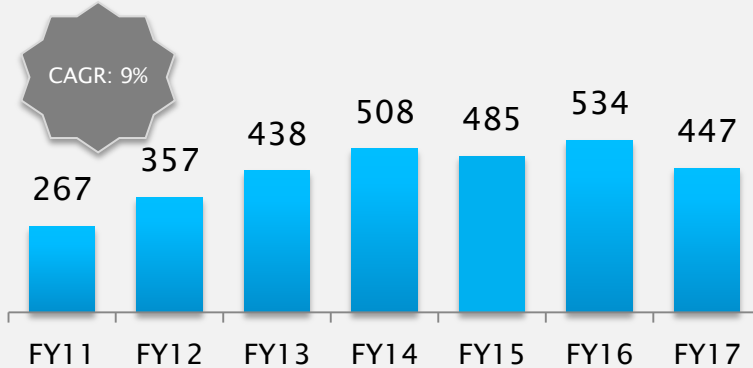
Annual Revenue (Rs. crore)

CAGR:
9%

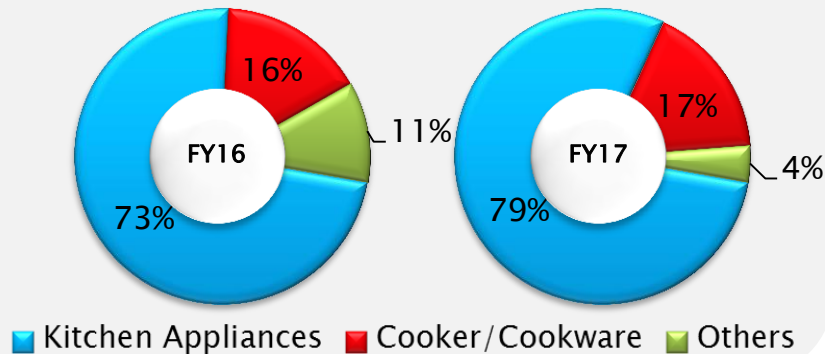


Branded Retail Sales

Branded Gross Sales (Rs. crore)



Branded Product Distribution (%)



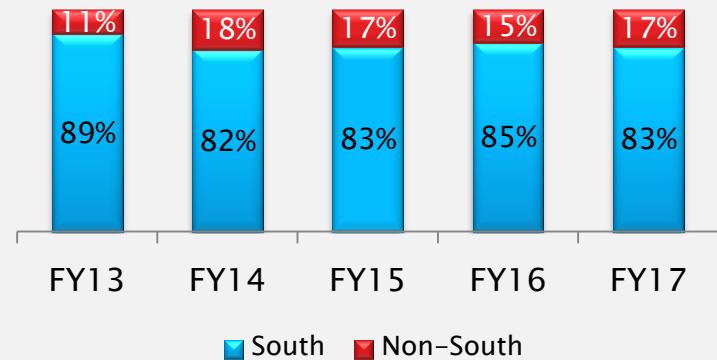
Through Institutions

- Tie ups with Gas dealers of IOCL, BPCL and HPCL
- Customers for new gas connection are provided with co-branded products manufactured by BGMAL
- This provides the Company a ready market for primary sales at the point of Gas connections itself

Through Retail Marketing

- Network of 400+ exclusive distributors
- Distributors supply to dealer network which is customer facing
- 2 Company retail stores in Chennai and Bengaluru and one franchisee store at Pondicherry
- 18,000+ retail points across the Indian map

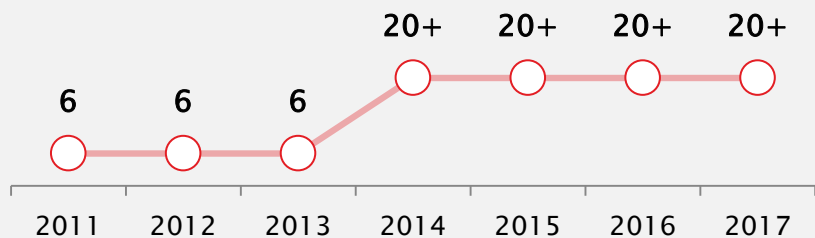
Region-wise Break-up



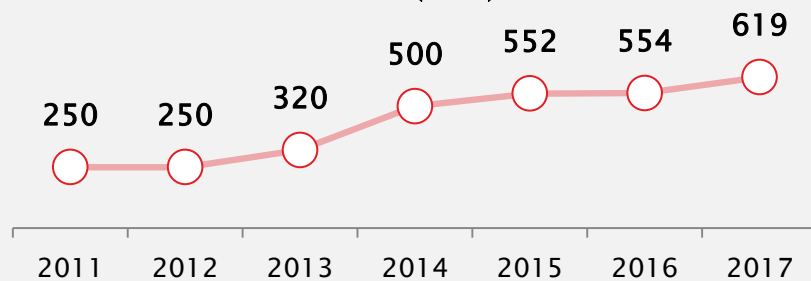
Augmenting Organic Growth

Increased Product Categories For Wider Product Portfolio And Higher Market Share

Product Categories (Nos.)

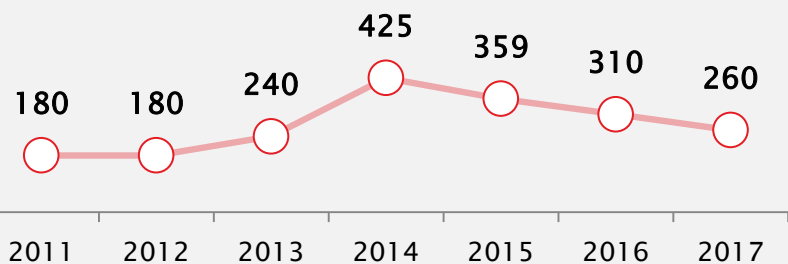


SKUs (Nos.)

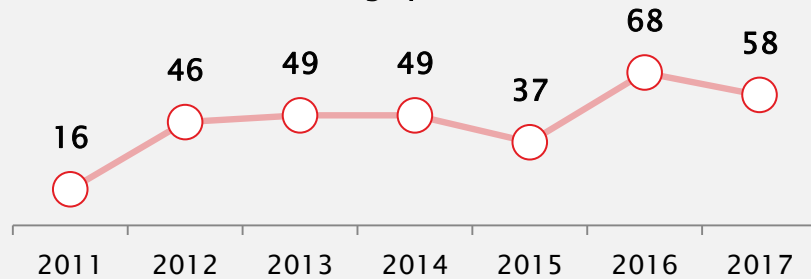


Enhancing Sales and Marketing Efficiency For Better Penetration And Brand Development

Sales Team (Personnel)



Marketing Spend (Rs. Cr)



Product Categories

Kitchen Appliances

- LPG Stove
- Mixer Grinder
- Table Top Wet Grinder
- Electric Chimney
- Hand Blender
- Induction Cooktop
- Electric Kettle
- Juicer
- Juicer Mixer Grinder
- Slice Toaster
- Sandwich Maker

Cookers/Cookware

- Pressure Cooker
- Non-Stick Cookware
- Electric Rice Cooker

Others

- Air Cooler
- Water Heater (Geyser)
- Other Trading Goods
- Electric Iron

Strong R&D Capabilities

R&D focused Company with a demonstrated track record in innovation

1st to introduce Stainless Steel Pressure Cookers in India

1st to manufacture Stainless Steel LPG Stoves in India

1st to introduce Stainless Steel Vacuum Flasks in India which deliver enhanced Heat Retention up to 72 hours compared to 8 hours with conventional products

Invented 3 conical stone grinding technology – awarded patent in 1998

Enhanced Fuel efficiency in LPG Stoves from 50% to over 68% at present

In-house design of moulds, tools and dies has resulted in improved manufacturing efficiency

360° R&D efforts focused on product efficiency, longevity and design

1st in India to get BEE label with 2 star rating for manufacture of LPG Stoves



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Financial Overview



Abridged Profit & Loss Statement

Rs. crore

Particulars	FY 2014	FY 2015	FY 2016	FY 2017	Q1 FY17*	Q1 FY18*
Total Net Revenues (Incl. OI)	770.7	533.3	906.3	405.5	83.7	86.7
- Branded Net Revenues	460.8	447.5	468.2	402.3	82.8	85.9
- Government Net Revenues	308.2	84.3	432.7	-	-	-
- Other Income	1.85	1.5	5.4	3.2	0.9	0.8
Material Cost	520.2	317.5	621.9	251.7	46.8	51.4
- Cost of Materials Consumed	483.6	248.3	566.6	145.9	31.2	47.3
- Purchases of Stock-in-Trade	85.3	65.3	31.5	49.0	13.7	26.1
- Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(48.7)	3.9	23.8	1.0	1.9	-22.0
Gross Profit	250.5	215.8	284.4	153.8	36.9	35.3
Gross Margin (%)	33%	40%	31%	38%	44%	41%
Employee Expenses	60.8	60.3	61.3	50.0	12.1	12.2
Other Expenses	128.2	111.5	157.9	127.5	25.6	25.4
EBITDA	61.5	44.0	65.2	-23.7	-0.8	-2.4
EBITDA Margin (%)	8%	8%	7%	-3%	-1%	-3%
Depreciation	5.1	10.2	11.5	11.6	2.9	3.0
Finance Cost	22.1	29.6	34.5	21.2	5.7	3.5
Profit Before Tax	34.3	4.2	19.1	-56.6	-9.4	-8.8

Lower gross profit due to higher sales contribution from Oil company business

Lower revenue in the first quarter due to GST has impacted the Profitability. We are targeting to do breakeven this year.

NOTE : * Q1 FY18 & Q1 FY17 results are as per INDAS standards.

Comments on Financial Performance

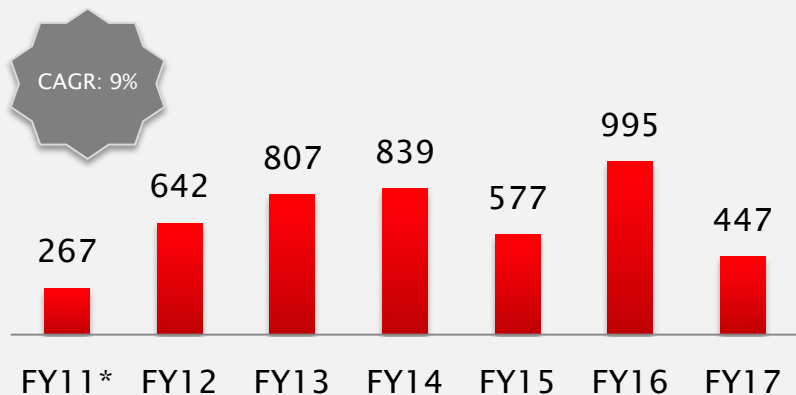
- **Branded Sales achieved a growth of 3% on a Y-o-Y basis**
 - a. Retail channel sales have been lower by 13% on a Y-o-Y basis, due to Trade partners are unwilling to keep the stock during Jun-17, due to GST Implementation. However, we on track for Q2 FY18 and optimistic about meeting the sales target
 - b. Institution channel sales has grown by a remarkable 110% on a Y-o-Y basis mainly due to lower base effect. We are on the track to achieve the sales target and also to keep receivables are under control.
- **These above reason and necessary spend on advertisement and publicity expenses higher during the quarter directly impacted the profitability at all levels (EBIDTA, PBT etc.) of the Company**

The Company has put out an effective Business Plan for FY 17-18 to deliver breakeven with marginal sales growth

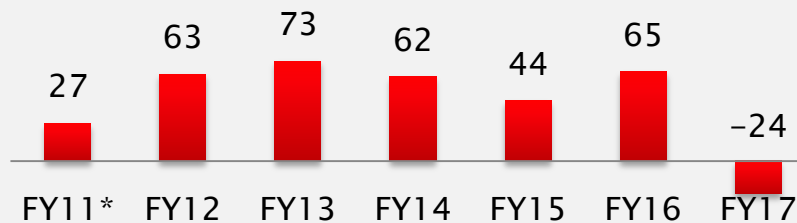
Note: Turnaround Plan in Slide 24

Performance Track Record – Annualized

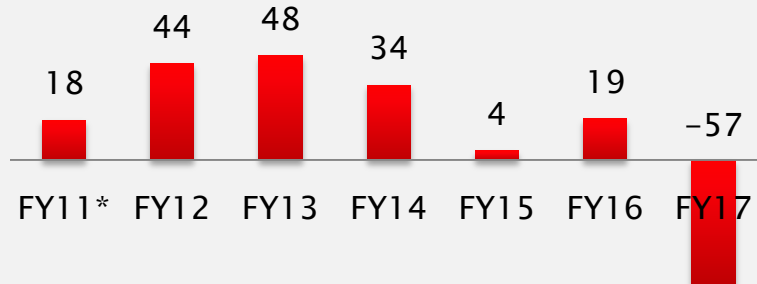
Total Revenue (Rs crore)



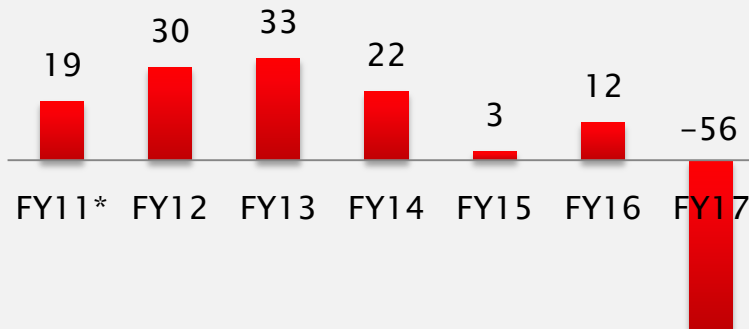
EBITDA (Rs crore)



Profit Before Tax (Rs crore)



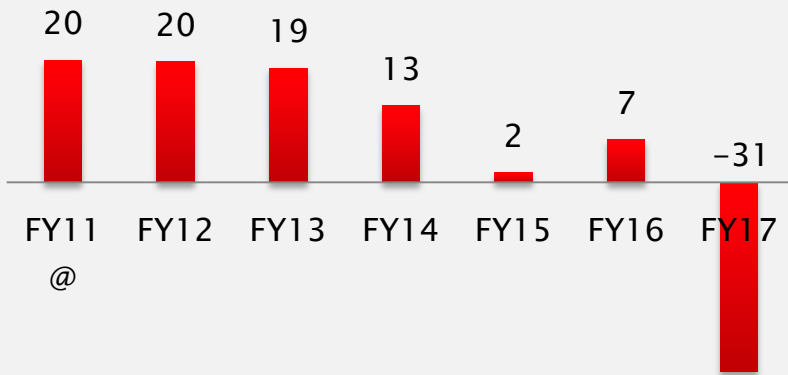
Profit After Tax (Rs crore)



NOTE : * FY11 was for period of 9 months ended on 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

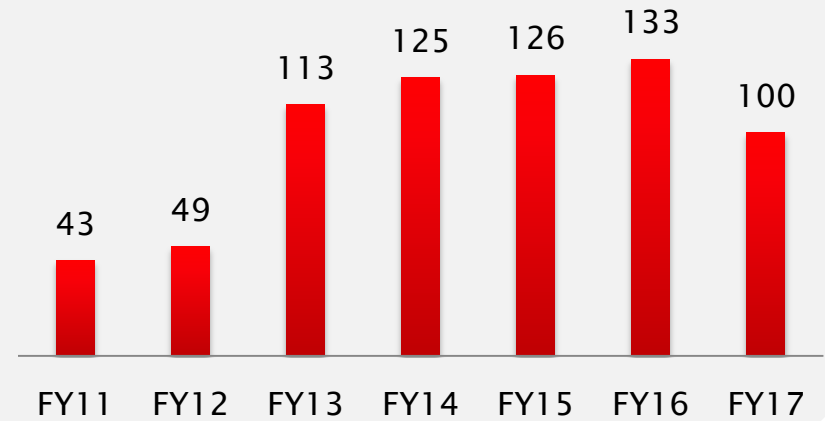
Key Financials

Earning Per Share (Rs) – Annualized



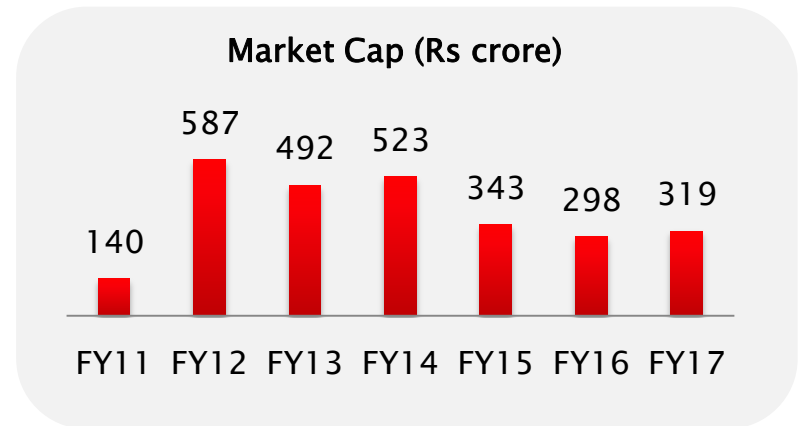
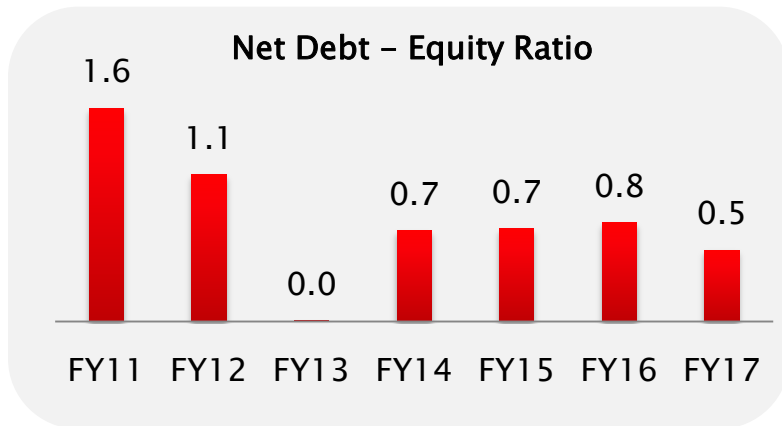
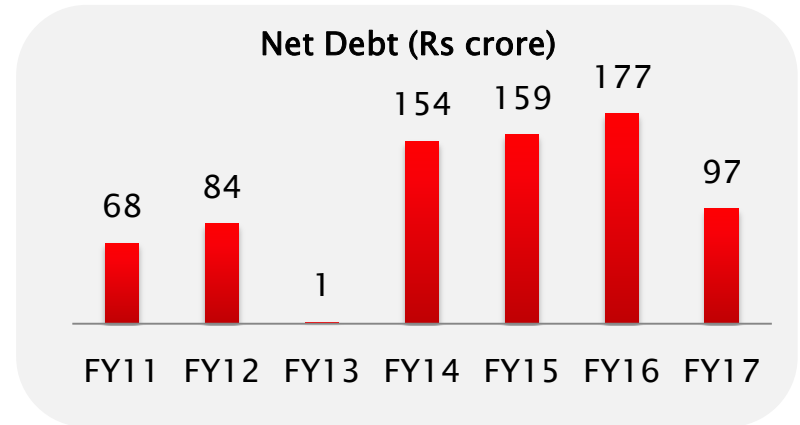
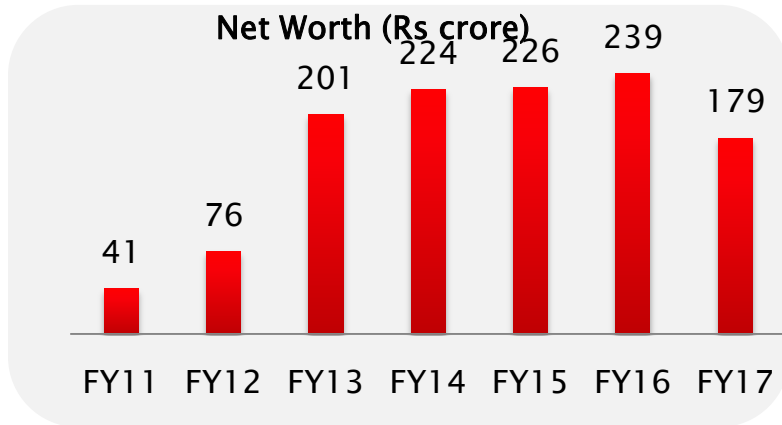
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Book value per share (Rs)



@ FY11 was for period of 9 months ending 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

Key Financials





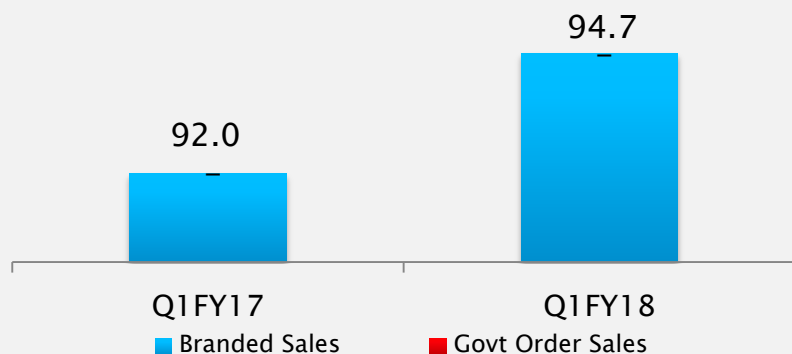
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Q1 FY18 Operating Performance & Highlights



Q1 FY18 – Performance highlights

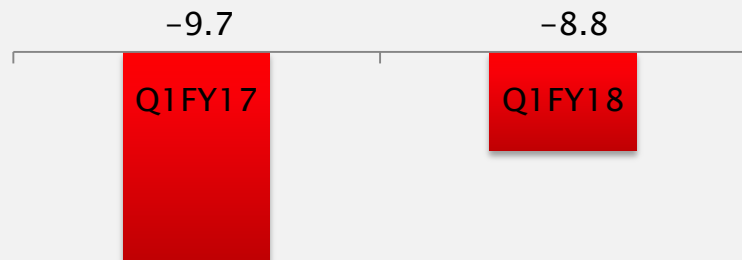
Total Income (Net) (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs crore)



- Total Income (Gross) during Q1 FY18 stood at Rs. 94.7 crore, as against 92.0 crore in Q1 FY17
 - Branded sales was higher by 2.9% on a Q-o-Q basis
 - No Govt. Sales contribution in this quarter
- PAT stood at Rs. -8.81 crore in Q1 FY18

NOTE : * Q1 FY18 & Q1 FY17 results are as per INDAS standards

Key Highlights

Branded Gross Sales (incl. Excise Duty)

(Rs crore)

Product	Q1 FY18	Q1 FY17	Q4 FY17	Y-o-Y Growth	Q-o-Q Growth
Branded Market					
Kitchen Appliances	76.9	69.5	78.2	10.6%	-1.7%
Cooker/Cookware	12.2	14.7	12.4	-17.0%	-1.6%
Others	5.6	7.8	3.4	-28.2%	60.0%
Grand Total	94.7	92.0	94.0	2.9%	0.6%

- GST implementation had an impact on overall branded sales
- Although Retail channel sales for the quarter had an impact, sales during the second quarter has been optimistic and we are on track to achieve the targets set for the year
- Institutional sales had a remarkable growth during the quarter especially due to lower base effect and PMUY scheme gaining traction



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Turnaround Plan and Outlook



The Turnaround Plan – Already in play

The objective and focus of the turnaround plan is completely on delivering breakeven for FY17-18, improving balance sheet liquidity and reduction of debt

1. Aggressive cost rationalisation

- a. Aggressive manpower cost rationalisation both in marketing and production the focus being on increasing sales per person
- b. Rationalisation of sales promotion costs with focus on BTL activities
- c. Outsourcing the after sales service through franchising, introducing Call Centre operations and new CRM
- d. Rationalising presence in Rest of South states by consolidating operations in states with growth potential and strategic value

2. Balance Sheet efficiency / liquidity

- a. Focus on collections. Arrange channel financing
- b. Increase in supplier credit days
- c. Aggressive reduction in Inventory levels through optimised sales planning

3. Big push in alternate channels such as Online, Exports, Modern Trade, CSD and corporate sales

Outlook

CATEGORY	Q1 FY18 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	70–75% of Branded Sales in Q1 FY18	<ul style="list-style-type: none">• GST implementation had an impact on the Q1 FY18 sales• Post GST implementation, a buoyant festive season is anticipated	Retail channel demand is expected to improve in the coming quarters
Institutional Channel Sales	25–30% of Branded Sales in Q1 FY18	<ul style="list-style-type: none">• New PMUY scheme has started gaining traction	Consumer demand is expected to improve in the coming quarters
TOTAL BRANDED SALES	Rs. 95 crore		

Thank you
