FUTURE CONSUMER LIMITED *(Formerly Future Consumer Enterprise Limited)*
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12th November, 2019

To,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001
Scrip Code: 533400

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai-400 051
Scrip Code : FCONSUMER

Dear Sir/Madam,

Sub.: Investor Presentation

Please find enclosed herewith Investor Presentation on the Un-audited Financial Results of the Company for the quarter and half year ended 30th September, 2019.

The aforesaid presentation is also available on the Company's website www.futureconsumer.in.

Kindly take the same on record.

Yours truly,
For **Future Consumer Limited**

Manoj Gagvani
Company Secretary & Head – Legal

Encl: As above

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

KOSH!

DESI ATTA COMPANY

GOLDEN HARVEST PREMIUM

care mate

ektaa

Sunkist

FRESH & PURE

GOLDEN HARVEST

Sangi's Kitchen

veg affaire

Sensible Portions

Nilgiris 1905

pratha

Swiss Tempelle

TS

prim

TERRA

kara

puretta

Smart Moms. Happier Babies.

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
Bikano	pladis

JV Partnerships

Personal Care	Dairy	Healthy Munching
mibelle GROUP	FonterraFuture DAIRY™	HAIN FUTURE

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

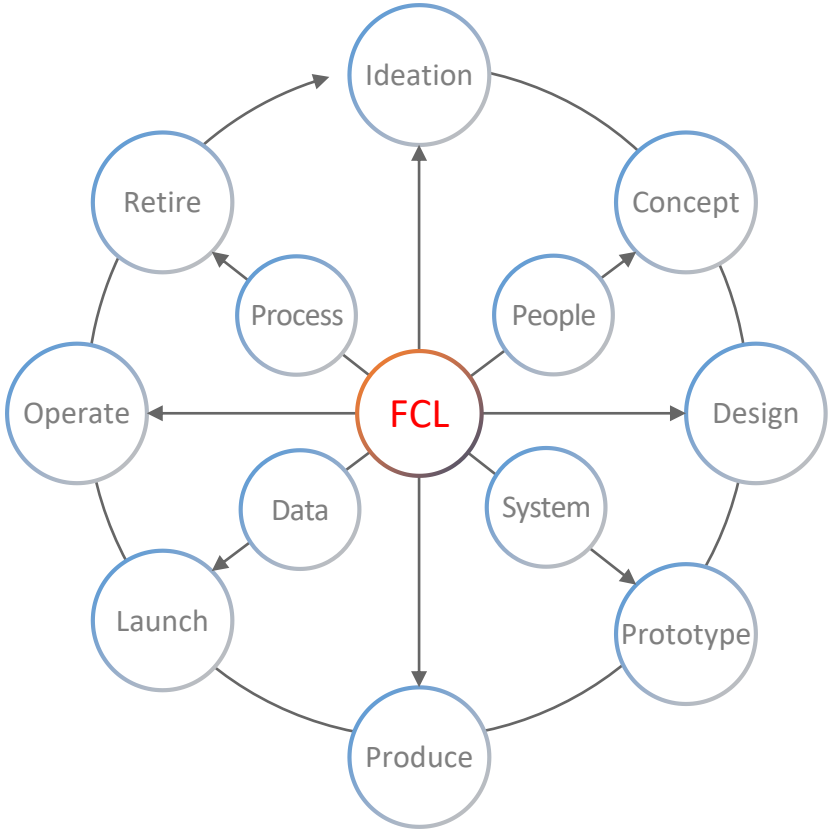
On the journey of good to great, FCL is deploying focus, rigor and consistency to build :

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



BUSINESS UPDATE

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

Growth: 42%

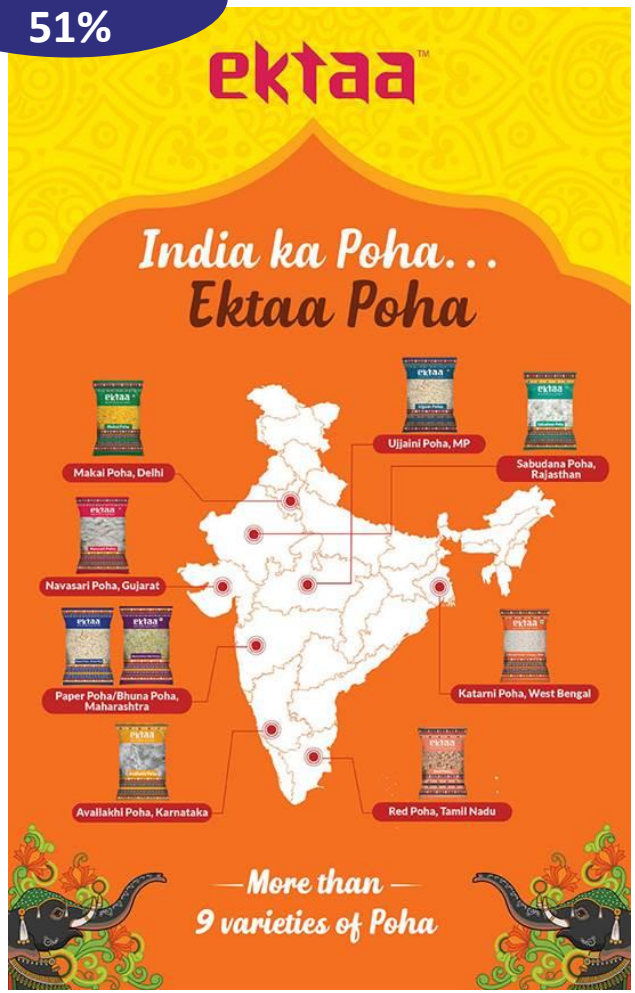
Note: Growth represents Q2FY20 revenue growth on YoY basis

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

KEY JVs ARE NEARING THE INFLECTION POINT

FONTERRA: Delivering "Dairy 2.0" Promise

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

93 Quality Checks

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

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

BIG BAZAAR
Making India Beautiful

easyday Club

amazon

milkbasket

big basket

GROFERS

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	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%

₹258mn

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…….

Q2 FY20 / H1 FY20 – At A Glance

FOCUS ON SUSTAINABLE GROWTH AND PROFITABILITY

11% increase in Consolidated topline on YoY basis

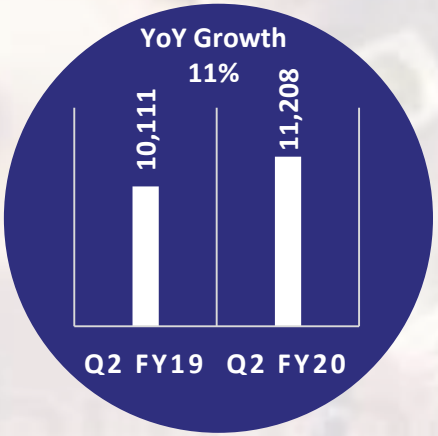
Strong secondary sales growth of **21%** on YoY basis

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

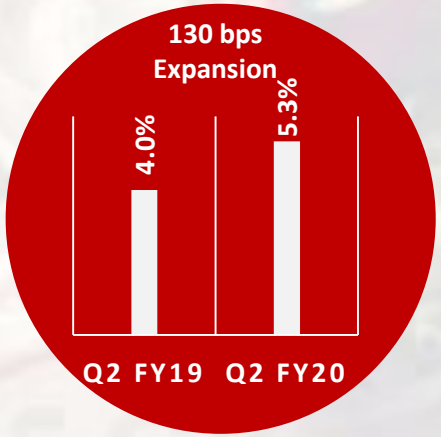
20bps expansion of PBT margins on comparable basis

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

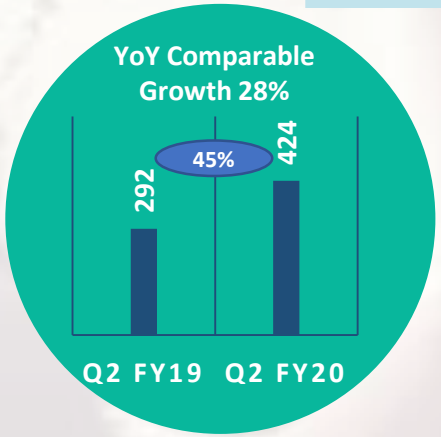
FCL Consolidated Revenue
(₹ in Mn) ***(H1FY20 Growth 17%)***



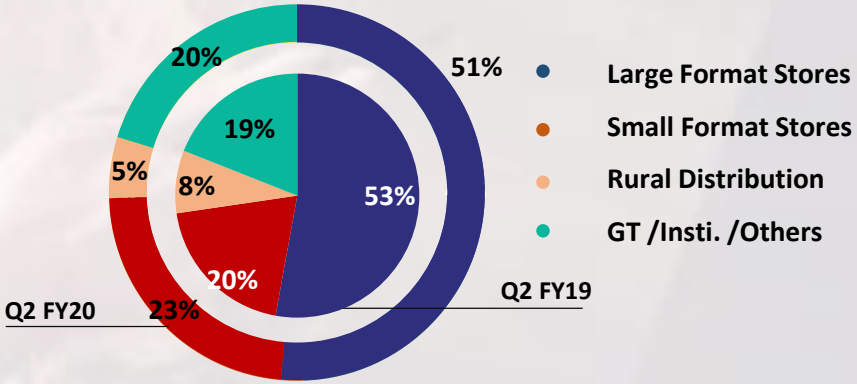
Significant Expansion in Adjusted ROCE



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

	Revenue (₹ in Mn)	YoY Sales Growth
Center of Plate	50%	6%
Processed Foods	13%	1x
Home & Personal Care	7%	10%
Fresh Business	25%	24%
Rural Distribution	6%	0.8x
Others	2%	3.2x
Intercompany	-4%	
Total	**11,208**	**11%**

Key Takeaways

- **COP Foods cross ₹1bn quarterly run rate** with 19% share of Center of Plate Category and 72% growth YoY
- Strong secondary sales growth of **21% on YoY basis**
- **Processed Food witnessed growth of 19%** on YoY basis (excluding Nilgiris)
- Rural Distribution impacted by exit from Telangana & Andhra Pradesh and secondary inventory correction

Continued Growth Across Key Brands in Q2 FY20

KARMIQ

+₹650mn
↑82%

Secondary growth 106%

Tasty Treat

+₹740mn
↑42%

Secondary growth 106%

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

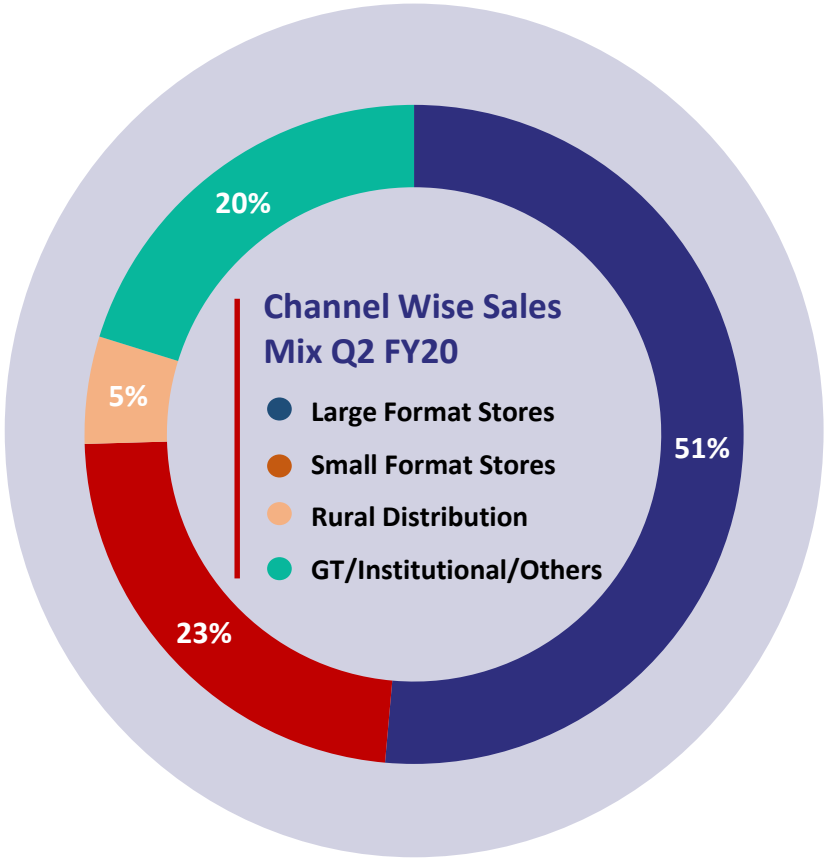
Sangi's Kitchen

+₹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)

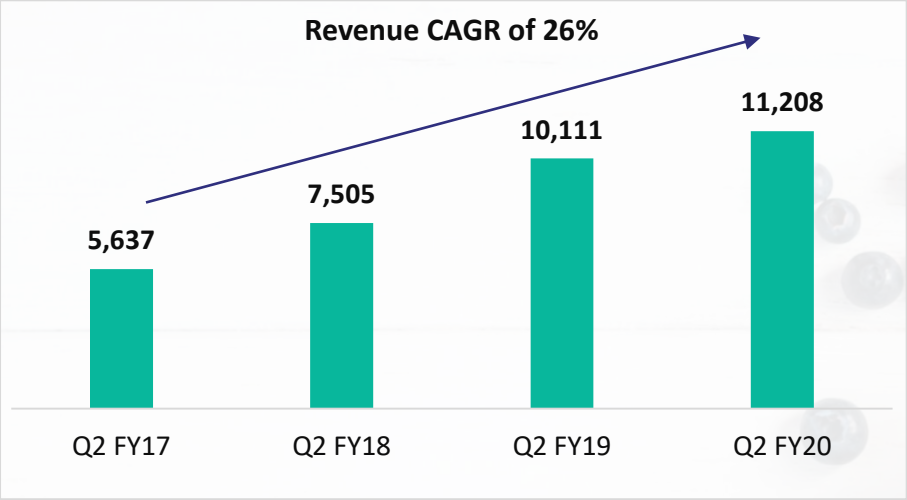
Channel	Gross Margin
Large Stores and Small Stores	28%
General Trade / Other Modern Trade	24%

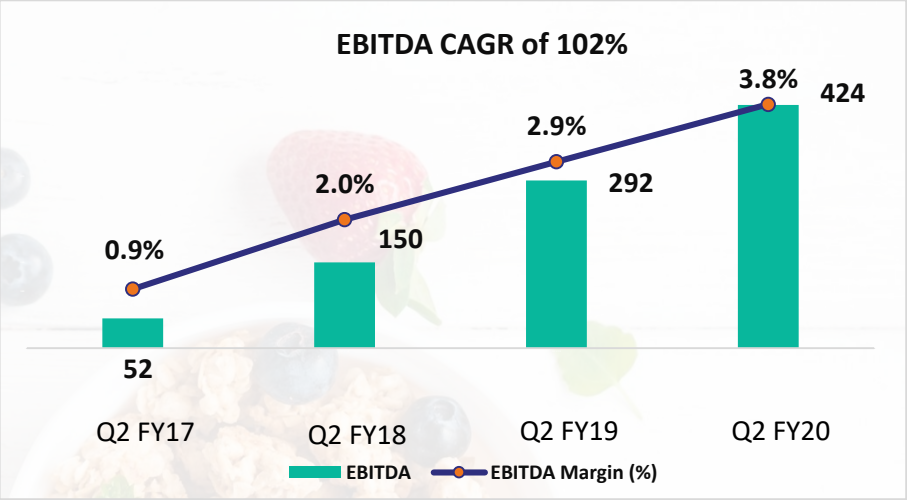
1. **Delta in margins across channels is on account of disintermediation and better back-end integration**
2. **As part of its channel roll-out strategy, the Company expects to strengthen margins from General Trade and other Modern Trade**

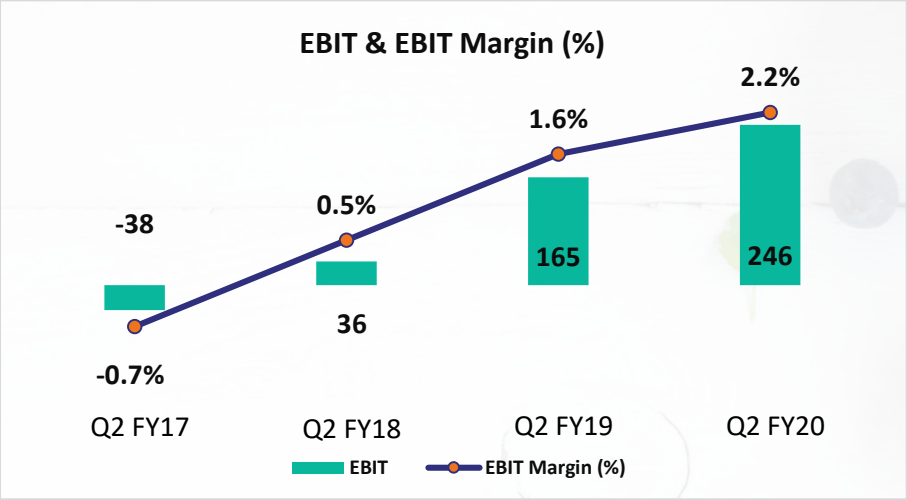
Note: Processed Food excludes Nilgiris business

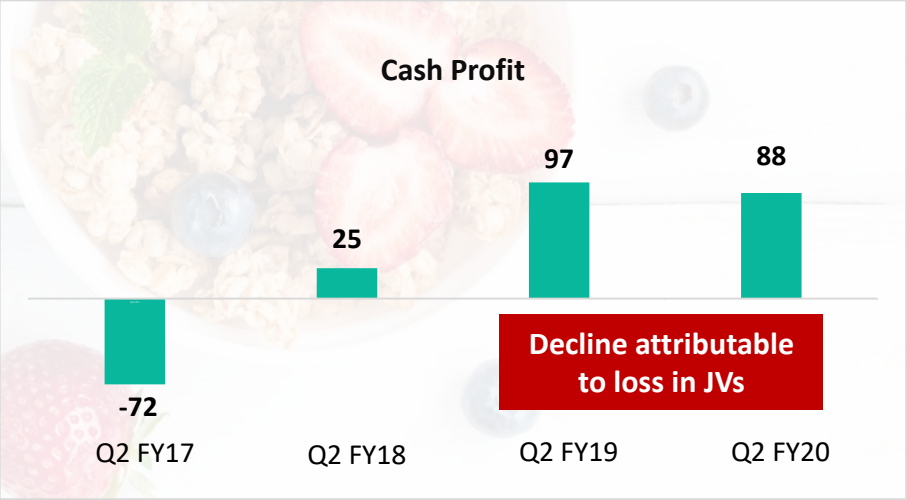
High Growth Delivered with Underlying Profitability Turnaround

(₹ in Mn, Unless specified otherwise)





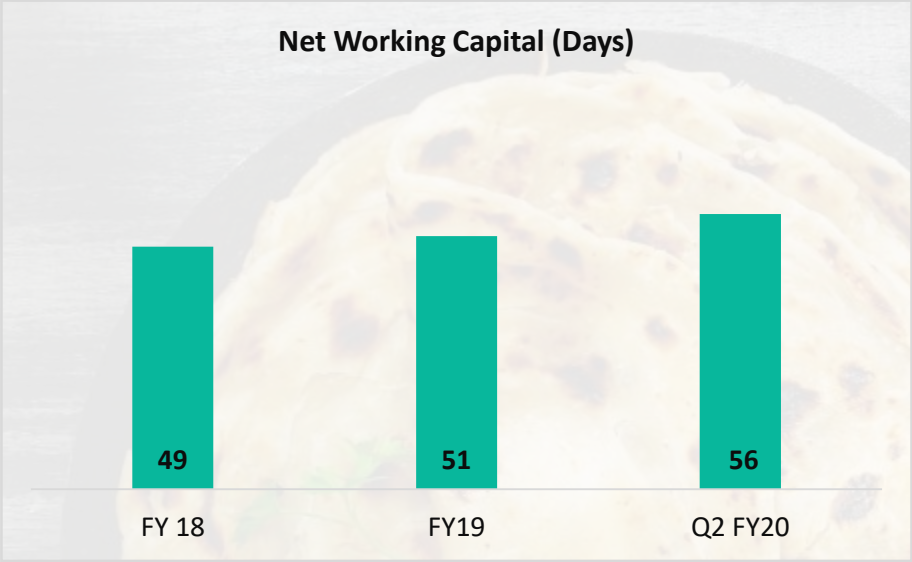


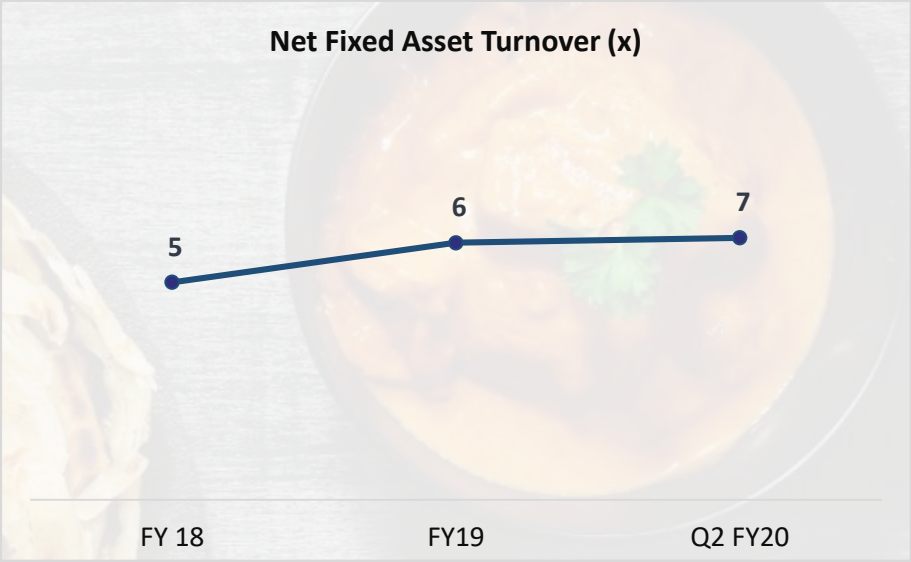


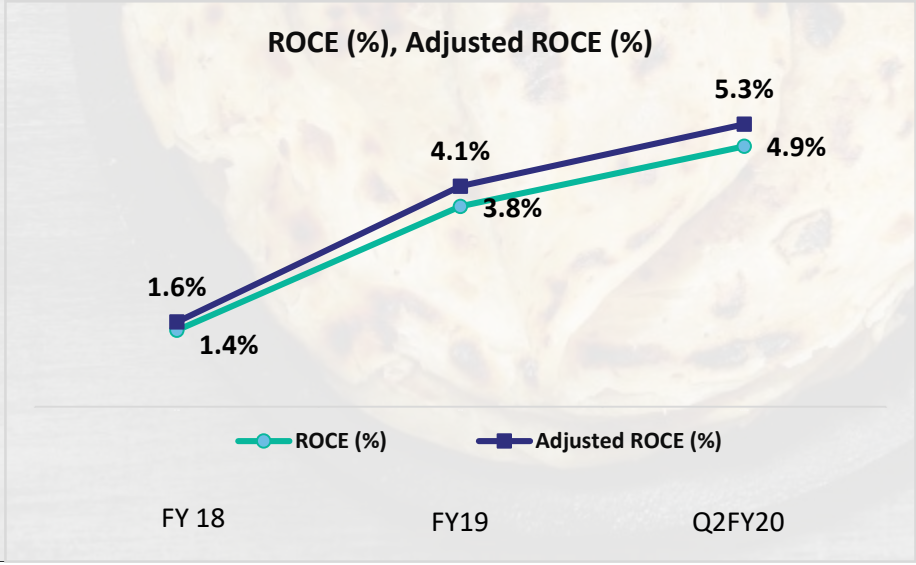
Focus on expanding margins and achieving higher profitability with higher contribution of value -added products

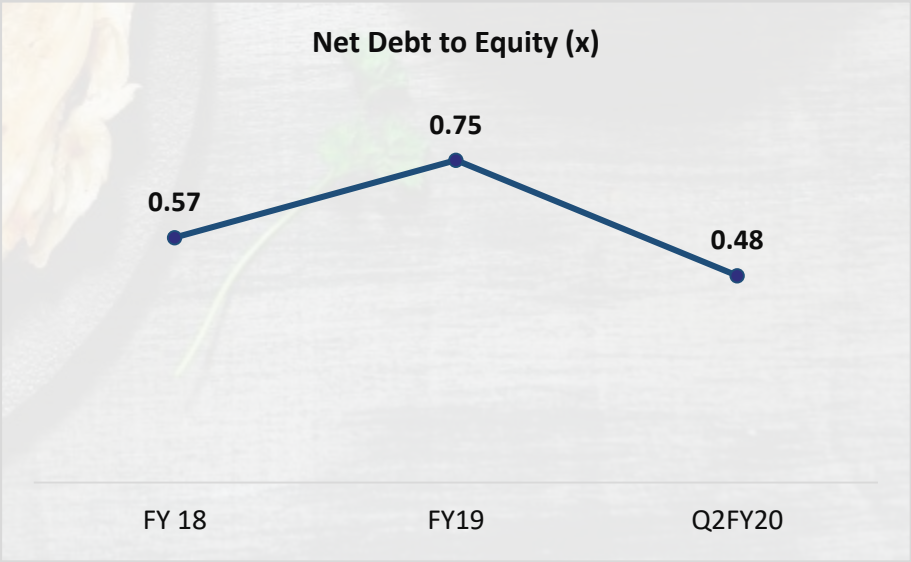
Note: Charts on consolidated basis, Q2 FY20 financials are not comparable prior period on account of IND AS 116, Q2 FY20 Comparable Numbers: EBITDA ₹374mn, EBITDA Margin: 3.3%, EBIT: ₹232mn, EBIT Margin: 2.1%

Geared to Achieve Higher Returns









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 Metrices

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**
Gross Margin (%)	*15.2%*	*15.3%*	*14.1%*	*15.2%*	*14.4%*	*14.2%*
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**
EBITDA (%)	*5.1%*	*4.9%*	*3.8%*	*5.0%*	*3.6%*	*3.8%*
Depreciation	-128	-125	-82	-253	-161	-349
EBIT	**317**	**261**	**221**	**577**	**363**	**790**
EBIT (%)	*3.6%*	*3.3%*	*2.7%*	*3.5%*	*2.5%*	*2.6%*
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**
PAT (%)	*1.6%*	1.5%	-0.3%	*1.6%*	*0.6%*	*2.0%*
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

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

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**
Gross Margin (%)	*13.7%*	*13.6%*	*13.7%*	*13.6%*	*14.1%*	*13.5%*
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**
EBITDA(%)	*3.8%*	*3.6%*	*2.9%*	*3.7%*	*2.9%*	*3.0%*
Depreciation	-178	-178	-127	-356	-249	-532
EBIT	**246**	**203**	**165**	**449**	**287**	**623**
EBIT (%)	*2.2%*	*1.9%*	*1.6%*	*2.1%*	*1.5%*	*1.6%*
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

Impact of IND AS 116 Accounting (Blended Approach)

Particulars	Consolidated			Standalone		
	Q2 FY20 Comparable	IND AS 116 Adjustment	Q2 FY20 Reported	Q2 FY20 Comparable	IND AS 116 Adjustment	Q2 FY20 Reported
Revenue from Operations	11,208	-	11,208	8,780	-	8,780
Other Income	33	+1	34	33	-	33
COGS	-9,672	-	-9,672	-7,448	-	-7,448
Rent & Other Operating Expenses	-1,196	+49	-1,147	-962	+43	-920
EBITDA	374	+50	424	402	+43	445
Finance Cost	-164	-21	-185	-45	-19	-64
Depreciation & Amortisation	-142	-36	-178	-92	-37	-128
PBT	68	-7	61	266	-13	253
PAT	-159	-7	-166	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

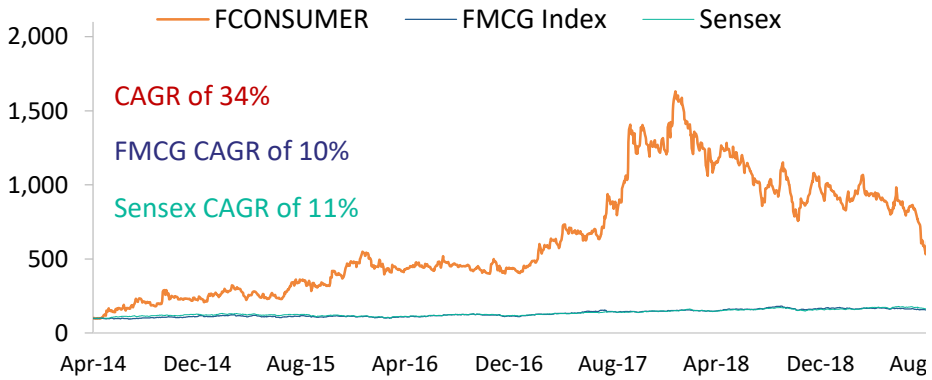
Shareholder Information

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%

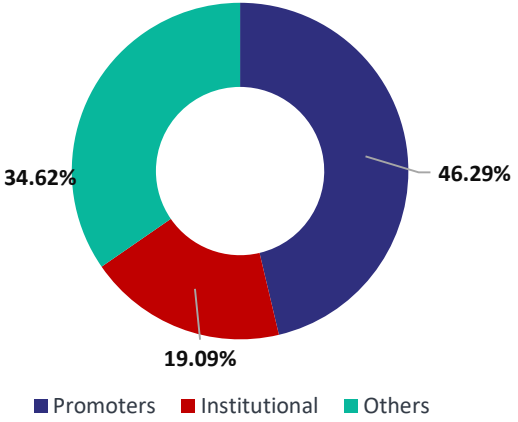
Indexed Stock Chart (1st April 2014 – 11th Nov 2019)



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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