



Investor Update Q2 FY17

Disclaimer



This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Table of content

1	Business Overview	04-07
<hr/>		
2	Key Developments & Product Launches	08-14
	▶ KOSH - Oats for Every Meal	09
	▶ KOSH Advertisement Campaign	10
	▶ Extending the Portfolio across Food & Beverages	11
	▶ Update on Food Park & Manufacturing Facilities	12
	▶ Distribution Network Spanning across Channels	13
	▶ Management Team Footprint Well in Place Now	14
<hr/>		
3	Financial Overview	15-21
	▶ Performance Overview - Q2 FY17	16
	▶ Performance Overview - H1 FY17	17
	▶ Business Highlights	18-19
	▶ Consolidated Income Statement	20
	▶ Consolidated Balance Sheet	21
<hr/>		
4	Appendix	21-24



BUSINESS OVERVIEW

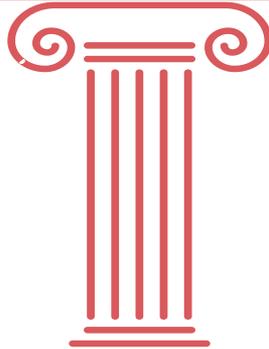
Integrated Food & FMCG Company



Key Food & FMCG Brands



Sangi's Kitchen

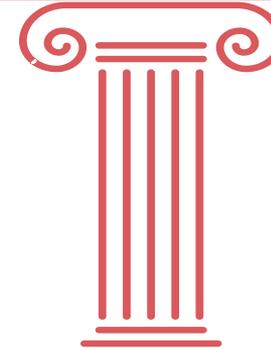


Distribution Network

- Overall distribution footprint of ~22,000 stores
- Access to a vast network of over 900 Future Group retail outlets
- Extended Modern trade distribution at Metro, HyperCity, Star Bazaar and Spar
- Continue to leverage General Trade distribution of Kara and Rajasthan Fair Price Shops

Two Strong Pillars

Supporting the Furtherance
of Business Purpose



Sourcing & Manufacturing

- Strong presence in sourcing of agri commodities and fresh produces
- Dairy & Bakery manufacturing facility in Southern India
- Frozen Vegetables / Snacks and Chutney facilities
- Oats facility in Sri Lanka
- International tie-up with global brands

H1 FY17 and Q2 FY17- At a Glance



Surpassed INR 10,000 mn revenue mark for H1 FY17 with top line growth of 53%⁽¹⁾



Reported EBITDA of INR 88mn in H1 FY17 vs. loss of INR 128mn in H1 FY16



Brands like Kara (3.5x), Tasty Treat (40%), Clean Mate (31%) exhibited strong growth in H1 FY17



Net debt reduction⁽²⁾ of INR 2,121mn in H1FY17. Long term credit rating upgrade



Exciting launches include KOSH (Oats brand), Swiss Tempelle and Nilgiris flavored milk



Overall footprint of over 22,000 stores and counting



Upgradation to SAP S4 HANA under process



Built a strong management team, recently hired talent for manufacturing & packaging

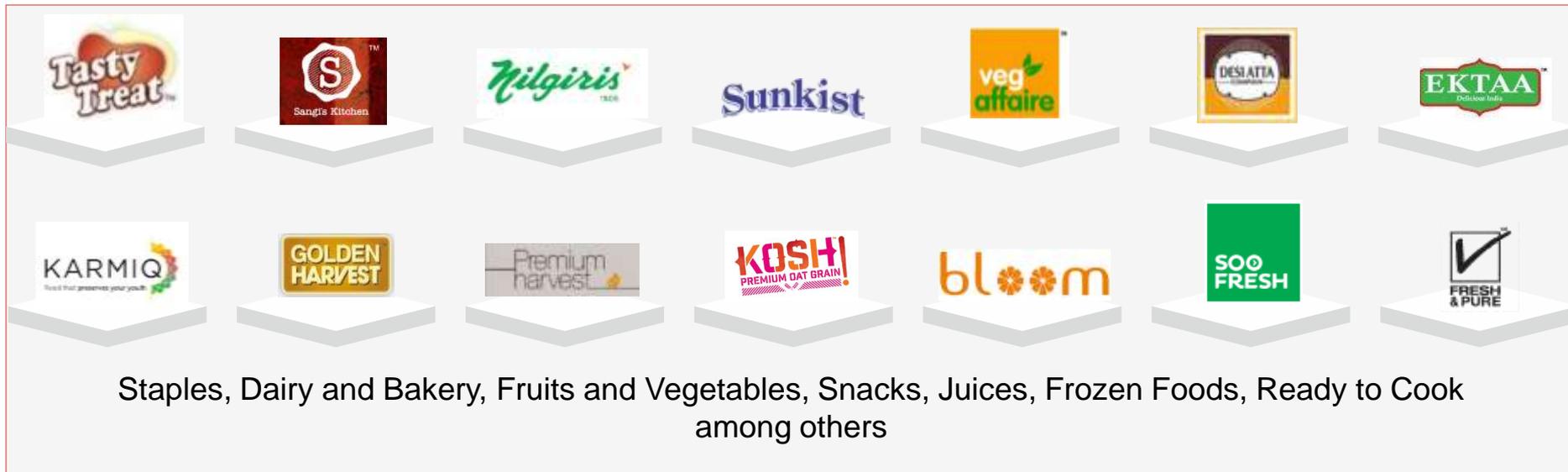
- 1) Like to like growth, excluding impact of convenience stores franchised effective from Feb'16
- 2) Net Debt reduction based on Indian GAAP

Portfolio: Key Brands and Categories



Brands Business Constituted ~91%⁽¹⁾ of Top Line in H1 FY17
– An increase from 79% in H1 FY16

Food and Beverages (94%)



Staples, Dairy and Bakery, Fruits and Vegetables, Snacks, Juices, Frozen Foods, Ready to Cook among others

Home & Personal Care (6%)



Wipes, Body Wash, Body Lotion, Toilet and Floor Cleaners, Kitchen Aides

Note: Kosh launched in Q3 FY17

1) Remaining 9% largely represents revenues from Food Park, Aadhaar and others.



KEY BUSINESS DEVELOPMENTS

KOSH - Oats for Every Meal



100% Oats Atta



Wheat + Oats Atta



Instant Oats

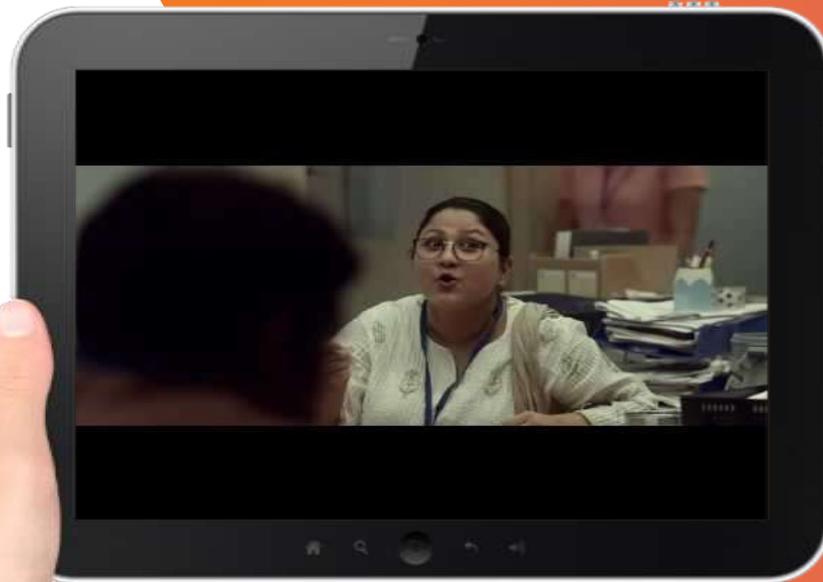


Broken Oats

- Idea is to place Oats in the staples basket of Indians, freeing it from the “packaged” food shackle
- Launched across Big Bazaar stores followed by launch across Future Group outlets, Modern Trade Outlets and General Trade

- ❖ Plan for a larger scale launch of KOSH via General Trade
- ❖ Initiated the General Trade launch in over 200 stores in Mumbai Region
- ❖ In process to set up distributor network to accelerate the launch
- ❖ Launch is well supported by media campaigns both traditional and new age digital customers

Kosh Advertisement Campaign



Ab khaana yummy yummy, pet healthy healthy

Roti ke pet mein kya hai?



KOSH!
PREMIUM OAT GRAIN!

Extending the Portfolio across Food & Beverages



Veg Affaire launched recipe ready mixes – Carrot Peas Mix, Mixed Bell Peppers and Chinese Mix



Desi Atta added Modak Atta to its portfolio during Ganesh Chaturthi

Launched Upwas Parantha Mix during Navratri enriched with Extra Flavour and Nutrition!



Increasing the presence in the high growth Frozen Food category with exciting launches – French Fries and delicious flavors of Frozen Pizza, ready to eat in 7 minutes



Make the fluffiest soft rotis with Atta made out of Premium Sharbati Wheat – Golden Harvest Supreme Atta



Nilgiris launched 5 variants of rich & creamy flavoured milk – Belgian Chocolate, Strawberry milk, Coffee Caramel, Mango and Elaichi Milk

Update on Food Park & Manufacturing Facilities

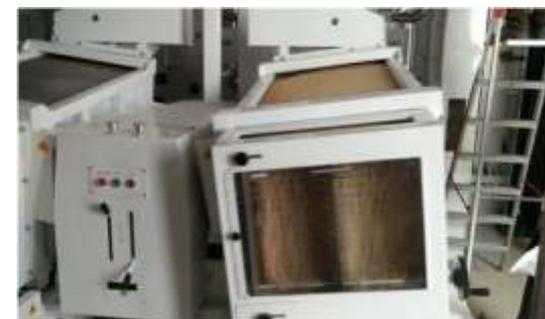
Food Park

Sr No.	Facility/ Particulars	Capacity	Status / Comments
1	Rice Mill	1.2 MT of paddy	Completed trials The Genoa Rice Mill Pvt Ltd to be inaugurated on 15th November 2016
2	Wafer Mill		Completed trials Unit ready for commercial production
3	Solar Power Project	1 MW	6000 KW generated and consumed by end of Oct
4	IQF Facility		Green capsicum production started Veg-Affaire packing of frozen veg crossed 2 Lakh packs – steady across all SKUs
5	IQF Facility - Frozen mango dices	500 MT	200 MT order under finalization, contracts for 300 MT already completed Full capacity blocked for mango season
6	New Customers		Signed new customers for frozen stores and Flatted Factory gala space Pipeline of customers under discussions

Destoner



Paddy separator



Distribution Network Spanning across Channels



Till Date

- ❖ Overall footprint of over 22,000 stores till date
 - Includes access to a strong network of 780+ hypermarkets & convenience stores of Future Group
 - 124 Heritage stores to add to the distribution network of FCL
 - Extended Modern Trade to Booker Wholesale during the quarter
- ❖ Launched Kara at SRS Value Bazaar, a 30 store retail chain based in North India
 - Kara also sells in over 15,000 General Trade stores and additional Modern Trade chains
- ❖ Distribution to Rajasthan Fair Price Shops now covers all 33 districts in Rajasthan State taking the store count to 5,000 stores
- ❖ Launched KOSH in General Trade and Modern Trade outlets

Future Group Stores:



900+

Other Modern Trade:



~100

Rajasthan FPS:



~5,000

General Trade:



>16,000

Presence across leading organized retailers



Management Team Footprint Well in Place Now



Brands

Devendra Chawla – Food & FMCG Brands

- Worked as VP & Head of Merchandising & Format at Reliance Fresh
- Served at Coca Cola as GM and Director Area Operations
- Big Bazaar won the “Most Admired Retailer of the Year – Private Label” under his leadership for 3 years

Murali Krishan – Dairy & Bakery

- Joined Future Group, post the acquisition of Nilgiris by FCEL in November 2014
- A seasoned FMCG professional he has worked across geographies in India with some leading brands - Wipro Lighting, Gillette and Perfetti

Sourcing & Manufacturing

Narendra Baheti – Agri & Staples Brands

- Instrumental in successfully leading agri-sourcing business of the group
- Helped in building strong brands such as Golden Harvest, Fresh & Pure, Premium Harvest, Ekta

Saurabhkumar Lal – Manufacturing

- ~20 years of manufacturing and supply chain experience across FMCG, printing and packaging
- At HUL, looked after supply and operations of 3 company owned and 15 contract manufacturing plants of FMCG products

Sanjay Malpani – Food Park

- 25 years of professional career in India & abroad with leading MNC, large corporate & start-ups in Finance, strategy, governance and general management
- Associated with Sara Ltd (HK), Cura Group, Alghanim Group (Kuwait)

Maneesh Sharma – Packaging

- 26+ years of experience in FMCG Packaging portfolio covering Beauty, Homecare, Food and healthcare etc. for both Indian as well as Global Markets
- Associated with Marico, Dabur & Unilever India previously

Corporate

Rahul Kansal – Marketing

- Joined from Times Group, most recently served as Executive President looking after brand and business strategy for TOI, Mirrors and language brands
- Previous experience of leadership positions at Leo Burnett, Mudra Communications, Ogilvy & Mather

Ashwin Rajan – Business Development

- Previously associated with UBS and Deloitte specializing in M&A, Tax and Wealth Management
- Holds Bachelor of Laws (Hons) from the University of Melbourne

Manoj Saraf – Finance

- Experience in various industries, including Dairy, Internet and Catalogue Retail and Media
- ~18 years of experience in financial accounting, taxation, strategic business planning, banking, development of strategic MIS and compliances

Jacob Peter – People Office

- HR professional with strong understanding of business and is passionate about Entrepreneurship and developing people
- Previously worked at KPMG India, Hay Group, Sun Microsystems, GE Capital and Mircoland Limited



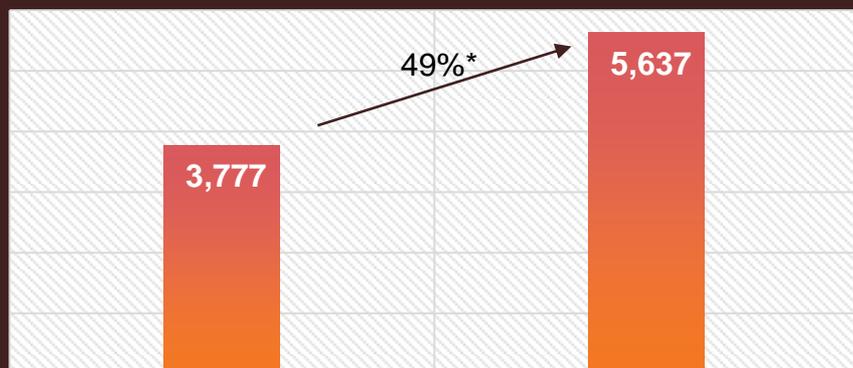


FINANCIAL OVERVIEW

Performance Overview - Q2 FY17



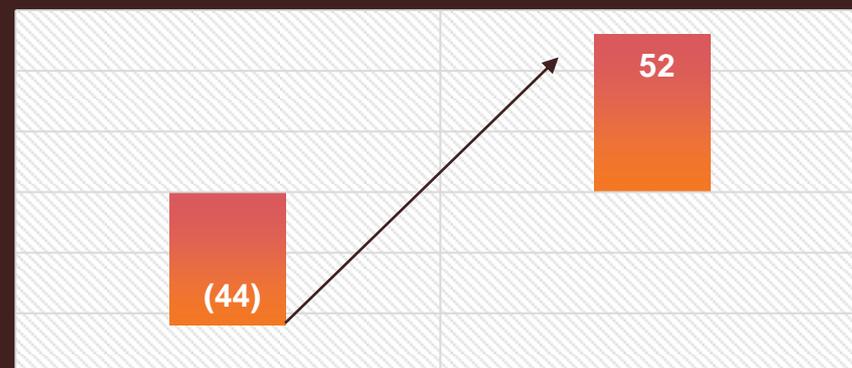
Top Line Growth



Q2 FY16

Q2 FY17

EBITDA Improvement on the Back of High Growth



Q2 FY16

Q2 FY17

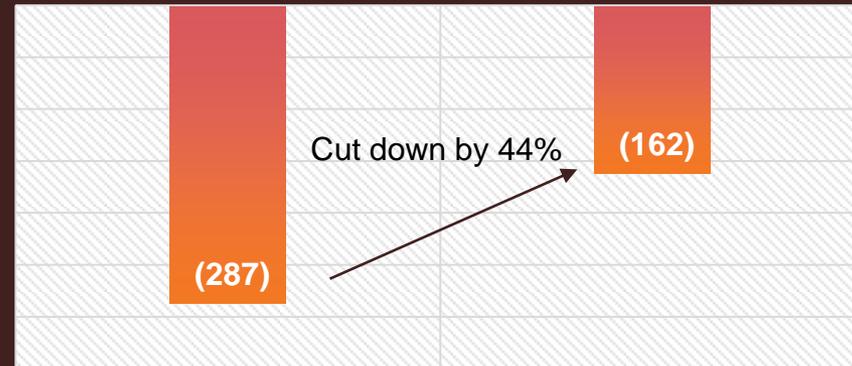
Interest Expense Declined by INR 42 mn



Q2 FY16

Q2 FY17

PAT loss narrowed by INR 125 mn



Q2 FY16

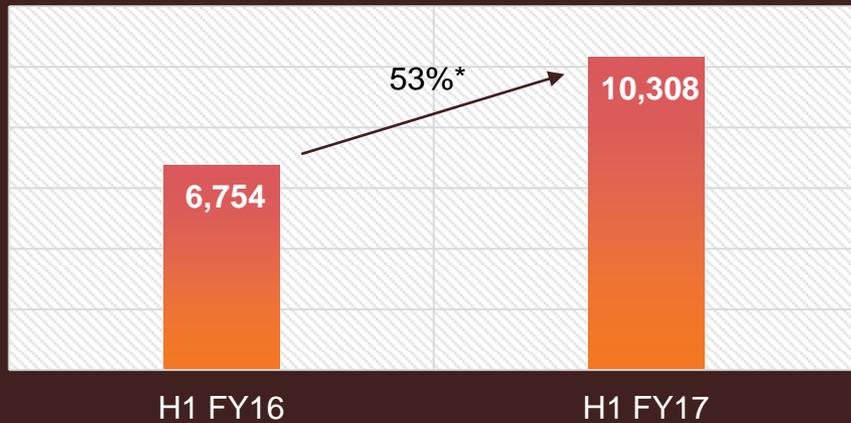
Q2 FY17

* Like to like growth, excluding impact of convenience stores franchised effective from Feb'16

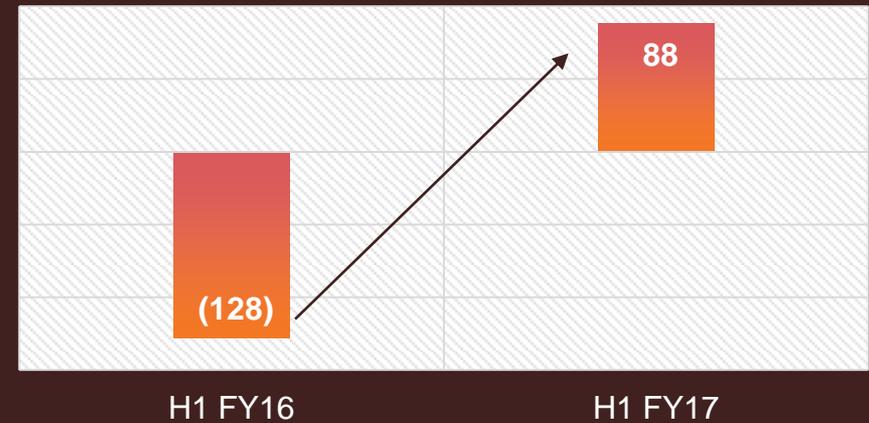
Performance Overview - H1 FY17



Top Line Growth



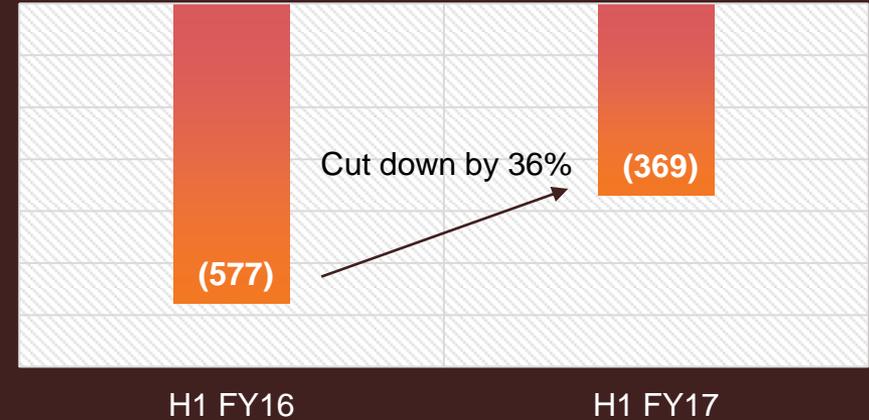
EBITDA Improvement on the Back of High Growth



Interest Expense Declined by INR 75 mn



PAT loss narrowed by INR 208 mn



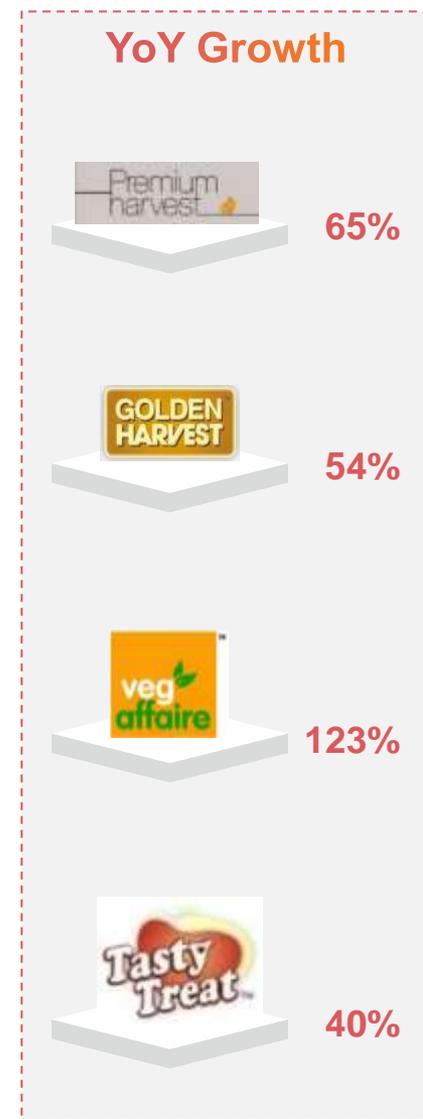
* Like to like growth, excluding impact of convenience stores franchised effective from Feb'16

Business Highlights (1/2)



Food and Beverages

- ❖ Witnessed strong growth across brands driving the overall top line
 - **Premium Harvest** and **Golden Harvest** reported a growth of 65% and 54% respectively
 - **KarmiQ** grew by over 6x and **Nature's Choice** grew by 75% on YoY basis owing to seasonal demand
 - **Tasty Treat** continues to register strong growth of 40% YoY; Tasty Treat gifting grew by 200% and launch of chocolate gift box got great response
 - **Veg Affaire** reported a growth of 123% YoY driven by new product launches and distribution
- ❖ Launched Oats brand **KOSH** with 4 variants
- ❖ Branded F&V business has been shaping up well with a continued growth of over 200%
 - Largely driven by the wholesale distribution business



Note: Growth numbers represent H1 FY17

Business Highlights (2/2)



HPC

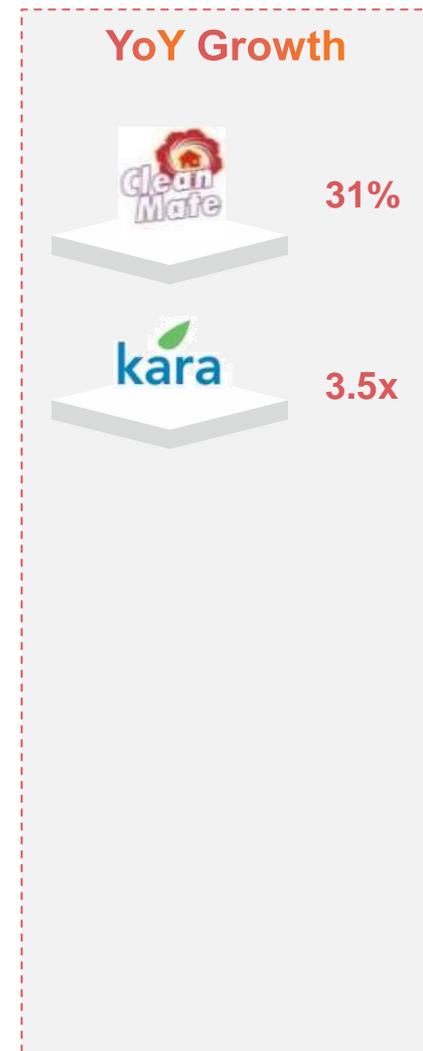
- ❖ **Kara** continued on a high growth trajectory with a strong YoY growth of 3.5x
- ❖ **Clean Mate** reported a growth of 31% on YoY basis

Others

- ❖ Aadhaar reported a robust growth of 77% on YoY basis
 - Growth was driven by expansion of distribution to all 33 districts in Rajasthan covering 5,000 stores of Rajasthan Fair Price Shops (FPS)

Building teams for business expansion

- ❖ With the aim of building strong team for brand & backend, recently hired talent Sanjay Malpani (Food Park) and Maneesh Sharma (Packaging)
 - Added teams for Packaging, Manufacturing, New Product Development & Marketing
- ❖ Also building teams for expanding distribution network
 - 142 in Aadhaar for Rajasthan business expansion
 - Added 77 employee for building General Trade network
 - Recruited 47 for branded fruits & vegetables business in Mumbai, Rajasthan, Delhi etc



Note: Growth numbers represent H1 FY17

Consolidated Income Statement – Q2 FY17 & H1 FY17



FY 2015-16		Particulars (INR Mn)	FY 2016-17	
Q2	H1 FY16		Q2	H1 FY17
4,326	7,774	Total Income from Operations	5,637	10,308
		<i>Growth</i>	30%	33%
648	1,177	Gross Margin	746	1,408
27	40	Other Income	21	49
719	1,345	Other Operating Cost	715	1,369
-44	-128	EBITDA	52	88
74	147	Depreciation	90	167
148	315	Interest Expense	106	240
-44	-112	Interest Income	-33	-57
-223	-477	PBT	-112	-263
0	0	Tax	0	7
-64	-100	Share of JV, Associates & Minority Interest	-50	-99
-287	-577	Consolidated PAT	-162	-369

- ❖ Reported a like to like growth of 49% in Q2 FY17 excludes convenience stores franchised effective from Feb'16
- ❖ Like to like growth excluding convenience stores in H1 FY17 was 53%
- ❖ EBITDA increased by INR 96mn and INR 215mn compared Q2 FY16 and H1 FY16 respectively
- ❖ Interest expense declined by ~INR 42 mn and ~INR 75mn in Q2 FY17 and H1 FY17 on YoY basis
- ❖ PAT loss narrowed further by INR 125 mn and INR 208 mn in Q2 FY17 and H1 FY17 respectively

Note: Q2FY16 includes convenience stores which were franchised in Feb'16

Consolidated Balance Sheet (Unaudited)

Particulars	(INR mn)
	30-Sep-16
Shareholder's Fund	9,687
Minority Interest	-2
Gross Debt	3,777
<i>Less: Cash and Cash Equivalents</i>	287
Net Debt	3,490
Net Adjusted Capital Employed	13,175
Fixed Assets	4,249
Goodwill and Intangibles	4,872
Non-Current Assets	1,268
Current Assets	5,433
Total Assets	15,821
Less: Non-Current Liabilities	713
Less: Current Liabilities	1,934
Total Net Assets	13,175

- ❖ Balance Sheet is as per IND-AS
- ❖ Debt reduction of INR 2,121 mn during H1 FY17



APPENDIX

- ▶ As per SEBI guidelines, IND-AS is applicable to FCL from 1st April 2016
- ▶ FCL is adopting IND-AS in a phased manner, and accordingly
 - ▶ Financial results for Q2 FY17 and H1 FY17 and corresponding period for last year is as per IND-AS requirements
 - ▶ Balance Sheet is as per IND-AS

Key Impact Areas as per IND-AS



- ▶ Consolidation of Joint Ventures under Equity Method (Single line item of Profit / Loss)
- ▶ Measurement of financial instruments at fair value
- ▶ Bifurcation of compound instruments into equity & liability components
- ▶ Business combinations to be accounted at fair value of assets & liabilities acquired
- ▶ Government grants are treated as deferred income and shall be apportioned on a systematic basis to the stated of Profit & Loss

Thank
You

FUTURE
CONSUMER

for the Fast Moving Consumer Generation

Registered and Corporate Office:

Future Consumer Limited
Knowledge House, Shyam Nagar, Off Jogeshwari - Vikhroli Link Road,
Jogeshwari (East), Mumbai 400 060

☎: +91 22 30841300

🌐: www.futureconsumer.in

✉: investor.care@futureconsumer.in

