

LT Foods Limited

Investor Presentation – Q2 & H1 FY24



LT FOODS
NURTURING GOODNESS

Safe Harbour

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Q2 & H1 FY24 Results Highlights



Key Developments



Strategy and Outlook



ESG Framework and Goals

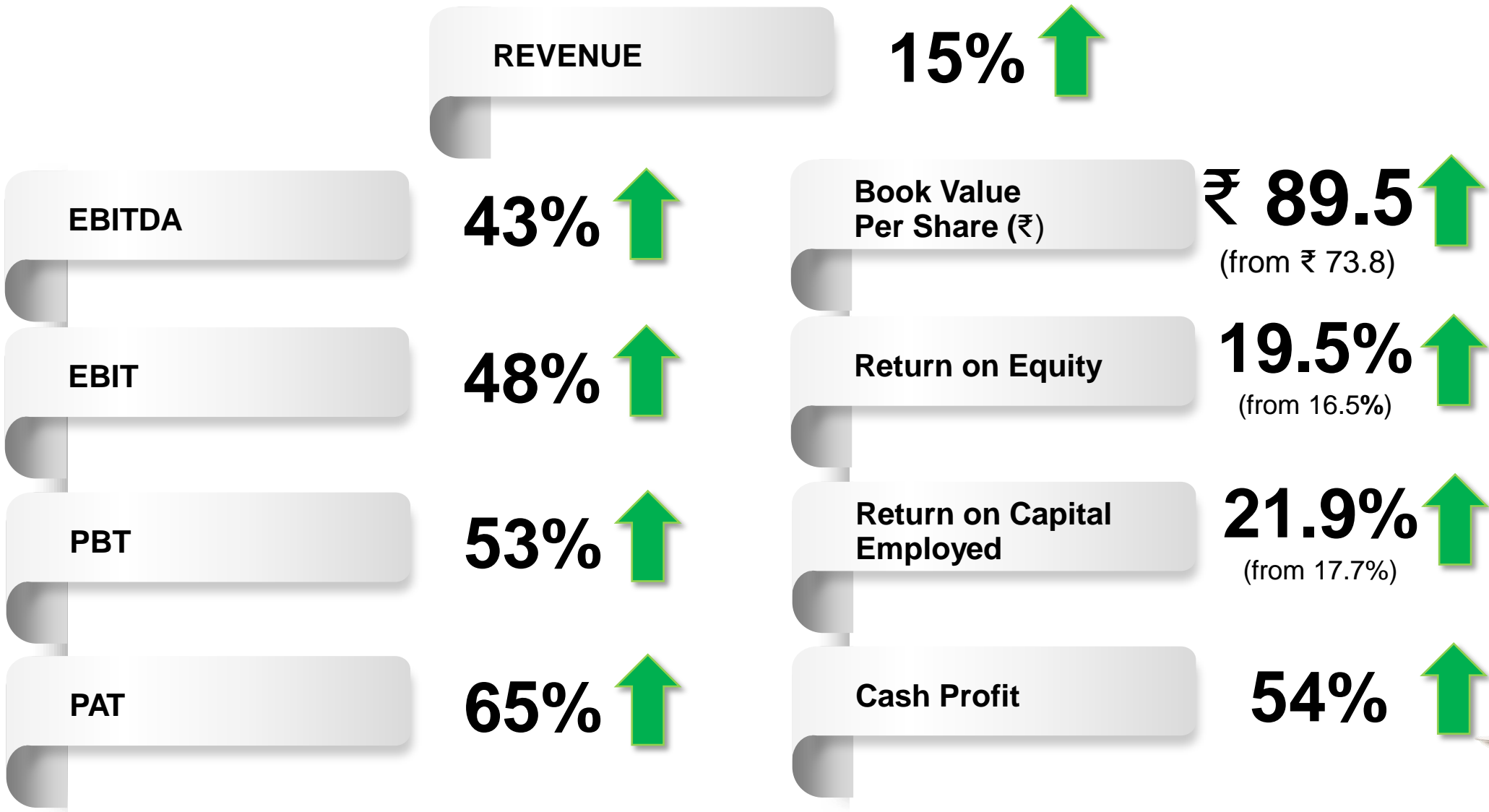


Shareholding Pattern

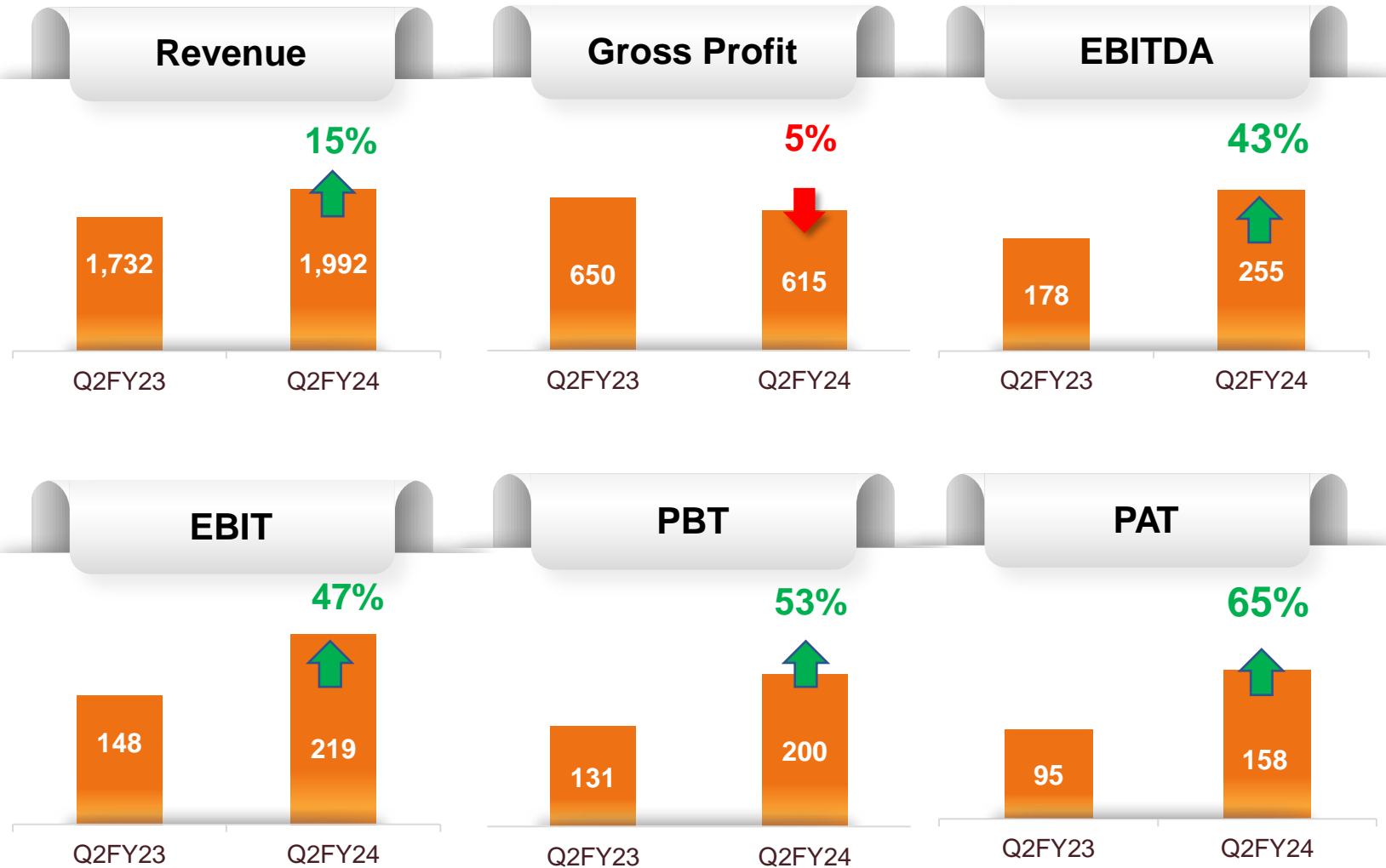
Q2 & H1 FY24 Results Highlights



Q2 FY24 Key Highlights (YoY)



Q2 FY24 Financial Update (YoY)



All Figures in ₹ Crore unless specified

- Revenue up 15% y-o-y aided by accelerated brand investments and scaling of distribution in Basmati & Other Specialty Rice segment
- Gross Profit down by 5% y-o-y & Gross Profit margin contracted by 658 bps (from 37.6% to 31.0%) because of increase in input cost & price reduction.
- EBITDA up by 43%, Margins expanded by 248 bps (from 10.3% to 12.8%) due to:
 - Reduction in freight cost
 - Efficiencies at manufacturing level and benefit of scale
- PAT up by 65% y-o-y at ₹158 Crore

Q2 FY24 Segment Highlights (YoY)

Total Revenue

15%↑

Basmati & Other
Specialty Segment

21%↑

Convenience &
Health Segment

19%↑

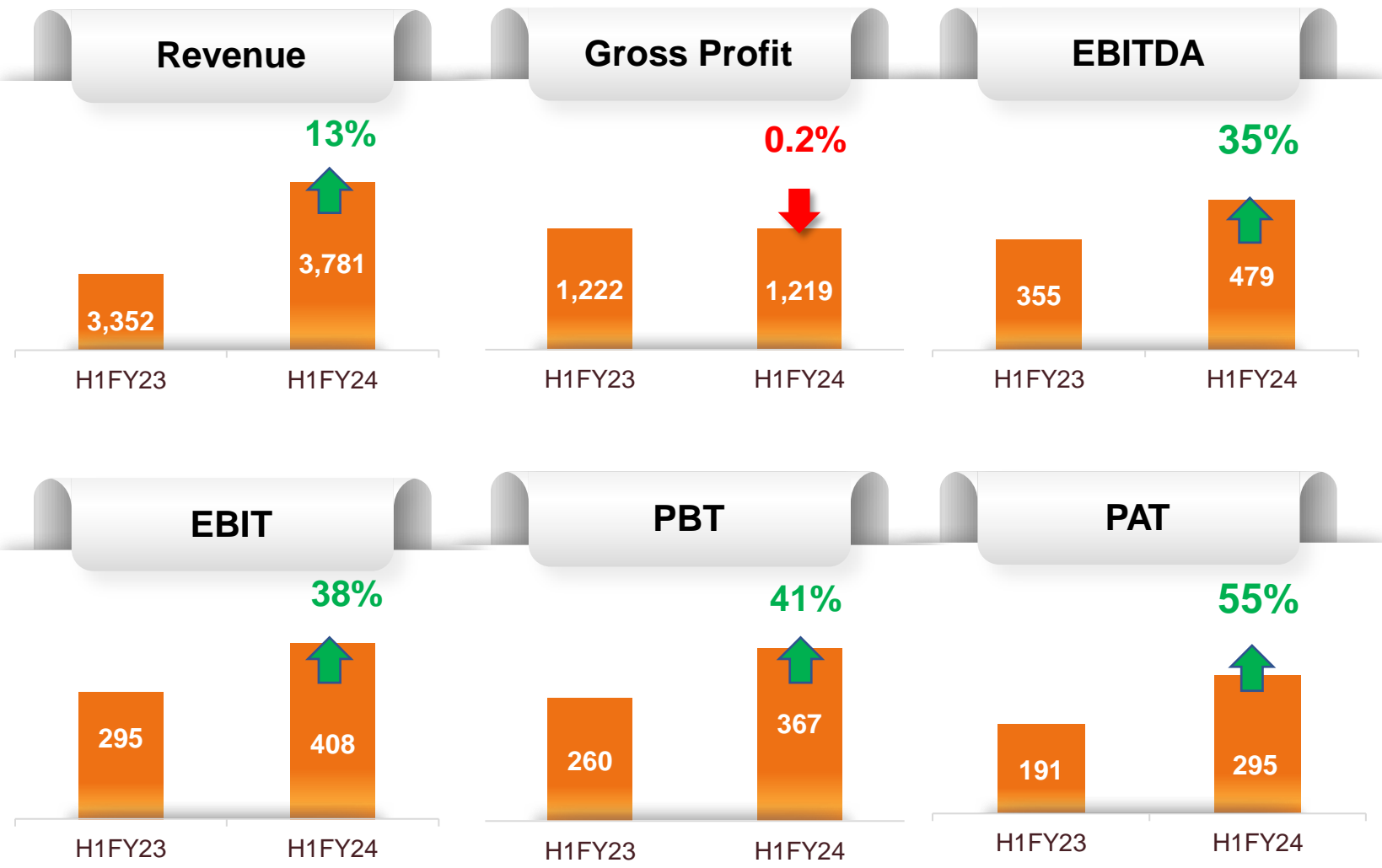
Organic Segment*

-10%↓

* Due to anti-dumping duty on Organic Soya imports in U.S.



H1 FY24 Financial Update (YoY)



All Figures in ₹ Crore unless specified

- Revenue up 13% y-o-y aided by accelerated brand investments and scaling of distribution in Basmati & Other Specialty Rice segment
- Gross Profit declined slightly & Gross Profit margin contracted by 415 bps (from 36.5% to 32.3%) because of increase in input cost & price reduction.
- EBITDA up by 35%, Margins expanded by 209 bps (from 10.6% to 12.7%) due to:
 - Reduction in freight cost
 - Efficiencies at manufacturing level and benefit of scale
- PAT up by 55% y-o-y at ₹295 Crore

H1 FY24 Segment Highlights (YoY)

Total Revenue

13% ↑

Basmati & Other
Specialty Segment

23% ↑

Convenience &
Health Segment

7% ↑

Organic Segment*

-22% ↓

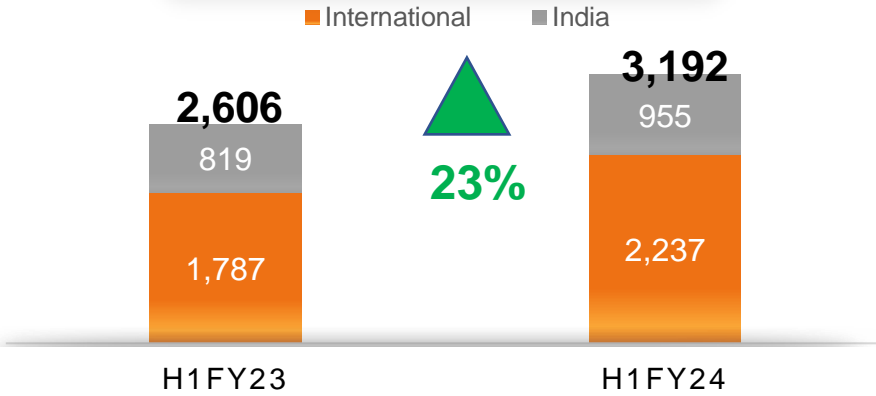
* Due to anti-dumping duty on Organic Soya imports in U.S.



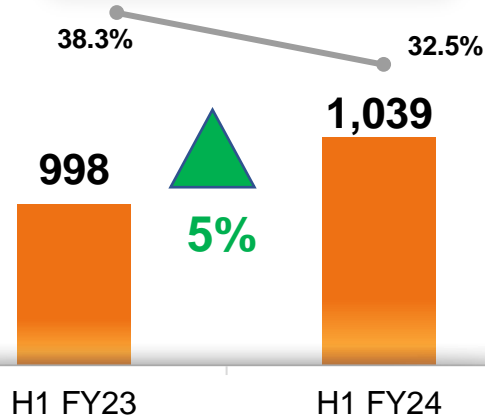
Segment Update – Basmati & Other Specialty Rice

Growing at a 3 Year CAGR of 13%

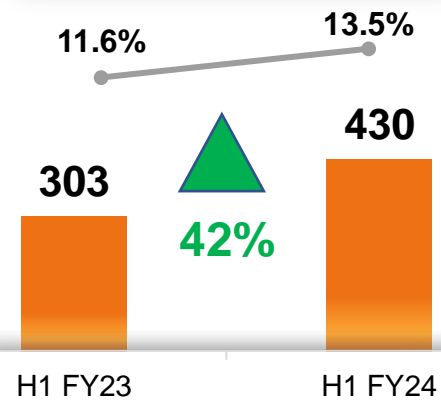
Revenue



Gross Profit & Margin



EBITDA & Margin

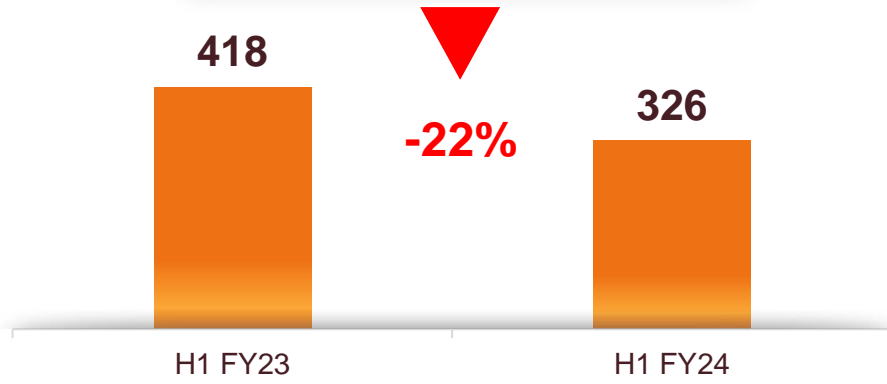


All Figures in ₹ Crore unless specified

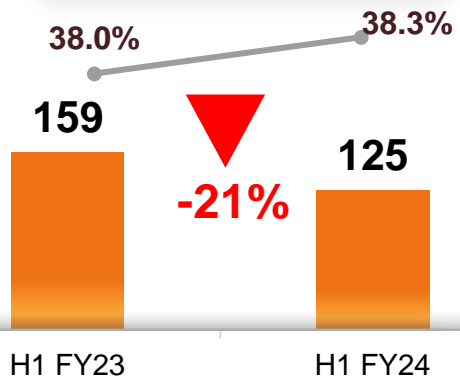
Segment Update – Organic Segment

Growing at a 3 Year CAGR of 10%

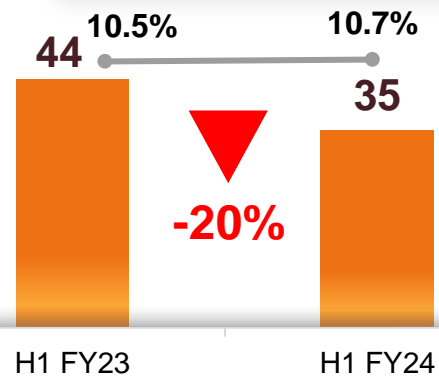
Revenue & Growth*



Gross Profit & Margin



EBITDA & Margin



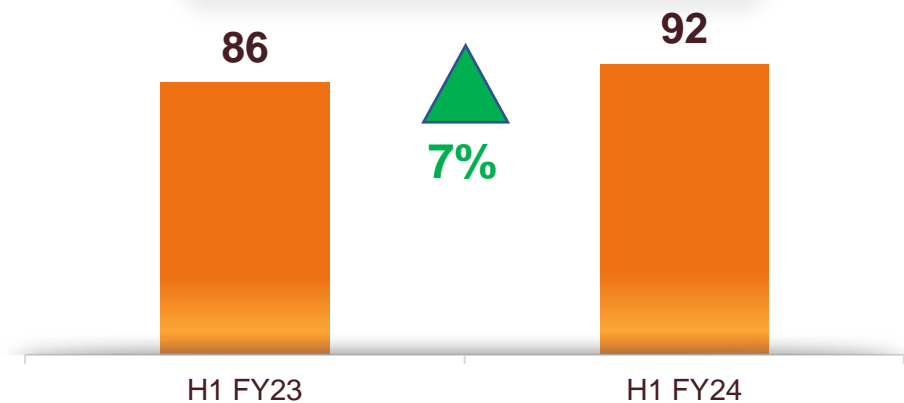
* Due to anti-dumping duty on Organic Soya imports in U.S.

All Figures in ₹ Crore unless specified

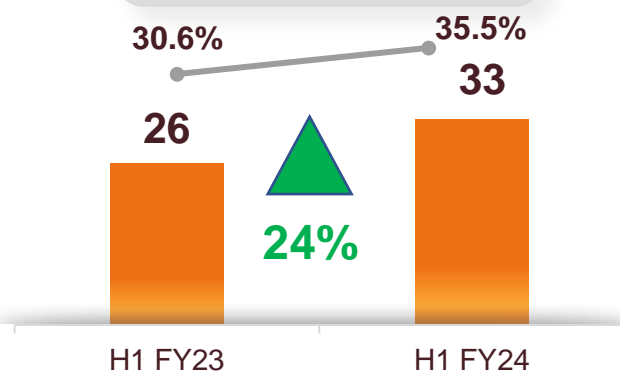
Segment Update – Convenience & Health Segment

Growing at a 3 Year CAGR of 30%

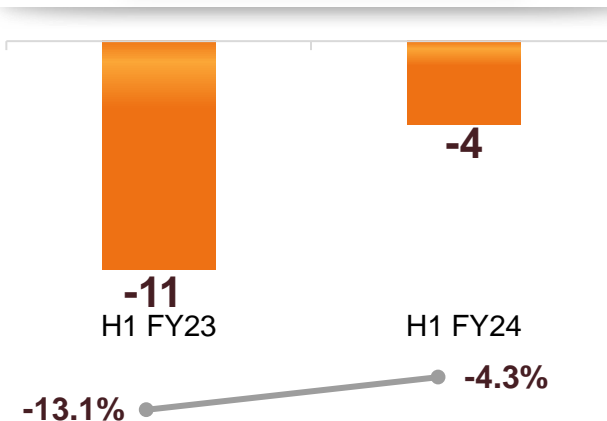
Revenue & Growth



Gross Profit & Margin



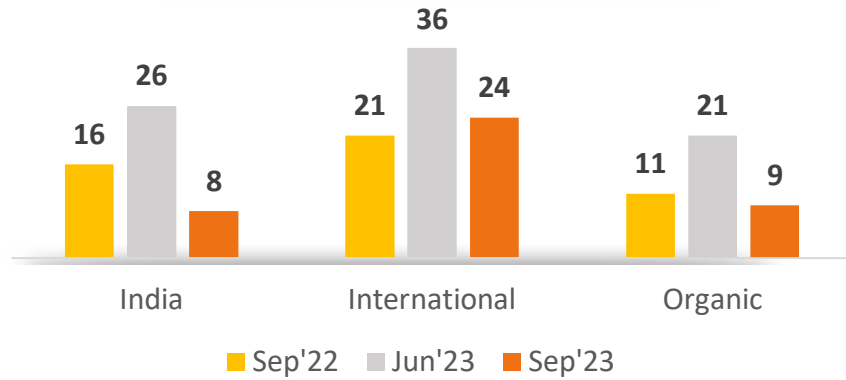
EBITDA & Margin



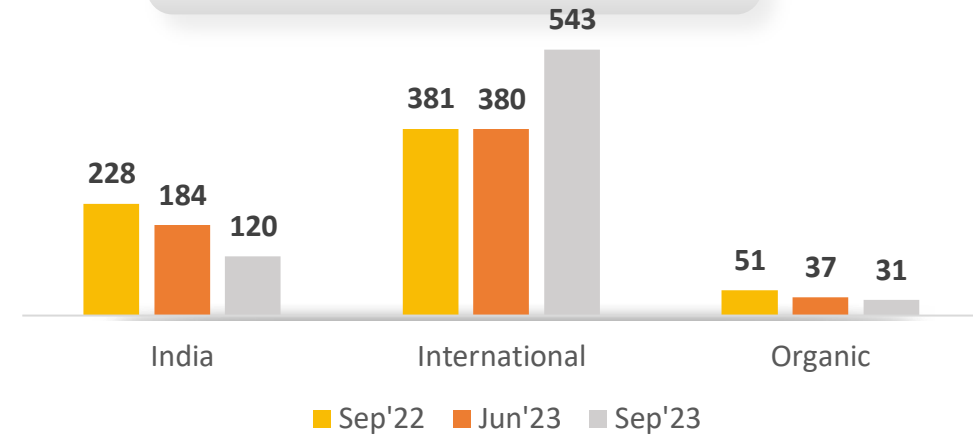
All Figures in ₹ Crore unless specified

Improving Working Capital Cycle

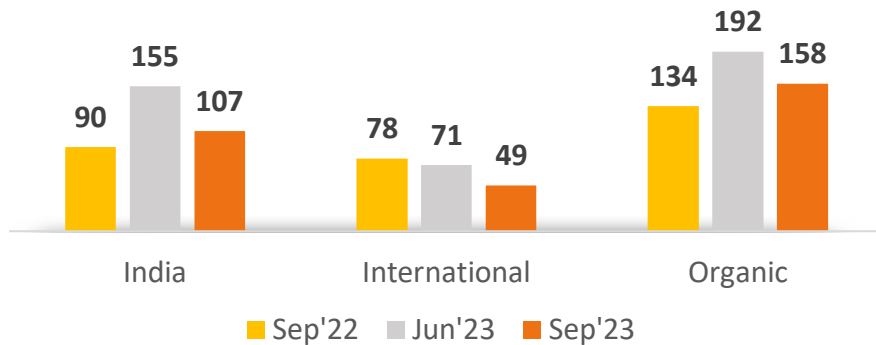
Debtors Days



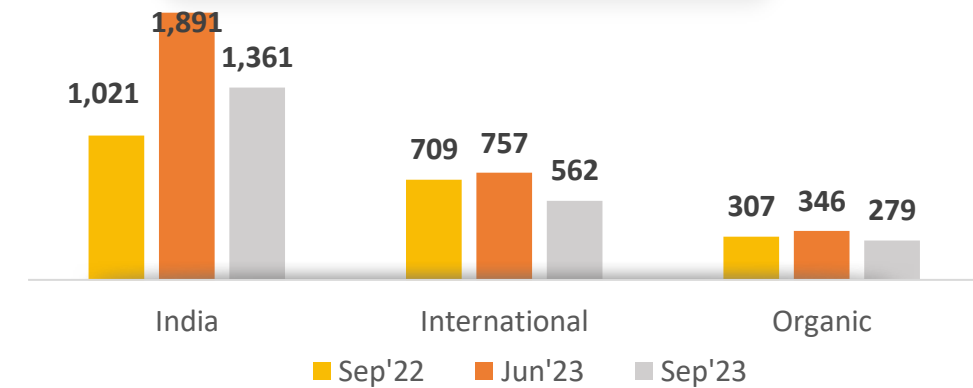
Debtors Amount (Rs. Cr)



Inventory Days



Inventory (Rs. Cr)





Key Developments

Strong Progress in Q2 & H1

Market Share in India %

30.2%  ^{Gr.%} **160 Bps**

Daawat consuming
Households in India

48 Lakh  ^{Gr.%} **24%**

New Countries added, taking
the total number to 78

 **+5**

Key Developments - India

- India business that contributes 29%, grew by 15%.
- LT Foods Ltd. wins a first-of-its-kind Guinness Record for “The Largest Biryani Tasting Session” celebrates ‘Daawat World Biryani Day’.
- Strengthened our Super Food portfolio by launching ‘Daawat® Quick Cooking Red Rice’
- Signed a MoU with ICAR - NCIPM, to train 10,000 farmers in the country on Sustainable Farming Practices
- Awards & Recognitions for our Recipe Campaign
 - Conferred with e4M Maverick Awards 2023 for ‘Best Marketing Campaign for an FMCG Brand’
 - Honoured with e4M Maverick Awards 2023 for ‘Best Marketing Campaign for a Food & Beverage Brand’
 - Bestowed with e4m ‘Indian Digital Marketing Awards 2023 under the category ‘Innovative Campaign’



Sets World Record for Largest Biryani Tasting Session



Launched ‘Daawat® Quick Cooking Red Rice’



Coverage - Farmer’s Training



Brand Recognition for Best Marketing Campaigns

Key Developments - Americas

- USA business that contributes 41%, grew by 27%.
- Strengthened market leadership in Basmati Rice segment, gaining 1.6% market share in Q2 FY24 vs Q2 FY23 (LTFA value MS on Total US xAOC, Nielsen).
- Royal brand was the official sponsor of the inaugural season of Major League Cricket (MLC) in USA - the sponsorship got a 295 mn+ impressions during July-Aug'23 across digital, on-ground, TV media and PR campaign.
- Launched new Royal RTH variant, White Queso & Jalapeno in Walmart with very positive launch feedback. Launch is supported by social media campaigns, PR, Influencer content and paid search campaigns.



Key Developments – Middle East, Europe & Rest of the World

- Middle East market contributes 6%, grew by 55%.
- Europe business contributes 17%, grew by 13% and Rest of the World contributes 8% also witnessed 8% growth.
- LT Foods Europe BV was set up in 2017 as a greenfield operation near Rotterdam, to take advantage of EU's differential tariff regime. Over the last 6 years, it has established itself as a key basmati rice player in the EU supplying circa 30% of the region's basmati consumption through sales across various food channels.



Key Developments – Organic Segment

- LT Foods' Organic Business Arm - Nature Bio Foods (NBF) inaugurates new facility in Uganda, Africa
 - The new facility will be involved in the procurement and processing of Soya meal and help in the expansion of product portfolio, including Chia Seeds, Sesame Seeds and Sorghum.*
 - Production capacity of 10,000 tonnes in the first year and scale up to 18,000 tonnes by 2024*

LT Foods arm starts new facility in Uganda

LT FOODS ON Thursday said its subsidiary Nature Bio Foods has started a new facility in Uganda, Africa. The new facility will be involved in the procurement and processing of soyabean meal.




LT Foods

LT Foods on Thursday said its subsidiary Nature Bio Foods has started a new facility in Uganda, Africa. The new facility will be involved in the procurement and processing of soyabean meal and help in the expansion of the product portfolio, including chia seeds, sesame seeds and sorghum, the company said in a regulatory filing.

The plant will have a production capacity of 10,000 tonnes in the first year and aims to scale it up to 18,000 tonnes by 2024, it added.

"The initial capital expenditure (CAPEX) for this new facility is to the tune of 500,000 euro. The company is eyeing revenue of 15 million euro in the next 3-4 years," LT Foods said.



Companies

LT Foods sets up new factory in Uganda for organic food business

BL New Delhi Bureau | Updated - August 03, 2023 at 03:19 PM

The initial investment for the new facility in Uganda would be €500,000

LT Foods on Wednesday announced the inauguration of a new facility of its organic business arm, Nature Bio Foods, in Uganda. This is part of the packaged food's diversification strategy for a sustainable business.

The initial investment for this new facility is in the tune of €500,000. The company is eyeing revenue of €15 million in the next 3-4 years, it added.

The new facility will be involved in the procurement and processing of Soya meal and help in the expansion of product portfolio, including Chia Seeds, Sesame Seeds and Sorghum. It will have a production capacity of 10,000 tonnes in the first year and aims to scale it up to 18,000 tonnes by 2024," the statement added.

Ashwani Anra, Managing Director and CEO, LT Foods, said, "We are delighted to announce the opening of a new facility in Uganda. This strategic move would enable us to de-risk our origin diversity our products and diversify our origin of procurement. The move demonstrates our agility to adapt to the changing external scenarios."

"We are also focusing on extending the similar model to different origins that will help us drive our overall growth in the organic movement," he added.

Coverage – New Facility in Africa

Key Developments – Convenience & Health Segment

- LT Foods' Convenience & Health Segment grew by 7%.
- Our margins improved on Gross Profit & EBITDA levels.
- In the Health Segment, we also launched Daawat Red Rice during the quarter.



Driving bestseller through visibility campaigns



Marketing Campaigns

80+ recipe reels in Insta/FB; reach to 58L



(National+ Regional)
6,89,246 Views

YouTube - Highest Subscribers in the Category



(Current Subscribers)
213,563

(National+ Regional)
4L+ Views

Daawat Sponsoring- The Gourmet Fest



Sponsored 'The Gourmet Fest' to showcase our speciality and Chef Secret Range to showcase through an exclusive platform that brings together a diverse range of industry professionals and consumers, With a target audience consisting of over 400 B2B participants and 1200+ B2C attendees.

Biryani Kit Brand Initiatives across different platforms

Biryani Kit across E-Com



Driving bestseller through visibility campaigns

Influencer Collaborations



15 Million+ Views

On-ground Activation during World Biryani Day on 2nd July'23



Encouraging consumer engagement and response towards Kit

Marketing Campaigns

OWN THE FIRST "WORLD BIRYANI DAY" IN UAE



Social, Influencers +

- Announced the occasion virally with Arab influencer
- Combined views of 730K



Printed & digital press

- 193K printed copies
- Approx. 200K online press reach
- online & 500K impressions.

STRENGTHENING DAAWAT® EQUITY IN UAE



Build awareness among Arab & Asian consumers

- Live for 3 weeks
- Average monthly reach of 40% among TA
- Total of 6.5Mn views



Drive consideration & positive WOM: via Content Barter

- Collaboration with 5 influencers to get unique recipes that drive engagement, 830k+ Views



Strengthen FCBR USP with single minded message

- Live for 3 weeks
- Average monthly reach of 40% among TA
- Total of 1Mn views

REINSTATE DAAWAT® EQUITY IN IRAQ



- Four weeks on air
- Brand positioning copy, on top 2 Arabic TV channels
- Monthly average 600 GRPs, 33% @reach 4+.
- Monthly average reach 41% i.e. 4.1Mn Iraqi women.

BUILDING Devaaya® SALIENCY IN UAE



Consistent brand messaging that resonates with consumer

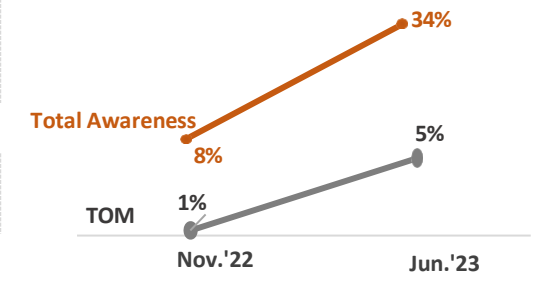
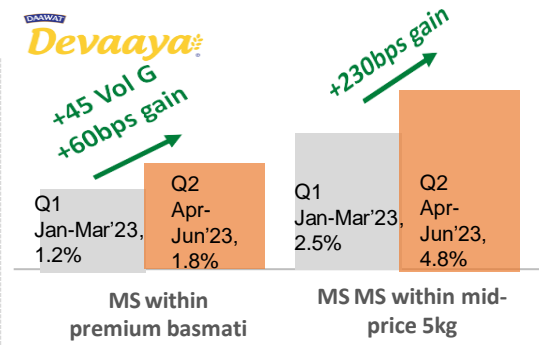
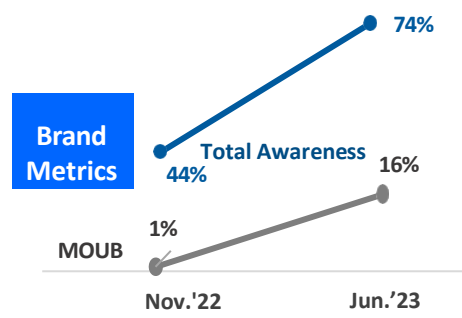
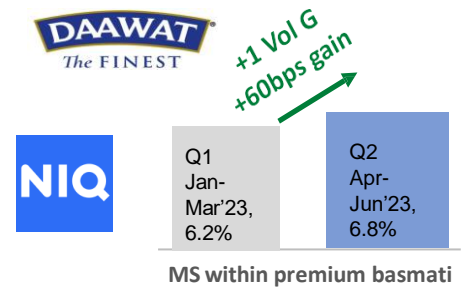
- Live 3 weeks on digital and social platforms.
- Average monthly reach of 70%+ among target audience
- Total of 3Mn views



Devaaya® Content Barter delivering 100k+ organic views

- Collaborating with 5 influencers creating recipes that makes everyday meal special unique recipes that drive

RESULTS & PROGRESSION AS OF JUN.'23





Strategy and Outlook

Capital Allocation Plan

We aim to balance the objectives of ploughing back earnings to support sustained growth, debt reduction and appropriate reward to shareholders through dividends



Growth

Utilizing the free cash flow generated for the growth in its Basmati and Other Specialty Rice segment and Organic business along with the new growth engines launched under the Convenience & Health platform. In addition to the above, the same will be utilized for strengthening the brands, widening distribution network and increasing brand penetration across all consumer segments across geographies



Capex

To continue investing in automation/up-gradation based on increasing consumer base and to strengthen the supply chain network.

The investment to be in-line with Company's expected Return on Capital Employed



Debt Reduction

Goal is to maintain our Debt/ EBITDA ratio between 2x-3x, though majority of our debt is Working Capital debt that is required to purchase paddy in the season and age it for minimum 12 months



Dividend

The Company strives to maintain a steady stream of dividend to reward its shareholders. Effective now, the dividend pay-out ratio is expected to be in the range of 10%-20% of consolidated profits



Growth

- Expanding our product portfolio, by introducing new products to increase appeal across consumer segments.
- Entering in new geographies and widening distribution channel.



Margin Expansion

- Building economies of scale and unlock synergies
- Adding efficiencies across the value chain
- Driving premiumisation



Investing in Capabilities

- Digital Transformation
- Create a Future Ready Organisation
- Automation



Being Responsible

- Embedding ESG in the culture of the organisation

We continue to focus on strategic pillars of Growth, Margin Expansion and Strengthening of Financial Metrics to create a fully integrated, global, strong, progressive, sustainable, predictable, profitable, and growing consumer business



Growth

Solidify the leadership position in key markets and grow current market share with target 5 Year Revenue CAGR of 10-12%

Strengthen & widen distribution network

Expand organic portfolio in value added segments

Expand existing product portfolio and launch new products leveraging brand and distribution strength i.e., Ready to Eat, Ready to Cook and Rice based snacks



Margin Expansion

Change in Product Mix

Efficiencies across Value Chain

Economies of Scale

Target 5 Year EBITDA Margin Expansion of c. 140-150 bps



Strengthen Financial Metrics

Strengthen Balance Sheet Metrics and enhance return ratios

FY25: ROCE **c. 23%**

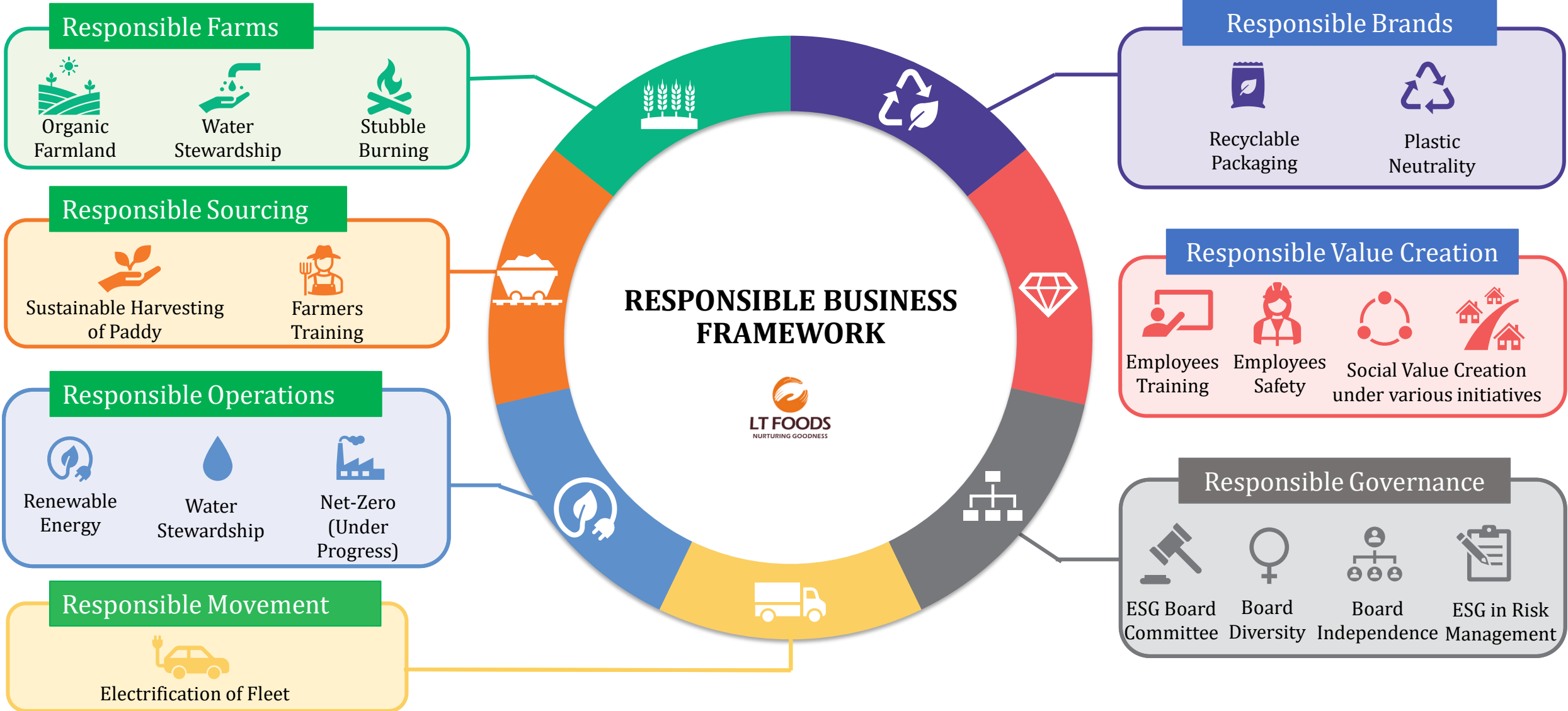
FY25: ROE **c. 20%**



ESG FRAMEWORK and Goals

ESG Framework

Responsible Farms | Responsible Sourcing | Responsible Operation | Responsible Brands | Responsible Movement | Responsible Governance | Responsible Value Creation



Environment Scorecard and Goals

(LT Foods Ltd.; Daawat Foods Ltd., Nature Bio Food Ltd., Eco Pure Specialities Ltd.)



LT FOODS
NURTURING GOODNESS



Sustainable Harvesting of Paddy

Baseline : 13,000 farmers trained

FY23 : 16,525 farmers trained

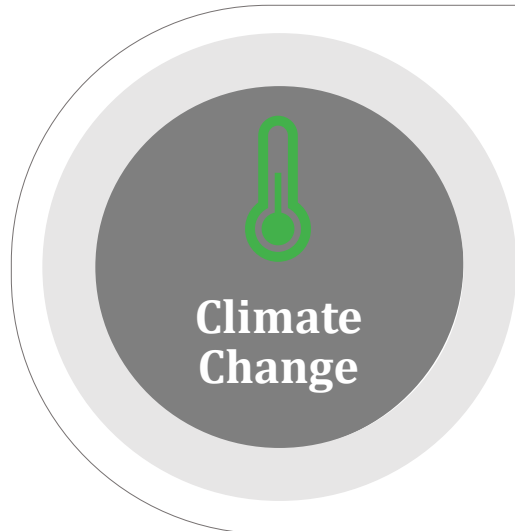
50,000 farmers to be trained on Sustainable Farming Practices by 2025 (Public private partnership with ICAR*)

Organic Farmland

Baseline : 1.4 lakh acre

FY23 : 1.64 lakh acre

2.5 lakh acres of organic farmland by 2030



Renewable Energy

Baseline : 46%

FY23 : 42%

56% Renewable Electricity By 2025 (Solar + Husk + Wind)

Tree Plantation

Baseline : 1 Lakh

FY23 : 1.1 lakh

10 lakh trees by 2030

Net Zero Goal Ambition

Goal Setting Under Progress

*ICAR - Indian Council of Agricultural Research

Environment Scorecard and Goals

(LT Foods Ltd.; Daawat Foods Ltd., Nature Bio Food Ltd., Eco Pure Specialities Ltd.)



Water Conservation

Baseline : 110 Bn litres

FY23 : 110 Bn litres

140 billion liters of water saving through Land Laser Leveling / AWD / SRI in 60,000 acres by 2030

Water Recharge

Baseline : 4 Ponds

FY23 : 7 Ponds

Renovation and construction of 100 Ponds by 2030



Plastic Neutrality

FY23 : 100% through EPR

100 % Plastic Neutrality by 2025

Sustainable Packaging

Baseline : 74%

FY23 : 74%

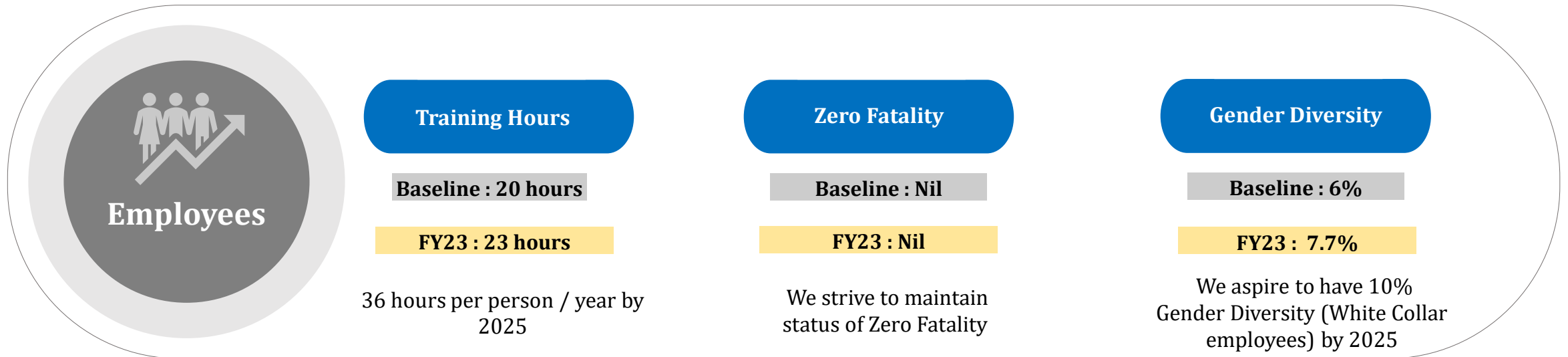
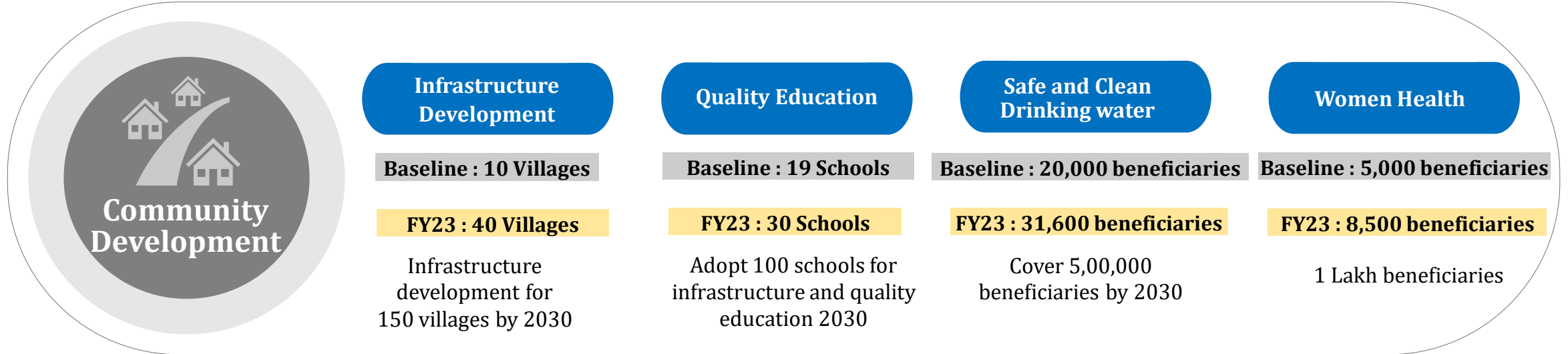
80 % Recyclable Packaging by 2025

*AWD – Alternate Wetting and Drying

*EPR – Extended Producer Responsibility

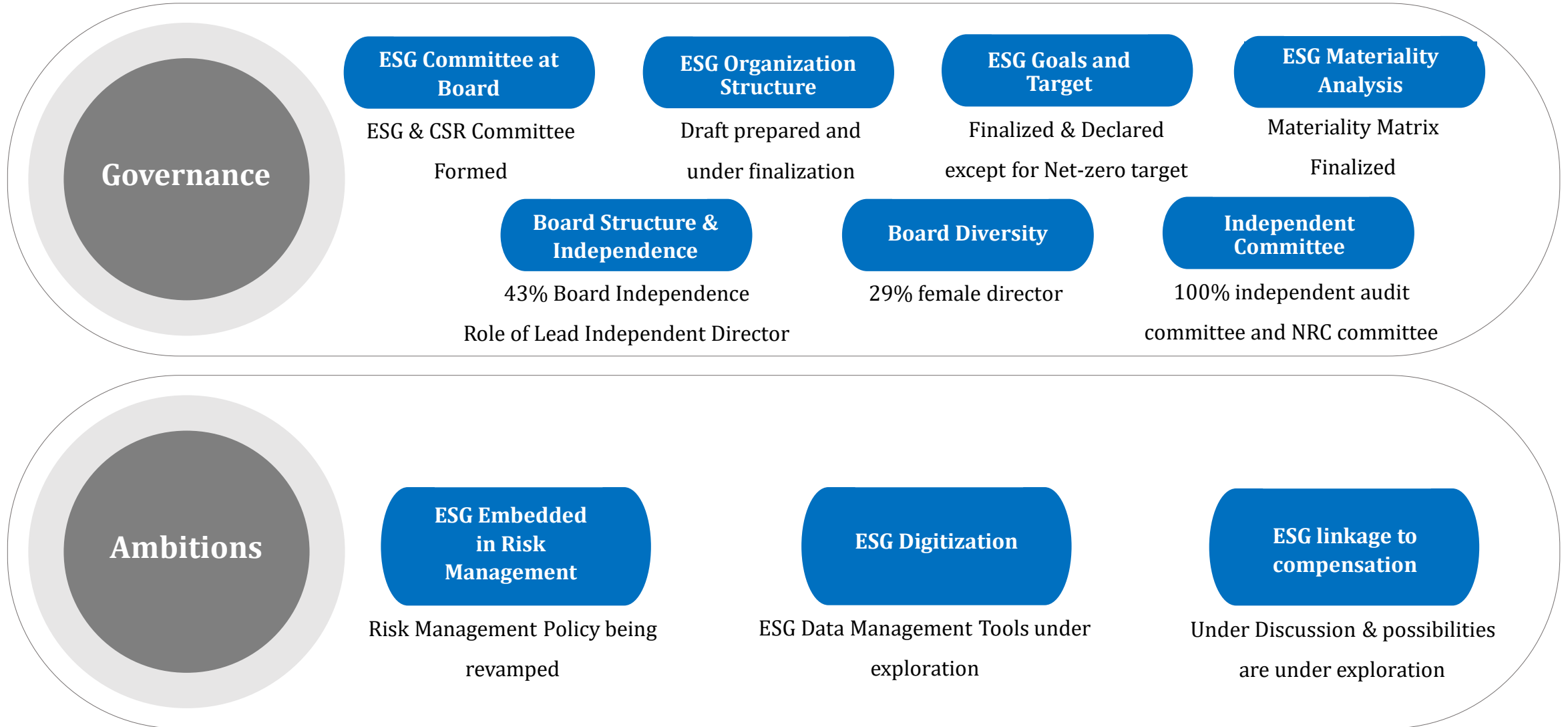
Social Scorecard and Goals

(LT Foods Ltd.; Daawat Foods Ltd., Nature Bio Food Ltd., Eco Pure Specialities Ltd.)



Governance Scorecard and Goals

(LT Foods Ltd.; Daawat Foods Ltd., Nature Bio Food Ltd., Eco Pure Specialities Ltd.)



Shareholding Pattern

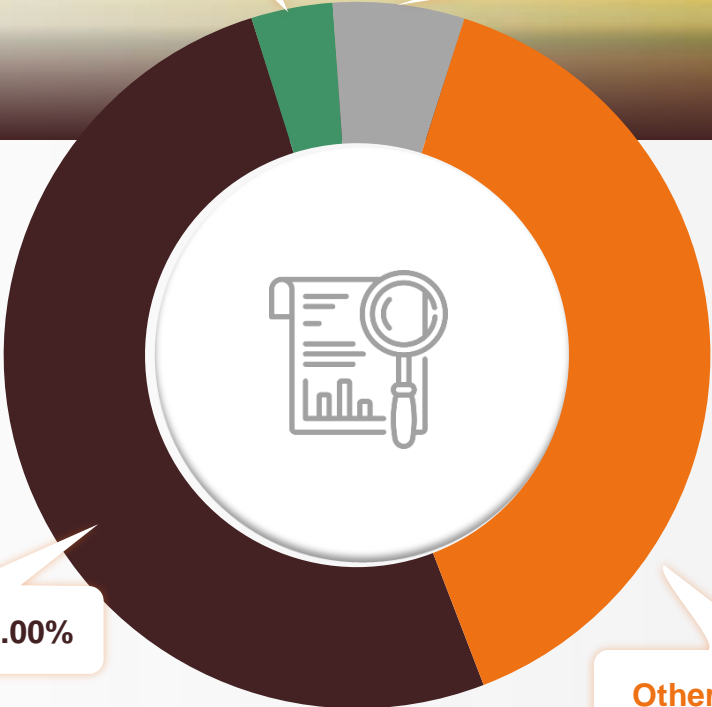
As on September 30, 2023



Shareholding Information

Mutual Funds, 3.73%

FII, 6.02%



Promoter, 51.00%

Others, 39.25%



Shareholder Information as on September 30, 2023

BSE Ticker	▶	532783
NSE Symbol	▶	DAAWAT
Market Cap (₹ Cr)*	▶	5,766
% Free- float	▶	41.0%
Free Float Market Cap (₹Cr)	▶	2,364
Shares Outstanding (Cr)	▶	34.7
Industry	▶	Consumer Food


Promoter shares are unencumbered

* Share Price as on 30th Sep'23 (Closing Price: Rs 166.05)

Investor Contact

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District Centre, Saket, New Delhi-110017