

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

RESULTS PRESENTATION

Q4 & FY16
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

Healthy Balance Sheet with continuously improving Financial Indicators

Mix of industry growth and Company initiatives has led to traction in Revenues in last few years

Quick Facts

#1

IN INDIA
FOR SS LPG STOVES
& TABLE TOP WET GRINDERS

15%

BRANDED
REVENUE CAGR
FY11-16

IN THE TOP

3

IN INDIA FOR DOMESTIC
KITCHEN APPLIANCES

NOW PRESENT IN ALL

29

STATES IN INDIA

SALES OF BRANDED
PRODUCTS IN FY16

534

CRORE

400+

EXCLUSIVE
DISTRIBUTORS ACROSS
INDIA

<1.0

NET DEBT / EQUITY
RATIO

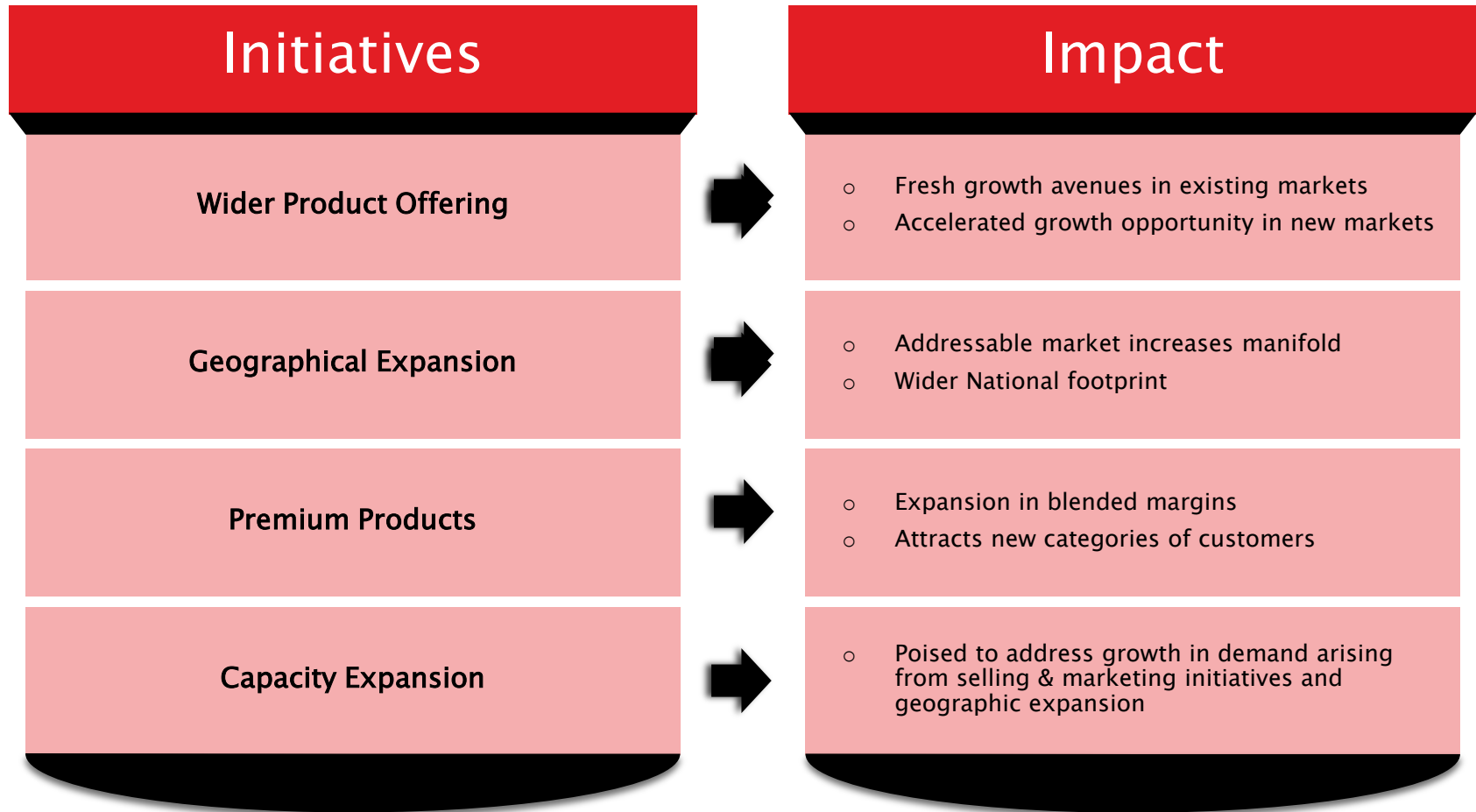
15%

OF FY16
REVENUES FROM NON-
SOUTH STATES

3x

EXPANSION IN PRODUCT
CATEGORIES IN LAST 24
MONTHS

Growth Levers



Product Portfolio

Every product exhibits the highest standards in Safety, Durability, Efficiency, Aesthetics & Reliability



LPG Stove



Mixer Grinder



Table Top
Wet Grinder



Electric Chimney



Pressure Cooker



Non Stick Cookware



Induction Cooktop



Electric Rice Cooker



Juicer Mixer Grinder



Electric Kettle



Sandwich Maker



Air Cooler

Product Portfolio

Other Pioneering Products



Washer



Juicer



Hand Blender



Water Heater

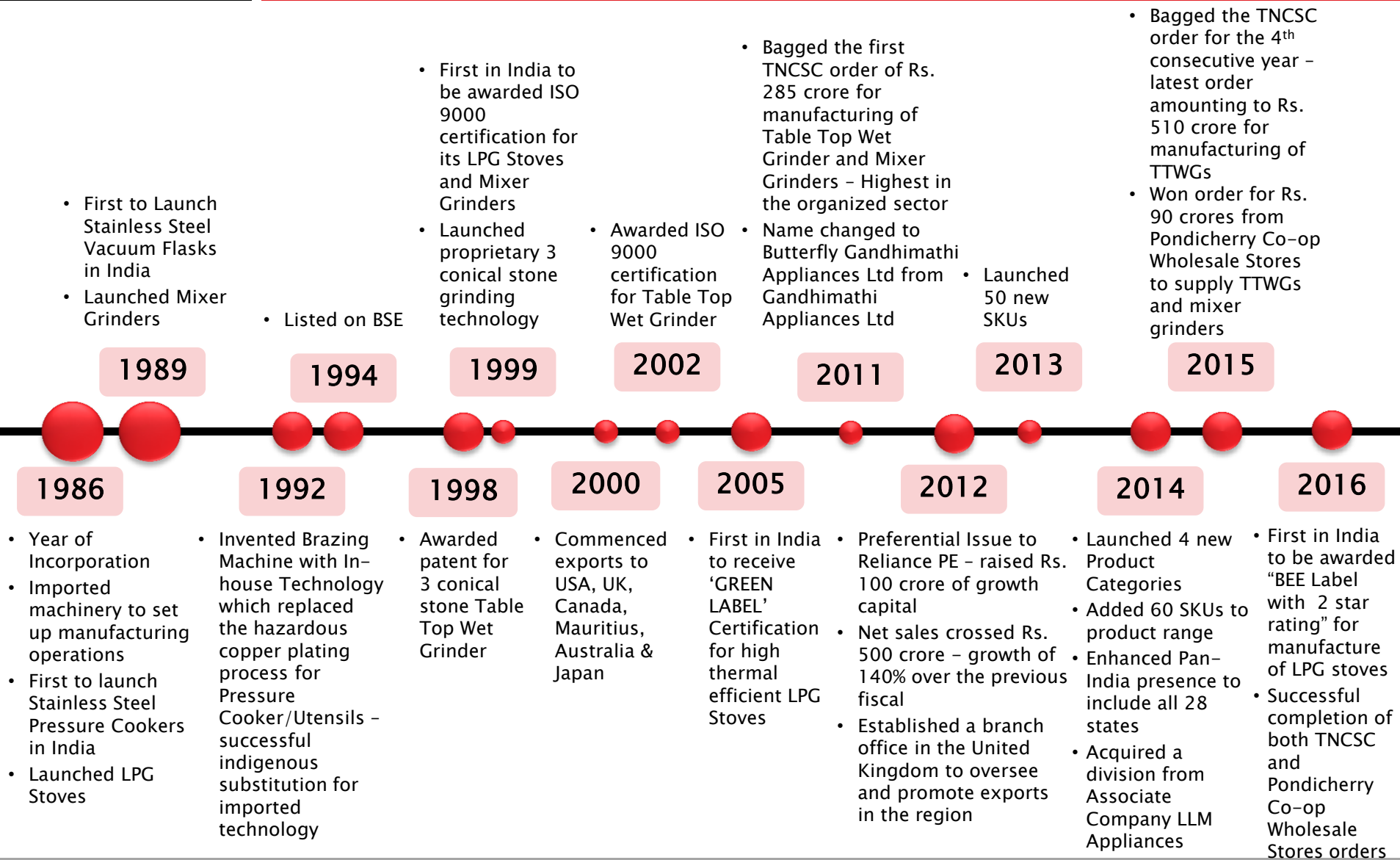


Electric Iron

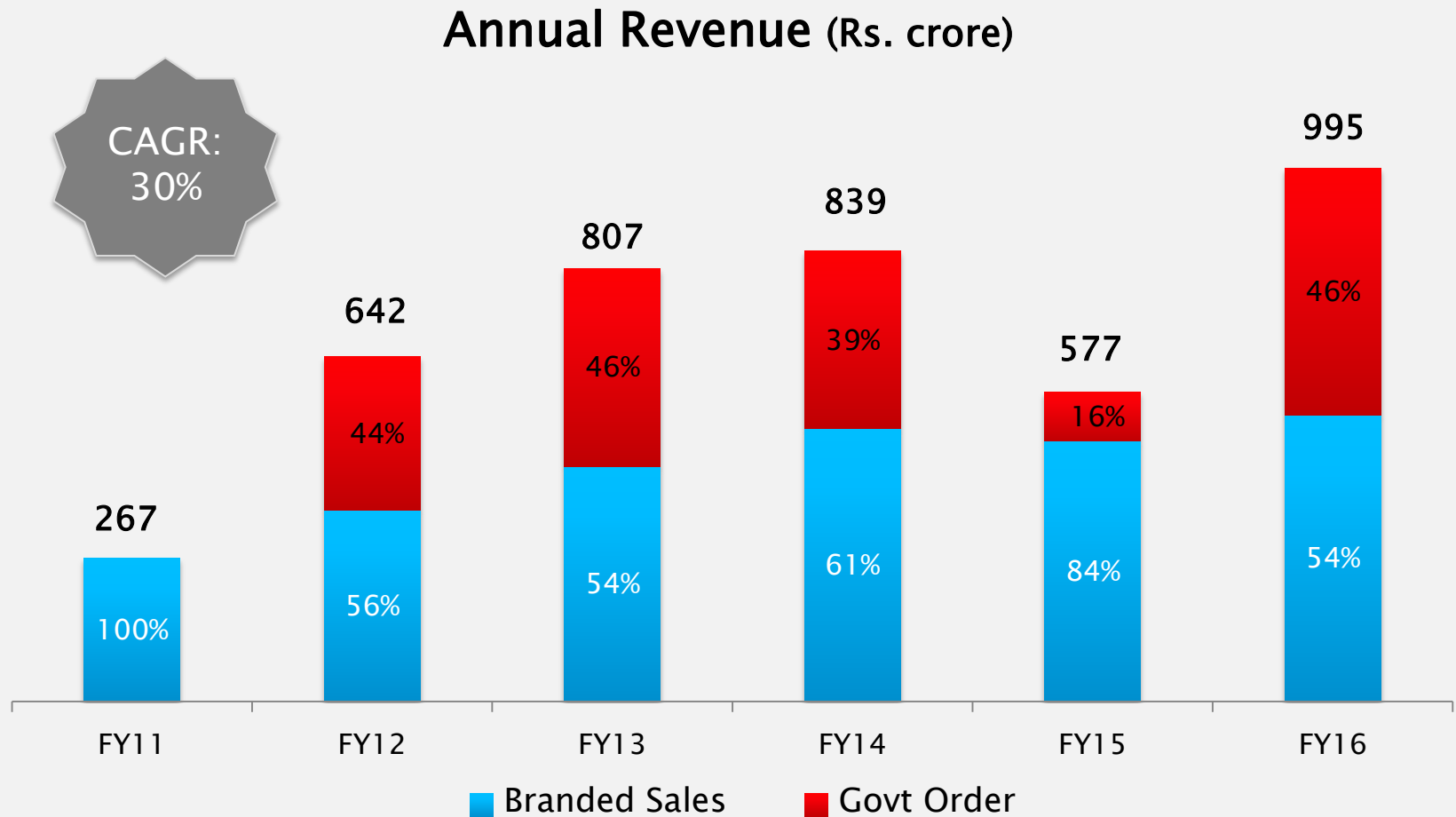


Pop-up Toaster

Milestones



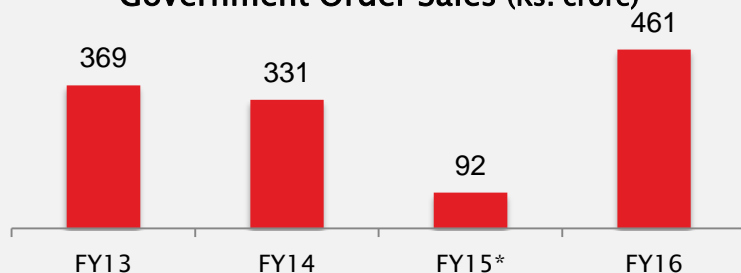
Revenue Profile



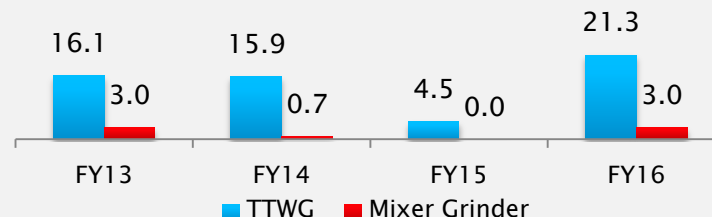
Note: FY15 Government Tender was deferred and combined with FY16 tender which resulted in increased Govt. revenues in FY16

Government Orders

Government Order Sales (Rs. crore)



Products supplied (in lakh units)



- For the last 4 years in succession, BGMAL won orders in the annual tender of Tamil Nadu Civil Supplies Corporation (TNCSC). In January 2015, the Company bagged orders worth Rs. 510 crore* for supply of Table Top Wet Grinders from TN Govt in CY2016. This order marked the completion of the TN Govt order under the current regime
- In August 2015, the Company also bagged orders worth Rs. 90 crore for supply of Table Top Wet Grinders and Mixer Grinders from Pondicherry Co-Op. Wholesale Stores (PCWS)

Benefits to BGMAL

- Incremental contribution to profitability, favorable payment terms enabling a positive cash flow business
- Increase in volumes have elevated BGMAL's manufacturing and delivery capabilities
- Increased number of users of the Company's products has led to an increase in the potential market for the Company
- Creates ready customer base which will materialize at the time of product replacement or upgradation
- Delivery experience has led to innovation and launch of economy models which have aided growth in Branded Sales

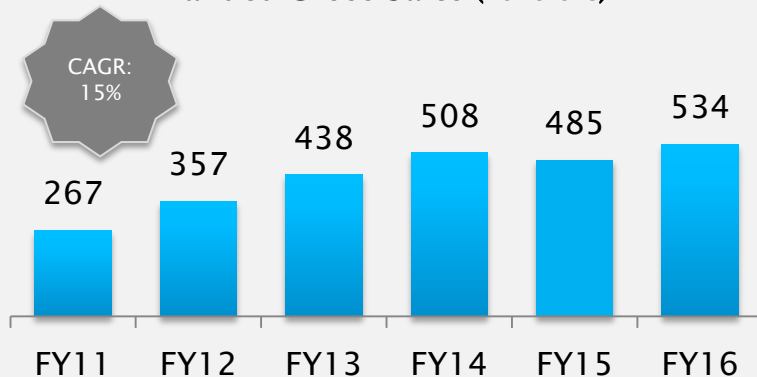
Orders received from	Order size (Rs. Crore)	Completed till-date (Rs. Crore)	Balance (Rs. Crore)
TNCSC*	463	463	0
PCWS	90	90	0
TOTAL	553	553	0

Note: Govt. Order for FY15 was received only in Jan, 2015 hence the revenues accrued primarily in FY16.

* The order size for TNCSC has been revised from Rs. 510 crore to Rs. 463 crore

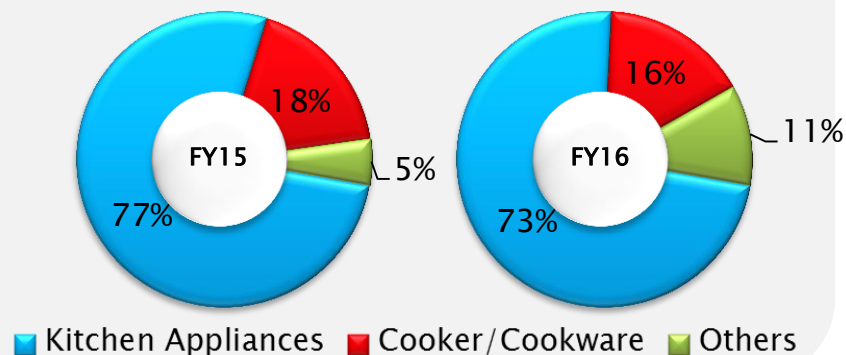
Branded Retail Sales

Branded Gross Sales (Rs. crore)



Note: Excluding spare / component sales, Branded Revenue sales were largely stable at Rs. 486 crore in FY16 as against Rs. 479 crore in FY15

Branded Product Distribution (%)



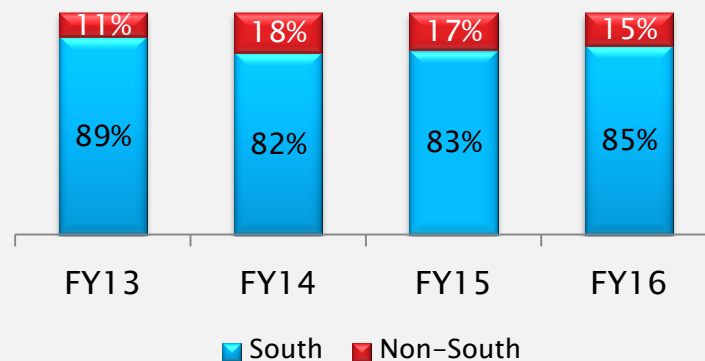
Through Institutions

- 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

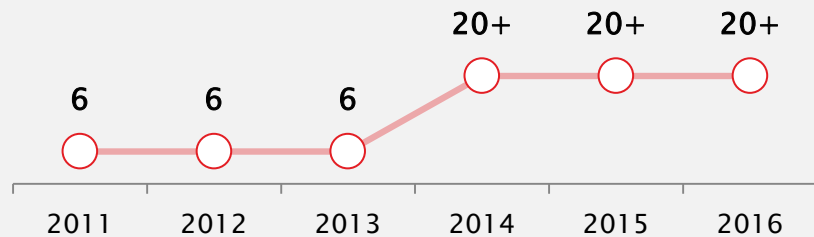
Region-wise Break-up



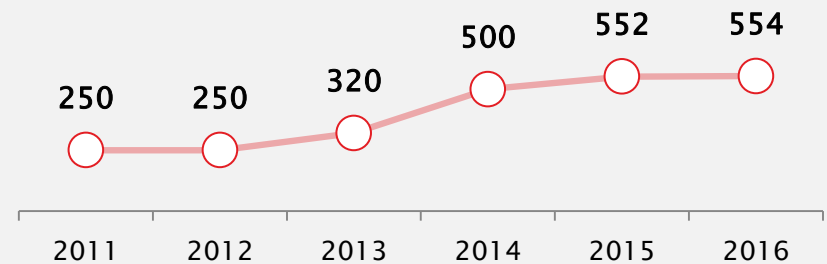
Augmenting Organic Growth

Increased Product Categories For Wider Product Portfolio And Higher Market Share

Product Categories (Nos.)

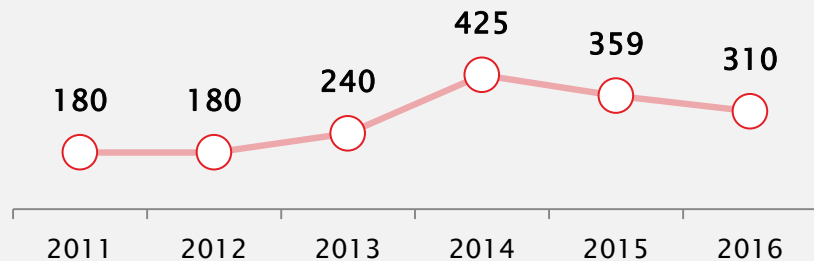


SKUs (Nos.)

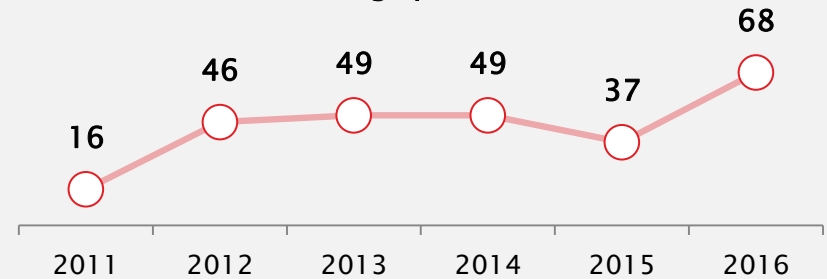


Enhancing Sales and Marketing Efficiency For Better Penetration And Brand Development

Sales Team (Personnel)



Marketing Spend (Rs. Cr)



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

Key Focus Areas

- Optimize investment on expansion of distribution network and brand building activities
- Continued focus on enhanced working capital position
- Inventory de-stocking efforts undertaken by the Company are nearly complete and is expected to further boost efficiency and cash flow, while also improving the health of the balance sheet
- Maximizing cost efficiencies at all levels of operations
- Long-term growth in primary sales to accrue from the various strategic initiatives undertaken by the Company
- To launch several innovative and ergonomic kitchen and domestic electrical appliances – world class products with immaculate design and added utility features developed through in-house R&D
- To further improve perception of product quality synonymous with the “BUTTERFLY” brand



2

Financial Overview

Abridged Profit & Loss Statement

Rs. crore

Particulars	FY 2013	FY 2014	FY 2015	FY 2016
Total Net Revenues (Incl. OI)	730.5	770.7	533.3	906.3
- Branded Net Revenues	390.6	460.8	447.5	468.2
- Government Net Revenues	338.0	308.2	84.3	432.7
- Other Income	1.9	1.85	1.5	5.4
Material Cost	491.2	520.2	317.5	621.9
- Cost of Materials Consumed	444.1	483.6	248.3	566.6
- Purchases of Stock-in-Trade	73.5	85.3	65.3	31.5
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	(26.4)	(48.7)	3.9	23.8
Gross Profit	239.3	250.5	215.8	284.4
Gross Margin (%)	33%	33%	40%	31%
Employee Expenses	51.6	60.8	60.3	61.3
Other Expenses	119.8	128.2	111.5	157.9
EBITDA	67.9	61.5	44.0	65.2
EBITDA Margin (%)	9%	8%	8%	7%
Depreciation	4.0	5.1	10.2	11.5
Finance Cost	15.3	22.1	29.6	34.5
Profit Before Tax	48.6	34.3	4.2	19.1

Reduction in Gross profit mainly due to higher Govt. order sales contribution to overall sales

Increase in other expenses mainly due to increase in sale promotion activities on a Y-o-Y basis

Abridged Balance Sheet

Rs. crore

Sources of Funds	FY 2013	FY 2014	FY 2015	FY 2016
a) Shareholders' Funds	201.3	223.7	225.6	238.1
b) Non-current Liabilities (NCL)	12.7	22.9	77.0	52.8
- Long-term Borrowings	6.4	15.8	68.3	43.4
- Other NCL	6.3	7.1	8.7	9.4
c) Current Liabilities (CL)	327.6	404.1	266.3	266.3
- Short-term Borrowings	37.1	157.7	106.3	148.8
- Trade Payables	220.4	208.1	118.3	105.0
- Other CL	70.1	38.3	41.7	42.5
Total	541.6	650.7	568.9	587.2
Net Debt – Equity Ratio	0.0	0.7	0.7	0.8

Long term debt has reduced from last year due to repayment of loans

Increase in short-term borrowings arising mainly due to funding for Govt. supplies

Net Debt-Equity Ratio constant at 0.8

Abridged Balance Sheet

Rs. crore

Application Of Funds	FY 2013	FY 2014	FY 2015	FY 2016
a) Non-current Assets	105.3	164.0	175.4	173.6
a) Current Assets	436.3	486.7	393.5	413.6
- Inventories	158.8	167.2	168.9	123.8
- Trade Receivables	195.5	279.3	192.9	257.4
- Cash & cash equivalents	46.3	20.0	15.4	13.4
- Others	35.7	20.1	16.3	19.0
Total	541.6	650.7	569.2	587.2
Gross Revenues	807.0	838.9	577.2	994.6
Working Capital	134.5	240.0	242.1	276.2
Working Capital Days	60	103	151	100
Inventory Days*	71	72	105	45
Debtors Days*	87	120	120	93
Creditors Days*	98	89	74	38

Inventory has reduced mainly due to the completion of Govt. supplies

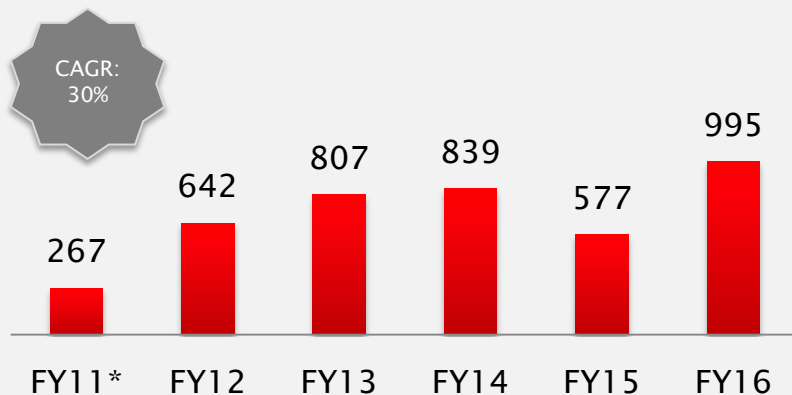
Trade receivables has increased considerably due to increase in Govt. supplies in FY16. Govt. debtors including retention money stood at Rs. 137 crores as on Mar-16

By excluding Govt. debtors and Govt. sales, debtor days remained steady at 81 in FY16, as compared to 81 in FY15

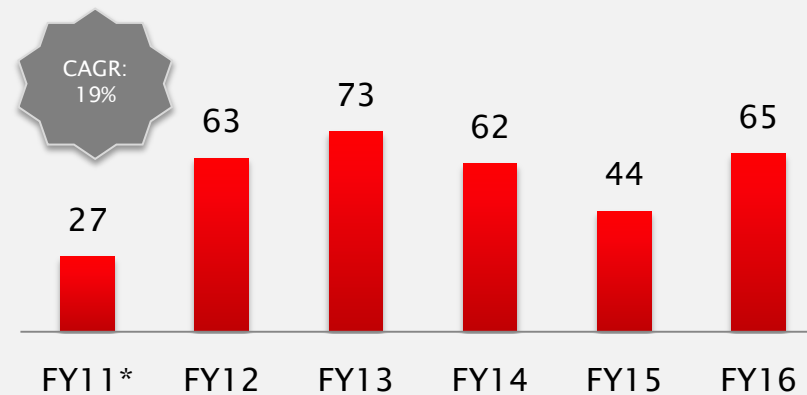
- Calculation of Working Capital Ratios based on Gross Revenue
- Based on year end values (Not average values)
- Working capital days= (Inventory + Debtor - Creditor) Days
- Days calculated on the basis of 360 days (yearly) and 180 days (half-yearly)

Performance Track Record – Annualized

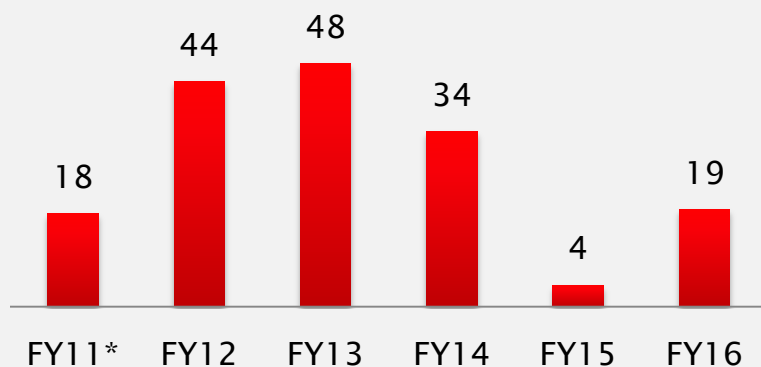
Total Revenue (Rs crore)



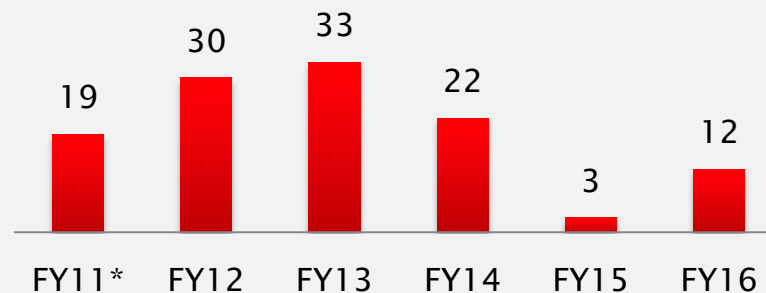
EBITDA (Rs crore)



Profit Before Tax (Rs crore)



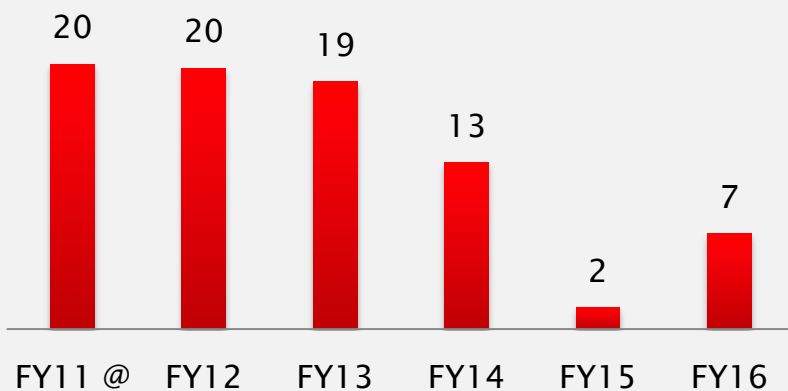
Profit After Tax (Rs crore)



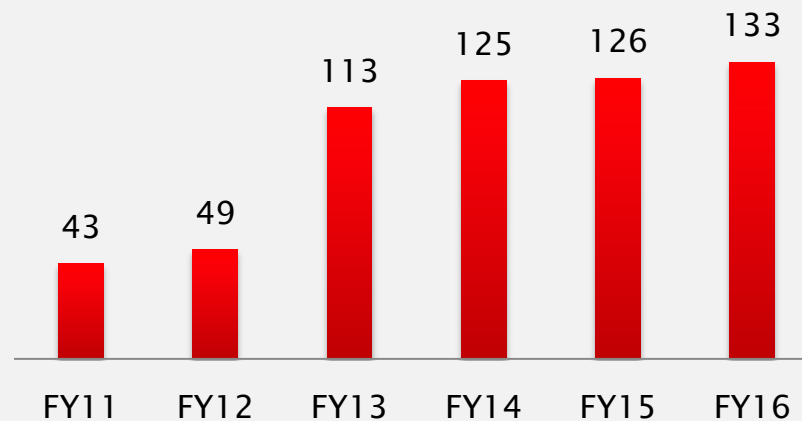
NOTE : * FY11 was for period of 9 months ended on 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

Key Financials

Earning Per Share (Rs) – Annualized

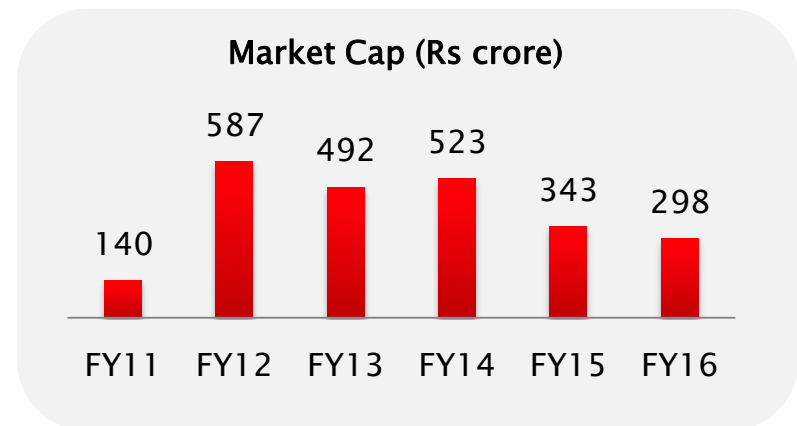
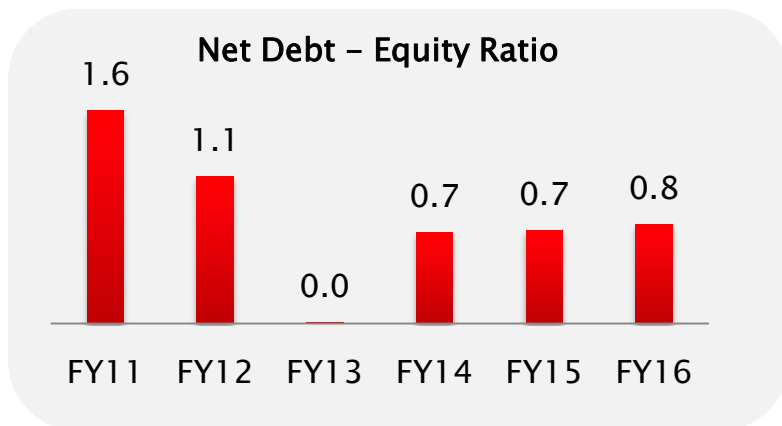
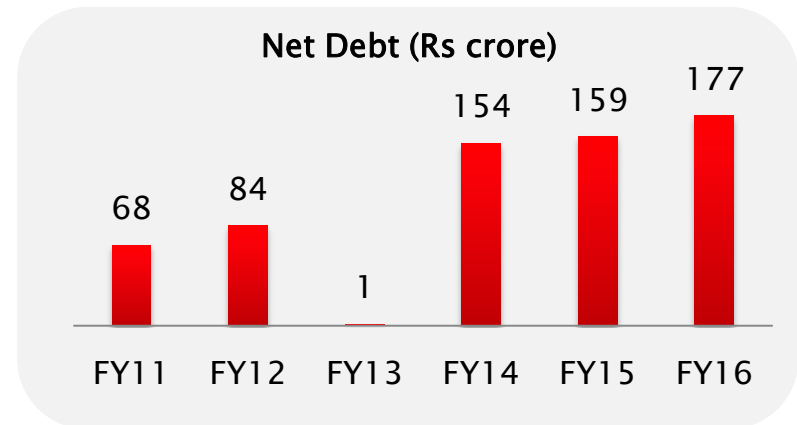
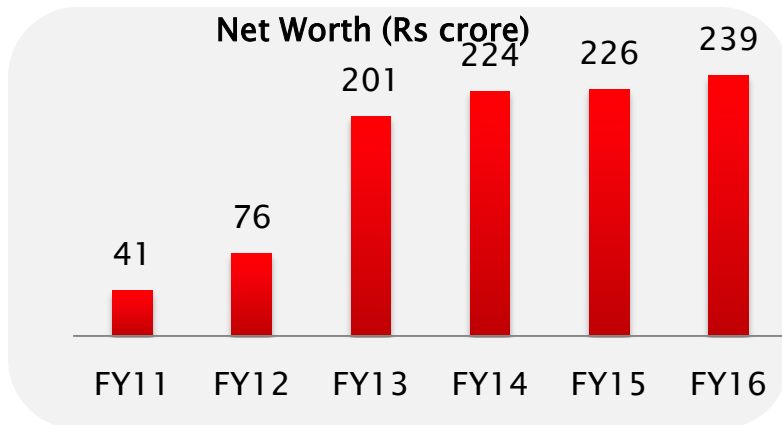


Book value per share (Rs)



@ 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



- *Increase in Net debt in FY2016 is mainly due to the funding for Govt. orders in FY16

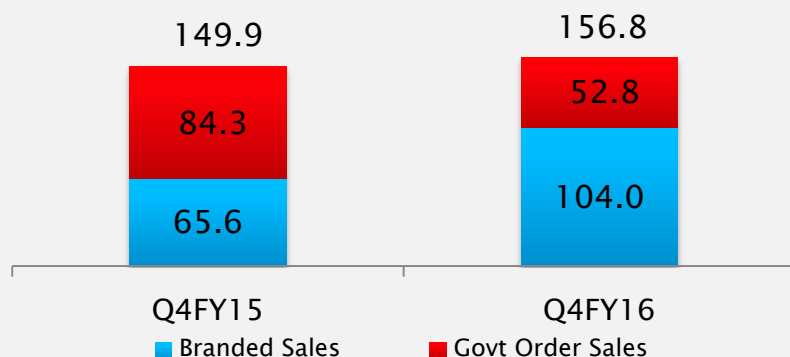


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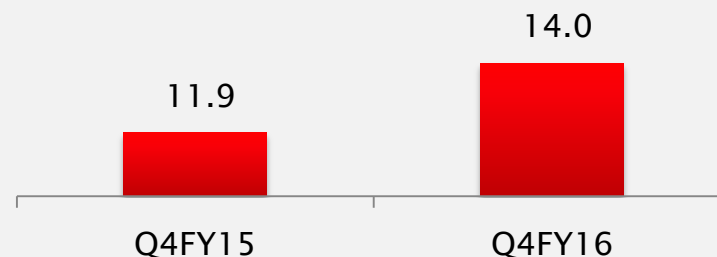
Q4 & FY16 Operating Performance & Highlights

Q4 FY16 – Performance highlights

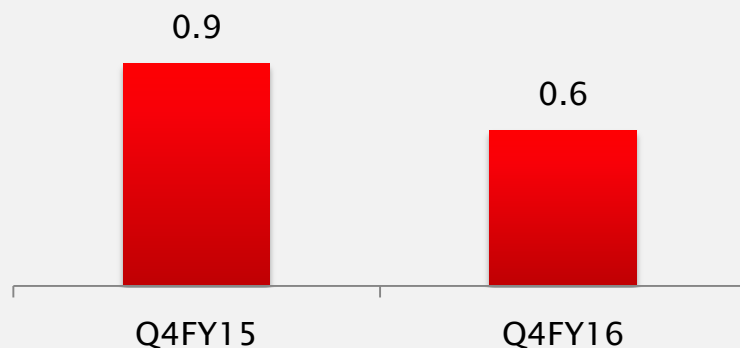
Total Income (Net) (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs crore)

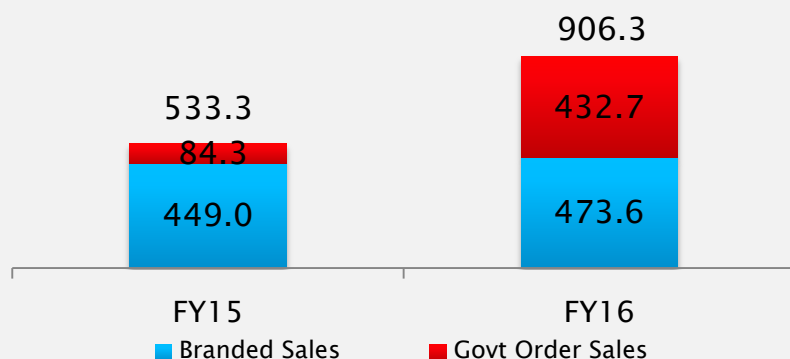


- Total Income (Net) during Q4 FY16 stood at Rs. 156.8 crore, registering a growth of **4.6%** Y-o-Y
 - Branded sales grew by **58.5%** on a Y-o-Y basis to Rs. 104.0 crore in Q4 FY16 due to lower base effect
- EBITDA improved by **17.6%** and stood at Rs. 14 crore in Q4 FY16 as against Rs. 11.9 crore in Q4 FY15
- PAT stood at Rs. 0.6 crore in Q4 FY16, translating into an EPS of Rs. 0.3

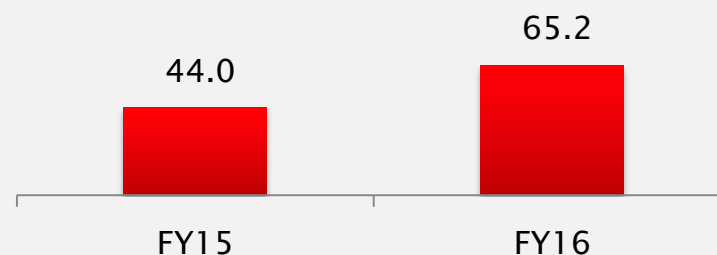
Detailed Performance Overview discussed on Slide 29

FY16 – Performance highlights

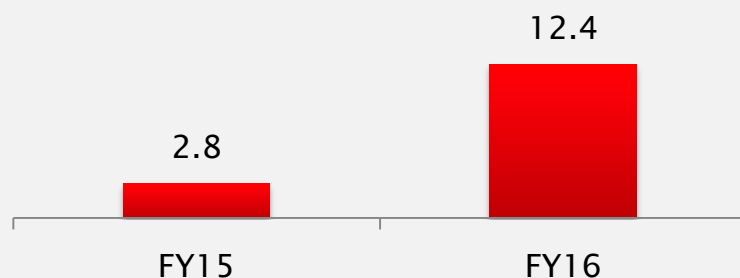
Total Income (Net) (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs crore)



- Total Income (Net) during FY16 stood at Rs. 906 crore
 - Within total revenues, Branded Sales was higher by **5.5%** on a Y-o-Y basis to Rs. 473.6 crore in FY16
- EBITDA stood at Rs. 65.2 crore in FY16 as against Rs. 44 crore in FY15, registering a growth of **48%**
- PAT stood at Rs. 12.4 crore in FY16, translating into an EPS of Rs. 6.9
- Dividend has been declared at **Rs. 1.25** per share

Detailed Performance Overview discussed on Slide 29

Performance Overview for Q4 & FY16

- Branded Net Sales during the quarter saw a growth of 57.7% due to lower base effect and during the year witnessed a growth of 5.5%
- Retail sales during the quarter witnessed a positive growth on a Y-o-Y basis
- Consumer demand in Institutional channels has also seen a revival
- Execution of the Government order (Tamil Nadu & Pondicherry – Awarded in Jan 2015 and August 2015 respectively) has been successfully completed, which had a positive impact on the financial performance of the Company

- *The Company has already undertaken initiatives like new market consolidation, focus on products with value added features, entry into modern retail and ecommerce business formats , focus on Export business and enhanced Marketing & Brand Awareness Activities, which are expected to gain renewed momentum in performance in the upcoming quarters*
- *The Company continues to leverage its strength and position in the Southern markets, while also ensuring optimization of its pan-India expansion strategy*
- *Continued resilient focus on accomplishing Company's long-term secular growth objectives*

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

Key Highlights

Branded Gross Sales (including excise)

(Rs crore)

Product	Q4 FY16	Q3 FY16	Q4 FY15	Y-o-Y Growth	FY16	FY15	Y-o-Y Growth
Branded Market							
Kitchen Appliances	85.3	99.0	45.6	87.1%	387.7	367.4	5.5%
Cooker/Cookware	19.4	26.1	11.7	65.8%	86.7	86.5	0.2%
Others	4.4	2.8	8.2	-46.3%	13.1	24.0	-45.4%
Total-Branded	109.1	127.9	65.5	66.6%	487.5	477.9	2.0%
Others (Components / Spares)	4.9	7.3	6.0	-18.3%	46.5	7.1	554.9%
Grand Total	114.0	135.2	71.5	59.4%	534.0	485.0	10.1%

- The Retail market demand was subdued for most part of the year. Given the lower base in FY15, the growth is substantial
- Institutional demand witnessed a positive growth
- Fan category has been discontinued from FY16, which contributed to the reduction in Others product category sales on a Y-o-Y basis

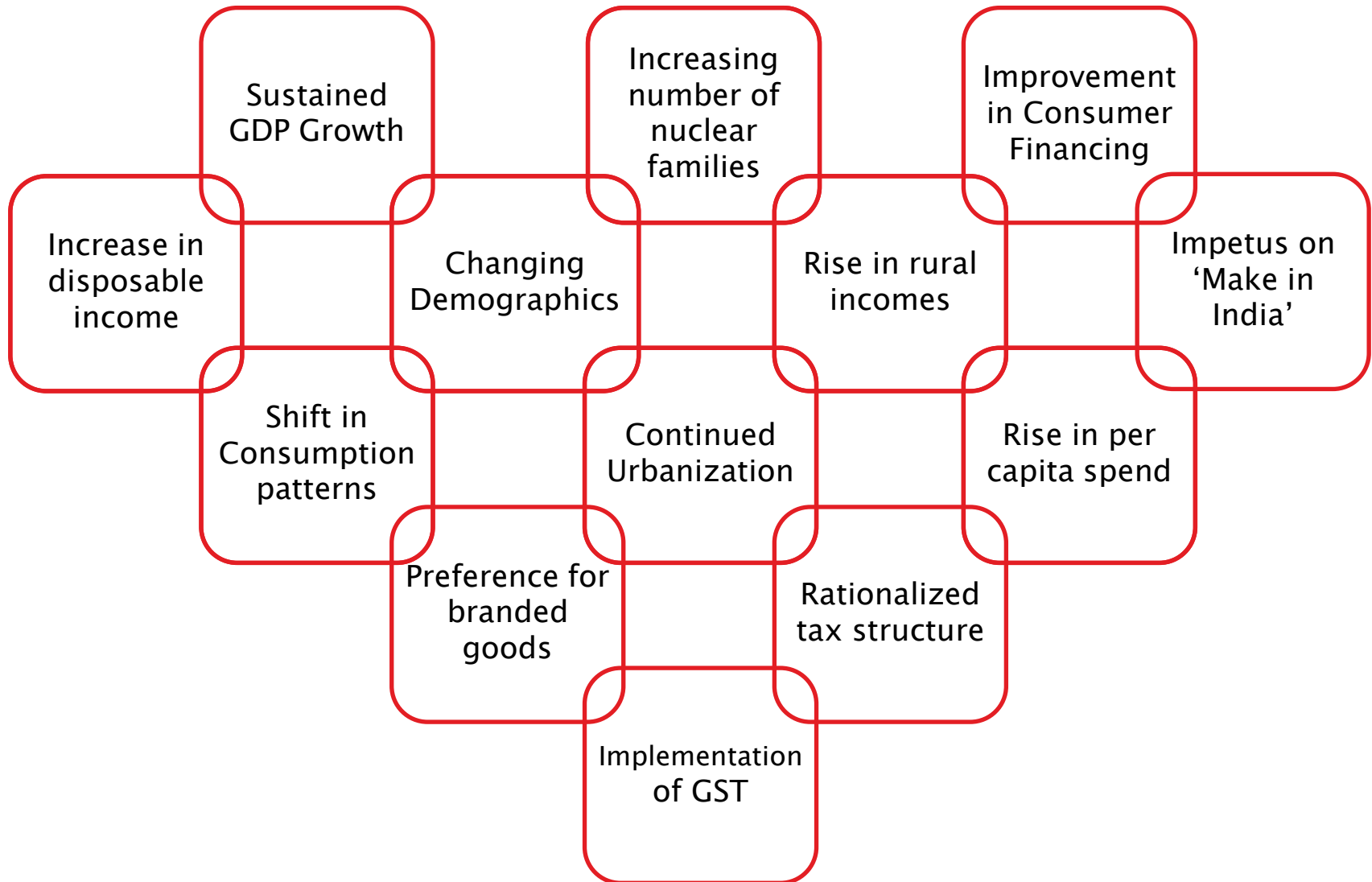


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Outlook



Industry Growth Drivers



Attractive Growth Prospects



Improved Distribution & Sustained Presence

- Currently concentrated in South India which represents over 80% of Branded sales
- Have already extended distribution set-up to western India, increasing maturity is driving sales momentum
- Scaling up distribution network in Central, North & East India
- Pan-India presence being augmented leading to improved market penetration



New Product Pipeline

- Revenues currently dominated by 6 key products
- Total offerings now at more than 20 product categories
- Enhancing product options for mass market as well as premium category



Capacity Expansion





- Planned enhancement of capacity for Pressure Cookers, LPG Stoves and Mixer Grinders has been completed
- Capacity expansion will meet projected medium term growth



Enhanced Marketing & Brand Awareness Activities

- Have launched strong advertisement and brand awareness campaign
- Across multiple media such as newspaper, magazines, television and web
- Investments in advertising & marketing was Rs. 68 crore in FY16
- Advertising and marketing activities will help to leverage the enhanced distribution network and wider market reach

Outlook

CATEGORY	FY16 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	70–75% of Branded Sales in FY16	<ul style="list-style-type: none"> The market scenario remained subdued for most part of the year, especially in Southern markets 	 <p>Retail channel demand will continue to be subdued in the first half of the year and recovery is expected from the second half of FY17</p>
Institutional Channel Sales	25–30% of Branded Sales in FY16	<ul style="list-style-type: none"> Institutional sales is dependent on release of new LPG gas connections Issuance of new LPG gas connections has improved resulting in good growth 	 <p>Consumer demand is expected to improve in the coming quarters</p>
TOTAL BRANDED SALES	Rs. 488 crore		
Government Order Sales	Rs. 461 crore	<ul style="list-style-type: none"> As of Q4 FY16, both TNCSC and Pondicherry Co-Op. Wholesale Stores orders has been successfully completed 	 <p>No new orders are expected in the near future</p>
Component/Spare Sales	Rs. 46 crore	<ul style="list-style-type: none"> Component/Spare sales are done only when we have Govt. orders 	 <p>No new sales are expected in coming year</p>
GROSS REVENUES	Rs. 995 crore		

Thank you
