

PATANJALI FOODS LIMITED

QUARTERLY PERFORMANCE UPDATE

Q2 FY 2023-24 | November 08, 2023

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EXECUTIVE SUMMARY

- **Sustained performance despite volatile edible oil markets**
- **Increase in share of Food & FMCG in overall revenue**
- **New premium product launches to aid further growth and margins**
- **Continued expansion in Oil Palm Plantation**
- **Onboarding MS Dhoni as brand ambassador for edible oil brands**
- **Development of 'PFL – Employee Stock Option Plan 2023' for rollout**

FINANCIAL INDICATORS

Overall Performance

1. Revenue from operations for Q2FY24 clocked at INR 7,821.9 Cr with a growth of 0.7% QoQ and -8.1% YoY
2. Total income, including other income, stood at INR 7,845.8 Cr
3. EBITDA grew to INR 419.2 Cr, 97.8% QoQ and 104.3% YoY
 - i. EBITDA margin improved to 5.3% from 2.7% in previous quarter and 2.4% in the same quarter last year
4. PAT grew to INR 254.5 Cr, by 190.1% QoQ and 126.7% YoY
 - i. PAT margin went up to 3.2% as against 1.1% in previous quarter and 1.3% in the same quarter last year
5. Achieved export sales of ₹ 41.65 cr during the Quarter; the products are exported to 23 countries

FINANCIAL INDICATORS

Segment – Food & FMCG

6. In Q2FY24, the segment sales went up to INR 2,487.6 Cr contributing to 31.8% of revenue from operations of the company vis-à-vis 25.1% contribution in Q1FY24
7. The segment registered a YoY growth of 5.5% compared to Q2FY23
8. In Q2FY24, the segment EBITDA stood at INR 379.3 Cr with an EBITDA margin of 15.3% despite pricing pressure

Segment – Edible Oils

9. Segment achieved sales of INR 5,421.5 Cr during Q2FY24 vis-à-vis INR 5,890.73 cr in Q1FY24
10. Sequential decline in revenue due to further price fall in Q2; while volumes went up by 2.95% on YoY basis

FINANCIAL INDICATORS

11. Segment EBITDA stood at INR -27.1 Cr; against INR -435.2 Cr in Q2FY23 and INR -97.8 Cr in Q1FY24
12. Divergent price moves between spot and future markets along with excessive imports and high inventory levels impacted the margins
13. Careful built-up of hedges and regular churning of positions helped the company in navigating volatile market moves and control losses

Segment – Windmill

14. Segment achieved revenue of INR 17.8 Cr during Q2FY24 with an EBITDA of INR 12.9 Cr

BUSINESS INDICATORS

FOOD & FMCG

15. The Food & FMCG segment's continuous growth, now at 31.7% of total income this quarter, is aligned with the company's vision of balancing FMCG and Oil businesses
16. **Nutrela**
 - i. Highest-ever quarterly sales of Textured Soya Products (TSP), i.e., 8,918 MT, which is 11.27% up from same quarter last year
 - ii. Reaching last-mile remote rural areas through 'Operation Thunder' van campaigns
 - iii. Retail Outlets expanded in number to 3.06 lakh with 9% QoQ growth
 - iv. Initiated research-backed marketing activities with a thrust on enhancing digital presence
17. **Biscuits & Confectionary Business**
 - i. Quarterly revenue has grown from ₹378 Cr last year to ₹456 Cr this year; with 20.6% YoY growth

FINANCIAL INDICATORS

- ii. In Q2, marquee biscuit brands such as Doodh Biscuits grew by ~28% YoY & Nariyal Biscuits by ~68% YoY
- iii. Direct retail outlets have increased from 4,50,000 last year to 1 million in this quarter
- iv. Doodh biscuit clocked in average monthly sales of approx. INR 100+ Cr during Q2

18. Nutraceuticals

- i. New packaging and flavors launched in the 'Nutrela Sports' division, which has grown in the high teens
- ii. Retailer coverage has improved, 1.47 lacs retailers have been registered till Sept'23, as against 69,245 retailers in Mar'23
- iii. Active Distributor count has grown to 851 by end of Q2

19. New Product Launches

- i. *Nutrela MaxxMillets* – Ragi Choco Cereals: Introduced in eastern market also, followed by successful launch in southern markets.

BUSINESS INDICATORS

- i. *Biscuits – Ragi Biscuits & 7-Grain Biscuits*: Newly launched 7 Grain, Ragi and Digestive biscuits getting good response;
- ii. *Nutrela Maxx Nuts*: Listing done on major eCommerce; plan to place at Patanjali's own stores across the country

EDIBLE OILS

- 20. The edible oil prices in physical markets (local INR prices) and Futures Market moved in reverse direction. The hedges did not work effectively
- 21. This divergence in price moves of futures and physical market, where futures trended higher while the physical trended lower, has narrowed in Q2
 - i. The divergence of 3% in Palm Oil and 8% in Soya Oil in Q2, is against 19% and 25% respectively in Q1
- 22. While the markets are in some divergence, the past trend indicates convergence between futures and physical markets; the trend of price normalization is already visible

BUSINESS INDICATORS

23. Company churned its physical positions by continuous selling in the markets, that acted as natural hedge, and replaced its stock with lower rate purchases
24. Conscious reduction in hedge ratio considering the divergent price movements in physical and futures markets
 - i. Hedge ratio has come down from 38% in June end to nearly 25% in September end
25. Celebrity engagement as the brand ambassador for elevation of our branding initiatives
26. Branded sale continues to contribute more than 3/4th of the total sales value
27. Premium Oils sales has grown by 49% on a yearly basis

Oil Palm Plantation

28. More than 4,500 Ha of plantations developed pan India during the quarter. Total area under plantation is now 68,498 ha
 - i. Rapid expansion underway: 28% of plantation is less than 3 years old

BUSINESS INDICATORS

29. 15 Lakh Seed Sprouts imported during the quarter
30. Mega Oil Palm Plantation Drive was conducted in Seven States under Government of India initiative
31. MOA signed with Department of Horticulture, Andhra Pradesh on allotment of 13 new Mandals in 3 districts
32. Establishment of eight nurseries across five states during the quarter; total nurseries are now 37
33. 75 Farmer Producer Organizations (FPOs) have been incorporated till date, out of total allotted 202 FPOs

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