

Agro Tech Foods Limited

2nd December, 2019

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Codes: BSE Scrip code 500215, Co. code 1311
 NSE Symbol ATFL, Series EQ-Rolling Settlement

Dear Sirs,

Sub: **Disclosure under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

Further to our earlier letter dated 18th November, 2019 regarding hosting of an analyst and investor meet scheduled to be held on 2nd December, 2019 at Mumbai, we are enclosing a copy of the presentation proposed to be shared to analysts and investors at the said meet. The presentation would also be placed on the website of the Company.

You are requested to take this on record.

Thanking you,

Yours faithfully,
For Agro Tech Foods Limited


JYOTI CHAWLA
COMPANY SECRETARY



Encl. a/a.

ATFL an affiliate of
ConAgra
Foods
Food you love

ATFL Investor Update

Mumbai, December 2nd, 2019

Presentation Structure

- Performance Summary by Category
- Competitive Update
- Overall Summary & Key Priorities

Performance Highlights by Category

Ready to Cook Snacks

| | <u>Q2, FY'20</u> | <u>YTD FY'20</u> |
|--------|------------------|------------------|
| Volume | +12% | +9% |
| Value | +14% | +13% |



- Continued strong growth in Ready to Cook Popcorn driven by Distribution Expansion and Media support.
- Portfolio expanded with addition of Sweet Corn – significant unmet consumer need.
 - Current offerings - shelf stable format- expensive with limited distribution.
 - Act II has clear “right to win” – relevant adjacency.
 - Opportunity to create a meaningful category with broad scale distribution.
 - Initial challenges addressed and national roll out underway.
- Strong growth in Popcorn combined with roll out of Sweet Corn provides a platform for robust category growth for ATFL.



Ready to Eat Snacks

| | <u>Q2, FY'20</u> | <u>YTD FY'20</u> |
|--------|------------------|------------------|
| Volume | +14% | +30% |
| Value | +7% | +22% |



- Continued strong growth in strategic Ready to Eat Popcorn (+ 52 %). Clearly, the largest national player with presence across segments and price points. Continue to drive robust growth based on Distribution Expansion.
- Steady growth in Extruded Snacks (+37%). Work towards refining business model to determine optimal town coverage with commencement of Unnao & Chittoor.
- Overall growth dragged down by Act II Nachoz (-20%). Supply chain issues post Unnao fire in November 2018 will be resolved by Q4. Post this we will move once again focus on strengthening our share of the Tortilla Chips category.
- Continue to leverage the Rs.34,000 crore Snacks category to support Revenue & Profit growth

Spreads

| | <u>Q2, FY'20</u> | <u>YTD FY'20</u> |
|--------|------------------|------------------|
| Volume | +12% | +13% |
| Value | +9% | +11% |

- Continued development of the Rs.300 crore “Nut & Seed Based Spreads” category with clear leadership at c 35% share . More than 2X of the next closest competitor.
- Strengthen Nut Butter leadership with PBJ, PBC & other Nut based Spreads e.g. Almond Butter.
- Leverage Nut Butter capability to enter the Rs.180 crore “Chocolate Spreads” category.
- Superior cost structure combined with retailing capabilities enables significant opportunity to grow the category basis high quality affordable offerings.



Breakfast Cereals

- Entry into the Rs.2,500 crore category with center filled extruded cereals
- Visible competitive advantage – significantly superior product to competitive offerings at a better value.
- Clear cost superiority vs competitive players – in house vs contract manufacturing.
- Leverage retailing coverage to drive distribution and address unmet consumer need at an affordable price point.
- Scale up current offering through distribution expansion and if required variant options.
- Follow through with new offerings in the Category while staying away from Corn Flakes & Commodity Oats.



Chocolate Confectionery

- Entry into the Rs. 14,000 crore Category through Nut & Seed based confectionery.
- Initial launch with Coconut Based variant – significant unmet consumer need - follow through with Peanut Butter, Almond and other Nut based variants.
- Strong competitive advantage given existing in house, co-located Nut Butter capabilities.
- National rollout underway.
- Low Cost structure combined with retailing power offers a clear runaway for growth.



Edible Oils

| <u>Sundrop</u> | <u>Q2, FY'20</u> | <u>YTD FY'20</u> |
|----------------|------------------|------------------|
| Volume | -3% | -3% |
| Value | -5% | -5% |

| <u>Crystal</u> | <u>Q2, FY'20</u> | <u>YTD FY'20</u> |
|----------------|------------------|------------------|
| Volume | -23% | -18% |
| Value | -22% | -16% |



- While Volume/Value Index of Sundrop close to the acceptable range of 96-104, work underway to bring this closer to the acceptable upper end of the range for Revenue purposes. Necessary choices made accordingly to ensure sustainability of Gross Margin.
- Crystal Volume/Value index reflects ongoing commodity cycles which will even out over time.

Competitive Update

Snacks: Media Spends

| <i>Rs. Million</i> | FY-12 | FY-13 | FY-14 | FY-15 | FY-16 | F-17 | F-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19 | F-19 | Q1-20 | Jul'19 | Aug'19 | Sep'19 | Q2-20 | Oct'19 |
|-----------------------|-------|-------|-------|-------|-------|------|------|-------|-------|-------|-------|------|-------|--------|--------|--------|-------|--------|
| ACT II | 59 | 140 | 71 | 130 | 127 | 125 | 80 | 0 | 11 | 11 | 12 | 34 | 11 | 6 | 5 | 5 | 16 | 4 |
| Lays | 624 | 848 | 639 | 526 | 326 | 148 | 374 | 79 | 8 | 115 | 50 | 252 | 84 | 120 | 40 | 16 | 177 | 37 |
| Kurkure | 309 | 656 | 498 | 571 | 503 | 202 | 259 | 151 | 42 | 106 | 105 | 405 | 74 | 59 | 9 | 1 | 69 | 42 |
| Doritos | | | | | | | 128 | 10 | 73 | 67 | 0 | 150 | 51 | 58 | 0 | 33 | 90 | 62 |
| Cheetos | | | | | | | | 0 | 15 | 31 | 0 | 46 | 18 | 16 | 0 | 0 | 16 | 0 |
| Bingo | 362 | 346 | 666 | 688 | 636 | 684 | 964 | 152 | 157 | 266 | 239 | 814 | 302 | 57 | 51 | 94 | 201 | 77 |
| Crax | 0 | 0 | 6 | 44 | 54 | 48 | 54 | 9 | 38 | 30 | 29 | 106 | 31 | 12 | 22 | 1 | 35 | 11 |
| Yellow D | 0 | 0 | 0 | 65 | 134 | 248 | 146 | 115 | 60 | 42 | 39 | 256 | 36 | 14 | 10 | 10 | 34 | 12 |
| Mexitos | | | | | 25 | 60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cornitos | 0 | 0 | 0 | 0 | 0 | 10 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Too Yumm | | | | | | | 137 | 139 | 77 | 134 | 110 | 460 | 136 | 76 | 28 | 7 | 111 | 0 |
| Balaji | | | | | | | | | | | 21 | 21 | 21 | 19 | 24 | 16 | 60 | 8 |
| Others Tot | 326 | 260 | 159 | 161 | 240 | 420 | 947 | 154 | 193 | 149 | 118 | 614 | 245 | 45 | 85 | 63 | 193 | 0 |
| Category Total | 1680 | 2250 | 2039 | 2185 | 2045 | 1945 | 3089 | 809 | 674 | 950 | 725 | 3157 | 1008 | 483 | 274 | 245 | 1002 | 254 |

Spreads: Media Spends

| <i>Rs Million</i> | FY-13 | FY-14 | FY-15 | FY-16 | FY-17 | FY-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19 | FY-19 | Q1-20 | Jul'19 | Aug'19 | Sep'19 | Q2-20 | Oct'19 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|-------|--------|
| Kissan Jam- Total | 254 | 207 | 304 | 381 | 357 | 512 | 183 | 188 | 177 | 156 | 704 | 201 | 82 | 78 | 75 | 235 | 69 |
| Sundrop PB | 0 | 0 | 42 | 64 | 56 | 30 | 0 | 6 | 5 | 5 | 16 | 5 | 3 | 2 | 3 | 8 | 2 |
| Patanjali Honey | 0 | 0 | 0 | 102 | 317 | 182 | 11 | 16 | 28 | 40 | 95 | 7 | 0 | 0 | 0 | 0 | 0 |
| Dabur Honey | 44 | 69 | 69 | 203 | 134 | 180 | 28 | 42 | 93 | 43 | 206 | 28 | 3 | 15 | 1 | 19 | 17 |
| Lion Honey | 25 | 18 | 18 | 15 | 9 | 7 | 1 | 4 | 1 | 2 | 8 | 0 | 0 | 4 | 4 | 8 | 1 |
| Apis Honey | 0 | 0 | 0 | 2 | 16 | 65 | 0 | 0 | 20 | 5 | 25 | 1 | 3 | 0 | 0 | 3 | 0 |
| Hershey's Spreads | 0 | 0 | 0 | 0 | 54 | 159 | 14 | 59 | 40 | 53 | 166 | 22 | 21 | 13 | 0 | 34 | 0 |
| Tracked Brands Total | 323 | 294 | 433 | 767 | 943 | 1135 | 237 | 315 | 364 | 304 | 1220 | 264 | 113 | 111 | 79 | 307 | 88 |

Breakfast Cereals: Media Spends

| Rs Million | FY-17 | Q1-18 | Q2-18 | Q3-18 | Q4-18 | FY-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19 | FY-19 | Q1-20 | Jul'19 | Aug'19 | Sep'19 | Q2-20 | Oct'19 |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|-------|--------|
| Kelloggs Cornflakes - Total | 202 | 19 | 42 | 59 | 145 | 265 | 71 | 151 | 42 | 125 | 390 | 66 | 5 | 2 | 24 | 31 | 4 |
| Kelloggs Chocos Fills | 0 | 0 | 0 | 73 | 52 | 125 | 38 | 61 | 49 | 54 | 203 | 17 | 0 | 0 | 0 | 0 | 0 |
| Kelloggs Chocos - Total | 310 | 53 | 41 | 153 | 115 | 362 | 92 | 141 | 138 | 137 | 509 | 104 | 50 | 40 | 22 | 112 | 18 |
| Kelloggs Muesli | 0 | 16 | 2 | 55 | 45 | 118 | 62 | 56 | 54 | 67 | 239 | 71 | 50 | 0 | 0 | 50 | 0 |
| Kelloggs Special K | 31 | 43 | 24 | 12 | 0 | 79 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kelloggs Oats - Total | 100 | 24 | 17 | 25 | 0 | 66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kelloggs Granola | | | | | | | | | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nestle NesPlus | | | | | | | | 85 | 10 | 99 | 193 | 0 | 0 | 0 | 0 | 0 | 0 |
| Chings Snacky Oats | 0 | 0 | 0 | 29 | 11 | 40 | 0 | 0 | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Horlicks Oats | 38 | 27 | 6 | 11 | 17 | 61 | 13 | 9 | 16 | 17 | 55 | 2 | 0 | 0 | 0 | 0 | 0 |
| Saffola Oats - Total | 322 | 118 | 99 | 66 | 0 | 283 | 97 | 62 | 61 | 49 | 268 | 226 | 20 | 40 | 16 | 76 | 39 |
| Patanjali Breakfast Series | 1 | 12 | 4 | 3 | 5 | 24 | 5 | 0 | 0 | 4 | 10 | 5 | 0 | 0 | 0 | 0 | 0 |
| Quaker Oats | 102 | 7 | 70 | 5 | 82 | 164 | 7 | 12 | 25 | 66 | 110 | 89 | 0 | 59 | 26 | 86 | 0 |
| Soulful | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 6 | 1 | 17 | 0 |
| Tracked Brands Total | 1,106 | 319 | 305 | 418 | 420 | 1,462 | 347 | 516 | 347 | 566 | 1,776 | 563 | 134 | 148 | 89 | 371 | 61 |

Chocolate Confectionery: Media Spends

| <i>Rs Million</i> | Q1-17 | Q2-17 | Q3-17 | Q4-17 | FY-17 | Q1-18 | Q2-18 | Q3-18 | Q4-18 | FY-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19 | FY-19 | Q1-20 | Jul'19 | Aug'19 | Sep'19 | Q2-20 | Oct'19 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|------------|
| 5 Star | 212 | 138 | 146 | 146 | 642 | 115 | 108 | 146 | 374 | 743 | 147 | 53 | 148 | 194 | 542 | 100 | 58 | 29 | 103 | 190 | 79 |
| Bournville | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 19 | 11 | 44 | 0 | 0 | 0 | 21 | 21 | 0 | 0 | 0 | 0 | 0 | 0 |
| Celebrations | 3 | 50 | 89 | 0 | 142 | 6 | 73 | 55 | 4 | 138 | 0 | 103 | 109 | 0 | 212 | 12 | 37 | 99 | 0 | 136 | 129 |
| Dairy Milk | 223 | 504 | 296 | 576 | 1599 | 494 | 453 | 637 | 645 | 2229 | 416 | 641 | 473 | 480 | 2010 | 608 | 256 | 188 | 395 | 839 | 225 |
| Fuse | 0 | 0 | 81 | 145 | 226 | 94 | 104 | 127 | 273 | 598 | 132 | 125 | 44 | 130 | 431 | 149 | 51 | 21 | 45 | 117 | 38 |
| Gems | 81 | 20 | 80 | 102 | 282 | 57 | 128 | 130 | 100 | 415 | 118 | 68 | 16 | 83 | 285 | 177 | 35 | 20 | 28 | 83 | 0 |
| Perk | 169 | 39 | 24 | 0 | 232 | 110 | 95 | 56 | 59 | 320 | 90 | 87 | 5 | 82 | 264 | 235 | 115 | 40 | 34 | 189 | 1 |
| Kinder Joy | 196 | 307 | 151 | 220 | 875 | 186 | 80 | 115 | 103 | 484 | 171 | 252 | 232 | 131 | 786 | 146 | 58 | 326 | 117 | 501 | 115 |
| Amul | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 3 | 4 | 7 | 0 | 3 | 30 | 27 | 60 | 50 | 4 | 4 | 13 | 21 | 13 |
| Luvit | 36 | 58 | 27 | 53 | 175 | 23 | 9 | 2 | 13 | 47 | 21 | 5 | 30 | 33 | 89 | 26 | 0 | 0 | 0 | 0 | 0 |
| Brookside | 0 | 0 | 20 | 53 | 73 | 5 | 17 | 19 | 6 | 47 | 0 | 91 | 34 | 9 | 134 | 0 | 18 | 29 | 0 | 47 | 30 |
| Kisses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 | 16 | 33 | 5 | 21 | 16 | 20 | 57 | 3 |
| Snickers | 54 | 58 | 39 | 74 | 225 | 52 | 45 | 74 | 46 | 217 | 63 | 47 | 72 | 107 | 289 | 51 | 7 | 45 | 0 | 52 | 48 |
| Alpino | 0 | 0 | 7 | 1 | 9 | 0 | 0 | 13 | 0 | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Milky Bar | 30 | 43 | 8 | 30 | 111 | 7 | 1 | 65 | 62 | 135 | 40 | 58 | 24 | 44 | 166 | 36 | 2 | 32 | 99 | 133 | 23 |
| Munch | 57 | 144 | 35 | 134 | 369 | 65 | 144 | 50 | 155 | 414 | 110 | 122 | 171 | 264 | 667 | 103 | 118 | 94 | 41 | 253 | 80 |
| Kit Kat | 74 | 95 | 61 | 145 | 376 | 40 | 144 | 118 | 295 | 597 | 77 | 144 | 191 | 220 | 632 | 104 | 65 | 84 | 82 | 231 | 127 |
| Atelier | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | 0 | 9 | 0 | 0 | 0 | 0 | 0 | 0 |
| Priyagold | 11 | 1 | 0 | 0 | 12 | 0 | 0 | 0 | 9 | 9 | 43 | 96 | 18 | 15 | 172 | 30 | 6 | 6 | 110 | 122 | 9 |
| Fabelle | | | | | | | | | | | | 3 | 7 | 9 | 19 | 3 | 9 | 0 | 0 | 9 | 5 |
| Tracked Brands Total | 1146 | 1457 | 1064 | 1681 | 5350 | 1254 | 1415 | 1629 | 2159 | 6457 | 1428 | 1898 | 1630 | 1865 | 6821 | 1835 | 859.2 | 1033 | 1087 | 2979 | 924 |

Oils: Media Spends

| <i>Rs Million</i> | F-12 | F-13 | F-14 | F-15 | F-16 | F-17 | F-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19 | F-19 | Q1-20 | Jul'19 | Aug'19 | Sep'19 | Q2-20 | Oct'19 |
|--------------------------------------|------|------|------|------|------|------|------|-------|-------|-------|-------|------|-------|--------|--------|--------|-------|--------|
| Sundrop Heart | 88 | 94 | 50 | 65 | 46 | 34 | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Saffola | 121 | 212 | 356 | 291 | 338 | 320 | 588 | 198 | 67 | 78 | 201 | 544 | 248 | 33 | 52 | 38 | 123 | 56 |
| Total Premium | 209 | 306 | 406 | 356 | 384 | 354 | 609 | 198 | 67 | 78 | 201 | 544 | 248 | 33 | 52 | 38 | 123 | 56 |
| Fortune | 0 | 203 | 356 | 148 | 319 | 828 | 666 | 135 | 130 | 114 | 164 | 543 | 209 | 32 | 69 | 92 | 193 | 64 |
| Emami Ltd. | | | | | 156 | 137 | 1214 | 185 | 184 | 151 | 128 | 647 | 207 | 33 | 39 | 46 | 118 | 64 |
| Modi Natural Ltd. (Oleev) | | | | | | 27 | 41 | 0 | 16 | 4 | 10 | 30 | 9 | 8 | 8 | 1 | 17 | 0.1 |
| Patanjali | | | | | 103 | 354 | 966 | 46 | 43 | 50 | 32 | 170 | 18 | 1 | 0 | 1 | 2 | 0 |
| Wagga Wagga | | | | | | | 81 | 1 | 1 | 0 | 0 | 2 | 1 | 2 | 1 | 1 | 4 | 0 |
| Tracked Brands Total | 209 | 509 | 762 | 504 | 961 | 1700 | 3576 | 563 | 441 | 397 | 534 | 1936 | 692 | 107 | 170 | 179 | 456 | 184 |
| Others | 722 | 915 | 815 | 1280 | 1876 | 2153 | 1672 | 358 | 392 | 499 | 404 | 1652 | 434 | 209 | 523 | 223 | 955 | 289 |
| Category Total | 931 | 1424 | 1577 | 1784 | 2837 | 3853 | 5248 | 922 | 833 | 896 | 938 | 3588 | 1126 | 316 | 693 | 402 | 1411 | 473 |

Summary & Way Forward

The Last 12 Months

- Distribution Expansion & Media Support have brought Ready to Cook Popcorn back to Double Digit Growth. Sweet Corn will further accelerate.
- Continued growth in Ready to Eat Snacks including building of premium end of RTE Popcorn. However, impact of Unnao fire visible on total growth.
- Faster than planned Chocolate Spreads launch along with readiness for Almond Butter.
- Resumption of supplies of Popz to penetrate the Breakfast Cereals category.
- Entry into the Chocolate Confectionery Category.

The Outcome !



Ready to Cook Snacks



Ready to Eat Snacks



Breakfast Cereals



Spreads



Chocolate Confectionery



Edible Oils

- Contours of a well diversified Foods Company now clear with strong competitive advantage in 90%+ of choices & a growth model based on Affordability and low A&P spending.
- Established coverage of 0.4 to 0.5 MM stores with a low cost structure relative to Retailing based Competitors & a portfolio which enables sustained Distributor Expansion.

The Next 12 Months

- Continue to expand Distribution of RTC Popcorn. Start to build Sweet Corn as a meaningful category.
- While building RTE Popcorn, move Nachos into an aggressive growth phase - with commencement of Unnao & Chittoor plants. Continue to support overall supply chain through growth in Extruded Snacks.
- Continue driving Peanut Butter Category. Scale up Cocoa Nut to take significant share of Chocolate Spreads through category expansion.
- Scale up Popz through Distribution Expansion and Consumer Acquisition through Trial. Rapidly build category share through Variants and New Cereal products.
- Use the upcoming winter months to master the Chocolates supply chain with the current Duo variant. Post our first summer in 2020 significantly scale up the business and create a clear “Nut & Seed Based Chocolate” niche.
- Maximize the Gross Margin from the Edible Oils business.

Expectations

- Continue to see strong growth in Foods...building blocks in place for further acceleration in growth levels. Powerful new product additions - 4 New Categories and significant Value for Money offerings provides credibility.
- In Q2, FY'20 Foods accounted for 43% of Company Gross Margin - expect that in the near term Foods will cross 50% share of Company GM. At this level ATFL will reach a stage where acceleration in Foods Gross Margin will significantly outpace any attrition in Oils.
- This expansion of Gross Margin will enable us to increase the investment behind our brands while continuing to improve profitability.
- Further accelerate the growth of Foods and Coverage Expansion and set us on the path of virtuous growth.
- Amongst a handful of FMCG companies that have built a solid retail based coverage of c 0.5 MM in the recent past. Now leverage our outstanding portfolio to set a goal of 1 MM stores.
- Join the ranks of “India’s Best Performing Most Respected Food Companies”.