



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Result Update @ Dalal & Broacha

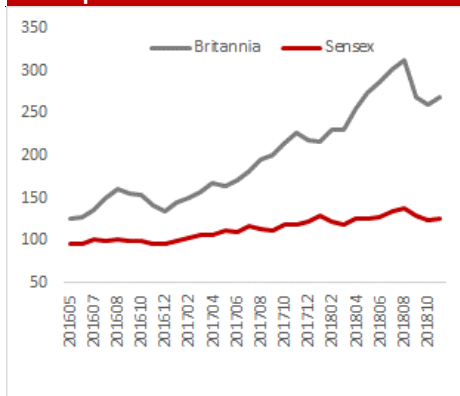
ACCUMULATE

Current Price	5780
52 Week Range	4400/6944

Key Share Data

Market Cap (Rs.bn)	694.21
Market Cap (US\$ mn)	9575.31
No of o/s shares (mn)	120
Face Value	2
Monthly Avg.	
vol(BSE+NSE) Nos'000	170.58
BSE Code	500825
NSE Code	BRITANNIA
Bloomberg	BRIT:IN

Price performance



% Shareholding	Sept-18	June-18
Promoters	50.66	50.70
Institutions	28.84	29.08
Others	20.50	20.22
Total	100.0	100.0

Britannia Q2FY19 Consolidated Results were in-line with expectations, with double digit volume growth for 4th consecutive quarter: Net Revenues increased by 12.5% YoY to Rs 28548mn supported by volume and premiumization. Q2FY19 EBIDTA grew by 20% YoY to Rs 4543.6mn. EBIDTA margins stood at 15.8% v/s 14.8% YoY (Raw Materials to Revenues stood at 60% v/s 62.2% YoY)

Other Income declined by 13.5% YoY to Rs 439.6mn. PAT increased by 16% YoY to Rs 3030.3mn. EPS H1FY19 stood at Rs 46.74 as against Rs 39.75 YoY

Concal KTA's

Market momentum is reasonable and the current growth to continue
Value products contribution within the industry has decreased from 50% to 40% / for Britannia it stands at ~20% to 25%

Innovative products (introduced 24 months prior) * contribute ~5%

Launch Gooday Cashew and Almond @ Rs 5 price point

New Category products launched: Crème Wafers in 4 flavours @ Rs 25 (Market Size Rs 4bn to 5bn CAGR +20%) / **Croissant** will be launched in Q4FY19 (trial production started capacity 200mn pieces a year)

Distribution Direct Reach 19.9mn outlets (v/s 18.4mn Mar-18) adding 2.5 lacs on an average per year / Rural stock points 16500 v/s 14400 (Mar-18)

Hindi Belt growing 1.5x faster ~30-35% of Biscuit Revenues

Outsourced: In-House production in volume terms* 45:55

INTERNATIONAL: double digit growth / **Mundra Factory** giving cost advantage / Q4FY19 Nepal facility will start

DAIRY: launched (15-days ago) **Milk Shake** in Tetra packs under Winking Cow brand @ price point of Rs 25/- in 4 flavours (Chocolate, Vanilla, Strawberry and Mango), response is positive / **Dairy Whitener** in jar launched (Market Size Rs 30bn B2C)

RAW Materials: Overall Inflation was ~4% for Britannia since **hedged** up to Jan-19, expect inflation of 4-4.5% post that / price increase ~3to3.5% would be taken in Q4FY19

Cost Efficiency Program @ Rs 225crs in FY19

Ad-Spends in H1FY19 +20% YoY on account of 100 years completion/ should moderate in H2FY19

Bread business model change now do not buy finished goods, in-fact supply raw mat to vendors and gets it made

RANJANGAON facility: commercialised / Marie-Gold line started / additional 2-lines at various stages of start-up/ At full capacity this facility would be ~ 10-11% of national capacity i.e. ~130000 tons

Capex: FY19 Rs 5bn

Valuations @ Rs 5780: 58x its FY19e EPS of Rs 100 and 48x its FY20e EPS of Rs 121. Maintain Accumulate for Longterm.

Financials Consolidated (Rs. Mn)

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY17	90,541	8	12,782	14.1	8,846	7	73.7	78	33	41
FY18	99,140	9	15,017	15.1	10,040	13	83.6	69	29	38
FY19E	114,011	15	18,035	15.8	11,990	19	100	58	29	38
FY20E	134,503.7	18	21,734.6	16.2	14,531	21	121	48	28	37



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Particulars (Rs Mns)	Q2FY18	Q2FY19	H1FY18	H1FY19
Net Sales	25365.3	28548.1	47613.5	53820.5
<i>Growth</i>		12.5%		13%
Other Op Income	87.60	147.80	476.4	313.7
<i>Growth</i>		68.7%		-34%
Total OP Income	25452.9	28695.9	48089.9	54134.2
<i>Growth</i>		12.7%		13%
Add: O. Income	508.2	439.6	860.2	859.7
<i>Growth</i>		-13.5%		0%
Total Income	25961.1	29135.5	48950.1	54993.9
EXPENDITURE				
Inc/Dec in stk	-663.3	-103.1	-918.9	17.6
Cons of R. Mat	-12913.5	-14387.3	-24494.4	-27097.0
Purch of Trad Goods	-2263.4	-2714.4	-4299.8	-5388.9
RAW MATERIALS	-15840.2	-17204.8	-29713.1	-32468.3
<i>Growth</i>		8.6%		9%
<i>% of Op Income</i>	-62.2%	-60.0%	-61.8%	-60.0%
Employee Cost	-1069.8	-1080.4	-1996.1	-2166.5
<i>Growth</i>		1.0%		9%
<i>% of Op Income</i>	-4.2%	-3.8%		-4.0%
O. Exps	-4766.4	-5867.1	-9319.1	-11062.1
<i>Growth</i>		23.1%		19%
<i>% of Op Income</i>	-18.7%	-20.4%		-20.4%
Total Expenditure	-21676.4	-24152.3	-41028.3	-45696.9
<i>Growth</i>		11.4%		11%
EBIDTA	4284.70	4983.20	7921.80	9297.0
EBIDTA Less O. Inc	3776.50	4543.60	7061.60	8437.30
<i>Growth</i>		20.3%		19%
EBIDTA MARGINS	14.8%	15.8%	14.5%	15.6%
Less Int	-14	-24.2	-26.7	-48.6
<i>Growth</i>		72.9%		82%
Less Depn	-336.4	-369.3	-668.3	-725.7
<i>Growth</i>		9.8%		9%
<i>Less Exceptional</i>			0.0	0.0
PBT Before Exceptional	3934.30	4589.70	7226.80	8522.70
<i>Growth</i>		16.7%		18%
PBT	3934.30	4589.70	7226.80	8522.70
Less Tax	-1325.50	-1558.90	-2458.3	-2910.7
TAX RATE	-33.7%	-34.0%	-34.0%	-34.2%
<i>Extraordinary Net</i>			0.0	0.0
PAT	2608.80	3030.80	4768.50	5612.00
<i>Growth</i>		16.2%		18%
PAT Adjusted	2608.80	3030.80	4768.50	5612.00
Share of Profit/Loss from Associate	1.5	-0.5	3.0	-0.9
PAT Reportd	2610.30	3030.30	4771.50	5611.10
PAT Adjusted	2610.3	3030.3	4771.5	5611.1
<i>Growth</i>		16.1%		18%
<i>NPM</i>	10.1%	10.4%		
Other Comprehensive Income (net of Tax)	9.5	63.7	5.7	115.3
Total Comprehensive Income	2619.8	3094.0	4777.2	5726.4
Equity	240.1	240.1	240.1	240.1
EPS (Reported PAT)	21.74	25.24	39.75	46.74
EPS (Adjusted PAT)	21.74	25.24	39.75	46.74
<i>Growth</i>		16.1%		18%
OPM	14.8%	15.8%	14.7%	15.6%
NPM	10.0%	10.4%	9.7%	10.2%
Tax Rate	-33.7%	-34.0%	-34.0%	-34.2%



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