



Aditya Birla Fashion and Retail: Business shows recovery; balance sheet strengthened to accelerate growth

Performance Highlights

1. Q2 shows good recovery over Q1 with gradual opening of stores in the quarter.
 - a. Sales in Q2 grew by 218% over Q1
 - b. Store network operating at 96% by September
2. Successful capital raise of Rs. 2500 Cr announced this fiscal to bolster balance sheet
 - a. Announced fund raise of Rs. 1500 Cr. from Flipkart Group last month
 - b. This is further to a successful rights issue of Rs. 1000 Cr in Q1
3. Company delivered an EBITDA of Rs. 136 Cr despite revenue decline of 55% due to strong cost rationalization measures
4. Company accelerated its various strategic initiatives during the quarter
 - a. Rapid strides in digitization to enable e-commerce and Omni-channel retailing
 - b. Launched series of product innovations – safety, anti-viral property across products, Work from home collections to align product portfolio with evolving consumer needs
5. Store expansions back on track, added over 100 stores across businesses

Financial Performance

The Board of Directors of the Company at its meeting today approved the results for the quarter ended 30th Sep 2020. These financials are post factoring in necessary adjustments under Ind AS 116.

Consolidated Financials

<i>In Rs. Cr.</i>	Q1 FY21	Q2FY21	Growth QOQ	Q2 FY20	Growth YOY
Revenue	323	1028	218%	2308	-55%
EBITDA	-182	136		356	
PAT	-410	-188		-2	

Following an almost washout quarter in June in the wake of COVID 19 pandemic, the September quarter showed signs of swift recovery across businesses. Most of the stores opened with footfalls rising gradually. As a result, the revenues after falling to 16% of the previous year in Q1, recovered to 45% of the previous year in Q2. At Rs. 1028 Cr, the second quarter revenue marked a 218% increase over the previous quarter. The performance was in a constrained environment with sporadic lockdowns and restrictions and continued consumer reluctance to visit stores. Most of the recovery was driven by an agile and innovative mindset, exhibited through the creation of new products and channels. The Company also posted a positive EBITDA of Rs. 136 Cr. vs an EBITDA loss in the previous quarter, signaling a profitable trajectory for the remaining part of this fiscal.

The Company aggressively continued with its cost optimization agenda, wherein, compared to last year's peak, the Company saved Rs. 400+ crores in the quarter. In all, the Company saved ~ Rs. 870 Cr of cost in the first half of the year, which to a large extent mitigated the huge impact on profits caused by massive drop in sales due to the outbreak of COVID 19.

The Company displayed agility and innovation in responding to this crisis, as exhibited through the launch of new innovative products and categories. While on the one hand, lifestyle brands became the No.1 premium mask sellers in the country; Pantaloons, on the other hand, successfully launched home, innerwear products and made significant strides on athleisure and work from home wear. The Company also leapfrogged on digital transformation with a sharp focus around better consumer experience both through a combination of front & back end technology initiatives.

Furthermore, the Company advanced its expansion plans with both the key segments adding new stores. As we move forward, businesses will resume growth initiatives and accelerate expansion.

The Company also announced a capital infusion from Flipkart of Rs. 1500 Cr. Flipkart will hold 7.8% stake in ABFRL upon the successful completion of this transaction. These funds will be utilized to strengthen the balance sheet and pursue growth across current businesses and new lines of business such as innerwear, casual wear and ethnic wear.

OUTLOOK

The Company is confident of consistent recovery in business over the next two quarters and is on track to restore normalcy of operations by Q4 FY21.

The Company remains steadfast in its commitment to delight customers through innovative products, fresh assortment of categories, and unconventional routes to market. This, along with an unwavering focus on optimizing cost and conserving cash and meticulous execution of capital raising initiatives, will enable ABFRL to emerge stronger on the other side of this global crisis.

About Aditya Birla Fashion and Retail Limited

ABFRL is part of a leading Indian conglomerate, The Aditya Birla Group. With revenue of Rs. 8,788 Cr in FY19-20, it is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands and retail formats.

As on 30th September 2020, The Company has a network of 3,025 stores across approximately 26,000 multi-brand outlets with 6,500+ point of sales in department stores across India.

It has a repertoire of market leading brands such as **Louis Philippe, Van Heusen, Allen Solly** and **Peter England** established for over 25 years. **Pantaloons** is one of India's largest value retail brand.

The Company also holds exclusive online and offline rights of **Forever 21**. The International Brands portfolio includes - **The Collective**, India's largest multi-brand retailer of international brands, **Simon Carter** and select mono-brands such as **American Eagle, Ralph Lauren, Hackett London, Ted Baker** and **Fred Perry**.

Van Heusen has established itself as India's most innovative and fashionable **innerwear, athleisure and active wear** brand. Additionally, the company has also made a foray in the branded ethnic wear through investments in **Jaypore** and **Shantanu & Nikhil**.

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