

## **Aditya Birla Fashion and Retail posts 5% YoY revenue growth in Q2FY24 in a sluggish consumption market, further impacted by shift of festive & weak wedding calendar**

### **Performance Highlights for the Quarter**

1. Company posts 5% YoY growth with revenue at Rs. 3226 Cr. for the quarter. Muted revenue growth was on account of sluggish market conditions and the shift of the festive period to Q3
2. Consolidated EBITDA for the quarter stood at Rs. 369 Cr.
  - a. EBITDA margin was 11.4%
  - i. Standalone EBITDA margin was 14.2%
3. ABFRL's store network has now grown to 4050+, adding net 48 stores in this quarter
  - a. Lifestyle Brands added net 17 stores
  - b. Net addition of 5 stores for Pantaloons
  - c. Brands continued to actively expand while also focusing on improving the network health
4. Consistently driving growth through product innovation and category extensions
  - a. Introduced premium sneaker range through Louis Philippe
  - b. Launched cricket inspired range "The Gentlemen's League" in Peter England
  - c. Reebok added the "Space Foam" Walking Range and Performance Sports Line to its offerings
  - d. House of Masaba introduced its first ever bridal collection
5. ABFRL completed the acquisition of TCNS Clothing Co. Ltd., which is now a 51% subsidiary of ABFRL
  - a. Acquisition addresses ABFRL's biggest portfolio gap by adding premium ethnic womenswear segment to its product range
  - b. With brands like W, Aurelia, Wishful, Elleven & Folksong, Company now offers a complete range of ethnic wear.

### **Financial Performance**

The Board of Directors of the Company, at its meeting today, approved the results for the quarter ended 30<sup>th</sup> September 2023. These financials are post factoring necessary adjustments under Ind AS 116.



## Financials – Q2

<i>Standalone In Rs. Cr.</i>	<i>Q2 FY23</i>	<i>Q2 FY24</i>	<i>Growth % (vs. LY)</i>	<i>Consolidated In Rs. Cr.</i>	<i>Q2 FY23</i>	<i>Q2 FY24</i>	<i>Growth % (vs. LY)</i>
<b>Revenue</b>	<b>2953</b>	<b>2995</b>	<b>1%</b>	<b>Revenue</b>	<b>3075</b>	<b>3226</b>	<b>5%</b>
<b>EBITDA</b>	<b>465</b>	<b>426</b>	<b>-8%</b>	<b>EBITDA</b>	<b>418</b>	<b>369</b>	<b>-12%</b>
<b>PAT</b>	<b>80</b>	<b>-75</b>		<b>PAT</b>	<b>29</b>	<b>-200</b>	

## Financials – H1

<i>Standalone In Rs. Cr.</i>	<i>H1 FY23</i>	<i>H1 FY24</i>	<i>Growth % (vs. LY)</i>	<i>Consolidated In Rs. Cr.</i>	<i>H1 FY23</i>	<i>H1 FY24</i>	<i>Growth % (vs. LY)</i>
<b>Revenue</b>	<b>5727</b>	<b>5982</b>	<b>4%</b>	<b>Revenue</b>	<b>5949</b>	<b>6423</b>	<b>8%</b>
<b>EBITDA</b>	<b>969</b>	<b>849</b>	<b>-12%</b>	<b>EBITDA</b>	<b>918</b>	<b>722</b>	<b>-21%</b>
<b>PAT</b>	<b>204</b>	<b>-124</b>		<b>PAT</b>	<b>124</b>	<b>-362</b>	

Our businesses demonstrated notable resilience amid the overall slowdown and added challenges of a shift in festive season and fewer wedding dates. Net profit for the quarter was affected by negative operating leverage resulting from subdued sales in a weak demand environment. Continued growth investments in new businesses also had an impact on profitability for the quarter.

- **Lifestyle brands** – Sales stood at Rs. 1586 Cr., while EBITDA for the business led by gross margin improvement expanded by 18% over the last year to reach Rs. 339 Cr. This resulted in an EBITDA margin of 21.3%, marking an expansion of 430 bps. Brands continued to add new products to their portfolio in line with evolving consumer trends. Louis Philippe introduced a new sneaker range while Peter England launched cricket inspired 'The Gentlemen's League' range in Q2. Brands also deepened focus on enhancing brand visibility through multiple campaigns across channels, especially during the ongoing cricket world cup.
- **Pantaloons** – The business recorded sales of Rs. 1021 Cr., down 7% over last year due to sluggish discretionary demand, especially in the value/masstige fashion space. Non-Pujo markets exhibited YoY growth while the Eastern markets experienced a double digit decline due to the shift in Pujo timing. The private label portfolio continued to excel with its overall



share at 64% in Q2. Pantaloons network has now expanded to 439 stores spanning a retail area of 5.9 Mn. sq.ft.

- **Youth Western wear segment** consists of American Eagle and Forever 21. In Q2, American Eagle achieved a 37% YoY revenue growth led by strong distribution expansion. Brand American Eagle is now available at 49 stores and across top department stores. Meanwhile, Forever 21 remained committed to streamlining its network, emphasizing operational efficiency and expansion of the E-com channel.
- **Reebok** continued its resurgence this quarter, with sales growing 77% over last year, driven by continued distribution expansion. The brand continues to add newer products, increase store throughputs and expand across channels. The brand added net 15 stores to its network in this quarter and is now available across 150+ stores including value stores.
- **Innerwear & athleisure segment** continued to strengthen its presence and engagement through diverse media channel campaigns. The brand also unveiled its inaugural celebrity campaign starring Indian cricketer Hardik Pandya. In H1, the brand expanded its reach by adding over 1600 Multi Brand Outlets (MBOs), bringing its total presence to ~33600 trade outlets.

**Super premium brands**, which include the multi-brand format "The Collective" and other super-premium brands, delivered a strong performance in Q2, with a revenue growth of 26% YoY. Despite the overall slowdown, the network posted a 11% retail L2L growth in Q2.

- **Ethnic businesses** grew ~32% YoY this quarter, driven by network expansion and brand development initiatives. Sabyasachi grew 39% YoY in Q2 led by strong performance in both jewelry & apparel segments. Men's premium ethnic wear brand TASVA is now available at 60+ stores and continues to enhance store experience and strengthen brand awareness. Shantnu & Nikhil posted best ever Q2 so far with 33% growth YoY as its bridge business "S&N" grew to 1.7x of LY. House of Masaba recorded 18% revenue growth over the last year and the brand exited Q2 with 12 stores.
- **TMRW brands** continued to benefit from operational enhancements. TMRW also expanded its portfolio by adding its 8<sup>th</sup> brand, The India Garage Company (TIGC), which specializes in men's casual segment.

## **OUTLOOK**

In the face of persistent market headwinds, ABFRL has navigated another quarter, marked by subdued discretionary spending and a slow rural recovery affecting the value and masstige segments. Despite these market conditions, ABFRL remains steadfast in its commitment to its strategic vision. By doubling down on innovation



with new product launches, enhancing customer interactions and experience, expanding our reach across channels and markets, and streamlining operations, we have laid the groundwork for future growth and resilience. Our unwavering focus on these strategic cornerstones will ensure a strong resurgence as market conditions improve.

## **About Aditya Birla Fashion and Retail Limited**

ABFRL is part of a leading Indian conglomerate, The Aditya Birla Group. With revenue of Rs. 12,418 Cr. spanning retail space of 10.8 million sq. ft. (as on March 31, 2023), it is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands and retail formats.

The Company has a network of 4,056 stores across approximately 34,978 multi-brand outlets with 7,153 point of sales in department stores across India (as on 30<sup>th</sup> September 2023).

It has a repertoire of India's largest brands in **Louis Philippe, Van Heusen, Allen Solly** and **Peter England**, established over 25 years. **Pantaloons** is one of India's leading fashion retailer.

Company's international Brands portfolio includes - **The Collective**, Amongst India's largest multi-brand retailers of international brands and has long term exclusive partnerships with select brands such as **Ralph Lauren, Hackett London, Ted Baker, Fred Perry, Forever 21, American Eagle, Reebok and Galeries Lafayette**.

The Company's foray into branded ethnic wear business includes brands such as **Jaypore, Tasva & Marigold Lane**. The company has strategic partnerships with Designers '**Shantnu & Nikhil**', '**Tarun Tahiliani**', '**Sabyasachi**' and '**House of Masaba**'.

In addition, to cater to the needs of digitally native consumers, ABFRL is building a portfolio of Digital-first brands under its technology led 'House of D2C Brands' venture **TMRW**. **TMRW** is on a path to building a portfolio of Digital First brands in partnership with founders of emerging brands in the E-Commerce market. With a focus on Fashion & Lifestyle categories, **TMRW** is building a portfolio of the most loved consumer brands that tap into the significant growth potential in India and globally.

The Company in Sept 2023 completed the acquisition of 51% stake in TCNS Clothing Co. Ltd. TCNS is India's leading women's branded ethnic apparel company that designs, markets and retails portfolio of women's branded apparel across brands **W, Aurelia, Wishful, Elleven & Folksong**.

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**Disclaimer :** *Certain statements in this "Press Release" may not be based on historical information or facts and may be "forward looking statements" within the meaning of applicable securities laws and regulations, including, but not limited to, those relating to general business plans & strategy of the Company, its future outlook & growth prospects, future developments in its businesses, its competitive & regulatory environment and management's current views & assumptions which may not remain constant due to risks and uncertainties. Actual results could differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any statement, based on any subsequent development, information, or events, or otherwise. This "Press Release" does not constitute a prospectus, offering circular or offering memorandum or an offer to acquire any shares and should not be considered as a recommendation that any investor should subscribe for or purchase any of the Company's shares. The financial figures in this "Press Release" have been rounded off to the nearest Rs. one Crore. The financial results are consolidated financials unless otherwise specified.*