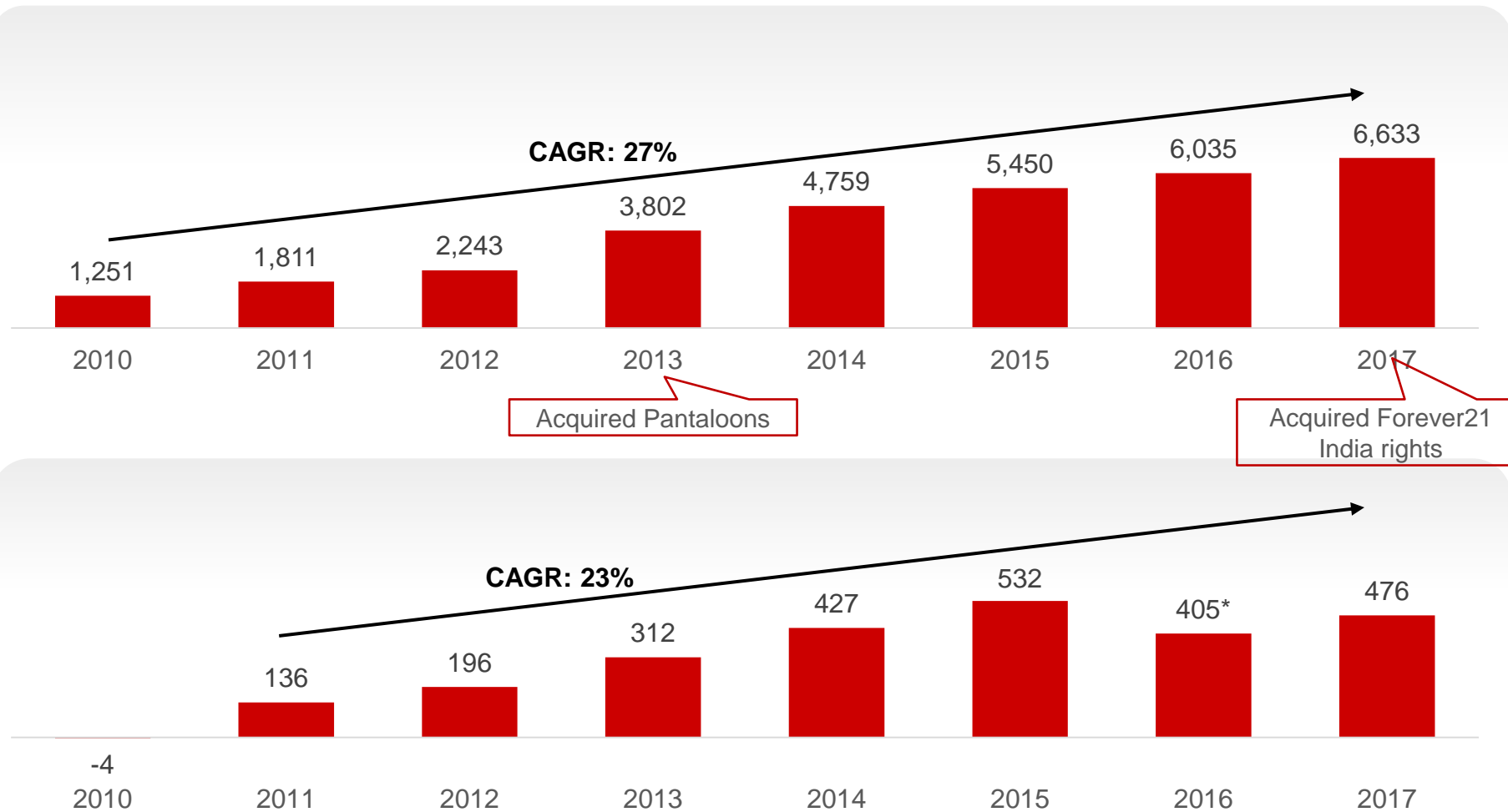




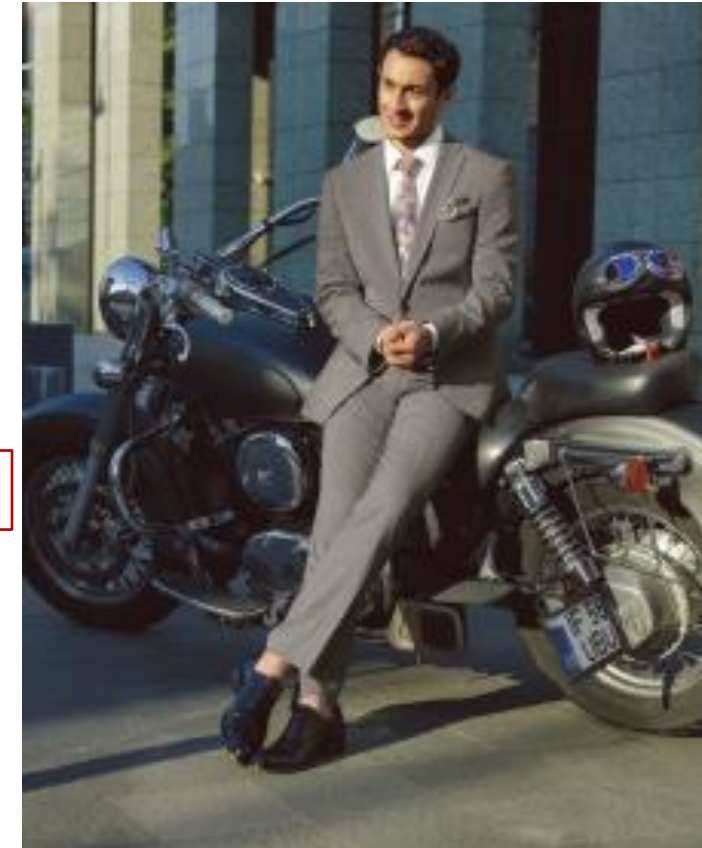
Aditya Birla Fashion and Retail Limited

Performance Highlights – Q4 FY16-17

In Rs. Crores

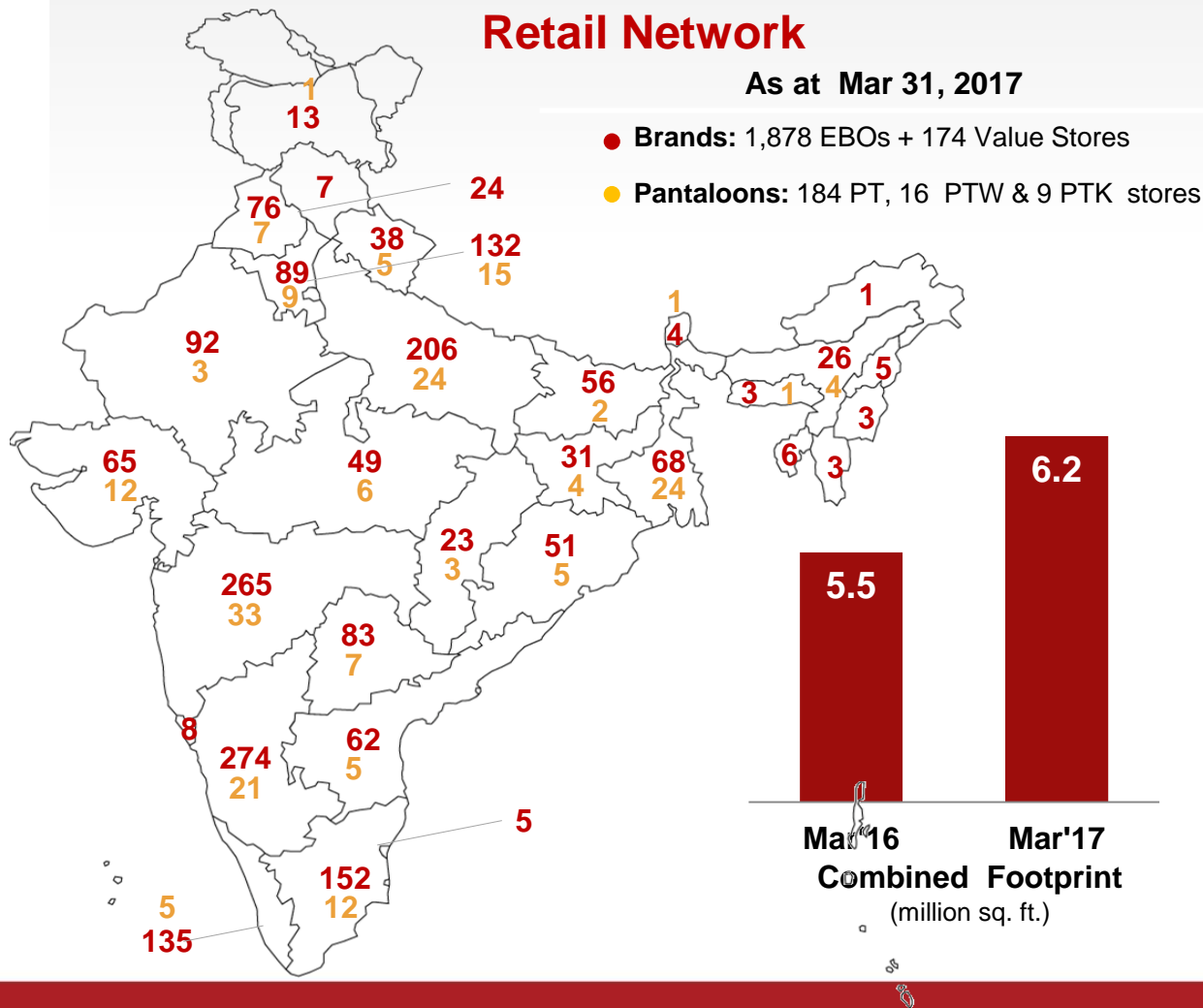


*Note: EBITDA for FY16 includes one-time charge for merger costs, retrospective bonus and one-time gain in rent straight lining



India's first billion dollar pure play fashion powerhouse

ABFRL | Widest distribution network in the fashion space



MBOs



- Our brands are present in ~**4,500 Multi Brand Outlets**

- Our brands are **present across all department stores** through ~**3,300 SISs**

Large Format Stores



E-commerce



- Our brands are **available on all leading e-commerce websites** in the country



Market Overview



ABFRL Q4 Highlights



ABFRL – Performance of Key Portfolios



Q4 Financials (*P&L , IndAS vs. GAAP*)

Key market trends in FY17

- Discounting and promotions continued to remain high during the full price periods as players sought growth in a soft business environment
 - Prolonged EOSS both in Summer (Jul-Aug '16) as well as winter (Jan-Feb '17)
- E-commerce discounts reduced marginally as the industry heads towards consolidation
 - However peak festive periods witnessed aggressive promotions by all players
- Q3 – the strongest period for apparel business was severely impacted by demonetization in November
 - Nov-Dec sales fell by nearly 20% - 25% post announcement
 - Wholesale channel and smaller towns more severely impacted
- Womenswear and casualwear segments continued to lead market growth
- Value fashion players grew strongly driven by aggressive expansion



Market Overview



ABFRL Q4 Highlights



ABFRL – Performance of Key Portfolios



Q4 Financials (*P&L, IndAS vs. GAAP*)

Robust Performance despite Demonetization Impact







Q4 Performance:

- Sharp recovery post demonetization, revenues grew by 13%
- EBITDA for the quarter at Rs 131 Cr has grown significantly by 37%

FY17 Performance:

- Revenue grew by 10% to Rs 6,633 Cr
- EBITDA after incorporating the costs of the new businesses grew by 18% to Rs 476 Cr
- EBIT grew to Rs 233 Cr from Rs. 67 cr
- PAT for the year was Rs. 54 cr as against loss of Rs. 110 cr in FY16







ABFRL | Q4 Performance

	Q4 FY16	Q4 FY17	
☐ Revenue	Rs. 1,436 Cr	Rs. 1,625 Cr	 13%
☐ EBITDA	Rs. 96 Cr	Rs. 131 Cr	 37%
☐ EBITDA Margin	6.7 %	8.1 %	
☐ EBIT	Rs. (66) Cr	Rs. 66 Cr	
☐ PAT	Rs. (109) Cr	Rs. 22 Cr	
☐ Total Comprehensive Income	Rs. (109) Cr	Rs. 16 Cr	

Note: (1) Results for Q4 FY17 incorporate the financials of F21 acquired in Q2FY17 and the newly launched Innerwear business

(2) EBIT for Q4 FY16 includes impact of one-time additional depreciation of Rs. 100 cr due to change in useful life of Pantaloon's store assets

ABFRL | FY Performance

	FY16	FY17	
☐ Revenue	Rs. 6,035 Cr	Rs. 6,633 Cr	 10%
☐ EBITDA	Rs. 405 Cr	Rs. 476 Cr	 18%
☐ EBITDA Margin	6.7 %	7.2 %	
☐ EBIT	Rs. 67 Cr	Rs. 233 Cr	
☐ PAT	Rs. (110) Cr	Rs. 54 Cr	
☐ Total Comprehensive Income	Rs. (110) Cr	Rs. 45 Cr	

Note: (1) Results for FY17 incorporate the financials of F21 acquired in Q2FY17 and the newly launched Innerwear business
 (2) EBIT for FY16 includes impact of one-time additional depreciation of Rs. 100 cr due to change in useful life of Pantaloons store assets



Market Overview



ABFRL Q4 Highlights



ABFRL – Performance of key portfolios



Q4 Financials (*P&L , IndAS vs. GAAP*)

ABFRL | Q4 Performance of Key Portfolios

In Rs. Crores

Particulars	NSV			EBITDA			EBITDA %	
	Q4 FY16	Q4 FY17	Growth	Q4 FY16	Q4 FY17	Growth	Q4 FY16	Q4 FY17
Lifestyle Brands	874	909	4%	109	142	30%	12.5%	15.6%
Pantaloons	529	586	11%	31	14	-54%	5.9%	2.5%
Fast Fashion	33	102	205%	-5	-19		-14.3%	-19.2%
Other Businesses	24	34	42%	-9	-6			
Elimination	-24	-6		-31	1			
Total	1436	1625	13%	96	131	37%	6.7%	8.1%

Note:

1. Results for Q4 FY17 incorporate the financials of F21 acquired in Q2FY17 and the newly launched Innerwear business
2. Pantaloons Q4 FY16 EBITDA includes a one time gain of Rs 51.9 crores arising from rent straight lining adjustment

ABFRL | FY 17 Performance of Key Portfolios

In Rs. Crores

Particulars	NSV			EBITDA			EBITDA %	
	FY16	FY17	Growth	FY16	FY17	Growth	FY16	FY17
Lifestyle Brands	3734	3651	-2%	397	423	7%	10.6%	11.6%
Pantaloon	2157	2552	18%	103	126	22%	4.8%	4.9%
Fast Fashion	149	345	131%	-13	-49		-8.4%	-14.1%
Other Businesses	96	119	24%	-25	-31			
Elimination	-101	-34		-57	7			
Total	6035	6633	10%	405	476	18%	6.7%	7.2%

Note:

1. Results for FY17 incorporate the financials of F21 acquired in Q2FY17 and the newly launched Innerwear business
2. Pantaloon FY16 EBITDA includes a one time gain of Rs 51.9 crores arising from rent straight lining adjustment

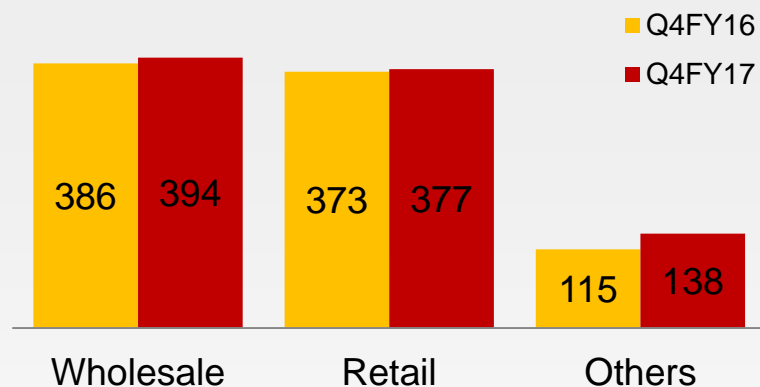
Lifestyle Brands – Q4 and FY17 Performance Summary

- Q4 FY17 - Revenues grew by 4% and EBITDA grew by 30%
 - All Channels grew in Q4 driven by EOSS and new season dispatches.
 - L2L was flat in Q4 FY17 as compared to -6.9% in Q4 FY16.

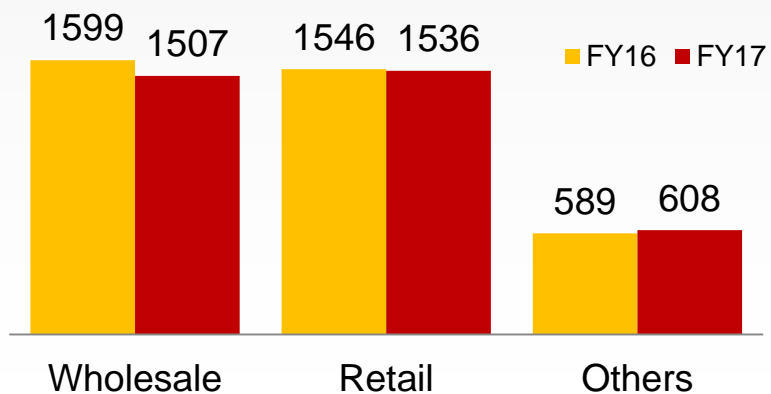
- FY17 – EBITDA has grown by 7% despite reduction in revenue
 - Overall revenue growth was impacted by the demonetisation in Q3
 - Improved profitability is due to rationalisation of stores, calibrated discounting and controlling non-linear costs

Lifestyle Brands – Channel Performance

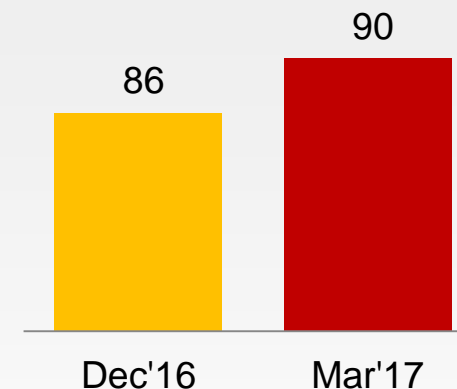
Channel-wise Q4 Revenue (Rs. in Crs)



Channel-wise FY17 Revenue (Rs. in Crs)



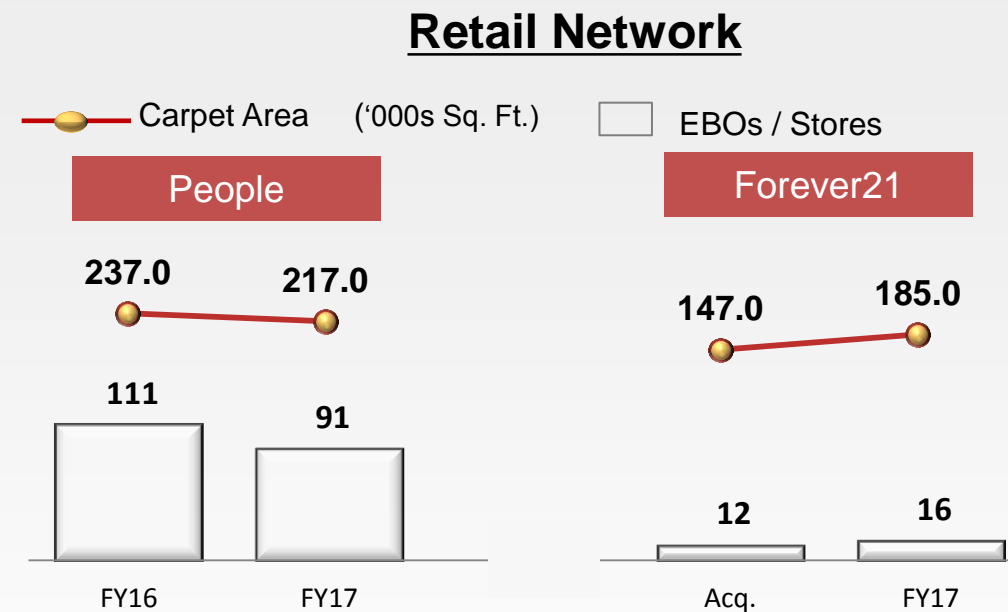
Loyalty base (in lacs)



~43% of sales comes from loyal customers

Fast Fashion – Q4 & FY17 Performance Summary

- Fast fashion includes our organic brand **People** and newly-acquired **Forever21**
 - These brands are currently in investment phase
- We have 91 People stores and 16 F21 stores
 - 8 stores of People and 4 stores of F21 have been opened in the current year
- Post acquisition in July 2016, Forever 21 has now stabilised its operations and the integration is now complete

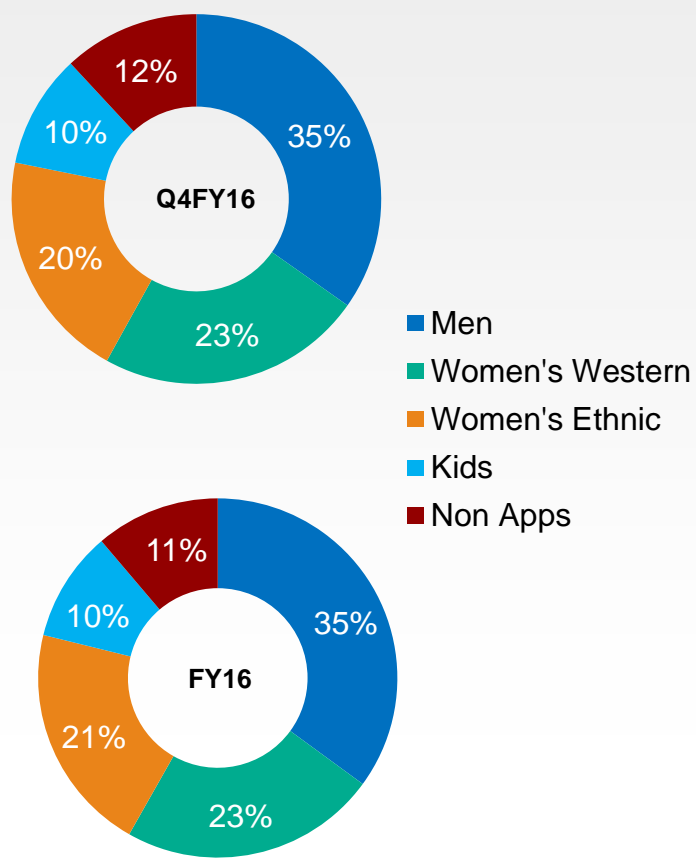


Pantaloons – Q4 & FY17 Performance Summary

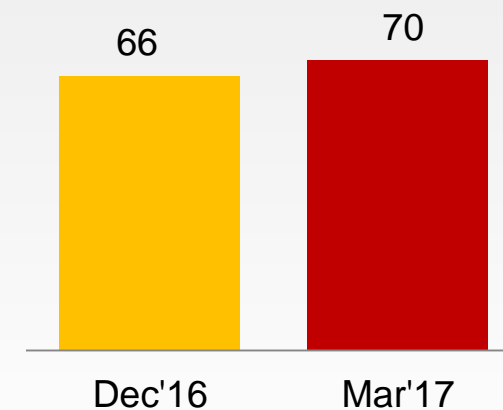
- **Revenues grew by 11% in Q4 led by new store openings**
 - Own brands Mix improved from 56% in Q4 FY16 to 59% in Q4 FY17
 - Added 33 stores to our network
 - Commenced first season of 4-season strategy with the launch of Spring17
- **FY 17 - Highest ever growth since Acquisition at 18.4%**
 - Own brands Mix continues to improve and stands at 61%
 - Added 79 stores to our network and ended the year with 209 stores
- **Leveraging brand ‘Pantaloons’**
 - Currently have 16 Woman and 9 Kids stores
 - Expanded franchisee network - currently 28 franchisee stores
- **Pantaloons was awarded the IMAGES Most Admired Affordable Fashion Retailer of the year**

Pantaloons – Retail Performance

Category Mix



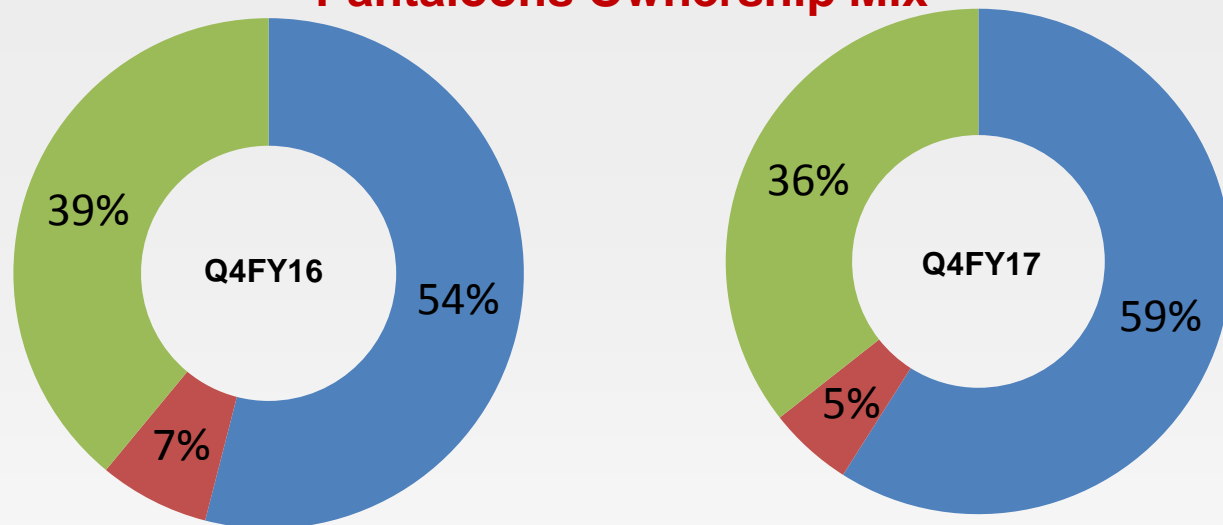
Loyalty base (in lacs)



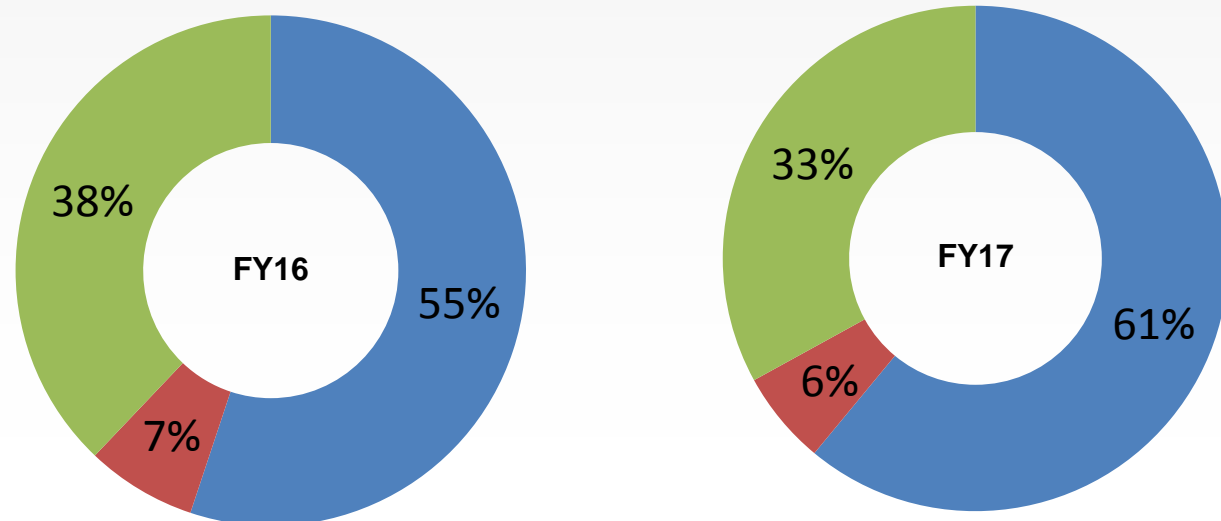
~80% of sales comes from loyal customers

Pantaloons Revenue Mix – Q4 & FY

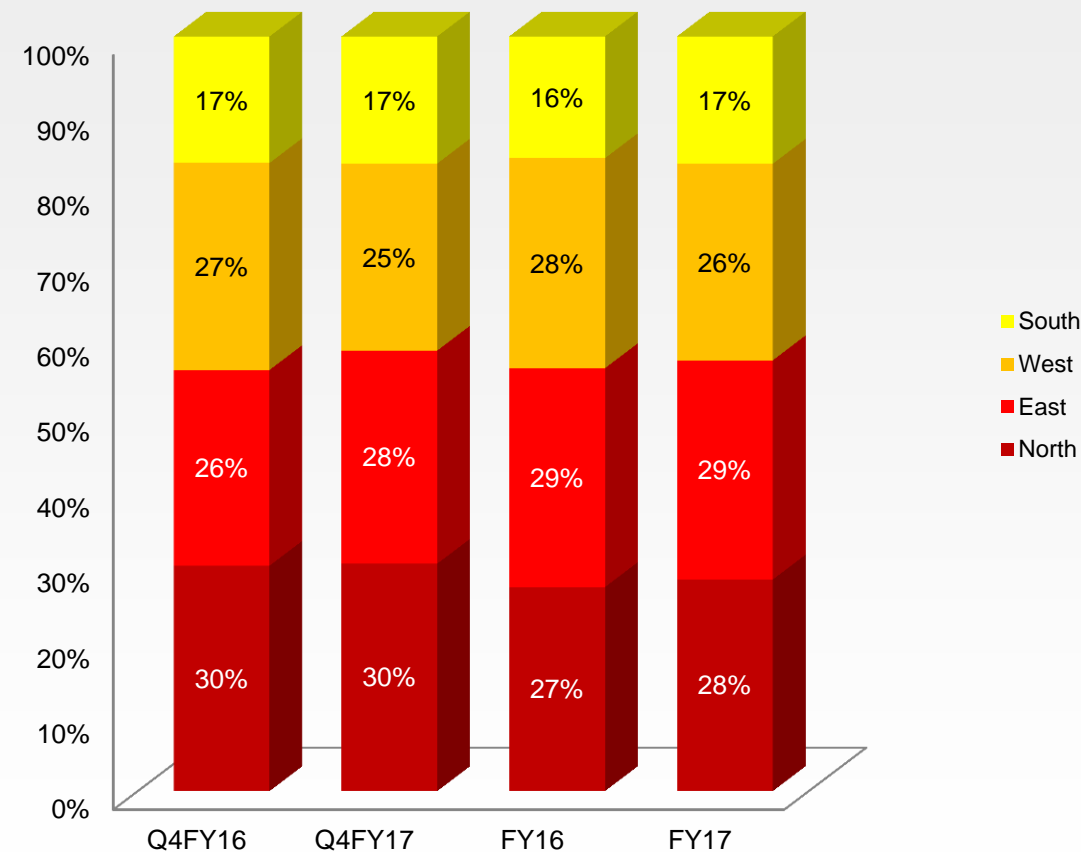
Pantaloons Ownership Mix



Own Brands MFL Others



Pantaloons Regional Mix





Market Overview



ABFRL Q4 Highlights



ABFRL – Performance of Key Portfolios



Q4 Financials (*P&L , IndAS vs. GAAP*)

ABFRL | Profit & Loss Statement

Particulars (In Rs. Cr.)	Q4- FY16	Q4- FY17	Change	FY16	FY17	Change
Revenue from Operations	1,436	1,625		6,035	6,633	
Other Income	9	17		26	38	
Total Income	1,445	1,642	14%	6,061	6,671	10%
<u>Expenses</u>						
(a) Cost of Materials Consumed	199	142		639	607	
(b) Purchase of Stock-In-Trade	652	665		2,352	2,399	
(c) Change in Inventories of	(203)	(76)		(240)	3	
(d) Employees Benefits Expense	140	162		621	706	
(e) Finance Costs	43	44		176	180	
(f) Depreciation and Amortisation	162	66		338	242	
(g) Excise Duty	1	10		1	30	
(h) Rent Expense	200	277		903	1,087	
(i) Other Expenses	360	330		1,380	1,364	
Total Expenses	1,554	1,621	4%	6,171	6,618	7%
Profit / (Loss) from Operations	(109)	22		(110)	53	
Tax Expenses	-	-		-	-	
Net Profit / (Loss) after tax	(109)	22		(110)	53	
Other Comprehensive Income	0	(6)		0	(9)	
Total Comprehensive Income	(109)	16		(110)	45	

IGAAP AND INDAS RECONCILIATION

Rs. Cr.

Particulars	Q4FY16			FY16		
	Revenue	EBIDTA	PBT	Revenue	EBIDTA	PBT
As per IGAAP	1442.2	95.6	-109.8	6060.0	408.8	-104.1
As per INDAS	1436.2	96.1	-110.0	6034.6	404.8	-109.7
Difference	-6.0	0.4	-0.2	-25.5	-4.0	-5.6
<u>Reclassification</u>						
Revenue grossed up for Excise Duty	0.7	-	-	0.7	-	-
Cash Discount earlier shown as other expenses	-1.9	-	-	-7.2	-	-
Discount on sale of Gift vouchers	-0.2	-	-	-1.0	-	-
CRM earlier shown as other expenses	-4.3	-	-	-4.1	-	-
Shrinkage earlier shown as other expenses	-0.9	-	-	-3.4	-	-
Total Reclassification	-6.6	-	-	-15.0	-	-
<u>Remeasurement</u>						
Security Deposits to Landlords - fair valuation	-	1.9	1.9	-	1.4	1.4
Franchisee Deposits - fair valuation	-	0.6	0.1	-	1.7	0.2
Interest on Preference Shares	-	-	-0.1	-	-	-0.1
Gain or loss on Forward contract restatement	-	-0.2	-0.2	-	-0.2	-0.2
Government Grants - EPCG Export Benefit	-	0.0	0.0	-	0.1	0.0
Gratuity - actuarial valuation	-	-0.2	-0.2	-	-0.1	-0.1
Lease Incentive - straight lining over rent free period	-	0.2	0.2	-	0.8	0.8
SOR sale - where there was a right to return inventory, now derecognised	0.6	-0.4	-0.4	-10.4	-7.3	-7.3
Stock Option Scheme - fair valuation	-	-1.5	-1.5	-	-0.3	-0.3
Total Remeasurement	0.6	0.4	-0.2	-10.4	-4.0	-5.6
Total Reclassification and Remeasurement	-6.0	0.4	-0.2	-25.5	-4.0	-5.6

- **ABFRL will continue to build on its leadership through investments in key strategic themes**
 - **Brand development** through investment in brand building, merchandise and refreshed store experience
 - **Aggressive retail expansion** for value and fashion formats: Pantaloons and Forever 21
 - **Building agile design & supply chain** by executing shift to 4 season cycle
 - **Enhancing capital productivity & focus on cost optimization**
 - **Digital Transformation** through own & partnered E Commerce
 - **Enriching the portfolio** to build leadership presence across all critical product & consumer segments
 - **Deepen customer centricity** by improving customer loyalty programmes and better offline and online experience
 - **Invest in talent**, upgrade skills & capabilities amongst its people for future challenges

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