



Aditya Birla Fashion and Retail Limited

Performance Highlights – Q3 FY16-17

Strong portfolio of India's iconic brands

- **Top 3 menswear brands in the country**; each of them have a **turnover ~Rs. 1,000 Cr**
 - Louis Philippe
 - Peter England
 - Van Heusen
- Pantaloons is one of the **largest value fashion retailer**
- Allen Solly is **among the top 3 premium casual brands**

Largest pan-India distribution network

- Presence in **375 cities and towns** with **~6.0 mn sq ft** of retail network space
- **7,000+ POS** and **2,200+ EBOs**

#1 player across men's and women's wear segments

- Menswear portfolio of ~ Rs. 4,300 Cr *
- Womenswear portfolio of ~Rs. 1,150 Cr.*
- **ABFRL the #1 player in the two largest apparel segments**

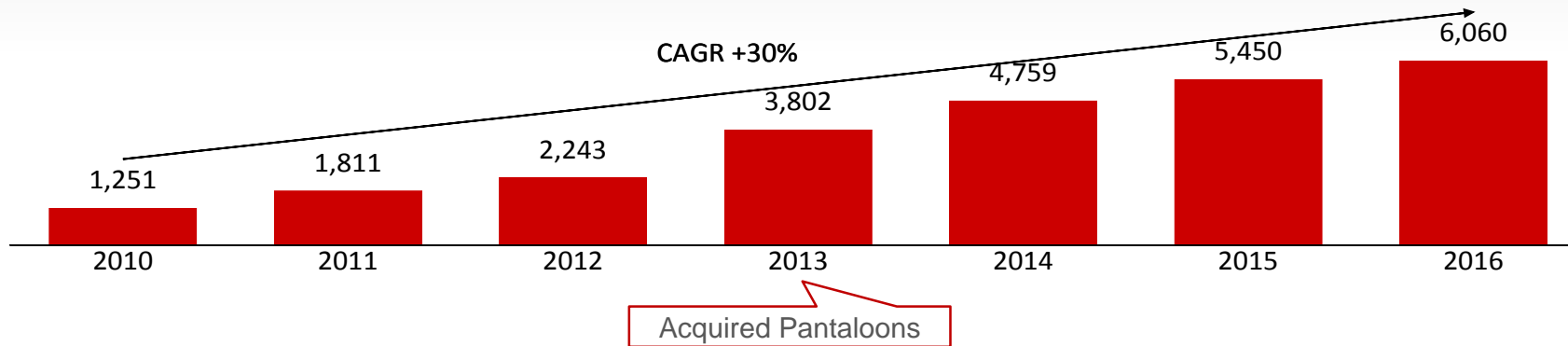
* For the year ended FY16

Strong track-record of organic and inorganic growth

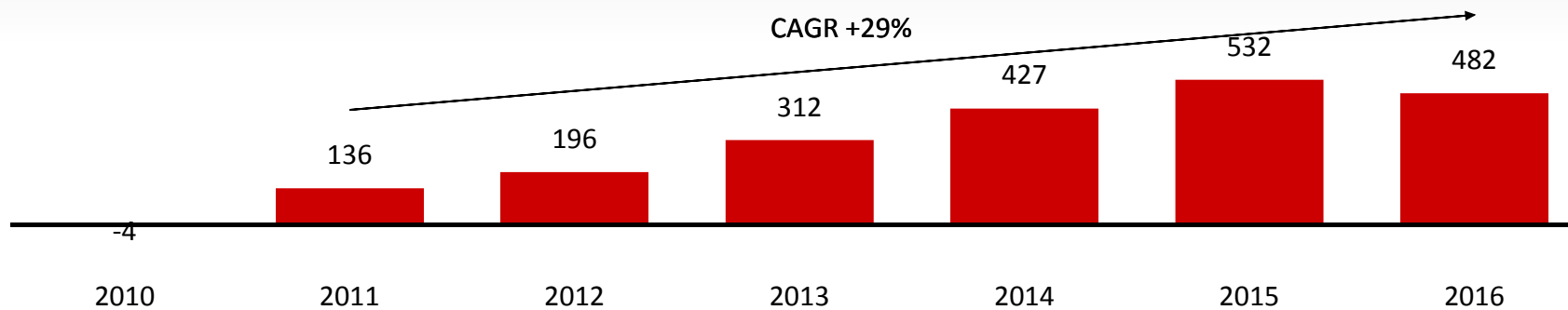
- Growth of brands through extensions and distribution
- Partnerships with Hackett, Ted Baker and Simon Carter
- Acquisition of Pantaloons in the year 2013
- Acquisition of Forever 21 – Indian rights in 2016

Poised to be the first billion dollar pure fashion player in India

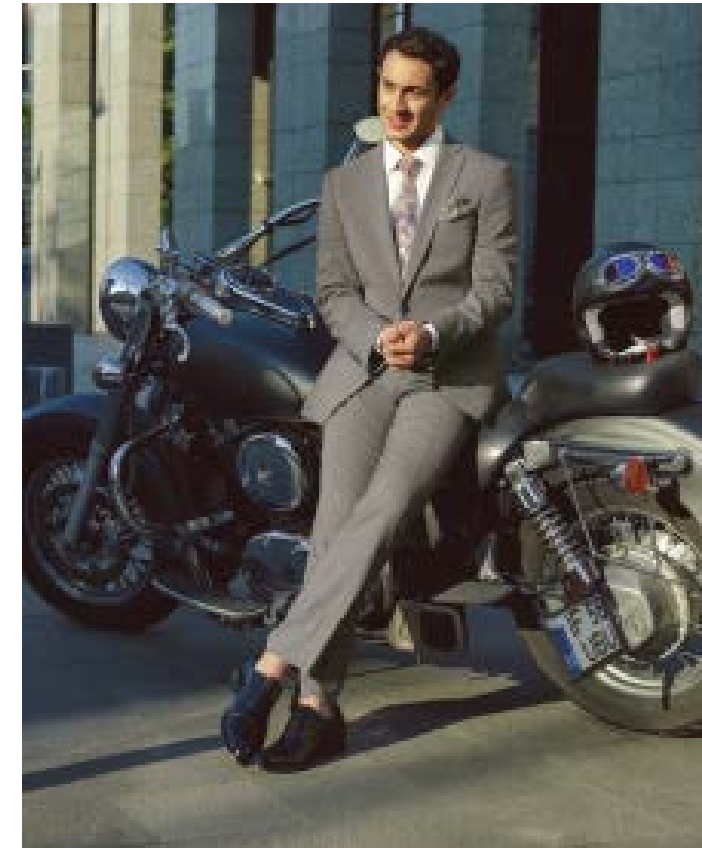
Revenue growth of 30%



EBITDA Y-o-Y growth of 29%



Note: FY16 EBITDA is on a like to like basis with FY15 (without considering merger costs)

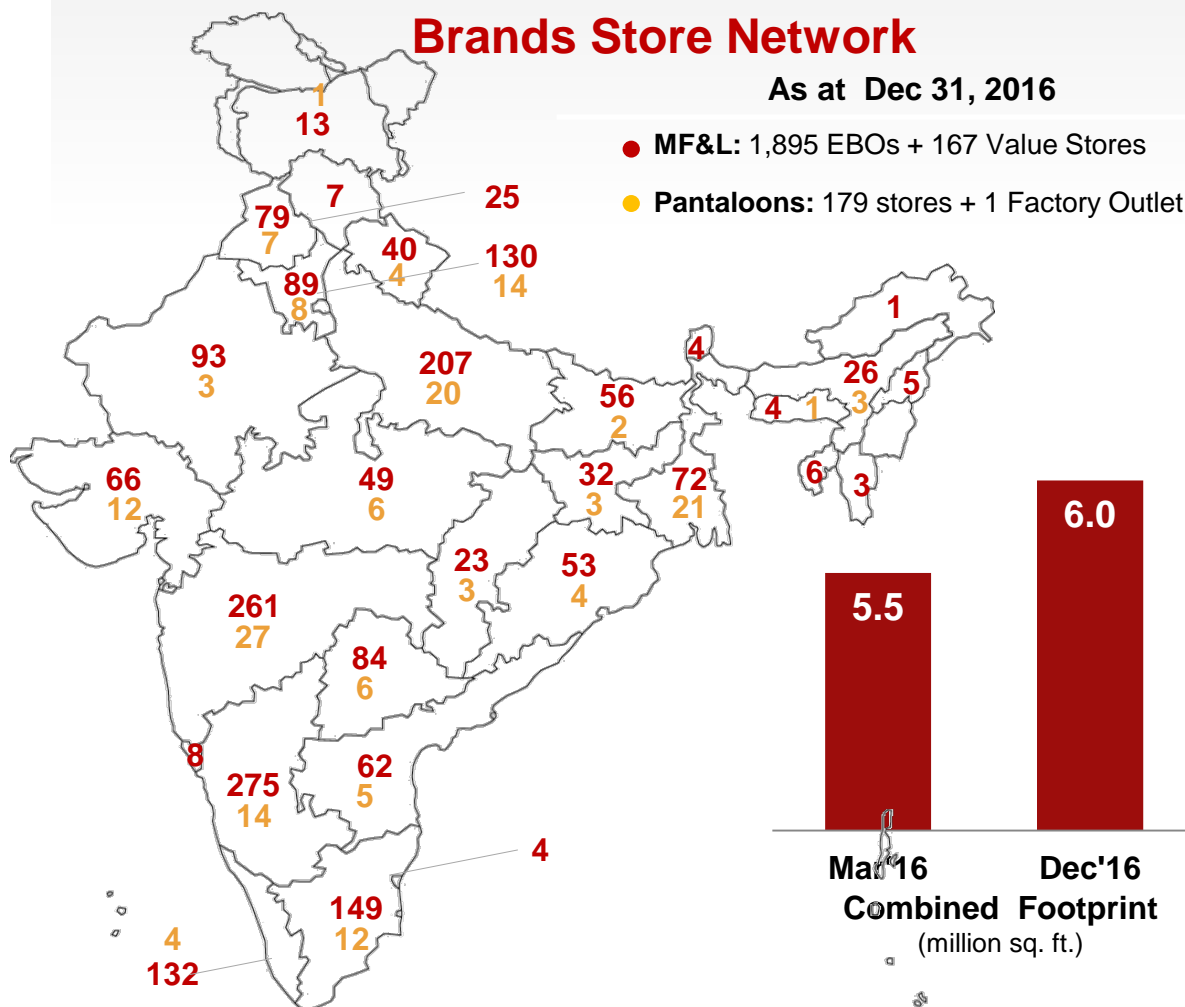


ABFRL | Widest distribution network in the fashion space

Brands Store Network

As at Dec 31, 2016

- MF&L: 1,895 EBOs + 167 Value Stores
- Pantaloons: 179 stores + 1 Factory Outlet



MBOs



- MF&L brands are present in ~4,500 Multi Brand Outlets

- MF&L brands present across all department stores through ~3,300 SISs

Large Format Stores



E-commerce



- MF&L and Pantaloons brands sold on all leading e-commerce websites in the country



Market Overview



ABFRL Q3 Highlights



ABFRL Segmental Performance



Q3 Financials (*P&L , IndAS vs. GAAP*)

Key market trends in FY17 – Q3

- Q3 started with strong festive sentiments in October
- However, the demonetization move impacted the industry sharply in November
 - November sales fell by nearly 25% - 30% post announcement
- December witnessed a healthy recovery, though overall business continues to be lower than normal
 - Wholesale channel & smaller towns more severely impacted
 - Retail sales has recovered to ~ 90% of normal levels by end December
- Industry went for an early EOSS to liquidate excess inventory due to demonetization



Market Overview



ABFRL Q3 Highlights



ABFRL Segmental Performance



Q3 Financials (*P&L, IndAS vs. GAAP*)

Robust Performance despite Demonetization Impact

Q3 Performance:

- Despite the impact of demonetization, Q3 revenues grew by 5%
- EBITDA for the quarter at Rs 95 Cr was marginally lower than Rs 102 Cr Last Year


YTD Q3 Performance:

- Revenue grew by 9% to Rs 5,009 Cr
- EBITDA grew by 11% to Rs 343 Cr
- EBIT grew by 26% to Rs 166 Cr

Key Initiatives




- **Digital Transformation**
 - E- commerce: Transition to Brand.com
 - Omni- channel rollout: ~ 450 stores
 - Strategic partnership with leading third party E-com players
- **Cost rationalization programs**
 - Network rationalization
 - General expense : Overheads, advertising
- **Working capital management**
 - Reduced overall working capital by ~ Rs 50 Cr as compared to beginning of this year, despite fresh investments in new businesses

ABFRL | Q3 Performance

	Q3 FY16	Q3 FY17	
☐ Revenue	Rs. 1,624 Cr	Rs. 1,707 Cr	 5%
☐ EBITDA	Rs. 102 Cr	Rs. 95 Cr	
☐ EBITDA Margin	6.3 %	5.6 %	
☐ EBIT	Rs. 47 Cr	Rs. 30 Cr	
☐ PAT	Rs. 6 Cr	Rs. (12) Cr	

Note: Results for YTD Q3 FY17 incorporate the financials of F21 acquired in Q2FY17 and the newly launched Innerwear business

ABFRL | YTD Q3 Performance

	YTD Q3 FY16	YTD Q3 FY17	
☐ Revenue	Rs. 4,599 Cr	Rs. 5,009 Cr	 9%
☐ EBITDA	Rs. 308 Cr	Rs. 343 Cr	 11%
☐ EBITDA Margin	6.7 %	6.8 %	
☐ EBIT	Rs. 132 Cr	Rs. 166 Cr	 26%
☐ PAT	Rs. (1) Cr	Rs. 32 Cr	

Note: Results for YTD Q3 FY17 incorporate the financials of F21 acquired in Q2FY17 and the newly launched Innerwear business



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ABFRL Q3 Highlights



ABFRL Segmental Performance



Q3 Financials (*P&L , IndAS vs. GAAP*)

ABFRL | Q3 Segmental Performance

In Rs. Crores

Segment	NSV			EBITDA	
	Q3 FY16	Q3 FY17	Growth	Q3 FY16	Q3 FY17
Madura Fashion & Lifestyle	1,060	1,056	-0.4%	63	63
Pantaloons	592	667	12.6%	38	33
Elimination/Others	-28	-15		1	-2
Total	1,624	1,707	5.1%	102	95

Note: Results for YTD Q3 FY17 incorporate the financials of F21 acquired in Q2FY17 and the newly launched Innerwear business

ABFRL | YTD Q3 Segmental Performance

In Rs. Crores

Segment	NSV			EBITDA	
	YTD Q3 FY16	YTD Q3 FY17	Growth	YTD Q3 FY16	YTD Q3 FY17
Madura Fashion & Lifestyle	3,048	3,069	0.7%	263	225
Pantaloons	1628	1968	20.9%	71	111
Elimination/Others	-77	-28		-27	6
Total	4,599	5,009	8.9%	308	343

Note: Results for YTD Q3 FY17 incorporate the financials of F21 acquired in Q2FY17 and the newly launched Innerwear business



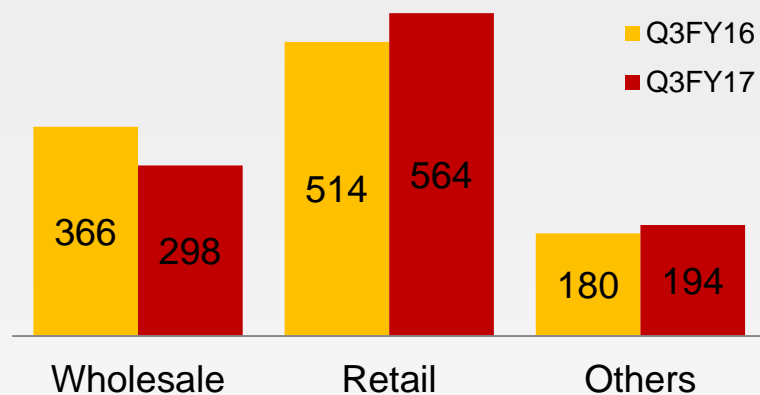
MADURA FASHION & LIFESTYLE

Madura Fashion & Lifestyle – Performance Summary Q3 FY17

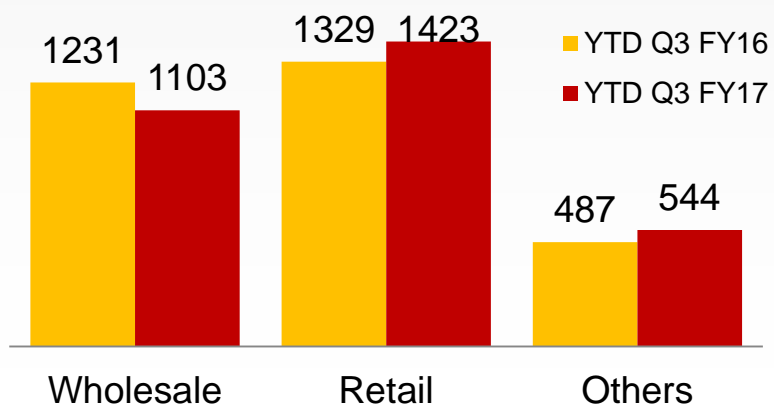
- **MFL strategy of calibrated discounting, cost rationalization and tight inventory management resulted in robust performance despite challenging market conditions**
 - Despite demonetization impact, revenue for the quarter only marginally lower at Rs 1,056 cr (LY : Rs 1,060 Cr)
 - Wholesale channel revenues impacted more severely
 - Retail sales recovered back to normal in December
 - EBITDA for the quarter maintained at same level as last year Q3 at Rs 63 Cr
 - This is after absorbing the expenses of new businesses -innerwear and Forever21
 - Core brands improved profitability despite lower revenues

Madura Fashion & Lifestyle – Channel Performance

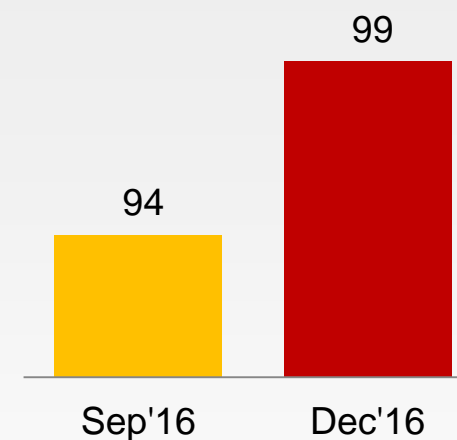
Channel-wise Q3 Revenue (Rs. in Crs)



Channel-wise YTD Q3 Revenue (Rs. in Crs)



Loyalty base (in lacs)



~55% of sales comes from loyal customers

PANTALOONS



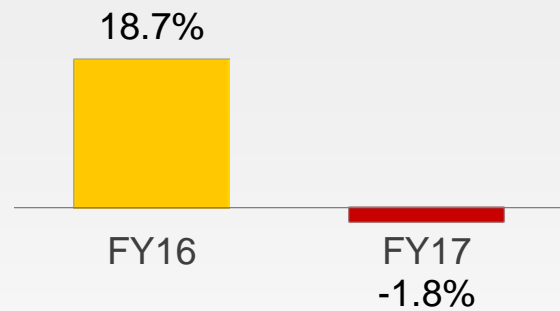
Pantaloons – Performance Summary – Q3 FY17

Pantaloons

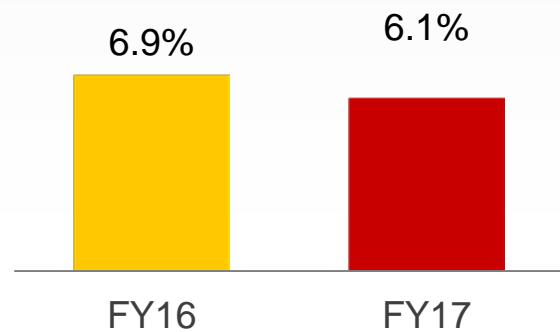
- Successful execution of the Value Fashion strategy led to:
 - LTL growth 12% in October & 6% in December. However November LTL declined by 25% impacting Q3 overall LTL
 - Own brands Mix continues to improve and stands at 62.5%
 - For full festive period (Sep – Dec), Pantaloons registered L2L value growth of 4.4% and L2L volume growth of 11.5%
- Added 18 new stores to our network, out of which 8 stores were converted from PFO
 - Expanded franchisee network - currently 14 franchisee stores
- Leveraging brand 'Pantaloons'
 - Currently have 10 Woman and 5 Kids stores operational

Pantaloons – Retail Performance

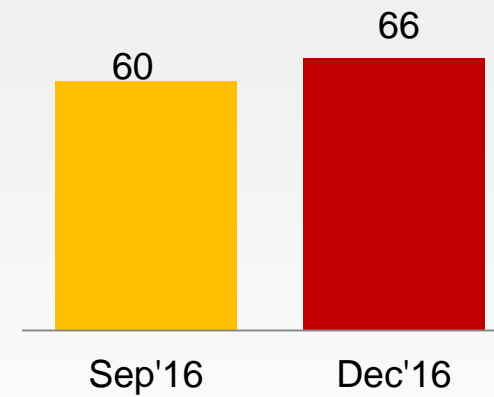
Q3 L2L Growth %



Q3 YTD L2L Growth %



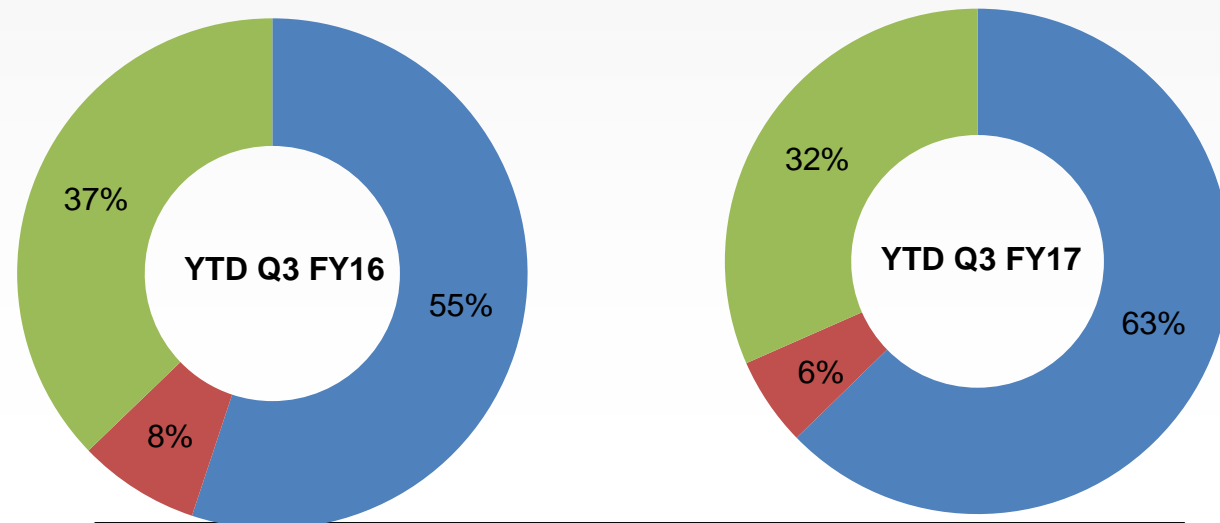
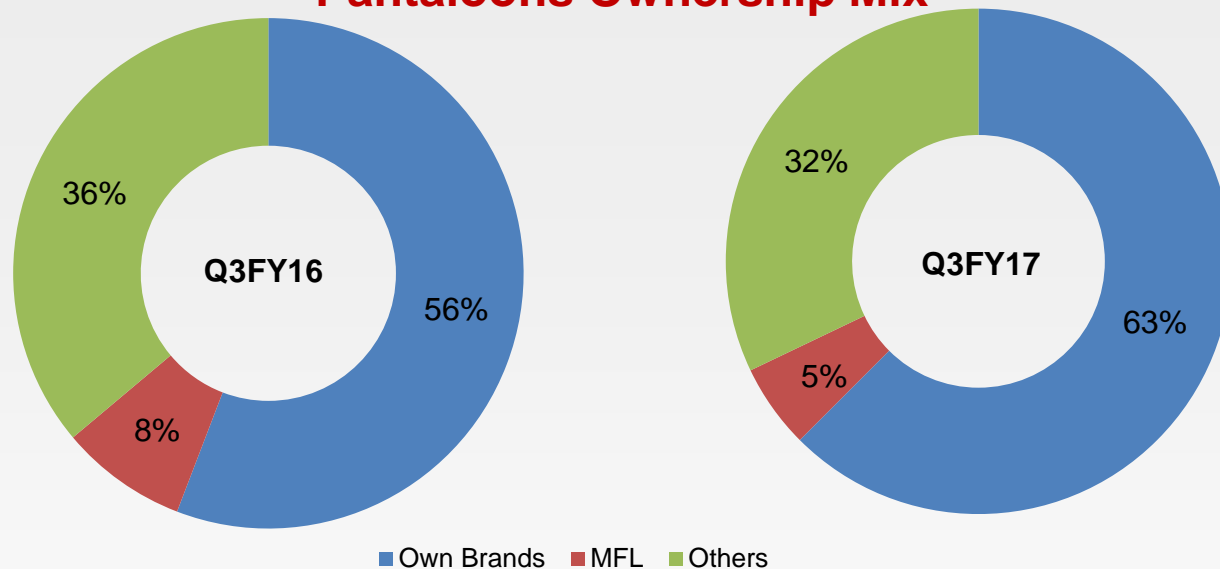
Loyalty base (in lacs)



~78% of sales comes from loyal customers

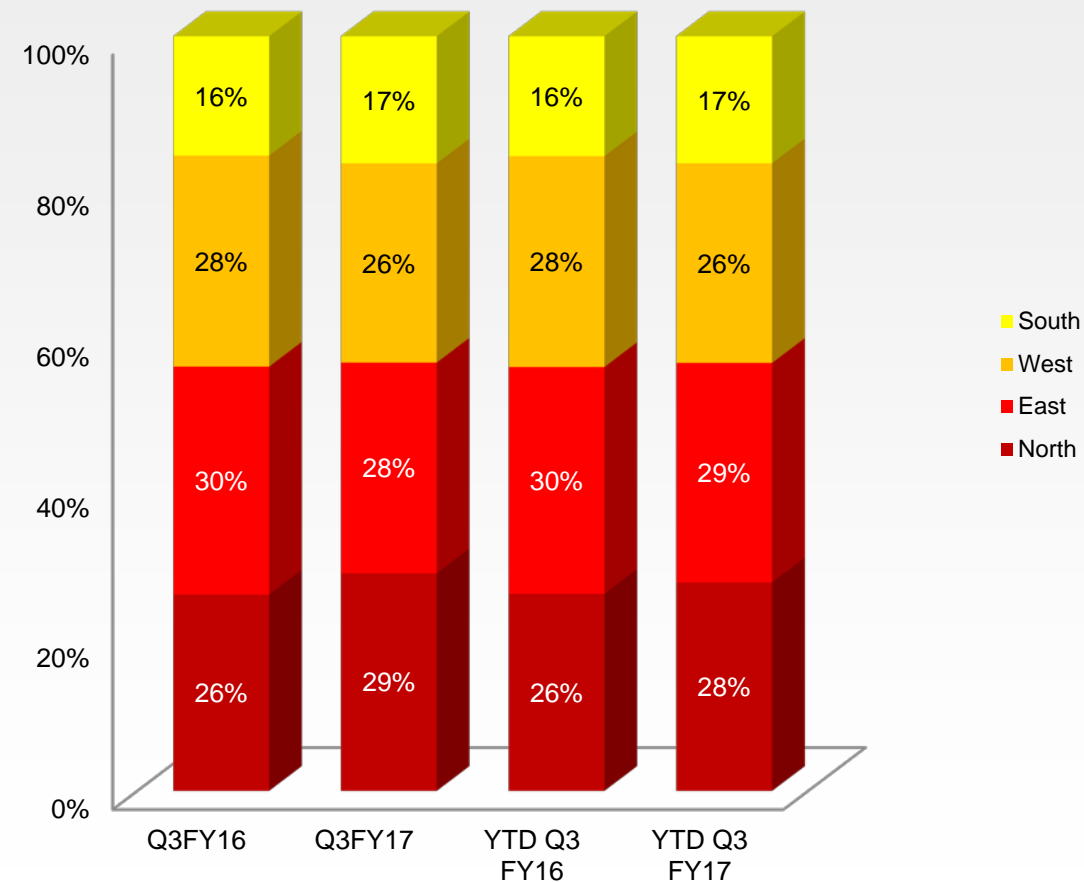
Pantaloons Revenue Mix – Q3 & YTD Q3

Pantaloons Ownership Mix



Own brands contribute to 62.5% of the revenue

Pantaloons Regional Mix





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Q3 Financials (*P&L , IndAS vs. GAAP*)

ABFRL | Profit & Loss Statement

P&L Statement (In Rs. Cr.)	Q3- FY16	Q3- FY17	Change		YTD Q3- FY16	YTD Q3- FY17	Change
Net Sales / Income from Operations	1,614	1,699			4,568	4,974	
Other Operating Income	10	8			31	35	
Revenue from operations	1,624	1,707	5%		4,599	5,009	9%
<u>Expenses</u>							
Cost of Materials consumed	137	153			440	465	
Purchase of Stock- in Trade	606	561			1,699	1,734	
Changes in inventories of finished	(12)	67			(37)	79	
Employee benefits expenses	173	184			480	544	
Depreciation and amortisation	55	65			176	177	
Excise Duty	-	8			-	20	
Rent expenses	253	299			703	816	
Other expenses	372	348			1,024	1,031	
Total Expenses	1,584	1,685	6%		4,485	4,864	8%
Profit / (Loss) from Operations	40	22	-46%		114	145	27%
Other Income	6	8			18	21	
Profit / (Loss) before Finance	47	30	-36%		132	166	26%
Finance Cost	40	42			132	134	
Net Profit / (Loss) before tax	6	(12)			(1)	32	
Tax Expenses	-	-			-	-	
Net Profit / (Loss) after tax	6	(12)	-293%		(1)	32	-4160%
Other Comprehensive Income	0	6			(0)	(3)	
Total Comprehensive Income	7	(7)	-204%		(1)	29	-3379%

IGAAP AND INDAS RECONCILIATION

Particulars	Rs.Cr.					
	Q3 FY16			9 months ended Dec-15		
	Revenue	EBIDTA	PBT	Revenue	EBIDTA	PBT
As per IGAAP	1,627.2	102.5	7.4	4,617.8	313.1	5.7
As per INDAS	1,623.9	101.5	6.4	4,599.1	307.7	(0.8)
Difference	(3.3)	(1.0)	(1.0)	(18.7)	(5.4)	(6.5)
<u>Reclassification</u>						
Cash Discount earlier shown as other expenses	(2.0)	-	-	(5.3)	-	-
CRM earlier shown as other expenses	0.1	-	-	0.1	-	-
Shrinkage earlier shown as other expenses	(0.8)	-	-	(2.5)	-	-
Total Reclassification	(2.7)	-	-	(7.7)	-	-
<u>Remeasurement</u>						
Security Deposits to Landlords - fair valuation	-	(0.2)	(0.2)	-	(0.5)	(0.5)
Franchisee Deposits - fair valuation	-	0.0	0.0	-	0.1	0.1
Interest on Convertible Debentures	-	-	-	-	-	(1.0)
Government Grants - EPCG Export Benefit	-	0.0	0.0	-	0.0	0.0
Gratuity - actuarial valuation	-	(0.1)	(0.1)	-	0.1	0.1
Lease Incentive - straight lining over rent free period	-	1.4	1.4	-	0.6	0.6
SOR sale - where there was a right to return inventory, now derecognised	(0.6)	(2.2)	(2.2)	(11.0)	(6.9)	(6.9)
Stock Option Scheme - fair valuation	-	0.1	0.1	-	1.1	1.1
Total Remeasurement	(0.6)	(1.0)	(1.0)	(11.0)	(5.4)	(6.5)
Total Reclassification and Remeasurement	(3.3)	(1.0)	(1.0)	(18.7)	(5.4)	(6.5)

- **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
- **Recent demonetization has affected the business across the industry**
 - Retail revenues are slowly back to normal
 - Wholesale customers and small supplier eco-system continues to be affected. Expect impact to persist for another one quarter

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