



Aditya Birla Fashion and Retail Limited

Performance Highlights – Q1 FY16-17

Strong portfolio of India's iconic brands

- **Top 3 menswear brands in the country**; each of them have a **turnover ~INR 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 **~5.4 mn sq ft** of retail network space
- **7,000+ POS** and **2,100+ EBOs**

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

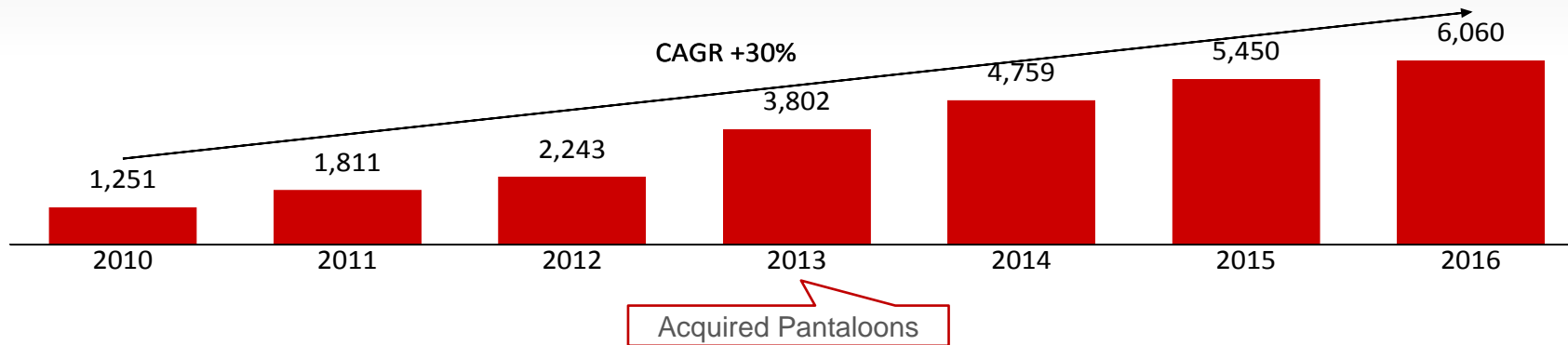
- Menswear portfolio of **~INR 4,300 Cr**
- Womenswear portfolio of **~INR 1,150 Cr.**
- **ABFRL the #1 player in the two largest apparel segments**

Strong track-record of organic and inorganic growth

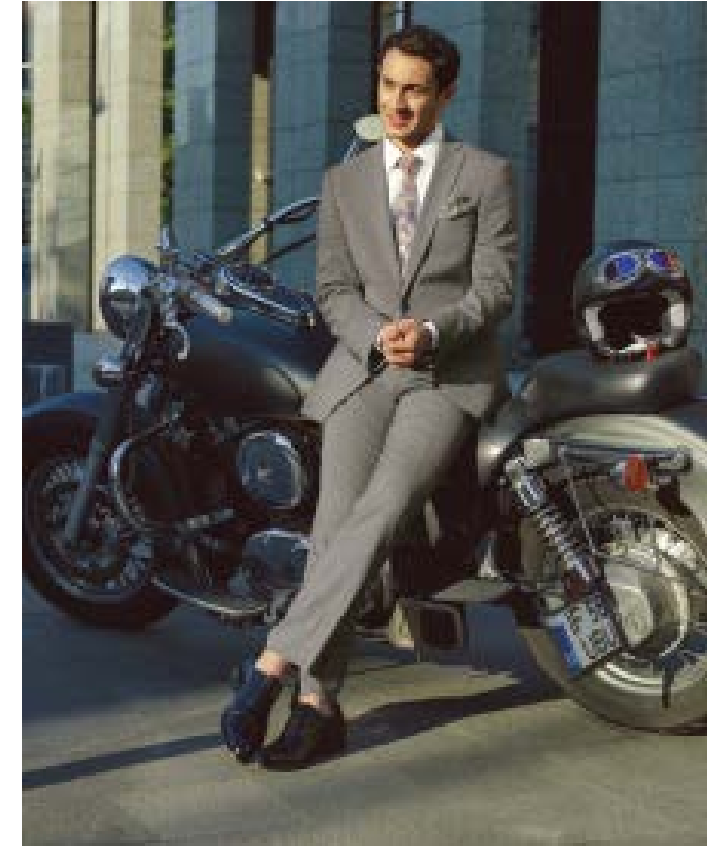
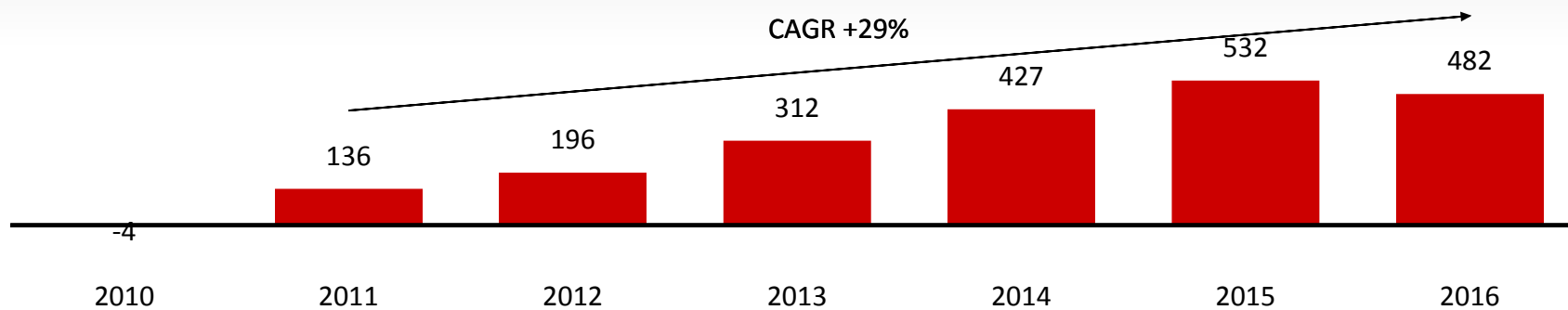
- Growth of brands through extensions and distribution
- Acquisition of Pantaloons in the year 2013
- Acquisition of Forever 21 – Indian rights in 2016

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

Revenue growth of 30% to create the largest apparel company in the country



EBITDA Y-o-Y growth of 29%

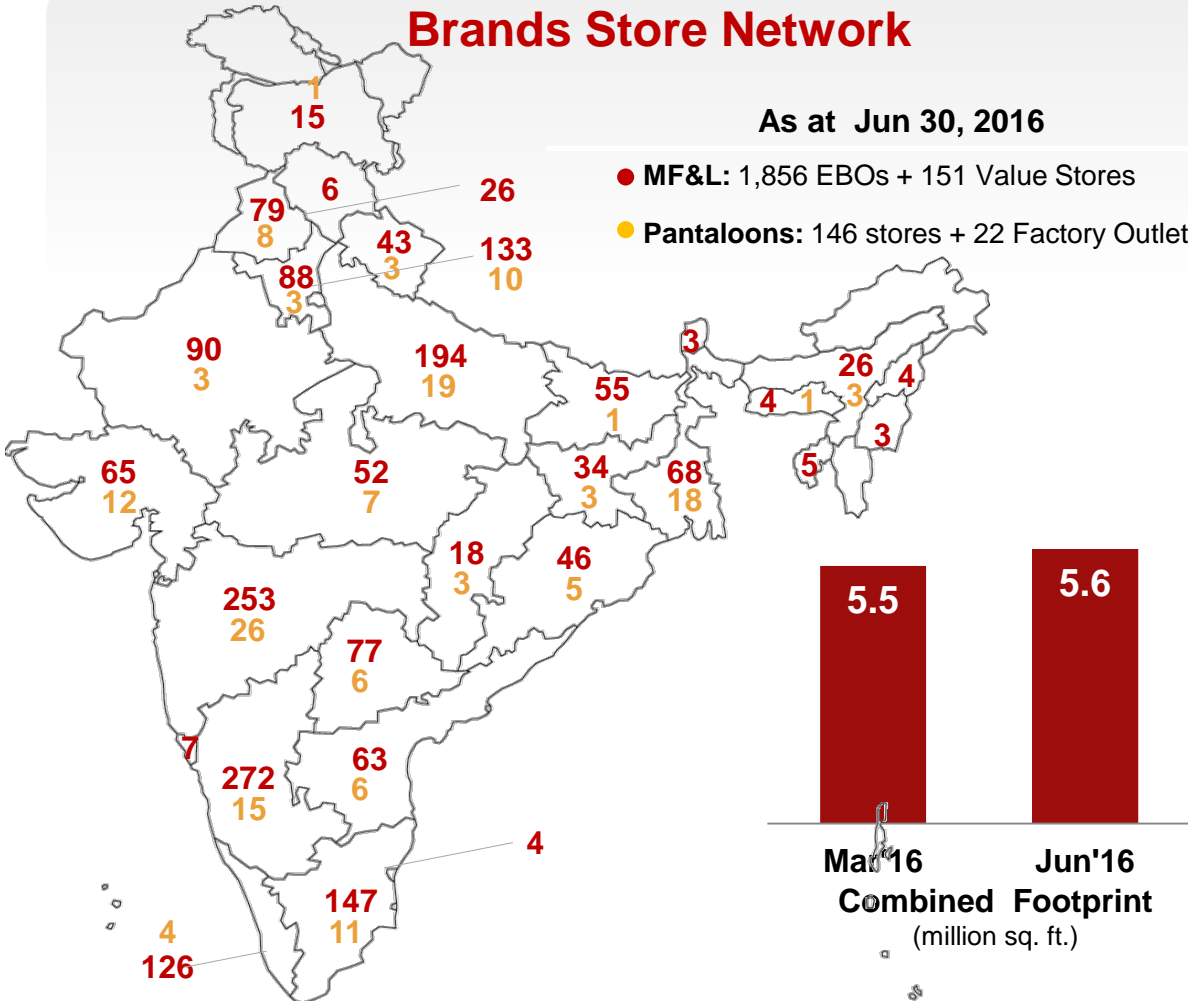


ABFRL | Widest distribution network in the fashion space

Brands Store Network

As at Jun 30, 2016

- MF&L: 1,856 EBOs + 151 Value Stores
- Pantaloons: 146 stores + 22 Factory Outlets



MBOs

- MF&L brands are present in ~4,300 Multi Brand Outlets

- MF&L brands present across all department stores through ~3,200 SISs



E-commerce

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



Update on strategic initiatives



Market Overview



ABFRL Q1 Highlights



ABFRL Segmental Performance



Q1 Financials (*P&L account, IndAS vs. GAAP, Balance Sheet*)

1 *Update on strategic initiatives*

- Acquired Forever 21 India operations to enter women's fast fashion segment
- Firmed up partnership with Simon Carter, London

2 *Accelerate growth in fast growing value fashion segment*

- Transition of Pantaloons from Department Store to Value Fashion Retailer
- Revenue growth ~ 30% in the quarter
- Introduced concept stores dedicated for kids and women's
- Piloted franchisee model – currently 5 stores in the network

3 *Omni-channel program*

- Key Omni-channel functionalities rolled out across 100 stores



- **Acquisition of Forever21** franchise complete
- Final Business Transfer Agreement signed with DLF on **5th July 2016**
- The **business moved to ABFRL** with effect from **1st July 2016**
- All Store assets, inventory and employees have moved to ABFRL with effect from 1st July 2016
- We have **taken over a network of 12 stores**








Key market trends in FY17 – Q1

Overall Market Scenario

- Overall consumer sentiment remained muted during this quarter
- Discounting and promotions continued to remain high during the full price periods
 - End-of season sales started in the last week of June
- E-commerce discounts continue to remain high

Segmental trends

- Casuals & Womenswear categories growing faster than the market
 - Value fashion growing rapidly as consumers upgrade from unbranded products
 - Women's fast fashion segment growth driven through rapid expansion by international brands
- Formalwear segment is experiencing slower growth

	Q1 FY16	Q1 FY17	
☐ Revenue	Rs. 1,307 Cr	Rs. 1,415 Cr	
☐ EBITDA	Rs. 43 Cr	Rs. 76 Cr	
☐ EBITDA Margin	3.3 %	5.4 %	
☐ EBIT	Rs. (19) Cr	Rs. 24 Cr	
☐ Net Profit/ (Loss)	Rs. (68) Cr	Rs. (21) Cr	

In Rs. Crores

Segment	NSV			EBITDA		
	Q1 FY16	Q1 FY17	Growth	Q1 FY16	Q1 FY17	
Madura Fashion & Lifestyle	870	842	-3%	64	47	↓
Pantaloons	439	574	31%	4	26	↑
Elimination/Others	-2	-1		-26	3	↑
Total	1,307	1,415	8%	43	76	↑

ABFRL | Profit & Loss Statement

P&L Statement (Rs. In Cr.)	Q1- FY16	Q1- FY17	Change
Net Sales / Income from Operations	1297	1,400	
Other Operating Income	10	15	
Revenue from operations	1307	1,415	8%
Expenses			
Cost of Materials consumed	128	141	
Purchase of Stock- in Trade	358	404	
Changes in inventories of finished goods, work-in-progress & stock-in-trade	117	75	
Employee benefits expenses	142	165	
Depreciation and amortisation expenses	62	52	
Rent expenses	220	253	
Other expenses	305	308	
Total Expenses	1331	1,397	5%
Profit / (Loss) from Operations before Other Income, Finance Costs and Exceptional Items	-25	18	175%
Other Income	5	6	
Profit / (Loss) before Finance Costs and Exceptional Items	-19	24	227%
Finance Cost	49	45	
Profit before tax	-68	-21	69%
Tax Expenses	-	-	
Profit (Loss) for the period	-68	-21	69%

IGAAP AND INDAS RECONCILIATION

Particulars	Rs. Cr.		
	Q1 FY16		
	Revenue	EBIDTA	PBT
As per IGAAP	1,320.9	46.4	(63.1)
As per INDAS	1,306.9	42.6	(67.9)
Difference	(14.0)	(3.8)	(4.8)
<u>Reclassification</u>			
Cash Discount earlier shown as Other Expenses	(1.2)	-	-
Customer Loyalty Provision earlier shown as Other Expenses	1.3	-	-
Shrinkage Provision earlier shown as Other Expenses	(0.6)	-	-
Total Reclassification	(0.5)	-	-
<u>Remeasurement</u>			
Security Deposits to Landlords - fair valuation	-	(0.1)	(0.1)
Franchisee Deposits - fair valuation	-	0.0	0.0
Interest on Preference Shares	-	-	0.0
Interest on Convertible Debentures	-	-	(1.0)
Government Grants - EPCG Export Benefit	-	0.0	0.0
Gratuity - actuarial valuation	-	0.1	0.1
Lease Incentive - straight lining over rent free period	-	(0.1)	(0.1)
SOR sale - where right to return inventory, now derecognised	(13.5)	(4.3)	(4.3)
Stock Option Scheme - fair valuation	-	0.6	0.6
Total Remeasurement	(13.5)	(3.8)	(4.8)
Total Reclassification and Remeasurement	(14.0)	(3.8)	(4.8)



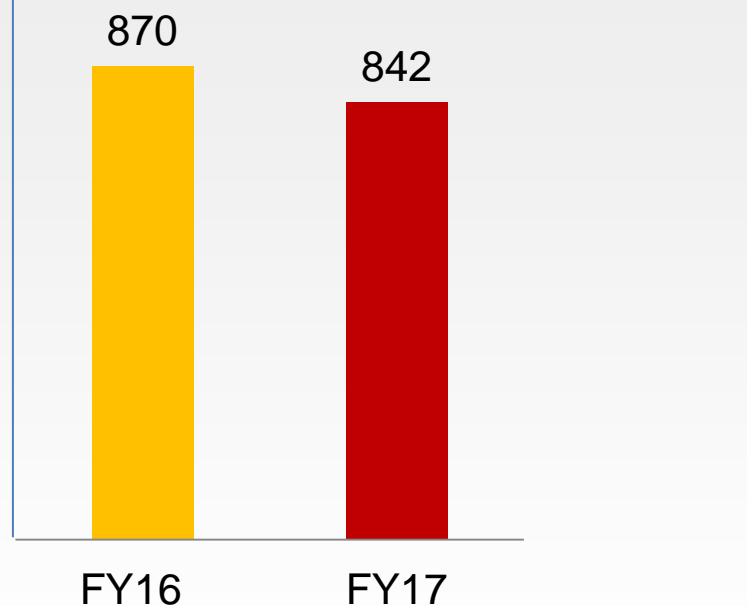
MADURA FASHION & LIFESTYLE

Madura Fashion & Lifestyle – Q1 FY17

- **Apparel market is currently characterized by deep discounting and continuous promotions, impacting profitability of the industry**
- **Our strategy is focused on building a healthy, sustainable, future ready business**
 - Maintaining ‘intrinsic’ brand premium through calibrated discounts
 - Investment in Brand building
 - Continuously rationalizing cost structure
 - Driving digital transformation through Omni channel program
- **In the short term, this strategy would result in lower sales and profits, but would create a more ‘profitable’ business going forward. Q1 results reflect the impact of this strategy**
 - Revenues were Rs 842 in Q1, 3% lower than LY
 - While Gross Margins improved, EBITDA for the quarter declined to from Rs 64 Cr to Rs 47 Cr
 - We rationalized the retail network by shutting down 76 stores to improve the network health
 - We have rolled out Omni channel features across 100 stores in June and will roll out across 400 stores by Q2 FY17.
- **We expect the strategy to start resulting in improved revenue and profit trajectory from H2 FY 17**

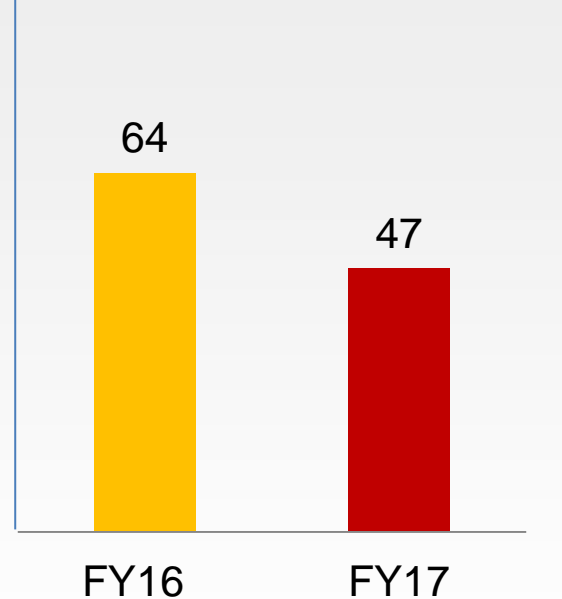
Madura Fashion & Lifestyle Revenue & Margins

Quarter 1 Revenue (Rs. Crore)



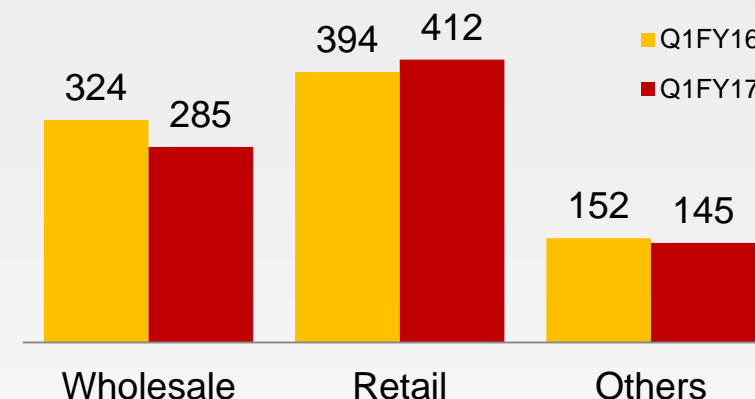
Revenue impacted due to lower discounting and excess inventory in wholesale

Q1 EBITDA (Rs. Crore)

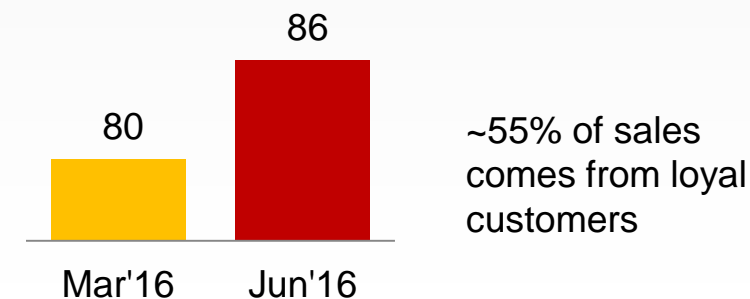


Lower revenues resulted in profit decline

Channel-wise Q1 Revenue



Loyalty base (in lacs)



~55% of sales comes from loyal customers

PANTALOONS

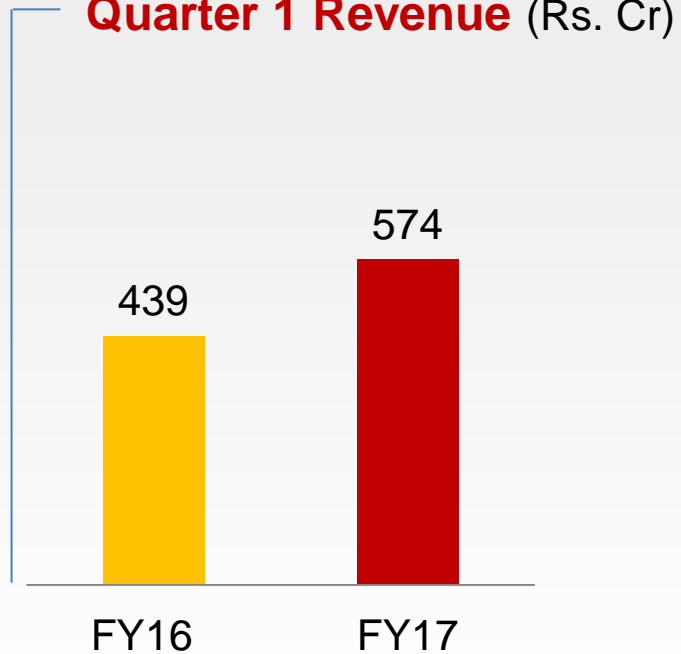


Pantaloons

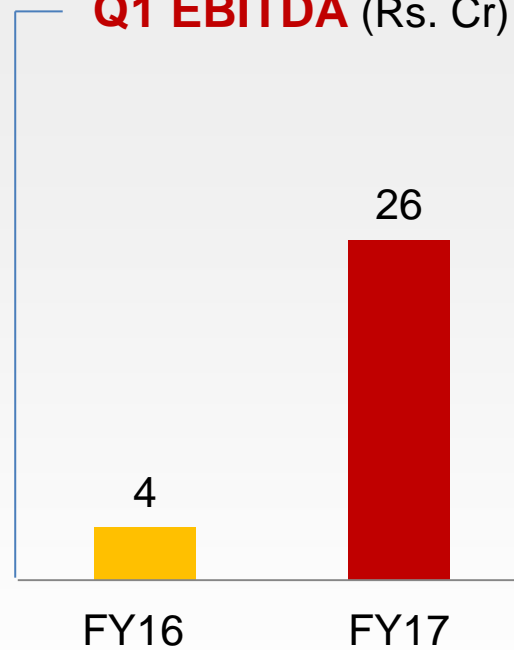
- Successful execution of the Value Fashion strategy led to:
 - Double digit like-to-like revenue growth @ 16%
 - Strong Volume growth across categories @ 65%
 - Increase in Own brands Mix @ 63% (an improvement of ~650 bps)
- Added 12 new stores to our network
 - Closed the quarter with 4 franchisee stores in the network
- Leveraging brand 'Pantaloons'
 - Currently have 3 Woman and 2 Kids stores operational

Pantaloons Revenue & Margins

Quarter 1 Revenue (Rs. Cr)

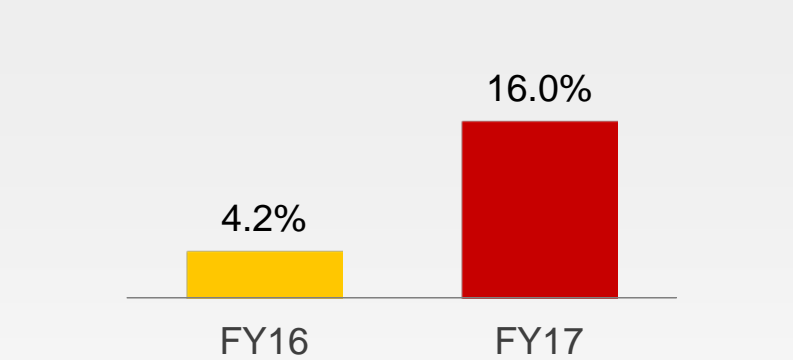


Q1 EBITDA (Rs. Cr)

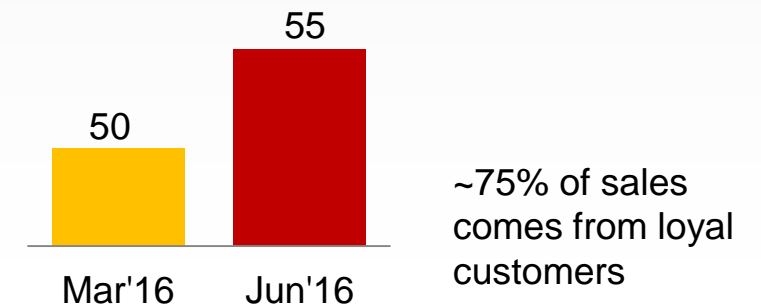


Best Ever Q1 Performance Since Acquisition

Q1 L2L Growth %

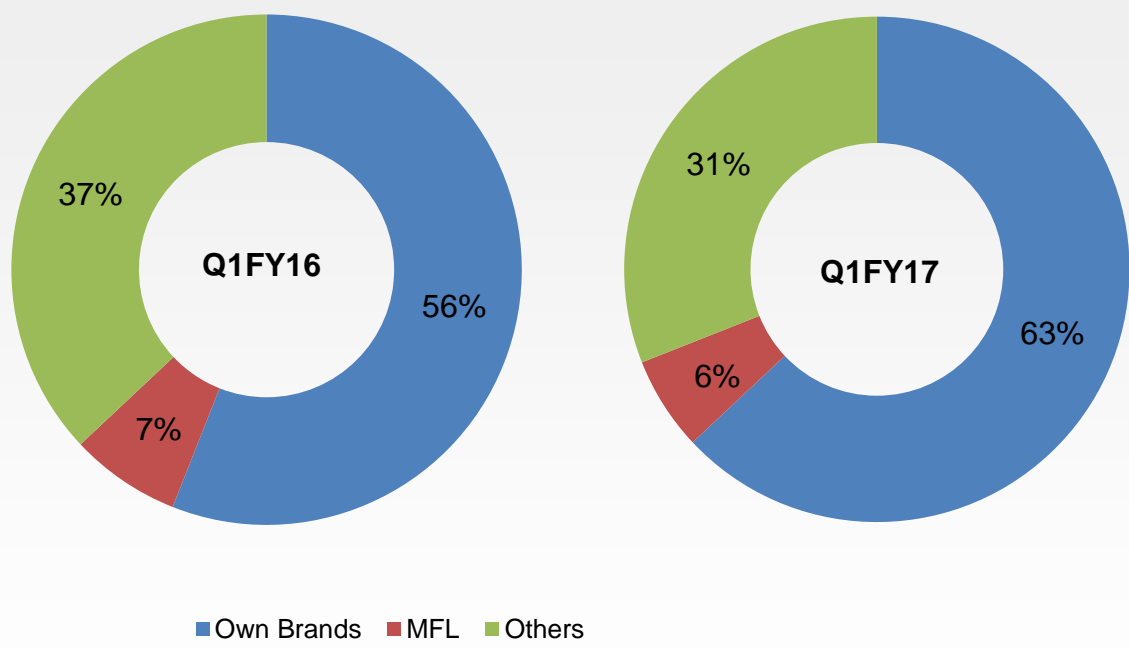


Loyalty base



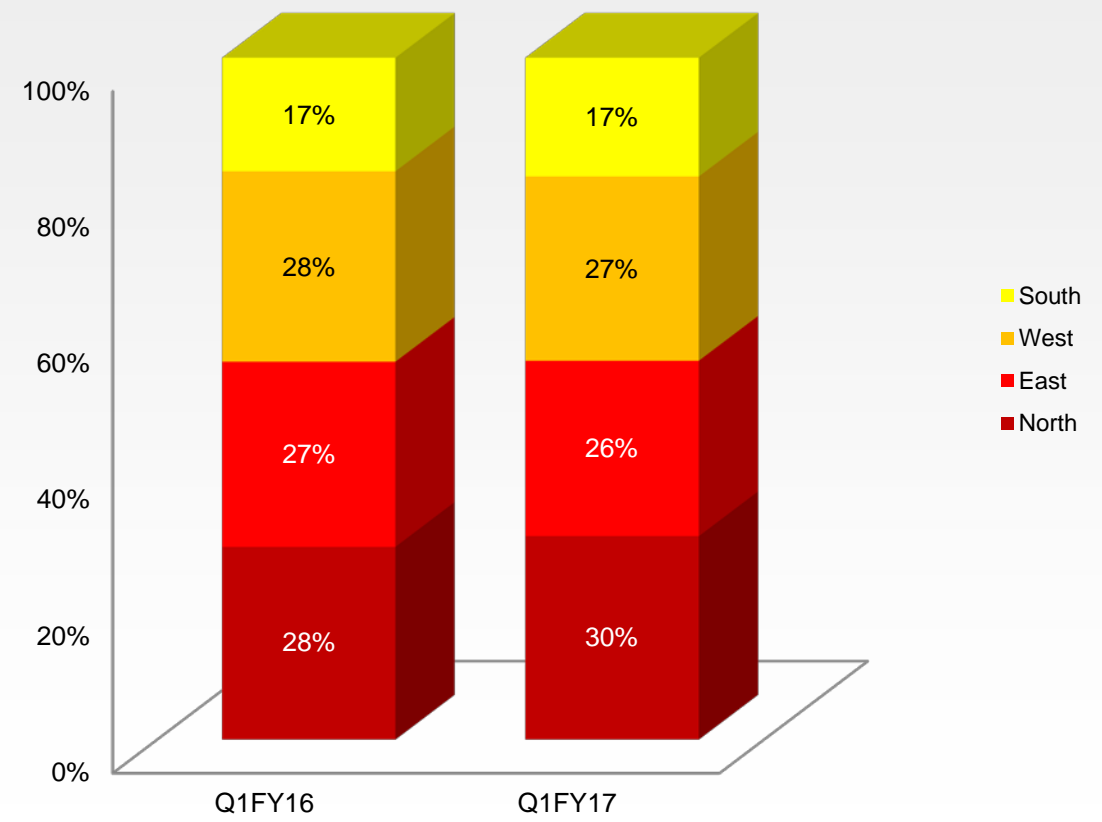
Revenue Deep Dive – Q1

Pantaloons Ownership Mix



Exclusive brands contribute to 63% of the revenue

Pantaloons Regional Mix



- **We expect consumer sentiments to recover in H2**
 - Pantaloons growth momentum to continue through the year
 - Madura brands will recover their growth trajectory in H2

- **We will continue to invest in enriching the portfolio to build leadership presence across all important product & consumer segments**
 - Transition Forever 21 India operations to grow women's fast fashion segment
 - Simon Carter, London to be launched in Q4 FY17.
 - Exploring various partnership opportunities with several brands to address white spaces
 - Entry into men's innerwear and active-wear in Q2 FY17
 - Leverage E Commerce through deep partnerships with large players and execution of Omni channel program across Pantaloons and Madura stores

Disclaimer



Certain statements made in this presentation may not be based on historical information or facts and may be “forward looking statements” including, but not limited to, those relating to general business plans & strategy of Aditya Birla Fashion and Retail Limited (“ABFRL”), 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 may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in ABFRL’s business, its competitive environment, its ability to implement its strategies and initiatives and respond to technological changes and political, economic, regulatory and social conditions in the countries in which ABFRL conducts business. Important factors that could make a difference to ABFRL’s operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in ABFRL’s principal markets, changes in Government regulations, tax regimes, competitors actions, economic developments within India and the countries within which ABFRL conducts business and other factors such as litigation and labour negotiations.

This presentation 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 ABFRL’s shares. Neither this presentation nor any other documentation or information (or any part thereof) delivered or supplied under or in relation to the shares shall be deemed to constitute an offer of or an invitation by or on behalf of ABFRL.

ABFRL, as such, makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. The information contained in this presentation, unless otherwise specified is only current as of the date of this presentation. ABFRL assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events or otherwise. Unless otherwise stated in this document, the information contained herein is based on management information and estimates. The information contained herein is subject to change without notice and past performance is not indicative of future results. ABFRL may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes. This presentation may not be copied and disseminated in any manner.

INFORMATION PRESENTED HERE IS NOT AN OFFER FOR SALE OF ANY EQUITY SHARES OR ANY OTHER SECURITY OF ABFRL

This presentation is not for publication or distribution, directly or indirectly, in or into the United States, Canada or Japan. These materials are not an offer of securities for sale in or into the United States, Canada or Japan.

Aditya Birla Fashion and Retail Limited. Corporate Identity Number L18101MH2007PLC233901
Regd. & Corporate Office: 701-704, 7th Floor, Skyline Icon Business Park, 86-92, Off A.K. Road, Marol Village, Andheri (East), Mumbai-59
Website : www.abfrl.com **Email:** invrelations.abfrl@adityabirla.com