



Arvind Fashions Limited

Q4 FY19 Performance Highlights

May 2019



Agenda

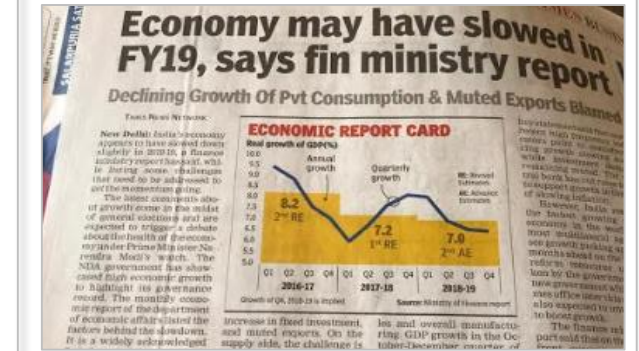
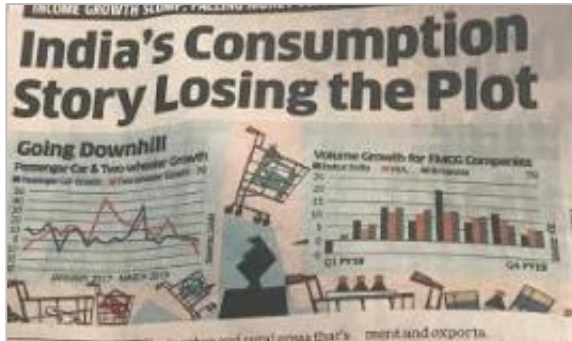
Q4 & FY19 Performance Highlights



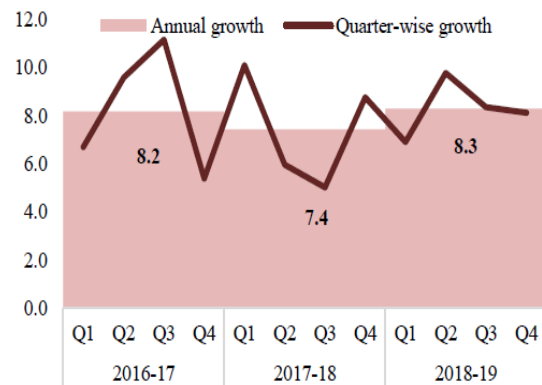
FY20 Priorities & Outlook



Market Context



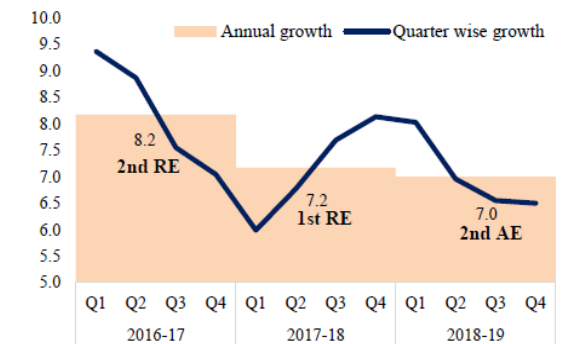
Drop In Consumption Expenditure



Q4 Focus

1. Cash generation
2. Working capital reduction
3. Cost efficiency

Slowing GDP Growth Rate



Note: Growth of Q4 2018-19 is implied.

Q4 FY19 Business Highlights

Hits

Misses

Financial



Record profitability in Power Brands

14.1% / +60 bps

Despite flat sales, driven by discount control & cost efficiency



Strong cash generation leading to reduction in Debt of

Rs 167 Crs.



Higher than planned loss in Unlimited

Portfolio



USPA, emerging as India's leading lifestyle brand. Fastest to cross

Rs 1,000+ Crs.

With innerwear sales doubling



Flying Machine among

Top 3

denim brands in India



GAP turning

EBITDA Positive

in Q4 FY19



Strong Performance of Focus Categories- FY19 Growth

Casuals/Denim: **20%**

Kidswear: **25%**



Innerwear: **54%**

Prestige Beauty: **35%**

Q4 FY19 Performance Snapshot

Sales

Rs Crs.

Growth%

1,169

2%

EBITDA

Rs Crs.

% Sales

Growth%

85

7.3%

13%

+80 BPS

Impact Of Key Actions

Revenue growth impact of ~8% on account of

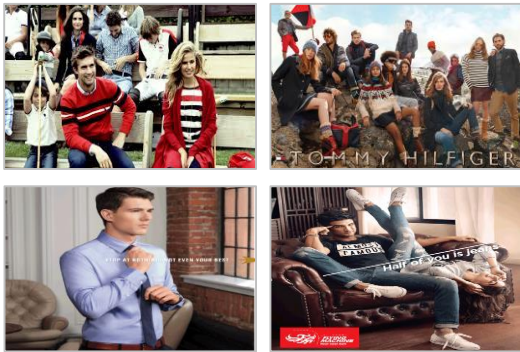
1. Exit of long credit cycle customers in Power Brands
2. Starting the exit of select emerging brands

...Helping

- Deliver strong FOCF & reduction in debt
- Control of discount to improve gross margin by 180 BPS

Q4 FY19 Brand Groupwise Performance

Power Brands



Sales (Rs Crs.)

746

EBITDA (Rs Crs.)

105 / 14.1%
+64 BPS

Specialty Retail



Sales (Rs Crs.)

231

EBITDA (Rs Crs.)

(19)

Emerging Brands



Sales (Rs Crs.)

192

EBITDA (Rs Crs.)

(1)

FY19 Performance Snapshot

Sales

Rs Crs.	Growth%
4,644	10%*

*Underlying growth 15%

EBITDA

Rs Crs.	% Sales	Growth%
288	6.2%	26%

+80 BPS

ROCE

6.7%

+170 BPS

Strong underlying **growth of 15% overall** & **16% in Power Brands** delivered with **80 BPS improvement in EBITDA** despite

- Additional marketing investment of Rs 24 Crs.
- Sales and profit impact of key actions of Q4

FY19 Brand Groupwise Performance

Power Brands



Sales (Rs Crs.)

EBITDA (Rs Crs.)

2,797
9% / **16%**

344 / 12.3%
+130 BPS

Underlying

Specialty Retail



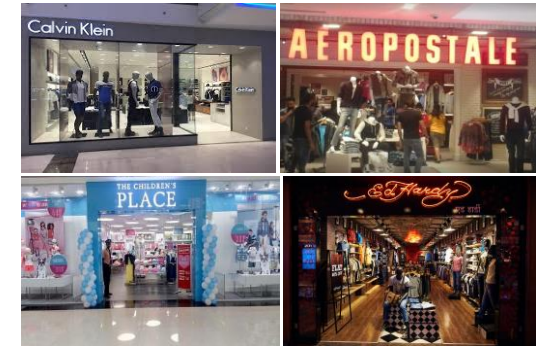
Sales (Rs Crs.)

EBITDA (Rs Crs.)

1,110

(43)

Emerging Brands






Sales (Rs Crs.)

EBITDA (Rs Crs.)

737

(13)

Store Distribution Footprint

	FY18 Exit		Store Changes		FY19 Exit	
	Store Count	Sq Ft (Lacs)	Additions	Closure	Store Count	Sq Ft (Lacs)
 Power Brands	940	8.1	148	70	1018	8.9
 Unlimited	101	9.7	20	14	107	10.8
 Speciality Retail	29	1.3	6	0	35	1.5
Total*	1297	21.5	218	125	1390	23.7

* Including Emerging Brands

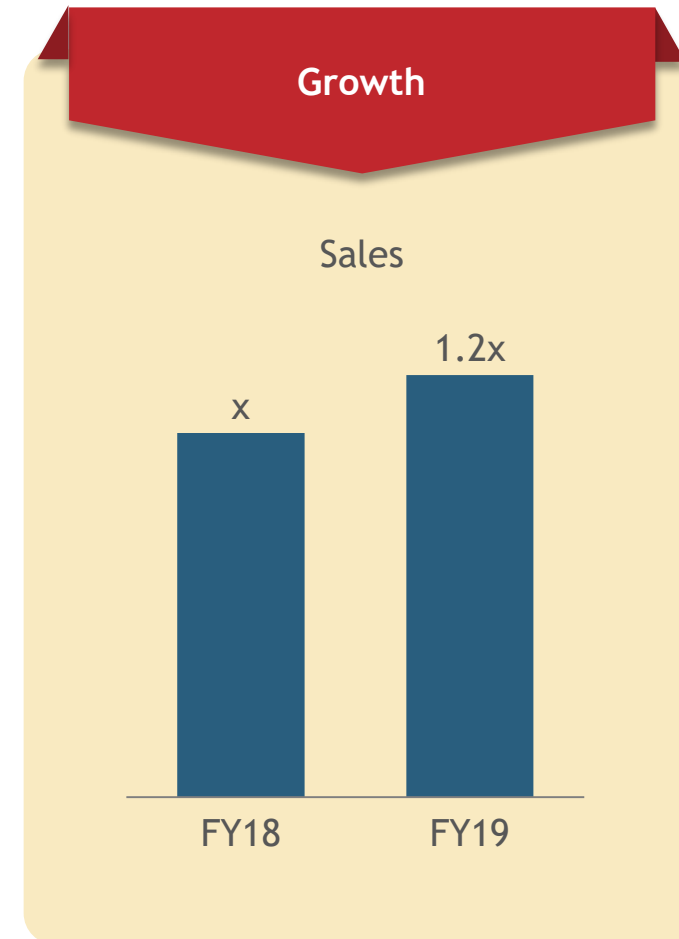
Robust Performance Of All Focus Categories

Premium Casuals/Denim Leadership

Arvind's Portfolio



One out of every five casual wear bought in branded premium men's casual/denim market is from Arvind's portfolio

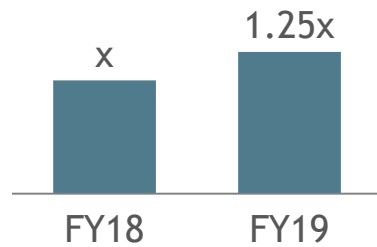


Robust Performance Of All Focus Categories

Premium Kidswear Leadership



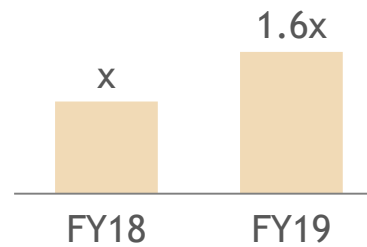
Sales



Innerwear Accelerated Growth



Sales

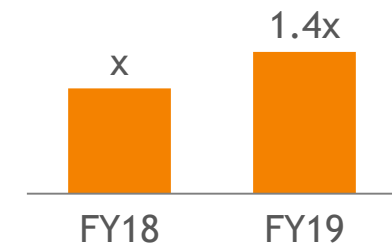


US Polo innerwear sales doubled

Prestige Beauty Leadership



Sales



Robust Performance Of Focus Channels

Small Town Distribution Expansion

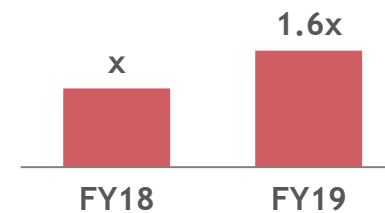


Power brands				
	Cities Univ.	FY19		Gr%
		Cities	Sales Contr. (Stores)	
Tier II/III	363	156	25.3%	23%

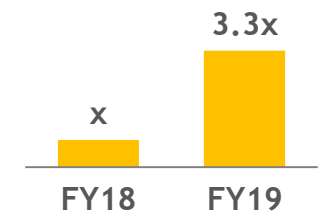
Online



3rd Party Online



Own Online Incl. Omni

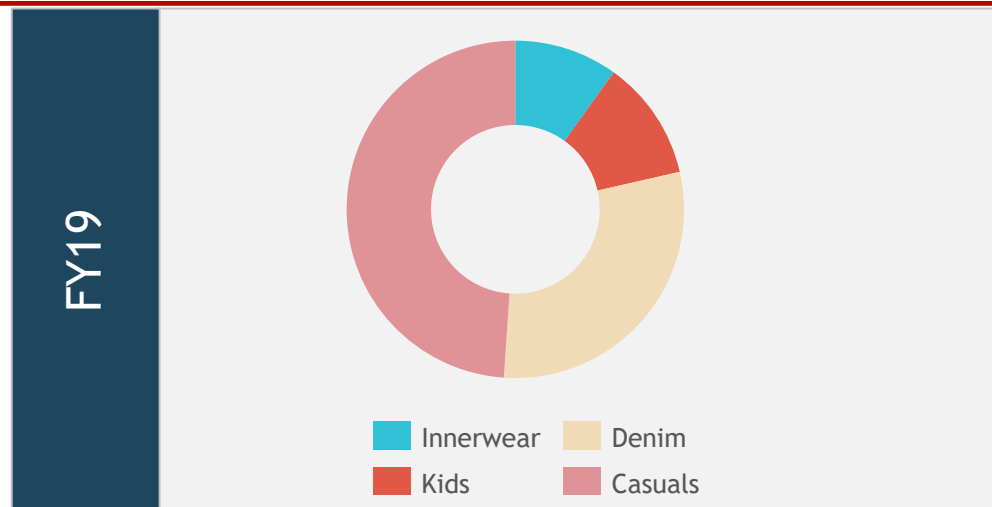


Brand Performance Milestones

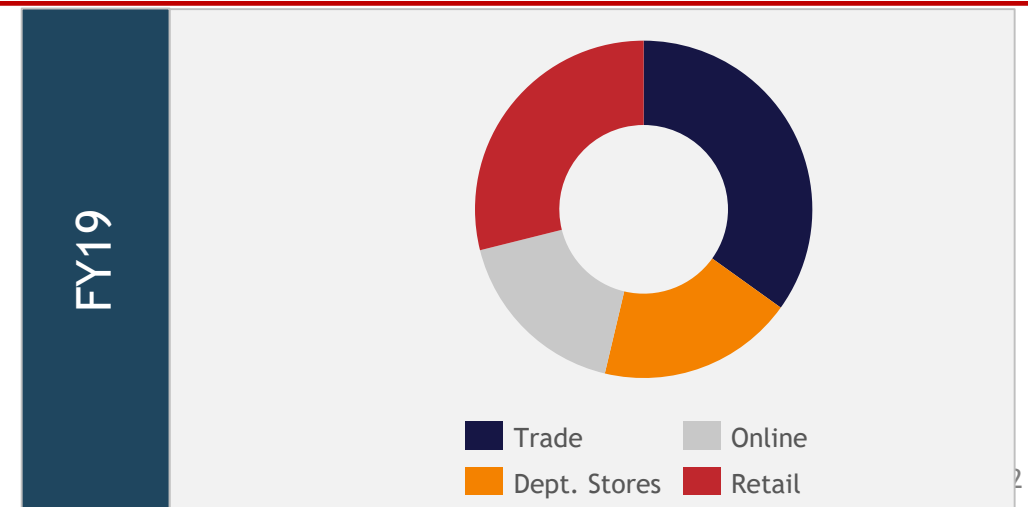
USPA Emerging As India's Leading Lifestyle Brand - Fastest to Cross Rs 1,000+ Crs. With Strong Multi-Category & Multi-Channel Play



Multi-Category Play



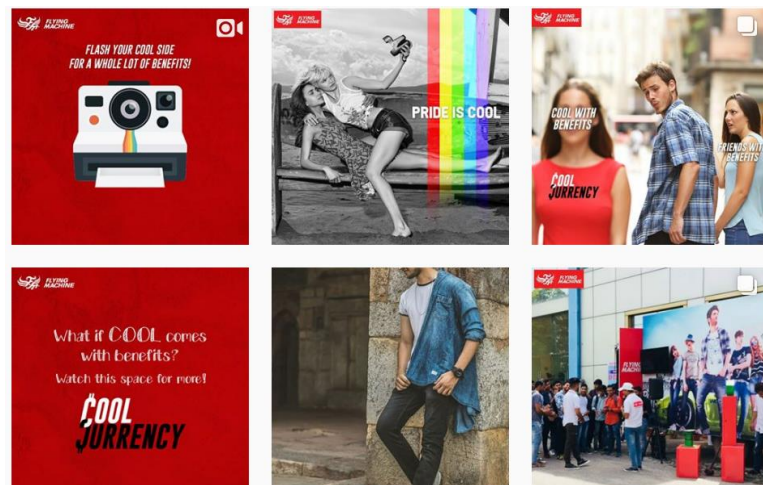
Multi-Channel Play



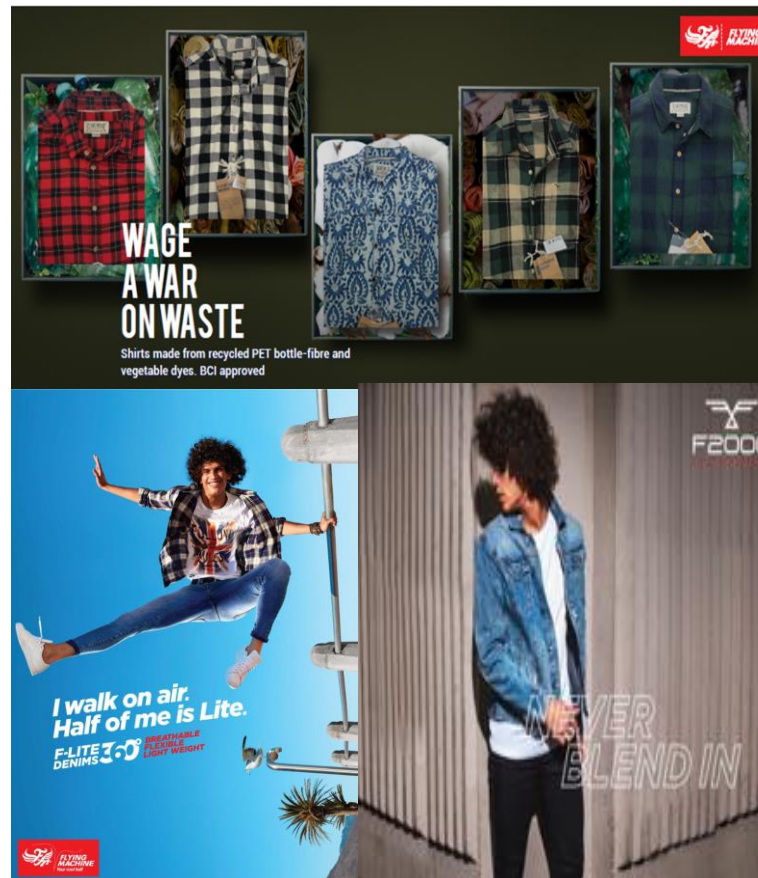
Brand Performance Milestones

Flying Machine Among India's Top 3 Denim Brands With Strong Youth Connect Leveraging

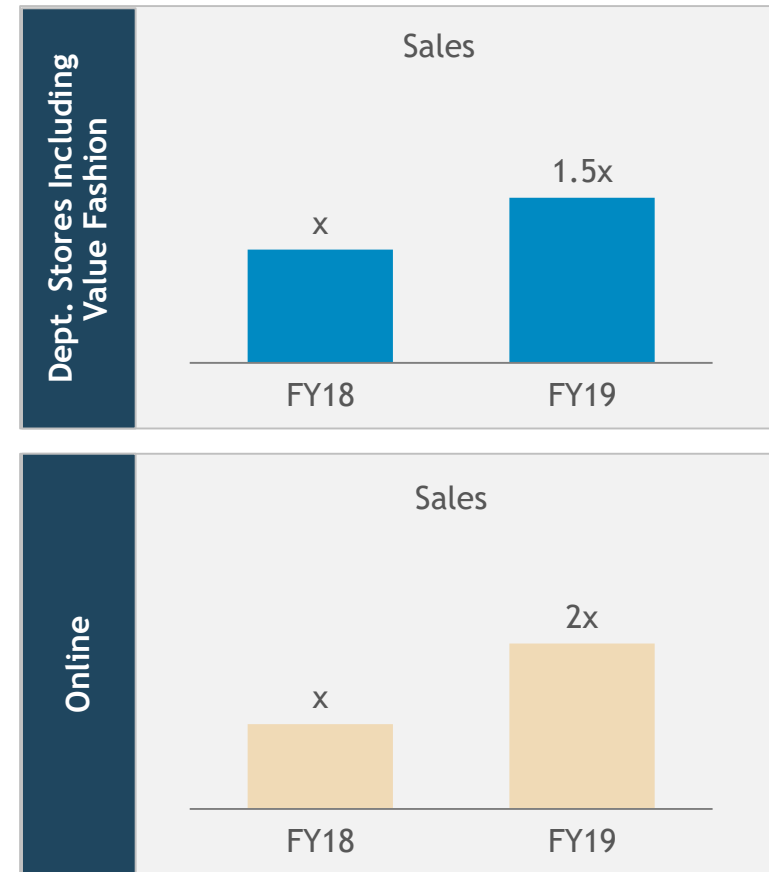
Social Media



Product Innovation



Fast Growing Channels



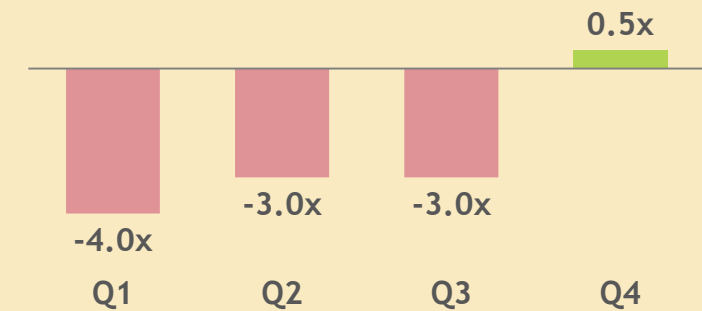
Brand Performance Milestones

GAP Scaling Rapidly And Turning Profitable

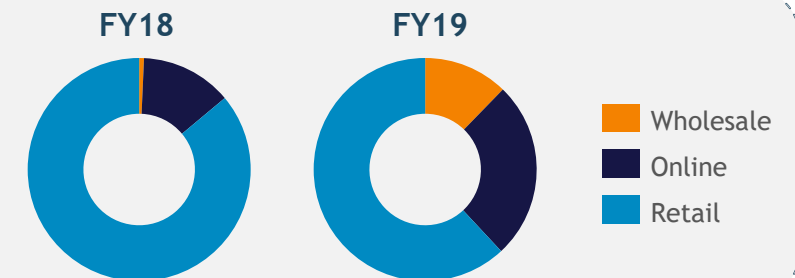


Sales growth (FY19): 50%+

EBITDA (FY19)



Channel Mix





Audited Financials - P&L

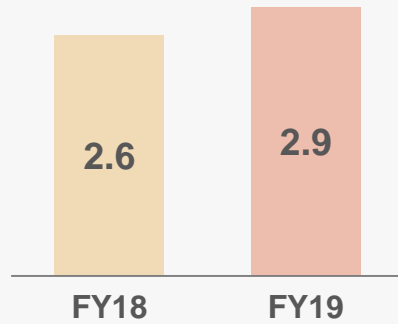
All Figures in Rs Crs.	Q4 FY19	Q4 FY18	Change	FY19	FY18	Change
Revenue from Operations	1,169	1,151	2%	4,644	4,219	10%
Cost of Goods Sold	547	566		2,289	1,979	
Employees' Emoluments	96	90		408	367	
Others	441	420		1,659	1,644	
EBIDTA	85	75	13%	288	229	26%
EBITDA%	7.3%	6.5%		6.2%	5.4%	
Other Income	0	8		4	12	
Interest & Finance Cost	35	20		126	91	
Cash Accruals	50	63		166	151	
Depreciation	44	36		153	139	
Profit Before Taxes	6	27		13	12	
Tax / DTA	-15	3		-9	-1	
Minority Interest	2	2		5	-2	
Profit / (Loss) After Tax	20	21		17	15	

Audited Financials – Balance Sheet As On 31.03.2019

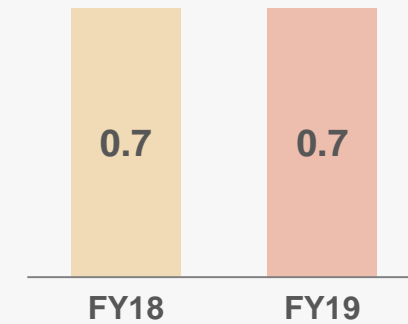
Particulars (in Rs Crs.)	31.03.19	31.03.18
Net Worth	1,221	1,147
Borrowings	791	671
Capital Employed	2,011	1,818
Net Working Capital	866	810
Net Fixed Assets	549	533
Deferred Tax Asset	269	238
Other Current/non-current Assets/ Liabilities	338	238
Capital Employed	2,011	1,818

Key Indicators - FY19 vs FY18

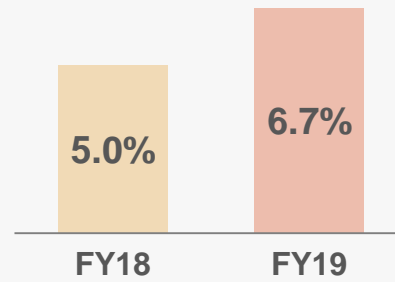
EPS



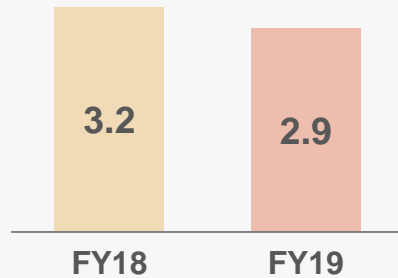
Debt/Equity Ratio



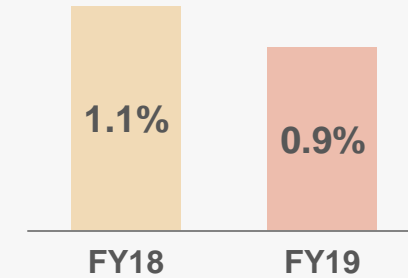
ROCE



Debt/EBITDA



ROE



Agenda

Q4 & FY19 Performance Highlights



FY20 Priorities & Outlook



Will Continue to Deliver Double Digit Growth With Improved Profitability & ROCE

Q1 FY20

1. Revenue growth & EBITDA growth will be muted in Q1 due to shifting of trade channel sales to July to reduce credit cycle - will get corrected in Q2
2. Complete the exit of emerging brands with limited long term potential, with one time loss
3. On positive side, significant reduction in Capital Employed & Cash release

Q2 | Q3 | Q4 FY20

Revert back to

1. Strong revenue growth
2. Improved profitability
3. Double digit ROCE

Leveraging market leading position in

- Premium Casuals/Denim
- Kidswear
- Innerwear
- Prestige Beauty



Thank You!