



Arvind Fashions Limited Investors Meeting Nov 2019



Agenda

Why AFL Is An Exciting
Opportunity



FY20 Corrections



Way Forward



Significant Market Opportunity - AFL Well Placed to Create Value

Market displaying increasing casualization trend



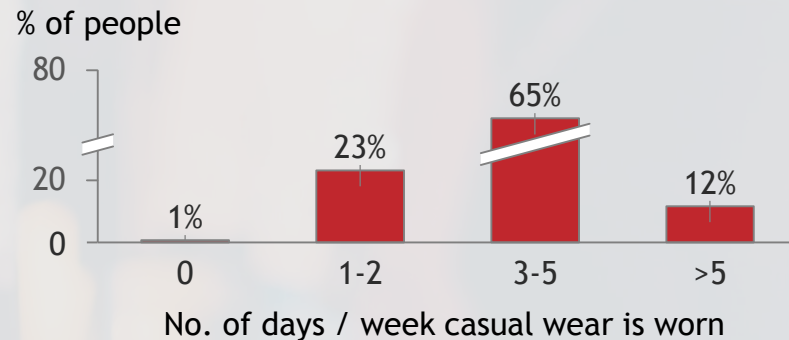
Men's casual wear market expected to grow at 18% and reach \$12 Bn by 2022



Age and urbanization in favor of casualization



Dress code of India is becoming more casuals



Source: BCG Customer research 2016, Bottom up market model

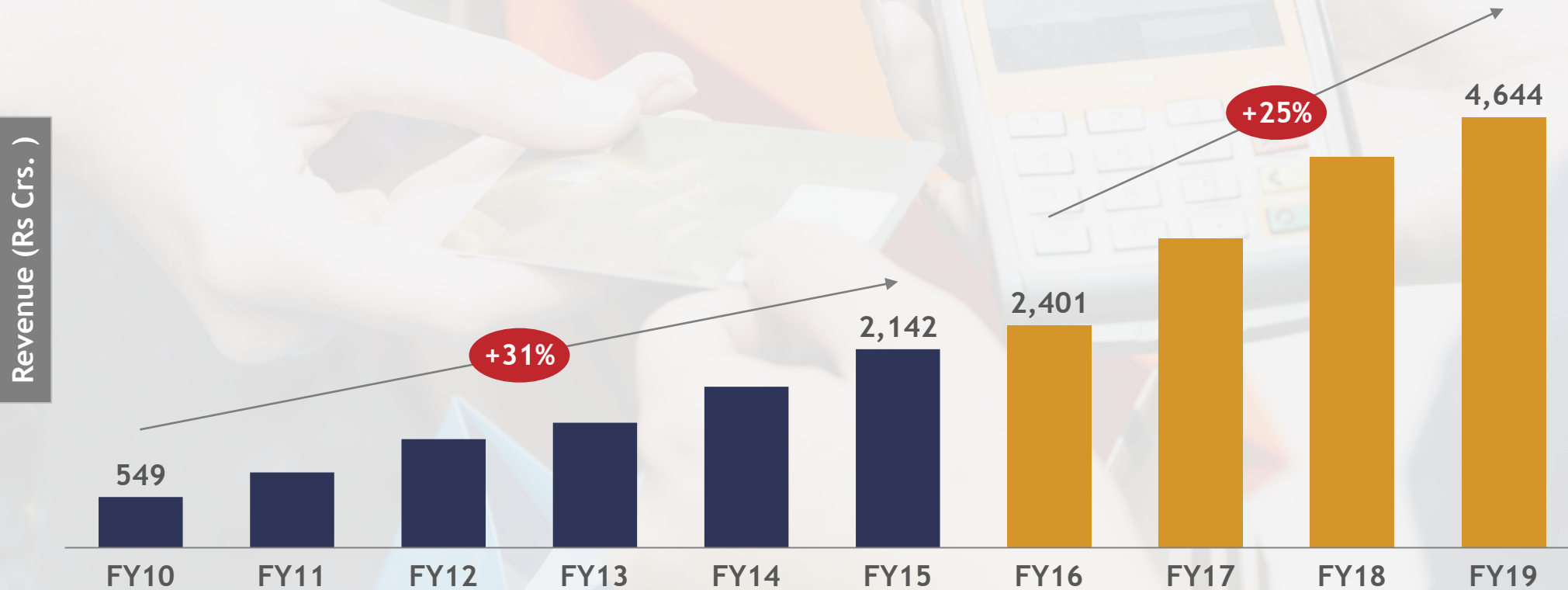
AFL as Dominant #1 player in Casuals/Denim

Well placed to create value in the fashion market



Arvind Fashions Track Record

History of Delivering Strong Revenue Growth Over 10 Years

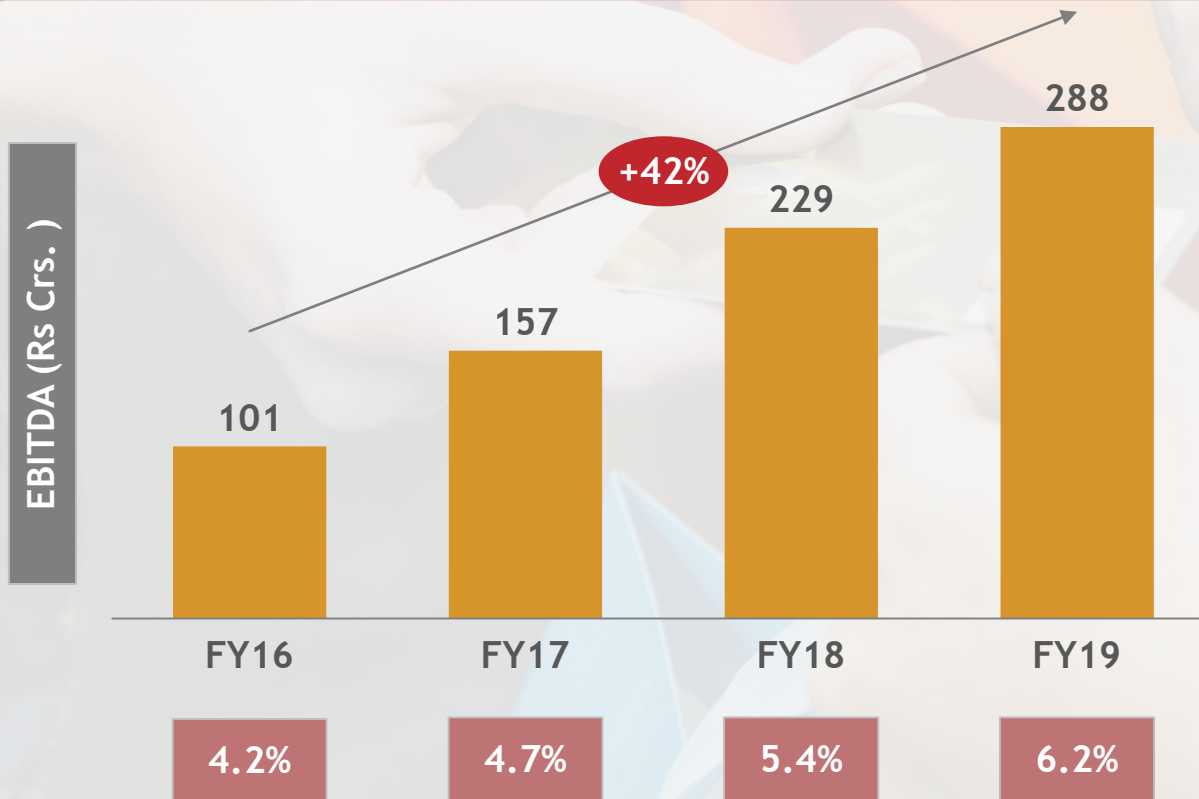


Strengthening Capabilities & Expanding Portfolio

Building Scale

Arvind Fashions Track Record

With Increased Profits



EBITDA More Than
Doubled
in the Last 4 years

Powered By Power Brands



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FY20 Exception

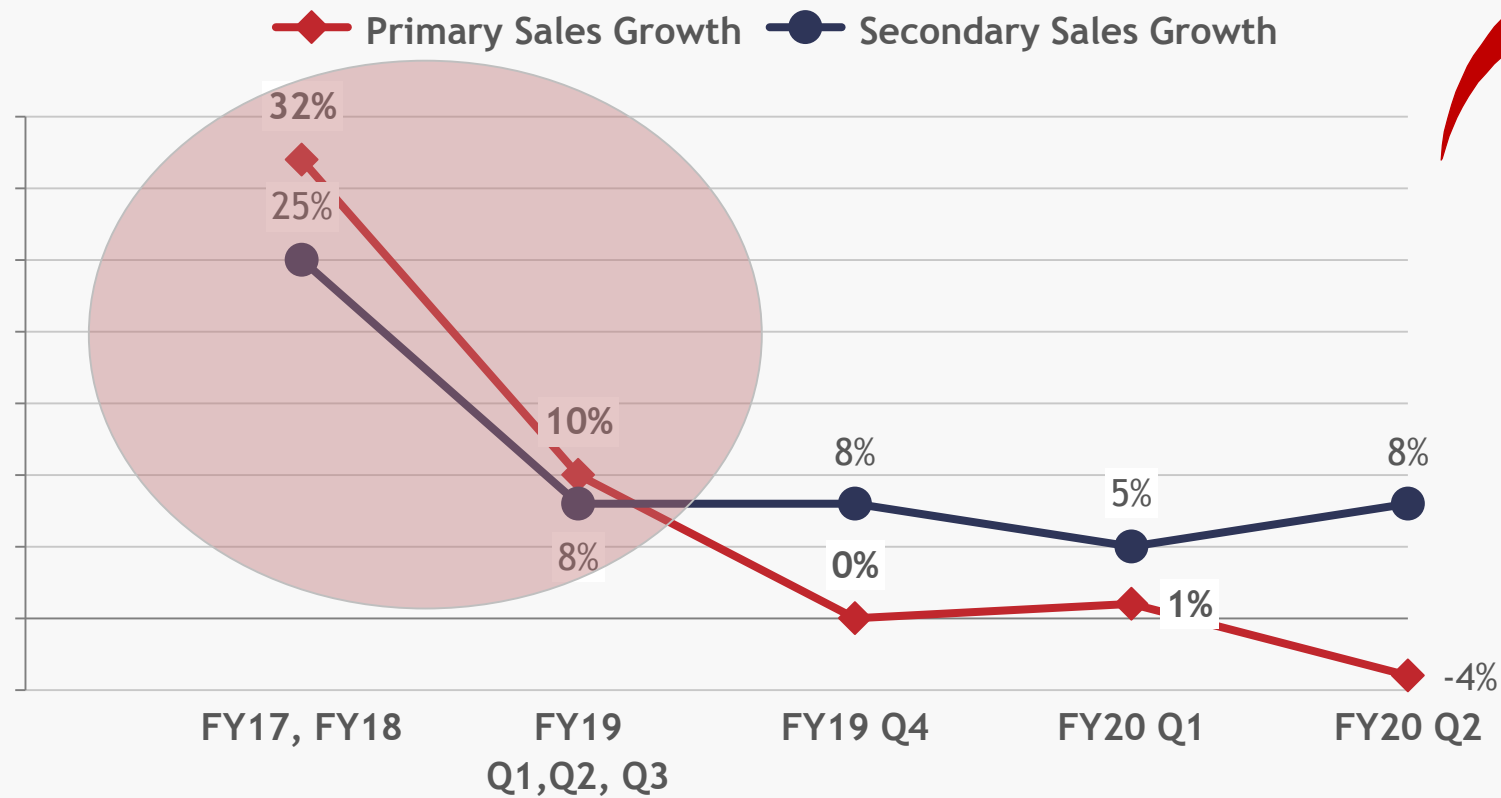


Fix Parts of Portfolio Which are Not Value Accretive

 <p>Exit Brands with Limited Long Term Potential</p>	   	<p>IMPACT</p> <p>Sales (Rs Crs.) 200</p> <p>EBITDA (Rs Crs.) 68</p>
 <p>De-risk Emerging Brands Business Model</p>	<ul style="list-style-type: none"> • Closed 26 Low Productive Stores • Focus on Dept. Stores and Online • Renegotiated Royalty Commitments for Aeropostale, TCP & Hanes • Exited Long Payment Cycle Customers 	<p>IMPACT</p> <p>EBITDA (Rs Crs.) 11.3</p>
 <p>Unlimited Model Restructuring</p>	<ul style="list-style-type: none"> • Network Optimization - 14 Stores Closed, 6 To be Closed • Continuing Business Store Level % Contribution in Double Digits • Sharp Cost Rationalization • Product & Assortment Improvement With Improved Speed to Market • Building Value Business in 'Online' Leveraging Strong Private Brands 	<p>IMPACT</p> <p>EBITDA (Rs Crs.) 20</p>

Align Primary Sales to Consumer Offtake in Power Brands

Slowdown in Consumption Demands Aligning Primary Sales to Consumer Offtake



H1 Impact

Sales

Rs 143 Crs.

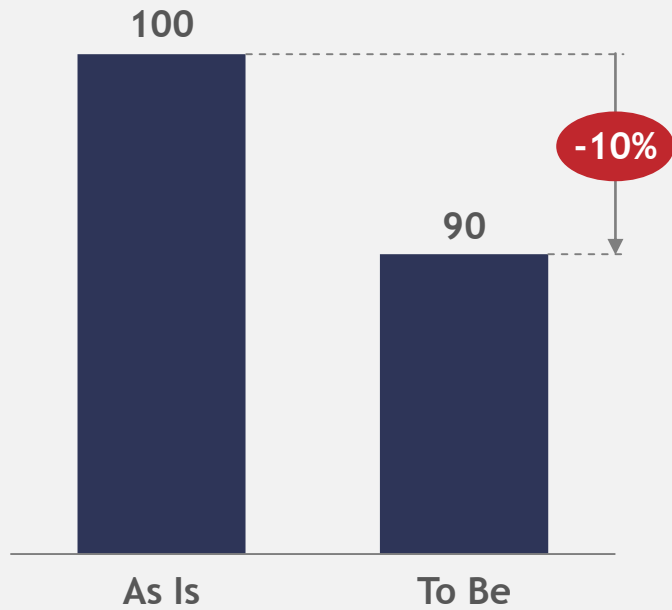
EBITDA

Rs 62 Crs.

Maximum Correction
in Arrow

Optimizing Costs & Working Capital

Costs Reduction



Corporate, WHS & Fixed Sellex Costs

Note: Values Indexed to 100

Working Capital Reduction



**Rs
200 Crs.**

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Power of Portfolio

CATEGORY LEADERSHIP



India's #1
Casualwear Brand



India's 2nd Largest
Denim Brand



#1 and #2 Brands
in Super-Premium
Denim/Casuals

RETAIL LEADERSHIP

Top 3 or 4 Brands Among the Top 10 Most
Productive Brands across the Top 10 Malls in the
Country, Owned by Arvind - Unmatched by Any
Competitor

OTHER CHANNELS LEADERSHIP



Department Stores

#1 in Casuals & Kids



Online

- USPA as #1 Premium Men's Casual Brand in Online
- Flying Machine as #1 Denim Brand in Online

Growth Drivers



1. Strengthening Core



2. Category Expansion



3. Appropriate Premiumization



4. Distribution Expansion
(Small Towns & Online)



5. Go To Market Speed

1 Strengthening Core

PRODUCT INNOVATION



Responsible Jeans - USPA



Sustainable Shirts - FM



F-Lite Denim - FM



Cool Pro Shirt - Arrow



Auto-flex Chinos - Arrow



Boomerang Jeans - Unlimited

STORE UPGRADATION



CHANNEL SPECIFIC PRODUCT RANGES

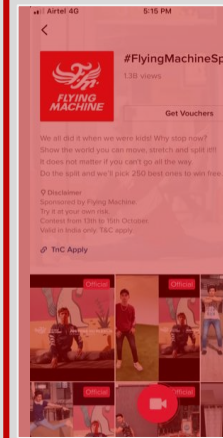
Flying Machine

- 'FM Blue Label' for Departmental Stores & EBOs
- 'Flying Machine' for Online
- 'FMX' for Value Channel

USPA & Arrow

- SMUs for Online

DIGITAL ACTIVATION & CAMPAIGNS



#FlyingMachine Split Challenge

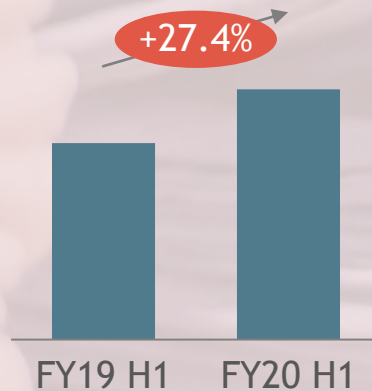
TikTok

Total Views : 1.3 BN
Influencer Reach : 35 MN +
Campaign Reach : 75 MN +



2 Category Expansion

Premium Kidswear



Q2: +26%

Innerwear

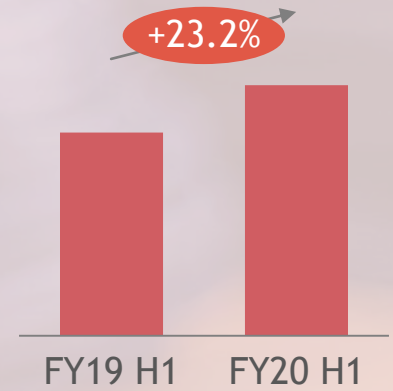
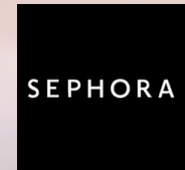


Q2: +56%

Footwear

Business Scaling
up to Rs 100 Crs
in the Second
Year of
Operations

Prestige Beauty



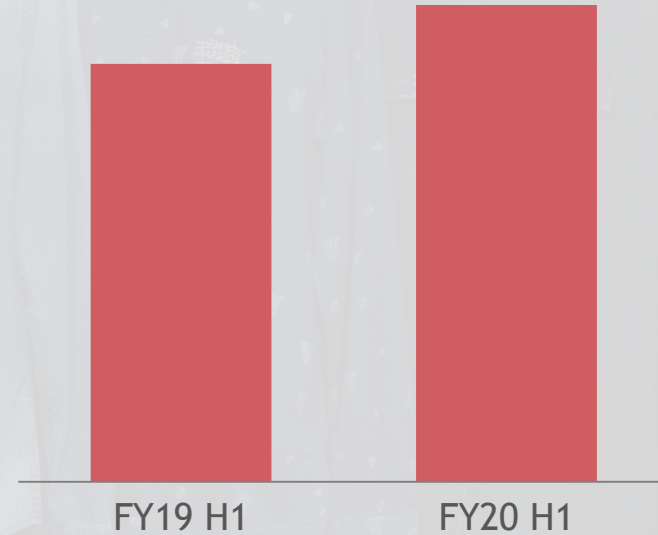
Q2: +21%

3 Appropriate Premiumization



Revenue Growth

**15%+ Growth in
Difficult Market
Situation**



4 Distribution Expansion

Small Town Distribution Expansion



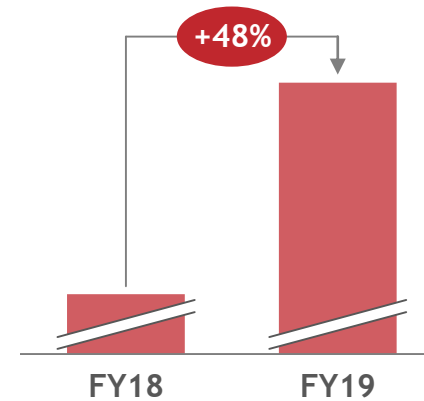
To Open 60 Stores
In Tier 3/4 Towns



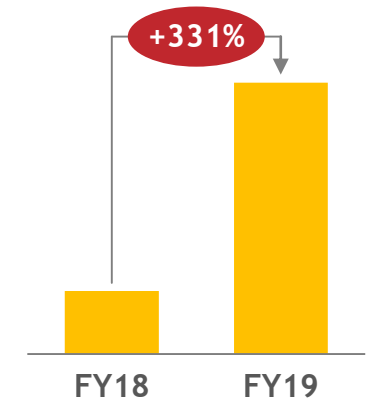
Online



3rd Party Online



Own Online Incl. Omni



5 Go to Market Speed

FROM

120 Days



TO

80 Days

Enablers

1. Segmented Supply Chain
2. Replenishment System for Core Products with VMI
3. Supply Chain Digitization
4. In-Season Analytics

Business Way Forward

Power Brands



- **Grow Through**
 - Product Innovation
 - Channel Expansion
 - Category Expansion
- **Continued Focus on Improving Working Capital Efficiency**
- **Improved Profits Post Corrections in FY20**

Specialty Retail



- **Store & Channel Expansion in GAP & Sephora to Drive High Growth with Improved Profitability**
- **Unlimited Restructuring to Minimize Losses**

Emerging Brands



- **Retained Emerging Brands to Grow Profitably Post Business Model Corrections in FY20**
- **Robust Profitable Growth of Calvin Klein**



Thank You