



# Arvind Fashions Limited

Q2 FY21 Results Presentation

Nov 2020

PLACE

Bottoms up!

DON'T LOOK UP!

talk to stranger

Don't be dull  
Half of me is colourful

UNLIMITED

UNLIMITED

# Arvind Fashions Limited

Q2 FY21 Results Presentation

Nov 2020

UNLIMITED

I WANT UNLIMITED BONDING...

Half of you is jeans

TOMMY HILF

Calvin Klein Jeans

SEPHORA

AÉROPOSTALE

THE ART OF CULT  
Looks don't matter

Ed Hardy

# Agenda

Q2 Performance Highlights .....








Q2 & H1 Results .....



Future Outlook .....

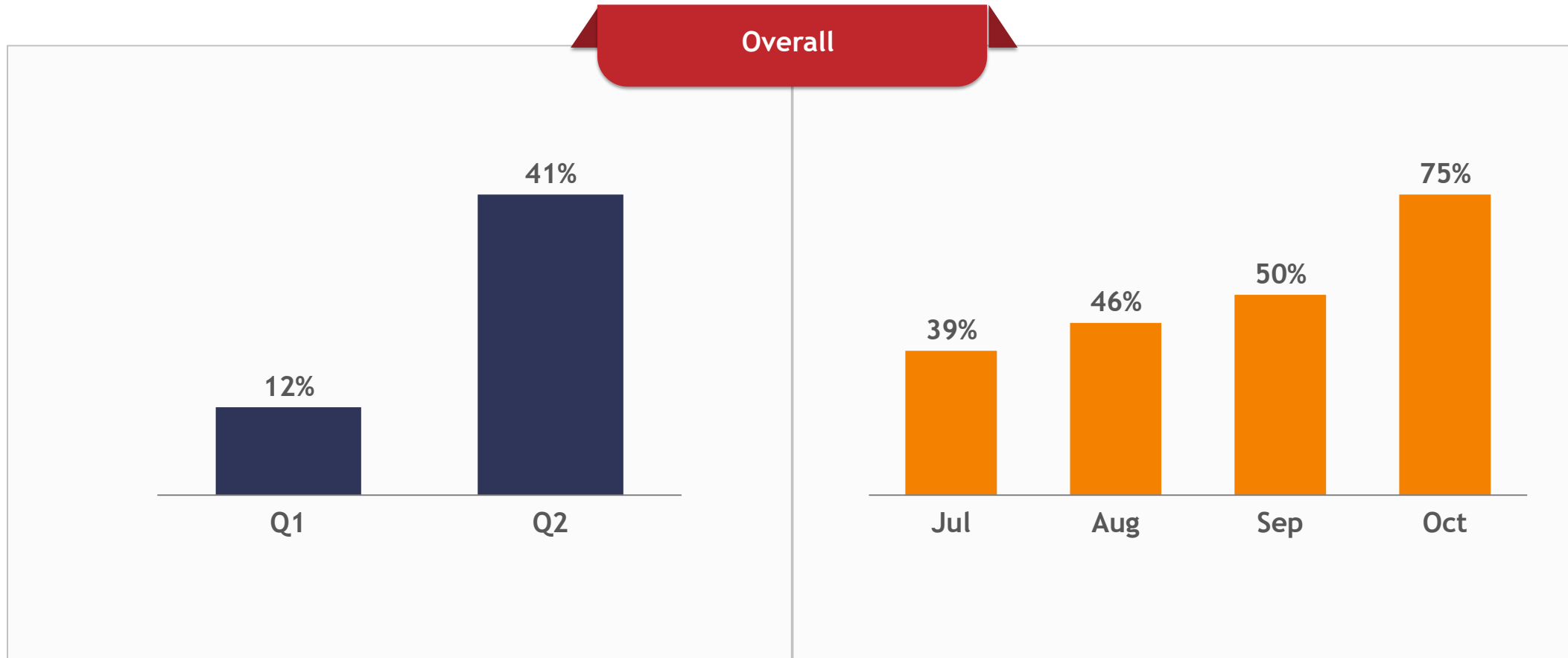


## Making AFL Stronger & Fit for Growth - Q2 Highlights

1	Good sales recovery in September and continuing into the festival period	<b>50%</b> <i>September</i> <b>75%+</b> <i>October</i>
2	Strong growth in online	<b>21%</b> <i>in Q2</i> <b>65%</b> <i>In Oct</i> 
3	Supported by good sales recovery, EBITDA loss of continuing business (pre IndAS 116) reduced from Rs 141 Crs to Rs 81 Crs - Likely to turn positive in Q3	<b>Rs 60 Crs</b> 
4	Relentless cost control continued in Q2	<b>38%</b> 
5	Drop in Gross Working Capital in H1	<b>Rs 360* Crs</b> 
6	Net Debt reduction in H1	<b>Rs 190+ Crs</b> 

\* 202 Crs excluding Exceptional Provisions

## Sales Recovery



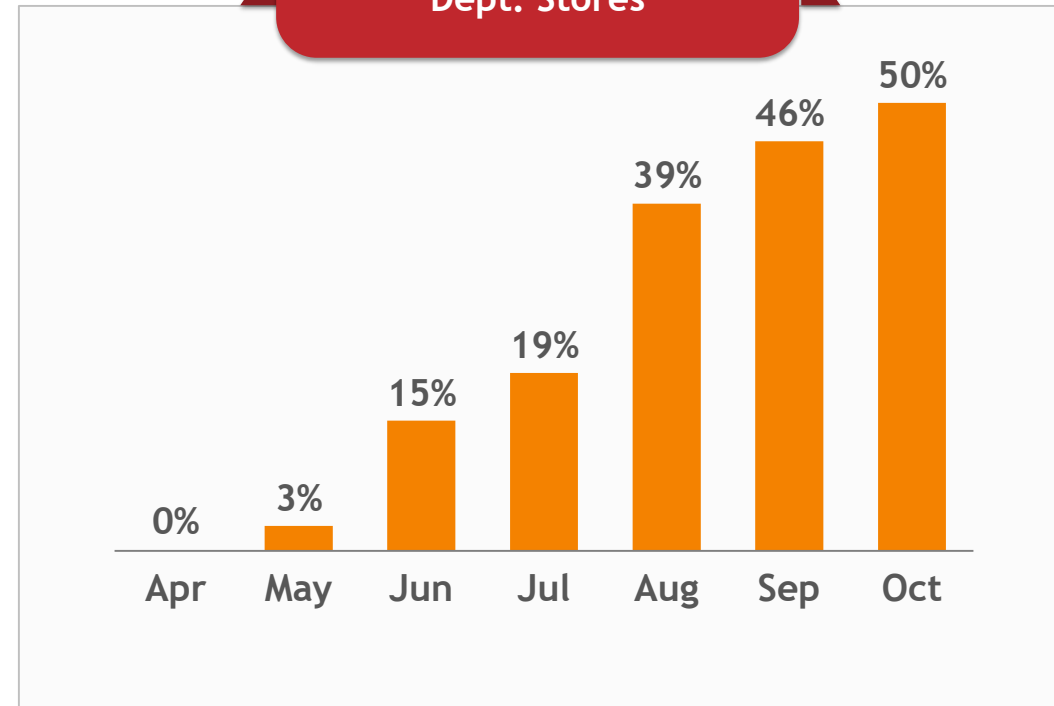
## Sales Recovery Channelwise

This year sales as % of last year same month sales

### Stores

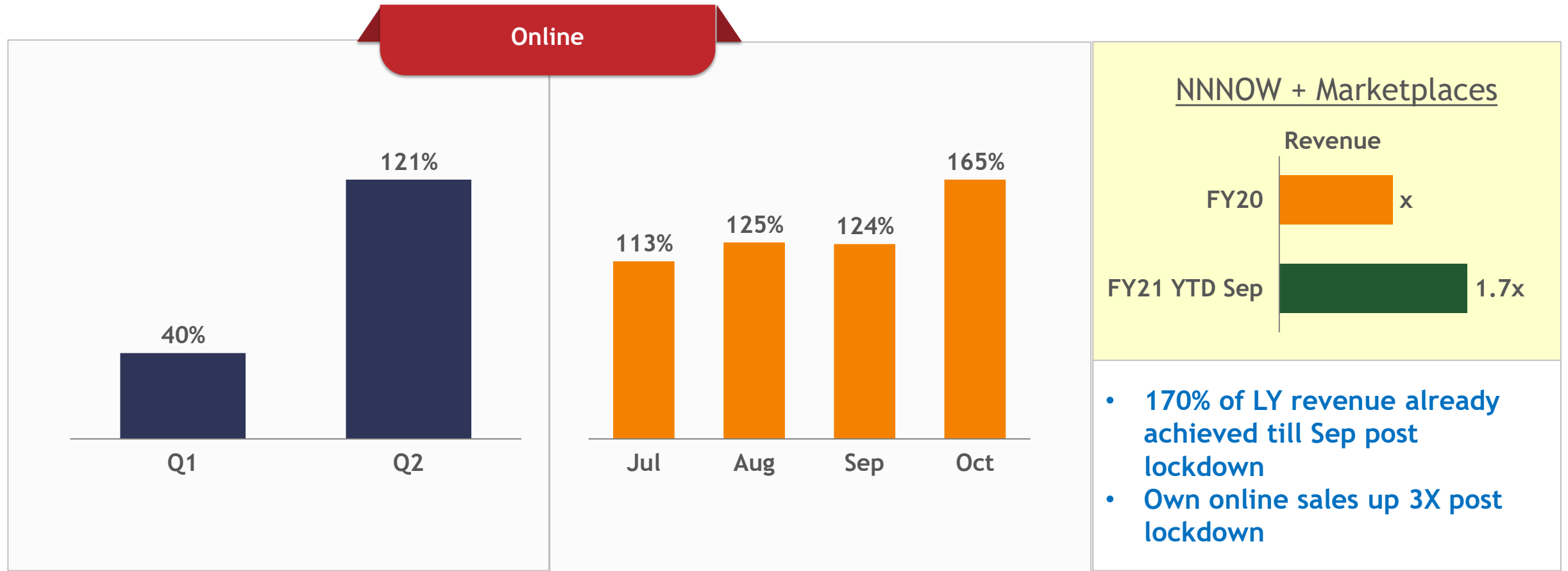


### Dept. Stores

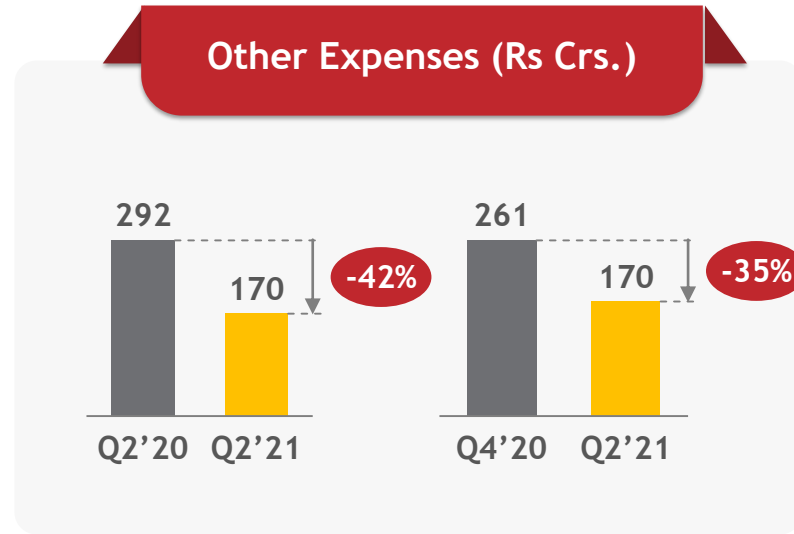
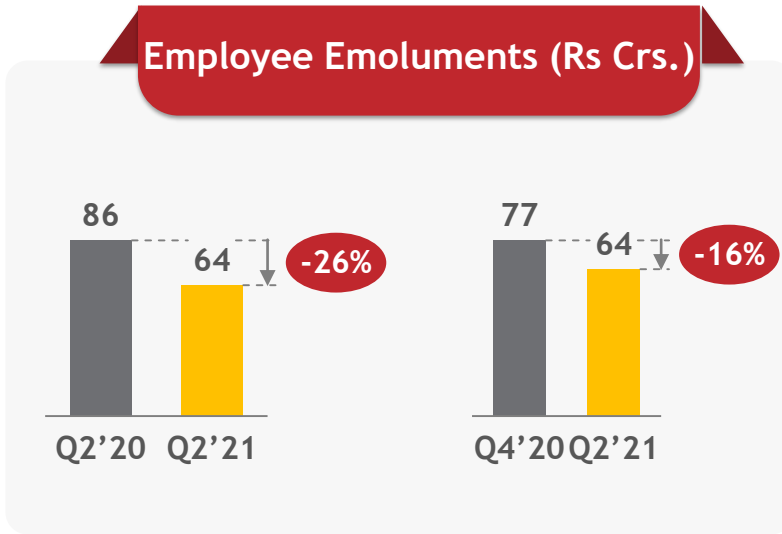
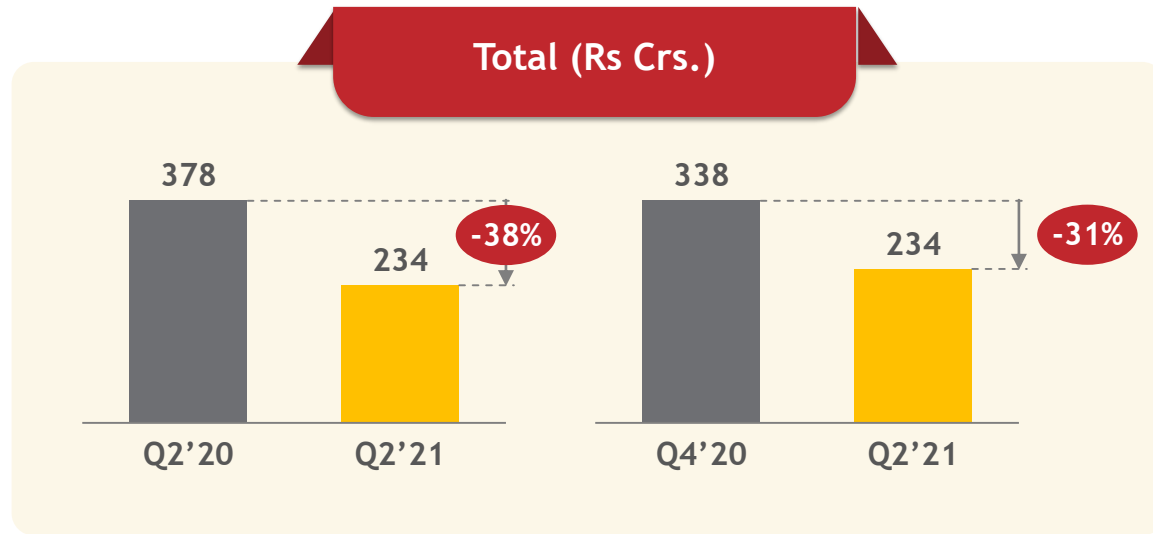


Started slow, now picking up

# Sales Recovery Channelwise



# Cost Control

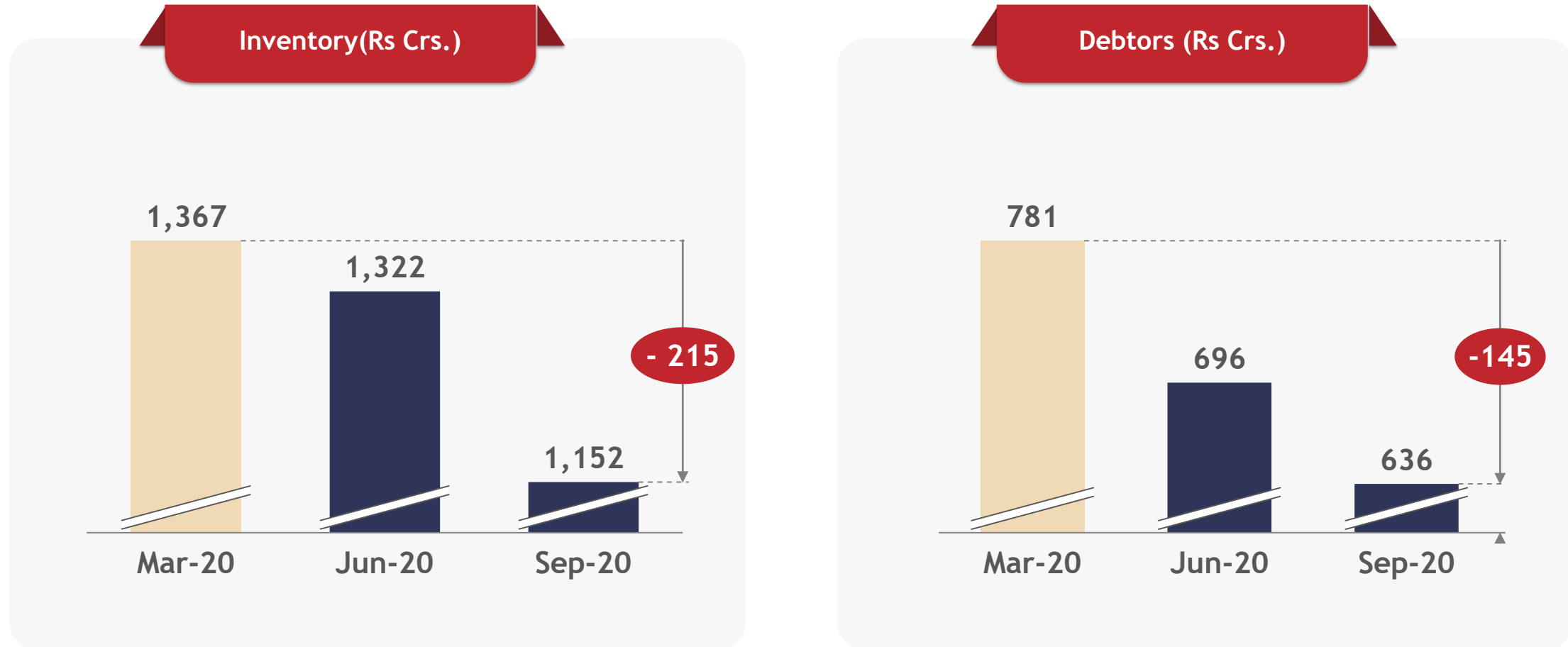


**Rent Savings (Rs Crs.)**

- Booked in Q1: Rs 70 Crs
- Booked in Q2: Rs 29 Crs

	Booked in Q1	Booked in Q2
Q1	41.3	-
Q2	18.0	25.5
Q3	8.5	2.4
Q4	2.5	1.1
<b>Total</b>	<b>70.3</b>	<b>29.1</b>

## Gross Working Capital Reduction of Rs 360 Crs. in H1



\* Above figures are inclusive of inventory & debtors pertaining to discontinued businesses

Gross Working Capital Reduction Rs 202 Crs before exceptional items



# Agenda

Q2 Performance Highlights .....



Q2 & H1 Results



Future Outlook



## Q2 FY21 - Performance Snapshot



	Reported			
	Q2 FY21	Q1 FY21	Change	Q2 FY20
Revenue from Operations (Rs Crs.)	437	94	363%	1049
Other Operating Income (Rent concessions) (Rs Crs.)	27	66	(59%)	6
Total Income (Rs Crs.)	464	160	190%	1056
EBITDA (Rs Crs.)	(18)	(41)	-	122
PBT before exceptional item (Rs Crs.)	(151)	(182)	-	(57)
Exceptional Items (Rs Crs.)	45	-	-	-
Discontinued Brands(Rs Crs.)	(28)	(19)	-	(11)
PAT (Rs Crs.)	(212)	(197)	-	(47)

# Exceptional Items & Discontinued Businesses

## Exceptional Items of Rs. (45) crores

- Gains on sale of Minority Stake in FM business amounting to Rs. 113 crores
- Provision on aged inventory & inventory where sales are badly affected by Covid 19 - Rs. 97 Crs
  - This provision will help to faster liquidate the old inventory and realise cash and enable the company to offer fresh season inventory to its customers
- Provision for higher than normal sales returns from trade channel where rate of sale has dropped: Rs. 35 Crs
  - The company propose to channelize this inventory into other channels for fast cash conversion
- Provision for Doubtful Debt - Rs. 26 cr.

## Discontinued Operations

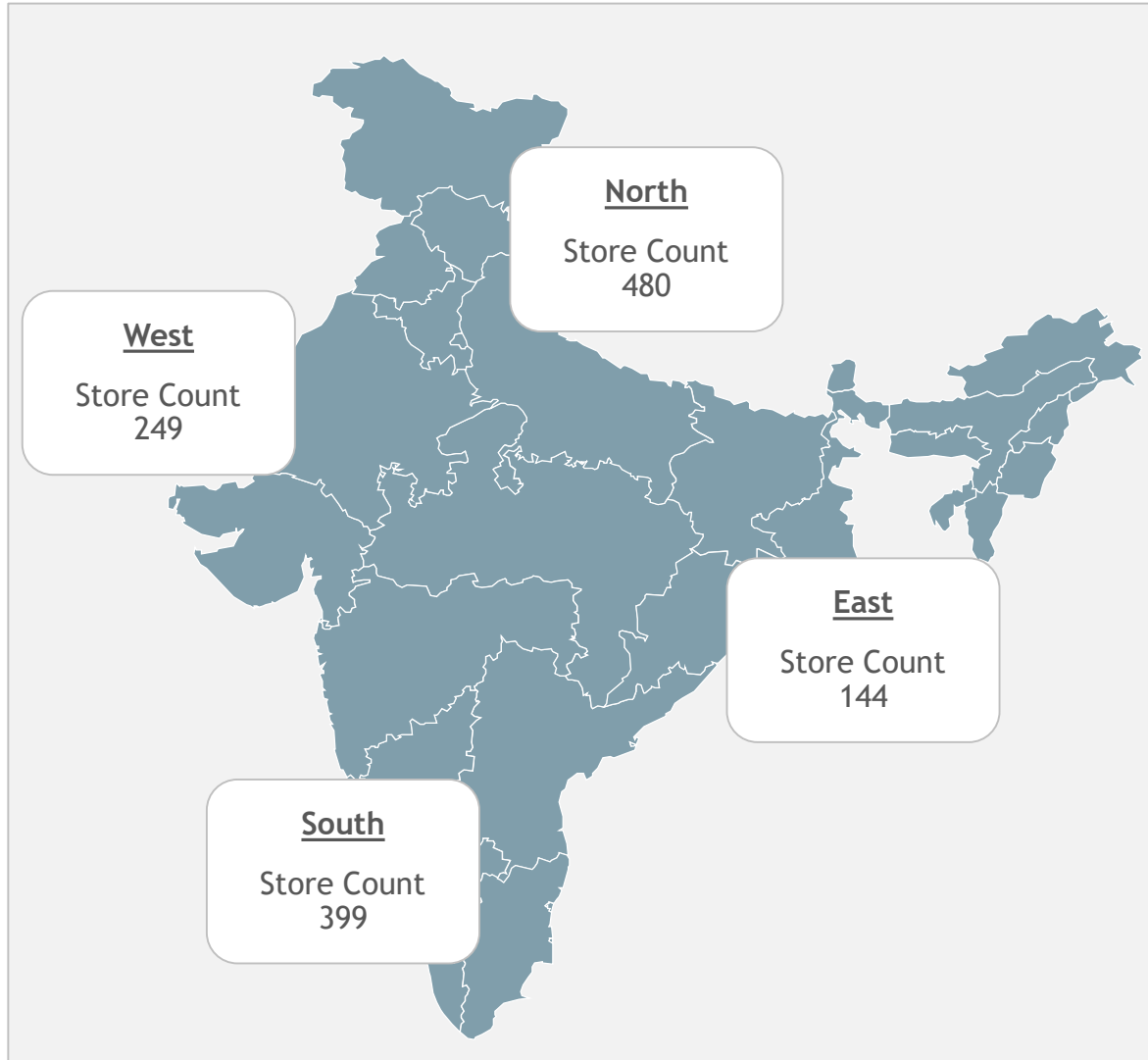
- Includes brands such as GAP, NewPort, Ruf & Tuf, The Childrens' Place & Hanes
- Capital Employed as on Sept end Rs. 170 Crs; likely to reduce to Rs. 70 Crs by March 31
- Expect to realise most of the investment by end of FY/Q1
- Do not expect any significant gain/loss

## H1 FY21 - Performance Snapshot



	Reported		
	H1 FY20	H1 FY21	Growth
Revenue from Operations (Rs Crs.)	1889	531	(72%)
Other Operating Income (Rent concessions) (Rs Crs.)	7	93	
Total Income (Rs Crs.)	1896	624	(67%)
EBITDA (Rs Crs.)	145	(60)	
PBT before exceptional item (Rs Crs.)	(193)	(334)	
Exceptional Items (Rs Crs.)	-	45	
Discontinued Brands(Rs Crs.)	(19)	(47)	
PAT (Rs Crs.)	(144)	(409)	

# Distribution Footprint



	Q2 FY20 Exit	
	Store Count	Sq Ft (Lacs)
Stores	1272	20.0
Dept. Stores	3500+	-
MBO	10000+	-
Innwer wear MBO	13000+	-

# Strong Presence in Categories Recovering Faster

Accelerated Casualization & Work from Home

## Casual Brands



- USPA/TH/FM/CK portfolio of strong casual brands recovering faster
- Recovery rate **55%+** in Sep  
**80%+** in Oct

## Innerwear/ Comfortwear



- Supported with comfort wear launch
- Recovery rate **100%+** in Sep/Oct

## Footwear



- Product categories of casual footwear and open footwear being preferred post Covid benefitting USPA footwear which offers the above range
- Recovery rate **100%+** in Oct

## Kidswear



- Strong demand for kids clothing
- Recovery rate **100%** in USPA and **92%** in Unlimited kidswear in Oct

## DIY Beauty



- Strong omni-push for stores
- Recovery rate **69%** in Sep and **78%** in Oct

# Agenda

Q2 Performance Highlights .....



Q2 & H1 Results .....



Future Outlook .....



## FY21 Outlook - Q3/Q4

### RECOVERY DRIVERS

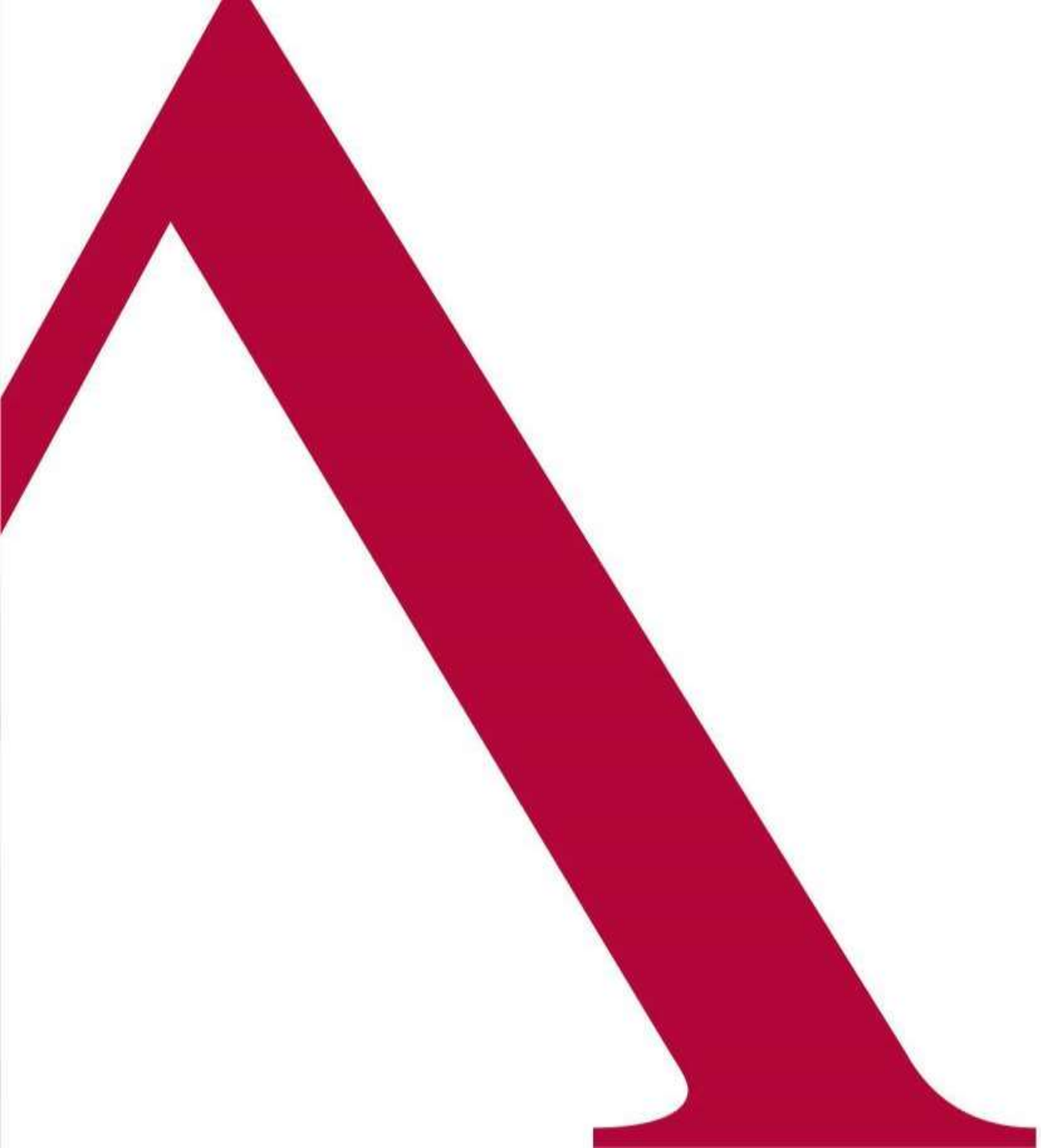
- **Better than expected sales recovery**
  - Estimate 75-80% recovery in Q3
  - Q4 expected to be back to last year levels
- **Online on growth path. Estimated to accelerate growth on the back of**
  - Increased stores integration with online platforms
  - Strong performance of USPA and Flying Machine during online event. With active collaboration with Flipkart, doubling of Flying Machine sales
  - Exponential growth of innerwear and footwear in e-commerce leading to 100% recovery of these categories
- **MBOs expected to start buying for winter and festival, estimated to get back to 60%-70% level in the 2<sup>nd</sup> half**
- **Portfolio/Category strength - Well placed to recover faster**
  - Market leading portfolio of casual brands
  - Strong presence in categories recovering faster - Innerwear/Footwear/Kidswear/Beauty - recovery already at 80%
- **Strong cost reduction initiatives to build profitability as sales grow towards 70%+**
- **Multiple actions to control Gross Working Capital**

- **Sustain FY cost reduction @ 40%**
- **Release Rs 300 Crs in Gross Working Capital**
- **EBITDA positive post rentals in Q3**
- **Minimize cash loss. Exit year with close to breakeven on cash**
- **Debt reduction by Rs 200+ Crs**
- **Exit the year stronger riding on post Covid trends favorable to AFL**
  - Channel shift to online
  - Casualization and Work from home theme
  - Do it Yourself beauty

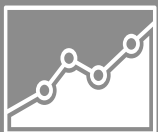


## Exit FY21 - Well Positioned for Value Creation in Medium and Long Term

1. 6 strong brands
2. Leader in casualwear
3. De-risked Unlimited/Emerging brands business model
4. Good momentum in high potential categories - Kidswear, Innerwear, Footwear and Beauty
5. Head start in online - strengthened with strategic investment from Flipkart
6. Structural cost reduction of ~15%
7. New ways of buying to release working capital



# Annexures



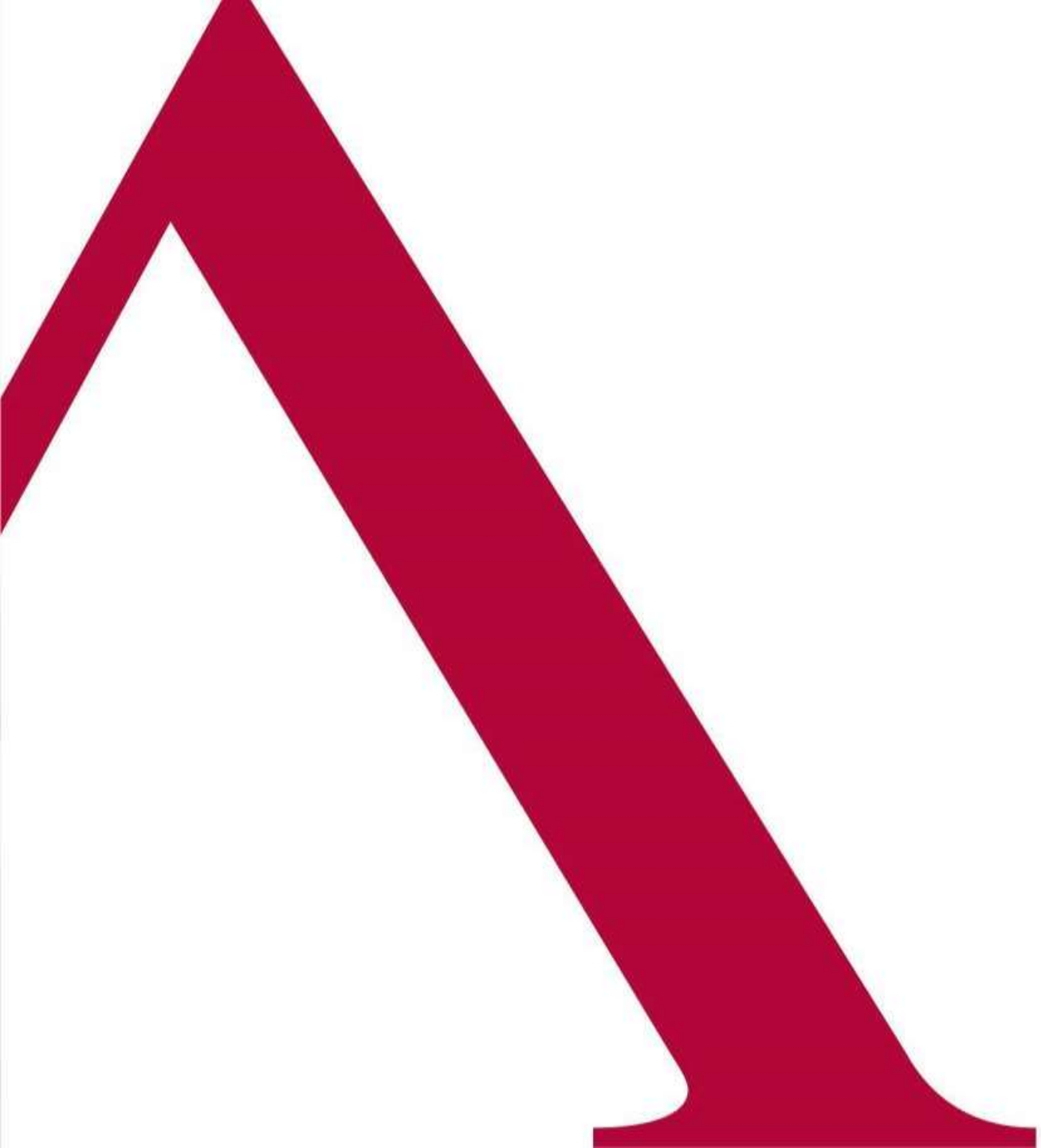
## Financials - P&amp;L

All Figures in Rs Cr.	Q2 FY21	Q2 FY20
Revenue from Operations	437	1049
Other Operating Income(Rent concessions)	27	7
Total Income	464	1056
Cost of Goods Sold	270	592
Employees' Emoluments	58	76
Others	154	266
EBIDTA	(18)	122
Margin	(4%)	12%
Other Income		
Interest & Finance Cost	57	67
Cash Accruals	(75)	55
Depreciation	76	112
PBT (before exceptional items)	(151)	(57)
Exceptional Item	45	
Discontinued Operations	(28)	(11)
Tax / DTA	7	22
Minority Interest	6	(1.5)
Net Profit	(212)	(47)

# Balance Sheet As On 30.09.2020

Particulars (in Rs Cr.)	30.09.20	31.03.20	30.09.19
Net Worth	652	685	933
Borrowings	1058	1210	1083
<b>Capital Employed</b>	<b>1710</b>	<b>1895</b>	<b>2016</b>
Inventory	1018	1367*	1393
Receivables	576	781*	980
Creditors	1053	1325	1407
<b>Net Working Capital</b>	<b>542</b>	<b>823</b>	<b>967</b>
Net Fixed Asset	422	502	527
Other Assets	576	570	523
Discontinued Business	170		
<b>Capital Employed</b>	<b>1710</b>	<b>1895</b>	<b>2016</b>

\* Includes discontinued businesses inventory (120 Crs) and debtors (60 Crs)



Thank You