



Arvind Fashions Limited

Q3 FY22 Results Presentation

February 2022

Agenda

Q3 FY22 Performance Highlights



Q3 FY22 Results with IndAS



Way Forward



Q3 FY22 Highlights - PAT positive quarter



Strong financial performance

- **30%** sales growth Y-o-Y; **20%** growth (vs. pre-COVID)
- **340 bps** expansion in gross margins through sharp execution in retail channel



Power Brands

- **25%** revenue growth leading to EBITDA margin expansion of **150 bps**
- **>40%** sales growth in USPA on significant strong base
- **Double-digit** EBITDA margin (pre-IndAS) in USPA & Tommy Hilfiger



Robust profitability

- **62%** growth in EBITDA to Rs. 106 crores; margin expansion of **200 bps**
- Achieved significant milestone of becoming **PAT positive**
- **Positive** cash flow from operations



Channel-wise

- **40%+** LTL growth in retail channel coupled with significantly better full price sell-thru's
- **2.1x** growth in online channel (vs pre-COVID); **20%+** Y-o-Y growth



Working capital efficiency

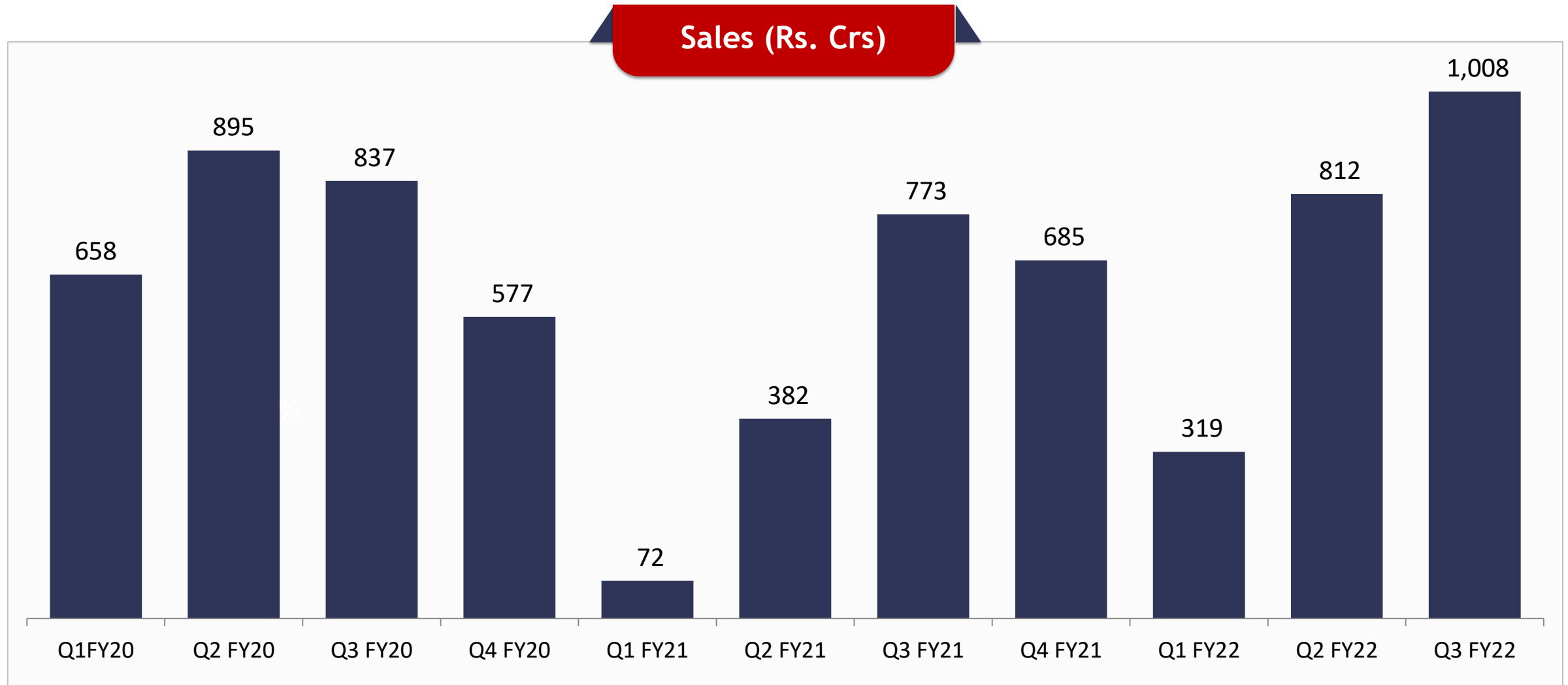
- **>4x** inventory turns (on sales) and sharp improvement in debtor days



Leaner balance sheet

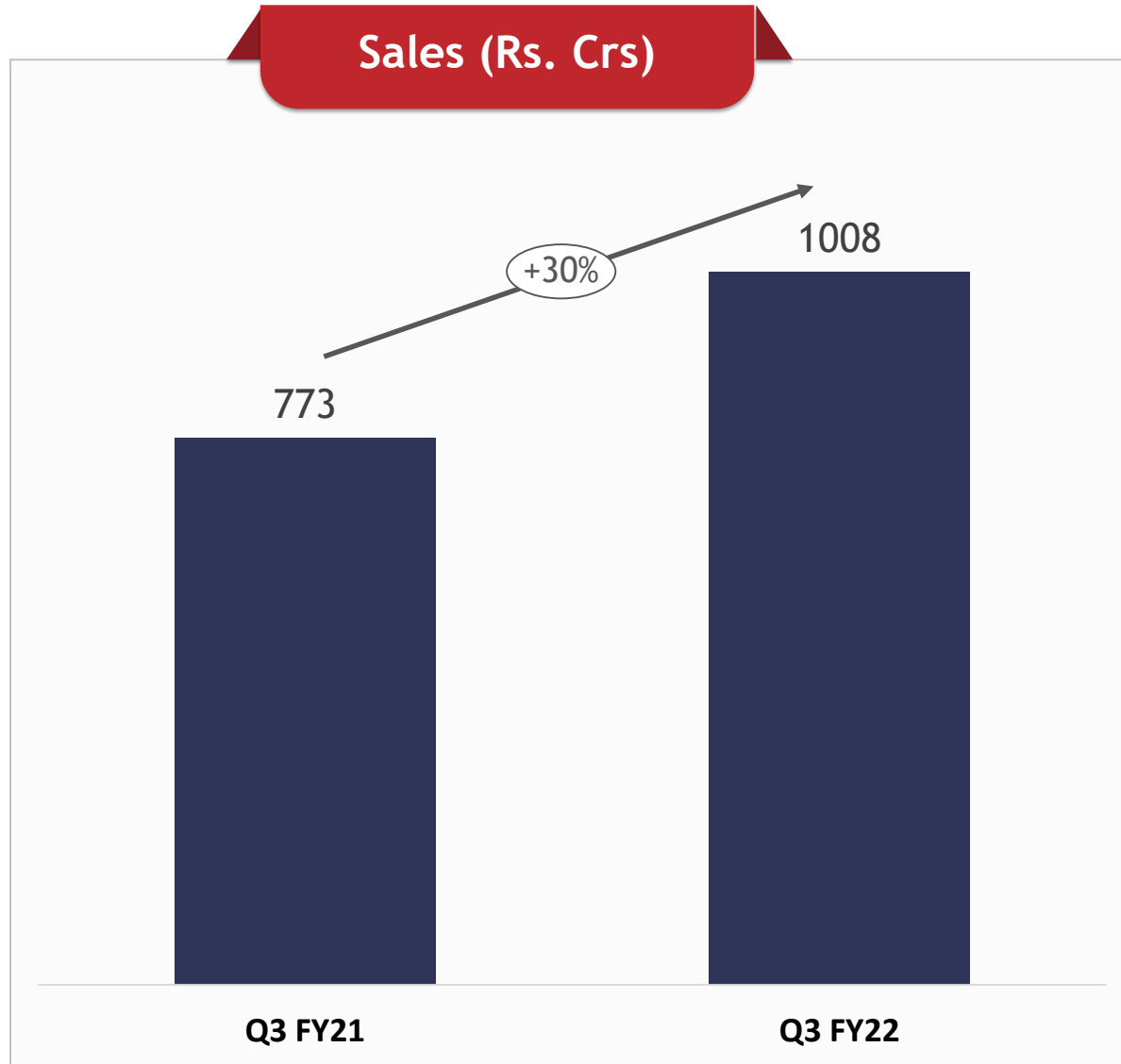
- **Rs. 430 crores** net debt; lower by ~500 crores compared to Mar'21
- Debt Equity ratio at **~0.6x** compared to 1.6x in Mar'21

Q3 FY22 revenue was AFL's highest in last 11 quarters journey

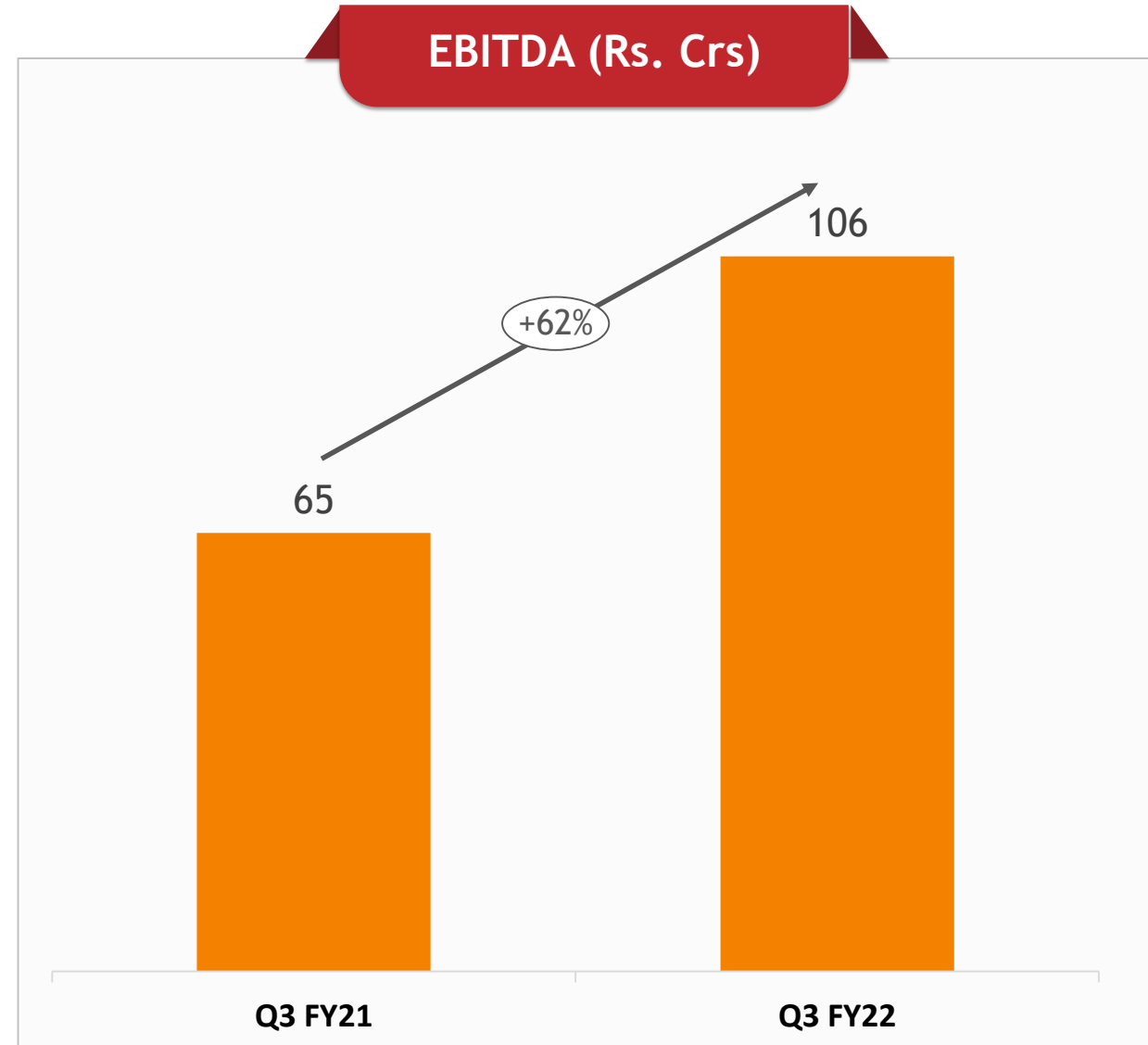


* Continuing business

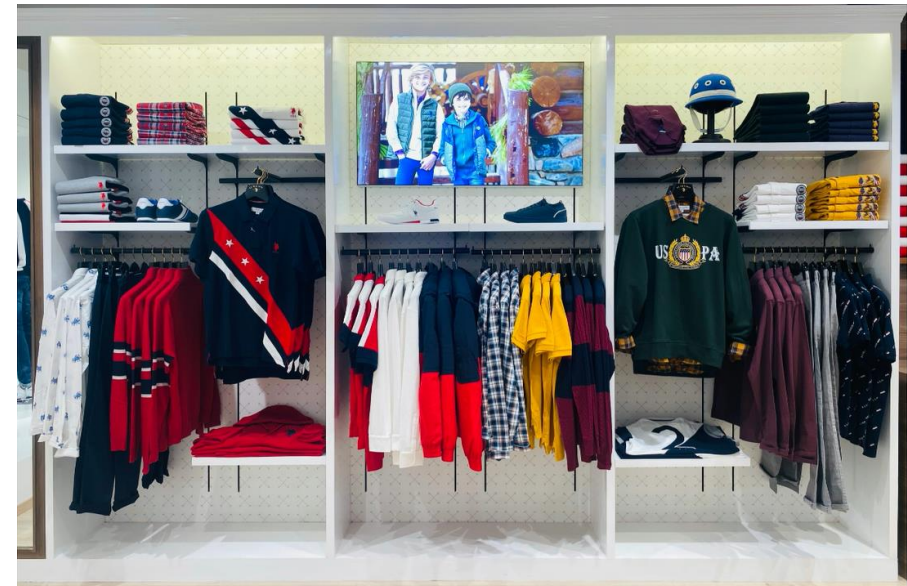
Sharper execution during festival season resulting in robust profitability metrics



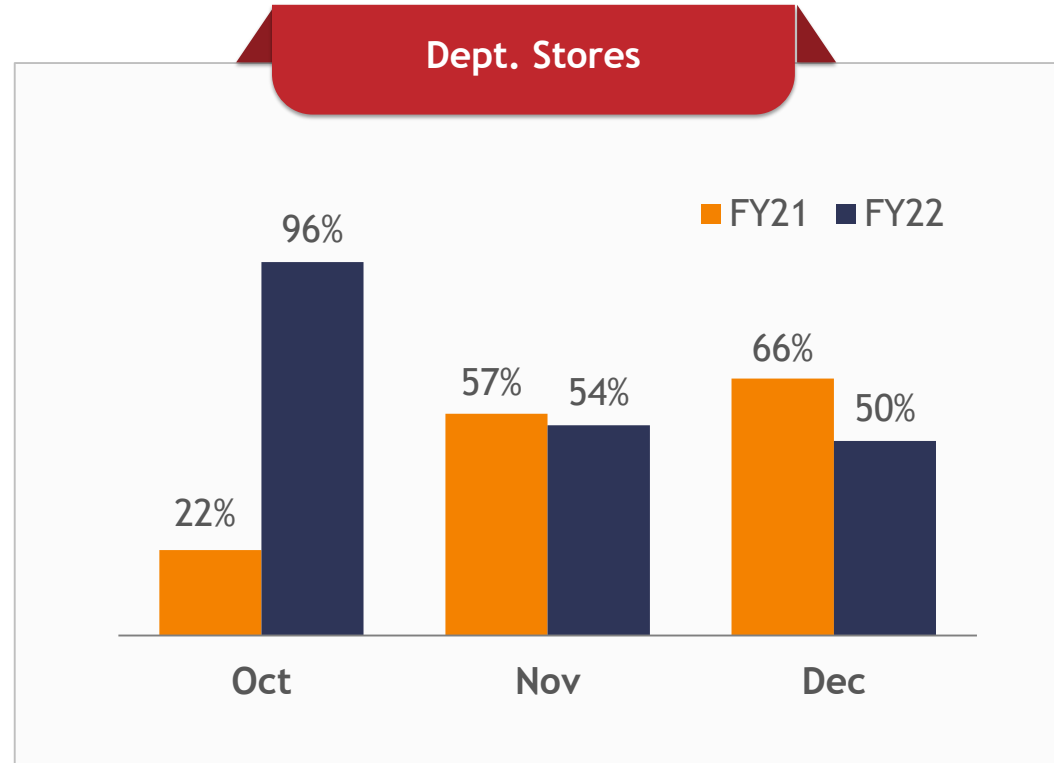
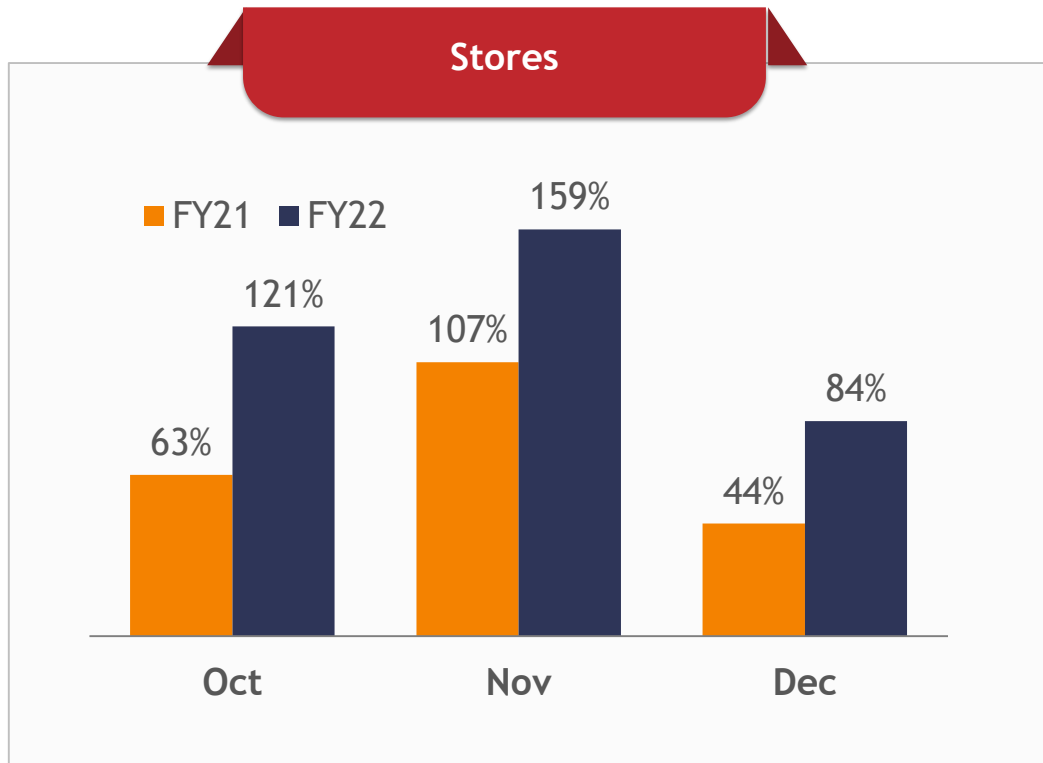
Sales growth of 20%+ over pre-COVID (Q3 FY20)



Launched new retail identity of US Polo Assn.



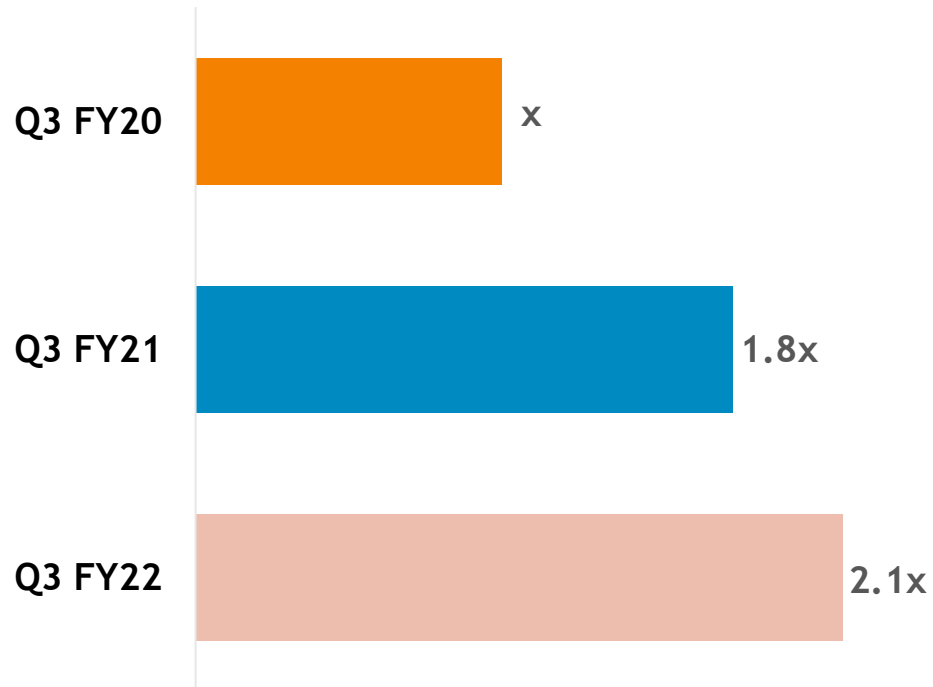
EBOs witnessed strong growth while department stores continue to stay muted (vs pre-COVID)



Current year & last year sales as % of same months in FY20 (pre-COVID)

Continue to strengthen leadership position in online channel



Online revenue over same period



Key Drivers

- **Omni-channel**
 - Omni-linkage of 50+ stores in Q3 taking total count to 800+
- **Fulfilment capacity**
 - 1.3 Mn+ orders processed from own D2C warehouse
- **Channel contribution**
 - Online channel stabilizing at ~25-30% of overall revenues
- **Marketplace linkages**
 - 50% Y-o-Y sales growth in addition to more stores getting added to all major third-party portals

Q3 FY22 - Groupwise Performance



	Sales (Rs. Crs)			EBITDA (Rs. Crs)	
	Q3 FY22	Q3 FY21	% Growth	Q3 FY22	Q3 FY21
 Power Brands	806	645	25%	93	65
 Emerging Brands	202	128	58%	13	0
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Total	1008	773	30%	106	65

Note:

Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine and Arrow

Emerging Brands - Calvin Klein, Sephora, Ed Hardy, Aeropostale and Others

YTD FY22 - Groupwise Performance

	Sales (Rs. Crs)			EBITDA (Rs. Crs)	
	YTD FY22	YTD FY21	% Growth	YTD FY22	YTD FY21
 Power Brands	1743	974	79%	148	30
 Emerging Brands	397	253	57%	5	(12)
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Total	2139	1227	74%	153	18

Note:

Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine and Arrow

Emerging Brands - Calvin Klein, Sephora, Ed Hardy, Aeropostale and Others

Efficient working capital leading to positive cash flow generation

	Figures in Rs Crs.			
	Dec'21	Dec'20	Change	Sep'21
Inventory	985	931	54	948
Receivables	522	658	(136)	622
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GWC	1507	1589	(83)	1570
Payables	1088	1079	9	1093
NWC	418	511	(92)	477

- Strong process controls around inventory & debtors yielding results, thereby leading to efficient working capital cycle
- Retail channel execution led to improvement in inventory turns of >4x

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Q3 FY22 - Performance Snapshot



	Reported (Rs Crs.)		
	Q3 FY22	Q3 FY21	% growth
Revenue from Operations	1008	773	30%
Other Income	9	6	53%
Total Income	1017	779	31%
EBITDA	106	65	62%
Finance Costs	27	41	(35%)
Depreciation and amortisation	57	53	8%
PBT from continuing operations	22	(29)	-
Discontinued operations	-	(27)	-
PAT	6	(68)	-

- Deleveraging helped drive lower interest costs
- Achieved significant milestone of becoming PAT positive in the quarter

YTD FY22 - Performance Snapshot



	Reported (Rs Crs.)		
	YTD FY22	YTD FY21	% growth
Revenue from Operations	2139	1227	74%
Other Income	46	87	(47%)
Total Income	2185	1315	66%
EBITDA	153	18	741%
Finance Costs	101	139	(27%)
Depreciation and amortisation	172	176	(2%)
Exceptional items	-	(45)	-
PBT from continuing operations	(120)	(342)	-
Discontinued operations	(133)	(140)	-
PAT	(268)	(477)	-

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Way forward

Short term

- Q4 to be impacted (Y-o-Y) on account of COVID wave 3 related lockdowns; encouraging recovery post lifting of restrictions. Expect full recovery by March
- Growth through retail & online channel to help strengthen leadership position
- On track to open 150+ stores in FY22
- Continued focus on inventory turns & debtor controls to drive better working capital efficiency

Medium term

- Focus on 6 high conviction brands leading to profitable growth
- Continued investments behind digital capabilities leading to rapid growth
- Significant scale up in growth categories like innerwear, footwear and kids wear
- Expanding the retail network into smaller towns through the franchisee model
- Continued focus on inventory turns and driving efficient working capital and higher ROCE



Thank You