



# 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

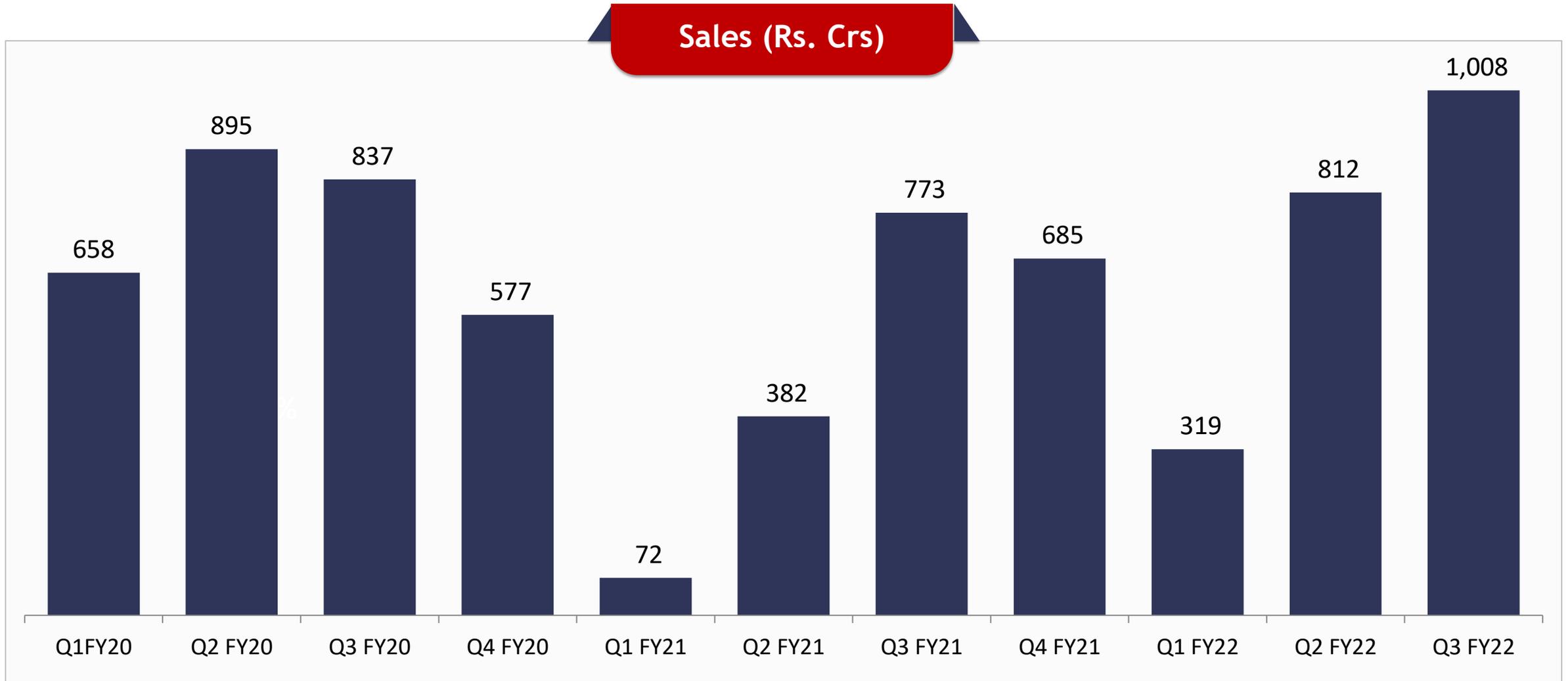
- **>4x** inventory turns (on sales) and sharp improvement in debtor days



### Leaner balance sheet

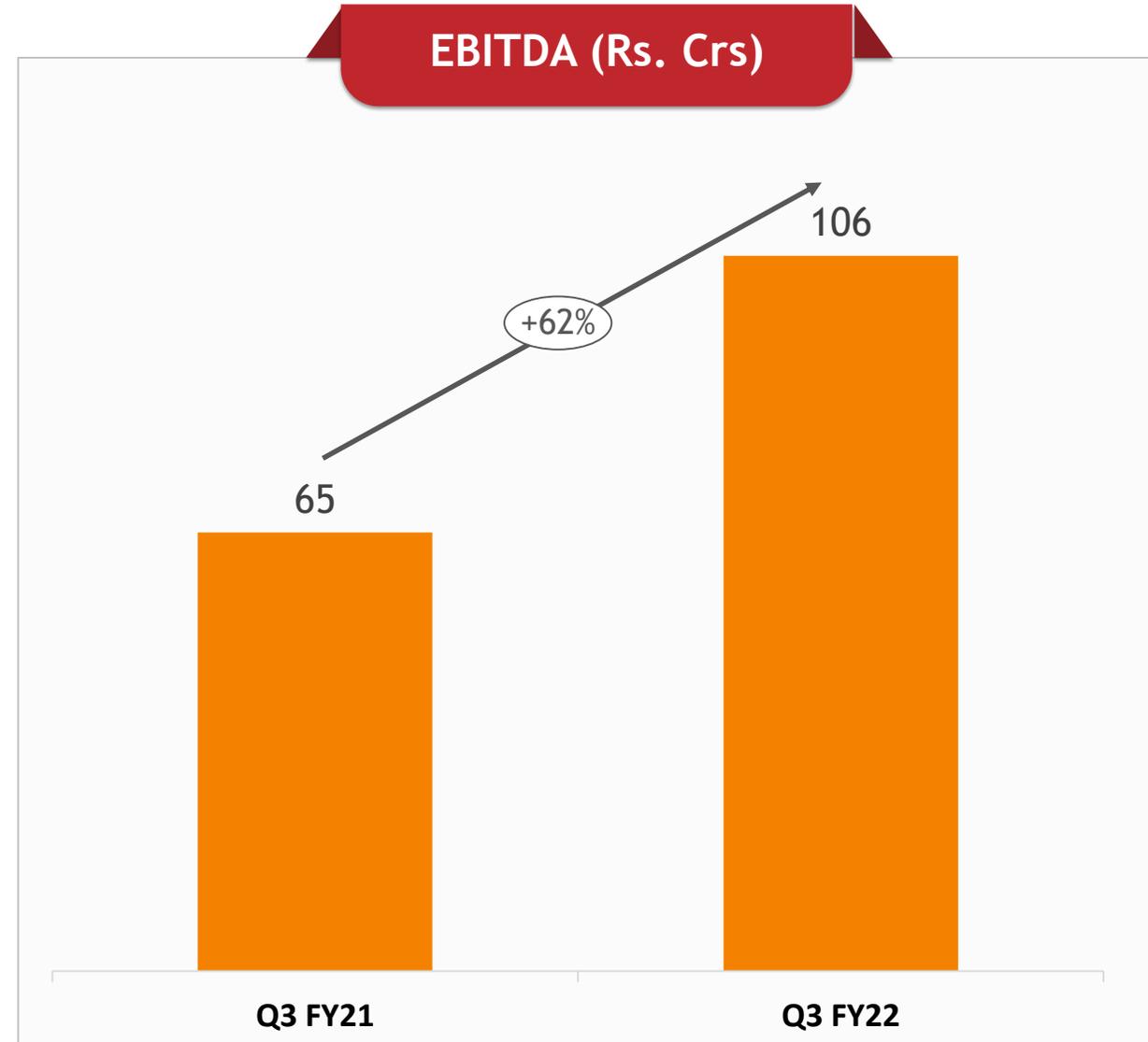
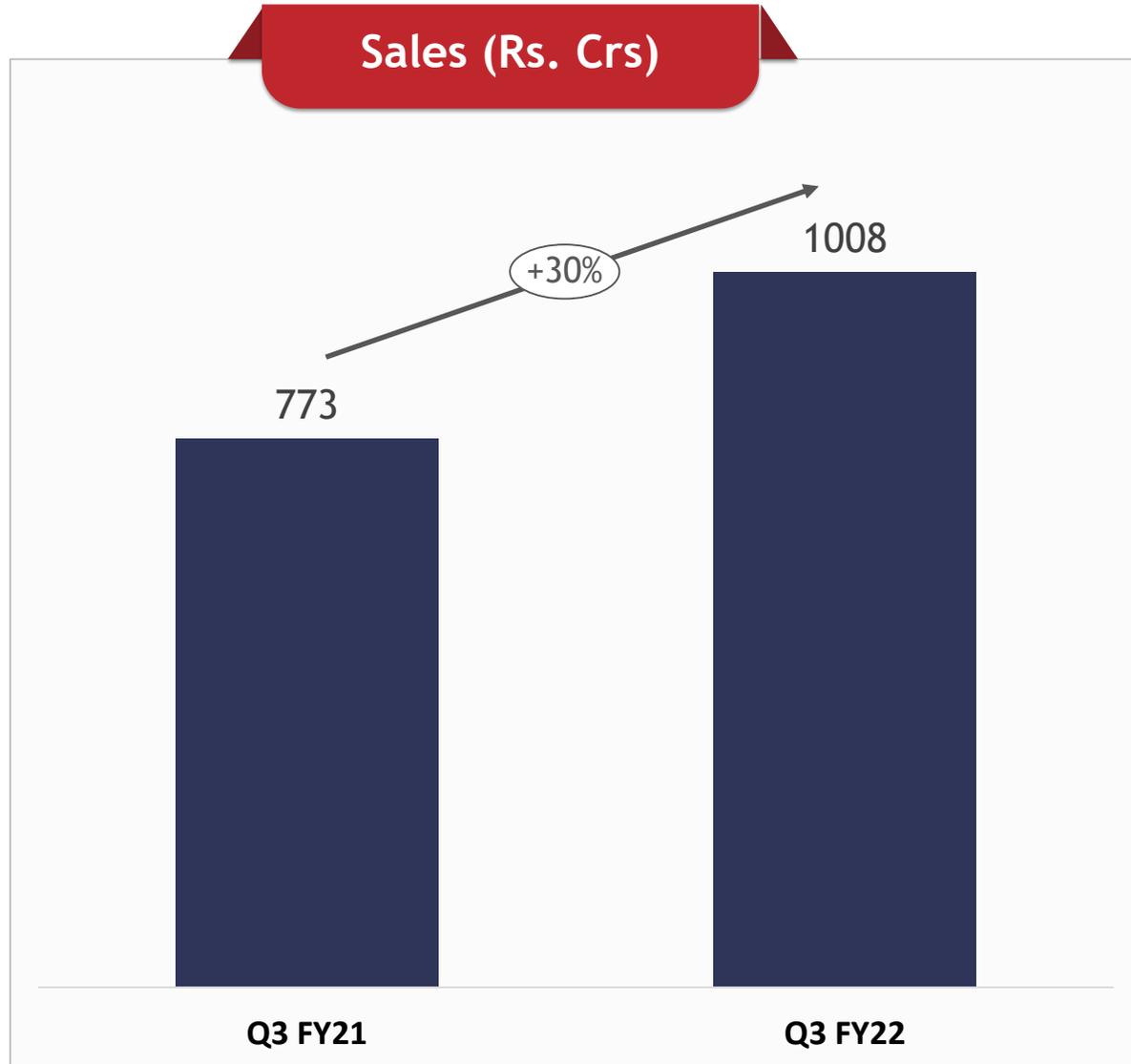
- **Rs. 430 crores** net debt; lower by ~500 crores compared to Mar'21
- Debt Equity ratio at **~0.6x** compared to 1.6x in Mar'21

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



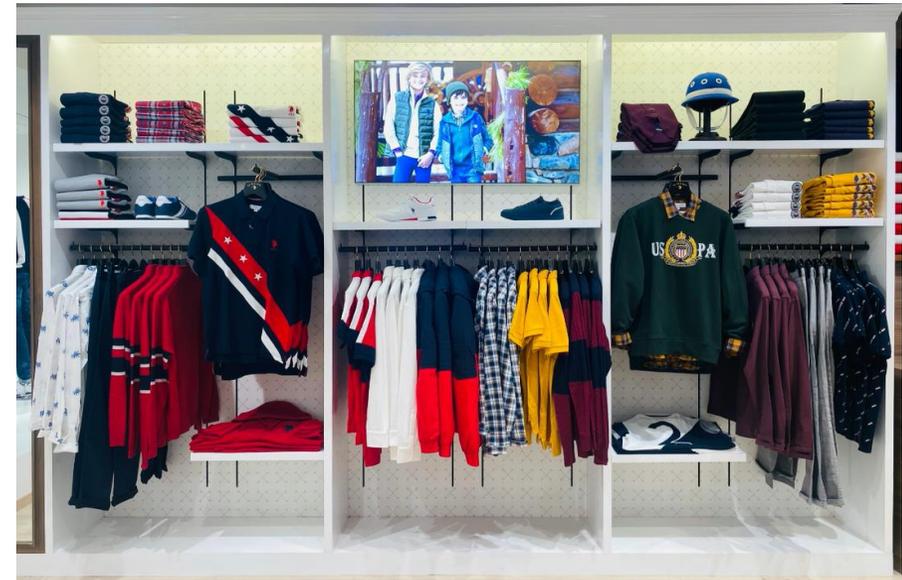
\* Continuing business

## Sharper execution during festival season resulting in robust profitability metrics

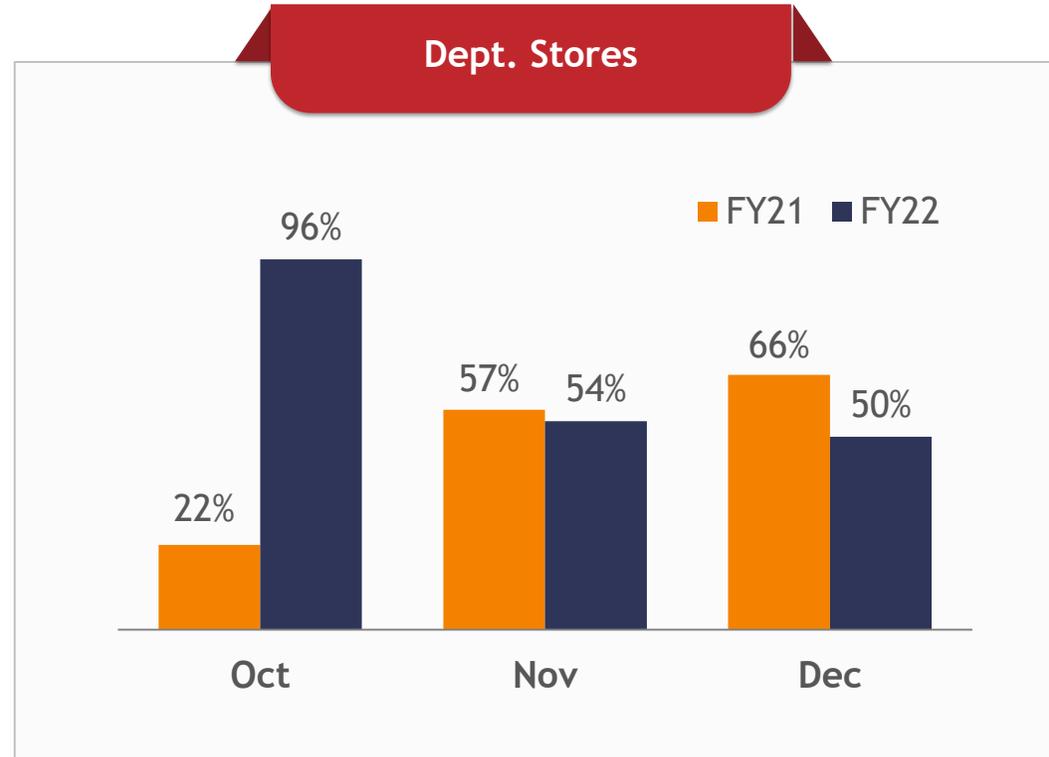
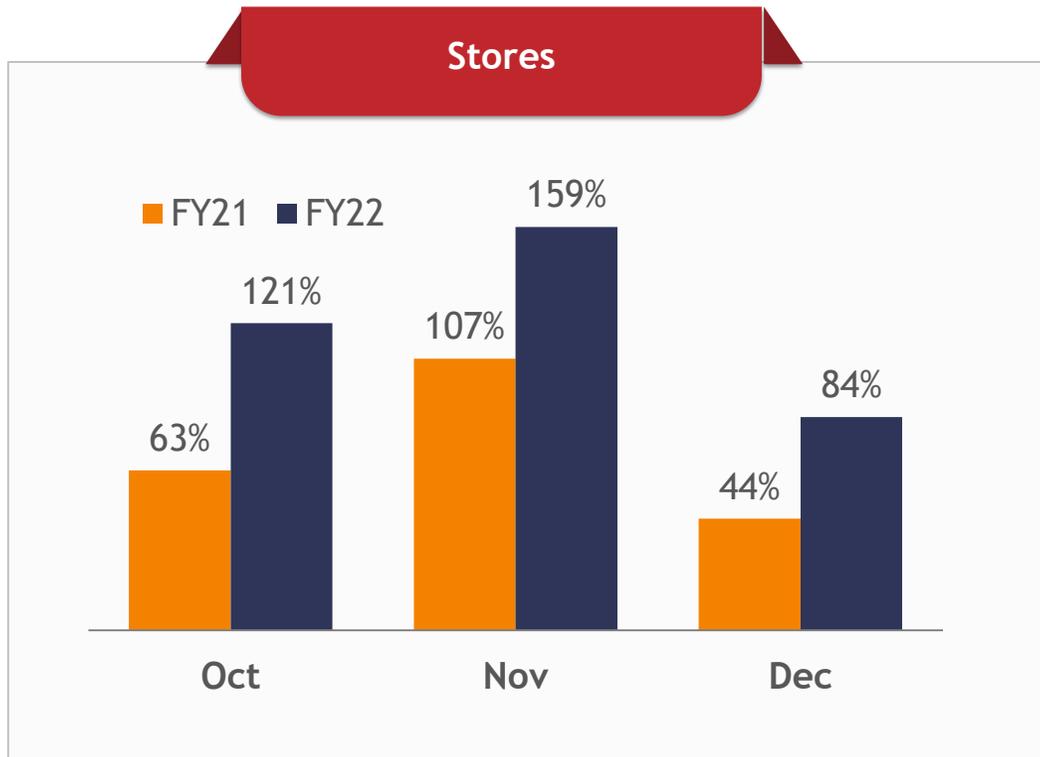


Sales growth of 20%+ over pre-COVID (Q3 FY20)

# Launched new retail identity of US Polo Assn.

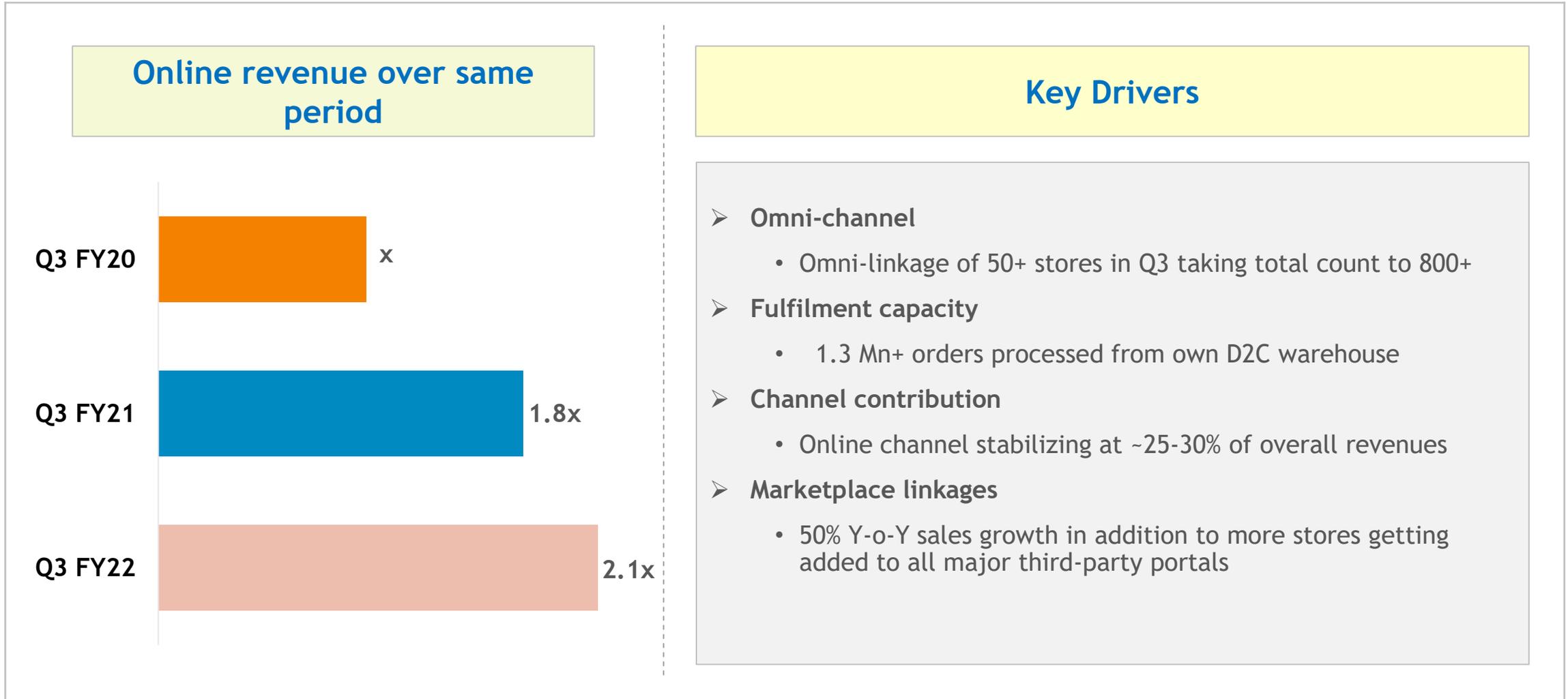


# EBOs witnessed strong growth while department stores continue to stay muted (vs pre-COVID)



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

# Continue to strengthen leadership position in online channel



## Q3 FY22 - Groupwise Performance

	Sales (Rs. Crs)			EBITDA (Rs. Crs)	
	Q3 FY22	Q3 FY21	% Growth	Q3 FY22	Q3 FY21
 <b>Power Brands</b>	806	645	25%	93	65
 <b>Emerging Brands</b>	202	128	58%	13	0
<b>Total</b>	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
 <b>Power Brands</b>	1743	974	79%	148	30
 <b>Emerging Brands</b>	397	253	57%	5	(12)
<b>Total</b>	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
<b>Inventory</b>	985	931	54	948
<b>Receivables</b>	522	658	(136)	622
<hr/>				
<b>GWC</b>	1507	1589	(83)	1570
<b>Payables</b>	1088	1079	9	1093
<b>NWC</b>	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

# Agenda

Q3 FY22 Performance Highlights .....



Q3 FY22 Results with IndAS .....



Way Forward .....



## 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)	-

# Agenda

Q3 FY22 Performance Highlights .....



Q3 FY22 Results with IndAS .....



Way Forward .....



# 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