



Arvind Fashions Limited

Q1 FY23 Results Presentation

Aug 2022

Disclaimer

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Agenda

Q1 FY23 Performance Highlights



Q1 FY23 Results with IndAS



Way Forward



FY23 Objectives - What we have set for ourselves

	Targets & Objectives
1. Sales & Profitability	<ul style="list-style-type: none"> • Amongst industry leading growth rates (over FY22) • Expansion in operating margins with significant growth in PAT
2. Inventory	<ul style="list-style-type: none"> • Further improvement in inventory turns to >4x
3. Omni-channel business model	<ul style="list-style-type: none"> • Build scalable omni-channel model with higher contribution of direct-to-consumer (D2C - NNNOW + Marketplace) helping drive higher customer loyalty
4. Working capital & Balance sheet	<ul style="list-style-type: none"> • Efficient working capital management leading to free cash flow generation • De-leveraging to continue
5. Return on capital employed (ROCE)	<ul style="list-style-type: none"> • Significant improvement in ROCE profile
6. Deeper penetration and store expansion	<ul style="list-style-type: none"> • Acceleration in store network expansion across smaller towns by opening 200+ stores

Q1 FY23 Business Highlights



Record sales quarter

- **2.9x** sales growth Y-o-Y; **40%** growth (vs. pre-COVID; Q1 FY20)
- Retail LTL growth of **~25%**; despite pushing out EOSS



Power Brands

- **Double-digit** EBITDA margin (pre-IndAS) trajectory continued in USPA & Tommy Hilfiger
- **150 bps** improvement in overall margin profile (vs. pre-Covid)



Growing category extensions

- **3.6x** growth in footwear business (vs. pre-COVID)
- **97%** Y-o-Y growth in innerwear category



Profitability

- **Record** full price sell-thru's across brands and efficient discount management
- **52%** growth in EBITDA to Rs. 94 crores (vs. pre-COVID)



Channel-wise performance

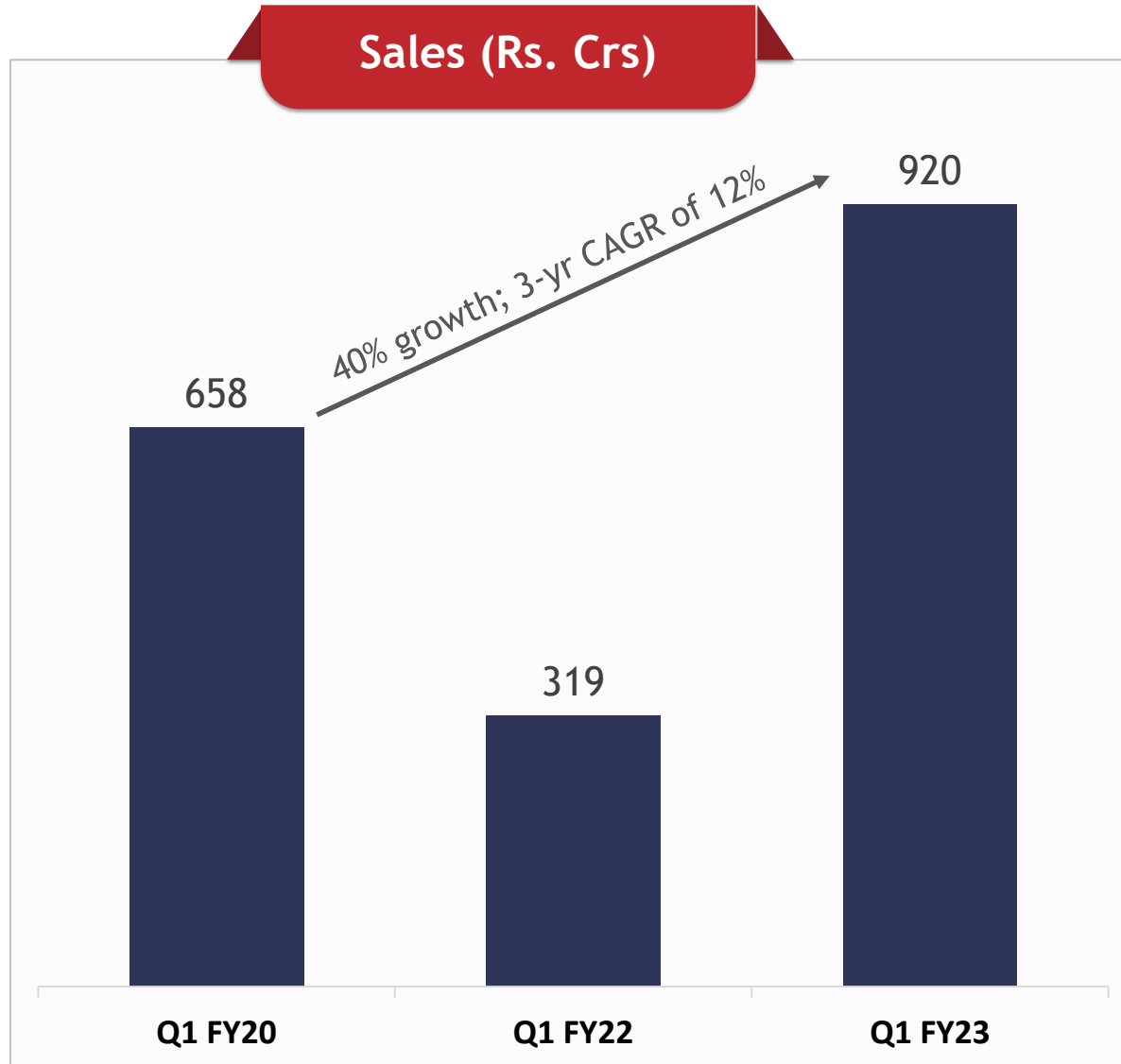
- **35%** growth in retail channel (compared to pre-COVID); sharp execution continued
- **1.9x** growth in online channel (vs pre-COVID); **20%** Y-o-Y growth
- **2.5x** growth in MBO channel (vs pre-Covid)



Working capital management

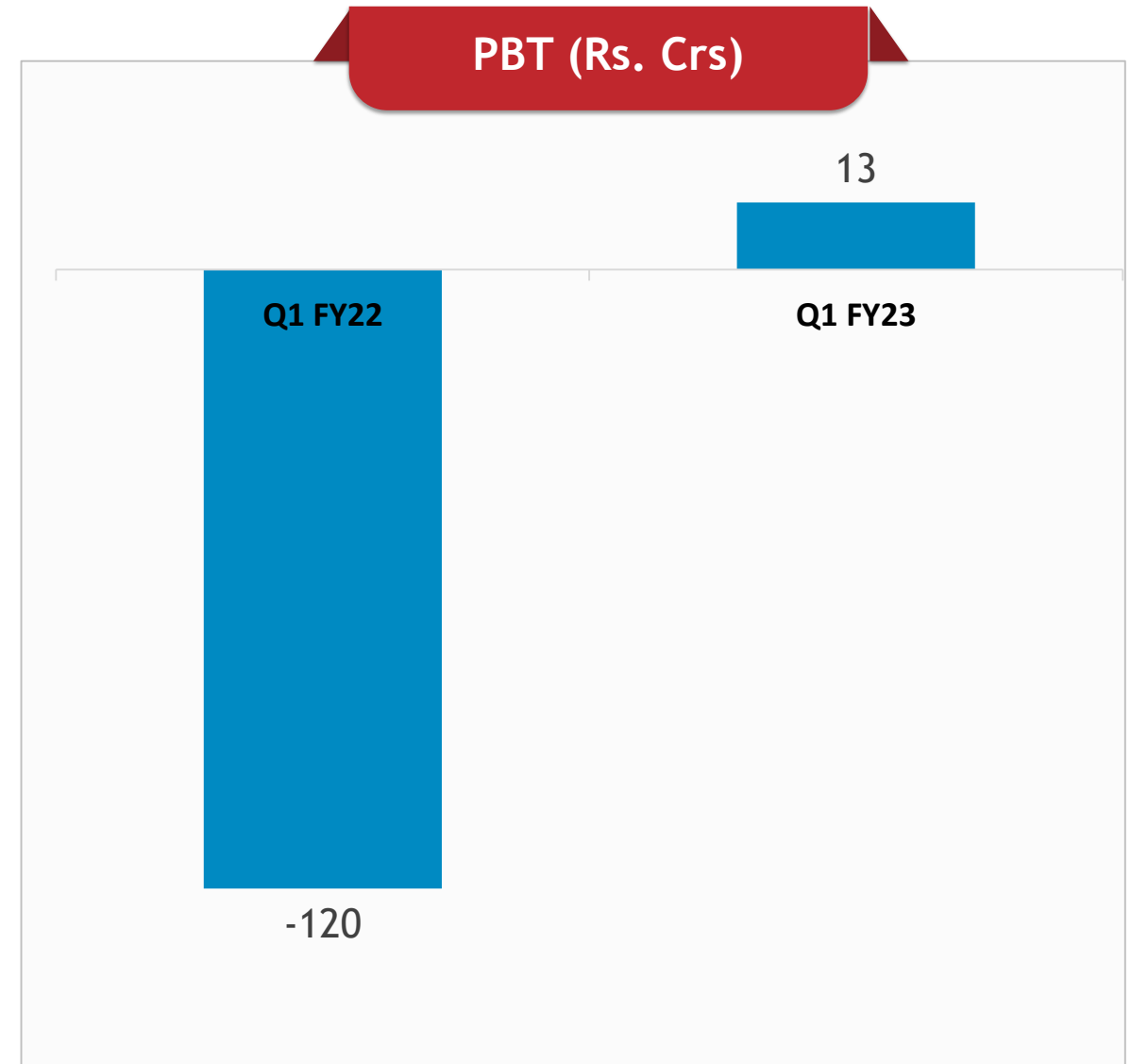
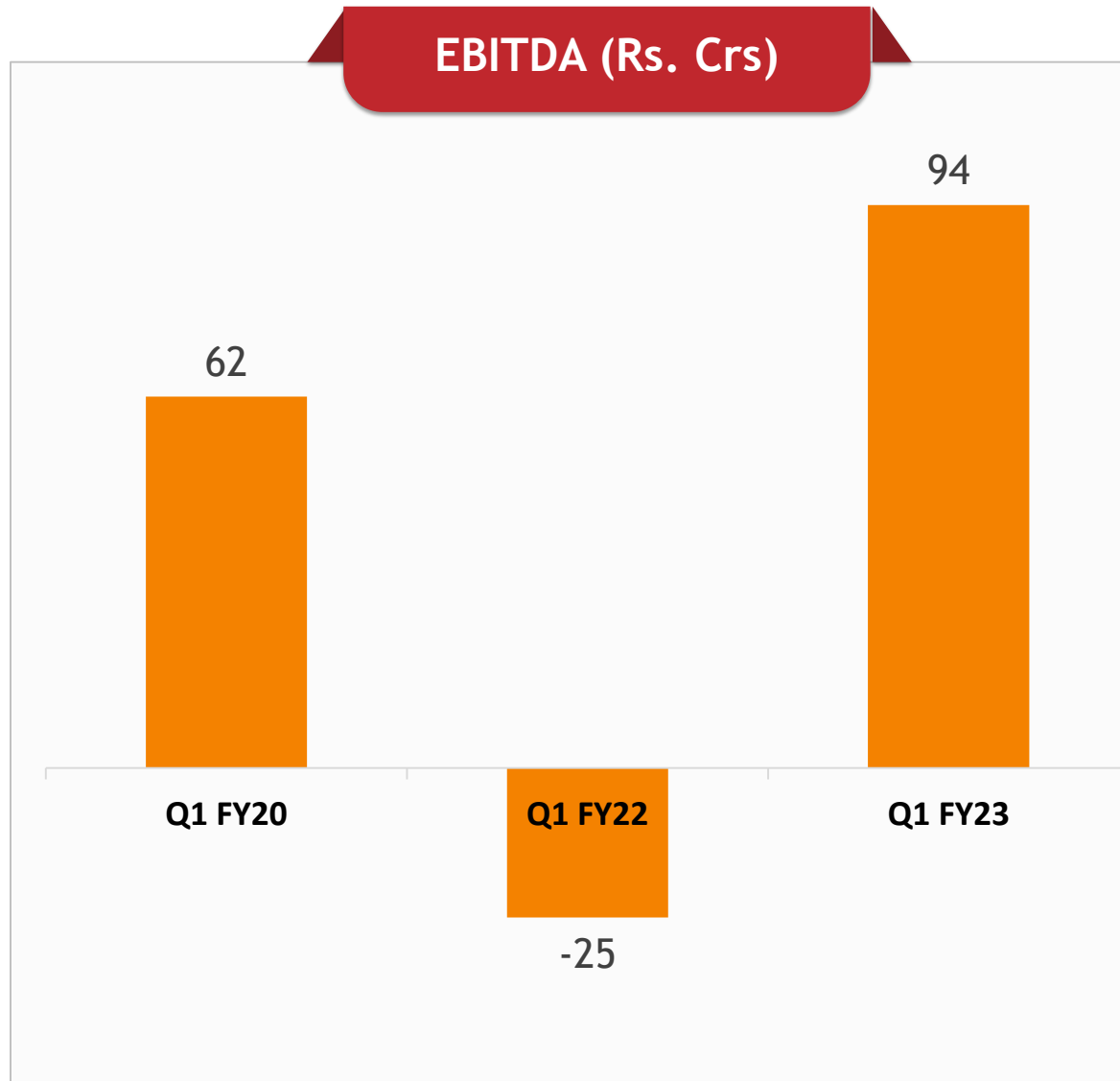
- Strong debtor controls yielding better cashflow
- Continued focus on inventory levels despite conscious decision on delayed EOSS and build-up of AW'22

The biggest ever Q1 in terms of sales



- Delivered best ever Q1 results through sharper retail execution in the first steady-state quarter after 2 years
- Recorded highest ever full price sell-thru's across brands with significant improvement over Spring Summer'19 (SS'19; pre-Covid)
- Healthy multi-channel play and investment in brand adjacencies yielding stronger outcomes

Leading to record profitability in the quarter



Gross margin improvement of 640 bps (Y-o-Y) to 49.4% aided sharp jump in profitability

USPA : Investment in brand marketing campaigns and adjacencies



U.S. POLO ASSN.
SINCE 1890





Tommy Hilfiger : Investing behind brands to drive premiumization



TOMMY HILFIGER X SHAWN MENDES



Q1 FY23 - Groupwise Performance

	Sales (Rs. Crs)				EBITDA (Rs. Crs)	
	Q1 FY23	Q1 FY22	Q1 FY20	% Growth vs Q1 FY20	Q1 FY23	Q1 FY22
 Power Brands	749	262	521	44%	83	(12)
 Emerging Brands	171	57	137	25%	11	(13)
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Total	920	319	658	40%	94	(25)

Note:

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

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

Continued focus on inventory and working capital control

	Figures in Rs Crs.			
	June'22	June'21	Change	Mar'22
Inventory	1013	879	134	965
Receivables	549	554	(5)	572
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GWC	1562	1433	129	1537
Payables	996	1071	(62)	1048
NWC	566	362	204	489

- Strong retail mix and better collections led to reduction in debtors

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Q1 FY23 Performance Highlights



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Way Forward



Q1 FY23 - Performance Snapshot



	Reported (Rs Crs.)	
	Q1 FY23	Q1 FY22
Revenue from Operations	920	319
Other Income	2	21
Total Income	922	340
EBITDA	94	(25)
PBT	13	(120)
Discontinued operations	-	(63)
Minority Interest	9	(6)
PAT	(0)	(177)

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Q1 FY23 Performance Highlights



Q1 FY23 Results with IndAS



Way Forward



Way forward

Short term

- Revenue momentum to stay strong led by better quality on-time launch of AW'22 coupled with continued growth across online & other channels
- Profitability to improve further by better full price sell-thru's, operating leverage etc.
- Continued focus on inventory turns and working capital efficiency
- Raw material costs & inflation remains a key monitorable



Thank You