



Q1 FY24 RESULTS PRESENTATION

ARVIND FASHIONS

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AGENDA



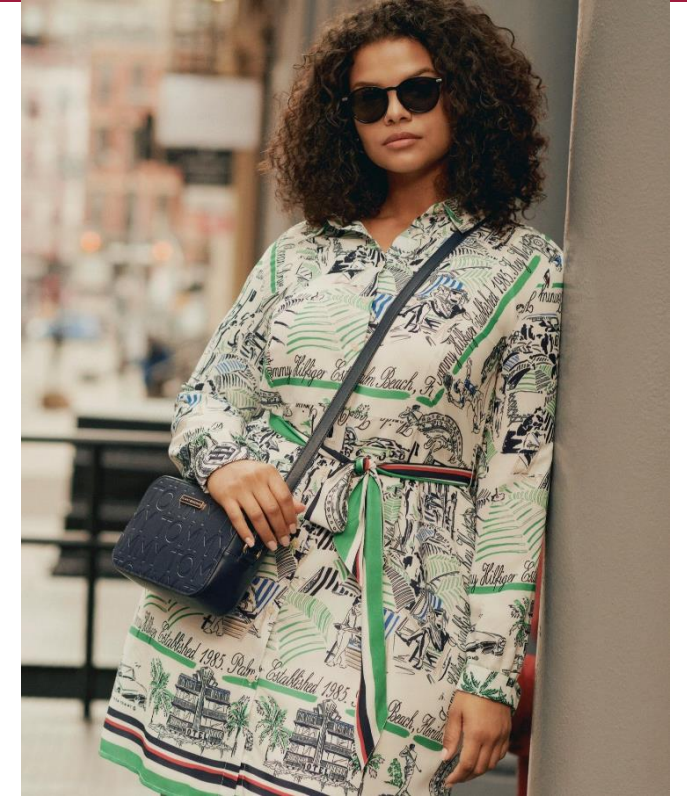
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Q1 Performance Highlights



02

Q1 FY24 Results



03

Way Forward

Q1 FY24 PERFORMANCE HIGHLIGHTS

FY24 OBJECTIVES - WHAT WE HAVE SET FOR OURSELVES

	Objectives
Sales & Profitability	<ul style="list-style-type: none">• Focus on profitable revenue growth and aspiration to grow ahead of industry• Continue sharper focus on further expanding EBITDA & PAT margins
Re-energizing the brands	<ul style="list-style-type: none">• Drive higher market share through increased investments in advertising• Product innovation
Retail rigor & key performance indicators	<ul style="list-style-type: none">• Focus on high quality season launch, helping drive superior customer experience with better sell-thru's and lower discounting• Pilot new retail format(s) for existing brands & execute multi-category play
Accelerate store expansion	<ul style="list-style-type: none">• To open ~200 stores, largely through FOFO route
Working capital, debt, return on capital employed & equity	<ul style="list-style-type: none">• Focus on better inventory turns & NWC days leading to higher free cash flow• De-leveraging to continue• Further improvement in ROCE & ROE

MARKET & ECONOMY UPDATE



Slowdown in consumption demand

Premiumization continues to be key differentiator across brands

Slowdown in the online channel

Early start of EOSS and higher discounting in market

Q1 FY24 BUSINESS HIGHLIGHTS



QUARTERLY SALES

4% sales growth Y-o-Y, leading to the best ever Q1 revenues

Retail LTL of **4%**; despite muted consumer demand



POWER BRANDS

Improvement in EBITDA margins by **130 bps** (Y-o-Y)

Maintained **double digit** EBITDA margins for USPA & Tommy Hilfiger

Continued focus on **cost optimization**



CHANNEL-WISE PERFORMANCE

Strong growth in retail and department store channel Y-o-Y

70%+ growth in online direct-to-consumer business (marketplace + NNNow)



GROWTH DRIVERS

30%+ growth in footwear and **12%** growth in kids wear business (Y-o-Y)

Adjacent categories demonstrated strong growth momentum



GROSS MARGINS

Continued progress on healthy sell-thru's across brands; not resorted to early EOSS

Positive LTL along with other efficiencies led to **340 bps** improvement in gross margin (Y-o-Y)



EBITDA

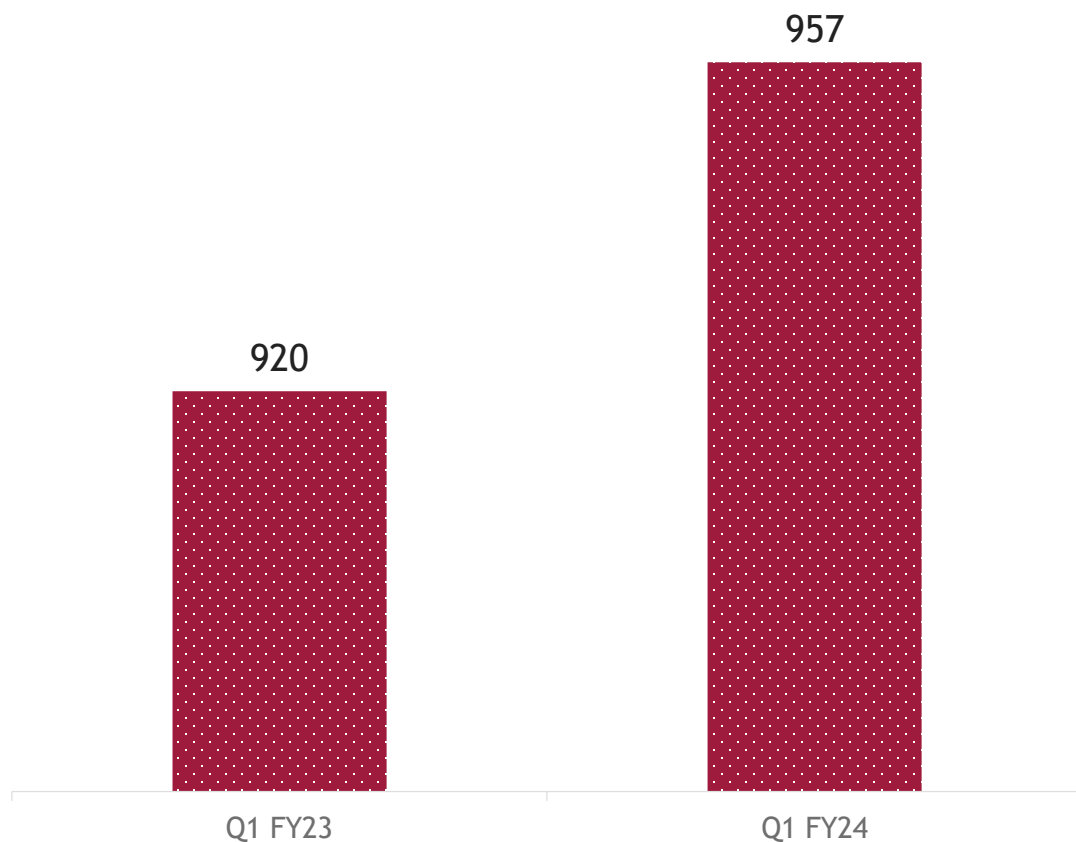
EBITDA at **₹ 116 crores**; **24%** growth Y-o-Y

EBITDA margins higher by **190+ bps** led by gross margins improvement and operating leverage (Y-o-Y)

AFL CONTINUED TRAJECTORY OF GOOD PERFORMANCE

Sales

(₹ in crores)

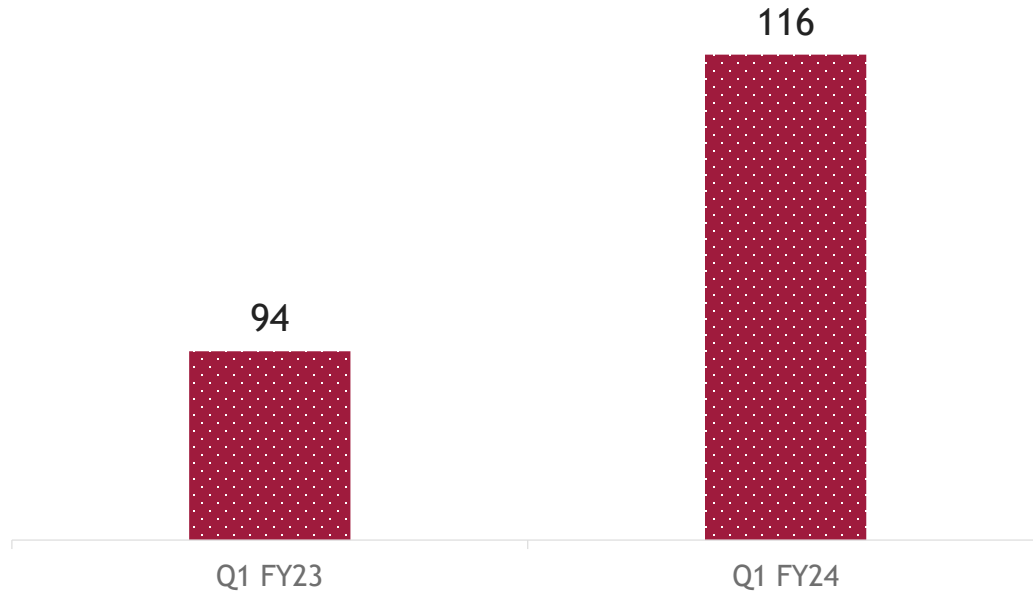


- Witnessed 4% sales growth largely led by department stores and retail channel
- Strong growth momentum in non-apparel categories (like footwear, accessories etc.)
- Added 45 EBOs during Q1

CONTINUING WITH IMPROVED PROFITABILITY

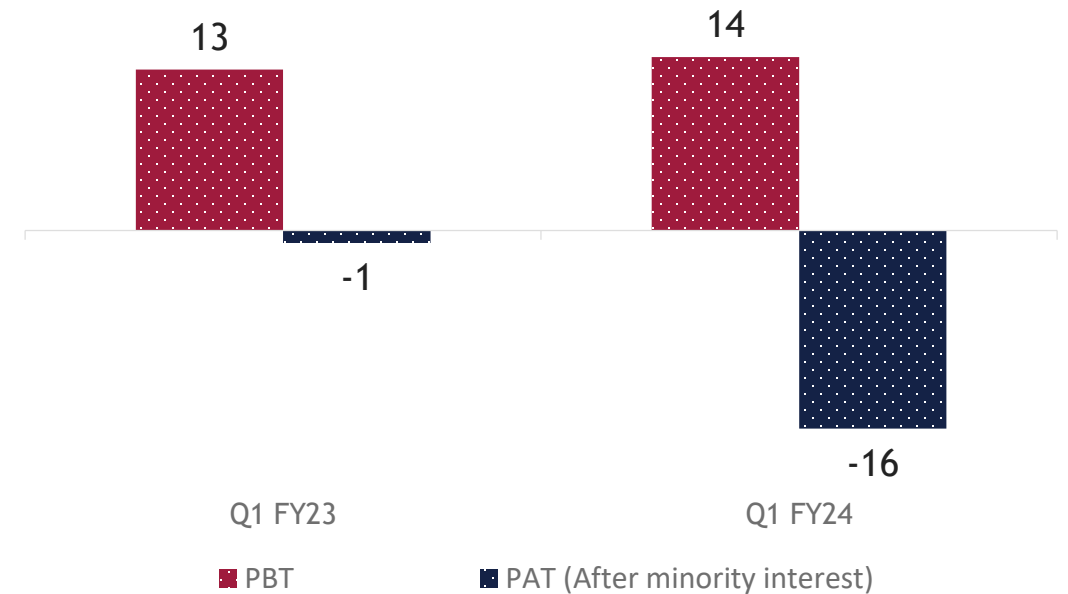
EBITDA

(₹ in crores)



PBT and PAT (after minority interest)

(₹ in crores)



Gross margins improvement & op. leverage led to EBITDA margin higher by 190+ bps

Higher tax on account of dividend received from PVHAFPL during Q1

Q1 FY24 - GROUPWISE PERFORMANCE

	Sales			EBITDA		EBITDA %	
	Q1 FY24	Q1 FY23	% Growth	Q1 FY24	Q1 FY23	Q1 FY24	Q1 FY23
Power Brands	760	749	2%	94	83	12.4%	11.1%
Emerging Brands	197	171	15%	22	11	11.0%	6.1%
Total	957	920	4%	116	94	12.1%	10.2%

Operating leverage in power brands coupled with strong revenue growth in emerging brands leading to overall margins improvement by 190+ bps

Note:
Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine and Arrow
Emerging Brands - Calvin Klein, Sephora, Ed Hardy, Aeropostale and Others



U.S. POLO ASSN.
SINCE 1890



FLYING MACHINE



ARROW
USA • 1851



Calvin Klein



SEPHORA

Q1 FY24 PERFORMANCE HIGHLIGHTS

BRAND HIGHLIGHTS

Brand Highlights



U.S. POLO ASSN.
SINCE 1890



- Continued domination in casual lifestyle category in its journey towards 2,000+ Crs NSV
- Driving product innovation to premiumize the brand and significant investments in marketing initiatives
- Investment in bottom wear continuing to deliver strong outcomes
- Adjacent categories continue to strengthen the brand; recent launch of Athleisure line through a new line 'USPA Sports'



Brand Highlights



- Despite slowdown and lower wedding calendar, brand continued its journey of profitable growth
- Further rollout of super premium '1851' line yielded excellent results
- Strong sell-thru's in recently launched 'Autopress' product line and continued focus on superior retail experience



Brand Highlights



- Launched new brand identity through new logo, design and brand positioning in SS'23
- Improvement in full price sell-thru's in SS'23 despite slowdown in the market
- Driving upgraded product designs to build stronger customer connect
- Encouraging response to new collections by trade community
- Footwear category extension showing good traction



Brand Highlights



- Superior sales growth and profitability, despite market slowdown
- Focus on excellent customer retail experience along with high quality product designs across 100+ stores in India
- Encouraging response to 'Tommy tailored' line



Brand Highlights



- Premiumization aiding brand's strong financial performance with industry leading full price sell-thru's and retail LTL
- Market leadership in bridge to luxury segment in Jeans, Tees and Innerwear segments
- Continued strong partnership with brand ambassador - Disha Patani with launch of new watch campaign

SEPHORA

Brand Highlights



- Record launch of 'Rare Beauty' brand exclusively on Sephora across its stores and NNNow.com
- Leading player in the prestige segment with presence in 26 EBOs across key malls in the country
- Strong engagement with women consumers through unique shopping experiences

Q1 FY24 RESULTS

Q1 FY24 - PERFORMANCE SNAPSHOT

	(₹ in crores)	
	Q1 FY24	Q1 FY23
Revenue from Operations	957	920
Other Income	11	2
Total Income	968	922
EBITDA	116	94
PBT	14	13
Taxes	19	5
Minority Interest	12	9
PAT	(16)	(1)



Sharp focus on improving profitability

TIGHT CONTROL ON WORKING CAPITAL

(₹ in crores)

	Jun'23	Jun'22	Mar'23
Inventory	1174	1013	1131
Inventory days	93	98	91
Receivables	451	549	560
Debtor days	46	56	49
GWC	1625	1562	1691
GWC days	139	154	140
Payables	916	996	1020
Creditor days	88	105	91
NWC	709	566	671
NWC days	52	49	49

Note for days calculation, for example:
 Inventory days = Average TTM Inventory / TTM Revenues * 365

Continued focus on sharper control on inventory & debtors in challenging demand environment

WAY FORWARD

WAY FORWARD

AFL

Demand environment remains soft; expect trends to improve gradually by festival season

Improve profitability further by better full price sell-thru's, operating leverage through cost optimization etc.

Momentum on retail network expansion across brands through the franchisee model

Continue decisive focus on scaling existing brands through cash accruals

Increased investments in advertising to re-energize our brands

Strengthening balance sheet through FCF generation leading to higher ROCE

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THANK YOU