



Q1 FY25 RESULTS PRESENTATION

ARVIND FASHIONS

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## DISCLAIMER

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# AGENDA



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Q1 Performance Highlights



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# Q1 FY25 PERFORMANCE HIGHLIGHTS



## FY25 OBJECTIVES - WHAT WE HAVE SET FOR OURSELVES

	Objectives
<b>Sales &amp; Profitability</b>	<ul style="list-style-type: none"><li>• Aspiration to grow revenues by double-digit with focus on profitability</li><li>• Maintain cost control focus &amp; operating leverage to aid EBITDA &amp; PAT margins expansion</li></ul>
<b>Improve brand salience</b>	<ul style="list-style-type: none"><li>• Continued investments in advertisement to drive market share gains</li><li>• Product innovation</li></ul>
<b>Retail ops &amp; key performance indicators</b>	<ul style="list-style-type: none"><li>• Maintain focus on superior retail ops, aiding better customer experience, sell-thru's and lower discounting</li><li>• Expand new retail format(s) for existing brands &amp; scale adjacent categories</li></ul>
<b>Accelerate store expansion</b>	<ul style="list-style-type: none"><li>• Gross opening of ~150 stores, largely through FOFO route</li><li>• Significant net sq. ft. addition over FY24</li></ul>
<b>Working capital, debt &amp; return ratios</b>	<ul style="list-style-type: none"><li>• Higher free cash flow generation through continued working capital efficiency and asset-light approach</li><li>• De-leveraging to continue</li><li>• Further improvement in ROCE &amp; ROE</li></ul>

## MARKET & ECONOMY UPDATE

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*Overall market conditions remain soft; impacted by elections, peak heatwave & lack of wedding dates*

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*Early onset of EOSS and higher discounting across the industry*

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*Premiumization continues to be a differentiator*

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*Raw material costs and inflation largely remain stable*

## Q1 FY25 BUSINESS HIGHLIGHTS



### QUARTERLY SALES

10%+ sales growth Y-o-Y; significant uptick from FY24 levels

Retail LTL of 1.5%; continued focus on superior retail experience

Growth driven by market share gains and despite decision to postpone EOSS



### GROWTH DRIVERS

Adjacent categories aiding growth; **womenswear** business doubled Y-o-Y

**Premiumization** across brands continue to witness strength & strong demand

Gross addition of 29 **EBOs**; net sq. ft. addition of ~45k to ~11.17L sq. ft.



### CHANNEL-WISE PERFORMANCE

All round growth across channels

Online direct-to-consumer business (marketplace + NNNow) grew 60%+ Y-o-Y

~15% growth in wholesale channel Y-o-Y



### EBITDA

EBITDA at ₹ 123 crores; 19%+ growth Y-o-Y

EBITDA margins higher by 100 bps through higher gross margins & strong costs control



### WORKING CAPITAL & PAT

GWC days remained stable; inventory lower by 3 days and turns continue ~4x

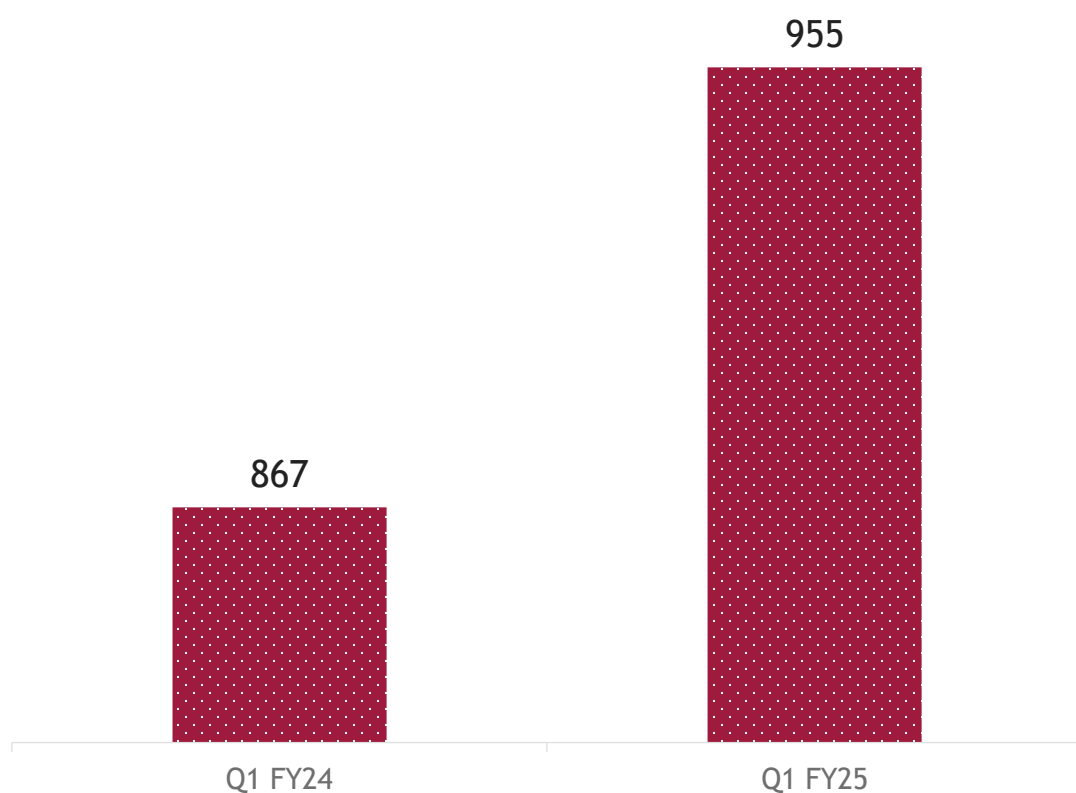
67%+ growth in PBT Y-o-Y

Significant improvement in PAT vs loss of ₹ 17 crores in Q1 FY24

## ALL ROUND CHANNEL PERFORMANCE LEADING TO ROBUST SALES GROWTH

### Sales

(₹ in crores)



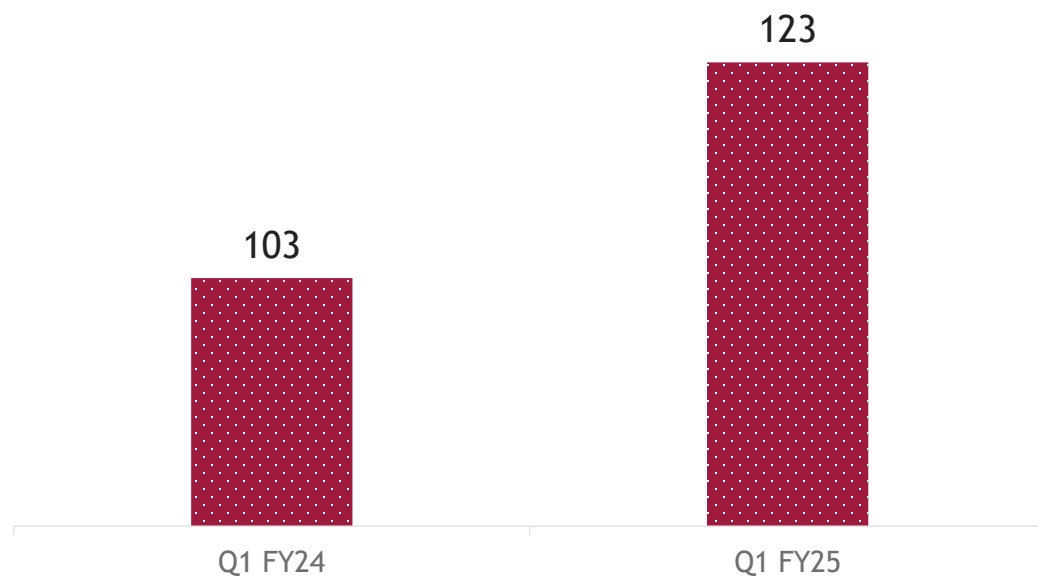
- Overall revenue growth of 10%+, significant uptick compared to Q4 & FY24 levels
- ~15% growth in wholesale channel, on account of seasonality alignment
- EBO count stood at 944 as of June'24, net sq. ft. addition at ~45k



## LEADING TO STRONG PROFITABILITY IMPROVEMENT

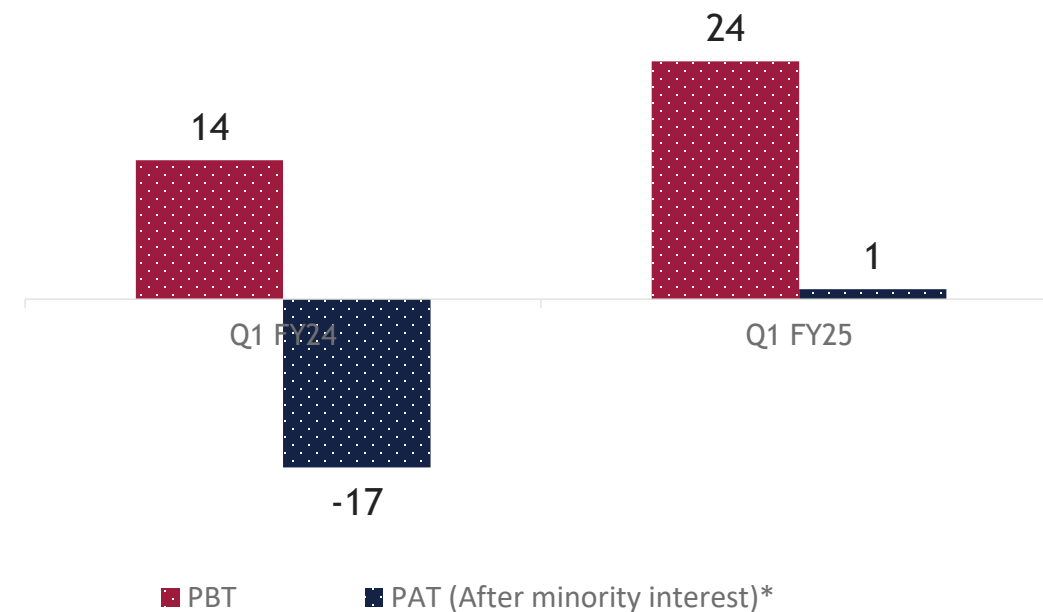
### EBITDA

(₹ in crores)



### PBT and PAT (after minority interest)

(₹ in crores)



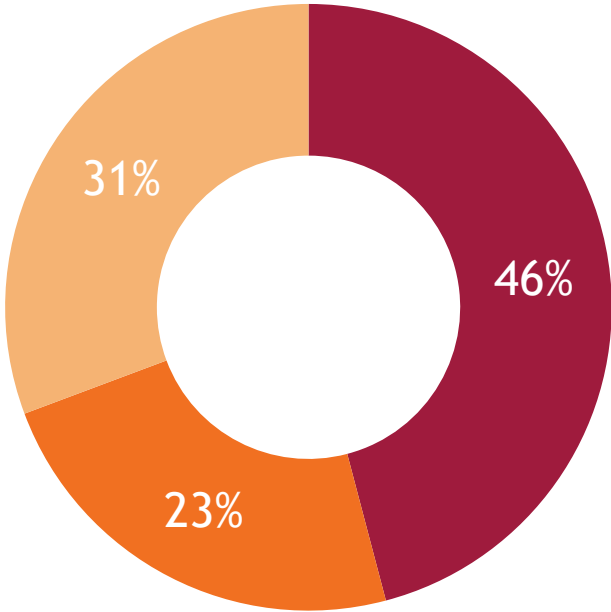
\* For continuing business



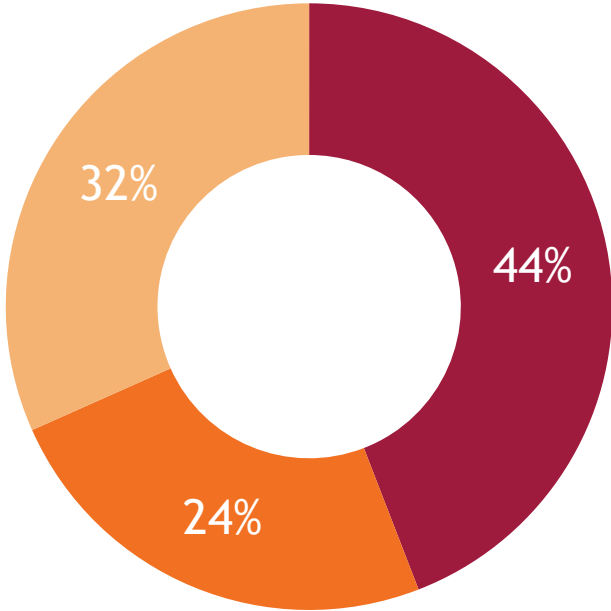
**Improvement in EBITDA margins by 100 bps Y-o-Y aided by higher gross margins and costs control**

CHANNEL MIX

Q1 FY24



Q1 FY25



Wholesale (MBO + Dept. Stores)      Retail      Online & Others

## CONTINUED JOURNEY OF OPENING MARQUEE EBOs



Banjara Hills, Hyderabad



Indiranagar, Bengaluru



## CONTINUED JOURNEY OF OPENING MARQUEE EBOs



Club A, Lucknow Airport



Surat



## CONTINUED JOURNEY OF OPENING MARQUEE EBOs



Flying Machine, Mall of India





U.S. POLO ASSN.  
SINCE 1890



FLYING MACHINE



ARROW  
USA • 1851



Q1 FY25 PERFORMANCE HIGHLIGHTS

# BRAND HIGHLIGHTS

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## Brand Highlights



U.S. POLO ASSN.  
SINCE 1890



- Witnessed strong growth and strengthened leadership position in casual lifestyle category across channels, resulting in brand moving towards 2,000+ Crs NSV
- Premiumization continues to be key differentiator aiding strong sell-thru's
- Momentum on opening larger iconic & marquee stores across the country
- Adjacent categories continue to strengthen the brand - growth in footwear & kidswear and strong promise in womenswear



## Brand Highlights



- Mega marketing event in Mumbai in June - Arrow X GQ Event with Hrithik Roshan
- Lack of wedding dates in Q1, resulting in slower growth
- Premiumization through '1851' & Italian line continues to drive differentiation
- Improved connect with younger consumers through NewYork line
- Expanding new retail identity with sharper focus on retail experience and opening of EBOs



## Brand Highlights



- Transformational journey continues with fresh brand identity including new logo, design and brand positioning
- Positive response from various channel partners resulting in rapid expansion of distribution
- Adjacent category extension through footwear to aid revenue growth





## Brand Highlights



- Premiumization continues to help brand deliver superior sales growth and profitability
- Continued focus on differentiated customer experience resulting in strong sell-thru's
- Brand continues to make giant strides towards achieving 1000 Crs NSV



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## Brand Highlights



- Premiumization trend helping brand deliver industry leading sell-thru's and LTL growth
- Market leadership in bridge to luxury segment in Jeans, Tees and Innerwear categories
- Robust sell-thru's despite challenging consumer demand scenario

## Q1 FY25 - GROUPWISE PERFORMANCE

(₹ in crores)									
	Sales			EBITDA			EBITDA %		
	Q1 FY25	Q1 FY24	% Growth	Q1 FY25	Q1 FY24	% Growth	Q1 FY25	Q1 FY24	
Power Brands	955	867	10.2%	123	103	19.2%	12.9%	11.9%	
Total	955	867	10.2%	123	103	19.2%	12.9%	11.9%	

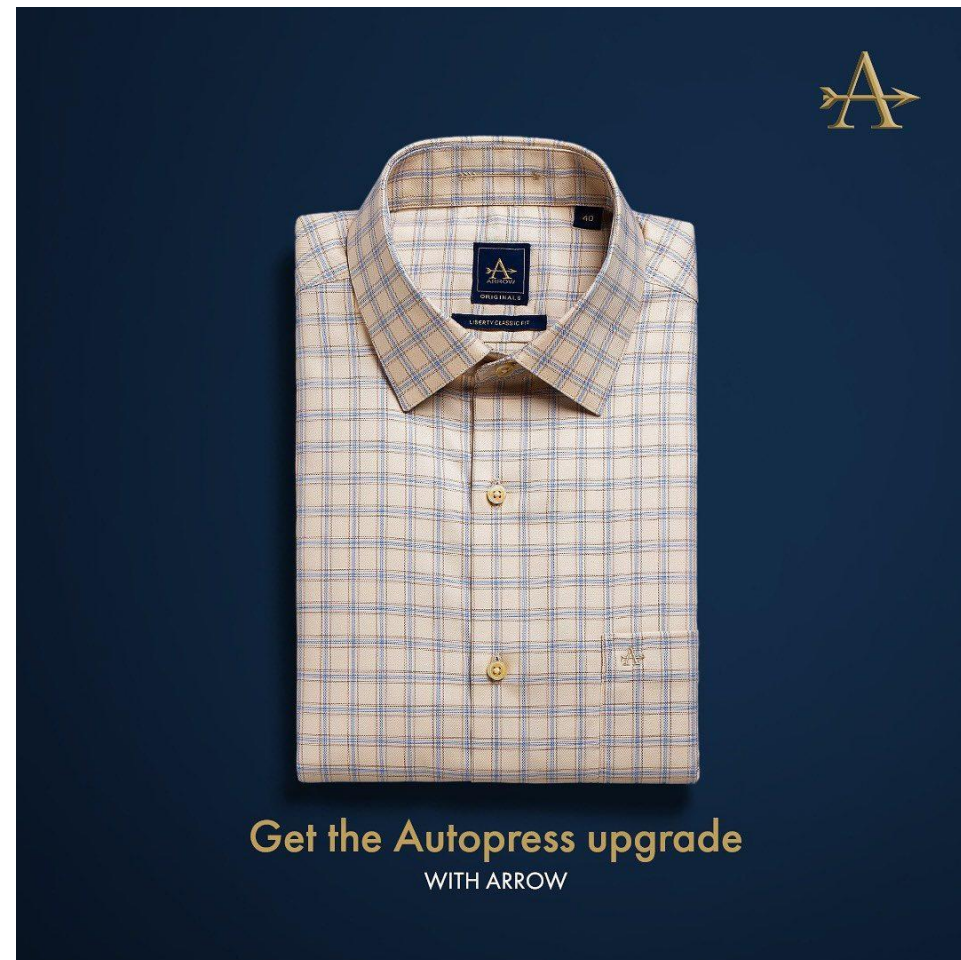
***EBITDA margin expansion of 100 bps with stronger cost control and gross margin improvement***

Note:  
Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine, Arrow and Calvin Klein

# Q1 FY25 RESULTS

## Q1 FY25 - PERFORMANCE SNAPSHOT

	( ₹ in crores)	
	Q1 FY25	Q1 FY24
Revenue from Operations	955	867
Other Income	7	10
<b>Total Income</b>	<b>962</b>	<b>876</b>
EBITDA	123	103
PBT	24	14
Taxes	10	19
Minority Interest	13	12
PAT	1	(17)
Profit/(loss) from discontinued operations	0	0
Reported PAT	1	(16)



## EFFICIENT WORKING CAPITAL MANAGEMENT

( ₹ in crores)

	Jun'24	Jun'23	Mar'24
Inventory	1063	1174	1068
Inventory days	91	94	94
Receivables	575	451	647
Debtor days	49	46	47
GWC	1637	1625	1715
GWC days	141	140	141
Payables	923	916	936
Creditor days	81	88	81
NWC	715	709	779
NWC days	59	52	59

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

***GWC days largely remained stable with focus on inventory turn leading to improvement of 3 days***



**WAY FORWARD**

## WAY FORWARD

### AFL

*With early festival calendar, hopeful of growth acceleration to continue (compared to FY24 levels)*

*Continue execution on profitability improvement through operating leverage & cost optimization etc.*

*Focused retail network expansion across brands through FOFO model*

*Decisive focus on scaling existing 5 brands through innovative retail formats, higher network expansion & cash accruals*

*Whole-hearted investments in advertising & re-energizing brand salience*

*Working capital control and FCF generation leading to higher ROCE*

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THANK YOU