

Q2 FY25 RESULTS PRESENTATION

ARVIND FASHIONS

Oct | 2024

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AGENDA



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Q2 Performance Highlights



02

Q2 & H1 FY25 Results



03

Way Forward

Q2 FY25 PERFORMANCE HIGHLIGHTS

FY25 OBJECTIVES - WHAT WE HAVE SET FOR OURSELVES

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

MARKET & ECONOMY UPDATE



Market conditions continue to stay muted, further impacted by adverse weather conditions

Casualization trend continues to stay strong across categories

Premiumization continues to be key growth lever

Demand expected to recover in H2 aided by festive season & strong wedding calendar

Q2 FY25 BUSINESS HIGHLIGHTS



QUARTERLY SALES

Continued momentum in revenue with **8.5%** growth Y-o-Y

Retail LTL of **4.6%**; key focus on differentiated retail customer experience and better volume growth



GROWTH DRIVERS

Adjacent categories like **womenswear** driving growth, business doubled Y-o-Y

Premiumization across brands continues to drive differentiated results

Gross addition of **27 EBOs**; net sq. ft. addition of ~36k to ~11.53L sq. ft.



CHANNEL-WISE PERFORMANCE

Retail & online channel witnessed strong growth

Online direct-to-consumer business (marketplace + NNNow) grew **40%+** Y-o-Y

Slower growth in wholesale channel Y-o-Y



EBITDA

Highest ever quarterly EBITDA at **₹ 170 crores**; **18%+** growth Y-o-Y

EBITDA margins higher by **110+ bps** through strong costs control



WORKING CAPITAL & PAT

GWC days remained stable; inventory lower by **4 days** and stock turns **>4x**

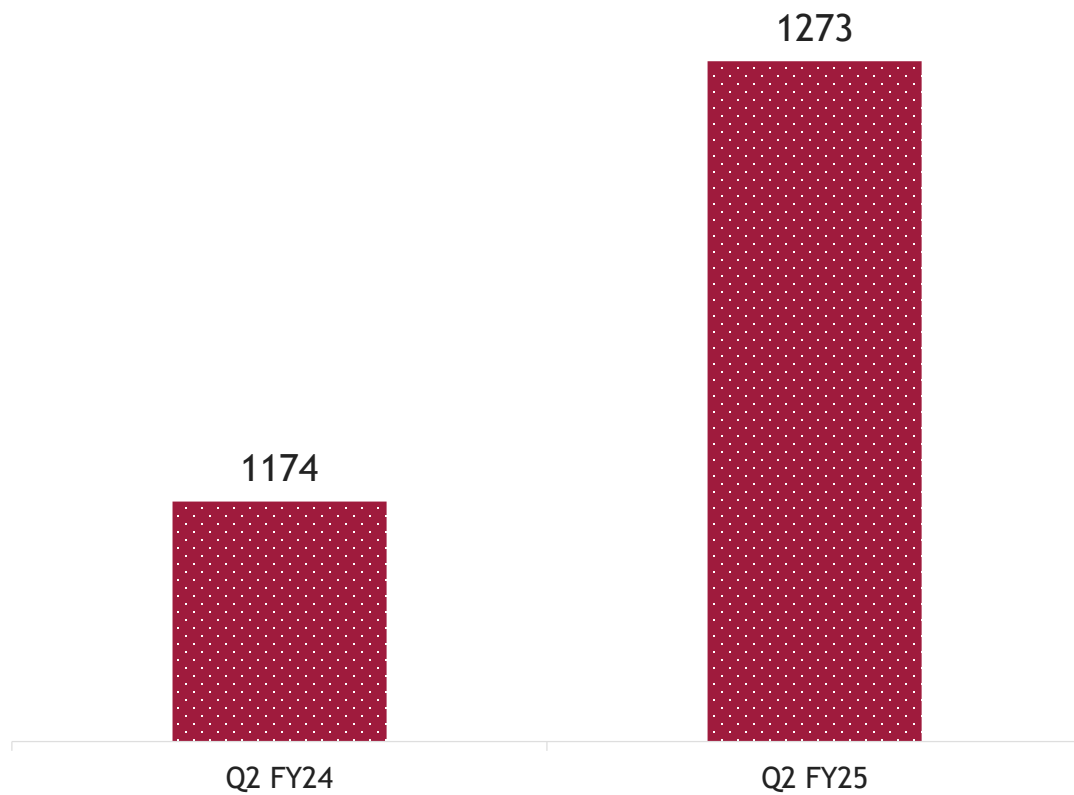
28% growth in PBT Y-o-Y

37% growth in PAT to ₹ 30 crores vs ₹ 22 crores in Q2 FY24

SUSTAINED SALES GROWTH MOMENTUM

Sales

(₹ in crores)

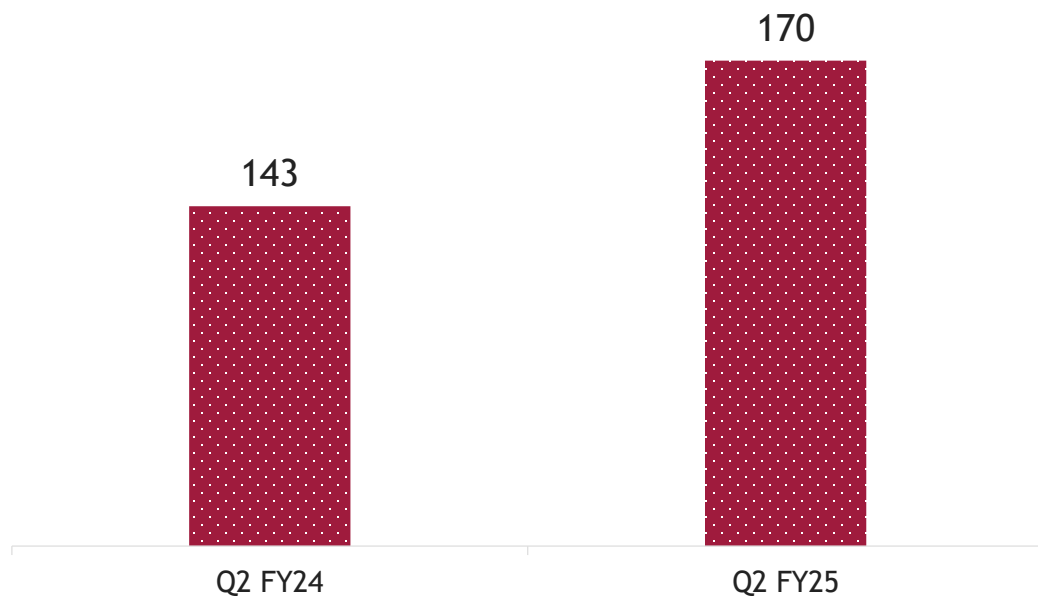


- Overall revenue growth of 8.5%; momentum witnessed in Q1 continued
- Strong growth in retail & online channels, wholesale channel witnessed tepid growth
- EBO count stood at 954 as of Sep'24, net sq. ft. addition at ~36k

LEADING TO STRONG PROFITABILITY IMPROVEMENT

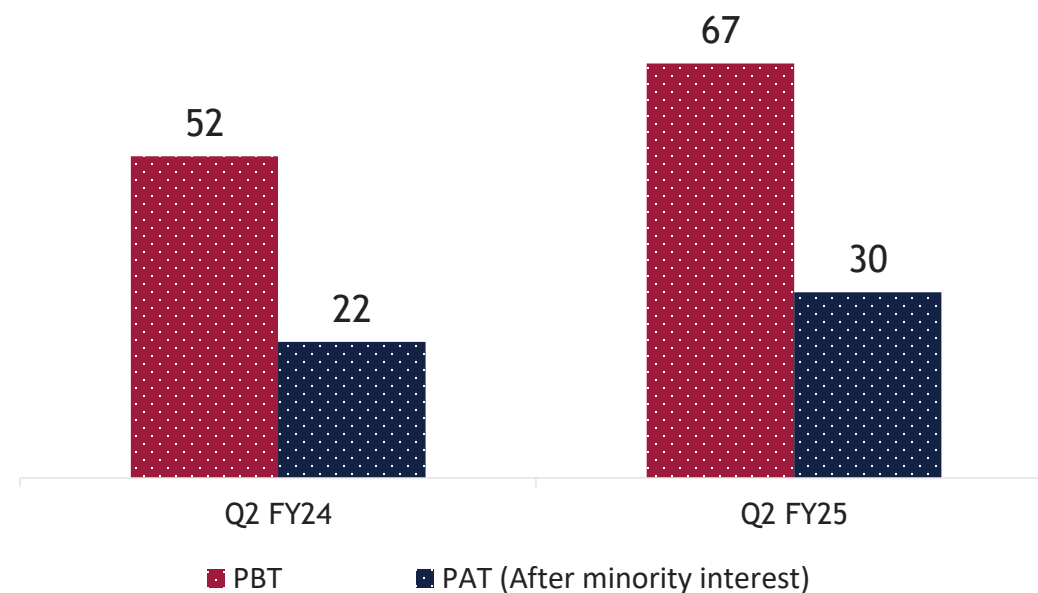
EBITDA

(₹ in crores)



PBT and PAT (after minority interest)

(₹ in crores)

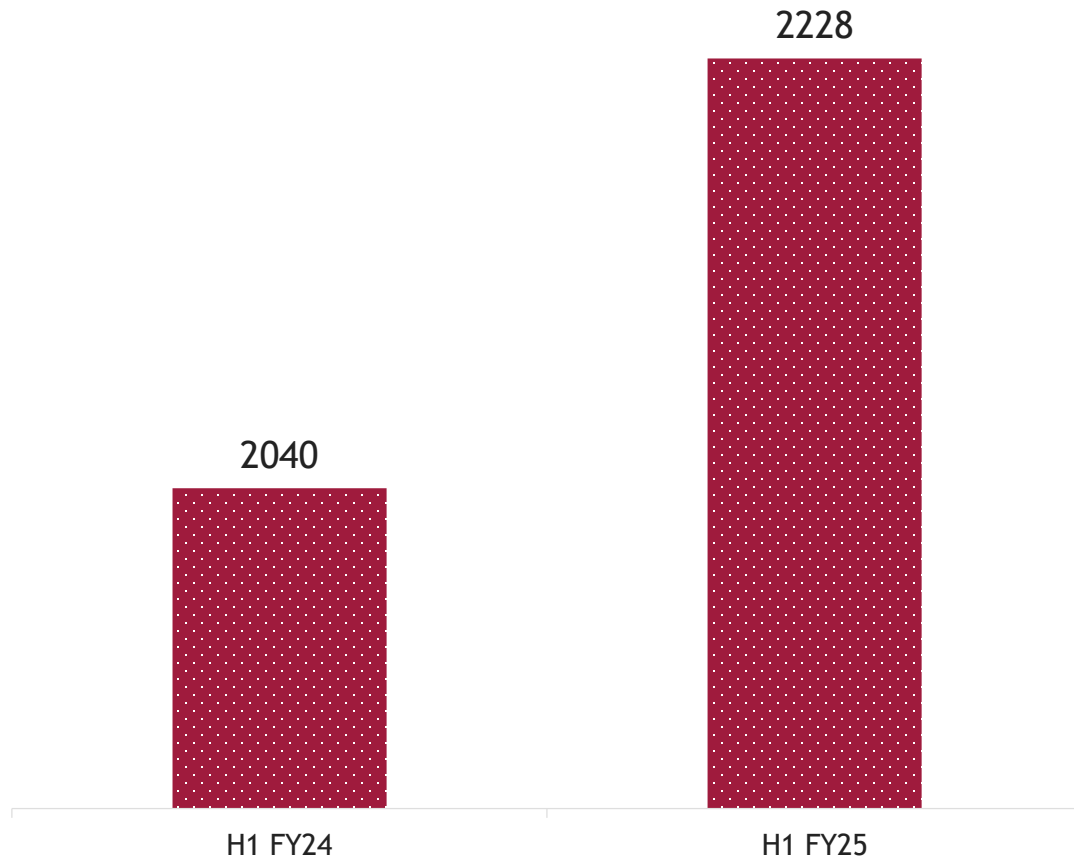


Improvement in EBITDA margins by 110+ bps Y-o-Y aided by cost control

GROWTH IN H1 ACCELERATED COMPARED TO FY24

Sales

(₹ in crores)

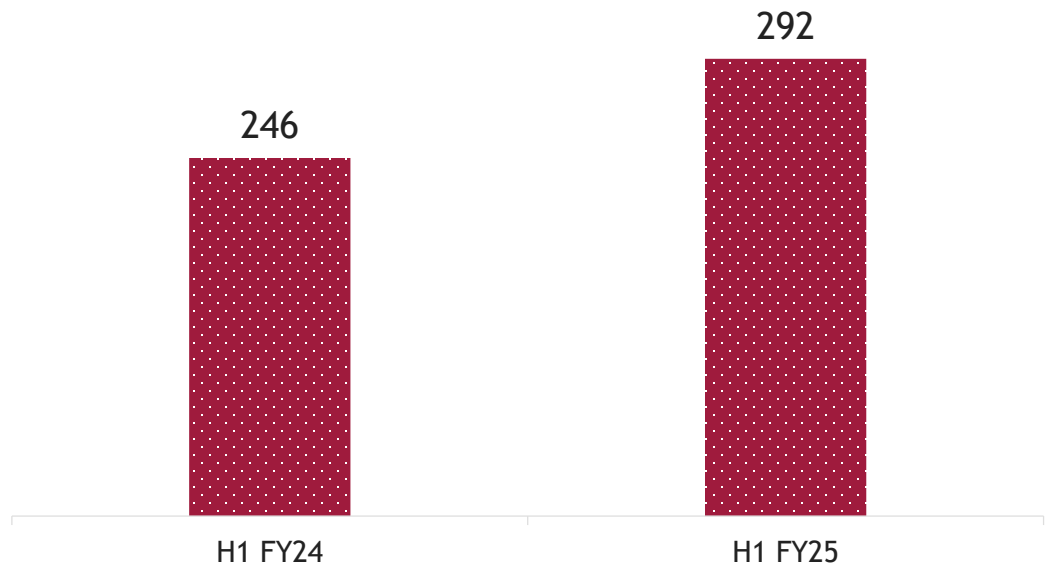


- Overall revenue growth of 9.2%, despite muted market conditions
- H1 FY25 net sq. ft. addition stood at ~81k, especially through iconic stores in USPA

DRIVING CONTINUED PROFITABILITY IMPROVEMENT IN H1

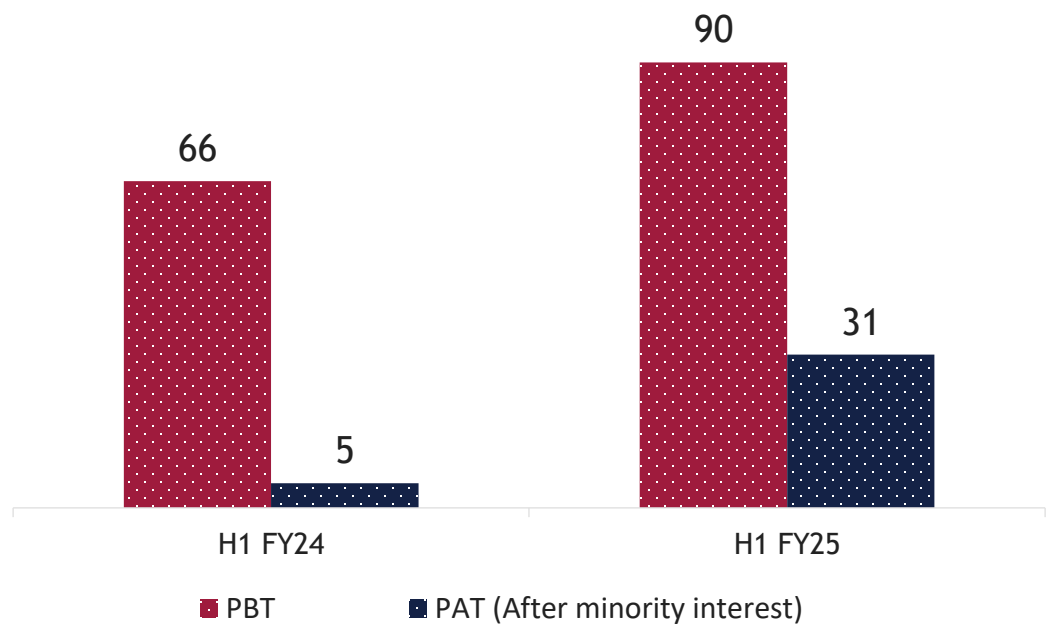
EBITDA

(₹ in crores)



PBT and PAT (after minority interest)

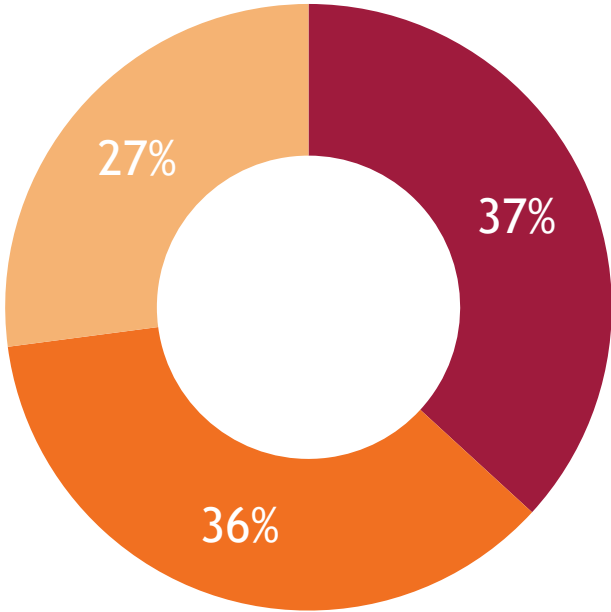
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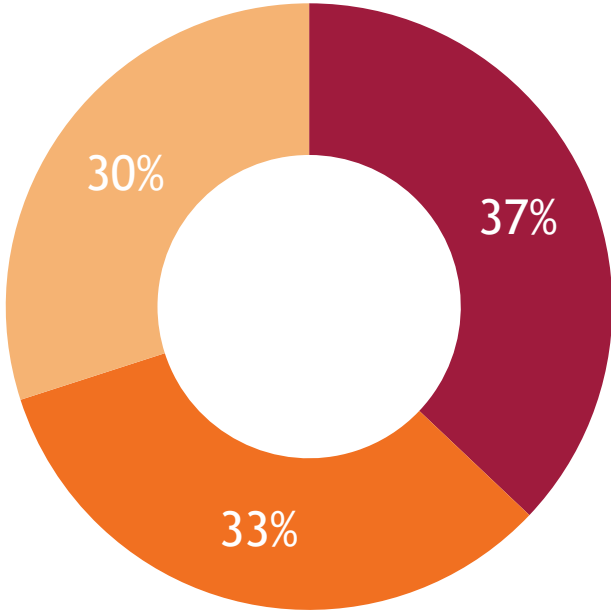
Improvement in EBITDA margins by ~110 bps Y-o-Y aided by higher gross margin and cost optimization

CHANNEL MIX

Q2 FY24



Q2 FY25



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

CONTINUED PROGRESS ON FLAGSHIP EBOs



DB Mall, Bhopal



Lulu Mall, Calicut

CONTINUED PROGRESS ON FLAGSHIP EBOs



City Centre, Raipur



U.S. POLO ASSN.
SINCE 1890



FLYING MACHINE



ARROW
USA • 1851



Q2 FY25 PERFORMANCE HIGHLIGHTS

BRAND HIGHLIGHTS

Brand Highlights

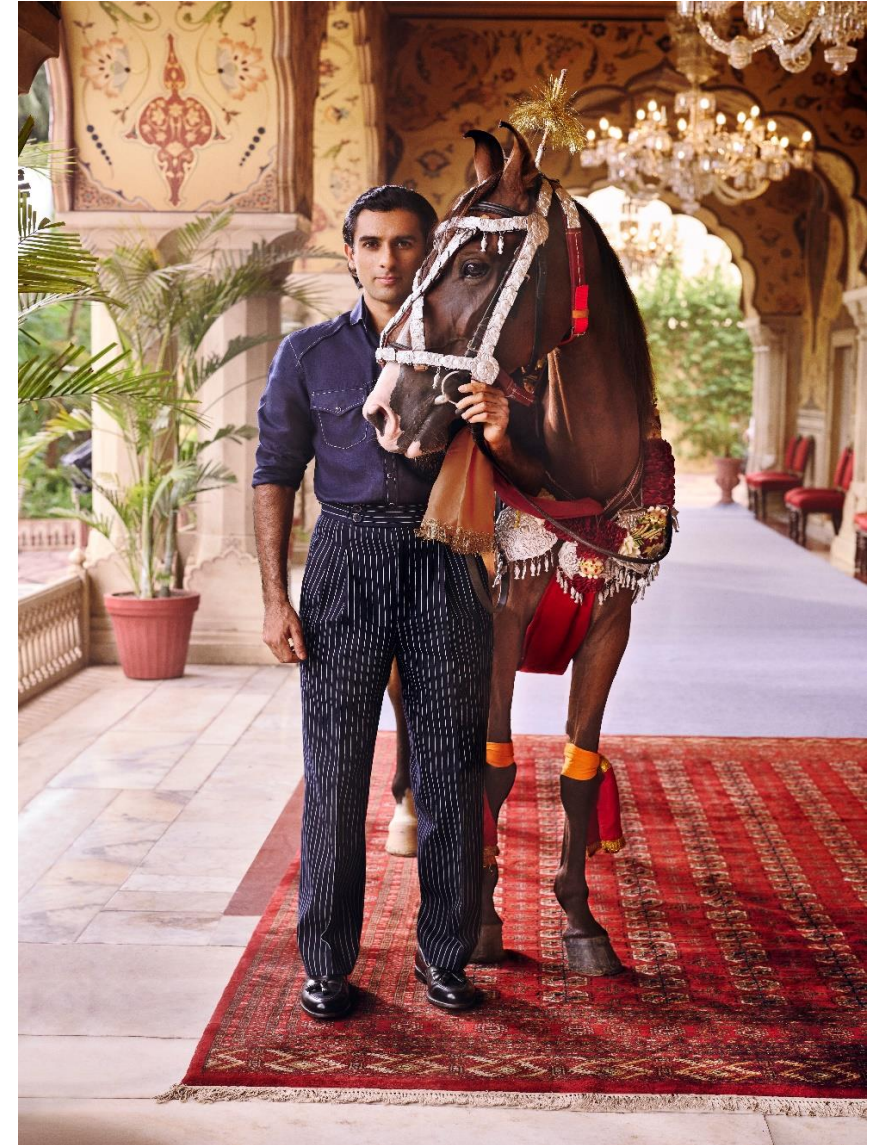


U.S. POLO ASSN.
SINCE 1890



- Witnessing strong growth momentum in the brand with higher LTL helping cement leadership position in casual lifestyle category across channels; brand poised to cross 2,000 Crs NSV mark soon
- Investments in marketing through campaign with Pacho (Maharaja Sawai Padmanabh Singh of Jaipur), global brand ambassador. Launched premium collab collection
- Accelerating opening of iconic & marquee stores across the country
- Adjacent categories continue to aid brand pull

USPA x Pacho - High decibel marketing campaign





Brand Highlights



- Mega marketing event with Hrithik Roshan - Arrow X GQ
- Achieved significant improvement in EBITDA margins through operating leverage
- Premiumization drive through '1851' & Italian line delivered higher sell-thru's
- NewYork line helping brand become more young & cool
- Continued focus on accelerating EBOs expansion across geography



Brand Highlights



- Signed up Orry has new brand ambassador; targeted to add considerable interest amongst Gen Zs
- Key KPIs have significantly improved and continue to track positively in SS24
- Positive response across channels; higher retail LTL for renovated stores with fresh identity

Brand Highlights



- Premiumization trend coupled with superior customer experience continue to help strengthen brand positioning & business growth
- Robust sell-thru's in SS24



Brand Highlights



- Premiumization trend helping brand deliver industry leading sell-thru's and LTL growth
- Strong growth despite challenging consumer demand scenario
- New innerwear campaign with Disha Patani

Q2 FY25 - GROUPWISE PERFORMANCE

(₹ in crores)									
	<i>Sales</i>			<i>EBITDA</i>			<i>EBITDA %</i>		
	Q2 FY25	Q2 FY24	% Growth	Q2 FY25	Q2 FY24	% Growth	Q2 FY25	Q2 FY24	
Power Brands	1273	1174	8.5%	170	143	18.5%	13.3%	12.2%	
Total	1273	1174	8.5%	170	143	18.5%	13.3%	12.2%	

EBITDA margin expansion of 110+ bps with stronger cost control

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

H1 FY25 - GROUPWISE PERFORMANCE

(₹ in crores)									
	<i>Sales</i>			<i>EBITDA</i>			<i>EBITDA %</i>		
	H1 FY25	H1 FY24	% Growth	H1 FY25	H1 FY24	% Growth	H1 FY25	H1 FY24	
Power Brands	2228	2040	9.2%	292	246	18.8%	13.1%	12.1%	
Total	2228	2040	9.2%	292	246	18.8%	13.1%	12.1%	

Revenue growth picked up (compared to FY24 levels) aiding ~110 bps EBITDA margin expansion

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

Q2 & H1 FY25 RESULTS

Q2 FY25 - PERFORMANCE SNAPSHOT

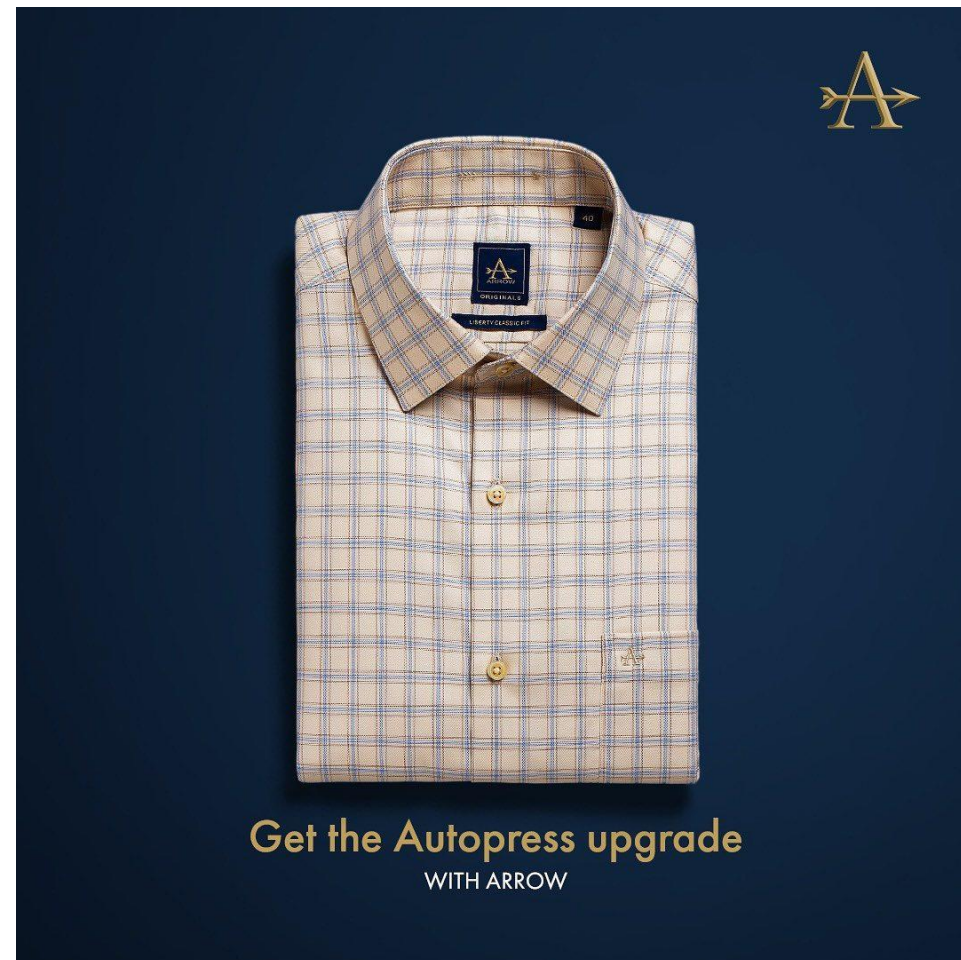
	(₹ in crores)	
	Q2 FY25	Q2 FY24
Revenue from Operations	1273	1174
Other Income	7	4
Total Income	1280	1178
EBITDA	170	143
PBT	67	52
Taxes	21	11
Minority Interest	15	15
PAT	30	26
Profit/(loss) from discontinued operations	(0)	(4)
Reported PAT	30	22

* Taxes higher on account of dividend received from PVH



H1 FY25 - PERFORMANCE SNAPSHOT

	(₹ in crores)	
	H1 FY25	H1 FY24
Revenue from Operations	2228	2040
Other Income	15	14
Total Income	2243	2054
EBITDA	292	246
PBT	90	66
Taxes	31	30
Minority Interest	28	27
PAT	31	9
Profit/(loss) from discontinued operations	0	(4)
Reported PAT	31	5



EFFICIENT WORKING CAPITAL MANAGEMENT

(₹ in crores)

	Sep'24	Sep'23	Jun'24
Inventory	1163	1283	1063
Inventory days	89	93	91
Receivables	815	644	575
Debtor days	53	45	49
GWC	1978	1927	1637
GWC days	141	138	141
Payables	1189	1153	923
Creditor days	82	83	81
NWC	789	774	715
NWC days	60	55	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 4 days

BALANCE SHEET AS ON 30-SEP-2024

(₹ in crores)

Particulars	30-Sep-24	31-Mar-24
Net Worth	1189	1192
Borrowings	446	466
Capital Employed	1635	1658
Inventory	1163	1068
Receivables	815	647
Creditors	1189	936
Net Working Capital	789	779
Net Fixed Asset	295	274
Other Assets	578	636
Discontinued Business	(27)	(31)
Capital Employed	1635	1658



WAY FORWARD

WAY FORWARD

AFL

With festival season & strong wedding calendar, hopeful of continuation of growth momentum

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