

ONLY: ZARA, H&M, LEVI'S, NIKE, ADIDAS, PUMA, CALVIN KLEIN, BURBERRY, PRADA, GUCCI, CHLOE, CLOUTIER, BURBERRY, PRADA, GUCCI, CHLOE, CLOUTIER

BRAND FACTORY

FREE SHOPPING WEEKEND

5th TO 8th DECEMBER

OFFER ALSO AVAILABLE ON BRANDFACTORYONLINE.COM

SHOP FOR ANYTHING WORTH ₹5000 MRP
PAY ONLY ₹2000
AND GET THAT ALSO BACK AS*

FREE AIRFREIGHT WORTH ₹500 MRP + GIFT VOUCHER WORTH ₹200 + Make pay ₹300 CASHBACK

BOOK YOUR PASSES NOW!

TO SHOP GET PASSES FROM **BRAND FACTORY** AND IN STORES

GIVE A MISSED CALL ON 7829800000 TO BOOK PASSES

11 STORES IN MUMBAI: ANDHERI (E), CHITROAD (W), KALAM (W), KANDIVALI (E), MALAD (W), MARINE LINKS (E), NERVA ROAD (E), TANDRO - THANE (W), VASARI (W), VASARI (E)

www.brandfactory.com | Brand Factory | brandfactory.in | CUSTOMER CARE NO.: 7829800000

LEE COOPER'S

LIGHTEST SHOE EVER

WITH EXTRALIGHT SOLE



Lee Cooper

CRAFTED IN LONDON

Extralight is an innovative closed-cell foam made from an exclusive process patented in Italy and distributed by Frangipani Laboratories. This foam is waterproof, waterproof, soft and flexible.

CENTRAL



FASHION 24/7

THE ALL NEW CENTRAL @ 247 PARK VIKHROLI OPENS ON 28th DEC

BRAND FACTORY

THE **ROCK BOTTOM DAYS** IS COMING TO KOLLAM.

Get the ultimate deals on 200+ top brands.



JEALOUS 21



Get in Line! This month we're celebrating Stripes on Denim

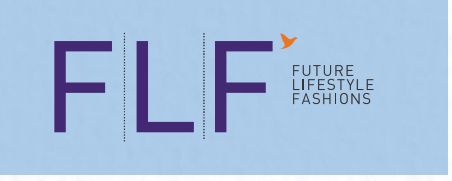
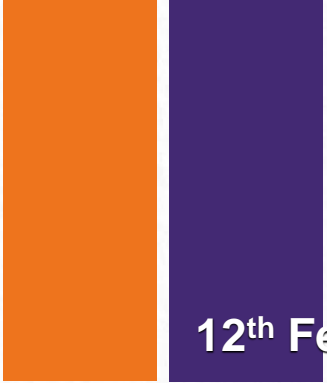
STRIPER DENIMS

TREND ALERT

Future Lifestyle Fashions

Investor Update

Mumbai



12th February, 2020

all the plus size store

EXCLUSIVE GREEN CARD MEMBER OFFER

4X BENEFIT

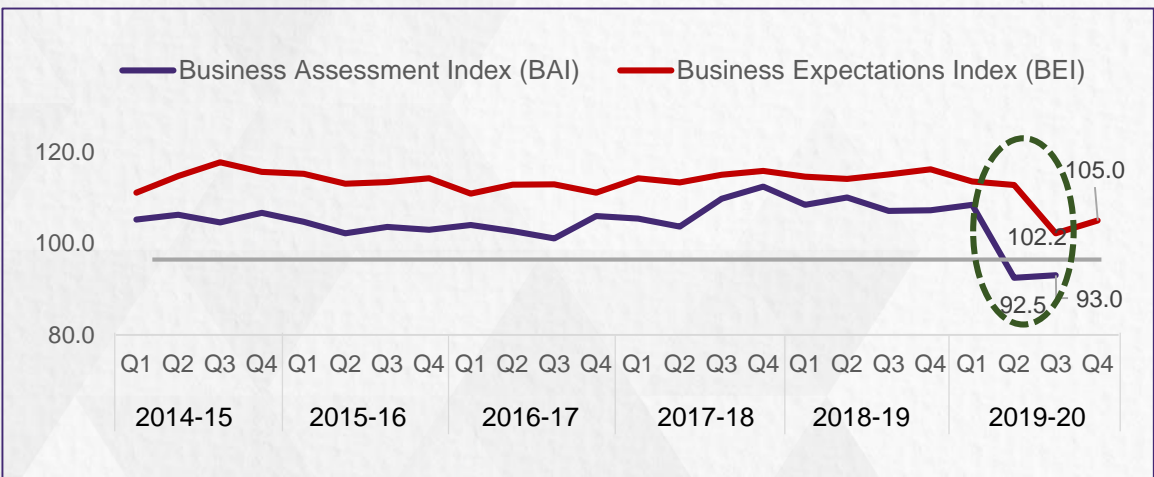
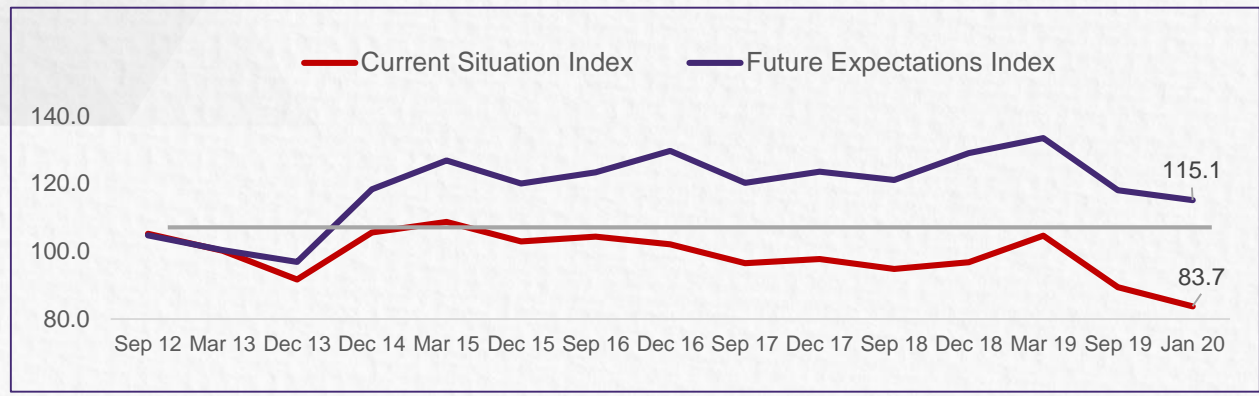
ON SHOPPING

Disclaimer

This report contains forward-looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’, or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company’s strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company’s actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

	GDP	IIP	Interest Rate	Consumer Confidence	Repo rate
Q3 FY20	4.3%	1.8%	6.55%*	83.7	5.15%

Consumer confidence in January 2020 deteriorated further vis-à-vis a year ago. Households reported lower spending on non-essential items as compared to one year ago



BEI increased from 102.2 in Q3FY20 to 105.0 in Q4FY20. Sentiments on overall financial situation moved into the zone of optimism entering Q4. With lower optimism on selling prices, business expect a drop in profit margins despite muted cost pressures

Source: Reserve Bank of India. * Yield on the 10-year G Sec

Formats providing curated experience and brands have been able to show steady performance amidst slowdown, while value formats have got affected the most

Curated experience format

- Channels that provide curated experience/ brands are doing well
- Steady-state SSG
- New store expansion consistently high if the format is established, industry players have opened stores in the range of 5-15
- Growth through category expansion: Innerwear, Ceremonial wear and luggage etc.

Value formats

- Value segment hit most by the recent slowdown
- Structural changes in the Auto and Reality sector resulted in job losses of more than 7 lacs
- Migratory labor force being impacted by job losses lead to adverse impact on sales of value formats leading to lower SSGs for formats.
- Few value format also got closed who were not able to sustain the lower demand cycle

Value segment will get further weakened in coming quarters, however, we believe Brand Factory is in a better position as it caters to a wide spectrum of customers varying from value-seeking to brand seeking. Going forward, the sector is now focusing on driving the cost-efficiency

Central has been a leader in the full price formats,
with YTD SSG of 6%



- Overall format sales has grown by **12%** in 9M FY20
- Maintained mid single digit SSG in a tough macro environment, while competitors are in negative to low single digit range
- Key drivers for growth
 - Smart promotions through co marketing with brands and customer centric curated promotions and events
 - Category expansion in luggage segment



- Overall format sales has grown by **16%** in 9M FY20
- Growth aided by significant volume at lower ASPs in H1
- Slowdown due to weak macro coupled with lower promotion to drive margin impacted revenue of Brand Factory in Q3
- Focus is on achieving cost leadership and margin expansion
- Brand Factory EBITDA margin expanded by ~30 bps in Q3 inspite of lower revenue

Even though sales have got impacted in Q3, FLF has been able to consolidate the cost, strategize the framework around reducing RPTs and simplify the organization structure

Core business

- Overall base business has grown by 12%, with Central's sales growth at **12%** and Brand Factory's sales growth at **16%**
- Brand Factory online moving steadily towards ramping up digital business with sales of ~ Rs. 9 cr. in Q3.

Capital allocation

- Decision finalized to rationalize Lombard and two other sub brands. To be in effect from Q4 FY20
- 7 lac pieces of own brand inventory reduced since March '19, the focus is on secondary sales.
- Driven by the external environment, Brand Factory store opening recalibrated to 18 stores. Same to be reviewed on an ongoing basis for any revision
- Closure notice sent for 4 loss-making Brand Factory stores and 2 Central stores

Balance Sheet Strengthening

- Net debt to EBITDA* ratio
1.4
- Debt to Equity ratio 0.5
- Net working capital at 45 days

*EBITDA is pre Ind AS 116 adjusted no.

Cost leadership

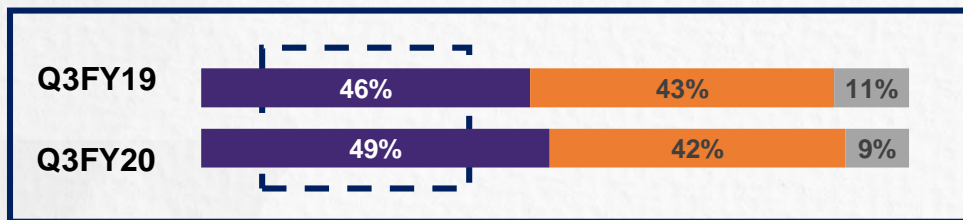
- ~Rs. 10 cr saving in People cost aligned with formats and HR. The full benefit of the savings to get realized from Q1 FY21
- ~Rs. 10 cr saving in Store operations and overheads aligned with format CEOs and CFOs. The full benefit of the savings to get realized from Q1 FY21
- Talks in advance stage to close down 4 loss making Brand Factory and 2 Central stores - ~Rs. 15 cr. saving
- Sourcing and supply chain is being renegotiated, should translate into savings of Rs. 12-15 cr.

Shareholder value creation

- Zero sourcing from FEL effective Jan '20. Overall RPT % of sales to come down to 9% from the current 19%
- Continuing RPT transactions have been validated by big 4 audit firm for arm's length principle
- Funding requirements in the process of getting tied up to simplify all sub-structures below FLF

Business Update

- Strong operating leverage led by cost efficiency and margin expansion resulted in ~90 bps expansion in EBITDA margin of base business in Q3
- 1 Central and 4 Brand Factory stores opened during Q3, taking the total count of Central to 49 and Brand Factory to 104. 0.18 mn sq ft net area added, taking the total to 7.5 mn sq ft
- FLFL continues to invest in digital strategy, own online platform revenue expands to ~Rs. 15 cr.
- Revenue segmentation: Central share of business increased by 280 bps Y-o-Y



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BRAND FACTORY
BEST BRANDS • SMART PRICES



Brands – EBOs and
3rd party channels

Financial Update

- RPT transaction review by big 4 audit firm completed for arm's length validation
- 30 bps EBITDA margin expansion in the base business at YTD Dec '19 level, lead by ongoing cost efficiency projects

	FLF Base business			New Business and Associates	FLF all business		Accounting	FLF reported			
	CT+ BF Retail + Brands				9MFY20	CT+ BF + Brands		Ind AS 116	Result with Ind AS 116 impact		
	9MFY19	9MFY20	Gr%			9MFY20			Gr%	9MFY20	9MFY20
Revenue	4,347	4,847	11.5%	18	4,865	11.9%	(11)	4,854	11.7%		
EBITDA	434	499	14.9%	(23)	476	9.6%	401	876	101.9%		
EBITDA%	10.0%	10.3%	0.3%	na	9.8%	na	na	18.0%	8.1%		
PAT	126	138	9.8%	(28)	111	-12.0%	(15)	96	-23.8%		

Strong performance by base business with 30 bps expansion in EBITDA

Central sales

₹ 860 cr in Q3 FY20

9.3%

(₹ 787 in Q3 FY19)

Brand Factory sales

₹ 729 cr in Q3 FY20

~0%

(₹ 727 in Q3 FY19)

Revenue*

₹ 1,746 cr in Q3 FY20

3.2%

(₹ 1,692 cr in Q3 FY19)

Gross profit*

₹ 612 cr in Q3 FY20

6.2%

(₹ 576 cr in Q3 FY19)

EBITDA*

₹ 194 cr in Q3 FY20

7.7%

(₹ 180 cr in Q3 FY19)

PAT*

₹ 59 cr in Q3 FY20

(7.8%)

(₹ 65 cr in Q3 FY19)

Note:- # FLF SSG% is Central + Brand Factory SSG

*Revenue, Gross profit, EBITDA and PAT nos are pre Ind AS 116 adjusted nos.

Figures of the previous period have been regrouped/ reclassified wherever necessary

Central sales

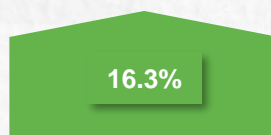
₹ 2,390 cr in 9M FY20



(₹ 2,142 in 9M FY19)

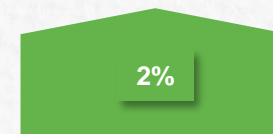
Brand Factory sales

₹ 1,953 cr in 9M FY20



(₹ 1,679 in 9M FY19)

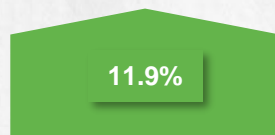
FLF SSG%#



(8.8% in 9M FY19)

Revenue*

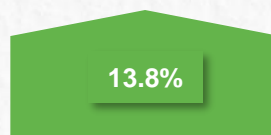
₹ 4,865 cr in 9M FY20



(₹ 4,347 cr in 9M FY19)

Gross profit*

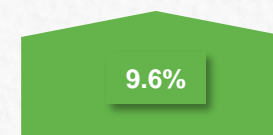
₹ 1,731 cr in 9M FY20



(₹ 1,521 cr in 9M FY19)

EBITDA*

₹ 476 cr in 9M FY20



(₹ 434 cr in 9M FY19)

Note:- # FLF SSG% is Central + Brand Factory SSG

*Revenue, Gross profit and EBITDA nos are pre Ind AS 116 adjusted nos.

Figures of the previous period have been regrouped/ reclassified wherever necessary



Opened 1 stores in Q3, Total Store Count is 49

New Store Details

Vikhroli:
December



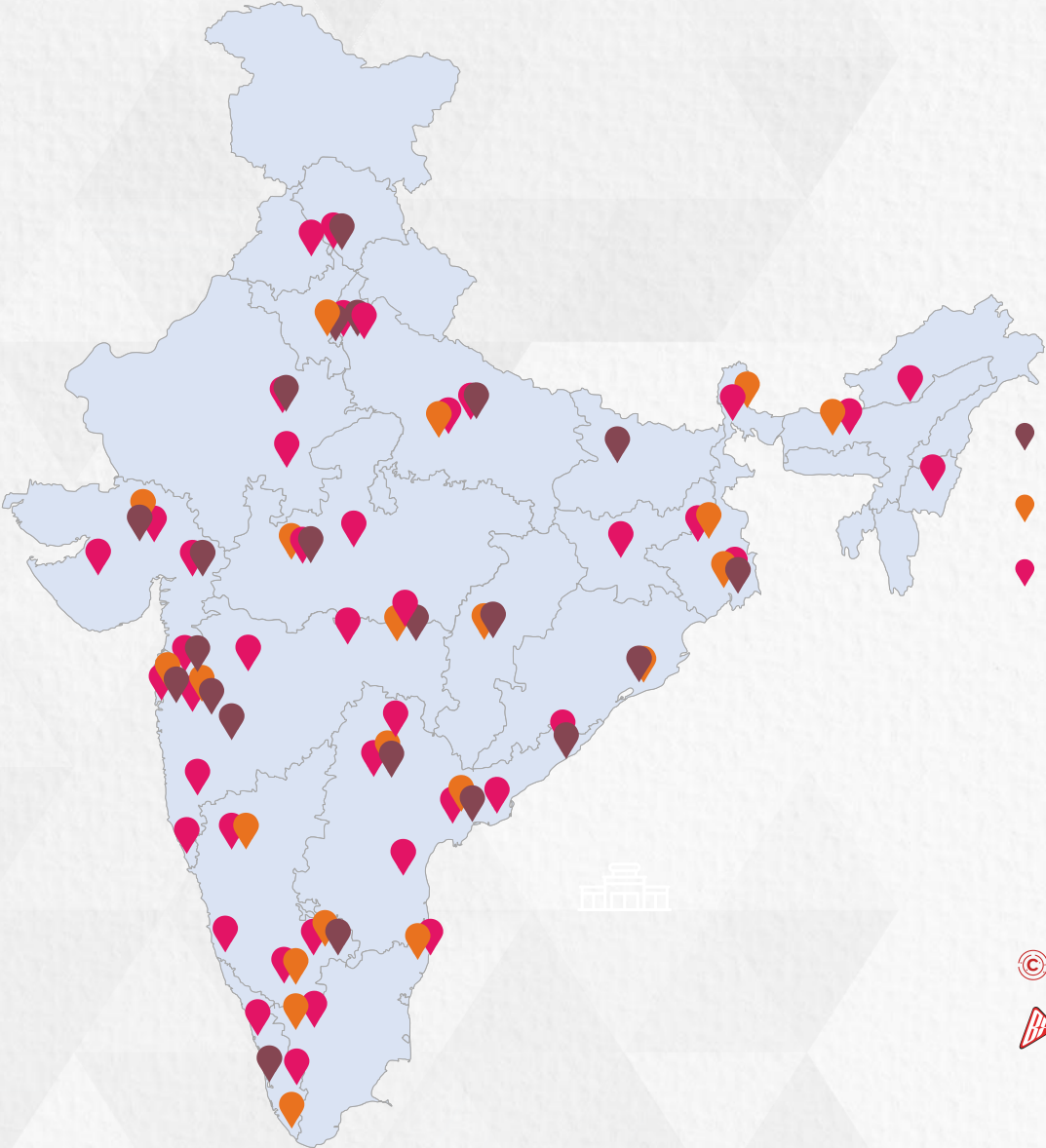
Opened 4 stores in Q3, Total Store Count is 104

New Store Details

Siliguri:
October

Kollam:
November

Ahmedabad:
November
December



EBOs

Total
Area (mn Sqft)

Store count

Dec 18	Dec 19
44	49
89	104
205	201
338	354
6.6	7.5

Store closure detail



EBOs

Dec 18	Dec 19
0	0
0	0
15	5

Note:- Includes numbers of Lee Cooper business Stores.
Map is not to scale.

Latest Events at Central and Brand Factory

Central Wedding tales



Established Central as an ideal destination for wedding shopping and best friends wedding.

10 seconder Thumbstopper web series covering various occasions in wedding

Integrated with likeminded brands to cross celebrate & establish Central

Brand Factory Showoff Festive



Showoff Festive

Today's style is all about what is trending, liked, shareable, profiled etc To promote our Festive Show off collection, we will play on the insight and leave behind a message, **'Let your clothes make noise'**



Free shopping weekend

- Campaign duration was 2nd to 8th Dec
- Introduced to #BTF Day – Preview Sale to all the loyal Brand Factory Customers on 2nd & 3rd Dec

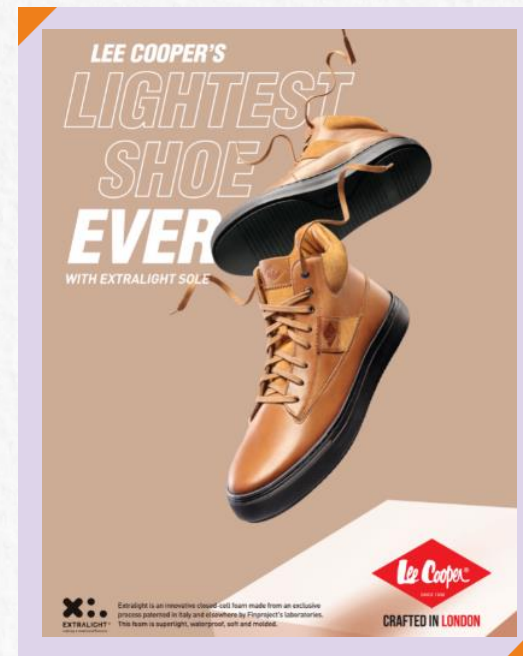
aLL & Lee Cooper key marketing initiatives

Exclusive Green Card Member Offer



- Offers for consumers were rolled out with focus on the 4X benefit on shopping + 1000 cashback
- Social media promotions of the offer in the key markets + In Store Communication
- Period : 12th – 15th Dec

Launch of Lee Cooper's Lightest Shoe Ever



Strategic Initiatives



Campaign: #MasterOfDenim

- Duration: 29th Nov – 17th Dec
- Objective: Leverage the popularity of the Influencers and promote Lee Cooper AW'19 Collection to their fan base



Influencing through Social Media Arjun Bijlani (Actor)



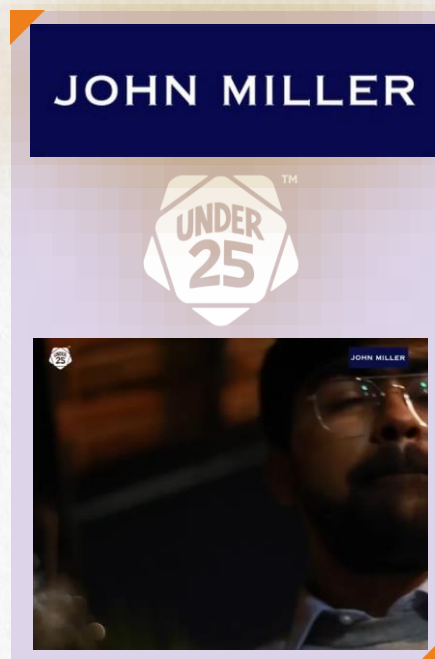
Crew campaign: 7 bantaiz

- For fall holiday 2019, converse collaborated with 7 bantaiz, a hiphop crew from Dharavi with a simple objective of 'global brand speaking in local voice' and further establish affinity for the brand in gen z..
- The association culminated in live free for all event at R city mall Ghatkopar



Jealous

- Jealous 21 Trend Alert 'Speed To Market' Update:
- Jealous 21 as a brand has introduced new look every month with STM [speed to market] concept.
- On 21st of every month Trend Alert celebrates 'look' of the month supported by 360 marketing communication support.



John Miller

- Getting the 18-25 target audience to build conversations around Good Looking Rascal
- Invited people to give their cool party ideas and the 2 lucky winners were given tickets to Goa

FLF Snapshot – Q3 and 9M FY20



Total Income From Operations



Gross Profit



EBITDA Margin



PAT



Gross Space Addition (mn. sq. ft.)

	Q3 FY20	9M FY20
Total Income From Operations	₹1,746 Cr	₹4,865 Cr
Gross Profit	₹612 Cr	₹1,731 Cr
EBITDA Margin	11.1%	9.8%
PAT	₹59 cr	₹111 cr
Gross Space Addition (mn. sq. ft.)	0.19	0.80

FLF Brands

- Contributed ~35% of Revenue in Q3FY20.
- Brands registered a de-growth of 5% Y-o-Y lead by closure of non performing brands and sub brands and increased focus on secondary sales

YTD Margins

- Delivered Gross Profit of ₹1,731 Cr and EBITDA Margins of 9.8% in 9 months FY20

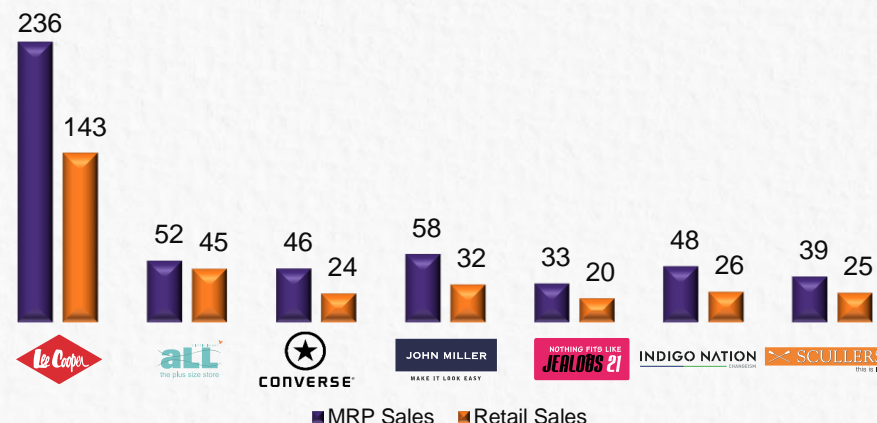
YTD SSGs

- Retail# : 2%

Total Sales¹ Summary (₹ Cr)

Particulars	Q3 FY19	Q3 FY20
FLF Brands	705	671
- FG Brands	534	496
- International Licensed Brands	171	176
Third Party Brands ²	1,175	1,273
Total Sales¹	1,880	1,945
Less: Consignment / SIS	52	50
Less: Taxes & Duties	170	186
Net Sales after Tax	1,658	1,709

Top Brand Performance Q3 FY20 (₹ Cr)



1: Includes SIS & consignment sales

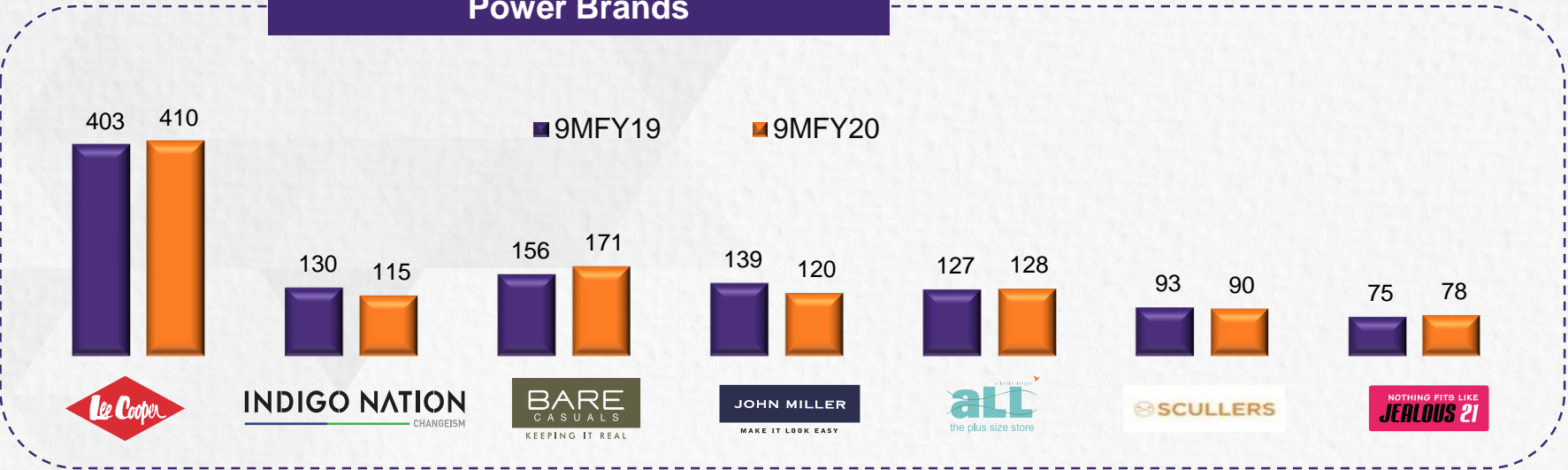
2: Third party brands represent non FLF brands and includes SIS sales and consignment sales

3: Retail Sales indicate Net Sales Before Tax. Both MRP and Retail sales are for external 3rd party channels and EBOs

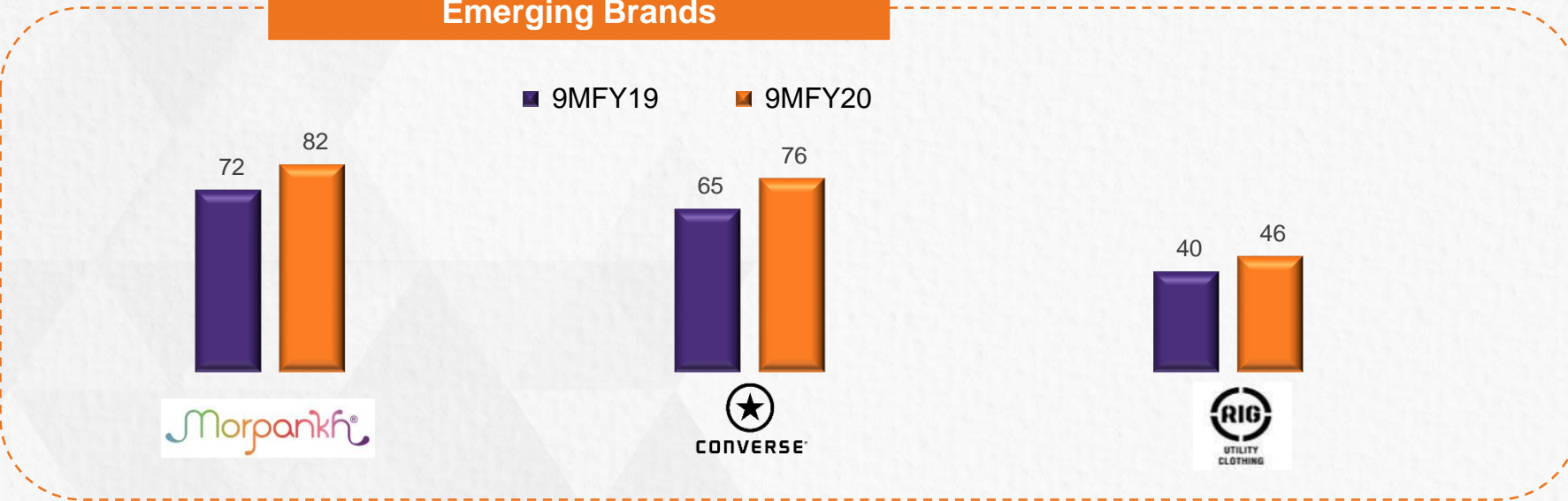
Note:- # FLF SSG% is Central + Brand Factory SSG.

Revenue, Gross profit and EBITDA are pre Ind AS 116 adjusted nos..

Power Brands



Emerging Brands



Retail Sales indicate Net Sales Before Tax

Income Statement (₹ Cr)	With IND-AS 116					
	Standalone		Gr%	Consolidated		Gr%
	Q3'19	Q3'20		Q3'19	Q3'20	
Particulars	Q3'19	Q3'20	Gr%	Q3'19	Q3'20	Gr%
Revenue from Operations	1,616	1,667	3%	1,692	1,742	3%
COGS	1,075	1,085	1%	1,116	1,134	2%
Gross Profit	541	582	8%	576	608	6%
Gross Margin %	33.5%	34.9%	1%	34.0%	34.9%	1%
Employee Benefits Expense	76	81	7%	85	90	7%
Rent including Lease Rental	142	32	-77%	143	33	-77%
Other Expenditures	175	159	-9%	181	162	-10%
Total Expenditure	392	272	-31%	409	286	-30%
Other Income	12	11	-8%	12	11	-11%
<i>Other Income</i>	12	11	-8%	12	11	-11%
<i>Profit from sale of investment</i>						
EBITDA	161	321	100%	180	334	86%
EBITDA Margin %	9.9%	19.3%	9%	10.6%	19.2%	9%
Depreciation	50	175	248%	54	179	229%
EBIT	111	147	33%	126	155	24%
Finance Costs	26	70	168%	28	66	138%
PBT	84	77	-9%	98	89	-9%
Tax expense	29	20	-33%	32	28	-13%
Share in Net Loss of Associates and Joint Ventures	-	-		1	2	53%
Net profit	55	57	3%	65	59	-8%

Income Statement (₹ Cr)	With IND-AS 116					
	Standalone		Gr%	Consolidated		Gr%
	9M 19	9M 20		9M 19	9M 20	
Particulars	9M 19	9M 20	Gr%	9M 19	9M 20	Gr%
Revenue from Operations	4,106	4,620	13%	4,347	4,854	12%
COGS	2,675	2,984	12%	2,826	3,134	11%
Gross Profit	1,432	1,636	14%	1,521	1,721	13%
Gross Margin %	34.9%	35.4%	1%	35.0%	35.4%	0%
Employee Benefits Expense	218	245	12%	243	272	12%
Rent including Lease Rental	395	93	-76%	398	95	-76%
Other Expenditures	464	500	8%	476	511	7%
Total Expenditure	1,077	838	-22%	1,117	878	-21%
Other Income	29	34	15%	29	33	14%
<i>Other Income</i>	29	34	15%	29	33	14%
<i>Profit from sale of investment</i>						
EBITDA	383	831	117%	434	876	102%
EBITDA Margin %	9.3%	18.0%	9%	10.0%	18.0%	8%
Depreciation	140	498	257%	147	510	248%
EBIT	244	333	36%	287	366	27%
Finance Costs	77	209	172%	82	212	158%
PBT	167	123	-26%	205	154	-25%
Tax expense	58	33	-42%	69	53	-24%
Share in Net Loss of Associates and Joint Ventures	-	-		10	5	-45%
Net profit	109	90	-17%	126	96	-24%

Income Statement (₹ Cr)	Without IND-AS 116					
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EBITDA	161	182	13%	180	194	8%
EBITDA Margin %	9.9%	10.9%	1%	10.6%	11.1%	0%
Depreciation	50	71	41%	54	74	37%
EBIT	111	111	1%	126	120	-5%
Finance Costs	26	34	32%	28	31	9%
PBT	84	77	-9%	98	89	-9%
Tax expense	29	20	-33%	32	28	-13%
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Other Income	29	32	9%	29	31	8%
<i>Other Income</i>	29	32	9%	29	31	8%
<i>Profit from sale of investment</i>						
EBITDA	383	431	13%	434	476	10%
EBITDA Margin %	9.3%	9.3%	0%	10.0%	9.8%	0%
Depreciation	140	195	40%	147	206	40%
EBIT	244	236	-3%	287	270	-6%
Finance Costs	77	99	28%	82	101	23%
PBT	167	138	-17%	205	169	-18%
Tax expense	58	33	-42%	69	53	-24%
Share in Net Loss of Associates and Joint Ventures	-	-		10	5	-45%
Net profit	109	104	-4%	126	111	-12%



Namaste !

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