



# Investor Update

## Q1 FY18-19



## 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.

## India is entering a watershed moment for the development of the ~US\$50bn domestic apparel market

### Casual wear – leading growth

- Casualwear is growing faster than formalwear in last few years, whereas ethnic and traditional wear categories are opening up for brands, as discretionary spending improves
- Casualwear grew at 15% vis a vis 6% growth in formal wear in FY17

### Value retailing growing fast

- Value retailing remains the fastest-growing category, as consumers uptrend from the unorganised sector
- The total apparel market is relatively less crowded with 6-7 large players
- Emergence of Brand Factory
- Controlled discounting, customers seeking brands at a value

### Click vs brick

- E-com discounting intensity had subsided recently
- Multiple models like co-existence of 'Click & Brick', are emerging.
- Omni-channel has become the buzzword now

### Tier-III markets opening up – Vmart, etc. India

- Tier-III markets are home to customers who are first-time buyers of branded Apparel.
- The growth in these markets going forward will be determined by providing differentiated products based on regional preferences and ethnicities

### Supply Chain optimization becoming critical

- Fashion cycle is collapsing, forcing retailers to radically accelerate development and delivery times
- Growth of ecommerce over the last 3-4 years has raised customer expectations
- Margins in the retail sector can be improved by 3-5% just by improving SCM

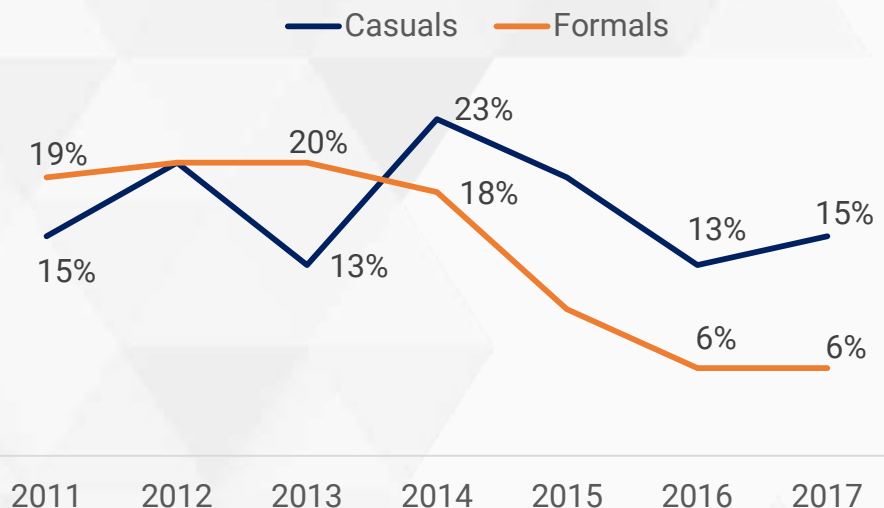
### Growth Capital availability

- The Indian branded apparel space has seen a host of M&A deals/investments over the last few years amounting to ~Rs40-50bn
- Women's wear segment lead with ~60% of capital, followed up by Men's wear with ~25% and Men's Ethnic with ~15%.

# Evolution of various categories

## India is entering a watershed moment for the development of the ~US\$50bn domestic apparel market

Casuals have outpaced formals in each of the last four years



- Global trends suggest that initially, a large part of organised retail spending is on men’s formalwear
- As discretionary spending on fashion increases, this incremental spending comes more from casualwear
- In Indian context, demand for casuals is driven by an increasing number of start-ups and companies adopting MNC culture

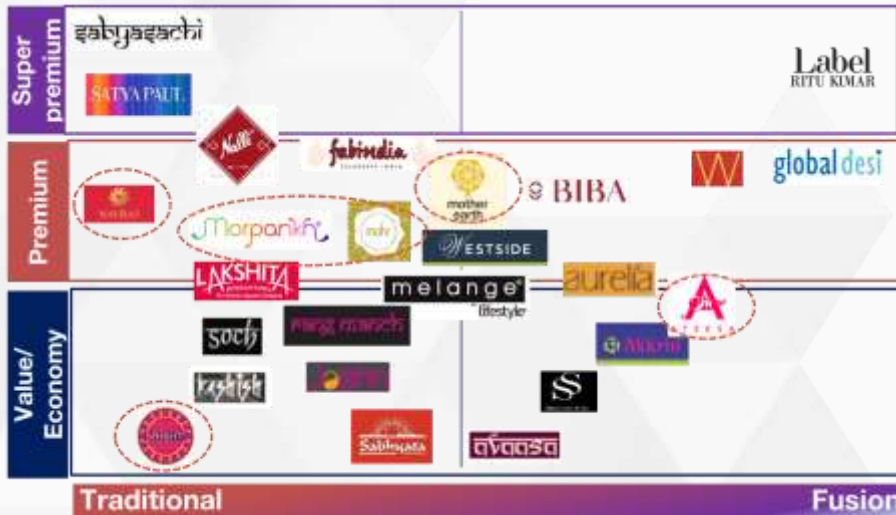
- Casual wear contributes ~ 55% to the overall sale of FLF. (Mens casual contributes ~ 42% and Ladies western ~13%)
- Own brand contribution to total casualwear category is ~40%
- Overall category has grown at a CAGR of >20% for last few years

Source: CLSA: Branded Apparel

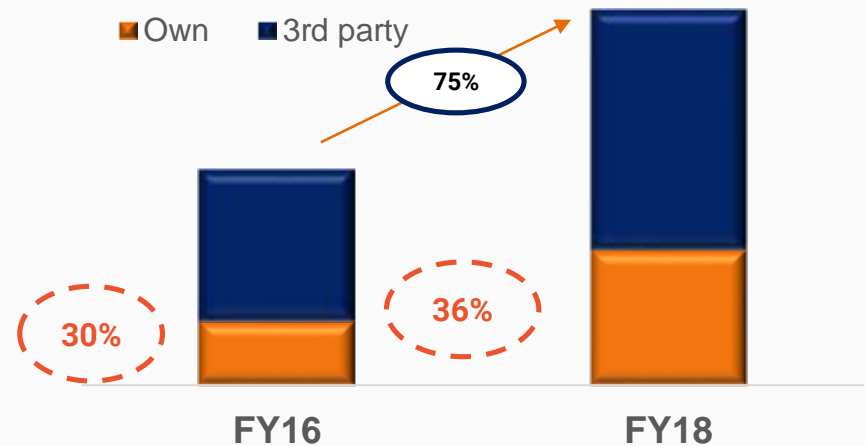
## India is entering a watershed moment for the development of the ~US\$50bn domestic apparel market

Ladies ethnic – high growth opportunity segment

- Share of the organised market in total women’s ethnic wear market is 22% and expected to rise to 33%
- Branded segment is expected to expand at a **CAGR of ~30%** over FY17-20, 4x the growth in the unbranded segment over the same period
- Ethnic wear contributed 47% to Women’s Indianwear in FY17
- Women’s Ethnic wear market positioning here below



	FLF	CENTRAL BRAND.NEW	BRAND FACTORY BEST BRANDS! SMART PRICES!
<b>FY18 Sales</b>	₹ 450 cr +	₹ 350 cr +	₹ 100 cr +
<b>Quantity sold</b>	50 lacs +	30 lacs +	20 lacs +



Source: CLSA: Branded Apparel, Avendus Capital, Technopak

## Business Update

- 2 Central stores opened during Q1 –
  - Guwahati and Vishakapatnam
- 6 Brand Factory stores opened during Q1 –
  - Kolkata, New Delhi, Mumbai, Surat, Aurangabad and Bhuj
- Brand Factory's 3 week promotion, "Unbranded to Branded," was a huge success.
- Brand Factory contributes to ~40% of overall revenue in Q1 FY 2019 compared of full year average of ~31%.
- Lee Cooper launched two EBOS pilot stores in Andhra Pradesh at Nellore and Kakinada during Q1
- Own brands continue the transformation journey, contribution increased by 200 bps against the same quarter last year.

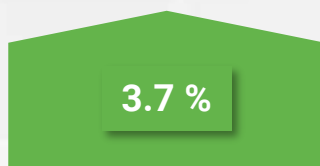
## Financial Update

- FLFL Annual report released, one of the early fashion companies to adopt Integrated Reporting
- Q1 FY19 has been a softer quarter for industry due to higher base of Q1 FY18 (pre-GST sale in June 2017)
- However, FLFL has delivered strong Revenue and EBITDA growth (22% and 22%\* respectively):
- Growth has been driven largely by Power brands at ~32%

*\*EBITDA growth adjusted for start-up expenses of ~Rs. 4 cr. on account of Lee Cooper footwear.  
Revenue growth adjusted for GST is 27%*

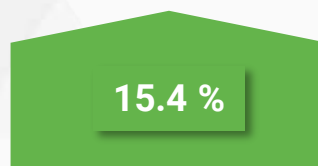
# FLF Q1 FY19 in Numbers

## Central SSG%



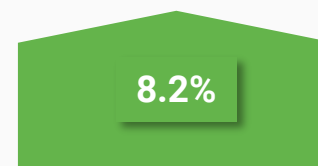
(31.1% in Q1FY18)

## Brand Factory SSG%



(31.2% in Q1FY18)

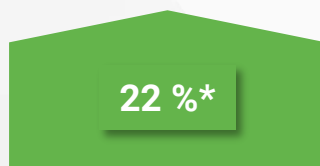
## FLF SSG%<sup>#</sup>



(31.1% in Q1FY18)

## Revenue

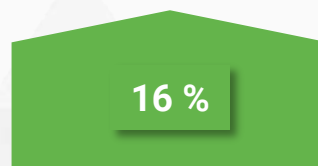
₹ 1,319 Cr in Q1FY19



(₹1,084 Cr in Q1 FY18)

## Gross Margin

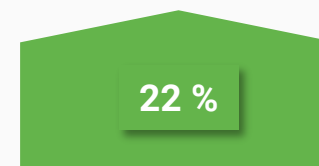
₹ 462 Cr in Q1FY19



(₹397 Cr in Q1 FY18)

## EBITDA\*\*

₹ 128 Cr in Q1FY19



(₹106 Cr in Q1 FY18)

Note:- all figures includes numbers of Lee Cooper business undertaking after netting off Inter-company transactions

\* Revenue growth % is not comparable due to tax rate differentials. Revenue growth adjusted for GST is 27%

# FLF SSG% is Central + Brand Factory SSG \*\* EBITDA adjusted for start-up expenses of ~Rs. 4 cr. on account of Lee Cooper footwear.



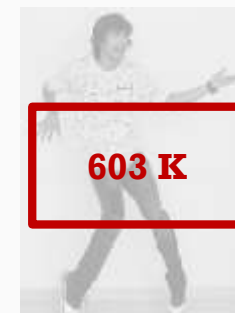
# Lee Cooper key marketing and strategic initiatives



## #Masters of Denim 2 - Influencers

Duration: 17<sup>th</sup> May – 17<sup>th</sup> June'18

**Objective:** Leverage the popularity of the *Social Media Influencers* and promote Lee Cooper SS'18 Collection to their fan base

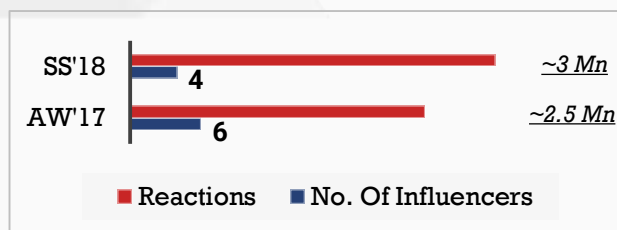


ADAH SHARMA  
ACTRESS

NIA SHARMA  
ACTRESS

RITHVIK DHANJANI  
ACTOR

SHANTANU MAHESHWARI  
ACTOR & DANCER



## #Lee Cooper SS'19 Range Preview



## Strategic Initiatives

### Pilot EBO Concept :

- Planned launch of 5-8 Stores covering major cities of **Andhra and Telangana**
- Covering Hyderabad and Tier II Cities like Vijayawada, Guntur, Rajamundry, Karimnagar
- Opened EBOs in Nellore & Kakinada.

### Enhanced Brand Building:

A consolidated proposition including Footwear thru Seasonal Range Preview and exploring possibility of **differentiated TVCs**

### Product evolution:

Continued focus on improvement of Jeans (wash, style, etc) to drive better acceptance of Jeans across lines & establish Lee Cooper as a **strong DENIM player**

### Channel

Increased foothold in **123 POS** in LFS channels during Q1 FY'19  
Focusing on Shoppers and Lifestyle expansion & consolidation in Reliance



# aLL key initiatives

## #WhatsYourPlusPoint TVC Launch



**182%** increase in Monthly Online Sales

**275%** increase in avg traffic

**~7 Million** views on Digital

**~4 lac** clicks to website

## #aLLNightSale - May



### Draw traffic to the online store with #aLLNightSale

Highest ever single day Sale

New customers on 30th-31st May 200+ (Contributed 10% to overall monthly sale)

Users on the Sale Day ~23K on 30th May and ~27K on 31st May- against ~3K avg users

## #aLLNightSale - June



### Draw traffic to the online store with #aLLNightSale

Highest ever single day Sale

New customers on 20th-21st June 200+

Users on the Sale Day ~20K on 20th June June- against ~4K avg users

## Meet & Greet Activity



### Generated footfalls & increased new customer walk-ins at Andheri store

Highest sales on the event day

**60** Footfalls on the Event Day (Average is 45)

**25** New customer Walk-ins (Average is 7)



**#RamdanKareem**

To celebrate local festivals and bring our customer more closer to our brands during ramadan. Ramadan is one of the biggest festivals in Kerala ( Specifically north kerala ).

**#John Miller bonus week**

April is the time when most of corporate employees get their bonus and this campaign bring more closer to brand  
Validity: 5 to 15 April



**#Avengers Infinity War collection**

Association with Marvel's Avenger infinity merchandise make perfect sense as avenger series is very much popular amongst youth and it fits in brand Target Group.



**#ConversexMiley Campaign**

Earned media coverage - Elle Magazine – Jul'18 edition  
Featuring Bollywood celebrities Rajkumar Rao and Aditi Rao Hydari

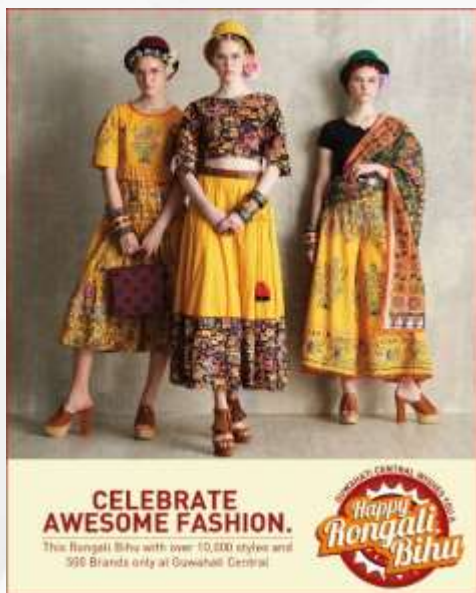


# Latest Events at Central



- Times Woman drive (TWD)
  - Aims to spread awareness about breast cancer
  - Central nominated 4 wild card entries for TWD
- Poila Baisakh celebration
  - Poila Baisakh promotion in Kolkata – CENTRAL’s first Poila Baisakh in Kolkata
- Shop like a queen
- Luggage fest
  - Bi-yearly campaign on luggage, Backpacks & Duffels targeting the customers who travel during summer holidays

## Times Woman drive







**BRAND FACTORY**  
India's 1<sup>st</sup>  
**UNBRANDED  
TO BRANDED**  
Festival

31<sup>st</sup> MAY - 31<sup>st</sup> JUNE  
Get exchange value for ₹40 + Discount on new products.

₹250	₹150	₹150
₹500	₹400	₹500

**BRAND FACTORY**  
BEST BRANDS - BEST PRICES

5% discount on SBI, ICICI, HDFC

**BRAND FACTORY**  
**Pan's  
on fire**  
28<sup>th</sup> APRIL - 1<sup>st</sup> MAY  
TOP BOTTOMWEAR BRANDS.  
LOWEST PRICES.

**ONLY FOR TODAY**  
ON ALL KIDS WEAR

Topwear  
Up to ₹899 - ₹599  
₹199  
₹500 - ₹350  
₹299  
₹600 - ₹250  
₹499

Bottomwear  
Up to ₹899 - ₹399  
₹399  
₹1200 & above  
₹699

**BRAND FACTORY**  
BEST BRANDS - BEST PRICES



Brand Factory awarded for one of the best campaigns during VIVO IPL 2018 by Star REiMAGiNE

# New Store Opening



Opened 2 stores in Q1 taking the total store count to 42

- **Guwahati :** April
- **Vishakhapatnam:** April



**নমস্কার**  
**GUWAHATI**

India's Favourite Fashion  
Department Store with over 500 BRANDS  
**NOW IN GUWAHATI**



Opens 6 stores in Q1FY19 taking the total count to 69

- **Mumbai:** April
- **New Delhi:** April
- **Aurangabad:** May
- **Bhuj:** May
- **Kolkata :** April
- **Surat:** May





# Company store network

## Company store network

### Central

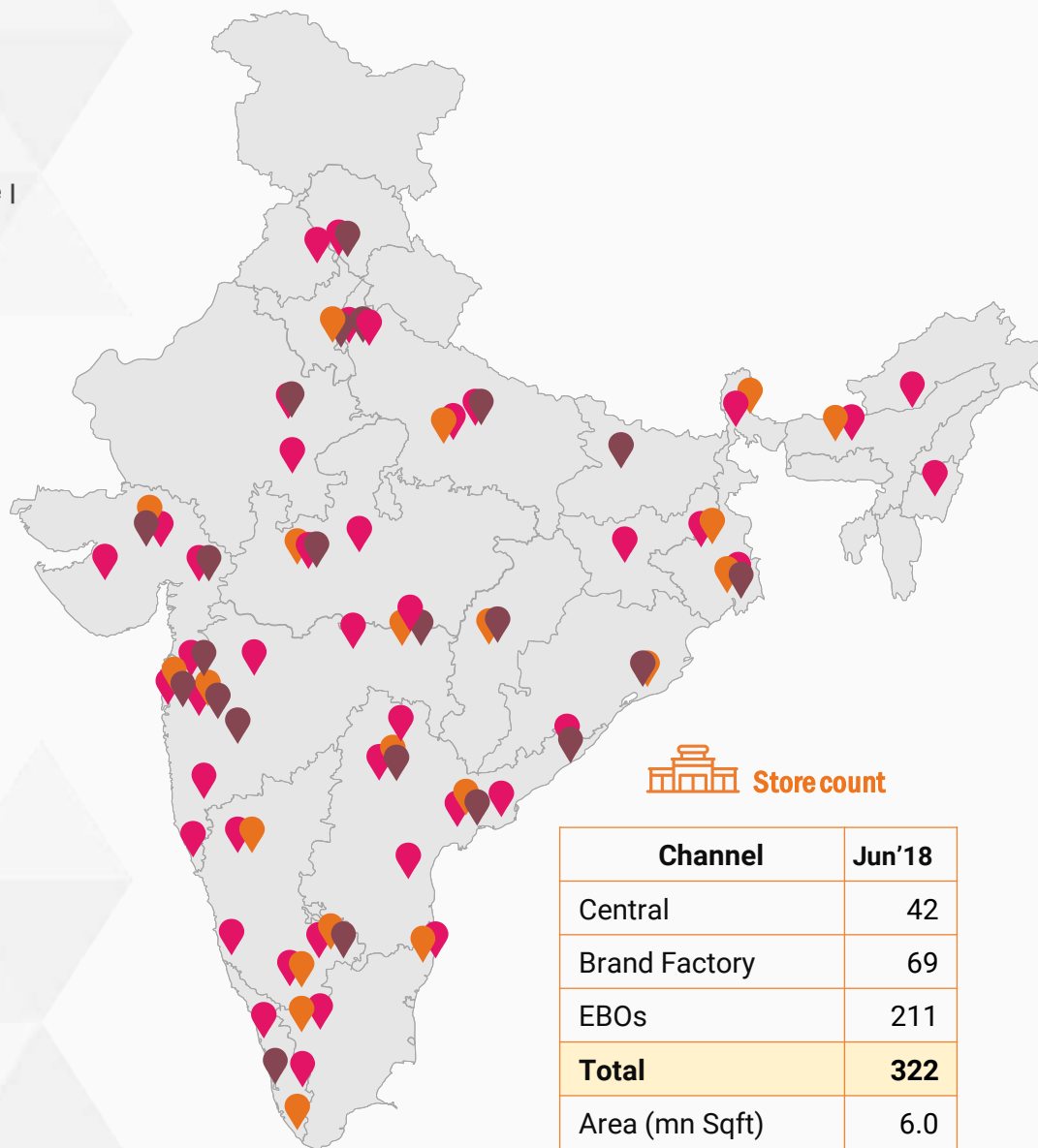
Ahmedabad | Bengaluru | Bhubaneswar | Delhi | Gurgaon | Guwahati  
 Hyderabad | Indore | Jaipur | Kochin | Kolkata | Koregaon | Lucknow | Mangalore |  
 Mohali | Mumbai | Nagpur | Navi Mumbai | Nasik |  
 Noida | Patna | Pune | Raipur | Surat | Vadodara | Visakhapatnam

### Brand Factory

Ahmedabad | Asansol | Aurangabad | Bengaluru | Bhubaneswar | Bhuj |  
 Calicut | Coimbatore | Chennai | Delhi | Ghaziabad | Guwahati |  
 Hubli | Hyderabad | Kanpur | Kolkata | Mangalore | Mumbai | Mysore | Nasik |  
 Navi Mumbai | Pune | Raipur | Secunderabad | Surat |  
 Thiruvananthapuram | Ujjain | Vijayawada | Visakhapatnam

### EBO's

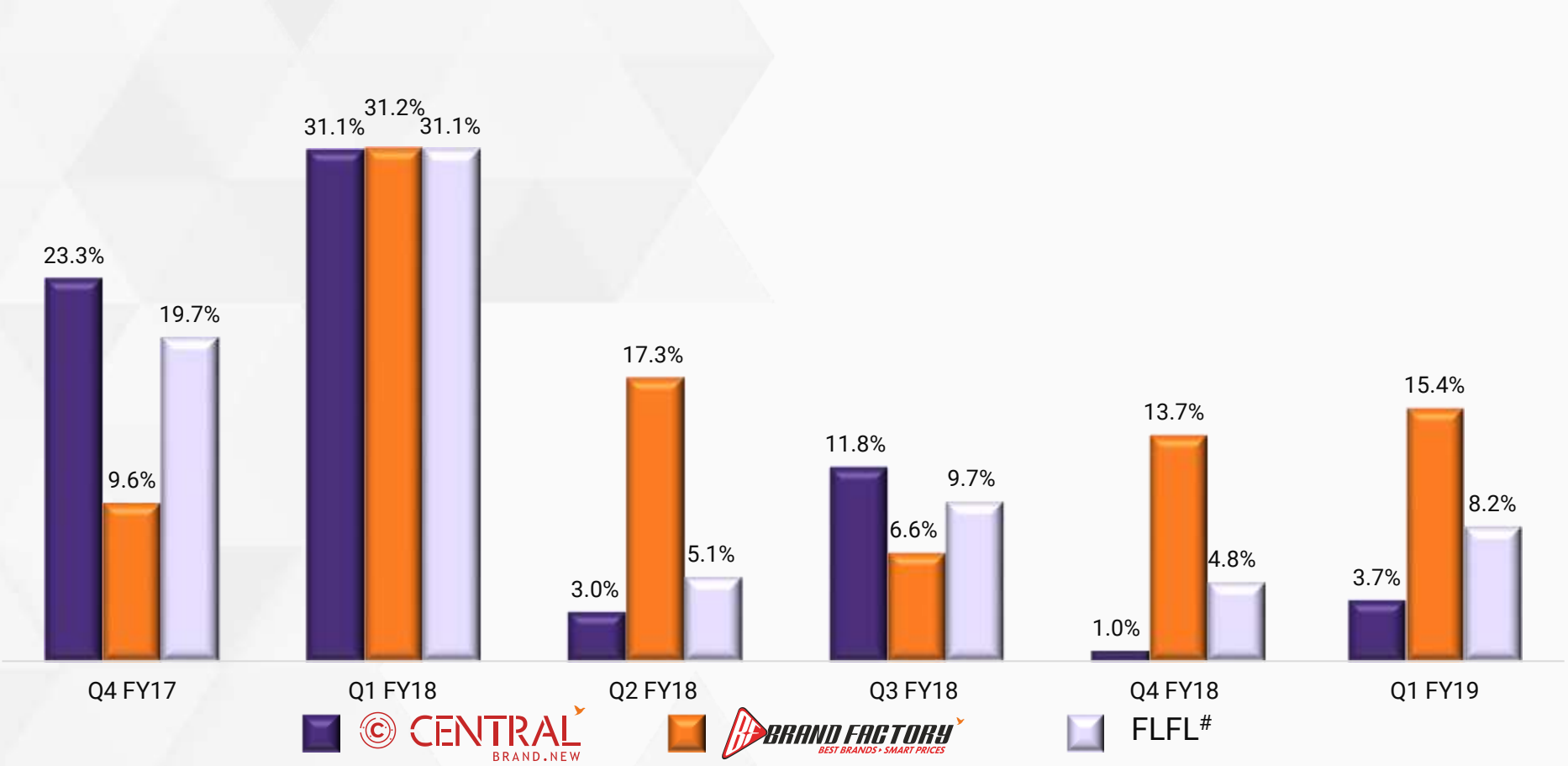
Agartala | Amalapuram | Ahmedabad | Amaravati |  
 Bengaluru | Bhimavaram | Bhopal | Bhubaneswar | Calicut |  
 Chandigarh | Changanacherry | Chennai | Chittoor |  
 Coimbatore | Deoghar | Dhule | Delhi | Erode |  
 Ghaziabad | Gurgaon | Guwahati | Hubli | Hyderabad |  
 Indore | Idukki | Imphal | ITA Nagar | Jaipur | Jalandhar |  
 Karimnagar | Kakinada | Kanchipuram | Kannur | Kanpur |  
 Khammam | Kochin | Kothagudem | Kolkata | Kota |  
 Kottayam | Lucknow | Mallapuram | Mangalore |  
 Mohalli | Mumbai | Mysore | Nagpur | Nanded | Nasik |  
 Navi Mumbai | Nellore | Noida | Ongole | Palakkad | Palasa | Pune |  
 Rajahmundry | Rajkot | Ranchi | Ratlam | Sambalpur | Siliguri | Sikar | Solapur |  
 Srikakulam | Surat | Thalassery | Thane | Trivandrum | Thrissur |  
 Vadodara | Vijayawada | Vijayanagaram | Vishakapatnam | Warangal



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



# Same Store Retail Sales Performance



▶ Continuous to have positive same store growth across Central and Brand Factory

# FLF SSG% is Central + Brand Factory SSG

# FLF Snapshot – Q1 FY19

Total Income From Operations

Gross Profit

EBITDA Margin

PAT

Gross Space Addition (mn. sq. ft.)

	Q1 FY19	Q1 FY18
Total Income From Operations	₹1,319 Cr	₹1,084 Cr
Gross Profit	₹462 Cr	₹397 Cr
EBITDA Margin	9.7%*	9.7%
PAT	₹38 Cr*	₹32 Cr
Gross Space Addition (mn. sq. ft.)	0.27	0.16

## FLF Brands

- Contributed ~37% of Revenue in Q1FY19.
- Brands registered a growth of 30% Y-o-Y and 20% Q-o-Q

## Q1 Margins

- Delivered Gross Profit of ₹462 Cr and EBITDA Margins of 9.7%\* in Q1 FY19

## Q1 SSGs

- FLF# : 8.2%
- Central: 3.7%
- Brand Factory: 15.4%

## Total Sales<sup>1</sup> Summary (₹ Cr)

Particulars	Q1 FY19	Q1 FY18
FLF Brands	544	418
- Owned Brands	151	115
- Licensed Brands	394	303
Third Party Brands <sup>2</sup>	919	765
<b>Total Sales<sup>1</sup></b>	<b>1,463</b>	<b>1,183</b>
Less: Consignment / SIS	35	55
Less: Taxes & Duties	129	66
<b>Net Sales after Tax</b>	<b>1,300</b>	<b>1,063</b>

## Top Brand Performance Q1 FY19 (₹ 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

Note:- all figures includes numbers of Lee Cooper business undertaking after netting off Inter-company transactions. # FLF SSG% is Central + Brand Factory SSG.  
\* EBITDA % and PAT adjusted for start-up expenses of ~Rs. 4 cr. on account of Lee Cooper footwear.

Income Statement (₹ Cr) Particulars	Published			Standalone + Lee Cooper		
	Q1'18	Q1'19	Gr%	Q1'18	Q1'19	Gr%
Revenue from Operations	1,032	1,268	22.9%	1,084	1,319	21.7%
COGS	656	828	26.2%	687	857	24.7%
Gross Profit	376	440	17.0%	397	462	16.5%
Gross Margin %	36.4%	34.7%		36.6%	35.0%	
Employee Benefits Expense	57	71	24.1%	61	75	23.9%
Rent including Lease Rental	119	125	5.1%	120	126	4.8%
Other Expenditures	114	141	22.9%	116	142	21.9%
Total Expenditure	291	337	15.8%	297	343	15.4%
Other Income	6	9	46.1%	6	9	49.0%
EBITDA	92	112	22.7%	106	128	21.5%
EBITDA Margin %	8.9%	8.9%		9.7%	9.7%	
Depreciation	32	44	37.2%	33	45	35.0%
EBIT	60	68	14.9%	72	83	15.3%
Finance Costs	23	25	8.5%	23	27	15.6%
PBT	36	43	19.0%	49	56	15.1%
Tax expense	13	15	16.6%	17	19	8.7%
<b>Net profit</b>	<b>24</b>	<b>28</b>	<b>20.3%</b>	<b>32</b>	<b>38</b>	<b>18.7%</b>

Notes:

1. Published Income Statement without Lee Cooper as it is carved out as separate company.
2. 'Standalone + Lee Cooper' Income Statement is after netting off Inter-company transactions.
3. Revenue growth % for Q1 not comparable due to tax rate difference. Revenue growth adjusted for GST is 27%.
4. EBDITA for 'Standalone + Lee Cooper' adjusted for start-up expenses of ~Rs. 4 cr. on account of Lee Cooper footwear.



Thank You

**FLF**  FUTURE  
LIFESTYLE  
FASHIONS

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