



Future Lifestyle Fashions

Investor Update

20th July 2019, Mumbai

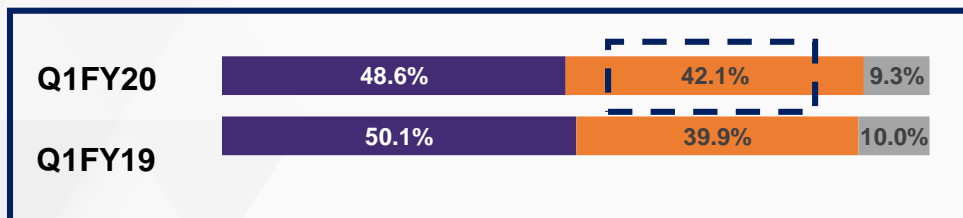


Disclaimer

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.

Business Update

- 3 Central and 6 Brand Factory stores opened during Q1, taking total count of Central to 47 and Brand Factory to 97. 0.4 mn sq ft net area added, taking the total to 7.2 mn sq ft
- Brand Factory launched its first store in Uttarakhand
- Brand Factory online soft launch commenced
- Online contributed ~10% to overall sales of aLL, an increase of 345 bps over Q1 FY19
- Revenue segmentation: Brand Factory share of business increased by 224 bps Y-o-Y



CENTRAL
BRAND.NEWS



BRAND FACTORY
BEST BRANDS • SMART PRICES



Brands – EBOs and
3rd party channels

Financial Update

- Seamless transition to Ind AS 116, with support from Deloitte
- Integrated Annual Review released for FY19, along with Annual report.
- FLFL has delivered Revenue and EBITDA growth of ~17.1%* and ~18.9%* respectively during Q1 FY20

* Revenue and EBITDA growth is on pre Ind AS 116 adjusted nos.

FLF Q1 FY20 in Numbers

Central sales

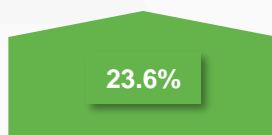
₹ 750cr in Q1 FY20



(₹ 660 in Q1 FY19)

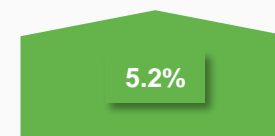
Brand Factory sales

₹ 650 cr in Q1 FY20



(₹ 526 in Q1 FY19)

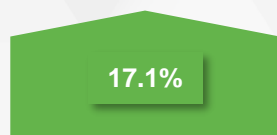
FLF SSG%#



(8.2% in Q1 FY19)

Revenue*

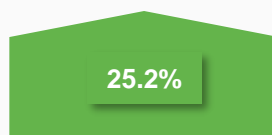
₹ 1,544 cr in Q1 FY20



(₹ 1,319 cr in Q1 FY19)

Gross profit*

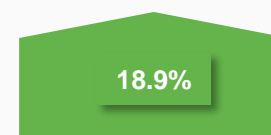
₹ 576 cr in Q1 FY20



(₹ 460 cr in Q1 FY19)

EBITDA*

₹ 145 cr in Q1 FY20



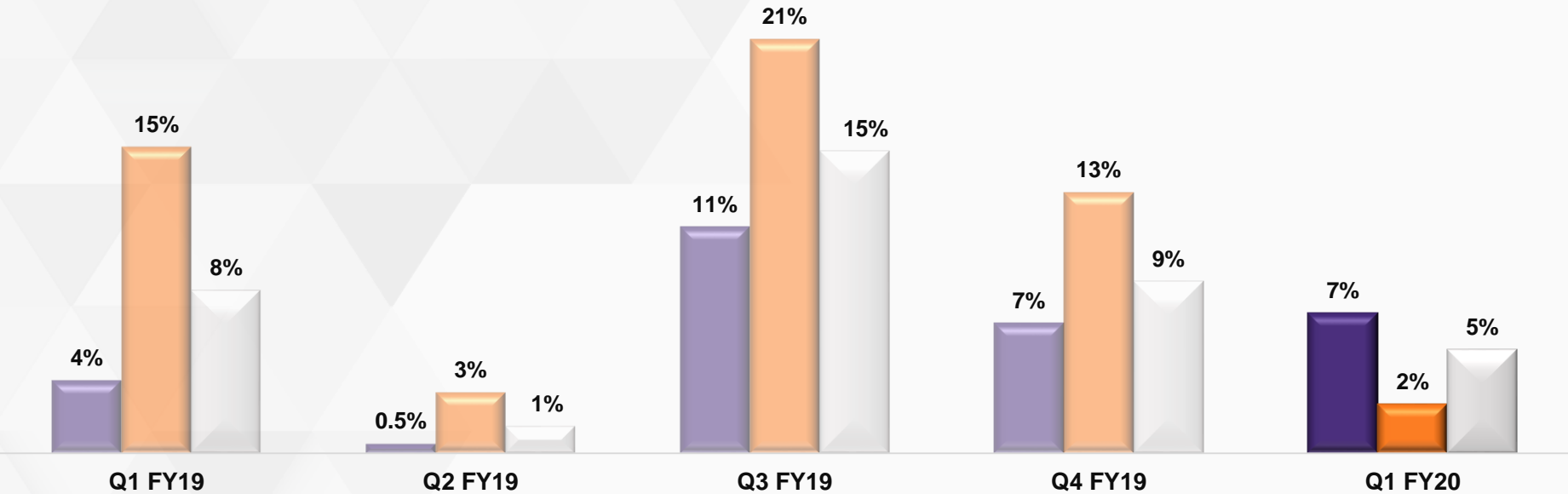
(₹ 122 cr in Q1 FY19)

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

Same Store Retail Sales Performance



Brand Factory growth effected due to early EoSS and continuous promo discounts even during non EoSS period in full price channels.

New Store Launches



Opened 3 stores in Q1, Total Store Count is 47

New Store Details

Bangalore : April	Bangalore: May	Hyderabad: June
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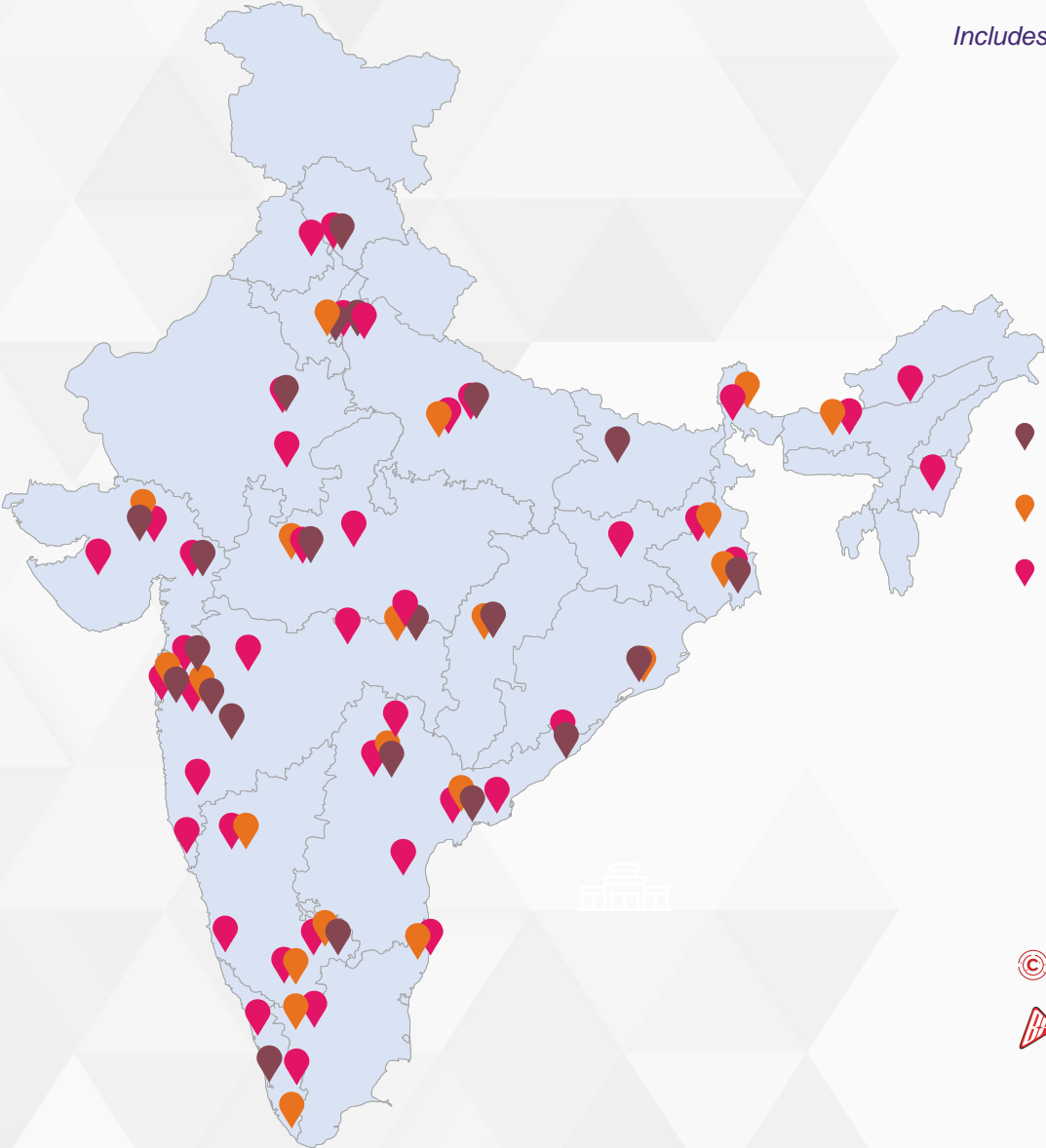


Opened 6 stores in Q1, Total Store Count is 97

New Store Details

Hyderabad: April	New Delhi: April	Anand: June
Dehradun: June	Cuttack: June	Thrissur: June

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



Store count

June 18	June 19
42	47
69	97
211	202
322	346
6.0	7.2

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EBOs

Total

Area (mn Sqft)

Store closure detail

June 18	June 19
0	0
0	2
23	4

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EBOs

Store mapping pointers are for locational indication only and do not suggest specific number of store in that region. Map is only graphical representation and depiction of boundaries is not as per scale and authoritative.



FLF Online update

MEN WOMEN KIDS



Search product, brand and more...



SHOP BY BRAND		KNIGHTHOOD	*pink & Blue*	spykar	Denim Jeans & Casuals	Pepe Jeans LONDON
SHOP BY DISCOUNT	80% OFF	70% OFF	60% OFF	50% OFF	40% OFF	30% OFF

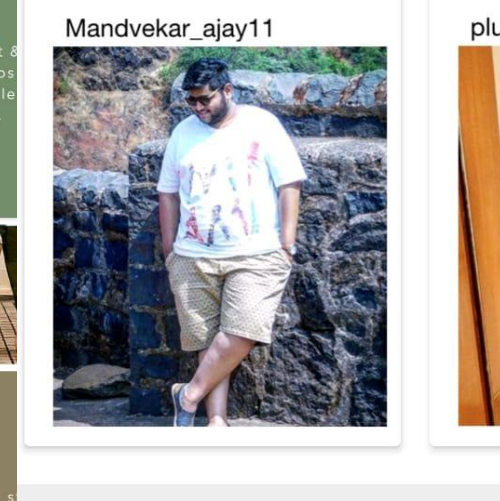
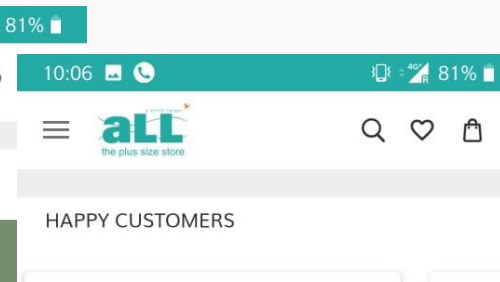
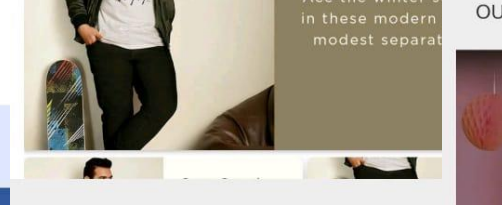
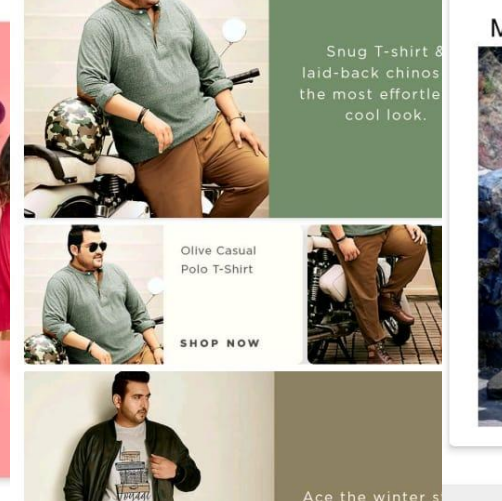
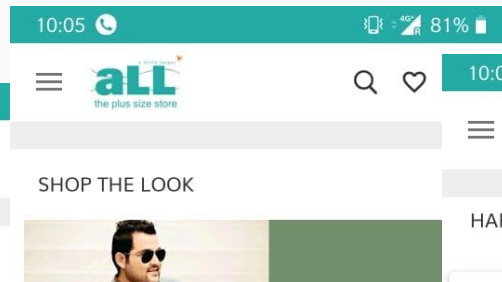
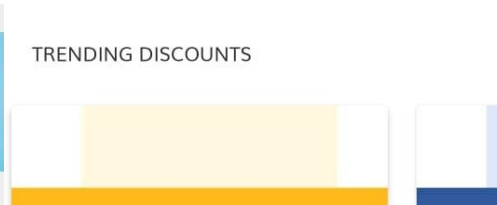
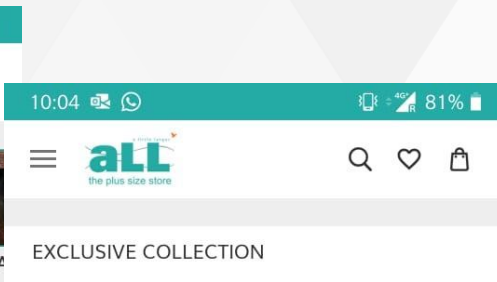
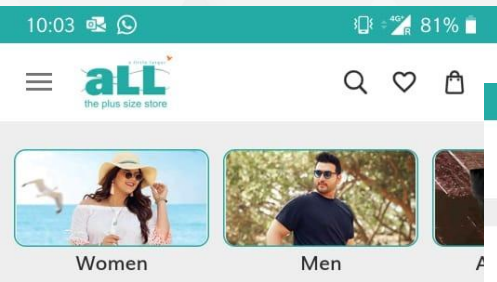
BIG BRAND BASH

UPTO **70%** + EXTRA **10%**

(USE CODE BF10)

SHOP NOW

www.brandfactoryonline.com





Events and campaigns

Lee Cooper key marketing and strategic initiatives

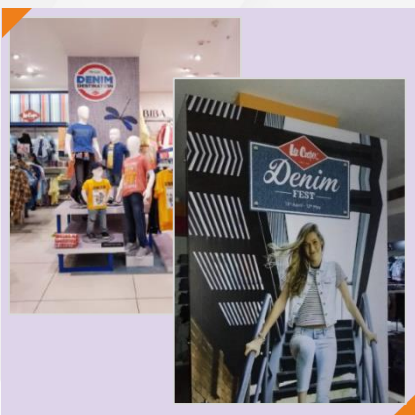
PR Initiatives ET Panache



Advertising Footwear Trade Magazine

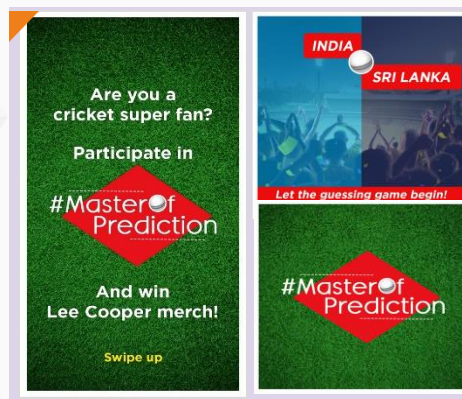


Strategic Initiatives



Hosted 'Denim Fest' at Central and Lifestyle

- Objective was to establish Lee Cooper as a dominant brand in Jeanswear.
- Kids category at Lifestyle witnessed **59% LTL growth** post the event, which was hosted for the first time.
- Central hosted the fest for the **3rd time** witnessing strong traction.

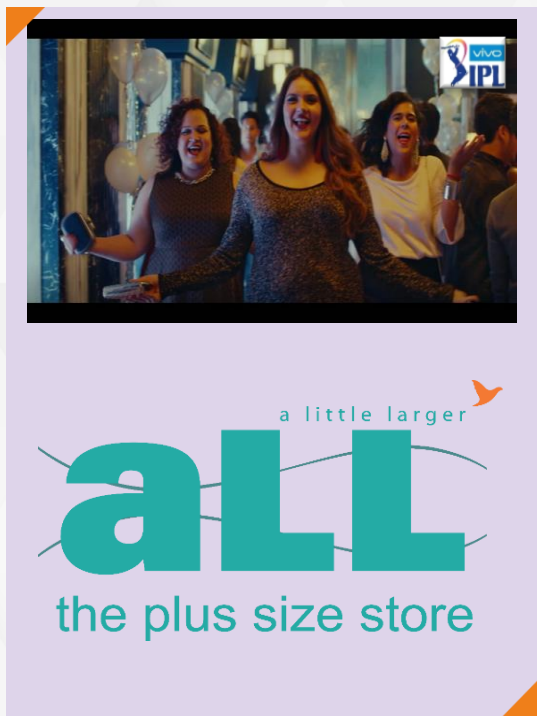


Engagement on Social Media

- Leverage the Cricket fever around World Cup & **build brand conversations.**
- A simple contest where fans need to predict the winning score of the matches that India played.
- Strong **result-oriented approach.**

aLL key initiatives

Brand Promotion during IPL



- To spread **brand awareness & reach out to a large audience** by advertising during IPL.
- **aLL - What's your plus point** tv was run during IPL matches.
- The TVC was played across **popular languages** such as **Hindi, Bengali, Kannada, Tamil and Telugu.**

aLL Online Exclusives



- Created **exclusivity for aLL Online & promote new collection.**
- Created a **One-Day Exclusive Preview** for Online to drive traffic on site.
- Notifications done through **Izooto, pop up & app notifications.**
- SMS to build buzz and trigger conversions

aLL new for festive



- Leveraged the shopping around the **festival of EID** and get customers to shop from the collection.
- Digital promotion across Social Media platforms.

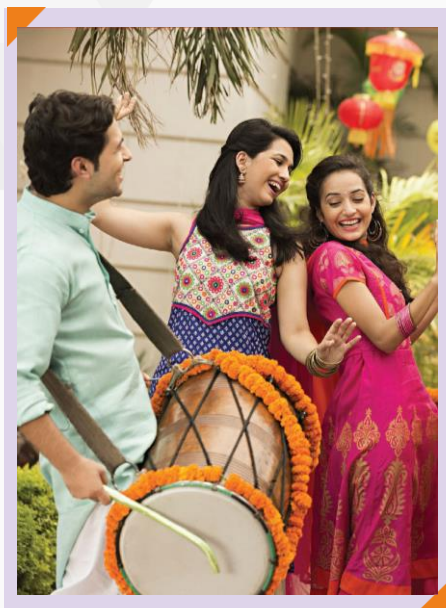
Latest Events at Central

Central High on Heels



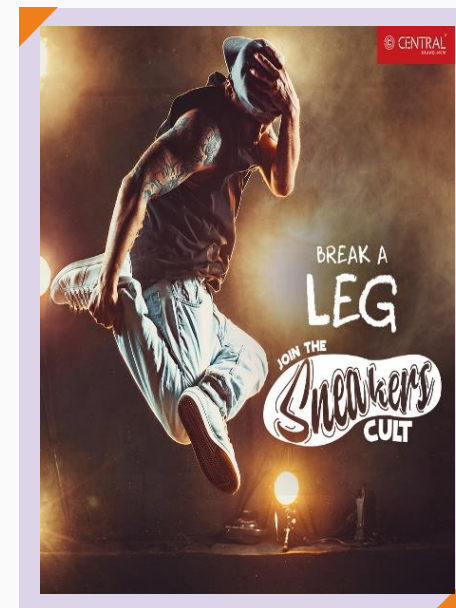
- **Created Intrigue around Heels.** Showcase looks based on heels. Celebrate *Your Cinderella Moment* with Central
- Customer got a chance to try any one heel on display in Setup area. If the size fit her feet, Heel was given free of cost to the customer..

Central Poila Baisakh celebration



- Use Poila Baisakh as the occasion and establish Central as an **ideal destination for Poila Baisakh** shopping in Kolkata.

Central International Happiness Day



- Central invited all sneaker fans to be part of **Sneakers Cult community** & kick the sneakers storm.
- Leading brands like **Adidas, Puma, Converse** were on board as partners.
- Expected outcome was to drive a Sneaker community of **50,000+ followers**.



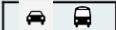


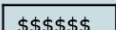

Impact Assessment – Ind AS 116

Key points – Ind AS 116

- New lease standards effective from 1st April 2019.
- No distinction between finance lease & operating lease.
- All leases to be recognized in the balance sheet as an Asset and Liability.
 - The lease liability is measured at present value of minimum lease payments to be made over the lease term.
 - The right to use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, if any
 - Right to use is depreciated over a lease term on a straight-line basis. Interest is added on lease liabilities and actual payments are reduced from the liabilities balance.
- Operating lease expenses will be replaced by Depreciation and interest expenses.
- Exemptions available in the standard is pertaining to short term leases (≤ 12 months) and assets having low values.

Ind AS 116- Impact on Financial Statements

What's changing?

Balance sheet			
	Ind AS 17		Ind AS 116
	Finance Leases	Operating Leases	All Leases
Assets		---	 
Liabilities	 \$\$	---	
Off balance sheet rights / obligations	---	 \$\$\$\$\$	---

Income statement			
	Ind AS 17		Ind AS 116
	Finance Leases	Operating Leases	All Leases
Revenue		X	X
Operating costs (excluding depreciation and amortization)	---	Single expense	---
EBITDA			↑↑
Depreciation and amortization	Depreciation	--	Depreciation
Operating Profit			↑
Finance costs	Interest	--	Interest
Profit before tax			↔

Financial Impact		
Profit/Loss	EBITDA	↑
	EPS/PBT(in early years)	↓
Balance Sheet	Total Assets	↑
	Net Assets	↓
Ratios	Gearing	↑
	Interest Cover	↓
	Asset Turnover	↓

Charts were excerpted from the IASB's IFRS 16 Effects Analysis

Our approach

- FLF has lease term ranging from 7 to 15 years on an average.
- Non-Variable rental contracts have been considered for Ind AS 116
- For Ind AS 116 , FLF has considered the following
 - *Average Lease term – 7 years*
 - *Lease term for New Property Signed – 3 years*
 - *Non-Cancellable minimum period – per agreement*
- Impact on FLF Profit & Loss Statement in FY20 is negligible. Q1 impact on Profit and Loss statement is Rs 4.5 Crores.
- Basis above corresponding Right to use Asset reflecting NPV of lease contracts have been accounted for and corresponding lease liability has also been created.



Financial Performance – Q1 FY20

FLF Snapshot – Q1 FY20



Total Income From Operations



Gross Profit



EBITDA Margin



PAT



Gross Space Addition (mn. sq. ft.)

	Total Income From Operations	Gross Profit	EBITDA Margin	PAT	Gross Space Addition (mn. sq. ft.)
Q1 FY20	₹1,544 Cr	₹576 Cr	9.4%	₹29 cr	0.48
Q1 FY19	₹1,319 Cr	₹460 Cr	9.2%	₹26 cr	0.27

FLF Brands

- Contributed ~38% of Revenue in Q1FY20.
- Brands registered a growth of 20% Y-o-Y

Q1 Margins

- Delivered Gross Profit of ₹576 Cr and EBITDA Margins of 9.4% in Q1 FY20

Q1 SSGs

- Retail# : 5.2%
- Central: 7.0%
- Brand Factory: 2.5%

Total Sales¹ Summary (₹ Cr)

Particulars	Q1 FY19	Q1 FY20
FLF Brands	544	655
- FG Brands	421	513
- International Licensed Brands	124	142
Third Party Brands ²	918	1,057
Total Sales¹	1,463	1,712
Less: Consignment / SIS	34	44
Less: Taxes & Duties	129	149
Net Sales after Tax	1,300	1,520

Note:- # FLF SSG% is Central + Brand Factory SSG.
Revenue, Gross profit and EBITDA are pre Ind AS 116 adjusted nos..

Top Brand Performance Q1 FY20 (₹ Cr)



- Includes SIS & consignment sales
- Third party brands represent non FLF brands and includes SIS sales and consignment sales
- Retail Sales indicate Net Sales Before Tax

Income Statement (Rs. Cr)	Standalone			Consolidated		
	Particulars	Q1'19	Q1'20	Gr%	Q1'19	Q1'20
Revenue from Operations	1,268	1,496	18.0%	1,319	1,540	16.8%
COGS	828	950	14.8%	859	968	12.7%
Gross Profit	440	546	24.1%	460	572	24.5%
Gross Margin %	34.7%	36.5%		34.9%	37.1%	
Employee Benefits Expense	71	82	15.5%	78	91	16.5%
Rent including Lease Rental	125	33	-73.7%	126	34	-73.2%
Other Expenditures	141	180	28.4%	144	185	29.0%
Total Expenditure	337	295	-12.3%	347	309	-10.8%
Other Income	9	11	18.2%	9	11	15.9%
EBITDA	112	262	132.7%	122	273	124.2%
EBITDA Margin %	8.9%	17.5%		9.2%	17.8%	
Depreciation	44	154	250.4%	47	158	236.5%
EBIT	68	107	57.0%	75	115	53.9%
Finance Costs	25	68	171.7%	29	71	148.2%
PBT	43	39	-9.6%	46	44	-4.7%
Tax expense	15	14	-9.8%	18	16	-12.7%
Share in Net Loss of Associates and Joint Ventures	-	-		2	4	94.1%
Net profit	28	26	-9.5%	26	25	-6.9%

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

Income Statement (Rs. Cr)	Standalone			Consolidated		
	Particulars	Q1'19	Q1'20	Gr%	Q1'19	Q1'20
Revenue from Operations	1,268	1,499	18.3%	1,319	1,544	17.1%
COGS	828	950	14.8%	859	968	12.7%
Gross Profit	440	549	24.9%	460	576	25.2%
Gross Margin %	34.7%	36.6%		34.9%	37.3%	
Employee Benefits Expense	71	82	15.5%	78	91	16.5%
Rent including Lease Rental	125	163	30.2%	126	165	31.2%
Other Expenditures	141	181	29.0%	144	185	29.0%
Total Expenditure	337	426	26.6%	347	441	27.0%
Other Income	9	10	11.1%	9	10	8.9%
EBITDA	112	134	18.9%	122	145	18.9%
EBITDA Margin %	8.9%	8.9%		9.2%	9.4%	
Depreciation	44	59	34.6%	47	63	33.5%
EBIT	68	74	8.7%	75	82	9.8%
Finance Costs	25	31	22.9%	29	34	17.5%
PBT	43	44	0.6%	46	49	5.0%
Tax expense	15	14	-9.8%	18	16	-12.69%
Share in Net Loss of Associates and Joint Ventures	-	-		2	4	94.1%
Net profit	28	30	6.0%	26	29	10.2%

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



Thank You



FLF FUTURE
LIFESTYLE
FASHIONS

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