

Vaibhav Global Limited

Global Retailer of Fashion and Lifestyle Accessories
on Home TV and e-Commerce Platforms

Financial Results Presentation
Q1 FY2018

September 2017



Safe Harbor

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements.

Vaibhav Global Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



Vaibhav Global – An Overview

Vertically-integrated fashion retailer on electronic retail platforms

- End-to-end B2C business model for fashion and lifestyle accessories
- Proprietary TV home-shopping and e-commerce platforms

Shop LC and TJC are brands with strong customer visibility

- 107 million (FTE) households on TV shopping in the US and UK; expanding online presence
- Positive customer engagement metrics – customer base, retention rate, repeat purchases

Robust customer engagement

- Sizeable B2C franchise in developed markets – unique achievement for an Indian Company
- Growing recognition of deep value fashion products enables scaling to adjacent categories

Hybrid supply chain infrastructure

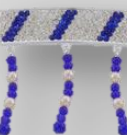
- Established and efficient manufacturing operations in Jaipur, India
- Outsourcing from China, Thailand, Indonesia and India; aggressive trend spotting initiatives

Solid infrastructure backbone

- Investments in customer interface, production, warehousing facilities, supply chain and CRM
- Scalable model with limited capex requirement

Strong management team

- Professional, experienced management team having in-depth knowledge and industry experience
- Talent pool across marketing, merchandising, operations, technical and strategy functions



Vaibhav Global – Reach

Shop LC, USA

- TV channel retail
- E-commerce website



STS USA

- B2B Wholesale distribution



VGL India

- Group HQ
- Gemstones & jewelry manufacturing
- Product Development



The Jewellery Channel, UK

- TV channel retail
- E-commerce website

STS China, Hong Kong

- Sourcing Gemstones



STS Thailand

- Sourcing Gemstones



STS Bali

- Sourcing Gemstones

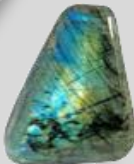
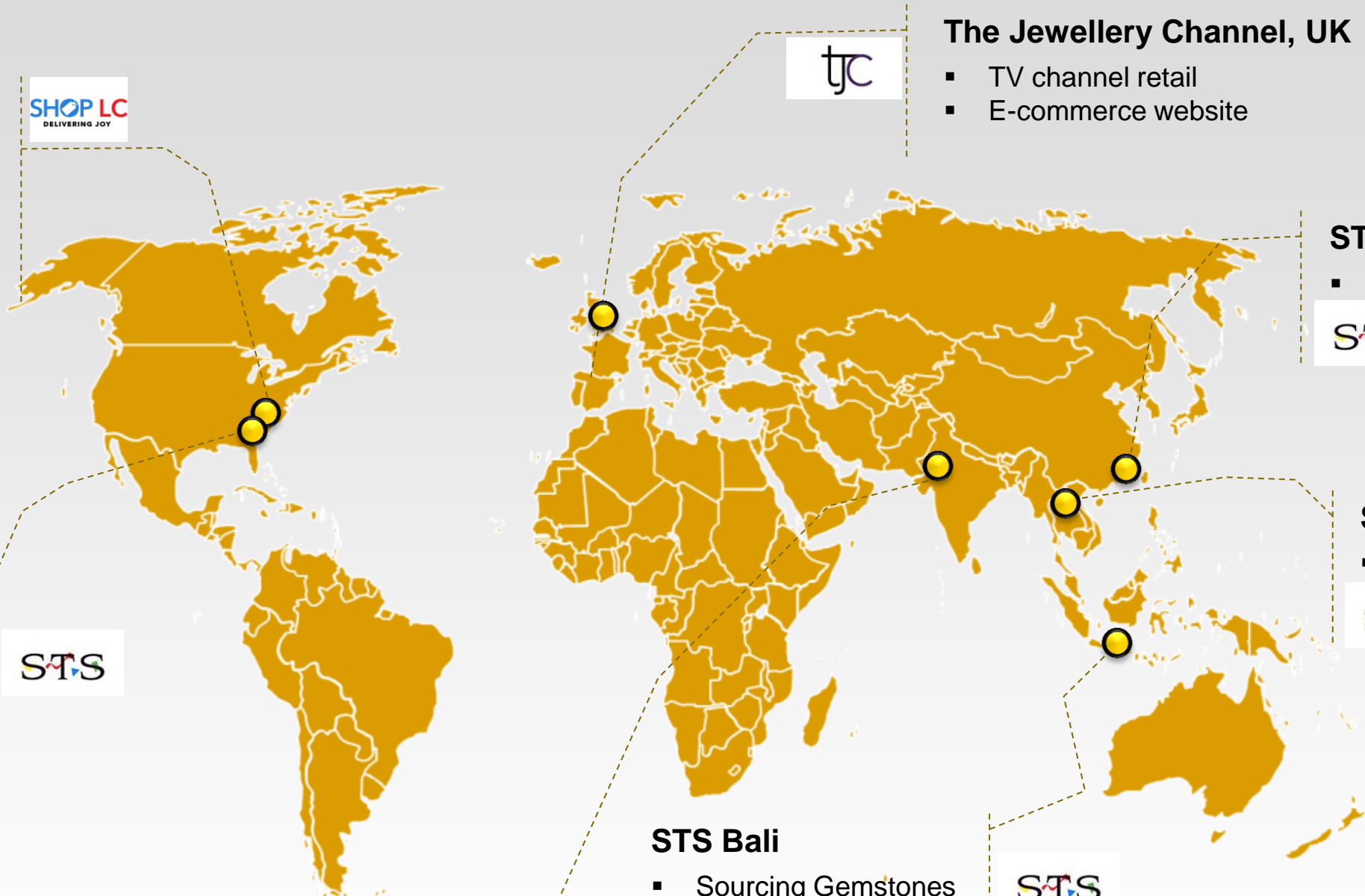


Table of Contents

Q1 FY18 Financial Performance	5
Financial Performance Trends	12
Business Background Details	20



Key Highlights for Q1FY18

Home TV Network Reach in 107 Mn Households across US and UK

- 107 million households on full time equivalent (FTE) basis
- 82 million households in the US
- 25 million households in the UK

Q1FY18 Retail Volumes at 1.9 Million Units, up 10% YoY

- Home TV shopping volumes at 1.3 million units
- Web shopping volumes at 0.6 million units
- Resumption of positive volume growth on both platforms
- Deep customer engagement drives repeat purchases

Q1FY18 - Financial Performance

- Total Revenue at Rs. 329.7 crore, up 5% YoY
- EBITDA at Rs. 25 crore, up 27% YoY
- Gross Margin stood at 64.1%
- PAT at Rs. 15 crore, up 38% YoY

Operating Highlights

- Warehouse operations optimised through barcode processing at ShopLC
- Implementing Baldrige quality processes at ShopLC
- Offering select products on various online marketplaces (e-bay, Amazon etc.) through Channel Advisor
- Budget Pay launched on TjC UK Web and Mobile
- Mobile App for Shop LC and TjC with garnering good response from customers
- PayPal Credit offered on TjC UK Web and Mobile
- Customer Open Days for different Customer Groups to garner feedback from Customers
- Improving overall performance of the Presentation team through constant review and feedback

Chairman's Message

Commenting on Q1 FY18 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said:



“We continued to deliver healthy performance in the quarter under review with strong retail volume growth of 10% YoY. Reported revenues grew 5% YoY despite the adverse impact of currency translation. In constant currency terms, our retail subsidiaries in the US and UK that account for about 90% of revenues, delivered revenue growth of 10.2% and 14.3% respectively – in line with management’s guidance. In addition, a largely stable cost structure and organizational efficiencies aided EBIDTA and PAT and growth of 27% YoY and 38% YoY respectively.

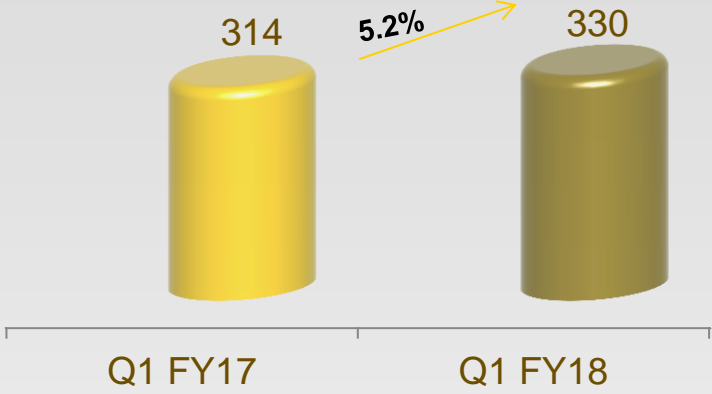
In the past year, we have undertaken multiple initiatives to strengthen our business model. We have judiciously used internal cash accruals to ramp-up our manufacturing facilities and e-commerce platforms. We have also developed deeper relationships with customers – with extended household coverage, launch of Budget Pay across all sales channels, mobile app for Shop LC and TjC, improved programming content involving on-air guest experts and a robust supply chain logistics. In addition, we recently undertook quality and supply chain initiatives at Shop LC as we focus on improving overall consumer experience in our retail operations.

We are confident of maintaining the growth momentum during the rest of the year. We expect our deep value proposition to deliver volume growth across all mediums in both the markets. With the improving business scenario, we are well-poised to enhance value for all our stakeholders.”



Financials – Q1 FY18 Performance (Revenue Breakdown)

Revenue INR Crore

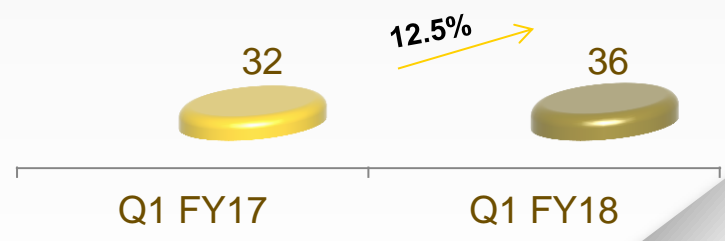
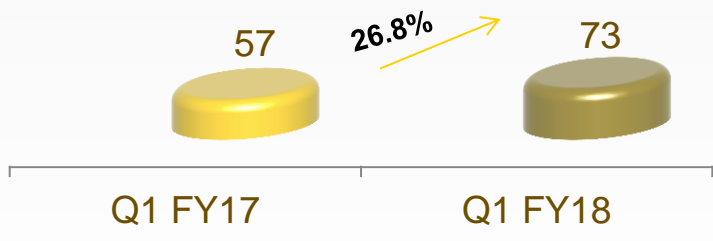
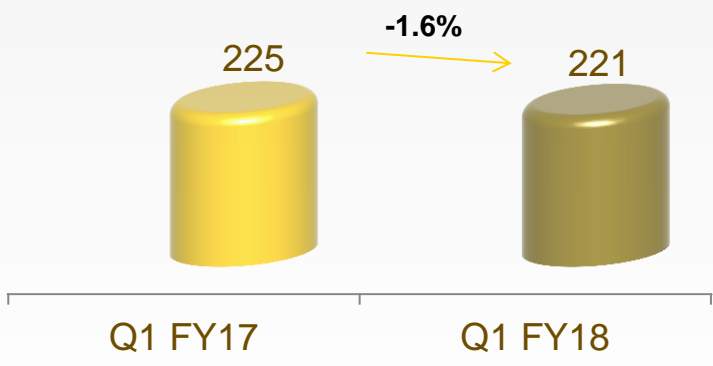


Jewelry & Lifestyle Products

TV Sales

Web Sales

B2B Sales

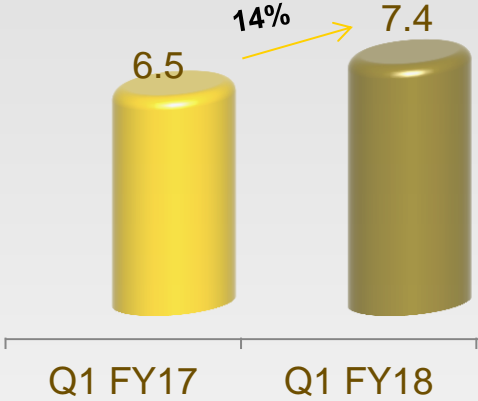


Retail Performance Trends

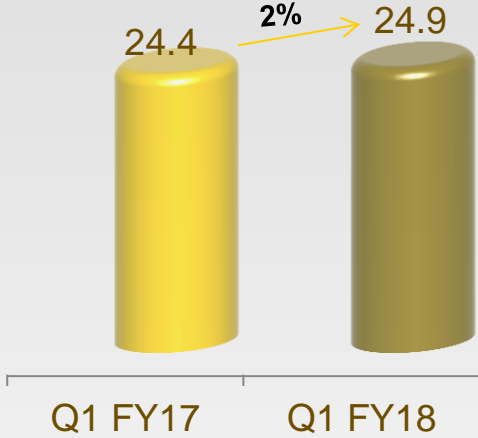
(Constant Currency Sales–Segment wise)

TV Sales

TJC GBP million

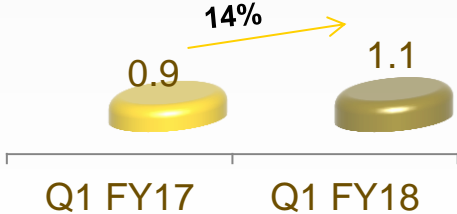


ShopLC USD million

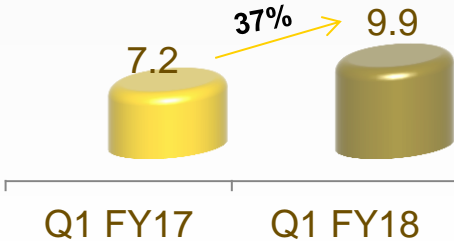


Web Sales

TJC GBP million



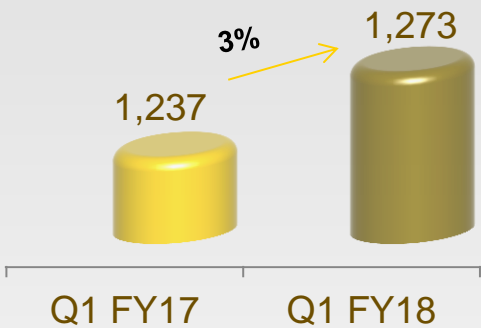
ShopLC USD million



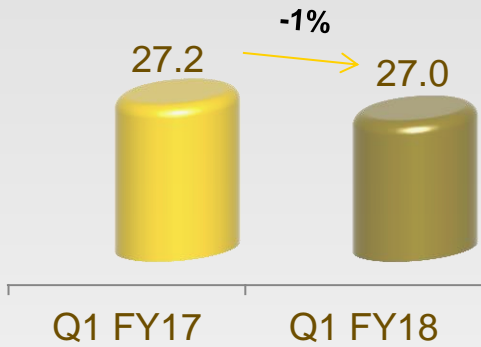
Retail Performance Trends (Volume and ASP)

TV Sales

Sales Volume ('000s)

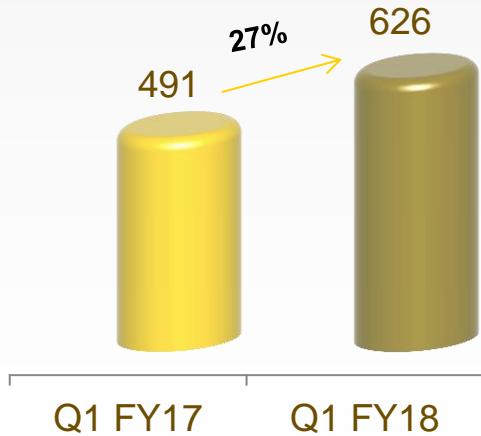


Average selling price US\$

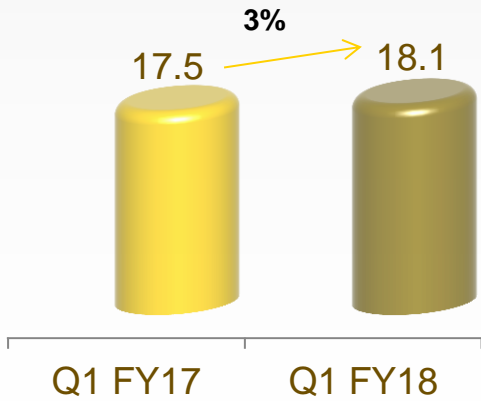


Web Sales

Sales Volume ('000s)

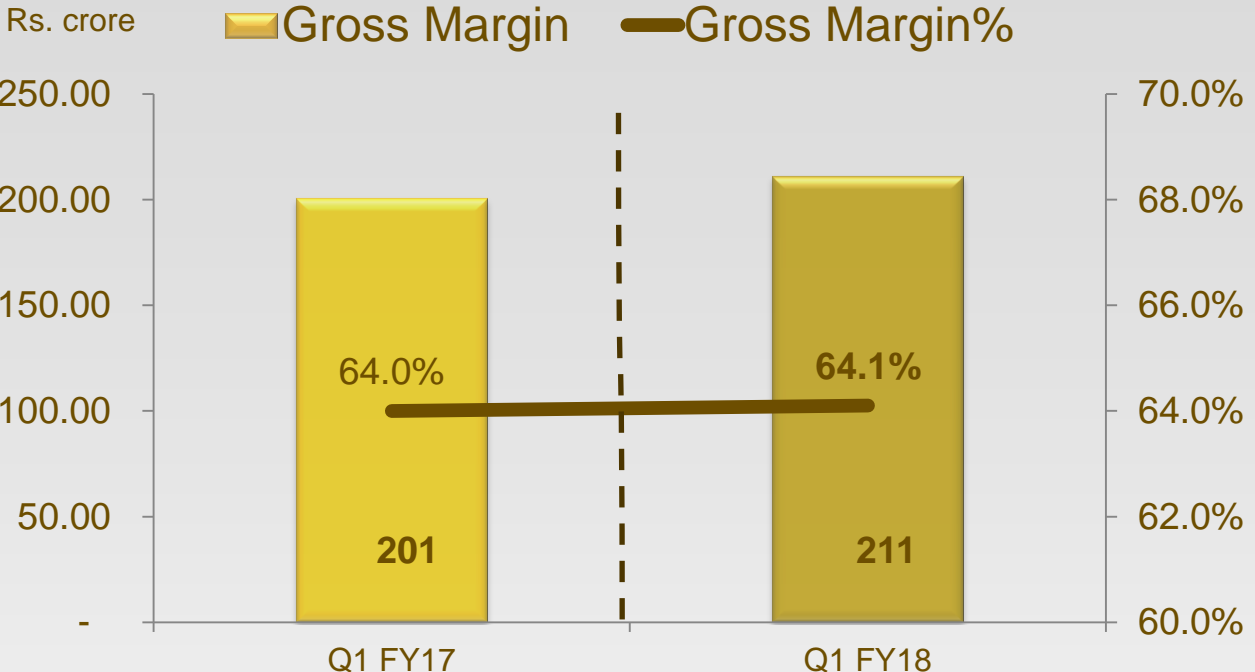


Average selling price US\$



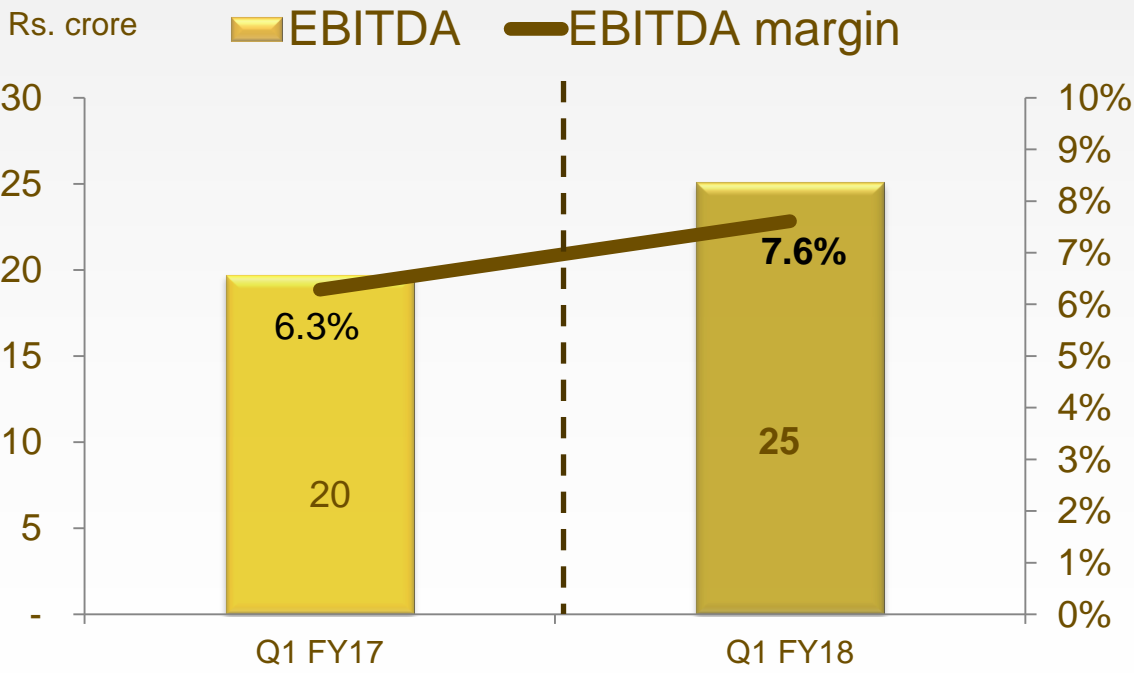
Financials – Q1 FY18 Performance

(Margins)



- Q1 FY18 gross margin is stable based on deep value offering to customers backed by end to end supply chain in India and Southeast Asia

Note: Direct costs for calculation of gross profit includes material cost, job work charges and manufacturing cost

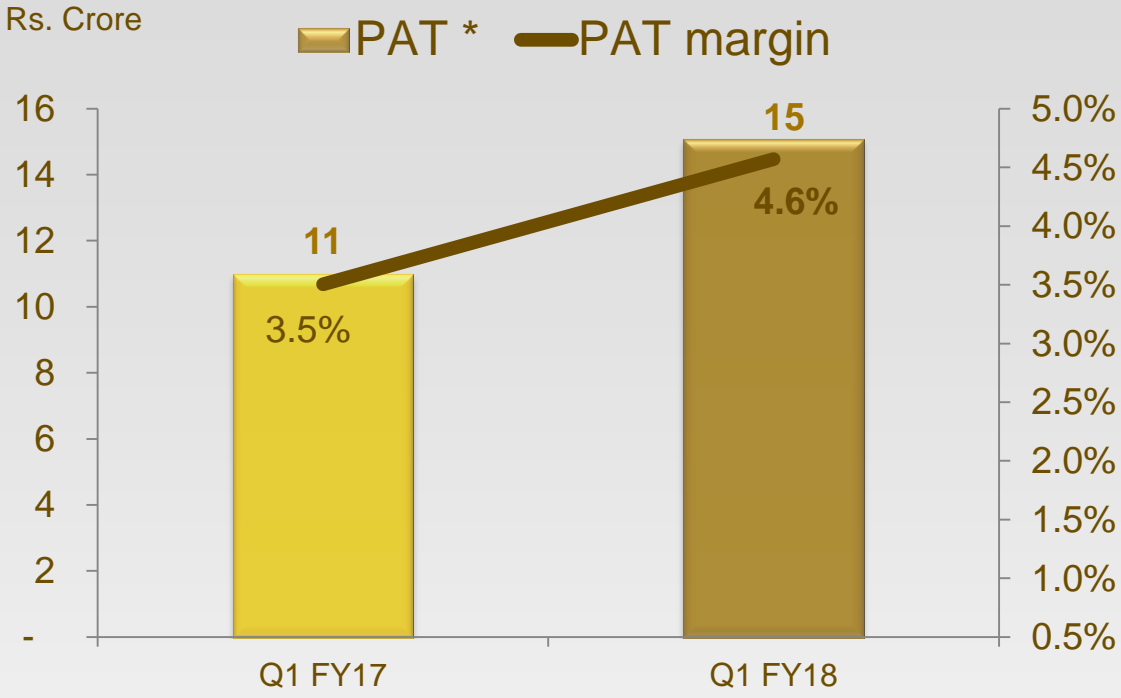


- EBITDA increased aided by higher topline and leveraging of high fixed costs

Note: EBITDA includes exchange gain/(loss)



Financials – Q1 FY18 Performance (Profits)



* Profit after tax including exchange gain(loss) fluctuation

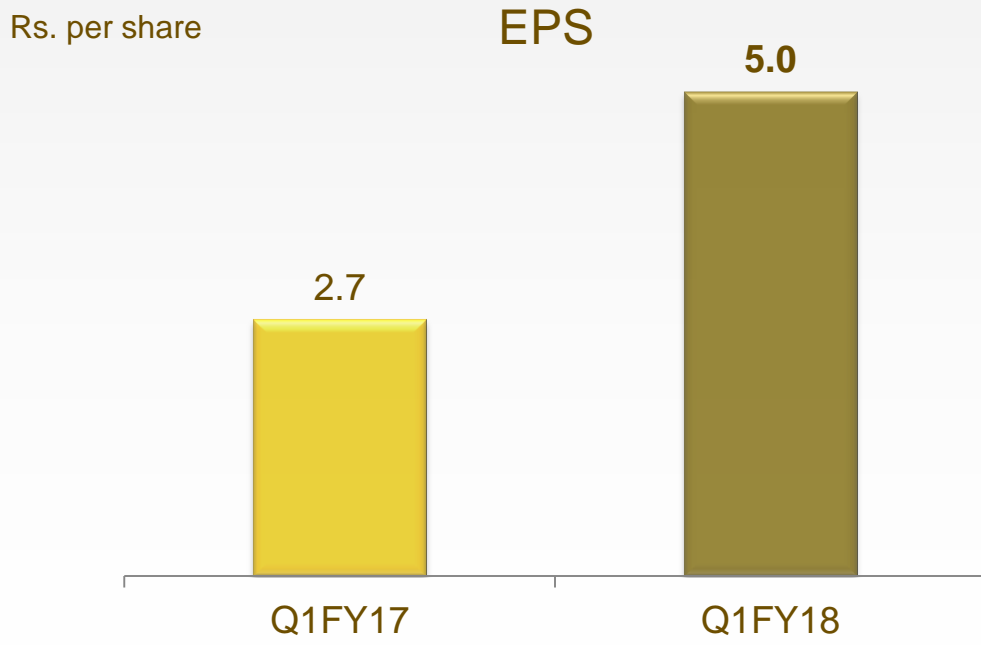
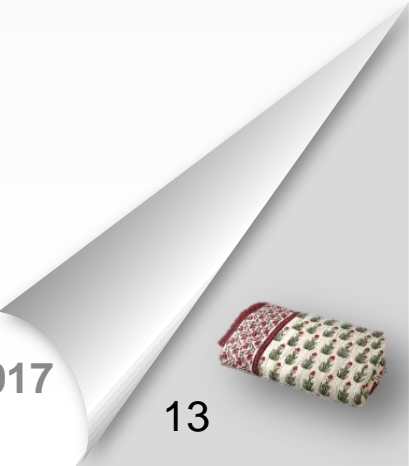


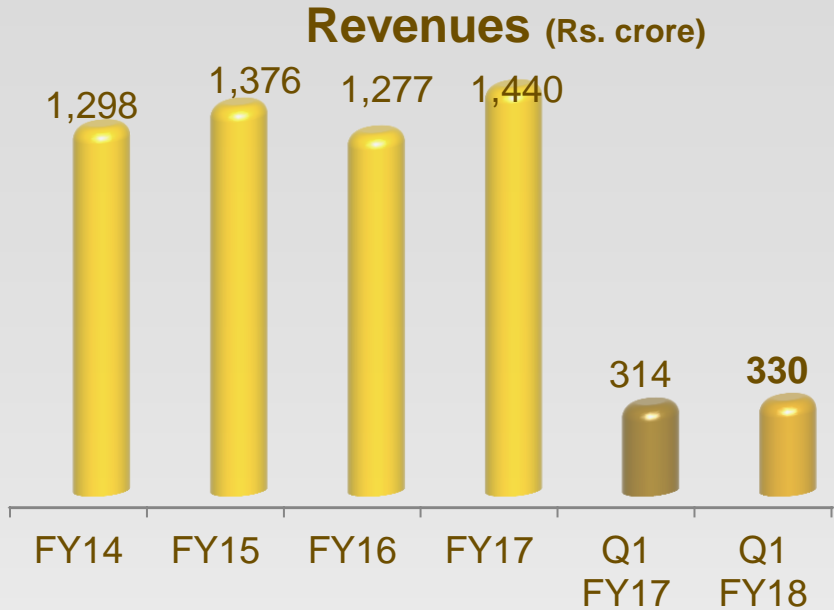
Table of Contents

Q1 FY18 Financial Performance	5
Financial Performance Trends	12
Business Background Details	20

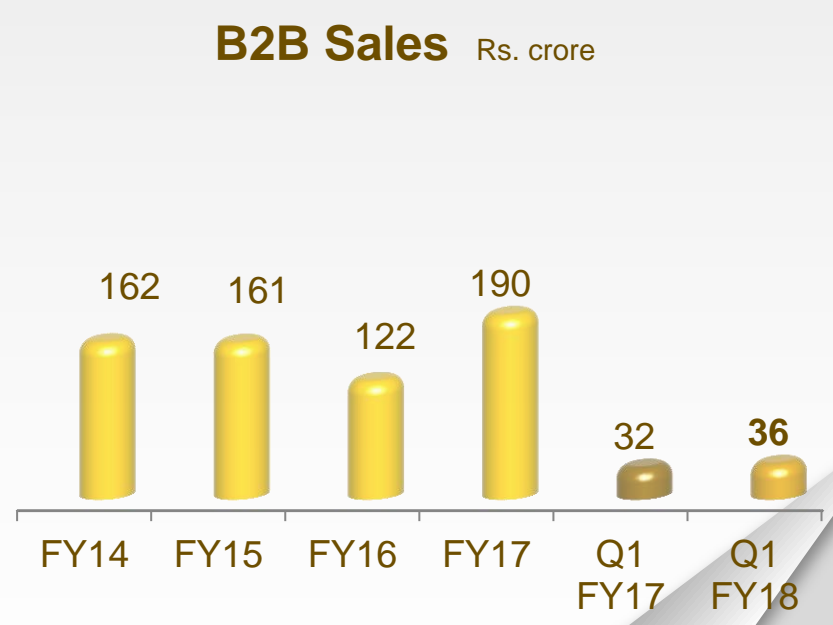
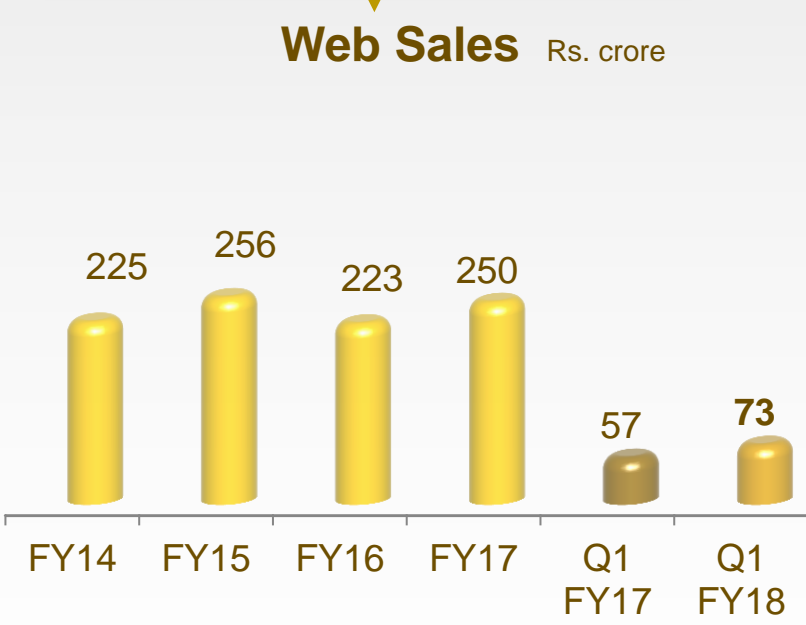
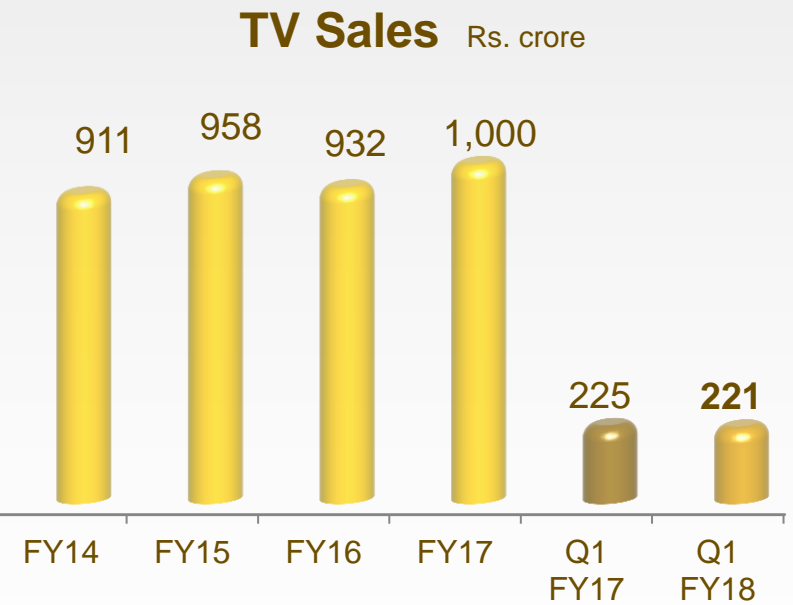


Financials Performance Trends

(Revenues)



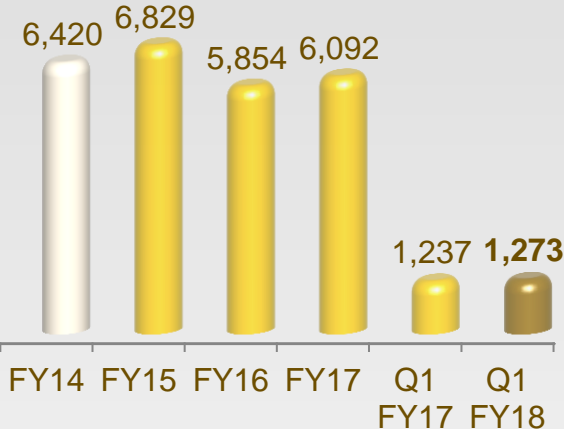
Jewelry & Lifestyle Products



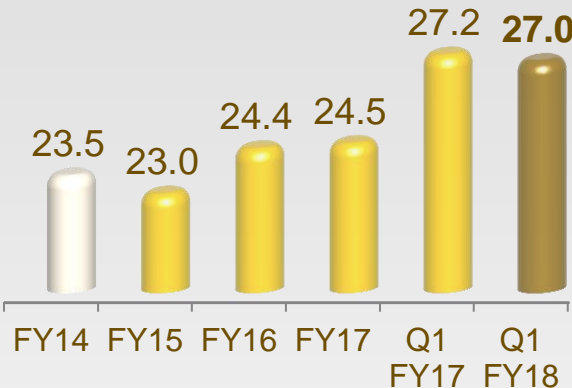
Retail Performance Trends

TV Sales

Sales Volumes ('000s)

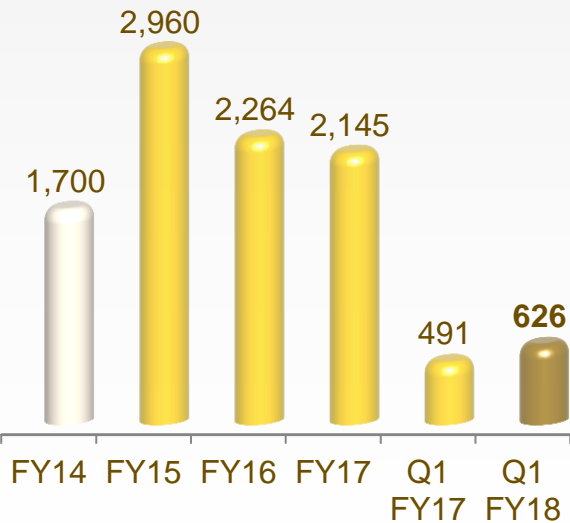


Average selling price US\$

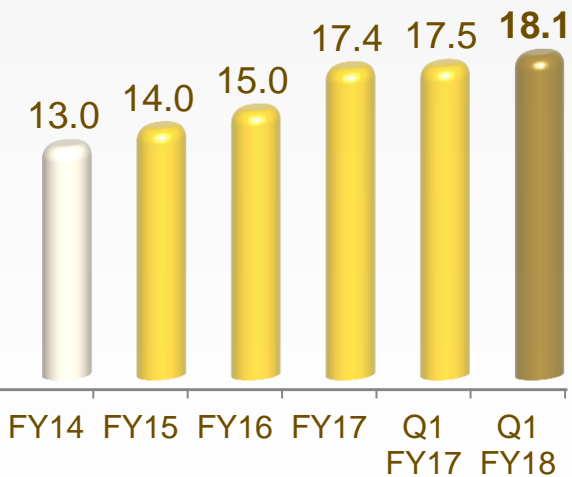


Web Sales

Sales Volumes ('000s)

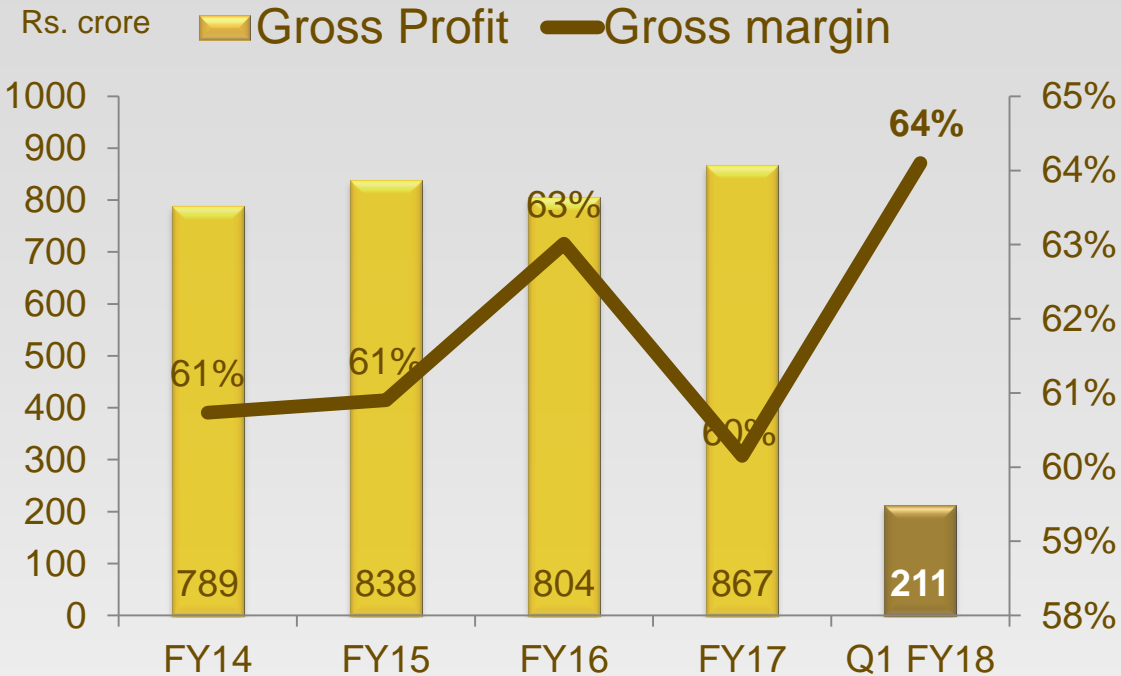


Average selling price US\$

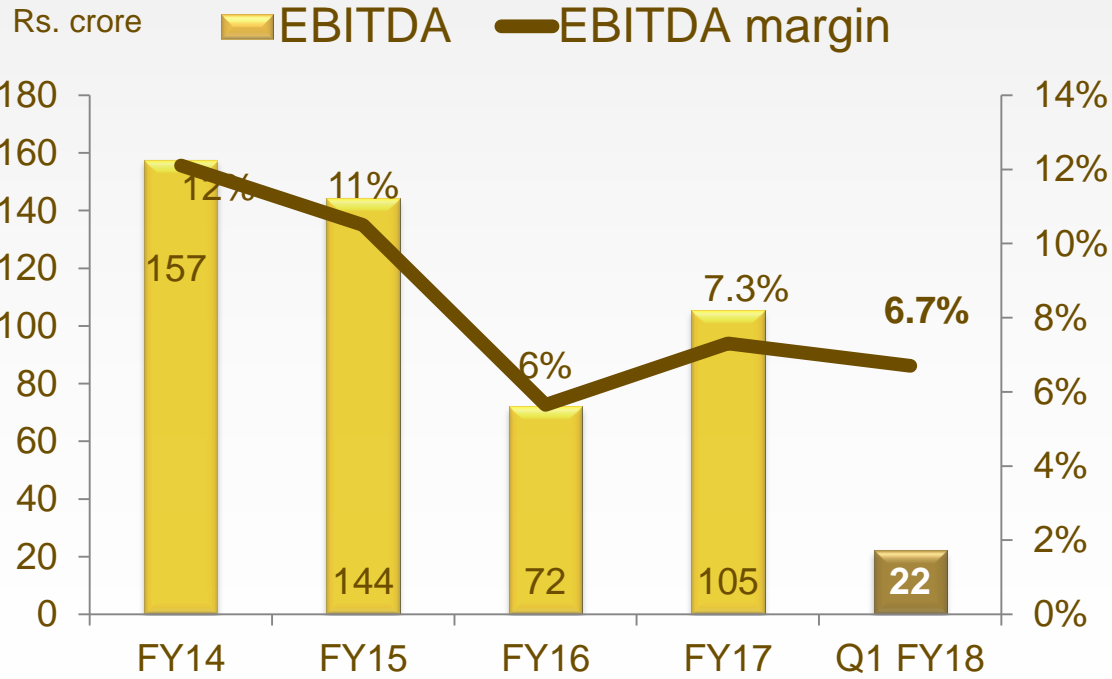


Financials Performance Trends

(Margins)



Note: Direct costs for calculation of gross profit includes material cost, job work charges and manufacturing cost

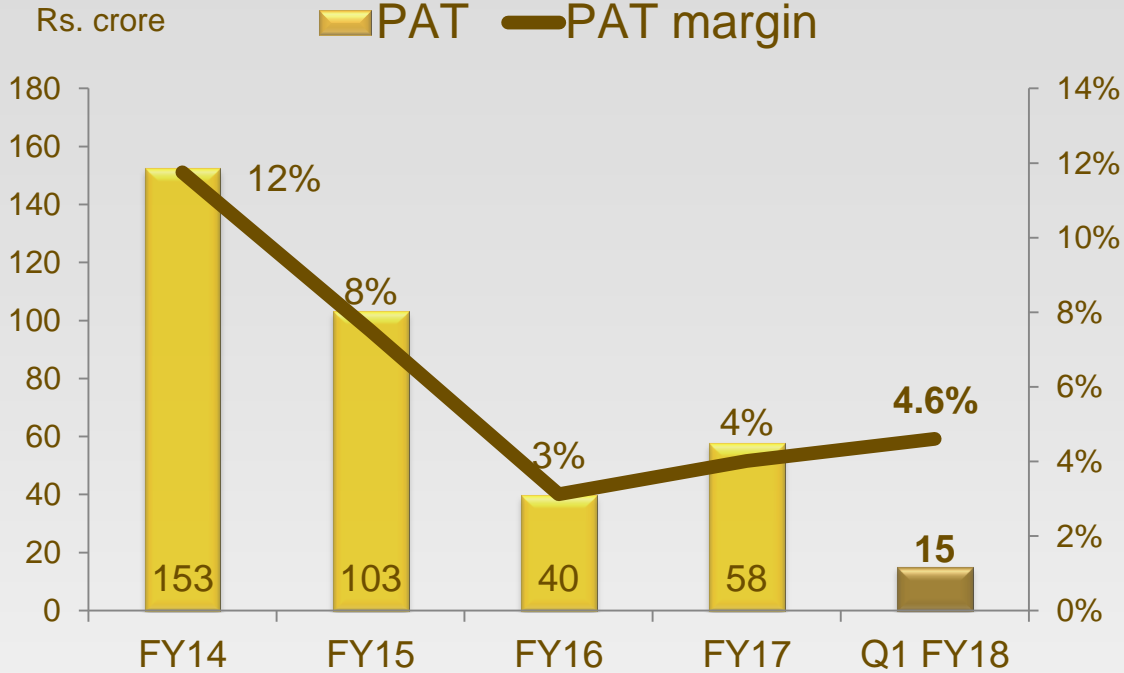


Note: EBITDA excluding exchange gain/(loss) fluctuation

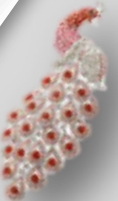
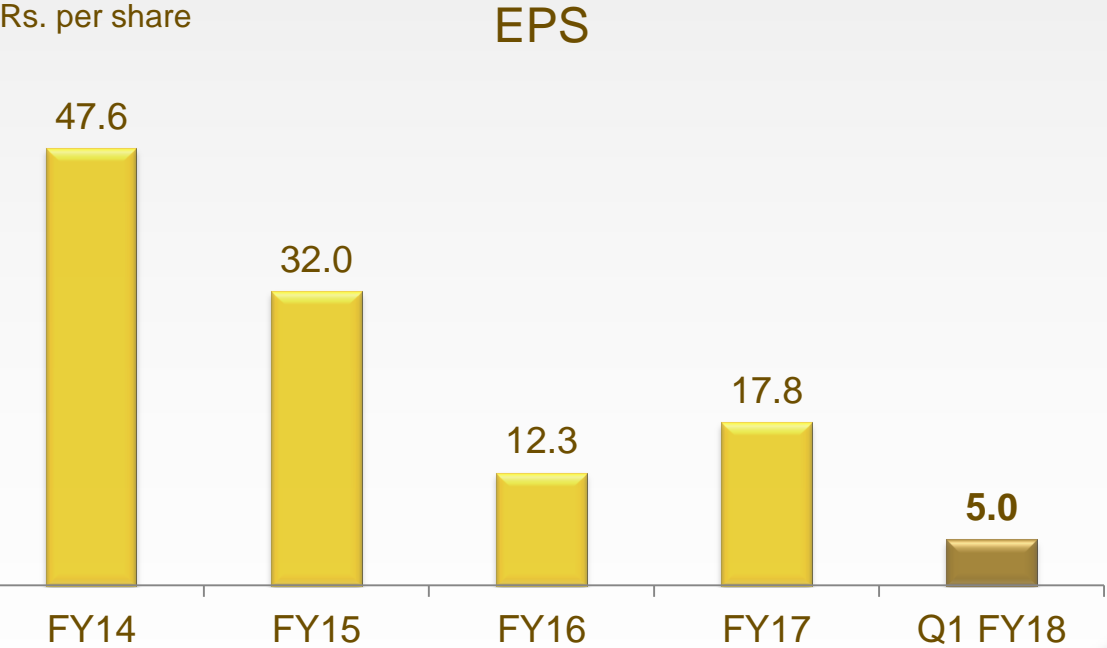


Financials Performance Trends

(Profits)



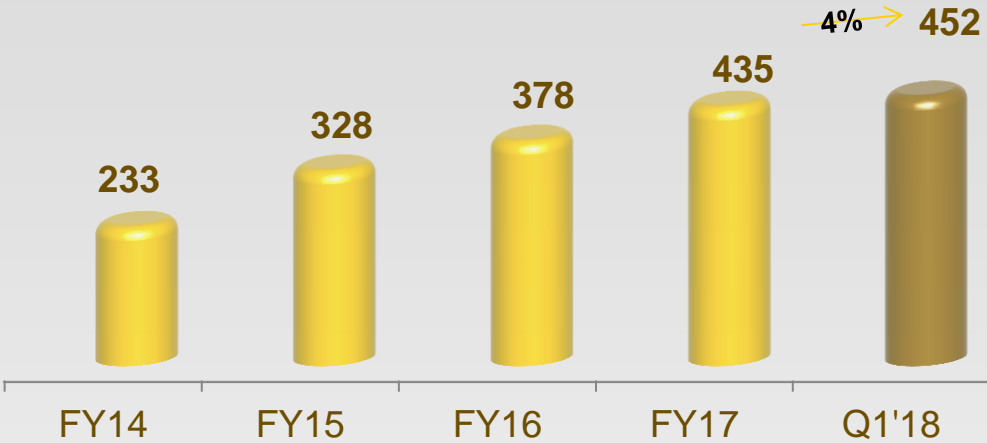
* Profit after tax including exchange gain(loss) fluctuation.



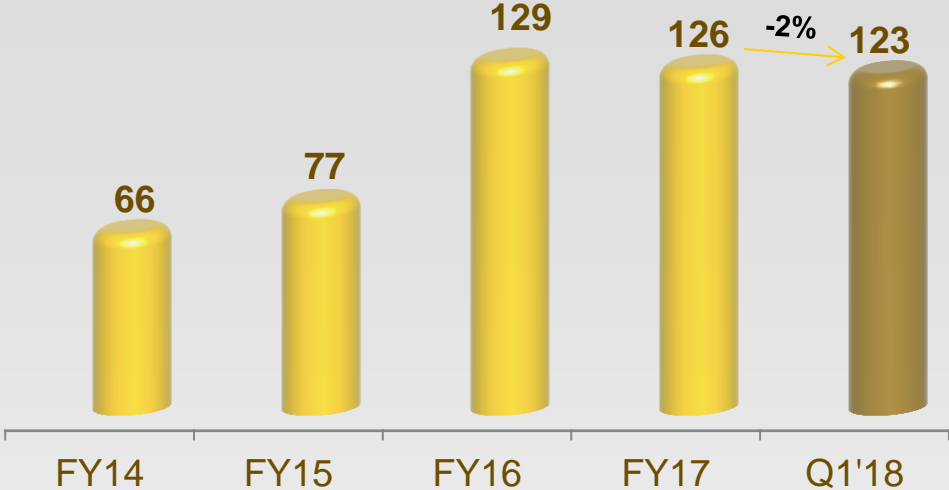
Financial Performance Trends

(Balance Sheet)

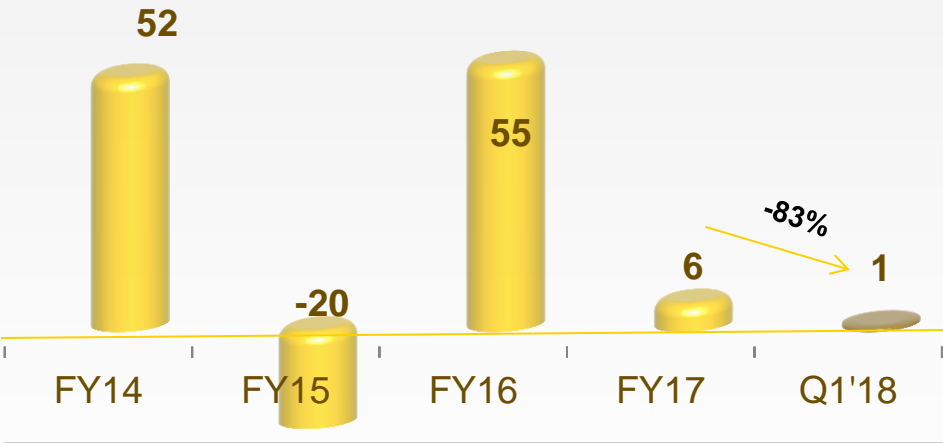
Shareholders' Equity



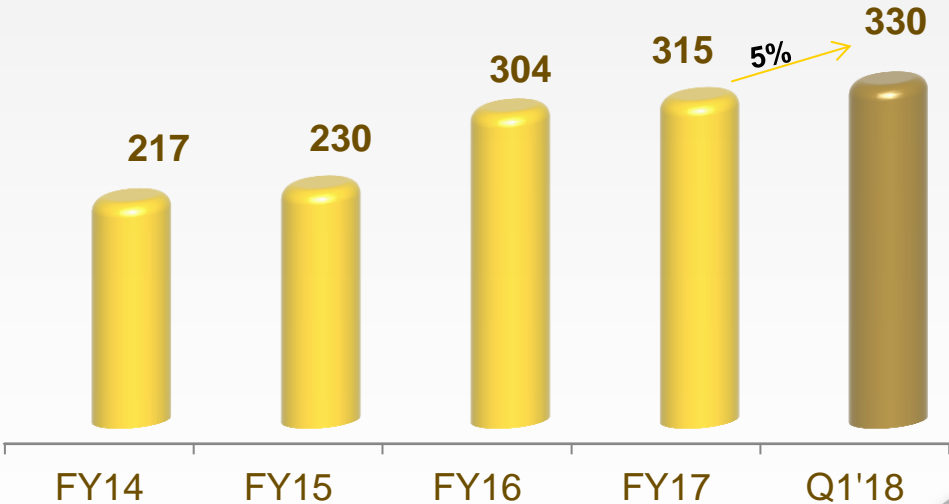
Fixed assets including intangibles



Net Debt



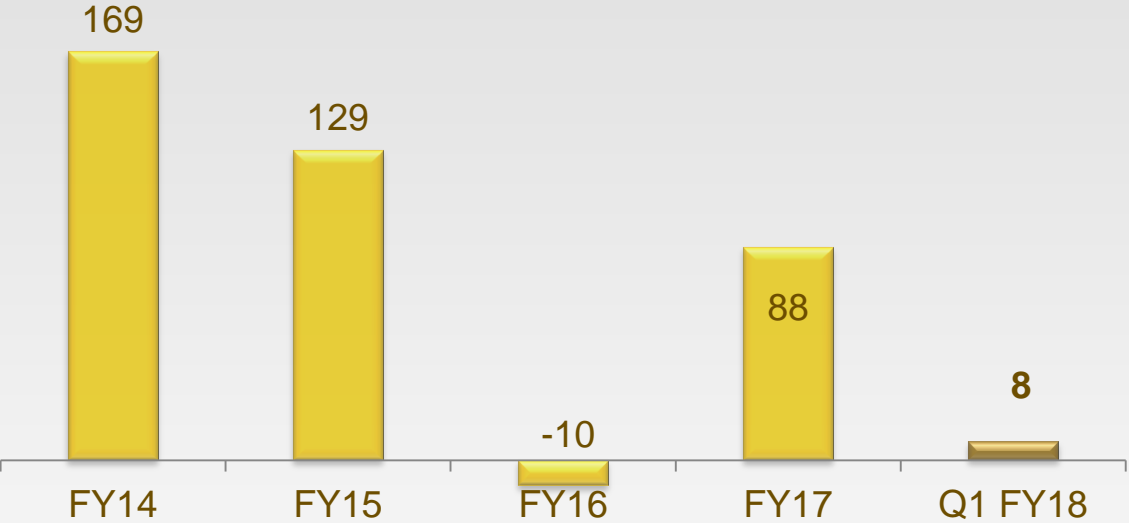
Net Current Assets



Financials Performance Trends

(Cash Flow)

Operating Cash flow* Rs. crore



Free Cash Flow * Rs. crore

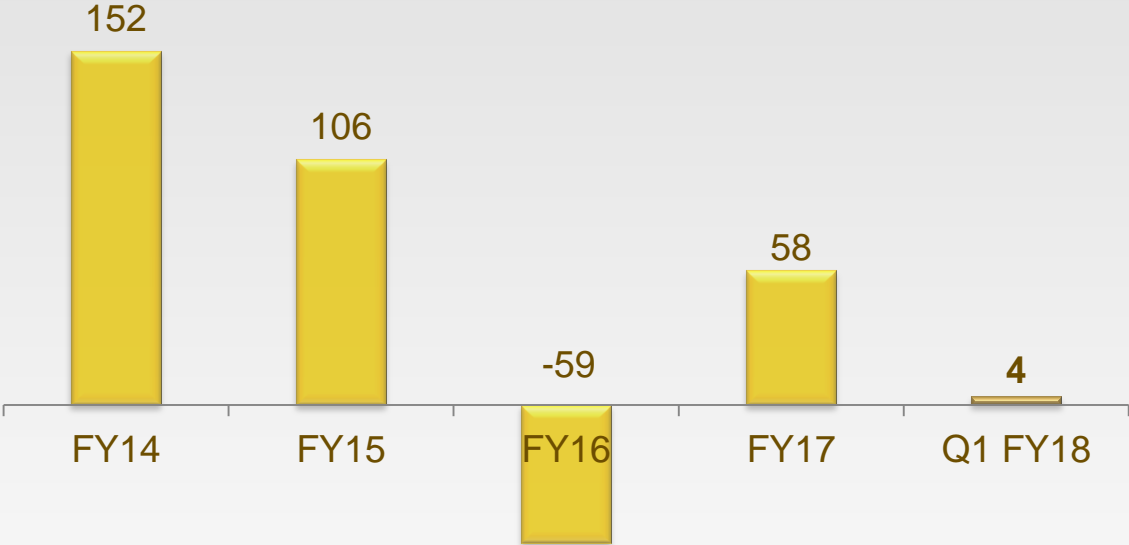


Table of Contents

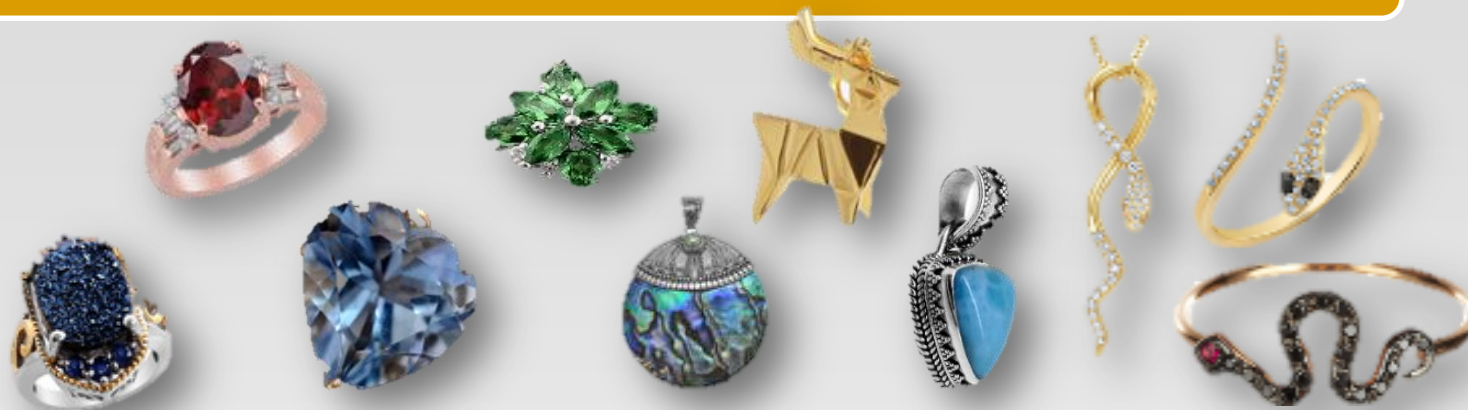
Q1 FY18 Financial Performance	5
Financial Performance Trends	12
Business Background Details	20



Product Profile

FASHION JEWELLERY

- Bracelets
- Bangles
- Earrings
- Studded jewelry, etc.



FASHION ACCESSORIES

- Watches
- Handbags
- Scarves, etc.

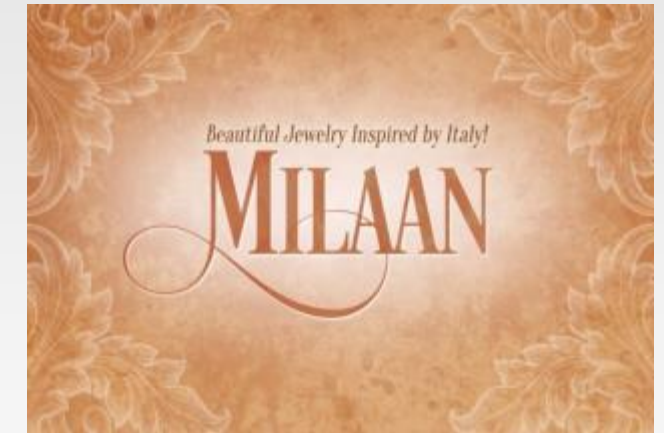


LIFESTYLE PRODUCTS

- Home Décor
- Bed linens
- Pillow Covers
- Beauty products



BRANDING INITIATIVE: Developing new In-house brands and brand ambassadors for live presentation of BRANDS



homesmart

Dall'Italia

GP
GIUSEPPE PEREZ
COLLECTION

Hidden Treasures

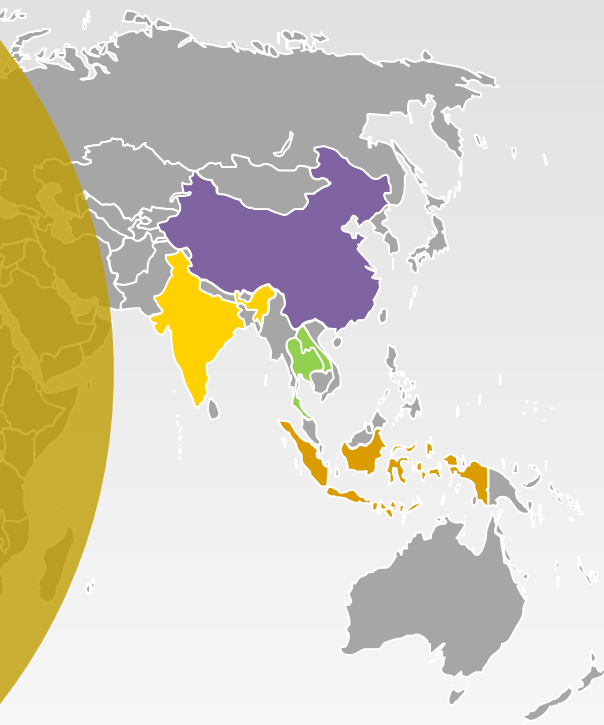
DESIGNS by Prachi



Sourcing

Global supply chain capability of **12 million pieces**, continuously expanding

In-House designers & craftsmen
No middlemen
Access to latest manufacturing technology
Scale Flexibility
Low Investment
Rapid turnaround
Mapping Latest Fashion
Competitive Pricing



India

Noida, Jaipur, Nagaland, Kashmir

Indonesia

Bali, Yogyakarta, Sumatra, Madura Surabaya

Thailand

Bangkok, Chang Mai, Mae Sai, Kanchanaburi, Chanthburi

China

Guangzhou, Haifeng, Hauadu Shenzhen, Dongguan, Zhuji, Wenzhou, Wuzhou, Yiwu, Hunan

• Sourcing from appropriate micro-markets in China/Asia

• Focus on best price to customer through bottom price discovery

• Vendor evaluation process

• Assessing value perception – design / fashion trend / price in target markets



Manufacturing

- ✓ Four **ISO 9001:2008** facilities in **Jaipur**, with capacity of producing **7 million** annually
- ✓ Commenced operations at new **100,000 sq. ft.**, fully-integrated, LEED certified '**Gold Level**' building at **SEZ, Jaipur**
- ✓ Diamond manufacturing and sourcing unit of the company is also present in **Mumbai**
- ✓ Over **3,000** people in India across corporate, manufacturing, design, sales & marketing, customer service, logistics etc.
- ✓ Low-Cost operations with one of the **lowest levels** of wastages in the industry



TV Networks – US & Canada (Consumption Markets)



Channel #274



Channel #399
& 1399

Verizon **FiOS**

Channel #159



Channel #75 &
226



*



*



*



*



*



Shop LC, USA

- ✓ **82 million** households shopping (FTE, out of 120 mn)
- ✓ Based out of Austin, Texas
- ✓ **Over 500 people** in sales & marketing, customer service, logistics, TV production, e-commerce and support functions
- ✓ **Successfully re-branded Liquidation Channel to Shop LC**
- ✓ **'Deep Discount'**, Auction based retail model
- ✓ **Expert hosts** attract and engage customers, driving repeat sales
- ✓ Improved product presentation by investing in **new Studio facility**
- ✓ **New warehouse facility operationalised**



TV Networks – UK (Consumption Markets)



Channel #49



Channel #815



Channel #650 &
#652



Channel #757



The Jewellery Channel (TJC), United Kingdom

- ✓ 25 million households shopping(FTE, out of 25 mn)
- ✓ Based out of Hampton, Middlesex
- ✓ Over 150 people in sales & marketing, customer service, logistics, TV production, e-commerce and support functions
- ✓ State-of-the-art auction/scheduling system; Launching Budget Pay on TV soon
- ✓ Targeted behavioural marketing through IBM Unica platform
- ✓ TjC live stream available on multiple platforms like Youtube
- ✓ Long standing relations with TV distributors such as SKY, Virgin, FreeView etc.



E-Commerce (Consumption Markets)



E-commerce presence in our chosen retail markets...



www.ShopLC.com USA

- ✓ Launched Mobile App for Shop LC
- ✓ Launched Budget Pay on web
- ✓ Better website optimization on mobile devices
- ✓ Migration of Web Hosting to Amazon Web Services
- ✓ Enhanced customer engagement on all social platforms; targeted marketing



www.TjC.co.uk UK

- ✓ Launched Budget Pay for web and mobile
- ✓ Launched Mobile App for TjC
- ✓ Latest DemandWare Platform
- ✓ Better Website optimization for all devices
- ✓ Enhanced customer engagement
- ✓ Europe delivery started through E-commerce platform
- ✓ Engaging customers through different sales channels like Facebook Shop, Ebay store etc.

Retail Format

LC US & Canada

- Rising Auction
- Catalogue Price
- Collections
- Live TV
- Clearance

TJC UK

- Rising Auction
- Live TV
- Web Exclusive
- Sale
- Outlet



EARLY ADOPTERS AND CORD CUTTERS

HIGH DEFINITION AND IP BROADCAST

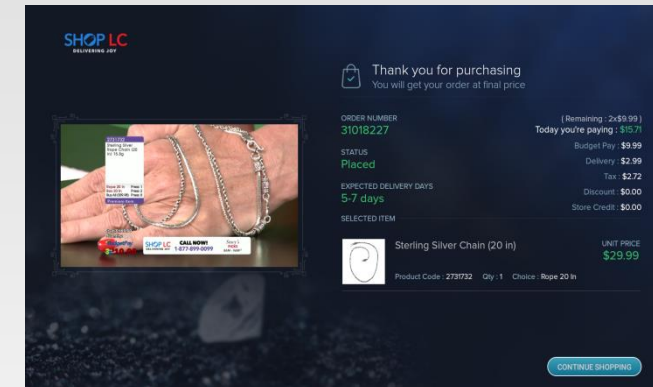
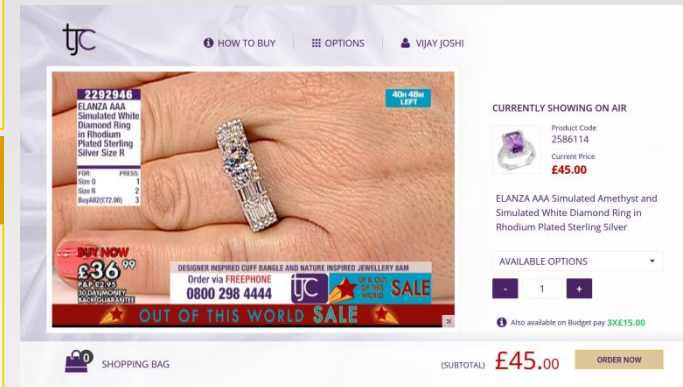
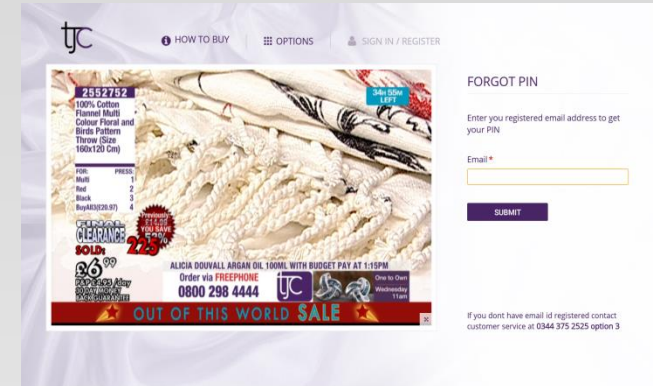
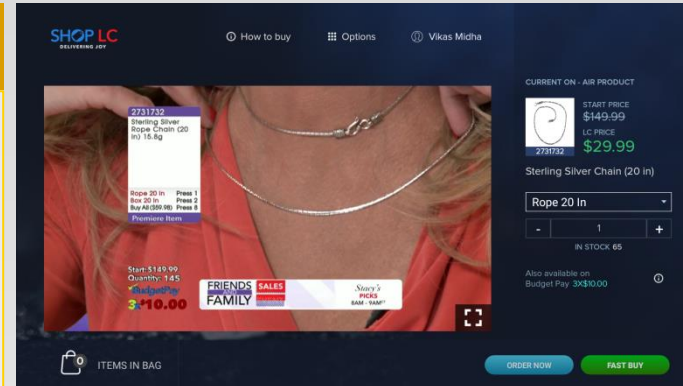
- **High Definition Broadcast**
 - Charter Communication
 - AT&T
- Adoption of new technology of Broadcasting
 - Reducing dependency on Infrastructure
 - Minimizing downtime as IP would broadcast it via internet

EXPANSION INTO OVER THE AIR PRESENCE (OTA)

- Cord Cutters don't want to pay for any channel or satellite fees, they can catch the feed directly via antenna
- We are already present part time in some Areas

SMART TV AND STREAMING DEVICES (IPTV)

- Planning to add Apple TV app
- We already have presence on following Smart TV's:
 - Samsung SMART TV
 - LG Smart TV
 - Android TV
- We also have apps on streaming devices
 - ROKU
 - Google Chromecast
 - Amazon Fire HD



Management Team

Sunil Agrawal

Chairman and Managing Director



- Established Vaibhav in 1980 as a first generation entrepreneur and has led the company's transition into a leading brand for fashion jewelry and lifestyle accessories
- Travels extensively across the world, overseeing operations, sourcing raw material globally and representing the company at major trade shows and jewelry fairs in the US, Europe and Asia

Puru Aggarwal

Group CFO



- 25 years of rich experience in business modeling, financial strategy & planning, business development, procurement, supply chain & distribution, budgeting, taxation, cost control, legal compliances and mergers & acquisitions
- Previously worked with Teva Pharmaceuticals India as Director & Country CFO for 11 years. Has also worked with Coca-Cola India and E&Y India

Kevin Lyons

President- Shop LC, USA



- Over 20 years of strong expertise and a proven track record in delivering Omni channel growth in retail and e-commerce
- Previously Senior Vice President of E-Commerce with HH Gregg inc., a \$2 bn, 227 store chain
- Also worked with leading retailers such as Sears and Best Buy in areas like Operations, Merchandising, Loss Prevention, Customer Driven Supply Chain, Customer Centricity and Channel/New Business Innovation

Vineet Vashist

Chief Technology Officer



- Previously worked with Aritzia, a leader in women's fashion in Canada, as Director of E-Commerce Technology.
- Prior to Artiza, worked at various roles with Abercrombie & Fitch (A&F) for 8 years, his last role was Director IT eCommerce
- Managed a portfolio with an annual budget of over \$20 million to deliver new strategic capabilities and operational enhancements to Aritzia and A&F.



Management Team

Jeff Allar

Senior Vice President, Group HR



- Over 30 years of work experience at major international companies including IBM, Unilever and the Stonyfield Farm unit of Groupe Danone
- Tremendous Organization development and senior level HR experience having worked with brands like ACS, Stonyfield and Good Humor – Breyers Ice Cream

Nitin Dugar

Vice President , COO – Shop LC, USA



- Over 12 years at VGL, rich experience in business development, customer services and network affiliate management.
- Part of core team that successfully implemented organizational turnaround strategies

Pushendra Singh

Vice President , Human Resources Asia



- Over 19 years of experience in HR with a range of Indian companies such as NTPC, Jindal Steel and Power, Kalpataru and Reliance Communications, successfully implementing many talent acquisition, management and retention initiatives

Raj Singh

Vice President, Supply Chain, VGL Group



- Mr. Raj Singh is a graduate in Chemistry and trained in Mechanical Maintenance. He began his career with Shrenuj & Company Ltd. In his career of 22 years, he has gone strength to strength improving and innovating businesses. His initiatives like Gems Studded Stainless Steel Jewellery, Ion Plating, etc., are ground-breaking in the Jewellery industry. For an industry that is type cast as labor intensive, Mr. Singh has led many automation drives and is successful in grinding out cost efficiencies.



Contact Information

For more information on Vaibhav Global Limited, please contact:

Puru Aggarwal

Vaibhav Global Limited

+91-141-2770648

Puru.Aggarwal@vlggroup.com

Ankit Sahay

Vaibhav Global Limited

+91-141-2770648

Ankit.Sahay@vlggroup.com

Shiv Muttoo / Karl Kolah

CDR India

+91 22 6645 1207/1220

shiv@cdr-india.com

karl@cdr-india.com





**Thank
You**