



Global Retailer of Fashion Jewellery, Accessories and Lifestyle Products on Home Shopping TV and e-Commerce Platforms



Vaibhav Global Limited

Financial Results Presentation – Q1FY20





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.





Q1 FY20 Key Snapshot

B2C Success in Developed Markets

2.3mn

Products Sold
On TV and Web

99.4mn

TV Homes
Directly Accessed (FTE)

31

Avg. Quantity per Customer
*TTM

3,47,000

Unique Customers *TTM

22%

ROE* TTM

39%

ROCE* TTM

Rs.440crore

Revenue

Rs.36crore

PAT

Rs.32 crore

Free Cash Flow

*ROE – based on average net-worth

*ROCE – based on average capital employed



Corporate Overview

- End-to-end B2C business model for fashion jewellery, accessories and lifestyle products
- Significant geographical cost arbitrage
- Proprietary TV home-shopping and e-commerce platforms
- The entire B2C sales is through credit cards

- Professional management team having in-depth knowledge and industry experience
- Strong and Independent Board with global retail experience
- KPMG – Global Auditors
- Talent pool across marketing, merchandising, operations, technical and strategy functions

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

Vertically-integrated fashion retailer on electronic retail platforms

Shop LC and TJC are brands with strong customer visibility

Strong management and governance

Robust customer engagement

Solid infrastructure backbone

Hybrid supply chain infrastructure

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

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

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



Global Network

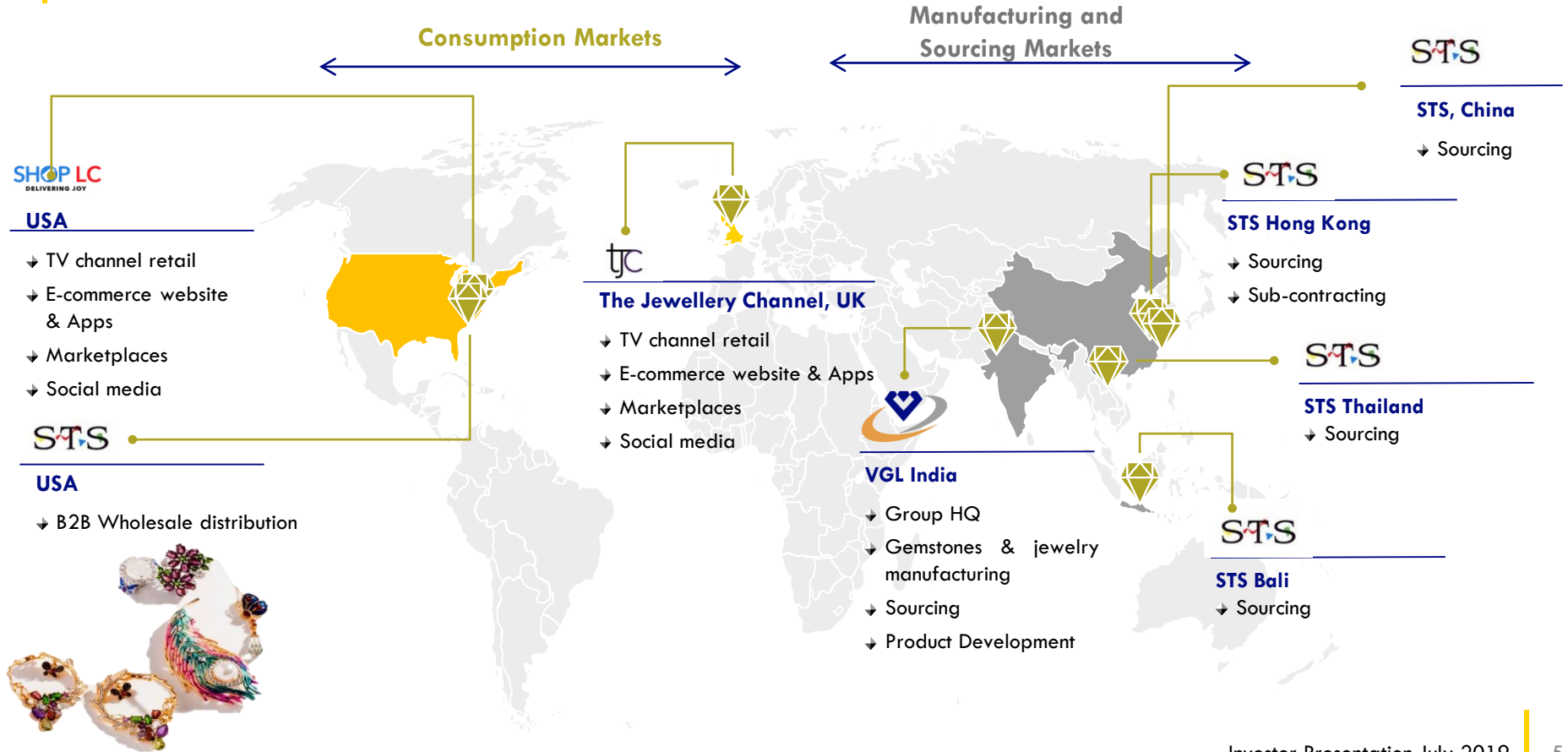


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Q1 FY20 Financial Performance

Key Highlights for Q1 FY20



Q1 FY20 Retail Volumes at 2.3 Million Units, up 16% YoY and overall ASP* at \$25.95

- Home TV shopping volumes at 1.36 million units
- Web shopping volumes at 0.93 million units
- Strong volume growth on both platforms
- Deep customer engagement drives strong repeat purchases

Home TV Network Reach – 99.4 Mn Households across US and UK

- 99.4 million households on full time equivalent (FTE*) basis
- 74.4 million households in the US
- 25 million households in the UK



Q1 FY20 – Financial Performance

- Total Revenue at Rs. 440 crore, up 13% YoY
- B2C* Retail revenue up 21% YoY
- EBITDA at Rs. 55 crore, up 23% YoY
- PBT at Rs. 45 crore, up 23% YoY
- PAT at Rs. 36 crore, up 20% YoY

Operating Highlights in Q1 FY20

- Moving ahead on its quality journey, Shop LC, US, won the Malcolm Baldrige Progress Level Award from Quality Texas Foundation, presented at the 26th Annual Texas Quest for Excellence Conference.
- Shop LC launched new fashion jewelry collection with Specialty Cut Stone, Opatra facial device collection, Smarter Chef kitchen collection, New Age handbag collection, etc., all of which have received good response from customers.
- Successfully hosted Lifestyle days at Shop LC – one in each month (April, May and June).
- TJC, UK, increased broadcast hours for a few channels to achieve higher viewership.
- Upgraded studio operations to include a garden set up for live broadcasts at TJC, UK
- A new kitchen product line was launched at TJC, UK
- In May 2019, VGL announced the buyback of its equity shares at the maximum price of Rs. 1,000 per share with a maximum buyback size of Rs. 72 crore.
- Since inception of the One for One Program, VGL has provided around 27 million meals to school children across India, US and UK.

MD's Message

Commenting on Q1FY20 performance, Mr. Sunil Agrawal, Managing Director, Vaibhav Global said:



“We have started the financial year with strong results in the first quarter, signifying our solid and growing connect in consumer markets of the US and UK, across platforms comprising TV, web, mobile apps, smart TV interfaces, OTT platforms, social and third-party marketplaces. We have delivered retail volume growth and margin expansion leading to higher profits, strong return ratios and continuing free cash generation. Revenues at both our retails channels marked significant YoY growth, in local currency terms, of 21% at Shop LC, US and 15% at TJC, UK. Here, it is important to note that Q1FY19 revenue, at Shop LC, was on a smaller base of households as we were off air for one of our affiliates in the US. On a like to like basis, revenue growth for Shop LC, US, during the quarter under review, has been 11% YoY.

Gross margin continues to enhance and came in at over 63% as compared to about 61% in Q1FY19. EBITDA margin stood at 12.4%, expanding by 100 basis points. The revenue mix continues to become more balanced with contribution from web sales expanding to over 33% and non-jewelry products to over 18% of overall retail revenues during the first quarter.

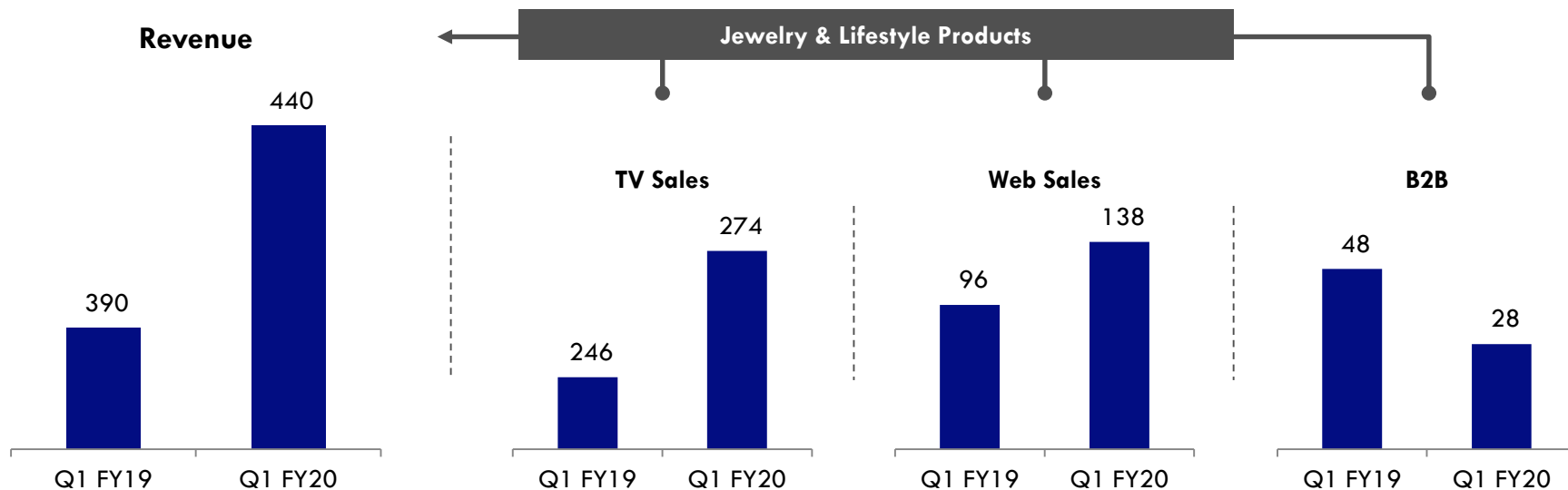
*We have undertaken various measures to improve customer experience. At Shop LC, US, we launched new fashion jewelry collection with Specialty Cut Stone, Opatra facial device collection, Smarter Chef kitchen collection, New Age handbag collection, etc., all of which have received good response from customers. I am pleased to share with you that our commitment to quality has won Shop LC, the Malcolm Baldrige Progress Level Award from Quality Texas Foundation. At TJC, UK, we have increased broadcasting hours, invested in upgrading studio operations and launched new products in the kitchen line to enhance customer experience for existing customers and help attract new customers. Overall, our efforts at driving the key strategic objectives of **4Rs** continue to record improvement – widening our Reach, growing new customer Registrations, increasing Repeat purchases and bolstering customer Retention*

I am happy to share that as a responsible corporate citizen we have provided around 27 million meals to school children under our One for One program across US, UK and India. We also endeavor to meaningfully reduce our environmental footprint through various initiatives in India and overseas.

Going forward, with a clear commitment to ‘Delivering Joy’ to the entire ecosystem in which we operate, we will continue to create value and contribute incrementally to our shareholders, employees, customers, vendors, communities and the environment.”

Financials – Q1 FY20 Performance

(Revenue Breakdown – Rs. crore)



Note:

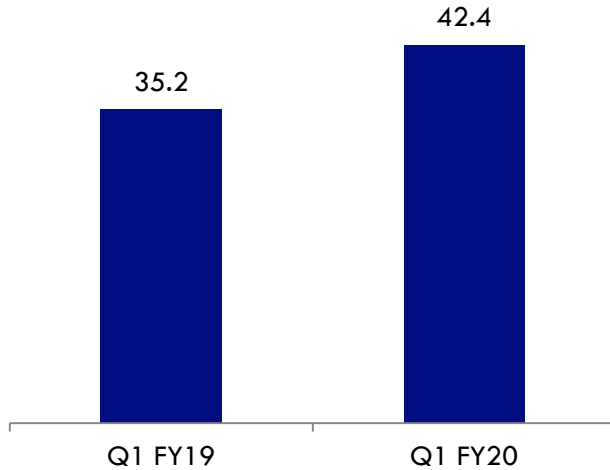
- Revenue includes exchange gain as per Ind-AS
- B2B has been a non-core and opportunistic business segment
- In view of strong growth opportunities in B2C, the Company has been scaling down B2B

Financials – Q1 FY20 Performance

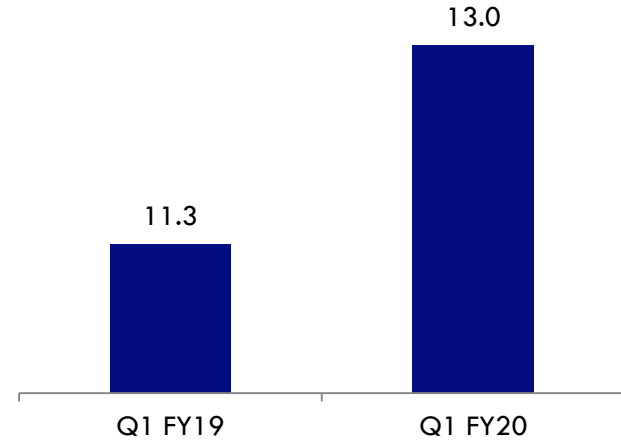
(Revenue Breakdown - Local Currency)



Shop LC (USD million)



TJC UK (GBP million)



Retail Performance Trends – Q1 FY20

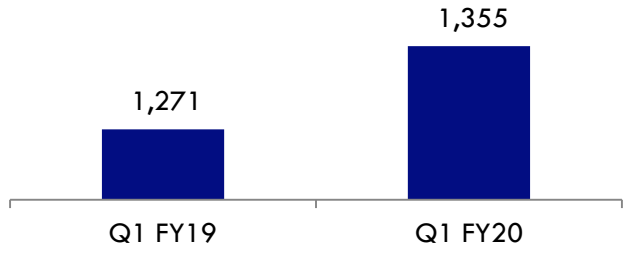
(Volume and ASP)



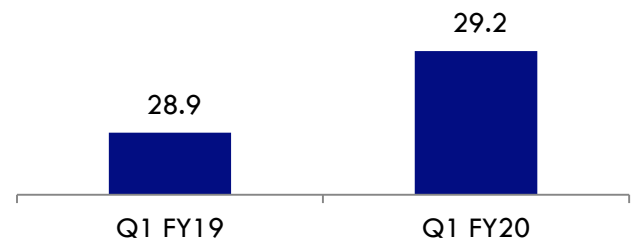
TV Sales



Sales Volume ('000s)



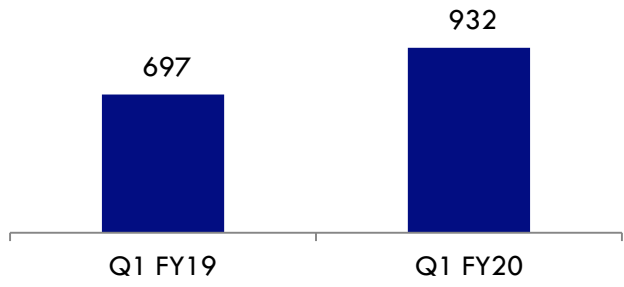
Average Selling Price US\$



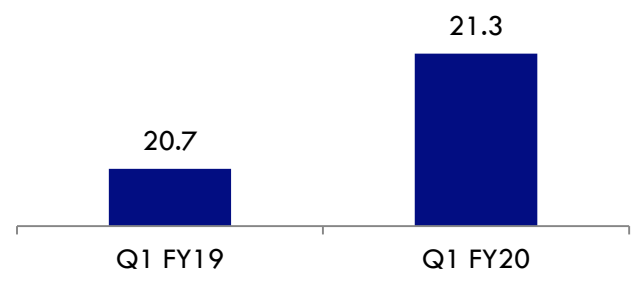
Web Sales



Sales Volume ('000s)

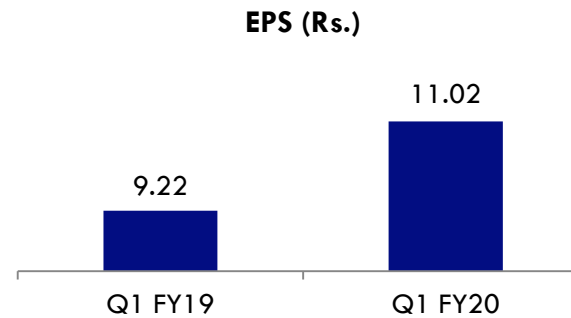
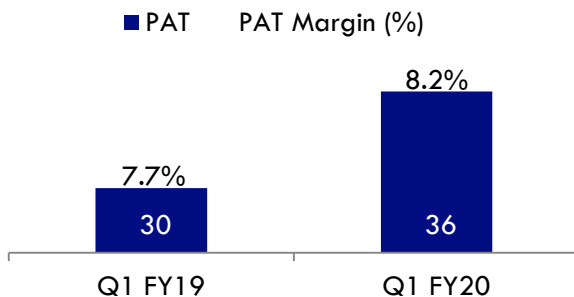
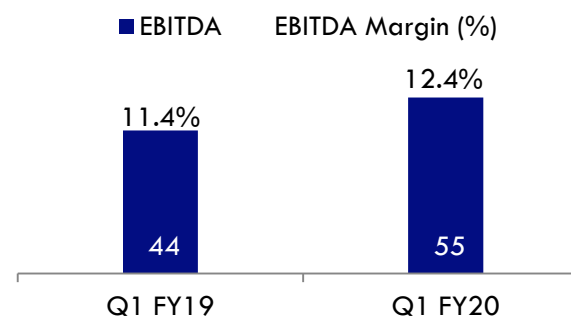
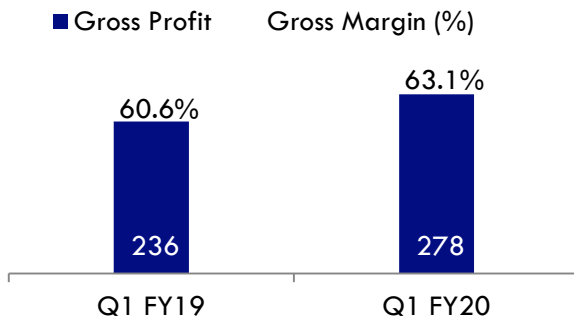


Average Selling Price US\$



Financials – Q1 FY20 Performance

(Profits – Rs. crore)

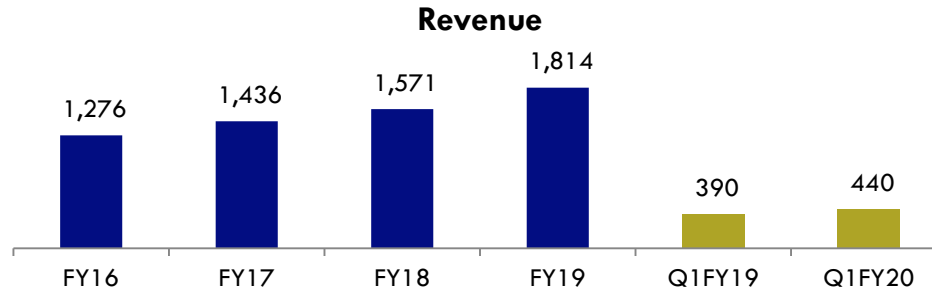




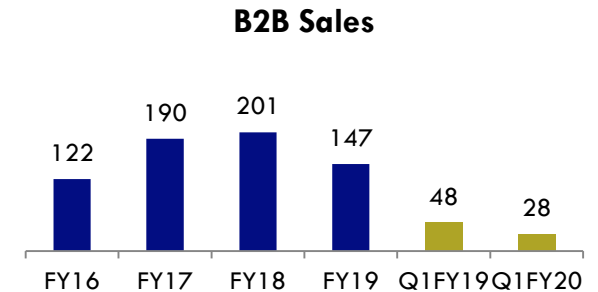
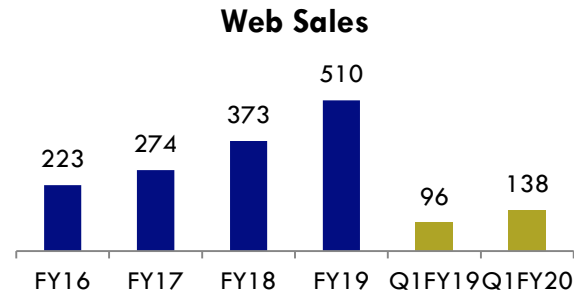
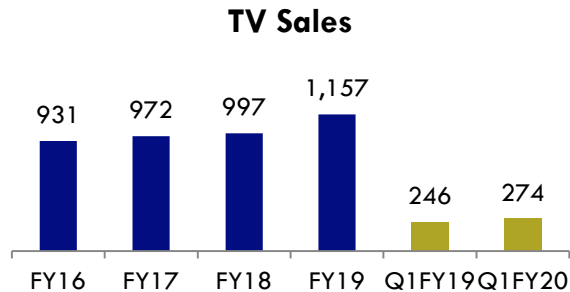
Financial Performance Trends

Financials Performance Trends

(Revenue breakdown - Rs. crore)



Jewelry & Lifestyle Products



*Previous years numbers have been re-grouped to align with Ind AS 115.

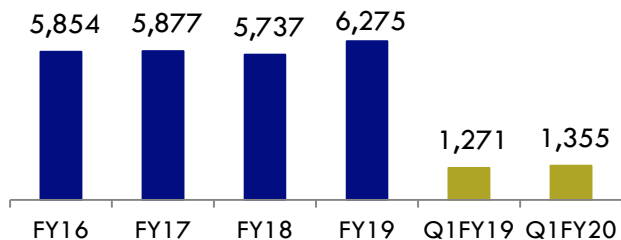


Retail Performance Trends

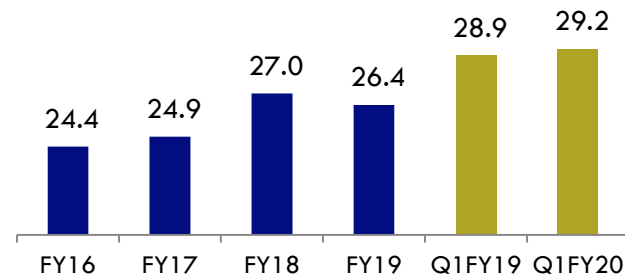
TV Sales



Sales Volume ('000s)



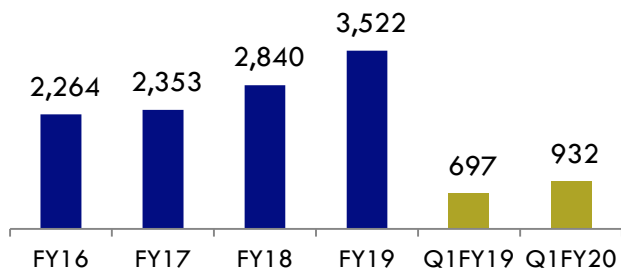
Average Selling Price US\$



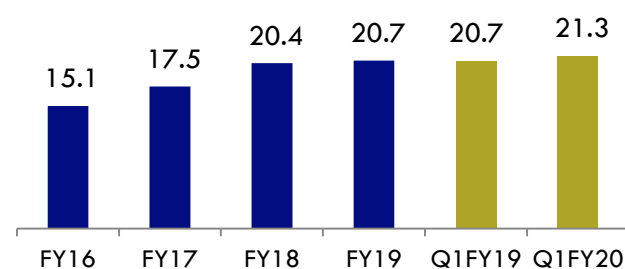
Web Sales



Sales Volume ('000s)

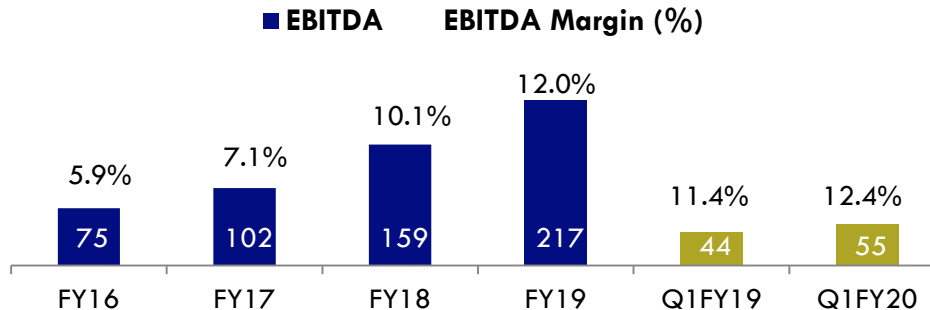
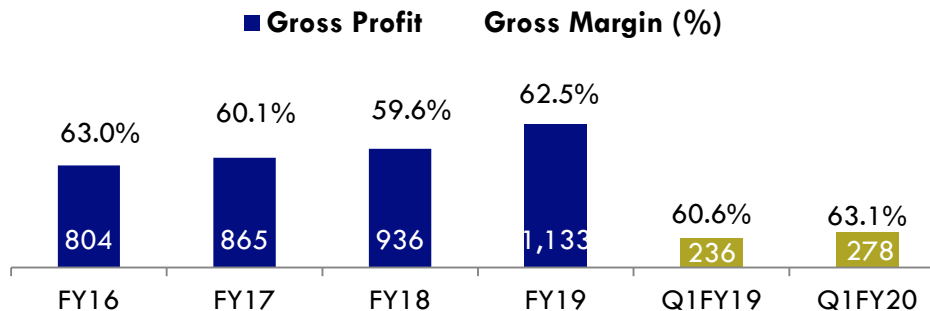


Average Selling Price US\$



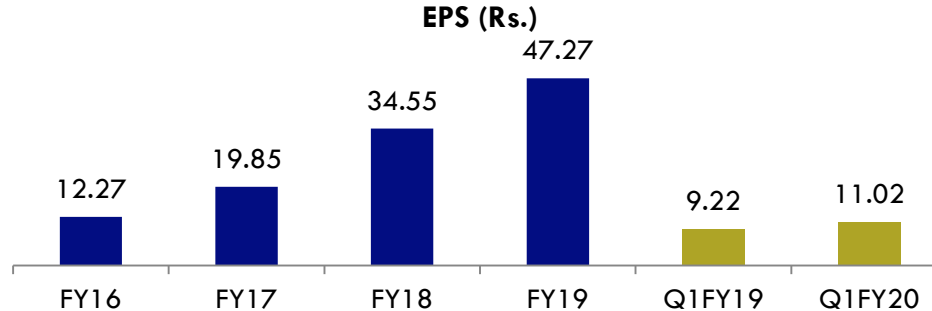
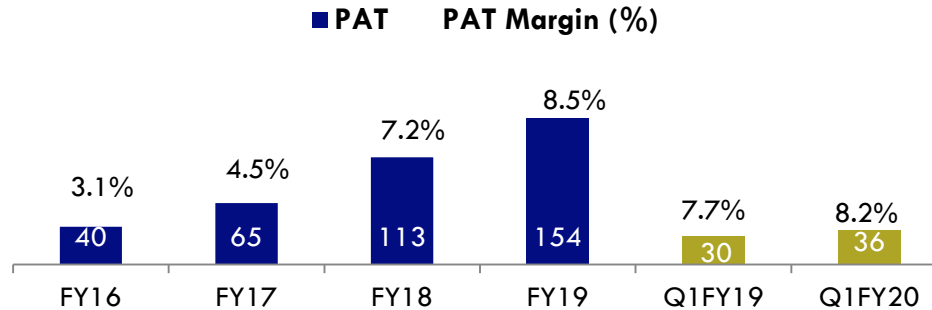
Financials Performance Trends

(Profits – Rs. crore)



Financials Performance Trends

(Profits – Rs. crore)

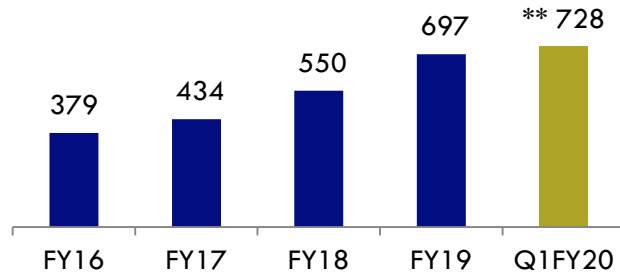


Financial Performance Trends

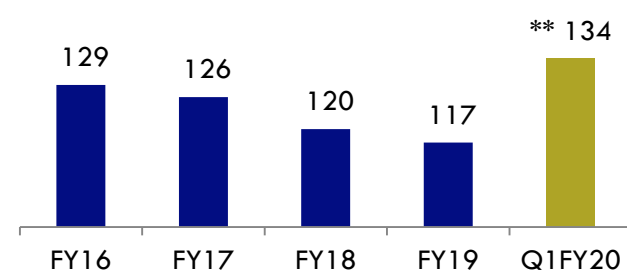
(Balance Sheet - Rs. crore)



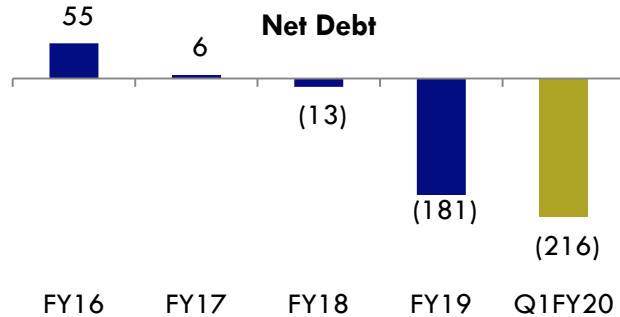
Shareholders' Equity



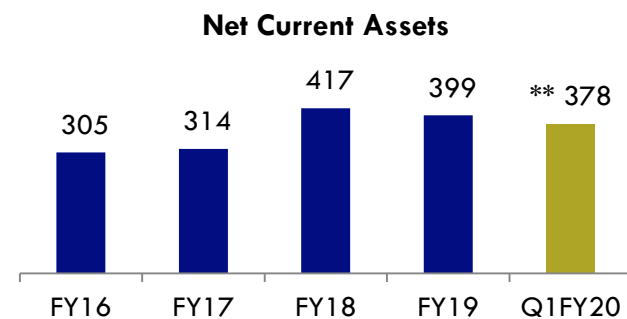
Fixed assets including intangibles



Net Debt



Net Current Assets



Note:

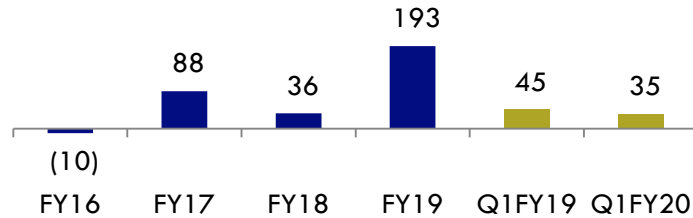
** Ind AS 116 – Leases, has become effective beginning 01 April 2019. The Group has adopted the standard beginning 01 April 2019.

Financial Performance Trends

(Cash Flow – Rs. crore)



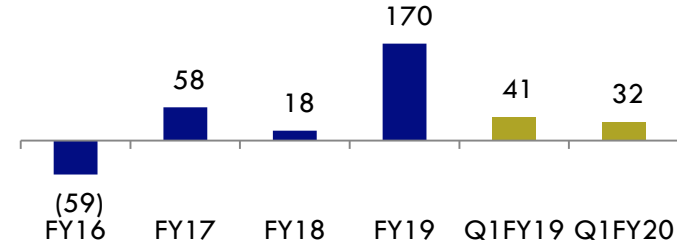
Operating Cash flow



Operating Cash Flow: PBT+ Depreciation-
(Changes in working capital) + adjustment for non
cash items

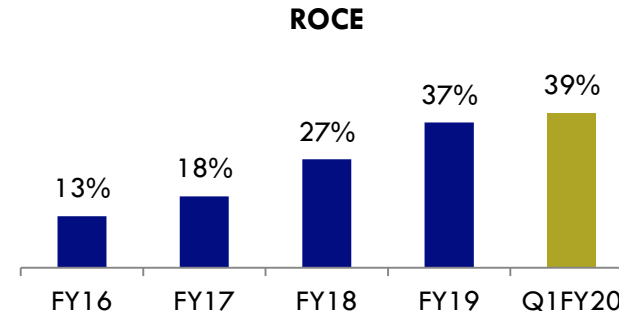
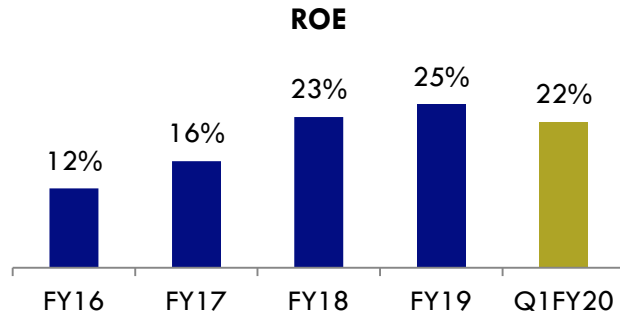
Note: Interest charges have been deducted and
Interest income have been added while calculating
operating cash flow.

Free Cash Flow



Free Cash Flow: Operating Cash Flow – Capital
expenditure

Financial Performance Trends (Key Ratios)



Note -

ROE – based on average net worth

ROCE – based on average capital employed



Business Background Details

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 brands and brand ambassadors for live presentation of BRANDS

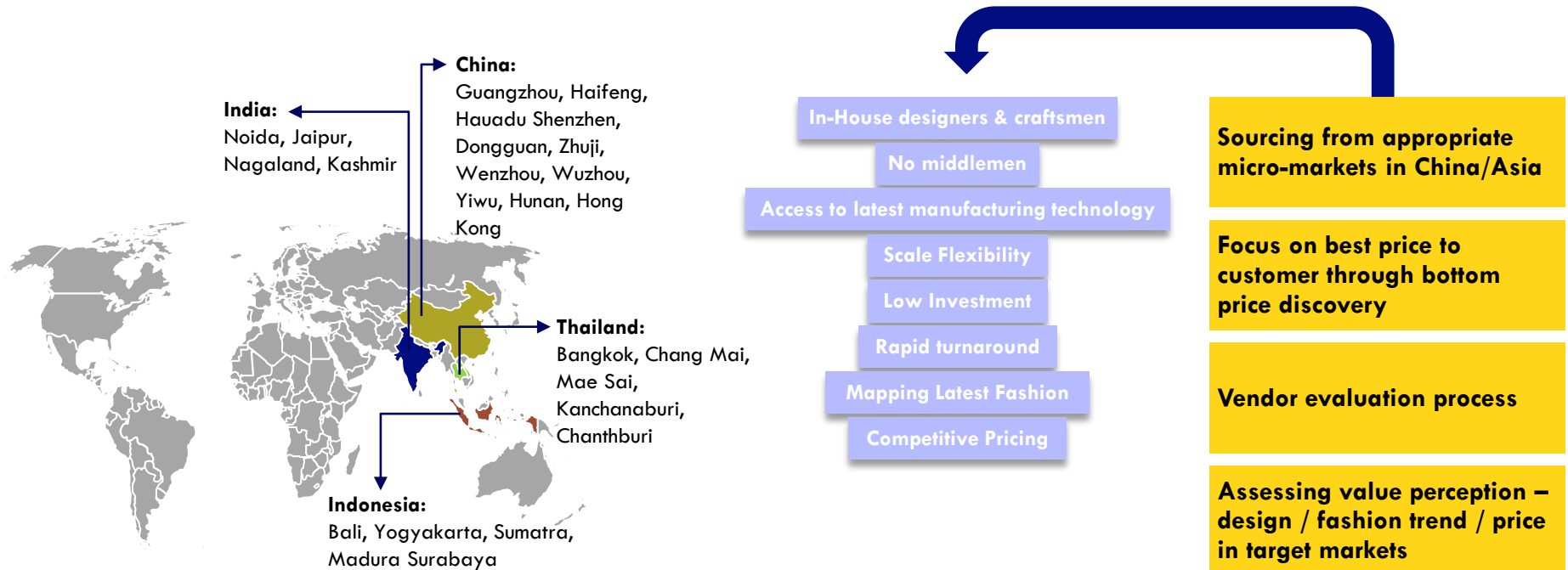
DESIGNER COLLECTIONS
SHOP ALL



Sourcing



Global supply chain capability of 12 million pieces, continuously expanding





Manufacturing

- ➔ ISO 9001:2008 facilities in Jaipur, Rajasthan
- ➔ Fully-integrated building at SEZ, Jaipur - IGBC certified 'IGBC Green Factory Building Gold'
- ➔ Diamond manufacturing and sourcing unit of the company is also present in Mumbai
- ➔ Over 2,900 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



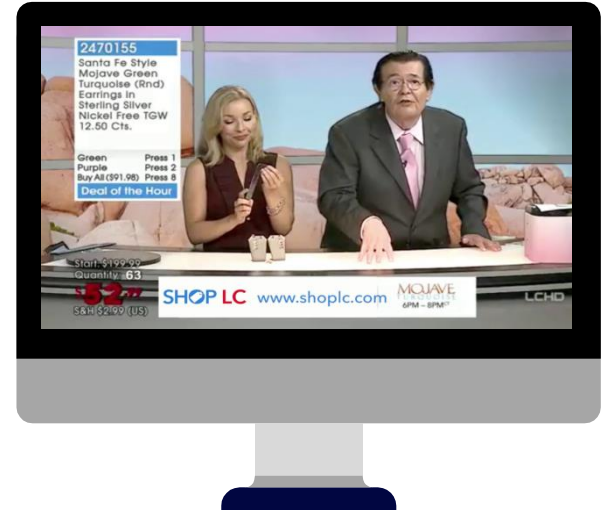
TV Networks – USA

(Consumption Markets)



Shop LC, USA

- ➔ **74.4 million** households shopping (FTE, out of 120 mn)
- ➔ Based out of Austin, Texas USA
- ➔ **Almost 450 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 in FY19**



dish

COX

Roku



DIRECTV

Verizon FIOS

Charter

Comcast

TIME WARNER
CABLE

TV Networks – UK

(Consumption Markets)



The Jewellery Channel (TJC), United Kingdom

- ➔ **25 million** households shopping (FTE, out of 25 mn)
- ➔ Based out of London
- ➔ **Over 250 people** in sales & marketing, customer service, logistics, TV production, e-commerce and support functions
- ➔ **State-of-the-art** auction/scheduling system; Launched Budget Pay in 2016
- ➔ Targeted behavioural marketing through **IBM Unica** platform
- ➔ **TjC live stream** available on multiple platforms like **Youtube, Facebook**
- ➔ **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

- Mobile App for Shop LC
- Budget Pay EMI option available
- 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

- Mobile App for TjC
- Budget Pay EMI option available
- DemandWare Platform for better customer service
- Better Website optimization for all devices
- Enhanced customer engagement
- Europe delivery available through E-commerce platform
- Engaging customers through different sales channels like Facebook Shop, Ebay store etc.



Retail Format



USA

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



UK

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



Early Adopters And Cord Cutters

High Definition And IP Broadcast

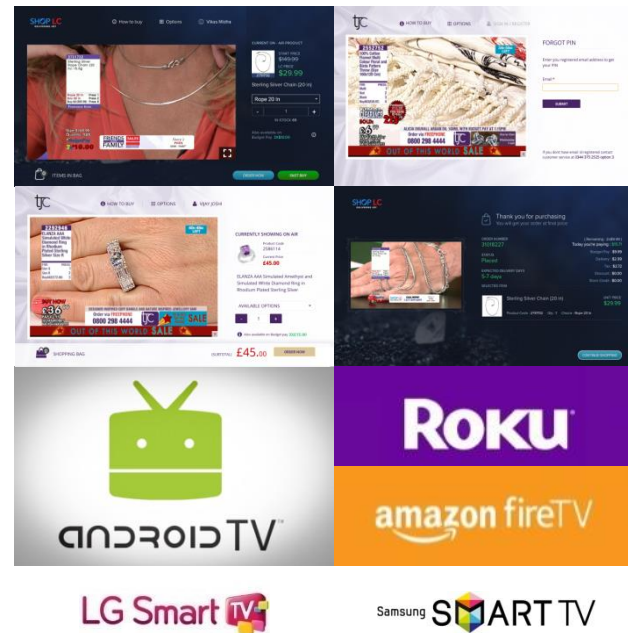
- **High Definition Broadcast**
 - Charter Communication
 - AT&T
 - All OTT including Youtube and Smart TV and connected devices
- **Adoption of new technology of Broadcasting**
 - Reducing dependency on Infrastructure
 - Minimizing downtime as IP would broadcast it via internet

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)

- **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





Delivering Joy to Stakeholders

Customers

BBB Rating



SHOP LC
DELIVERING JOY



Better Business Bureau®

- High quality products
- Exotic designs
- Lowest Price Guarantee – high quality, high affordability
- Omni-channel access – available on TV, Web and Mobile platforms
- Budget Pay (monthly installments) available on higher value products
- Easy Returns available

Overall

99%

of 411 respondents
would buy again from TJC



Employees

Great
Place
To
Work®

- Recognized as a 'Great Place to Work' in Greater China, India and UK based on employee surveys conducted across the global network
- ShopLC received the Malcolm Baldrige Progress Level from Quality Texas Foundation, based on continuous improvement management model





Delivering Joy to Stakeholders

Investors



Year	2017	2018	2019
Rank	#219	#162	#147

22%
ROE

39%
ROCE

Environment



- Solar power projects to meet ~45% of the total power requirement at the manufacturing facilities in Jaipur (current + planned solar power project)
- Invested in sewage treatment, recycling biodegradable/plastic/e-waste, ozonator water treatment plant and reduced production process discharges
- Expanding usage of natural materials in packaging/operations; phasing out non-recyclable materials



Society



- Over 27 million meals donated under the One for One Program since this program was integrated with the operations



Note -

ROE – based on average net worth

ROCE – based on average capital employed



Management Team



Mr. Sunil Agrawal

Managing Director

- An MBA from Columbia University, NY (USA), Sunil established Vaibhav in 1980 as a first generation entrepreneur and has led the company's transition into a leading brand for fashion jewelry, accessories and lifestyle products
- 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

- Over 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



Amit Agarwal

President – Shop LC, US

- A commerce graduate with an MBA, Amit has maintained a consistent growth trajectory with a vivid experience in retail business models and acquiring profit objectives.
- He started his career at BSL, from where he went to Jain Marble Exports. He has been with Vaibhav Global for almost 15 years and was the Managing Director at TJC, UK before becoming the President at Shop LC, US, in July 2019.

Management Team



Jeff Allar

Group Senior Vice President, 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



Srikant Jha

Managing Director - TJC, UK

- ➔ Srikant Jha is a B.Com graduate and has done his MBA in Marketing & Finance from IIPM.
- ➔ He has been with Vaibhav Global since 2007 when he joined as an assistant manager of marketing. Since then, he has grown within the organization in different roles and was Managing Director at TJC, UK, in July 2019.



Vineet Vashist

Group 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



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 over 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.



Vivek Jain

Senior Director, Finance – VGL Group

- A Chartered Accountant with over 16 years' experience in Finance, Banking, Accounts, Budgeting, MIS, Taxation, Costing, Internal Audit, Systems Implementation, Company Secretarial and Legal mattersPart of core team that successfully implemented organizational turnaround strategies
- Appointed TJC UK Finance Director in September 2016 responsible for both the finance function and a number of operational functions including Content Distribution, Customer Solutions and Fulfilment through a period of significant growth and change



Pushpendra 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

Contact Information



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Thank You