

Vaibhav Global Limited

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

Financial Results Presentation
Q4 & FY2017

May 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

- 110 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

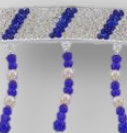
- Established and efficient manufacturing operations in Jaipur, India
- Outsourcing from China, Thailand, Indonesia and India; aggressive trend spotting initiatives

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

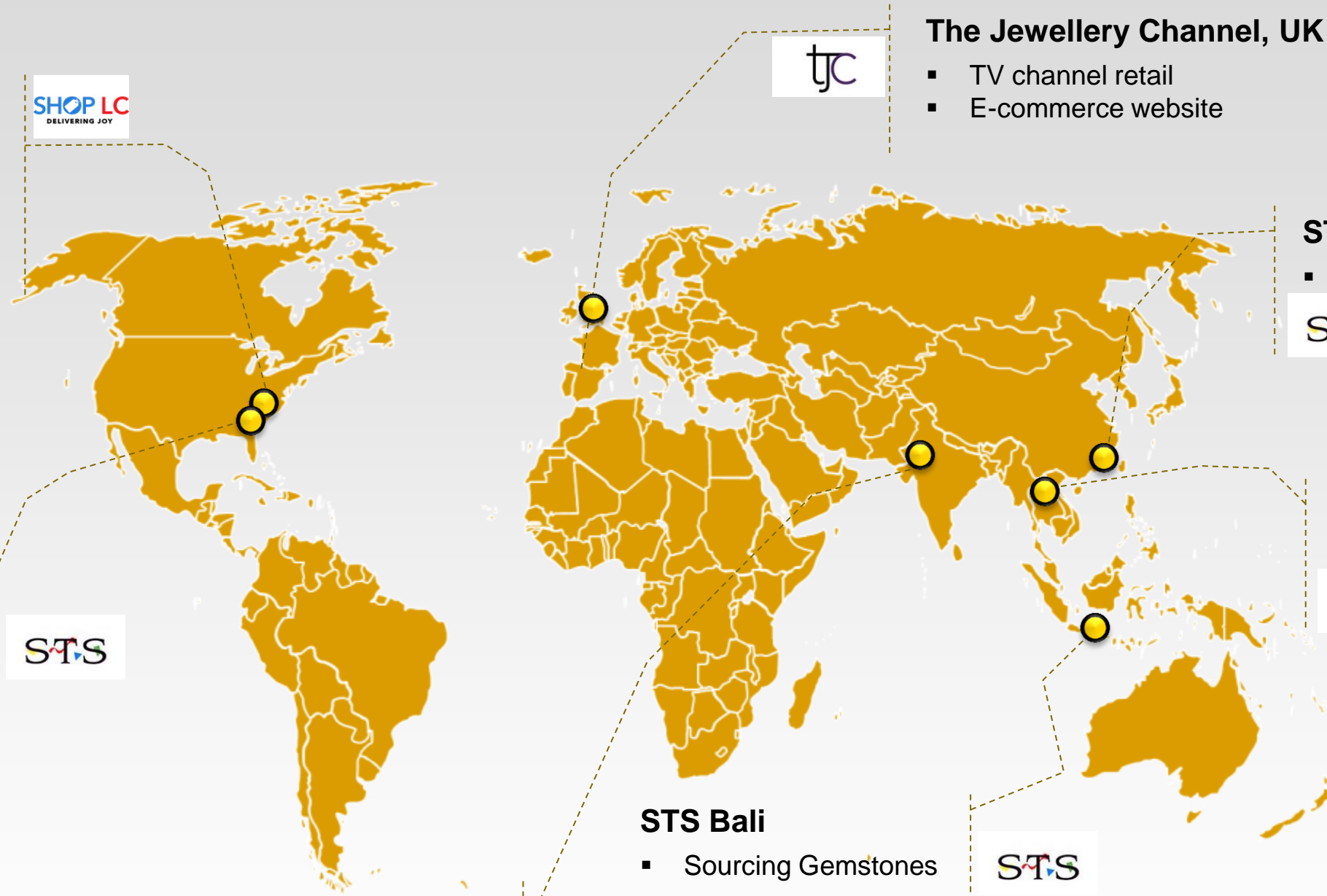


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Key Highlights for Q4 & FY17

Home TV Network Reach in over 110 Mn Households across US and UK

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

Q4FY17 Retail Volumes at 2.1 Million Units, up 16% YoY

- Home TV shopping volumes at 1.49 million units
- Web shopping volumes at 0.62 million units
- Resumption of positive volume growth on both platforms
- Deep customer engagement drives repeat purchases

Q4FY17 - Financial Performance

- Total Revenue at Rs. 376 crore, up 8% YoY
- EBITDA at Rs. 31 crore, up 123% YoY
- Gross Margin stood at 60% YoY
- PAT at Rs. 20 crore, up 122% YoY

Operating Highlights

- Liquidation Channel successfully re-branded as Shop LC in the US
- Offering select products on various online marketplaces (e-bay, Amazon etc.) through Channel Advisor
- Budget Pay launched on TjC UK TV channel in October
- Mobile App launched for Shop LC and TjC with good response from customers
- Budget Pay launched on website and App of ShopLC.com in the US
- Focus on improve programming via engaging storytelling and on-air guest experts to improve customer experience

Chairman's Message

Commenting on Q4 & FY17 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said:



"I am glad to share that Vaibhav Global has delivered another strong performance in Q4 with significant volume growth on both our TV and Web platforms. This, combined with low cost manufacturing and procurement capabilities, led to robust gross margins of 60%. Revenues grew 8% YoY in the quarter and through enhanced organizational efficiencies, EBIDTA and PAT displayed strong growth of 123% YoY and 122% YoY respectively.

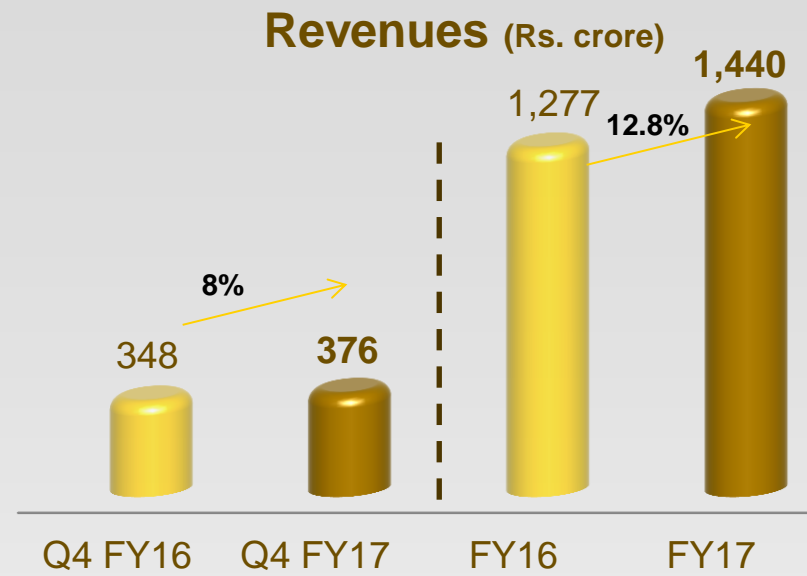
During FY17, we rebranded Liquidation Channel, a brand that used to sometimes get associated with liquidating old inventory, to ShopLC. ShopLC is gaining recognition as a vibrant brand that showcases the ever-expanding range of lifestyle and fashion jewelry we now offer. We recently launched the mobile app for TJC in the UK. The response to mobile app in both the markets has been encouraging and we expect the performance to enhance further. We also improved programming content, storytelling and on-air guest experts and supply chain logistics, all of which have helped expand the overall customer experience and deepened our engagements with them.

In FY17, we have delivered profit after tax of Rs. 58 crore, up 45%. We move into FY18 with strong momentum and look forward to seeing our guidance of low double digit growth translating to another year of substantial profit growth as operating profit expansion and fixed cost absorption improve further."

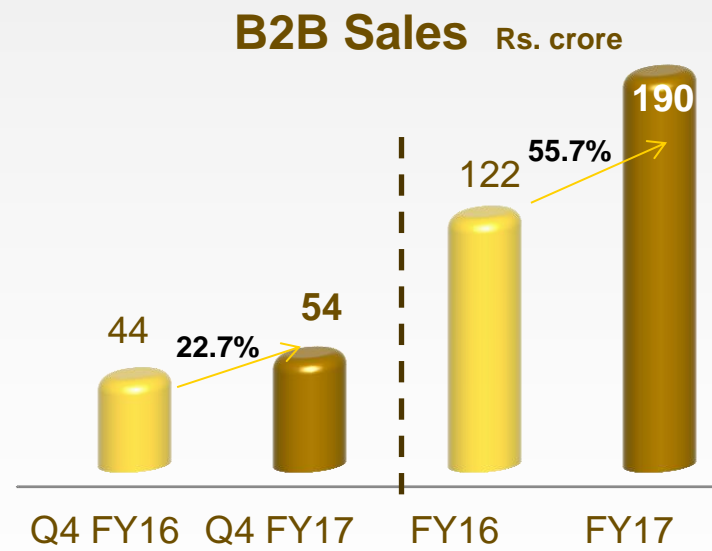
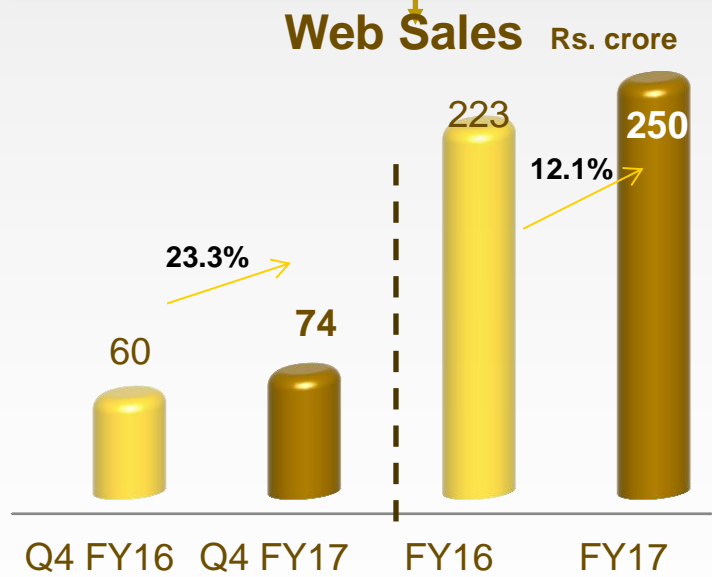
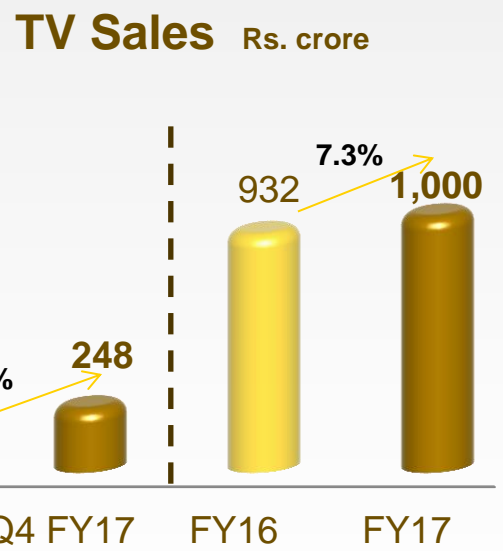


Financials – Q4 & FY17 Performance

(Revenues)



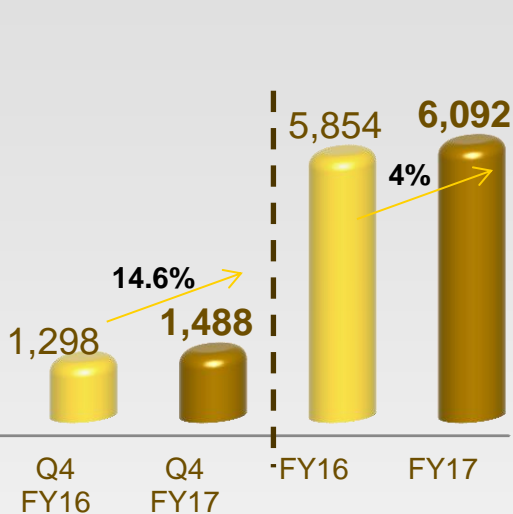
Jewelry & Lifestyle Products



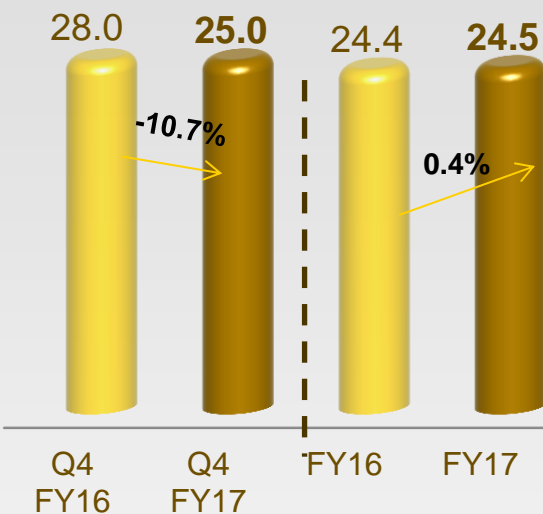
Retail Performance Trends

TV Sales

Sales Volumes ('000s)



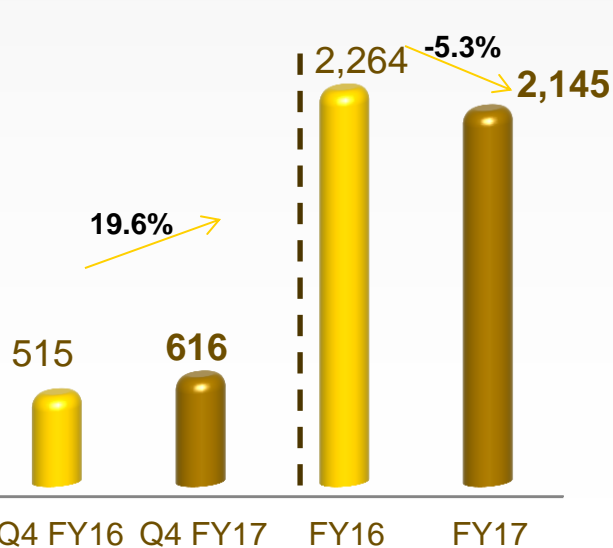
Average selling price US\$



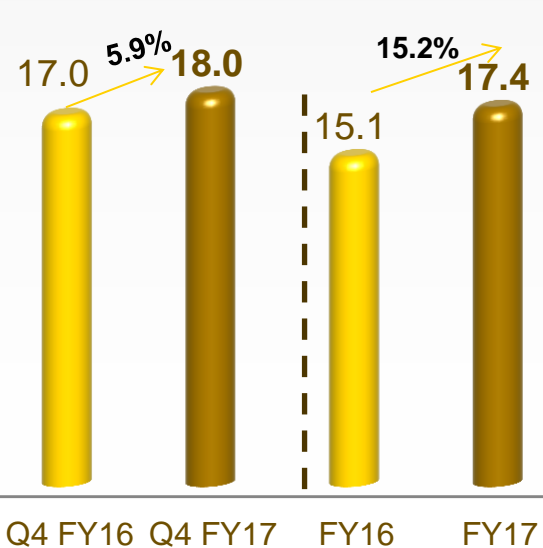
- 'Budget Pay' EMI scheme and easy returns policy led to robust sales growth
- TV volumes grew by 15% YoY in Q4 FY17
- TV ASP reduced from Q4 LY \$28 to Q4 FY17 \$25
- Web volume growth returned affirming our deeper consumer engagement; growing 20% YoY in Q4 FY17
- Web ASP went up slightly from Q4 LY \$17 to Q4 FY17 \$18

Web Sales

Sales Volumes ('000s)

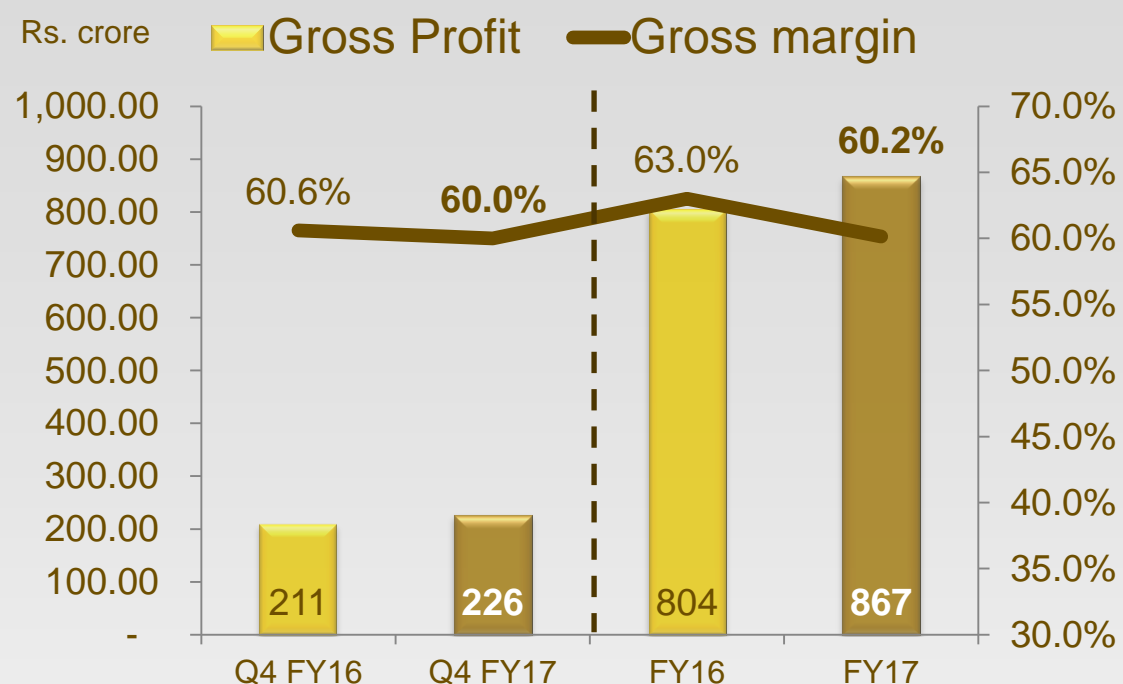


Average selling price US\$



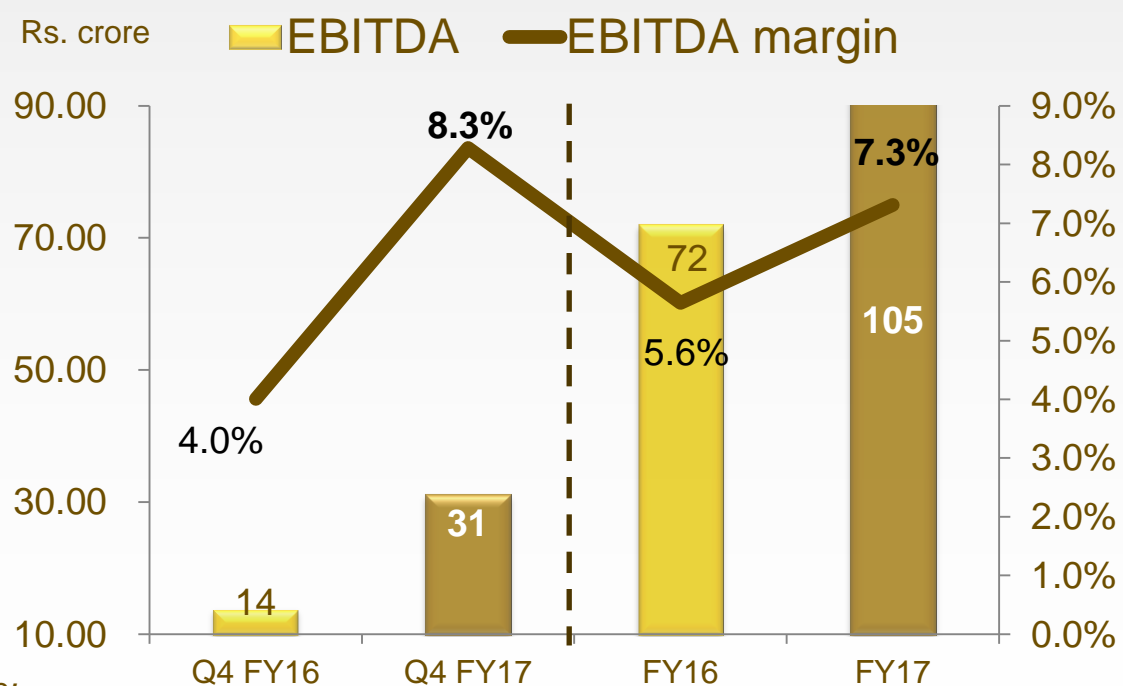
Financials – Q4 & FY17 Performance

(Margins)



- Q4 FY17 gross margin is in line with expectations – decline is due to:
 - Higher revenue contribution from opportunistic B2B sales

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



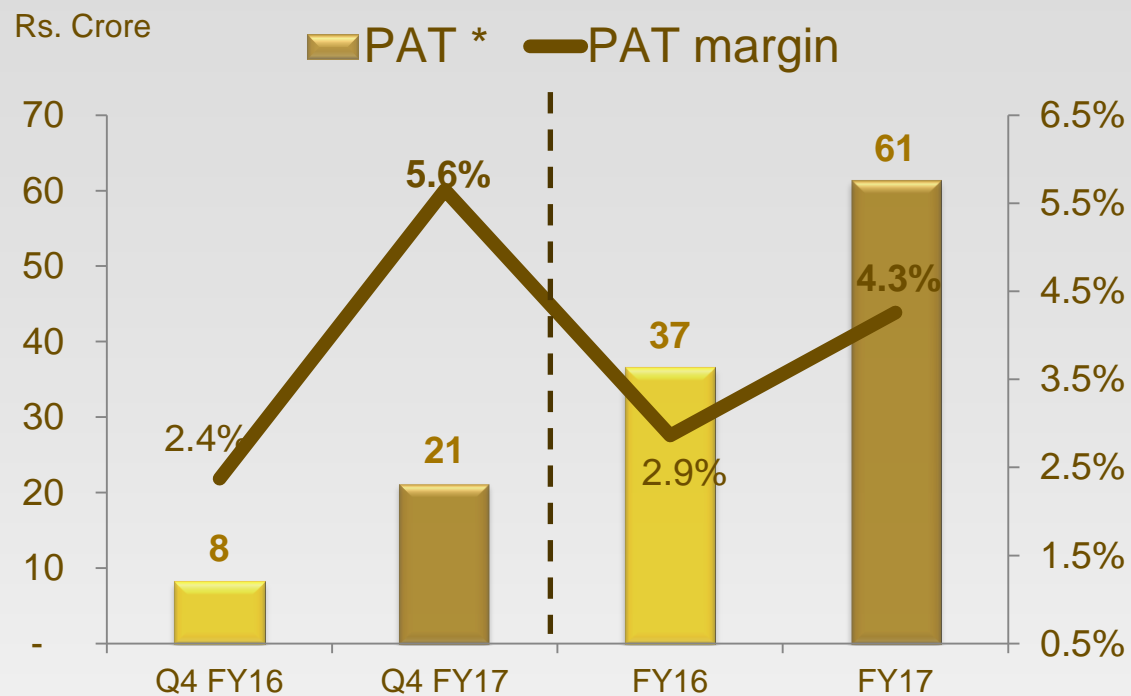
- EBITDA increased aided by higher topline and leveraging of high fixed costs

Note:
 EBITDA excludes exchange gain/loss;
 EBITDA margin including exchange gain/loss stood at 7.8% in Q4FY17 v/s 4.2% in Q4FY16
 EBITDA margin including exchange gain/loss stood at 7.1% in 12MFY17 v/s 5.9% in 12MFY16



Financials – Q4 & FY17 Performance

(Profits)



- Q4 FY17 net margin expanded 320 bps to 5.6% as operating profit growth saw strong translation into PAT growth

* Profit after tax without exchange gain(loss) fluctuation.

Rs. per share

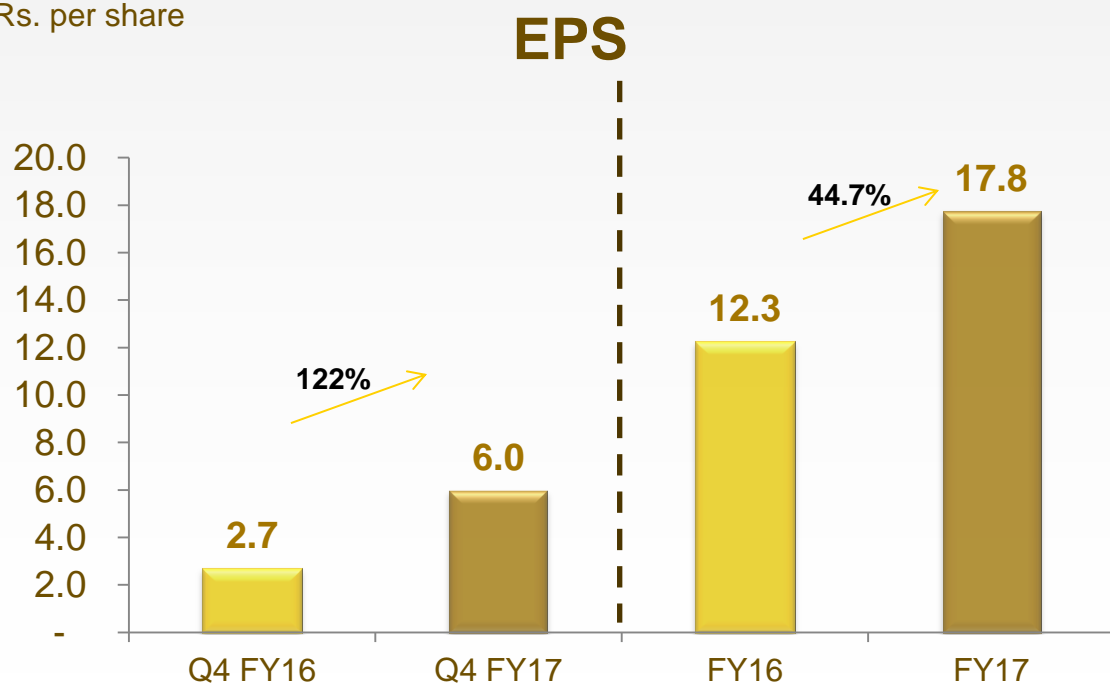
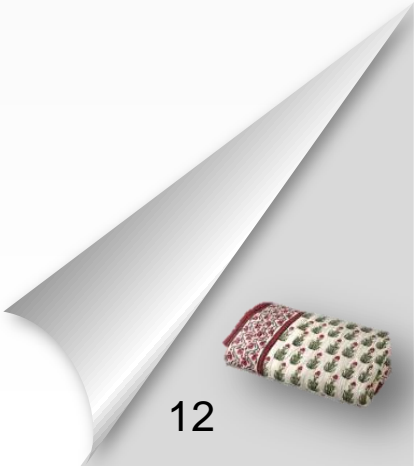


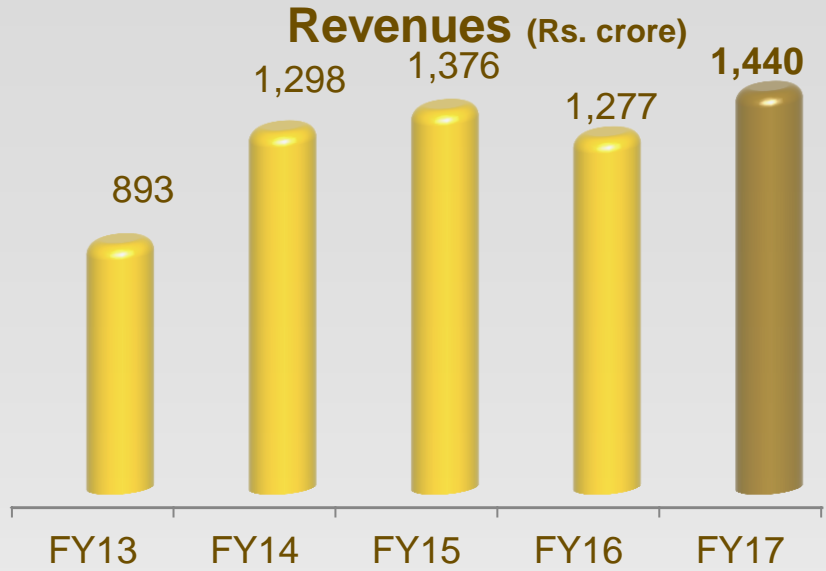
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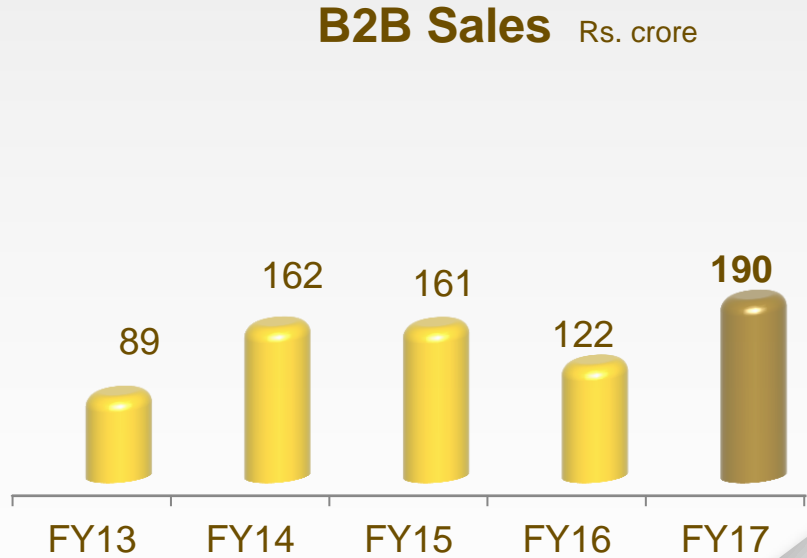
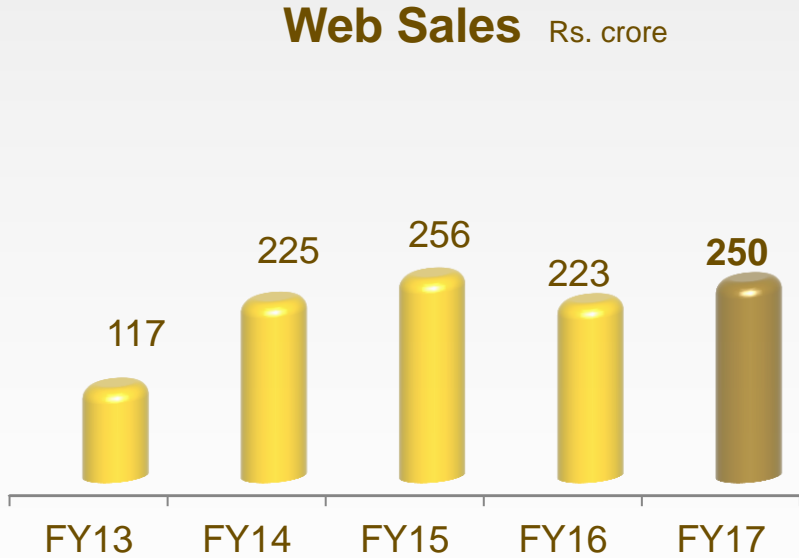
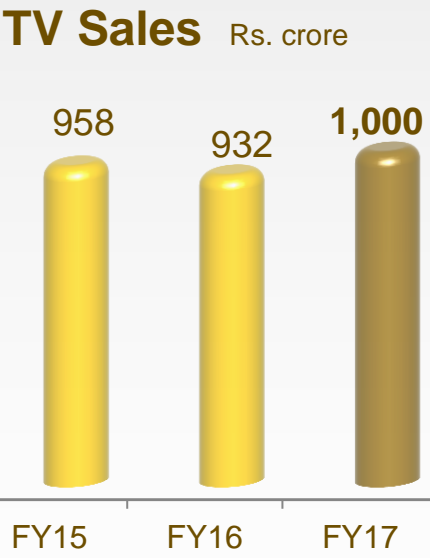


Financials Performance Trends

(Revenues)



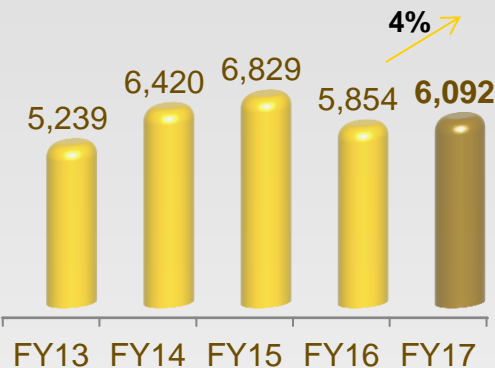
Jewelry & Lifestyle Products



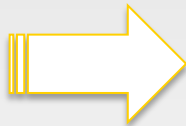
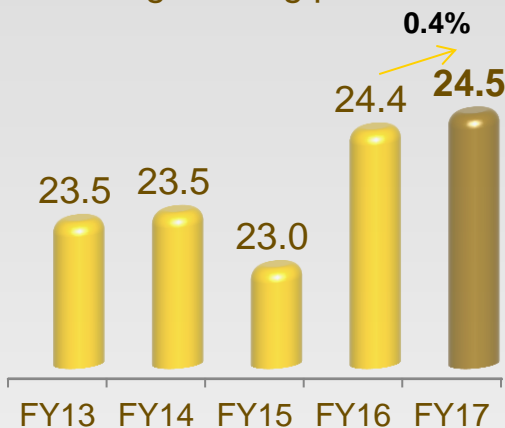
Retail Performance Trends

TV Sales

Sales Volumes ('000s)



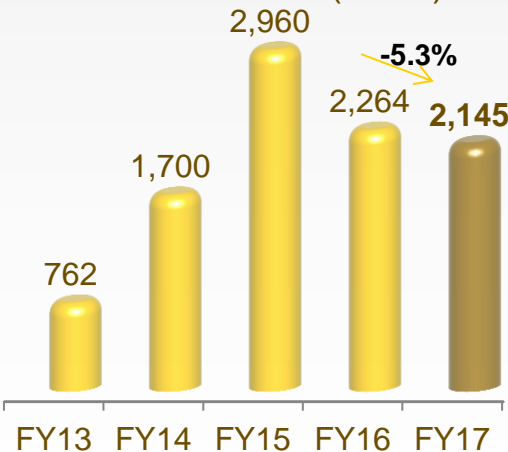
Average selling price US\$



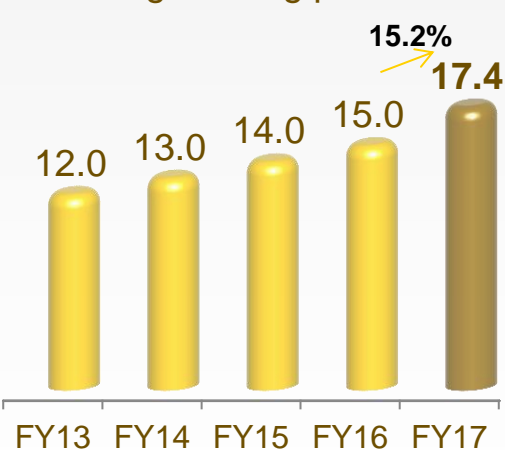
- 'Budget Pay' EMI scheme and easy returns policy led to volume growth while keeping realisations mostly stable

Web Sales

Sales Volumes ('000s)

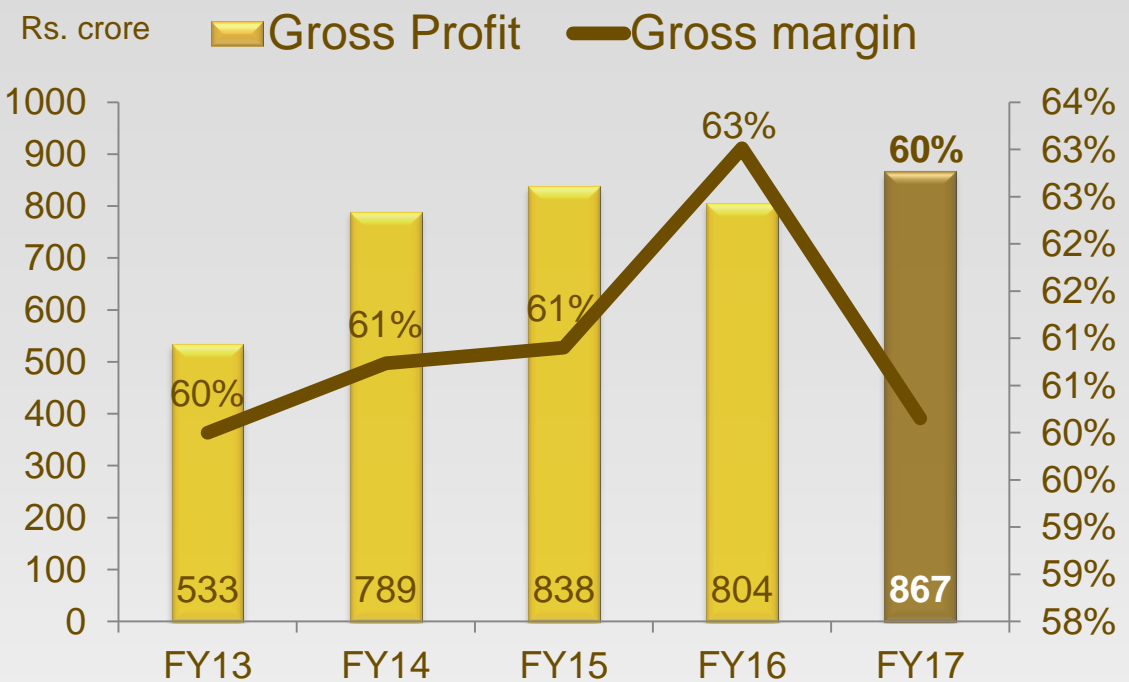


Average selling price US\$

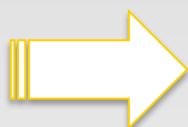


Financials Performance Trends

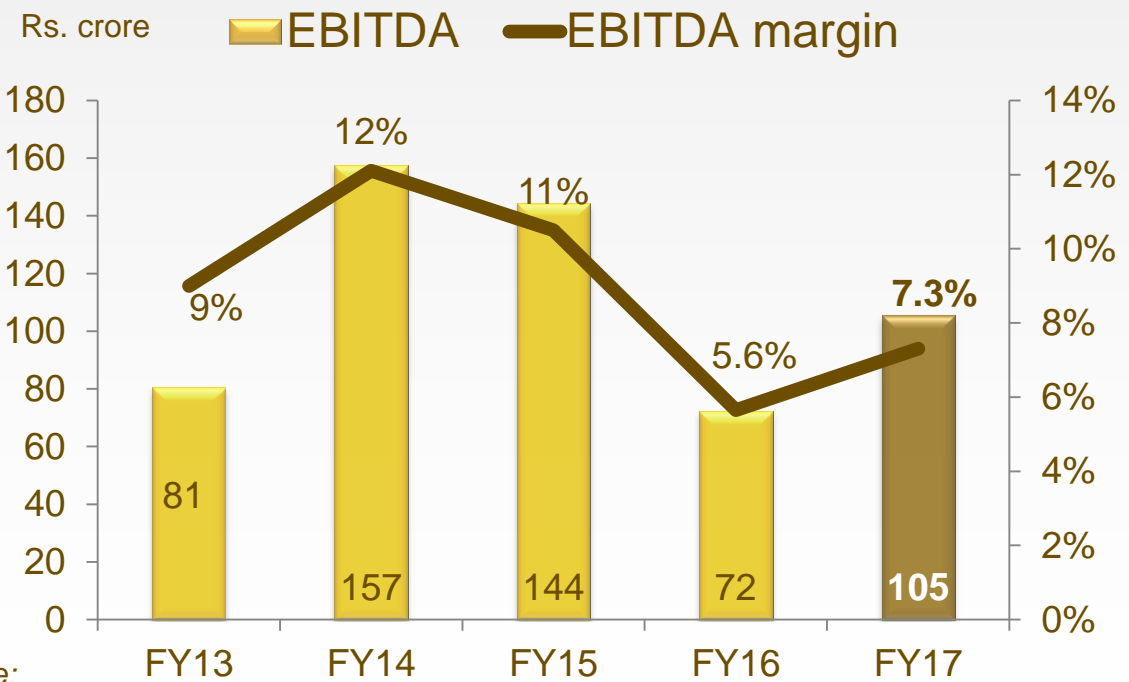
(Margins)



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



- Retail gross margin is in line with expectations – decline is due to:
 1. GBP devaluation translation to INR
 2. Higher revenue contribution from opportunistic B2B sales



Note: EBITDA excludes exchange gain/loss; EBITDA margin including exchange gain/loss stood at 7.1% in 12MFY17 v/s 5.9% in 12MFY16

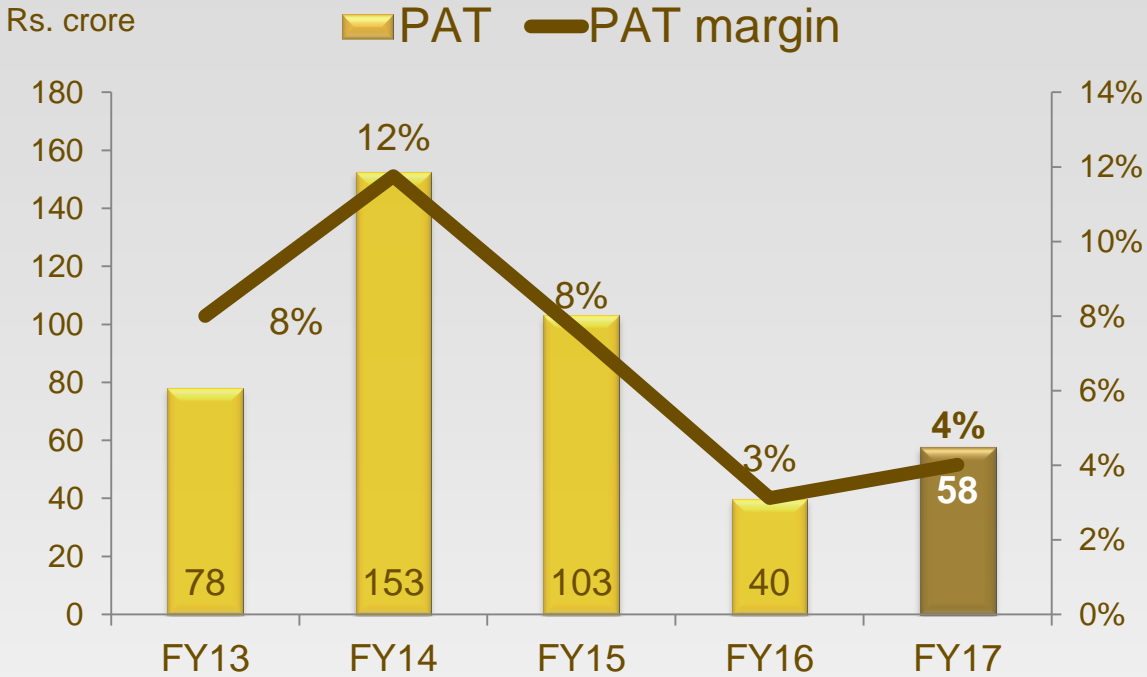


- EBITDA increased aided by higher topline and absorption of high fixed costs

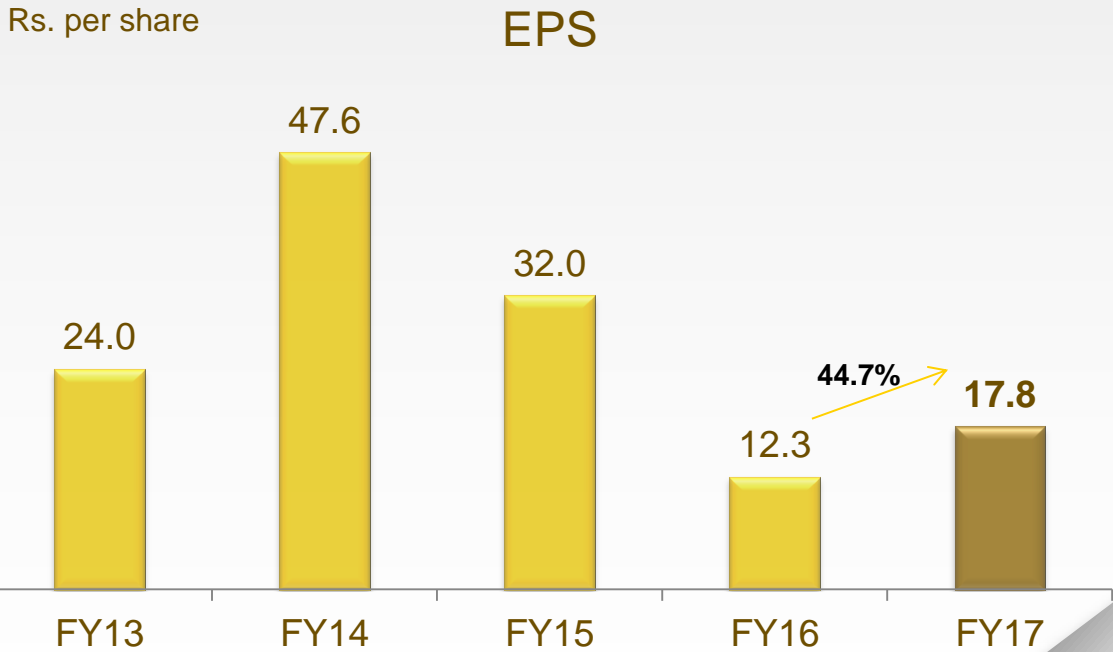


Financials Performance Trends

(Profits)

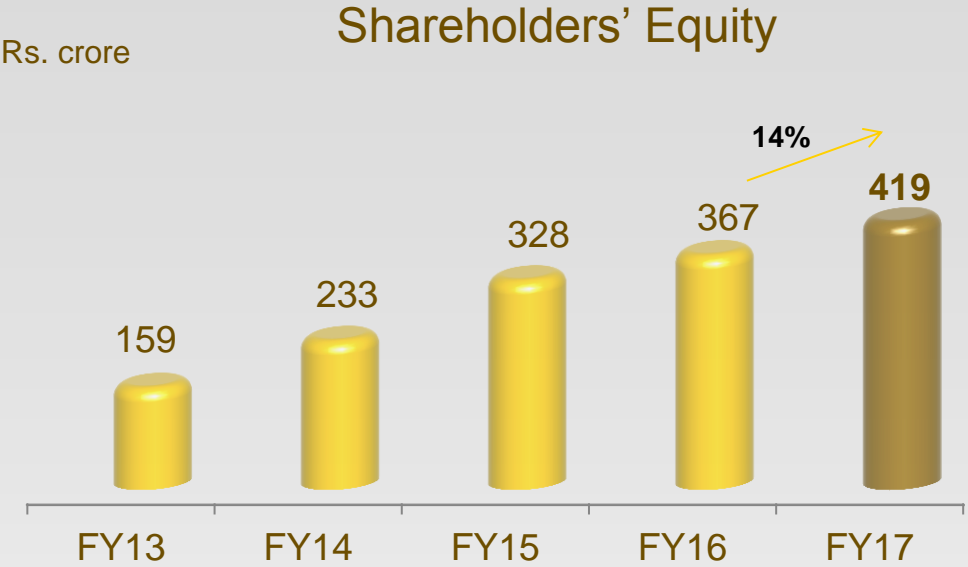


* Profit after tax including exchange gain(loss) fluctuation.

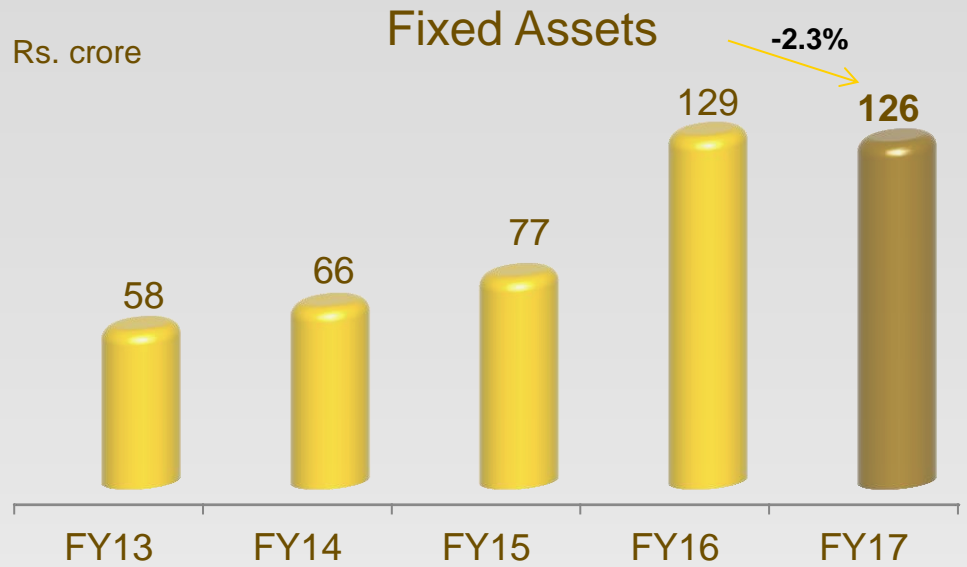


Financials Performance Trends

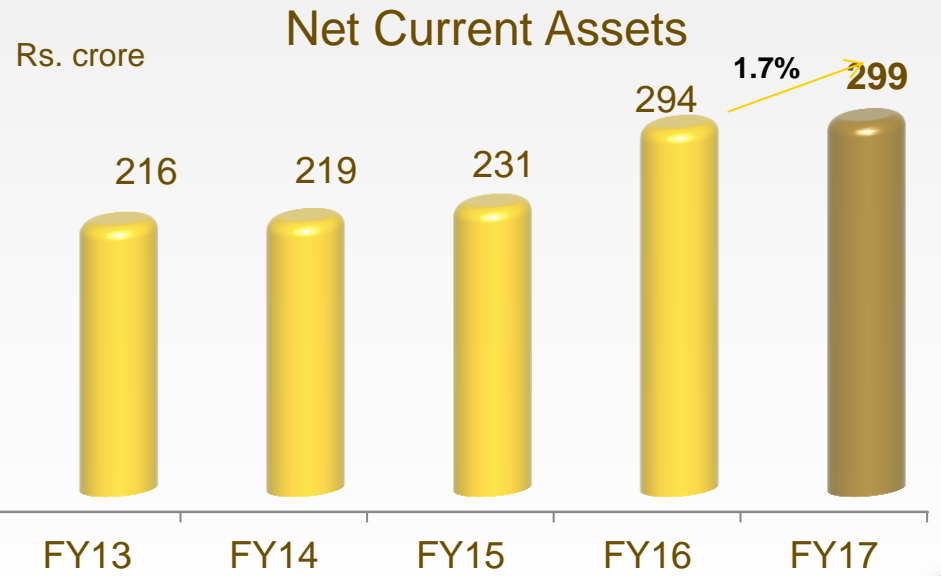
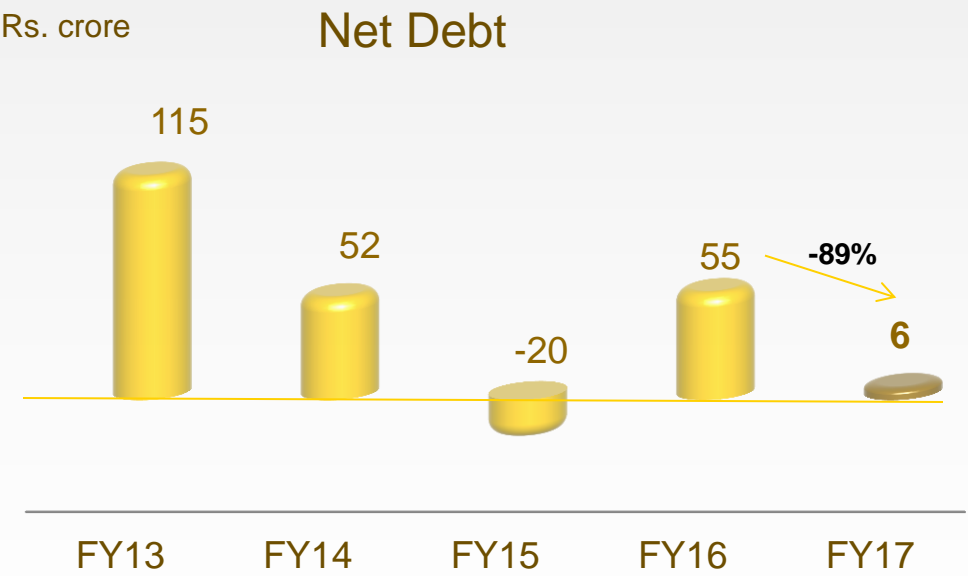
(Balance Sheet)



* During FY13, Shareholders' Equity was adjusted lower by Rs. 163.7 crore due to goodwill written off (Rs. 151.1 crore), provision for CDR recompense interest (Rs. 11.2 crore) and write off on liquidation of subsidiary (Rs. 1.5 crore)



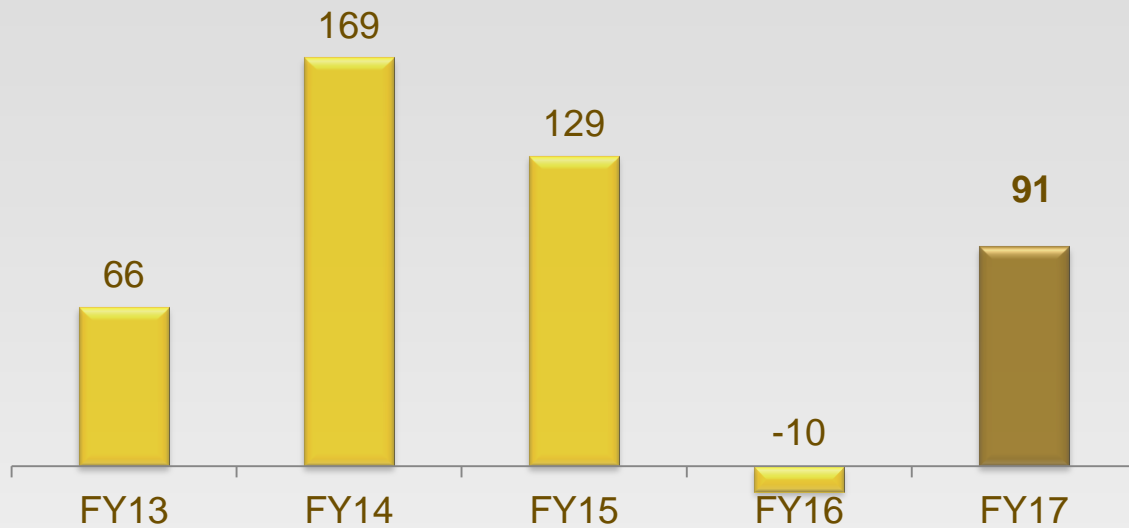
• During FY13 fixed assets were adjusted lower by Rs. 151.1 crore due to goodwill written off



Financials Performance Trends

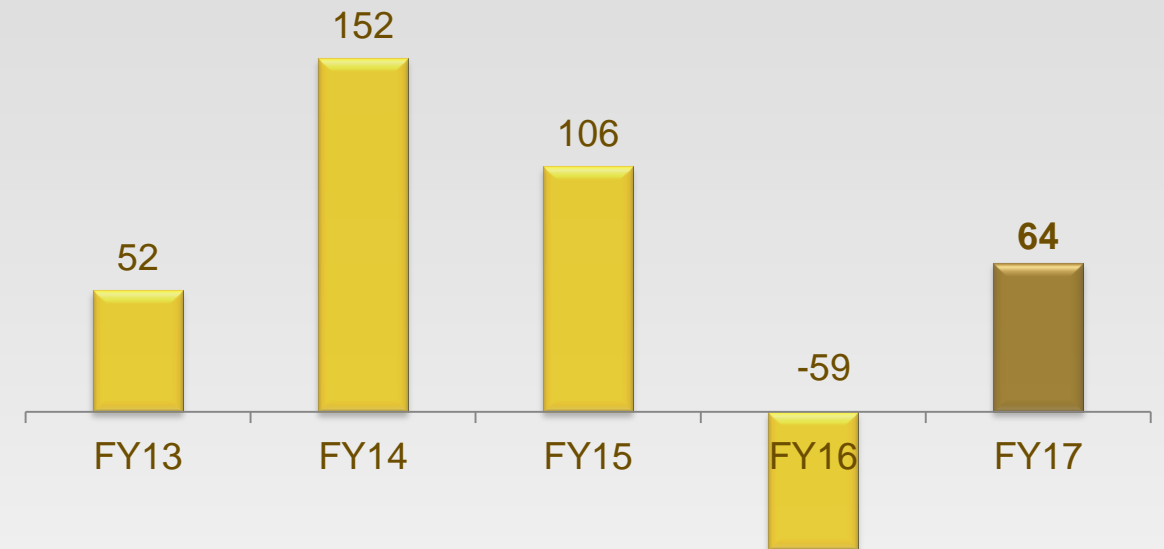
(Cash Flow)

Operating Cash flow* Rs. crore



*Includes Foreign Currency Transaction Reserve

Free Cash Flow * Rs. crore



*Includes Foreign Currency Transaction Reserve

- Positive cash flow has re-emerged as we have almost completed our expansionary CapEx.
- Cash flows have been invested into establishing enhanced manufacturing facilities, more household coverage and towards deeper customer engagement through Budget Pay EMI scheme, returns policy.



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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

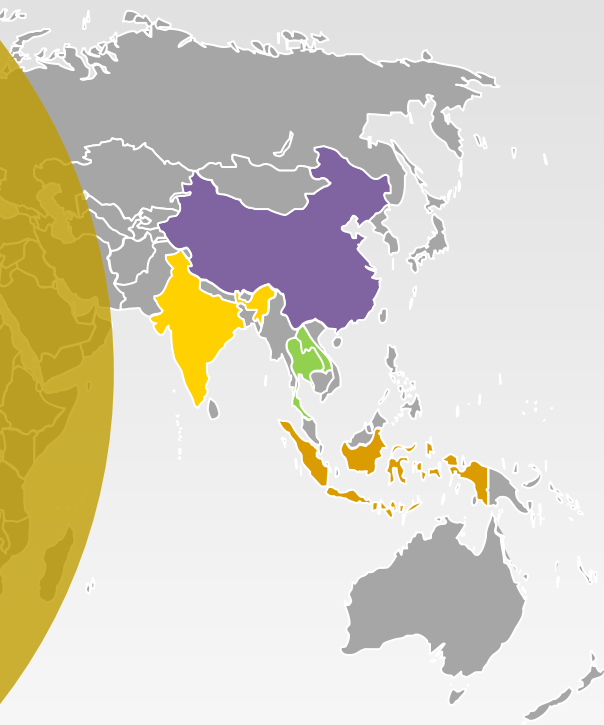
Scale Flexibility

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 & Canada

- ✓ **85 million** households shopping (FTE, out of 125 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 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.
- ✓ Aggressive digital marketing campaigns

Retail Format

LC US & Canada	TJC UK
Rising Auction	Rising Auction
Catalogue Price	Live TV
Collections	Web Exclusive
Live TV	Sale
Clearance	Outlet



Investor Presentation May 2017



EARLY ADOPTERS AND CORD CUTTERS

HIGH DEFINITION AND IP BROADCAST

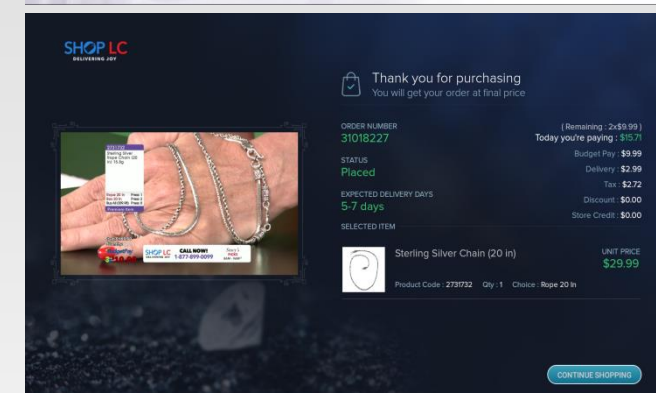
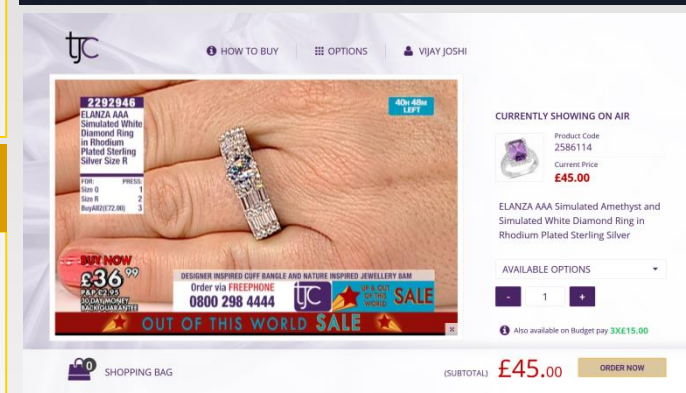
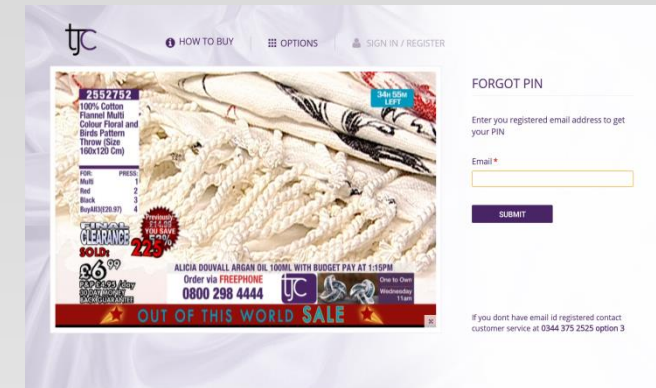
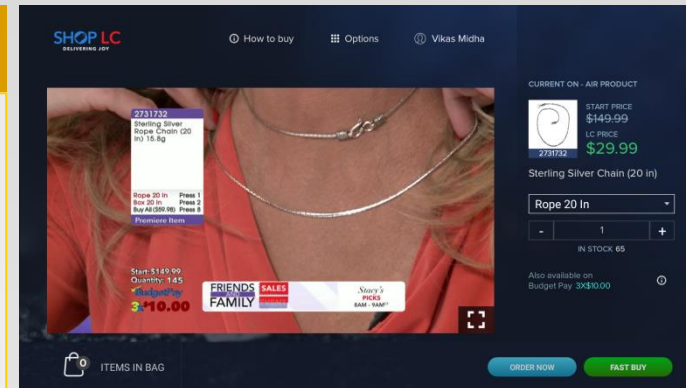
- **High Definition Broadcast**
 - Charter Communication
 - AT&T
- Adoption of new technology of Broadcasting
 - Reducing dependency on Infrastructure
 - Minimizing downtime as IP would broadcast it via internet

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



- 24 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



- 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



- 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



- 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 21 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

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**Thank
You**