



Aditya Birla Fashion and Retail: Business rebounds impressively; Records highest ever standalone EBITDA

Performance Highlights

1. Q3 saw a significant acceleration of business recovery along sequential quarters; consumers started coming back to stores and continued to buy more online due to buoyant festive mood and visibility of a declining infection spread
 - a. Q3FY21 Sales more than double of Q2FY21; recovered to 80% of LY
2. Company delivered a consolidated EBITDA of Rs. 422 Cr, almost same as LY levels despite lower sales
 - a. Superior product offerings, tighter markdown management and relentless fixed cost controls fueled 400 bps expansion in reported EBITDA margins
3. Company continues its strategic transformation agenda
 - a. Digitization across front end and back end with tremendous agility
 - b. Relentless pursuit of creating products that consumers want – launched newer categories and segments relevant in the current context
4. Accelerated network expansion
 - a. Launched more than 230 stores across businesses and formats
 - b. Entered smaller towns and cities through newer brand pilots
5. Generated Rs. 588 Cr operating cash flows during the quarter
6. Debt projected to be down by 90% by the end of the fiscal from the start of the financial year

Financial Performance

The Board of Directors of the Company at its meeting today approved the results for the quarter ended 31st Dec 2020. These financials are post factoring in necessary adjustments under Ind AS 116.

Consolidated Financials

<i>In Rs. Cr.</i>	Q2 FY21	Q3FY21	Growth QOQ	Q3 FY20	Growth YOY
Revenue	1028	2076	102%	2583	-20%
EBITDA	136	422		423	
PAT	-188	58		-38	

The pace and extent of recovery that started with the opening of stores in Q2 was amplified on the back of a large pent up demand, strong festive spirit and a concentrated wedding season. A combination of the above factors led to an upsurge in sales to almost double of Q2 levels.

Rs Cr	FY 21 Q1	FY 21 Q2	FY 21 Q3	Gr % QOQ	FY 20 Q3	Gr % - LY
Sales	323	1028	2076	102%	2583	-20%
EBITDA	-182	136	422	210%	423	-

Each of our business segments posted an excellent performance.

- Lifestyle brands – On the back of strong festive and favourable wedding seasons, the business recovered to 80% of LY levels, with retail channel recording 92% recovery. Improved gross margins and strong cost control measures drove a margin expansion of 140 bps.
- Pantaloons – Business recovered to 75% of pre-COVID levels, reporting the highest ever EBITDA margins in the history of the company. This was driven by improved product mix, superior inventory management leading to lower discounts and stringent control of fixed costs.
- Other business –
 - Other business segment comprises of Youth fashion brands such as Forever 21 and American Eagle, Innerwear and athleisure business, Global brands and newly incubated ethnic wear businesses.
 - Each of the constituent organic businesses posted their best-ever performance in terms of profitability on the back of a YOY growth this quarter, despite the pandemic.
 - This validates the consumer affinity towards strong brands and underlines the inherent resilience of this segment.
 - Innerwear and athleisure recorded 25% growth over the same quarter last year. The wide acceptance of the women’s innerwear and athleisure portfolio reinforced its position as a strong lever of growth for this business.
- Balance sheet strengthening:
 - Aided by the superlative performance of businesses along with aggressive cost and working capital control measures, ABFRL generated nearly Rs. 588 Cr cash during this quarter.
 - With expected cash flows from operations next quarter, coupled with equity proceeds received through the rights issue and preferential allotment to Flipkart, the Company is on course to close this fiscal with a net debt reduction of 90% over the start of the year.
 - This emphasizes the single-minded focus of the management towards correcting the capital structure of the company.

In view of the strong recovery, and to leverage its competitive position, the company accelerated the network expansion plan by adding close to 300 stores during this fiscal so far. This clearly points to its intent to increase the penetration and reach of its brands.

The quarter also witnessed the progression of its clearly articulated aspiration of building a large and formidable play in the Indian ethnic wear segment. The company signed an agreement to acquire 51% stake in "Sabyasachi", the iconic global luxury brand from India.

OUTLOOK

ABFRL is confident that the business recovery will continue as the impact of the pandemic wears down over the next few quarters and expects to resume its consistent growth trajectory next year.

The Company remains focused on leveraging its strong brand portfolio, evolving its product profile in line with changing consumer preferences, and expanding its reach. On the business front, a sharp focus on cost and a persistent control on leverage will continue to guide its business model, going forward. The company, therefore, is poised to emerge stronger from the pandemic.

About Aditya Birla Fashion and Retail Limited

ABFRL is part of a leading Indian conglomerate, The Aditya Birla Group. With revenue of Rs. 8,788 Cr in FY19-20, it is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands and retail formats.

As on 31st December 2020, The Company has a network of 3,157 stores across approximately 29,900 multi-brand outlets with 6,835 point of sales in department stores across India.

It has a repertoire of market leading brands such as **Louis Philippe, Van Heusen, Allen Solly** and **Peter England** established for over 25 years. **Pantaloons** is one of India's largest value retail brand.

The Company also holds exclusive online and offline rights of **Forever 21**. The International Brands portfolio includes - **The Collective**, India's largest multi-brand retailer of international brands, **Simon Carter** and select mono-brands such as **American Eagle, Ralph Lauren, Hackett London, Ted Baker** and **Fred Perry**.

Van Heusen has established itself as India's most innovative and fashionable **innerwear, athleisure and active wear** brand. Additionally, the company has also made a foray in the branded ethnic wear through investments in **Jaypore** and **Shantanu & Nikhil**.

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