



Aditya Birla Fashion and Retail reports resilient quarterly performance with EBITDA growth of 51% YoY, despite unprecedented disruption.

Performance Highlights

1. Q4 continued with the strong recovery trend through the quarter until the disruption due to the second wave of COVID-19 led to localized shutdowns. The company responded to the challenge with utmost agility
 - a. Q4FY21 Sales ended almost at the same level as last year
 - b. Good sales in smaller towns and cities— best ever e-commerce growth across brands and resilient product strategy were drivers of the recovery
 - c. Strong traction gained on e-commerce with the share of business growing more than two folds
 - d. Other Businesses comprising of Innerwear and International Brands grew at an impressive rate of 36%
 - e. Ethnic Portfolio grew at 165% NSV growth over LY on the back of new store additions
2. Company delivered a consolidated EBITDA of Rs. 253 Cr in the quarter, 51% higher than LY level with EBITDA margin expansion of 480 bps to reach a margin of 13.9% for Q4FY21
 - a. This was on account of a strong recovery in sales, far exceeding the restoration of costs
 - b. Other Businesses recorded their first-ever quarter of positive EBITDA
3. Continued strong growth investments
 - a. Launched more than 400 new stores across businesses and formats during the year FY 21 as well as rationalized the network
 - b. Scaled up across town classes through asset light model
 - c. Focused on new product categories in line with changing consumer preferences for more casual and activewear
 - d. Successfully closed investments in brands Sabyasachi and Tarun Tahiliani
4. Rationalized over Rs. 1200 Cr of cost during the year to mitigate the impact of Covid on profitability
5. Debt reduced from Rs. 2,511 Cr (exit FY 20) to Rs. 654 through a mix of operating cash flows and equity infusion

6. Strengthened play in ethnic wear segment with new investment of Rs. 520 Cr in partnerships with Sabyasachi and Tarun Tahiliani. Excluding these growth investments, debt actually was down to Rs. 134 Cr.

Financial Performance

The Board of Directors of the Company, at its meeting today, approved the results for the quarter ended 31st March 2021. These financials are post factoring in necessary adjustments under Ind AS 116.

Consolidated Financials

<i>In Rs. Cr.</i>	Q4FY21	Q4 FY20	Growth YOY
Revenue	1822	1832	-1%
EBITDA	253	167	51%
PAT Comparable	-87	-147	
PAT Reported	-196	-147	

Through a slew of cost control measures, despite lower sales, The Company posted a robust improvement in comparable PAT.

While the recovery was strong through most of the quarter on the back of pent-up demand, the resurgence of the second wave of COVID by the end of March impacted customer footfalls and decelerated growth. Given these factors, the business performance for the quarter was almost at the same level as last year.

Each of our business segments posted an encouraging performance

- Lifestyle brands – With an increased focus on strengthening casual wear and accelerating e-commerce growth, Lifestyle brands achieved 94% of LY revenue levels in Q4 and an EBITDA margin of 17.5%. Retail channels exhibited strong resilience and posted a growth of 8% Y-o-Y, testimony to the strength of its brands, strong product innovations and proficient retail operations.
- Pantaloons – Led by a firm control of costs, the business recorded a robust EBITDA margin of 14.5%, with absolute EBITDA growing by 54% over the LY level.
- Other businesses –
 - This segment comprises of Youth fashion brands such as Forever 21 and American Eagle, Innerwear and Athleisure business, Global super premium brands and the newly incubated ethnic wear businesses
 - Active Athleisure Innerwear segment grew 56% over the same quarter last year driven by solid e-commerce growth (1.5x Y-o-Y). The performance was also aided by aggressive

demand for the category including comfort wear and athleisure. The business also expanded its distribution footprint by adding 5500+ new trade outlets during the year. On a full-year basis, the business recovered strongly and was ahead of last year levels, thus validating the strength of the brand Van Heusen in innerwear and athleisure categories.

- During the year, the company also strengthened its position in the ethnic space by forging strategic partnerships with two of the largest ethnic brands in the country- Sabyasachi and Tarun Tahiliani.

OUTLOOK

ABFRL is focused on the wellbeing of its employees and their families at present, while strengthening itself to capture the large growth opportunity post the pandemic. With widespread vaccination over next few months, the Company expects consumers to ride through the current challenging times, giving way for an optimistic consumption outlook during the later part of the year.

On the operational front, optimized cost control and tighter cash flow management will continue to be at the core of the business model. The company is now much better placed to manage business disruptions. With a gradual recovery in consumer footfalls and spends going forward, the company will emerge stronger on the other side of this crisis.

About Aditya Birla Fashion and Retail Limited

ABFRL is part of a leading Indian conglomerate, The Aditya Birla Group. With revenue of Rs. 5,249 cr. spanning retail space of 8.4 million sq. ft. (as on March 31, 2021), it is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands and retail formats.

The Company has a network of 3,212 stores across approximately 31,000 multi-brand outlets with 6,800+ point of sales in department stores across India (as on 31st March, 2020).

It has a repertoire of 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 fast fashion store brand.

The Company holds exclusive online and offline rights to the India network of California-based fast fashion brand **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 Innerwear, Athleisure and Active wear is establishing itself as India's most innovative and fashionable brand. The Company's foray into branded ethnic wear business includes **Jaypore** and Designers '**Shantanu & Nikhil**'. Additionally, the Company closed two strategic investments with Designers '**Sabyasachi**' and '**Tarun Tahiliani**'.

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COVID Update

Aditya Birla Fashion and Retail Limited is India's largest pure-play fashion and lifestyle company with a strong bouquet of leading fashion brands and retail formats. The Company has a network of 3,212 stores, presence across approximately 31,000+ multi-brand outlets with 6,800+ point of sales in department stores across India. The company sells a bouquet of product offerings in men's, women's and kids fashion across formal, casual, ethnic, athleisure and intimate wear. ABFRL's portfolio of brands are positioned across the value, premium and luxury segments.

ABFRL had astounding recovery in performance through Q2 and Q3 FY 21. Fueled by weddings and renewed consumer optimism, the business grew strongly between January and February 2021, as against the same period in FY 20.

The emergence of 2nd wave of COVID 19 and consequent lockdowns and restrictions in large parts of the country including Maharashtra, Delhi, Karnataka, Tamil Nadu, etc. dramatically impacted the footfall in stores towards the end of Q4 FY 21.

Being better prepared to handle the crisis this year, the company took immediate and proactive steps towards ensuring safety of our customers and employees. While the store operations continued to follow best in class safety standards in operations, ABFRL continued to enable the staff to work from home with clearly established protocols on health monitoring, technology enablement and assistance.

Key measures/developments:

The company was focused on ensuring the well-being and safety of the employees and families affected. The company formed a comprehensive healthcare program named CAER (Covid Assistance and Emergency Response). The program was rolled out for all employees across offices, Stores and manufacturing Units covering 35000+ employees & their families both on-roll & off-roll, PAN India. It extended all forms of support like Digital Doctor consultation, Covid testing support, Ambulance Support, Home Isolation Support, extending additional health insurance to cover home care, vaccination support and all necessary awareness, to provide a safety net for the employees in these trying times.

On the business front, we experienced the following -

- Store footfalls began falling with the surge in cases by mid-March in major cities. Initially, the malls were shut down in Mumbai with subsequent lockdowns implemented across Maharashtra, Delhi and most parts of the country, affecting consumer mobility and retail footfalls
- The company had worked relentlessly towards strengthening its e-commerce play through whole of last year and could ramp up online sales significantly, that continues to grow.

- Own brands websites and third party channels of online sales were scaled rapidly to ensure consumers could safely shop our range of products from the safety and convenience of their homes
- While working remotely, teams worked to streamline business processes and ensured adherence to stringent systems and controls.
- Our well-trained front-end staff could swiftly switch to working with restricted store timings owing to local travel curbs while ensuring global safety standards at the stores.
- We are in dialogue again with mall owners and landlords to relook at rental costs in light of the fresh episode of virus outbreak
- Our leadership team is continuously monitoring the situation and is collaborating well within the group and with external ecosystem to implement all possible measures to ensure seamless continuity of operations

Outlook

The second wave had lockdowns that were more localized. As cases fall, the lockdowns may become relaxed and restricted to only a few parts of the country while the rest of the cities would start opening up. Also, large vaccination drives will ensure the recovery to be much quicker vs last year. We are hopeful that the festive season performance shall be as good as last year levels and customers will have a safer shopping experience.

We expect the economic activity to pick up gradually over the upcoming months post Q1 FY 22. Our view regarding the future is as follows –

1. As we are allowed to resume our operations post easing of lockdowns, we are prepared for opening each store with utmost precautions, implementing highest standards and protocols on safety and hygiene to make them absolutely safe for our consumers. As of today, out of a total network of 3212 stores, about 419 stores are operational as on 25th May, 2021.
2. We have already started enabling and supporting vaccination of our employees for providing them protection.
3. While we expect a delay in normalization, we are tirelessly working towards strengthening our supply chain and digital back end
4. Our e-commerce play is expected to outpace the growth of previous years across all its brands. The investments in Hyper-local, WhatsApp commerce and mobile apps shall grow their contribution significantly to sales
5. We have refreshed our product designs and focused on higher casualization of brands to fit the market context with people working from home. Our portfolio of brands has re-invigorated their offerings and would continue to fulfill fashion needs of our consumers
6. Our network expansion plans shall be aggressive in order to increase our reach deeper and wider into the country.

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