

Arvind



# Arvind Limited

Performance Review Q1 2015-16

6<sup>th</sup> August 2015, Ahmedabad



# Agenda

---

- Performance Review Q1 FY 2015-16
  - Financial Performance : Consolidated
  - Financial Performance : Standalone
  - Business Analysis

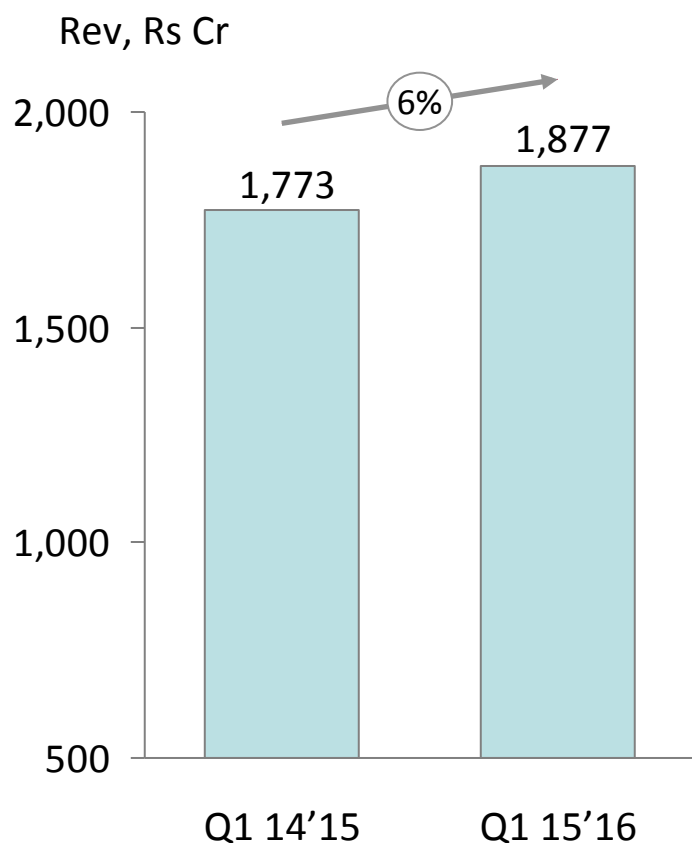
# Agenda

---

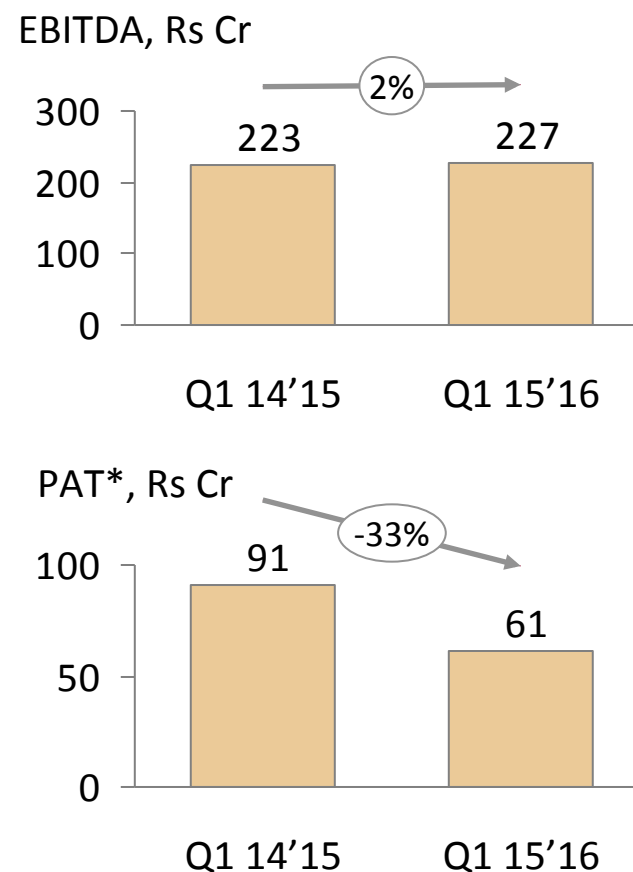
- Performance Review Q1 FY 2015-16
  - Financial Performance : Consolidated
  - Financial Performance : Standalone
  - Business Analysis

# Q1 2015-16: Consolidated revenue growth of 6% and EBITDA growth of 2%; reduction in PAT by 33%

## Moderate growth in revenues...



## ...as well as EBITDA margins



\*PAT before exceptional items

## Summary Business Highlights : Overall performance in line with plan

<i>All figures in INR crs</i>	Q1 FY16	Q1 FY15	Change
Revenue from Operations	1,877	1,773	6%
RawMaterials	764	849	
Project Expenses	6	15	
Employees' Emoluments	223	188	
Others	613	553	
Stock (Increase)/Decrease	42	-52	
Forex Loss/(Gain)	1	-4	
<b>EBIDTA</b>	<b>227</b>	<b>223</b>	<b>2%</b>
Margin	12.1%	12.6%	
Other Income	25	25	
Interest & Finance Cost	102	96	
Cash Accruals	149	152	-2%
Depreciation	63	49	
Profit Before Taxes	86	103	-16%
Tax	27	12	
Profit After Tax	61	91	-33%
Less : Exceptional Item	3	0	
<b>Net Profit</b>	<b>58</b>	<b>91</b>	<b>-36%</b>

### Key highlights

#### Revenue growth of 6%

- Strong growth (14%) in Brands & Retail business
- Steady (3%) growth in Textiles

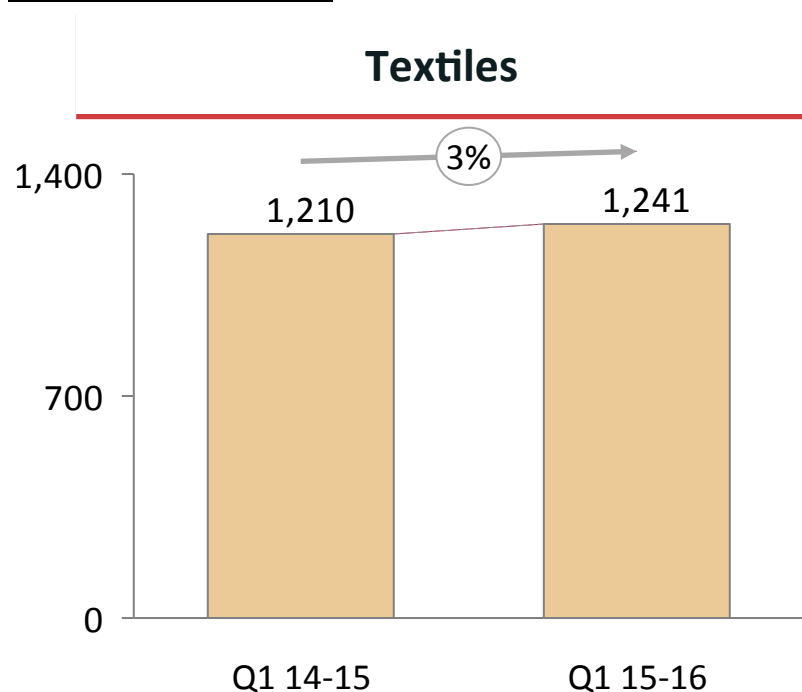
#### Increase in overall EBITDA by 2%

- Margin expansion in textiles
- Reduction in margin of B&R due to non recurring expenses/losses of Rs. 7.5 cr.
- Improvement in margins in “power brands”

**PAT lower on account of higher tax provision; exceptional items: Rs. 3 crs for retrenchment of workers**

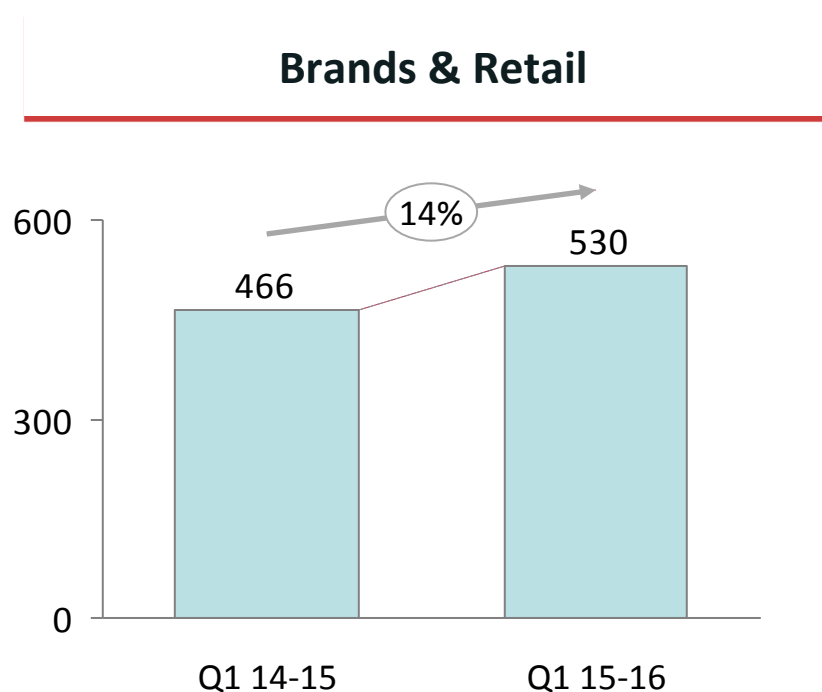
## Strong revenue growth in B&R; textiles growth steady along expected lines

Revenues in Rs. cr



Textiles grew by **3%** despite **healthy growth of 34% in garments** due to sluggish market

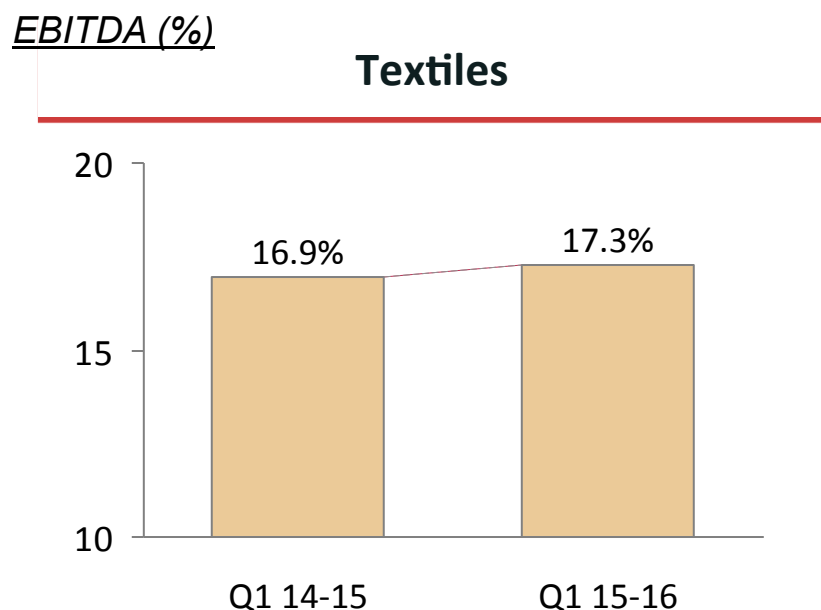
- Denim volume saw **2% revenue de-growth**
- Wovens volume, though higher compared to Q1 of FY15, lower than planned



Robust growth of **Power brands (17%)** and **other brands (37%)** led to 14% overall growth of brands & retail business despite

- **Flat revenue of MegaMart** as planned

# Margin expansion in textiles business; fall in B&R largely from non-recurring costs

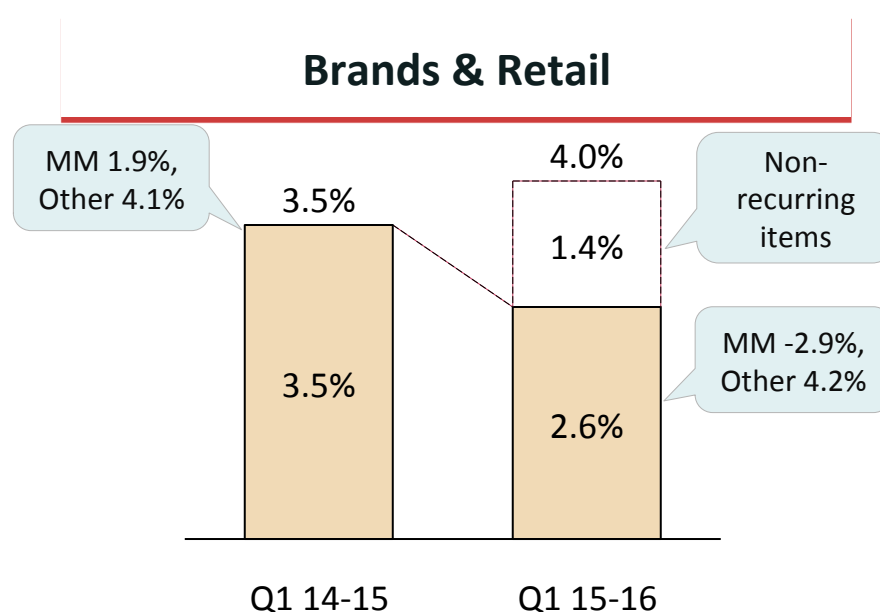


Margin expansion of 0.4% due to

- Lower **cotton** prices
- **Improved realization of denim** fabrics

...despite several negative factors

- Withdrawal of certain **export incentives** (restored in Q2)
- Lower capacity utilization of wovens fabrics
- Low/negative EBITDA margins in newly started garments factories



Margin lower by 0.9% primarily due to non-recurring costs

- **Losses on discontinued businesses**
- **Liquidation of inventory** in MegaMart
- Pre-operative losses on new brands

..margin improvement from 3.5% to 4% on like-to-like comparison due to

- **Operating leverage** in power brands
- Strong performance of new acquired brands

# Agenda

---

- Performance Review Q1 FY 2015-16
  - Financial Performance : Consolidated
  - Financial Performance : Standalone
  - Business Analysis



## Financial Performance Q1 15'16

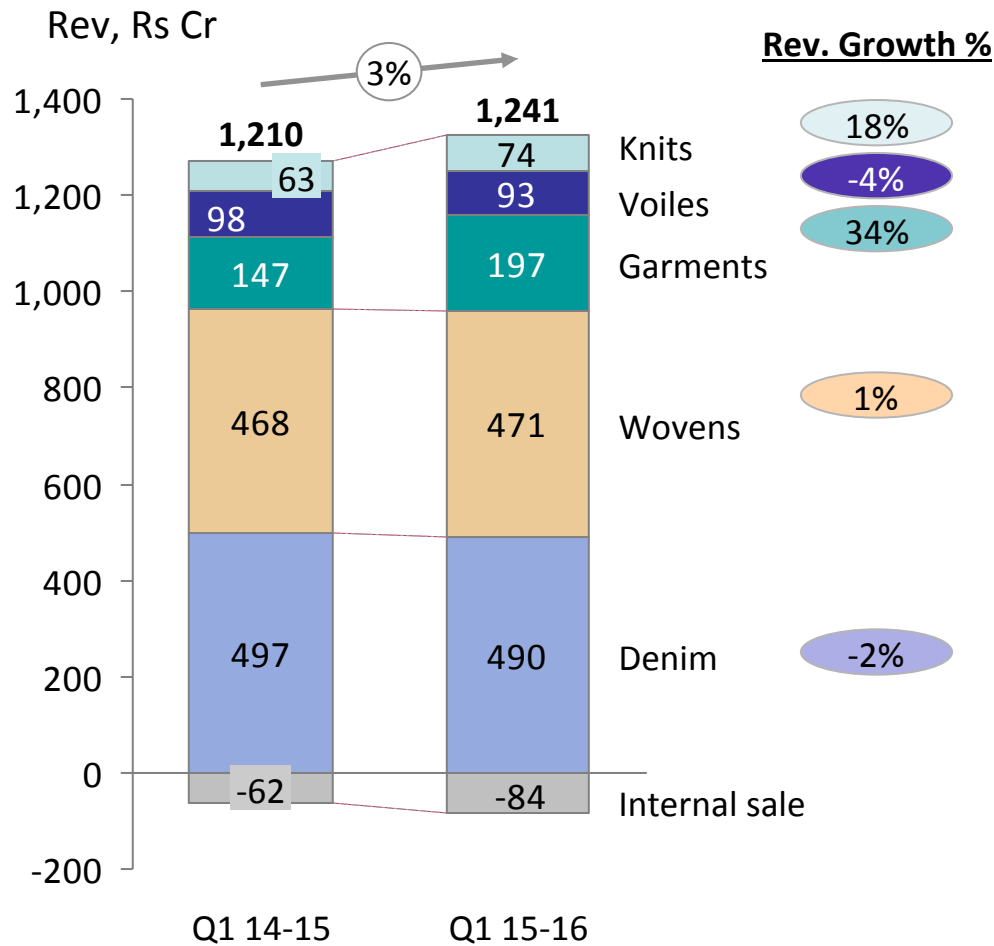
	Q1 Rs in Crs		
	2015-16	2014-15	Change
<b>Revenue from Operations</b>	<b>1,311</b>	<b>1,278</b>	<b>3%</b>
RawMaterials	536	565	
Project Expenses	1	4	
Employees' Emoluments	155	135	
Others	418	381	
(Increase) / Decrease in Stock	-9	-2	
Foreign Exchange Loss /(Gain)	0	-5	
<b>EBIDTA</b>	<b>210</b>	<b>201</b>	<b>4%</b>
Margin	16.0%	15.7%	
Other Income	29	37	
Interest & Finance Cost	85	79	
<b>Cash Accruals</b>	<b>154</b>	<b>159</b>	<b>-3%</b>
Depreciation	36	30	
<b>Profit Before Taxes</b>	<b>118</b>	<b>129</b>	<b>-8%</b>
Tax	36	15	
<b>Profit After Tax</b>	<b>82</b>	<b>114</b>	<b>-28%</b>
Less : Exceptional Item	3	0	
<b>Net Profit</b>	<b>79</b>	<b>113</b>	<b>-30%</b>

# Agenda

---

- Performance Review Q1 FY 2015-16
  - Financial Performance : Consolidated
  - Financial Performance : Standalone
  - Business Analysis

# Textiles Business: Revenues stable in denim and wovens, 34% growth in garments



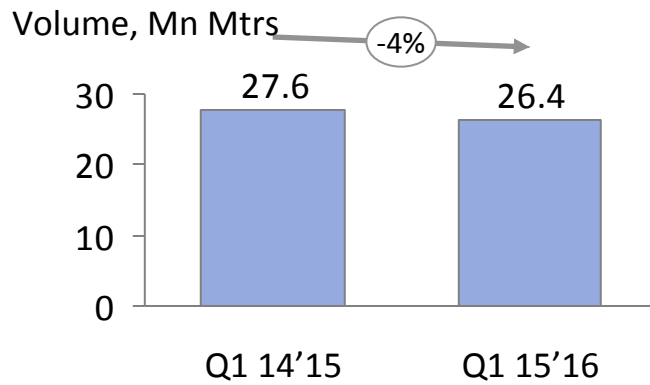
## Textile revenue grew by 3%

- Led by 34% growth in Garments
- 1% growth in Wovens
- 18% growth in Knits Fabrics
- 2% de-growth in denim

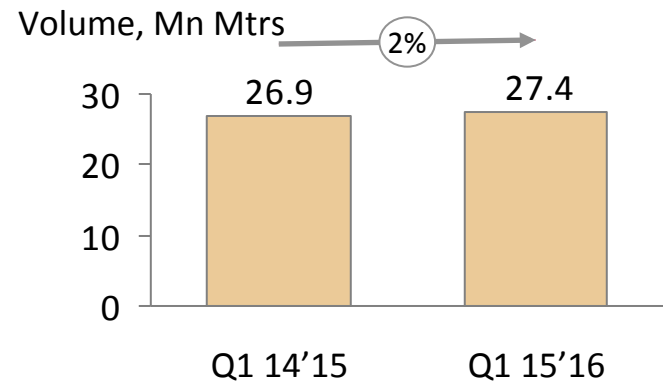
# Volume growth: Wovens volume growth at 2% : Lower Volumes in Denim by 4%

Q1 comparison Vs LY

### Denim



### Wovens (Shirting & Khaki)

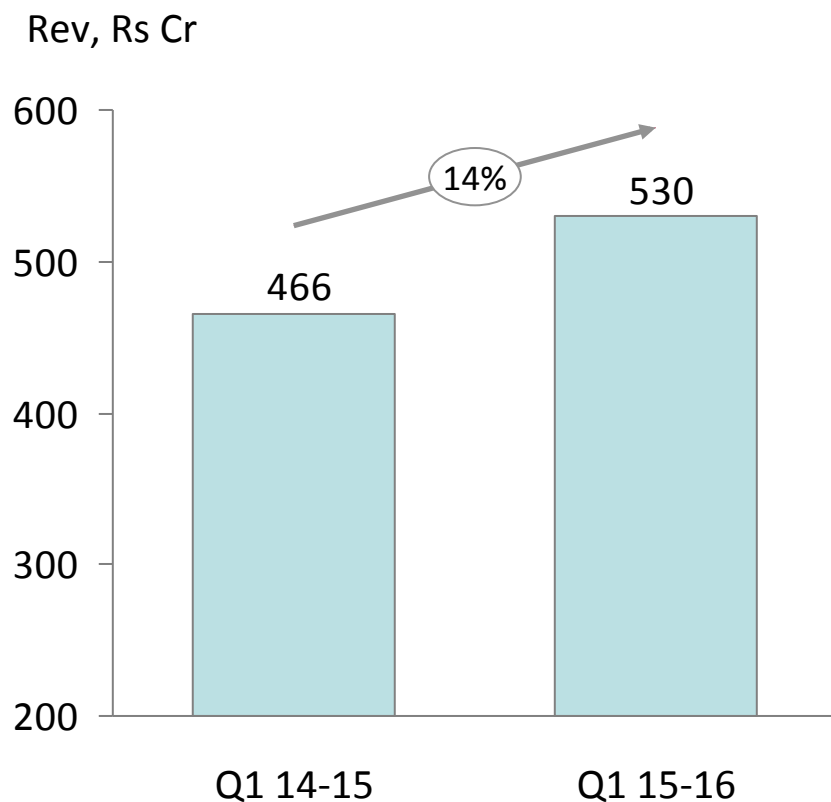


## Key Parameters: Q1 15'16 - Textiles

	Denim		Woven	
	Q1 15-16	Q1 14-15	Q1 15-16	Q1 14-15
Exports(Mn Mtrs)	12	12	5	4
Domestic (Mn Mtrs)	15	16	22	23
Avg Prices	183	177	168	168
Major Components	Cotton		Gas	
Cost in Rs / Kg	102	116	24	22

## Brands & Retail Business grew topline by 14% in Q1 2015-16

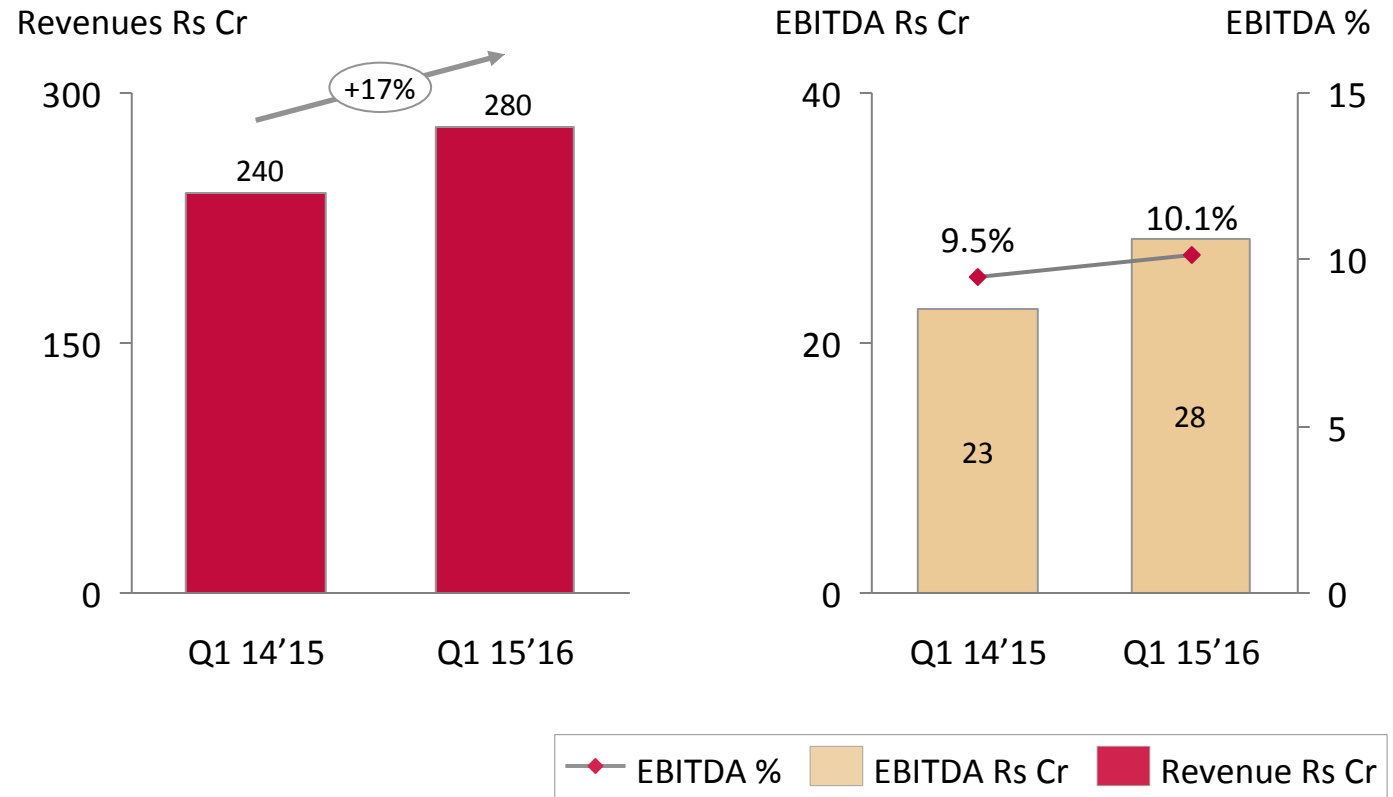
### Strong revenue growth



### Key highlights

- Revenue growth of 14% achieved due to
  - 20% revenue growth in Brands /other formats
  - Flat revenue in MegaMart Retail
- Like to Like growth
  - Brands with 6.6% LTL growth
  - MegaMart with -9 % LTL growth

# Strong performance of power brands both in Revenue growth and EBITDA expansion



**Revenue Growth – 17% and EBITDA Margin grew from 9.5% to 10.1%**

1. Note: Tommy Hilfiger numbers reflect 50% Arvind share of the JV company

## Brands & Retail Business – Distribution

Particulars	Q3 2014-15		Q4 2014-15		Q1 2015-16	
	Stores	Sq Ft	Stores	Sq Ft	Stores	Sq Ft
Brands	800	789,753	811	756,615	816	736,330
MM	145	842,078	140	832,896	126	779,268
GAP					1	9,780
<b>Total</b>	<b>945</b>	<b>1,631,831</b>	<b>951</b>	<b>1,589,511</b>	<b>942</b>	<b>1,515,598</b>
No of KA Exclusive Counters	923		989		993	

- Sales Increase in Key Account Counters: Growth of 29% in Q1 15-16



## Successful launch of GAP Store In Delhi



The Gap Store launch has been very successful. The store is performing far better than our initial estimate as well as similar competing formats

Encouraged by its success, store opening plan has been expedited: 6-7 more stores opening by end of FY

## Outlook

---

- Revenue Growth likely to be between 14-15 % primarily driven by volume growth in brands & retail business and Garments manufacturing :
  - Revenue Growth in Textiles 4-5%
  - Revenue Growth in Brands & Retail at about 22-24%
- Weighted Margins likely to up marginally on account of margin improvement of 150+ basis points in Brands & Retail Business
  - Power Brands to continue growth momentum
  - Improvement in margins of brands and retail formats introduced over last couple of years
  - Closure of a few loss making formats
- PAT growth to be slower due to higher tax



Thank You!