

CHEROKEE
1973

Double
or
nothing
#YOLO
FLYING MACHINE
BY FRED COLE

UN
LIMIT
ED

WHERE
BEAUTY
BEATS

The only thing
that shows is confidence
Endorsing Hanes' "UNCEALING PETALS" BRA
ALL DAY COMFORT BRA
HANES

TRUE BLUE
#TakePride
Inspiration
that walks the talk

NAUTICA

Arvind Fashions Limited
Investor Roadshow
August 2018

Agenda

1.

What is our track record

2.

What is our winning aspiration

3.

Why we are confident of delivering our winning aspiration

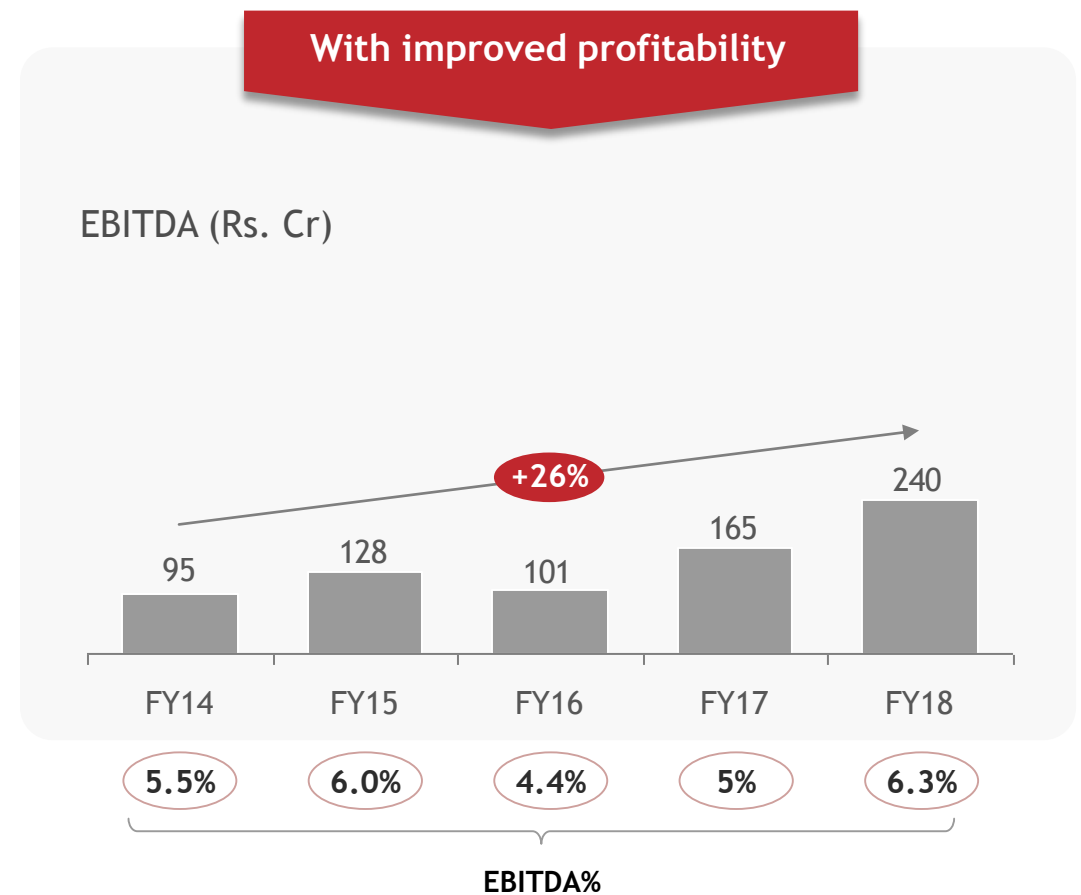
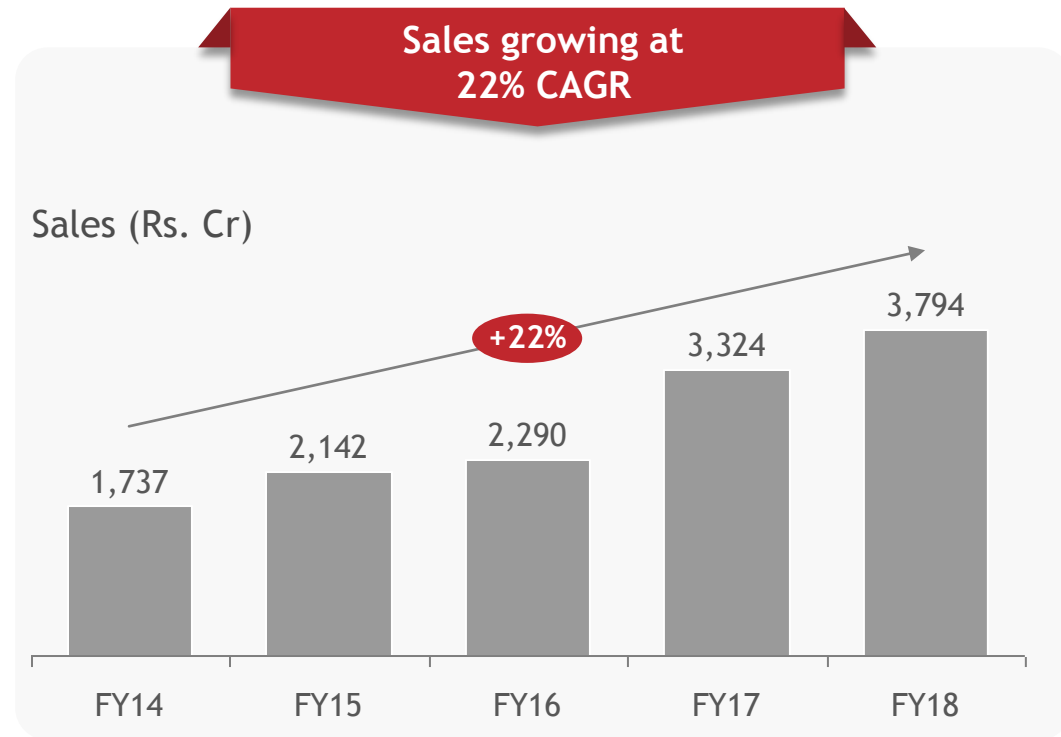
4.

How we are preparing for the future leveraging digital

5.

How our business will look in 2022

Track record of robust and profitable growth



Fastest growing branded apparel company

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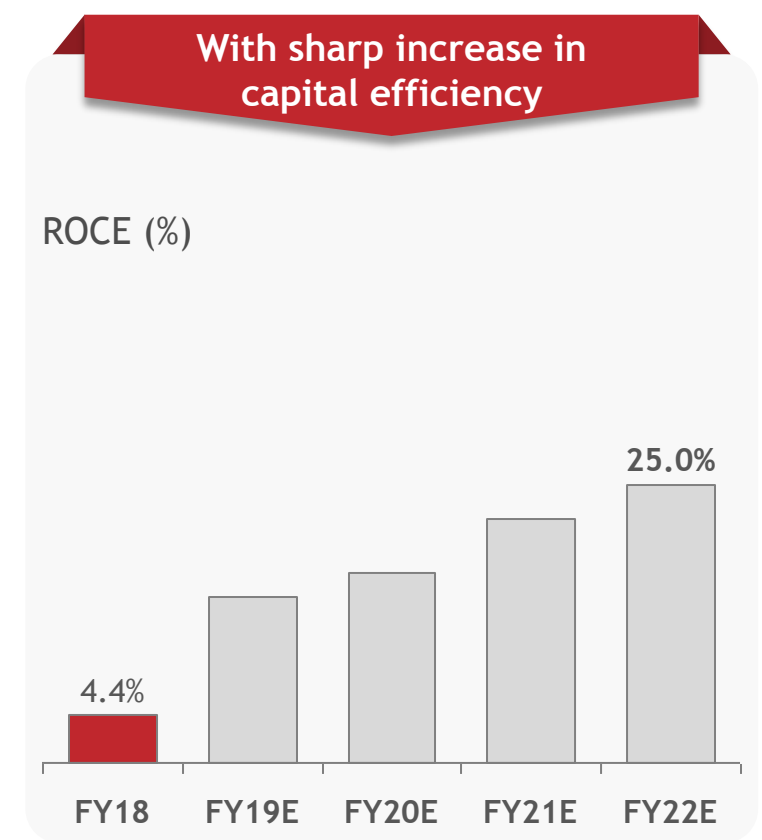
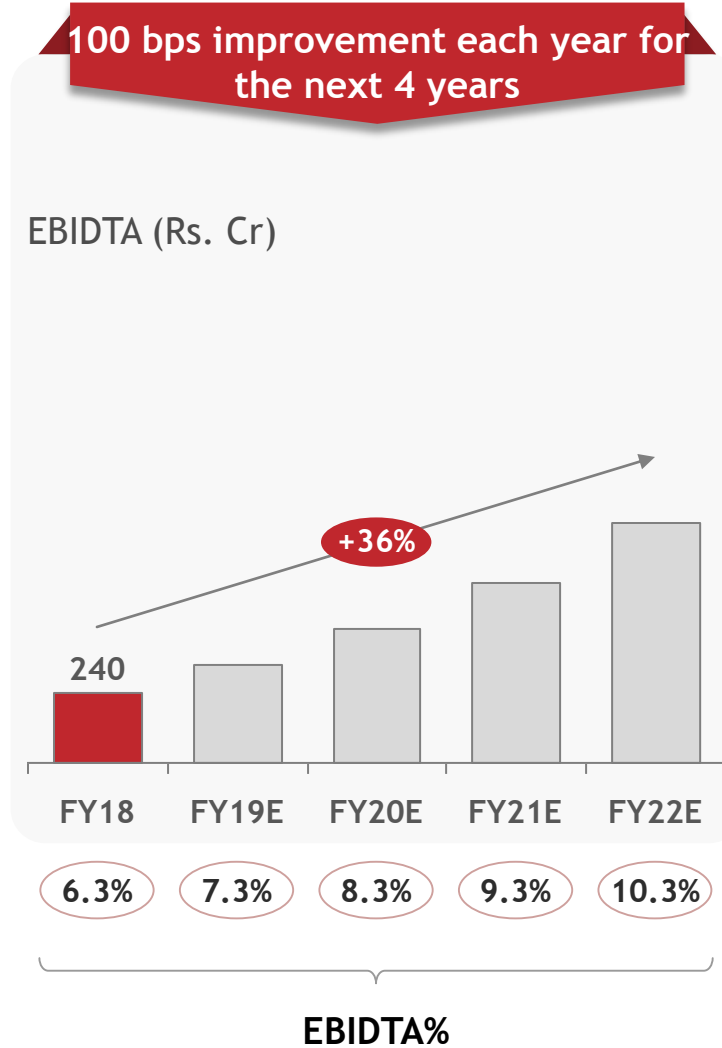
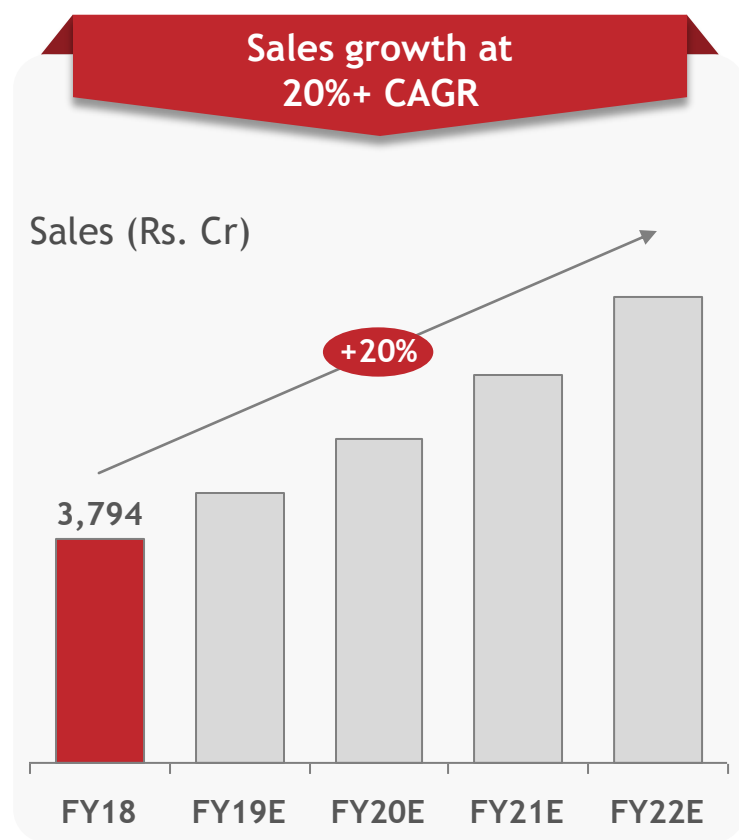
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Our winning aspiration



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3.1 Market

3.2 Powerful portfolio

3.3 Powerful capability platforms

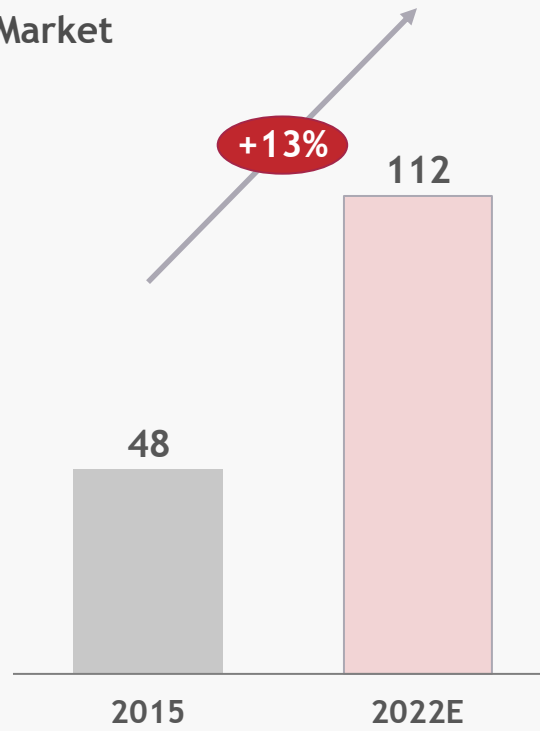
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India apparel market is growing fast and witnessing rapid shift to branded apparels

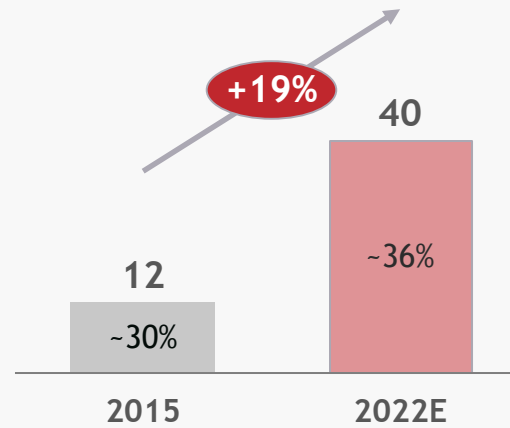
Overall market growing at
~13% CAGR

Total Market
(\$ Bn)

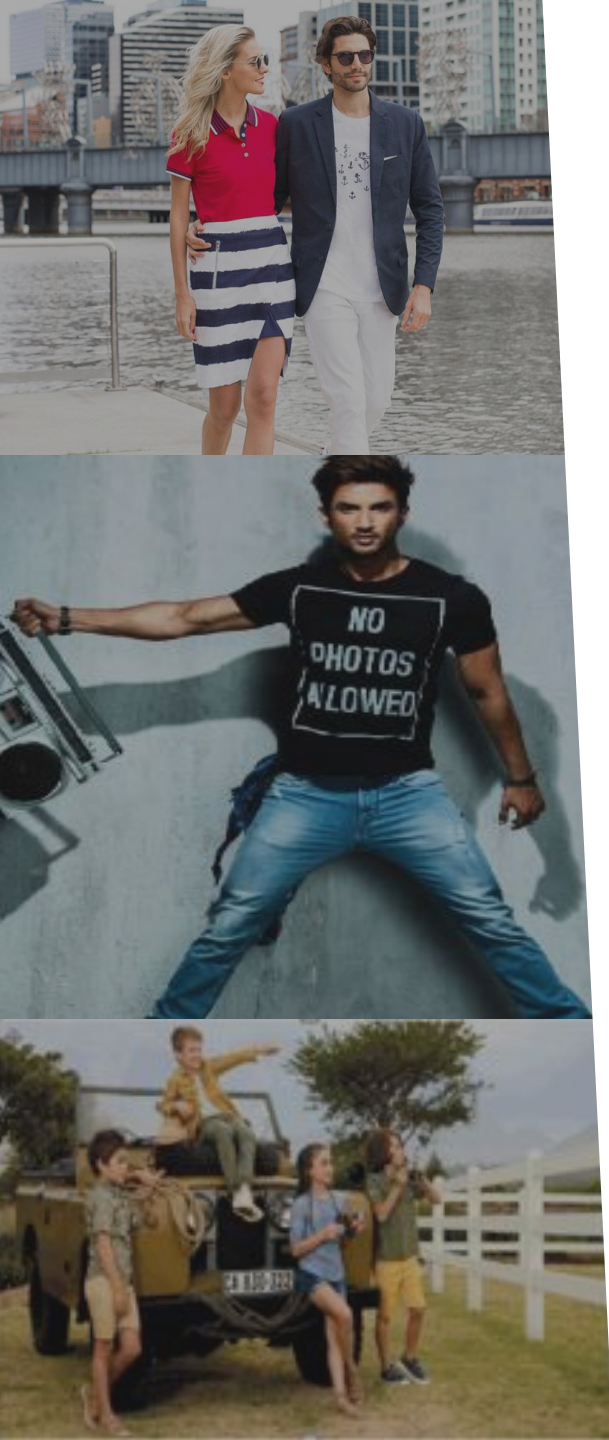


Branded market growing at
~19% CAGR

Branded Market
(\$ Bn)



Factors driving market shift

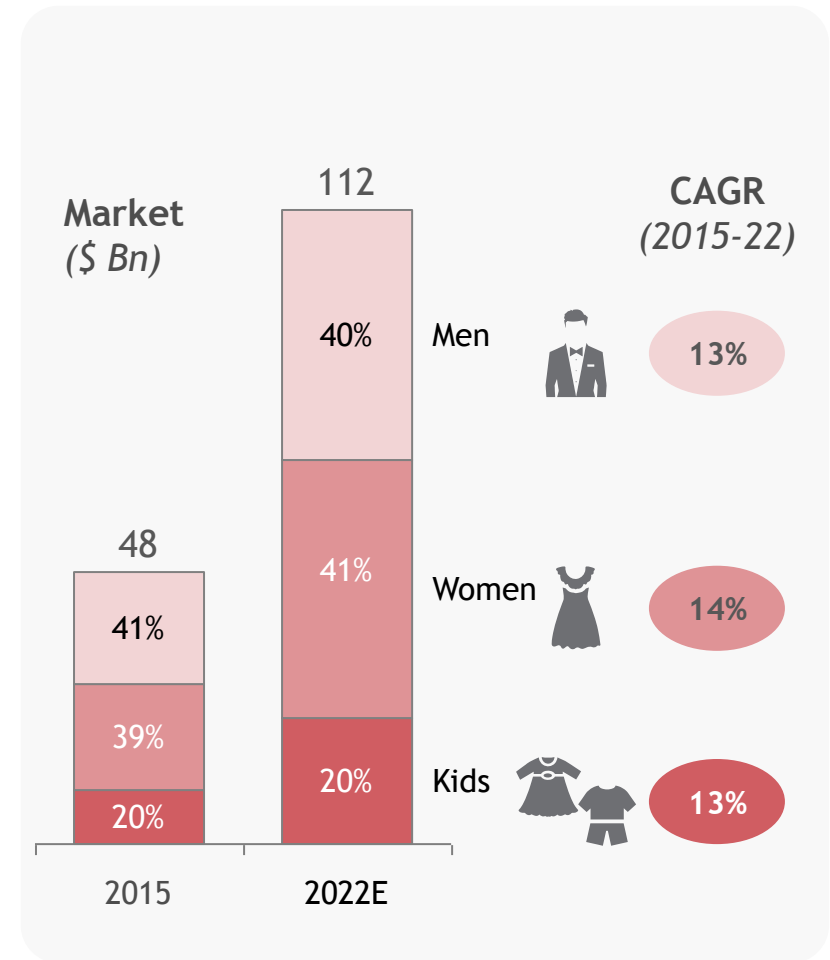


Key factors driving market shift

Change in income pyramid

Increase in discretionary spend

Improved access both off-line and on-line

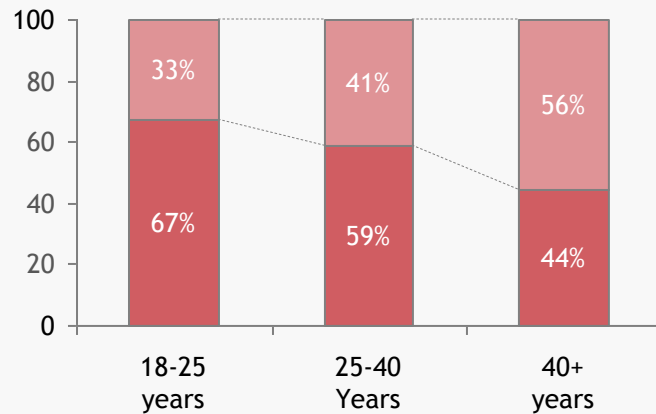


Increasing preferences for casuals & denim wear

Age & urbanization in favor of casualization...

Median age in India expected to be 29 years by 2020

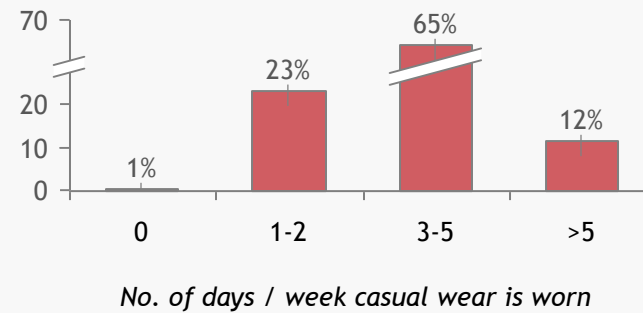
Younger people spending more on casual wear¹



■ Spend on casual wear is less than before
■ Spend on casual wear has increased or stayed same

...dress code of India is becoming more casual

75%+ men wear casuals more than thrice a week¹

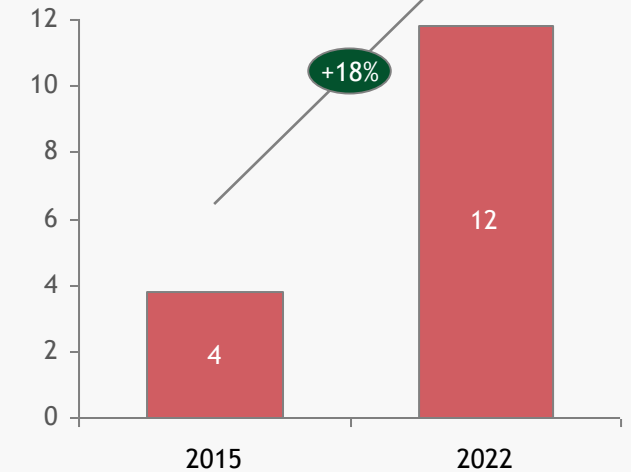


Increasing acceptance of casual wear at work places...



...Men's casual wear market expected to grow at 18%

Market (USD Bn)



In contrast, men's formal wear market expected to grow at ~11%

1. Customer research, 2016
Source: BCG Customer research, Bottom up market model

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Powerful
portfolio

3.3

Powerful
capability
platforms

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Arvind's winning portfolio mirrors market trends - unmatched portfolio in casuals and denim wear



25-30% market share; higher than #2 and #3 put together in branded premium casual wear market

Powerful portfolio addresses three other significant opportunities

Value fashion



2015

\$ 2.7 Bn

2022

\$ 12 Bn

Kids wear



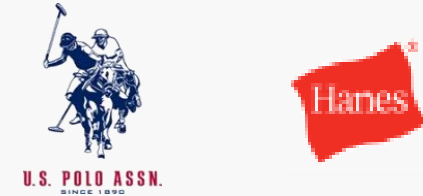
2015

\$ 2.9 Bn

2022

\$ 5.1 Bn

Inner wear



2015

\$ 1.9 Bn

2022

\$ 2.8 Bn

Branded market

Brand portfolio at different stages of maturity for delivering superior growth

Power Brands



Large brands growing @ 15%+ CAGR with superior financials

Specialty Retail



Leveraging expanding value market opportunity

Leveraging rapid growth in premium beauty market



Emerging Power Brands

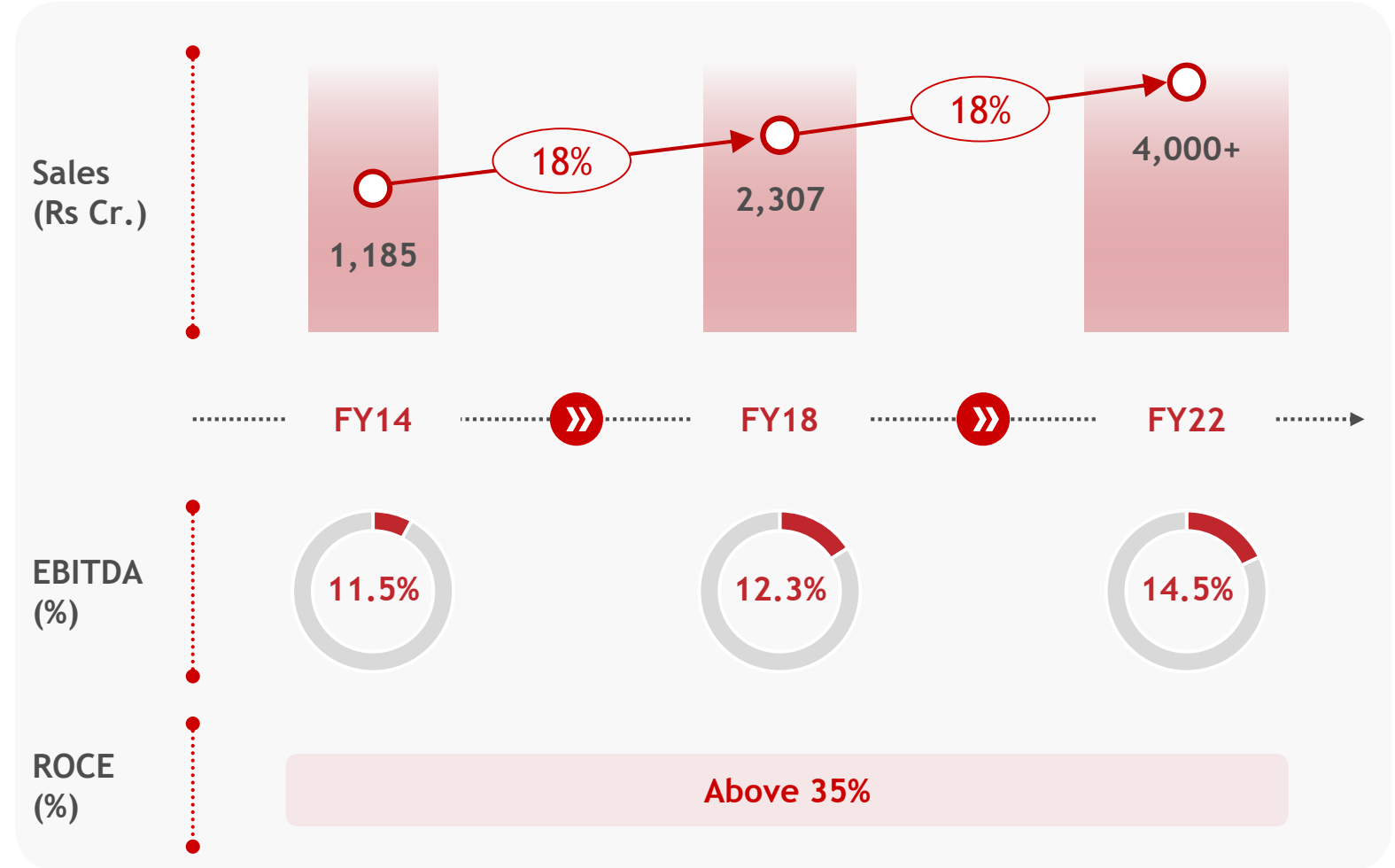
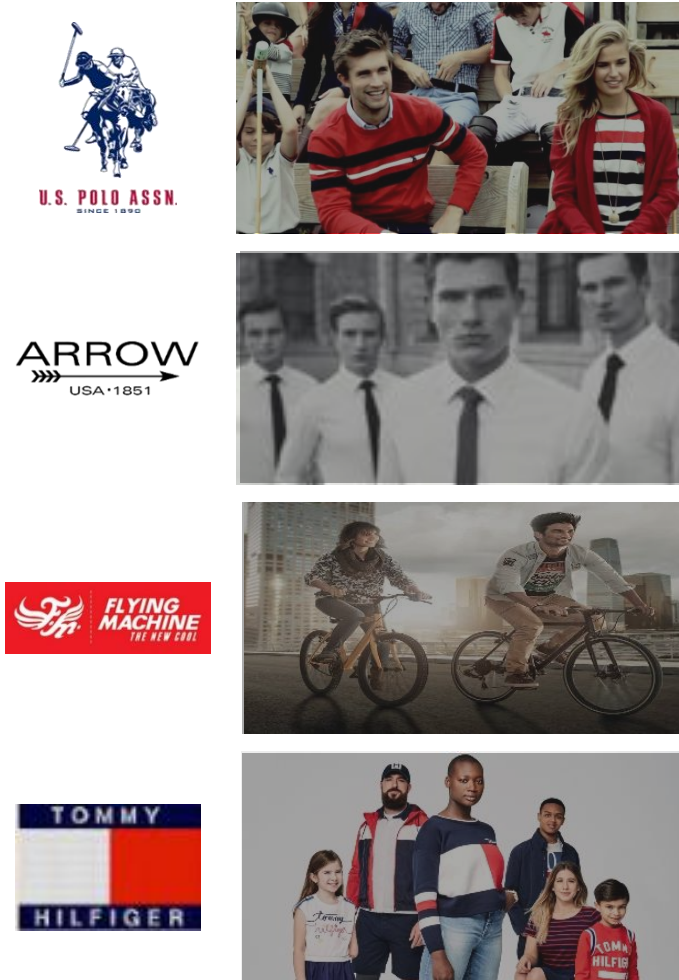
Calvin Klein



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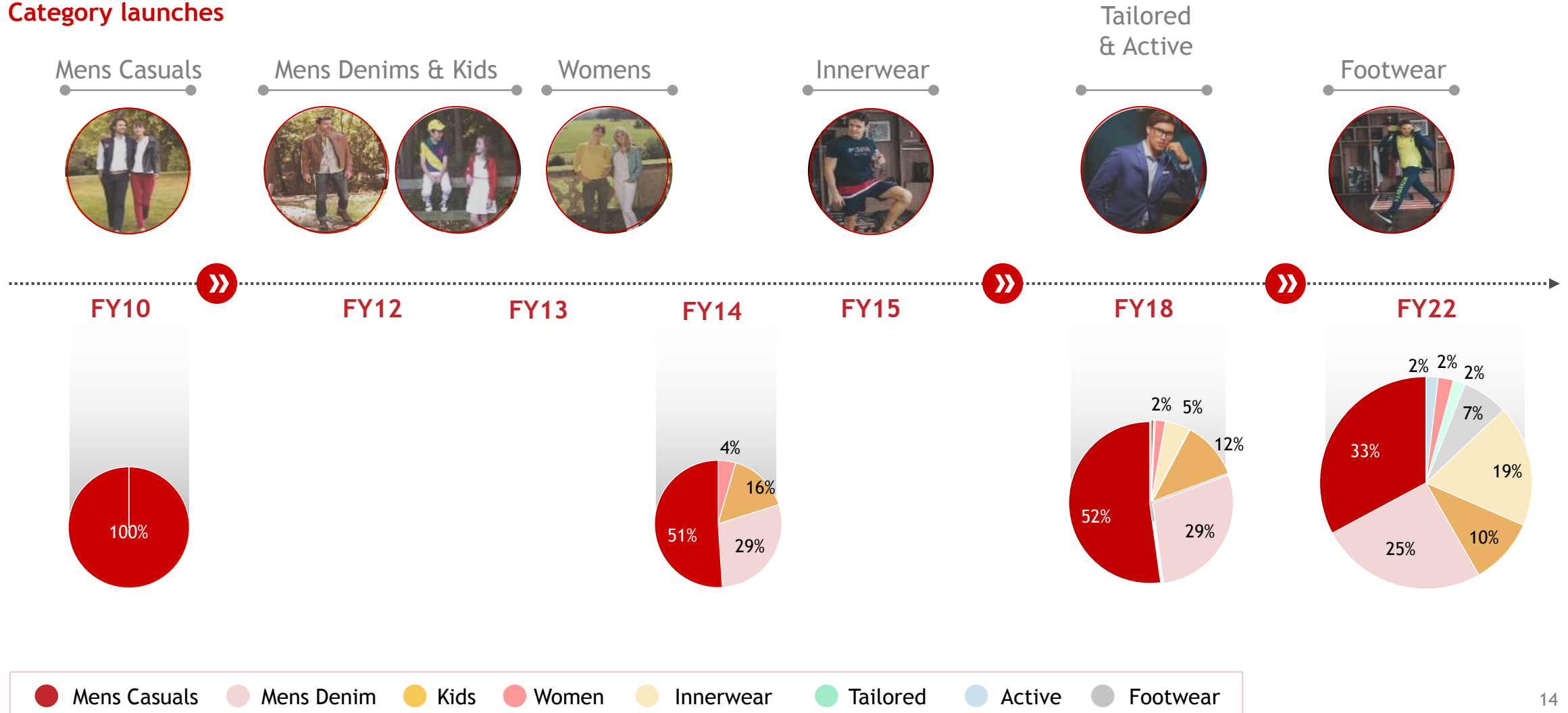
Significant growth and profit driver for the future

Power brands growing at 15%+ CAGR with superior financials



USPA case study - Category expansion powering the super brand

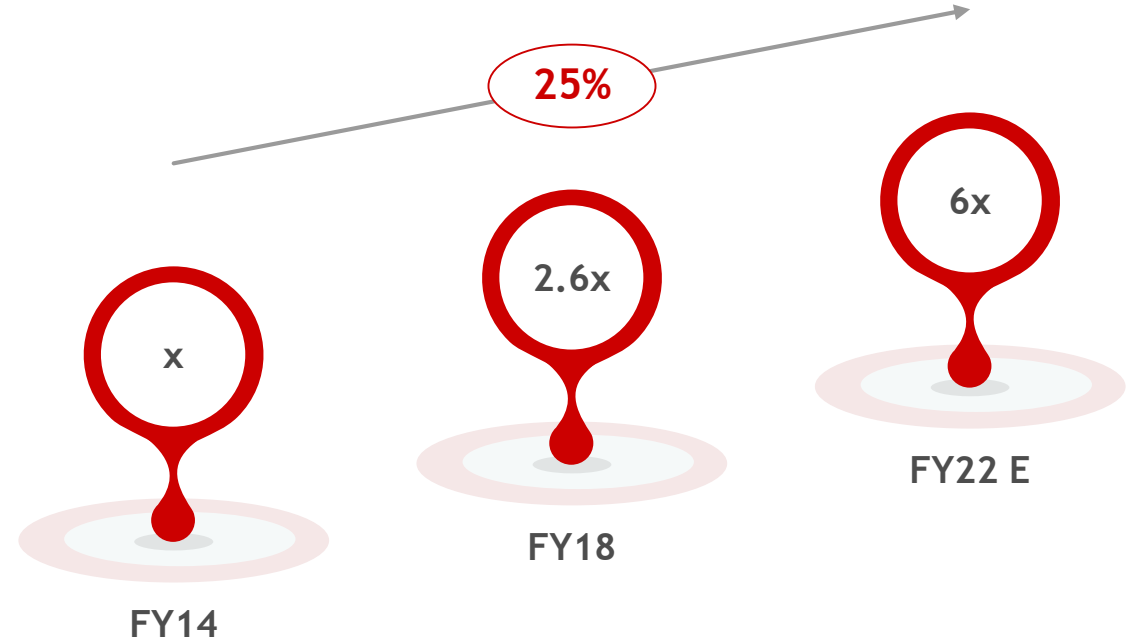
Category launches



USPA case study - Performance snapshot



Sales



EBITDA (%)

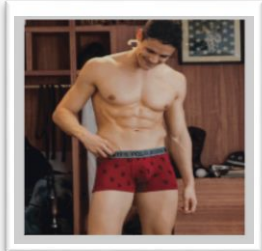


ROCE (%)



USPA case study - Runway for sustained high growth

Three categories with combined potential to reach Rs 1000 Cr.+ by 2022



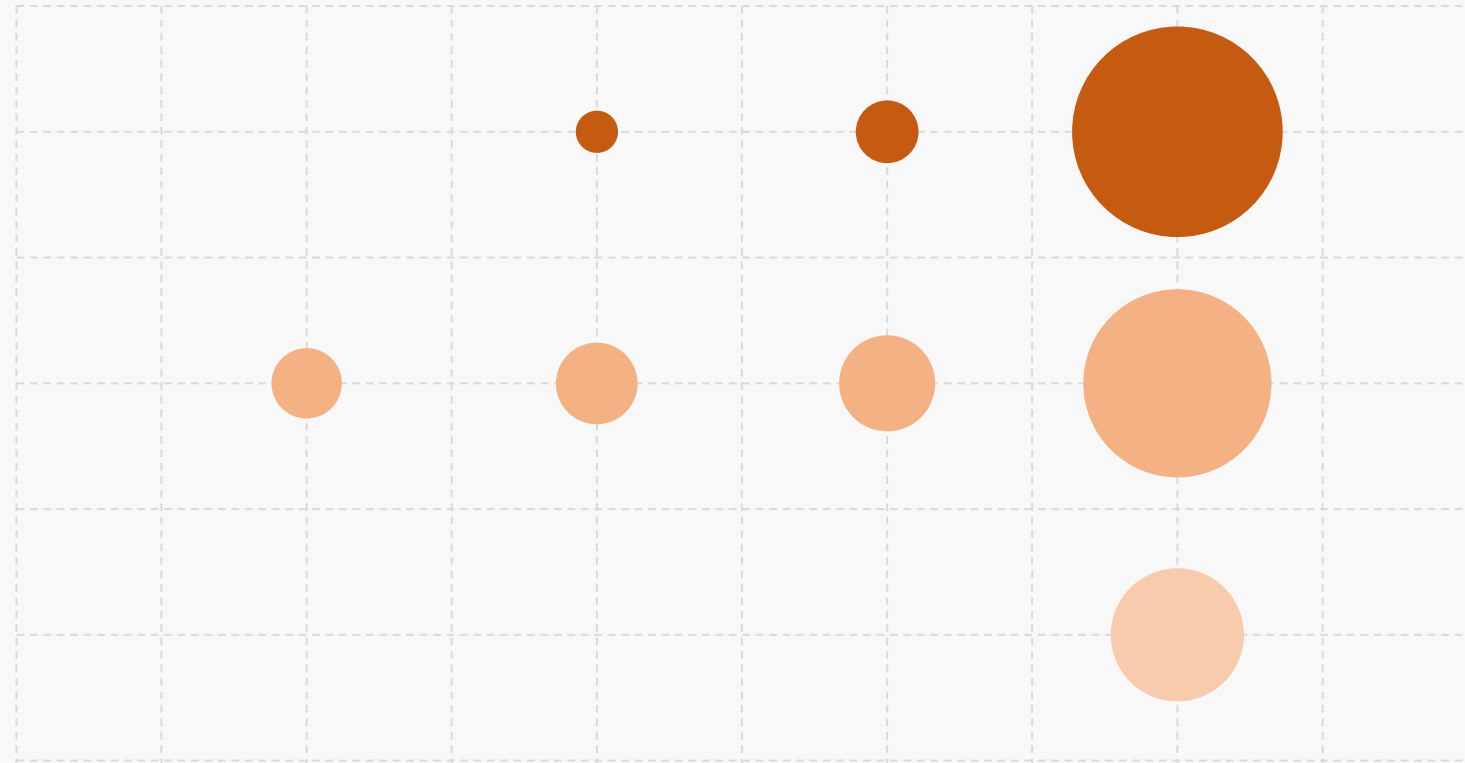
Innerwear



Kidswear



Footwear



Size of the bubble indicates size of the opportunity



USPA case study - Runway for sustained high growth

Tier 2/3, Department stores and Online will continue to provide growth momentum



		Retail						
Univ.		FY15			FY18			CAGR
		Cities	#Stores	Sales	Cities	#Stores	Sales	
Metros	8	8	87	x	8	110	1.3x	10%
Tier 1	32	29	58	x	32	99	1.4x	12%
Tier 2	43	22	26	x	38	59	2.2x	31%
Tier 3	320	36	35	x	55	61	1.8x	23%

Department stores				
FY15		FY18		CAGR
#Counters	Sales	#Counters	Sales	
429	x	1,008	2.0x	20%

Online		
FY15	FY18	CAGR
Sales	Sales	
x	7.7x	97%

Leveraging expanding value market opportunity - Unlimited case study



Key actions

Brand Positioning

- Moved from discount proposition to value proposition
- A family fashion store
- Preferred locations - malls & high traffic high streets

Assortment

- Equal representation for men, women & kids
- Mainly private brands

Store Layout

- Large size to optimal Size
 - 10,000 Sq. Ft

Outcome

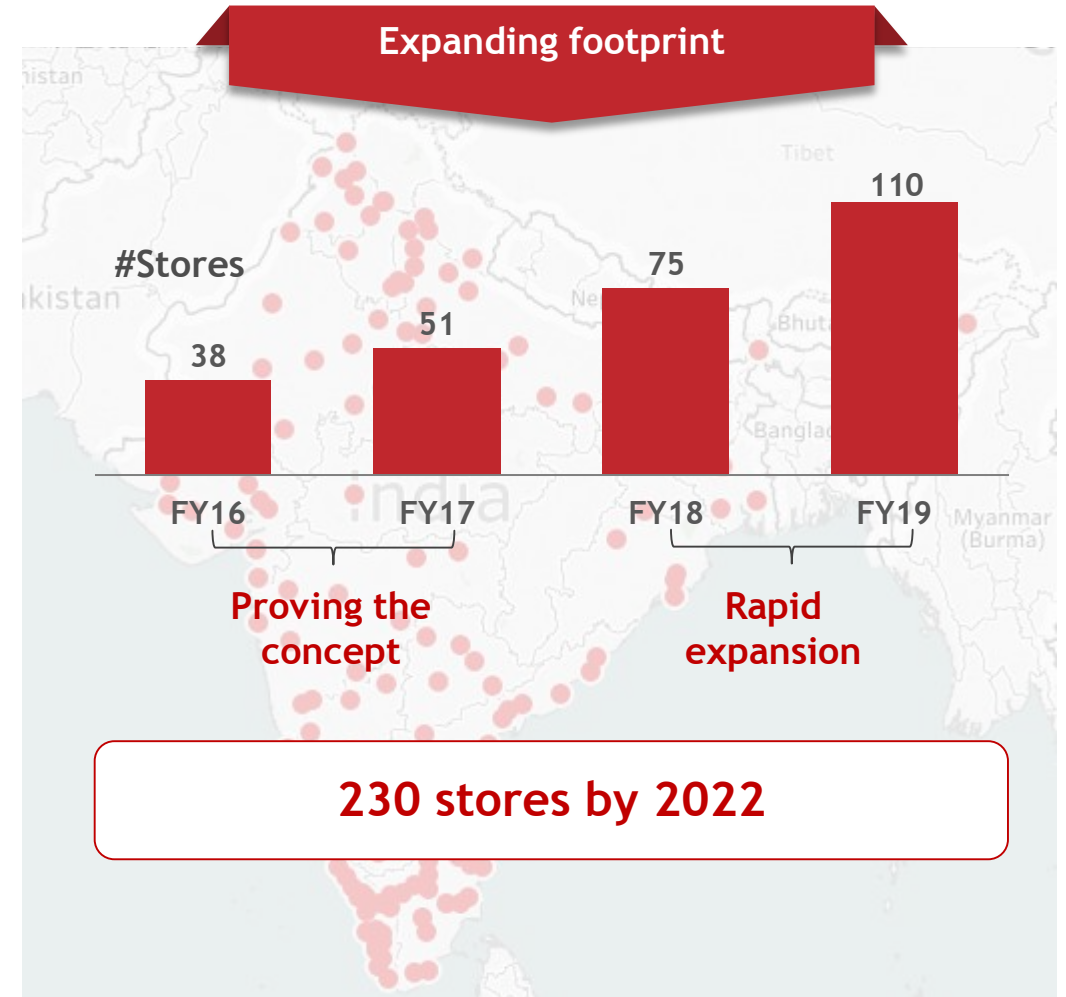
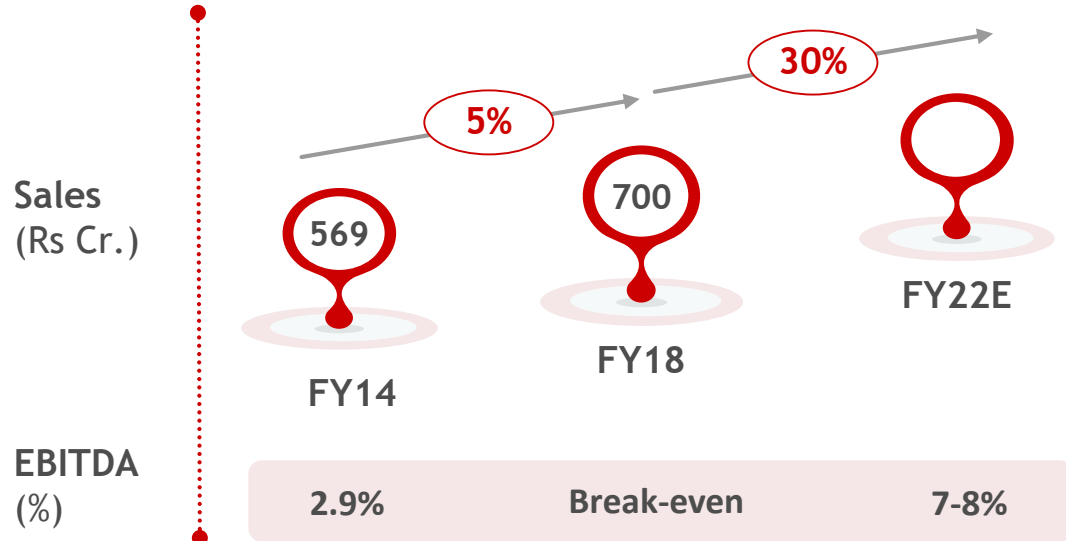
Gross Margin

38% to 45%

Category mix

	FY15	FY18
Mens-wear	70%	40%
Womens - Ethnic wear	15%	21%
Women-Western wear	5%	14%
Kids-wear	7%	18%
Accessories	3%	7%

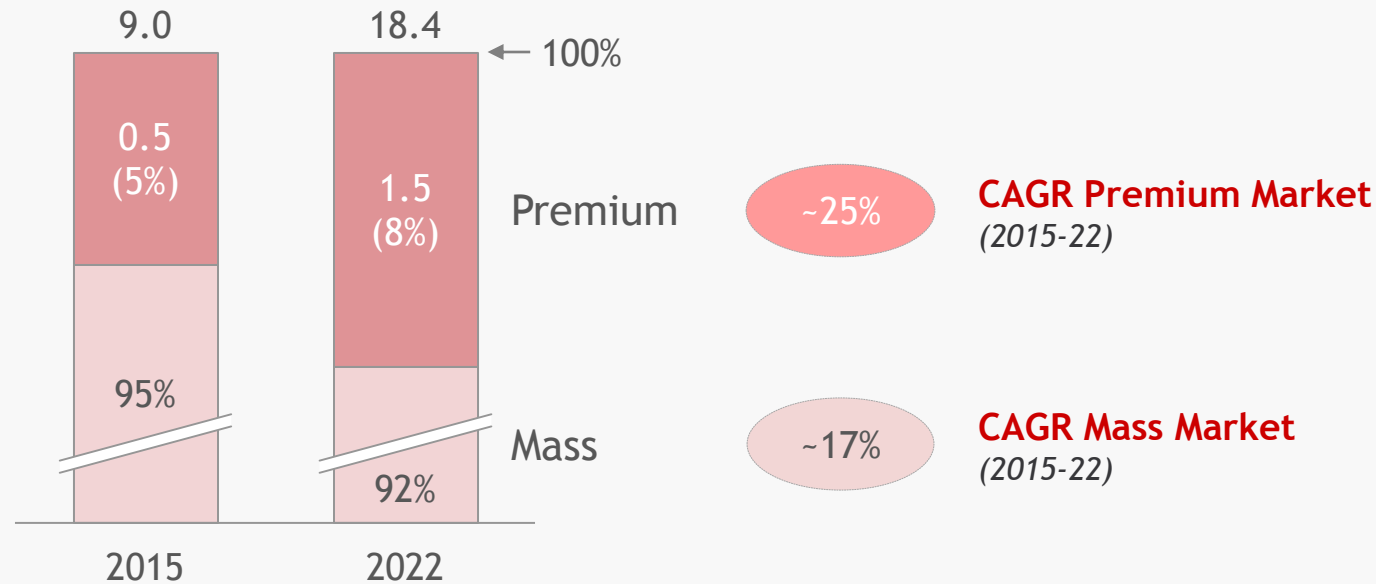
Scaling up Unlimited



Sephora - Leading position in premium beauty segment with portfolio of exclusive brands

Growing Beauty & Personal Care market

Market size
(\$ Bn)



Leveraging capabilities



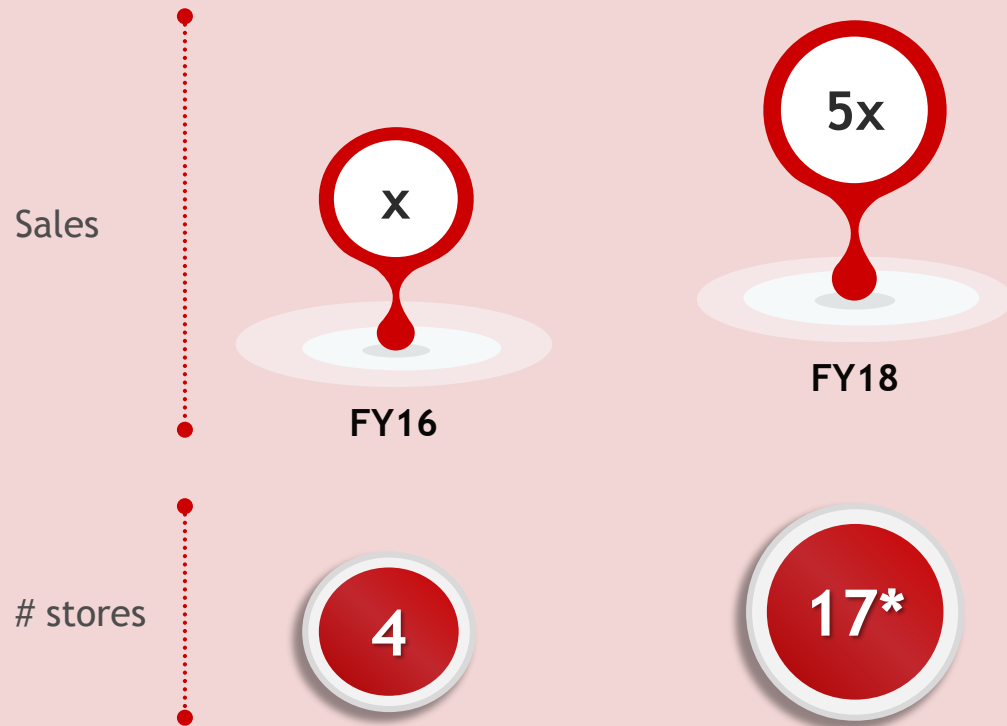
Brand development



Go to market capabilities

Accelerating momentum to be Rs 1,000 Cr. beauty retailer by 2025

Performance since takeover



Concept already profitable



Potential to grow to
Rs 700-800 Cr. by FY22
with 50 stores and
15% contribution from online

* As of Aug 2018

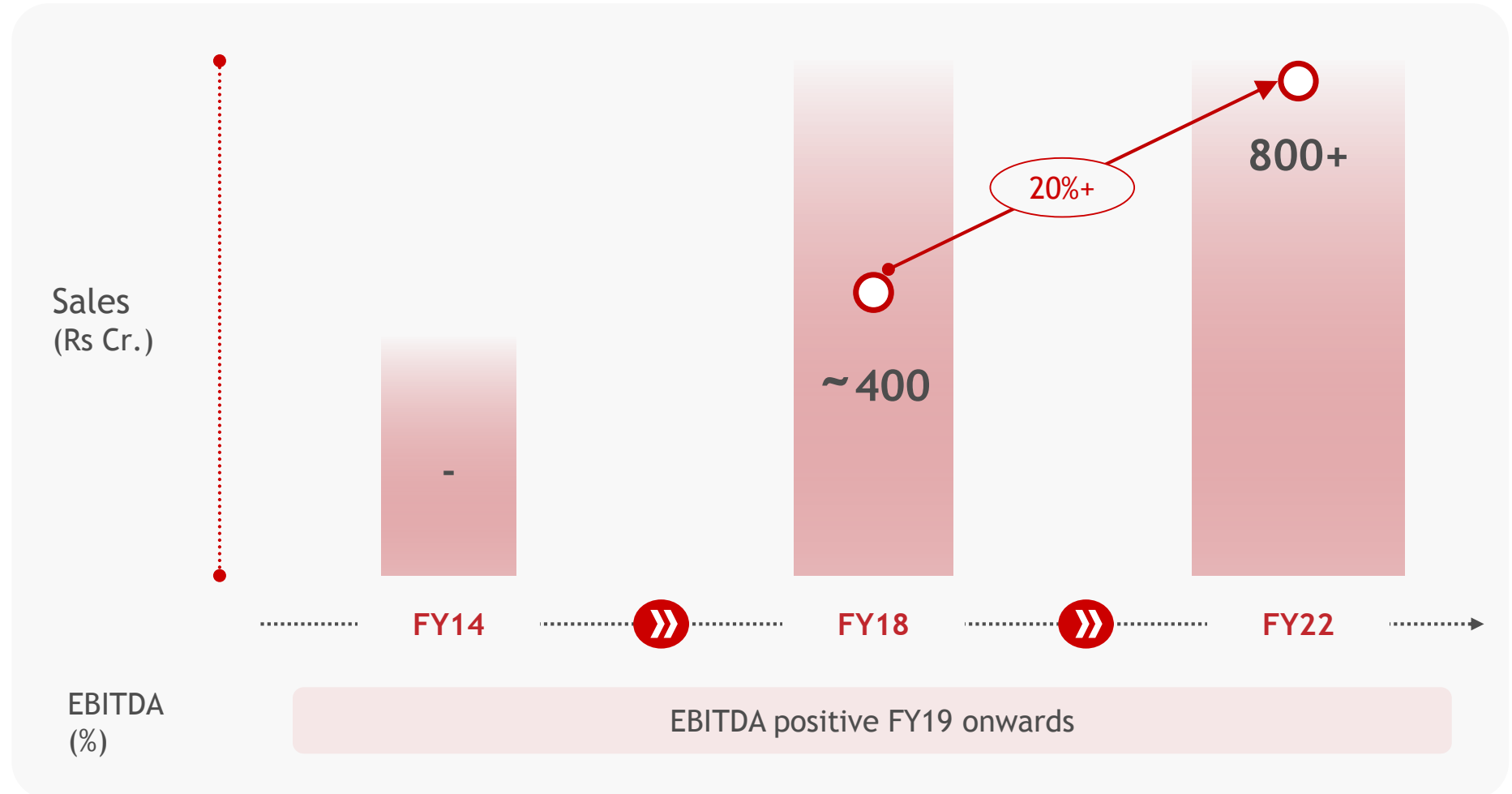
Potential power brands - growth & profit driver for the future

Calvin Klein

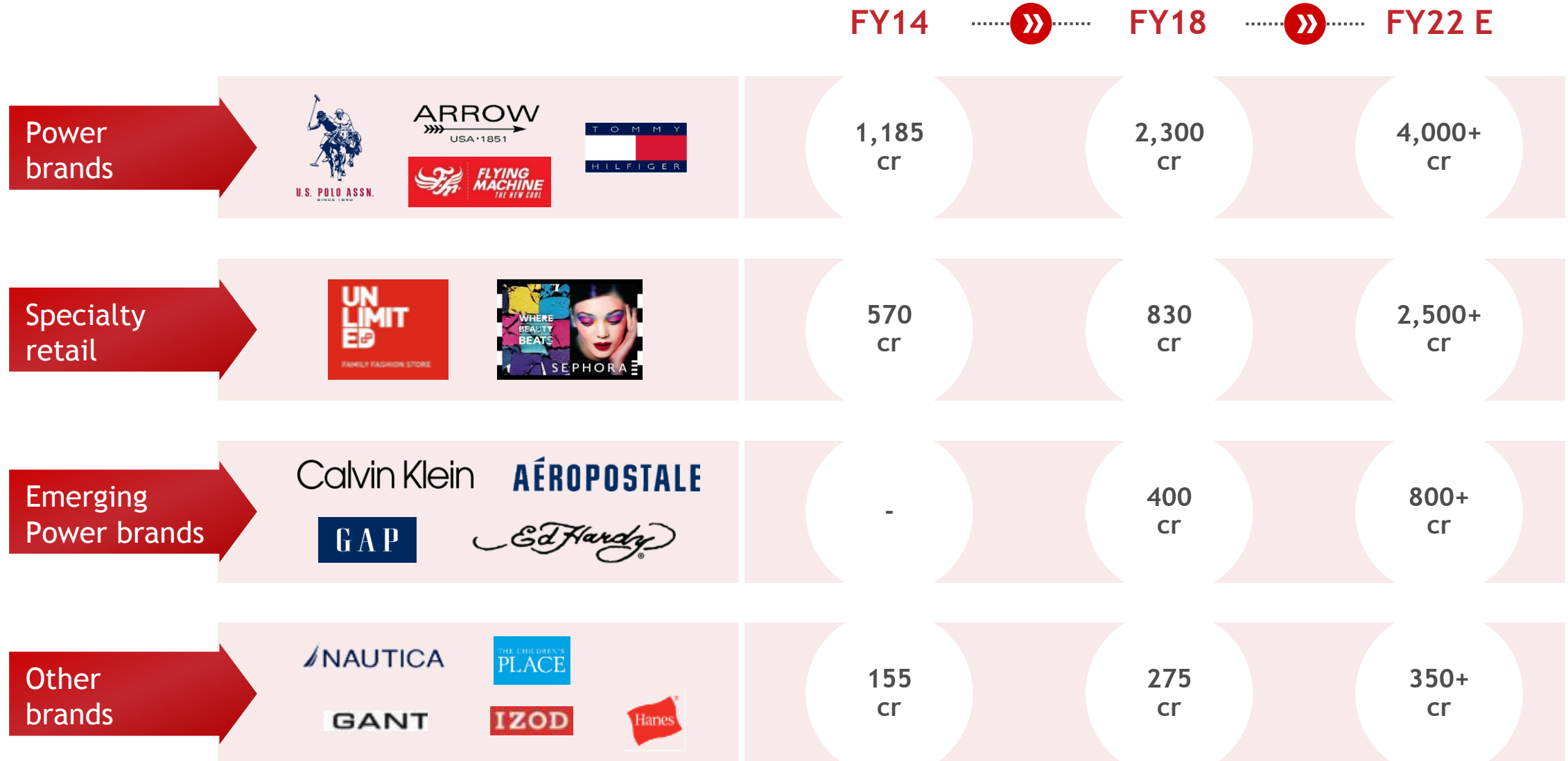


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Ed Hardy



Powerful Portfolio - Snapshot



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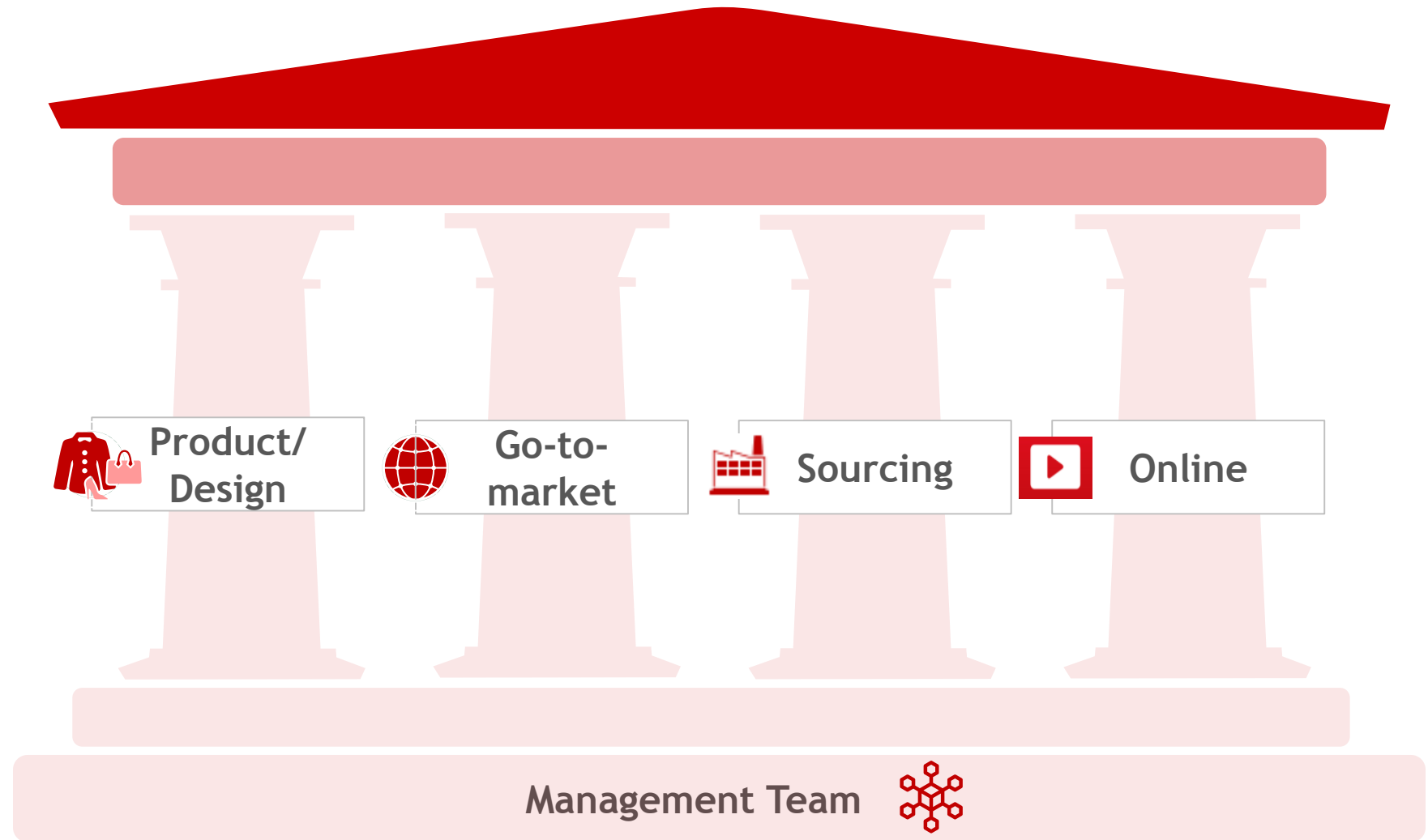
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Powerful capability platforms




Strong Product/Design capabilities



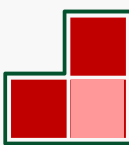
- Strong Product/Design team
 - 250+ designers & merchants
- Deep understanding of Indian consumer requirements
 - Track record of creating India specific designs for international brands
- Innovation leader
 - Slim fit
 - Stitch less shirts
 - Auto flex trousers
 - Eco friendly denim
- Multi-category design expertise

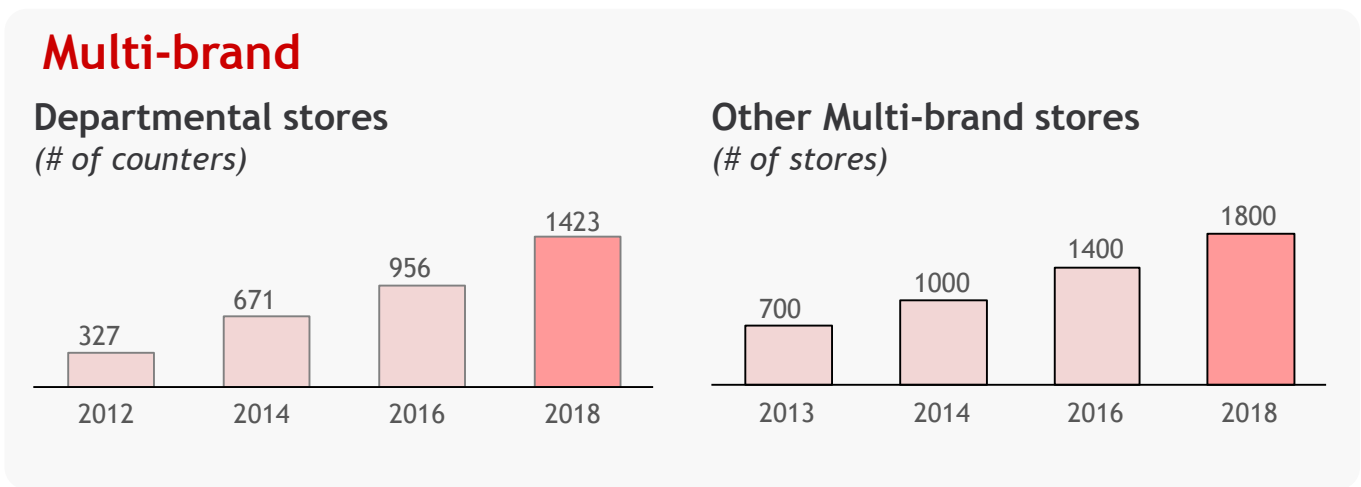
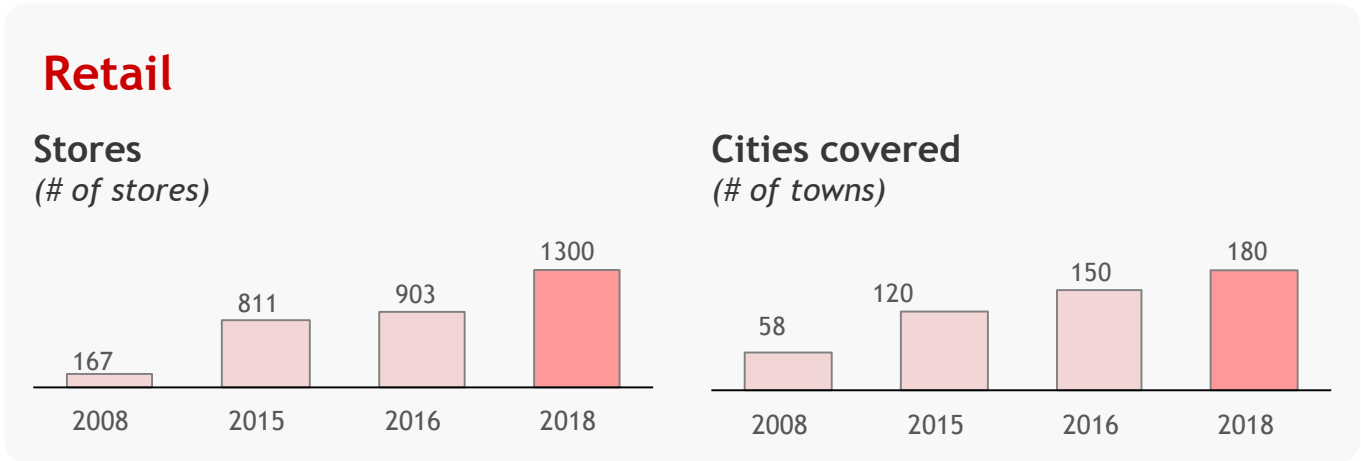
Powerful go-to-market capabilities have led to rapid footprint expansion

 **Go to Market**

 **Distribution Strength**

 **Warehouse & Logistics**

 **Brand Development Capabilities**



189 stores in the top 25 malls vs 115 store for next best competitor.

Highest for any lifestyle player in India

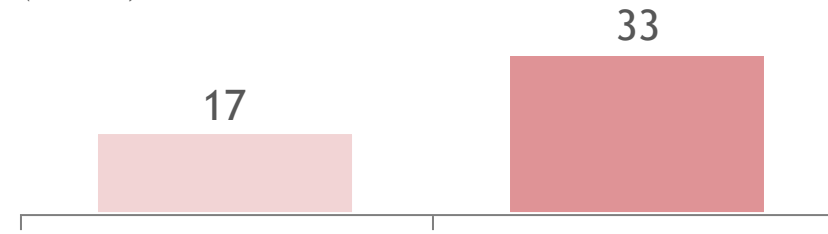
Presence in 140+ Tier 2/3 towns

Sourcing expertise - Scaled up business without any manufacturing investments through strategic vendor relationships



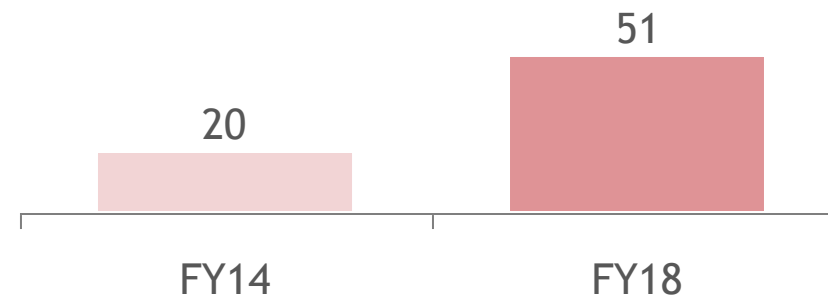
Handling large volumes

Annual sourcing volume
(in mn)



Multi category expertise

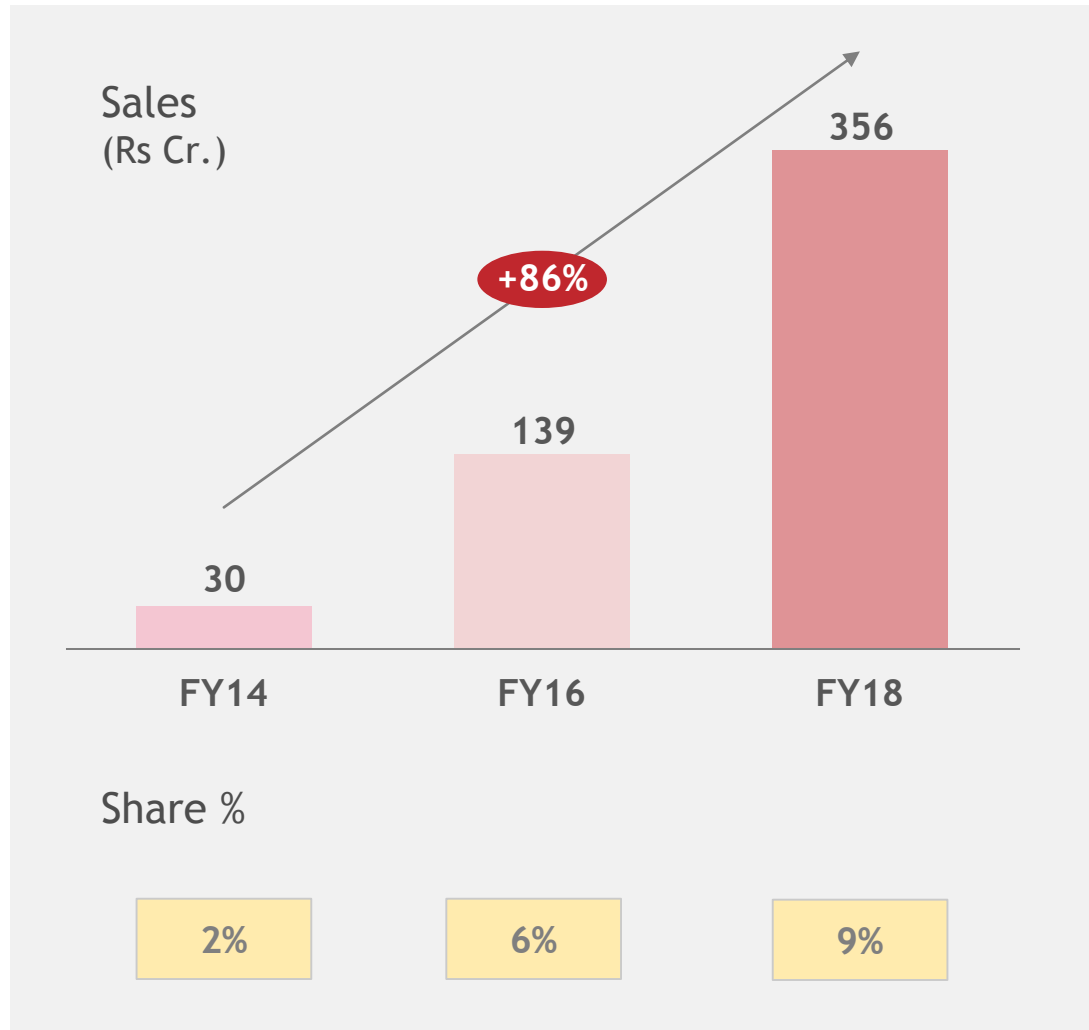
Number of product categories



- Menswear
- Womens wear

- Menswear
- Womens wear
- Kids wear
- Innerwear

Strong e-commerce expertise



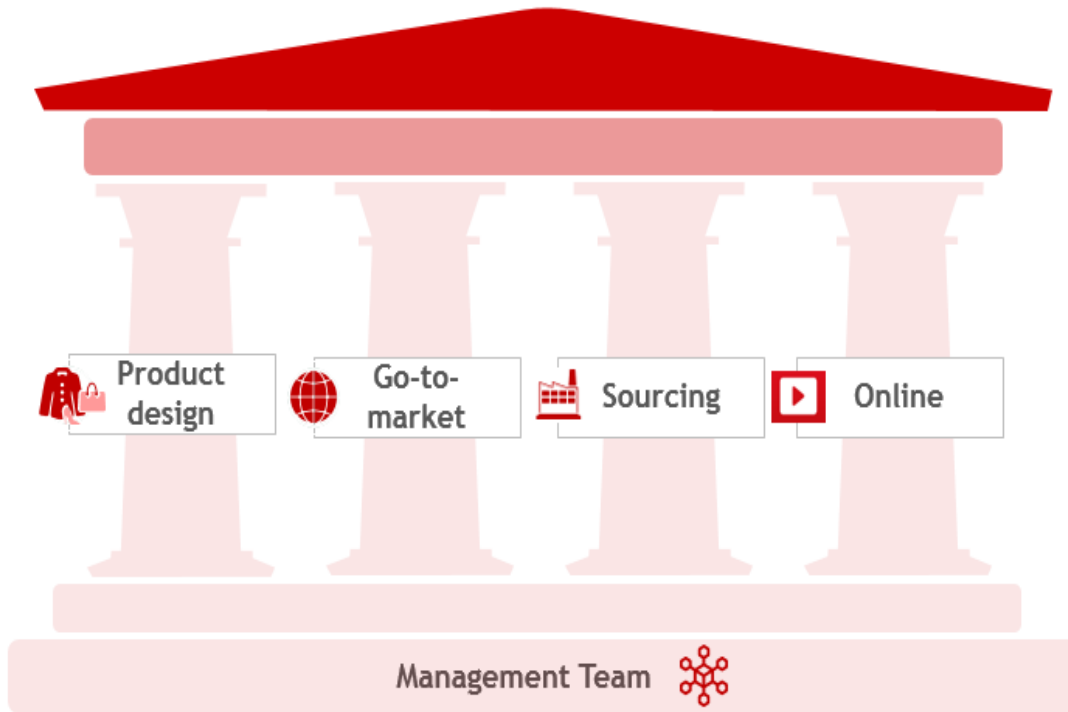
Own e-commerce

- Own e-commerce through NNNOW.com
- Differentiated through Omni-channel Experience
- GMV run rate at 100 Cr+ contributing to 10% of ecommerce sales

3rd Party e-commerce

- Strategic partner to all e-commerce players
- First call for any new e-commerce player
- Strong pricing control

Has the best track record in scaling up brands leveraging powerful capability platforms



Year of launch and current size

2010	2014	2015
Rs 1000+ Cr 	Rs 150+ Cr Calvin Klein	Rs 100+ Cr   

Experienced Leadership Team



J Suresh
Managing Director & CEO,

- 13 Yrs in Arvind
- 18 Yrs in HUL
- MBA - IIM Bangalore

Six Business Leaders



Alok Dubey
CEO, Lifestyle Brands

- 12+ Yrs in Arvind
- 21 Yrs of Experience in Titan, Swatch
- MBA



Sumit Dhingra
CEO, HBD Brands

- 8 Yrs in Arvind
- 12 Yrs of experience in Madura
- MBA - IIM Lucknow



CS Shekar
CEO, Value Fashion

- Joined Arvind in 2015
- 27+ Yrs of experience in Landmark Group in India and Middle East



Parag Dani
CEO, BTL Brands

- 2+ Yr in Arvind
- 21+ Yrs of experience in Madura, Levis and Reliance
- MBA - Jamnalal Bajaj



Vivek Bali
COO- Sephora

- Joined in 2015
- 27+ Yrs experience in beauty retail at Lakme Lever, Polaroid, Avon Beauty, Reliance Retail and Landmark Group
- PGPIIM from IMI



Nitin Agarwal
COO - Innerwear Business

- 3+ Yrs of experience in Arvind
- 12+ Yrs of experience
- MBA - IIM Lucknow

Four Functional Heads



S Kannan
CFO

- 7+ Yrs at Arvind
- 23+ Yrs of experience of which 12 yrs in HUL
- Chartered Accountant



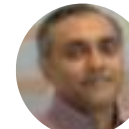
Anindya Ray
Sr. VP - Sourcing & Tech Services

- 10+ Yrs at Arvind
- 21+ Yrs at Madura, UCB & Arvind



Shilpa Vaid
Chief HR Officer

- 18+ Yrs of experience
- 2+ Yrs at Arvind
- MBA



Piyush Chowhan
CIO

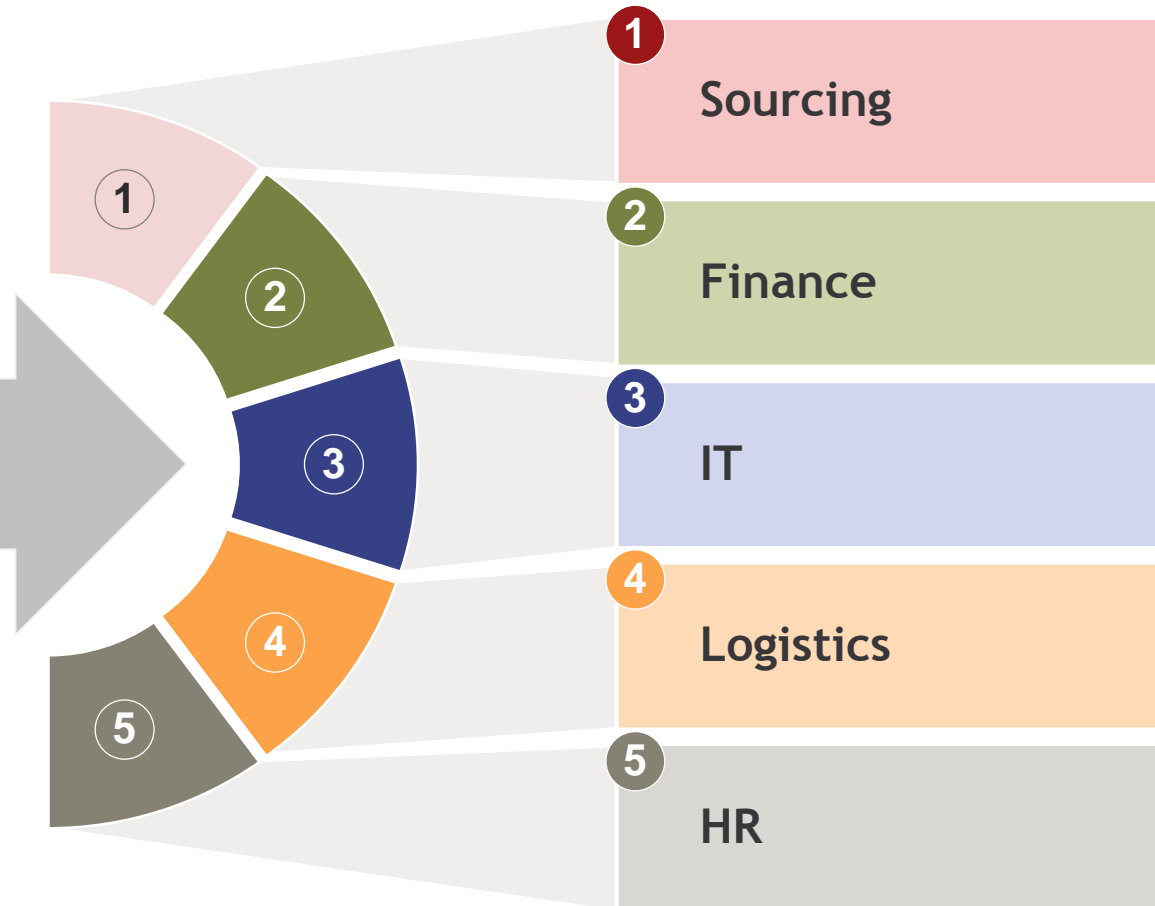
- 2+ Yrs in Arvind
- 18+ Yrs experience in retail & technology
- MBA

Organization structure geared to scale up brands with low fixed cost

Brand's own capabilities



Arvind's plug and play capabilities



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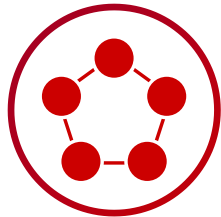
How our business will look in 2022

Three key transformational projects to sustain competitive edge and deliver superior financial performance



1 Supply chain optimization

- Analytics driven retail planning
- AI driven buying
- Auto replenishment
- ...



2 Best in class omni-channel capabilities

- Endless aisles
- Click and collect
- Store order and home fulfillment
- Store digitization
- ...



3 Improve speed to market, through manufacturing flexibility

- 30-40% of products to move to sourcing lead times of <12 weeks



.. delivering superior financial performance

- ✓ Improved LTL growth
- ✓ Higher inventory turns
 - Improved from 3x in FY17 to 3.7x in FY18
 - Target of 4.6x in FY19 and 4.9x going forward
- ✓ Improved profitability through higher full price sell through

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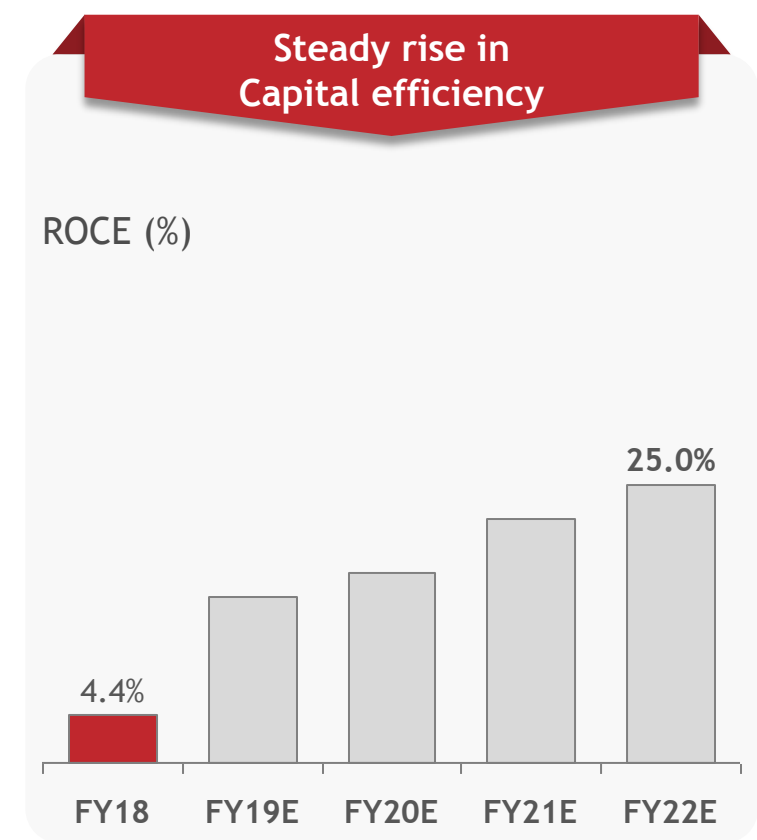
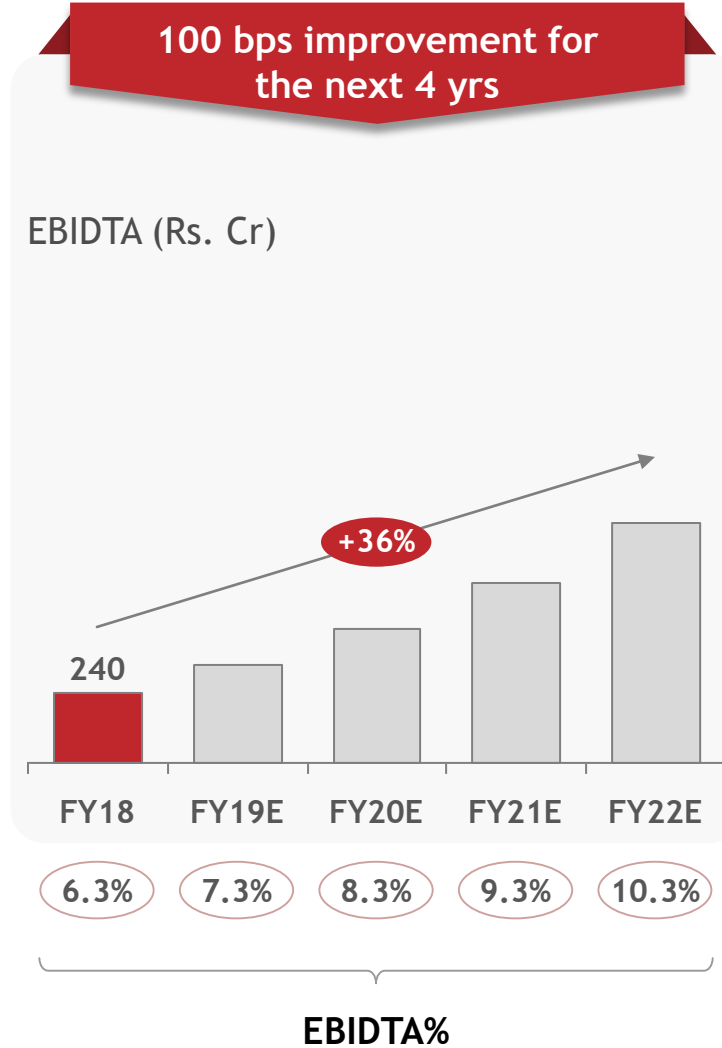
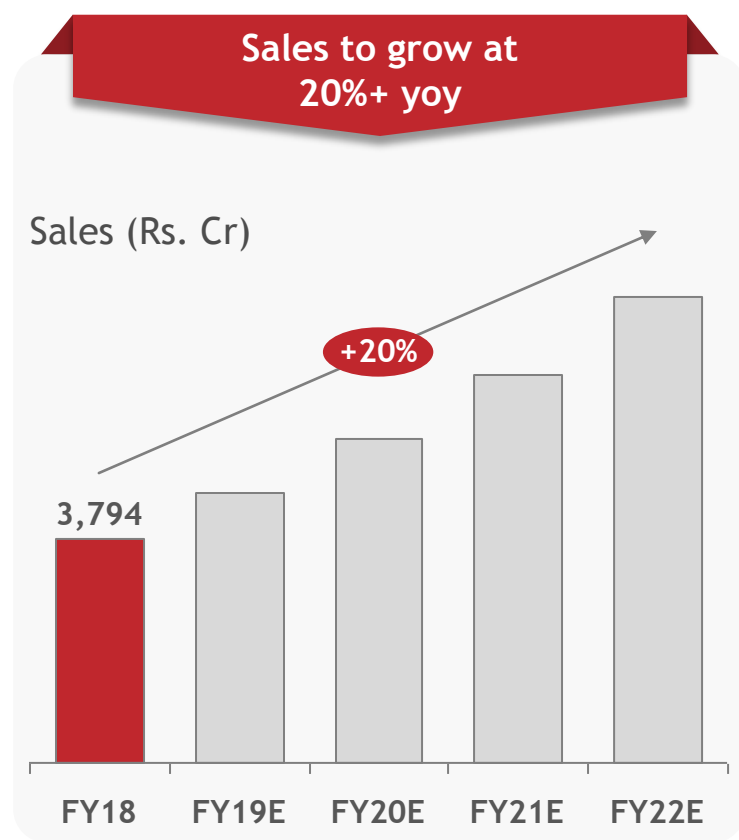
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How our business will look in 2022

Shape of our portfolio



Shape of our business





Thank You!