



FLF

# Future Lifestyle Fashions

INVESTOR DECK May 2018







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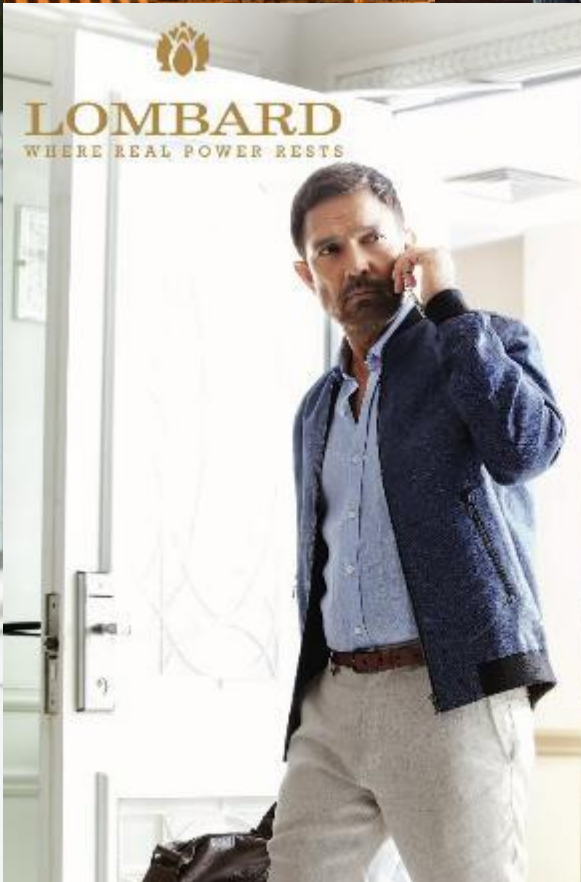
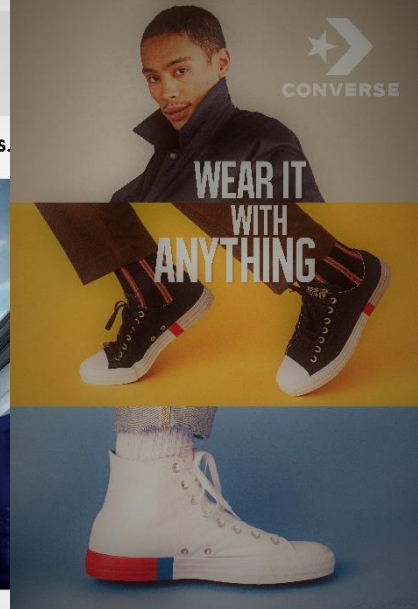
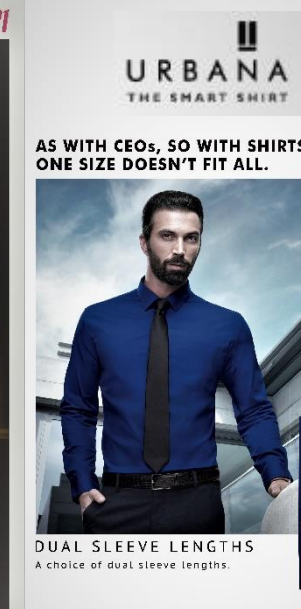
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A woman with long dark hair is sitting on a colorful, patterned rug. She is wearing a red dress with a black floral pattern. To her left is a large, dark brown chair with a crocodile or alligator skin texture. The floor is made of large, light-colored stone tiles. The lighting is warm and dramatic, coming from the right side, casting long shadows. In the foreground, there is a small, light-colored bag with tassels and a pair of black shoes.

# FLF — An Overview



# Our Parent – Future Group

Future Group, a retail pioneer, has evolved into a **CONSUMER GOODS** centric company with offerings across



Business Backed by strong retail infrastructure & supply chain operations



Key Investors





# FLF - India's leading integrated fashion player from the house of Future Group

An integrated fashion company deriving its strength from

- Fashion brands
- Fashion distribution
- Investment in fast growing fashion companies

## FY18 Financial Performance

Same Store Growth<sup>#</sup>

**12.0%**

(17.7% in FY17)



Central SSG%

**10.0%**

(18.1% in FY17)



Brand Factory SSG%

**15.8%**

(16.6% in FY17)



Revenue\*

**19.3%**

₹ 4,498 Cr in FY18  
(₹ 3,877 Cr in FY17)



EBITDA

**21.8%**

₹ 443 Cr in FY18  
(₹ 364 Cr in FY17)



PAT

**182.3%**

₹ 127 Cr in FY18  
(₹ 45 Cr in FY17)



Dividend

**50.0%**

60% in FY18  
(40% in FY17)



EPS

**279.2%**

₹ 6.6 in FY18  
(₹ 2.4 in FY17)



Debt EBITDA ratio

**1.6**

(1.8 times in FY17)



Note:- all figures are based on Consolidated financial statement. \* Revenue growth % is not comparable due to tax rate differentials. # FLF SSG% is Central + Brand Factory SSG

INVESTMENT PROPOSITION



# A winning combination of both – India’s iconic fashion brands and popular lifestyle retail destinations

## FLF Retail Formats



A seamless mall and a department store chain offering a ‘complete shopping experience’ and retail in HD



A monopolistic player and daily discount family shopping destination offering much better customer experience than Factory Outlets

## FLF Power Brands



Global Denim Brand, aspires to be a ₹ 1000 crore brand



The Largest Selling Plus Size Brand in the Country with PAN India retail presence



Inspired by Harvard Yale race, Scullers showcases an all-inclusive range for men, women and kids



Highly fashionable and wide range of casuals and denims for young women



Launched with the aim of delivering Fast Fashion to the young Indians



Focus on semi-casuals and one of the few players in the relaxed office wear category





# Holding an Associate company that houses investee brands



## Key Investee Brands

COVER/STORY

Super Trendy and Affordable Indian Fast Fashion brand for Women. A bridge between luxury and unorganised brands

Clarks  
SHOEMAKERS SINCE 1825

Expert shoemakers with 190 years of experience

TURTLE

Offers formidable value and international style across a range of menswear apparel and accessories

ancestry  
STORIES RETOLD

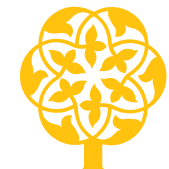
GIOVANI

MINERAL

Alice & Mae

SPUNK

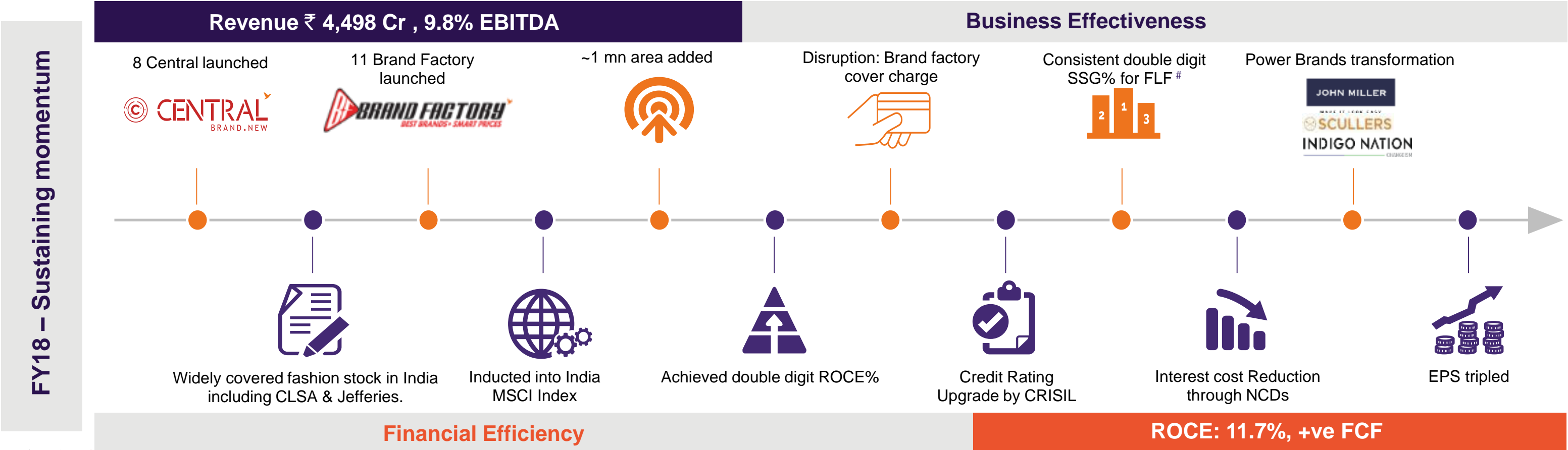
celio\*



mother  
earth  
Looking Good  
Doing Good



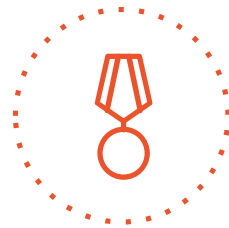
# FLF Key Milestones



# FLF SSG% is Central + Brand Factory SSG



# Awards & Recognition



Central received Gold and Merit awards for covering all 3 categories at VM & RD Retail Design Awards 2018



BF Won the Most effective marketing & Promotions campaign award for the 2 year in 2018 as well for "Free Shopping weekend Campaign."



FLF was awarded the Most Admired Fashion Company of the year 2017.



CoverStory was awarded the Most Admired Brand of the Year – New Launch, at the India Fashion Forum.



Central @ HD was awarded the Design Concept of the Year – Theme Store.



Brand Factory's 'Free Weekend Sale' won the Most Admired Multi Fashion Retailer of the Year award, at the India Fashion Forum.



Indigo Nation was awarded the Most Admired Fashion Brand of the Year in Men's Western Wear



Scullers won the Best Marketing Campaign of the Year award at CMO Asia



Urbana won the Best Social Media Integrated Campaign of the Year at CMO Asia



Jealous 21 won the Best Facebook Campaign of the Year Award at CMO Asia





# Key Highlights – FY18



- ✓ Expansion of Central and Brand factory stores in line with plan – about 1 mn gross sft added
- ✓ Achieved a revenue growth of 19.3 %\* backed by a +ve double digit SSG#
- ✓ Acquired Lee Cooper footwear India license effective from April '18
- ✓ Successfully carried out - India's first ticketed shopping event for Brand Factory with overwhelming response.
- ✓ Lee Cooper : '**Digital First**' approach to market Lee Cooper
- ✓ **aLL's debut ad campaign** points out the '**plus points**' of being a plus size person - 'What's your Plus Point
- ✓ Successfully completed Ind AS compliance, implementation supported by Deloitte
- ✓ GST Roll out completed successfully
- ✓ Positive FCF achieved and EPS tripled over FY17

\* Revenue growth % is not comparable due to tax rate differentials # FLF  
SSG% is Central + Brand Factory SSG



A photograph of two women walking on a city street at night. The woman on the left is wearing a blue one-shoulder top and a black sequined skirt, holding a black clutch. The woman on the right is wearing a long-sleeved, floor-length silver sequined dress. They are both smiling. In the background, there are blurred figures of other people and a building with a sign that says "AINÉ".

# Why grow with us- Investment proposition



# FLF Is Championing India's Rising Fashion Momentum

enabled by

**A burgeoning  
fashion market**

**A favourable  
shift in  
consumer  
preferences**

**A unique  
business model**





**A burgeoning  
fashion market**



# Strong macroeconomics favour the segments FLF caters to



## India - One of the largest and fastest growing economies of the world

Worth \$ 2.264 trillion,India’s GDP is growing at the rate of 7.1% annually (Source: CSO)

.....

## Strong demographic dividend

Nearly 50% of India’s population is below the age of 30.60% of the population is economically active (Source: 2011 Census)

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## Key Policy and Tax Initiatives Supporting Formalisation of the Economy

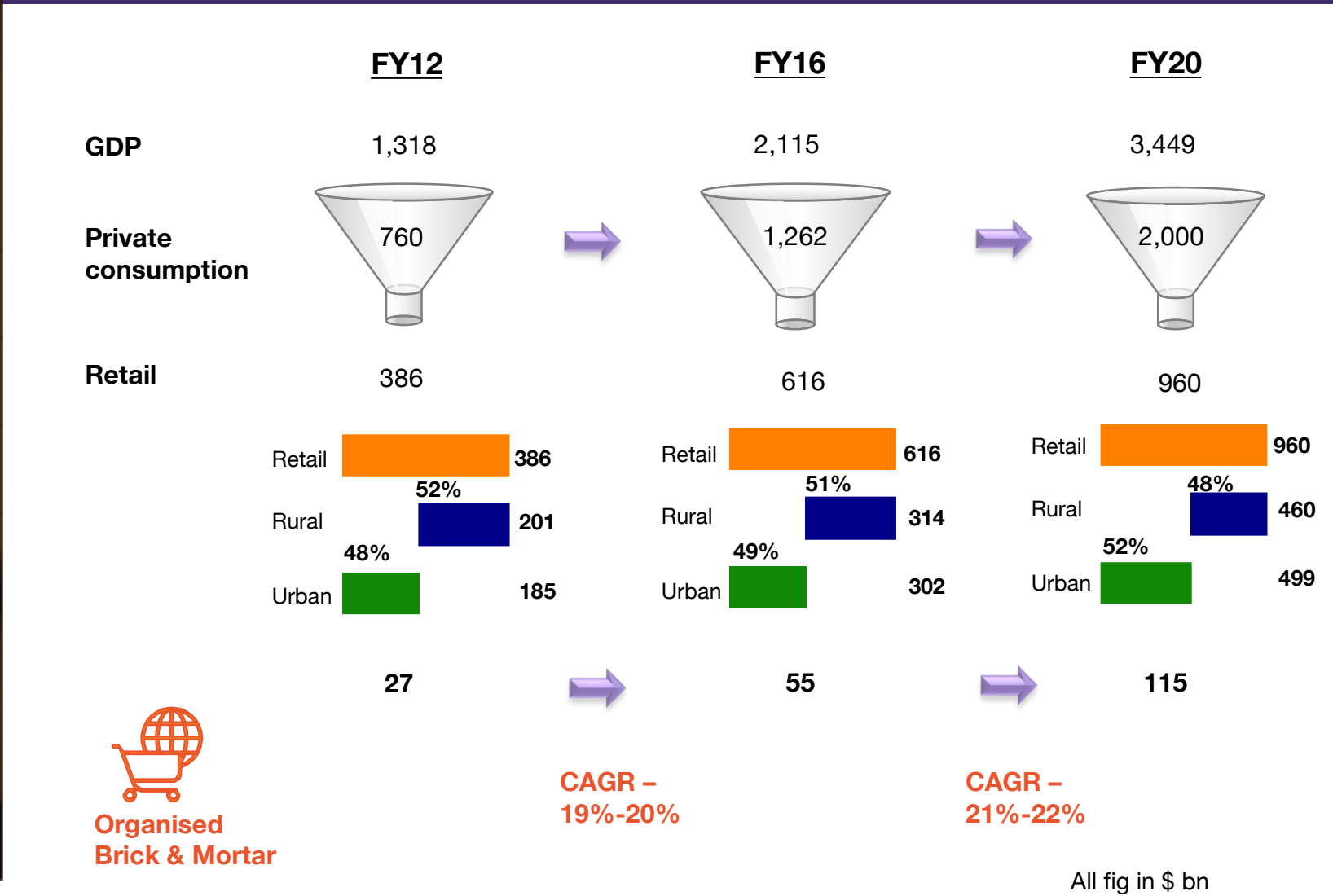
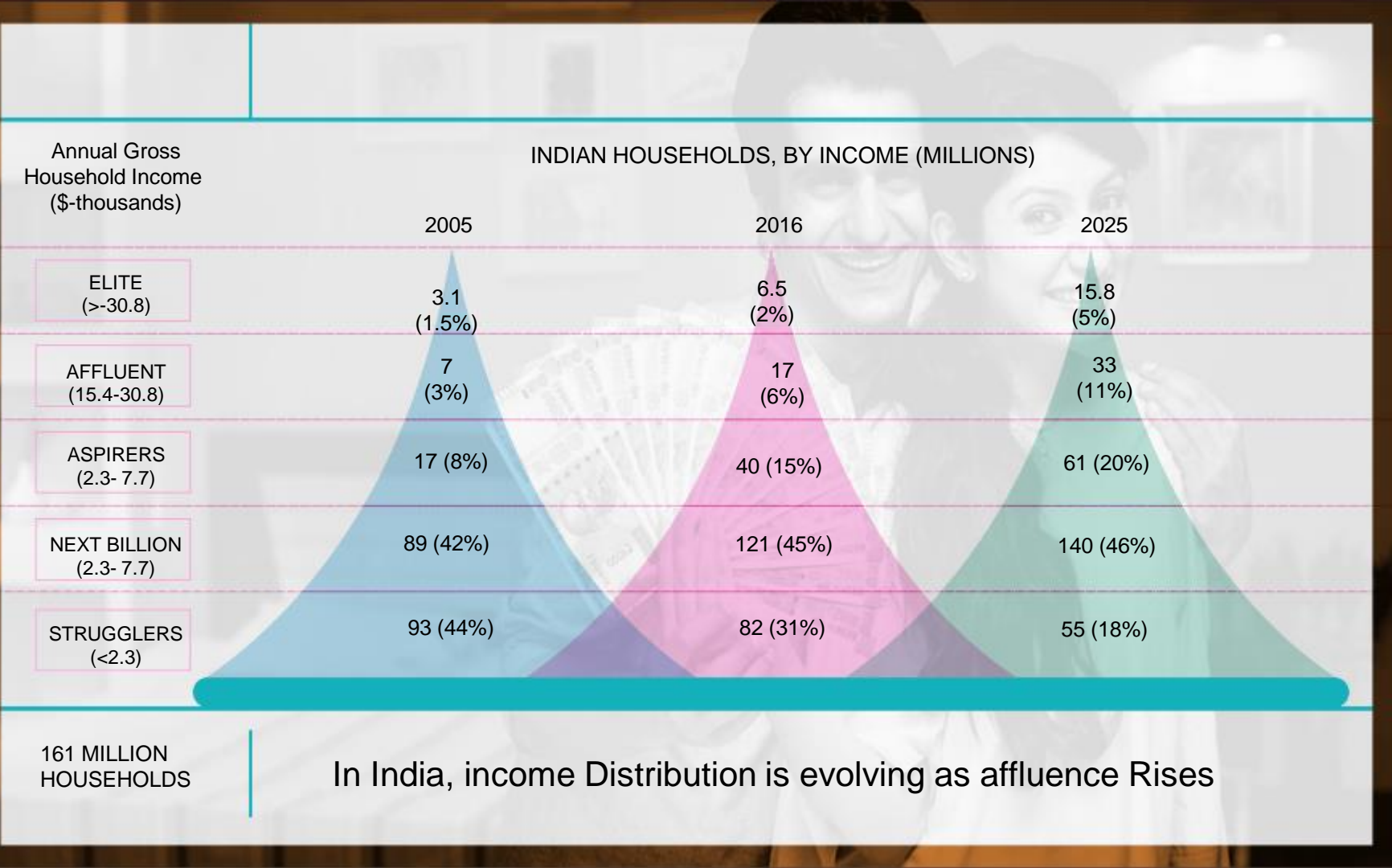
Introduction of the landmark GSTregimeandtheinitiatives like demonetisation have catapultedtheeconomytobe more organised and formal. (Source:CSO)

.....



The Burgeoning Fashion Market

India’s consumption story is on the cusp of a major growth phase



India’s consumption story will be shaped by its “**Burgeoning middle class**”

Apparel and accessories has the organised penetration at ~23%, and will be key beneficiary of the growth in organised Brick and Mortar retail



# India’s fashion market is nearing an inflection point






India’s fashion industry hit \$100bn in 2015 and is growing at the CAGR of 12%

Source: A T Kearney

India’s per capita GDP is ~\$1700 at present

Source: World Bank

Global examples indicate when a country’s per capita GDP nears ~\$2000, its fashion industry sees an exponential growth.

					
Country	China	Russia	Brazil	South Korea	Singapore
Reached GDP per capita of \$2000 in (Year)	2006	2001	1986	1984	1982
Trajectory of Retail sales after it reached \$2000 per capita GDP	3x	2x	2x	4x	3x

Source: UNESCO, CLSA Report



# India’s fashion retail market – A snapshot

## The Indian Fashion Retail Market

**\$46 billion** fashion retail industry in India expected to grow to **\$115 billion** by 2026

**9.7% CAGR** expected for the next 10 years

Indian apparel industry is the second largest contributor in the retail industry after food and grocery



### Men’s Wear

The largest segment of the Indian fashion retail market (41% of market) \$19 billion market size, expected to reach \$45.5 billion by 2026  
9% CAGR expected for the next 10 years  
Men’s denims, active wear and t-shirts showing double-digit growth across tiers



### Region-Wise Distribution of Apparel Market

23% of the market contribution by metro cities such as Delhi/ NCR, Mumbai, Bengaluru, Chennai  
54% of low and economy price segments of apparel market by rural population



### Women’s Wear

38% of the Indian fashion retail market \$17.5 billion market size, expected to reach \$44 billion by 2026  
9.9% CAGR expected for the next 10 years  
66% of the women’s apparel is ethnic wear Casuals, inner wear and denims are witnessing double-digit growth



### Price Segmentation of Apparel Market

The apparel market can be broadly divided into super premium, premium, medium, economy and low price segments  
29% of market captured by the medium price segment  
28% from the economy segment

## The Indian Fashion Retail Market

2016	2026	CAGR
\$46 bn	\$115 bn	9.7%


### Men's Wear

2016	2026	CAGR
\$19 bn	\$46 bn	9.0%

### Women's Wear

2016	2026	CAGR
\$18 bn	\$44 bn	10%





**A favourable  
shift in consumer  
preferences**



A favourable shift in consumer preferences

# How they shop - Evolution of the purchase driver leading to departmental shopping

## The new age Indian consumer is

- Moving from product to brand to experience
- Moving from loyalty to choice
- Moving from time consuming to convenience led shopping

Leading to evolution of channels in India

FLF offers experience led shopping for both upscale and value based branded fashion through its Departmental stores:



**Departmental stores are the way forward for experience led retail**

FLF



### Drivers of Departmental Model:

1. Brand aspirations
2. Low brand loyalty
3. Value consciousness
4. Time poverty



# A favourable shift in consumer preferences

## Central

### Overview

- Launched in 2004, a seamless mall and a department store chain offering a ‘complete shopping experience’
- Positioned for the premium lifestyle segment, Central appeals to the fashion shopper with its spread of leading brands
- Focused strategy of premium offerings, upgrading ambience & increasing the freshness quotient
- Partnership with leading brands to widen premium offerings

### Our Reach

- About 3.7 mn sq.ft of chargeable area
- Pan India Presence in around 25 cities, 40 stores
- More than 500 brands
- More than 34 mn customers visit every year
- Urban aspirational shoppers across all age groups
- Central format has an average store size of around 100,000 sq ft



Men	48%
Women	35%
Others*	18%
Total	100%

Apparel	75%
Accessories	25%
Total	100%



Then



Stores  
17

Revenue/sq.ft.  
~ ₹ 6k

Ticketsize  
~ ₹ 1.6k

Now



Stores  
40

Revenue/sq.ft.  
~ ₹ 10k

Ticketsize  
~ ₹ 3.1k

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\* Others include Kids, Sports equipment, Home care and SIS Income etc. Store network as of 31st March 2018

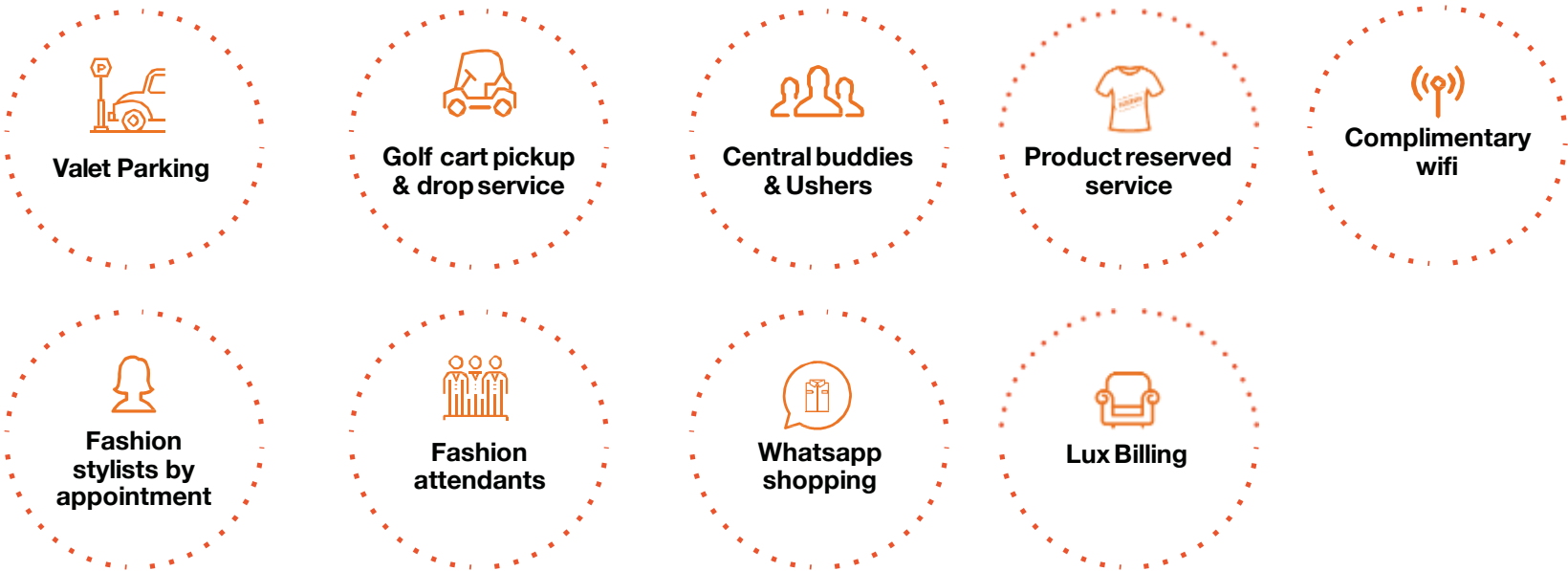


A favourable shift in consumer preferences

# Central – Hi Definition Fashion Experience

## CENTRAL Hi Definition Fashion Experience

### Assisted Shopping



### Ambience and Store facilities





A favourable shift in consumer preferences

# Brand Factory – India’s Leading Fashion Discount Chain

## Overview

- Family shopping destination offering much better customer experience than Factory Outlets
- Typically offers 20% -70% discounts on more than 200 brands for men, women and kids
- Perfect answer to e commerce with 365 days attractive discounts
- Strong liquidation channel not just for FLF brands but for the industry
- Efficient supply chain enables freshness of stock at both Central and Brand Factory

## Our Reach

- About 1.8 mn sq.ft of chargeable area
- Pan India Presence in around 26 cities, 63 stores
- More than 20 mn customers visit every year

## Our Customers

- Value seeking suburban families
- Fashion following mini-metro/smart shoppers
- Brand conscious explorative youth
- Young qualified, status seekers

## Key Highlights

- Exciting growth prospectus with no offline competition
- Availability of marquee brands for fantastic shopping experience
- Brand Factory has an average store size of around 30,000 sq ft
- Apparel contributed ~90% of total sales in FY18. Aspiration to take this format to next level tapping the significant market potential



Men	74%	Apparel	90%
Women	15%	Accessories	10%
Others*	11%		
Total	100%	Total	100%



\* Others include Kids, Sports equipment, Home care and SIS Income etc. Store network as of 31st March 2018

Then			Now		
Stores	Revenue/sq.ft.	Ticketsize	Stores	Revenue/sq.ft.	Ticketsize
13	~ ₹ 4.5k	~ ₹ 1.3k	63	~ ₹ 7.6k	~ ₹ 2.3k



A favourable shift in consumer preferences

# Brand Factory - In a New Avatar

## Brand Factory 2.0

- Large format contemporary branded value store catering to fashion aspiration of youth.
- Five floors covering categories like Men's Fashion, Women's Fashion & Kids Fashion, Sportswear, Travel & Handbags, Footwear and Fashion Accessories
- Store experience with more than 200 brands to choose from.

## A different branding approach

- The overall thought is to give a definite character to the store
- Store reflects the brand personality visually as well as through language.
- Critical store touch points like Billing counter/CSD Desk/Entry and Exit points are also given a new twist



FLF



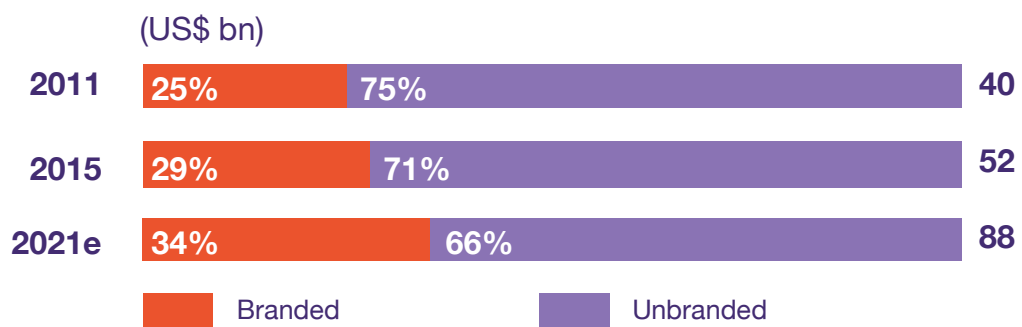


# What they want to shop- Evident shift towards organised markets offering popular brands and best experience under one roof

## Clear and rapid shift towards branded products

- Branded fashion grew at 24% CAGR over 2011-15
- Branded apparel growing faster than overallmarket (14% vs. 9.2% CAGR)
- Modern retail has high (~43%) penetration of branded apparel

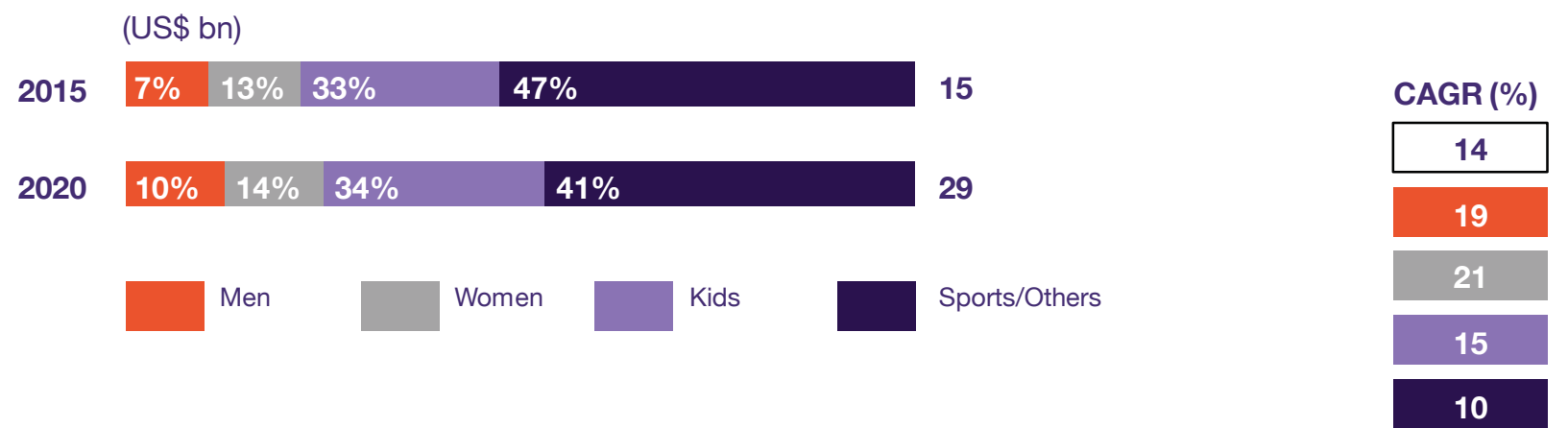
## Branded Apparel Market Growing Faster Than Overall Market #



Source: UNESCO, CLSA Report

## Growing desire for fast fashion

- Fast fashion in India is growing at a yearly pace of 25-30%, twice the rate of overall market.
- The rise in disposable income coupled with a growing desire for global fashion, has led the Indian consumer to go shopping, 10-12 times a year as compared to 1-2 occasion-led shopping before









# A favourable shift in consumer preferences

## Brand Profile

FLF present across all key categories and well diversified (Not overly dependent on any category for growth)

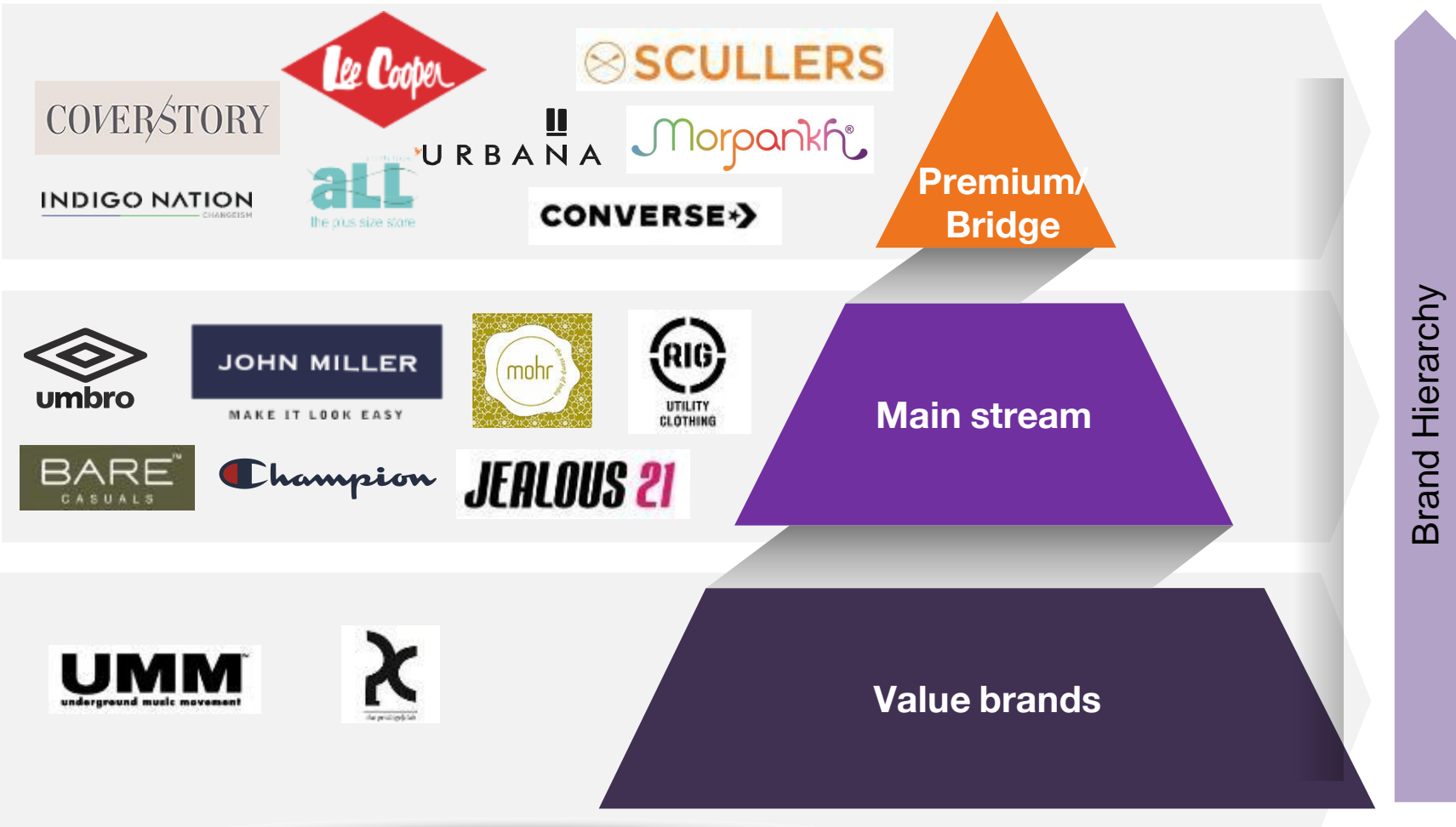
Branded Market Opportunity	FLF Brands						Investee Brands		
Men's wear Size: USD 7bn Growth: 10% CAGR	<div>INDIGO NATION <small>CHANGEISM</small></div> <div>JOHN MILLER <small>MAKE IT LOOK EASY</small></div> <div>DANIEL HECHTER <small>PARIS</small> <small>www.danielhechter.com</small></div> <div> <small>the privilege</small></div> <div>URBANA <small>II</small></div>						<div>celio*</div> <div>TURTLE <small>★</small></div> <div>GIOVANI <small>'TAL'AN CUT</small></div>		
Unisex Brands	<div></div> <div>SCULLERS</div> <div>all <small>the plus size store</small></div> <div>BARE™ CASUALS</div> <div>RIG UTILITY CLOTHING</div> <div>UMM™ underground music movement</div>								
Women's wear Size: USD 5bn Growth: 15% CAGR	<div>JERLOUS 21</div> <div>NAVRAS</div> <div>PRIMADIVA™</div> <div>ATEESA</div> <div>Hey! <small>Jubilee Company</small></div>						<div>MINERAL </div> <div>COVER/STORY</div>		
Sports / Leisure wear	<div>CONVERSE➤</div> <div>Champion</div> <div>URBAN YOGA</div> <div>umbro</div>						<div>SPUNK®</div>		
Footwear / Others	<div>CERIZ</div>						<div> mother earth <small>Looking Good Doing Good</small></div> <div>Clarks. <small>SHOEMAKERS SINCE 1825</small></div>		



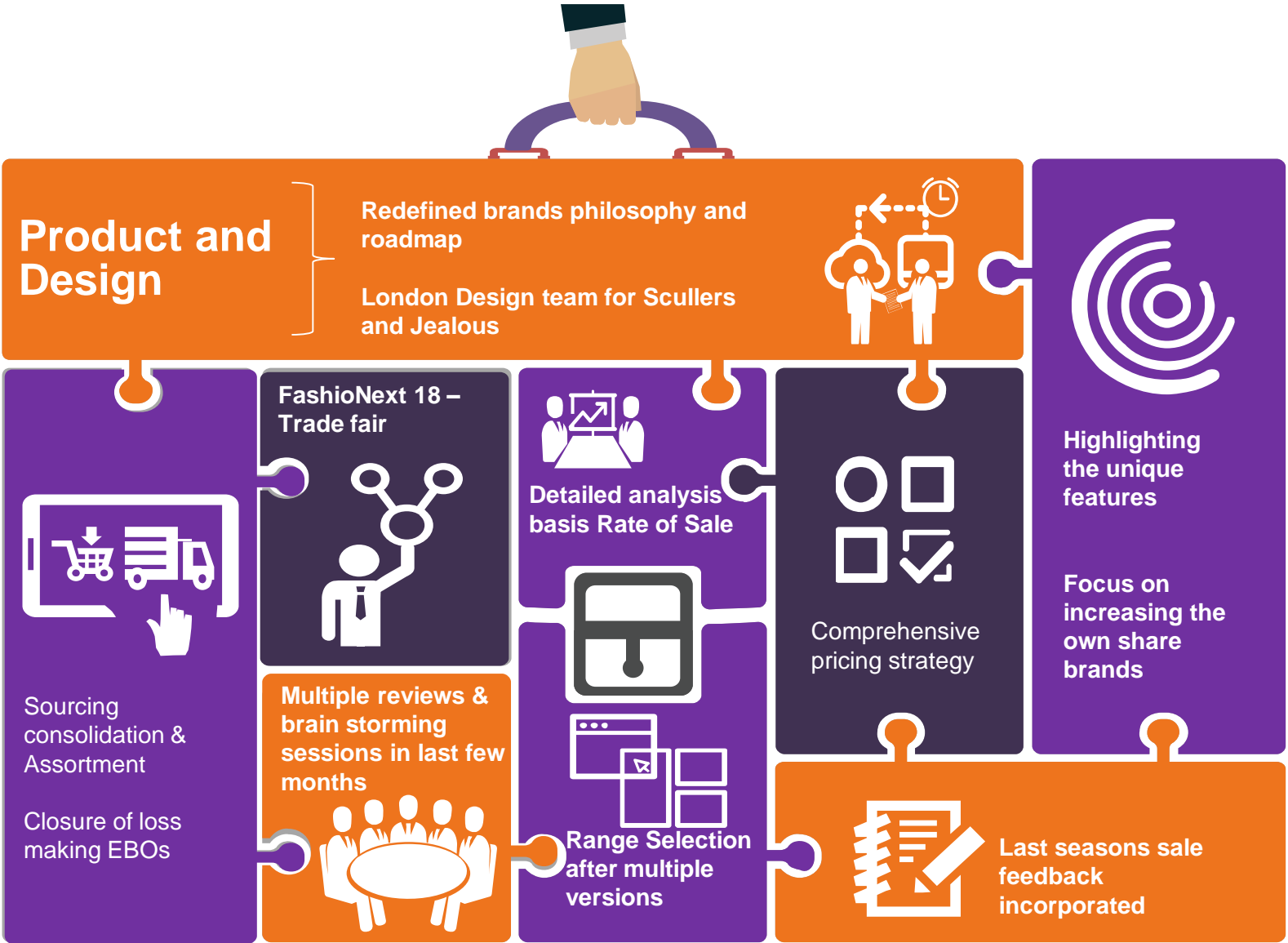
A favourable shift in consumer preferences

# Brand Pyramid

Brand Pyramid



Key steps taken in FY18 ... Rise of Power Brands





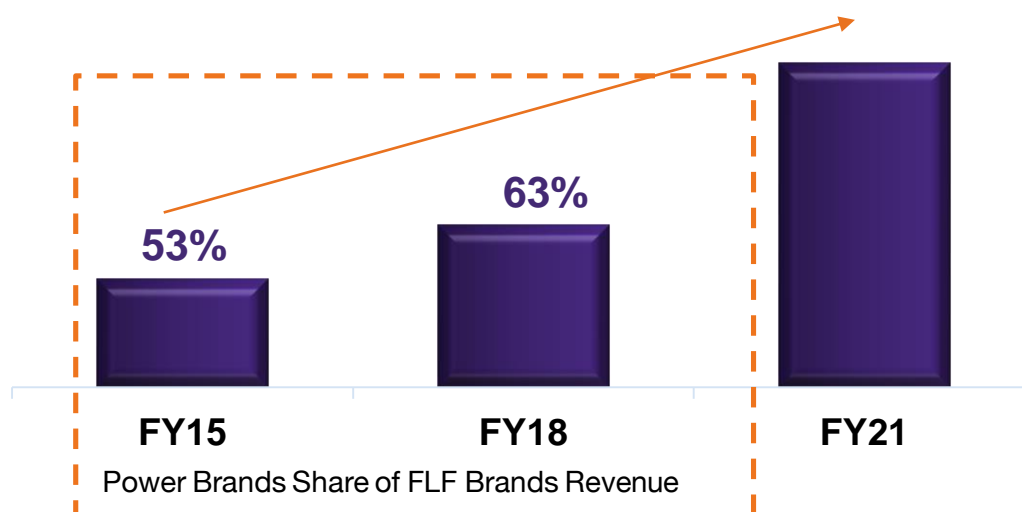
# A favourable shift in consumer preferences

## Journey of Power brands



### What went well in FY18

- Power brands revamp across product quality through standardized sourcing and Vendor up-gradation, achieving sharper price points.
- Lee Cooper : **'Digital First'** approach to market Lee Cooper
- aLL: **aLL's debut ad campaign points out the 'plus points' of being a plus size person** - 'What's your Plus Point'



- Power Brands to constitute ~70% to own brand sales by FY21 and expected to grow at a rate 2x growth rate of other brands

FLF

### Key Focus area for Next year



#### ■ Bangalore brands:

- Improving the product quality through standardized sourcing and Vendor up-gradation
- Increasing the share of full price sales by having a comprehensive pricing strategy and liquidate old inventory
- Organizing trade fairs to show case the forthcoming season collection
- Improved merchandise to hit the floor from AW18 season

#### ■ Lee Cooper

- Footwear Initiative: Introduction of LCO footwear, Launch of Ladies & Kids line
- Pilot EBO Concept : Planned launch of 5-8 Stores covering major cities
- Footwear Initiative: Introduction of LCO footwear, Launch of Ladies & Kids line

#### ■ aLL

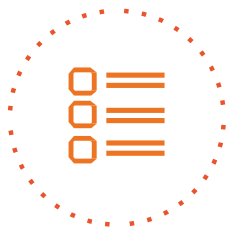
- Targeting multifold growth in Online channel





A favourable shift in consumer preferences

# Power brand – Lee Cooper



**Category**  
Denim and Casual wear – one of the fastest growing segment



**Target Customer**  
Young Men and Women who are relaxed, easy going yet strong and level headed



**Competitors**  
Levi's, Pepe Jeans, Wrangler, Lee, Killer



**Distribution**  
Sold through Central, Brand Factory, EBOs and is also available on leading ecommerce websites and third party Multi Brand Outlets

## Overview

Original British Denim Brand having 100+ years of rich history with large international following. Licensed from Iconix Brand Group, Lee Cooper is sold in over 100 countries

FLF – Key Brands

Avg. Price Point ( ₹ ):		
Lee Cooper Originals		
	1,500	
Lee Cooper	2,500	Revenue (in ₹ Cr)
		420





A favourable shift in consumer preferences

# Power brand – Lee Cooper Footwear



## India Market

India is the **2nd largest producer of footwear globally**, with ~95% of its produce meeting domestic demand. India is the **3rd largest footwear consuming** country in the world after China and USA..



## Growth

Men's market is growing at a **CAGR of 10 %**. At present, men's market contributes around 60 % of sales in the footwear segment as against women's share of 30 per cent. **Women's segment**, however, is growing at a much faster **CAGR of 20 %**.



## Category

Current offering is more classical / traditional. There is opportunity to bring in the latest in fashion with the best in technology.



## Target Customer

Young Men and Women who are relaxed, easy going yet strong and level headed. 'Comfort' and 'Style' go hand-in-hand in this category.



## Competitors

Red tape, Woodland, Hush Puppies

## Opportunity

- ▶ Distributed through more than 2,500 multi-branded stores.
- ▶ High brand recall and higher acceptance of the brand for menswear.
- ▶ Opportunity to expand the offering to Women & Kids, since the brand is well accepted for apparels across.

FLF – Key Brands

FY19 expected revenue ( ₹ Cr.):  
**~250\***



FLF

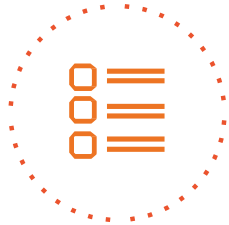
\* Revenue has been annualized, expected months of operation is ~6 months





# A favourable shift in consumer preferences

## Power brand – aLL



### Category

Dedicated plus-size clothing category for men and women including everything from western to ethnic wear and accessories that make you look sexy, cool and confident



### Target Customer

Population of overweight crowd that feels judged by modern culture and people who typically find it difficult to find clothes that are right for their body shapes



### Competitors

Only plus size brand of meaningful scale



### Distribution

Sold through the Central network. Also distributed through EBOs and its online store. aLL was also featured at the Lakme Fashion Week

## Overview

Fashion for The Plus Size. aLL is the Largest Selling Plus Size Brand in the Country with PAN India retail presence. The plus size clothing category is pegged at ₹ 11,000 cr and is expected to double by 2020. It makes up 15% of the Indian apparel market.

FLF – Key Brands

Avg. Price Point (₹):

**1,200**

Revenue (₹ Cr.)

**~130**

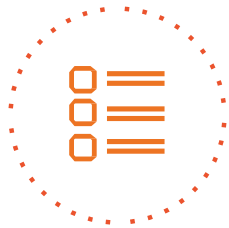
FLF





A favourable shift in consumer preferences

# Key Investee brand– Cover Story



## Category

Fast Fashion for women, which is one of the fastest growing fashion segment, recently attracted international players such as Zara



## Target Customer

23 to 40 years, Independent woman with a rising disposable income, She thrives on social media. Switches effortlessly between Indian and western wear



## Competitors

H&M, ZARA



## Distribution

Central and EBOs

FLF

## Overview

Super Trendy and affordable Indian Fast Fashion brand for Women.

Fills up the gap between high priced luxury brands and low priced unorganized brands between the price point ₹ 1,000 to ₹ 5,000

FLF – Investee Brands

Avg. Price Point (₹):

1,800

Stake (%)

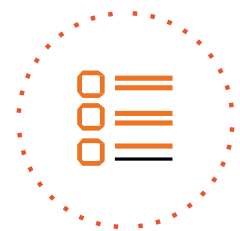
90%





A favourable shift in consumer preferences

# Key Investee brand– Clarks



**Category**  
Premium boots, sandals and shoes



**Target Customer**  
Men and women in the age group of 25 – 45yrs,  
Upwardly mobile



**Competitors**  
Hush Puppies, Aldo, Charles & Keith, Geox & Woodland



**Distribution**  
Sold through the Central network. Also available at EBOs, third party MBOs and ecommerce sites



**Distribution**  
Launched at a Grand Fashion Show in 2011 as part of a JV between Future Group and C. & J. Clark International Ltd by CEO of Clarks Melissa Potter. Offers excellent expertise in the category to FLF



## Overview

Expert shoemakers with 190 years of experience in making fashionable shoes that are a pleasure to wear. Known as a brand that resonates with reliability.

FLF – Investee Brands

Avg. Price Point ( ₹ ):  
**4,500**

Sales ( ₹ Cr.)  
**~150**

Stake (%)  
**50%**





# A favourable shift in consumer preferences

## Women's ethnic wear



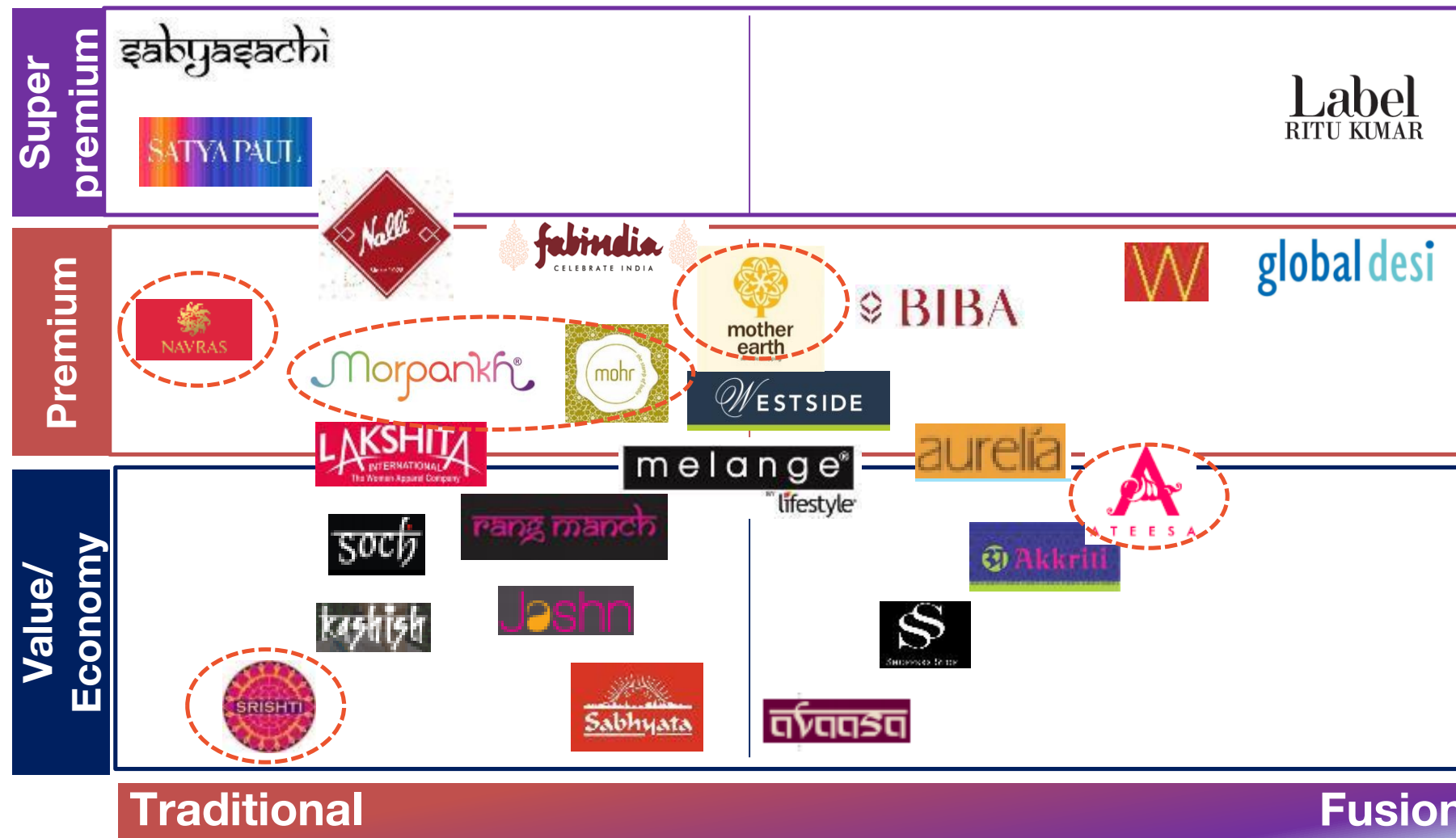
Indian ethnic wear market  
₹ 70,000 cr+



Expected CAGR next 5 years  
9%



Organised market share  
30%





# A favourable shift in consumer preferences

## Women's ethnic wear

FLF

CENTRAL  
BRAND.NEW

BRAND FACTORY  
BEST BRANDS • SMART PRICES

FY18 Sales

₹ 450 cr +

₹ 350 cr +

₹ 100 cr +

Quantity sold

50 lacs +

30 lacs +

20 lacs +

Own

3rd party

75%

36%

30%

FY16

FY18

FLF

### Key initiatives journey of Women's Ethnic wear

- ✓ Focus on full price sales in Morpankh
- ✓ Focus on core – increased the width to cater to categories like Dupatta, Legwear etc.
- ✓ Introduced a new category – 'Core Fashion' for work wear
- ✓ Introduced a dedicated brand for Brand Factory – 'Mohr'

Morpankh®

ATEESA





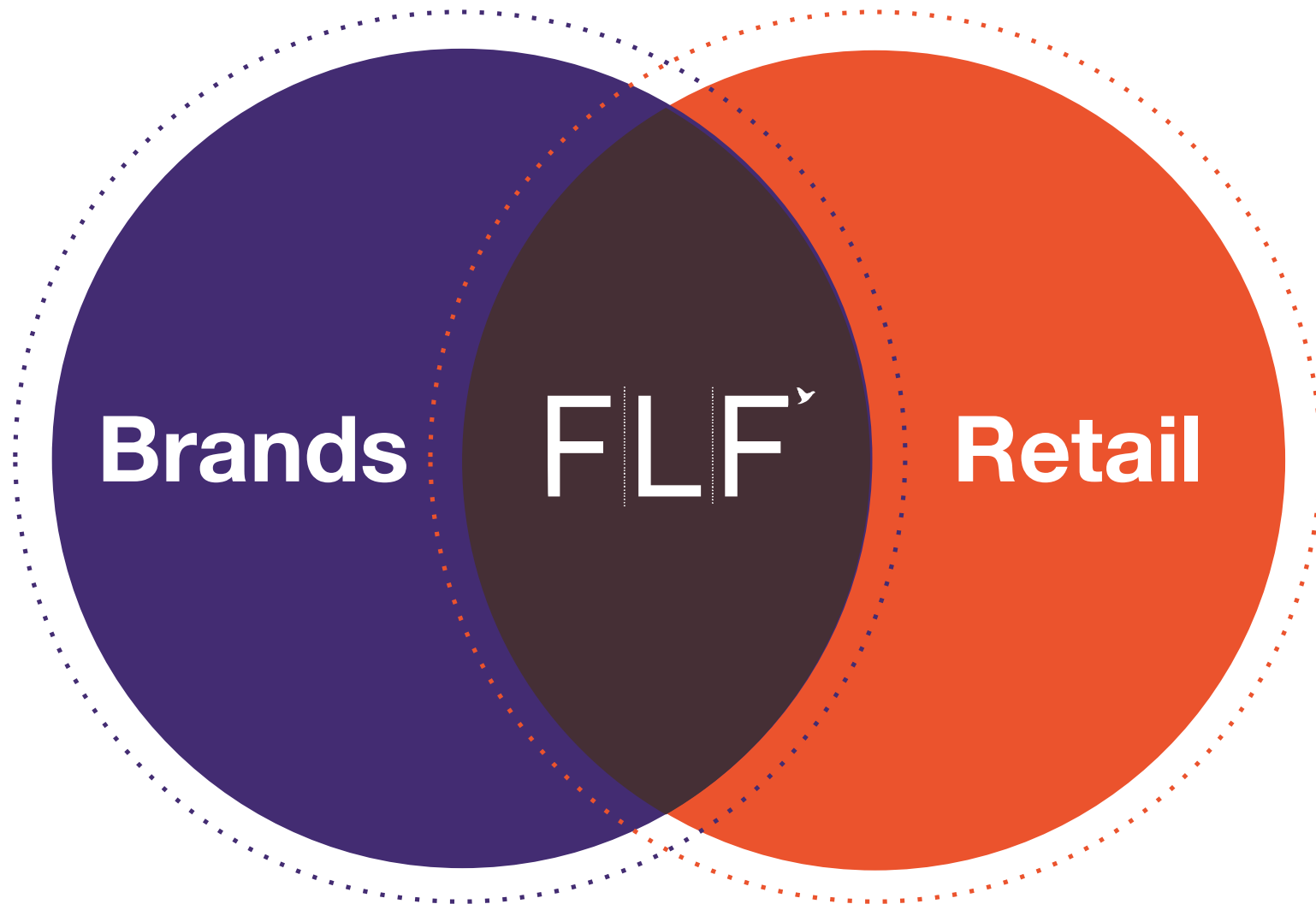
A photograph of two women sitting on lounge chairs on a rooftop terrace. The woman in the foreground is wearing a red patterned dress and has a brown bag with colorful tassels next to her. The woman in the background is wearing a yellow top. They are looking out over a city with a hill and a castle in the distance. A semi-transparent yellow circle with a red dot and a dotted line is overlaid on the right side of the image.

## A Unique Business Model



A unique business model

# Integrated play is the way forward – THE FLF Advantage



FLF is best positioned to win, since it is one of the few apparel players with:

**Strong own brands  
and a large retail  
channel to support it**

---

**Own brand sales  
comprising ~ 40% of  
total FLF revenues**

---

**Own channel  
comprising 70% of  
own brands**



A unique business model

# Challenges of traditional, pure-play models

## Pure Play Brand

Developed markets saw the emergence of distinct business models in fashion industry (i) Multi Brand Portfolios (ii) Specialty Retail

---

In emerging markets, this individualistic approach of focusing on either brands or retail has not worked

---

Pure-play retailers in India are facing price pressure from Ecommerce companies, leading to muted SSG growth for the last several quarters

---

## Pure Play Retail

Retailers in India have consolidated now to big players (FLF, SS, Lifestyle)

---

Pure-play branded players without their own retail channel end up paying 35%-40% channel margins to large format retailers

---

Further, own store expansion for branded players is capital expensive and would lead to drag on ROCEs

---



A unique business model

# Benefits of an integrated fashion play model

## Better Brand Experience

Through better control of brand presence and display, customer experience is enhanced

## Power of own distribution and brands

Quicker scale up of brands and better shopping experience

## Cost and Scale Efficiency

Through multiple cross-selling avenues, efficiency is bolstered

## Higher Profitability

Higher EBITDA Margins than industry average

## Enhanced Value Creation

Owned channels and owned brands help in creating better business value

FLF







# Key Financials



# Business Overview

## FLF Brands (Revenue: ₹ 1,665 cr)

Portfolio includes ~30 brands, catering to men, women and kids



# FLF

FUTURE  
LIFESTYLE  
FASHIONS

**FY18 Revenue**  
**₹ 4,498 cr**

An integrated fashion company deriving its strength from – fashion brands, fashion distribution and investment in fast growing fashion companies



- EBOs & Others
- Online

## Third Party Brands (Revenue: ₹ 2,833 cr)

- Third party brands are distributed to a wide distribution network of Central and Brand Factory
- Operates an overall distribution network of ~ 332 stores in 90 odd cities, spread ~ 5.7 million square feet



## Strategic Investments (FY18 Revenues ~ ₹ 660 cr)<sup>1</sup>

COVERSTORY

Clarks

trèsmode

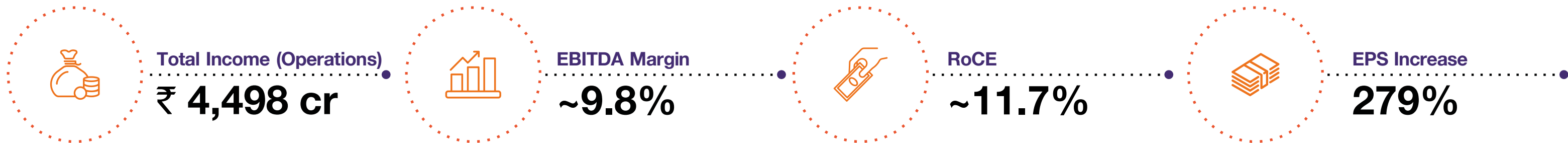
TURTLE





# Investment Proposition

## Snapshot – FY18



### FLF Brands

- Contributed ~40% to Total Income from Operations in FY18
- Leading brand Lee Cooper registered a robust year on year growth of 31% in Revenue.
- aLL, John Miller and Jealous reported double digit growth

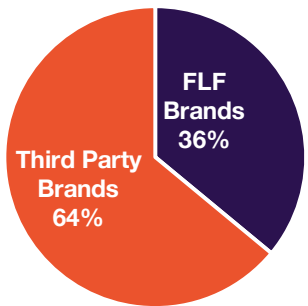
### Retail

- Distributed across 332 Stores in 90 odd cities spread over 5.7 million Sqft
- ~87% of the total revenue contributed from Central & Brand Factory

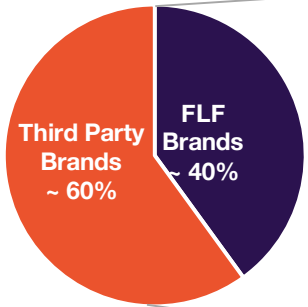
### SSGs

- Central clocks 10% and Brand Factory clocks 16% growth
- FLF clocks a double digit SSG# of 10%

Higher Share of Own Brand Penetration  
Leading to Margin Improvement

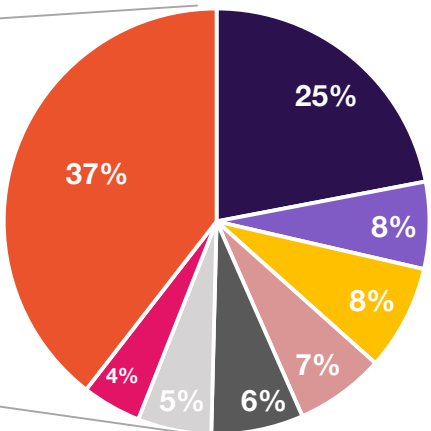


Net Sales: ₹ 2,744 cr  
FY14



Net Sales: ₹ 4,498 cr  
FY18

Top Brands Constitute 63% of  
FLF Brands Sales



Based on FY 18 Sales





Investment Proposition

Retail Formats



Department store chain that offers a complete shopping experience



Outlet model positioned as a stopover hub for graduating to lifestyle retailing

EBOs & Others

- Covers Power Brands & Converse exclusive outlets including Franchisee stores
- EBOs facilitate brand building in asset light manner

Own Brands – non FLF Channels

- Includes third party stores such as Shoppers Stop, Lifestyle etc. and online sales



FY18 Revenue

₹ 2,513 cr (56%)



# of Stores

40



Area (mn. Sq. ft)

3.7



FY18 Revenue

₹ 1,412 cr (31%)



# of Stores

63



Area (mn. Sq. ft)

1.8



FY18 Revenue

₹ 192 cr (4%)



# of Stores

229



Area (mn. Sq. ft)

0.3



FY17 Revenue

₹ 381 cr (8%)



# of Stores

~ 550 +



Area (mn. Sq. ft)

NA

Total Net Sales

₹ 4,498 cr

FLF focused on building own brand business and developing own channels



Note: Store network as of 31st March 2018



# Key Deliverables

	FY17	FY18	Indicative trajectory
SSG%#	17.7%	12.0%	Sustain close to double digit SSG
Revenue Growth %	17.5%	19.3%	15-17% CAGR
Margin %	9.4%	9.8%	Expand by 50-80 bps over 3 years
ROCE%	7.8%	11.7%	Expand by 400-500 bps over 3 years
Debt/EBITDA	1.8	1.6	Around 2 times of EBITDA



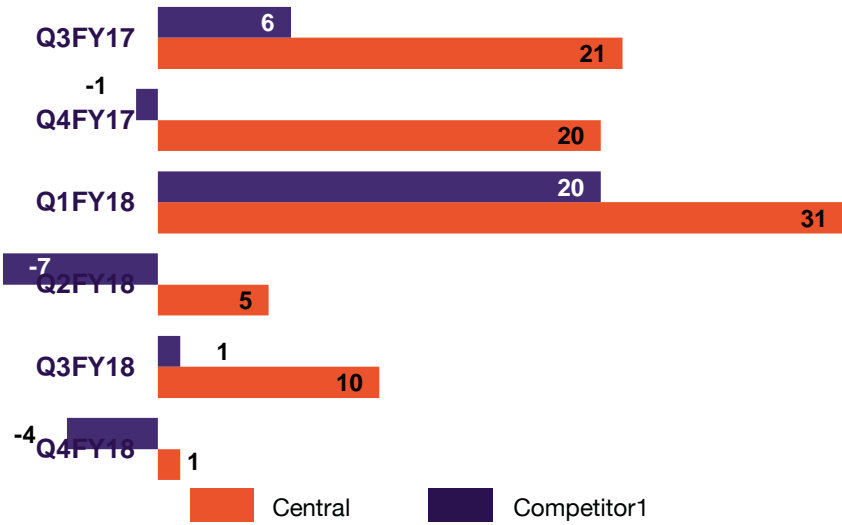
Note: all figures are based on Consolidated financial statement.  
Revenue growth % for FY18 is not comparable due to tax rate difference



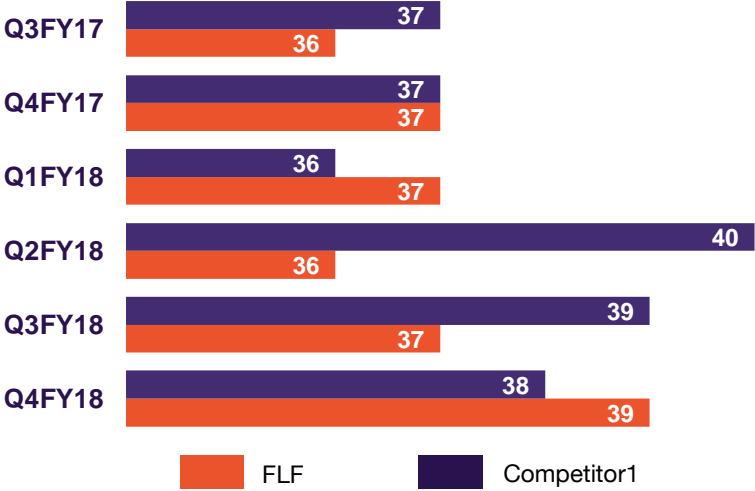


# Financial Performance vs Peer

## SSG# (YoY%)



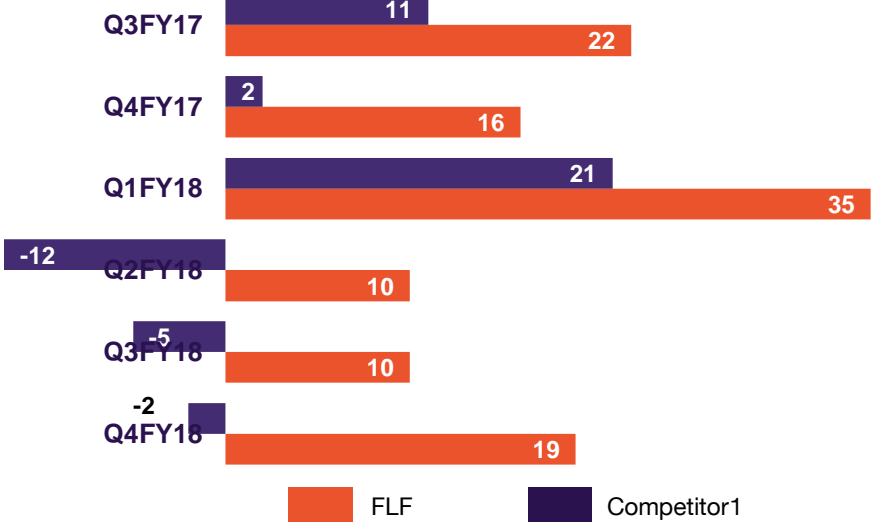
## Gross Margin (%)



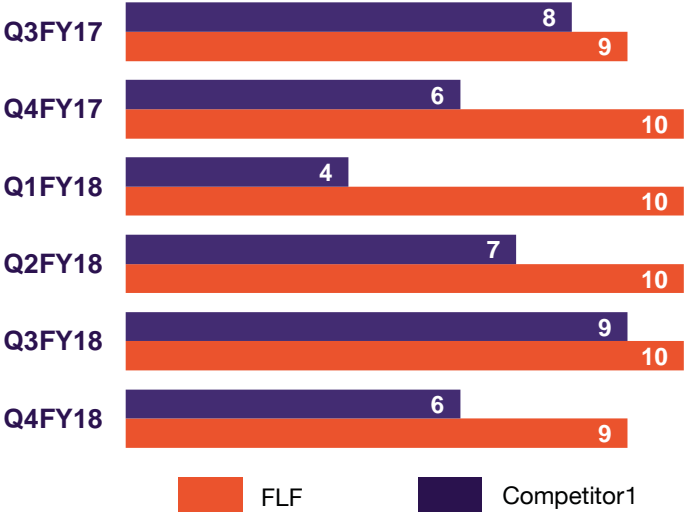
FLF

# FLF SSG% is Central + Brand Factory SSG

## Revenue (YoY%)



## EBITDA Margin (%)





# Financial Overview – FY 18

- Investment Grade Credit Rating of CARE "AA-, stable" and of Crisil "AA-, with positive outlook"
- Consistent margin delivery and SSG growth<sup>#</sup>
- Positive FCF achieved
- First Listed Brand and Retail Fashion company to reach double digit ROCE%
- Successfully completed IND AS compliance, implementation supported by Deloitte
- GST Roll out completed successfully

Income Statement (₹ cr.)		Twelve Months ended	
Particulars	FY17	FY18	
NetSales	3,800	4,408	
Other Operating Income	77	90	
TotalIncomefromOperations	3,884	4,498	
<b>Gross Profit</b>	<b>1,432</b>	<b>1,651</b>	
<b>Gross Margin %</b>	<b>36.9%</b>	<b>36.7%</b>	
TotalExpenditure	1,074	1,243	
<b>EBITDA</b>	<b>364</b>	<b>443</b>	
<b>EBITDA %</b>	<b>9.4%</b>	<b>9.8%</b>	
<b>Net Profit</b>	<b>45</b>	<b>127</b>	

Balance Sheet (₹ cr.)		As of	
Particulars	31-Mar-17	31-Mar-18	
Shareholders'Funds	1,383	1,530	
NetDebt	652	690	
Less:CurrentInvestments	41	42	
<b>Net Adjusted Capital Employed</b>	<b>1,994</b>	<b>2,177</b>	
NetNon-CurrentAssets	1,383	1,558	
NetCurrentAssets	511	619	
<b>Net Adjusted Capital Employed</b>	<b>1,994</b>	<b>2,177</b>	

FLF





Note: all figures are based on IND AS Consolidated financial statement except FY17 income statement. For ease of reference and comparability FLFL has disclosed here above, figures of previous year under IND GAAP, which are comparable with the numbers of current year.

<sup>#</sup> FLF SSG% is Central + Brand Factory SSG



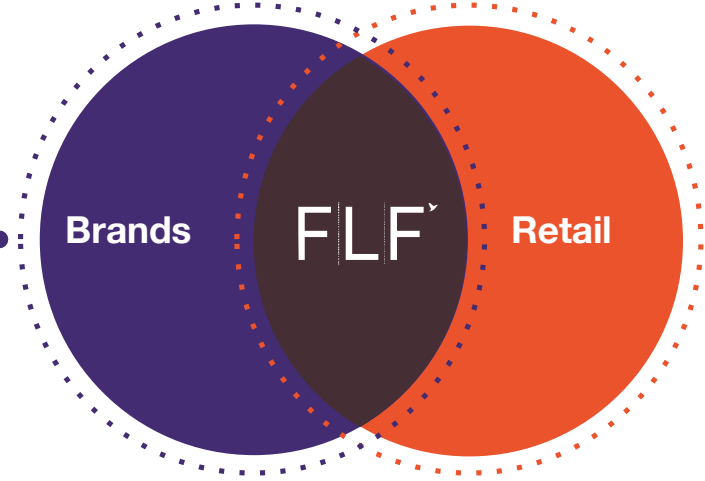


# Stakeholder Value Creation

-  **Sustainable SSG%**  
**Close to double digit**
-  **Good Revenue Growth**  
**15-17 % CAGR**
-  **Better ROCE**  
**Expand by 400-500 bps over 3 years**
-  **Lower Debt**  
**around 2 times of EBITDA**

**MAXIMISING  
STAKEHOLDER  
VALUE**

Underlined by a unique business model



### Stellar Shareholder Returns

FLF has time and again proved itself in the bourses with the stock prices ramping up. Compared to the benchmark indices of both the BSE and NSE, the growth of FLF stock has been exceptional



Top Institutional Holders*	
Institutions	OS %
L Catterton	8.2
Premji Invest	7.3
L&T MF	4.1
Timf Holdings	2.7
HSBC Global Investment Funds	1.3

Share Holding Pattern*	
Promoter	54.6
Institutional Holders	29.4
Non -Institutional Holders	15.9



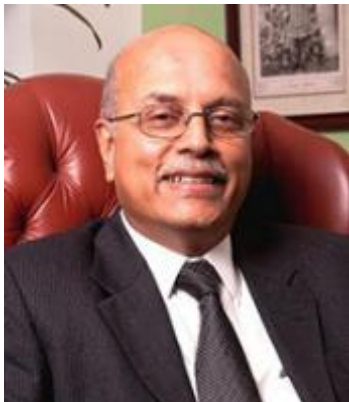
A woman with long brown hair is standing in front of a building. She is wearing a white, one-shoulder, ruffled top and a dark skirt with a large, light-colored palm leaf pattern. The building behind her has a large mural of a sun or moon. The scene is dimly lit, suggesting dusk or dawn.

# Behind It All – Visionary Leadership

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# Board of Directors



**Shailesh Haribhakti**  
Chairman

Is a Fellow CA and the Chairman of Haribhakti & Co. LLP. With over decades of hands-on professional involvement, he now serves on the board of large multinational and Indian companies and chairs multiple audit committees. He also lends his expertise to several professional and regulatory bodies. He is currently Chairman & Trustee of the NPS Trust and Member of Pension Advisory Committee of Pension Fund Regulatory & Development Authority.



**Kishore Biyani**  
Managing Director

Is the founder and group CEO of Future Group and is widely recognised among the pioneer of modern retail in India. He has led the Future Group's emergence as among the leading consumer goods organisation in the fashion, food and personal care space.



**Dr. Darlie O Koshy**  
Non-Executive Independent Director

Is a Doctorate in Management from IIT Delhi. He was founder faculty member at NIFT from 1987 to 2000 and was Director of National Institute of Design from 2000 to 2009. He had developed the "National Design Policy" which was approved by Govt. of India in 2007. He also served the Executive Board of World Body of Design (ICSID) for 3 terms. He currently serves as Director General and CEO of Apparel and Training & Design Centre, since 2009 which have a network of 200 institutes across country.



**Bijou Kurien**  
Non-Executive Independent Director

Is a consumer industry veteran having been involved with the launch of iconic brands such as Titan, Fastrack and Tanishq. He started his career with Hindustan Unilever and was till recently associated as CEO of Reliance Lifestyle.



**Rakesh Biyani**  
Non-Executive Director

Part of the founding team at Future Group and has led the fashion business of the group through his strong hands-on expertise in operations management, supply chain and technology.



**Sharda Agarwal**  
Non-Executive Independent Director

Is a noted marketing and brand expert with over two decades of experience in various industries and sectors. She was the co-founder of MarketGate Consulting and has served as Director of Marketing at Coca Cola India and was also associated with Johnson & Johnson in India and the United States. She is currently co-founder of Sepalika - a website that partners people to reverse chronic disease.



**Avni Biyani**  
Non-Executive Director

Brings on board the pulse of India's millennial generation and has been closely involved with the conceptualisation and launch of brands such as CoverStory. She is the founder and concept head of India's pre-eminent gourmet chain, Foodhall.



**C.P Toshniwal**  
Non-Executive Director

Has been associated with the Future Group for over 25 years leading strategic planning and finance functions across group entities. He is also the recipient of the Best CFO Award 2011 in the services sector by ICAI.



# Management Team



**Vishnu Prasad**  
CEO-FLF

Over 30 years of sales and retail experience. Joined Future Group in 2001 to set up the Big Bazaar stores in the south before moving on to head the Central business.



**Hetal Kotak**  
Head – Lee Cooper & aLL

Over 17 years of experience across branded apparel and retail. Past experience includes Brand Director and Chief Operating Officer, Color Plus and Park Avenue at Raymond Limited.



**Suresh Sadhwani**  
Head – Brand Factory

20 years of rich retail experience. Heading Brand Factory since 2014 since then the format has doubled its turnover and added more than 20 new stores across India.



**Manjula Tiwari**  
Head – Cover Story

Over 22 years experience in the fashion & lifestyle industry. Launched and developed a range of high street brands like Esprit, Benetton bringing significant knowledge of Indian customers. Heads Future Style Lab looking after Cover Story



**Kaleeswaran Arunachalam**  
CFO - FLF

Comes with an experience of over 15 years in the Food & Fashion industry. Previously worked with Mondelez International, Aditya Birla Nuvo & TVS Motors. A qualified Chartered Accountant from ICAI & Masters of Business Administration (Finance), Singapore.



**Venkatesh Raja**  
Human Resources

Heads the People Office for FLF with 23 years of varied experience in organizations like Sterling Holidays, Reliance Petroleum, Reliance Infocom, MTS Group.



**Sanjay Mutha**  
Company Secretary

Corporate experience of over 16 years in the Secretarial and Legal functions and handled various corporate actions. Previously worked with Mather & Platt, Mahindra and Mahindra and CMI FPE. A qualified Company Secretary from ICSI.



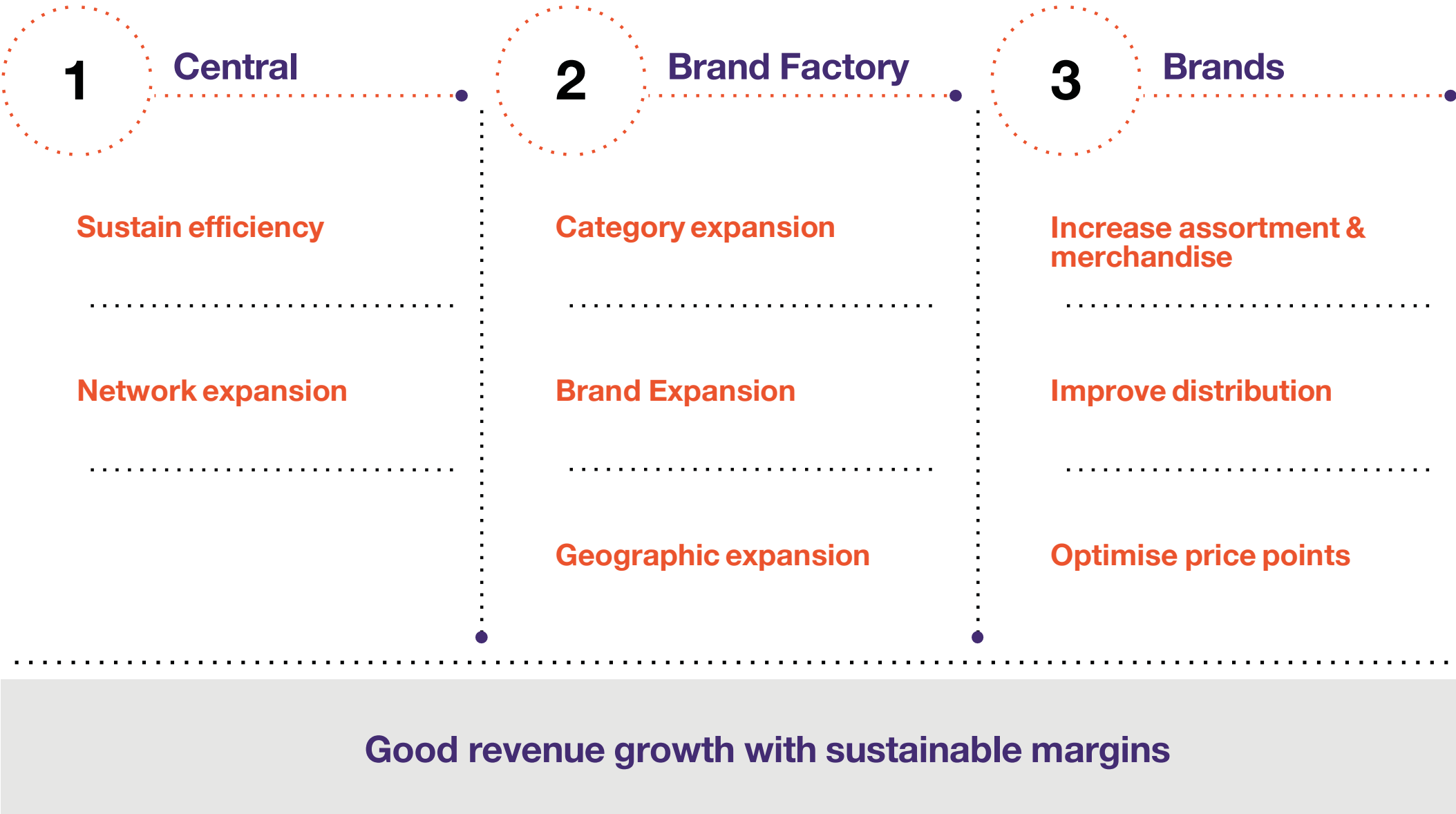
A woman with long, wavy brown hair stands in a park-like setting at sunset. She is wearing a dark, long-sleeved dress with a small floral pattern and a white embroidered neckline. She is leaning against a dark, ornate metal gate. The background features a stone wall, a metal fence, and several trees with autumn foliage. The sky is a warm, golden color from the setting sun. The overall mood is serene and contemplative.

# The Road Ahead

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# Growth strategy





# The Way Forward to maximise stakeholder value

## Indicative Top line Growth / Margin Expansion

### Targeted Revenue Trajectory



Growth of 15%-17% FY20

### EBITDA Margin Expansion Potential



X

=

### Resultant ROCE Improvement



Potential EBITDA margin expansion of around 50-80 bps on the back of,

- Premiumization of the Portfolio
- Increasing own brand penetration
- Supply chain optimization

Potential for ROCE expansion of 400-500 bps over next 3 years driven by,

- Top line growth
- Higher share of own brand
- Margin expansion





# Top 5 reasons to invest in FLF

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# The Way Forward to maximise stakeholder value

1

## Burgeoning fashion market

FLF's offer is in the right place at the right time

- Strong macroeconomics
- Fashion industry to grow exponentially due to an inflection point

2

## Consumer preferences shifting in our favour

FLF's offer is aligned to what consumers want and how they want it

- Shift towards Fast fashion and branded apparel
- Shift towards experience led shopping

3

## Unique business model

FLF has an integrated fashion play model of both brands and retail – a winning combination

- Circumvents challenges such as channel margins, price pressure and drag on ROCE in individualist pure play models
- Benefits such as better cost and scale efficiency, higher value creation, higher profitability, better brand experiences in the FLF model

4

## Strong financial performance

FLF has an integrated fashion play model of both brands and retail – a winning combination

- High credit rating, Industry leading SSG Growth, high free cash flow, higher value unlocking and debt reduction

5

## Maximised shareholder value creation

FLF – creating and increasing shareholder wealth

- With strong key metrics, young store vintage, and a very good room to grow, FLF is poised for high growth, thereby creating ultimate shareholder value





A fashion advertisement featuring two women in a city street. The woman on the left is wearing a bright yellow, off-the-shoulder, ruffled dress and holding a small green clutch bag. The woman on the right is wearing a vibrant green, long-sleeved blouse with a large bow at the neck and dark blue jeans. In the background, a yellow tram is visible on a street lined with buildings. The text "Good to Know" is overlaid in white, with a red dotted line underneath it.

Good to Know



# Future Group in Numbers

## The Foremost Player Catering to the “Consumption Sector” in India



Total Revenue

₹ 33,000 cr+



Total Area

20 mn sq ft



Market Cap Increase

650% + (01 Apr 14 to 31 March 18)



Customer Footfalls

400 mn+



Retail Footprint

1,500 +  
Stores



Cities Present

~ 300

<sup>TM</sup> *future group*   
*Udna hai. Aaj. Abhi.*

FLF

\*:Market Cap for 31 March 18 includes FRL , FLF, FCEL and FEL while for 01 Apr 14 includes erstwhile FRL, FLF and FCEL

INVESTMENT PROPOSITION



# Mission & Vision

## Group Core Values



Indianness



Openness & Adaptability



Leadership



Valuing & Nurturing Relationships



Respect & Humility



Simplicity & Positivity



Introspection



Flow

## Mission



Be the most preferred fashion destination of India



Be the preferred employer in the fashion space



Create the most preferred portfolio of fashion brands



Be the trendsetter in Indian fashion through superior understanding of the culture, style code, passion and aspirations of Indian consumers



Be as the most innovative, efficient, and profitable retailer



Create happiness for customers, colleagues, business partners and every stakeholder

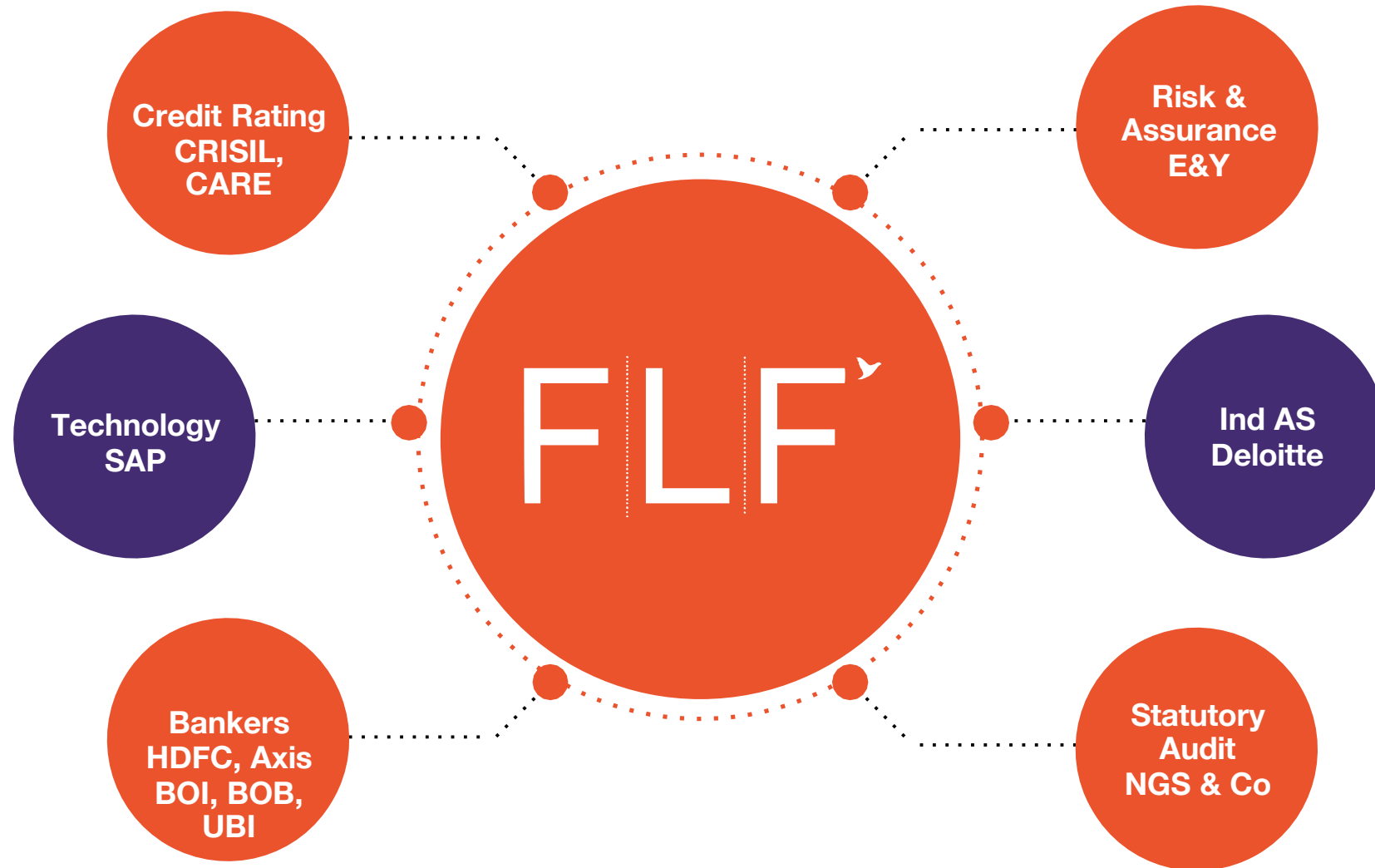


## Vision

To be the leading lifestyle fashion company in India by creating exceptional brands and shopping experiences that will bring alive the Indian idiom of fashion.



# FLF Environment

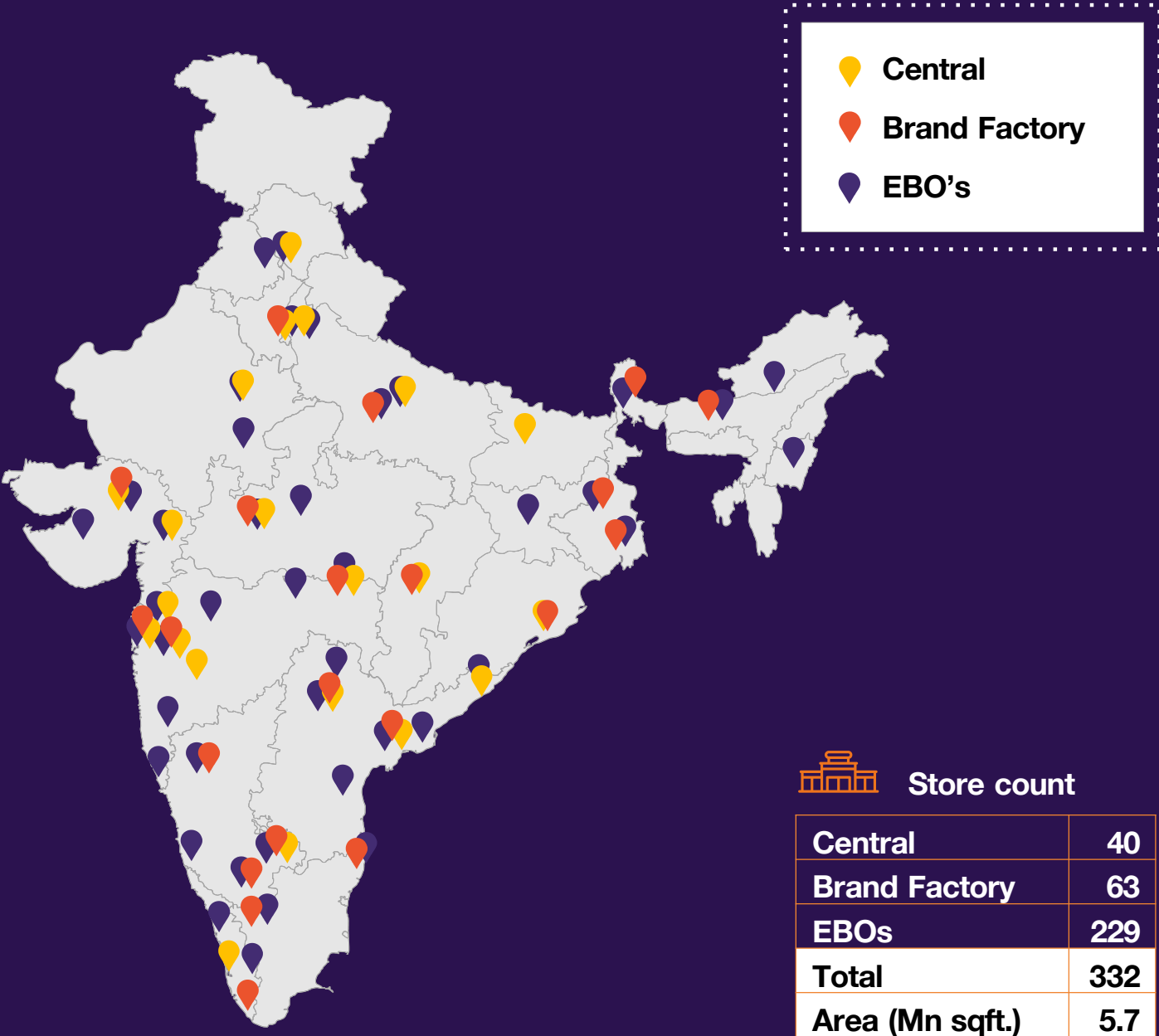




# Young store vintage and vast Company store network

Age of Store	Central	Brand Factory	EBOs	Total
Greater than 5 Yrs	14	11	82	107
3-5 Yrs	9	19	63	91
Less than 2 Yrs	17	33	84	134
Total Store Count	40	63	229	332
Less than 5 Yrs Mix %	65%	83%	64%	68%

Indicative Graphical representation of store journey				
Central	Y1-Y2	Y3-Y4	Y4-Y5	Y6 Onwards
Store Maturity Cycle	Cash Break Even	Scale up	Pay Back	Matured & High ROCE
Brand Factory	Y1	Y2-Y3	Y4	Y5 onwards
Store Maturity Cycle	Cash Break Even	Scale up	Pay Back	Matured & High ROCE





# Digital - Big Impact Online to Offline Campaigns



## Free Shopping Weekend - India's First Ticketed Shopping Event

- Classic pass members could enter the store 11 am onwards for ₹ 150
- Premium pass members could avail early access to the store at 8 am to 11 am for ₹ 250

## Overwhelming response received, with sales 12 times than any regular day;

- Total unique reach on Facebook - 2 Cr



## Using Social Media to Drive Consumer Interest in Fashion & Lifestyle

- SS'18 Summer Signature Fashion Launch On Instagram:
- Social engagement of 3.2 % with a reach of 8.8 Mn

## Kolkata and Guwahati Central Launch:

- Kolkata: Social engagement of 1.6 % with a reach of 8.6 Mn
- Guwahati: Social engagement of 7.5 % with a reach of 5.13 Mn



# aLL and Lee Cooper – Digital initiatives

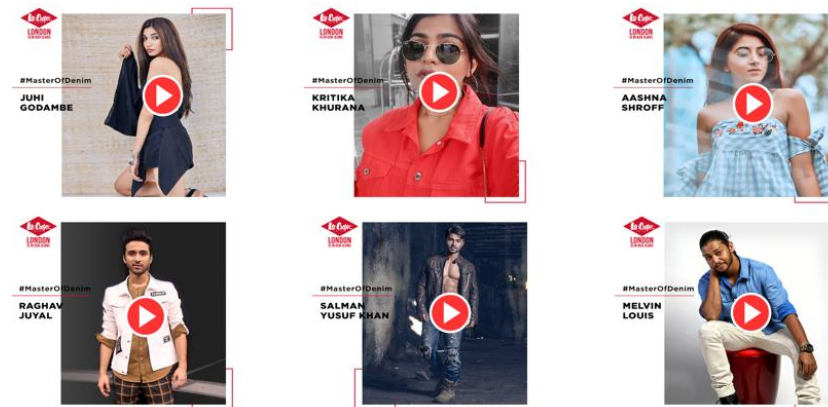


## #SwaggySelfieSale



- Created a property called **'#SwaggySelfieSale'** to celebrate Worlds Selfie Day (on 21st June)
- 10,000 + registration

## #MasterOfDenim



## Lakme Fashion Show Promotion



- Collaborated with ace designer, Wendell Rodricks, to create 'aLL PRIMERO' launched at Lakme Fashion
- Facebook** engagement increased to 40K and **Instagram** views increased to 37,000



## Facebook LIVE with Wendell Rodricks



- 1st ever Facebook LIVE** session with Wendell Rodricks to launch the collection which was promoted aggressively on digital media : **Google, Facebook & SMS**

## #BidToOwnAWendell Online Auction



- Created excitement & flurry among our audiences + Get New Users to the website + Give a push to the overall website traffic
- India's 1st ever LIVE online auction** by a Fashion Brand
- Total registrations 5000+ & total bids across the products 1000+



# Retail and Brands Digital Footprint 3+ Mn



Cover Story

@CoverStoryFSL

118,133 people like this

118,164 people follow this

Your summer wardrobe is here! Get #OOTD worthy pictures every day for your holiday with outfits from Cover Story!

3.7k

2 Shares

smilingqueen\_disha @dishapatani

Fun,Fantasy,Fashion 🌸🌸 at @coverstoryfsl

Need more support 🙌🏻👉🏻 disha #forever #love 🥰💕



Jealous 21

@Jealous21

733,381 people like this

728,044 people follow this



Central Official

@centralandme

5,568

642

26.7K

1,965

Look at all the brands they have in store and more 🥰

#AllNewWhitefieldCentral

@centralandme #Bangalore



missmalini

Current mood. Thanks @styleatcentral for the sale of the year! 🥰👉🏻 #CentralFreeShopping

222 posts

1712 followers

57 following

Following



Scullers

@scullerspage

199,066 people like this

197,738 people follow this



Brand Factory Official

@brandfactoryofficial

847,280 people like this

835,647 people follow this

Brand Factory Official

April 18 at 12:47pm · 🌐

Step up your style quotient with our #BrandOfTheWeek – Scullers. Buy 2 Get 1 Free only this week!

Visit your nearest store to avail this offer- <http://www.brandfactoryonline.com/brandfactory-locateus.aspx>

Like · Comment · Share

2.6K

Chronological



John Miller

31k

35 Comments

183 Shares

376K Views

konijnendijkmode Perfect shirt van John Miller! 🙌🏻

#details #johnmiller #shirts #menstyle #stylish

#fashionable #gentleman #menswear

#iohnmillershirts #koniinendiikmode

blank\_minded Rate me girls 🤩

🤩.....#coolboys#johnmillershirts#denim#cc#ff



Central

@centralandme

Shopping Mall

3.9 ★★★★★

Community

874,963 people like this

871,355 people follow this

Shilpa Chitnis Joshi reviewed Central –

3★

6 Apr at 10:35am · 🌐

Kristy Robinson reviewed Central –

4★

2 Jan at 10:31am · 🌐





# Typical Fashion Season

## Concept to Consumption

Design to Consumer – 12 to 14 months cycle

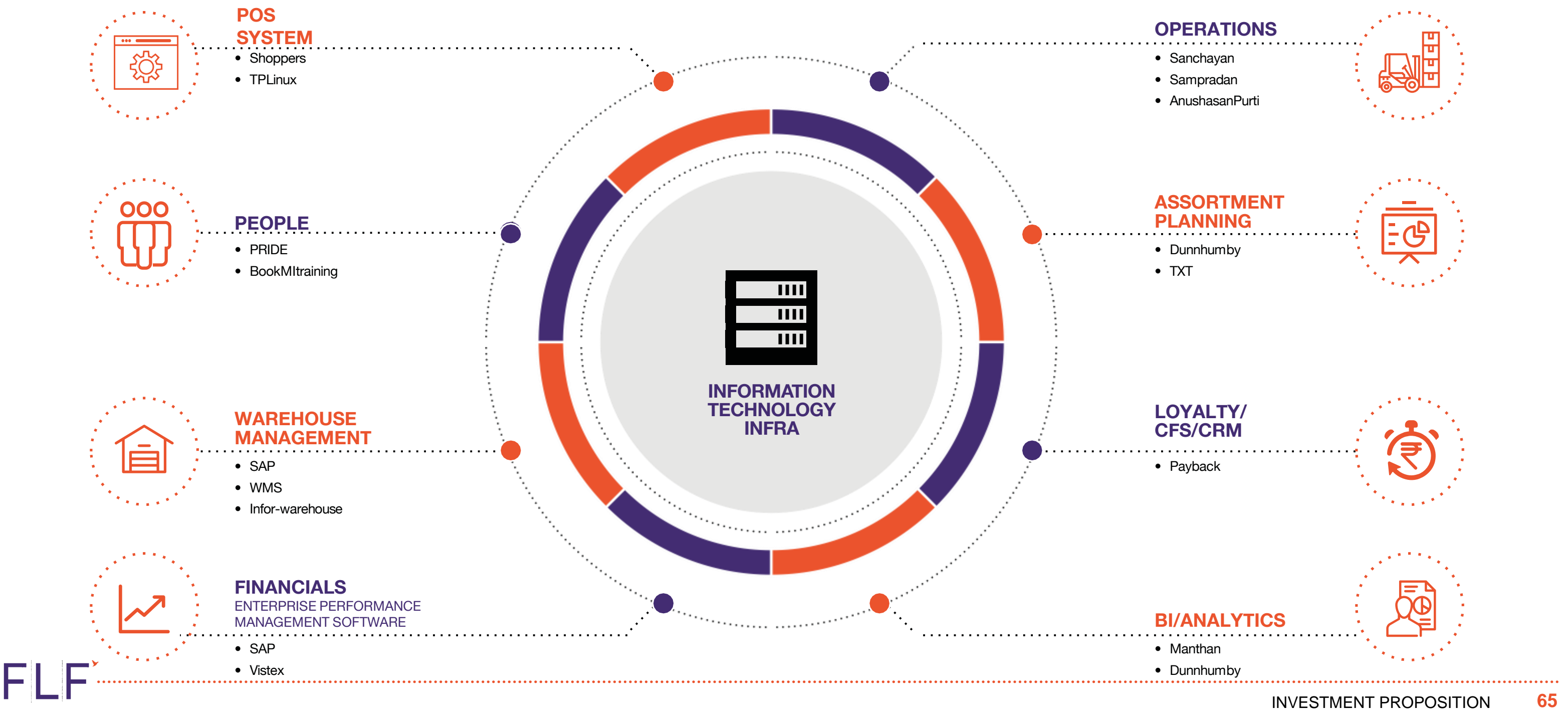


## Indicative Inventory Overview





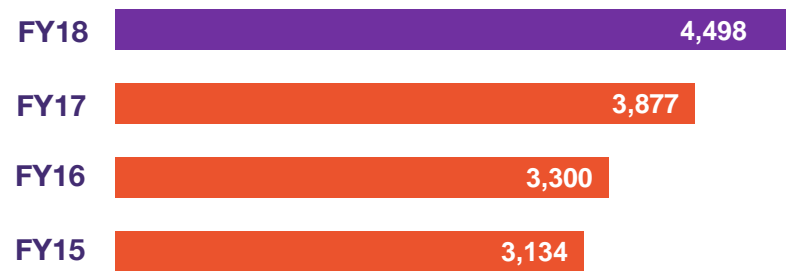
# Technological Architecture



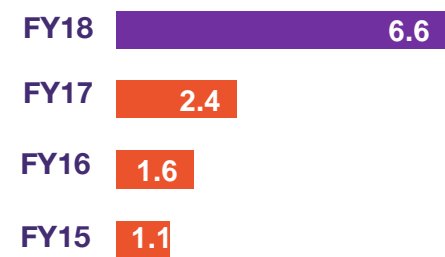


# Key Performance Highlights

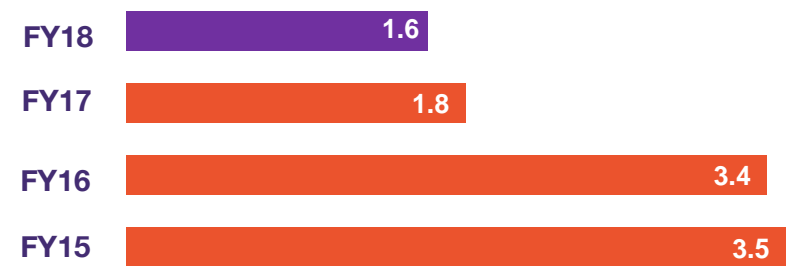
## Revenue (in ₹ Crore)



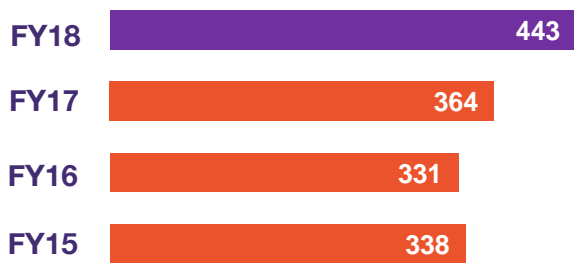
## EPS (in ₹)



## Net Debt / EBITDA



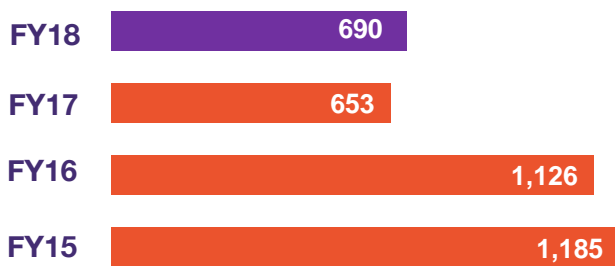
## EBITDA (in ₹ Crore)



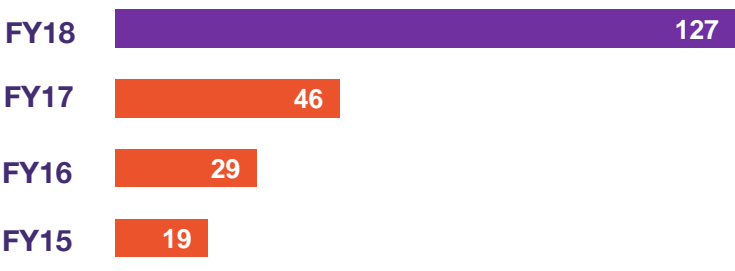
## ROCE (%)



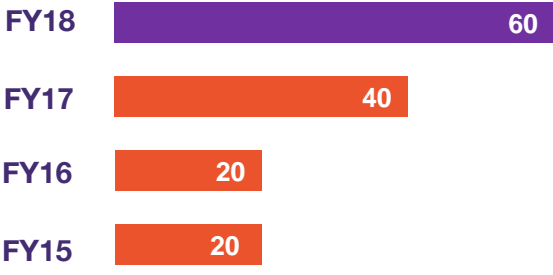
## Net Debt (in ₹ Crore)



## PAT (in ₹ Crore)



## Dividend Payout (%)



## NWC Days





# Key Accounting Policies

## Revenue Recognition

- Revenue is recognized basis the economic benefits that will flow to the Company and that can be reliably measured.
- Revenue from sale of products is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyers.
- Sale of goods are recorded at net of trade discounts, rebates and taxes
- Revenue from services are recognized as they are rendered based on agreements/arrangements with the concerned parties and recognized net of taxes.

## Fixed Assets & Depreciation

- FLFL opens its stores on leased premises and invest in fixed assets like electrical equipment, furniture & fittings. lease hold improvements etc.,
- Company depreciates its Fixed Assets over the useful life of the assets and in case of store related assets depreciation is charged basis useful life of assets or renovation period which ever is earlier.

## Inventory

- Being the brand and retail player – FLFL revenue for about 60% of its business is through third party brands. Inventory for these third party brands are in FLFL Books and equally backed by creditors hence no impact on working capital. General commercial terms for these third party brands are largely on sale or return basis.
- About 40% of FLFL revenue comes from own brands for which inventory is also owned by FLFL
- The company provides for shrinkage, aged/Damaged & Dead inventory on a periodic basis using historical rate of sales.



# Ind AS adjustment

## Key impact of Ind AS adjustments

- Employee stock option cost at fair value
  - Under the previous GAAP, the cost of equity-settled employee share-based plan were recognized using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognized based on the fair value of the options as at the grant date
- Fair valuation of property, plant and equipment
  - In accordance with Ind AS 101, the Company has elected to measure certain items of Property, plant and equipment (PPE) at fair value as at transition date of April 01, 2016. These fair values are considered as deemed cost. All other assets are measured as per Ind AS 16. Depreciation is calculated on deemed cost effective from transition date
- Actuarial gain or loss on defined benefit obligation under OCI
  - Under Ind AS, actuarial gains and losses on re-measurements of defined benefit obligation are recognized in Other Comprehensive Income instead of Statement of Profit and Loss. Consequential tax impact is also recognised in other comprehensive income
- Discounting of interest free rent deposit
  - Under the previous GAAP, interest free lease security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value on initial recognition. Accordingly, the company has measured these deposits at fair value as at initial recognition. Difference between the fair value and transaction value of the security deposit has been recognized as prepaid rent as at initial recognition. Subsequently, security deposit is measured at amortized by recognizing interest income and prepaid rent is amortized as rent expenses
- Measurement of borrowing at amortized cost
  - Under previous GAAP, interest expense was recognized based on contractual rate and expenses directly attributable for fund raising has been charged off in statement of Profit and Loss when incurred. Under Ind AS, effective interest rate method is used to recognize interest expenses and for calculation of amortized cost of borrowing

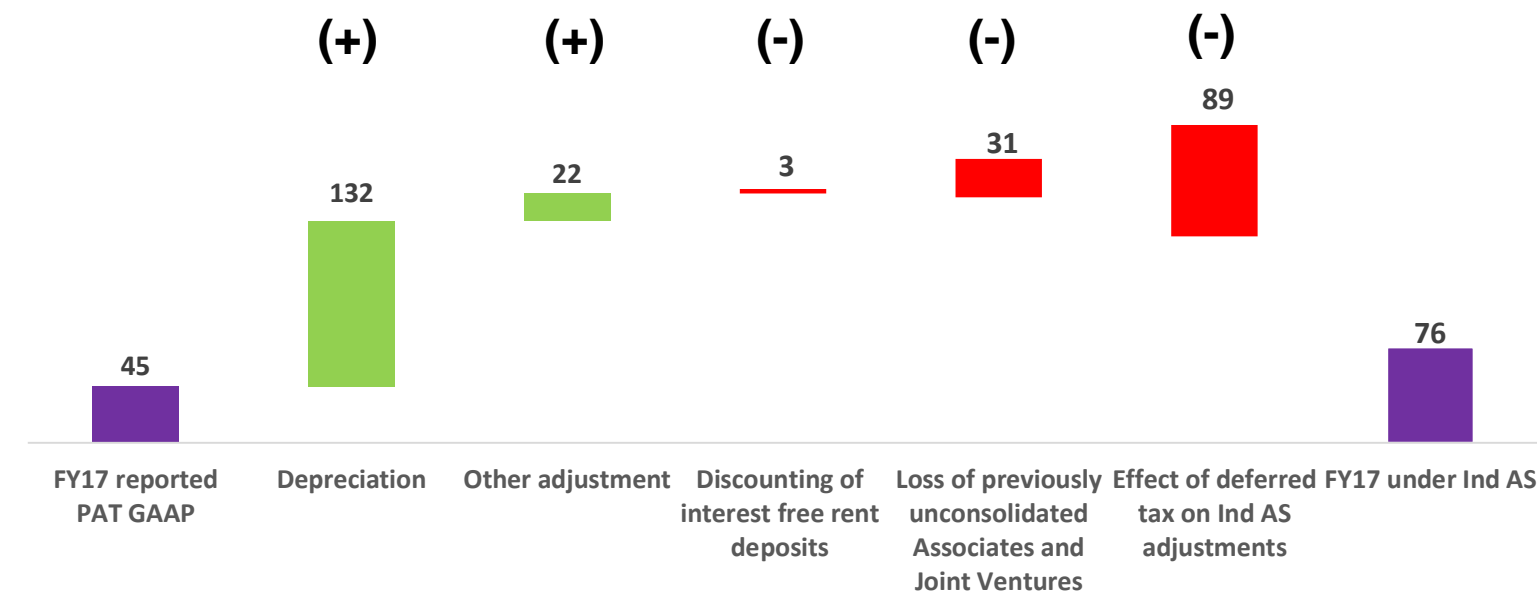


# Ind AS adjustment

## Key impact of Ind AS adjustments

- Employee stock option cost at fair value
- Fair valuation of property, plant and equipment
- Actuarial gain or loss on defined benefit obligation under OCI
- Discounting of interest free rent deposit
- Measurement of borrowing at amortized cost

## FY17 P&L bridge with Ind AS



Particulars	2016-2017
Profit after tax as reported under previous GAAP	45
Add/(Less): Impact of Ind AS adjustments	
Impact on depreciation expenses	132
Recognition of Finance Cost on Liability portion of compound financial instrument	(2)
Discounting of interest free rent deposits	(3)
Actuarial gains/ losses on defined benefit obligation (net of tax)	(0)
Measurement of derivative at fair value	1
Income recognition on Financial Guarantee	1
Loss of previously unconsolidated Associates and Joint Ventures	(31)
Other adjustments	23
Effect of deferred tax on Ind AS adjustments	(89)
Profit or loss under Ind AS	76
Other comprehensive income under Ind AS, net of tax	0
Total comprehensive income under Ind AS	76





# Thank you

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