



Investor Update – Q4 FY16 / FY16  
(Jan 16 – Mar 16) / (Apr 15 – Mar 16)

**FASHION**

Retail Brands  
Distribution Investments

## Key Highlights

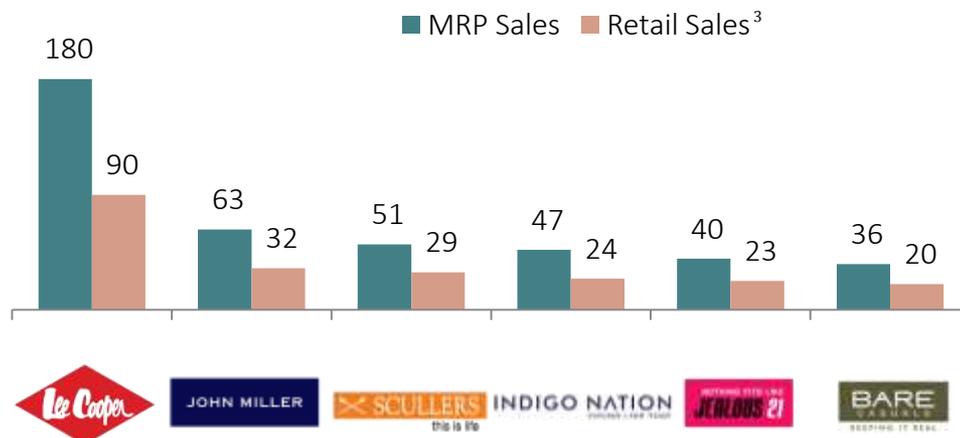
- ❖ Focus continues on growing and expanding the Brands business and distribution network
  - Launched various multi channel promotional initiatives during the year
- ❖ Opened the first International Design Studio, “Future Style Lab” in London to stay ahead of ever evolving fashion trends
- ❖ Leveraging design ideas from “Future Style Lab”, launched “Cover Story”, India’s first fast fashion brand for women
- ❖ Launched new, redesigned and sophisticated Central with new and exciting features
- ❖ Expanded geographic presence in 12 new cities during the year
  - Current presence in 82 cities across the country
- ❖ Reported a robust top line of ₹ 3,300 cr with a Gross Margin of 38%
- ❖ Debt repayment of ₹ 104 cr largely achieved from internal accruals
  - Reduced finance cost by ₹ 23 cr as compared to FY15
- ❖ Reported first year of positive Free Cash Flow of ₹ 85 cr
- ❖ Key Appointments
  - Mr. Bijou Kurien, a retail sector veteran joins FLF’s Board of Directors\*
  - Mr. Kaleeswaran Arunachalam appointed as the new CFO
- ❖ Board of Directors have approved a dividend of 20% (40 paise per share)\*



- ❖ Reported Total Income from Operations of ₹850 cr for Q4 FY16 compared to ₹ 801 cr for Q4 FY15
- ❖ FLF brands contributed 40% of Total Sales compared to 38% in Q3 FY16
- ❖ Top six brands contributed ~60% of Total Retail Sales of FLF Brands in FY16
- ❖ Scullers reported a robust 63% sequential growth in MRP Sales
- ❖ Jealous 21 also reported a strong double digit growth in MRP Sales as compared to Q3 FY16
- ❖ Reported SSGs of 9% and 8.2% in Retail & Central respectively
- ❖ Reported EBITDA margins of 10.2% for Q4 FY16
  - On YoY basis, EBITDA margins exhibited improvement of 161 bps
- ❖ Operates 4.97 million square feet of retail space across fashion formats (including EBOs)
  - Gross space addition during Q4 FY16 was ~0.28 million sq ft

Total Sales <sup>1</sup> Summary (₹ cr)	
Particulars	Q4 FY16
FLF Brands	365
- Owned Brands	129
- Licensed Brands	236
Third Party Brands <sup>2</sup>	556
<b>Total Sales</b>	<b>921</b>
Less: Consignment / SIS	40
Less: Taxes	48
<b>Net Sales after Tax</b>	<b>834</b>

## Top Brand Performance Q4 FY16 (₹ cr)



<sup>1</sup>: Includes SIS & consignment sales

<sup>2</sup>: Third party brands represent non FLF brands and includes SIS sales and consignment sales

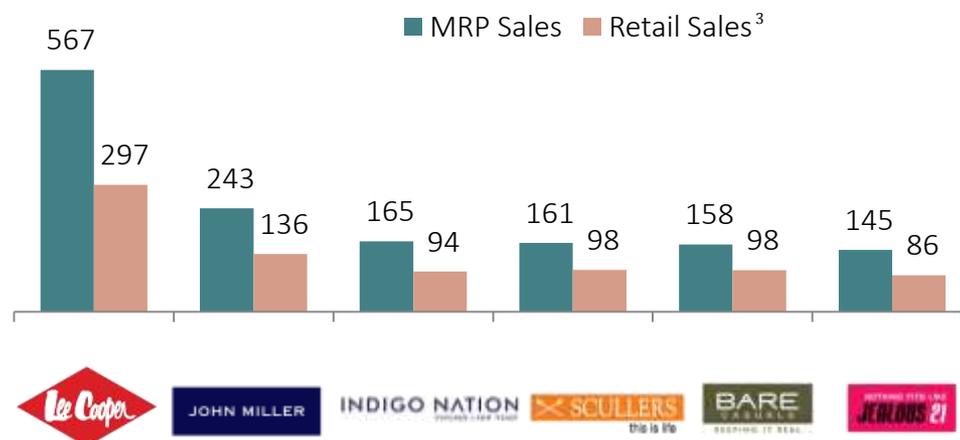
<sup>3</sup>: Retail Sales indicate Net Sales Before Tax

- ❖ Reported Total Income from Operations of ₹3,300 cr for FY16 as compared to ₹3,134 cr for FY15
- ❖ FLF Brands contributed 38% of Total Sales in FY16
- ❖ Top six brands contributed ~59% of Total Retail Sales of FLF Brands in FY16
  - ❖ Increased from 55% in FY15
- ❖ Lee Cooper continues to remain our leading brand registering a robust growth of 19% on MRP Sales on YoY basis
- ❖ John Miller, BARE and Indigo Nation reported strong double digit growth in MRP Sales as compared to FY15
- ❖ Reported SSGs of 8.6% & 10.3% in Retail & Central respectively
- ❖ Reported EBITDA margin of 9.9%
- ❖ Total debt reduction of ₹104 cr mainly through internal accruals
  - Resulting in finance costs of decreased by ₹23 cr for the year
- ❖ Gross space addition during FY16 was ~ 0.66 million sq ft

Total Sales <sup>1</sup> Summary (₹ cr)	
Particulars	FY16
FLF Brands	1,376
- Owned Brands	460
- Licensed Brands	916
Third Party Brands <sup>2</sup>	2,216
<b>Total Sales</b>	<b>3,592</b>

Less: Consignment / SIS	179
Less: Taxes	184
<b>Net Sales after Tax</b>	<b>3,229</b>

## Top Brand Performance FY16 (₹ cr)



<sup>1</sup>: Includes SIS & consignment sales

<sup>2</sup>: Third party brands represent non FLF brands and includes SIS sales and consignment sales

<sup>3</sup>: Retail Sales indicate Net Sales Before Tax

# FLF Presents “Cover Story,” a Fast Fashion Brand for Women

- ❖ Launched “Cover Story”, India’s first fast fashion brand for women offering the latest fashion trends
- ❖ Designed at Future Style Lab in London, Cover Story is perfect blend of modern and traditional clothing
- ❖ Launched at Gurgaon Central, followed by launches at various Central stores across India
- ❖ First Exclusive Outlet to open at Infinity 2 Malad, Mumbai in end of May’16



introducing **COVER/STORY**  
A story of high fashion, global style, and exquisite choice.

WEAR YOUR STORY

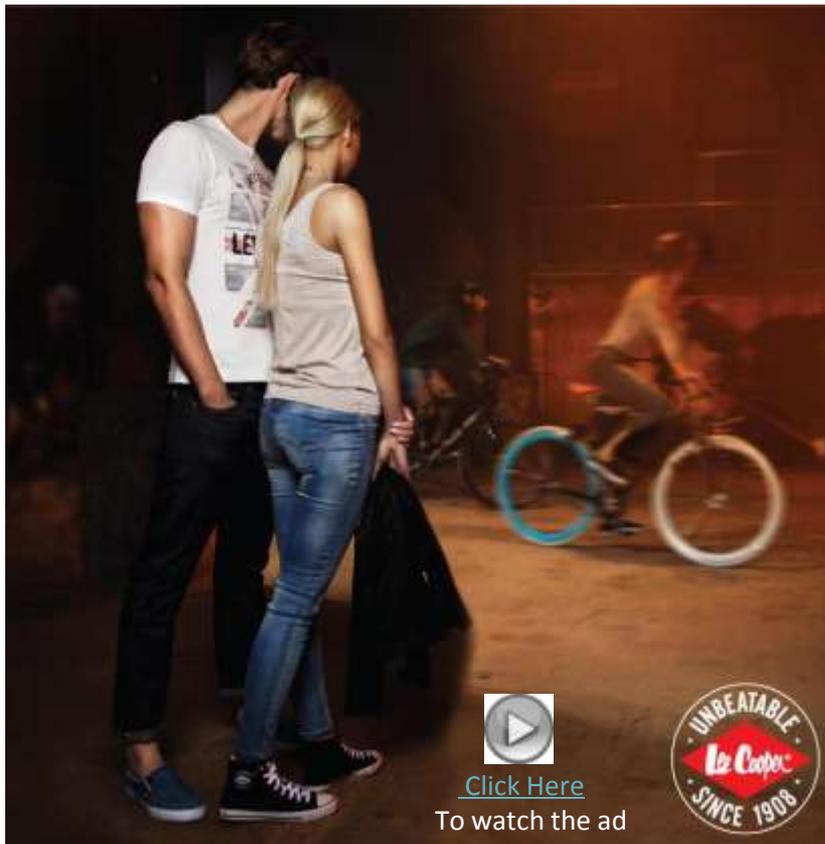
Now available at Central, Oberoi Mall, Goregaon.

**styled in LONDON**  
The hottest global trends captured and curated from the catwalks of the world by a stellar international design team in London.

For regular updates on upcoming trends, and for exclusive previews, write to: [info@coverstory.co.in](mailto:info@coverstory.co.in)

## TV Commercial for Spring Summer 2016 Collection

- ❖ Lee Cooper launched an exciting new TV commercial to promote its Spring Summer '16 collection
- ❖ The collection focuses on the distressed worn-out look with unique fabrications



- ❖ Jealous 21 recently rolled out an Out-Of-Home media campaign at Mumbai Metro and Stations
- ❖ Campaign is targeted at young college girls and women, which are core customers of the brand
- ❖ Mumbai Metro branding provides a reach of over 7 lac commuters per day and is an effective channel to position the brand amongst the independent fashion conscious women of Mumbai



## Indigo Nation Styles Up India's Startup Superheroes

- ❖ Indigo Nation was the style partner for the India's biggest start up conference "Unplugged 2016"
- ❖ Over the past few months, Indigo Nation through its #StartUpNation campaign has built up a powerful connect with today's youth



## Road to Converse Rubber Tracks

- ❖ Converse hosted the second season of "Road to Converse Rubber Tracks", a platform to showcase talent for unsigned bands
- ❖ A perfect platform to enhance the brand's appeal and stay relevant to its core consumers, "Music Aficionados"
- ❖ The event helps Converse further boost its strong brand image surrounding music and build a strong connect with its consumer



aLL Spring-Summer Collection Brings to the Table Perfect Recipe to Beat the Heat!

Presenting the Summer Collection from Ceriz!



- ❖ Since its launch 12 years ago, the very 1st Central is back in a new, exciting avatar!
- ❖ Redesigned Central offers hassle free shopping, more space, minimalistic fixtures and a classy fashion boutique feel!



## Key Exciting Features

- ❖ Fashion stylists advise on latest fashion trends, customers can also book an appointment to revamp their entire wardrobe
- ❖ Customers can WhatsApp their requirements, receive options and get the merchandise delivered at their home
- ❖ Merchandise can be reserved for up to 48 hours in store, if customers are not sure about the purchase instantly
- ❖ Beauty expert sessions will be held for customers where celebrity look make-up tips will be shared



- ❖ Central makes its debut on the small screen
- ❖ Effectively targeting urban, up market consumer, the TVC is being telecasted on 33 channels including leading English movie channels, music channels and news channels etc.
- ❖ Showcasing Central's core strength – a complete and unique shopping experience for latest fashion
- ❖ Central will also connect and attract new customers via this TVC



## Promotional Campaigns

- ❖ Brand Factory launched innovative promotional campaigns taking the e-commerce players head on
- ❖ Campaign kick started by 3 full-page ads in leading national dailies & in store promotions
- ❖ Reiterated its dominance in both quality and price

## Network Expansion

- ❖ In April 2016, Brand Factory doubled its reach in Mumbai with the format now present in 6 locations across the city

## Attracting New Customers

- ❖ Bringing new buyers to the format with new communication and new store layouts

## Strong Channel for FLF

- ❖ Emerged as a strong channel, with exclusive lines designed for the format

## Leveraging Loyal Customer Base

- ❖ With a loyalty customer base of ~1.8mn customers, launched targeted campaigns leading to significant customers stickiness

**amaz-off**

**STOP LOOKING ONLINE.**  
The lowest priced denims are only available at Brand Factory.

OFFER APPLICABLE ON ALL DENIMS IN-STORE

upto ₹1299  
**now ₹599\***

₹1300-₹2299  
**now ₹999\***

	AMAZON	JDSPORTS	FLYBART	MYSTRA	SHOPEX	Brand Factory
	₹1190	₹1300	₹1320	₹1680	₹1025	₹999*
Levi's	₹1299	₹1440	₹1299	₹1519	₹1191	₹999*
Thought	₹1317	₹1148	₹1183	₹1395	₹1317	₹999*
Lee	₹1079	₹1100	₹1429	₹1140	₹1090	₹999*
Lee	₹1299	N/A	₹1614	₹2279	₹1290	₹999*

**THE GREAT OFFLINE DENIM FESTIVAL**  
11th - 13th March

**BRAND FACTORY**  
BEST BRANDS • SMART PRICES

LOVIT'S | Lee | Thought | PAPER DOG | BARE

ATLAS 21 | Paper Jeans | Lee | Thought | BARE

d us on [f brandfactoryofficial](#) #ShopOffline

3, 4E, APJESABAD | ADANGOL | BANAGLORE | BHUBANESHWAR | CHANDIGARH | GUANZHOU | HYDERABAD | JALGAON | KANPUR | KOLKATA | MANGALURU | MYSORE | PUNE | RAIPUR | SHANGHAI | THIRUVANANTHURAM | UJAJAIN

## Retail Presence

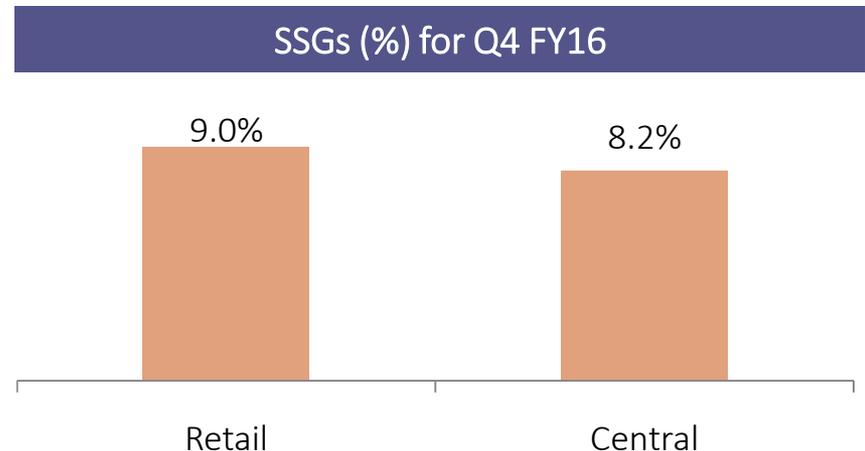
- ❖ Operates 4.97 million square feet of retail space across fashion formats (including EBOs)
  - Gross space addition during Q4 FY16 was ~0.28 mn sq ft

## New Store Openings

- ❖ Q4 FY16 witnessed store opening in both large store formats and small store formats
  - Established Central's presence in Bhubaneswar and Lucknow
  - Opened 3 Brand Factory stores in Mumbai, Hyderabad and Bangalore
  - Opened 2 aLL stores in NCR region and Mumbai
  - Lee Cooper established its presence in Palai (Kerala) with its 1<sup>st</sup> store in the city
    - Also opened 1 store in NCR region
  - Opened 10 EBOs & other small format stores:
    - Created presence in Ongole (Andhra Pradesh) with its 1<sup>st</sup> store in the city
    - Strengthened presence in Hyderabad, NCR region, Jaipur, Ahmadabad, Mumbai and Aurangabad

Store Network as of 31st March 2016		
Format	# of stores	Retail space (mn sq ft)
Central	31	3.19
Brand Factory	42	1.29
aLL	53	0.07
Planet Sports & Other	55	0.15
EBOs and Others	188	0.27
<b>Grand Total</b>	<b>369</b>	<b>4.97</b>

Planet Sports and Other includes Converse  
 EBO and Others includes franchise, *I am In* and Lee Cooper brand stores





Income Statement (₹ cr.) Particulars	Quarter ended		
	Q4 FY16	Q3 FY16	Q4 FY15
Net Sales	834	857	783
Other Operating Income	16	20	18
<b>Total Income from Operations</b>	<b>850</b>	<b>878</b>	<b>801</b>
COGS	529	533	502
<b>Gross Profit</b>	<b>322</b>	<b>344</b>	<b>299</b>
<b>Gross Margin %</b>	<b>37.8%</b>	<b>39.2%</b>	<b>37.4%</b>
Employee Benefits Expense	48	48	44
Rent including Lease Rental	94	96	92
Other Expenditures	93	99	95
<b>Total Expenditure</b>	<b>235</b>	<b>243</b>	<b>231</b>
<b>EBITDA</b>	<b>87</b>	<b>101</b>	<b>69</b>
<b>EBITDA Margin %</b>	<b>10.2%</b>	<b>11.5%</b>	<b>8.6%</b>
Other Income	1	1	8
<i>Other Income</i>	1	1	3
<i>Profit from sale of investment</i>	0	0	5
Depreciation	45	40	35
EBIT	42	62	41
Finance Costs	33	33	37
PBT	9	29	5
Tax expense	4	9	-1
<b>Net profit</b>	<b>5</b>	<b>20</b>	<b>6</b>

- ❖ Gross margins grew by 40bps on YoY basis to 37.8% in Q4 FY16
- ❖ EBITDA margins expanded from 8.6% in Q4 FY15 to 10.2% in Q4 FY16
  - Largely driven by optimization of total operating expenses
- ❖ Finance costs decreased by ₹3 cr compared to Q4 FY15
- ❖ Q4 FY15 other income mainly includes profit from sale of stake in Celio

Income Statement (₹ cr.) Particulars	Twelve Months ended	
	FY16	FY 15
Net Sales	3,229	3,064
Other Operating Income	71	70
<b>Total Income from Operations</b>	<b>3,300</b>	<b>3,134</b>
COGS	2,046	1,919
<b>Gross Profit</b>	<b>1,255</b>	<b>1,215</b>
<b>Gross Margin %</b>	<b>38.0%</b>	<b>38.8%</b>
Employee Benefits Expense	189	169
Rent including Lease Rental	373	346
Other Expenditures	368	369
<b>Total Expenditure</b>	<b>929</b>	<b>885</b>
<b>EBITDA</b>	<b>325</b>	<b>330</b>
<b>EBITDA Margin %</b>	<b>9.9%</b>	<b>10.5%</b>
Other Income	16	22
<i>Other Income</i>	6	8
<i>Profit from sale of investment</i>	11	14
Depreciation	161	170
EBIT	180	182
Finance Costs	135	158
PBT	<b>45</b>	<b>23</b>
Tax expense	16	5
<b>Net profit</b>	<b>29</b>	<b>19</b>

- ❖ Other Income
  - FY16 other income includes profit from sale of residual stake in BIBA
  - FY15 other income mainly includes profit from sale of stake in Celio
- ❖ Finance costs decreased by ₹23 cr compared to FY15
- ❖ Reported a PAT of ₹29 cr for FY16

Balance Sheet (₹ cr.) Particulars	As of	
	31-Mar-16	31-Mar-15
Shareholders' Funds	1,623	1,600
Total Debt	1,141	1,244
<b>Total Capital Employed</b>	<b>2,764</b>	<b>2,844</b>
Less: Current Investments	375	344
Less: Cash & Bank Balances	15	60
<b>Net Adjusted Capital Employed</b>	<b>2,374</b>	<b>2,441</b>
Fixed Assets	1,429	1,474
Non-Current Assets	344	306
Current Assets	1,818	1,766
Less: Non-Current Liabilities	141	138
Less: Current Liabilities	1,077	967
<b>Total Net Assets</b>	<b>2,374</b>	<b>2,441</b>

Cash Flow (₹ cr.)	FY16	FY 15
<b>Net Cash From Operating Activities</b>	<b>358</b>	<b>231</b>
Less:-		
Net Capex	138	321
Interest Paid	135	158
<b>Free Cash Flow</b>	<b>85</b>	<b>-249</b>
Repayment of Loan	-104	-311
Proceeds from Issue of Shares / CCD	0	302
Net Investment in Subsidiaries / Associates	-21	48
Interest & Dividend Income	4	6
Dividend Paid (Including DDT)	-9	-8
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>-45</b>	<b>-211</b>

- ❖ Total debt reduced by ₹104 cr in FY16
- ❖ Debt/Equity improved from 0.74x in FY15 to 0.69x in FY16
- ❖ Total Capital Employed witnessed a reduction of ₹80cr during the period

- ❖ Reported Free Cash Flow of ₹ 85 cr
- ❖ During the year, the Company further invested in Holii, Mineral, Tresmode, Giovani
- ❖ Investments were also made in setting up Future Style Lab

## Bijou Kurien - Independent Director\*

- ❖ Mr. Bijou Kurien appointed as an Additional (Independent) Director
- ❖ Mr. Kurien, a retail sector veteran has been associated with marquee brands in the fast moving consumer products, consumer durables and retail industry in India for over 34 years
- ❖ His previous assignments include Reliance Retail Limited, Titan industries Limited and Hindustan Unilever Limited
- ❖ Currently, he is an independent consultant and member of the Strategic Advisory Board of L Capital, Asia (sponsored by the LVMH Group)
- ❖ Also advises several consumer product companies and mentors a few start-ups
- ❖ He is also on the Advisory Board of leading Management Education institutions, the World Retail Congress, and Mentor to the FICCI Retail Committee

## Kaleeswaran Arunachalam - CFO

- ❖ Mr. Kaleeswaran Arunachalam has about 15 years experience in Food & Fashion Industry
- ❖ Previously, he has worked with Mondelez International (Cadbury), Aditya Birla Nuvo Limited (Madura Garments) and TVS Motor Company Limited
- ❖ He led Finance and Business Transformation including Change Management, expertise in Financial Planning and Business Analytics with experience in working at India and abroad
- ❖ He is a qualified Chartered Accountant from ICAI, Master of Business Administration (Finance), Singapore and Bachelor of Commerce

# Thank You

**Disclaimer:**

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**Registered and Corporate Office:**

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