FUTURE LIFESTYLE FASHIONS



Investor Presentation

September 2016



Disclaimer:

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Future Group in Numbers



The Foremost Player Catering to the "Consumption Sector" in India



TOTAL NET SALES

₹20,000 CR +



MARKET CAP INCREASE

294% (31 Mar 14 to 19 Sep 16)



RETAIL FOOTPRINT

1,100+ STORES



TOTAL AREA

18 MN SQ FT



CUSTOMER FOOTFALLS

340 MN +



CITIES PRESENT

250 +

Future Group Overview





Operates across hypermarkets, convenience stores and home segment

Focussing on Food, Fashion & Home



Focuses on branded fashion from design to distribution; with a portfolio of brands in fashion space



Pure play integrated Food & FMCG company with a portfolio of brands across categories

The above businesses are driven through the following 5 Pillars



Focus on Loyalty Programs



Small store network



Building Strong Brand Portfolio



Multi channel approach



Faster Stock to Cash Conversion

Business Backed by strong retail infrastructure & supply chain operations



Caters to in store retail infrastructure including furniture, fixtures, IT etc



Offers end to end logistics and supply chain solutions to the Group

Key Investors

PREMJIINVEST

















Indian Fashion Industry Rapidly Shifting towards Branded **Apparel Coupled with Stronger Macroeconomics**

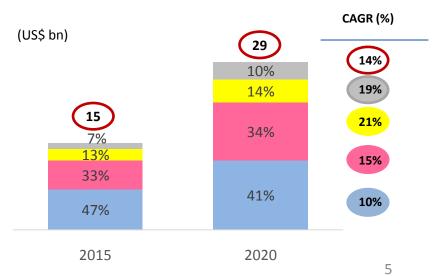


- Indian fashion market is a very large opportunity: India's fashion industry comprising apparel, eyewear, footwear, accessories, time wear and others was worth ~US\$100bn in 2015. FLF's offerings are present across majority of the segments
- Clear and rapid shift towards branded products: Indian fashion market is rapidly moving towards branded products, which continue to have significant headroom for growth
 - Branded fashion grew at 24% CAGR over 2011-15
 - India's Top 15 fashion brands together have just 6.8% share of total retail market (by value)
 - Branded apparel growing faster than overall market (12% vs. 9.2% CAGR) - its share to rise from ~29% to 34% over 2015-21
 - Modern retail has high (~43%) penetration of branded apparel

Branded apparel market split by segment:

- Men's and women's wear to comprise ~76% of market by 2020
- Branded women's wear to grow at 1.5x versus Men's wear
- Athletics/sports wear / others category to grow at 2x of men's wear
- FLF is well positioned to capture growth across all segments - particularly women's wear and athletics/leisure market through combination of own brands (e.g. Cover Story, aLL, Lee Cooper) and non-FLF brands





Fashion Industry is at an Inflection Point



Fashion market expected to witness disproportionate growth as per Capita GDP nears US\$ 2,000 mark*

Country		Reached GDP per capita of \$2000 in (Year)	Trajectory of Retail sales after it reached \$2000 per capita GDP
*;	China	2006	Revenues grew 3x from 2002-2012, with higher growth kicking in once per capita GDP crossed \$2000 in 2006
	Russia	2001	Revenues doubled over the next decade
	Brazil	1986	Revenues doubled over the next decade
	South Korea	1984	Revenues grew 4x in the next decade
(***	Singapore	1982	Revenues grew 3x in the next decade

Integrated Fashion Play is the Way to Go



Brand vs Retail

- 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
- Globally, even efficient pureplay retailers (e.g. Macy's) are under pressure since they don't control the customer experience and the product
- Pure-play retailers in India are facing price pressure from Ecommerce companies, leading to muted SSG growth for the last several quarters

FLF best positioned to win since it is one of the few apparel players with strong own brands and a large retail channel

- (a) Own brands sales comprise ~40% of total FLF revenues
- (b) Own-channel comprises ~70% of own-brand sales

- 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

Brand & Retail

Business Overview



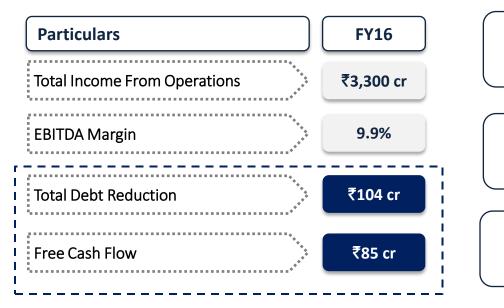
An integrated fashion company deriving its strength from – fashion brands, fashion distribution and investment in fast growing fashion companies



^{1:} As per latest filings, revenue figures are on unaudited basis & Strategic Investment revenues are not consolidated with Retail & Brand business

Snapshot – FY16





FLF Brands

- Contributed 40% to Total Income from Operations in FY16
- John Miller, BARE and Indigo Nation reported double digit growth

Lee Cooper

Leading brand registering a robust growth of 19% on revenue on YoY basis

SSGs

❖ 10% in Central



Power Brands Constitute 59% of FLF Brands Sales



FLF Present Across All Key Categories And Well Diversified (Not Overly Dependent on Any Category For Growth)





Source: CLSA, Revenues of only Key Brands are highlighted in each category

Focusing on Power Brands



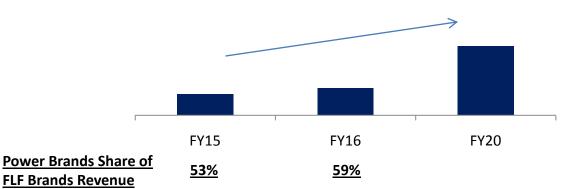
Focus on building Power Brands to deliver next stage of growth

Identified 6 brands which can drive higher growth & profitability

Focused on high growth categories in the fashion space

Dedicated teams focusing to drive these brands

Resources & Capital to be allocated to grow these brands to the next level



- **❖** Power Brands expected to constitute 65%-70% to own brand sales by FY20
- **!** Expected to grow at a rate 2x growth rate of other brands









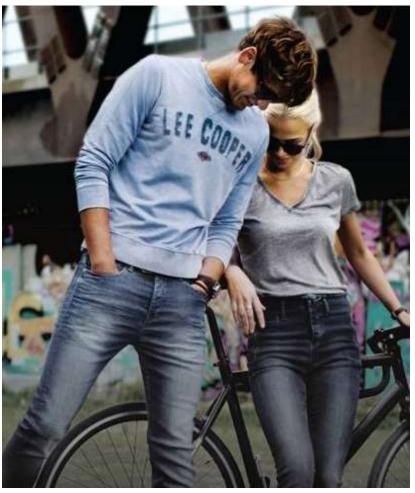




Global Denim Brand







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

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

Avg. Pric	<u>e Point (₹)</u>	Sales (₹ cr)
1,500	Lee Cooper Originals	~300
2,500	Lee Cooper	

Men's Fashion



JOHN MILLER

Overview:

Men's Fashion for the Workplace. In today's corporate parlance, success is about having an extra edge that makes one stand out and stride ahead. John Miller man believes it all starts by dressing for success.

Category:

Shirts, trousers, business suits and accessories. Also introduced a range of relaxed office wear - John Miller Hangout in line with the more relaxed work culture

Target Customer:

Successful mid level executive who is inspired and who dresses for success. Playful but aware of decorum, Effortless and confident, Street Smart.

Competition:

Peter England, Excalibur

Distribution:

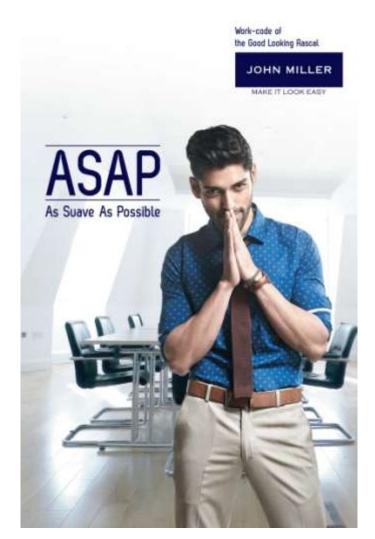
Sold through Central, Brand Factory, EBOs and is also available on leading ecommerce websites and third party Multi Brand Outlets

Avg. Price Point (₹)

1,200

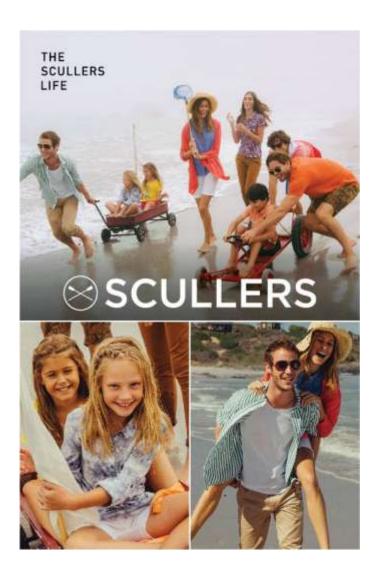
Sales (₹ cr)

~130



Brands Appealing to The New Generation







Overview:

Inspired by the Harvard Yale boat race, known simply as the race. A race that reflects a privileged life, As much as it does kinship; the human spirit, As much as it does the beauty of blue Skies and open spaces.

Category:

An all-inclusive range of casual and sportswear for men, women and kids. Renowned for its Chinos with more than 14 types of Chinos

Target Customer:

Crafted for those who believe that life is meant to be lived and that age doesn't matter generations do. The elegant set who display impeccable taste, and a formidable eye for detail.

Competition:

Parx, Color Plus

Distribution:

Sold through the Central and Brand Factory network. Also available at EBOs and MBOs including Pantaloons, Reliance Trends and online fashion websites

Avg. Price Point (₹) Sale

Sales (₹ cr)

1,700

~100

The Plus Size Brand





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.

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

Competition:

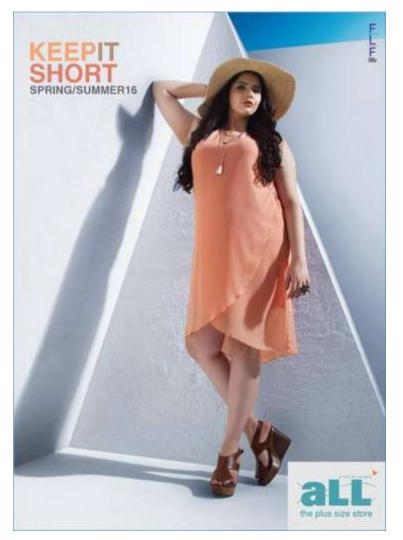
Only plus size brand of meaningful scale

Distribution:

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

Avg. Price Point (₹) Sales (₹ cr)

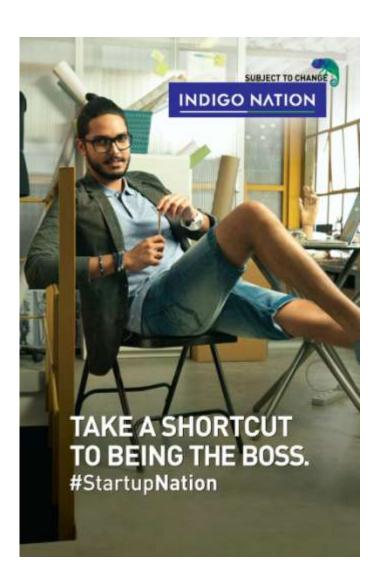
1,200 ~100



Brands Appealing to The New Generation







Overview:

Indigo Nation was launched with the aim of delivering Fast Fashion to the young Indian dude who forever aspires to be IN. Indigo Nation is Young, Restless, Wired, Ambitious Wild and is always Changing.

Category:

Work, Street, Club and Casual wear for young men

Target Customer:

Young urban Indian male aged 21-30 years

Competition:

Wrangler, Parx

Distribution:

Sold through the Central and Brand Factory network. Also available at EBOs and MBOs including Pantaloons, Reliance Trends etc and ecommerce sites

Avg. Price Point (₹)	<u>Sales (₹ cr)</u>	
1,500	~100	

Women's Fashion





Overview:

Always stood for more than great clothes for women. It also reflects the hip, unapologetic young girl of today – empowering her to stand up for what she believes in, arming her with confidence, style and independence.

Category:

Casual and denim wear brand for women

Target Customer:

Chic, vibrant and vibrant kind of girl in groove when it comes to fashion and lifestyle, settling for nothing less than what she wants

Competition:

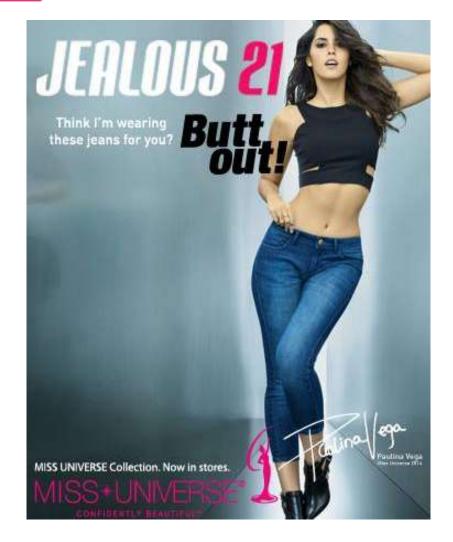
Forever New, Levi's, Pepe Jeans

Distribution:

Sold through the Central and Brand Factory network. Also distributed through EBOs, Pantaloons, other MBOs and ecommerce sites

Avg. Price Point (₹) Sales (₹ cr)





Sold Across Retail Formats



Overview		FY16 Net Sales (% of Total Sales)	# of Stores	Area (mn. sq. ft)
© CENTRAL*	Department store chain that offers a complete shopping experience	₹1,825 cr (55%)	31	3.19
DORAND FACTORY	Outlet model positioned as a stopover hub for graduating to lifestyle retailing	₹796 cr (24%)	46	1.38
EBOs & Others	Includes Planet Sports, Converse and other sports formats and franchisee stores EBOs facilitate brand building in asset light manner	₹264cr (8%)	289	0.48
Own Brands – non FLF Channels	Includes third party stores such as Shoppers Stop, Lifestyle etc. and online sales	₹416 cr (13%)	200+	NA

TOTAL NET SALES (₹ CR)* 3,300

FLF focused on building own brand business and developing own channels

Central – Hi Definition Fashion Experience



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 premiumization of offerings, upgrading ambience and increasing the freshness quotient
- Partnership with leading brands to widen premium offerings
- Launched 1st TVC currently being shown on 33 channels
- Recently launched an iconic Central at Aerocity, New Delhi, truly depicting fashion in HD

Then





- Stores: 17
- Revenue/ sq.ft: ~₹6k
- Ticket size: ~₹1.6k

Our Reach

- About 3.2 mn sq.ft of chargeable area
- Pan India Presence in around 24 cities, 31 stores
- More than 500 brands
- More than 33 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

Now





- Stores:
 - Revenue/ sq.ft:
- ~₹10k

31

- Ticket size:
- ~₹3k

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 Customers

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

Then

- Stores: 13
- Revenue/ sq.ft: ~₹4.5k
- Ticket size: ~₹1.3k







Our Reach

- About 1.3 mn sq.ft of chargeable area
- Pan India Presence in around 19 cities, 46 stores
- More than 12 mn customers visit every year

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 ~95% of total sales in FY16
- Aspiration to take this format to next level tapping the significant market potential

Now

- Stores: 46
- Revenue/ sq.ft: ~₹7.6k
- Ticket size: ~₹2k

Investing in Brands – A Win Win Proposition









A Portfolio of over 12 Brands Generating ~₹610cr

- Invested in businesses backed by talented designers / entrepreneurs at early stage
- Typical investment size is smaller, however, offers a significant value unlocking potential over the years

Benefits to Future Lifestyle Fashions

- Access to multiple categories like footwear, handbags, accessories among others with smaller quantum of investments
- Specialized and hard to build skills become easily accessible
- Completing the entire spectrum of offerings by investing in complementary categories
- Current portfolio of investments expected to generate significant value in the near future

Benefits to the Brand

Opportunity to join hands with a Group with over 2 decades of experience in the fashion industry and significant retail footprint

Successfully divested stakes in AND and BIBA at 24x and 6x investment value, proceeds largely utilized for debt reduction

















Cover Story – A Fast Fashion Brand for Women



COVER/STORY



Discover international fashion #WearYourStory

Recently featured in The Wall Street Journal - http://on.wsj.com/2awSyak

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

Developed from scratch by talented design team led by industry veteran Manjula Tiwari who joined us from Esprit and Jabong

One of the fastest to go to market within 6 months, achieving good sales momentum with minimal advertising spend. Design studio based out of London to capture fast fashion trends

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

Competition:	Avg. Price Point (₹)	<u>Stake (%)</u>
H&M, ZARA	1,800	90%

Distribution:

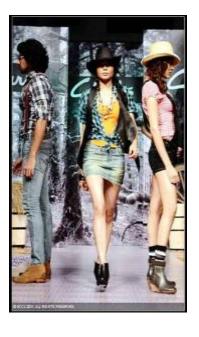
22

Central and EBOs

Clarks – Footwear brand for Men and Women









Partnership:

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.

Category:

Premium boots, sandals and shoes

Target Customer:

Men and women in the age group of 25 - 45 yrs, Upwardly mobile.

Competition:

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

Distribution:

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

Avg. Price Point (₹)	Sales (₹ cr)	<u>Stake (%)</u>
4,500	~130	50%

Turtle – Focused on Men's Wear



TURTLE I

Overview:

Offers formidable value and international style across a range of menswear apparel and accessories. Operates over 70 exclusive Turtle and London Bridge stores. Winner of Brand Trust Award from Eastern India Retailers Forum in FY 2015-16

Category:

Shirts, Trousers, TShirts, Denims, Suits, Gilets, Jackets, Windcheaters, Pullovers and Accessories for men

Target Customer:

Men in the age group 20-40

Competition:

Arrow, Zodiac, Van Heusen,

Distribution:

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





4 Pillars Driving Growth



Power Brands



- Fast Fashion vs Core Merchandise
- Focus on power brands
- Opportunity to take brands to the next level
- Invest in national/upcoming brands

Distribution Networks



- Hi-definition retail
- Right stores at the right locations
- Extending third party distribution

Loyalty Programs



- Loyalty program and Data analytics
- Partnered with leading firms for analytics and data driven retailing

Operating Efficiency



- Optimum utilization of resources
- Operating efficiencies in cost and reduce net working capital



Based on a Strong Foundation of

People

- Led by a professional and experienced management team
- Talented team across levels, good workplace practices
- Industry veterans represent the Board of Directors

Process

- Good corporate governance and robust processes
- Dedicated top management focus on periodic MIS reviews and corrective actions

IT Systems

- Robust IT Systems in place to support the existing business
- Implementing advanced Planning Module covering product lifecycle management and forecasting

Strong Industry Talent to Guide the Company



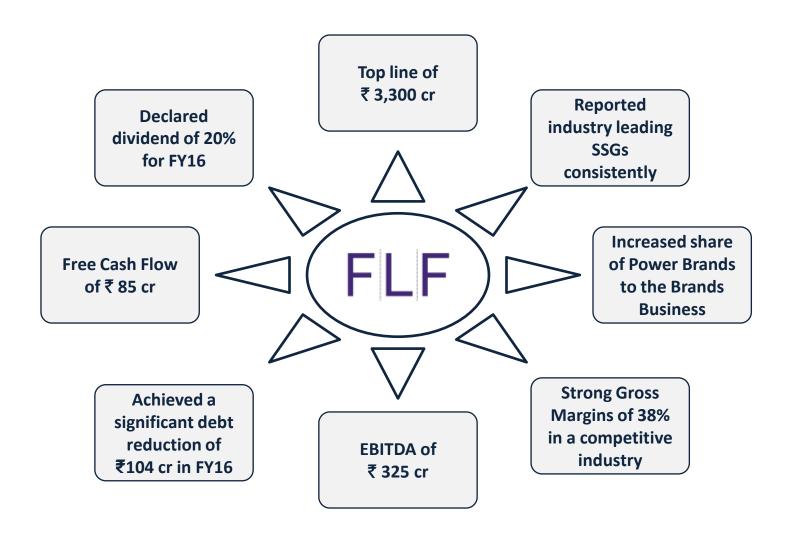
Name	Designation	Overview
Shailesh Haribhakti	Chairman	 During a career span of four decades, successfully established and led many innovative services A Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner & Fraud Examiner
Kishore Biyani	CEO Future Group	Founder and Group CEO of Future Group. Has over 25 years experience and is known as the pioneer of modern retail industry in India
Rakesh Biyani	Non-Executive Director	 Associated with Future Group for over 20 years. Led the management and expansion of the Group's flagship formats like 'Pantaloons', 'Central' 'Big Bazaar' and 'Food Bazaar'
Avni Biyani	Non-Executive Director	 Closely involved with the launch of India's first fast fashion brand – Cover Story. Concept Head of Foodhall, the specialty food superstore of Future Group
C.P Toshniwal	Non-Executive Director	 Associated with the Group since May 1997 with over 25 years of rich managerial experience Won the Best CFO Award-2011 in Service Sector by ICAI
Dr. Darlie O Koshy	Non-Executive Independent Director	 Currently the Director General and CEO of Apparel Training & Design Centre (ATDC), network of 58 Institutes and two premier campuses of Institute of Apparel Management under the Aegis of AEPC
Bijou Kurien	Non-Executive Independent Director	 Associated with marquee brands in the FMCG, consumer durables and retail industry in India for over 34 years. Previously worked with Reliance Retail, Titan Industries & Hindustan Unilever
Sharda Agarwal	Non-Executive Independent Director	Over 25 years of experience in marketing, brand development, brand strategies, sales & distribution strategies at Johnson & Johnson, India & US — Consumer Business, Coca-Cola India and Market Gate Consulting

Business Backed by Strong Management Team



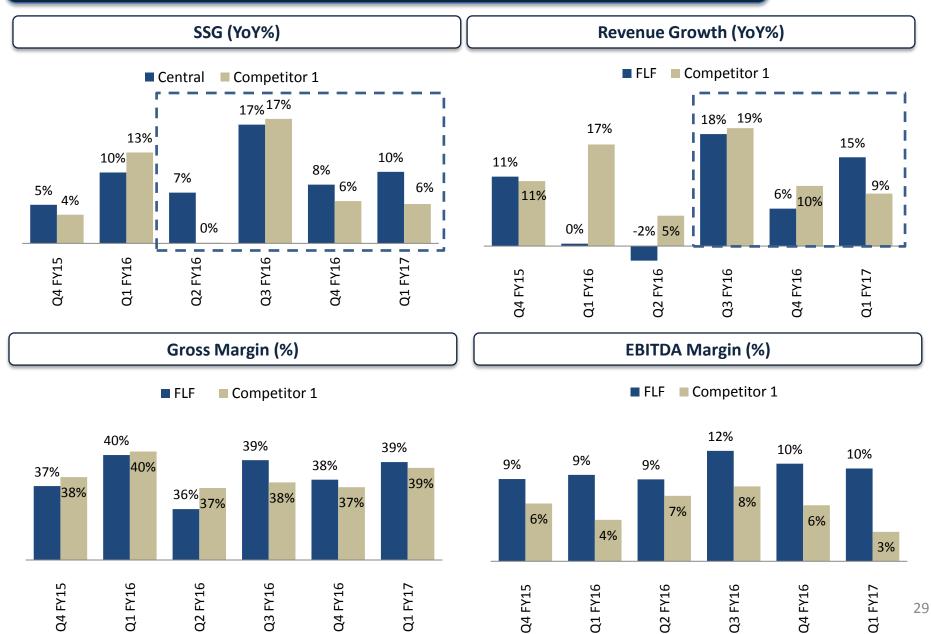
Name	Designation	Over	view
Rachna Agarwal	Head – Brands	*	Over 22 years of experience in brand management, information system management and supply chain management Serving as the Head of FLF Brands since 2008 engaged in lifestyle brand marketing
Hetal Kotak	Head – Lee Cooper & aLL	*	Over 17 years of experience across branded apparel and retail Past experience includes Brand Director and Chief Operating Officer, Color Plus and Park Avenue at Raymond Limited
Manjula Tiwari	Head – Cover Story	*	Veteran with over 22 years experience in the fashion and 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
Vishnu Prasad	Head – Central	*	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
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
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 and TVS Motors. A qualified Chartered Accountant from ICAI and 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 handling various corporate actions Qualified Company Secretary from the Institute of Company Secretaries of India

Financial Performance at a Glance



Financial Performance vs Peers: Outperformance across **Parameters**



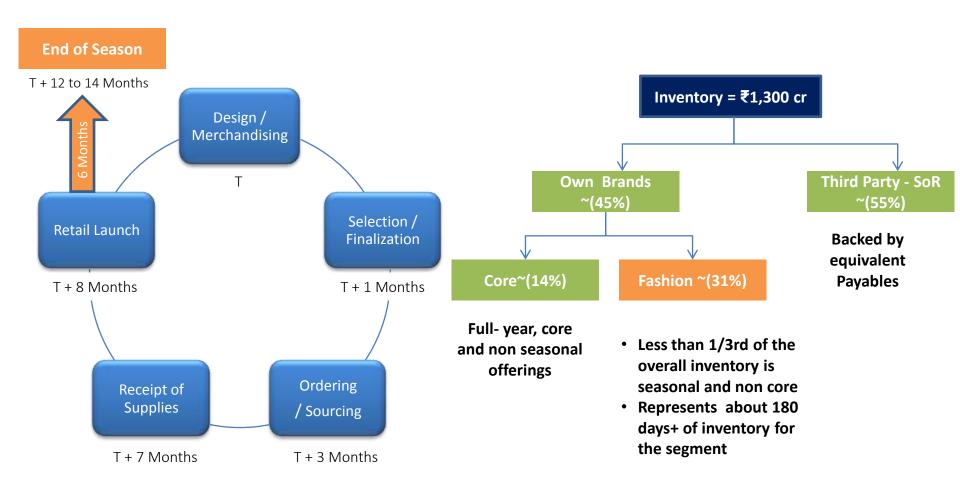


Typical Fashion Season – Design to Liquidation



Design to Consumer-12 to 14 months cycle

Indicative Inventory Overview



Financial Overview



Income Statement (₹ cr.)	Twelve Mo	Twelve Months ended		
Particulars	FY 15	FY16		
Net Sales	3,064	3,229		
Other Operating Income	70	71		
Total Income from Operations	3,134	3,300		
Gross Profit	1,215	1,255		
Gross Margin %	38.8%	38.0%		
Total Expenditure	885	929		
EBITDA	330	325		
EBITDA Margin %	10.5%	9.9%		
Net profit	19	29		

Cash Flow (₹ cr.)	FY15	FY16
Net Cash From Operating Activities	231	358
Less:-		
Net Capex	321	138
Interest Paid	158	135
Free Cash Flow	-249	85
Repayment of Loan	-311	-104
Proceeds from Issue of Shares / CCD	302	0
Net Investment in Subsidiaries / Associates	48	-21
Interest & Dividend Income	6	4
Dividend Paid (Including DDT)	-8	-9
Net Increase in Cash & Cash Equivalents	-211	-45

Balance Sheet (₹ cr.)	As of	
Particulars	31-Mar-15	31-Mar-16
Shareholders' Funds	1,600	1,623
Net Debt	1,185	1,126
Less: Current Investments	344	375
Net Adjusted Capital Employed	2,441	2,374
Net Non-Current Assets	1,642	1,632
Net Current Assets	799	742
Net Assets	2,441	2,374

- Investment Grade Credit Rating of CARE A+
- Consistent margin delivery and SSG growth
- Total Debt Reduction of ~₹ 104 cr in FY16
- Free Cash flow of ~₹ 85 cr in FY16 vs a negative Cash Flow of ₹249 cr in FY15

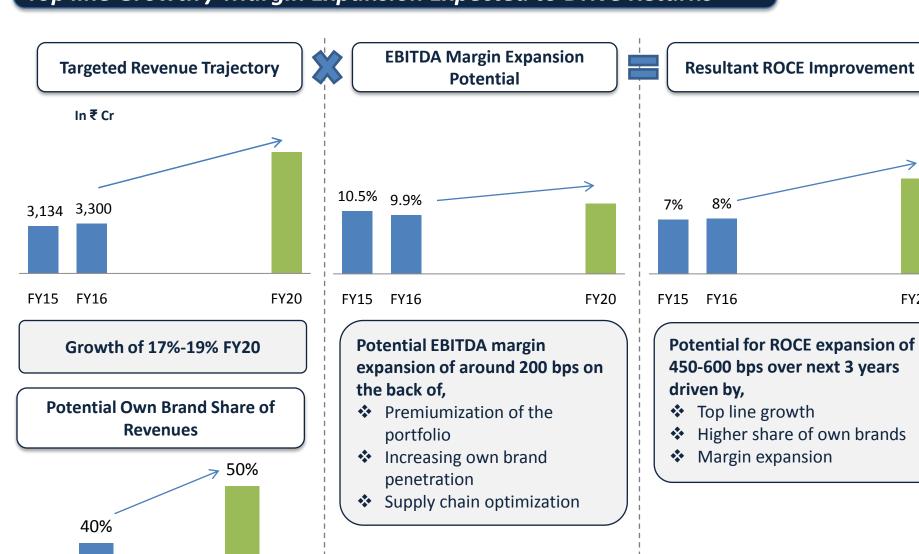
Focus Going Forward

FY16

FY20

Top line Growth / Margin Expansion Expected to Drive Returns





FY20



Operates an Integrated Fashion Ecosystem

- Leveraging the **Vertical Integration and Omnipresence** in the value chain
- Target **revenue growth** of 17-19% over FY16 to FY20
 - Power brands to drive the top line growth and profitability
 - Expanding presence in 3rd party chains
 - Offer industry leading retail experience and cut across consumer segments
- Margin expansion by increasing the share of Own Brands
- Strengthening the Loyalty Programs by leveraging data analytics
- Value creation from focused investments in IT and leveraging the supply chain expertise of the Group
- Focused efforts to achieve ROCE expansion targets of 450-600bps over next 3 years
- Continue to focus on **attracting best talent** and talent retention to build a dynamic organization

3,300 CR

NET PROFIT 29 CR

TOTAL RETAIL SPACE 5 MN SQ.FT.

STORE COUNT

LEADING BRAND LEE COOPER POSTED GROSS SALES OF 567 CR

LEADING RETAIL FORMAT CENTRAL POSTED SAME SALES GROWTH OF 10.3%



THANK YOU

Registered and Corporate Office:

Future Lifestyle Fashions Ltd

Knowledge House, Shyam Nagar, Off Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060 ☎: +91 22 30842336 ℃: www.futurelifestyle.in

Incase if any queries please contact: investorrelations@futurelifestyle.in