

ARVIND FASHIONS LIMITED

A MEMBER OF THE LALBHAI GROUP

Corporate Office: Du Parc Trinity, 8th Floor, 17, M.G Road, Bangalore – 560 001

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Website: www.arvindfashions.com

May 21, 2024

To,
BSE Limited
Listing Dept. / Dept. of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

Security Code : 542484
Security ID : ARVINDFASN

To,
National Stock Exchange of India Ltd.
Listing Dept., Exchange Plaza, 5th Floor
Plot No. C/1, G. Block
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051

Symbol : ARVINDFASN

Dear Sir/Madam,

Sub: Investor Presentation on Audited Standalone and Consolidated Financial Results of the Company for the fourth quarter and financial year ended on March 31, 2024

Ref.: Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith Investor Presentation issued by the Company in respect of Audited Standalone and Consolidated Financial Results of the Company for the fourth quarter and financial year ended on March 31, 2024.

You are requested to take the same on records.

Thanking you,

Yours faithfully,

For Arvind Fashions Limited

Lipi Jha
Company Secretary

Encl: As above.

Arvind FASHIONS

Regd Office: Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025.

CIN: L52399GJ2016PLC085595

Road Trip

with U.S. POLO ASSN.



Q4 FY24 RESULTS PRESENTATION

ARVIND FASHIONS

May | 2024

DISCLAIMER

This document by Arvind Fashions Limited ('the Company') contains forward-looking statements that represent our beliefs, projections and predictions about future events or our future performance. These forward-looking statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results performance to differ materially from any future results or performance described in or implied by such statements. The forward-looking statements contained herein include statements about the Company's business prospects, its ability to attract customers, its expectation for revenue generation and its outlook. These statements are subject to the general risks inherent in the Company's business. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, the Company's business and operations involve numerous risks and uncertainties, many of which are beyond the control of the Company, which could result in the Company's expectations not being realized or otherwise materially affect the financial condition, results of operations and cash flows of the Company. The forward-looking statements are made only as of the date hereof, and the Company does not undertake any obligation to (and expressly disclaims any obligation to) update any forward-looking statements to reflect events or circumstances after the date such statements were made, or to reflect the occurrence of unanticipated events.

AGENDA



01

Q4 & FY24 Performance
Highlights



02

Q4 & FY24 Results



03

Way Forward

Q4 FY24 PERFORMANCE HIGHLIGHTS

MARKET & ECONOMY UPDATE



Overall market environment continued to stay subdued

Delayed weather impacting seasonality & consumer buying pattern

Premiumization continues to get differentiated traction amongst consumers

FY24 SCORECARD - WHAT WE HAD SET FOR OURSELVES AT THE START OF YEAR

	Objectives	Achievement
Sales & Profitability	<ul style="list-style-type: none"> Focus on profitable revenue growth and aspiration to grow ahead of industry Continue sharper focus on further expanding EBITDA & PAT margins 	<ul style="list-style-type: none"> Grew sales profitably by ~5%, despite tough market conditions; 2-yr CAGR at healthy 24% EBITDA growth of 15%; up ~120 bps
Re-energizing the brands	<ul style="list-style-type: none"> Drive higher market share through increased investments in advertising Product innovation 	<ul style="list-style-type: none"> Improved brand salience through higher marketing investments by 100 bps Y-o-Y Product innovation engine - Liquid cotton Polo, Tommy Tailored, 1851 & New York line in Arrow
Retail rigor & key performance indicators	<ul style="list-style-type: none"> Focus on high quality season launch, helping drive superior customer experience with better sell-thru's and lower discounting Pilot new retail formats for existing brands & execute multi-category play 	<ul style="list-style-type: none"> Retail excellence - improved full-price sell-thru's and lower discounting; retail LTL at 4% Innovative retail formats ready for expansion - Club A, Stride, outlet format Megamart, USPA kids store and USPA womenswear distribution
Accelerate store expansion	<ul style="list-style-type: none"> To open 150-200 stores, largely through FOFO route 	<ul style="list-style-type: none"> Opened 146 stores (128 full-price EBOs), largely through FOFO route EBO count stood at 931 comprising ~10.72L sq ft. Net 19 store closures; net sq ft. addition of ~58K
Working capital, debt, ROCE & ROE	<ul style="list-style-type: none"> Focus on better inventory turns & NWC days leading to higher free cash flow De-leveraging to continue Further improvement in ROCE & ROE 	<ul style="list-style-type: none"> GWC days remained stable at 140 days, despite muted demand environment; stock turn of ~4x Gross debt lower by 132 Crs Y-o-Y Improved ROCE to 16%+



Q4 FY24 BUSINESS HIGHLIGHTS



QUARTERLY SALES

~4% sales growth Y-o-Y; 2-yr CAGR stood at 15%

Retail LTL of 4%; aided by sharper execution in retail channel & delayed EOSS

Sales growth despite subdued market environment



GROWTH DRIVERS

20%+ growth in kidswear Y-o-Y; **womenswear** showing strong promise

Product innovation and premiumization across brands along with significant marketing investments

Gross addition of 24 **EBOs**; YTD addition at 146



CHANNEL-WISE PERFORMANCE

10%+ growth in retail channel Y-o-Y

Online direct-to-consumer business (marketplace + NNNow) grew 50%+ Y-o-Y

De-growth in wholesale channel due to quarter shift; in-line with seasonality



EBITDA

EBITDA at ₹ 148 crores; ~17% growth Y-o-Y

EBITDA margins higher by 150 bps through strong costs control & despite lower gross margins

Continued **investments in advertising**; higher by ~100 bps Y-o-Y



WORKING CAPITAL & PAT

GWC remained stable; **debtor** days lower by 2 days

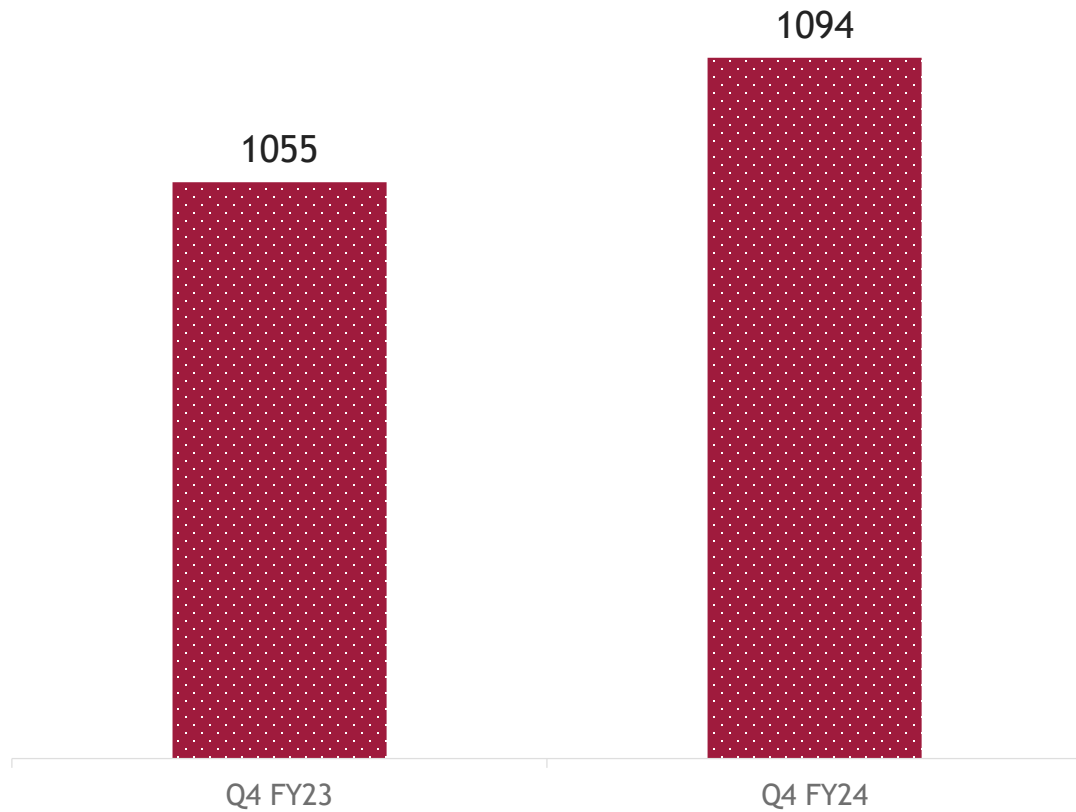
Stronger processes & automation driving agility in inventory management; stock turn of ~4x

PAT from continuing business grew 72% to ~₹ 25 crores

4% LTL DRIVING SALES GROWTH

Sales

(₹ in crores)

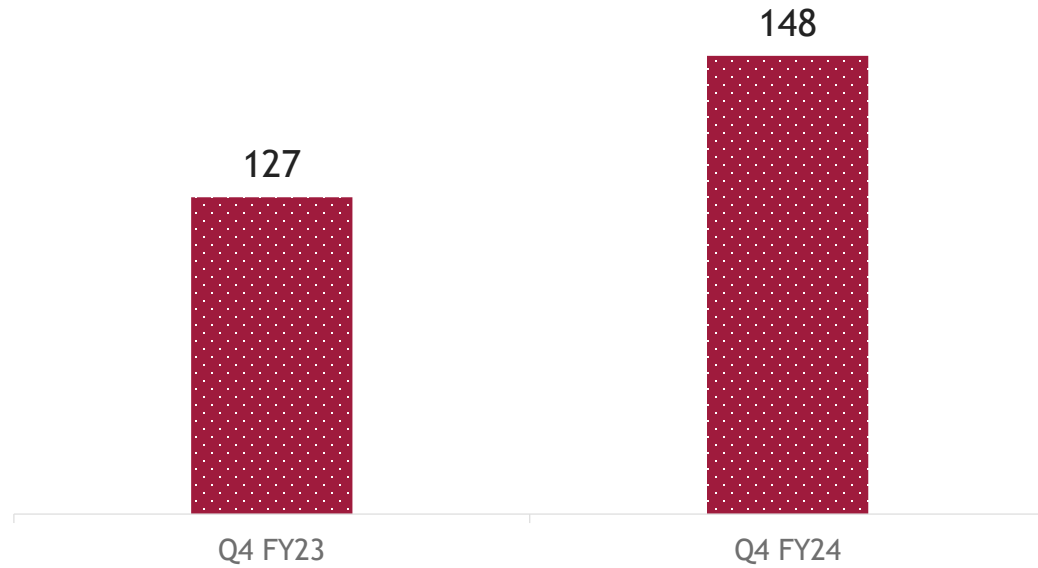


- Overall revenue growth of 4%, despite muted consumer environment
- Focus on retail excellence continued, resulting in revenue mix higher by 3% and channel growth of >10%
- Gross addition of 24 EBOs during Q4, FY additions at 146
- Growth in adjacent categories like kidswear and womenswear
- Conscious de-growth in wholesale channel
 - Shift of sales between Q4 & Q1 - in-line with seasonality

LEADING TO STRONG PROFITABILITY IMPROVEMENT

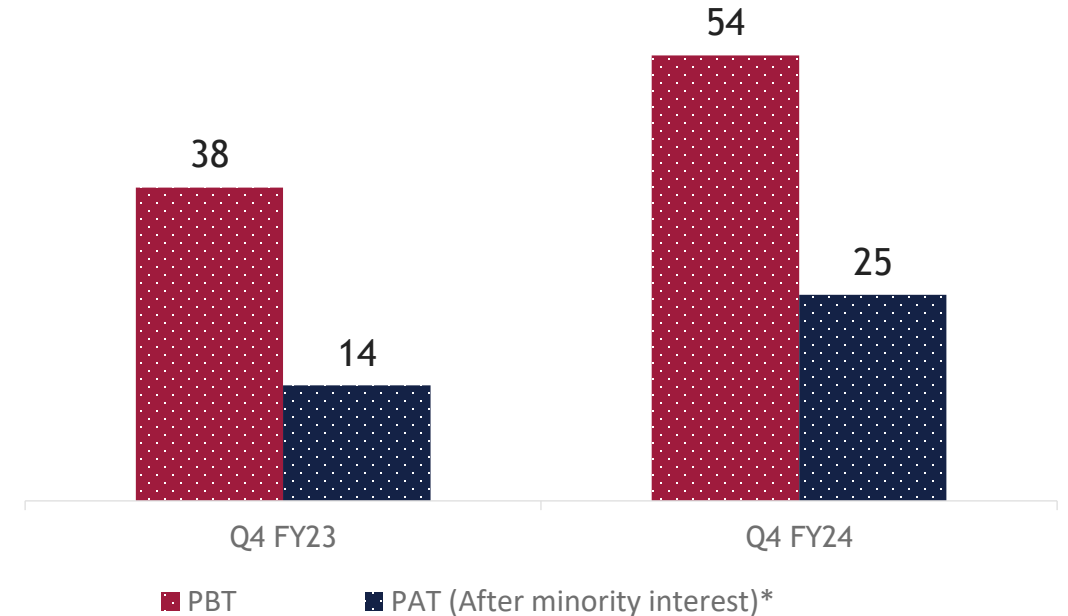
EBITDA

(₹ in crores)



PBT and PAT (after minority interest)

(₹ in crores)

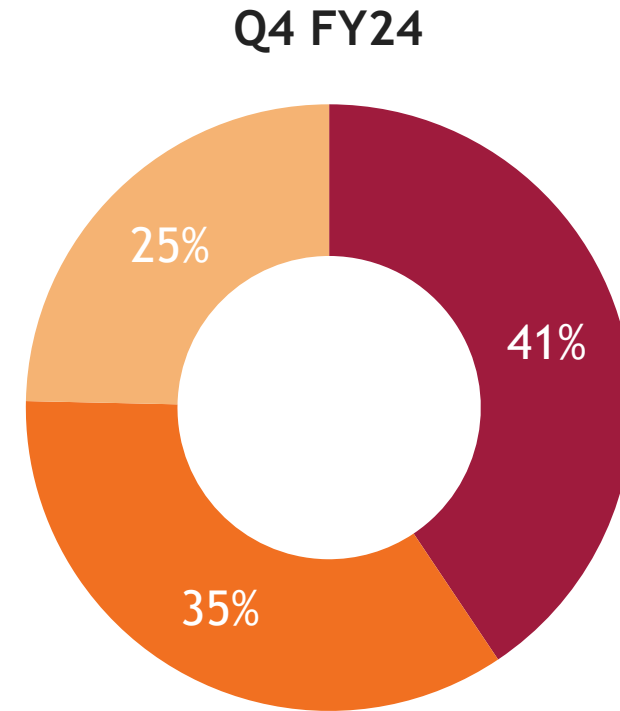
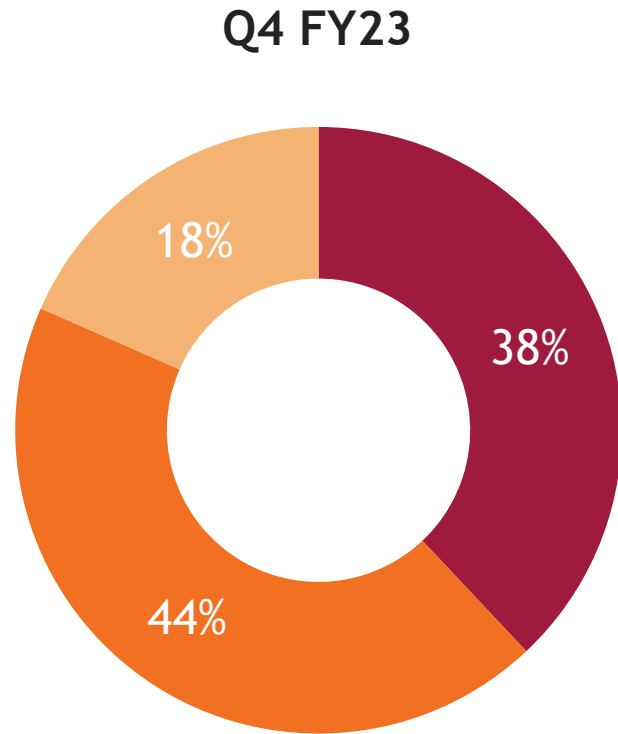


* For continuing business



Improvement in EBITDA margins by 150 bps despite higher advertising expense of ~100 bps and lower gross margins Y-o-Y

CHANNEL MIX - FOCUS ON BUILDING HIGH QUALITY RETAIL BUSINESS



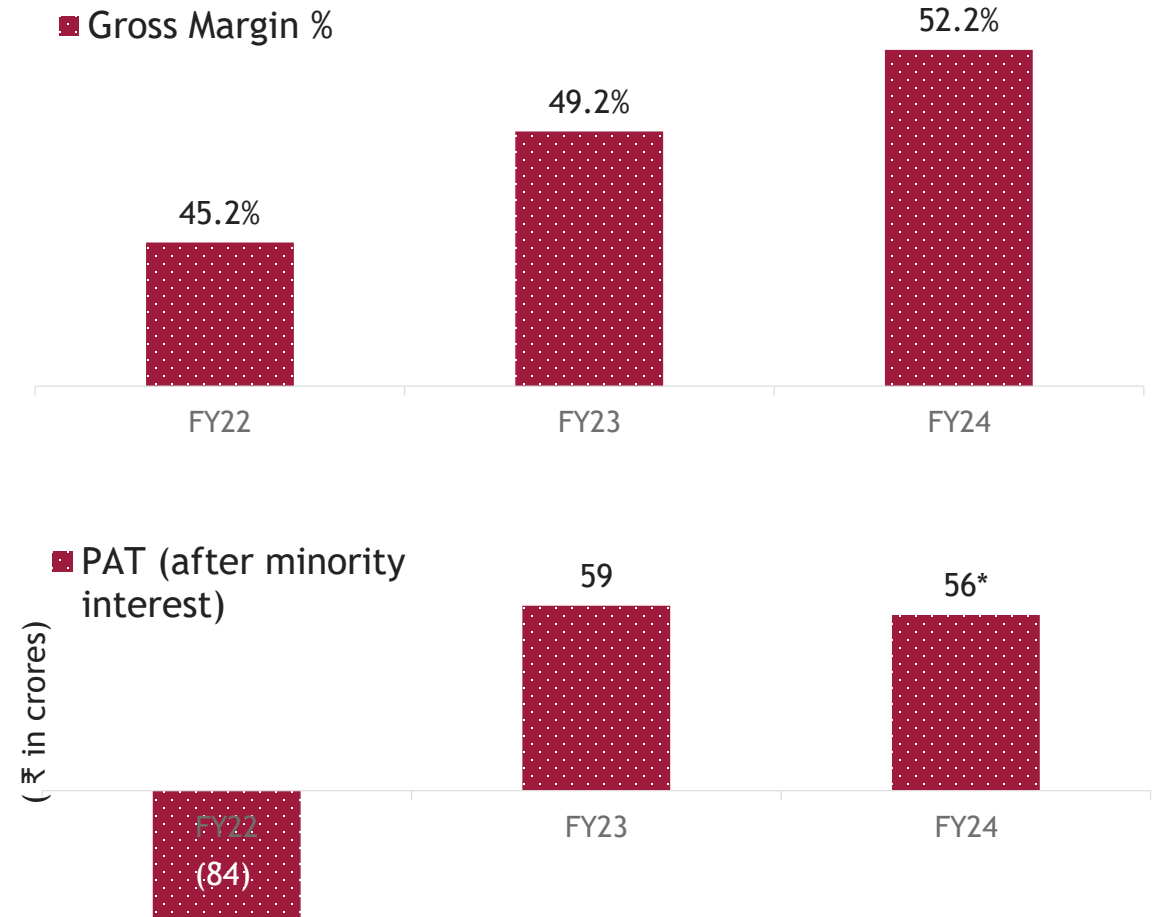
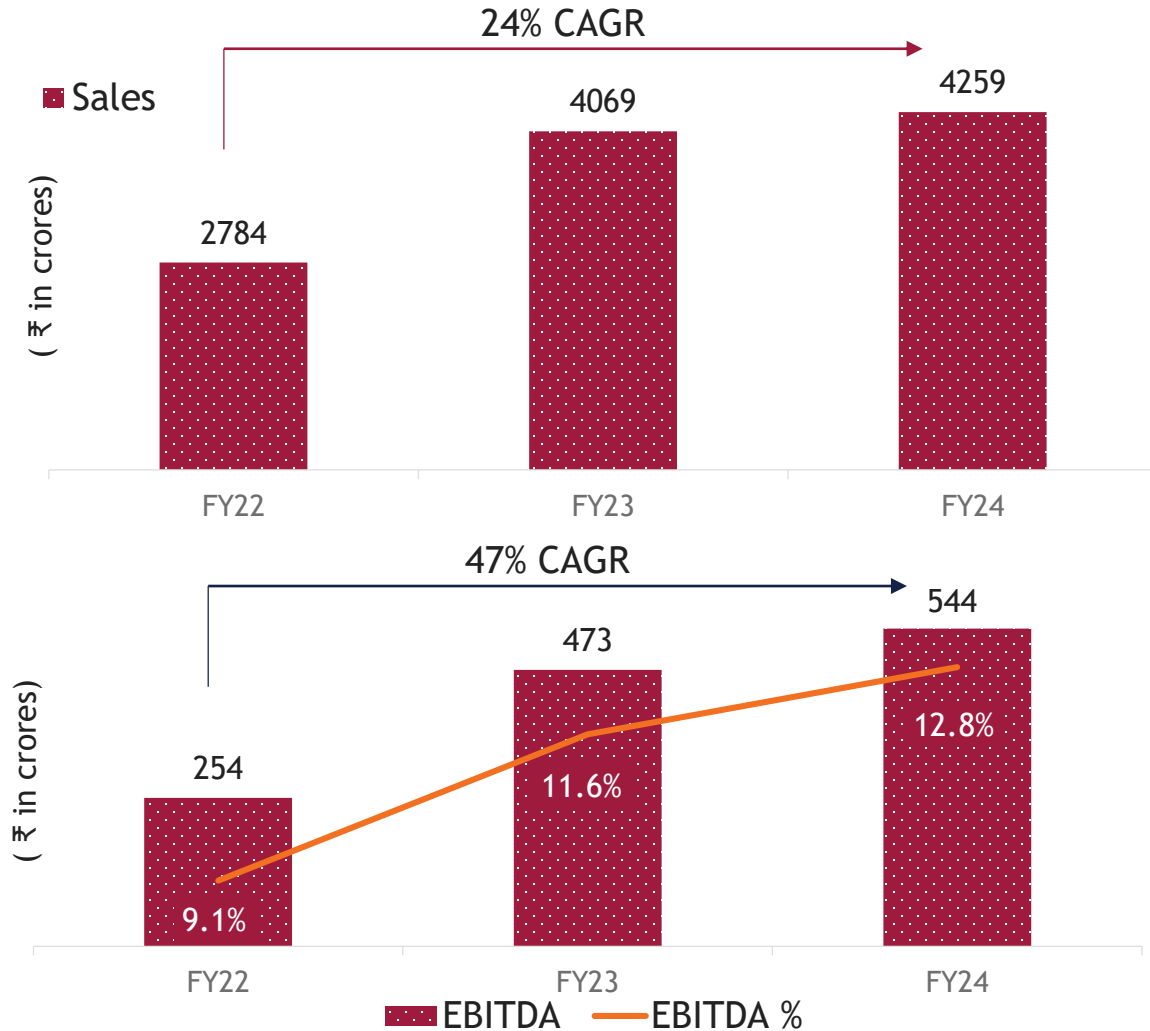
Wholesale (MBO + Dept. Stores)

Retail

Online & Others

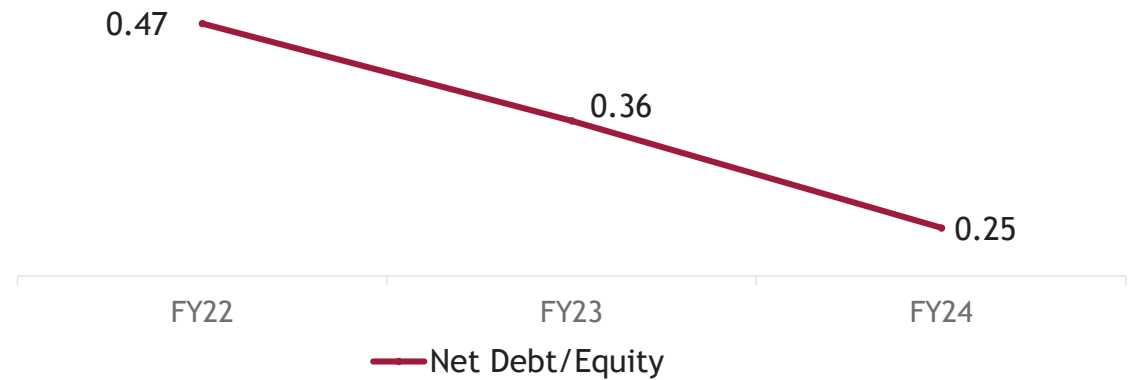
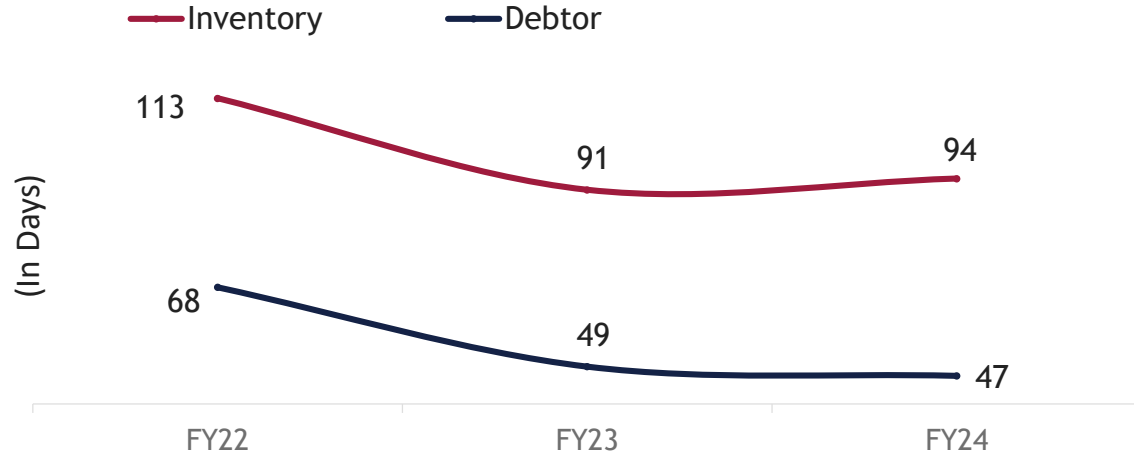
FY24 PERFORMANCE HIGHLIGHTS

3-YEAR SCORECARD - TRANSFORMATION OF BUSINESS TOWARDS HEALTHY PROFIT

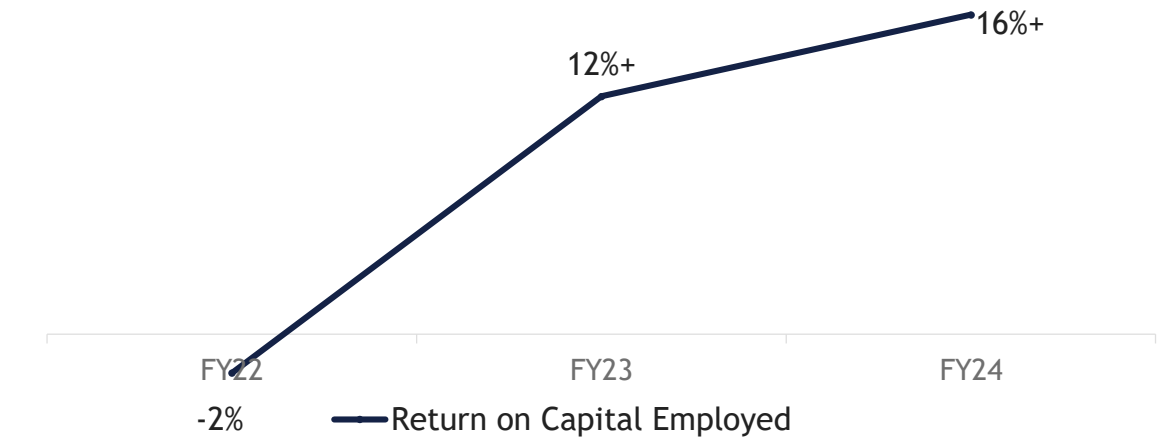
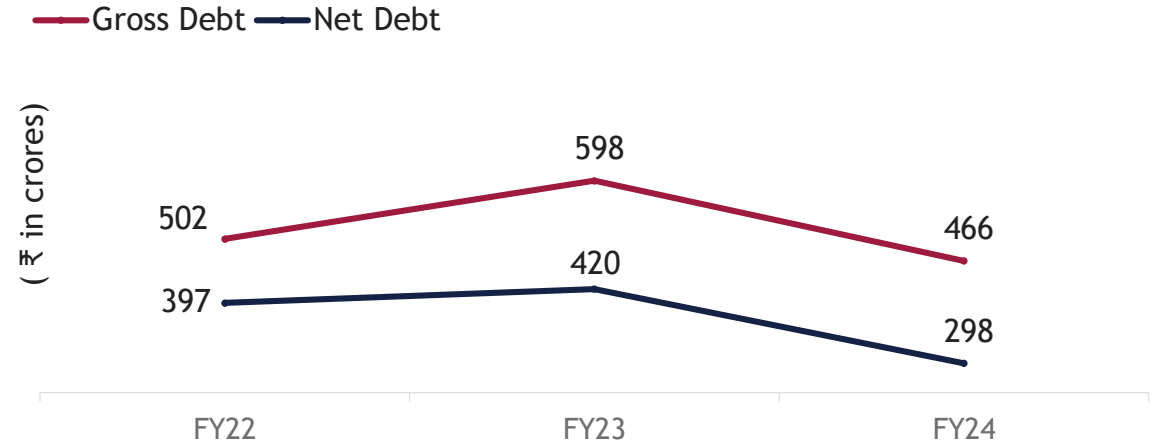


* Excluding exceptional item
All figures are for continuing business and like-to-like comparable

3-YEAR SCORECARD - TRANSFORMATION OF BALANCE SHEET WITH ROBUST KPIs



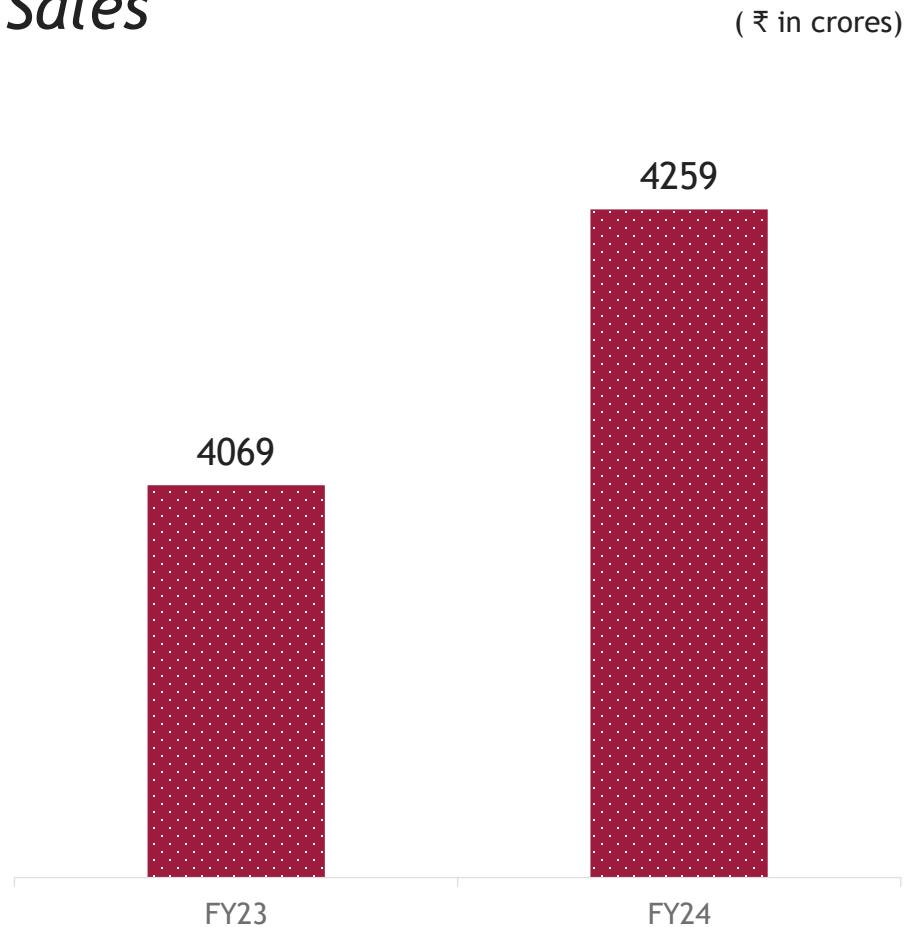
Days calculation, for example: Inventory days = Average TTM Inventory / TTM Revenues * 365
 Equity = Share capital + Other equity + Non controlling interest



Gross Debt = Total borrowings (non-current + current), Net Debt = Gross debt - cash & cash equivalents
 ROCE Calculation: Average TTM EBIT / Average TTM Capital Employed * 100

REVENUE SCALES TO ~4300 CRORES IN FY24

Sales



- Growth of ~5% led by multi-channel performance with focus on retail transformation
- Retail channel mix higher by 300+ bps Y-o-Y to 42% delivering 4% LTL and higher sell-thru's
- Significant de-growth in online B2B channel
- Higher investments in marketing across brands
- Adjacent categories witnessing strong growth - footwear, kids wear and women's wear
- Innovative retail formats ready for expansion
 - **Stride** - Premium footwear & accessories concept
 - **Club A** - Premium house of AFL brands
 - **Megamart** - Factory outlet model for AFL brands
 - Dedicated **U.S. Polo kids** store

INNOVATIVE RETAIL FORMATS READY FOR EXPANSION



Indiranagar, 100 Ft, Bengaluru



Elante, Chandigarh

INNOVATIVE RETAIL FORMATS READY FOR EXPANSION



Pavilion Mall, Ludhiana



Megamart, Bengaluru

ROLLOUT OF LARGE SIZE FLAGSHIP STORES OF U.S. POLO



Jayanagar, Bengaluru



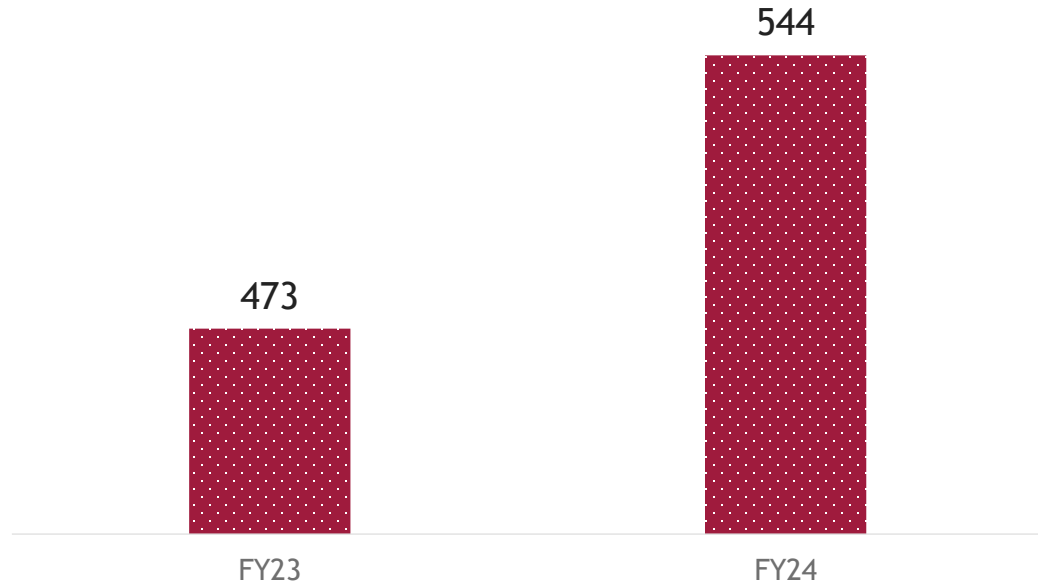
Indiranagar, 100 Ft, Bengaluru

- Opening these large flagship stores (across Bengaluru, Goa, Express Avenue (Chennai), showcasing all categories of brand for stronger consumer engagement

STRONG PROFITABILITY METRICS

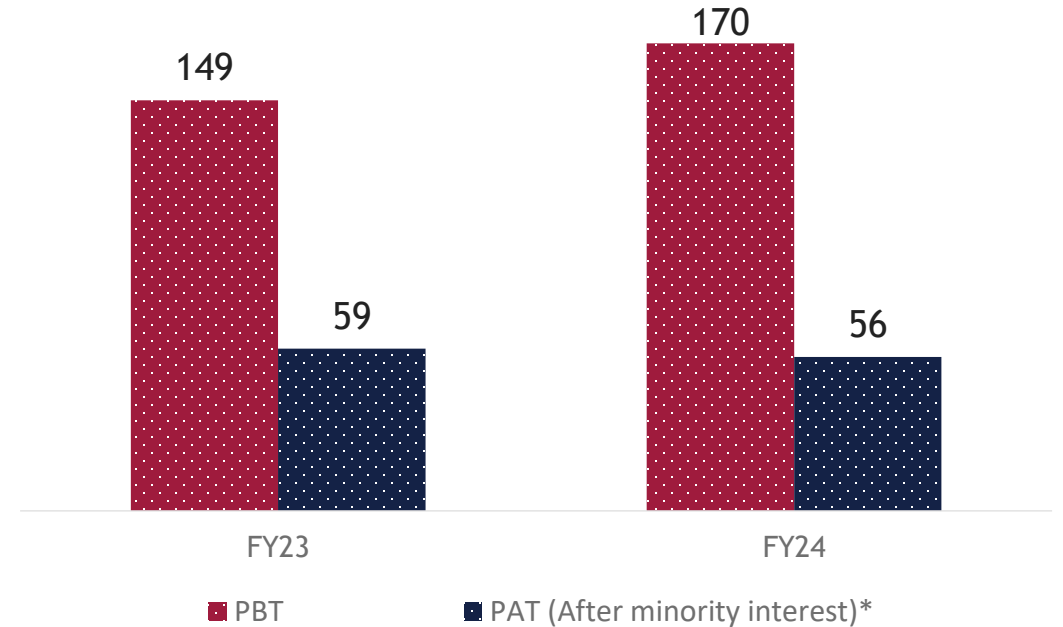
EBITDA

(₹ in crores)



PBT and PAT (after minority interest)

(₹ in crores)



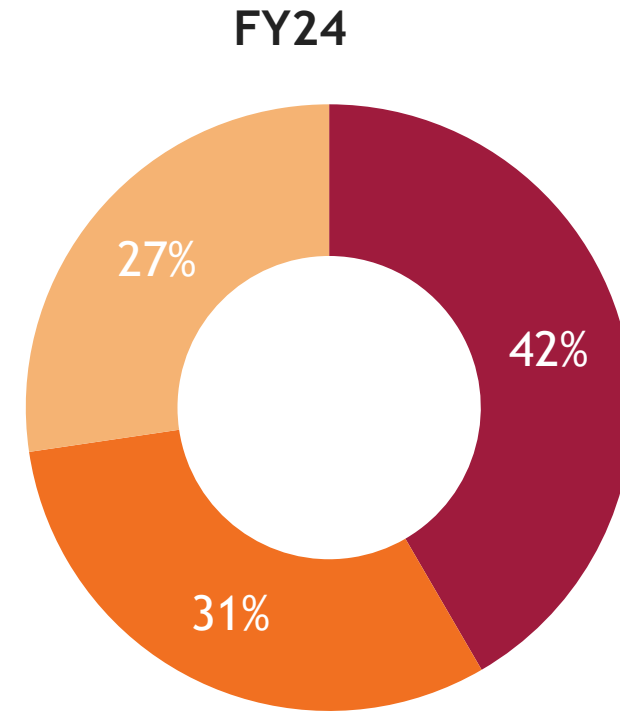
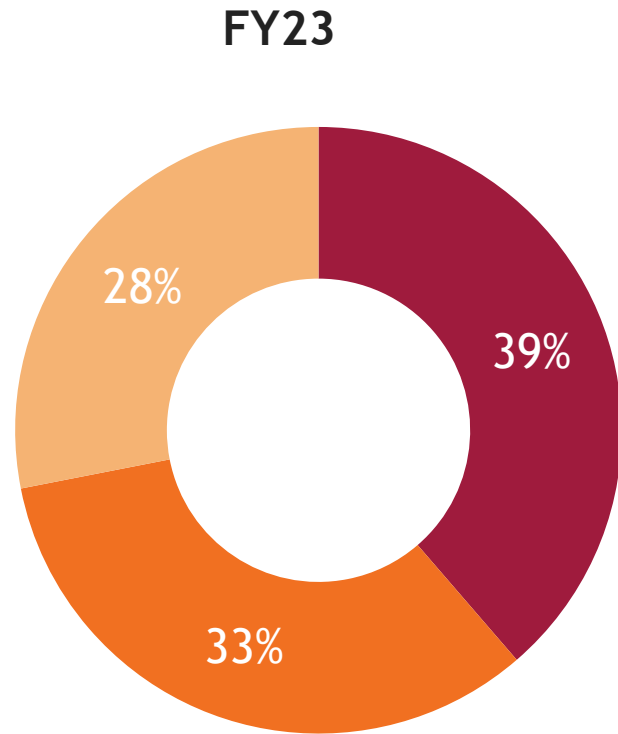
* For continuing business and excluding exceptional item; higher tax outgo in Q1FY24 due to tax on dividend received



Created by Gregor Cremer
from the team Project

~120 bps EBITDA margins improvement led by gross margin and operational cost efficiencies

CHANNEL MIX - FOCUS ON BUILDING HIGH QUALITY RETAIL BUSINESS



Wholesale (MBO + Dept. Stores)

Retail

Online & Others



U.S. POLO ASSN.
SINCE 1890



FLYING MACHINE



ARROW
USA • 1851



Q4 FY24 PERFORMANCE HIGHLIGHTS

BRAND HIGHLIGHTS

Brand Highlights



U.S. POLO ASSN.
SINCE 1890

- Continue to command leadership position in casual lifestyle category across channels driving business towards 2,000+ Crs NSV brand
- Premiumization continue to be key differentiator aiding strong sell-thru's, despite market conditions
- Significant results with marketing investments through #LegendsTogether campaign
- Thrust on opening larger iconic stores
- Adjacent categories continue to strengthen the brand - growth in footwear & kidswear and strong promise in womenswear



Brand Highlights



Mall of Asia, Bengaluru

- Steady revenue growth Y-o-Y across channels in FY24
- Premiumization through '1851' line continue to drive differentiation
- Strong connect with younger consumers through NewYork line
- Continued significant investment in marketing
- Expanding new retail identity with sharper focus on retail experience and opening of EBOs



Brand Highlights



- Transformational journey started with fresh brand identity including new logo, design and brand positioning
- Positive response from various channel partners resulting in rapid expansion of distribution
- Adjacent category extension through footwear to aid revenue growth



Brand Highlights



- Affinity towards premium products continue to help brand deliver superior sales growth and profitability
- Continued focus on differentiated customer experience along with high quality product designs & winterwear products across ~100 EBOs
- Record performance in FY24 despite muted market conditions

Brand Highlights



- Premiumization trend helping brand deliver industry leading sell-thru's and LTL growth
- Market leadership in bridge to luxury segment in Jeans, Tees and Innerwear categories
- Record performance in FY24 despite muted market conditions

Q4 FY24 - GROUPWISE PERFORMANCE

(₹ in crores)

	Sales			EBITDA		EBITDA %	
	Q4 FY24	Q4 FY23	% Growth	Q4 FY24	Q4 FY23	Q4 FY24	Q4 FY23
Power Brands	1094	1055	4%	148	127	13.5%	12.0%
Total	1094	1055	4%	148	127	13.5%	12.0%

EBITDA margin expansion of 150 bps with stronger pricing power & operational rigor; despite higher advertising investments of ~100 bps Y-o-Y

Note:
Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine, Arrow and Calvin Klein

FY24 - GROUPWISE PERFORMANCE

(₹ in crores)

	Sales			EBITDA		EBITDA %	
	FY24	FY23	% Growth	FY24	FY23	FY24	FY23
Power Brands	4259	4069	5%	544	473	12.8%	11.6%
Total	4259	4069	5%	544	473	12.8%	11.6%

Sharper focus on retail execution resulting in healthy LTL of 4% along with cost control aiding EBITDA margins expansion of ~120 bps

Note:
Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine, Arrow and Calvin Klein

Q4 & FY24 RESULTS

Q4 FY24 - PERFORMANCE SNAPSHOT

	(₹ in crores)	
	Q4 FY24	Q4 FY23
Revenue from Operations	1094	1055
Other Income	13	14
Total Income	1107	1069
EBITDA	148	127
PBT	54	38
Taxes	13	6
Minority Interest	15	18
PAT	25	14
Profit/(loss) from discontinued operations	(1)	(4)
Reported PAT	24	11



FY24 - PERFORMANCE SNAPSHOT

(₹ in crores)

	FY24	FY23
Revenue from Operations	4259	4069
Other Income	34	50
Total Income	4293	4120
EBITDA	544	473
PBT	170	149
Exceptional item	(6)	-
Taxes	57	40
Minority Interest	56	50
PAT	50	59
Profit/(loss) from discontinued operations	31	(22)
Reported PAT	81	37



BALANCE SHEET AS ON 31-MAR-2024

(₹ in crores)

Particulars	31-Mar-24	31-Mar-23
Net Worth	1192	1092
Borrowings	466	598
Capital Employed	1658	1690
Inventory	1068	1131
Receivables	647	560
Creditors	936	1020
Net Working Capital	779	671
Net Fixed Asset	275	259
Other Assets	635	760
Discontinued Business	(31)	-
Capital Employed	1658	1690



EFFICIENT WORKING CAPITAL MANAGEMENT

(₹ in crores)

	Mar'24	Dec'23	Mar'23
Inventory	1068	1068	1131
Inventory days	94	95	91
Receivables	647	547	560
Debtor days	47	44	49
GWC	1715	1615	1691
GWC days	140	139	140
Payables	936	968	1020
Creditor days	81	82	91
NWC	779	647	671
NWC days	59	57	49

Note for days calculation, for example:
 Inventory days = Average TTM Inventory / TTM Revenues * 365

Focus on retail leading to improvement in debtor days coupled with tight inventory control

WAY FORWARD

WAY FORWARD

AFL

Demand trends continue to improve; growth to witness strong uptick compared to Q4

Continue execution on profitability improvement through operating leverage & cost optimization etc.

Focused retail network expansion across brands through FOFO model

Decisive focus on scaling existing 5 brands through innovative retail formats, higher network expansion & cash accruals

Whole-hearted investments in advertising & re-energizing brand salience

Working capital control and FCF generation leading to higher ROCE

ARVIND fASHIONS

THANK YOU