

# ETHOS Limited

## Result Update Presentation

April 2018  
Q4 & FY18



# Safe Harbor

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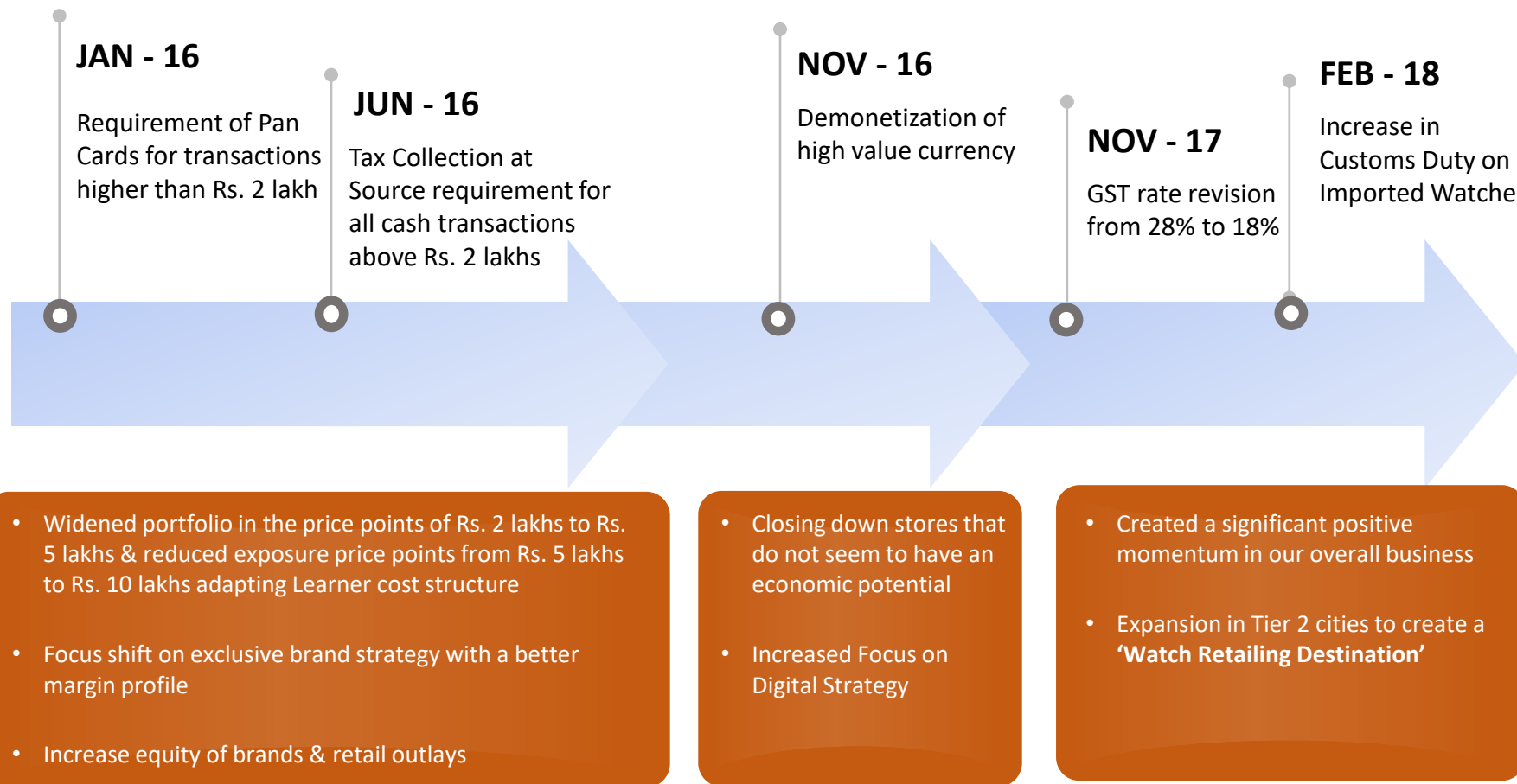
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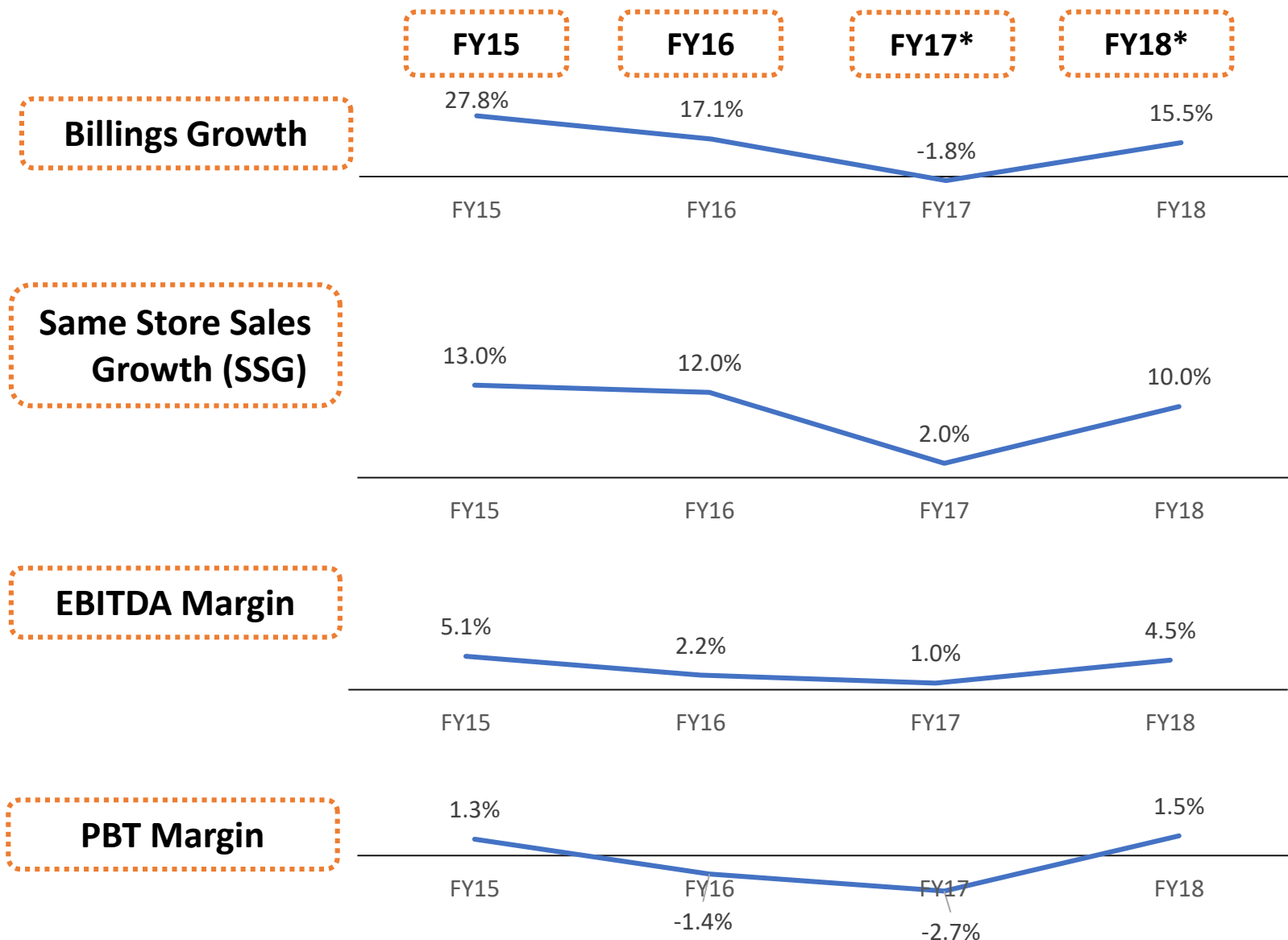
## *Overview*

# Regulatory Headwinds of the Past...



*...led to strengthening Ethos Business Model with strategic approach, resulting in growth & improving profitability*

# Confident of Sustainable Uptrend

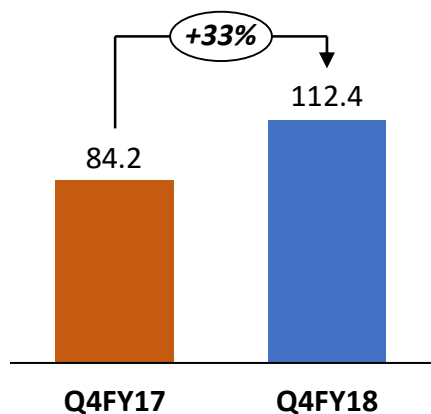


\* As per IND-AS

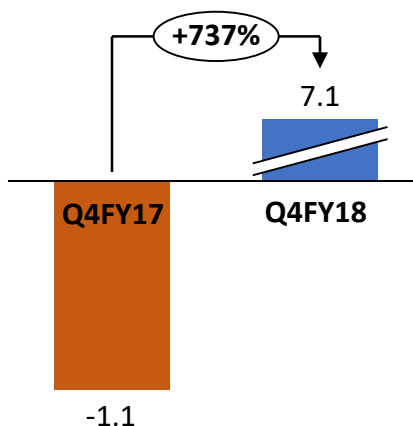
# Sharp Turnaround in Business...

## Q4FY18 vs Q4FY17

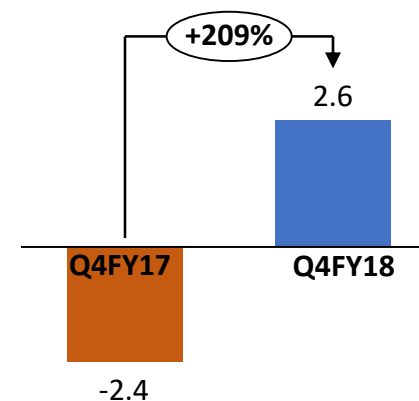
### Billings (Rs. Cr)



### Normalized EBITDA (Rs. Cr)

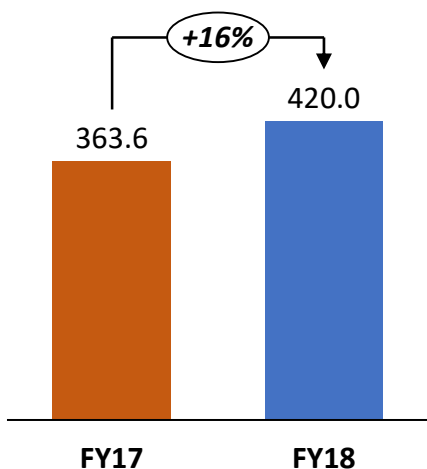


### PAT (Rs. Cr)

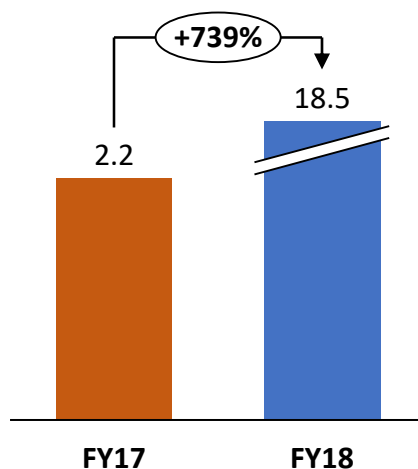


## FY18 vs FY17

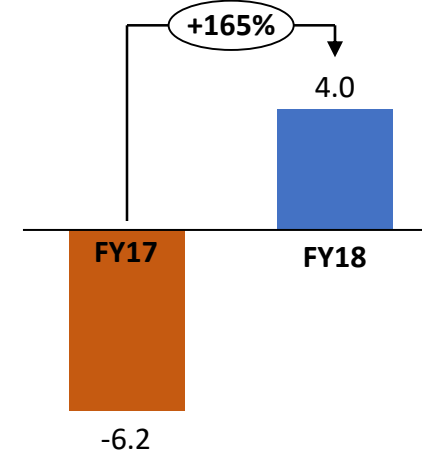
### Billings (Rs. Cr)



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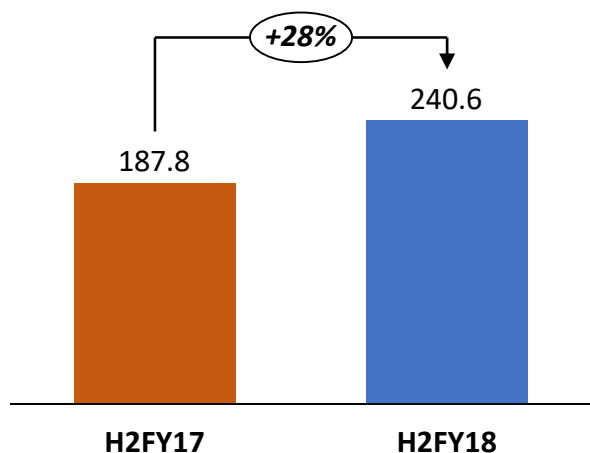


### PAT (Rs. Cr)

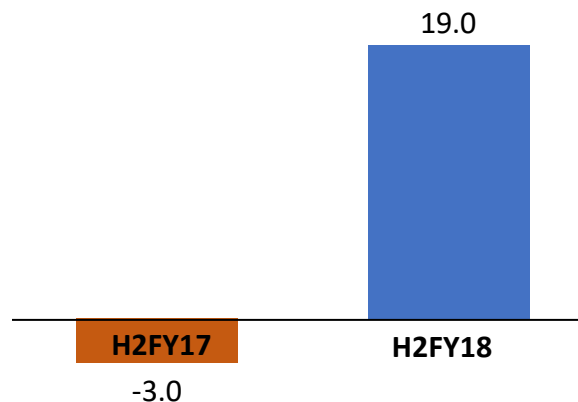


# Led by a Strong Performance in H2FY18...

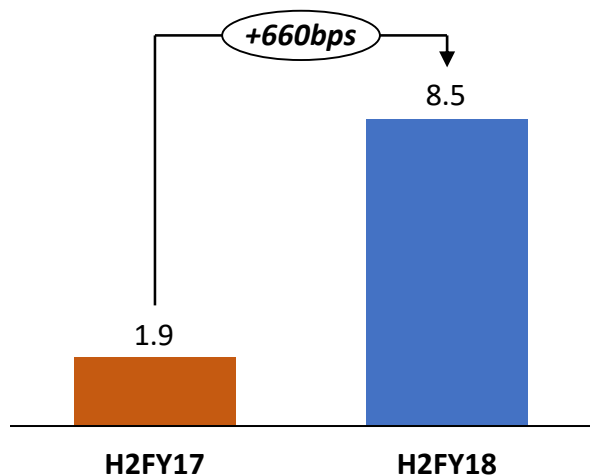
## Billings (Rs. Cr)



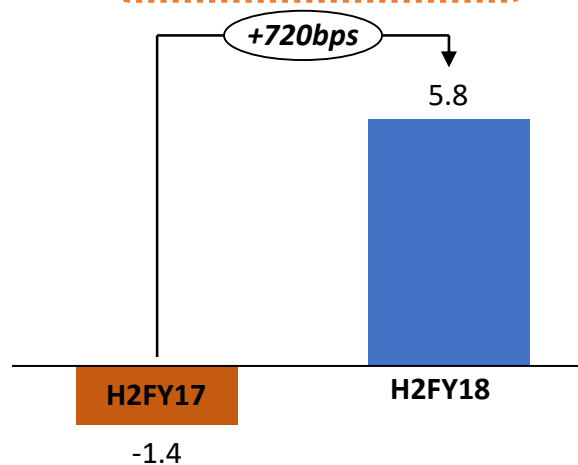
## SSG (%)



## EBITDA (%)



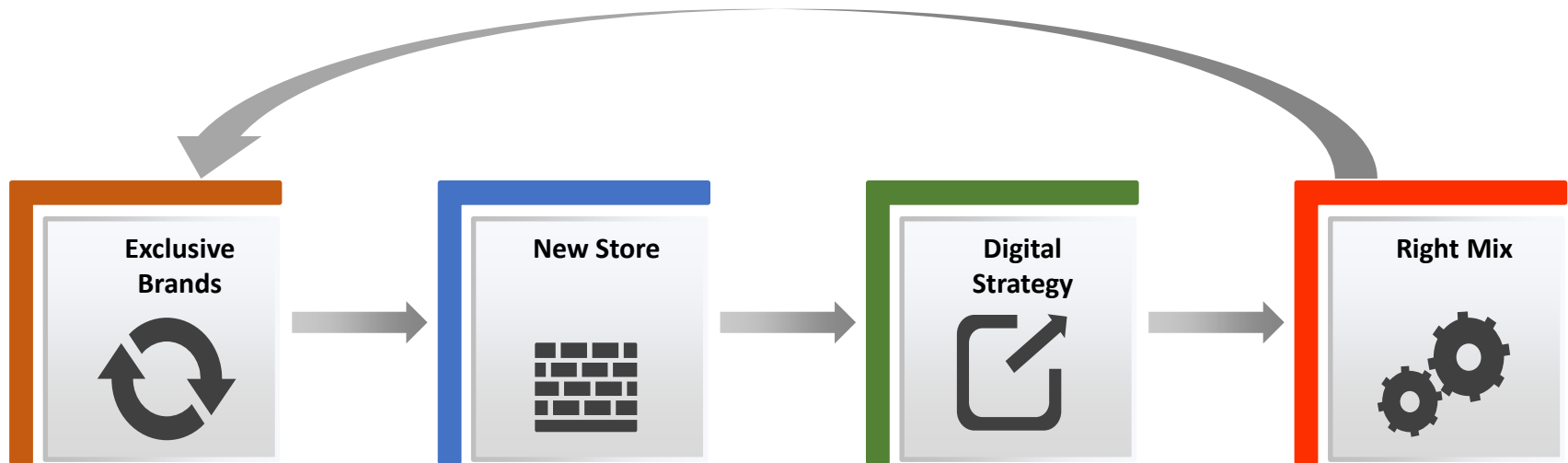
## PBT (%)



### Strong H2 Performance

- FY18 Billings Growth stood at 16% on YoY basis while for H2FY18 it stood at 28% on YoY basis
- FY18 SSG grew at 10% on YoY basis while H2FY18 saw SSG of 19%
- EBITDA margin for FY18 stood at 4.5% while for H2 EBITDA margin stood at 8.5%
- **H2FY18 PERFORMANCE IS SUSTAINABLE GOING AHEAD**

# thus validating our Business Strategy



- Higher share of Business from Exclusive Brands

- Targeting to open new stores in Tier 2 cities
- Ethos stores will be a 1 stop destination for watches

- Leverage on our Digital platform to drive sales and customers
- Digital strategy to lead to cost optimization and margin growth

- Targeting to have a right mix of Brands at all price points leading to faster churn in Inventory and increasing profitability



# New Store Openings

JLC Boutique, Chanakyapuri



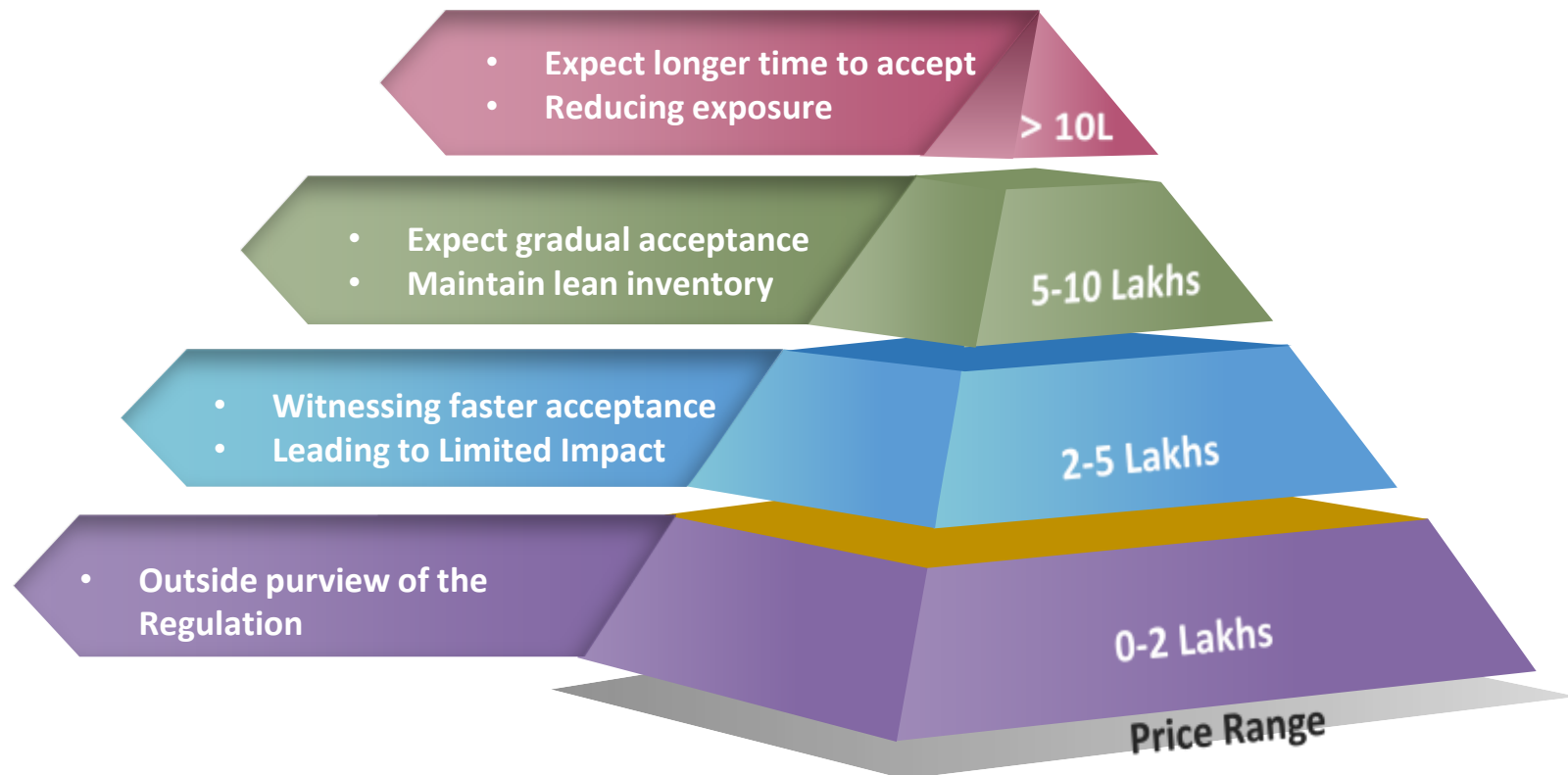
Ethos Watches Boutiques, Indore



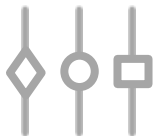
# PAN Card Regulation : Adapting to Change

*With effect from 1st January, 2016, Income Tax department made it mandatory to quote Permanent Account Number (PAN) for all transactions of amount exceeding Rs. 2 lakh, irrespective of mode of payment.*

## 'Refining' Product Mix Strategy



# PAN Card Regulation : Benefits in the long run



## LEVEL PLAYING FIELD

- Responsibility of compliance lies on retailer
- Leading to a curb on grey practices



## CUSTOMER PROFILING

- Better profiling as customer are more open to sharing demographic information
- Creating tailor-made offering for targeting by segment
- Influencing buying behaviour of prospective customers



## BETTER SERVICE to EXISTING CUSTOMERS

- Proactively and consistently engage with customers
- Make Customer feel valued



## COMPETITIVE PRICING

- Best and latest collections from various Brands
- Prices are competitive with retailers from around the World

# Ethos is India's Preferred Destination for Luxury Watches...



## Knowledge

Ethos has well trained Knowledgeable staff to ensure highest customer satisfaction and increasing repeat buying.



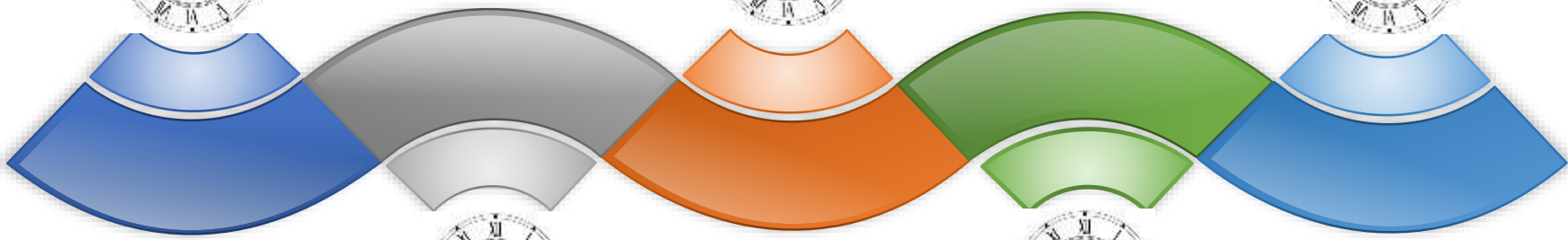
## One-stop shop

Ethos' access to Swiss Watch Brands will make it a '1 Stop Shop' for Luxury Watches In India



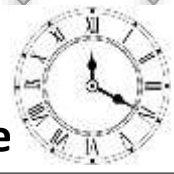
## Mind Share

Ethos to be synonymous with Luxury watches retailing in India thus gaining 'Customer Mind Share'



## Online

Ethos makes Swiss Watches 'Available Online' in a confluence of Online-Offline model helping us to leverage the strength of Swiss Watch Brands and our wide Distribution Reach



## Trust

Ethos DNA is all about Authenticity increasing the 'Trust factor' in a large Un-organized market.



# With an Asset Light Model

**Improve Return On Capital Employed**



**Operating Leverage  
Playing Out**

**Reduce Front-End Cost like Manpower and Rental expenses**

**Maximize  
Reach**

**Expand catchment area of offline store, leading to  
higher revenue**

**Minimize Investment**

**Focus on Online Presence &  
Rationalize Store Presence**

# KDDL & Ethos: Moved up the Value Chain



**The Largest & Preferred Retailer of  
Swiss Watches in India**

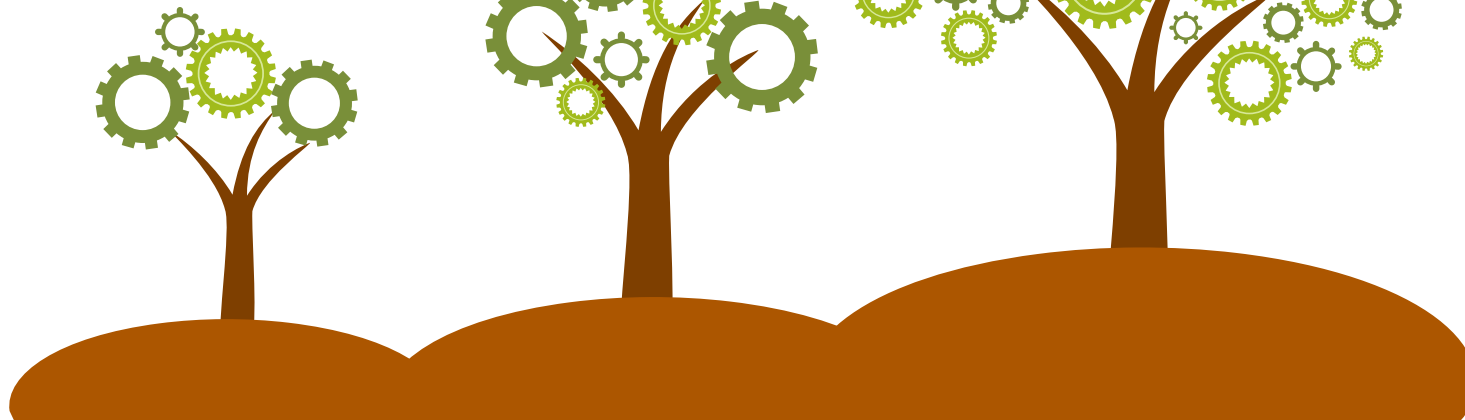


**Forayed in Watch  
Retailing**



**KDDL Limited**

**Started as a Watch  
Components Manufacturer**



## *Financial Overview*



# P&L as per IND-AS

Particulars (Rs. Crores)	Q4FY18	Q4FY17	YoY %	FY18	FY17	YoY %
<b>Revenue</b>	<b>97.4</b>	<b>75.5</b>	<b>29%</b>	<b>357.8</b>	<b>327.0</b>	<b>9%</b>
Cost of Goods Sold	71.5	59.8		271.8	253.4	
<b>Gross Profit</b>	<b>25.8</b>	<b>15.7</b>	<b>64%</b>	<b>86.1</b>	<b>73.6</b>	<b>17%</b>
Employee Expenses	6.0	5.1		22.6	20.6	
Other Expenses	13.9	11.5		47.5	49.7	
<b>EBITDA</b>	<b>5.9</b>	<b>-0.8</b>	<b>851%</b>	<b>15.9</b>	<b>3.3</b>	<b>387%</b>
<b>Margin (%)</b>	<b>6.1%</b>	<b>-1.0%</b>		<b>4.5%</b>	<b>1.0%</b>	
Interest	1.5	1.8		6.6	8.1	
Depreciation	1.3	0.8		4.1	3.8	
<b>PBT</b>	<b>3.1</b>	<b>-3.4</b>		<b>5.3</b>	<b>-8.7</b>	
Tax	0.5	-1.0		1.2	-2.4	
<b>PAT</b>	<b>2.6</b>	<b>-2.4</b>	<b>209%</b>	<b>4.0</b>	<b>-6.2</b>	<b>165%</b>
<b>Cash PAT</b>	<b>3.9</b>	<b>-1.6</b>	<b>349%</b>	<b>8.1</b>	<b>-2.4</b>	<b>432%</b>



# Ethos - Reconciliation to Normalised EBITDA

Particulars (Rs. Crores)*	FY18	FY17
Revenue	357.8	327.0
Cost of Goods Sold	271.8	253.4
Employee Expenses	22.6	20.5
Other Expenses	44.9	50.8
<b>Normalized EBITDA</b>	<b>18.5</b>	<b>2.2</b>
<i>Normalized EBITDA Margin</i>	<i>5.2%</i>	<i>0.7%</i>
Forex Items	2.0	-1.1
Credits written off	0.6	-
<b>Reported EBITDA</b>	<b>15.9</b>	<b>3.3</b>
<i>Reported EBITDA Margin</i>	<i>4.5%</i>	<i>1.0%</i>

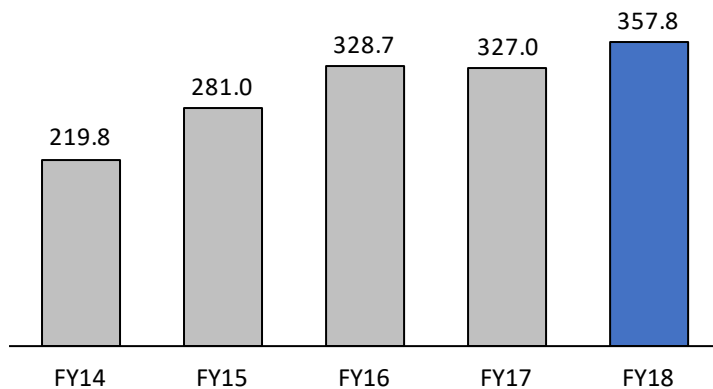
*Credits written off on account of change in taxation owing to GST Regime*

# Balance Sheet as per IND-AS

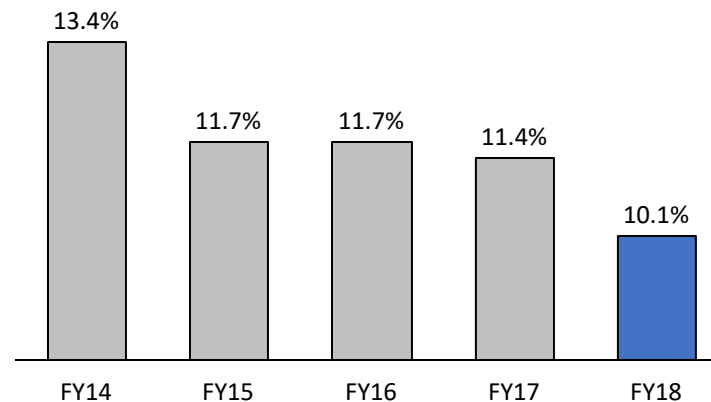
Rs. Crs	Mar-18	Mar-17
<b>Shareholder's Fund</b>	<b>92</b>	<b>65</b>
Share Capital	16	13
Reserves & Surplus	76	52
<b>Non-current liabilities</b>	<b>13</b>	<b>12</b>
Long Term borrowings	11	11
Long Term Provisions	1	1
<b>Current liabilities</b>	<b>146</b>	<b>138</b>
Short Term Borrowings	41	54
Trade Payables	77	65
Other Current liabilities	27	20
Short Term Provisions	0	0
<b>Total Liabilities</b>	<b>250</b>	<b>215</b>
<b>Non-current assets</b>	<b>35</b>	<b>25</b>
Fixed Assets	17	10
Long Term loans and Advances	13	10
Other Non Current Assets	5	5
Deferred Tax Asset	5	5
<b>Current assets</b>	<b>210</b>	<b>185</b>
Inventories	171	169
Trade Receivables	6	2
Cash and Bank Balances	7	9
Short Term Loans and Advances	4	4
Other Current Assets	21	2
<b>Total Assets</b>	<b>250</b>	<b>215</b>

# Ethos Performance Trend\*

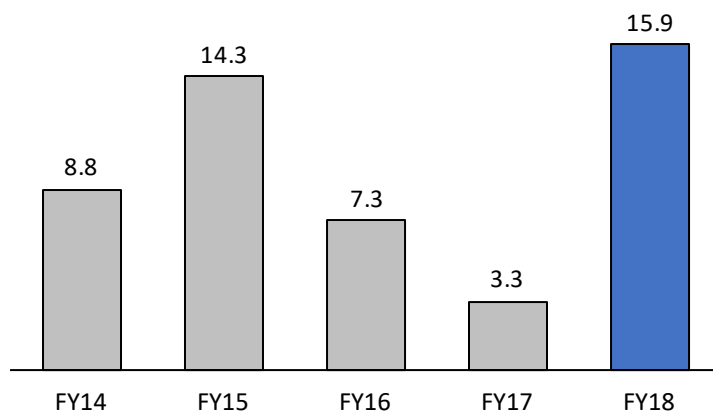
**Revenue (Rs. Crs)**



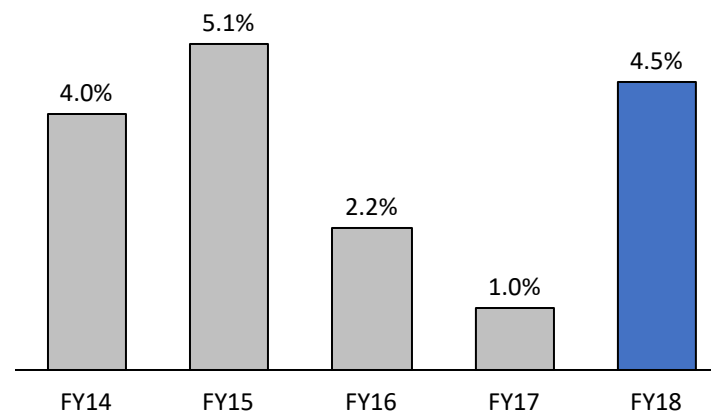
**Front-end Rent & Manpower Cost as % of Revenue**



**EBITDA (Rs. Crs)**



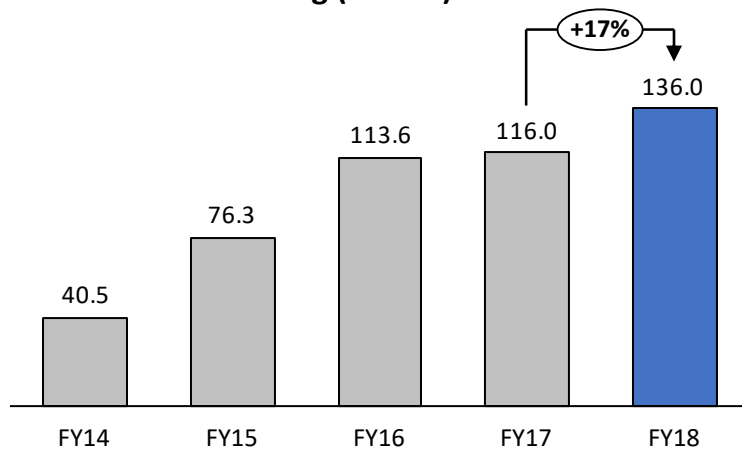
**EBITDA Margin (%)**



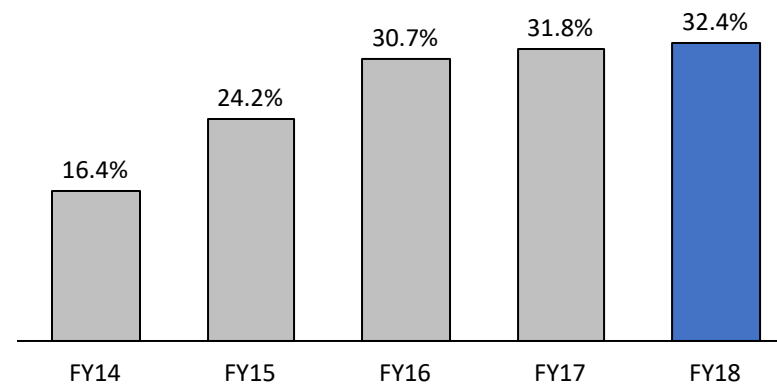
\*FY17 and FY18 as per IND-AS

# Ethos Online Sales Trend

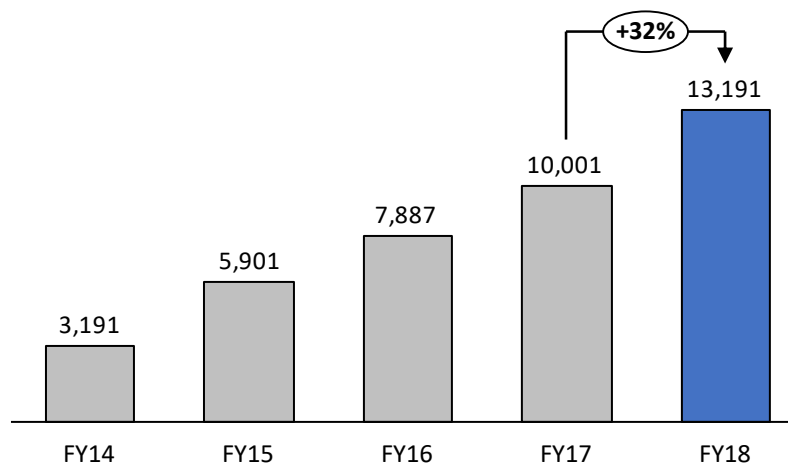
**Online Billing (Rs. Crs)**



**Online – as % of Total Billing**

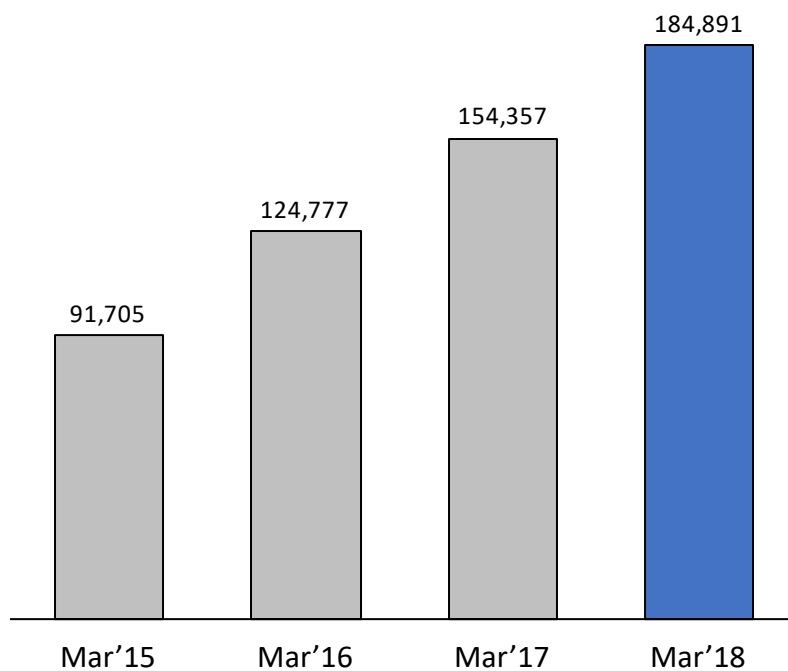


**Visitors on website ('000)**

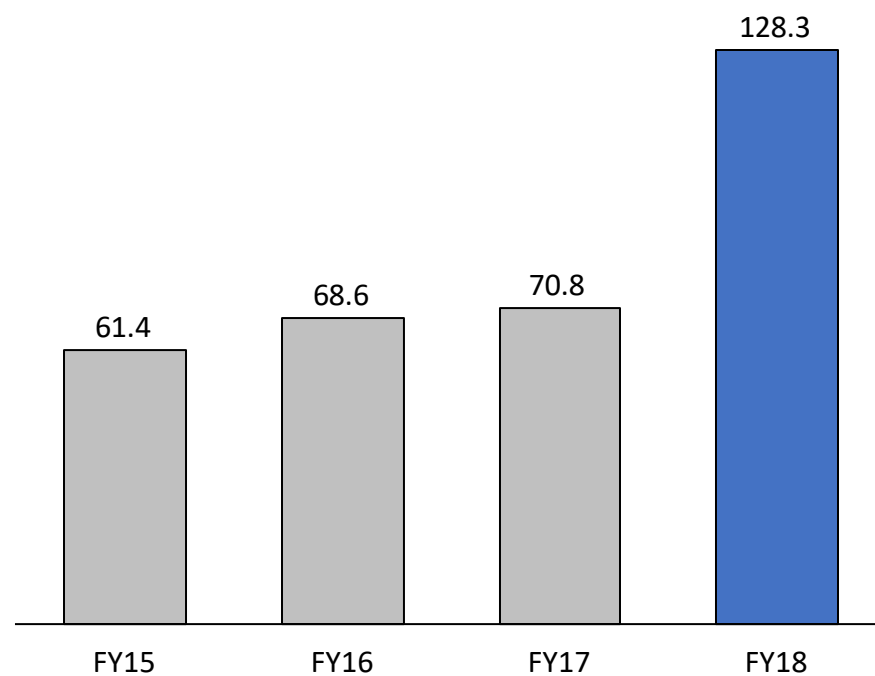


# Ethos Repeat Sales Trend

**Club ECHO – Member Base**



**Repeat Billings (Rs. Crs)**



# Pan-India Presence with Offline Store Network



India's Largest retail chain of Luxury Watches with 43 stores

Presence across Metros, Tier I, Tier II cities

1 Duty Paid Retail Outlet at Domestic Terminals

2 Duty Free Retail Outlets at International Terminals

Store Selection Criteria :  
Reputed /Pedigree Mall at Premium location where other Premium brands present and having better facility management

# Continued Investments in Advertising

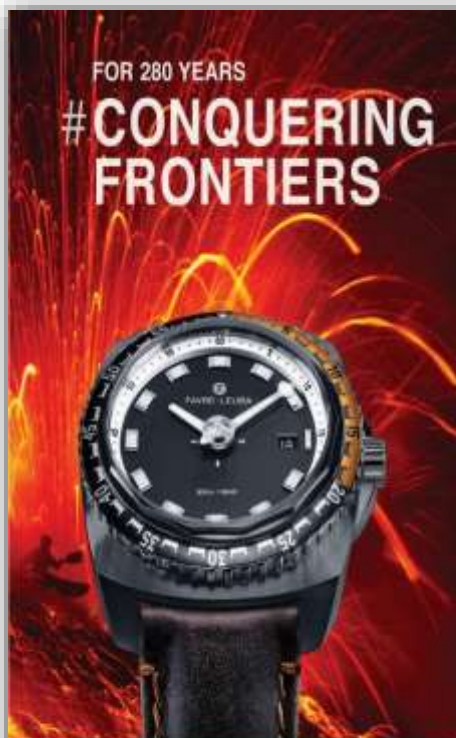
## Print Ads on Hindustan Times Main Page



... with ETHOS co-branding

# Continued Investments in Advertising

## Print Ad on HT Mint



FOR 280 YEARS  
#CONQUERING  
FRONTIERS

  
**FAVRE-LEUBA**  
CONQUERING FRONTIERS

**ēthos**  
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Chennai: The Collection, 128 City Mall  
Hyderabad: Inorbit Mall

Delhi: Select Citywalk Mall  
Mumbai: Seasons's Grand Central @ Palladium Mall  
Shop Online: [www.ethoswatches.com](http://www.ethoswatches.com)

Ethos Watch Helpline: +91 87250 28888



  
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Bengaluru: The Collection, 128 City Mall | Chennai: The Collection, 128 City Mall  
Delhi: Select Citywalk Mall | Hyderabad: Inorbit Mall  
Mumbai: Seasons's Grand Central @ Palladium Mall | Shop Online: [www.ethoswatches.com](http://www.ethoswatches.com)

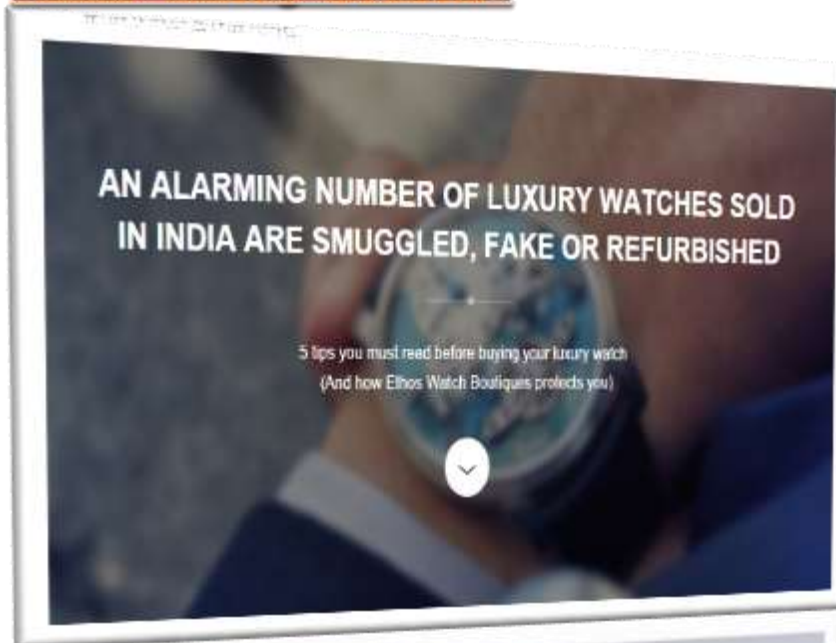
Ethos Watch Helpline: +91 87250 28888

... with **ETHOS** co-branding



# TRUST CAMPAIGN across channels

## Online through website



## Offline through Print



... to Educate consumers about Watches

... to Create Awareness about unscrupulous activities

... To Reinforce our "ETHOS"

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