

KDDL Limited

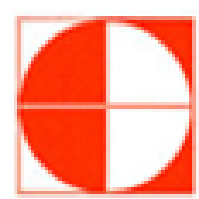
ETHOS Limited

Result Update Presentation

February 2018

Q3&9MFY18



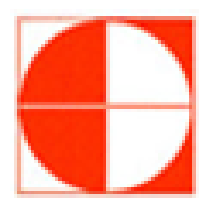


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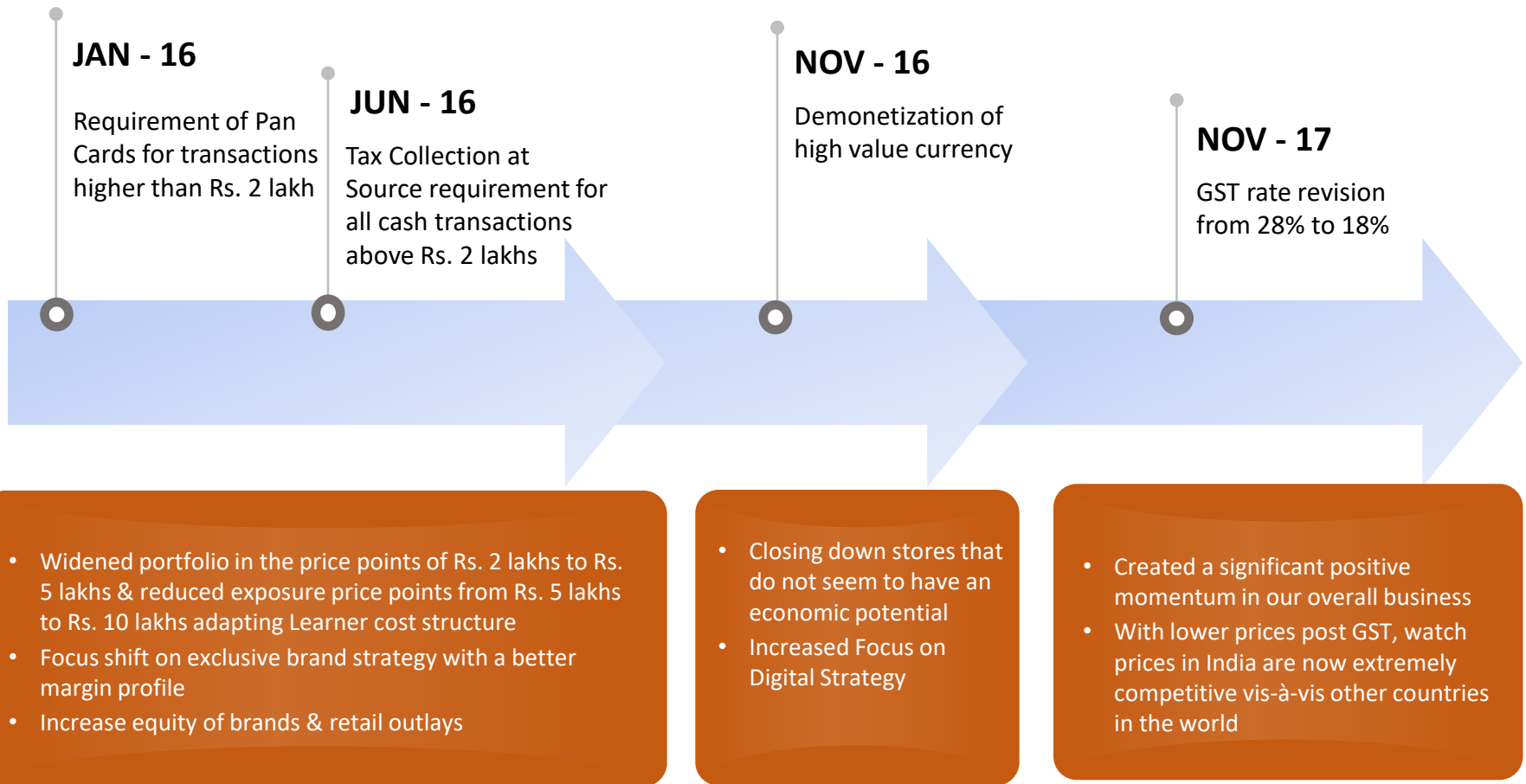
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Overview

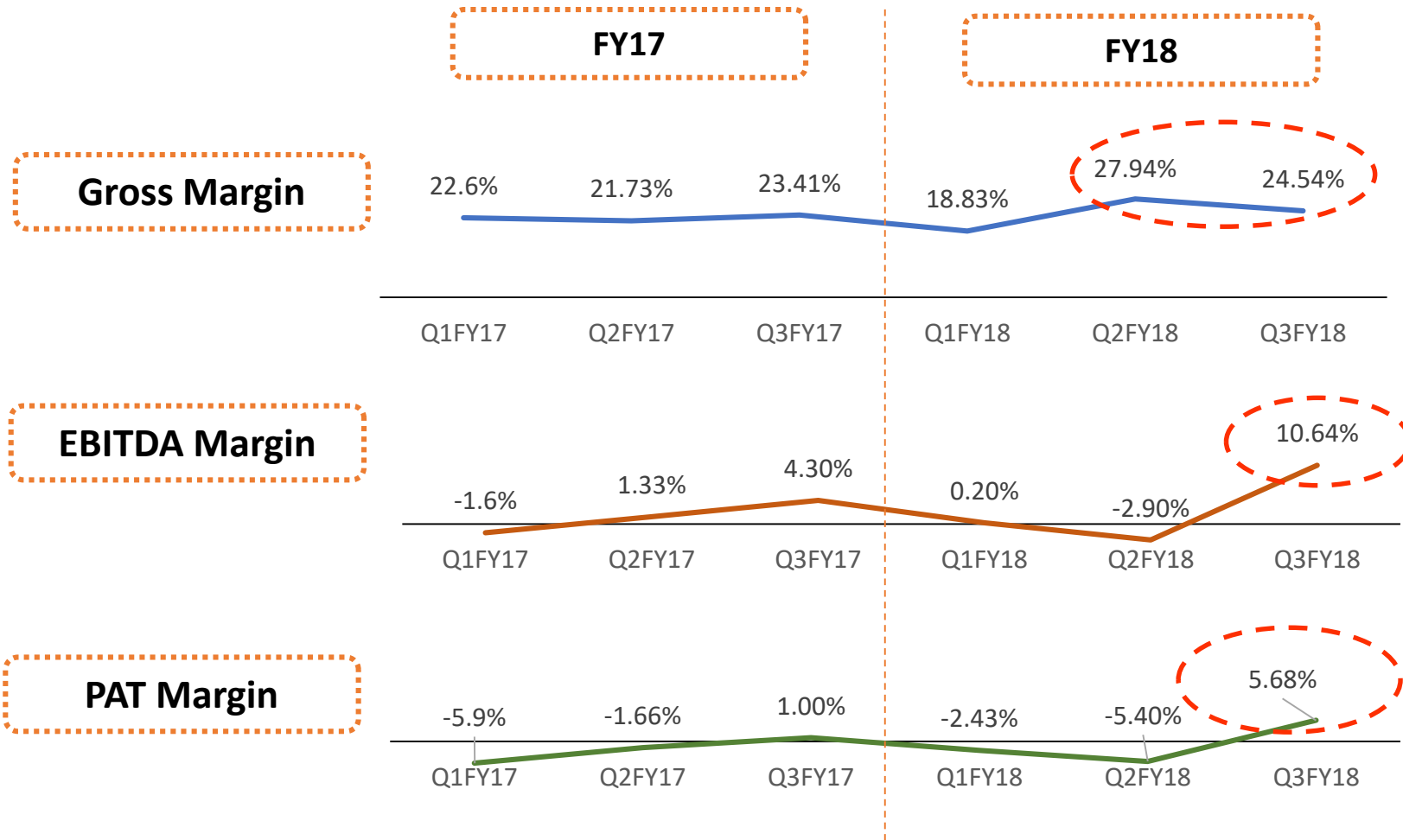


Strategic changes in Business Model...



Despite of all macro economic headwinds, strengthened Business Model with strategic approach, resulting in growth & improving profitability

Yielded a sharp Turnaround in Retail Business...

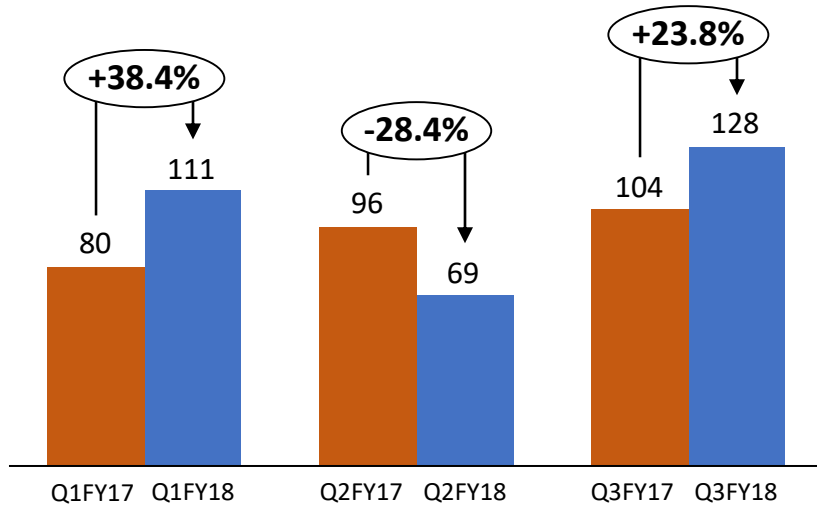


Ethos is targeting to double sales in next 3-4 years

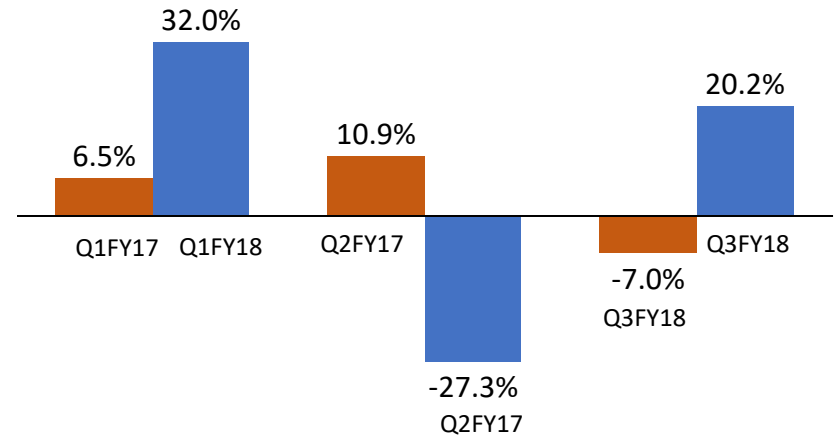
* All numbers as per IND-AS

With Growth in Revenue & Same Store Sales

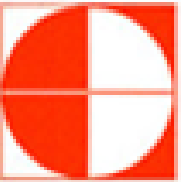
Billings (Rs. Cr)



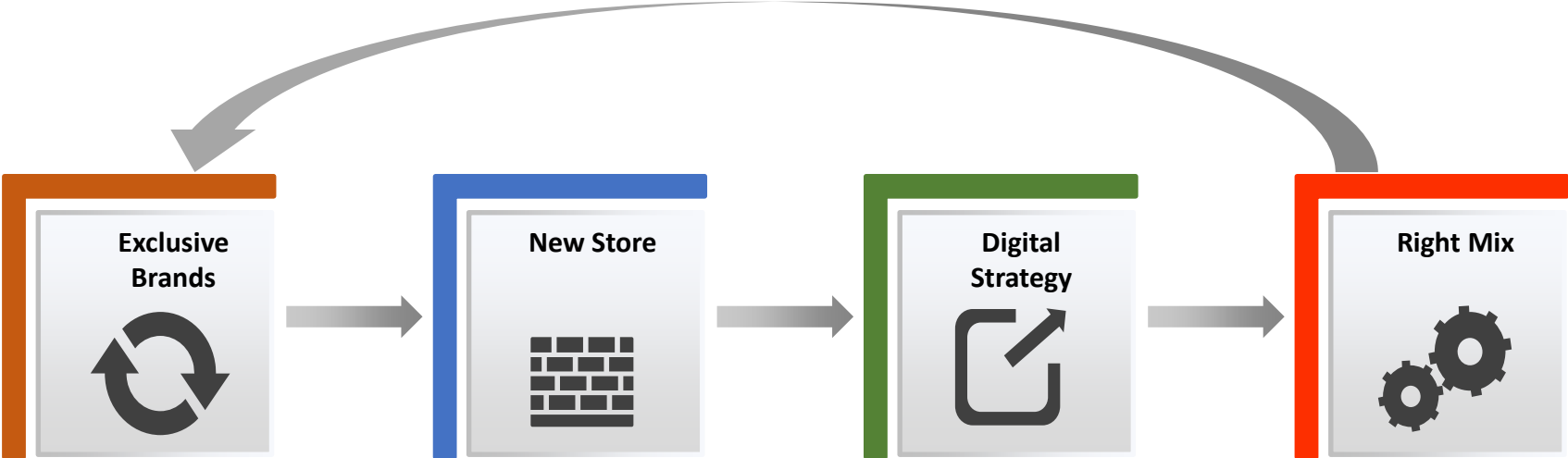
Same Store Sale Growth



Ethos is now on a path of sustainable Sales growth and Profitability



Ethos levers for Sustainable growth

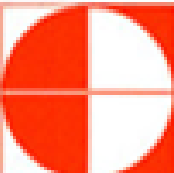


- Higher share of Business from Exclusive Brands
- Share of Exclusive Brands can potentially increase to 25% in the next 3-4 years

- 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

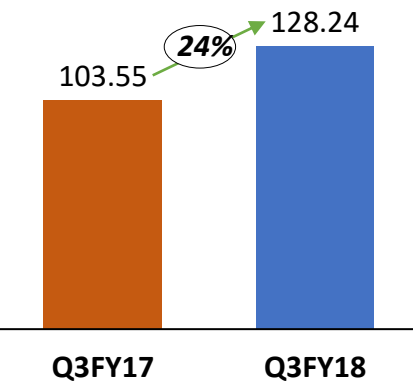
- Targeting to have a right mix of Brands at all price points leading to faster churn in Inventory and increasing profitability



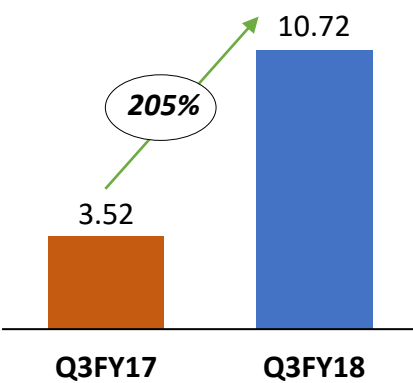
Financial Highlights

Ethos – Q3FY18 vs Q3FY17

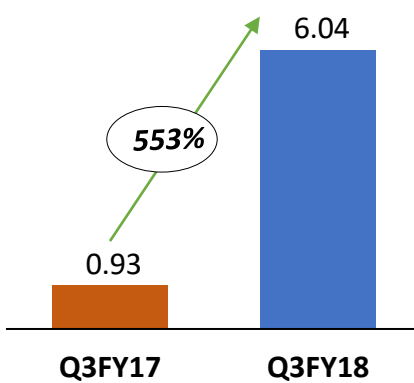
Billings (Rs. Cr)



Normalized EBITDA (Rs. Cr)

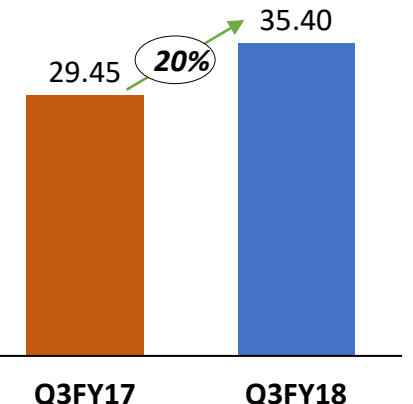


PAT (Rs. Cr)

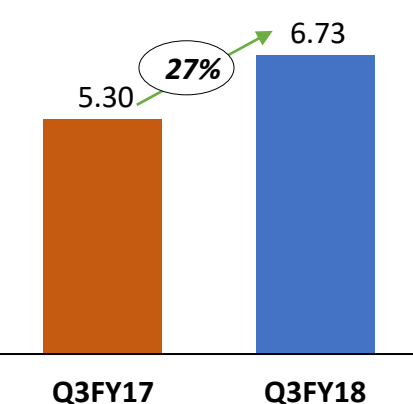


KDDL (Standalone) – Q3FY18 vs Q3FY17

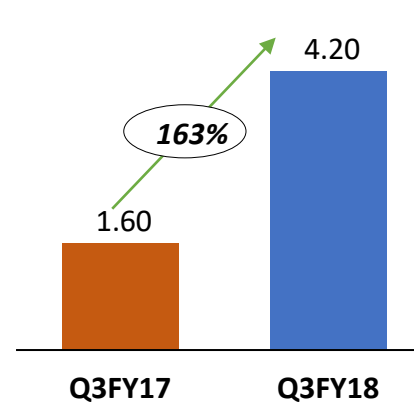
Revenue (Rs. Cr)

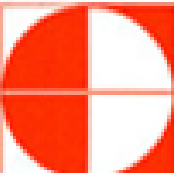


EBITDA (Rs. Cr)

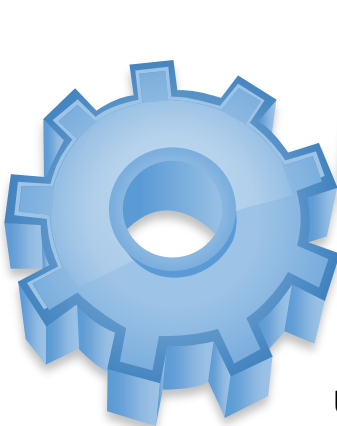
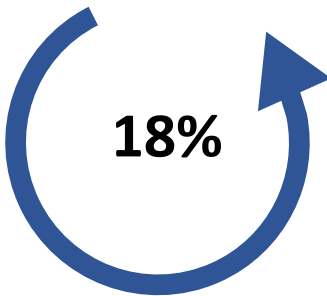
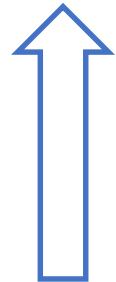


PAT (Rs. Cr)





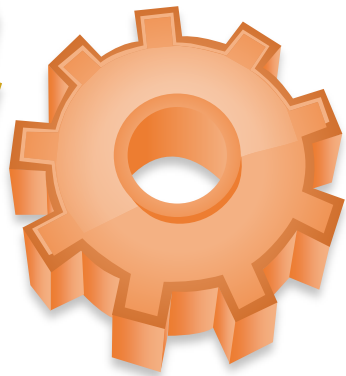
Revision of GST Rate a big boost



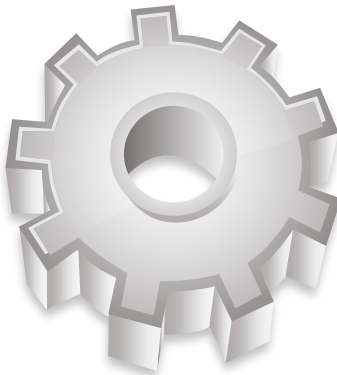
Witnessing immediate Demand pickup in Watches segment benefitting Retail and our Manufacturing operations



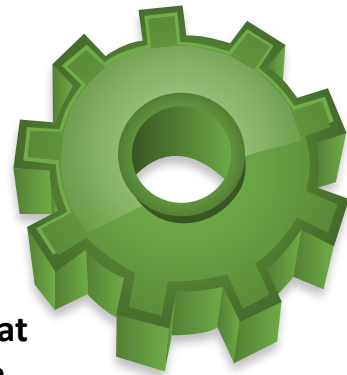
Uptick in Operational Efficiency



Expect customers to move up the value chain in Watch purchases

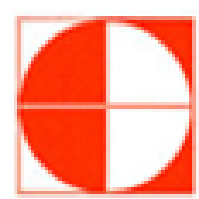


Watch Prices now at par or lower than Swiss Prices leading to higher sales in India by same customer base



Faster churn in Inventory both in Retail and Manufacturing

Returned to Profitability and now expecting sustainable uptick



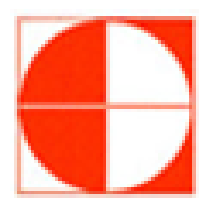
New Store Openings

The Oberoi Mall, Mumbai

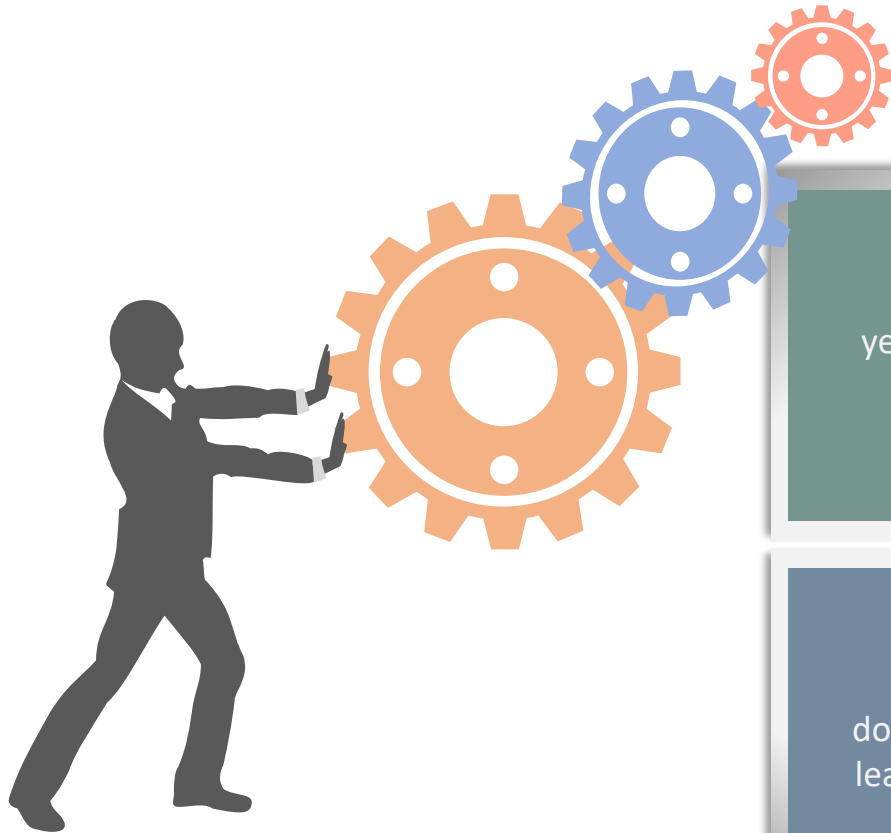


The Chanakya Mall, New Delhi





Precision Engineering Expansion



Investment

Rs. 30 cr over 2 years spread across ~2 acre land at Bengaluru, Karnataka

Production Capabilities

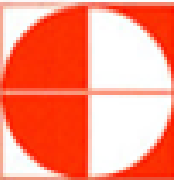
Injection Moulding, Electroplating, additional Stamping capacity and Tool Room Upgrade

Margins

Strong RFQs domestic & globally lead to high margin business

Clients

Automobiles, Defence, Hitech Engineering, Critical Industrial Components



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.



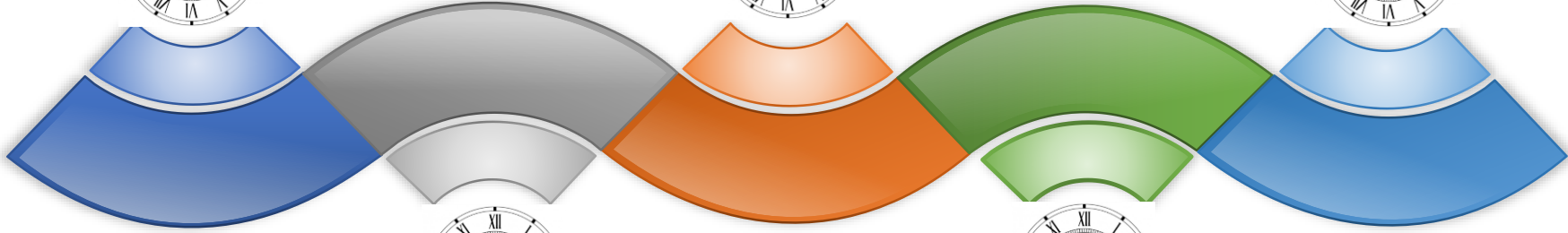
One-stop shop

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



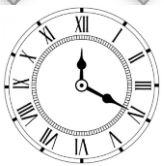
Mind Share

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



Online

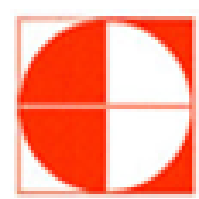
Ethos makes Swiss Watches 'Available Online' in a confluence of Online-Offline model helping us to leverage the strength of Swiss Watch Brands and our wide Distribution Reach



Trust

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

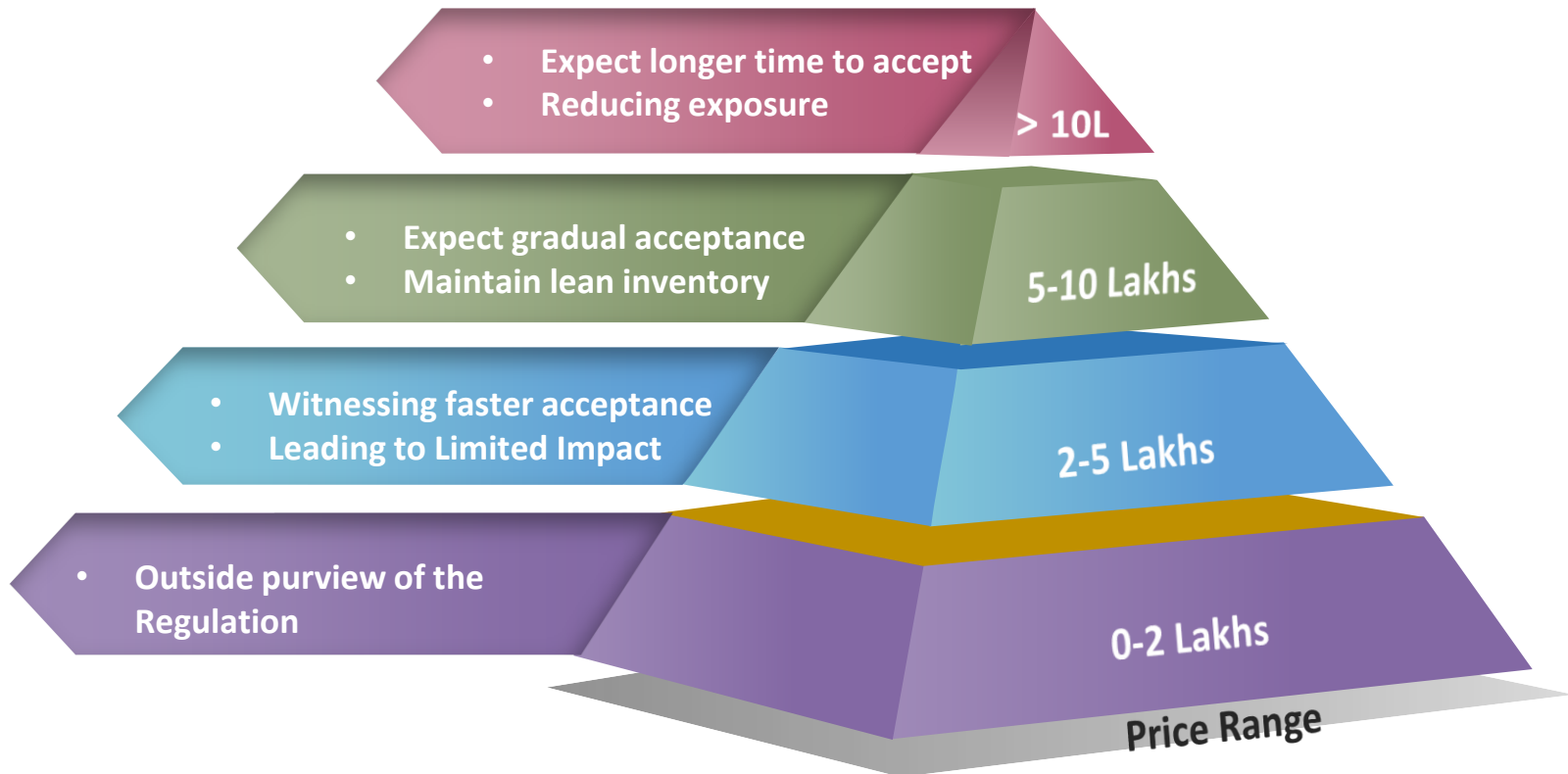


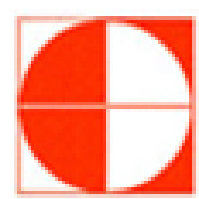


PAN Card Regulation : Adapting to Change

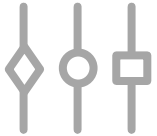
With effect from 1st January, 2016, Income Tax department made it mandatory to quote Permanent Account Number (PAN) for all transactions of amount exceeding Rs. 2 lakh, irrespective of mode of payment.

'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



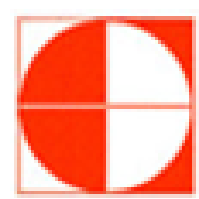
CUSTOMER PROFILING

- 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



Asset Light Model...

Improve Return On Capital Employed



**Operating Leverage
Playing Out**

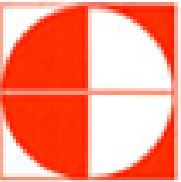
Reduce Front-End Cost like Manpower and Rental expenses

**Maximize
Reach**

Expand catchment area of offline store, leading to higher revenue

Minimize Investment

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



Moving up the Value Chain



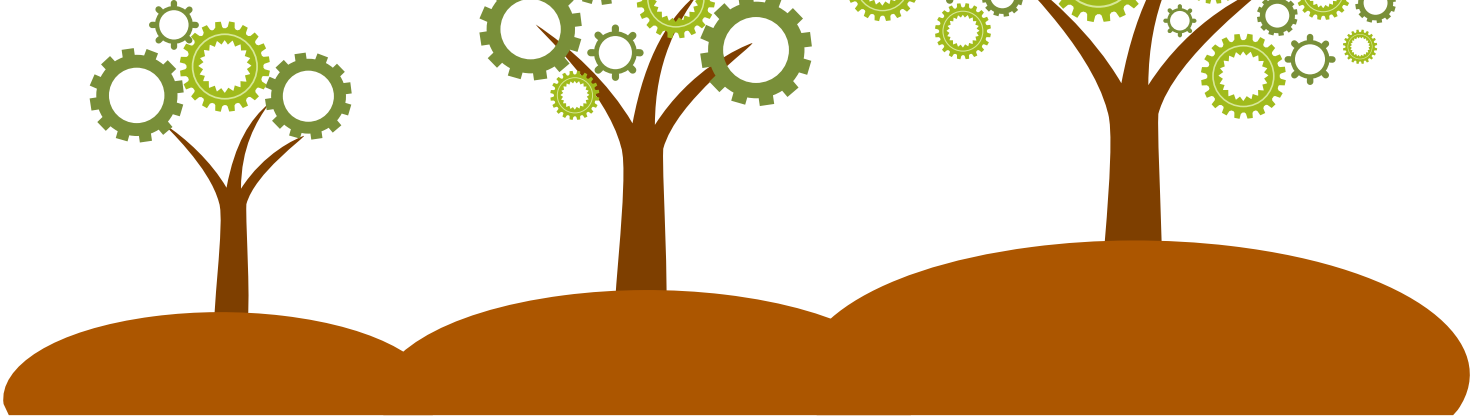
**The Largest & Preferred Retailer of
Swiss Watches in India**

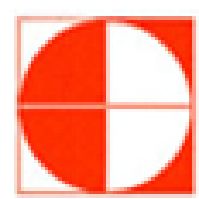
ēthos
WATCH BOUTIQUES

**Forayed in Watch
Retailing**

 **KDDL Limited**

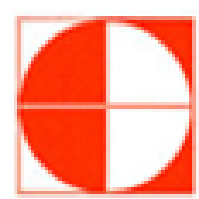
**Started as a Watch
Components Manufacturer**





Financial Overview

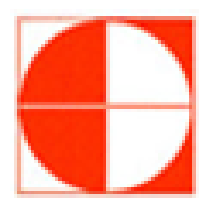




P&L- 9MFY18

Rs. Crs	Consolidated*			Standalone			Ethos		
	9MFY18	9MFY17	YoY %	9MFY18	9MFY17	YoY %	9MFY18	9MFY17	YoY %
Revenue	364.1	350.4	4%	107.3	95.2	13%	259.8	250.0	4%
Cost of Goods Sold	220.0	218.3		25.0	22.0		199.8	193.3	
Gross Profit	144.1	132.1	9%	82.4	73.2	13%	60.0	56.7	6%
Employee Expenses	48.4	45.5		31.1	29.4		16.6	15.5	
Other Expenses	65.6	65.4		30.7	26.7		33.5	37.2	
EBITDA	30.1	21.1	42%	20.6	17.1	21%	10.0	4.0	146%
Margin (%)	8.3%	6.0%		19.2%	17.9%		3.8%	1.6%	
Other Income	5.0	2.6		3.6	1.6		0.1	0.1	
Interest	9.3	11.5		3.9	4.6		5.0	6.4	
Depreciation	8.9	8.6		5.6	5.2		2.8	2.9	
PBT	16.9	3.6		14.8	8.9		2.2	-5.2	
Tax	5.4	1.7		4.7	3.1		0.8	-1.4	
PAT	11.5	1.9		10.2	5.7		1.4	-3.8	
Minority Interest	0.6	-0.5		-	-		-	-	
PAT After MI	10.9	2.4	356%	10.2	5.7	77%	1.4	-3.8	137%
Cash PAT	19.8	11.0		15.7	10.9		4.2	-0.9	

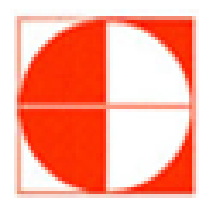
* Consolidated Results include Standalone, Ethos Ltd and other subsidiaries as per IND-AS



Ethos - Reconciliation to Normalised EBITDA

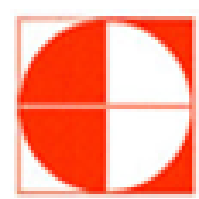
Particulars	9M FY18	9M FY17
Revenue	259.8	250.0
Cost of Goods Sold	199.8	193.3
Employee Expenses	16.6	15.5
Other Expenses	32.1	37.9
Normalized EBITDA	11.3	3.3
<i>Normalized EBITDA Margin</i>	<i>4.4%</i>	<i>1.3%</i>
Forex Items	0.8	-0.7
Credits written off	0.6	0.0
Reported EBITDA	10.0	4.0
<i>Reported EBITDA Margin</i>	<i>3.8%</i>	<i>1.6%</i>

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



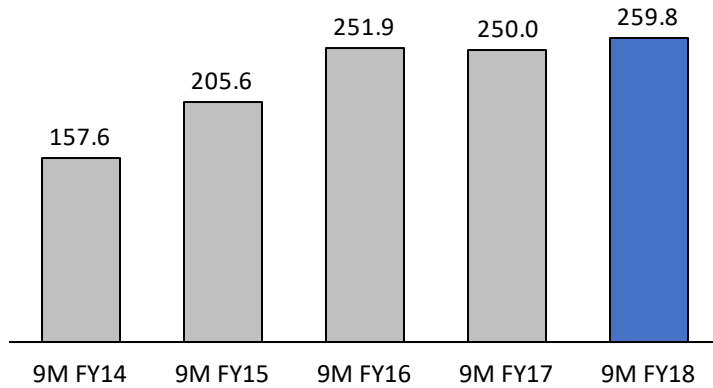
Reconciliation of 9MFY17 as per I-GAAP

Rs. Crs	9MFY17 (Consolidated)
Net profit as reported in Earlier I-GAAP	1.27
Mark to Market gain on recognition on forward contracts	-0.24
Employee stock option plan valued at fair value as per Ind AS 102	-0.18
Revenue recognised / (Deferred) as per Ind AS 18	-0.67
Tax adjustments	1.31
Classification of actuarial loss from employee benefit expense to other comprehensive income	0.14
Others	0.24
Net profit as Per IND-AS	1.87

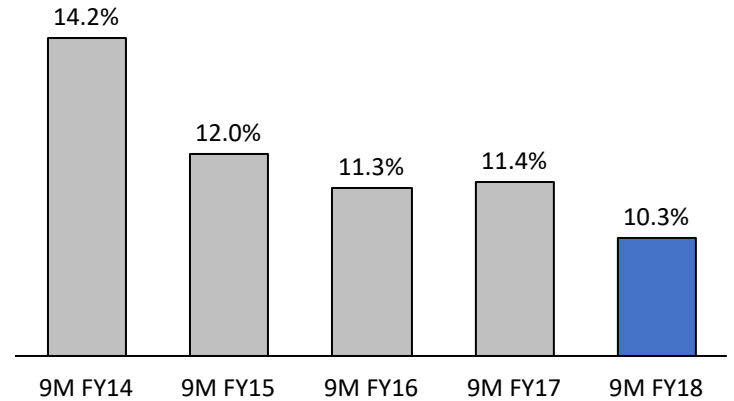


Ethos Performance Trend – 9MFY18

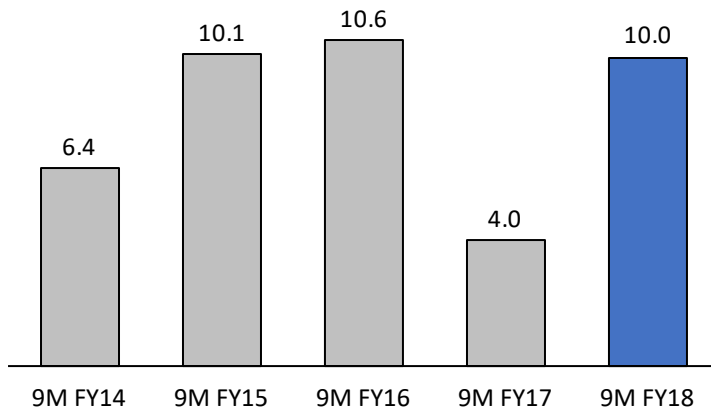
Revenue (Rs.Crs)



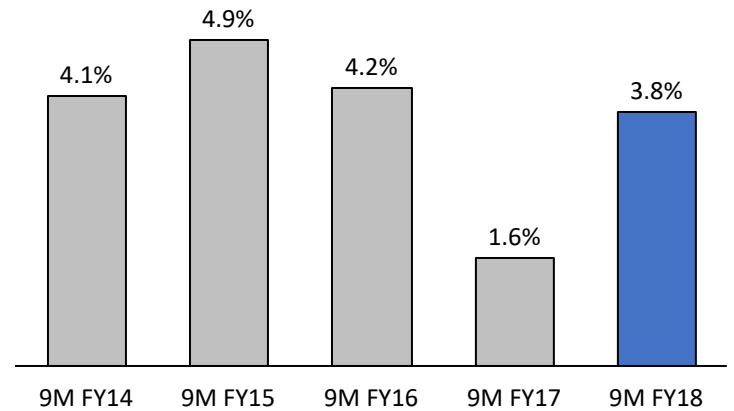
Front-end Rent & Manpower Cost as % of Revenue

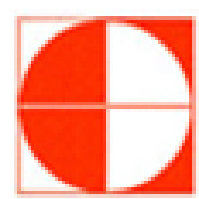


EBITDA (Rs.Crs)



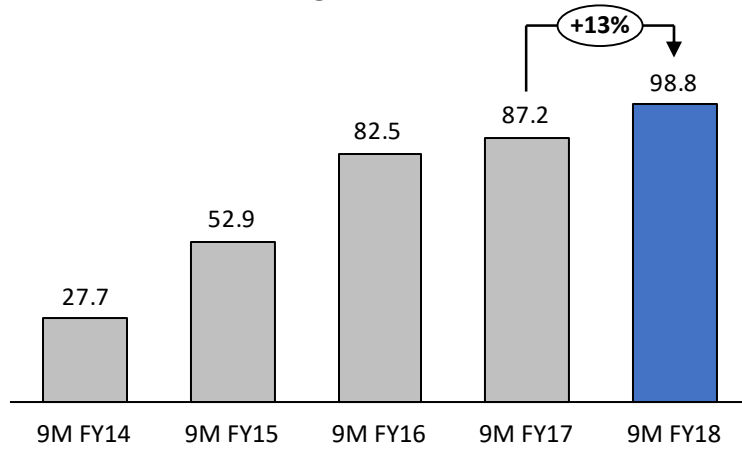
EBITDA Margin (%)



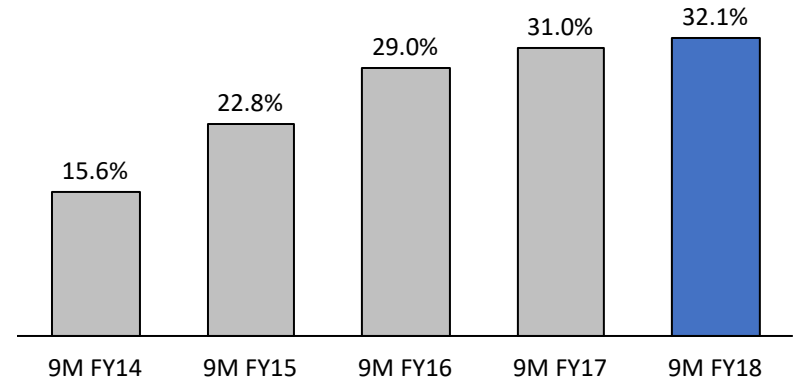


Ethos Online Sales Trend– 9MFY18

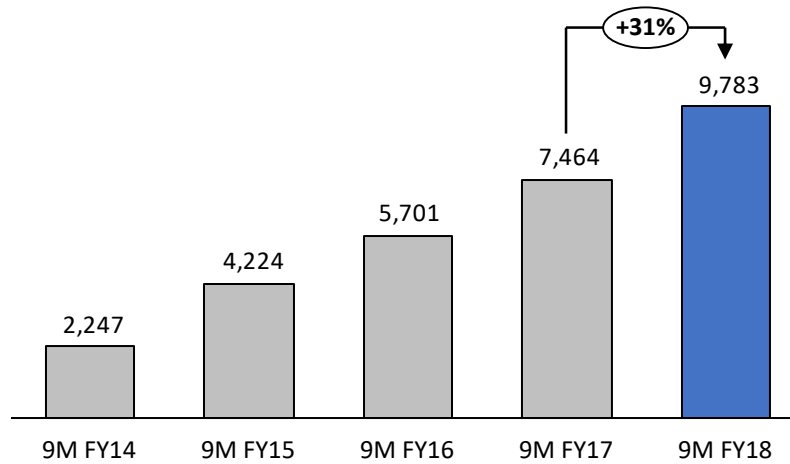
Online Billing (Rs. Crs)

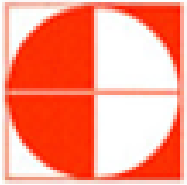


Online – as % of Total Billing



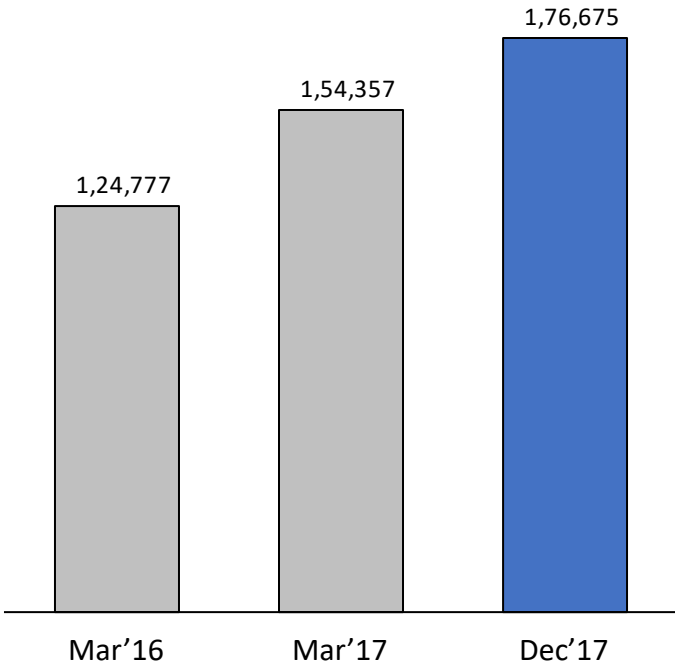
Visitors on website ('000)



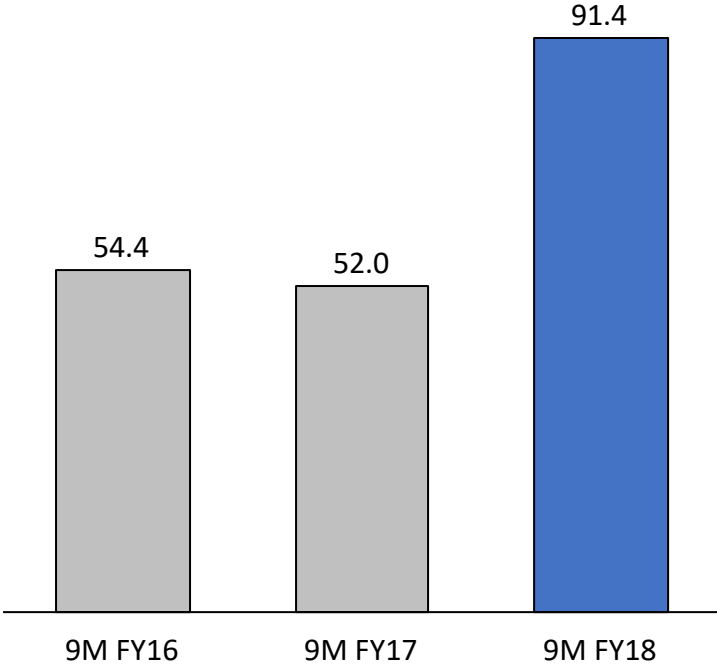


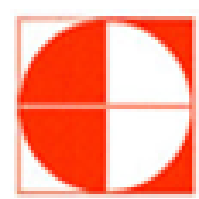
Ethos Repeat Sales Trend – 9MFY18

Club ECHO – Member Base



Repeat Billings (Rs. Crs)





Pan-India Presence with Offline Store Network



India's Largest retail chain of Luxury Watches with 41 stores

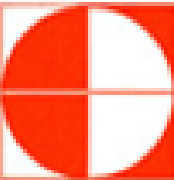
Presence across Metros, Tier I, Tier II cities

1 Duty Paid Retail Outlets 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

Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness



Continued Investments in Advertising

Print Ads on Hindustan Times Main Page

ROLEX

THE LADY-DATEJUST

The classically feminine Rolex, sized and styled to perfectly match its wearer since 1957. It doesn't just tell time. It tells history.

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OYSTER PERPETUAL LADY-DATEJUST 28

ROLEX

THE DAY-DATE 40

The international symbol of performance and success, reinterpreted with a modernized design and a new-generation mechanical movement. It doesn't just tell time. It tells history.

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OYSTER PERPETUAL DAY-DATE 40

ROLEX

THE COSMOGRAPH DAYTONA

Rooted in the history of motor sport and watchmaking, the legendary chronograph that was born to race. It doesn't just tell time. It tells history.

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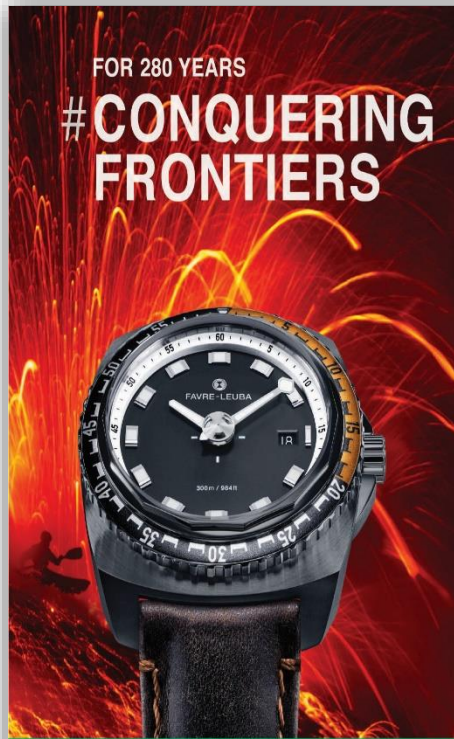
G4, SELECT CITYWALK, SAKEET - NEW DELHI
PH: +91 011-42588700, +91 8827-271479

OYSTER PERPETUAL COSMOGRAPH DAYTONA

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

Continued Investments in Advertising

Print Ad on HT Mint




FAVRE-LEUBA
CONQUERING FRONTIERS

ēthos
WATCH BOUTIQUES

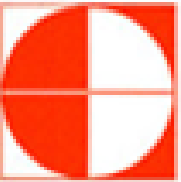
Favre Leuba has a history of 280 years of excellence and innovation in horology, the art of timekeeping. The Favre Leuba Raider Deep Blue shows this spirit magnificently. Discover this unique watch exclusively at **Ethos Watch Boutiques** – India's largest and most trusted luxury watch retailer. To know more about this watch just call our Luxury Watch Helpline at +91 8725028888, visit Ethoswatches.com, or simply walk into an Ethos Watch Boutique.

Bengaluru: The Collection, UB City Mall | Delhi: Select Citywalk Mall
Chandigarh: Elante Mall | Mumbai: Seawoods Grand Central | Palladium Mall
Hyderabad: Inorbit Mall | Shop Online: www.ethoswatches.com

Ethos Watch Helpline: +91 87250 28888

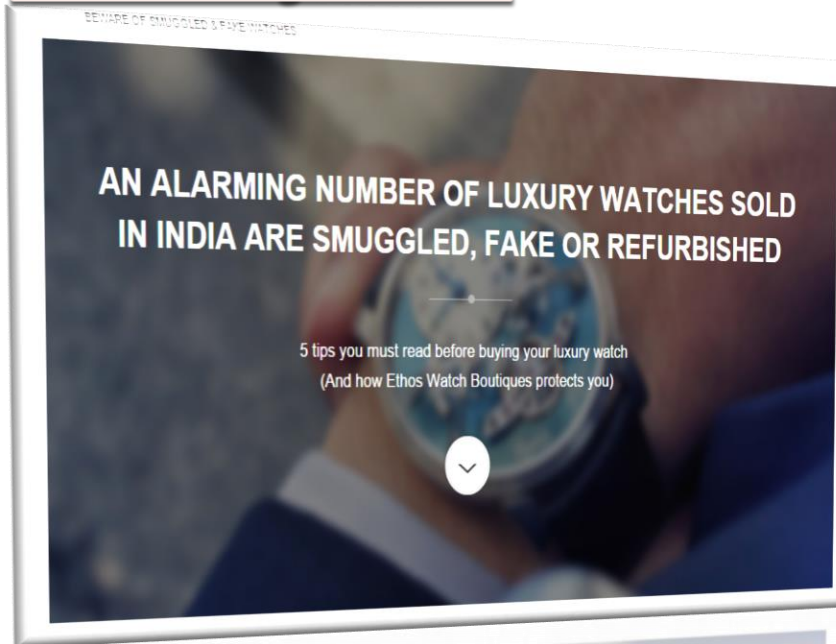


... with **ETHOS** co-branding



TRUST CAMPAIGN across channels

Online through website



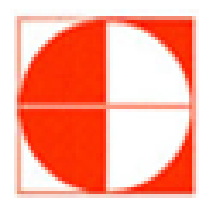
Offline through Print



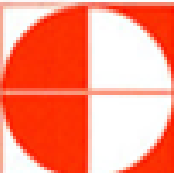
... to Educate consumers about Watches

... to Create Awareness about unscrupulous activities

... To Reinforce our "ETHOS"



Company Overview



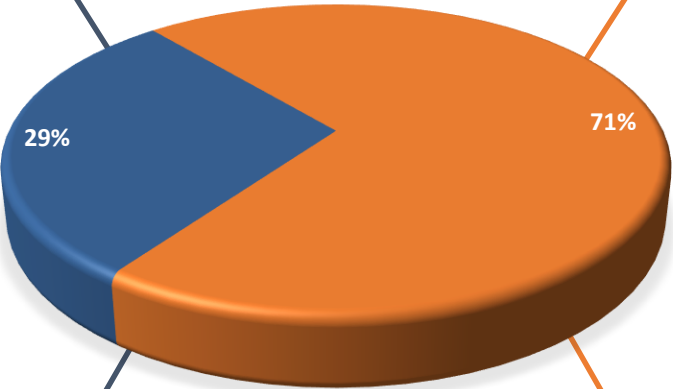
Business Overview

Stable Business

Scalable Business

Stable Manufacturing Business

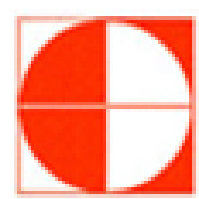
- Leading supplier of premium watch components - watch dials and watch hands
- Caters to demand from international brands in Switzerland & India
- Engaged in manufacturing of High Precision Stamping Parts & Precision & Progressive Tools
- CAGR of 6% over FY13 – FY17



Scalable Retail Business - ETHOS

- India's Largest Retail Chain of Luxury Watch Studios
- Authorized retailer of over 60 luxury watch brands, ranging from Rs. 5,000 to more than Rs.20,00,000
- 41 premium watch boutiques across country
- CAGR of 17% over FY13 - FY17
- 74.15% subsidiary of KDDL Ltd on a fully diluted basis

*Figures updated as on date



Expanding Precision Engineering Business...

Setting up Greenfield Facility at Bengaluru, Karnataka

Manufacture high quality precision stamped components, progressive tools and sub-assemblies to cater to high-growth high margin industries

Building New capabilities

- Injection Molding
- CNC Machining
- Plating



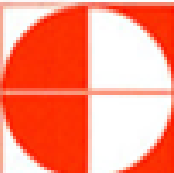
Invested Rs. 30 Crs over 2 years

~2 acre land allotted in EOU zone near Bengaluru Airport

Financial Closure has been achieved & project is proceeding as per schedule

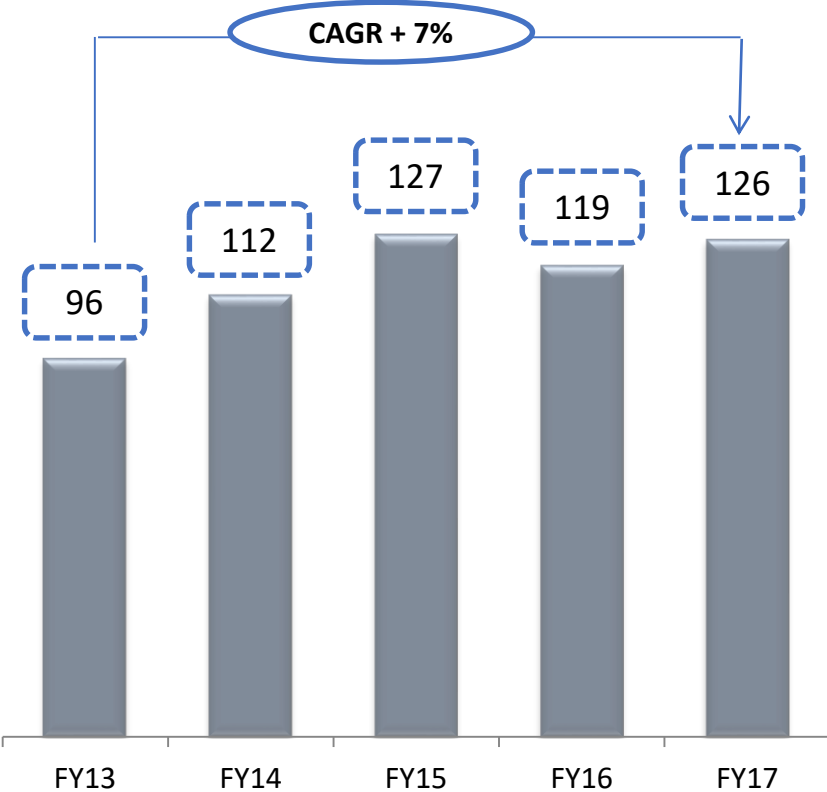
Partial operations commenced recently

...to emerge as “Strong Player” in Organized space

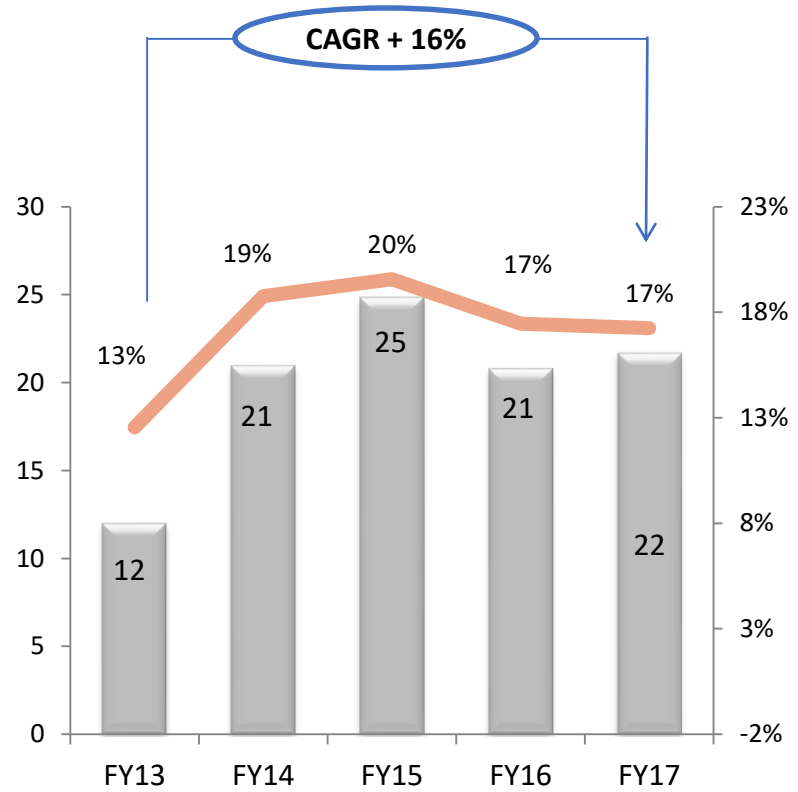


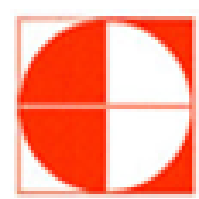
Stable Manufacturing Performance

Revenue (Rs.Crs)



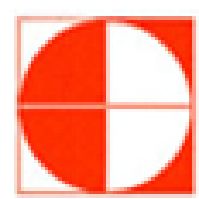
EBITDA (Rs.Crs)





Historical Financial Highlights

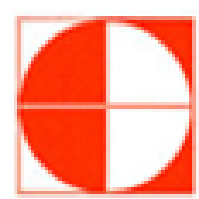




Consolidated – Profit & Loss Statement

Rs.Crs	FY17	FY16	FY15
Revenue	455.4	449.8	411.7
Other Income	3.2	4.6	2.0
Total Revenue	458.6	454.4	413.7
Cost of Goods Sold	283.0	276.8	239.6
Employee Expenses	60.5	*57.0	58.3
Other Expenses	84.9	86.4	74.7
EBITDA	26.9	29.5	39.0
EBITDA Margin	5.9%	6.6%	9.5%
Interest	14.4	15.0	15.3
Depreciation	11.7	11.2	11.8
PBT	4.1	7.9	13.9
Tax	4.0	3.7	5.0
PAT After MI	0.6	5.3	8.8
<i>PAT after MI Margin</i>	0.1%	1.2%	2.1%
Cash PAT	12.3	16.5	20.6
Cash PAT Margin	2.7%	3.7%	5.0%

- Employee Expenses include additional bonus provision impact of Rs. 1 Cr for the year pursuant to amendment in Payment of Bonus Act, 1965 Financials are as per I-GAAP



Contact

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Investor Relations Advisors :



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