

## **Aditya Birla Fashion and Retail posts 15% YoY EBITDA growth in Q1FY25**

### **Performance Highlights for the Quarter**

1. Company posted 7% growth YoY, in a tough demand environment, with revenue at Rs. 3428 Cr for the quarter
2. De-merged ABFRL, with play across high growth segments, grew 26% YoY
  - a. Ethnic businesses grew to 2.6 times of LY
  - b. TMRW's portfolio grew to ~2x of LY
    - i. Organic growth at 47% following TMRW's brand building playbook
3. All businesses continued to pursue margin expansion over revenue growth in the challenging environment
4. Consolidated EBITDA for the quarter stood at Rs. 406 Cr., up 15% YoY
  - a. Overall EBITDA margin expanded by 80 bps to reach 11.8%
  - b. Established businesses continued to drive profitability for the company
    - i. Lifestyle brands' EBITDA margin expanded 50 bps
    - ii. Pantaloons segment EBITDA up 43% YoY
  - c. Investments continued in growth platforms of TMRW and Ethnic Brands
5. Brands pursued healthy distribution expansion– strategically added stores in key markets and rationalized under-performing stores
  - a. Total network at 4607 stores spanning 11.9 Mn sq.ft.
6. Continue to grow ecommerce share of business with higher profitability
  - a. 13%+ growth in overall ecommerce sales
    - i. Including TMRW, E-com sales are up 30% YoY
7. Emerging categories continue to drive growth across the portfolio
  - a. Youth, women, kids wear & accessories increasing their share in the portfolio

### **Financial Performance**

The Board of Directors of the Company, at its meeting today, approved the results for the quarter ended 30<sup>th</sup> June 2024. These financials are post factoring in necessary adjustments under Ind AS 116.



## Financials – Q1

<i>Consolidated In Rs. Cr.</i>	Q1 FY24	Q1 FY25	<i>Growth % (vs. LY)</i>
<b>Revenue</b>	<b>3196</b>	<b>3428</b>	<b>7%</b>
<b>EBITDA</b>	<b>353</b>	<b>406</b>	<b>15%</b>
<b>PAT</b>	<b>-162</b>	<b>-215</b>	

Businesses continued to navigate through subdued consumption environment which was further exacerbated by prolonged heat wave and weak wedding season. This quarter's growth was predominantly driven by newer businesses operating in emerging consumer segments. Each of ABFRL's individual businesses posted an improvement in EBITDA margin. Net profit at a consolidated level was impacted due to continued investments in TMRW and losses in TCNS.

## Business performance

### **Proposed Aditya Birla Lifestyle Brands Limited (ABLBL):**

- **Lifestyle brands** - Louis Philippe, Van Heusen, Allen Solly, Peter England, Simon Carter
- **Youth Western wear Brands** - American Eagle & Forever 21
- **Sportswear** brand Reebok
- **Innerwear** business under Van Heusen

**Lifestyle brands** – Revenue stood at Rs. 1482 Cr. on account of a lean wedding season. EBITDA for the business was Rs. 279 Cr., while margin expanded 50 bps to reach 18.8%.

**Emerging growth businesses which include Youth Western wear, Innerwear & athleisure and sportswear segments** posted 5% growth at an overall level with the segment moving into profitability.

### **Proposed De-merged Aditya Birla Fashion & Retail Limited (ABFRL) –**

- **Masstige & Value Retail** play under Pantaloons & Style Up
- **Ethnic Brands** One of India's most comprehensive ethnic wear portfolio comprising of –
  - **Designer led** brands of Sabyasachi, Shantnu & Nikhil and House of Masaba
  - **Premium ethnic wear** brands of Jaypore, Tasva & TCNS portfolio
- **Luxury Retail** – The Collective & Mono brands portfolio, Galeries Lafayette
- **TMRW** – Leading portfolio of digital first fashion brands



**Pantaloon segment** – The business posted quarterly sales of Rs. 1101 Cr, growing 5% vs LY. L2L growth for the quarter was 2%. Led by gross margin improvement on the back of better markdown management, EBITDA grew 43% YoY as margin expanded by 470 bps to reach 17.6% in Q1. The private label portfolio, led by on-trend merchandise & improved design aesthetics, saw its share reach 66% this quarter. With sustained improvement in operational metrics, Style Up shall continue evaluating expansion opportunities.

## **Ethnic Brands**

- **Designer led brands** – The designer led ethnic portfolio grew by 4% on YoY basis despite a weak wedding calendar.
- **Premium ethnic wear brands** – TCNS revenue in Q1 stood at 84% of last year due to rationalization of distribution network in its endeavor to run a healthy network. With encouraging response towards its newly launched merchandise, business is consistently treading its track on transformation. The men's premium ethnic wear brand TASVA saw a tough quarter with significantly lower wedding dates vs last year. Led by its superior product proposition and high-quality store experience, the brand is poised for strong show in upcoming wedding & festive season. TASVA is now available at 63 stores and it continues to leverage the wedding ecosystem to enhance its reach among the consumer.
- The amalgamation of TCNS with ABFRL is on track as the honourable court has approved the merger. The operational steps will be conducted post receipt of written order from honourable NCLT court.

**Luxury Retail**, comprising the multi-brand format "The Collective" and other mono brands, delivered another quarter of strong performance with YoY revenue growth of 18%. E-com channel continued its organic growth growing 31% vs LY. The total network, including Mono brands, spans across 39 stores.

**TMRW portfolio** grew to ~2 times of LY as the brands continued to benefit from operational & business model enhancements. TMRW expanded its portfolio with minority investment in WROGN. Its' portfolio now consists of both large prominent category leading brands along with mid-sized emerging brands in high growth spaces.

## **OUTLOOK**

Our performance over last few quarters validates the strategy of expanding our portfolio into new high growth segments. As market navigates through current headwinds, we remain steadfast with our focus on driving profitable growth.



ABFRL's long-term strategy is to build a strong, future-ready presence in a large & growing market by establishing strong play across multiple categories and segments. With its strong brands, deep distribution and execution excellence, ABFRL is well positioned to leverage this value creation opportunity in the long term.

## **About Aditya Birla Fashion and Retail Limited**

ABFRL is part of a leading Indian conglomerate, The Aditya Birla Group. With revenue of Rs. 13,996 Cr. spanning retail space of 11.9 million sq. ft. (as on March 31, 2024), it is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands and retail formats.

The Company has a network of 4,607 stores across approximately 37,352 multi-brand outlets with 9,466 points of sale in department stores across India (as on 30<sup>th</sup> June 2024).

It has a repertoire of India's largest brands in **Louis Philippe, Van Heusen, Allen Solly** and **Peter England**, established over 25 years. **Pantaloons** is one of India's leading fashion retailer, while **Style Up** is an emerging value retail format.

Company's international Brands portfolio includes - **The Collective**, Amongst India's largest multi-brand retailers of international brands and has long term exclusive partnerships with select brands such as **Ralph Lauren, Hackett London, Ted Baker, Fred Perry, Forever 21, American Eagle, Reebok, Simon Carter and Galeries Lafayette**.

The Company's foray into branded ethnic wear business includes brands such as **Jaypore, Tasva & Marigold Lane**. The company has strategic partnerships with Designers '**Shantnu & Nikhil**', '**Tarun Tahiliani**', '**Sabyasachi**' and '**House of Masaba**'.

In addition, to cater to the needs of digitally native consumers, ABFRL is building a portfolio of Digital-first brands under its technology led 'House of D2C Brands' venture **TMRW**. **TMRW** is on a path to building a portfolio of Digital First brands in partnership with founders of emerging brands in the E-Commerce market.

The Company in Sept 2023 completed the acquisition of 51% stake in TCNS Clothing Co. Ltd. TCNS is India's leading women's branded ethnic apparel company that designs, markets and retails portfolio of women's branded apparel across brands W, Aurelia, Wishful, Elleven & Folksong.

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