

FUTURE RETAIL



6th December, 2016

To
General Manager, Dept. of Corporate Services
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001
Scrip Code: 540064 / FRETAIL

To
Listing Department
The National Stock Exchange Limited of India Limited
Bandra Kurla Complex,
Bandra East,
Mumbai – 400051.
Scrip Code: FRETAIL

Dear Sirs,

Sub.: Presentation to Analysts / Investors

Please find enclosed herewith the presentation being forwarded to Analysts / Investors on the Unaudited Financial Results of the Company for the Quarter and Half year ended 30th September, 2016.

The above presentation is also available on Company's website www.futureretail.co.in

The above is for your information and record, please.

Thanking you,

Yours faithfully,
For Future Retail Limited



Name: Virendra Samani
Designation: Dy. Company Secretary

Encl. : as above.

FUTURE RETAIL

Investor Update – Q2 FY2017



Section I: Business Updates

Quarter Highlights – Q2 FY17

- ❖ Income from operations of Rs. 4,130cr for Q2 FY17
- ❖ The Company posted EBITDA of 3.2% as compared to 3.1% in Q1 FY17
- ❖ Registered a Net Profit of Rs. 74cr as compared to Rs. 71cr in Q1 FY17; 1.8% for both the quarters
- ❖ The Same Store Sales Growth was 13.1% for the Company

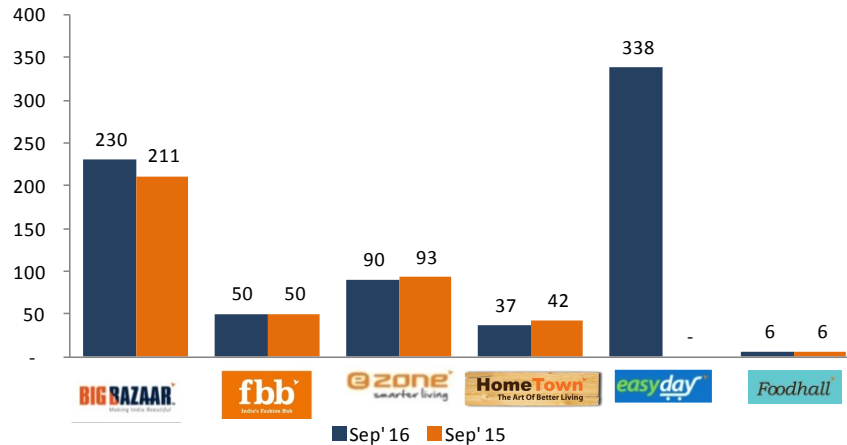
Half-year Highlights – H1 FY17

- ❖ Income from operations of Rs. 8,171cr for H1 FY17
- ❖ The Company posted EBITDA of Rs. 257cr i.e. 3.1%
- ❖ Registered a Net profit of Rs. 144cr for H1 FY17 i.e. 1.8%
- ❖ Same Store Sales Growth was 11% for the Company



Total Store Count and Retail Space (y-o-y)

Sep' 16	9.81	0.50	0.50	1.25	0.76	0.08
Sep' 15	9.00	0.52	0.51	1.40	0.00	0.10



Geographical Footprints

	States	Cities
	24	122
	17	31
	17	30
	12	21
	9	129
	4	4
Cumulative	25	235

New Cities Entered


- Big Bazaar: In Q2, entered Muzaffarpur and Bihar Sharif in Bihar
- Easyday: entered Derra Bassi, Dhariwal and Shahkot in Punjab; Amroha in UP

Our Network: One of the largest, deepest and closest to match India's growing diversified consumption

Section II: Update on Small Stores








Roll-out Strategy

- We have identified India's "**Top Consumption Micro-Markets**" and over the next few quarters, would deepen our presence in such locations
- With this strategy, we rolled out our new stores at specified locations in last quarter
- Our Small Stores are targeted at Weekly / Fortnightly requirements of a household
- Customer Proposition: Targeted assortments at attractive pricing coupled with loyalty benefits

	New Stores in Q2 FY17
NCR (Delhi, Faridabad, Ghaziabad, Gurgaon, Noida)	8
Ludhiana Cluster	7
Bareilly & Dehradun	2
Total	17

Execution update

Progress till Sept 30' 2016

Reduction in Head-office costs	
Enhance of Assortment	
Closure of loss-making stores	
Deep presence in "Top Consumption Micro-Markets"	
Synergies of Scale -	
Supply-chain efficiencies	
Shared services (marketing, data analytics)	
Omni-channel consumption	



We expect to achieve significant progress by Q4 FY17 thereby making Small Stores break-even by then

	Details
Transaction	<ul style="list-style-type: none"> Acquisition of 124 retail stores of Heritage Foods Limited (As on Nov 7' 2016) This deal comprises of grocery & food retail business, agri (sourcing, processing & marketing) and bakery business
Area	0.43mn sqft
Stores	<p>124 stores (Typically, 2000 - 4000 sqft stores, 5 stores of 8000 sqft area)</p> <ul style="list-style-type: none"> - Hyderabad: 70 - Bangalore + Chennai: 54
Customers	24mn customers annually
Consideration	<ul style="list-style-type: none"> 3.65% of stock of FRL (1.78cr shares to be issued) Upside share with Future Group - <ol style="list-style-type: none"> If sale consideration from shares is >400cr but upto 500cr: 50% of the excess above 400cr shall be shared with the Company If exceed 500cr, then 75% of the excess above 500cr in addition to (a) above, shall be shared with the Company
Approval Status	<ul style="list-style-type: none"> Approved by the respective board of directors as of November 7th 2016, while the CCI approval is under process Application to CCI was filed on Dec 2' 2016

Complimentary Network

- ✓ 124 stores spread over three key southern cities of Hyderabad, Bangalore and Chennai
- ✓ In small store format, easyday had no overlap in these cities
- ✓ Most of the Heritage stores range between 2,000 to 4,000 sqft; only 5 stores are c. 8,000 sqft

Synergistic product categories

- ✓ Having started its retail operations in 2006, these stores sell a wide range of household items, FMCG products, staples and fresh fruits and vegetables
- ✓ Each of these product categories are complementary to Future Group and we have the ability to further enhance the assortment & reap supply-chain efficiencies

Strong management

- ✓ Heritage acquisition has brought on-board strong team with deep localized expertise
- ✓ Diversified regional skillsets shall assist in further enhancing South India presence for Future Group

Efficient for balance sheet

- ✓ No debt as part of the deal
- ✓ No cash outflow
- ✓ Earnings accretive to the small store network

High Growth & Improving Margins

- ✓ Profitable at store-level and break-even at the retail division level
- ✓ Delivered high growth with stable margins for the past few quarters

Section III: Q2 FY17 Financial Results

FRL Standalone - P&L Statement

Particulars (Rs cr.)	3 months ended		6 months ended
	30-Sep-16	30-Jun-16	31-Mar-16
Net Sales	4,130	3,892	8,021
Other Operating Income	62	88	150
Total income from Operations	4,191	3,980	8,171
Purchase of stock-in-trade	3,344	3,109	6,454
Changes in inventories	(190)	(130)	(320)
Gross Profit	1,037	1,000	2,038
Gross Margin %	24.7%	25.1%	24.9%
Employee benefits expense	202	189	390
Rent including lease rentals	333	331	664
Other Expenditures	375	364	739
Total Operating Expenses	909	884	1,793
Other Income	6	6	12
EBITDA	135	122	257
EBITDA Margin %	3.2%	3.1%	3.1%
Depreciation and amortisation	8	7	15
EBIT	126	115	242
Finance Costs	53	45	98
PBT	74	71	144
Profit on sale of investment	-	-	-
PBT after exceptional	74	71	144
Tax Expenses	-	-	-
PAT	74	71	144
PAT %	1.8%	1.8%	1.8%
Other Comprehensive Income (OCI) (net of tax)	-	(0)	(0)
Total Comprehensive Income	74	70	144

FRL Standalone – Balance Sheet

PARTICULARS	As at 30.09.2016
A) ASSETS	
NON-CURRENT ASSETS	
(a) Other Intangible Assets	296
(b) Financial Assets	
(i) Investments	0
(ii) Other Financial Assets	255
(c) Other Non Current Assets	7
TOTAL NON-CURRENT ASSETS	558
CURRENT ASSETS	
(a) Inventories	3,618
(b) Financial Assets	
(i) Trade Receivables	281
(ii) Cash and Cash Equivalents	60
(iii) Bank Balances other than (ii) above	62
(iv) Other Financial Assets	1,897
(c) Other Current Assets	11
TOTAL CURRENT ASSETS	5,929
TOTAL ASSETS	6,487
B) EQUITY AND LIABILITIES	
EQUITY	
(a) Equity Share Capital	94
(b) Other Equity	1,929
TOTAL EQUITY	2,024
Optionally Convertible Debentures	156
LIABILITIES	
NON-CURRENT LIABILITIES	
(a) Provisions	32
(b) Other Non-Current Liabilities	141
TOTAL NON-CURRENT LIABILITIES	173
CURRENT LIABILITIES	
(a) Financial Liabilities	
(i) Borrowings	1,699
(ii) Trade Payables	2,285
(b) Other Current Liabilities	144
(c) Provisions	7
TOTAL CURRENT LIABILITIES	4,135
TOTAL EQUITY AND LIABILITIES	6,487

Section IV: New Initiatives

New Initiatives

Steps Towards an Omnipresent Business Model

- ❖ Continuous innovation digitally -
 - ❑ Future Group launched **Future Pay**, a digital loyalty wallet, comprising the Price Match feature that compares the price of items on the customer's bill with the competitor's advertised prices
 - ❑ Tied-up with Paytm to offer seamless shopping for **Big Bazaar merchandise on Paytm marketplace** for delivery at the doorsteps

Launch of India's first retail EMI card

- ❖ Future Group and Bajaj Finance launched India's first retail EMI card which could revolutionize consumption through credit
 - ❑ The EMI card will help in driving loyalty of customers towards Future Group
 - ❑ The credit facility available to customers on a minimum invoice amount is Rs. 5,000 stretching up to a maximum of Rs. 3 lacs, and the tenure of loan would be three months to 2 years

Effects of Demonetization

- ❖ In order to support the liquidity, each of our Biz Bazaar POS were deployed to release new currency notes in a quick timeframe
- ❖ As an outcome of Demonetization, the share of modern retail trade increased substantially and we believe going forward, this event shall contribute favorably
- ❖ Typically, card / wallet invoices are of higher value than the cash invoices, this might potentially increasing the overall sales value in future

AAPKI SEVA MEIN MANY MORE WAYS TO PAY FOR YOUR SHOPPING
(Valid from 17th to 20th Nov)

Get **10% CASHBACK** on loading money into Future Pay Wallet App

paytm **Mobikwik** Get **10% CASHBACK**

NO SURCHARGE + 5% ADDITIONAL DISCOUNT on all leading bank ATM / Debit Cards

Get **FLAT 5% DISCOUNT** on Big Bazaar Gift Vouchers

EASY EMIs AT NO EXTRA COST

AND ALL LEADING CREDIT CARDS

BIG BAZAAR
Making India Beautiful

MINI ATM

Now withdraw cash in **3 EASY STEPS** using your debit card

STEP 1: Swipe your Debit Card
STEP 2: Enter your Debit card/ATM Pin
STEP 3: Withdraw cash upto ₹2000*

Namaste!