

FUTURE RETAIL



07th November, 2017

To
General Manager, Dept. of Corporate Services
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Listing Department
The National Stock Exchange Limited of India Limited
Bandra Kurla Complex,
Bandra East,
Mumbai – 400 051.

Scrip Code: 540064

Symbol: 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, 2017.

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**

Virendra Samani
Dy. Company Secretary



Encl. : as above.

Future Retail Limited (Formerly known as Bharti Retail Limited)

Registered Office: Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060

P +91 22 6644 2200, F + 91 22 6644 2201, www.futureretail.co.in

CIN : L51909MH2007PLC268269

FUTURE RETAIL



FUTURE RETAIL LIMITED

Q2 FY18 Investor Presentation

November 2017

Better Stores, Better Assortment, Better Experience



Particulars (₹ cr.)	Q2 FY18	H1 FY18
Income From Operations	4,506	9,211
Gross Margins %	25.7%	25.3%
EBIT	203	404
EBIT%	4.5%	4.4%
PAT	153	301
PAT%	3.4%	3.3%
Same Store Sales Growth %	10.2%	11.0%

Key performance highlights:

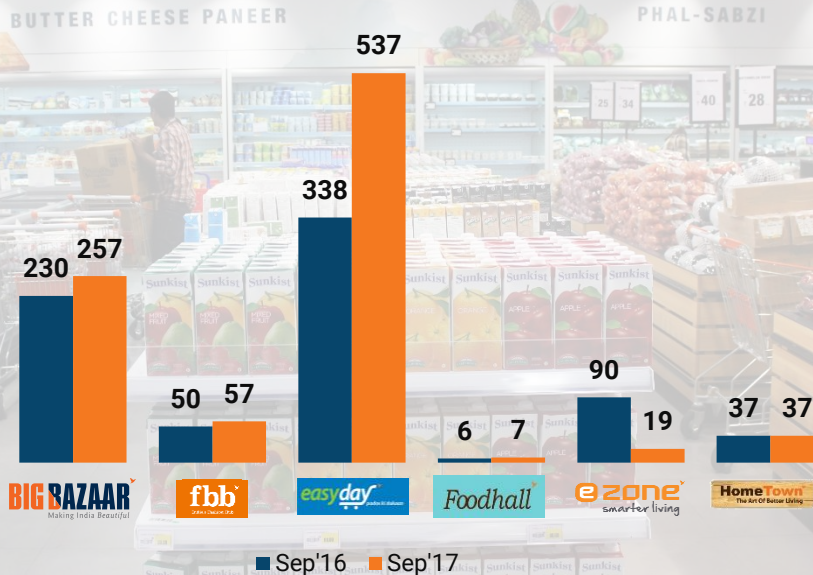
- GST roll-out successfully completed
- Achieved overall growth of 13% in H1FY18 over H1FY17
 - Y-o-Y growth is 22% excluding eZone rationalization and GST impact
- Consistent margin expansion:
 - Gross Margin @ 25.7% v/s 24.7% on Y-o-Y basis
 - **EBIT margin @ 4.5% v/s 3.0% on Y-o-Y basis**
- Delivered **PAT** of ₹ 301cr (3.3%) for H1FY18
- **Continued inventory optimization:** 79 days as on Sep' 17

Key strategic updates:

- Announced the acquisition of Hypercity Retail (India) Ltd
- Easyday Savings Club: 2.5 lakh members v/s 2 lakh as of June'17
 - **Members are spending and visiting 3 – 3.5x higher** than non members
- Future Pay: Unique user base of **>2.8 million** users with the average spend per user **tripling** since its launch

Store Network & Retail Space (mn sqft)

Sep' 17	10.57	0.58	1.25	0.09	0.21	0.85
Sep' 16	9.81	0.50	0.76	0.08	0.50	1.25



Geographical Spread

	Formats	Stores	States / UT	Cities
Large Stores	BIG BAZAAR	257	26	130
	fbf	57	18	35
	ezone	19	7	10
	Foodhall	7	4	4
Small Stores	easy day	537	13	11 [#]
Others	HomeTown	37	12	21
Cumulative		914	26	253

Clusters | As on 30 Sep 2017

Total retail space:

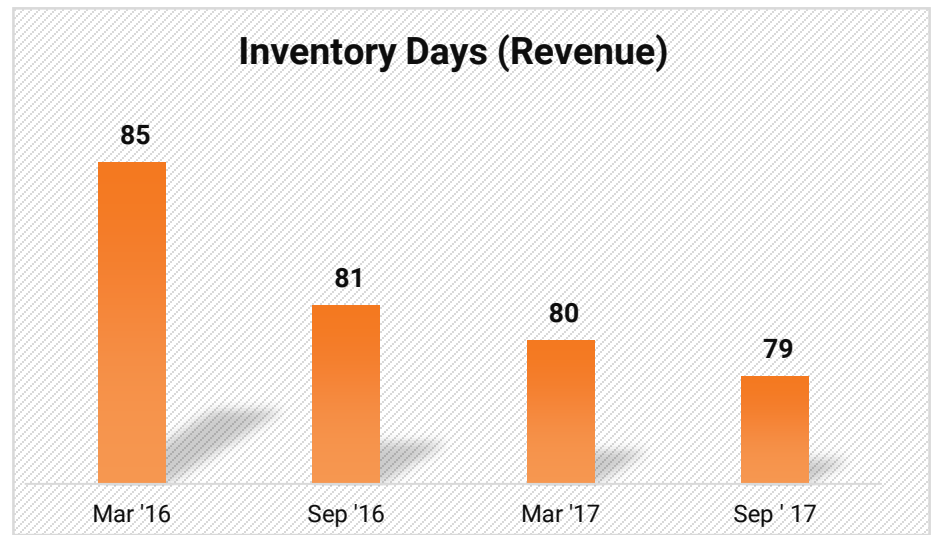
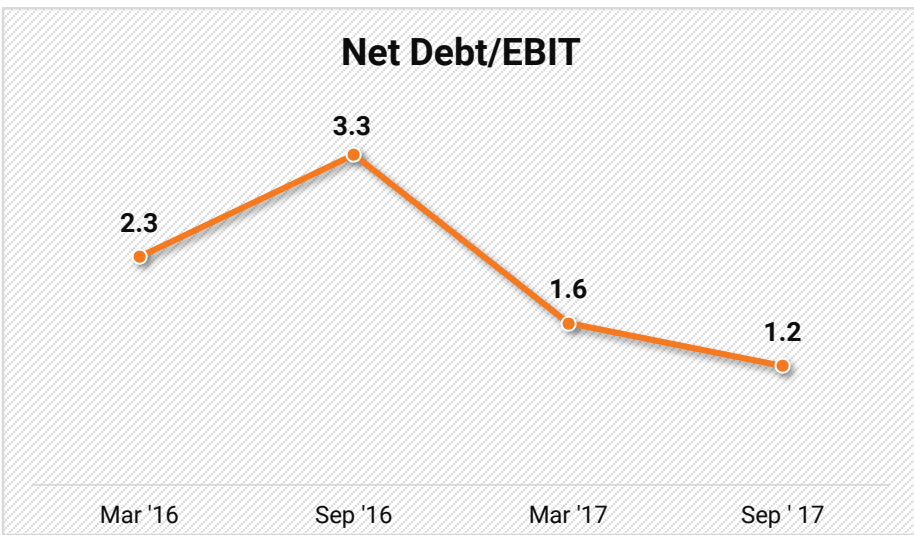
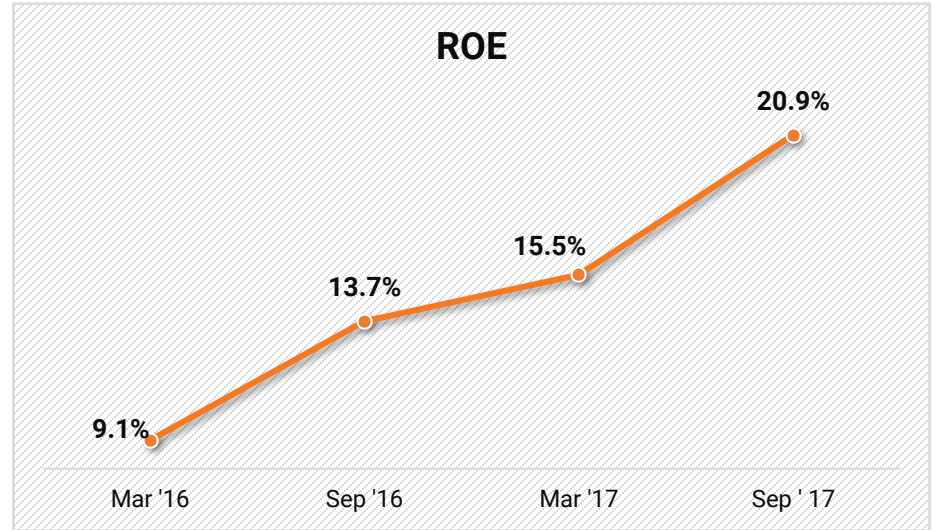
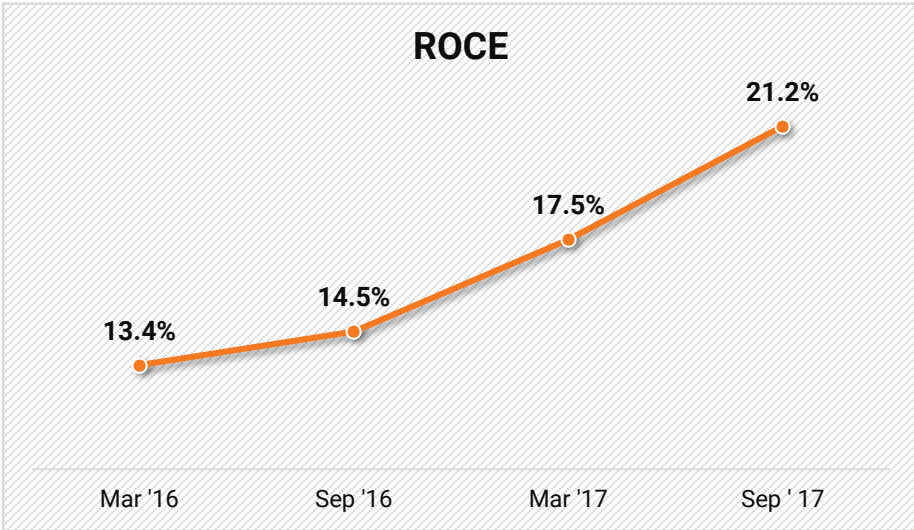
13.6 mn sq.ft

New Cities Entered

- **Big Bazaar:** Hajipur in Bihar, Puri in Odisha, Raigarh in Chattisgarh
- **fbf:** Cuttack and Bhubaneswar in Odisha, Coimbatore in Tamil Nadu
- All new Easyday stores opened in existing clusters



Performance Update

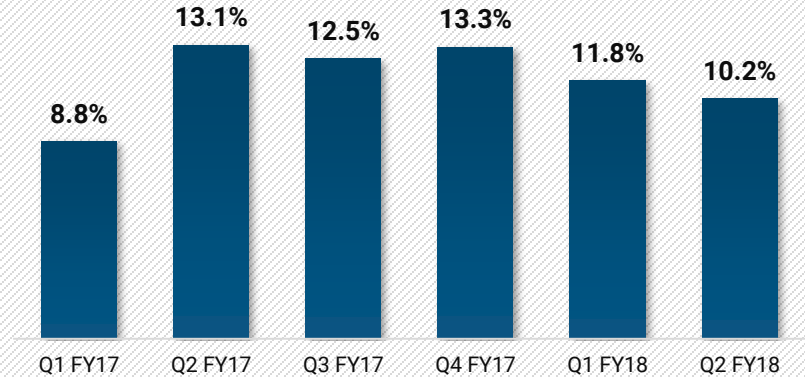
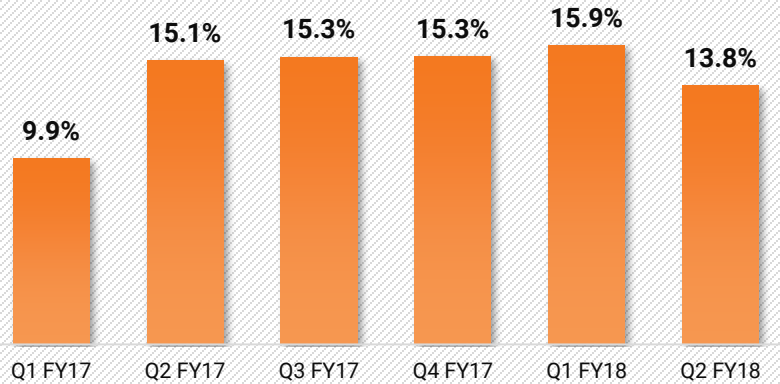


Note: The ratios pertaining to FY16 have been derived on a comparable basis

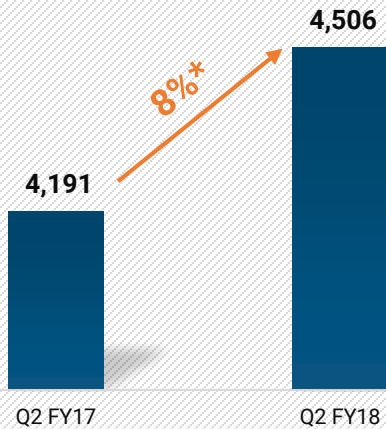
- Net Debt / EBIT = (Borrowings – Cash & Bank Balances) / EBIT
- ROCE = EBIT / Average (Equity + Optionally convertible debentures + Borrowings – Cash & Bank Balances)
- ROE = PAT / Average (Equity + Optionally convertible debentures)
- Inventory days = (Inventory / Income from Operations) * 365



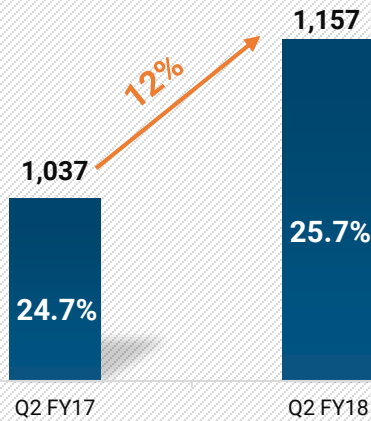
Same Store Sales Growth (%)



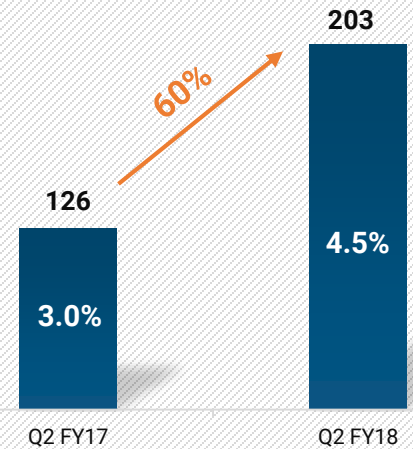
Income from Operations (₹ cr.)



Gross Margin (₹ cr.)



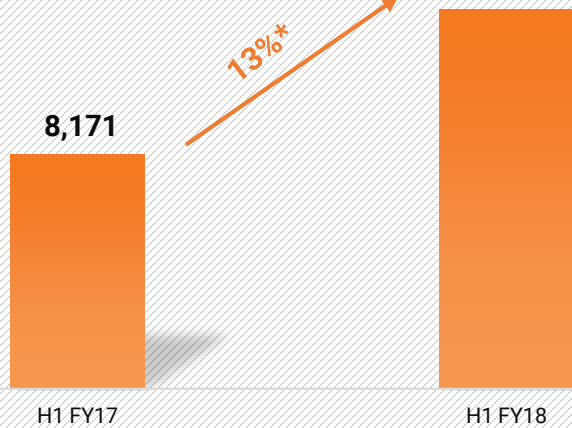
EBIT Margin (₹ cr.)



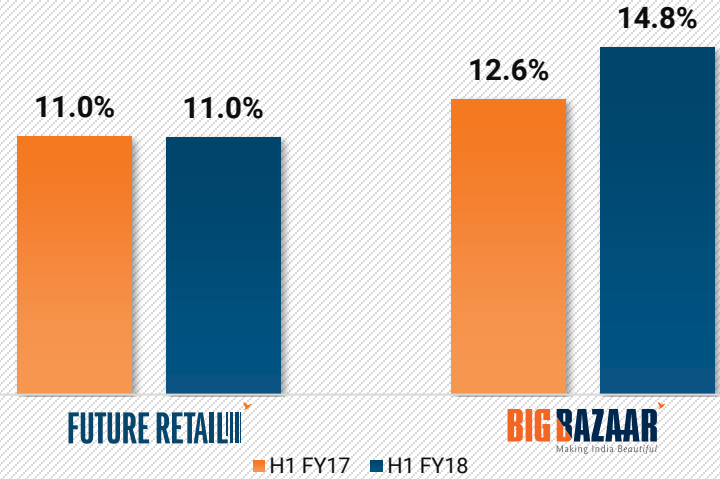
*Y-o-Y growth is ~20% excluding eZone rationalization and GST impact



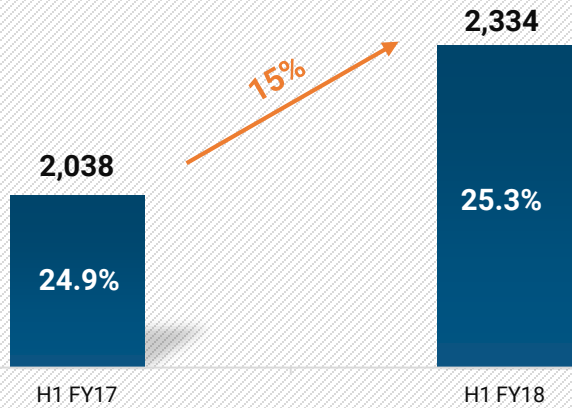
Income from Operations (₹ cr.)



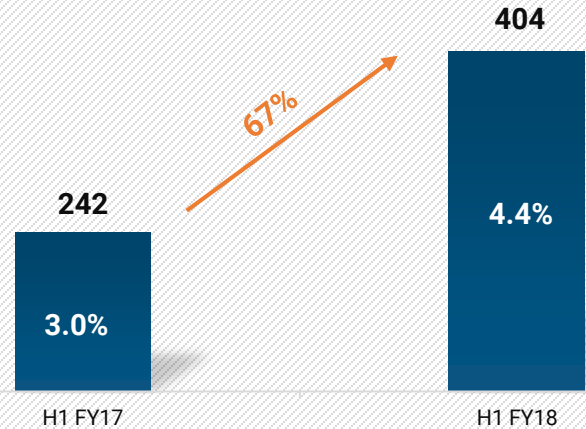
Same Store Sales Growth (%)



Gross Margin (₹ cr.)



EBIT Margin (₹ cr.)



*Y-o-Y growth is 22% excluding eZone rationalization and GST impact

Particulars (₹ cr.)	Quarter ended		
	30-Sep-17	30-Jun-17	30-Sep-16
Total Income from Operations	4,506	4,705	4,191
Gross Profit	1,157	1,177	1,037
Gross Margin %	25.7%	25.0%	24.7%
Employee benefits expense	231	222	202
Rent including lease rentals	337	368	333
Other Expenditures	378	377	375
Total expenditure	946	967	909
Other Income	3	3	6
EBITDA	214	212	135
Depreciation and Amortisation	11	11	8
EBIT	203	201	126
EBIT Margin %	4.5%	4.3%	3.0%
Finance Costs	50	53	53
PBT	153	148	74
Tax Expenses	-	-	-
PAT	153	148	74
PAT %	3.4%	3.1%	1.8%

Growth	
Y-o-Y	Q-o-Q
8%*	-4%
12%	-2%
15%	4%
1%	-8%
1%	0%
-56%	14%
59%	1%
36%	4%
60%	1%
-6%	-7%
108%	4%
-	-
108%	4%

*Y-o-Y growth is ~20% excluding eZone rationalization and GST impact

PARTICULARS (₹ cr.)	As at 30 Sep 2017	As at 31 Mar 2017	As at 30 Sep 2016
A) ASSETS			
Non-Current Assets	923	916	558
Inventories	3,976	3,735	3,618
Trade Receivables	242	228	281
Other Current Assets	1,967	1,902	1,908
TOTAL ASSETS	7,107	6,781	6,365
B) EQUITY AND LIABILITIES			
Equity	2,858	2,554	2,024
Non-Current Liabilities	162	190	173
Net Debt	959	922	1,577
Trade Payables	2,796	2,780	2,285
Other Current Liabilities	332	336	307
TOTAL EQUITY AND LIABILITIES	7,107	6,781	6,365

Marketing and Milestones

New Categories, New Campaigns, New Targets



Launched new category of kids' merchandise and effective campaigns on other categories



RECOGNITION

**RETAIL ASIA-PACIFIC
TOP 500**

The **2017** ranking of Asia-Pacific's leading retail companies

#1 Retailer in India

Official Market Information Provider: **EUROMONITOR INTERNATIONAL**
Principal Program Partner: **KPMG**
Gold Sponsor: **CROWN**

fbf **BIG BAZAAR**
Making Retail Smarter

BAG THE TOP 2 AWARDS AT CMO ASIA

BEST SOCIAL MEDIA CAMPAIGN OF THE YEAR
fbf - World Shorts Day

BEST SEARCH MARKETING CAMPAIGN
Big Bazaar - Smart Search

FUTURE RETAIL

AWARDED AS MARKETER OF THE YEAR - RETAIL

AT THE PRESTIGIOUS

LEADERSHIP AWARDS
FOR EXCELLENCE IN MANAGEMENT PRACTICES & INNOVATION

BIG BAZAAR

Big Bazaar CONNECTS with 5 Million, in just two days!

Share our **#RealBaneRaho** video
Join the people who cherish being REAL

Created by: Internal Communications

YouTube Har Tyohaar Mein Big Bazaar

8.6 Million views in 1 day

Har Tyohaar Mein **BIG BAZAAR**

Let the celebrations begin!

Har Tyohaar Mein Big Bazaar

Hum Hain, aap ke liye

Big Bazaar

aap ke liye

Let's pledge to serve every need of our customer

CONNECTING INDIA

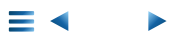
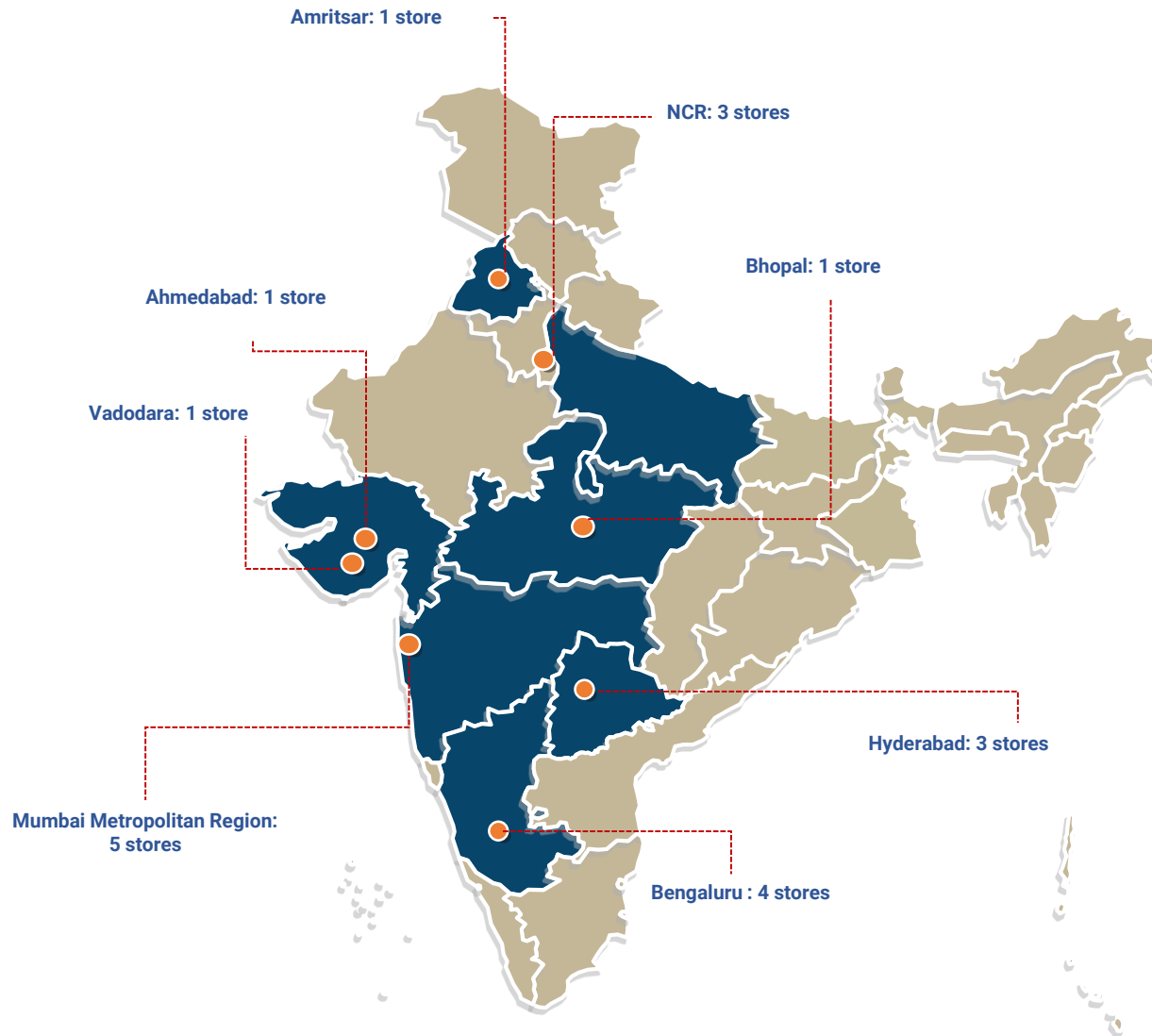


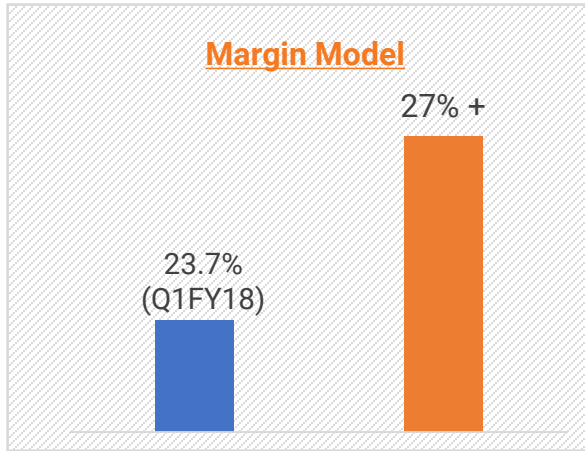
Acquisition of Hypercity Retail (India) Limited

- FRL announced the acquisition of Hypercity Retail (India) Limited on 5th October '17
- Hypercity has concentrated presence in large urban markets at key locations
- Value accretive from Year-1
- Addition of ~20mn (annualized) Customer footfalls
- 1.24mn sqft across 19 operational stores with significant potential of Sales and Margin upside with better product & brand mix and cost synergies with consolidated backend
 - Additional 2 stores to be operational in the current fiscal as part of the deal

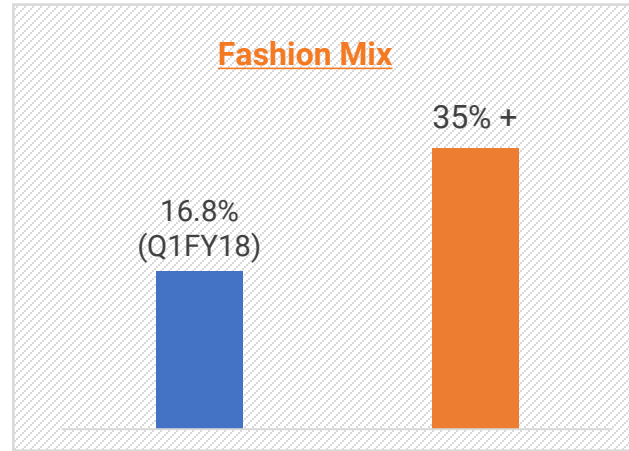


Spread of Hypercity Stores

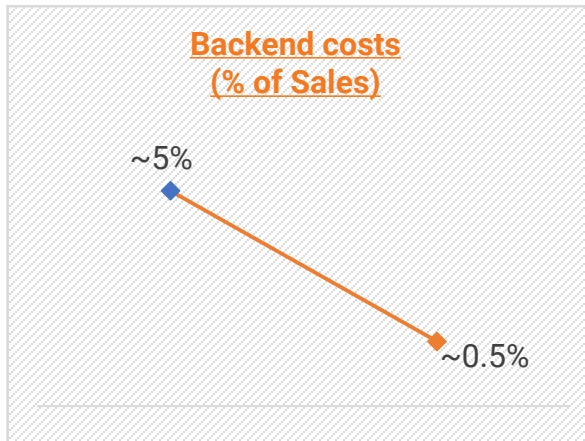




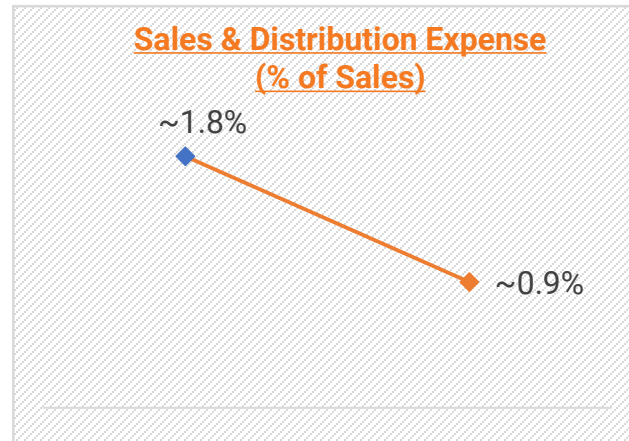
Big Bazaar: Inherently consistent 27%+ Gross Margin model



Potential to grow business by ~200% with mix of 35%+ within 1 year through >95% private brands



Robust back-end in place with zonal & central teams at Big Bazaar



Big Bazaar brand recall and existing spends would suffice

■ Hypercity
 ■ Immediate Potential

Additional Synergies in tandem -

- Interplay with Future Group's technology & loyalty platform
- Scale advantages including HO costs
- Besides Fashion, a much stronger Own & Strategic brands portfolio across Food & GM to drive margins as well
- GST-led synergies



Valuation & Consideration

- Enterprise Value: ₹ 911cr for 100% shareholding of Hypercity Retail (India) Limited
 - Preferential issue of 93.1 lakh Equity Shares at a price of ₹ 537 per share, amounting to ~₹ 500cr
 - Cash consideration of ~₹ 155cr
 - Debt: ~₹ 256cr

Key Transaction Considerations

- ✓ Under the SEBI ICDR (Preferential Allotment) Guidelines, the Equity Shares allotted would be locked-in for 1-Year from the date of allotment
- ✓ Debt in Hypercity Retail (India) Limited is ~ ₹ 256cr
- ✓ Hypercity trademark and all private brands are included in the acquisition

Other Process Updates

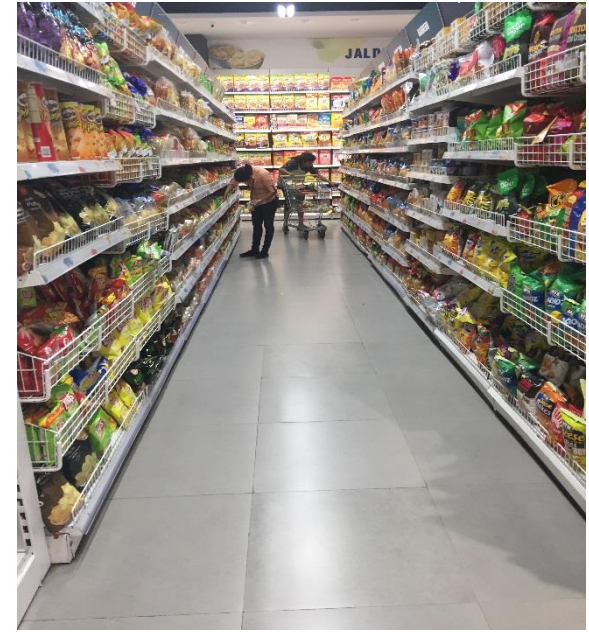
- ✓ Share Purchase Agreement was signed between parties on 8th October 2017;
- ✓ Application to Competition Commission of India (CCI) is already submitted;
- ✓ Shareholders has approved the issue and allotment of Equity Shares on preferential basis to Hypercity Shareholders at their Extraordinary General Meeting (EGM) held on 3rd November 2017;
- ✓ The Company has filed application with Stock Exchanges for in-principle approval for listing of Equity Shares to be issued on preferential basis for consideration other than cash.
- ✓ The business unit shall be 100% subsidiary of Future Retail Limited

- **Update on Home Town demerger**

- Petition is scheduled to be heard by NCLT on 10th November '17 for final hearing.

- **OCD Conversion of Cedar Support Services Ltd.**

- Board has approved the conversion of OCD's of ₹ 154.2 cr in its meeting held on 31st October '17
- The Company accordingly allotted 28,52,386 number of equity shares in exchange of the OCDs





NAMASTE

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.