

# FUTURE RETAIL



21st May, 2018

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 Audited Financial Results of the Company for the Quarter and Year ended 31st March, 2018.

The above presentation is also available on Company's website [www.futureretail.co.in](http://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



Investor Presentation

May 2018

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# FRL OVERVIEW



Per Capita Income	Below \$1,300	\$1,300 - \$2,000	\$2,000 – \$2,500	More than \$2,500
No of States / UT	8	7	8	8
States	<b>Assam, Bihar, Jharkhand, MP, Manipur, Meghalaya, Odisha, UP</b>	<b>AP, Chattisgarh, J&amp;K, Nagaland, Rajasthan, Tripura, WB</b>	<b>Arunachal Pradesh, Gujarat, HP, Karnataka, Mizoram, Punjab, TN, Telangana</b>	<b>Goa, Haryana, Kerala, Maharashtra, Sikkim, Uttarakhand, Delhi, Chandigarh</b>
State GDP: FY17(\$bn)	500	460	752	674
Contribution to National GDP	21%	19%	32%	28%
Growth rate (5Y Historical)	12.0%	13.2%	12.7%	12.0%
<b>India represents a well dispersed opportunity</b>				
No. of Districts	278	135	192	107
Urban Population (mn)	97	74	108	98
<b>FRL points of connect</b>	<b>153</b>	<b>117</b>	<b>436</b>	<b>329</b>
<b>Deeper presence in high-income states with an incumbency advantage in rest of India</b>				
<b>100+ new airports, 15 new metros and over 100 smart cities indicating better living</b>				

Source: Based on published government data  
\*GDP: Gross Domestic Product

States in orange represent FRL presence  
Exchange rate: \$1=Rs 65

SCALE



1,035  
Retail stores



14.5 mn sq.ft.  
Retail Space



>US\$ 2.8 bn  
FY18 Revenue  
(\* Exchange rate \$1=₹65)



EFFICIENCY



>67%  
Revenue from  
non-food  
categories



25.6%  
Gross Margins



9.9%  
Same store  
Sales Growth



DEPTH



>340 mn  
Customer  
footfalls in FY17



321  
Cities



26  
States



VALUE CREATION



4.3%  
EBIT%



20.3%  
ROCE



₹ 12.5  
EPS (before one time  
exceptional item)

## What we set out for



Addition of 20 - 25 large stores



Big Bazaar target SSG: 12 - 15%



Small Stores to achieve breakeven



About 800 small stores by Mar '18



Strong case of margin improvement



"More out of the Same"



## What we delivered

50\* new stores added during the year (\*including Hypercity)

13.4% Big Bazaar SSG for FY18

On track to deliver breakeven at a much larger scale in FY19

756 small stores as on 31 March 2018 (including 90 WH Smith stores w.e.f. 11 May 2018)

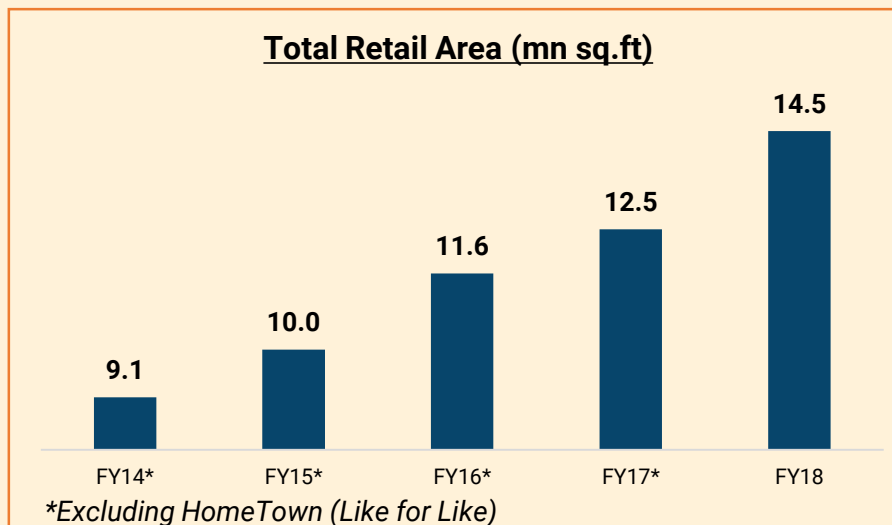
EBITDA margin improved by 100 basis points on a y-o-y basis

Big Bazaar sales per sqft has increased by 11.5% to ~₹14,500\*

\* For stores that were operational for the full year

	Formats	As on 1 April 2017			Store additions	As on 31 March 2018		
		Stores	Cities	Area (mn sqft)		Stores	Cities	Area (mn sqft)
Large Stores	Making India Beautiful	235	124	10.2	50	285 <sup>1</sup>	135	12.1
	India's Fashion Hub	54	32	0.6	7	61	36	0.6
		7	4	0.1	3	10	5	0.1
Small Stores		538	11 <sup>#</sup>	1.4	128*	666 <sup>2</sup>	13 <sup>3</sup>	1.5
Others	smarter living	30	11	0.3	(17)	13	8	0.1
<b>Cumulative</b>		<b>864</b>	<b>240</b>	<b>12.5</b>	<b>188</b>	<b>1,035</b>	<b>321</b>	<b>14.5</b>

1. Including Hypercity stores 2. Excluding the acquisition of 90 stores of WH Smith. The transaction was closed on 11 May 2018 3. Clusters



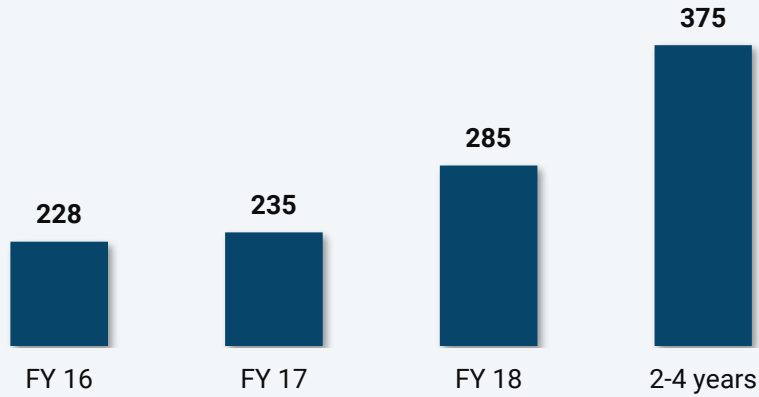
**19 stores.**  
**'Marquee Locations'**

**Demerged.**  
**'Focus on core large & small stores'**

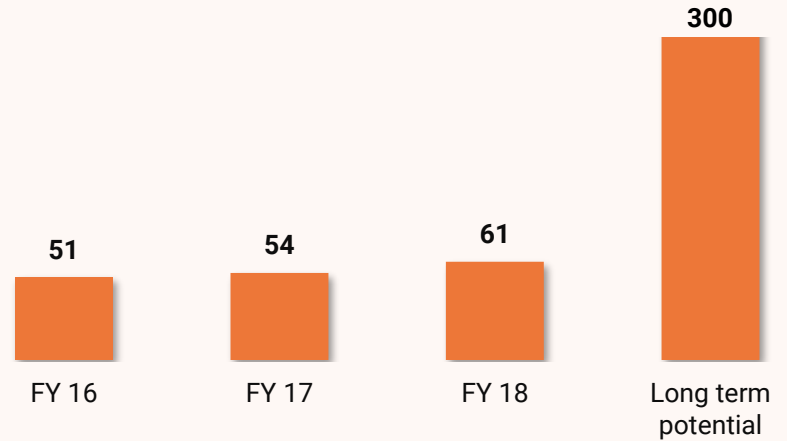




(No. of Stores)

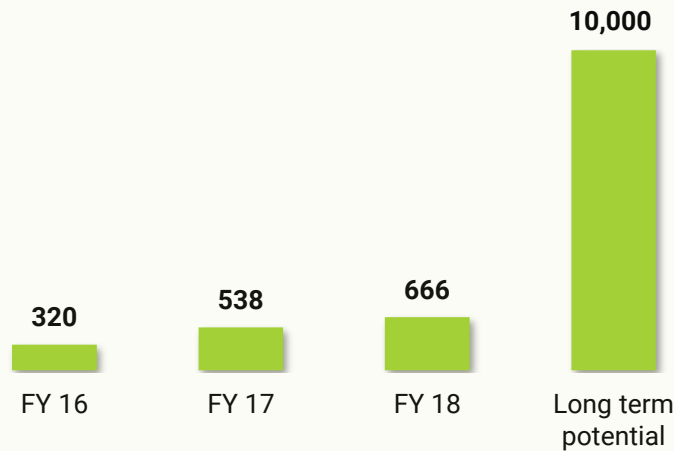


(No. of Stores)



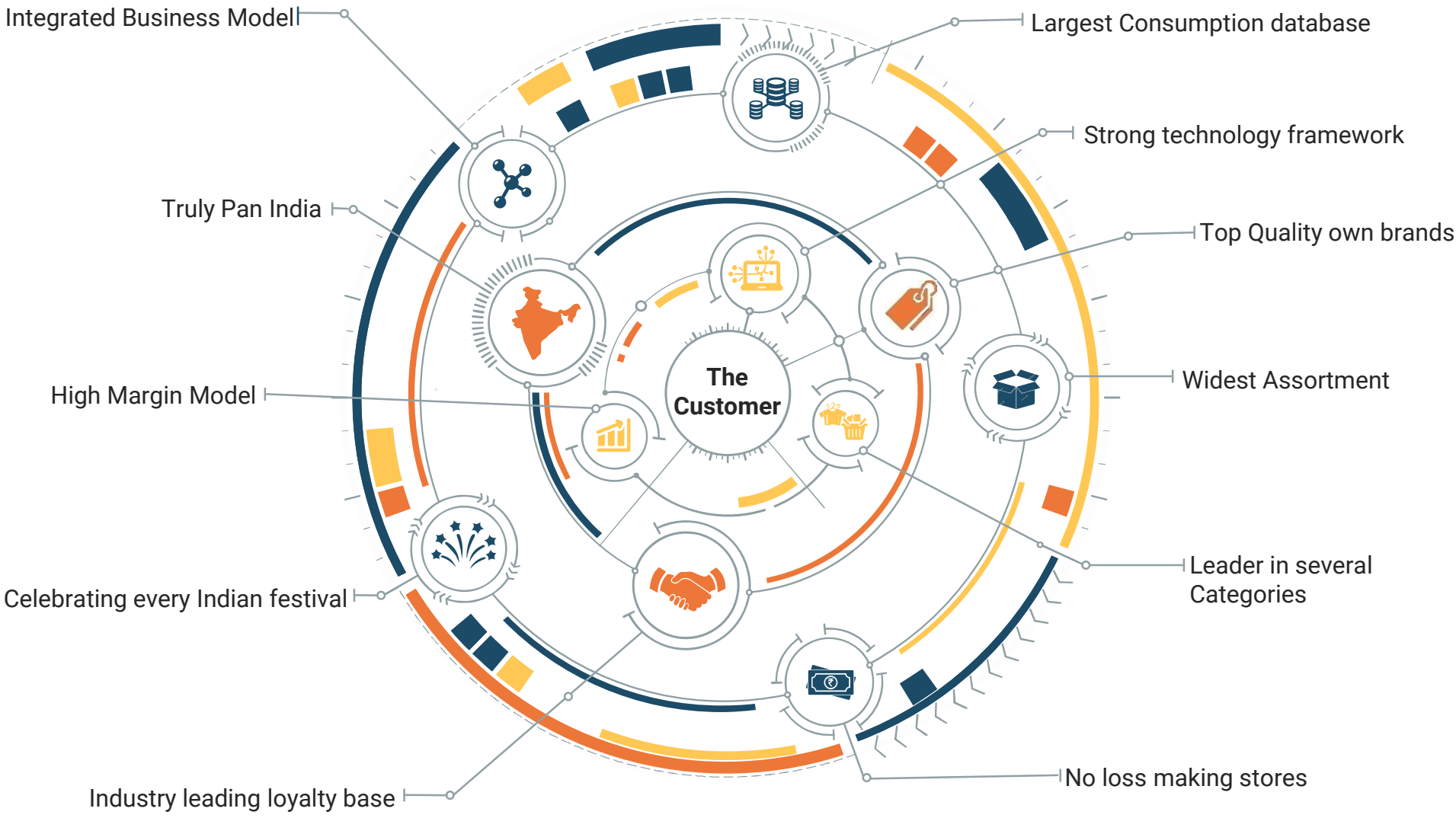
## Small Stores

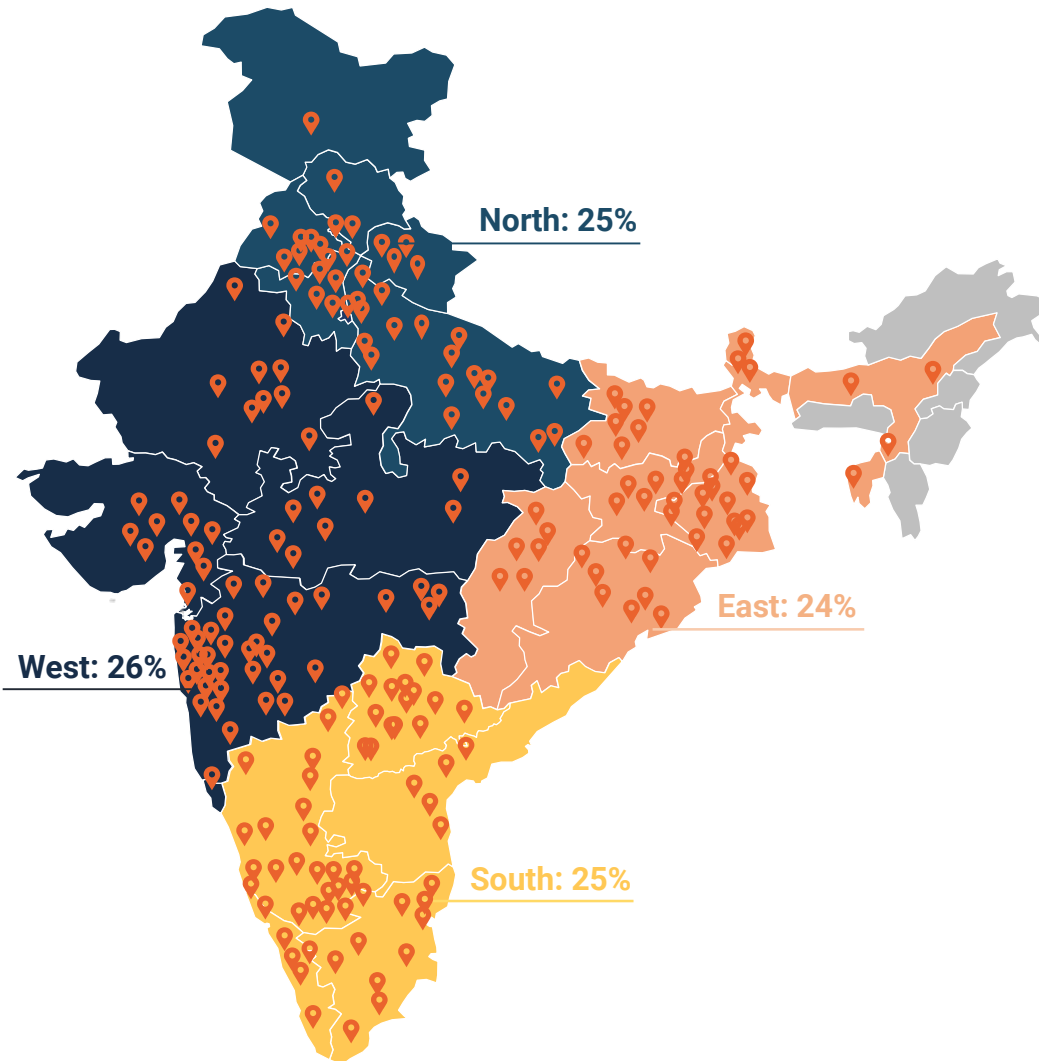
(No. of Stores)



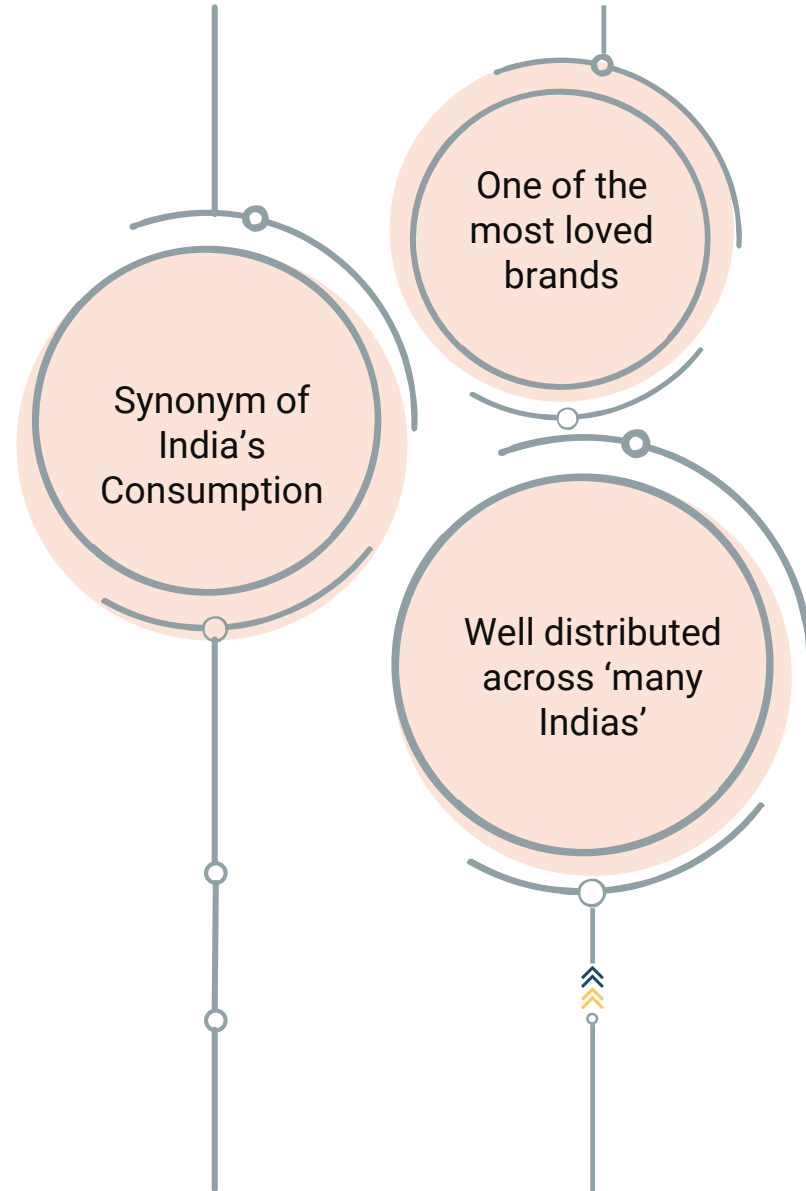
# OUR LARGE STORES







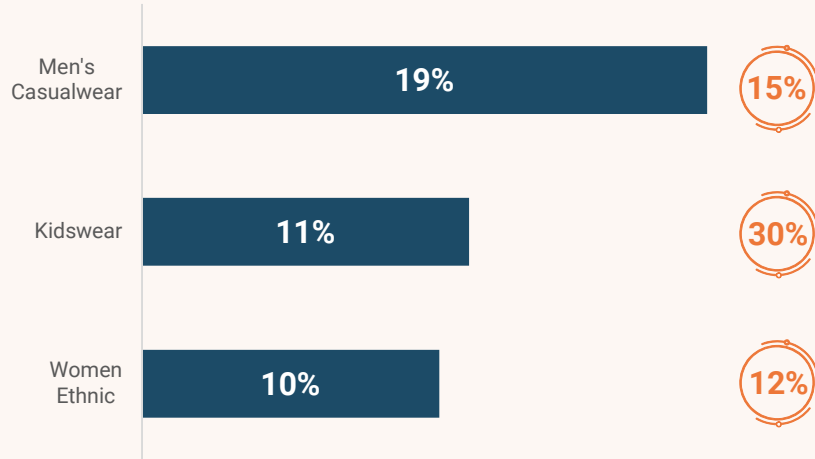
Note: % indicates FRL revenue share from the regions



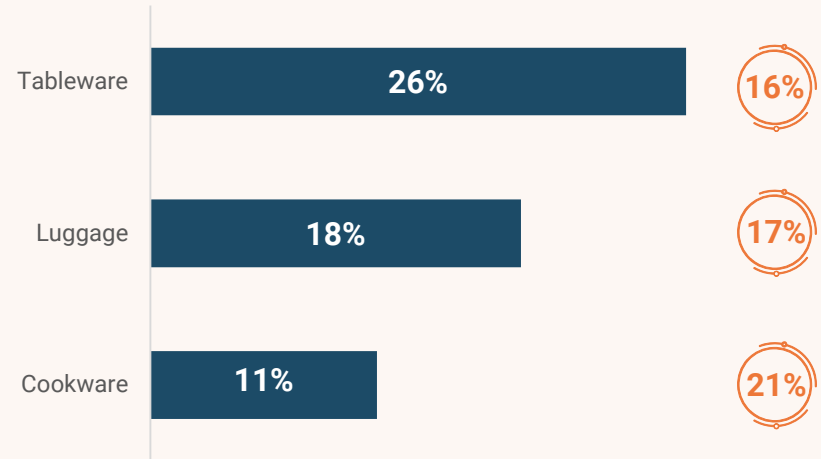
	Fashion	Non-Food (General Merchandise + HPC)	Food
Revenue share	34% - 36%	30% - 32%	32% - 35%
Gross Margin	40% - 42%	22% - 24%	15% - 17%
Own Brands share	94% - 96%	8% - 10%	18% - 20%
<b>Blended Gross Margin: ~26 - 27%</b>			

Note: Illustrative categories

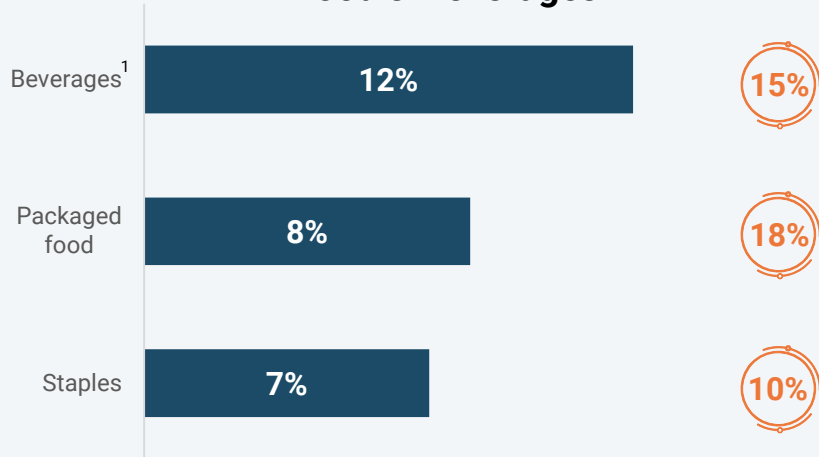
## Fashion



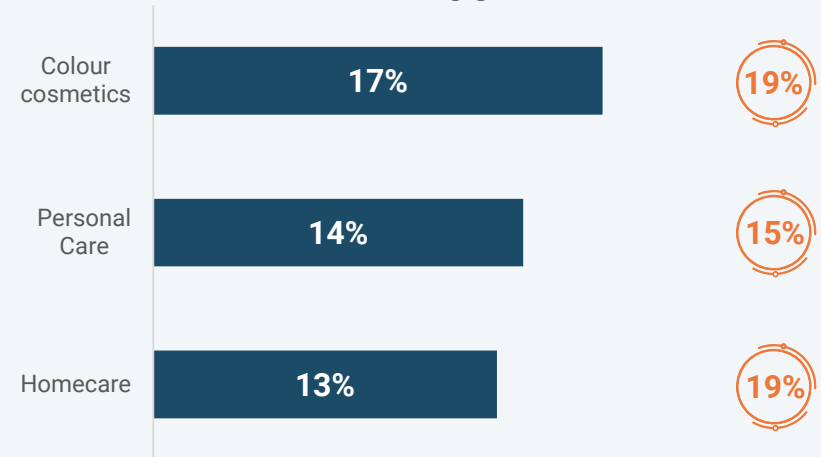
## General Merchandise



## Food & Beverages



## FMCG



Estimated FRL Market share in Organised Retail



Expected Category Growth rates for next 3 years

Source: Various Industry Reports & Internal Estimates

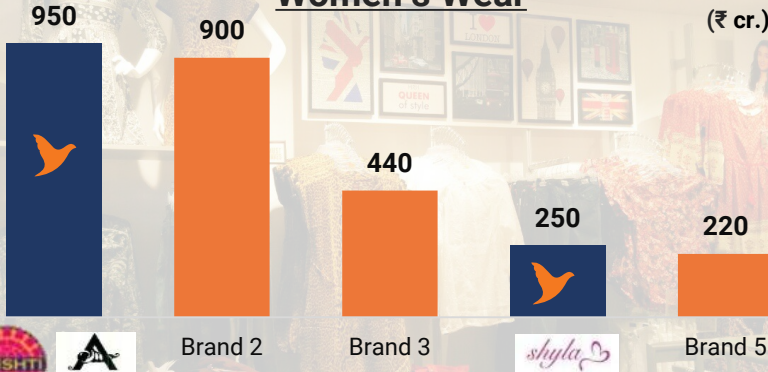
Note:

1. Beverages refer to non alcoholic beverages excluding milk



## Women's Wear

(₹ cr.)



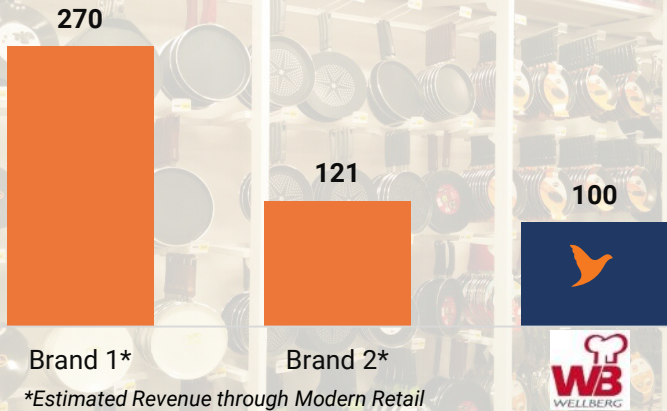
## Men's Wear

(₹ cr.)



## Cookware

(₹ cr.)



## Kids' Wear

(₹ cr.)



Note: Estimated revenue of other brands and retailers from publicly available sources. Kidswear category is compared with other retailers'

Illustrative new categories & extensions'

**puretta**  
Smart Moms. Happier Babies.

Introducing **Baby Care Accessories**  
7 CATEGORIES, 45 SKUS

Introducing **yourscutely**

OOZING STYLE WITH A FUN DOSE OF DENIM!

denims starting ₹599

**yourscutely**

**fbb**  
HAPPY FASHION CLUB

**WOMENS FASHION Boots**

Starting ₹799

Available in various lengths  
• Low / Mid / High ankle

**BIG BAZAAR**

WB WELLBERG  
INTRODUCING PREMIUM GLASSWARE RANGE  
AVAILABLE EXCLUSIVELY AT NEAREST BIG BAZAAR STORE

MADE IN EUROPE

STARTING AT ₹349

**BIG BAZAAR**

FOREVER KURTIS

Deck up with the latest and evergreen styles of Kurtis from fbb!

FOREVER KURTIS  
WIDEST RANGE OF KURTIS STARTS @ 499

Click Here To Watch fbb's Forever Kurtis TVC

**fbb**  
HAPPY FASHION CLUB

**BIG BAZAAR**

**BIG BAZAAR**  
Making India Smarter

Travel in Style

INTRODUCING THE WIDEST RANGE OF DAILY AND OUTDOOR TRAVEL BAGS

17TH APRIL ONWARDS

**fbb**  
HAPPY FASHION CLUB

WHEN THE SUMMER GETS HOTTER  
GET COOLER WITH fbb

#DropThePants  
THIS  
**WORLD SHORTS DAY**  
23<sup>RD</sup> APRIL

Illustrations Only





SERVICE

CLIENT

ALLEGIANCE

BUSINESS

RATES

ALLEGIANCE

CONNECTION



CONSUMER



# LOYALTY



COMPANY

SATISFACTION

TRUST

CONFIDENCE

SUPPORT

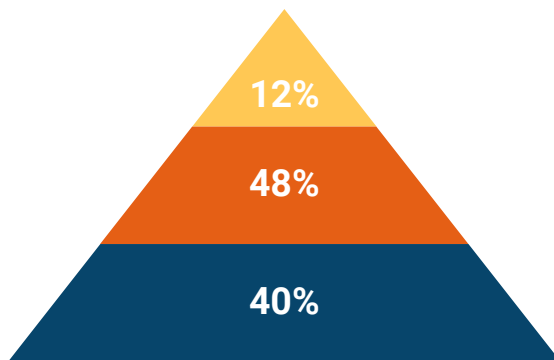


## Our Customers

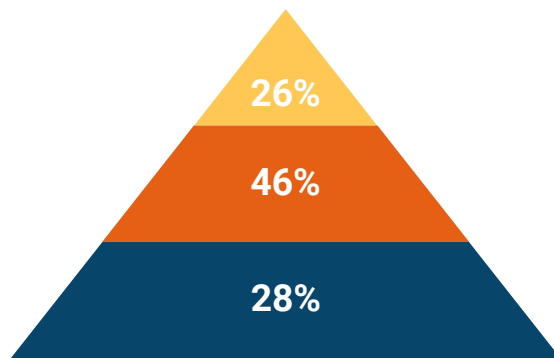
Age (Years)	Customers Share
Under 25	11%
26 to 35	29%
36 to 45	30%
46 to 60	22%
Above 60	8%

## Their evolving income levels (est)

### Customer base mix (2018)



### Customer base mix (2024)



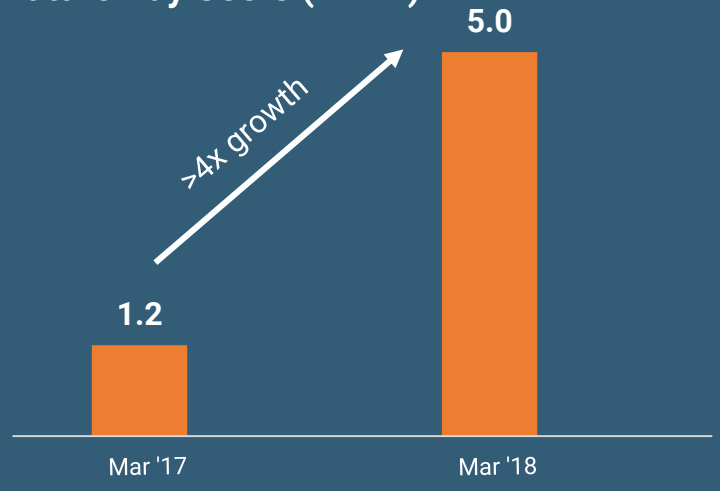
Annual income (in ₹) :  
■ 0.3 - 0.5 mn    ■ 0.5 - 1 mn    ■ >1 mn

\*Estimates based on internal data

## And we know their consumption choices in great depth

- 
**Women's Apparel** >6.5mn customers
- 
**Babycare** ~5mn customers
- 
**Health products** ~4.5 mn customers
- 
**Travel related products** ~0.9mn customers
- 
**Instant Noodles** ~3.5mn customers
- 
**Soaps** ~3mn customers

## Future Pay Users (in mn)



- ~ 5 million users
- ~ 3 million price match transactions
- Average spend per user has **doubled** in the last 12 months
- Average top-up amount has **increased** by >50%

# SMALL STORES BUSINESS



## Platform



### Data-led & O2O ready platform

- Data: Key enabler for our new stores and operations' alike
- Capabilities in-place for last mile delivery



## Strategy



### Low cost operations blended with own brands' strategy

- Scale-up within clusters to bring the costs down
- Own brands' implicitly have superior terms & faster execution

## Firm Demand



### Membership model that captures high wallet share

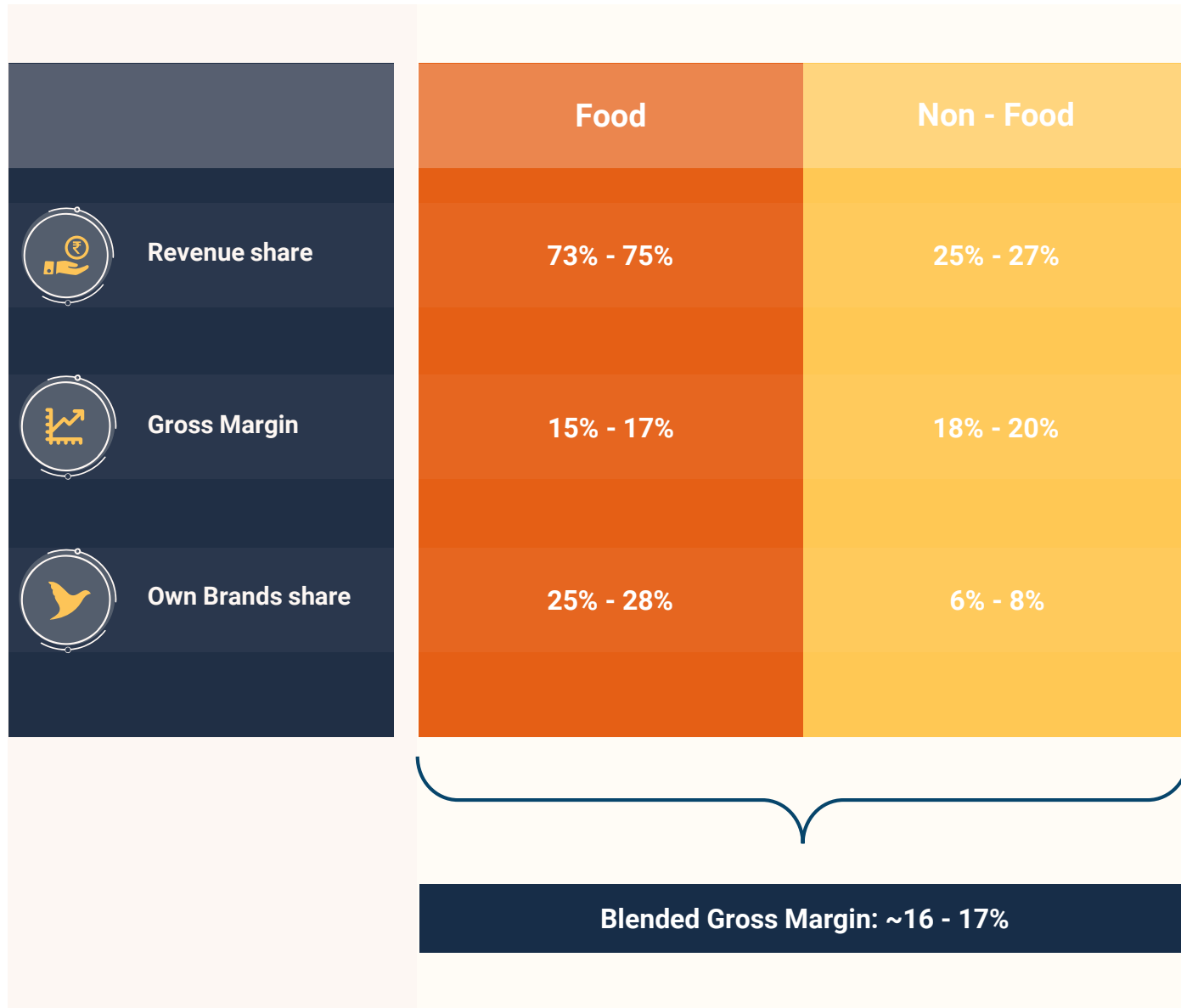
- Est 40 - 60% wallet share of over 0.5mn members at present
- Assortment predictability bringing in higher efficiencies

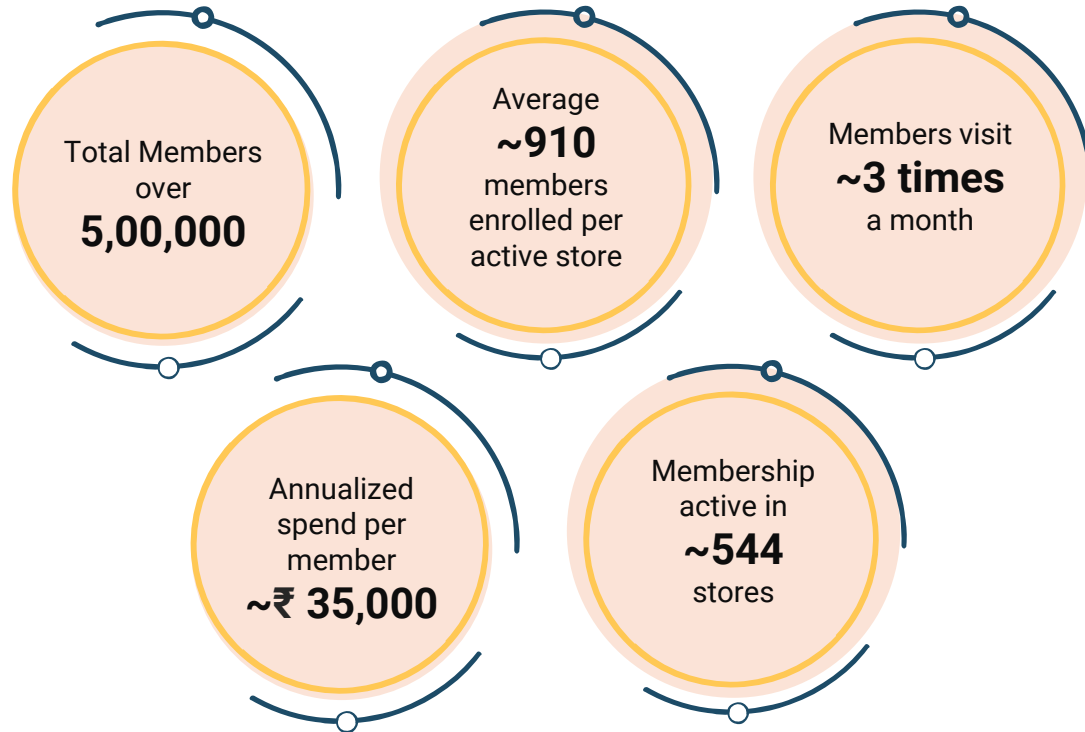
## Execution



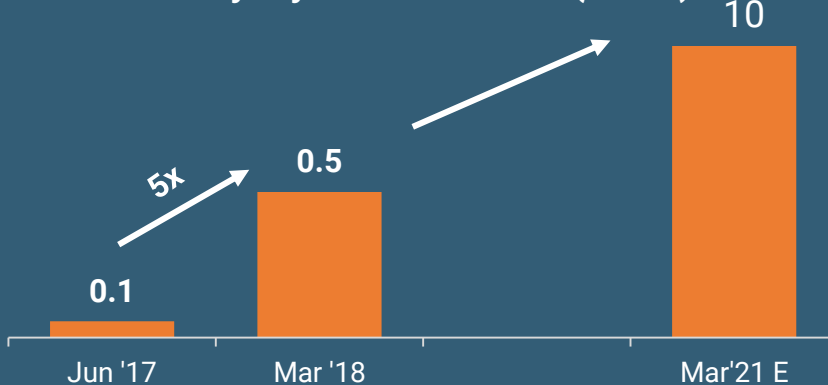
### Focused clusters & assortment (4,000 SKUs in defined clusters)

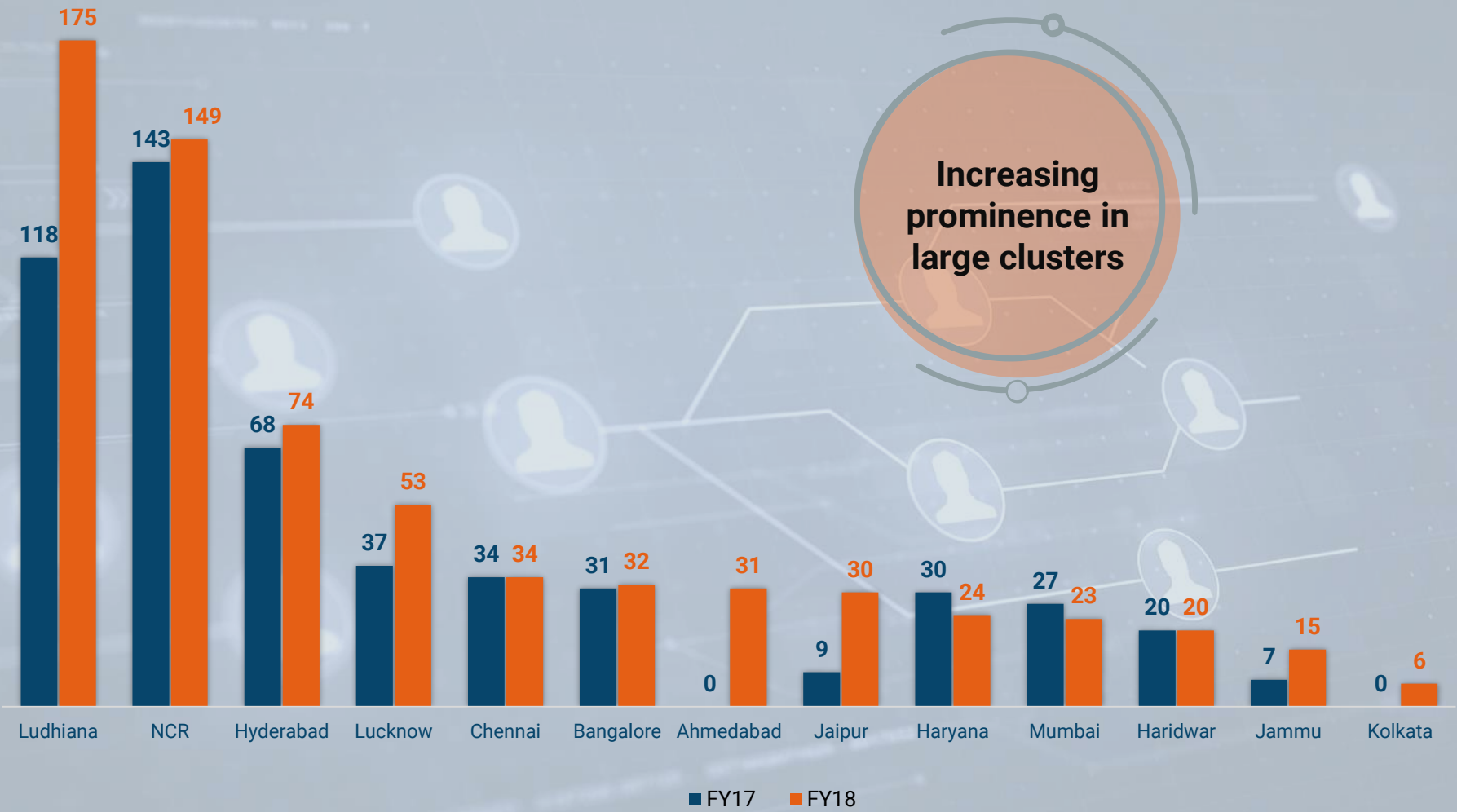
- Regional & local teams driving the execution
- Model with limited SKUs, clusters & targeted customers





Easyday Club Members (in mn)



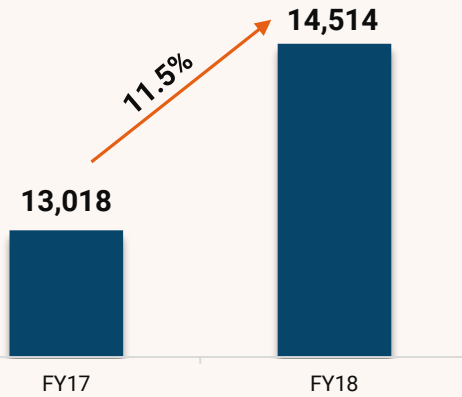




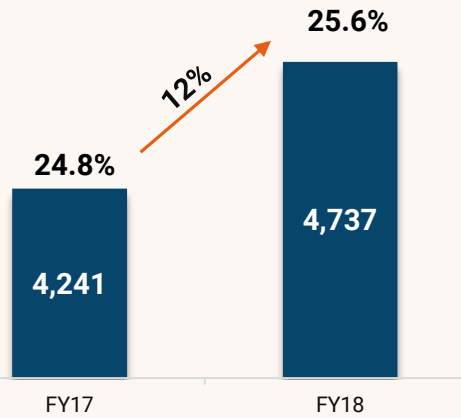
# FINANCIAL UPDATE



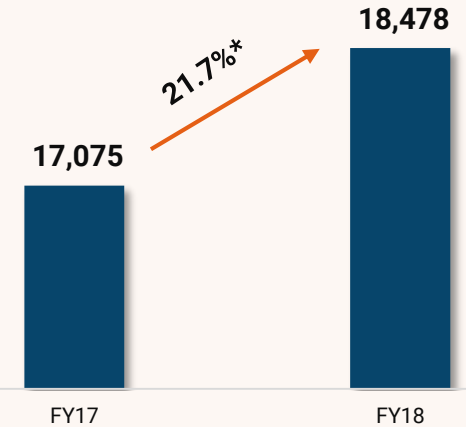
## Big Bazaar Sales per sq ft# (₹)



## Gross Margin (%)

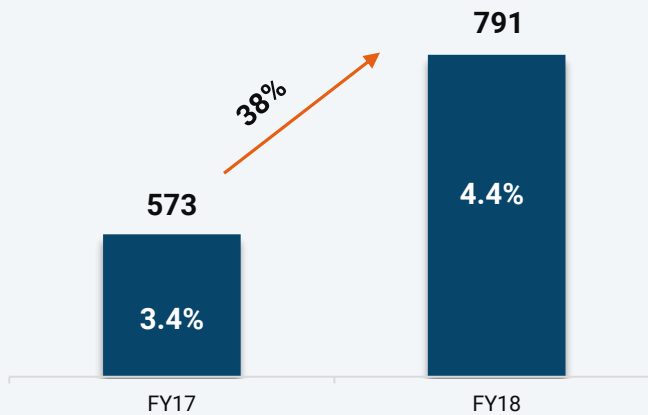


## Income from Operations (₹ cr.)

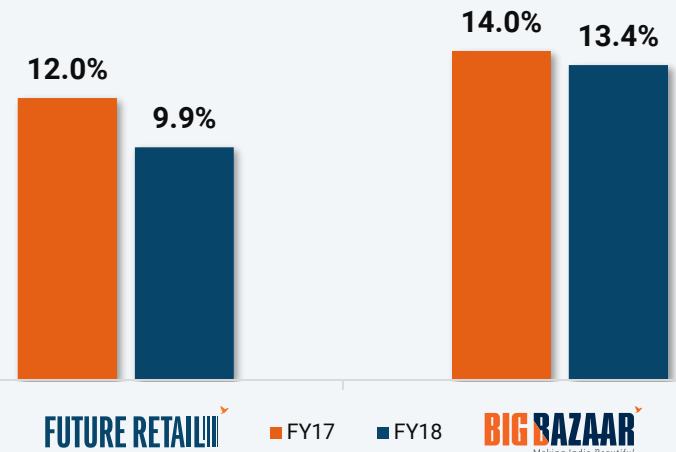


#Sales per sqft for stores that were operational for the full year

## EBIT (₹ cr.)



## Same Store Sales Growth (%)



FUTURE RETAIL

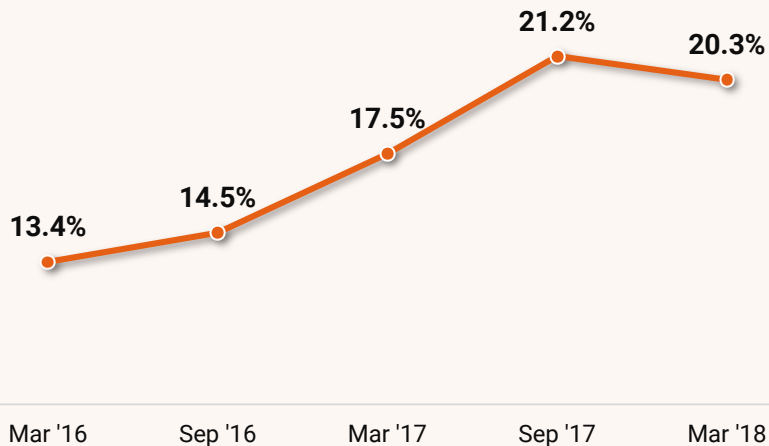
FY17

FY18

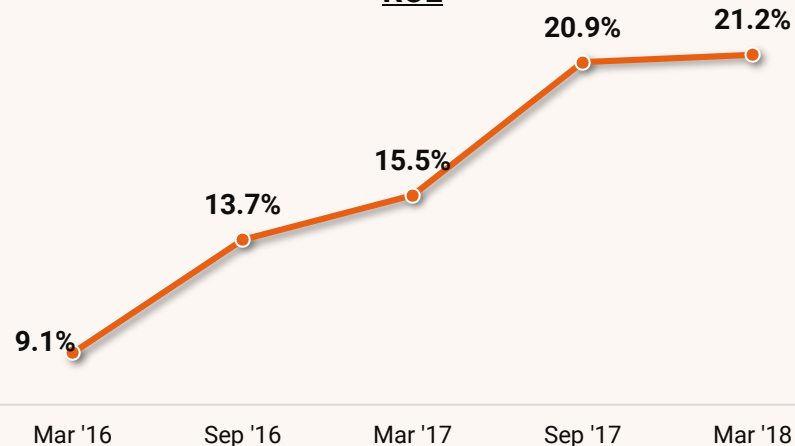
BIG BAZAAR  
Making India Beautiful

\*Underlying Y-o-Y growth adjusting for eZone rationalization, HomeTown demerger and GST impact

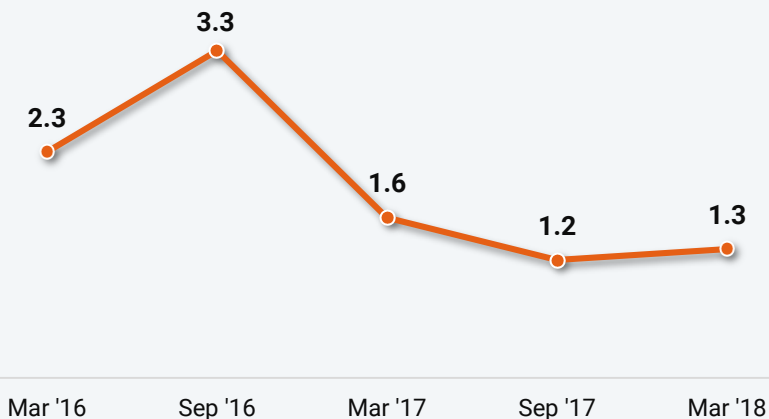
**ROCE**



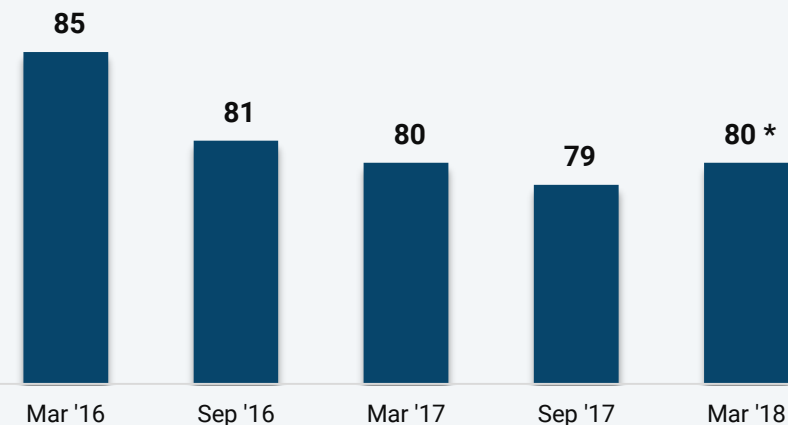
**ROE**



**Debt/EBIT**



**Inventory Days (Revenue)**

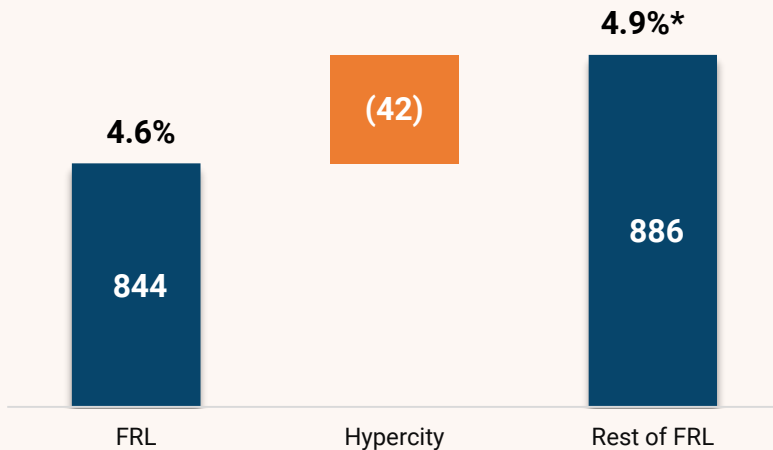


\* Based on annualized revenue from Hypercity stores

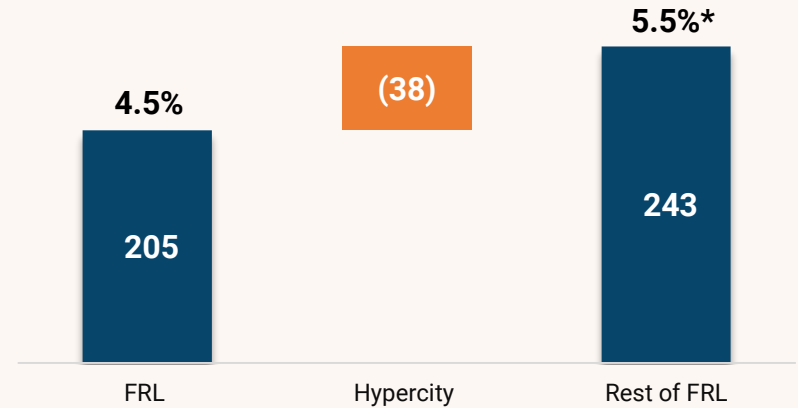
Note: The ratios pertaining to FY16 have been derived on a comparable basis

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

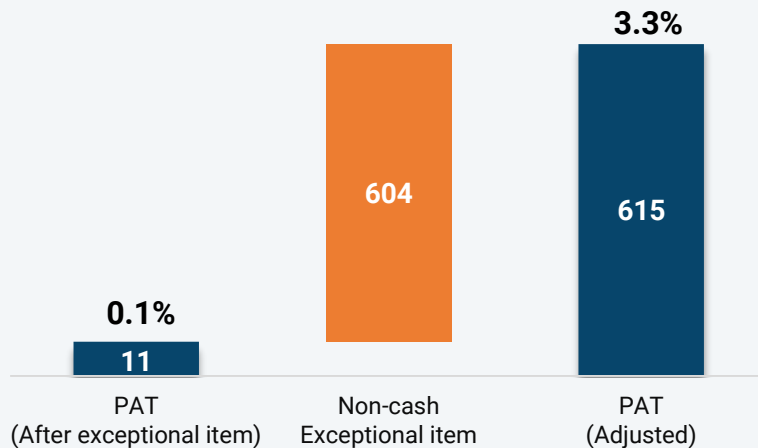
## EBITDA (FY18) (₹ cr.)



## EBITDA (Q4 FY18) (₹ cr.)



## PAT (FY18) (₹ cr.)



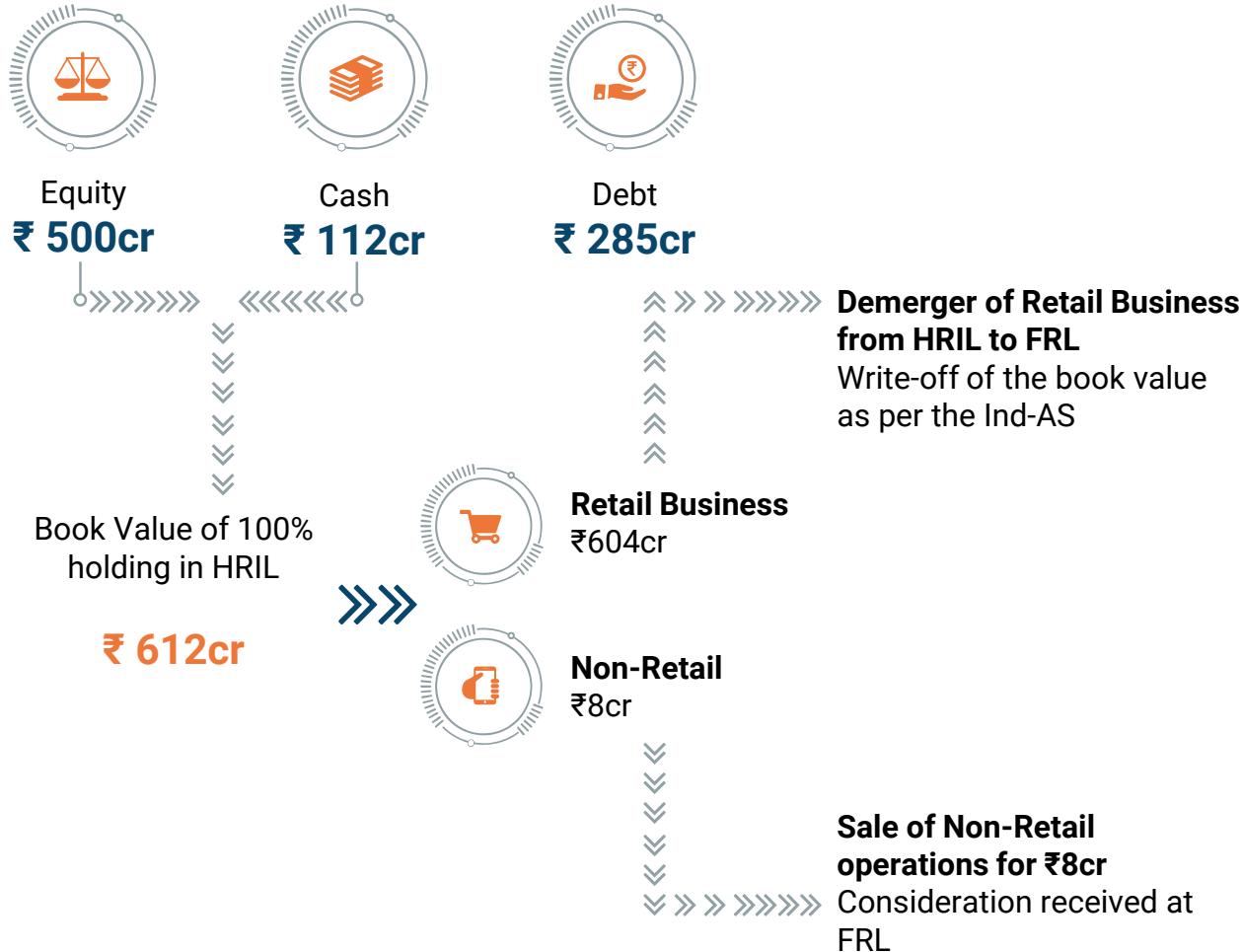
- Hypercity stores were under upgradation and renovation in FY18
- EBITDA at 5.5% on a like-to-like basis
- Hypercity business included for 4 months in FY18
- We believe Hypercity stores to be EBITDA accretive in first 12 - 18 months of operations
- PAT (adjusted) for FY18 at 3.3% as compared to 2.2% in FY17

Note:

\*Adjusting for Hypercity revenue of 188cr & 283 cr for 3 months and 4 months in the quarterly and annual revenues respectively

## Transaction Consideration

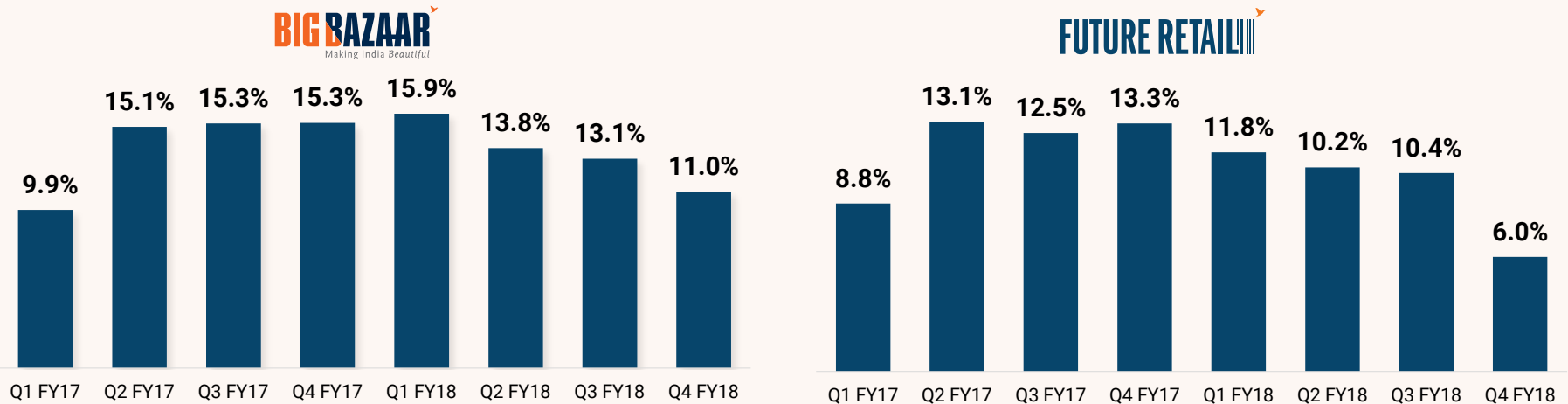
100% stake purchase by FRL in Hypercity Retail India (Pvt) Ltd ("HRIL")



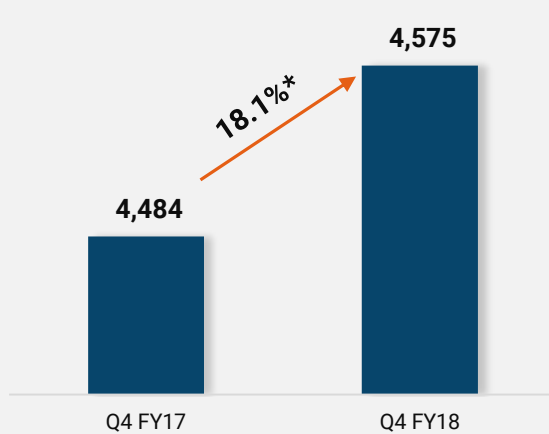
## Advantages of this structure

- ▶ Hypercity stores residing in FRL directly
- ▶ Significant cost synergies on sourcing & operations
- ▶ Historical losses of HRIL amounting to ₹520cr to carry forward in FRL
- ▶ Non-cash & one-time adjustment to P&L
- ▶ Realization of ₹8cr from the non-core business

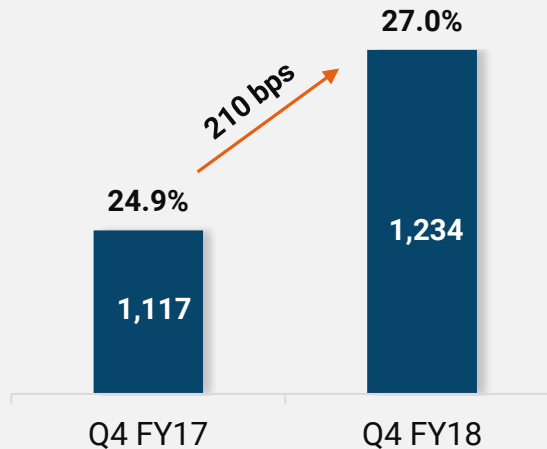
## Same Store Sales Growth (%)



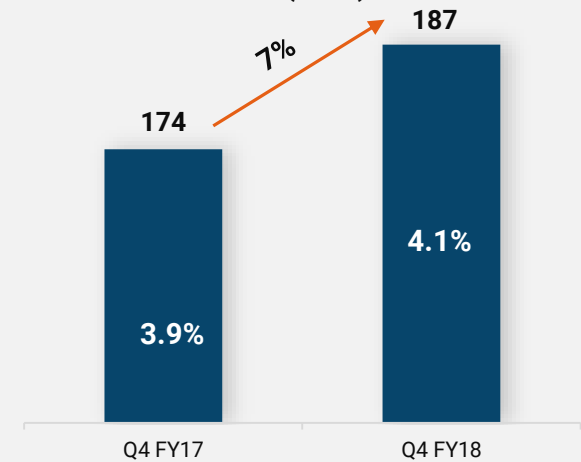
## Income from Operations (₹ cr.)



## Gross Margin (%)



## EBIT (₹ cr.)



\*Underlying Y-o-Y growth adjusting for eZone rationalization, HomeTown demerger and GST impact  
FRL SSSGs are on like-to-like basis

Particulars (₹ cr.)	3 months ended		Growth	Year ended		Growth
	31-Mar-18	31-Mar-17		Y-o-Y	31-Mar-18	
<b>Total income from Operations</b>	<b>4,575</b>	<b>4,484</b>	<b>18.1%*</b>	<b>18,478</b>	<b>17,075</b>	<b>21.7%*</b>
<b>Gross Profit</b>	<b>1,234</b>	<b>1,117</b>	<b>10%</b>	<b>4,737</b>	<b>4,241</b>	<b>12%</b>
<b>Gross Margin %</b>	<b>27.0%</b>	<b>24.9%</b>		<b>25.6%</b>	<b>24.8%</b>	
Employee benefits expense	245	211	16%	930	803	16%
Rent including lease rentals	360	350	3%	1,405	1,360	3%
Other Expenditures	429	376	14%	1,570	1,496	5%
Total expenditure	1,033	937	10%	3,905	3,659	7%
Other Income	3	3	23%	12	24	(51%)
<b>EBITDA</b>	<b>205</b>	<b>183</b>	<b>12%</b>	<b>844</b>	<b>605</b>	<b>39%</b>
Depreciation and amortisation	18	9	102%	53	33	64%
<b>EBIT</b>	<b>187</b>	<b>174</b>	<b>7%</b>	<b>791</b>	<b>573</b>	<b>38%</b>
<b>EBIT %</b>	<b>4.1%</b>	<b>3.9%</b>		<b>4.3%</b>	<b>3.4%</b>	
Finance Costs	46	51	(9%)	175	204	(14%)
<b>PBT</b>	<b>140</b>	<b>123</b>	<b>14%</b>	<b>615</b>	<b>368</b>	<b>67%</b>
<b>PBT%</b>	<b>3.1%</b>	<b>2.7%</b>		<b>3.3%</b>	<b>2.2%</b>	
Exceptional non-cash item	(604)	-		(604)	-	
PBT (after exceptional item)	(464)	-		11	368	
Tax Expenses	-	-		-	-	
<b>PAT</b>	<b>(464)</b>	<b>123</b>		<b>11</b>	<b>368</b>	

\*Underlying Y-o-Y growth adjusting for eZone rationalization, HomeTown demerger and GST impact

PARTICULARS (₹ cr.)	As at 31 Mar 2018	As at 31 Mar 2017
<b>A) ASSETS</b>		
Non-Current Assets	1,459	916
Inventories	4,417	3,735
Trade Receivables	270	228
Other Current Assets	1,865	1,902
<b>TOTAL ASSETS</b>	<b>8,011</b>	<b>6,781</b>
<b>B) EQUITY AND LIABILITIES</b>		
Equity	3,096	2,554
Non-Current Liabilities	171	190
Net Debt	1,042	922
Trade Payables	3,424	2,780
Other Current Liabilities	278	336
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,011</b>	<b>6,781</b>



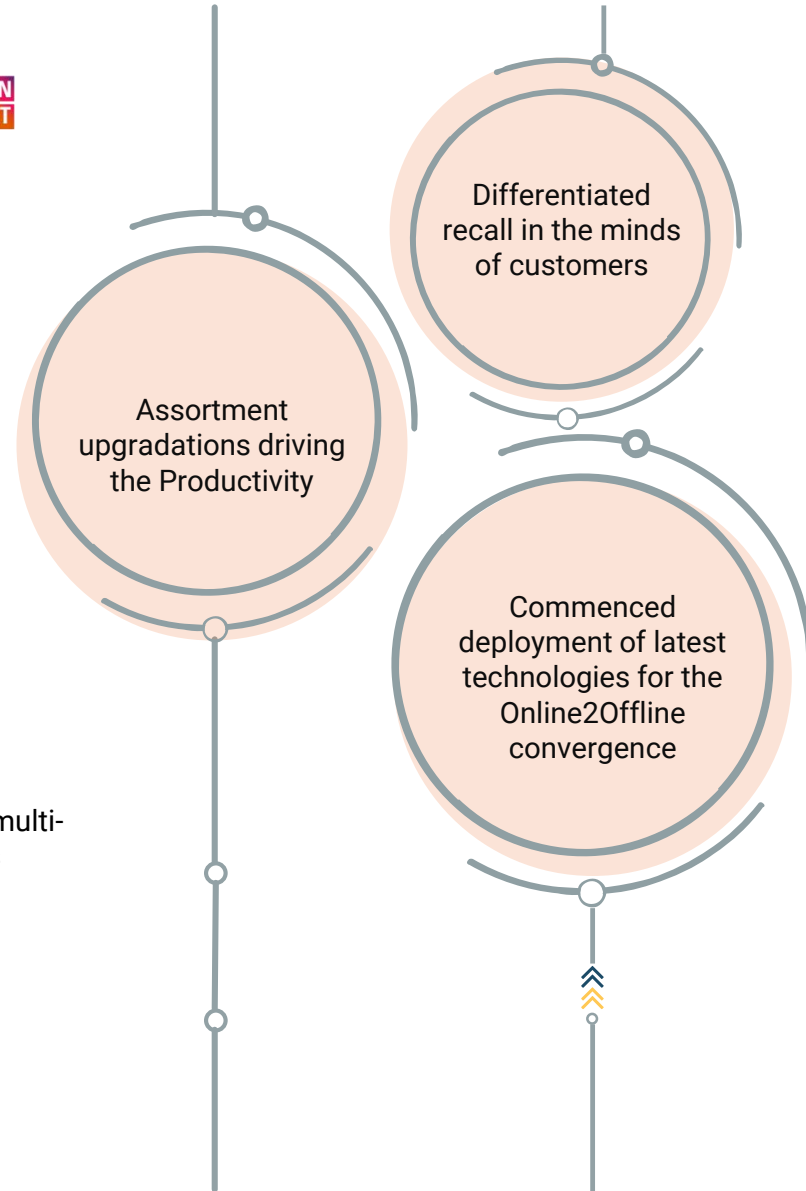
# CONSISTENT CUSTOMER CENTRICITY





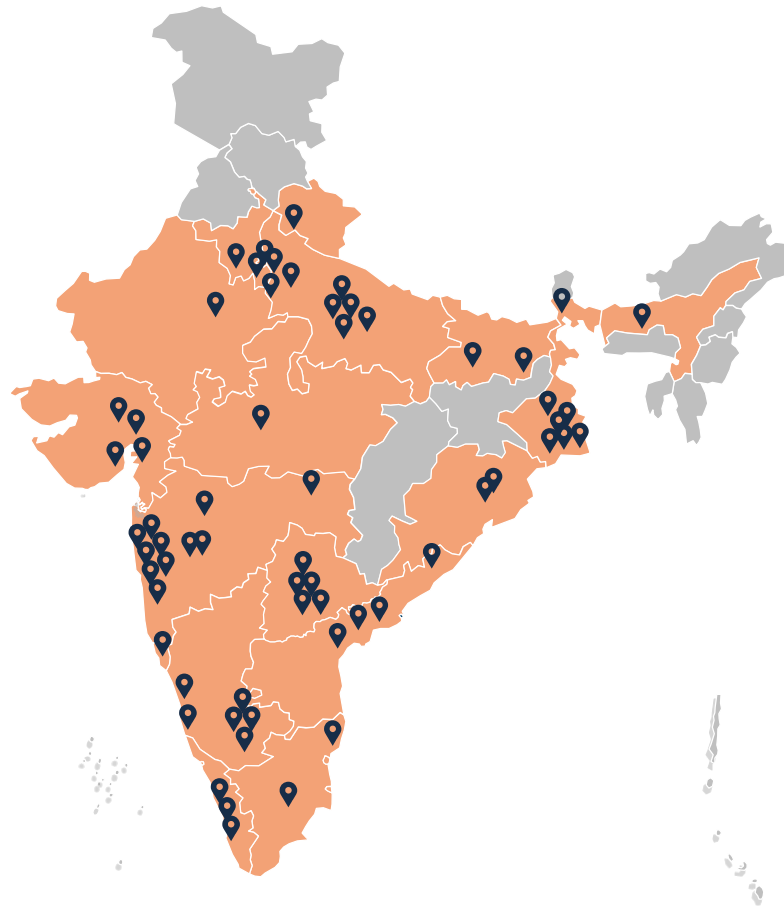
## BIG BAZAAR GEN NXT

- » Faster checkouts
- » Sit-down lounges for checkouts
- » Endless aisles
- » Digital shelf talkers
- » Experience zones with multi-sensorial food products
- » Wider merchandise and assortments
- » Large digital screens



**fbb**

India's Fashion Hub



“Making India  
thoda aur  
Stylish”

In-house design  
teams ensure  
fastest design-  
to-store time

Provides style  
and quality at  
pocket friendly  
prices

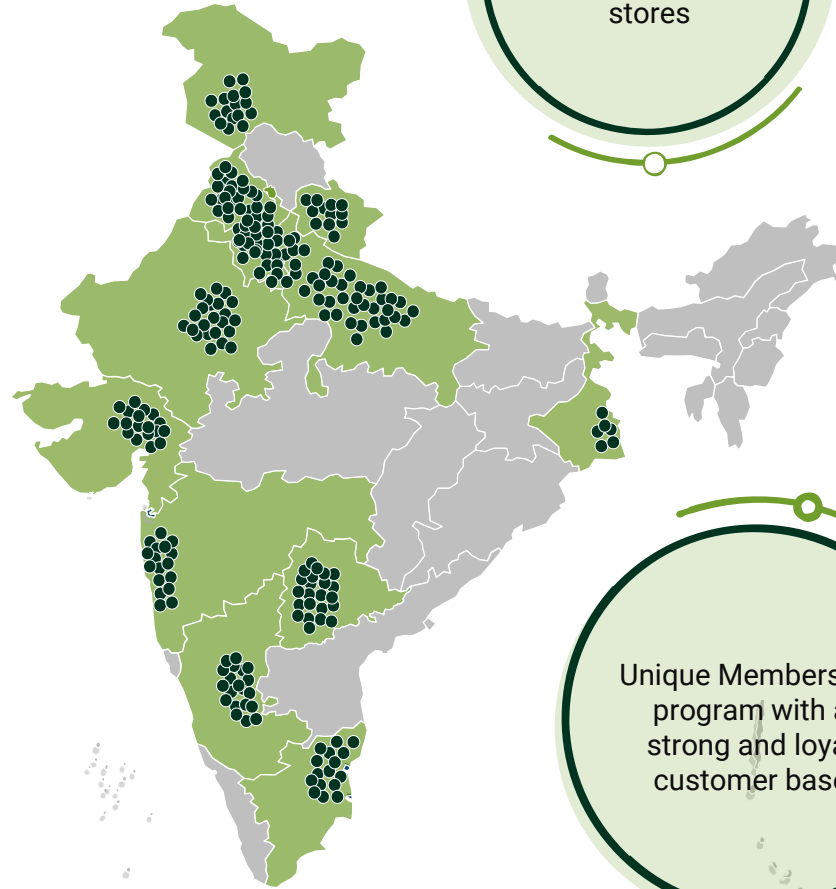


Re-imagined neighbourhood food and grocery stores

Driven by local communities and consumption patters

Modern and personalized shopping experience

Unique Membership program with a strong and loyal customer base





## Foodhall

Best of global and local foods and customer delight

Understanding evolving food and consumption patterns

Stores at the most premium locations in **Mumbai, Bangalore, Delhi and Gurgaon**

Offers unique experiences like gourmet kitchens, world foods, spice station etc.

**BIG BAZAAR**  
Making India Beautiful

World's first  
**24hr**  
f LIVE

**SABSE SASTE DIN**  
24-28 JAN

#IndiaChalaShopping

26<sup>th</sup> Jan | Starts at 9 AM

**BIG BAZAAR**  
Making India Beautiful

ARE YOU READY FOR  
**INDIA'S BIGGEST SHOPPING  
BLOCKBUSTER!**

CATCH THE MAGIC. BAG GREAT OFFERS.

**SABSE SASTE DIN**  
24-28 JAN

**BIG BAZAAR**  
Making India Beautiful

**SABSE SASTE DIN**  
24-28 JAN

**FAST BILLING**  
IN 5 MIN

Book your pass  
**ONLINE** for ₹50 & get  
that back on shopping

**Book now**

**BIG BAZAAR**

**KITCHEN STOCK EXCHANGE**

How to reduce your kitchen ka kharcha by half?

Register Now!  
29<sup>th</sup> Mar - 4<sup>th</sup> Apr

Vote for 5 products to bring the price down  
5<sup>th</sup> Apr

Shop at Big Bazaar  
7<sup>th</sup> - 8<sup>th</sup> Apr

BOURNVITA 1KG Closed at ₹318 MAGGI 420 Closed at ₹53 KORVO HEALTHY FRYER KHf 2215

Select Category How it works

Price Down by: ₹32 Bournvita 1kg ₹350 ₹318 FINAL PRICE SET	Price Down by: ₹4 Maggi 420 ₹57 ₹53 FINAL PRICE SET	Price Down by: ₹1198 Korvo Healthy Fryer Khf 2215 ₹4990 ₹3792 FINAL PRICE SET	Price Down by: ₹98 Korvo OTG KOT 1121 ₹1990 ₹1891 FINAL PRICE SET
Price Down by: ₹416 [Product Image]	Price Down by: ₹508 [Product Image]	Price Down by: ₹27 [Product Image]	Price Down by: ₹25 [Product Image]

SHARE

**SAR PATAKNE SE MEHENGAAI KAM NAHI HOGI!**  
**REGISTER KARNA PADEGA.**

**KITCHEN STOCK EXCHANGE**

Kitchen ka kharcha aadha karna hai  
toh Big Bazaar Kitchen Stock Exchange me  
register kijiye!

**REGISTER NOW**


**BIG BAZAAR**  
Making more beautiful

**HAR DIN  
LOWEST  
PRICE**

**AB SARA  
INDIA  
BOLEGA**

GUARANTEED \* GUARANTEED  
हर दिन  
LOWEST  
PRICE  
\* GUARANTEED \* GUARANTEED

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fbf celebrates the beautiful women in our lives  
#TuBeautiful



Click here to watch the celebration!

Tell us about the beautiful woman in your life and why you think so. Send in your entries to [fbf.marketing18@gmail.com](mailto:fbf.marketing18@gmail.com). The best 3 entries will win exciting fbf Wowcherst!

HURRY UP! LAST DATE FOR ENTRIES - 12<sup>TH</sup> MARCH 2018

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**BUFFALO**  
SINCE 1979

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PRESENTING  
fbf's NEW BUFFALO AD,  
WHERE VARUN IS

**#ONETHWITHE  
MOMENT**



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Frenzy In Style!

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Tonight | 8 PM  
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**Is Holi... Ghulenge Khushiyon Ke Rang Hazaar**



**Har Tyohaar Mein BIG BAZAAR**

Created by - Amarvel.com. initiatives

**KHUSHIYON KI FASAL LAAYI HAI BHAAR**



**CLICK HERE TO WATCH THE BAISAKHI SPECIAL TVC!**

**Har Tyohaar Mein BIG BAZAAR**

**fbb INDIA'S FASHION HUB**

**ആപ്തോഷികാം, ദൈവമയംദം ഓണം, ഞെല്ലിഷായ്**

**എന്തിക് വെയർ ₹299 മുതൽ**



**ഓരോ ഉത്സവത്തിനും BIG BAZAAR**

ഇന്ത്യയിലെ ഏറ്റവും വലിയ റട്ടെയിൽ

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<p><b>അരികി കറു</b></p> <p>13000 - 14999 നീ</p> <p>മേൽവില <b>₹300</b></p> <p>(1300 x 2 മീറ്റർ)</p>	<p><b>അരികി കറു</b></p> <p>15000 - 17499 നീ</p> <p>മേൽവില <b>₹600</b></p> <p>(1300 x 2 മീറ്റർ)</p>	<p><b>അരികി കറു</b></p> <p>17600 അതിലധികം</p> <p>മേൽവില <b>₹1000</b></p> <p>(1500 x 2 മീറ്റർ)</p>
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**ഹരിക തിളവാർമ്മി BIG BAZAAR**

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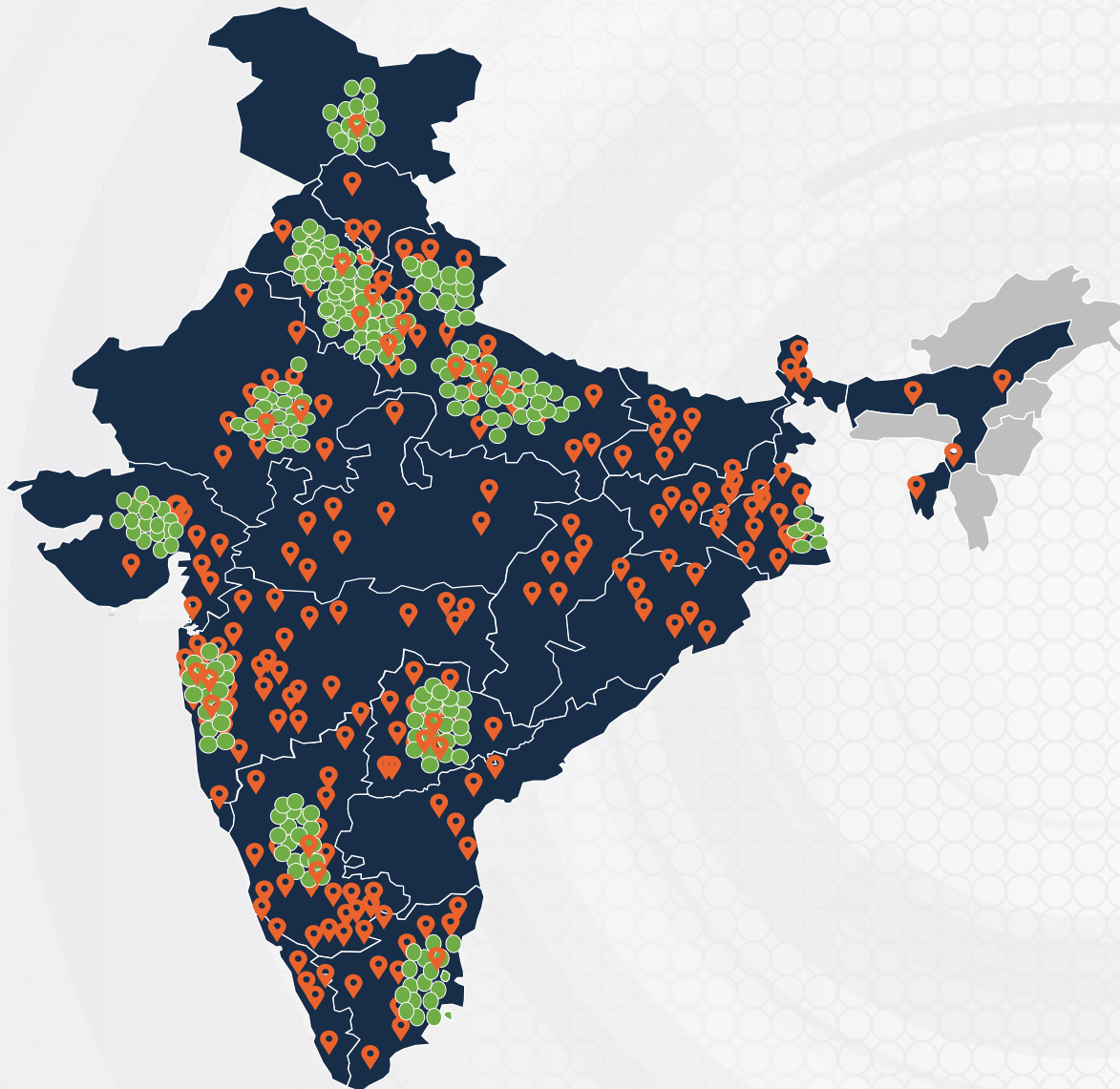
**WAKE UP TO A FESTIVE FEEL OF VISHU**



**CLICK HERE TO WATCH THE VISHU SPECIAL TVC!**

**Har Tyohaar Mein BIG BAZAAR**





**FUTURE  
RETAIL:  
RIGHT  
NEXT TO  
YOU**

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