FUTURE RETAIL

21st May, 2018

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

Scrip Code: 540064

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

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.

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

FRL OVERVIEW

India' Consumption Opportunity is Well Distributed

FUTURE RETAIL

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

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

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

FRL: A Quick Glance

FUTURE RETAIL

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)

Performance Benchmarking

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*

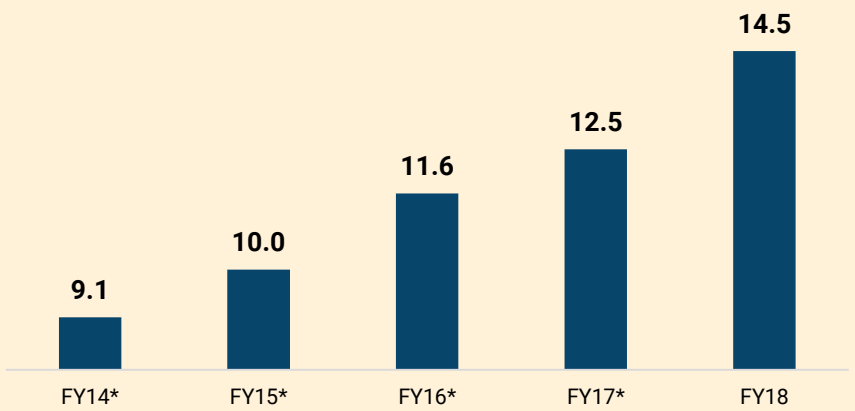
** For stores that were operational for the full year*

FRL's Retail Network

	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	BIG BAZAAR Making India Beautiful	235	124	10.2	50	285[1]	135	12.1
		54	32	0.6	7	61	36	0.6
	Foodhall	7	4	0.1	3	10	5	0.1
Small Stores	easyday Club [redacted]	538	11#	1.4	128*	666[2]	13[3]	1.5
Others	eZone smarter living	30	11	0.3	(17)	13	8	0.1
Cumulative		864	240	12.5	188	1,035	321	14.5

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

Total Retail Area (mn sq.ft)



**Excluding HomeTown (Like for Like)*

[redacted]

19 stores. 'Marquee Locations'

HomeTown The Art Of Better Living

Demerged. 'Focus on core large & small stores'

Long-term Aspiration

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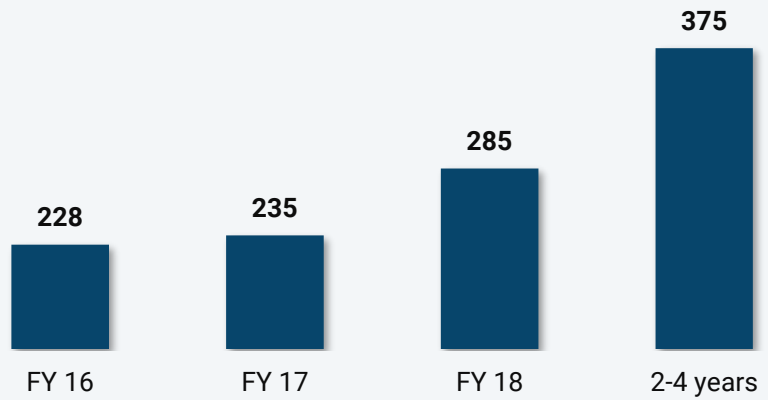
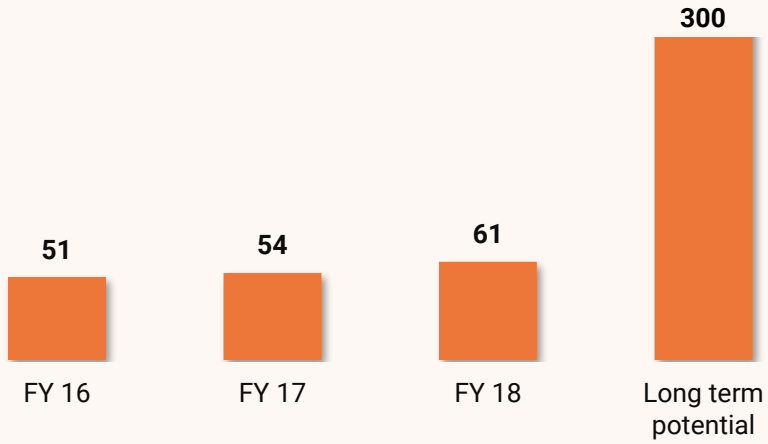
BIG BAZAAR
Making India Beautiful

(No. of Stores)



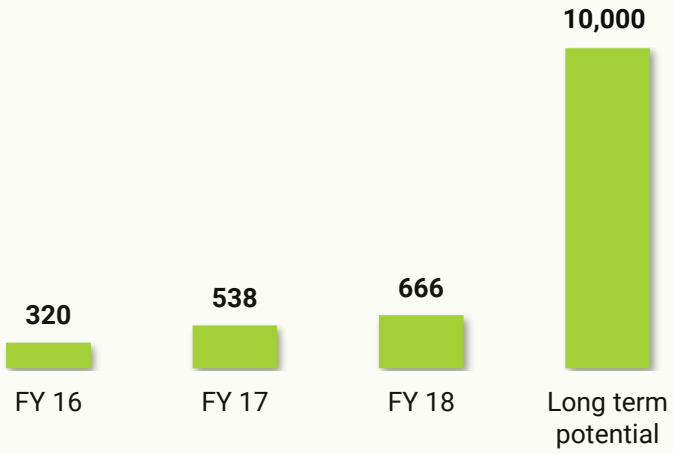
fbb
India's Fashion Hub

(No. of Stores)



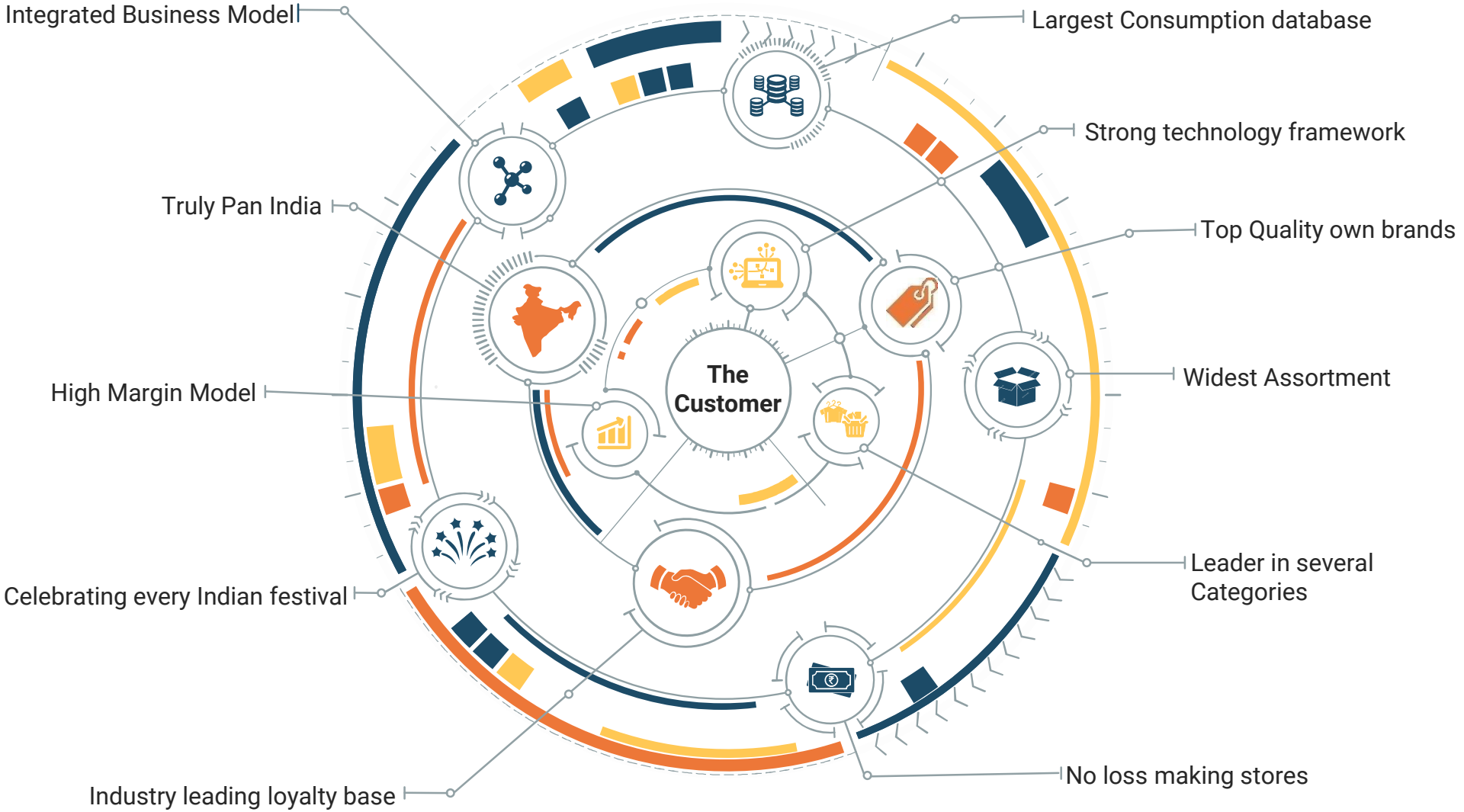
Small Stores

(No. of Stores)

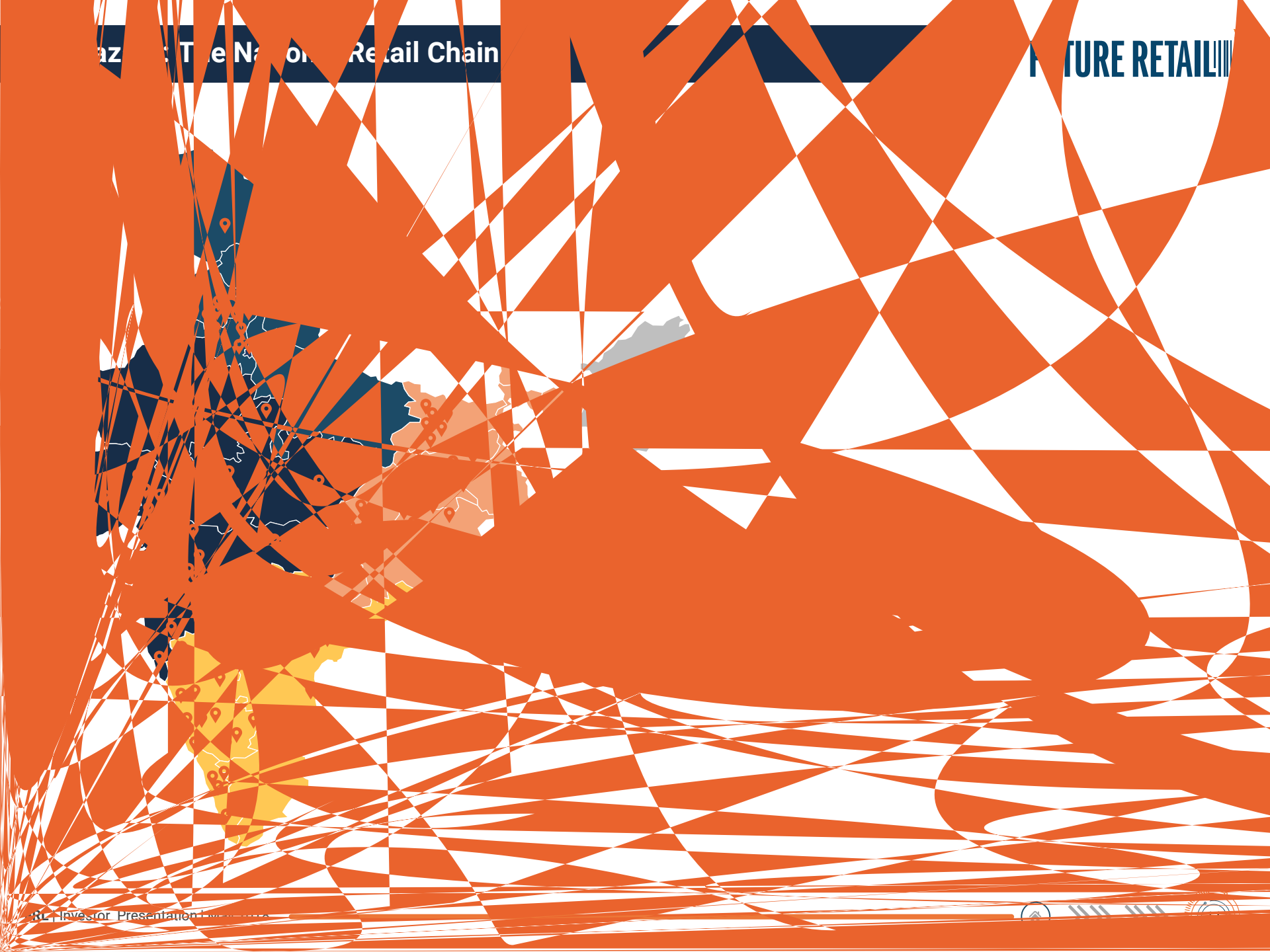


OUR LARGE STORES

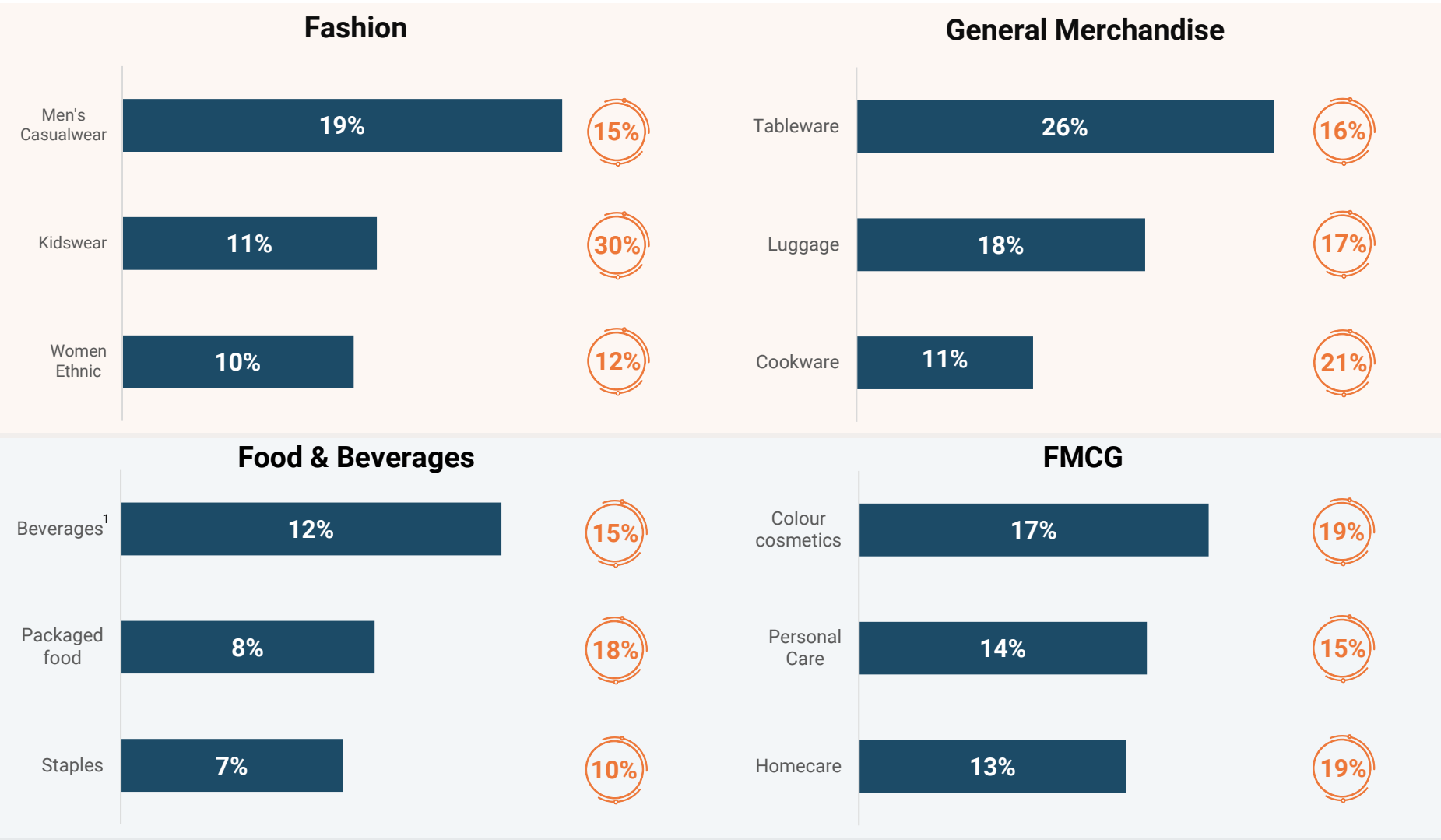
Most Customer Centric & Operationally Efficient



azo: The Nation's Retail Chain
FUTURE RETAIL

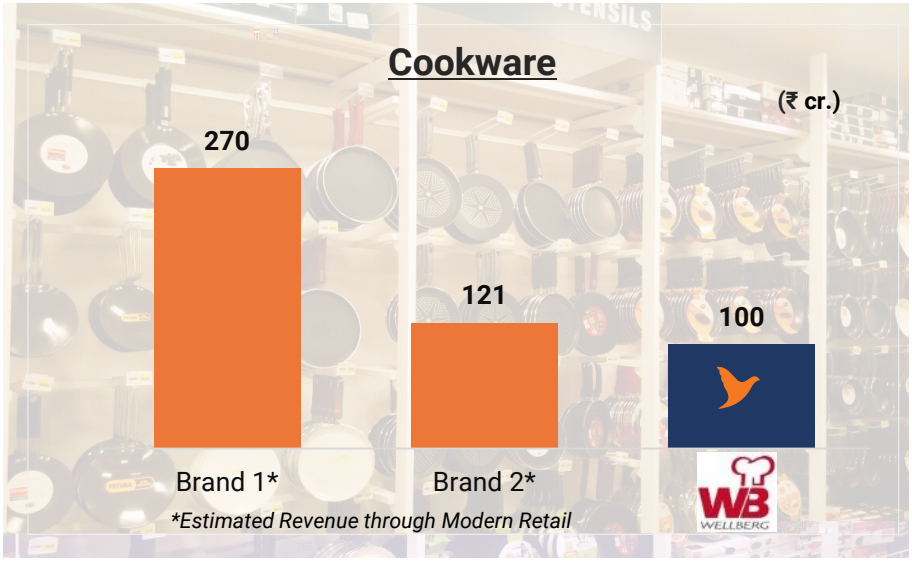


Prominent Market Share across select Fast Growing Categories



Source: Various Industry Reports & Internal Estimates

Many of our Private Brands & Segments are Category Leaders…



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

One of the largest database of India's consumption

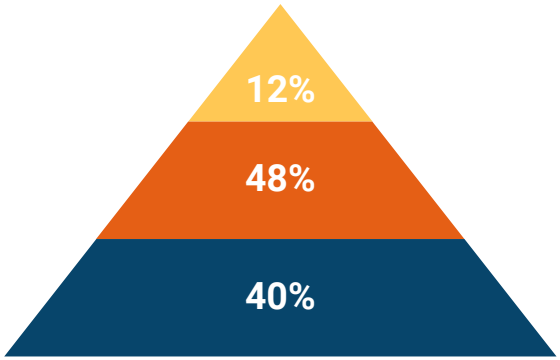
FUTURE RETAIL

Our Customers

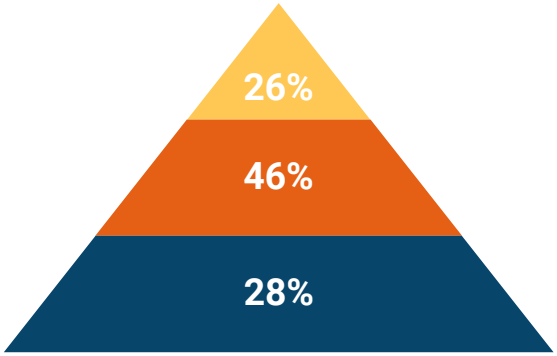
Age (Years)	Customers Share
Under 25	11%
26 to 35	29%
36 to 45	30%
46 to 60	22%
Above 60	8%

Their evolving income levels (est)

Customer base mix (2018)



Customer base mix (2024)



Annual income (in ₹) :

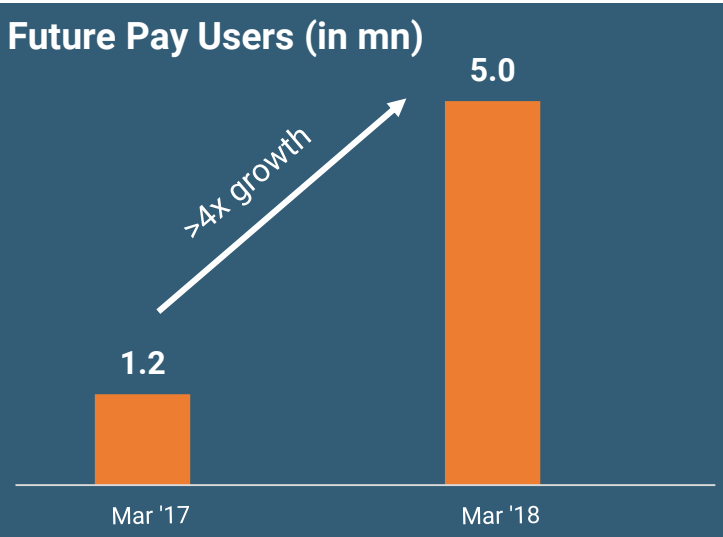
0.3 - 0.5 mn | 0.5 - 1 mn | >1 mn

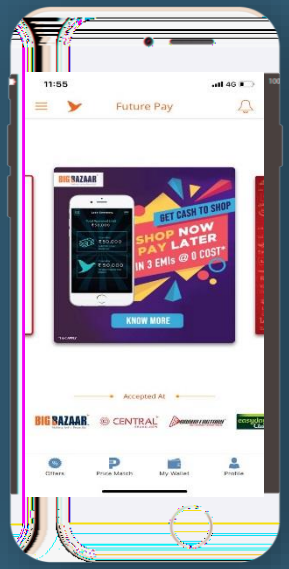
And we know their consumption choices in great depth

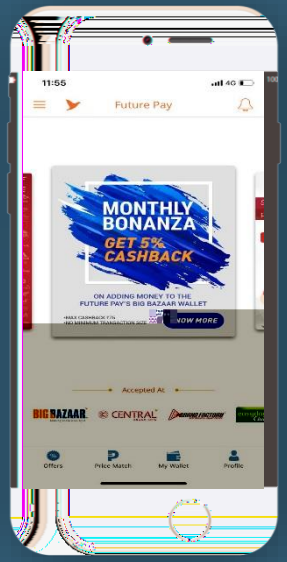
Women's Apparel	>6.5mn customers
Babycare	~5mn customers
Health products	~4.5 mn customers
Travel related products	~0.9mn customers
Instant Noodles	~3.5mn customers
Soaps	~3mn customers

*Estimates based on internal data

Future Pay: Creating a unique platform with strong ecosystem synergies







~ 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

Member-Centric Model with Robust Enablers

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

Margin Model of Small Stores

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	Food	Non - Food
Revenue share	73% - 75%	25% - 27%
Gross Margin	15% - 17%	18% - 20%
Own Brands share	25% - 28%	6% - 8%

Blended Gross Margin: ~16 - 17%

Gateway to Our Small Stores: EasyDay Savings Club

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Total Members over **5,00,000**

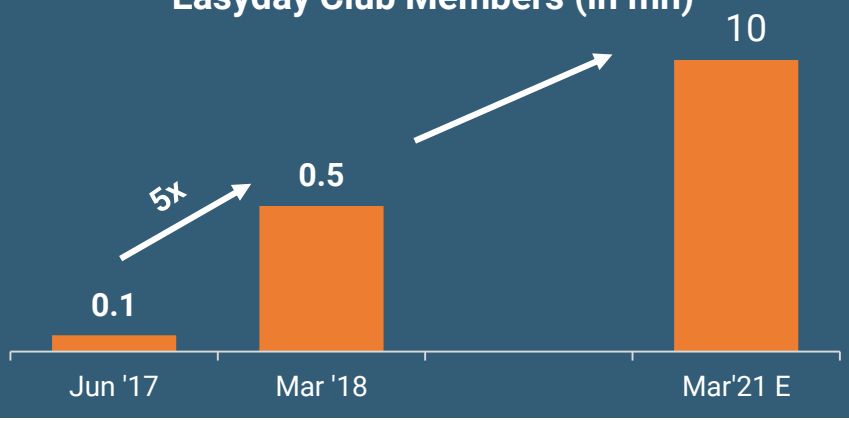
Average **~910** members enrolled per active store

Members visit **~3 times** a month

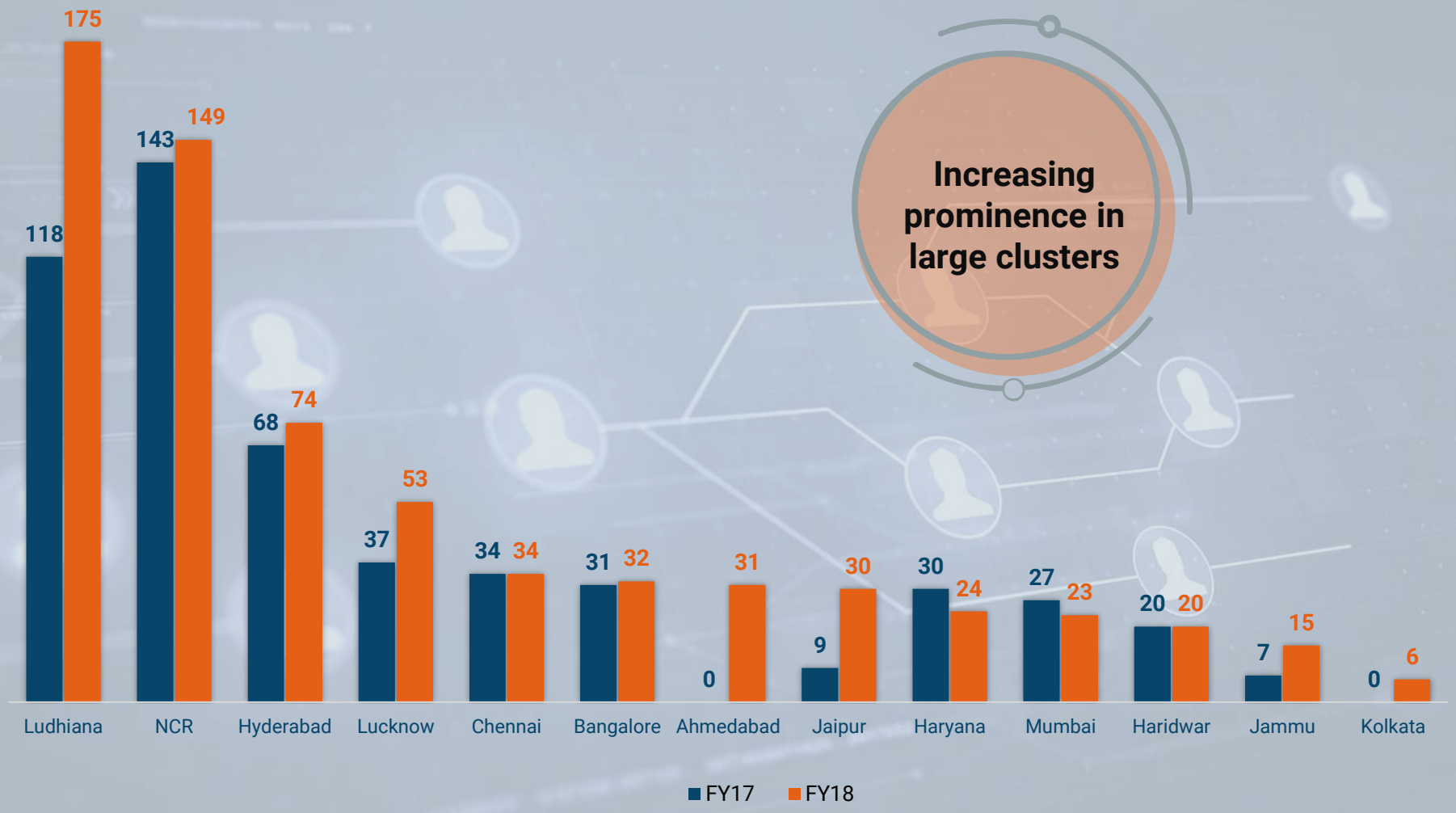
Annualized spend per member **~₹ 35,000**

Membership active in **~544** stores

Easyday Club Members (in mn)



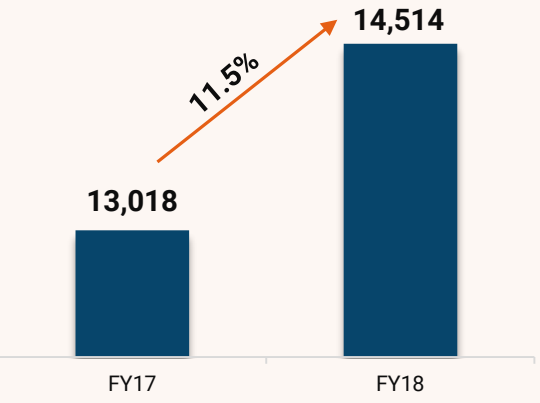
Going Deeper in Chosen Clusters



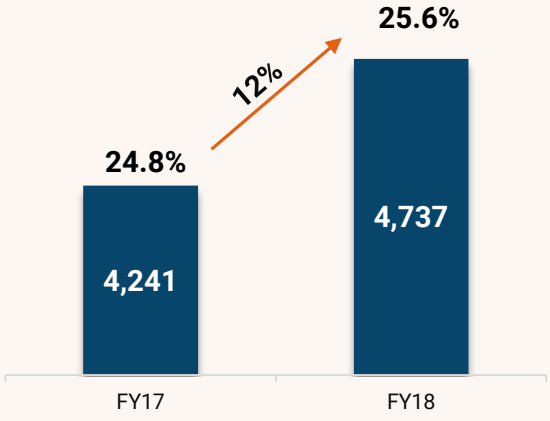
FINANCIAL UPDATE

FY18 Performance Overview

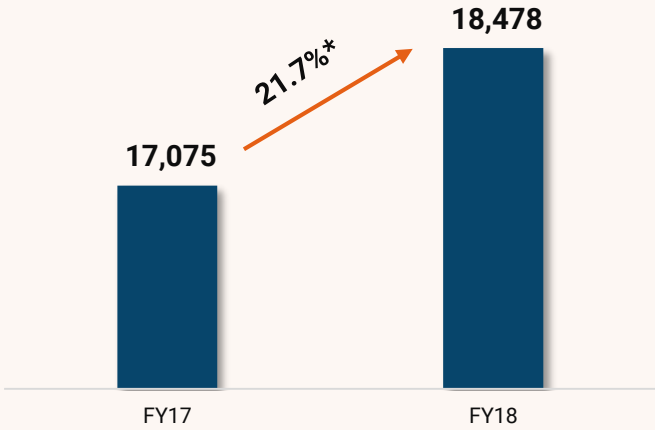
Big Bazaar Sales per sq ft# (₹)



Gross Margin (%)

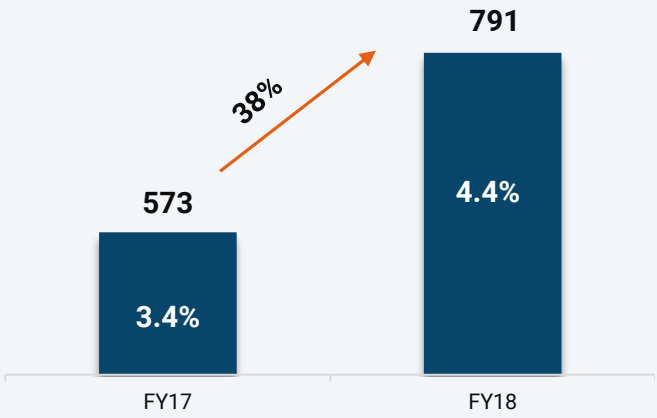


Income from Operations (₹ cr.)

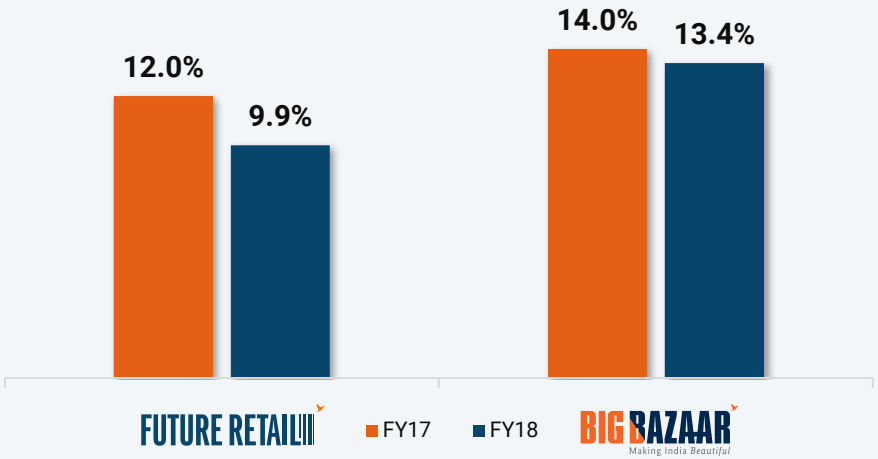


#Sales per sqft for stores that were operational for the full year

EBIT (₹ cr.)

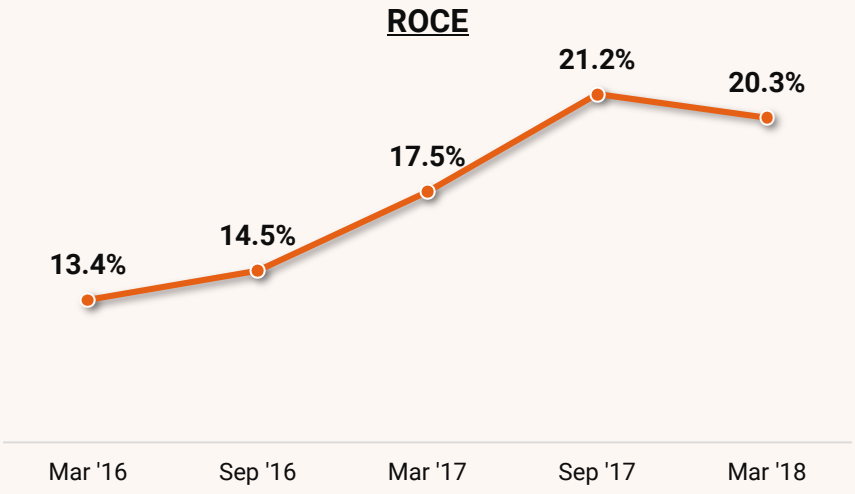


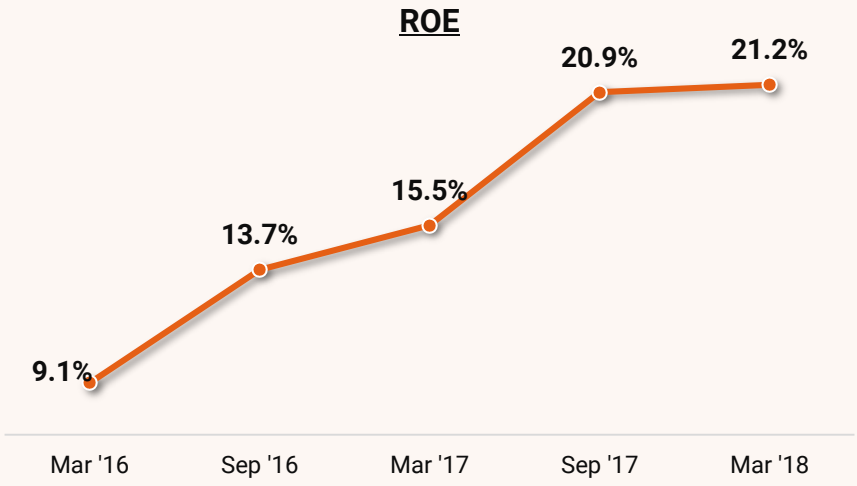
Same Store Sales Growth (%)

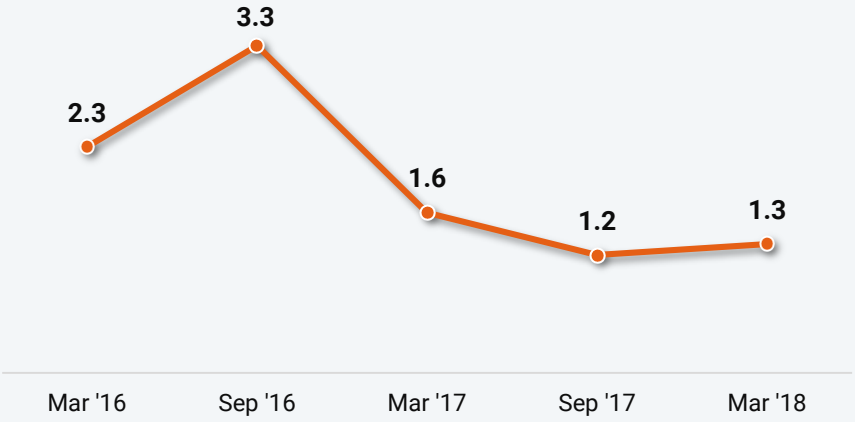


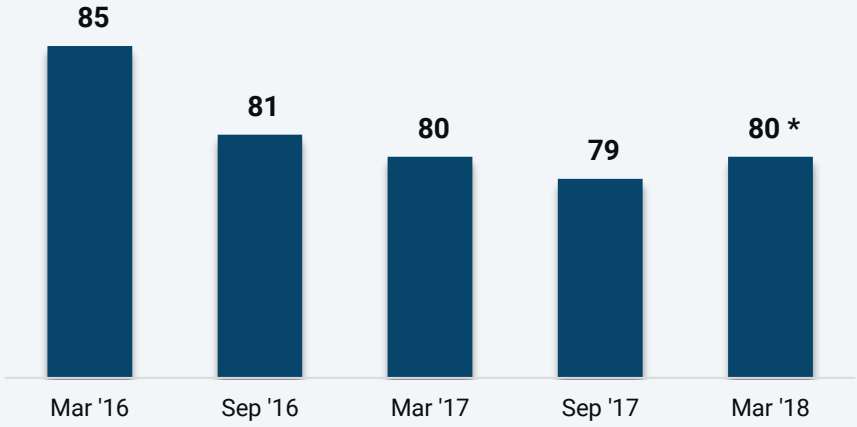
**Underlying Y-o-Y growth adjusting for eZone rationalization, HomeTown demerger and GST impact*

Returns and Working Capital







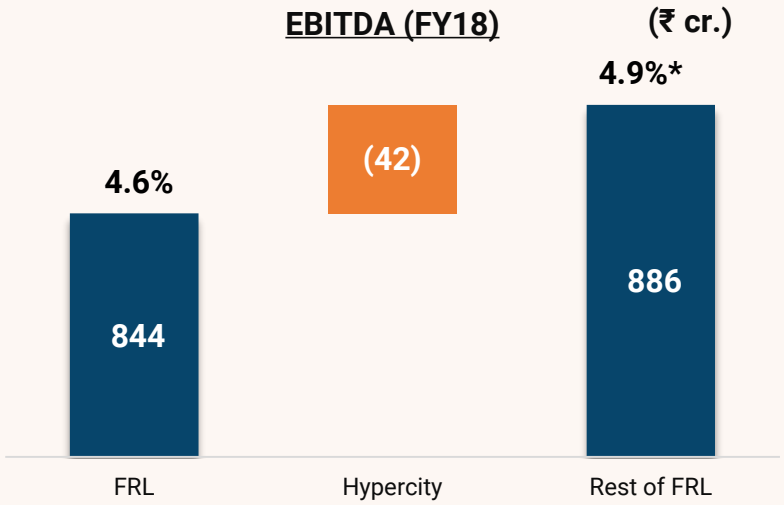


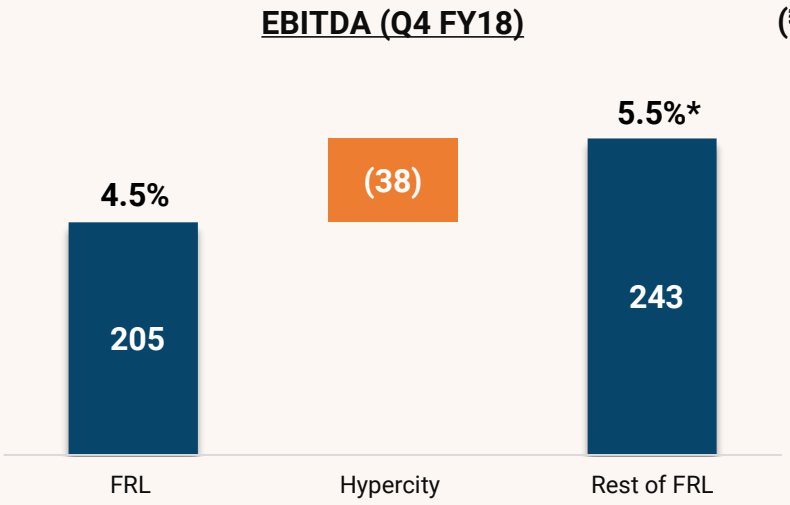
* Based on annualized revenue from Hypercity stores

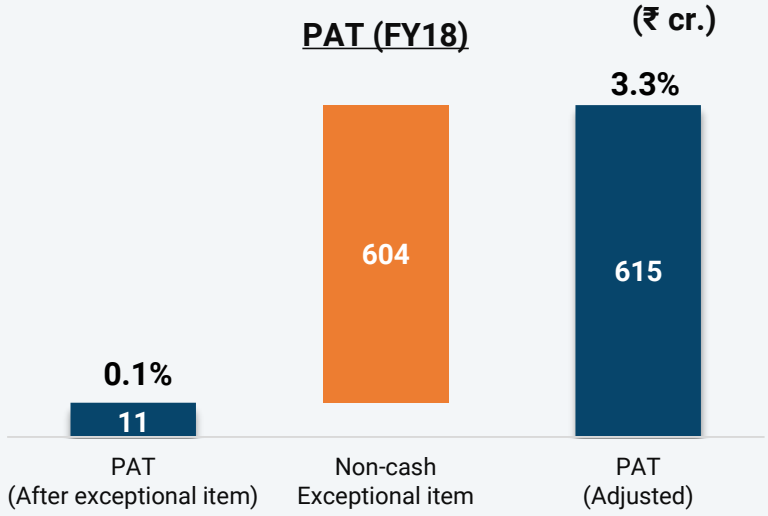
Note: The ratios pertaining to FY16 have been derived on a comparable basis

- 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

Full Year Like to Like Margins



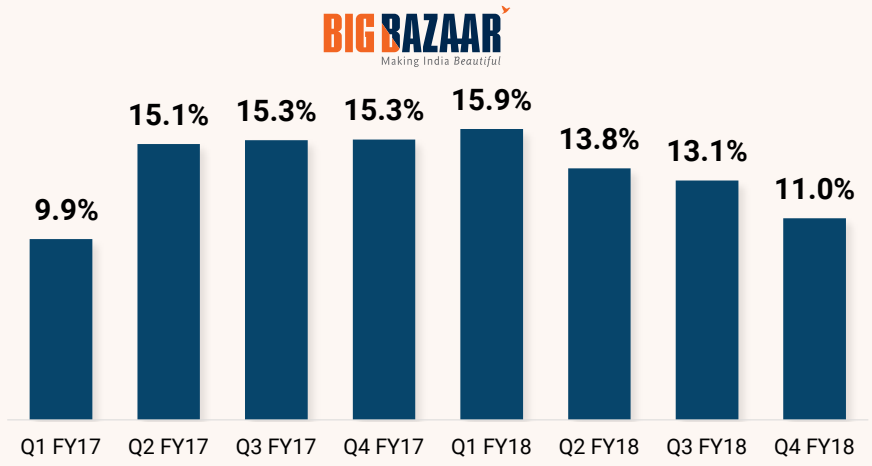


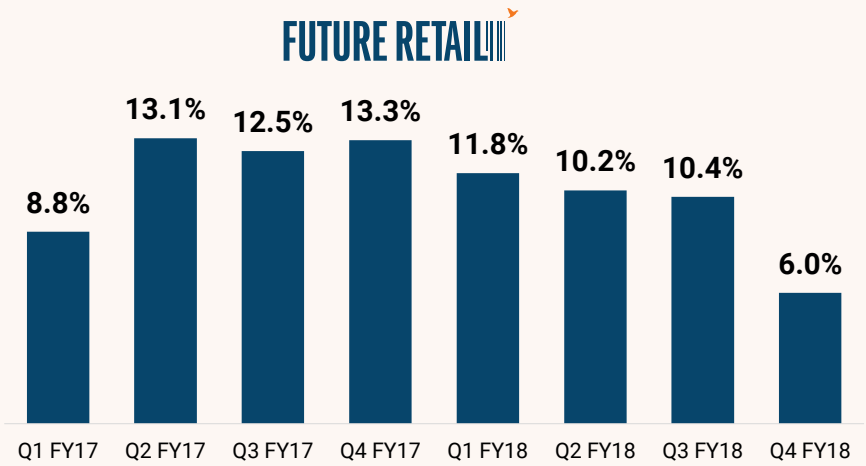


- Hypercity stores were under upgradation and renovation in FY18
- EBITDA at 5.5% on a like-to-like basis
- Hypercity business included for 4 months in FY18
- We believe Hypercity stores to be EBITDA accretive in first 12 - 18 months of operations
- PAT (adjusted) for FY18 at 3.3% as compared to 2.2%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

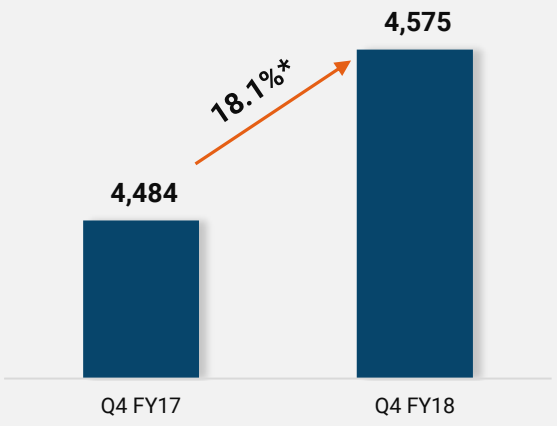
Note:
**Adjusting for Hypercity revenue of 188cr & 283 cr for 3 months and 4 months in the quarterly and annual revenues respectively*

Same Store Sales Growth (%)

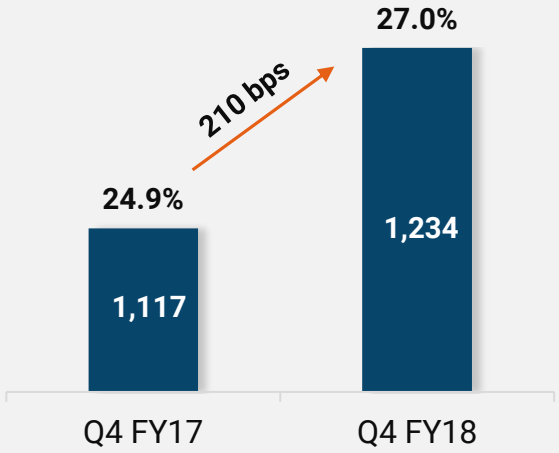




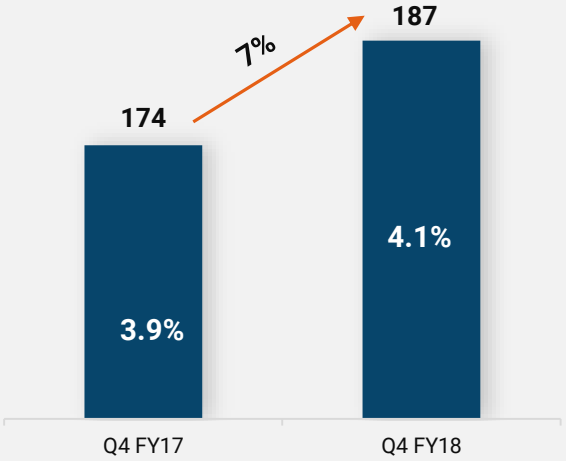
Income from Operations (₹ cr.)



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

P&L Statement

Particulars (₹ cr.)	3 months ended		Growth	Year ended		Growth
	31-Mar-18	31-Mar-17	Y-o-Y	31-Mar-18	31-Mar-17	Y-o-Y
Total income from Operations	**4,575**	**4,484**	**18.1%***	**18,478**	**17,075**	**21.7%***
Gross Profit	**1,234**	**1,117**	**10%**	**4,737**	**4,241**	**12%**
Gross Margin %	**27.0%**	**24.9%**		**25.6%**	**24.8%**	
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%)
EBITDA	**205**	**183**	**12%**	**844**	**605**	**39%**
Depreciation and amortisation	18	9	102%	53	33	64%
EBIT	**187**	**174**	**7%**	**791**	**573**	**38%**
EBIT %	**4.1%**	**3.9%**		**4.3%**	**3.4%**	
Finance Costs	46	51	(9%)	175	204	(14%)
PBT	**140**	**123**	**14%**	**615**	**368**	**67%**
PBT%	**3.1%**	**2.7%**		**3.3%**	**2.2%**	
Exceptional non-cash item	(604)	-		(604)	-	
PBT (after exceptional item)	(464)	-		11	368	
Tax Expenses	-	-		-	-	
PAT	(464)	123		11	368	

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

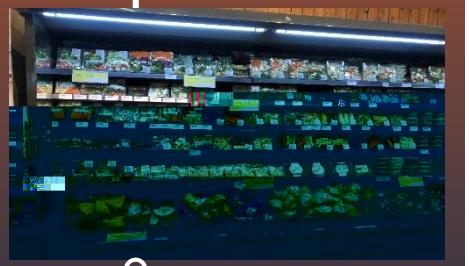
Balance Sheet

PARTICULARS (₹ cr.)	As at 31 Mar 2018	As at 31 Mar 2017
A) ASSETS		
Non-Current Assets	1,459	916
Inventories	4,417	3,735
Trade Receivables	270	228
Other Current Assets	1,865	1,902
TOTAL ASSETS	**8,011**	**6,781**
B) EQUITY AND LIABILIIES		
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
TOTAL EQUITY AND LIABILITIES	**8,011**	**6,781**

CONSISTENT CUSTOMER CENTRICITY

Big Bazaar: Evolving for Better Customer Service & Centricity

FUTURE RETAIL



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

Assortment upgradations driving the Productivity

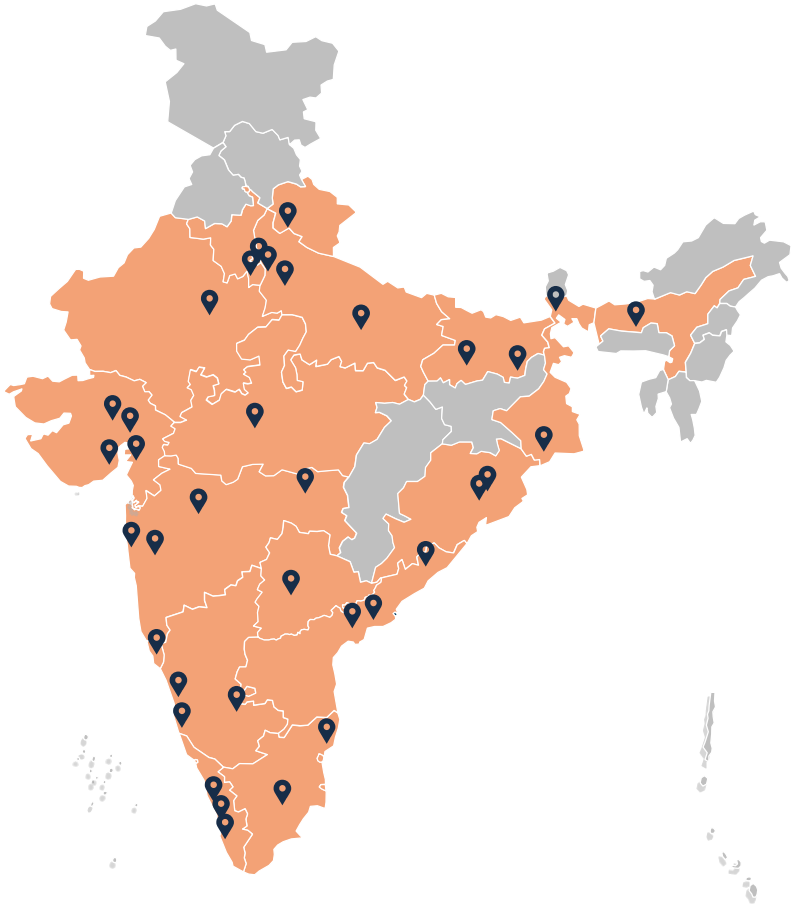
Differentiated recall in the minds of customers

Commenced deployment of latest technologies for the Online2Offline convergence

FBB: Leading Fast Fashion Value Retailer

FUTURE RETAIL

fbb
India's Fashion Hub



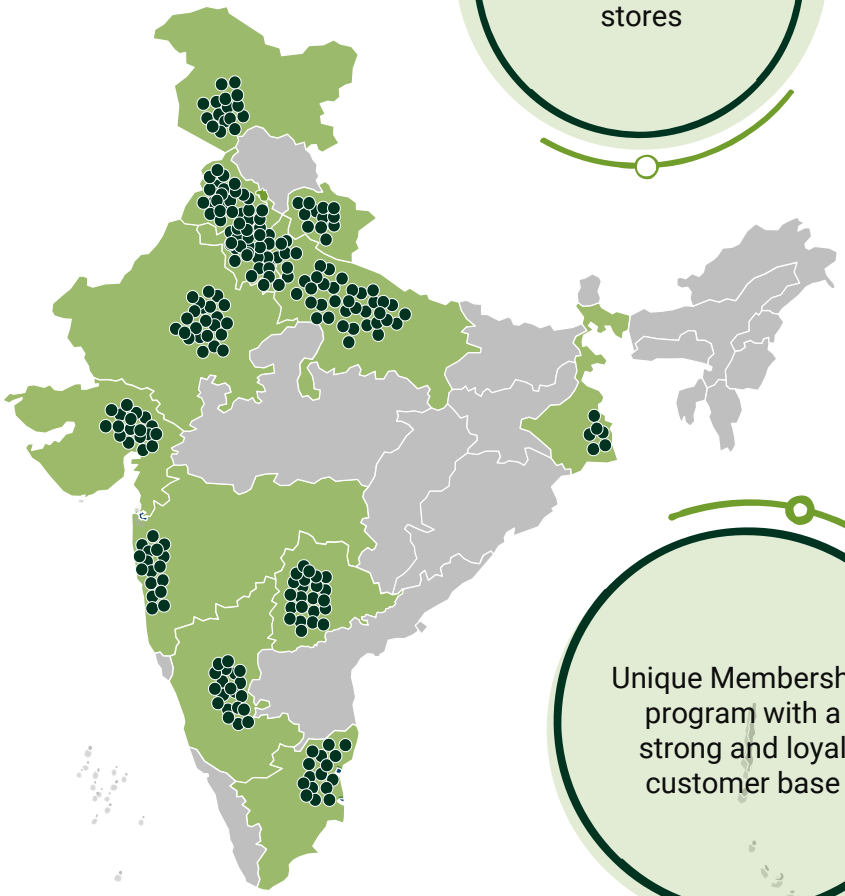
"Making India thoda aur Stylish"

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

Provides style and quality at pocket friendly prices

Neighbourhood Stores with a Unique Model

easyday Club For Members



Re-imagined neighbourhood food and grocery stores

Driven by local communities and consumption patters

Modern and personalized shopping experience

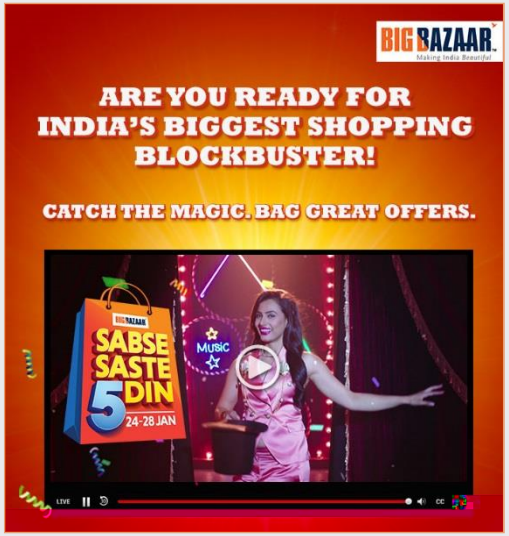
Unique Membership program with a strong and loyal customer base

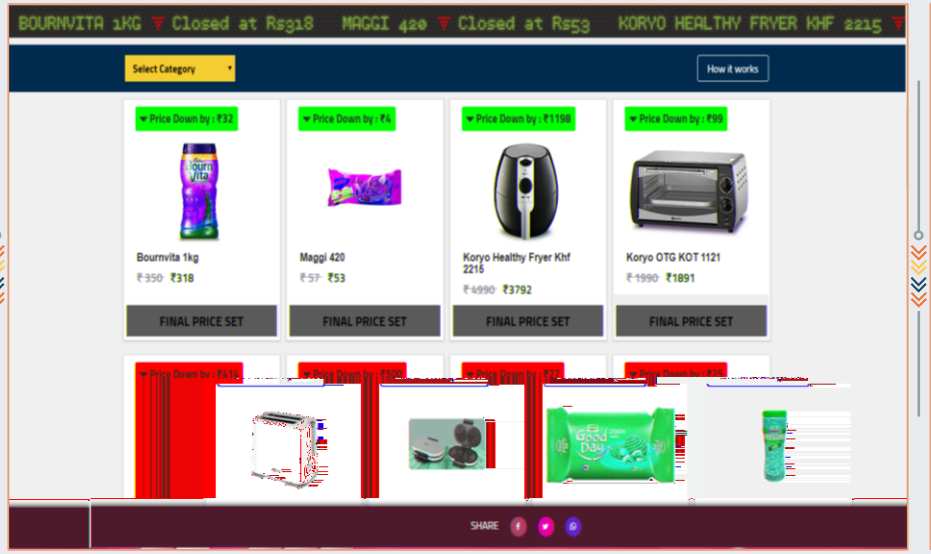
Foodhall: Bringing globally best to India's best

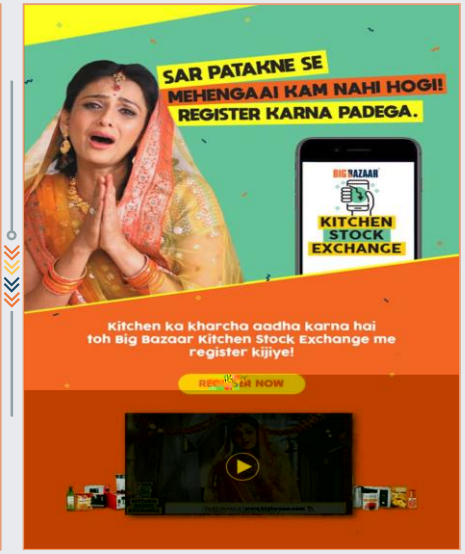
FUTURE RETAIL

Foodhall

Innovative Digital Campaigns

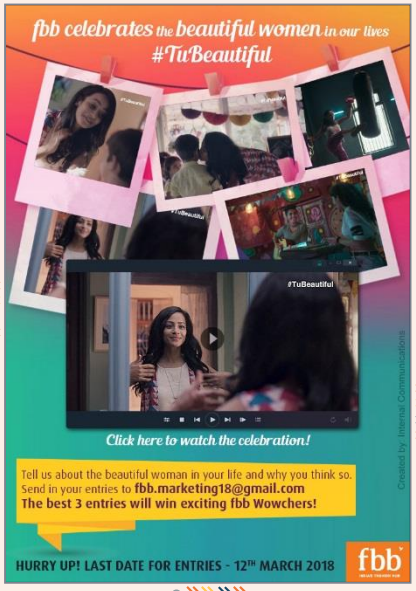


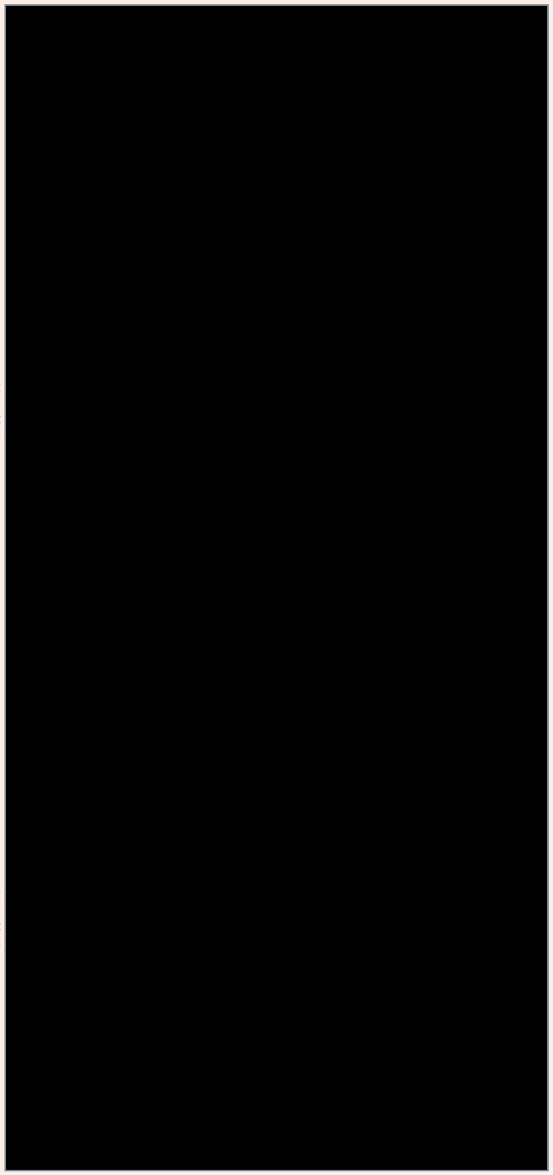


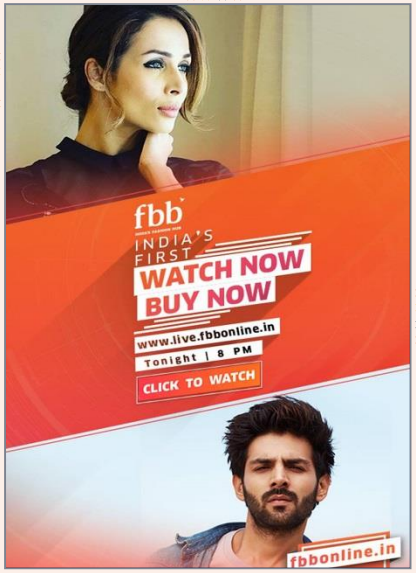


Creating the right wave with our Marketing Campaigns

FUTURE RETAIL

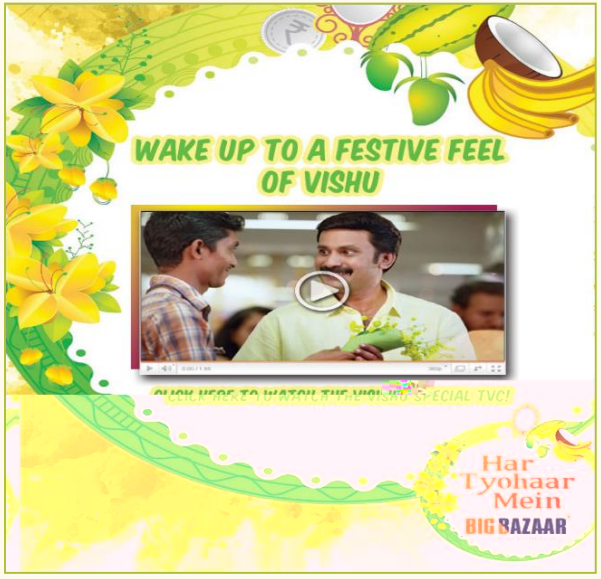






Celebrating every Festival with India

FUTURE RETAIL



Future Retail Office,