

Spencer's Retail Limited

Earnings Presentation – Q1 FY20

Key performance highlights: Q1 FY20

Scale

4



of New stores
Opened during
the Qtr

~0.17 Lac sq. ft.



Trading Area
added during the
Qtr

₹ 601 Cr.



Operating
Revenue

Efficiency

> 36%



Revenue from
Non-Food
Categories

20.93%



Gross Margin

4.3%



Same Store Sales
growth

Financial numbers are of Standalone Business.

Key performance highlights: Q1 FY20

- Revenue growth of **14.7%** (YoY)
- Gross Margin % stands at **20.93%**
- EBITDA of ₹ **35.02 Cr*** and PAT of ₹ **0.93 Cr***
- New **4** stores opened in Q1 FY20 vs 3 in Q1 FY19
- Same Store Sales growth of **4.3%** in Q1 FY20 vs 2.5% in Q1 FY19
- Acquisition of Natures Basket Limited, a wholly owned subsidiary of Godrej Industries Limited

* Excluding the impact of IND AS 116, Standalone EBITDA and PAT for the Quarter ended June 30, 2019 is ₹ 10.81 Cr and ₹ 3.29 Cr.
Financial numbers are of Standalone Business.

Key Aspects of IND AS 116

- **New lease standard effective from 1st April 2019**
- **Removes distinction - Finance vs Operating Lease**
- **All leases to be recognised in the balance sheet as an Asset and Liability**
 - **The lease liability is measured at present value of lease payments to be made over lease term.**
 - **The right of use (ROU) of the asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, etc.**
 - **ROU is depreciated over the tenure of lease on straight line basis over the assessed period.**
- **Exemptions available in Standard is pertaining to short term leases and assets having low values.**
- **Financial Impact:**
 - **On Profit & Loss Statement - Increase in EBITDA and EPS/PBT will decrease in initial years.**
 - **On Balance Sheet - Increase in Total Assets and decrease in Net Assets**

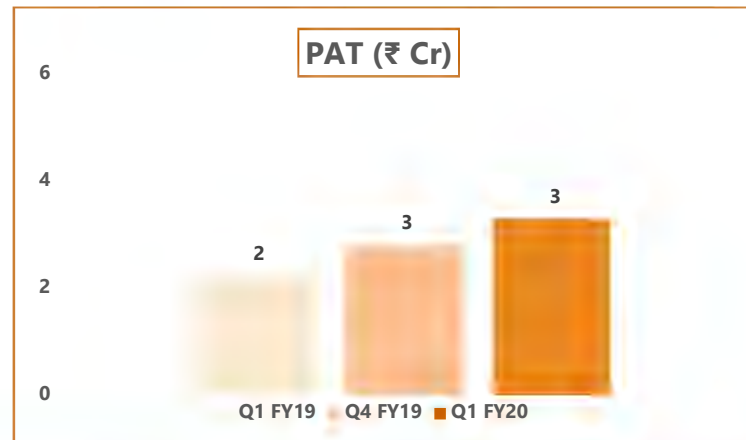
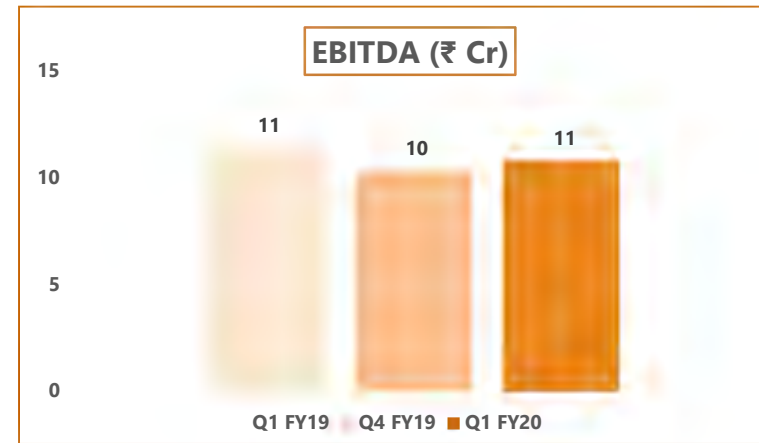
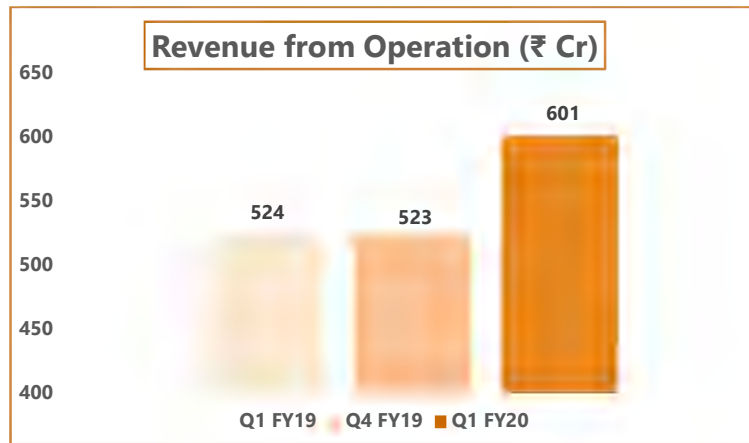
The Company has adopted IND AS 116 - Leases, effective 1st April 2019, using the modified retrospective approach, whereby the cumulative impact has been recognized on 1st April 2019. Accordingly, previous period information has not been restated.

In the results for the current period, operating lease expenses which were recognized as other expenses in previous periods is now recognized as depreciation expense for right-of-use asset and finance cost for interest accrued on lease liability.

Pursuant to above, profit before tax for three months ended 30th June 2019 is lesser by ₹ 2.36 crore and to this extent, results for the three months ended 30th June 2019 is not comparable with previous periods.

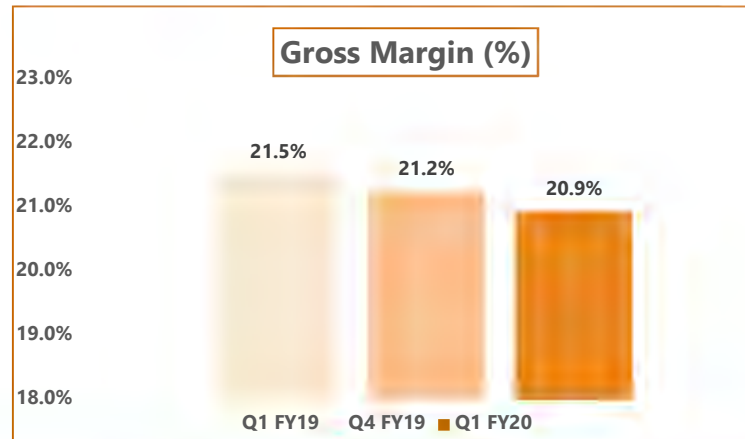
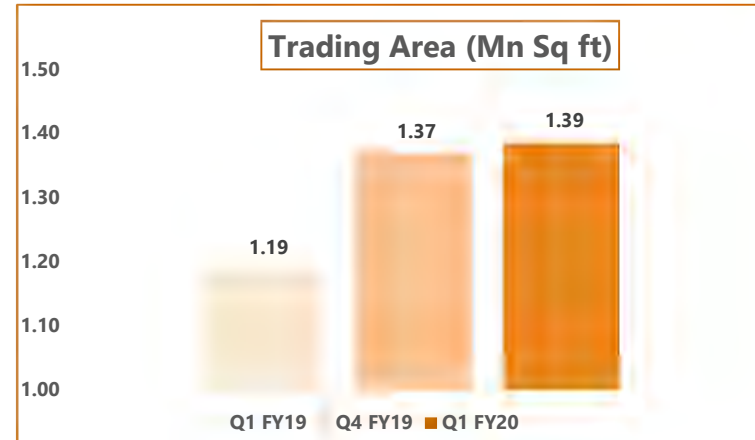
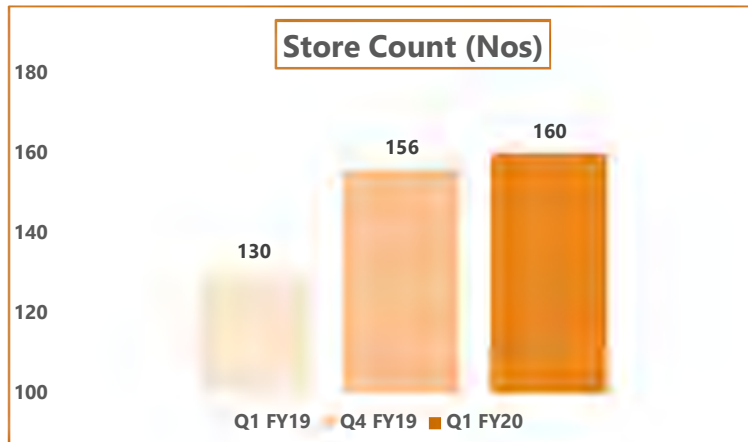
Financial numbers are of Standalone Business.

Financial Parameters Q1 FY20



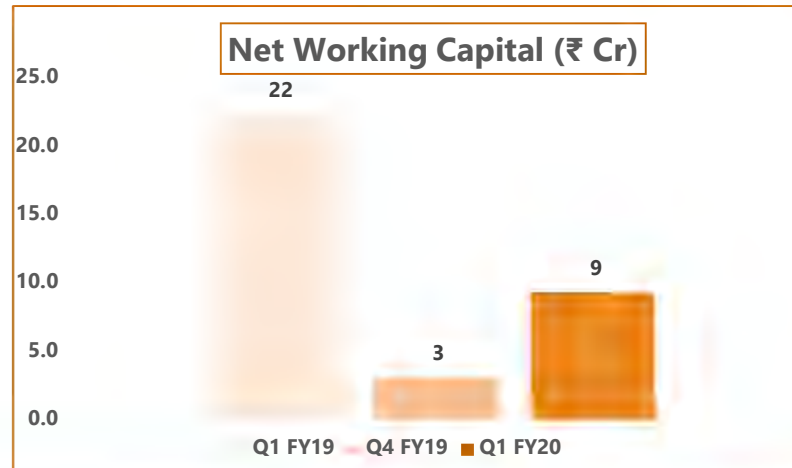
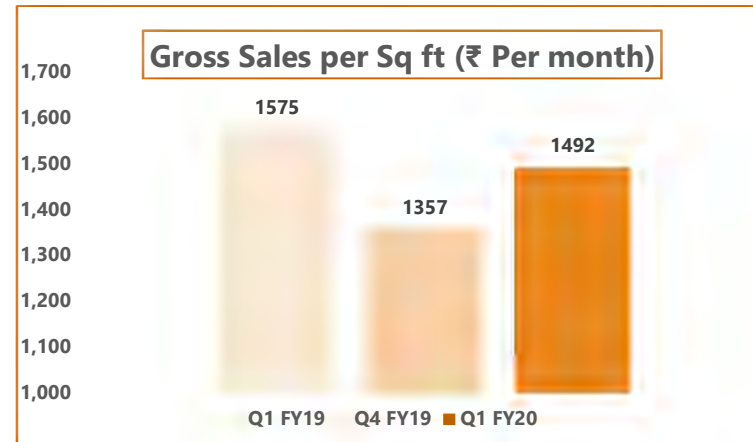
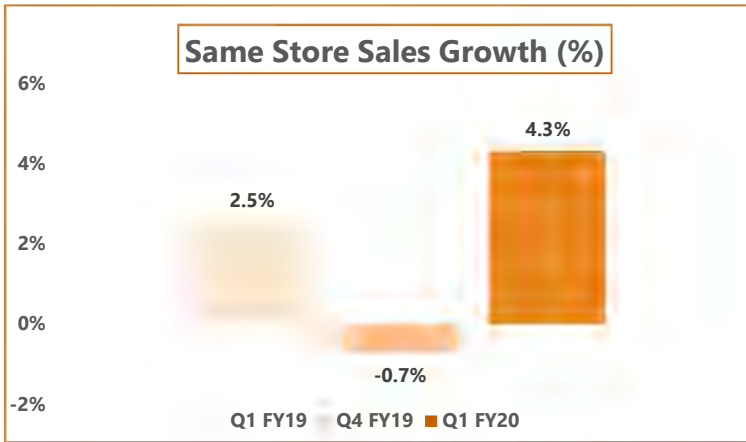
EBITDA and PAT numbers are on like to like basis i.e. without the impact of IND AS 116. Financial numbers are of Standalone Business.

Operational Parameters Q1 FY20



Financial numbers are of Standalone business.

Operational Parameters Q1 FY20



Same Store is a store which has been operational for at least 24 months at the end of Fiscal Year
 Financial numbers are of Standalone business.

Gross Sale includes Taxes

Standalone Financials

3 months ended			Growth		Standalone (₹ Cr)	12 months ended
30-Jun-19	31-Mar-19	30-Jun-18	Y-o-Y	Q-o-Q		31-Mar-19
4	10	3			New Stores added	29
160	156	130	23%	3%	Total Store count	156
0.17	0.70	0.28			TA added (Lac sq.ft)	2.08
13.86	13.69	11.88	17%	1%	TA exit (Lac sq.ft)	13.69
4.3%	-0.7%	2.5%			SSG %	3.1%
600.8	523.5	524.0	14.7%	14.8%	Revenue from operations	2,187.2
475.0	412.3	411.3	15%	15%	Cost of Goods Sold	1,722.7
125.8	111.2	112.7	11.6%	13.1%	Gross Margin	464.5
20.93%	21.24%	21.50%	-57 bps	-31 bps	Gross Margin %	21.24%
38.5	29.6	35.6	8%	30%	Employee expenses	142.1
61.6	79.1	72.3	-15%	-22%	Other expenses	308.5
9.3	7.9	6.6	40%	19%	Other income	27.8
35.02	10.37	11.42			EBITDA	41.73
5.83%	1.98%	2.18%	365 bps	385 bps	EBITDA %	1.91%
21.8	6.7	6.1			Depreciation	24.6
12.3	1.5	2.0			Finance costs	7.5
0.93	2.18	3.28	-72%	-57%	PBT	9.73
0.15%	0.42%	0.63%	-47 bps	-26 bps	PBT %	0.44%
-	(0.6)	1.1			Tax Expenses	1.8
0.93	2.79	2.22			PAT	7.94
(0.4)	(0.5)	(1.0)			Other Comprehensive Income	(1.4)
0.57	2.34	1.20			Total Comprehensive Income	6.51

Excluding the impact of IND AS 116, Standalone EBITDA and PAT for the Quarter ended June 30, 2019 is ₹ 10.81 Cr and ₹ 3.29 Cr.

Consolidated Financials

3 months ended			Growth		Consolidated (₹ Cr)	12 months ended
30-Jun-19	31-Mar-19	30-Jun-18	Y-o-Y	Q-o-Q		31-Mar-19
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20.93%	21.24%	21.50%	-57 bps	-31 bps	Gross Margin %	21.24%
39.9	31.0	37.0	8%	29%	Employee expenses	147.6
63.3	78.5	72.3	-12%	-19%	Other expenses	308.0
9.3	7.9	6.7	40%	18%	Other income	28.2
31.86	9.62	10.03			EBITDA	37.06
5.30%	1.84%	1.91%	339 bps	347 bps	EBITDA %	1.69%
22.1	6.9	6.3			Depreciation	25.4
12.3	1.5	2.0			Finance costs	7.5
(2.46)	1.22	1.68	-246%	-302%	PBT	4.18
-0.41%	0.23%	0.32%	-73 bps	-64 bps	PBT %	0.19%
-	(0.6)	1.1			Tax Expenses	1.8
(2.46)	1.83	0.62			PAT	2.39
(0.4)	(0.5)	(1.0)			Other Comprehensive Income	(1.4)
(2.82)	1.38	(0.39)			Total Comprehensive Income	1.00

Excluding the impact of IND AS 116, Consolidated EBITDA and PAT for the Quarter ended June 30, 2019 is ₹ 7.65 Cr and ₹ (-) 0.10 Cr

Thank You

About Spencer's Retail Limited: Spencer's Retail Limited, part of RP-Sanjiv Goenka Group, is a multi-format retailer providing a wide range of quality products across categories such as FMCG, fashion, food, staples, general merchandise, personal care, home essentials, electrical and electronics to its consumers. specialty sections such as Spencer's Gourmet, Patisserie, Wine & Liquor and Epicuisine section are some of the key differentiators in our hypermarket stores. The first ever hypermarket in India was launched by Spencer's in Hyderabad in 2000. Today, Spencer's runs 160 stores with a total 13.86 Lacs Square Feet in over 39 cities in India. Spencer's brand positioning – **MAKES FINE LIVING affordable** – embodies its philosophy of delighting shoppers with the best products and services that enable a fine living at reasonable prices, while providing them with a warm, friendly and educational retail environment.

Disclaimer: Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Spencer's Retail Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Q1 FY20 – Highlights: Revenue from Operations at ₹ 601 Crore (14.7% YoY growth); Gross Margin stands at 20.93% (21.50% in Q1FY19); 4 new stores opened

Kolkata: August 14, 2019: Spencer's Retail Ltd reported turnover of ₹ 601 crore and Gross Margin of 20.93% for quarter ended June 30, 2019.

As on June 30, 2019 the total number of stores has increased to 160 from 130 stores as on 30 June, 2018. During the quarter the company has added 4 stores in our existing cluster. The company's total trading area has also increased to 13.86 Lacs Square Feet as on June 30, 2019, from 11.88 Lacs Square Feet as on June 30, 2018.

Unaudited Standalone Financial Results for the quarter ended June 30, 2019:

- ✓ **Revenue from Operations** for the quarter ₹ 601 Cr
- ✓ Same Store Sale Growth (SSSG) **4.3%**
- ✓ **Gross Margin** for the quarter ₹ 126 Cr at **20.93%**
- ✓ Positive **EBITDA ₹ 35.02 Cr***
- ✓ Positive **PAT ₹ 0.93 Cr***

**Excluding the impact of IND AS 116, EBITDA and PAT for the Quarter ended June 30, 2019 is ₹ 10.81 Cr and ₹ 3.29 Cr respectively.*

At Consolidated level, Revenue from operations for the quarter ended June 30, 2019 includes net sales amounting to ₹ 8.79 crore made through the online channel.

Mr. Shashwat Goenka, Sector Head, said, *"We continue to make decent progress despite dynamic business environment for retail Industry at large. Major drivers for the company's growth this quarter are increased number of bill cuts, positive SSSG, and steady gross margins. Spencer's continues to grow in existing clusters with more value-added products, with a focus on increasing in private label presence and on increasing apparel sales mix.*

Further, I am glad to inform you that we have successfully completed the acquisition of Nature's Basket Limited on July 4, 2019 from Godrej Industries Limited post approval from our shareholders. Nature's Basket Limited has 36 stores in the western part of India including prime locations in Mumbai, Pune and Bengaluru. This acquisition will help us unlock synergy and will give us access to the western India market."

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