

Vaibhav Global Limited

Global Retailer of Fashion and Lifestyle Accessories
on Home TV and e-Commerce Platforms

Q3 & 9M FY13 Earnings Presentation February 2013



Raindrop Collection
RACHEL GALLEY
Jewellery >

Indulge in the warming tones
of
MADEIRA CITRINE

Smacking down the prices all day!
**24-Hour
Tanzanite**
Smack Down

£1
AUCTION
BID NOW >

Safe Harbor

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Vaibhav Global 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.



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Business Overview

Vertically-Integrated Electronic Retailer of Fashion and Lifestyle Accessories

Front-end transition from fine jewelry to fashion and lifestyle accessories

Back end transition from manufacturing to outsourcing

Global, Direct to Consumer Business Model in Developed Markets

96 million households on Home TV shopping and E-commerce in the US and UK. Recently launched Canada (3.2 million FTE households)

Expanded product portfolio to lifestyle accessories; new launches closely following demand trends

Robust Manufacturing and Outsourcing Supply Chain Infrastructure

Manufacturing operations in Jaipur, India

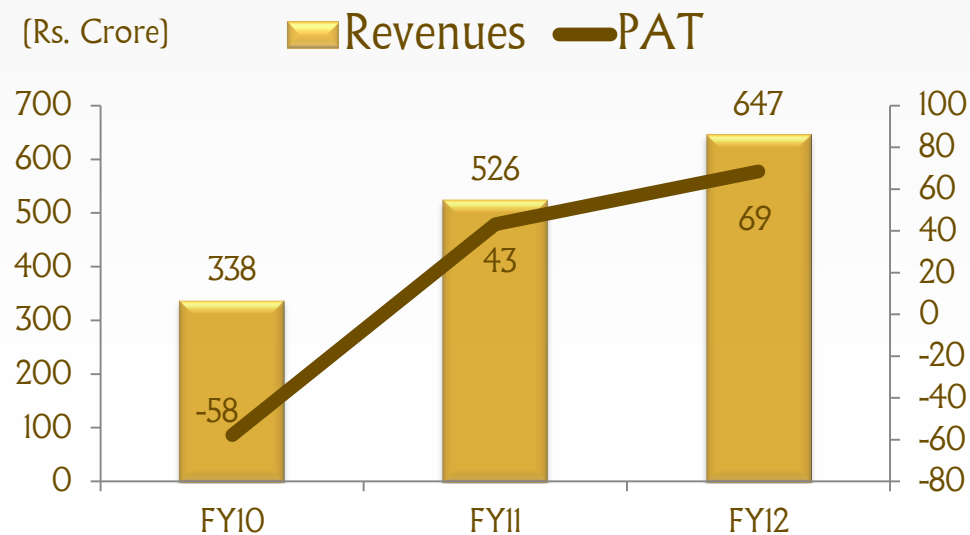
Outsourcing operations across China, Thailand and Indonesia

Business Growth Momentum driving Strong Returns and Cash Flows

Revenue grew 38% CAGR over FY10-12

FY12 - RoE - 30%

FY12 - Free Cash Flow - Rs. 44 crore



Chairman's Message

Commenting on the performance for Q3 & 9M FY2013, Mr. Sunil Agrawal , Chairman, Vaibhav Global said:



"We have sustained top-line momentum in a challenging environment, which is reflected in the macroeconomic data flowing through from our key operating markets – the US and the UK. Q3 FY13 financial performance reflects our strategy to focus on driving volumes, expanding the customer base and upping retention rate by reinforcing value perception, on all of which we have delivered. However, some quarter-specific events such as the US elections, Hurricane Sandy and the Fiscal Cliff debate diverted TV audience eyeballs from us. Resultantly, while our revenues improved 22%, our profitability remained moderate as more aggressive discounted pricing was required to achieve the targeted volumes.

To deliver long term business value, we have expanded our fashion jewelry portfolio to include lifestyle accessories and fine jewelry. Across our expanded product line we maintain cost leadership that drives channel viewership.

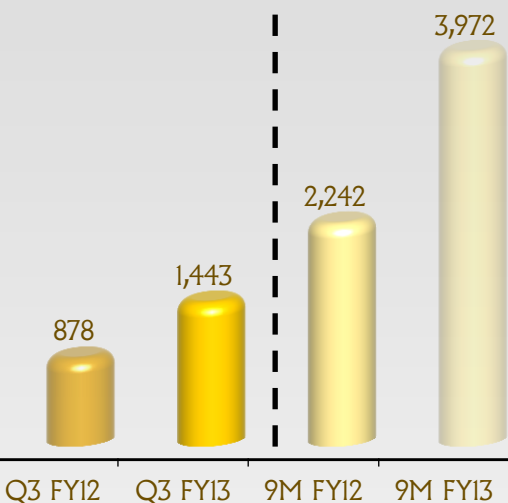
VGL continues to steadily progress towards our objective of becoming a significant player in the electronic commerce space. As we start capturing higher volumes on the existing platform, we will begin to see some operating leverage, some of which we will re-invest in the business to gain market share. We feel optimistic about the future as we capitalize on our strong sourcing and execution capabilities."



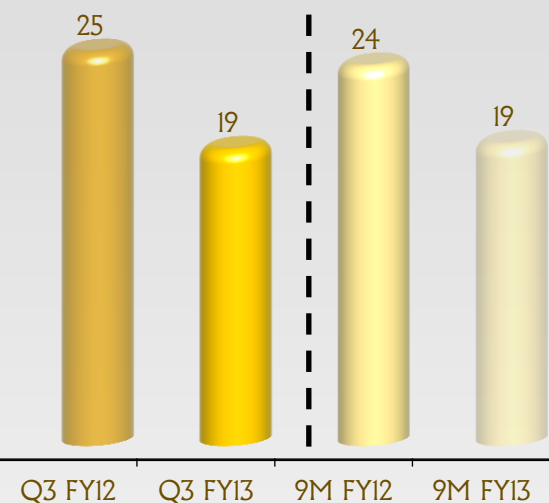
Operating Performance Trends

VGL – US Home TV Market

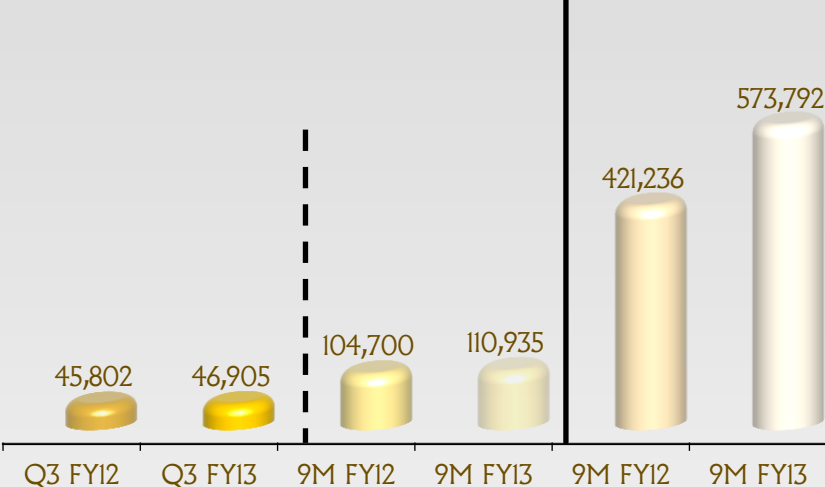
Sales Volumes ('000s)



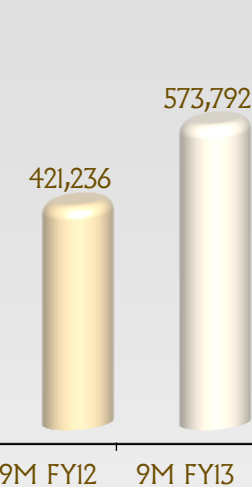
Average selling price US\$



New customer registrations

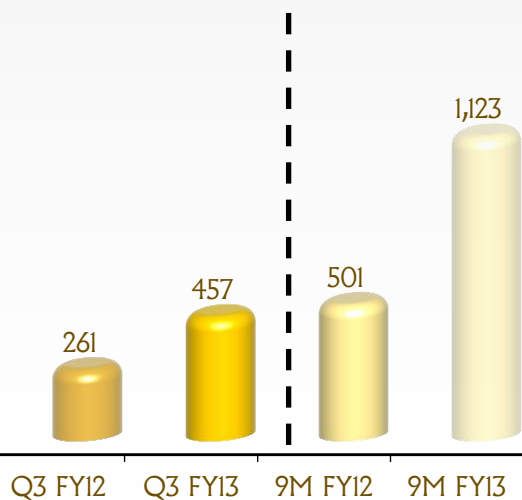


Cumulative registered customers

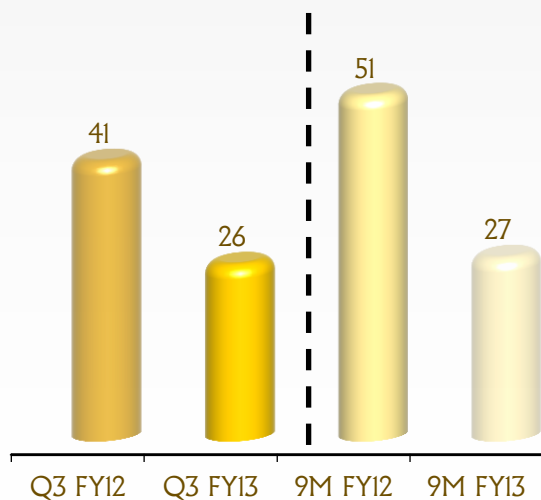


VGL – UK Home TV Market

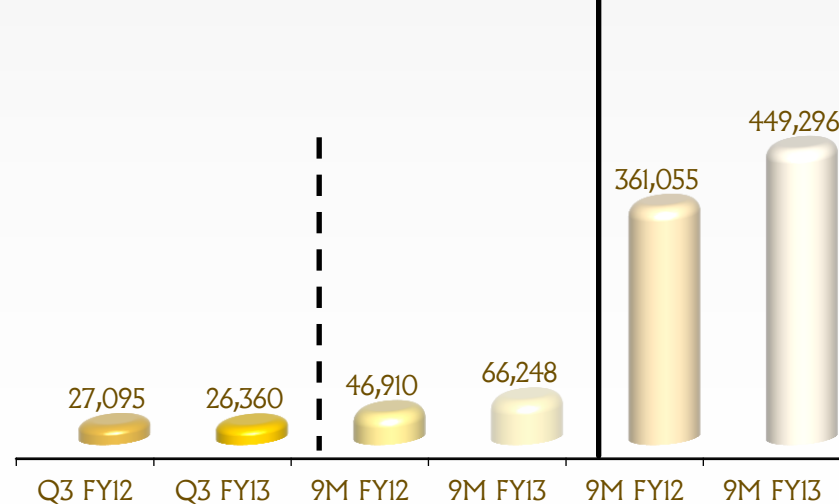
Sales Volumes ('000s)



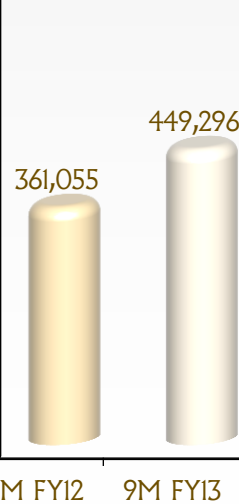
Average selling price US\$



New customer registrations

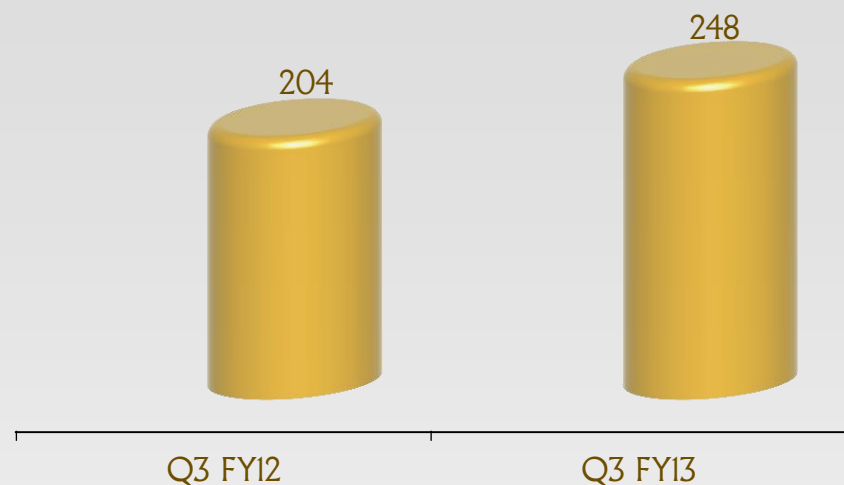
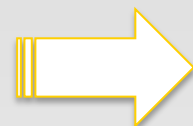


Cumulative registered customers



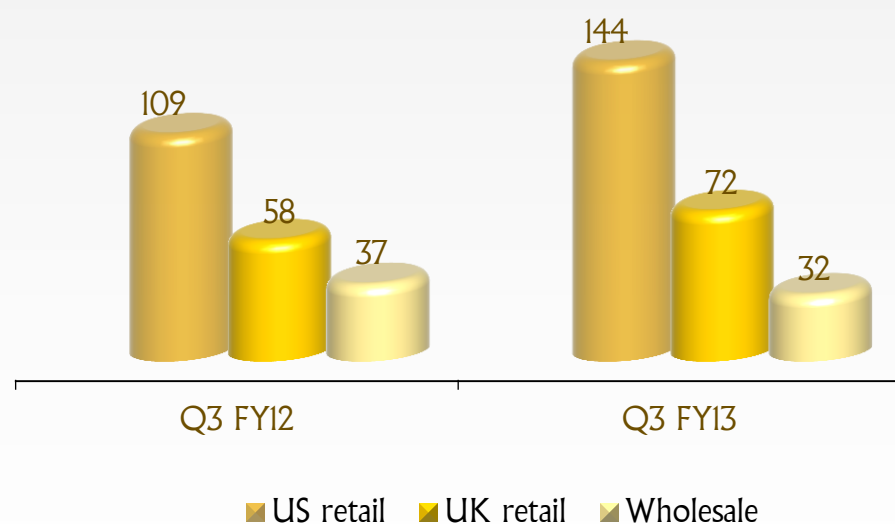
Financials – Q3FY13 Performance (Revenues)

Revenues (Rs. Crore)



- 22% revenue growth on a y-o-y basis is mainly driven by strong volumes in the retail segment
- Realizations were lower due to transition from fine to fashion jewelry and aggressive pricing adopted to drive market share gains

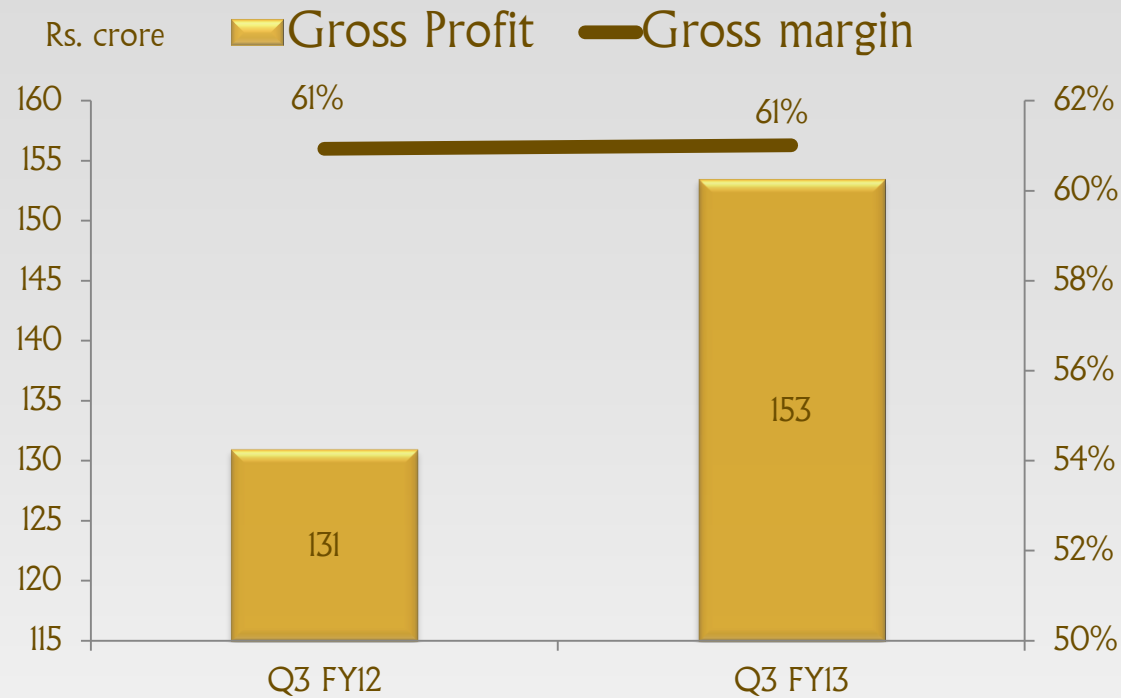
Segmental Revenues (Rs. Crore)

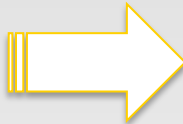


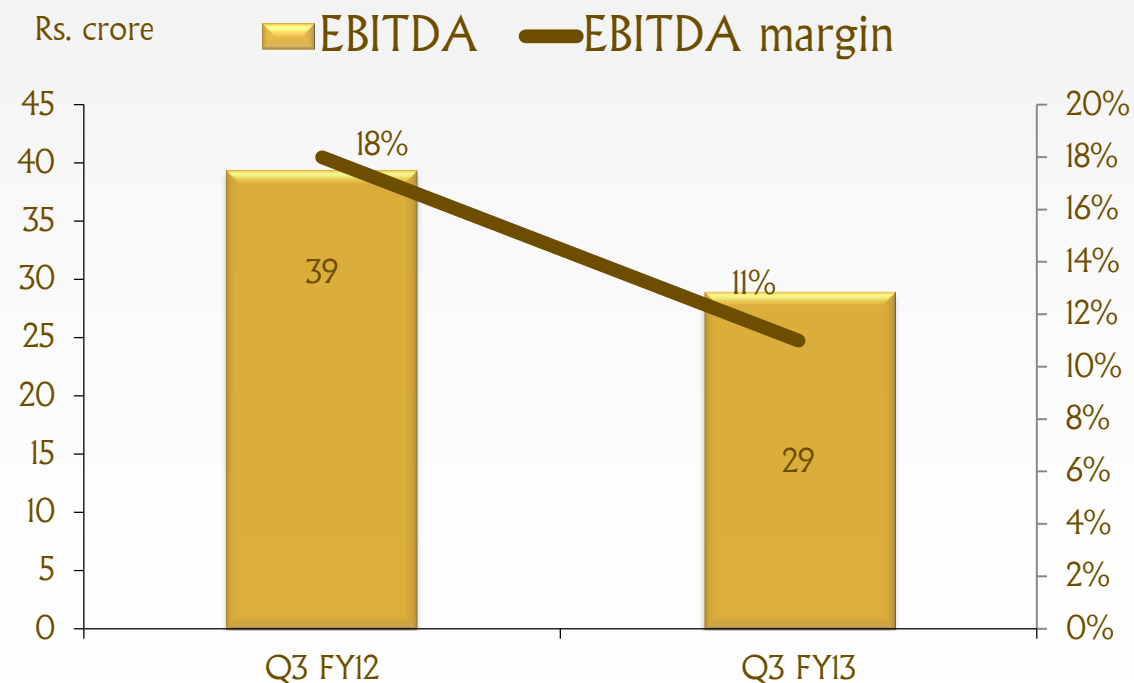
- Retail segment marked a growth of 29% y-o-y
 - US retail business grew 32%
 - UK retail grew 24%
- Key drivers were:
 - ✓ Introduction of lifestyle products
 - ✓ Expanding household reach
 - ✓ Higher contribution from TJC Gold, a fine jewelry focused TV channel launched in the UK

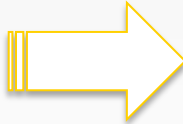


Financials – Q3FY13 Performance (Margins)



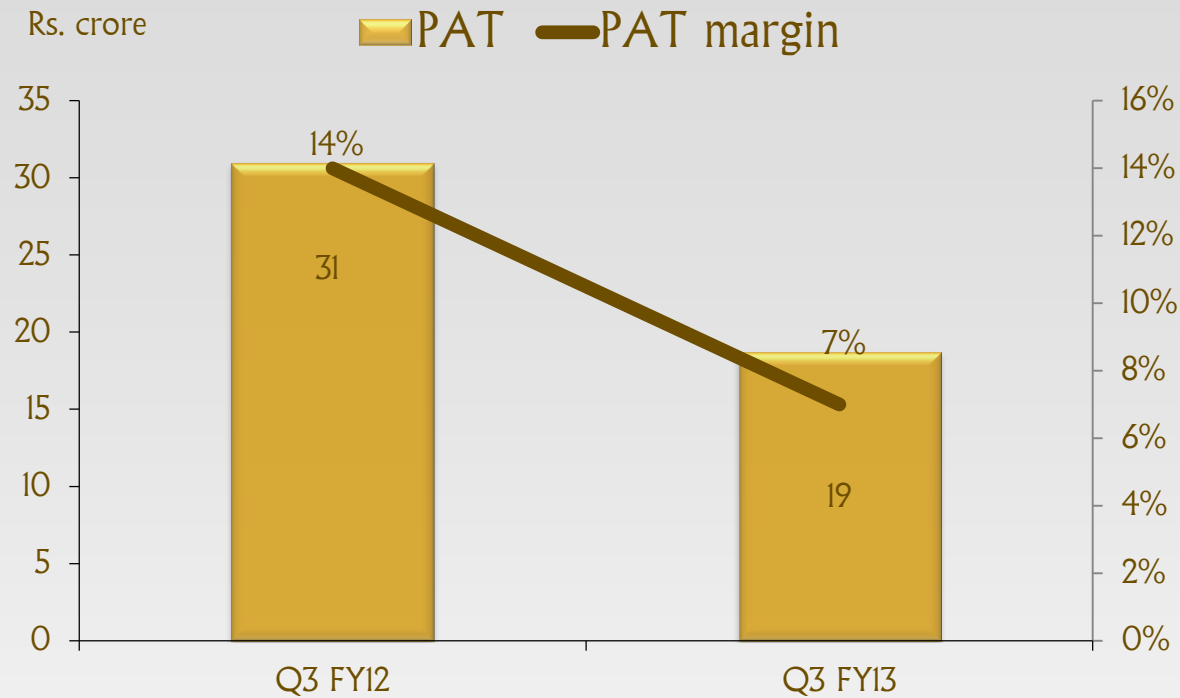
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- Gross margin remained stable at 61%, driven by the successful business transition to fashion and lifestyle products and global outsourcing strategies in China/Asia



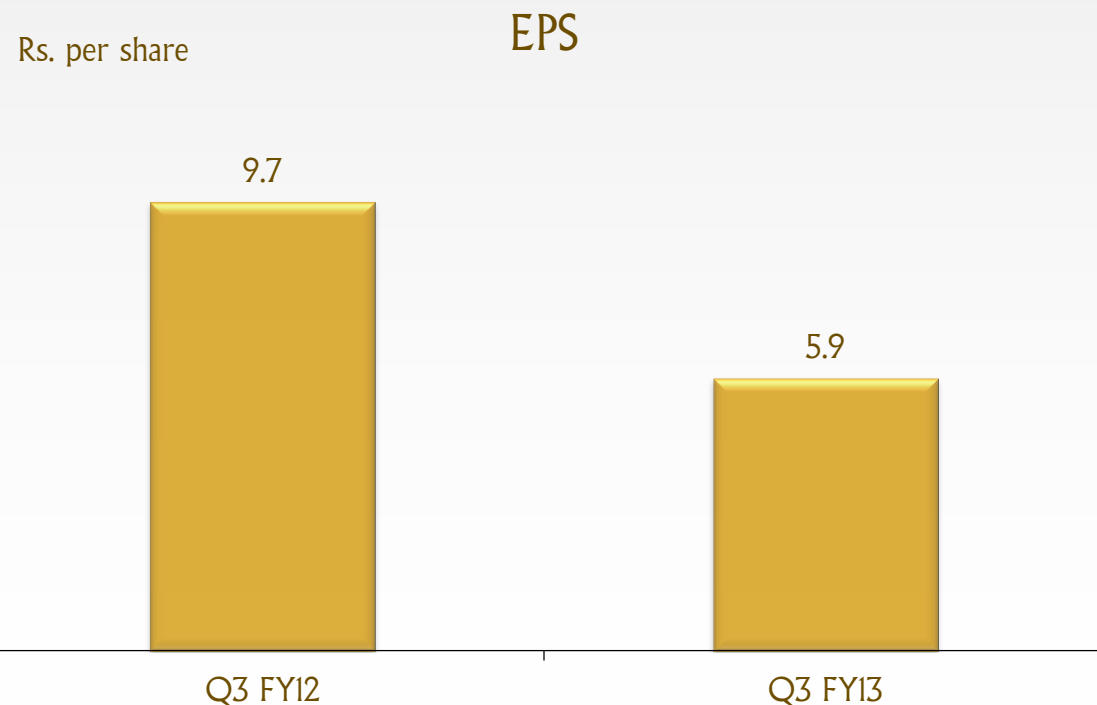
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- EBITDA margin witnessed a moderation during the quarter as the company made front-ended investments in expanding its operating / logistics resource base in the US and reaching a larger base of households in key markets



Financials – Q3FY13 Performance (Profits)



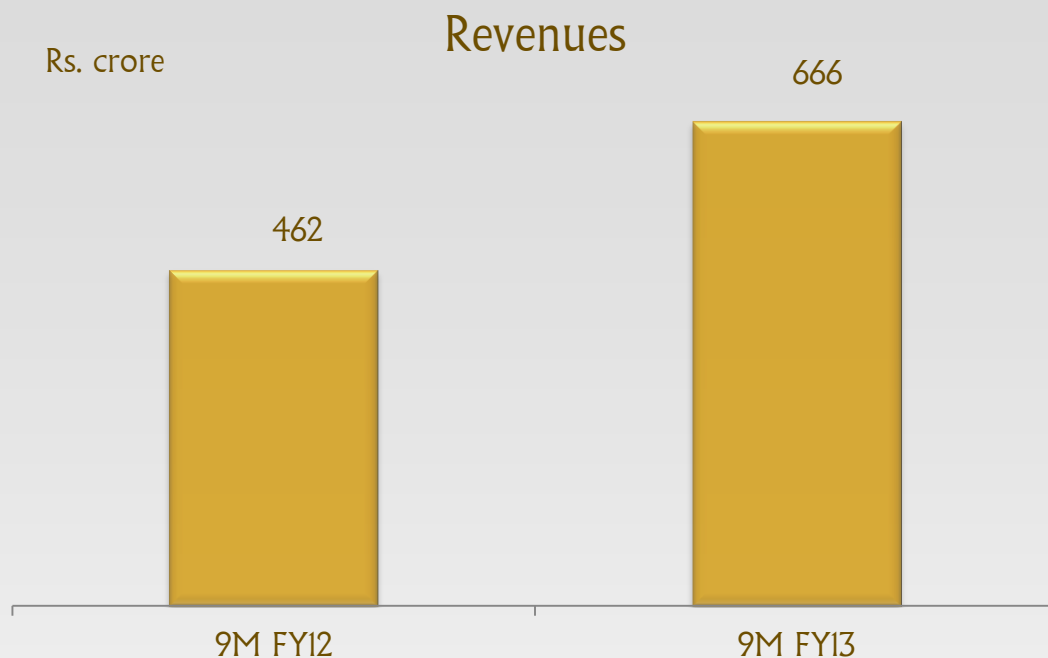
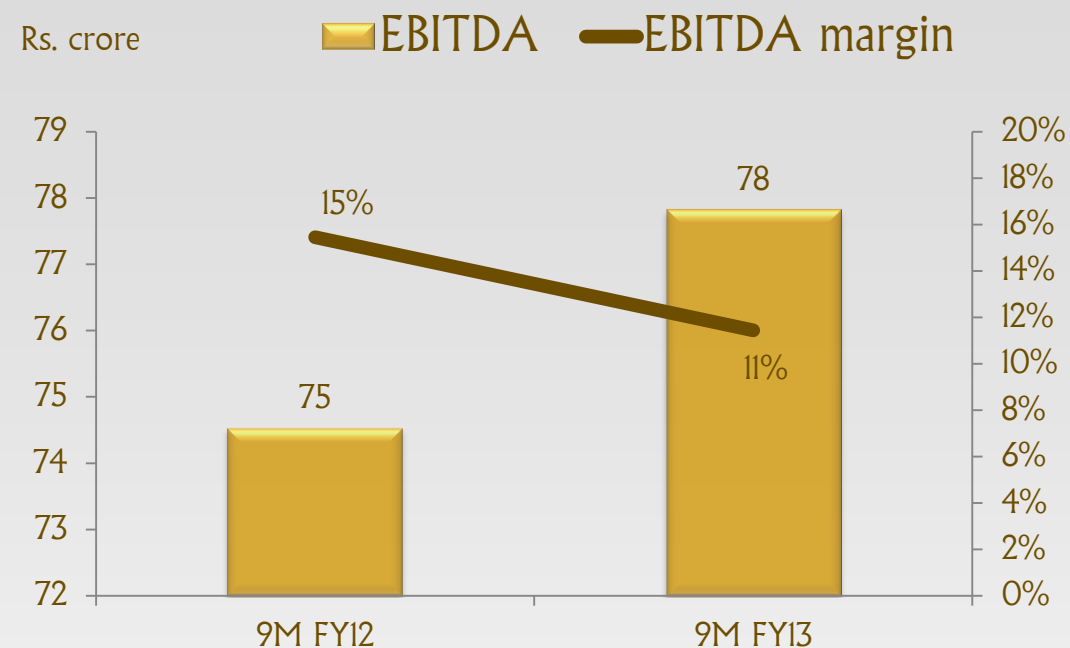
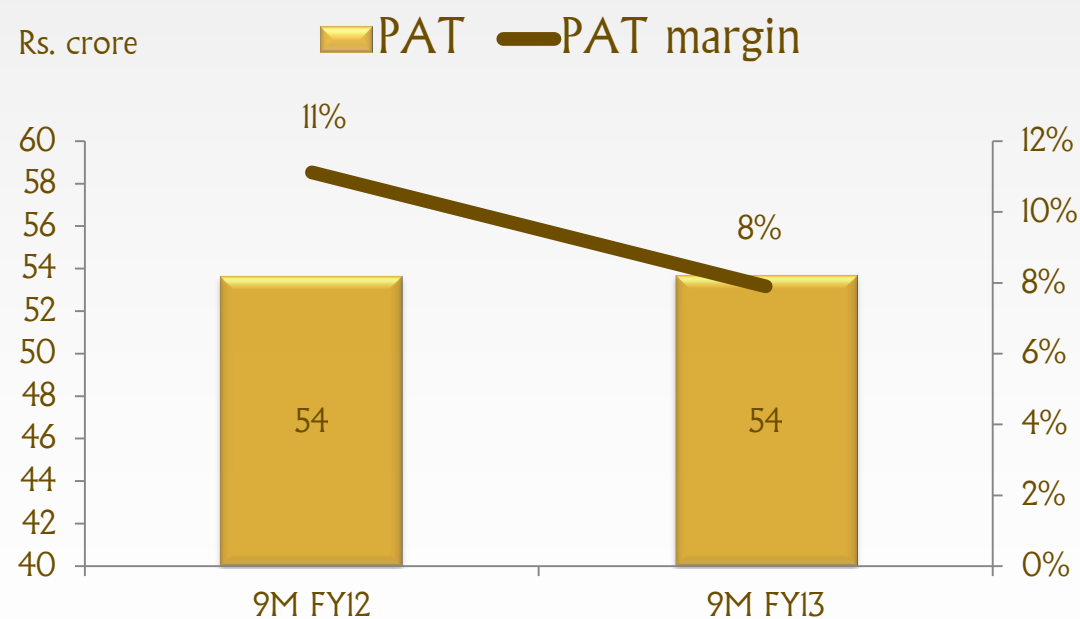
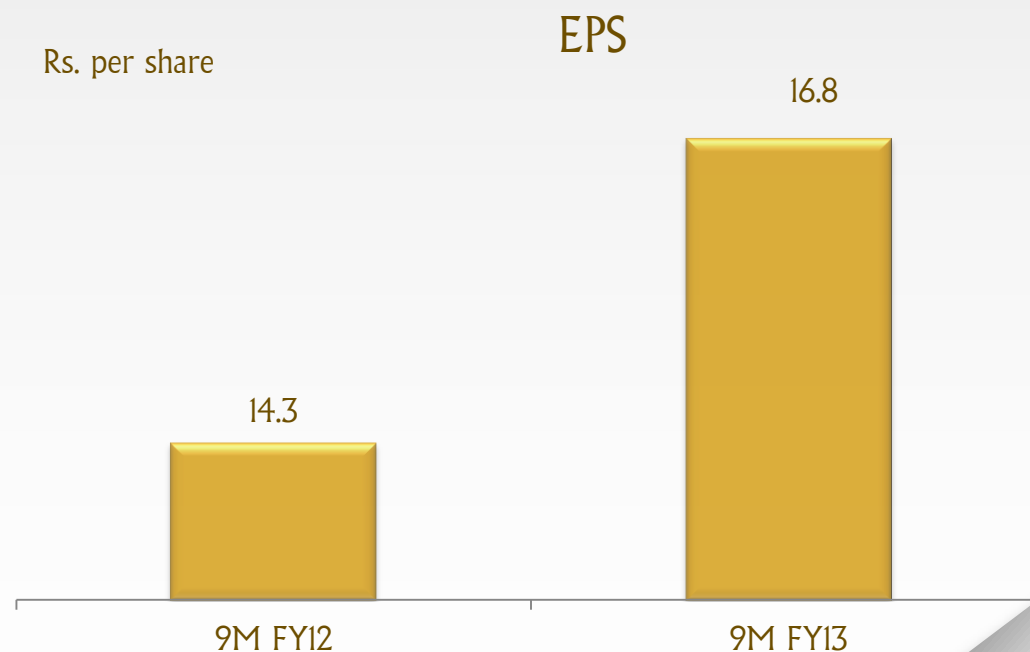
- Expanding the resource base across both US and UK impacted margins in Q3
- The company is focused on expanding market share and will continue to re-invest in driving various initiatives that grow the business and drive shareholder value
- PAT in Q3 FY13 had an impact of Rs. 9.4 crore from foreign exchange variances



- EPS for Q3 FY13 adjusted for forex impact is Rs. 5.9 per share as against Rs. 6.8 per share for Q3 FY12



Financials – 9M FY13



Note: EBITDA, PAT and EPS in 9M FY13 include forex gain of Rs. 1.9 crore v/s forex gain of Rs. 16.1 crore in 9M FY12

Financials – Balance Sheet Snapshot & Key Ratios

Rs. crore

BALANCE SHEET	31-12-12	31-03-12
Shareholders' Equity	312	265
Net Debt	135	128
Total	447	393
Fixed Assets	209	203
Net current assets	238	191
Total	447	393

KEY RATIOS	31-12-12	31-03-12
Net Debt / Equity	0.43	0.48
Net Current Assets / Sales	28%	30%
ROE	23%	26%
ROCE	22%	24%

Key Perspectives

- Focus on debt reduction from operating cash flows
- Net Worth expanding from strong internal accruals
- Strong return ratios despite front-ended investments in business growth



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**Thank
You**