



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Kunal Bhatia (022) 67141442

AGM and Result Update @ Dalal & Broacha

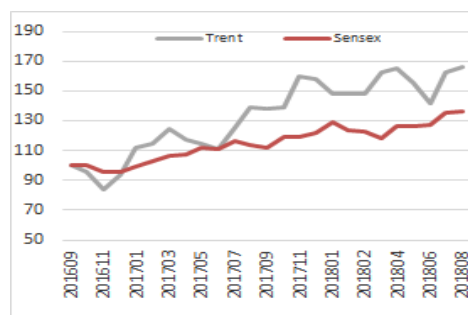
ACCUMULATE

Current Price	356
52 Week Range	Rs 377/260

Key Share Data

Market Cap (Rs.bn)	118
Market Cap (US\$ mn)	1693
No of o/s shares (mn)	332
Face Value	1
Monthly Avg.	
vol(BSE+NSE) Nos	132969
BSE Code	500251
NSE Code	TRENT
Bloomberg	TRENT IN

Price performance



% Shareholding

	Jun-18	Mar-18
Promoters	32.61	32.61
Institutions	39.08	38.95
Others	28.31	28.44
Total	100.0	100.0

Trent AGM and Annual Report KTA's

Chairman's main message: The Chairman has guided store opening of 40 each in Westside, Star Bazaar and Zudio with capex of Rs 1bn in case of Westside and 0.6bn in Star Bazaar(which is under the JV)

Opportunity Retail: Industry is Rs 47 lakh crore market, of which modern retail is only Rs 1.7 lakh crore. Overall Indian retail market (including amazon and flipkart) is growing at 7% YoY thus the growth itself is more than the size of modern retail market size currently. Globally large retail players enjoy an average market share of 10-12%, hence for players like Trent and its competitors the scope is humongous. Westside business entire Revenue from own brands

WESTSIDE:

Stores: 125, 66 cities (67 in malls and 58 standalone) added 18 in FY18 / modernized (highest ever in a year) 11 stores in FY18 / opened 20 stores closed 2 stores (highest in any financial year) **Like for Like:** 9% v/s 9% YoY **Average size:** ~17,600 sq. ft. / investment Rs 2,000 per sq. ft. for newer stores **Average Bill size:** Rs 2197 +8.3% YoY / Sales per SqFt (as per Annual Report): Rs 9980 +4% YoY **Own brands FY18:** 96% of Revenues

Apparels and Innerwear: 79% of Westside sales (of which Women wear and lingerie 50% of Westside revenue) / within lingerie Wunderlove (in-house lingerie) has moved from 24% contribution in FY14 to 83% in FY18 / lingerie ~5% of Westside revenues

Warehouse at Vapi, Gujarat was launched and commercialized **Launch:** Studio fit- an athleisure offer was launched to address the requirements of fitness conscious consumers looking for casual and relaxed fashion.

Exits: Gourmetwest food and Lakeland- kitchenware to utilize space for profitably **Walkins:** 36.14mn +38% YoY / Shrinkage: 0.12% v/s 0.16% / **Clubwest Members (mns):** 4.46 +26% YoY

Geographical Break-up: 26% north, 28% south, 8% east, 38% west.

Westside Online: 1% of business from TATA cliq / Growth 3x in FY18 as base small, Omni-channel 75% of online sale, target: Rs 1bn in FY19

FY18 Standalone PAT includes following as per AGM presentation: Westside EBIT Rs 1870mn (9% highest ever) / (Gross margins of Westside alone is 60% and scope for further improvement is low) Landmark EBIT loss Rs 50mn Zudio EBIT loss Rs 100mn and Others loss Rs 80mn Investment income Rs 80mn Tax 530mn PAT Rs 1170mn

ZUDIO:

Stores: Total 22 stores; 7 standalone and 15 in Star Bazaar stores **Revenues:** Rs 1440mn up 22% YoY /

Profitability: Profitable at store level, excluding the relatively young store portfolio. **Sales per sq. ft.:** (higher than Westside) Rs.10,407 FY18, +10.4% YoY

Own-brands: 100%

Product price mix: 100% is less than Rs 1000/- and 2/3rd less than Rs 500/- Zudio will go to tier 2 and 3 as well

Financials (Consolidated)

Year	Net Sales	% Growth	EBIDTA	OPM%	PAT	% Growth	EPS	PE (x)	ROE%	ROCE%
FY16	15,893.3	-30.4%	927.8	5.8%	483.2	-14.5%	1.5	244.8	3.3	3.5
FY17	18,124.4	14.0%	1,257.0	6.9%	589.5	22.0%	1.8	200.7	3.8	4.6
FY18	21,574.6	19.0%	2,011.9	9.3%	870.4	48%	2.6	135.9	5.5	7.8
FY19E	26,858.6	24.5%	3,010.9	11.2%	1,733.5	99%	5.2	68.2	10.0	10.3
FY20E	33,606.0	25.1%	4,160.6	12.4%	2,570.7	48%	7.7	46.0	13.2	14.5

Consolidated Financials (Rs Mns) (All no.s as per IND AS from FY16)



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STAR BAZAAR (Trent Hypermarket Ltd 50:50 JV):

(Trent's Investment Rs 406.39crs flat YoY)

Focus: on Fresh on brands

Stores: 35 v/s 41 YoY (23 Star Market, 10 Star Hyper {under THL}, 2 Star Hyper {Ahmedabad & Surat under FHL}) **LFL** = 8.1% v/s 2.1% YoY

Revenues: Rs. 9620mn +8% YoY / **EBITDA** loss Rs.714.8mn v/s Rs166.5mn YoY / **Net Loss** at Rs.905.0mn vs loss of Rs. 524.9mn (since Star daily were closed down)

Own Brand Offering: 3 own brands with 51 products with 82 SKU's introduced 3 brands include: **1. Klia** (Range of premium home care products) **2. Fabsta**(Range of flavourful food and beverages **3. SKYE:** Range of scienti- cally formulated health and beauty products Star Market concept one of the most sustainable platform for expansion and the rollout could be further accelerated as results are encouraging.

Direct Engagement with 250 farmers

Going forward: focus on foods and fresh / ideal size 8000 sqft /true-level private label aim is to reach 25% / should turn profitable in 3 years

LANDMARK

Stores: 5 standalone + 10 Store-in-Stores in Westside

LFL =15% YoY / profitable at store level

Largest category: toys

Going forward: concentrate on fashionable and exclusive products, emphasis on kids and sports

JV ZARA and MASSIMO DUTTI 49% Stake:

(Total Investments 50.13 crs v/s 42.78crs YoY)

Zara: Stores 21

Revenue: 12216.7mn +18.4% YoY / **PAT** Rs 825.9mn +73% YoY

Massimo Dutti:

Stores 3

Revenues Rs 457.5mn +51% YoY / **Net loss** Rs 27.3mn v/s loss of Rs 10.3mn YoY

OVERALL:Total Staff strength (8746): 5475 Westside + 195 Zudio + 183 Landmark + 646 at subsidiaries + 2265 at Star



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Trent Q1FY19 Standalone Results: Q1FY19 Standalone Results, PAT below expectations as other income dropped by 64% YoY and tax rate up from 32.1% to 34.6%. However EBIDTA margins maintained at 12% v/s 11.8% YoY.

Revenues increased 20% YoY to Rs 5906mn (also includes Zudio since Oct-2017) {Total Zudio 7}
(Like-to-Like Westside increased 8% for Q1FY19 v/s base of 14% YoY
Westside overall sales were up 17% YoY {actual figure NA} Base year Q1FY18 Westside had grown 25%)

EBIDTA in absolute terms increased by 21% YoY at Rs 710mn. EBIDTA Margins stood at 12% vs 11.8%

As % to Revenue: Raw Materials stood at 45.6% vs 44.4% YoY, Other Expenses stood at 19.9% vs 20.8% YoY and Rentals stood at 12.6% vs 13.3% (Stores 130 v/s 108 YoY)

Other Income declined by 64% YoY to Rs 57mn. Interest cost declined 11% YoY to Rs 74.52mn. PBT (before exceptional) increased by 5% YoY to Rs 586.91mn. Tax Rate 35% v/s 32%. PAT rose by 1% YoY at Rs 383.6mn

Valuations on "Consolidated" basis @ Rs 356: 68x FY19eEPS Rs 5.2 and 46x FY20e EPS of Rs 7.5.
On Cons basis EV/ EBIDTA : 41x FY19e and 29x FY20e

Maintain Accumulate for long term.



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Particulars (Rs Mns)			
No of Stores	108.00	130.00	
	Q1FY18	Q1FY19	Growth
Net Sales	4941.69	5906.07	20%
Other Operating Income			
TOTAL Operating income	4941.69	5906.07	20%
Total Expenditure	4356.9	5196.4	19%
Raw Material Consumed			
Stock Adjustment	96.76	477.72	394%
Purchase of Finished Goods	2097.14	2216.10	6%
Total Raw Material Cost	2193.9	2693.8	23%
Employee Expenses	474.97	581.01	22%
Rent and Other Operating Lease	657.88	745.29	13%
Other Expenses	1030.15	1176.29	14%
TOTAL EXPENDITURE	4356.9	5196.4	19%
EBITDA	584.8	709.7	21.4%
Depreciation	99.96	105.23	5%
Interest	83.59	74.52	-11%
PBIT	401.25	529.92	32%
Other Income	160.26	56.99	-64%
PBT Before Exceptional Items	561.5	586.91	5%
Exceptional Items			
Tax	180.00	203.30	13%
Tax Rate	32.1%	34.6%	
Adjusted Profit After Extra-ordinary item and Excl Inc from Discounted Operations	381.5	383.6	1%
Equity	332.32	332.32	0%
Face Value	1.00	1.00	0%
EPS (Unit Curr.) (on adjusted PAT)	1.15	1.15	1%
OPM	11.8%	12.0%	
NPM	7%	6%	
% to Operating Income			
Total Raw Material Cost	44.4%	45.6%	
Employee Expenses	9.6%	9.8%	
Rent and Other Op Lease	13.3%	12.6%	
Other Expenses	20.8%	19.9%	
TOTAL EXPENDITURE	88.2%	88.0%	



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Contact	Email ID	Contact No.	Sector
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG
Ms.Charulata Gaidhani	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma /Healthcare
Mr. Avinash Kumar	avinash.kumar@dalal-broacha.com	022 67141441	Capital Goods
Ms. Richa.Singh	richa.singh@dalal-broacha.com	022 67141444	Analyst

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021

Tel: 91-22- 2282 2992, 2287 6173, (D) 6630 8667 Fax: 91-22-2287 0092

E-mail: research@dalalbroachaindia.com, equity.research@dalal-broacha.com