



Titan Company Limited

*Earnings Presentation – Q1 FY '21
(For quarter ended 30th June 2020)*

10th August, 2020

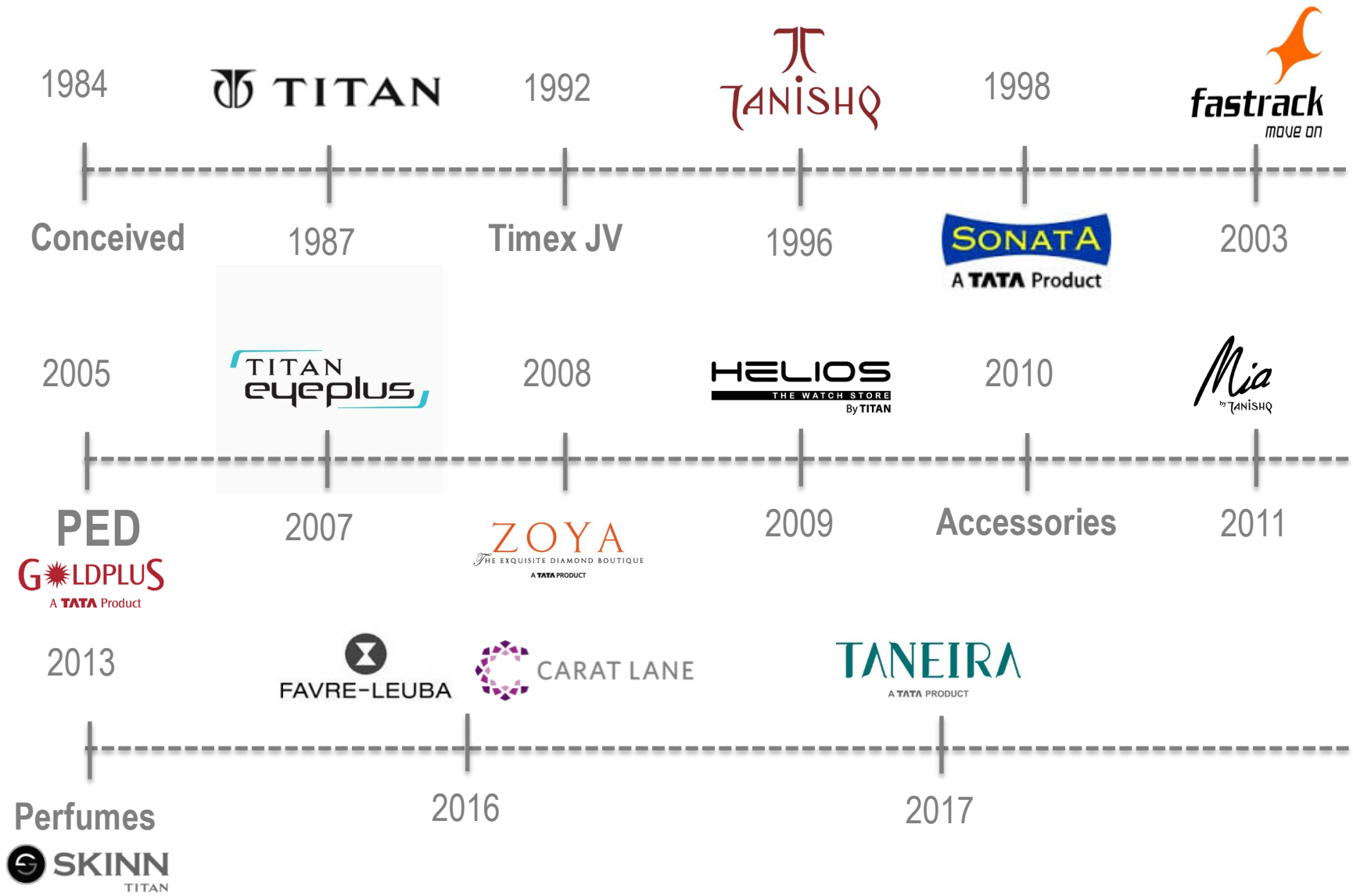
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Certain statements are included in this release which contain words or phrases such as “will,” “aim,” “will likely result,” “believe,” “expect,” “will continue,” “anticipate,” “estimate,” “intend,” “plan,” “contemplate,” “seek to,” “future,” “objective,” “goal,” “project,” “should,” “will pursue” and similar expressions or variations of these expressions that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy successfully, the market acceptance of and demand for our products, our growth and expansion, the adequacy of our allowance for credit to franchisees, dealers and distributors, technological changes, volatility in income, cash flow projections and our exposure to market and operational risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what may actually occur in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions in India and the other countries which have an impact on our business activities; inflation, unanticipated turbulence in interest rates, foreign exchange rates, the prices of raw material including gold and diamonds, or other rates or prices; changes in Indian and foreign laws and regulations, including tax and accounting regulations; and changes in competition and the pricing environment in India. The Company may, from time to time make additional written and oral forward-looking statements, including statements contained in the Company’s filings with SEBI and the Stock Exchanges and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company, to reflect events or circumstances after the date thereof.

The Journey



Titan Today



5th

largest watch
maker globally

~\$13 bn

market cap

~\$2.8 bn

annual revenue

4

times in Forbes
Asia Fab Fifty

1,829

stores with 2.4mn+
sq.ft. retail space

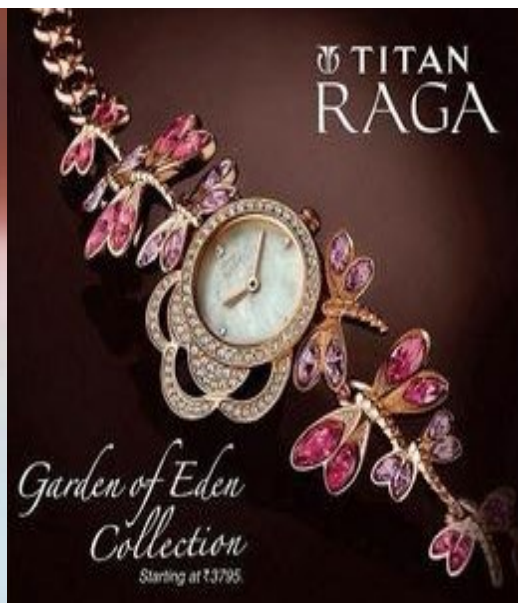
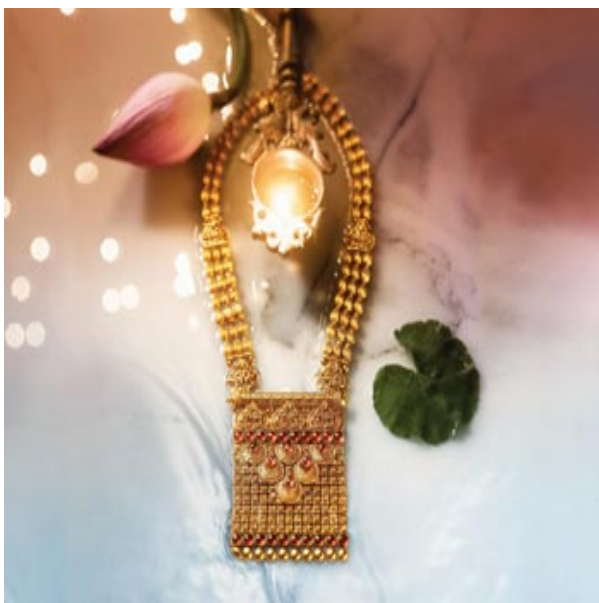
~8 k

employees on rolls

7k+

multi-brand outlets
that sells our watches

Our Strengths



Design and Development

- 800+ New time products every year
- reddot Award to 2 Edge watches
- Differentiated Jewellery Collections
- Customized lenses with 3D visual mapping

Manufacturing

- 12 Manufacturing and assembly facilities
- State of the art Karigar Centres for Jewellery
- Components exported to Swiss watch makers
- 3600+ employees engaged in factories

Brand Building

- Tanishq:** India's leading Jewellery brand
- Titan:** Our flagship watch brand
- Raga:** Exclusive women's watch brand
- Fastrack:** India's largest youth brand
- Sonata:** India's largest selling watch brand

Retail and Customer Service

- Exceptional Customer Experience
- Merchandising Effectiveness
- Impactful Retail Identities
- Engagement of store staff
- Extensive After Sales Service network

Our Brands



Luxury



ZOYA

Premium



TANISHQ

Mid Market



TANEIRA
A TATA PRODUCT



GLARES
by TITAN



Mass Market



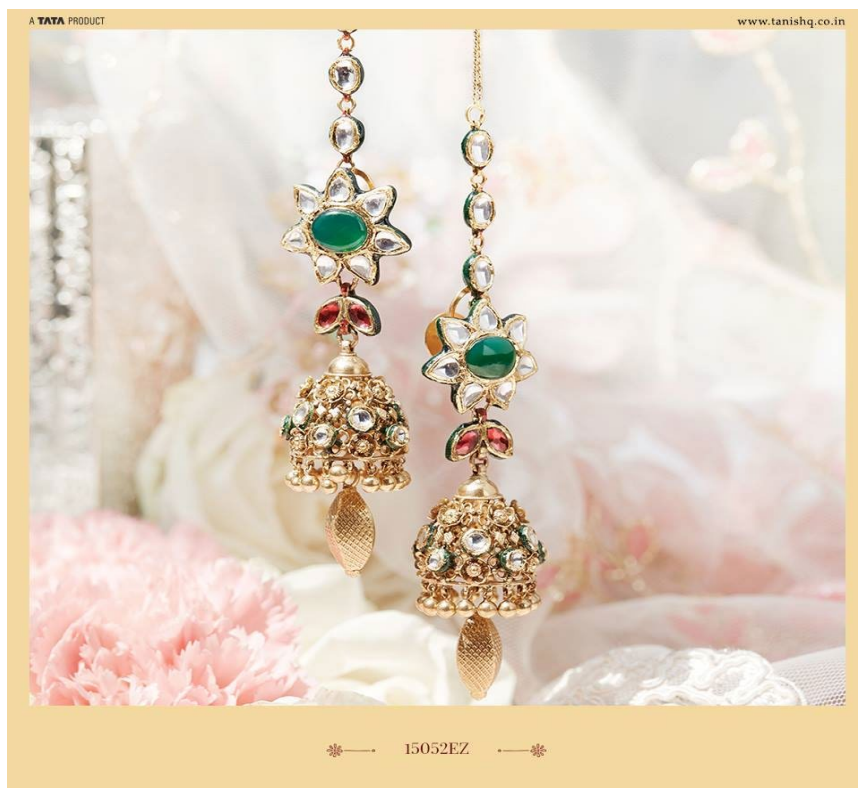
Jewellery Division

TANISHQ

Mia

ZOYA

CARAT LANE



Brands

TANISHQ: flagship brand

ZOYA: luxury segment play

MIA: Tanishq sub-brand for fashionable fine jewellery

CARATLANE: a Tanishq partnership, omni-channel

Manufacturing

Studded jewellery manufactures mostly in-house

Plain gold jewellery mostly outsourced

3 manufacturing facilities

4 state of the art karigar centers: Industry best practice

Points of Sale

Largest jewellery retailer in the country

Jewellery sales through EBO and ecommerce

EBO: Tanishq, Zoya, Mia, Caratlane

Ecommerce: www.tanishq.co.in, www.caratlane.com
www.miabytanishq.com

Design Excellence

Key product differentiator

Capability for in-house design of many collections

Jewellery

Karigar Center, Hosur



Jewellery - Stores



π
TANISHQ
PRESENTS
A A R A M B H

Adorn a new dawn.



32192JT



A TATA PRODUCT

www.tanishq.co.in

π
TANISHQ

Our Rakhi surprise
is worth a day's wait!



2117SBZ

Watches Division

Watches - Overview



Brands

6 major in-house brands & 7 licensed brands

Manufacturing

6, state of the art, watch and component manufacturing/assembly plants

Points of Sale

EBO: World of Titan, Fastrack Stores

OWN MBO: Helios

MBO: present across 7k+ dealers/ MBOs

LFS: Large format departmental stores

ECOM: www.titan.co.in , www.fastrack.in,
www.sonatawatches.in, www.helioswatchstore.com

and market places

EXPORTS: 1,800 POS in 31 countries

Customer Service

Largest network of exclusive service centers

653 watch care centers in 275 towns

Sophisticated Design & Development

Core strength: Industrial, Retail and Graphic design

Numerous international award-winning designs

Watches - Manufacturing



Watch factory, Hosur



Pantnagar factory



Watch Assembly, Hosur



Watches- Stores



'World of Titan' Store



Eyewear Division

Eye Wear

TITAN
eyeplus

fastrack

GLARES
by TITAN



Brands

TITAN EYE PLUS: Retail brand

TITAN: main in-house frames and lenses brand

FASTRACK and GLARES: in-house sunglasses brand

LICENSED BRANDS: for frames and lenses

Manufacturing

State of the art lens lab in Chikkaballapur

Satellite lens labs in major cities to improve turn around time

Frame and lens manufacturing facility

Points of Sale

TITAN EYE PLUS: India's largest optical retail chain
Sunglasses are sold through departmental store kiosks and MBO format also

EBO: TITAN eyeplus

Ecommerce: <https://www.titaneyeplus.com>

Differentiators

Zero-error testing; Vision check online

Remote eye testing at stores

Tie-up with Sankar Nethralaya for training of store staff and optometrists

In-house brands

Frames



Sunglasses



Manufacturing

Integrated Eyewear facility - Chikkaballapur



Lens Labs



Protect from harmful digital light.

Use Blue Filter Lenses.



Blue Coating



Anti- Reflective



Scratch- Resistant



UV Protection

TITAN
eyeplus

Fragrances & Taneira

SKINN™
by TITAN

#BornFrench



Brands

SKINN by Titan

Fine French perfumes at very attractive price points
Entry into body mist category in FY 18- Skinn Kissed

Manufacturing

Manufactured in France by celebrated perfumers, and distilled from the finest ingredients

Bottled in France and India

Points of Sale

Sold through World of Titan Channel, key departmental store chains and Ecommerce
One of the highest selling perfumes in all departmental stores

Plans to strengthen the distribution further in the coming year

Packaging innovations for trial and gifting
Ecommerce: <https://www.skinn.in>

Differentiators

Exceptional fragrances at a very attractive price point
Similar products from international competition at very high price points

Domestic branded competition almost non-existent

THE NEW COLOUR OF CLASS. AMALFI BLEU.



THE FRESH NEW FRAGRANCE FOR MEN AND WOMEN.


SKINNTM
by TITAN

Fine French Perfumes

Taneira



- This youngest brand of Titan Company Ltd was launched as pilot in Feb 2017 with 2 stores in Bangalore.
- Anchored in special occasion wear Sarees from across India.
- Evolved as a natural extension of Titan's proposition – self expression and design.
- Large, unorganized, deeply Indian 5,000 year old category (like Jewellery).
- 12 Stores as of 30th June '20.



Saraswathi Raman, Homemaker,
Encyclopedia
of folk tales.

FESTIVE
COLLECTION
NOW IN STORES

A TATA PRODUCT
TANEIRA
LIKE NO OTHER

Taneira - Stores



Q1 Performance

Q1 Performance – Standalone

Company

- Revenue for the company declined by 74% in the quarter due to the complete loss of sales in April, limited number of stores that could be re-opened in May and June and the gradual recovery in footfall in reopened stores. Company sold INR 601 cr. of bullion (recorded as other operating income) to reduce inventory levels and borrowings.
- Revenue growth of May & June month was at about 15% and 63% of the revenue of corresponding months of previous year (excluding bullion sale).
- The Company therefore ended up with an unprecedented loss situation despite significant progress being made on its 'War on Waste' program, with focus on all costs.
- Number of stores that have been reopened is 83% as on 30th June and 97% till date. However, all stores are not operating on all days in all states due to intermittent lockdowns and local restrictions.
- The Company has managed the cash situation very well and the bullion sale of INR 601 cr helped the Company turn net cash positive in the quarter despite the low level of revenues.
- Advertisement expenses have been cut down in the quarter in line with the low level of activity. As situation improves, it will be scaled up.
- Company is expecting recovery rate to improve quarter after quarter with revenue in the fourth quarter to atleast reach pre Covid levels.

Q1 Performance – Standalone

Jewellery

- Revenue for the division declined by 71% (excluding bullion sales). Revenue growth in May & June month was at about 20% and 72% compared to the same months of previous year.
- Lockdown led to zero sales in the month of April, a month which should have seen very high sales normally due to 'Akshaya Tritiya' festival.
- The recovery has been better than originally envisaged on the back of higher share of wedding jewellery sales (despite the defement of many weddings), good sales coming from GHS scheme, and investment led demand leading to higher gold coin sales. The division is targeting for full recovery in the fourth quarter.
- The division sold gold in the bullion market worth INR 601 cr. at market rates to optimize the inventory levels that were built-up in March for the upcoming 'Akshaya Tritiya' festival.
- Gross margins in the business have suffered as studded ratio was lower at 18% compared to 25% in the previous year. We believe this is due to better recovery of the demand for plain gold jewellery and the fact that metros, which are the key markets for studded, were more affected by the pandemic.
- Gold prices have been on sharp uptrend for more than a year and gold is now being considered as an attractive asset class too.

Watches & Wearables

- As Watches and Wearables are considered to be a distinctly discretionary category, the impact of the pandemic was severe for the division. The division also had a large share of mall stores, most of which were closed for the quarter. Trade channels also were hit badly. Recovery rate was highest in ecommerce and retail (WOT, Fastrack and Helios) channels and lowest in Large Format Stores that are primarily located in malls.
- Revenue was consequently down by 90%. Revenue growth of May & June month was at about 5% and 23% respectively.

Eye Wear

- The Eyewear category, that requires extended store level interaction with customer also was impacted severely. Revenue was down by 80%. Revenue growth of May & June month was at about 15% and 35% respectively.
- The division closed 15 stores during the quarter, on net basis, ending up with a reduction of about 8K sq. feet of retail space.

Q1 Performance – Standalone

Other business - Fragrances, Indian dress wear and Accessories

- Other business declined by 88% .
- It has been a slow recovery particularly for the ‘Indian dress wear’ business with the recovery rate being around 40% in June.
- Taneira launched Florelle collection, an exclusive collection of silk linen sarees inspired by the season of bloom.

Q1 Performance – Subsidiaries and JV

Titan Engineering and Automation Ltd (TEAL) - 100% owned Subsidiary

- TEAL did very well in the quarter with decent order bookings and recorded a revenue decline of only ~19% in Q1'21. The Company received orders for supplying components from ventilators and medical devices capable of detecting TB & Covid-19. While the order flow has slowed down a bit, there have been no cancellation of orders in hand and many customers particularly in the automation business have been seeking deliveries earlier. The aerospace business is however expected to get hit due to the demand situation as the year progresses.

CaratLane (72.3% owned Subsidiary)

- CaratLane did relatively well in the quarter with revenue in May and June months at 23% and 85% respectively compared to the same months of the last year.
- CaratLane's offline sale was impacted more as many of its stores are located in malls. However, the online channel did exceptionally well once the e-commerce lockdown restrictions shipment of on non-essentials were lifted. Number of stores re-opened were 75% at end of the quarter and 85% till date.
- The brand launched a new feature, CaratLane Live, which enables customers to do video chats with jewellery consultants and get a real time view of jewellery designs.

Retail Network

	Net Additions (in Q1'21)			As on 30 th Jun'20		
	Stores	Square Feet		Stores	Towns	Sq. Ft.
Tanishq	6	17K		333	207	1.25mn
Zoya	0	0		4	3	18K
CaratLane	0	0		92	33	76K
Mia	1	0.3K		39	20	13K
WOT	6	4K		505	221	411K
Fastrack	(1)	(0.6K)		182	84	91K
Helios	1	0.6K		93	42	78K
Titan Eye+	(15)	(8K)		569	223	378K
Taneira	0	0		12	5	44K
Total	(2)	13K		1,829	289	2.4mn

Retail Growth – June month

	June-month	
	Sales value growth	Like-to-Like growth
Tanishq	(23%)	(18%)
CaratLane	(47%)	(41%)
World of Titan	(59%)	(51%)
Fastrack	(64%)	(58%)
Helios	(51%)	(29%)
LFS (for Watches)	(86%)	(84%)
Titan Eye+	(46%)	(44%)

1. Above retail growth is based on secondary sales (at consumer prices) in Titan branded retail stores (including franchisee stores) and LFS only. Reported revenue is based on secondary sales to consumers in L1 and L2 stores and primary sales to L3 stores, distribution partners and institutional clients. Consumer discounts, franchisee pay-outs and GST is netted off from consumer prices for reported revenue.

2. Retail network shown above represent sales of almost 100%, ~45% and ~80% of Jewellery, Watches and Eyewear businesses respectively on consumer price basis. The remaining sales is to the distribution channels and institutional clients.

3. For LTL growth, only those stores were considered which opened before 1st June, 2019 and also re-opened after lockdown before 1st June, 2020. Some of these LTL stores stayed closed for some of the days in June' 20 due to local restrictions.

P&L – Q1'21 - Standalone

in INR Crores	Q1 '20	Q1 '21	YoY
Revenue from Operations			
- Sale of products/ services	4,885	1,251	-74%
- Other operating revenue	54	611	
Other Income	56	39	
Total Income	4,996	1,901	
COGS	3,613	1,478	
Gross Contribution	1,382	423	-69%
Employee benefits expense	245	222	-10%
Advertising	134	16	-88%
Other expenses	381	392	3%
Total Overheads	761	630	-17%
EBITDA	621	(207)	
Depreciation & Amortization	68	82	
EBIT (before exceptional items)	553	(289)	
Less: Finance expense	30	46	
PBT (before exceptional items)	523	(335)	
Less: Tax	152	(65)	
PAT	371	(270)	

IND AS 116 Impact (in INR Crores)	Q1 '20	Q1 '21
Other Income	2	3
Other expenses	(49)	(53)
Depreciation	33	37
Finance costs	20	23
PBT	(2)	(3)

Total Income – Q1'21

Total Income ⁽¹⁾ (in INR Crores)	Q1 '20	Q1 '21	Change %	Mix - Q1'21
Jewellery	4,047	1,182	-71%	91%
Watches	715	75	-90%	6%
Eyewear	149	30	-80%	2%
Others / Corporate ⁽²⁾	85	13	-84%	1%
Standalone (w/o bullion sale)	4,996	1,300	-74%	100%
Jewellery - Bullion sale		601		
Standalone	4,996	1,901	-62%	
Caratlane	133	44	-67%	
TEAL	95	77	-19%	
Others/ Consol. Adj. ⁽³⁾	(15)	(1)		
Consolidated	5,208	2,020	-61%	

Note:

1. Total Income also includes other income.
2. Others include Accessories, Fragrances and Taneira business
3. Others include Favre Leuba.

EBIT – Q1'21

EBIT (in INR Crores)	Q1 '20	Q1 '21
Jewellery	442	(54)
Watches	128	(164)
Eyewear	(11)	(31)
Others/ Corporate ⁽¹⁾	(5)	(40)
Standalone	553	(289)
Caratlane	(5)	(14)
TEAL	15	7
Others/ Consol. Adj. ⁽²⁾	(10)	(14)
Consolidated	554	(309)

Note: 1. Others include Accessories, Fragrances and Taneira business
 2. Others include TTPL (divested in June'18) and Favre Leuba.

Capital Employed - Standalone

in INR Crores	Segment Assets	
	31-Mar-20	30-Jun-20
Watches	2,143	2,050
Jewellery	8,225	7,268
Eyewear	495	475
Others	217	226
Corporate	2,108	3,175
Total	13,188	13,194

Segment Liabilities	
31-Mar-20	30-Jun-20
775	668
4,450	4,549
234	212
91	99
814	1,260
6,364	6,788

Capital Employed	
31-Mar-20	30-Jun-20
1,368	1,382
3,775	2,719
261	263
126	127
1,294	1,915
6,824	6,406

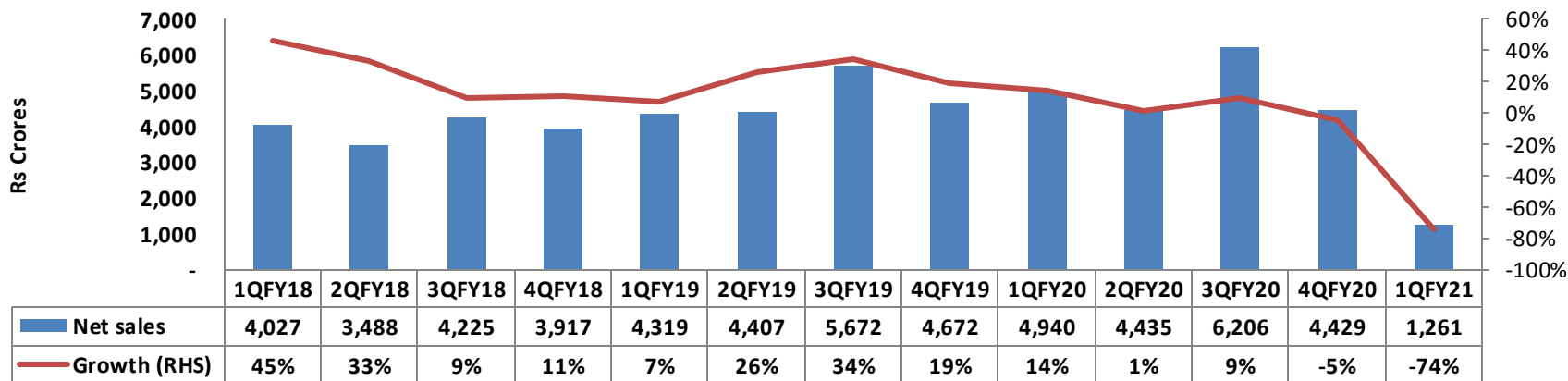
Note: 1. Others include Accessories, Fragrances and Taneira.

- Assets of Jewellery division is lower due to the tighter inventory management and bullion sale in commodity exchange (MCX).
- Capital employed of Corporate is higher due to increase in net cash.

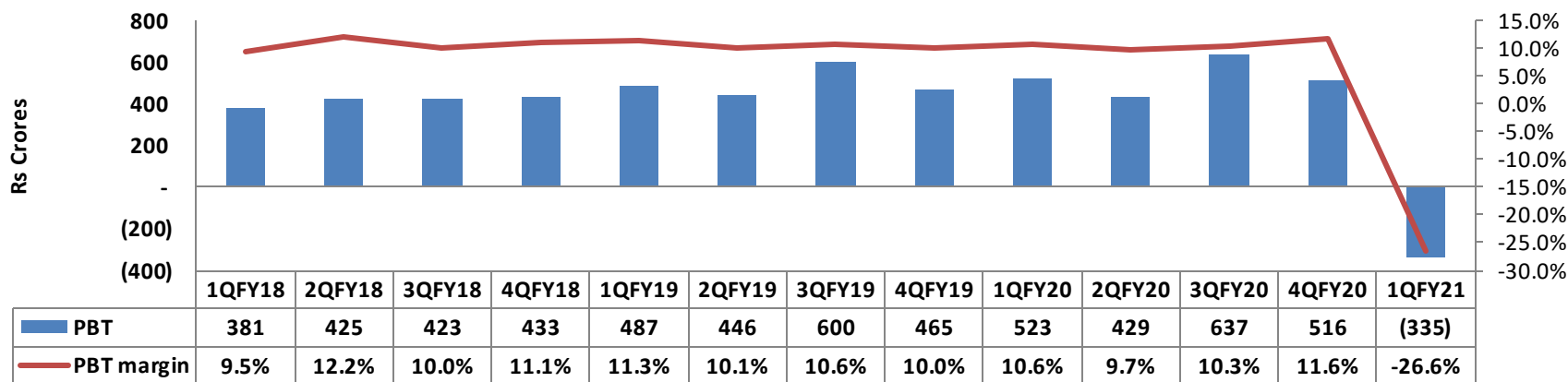
Performance Trends

Quarterly Performance Trends

Company: Revenue



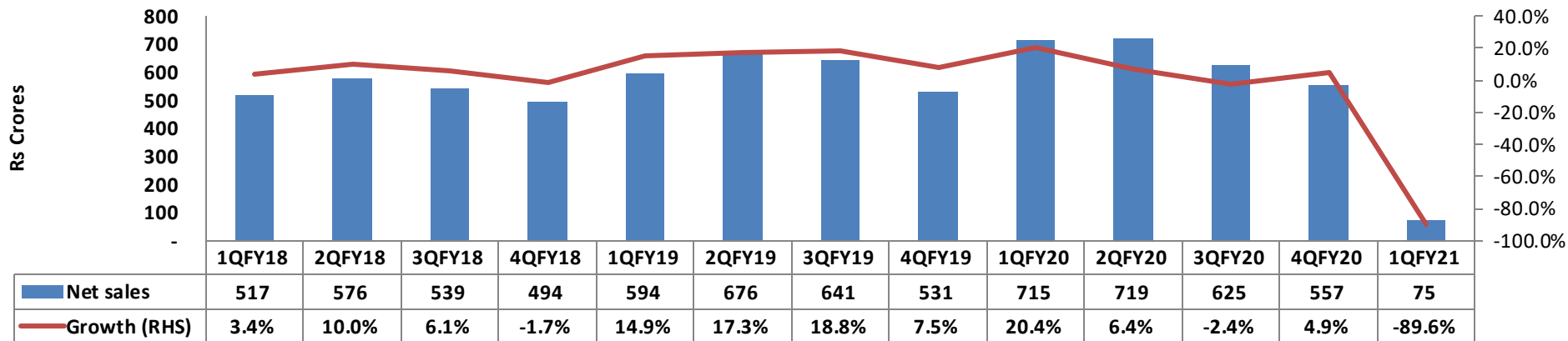
Company: PBT & Margin



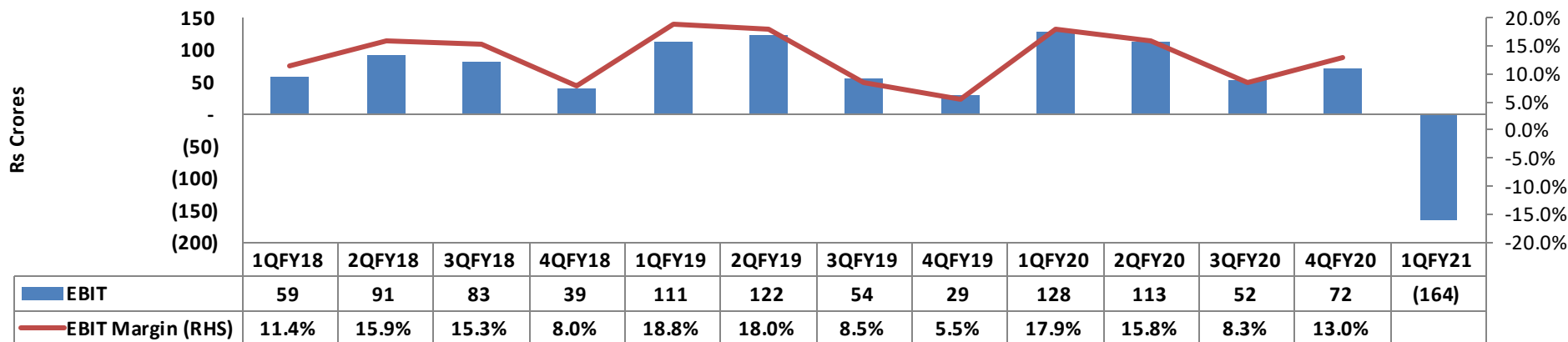
- Note:**
- Financials of the Company do not include PED from Q1, FY '18 onwards due to its demerger into TEAL.
 - Q1'21 revenue is before bullion revenue of INR 601 cr.
 - PBT is before exceptional items.

Quarterly Performance Trends

Watches: Total Income



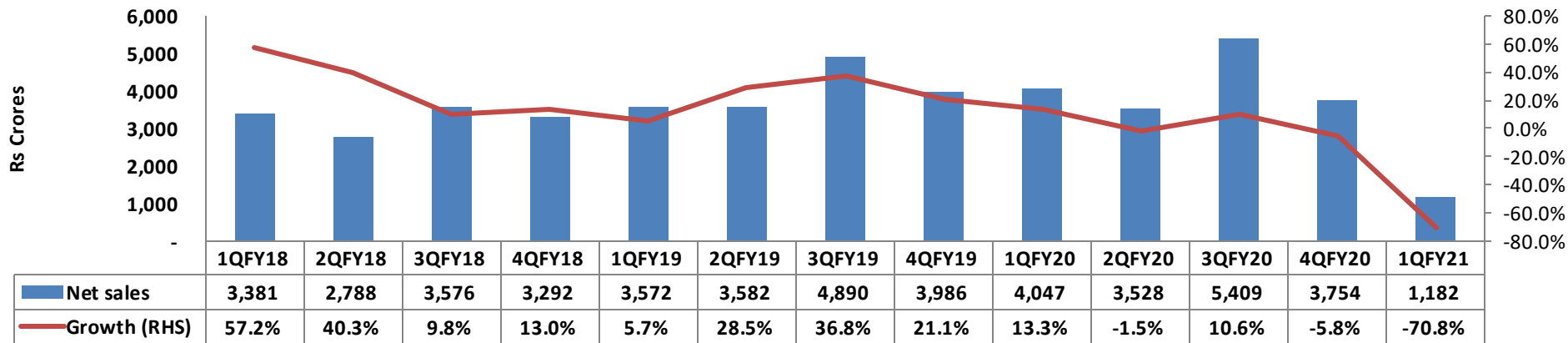
Watches: EBIT & Margin



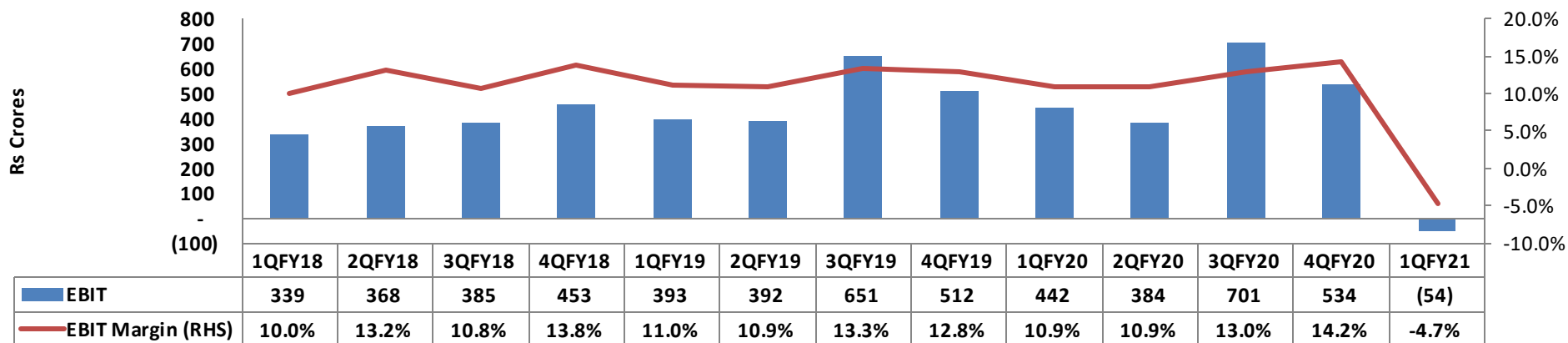
Note: 1. PBT is before exceptional items.

Quarterly Performance Trends

Jewellery: Total Income



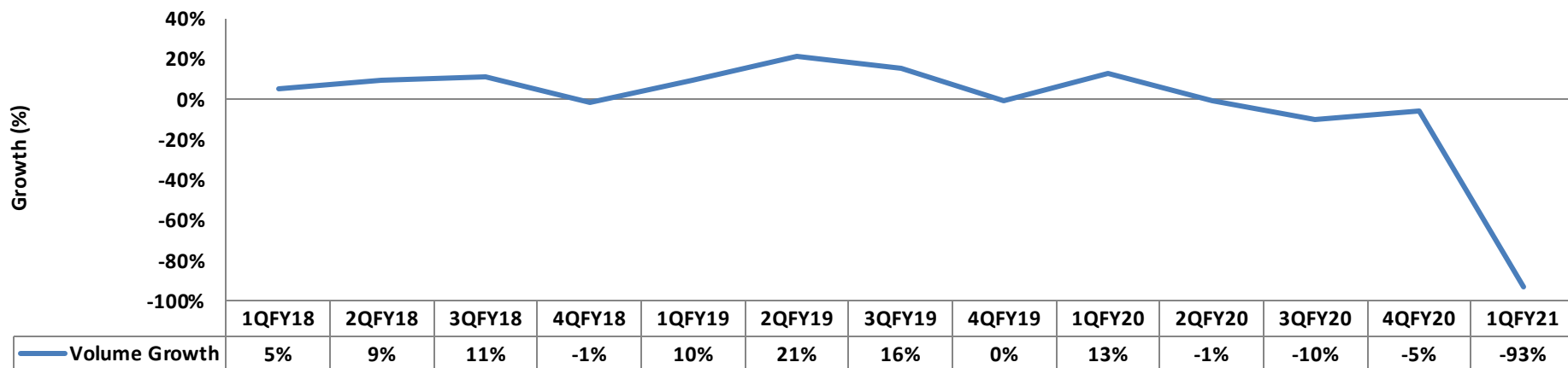
Jewellery: EBIT & Margin



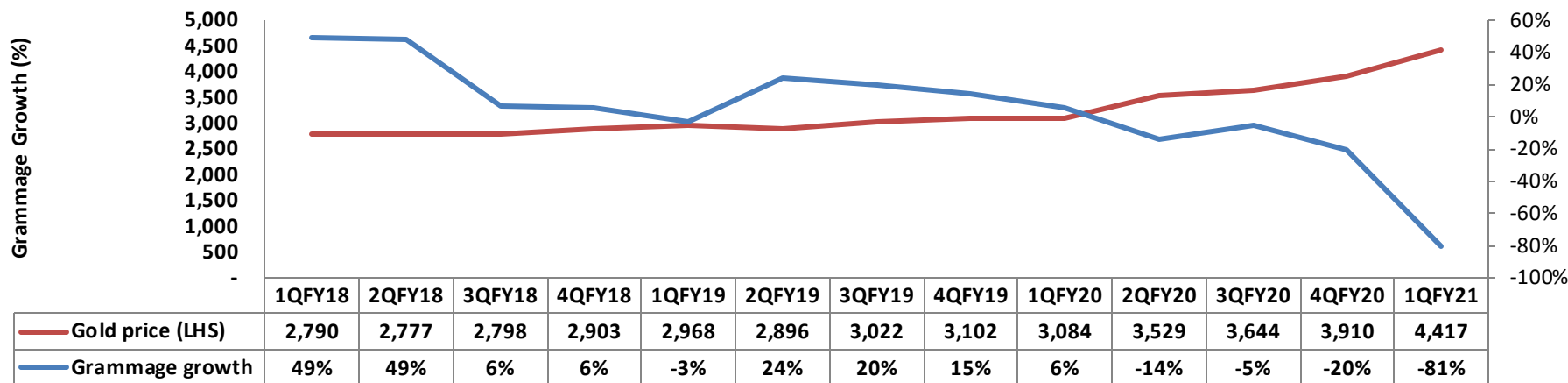
Note: 1. Q1'21 revenue is before bullion revenue of INR 601 cr.
2. PBT is before exceptional items.

Quarterly Performance Trends

Watches: Volume growth



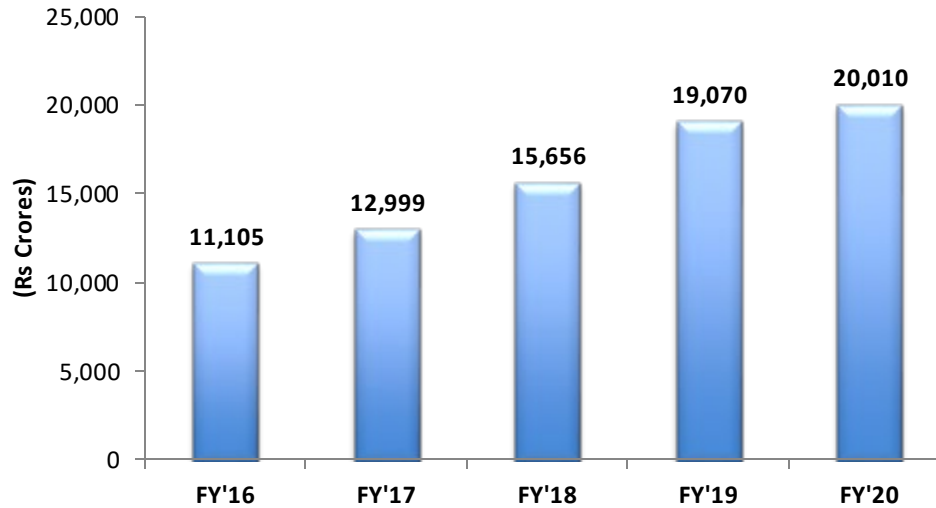
Jewellery: Gold price (22kt) and Grammage growth



Annual Performance Trends - Standalone

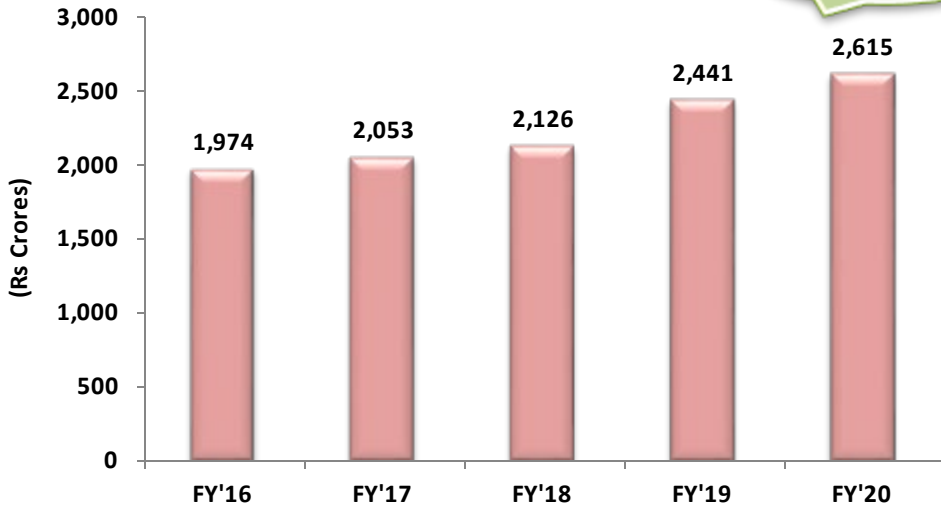
Company: Revenue

5-Yr CAGR:
10.9%



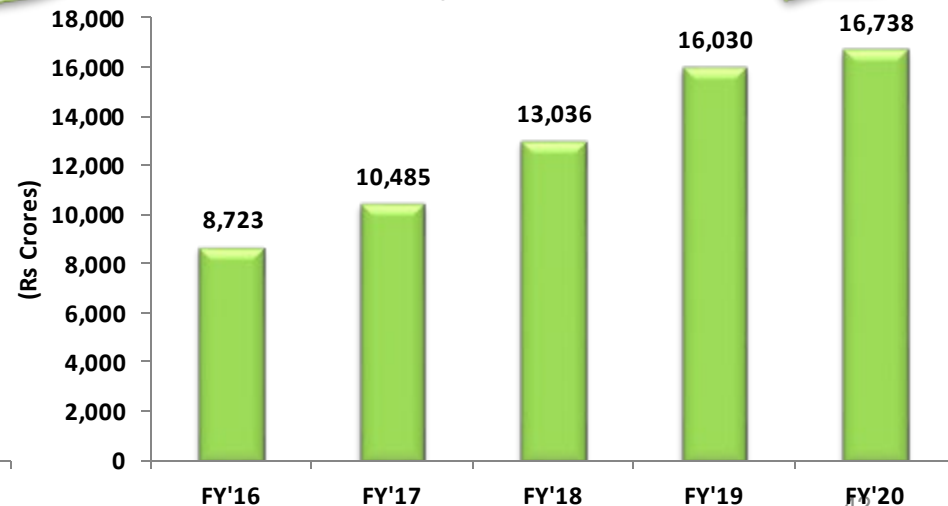
Watches: Total Income

5-Yr CAGR:
6.4%



Jewellery: Total Income

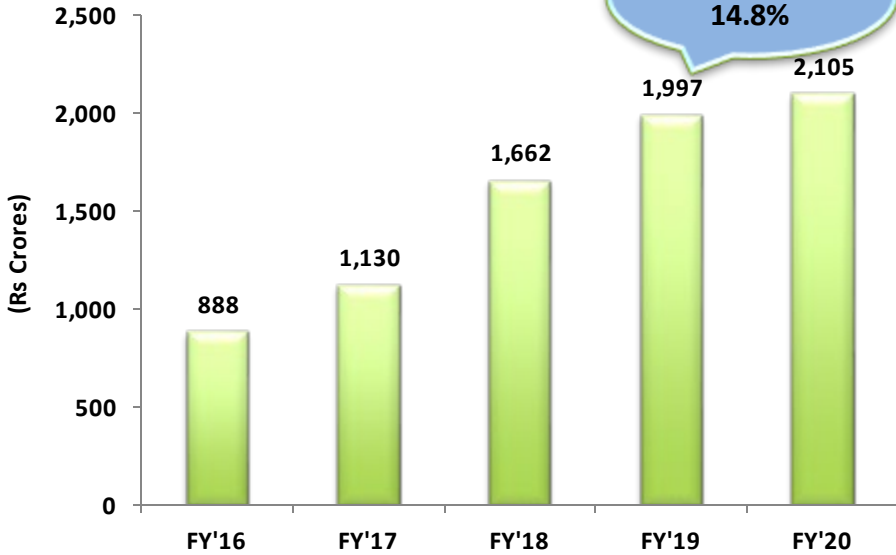
5-Yr CAGR:
12.2%



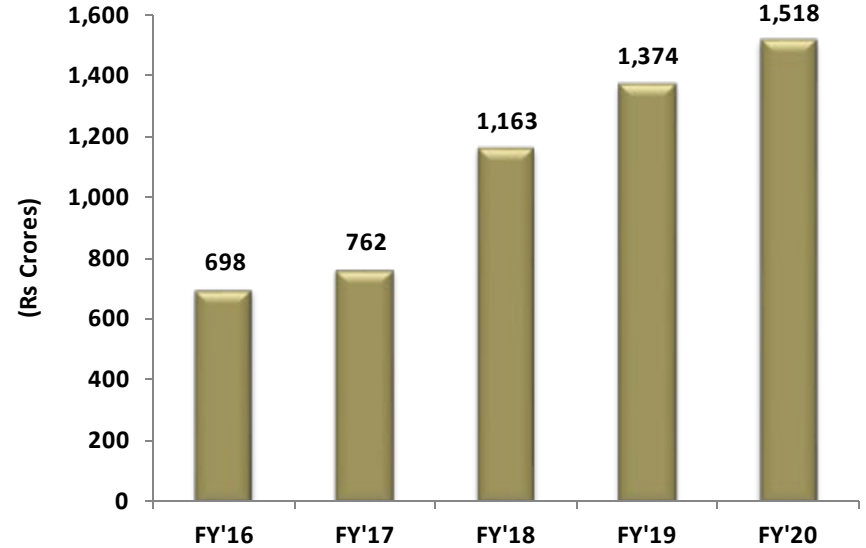
Annual Performance Trends - Standalone



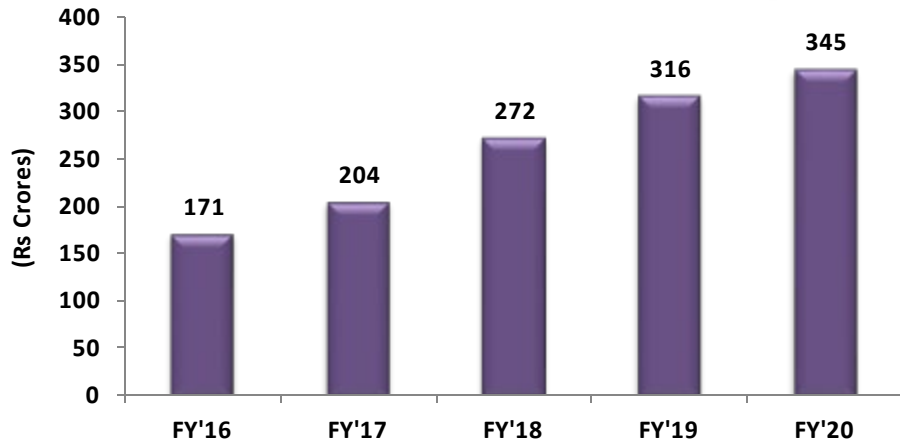
Company: PBT



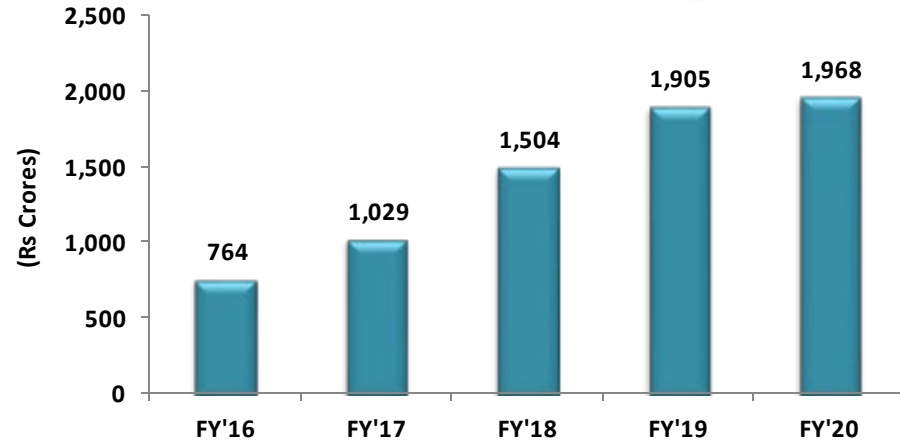
Company: PAT



Watches: PBT



Jewellery: PBT

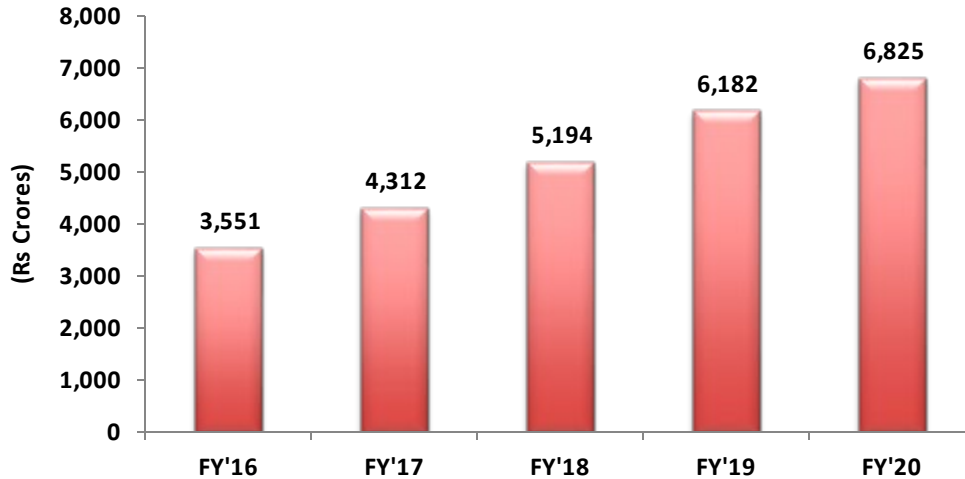


Note: 1. EBIT and PBT is before exceptional items.

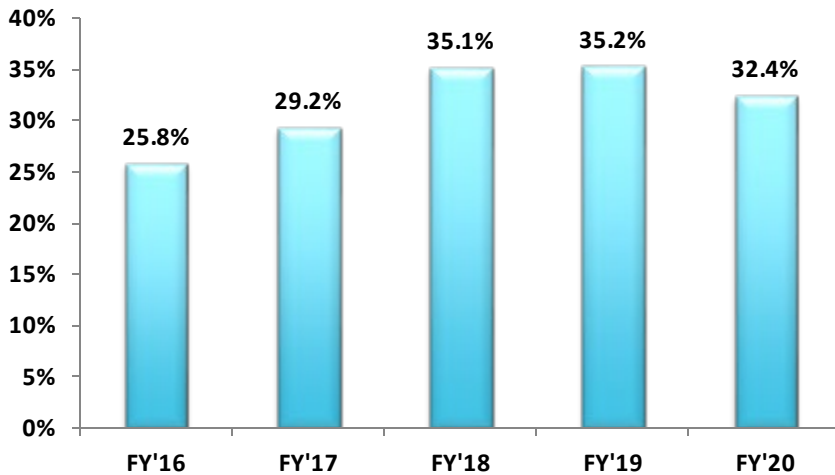
2. PAT is after exceptional item of INR 70 cr., INR 92 cr and INR 96 cr. for FY'19, FY'18 and FY'17 respectively.

Annual Performance Trends – Standalone

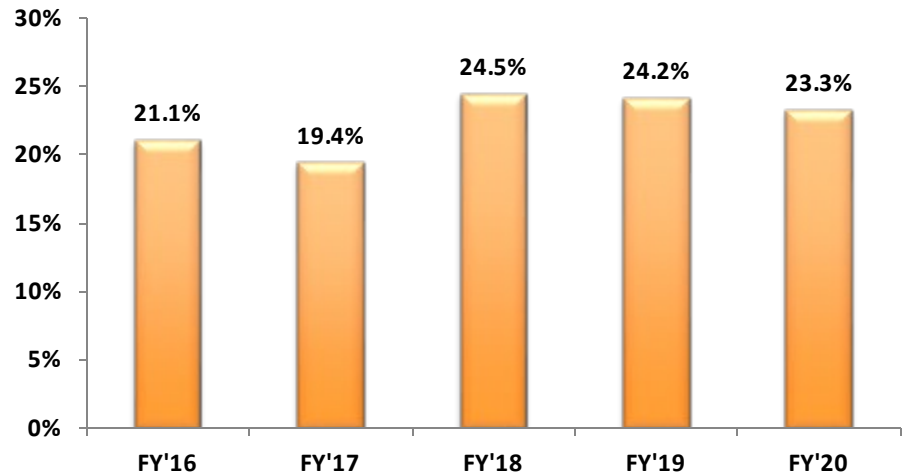
Capital Employed



ROCE



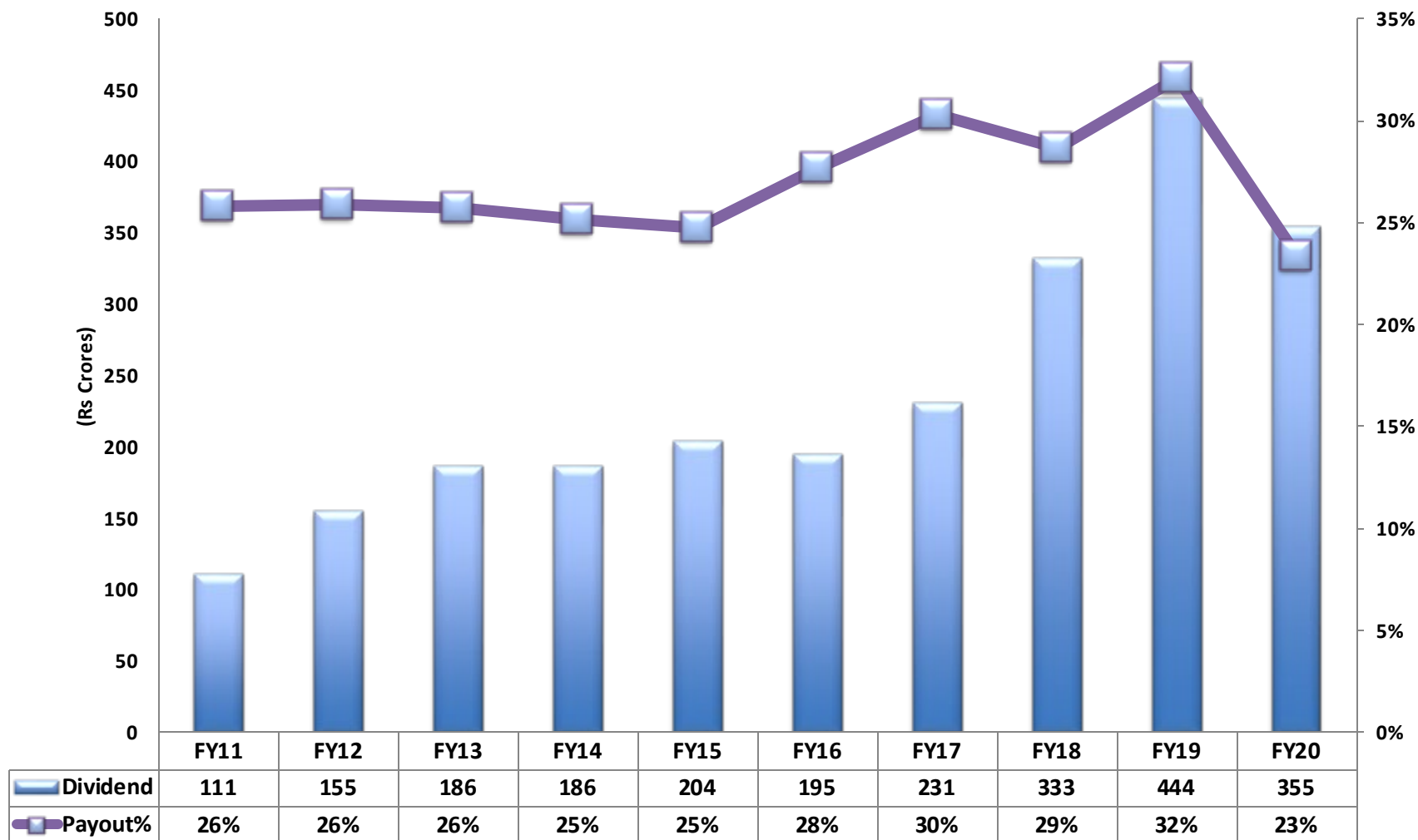
ROE



Note: 1. In above ROCE calculation, EBIT is before exceptional items.

2. In above ROE calculation, PAT is after exceptional item of INR 70 cr., INR 92 cr and INR 96 cr. for FY'19, FY'18 and FY'17 respectively.

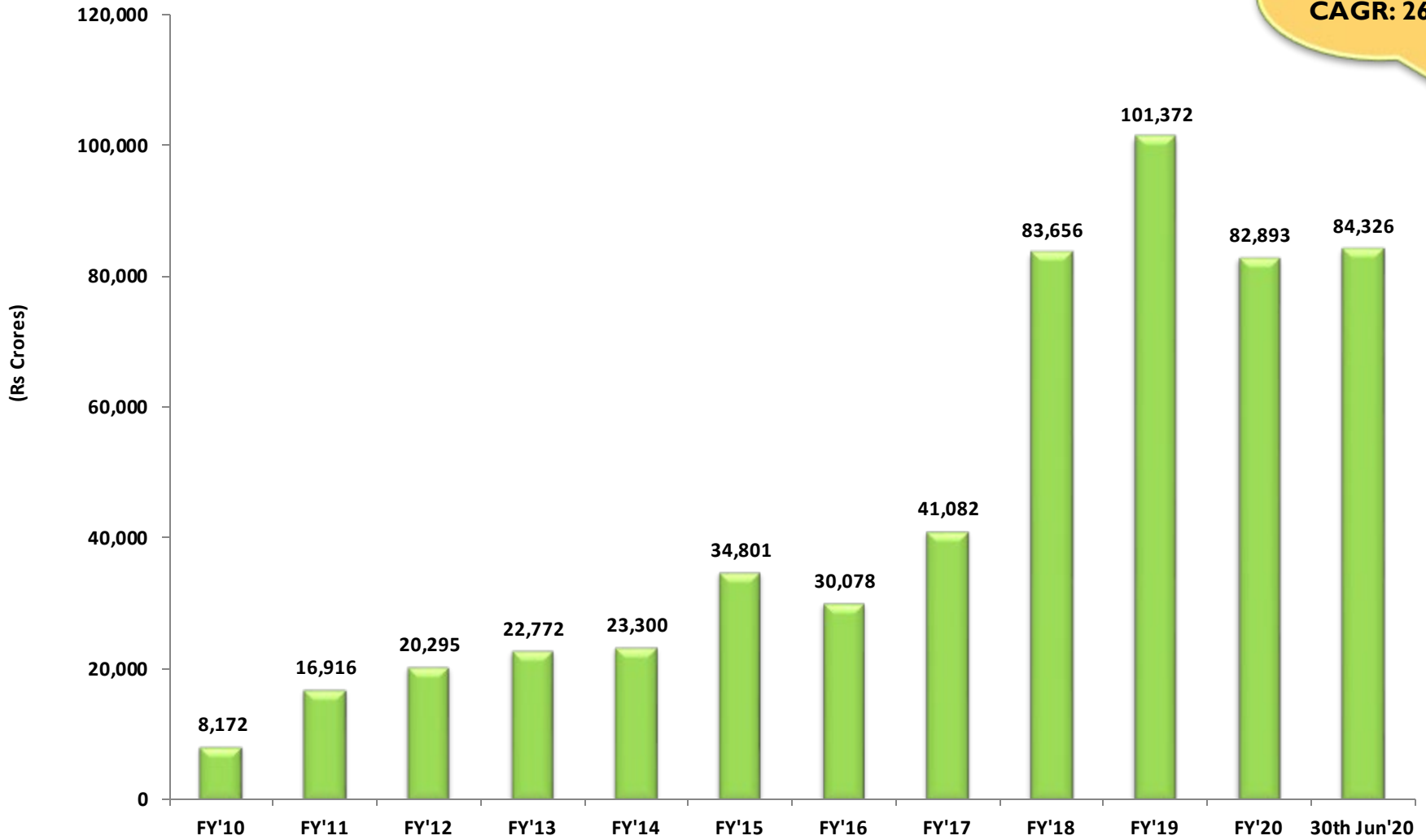
Dividend



Note : Above dividend payout ratio is excluding the Dividend Distribution Tax

Market Capitalisation

**10 year
CAGR: 26%**



Note: Based on NSE closing prices at the end of the period

CSR focus at Titan will continue be driven by broad themes such as upliftment of the underprivileged girl child, Skill development for the under privileged and support for Indian Arts, Crafts and Heritage. We will also support local causes that are supportive of our neighborhood wherever we are present as part of our responsible citizenship initiative.

Area	Key Initiatives
Girl Child / Education	Across all our partners who are in this space, there has been a significant focus on bringing in technology to reach out to the children. Teacher capacity building is in progress through Agastya teacher training program and we have completed one batch so far during the year.
Skill development for underprivileged	There has been a good response from the youth who have enrolled online for the employability skill program . We have started conducting on line training for the students in our LEAP centre and also for the final year engineering students from select tier 3 colleges of Anna University
Support to Indian Arts Crafts and heritage	Craft community in Benares continues to progress with precautions in place from COVID. New designs are being shared with the beneficiary groups.
Design Impact Awards for Social Change	While the progress with the Grantees is a bit slow due to Covid, we have embarked on a new program – Design Impact Movement that aims to bring in Design thinking for social change amongst the student / youth community
Responsible citizenship	The Company’s programs in Uttarakhand continue to progress well . The integrated Village Development and also Watsan programs are being carefully managed by the active and safe involvement of the community.
Others	As part of COVID support we are augment support to the Girl Child program, in the communities where they come in from to ensure we ring fence our programs and the community we work in from any adverse effect of COVID.

Thank You



TITAN
COMPANY