Titan Company Limited

Delivering Value by creating brands

May, 2017

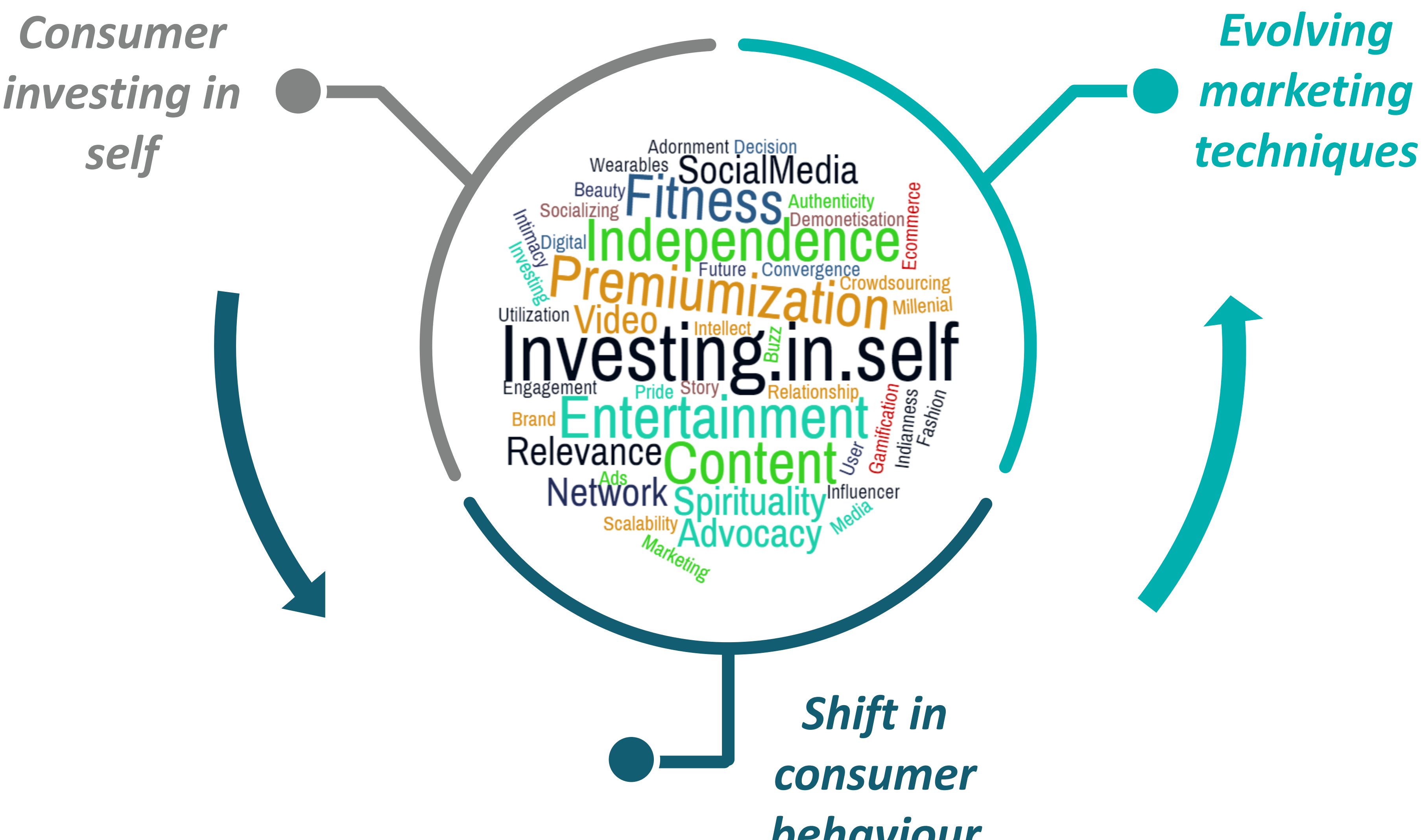
2016-17 An exciting year

- Uncertain and Tumultous conditions
  - Excise in Jewellery
  - Strike by jewellers
  - Weak wedding season
  - Weak exports
  - Demonetisation “trumped Brexit” as a single event
- Titan stuck to its core themes:
  - Growth
  - Productivity: for People through People
  - Invest in the “New and NewAge”
  - Future Focus

2016-17 Significant Events

- Watches : Correction and Competetive
- Jewellery: Agility, Growth, “New”Products and Capability (Caratlane)
- Eyewear : Expansion, Closure and “New”
- PED : Growth with Global Excellence
- New Businesses: Establishing purpose and credibility: Skinn, Montblanc,Favre Leuba and Taneira
- Continued investment in Digital, Ecomm, Analytics and Automation

Key consumer themes for 2017-18



TITAN COMPANY

Consumer investing in physical self

Increased awareness towards fashion and beauty

- *Latest **fashion fads** penetrating even rural areas*
- *Need for youth to appear at par with peers on usage of grooming products, especially among men*
- *Global brands making a mark in Indian market, increased **competition in the masstige and premium** segments*

$ 6.5bn

Current size of personal care market in India

42%

Growth of men's category in last 5 years

$20bn

Estimated market by 2025

Consumer investing in physical self

Fitness conscious consumer- 'Fit' is the new 'Smart'

- ***Urban*** *consumers investing more in physical fitness regimens- running* ***marathons, zumba fitness, fitness challenges*** *in vogue*
- *Demand for* ***healthy living***
- *Plethora of wearables with fitness use-case*

42,000

Participants in Mumbai marathon 2016

$500mn

Market of organic farming in India

Consumer investing in spiritual self

Quest for spirituality

- *Spiritual journeys and discovering the inner self*
- ***Yoga and inclusive spiritual fitness programs** more popular*
- *Emergence of **spiritual thought leaders**- transcending religious, linguistic barriers and economic classes*

₹ 25 Cr

Expense of World Cultural Festival by AOL

120mn

Attendees of 2013 Allahabad Kumbh Mela

Consumer investing in intellectual self

Self education and Intellectual stimulation

- *Material for self education readily available via **online classrooms***
- ***Gamification-interactive content** - learning a pleasurable experience*
- *Peer to Peer learning through knowledge platforms*

coursera

***24mn** registered users, **2000** courses*

reddit

***83bn** pageviews, **234mn** unique monthly visitors*

pebble

***$100,000** raised in **2hrs** using crowdfunding*

Consumer investing in self





Actual Self

Projected Self

*Consumers project a **modified image** of themselves on social media. This, along with an increased investment in self has led to a **change in consumer behaviour***

Premiumization

Premiumization evident in consumption patterns

- *From **product seeking to experience seeking** behavior- popularity of stand-up comedy, live concerts, theme weddings*
- *Instant gratification- ecommerce enabling more **impulse buying***
- *Popularity of **aggregator models***

33%

Of total consumption by Affluent and urban elite in 2025

80,000

Estimated attendance of Coldplay concert in Mumbai

850mn

Estimated number of internet users in India by 2025

Digitization and technology in daily life

TITAN COMPANY

Digital influence

- *Consumers becoming* ***channel agnostic-*** *search and selection done offline and purchase made online or vice versa for specific categories*
- *Technology* ***influencing every stage*** *in decision journey*

Influence in Customer Decision Journey Stages

Need Recognition → Search → Directed Search → Purchase

Social Media Influence

Brands, Trends

Discounts, Outlets

Home Delivery

X 3

3 fold increase in internet penetration in India over last 3 years

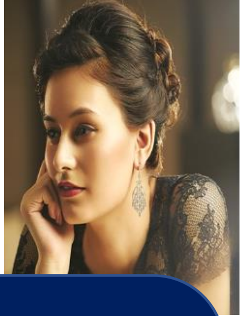
129 Cr

FY 16-17 ***Revenue*** *Flipkart, Myntra, Tata Cliq, & Jabong.*

X 7

7 fold increase in online shoppers to estimated ***80mn*** *in 3 years*

The Channel Agnostic Consumer : eg. Caratlane



Praachi Shinde

Lives in Nasik.
Saw CaratLane advertisement online.
Spoke to Online sales team before 1st transaction.
Has bought 25 times since then (unassisted).

Discovery online.
Purchase online.

60%

Vandana Seth

Lives in Chennai.
Explores our jewellery online and loves the designs.
Sometimes buys online and sometimes buys from our stores.

The true omni-channel customer

3%

Sangeeta Das

Lives in Assam.
Loves our jewellery.
Browses at CaratLane.com and short-lists products online.
Has never bought from us online.
Has purchased 4 times from our stores – GK1 and Bangalore
Even now, she will never buy online.

Discovery online.
Purchase @ store.

7%

Niti Mishra

Lives in Gurgaon.
Never heard of CaratLane earlier.
Walked into our store on one of her visits to Ambience Mall.
Loves our jewellery.
Purchases only from the store.

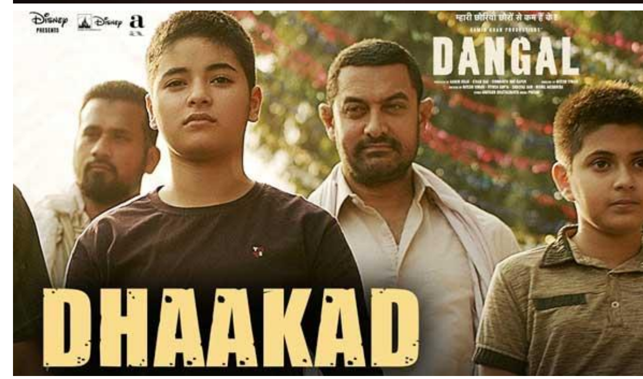
Discovery @ store.
Purchase @ store.

30%

Indianness

Confidence in Indianness

- ***Success of Indians*** *in world arena*
- *Growth of India's leverage in world economy*
- *Higher* ***risk of opportunities abroad*** *increasing attractiveness of domestic markets and opportunities*
- *Dissolution of Indian diffidence*



₹ 1418 Cr

Ethic wear makes a comeback- ***FabIndia*** *becomes biggest apparel retail brand*

12% vs 5%

Growth of Indian expenditure YoY vs global expenditure growth YoY

Rise of women

TITAN COMPANY

Women carving a niche for themselves

- *Women making big strides in education*
- *Superwomen- juggling multiple roles successfully*
- *Women making a mark in corporate Indian leadership*

78.9 %

Gross Enrollment Rate of women in secondary schools- higher than males (78.1%)

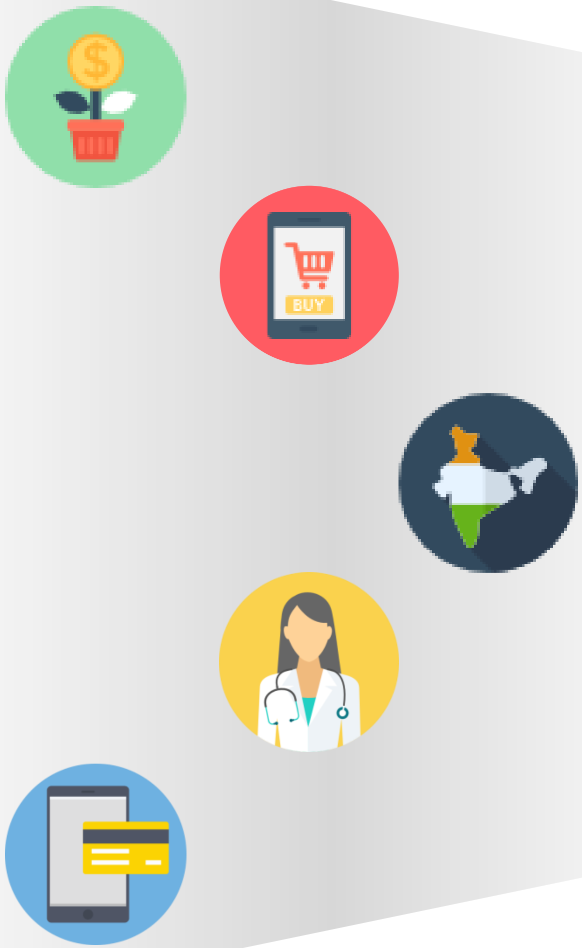
X 2

No of women in boards of companies doubled 2010-2015

10.3 %

CAGR difference between companies with more than 50% women in senior management vs others globally

Shift in consumer behaviour



The change in attitude, channels, purchase process and profile → ***information processing change*** *→ need for* ***change in marketing response***

Advocacy

Advocacy and opinion leadership as the new mantra

- ***Blogs and review videos*** *on YouTube as tools used in* ***decision making process***
- ***User ratings*** *in E commerce websites/ apps as a selection criteria*
- *Celebrity* ***endorsements and brand placements***

563,111

Subscribers for ***MakeupWearables*** *channel (87.0% Female, 13.1% Male) 304,989 views/video*

248,038

Subscribers for ***Jaz Reviews*** *(7.7% Female, 92.2% Male248,038 Subs, 337,789 views/video)*

Social media as a major touchpoint

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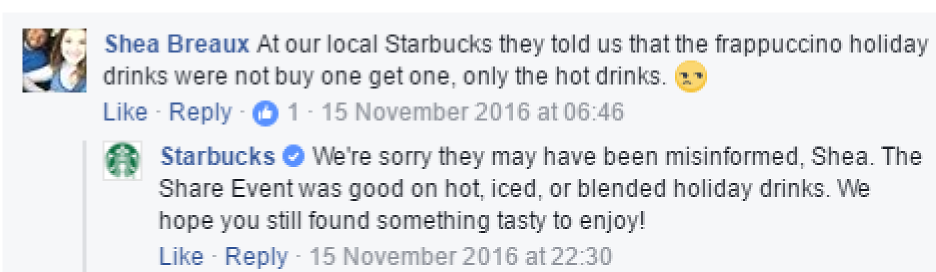
Blurring lines between social media and real life

- *"Facebook likes" and "Instagram followers" becoming **metrics of social approval***
- *Social media pages as an instant **complaint redressal** system*
- ***Concentric social circles** being made- Facebook-> Instagram->Snapchat/Whatsapp-> Personal Interaction*

Social media pages act as instant complaint redressal systems



36bn

Likes for Starbucks FB page, 2nd most popular social media page on Internet

Entertainment and content

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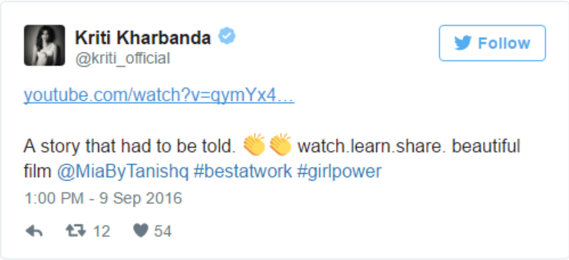
Content focused on entertaining the viewer

- *Content format changing* ***text -> images -> videos***
- *Campaigns that carry* ***a relevant social message***
- *Campaigns that* ***connect to youth***

#Breakthebias

75%

Estimated further cut in data tariffs. Communication medium to change from ***text→images→videos***



7.9mn

Reach of #Breakthebias campaign on FB
20k new fans on FB, 49k likes, 30k share, 4.5 k comments; 2 mn views &
86% view duration on YouTube

2017-18 : Achieving a sustainable prosperity growth curve

- Aggressive topline growth
- Caliberated network expansion
- Deriving benefit from the Quantum Leap programme
- Investing in Capability and Leadership building
- Enhancing : Customer Focus , Customer Experience, Design Thinking, R & D, NewAge capabilities
- Exploring new opportunities
- Responsible citizenship

Thank You

TITAN
WATCHES AND ACCESSORIES BUSINESS

Annual Investor Forum

Mumbai

19th May 2017

16-17

The consumer
The environment
The category

The consumer

Self
Fitness

Premiumization
Online

DEMONETISATION

DEPARTURE FROM THE REGULAR FORMULA

NEW LEADERSHIP

101 MILLION WRIST WEARABLES SOLD IN 2016

India Market

- Category
- Global Players
- Ecom Buzz

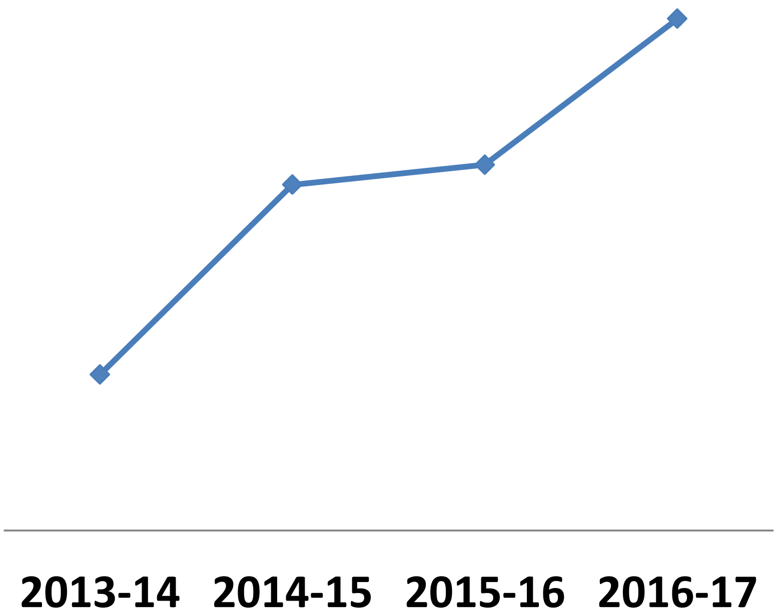
Top	Premium & Luxury brands	Regulatory Changes
Mid	Global Players	‘India’ strategy
Bottom	Ecom	Price driven

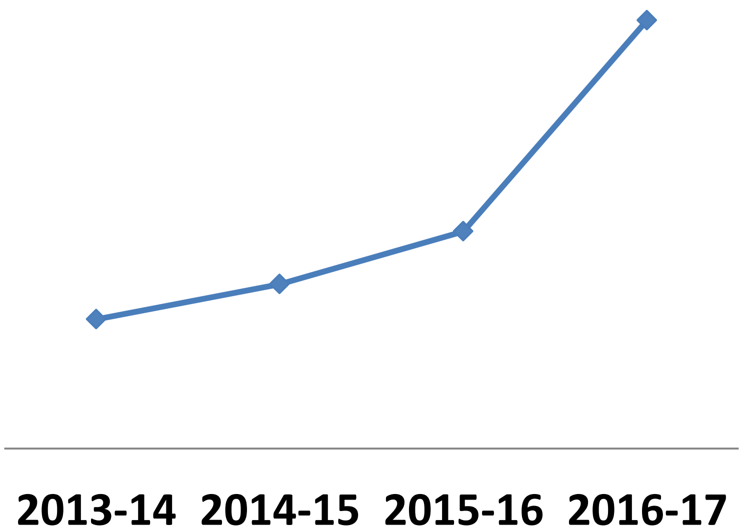
1617…an eventful year

-getting back growth
-improve health

2 channels and a brand

MODERN CHANNELS





RETAIL
8% growth

LFS
16% growth

ACTIVATION IN FASTRACK- RESTUCTURING

BRAND GROWTH- 10%

LEVERAGED ITS TRUE POTENTIAL

The Road Ahead

- Smart
- Design differentiation

  Titan , FT , Sonata
- Retail: Expansion and renovation
- ISCM

THE BUZZ

India is 0.6% of the worldwide wearables market*

** Source- IDC*

WATCHES

CONSUMER LED VS TECH LED

OUR ENTRY

INDIA DESIGN MARK
GOOD DESIGN

RANKED 3RD BY IDC IN INDIA- Q3

INDIA'S FIRST SAFETY WATCH

SONATA | ACT

DIFFERENTIATED PRODUCTS

TITAN

EDGE
CERAMIC

Case & Strap – Ceramic

SLIMMEST CERAMIC
4.4 MM Thickness

EDGE

masaba

for

TITAN

Octane

Squadron

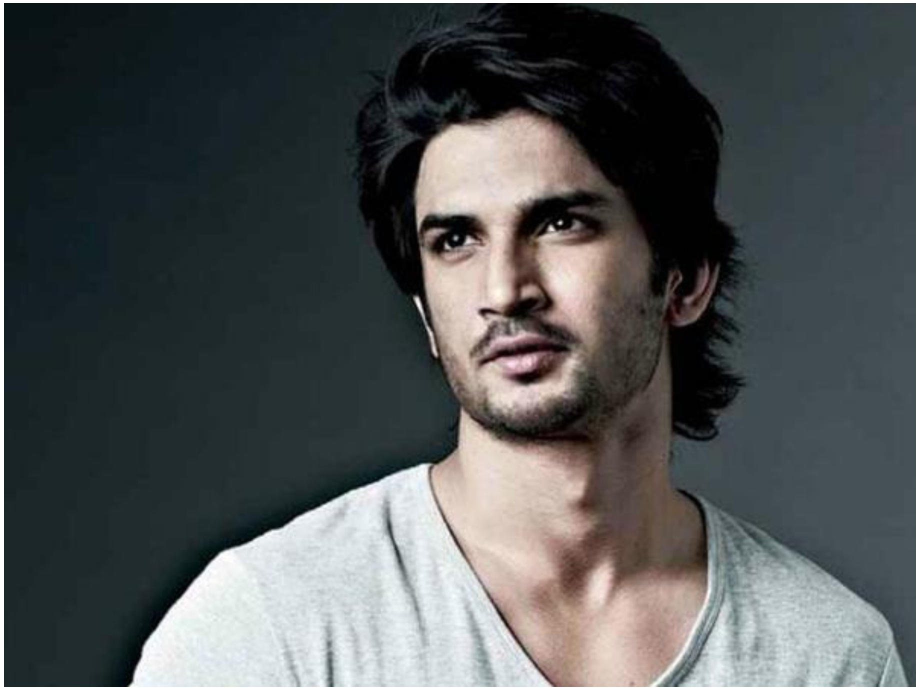
Scouter

Hawker

SONATA –UNDER THE SPOTLIGHT

BRAND IDEA

“Being fearless is the true measure of success.”



Roots in Small-Town India
Charting His Own Course
The Outsider in Bollywood
The Underdog Phenomenon
On the Way to Becoming A Success on His Own Terms

SONATA

CHALLENGE YOURSELF

FASTRACK- ON THE FAST TRACK

FASTRACK: CONNECT WITH YOUTH

fastrack

fastrack

BAGS

SCUBA NARCOSIS

SCUBA NARCOSIS

LICENSED BRANDS

XYLYS – SWISS AUTOMATIC

SWISS MADE

RENOVATION

WOT, FTS , HELIOS

MODEL STORES

ISCM

PROCUREMENT | EFFICIENCY | PRODUCTIVITY

- Capability building
- Lead Time reduction
- Productivity improvement
- Innovation and new technology

THE NEXT 2-3 YEARS...

- Innovation
- Lead change
- Category excitement
- Cost management

THANK YOU

TITAN EYEPLUS 2017-18
Investor Meet – 19 May 2017

EYEWEAR DIVISION – HIGHLIGHTS 2016-17

A year of building for the future:

- Rapid expansion – 95 new stores in the year (Current store count 472)
- New store format introduced (low cost) for small towns – 20 stores set up
- Discontinued and closed down the Spexx format of stores
- Converted a number of Company stores to Franchisee stores
- Renovated a large number of stores to the new retail identity
- Introduced & implemented correct selling – trust & transparency
- Introduced occasion based in-store format
- Introduction of 30 minute delivery of spectacles – a key differentiator
- Seeded a new and younger personality for the brand
- First ever lens film – very differentiated from rest of industry
- Launched over 600 new products
- Set up 3 satellite Lens Labs in Kolkata, Delhi & Mumbai
- Set up a Design Studio
- Bought land to set up Frame manufacturing – Production to commence in current year

Market Landscape

- Eyewear market is fragmented and underpenetrated
- Fashion changing rapidly in the category
- Limited expansion by large national players
- Competition
  - rapidly set up stores
  - disruptive pricing
  - youthful positioning
- Increasing advertising spends in the category by National and regional players
- Retail stores across the category looking contemporary
- Offers becoming a norm in the category

DAYAL

HIMALAYA

FOCUS AREAS FOR 2017-18

1) Scaling Up

2) Driving same Store Growth

3) Marketing

4) Extending the Value Chain

5) A new focus on Sunglasses

SCALING UP

ಟೈಟನ್ ಐಪ್ಲಸ್

TITAN eyeplus

A TATA Enterprise

SCALING UP – 2017-18

REGULAR FORMAT	LOW COST FORMAT	FACTORY OUTLET
• 25 stores • Turnover of Rs. 1 Cr each • Existing cities	• 12 stores • Existing tier three/four towns • Existing cities	• 3 stores • In key cities • Currently, one store in Mumbai

OMNI CHANNEL

TITAN COMPANY

Current Status

- Range of Frames, Lenses and Sunglasses
- Store Locator
- New Collections/Offers
- Live Chat
- Assisted services by trained optometrist for progressive/bifocal
- Intuitive and Consistent Interface

Way Forward

- Encircle Integration
- Virtual Try On
- Home Eye Test/Home Try On
- Same Day Pick Up
- Dynamic Store Appointment Scheduling

TITAN eyeplus

DRIVING SAME STORE GROWTH

SAME STORE GROWTH - INITIATIVES

- **CUSTOMER EXPERIENCE – A DIFFERENTIATOR**
  - Taking care of hygiene – delivery, customer service, call backs, etc.
  - Standardization of processes(Singapore Airlines & TAJ)
  - Reducing TAT of addressing customer complaints
  - CRM: Driving repeat customers & reducing dormancy
  - Rewards & Recognition
- **IN-STORE**
  - 30 minute delivery of spectacles
  - Step up Corporate Partnership Program
  - Correct selling
  - Powered sunglasses/spare spectacle offers - To increase basket size
  - Store Manager empowerment

- **RELOCATION & RENOVATION**
  - Old format stores progressively being renovated
  - Wrongly located stores to be re-located
- **MERCHANDISING**
  - Pull back of sludge stock
  - Setting norms for product freshness
  - Strengthening merchandising team
  - Merchandising software solutions
- **PEOPLE**
  - Setting up ‘Customer Experience’ function
  - Special focus on Store Manager’s capability building
  - Two Optometrists per store

MARKETING

MARKETING STRATEGY

Brand building

- Aspirational and interesting brand
- Fashionable product introductions across consumer segments
- Media: TV and digital

Drive walk ins

- High visibility through an ‘always on’ approach
- Messaging focussed on driving reasons for consideration
- Relevant offers every quarter
- New product collections : below 40 and 40+
- Key media: print, radio, performance marketing

DIGITAL THRUST

- Invest in digital to complement Omni channel play
- Performance marketing
  - Drive traffic for conversions
  - Search engine marketing
  - CRM: emailers, sms mktg
- Brand engagement
  - Video content, influencer mktg

TITAN eyeplus

FRAMES PRODUCT STRATEGY

- Aggressively launch new styles and products every month
- Continue to lead the category with occasion based introductions: Work, Fashion and Sport
- Introduce in-house designed products to create differentiation
- Use Fastrack to target youth segment with edgy products at aggressive prices
- Introduce a premium collection of in-house frames
- Bring in premium personalised packaging

FRAME MANUFACTURING

- Implementation in 2 phases

- Current status
  - Land purchase completed
  - Building work in progress
  - Machine procurement completed
  - Trial production to commence shortly
  - Commercial production to commence shortly

LENS MANUFACTURING

- Existing lens manufacturing facility
  - Being moved along with frame manufacturing to new facility
- Satellite lens lab
  - Kolkata – Operational
  - Noida – Operational
  - Mumbai – Operational
    - Will enable one day delivery in the city
    - Reduce a day for up-country markets
    - Same day delivery for urgent orders
- Micro lens labs
  - Kerala, Chennai, Hyderabad, Pune, Ahmedabad, Guwahati, Lucknow

SUNGLASSES

SUNGLASS MARKET

- Highly cluttered market - Local & international brands
- High decibel advertising by competition with celebrity endorsements
- E-commerce – key channel for low price products, discounting & new brands
- Hi Fashion category leading to high churn of products
- FT still no. 1 volume brand but declining market share
- No awareness for Titan Glares sunglasses

SUNGLASS STRATEGY

- Separate Sunglass Business Unit
- Consumer Segmentation
  - Fastrack
    - 15-24 yr old Youth, Rs. 795 - 2000
  - Titan
    - 25-35 yr old discerning consumer, Rs. 2000-4000
  - Dash
    - 6-12yr ol kids, Rs. 495 - 995
- Brand Visibility
  - Create visibility through key focus on peak seasons
  - Increase brand visibility with instore VM
- Product strategy
  - Frequent new launches
- Increase thrust on E-commerce channel

THANK YOU

Jewellery Division

2.5X by 2022

Evolve from Leader to Legend

Opportunity 1, Wedding

<2% of 150,000 cr

Drivers

Best-in-class inventory

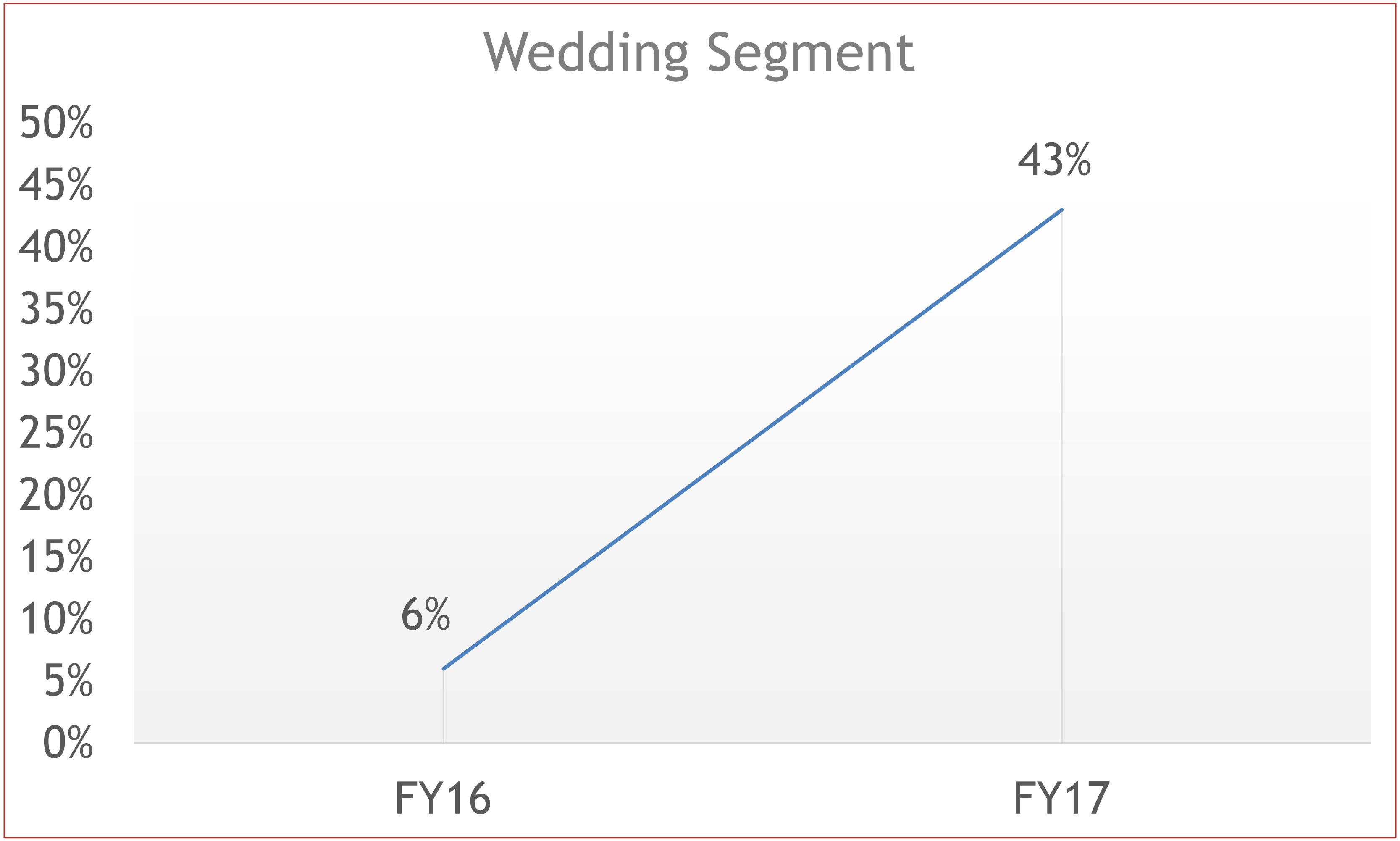
Differentiated Designs

Hub Stores

Expert Salespeople

Branding and Marketing

Wedding Zone


Wedding Segment
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
6%
43%
FY16
FY17

Opportunity 2, High Value Diamond Jewellery

<4% of 30,000 cr

Drivers

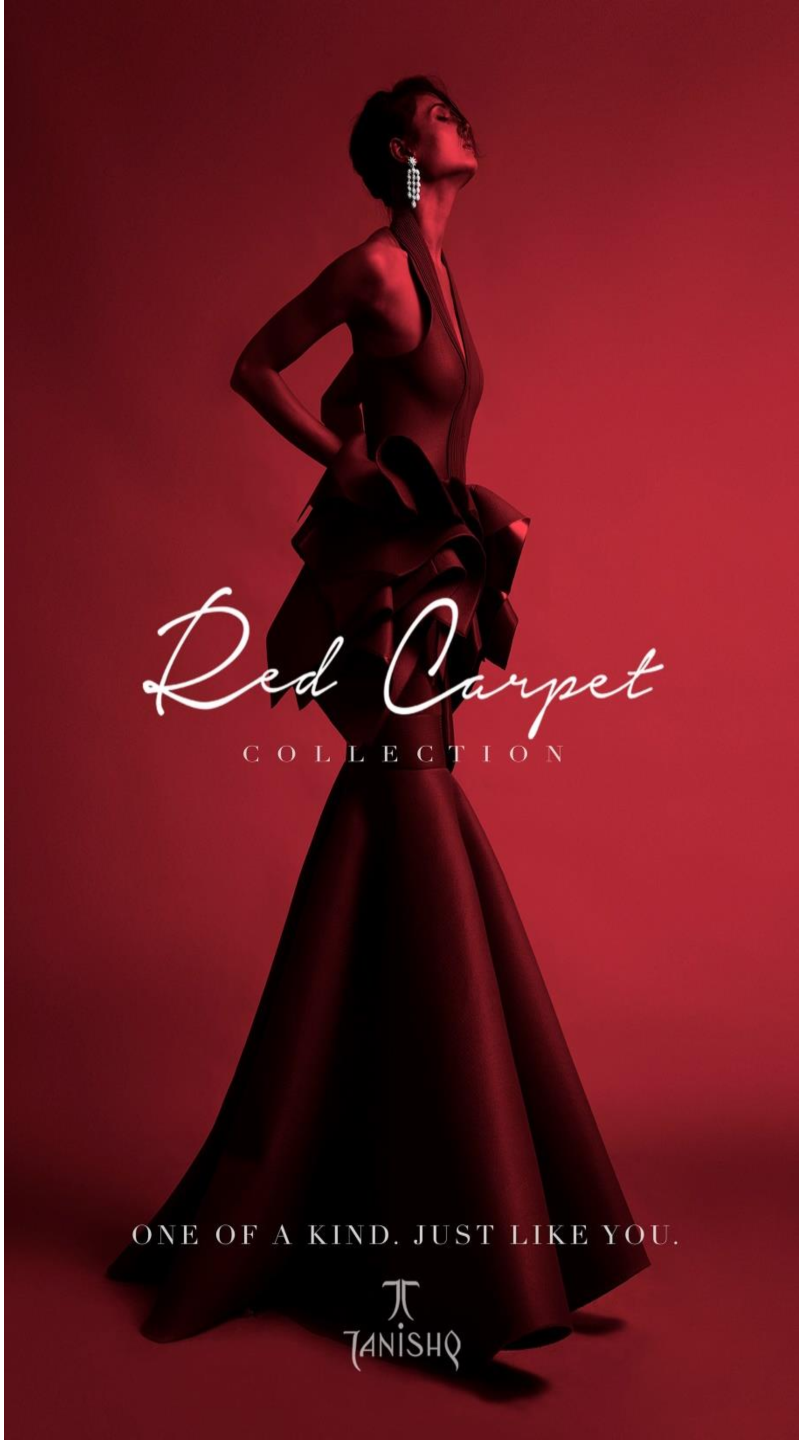
Best-in-class inventory

Differentiated Designs

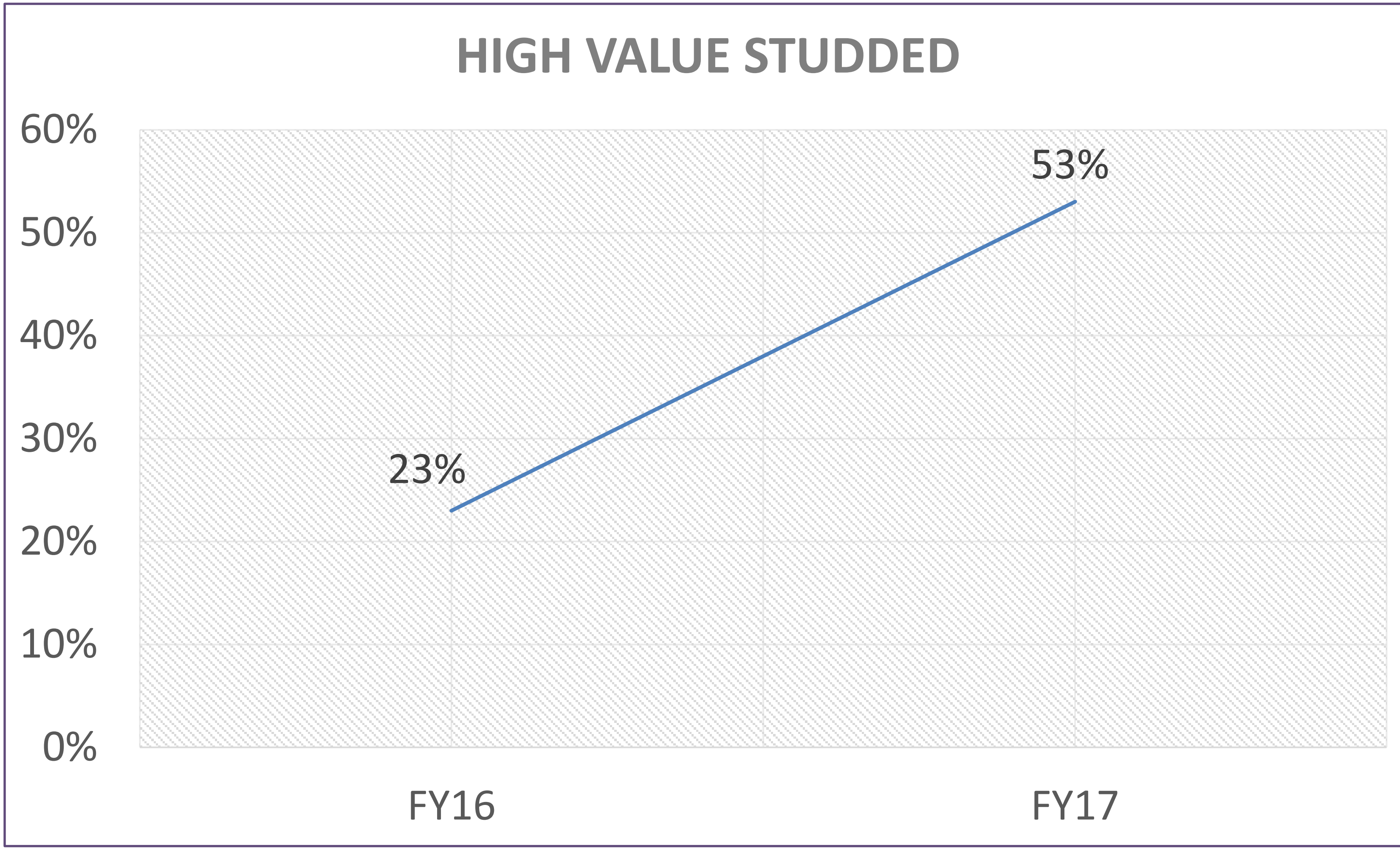
Store Presentation

Expert Salespeople

Exclusive Events


Red Carpet
COLLECTION
ONE OF A KIND. JUST LIKE YOU.
TANISHQ


A TATA PRODUCT
www.tanishq.co.in
Red Carpet
COLLECTION
ONE OF A KIND. JUST LIKE YOU.
From the House of
TANISHQ

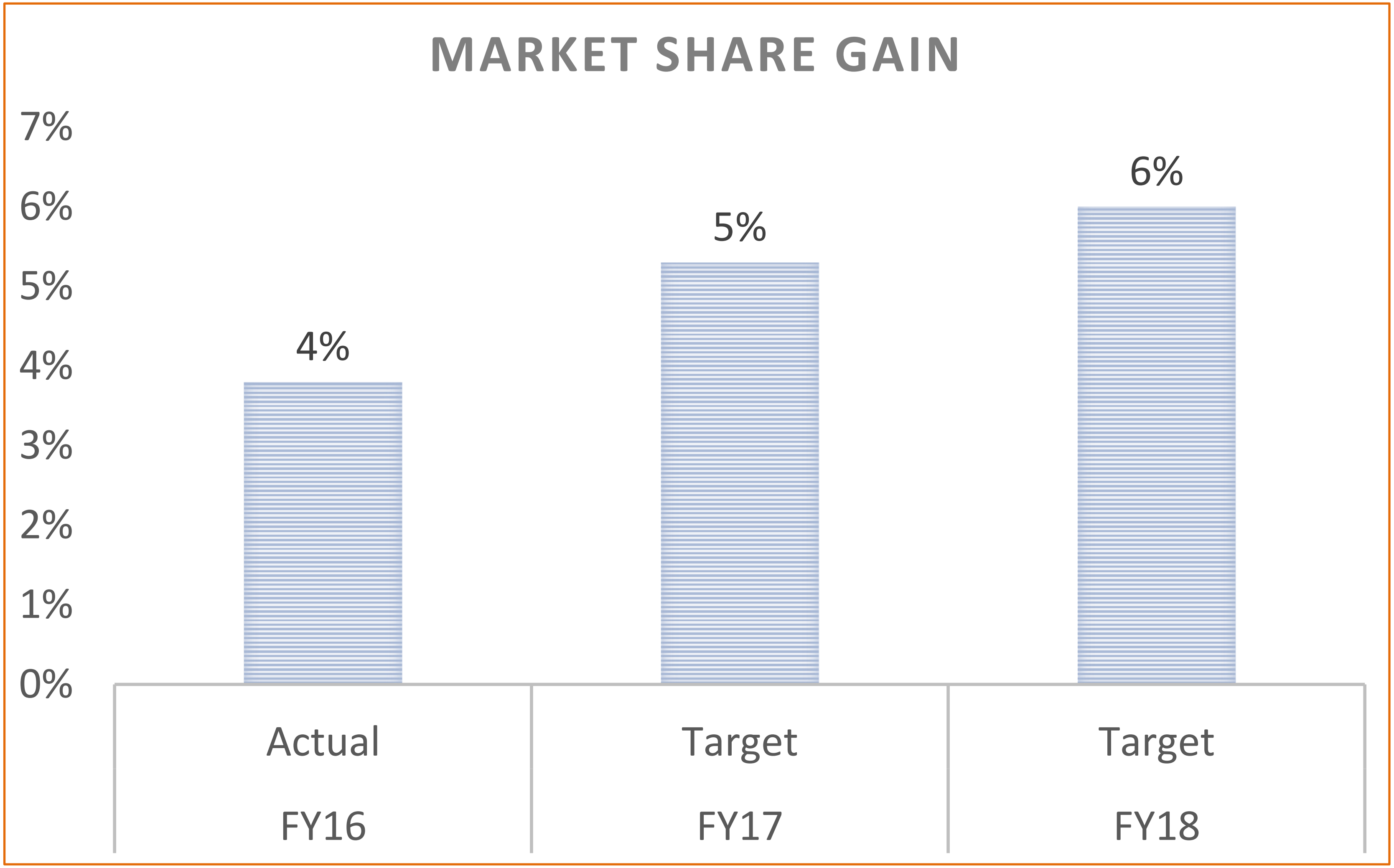

HIGH VALUE STUDDED
60%
50%
40%
30%
20%
10%
0%
23%
53%
FY16
FY17

Opportunity 3, Geographical Market Share

Many Large Cities < National Share

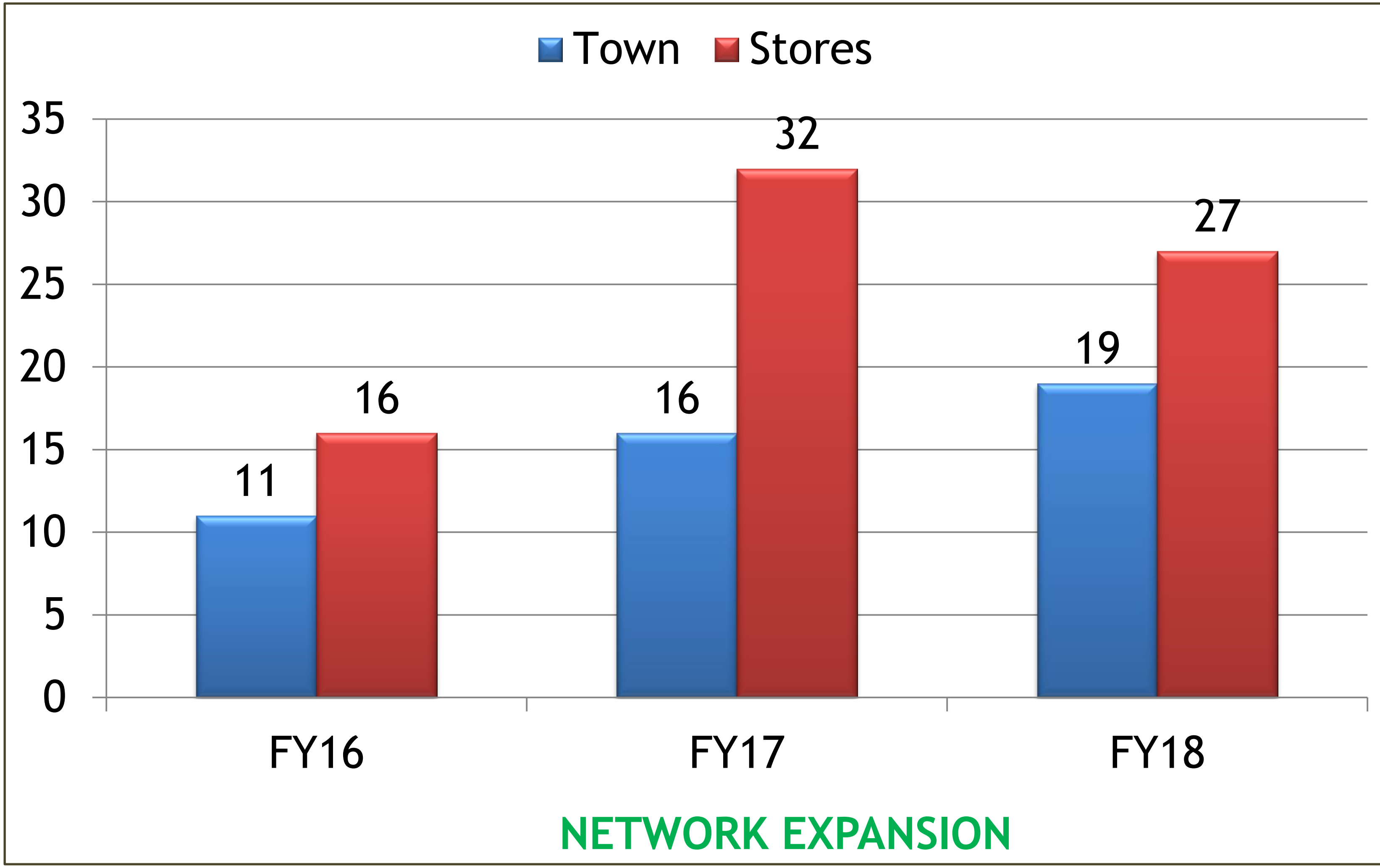
Drivers

- KVI range expansion
- Local Merchandise
- Local Connect
- Additional Marketing Investments
- Consolidation of Network


MARKET SHARE GAIN
7%
6%
5%
4%
3%
2%
1%
0%
4%
5%
6%
Actual
FY16
Target
FY17
Target
FY18

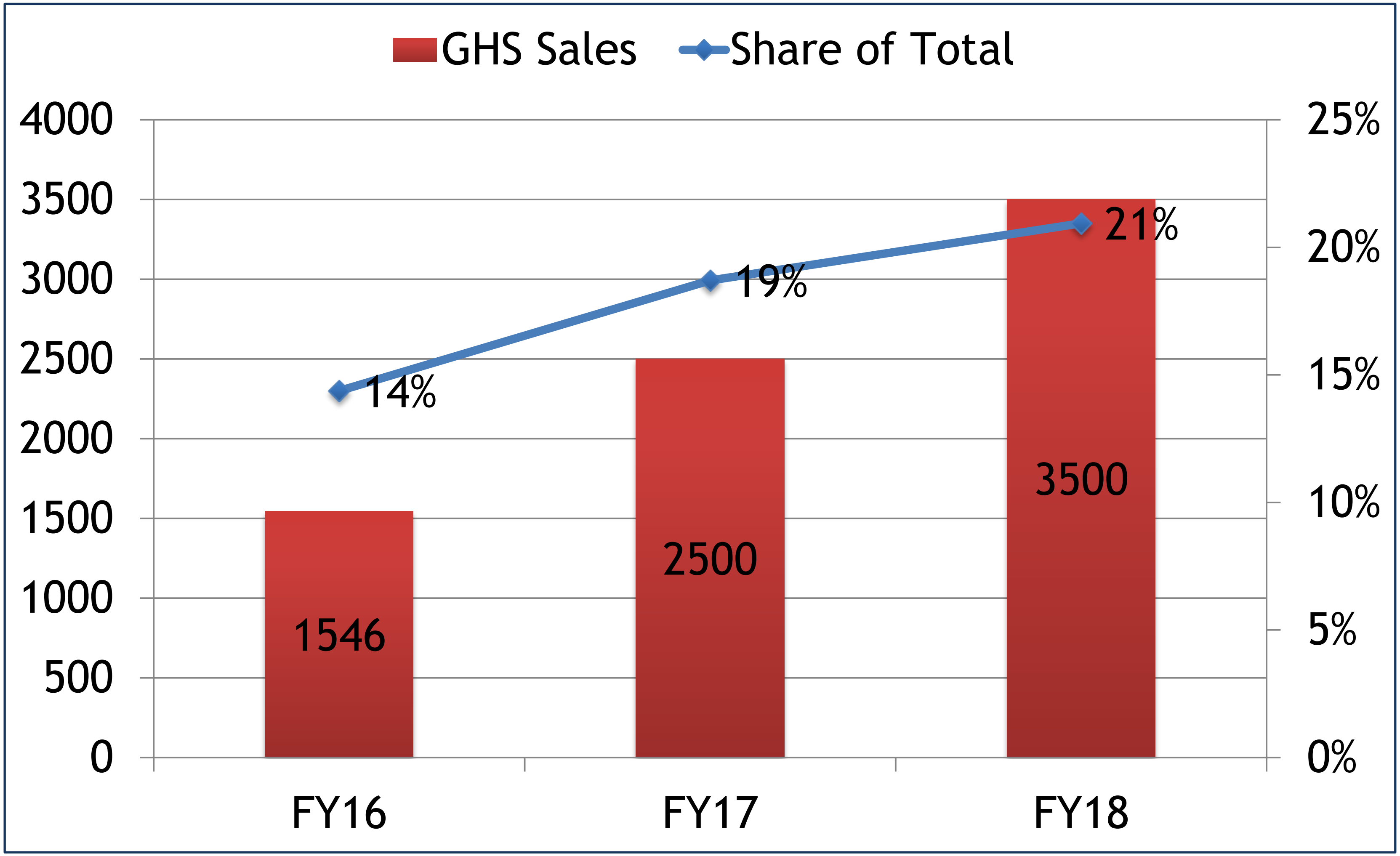
Opportunity 4, Middle India

There's a Tanishq wherever you are


Town
Stores
35
30
25
20
15
10
5
0
11
16
16
32
19
27
FY16
FY17
FY18
NETWORK EXPANSION

Opportunity 5, Share of Wallet

GHS = 30%


GHS Sales
Share of Total
4000
3500
3000
2500
2000
1500
1000
500
0
25%
20%
15%
10%
5%
0%
1546
2500
3500
14%
19%
21%
FY16
FY17
FY18

Favourable Conditions

- Excitement in jewellery continues to be very high
- Consumers starting to favour organised brands more and more
- Unorganised players would be under increasing pressure after GST

Increasing Strengths

- Brand metrics continuously improving
- Collection launch capabilities finely honed


TANISHQ
PRESENTS
DIVYAM


A TATA PRODUCT
TANISHQ
PRESENTS
niloufer
TRY SOMETHING NEW.
Haathphools, Chandbails, Two-in-one finger rings and much more starting at ₹35,000*.
Shop now at www.titan.co.in | Visit: tanishq.co.in


TANISHQ
PRESENTS
niloufer
Haathphools, Chandbalis,
Two-in-one finger rings and much
more starting at ₹35,000.
tanishq.co.in | titan.co.in


TANISHQ
PRESENTS
niloufer
Haathphools, Chandbalis,
Two-in-one finger rings and much
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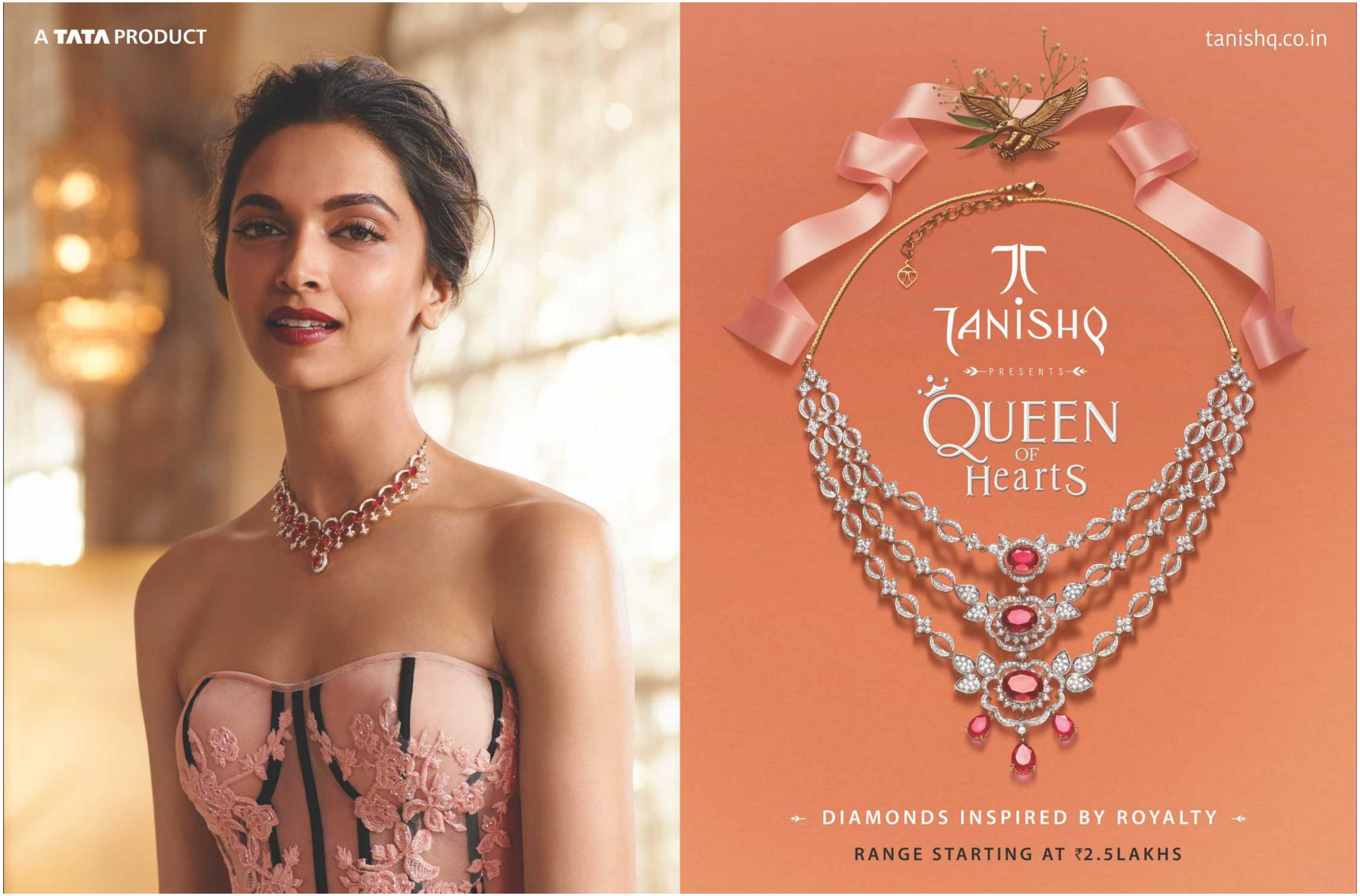
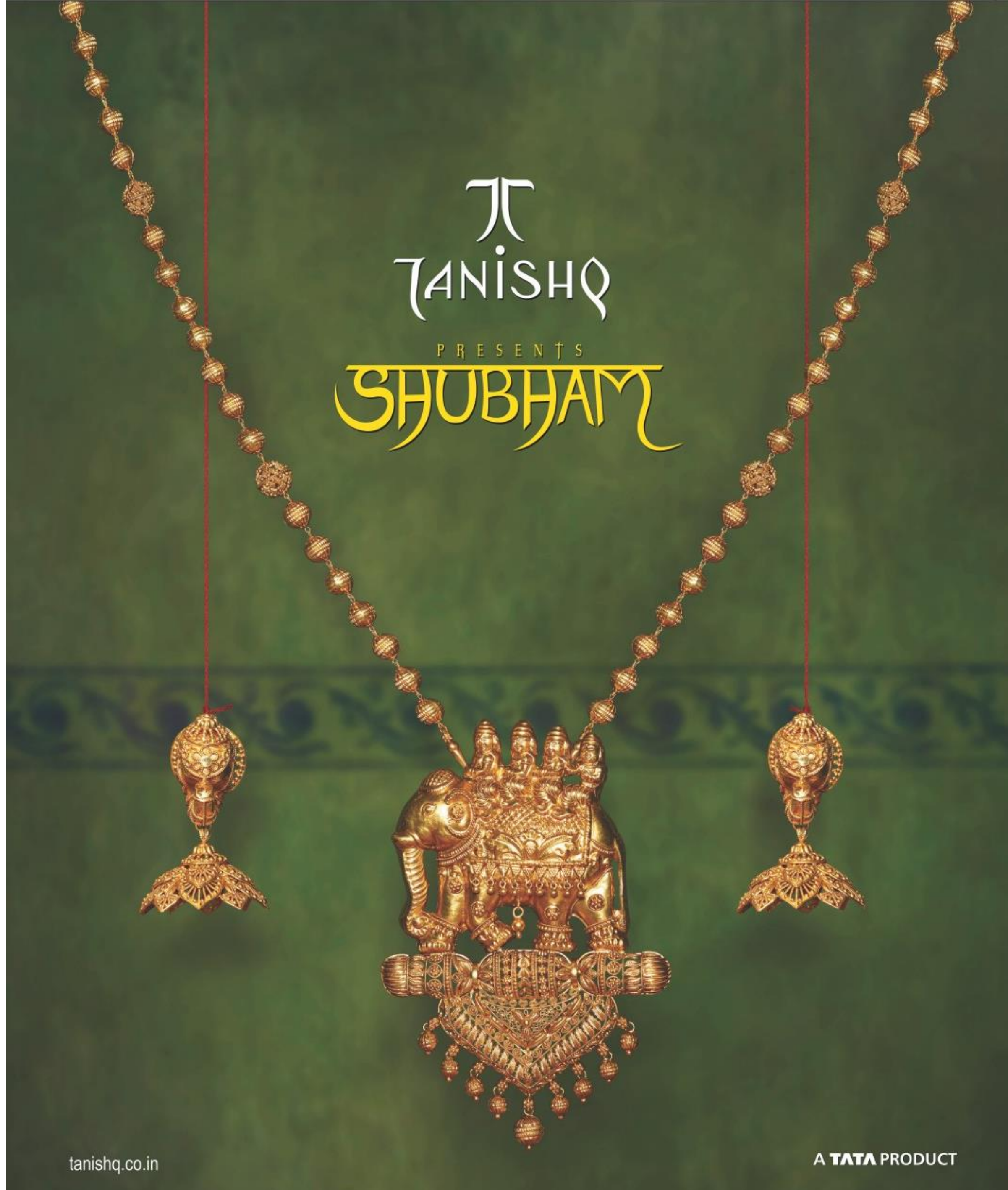
tanishq.co.in | titan.co.in



A TATA PRODUCT
tanishq.co.in
TANISHQ
PRESENTS
QUEEN OF Hearts
DIAMONDS INSPIRED BY ROYALTY
RANGE STARTING AT ₹2.5LAKHS


TANISHQ
PRESENTS
SHUBHAM
tanishq.co.in
A TATA PRODUCT


A TATA PRODUCT
www.tanishq.co.in
TANISHQ
PRESENTS
SHUBHAM


TANISHQ
Mirayah
DESIGNS IN COLOURED STONES STARTING AT ₹50,000
Celebrate with Colours.


TANISHQ
Mirayah
DESIGNS IN COLOURED STONES STARTING AT ₹50,000
Celebrate with Colours.

Increasing Strengths

- Significant strides in store operations
- Organisational confidence very high

Value Creation Potential Very High at 2.5X