

Kaya Limited

January 29, 2020

To,

BSE Limited

Market Operations Department,
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,

Mumbai – 400001

BSE Scrip Code: 539276

National Stock Exchange of India Limited

'Exchange Plaza', 5th Floor,

Plot No. C/1, G Block,

Bandra Kurla Complex,

Bandra(E), Mumbai 400051

NSE Symbol: KAYA

Subject: Performance update

Dear Sir/ Madam,

Please find enclosed performance update on the financial results of the Company for the quarter and nine months ended December 31, 2019.

Kindly take the above on record.

For Kaya Limited,

Saurabh Shah

Saurabh Shah

Chief Financial Officer



Encl: A/a



Q3 FY20
Investor Update

Disclaimer

This investor presentation has been prepared by Kaya Limited (“Kaya”) and does not constitute a prospectus or placement memorandum or an offer to acquire any securities. This presentation or any other documentation or information (or any part thereof) delivered or supplied should not be deemed to constitute an offer.

No representation or warranty, express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein. The information contained in this presentation is only current as of its date. Certain statements made in this presentation may not be based on historical information or facts and may be “forward looking statements”, including those relating to the general business plans and strategy of Kaya, its future financial condition and growth prospects, future developments in its industry. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to risks with respect to its skin care and hair care business.

Kaya may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes. This presentation cannot be copied and disseminated in any manner.

No person is authorized to give any information or to make any representation not contained in and not consistent with this presentation and, if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of Kaya.



Key Highlights

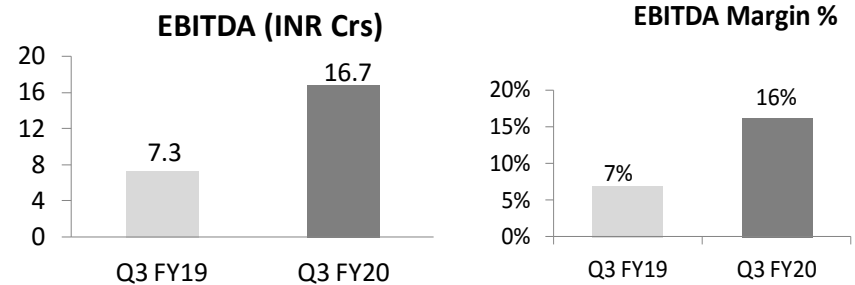
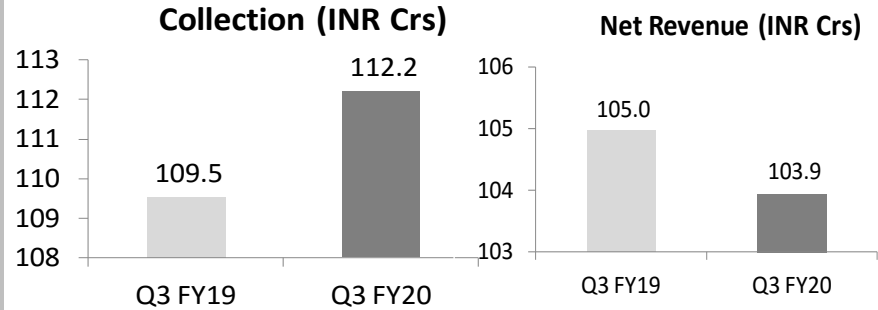
Q3 FY20

Group Highlights

- Group Collection grew by 2% over Q3FY19.
- Group Net Revenue declined by 1% over Q3FY19.
- Group EBITDA is INR 16.7 crs in Q3FY20 as compared to INR 7.3 crs in Q3FY19.
- Initiated a complete overhaul of all Core IT systems through introduction of Microsoft Dynamix 365. Project in progress.

Kaya Group - Q3 FY20 Performance

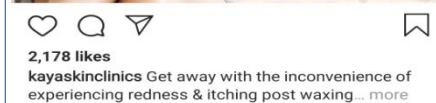
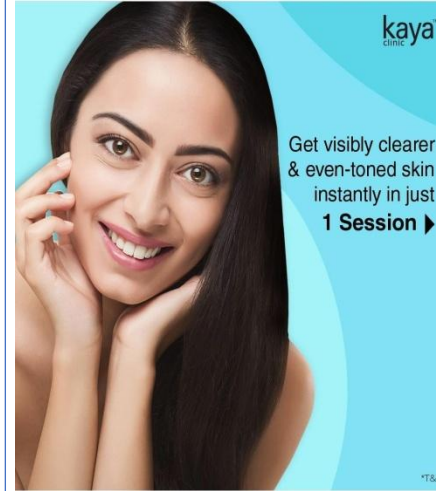
- **Collection** for Q3FY20 at INR 112.2 crs, grew by 2% over Q3FY19
- **Net Revenue (NR)** for Q3FY20 at INR 103.9 crs, declined by 1% over Q3FY19
- **EBITDA** of INR 16.7 crs (16% of NR), as compared to EBITDA of INR 7.3 crs (7% of NR) in Q3FY19
- **PBT** at INR (4.9) crs (-5% of NR), as compared to INR (0.2) crs (0% of NR) in Q3FY19



Kaya India – Key growth drivers

Key growth drivers :

- Ecommerce Net Revenue grew by 14% over Q3FY19
- High growth of 24% in Fairness & Pigmentation due to strong digital marketing support
- Beauty facials grew by 12% due to introduction of new premium facials and monodose facials packs of Kaya
- Hair free grew by 12% due to significant improvement in pricing of lasers especially acquisition of smaller body parts and also a strong growth in full body
- NPS score in clinics went up to 45 vs 24 last year due to various customer services initiatives



Kaya India – Highlights

- **Collection** for Q3FY20 at INR 59.3 crs, grew by 1% over Q3FY19
- **Net Revenue** for Q3FY20 at INR 53.5 crs, declined by 3% over Q3FY 19
- **EBITDA** is INR 10.8 crs (20% of NR), compared to EBITDA of INR 1.1 crs (2% of NR) in Q3FY19
- PBT at INR (1.5) crs (-3% NR), compared to PBT of INR (1.7) crs (-3% NR) in Q3FY19
- Kaya India Operating costs kept flat due to cost savings initiatives, Gross margin % improved from 78% to 80% due to procurement efficiency.
- Kaya India Corporate OH kept tight with a reduction of 4% vs last year.
- Data privacy ISO 27001 certified – Our business Kaya Limited HO and Data center in India is now compliant with the requirements of ISO 27001:2013 approved by Alcumus ISQQAR

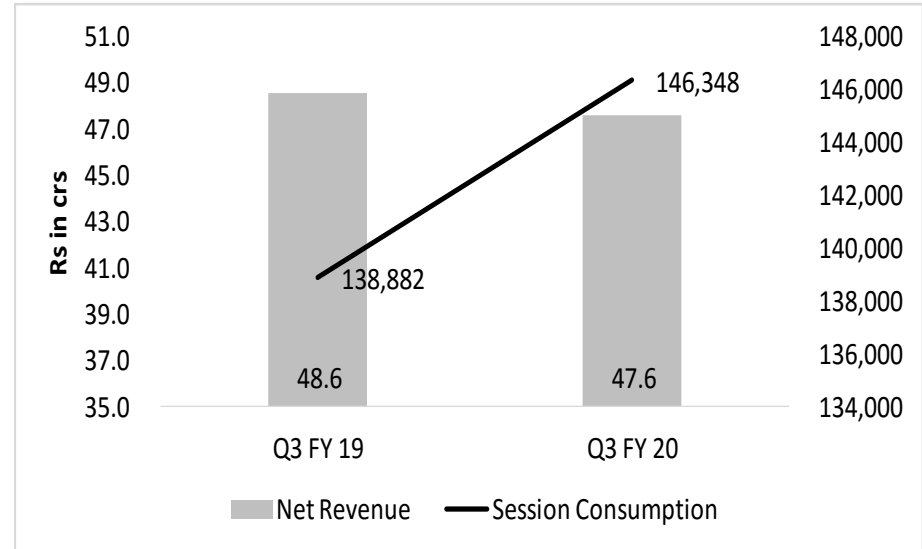


Kaya India - Clinics

- Consumption session grew by 5% over Q3FY19
- Net Revenue declined by 2% over Q3FY19



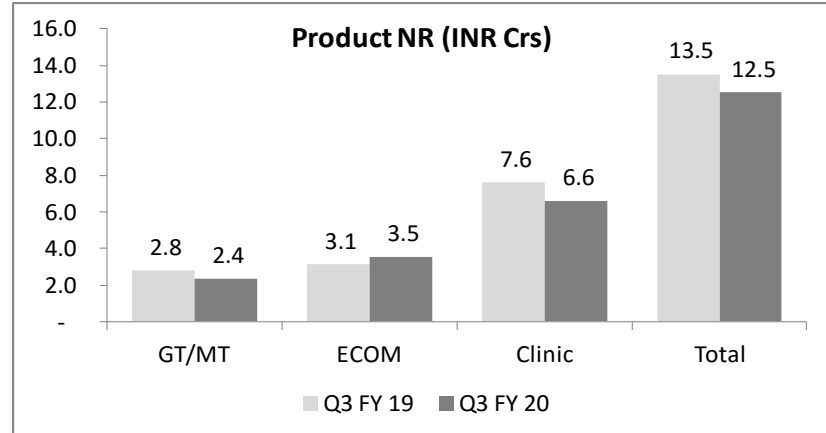
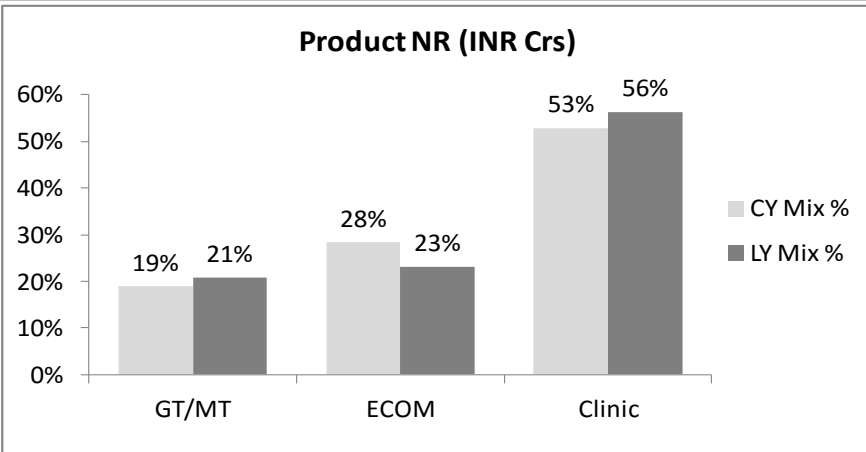
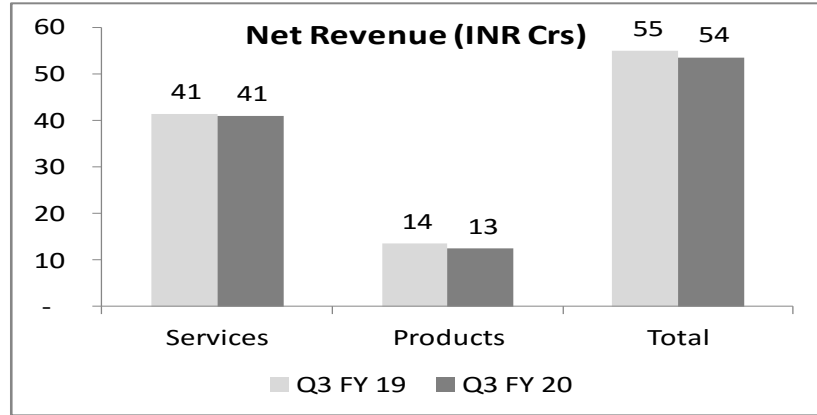
Net Revenue and Consumption Trend



Kaya India

- Kaya India Q3FY20 revenue declined by 3% over Q3FY19
- Service revenue declined by 1% over Q3FY19
- Product revenue declined by **7%** over Q3FY19 due to weak primary sales in GT/MT channel
- Ecommerce revenue grew by **14%** over Q3FY19

Net Revenue



Body Wash Launched in Q3 FY20



DERMA NATURALS TEA TREE AND HONEY PURIFYING BODY WASH



DERMA NATURALS COCONUT AND TEA TREE NOURISHING BODY WASH



DERMA NATURALS COLLOIDAL OATMEAL AND ALLANTOIN EXFOLIATING BODY WASH

Awards



India Salon & Wellness Award 2019

Our presence

INDIA



16 Indian States

26 Cities

95 Clinics

900+ Product Retail Outlets



Kaya – Middle East Highlights

- Collection grew by 4% over Q3FY19.
- Net Revenue for Q3FY20 at INR 50.4 crs, grew by 1% over Q3FY19
- EBITDA at INR 5.9 crs (12% of NR) as compared to INR 6.2 crs (12% of NR) over Q3FY19
- PAT at INR (3.9) crs (-8% of NR) as compared to INR 0.9 crs (2% NR) in Q3FY19





Kaya Middle East Highlights Q3

- **Saudi Arabia** on a growth trajectory, driven by recent economic & cultural transformations. Driven by the impact of these changes, coupled with our superior value proposition in the category, Kaya Collections grew by 9% in Q3
- **New identity clinics**, contributing to 33% of the business, showing promising growths quarter on quarter. The superior experience is able to defy the downturn in the economy.
- **Customer Satisfaction Measures** continued to see a very good upward movement in Q3. **NPS Score** moves up to 68, with 6% response rate. **Google Reviews** moved up to an average of 70 in a month, with a 4.5 rating.
- **Digital Advertising** now contributes 60% of the New Clients in kaya. Client output from Digital growing at 38% YOY. A strengths, built over years, puts us years ahead of category.
- **Launched 'Kaya Plasma Lifting'** using Plexr Technology, in UAE. A revolutionary invention, with kaya being one of the first to launch in the market.
- **Launch of Marketing campaign** directed at males. For the first time a male campaign, aimed at building up newer audiences with high potential



MIDDLE EAST

UAE



KSA



OMAN



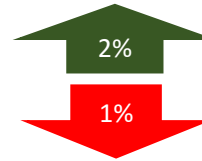
23 Clinics

3 Countries

9 Cities

Financial Highlights : Kaya Group

Particulars (INR crs)	Q3 FY20	Q3 FY19
Collection	112.2	109.5
Net Revenue	103.9	105.0
EBITDA*	16.7	7.3
Operating Margin	(0.9)	0.8
PBT	(4.9)	(0.2)
PAT before Consol Adj/Minority share	(20.5)	(0.2)
Consolidated Adj/Minority Share	0.5	0.6
PAT	(21.0)	(0.8)



Collection SSG 4%
-1% at constant currency

Net Revenue SSG flat
-2% at constant currency

EBITDA margin at 16% of NR
against 7% of NR LY

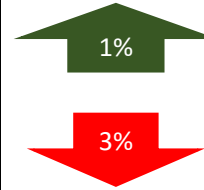
*EBITDA margin has improved after considering IND AS 116 adjustment
Like to like EBITDA for Q3 CY is Rs 3.9 crs as compare to Rs 7.3 crs in LY

PBT Margin is -ve 5% of NR in CY,
as against 0% of NR in LY

Deferred Tax Asset charged to P&L for Rs 15.6 crs

Financial Highlights : India

Particulars (INR crs)	Q3 FY20	Q3 FY19
Collection	59.3	58.8
Net Revenue	53.5	54.9
EBITDA*	10.8	1.1
Operating Margin	0.7	(2.5)
PBT	(1.5)	(1.7)
PAT	(17.1)	(1.7)



Collection SSG at 2%

Net Revenue SSG at -1%

EBITDA margin at 20% of NR
against 2% of NR LY

*EBITDA margin has improved after considering IND AS 116 adjustment
Like to like EBITDA for Q3 CY is Rs 1.8 crs as compare to Rs 1.1 crs in LY

Operating Margin at +ve 1% of NR
CY as compare to -ve 5% of NR LY.

PBT margin remained unchanged at
-ve 3% of NR as compare to LY.

Deferred Tax Asset charged to P&L
of Rs 15.6 crs.

Financial Highlights : Middle East

Particulars (INR crs)	Q3 FY20	Q3 FY19
Collection	52.9	50.7
Net Revenue	50.4	50.1
EBITDA	5.9	6.2
Operating Margin	(1.6)	3.3
PBT	(3.4)	1.5
PAT before Consol Adj/Minority	(3.4)	1.5
Consolidated Adj/Minority Share	0.5	0.6
PAT	(3.9)	0.9

4%

Collection SSG +ve 5%
-ve 4% at constant currency

1%

Net Revenue SSG +ve 1%
-ve 4% at constant currency

*EBITDA margin has improved after considering IND AS 116 adjustment
Like to like EBITDA for Q3 CY is Rs 2.2 crs as compare to Rs 6.2 crs in LY

Operating margin at -ve 3% of NR, as against +ve 7% of NR in LY

PBT at -ve 7% of NR, as against +ve 3% of NR in LY

Financial Highlights : Q3 FY20

Particulars (Rs in Crs)	Kaya India			Kaya Middle East			Kaya Group		
	Q3 FY20	Q3 FY19	Gr %	Q3 FY20	Q3 FY19	Gr %	Q3 FY20	Q3 FY19	Gr %
Collection	59.3	58.8	1%	52.9	50.7	4%	112.2	109.5	2%
Net Revenue	53.5	54.9	-3%	50.4	50.1	1%	103.9	105.0	-1%
EBITDA	10.8	1.1	903%	5.9	6.2	-5%	16.7	7.3	129%
<i>% to NR</i>	20%	2%		12%	12%		16%	7%	
Operating Margin	0.7	(2.5)	128%	(1.6)	3.3	-148%	(0.9)	0.8	-211%
<i>% to NR</i>	1%	-5%		-3%	7%		-1%	1%	
PBT	(1.5)	(1.7)	12%	(3.4)	1.5	-329%	(4.9)	(0.2)	-2278%
<i>% to NR</i>	-3%	-3%		-7%	3%		-5%	0%	
Business PAT	(17.1)	(1.7)	-918%	(3.4)	1.5	-332%	(20.5)	(0.2)	-9950%
<i>% to NR</i>	-32%	-3%		-7%	3%		-20%	0%	
Minority Share	-	-	-	0.2	0.2	-15%	0.2	0.2	-15%
Consolidated Adj	-	-	-	0.3	0.4	-12%	0.3	0.4	-12%
PAT	(17.1)	(1.7)	-918%	(3.9)	0.9	-525%	(21.0)	(0.8)	-2659%
<i>% to NR</i>	-32%	-3%		-8%	2%		-20%	-1%	

Collection SSG +ve 4% & -ve 1% at constant currency

Net Revenue SSG flat -ve 2% at constant currency

EBITDA margin is 16% of NR. Improvement of Rs.9.4 crs over LY

PBIT margin is -ve 1% of NR

PBT at -ve 5% of NR, as against 0% of NR in LY

IND AS 116 – Accounting of Lease Rentals – using Modified Retrospective Approach

- ❖ International Accounting Standard Board issued IFRS 16 which replaces existing IAS 17 for financial projects beginning on or after 1 January 2019. Proposed IND AS 116 is akin to IFRS 16.
- ❖ Requires Lessees to recognise a liability to make lease payments over the lease term and an asset representing the right of use the underlying asset.
- ❖ Lease term is estimated based on the primary lease term. For leases expiring this fiscal, further extension by the agreed time period is considered.
- ❖ There are 2 approaches
 - 1) Retrospective
 - 2) Modified Retrospective
- ❖ We applied **Modified Retrospective Approach**.

<u>Impact on Balance Sheet</u> <u>as of 1 April 2019</u>		
<i>INR in crs</i>	India	Consol
ROU Assets	96	128
Lease Liability (Net of prepaid)	113	147
Net difference to be adj in	17	19
Opening Reserves as at 1 April 2019		
Networth as at 1 Apr 2019	163	158
Balance Networth post IND AS 116 adjustment	146	139

<u>Impact on Income statement</u> <u>for Q3 FY 20</u>		
<i>INR in crs</i>	India	Consol
Other Expenses	(9)	(13)
EBITDA	+9	+13
Depreciation	+7	+10
Interest expense	+3	+3
PBIT	(1)	(1)

Corporate Overview



About Kaya

Kaya offers a comprehensive range of skin and hair care solutions through a range of specialized Kaya Clinics across India and Middle East.

Kaya also has a wide spectrum of 60+ products that range from Skin, Hair and Body care, for both men and women.

Premium Skin and Hair Care services and products brand

- Incorporated in 2003, Kaya is a pioneer in speciality skin & hair care with a **Unique Business Model**; a blend of Medical + Retail + Hospitality.
- Advanced solutions through state-of-the-art clinics and a range of retail products across distinct skin and hair care range

Dermatologist backed, USFDA Safe Technology

- All services and products designed and formulated by **in-house dermatologists** at Kaya's R&D.
- Over 150 experienced dermatologists. Every clinic has an in house qualified and certified dermatologist who consult & offer personalized solutions.

Operations

- 97 clinics spread across India in various geographies. Over 500 retail outlets in major department stores.
- E-commerce presence through own website as well as channel partners.
- Kaya is the largest international chain of skincare clinics in the Middle East (UAE, Kingdom of Saudi Arabia, Oman and Kuwait).

A New Age Business – Creating the market

Our Core Service Categories in Skin Care

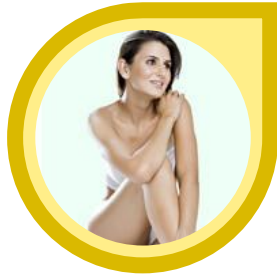
Anti-Ageing

Dermal Fillers, Wrinkles Reduction with BOTOX®, Natural Skin Rejuvenation with PRP, Youth Renew Marvel with Thermage, Skin Tightening, Chemical Peels, etc.



Laser Hair Reduction

US-FDA approved advance laser technology for Permanent hair reduction. Nd-YAG, Soprano Laser.



De-Pigmentation Solutions

Aqua Therapy, Laser services, Microdermabrasion, Intense Pro Peels, etc.



Acne & Scar Treatment

Chemical Peels, Acne-Scar Free+ with Dermaroller, Laser Scar Reduction services, Acne Free with Aqua Therapy, etc.



Beauty Solutions

Beauty facials, hydration, purification, rejuvenation therapies.

Range of solutions across categories like Anti-ageing, Pigmentation, Laser Hair Reduction, Acne & Scars

Entered the Hair Care category in 2016-18

1
Consultation + Hair analysis
using a diagnostic tool

2

In-Clinic treatment plan

3

Hair care products + Diet +
Supplements to boost hair health

A well-rounded approach to treating Hair
Loss

Solutions in Hair Care

Hair Thinning: Kaya Targeted Root Regen System : Intensive Hair Root Therapy (IHRT), Natural Hair Rejuvenation, Hair Nutri-Infusion Therapy, Hair Root Activation Laser Therapy & Low Level Laser Therapy



Healthy Hair & Scalp Solution: Kaya Ultimate 360° Hair Elixir Therapy – Hair Volumizing, Frizz Control & Breakage Reduction



Hair Loss: Kaya Expert Hair Transplant Solution : Minimally invasive advanced Follicular Unit Extraction (FUE) method of hair transplantation which involves no cuts, stitches or scars



**KAYA'S
ROOT REGEN SYSTEM**



kaya™
clinic

Our wide spectrum of Retail Products



Researched and Developed by Kaya's in-house, expert Dermatologists

Thank You