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The Science of Ayurveda

# Dabur India Limited

Investor Communication

Quarter ended 30<sup>th</sup> June 2017

August 4, 2017

# GST Transition



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GST implemented w.e.f. 1<sup>st</sup> July 2017

De-stocking in trade channels and institutions led to impact on primary sales

Exceptional promotional intensity witnessed in the month of May & June

North and East Wholesale channel impacted more than other regions

Underlying consumption trends steady

# Dabur Overview : Q1FY18



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GST led de-stocking impacted domestic sales in Q1FY18; Translation impact and macro economic headwinds continued in International business

Domestic FMCG Business recorded decline of 5% in primary sales. Secondary growth for the business was around 2%

International Business declined by 2.2% on constant currency basis

Profit After Tax was down 9.8% impacted by GST related one-offs & currency devaluation

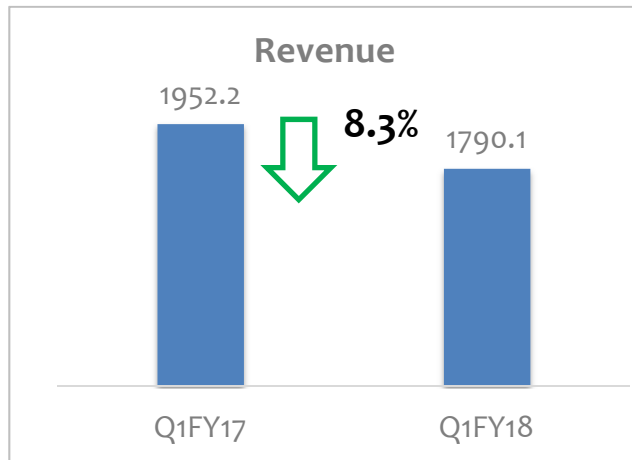
GST implemented smoothly across channels and platforms

# Consolidated Financials : Q1FY18



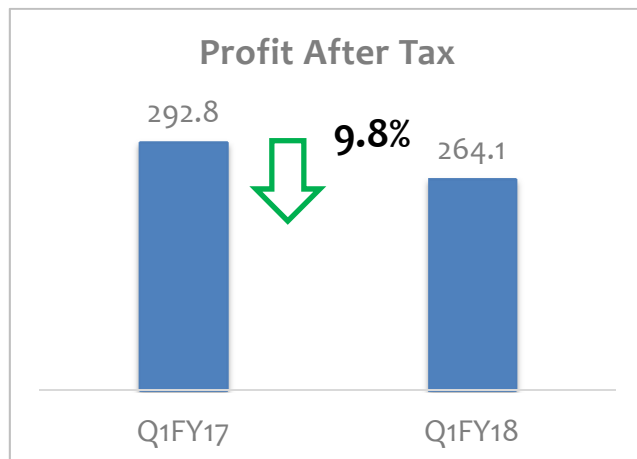
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Rs.Crore



- Consolidated Revenue declined by 8.3%
- Domestic FMCG volumes contracted by 4.4% on account of trade de-stocking and low institutional offtake
- International business declined by 2.2% on constant currency basis impacted by continued economic slowdown in MENA
- Currency devaluation in overseas markets resulted in significant loss in translation

Rs.Crore

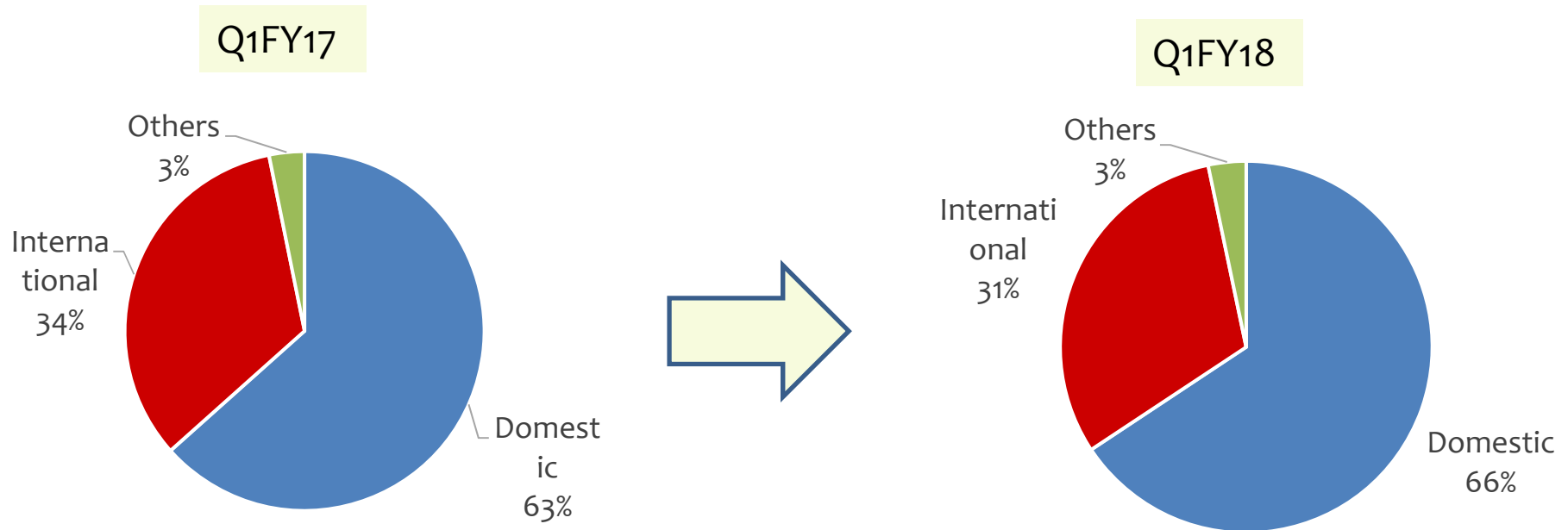


- Profit After tax declined by 9.8% impacted by lower sales, currency devaluation and GST related costs
- Exceptional provision of Rs.14.5 crore towards GST transition impact
- A&P spends maintained in India but lower in International business
- Operating margin at 17.3% as compared to 17.6% in Q1FY17

# Business Overview Q1FY18



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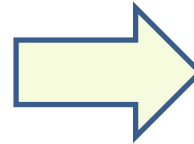
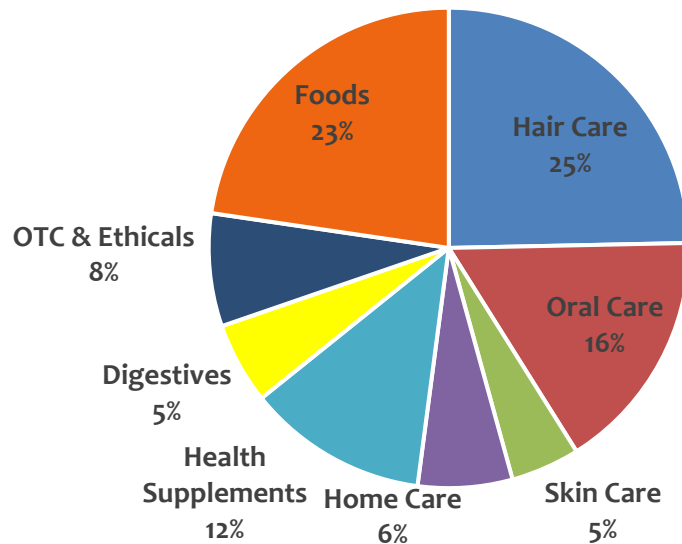
- International Business contributed 31% to sales as compared to 34% in Q1FY17
- Contribution of domestic FMCG increased to 66% from 63% last year

# Category Wise Sales – Domestic FMCG

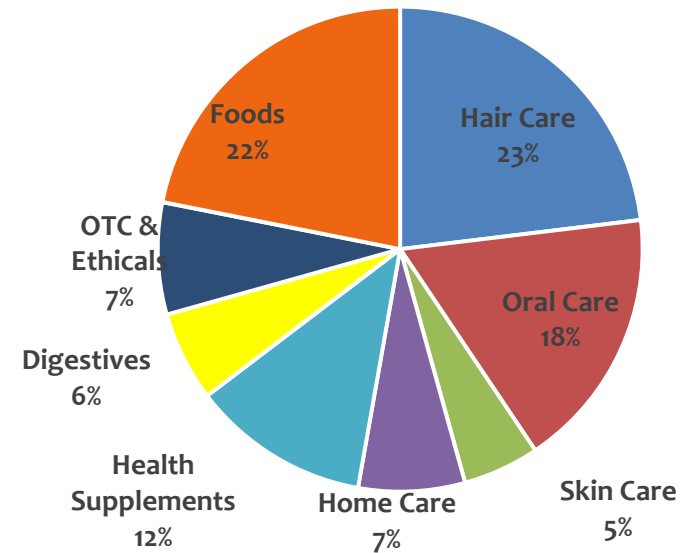


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Q1FY17



Q1FY18



- Oral care category increased share from 16% to 18%
- Share of Hair Care category reduced from 25% to 23%
- Foods moved down from 23% to 22% during Q1FY18



# Category Highlights

# Home and Personal Care (HPC)



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- Toothpaste category posted growth of 10.4% driven by all round good performance of portfolio.
  - ▣ Toothpowder declined and pulled down growth of oral care category to 1.5%.
- Newly launched Red Gel has performed well with good sales in spite of limited launch. National rollout underway.
- Hair care category declined by 11% on account of massive de-stocking in trade particularly in North & East.
  - ▣ Sarson Amla hair Oil, Brahmi Amla and Almond Hair Oil performed well in spite of uncertainty & down stocking
- Homecare category posted growth of 6.2% led by strong performance by Odomos.
  - ▣ Odonil Zipper Air Fresheners launched in Modern trade
- Skin care recorded growth of 4% driven by double digit growth in Gulabari and good performance of Fem Bleaches.



First of its kind Ayurvedic Toothpaste in Gel format



Dabur Amla Franchise



Odonil Zipper launched in Modern trade



# Health Care (HC)



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- Health Supplements category declined by 7% mainly due to Glucose which was impacted by a short summer & early rains
- Market share in Dabur Honey stabilized with better pricing equation and quality focus
- Digestives posted growth of around 4% led by Hajmola & Pudina Hara which performed well
- OTC and Ethicals contracted by 6.6% on account of trade de-stocking
  - ▣ Women's Healthcare brands Ashokarishta & Dashmularishta Asava posted double digit growth
  - ▣ Dabur Woman Restorative Tonic rolled out nationally in medico marketing channel
  - ▣ Honitus cough syrup performed well in spite of unfavorable market conditions



Dabur Glucose- new packaging



Dabur Honitus range



Dabur Woman Restorative Tonic

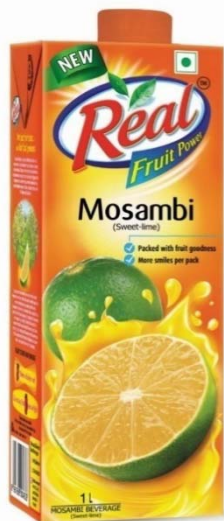


# Foods



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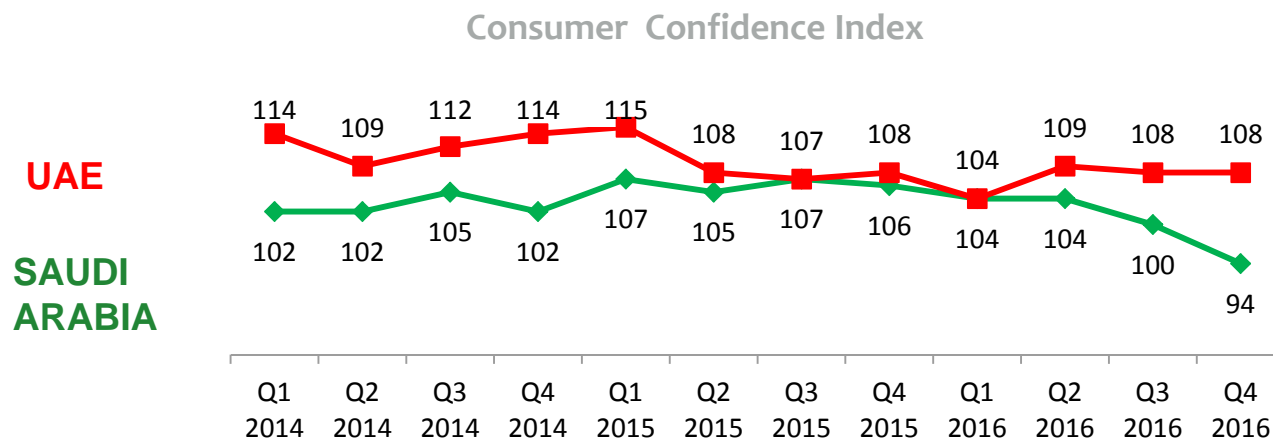
- Foods category was impacted by major de-stocking and heightened discounting by competition
- Early rains in June impacted sales in North & Central India
- Beverages witnessed decline of 8.3% in primary sales however secondary growth was 4%.
- Activ Coconut Water posted strong growth driven by consumer demand & new communication
- New flavours such as Real Mosambi and Real Wellnezz performed well
- Entry into fruit drinks category off to a good start



# International Business



- Macro-economic factors have impacted International Business sales across the MENA region due to :
  - ▶ Continued economic challenges in the region on account of falling Oil prices
  - ▶ Currency devaluation in key markets
  - ▶ Political and governmental regulations impacting sales i.e. Qatar, Algeria
- This is reflected in the falling Consumer sentiments in the region



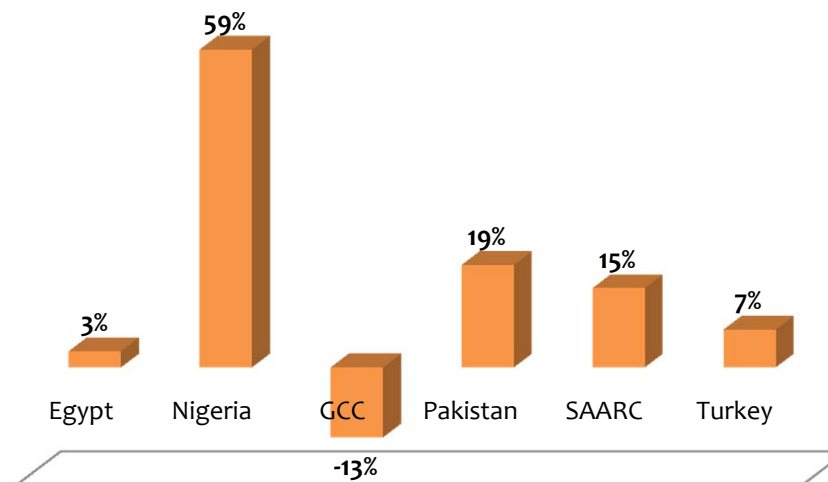
# International Business : Q1FY18



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- International Business posted 2.2% decline in constant currency terms during Q1FY18
- Severe currency devaluation of ~54% in Egyptian Pound, ~23% in LIRA and ~55% in Naira led to translation losses
- SAARC business performed well with double digit growth in Nepal local sales
- Despite macro-economic pressures and unprecedented competitive activity the business largely managed to maintain market shares across markets and categories

## Local Currency Growth Rate



# IBD : Business Strategy



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Rolling out Multi Distributor model in key markets : Portfolio being split across distributors to ensure adequate focus on the brands and enhance distribution reach.

Smart usage of resources to build brands and support ATL/BTL activities in challenging market conditions

E Commerce in MENA growing in strong double digits : plans to tap the same

- Geographical expansion opportunities in North Africa, Turkey and Iran : Focus on increasing product lines, range selling and penetration of our brands

## Bolt on acquisition in South Africa : Long & Lasting



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- Dabur South Africa (Pty) Ltd. entered into Share Purchase Agreement to acquire 100% shareholding of D&A Cosmetics Proprietary Ltd and Atlanta Body and Health Products Proprietary Ltd. on 17<sup>th</sup> May 2017
- The Companies operate the brand '**Long & Lasting**' which offers a range of quality hair care products to African consumers
- Total consideration for the acquisition is ZAR 50 million (USD 3.7 million) which is 2.2x Sales and 13x EBIDTA
- Acquisition to be completed by 1<sup>st</sup> June 2018 after completion of conditions precedent

Long & Lasting Brand offers a wide range of quality hair care products :

Aftercare  
Weaves  
Relaxers  
Braids  
Dreads  
Treatments  
Serums



## Consolidated Profit & Loss : Q1FY2017-18



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DIL (Consolidated) P&L - in Rs. crores	Q1FY2017-18	Q1FY2016-17	YoY (%)	FY2016-17
<b>Revenue from operations</b>	<b>1,790.1</b>	<b>1,952.2</b>	<b>-8.3%</b>	<b>7,701.4</b>
Other income	81.3	61.0	33.2%	298.3
<b>Total Income</b>	<b>1,871.3</b>	<b>2,013.2</b>	<b>-7.0%</b>	<b>7,999.8</b>
Material Cost	914.5	961.3	-4.9%	3843.2
% of Revenue	51.1%	49.2%		49.9%
Employee Expense	203.5	211.5	-3.8%	789.6
% of Revenue	11.4%	10.8%		10.3%
Advertising & Publicity	150.0	196.5	-23.6%	646.1
% of Revenue	8.4%	10.1%		8.4%
Other Expenses	213.1	234.0	-8.9%	913.5
% of Revenue	11.9%	12.0%		11.9%
<b>Operating Profit</b>	<b>308.9</b>	<b>348.8</b>	<b>-11.5%</b>	<b>1,508.9</b>
% of Revenue	17.3%	17.9%		19.6%
EBITDA	390.2	409.8	-4.8%	1,807.3
% of Revenue	21.8%	21.0%		23.5%
Finance Costs	13.3	11.8	12.3%	54.0
Depreciation & Amortization	39.1	34.3	13.8%	142.9
<b>Profit before exceptional items, tax and share of profit/(loss) from joint venture</b>	<b>337.8</b>	<b>363.7</b>	<b>-7.1%</b>	<b>1610.4</b>
Exceptional Item	14.5	0.0		0.0
Tax Expenses				
Current Tax	55.6	65.6		311.0
Deferred Tax	3.3	4.5		19.3
<b>Net Profit After Tax (After Minority Interest)</b>	<b>264.1</b>	<b>292.8</b>	<b>-9.8%</b>	<b>1276.9</b>
<b>% of Revenue</b>	<b>14.8%</b>	<b>15.0%</b>		<b>16.6%</b>

## Standalone Profit & Loss : Q1FY2017-18



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DIL (Standalone) P&L - in Rs. Crores	Q1FY2017-18	Q1FY2016-17	YoY (%)	FY2016-17
<b>Revenue from operations</b>	<b>1,233.7</b>	<b>1,299.5</b>	<b>-5.1%</b>	<b>5,369.8</b>
Other income	75.6	54.7	38.2%	274.6
Total Income	1,309.3	1,354.2	-3.3%	5,644.5
Material Cost	673.5	690.7	-2.5%	2858.8
% of Revenue	54.6%	53.1%		53.2%
Employee Expense	119.2	113.1	5.4%	425.3
% of Revenue	9.7%	8.7%		7.9%
Advertising & Publicity	118.7	123.6	-4.0%	418.0
% of Revenue	9.6%	9.5%		7.8%
Other Expenses	132.7	149.1	-11.0%	556.4
% of Revenue	10.8%	11.5%		10.4%
<b>Operating Profit</b>	<b>189.6</b>	<b>223.0</b>	<b>-15.0%</b>	<b>1,111.4</b>
<b>% of Revenue</b>	<b>15.4%</b>	<b>17.2%</b>		<b>20.7%</b>
EBITDA	265.2	277.7	-4.5%	1,386.0
% of Revenue	21.5%	21.4%		25.8%
Finance Costs	5.8	2.4	139.5%	16.2
Depreciation & Amortization	24.5	17.4	40.9%	75.4
<b>Profit before exceptional item and tax</b>	<b>234.9</b>	<b>257.9</b>	<b>-8.9%</b>	<b>1294.3</b>
Exceptional item	14.5	0.0		0.0
Tax Expenses				
Current Tax	47.8	55.0		277.5
Deffered Tax	3.0	4.5		18.5
<b>Net Profit After Tax</b>	<b>169.6</b>	<b>198.4</b>	<b>-14.5%</b>	<b>998.3</b>
<b>% of Revenue</b>	<b>13.7%</b>	<b>15.3%</b>		<b>18.6%</b>





**Thank You**