



Dabur India Limited

**Investor Presentation
November – December 2018**

Agenda



1. Dabur – Overview

2. Business Structure

3. India Business

4. International Business

5. The Way Forward

6. Our Value Creators

7. Annexure

Dabur is the largest science-based Ayurveda company



Overview

Established in 1884 – 134 years of trust and excellence

One of the world's largest in Ayurveda and natural healthcare

Having one of the largest distribution network in India, covering ~6.4 mn outlets

20 world class manufacturing facilities catering to needs of diverse markets

Strong overseas presence with ~28% contribution to consolidated sales



Market cap:
US\$
9bn

Awards



Dabur ranked in the India's Top 50 Valuable Companies by Business Today



Dabur Red Paste rated as 2nd most trusted brand by the consumers in the Oral Care category by the Brand Equity India's Most Trust Brands 2017



Dabur moves up 4 Places in Fortune India 500 List; ranked 163 in the list for 2015



Dabur ranked 25 in the list of Best Companies for CSR in India, according to the Economic Times

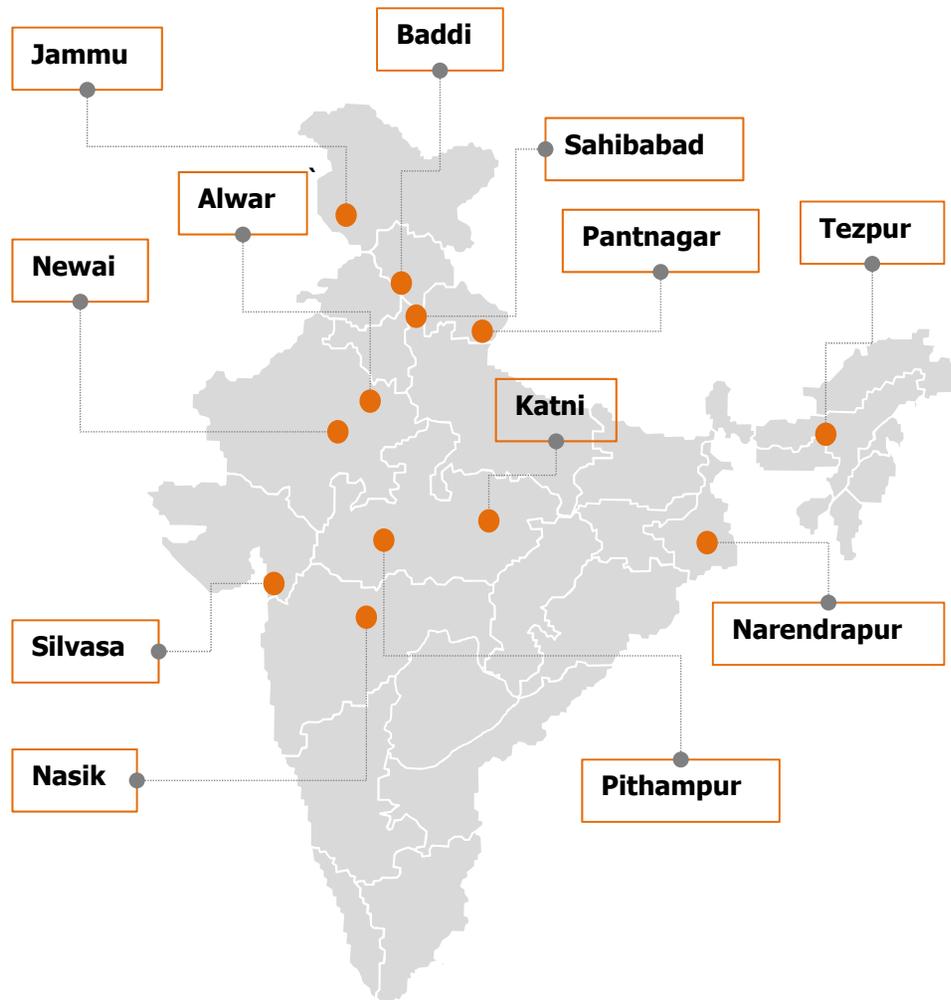


Dabur India successfully held the first-ever Guinness World Record attempt for the largest simultaneous Nasya Panchkarma Treatment session

Manufacturing facilities located across the globe



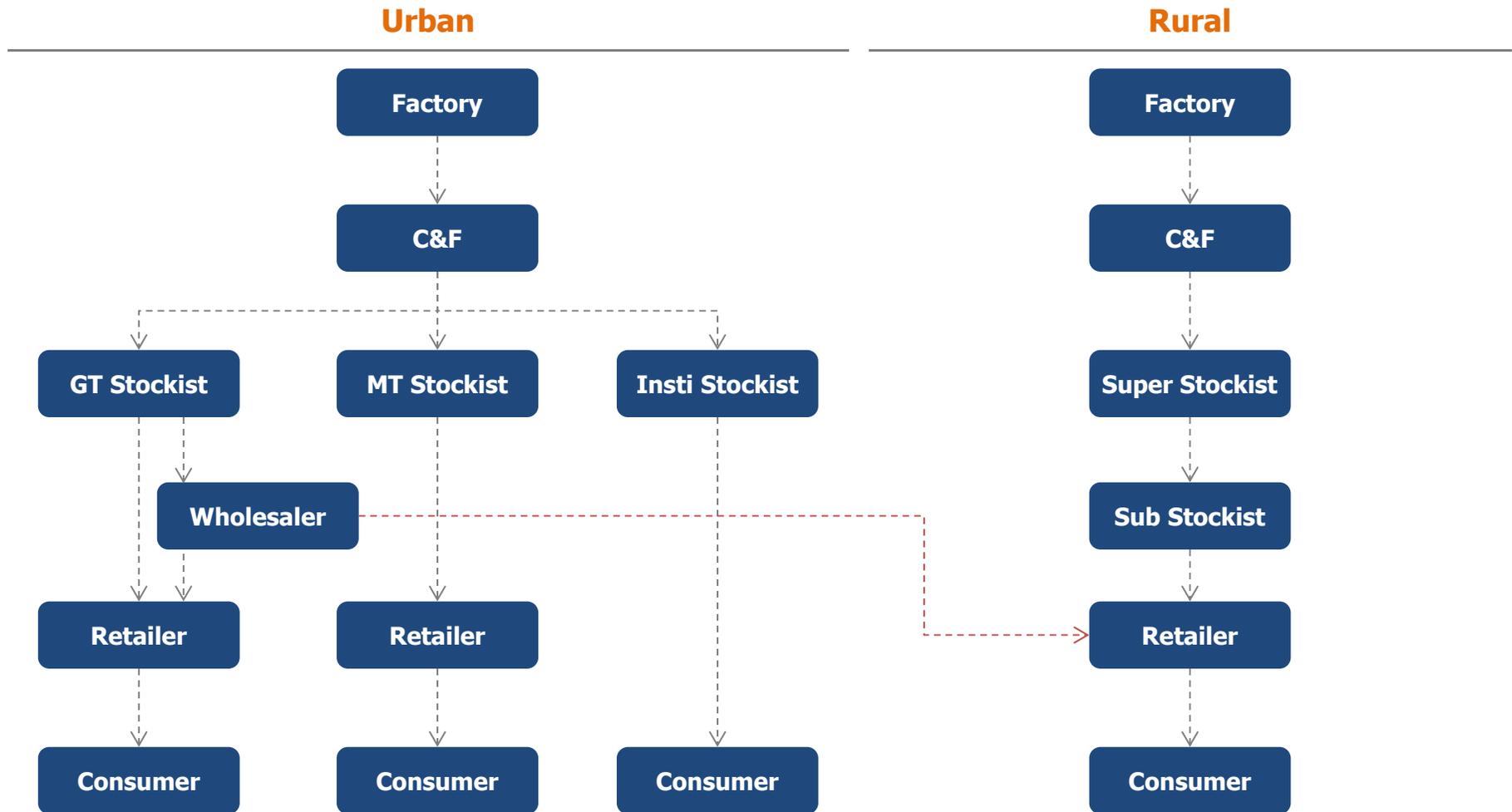
12 manufacturing locations in India



8 international manufacturing locations

-  UAE
-  Egypt
-  Nigeria
-  South Africa
-  Turkey
-  Sri Lanka
-  Bangladesh
-  Nepal

One of the largest distribution network in India

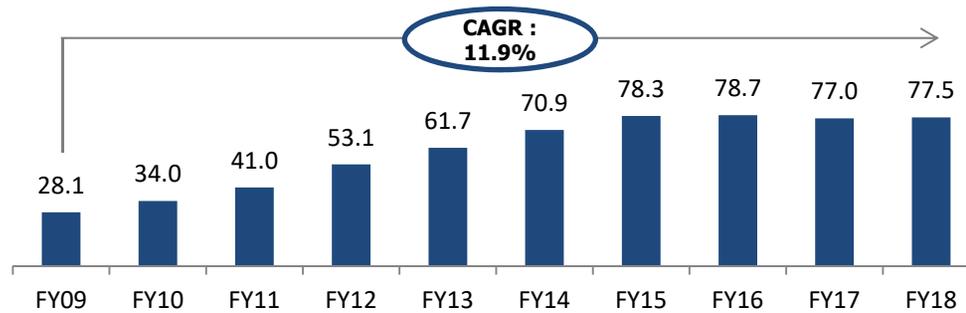


Distribution reach of 6.4 mn retail outlets with direct reach of 1.1 mn+

Strong financial profile

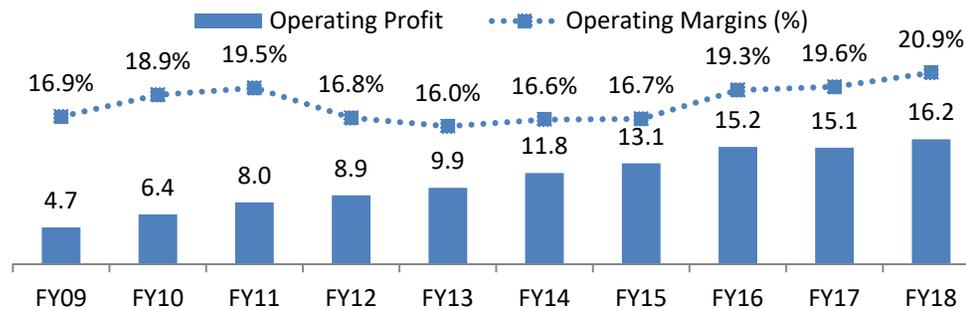


Revenue from Operations



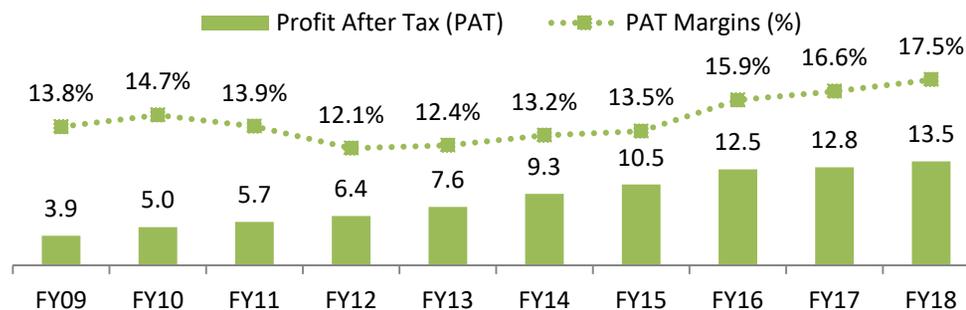
- Revenue has become ~3x over the last 10 years
- Last 3 years' revenue looks optically static due to change in accounting standards, demonetization and implementation of GST

Operating Profit



- Steady increase in operating margin, touching 20.9% in FY18

PAT



- PAT has grown at a CAGR of 15% over the last 10 years
- PAT margin went up to 17.5% in FY18

Note: All figures are in INR bn
 FY09 to FY15 is basis IGAAP, FY16 and FY17 are as per IndAS and FY18 is as per IndAS and takes into account GST

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3. India Business

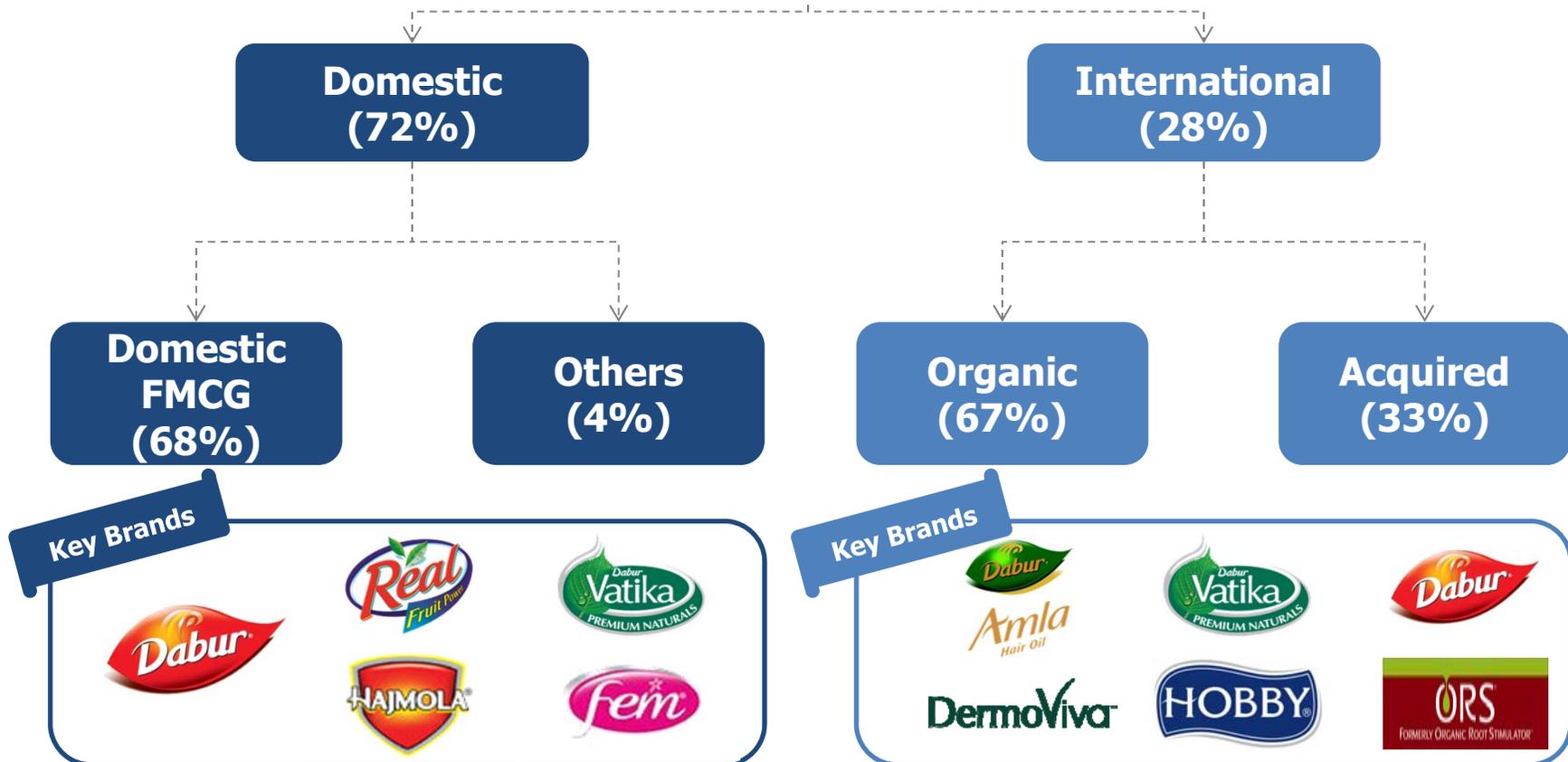
4. International Business

5. The Way Forward

6. Our Value Creators

7. Annexure

Business Structure



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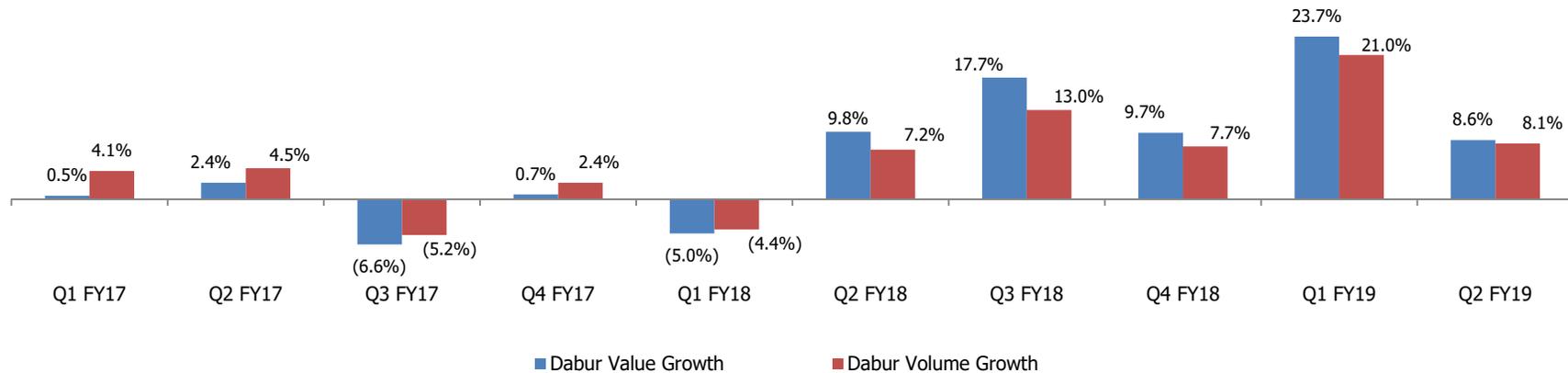
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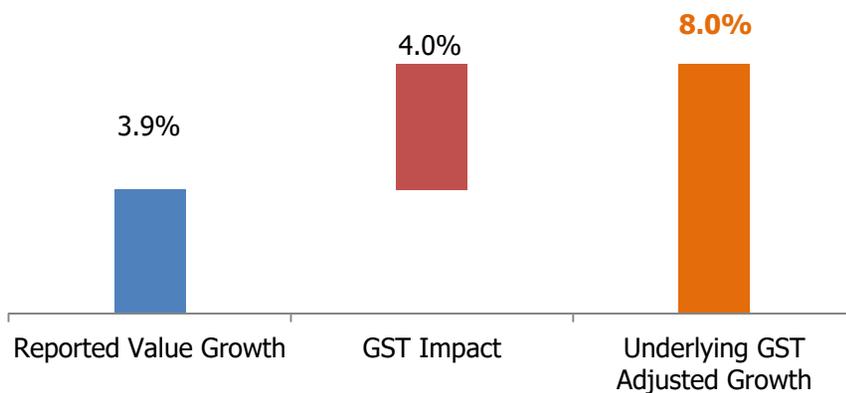
The domestic business has seen recovery in the past fiscal year with growth picking up since Q2 FY18...



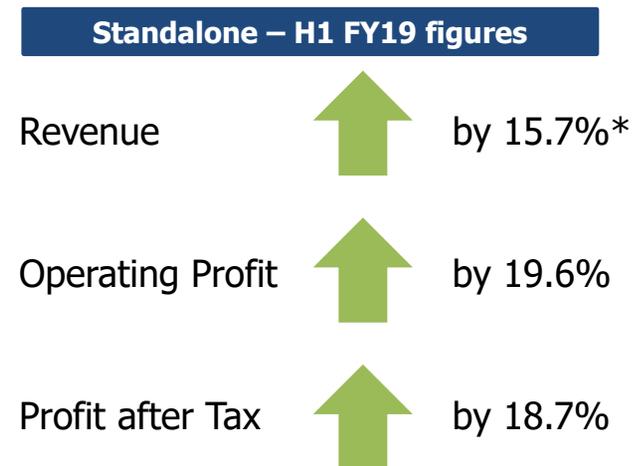
Value and Volume Trend for Domestic FMCG



India Business grew by 8.0% in FY18...



...and has started FY19 on a strong footing



* GST Adjusted Growth
The value growth from Q2 FY18 to Q1 FY19 refers to GST adjusted growth

...with broad-based growth...



	Category	Key Brands	Revenue Contribution (FY18)	FY18 Growth	H1 FY19 Growth
Healthcare (32%)	Health Supplements		17%	9.4%	18.6%
	Digestives		6%	10.2%	16.1%
	OTC & Ethicals		9%	3.8%	11.7%
HPC (50%)	Hair Care		21%	4.1%	18.0%
	Oral Care		17%	14.4%	10.0%
	Home Care		7%	13.0%	13.7%
	Skin Care		5%	11.0%	19.2%
Foods (18%)	Foods		18%	0.7%	14.3%

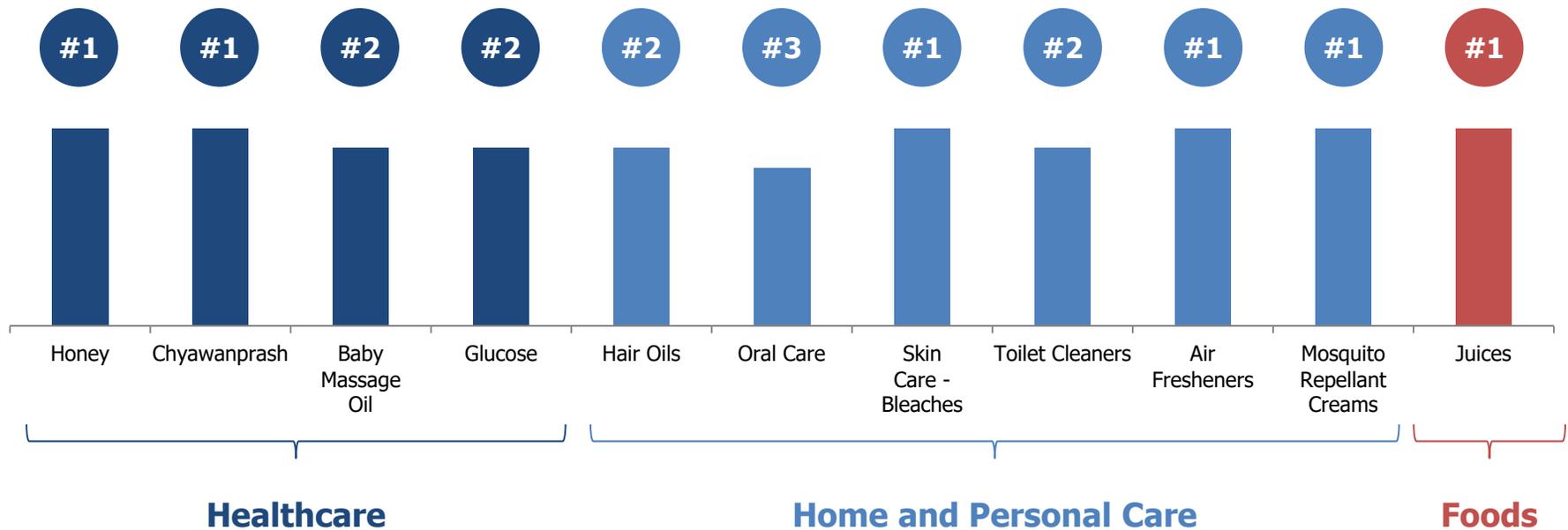
Note: Numbers in the charts represent GST adjusted growth (like-to-like)

...and market leadership in most categories



Leading position in key categories across verticals

#Relative Competitive Position¹



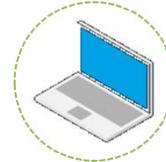
¹. Position basis Nielsen Market Share data MAT Sep'18

Drivers of growth – 1 Project Buniyaad



Urban Strategy

Leveraging potential through Channel based approach



Enabling Technology

Using technology to track and improve performance and automate processes



Rural Strategy

Split the front line teams into two to increase reach and frequency – Showing significant positive gains



New Avenues of Growth

Leveraging the alternate channels of MT and E-comm to grow at a rapid pace



Portfolio Focus

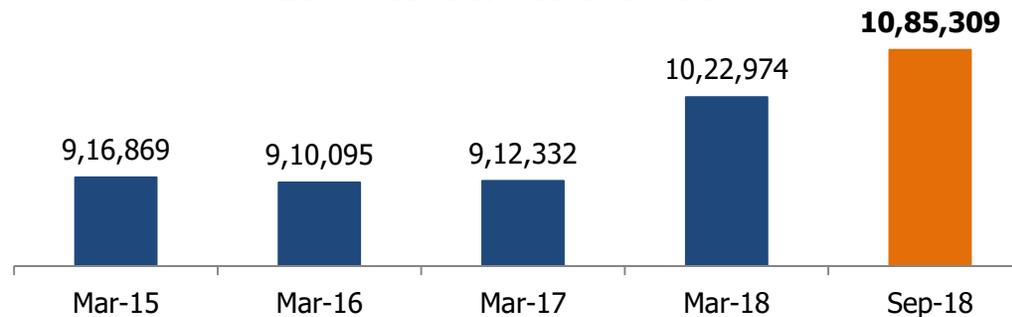
Leveraging split teams for focused portfolio building



Continue Engagement

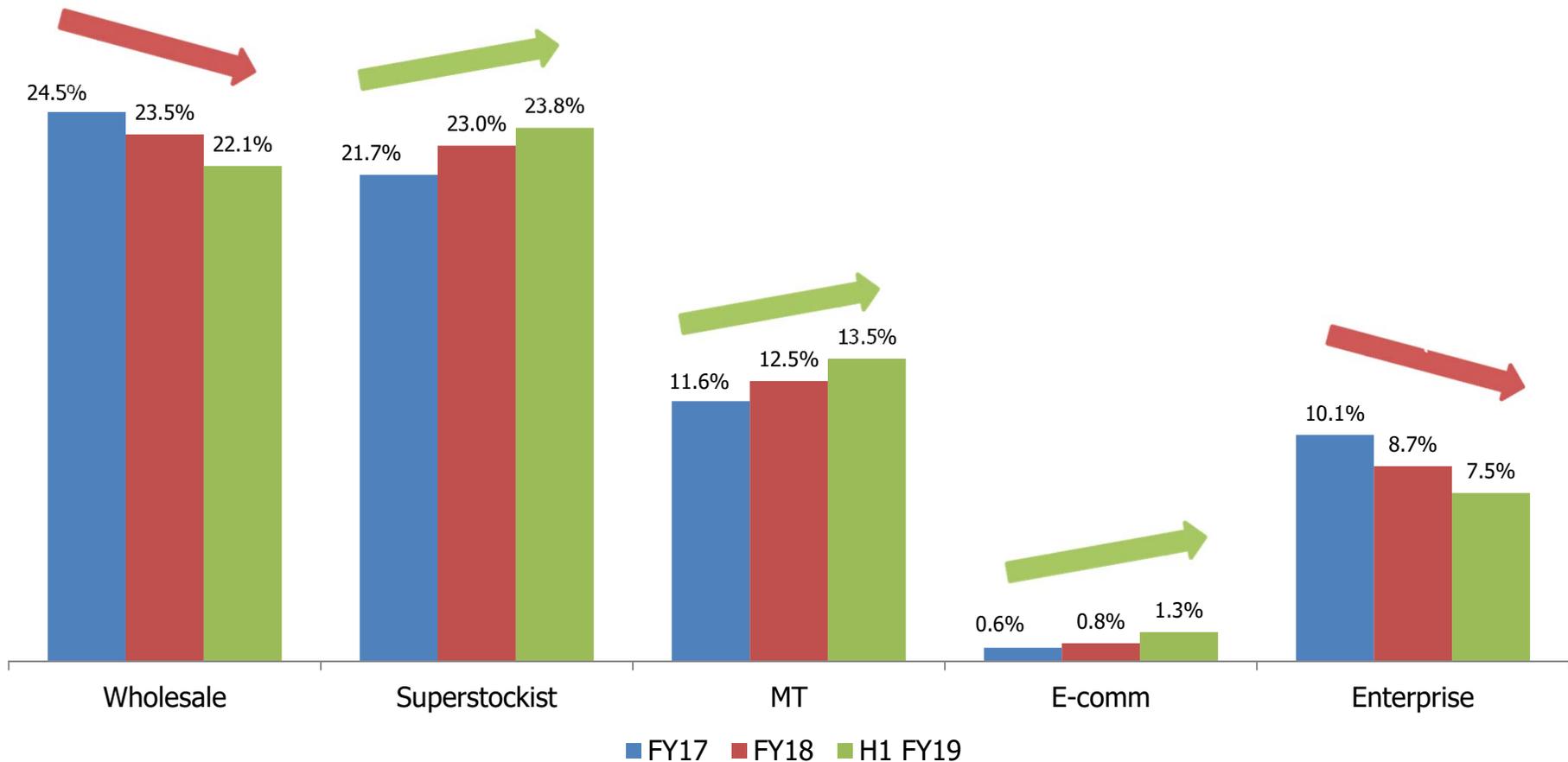
Using initiatives and technology to build and continuously motivate the trade and front line teams

Direct Reach – No. of Outlets



Project Buniyaad achieved its direct reach target of 1 mn outlets and also led to doubling of rural sales people to ~1,400

Drivers of growth – 2 Channel Changes



Superstockist, MT and E-comm gaining saliency; Wholesale and Enterprise continues to shrink

*The balance of sales are through GT Retail which has ~33% saliency
Note: Enterprise includes Institution, Para Military, CSD and Food Services*

Recent Product Launches



Real Ethnic Range



Honey Squeezy – 225 gm



Real Mocktails



Hajmola Chat Cola



Vatika Enriched Coconut Hair Oil



Vatika Shampoo with Satt Poshan



Anmol Jasmine HO



Odonil Zipper



Honitus Hotsip



Fem De-Tan Bleach



Dabur Red Gel



Oxy Pro Clear Facial Kit



Odonil – Fruit Blast



Odomos Fabric Roll On



Glycodab Tablets

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5. The Way Forward

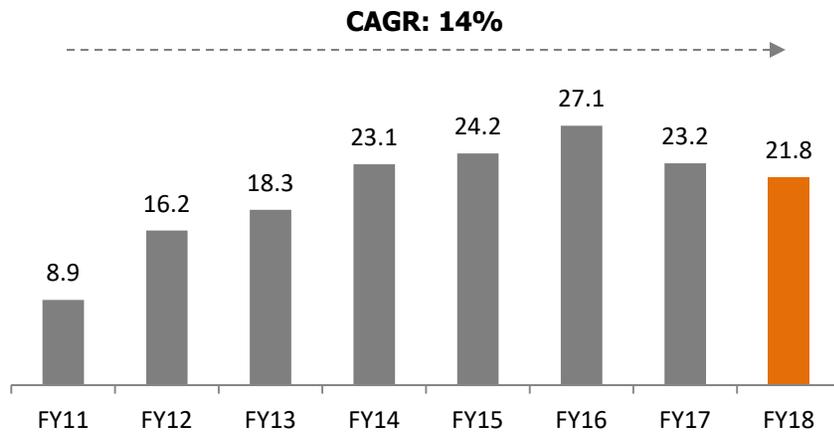
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International Business – Financial Profile

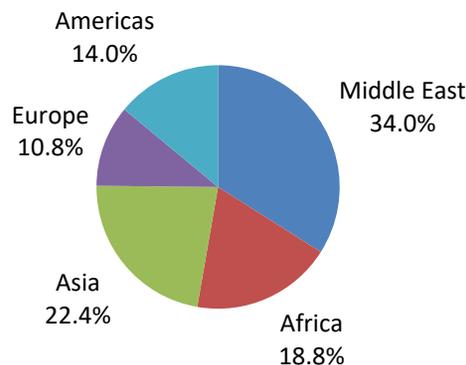


Sales (INR bn)



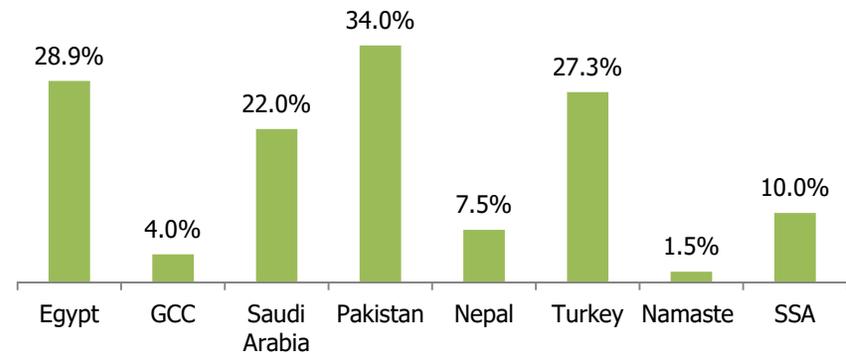
- International Business comprises the Organic and Acquired business
- Organic business (67% of international) is an extension of Indian portfolio with the same personal care brands operating internationally
- Acquired business (32% of international) comprises Hobi and Namaste
- FY17 and FY18 were impacted due to geopolitical headwinds and severe currency devaluation in our key markets

Region-wise Sales (FY18)



Performance of Key Markets (H1 FY19)

Constant Currency Growth Rate – H1 FY19

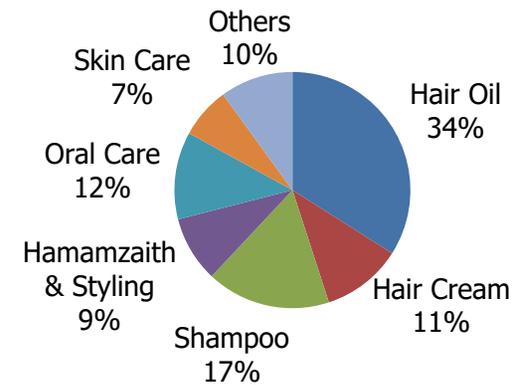
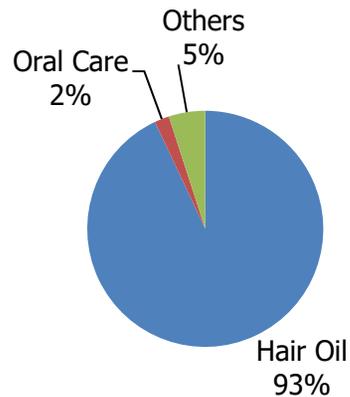


Organic International Business



FY06

FY18

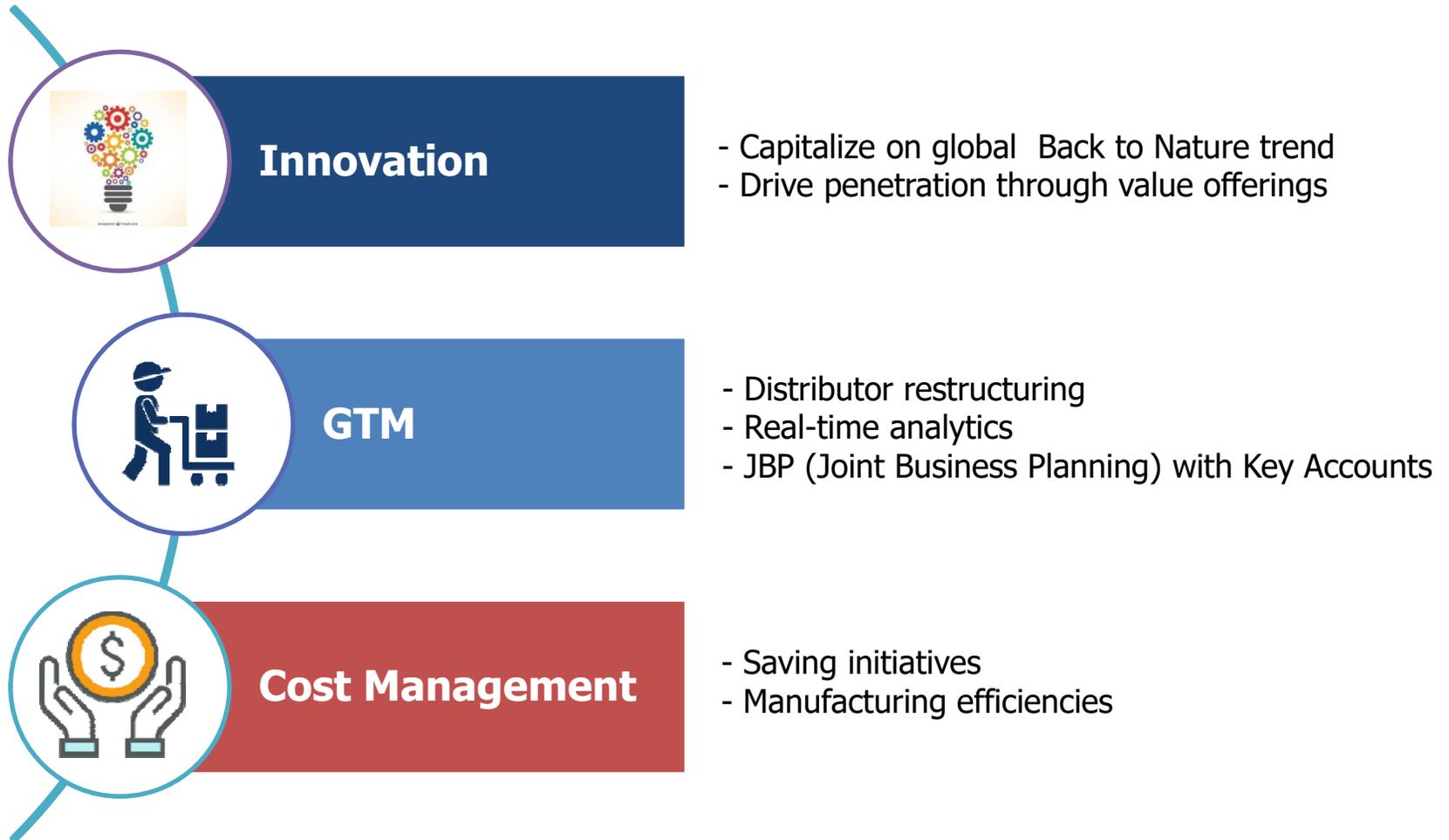


Key Brands



Organic International Business has evolved from being just a Hair Oil business to a diversified personal care entity

International Business – Strategic Levers

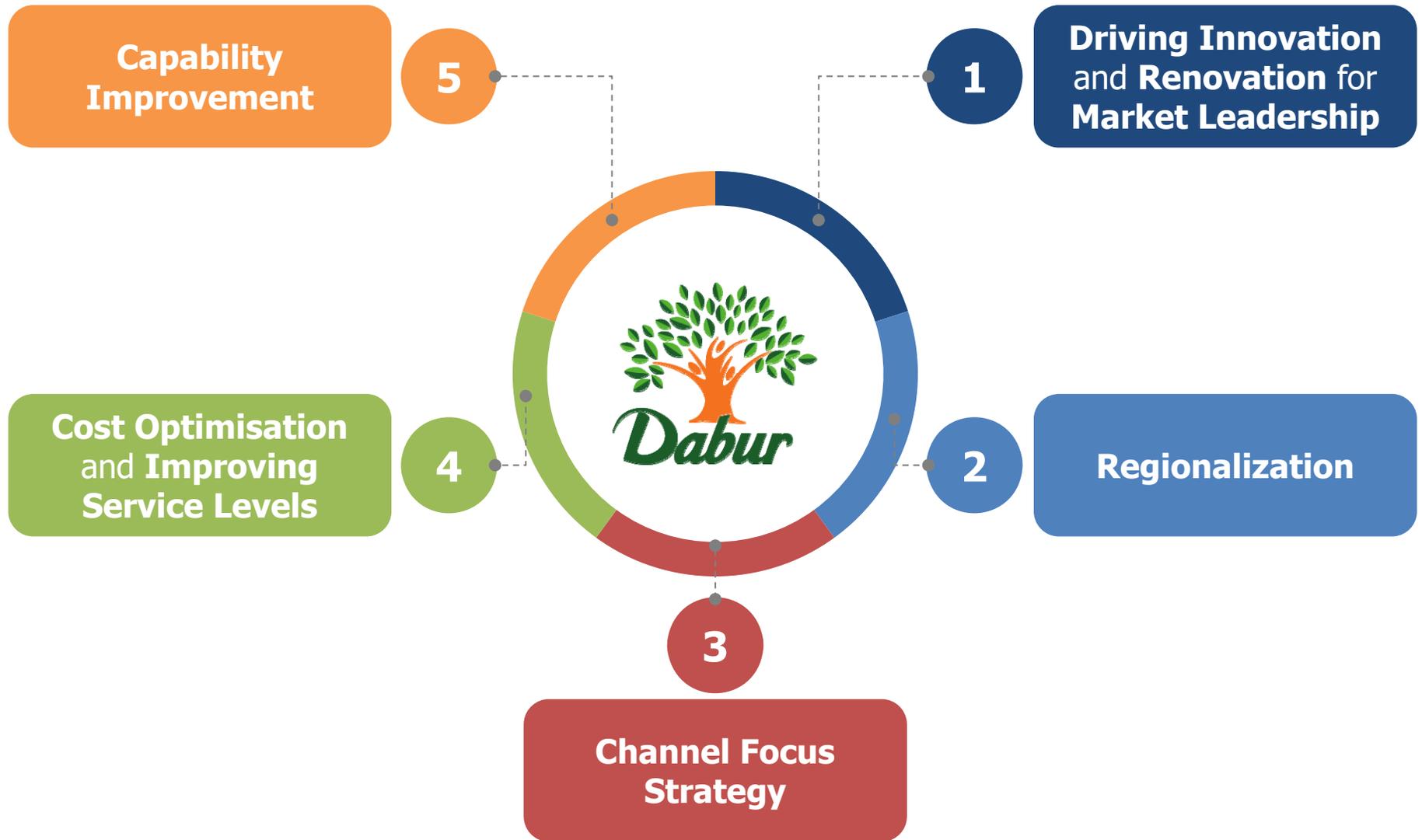


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Key Elements



1 Driving Innovation and Renovation for Market Leadership



(a) Focus on Core and Scalable Brands

Enhanced Investments in Core Brands



Accelerated Growth from Scalable Brands



1 Driving Innovation and Renovation for Market Leadership



(b) Creating Competitive Leverage

Superior Claims



Superior Formulation



Superiority over mineral oils



Superiority over other Almond HO



2x stronger hair vs Other Amla HO

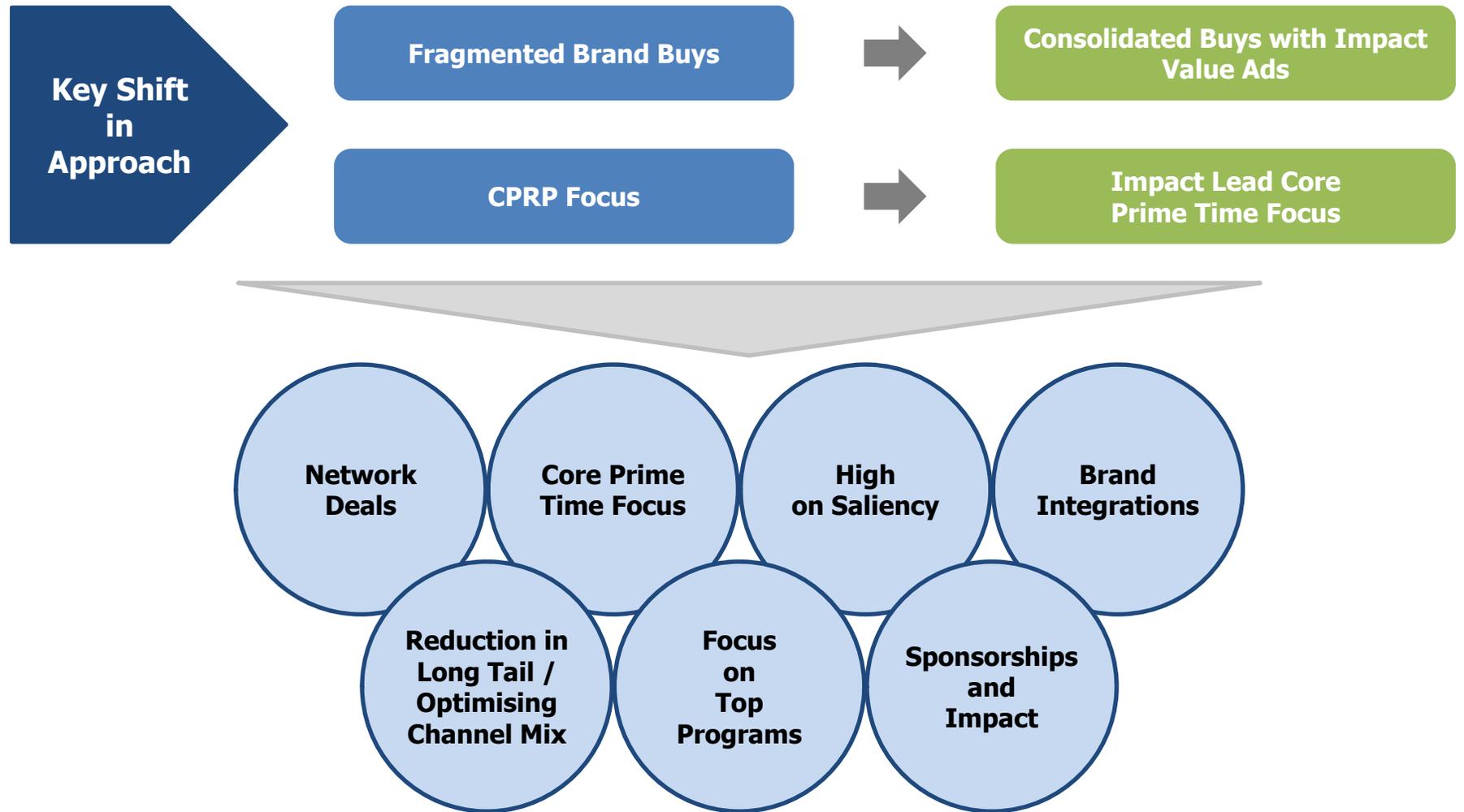
Superior Packaging



1 Driving Innovation and Renovation for Market Leadership



(c) Media Strategy for Driving Brand Preference



1 Driving Innovation and Renovation for Market Leadership



(d) Driving NPDs

Q1 FY19



The Way Ahead

Strengthening our Ayurvedic/ Natural Offerings

Products for Gen Y and Z

Premiumization



RISE Regional Insights And Speed of Execution

RI : Regional Insights *(Long Term Strategic)*

- Capture Consumer, Packaging and Media Insights
- Use Analytics for Specific meaningful actions
- Dive into new adjacent categories
- Regions to provide new growth opportunities

SE : Speed of Execution *(Quick Wins, Low Investment)*

- Trade interventions
- Activations and visibility drives
- Distribution initiatives
- Consumer promotions

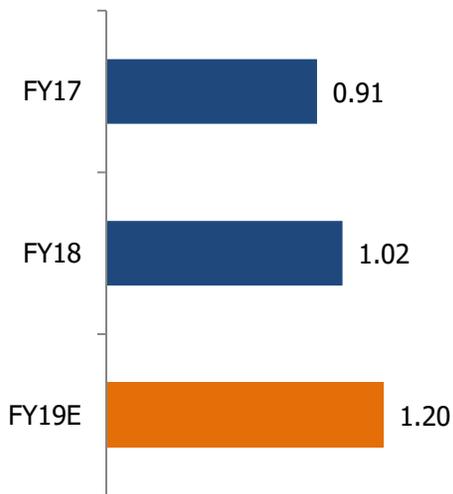
3 Channel Focus Strategy



Increasing Direct Distribution

One of the largest distribution network in FMCG in India covering 6.4 mn+ outlets

Aim to increase direct reach to 1.2 mn outlets by end of FY19



Rural Focus

Range Expansion

1. Increase lines sold in rural
2. Conversion of bigger substockist to direct

Drive Sell Out

1. Activations involving RSP
2. Involvement of Substockist
3. Activation and sell out at Wholesale

E-commerce/ MT Focus

- **E-commerce and MT saliency going up**
 - Strong growth across platforms
- **Backed by media activation, visibility and consumer promotions**



4 Cost Optimisation and Improving Service Levels



Project Lakshya

Targets



- Improve range availability at C&FA and Distributors
- Improve Lead Time Adherence
- Improve MT OTIF



- Reduction in Logistics Cost

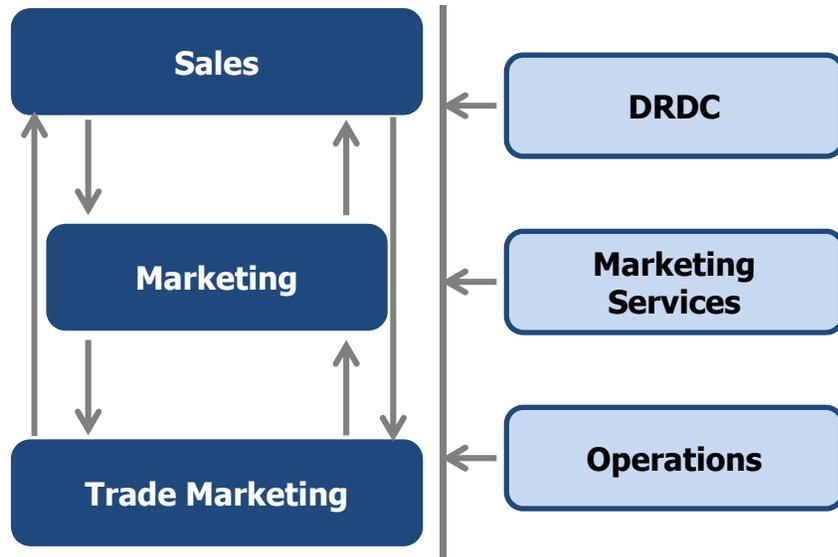


- Reduction in Finished Goods Inventory

5 Capability Improvement

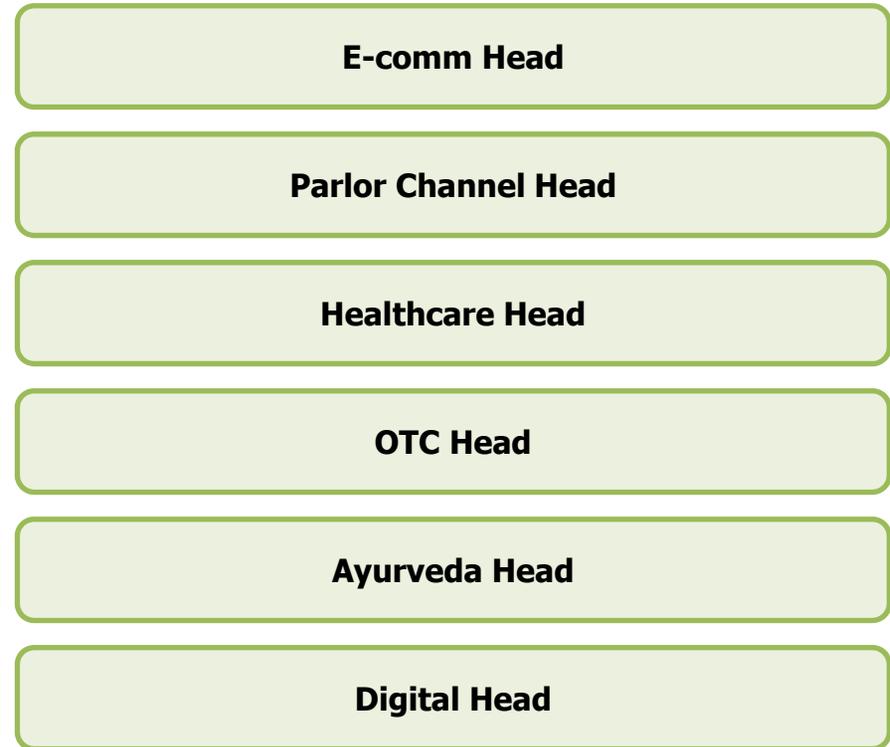


Matrix Organisation



Shared Goals across Functions

Strengthening the Team



The next growth wave



Build bigger brands

More than 15 brands in the range of INR >0.1 to 1 bn which can grow to INR 1bn+



Continued Innovation and Renovation for Younger Consumers

NPD pipeline primed to deliver new products in key categories – 4-5 new products every year



Driving distribution expansion

Direct reach of 1.2 mn+, increasing the no. of SKUs, rural potential, IT enablement, data analytics and e-commerce



Consumer Health

Strong core competence, low competitive intensity, strong profitability, low penetration



Geographical expansion

Expand into overseas focus markets where our brands are relevant – MENA, Africa, SAARC

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Intellectual Capital



126 scientists
are part of the strong in-house research wing



In FY18,
R&D team developed 16 new products
for India and International markets



11 Patent Applications



5 Research Papers Published

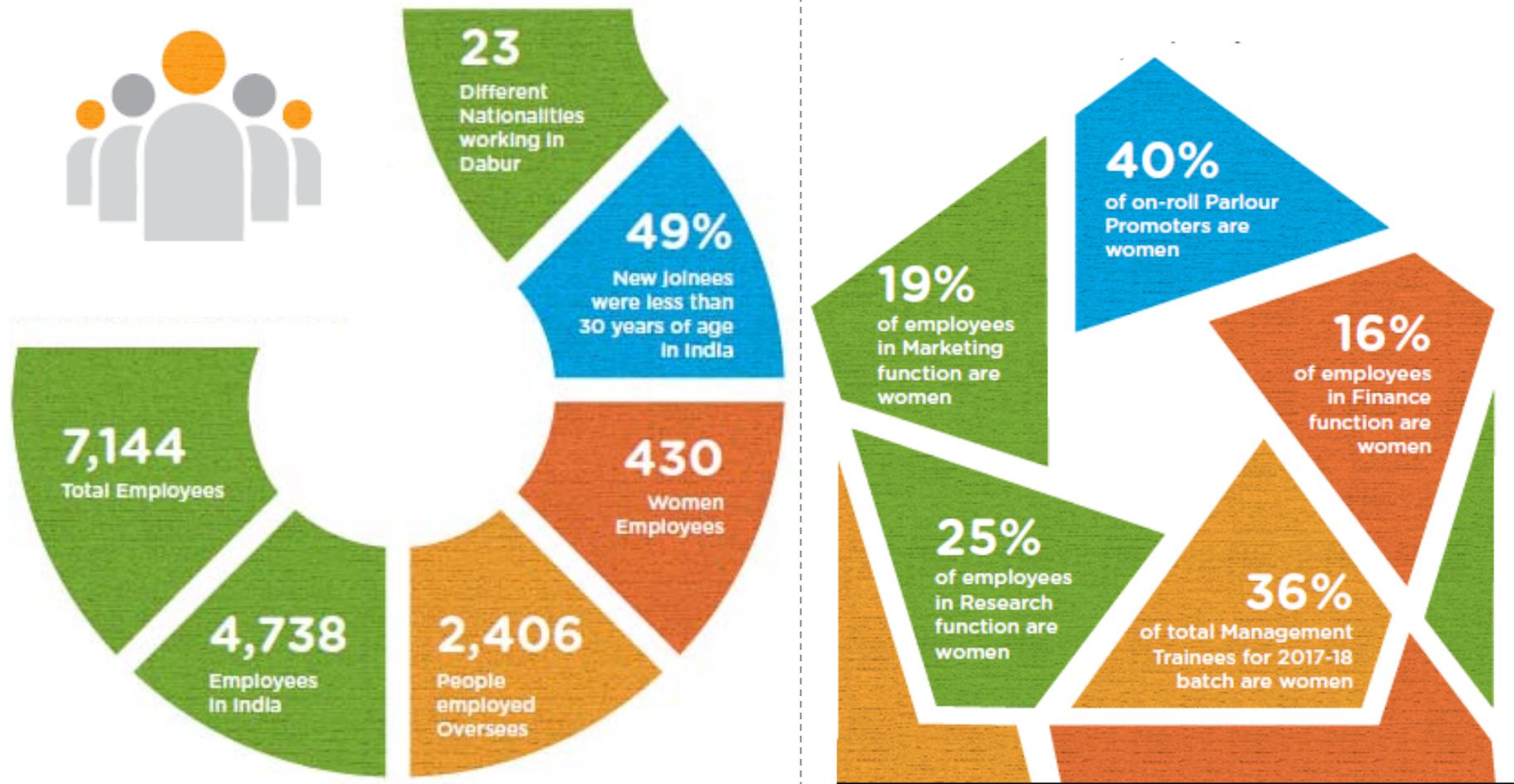


**3 Patents where final specifications
were filed**

Our Herbal Garden

- **Use 249 medicinal and aromatic plants (MAPs)** for our various Ayurvedic and natural preparations
- Put in place direct interventions for either cultivating or sustainably collecting 58 of the 100 identified critical MAPs
- **In 17 species of MAPs, Dabur is 100% self-sufficient**
- **Engage with marginal farmers** in cultivation of these herbs and MAPs, **providing them visible economic opportunities and supplementing their income**
- Also **undertake special training programmes for farmers, villagers and tribal communities** to train them on sustainable and environment-friendly cultivation processes
- At end of March 2018, Dabur has **5,250 acres of land under cultivation of these rare herbs and MAPs in India**
 - Some **Himalayan herbs are being cultivated in 400 acres of land in Nepal**
- **2,400 farmer families in India and 1,500 farmer families in Nepal are benefiting from this initiative**

Human Capital



Social & Relationship Capital



“What is that life Worth which cannot bring comfort to others.”

– Dr. S.K. Burman, Founder of Dabur

CSR Spend
in 2017-18

₹ **23.74**
Crore



40
Lakh
kids
benefited
from Oral
Hygiene
camps



2,857 women
empowered through
Vocational Training
and Literacy
programmes



5,743 kids
gained access to
better infrastructure
in schools



3,600 people
gained access to
proper sanitation
facilities in rural
households

CSR Policy

Promoting Nutrition



Sanitation



Preventive Healthcare



Environment Sustainability



Promoting Education



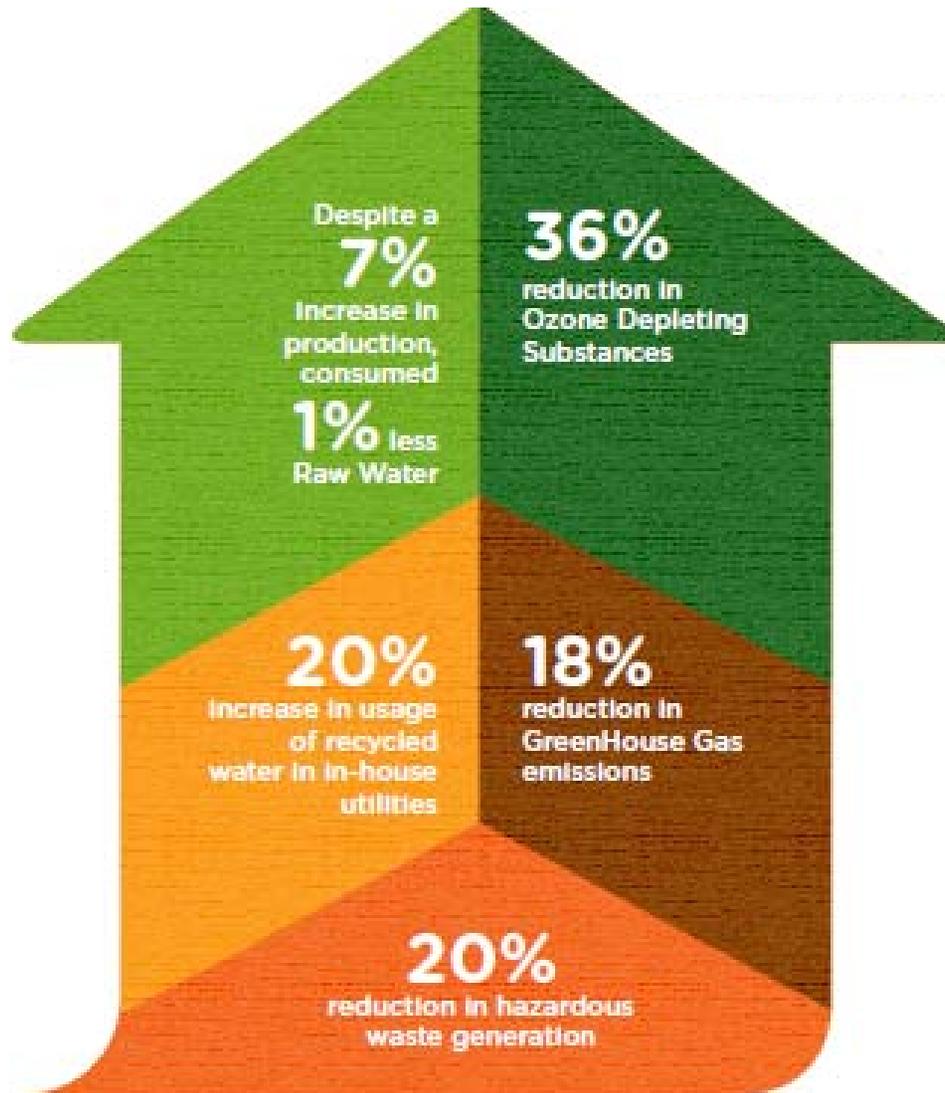
Women Empowerment



Rural Development



Natural Capital



Dabur is a Product Carbon Footprint (PCF) Certified company from TUV NORD for three products

- Dabur Chyawanprash
- Dabur Honey
- Réal Juices

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Consolidated Profit & Loss



	Q2 FY19	Q2 FY18	Y-o-Y (%)	H1 FY19	H1 FY18	Y-o-Y (%)
Revenue from operations	2,125.0	1,958.9	8.5%	4,205.7	3,749.0	12.2%
Other Income	81.2	84.3	(3.7%)	154.9	165.6	(6.5%)
Total Income	2,206.2	2,043.2	8.0%	4,360.5	3,914.6	11.4%
Material Cost	1,075.8	977.1	10.1%	2,124.4	1,891.7	12.3%
<i>% of Revenue</i>	<i>50.6%</i>	<i>49.9%</i>		<i>50.5%</i>	<i>50.5%</i>	
Employee expense	234.3	203.7	15.0%	458.4	407.2	12.6%
<i>% of Revenue</i>	<i>11.0%</i>	<i>10.4%</i>		<i>10.9%</i>	<i>10.9%</i>	
Advertisement and publicity	133.5	145.7	(8.4%)	332.5	295.7	12.4%
<i>% of Revenue</i>	<i>6.3%</i>	<i>7.4%</i>		<i>7.9%</i>	<i>7.9%</i>	
Other Expenses	230.5	212.5	8.5%	453.4	425.6	6.5%
<i>% of Revenue</i>	<i>10.8%</i>	<i>10.8%</i>		<i>10.8%</i>	<i>11.4%</i>	
Operating Profit	450.8	419.9	7.4%	836.9	728.8	14.8%
<i>% of Revenue</i>	<i>21.2%</i>	<i>21.4%</i>		<i>19.9%</i>	<i>19.4%</i>	
EBITDA	532.1	504.2	5.5%	991.8	894.4	10.9%
<i>% of Revenue</i>	<i>25.0%</i>	<i>25.7%</i>		<i>23.6%</i>	<i>23.9%</i>	
Finance Costs	15.6	13.3	16.8%	30.4	26.6	14.4%
Depreciation & Amortization	43.1	40.1	7.5%	85.8	79.1	8.5%
Profit before exceptional items, tax and share of profit/(loss) from joint venture	473.4	450.8	5.0%	875.5	788.6	11.0%
<i>% of Revenue</i>	<i>22.3%</i>	<i>23.0%</i>		<i>20.8%</i>	<i>21.0%</i>	
Share of profit / (loss) of joint venture	0.3	(0.2)	n.m.	0.5	0.3	n.m.
Exceptional item(s)	0.0	0.0	n.a.	0.0	14.5	(100.0%)
Tax Expenses	96.1	87.9	9.3%	168.5	146.8	14.7%
Net profit after tax and after share of profit/(loss) from joint venture	377.6	362.7	4.1%	707.5	627.5	12.8%
<i>% of Revenue</i>	<i>17.8%</i>	<i>18.5%</i>		<i>16.8%</i>	<i>16.7%</i>	
Non controlling interest	0.9	0.7	25.2%	1.7	1.5	16.4%
Net profit for the period/year	376.6	361.9	4.1%	705.8	626.1	12.7%
<i>% of Revenue</i>	<i>17.7%</i>	<i>18.5%</i>		<i>16.8%</i>	<i>16.7%</i>	

Note: All figures are in INR crores, unless otherwise stated

Standalone Profit & Loss



	Q2 FY19	Q2 FY18	Y-o-Y (%)	H1 FY19	H1 FY18	Y-o-Y (%)
Revenue from operations	1,537.2	1,416.4	8.5%	3,010.3	2,650.1	13.6%
Other Income	75.7	76.2	(0.7%)	144.3	151.8	(4.9%)
Total Income	1,612.9	1,492.6	8.1%	3,154.6	2,801.9	12.6%
Material Cost	790.7	737.8	7.2%	1,573.1	1,411.3	11.5%
<i>% of Revenue</i>	<i>51.4%</i>	<i>52.1%</i>		<i>52.3%</i>	<i>53.3%</i>	
Employee expense	143.3	117.3	22.2%	281.3	236.5	18.9%
<i>% of Revenue</i>	<i>9.3%</i>	<i>8.3%</i>		<i>9.3%</i>	<i>8.9%</i>	
Advertisement and publicity	111.2	114.7	(3.0%)	266.9	233.4	14.3%
<i>% of Revenue</i>	<i>7.2%</i>	<i>8.1%</i>		<i>8.9%</i>	<i>8.8%</i>	
Other Expenses	140.5	127.8	10.0%	281.1	260.5	7.9%
<i>% of Revenue</i>	<i>9.1%</i>	<i>9.0%</i>		<i>9.3%</i>	<i>9.8%</i>	
Operating Profit	351.5	318.8	10.3%	608.0	508.4	19.6%
<i>% of Revenue</i>	<i>22.9%</i>	<i>22.5%</i>		<i>20.2%</i>	<i>19.2%</i>	
EBITDA	427.2	395.0	8.1%	752.3	660.2	13.9%
<i>% of Revenue</i>	<i>27.8%</i>	<i>27.9%</i>		<i>25.0%</i>	<i>24.9%</i>	
Finance Costs	8.1	5.0	62.3%	13.9	10.8	29.6%
Depreciation & Amortization	26.2	25.5	2.6%	52.2	50.0	4.4%
Profit before exceptional items, tax and share of profit/(loss) from joint venture	392.9	364.5	7.8%	686.1	599.4	14.5%
<i>% of Revenue</i>	<i>25.6%</i>	<i>25.7%</i>		<i>22.8%</i>	<i>22.6%</i>	
Exceptional item(s)	0.0	0.0	n.a.	0.0	14.5	(100.0%)
Tax Expenses	85.7	81.1	5.6%	148.3	131.9	12.4%
Net profit for the period/year	307.3	283.4	8.4%	537.8	453.0	18.7%
<i>% of Revenue</i>	<i>20.0%</i>	<i>20.0%</i>		<i>17.9%</i>	<i>17.1%</i>	

Note: All figures are in INR crores, unless otherwise stated

Consolidated Balance Sheet



Particulars	As at 30/09/2018 (Unaudited)	As at 31/03/2018 (Audited)
A Assets		
1 Non-current assets		
(a) Property, plant and equipment	1,552	1,552
(b) Capital work-in-progress	39	42
(c) Investment property	54	54
(d) Goodwill	411	412
(e) Other Intangible assets	35	10
(f) Financial assets		
(i) Investments	3,042	3,092
(ii) Loans	15	13
(iii) Others	7	4
(g) Non-current tax assets (net)	3	3
(h) Other non-current assets	79	80
Total Non-current assets	5,237	5,262
2 Current assets		
(a) Inventories	1,282	1,256
(b) Financial assets		
(i) Investments	271	713
(ii) Trade receivables	772	706
(iii) Cash and cash equivalents	96	154
(iv) Bank Balances other than (iii) above	96	152
(v) Loans	8	35
(vi) Others	3	28
(c) Current tax asset(net)	2	2
(d) Other current assets	373	391
(e) Assets held for sale	2	2
Total current assets	2,906	3,440
Total Assets	8,143	8,702

Particulars	As at 30/09/2018 (Unaudited)	As at 31/03/2018 (Audited)
B Equity and Liabilities		
1 Equity		
(a) Equity share capital	177	176
(b) Other Equity	4,956	5,530
Equity attributable to shareholders of the Company	5,133	5,707
Non Controlling Interest	31	27
Total equity	5,163	5,733
2 Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	42	364
(ii) Other financial liabilities	4	4
(b) Provisions	58	57
(c) Deferred tax liabilities (Net)	99	109
Total Non-current liabilities	203	534
3 Current liabilities		
(a) Financial liabilities		
(i) Borrowings	671	464
(ii) Trade payables	1,343	1,410
(iii) Other financial liabilities	349	238
(b) Other current liabilities	223	173
(c) Provisions	139	107
(d) Current tax Liabilities (Net)	50	41
Total Current liabilities	2,776	2,434
Total Equity and Liabilities	8,143	8,702

Note: All figures are in INR crores, unless otherwise stated

Standalone Balance Sheet



Particulars	As at 30/09/2018 (Unaudited)	As at 31/03/2018 (Audited)
A Assets		
1 Non-current assets		
(a) Property, plant and equipment	951	971
(b) Capital work-in-progress	31	27
(c) Investment property	50	50
(d) Other Intangible assets	16	9
(e) Financial assets		
(i) Investments	2,620	2,720
(ii) Loans	10	10
(iii) Others	7	4
(f) Non-current tax assets (net)	3	3
(g) Other non-current assets	59	60
Total Non-current assets	3,747	3,854
2 Current assets		
(a) Inventories	739	705
(b) Financial assets		
(i) Investments	269	713
(ii) Trade receivables	313	321
(iii) Cash and cash equivalents	13	78
(iv) Bank Balances other than (iii) above	10	9
(v) Loans	1	1
(vi) Others	8	4
(c) Other current assets	111	127
Total current assets	1,465	1,959
Total Assets	5,212	5,813

Particulars	As at 30/09/2018 (Unaudited)	As at 31/03/2018 (Audited)
B Equity and Liabilities		
1 Equity		
(a) Equity share capital	177	176
(b) Other Equity	3,262	4,051
Total equity	3,438	4,227
2 Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	26	201
(ii) Other financial liabilities	4	4
(b) Provisions	52	50
(c) Deferred tax liabilities (Net)	84	96
Total Non-current liabilities	167	351
3 Current liabilities		
(a) Financial liabilities		
(i) Borrowings	251	85
(ii) Trade payables	955	961
(iii) Other financial liabilities	242	82
(b) Other current liabilities	58	38
(c) Provisions	89	64
(d) Current tax Liabilities (Net)	11	4
Total Current liabilities	1,607	1,234
Total Equity and Liabilities	5,212	5,813

Note: All figures are in INR crores, unless otherwise stated

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