



The Science of

Ayurveda



Dabur India Limited

Investor Presentation

J.P. Morgan India Investor Summit – September 2018



1. Dabur – Overview

2. Business Structure

3. India Business

4. International Business

5. The way forward

6. 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\$
11bn

Awards



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

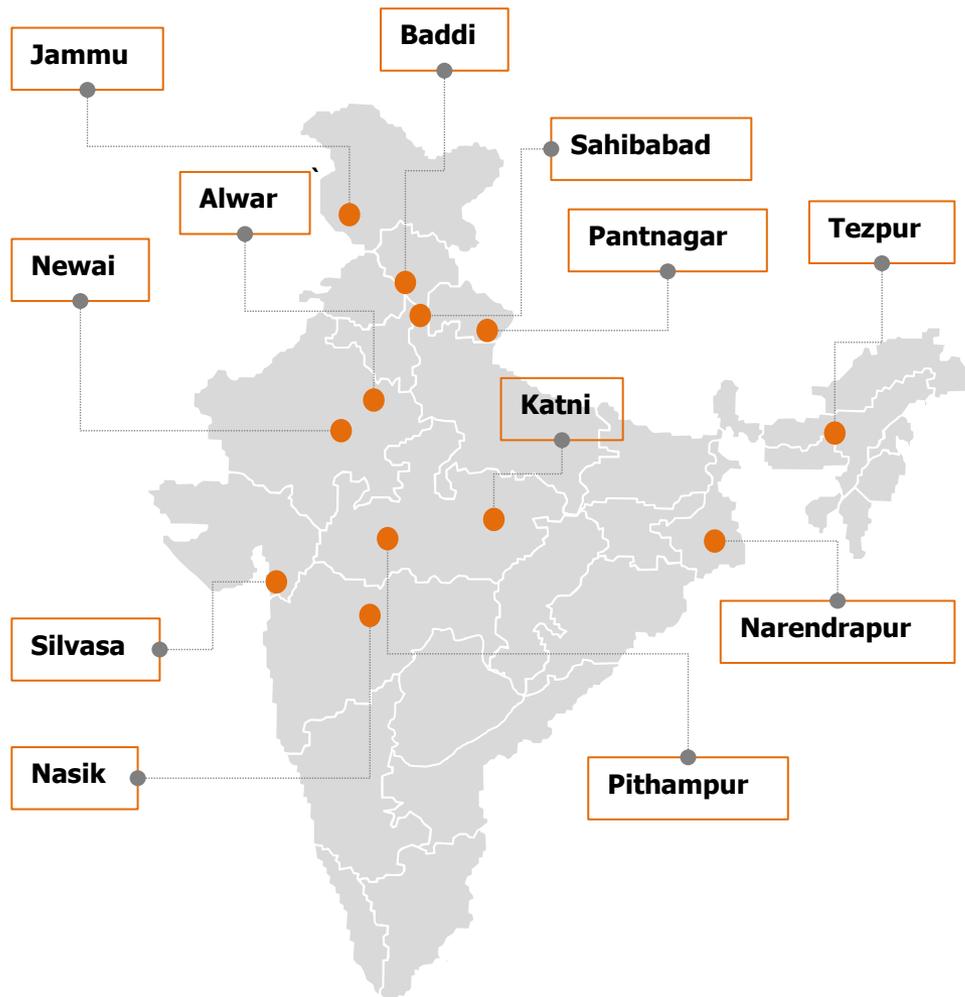


Dabur India **successfully held the first-ever Guinness World Record attempt for the largest simultaneous Nasya Panchkarma Treatment session**

Manufacturing facilities located across the globe



12 manufacturing locations in India



8 international manufacturing locations

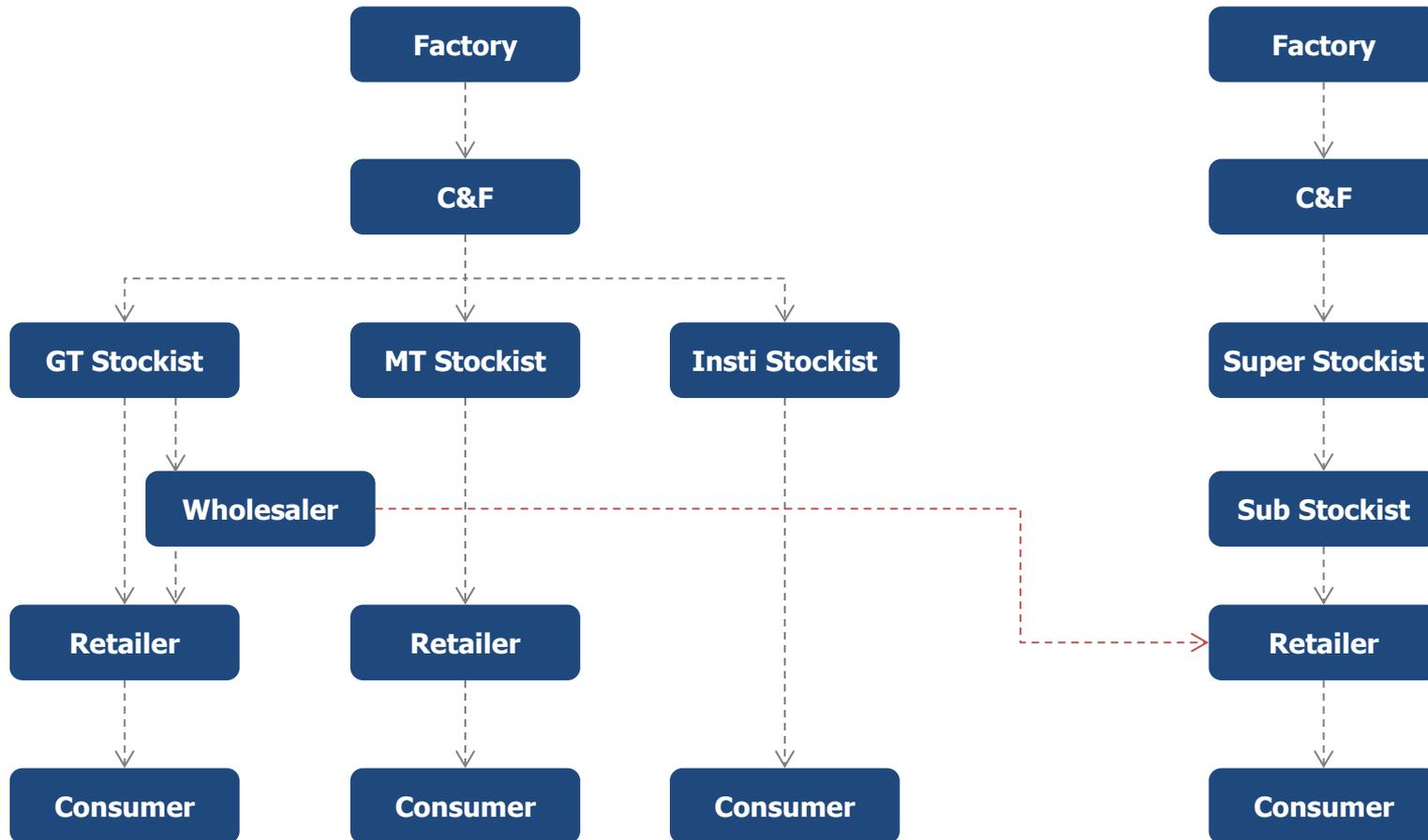
-  UAE
-  Egypt
-  Nigeria
-  South Africa
-  Turkey
-  Sri Lanka
-  Bangladesh
-  Nepal

One of the largest distribution network in India



Urban

Rural

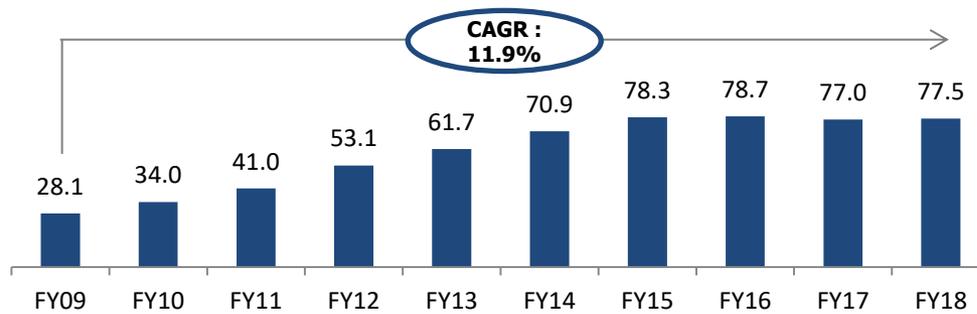


Distribution reach of 6.4 mn retail outlets with direct reach of 1 mn+

Strong financial profile

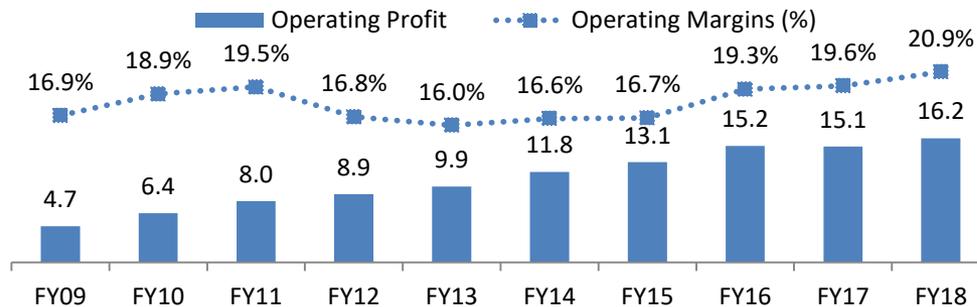


Revenue from Operations



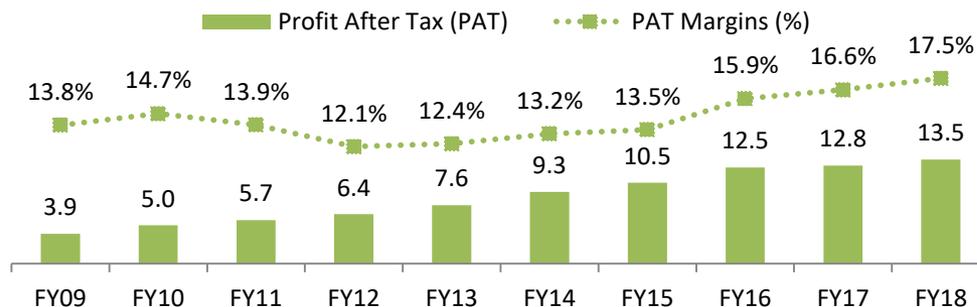
- Revenue has become ~3x over the last 10 years
- Last 3 years' revenue looks optically static due to change in accounting standards, demonetization and implementation of GST

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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Business Structure



**Domestic
(72%)**

**International
(28%)**

**Domestic
FMCG
(68%)**

**Others
(4%)**

**Organic
(67%)**

**Acquired
(33%)**

Key Brands



Key Brands



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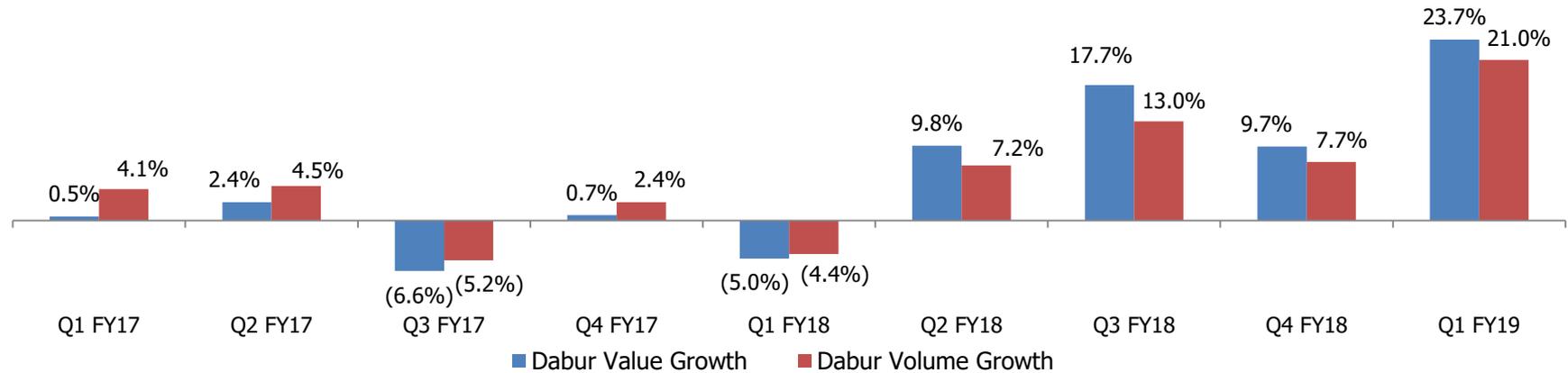
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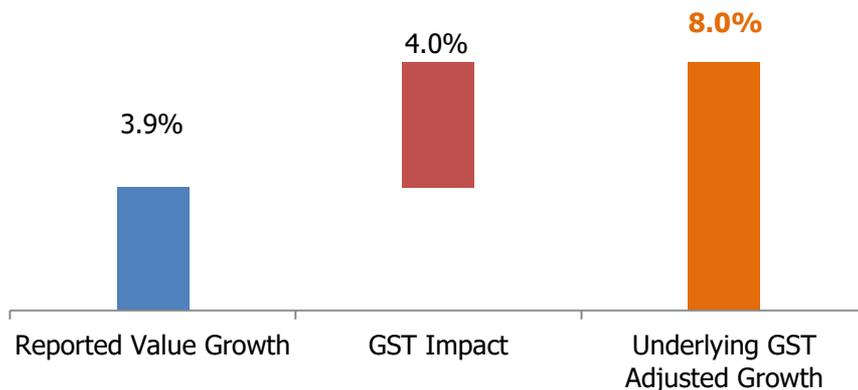
The domestic business has seen recovery in the past fiscal year with growth picking up since Q2 FY18...



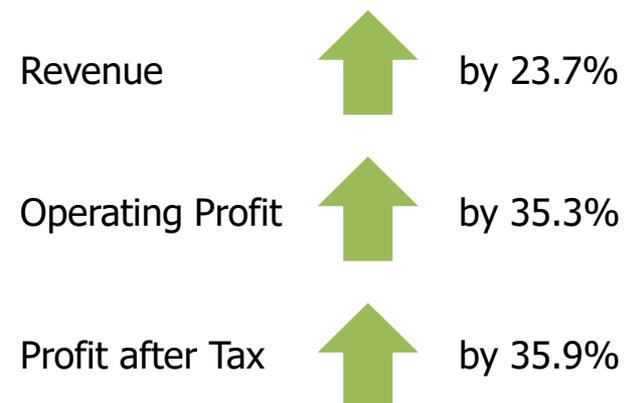
Value and Volume Trend for Domestic FMCG



India Business grew by 8.0% in FY18...



...and has started FY19 on a strong footing



...with broad-based growth...



	Category	Key Brands	Revenue Contribution (FY18)	FY18 Growth	Q1 FY19 Growth
Healthcare (32%)	Health Supplements		17%	9.4%	27.5%
	Digestives		6%	10.2%	21.6%
	OTC & Ethicals		9%	3.8%	16.9%
HPC (50%)	Hair Care		21%	4.1%	20.6%
	Oral Care		17%	14.4%	17.3%
	Home Care		7%	13.0%	17.4%
	Skin Care		5%	11.0%	27.1%
Foods (18%)	Foods		18%	0.7%	26.1%

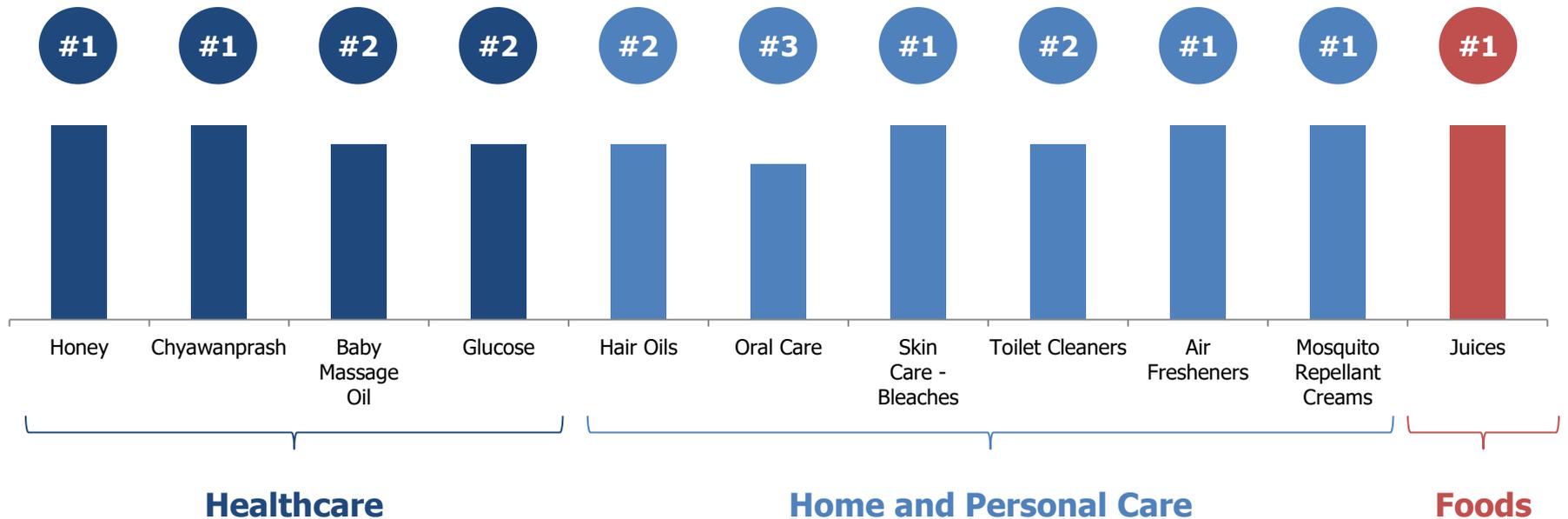
Note: Numbers in the charts represent GST adjusted growth (like-to-like)

...and market leadership in most categories



Leading position in key categories across verticals

#Relative Competitive Position¹



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

Drivers of growth – 1 Project Buniyaad



Urban Strategy

Leveraging potential through Channel based approach



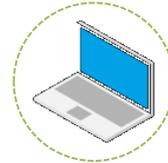
Rural Strategy

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



Portfolio Focus

Leveraging split teams for focused portfolio building



Enabling Technology

Using technology to track and improve performance and automate processes



New Avenues of Growth

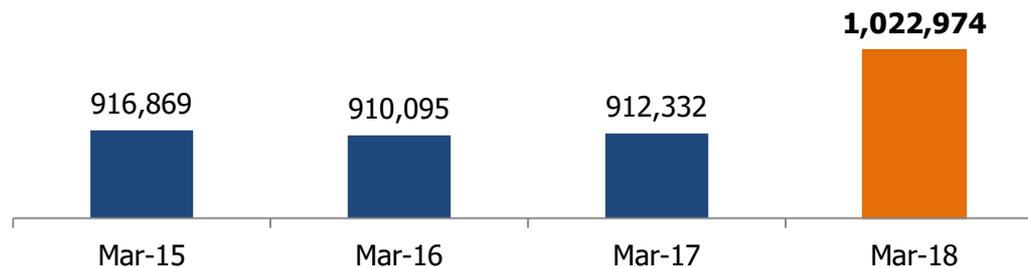
Leveraging the alternate channels of MT and E-comm to grow at a rapid pace



Continue Engagement

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

Direct Reach – No. of Outlets

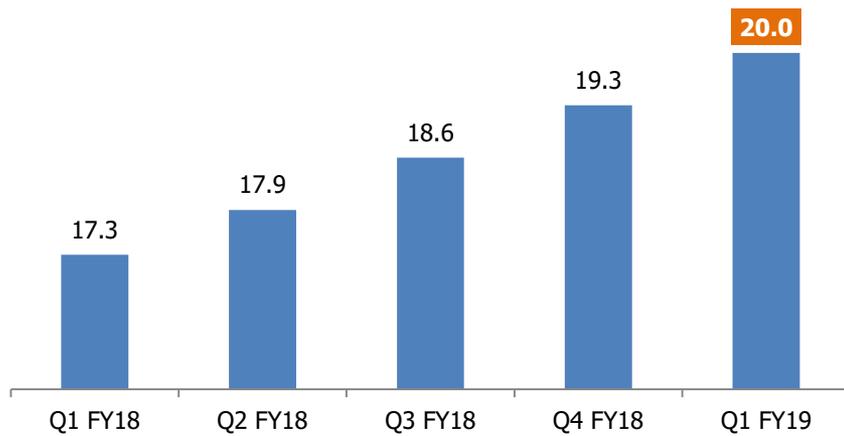


Project Buniyaad achieved its direct reach target of 1 mn outlets and also led to doubling of rural sales people to ~1,400

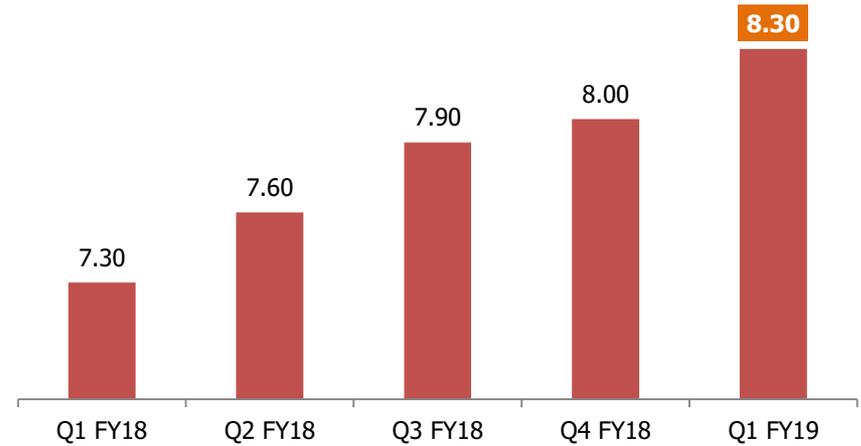
Project Buniyaad has led to larger distribution, higher efficiencies and improved hygiene



Increase in Lines Sold in Rural



Increase in Average Brand Sold (ABS) in Rural

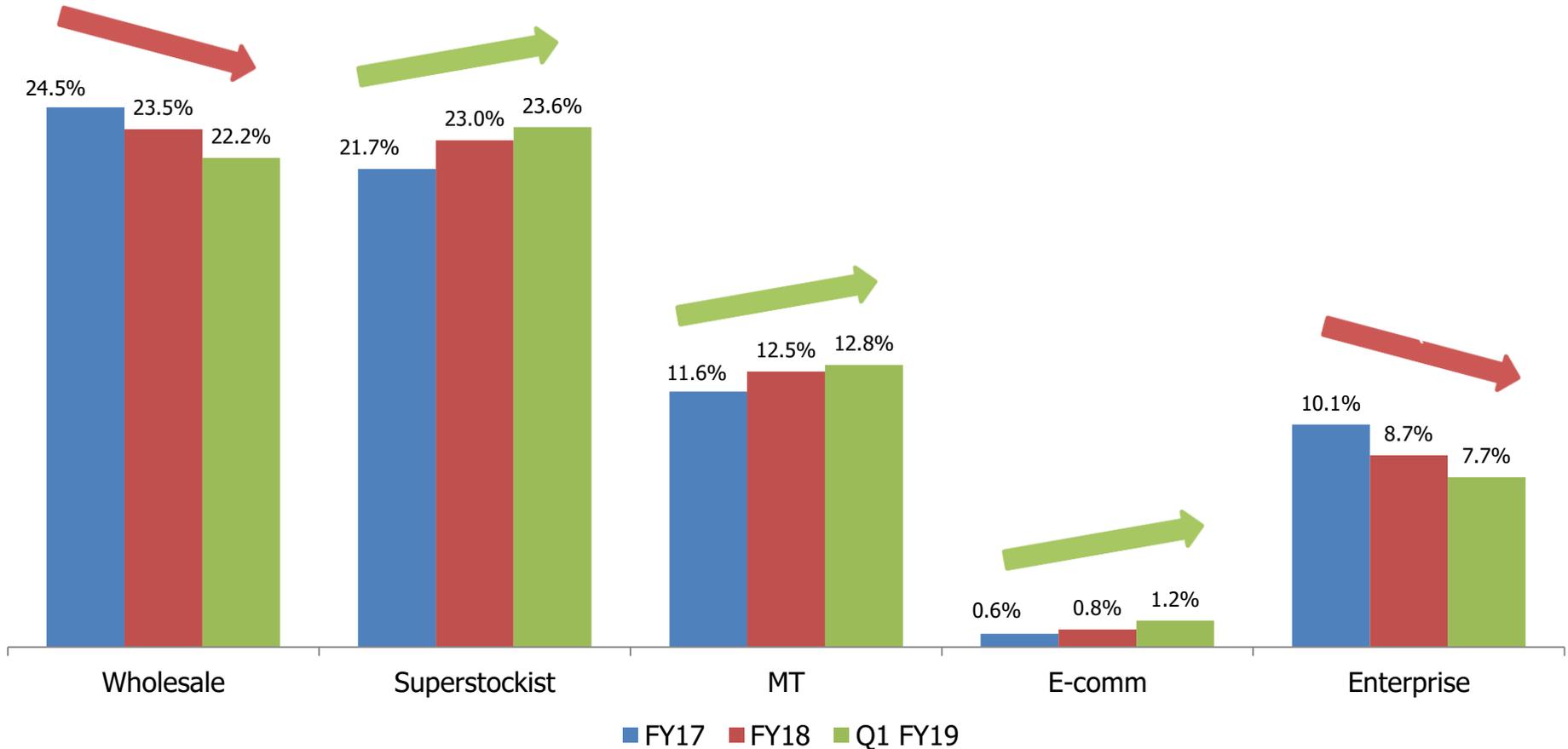


Reduced Pipeline

Days of Stock



Drivers of growth – 2 Channel Changes



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

Note: Enterprise includes Institution, Para Military, CSD and Food Services

Recent Product Launches



Real Ethnic Range



Real Koolerz



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

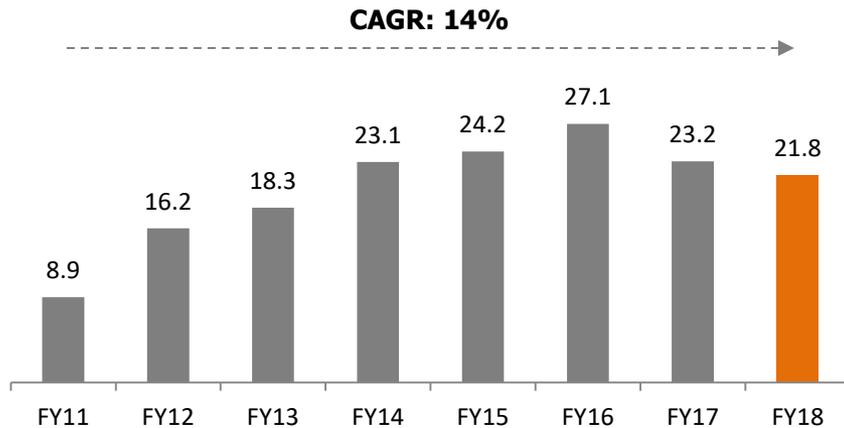
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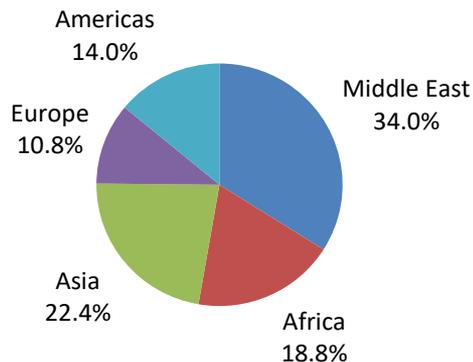
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Sales (INR bn)



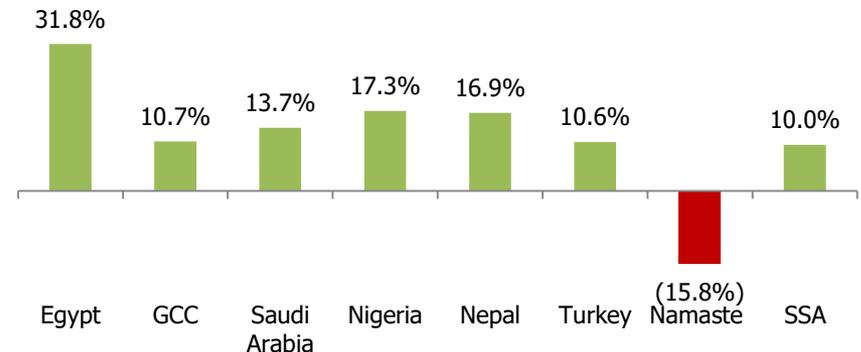
- International Business comprises the Organic and Acquired business
- Organic business (67% of international) is an extension of Indian portfolio with the same personal care brands operating internationally
- Acquired business (32% of international) comprises Hobi and Namaste
- FY17 and FY18 were impacted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

Region-wise Sales (FY18)



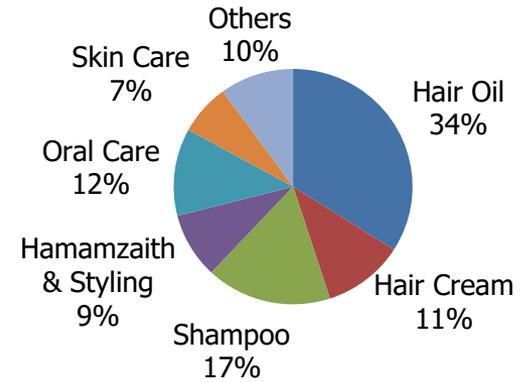
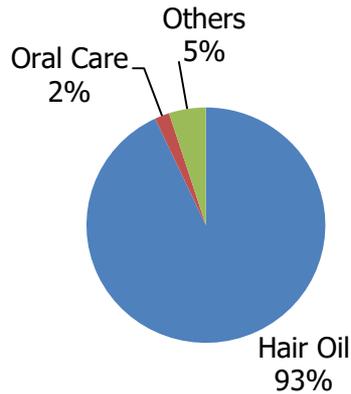
Performance of Key Markets (FY18)

Constant Currency Growth Rate – FY18



FY06

FY18



Key Brands



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

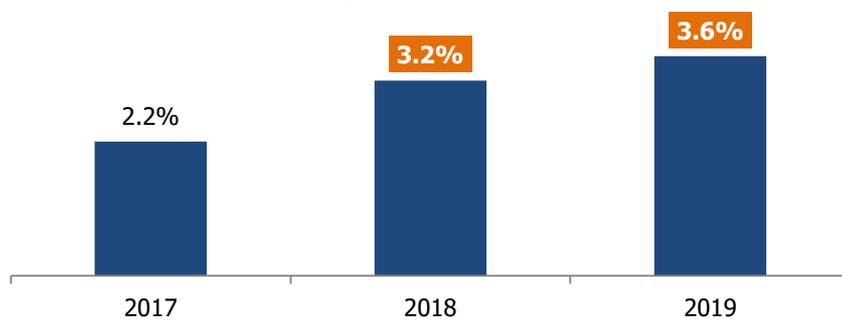
MENA and SSA GDP Growth Expected to Improve



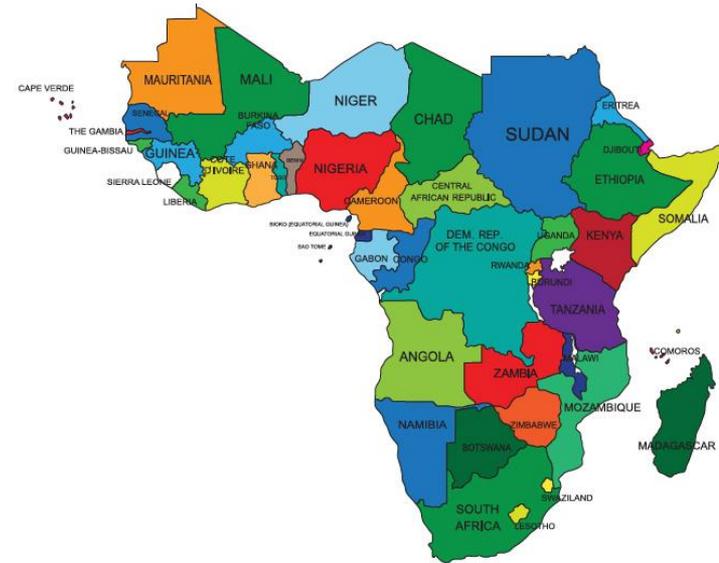
Middle East & North Africa



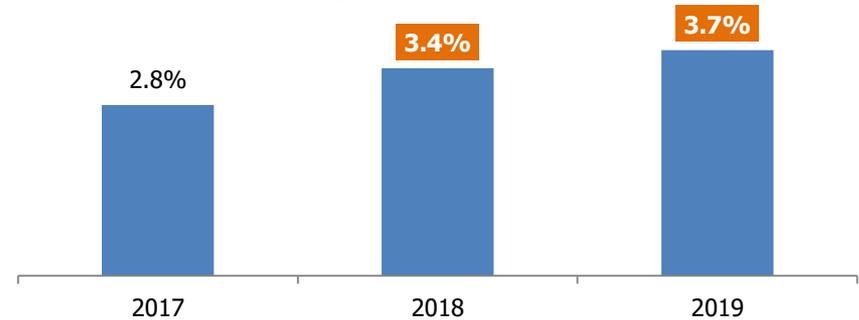
MENA Region - GDP Growth %

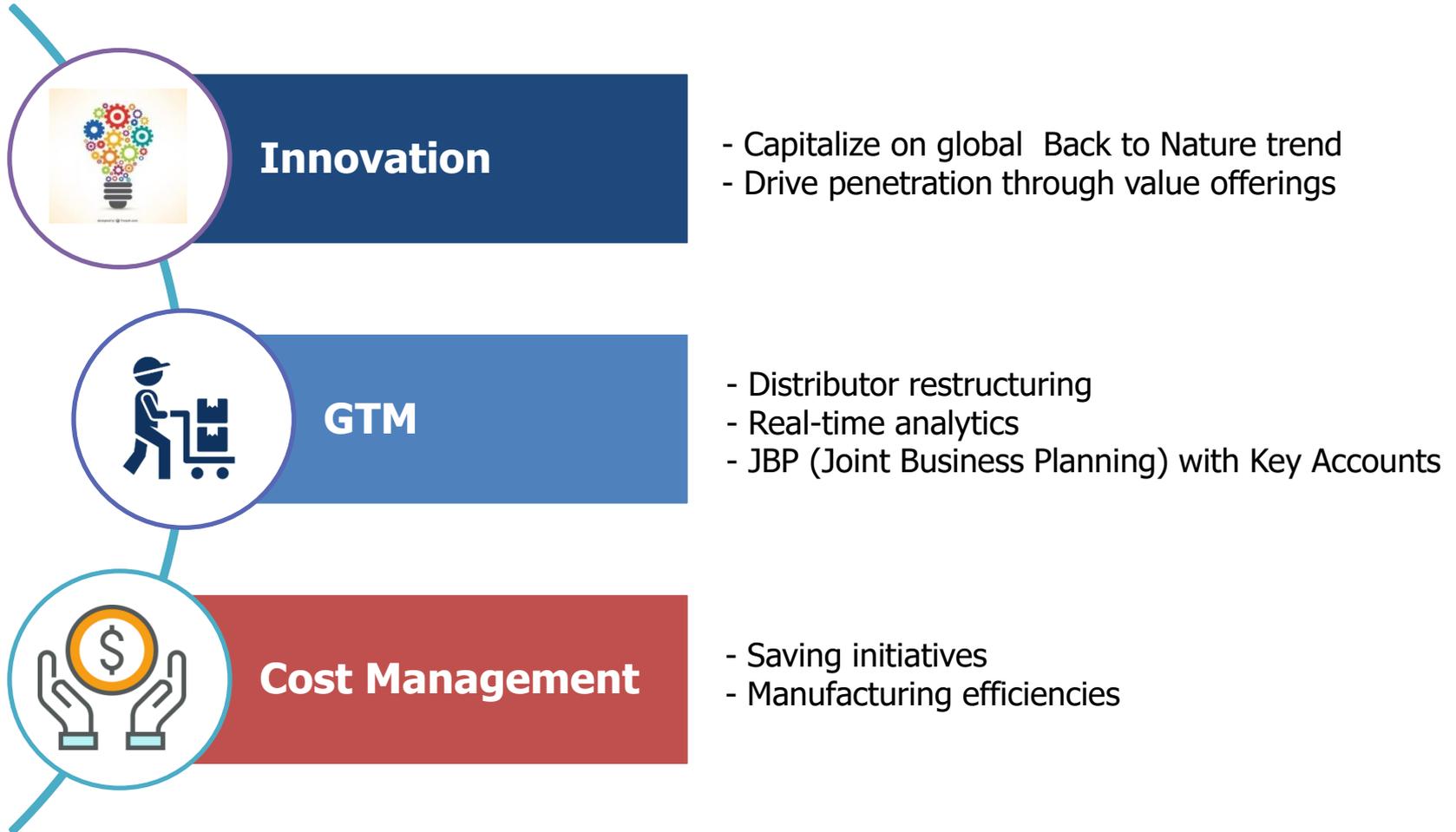


Sub-Saharan Africa



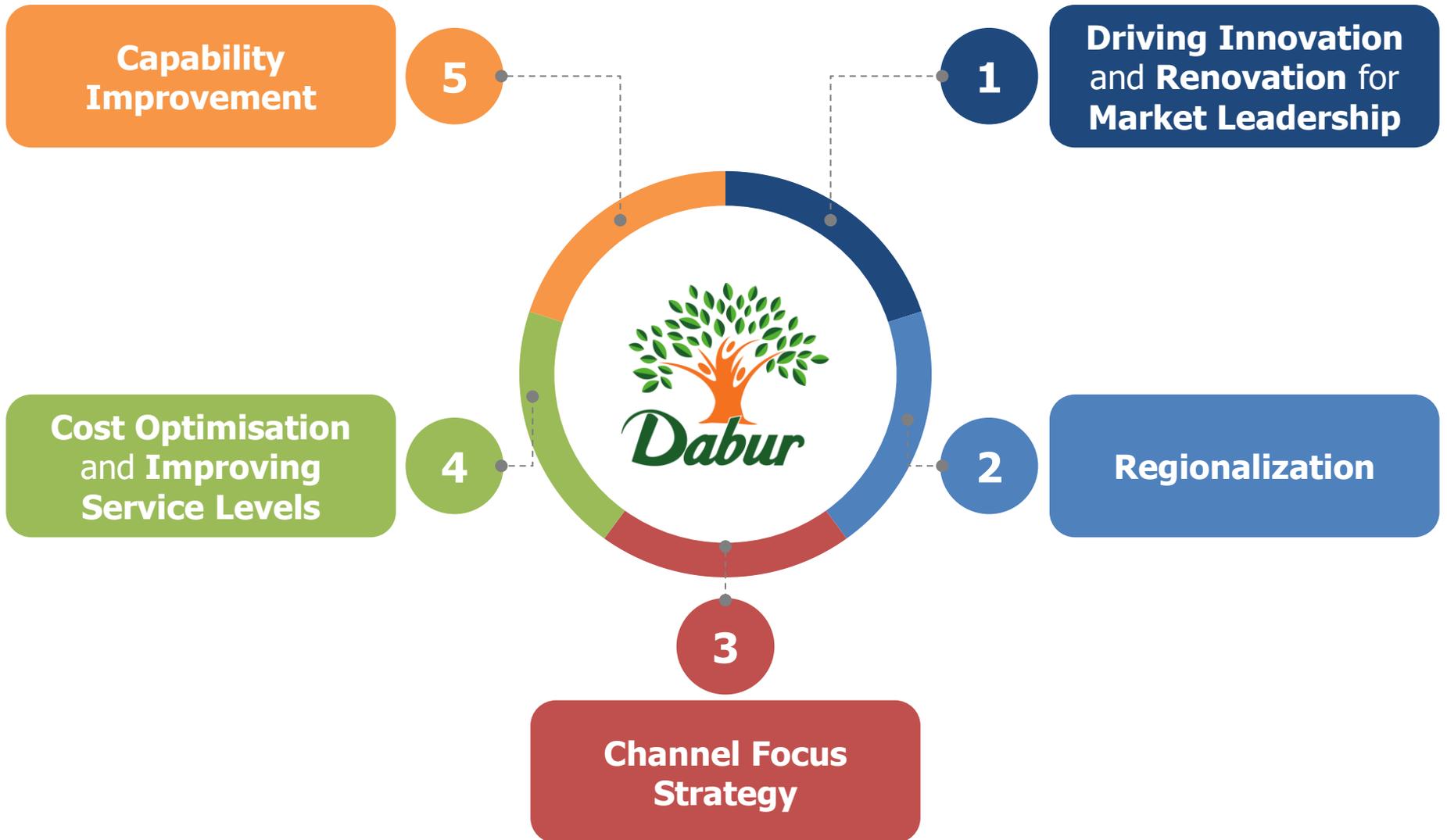
SSA Region - GDP Growth %





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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

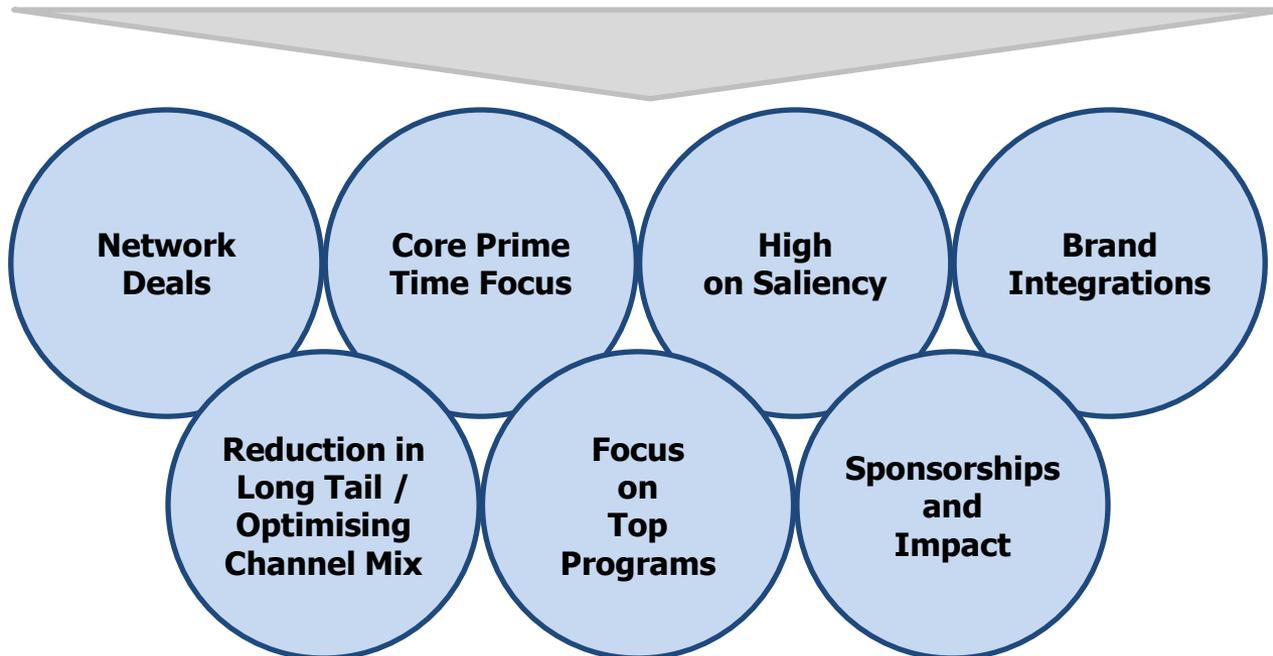
Superior Packaging



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**



Project Lakshya

Targets



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



- **Reduction in Logistics Cost**

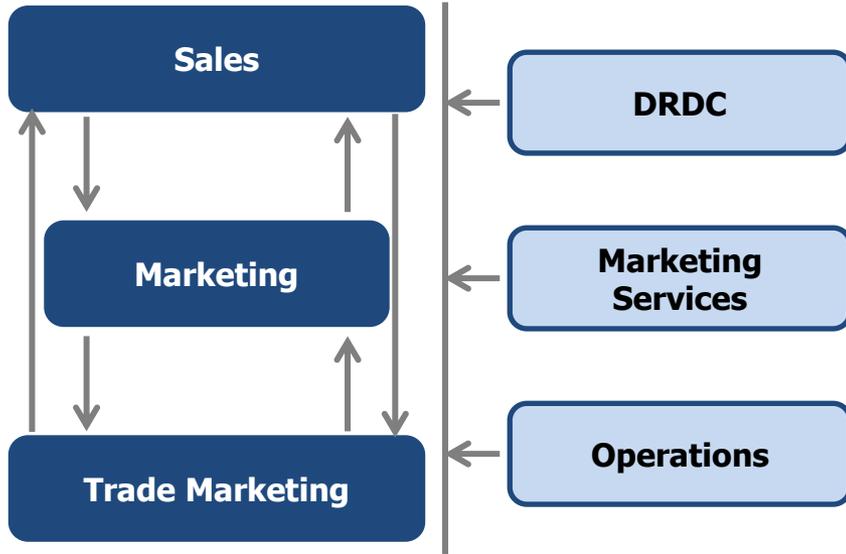


- **Reduction in Finished Goods Inventory**

5 Capability Improvement



Matrix Organisation



Shared Goals across Functions

Strengthening the Team





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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Consolidated Profit & Loss



	Q1 FY19	Q1 FY18	Y-o-Y (%)	FY18	FY17	Y-o-Y (%)
Revenue from operations	2,080.7	1,790.1	16.2%	7,748.3	7,701.4	0.6%
Other Income	73.7	81.3	(9.4%)	305.2	298.3	2.3%
Total Income	2,154.3	1,871.3	15.1%	8,053.5	7,999.8	0.7%
Material Cost	1,048.6	914.5	14.7%	3,846.4	3,843.2	0.1%
<i>% of Revenue</i>	<i>50.4%</i>	<i>51.1%</i>		<i>49.6%</i>	<i>49.9%</i>	
Employee expense	224.1	203.5	10.1%	792.8	789.6	0.4%
<i>% of Revenue</i>	<i>10.8%</i>	<i>11.4%</i>		<i>10.2%</i>	<i>10.3%</i>	
Advertisement and publicity	199.0	150.0	32.6%	606.7	646.1	(6.1%)
<i>% of Revenue</i>	<i>9.6%</i>	<i>8.4%</i>		<i>7.8%</i>	<i>8.4%</i>	
Other Expenses	222.9	213.1	4.6%	885.0	913.5	(3.1%)
<i>% of Revenue</i>	<i>10.7%</i>	<i>11.9%</i>		<i>11.4%</i>	<i>11.9%</i>	
Operating Profit	386.1	308.9	25.0%	1,617.4	1,508.9	7.2%
<i>% of Revenue</i>	<i>18.6%</i>	<i>17.3%</i>		<i>20.9%</i>	<i>19.6%</i>	
EBITDA	459.8	390.2	17.8%	1,922.6	1,807.3	6.4%
<i>% of Revenue</i>	<i>22.1%</i>	<i>21.8%</i>		<i>24.8%</i>	<i>23.5%</i>	
Finance Costs	14.9	13.3	12.0%	53.0	54.0	(1.8%)
Depreciation & Amortization	42.7	39.1	9.4%	162.2	142.9	13.5%
Profit before exceptional items, tax and share of profit/(loss) from joint venture	402.1	337.8	19.0%	1,707.4	1,610.4	6.0%
<i>% of Revenue</i>	<i>19.3%</i>	<i>18.9%</i>		<i>22.0%</i>	<i>20.9%</i>	
Share of profit / (loss) of joint venture	0.2	0.4	n.m.	0.2	0.3	(5.6%)
Exceptional item(s)	0.0	14.5	(100.0%)	14.5	0.0	n.a.
Tax Expenses	72.4	58.9	22.9%	335.4	330.3	1.5%
Net profit after tax and after share of profit/(loss) from joint venture	330.0	264.8	24.6%	1,357.7	1,280.3	6.0%
<i>% of Revenue</i>	<i>15.9%</i>	<i>14.8%</i>		<i>17.5%</i>	<i>16.6%</i>	
Non controlling interest	0.8	0.7	7.4%	3.3	3.4	(0.7%)
Net profit for the period/year	329.2	264.1	24.6%	1,354.4	1,276.9	6.1%
<i>% of Revenue</i>	<i>15.8%</i>	<i>14.8%</i>		<i>17.5%</i>	<i>16.6%</i>	

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

Consolidated Balance Sheet (1 of 2)



All figures are in INR crores, unless otherwise stated

Particulars		As at 31/03/2018 (Audited)	As at 31/03/2017 (Audited)
A	Assets		
1	Non-current assets		
	(a) Property, plant and equipment	1,552	1,479
	(b) Capital work-in-progress	42	42
	(c) Investment property	54	55
	(d) Goodwill	412	411
	(e) Other Intangible assets	10	14
	(f) Financial assets		
	(i) Investments	3,092	2,499
	(ii) Loans	13	12
	(ii) Others	4	4
	(g) Other non-current assets	3	3
	(h) Non-current tax assets (net)	80	95
	Total Non-current assets	5,262	4,615
2	Current assets		
	(a) Inventories	1,256	1,107
	(b) Financial assets		
	(i) Investments	713	741
	(ii) Trade receivables	706	650
	(iii) Cash and cash equivalents	154	163
	(iv) Bank Balances other than (iii) above	152	142
	(v) Loans	35	11
	(vi) Others	28	14
	(c) Current Tax Asset(Net)	2	0
	(d) Other current assets	391	290
	(e) Assets held for sale	2	0
	Total current assets	3,440	3,117
	Total Assets	8,702	7,732

Consolidated Balance Sheet (2 of 2)



All figures are in INR crores, unless otherwise stated

Particulars		As at 31/03/2018 (Audited)	As at 31/03/2017 (Audited)
B	Equity and Liabilities		
1	Equity		
	(a) Equity share capital	176	176
	(b) Other Equity	5,530	4,671
	Equity attributable to shareholders of the Company	5,707	4,847
	Non Controlling Interest	27	25
	Total equity	5,733	4,872
2	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	364	471
	(ii) Other financial liabilities	4	4
	(b) Provisions	56	53
	(c) Deferred tax liabilities (Net)	109	108
	Total Non-current liabilities	534	636
3	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	464	440
	(ii) Trade payables	1,410	1,309
	(iii) Other financial liabilities	238	174
	(b) Other current liabilities	173	169
	(c) Provisions	107	93
	(d) Current tax Liabilities (Net)	41	38
	Total Current liabilities	2,434	2,224
	Total Equity and Liabilities	8,702	7,732



डाबर आँवला बनाए
निहार शान्ति आँवला के मुकाबले
बालों को दोगुना तक मजबूत*



असली आँवला,
डाबर आँवला

***30ml**

*नियमित डाबर आँवला तेल लगाने से आपके बालों की टेंसाइल स्ट्रेंथ को दोगुना तक बेहतर होने में मदद मिलती है (निहार शान्ति आँवला तेल के मुकाबले). स्वतंत्र लैब अध्ययन के अनुसार।

*Hair swatches applied with Dabur Amla showed up to 2x improvement in tensile strength measurement when compared with Nihar Shanti Amla. Basis study conducted in independent laboratory.



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