



The Science of Ayurveda



Investor Presentation

November 2017

➤ Ayurveda – Science of Life

➤ Dabur – Overview

➤ Business Structure

➤ India Business

➤ International Business

➤ The next growth wave

➤ Annexure

What is Ayurveda?



"Ayur" + "Veda" = Science of Life

- **Ayurveda is the traditional system of healthcare which promotes PREVENTION FIRST and CURE NEXT**
- **Based upon Natural Remedies which incorporate the healing properties of plants and herbs**

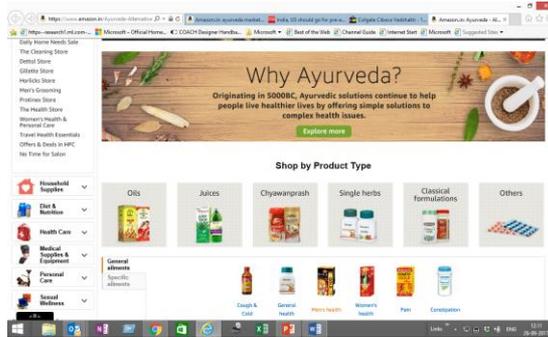
Salient features of Ayurveda

- 1 **Heals by activating the natural inherent curative force** of the body
- 2 Believes in **complete cure** and not only control of signs and symptoms
- 3 Gives more stress on **why is the problem** rather than what is the problem
- 4 Being natural, its **relative safety** is better than conventional chemical drugs
- 5 Believes not only in **restoration of Health**, but also the **dynamic internal balance**
- 6 **Holistic in nature** and cures the patient as a whole and not the symptoms of disease alone

Growing preference for Herbal/Ayurvedic products



Consumers are going herbal



Growth drivers

1

Growing emphasis on natural regimes and desire for holistic lifestyles

2

Increasing health awareness

3

'Back to roots' : tradition / heritage gaining ground

4

Concern about chemicals

Consumers are gravitating towards **herbal products not only in healthcare but also personal care segments**

Millennials moving towards natural & herbal products due to their concerns about health & ill effects of chemicals

Companies with herbal traditions and deep product knowledge are better placed

Ayurveda = Dabur's Core Philosophy

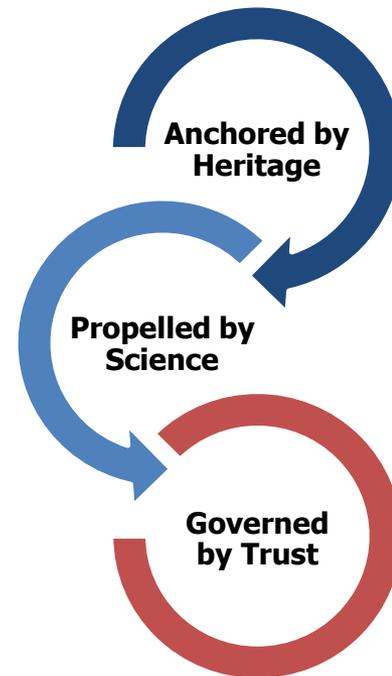
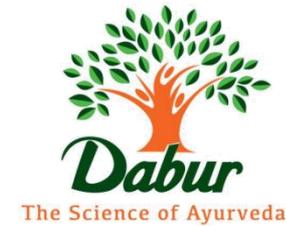
Synonymous with Ayurveda since 133 years

Known for making Ayurveda accessible to every household in India

Stringent quality test of every ingredient and herb

Strong R&D infrastructure including in-house Ayurvedic doctors & scientists

Over 4,000 acres of cultivation of endangered herbs and plants



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Dabur – Overview



Overview

Established in 1884 – 133 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 mn+ outlets

19 world class manufacturing facilities catering to needs of diverse markets

Strong overseas presence with ~30% contribution to consolidated sales



Market cap:
US\$
9.2bn

Awards



Dabur Vatika #BraveandBeautiful campaign wins 2 Effies



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



Dabur named Outstanding Indian Company in US, by Indo-American Chamber of Commerce

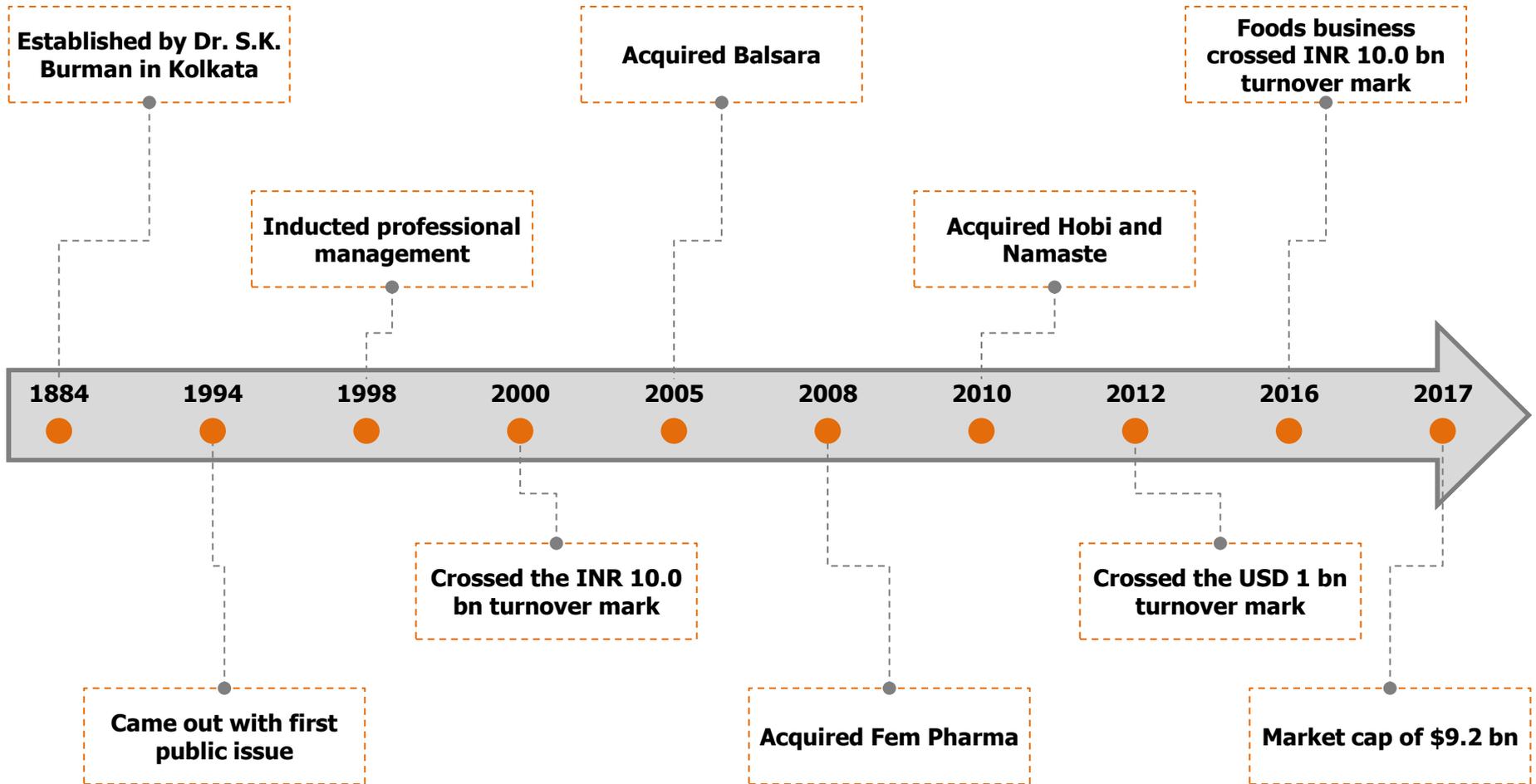


Dabur ranked 25 in the list of Best Companies for CSR in India, according to the Economic Times



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

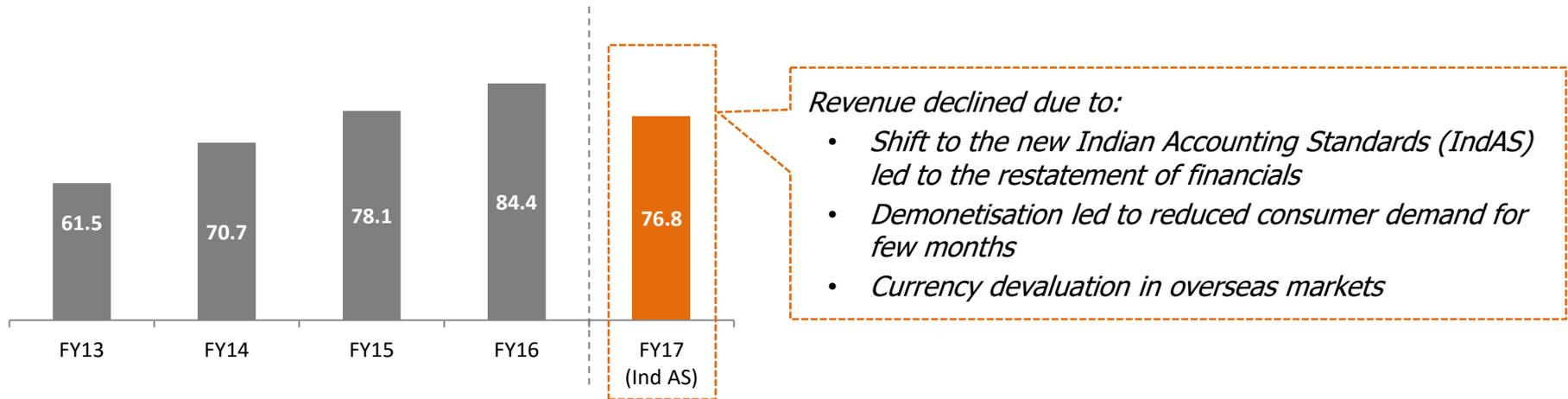
Key milestones



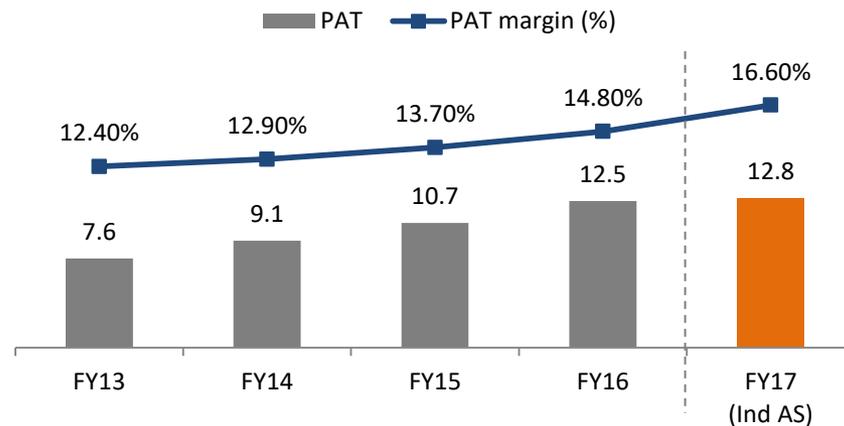
Strong financial profile (1/2)



Sales



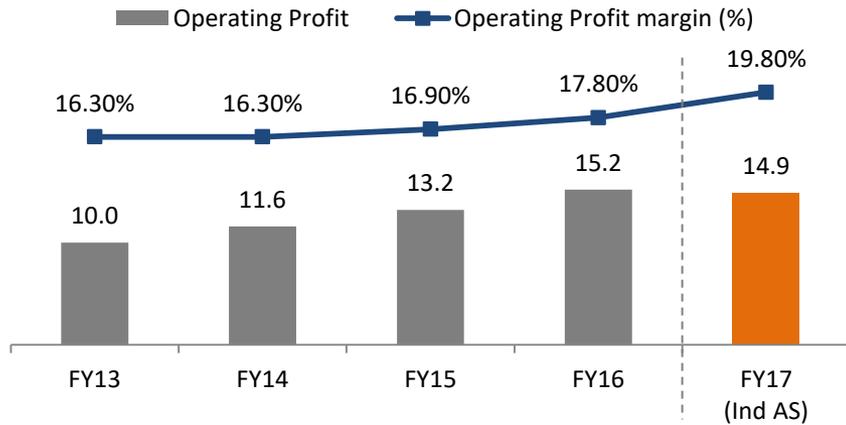
PAT



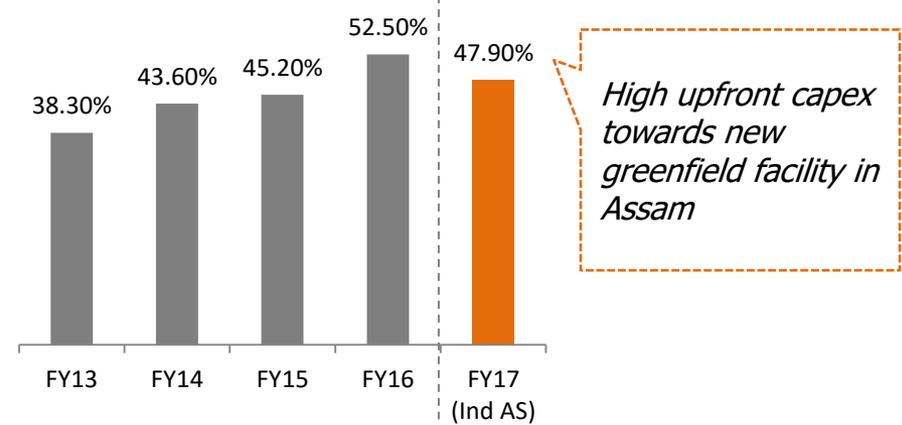
Strong financial profile (2/2)



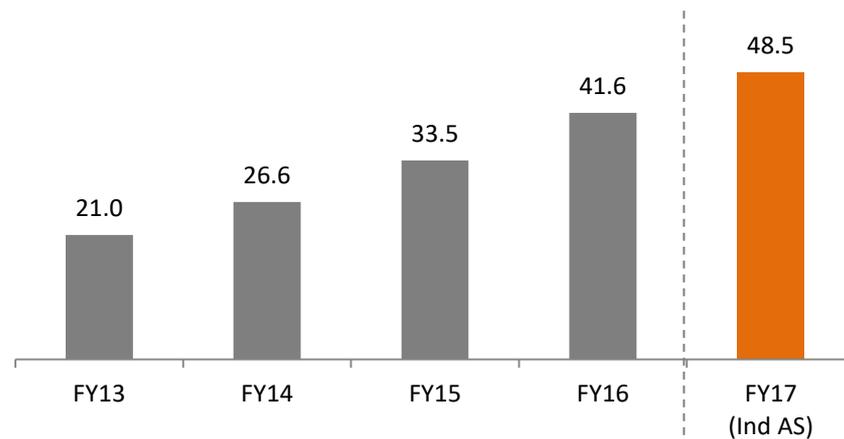
Operating Profit



Return on Invested Capital (ROIC)



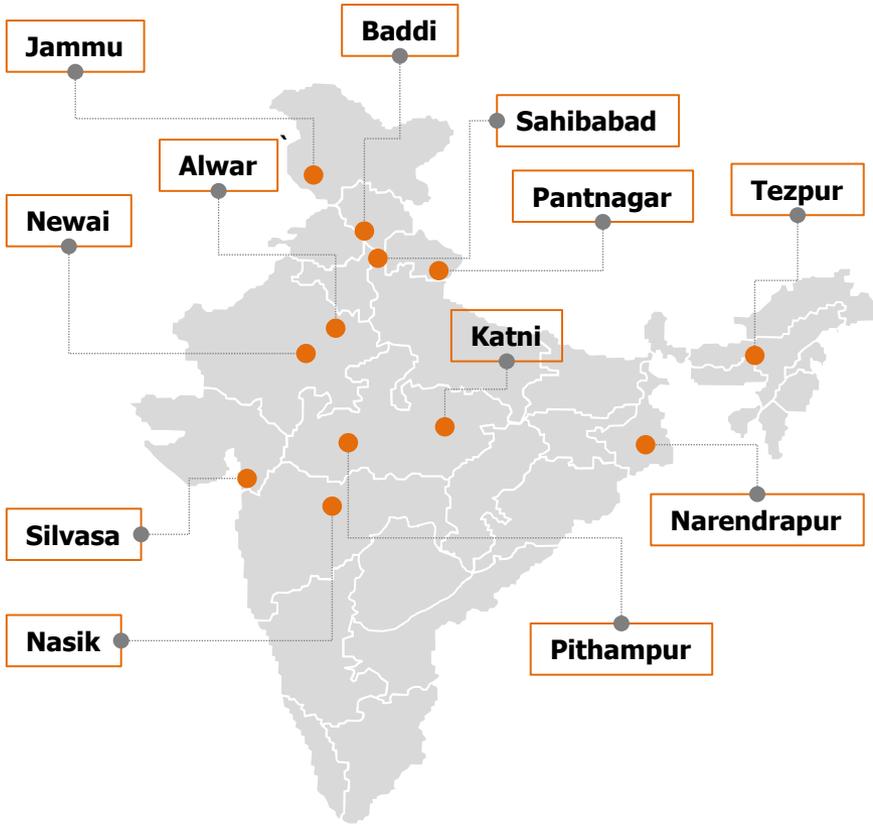
Shareholders' Funds



Manufacturing facilities



12 manufacturing locations in India



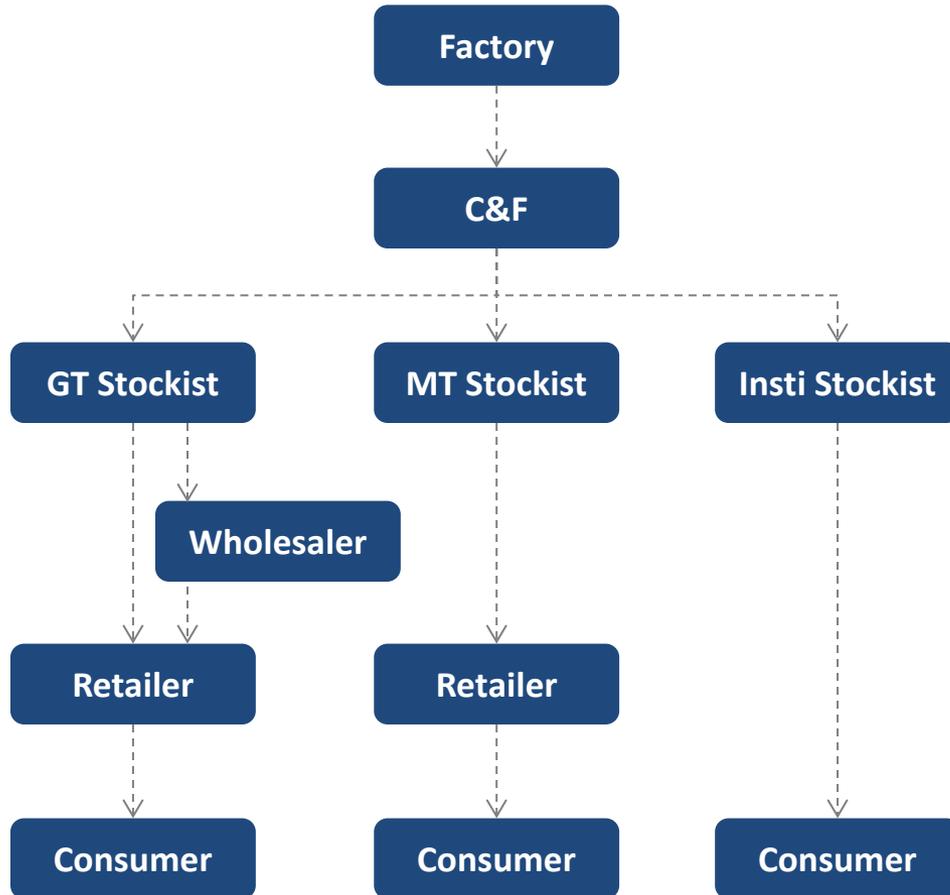
7 international manufacturing locations

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

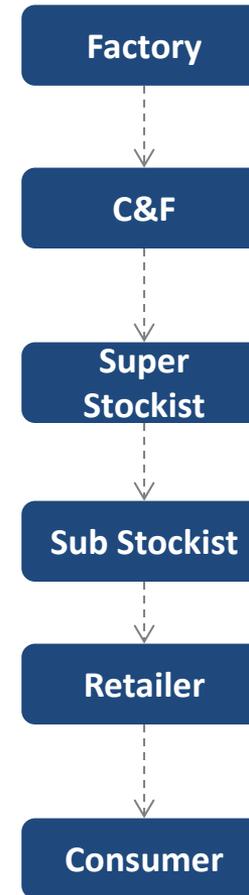
Distribution network



Urban



Rural



Distribution reach of 6 mn retail outlets; Cover over 40,000 villages directly

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➤ **Business Structure**

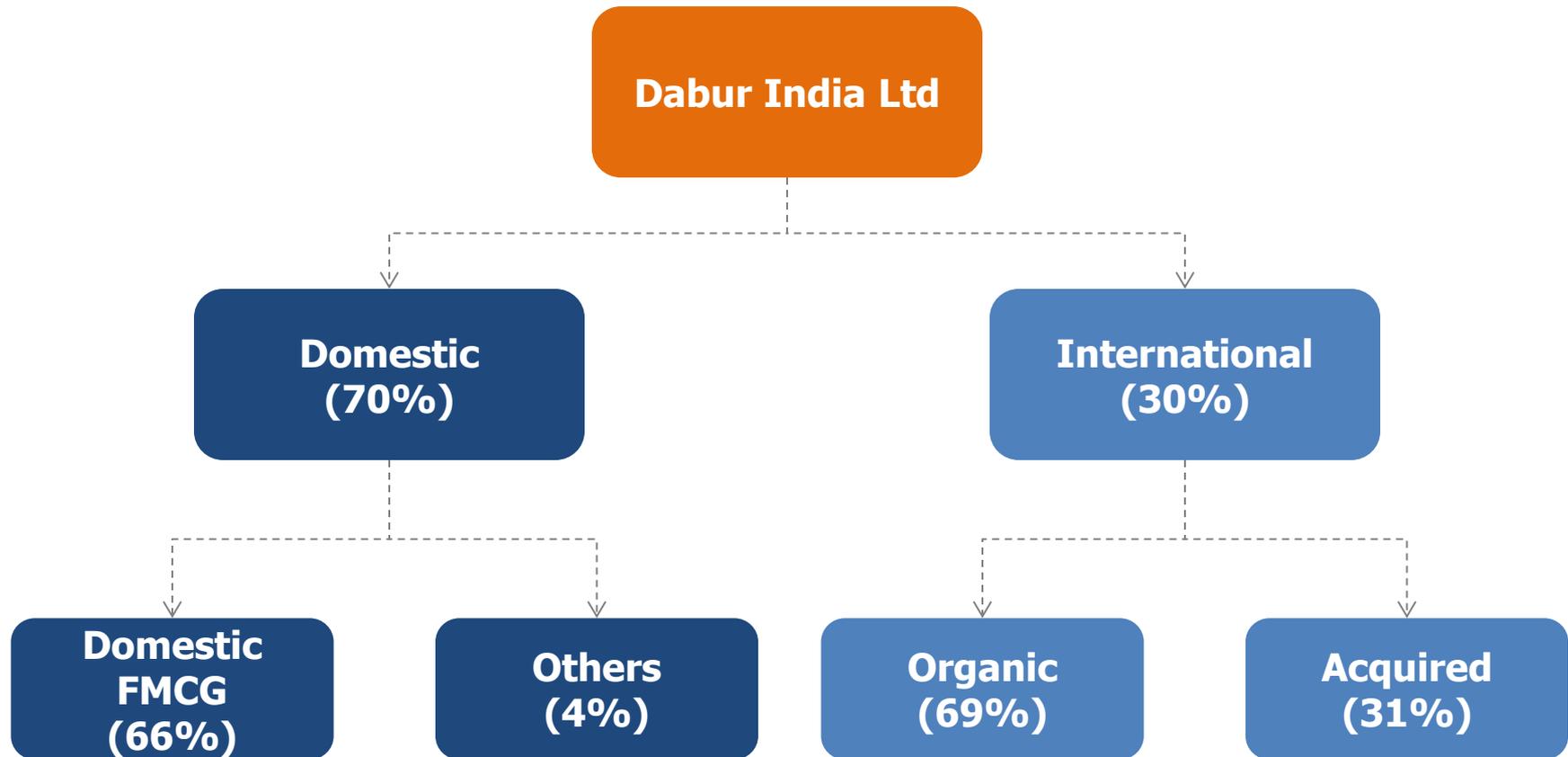
➤ **India Business**

➤ **International Business**

➤ **The next growth wave**

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Business structure



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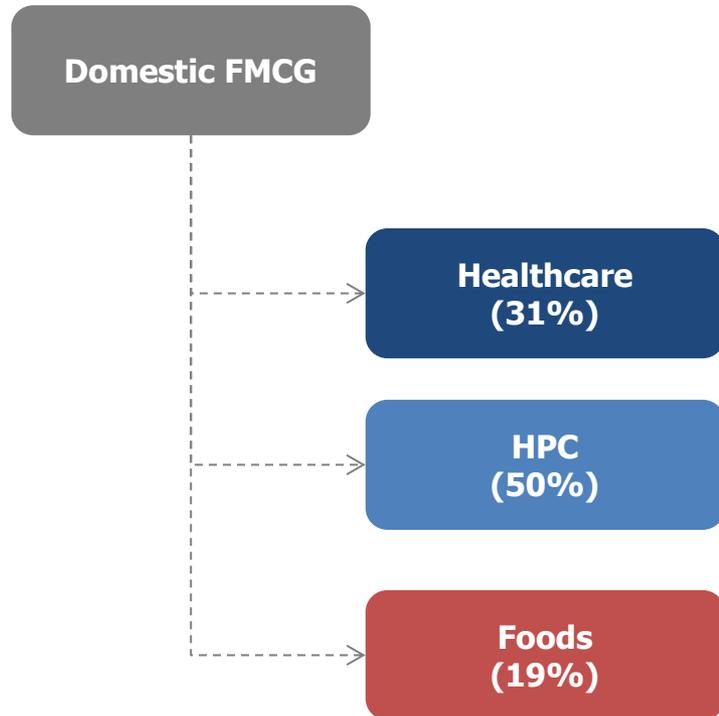
➤ **The next growth wave**

➤ **Annexure**

Sales by Business Vertical



Domestic FMCG – Business Verticals¹



Key categories

Category	Revenue Contribution (FY17)	Key Brands
Hair Care	22%	  
Foods	19%	 
Health Supplements	17%	 
Oral Care	16%	  
OTC & Ethicals	9%	 
Others	17%	 

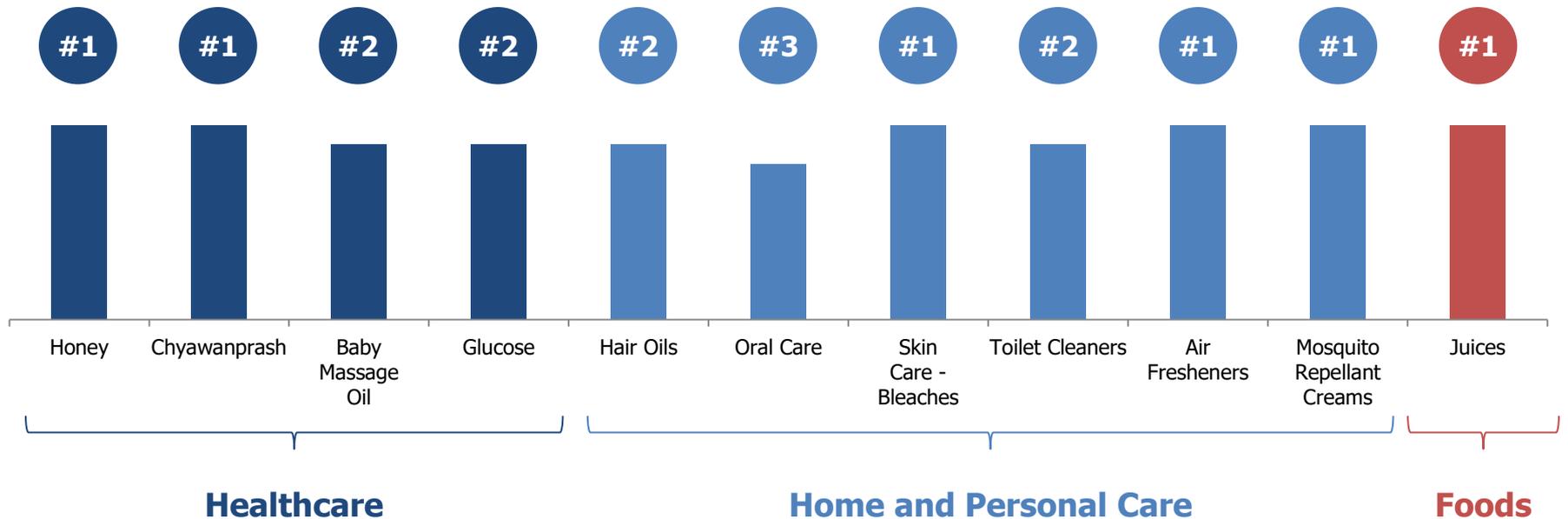
¹. Based on FY17 Revenue

Market leader in 6 categories



Leading position in key categories across verticals

#Relative Competitive Position¹



¹. Position basis Nielsen Market Share data MAT Mar'17

Continue to build bigger brands



10 bn+



Amla
Hair Oil



1 bn+



16 brands with turnover of INR 1bn+ with 3 brands which are 10bn+

Healthcare

- Leadership in Ayurveda – scientific evidence & research
- OTC portfolio to be scaled up through innovation & awareness creation
- Doctor advocacy through Medico Marketing channel

Home & Personal Care

- Ayurvedic / Herbal focus
- Premiumization & Differentiation
- Strong innovation agenda
- Potential to expand in adjacencies within current categories

Foods

- Maintain leadership in Juices & Nectars category
- Leveraging the Fruit equity associated with the 'Real' brand
- Focus on 'Healthy' range of products

Recent Innovations



Vatika Enriched Coconut Hair Oil



Dabur Women Restorative Tonic



Dabur Honey Tulsi & Ginger



Dabur Vatika Shampoo with Satt Poshan



Anmol Jasmine Hair Oil



Honitus Hot Sip



Real Wellnezz Amla



Odonil Zipper



Urban Strategy

Leveraging potential through Channel based approach



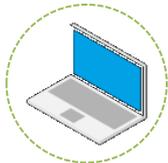
Rural Strategy

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 C&C to grow at a rapid pace



Continue Engagement

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

Project Lead – Doctor advocacy initiative



Project Lead was initiated in 2015 with an aim to create the **Doctor advocacy platform**

- **Building the detailing team** – Started with 163 Medical Representatives, which is currently at 178; plans to increase to 230 by year end
- Both Ayurvedic and Allopathic doctors being covered – **Number of doctors** increased from 25,000 to **36,000** currently
- **States covered** – Initially Maharashtra, UP and West Bengal; Bihar and Orissa have been added in current year
- Head of business inducted for Medical detailing and marketing
- IT Platform and hand held devices for seamless information flow and detailing support for the medical reps

Key Products (Project Lead)



Dabur Stresscom



Dabur Hepano



Dabur Honitus Cough Syrup



Dabur Laxirid



Dabur ImuDab



Dabur Lipistat



Dabur Woman Restorative Tonic



Dabur Chyawanprash

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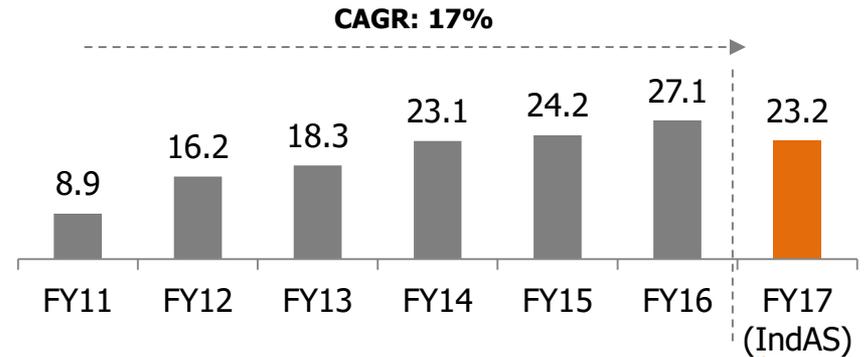
Business Overview



Key markets

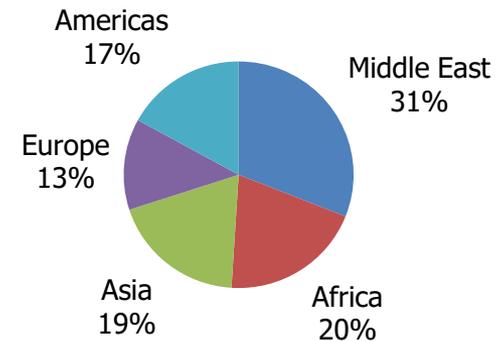
Middle East	 Saudi Arabia	 UAE		
Africa	 Egypt	 Nigeria	 Kenya	 South Africa
Europe	 Turkey	 UK		
Asia	 Nepal	 Pakistan	 Bangladesh	
Americas	 USA			

Sales (INR bn)

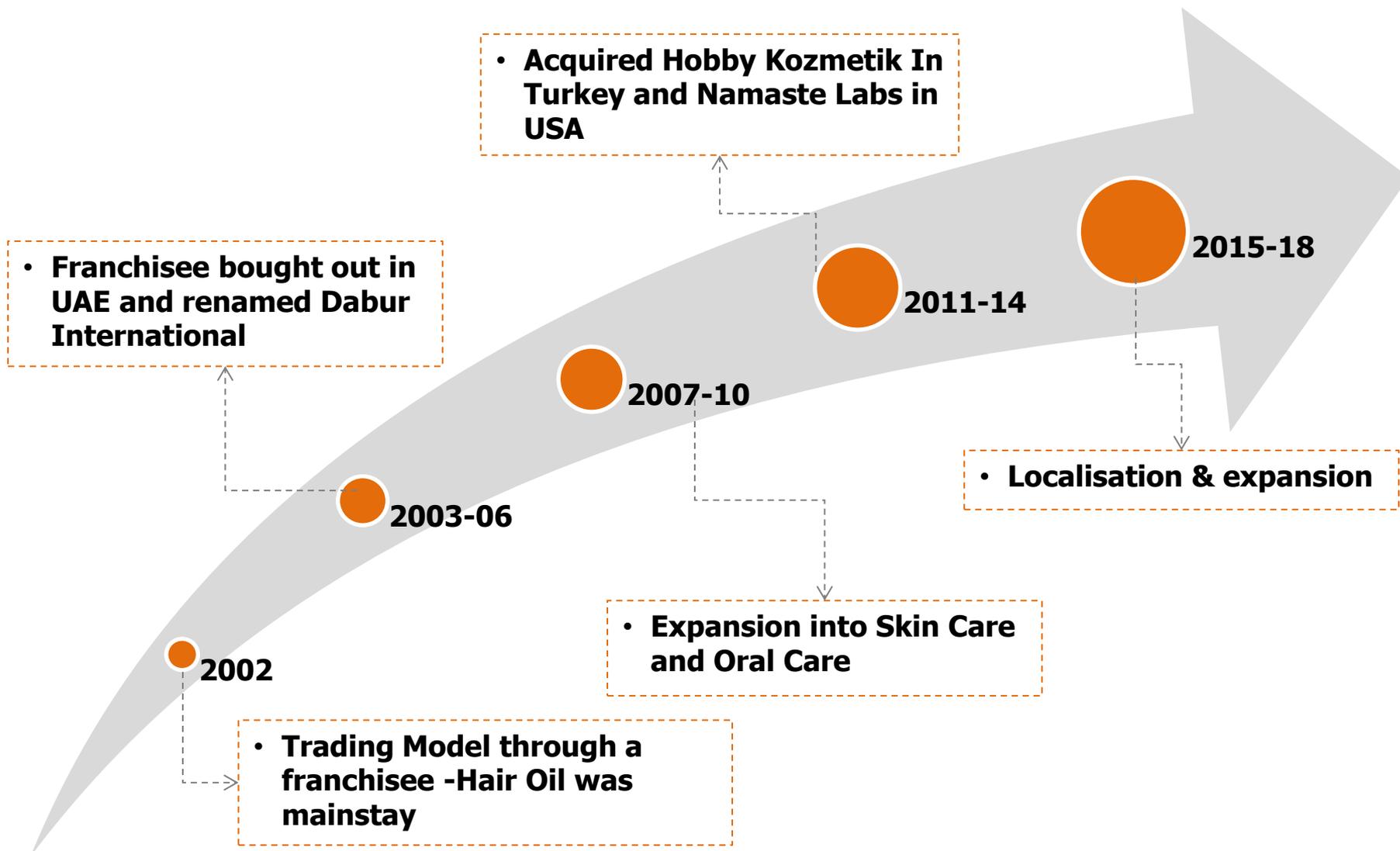


Impacted by currency devaluation and shift to IndAS

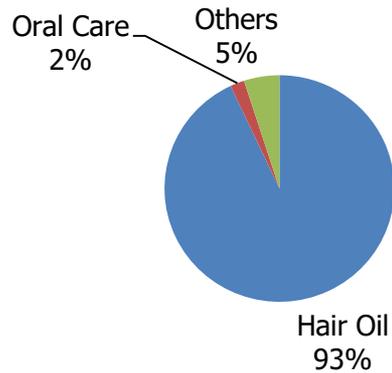
Region-wise sales (FY17)



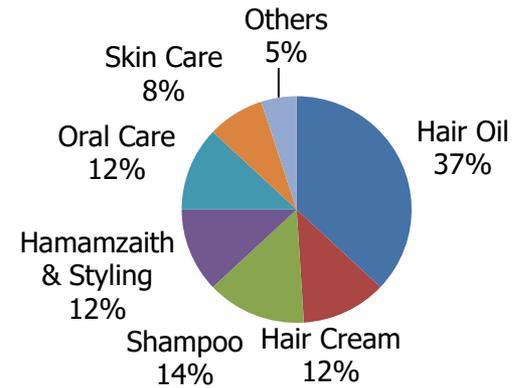
The Journey...



FY06



FY17



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

Oldest brand in IBD portfolio



Largest brand in IBD portfolio



Youngest brand in IBD portfolio



Launched in 2011

Herbal dental care products range



Recent Innovations – IBD



Dermoviva Facial Fluid Range



Amla Men Hair Tonic



Herbal Olive Enamel Care Toothpaste



Vatika Shampoo Relaunch



Dermoviva Baby Range- Olive Enriched Powder and Olive Baby Soap



Vatika Stand Tough Styling Gel



Brands positioned on “Herbal and Natural” platform



Product portfolio customized to local preferences



Strong investments in brands and business



Leveraging Digital platform to enhance consumer awareness and brand visibility



Local supply chain & management offers strategic advantage

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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

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



Driving distribution expansion

Direct reach of 1 mn +, increasing the no. of SKUs, rural potential, IT enablement, data analytics



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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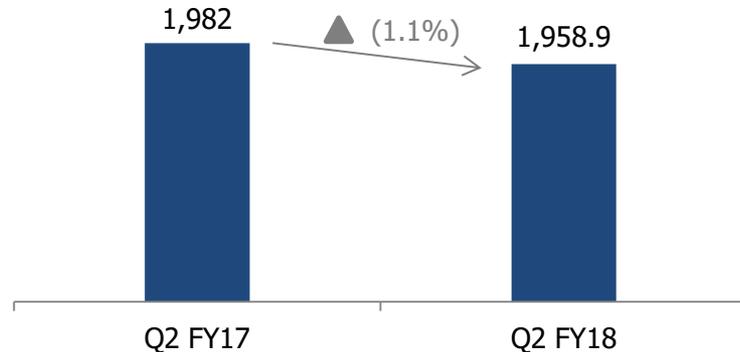
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Q2 FY18 – Consolidated Financials

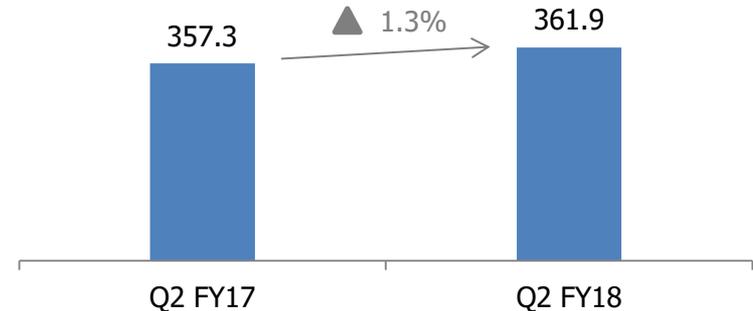


Revenue (INR cr)



- **Although Consolidated revenue declined by 1.1% on reported basis, underlying GST adjusted constant currency growth was 8%**
- **Domestic business revenue grew by ~10% led by volume growth of 7.2%**
- **International Business grew by 3.9% on constant currency basis** on the back of strong growth in Egypt, Nigeria and Turkey
- Currency **devaluation in overseas markets resulted in significant loss in translation**

Profit After Tax (INR cr)

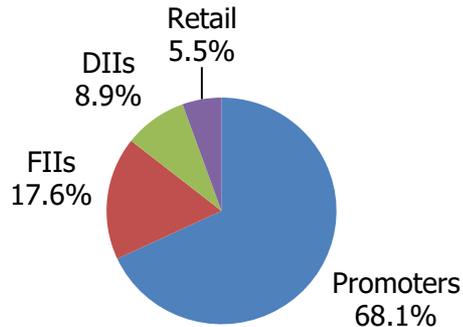


- **Consolidated Profit After Tax (PAT) grew by 1.3%. One time transition impact of INR 10 crore impacted PAT growth**
- **Other expenditure came down from 12.1% of sales to 10.8% of sales** on the back of cost synergies
- **Operating margin at 21.4%** in Q2 FY18 vs 20.6% in Q2 FY17 although not comparable due to GST
- Although not comparable, **PAT margin increased from 18.1% to 18.5%**

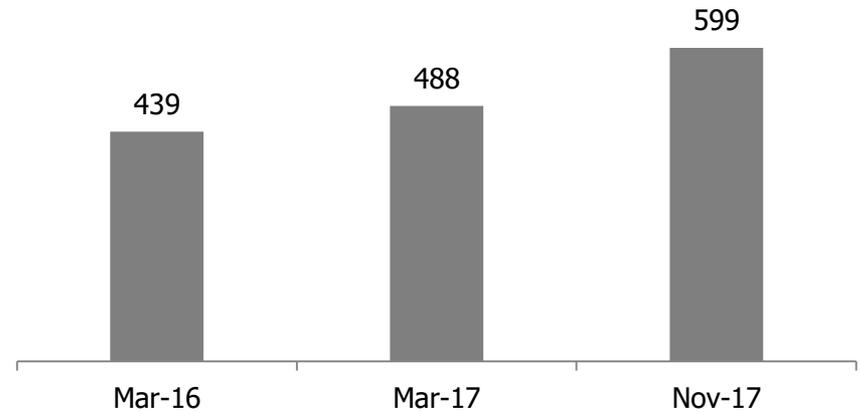
Shareholding, Market Cap and Dividends



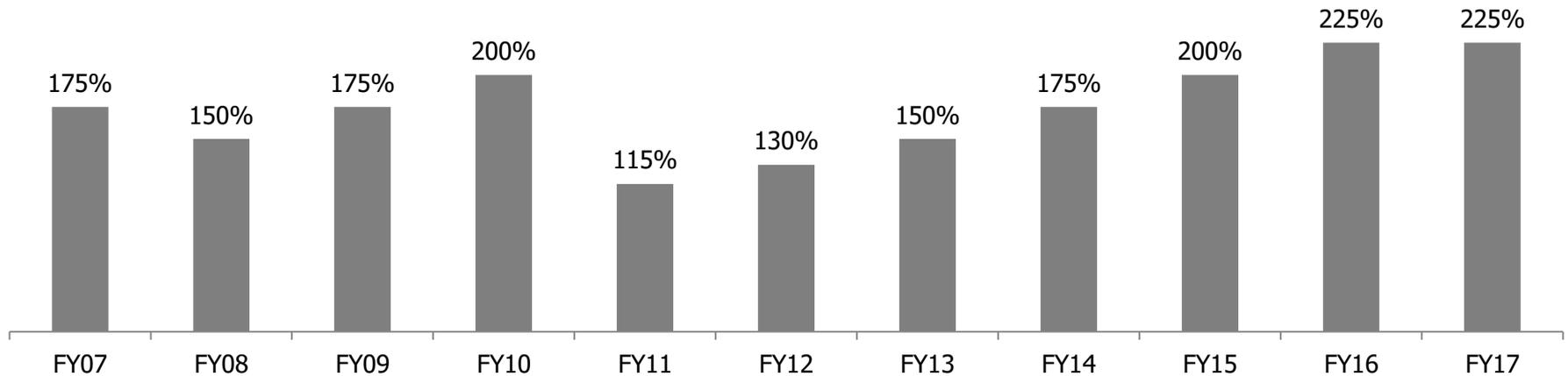
Shareholding pattern



Market Cap (INR bn)



Dividend history



Consolidated Profit & Loss (1 of 2)

All figures are in INR crores, unless otherwise stated

	Q2 FY18	Q2 FY17	Y-o-Y (%)	H1 FY18	H1 FY17	Y-o-Y (%)
Revenue from operations	1,958.9	1,981.6	(1.1%)	3,749.0	3,933.8	(4.7%)
Other Income	84.3	89.2	(5.5%)	165.6	150.3	10.2%
Total Income	2,043.2	2,070.9	(1.3%)	3,914.6	4,084.1	(4.2%)
Material Cost	977.1	967.4	1.0%	1,891.7	1,928.8	(1.9%)
<i>% of Revenue</i>	<i>49.9%</i>	<i>48.8%</i>		<i>50.5%</i>	<i>49.0%</i>	
Employee expense	203.7	215.8	(5.6%)	407.2	427.3	(4.7%)
<i>% of Revenue</i>	<i>10.4%</i>	<i>10.9%</i>		<i>10.9%</i>	<i>10.9%</i>	
Advertisement and publicity	145.7	149.4	(2.5%)	295.7	345.9	(14.5%)
<i>% of Revenue</i>	<i>7.4%</i>	<i>7.5%</i>		<i>7.9%</i>	<i>8.8%</i>	
Other Expenses	212.5	240.3	(11.6%)	425.6	474.3	(10.3%)
<i>% of Revenue</i>	<i>10.8%</i>	<i>12.1%</i>		<i>11.4%</i>	<i>12.1%</i>	
Operating Profit	419.9	408.7	2.8%	728.8	757.5	(3.8%)
<i>% of Revenue</i>	<i>21.4%</i>	<i>20.6%</i>		<i>19.4%</i>	<i>19.3%</i>	
EBITDA	504.2	497.9	1.3%	894.4	907.7	(1.5%)
<i>% of Revenue</i>	<i>25.7%</i>	<i>25.1%</i>		<i>23.9%</i>	<i>23.1%</i>	
Finance Costs	13.3	16.6	(19.8%)	26.6	28.4	(6.4%)
Depreciation & Amortization	40.1	35.7	12.2%	79.1	70.1	13.0%
Profit before exceptional items, tax and share of profit/(loss) from joint venture	450.8	445.6	1.2%	788.6	809.3	(2.5%)
<i>% of Revenue</i>	<i>23.0%</i>	<i>22.5%</i>		<i>21.0%</i>	<i>20.6%</i>	
Exceptional item(s)	0.0	0.0	n.a.	14.5	0.0	n.a.

Consolidated Profit & Loss (2 of 2)

All figures are in INR crores, unless otherwise stated

	Q2 FY18	Q2 FY17	Y-o-Y (%)	H1 FY18	H1 FY17	Y-o-Y (%)
Tax Expenses						
Current Tax	84.4	82.4	2.5%	140.0	148.0	(5.4%)
Deferred Tax	3.5	4.9	(28.7%)	6.8	9.4	(27.7%)
Net profit after tax but before share of profit/(loss) from joint venture	362.9	358.2	1.3%	627.3	651.8	(3.8%)
<i>% of Revenue</i>	<i>18.5%</i>	<i>18.1%</i>		<i>16.7%</i>	<i>16.6%</i>	
Share of profit / (loss) of joint venture	(0.2)	0.1	(313.4%)	0.3	0.2	64.8%
Net profit after minority	361.9	357.3	1.3%	626.1	650.1	(3.7%)
<i>% of Revenue</i>	<i>18.5%</i>	<i>18.0%</i>		<i>16.7%</i>	<i>16.5%</i>	

Consolidated Balance Sheet (1 of 2)

All figures are in INR crores, unless otherwise stated

Particulars		As at 30/09/2017 (Unaudited)	As at 31/03/2017 (Audited)
A	Assets		
1	Non-current assets		
	(a) Property, plant and equipment	1,508	1,479
	(b) Capital work-in-progress	55	42
	(c) Investment property	55	55
	(d) Goodwill	411	411
	(e) Other Intangible assets	12	14
	(f) Biological assets other than bearer plants	0	-
	(g) Financial assets		
	(i) Investments	2,486	2,499
	(ii) Others	13	12
	(g) Other non-current assets	98	102
	Total Non-current assets	4,638	4,615
2	Current assets		
	(a) Inventories	1,000	1,107
	(b) Financial assets		
	(i) Investments	1,041	741
	(ii) Trade receivables	767	650
	(iii) Cash and cash equivalents	123	163
	(iv) Bank Balances other than (iii) above	147	142
	(v) Others	56	34
	(c) Other current assets	330	280
	(d) Assets held for sale	2	-
	Total current assets	3,467	3,116
	Total Assets	8,105	7,731

Consolidated Balance Sheet (2 of 2)

All figures are in INR crores, unless otherwise stated

Particulars		As at 30/09/2017 (Unaudited)	As at 31/03/2017 (Audited)
B	Equity and Liabilities		
1	Equity		
	(a) Equity share capital	176	176
	(b) Other Equity	5,100	4,671
	Equity attributable to shareholders of the Company	5,276	4,847
	Non Controlling Interest	25	25
	Total equity	5,301	4,872
2	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	474	471
	(ii) Other financial liabilities	1	4
	(b) Provisions	56	53
	(c) Deferred tax liabilities (Net)	114	108
	Total Non-current liabilities	645	636
3	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	507	440
	(ii) Trade payables	1,218	1,303
	(iii) Other financial liabilities	96	174
	(b) Other current liabilities	189	175
	(c) Provisions	106	92
	(d) Current tax Liabilities (Net)	42	38
	Total Current liabilities	2,158	2,223
	Total Equity and Liabilities	8,105	7,731



For more information & updates, visit <http://www.dabur.com/in/en-us/investor>