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The Science of Ayurveda

Dabur India Limited

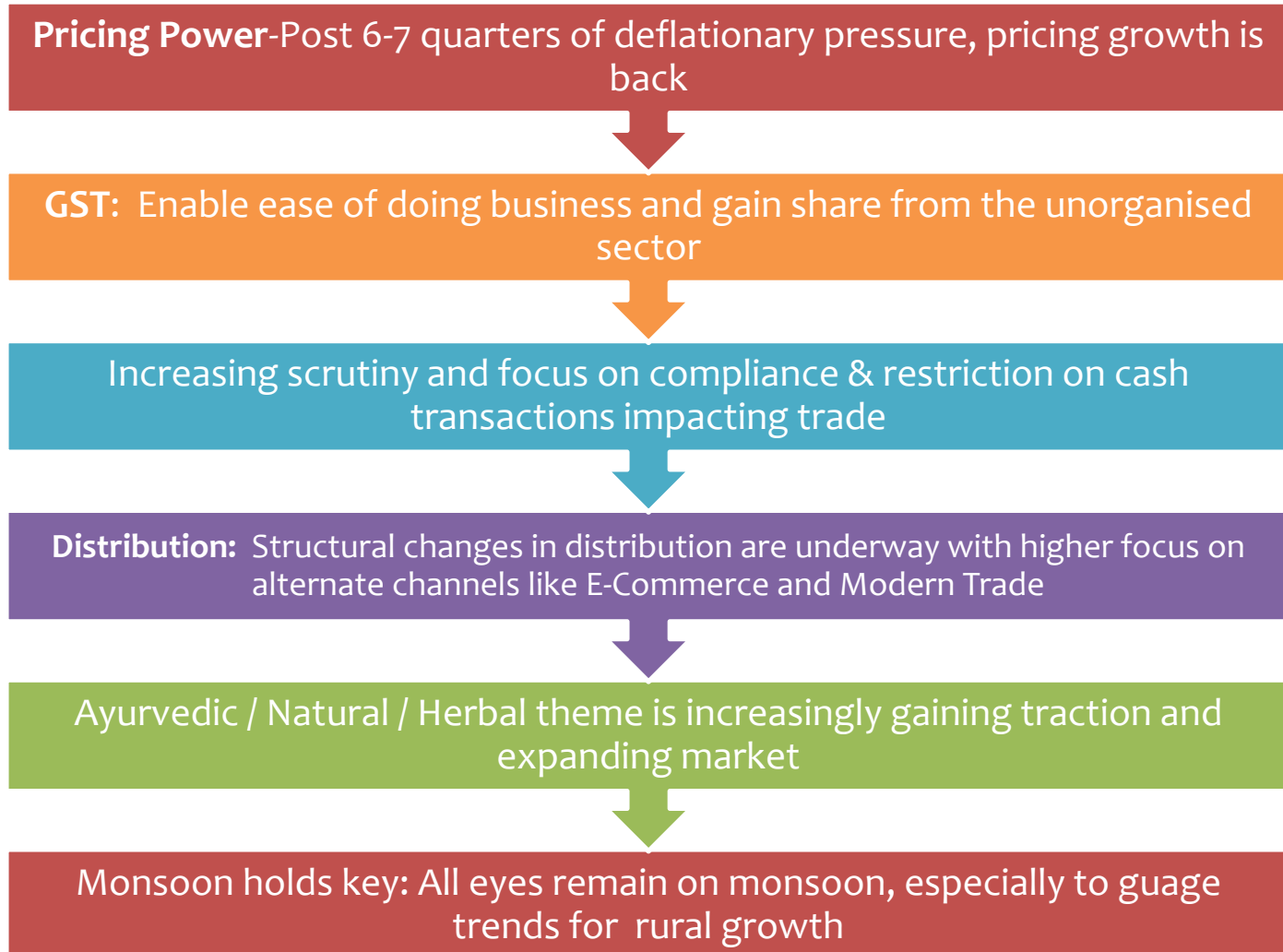
Investor Communication

Quarter and Year ended 31st March, 2017

Latest Trends in the FMCG Sector



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Key Highlights : Q4FY17



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Sequential recovery in the India business post demonetisation with domestic volume growth of 2.4%

Consolidated Sales for Q4 FY17 declined by 4.8% but flattish in terms of constant currency

Final dividend proposed at Re.1 per share

Tezpur, Assam plant commissioned in March'17

Headwinds in the International business on account of:

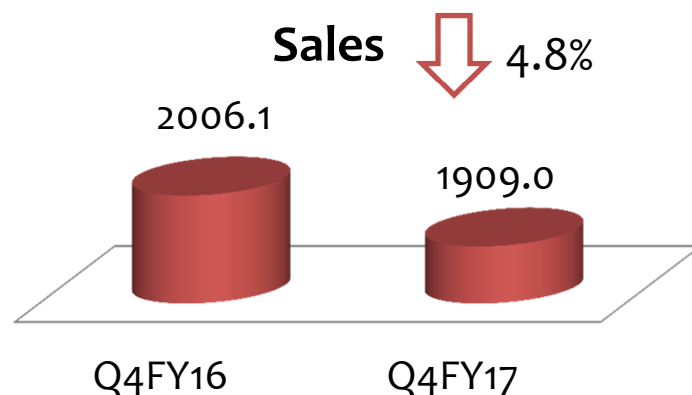
- Macro economic slowdown in MENA
- Currency devaluation in Egypt, Turkey and Nigeria

Consolidated Financial Highlights : Q4FY17

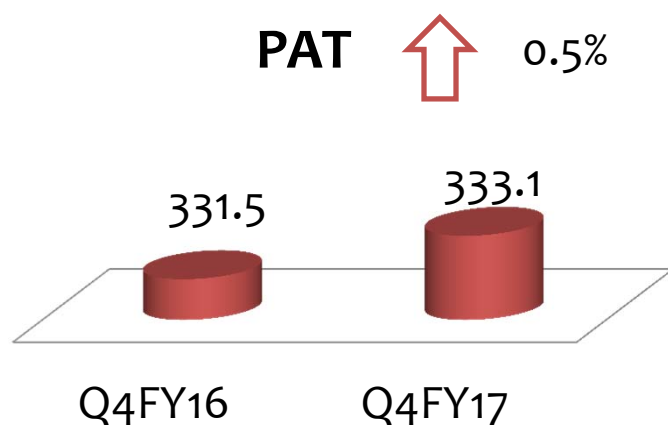


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In Rs Crs



- Consolidated sales declined by 4.8% mainly on account of currency impact in International. In constant currency terms consol sales were flattish.
- Domestic FMCG business reported 2.4% volume growth, up from -5% decline in the previous quarter, thereby witnessing sequential recovery
- International business reported a decline due to economic slowdown in GCC markets and currency impact

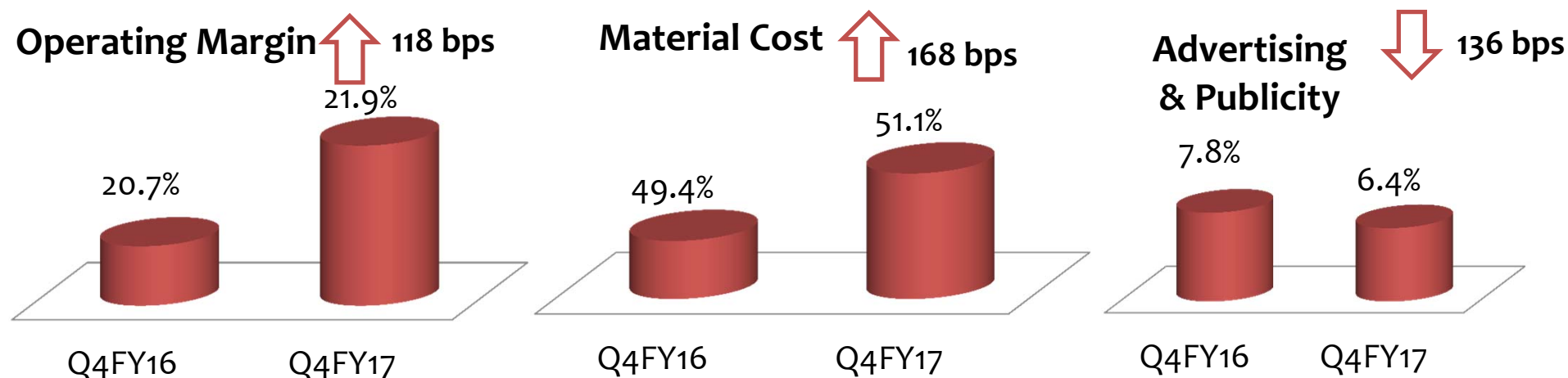


- PAT for Consolidated business was flat while PAT in Standalone business reported growth of 5.3%
- Gross Margin for Consol business contracted by 168 bps due to increase in material costs and adverse currency impact
- Operating margin improved by 118 bps and stood at 21.9% vs 20.7% in Q4FY16

Consolidated Financial Highlights : Q4FY17



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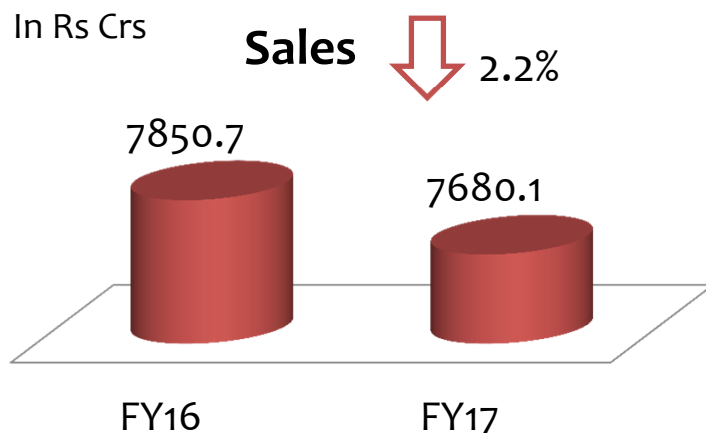
- Operating Profit margin improved from by 118 bps to 21.9% in Q4FY17
- Material cost increased from 49.4% in Q4FY16 to 51.1% in Q4FY17 due to input price inflation and adverse currency impact
- Advertisement & Publicity expense was at 6.4% in Q4FY17 as compared to 7.8% in Q4FY16.
- Employee expenses reduced by 100 bps YOY on account of reduction in variable payouts
- Cost control in overheads led to lower other expenses

Consolidated Financial Highlights : FY17

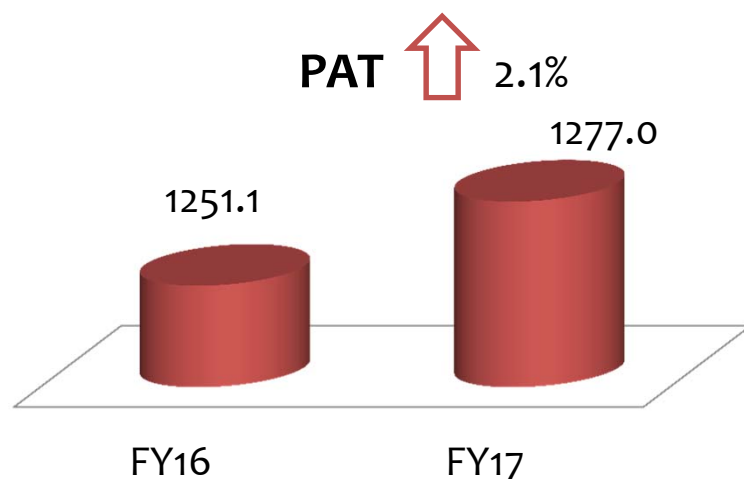


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In Rs Crs



- Consolidated Sales for FY17 were at Rs.7680 crore, lower by 2.2% and flattish in terms of constant currency
- Sales were pulled down in Q3 on account of severe liquidity shortage post demonetization
- International Business witnessed pressure due to macro economic slowdown in MENA and currency devaluation in Egypt, Nigeria and Turkey which happened during H2FY17



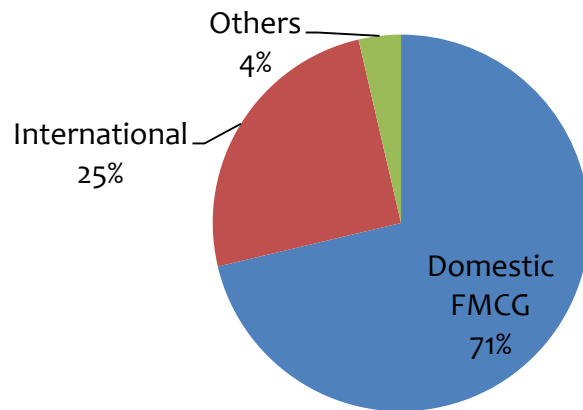
- Consolidated PAT for FY17 was Rs.1277 crore implying growth of 2.1%
- Gross Margin for Consol business improved by 100bps due to benign input costs in H1FY17
- Operating margin improved by 30 bps and stood at 19.6% of sales in FY17

Business Overview Q4FY17

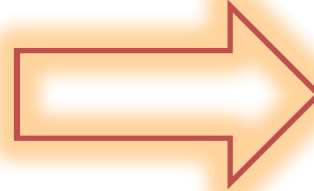


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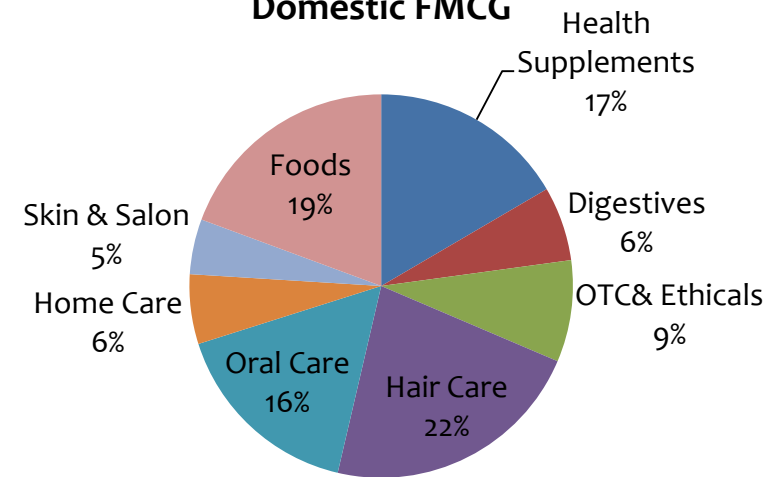
Sales Contribution



Domestic FMCG Category Breakup



Domestic FMCG

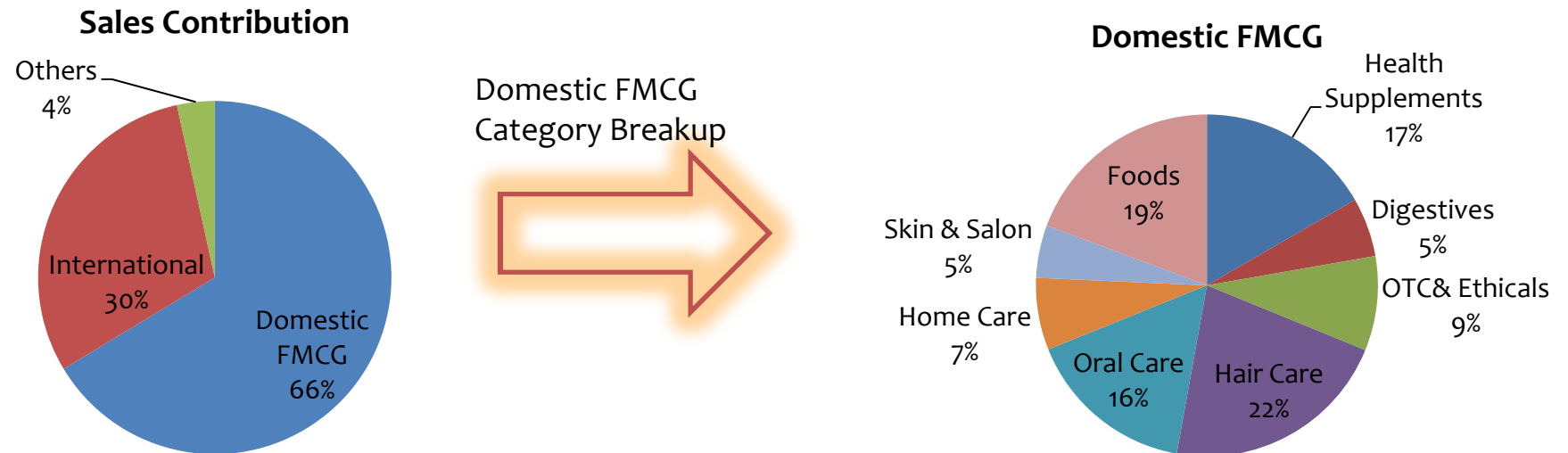


- Domestic FMCG segment contributed 71% to the Consolidated Revenue and reported a growth of 0.7% in value and 2.4% in volume
- International business contributed 25% to the Consolidated Revenue and declined by 4.5% in constant currency terms

Business Overview FY17



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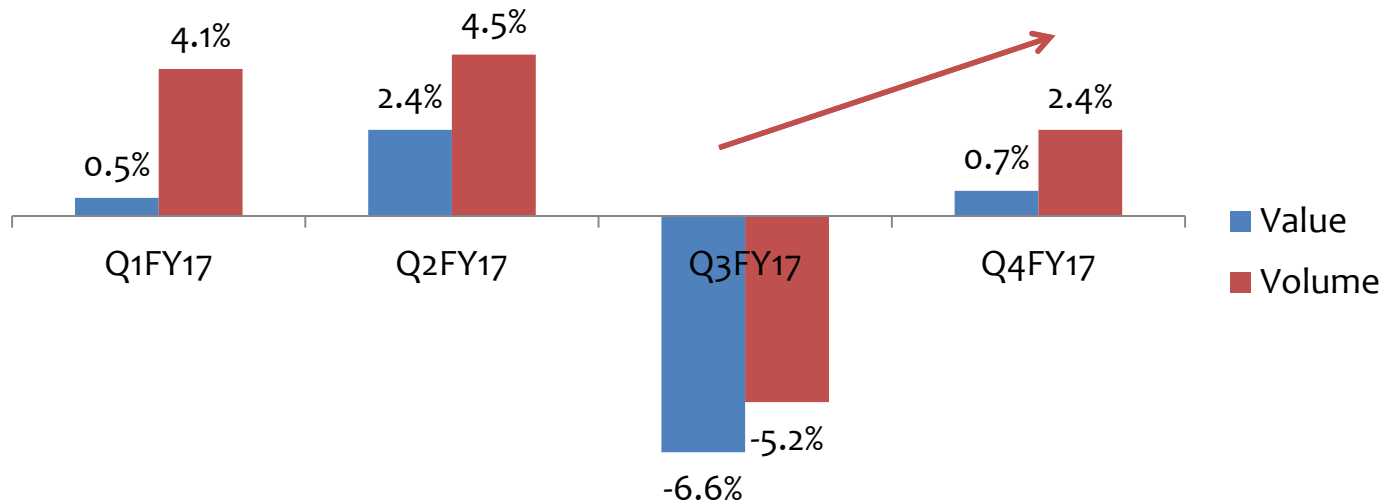


- Domestic FMCG segment contributed 66% to the Consolidated Revenue and reported flattish growth in FY17
- International business contributed 30% to the Consolidated Revenue

Domestic FMCG: Value and Volume Trend



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- Sequential improvement in sales trend
- Volume growth of 2.4% in spite of high base (7% volume growth in Q4FY16) indicates a recovery in demand



Category Highlights- Q4FY17



HOME & PERSONAL CARE

Oral Care



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- Toothpaste category reported growth of 9% in Q4FY17
- Red toothpaste and Meswak reported strong growth led by brand investments and activations
- Innovation continued with the launch of Red Gel Toothpaste- First of its kind Ayurvedic Toothpaste in a Gel format
- “Proof Hai TVC” received positive response validating consumer’s belief in “Science Based Ayurveda”
- Our market share in toothpaste segment increased by 100 bps yoy



Oral Care Innovation: Red Gel Toothpaste



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Red Gel Toothpaste Launched

Made out of 13 potent Ayurvedic ingredients, it is effective against dental problems



First of its kind Ayurvedic Toothpaste
in the Gel format



Hair Care



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- Hair Care reported a decline of ~4% on a high base of ~10% growth last year
- Initial response for Brahmi Amla has been very encouraging and the brand clocked strong double digit growth in Q4FY17
- Almond Hair Oil reported double digit growth led by good growth in Modern Trade and focus on enhancing visibility in South markets
- Sarson Amla Hair oil performed well driven by good demand for economy hair oils
- Market share as reported by Nielsen showed improvement of 30 bps in Hair Oils



Home Care & Skin Care



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- **Home Care** being more discretionary in nature declined by 6.5%
- Deferment of institutional orders and high base impacted Odomos
- Dabur gained volume market share by 70bps in Air fresheners and 100 bps in Mosquito Repellent Creams YOY
- **Skin Care** post flattish growth during the quarter. Gulabari clocked high single digit growth driven by modern trade activations and relevant promotional inputs
- Innovations planned in Oxy, Gulabari and Fem brands





HEALTH CARE

Health Care



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- **Health supplements** registered 5% growth in Q4FY17 led by strong growth in Chyawanprash
- Honey portfolio further strengthened with launch of 'Honey Tulsi'. Honey Range now comprises of Dabur Honey, Squeezy Pack, Honey Fruit Spreads, Honey Tulsi and Ginger Variants.
- **Digestives** posted around 5% decline this quarter
- Hajmola Tablet recorded good growth however candy sales were subdued
- Glucose brand clocked good sales led by activations such as 'Ab Daudega Hindustan'



Recently launched: Honey Tulsi & Ginger



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Honey Tulsi

To build Immunity



Honey Ginger

To cure Cough and Cold

OTC and Ethicals



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- OTC & Ethicals portfolio posted decline of 4% mainly due to sluggish OTC sales
- Ethicals range clocked low single digit growth driven by Doctor detailing and sampling initiatives
- Dabur Restorative Woman tonic has been recently launched in the medical detailing channel



Claim based
advertising



KOL advocacy



Wider availability



Innovation

Dabur Woman Restorative Tonic



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Dabur Woman Restorative Tonic Launched



Launched in the Medical Detailing Channel

Strengthening Ayurveda Communication



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- ✓ Advertorials in Health Magazines – Nirogdham, Ayushman, Sakhi etc
- ✓ Self Medication Booklets – Dabur Swasthya Pustika
- ✓ Product specific Regional Language Communication



Prashnotri



Swasthya Pustika



Regional Language posters



FOODS

Foods



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- Beverages clocked 10% growth in Q4FY17
- Kids engagement, Distribution expansion and occasion based advertising helped Real gain momentum
- Real Juices witnessed increase of 300 bps market share YOY
- Leveraging MT and E- commerce has been instrumental in driving brand sales
- Real JuC launched to enter the Fruit Drinks market – Initial launch of mango flavor received good response



International Business



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Economic slowdown in Saudi Arabia, Dubai, Iraq and Libya

Currency Depreciation in Egyptian Pound, Naira and Turkish Lira

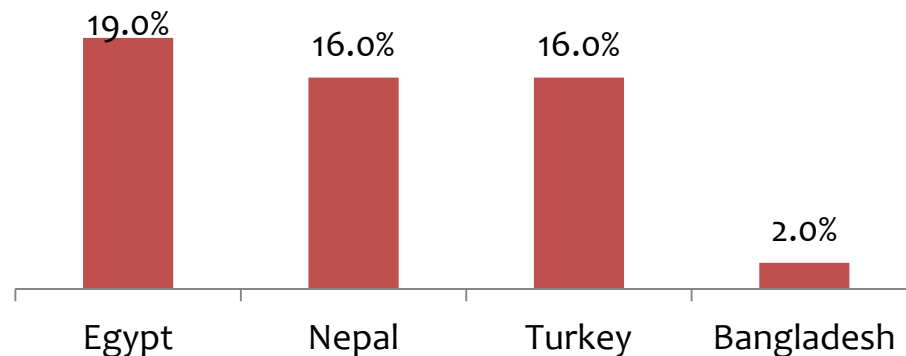
International Business



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- International Business posted 4.5% decline in constant currency terms
- Severe currency devaluation of ~55% in Egyptian Pound, ~20% in LIRA and ~36% in Naira led to translation loss in the international business
- Local currency growth for Egypt was 19% and Nepal and Turkey recorded 16% growth in Local currency
- GCC markets like Saudi & UAE were under pressure due to macro-economic headwinds
- However market shares in most categories & countries remained stable to increasing

Local Currency Growth Rate



IBD : Business Strategy



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Capitalize on the “Herbal Wave” trend

Focus on Core Categories like Hair Care, Oral Care and Skin Care

Leveraging Digital platform to enhance consumer awareness and brand visibility

Optimize Advertising spends and capture better efficiencies

Continued focus on brand innovation and renovation

Tezpur Plant Commissioned



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- **Dabur commissioned a new manufacturing facility in Tezpur, Assam in March'17.** Set up with an investment of Rs 250 Crore, the Tezpur factory is the largest production facility for Dabur across the globe
- Entire range of Dabur's Ayurvedic Medicines, Health Supplements, Hair Oils, Shampoos, Toothpastes, Skin Care and Home Care products will be manufactured in this plant
- Spread over 30 acres of land, this factory features fully automated processing lines and automated packing lines to optimize supply chain and quality management
- Special focus has been given to the Environment with an energy efficient building and state-of-the-art technology for effluent treatment. The factory aims to contribute to Dabur's commitment towards Environment Sustainability.



Proposed Final Dividend : FY2016-17



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Final Dividend	
Dividend Per share (Rs.)	1
Dividend Amount (Rs.crs)*	212.01

Total Dividend: FY17	
Dividend Per share (Rs.)	2.25
Dividend Amount (Rs.crs)*	477.03

* Includes Dividend Distribution Tax

Awards and Accolades



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Dabur India Ltd Chairman Dr. Anand C. Burman receives the 'Outstanding Institution Builder' award from Union Railway Minister Suresh Prabhu at the AIMA Awards ceremony

Dabur India Ltd CEO Mr. Sunil Duggal named the Best CEO in the FMCG Category for the second year in a row, by the Business Today magazine. Union Minister for Law & Justice Mr. Ravi Shankar Prasad presented the award.



Dabur India Ltd CFO Mr. Lalit Malik was presented the recognition of excellence for exceptional calibre and contribution to the world of finance.

Awards and Accolades



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Dabur bagged the award for 'Best Risk Management Practice' in the FMCG category, at the 3rd India Risk Management Awards, organized by CNBC TV18



Dabur bagged the Silver award in the Manufacturing–Private Sector category at the 12th BML Munjal awards for 'Business Excellence through Learning & Development'. The award was presented by Union HRD Minister Mr. Prakash Javadekar

Consolidated Profit & Loss



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DIL (Consolidated) P&L	Q4FY17	Q4FY16	YoY (%)	FY17	FY16	YoY (%)
Net Sales	1,909.0	2,006.1	-4.8%	7,680.1	7,850.7	-2.2%
Other Operating Income	5.7	4.0	43.3%	21.4	18.0	18.4%
Material Cost	976.1	992.0	-1.6%	3843.2	3849.6	-0.2%
<i>% of Sales</i>	51.1%	49.5%		50.0%	49.0%	
Employee Expense	173.1	201.8	-14.2%	789.6	794.1	-0.6%
<i>% of Sales</i>	9.1%	10.1%		10.3%	10.1%	
Advertising & Publicity	123.0	156.5	-21.4%	646.1	771.6	-16.3%
<i>% of Sales</i>	6.4%	7.8%		8.4%	9.8%	
Other Expenses	224.9	244.5	-8.0%	913.5	935.2	-2.3%
<i>% of Sales</i>	11.8%	12.2%		11.9%	11.9%	
Operating Profit	417.6	415.2	0.6%	1,508.9	1,518.3	-0.6%
<i>% of Sales</i>	21.9%	20.7%		19.6%	19.3%	
Other Non Operating Income	65.0	53.9	20.7%	298.3	217.2	37.4%
EBITDA	482.6	469.1	2.9%	1,807.3	1,735.5	4.1%
<i>% of Sales</i>	25.3%	23.4%		23.5%	22.1%	
Finance Costs	11.7	13.2	-11.6%	54.0	48.5	11.4%
Depreciation & Amortization	39.5	35.8	10.5%	142.9	133.2	7.3%
Profit Before Tax (PBT)	431.4	420.1	2.7%	1610.4	1553.8	3.6%
Tax Expenses	97.7	86.8	12.5%	330.3	299.9	10.1%
PAT	333.7	333.3	0.1%	1280.1	1253.9	2.1%
Minority Interest - Profit/(Loss)	0.5	1.5		3.4	2.7	
Share of profit / (loss) of associates & joint venture	-0.08	-0.35		0.25	-0.01	
PAT (After Minority Int)	333.1	331.5	0.5%	1277.0	1251.1	2.1%
<i>% of Sales</i>	17.5%	16.5%		16.6%	15.9%	

In Rs. Crs

Statement of Assets and Liabilities



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	Particulars	As at 31/03/2017	As at 31/03/2016
A	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	1,479.01	1,238.76
	(b) Capital work-in-progress	42.09	44.80
	(c) Investment property	55.00	60.60
	(d) Goodwill	410.53	410.53
	(e) Other Intangible assets	13.88	18.10
	(f) Financial assets	2,521.42	1,891.44
	(g) Other non-current assets	81.80	39.29
	Total Non-current assets	4,603.73	3,703.52
2	Current assets		
	(a) Inventories	1,106.71	1,096.51
	(b) Financial assets	1,934.89	2,040.10
	(i) Investments	740.73	749.21
	(ii) Trade receivables	650.42	809.20
	(iii) Cash and cash equivalents	163.22	131.16
	(iv) Bank Balances other than (iii) above	141.59	88.67
	(v) Short term loans and advances	231.44	236.22
	(vi) Other current assets	7.49	25.66
	(c) Other current assets	85.60	92.11
	Total current assets	3,127.20	3,228.72
	TOTAL ASSETS	7,730.93	6,932.24
1	Equity		
	(a) Equity share capital	176.15	175.91
	(b) Other Equity	4,671.24	3,994.70
	Equity attributable to shareholders of the Company	4,847.39	4,170.61
	Non Controlling Interest	24.77	21.71
	Total equity	4,872.16	4,192.32
2	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	527.25	341.45
	(ii) Other financial liabilities	1.44	5.93
	(b) Provisions	53.41	50.88
	(c) Deferred tax liabilities (Net)	108.04	88.24
	Total Non-current liabilities	690.13	486.50
3	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	437.32	449.74
	(ii) Trade payables	1,302.67	1,330.12
	(iii) Other financial liabilities	69.90	120.32
	(b) Other current liabilities	228.50	231.72
	(c) Provisions	91.76	90.46
	(d) Current tax Liabilities (Net)	38.47	31.02
	Total Current liabilities	2,168.63	2,253.38
	TOTAL EQUITY AND LIABILITIES	7,730.92	6,932.20

In Rs Crs



Thank You