

February 2, 2022

Listing Department
BSE LIMITED
P J Towers, Dalal Street, Fort,
Mumbai-400 001

Code: 531335

Listing Department
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai-400 051

Code: ZYDUSWELL


Re: **Investor Presentation**

Dear Sir,

Please find attached the Investor Presentation on the unaudited financial results for the quarter ended on December 31, 2021.

Please find the same in order.

Yours faithfully,
For, **ZYDUS WELLNESS LIMITED**


DHNRV P. DAGAR
COMPANY SECRETARY



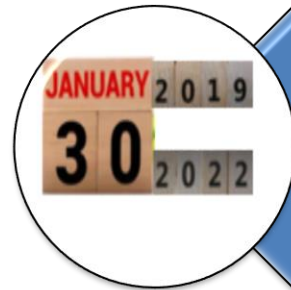
Encl.: As above



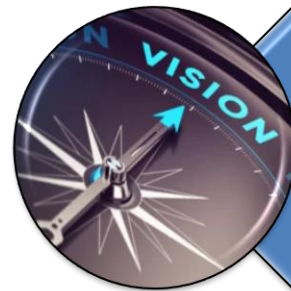
Investor Update

February 2022

Zydus Wellness : on the path to become a leading Consumer Wellness Company in India



Overview of business in last 3 years post acquisition



The Road ahead



Quarterly updates and performance summary – Q3 FY 22



Overview of business in last 3 years post acquisition

We are building a future ready, lean, consumer centric and profitable organization with a market leading portfolio of brands



Our guiding principles

Consumers at the centre of our all our actions

Grow new emergent categories with differentiated product propositions

Philosophy of building products that are “Good for you”

Business Aspiration

Drive profitable double digit growth led by innovation

Leverage distribution channels to grow and expand the combined brand portfolio and expand category

Realize potential synergy benefits of combined business across multiple functions



3 Years since Acquisition of Heinz India

Increased Penetration and Innovations - Key Strategic Pillars of our Growth Strategy



Strengthen "Energy" credential with wider use cases

- ✓ Successful Relaunch with a Bollywood Brand Ambassador
- ✓ Within 18 month of launch, ImmunoVolt has acquired 28% market share



Strengthening core through Relaunch of the Brand

- ✓ 1 lakh stores added
- ✓ NPD Launch: 1 (Complan NutriGro)



Replacing sugar in all forms of Consumptions

- ✓ Consolidated leadership position with 96% market share
- ✓ Can be amongst top 3 brand globally



Doubling each year after launch

- ✓ Could be next sizeable brand in the portfolio



Growing Faster than Market

- ✓ Category Gr.: 4% ZWL Gr.: 12%
- ✓ Addition of 1.4 lakhs outlets
- ✓ NPD Launches: 2(Aloe gel, Body Lotion)



A Leader getting stronger

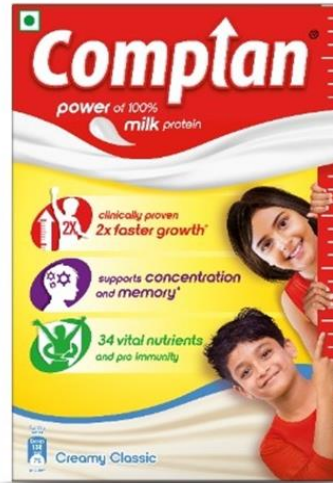
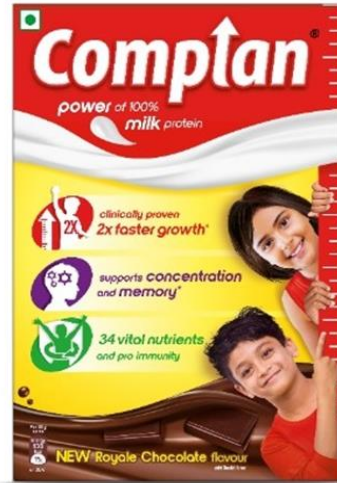
- ✓ Strengthening leadership with Volume market share from 29.6% in 2018 to 37.4% in 2021
- ✓ NPD Launches: 2 (Sanitizer and Body Mist)



Building 'Dairy + Spread' portfolio

- ✓ Leveraged Milk sourcing to Expand dairy segment with Doodhshankti Ghee and Probiotic Butter

Complan : Relaunch and distribution expansion to pave the way for higher adoption



- Relaunch with better taste and enhanced claims will help better consumer acceptance
- Distribution up by more than 1 lakh since acquisition
- Organized trade building further momentum

Strengthening “Energy” credential and expanding use cases



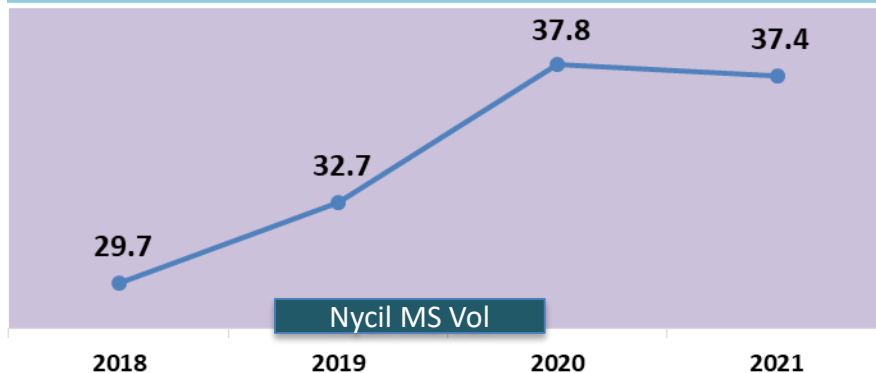
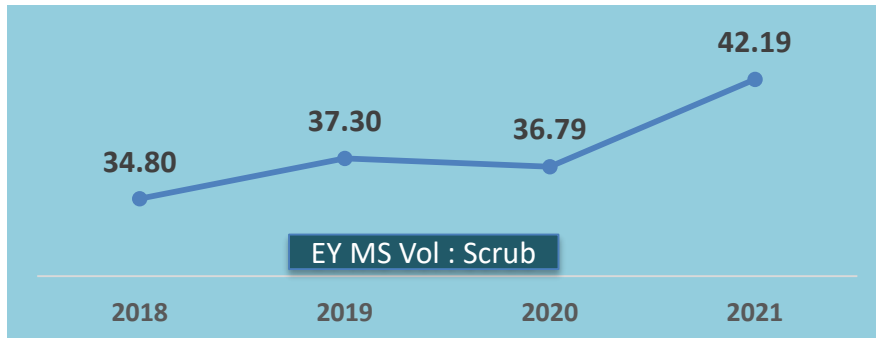
- Strengthened relative market shares vis-à-vis the nearest competitor since 2019
- Opportunity to widen use cases – ImmunoVolt one such example, more initiatives planned

Building the Sweeteners Portfolio



- Sweeteners portfolio is expanding penetration and growing at double digits over last 3 years

Increasing volume share and Innovations to build Personal Care space



Innovations



Body lotions



Aloe Gel



Nycil Body mist

- Both Everyuth and Nycil have grown ahead of category over last 3 years

Nutralite : Unlocking brand potential



Earlier



2021 – Multi-category Portfolio

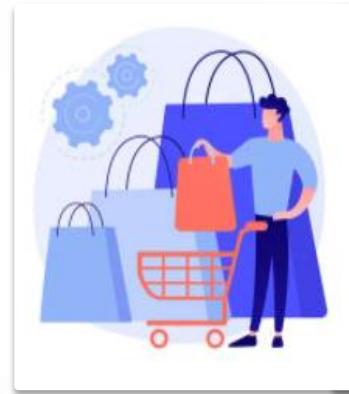
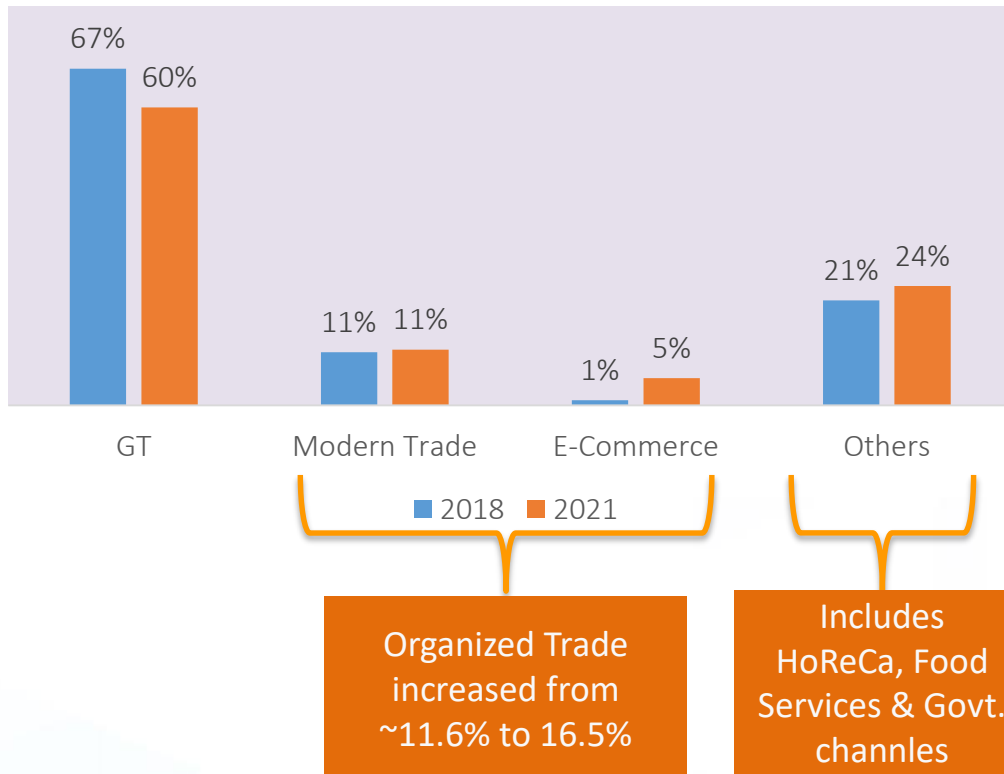


- Transforming Nutralite brand to broader category play
- Convergence of Sampriti Ghee with Nutralite and launch of Nutralite Doodhshakti Ghee and Probiotic Butter Spread
- Created new identity for the Food service / Horeca segment – opportunity to widen offerings in the segment
- Widen the portfolio in spreads with Mayonnaise and launch of Choco spread

Building future ready Route to Market – path to sustainable growth

Zydus Wellness Limited

Shifting channel mix in India Business



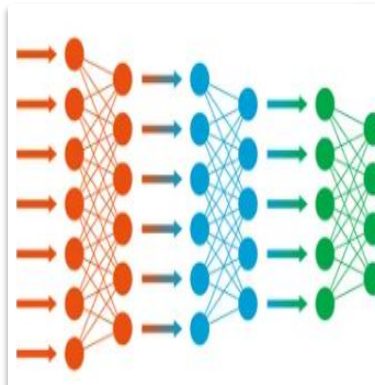
Organized Trade : Fast forward

Changing shopper behavior : potential to increase it's share to 25% in next 3-4 years

Traditional trade : Building depth and width

Direct reach ~2lakh to ~5.2 lakh stores : Expansion across sub channels (Grocers, Pharmacy, cosmetic and Rural)

Plan to reach 1 million stores directly (Add 100 thousand stores next year)



Distribution Network : Building efficiency

Covering 5000 towns (50% higher than both entities)
 Reduced distributors from 1500 to ~850
 Reduction in cost to serve by ~1.2%

Accelerating International Business : to Cross Rs 100 Cr next year

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CY 2018 (Pre Acquisition)



CY 2021



7X growth
in revenue

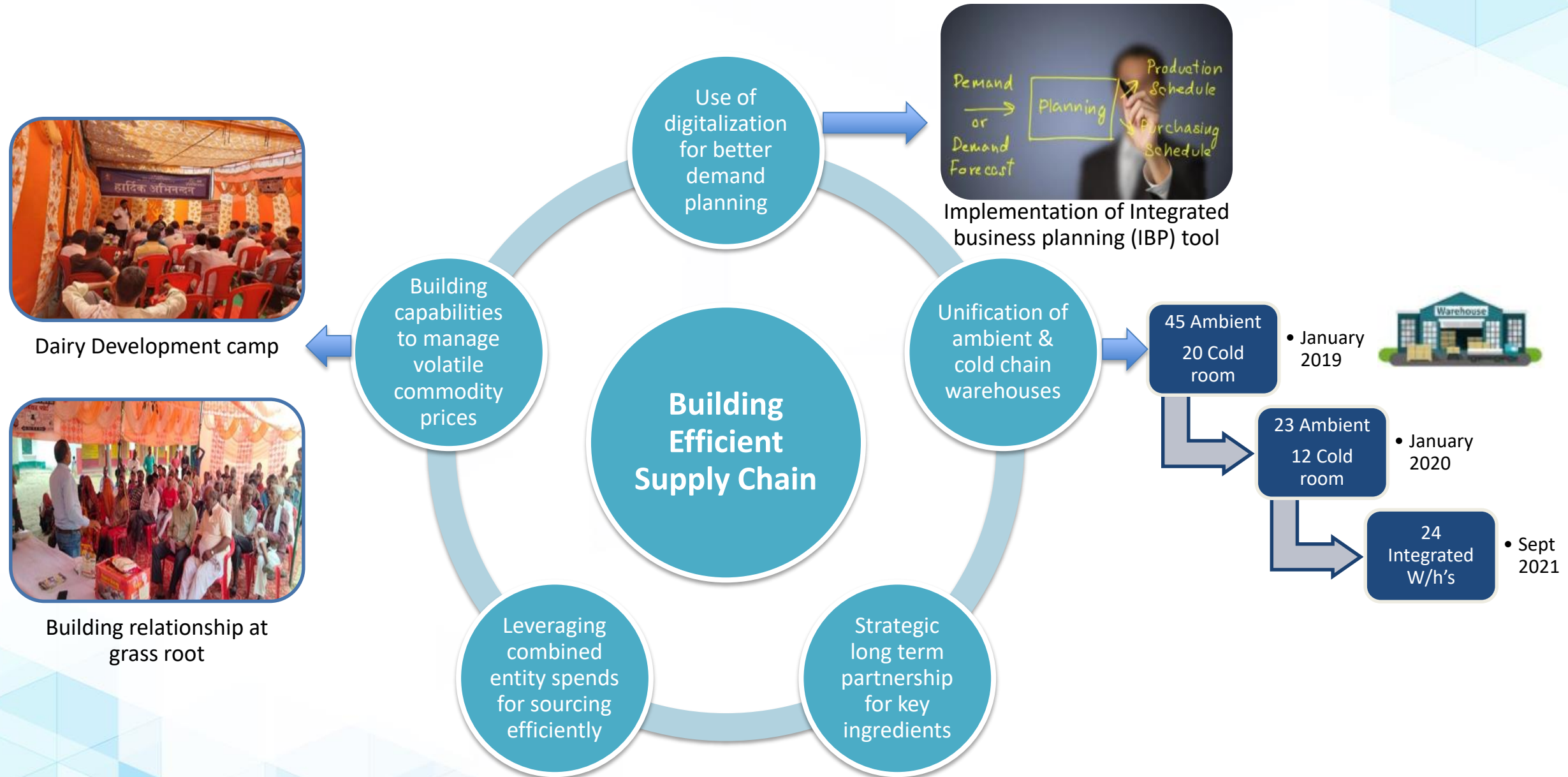


15 to 25
countries

- Sugar Free franchise and Complan constitute 93% of the overall business
- Top 5 markets constitute ~80% of the business
- 3P manufacturing in GCC and New Zealand



Supply chain transformation for agile and efficient response to volatile environment



Reorganizing Manufacturing Operations for future capacity and capability

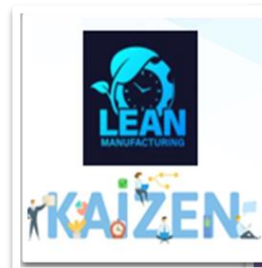
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Re-networking Manufacturing footprint



Distributed manufacturing for business continuity
Glucon-D at 3 facilities
Sugarlite/Complan at 2 facilities

Reduced cost of production



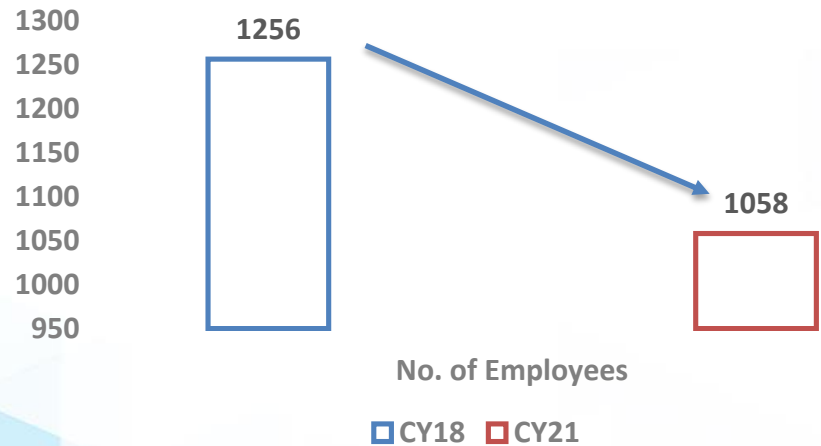
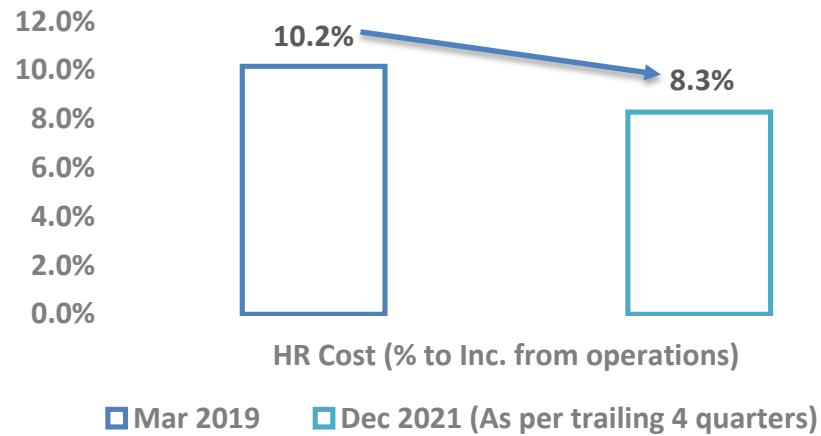
Best in class processes to improve efficiencies

Accolades for excellence
1 Diamond, 2 Gold and 4 Silver awards for operational excellence at NAMC/IMEXI



People – Building lean and agile organization

Optimized Organisation Structure



One Zydus Wellness with harmonised Policies & processes

Focus on role clarity and zero role redundancy
Employee First culture during pandemic



Synergy realization through role optimization
Recognition and Rewards

* Mar 19 numbers includes results of the acquired entity i.e. HIPL with effect from the date of acquisition i.e. 30th January 2019

Challenges faced in our journey



Global pandemic dented sales of summer brands for two consecutive year impacting ~ 8 to 10 % of Annual sales



Normalization of situation post third covid wave before summer season would give the business clear pathway to drive growth

Inflation in key raw material and packing materials prices impacting Gross Margins



Actions taken to mitigate gross margin hit by

- Calibrated price increases
- Cost reduction program
- Grow dairy for better economy of scale
- Forward contracts

Key Raw Materials

% Increase in rates – Mar 2019 vs. Dec 2021

Milk

19%

RPO

93%

Aspartame

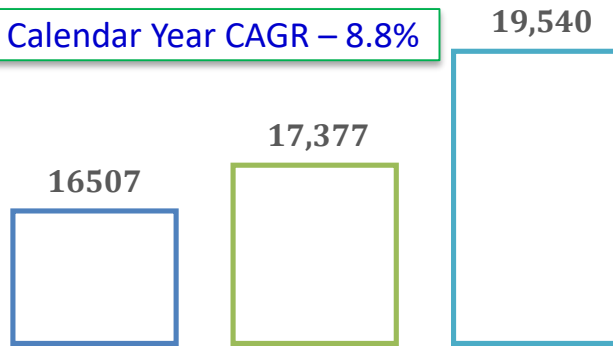
57%

Additional impact of ~ INR 29 Crore on account of loss of GST Budgetary support of Sitarganj plant which ended on December 2020

Shareholders Value Creation over 3 years

Healthy CAGR over 3 years despite the pandemic impacting summer season brands for two consecutive years and gross margin pressure due to inflationary price increases in key raw materials and packing materials

2 Calendar Year CAGR – 8.8%

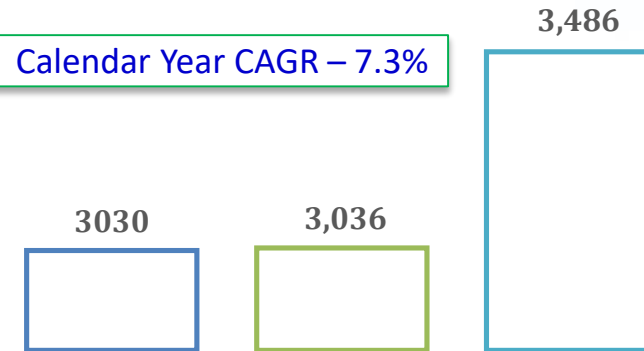


Net Sales (Rs.in Million)

■ CY 2019 ■ CY 2020 ■ CY 2021

Turnaround from zero growth of HIPL during pre-acquisition period 2 Year CAGR (2016 to 2018)

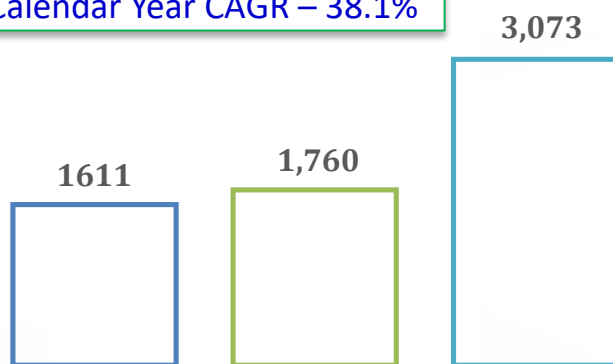
2 Calendar Year CAGR – 7.3%



EBIDTA (Rs.in Million)

■ CY 2019 ■ CY 2020 ■ CY 2021

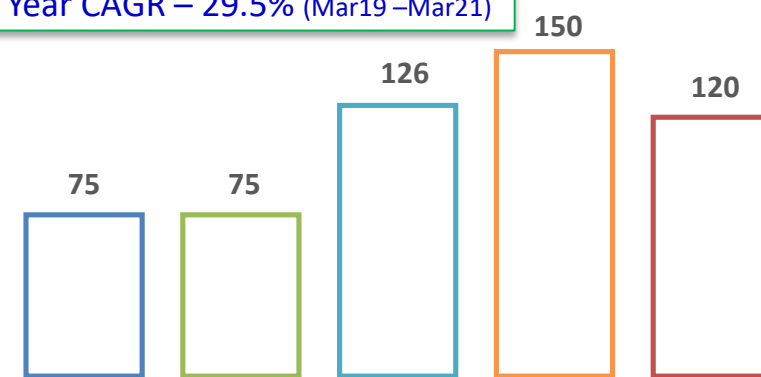
2 Calendar Year CAGR – 38.1%



PBT (Rs.in Million)

■ CY 2019 ■ CY 2020 ■ CY 2021

2 Year CAGR – 29.5% (Mar19–Mar21)



Market capitalisation (Rs.in billion)

■ Mar 19 ■ Mar 20 ■ Mar 21 ■ Sep 21 ■ Dec 21

- CY 19 numbers includes results of the acquired entity i.e. HIPL with effect from the date of acquisition i.e. 30th January 2019
- Refer annexure 1 for working of financial numbers represented in the above graphs



The Road Ahead

Key Pillars to propel strong growth ahead

Zydus Wellness Limited

Category Building

- Volume led focus
- Recruit new consumers
- Innovation to contemporize / differentiate the offerings
- Build online-first portfolio

Leading Route to Market

- Enhanced distribution infra – 3 Mn plus reach (with 1 Mn direct coverage across urban and rural)
- Invest in capability for the converging Offline and Online trade
- Engage shoppers at multiple touch points

Digital backbone to decision making

- Digitizing the whole value chain – Sourcing to fulfillment
- In next phase work with downstream and upstream partners for data sharing
- Build capability around predictive analysis

Inorganic play for gap filling

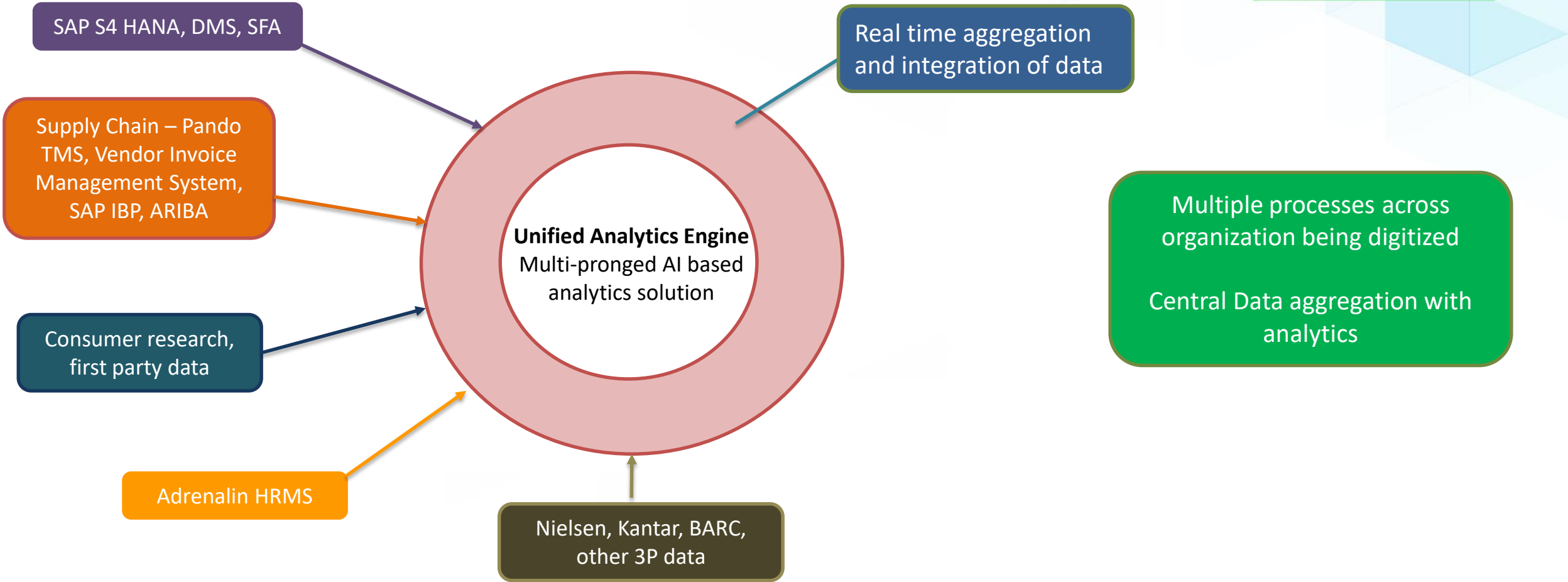
- Proactively look for Bolt-on acquisitions
- Focus on international opportunities in top geographies of interest

Merit driven lean and agile organization

Distributed low cost manufacturing

Efficient Supply chain with strong capability in commodity sourcing

Building a digital footprint for future



- Integration of upstream and downstream vendor and customer data
- Insight generation through information incorporation available on open source platforms
- Predictive modeling to support business forecasts

Strengthening product innovation capabilities through investment in R&D

Zydus Wellness Limited



New R&D facility at Ahmedabad to be operational from Feb 22 onwards



Tie ups with top academic and research institutions in India and abroad



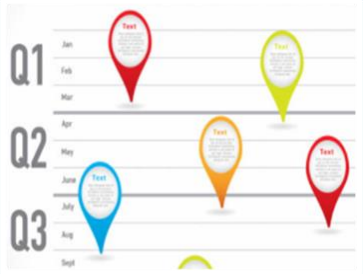
Team of Post Docs, PHD's and technology experts with global experience



Long term clinical and pre-clinical trials for claim substantiation - publication in peer reviewed international journals



User friendly and eco-friendly packaging development backed by strong packaging and design team



**Quarterly updates and
Performance Q3 – FY 22**

Brands Market Share update

Zydus Wellness Limited



Mkt Rank -1
Mkt Share – 58.1%



Mkt Rank -4
Mkt Share – 5.2%



Mkt Rank -1
Mkt Share – 96.0%



Mkt Rank -1
Mkt Share – 34.0%



Mkt Rank -5 *
Mkt Share – 6.5%

Everyuth Scrub
Mkt Rank -1
Mkt share – 39.2%

Everyuth Peel off
Mkt Rank -1
Mkt share – 76.4%



N.A.

Nutralite Butter Substitute
Mkt Rank –N.A.

Nutralite Doodhshakti Ghee
Mkt Rank –N.A.



N.A.

Market share source -MAT September 2021 Report as per Nielsen and IQVIA. For Nutralite and Sugarlite market share is not available through Nielsen

* Everyuth market rank 5 is at Total Facial cleansing segment which includes Face wash, Scrub, Peel-off, face masks

Brands campaigns during the Quarter

Zybus Wellness Limited

All India mega print campaign on 1st Jan 22



Iss naye saal,
cheeni chhodo
Sugar Free
apnaao!



Fulfill your New Year Resolution to get fitter this year!
Did you know that you need to walk 1 km in order to burn calories from 2 teaspoons of sugar?
Switch to Sugar Free Green. Made from **100% natural** and **0 calorie** stevia leaves. A sweet new way to start your fitness journey!



MRP ₹ 40/-

Table Top Sweetener (11.8) (Proprietary Food).

Serving suggestion only. Creative Visualization.

for 4g

*Claim based on considering 2 teaspoons (10 g) Sugar = 40 Kcal. Approx. energy expenditure by 60 kg man in walking 4 km/hr = 160 kcal/hr (Dietary Guidelines for Indians - A Manual, NIN, ICMR, 2011). Calories burned during physical activity depends on varied factors including body weight. **Product contains Steviol glycosides which is derived from natural source i.e., Stevia plant leaves. **Refer pack for more details. **MRP is inclusive of all taxes.

New Year Resolution Digital Campaign

DIGITAL

-  Digital Film
-  Influencer Activation
-  Consumer Content
-  10 million+ Reach



HOME MAKER INFLUENCER



LIFESTYLE | FASHION INFLUENCERS



HEALTH | FITNESS | YOGA INFLUENCERS



“Sugar Badlo, Health Badlo” TVC Campaign on Air



Brands campaigns during the Quarter

Zydus Wellness Limited

Everyuth Body lotion media campaign and influencer campaign



Complan re-launch supported with new TVC



Choco Spread TV Burst, Digital Campaign

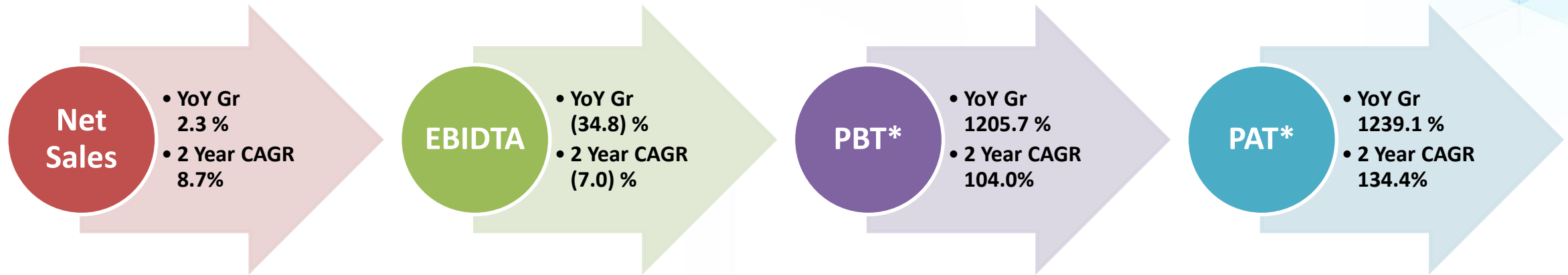


Recipe association with celebrity Shilpa Shetty, Chef Sanjeev Kapoor for NUTRALITE DoodhShakti



Quarterly Performance – Q3 FY 22

Zydus Wellness Limited



Net sales is growing at healthy CAGR of 8.7% over 2 years, despite pandemic induced setbacks on our summer season brand sales

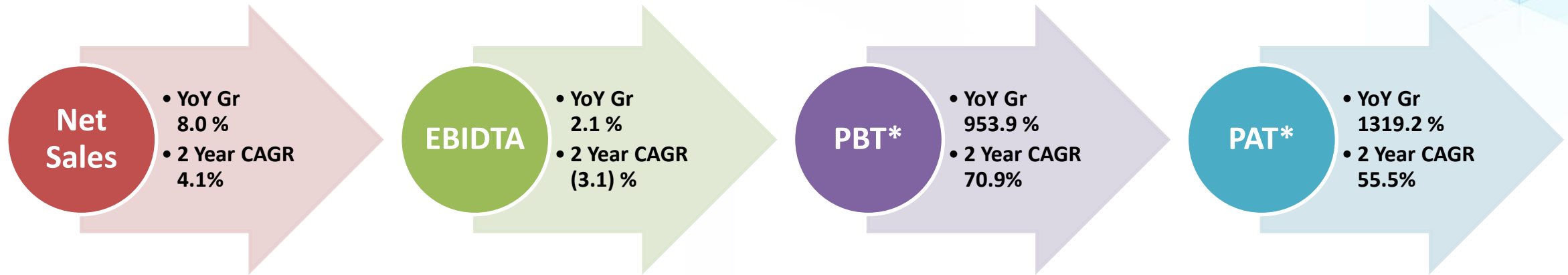
EBIDTA de-grew mainly due to impact on gross margins on account of product mix and inflationary price increases in key raw materials & packing materials

PBT after exceptional items is growing mainly due to reduction in finance cost due to repayment of intercompany loan and nil exceptional item in the current quarter compared to Rs.342 million in previous year comparable period

- PBT and PAT is after exceptional items
- The previous year comparable period includes exceptional items of Rs.342 million.

Year to Date Performance – Apr 21 to Dec 21- FY 22

Zydus Wellness Limited



Net sales is growing at 8.0% Y-o-Y , mainly due to loss of sales in Glucon-D and Nycil brands because of second wave of COVID-19 and subsequent impact

Impact on gross margins on account of inflationary price increases in key raw materials and packing materials

PBT after exceptional items is growing mainly due to reduction in finance cost due to repayment of intercompany loan and nil exceptional item in current year compared to Rs.1321 million in previous year comparable period

- PBT and PAT is after exceptional items
- The previous year comparable period includes exceptional items of Rs.1321 million.

Summary Financials Q3 - FY 22 & 9 months - FY 22

Zydus Wellness Limited

INR in Million

Particulars	Q3 FY 22	Q3 FY 21	Q3 FY 20	Growth % Vs. FY21	2 Year CAGR	9 Months FY 22	9 Months FY 21	9 Months FY 20	Growth % Vs. FY21	2 Year CAGR
Net Sales	3,849	3,764	3,257	2.3%	8.7%	13,533	12,529	12,494	8.0%	4.1%
Total Operating Income	3,881	3,816	3,327	1.7%	8.0%	13,693	12,609	12,789	8.6%	3.5%
Gross Contribution [GC]	1,874	2,085	1,731	-10.1%	4.1%	7,034	6,911	7,251	1.8%	-1.5%
HR Cost	382	384	372	-0.4%	1.4%	1,235	1,238	1,138	-0.2%	4.2%
Advertisement Expenses	532	568	309	-6.4%	31.2%	1,699	1,566	1,779	8.5%	-2.3%
Other Expenses	637	638	677	-0.2%	-3.0%	2,067	2,118	2,170	-2.4%	-2.4%
EBIDTA	323	495	373	-34.8%	-7.0%	2,033	1,990	2,165	2.1%	-3.1%
PBT	227	359	(8)	-36.7%	420.1%	1,746	1,117	1,012	56.4%	31.4%
Exceptional items*	-	342	46	-100.0%	-100.0%	-	1,321	414	-100.0%	-100.0%
PBT (after Exceptional items)	227	17	(55)	1205.7%	104.0%	1,746	(205)	598	953.9%	70.9%
PAT	233	17	42	1239.1%	134.4%	1,756	(144)	726	1319.2%	55.5%

- Exceptional items in the comparable previous year period of FY 21 is on account of premium paid on repurchase of Non-convertible debentures of INR 1500 crore
- Exceptional items in the comparable previous year period of FY 20 is on account of one time integration cost due to acquisition of HIPL

Annexure 1

INR in Million

Net Sales	CY 19	CY 20	CY 21	CAGR over 2 CY
January to March	4,013	4,848	6,008	
April to December	12,494	12,529	13,533	
January to December	16,507	17,377	19,540	8.8%
EBIDTA				
January to March	865	1,046	1,454	
April to December	2,165	1,990	2,033	
January to December	3,030	3,036	3,486	7.3%
PBT before exceptional items				
January to March	599	643	1,327	
April to December	1,012	1,117	1,746	
January to December	1,611	1,760	3,073	38.1%

- The above table is representing calendar year numbers and CAGR which is calculated based on the published financial year numbers

THANK YOU