



February 8, 2024

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

Code: 531 335

Listing Department
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex,
Bandra (E),
Mumbai-400 051

Code: ZYDUSWELL

Re: **Revised Investor Presentation**

Dear Sir / Madam,

Please find attached the revised Investor Presentation on the unaudited financial results for the quarter and nine months ended on December 31, 2023.

Please find the same in order.

Thanking you,

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

NANDISH P. JOSHI
COMPANY SECRETARY

Encl.: As above

Zydus Wellness Limited

Regd. Office: 'Zydus Corporate Park', Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle,
S. G. Highway, Ahmedabad – 382481, India.

Phone No.: +91-79-71800000; **Website:** www.zyduswellness.com

CIN: L15201GJ1994PLC023490

Q3 FY24 Earnings Presentation

February 8, 2024



Safe Harbour Statement

This presentation contains certain forward-looking statements including those describing Zydu Wellness's strategies, strategic direction, objectives, future prospects, estimates etc. Investors are cautioned that "forward looking statements" are based on certain expectations, assumptions, anticipated developments and other factors over which Zydu Wellness exercises no control. Hence, there is no representation, guarantee or warranty as to their accuracy, fairness or completeness of any information or opinion contained therein. Zydu Wellness undertakes no obligation to publicly update or revise any forward-looking statement. These statements involve a number of risks, uncertainties and other factors that could cause actual results or positions to differ materially from those that may be projected or implied by these forward-looking statements. Such risks and uncertainties include, but are not limited to: growth, competition, domestic and international economic conditions affecting demand, supply and price conditions in the various businesses in Zydu Wellness's portfolio, changes in Government regulations, tax regimes and other statutes. This document is a presentation and is not intended to be a prospectus or offer for sale of securities.

Agenda

Zydus Wellness:
A leading
Consumer Wellness
Company in India



Financial performance – Q3 FY 24



Operating environment- Overview



Brand Highlights



The Road Ahead



**Financial Performance
&
Operating Environment - Overview**

**Zy⁺dus
Wellness**

Buoyancy in few consumption spaces despite sluggish demand scenario



Sluggish Demand trend

- Urban performing ahead of Rural
- Delayed winters and low festive demand also impacting overall demand across sectors



Improvement in Commodities

- Commodity rates continues to moderate sequentially during the quarter
- Key inputs rates of Milk improved by 8% and Refined palm oil improved by 12% on Y-o-Y basis



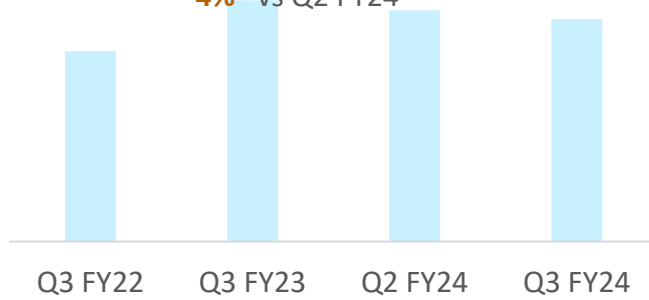
Global macroeconomic factors

- Currency devaluation impacting the purchasing power in some of the economies

Sequential moderation of key input rates helping steady recovery of Gross Margins

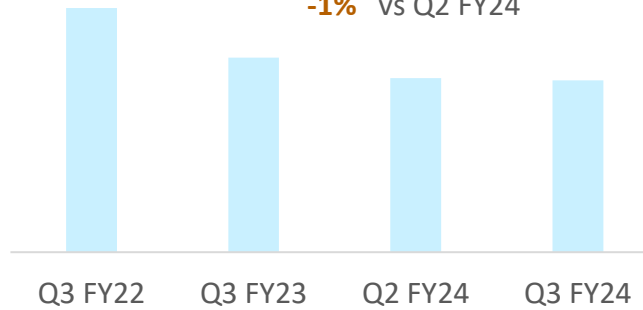
Milk

+17% vs Q3 FY22
-8% vs Q3 FY23
-4% vs Q2 FY24



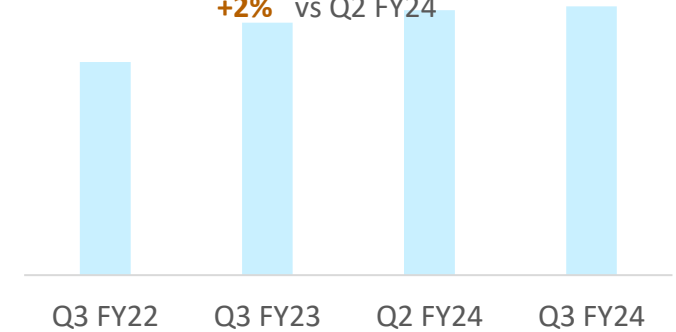
RPO*

-30% vs Q3 FY22
-12% vs Q3 FY23
-1% vs Q2 FY24



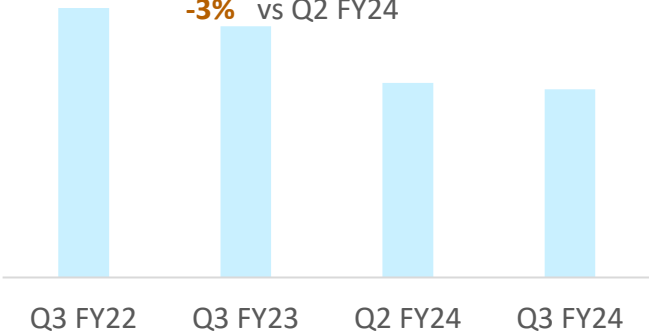
DMH*

+26% vs Q3 FY22
+6% vs Q3 FY23
+2% vs Q2 FY24



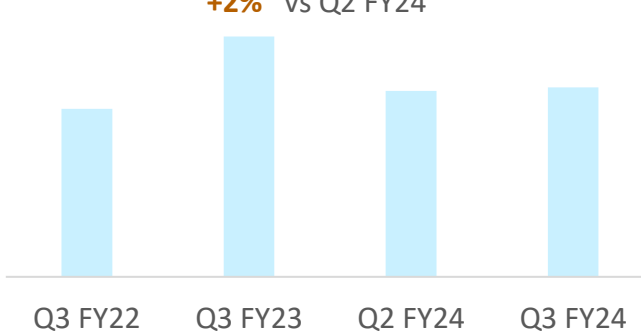
Aspartame

-30% vs Q3 FY22
-25% vs Q3 FY23
-3% vs Q2 FY24



Stevia

+13% vs Q3 FY22
-21% vs Q3 FY23
+2% vs Q2 FY24



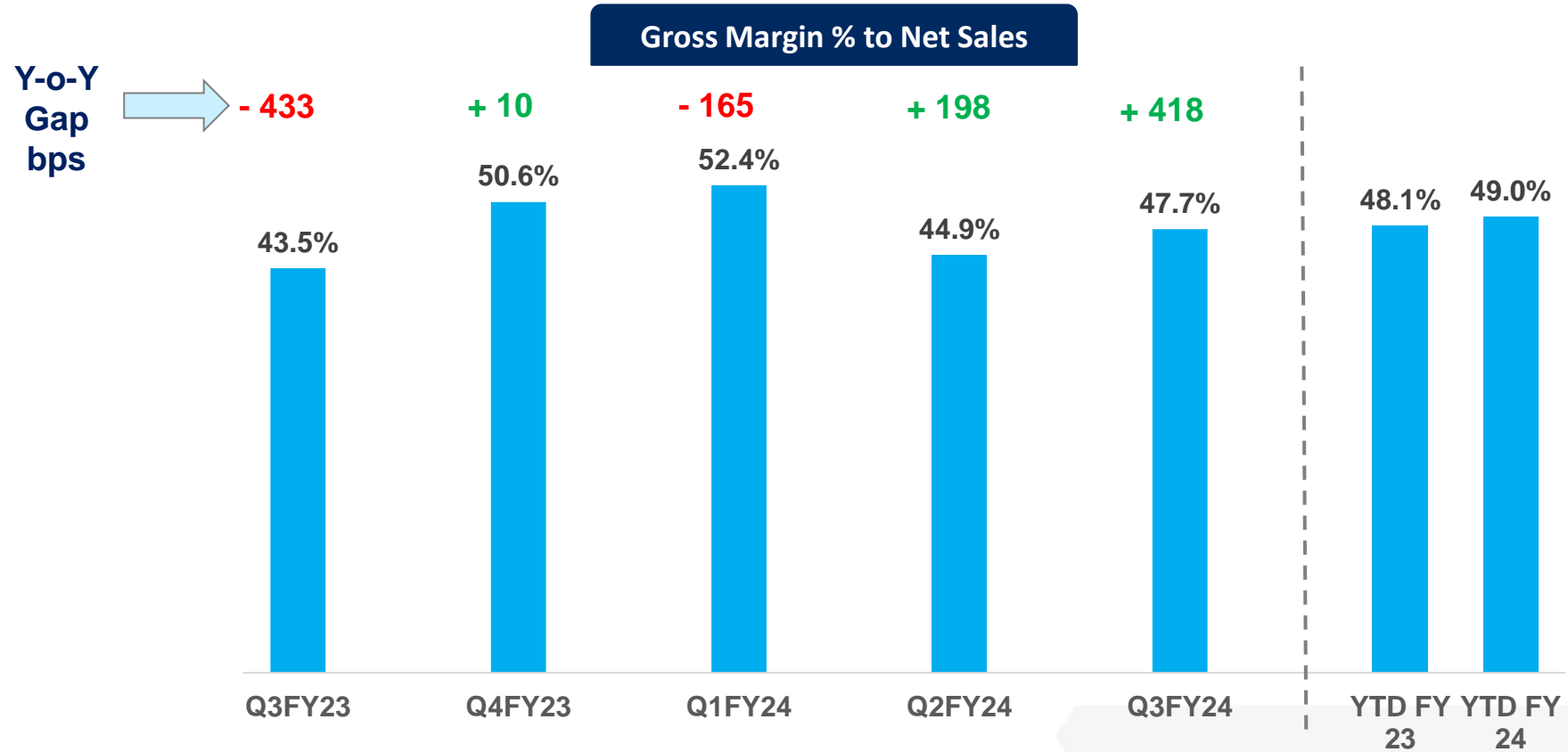
- Gross margin of non-dairy portfolio continued to improve
- Moderating milk rates helping to consolidate back dairy portfolio's gross margin

*RPO- Refined Palm Oil, DMH- Dextrose Monohydrate

Gross margin recovery with right actions...

Continuous efforts to improve gross margins with calibrated price increases across portfolio

Moderation of key input prices aiding gross margin recovery



Segment performance snapshot

Net Sales (INR Million)



Y-o-Y Gr. On Net Sales

3.1% ↓

*Q3 FY23 Net sales includes the sale of Sugarlite for the full quarter

Food & Nutrition



Sales Growth Y-o-Y

-5.1%

Personal Care



Sales Growth Y-o-Y

15.7%

Financial highlights for the Quarter

	Q3 FY24	
	INR Million	YoY Growth %
Net Sales	4,001	-3.1%
Total Income from Operations	4,030	-3.0%
Gross Contribution	1,938	6.3%
EBITDA	127	-55.1%
PBT	37	-80.9%
PAT	3	-98.5%

- ❑ Gross margin on net sales was at 47.7% (+418bps YoY)
- ❑ PAT includes 34 million rupees of deferred Tax liability, a non-cash item

Business Highlights

Zy⁺us
Wellness

Leaders in 5 out of 6 categories



Strengthen “Energy” credential with new launches

- Category leading brand with 99% plus brand recall
- ~60% market share in the category



Strengthening core through Relaunch of the Brand

- Focused on scientifically proven claims on memory and concentration and enhanced chocolate taste
- With 63% more protein than regular health drink



Replacing sugar in all forms of Consumptions

- India’s first low calorie sugar substitute with more than 95% market share
- Potential to be amongst top 3 global brands



Doubling each year after launch

- “Healthier Sugar” which is completely natural with 50% less calories than regular sugar
- Potential to be the next sizeable brand in sweeteners portfolio



Growing Faster than Market

- Scrub Volume market share from 34.8% in 2018 to 43.4%*
- New launches in previous years – Body lotions and Aloe Gel



A Leader getting stronger

- Market leading brand with heritage of over 65 years
- Strengthening leadership with Volume market share from 29.6% in 2018 to 36.8%*



Building ‘Dairy + Spread’ portfolio

- Leveraged milk sourcing to expand dairy segment with Doodhshakti Ghee in retail and institutional channels and Pro-biotic Butter

* As per MAT December 2023 Nielsen report

** Trade mark dispute for the brand Sugarlite is ongoing. The Honorable Supreme court has allowed to liquidate the existing inventory and let the litigation continue at trial court.

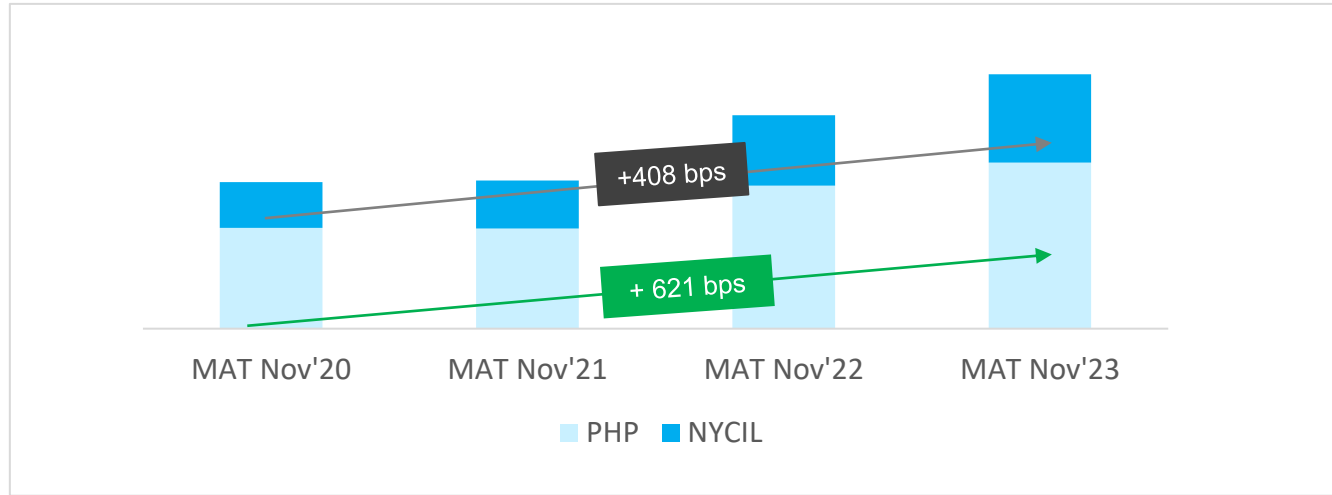
Building sustainable business performance



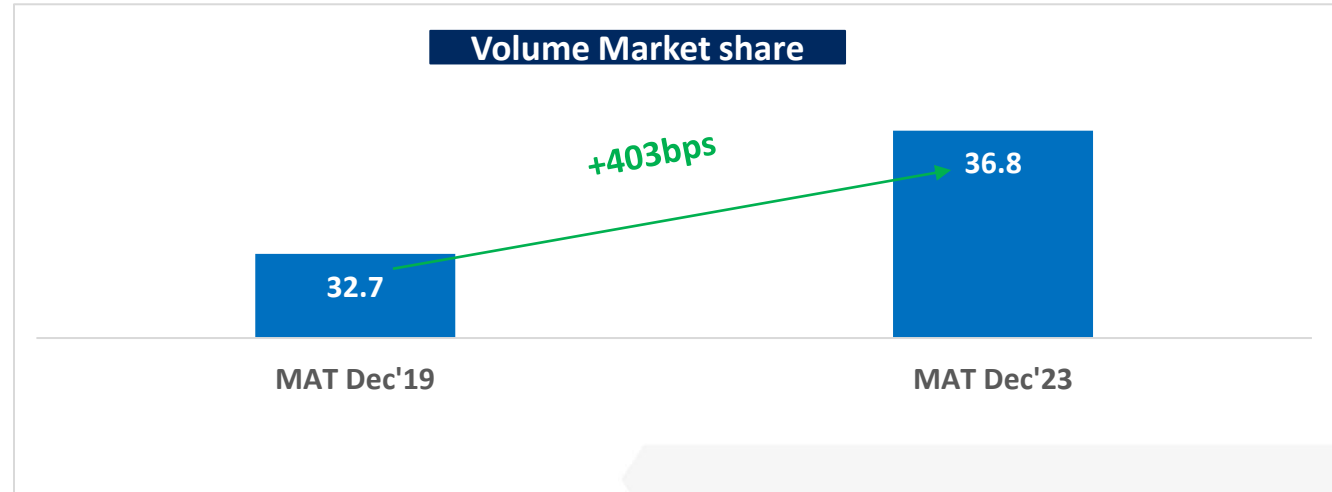
Driving the category growth



Driving the prickly heat powder category penetration#



Driving continuous volume growth*



*As per MAT December 2023 Nielsen report

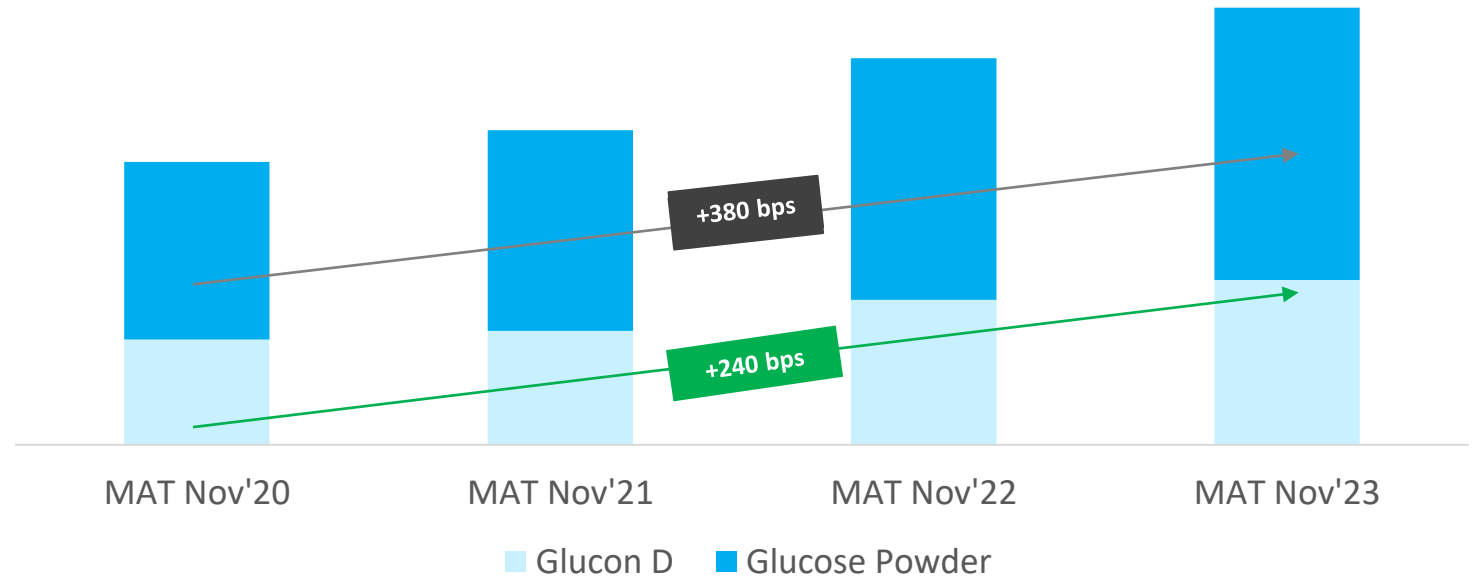
#As per MAT November 23 Kantar World Panel Household data

Driving the category growth



*Creative visualization. Glucon-D does not contain any fruits. Fruits are for creative depiction. *Contains Glucose. Glucose is an instant source of energy. *Vitamin C helps support immunity. Glucon-D flavour variants are a rich source of Vitamin C. They contribute to min. 10% of Adult RDA (ICMR-2020) of Vitamin C per serve, when prepared according to the label instruction. *Vitamin D2 helps support immunity. *Glucon-D regular is a rich source of Vitamin D2. Per Serve Vitamin D2 contribution: 17% of Adult RDA (ICMR-2020). Refer individual pack for more information. *Registered Trademark.

Recruiting new consumers for the Glucose powder category#



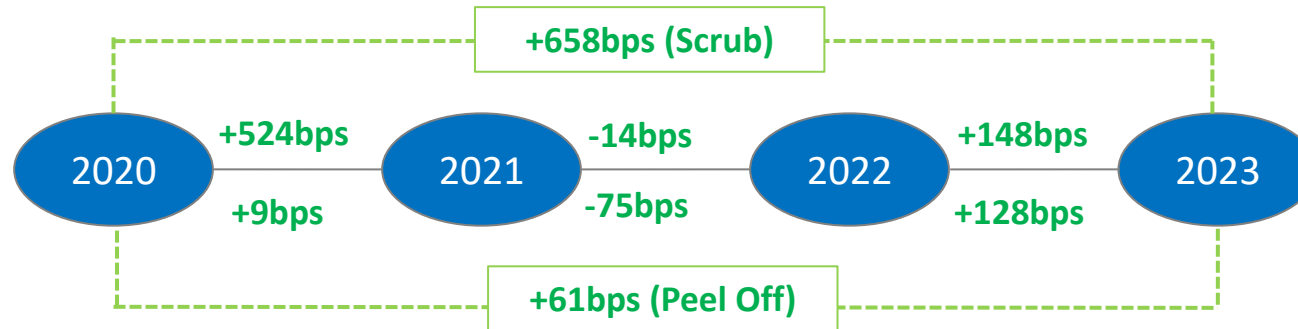
Consumption dropped in 2023 due to poor seasonality

Driving the category growth



Driving market share

- ❖ Widening the portfolio basket
- ❖ Driving double digit growth at 4 year CAGR[^]
- ❖ Superior product offering along with strong campaigns focused on recruiting new users
- ❖ Scrub and peel off continues to strengthen its leadership with growth in volume market share*



*As per MAT December 2023 Nielsen report

[^]Basis internal sales for Apr-Dec

Winning in Competitive Market



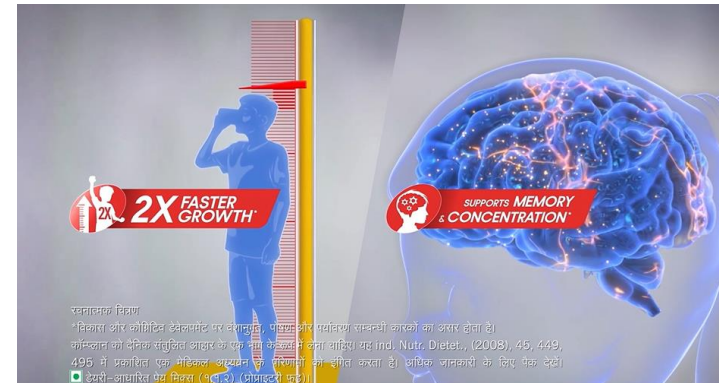
Franchise continues to grow

❖ Penetration# continues to grow for 3 successive years



❖ Volume offtakes* continue to grow ahead of the category

❖ Growth driven by stronger campaign with 360-degree activation and price pack architecture interventions



*As per MAT December 2023 Nielsen report

#As per MAT November 23 Kantar World Panel Household data

Winning in Competitive Market



Consistent strong volume growth

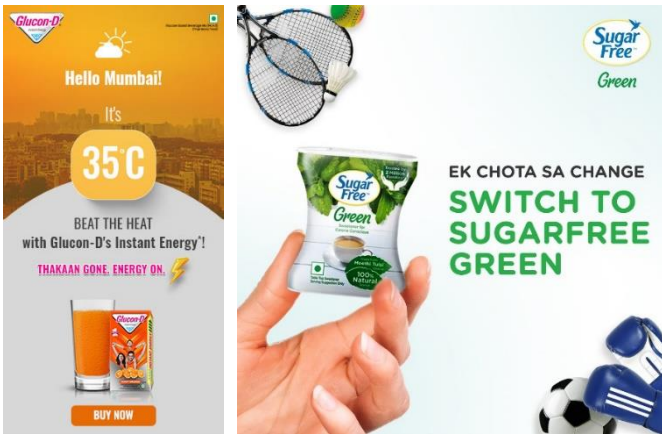
- ❖ Widening the portfolio basket
- ❖ Double digit growth at 4 year CAGR[^] with consistent volume growth driven by a wide portfolio and supported by focused B2B and B2C teams
- ❖ Continued to support the brand with digital media, e-com channel activations and consumer sampling initiatives



Building relevance to new age consumers

Efforts to leverage changing shopper behavior and target new age consumers fruitful

1 Channel specific innovative marketing initiatives



API based weather Ads

Moment marketing – relevant ads to cohorts



World's 1st ever cookery show on Metaverse

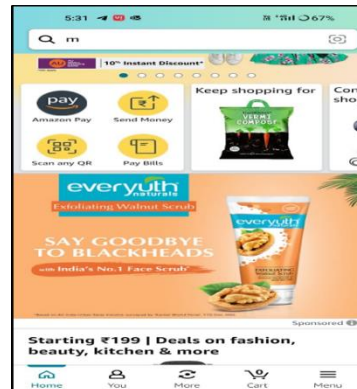
2 E-commerce exclusive packs & promotions



225g Powder Concentrate

400g Powder Concentrate

SF D'lite Chocolate range

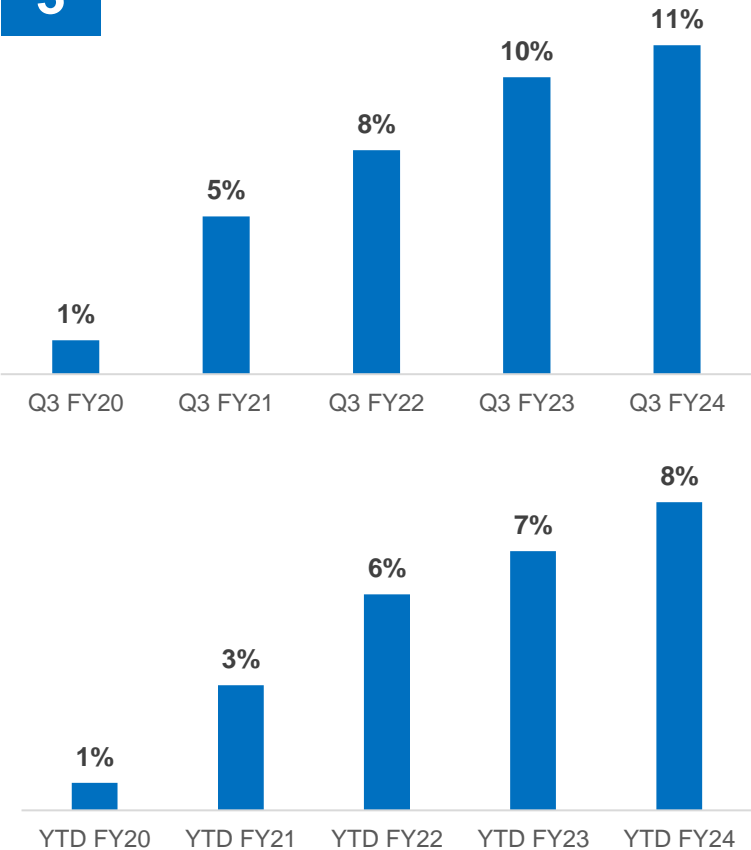


EY Scrub Visibility on Amazon



SF Homepage Visibility on Big Basket

3 E-commerce saliency[^]



[^]Basis internal company data

Navigating Challenges



Offtake continues to get stronger






- ❖ Sugar Free has maintained its number one position with a value MS of 96.0%*, +14bps YoY*
- ❖ Despite WHO report on safety concerns related to use of Non-Nutritive sweeteners, offtake* continues to grow for Sugar Free
- ❖ Ongoing legal case on Sugarlite regarding trademark continues to impact growth. Honorable Supreme Court has allowed to clear existing inventory towards the end of the third quarter.
- ❖ Driven by new campaign and distribution expansion, Sugar Free Green continues double-digit growth^ since last 11 quarters. Contribution to Sweeteners business has grown to ~ 7%^.
- ❖ New launch of Sugar Free Green SKU to drive better accessibility



*As per MAT December 2023 IQVIA report

^Basis internal sales

Continuing to strengthen brand leadership

										
Category	Glucose Powder	HFD	Sugar substitute	Blended Sugar	Prickly heat powder	*Facial cleansing	Scrub	Peel-off	Fat spread	Dairy
Mkt. Rank	1	5	1	NA	1	5	1	1	1#	NA
Mkt. Share %	60.0	4.3	96.0	NA	35.1	6.2	44.4	79.5	NA	NA
MS change YoY (in bps)	↑ +3	↓ -23	↑ +14	NA	↑ +0	↓ -17	↑ +263	↑ +113	NA	NA

Market share source: MAT December 2023 report as per Nielsen and IQVIA.

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

Market rank as per company estimate

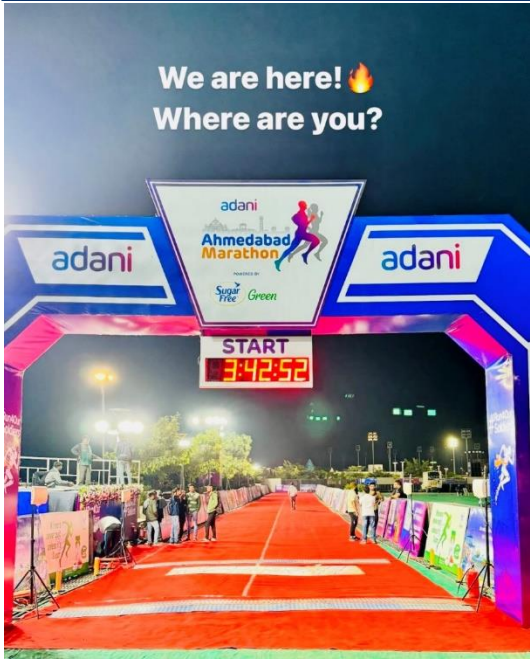
Campaigns and initiatives



Driving consumption of Sugar Free Green



Strategic association with Fitness event



SWEET MOMENTS



SWEET MOMENTS

Campaigns and initiatives

Digital initiatives to drive Nutralite Professional range



Participated in various forums like World Food India 23, Ahaar, Indus Food Expo 2024



Campaigns and initiatives



Upcoming new campaign with Celebrity Madhuri Dixit and Sneha

Complan Zydus Wellness

Complan's new campaign with Madhuri Dixit is ready to leave its impact across social media.

"I AM A COMPLAN BOY"

Complan with power of 100% milk proteins

- 100% naturally grown 2X faster growth!
- 100% naturally grown 2X faster growth!
- 24 vital nutrients and 100% milk proteins

NEW Royale Chocolate

[f](#) [@](#) /COMPLAN.INDIA
FOLLOW TO KNOW MORE

Complan Zydus Wellness

Complan's new campaign with Sneha is ready to leave its impact across social media.

"I AM A COMPLAN BOY"

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NEW Royale Chocolate

[f](#) [@](#) /COMPLAN.INDIA
FOLLOW TO KNOW MORE

Digital Initiatives - Complan Genius Quiz

Complan

Is your bright young star a **Genius**?

TAKE THE QUIZ TO FIND OUT!

See more

Complan Genius Quiz | It's Your Turn

Win exciting prizes

Ad - Complan

Attention Supermoms!

It's the last chance for your little stars to grab exclusive Amazon Vouchers & Samsung Tablets.

CONGRATULATIONS

To the champs on phenomenal performance

Divit Shah Smaran Abhishek Kumar

on Winning this Samsung Tablet

Participate now

Brand Awards and Recognitions



GOLD

Mobile Advertising
Excellence in Rich Media
Campaign

GOLD

Best use of Gamification
within Games

SILVER

Mobile Advertising
Excellence to amplify
content



E4M MARTECH-2023



AFAQS -2023



ET BRANDEQUITY-2023



MOBEXX AWARDS



Awards and Recognitions



Won 1st prize in 7th CII National Circle competition
"Best HR Practices in Effective Recruitment and Retention Strategy"



Bagged "Great Place to Work" certification
second time in a row with improved Trust scores

Continued momentum in International business..



- ❖ Sugar Free franchise and Complan constituting ~ 90% of the overall business
- ❖ Nigeria business remained subdued due to macro-economic issues, however Middle east business continues to move up
- ❖ Top 5 markets constitute ~80% of the business
- ❖ Launched new products expanding Sugar Free D'Lite and Complan portfolio

Targeting 8-10% of revenues in next 4 to 5 years



International Business – Widening the portfolio basket

Complan portfolio expansion in Nigeria



Sugar Free D'Lite portfolio expansion

Granola



Granola Bars



Instant Coffee & Hot Chocolate



Butter & Cashew Cookies



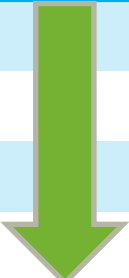
Chocolate Minis, Choco Almonds







Environmental, Social and Governance



ENVIRONMENTAL

Parameters – achieved	Impact	FY 2022-23 from FY 2021-22
Energy intensity		11.7% (2.04 from 2.31 per rupee of turnover)
Scope 1 & 2 emission		45.5% (0.06 from 0.11 per lakhs of turnover)
Water intensity		22.7% (1.7 from 2.2 per rupee of turnover)
Zero Liquid Discharge (ZLD)		Ahmedabad Plant – 100%

Targets – On track	From base year 2021-22
By FY 2028-29	<ul style="list-style-type: none"> •  15% emission •  20% energy intensity reduction •  15% water intensity reduction
By FY 2028-29	<ul style="list-style-type: none"> •  15% increase in renewable energy
By FY 2027	<ul style="list-style-type: none"> • Transitioning to fully recyclable multi-layer plastic.
By FY 2024	<ul style="list-style-type: none"> • ZLD at Sikkim plant by FY 2023-24.
Others	<ul style="list-style-type: none"> • Signed term sheet for 2 MW solar power project

SOCIAL



Invested 1,660 man-hours in safety trainings in FY 2022-23 (18% increase Y-o-Y basis)



Zero fatalities and lost days in all plants



Women workforce increased by 7% Y-o-Y basis



Set-up Zydus Wellness Institute, an educational initiative to advancing nutrition science and innovation. For more details refer:

<https://zyduswellnessinstitute.com/>

GOVERNANCE



At the board level, we have expanded the scope of the CSR Committee
→ Transformed CSR committee into the CSR & ESG Committee



Ahmedabad and Sikkim plants are ISO 14000 and ISO 45001 certified
Certification is in progress for Aligarh plant



Strengthened the policy framework and review mechanisms across
business processes and people matters to reflect the commitment on fair
and inclusive governance



Published ESG report for FY 2022-23 and applied for DJSI rating. For ESG
report refer: [https://www.zyduwellness.com/investor/ESG-Report-FY-22-
23.pdf](https://www.zyduwellness.com/investor/ESG-Report-FY-22-23.pdf)

The Road Ahead

**Zy⁺dus
Wellness**

Three Pillars to drive growth – staying on course



Accelerate Growth of Core Brands

Innovations to focus on portfolio diversification and expansion with an aim to recruit new customer

Differentiated propositions supported by strong GTM



Build International Presence

Build scale in international business by focusing on SAARC, MEA and SEA and suitable innovations to grow them further

Enter new markets with relevant offering



Significantly Grow Scale

Open to bolt-on acquisitions at the right time

Growing the customer base with increased penetration

The building blocks

Category Building

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



Leading Route to Market

- Plan to enhance distribution
infra and direct coverage
over next 3 years
- Invest in capabilities; for
converging Offline & Online
trade
- Engage shoppers at multiple
touch points



Digital backbone to decision making

- Digitizing the whole value
chain – Sourcing to
fulfillment
- 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



Building Route to market to adapt shifting channel mix



Organized Trade

- Channel mix shift towards MT+Ecom from 17.5% (FY22) to 21.2% (Q3 FY24)
- E-com continuing good growth, contributing to 9% of sales in Q3 FY24 (vs 8.0 % same period prev. year)
- Leverage changing shopper behaviour by investing in building stronger presence and efficient spends on visibility and Promotions



Traditional Trade

- Direct reach ~6 lakhs stores expansion across sub channels, plan to take it to ~7 lakhs in the coming quarters
- Plan to take overall availability of our products from current 2.9 * million stores to 3.5 million as reported by Nielsen
- Rural distribution continues to be opportunity for growth. Currently contributes to 50% * of total stores present



Building future ready capabilities in S&D

- Implementation underway for dashboarding of key KPI's as enablers for real time decision making
- Digitization till last mile sales
- Reduced cost to serve through distributor disintermediation in organized trade

Appendix

Zy⁺dus
Wellness

Financial Summary – P&L

INR Million	Q3 FY24	Q3 FY23	YoY Gr. %	YTD FY24	YTD FY23	YoY Gr. %
Net Sales	4,001	4,130	-3.1%	15,372	15,327	0.3%
Total Operating Income	4,030	4,156	-3.0%	15,452	15,418	0.2%
Gross Contribution	1,938	1,824	6.3%	7,618	7,465	2.0%
<i>Gross Contribution Margin-(% of net sales)</i>	<i>47.7%</i>	<i>43.5%</i>		<i>49.0%</i>	<i>48.1%</i>	
HR Cost	442	351	25.9%	1,398	1238	12.9%
Advertisement Expenses	494	442	11.8%	2,045	1921	6.5%
Other Expenses	875	748	17.0%	2,715	2380	14.1%
EBITDA	127	283	-55.1%	1,460	1,926	-24.2%
<i>EBITDA Margin</i>	<i>3.2%</i>	<i>6.8%</i>		<i>9.4%</i>	<i>12.5%</i>	
PBT	37	194	-80.9%	1,199	1,675	-28.4%
Exceptional items	0	0	0.0%	142	29	
PBT (after Exceptional items)	37	194	-80.9%	1,057	1,646	-35.8%
PAT	3	196	-98.5%	1,166	1,651	-29.4%
<i>PAT Margin</i>	<i>0.1%</i>	<i>4.7%</i>		<i>7.5%</i>	<i>10.7%</i>	
Adjusted PAT	3	196	-98.5%	1,308	1,680	-22.1%
<i>Adjusted PAT Margin</i>	<i>0.1%</i>	<i>4.7%</i>		<i>8.5%</i>	<i>10.9%</i>	

Zydus Wellness Limited

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