

May 17, 2022

Listing Department

BSE LIMITED

P J Towers, Dalal Street, Fort,
Mumbai-400 001

Code: 531 335

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 audited financial results for the year ended on March 31, 2022.

Please find the same in order.

Thanking you,

Yours faithfully,

For, **ZYDUS WELLNESS LIMITED**

UMESH V. PARIKH

CHIEF FINANCIAL OFFICER

Encl.: As above



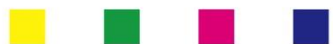
Q4 FY22 & FY22 Earnings Presentation

May 17, 2022



Safe Harbour Statement

This presentation contains certain forward-looking statements including those describing Zydus 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 Zydus 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. Zydus 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 Zydus 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**



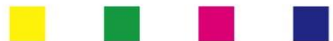
Financial performance – Q4 and FY22



Business, Brand performance



The Road ahead



Q4 FY22 and FY22 Performance

INR Million	Q4 FY22			FY22		
		YoY Growth %	2-Yr CAGR		YoY Growth %	2-Yr CAGR
Net Sales	6,352	+5.7%	+14.5%	19,885	+7.3%	+7.1%
Total Income from Operations	6,398	+5.6%	+14.5%	20,091	+7.6%	+6.6%
EBITDA	1,415	-2.7%	+16.3%	3,448	+0.1%	+3.6%
Reported PAT*	1,333	+0.1%	+38.9%	3,089	+160.1%	+47.6%
Adjusted PAT	1,333	+0.1%	+36.1%	3,089	+23.1%	+28.9%

- ❑ Net Sales grew by 5.7% (volume growth 0.4%) for the quarter and by 7.3% (volume growth 2.3%) for FY22
- ❑ Gross margins as a percentage to net sales have sequentially improved by 264 basis points on the back of price increases and cost improvement measures, however margin continues to remain under pressure due to rising inflation
- ❑ The Company repaid debt of Rs 168.2 crores during FY 22, thereby further reducing the finance cost
- ❑ The Return on Capital Employed (ROCE) of the Company has improved by 267 basis points and is now at 6.7%

**Previous year comparable period includes exceptional item of Rs.1321 million*

Leaders in 5 out of 6 categories

Increased Penetration and Innovations



Strengthen “Energy” credential with wider use cases

- Category-leading brand in Glucose powder with 99% plus brand recall
- Within 18 months of launch, ImmunoVolt has acquired 27.4% 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

- India’s first low calorie sugar substitute with 96% 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
- Could be next sizeable brand in sweeteners portfolio



Growing Faster than Market

- Category Gr.: 12% Growing much faster than category
- Scrub Volume market share from 34.80% in 2018 to 42.1%*
- NPD Launch: Body Lotion



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 37.3%*



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 March 2022 Nielsen report

Brands Market Share update

										
Category	Glucose Powder	MFD	Sugar substitute	Blended Sugar	Prickly heat powder	*Facial cleansing	Scrub	Peel-off	Fat spread	Dairy
Mkt. Rank	1	4	1	NA	1	5	1	1	1#	NA
Mkt. Share %	58.5	5	95.7	NA	33.7	6.5	39	76.2	NA	NA

- Market share source: MAT March 2022 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

Brand performance update – HFD, Glucose Powder



Strengthening core through Relaunch of the Brand



2X FASTER GROWTH
CLINICALLY PROVEN

MEMORY CONCENTRATION



Strengthen “Energy” credential with wider use cases



- As per Nielsen, the Health food drinks category has slowed in Q4. We are confident to grow ahead of the category in this segment with our campaigns and other actions.
- During the fourth quarter, we launched a new campaign “**Pack palto, fark dekho**” emphasizing on its narrative focused on right nutrition leading to better growth.
- Launched creamy classic pouch pack in West Bengal with a promo offer
- The brand’s market share stood at 5.0% in the Health Food Drink (HFD) category as per MAT March 2022 report of Nielsen

- Early onset of summer in last quarter of financial year in key markets has helped the brand recover and post a double-digit growth for the financial year.
- Immunovolt is delivering steady growth and supported by campaigns and distribution drives
- Glucon-D has maintained its No 1 market share @ 58.5% in the glucose powder category as per MAT March 2022 report of Nielsen

Brand performance update – Personal Care



Growing Faster than Market



- ❑ The facial cleansing category grew by 12% and Everyuth outpaced the category growth and registered a strong double-digit growth during this FY.
- ❑ Everyuth Scrub has maintained its No 1 position with a market share* of 39.0% in the facial scrub category, an increase of 367 basis points YoY.
- ❑ Everyuth Peel off has maintained its No 1 position with a market share* of 76.2% in the Peel off category.
- ❑ Everyuth brand is at number 5 position with market share* of 6.5% at overall facial cleansing segment level



A Leader getting stronger



- ❑ Nycil brand sales got impacted for the second consecutive year due to the second wave of Covid 19. However, the brand continues its leadership position in the prickly heat segment supported by consumer offers and ATL initiatives.
- ❑ Looking forward to a very good summer this year which will help gain market share.
- ❑ Nycil has maintained its No 1 position with a market share of 33.7% in the prickly heat category.

▪ Market share source: MAT March 2022 report as per Nielsen.

Brand performance update – Dairy, Spreads, Sweeteners



Building 'Dairy + Spread' portfolio



- ❑ Nutralite has delivered a strong double-digit growth for the year. In the Spread category, Mayonnaise business has doubled YoY
- ❑ Nutralite DoodhShakti dairy portfolio, which was impacted after launch due to the Covid second wave, began getting traction in the 2H of the FY. It was supported by TV, print and digital campaigns
- ❑ Nutralite DoodhShakti Professional Ghee was launched in Mar 2022 to expand its presence in the institutional channel



Replacing sugar in all forms of consumptions



- ❑ The Sweeteners portfolio witnessed low single-digit growth on a higher base of last year. However, the portfolio has posted a healthy double-digit CAGR growth over 2 years. Sugar Free brand is firmly holding the ground and the Company's market share* stood at 95.7%.
- ❑ Category facing challenges as higher proportion of diabetics succumbed to COVID wave 2, thereby putting pressure on related consumption
- ❑ Stevia-led range of SugarFree Green registered a high growth rate and is helped drive the e-commerce first approach.
- ❑ Sugarlite continues to grow at a high double-digit during the year with consistent support on ATL and digital front to recruit new consumers into the "healthier sugar" segment

*Market share source: MAT March 2022 report of IQVIA

Launches in FY22



New Complan re-launched with enhanced proposition, improved chocolate taste, new packaging - supported by new TVC and consumer offers



New Launches in International markets
 Launched new Variants of Complan
 Sugar Free D'Lite Cookies and chocolate spread



New Everyuth Body Lotion Range – a strategic extension into Skin Care space



NL Doodhshakti Professional Pure Ghee 1L Pouch
 Launch – Mar'22, for expanding reach in food services/institutional/ HoReCa channels

Brands campaigns during the quarter - Digital

Butter way to do Recipes!



What's in your Fridge?



#ChotiMotiBhookh

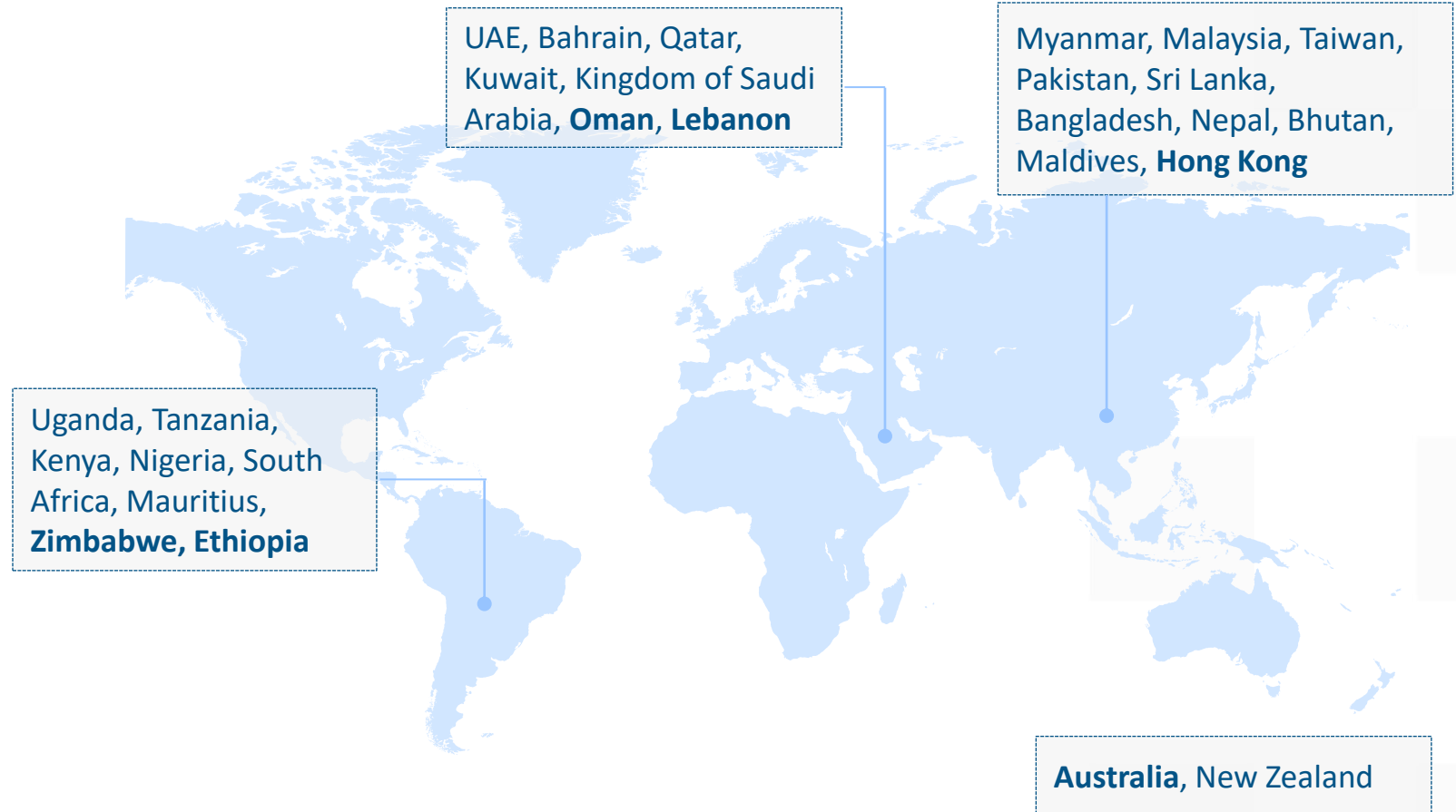


Digital post promotions

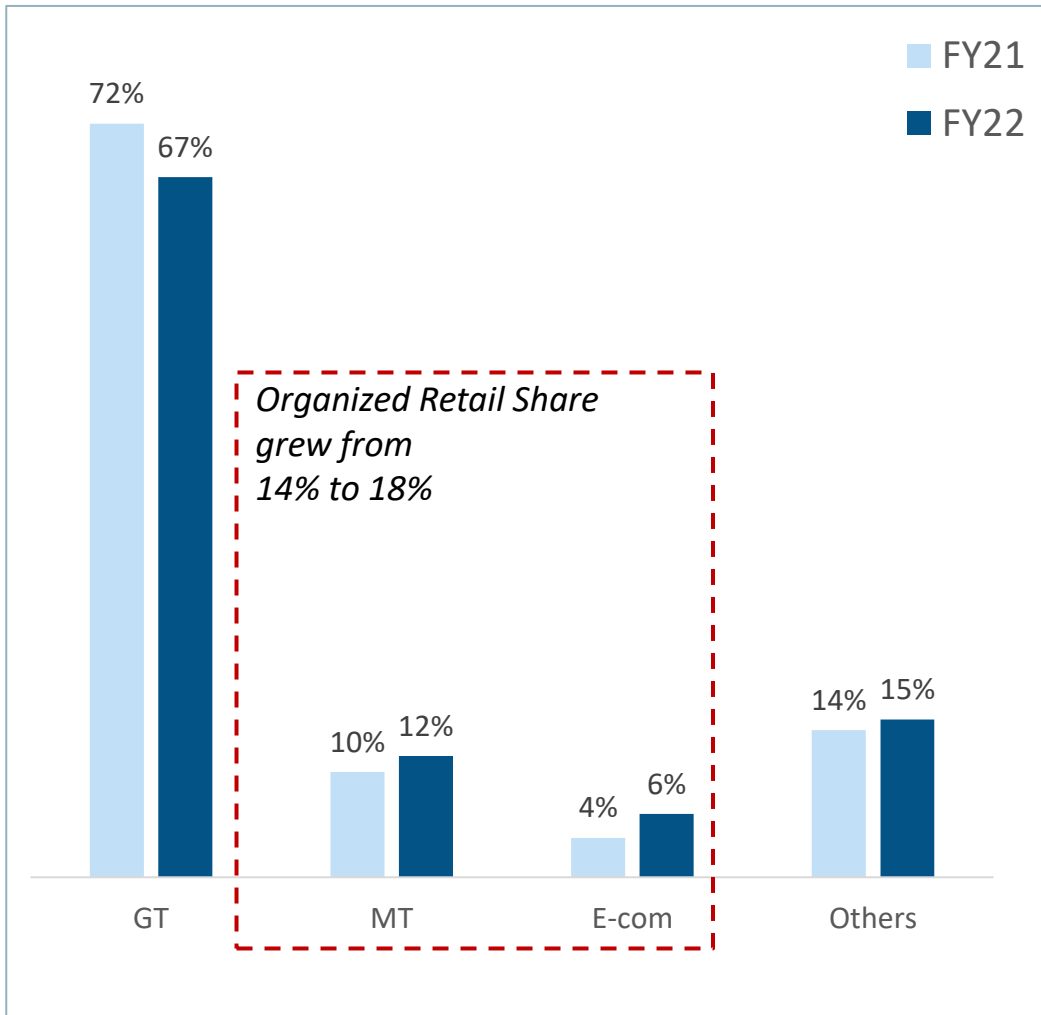


International Business

- ❑ 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
- ❑ Entered new geographies like Hongkong, Lebanon, Zimbabwe, Muscat, Ethiopia and Australia during the financial year
- ❑ Launched new extensions to Sugar free - Sugar Free D'Lite Cookies and Sugar Free D'Lite Chocolate spread - in international markets
- ❑ International business continues to grow at high double digits
- ❑ Likely to cross Rs 100 crores in FY23; targeting 8-10% of revenues in 4-5 years



Shifting shopping behaviour



Leveraging changing shopper behaviour, capitalized by investing in building stronger presence in Organized Trade

- ❑ Focused spends on Visibility and Promotions
- ❑ Driving awareness and consideration through targeted digital engagements

Building capabilities in Sales & Distribution

- ❑ Digitization till last mile sales
- ❑ Expansion well spread over all sub channels like Grocers, Pharmacy, cosmetic and SAMT

Headwinds in FY22...continuing into FY23

Key Raw Materials	Milk	RPO*	Aspartame	DMH*	Diesel
% Increase in Rs/Kg Mar 19 vs. Mar 22	24%	106%	46%	3%	33%
% Increase in Rs/Kg FY 21 vs. FY 22	8%	39%	40%	6%	21%

FMCG Industry facing same headwinds in FY

- ❑ Inflation in key raw material and packing materials prices impacting Gross Margins across companies
- ❑ Muted volume growth driven by inflationary pressure. Impact of inflationary pressure more in rural vs. urban
- ❑ 4Q deteriorated vs. 3Q in terms of volume growth
- ❑ Gross Margin impact across top companies ranges from 100-400 bps

- ### ZWL actions to mitigate gross margin hit -
- ❑ Calibrated price increases
 - ❑ Cost reduction programs
 - ❑ Control over discretionary spends
 - ❑ Long-term supply contracts
 - ❑ Build-up of RM inventory at opportune time

*RPO- Refined Palm Oil, *DMH-Dextrose Monohydrate



Multiple levers to offset the cost inflation

Building an Efficient Supply Chain

- Digitalization for better demand and supply planning
- Strategic long-term partnership for key ingredients
- Building capabilities to manage volatile commodity prices
- Unification of ambient & cold chain warehouses
- Leveraging combined entity spends for sourcing efficiently

Reorganizing Manufacturing Operations

- Distributed manufacturing for business continuity. Glucon-D at 3 facilities, Sugarlite/Complan at 2 facilities
- Best-in-class processes to improve efficiencies
- Reduced cost of production
- Reduce variable cost through automation

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

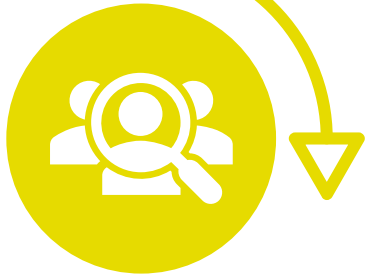
Growing the customer base with increased penetration



The building blocks

Category Building

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



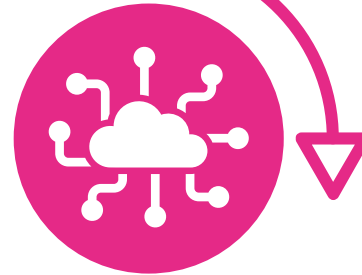
Leading Route to Market

- Enhanced distribution infra –
3Mn+ reach (with 1 Mn direct
coverage)
- 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
- 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



Innovation to drive differentiation...



- ❑ **New R&D facility at Ahmedabad to drive innovations that are “Good for You”**
- ❑ Strong team of Post Docs, PHD’s and technology experts with global experience
- ❑ Tie ups with top academic and research institutions in India and abroad
- ❑ Promoting user friendly and eco-friendly packaging development backed by strong packaging and design team

Awards and Recognitions



Campaign Name – India Ka Longest Breakfast Table

- ✓ Silver - Use of User Generated Content Category

Received from DigiPlus Awards



Campaign Name – India Ka Longest Breakfast Table

- ✓ Gold - Content Marketing (CPG_F&B)
- ✓ Bronze - Experiential (CPG)
- ✓ Bronze - Marketing Excellence During COVID-19 Lockdown (F&B)

Received from AdGully DIGIXX Awards



Awards and Recognitions



Integrated Manufacturing excellence initiatives by Kaizen Hansei

- IMexI Award - Aligarh plant
- IMexI - Sikkim plant

NAMC (National award for manufacturing competitiveness) by IRIM (International Research Institute for Manufacturing)

- NAMC Diamond Trophy (National award for manufacturing competitiveness) – Ahmedabad Plant
- NAMC Gold Award - Aligarh Plant
- NAMC Silver Award – Sitarganj Plant



World HRD Congress

- ✓ CEO with HR Orientation
- ✓ Organization with Innovative HR Practices
- ✓ Dream Employer of the year



Summary Financials FY22 & 4Q FY22

	4Q FY21	4Q FY22	YoY Growth	2Y CAGR		FY21	FY22	YoY Growth	2Y CAGR
Net Sales	6,008	6,352	5.7%	14.5%		18,537	19,885	7.3%	7.1%
Total Operating Income	6,057	6,398	5.6%	14.5%		18,667	20,091	7.6%	6.6%
Gross Contribution	3,307	3,254	-1.6%	11.2%		10,218	10,287	0.7%	2.0%
HR Cost	400	401	0.1%	-2.6%		1,638	1,636	-0.2%	2.4%
Advertisement Expenses	730	648	-11.2%	18.3%		2,296	2,348	2.2%	2.3%
Other Expenses	723	790	9.2%	6.4%		2,840	2,857	0.6%	-0.2%
EBIDTA	1,454	1,415	-2.7%	16.3%		3,444	3,448	0.1%	3.6%
PBT	1,327	1,314	-0.9%	43.0%		2,443	3,060	25.2%	36.0%
Exceptional items						1,321			
PBT (after Exceptional items)	1,327	1,314	-0.9%	46.2%		1,122	3,060	172.7%	58.9%
PAT	1,331	1,333	0.1%	38.9%		1,187	3,089	160.1%	47.6%
Adjusted PAT	1,331	1,333	0.1%	36.1%		2,509	3,089	23.1%	28.9%



THANK YOU

