



August 2, 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: **Investor Presentation**

Dear Sir / Madam,

Please find attached the Investor Presentation on the unaudited financial results for the quarter ended on June 30, 2024.

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

Q1 FY 2024-25 Earnings Presentation

August 2, 2024



Zydus
Wellness

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

- Operating environment- Overview
- Financial performance
- Business Highlights
- The Road Ahead



**Operating Environment – Overview
&
Financial Performance**



Demand trending upwards, so are the commodities prices



Positive demand uptick

- Demand trend shows a positive momentum witnessing growth across categories
- Rural demand outpacing the urban growth narrowing the consumption gap
- Organized trade continues to shine with upward momentum for both E-Com and Modern trade



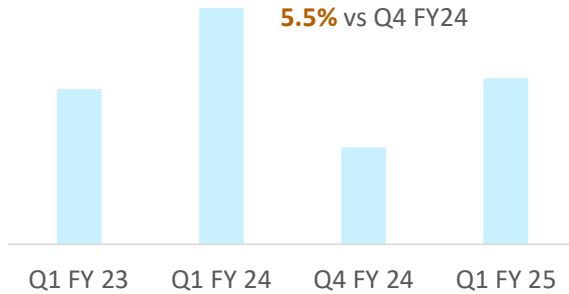
Mixed trend in Commodities

- Commodity rates on a rising trend sequentially for some key inputs
- Overall minimal impact on margins

Key input rate trends towards recovery of Gross Margins

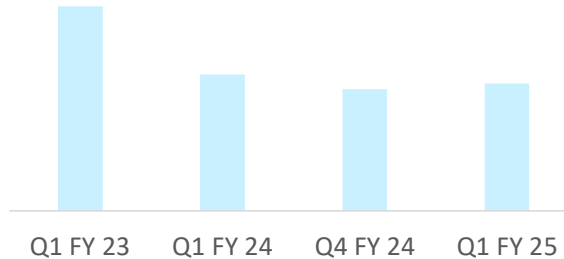
Milk

0.8% vs Q1 FY23
-5.1% vs Q1 FY24
5.5% vs Q4 FY24



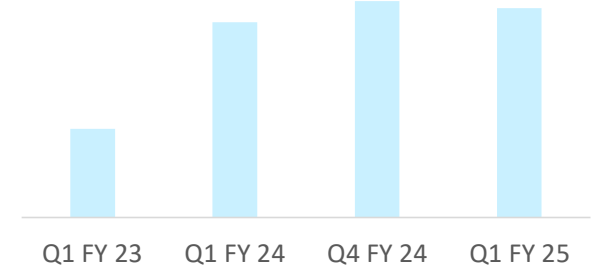
Edible oils*

-37.6% vs Q1 FY23
-6.5% vs Q1 FY24
+4.8% vs Q4 FY24



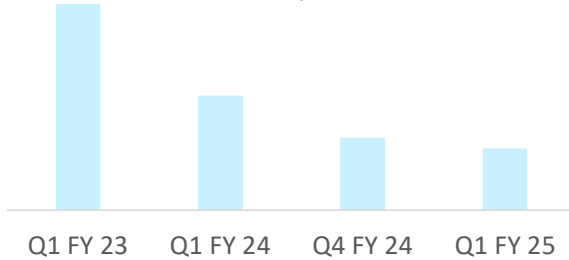
Dextrose Monohydrate

+14.0% vs Q1 FY23
+1.5% vs Q1 FY24
-0.7% vs Q4 FY24



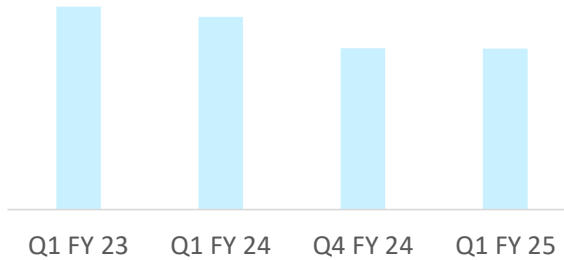
Sucralose

-70.0% vs Q1 FY23
-46.1% vs Q1 FY24
-14.7% vs Q4 FY24



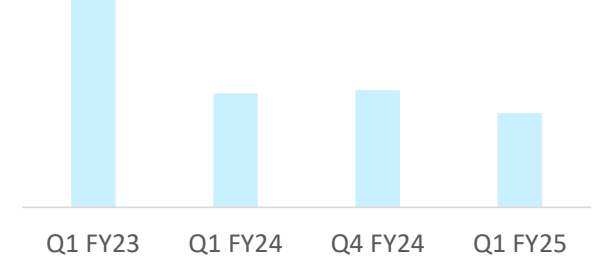
Stevia

-20.6 vs Q1 FY23
-16.4% vs Q1 FY24
-0.2% vs Q4 FY24



Diesel

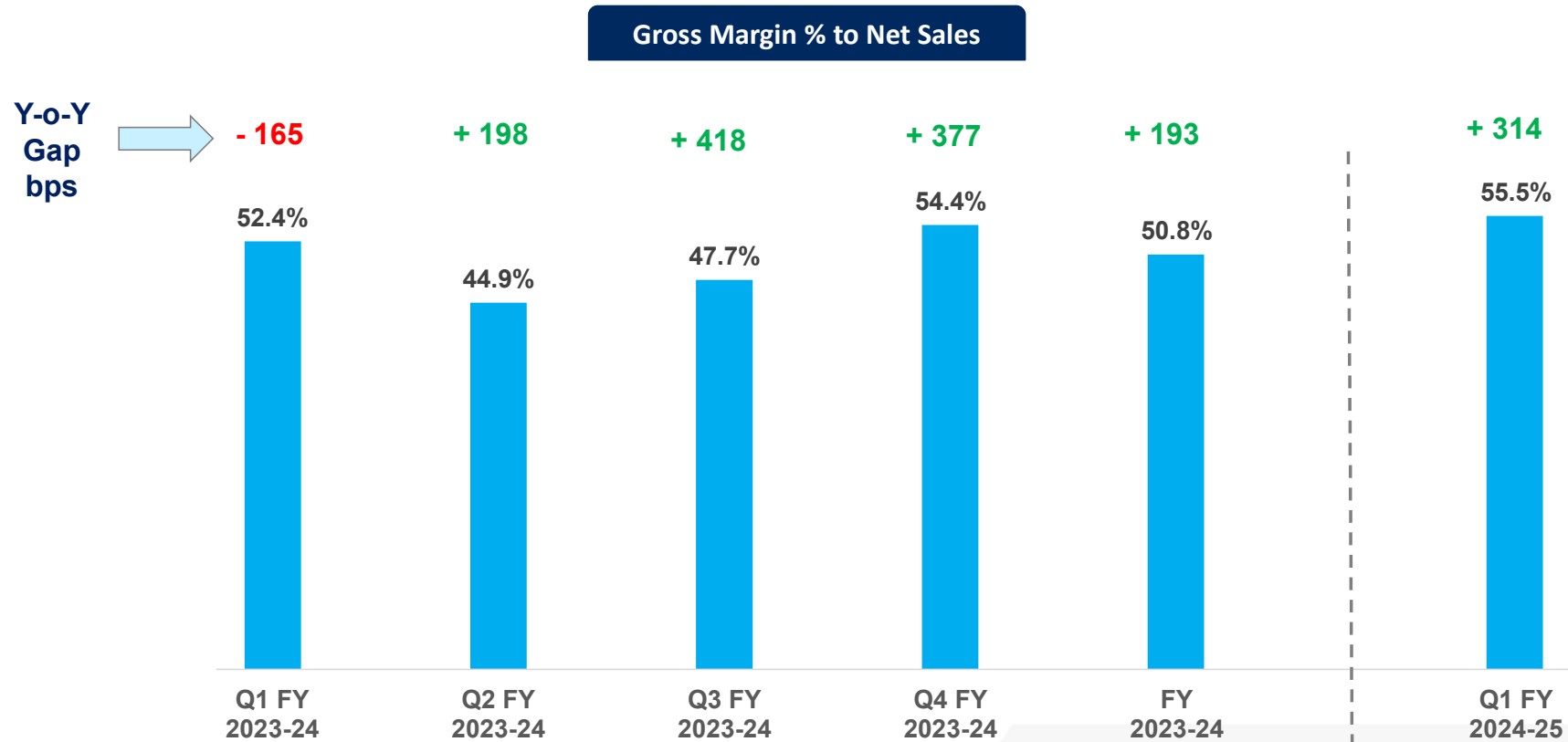
-13.9 vs Q1 FY23
-2.3% vs Q1 FY24
-2.7% vs Q4 FY24



* Edible oils include - Refined Palm Oil and all other oils that are used as inputs.

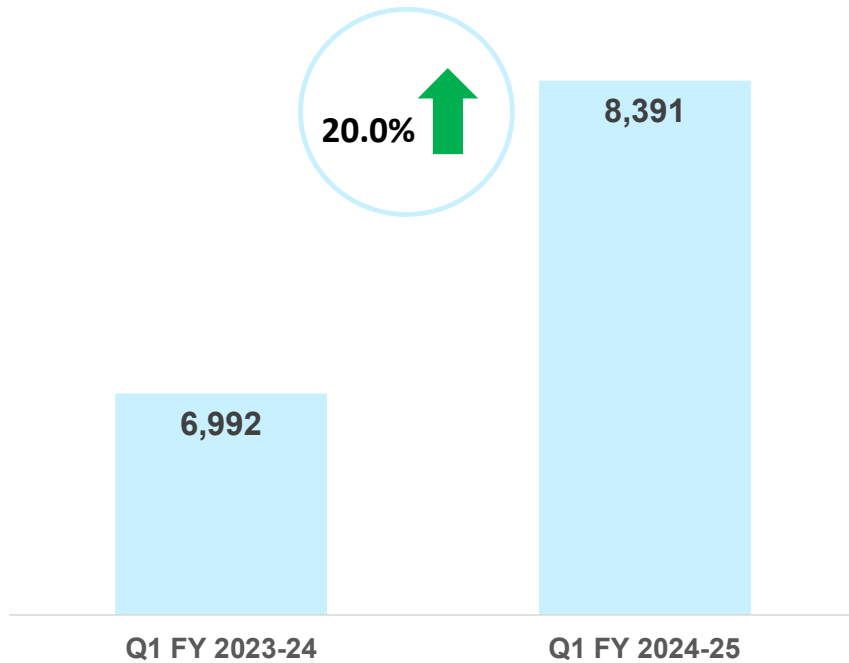
Gross margin continued to be improve

Effective hedging strategy, Favourable product mix and Tactical price increase helped drive gross margin expansion



Segment performance snapshot

Net Sales (₹ in Millions)



Food & Nutrition



Growth Y-o-Y

15.0%

Personal Care



Growth Y-o-Y

41.8%

Financial highlights for the Quarter

INR Millions	Q1 FY 24-25	Q1 FY 23-24	YoY Growth %
Net Sales	8,391	6,992	20.0%
Total Revenue from operations	8,410	7,021	19.8%
Gross margins	4,677	3,691	26.7%
Gross margins (% to net sales)	55.5%	52.4%	+314 bps y-o-y
EBITDA	1,553	1,165	33.3%
PBT	1,516	934	62.3%
PAT	1,477	1,104	33.8%
Adjusted PAT ^(d)	1,477	1,058	39.6%

- Other expenses grew by 27.7% y-o-y basis, driven up by the cost of strategy consultant. Excluding this cost, other expenses grew by 6.0%.
- Other income (net of finance cost) has turned positive due to the repayment of all borrowings, making it debt-free.
- Adjusted PAT grew by 39.6% on a year-on-year basis after eliminating exceptional items and one-time deferred tax assets from the comparable quarter of previous year

Business Highlights

Zydus
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
- New launch - Complan Immuno-Gro Product in select state



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
- Upgraded Sugar Free Gold to Sugar Free Gold+ with a new formulation Sucralose + Chromium



Building a healthier sugar brand

- “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 44.3%*
- New launches – Eveyuth pink clay & charcoal infused Anti-pollution range



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 36.4%*
- New launch– Nycil Soap in international market



Building ‘Dairy + Spread’ portfolio

- Leveraged milk sourcing to expand dairy segment with Doodhshakti Ghee in retail and institutional channels and Pro-biotic Butter
- New launches - Nutralite Professional Mayonnaise with Tandoori range and Nutralite Retail Mayonnaise with carrot & cucumber sandwich spread

* As per MAT June 2024 Nielsen report

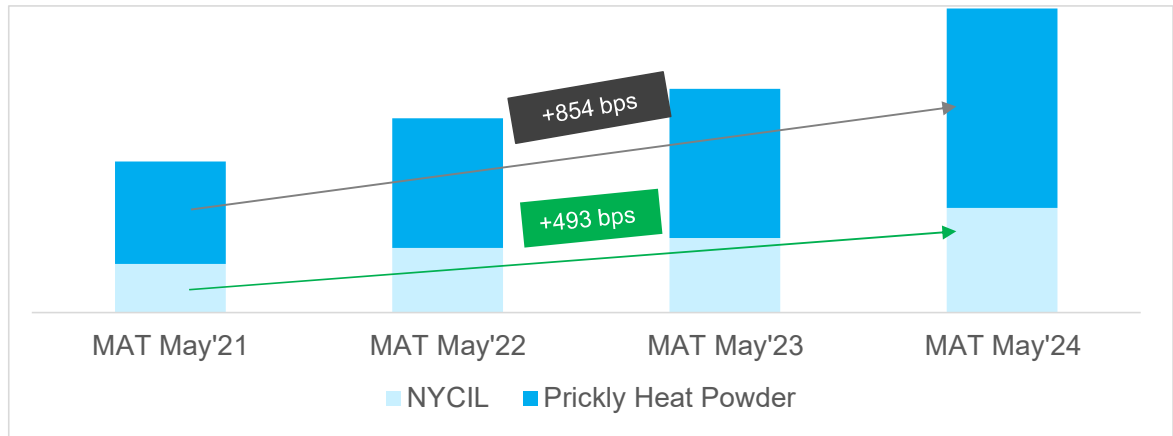
Building sustainable business performance



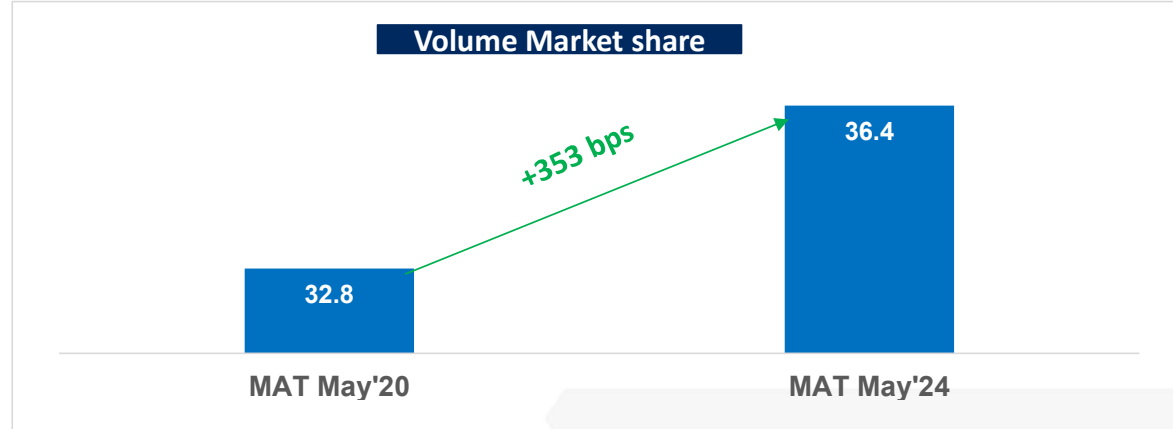
Driving the category growth



Driving the prickly heat powder category penetration#



Driving continuous volume growth*



*As per MAT May 2024 Nielsen report

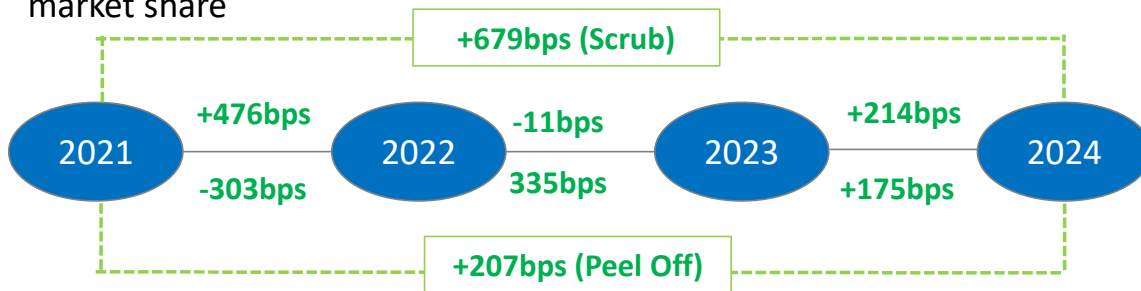
#As per MAT May 24 Kantar World Panel Household data

Driving the category growth



Driving market share

- ❖ Widening the portfolio basket
- ❖ Driving to double digit growth at 5-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 June 2024 Nielsen report
[^]Basis internal sales of the April to June

Launched – Eveyuth pink clay & charcoal infused Anti-pollution range

Fight pollution with pink clay and charcoal to reveal your inner glow.



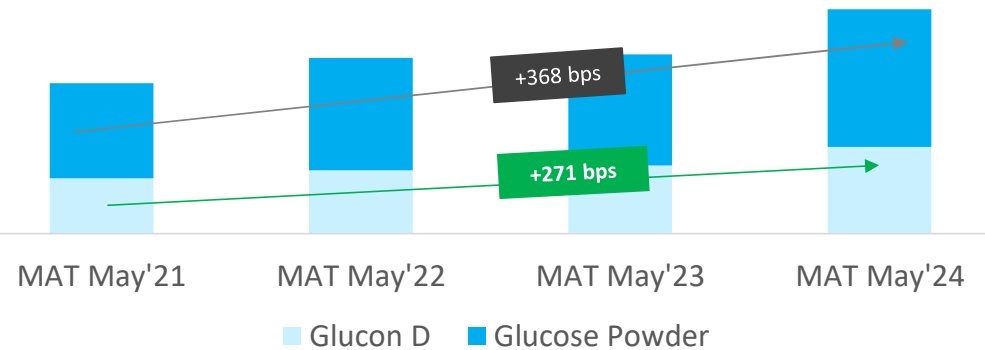
Driving the category growth



*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.

#As per MAT May 24 Kantar World Panel Household data

Recruiting new consumers for the Glucose powder category#



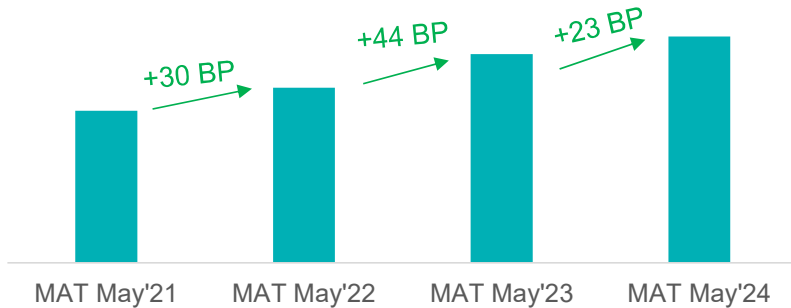
Consumption uptick in Q1 FY 2025 due to positive impact of the seasonality and brand building efforts

Winning in Competitive Market



Franchise continues to grow

❖ Penetration# continues to grow for 3 successive years



❖ Strong brand campaign with 360-degree activation and price pack architecture interventions

#As per MAT May 24 Kantar World Panel Household data

Complan's foray into the immunity space with the new launch of Complan Immuno-Gro Product



Winning in Competitive Market



Consistent strong volume growth

- ❖ Widening the portfolio basket
- ❖ Close to double digit growth at 5-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



Launched Nutralite Professional Mayonnaise with Tandoori range



Launched Nutralite Retail Mayonnaise with carrot & cucumber sandwich spread

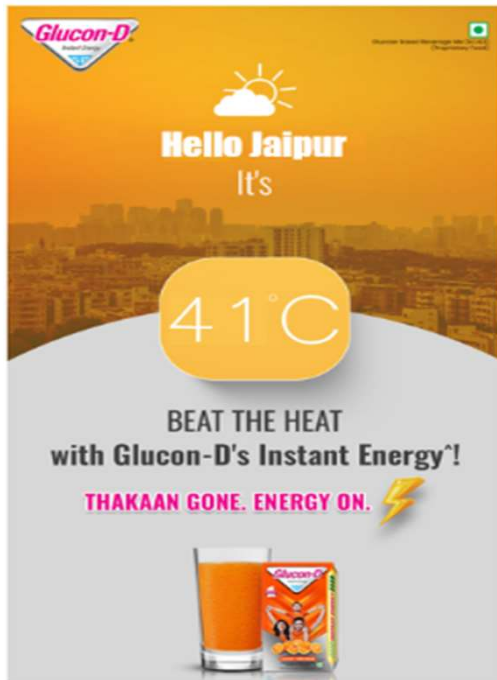


[^]Basis internal sales

Building relevance to new age consumers

Efforts to leverage changing shopper behavior and target new age consumers

1 Channel specific innovative marketing initiatives



Digital campaign to garner better traction

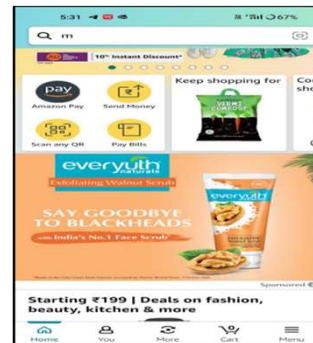
2 E-commerce exclusive packs & promotions



225g Powder Concentrate

400g Powder Concentrate

SF D'Lite Chocolate range

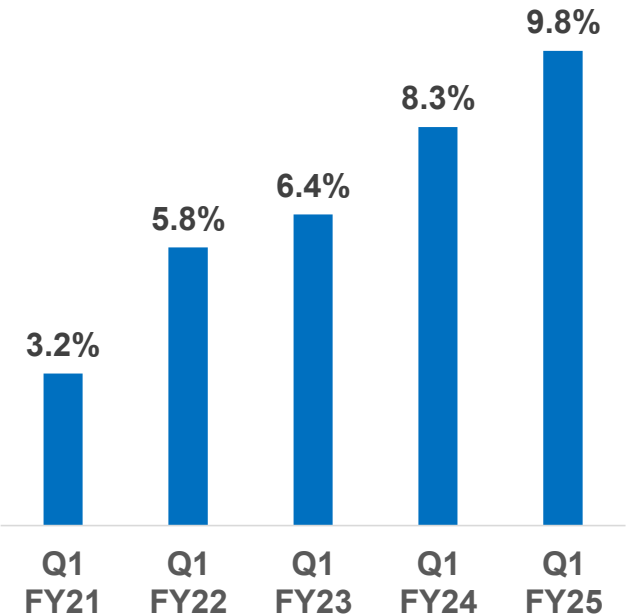


EY Scrub Visibility on Amazon



SF Homepage Visibility on Big Basket

3 Online salience[^]



[^]Basis internal company data

Navigating Challenges



Offtake continues to get stronger

- ❖ Sugar Free has maintained its number one position with a market share of 95.9%*
- ❖ Sugar Free Green continues double-digit growth trajectory since last 13 quarters
- ❖ Upgraded Sugar Free Gold to Sugar Free Gold+ with a new formulation Sucralose + Chromium. Chromium contributes to the maintenance of normal blood glucose levels
- ❖ I'm lite, a unique formulation of sugar blended with stevia to offer consumers 50% less calories than regular sugar, has gained a positive response in the market



*As per MAT June 2024 IQVIA report

Upgraded Sugar Free Gold to Sugar Free Gold+ with new formulation Sucralose + Chromium



The new gold standard of sweetness & fitness








Infused with the goodness of Chromium

Chromium contributes to the maintenance of normal blood glucose levels.

Try it today

Disclaimer: Sugar Free™ Gold+ contains Chromium Picolinate. Chromium contributes to the maintenance of normal blood glucose levels. # Just 0.1g (1 pellet) gives the sweetness as 5g of table sugar offering a way to reduce sugar consumption without compromising sweetness. Refer Pack for more details.

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 %	59.7	4.3	95.9	NA	34.9	6.6	46.2	78.2	NA	NA
MS change YoY (in bps)	↓ -11	↓ -17	↓ -34	NA	↓ -65	↑ +46	↑ +373	↑ +200	NA	NA

Market share source: MAT June 2024 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



ATL Campaigns

थकाज गाँज एनर्जी ऑन

Glucose based Beverage Mix (14.1.4.3) Proprietary Food. Registered Trademark. Creative Visualization. Refer pack for regulatory and statutory requirements. This contains sucralose. CONTAIN NON-CALORIC SWEETENER. Do not consume more than 40 g per day. *Contains Glucose. Glucose is an instant source of energy. Fruits are of creative depiction. Glucon-D dose not contain fruits.

Digital initiatives

**Knock thakaan out of the field
With Glucon-D's Instant Energy!**

THAKAAN GONE ENERGY ON

BUY NOW

Glucose Based Beverage Mix (14.1.4.3) (Proprietary Food)

On ground initiatives



मनुकोज आधारित श्वेसज मिक्स (14.1.4.3) प्रॉप्रीएटरी फूड. *रजिस्टर्ड ट्रेडमार्क.

**Long office hours got you
feeling drained?
Instantly energize
with Glucon-D**

THAKAAN GONE ENERGY ON

BUY NOW

*Glucon-D contains Glucose, which is an instant source of energy

**MEGA SAMPLING DRIVE
FOR MEGA ENERGY!**

IN 110 MODERN TRADE STORES ACROSS MAJOR METROS

Reliance D Mart more

THAKAAN GONE. ENERGY ON.



Campaigns and initiatives

Digital initiatives



Summer Digital Campaign



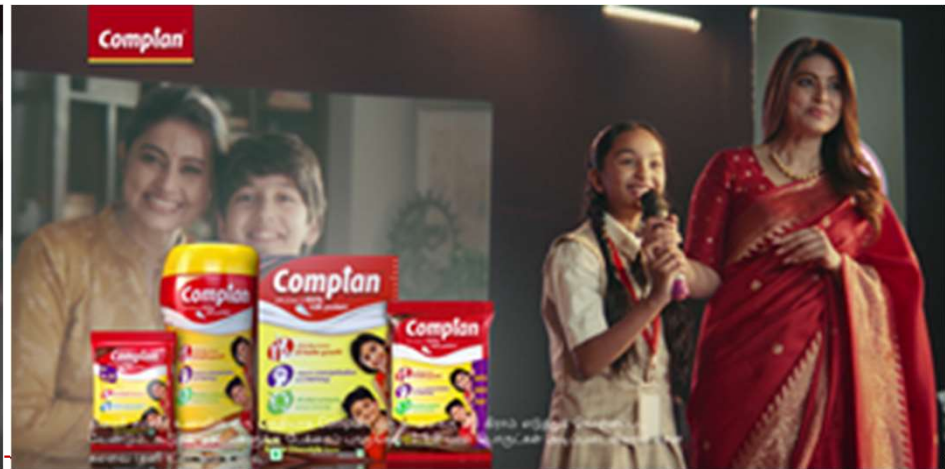
Social media engagement





Campaigns and initiatives

TVC with Celebrity Madhuri Dixit and Sneha



Attractive consumer offers for key packs





Campaigns and initiatives

New Communication for Sugar Free during ICC Men's T20 World Cup that featured debunking of myths around using jaggery, brown sugar and honey as sugar substitutes



Driving consumption of Sugar Free Green



Chef Sanjeev Kapoor's Sugar-Free Dessert Recipes





Campaigns and initiatives




TVC

SUGAR BADLO, HEALTH BADLO.



Not for medicinal use, Not for Parenteral use. This product can be used without medical advice.
 Food for Special Dietary Use for Calorie Management



REGULAR SUGAR
Net Wt: 500 g

+

REGULAR SUGAR
Net Wt: 500 g

आई एम लाइट का एक चम्मच, साधारण शर्करा के दो चम्मच के बराबर मिलास देता है। अधिक जानकारी के लिए पैक देखें. फूड फॉर स्पेशल डायटरी यूज़, फॉर कैलोरी मैनेजमेंट, चिनात्मक चित्रण.

Awareness programs

I'm lite

Change your sugar to get fitter.

50% LESS CALORIES*



Zydus Wellness

FOOD FOR SPECIAL DIETARY USE
 Food for Calorie Management
 *1 Spoon of I'm lite is equal to 2 spoons of ordinary sugar in sweetness and when consumed accordingly.
 †This 500 g pack contains the same amount of sweetness as 1kg ordinary sugar.
 NOT FOR MEDICINAL USE, NOT FOR PARENTERAL USE. THE PRODUCT CAN BE USED WITHOUT MEDICAL ADVICE.



Campaigns and initiatives

New TVC



Ab bahar khelein?



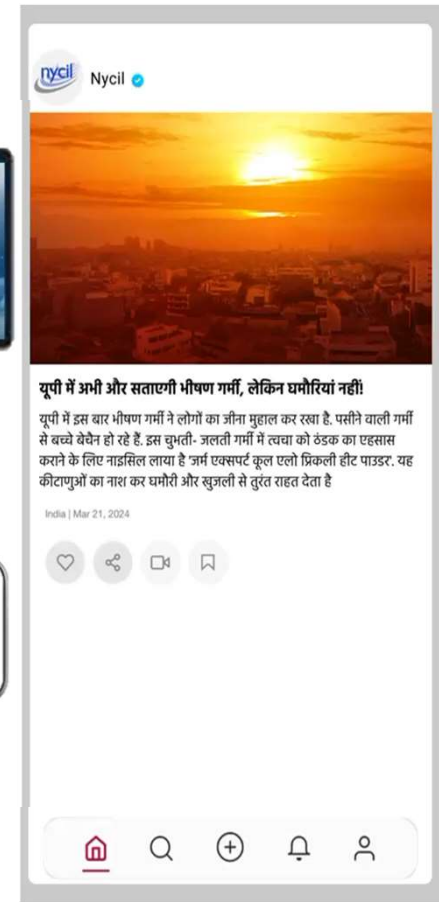
Print media



राजस्थान, मध्य प्रदेश और छत्तीसगढ़,
हो जाओ नैयार,
नायसिल के नए प्रिंट कैम्पेन के लिए!



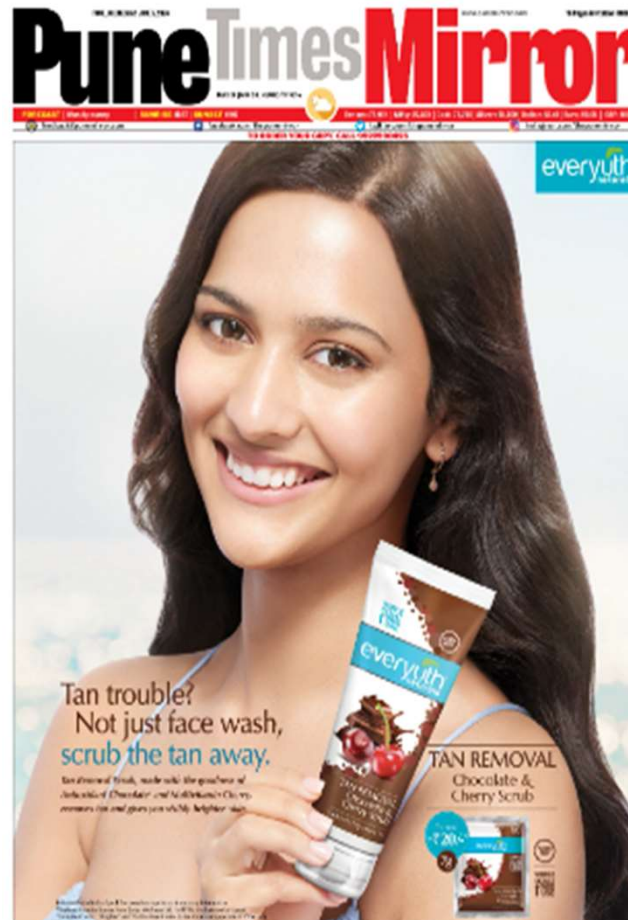
Digital Media Via clutter-breaking Rich Media format



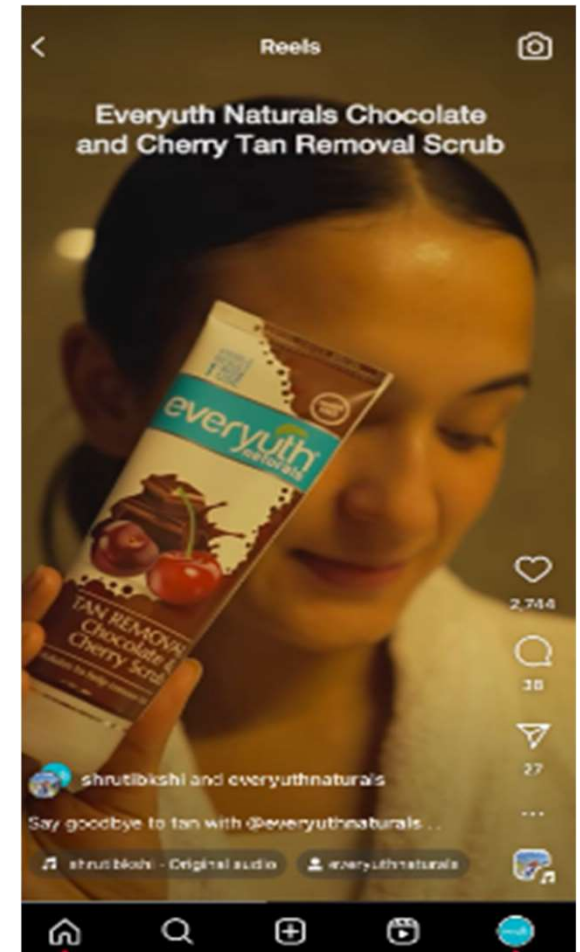
New TVC



Print media



Social media



Awards and Recognitions

Ahmedabad Plant



Aligarh Plant



Sikkim Plant



Continued momentum in International business..



- ❖ Sugar Free franchise and Complan constituting ~ 80% of the overall business
- ❖ Nigeria business remained subdued due to macro-economic issues, however Middle east business continues to do well
- ❖ Top 5 markets constitute ~80% of the business
- ❖ Nycil soap introduced in four distinct variants: Energizing Aqua Mint, Purifying Neem & Aloe, Refreshing Lime and Nourishing Sandal.



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



Sustainability highlights – FY 2023-24

Key highlights on Environment



75% plants operating under Zero Liquid Discharge protocols.



Saved 2% ground water consumption / ton at Aligarh plant and 4.3% surface water consumption at Ahmedabad and Sikkim plants.



Achieved zero waste to landfill.



Committed to 25-year deal to generate 2MW solar power for Aligarh plant, a significant step towards reducing our carbon footprint and promoting clean energy.

Key highlights on Social

HEALTH & SAFETY:

- Y-o-Y 32% increase in safety related trainings.
- Utilizing “Zysafe” EHS software to report and monitor health and safety incidents.
- Zero incidents & fatalities reported for the year, demonstrating effective EHS governance.

Sustainability highlights – FY 2023-24



ANIMAL WELFARE PROGRAMS:

Conducted awareness programs for 1,600 farmers and distributed 12,000 large and 6,000 small deworming and 1,500 mineral mixture packets.



DIVERSITY, INCLUSION AND WELL-BEING:

- Current female employees increased by 7.4% in compared to previous year.
- 0.2% of total consolidated revenue spent on well-being of employees and workers.

Key highlights on Governance



ISO, FSSC CERTIFICATIONS, ESG POLICIES AND REASONABLE ASSURANCE:

- Ahmedabad and Sikkim Plants are ISO 14001:2015 and 45001:2018 certified and all Plants are FSSC 22000 certified.
- Developed and embedded comprehensive ESG related policies within our operations.
- Voluntary Reasonable Assurance obtained on BRSR Core Parameters from Independent Agency.



SUPPLY CHAIN MANAGEMENT:

Conducted value chain assessment of vendors on ESG criteria, representing 25% of total vendors value.

The Road Ahead

Zydus
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 16.9% (Q1 FY22) to 23.3% (Q1 FY25)
- E-com continuing good growth, contributing to 9.8% of sales in Q1 FY25 vs 5.8% in Q1 FY 22
- 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

*As per MAT June 2024 Nielsen report

Appendix

Zydus
Wellness

Financial Summary – P&L

INR Million	Q1 FY 2024-25	Q1 FY 2023-24	Y-o-Y Growth %
Net Sales	8,391	6,992	20.0%
Total Operating Income	8,410	7,021	19.8%
Gross Contribution	4,677	3,691	26.7%
<i>Gross Contribution Margin-(% of net sales)</i>	55.5%	52.4%	+314 bps y-o-y
HR Cost	594	473	25.6%
Advertisement Expenses	1,243	1,044	19.1%
Other Expenses	1,288	1,009	27.7%
Net [gain]/ loss on foreign currency transactions	(1)	-	100.0%
EBITDA	1,553	1,165	33.3%
<i>EBITDA Margin</i>	18.5%	16.6%	
PBT (before Exceptional items)	1,516	1,076	40.9%
Exceptional items	-	142	
PBT (after Exceptional items)	1,516	934	62.3%
PAT	1,477	1,104	33.8%
<i>PAT Margin</i>	17.6%	15.7%	
Adjusted PAT*	1,477	1,058	39.6%
<i>Adjusted PAT Margin</i>	17.6%	15.1%	

*Adjusted PAT is after eliminating exceptional items and one-time deferred tax assets impact in current year and comparable previous year

Zydus Wellness Limited

Regd. Office: Zydus Corporate Park, Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi
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