Acquisition of Hobi Kozmetik, Turkey

by

Dabur International Ltd (DIL)

About the Company

- Set up in 1974 Hobi Kozmetik is a leading manufacturer and marketer of personal care products in Turkey
- The company is a market leader in hair gel category with 35% share of the category
- Markets a wide range of hair care and skin care products under the “Hobby” and “New Era” brands
- Wide sales and distribution network covering 15,851 sales points in Turkey including leading retail chains
- Exports at 10% of turnover : presence in 35 countries including Middle East, North Africa, East Europe and India
- Sales of about US$27 million in 2009 with EBITDA margins at around 17%

Brief on Turkey

- Population of approx. 77 million

- Growing consumer market
  - young population (median age 28 years)
  - lower per capita consumption levels as compared to developed markets
  - high per capita GDP of US$11,200 (based on PPP)

- Friendly investment environment

- Rating upgrades by S&P, Moody's and Fitch during December 2009 to February 2010
- Total debt level reduced to 43% of GDP in 2009

- Real GDP expected to grow at 3.5% to 5% going ahead*
- Significant growth potential across personal care categories

*Source : IMF WEO April 2010

Product Portfolio

- Large and diversified product portfolio, comprising 156 SKUs

Major Segments

Hair Care

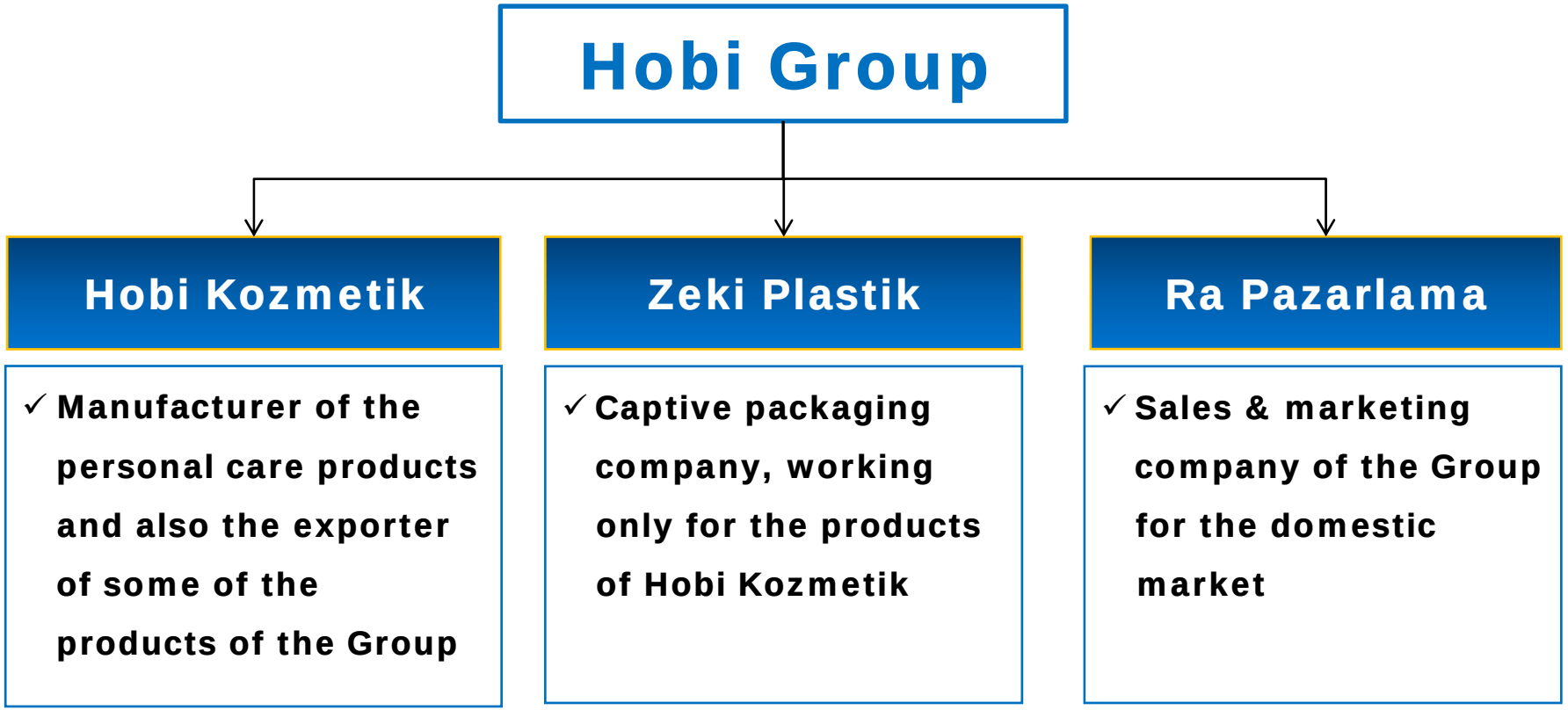
- ✓ Hair Gels
- ✓ Conditioners
- ✓ Shampoos
- ✓ Styling Products

Body and Skin Care

- ✓ Skin Care
- ✓ Liquid Soaps
- ✓ Wet Wipes

- The Group operates under the brands “Hobby” and “New Era”
- “New Era” brand is used for premium lines of body and hair care products

Company Structure



Transaction

- Dabur International to acquire 100% stake in three companies in the group:
  - Hobi Kozmetik
  - Zeki Plastik
  - Ra Pazarlama

- Total consideration to be paid US$69 million

- Transaction expected to be completed by Q3 FY11 post regulatory formalities

Acquisition Rationale

- Entry into attractive new market –Turkey
- Complementary product portfolio; brands extendable to other markets and categories
- To be leveraged in IBD markets viz. MENA, Africa and South Asia
- Sales & Distribution network of Hobi to be leveraged for marketing Dabur products in Turkey
- Brand currently under-leveraged in Turkey : potential for further expansion in hair care and skin care
- Strong R&D and product capabilities
- Continuity of management : professional team including CEO with more than 10 years experience in MNCs

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