emami limited

Date: 3rd August, 2016

The Secretary
**The National Stock Exchange of India Ltd.**
Exchange Plaza, Plot No. C/1, G. Block
Bandra Kurla Complex, Bandra (E)
Mumbai: 400051

The Secretary
**BSE Limited**
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai: 400001

The Secretary
**The Calcutta Stock Exchange Limited**
7, Lyons Range
Kolkata: 700001

Dear Sir(s),

**Sub: Q1FY17 Press Release and Performance Update**

Enclosed please find the Press Release and Performance update issued in relation to the un-audited Financial Results of the Company for the First Quarter ended 30th June, 2016.

This is for your information and record.

Thanking You,

Yours Faithfully
For **Emami Limited,**

**A. K. Joshi**
Company Secretary & VP-Legal

Encl: as above

**Year:** 2015-16

**Turnover: ₹ 2,394 cr**
**Cash Profit: ₹ 617 cr**

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One of the fastest home-grown FMCG Company in India with a 15% CAGR in topline for past 5 years

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**Power Brands**- Boroplus Antiseptic cream, Navratna Oil, Zandu Balm, Fair and Handsome and Kesh King are market leaders in India in their respective categories

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Covers more than 40 lac retail outlets across India through 2,900 distributors

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Forbes Asia , ranked Mr. R.S. Agarwal and Mr. R.S. Goenka – founders of Emami Group as 60th Richest Persons in India

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Listed among the Fortune 500 India's largest corporations by profitability

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Among Asia's 'Best Under A Billion' 2011 companies by Forbes Magazine

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Rated (by CARE & CRISIL) A1+ (highest rating) for short-term borrowings, signifying highest safety; and AA+ for long-term borrowings

# EMAMI'S Q1FY17 REVENUE GROWS BY 20%
# EBIDTA SURGES BY 49%

## HIGHLIGHTS (CONSOLIDATED)

- **20% growth in Net Sales at ₹ 644 cr**
- **EBIDTA at ₹ 147 cr grew by 49%**
- **Cash Profit* at ₹ 128 cr grew by 18%**
- **Robust pace of Innovations:** Launched Navratna Almond Cool Oil, Navratna i-cool Talc, HE Respect and HE 'No Gas' range of deodorants during the quarter.
- **Relaunched key brands** – Navratna, Fair & Handsome and Zandu Balms relaunched during the quarter with improved formulation and packaging
- Financial results for the quarter prepared in accordance with Indian Accounting Standards (Ind-AS). Results for Q1FY16 and FY16 have been recasted in accordance with Ind-AS to facilitate comparison.

**Cash Profit = PAT+ Depreciation & Amortization.*

**Kolkata, August 3rd, 2016:** The Board of Directors of Emami Limited met on Wednesday, August 3, 2016 to consider the unaudited financial results of the company for the first quarter ended June 30, 2016.

While turnover at ₹ 644 crores in the first quarter grew by 20%, EBIDTA at ₹ 147 crores grew by 49% respectively over the corresponding quarter in previous year. PAT however was impacted by ₹ 60 crore mainly because of amortisation of Kesh King intangibles. However, Cash Profits at ₹ 128 cr grew by 18% during the quarter.

Despite a challenging business environment, the company reported steady growth across brands. Overall the domestic business delivered a strong topline growth of 21% and CSD business grew by 12%.

New launches such as Fair and Handsome Instant Fairness Facewash, Emami 7 Oils in One Damage Control Hair Oil and HE Deodorants performed well. The

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company continued to spend aggressively on advertisement and brand building during the quarter to strengthen its marketing efforts.

The company recently **launched Navratna Almond Cool Oil** with the nourishing goodness of almond in a non-sticky format. During the quarter, the company also launched **Navratna i-Cool Talc** with "*Intelligent Sweat Sense technology*" releasing instant cooling on application and also when one sweats. The company also **re-launched its HE range of aerosol Deodorants** with an improved packaging and a new fragrance **HE Respect. HE Deo** also **forayed** into **No Gas category** with two variants – **Body Perfume & ICY Collection**.

During the quarter the company **relaunched** key brands – Navratna, Fair & Handsome & Zandu Balms with an improved formulation and new packaging.

The power brands continued to maintain leadership in key categories in Q1FY17. Navratna Cool Oils, Zandu & Mentho Plus Balms, Boroplus Antiseptic Cream, Fair and Handsome and Kesh King maintained their leadership positions with volume market shares at 62.3%, 54.5%, 76.2%, 64.9% and 33.6% respectively.

Despite the high increase in A&P spends at 23.8% of sales, the Company's EBIDTA margins at 22.9% rose by 450 bps mainly on account of gross margin expansion.

**INTERNATIONAL BUSINESS**

International business grew by 14% during the quarter despite economic challenges in overseas markets led by robust growth in Bangladesh and GCC. Most of our Power Brands have performed well and increased their market shares in the overseas markets.

**Mr Mohan Goenka, Director, Emami Limited said :**

"We are very happy with our 1st quarter numbers despite challenging environment. Most of our brands have consistently shown growth in both urban and rural markets. The margins on all accounts have surpassed our expectations."

**Mr Harsha V Agarwal, Director, Emami Limited said** :

"Robust business plan and efficient cost management have helped us to meet the challenging environment to achieve a good topline growth with healthy

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margins. Most of our power brands including new launches like HE Deodorants, Navratna i-Cool talc, Navratna Almond Cool Oil, Emami 7 Oils in One and Fair and Handsome Instant Fairness Facewash have performed well. Kesh King continues to have encouraging growth. With increasing consumer awareness and demand for ayurvedic products, our healthcare portfolio continues to do well."

## NEW MANUFACTURING UNIT

The company is augmenting its manufacturing capacity by setting up a third manufacturing unit in North East under a mega project scheme at Guwahati, Assam. The total planned outlay for the project is ₹ 300 crore out of which the company has already invested ₹ 195 crore. The unit is expected to commence operations by FY17.

## MARKETING:

Launched new advertisement campaigns for Navratna Cool Oil and Navratna Almond Cool Oil featuring Bollywood superstar Amitabh Bachchan and Shilpa Shetty.

Digital campaign for HE Respect featuring actor & stand-up comedian Vir Das went viral on the internet

Brand **Navratna** became the proud recipient of the prestigious '**ACEF AWARDS – GOLD TROPHY 2016'** and **'WOW AWARDS ASIA – SILVER TROPHY 2016"** for its "Navaratna Kumbh Mela Campaign in Nasik".

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**About Emami Ltd**

Emami: (NSE: Emami Ltd, BSE: 531162) Emami Ltd, founded in 1974, is one of India's leading FMCG Companies engaged in manufacturing & marketing of personal care & healthcare products.

With over 300 diverse products, Emami's portfolio includes trusted power brands like Zandu, BoroPlus, Navratna, Fair & Handsome, Mentho Plus, Kesh King, Fast Relief and Sona Chandi Chyawanprash. Emami products are available in over 4 million retail outlets across India through its network of 2900+ distributors and its global footprint spans over 60 countries including GCC, Europe, Africa, CIS countries & the SAARC.

Emami has maintained a CAGR turnover of 15% over the last 5 years through its consistent business performance. Emami focuses on aggressive marketing powered by celebrity endorsements like Amitabh Bachchan, Shah Rukh Khan, Hrithik Roshan, Kareena Kapoor Khan, Kangana Ranaut, Yami Gautam, Juhi Chawla, Shruti Haasan, Shilpa Shetty, Bipasha Basu, Sonakshi Sinha, Mahendra Singh Dhoni, Sourav Ganguly, Mary Kom, Saina Nehwal, Sushil Kumar, Sania Mirza among others.

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With a market cap of around Rs. 25,000 cr, Emami Ltd is the flagship Company of the diversified Emami Group.

Please visit www.emamltd.in for further information.

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**For further information, please contact :**

Mahasweta Sen | Head -Corporate Communications
Email: mahasweta.sen@emamigroup.com | Handphone: +919836292392




# Q1FY17

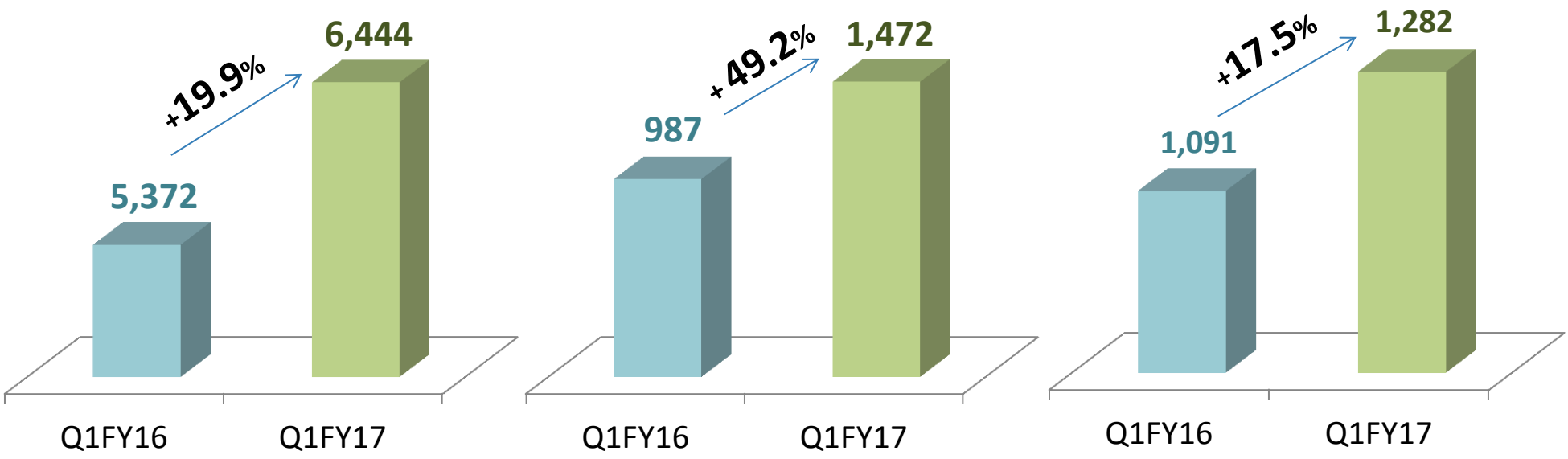
## Performance Update
## 3rd August 2016

emami limited

Making people healthy & beautiful, naturally

# Q1FY17 Snapshot...Consolidated

*₹ in Millions*



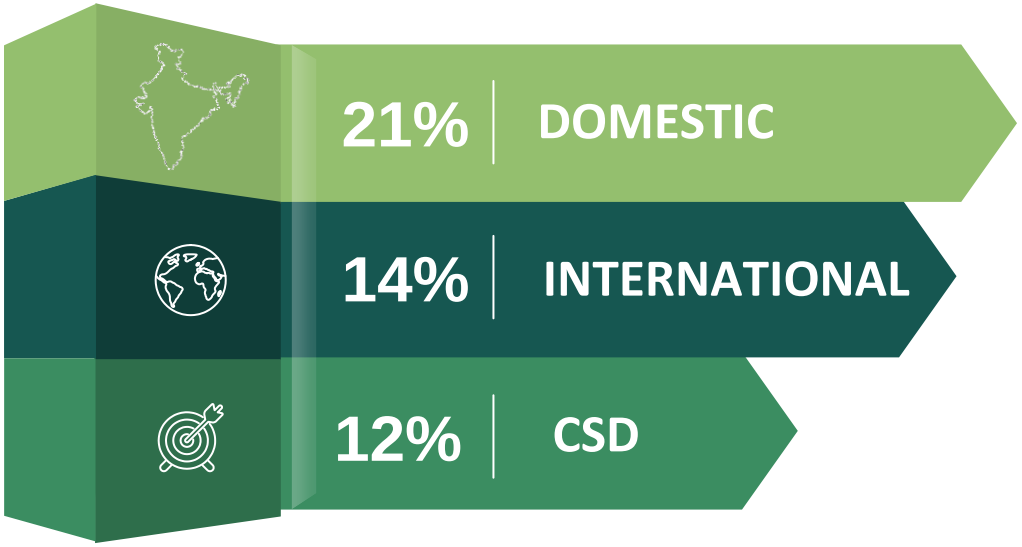

However, PAT at ₹ 566.5 mn was lesser compared to Q1FY16 because of amortization of Kesh King intangibles by ₹ 598.2 mns against ₹ 125.7 mns in the corresponding period in PY.

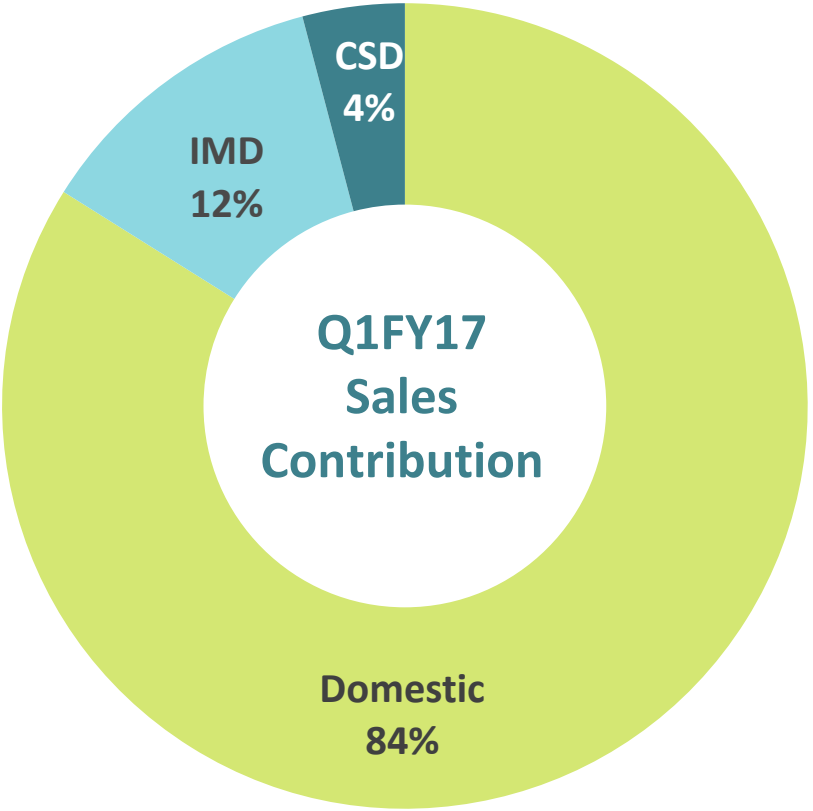
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**Financial results for Q1FY17 prepared in accordance with Indian Accounting Standards (Ind-AS) and the results for Q1FY16 and FY16 have been re-casted in accordance with Ind-AS to facilitate comparison**

# Sales Growth

- **Consolidated Sales** grew by **20%**
  - **Volumes grew by 17%**
- **Organic Sales** grew by **9.5%**
  - **Organic Volumes grew by 6.4%**



# Brand-wise Performance

## Q1FY17 Domestic Brand-wise Performance Update



# Navratna Cool Oils

- **Sales grew by 8%**.
- Cool Oils **re-launched in a new packaging** with a new campaign featuring **Amitabh Bachchan**.
- Gained Volume Market Share by **100** bps at **62.3%**
- Launched **Navratna Almond Cool Oil**, in a non-sticky format. Endorsed by **Shilpa Shetty.**





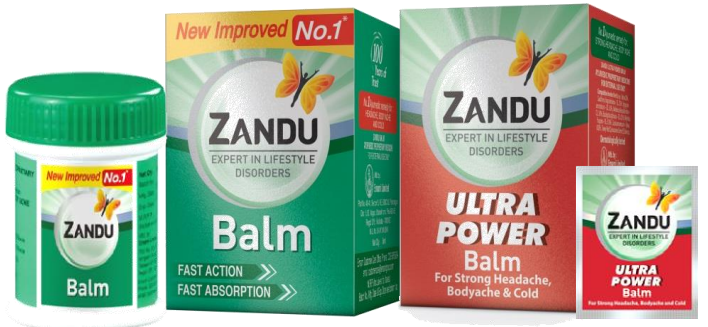

# Navratna Cool Talc

- **Sales grew by 15%**.
- Introduced a new variant, **Navratna i-Cool Talc**
- Powered by '***Intelligent Sweat Sense***' technology, the **i-cool talc** offers cooling not only during application but also releases an instant burst of cooling for the second time during actual sweating.
- Volume Market Share at **24.1%**



# Balms Range

- **Sales grew by 6%**.
  - Zandu Balm re-launched with new packaging and formulation with better sensory and efficacy.
  - Launched 1 ml SKU of Zandu Balm Ultra Power in Andhra Pradesh & Karnataka
- Maintained leadership with a Volume Market Share of 54.5%






# Fair and Handsome Range

- **Fairness Cream's Market Share (Vol.) grew by 120 bps at 64.9%**
  - Sales grew by 1%
  - **Re-launched** with new formulation and packaging.
- **Face wash grew by 16%**.
  - Introduced a convenient 7 gm tube pried at ₹ 10/- to penetrate the largely untapped rural and semi-urban markets.
  - Gained Volume Market Share by **70** bps at **12.6%**






# Kesh King Range

- Sales grew by **23%** on QoQ basis.
- Gained Volume Market Share by **360 bps** at **33.6%.**




# BoroPlus

- **Sales grew by 38%**.
- Maintained leadership with a Volume Market Share of **76.2%**



# HE Range

- **Relaunched HE Deodorants with an easy to use premium packaging**
  - Introduced a new fragrance "**HE Respect**"
- **Forayed into "No-Gas" Category**
  - **Body Perfume Collection:** Passion & Hypnotic fragrances.
  - **ICY Collection-** Offering cooling effect on users along with long lasting fragrance.






# 7 Oils in One

- **Sales grew by 38%**




# Health Care Range

- **Sales grew by 14%**.
- Pancharishtha & Nityam Churna / Tablets performed well.



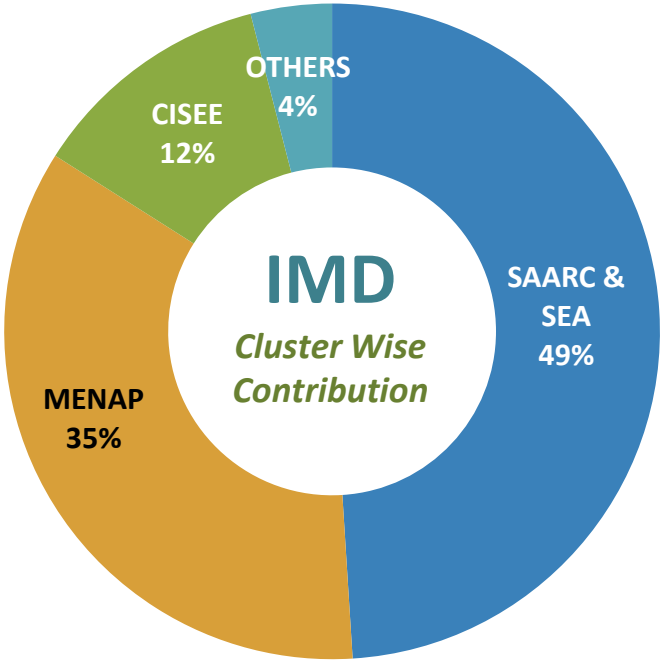
# International Business

## Q1FY17 International Business Performance Update



# International Business

- **International business grew by 14%**
- Robust growth in Bangladesh and GCC.
- **Maintained leadership across key categories**






# Earnings Analysis

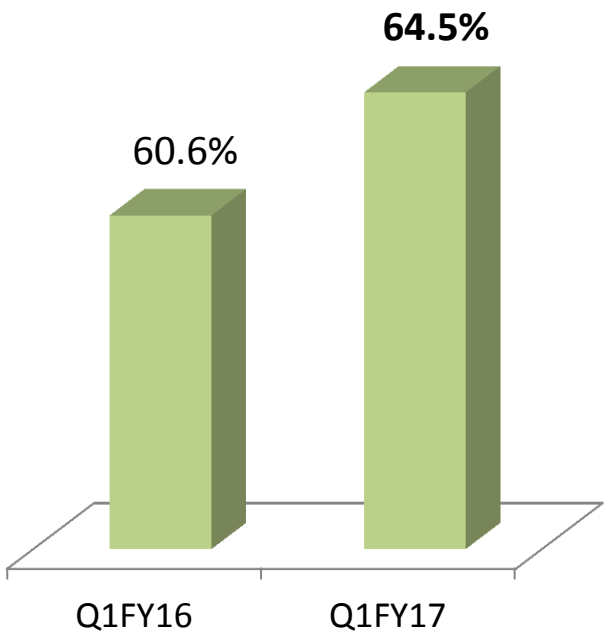
## Q1FY17 Financial Analysis



# Margin Profile

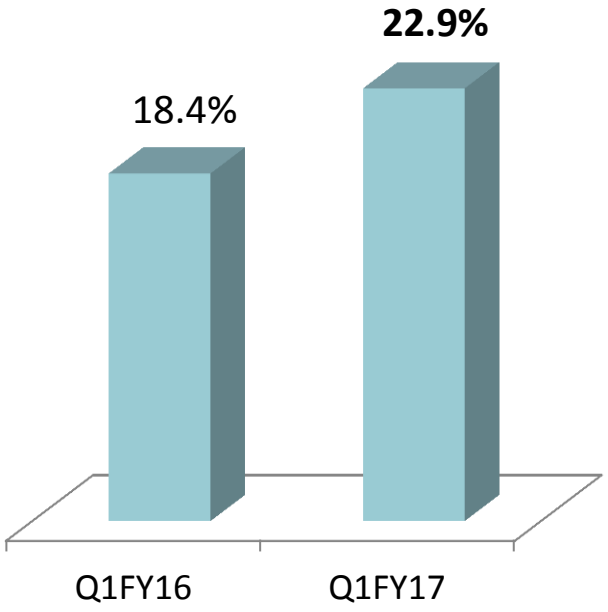
## Gross Margins

**+390 bps**



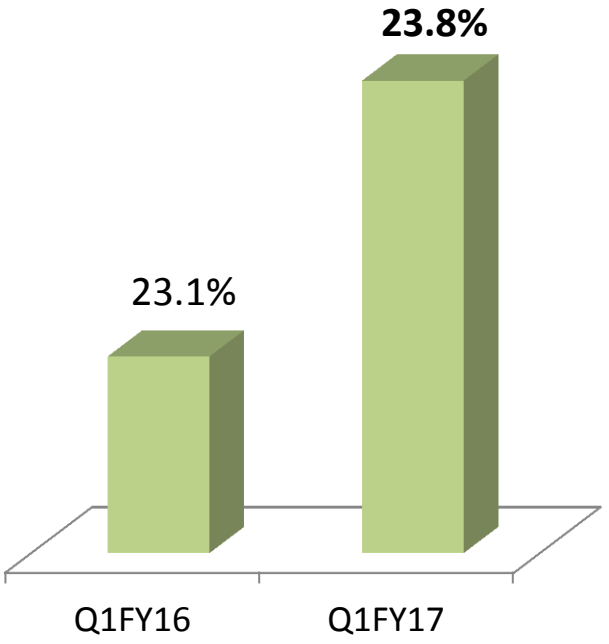

## EBIDTA Margins

**+450 bps**




## A&P Spends

**+70 bps**

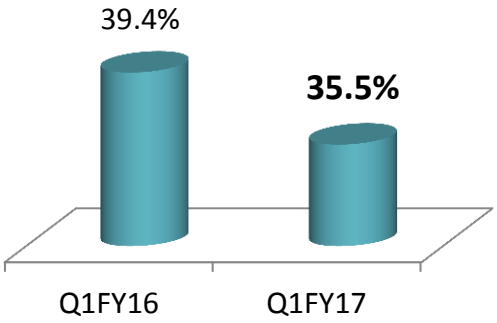


# Financial Analysis

## Cost of Goods Sold

*(as a % of Sales)*

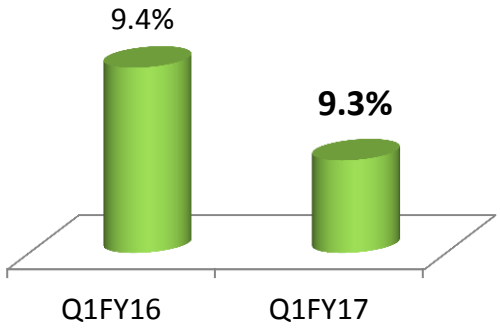
**- 390 bps**




## Staff Costs

*(as a % of Sales)*

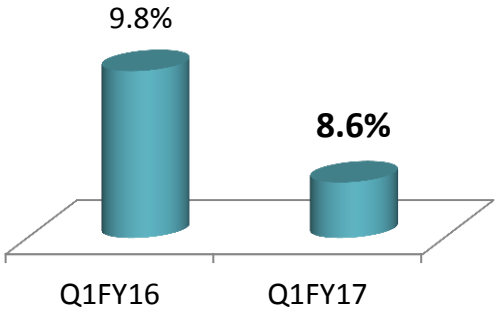
**- 10 bps**




## Admin & Other Exp

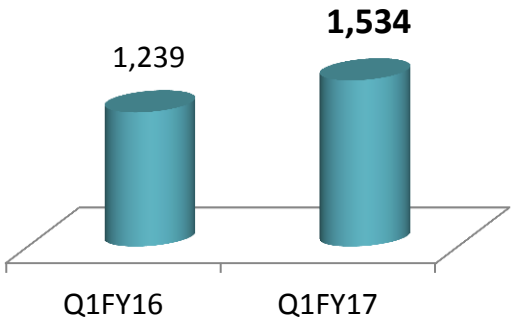
*(as a % of Sales)*

**- 120 bps**



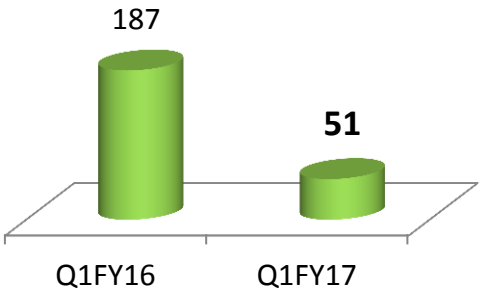

## A&P Spends

*(₹ in Millions)*



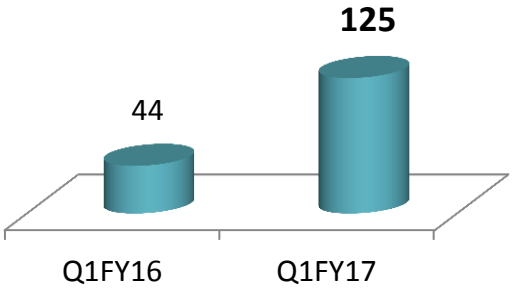

## Other Income

*(₹ in Millions)*




## Interest Paid

*(₹ in Millions)*



# Summarized Results

₹ *in Millions*

| Particulars | Q1FY17 | % of Sales | Q1FY16 | % of Sales | Growth % | FY16 | % of Sales |
|---|---|---|---|---|---|---|---|
| **Net Sales** | **6,443.7** | ***100.0%*** | **5,372.1** | ***100.0%*** | ***19.9%*** | **23,937.4** | ***100%*** |
| Materials Cost | 2,286.9 | *35.5%* | 2,114.0 | *39.4%* | *8.2%* | 8,513.4 | *35.6%* |
| A&P | 1,534.0 | *23.8%* | 1,238.7 | *23.1%* | *23.8%* | 4,304.7 | *18.0%* |
| Staff Cost | 598.3 | *9.3%* | 506.6 | *9.4%* | *18.1%* | 2,067.6 | *8.6%* |
| Admn & Other Exp | 552.0 | *8.6%* | 526.0 | *9.8%* | *4.9%* | 2,207.7 | *9.2%* |
| **EBIDTA** | **1,472.5** | ***22.9%*** | **986.8** | ***18.4%*** | ***49.2%*** | **6,844.0** | ***28.6%*** |
| Other Income | 50.8 | *0.8%* | 186.7 | *3.5%* | *-72.8%* | 449.1 | *1.9%* |
| Interest | 125.1 | *1.9%* | 44.0 | *0.8%* | *184.3%* | 542.9 | *2.3%* |
| Amortisation of acquired TM's/ brands | 609.2 | *9.5%* | 136.5 | *2.5%* | *346.2%* | 2,099.8 | *8.8%* |
| Depreciation/Amortisation of other assets | 106.0 | *1.6%* | 88.4 | *1.6%* | *19.9%* | 449.5 | *1.9%* |
| PBT | 683.0 | *10.6%* | 904.6 | *16.8%* | *-24.5%* | 4,200.9 | *17.5%* |
| Tax | 116.5 | *1.8%* | 38.5 | *0.7%* | *202.6%* | 582.3 | *2.4%* |
| PAT | 566.5 | *8.8%* | 866.1 | *16.1%* | *-34.6%* | 3,618.6 | *15.1%* |
| **Cash Profit** *(PAT + Dep. & Amortization)* | **1,281.7** | ***19.9%*** | **1,091.0** | ***20.3%*** | **17.5%** | **6167.9** | ***25.8%*** |
| EPS - Rs. | 2.5 | | 3.8 | | *-34.5%* | 15.9 | |
| Cash EPS - Rs. | 5.6 | | 4.8 | | 17.4% | 27.2 | |

# Awards & Accolades

- Emami featured in the "**Super 50 Companies**" listing by **Forbes India** with knowledge support from PwC, India.
  - *Three key metrics — shareholder value, sales growth and return on equity were taken into consideration.*

- Navratna received the **Silver Award** for its Kumbh Mela Campaign at the **WOW Awards Asia 2016**.



# Thank You!