

Creating value as India's leading consumer wellness company



Zydus
Wellness



Heinz India

Zydus Wellness: earliest entrant and category builder in the wellness segment

- India is poised for rapid growth in the wellness segment
- Research shows that an increasingly larger proportion of Indian consumers are taking direct control of their health
 - Market dynamics moving towards preventive healthcare and healthier lifestyles
 - A 2016 survey reported that a healthier lifestyle was the topmost (48%) consumer goal among Indian consumers (Mintel)
- Emerging middle class and rural opportunity
 - ~ 40 crs middle class (1) Indian consumers in next 3 years along with improving rural penetration



Zydus Wellness: Poised for the Next Big Leap



- ZWL has demonstrated a track record of building new emerging categories, with differentiated product propositions
- Philosophy of building products that empower consumers to take direct control of their wellness goals
- Unparalleled delivery of consumer value, translating into a 22x increase in shareholder value in the last 9 years to reach a market valuation of * INR 5,000 crs +
- Actively scouting for products that complement ZWL's existing range and hence provide opportunity to further enhance value for all stakeholders

** As on 30th Jun'18*

Zydu Wellness

a diversified wellness experience

VISION

We bring Wellness to your life

We will create new experiences by our products that will nourish, nurture and energize your life

We shall lead the way through innovation



Who we are

We build new emergent categories with differentiated product propositions

Philosophy of building products that are "Good for you"

Delivering holistic access to health and wellness

Rich group legacy

- **66** years of singular focus on healthcare
- Proven track record of value-added products
- Quality & Operational excellence

Innovation-led

- Strong scientific and medical heritage
- **Science and innovation-led** product portfolio
- Category creator

Consumer trust

- Highly **trusted** brands
- **Customer-centric** business philosophy
- **Strong reputation** of addressing wellness needs of multiple consumer groups

22x increase in shareholder value in the
last 9 years to reach a market valuation of * **INR 5,000 crs +**



* As on 30th Jun'18

**Zydus
Wellness**

**Zydus Wellness to acquire Heinz India Pvt Ltd.,
catapulting it amongst the leading consumer wellness
business in India**

Transaction highlights

Zydus Wellness (jointly with Cadila Healthcare) to acquire 100% of Heinz India Private Limited (“Heinz India”) for a consideration of ~ INR 4,595 crs (“Transaction”)

This valuation includes net working capital of Rs. 40 crores, cash of Rs. 15 crore and assumes no debt.

1

Gains a portfolio of category leading brands – Glucon D, Complian, Nycil and Sampriti with revenues ⁽¹⁾ of ~ **INR 1,150 crs**

2

Enables Zydus Wellness to become a leading Consumer Wellness Company in India with revenues of ~ **INR 1,680 crs**

3

Creates a formidable brand portfolio with **5 of 7** brands being market leaders in large and growing categories (> **INR 11,000 crs**)

4

Significant synergy potential across distribution, supply chain and manufacturing

5

Transaction will be financed through a combination of equity and debt

6

Transaction is likely to close by Q4 FY2019 subject to regulatory and other customary approvals

⁽¹⁾ Net sales of Heinz India is for 12 months ended 30 June 2018

A strong portfolio of legacy brands with established brand leaders

1933



India's trusted health food drink

1969



#1 glucose based energy drink in India

1951



#1 prickly heat powder in India

1988



Premium ghee

Extensive pan India distribution network

800+

Distributors

17 lakh

Retailers

21

Warehouses

~ 1,000

Field force

Manufacturing and supply chain



2 manufacturing facilities at Aligarh and Sitarganj with adequate capacity for growth and further scalability



Milk collection: 90,000+ farmers with potential to add more

Creating India's leading consumer wellness company

- Rare opportunity to acquire 'INR **1,000+ crs**' consumer wellness business

- Complementary distribution with addition of a large **general trade channel** to an existing pharmacy channel

Become a leading consumer wellness player in India

Build a diversified portfolio of brands across Wellness foods and care

Zydus Wellness

Strengthen route to market

Multiple levers to drive growth and profitability

- Trusted brands with a strong brand recall value
- **5 of 7** category leading brands

- Leverage **scientific** capabilities and **innovation** track record
- Drive penetration and channel optimization

Value accretive acquisition

- Unparalleled opportunity to build a highly scaled-up and synergistic portfolio
- 3x jump in revenues and EBITDA
- Taps complementarities in rural and urban markets

**Zydus
Wellness**



Revenues: ~ INR 530 crs

EBITDA: ~ INR 125 crs

Heinz India



Revenues: ~ INR 1,150 crs

EBITDA: ~ INR 225 crs

**Zydus
Wellness**



Revenues: ~ INR 1,680 crs

EBITDA: ~ INR 350 crs

Revenue and EBITDA are for 12 months ended 30 June 2018

**Zydus
Wellness**

Instant boost in share of wellness pie

All brands addressing daily health and wellness needs

Foods

Skin care

Instant energy powder



Health food drink



Sugar substitute



Butter substitute



Premium healthy ghee



SAMPRITI

Natural skin care



Prickly heat powder



(1) Rank within scrubs and peel offs sub-category - 85% market share in the peel-offs sub-category and 34% market share in the scrubs sub-category

Complementary strengths in distribution channels

Zydus Wellness



HIPL

Key Strengths

- Speciality channels – chemists, cosmetic, horeca
- Organized trade & significant scale up in e-commerce
- Pan India footprint
- Expanding reach for grocers and rural

Key Strengths

- Wholesale and rural reach led by Glucon D reaching 1.7 mn stores
- Good presence in grocers
- Pan India footprint
- Expanding reach for modern trade and e-commerce

Way Forward

Omni channel strategy leveraging strengths of the combined entity

Opportunity to

- Increase access to rural markets
- Double the direct reach
- Enhance engagement with key accounts across organized trade and e-commerce
- Benefit from wider talent pool and capabilities

Significant synergy potential in the combined business

Possible revenue synergies

Leverage distribution channels to drive higher revenue growth

Product innovation leveraging the Zydus Cadila group heritage



Possible cost savings

Manufacturing efficiency across multiple processes

Supply chain efficiencies due to complementarity of channels



Portfolio of brands



Leading brand with 98% product recall value

- Most distributed brand in the category at **1.7mn** stores (Largest competitor at 0.9 mn)
- Category growing at **6-7%** with low household penetration of **~ 12%**
- Multiple growth drivers include enhancing rural penetration, launching new flavored variants, innovative products and expansion into adjacencies



Regular

Mango Punch

Tangy Orange

Nimbu Pani

Legacy trusted brand with 90% recall value

- Milk based Health Food Drink
- **One of the Highest protein** content in the low penetration **(24%)** health food drink category
- Repositioned the brand in 2017 leading to enhanced brand performance in 2018
- Multiple growth drivers include enhancing distribution network by **leveraging the pharmacy channel strength** of the Zydus group, innovative premium launches and expansion into adjacencies



Market leading and legacy brand in the prickly heat powder category

- Prickly heat powder for summer skin problems
- Fast growing prickly heat powder category at **9%+**
- Maintained consistent ~ **34%** market share despite growing competition
- **100%** customer awareness score and strong customer loyalty
- Multiple growth drivers include expansion of distribution and expansion into adjacencies by leveraging brand equity for innovation



Fast growing market category at ~ 18% CAGR



- Quality 'Ghee' for cooking
- Currently a by-product of Complan manufacturing
- Highly fragmented market with only 2 players holding >10% market share
- Primarily sold in the food service channel
- Multiple growth drivers include expansion of the retail channel and innovating through value-added dairy launches



SAMPRI

"Heinz" trade name will be discontinued in a certain time period after closing as agreed

India's 1st low calorie sugar substitute

- Undisputed market leader with category defining market share of ~ **94%**
- Significant growth potential **60 mn+** diabetics in India with an increasingly health-conscious urban population
- Category leadership reinforced through innovative products like Sugar Free Green and Sugarlite



Nutralite - India's #1 butter substitute and leader of low calorie spread category

- Healthier alternative to butter / table spreads
- Opportunity to part capture the organized butter market in India
- Demonstrated category and brand leadership through –
 - Expansion into the **INR 700 crs+** mayonnaise market growing at **20%+**
 - Innovative products like flavored fat spreads to extend the low calorie spread category
- Opportunity to extend other breakfast and snacking spaces



Everyuth - Facial cleansing with a strong 'Naturals' brand equity

- Large market growing at **10%+**
- Market leader in **2 of 3** facial cleansing and skincare sub-categories growing ahead of the category
- Pioneer of Scrubs (~ **33% market share**) and Peel Offs (~ **85% market share**)
- Strong brand growth exceeding category growth of **10%+**
- Growth drivers include increasing penetration of Scrubs and Peel Off masks and premium skin care launches like tan removal packs



Zydu
Wellness

Fundamentals now in place to become a consumer wellness leader

Category leadership with significant growth headroom

Innovation track record

Strong operational and distribution capabilities



To leverage whitespace opportunities

Proven performance and value creation track record

Clear margin and returns progression roadmap

Creating a stronghold in a Critical Growth Market



Growth Opportunity in a large and expansive market

One of the largest and fastest growing markets of consumer health



Leveraging a proven track record of science and innovation driven products

A pioneer and a category-creator



Leadership Brands

Market leaders in key segments



Aligns with the core business of Health Food, Nutrition and Skincare

Strong overarching purpose of energizing, engaging and enriching lives



Strong Partnerships

Successful track record of acquisitions and integrating cultures across the group



Creating Value for all Stakeholders

Long - term value for shareholders, employees, partners, customers & communities

How the deal unlocks value

Consumers



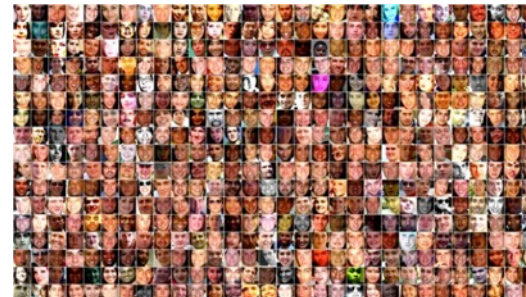
- Science and innovation backed products
- Time tested, trusted
- Enhanced access

Employees



- Better career prospects
- Exciting work opportunities
- Stronger business

Communities



- Support farmers and develop supply chains
- Supporting healthy lifestyles

Shareholders



- Attractive growth market
- Strengthens product portfolio
- Generates long-term value

Thank you