

Emami Posts resilient performance in Q1FY21 Margins and profits rise defying COVID-19 impact

HIGHLIGHTS

- ❖ Offtakes impacted due to lockdown
 - Sales recovered in May with **June registering high single digit growth**
 - **Double digit growth in July'20**
- ❖ **Margins improved during the quarter**
 - Gross Margins improved by 230 bps
 - EBIDTA Margins improved by 490 bps.
- ❖ **12 New Launches during the quarter contributed 5% of Domestic sales**
 - Major launches being BoroPlus Anti Germ Hand Sanitizer, BoroPlus Antiseptic Moisturizing Soap, BoroPlus Aloe Vera Gel, Zandu Ayurvedic Hand Sanitizer, Zandu Single Herb Range, Zandu AYUSH Kwath Powder etc.
- ❖ Completed **Buyback of Shares worth Rs. 192 cr**
 - Acquired **94.2 lac shares** from open market.
 - Share capital post Buyback reduced from Rs. 45.39 crore to Rs. 44.45 crore
 - Promoter stake increased from 52.74% to 53.86%

Kolkata, August 7th 2020: The Board of Directors of Emami Limited met on Friday, 7th August 2020 to consider the unaudited financial results of the company for the first quarter 30th June 2020.

Emami posted a resilient performance with improved margins in Q1FY21, defying the challenging times that the COVID-19 pandemic presented. Notwithstanding the severe impact of the unprecedented nation-wide lockdown on the offtakes in April, which led to disruptions in the supply chain, sales improved considerably in May and in June and revenues were even better with a high single digit growth over previous year.

During the quarter, the company's healthcare and hygiene portfolio range performed exceedingly well growing strongly by 29%. However, offtakes of our summer portfolio were impacted due to the lockdown, coupled with a weak discretionary consumption environment, which led to an overall decline of 26% in Q1FY21 with revenues at Rs. 481 crore.

The pandemic highlighted the necessity & importance of health and hygiene in our lives. The consumer preference for products in the health and hygiene segment became the focus. Emami, today is well positioned to take cognisance of the changing consumer needs and has a



range of innovative product basket in the pipeline. BoroPlus, with its nation-wide strong brand equity for its antiseptic and germ protection properties introduced a personal hygiene range consisting of Hand Sanitizer and Antiseptic Soap, which received a very encouraging market response. Besides, new launches like BoroPlus Aloe Vera Gel, Zandu Ayurvedic Sanitizer and other immunity boosting products under the Zandu Healthcare range (Zandu Ayush Kwath Powder, Single herbs range- Giloy, Neem, Tulsi, Ashwagandha etc) also received encouraging consumer traction. The overall contribution to the domestic revenue during the quarter by the new launches was 5%. Further, the company has already lined up a slew of new launches in the health and hygiene category over the next few months.

Emami roped in Bollywood Superstar, Salman Khan during the quarter to endorse Navratna. A new commercial featuring Salman Khan as the iconic “Raahat Raja” was aired in May & June generating good consumer traction. #NavratnaCoolChampi, a digital campaign with Salman Khan, launched to make ‘champi’ synonymous with Navratna oil became a run-away success garnering an overall 5.8 million videos created by the participants, with video views of 4.6 billion. Further, digital campaigns for Zandu Balms, BoroPlus Hand Sanitizer and Zandu Healthcare range on various social media platforms also garnered very encouraging consumer traction and interest.

While traditional channels were impacted due both lockdown and social distancing norms, the e-Commerce channel doubled its revenues during the quarter in the Domestic Business. International business was subdued due to the pandemic led challenges in key geographies which declined by 19% during the quarter. The company also introduced a hygiene range for International Business which was well received. The CSD business declined by 38% during the quarter.

During the quarter, Emami increased its Gross Margins by 230 bps at 66.5% and EBIDTA Margins by 490 bps at 25.5%. Profits after Tax increased by 1% and PAT margins increased by 220 bps. This was possible due to stringent cost control measures and benign raw material prices, which helped improve the margins, despite a decline in the revenues.

Mr Mohan Goenka, Director, Emami Limited said:

“We are happy that despite the unprecedented nonconductive business environment due to COVID-19 lockdown which severely impacted our sales in April during the 1st quarter, we have successfully overcome the challenges to post a high single digit growth in the month of June and double digit growth in July. Our May performance had also showed considerable improvement as we navigated the current challenges to emerge successfully with our combating strategy to overcome the muted environment. Our margins grew due to stringent cost control measures and all our new products performed well, particularly the personal hygiene and immunity building categories. Going forward, we expect the growth momentum to continue”



Mr Harsha V Agarwal, Director, Emami Limited said:

“Responding to the current consumer preference for the health & hygiene segment including immunity boosting products, our Zandu Healthcare portfolio, comprising especially of the immunity building products have performed exceedingly well during the quarter, garnering a double digit growth of 23%. BoroPlus portfolio, led by the personal hygiene products like hand sanitizer and soaps as well as the pain management portfolio have also grown by 28% and 15% respectively. The discretionary & seasonal products viz. 7 Oils, Kesh King, Navratna etc which suffered during April and partially in May, have since recovered to a large extent in the month of May. We will be rolling out few more new products in health & hygiene segment in the coming couple of months.”

About Emami Ltd

Emami: (NSE: EMAMILTD, 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 Navratna, BoroPlus, Fair & Handsome, Zandu Balm & Mentho Plus. In 2015, the Company acquired the business of ‘Kesh King’ and forayed into the Ayurvedic hair & scalp care segment. In, 2019, the company acquired Creme 21, a German brand with strong roots & brand recall. Emami products are available in over 4.5 million retail outlets across India through its network of ~3250 distributors and its global footprint spans over 60 countries including GCC, Europe, Africa, CIS countries & the SAARC.

Emami has maintained a 10% CAGR in topline for the past 10 years through its consistent business performance. Emami is well known for its aggressive marketing powered by celebrity endorsements like Amitabh Bachchan, Pt Birju Maharaj, Shah Rukh Khan, Salman Khan Hrithik Roshan, Shahid Kapoor, Madhuri Dixit, Katrina Kaif, Kareena Kapoor Khan, Yami Gautam, Kangana Ranaut, Shilpa Shetty, Sonakshi Sinha, Shruti Haasan, Juhi Chawla, Vidyut Jamwal, Kartik Aryaan, Varun Dhawan, Milkha Singh, Tiger Shroff, Sachin Tendulkar, Surya, Jr. NTR, Sania Mirza, Saina Nehwal, Bipasha Basu etc over the years.

With a market cap of around Rs. 10,000 cr, Emami Ltd is the flagship Company of the diversified Emami Group. Please visit www.emamltd.in for further information.

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