

Dabur

Company Update

CMP	296
Target Price	-
Previous Target Price	-
Upside	-
Change from Previous	-

Market Data

BSE Code	500096
NSE Symbol	DABUR
52wk Range H/L	320/231
Mkt Capital (Rs Cr)	52,211
Av. Volume(,000)	1400
Nifty	8615

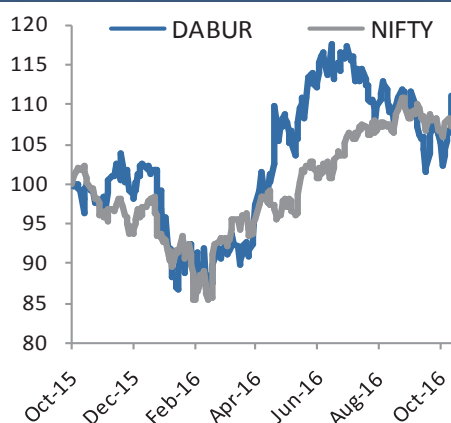
Stock Performance

	1M	3M	12M
Absolute	4.8	-3.7	9.8
Rel.to Nifty	7.2	-4.6	5.4

Share Holding Pattern-%

	2QFY17	1QFY17	4QFY16
Promoters	68.0	68.0	68.1
Public	32.0	32.0	31.9
Others	-	-	-
Total	100.0	100.0	100.0

Company Vs NIFTY



The company has reported numbers below than our expectation for 2QFY17. Sales for this quarter grew by 1% YoY to Rs 1981 cr led by sluggish growth from international business. International business has contributed approx. 34% of company's sales in 2QFY17. International business declined by 2.3% YoY in this quarter due to geo political disturbances in the MENA region and adverse currency impact. The management sees this headwind to continue for at least 2-3 quarters going forward. Secondly the company is getting tough competition from Patanjali. Patanjali is strong in north and west India from where Dabur gets approx. 60% of its business which is a concern for DABUR. Thirdly, rural demand is still stressed witnessing slight improvement. **Hence considering tepid international business growth outlook, tough competition from Patanjali and stress in rural demand we maintain 'Neutral' rating on Dabur with no target price.**

Q2FY17_Result Update

Sales for this quarter grew by 1% YoY to Rs 1981 cr led by by sluggish growth from international business. EBITDA remained flat for the company. EBITDA margin declined by 4 bps YoY to 20.6% due to higher employee and Cost of goods sold. Ad expenses for this quarter declined by 92 bps. International business witnessed decline of 250 bps YoY on the operating margin front in 2QFY17. PAT margin improved by 64 bps YoY led by higher other income (Rs 89 cr in 2QFY17 Vs Rs 56 cr in 2QFY16). PAT grew by 5% YoY to Rs 357 cr in 2QFY17.

Oral Care, Hair Care, Home Care and Skin Care reported volume growth of 6% while growth in value terms was 1.6%. Oral care category including toothpowder was flattish in value terms. However volume growth for the category was 11%. Home care category reported good growth of 20% in value terms led by strong double digit growth in Odorax and Odonil. Skin care posted 7% growth with the Bleach portfolio growing by 10.5%. Honey was flattish in volume terms on a high base of 32.5% growth during 2QFY16.

Concall Highlights:

- Rural demand is severely stressed. Good monsoon and seventh pay commission pay out would not be sufficient.
- The company will continue with promotion for next 2 quarters. After that company will try to reduce promotion and think of increase in price.
- It gained market share in Almond hair oil segment. Presently it is below than 10%.
- Indian business witnessed some deflation in this quarter.

	2013	2014	2015	2016	2017E
Financials					
Sales	6169	7075	7827	8454	8766
EBITDA	988	1160	1316	1520	1631
Net Profit	763	914	1066	1253	1385
EPS	4	5	6	7	8
ROE	36%	34%	32%	30%	28%

(Source: Company/Eastwind)