

DABUR

Company Update

CMP	308
Target Price	320
Previous Target Price	320
Upside	4%
Change from Previous	0%

Market Data

BSE Code	500096
NSE Symbol	DABUR
52wk Range H/L	320/231
Mkt Capital (Rs Cr)	54,245
Av. Volume(,000)	1356
Nifty	8,666

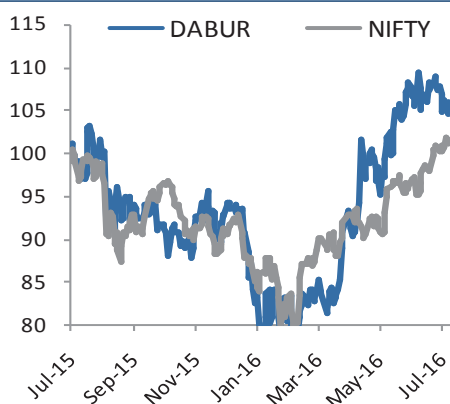
Stock Performance

	1M	3M	12M
Absolute	7.1	24.7	10.8
Rel.to Nifty	5.0	17.1	11.3

Share Holding Pattern-%

	1QFY17	4QFY16	3QFY16
Promoters	68.0	68.1	68.1
Public	32.0	31.9	31.9
Others	-	-	-
Total	100.0	100.0	100.0

Company Vs NIFTY



Dabur has reported numbers below than our expectation for 1QFY17. Sales grew by 1% YoY to Rs 1928 cr led by 4% domestic volume growth YoY. The company's realization for this quarter went down due to increased promotion expenses YoY. EBITDA grew by 9% YoY to Rs 349 cr led by benign raw material prices and lower Ad&P expenses. During 1QFY17, demand decelerated further and competitive intensity remained higher. International business reported growth of 6% which is blow than our expectation. **Going forward we expect more stress on volume for DABUR and confusion regarding PAN issue will further dampen the sales. There may some volume turnaround after 2QFY17 till than we are 'Neutral' on this stock target price of Rs 320 per share.**

Q1FY17_Result Update

Dabur's sales grew by 1% YoY to Rs 1928 cr led by 4% volume growth from domestic business. International Business contributed to 34% of consolidated sales in this quarter. EBITDA has shown improvement of 9% YoY. Goss margin improved by 103 bps YoY to 51.4% due to lower input prices. EBITDA margin for this quarter improved by 126 bps YoY to 18.1% led by lower Ad&P expenses and COGS. PAT grew by 12 % YoY to Rs 293 cr. PAT Margins increased to 15.2% in Q1FY17 from 13.8% in Q1FY16. Real VOLO (Sparkling Fruit Beverage) and Real Mausambi launched in Q1FY17. Market share in Juices & Nectars category back to last year levels in spite of increasing competitive activity.

Concall Highlights:

- Demand decelerated. Competition remained high.
- International business reported growth of 6%.
- Domestic FMCG Business reported growth of 0.5% driven by volume growth of 4%.
- Market Share in Toothpaste category has increased by 200 bps on a YOY basis.
- Plan for capex of Rs 500 cr in FY17 in which Rs250 cr will go for establishment of new plant Tej pur in Assam.
- Expect recovery of demand in 2HFY17.
- Inflationary cycle is benign.
- Total AD&P spend will go up going forwards.
- Namaste business: Expectation of 5-10% growth from Namaste in FY17. Expected EBITDA 10% for FY17.
- Can take price cut if monsoon and different stimulus of government will not worke.

	Rs,Cr				
Financials	2012	2013	2014	2015	2016
Sales	5305	6169	7075	7827	8454
EBIT	787	903	1062	1201	1386
Net Profit	645	763	914	1066	1253
EPS	4	4	5	6	7
ROE	38%	36%	34%	32%	30%

(Source: Company/Eastwind)