

# Performance Update - 1Q FY19

July 30, 2018



# PERFORMANCE UPDATE

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- 2 Business Overview – India
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# 1Q FY19 FINANCIAL PERFORMANCE

| Growth y-y   | Consolidated Business | India Business | International Business |
|--|-----------------------|----------------|------------------------|
| Net Sales  | 8%                    | 8%             | 9%                     |
| Net Sales – Constant Currency                      | 7%                    | 8%             | 7%                     |
| Net Sales – Comparable*                            | 11%                   | 14%            | 9%                     |
| <b>Net Sales – Constant Currency – Comparable*</b> | <b>10%</b>            | <b>14%</b>     | <b>7%</b>              |
| EBITDA   | 28%                   | 44%            | 5%                     |
| <b>EBITDA – Constant Currency</b>                  | <b>26%</b>            | <b>44%</b>     | <b>1%</b>              |
| Net Profit   | 80%                   | 47%            | 127%                   |
| Net Profit without exceptional and one-off items   | 36%                   | 47%            | 7%                     |

\*Assuming GST in the base quarter sales

# EXCEPTIONAL ITEMS AND ONE-OFFS

|   | 1QFY19       |            |               | 1QFY18       |            |               |
|---|--------------|------------|---------------|--------------|------------|---------------|
|   | Consolidated | India      | International | Consolidated | India      | International |
| <b>Reported net profit</b>                              | <b>405</b>   | <b>220</b> | <b>184</b>    | <b>225</b>   | <b>150</b> | <b>81</b>     |
| <i><b>Exceptional and One-off post tax</b></i>          |              |            |               |              |            |               |
| Restructuring cost                                      | 4            |            | 4             | 5            |            | 5             |
| Others  | 0.4          |            | 0.4           |              |            |               |
| Deferred Tax Asset*                                     | (96)         |            | (96)          |              |            |               |
| <b>Net Profit without exceptional and one-off items</b> | <b>313</b>   | <b>220</b> | <b>92</b>     | <b>230</b>   | <b>150</b> | <b>86</b>     |

# BRIDGE BETWEEN REPORTED TO OPERATING EBITDA

|  | India        | International | Indonesia    | GAUM         | Others      |
|--|--------------|---------------|--------------|--------------|-------------|
| 1QFY19 Reported EBITDA Margin                                | 22.5%        | 13.5%         | 21.7%        | 12.1%        | 5.6%        |
| Business support charges, Royalty & Technical fees (₹ crore) | (8.7)        | 8.7           | 1.7          | 5.1          | 1.8         |
| <b>1QFY19 Adjusted EBITDA Margin</b>                         | <b>21.9%</b> | <b>14.3%</b>  | <b>22.2%</b> | <b>13.4%</b> | <b>6.2%</b> |
| 1QFY18 Adjusted EBITDA Margin                                | 17.3%        | 14.8%         | 20.0%        | 15.9%        | 6.3%        |
| Change in EBITDA Margin (bps)                                | 460*         | (50)          | 220          | (250)        | (10)        |

\*Assuming GST in the base quarter sales  
 GAUM cluster includes Africa, USA and Middle East  
 Others include Latin America, Europe and SAARC

# KEY BALANCE SHEET DATA

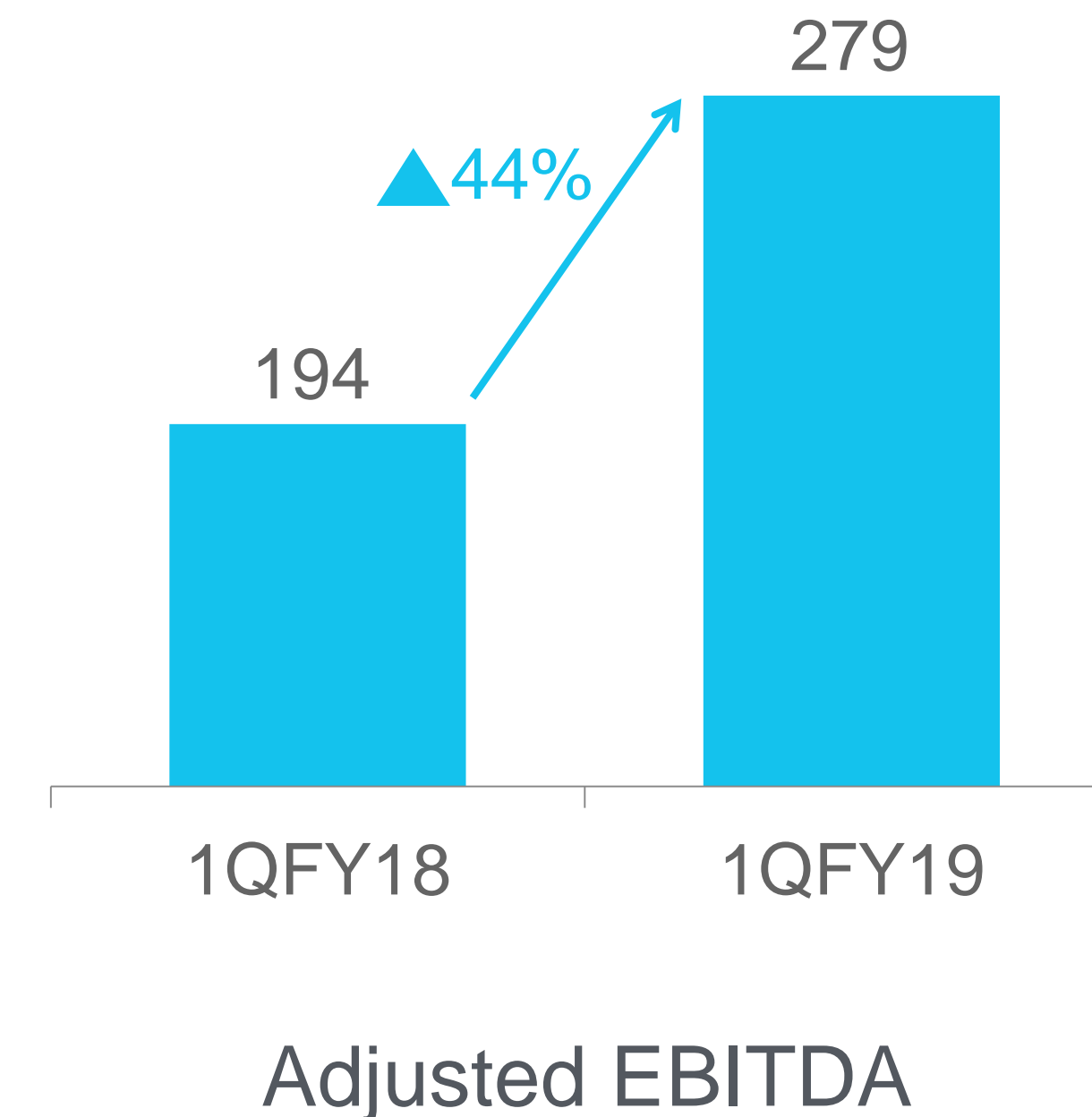
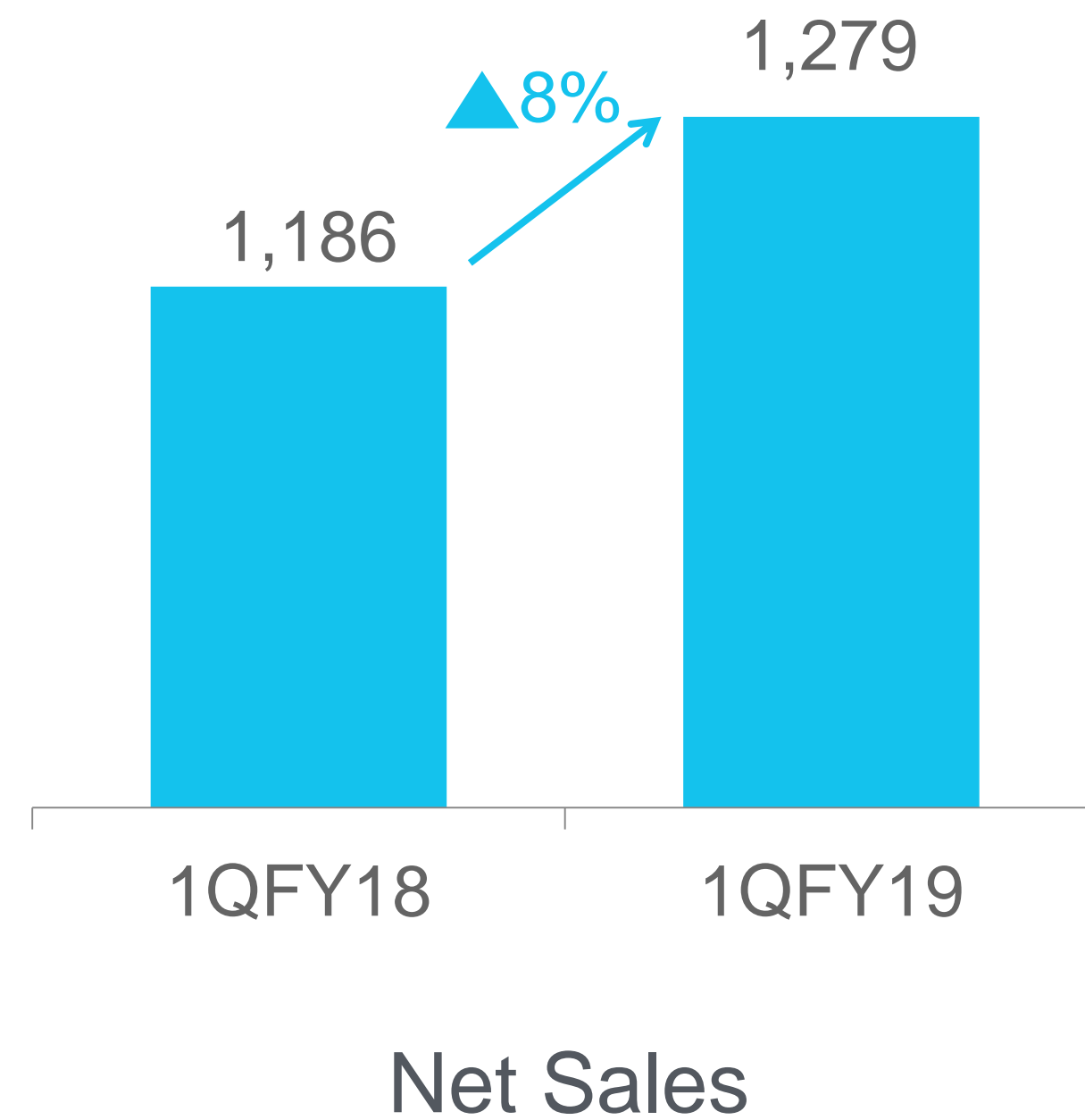
| Particulars                           | Units   | June 30, 2018    | June 30, 2017    | March 31, 2018   |
|---------------------------------------|---------|------------------|------------------|------------------|
| Working Capital ex-Cash & Equivalents | ₹ crore | 687              | 689              | 395              |
| Working Capital                       | Days    | 26               | 28               | 15               |
| Cash & Equivalents                    | ₹ crore | 2,053            | 1,329            | 1,921            |
| Debt denominated in INR               | ₹ crore | 495              | 447              | -                |
| Debt denominated in USD               | ₹ crore | 3,522 (USD 514m) | 3,590 (USD 556m) | 3,294 (USD 505m) |
| Debt denominated in other currencies  | ₹ crore | 267              | 8                | 200              |
| Total Debt                            | ₹ crore | 4,284            | 4,045            | 3,494            |
| Other Financial Liabilities           | ₹ crore | 1,059            | 1,200            | 1,000            |
| Shareholder's Equity                  | ₹ crore | 6,089            | 5,036            | 6,258            |
| Capital Employed                      | ₹ crore | 11,432           | 10,282           | 10,752           |
| Net Debt / Equity                     | x       | 0.54             | 0.78             | 0.41             |
| ROE                                   | %       | 26.6*            | 18.3*            | 26.1             |
| ROCE                                  | %       | 15.1*            | 13.1*            | 18.8             |
| Operating ROCE                        | %       | 42.8*            | 42.0*            | 56.5             |

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# ROBUST, AHEAD OF MARKET VOLUME LED SALES GROWTH

- Sales growth of 14%\* (2 year CAGR of 10%) driven entirely by volume growth of 14%
- EBITDA growth of 44%





# DOUBLE-DIGIT VOLUME LED SALES GROWTH ACROSS CATEGORIES

| India Business   | Sales<br>₹ crore | Growth*<br>year-on-year |
|--|------------------|-------------------------|
| Household Insecticides   | 445              | 17%                     |
| Soaps  | 538              | 10%                     |
| Hair Colours   | 183              | 12%                     |
| Other Brands   | 120              | 21%                     |
| Unbranded and Exports  | 55               | flat                    |
| Total  | 1,341            | 13%                     |
| Sales and trade promotion spends, etc. to be netted off from Sales as per Ind AS | (63)             | (5%)                    |
| <b>Sales</b>   | <b>1,279</b>     | <b>14%</b>              |
| <b>Branded Volume Growth</b>   | <b>-</b>         | <b>14%</b>              |

\*Comparable growth assuming GST in the base quarter sales

# HIGHEST GROWTH RATE IN 7 QUARTERS IN HOUSEHOLD INSECTICIDES

- Growth returning to healthy levels, driven by better season and new product launches
- Double-digit volume led sales growth of 17%\* (2 year CAGR of 11%)
- Goodknight PowerChip and Goodknight Activ+ Liquid Vaporiser with 50% more power continues to scale up
- Continue to focus on driving penetration with launch of affordable solutions and trial generation SKUs
- Continue to make effective brand investments for future growth





# DRIVING PENETRATION THROUGH AFFORDABLE SOLUTIONS AND LUPs



Differentiated coil and LUP  
priced at ₹10



Goodknight Fabric Roll-On at ₹20  
to accelerate trials



Goodknight Cool Gel  
LUP priced at ₹10



# CRÈME CONTINUES TO DELIVER ROBUST GROWTH IN HAIR COLOURS

- Sales growth of 12%\* led by strong double-digit volume growth
- Godrej Expert Rich Crème continues to consistently deliver robust performance with double-digit volume led growth
- Godrej Expert Rich Crème continues to expand distribution, penetration reach and gain market share
- Expanded portfolio with entry in Herbal Based Powder hair colour segment under Godrej Nupur brand





# SUSTAINED DOUBLE-DIGIT VOLUME LED SALES GROWTH IN SOAPS

- Sales growth of 10%\* led by double-digit volume growth
- Healthy growth in both – Godrej No. 1 and Cinthol
- Performance led by effective micro-marketing initiatives, focus on new states and strong on-ground execution
- Continue to gain market share

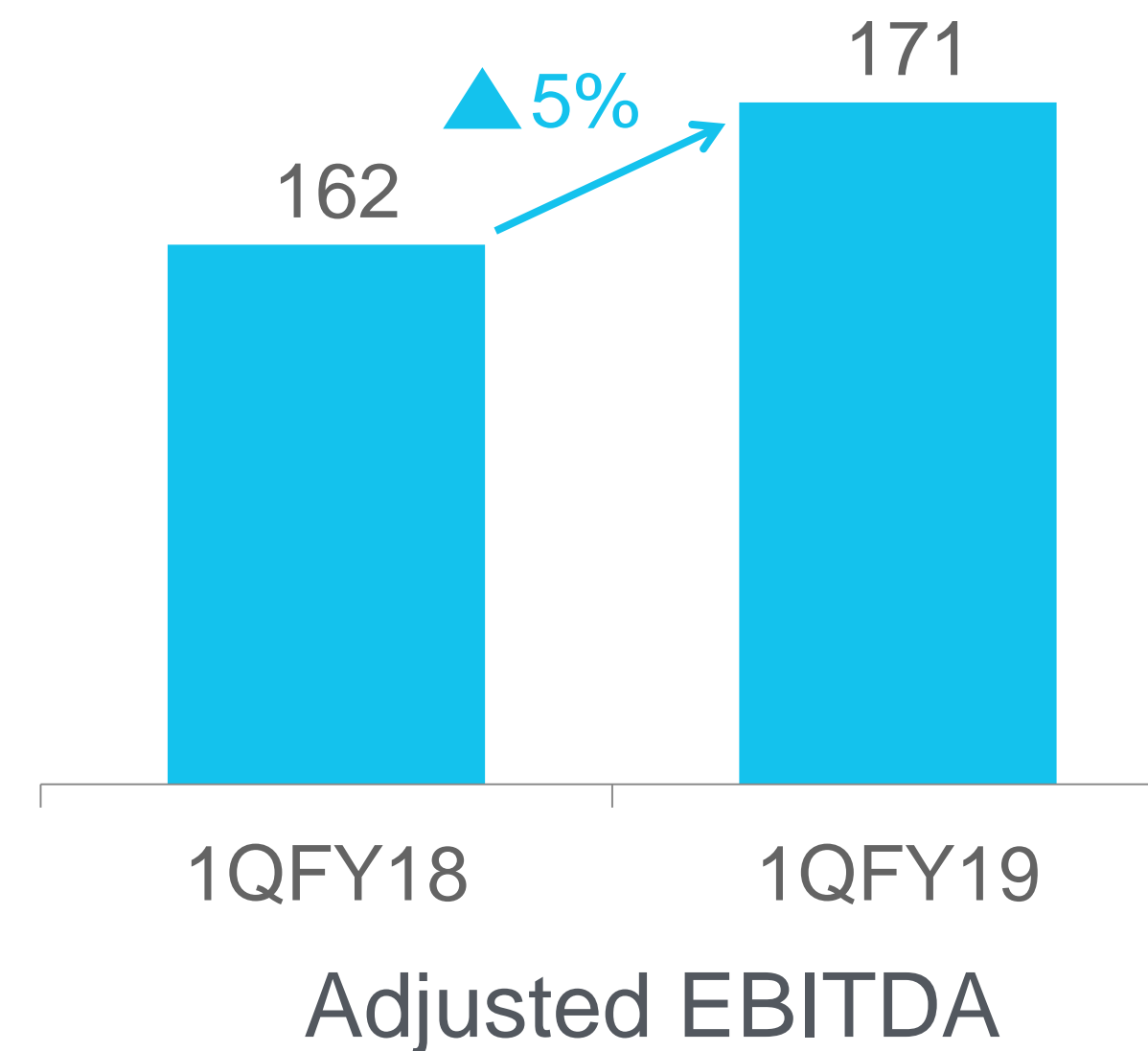
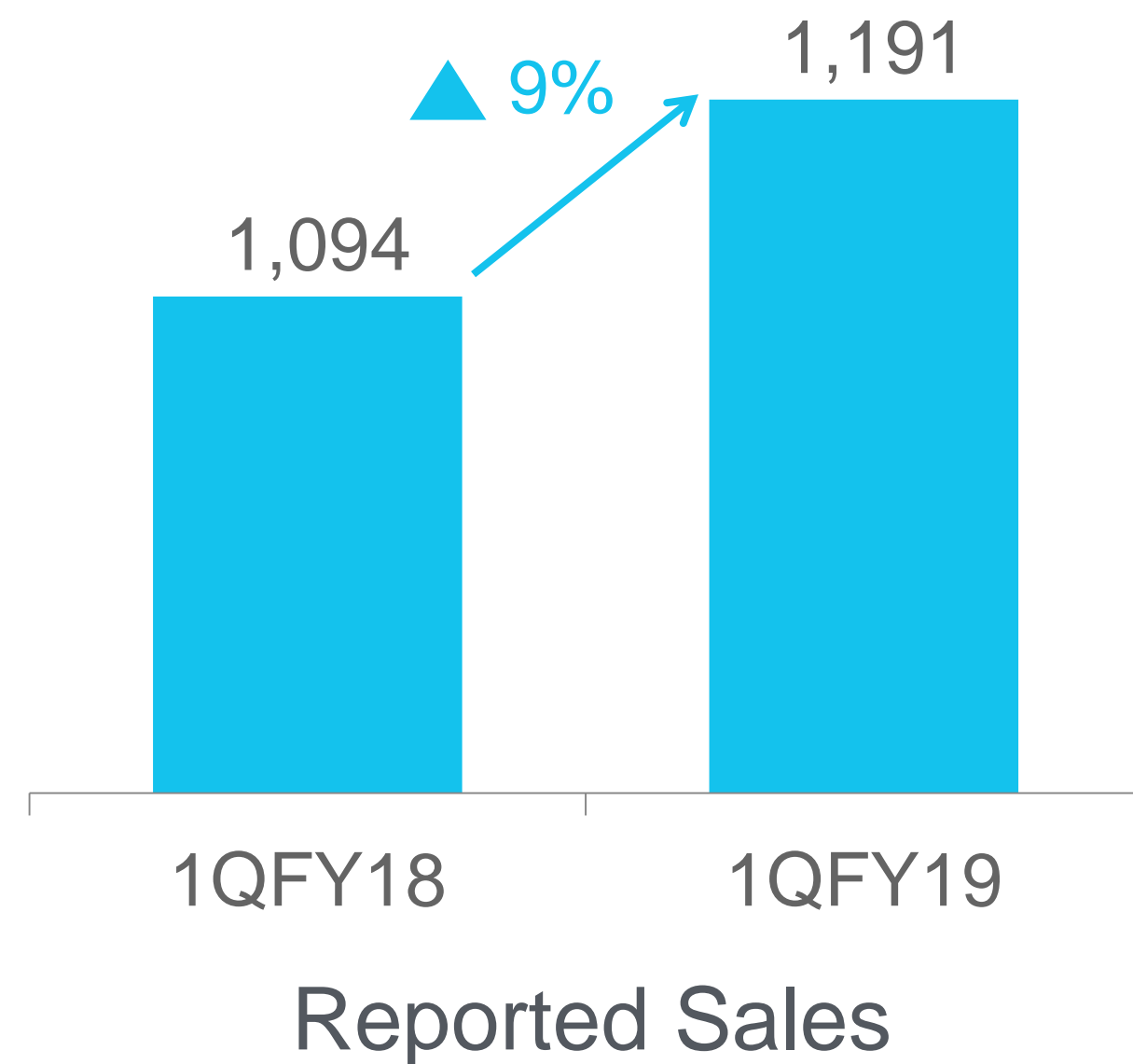


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# INTERNATIONAL BUSINESS ON TRACK TO RECOVERY

- International business delivers constant currency sales growth of 7% driven by Indonesia
- Adjusted EBITDA margin of 14.3% decreases by 50 bps year-on-year



All values in ₹ crore

# MIXED PERFORMANCE ACROSS CLUSTERS

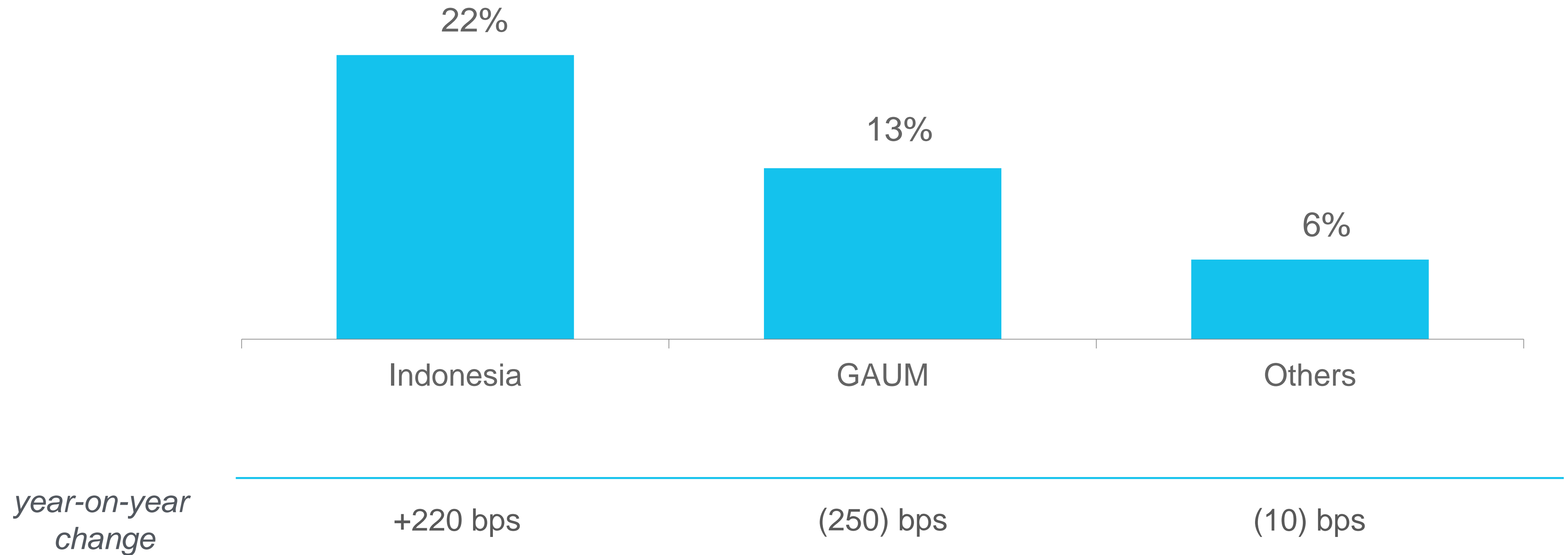
| International Business | Sales<br>₹ crore | Growth<br>year-on-year | Constant Currency Growth<br>year-on-year |
|------------------------|------------------|------------------------|--|
| Indonesia              | 353              | 9%                     | 10%                                      |
| GAUM                   | 564              | 10%                    | 5%                                       |
| Others                 | 273              | 6%                     | 8%                                       |
| <b>Total Net Sales</b> | <b>1,191</b>     | <b>9%</b>              | <b>7%</b>                                |

GAUM includes Africa, USA and Middle East  
Others include Latin America, Europe and SAARC



# ROBUST MARGIN EXPANSION IN INDONESIA OFFSET BY DECLINE IN GAUM

Adjusted EBITDA Margin



GAUM includes Africa, USA and Middle East  
Others include Latin America, Europe and SAARC

# RECOVERY IN INDONESIA WITH DOUBLE-DIGIT SALES GROWTH AND MARKET SHARE GAINS

- Sales growth of 10% in constant currency led by improvement in Household Insecticides
- New product launches and effective sales promotion investments driving ahead of market growth
- Regained market leadership position and continue to gain market share on y-y basis as well as q-q basis in Household Insecticides
- Adjusted EBITDA margin increases by 220 bps led by cost savings initiatives, lower overheads and sales promotion spends



# SOFT PERFORMANCE IN GAUM CLUSTER

- Africa, USA & Middle East constant currency sales increase by 5% led entirely by volume
- Sales in the quarter were impacted by weakness in South Africa while Kenya seeing early signs recovery; business ex-South grew in double-digits in constant currency terms
- Adjusted EBITDA margin decreases by 250 bps y-y driven by the lag between increase in input costs and price hikes and upfront marketing investments to scale up wet hair care business
- New launches and distribution of wet hair care being scaled up



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# HOUSEHOLD INSECTICIDES: INTRODUCED NEW FORMAT TO UP-TRADE COIL USERS AND RECRUIT NEW USERS

## Opportunity size

- ₹1,700+ crore of coils format

## Reason to buy

- more efficacious than coils
- unique gel technology; no smoke
- affordability

## Product features

- lasts for 15 days
- disruptive price point of ₹30 for PowerChip and ₹45 for combi-pack (PowerChip system)



# HOUSEHOLD INSECTICIDES: INTRODUCED HIGHER EFFICACY LIQUID VAPOURISER

## Opportunity size

- ₹2,000+ crore of electrics format

## Reason to buy

- 50% more efficacy at price of regular liquid vapouriser

## Product features

- priced at ₹72





# HAIR COLOURS: FORAYED IN HERBAL BASED POWDER (HBP) HAIR COLOURS

## Opportunity size

- ₹1,000+ size of Herbal Based Powder format

## Reason to buy

- strong naturals credentials
- goodness of natural henna
- easy application, works in 30 minutes
- affordability

## Product features

- available in 3 shades
- disruptive price point of ₹10





# WET HAIR USA: INTRODUCED AFRICAN PRIDE MOISTURE MIRACLE

## Opportunity size

- USD 0.8 billion of Wet Hair Care in the USA

## Reason to buy

- specially formulated for Type 4 hair
- quality that compares to premium brands
- unique ingredient stories inspired by real home remedies
- value price points

## Product features

- no parabens / sulphates / mineral oils / petrolatum
- superior moisture for coily / kinky hair
- delightful fragrances





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# OUR GOOD & GREEN COMMITMENT



Ensuring  
Employability

Train 1 million youth in skills that will enhance their earning potential



Greener  
India

Achieve zero waste to landfill, carbon neutrality and a positive water balance, while reducing specific energy consumption and optimising the use of renewable energy



Product  
Innovation

Generate a third of our portfolio revenues from 'good' and/or 'green' products

# WE HAVE BEEN CONSISTENTLY RECOGNISED AS A GREAT PLACE TO WORK



Ranked #1 FMCG company in India in 2018

Amongst the top 25 places to work in Asia in 2018



Ranked among the Best Employers in India in 2017



Godrej South Africa has been certified amongst the Top Employers of South Africa in 2017

# OTHER RECOGNITIONS



FTSE4Good Emerging Index is an extension to the FTSE4Good Index series, which is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance ESG practices

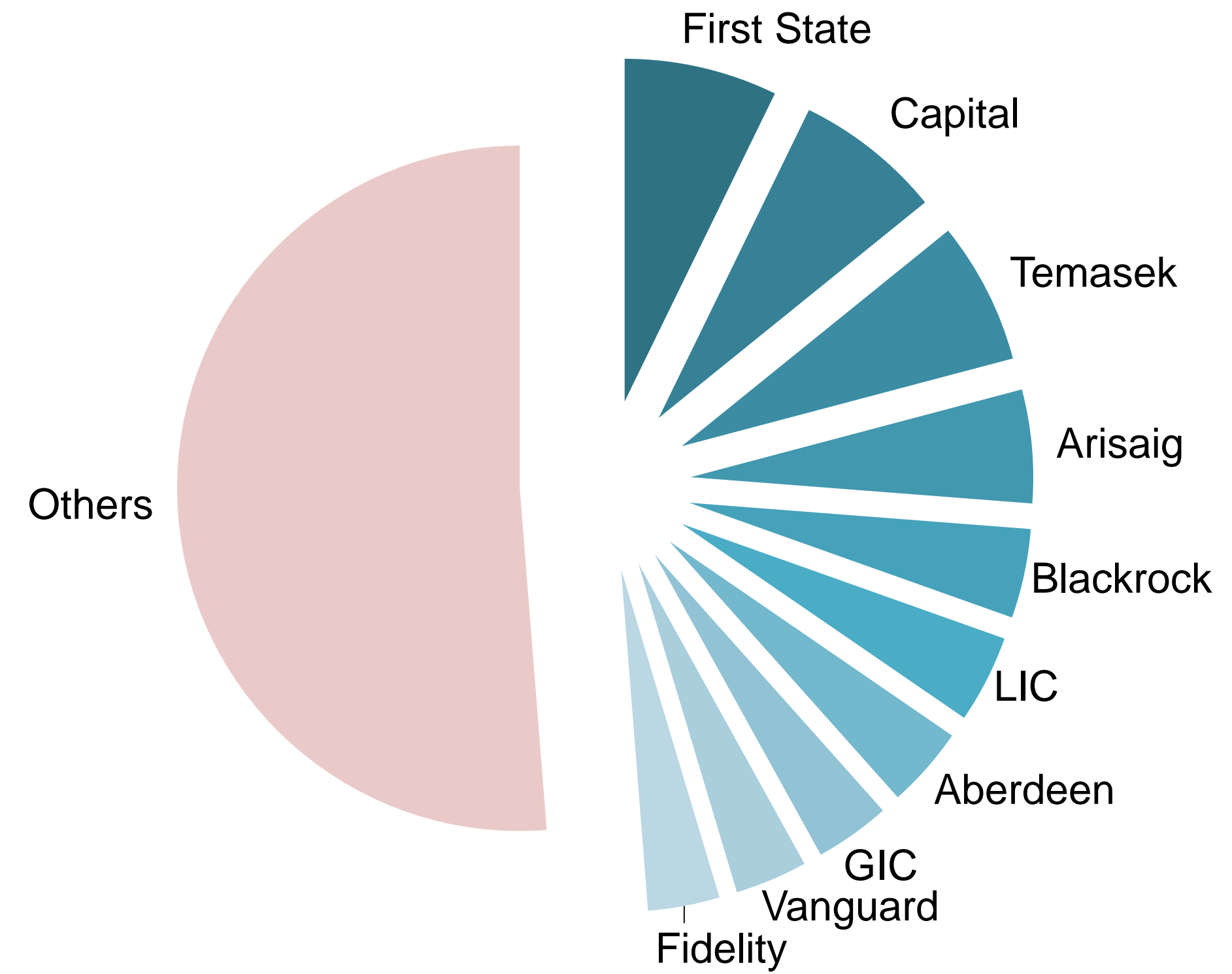
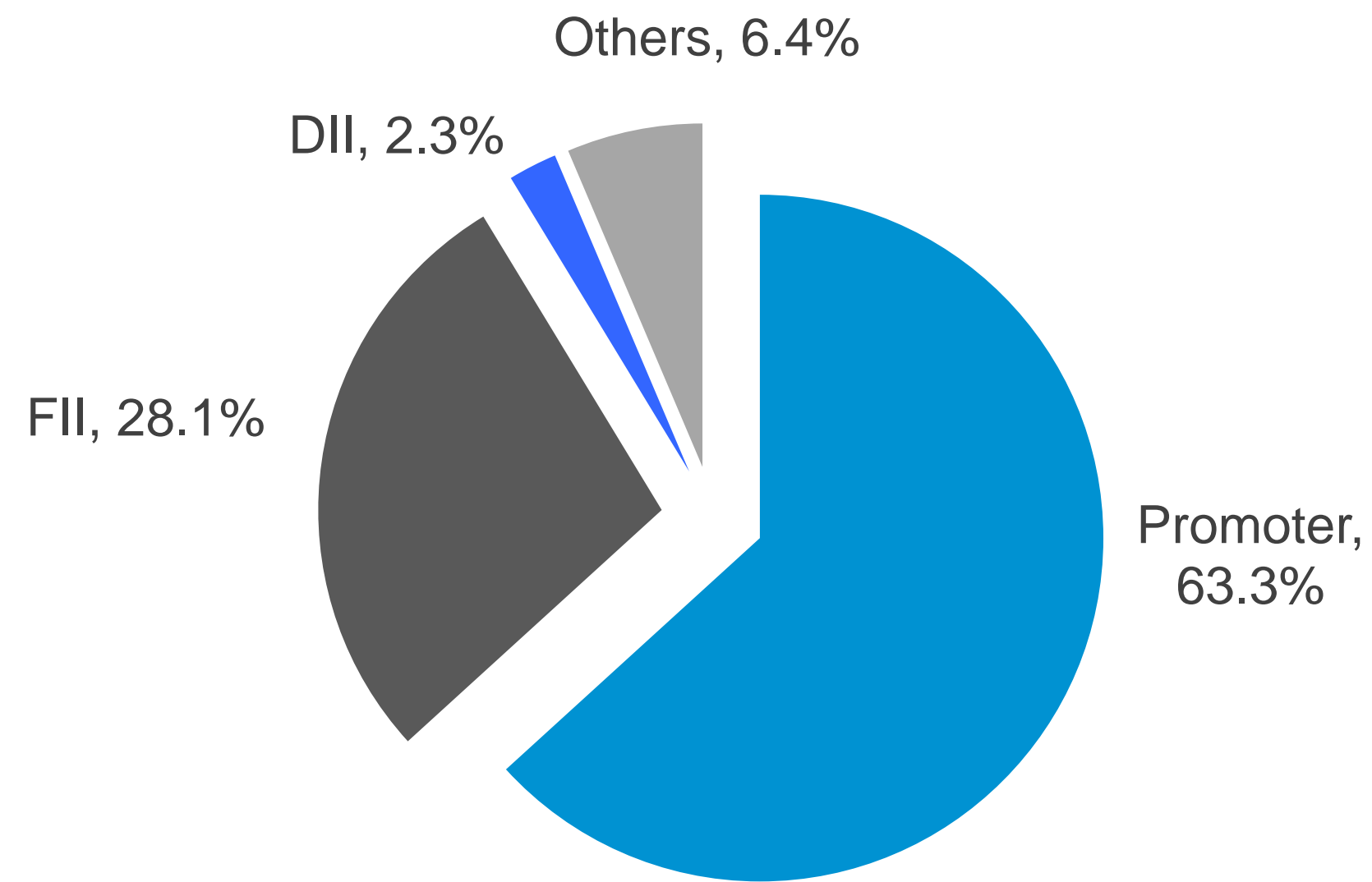


GCPL efforts to mitigate climate change have been recognised by CDP with GCPL being ranked A- on CDP India A List 2017



Received Porter Prize for Creating Shared Value 2016

# SHAREHOLDING PATTERN



Major investors

# 1Q FY19 PERFORMANCE SNAPSHOT

|                             | India        |              |                | Consolidated |              |                |
|-----------------------------|--------------|--------------|----------------|--------------|--------------|----------------|
|                             | 1QFY18       | 1QFY19       | Y/Y            | 1QFY18       | 1QFY19       | Y/Y            |
| Sales*                      | 1,122        | 1,279        | 14%            | 2,203        | 2,449        | 11%            |
| Gross Profit                | 584          | 732          | 25%            | 1,159        | 1,354        | 17%            |
| <i>Gross Margin %*</i>      | <i>52.1%</i> | <i>57.3%</i> | <i>520 bps</i> | <i>52.6%</i> | <i>55.3%</i> | <i>270 bps</i> |
| EBITDA                      | 194          | 279          | 44%            | 350          | 449          | 28%            |
| <i>EBITDA Margin %*</i>     | <i>17.3%</i> | <i>21.9%</i> | <i>460 bps</i> | <i>15.9%</i> | <i>18.3%</i> | <i>250 bps</i> |
| Net Profit                  | 150          | 220          | 47%            | 225          | 405          | 80%            |
| <i>Net Profit Margin %*</i> | <i>13.3%</i> | <i>17.2%</i> | <i>390 bps</i> | <i>10.2%</i> | <i>16.5%</i> | <i>630 bps</i> |
| EPS (₹)                     | 2.20         | 3.24         | 47%            | 3.31         | 5.94         | 80%            |

\*Comparable numbers assuming GST in the base quarter sales  
All values in ₹ crore

# WE REMAIN LASER FOCUSED ON EXECUTING OUR KEY PRIORITIES

#1 Extending leadership in our core categories and geographies

#2 Accelerating innovation and renovation

#3 Leveraging the power of digital

#4 Building a future ready sales system

#5 Making our supply chain best-in-class

#6 Fostering an agile and high-performance culture

#7 Becoming more Good & Green

# CONTACT US

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THANK YOU FOR YOUR TIME AND CONSIDERATION