

# Performance Update - 3Q FY18

January 30, 2018



# PERFORMANCE UPDATE

- 1 *Executive Summary - Key Highlights*
- 2 Business Overview - India
- 3 Business Overview - International

# 3Q FY18 FINANCIAL PERFORMANCE

Growth y-y	Consolidated Business	India Business	International Business
Net Sales	5%	10%	flat
Net Sales – Constant Currency	8%	10%	5%
Net Sales – Comparable*	8%	17%	flat
<b>Net Sales – Constant Currency – Comparable*</b>	<b>11%</b>	<b>17%</b>	<b>5%</b>
EBITDA	16%	32%	(5%)
<b>EBITDA – Constant Currency</b>	<b>18%</b>	<b>32%</b>	<b>flat</b>
Net Profit	22%	29%	8%
Net Profit without exceptional and one-off items	21%	29%	5%

\*Assuming GST in the base quarter sales

# EXCEPTIONAL ITEMS

	3QFY18			3QFY17		
	Consolidated	India	International	Consolidated	India	International
<b>Reported net profit</b>	<b>430</b>	<b>299</b>	<b>131</b>	<b>352</b>	<b>232</b>	<b>122</b>
<b><i>Exceptional and One-off post tax</i></b>						
Restructuring cost in Latin America	1		1	3		3
Restructuring cost and loss on sale of fixed asset in Africa	0.5		0.5			
Others				(6)		(6)
Profit on sale of asset*	(8)		(8)			
<b>Net Profit without exceptional and one-off items</b>	<b>423</b>	<b>299</b>	<b>125</b>	<b>349</b>	<b>232</b>	<b>119</b>

All values in ₹ crore  
\*One-off included in Other Income

# BRIDGE BETWEEN REPORTED TO OPERATING EBITDA

	India	International	Indonesia	Africa, USA & ME	LATAM	Europe
3QFY18 Reported EBITDA Margin	28.4%	16.7%	24.6%	13.8%	18.1%	10.8%
Business support charges, Royalty & Technical fees (₹ crore)	(5.9)	5.9	1.4	3.4	0.7	0.3
<b>3QFY18 Adjusted EBITDA Margin</b>	<b>28.0%</b>	<b>17.2%</b>	<b>25.0%</b>	<b>14.4%</b>	<b>18.6%</b>	<b>11.2%</b>
3QFY17 Adjusted EBITDA Margin	24.8%*	18.2%	22.7%	17.6%	18.9%	10.5%
Change in EBITDA Margin (bps)	320*	(100)	230	(320)	(30)	70

\*Assuming GST in the base quarter sales

# KEY BALANCE SHEET DATA

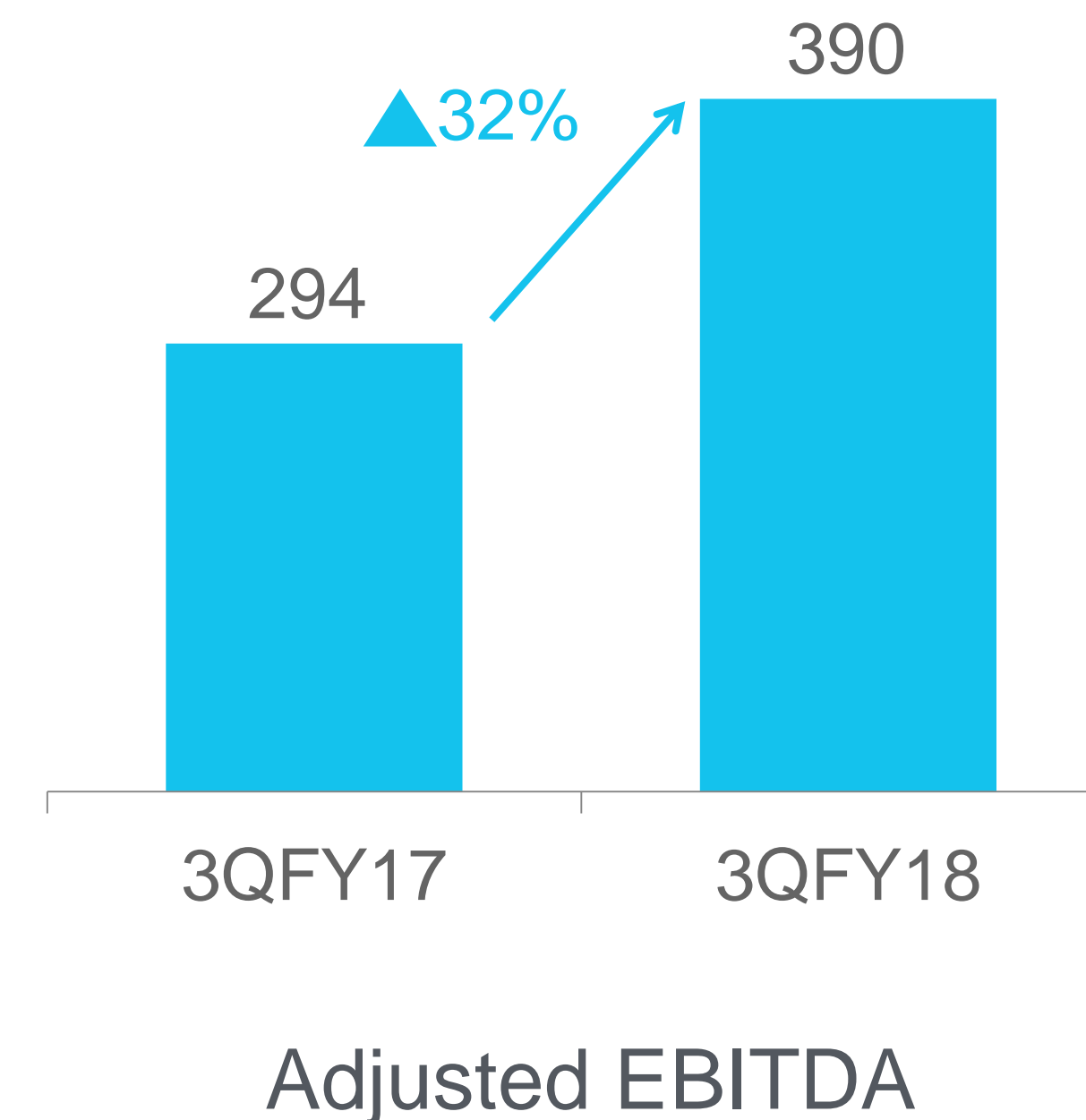
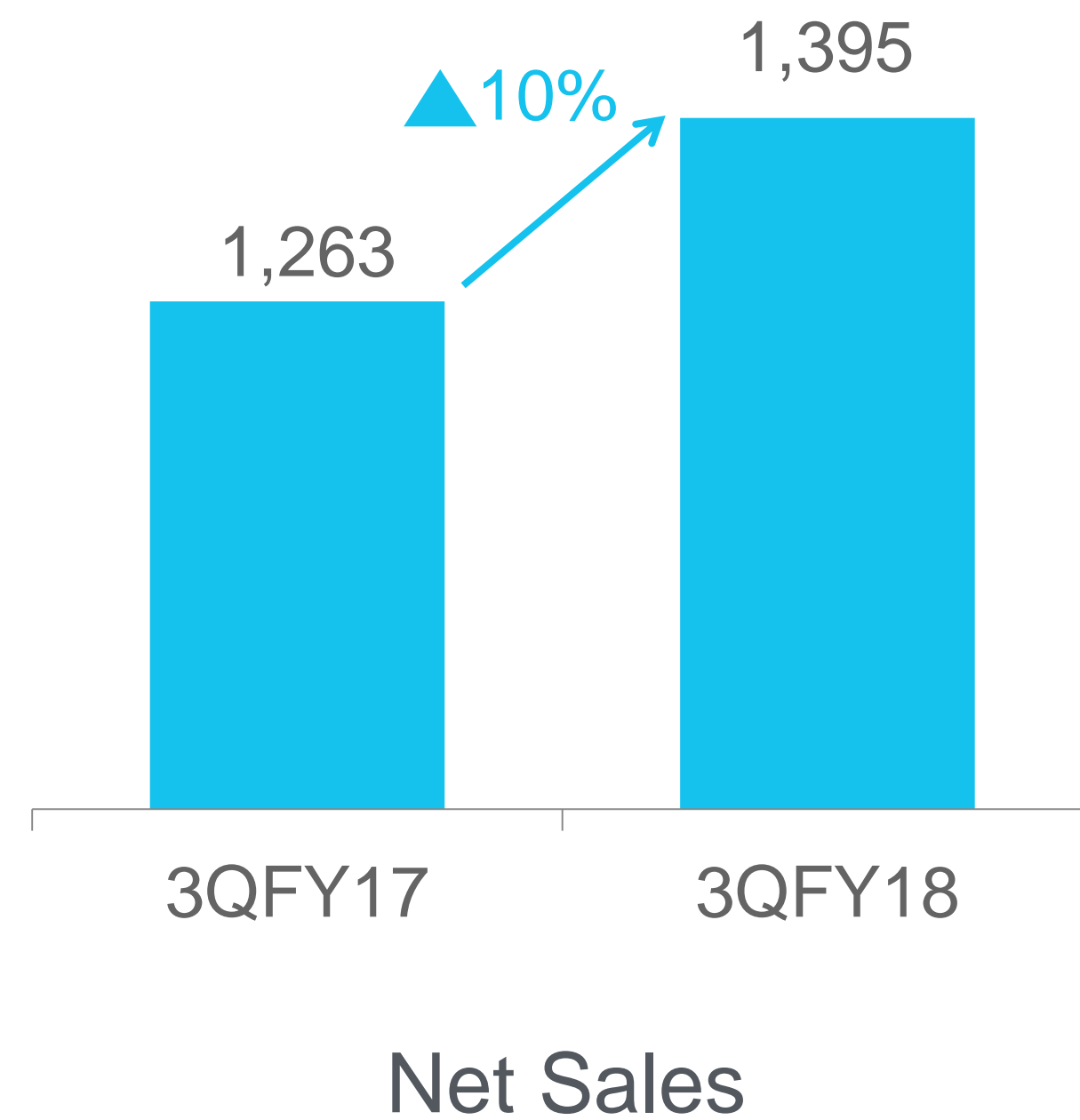
Particulars	Units	December 31, 2017	September 30, 2017
Working Capital ex-Cash & Equivalents	₹ crore	456	603
Working Capital	Days	17	23
Cash & Equivalents	₹ crore	1,919	1,293
Debt denominated in INR	₹ crore	228	124
Debt denominated in USD	₹ crore	3,446 (USD 540m)	3,565 (USD 546m)
Debt denominated in other currencies	₹ crore	204	78
Total Debt	₹ crore	3,878	3,767
Other Financial Liabilities	₹ crore	1,162	1,180
Shareholder's Equity	₹ crore	5,698	5,373
Capital Employed	₹ crore	10,739	10,320
Net Debt / Equity	x	0.55	0.68
ROE	%	23.9*	22.2*
ROCE	%	17.8*	16.4*
Operating ROCE	%	52.7*	54.2*

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# HEALTHY SALES GROWTH ALONG WITH ROBUST EXPANSION IN MARGINS

- Sales growth of 17%\* driven by volume growth of 18%
- EBITDA growth of 32% along with healthy brand investments (24% y-y growth)





# SALES GROWTH LED ENTIRELY BY VOLUME GROWTH

India Business	Sales ₹ crore	Growth* year-on-year
Household Insecticides	597	5%
Soaps	426	24%
Hair Colours	160	33%
Other Brands	220	30%
Unbranded and Exports	78	57%
Total	1,482	18%
Sales and trade promotion spends, etc. to be netted off from Sales as per Ind AS	(87)	32%
<b>Sales</b>	<b>1,395</b>	<b>17%</b>
<b>Branded Volume Growth</b>	<b>-</b>	<b>18%</b>

\*Comparable growth assuming GST in the base quarter sales

# SOFT QUARTER FOR HOUSEHOLD INSECTICIDES

- Sales growth of 5%\*; growth impacted by lower offtakes driven by adverse weather conditions in select parts of the country
- Continue to make competitive brand investments
- Personal Repellents scaling up well with double-digit market share
- Continue to focus on innovation to drive ahead of category growth



# STRONG DOUBLE-DIGIT GROWTH IN CRÈME AND POWDER HAIR COLOUR

- Sales growth of 33%\* driven by volume growth
- Price of Godrej Expert Rich Crème and Expert Original powder reduced to pass on the GST rate cut benefits
- Powder hair colour saw strong pick up post GST led price cut
- Godrej Expert Rich Crème continues to gain market share and extend its lead over competition



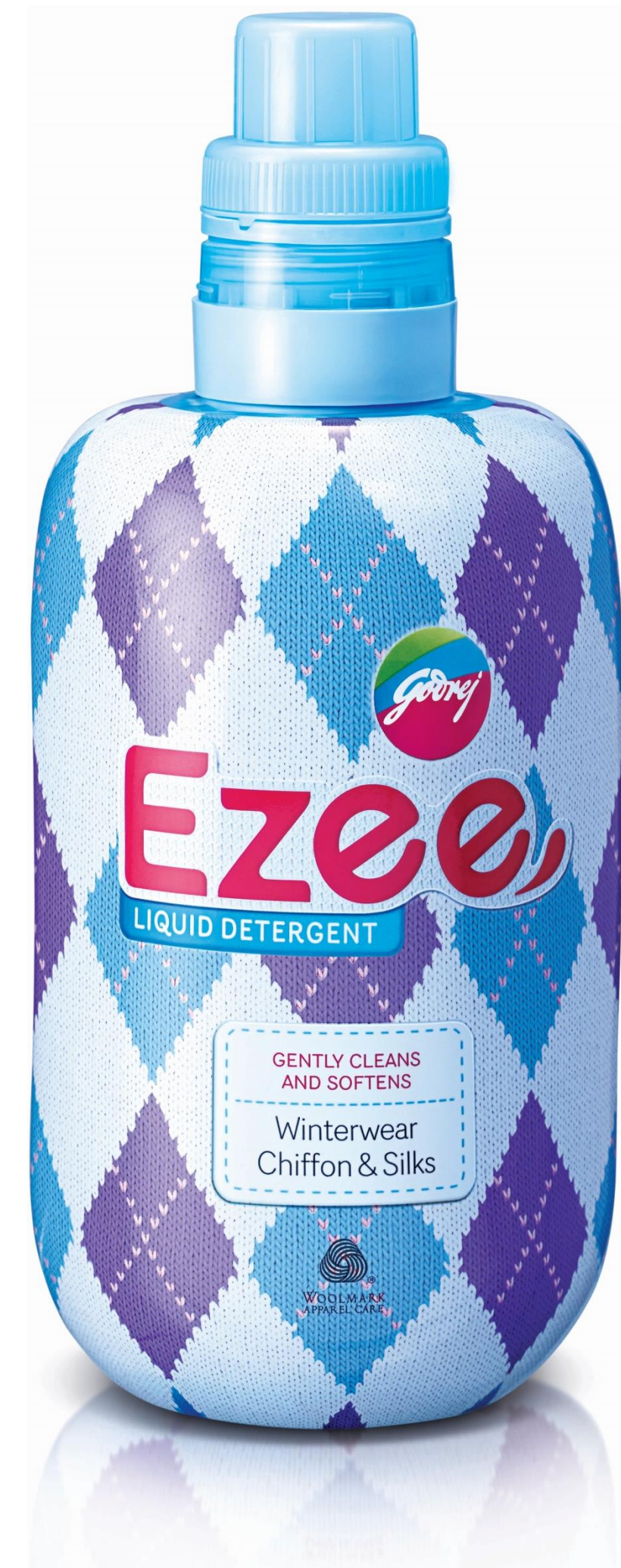
# ROBUST GROWTH MOMENTUM SUSTAINED IN SOAPS

- Sales growth of 24%\* led by strong double-digit volume growth
- Continue to gain market share
- Effective micro-marketing initiatives, variants strategy and strong on-ground execution supported by healthy brand investments driving growth in Godrej No. 1



# LIQUID DETERGENTS DELIVERS DOUBLE-DIGIT GROWTH

- Liquid Detergents sees strong growth of 21% led by Ezee
- Growth led by double-digit volume growth
- Price reduced to pass on the GST rate cut benefits



# NEW LAUNCHES CONTINUE TO PERFORM WELL



# PREMIUMISING OUR PORTFOLIO



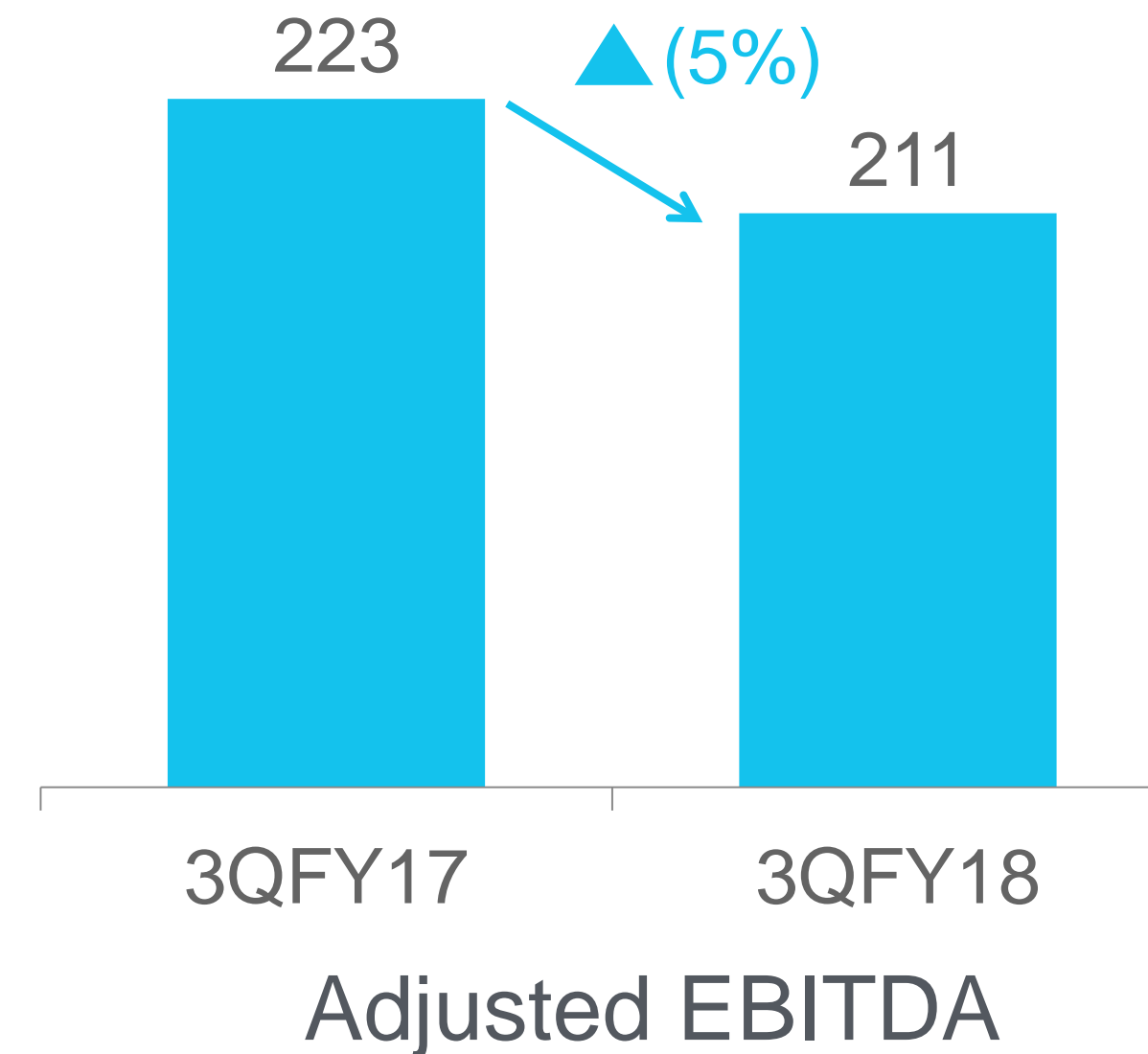
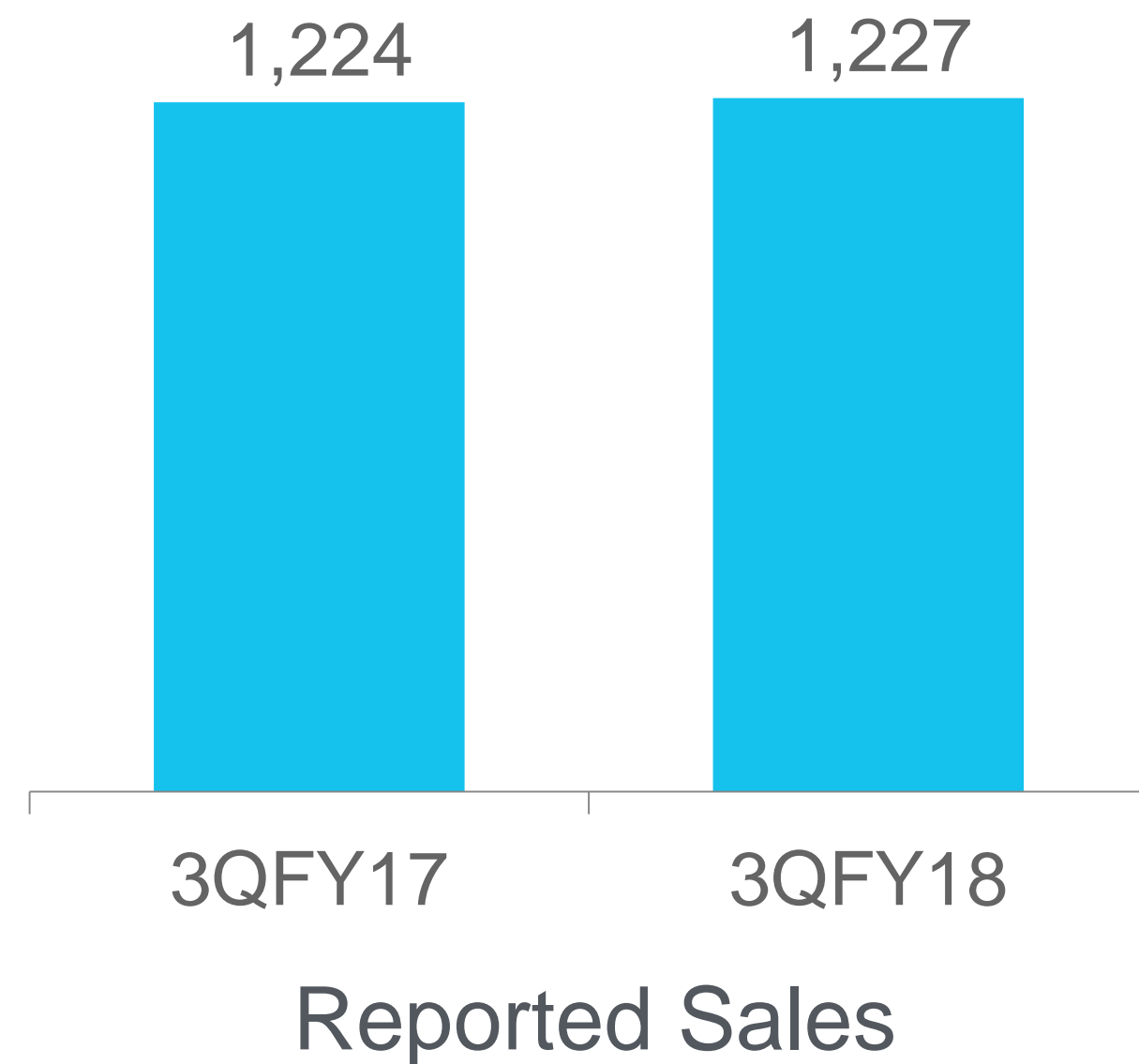
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# MIXED PERFORMANCE IN INTERNATIONAL BUSINESS

- International business delivers constant currency sales growth of 5% driven by Africa and Europe
- Adjusted EBITDA margin of 17.2% decreases by 100 bps year-on-year



All values in ₹ crore

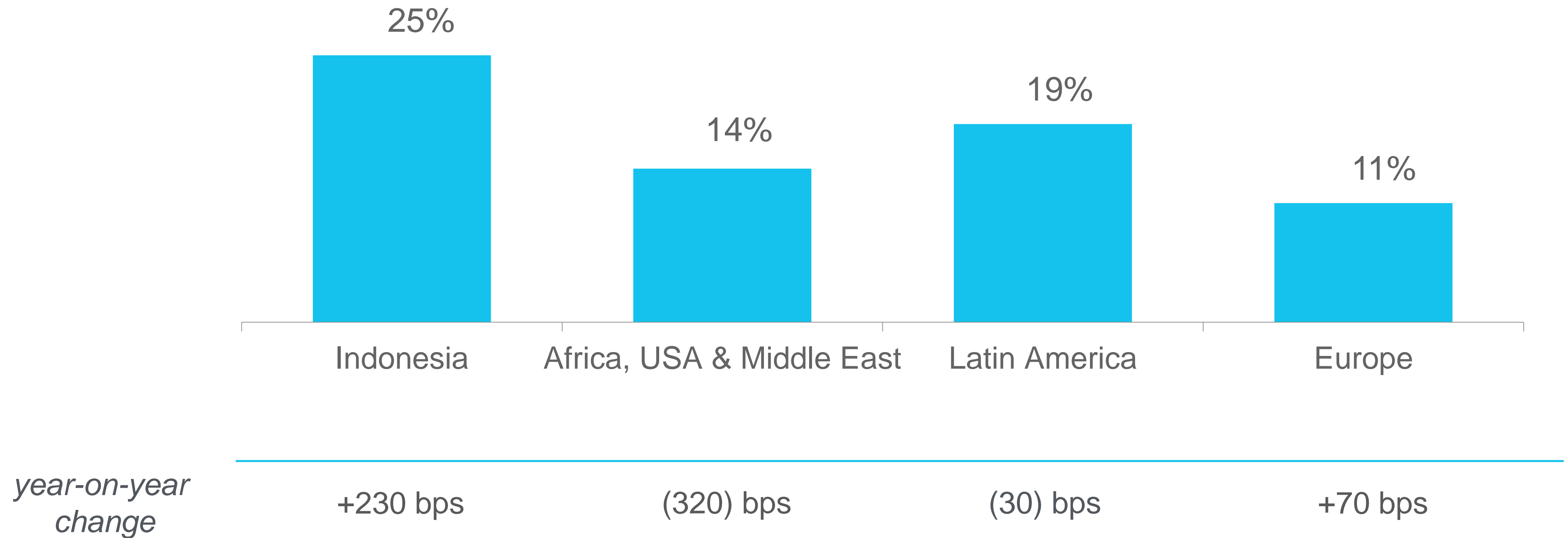
# GROWTH IN INDONESIA GRADUALLY RECOVERING

International Business	Sales ₹ crore	Growth year-on-year	Constant Currency Growth year-on-year
Indonesia	364	(8%)	(2%)
Africa, USA & Middle East	598	6%	10%
Latin America	151	(7%)	5%
Europe	92	14%	9%
Others**	21	1%	4%
<b>Total Net Sales</b>	<b>1,227</b>	<b>flat</b>	<b>5%</b>

\*\* Others include Sri Lanka and Bangladesh

# MARGIN EXPANSION IN INDONESIA AND EUROPE

Adjusted EBITDA Margin



# SUSTAINED ROBUST MARGIN EXPANSION IN INDONESIA

## SALES RECOVERY UNDERWAY

- Indonesia constant currency sales decline stem to 2% from 7% in 2Q and 11% in 1Q
- Adjusted EBITDA margin increases by 230 bps behind rationalised A&SP investments, Project PI (cost savings initiative) and stringent control on overheads
- Hit Expert Aerosol receiving encouraging traction
- Launched Hit One Push with an aerospray technology (sprayer with 45° facing up) and active micro-particles that spread fast and evenly in the rooms



# DOUBLE-DIGIT GROWTH CONTINUES IN AFRICA, USA & MIDDLE EAST

- Africa, USA & Middle East constant currency sales increase by 10%
- Sales in the quarter were impacted to some extent by ERP implementation in the USA and election related disruption in Kenya
- Hair extensions continue to deliver growth in double-digit in constant currency
- Adjusted EBITDA margin decreases by 320 bps y-y behind upfront A&P investments in scaling up wet hair care and scale de-leverage



# SOFT PERFORMANCE IN LATIN AMERICA

- Constant currency sales growth of 5% due to tough market conditions and macro challenges in Argentina impacting sales during the quarter
- Adjusted EBITDA margin decreases by 30 bps y-y



# HEALTHY SALES AND EARNINGS GROWTH IN EUROPE

- Constant currency sales increase by 9% led by strong performance in own brands
- Adjusted EBITDA margin increases by 70 bps y-y driven by favourable category mix



# 3Q FY2018 PERFORMANCE SNAPSHOT

	India			Consolidated		
	3QFY17	3QFY18	Y/Y	3QFY17	3QFY18	Y/Y
Sales*	1,189	1,395	17%	2,401	2,604	8%
Gross Profit	683	832	22%	1,334	1,477	11%
<i>Gross Margin %*</i>	<i>57.4%</i>	<i>59.7%</i>	<i>230 bps</i>	<i>55.6%</i>	<i>56.7%</i>	<i>110 bps</i>
EBITDA	294	390	32%	517	599	16%
<i>EBITDA Margin %*</i>	<i>24.8%</i>	<i>28.0%</i>	<i>320 bps</i>	<i>21.5%</i>	<i>23.0%</i>	<i>150 bps</i>
Net Profit	232	299	29%	352	430	22%
<i>Net Profit Margin %*</i>	<i>19.5%</i>	<i>21.4%</i>	<i>190 bps</i>	<i>14.7%</i>	<i>16.5%</i>	<i>180 bps</i>
EPS (₹)	3.40	4.39	29%	5.17	6.31	22%

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



# FOUR OF OUR BRANDS FEATURED IN THE MOST TRUSTED BRANDS 2016

4 of our brands ranked in 100 Most Trusted Brands 2016 by Brand Equity



**CINTHOL**



HOUSEHOLD CARE

**Goodnight** Ranked 1<sup>st</sup>  
**HIT** Ranked 8<sup>th</sup>

PERSONAL CARE

**Cinthol** Ranked 11<sup>th</sup>

FABRIC CARE

**Godrej Ezee** Ranked 9<sup>th</sup>

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

Manufacturing



Recognised among the top 10 places to work in Manufacturing Sector



Ranked among the Best Employers in India in 2017



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

# 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

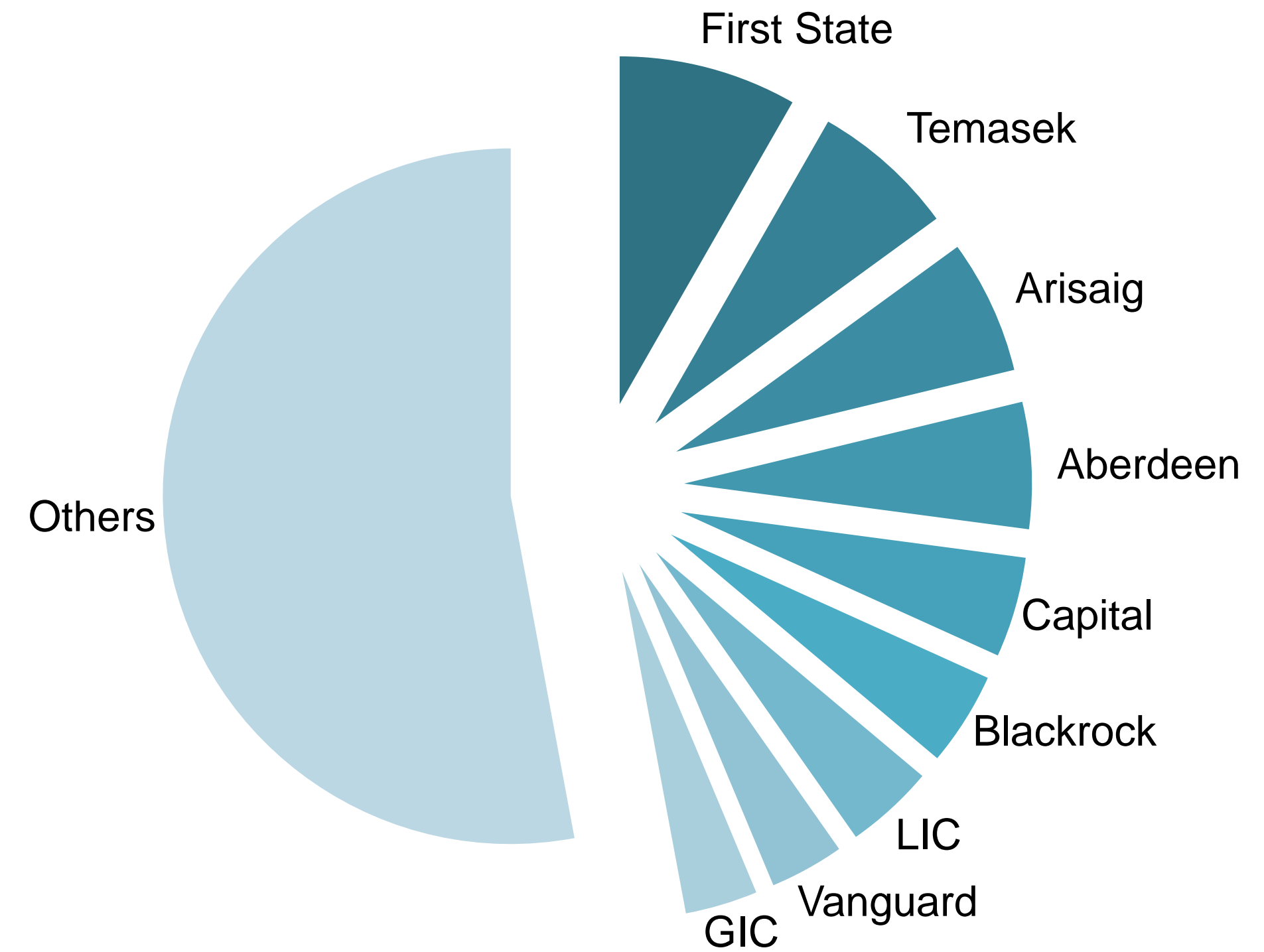
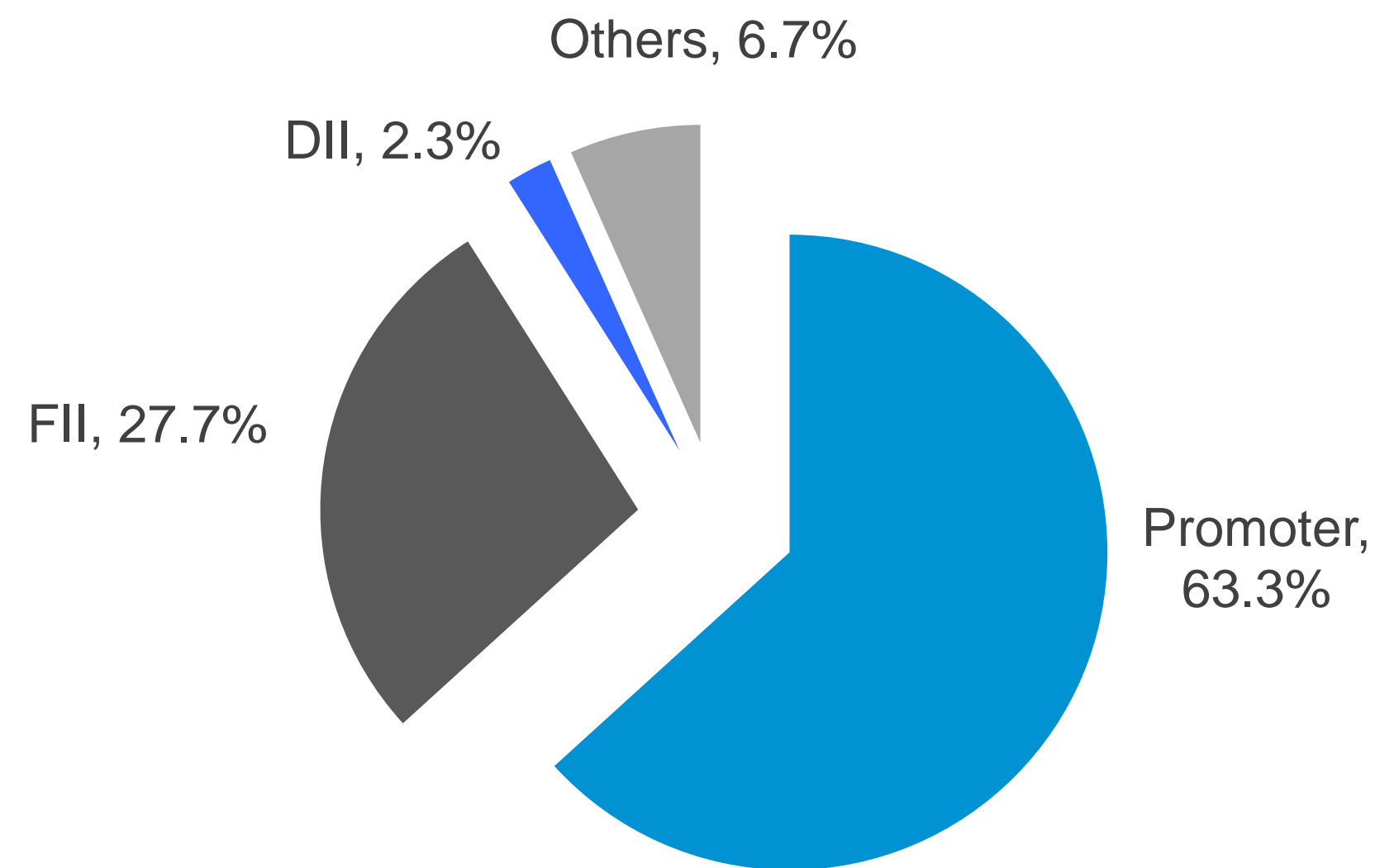


GCPL efforts to mitigate climate change have been recognised by CDP with GCPL being ranked A- on CDP India A List 2017



Received Porter Prize for Creating Shared Value 2016

# SHAREHOLDING PATTERN



Major investors

# WE REMAIN LASER FOCUSED ON EXECUTING OUR KEY PRIORITIES

- #1 Extending leadership in our core categories
- #2 Capitalising on international growth potential
- #3 Accelerating innovation and renovation
- #4 Building a future ready sales system
- #5 Making our supply chain best in class
- #6 Building an agile and high performance culture
- #7 Strengthening our commitment to Godrej Good & Green

# CONTACT US

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THANK YOU FOR YOUR TIME AND CONSIDERATION