

PRESS RELEASE

4Q FY2017 results – GCPL delivers consolidated net profit (without exceptional items) of INR 381 crore, growth of 22%

Mumbai, May 9, 2017: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended March 31, 2017.

FINANCIAL OVERVIEW

4Q FY 2017 FINANCIAL PERFORMANCE SUMMARY:

- 4Q FY 2017 consolidated constant currency sales increased by 15% year-on-year
 - India business sales growth of 10% year-on-year, led by 5% volume growth
 - International business sales growth of 22% year-on-year, on a constant currency basis
- 4Q FY 2017 consolidated constant currency EBITDA increased by 22%
- 4Q FY 2017 consolidated net profit and EPS, without exceptional items, increased by 22%
- The board has declared an interim dividend of 1,200% (INR 12.00 per share), and an issue of bonus shares in the ratio of one equity share for each equity share held, subject to requisite approvals.

CHAIRMAN'S COMMENTS

Commenting on the financial performance of 4Q FY 2017, Mr. Adi Godrej, Chairman, GCPL, said:

"Our focused approach and strong execution have enabled us to consistently deliver ahead-of-the-market performance over the last few years. Even during fiscal year 2017, we have consistently outperformed across quarters, with reported sales growth of 10% for the year and EBITDA growth of 17%. While delivering this robust profitable growth, we have maintained or extended our market shares across most of our categories in our markets. We have also made competitive investments in brand building and innovation for our future growth.

In the fourth quarter of fiscal year 2017, we delivered strong operational performance with sales growth of 13%, led by India, Africa and Latin America. Our EBITDA increased by 21%, driven by robust margin expansion across all our businesses.

Post remonetisation, we are seeing a good recovery in FMCG demand in India. We are hopeful that a timely and successful implementation of the transformative Goods & Service Tax (GST) will spur stronger growth for the sector in the second half of fiscal year 2018. We remain excited about the enormous growth potential in India and our other emerging markets, given the low penetration and consumption rates in our core categories. We will continue to relentlessly focus on executing our strategy and will continue to invest in building a sustainable platform for the future. I am confident that with our clear strategic focus, differentiated product portfolio, superior execution and top-notch team, we will continue to deliver industry-leading results in the future."

BUSINESS REVIEW – INDIA

Performance Highlights

- 4Q FY 2017 India sales increased by 10% to INR 1,326 crore
- 4Q FY 2017 Adjusted EBITDA increased by 17% to INR 319 crore
- 4Q FY 2017 net profit increased by 21% to INR 253 crore

Category Review

Household Insecticides

Household Insecticides had a relatively soft quarter, with sales growth of 4%. We continue to invest competitively in brands and increase penetration rates. Our market shares increased across most formats during the quarter and we maintained our leadership position across formats. Our recently launched Good knight personal repellents range is receiving an encouraging response from trade and consumers. As part of re-imagining our Household Insecticides journey, we launched HIT Gel Stick - an affordable roach solution priced at INR 30.

Soaps

Soaps delivered a robust performance with sales growth of 9%, led by mid-single digit volume growth, effective price increases and the withdrawal of consumer offers. Cinthol, our premium soap brand, continues to outperform the category and gain market share. We have initiated selective price increases in our portfolio and are scaling back consumer and trade offers.

Hair Colours

Hair Colours delivered a strong double-digit volume-led sales growth of 13%. Godrej Expert Rich Crème continues to gain market share and reached its highest ever market share on an exit basis. We continue to increase the penetration and distribution reach of Godrej Expert Rich Crème, driven by effective communication campaigns and competitive media investments.

Air Fresheners

Godrej aer now ranks number 1 in the overall air care market. We continue to gain share, aided by innovations and strong execution.

Cinthol Deo stick

The recently launched Cinthol deo stick for men and women has been well received by consumers. We continue to support this launch with innovative consumer engagement initiatives and impactful communication.

BUSINESS REVIEW – INTERNATIONAL

Indonesia

Our Indonesia business delivered flat constant currency sales; however, constant currency sales growth (ex-household insecticides) increased by 9%. Our adjusted EBITDA margin increased by 60 bps year-on-year, led by better product mix and cost control initiatives. We continue to gain market in Household Insecticides and Air Fresheners on a MAT basis. The recently launched NYU range of Hair Colours continues to receive an encouraging response from trade and consumers. During the quarter, we cross-pollinated the aer pocket bathroom air freshener in Indonesia and launched Stella pocket.

Africa (including Strength of Nature)

Our Africa business sustained its consistent, double-digit growth momentum, with an organic constant currency sales growth of 16%. Africa (including Strength of Nature) delivered a strong constant currency growth of 61% (including inorganic sales of INR 153 crore from Strength of Nature and Canon Chemicals). Our adjusted EBITDA margin increased by 40 bps year-on-year, driven by calibrated price increases and mix. We will leverage the acquisition of Strength of Nature to turbo charge building our Wet Hair Care platform in Africa.

Latin America

Our Latin America business delivered a constant currency sales growth of 19%. Our adjusted EBITDA margin increased by 670 bps year-on-year, led by gross margin expansion and cost saving initiatives. We continue to focus on innovation, along with activation programmes and communication campaigns to drive growth.

Europe

Our Europe business delivered a mixed performance, as constant currency sales declined by 5% due to counterfeit stock related issues in Bio-Oil and increased competitive intensity in deodorants. The overall demand environment remains challenging, amidst uncertainty post Brexit. Our adjusted EBITDA margins increased by 590 bps year-on-year, due to judicious marketing investments and a one-time reversal of A&P provisions.

Note: The figures for the current quarter may not be comparable with those of the corresponding quarter of the previous year, because of the acquisitions made since then.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the 120-year young Godrej Group, we are fortunate to have a proud legacy built on the strong values of trust, integrity and respect for others. At the same time, we are growing fast and have exciting, ambitious aspirations.

Today, our Group enjoys the patronage of 1.1 billion consumers globally, across different businesses. In line with our 3 by 3 approach to international expansion at Godrej Consumer Products, we are building a presence in 3 emerging markets (Asia, Africa, Latin America) across 3 categories (home care, personal wash, hair care). We rank among the largest household insecticide and hair care players in emerging markets. In household insecticides, we are the leader in India, the second largest player in Indonesia and are expanding our footprint in Africa. We are the leader in serving the hair care needs of women of African descent, the number one player in hair colour in India and Sub-Saharan Africa, and among the leading players in Latin America. We rank number two in soaps in India and are the number one player in air fresheners and wet tissues in Indonesia.

But for us, it is very important that besides our strong financial performance and innovative, much-loved products, we remain a good company. Around 23 per cent of the group is held in trusts that invest in the environment, health and education. We are also bringing together our passion and purpose to make a difference through our 'Good & Green' approach to create a more inclusive and greener India.

At the heart of all of this, is our talented team. We take much pride in fostering an inspiring workplace, with an agile and high performance culture. We are also deeply committed to recognising and valuing diversity across our teams.

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