Performance Update - 4Q FY18

May 8, 2018

Godrej | CONSUMER PRODUCTS

PERFORMANCE UPDATE

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

4Q FY18 FINANCIAL PERFORMANCE

Growth y-y	Consolidated Business	India Business	International Business
Net Sales	1%	flat	1%
Net Sales – Constant Currency	3%	flat	6%
Net Sales – Comparable*	4%	7%	1%
Net Sales – Constant Currency – Comparable*	**6%**	**7%**	**6%**
EBITDA	11%	22%	(4%)
EBITDA – Constant Currency	**14%**	**22%**	**2%**
Net Profit	59%	18%	143%
Net Profit without exceptional and one-off items	12%	18%	3%

*Assuming GST in the base quarter sales

EXCEPTIONAL ITEMS

	4QFY18			4QFY17		
	Consolidated	India	International	Consolidated	India	International
Reported net profit	**617**	**295**	**320**	**388**	**251**	**131**
Exceptional and One-off post tax						
Restructuring cost	1		1	3		3
Revaluation of payout liability	(195)		(195)			
Call / Put option liability, and acquisition related expenses / reversals				(13)		(13)
Net Profit without exceptional and one-off items	**423**	**295**	**126**	**378**	**251**	**122**

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

BRIDGE BETWEEN REPORTED TO OPERATING EBITDA

	India	International	Indonesia	Africa, USA & ME	LATAM	Europe
4QFY18 Reported EBITDA Margin	29.4%	17.9%	26.8%	12.2%	26.2%	12.4%
Business support charges, Royalty & Technical fees (₹ crore)	(7.1)	7.1	1.3	4.2	1.0	0.4
4QFY18 Adjusted EBITDA Margin	**28.8%**	**18.5%**	**27.2%**	**13.0%**	**26.8%**	**12.7%**
4QFY17 Adjusted EBITDA Margin	25.2%*	19.6%	23.5%	17.0%	29.5%	15.0%
Change in EBITDA Margin (bps)	370*	(100)	370	(400)	(270)	(230)

*Assuming GST in the base quarter sales

KEY BALANCE SHEET DATA

Particulars	Units	March 31, 2018	March 31, 2017
Working Capital ex-Cash & Equivalents	₹ crore	395	484
Working Capital	Days	15	18
Cash & Equivalents	₹ crore	1,921	1,811
Debt denominated in INR	₹ crore	-	149
Debt denominated in USD	₹ crore	3,294 (USD 505m)	3,840 (USD 592m)
Debt denominated in other currencies	₹ crore	200	12
Total Debt	₹ crore	3,494	4,001
Other Financial Liabilities	₹ crore	1,000	1,214
Shareholder's Equity	₹ crore	6,258	5,302
Capital Employed	₹ crore	10,752	10,517
Net Debt / Equity	x	0.41	0.64
ROE	%	26.1	24.6
ROCE	%	18.8	17.4
Operating ROCE	%	56.5	53.5

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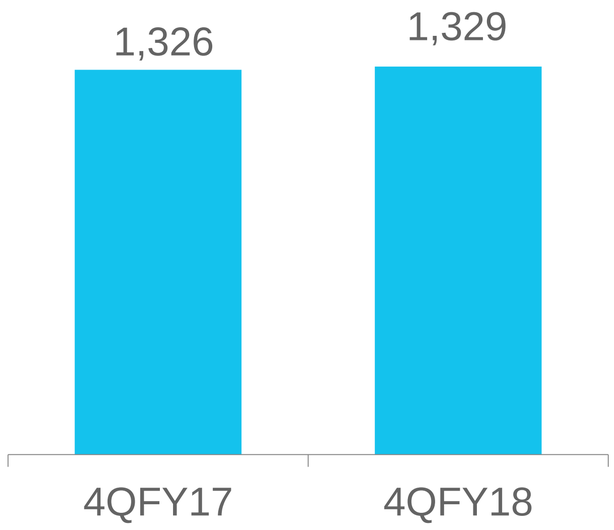
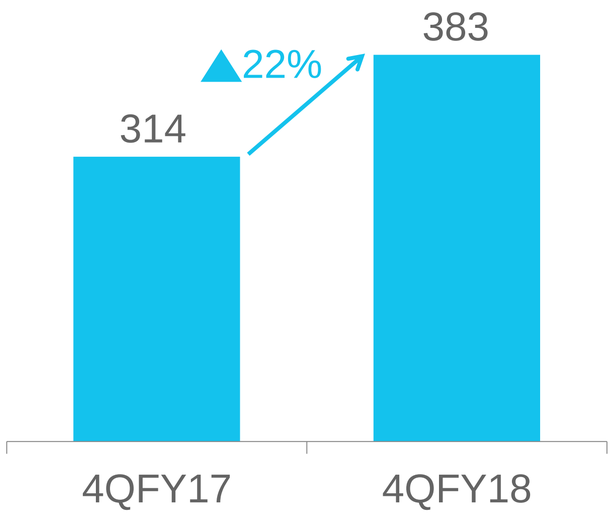
COMPETITIVE SALES GROWTH WITH ROBUST MARGIN EXPANSION

- Sales growth of 7%* driven by volume growth of 6%
- Secondary sales growth of 10% was much higher than primary sales growth of 7% led by our initiative to increase our channel partners ROI
- EBITDA growth of 22% along with 22% growth in A&P investments



Net Sales



Adjusted EBITDA

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

VOLUME LED SALES GROWTH

India Business	Sales ₹ crore	Growth* year-on-year
Household Insecticides	585	(5%)
Soaps	412	19%
Hair Colours	161	3%
Other Brands	148	34%
Unbranded and Exports	92	10%
Total	1,399	7%
Sales and trade promotion spends, etc. to be netted off from Sales as per Ind AS	(69)	5%
Sales	**1,329**	**7%**
Branded Volume Growth	**-**	**6%**

*Comparable growth assuming GST in the base quarter sales

SUBDUED QUARTER FOR HOUSEHOLD INSECTICIDES

- Sales decline of 5%* due to adverse season in January – February 2018; however, average growth rates back to double-digits for March – April 2018
- Launched higher efficacy liquid vapouriser towards end of the quarter
- Initial response encouraging to Goodknight PowerChip launch
- Personal Repellents scaling up well with double-digit market share in out of home segment

*Comparable growth assuming GST in the base quarter sales

CHANNEL ADJUSTMENT ISSUES IMPACT HAIR COLOURS GROWTH

- Sales growth of 3%* behind 33%* sales growth in 3QFY18 (driven by channel up-stocking post GST led MRP cuts)
- Sales growth of 18%* in 2HFY18
- Godrej Expert Rich Crème continues to improve penetration and gain market share

*Comparable growth assuming GST in the base quarter sales

ROBUST DOUBLE-DIGIT GROWTH MOMENTUM SUSTAINED IN SOAPS

- Sales growth of 19%* 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 and Cinthol

*Comparable growth assuming GST in the base quarter sales

STEP UP IN INNOVATION MOMENTUM

PREMIUMISING OUR PORTFOLIO

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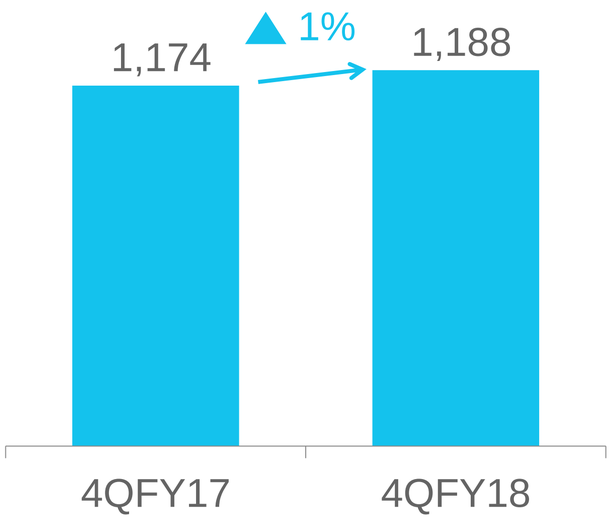
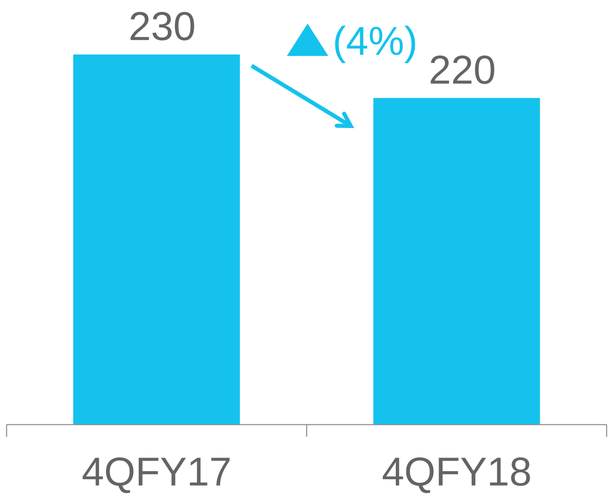
MIXED PERFORMANCE IN INTERNATIONAL BUSINESS

- International business delivers constant currency sales growth of 6% driven by Africa, Latin America and Europe

- Adjusted EBITDA margin of 18.5% decreases by 100 bps year-on-year



Reported Sales



Adjusted EBITDA

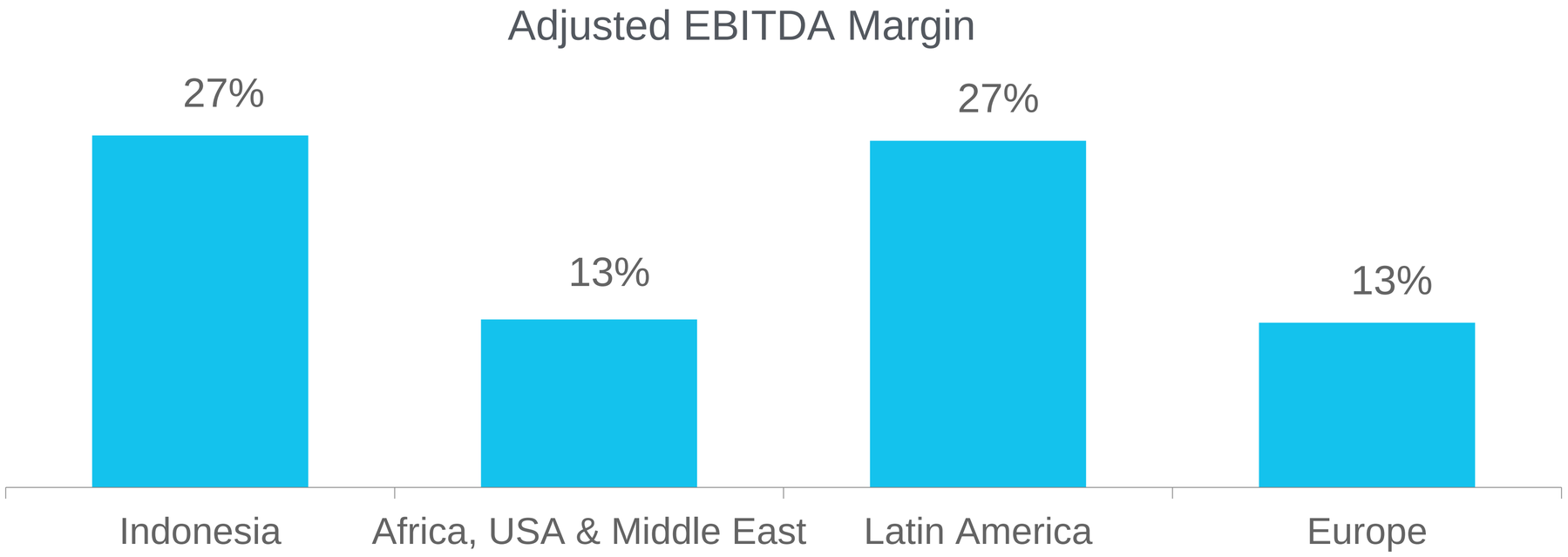
All values in ₹ crore

STRONG GROWTH IN LATIN AMERICA AND EUROPE

International Business	Sales ₹ crore	Growth year-on-year	Constant Currency Growth year-on-year
Indonesia	345	(11%)	(6%)
Africa, USA & Middle East	517	5%	7%
Latin America	179	8%	28%
Europe	117	20%	11%
Others**	30	(3%)	4%
Total Net Sales	**1,188**	**1%**	**6%**

** Others include Sri Lanka and Bangladesh

ROBUST MARGIN EXPANSION IN INDONESIA OFFSET BY OTHER GEOGRAPHIES



year-on-year change	+370 bps	(400) bps	(270) bps	(230) bps

SUSTAINED ROBUST MARGIN EXPANSION IN INDONESIA AND MARKET SHARE GAINS IN HOUSEHOLD INSECTICIDES

- Indonesia constant currency sales decline by 6%
- Growth partially impacted by inventory reduction with key modern retail channel partners
- Regained all lost market share in Household Insecticides with exit market share of over 50%
- Recently launched premium range of Hit Expert receiving encouraging traction
- Adjusted EBITDA margin increases by 370 bps despite higher A&P investments (up 160 bps y-y) led by rationalised trade promotion spends and Project PI (cost savings initiative)

WEAK QUARTER IN AFRICA, USA & MIDDLE EAST

- Africa, USA & Middle East constant currency sales increase by 7% led entirely by volume

- Sales in the quarter were impacted by continuing sluggishness in Kenya; business ex-Kenya grew in double-digits in constant currency terms

- Adjusted EBITDA margin decreases by 400 bps y-y due to scale de-leverage and upfront investments to scale up the business

RECOVERY IN LATIN AMERICA GROWTH

- Sales growth recovers with constant currency growth of 28%

- Adjusted EBITDA margin decreases by 270 bps y-y due to increase in marketing and sales promotion investments

HEALTHY SALES GROWTH IN EUROPE

- Constant currency sales increase by 11% led by strong performance in own brands

- Adjusted EBITDA margin decreases by 230 bps y-y due to one-time reversal of A&P provisions in base quarter

4Q FY2018 PERFORMANCE SNAPSHOT

	India			Consolidated		
	4QFY17	4QFY18	Y/Y	4QFY17	4QFY18	Y/Y
Sales*	1,246	1,329	7%	2,401	2,494	4%
Gross Profit	698	793	13%	1,347	1,457	8%
*Gross Margin %**	*56.0%*	*59.6%*	*360 bps*	*56.1%*	*58.4%*	*230 bps*
EBITDA	314	383	22%	546	605	11%
*EBITDA Margin %**	*25.2%*	*28.8%*	*370 bps*	*22.7%*	*24.3%*	*150 bps*
Net Profit	251	295	18%	388	617	59%
*Net Profit Margin %**	*20.1%*	*22.2%*	*210 bps*	*16.1%*	*24.7%*	*860 bps*
EPS (₹)	3.68	4.33	18%	5.69	9.06	59%

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

FY2018 PERFORMANCE SNAPSHOT

	India			Consolidated		
	FY17	FY18	Y/Y	FY17	FY18	Y/Y
Sales*	4,771	5,256	10%	9,341	9,862	6%
Gross Profit	2,626	2,984	14%	5,110	5,494	8%
*Gross Margin %**	*55.0%*	*56.8%*	*170 bps*	*54.7%*	*55.7%*	*100 bps*
EBITDA	1,073	1,303	21%	1,913	2,096	10%
*EBITDA Margin %**	*22.5%*	*24.8%*	*230 bps*	*20.5%*	*21.3%*	*80 bps*
Net Profit	848	1,000	18%	1,304	1,634	25%
*Net Profit Margin %**	*17.8%*	*19.0%*	*120 bps*	*14.0%*	*16.6%*	*260 bps*
EPS (₹)	12.44	14.68	18%	19.14	23.99	25%

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

WE HAVE BEEN CONSISTENTLY RECOGNISED AS A GREAT PLACE TO WORK

Ranked #1 FMCG company in India in 2017

Amongst the top 25 places to work in Asia in 2018

Recognised among the top 10 places to work in Manufacturing Sector in 2018 in India

Ranked among the Best Employers in India in 2017

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

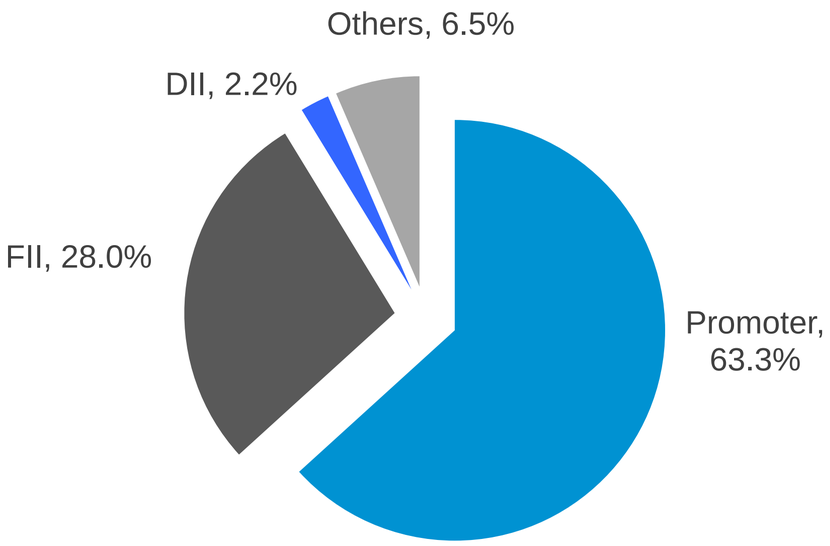
OTHER RECOGNITIONS

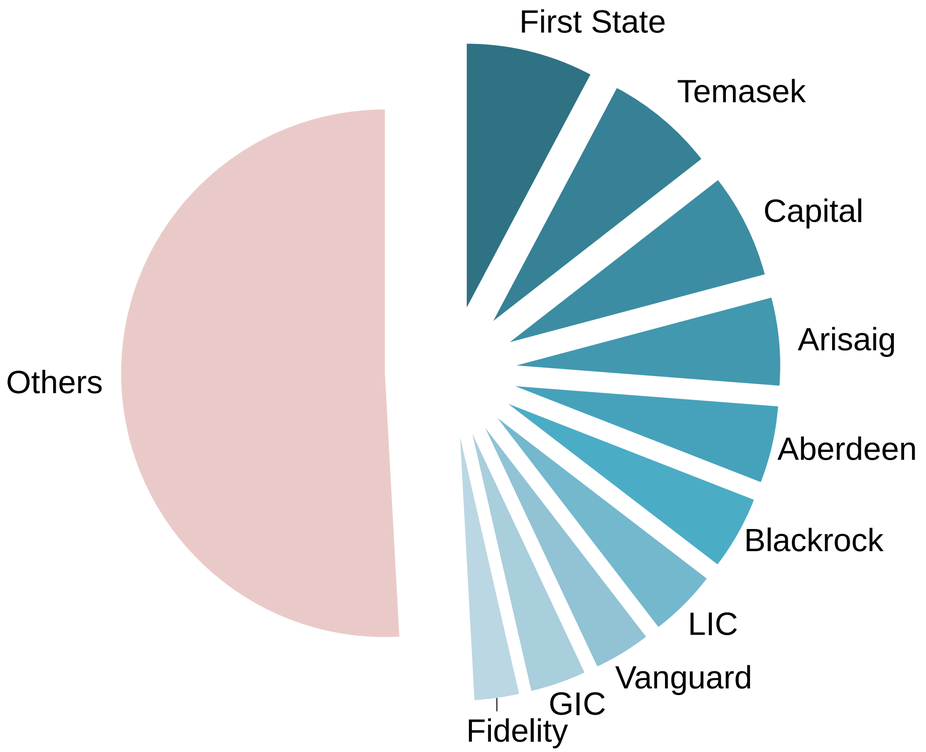
FTSE4Good Emerging Index is an extension to the FTSE4Good Index series, which is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance ESG practices

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

As on March 31, 2018

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