



INDONESIA ANALYST & INVESTORS MEET

16 August 2018

AGENDA

▶ **BUSINESS
OVERVIEW**

▶ **PERFORMANCE
RECAP**

▶ **OUTLOOK**

AGENDA

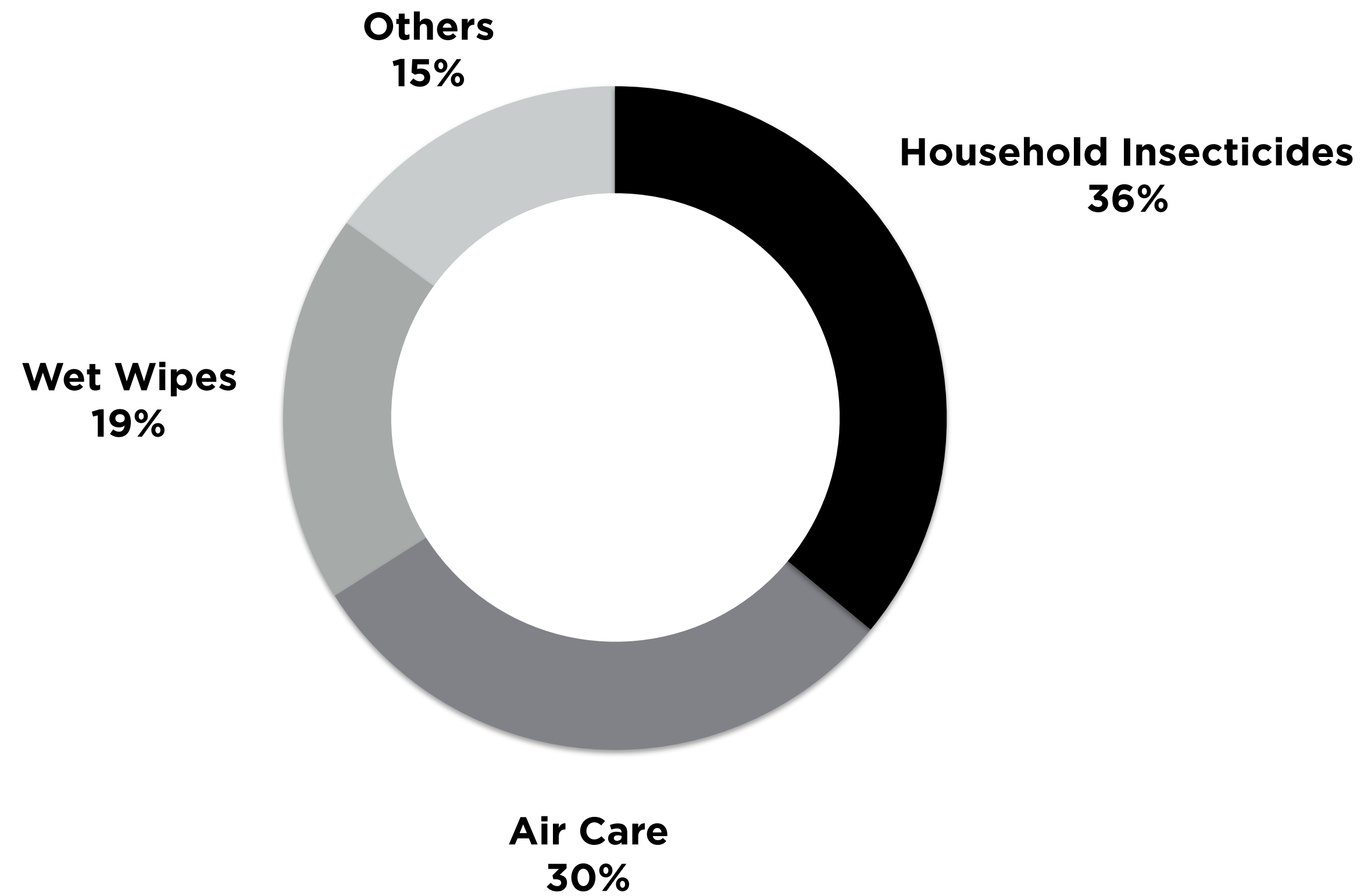
▾
**BUSINESS
OVERVIEW**

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**PERFORMANCE
RECAP**

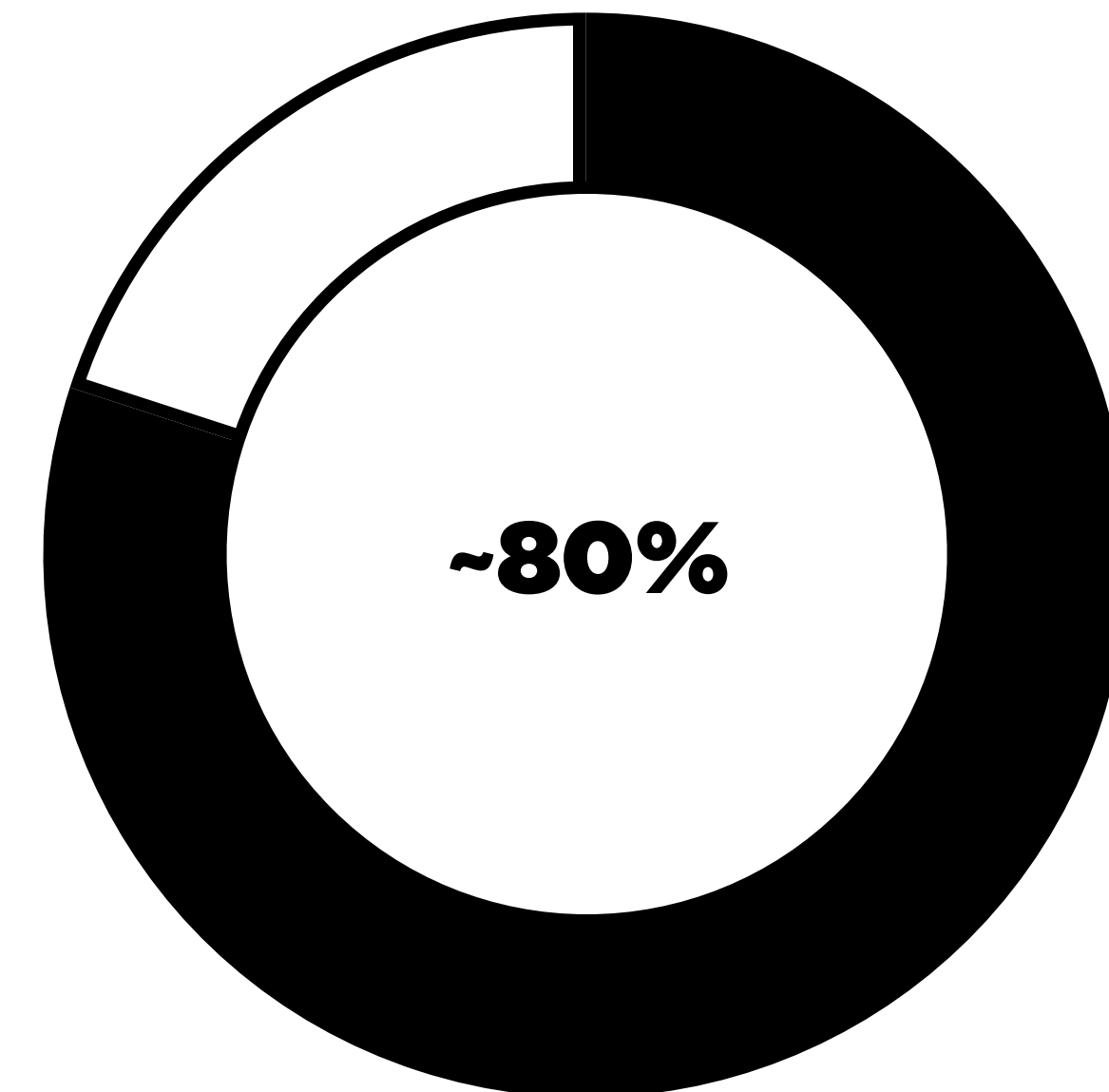
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OUTLOOK

Focused approach to category choices

Category Saliency



Top 3 brands contribution to revenue



A portfolio of power brands

IDR 1,000 Bn+



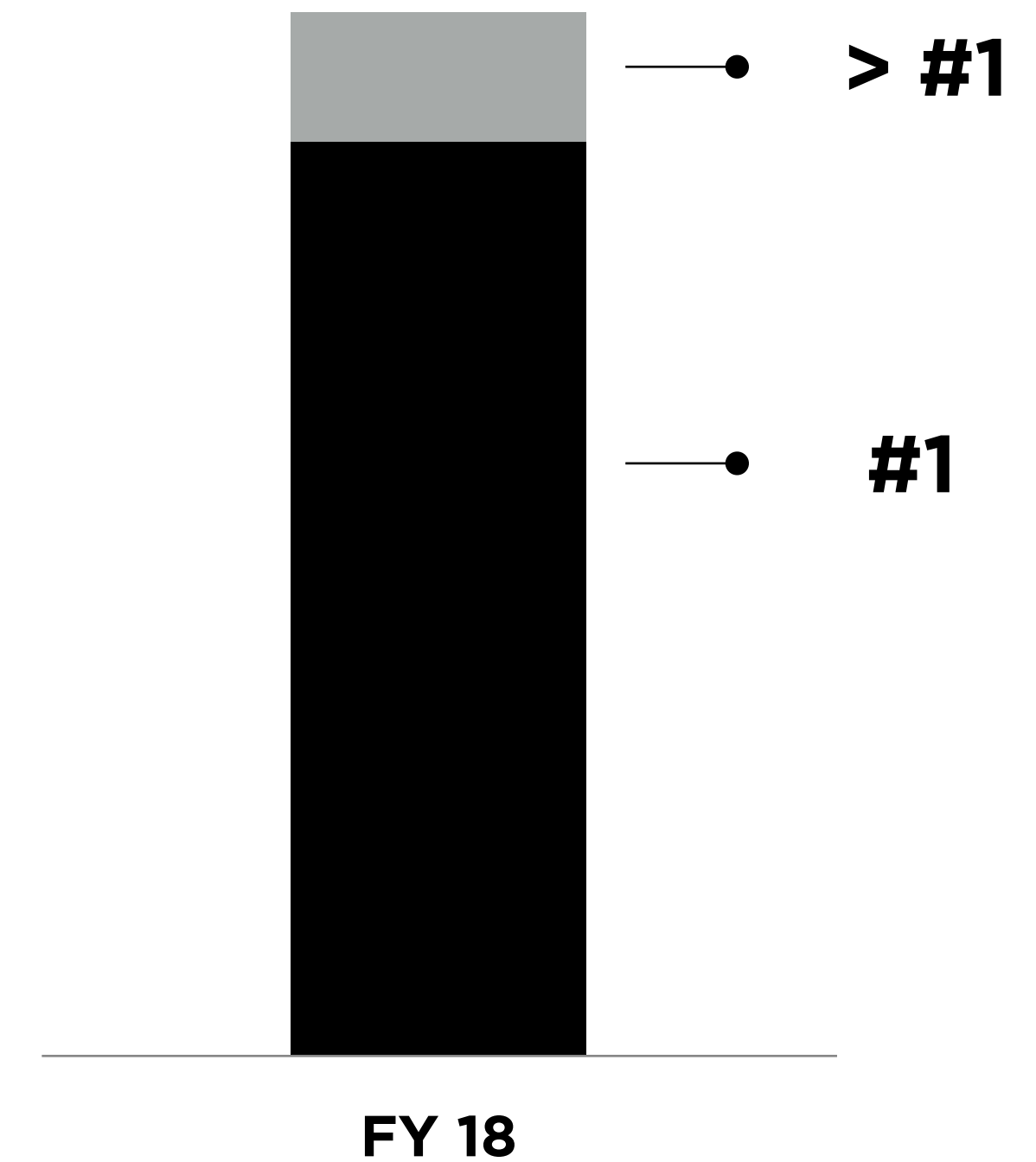
IDR 500 - 1,000 Bn



IDR 100 - 500 Bn



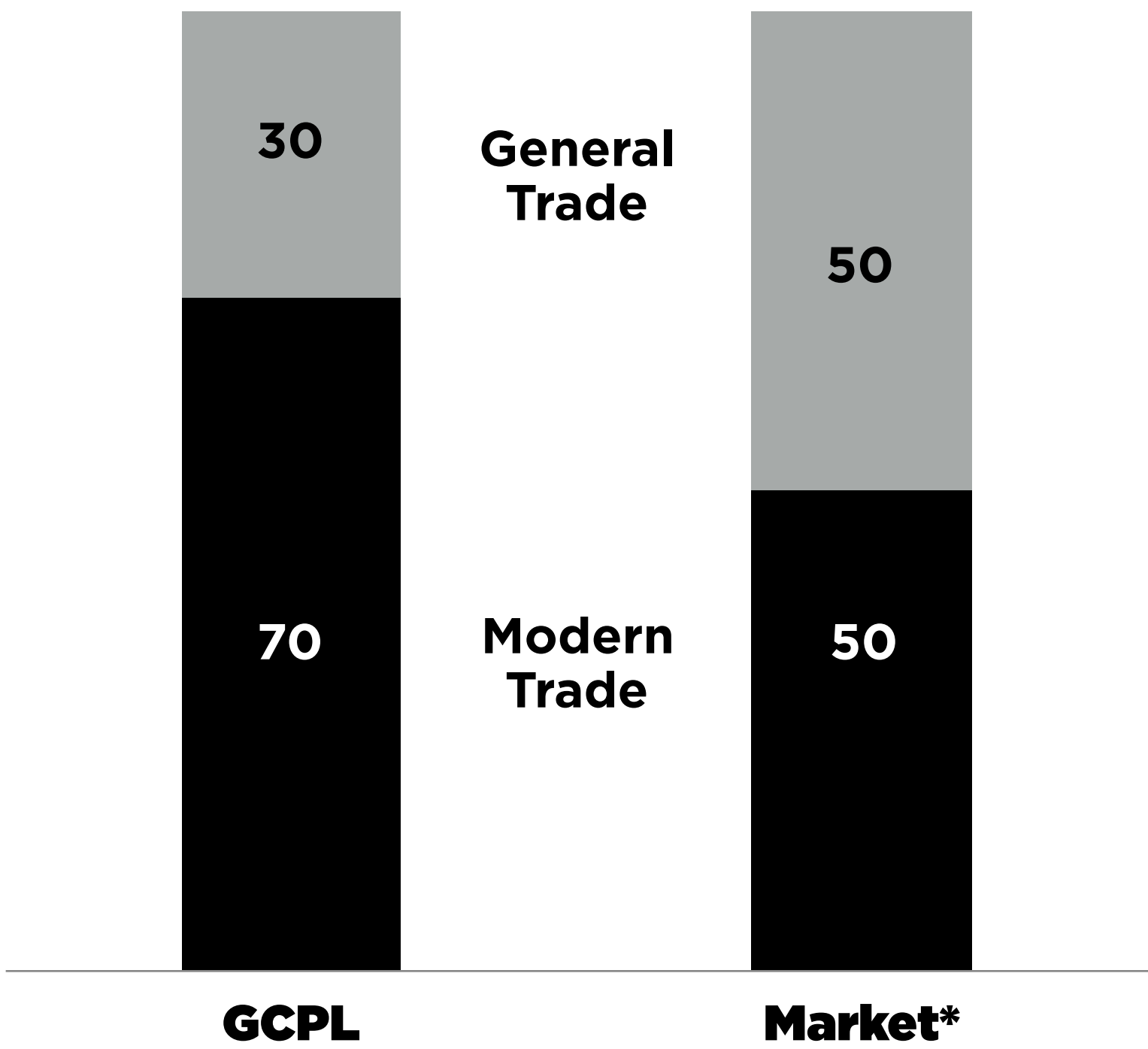
New brand



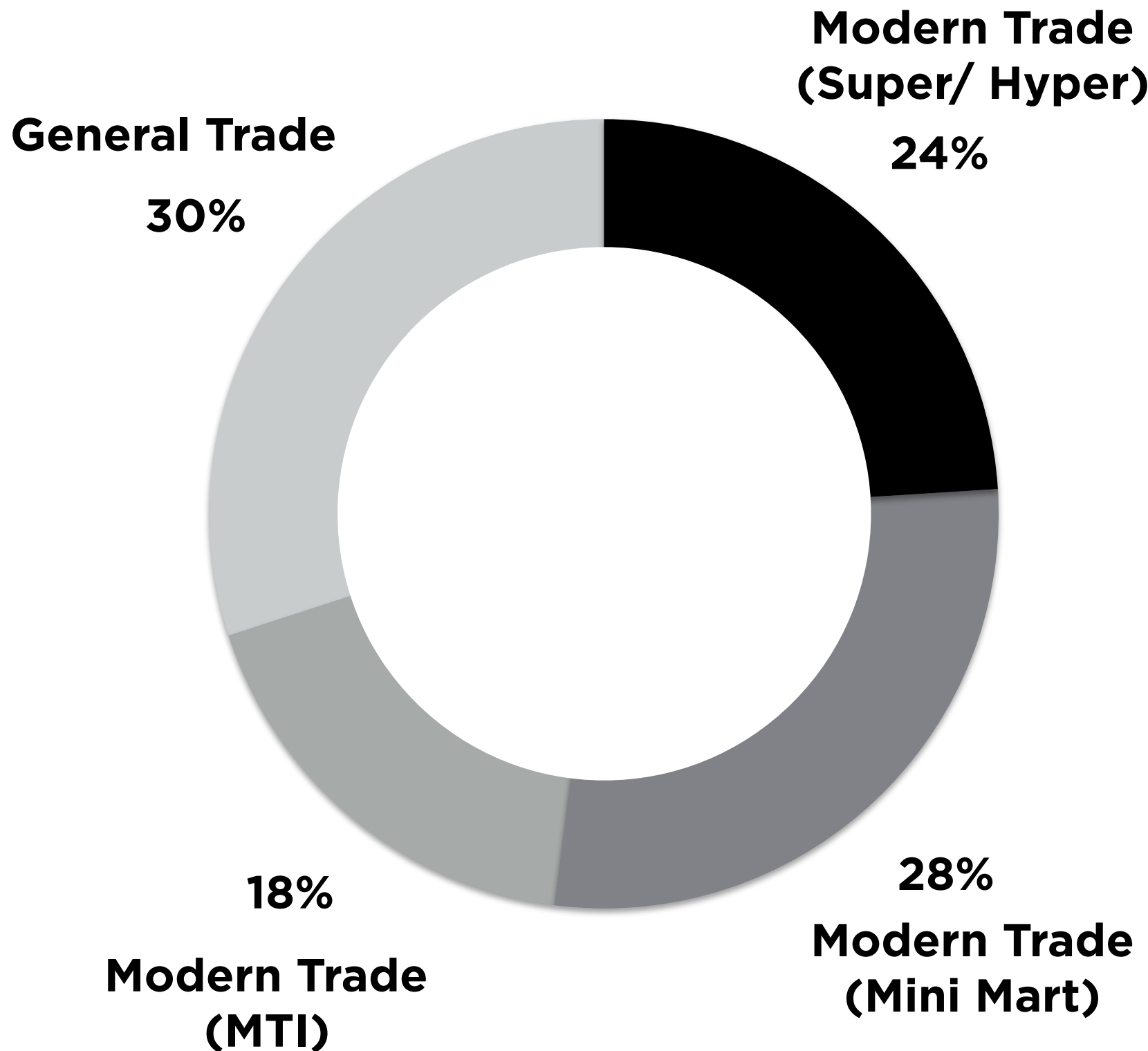
Market leader in
85%+ of our portfolio

Strong distribution base

Strong presence in Modern Trade



Diversified distribution channel

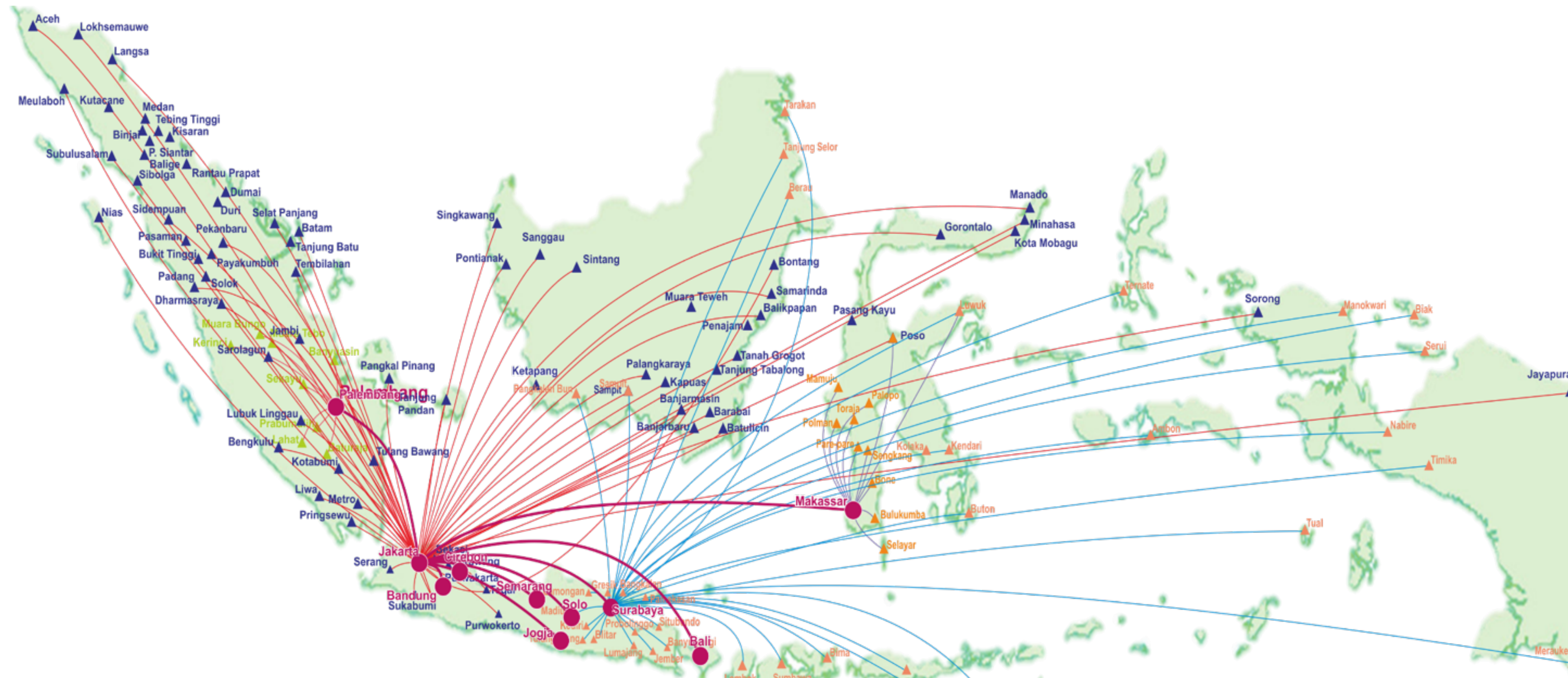


* For our categories

Strong distribution base

8 Branches **130+** RDs **4** Depots **~110,000** Direct Reach (Outlets) **~530,000** Indirect Reach (Outlets)

Jakarta | Bandung | Pati | Semarang | Yogyakarta | Surabaya | Bali | Makassar



Strong manufacturing base with nearly 100% in-house production

GUNUNG PUTRI, BOGOR



3 manufacturing facilities in Bogor, **25,000** sq. m., catering to **96%** of production requirement

BANTAR GEBANG, BEKASI



6,000 sq. m facility catering to the range of home care range products

Fully equipped local R&D to boost agility

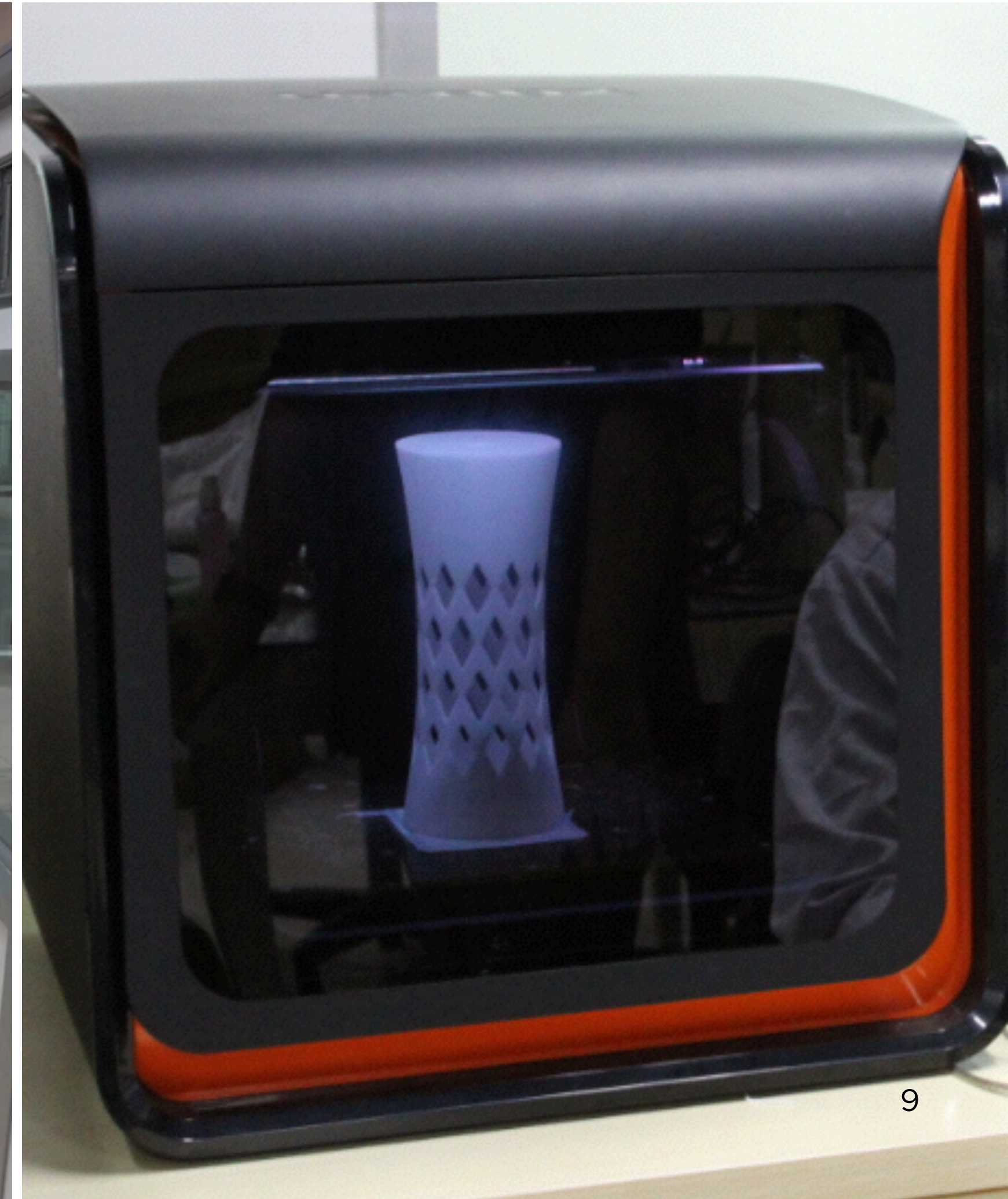
HAIR SALON



MOSQUITO TESTING LAB

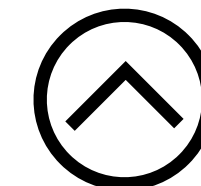
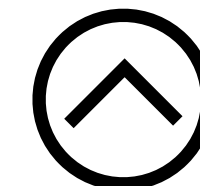
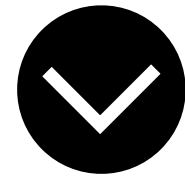
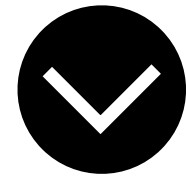


PACKAGING LAB AND 3D PRINTING



Actively cross pollinating, faster to market innovations

INDONESIA



INDIA

AGENDA

▾
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▾
**PERFORMANCE
RECAP**

▾
OUTLOOK

Our journey started in May 2010, with the philosophy of “Two Countries, One Soul”

“India and Indonesia should see major growth in the next decade”

...feels Adi Godrej, Chairman, Godrej Group which has recently acquired an Indonesian firm, PT Megasari Makmur Group



insecticides and aircare market. And provide further momentum to Godrej Group's aspirations to become a leading global household insecticides player in the developing and emerging world. The acquisition has also provided a strong foothold to the group in the third largest consumer market in Asia (after China and India). For the group it was an obvious geographic extension as Indonesia shares a similar demographic and economic profile as that of India. With a market size of around US\$345 million, it's the fourth largest household insecticide's market, after China, India and Brazil. The per capita spend on household insecticides in Indone-



Two countries. One soul.

When you add the word one to the heart of India, it becomes Indonesia. One is not just a word, it aptly symbolizes the relationship that is over 2000 years old, bonded together by culture, tradition, commerce and learning.

do we get access to a large and growing market for our own home and personal care products in Indonesia, it makes Godrej Consumer Products among the largest household insecticides players in the world.

Today, we are fortunate to have a hit on our hands. Acquiring Megasari makes us one of the leading manufacturers of household products. With this, not only

it's a rare strength that can only come about from a symbiotic relationship.

The Godrej logo, featuring the word "Godrej" in a stylized, cursive font. The letters are primarily red with green accents, particularly on the 'G' and 'j'.

12

Well integrated, but still guided by multi-local model that facilitates agility

**SAP
IMPLEMENTATION**



**INTEGRATED
SALES MIS
SYSTEMS**



**HANDHELDS
FOR SALESMEN
AND SPG**



**CORPORATE
ANALYTICS**



INTRANET



**THE
GODREJ
WAY**



**CAMPUS
PROGRAMME
FOR GRADUATE
RECRUITMENT**



**GODREJ
RECOGNITION
PROGRAMME**



**GODREJ
INDONESIA
WEBSITE**



Effective brand building



Introduced the fragrance trend



Strong insight led product development



Expert platform; premium functionality through efficacy led proposition

Efficacy without compromising VFM



Evolving brand positioning



There's nobody more expert than HIT

Challenger



Strategic mindset



Market Leader



15%+

Brand growth CAGR FY10-18

~26%

RMS % increase over FY10-18

Premiumised our portfolio - Stella Matic and Parfum'ist

STELLA MATIC (2010)



Continuous air freshening made relevant

STELLA PARFUM'IST (2018)



Encouraging trade up

Building aspirational values

Democratisation through disruptive innovations



- Patented Membrane based AF for car and home
- Launched in 2013 with RPI of 60 (IDR 11,000)



- Paper-based, **instant** action mosquito solution
- Launched in 2012 with CBP IDR 500



- Gel based continuous release AF for bathrooms pioneered by GCPL
- Launched in 2017 with CBP 9,900

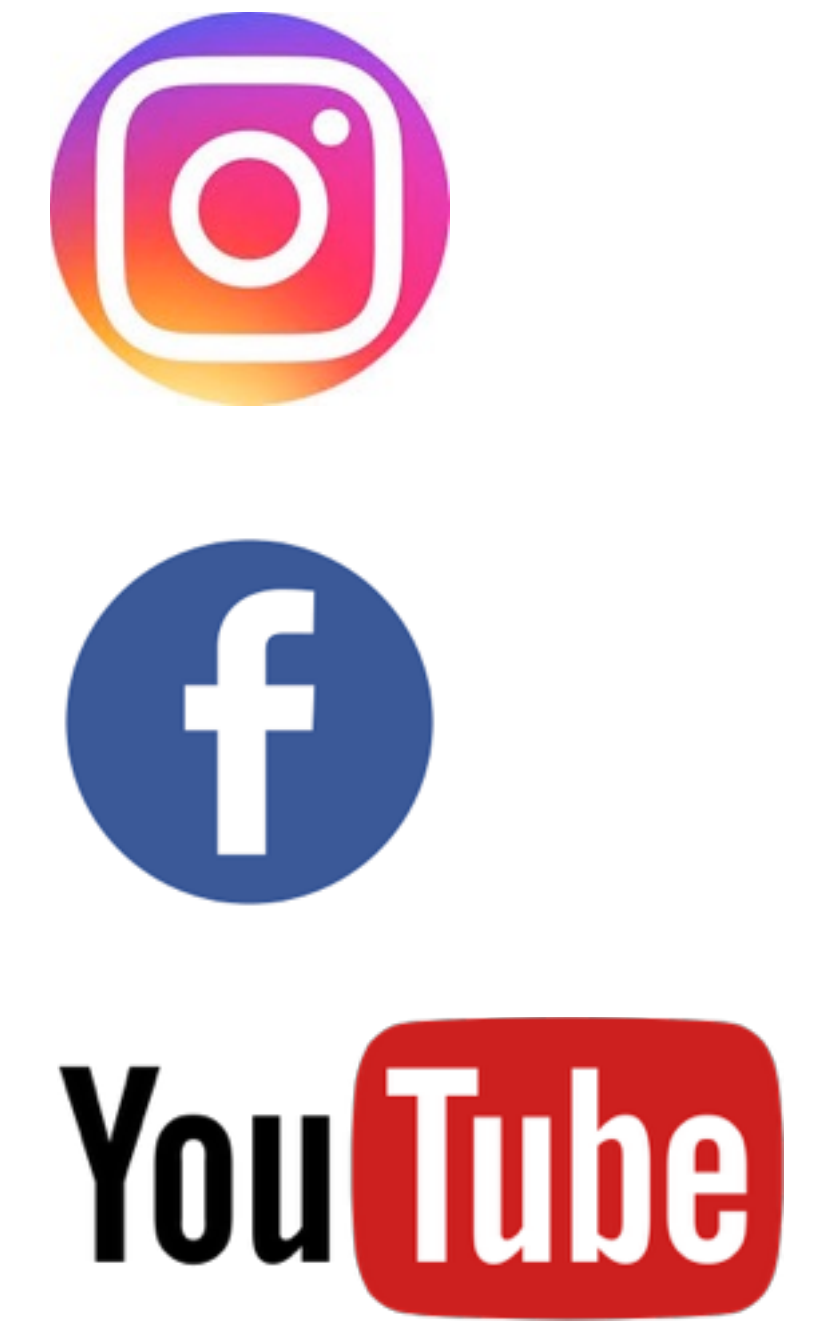
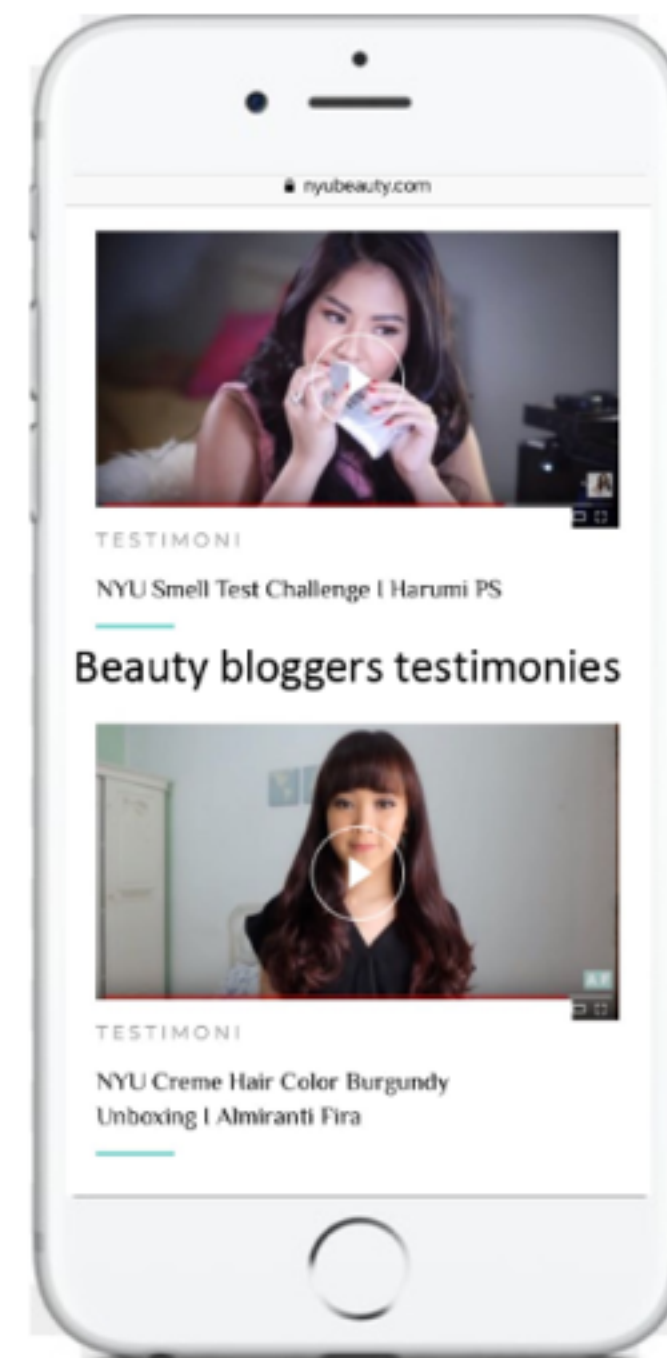
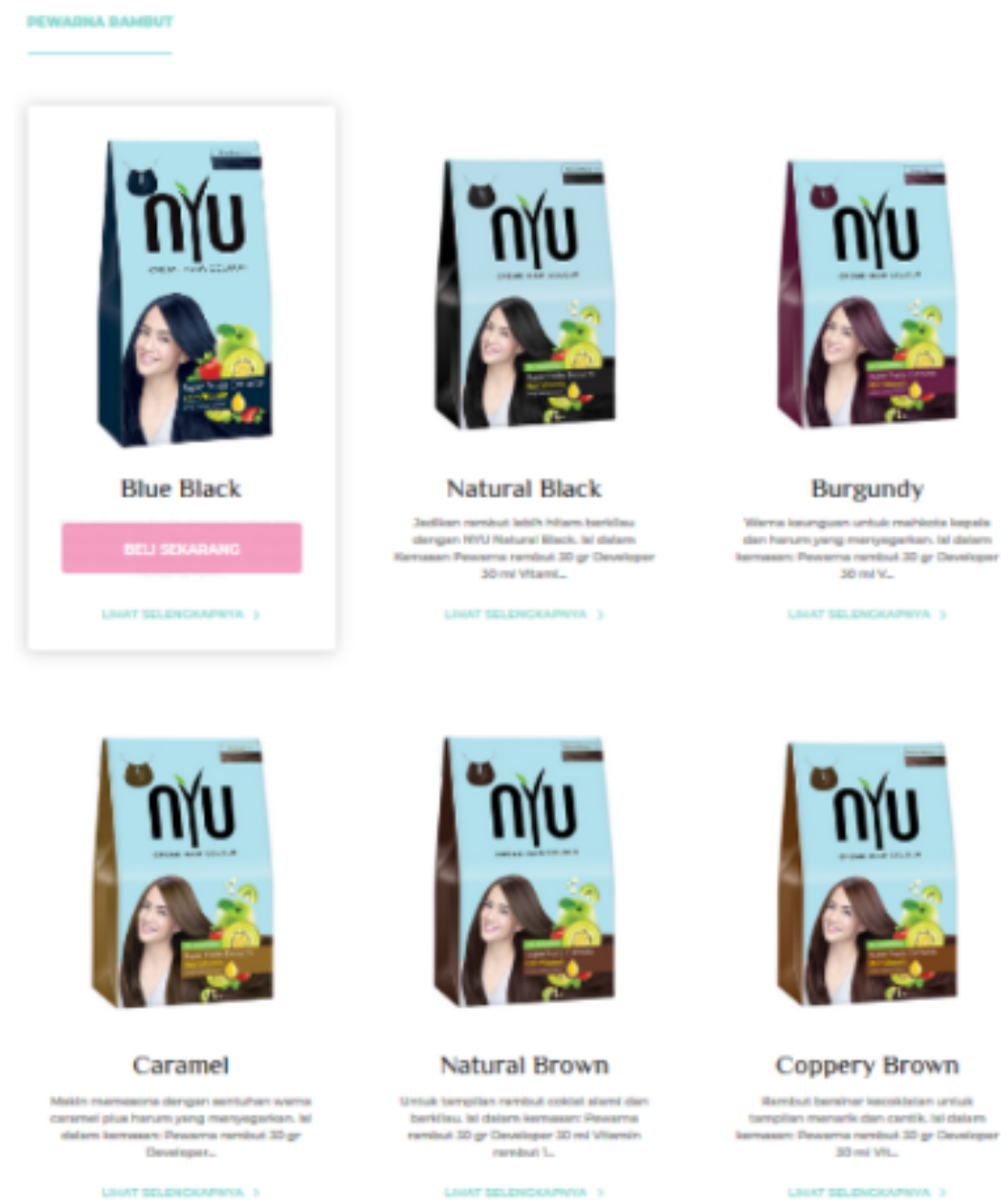
Entered new categories



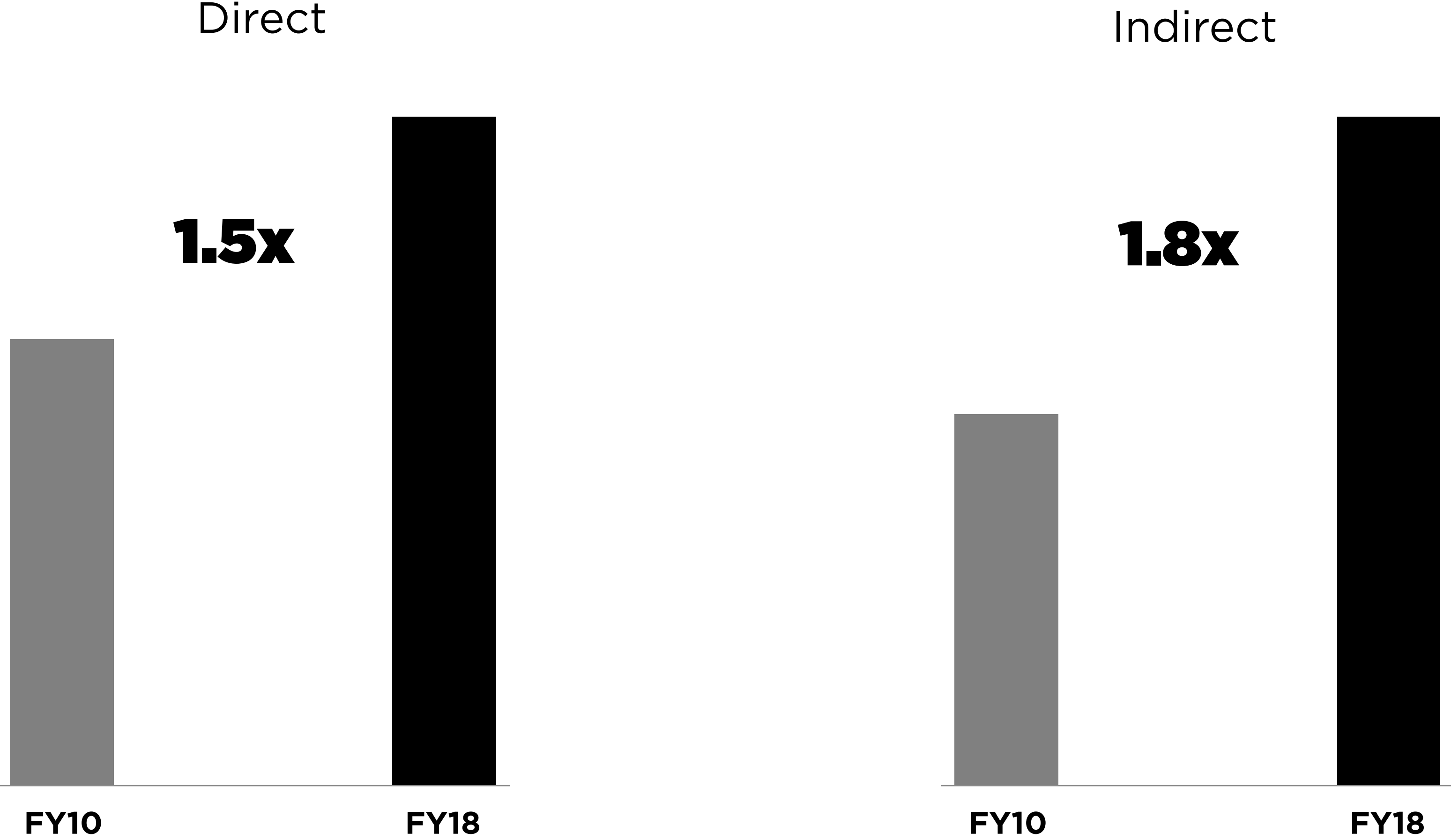
NYU : Freedom from fear of damage

- Underserved category (~12% penetration)
- Increasing beauty consciousness and propensity
- Ammonia free crème based formula leveraging GCPL hair colour expertise
- Beachhead for larger Hair Care proposition

Case Study: Strong digital based campaign to drive NYU

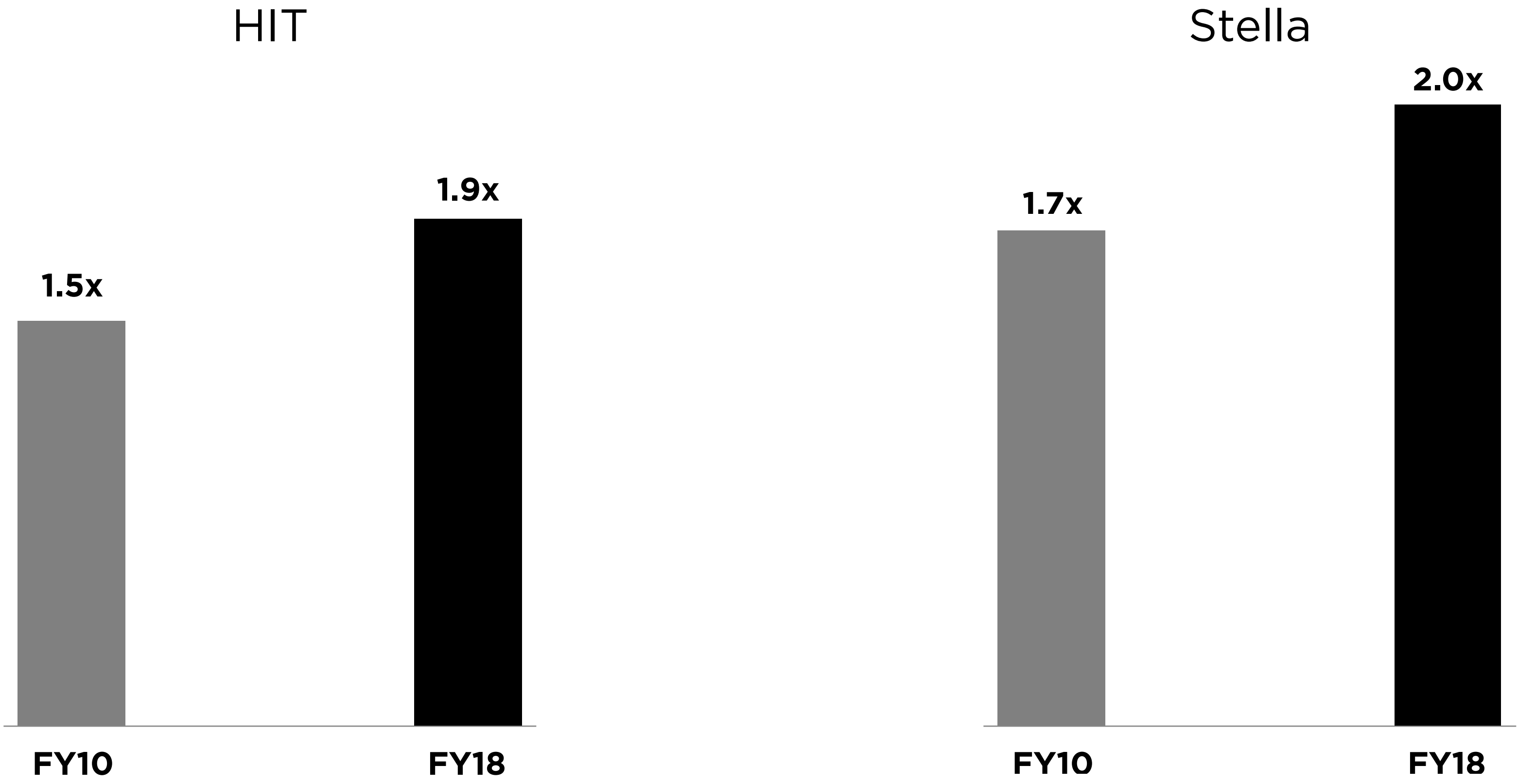


Significantly increased our distribution reach



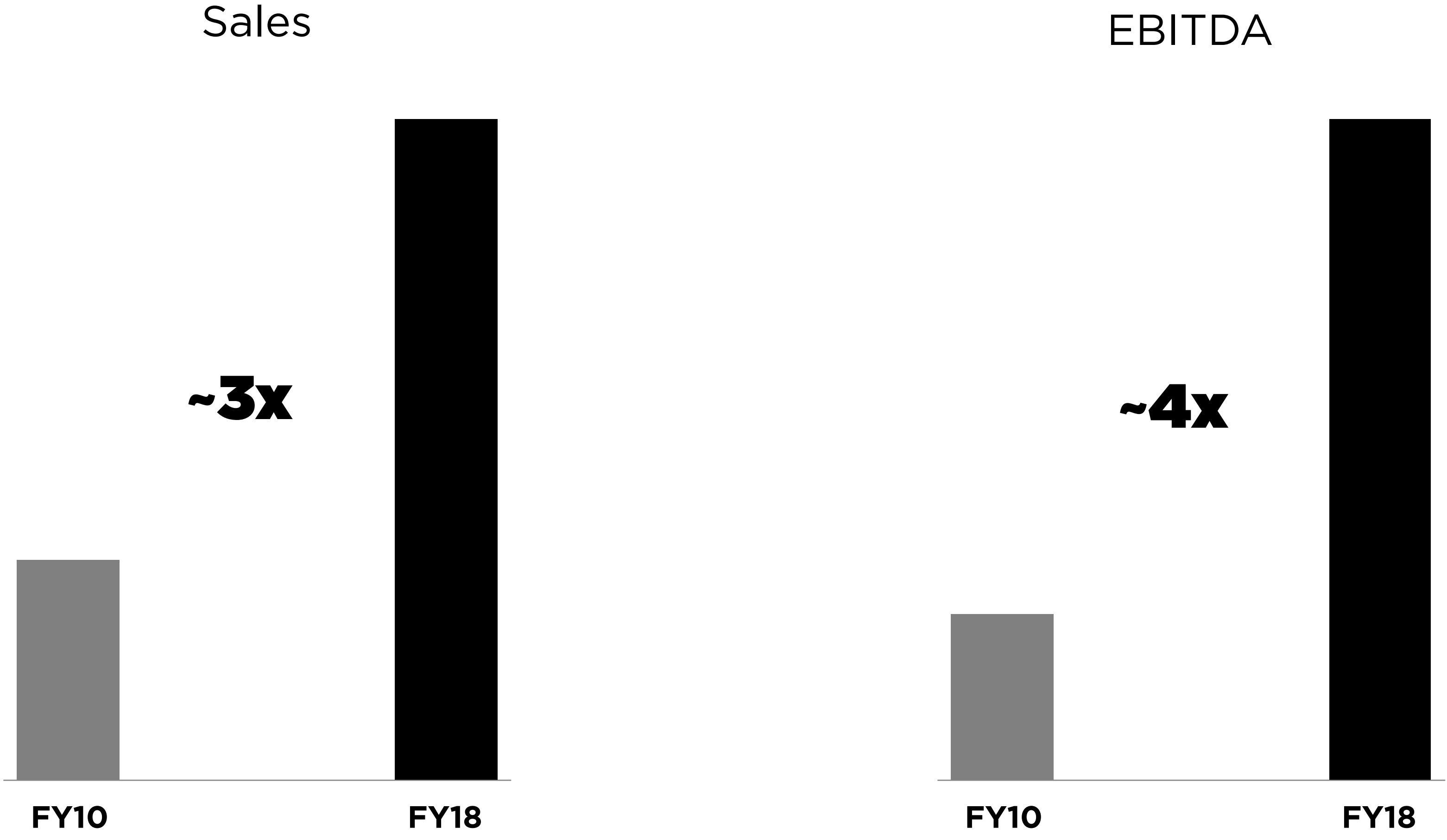
Gained market share and strengthened relative market positions

Relative market share to closest competitor



Source: AC Nielsen

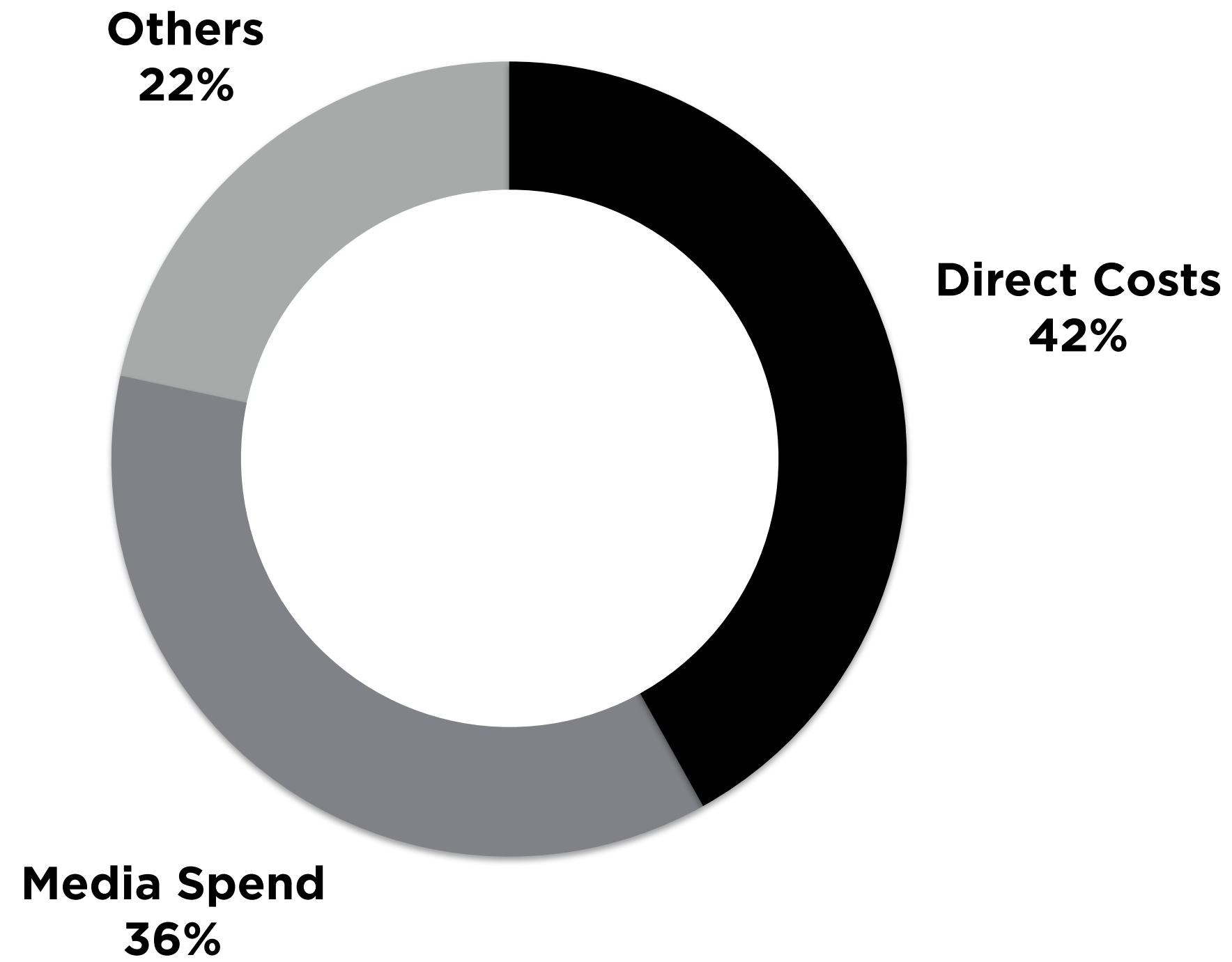
Business tripled on sales and quadrupled on EBITDA



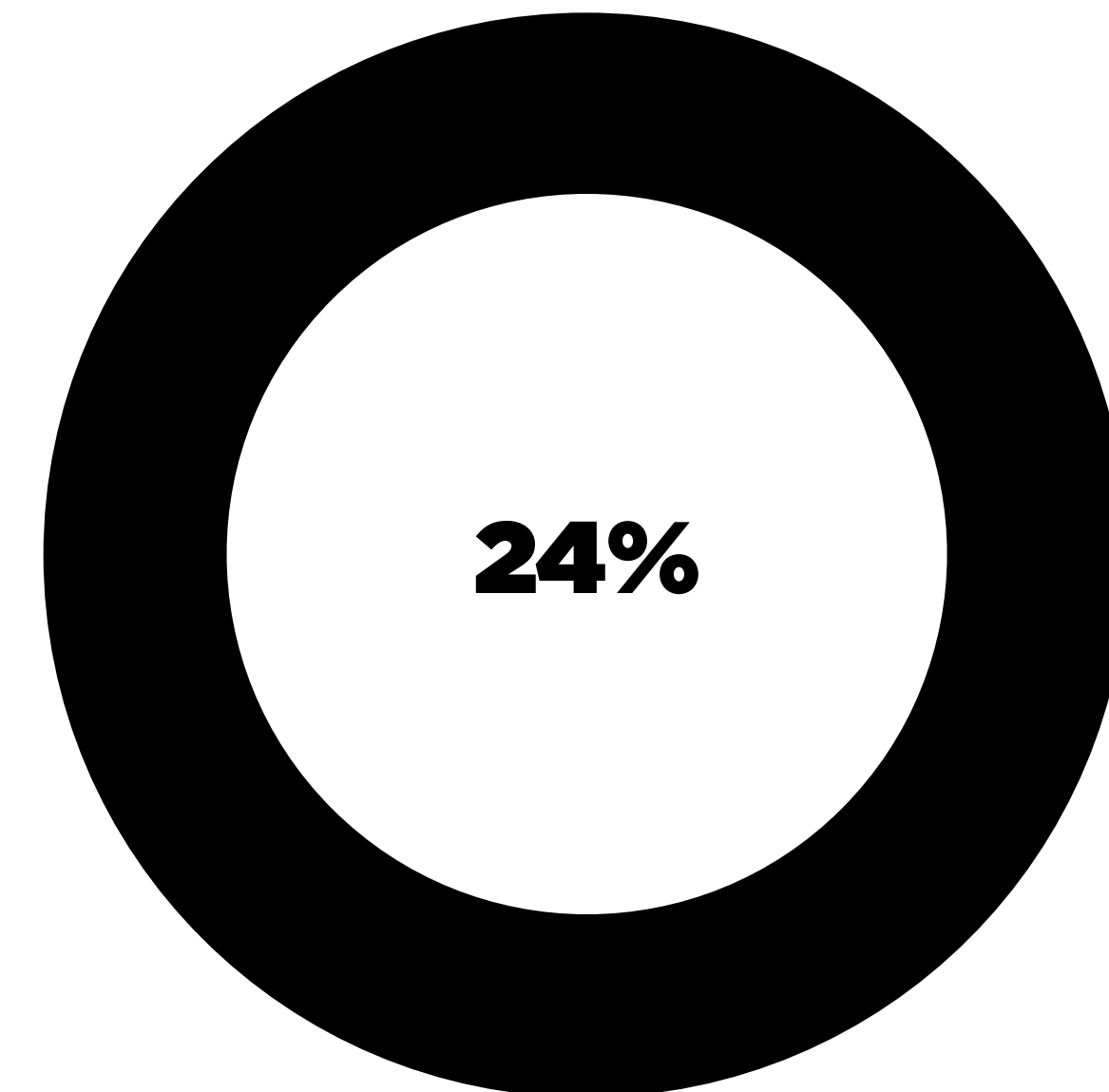
* Ex divested business

Delivered profitable growth

Project Pi - Cermat
(cost savings initiative)

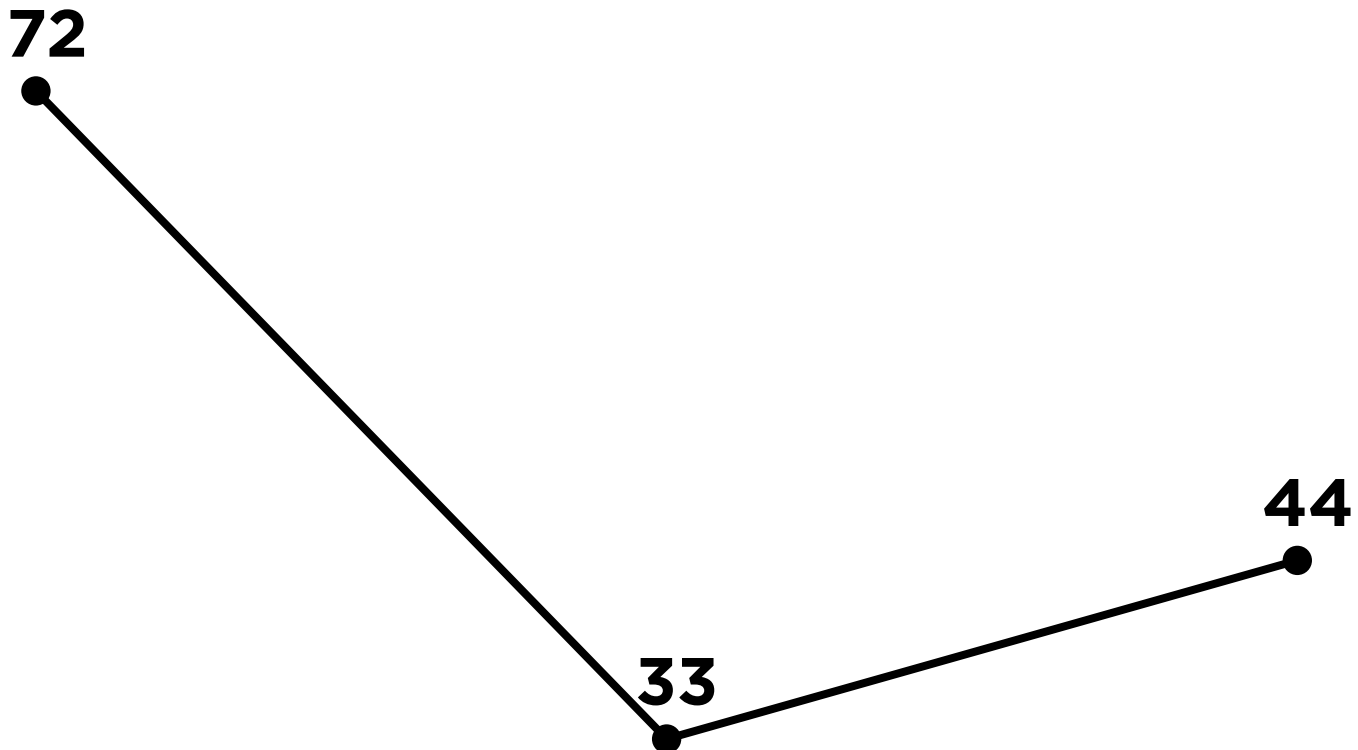


All time high EBITDA margin
(FY18)



Strengthened balance sheet and return ratios

Working Capital
(number of days)

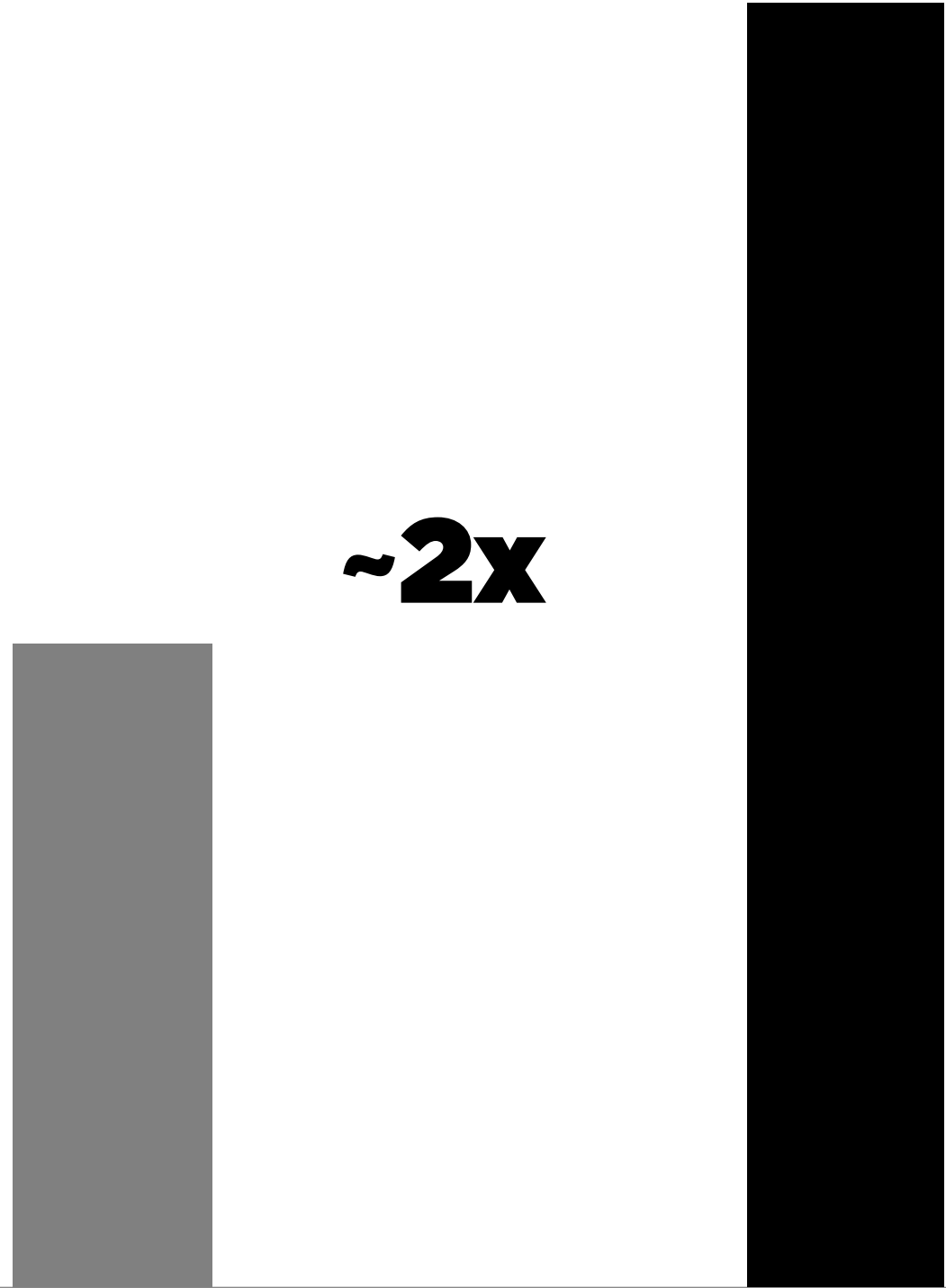


FY10

FY16

FY18

ROCE



FY11

FY18

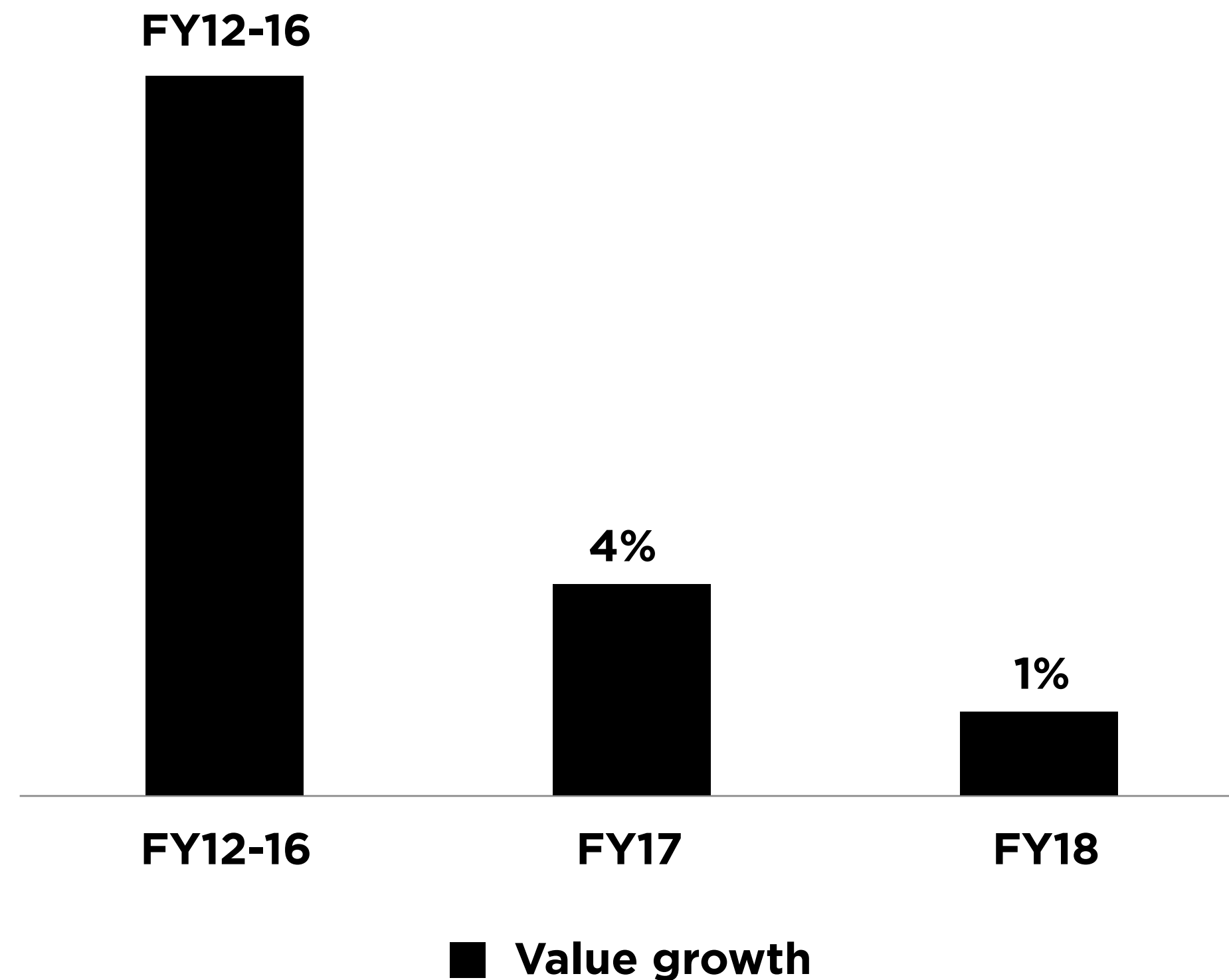
~2x

* Ex divested business

Tough operating environment in the last 2 years

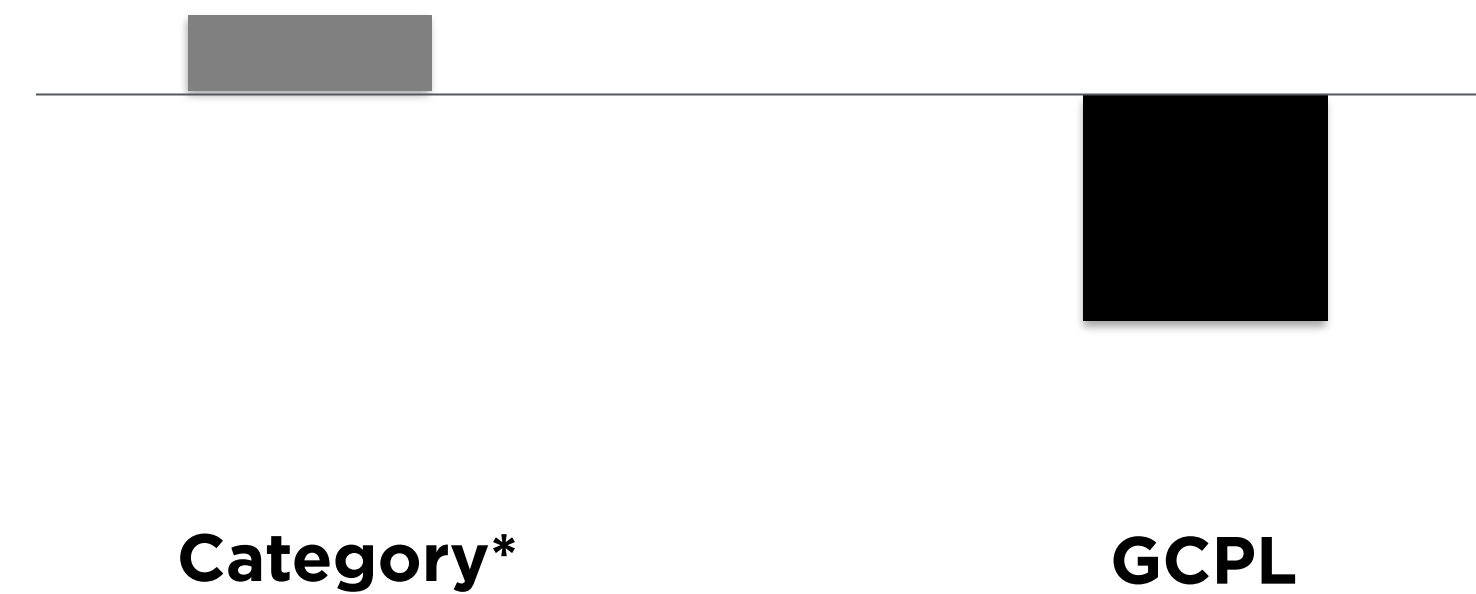
Significant slowdown in FMCG

Market growth
(58 FMCG categories)



- Volume growth under pressure over last few years
- Higher trade and consumer promotions impacted price-led growth

FY16-18 CAGR



Note: Value Growth indicated is on full-price basis and doesn't include effect of discounts on price * for categories we participate in
Source: Nielsen

Our response to environmental headwinds

Effective interventions to change the conversation from promotions to innovation



Focused and **effective sales promotion** investments to maximise impact

New differentiated, **innovative** products to continue driving democratisation and premiumisation: Hit Expert Aerosol, Stella Pocket

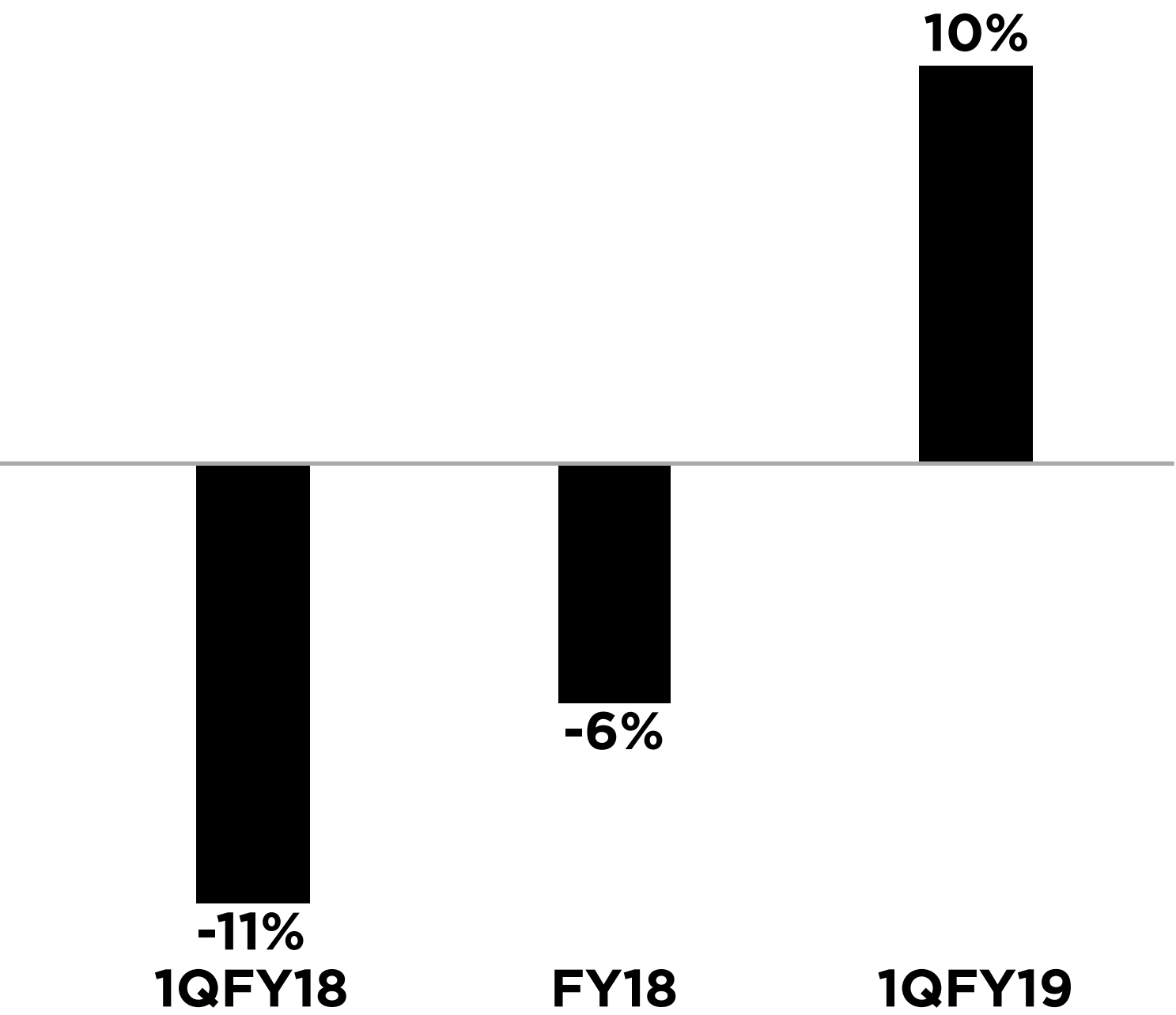
Step up in **media investments**

Project Cermat (**cost savings** initiative) to help offset commodity and currency pressures and fund brand investments

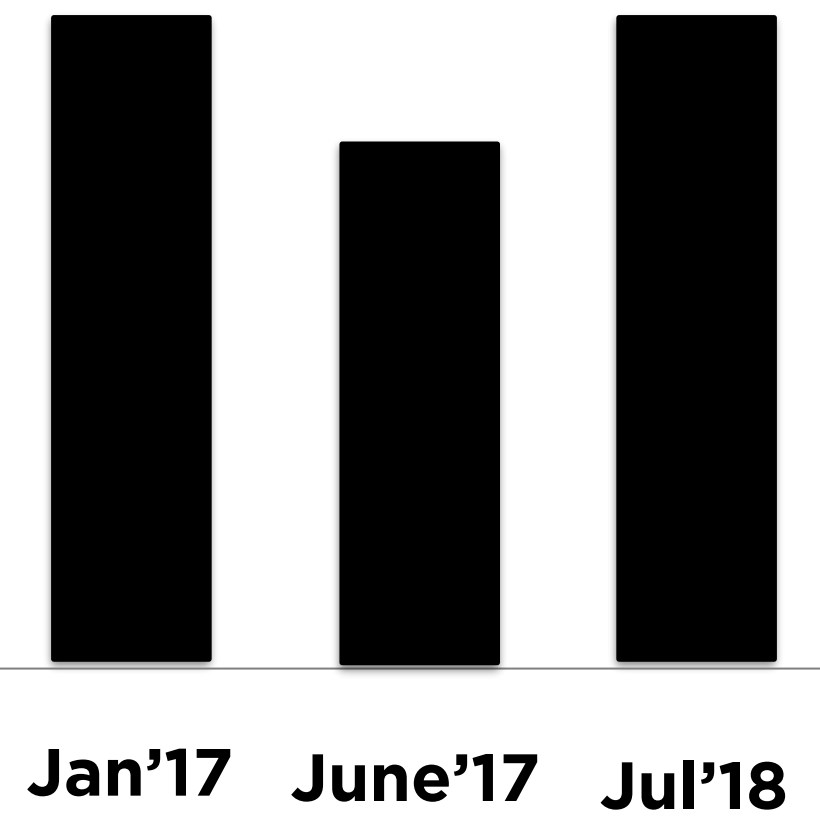


Sharp turnaround in business performance; looking at sustainable growth going ahead

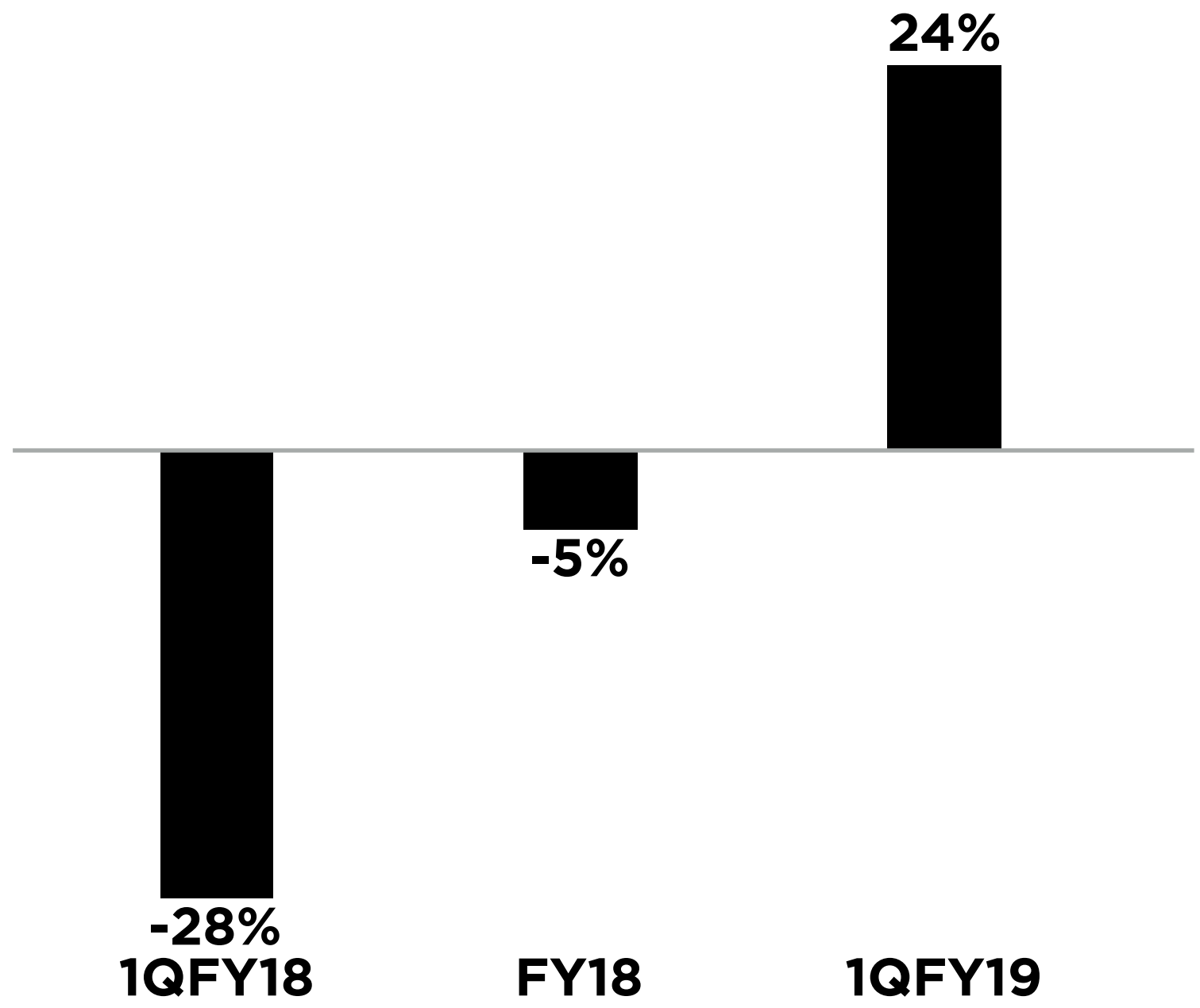
Sales Growth (y-y)



Household Insecticides market share



EBITDA Growth (y-y)



AGENDA

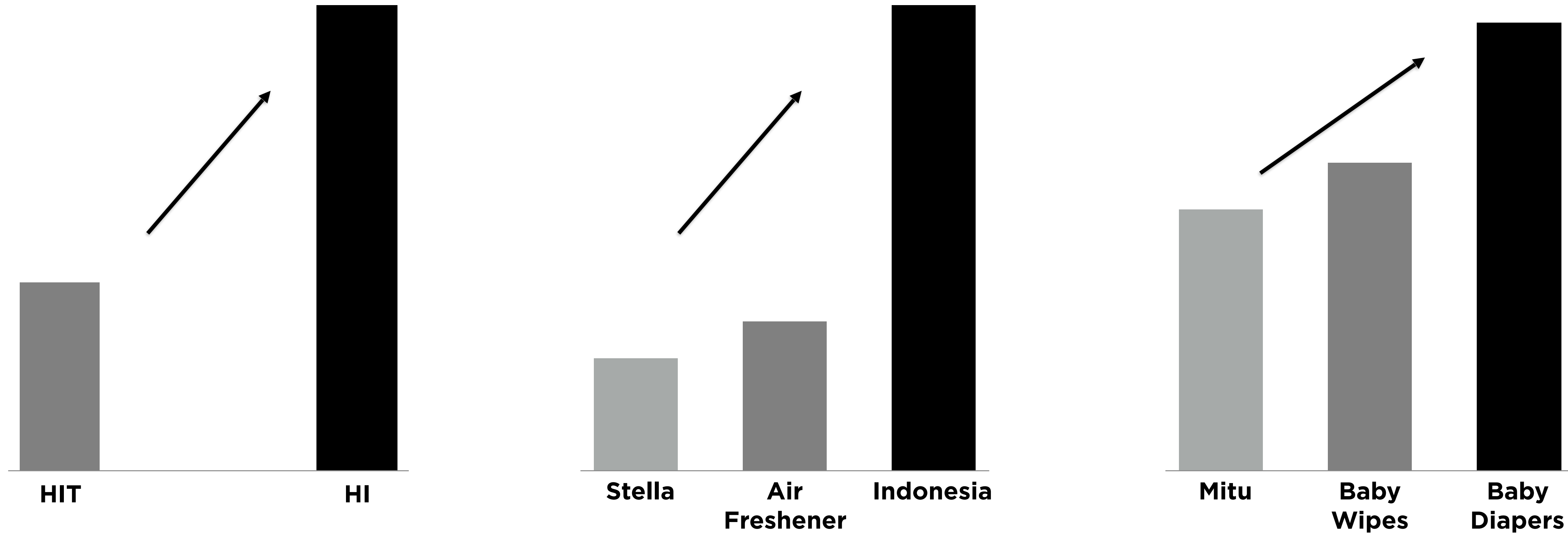
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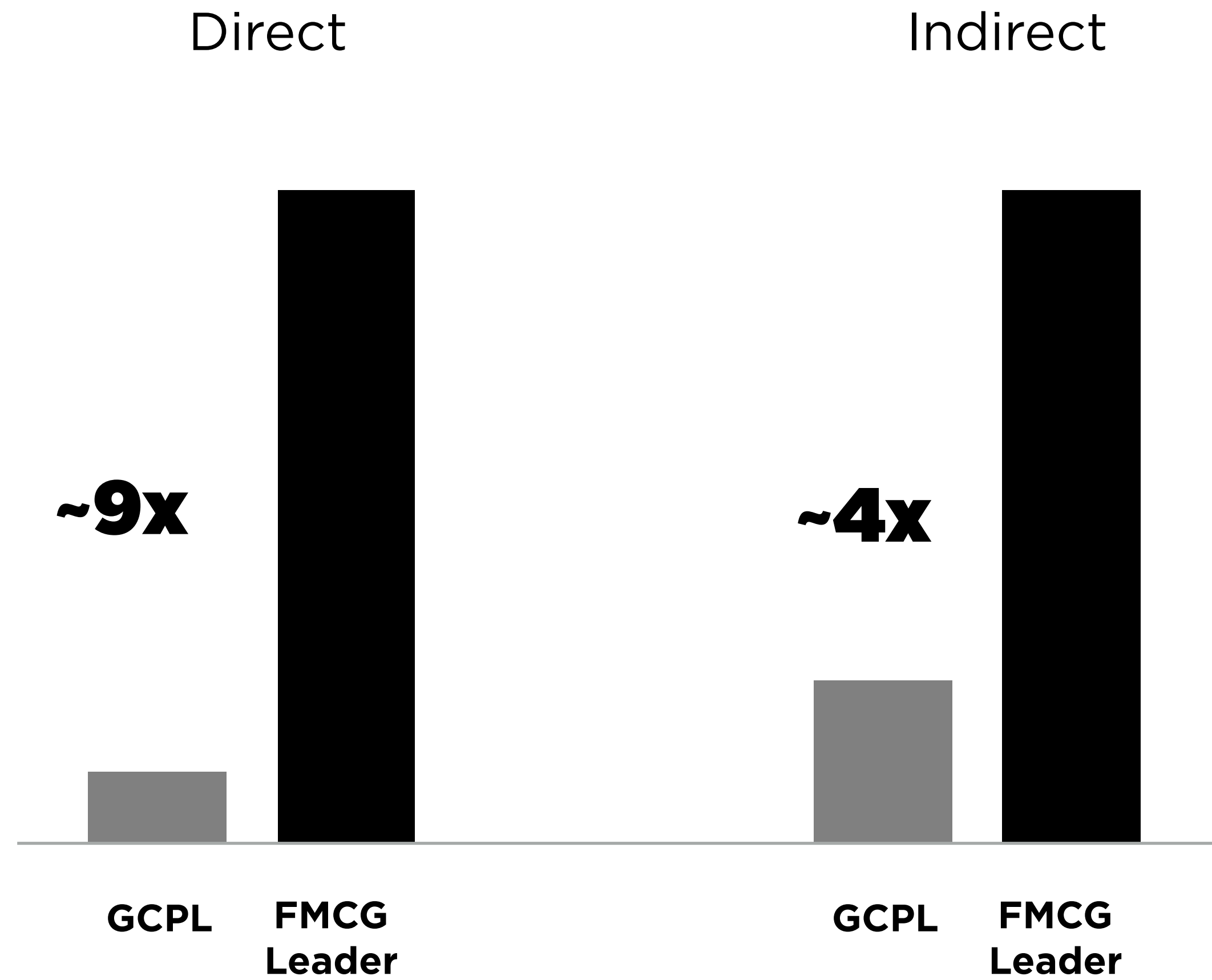
Category penetration headroom in our core categories

Build stronger GT muscle : doubling our direct and indirect distribution



Among Baby 1-3 year HH's

Distribution headroom in our core categories



OUR PLANS FOR FY19

AIM TO DELIVER DOUBLE-DIGIT SALES GROWTH



1 — Drive superior growth in core

Strategic choices for achieving full potential in existing categories

HOUSEHOLD INSECTICIDES

- Upgrade coil consumers
- Build out of home category
- Expand category beyond mosquitoes
- Create HIT Expert as a platform for premiumisation

AIR FRESHENERS

- Focus on increasing penetration through bathroom and living room
- Premiumise home and car perfume segment with Parfumist platform

BABY CARE

- Drive wipes penetration to match diapers
- Premiumise wipes through germ protection proposition
- Resourcefully build toiletries portfolio

2 — Up the ante on innovation

Most number of new launches planned in a year

▾ **Superior mass
market innovations**

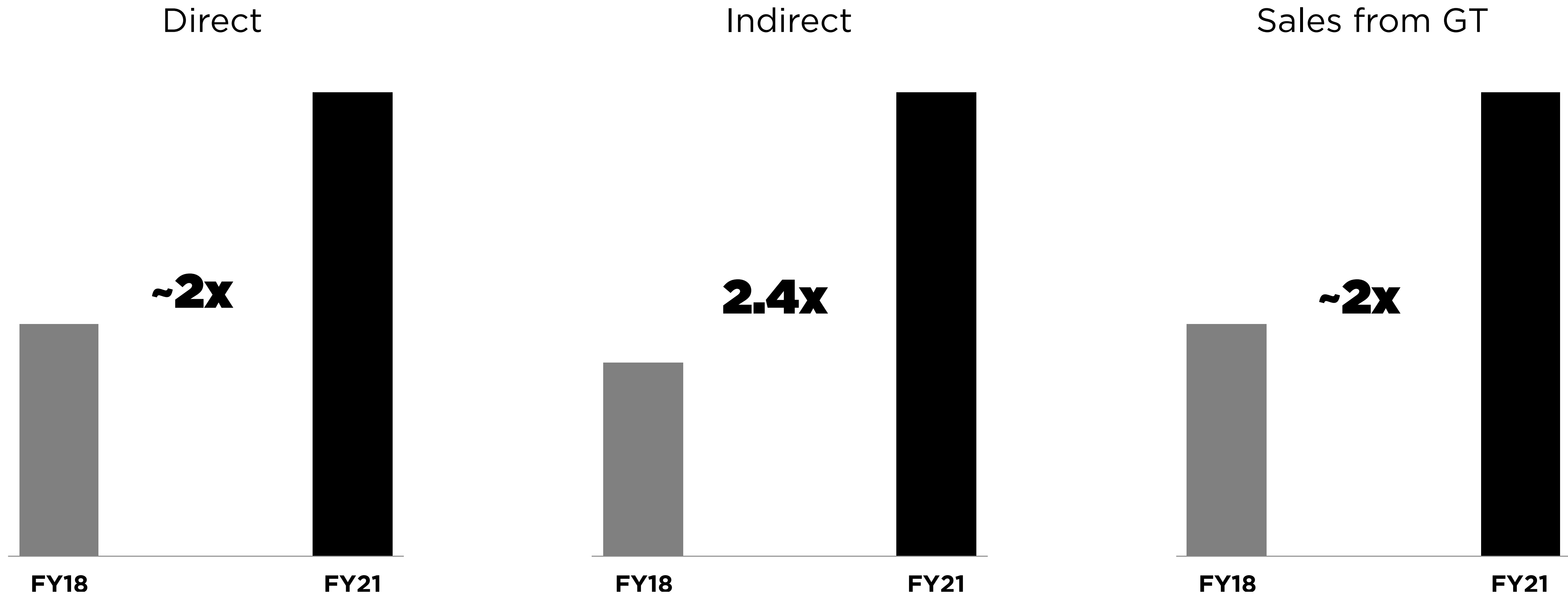
▾ **Drive
premuimisation**

▾ **Differentiated
formats**

3 Transform Go-To Market approach

Focus on expanding distribution reach and optimisation

Build stronger GT muscle: doubling our direct and indirect distribution



4 — **Continue cost optimisation**

Focus on sustaining historic high EBITDA margins and improve ROCE

▾ **Operating**
leverage

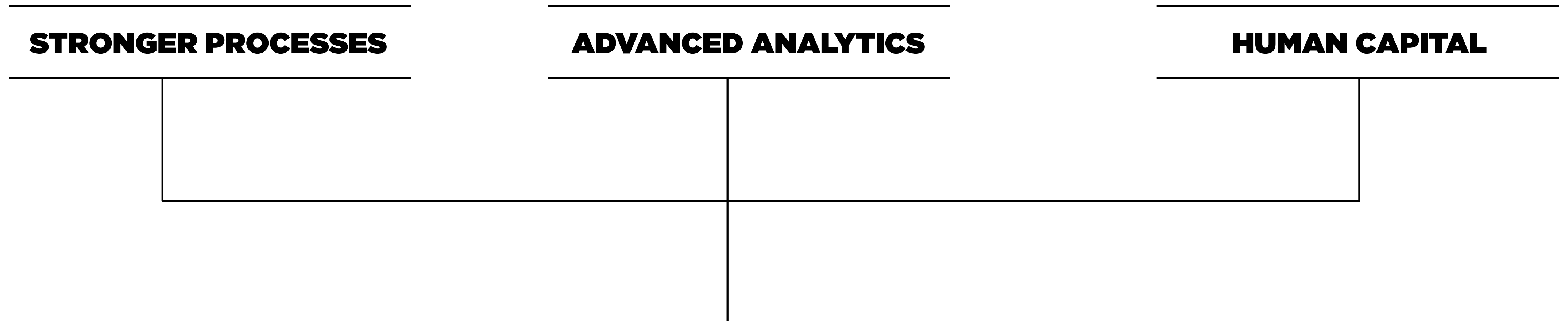
▾ **Cost savings programs**
(Project Cermat)

▾ **Media spends**
optimisation

▾ **Reduce working**
capital

5 — Build high performance culture

Preparing organisation capabilities for future growth



● — Re-engineering processes for promotion management, forecasting, NPD

● — Data and Dashboards

● — Brand Playbook

● — Building a healthy talent bench strength for senior leadership position

OUR PLANS FOR FY19

AIM TO DELIVER DOUBLE-DIGIT SALES GROWTH



**THANK
YOU**

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