

# Q2FY2024 Investor and Analyst Performance Update

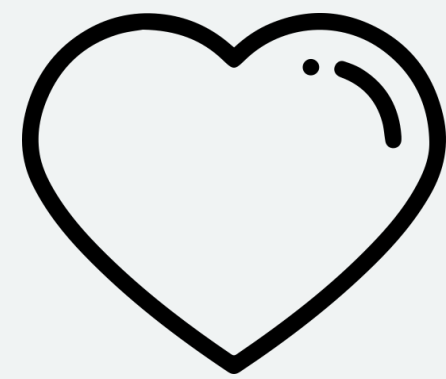
November 1, 2023



# Disclaimer

Some of the statements in this communication may be forward looking within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation, and labour relations.

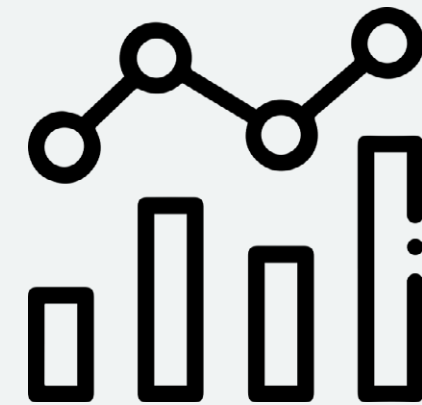
# Our purpose and strategy



## Purpose

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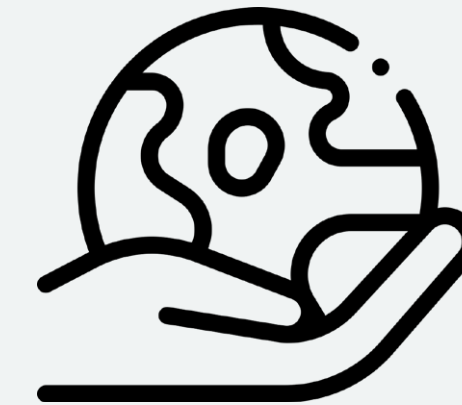
Bring the goodness of health and beauty to consumers in emerging markets



## Business aspiration

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Drive penetration-led volume growth through category development



## Environmental, social, and governance (ESG)

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Become sustainability leaders, influence sustainable consumption, and drive social impact



# Committed to our strategy



**Lead through category development**



**Funded by simplification**



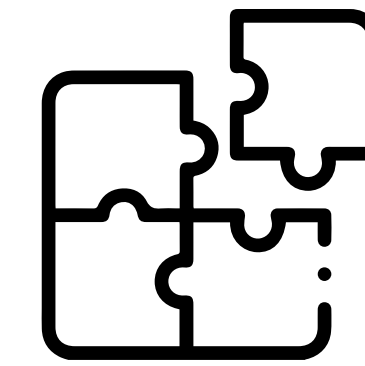
**People and planet alongside profit**



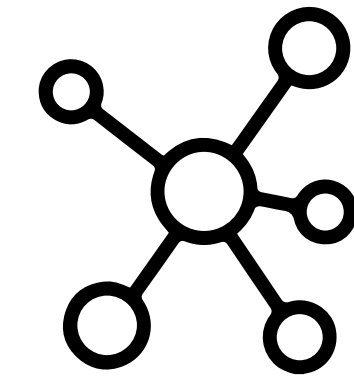


**Lead through category development**

# Category Development



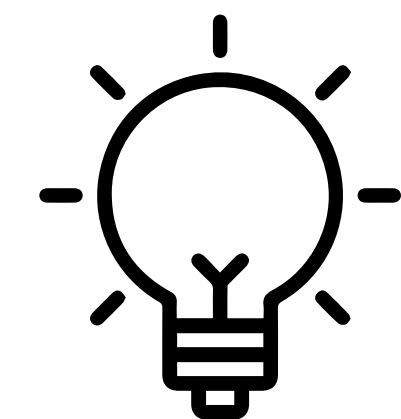
Build  
relevance



Drive  
accessibility



Generate  
trials

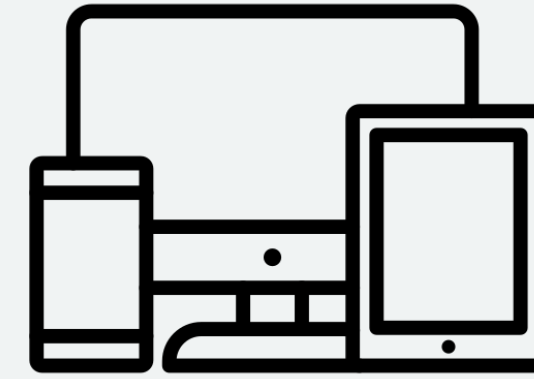


Develop  
innovative products





**Lead through category development**



**+44%**  
Working Media increase  
in India



Scaling up distribution of  
**Aer O** Car Air Fresheners



Increase penetration in the  
Household Insecticides category





**Funded by  
simplification**

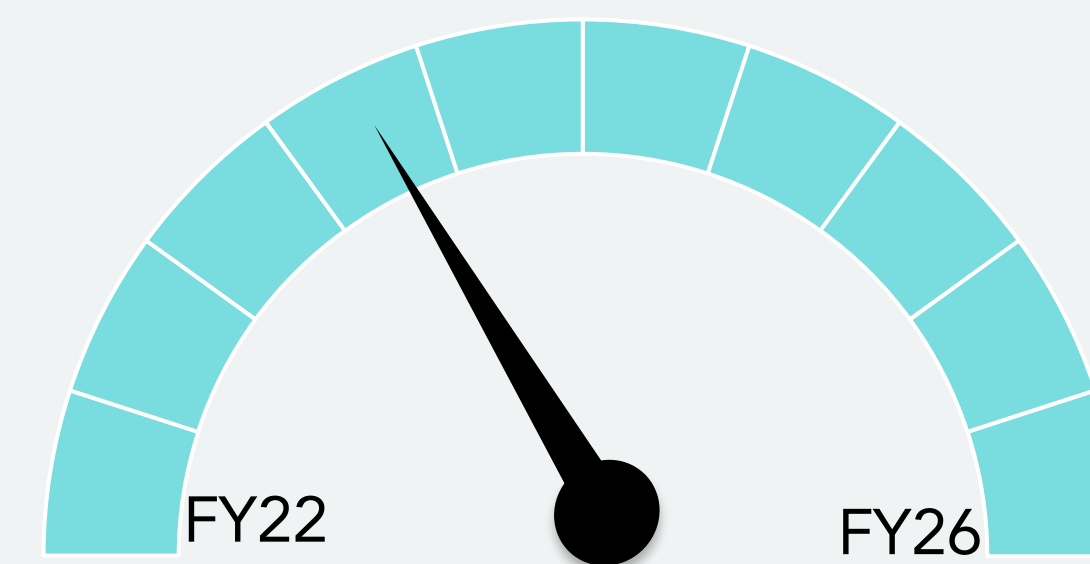
# Simplification

SKU  
rationalisation

Business model  
enhancement

Changes in  
organisational  
structure

Optimising  
manufacturing  
footprint



**Cost savings of ~400 bps**





**Funded by  
simplification**

# Business model enhancement

Simplifying Hair Fashion operations to a Royalty model in select markets (largely in East Africa)

Target implementation  
by Q4 FY24

Expect profitability to  
improve in the medium term

**Annualised**

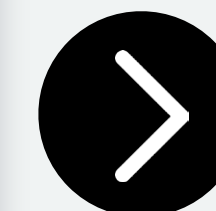
**~₹500** Crore  
Revenue

**~₹0**  
PAT#

**FY25**

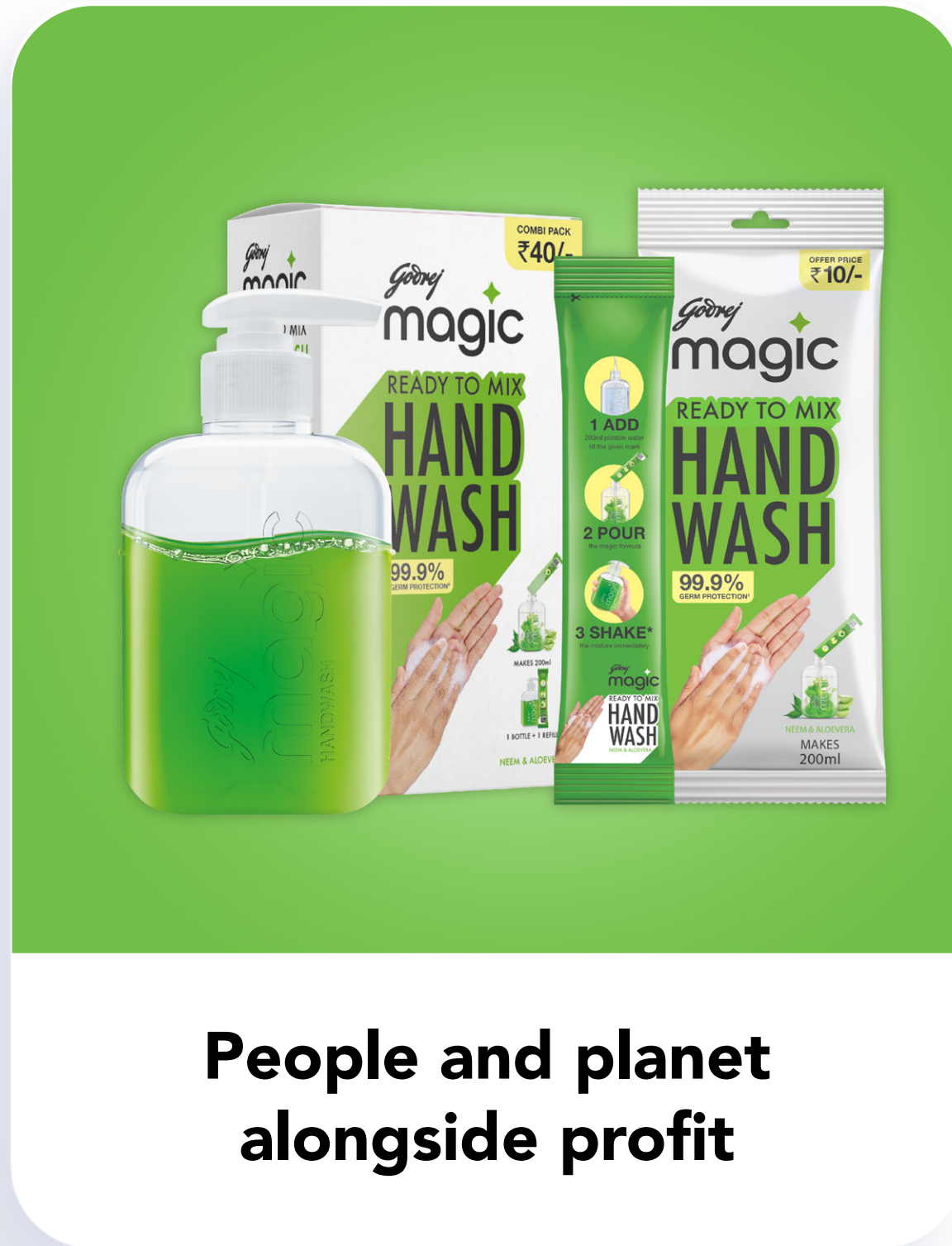
**₹0**  
Revenue

**~₹50** Crore  
PAT#



# Excludes one-time costs





**People and planet  
alongside profit**



**Magic Floor  
Cleaner**

# Dividend

**November 1, 2023**

The Board of Directors have declared an interim dividend of 500% (₹5 per share).

This would result in a payout of ₹511 crore.

## Outlook

We will strive to maintain a steady stream of dividend.

Expect the dividend payout ratio to average ~50% (range +/- 20%) of the annual Profit After Tax of the Company.



# FINANCIAL PERFORMANCE UPDATE

# Healthy volume growth and strong EBITDA performance

Growth (year-on-year)	Consolidated Business	India Business
Underlying Volume Growth	10% (6%#)	11% (4%#)
Net Sales	6% (2%#)	9% (2%#)
Net Sales (Constant Currency)	16% (12%#)	-
EBITDA*	30%	30%
EBITDA* + Working Media	31%	34%
Net Profit (Reported)	21%	48%
Net Profit (without exceptional and one-off items)	17%	10%^
Operating Cash Flow	1.2x	0.9x

#Organic | \*EBITDA (incl. Forex) | ^India profits reduced by dividend income received from subsidiary



# Stable growth across markets

Geography		Sales (₹ crore)	Growth (Year-on-year)	Constant Currency Growth (Year-on-year)
India	Reported	2,129	9%	-
	Organic	1,987	2%	
Indonesia		473	16%	14%
Africa, USA and Middle East		816	(5%)	17%
Latin America and SAARC		181	5%	99%
Total Net Sales	Reported	3,568	6%	16%
	Organic	3,426	2%	12%

Note: Total Net Sales includes the impact of contra and inter company eliminations

# Strong margin expansion across key markets

	Consolidated	India	Indonesia	Africa, USA & Middle East	Latin America & SAARC
Q2FY24 Reported EBITDA* Margin	19.7%	26.2%	17.5%	8.1%	(0.8%)
Business support charges, royalty and technical fees (₹ crore)	-	(5.8)	1.9	3.9	-
Q2FY24 Operating EBITDA* Margin	19.7%	25.9%	17.9%	8.5%	(0.8%)
Change in EBITDA* Margin (bps) (y-y)	+360	+430	+80	+310	(250)
Change in EBITDA* + Working Media Margin (bps) (y-y)	+540	+700	+330	+200	(160)

\*EBITDA (incl. Forex)

# Exceptional and One-off Items

Consolidated Business	Q2 FY2024	Q2 FY2023
Net Profit (Reported)	433	359
Exceptionals (Post tax):		
Restructuring costs	10.5	3.8
Settlement of VAT and amnesty scheme in India	-	14.6
Others	-	0.1
Net Profit (Without exceptional and one-off items)	443	377

Note: All values are in ₹ crore and rounded off

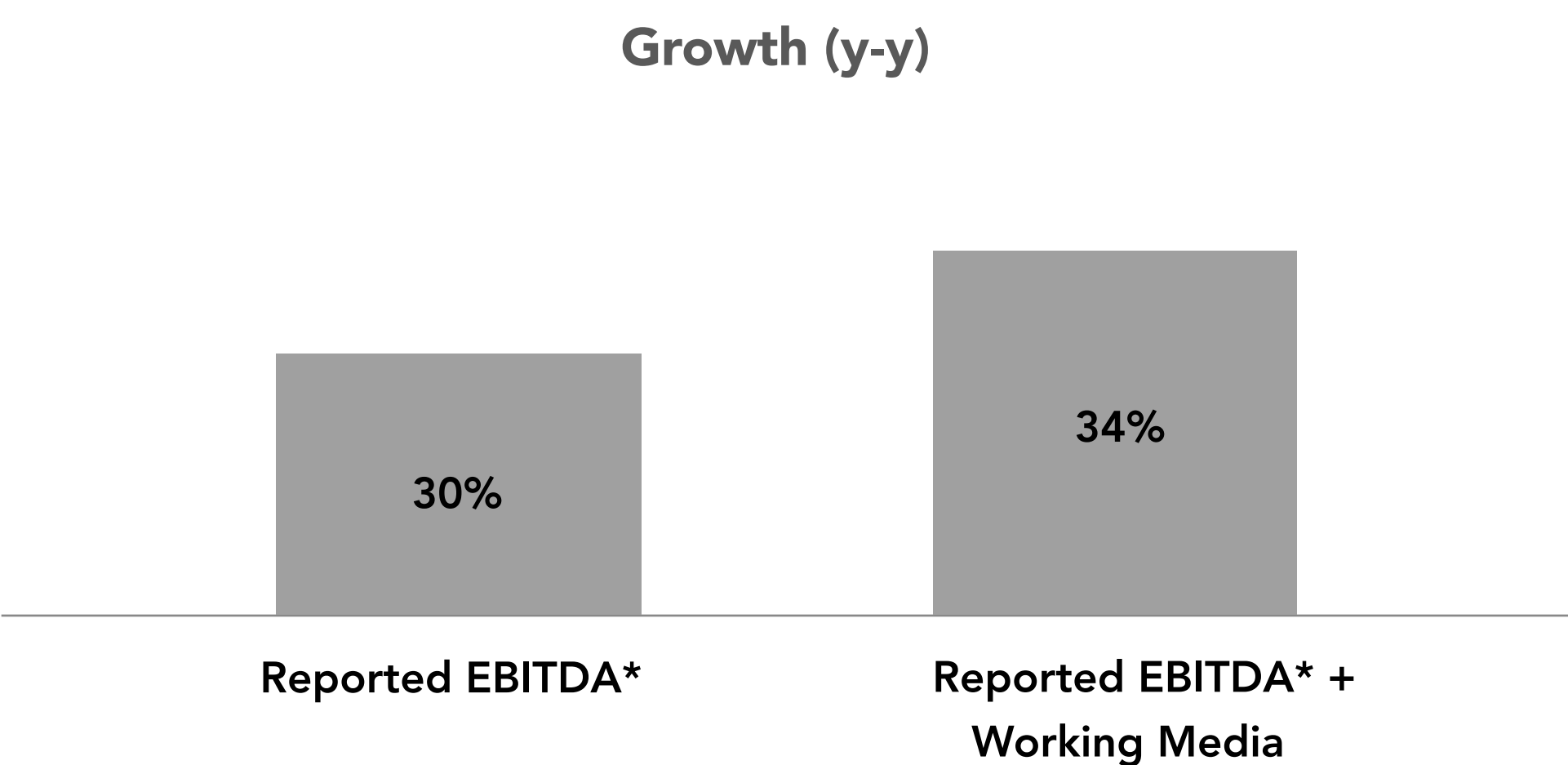
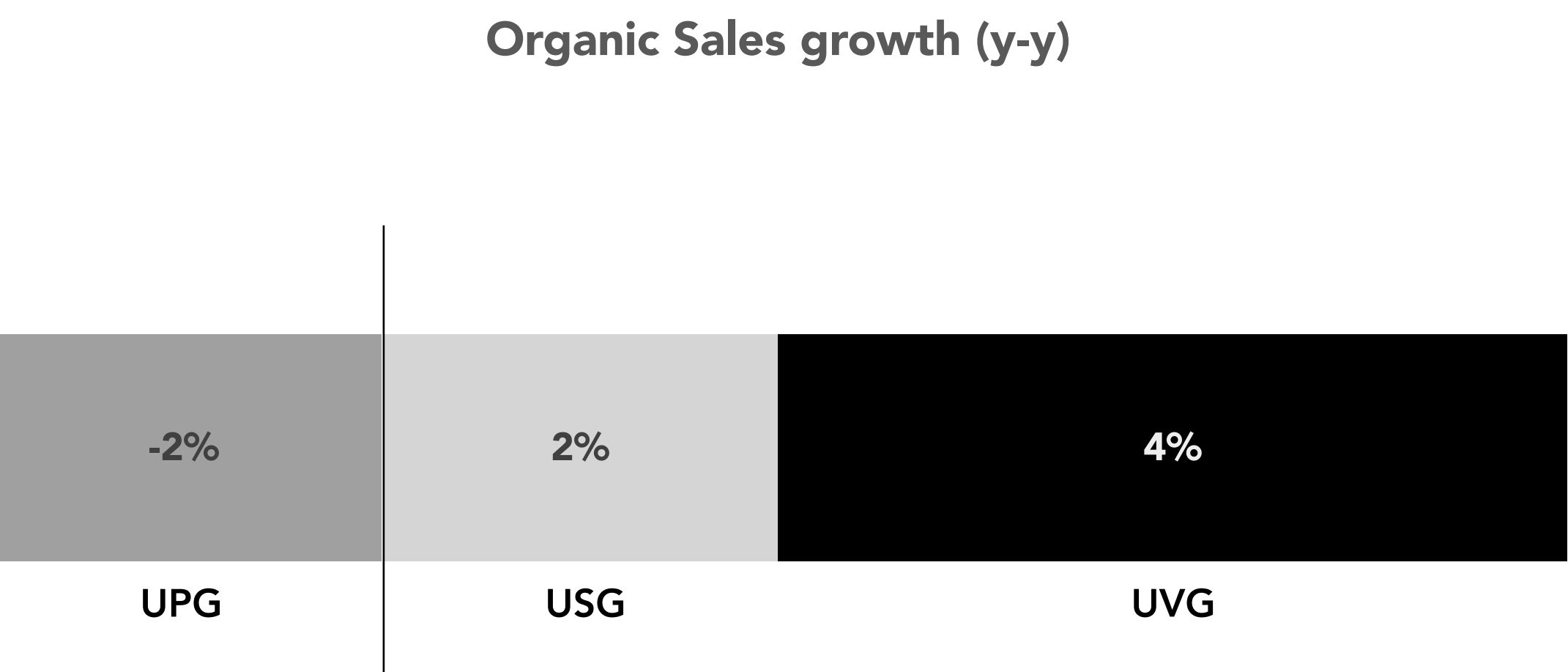


# INDIA BUSINESS UPDATE

# Volume growth in mid-single digit despite tough operating environment

- Organic UVG of 4% and USG of 2%
- Home Care volume growth in mid-single digit and Personal Care (Organic) in low-single digit

- Robust margin improvement continues:
- Gross Margin up 980 bps year-on-year
  - Increase in Working Media investment by 44% year-on-year
  - EBITDA\* Margin of 25.9%, up 430 bps year-on-year



\*EBITDA (incl. Forex)

USG: Underlying Sales Growth; UPG: Underlying Pricing Growth; UVG: Underlying Volume Growth

# High single-digit reported sales growth

Category	Sales (₹ crore)	Growth (Year-on-year)
Home Care	913	5%
Personal Care	1,003	(1%)
Total Branded	1,916	2%
Unbranded and Exports	71	6%
Total Net Sales (Organic)	1,987	2%
Personal Care (Inorganic)	142	-
Total Net Sales (Reported)	2,129	9%



# Home Care (1/2): Household Insecticides impacted due to seasonality

- Household Insecticides growth was flattish due to poor monsoons
- Non-mosquito portfolio continues to consistently perform well
- Our volume market share increased during the quarter, supported by category development activities





# Home Care (2/2): Consistently delivering double-digit growth in Air Fresheners

- **Air Fresheners** continue to consistently deliver strong double-digit volume and value growth
- Aer continues to gain share and enjoy market leadership
- Aer O is performing well and receiving encouraging response





# Personal Care (1/2): Personal Wash delivers steady performance

- **Personal Wash** delivers low single-digit volume growth
- Our market share increased, led by effective media campaigns and micro marketing initiatives
- Magic Handwash continues to deliver strong double-digit volume growth





## Personal Care (2/2): Continue to gain market share in an externally impacted environment

- **Hair Colour** volumes grew in low single digit; growth was impacted due to one additional month of 'Shravan' (auspicious month according to the Hindu calendar) during the quarter
- INR 15 Godrej Expert Rich Crème continues to perform well and drive format penetration
- Continue to gain market share



Godrej Selfie  
shampoo  
hair colour

no ammonia  
natural black 1

₹15  
short  
hair

5  
minutes

enriched  
with aloe vera



Godrej Selfie  
shampoo  
hair colour

\*5ml+5ml

The advertisement features a woman with long, flowing black hair as the background. In the top left corner, the Goody Expert logo is displayed. The main headline in Hindi reads 'अब कलर्ड बाल लगेंगे ज़्यादा MOISTURISED\*'. Below this, a large green water drop graphic contains the text '10x ज़्यादा ऐलो वेरा' (10x more aloe vera) and is accompanied by images of aloe vera leaves. In the bottom right, a product shot of the 'rich crème' hair color box is shown, highlighting 'natural black 1.00', 'ultra soft deep shine', 'long lasting colour', '100% grey coverage', 'no ammonia', and '10x aloe vera'.



# Park Avenue and KamaSutra performance on track

- Sharp improvement in sequential sales run-rate, clocking sales of ₹142 crore
- Integration largely completed; cost synergies to flow from 2HFY24
- Estimate EBITDA to be positive despite scaling up media investments
- On track to achieve full-year ambition





# INTERNATIONAL BUSINESS UPDATE



# Indonesia business delivers improved performance

- Sales grew by 14% (constant currency) and 16% in INR terms aided by media investments
- EBITDA\* margin at 17.9%, up 80 bps year-on-year led by gross margin expansion
- Continue to scale up GT distribution, drive renovation in the portfolio and seed access packs

\*EBITDA (incl. Forex)





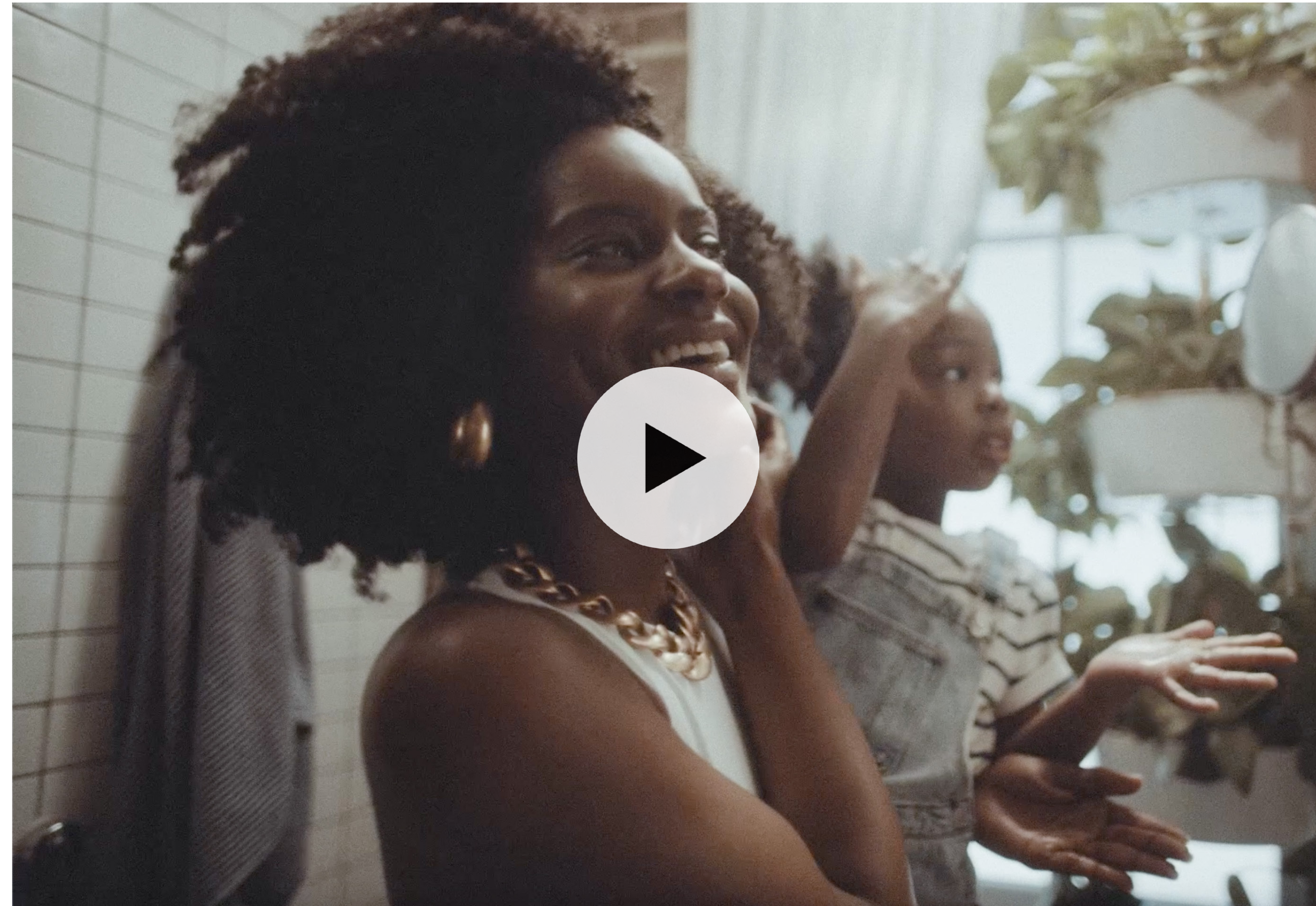
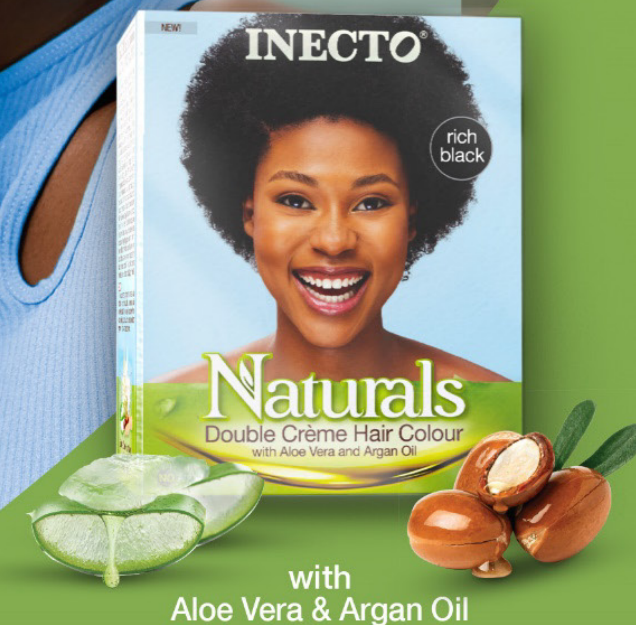
# Double-digit constant currency sales growth continues in Africa, USA & Middle East

- Sales growth of 17% in constant currency terms; performance in INR terms was impacted by the devaluation of Naira
- FMCG categories continue to outperform
- EBITDA\* margin at 8.5%, up 310 bps year-on-year led by gross margin expansion

\*EBITDA (incl. Forex)

INECTO®  
Naturals  
HAIR COLOUR

Let your  
vibrance  
shine





# APPENDIX

# 1QFY23 and 2QFY23 EBITDA Margin

	Consolidated	India	Indonesia	Africa, USA & Middle East	Latin America & SAARC
Q1FY23 Reported EBITDA* Margin	16.8%	23.0%	15.1%	5.8%	0.6%
Business support charges, royalty and technical fees (₹ crore)	-	(6.8)	1.2	5.1	0.5
Q1FY23 Operating EBITDA* margin	16.8%	22.7%	15.4%	6.4%	0.9%
Q2FY23 Reported EBITDA* Margin	16.1%	21.9%	16.9%	4.9%	1.8%
Business support charges, royalty and technical fees (₹ crore)	-	(5.9)	1.2	4.9	(0.2)
Q2FY23 Operating EBITDA* margin	16.1%	21.6%	17.2%	5.4%	1.7%

# 3QFY23 and 4QFY23 EBITDA Margin

	Consolidated	India	Indonesia	Africa, USA & Middle East	Latin America & SAARC
Q3FY23 Reported EBITDA* Margin	20.4%	27.7%	19.7%	8.5%	5.0%
Business support charges, royalty and technical fees (₹ crore)	-	(4.9)	1.9	3.7	(0.7)
Q3FY23 Operating EBITDA* margin	20.4%	27.4%	20.2%	8.9%	4.6%
Q4FY23 Reported EBITDA* Margin	20.2%	27.0%	21.3%	6.5%	8.1%
Business support charges, royalty and technical fees (₹ crore)	-	(6.4)	1.5	5.0	(0.2)
Q4FY23 Operating EBITDA* margin	20.2%	26.6%	21.6%	7.1%	8.1%



# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE UPDATE

# Our ESG targets for FY2025 and Q1 FY2024 performance



Vision	Goals for FY2025	Performance update
<b>Influence sustainable consumption</b>	<p>Ensure efficient waste management systems for 7 municipalities in India, diverting over 5,000 MT of waste from landfills</p> <hr/> <p>20% reduction in packaging intensity. 80% of plastic used to be recyclable. Rigid plastics to be replaced by 30% recycled plastic by the fiscal year 2025-26. Flexible plastics to be replaced by 10% recycled plastic by the fiscal year 2026-27 and multi-layer plastics to be replaced by 5% recycled plastic by the fiscal year 2026-27.</p> <hr/> <p>Ensure one-third of all products are greener than in 2020 by carrying out lifecycle assessments (LCA) for major products (80% coverage by revenue)</p> <hr/> <ul style="list-style-type: none"><li>Cover 75% of GCPL suppliers in India (by procurement spends), and 50% for our other geographies, under our sustainable supply chain policy.</li><li>Source 100% of paper packaging from sustainable sources.</li></ul>	<p>Ongoing community waste management projects in 5 municipalities</p> <p>Source segregation achieved inception till date: 40-90% (highest at 92% in Malanpur)</p> <p>2,660 MT municipal waste diverted from landfill and over 900 MT of plastic waste recycled</p> <hr/> <p>Over 34% of our plastic is recyclable</p> <p>Reduced our plastic packaging intensity by 17% from FY2019-20 baseline</p> <hr/> <p>Completed LCAs coverage of products covering 60% of our revenues</p> <hr/> <p>72% of India suppliers (by spend volume) covered under our sustainable supply chain policy and are being assessed for FY24</p>

Note: \*India targets reported. We have similar targets for international locations.

# Our ESG targets for FY2025 and Q1 FY2024 performance



Vision	Goals for FY2025	Performance update
Lead in sustainability action	45% reduction in GHG emission intensity and carbon neutrality for Scope1 and 2 from FY11 baseline	49% reduction in GHG emission intensity
	40% reduction in specific energy consumption from FY11 baseline	36% reduction in specific energy consumption
	Achieve 35% renewables in energy mix	33% of energy is from renewables
	Maintain 40% reduction in water intensity while maintaining water positivity	33% reduction in water intensity and continuing to be water positive
	Achieve zero liquid discharge and maintain zero waste to landfill	Continue to be zero waste to landfill and reduced liquid discharge by 91%
	Announce our commitment towards the global Science Based Targets initiative (SBTi) and publish our roadmap and targets for emissions reduction	SBT emissions reduction targets and roadmap have been created and submitted to SBTi, they are under validation We're also committed to internal Scope 1 and 2 net zero by 2035 inline with SBTi
	Achieve 100% EPR compliance	We're plastic neutral and 100% EPR complied

Note: \*India targets reported. We have similar targets for international locations.



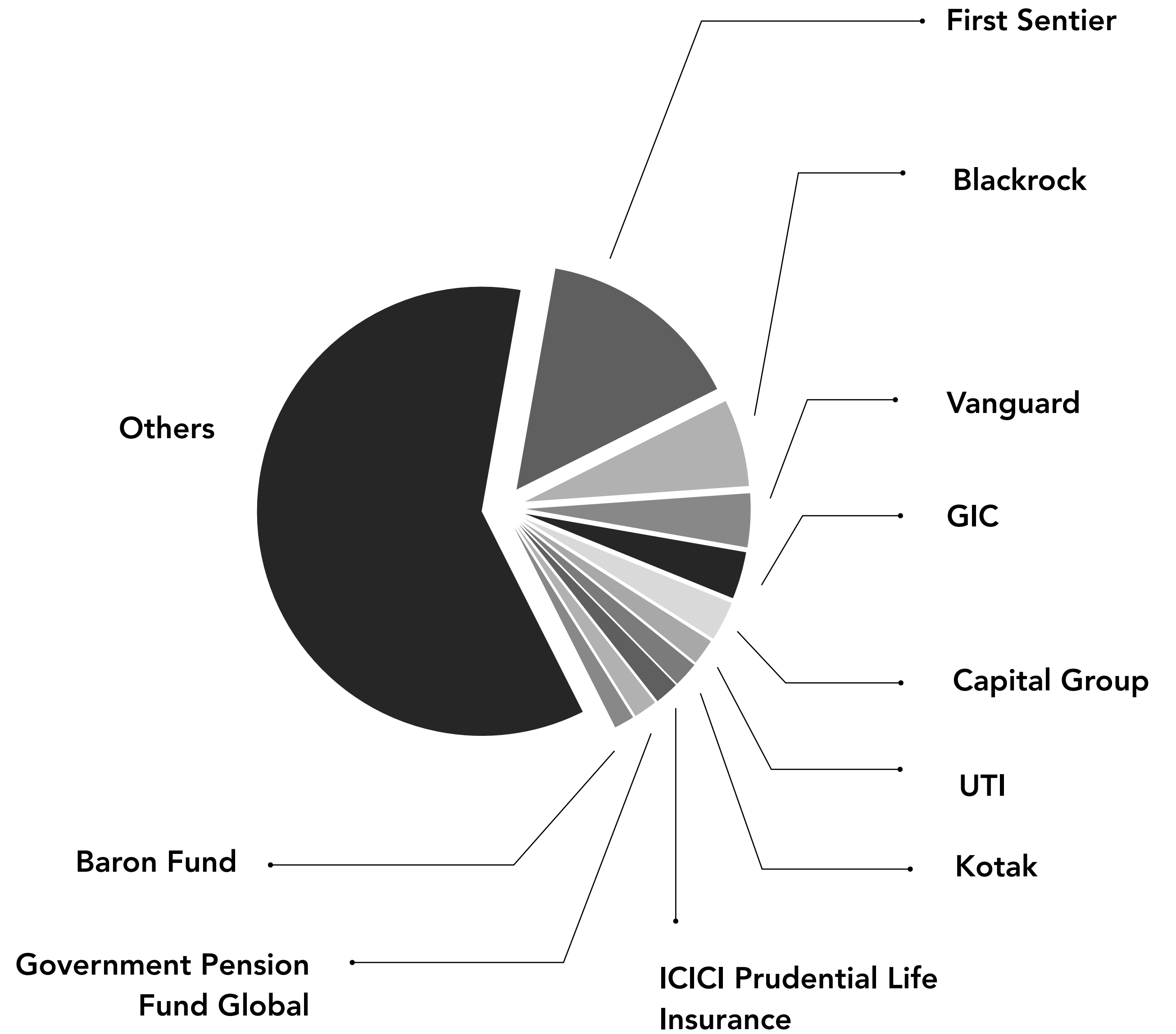
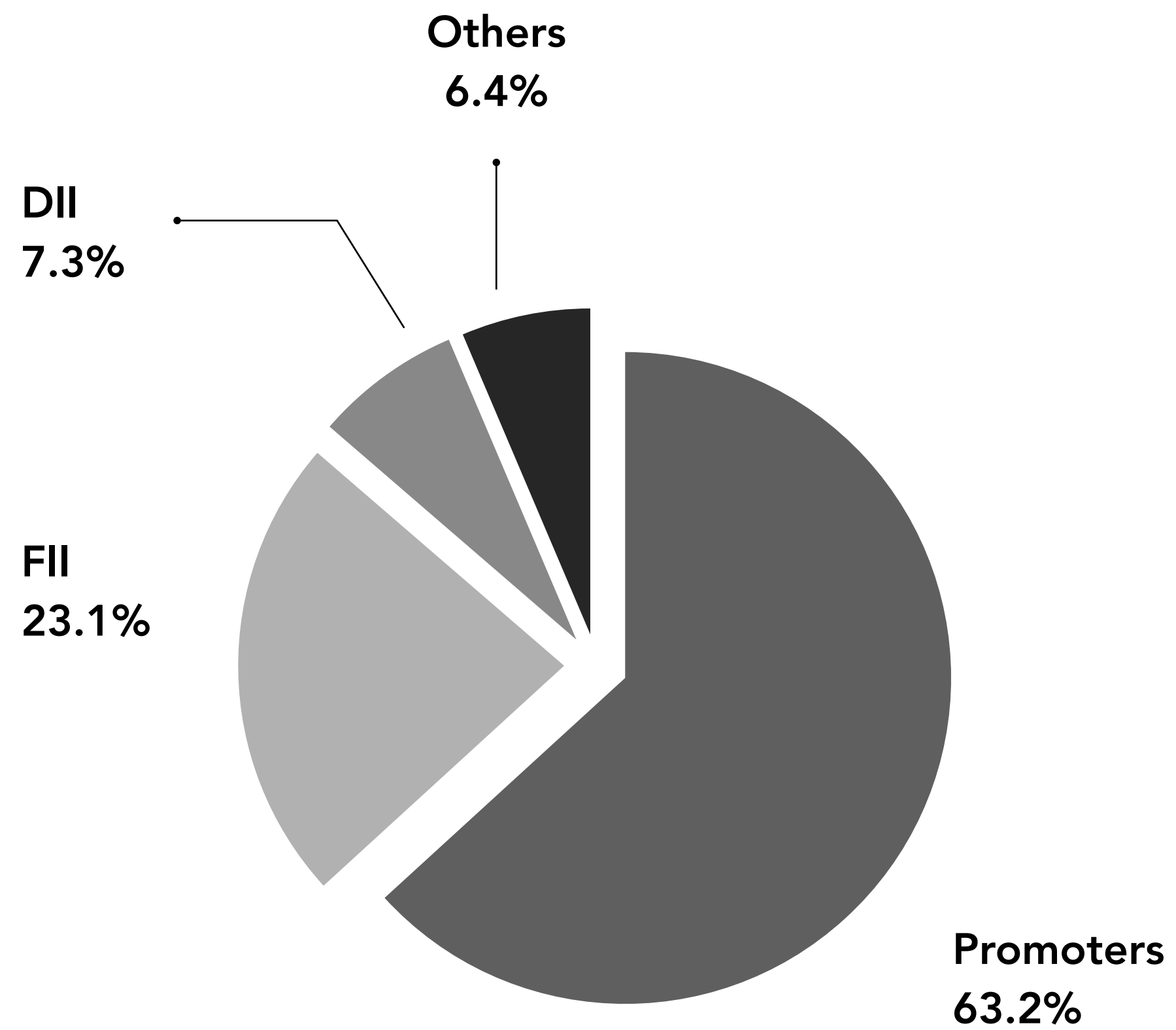
# Our ESG targets for FY2025 and Q1 FY2024 performance



Vision	Goals for FY2025	Performance update
Equip communities with skills that empower	Empower 200,000 women in beauty skills, across emerging markets globally	Trained, upskilled and reached out to 26,807 women beauty entrepreneurs, young girls, and men in India and Africa in beauty & hair styling skills and enterprise development
Improve health and well-being	<div>Strengthen public healthcare systems in three states in India</div> <div>Protect 30 million people against vector-borne diseases</div>	<div>Dengue surveillance increased by 57% from 2020-2023 through the set up of a Technical Support Unit for Integrated Vector Management</div> <div>Reached out to 28.2 million people since FY16</div> <div>Rural malaria: 228% reduction in cases in comparison to the same period last year</div> <div>Urban dengue: 245% reduction in vector borne diseases and 0.4% reduction in larva breeding sites in comparison to the same period last year</div>

Note: \*India targets reported. We have similar targets for international locations.

# SHAREHOLDING PATTERN





# Contact Us

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**Thank you**

