

Q1FY2023 Investor and Analyst Performance Update

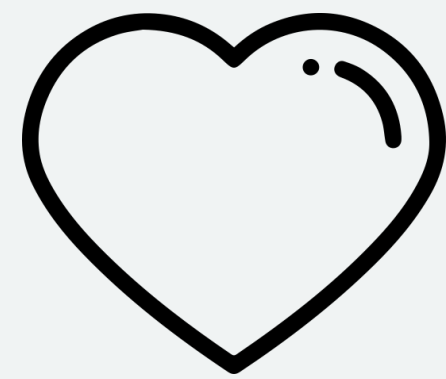
3 August, 2022



Disclaimer

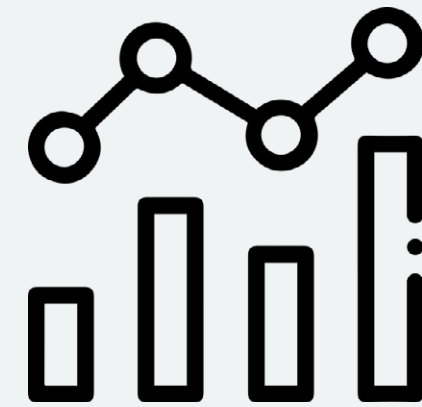
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Our purpose and strategy



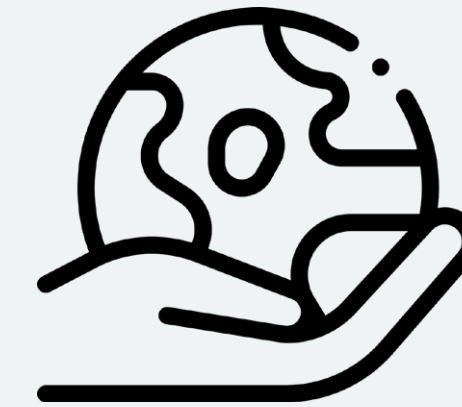
Purpose

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



Business aspiration

Drive penetration-led volume growth through category development



Environmental, social, and governance (ESG)

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

KEY HIGHLIGHTS

**Steady Sales growth of 8%
(3-year CAGR 10%)**

Consolidated Sales growth	8% (9% CC)	India Sales growth	12%
3-year CAGR	10% (11% CC)	3-year CAGR	12%
Consolidated EBITDA growth		(13)%	

1 Underlying Volume Growth:
Consolidated -5% year-on-year; 3-year CAGR 3%
Standalone -6% year-on-year; 3-year CAGR 4%

2 Steady growth in India 12% (3-year CAGR 12%),
Africa, USA & Middle East 12% CC (3-year CAGR 11%) and
Latin America & SAARC 15% CC (3-year CAGR 28%); weak
performance in Indonesia (12)% CC (3-year CAGR -2%)

3 Consolidated EBITDA margins at 17.2% (13% degrowth); margins decrease by 420 bps
year-on-year; EBITDA + working media margins decrease 290 bps (5% degrowth)

FINANCIAL PERFORMANCE UPDATE

Q1 FY2023: Financial performance

Growth (year-on-year)	Consolidated Business	India Business
Net Sales (Reported)	8%	12%
Net Sales (Constant Currency)	9%	-
EBITDA	(13%)	(4%)
EBITDA + Working Media	(5%)	3%
Net Profit (Reported)	(17%)	(2%)
Net Profit (Without exceptional and one-off items)	(16%)	(2%)

Q1 FY2023: Exceptional and One-off Items

Consolidated Business	Q1 FY2023	Q1 FY2022
Net Profit (Reported)	345	414
Exceptionals (Post tax)		
Restructuring cost in Latin America	1.8	1.6
Deferred Tax - Change in maximum marginal tax rate in India	(0.1)	(0.2)
Net Profit (Without exceptional and one-off items)	347	415

Note: All values are in ₹ crore and rounded off

Q1 FY2023: Steady growth in India (3-year CAGR 12%), Africa, USA & Middle East (3-year CAGR 11% CC); weak performance in Indonesia (3-year CAGR -2% CC)

Geography	Sales (₹ crore)	Growth (Year-on-year)	Constant Currency Growth (Year-on-year)
India	1,814	12%	-
Indonesia	376	(9)%	(12)%
Africa, USA and Middle East	779	12%	12%
Latin America and SAARC	151	(5)%	15%
Total Net Sales	3,094	8%	9%

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

Q1 FY2023: Bridge between Reported and Operating EBITDA

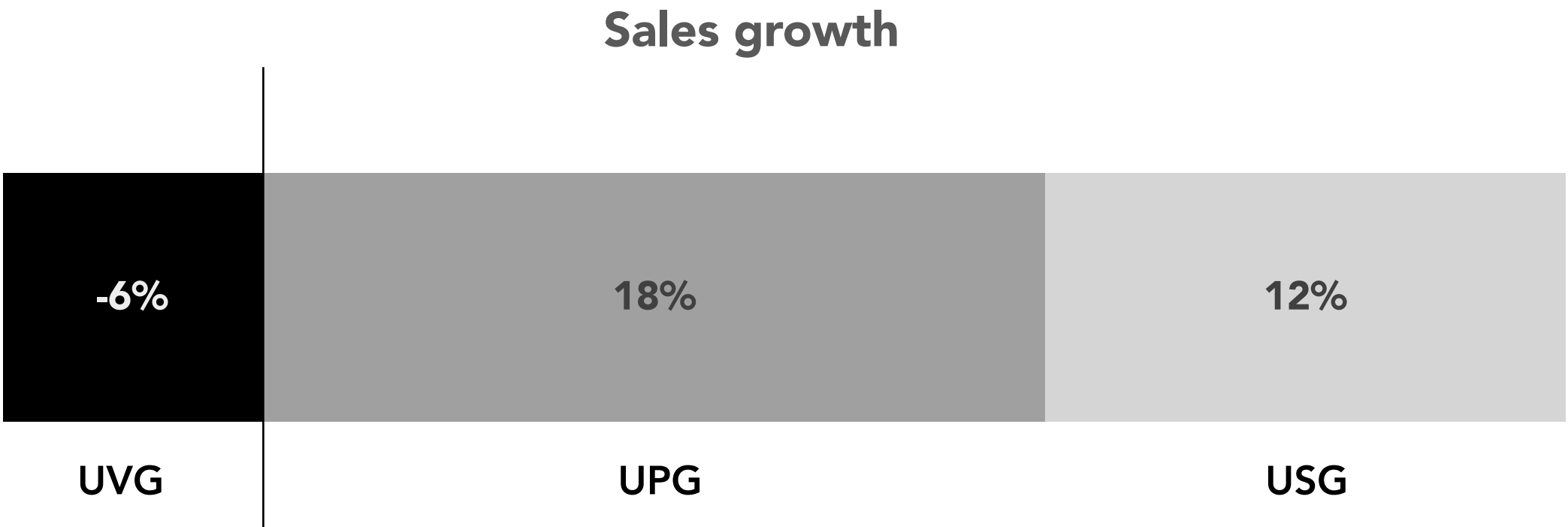
	India	Indonesia	Africa, USA & Middle East	Latin America & SAARC
Q1FY23 Reported EBITDA Margin	22.9%	15.0%	7.7%	1.0%
Business support charges, Royalty & Technical fees (₹ crore)	(6.8)	1.2	5.1	0.5
Q1FY23 Operating EBITDA Margin	22.5%	15.3%	8.3%	1.4%
Q1FY22 Operating EBITDA Margin	26.3%	23.4%	9.9%	13.6%
Change in EBITDA Margin (bps)	(380)	(810)	(160)	(1,220)
Change in EBITDA + Working Media Margin (bps)	(250)	(720)	(60)	(1,020)

INDIA BUSINESS UPDATE

Steady sales growth

Financial performance

- **Sales growth of 12%** driven by pricing; 3-year CAGR of 12%
- **EBITDA margins in India at 22.5%**; contracted by **380 bps** year-on-year, driven by a gross margin decline of **~660 bps** (due to higher commodity inflation); increase in Working Media by ~140 bps to drive category development and mitigated through reduction in controllable costs by ~450 bps (Employee Benefit Expenses by ~230 bps and Other Expenses by ~230 bps).
- With inflationary pressures abating, we expect recovery in consumption and gross margins alongside continued higher marketing investments with a significant focus on reducing controllable costs.



Operating performance

- Strong growth momentum in Personal Care continues; soft performance in Home Care
- **Gaining shares** in **~90%** of our categories



Strong momentum in Personal Care; soft performance in Home Care

Category	Sales (₹ crore)	Q1 Growth (Year-on-year)	2-year CAGR
Home Care	663	(4)%	8%
Personal Care	1,088	25%	21%
Unbranded and Exports	63	(6)%	19%
Total Net Sales	1,814	12%	16%
Volume Growth	—	(6)%	4%

Home Care (1/2): Continued seeding of category development initiatives

- **Household Insecticides** delivered a soft performance on the back of a relatively muted season and high base
- **Continue to deepen penetration; gained market share on MAT basis**
- In line with our strategy of driving category development, we launched new communications: Goodknight liquid vaporiser #NeendoKoNazarNaLage and HIT
- Non-mosquito portfolio continues strong growth momentum with double-digit sales growth



Home Care (2/2): Strong performance in Air Fresheners

- **Air Fresheners** witnessed strong growth driven by category uptick; 2-year CAGR in double digits
- Gained market share on MAT basis
- Our category development initiative around driving relevance for Aer Power Pocket and premiumisation through Aer Matic ('If bathrooms/rooms could talk') is receiving encouraging consumer response
- Continued investment in digital to drive relevance



Personal Care (1/2): Double-digit growth in Personal Wash & Hygiene continues

- **Personal Wash & Hygiene** continued momentum with double-digit sales growth; 2-year CAGR in double digits
- Continue to gain market share on MAT basis and deepen penetration in Soaps led by category development initiatives
- Leveraging digital platforms; Cinthol's 'Alive Is Awesome' campaign yields positive results
- Magic powder-to-liquid handwash continues to gain market share by volume, backed by digital communication and distribution expansion
- Strengthening our value-for-money and green proposition with the launch of the affordable and sustainable ready-to-mix Magic Bodywash priced at INR 45



Personal Care (2/2): Strong performance in Hair Colour

- **Hair Colour** witnessed strong growth driven by category uptick; 2-year CAGR in double digits
- Godrej Expert Rich Crème continues to perform well with market share gains driven by strong marketing campaigns and influencer programmes
- Initial response to Godrej Expert Rich Crème's new pricing **at INR 15** is encouraging



Rich Crème mini pack.

Now **colour** your hair
in just **₹15***



INTERNATIONAL BUSINESS UPDATE

Weak performance in Indonesia

- Sales dropped by 12% (constant currency); sales decline excluding Hygiene (Saniter) was 4% (constant currency)
- We continued to reduce stocks with channel partners, resulting in nearly flattish growth on sell-outs during the quarter
- EBITDA margins at 15.3%, decreased by 810 bps year-on-year due to higher commodity inflation, upfront higher marketing investments, high hygiene comparator and scale deleverage
- Continue to put building blocks in place to drive category development and general trade distribution expansion



Africa, USA & Middle East delivers seventh consecutive quarter of double-digit sales growth

- Continued momentum; double-digit sales growth of 12% (constant currency); 3-year constant currency CAGR of 11%
- EBITDA margins decreased by 160 bps year-on-year largely due to higher marketing investments
- Dry Hair category (that comprises slightly over half of the business) grew in mid-single digit, while the FMCG category grew in double digits
- Strong sales growth momentum continues in Southern Africa
- In line with our strategy of driving category development, there have been increased investments across the Dry Hair and FMCG categories



ENVIRONMENTAL, SOCIAL, AND GOVERNANCE UPDATE

Our ESG targets for FY2025 and Q4 FY2022 performance



Vision	Goals for FY2025	Performance update
Influence sustainable consumption	Ensure efficient waste management systems for 3 municipalities in India, impacting 3 million people	Community waste management projects with local municipalities diverted 7,300 kg of dry waste from landfills through clean-up drives. Established a sanitation park, in partnership with the Municipal Corporation. Through this centre, we scientifically manage 4 MT of waste per day from Puducherry to work towards a circular economy ecosystem for the city.
	Achieve Sustainable Packaging targets: 20% intensity reduction; 10% post-consumer recycled plastic (PCR) (this target will be revised based on the new, more stringent plastic use guidelines); 100% reusable, recyclable and compostable packaging	3.5% virgin plastic replaced with PCR 6% reduction in plastic intensity
	Ensure one-third of all products are greener than in 2020 by carrying out lifecycle assessments (LCA) for major products (80% coverage by revenue)	Completed LCAs for 6 products that cover over 50% of our revenue
	<ul style="list-style-type: none">Cover 75% of GCPL suppliers in India (by procurement spends), and 50% for our other geographies, under our Sustainable Supply Chain Policy.Source 100% of paper packaging from sustainable sources.	72% of Indian suppliers (by spend volume) are covered under our sustainable supply chain policy and are being assessed.
	Partner with consumers and customers to promote sustainable consumption of our green products	—

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

Our ESG targets for FY2025 and Q4 FY2022 performance



Vision	Goals for FY2025	Performance update
Lead in sustainability action	45% reduction in GHG emission intensity (to be revised based on Science Based Targets initiative [SBTi]) and carbon neutrality for Scopes 1 & 2 from FY11 baseline	42% reduction in GHG emission intensity
	40% reduction in specific energy consumption from FY11 baseline	33% reduction in specific energy consumption
	Achieve 35% renewables in energy mix	29.4% of energy is from renewables
	Maintain 40% reduction in water intensity while maintaining water positivity	38% 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
	Announce our commitment towards the global (SBTi) and publish our roadmap and targets for emissions reduction	SBT emissions reduction roadmap has been created and is under review
	Achieve 100% EPR compliance	Covered equivalent to 100% of plastic packaging waste (19,500 MT); we are plastic neutral

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

Our ESG targets for FY2025 and Q4 FY2022 performance

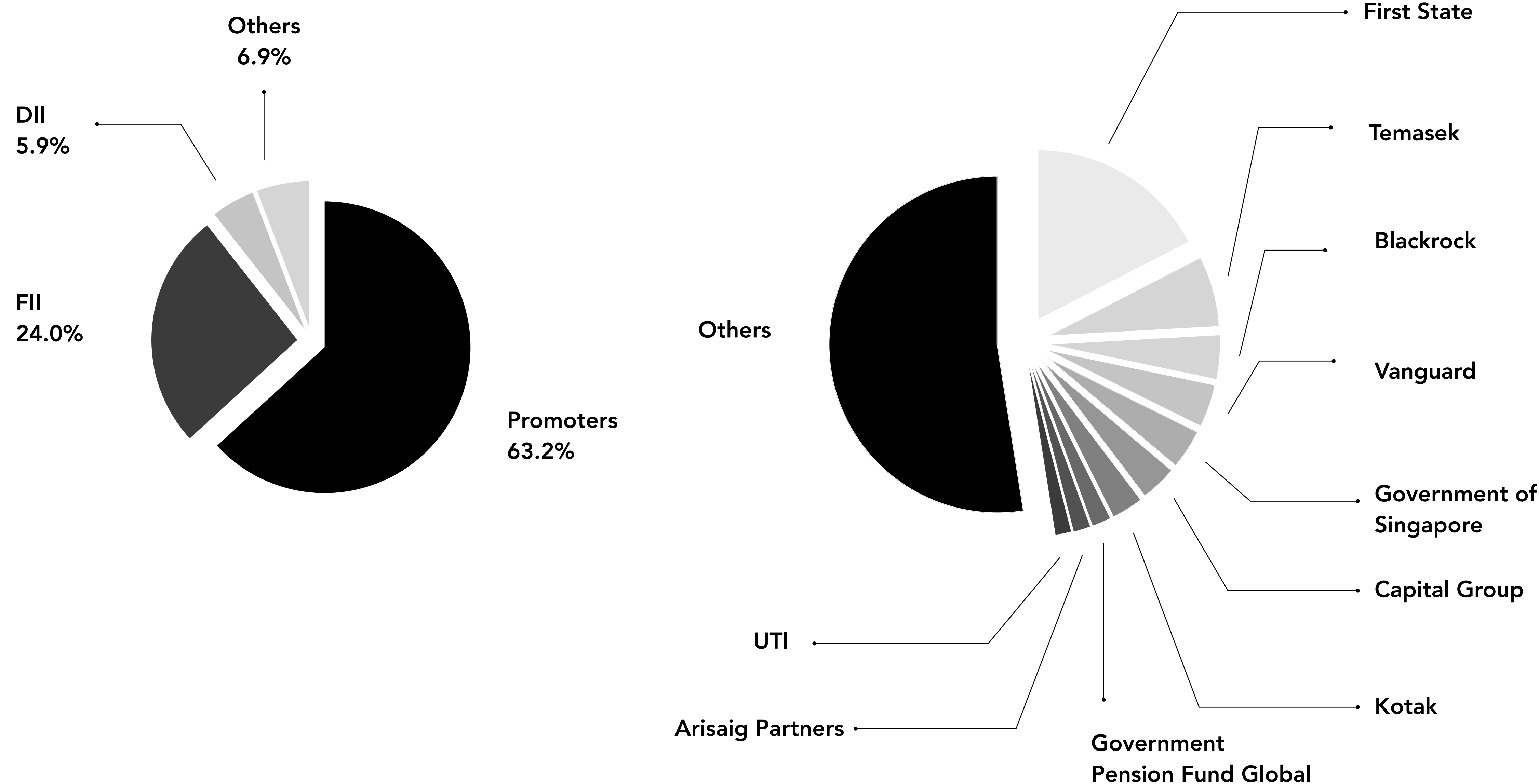


Vision	Goals for FY2025	Performance update
Equip communities with skills that empower	Empower 200,000 women in beauty skills, across emerging markets globally	<p>Trained and upskilled 1,468 women beauty entrepreneurs, young girls and young men in hair styling skills and enterprise development.</p> <p>Third-party impact assessment revealed that the median peak season monthly income grew by 58% and average savings also rose by 40%.</p>
Improve health and well-being	<p>Strengthen public healthcare systems in 3 states in India</p> <hr/> <p>Protect 30 million people against vector-borne diseases</p>	<p>Vector management: 1,083 ASHA workers trained in prevention and control methods of vector-borne diseases. Trainings on entomological surveillance, clinical management of malaria and outbreak investigation were attended by 522 participants.</p> <p>Carried out 10 outbreak surveillance visits with the NVBDCP and the Government of Uttar Pradesh to manage dengue and Zika outbreaks.</p> <hr/> <p>Our rural and urban malaria programme is on track and has reached out to over 11.5 million people since FY16.</p>

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

APPENDIX

Shareholding pattern



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