

*Godrej* | CONSUMER PRODUCTS

# Q2FY2022 Investor and Analyst Performance Update

11 November, 2021



# Disclaimer

Some of the statements in this communication may be forward looking statements 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

---

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



## Business Aspiration

---

Drive profitable double-digit growth led by innovation and distribution opportunities



## Environmental, Social, and Governance (ESG)

---

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

# KEY HIGHLIGHTS

# Steady sales growth of 9%; continued double-digit 2-year CAGR growth momentum

Consolidated  
Sales growth

**9% (9% CC)**

India Sales  
growth

**10%**

Consolidated  
EBITDA growth

**(1)%**

**1**

Steady growth in both Home Care and Personal Care

**2**

Strong growth in India 10% and Africa, USA & Middle East 16% (CC); soft performance in Indonesia (2)% (CC) and Latin America & SAARC 11% (CC)

**3**

Home Care delivers growth of 5%

**4**

Strong growth momentum continues in Personal Care; 10% growth

**5**

Consolidated EBITDA margins at 21.6% (1% degrowth); margins decrease by 210 bps year-on-year; sequential expansion by 30 bps

# 1

## Steady growth in both Home Care and Personal Care

### HOME CARE

### PERSONAL CARE



5%

10%

**2 Strong growth in India 10% and Africa, USA & Middle East 16% (CC); soft performance in Indonesia (2)% (CC) and Latin America & SAARC 11% (CC)**



Q2FY2022  
Performance

Note: \*Includes SAARC; CC - Constant Currency

### 3 Home Care delivers growth of 5%

- **Household Insecticides:** Growth driven by successful innovation and full portfolios across formats and price points
- **Air Fresheners:** High growth on a low base; expect gradual recovery to continue
- **Home Hygiene:** Scaling up portfolio

#### Disease prevention advertising

**HIT**

**EVEN A SINGLE MOSQUITO CAN CAUSE DENGUE**

STOP THE RAPID SPREAD OF DENGUE. DON'T LET EVEN A SINGLE MOSQUITO SURVIVE.

\*200ml

Dengue fever is spreading rapidly. Kill every single mosquito in your house to keep your family protected from Dengue.

**HIT INSTANTLY KILLS DENGUE** spreading mosquitoes

**Good knight GOLD FLASH**

INDIA'S MOST POWERFUL LIQUID VAPOURISER  
**NOW AT ₹70/-**

**Good knight GOLD FLASH** LIQUID VAPOURISER

**₹199/-**  
**₹70/-**

**FITS ALL MACHINES\***

Get complete protection from dengue and malaria causing mosquitoes with Goodknight Gold Flash Lavender.

45 ml.

**Good knight** HUM NIDAR, HAPPY HAR GHAR!

#### aer Power Pocket in India



#### ProClean in India



#### Goodknight Power Shots in Nigeria

#### Saniter in Indonesia





# 4 Strong growth momentum continues in Personal Care; 10% growth

- **Personal Wash & Hygiene:** Growth driven by strong Personal Wash performance in India
- **Hair Colours:** Growth led by strong performance in India
- **Hair Care:** Continued robust growth in Africa, USA & Middle East

## Godrej No.1 Soaps in India



## Godrej Expert Rich Crème in India



## Protekt in India



## Darling Empress range in Nigeria

## **5 Consolidated EBITDA margins at 21.6% (1% degrowth); margins decrease by 210 bps year-on-year; sequential expansion by 30 bps**

- **Consolidated EBITDA decline of 1%; 2-year CAGR of 9%**
- **Consolidated EBITDA margins at 21.6%**; decrease of **210 bps** year-on-year, driven by decline in India and Latin America & SAARC margins
- Sequential expansion of Consolidated EBITDA margins by **30 bps**
- **EBITDA margins in India at 24.6%**; decrease of **330 bps** year-on-year, driven by gross margins drop of **~830 bps** (due to lag between increase in input cost and end consumer price increases), mitigated partly through decline in employee benefit expenses (**~160 bps**), advertisement and publicity (**~250 bps**) and other expenses (**~100 bps**)
- **EBITDA margins in International business at 17.2%**; decrease of **~40 bps** year-on-year driven by decline in Latin America & SAARC margins

# FINANCIAL PERFORMANCE UPDATE

# Q2 FY2022: Financial Performance

Growth (year-on-year)	Consolidated Business	India Business
Net Sales (Reported)	9%	10%
Net Sales (Constant Currency)	9%	-
EBITDA	(1%)	(3%)
Net Profit (Reported)	5%	2%
Net Profit (Without exceptional and one-off items)	5%	2%

## Q2 FY2022: Exceptional and One-off Items

Consolidated Business	Q2 FY2022	Q2 FY2021
<b>Net Profit (Reported)</b>	<b>479</b>	<b>458</b>
<i>Exceptional (Post tax)</i>		
Restructuring cost in Latin America	1.4	0.1
Reversal of contingent consideration in USA	-	0.3
Deferred Tax – Change in maximum marginal tax rate in India	(0.1)	(0.1)
<b>Net Profit (Without exceptional and one-off items)</b>	<b>480</b>	<b>458</b>

## Q2 FY2022: Strong growth in India, Africa, USA & Middle East; soft performance in Indonesia

Geography	Sales (₹ crore)	Growth (Year-on-Year)	Constant Currency Growth (Year-on-Year)
India	1,809	10%	-
Indonesia	445	0%	(2)%
Africa, USA and Middle East	749	15%	16%
Latin America and SAARC	175	(3)%	11%
<b>Total Net Sales</b>	<b>3,144</b>	<b>9%</b>	<b>9%</b>

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

## Q2 FY2022: Bridge between Reported to Operating EBITDA

	India	Indonesia	Africa, USA & Middle East	Latin America & SAARC
Q2FY22 Reported EBITDA Margin	25.0%	26.1%	11.3%	15.5%
Business support charges, Royalty & Technical fees (₹ crore)	(7.3)	1.7	4.8	0.8
Q2FY22 Operating EBITDA Margin	<b>24.6%</b>	<b>26.4%</b>	<b>11.9%</b>	<b>16.0%</b>
Q2FY21 Operating EBITDA Margin	27.9%	25.8%	11.4%	19.6%
Change in EBITDA Margin (bps)	(330)	60	50	(360)

# Q2 FY2022: Healthy Balance Sheet

Particulars	Units	Sep 30, 2021	Sep 30, 2020	June 30, 2021
<b>Working Capital ex-Cash*</b>	₹ crore	994	130	709
<b>Working Capital*</b>	Days	30	5	23
<b>Cash &amp; Equivalents</b>	₹ crore	1,826	913	1,726
<b>Total Debt</b>	₹ crore	2,135	2,036	2,070
Debt denominated in INR	₹ crore	99	125	199
Debt denominated in USD	₹ crore	1,703 (USD 230 m)	1,744 (USD 236 m)	1,575 (USD 212 m)
Debt denominated in other currencies	₹ crore	333	167	296
<b>Other Financial Liabilities</b>	₹ crore	138	344	247
<b>Net Debt</b>	₹ crore	446	1,467	591
<b>Shareholder's Equity</b>	₹ crore	10,477	8,653	10,076
<b>Capital Employed*</b>	₹ crore	11,940	10,179	11,572
<b>Net Debt / Equity</b>	x	0.04	0.17	0.06
<b>ROE*</b>	%	18.5%	19.5%	17.9%
<b>ROCE*</b>	%	20.1%	21.2%	19.7%
<b>Operating ROCE*</b>	%	56.8%	89.1%	59.3%

Note: \*Excluding MAT credit entitlement, one time deferred tax and other one time exceptions

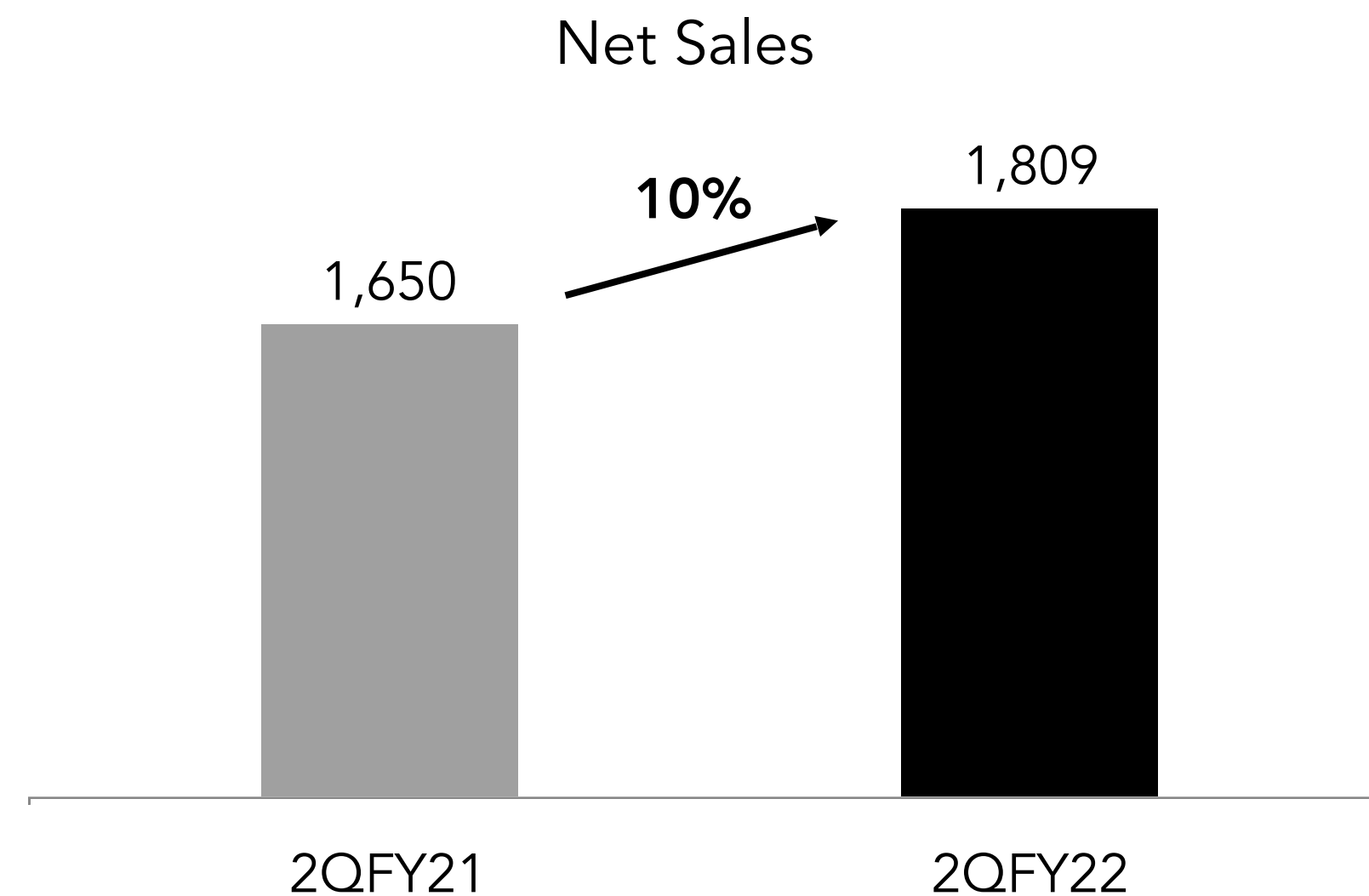


# INDIA BUSINESS UPDATE

# Strong double-digit sales growth

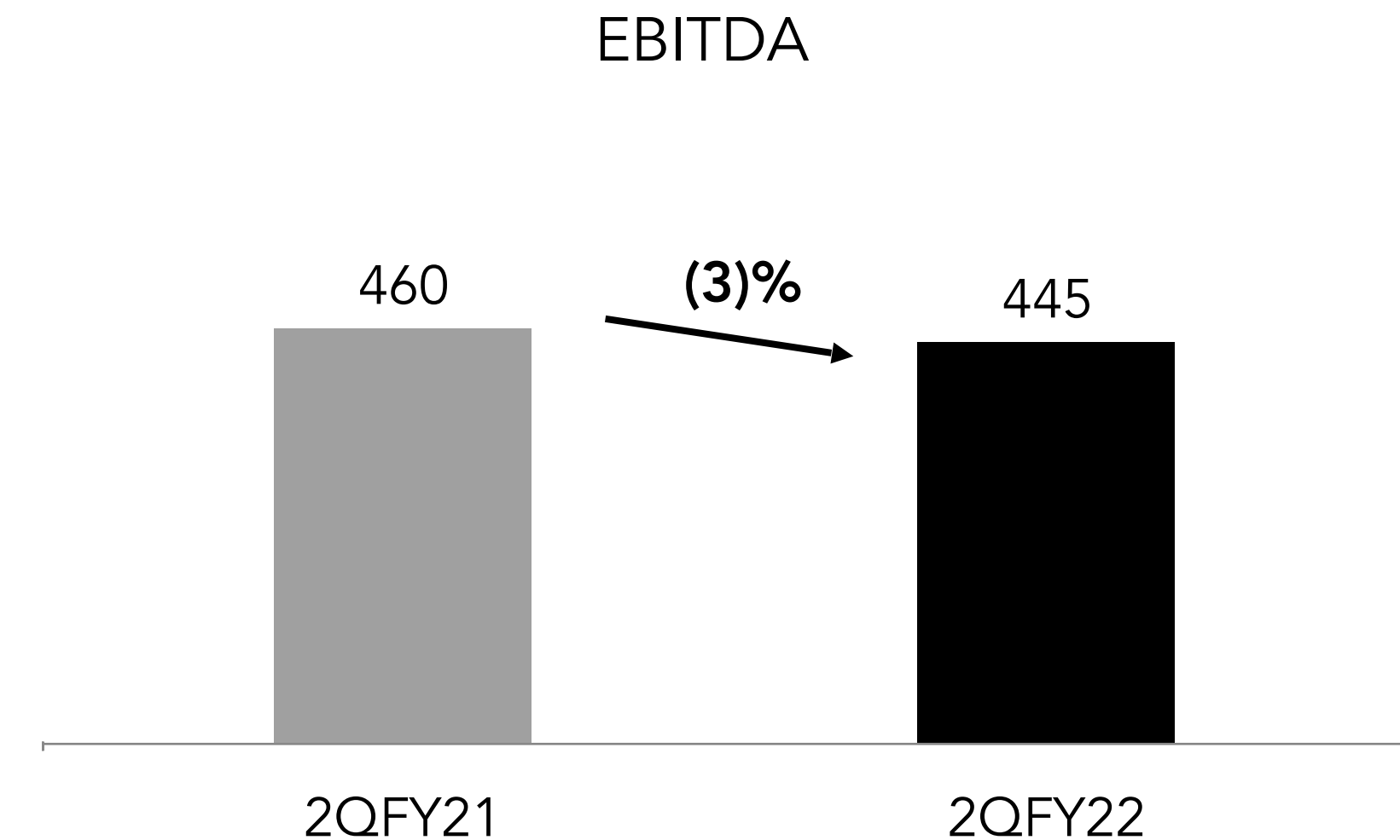
## Financial performance

- **Sales growth of 10%**; 2-year CAGR of 10%
- **EBITDA decline of 3%**; 2-year CAGR of 7%
- **EBITDA margins in India at 24.6%**; decrease of **330 bps** year-on-year, driven by gross margins drop of **~830 bps** (due to lag between increase in input cost and end consumer price increases), mitigated partly through decline in employee benefit expenses (**~160 bps**), advertisement and publicity (**~250 bps**) and other expenses (**~100 bps**)



## Operating performance

- Broad-based growth within categories of Home Care and Personal Care
- Focus on expanding Total Addressable Market (TAM); saliency of categories beyond core categories in mid teens
- Strong innovation led growth; **innovation rate in the low twenties**
- Continue to **strengthen E-commerce; contributes ~4% of branded sales**



# Broad based sales growth

Category	Sales (₹ crore)	Q1 Growth (Year-on-Year)
Home Care	855	7%
Personal Care	864	12%
<b>Total Branded Sales</b>	<b>1,719</b>	<b>9%</b>
Unbranded and Exports	90	21%
<b>Total Net Sales</b>	<b>1,809</b>	<b>10%</b>
<b>Branded Volume Growth</b>	—	4%

# Home Care (1/3): Steady growth in Household Insecticides

- Household Insecticides delivered single-digit sales growth
- Growth was mixed driven by seasonality during the quarter
- Scaled up Goodknight Jumbo Fast Card nationally to drive penetration and growth in burning formats
- Continue to leverage digital platforms to create awareness around disease prevention; launched deep cleaning communications around festive season
- Continue to build on strategic pivots: taking the category beyond mosquitoes; scaling up personal repellents portfolio, launching #backtoplay



# Home Care (2/3): Double-digit growth in Air Fresheners; expect gradual recovery

- Air Fresheners witnessed double-digit growth; continue to see gradual recovery
- Aer Power Pocket continues to perform well post relaunch
- Leveraging digital to drive relevance and new trials; launched new digital campaign with Riteish Deshmukh around the need for continuous freshness



# Home Care (3/3): Steady performance in Home Hygiene; expect gradual recovery in Fabric Care

## Home Hygiene

- Continue to scale up our ProClean range of home cleaners

## Fabric Care

- Witnessed double-digit growth; expect gradual recovery
- Continue to build towards making Ezee a year-round play backed by digital communication



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

- **Personal Wash & Hygiene** continued momentum with double-digit sales growth; 2-year CAGR in double-digits
- Continue to gain market share in Soaps led by micro marketing initiatives
- Continue to leverage digital to build on Health and Germ Protection variants as well as Cinthol with 'Alive is Awesome' campaign
- Strengthening the value-for-money proposition for Protekt Magic handwash through new digital communications and distribution expansion
- Navigating high input cost through calibrated price increases

99.9% असरदार  
कोविड-19 वाइरस के खिलाफ

magic  
powder to liquid  
HANDWASH

इंडिया के सबसे किफ़ायती\*  
हैंडवॉश को बनाओ अपना पहला हैंडवॉश।  
₹30 में मैजिक हैंडवॉश बॉटल  
और रीफिल।

हैंडवॉश  
बॉटल + रीफिल\*  
₹30/-

magic  
powder to liquid  
HANDWASH

99.9% GERM PROTECTION

\*स्टैंडर्ड टैस्टिंग प्रोटोकॉल के अनुसार। 1 मिनट संपर्क समय। \*₹15 के हर रीफिल बोरे के बजट में मूल्य के आधार पर भारत में बिकने वाले टॉप 99.9% लिक्विड हैंडवॉश के मुकाबले।

9g.

CINTHOL  
ALIVE IS AWESOME

WakeUp Alive  
with Cinthol Lime and Cinthol Cool

99.9% GERM PROTECTION

CINTHOL  
LIME  
Refreshing deo soap

99.9% GERM PROTECTION

CINTHOL  
COOL  
Menthol + Active Deo Fragrance

पर की गयी प्रयोगशाला जाँच पर आधारित।

CINTHOL

99.9% GERM PROTECTION KE SAATH,  
HAI TAIYAAR HUM.

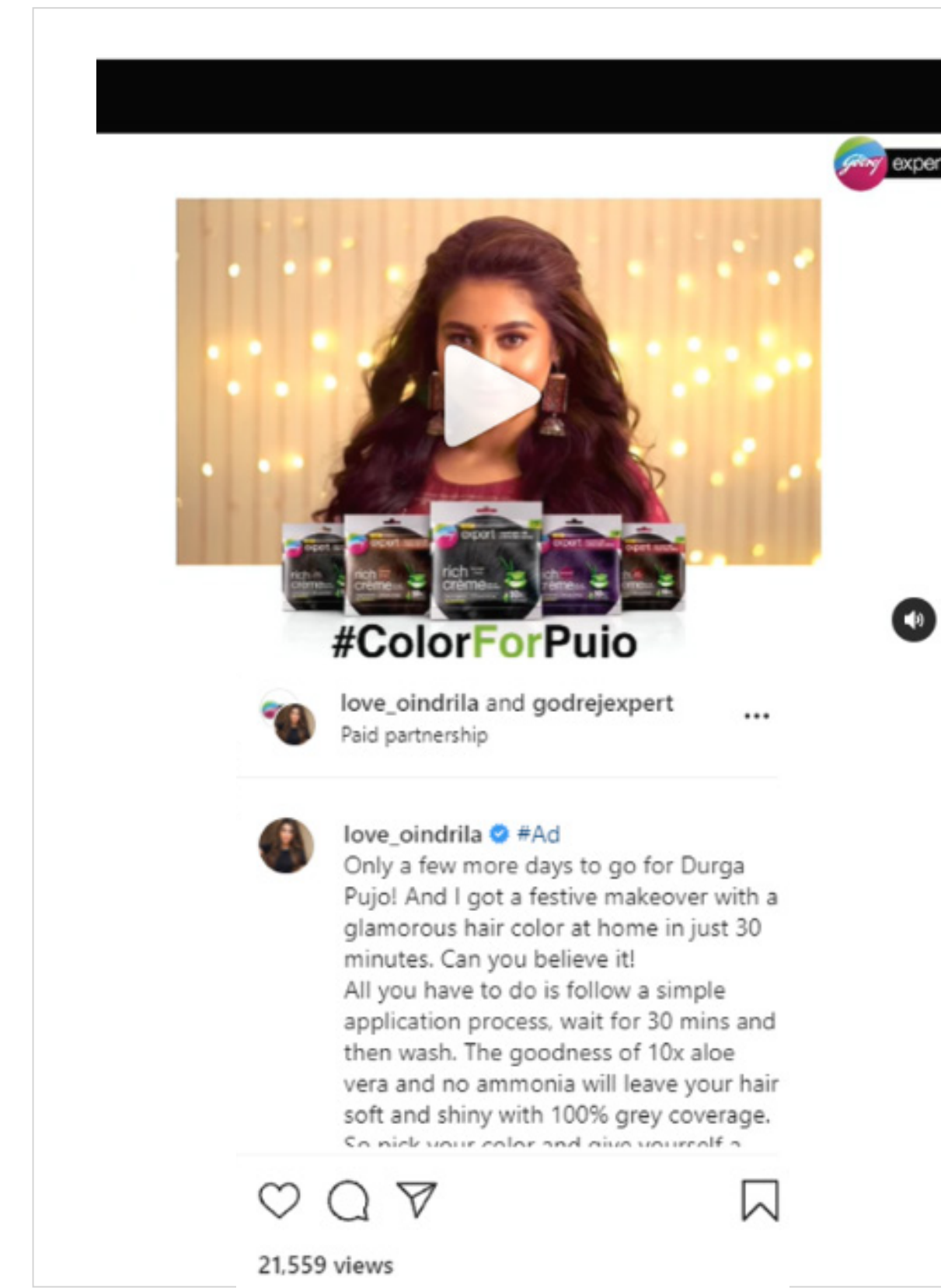
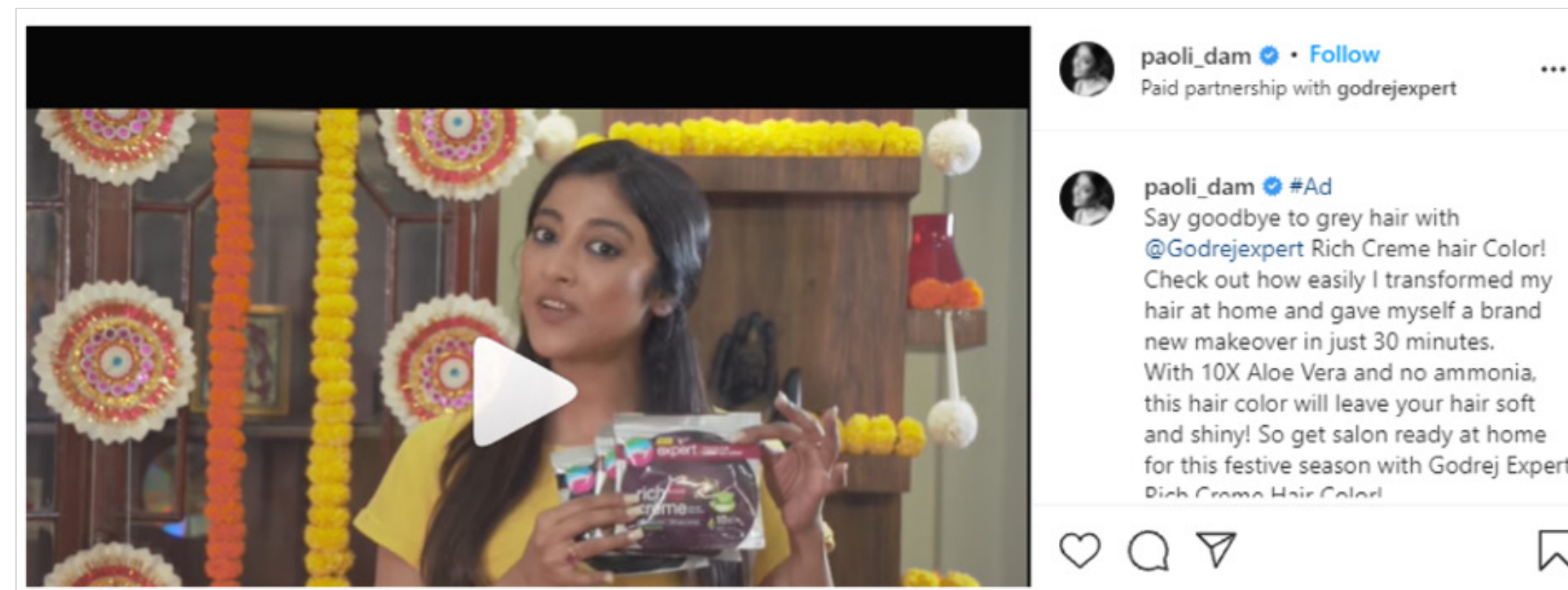
99.9% GERM PROTECTION

CINTHOL  
HEALTH+  
Intense Deo Fragrance

99.9% GERM PROTECTION

# Personal Care (2/2): Double-digit growth in Hair Colours

- **Hair Colours** grew in double-digits; continue to gain market share
- Godrej Expert Rich Crème continues to perform well with strong market share gains driven by strong marketing campaigns and influencer programmes
- Godrej Expert Easy 5 Minute Shampoo Hair Colour scaling up well





# INDONESIA BUSINESS UPDATE

# Soft performance in Indonesia

- Delivered sales decline of 2% (constant currency); witnessing gradual recovery
- EBITDA margin at 26.4%; increased by 60 bps year-on-year
- Mixed performance in Home Care and Personal Care
- Continue to witness strong traction in Hygiene portfolio under Saniter; contribution in mid-teens
- Recent launches scaling up well
- Continue to ramp up Project Rise (General Trade distribution expansion initiative)

## Saniter Spray range



## Stella Fresh+Protect range

**AFRICA, USA &  
MIDDLE EAST  
BUSINESS  
UPDATE**

# Africa, USA & Middle East delivers double-digit profitable sales growth

- Broad based double-digit sales growth of 16% (constant currency); 2-year constant currency CAGR of 13%
- EBITDA margin increased by 50 bps year-on-year driven by scale leverage and cost saving initiatives
- Broad based performance across Dry Hair and Wet Hair care portfolio
- Strong sales growth momentum continues in Southern Africa and West Africa
- Continue seeding new go-to-market initiatives in key countries
- Goodknight Power Shots aerosol in Lagos, Nigeria continues to perform well



**ENVIRONMENTAL,  
SOCIAL, AND  
GOVERNANCE  
UPDATE**

# Our ESG targets for FY2025 and Q1 FY2022 performance



## Environment\*

Vision	Goals for FY2025	Performance update
<p><b>Influence sustainable consumption</b></p>	<p>Ensure efficient waste management systems for 3 municipalities in India impacting 3 million people</p> <hr/> <p>Achieve Sustainable Packaging targets (20% intensity reduction; 10% post consumer recycled plastic (PCR); 100% reusable, recyclable and compostable)</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> <hr/> <p>Partner with consumers and customers to promote sustainable consumption of our green products</p>	<ul style="list-style-type: none"> <li>• Processing 10MT/day of waste from community waste management projects with local municipalities.</li> <li>• Reached 31,000 people to raise awareness on waste management and trained 80 waste workers.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Finalised a structure for monitoring packaging intensity</li> <li>• PCR trials are ongoing</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• LCA completed for 5 products (Godrej No.1 Soap, Goodknight Liquid Vaporiser and Coils, Expert Crème and Ezee) which comprise just over 50% of revenue in our India business</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Covered 70% of India suppliers (by spend volume) under our sustainable supply chain policy</li> </ul> <hr/> <p>–</p>

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

# Our ESG targets for FY2025 and Q1 FY2022 performance



## Environment\*

Vision	Goals for FY2025	Performance update
<p><b>Lead in sustainability action</b></p>	<p>45% reduction in GHG emission intensity (to be revised based on SBTi) and carbon neutrality for Scope-1&amp;2 from FY11 baseline</p> <hr/> <p>40% reduction in specific energy consumption from FY11 baseline</p> <hr/> <p>Achieve 35% renewables in energy mix</p> <hr/> <p>Maintain 40% reduction in water intensity while maintaining water positivity</p> <hr/> <p>Achieve zero liquid discharge and maintain zero waste to landfill</p> <hr/> <p>Announce our commitment towards the global Science Based Targets initiative (SBTi) and publish our roadmap and targets for emissions reduction</p> <hr/> <p>–</p>	<p>41% reduction in GHG emission intensity</p> <hr/> <p>31% reduction in specific energy consumption</p> <hr/> <p>32% of energy is from renewables</p> <hr/> <p>35% reduction in water intensity</p> <hr/> <p>Achieved zero waste to landfill</p> <hr/> <p>First draft of the SBT emissions reduction roadmap has been created and is under review</p> <hr/> <p>Formed a Sustainability Committee at the GCPL Board level to guide and monitor our sustainability agenda</p>

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

# Our ESG targets for FY2025 and Q1 FY2022 performance



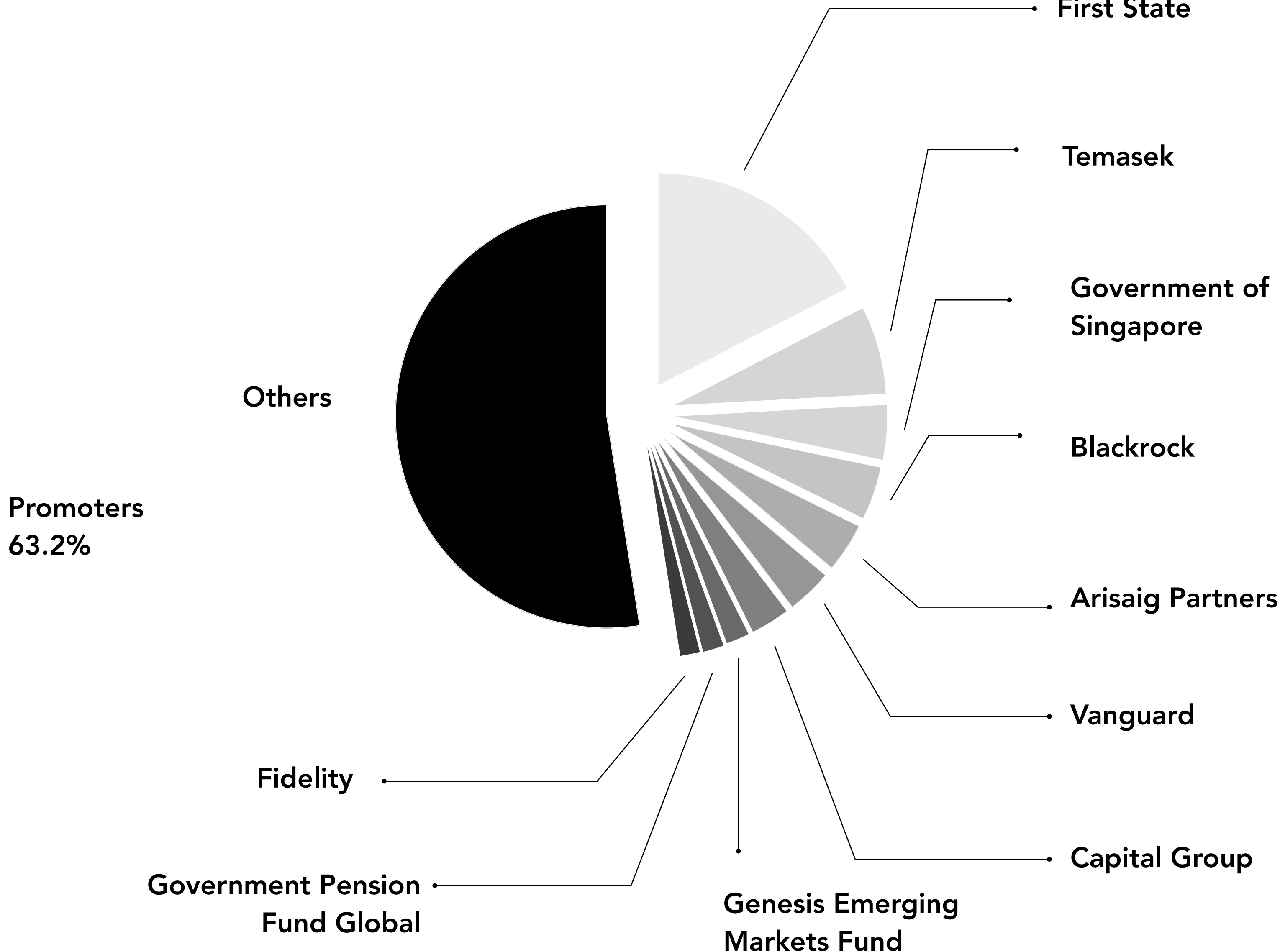
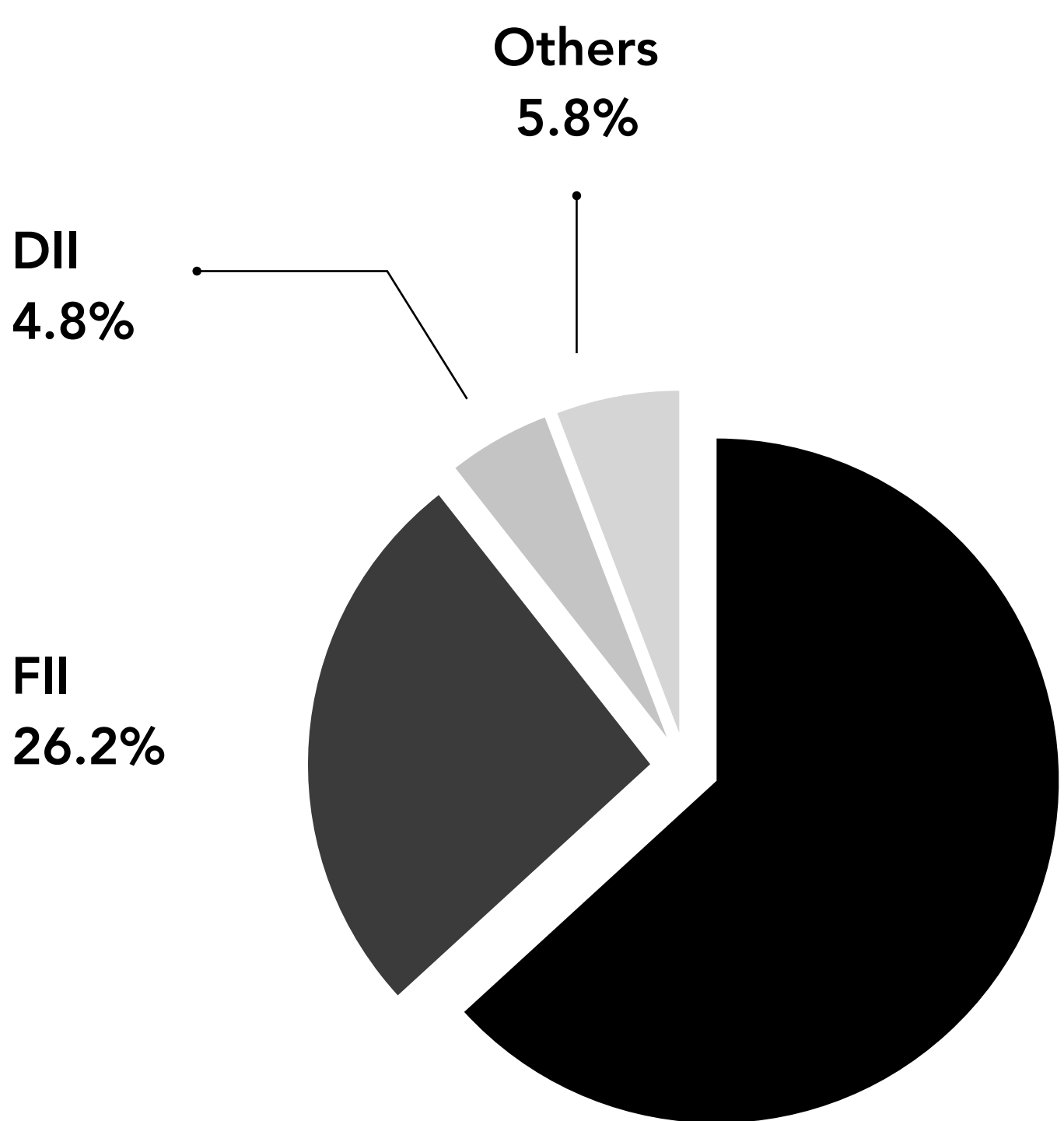
Vision	Goals for FY2025	Performance update
<p><b>Equip communities with skills that empower</b></p>	<p>Empower 120,000 women in beauty skills, across emerging markets globally</p>	<p>325 beauty-entrepreneurs and 42 hairdressers trained</p>
<p><b>Improve health and well-being</b></p>	<p>Strengthen public healthcare systems in three states in India</p> <hr/> <p>Protect 10 million people against vector-borne diseases</p>	<p>Our rural malaria programme is on track; covering 96% households in intervention villages</p> <hr/> <p>Signed MoU with National Vector Borne Disease Control Programme (NVBDCP) to provide technical support on Integrated Vector Management to the Union and state government of Uttar Pradesh. Organised 6 sessions in with over 2,500 attendees.</p>

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



# APPENDIX

# Shareholding Pattern



# Contact Us

## Institutional investors

Sameer Shah

Email: [sa.shah@godrejcp.com](mailto:sa.shah@godrejcp.com)

Tel: +91 22 2519 4467

## Retail investors

R Shivshankar

Email: [r.shivshankar@godrejcp.com](mailto:r.shivshankar@godrejcp.com)

Tel: +91 22 2519 4359

**Thank you**

[www.godrejcp.com](http://www.godrejcp.com)