

PRESS RELEASE

1Q FY 2021 results – Resilient performance led by excellent growth in Household Insecticides and Hygiene

Mumbai, August 4, 2020: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ending June 30, 2020.

FINANCIAL OVERVIEW

1Q FY 2021 FINANCIAL PERFORMANCE SUMMARY:

- 1Q FY 2021 consolidated sales declined by 1% year-on-year
 - India business sales grew by 5% year-on-year, led by 3% year-on-year growth in volume
 - Indonesia sales grew by 5% year-on-year, on a constant currency basis
 - Africa, USA and Middle East sales declined by 23% year-on-year, on a constant currency basis
 - Latin America & SAARC sales grew by 23% year-on-year, on a constant currency basis
- 1Q FY 2021 consolidated EBITDA grew by 3% year-on-year; consolidated EBIDTA margins expanded to 20.5%
- 1Q FY 2021 consolidated net profit and EPS (without exceptional items and one-offs) at INR 300 crore and INR 2.93 respectively

CHAIRPERSON AND MANAGING DIRECTOR'S COMMENTS

Commenting on the business performance of 1Q FY 2021, Nisaba Godrej, Chairperson and Managing Director, GCPL, said:

This quarter was tough due to the challenges we faced with lockdowns across geographies and the ensuing supply side issues. At GCPL, we continue to work on putting our people first and ensuring their safety, while doing our best to serve our consumers. I believe we were agile in resolving our supply chain challenges. We also scaled up alternate channels, reduced our new product development cycle time from months to weeks (we launched 45 products this quarter, our most ever), and learnt how do things better and faster because of the constraints placed on us.

Consolidated sales growth declined by 1% and EBITDA grew by 3%.

From a category perspective, Household Insecticides, Hygiene and Value For Money (which contributed to 85% of our overall sales) grew by 9%. Household Insecticides grew by 27% and Hygiene grew by 15%. Value For Money declined in the initial part of the quarter but grew in June.

From a country perspective, both India and Indonesia (which contributed to over 76% of overall sales) showed resilient growth at 5% each. Our Africa, USA and Middle East business had a degrowth of 23% in constant currency terms. The silver lining was that May and June were much stronger than April, and big markets like South Africa and Nigeria are gradually picking up. Our new CEO of the Africa business cluster, Dharnesh Gordhon is also strongly taking hold of the reins and driving execution and strategic thinking.

Going forward, we are focusing our efforts on where the demand is – in Household Insecticides, Hygiene, and Value For Money. We have several new launches, strongly price-enabled, across geographies. It is not just our categories; our channels too are seeing a shift, and we will be doubling down on digitisation and platforms like e-commerce and chemists. We are also ramping up our supply chain operations and distribution, in line with the prescribed safety measures and easing of lockdowns in various countries. Overall, this situation calls for an extraordinary level of agility and resilience. Our values matter most when it is hard to live them, and we will do our very best to continue to truly live The Godrej Way and serve our people and communities.

BUSINESS REVIEW – INDIA

Performance Highlights

- 1Q FY 2021 India sales grew by 5% to INR 1,358 crore; volumes grew by 3%
- 1Q FY 2021 Adjusted EBITDA grew by 23% to INR 371 crore
- 1Q FY 2021 net profit without exceptions and one-off items grew by 23% to INR 287 crore

Category Review

Household Insecticides

Household Insecticides grew by 27%. Resurgence of the category continued with strong underlying consumer demand in the electric and burning formats. Goodknight Gold Flash Liquid Vapouriser received an excellent response post the national scale up.

Soaps

Soaps declined by 2%. New launches in Health are scaling up well. We continue to focus on micro-marketing initiatives to fuel growth.

Hair Colours

Hair Colours delivered a weak performance due to the impact of the lockdown in the early part of the quarter and the discretionary nature of the category. We have started seeing recovery from June. Godrej Expert Rich Crème continues to perform well by leveraging Do-It-Yourself (DIY) trends through influencers. Godrej Expert Easy 5 Minute Shampoo Hair Colour is performing well after the national scale up.

BUSINESS REVIEW – INDONESIA

Our Indonesia business continued its growth momentum, delivering a 5% constant currency sales growth driven by Household Insecticides. The adjusted EBITDA margin contracted by 10 bps only. We are witnessing strong traction in the Hygiene category.

BUSINESS REVIEW – AFRICA, USA AND MIDDLE EAST

Our Africa, USA and Middle East cluster delivered a weak performance due to disruptions across countries, following the COVID-19 outbreak. Constant currency sales declined by 23%. South Africa recorded positive sales growth, while performance in Kenya and USA was weak. However, we are seeing strong recovery from mid-May across most of our countries of operation. Adjusted EBITDA margins decreased 1370 bps year-on-year mainly due to scale deleverage.

BUSINESS REVIEW – LATIN AMERICA & SAARC

Our Latin America and SAARC business grew at 23% in constant currency terms. In Latin America we recorded the highest ever adjusted EBITDA margins in the last few years, driven by cost saving programmes. The SAARC business continues to deliver a steady performance.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the 123-year young Godrej Group, we are fortunate to have a proud legacy built on the strong values of trust, integrity and respect for others. At the same time, we are growing fast and have exciting, ambitious aspirations.

Today, our Group enjoys the patronage of 1.15 billion consumers globally, across different businesses. In line with our 3 by 3 approach to international expansion at Godrej Consumer Products, we are building a presence in 3 emerging markets (Asia, Africa, Latin America) across 3 categories (home care, personal wash, hair care). We rank among the largest household insecticide and hair care players in emerging markets. In household insecticides, we are the leader in India, the second largest player in Indonesia and are expanding our footprint in Africa. We are the leader in serving the hair care needs of women of African descent, the number one player in hair colour in India and Sub-Saharan Africa, and among the leading players in Latin America. We rank number two in soaps in India and are the number one player in air fresheners and wet tissues in Indonesia.

But for us, it is very important that besides our strong financial performance and innovative, much-loved products, we remain a good company. Approximately 23 per cent of the promoter holding in our Group is held in trusts that invest in the environment, health and education. We are also bringing together our passion and purpose to make a difference through our 'Good & Green' approach to create a more inclusive and greener India.

At the heart of all of this, is our talented team. We take much pride in fostering an inspiring workplace, with an agile and high performance culture. We are also deeply committed to recognising and valuing diversity across our teams.

For further information, please contact:

Institutional investors:	Retail investors:	
Sameer Shah	R Shivshankar	GCPL Investor Relations
Email:	Email:	
sa.shah@godrejcp.com	r.shivshankar@godrejcp.com	Email: ir@godrejcp.com
Tel: +91 22 2519 4467	Tel: +91 22 2519 4359	

Disclaimer:

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