



# Godrej Consumer Products

**Volume Growth from  
Category Development**

20 December, 2021

**I've spent the  
last few months  
getting to know  
the company**



# GCPL in a snapshot

**\$13** bn  
Market  
Capitalisation

**\$1.5** bn  
Turnover

**12%**  
CAGR in the  
last decade

**22%**  
Operating  
margin

**+490** bps  
expansion in  
the last decade



Among the  
**top 3**  
in categories  
of presence



for 5 years  
in a row



Presence in  
**6.1** mn  
stores in India

# After a few rough years, business performance is better



	2011-15	2016-20	2021-H1 FY22
Volume growth	15%	5%	9%
Revenue growth	20%	5%	13%
Avg. EBITDA	17%	20%	22%

**Volume growth is improving**

	2016-20	FY21	H1 FY22
GAUM growth	13%	8%	32%
Avg. EBITDA	14%	10%	11%
Lat Am growth	(3%)	19%	11%
Avg. EBITDA	13%	14%	17%

**Some of our old laggards are turning**

# We have some terrific strengths...

**48 GODREJ**  
India

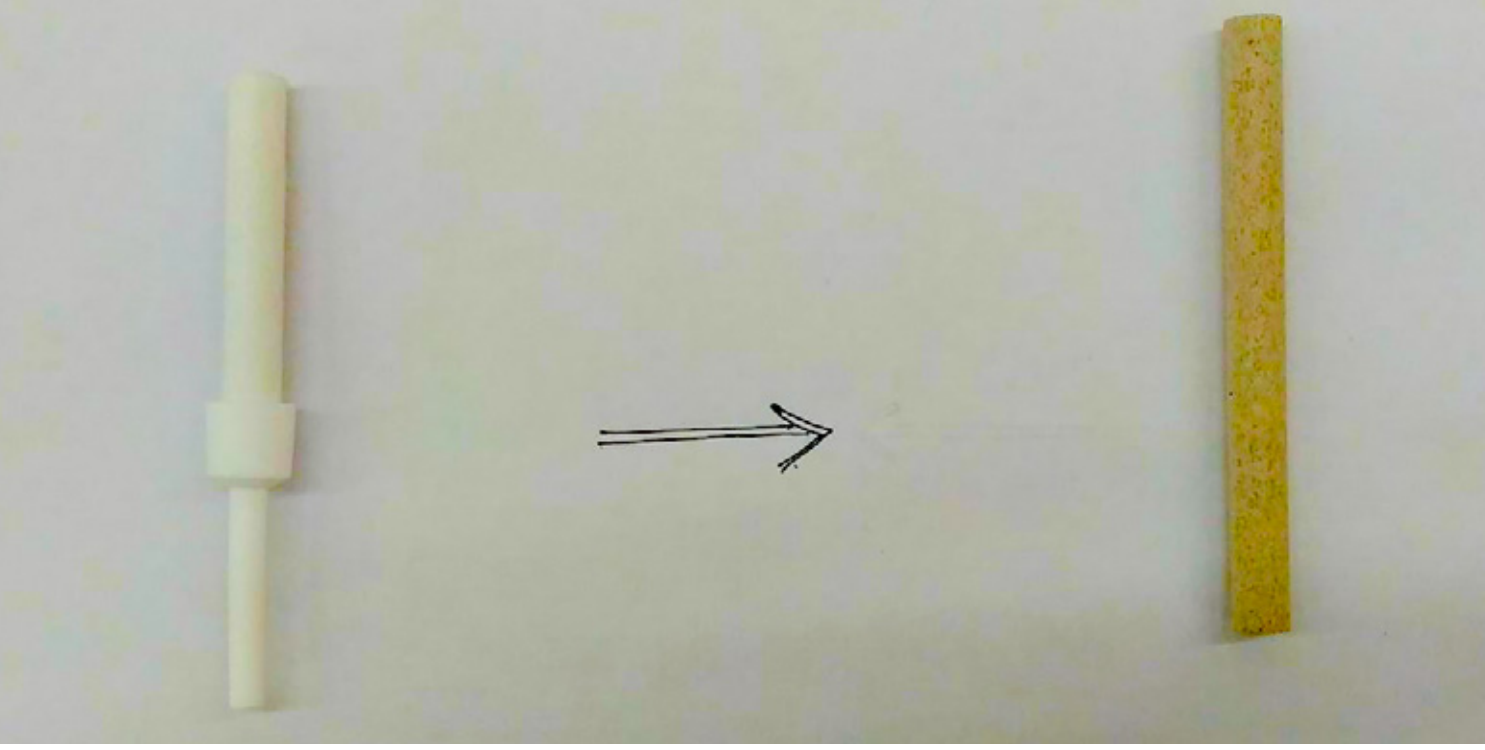
Marketing a simple way to vanquish an insect enemy.

A conglomerate whose businesses span from appliances to aerospace,

Godrej gets nearly a quarter of its revenue from its "good and green" products. But in a country where 95% of the population lives in malaria- or dengue-prone areas, its most important innovation may be its "fast card," an inexpensive mosquito-repelling device that requires no electricity—an advantage that could give it global reach.



**4 SOAPS x150g**



Plastic ➤ Biodegradable

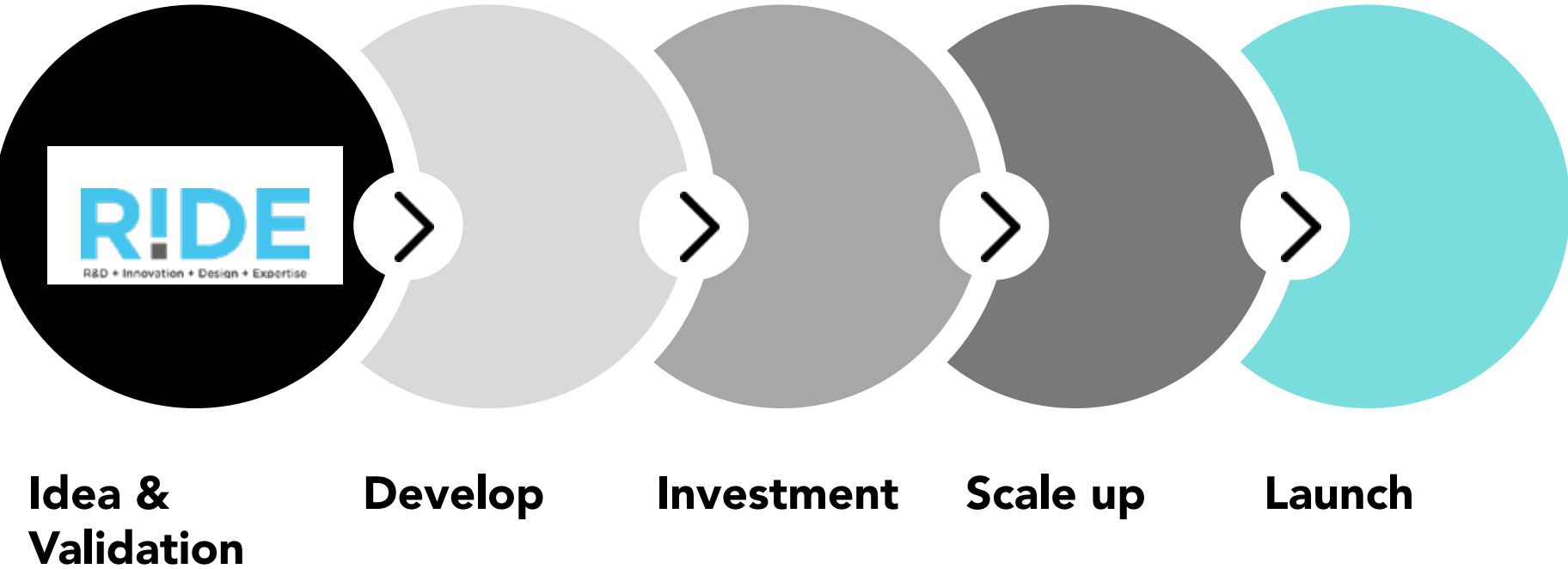
Cost X ➤ Cost 0.5X

**1** Break through innovation

**2** Quality Obsession

**3** A frugal cost mindset

# ... and some more modest strengths



Indonesia	MT	GT
GCPL	70%	30%
FMCG	40%	60%

**4** Strong Processes

**5** Good in-market distribution

**6** Though somewhat Urban centric

# Most importantly, we are blessed to have a really great portfolio



**4**  
Countries

**80%**  
of revenues

**30%**  
of the world's  
population

**2X**  
GDP  
growth

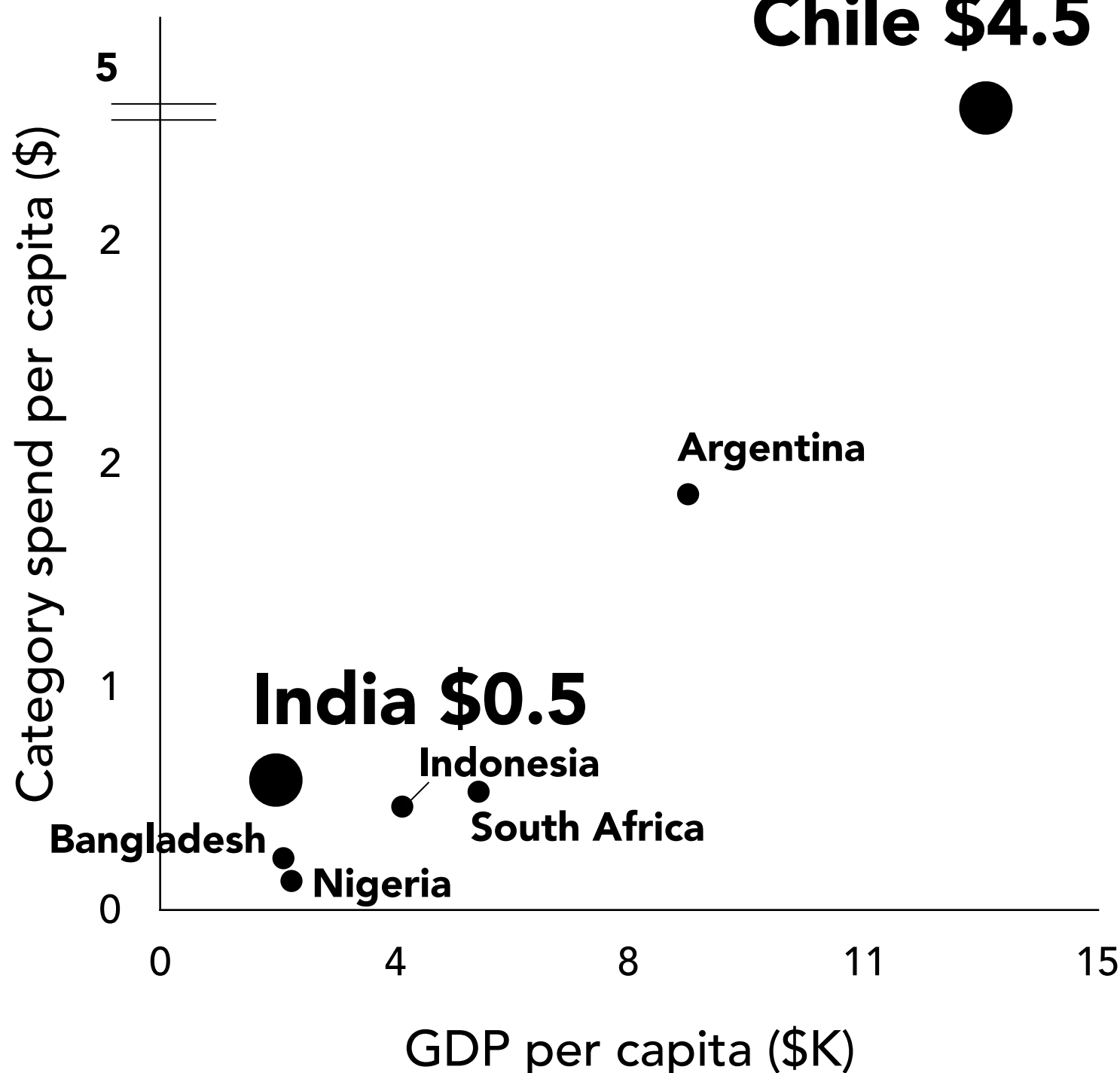
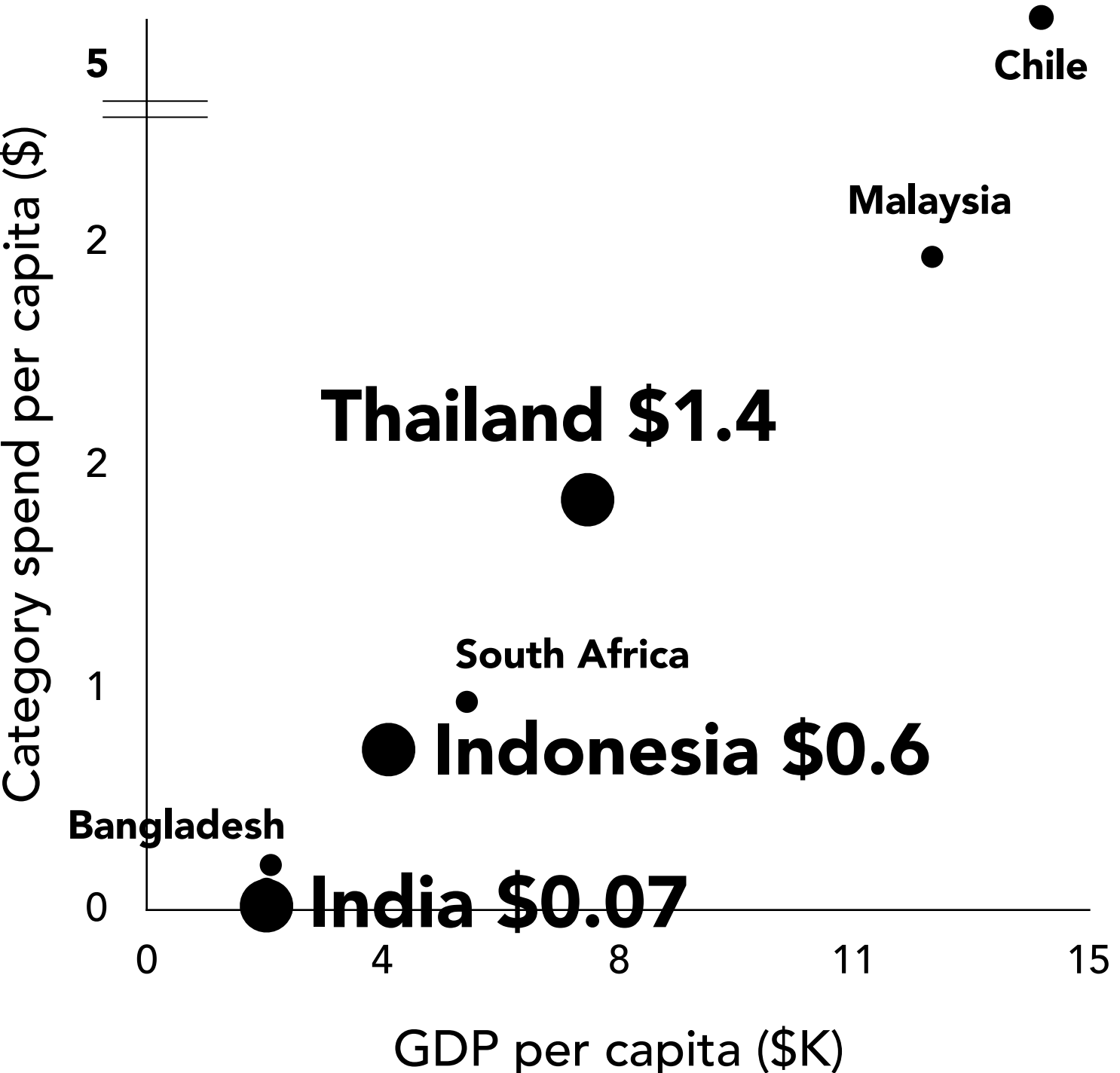
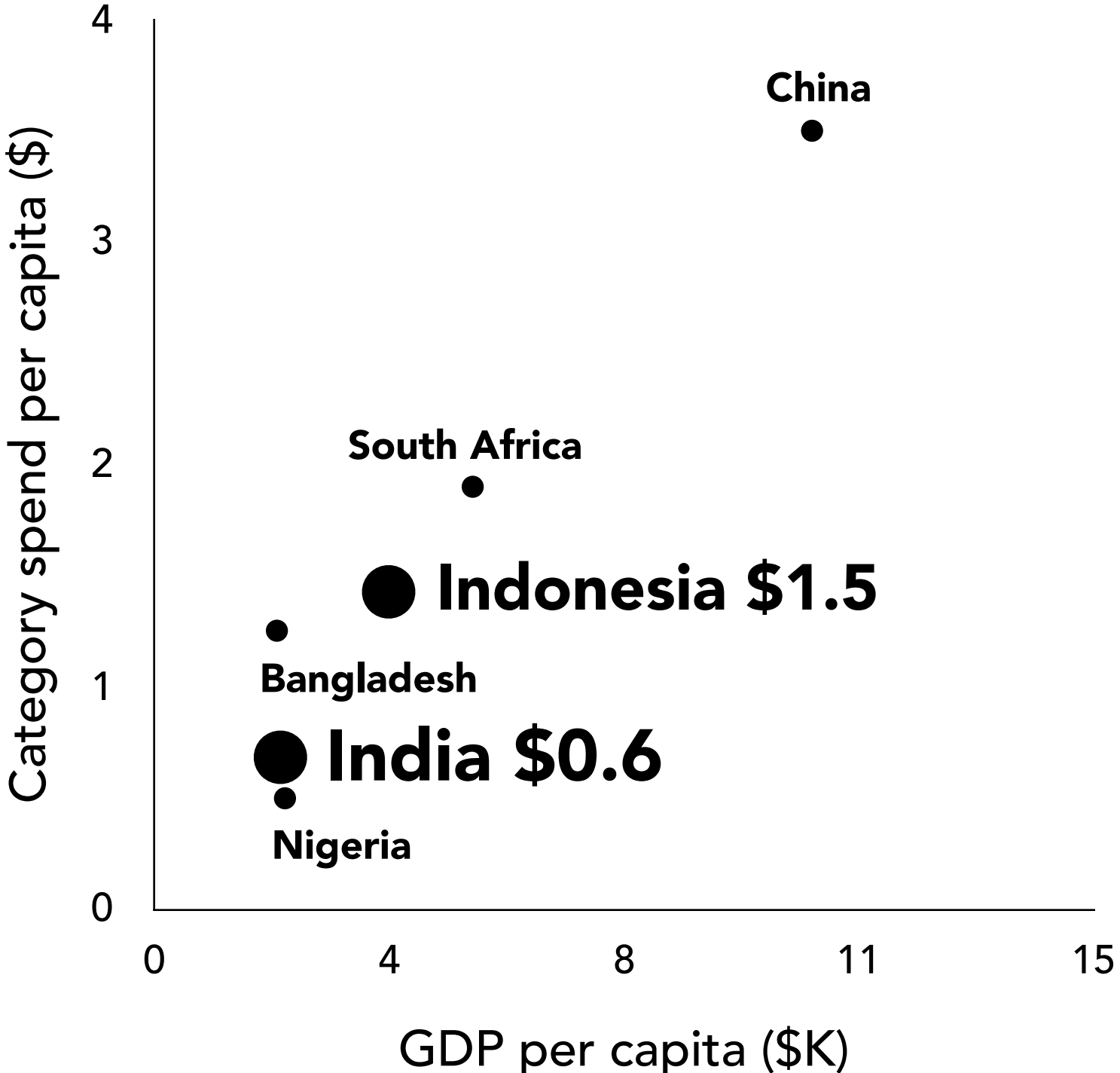
**4**  
Products

**~40%**  
of revenues

**60%**  
of profit  
pool

**< 20%**  
penetration

# And categories with non-linear growth potential



**1** Household Insecticides

**2** Air Care

**3** Hair Colour



**But like my dance moves, we have a few weaknesses too...**



# A key one is the inability to drive category development



Category penetration	FY21
Air Fresheners (Indonesia)	28%
Household Insecticide Aerosols (Indonesia)	23%
Liquid Vapourisers (India)	28%
Hair Colour Crème (India)	13%



**1** We acknowledge it

**2** But stop at around a quarter of the population

**3** Fear of downgrading

# Complexity: Our Achilles' Heel

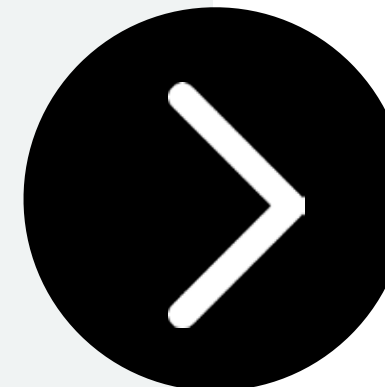
The one area we seem to be lacking across geographies and categories

Kenya: INR 60 Cr FMCG business has 13 brands

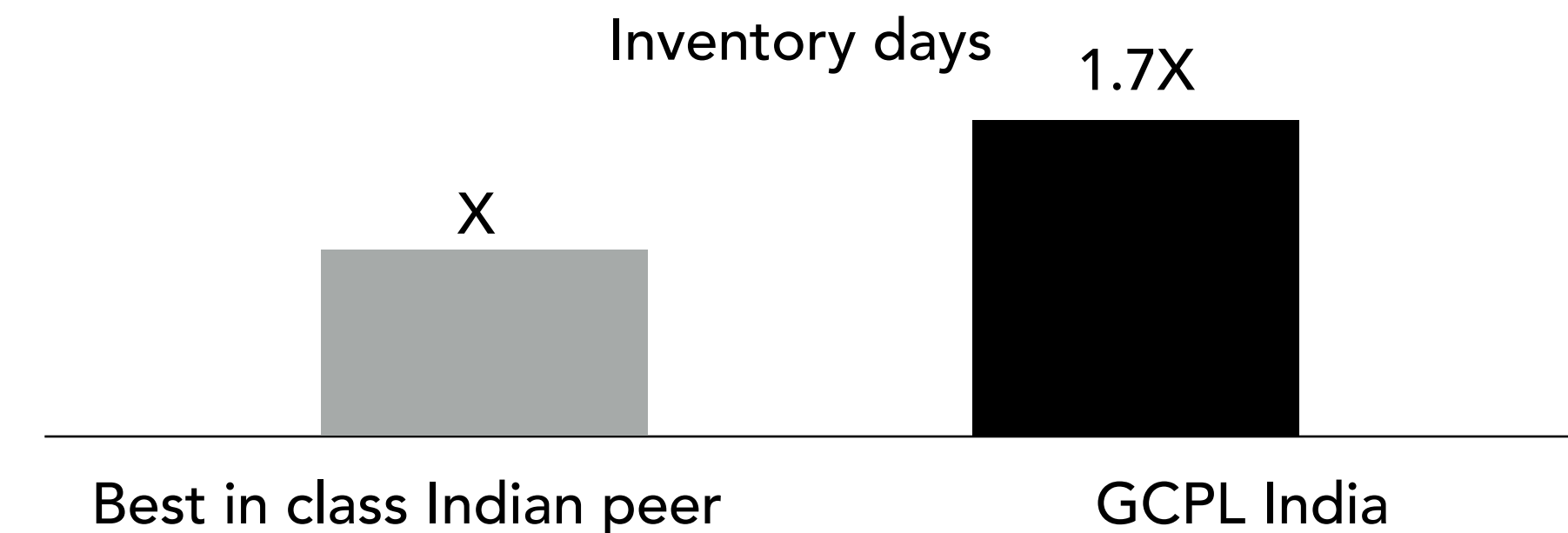
Indonesia: 43 innovations last year

India: 500 SKUs, but each store keeps only 12

Goal sheets: 4 Goals but 12 KPIs



## Leads to higher cost and inventory



## And loss of focus from the core business

A core category in Indonesia	FY20	FY21	H1 FY 22
Sales Growth	X%	0.5X%	(X%)
Market Share (bps)	+X	+X	(1.2X)
GRPs	X	0.5X	0.4X
New Category GRPS	NA	0.5X	0.6X

# But when we focus, we really win big

Our consistent wins have the core of our business baked in



**CINTHOL**  
ALIVE IS AWESOME



## Ghana

Revenue is up **27%** and margins by **1,500 bps** based on **1 relaunch** and **1 innovation**

## India Soaps

Consistent advertising, pricing and product quality has given us **300 bps** of share in **5 years**

# Not enough global collaboration



1 category, 1 benefit, many positions

An advertisement for Goodnight POWER SHOTS. It features a pregnant woman in a pink shirt, a red circle around her, and several cans of Goodnight POWER SHOTS. The text reads: "TOGETHER WE FULFILL OUR PROMISE TO PROTECT" and "STOP MOSQUITOES NOT FAMILY MOMENTS". The Goodnight logo and "POWER SHOTS MULTI INSECT KILLER" are also visible. A logo for the Nigerian Medical Association is present at the bottom right.

**TOGETHER WE FULFILL  
OUR PROMISE TO PROTECT**

**STOP MOSQUITOES NOT FAMILY MOMENTS**

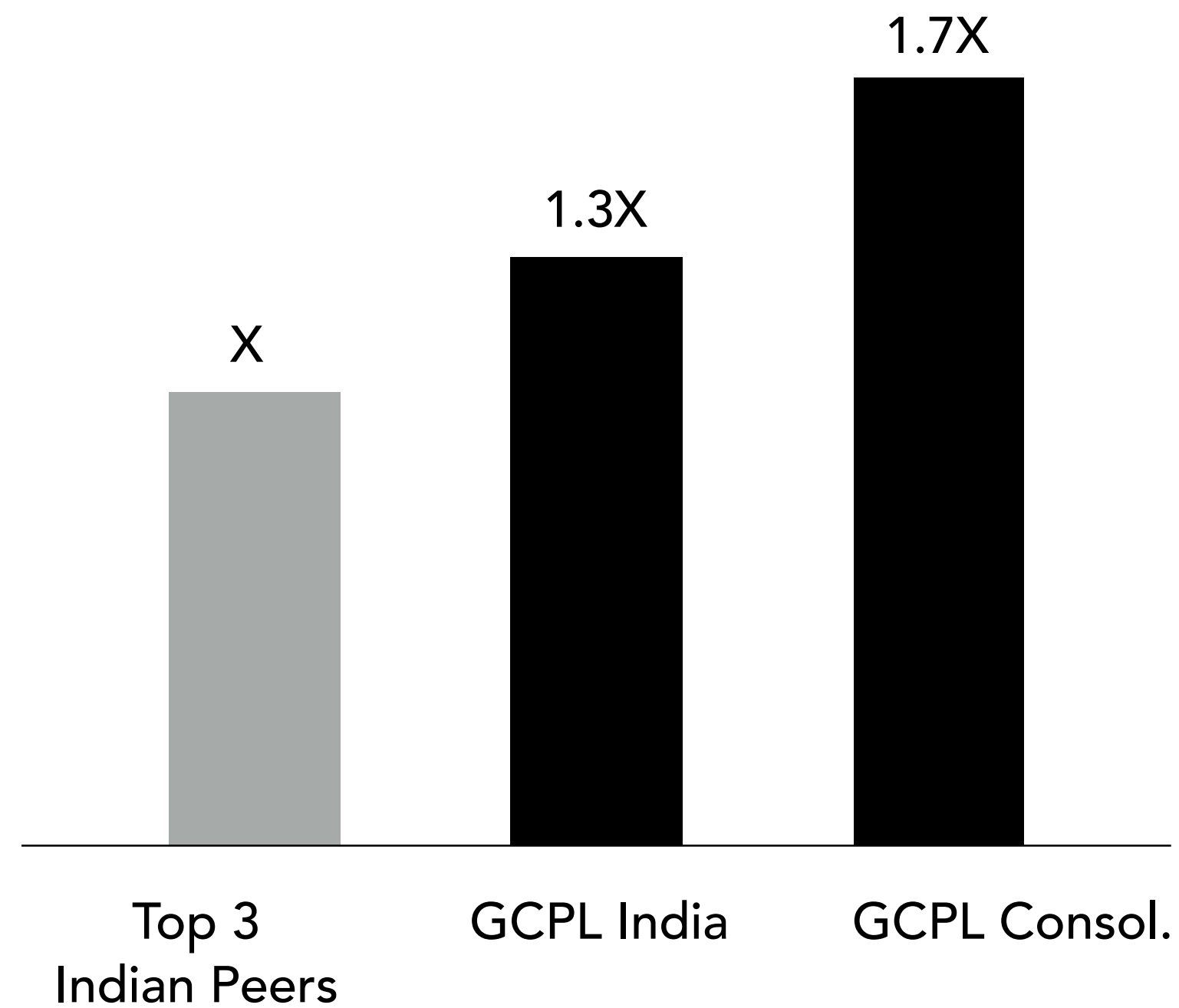
Goodnight **POWER SHOTS**  
MULTI INSECT KILLER

ENDORSED BY  
NIGERIAN MEDICAL ASSOCIATION

Rollout of Goodnight in Nigeria shows promise

# And being frugal is often expensive

## Fixed Overheads



	FY18	FY21
Advertisement and Publicity	8%	7%
Sampling	0.2%	0.2%

**1** Fixed costs can be better

**2** Not enough automation

**3** Not enough media

# To summarise: From Good to Great

All we need are few key changes to an already robust base

## We already have

Top of the line ESG - deeply rooted in purpose, values, sustainability

A top-class geographic and product portfolio

Very strong R&D and innovations capability

A frugal cost structure

Robust processes required to take our game to the next level

## We just need to

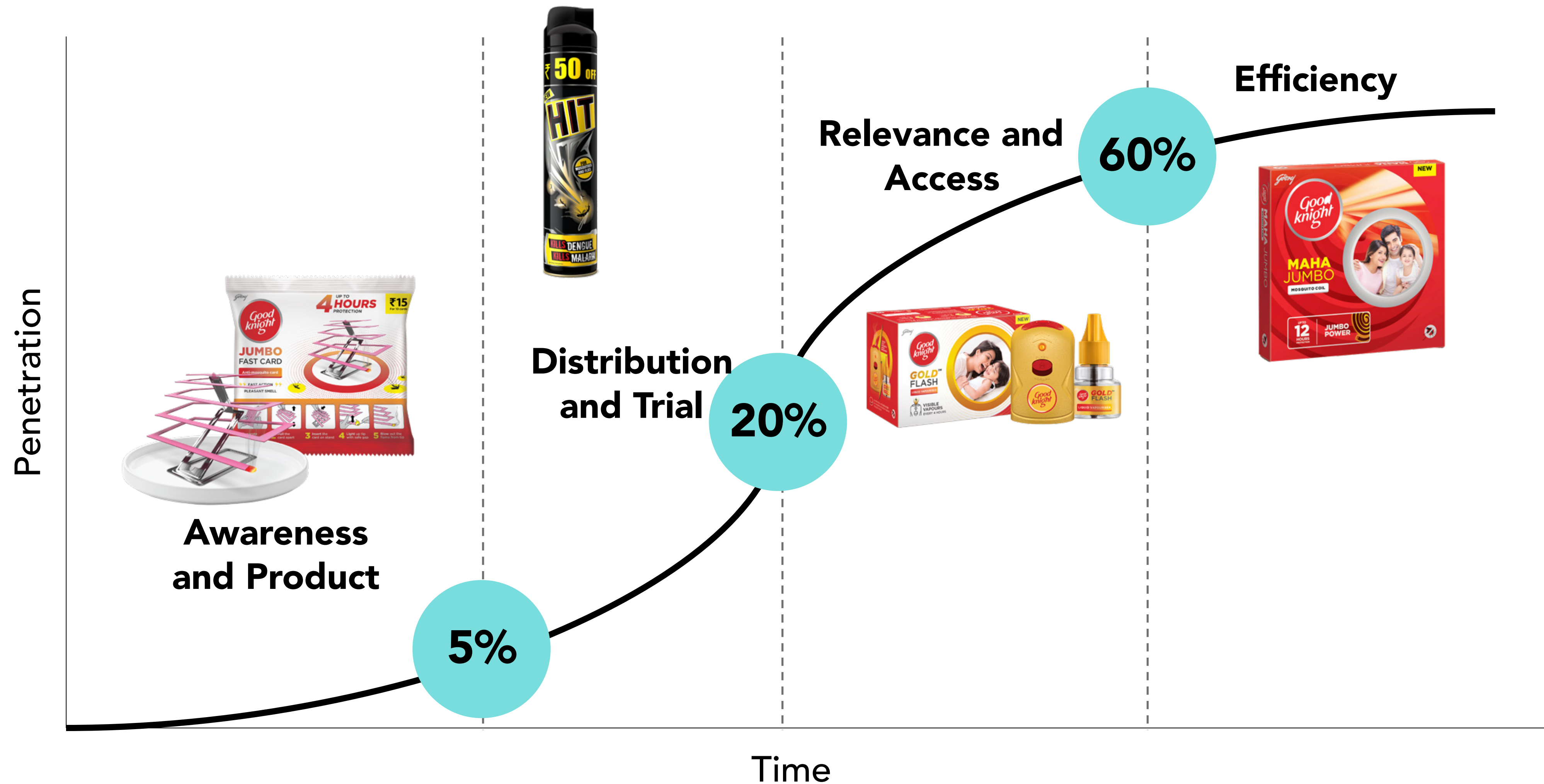
Focus on a few transformative consumer tailwinds

Work more collaboratively across the globe

Invest more in automation and media

**Develop better category development capability**

# What does category development for mosquitoes mean?



The first 3 phases of category development need very high Advertisement & Publicity, Sampling and Distribution investment



# At the heart of our success lies penetration led volume growth

## The Growth Plan

Driver	Contribution
Penetration gains on 50% of portfolio	50%
Moderate share gain on 50% of portfolio	15%
Consumption led market growth	25%
Disruptive innovation	10%
<b>Total</b>	<b>100%</b>



## Fuel for Growth

Save	Invest
Gross Margins	Media and Sampling
Discounts	Salaries
Overheads	Digital and Automation
Non Media ATL	Distribution
▲ 150-200 bps expansion	
Inventory	CAPEX

**But a transformative business plan needs a philosophy that we believe in**

# GODREJ'S BOX LOCKS.



$2\frac{1}{2}$     3     $3\frac{1}{2}$     4    Inches.

## An Operating Philosophy

1. Less is more; Much less is much more
2. Consumer first, Business second
3. Think local, Act global
4. Tomorrow before Today
5. Better from within, Different from outside

1

**Less is more;  
much less is much more**

**Fewer Bigger innovations,  
Consumer tasks and SKUs**



1

**Less is more;  
much less is much more**

*It's not the green premium, it's the green discount*



*"We spent a small fortune buying all organic food to keep up with the Joneses."*



2

# Consumer first, Business second

## Consumer investments delinked from short-term business performance

**HIT**

**THIS FESTIVE SEASON**  
WHILE DEEP CLEANING, KILL ALL THE  
**DANGEROUS COCKROACHES TOO.**

Your festive cleaning is incomplete without killing dangerous cockroaches. Use **LAL HIT** and kill the hidden cockroaches with its deep reach nozzle.

**KILL HIDDEN COCKROACHES, STAY SAFE FROM DISEASES.**

INSIDE THE SINK    UNDER THE GAS CYLINDER    NEAR GAS PIPE

**99.9% असरदार**  
कोविड-19 वाइरस के खिलाफ

**magic**  
powder to liquid  
HANDWASH

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

हैंडवॉश  
बॉटल + रीफिल<sup>\*</sup>  
**₹30/-**

**magic**  
powder to liquid  
HANDWASH

**magic**  
powder to liquid  
HANDWASH

\*स्टैंडर्ड टैस्टिंग प्रोटोकॉल के अनुसार। 1 मिनट संपर्क समय। \* ₹15 के हर रीफिल सेरे का वजन 9g. मूल्य के आधार पर भारत में बिकने वाले टॉप 99.9% लिक्विड हैंडवॉश के मुकाबले।

Komal Rajpathak **Follow**  
1/1

**RICH COLOUR WITH**  
**SOFT & SHINY HAIR**

**#ColourForGaneshChaturthi**

**rich crème**  
long lasting colour | 100% grey coverage  
10x

**rich crème**  
long lasting colour | 100% grey coverage  
10x

3

Think  
local, Act  
global

Set up Global Category Team on 18 October, 2021 to manage 3 global categories



### Central

Global category strategy,  
Product development and  
innovation, Brand communication

### Local

Market development  
and Brand building

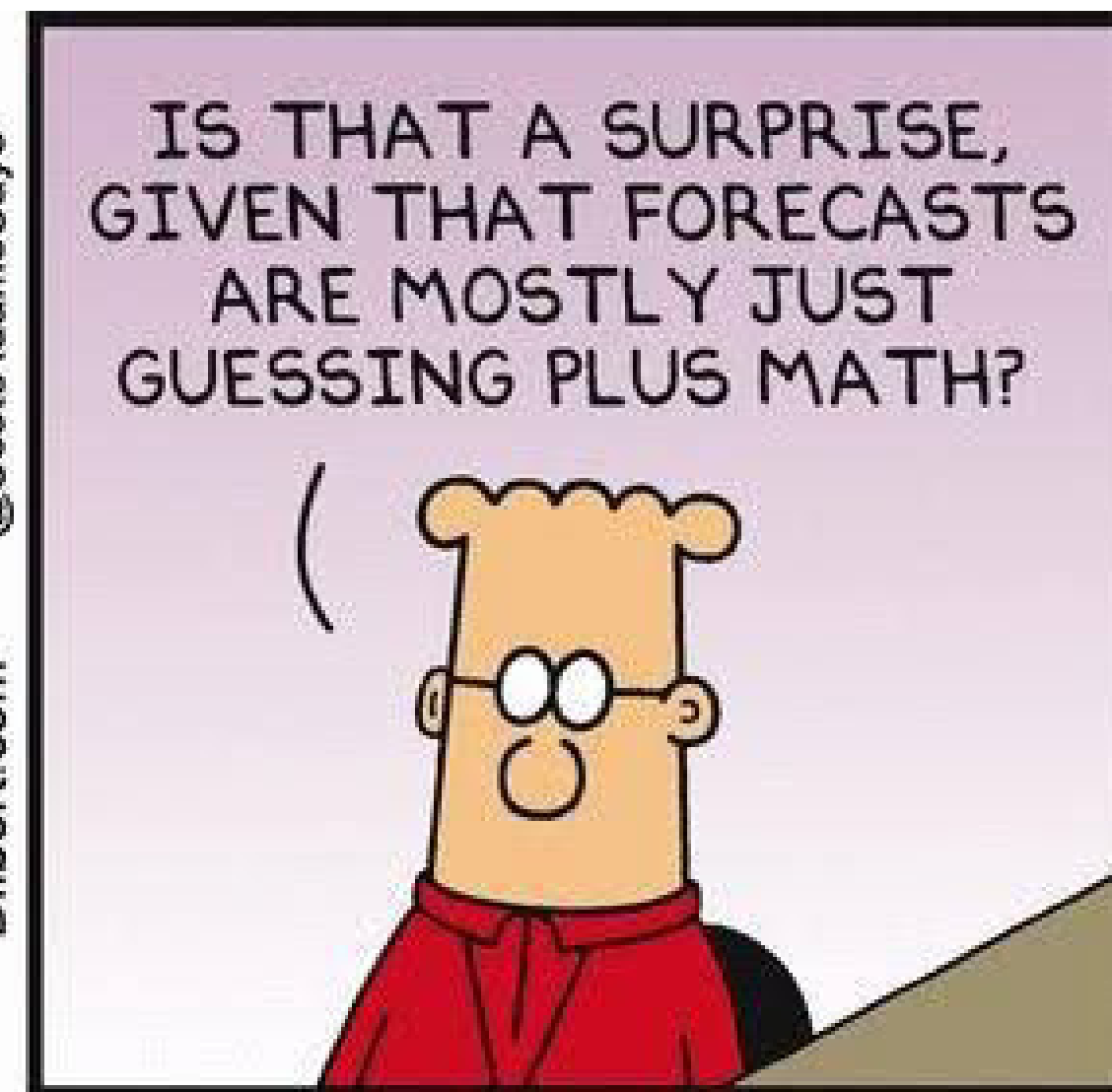
4

# Tomorrow before today

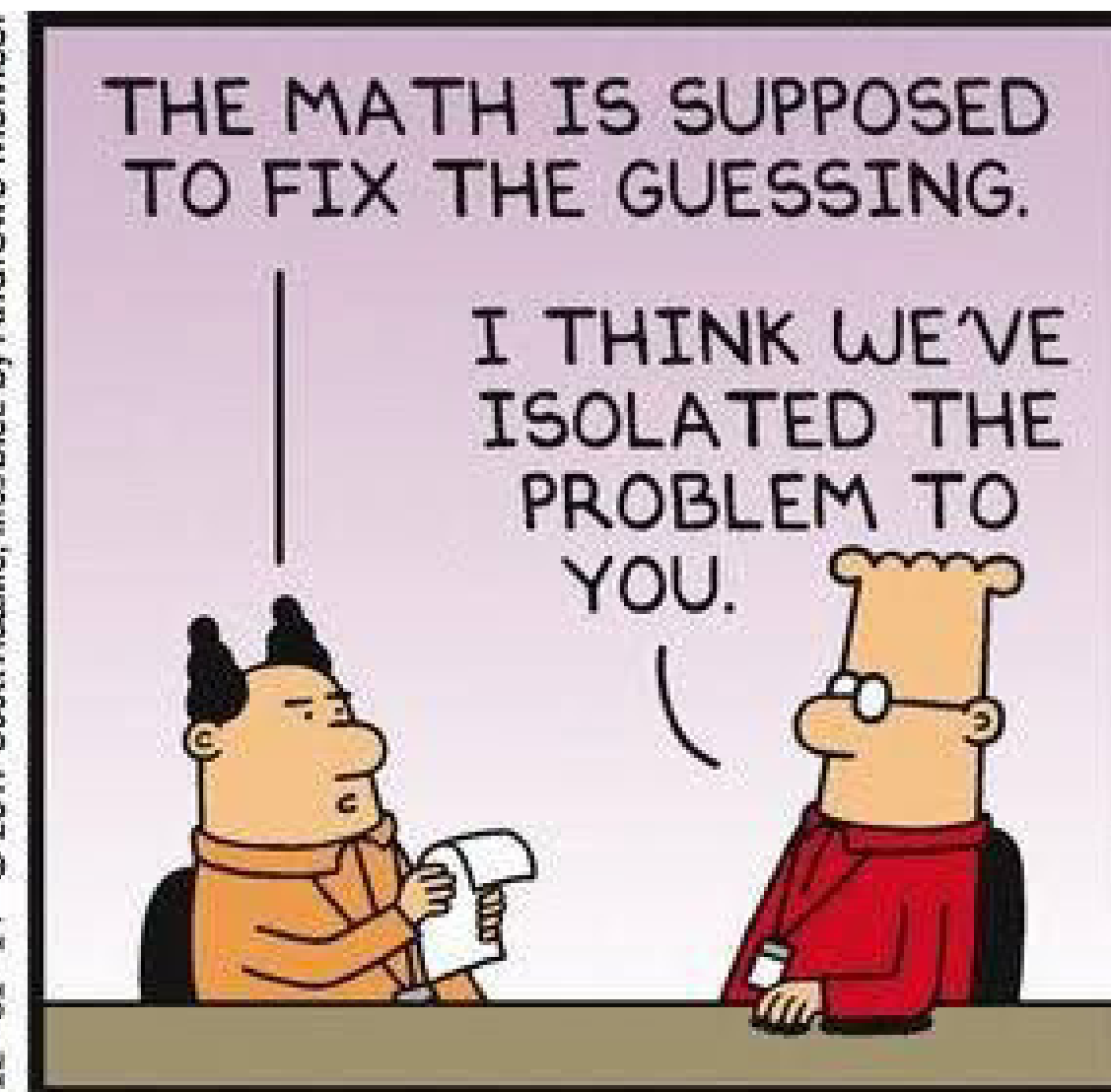
Bonus paid for ambition, but forecast for reality  
(98-102%)



Dilbert.com @ScottAdamsSays



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5

# Better from within, Different from outside



**Robert  
Menzies**

**8 years at GCPL**

Appointed Global Head of  
Categories on 18 October



**Somasree  
Bose**

**18 years at GCPL**

Appointed Chief Marketing  
Officer (India) on 18 October



**Tom  
Dawes**

**10 years at GCPL**

Appointed Global Head of Equity and  
Communication on 25 November



**Amit  
Jain**

**10 years at GCPL**

Added responsibility of Sales  
Development to Customer  
Marketing in India



**Adesola  
Sotande-Peters**

Appointed Chief Financial  
Officer of Africa, USA and  
Middle East (15 years of  
experience working at large  
MNCs across Africa)



# A simple strategy for the next 3-5 years

**Double-digit Volume Growth**

**Led through category development**

**Funded by radical simplification**



**But what does it mean in the short term?**

## 2 factors will affect our short term

### Unprecedented cost inflation

	Nov-20	Nov-21
Crude (\$/barrel)	40	80
Palm Oil (MYR/t)	1,500	3,500
Tin (000 \$/t)	18	36

### Indonesia: Environment + Mistakes but not structural



# What this means for our business if costs are at current levels

## H2 FY22

**Low Volume  
Growth**

**High Price  
Growth**

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**High GM dilution and  
moderate EBITDA dilution**

## FY23

**Moderate  
Volume Growth**

**High Price  
Growth**

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**Good GM recovery and moderate  
EBITDA recovery because of media  
and distribution investment**



**Thank you**

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

**Godrej** | CONSUMER PRODUCTS