



Quarterly Update: 4QFY22

This update provides an overall summary of the operating performance and demand trends during the quarter ended March 31, 2022. This will be followed by a detailed performance update, post the approval of the 4QFY22 financial results by the Board of Directors.

Some of our short term challenges such as unprecedented global commodity inflation and the performance of our Indonesia business, continued to play out during the quarter, impacting consumption and margins.

The Indian FMCG industry witnessed a consumption slowdown over the last few months. The sector continued to be hit hard by higher inflation levels, leading to successive price increases, and impacting volumes. Despite this, we remain competitive given the relatively non-discretionary, mass pricing of our portfolio. We have been gaining market share in 85% of our categories.

In India, we expect to deliver close to double-digit sales growth, driven entirely by pricing. Our 2-year CAGR would be in early twenties. We witnessed a mixed performance in our Personal Care and Home Care categories. Personal Care sustained its double-digit growth trajectory, primarily led by pricing in Personal Wash. Home Care witnessed a soft performance on a high base, impacted by a relatively muted season for Home Insecticides and the discretionary nature of Air Fresheners.

In Indonesia, with Hygiene performance waning after COVID-19 and a large Hygiene comparator in base, we expect a sales decline in the high teens, in constant currency terms. While the short term may continue to remain challenging, we are putting building blocks in place to drive category development and general trade distribution, to ensure gradual recovery in the medium term.

In Godrej Africa, USA and Middle East, we continued our growth momentum across most of our key countries of operations. We expect to deliver a constant currency sales growth close to the mid-teens. We also continue to focus on driving sustainable, profitable sales growth.

We expect strong double-digit constant currency sales growth in our Latin America business. Our SAARC business performance was soft.

At a consolidated level, we continue to leverage our category and geographic portfolio. We expect to deliver a higher than mid-single-digit sales growth and a 2-year CAGR around mid-teens. In FY23, we expect to deliver early double-digit sales growth.

On the profitability front, we expect lower year-on-year EBITDA margins during the quarter. This is due to input inflation and our weak performance in Indonesia

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the 124 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. GCPL ranks among the largest household insecticide, air care and hair care players in emerging markets of India, Indonesia and Africa. 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.

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Disclaimer:

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