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## GCPL 3Q FY 2015 results

05 February 2015

Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended December 31, 2014.

### FINANCIAL OVERVIEW

- 3Q FY 2015 consolidated organic constant currency net sales increased by 16%
  - India business grew by 12%; nearly 1.6x of the overall household and personal care sector (HPC) growth
  - International business grew by 20% on an organic constant currency basis
- 3Q FY 2015 consolidated organic constant currency EBITDA increased by 28%, driven by a strong growth of 18% in the India business and 43% in the international business
- GCPL continues to gain market share across its core categories across geographies
- The board has declared an interim dividend of 100% (INR 1 per share)

### CHAIRMAN'S COMMENTS

**Commenting on the financial performance of 3Q FY 2015, Mr. Adi Godrej, Chairman, Godrej Group, said:**

After a few quarters of sluggish growth, consumer demand in India started to show early signs of a recovery in the third quarter of FY 2015. Our business has delivered strong, competitive double-digit growth across categories. We have also further strengthened our leadership positions across our core categories.

Consolidated organic constant currency sales increased by 16%, ahead of the market. Organic constant currency operating earnings growth was even stronger at 28%, led by prudent cost management, benign raw material costs and our efforts to effectively leverage our brand platforms. In organic constant currency terms, our international business registered a robust top-line growth of 20% and an operating earnings growth of 43%.

After a challenging few quarters, the growth prospects of the Indian economy are looking more favourable. We expect the economy to pick up pace in FY 2016. We are beginning to see improved consumer sentiment on the ground and are hopeful that this will translate into better consumer demand in the quarters ahead. With our relentless focus on innovation, we are in a good position to capitalise on the uptick in demand and growth. We will continue to focus on sustaining and extending leadership in our core categories. We are becoming operationally more efficient, while investing for the longer term.

We expect growth in the second half of this fiscal year should be better than the first half. Consequently, our intent is to deliver a stronger performance overall this year, compared to the previous year.

The medium and long-term growth prospects in India and our other emerging markets remain robust. I am confident that with our clear strategic focus, differentiated product portfolio, superior execution and top-notch team, we will continue to deliver industry-leading results in the future.

### BUSINESS REVIEW - INDIA

#### Performance Highlights

- 3Q FY 2015 India net sales increased by 12% to INR 1,167 crore
- 3Q FY 2015 EBITDA increased by 18% to INR 228 crore
- 3Q FY 2015 net profit increased by 16% to INR 172 crore

#### Category Review

##### Household Insecticides

Household insecticides growth momentum has returned to normal levels and we clocked a growth of 16%, well ahead of category growth. Our focus on improving our market share continues and we exited December 2014 with our highest ever market share. We launched a Neem Low Smoke Coil variant, to premiumise our coil franchise and aid market share gains. Good knight Fast card continues to see strong demand and we plan to leverage our distribution strength for our next level of growth.

##### Soaps

In Soaps, we continued our double-digit growth momentum and outperformed the category (where growth recovered to low single

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digits) with a value growth of 11%. We recorded strong growth across our key brands. This was aided by focused marketing campaigns, consumer offers and localised activation programmes. Gross margins during the quarter benefited from lower palm oil prices and have improved significantly.

**Hair Colours**

We sustained our strong growth momentum in Hair Colours and clocked a volume led sales growth of 10%, despite a significantly higher base from last year. We outperformed the category and gained further market share. Godrej Expert Rich Crème continues to gain market share, backed by a strong build-up in distribution and large-scale activation programmes.

**Air Fresheners**

Our Air Freshener brand, Godrej aer, continues to do well, aided by our innovative gel format technology and consumer engagement initiatives. In little over two years of launch, it now features among the top 3 players in the car air care and home spray categories. We recently launched a unique vehicle PUC renewal campaign to create awareness about air pollution.

**Health and Wellness**

Our recently launched Health and Wellness portfolio of hand washes, a hand sanitiser and anti-mosquito spray, under Godrej Protekt, is being well received in modern trade.

**Liquid Detergents**

Our Liquid Detergents sales have increased by 13%, despite the late onset of the winter. Ezee continues to do well aided by the Ezee 'Rahaat Ek Abhiyaan' campaign.

**BUSINESS REVIEW - INTERNATIONAL****Indonesia**

Our Indonesia business continued its strong growth momentum and registered a strong constant currency net sales growth of 19%, much ahead of the overall FMCG growth in Indonesia. Operating margins increased 330 basis points year-over-year, driven by price hikes, cost efficiencies and judicious marketing spends. Stella continues to grow strongly and further extend its leadership in the air freshener category. We continued our new launch momentum with the launch of Hit Non-Stop 60 days, Stella Kids and Christmas edition.

**Africa**

We have a business presence in countries in East, West and South Africa, across categories like hair extensions, hair colours, household insecticides and personal wash. Our Africa business recorded a strong constant currency sales growth of 36%, led by the significant outperformance by our Darling business. In January 2015, we entered into an agreement with Frika Hair (Pty) Limited, for the acquisition of 100% equity stake in its hair extensions business in South Africa.

**Latin America**

Our Latin America business delivered a healthy constant currency growth of 25%, led by market share gains. The implementation of our cost transformation project in Argentina has significantly boosted our profitability. During the quarter, we refreshed variants and introduced new packaging for products under the Issue brand.

**Europe**

In our UK business, constant currency net sales declined by 13%, as one of the lead brands that we distribute continues to face growth challenges due to grey and counterfeit issues. Operating margins however increased by 230 basis points year-over-year due to a better mix and cost saving initiatives.

Note: The figures for the current quarter may not be comparable with those of the corresponding quarter of the previous year, because of the acquisitions made since then.

**ABOUT GODREJ CONSUMER PRODUCTS**

Godrej Consumer Products Limited is the largest home-grown home and personal care company in India. We are constantly innovating to delight our consumers with more exciting, superior quality products at affordable prices.

We have bold ambitions and are becoming more agile and future ready. We rank number 1 in hair colour, household insecticides and liquid detergents and number 2 in soaps. In India, you grow up with our brands - Good knight, Cinthol, Godrej Expert, Godrej No. 1 - and we are now on our way to becoming an emerging markets FMCG leader.

In line with our 3X3 approach to international expansion, we are building a presence in 3 emerging markets (Asia, Africa, Latin America) across 3 categories (home care, personal wash, hair care). In 2010, we acquired the Indonesia based Megasari group, a leader in household insecticides, air fresheners and baby care. With the acquisition of Rapidol and Kinky in South Africa, and the Darling Group, a leading pan-Africa hair care company, we have a strong presence in the fast growing African hair care market. We acquired the Issue and Argencos groups in Argentina, leaders in hair colour, in 2010, and expanded our footprint to Chile through the acquisition of a 60% stake in Cosmetica Nacional. Our UK business acquired in 2005 has a play in hair and personal care. We also operate in the Middle East and have a strong presence across SAARC countries.

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