



GCPL 1Q FY 2019 results

30 July 2018

Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended June 30, 2018.

FINANCIAL OVERVIEW

1Q FY 2019 FINANCIAL PERFORMANCE SUMMARY:

- 1Q FY 2019 consolidated constant currency sales increased by 10%* year-on-year
 - India business sales growth of 14%* year-on-year, led by 14% volume growth
 - International business sales growth of 7% year-on-year, on a constant currency basis
- 1Q FY 2019 consolidated constant currency EBITDA increased by 26%
- 1Q FY 2019 consolidated net profit and EPS (without exceptional items and one-offs) increased by 36%
- The board has declared an interim dividend of 200% (INR 2.00 per share) and an issue of bonus shares in the ratio of one equity share for every two equity shares held, subject to requisite approvals.

*Comparable growth assuming GST in the base quarter sales

CHAIRMAN'S COMMENTS

Commenting on the financial performance of 1Q FY 2019, Ms. Nisaba Godrej, Executive Chairperson, GCPL, said:

"We have had a good start to fiscal year 2019 with profitable, ahead of the market growth across most geographies and categories. Our constant currency sales increased by 10% and EBITDA increased by 26%, led by robust gross margin expansion. In India, we delivered a sales growth of 14%, with 14% volume growth and double-digit growth across all categories. In our international business, we saw a recovery in Indonesia, while our performance in Africa was relatively soft.

Consumer demand is improving and we expect this recovery to sustain going forward. In India, while we expect both urban and rural growth to improve, rural growth will outpace urban growth on the back of remonetisation, the settling down of the GST implementation and the government's efforts to stimulate the rural economy.

We are accelerating the pace of innovation with differentiated and unique products. Fiscal year 2019 will be our most active yet in terms of new launches. Alongside this, we continue to manage our costs prudently and make competitive brand investments for sustainable future growth.

Overall, we remain relentlessly focused on becoming more agile, increasing the pace of innovations, enhancing our go-to-market approach and investing in our key talent, to continue to outperform the market and deliver industry-leading returns."

BUSINESS REVIEW - INDIA

Performance Highlights

- 1Q FY 2019 India sales increased by 14%* to INR 1,279 crore
- 1Q FY 2019 Adjusted EBITDA increased by 44% to INR 279 crore
- 1Q FY 2019 net profit increased by 47% to INR 220 crore

Category Review

Household Insecticides

Household Insecticides delivered robust performance with double-digit volume led sales growth of 17%, the highest in the last seven quarters. This growth was driven by a better season and new product launches. Goodknight PowerChip and our higher efficacy liquid vapouriser with 50% more power, continue to scale up well. We continue to focus on driving penetration with the launch of affordable solutions and trial generation SKUs and make effective brand investments for future growth.

Soaps

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Soaps sustained double-digit volume led sales growth of 10%, driven by healthy growth in Godrej No. 1 and Cinthol. This performance was led by effective micro-marketing initiatives, a focus on new states and strong on-ground execution. We have continued to gain market share during the quarter.

Hair Colours

Hair Colours delivered double-digit volume led sales growth of 12%. Godrej Expert Rich Crème continues to consistently deliver robust performance with double-digit volume led growth. It continues to expand distribution, penetration reach and gain market share. During the quarter, we forayed into the herbal based powder hair colour segment under our Godrej Nupur brand.

BUSINESS REVIEW - INTERNATIONAL**Indonesia**

Our Indonesia business saw recovery with ahead of the market, constant currency sales growth of 10%. This was driven by new product launches and effective sales promotion investments. Household Insecticides growth rates improved to healthy double digits. We regained our market leadership position and continued to gain market share on a year-on-year basis, as well as a quarter-on-quarter basis in Household Insecticides. Adjusted EBITDA margins increased by 220 bps, led by cost savings initiatives, lower overheads and sales promotion spends.

GAUM (Africa, USA and Middle East)

Our GAUM cluster had a relatively soft quarter with a constant currency sales growth of 5%, led entirely by volume growth. Sales in the quarter was impacted by weakness in South Africa, while Kenya saw early signs recovery. Our business excluding South Africa grew in double digits (in constant currency terms). Adjusted EBITDA margins decreased by 250 bps year-on-year driven by the lag between increase in input costs and price hikes and upfront marketing investments to scale up wet hair care business.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the over 120-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 care, 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 and 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, are the number one player in air fresheners in India and Indonesia, and a leader in 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 the Godrej 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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