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GCPL 4Q FY 2019 results

03 May 2019

Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ending March 31, 2019.

FINANCIAL OVERVIEW

4Q FY 2019 FINANCIAL PERFORMANCE SUMMARY:

- 4Q FY 2019 consolidated constant currency sales increased by 4%* year-on-year
 - India business sales was flat year-on-year
 - International business sales grew 10%* year-on-year, on a constant currency basis
- 4Q FY 2019 consolidated constant currency EBITDA declined by 3%* year-on-year
- 4Q FY 2019 consolidated net profit and EPS (without exceptional items and one-offs) INR 396 crore and INR 3.9 respectively
- The board has declared a interim dividend of 200% (INR 2 per share)

*Adjusted for Europe business divestment w.e.f Sept'18

CHAIRPERSON'S COMMENTS

Commenting on the financial performance of 4Q FY 2019, Ms. Nisaba Godrej, Executive Chairperson, GCPL, said:

"We delivered a relatively weak performance in the fourth quarter of fiscal year 2019. Our India business remained soft on account of a general slowdown in staples consumption and the adverse impact of the delayed summer on our portfolio. In our international businesses, Indonesia continued its strong profitable growth momentum. Africa had a soft performance, led by the temporary slowdown in Nigeria due to elections and a gradual recovery in South Africa. Latin America's performance continued to be impacted by an adverse macroeconomic environment and a hyperinflationary environment.

During the quarter, we continued our innovation momentum in India, with the mosquito repellent incense sticks scaling up well in pilot markets. In Indonesia, we cross pollinated the Stella car twist from India to expand our presence in the Air Freshener category. We also launched a naturals range of wet hair care products in Africa.

For fiscal year 2020, we are planning for robust sales growth in India on the back of a continued focus on innovations and enhancements to our go-to-market model. We hope to continue driving profitable sales growth in Indonesia, while focusing on profitable sales growth in Africa, and ensuring a meaningful turnaround in our Latin American business."

BUSINESS REVIEW - INDIA

Performance Highlights

- 4Q FY 2019 India sales was flat at INR 1,325 crore
- 4Q FY 2019 Adjusted EBITDA increased by 2% to INR 391 crore
- 4Q FY 2019 net profit without exceptions and one off items increased by 1% to INR 297 crore

Category Review

Household Insecticides

Household Insecticides delivered a soft quarter. Sales declined by 6% to INR 553 crore, driven by an extended winter. Naturals neem incense stick is scaling up well in Andhra Pradesh and Telangana and we plan to launch it in a few other states shortly. We will continue with the consumer offer on liquid vapourisers and scale up incense sticks to drive growth in the near term.

Soaps

Soaps sustained a high single digit sales growth of 9% on a 2 year CAGR basis. Sales growth this quarter was adversely impacted by a delayed summer. We continue to gain market share due to effective micro-marketing initiatives and impactful consumer offers.

Hair Colours

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Hair Colours delivered a high single digit sales growth of 7% and continued to gain market share this quarter. Godrej Expert Rich Crème continues to consistently deliver robust growth and has achieved its highest ever market share (on an exit basis). The temporary promotional price off in Godrej Expert Rich Crème has been rolled back. We continue to focus on activations and effective media campaigns to recruit new consumers to the category. Godrej Nupur Herbal Based Powder hair colour is scaling up well. We recently launched Godrej Expert Easy 5 minute shampoo hair colour in South India.

BUSINESS REVIEW - INTERNATIONAL

Indonesia

Our Indonesia business continued its growth momentum and delivered a constant currency sales growth of 14%. This was driven by improvement in our Household Insecticides and Air Freshner businesses. We maintained our market leadership position in Household Insecticides and continued to gain market share on a year-on-year basis. Adjusted EBITDA margin expanded by 360 bps, led by scale leverage and cost saving programmes (Project Cermat). During the quarter, we also cross pollinated the Stella car twist from India to expand our presence in the Air Freshners category.

GAUM (Africa, USA and Middle East)

Our GAUM cluster had a soft performance with a constant currency sales growth of 5%. Sales in the quarter was impacted by temporary a slowdown in Nigeria due to elections. South Africa is showing gradual signs of recovery. The East Africa, US and Rest of Africa cluster continued to deliver strong growth. Adjusted EBITDA margins declined 230 bps year-on-year due to upfront marketing investments and partially due to scale de leverage.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the 122-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, muchloved 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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