

# **GODREJ CONSUMER PRODUCTS LIMITED PERFORMANCE UPDATE**

**Q1 FY2012-13**

**August 4, 2012**



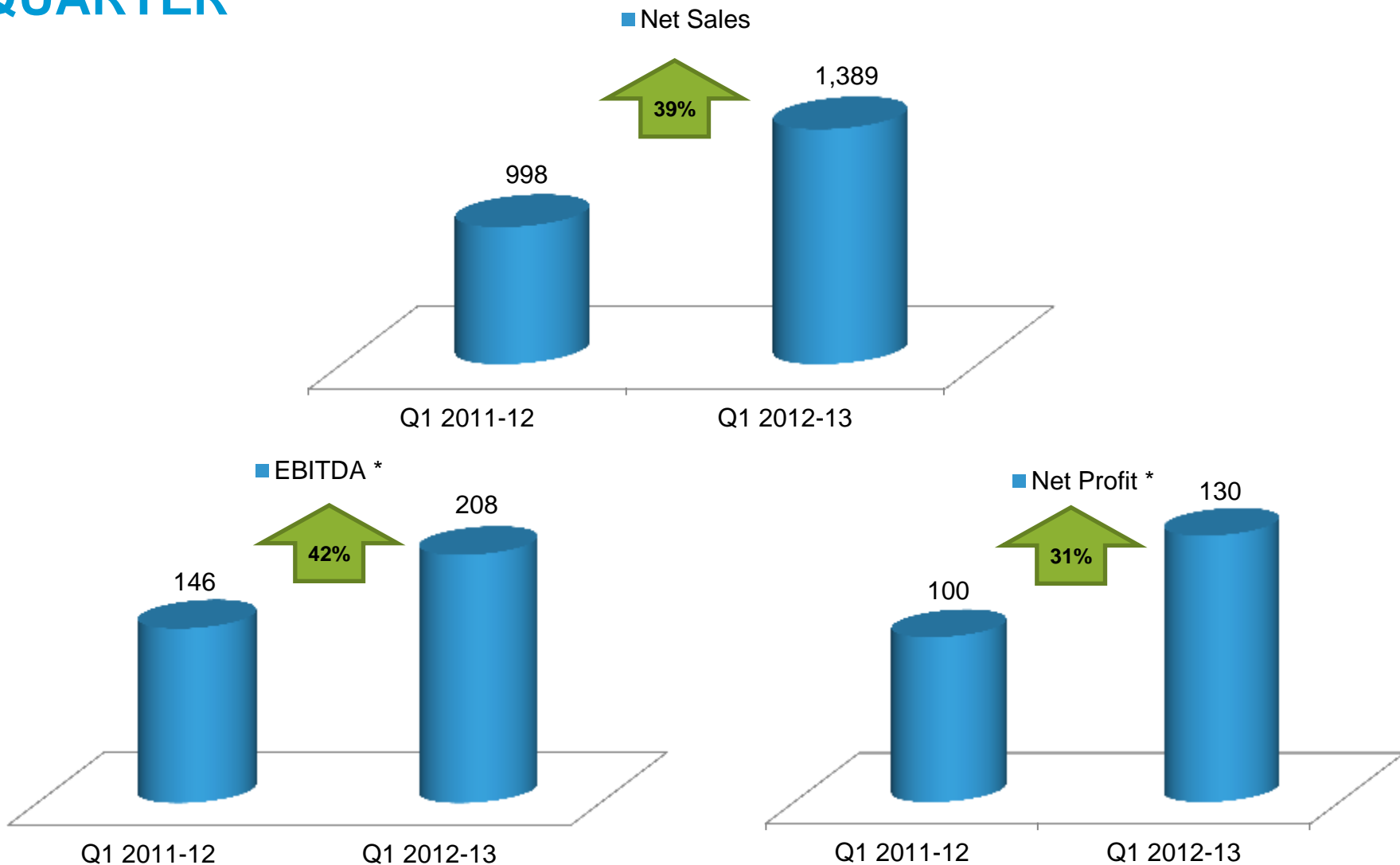
## **Executive Summary : Major Highlights**

# STRONG BUSINESS MOMENTUM MAINTAINED IN THE QUARTER

- Net sales growth at 39%
  - Indian subcontinent growth at 23% with growth in most categories at much higher rates than market
  - International business organic growth at 31% with strong growth across all major geographies
- EBITDA growth at 42%; net profit growth at 31%
- Continued focus on marketing and innovation
  - Launch of Aer air fresheners in India; cross-pollination from Indonesia
  - Launch of Godrej No.1 Rosewater and Almonds soap
  - Launch of Mitu Kids range of products in Indonesia and several hair colour products in Argentina
- First interim dividend of ₹ 1 per share

**Performance Highlights : Consolidated**

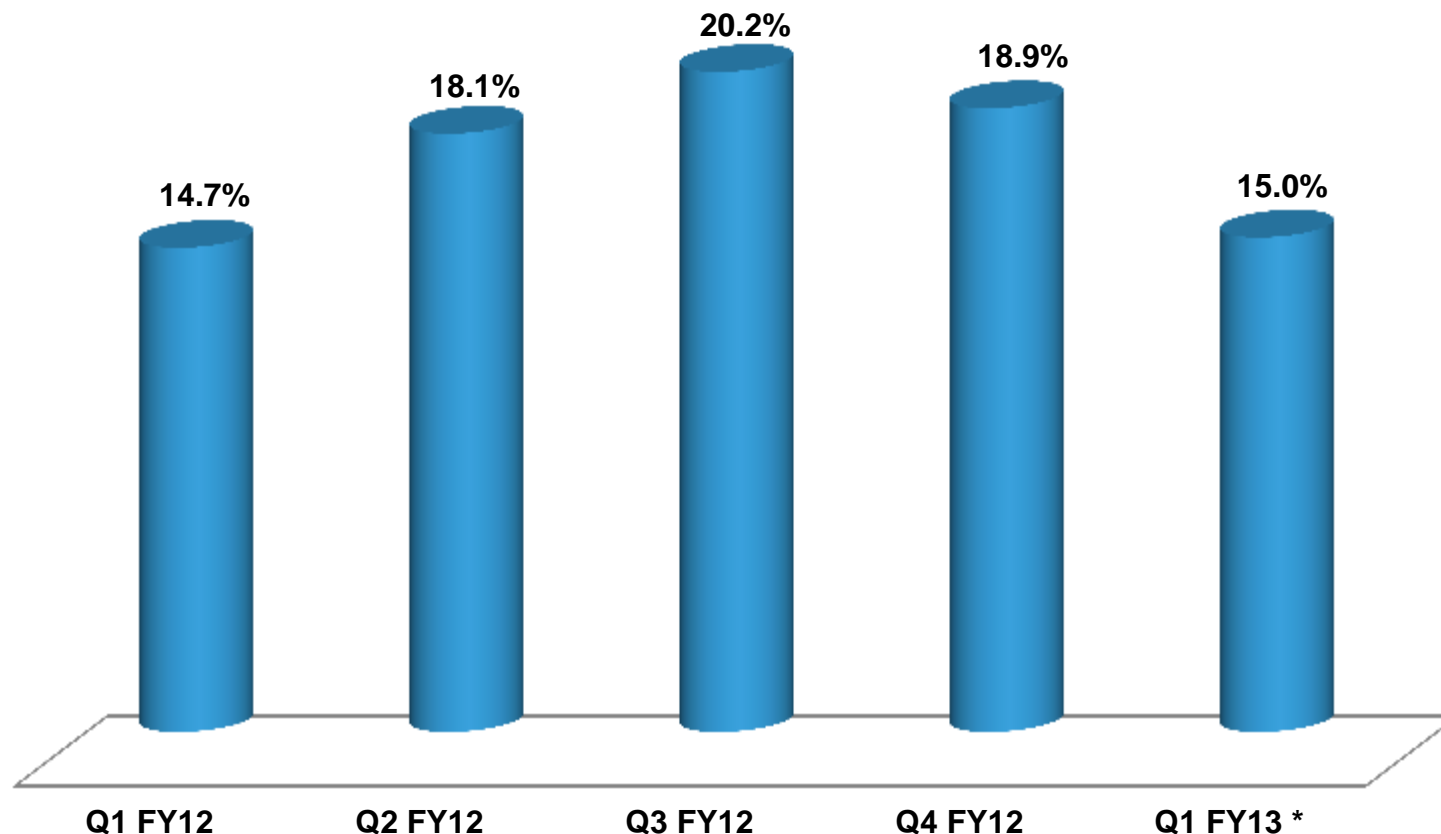
# STRONG FINANCIAL RESULTS DELIVERED IN THE QUARTER



\* Without one time exceptional costs in Latin America (₹ 6 cr)

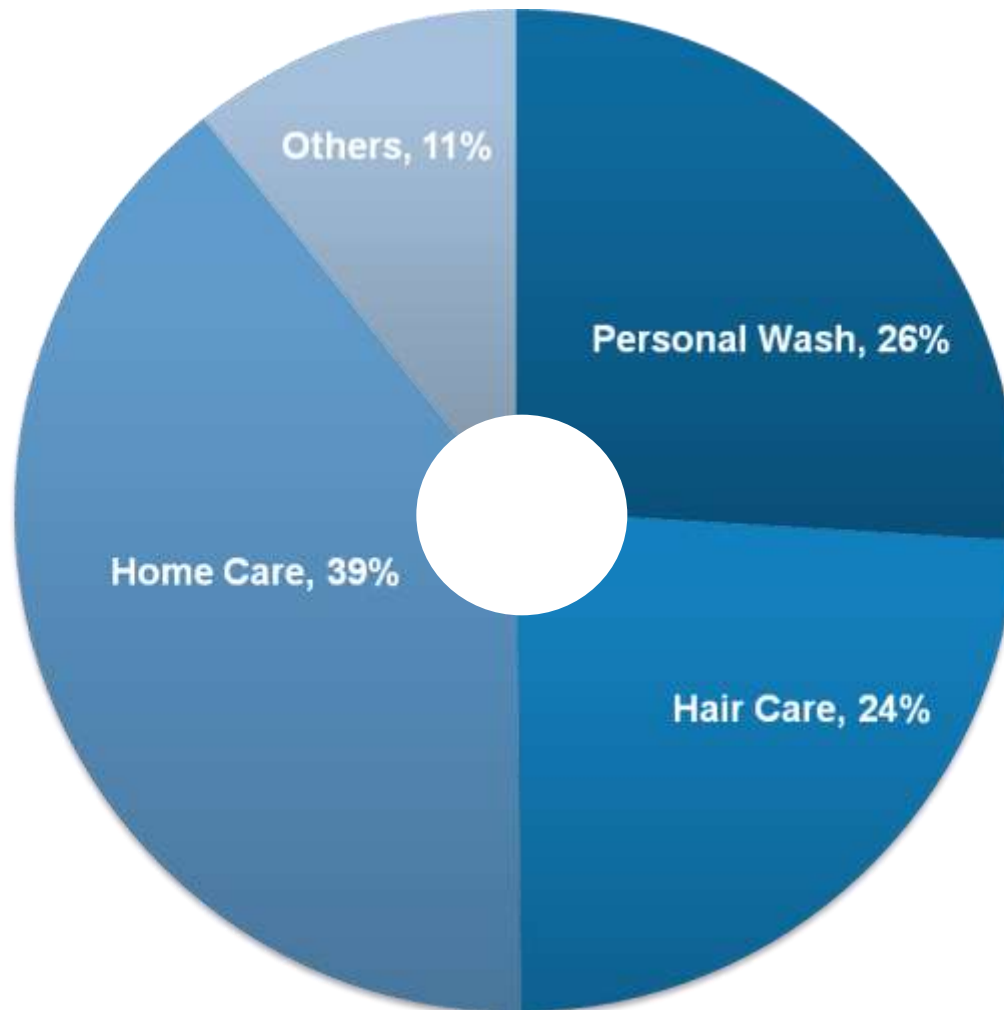
\* Net profit without exceptional items in previous year (₹ 140 cr)

## WHILE Q1 MARGINS TEND TO BE WEAKER DUE TO SEASONALITY, MARGINS HAVE IMPROVED Y-O-Y



- Strongest personal wash and weakest household insecticides quarter in Indian sub-continent
- Seasonally weakest quarter for Latin America business

# HEALTHY BALANCE MAINTAINED ACROSS CATEGORIES



**Q1 FY2013**

# APPRECIATING USD RESULTED IN ADVERSE FOREX IMPACT

## Standalone

- As on June 30, 2012 GCPL had import payables of US\$ 20 million. The net payables, netting off receivables, were US\$ 10 million. The net forex loss for the quarter is ₹ 11 crore

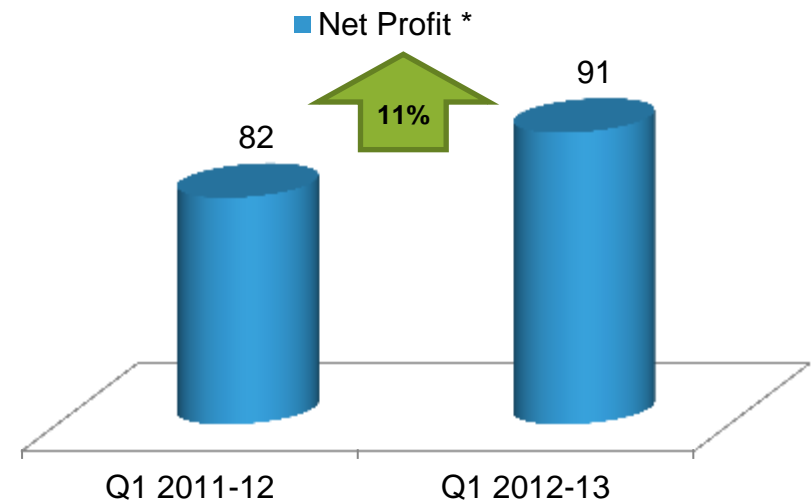
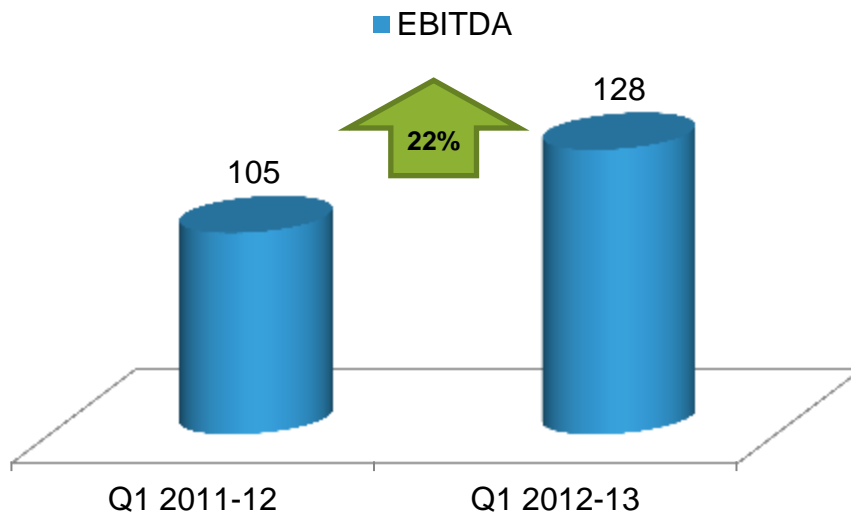
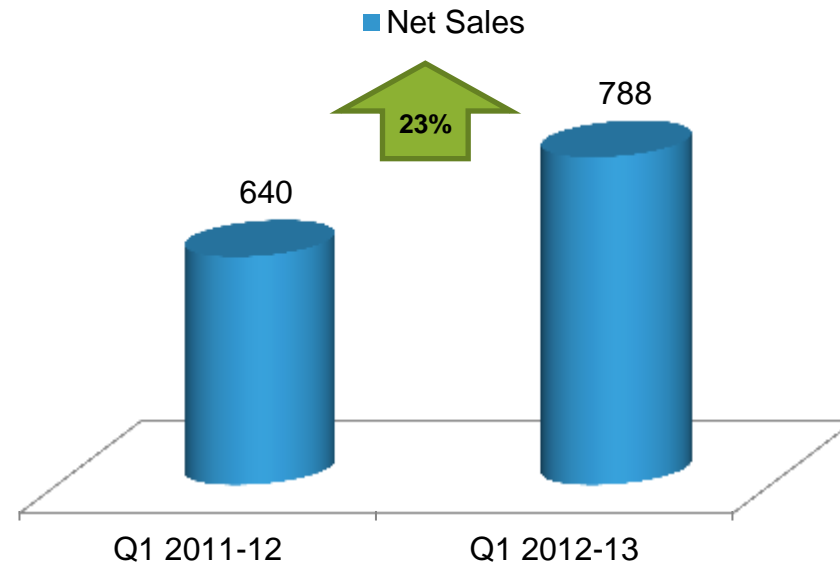
## Consolidated

- GCPL has adopted the notification issued by The ministry of corporate affairs on 29<sup>th</sup> December 2011, on amortization of forex impacts
- The total forex loss for the quarter, including mark to market impact at consolidated level aggregates to ₹ 18 crore
- GCPL has a forex committee that monitors all the exposures and takes calls on hedging the exposures

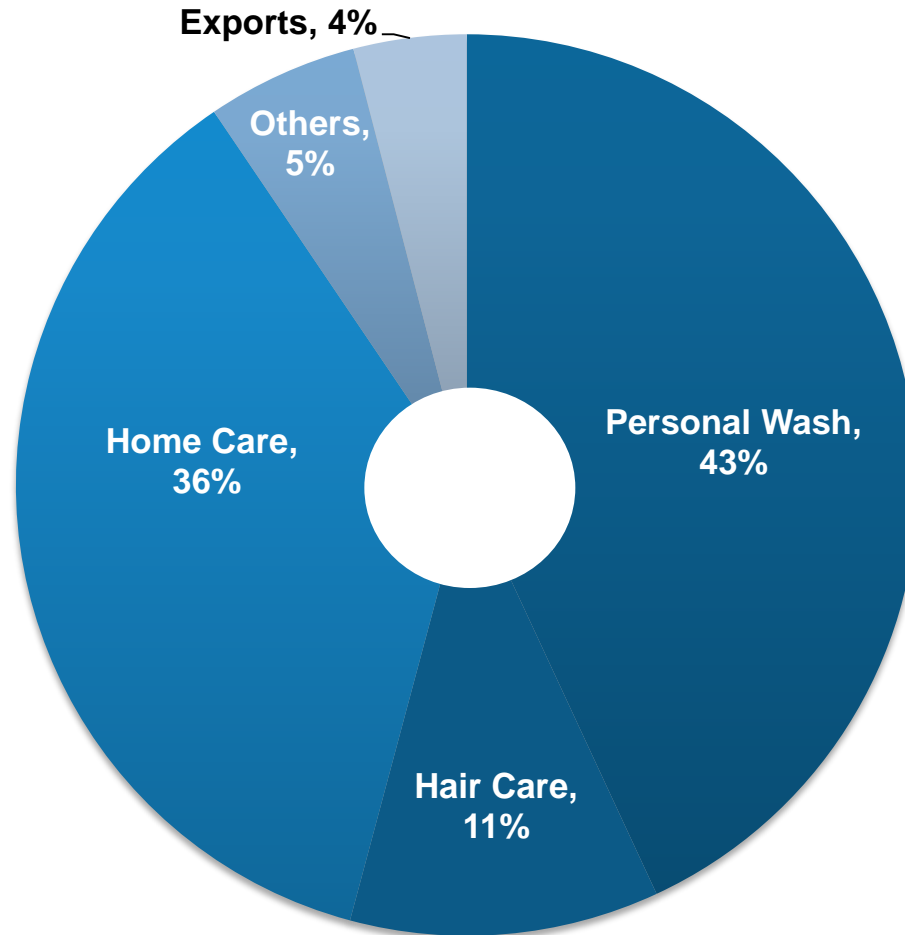


## **Business Overview : Indian Sub-continent**

# BUSINESS CONTINUES TO PERFORM WELL



# HOME CARE AND PERSONAL WASH DROVE GROWTH THIS QUARTER



**Q1 FY2013**

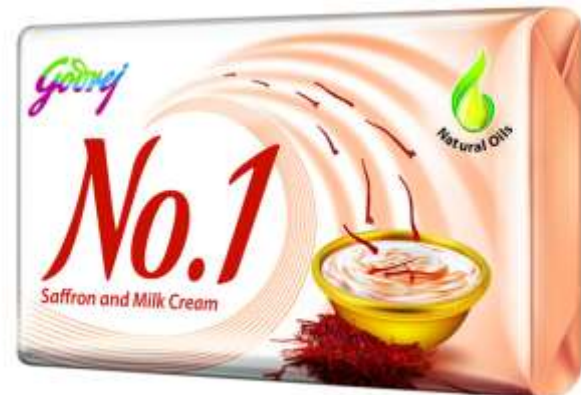
# SUSTAINED GROWTH IN HOUSEHOLD INSECTICIDES

- Sales growth @ +**27%** more than 3x of the category growth of 8%, led by strong brand building investments and distribution synergies benefits
- New media campaigns on Goodknight and HIT on air
- Continuous brand building investments and leveraging distribution synergies resulting in strong growth momentum



# STRONG VOLUME LED GROWTH IN SOAPS

- Sales growth @ +**42%**, 2x of 21% category value growth; volume growth of +**24%** against category volume growth of 5%
- Launched Godrej No.1 'Rosewater & Almonds' soap, a unique combination of natural oils and beauty ingredients which gives a natural pink glow
- Gross margins expanded sequentially and also on yoy basis, led by efficient commodity buying and cost saving initiatives
- Strong growth coming from continuous brand investments, share gain from small regional players, new varianting strategy and distribution synergies



# IN HAIR COLOURS REGAINING GROWTH MOMENTUM IN PROCESS

- Sales growth @ +5%, on a base quarter which had launch of Godrej expert care and advanced range of powder hair colours
- New media campaign for Godrej expert powder hair colour on air
- Godrej expert advanced powder hair colour showing strong traction



# LAUNCH OF NEW CATEGORY - AER AIR FRESHENERS



aer it out

# AER CLICK - CAR AIR FRESHENERS



Car fragrances with unique device lock



# AER TWIST - CAR AIR FRESHENERS



Sits quietly on the dashboard  
Fits nicely in the cupholder

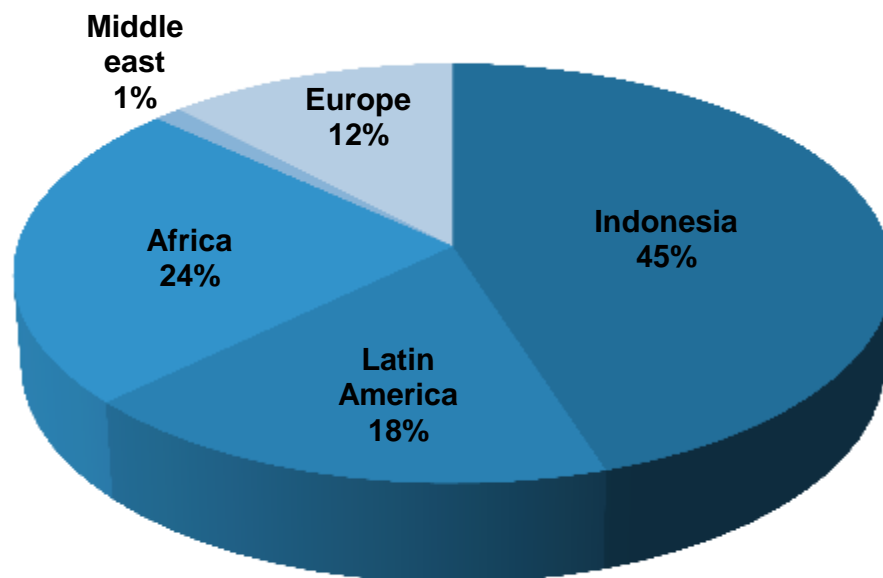
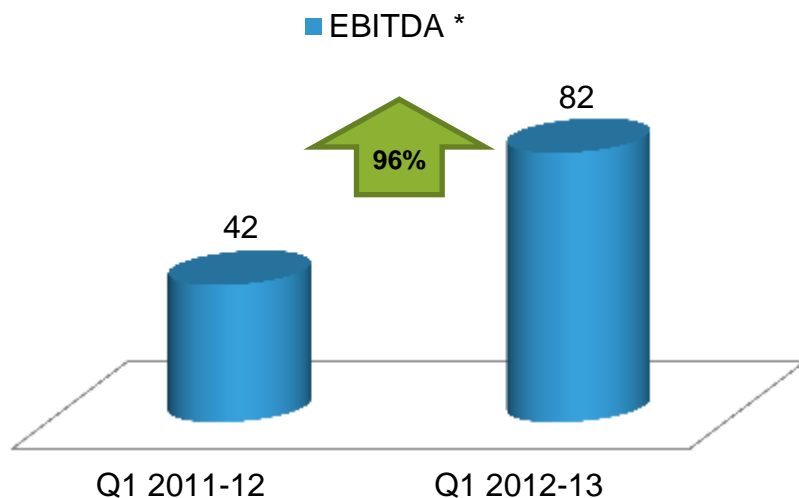
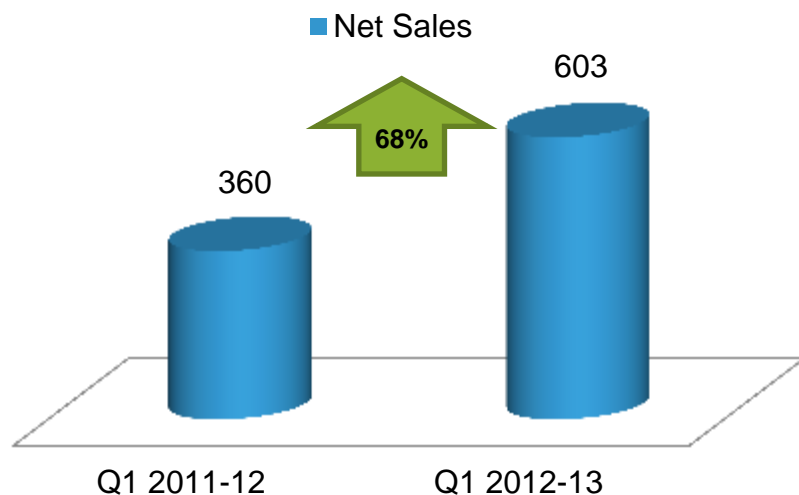
# AER SPRAY - HOME AIR FRESHENERS



Room fragrances

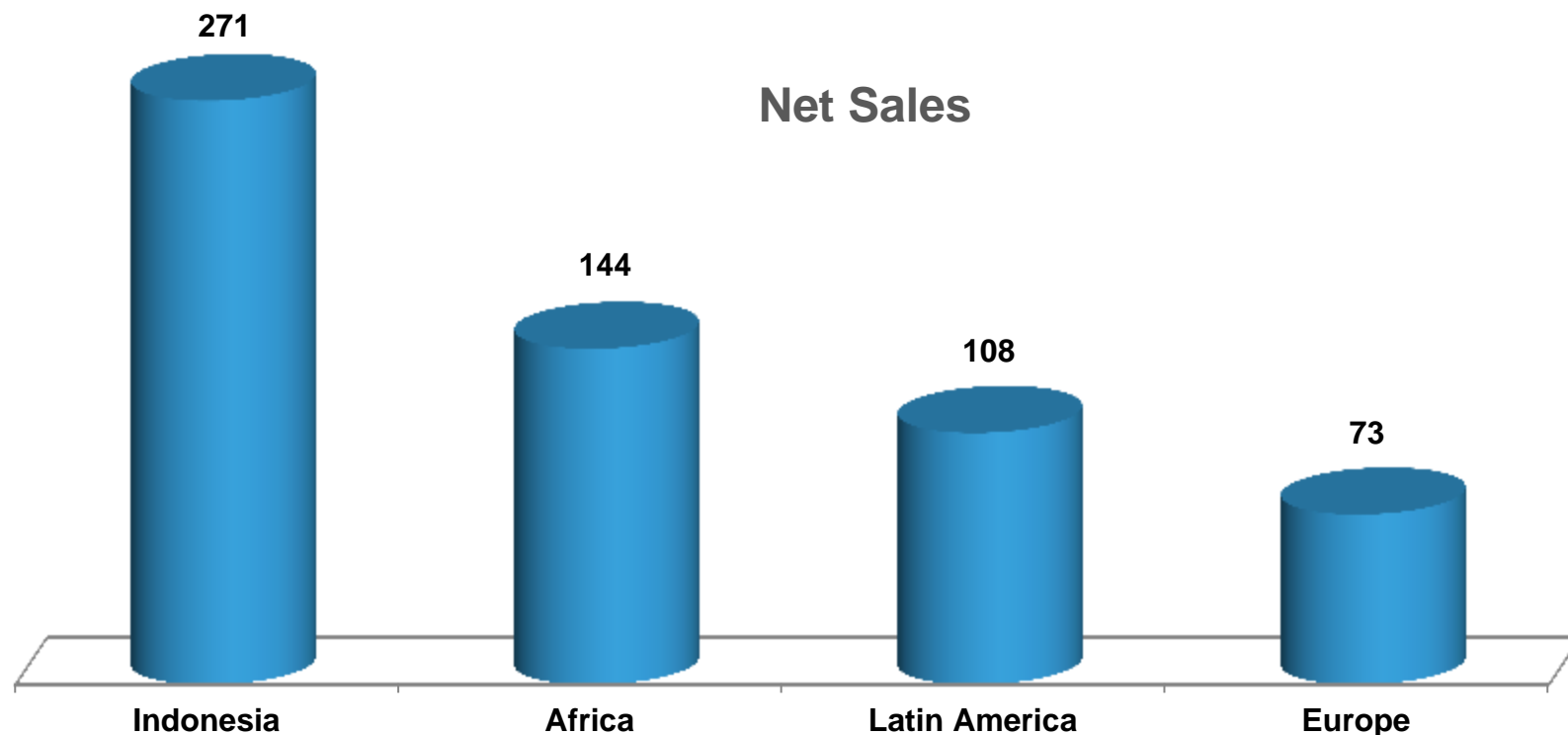
## **Business Overview : International**

# STRONG GROWTH MOMENTUM MAINTAINED IN OUR INTERNATIONAL OPERATIONS



\* Without one time exceptional costs in Latin America (₹ 6 cr)

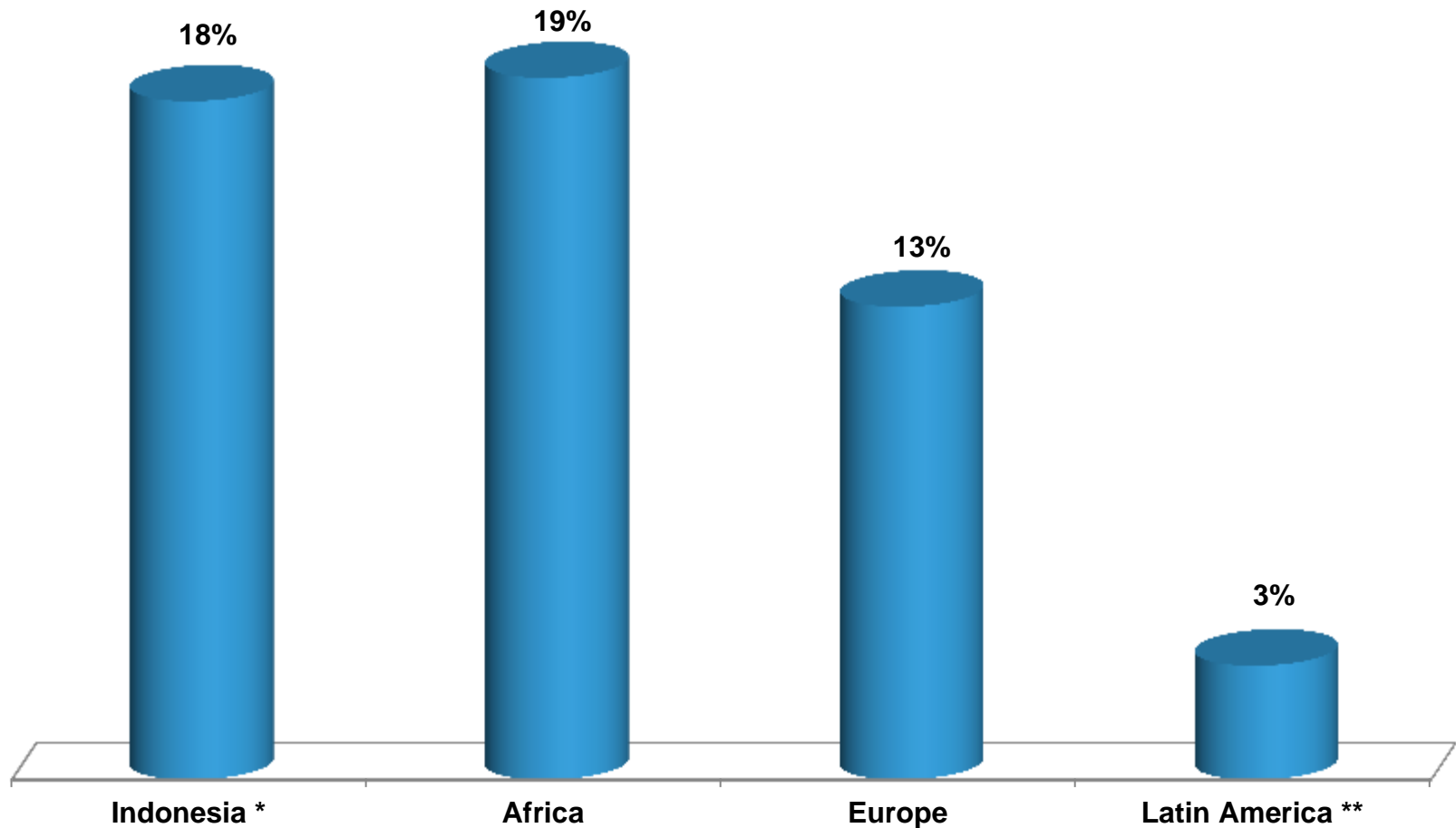
# STRONG SALES GROWTH ACROSS GEOGRAPHIES



%

Constant currency	+ 25	+ 235	+ 78	-
Exchange	+ 15	+ 1	+ 16	+ 17
YOY Reported	+ 40	+ 236	+ 94	+ 17

# HEALTHY EBITDA MARGINS MAINTAINED



YoY expansion

**+ 140bps**

**+ 850bps**

**- 100bps**

**+140 bps**

# INDONESIA BUSINESS CONTINUES TO SUSTAIN STRONG PERFORMANCE

- Sales +40%, led by
  - Continuous brand investments
  - Distribution expansion
  - New products launches
- Launch of Mitu - Kids range of products
- HIT magic paper and HIT extra power elect continue perform well



# AFRICA BUSINESS ALSO DELIVERED EXCELLENT RESULTS

- Business comprises of Rapidol, Kinky, Tura and Darling group
- Sales +236%, led by
  - Distribution expansion
  - Darling consolidation
- Renew - Value for money caucasian hair colour continues to outperform





# INTEGRATION OF DARLING GROUP WELL ON TRACK

- Mozambique production unit now caters as manufacturing hub for South Africa and Mozambique
  - Purchasing and manufacturing synergies
  - FTZ status for Mozambique, resulting in lower indirect taxes and corporate income tax going forward
- Pioneer tax status received for Nigeria business
  - Zero corporate income tax for next five years.
  - Reversal of FY12 tax provision of ₹ 16.5 cr (₹ 8 cr after minority interest)
- Multiple integration projects underway to enhance sales, distribution efficiency and branding
- Phase II acquisition plans on track

# GROWTH IN LATIN AMERICA BEING DRIVEN THROUGH NEW LAUNCHES AND SYNERGIES FROM INTEGRATION

- Sales +94%, led by
  - New product launches
    - Issue Keratin Kit,
    - Issue professional style > Molding Up (Hair Mousse), Gloss it (Hair Shine) & Keratin Thermal Protect launches
  - Chile consolidation
- Business incurred one time exceptional severance cost led by restructuring of two sales force into one (₹ 5 cr) and acquisition led stamp duty charges (₹ 1 cr)
- EBITDA margins are traditionally lowest in Quarter1 due to adverse seasonality, but pick up in the following quarters
- New product launches were strongly supported by upfront higher marketing investments
- A host of forward-looking initiatives were implemented in Quarter 1 to yield benefits in the coming quarters
  - Restructuring of two sales forces into one,
  - SAP implementation,
  - Automation and efficiency projects, etc



## STEADY PERFORMANCE IN UK IN A TOUGH ENVIROMENT

- Sales driven by strong growth of own brands and new product launches
- UK witnessed one of the wettest summers in decades, thus affecting sales of the sun care category
- Launched Cuticura 8 hours Hand sanitizer, a disruptive innovation with huge potential for UK and our other markets



# POWERFUL ON PROTECTION

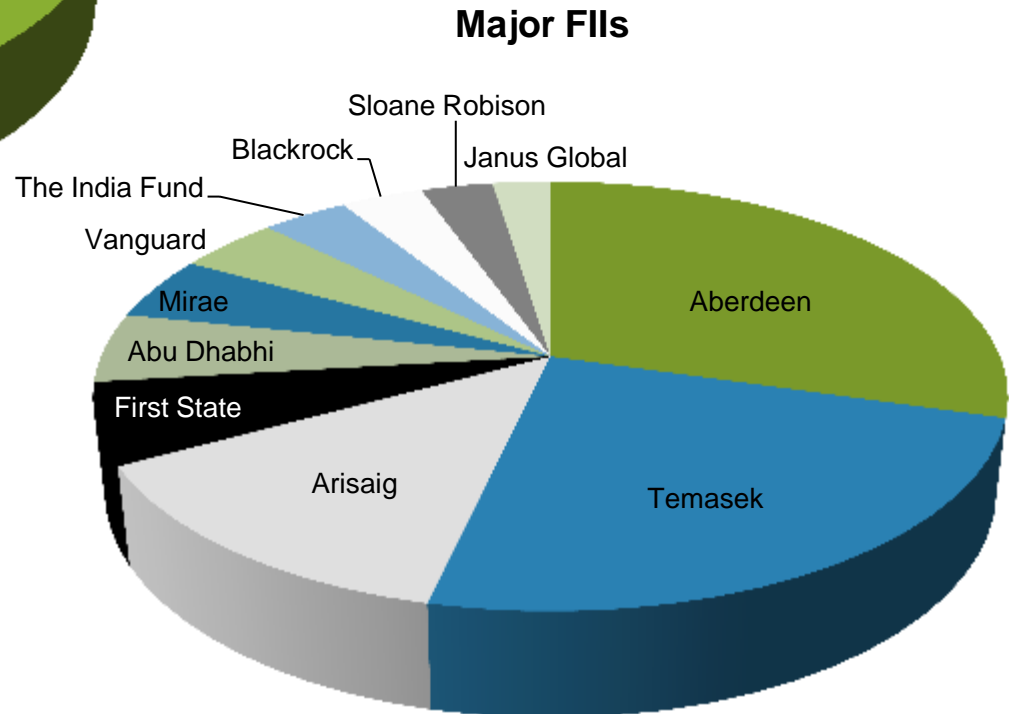
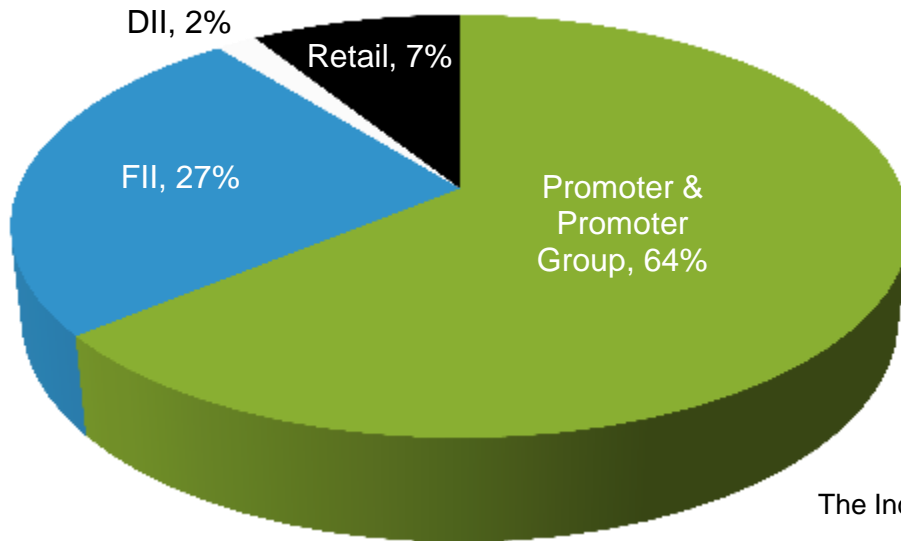
# WE CONTINUE TO FOCUS ON FOSTERING AN INSPIRING PLACE TO WORK

**GCPL ranked 1<sup>st</sup> in  
FMCG category in  
India**



# STOCKHOLDING PATTERN

Increase in FII's holding by ~ 2% v/s March 31, 2012



# SUMMARY: WE REMAIN LASER FOCUSED ON EXECUTING ON OUR KEY PRIORITIES

1. Core category leadership
2. International growth
3. Renovation and innovation
4. Future ready sales system
5. Best in class supply chain
6. Agility and professional entrepreneurialism

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