

# **GODREJ CONSUMER PRODUCTS LIMITED**

## **Q1FY14 PERFORMANCE UPDATE**



# PERFORMANCE UPDATE

EXECUTIVE SUMMARY : MAJOR HIGHLIGHTS

PERFORMANCE HIGHLIGHTS : CONSOLIDATED

BUSINESS OVERVIEW : INDIA

BUSINESS OVERVIEW : INTERNATIONAL

# STRONG SALES GROWTH MOMENTUM CONTINUES

Consolidated net sales grows 24%

- Consolidated business at constant currency grows 27%
- Consolidated organic business at constant currency grows 19%
- India business grows 19% with strong growth across core categories
- International organic business at constant currency grows 19%

Net profit w/o exceptional items and one time tax reversal grows 7%

- Q1FY14 had an exceptional gain of ₹ 2.2 cr arising from profit on sale of Simba brand (Indonesia food business)
- Q1FY13 had a positive one time tax reversal impact of ₹ 16.5 cr (₹ 8 cr after minority interest)

# CONTINUING MARKETING INVESTMENTS DRIVING ROBUST SALES GROWTH

Consolidated EBITDA *plus* Advertisement and Publicity grows 30%

- Advertisement and Publicity expenses up by 54%

Consolidated EBITDA margins at 13.1% mainly due to:

- Higher marketing investments (impact of 270 bps)
- Indonesia's food business P2P model (impact of 30 bps)
- Traditionally, a seasonally weaker quarter in terms of margins

# APPRECIATING USD RESULTED IN ADVERSE FOREX IMPACT

## India Business

- As on June 30, 2013 the net payables stood at US\$ 9.5 million. Net forex loss for the quarter is ₹ 5.4 cr

## Consolidated

- GCPL has adopted the notification issued by The ministry of corporate affairs on 29th December 2011, on amortization of forex impacts
- The total forex loss for the quarter, including mark to market impact at consolidated level aggregates to ₹ 15.4 cr
- GCPL has a forex committee that monitors all the exposures and takes calls on hedging the exposures

# PERFORMANCE UPDATE

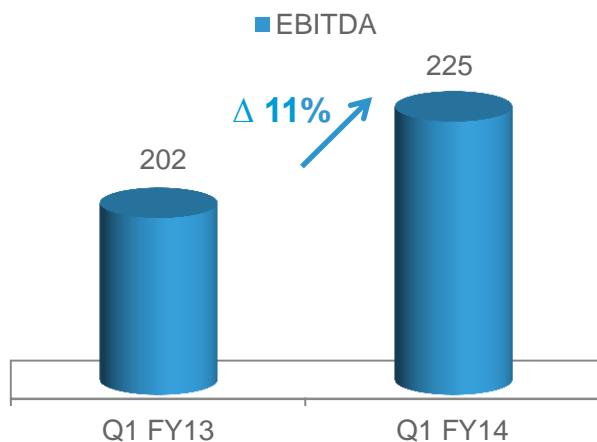
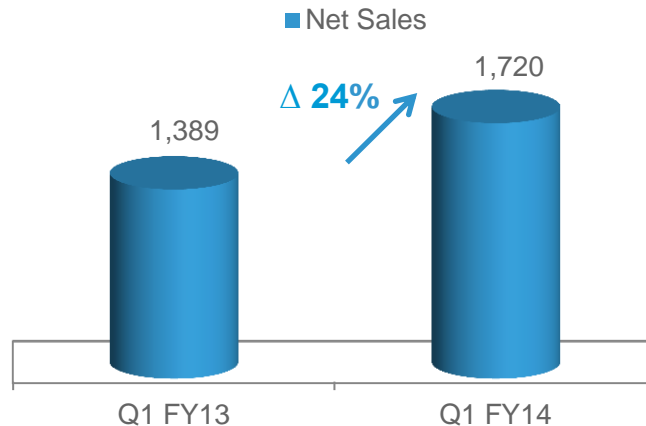
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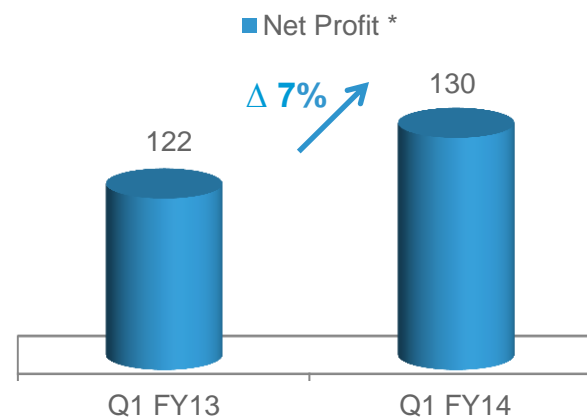
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# STRONG BUSINESS MOMENTUM CONTINUES



**EBITDA + A&P grows +30%**



\*Net profit w/o exceptional items and one time tax reversal  
All values ₹ cr

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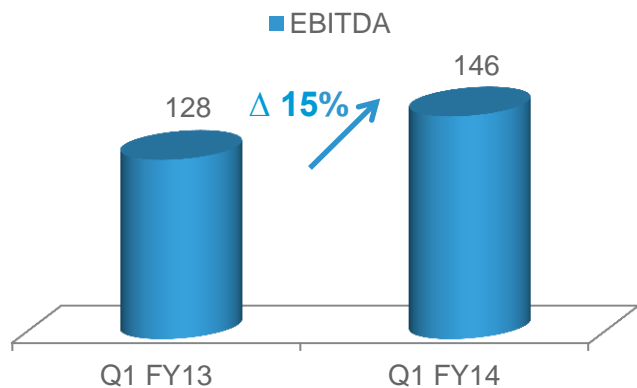
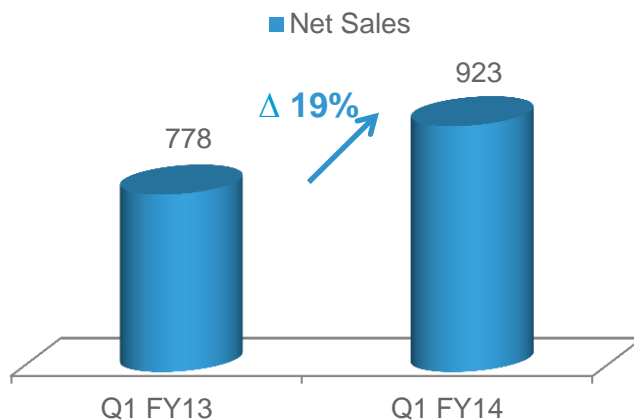
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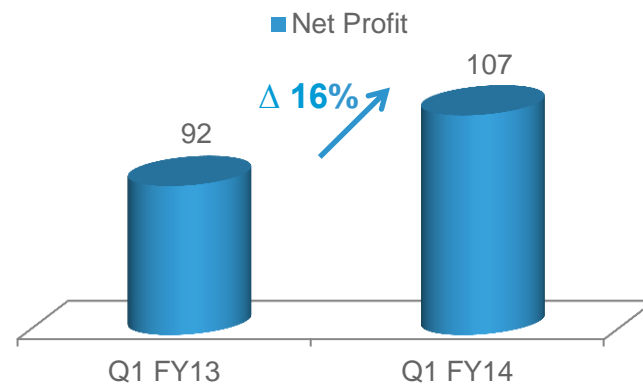
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# INTENSIFIED INNOVATION FOCUS DRIVING STRONG GROWTH

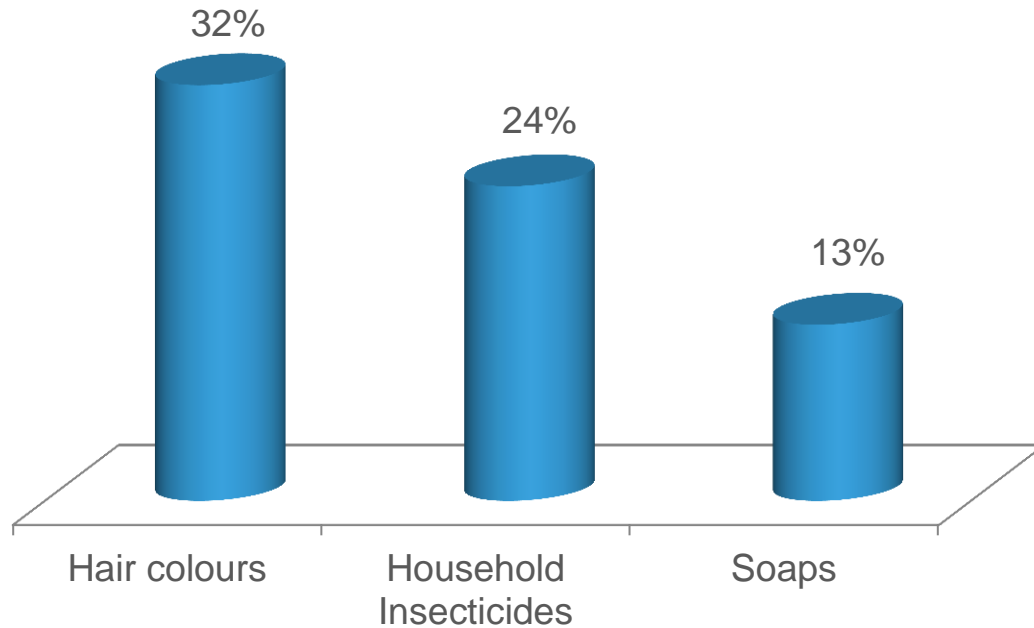


**EBITDA + A&P grows +37%**



# WE CONTINUE TO OUTPERFORM THE CATEGORY GROWTH

India business gross sales growth (%)



- India business sales growth driven by ahead of the category performance for all core categories
- Lower P2P sales impacted sales growth by ~150bps driven by expiry of third party contract manufacturing in shoe care and hair care business

# OUR INNOVATION PIPELINE CONTINUES TO REMAIN ROBUST



# HOUSEHOLD INSECTICIDES MAINTAIN HIGH GROWTH TRAJECTORY

- Value growth at 24%, again significantly outperforms the category
- Both the key brands HIT and Goodknight continue to gain share and strengthen market leadership position across all the three formats
- Our new innovation 'HIT Anti Roach GEL' has been a good success delivering ahead of the expectations



# SOAPS GROWTH CONTINUES TO OUTPERFORM

- Value growth at 13%; Volume growth at 7%. Both outperformed the category
- Godrej No. 1 is now the No. 3 brand by value and volume market share
- Varianting strategy continues to deliver well with recently launched Godrej No. 1 'Aloe Vera and White Lily' witnessing good traction
- Pricing growth continues to be aided by healthy growth in Cinthol and some carry over pricing growth in Godrej No.1
- Lower palm oil pricing is helping overall gross margin expansion though rupee depreciation poses a challenge going forward



# HAIR COLOURS HAVE SEEN A SHARP TURNAROUND

- Value growth at 32% much ahead of the category growth
- Godrej expert rich crème hair colour continues to do well
- Godrej expert advanced powder hair colour also witnessed uptick in growth rates aided by new communication campaign
- Continued media investments behind both crème and advanced





# WE HAVE BEEN RUNNING SOME INNOVATIVE CAMPAIGNS ACROSS MEDIA PLATFORMS FOR NEW PRODUCTS



**HIT**

# DON'T KILL COCKROACHES.

Let cockroaches kill other cockroaches with the new HIT Anti roach gel. It attracts and kills even the hidden ones. Other cockroaches come in contact with the dead ones, get infected & die, thereby, eradicating the entire nest.

**EFFECT LASTS UPTO 45 DAYS**

**NEW HIT ANTI ROACH GEL**

**AAYENGE, KHAYENGE, JADD SE MAR JAYENGE.**

CLICK TO KILL COCKROACHES :

1. Hold the injector as shown.
2. Click once to use.
3. With one click, one dose comes out.
4. Apply gel at 5-10 cm interval.
5. Gel attracts cockroaches. After ingesting, cockroaches die in few hours.
6. Infected cockroaches infect and kill other cockroaches, thus eliminating the nest.



[https://www.facebook.com/godrejcinthol?hc\\_location=timeline](https://www.facebook.com/godrejcinthol?hc_location=timeline)

**Cinthol**

**CINTHOL ALIVE IS AWESOME**

## #CHALLENGEVIRAT

**Cinthol**  
440,062 likes · 2,621 talking about this

Like Message

Product/Service  
Alive Is Awesome. Welcome to the official Cinthol Facebook page.

YouTube

440k

We had aggressive brand campaign on Cinthol Deodorant which is driving rub off impact on the entire Cinthol platform

# AER CONTINUES TO BE ON A STRONG FOOTING

Presenting Godrej **aer**  
musk.after.smoke.



New air freshener product targeting smokers



# CONSUMER TRUST IN GODREJ BRANDS REMAINS STRONG

HIT has been voted as the most trusted brand for consecutively third year in a row by Reader's Digest



# PERFORMANCE UPDATE

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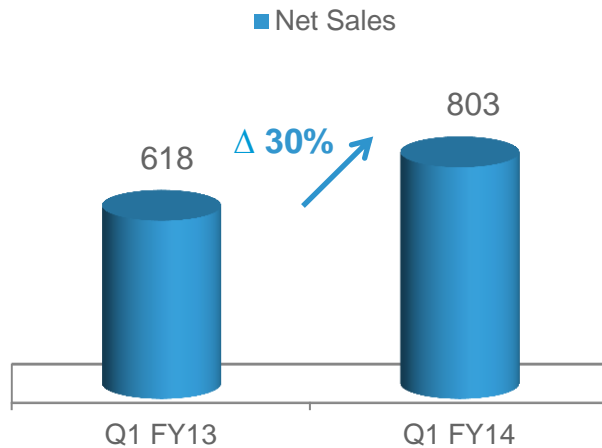
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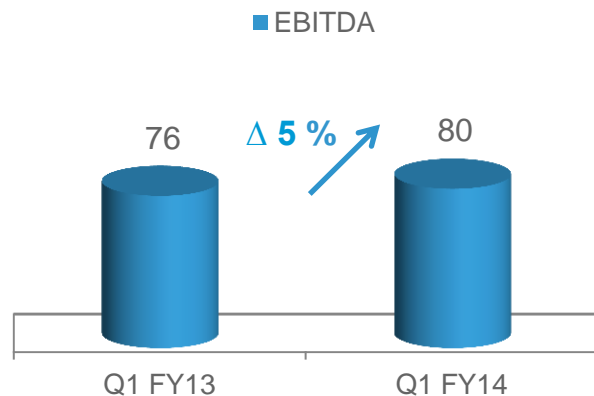
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# STRONG GROWTH MOMENTUM MAINTAINED



Net sales growth continued its strong trend registering more than 30%

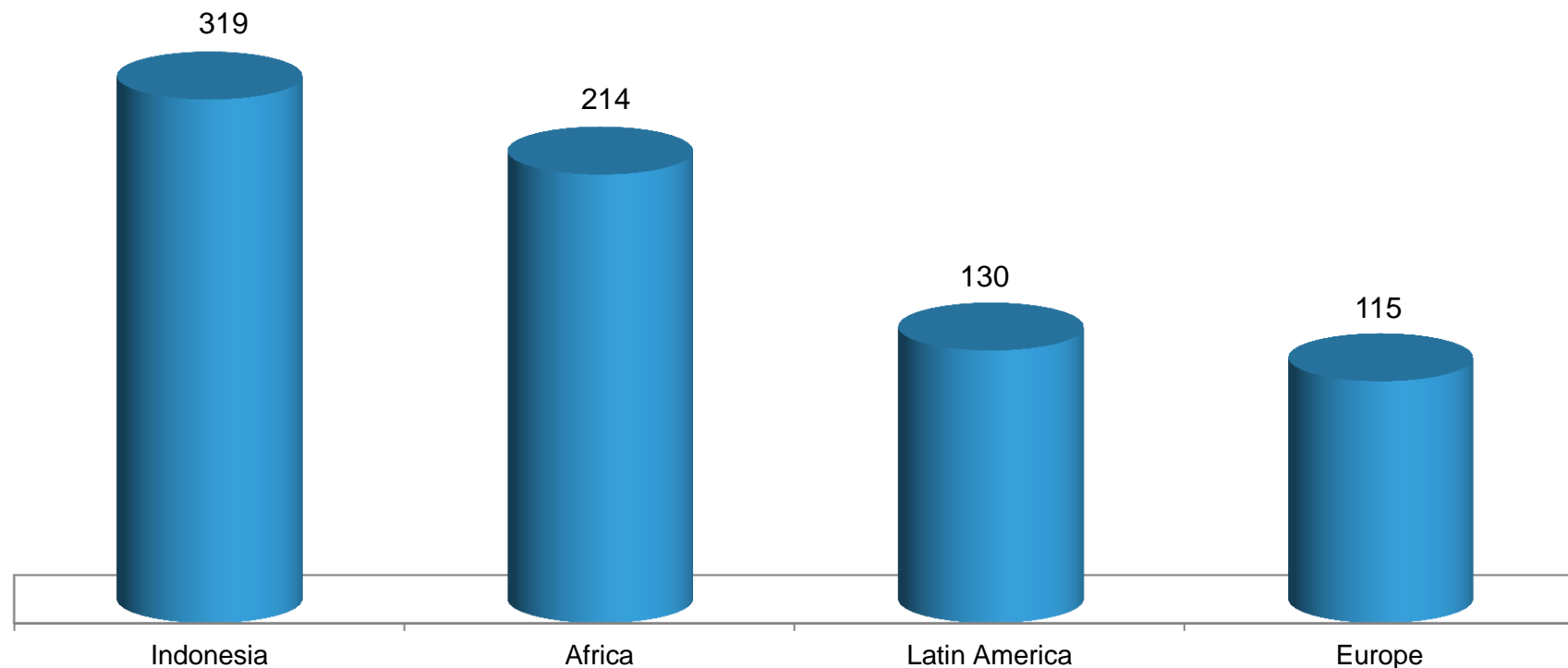
Sales growth adversely impacted by depreciation of the South African Rand, Argentine Peso and Indonesian Rupiah



EBITDA margins at 9.9% (vs. 12.3% in Q1FY13) driven by:

- Indonesia's foods business P2P model
- Time lag in price hikes in response to ~58% wage hike in Indonesia

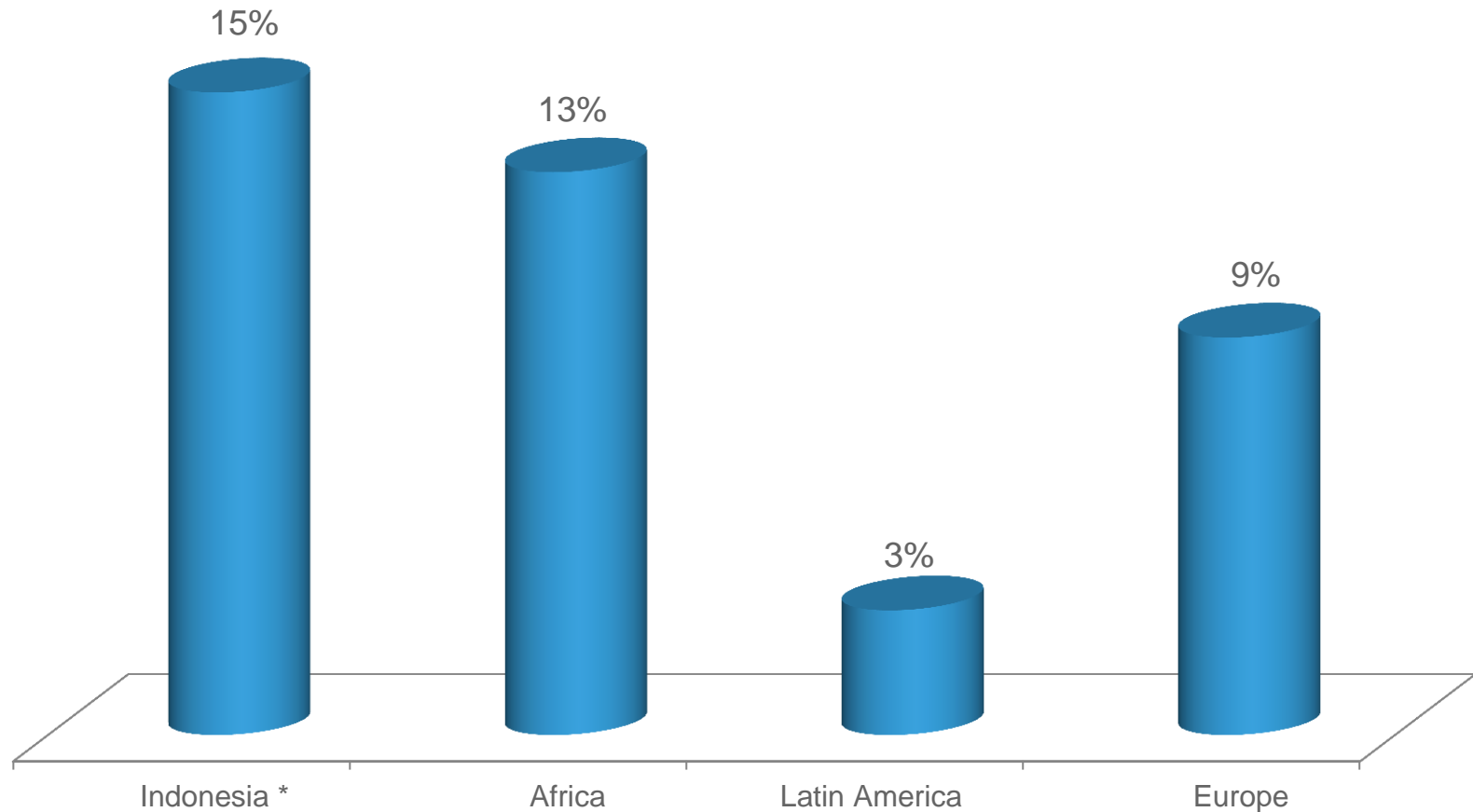
# STRONG SALES GROWTH ACROSS KEY GEOGRAPHIES



Net Sales Growth (%)

Constant currency	+ 21	+ 58	+ 31	+ 59
Exchange	(4)	(9)	(10)	-
YOY Reported	+ 17	+ 49	+ 21	+ 59

# EBITDA MARGINS WITNESS IMPACT FROM HIGHER EMPLOYEE COSTS AND MARKETING INVESTMENTS



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YoY change	(260) bps	(570) bps	540 bps	(340) bps
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# INDONESIAN BUSINESS CONTINUES ON A STRONG TRAJECTORY

- Sales growth led by
  - Continuous marketing investments
  - New product launches
  - Distribution expansion
- New HIT campaign driving share gains
- Healthy response to new product launches under Mitu brand
- New product launches under Stella driving market share gains



# SHORT TERM MARGIN IMPACT FOR INDONESIA BUSINESS

- Contract manufacturing for divested foods business at break even margins
  - As a result, while sales from that business is recorded as earlier, EBITDA contribution is zero leading to lower margins.
  - Impact on EBITDA margins by ~140 bps
- As per government regulation on minimum wage increase, there has been ~58% hike in workers' wages
  - Price hikes have been taken to absorb these cost increases, however this will take full effect from Q2FY14
  - In the long term, we see volume growth gains due to higher consumption

# SCALE UP OF AFRICA BUSINESS CONTINUES

- Business presence in South Africa, Mozambique, Nigeria and Kenya across hair extensions, hair colours, household insecticides and personal wash category
- Wet hair care products such as braiding cream, hair creams, hair nourishers launched in Kenya
- New COOs hired in Nigeria and South Africa to succeed leadership of Darling businesses in respective countries
- Open market and modern trade activations continue for Goodknight Aerosols in Nigeria





# AFRICA MARGINS RECOVERING TO NORMATIVE LEVELS

- East Africa continues strong momentum on topline and margins
  - Focus on extending Darling brand to other personal care categories
- Consumer sentiment and consumption on the uptrend in Nigeria
  - Direct selling through tricycles extended to 3 states
- Early signs of consumer down trading witnessed in Southern Africa
  - South African Rand depreciation by 15% against USD also impacting gross margins
- Kinky continues to witness store rationalization and consolidation - 11 stores shut down on y/y basis

# LATAM BUSINESS HOLDING UP DESPITE AGGRESSIVE COMPETITION

- Sales growth led by
  - Continuous marketing investments
  - New product launches
  - Chile consolidation
- Margins were impacted by Argentine Peso depreciation, pricing cuts in response to competitive actions
- Maintaining market share across categories despite aggressive competition
- Launched Issue Keratin Split End Treatment and Issue 3D gloss instant gloss treatment.



# UK CONTINUES TO OUTPERFORM

- Healthy growth rates aided by very strong organic growth and Soft and Gentle integration
- Good summer season positively impacting sales growth
- Active media and trade investments in Soft and Gentle brand to boost up the brand's equity



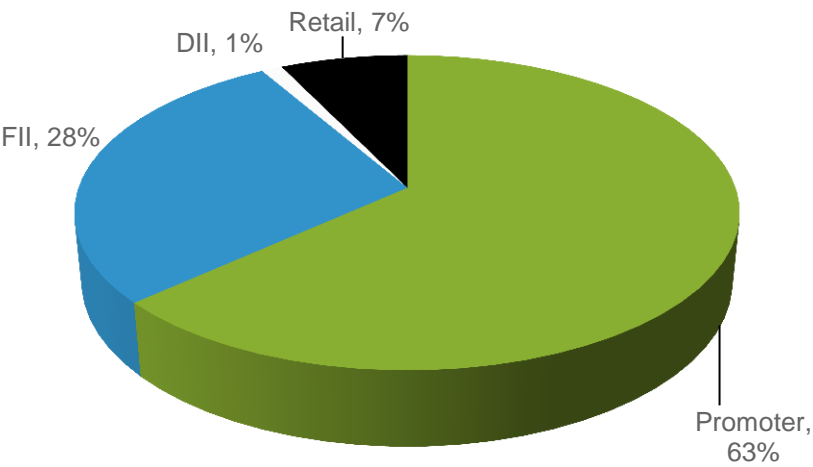
## OUR FOCUS ON TALENT IS GETTING RECOGNISED



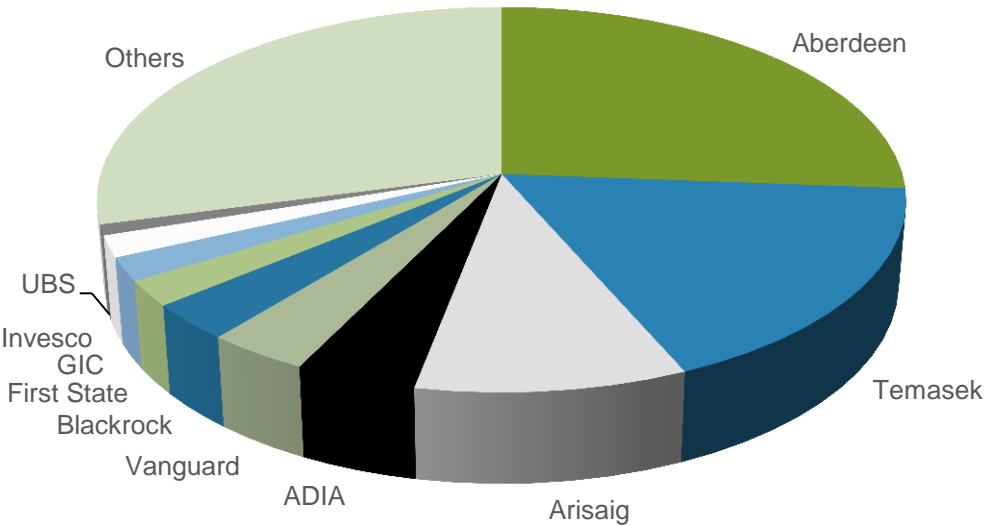
**GCPL ranked 11<sup>th</sup> in Great Place to Work  
survey by Economic Times and Great Place  
to Work Institute**

**We were ranked 1<sup>st</sup> in the FMCG category**

# STOCKHOLDING PATTERN



Major FII's



## WE REMAIN LASER FOCUSED ON EXECUTING OUR KEY PRIORITIES

- Extending leadership in our core categories
- Capitalizing on international growth potential
- Accelerating renovation and innovation
- Building a future ready sales system
- Making our supply chain best in class
- Building an agile and high performance culture

## CONTACT US @

P Ganesh

CFO

[p.ganesh@godrejcp.com](mailto:p.ganesh@godrejcp.com)

D +91 22 2519 4313

Sameer Shah

Associate Vice President - Finance & Investor Relations

[sa.shah@godrejcp.com](mailto:sa.shah@godrejcp.com)

D +91 22 2519 4467

for more details please visit :- <http://www.godrejcp.com>

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