### **GODREJ CONSUMER PRODUCTS LIMITED**

**1Q FY2016 - PERFORMANCE UPDATE** 

July 29, 2015



## PERFORMANCE UPDATE

**EXECUTIVE SUMMARY: MAJOR HIGHLIGHTS** 

**BUSINESS OVERVIEW: INDIA** 

**BUSINESS OVERVIEW: INTERNATIONAL** 

### **OVERALL 1Q FY16 FINANCIAL PERFORMANCE**

1Q FY2016			
Growth	Consolidated	India	International
Net Sales	11%	12%	11%
Net Sales – Organic*	10%	12%	8%
Net sales - Organic constant currency*	12%	12%	13%
EBITDA	30%	23%	40%
EBITDA – Organic*	29%	23%	37%
EBITDA – Organic constant currency*	32%	23%	44%
Net profit	39%	12%	176%
Net profit w/o exceptionals & one-offs	53%	30%	126%

<sup>\*</sup> Excludes Africa's inorganic sales of INR 27.4 crores and EBITDA of INR 3 crores for 1QFY16

### **EXCEPTIONAL AND ONE OFF ITEMS**

	1QFY16			1QFY15			
	Consolidated	India	International	Consolidated	India	International	
Reported	199.2	135.8	63.1	143.4	120.8	22.6	
Exceptional (post tax)							
Add: Restructuring Cost in Argentina and Darling Nigeria	10.4		10.4	18.7		18.7	
Less: ESOP income in India				6.9	6.9		
One off other Income (post tax)							
Less: Land Sales in Indonesia				7.7		7.7	
Less: Plant Sales in Darling Nigeria				1.0		1.0	
Less: ESOP income in India				9.1	9.1		
Net Profit w/o exceptional and one off	209.6	135.8	73.5	137.4	104.8	32.6	

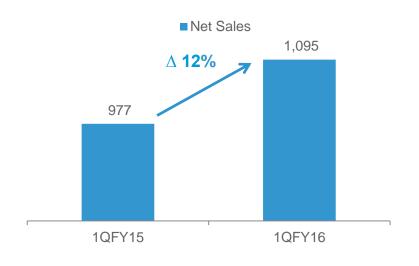
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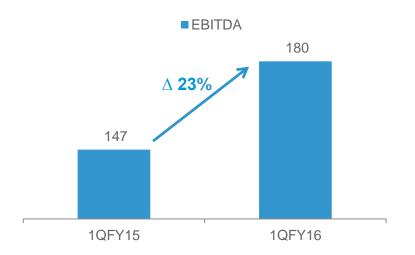
**BUSINESS OVERVIEW: INDIA** 

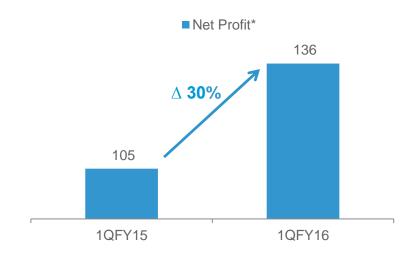
**BUSINESS OVERVIEW: INTERNATIONAL** 

#### STRONG VOLUME LED SALES AND PROFIT GROWTH IN INDIA



Branded business net sales growth of 13% driven by robust volume growth of 13%





All values in INR crore
\* Net profit w/o exceptionals and one offs

### STRONG VOLUME LED AHEAD OF MARKET GROWTH

India business	Sales (INR crs)	Growth y-y
Household Insecticides	442	15%
Soaps	468	13%
Hair Colours	156	12%
Other Brands	56	14%
Total Branded Gross Sales (A)	1,122	14%
Total Branded (Volume)	-	13%
Excise duty on Branded Sales	73	23%
Total Branded Net Sales	1,049	13%
Total Unbranded & Export Gross Sales (B)	47	(11%)
Total Gross Sales (C = A+B)	1,169	13%
Excise Duty (D)	75	22%
Total Net Sales (E = C-D)	1,095	12%

# HOUSEHOLD INSECTICIDES CONTINUES TO DELIVER STRONG GROWTH

- Strong double-digit volume driven sales growth of 15% aided by success of new launches and deepening penetration
- Innovation and superior execution drives consistent market share gains across formats with highest ever overall market share
- Lower crude oil prices aid expansion in gross margins





#### **CONSISTENT DOUBLE-DIGIT GROWTH IN HAIR COLOURS**

- Strong double-digit volume driven sales growth of 12%
- Godrej Expert Rich Crème continues to gain market share led by increasing penetration
- Launched Godrej Nupur Coconut Henna Crème to address demand from herbal based powder users and up trade existing hair colour users





#### An Oil based hair colour with Henna in a crème format



#### Sources of business

- Herbal based powder users (~1/4<sup>th</sup> of the market) where we currently have no play
- Non users who will be attracted by the naturals platform and convenience together
- Up trades from henna and non-herbal powders and crème users

#### SOAPS SUSTAINS HEALTHY MOMENTUM

- Strong double-digit volume growth and mix driven sales growth of 13%
- Cinthol's strategy of focusing on functional benefits in the premium segment supported by 360 degree activations delivering encouraging results
- Positive momentum continuing in Godrej No. 1 led by re-launch and new positioning as "India's No.1 purest soap"
- Lower palm oil prices continue to boost gross margins





### PREMIUMISING OUR PORTFOLIO

















# WE ARE THE HIGHEST RANKED INDIAN COMPANY IN FORBES' THE WORLD'S 100 MOST INNOVATIVE GROWTH COMPANIES 2015



Forbes's The World's 100 Most Innovative Growth Companies 2015 We ranked #24, with an innovation premium of 65%

We were ranked #31 in 2014

In both years, we have been the highest ranked Indian company on the list





















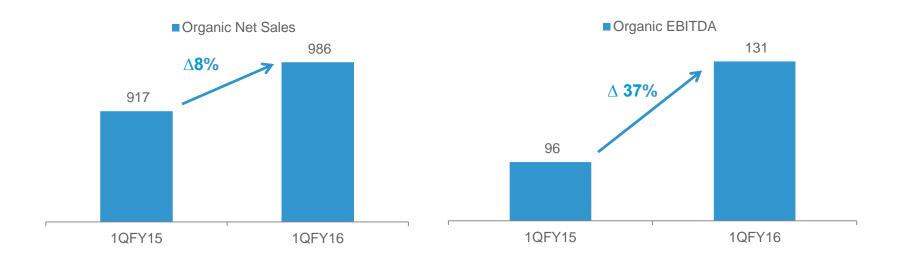
## PERFORMANCE UPDATE

**EXECUTIVE SUMMARY: MAJOR HIGHLIGHTS** 

**BUSINESS OVERVIEW: INDIA** 

**BUSINESS OVERVIEW: INTERNATIONAL** 

#### CONSISTENT DOUBLE-DIGIT CONSTANT CURRENCY GROWTH



- Strong organic constant currency sales growth of 13% driven by robust performance in Africa and Latin America
- Organic EBITDA margins of 13% expands 290bps y-y led by significant margin improvements in Indonesia and Latin America

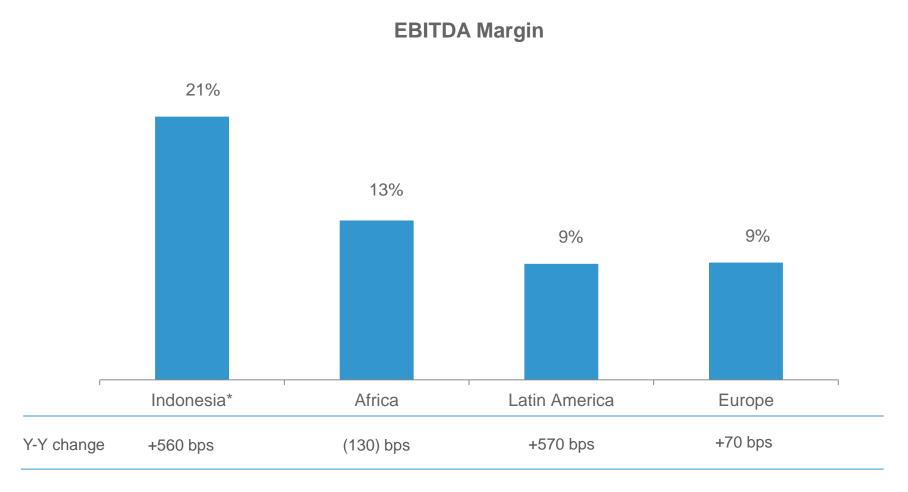
#### AFRICA AND LATAM DELIVER ROBUST SALES GROWTH

International business	Sales (INR crs) Growth y-y		Constant Currency Growth y-y	
Indonesia	353	1%	8%	
Indonesia (ex-Foods)	-	-	13%	
Africa*	314	26%	32%	
Latin America	156	23%	29%	
Europe	155	(6%)	(2%)	
Others**	35	31%	25%	
Total Net Sales	1,013	11%	16%	

<sup>\*</sup> Includes inorganic sales of INR 27.4 crores for 1QFY16

<sup>\*\*</sup> Others include Sri Lanka, Bangladesh and Middle East

#### STRONG MARGIN GAINS ACROSS MOST BUSINESSES



<sup>\*</sup>Including foods business in the base quarter and before payment of technical & business support fees

# INDONESIA OUTPERFORMING MARKET IN CHALLENGING OPERATING ENVIRONMENT

- Constant currency sales growth of 8% (ex-foods growth of 13%); well ahead of the FMCG industry growth in Indonesia
- FMCG industry growth was flat impacted by overall macro-economic slowdown in Indonesia
- Margin expands 560 bps y-y driven by lower crude oil prices and rationalisation of marketing and sales promotion investments
- Launched compact HIT aerosols





# AFRICA GROWTH DRIVEN BY CONSISTENT AND STRONG PERFORMANCE IN DARLING

- Business presence in East, West and South African countries across different categories such as hair extensions, hair colours, household insecticides and personal wash
- EBITDA margins decline 130 bps y-y impacted by planned lag between price increases and increase in input costs, led by continuing currency depreciation
- This planned lag has helped deliver strong constant currency sales growth of 40% in Darling business



# SUSTAINED STRONG SALES AND PROFITABILITY GROWTH MOMENTUM IN LATAM

- Strong sales growth of 29% driven by success of new launches and superior on ground execution
- Margins improve to 9% (highest ever 1Q margins); expansion of 570 bps y-y led mainly by the implementation of Project Iceberg and price increases
- Hair colour market share in Argentina increases behind robust performance of Issue while market share in Chile increases aided by successful launch of Illicit Ammonia Free Hair Colour



#### **WEAKNESS IN EUROPE BUSINESS**

- Constant currency sales de-grew by 2%, due to the impact of adverse weather for most part of the quarter
- EBITDA margins improved 70 bps led by mix and rationalisation of spends
- Working on listing of our products in more modern trade outlets and new product launches / relaunches to accelerate our medium to long term growth



### **1Q FY2016 REPORTED PERFORMANCE SNAPSHOT**

	India			Consolidated			
	1Q FY15	1Q FY16	Y/Y	1Q FY15	1Q FY16	Y/Y	
Sales	977	1,095	12%	1,886	2,095	11%	
Gross Profit	509	640	26%	991	1,180	19%	
Gross Margin (%)	52.0%	58.4%	640 bps	52.6%	56.3%	380 bps	
EBITDA	147	180	23%	242	315	30%	
EBITDA Margin (%)	15.0%	16.5%	150 bps	12.8%	15.0%	220 bps	
Net Profit	121	136	12%	143	199	39%	
Net Profit Margin (%)	12.4%	12.4%	-	7.6%	9.5%	190 bps	

# WE HAVE BEEN CONSISTENTLY RECOGNISED AS A GREAT PLACE TO WORK



Recognised among the top 25 workplaces in Asia



#1 in FMCG

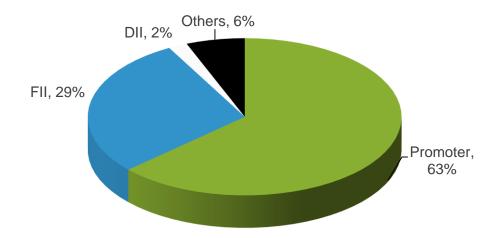
#6 overall

12<sup>th</sup> year in a row on the list

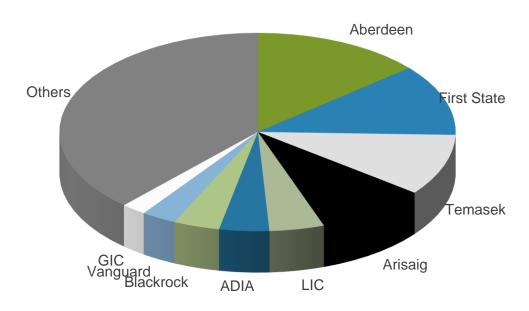


Ranked among the best employers in India in 2015

### STOCKHOLDING PATTERN



#### **MAJOR INVESTORS**



As on June 30, 2015

# WE REMAIN LASER FOCUSED ON EXECUTING OUR KEY PRIORITIES

- Extending leadership in our core categories
- Capitalising on international growth potential
- Accelerating innovation and renovation
- Building a future ready sales system
- Making our supply chain best in class
- Building an agile and high performance culture
- Re-enforcing our commitment to Godrej Good & Green

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THANK YOU FOR YOUR TIME AND CONSIDERATION