

Performance Update - 4Q FY20

May 13, 2020



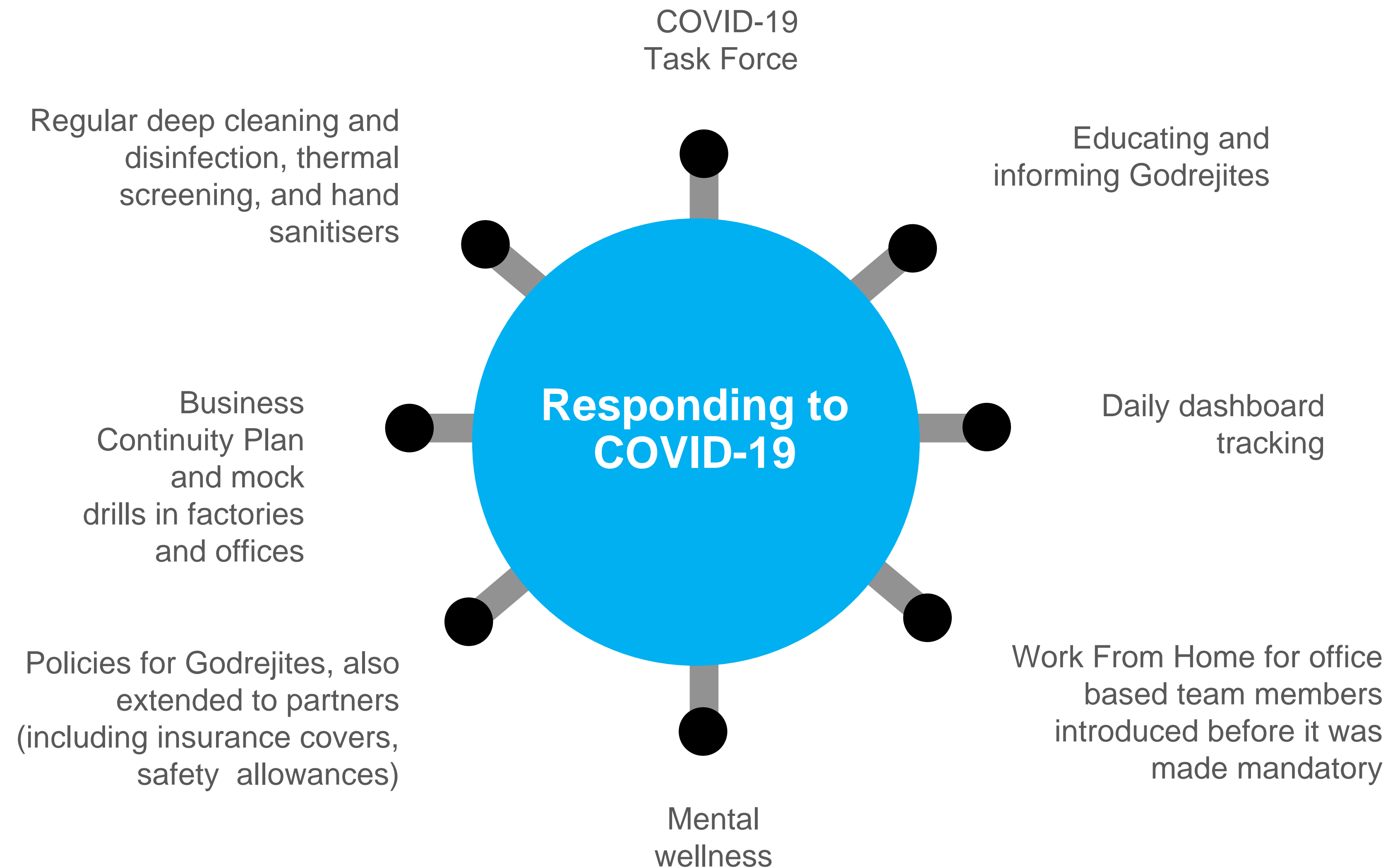
PERFORMANCE UPDATE

- 1 *Current Business Update*
- 2 Executive Summary - Key Highlights
- 3 Business Overview – India
- 4 Business Overview – International
- 5 Appendix

SNAPSHOT ON OPERATIONS ACROSS CLUSTERS



ADOPTING SAFETY FIRST PRINCIPLE – HEALTH MEASURES ACROSS CLUSTERS



ADOPTING SAFETY FIRST PRINCIPLE – HEALTH MEASURES ACROSS CLUSTERS



COMMUNITY SERVICE

GODREJ GROUP EARMARKS INR 50 CRORE



- Godrej Group earmarks an initial INR 50 crore fund to support relief efforts in India
- Will extend support to communities across other countries of operation

SUPPLY OF ESSENTIALS



- Distribution of food packets to contract workers in factory
- Free distribution of 5kg flour to workers at Zambia

SPREADING AWARENESS



- Project EMBED teams partnering with local health & family welfare bodies to spread awareness about COVID-19, along with educating about vector borne disease

COMMUNITY SERVICE

MASK PRODUCTION



- Pivoting in our factories across multiple countries in Africa

REDUCTION IN HAND SANITISER PRICE AND PAUSE IN SOAPS PRICE HIKE



- In public interest and in line with government regulations, we have reduced the price of our Godrej protekt sanitiser (50 ml bottle) **from Rs. 75/- to Rs. 25/-**
- Despite the rise in input cost by 30 per cent, the company has decided not to increase soap prices due to the coronavirus crisis

INSURANCE COVERAGE

Godrej provides medical cover to 4,000 'extended' people



SPECIAL CORRESPONDENT

MUMBAI , APRIL 29, 2020 22:32 IST
UPDATED: APRIL 29, 2020 22:32 IST

SHARE ARTICLE | [f](#) | [t](#) | [r](#) | [w](#) | [e](#) | 0 | [PRINT](#) | [A](#) | [A](#) | [A](#)

Godrej Consumer Products Ltd. (GCPL) has provided medical insurance cover for over 4,000 'extended' people who are a part of its supply and distribution chain in India.

The medical insurance covers personnel on channel partners' payrolls or contracted by them to ensure smooth business operations for GCPL, the company said in a statement.

"For medical hospitalisation or treatment of COVID-19, each employee is entitled to cashless treatment or reimbursement of medical expenses up to ₹50,000. This is a pioneering industry-first initiative taken by a corporate to cover such a large number of personnel," the company said.

- Provided medial insurance cover for over 4,000 people who are not on our payroll but are part of our larger operating eco-system

#EMERGESTRONGER PLAYBOOK

Created a playbook on three pillars of 'Restart', 'Recover/bounce back' and 'Retool for a new normal'

RESTART

- Safeguard lives and livelihoods:
 - Employers, distributors and partners and larger community
- Manage cost while driving growths:
 - Review spends on capex
 - Cap controllable costs
 - Drive higher productivity in costs driving growths
 - Focus on working capital
- Continue to reduce supply bottlenecks to meet demand

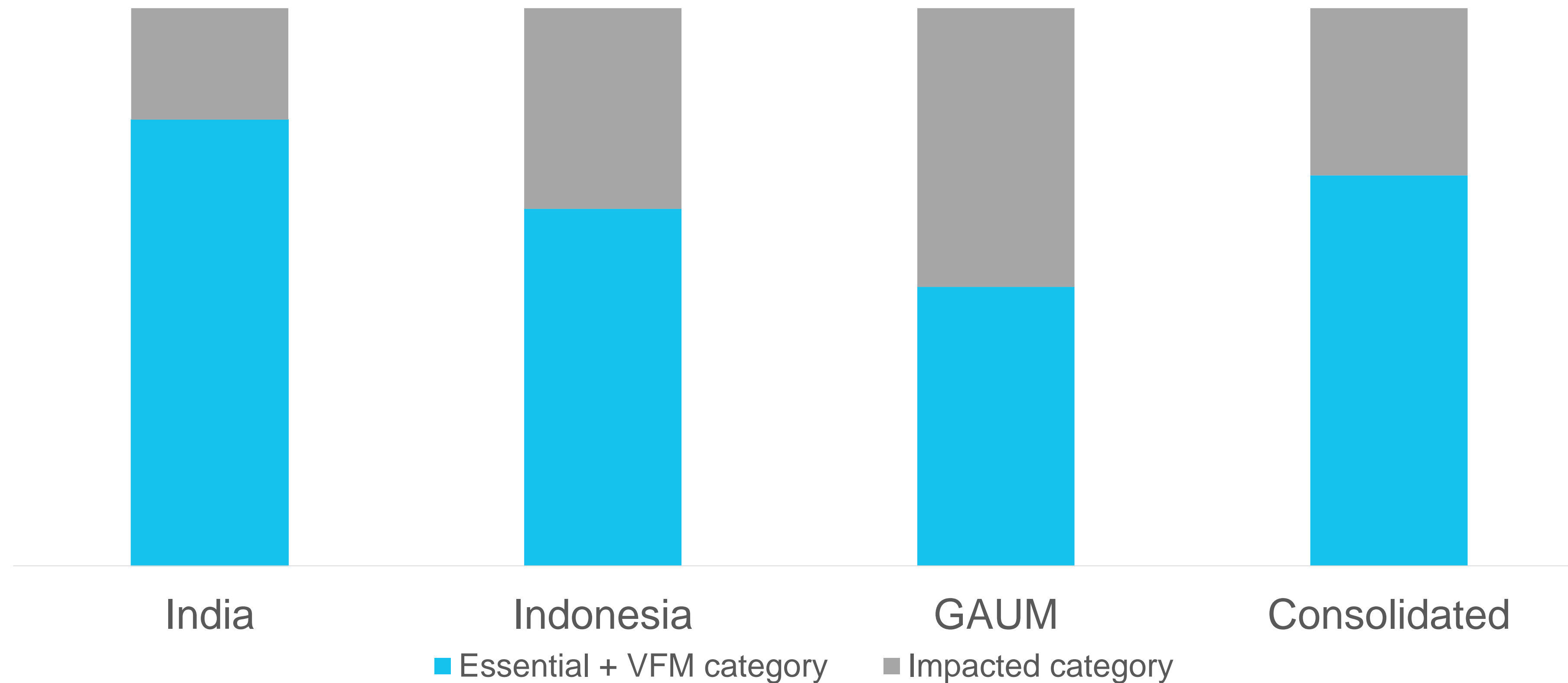
BOUNCE BACK

- Drive core and new category innovations, channel opportunities and pivot innovative advertising models
- Focus on market share gains
- Ramp up agile and adaptable supply chain and new safety norms
- Continue rapid innovation in ways of working and technology

RETOOL

- Changing consumer behaviour
- Channel shifts and e-commerce explosion
- Resilient and flexible supply chain
- More agile culture
- Prioritise digitalization

PORTFOLIO WELL PLACED TO DRIVE GROWTHS EVEN IN THE CURRENT ENVIRONMENT



HYGIENE CATEGORY COULD BE THE NEW HOUSEHOLD INSECTICIDE CATEGORY

India



Expect full range of health & hygiene to get launched in near future

Indonesia



Argentina



Chile



Kenya, SA and US



THE YEAR OF HOUSEHOLD INSECTICIDE RESURGENCE

- Our portfolio and brand equity have never been this stronger
- Play and win the full Household Insecticide opportunity in India and Indonesia – burning, electrics, personal and non-mosquito portfolio
- Drive significant competitive advantage from troubled illegal incense sticks players in India. Gain shares and shift consumers to other burning and electrics format
- Drive growths by building on medium term opportunities and change in consumer buying behavior



PERFORMANCE UPDATE

- 1 Current Business Update
- 2 *Executive Summary - Key Highlights*
- 3 Business Overview – India
- 4 Business Overview – International
- 5 Appendix

4QFY20 FINANCIAL PERFORMANCE

Growth y-y	Consolidated Business	India Business	International Business
Net Sales – Reported	(12%)	(18%)	(5%)
Volume		(15%)	
Net Sales – Constant Currency	(11%)	(18%)	(2%)
EBITDA	(18%)	(23%)	(6%)
EBITDA – Constant Currency	(15%)	(23%)	Flat
Net Profit – Reported	(75%)	(73%)	(134%)
Net Profit without exceptional items & one-offs	(20%)	(25%)	(4%)

EXCEPTIONALS AND ONE-OFFS – 4QFY20

	4QFY20			4QFY19		
	Consolidated	India	International	Consolidated	India	International
Net Profit - Reported	230	240	(10)	935	907	28
<i>Exceptional (post tax):</i>						
Restructuring cost in LAT AM & GAUM	3	-	3	9	-	9
Escrow release, forex impact on gains from divestment of Europe business and reversal of excess provision relating to divestment of Europe business	(0.3)	-	(0.3)	(1)	-	(1)
Foreign currency led revaluation of pay out liability (US)	-	-	-	(2)	-	(2)
Deferred Tax – Change in maximum marginal tax rate in India and Indonesia	13	(18)	32	-	-	-
MAT credit entitlement in India	-	-	-	(610)	(610)	-
Brand and goodwill impairment in GAUM and LATAM	70	-	70	-	-	-
Deferred tax reversal in GAUM	-	-	-	64	-	64
Net Profit without exceptional and one-off items	316	222	95	396	297	99

BRIDGE BETWEEN REPORTED TO OPERATING EBITDA

	India	International	Indonesia	GAUM	Others
4QFY20 Reported EBITDA Margin	27.9%	16.3%	32.8%	3.4%	7.8%
Business support charges, Royalty & Technical fees (₹ crore)	(3.6)	3.6	1.5	1.9	0.3
4QFY20 Adjusted EBITDA Margin	27.6%	16.6%	33.1%	3.8%	8.0%
4QFY19 Adjusted EBITDA Margin	29.5%	16.9%	31.0%	10.5%	1.3%
Change in EBITDA Margin (bps)	(190)	(30)	210	(670)	670

KEY BALANCE SHEET DATA

Particulars	Units	March 31, 2020	March 31, 2019
Working Capital ex-Cash*	₹ crore	286	272
Working Capital*	Days	11	10
Cash & Equivalents	₹ crore	1,407	1,376
Debt denominated in INR	₹ crore	317	-
Debt denominated in USD	₹ crore	3,035 (USD 402 m)	3,160 (USD 455 m)
Debt denominated in other currencies	₹ crore	189	222
Total Debt	₹ crore	3,541	3,382
Other Financial Liabilities	₹ crore	390	460
Shareholder's Equity	₹ crore	7,898	7,267
Capital Employed*	₹ crore	11,104	10,405
Net Debt / Equity	x	0.32	0.34
ROE*	%	19.7%	22.5%
ROCE*	%	18.5%	19.8%
Operating ROCE*	%	64.8%	68.9%

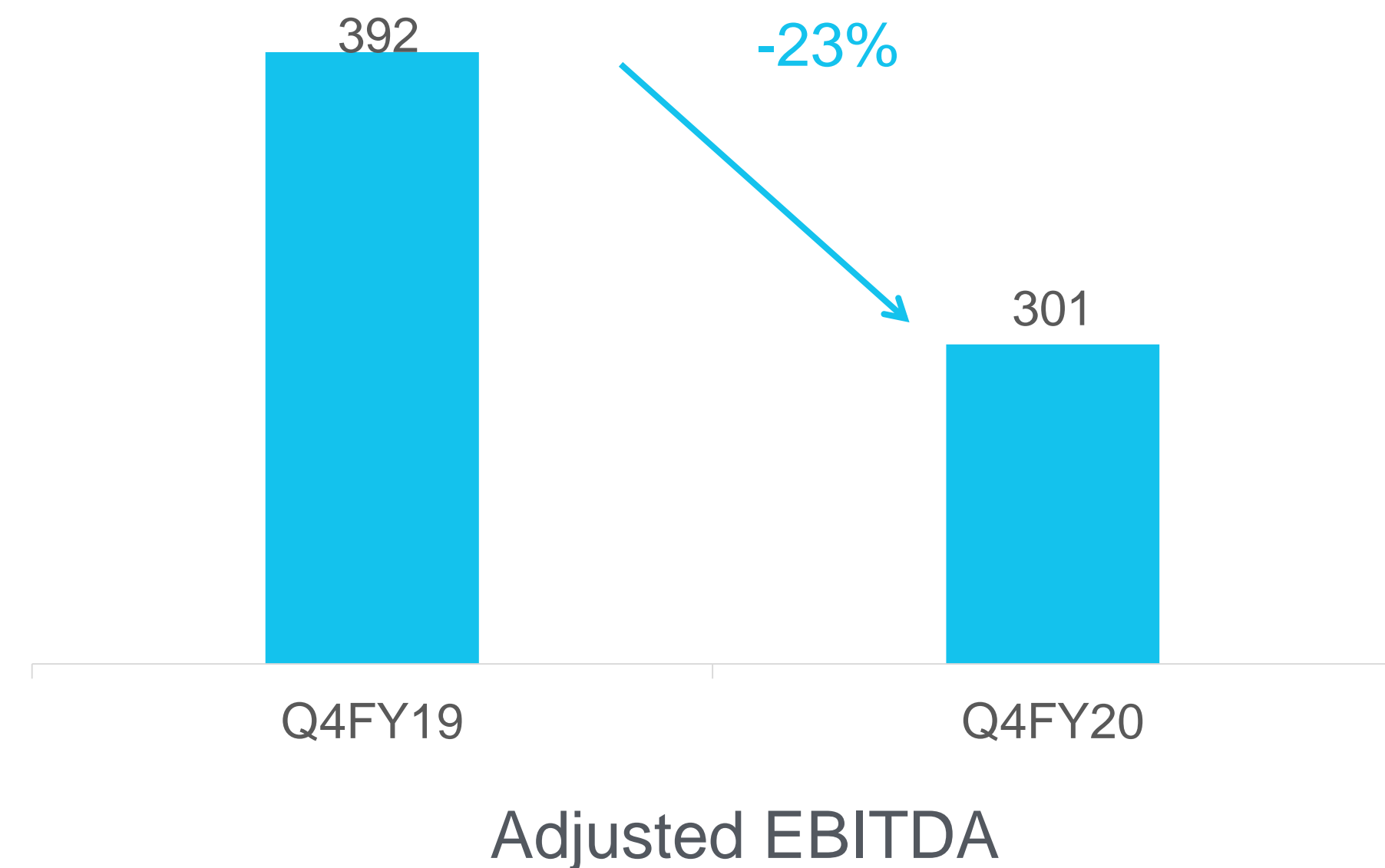
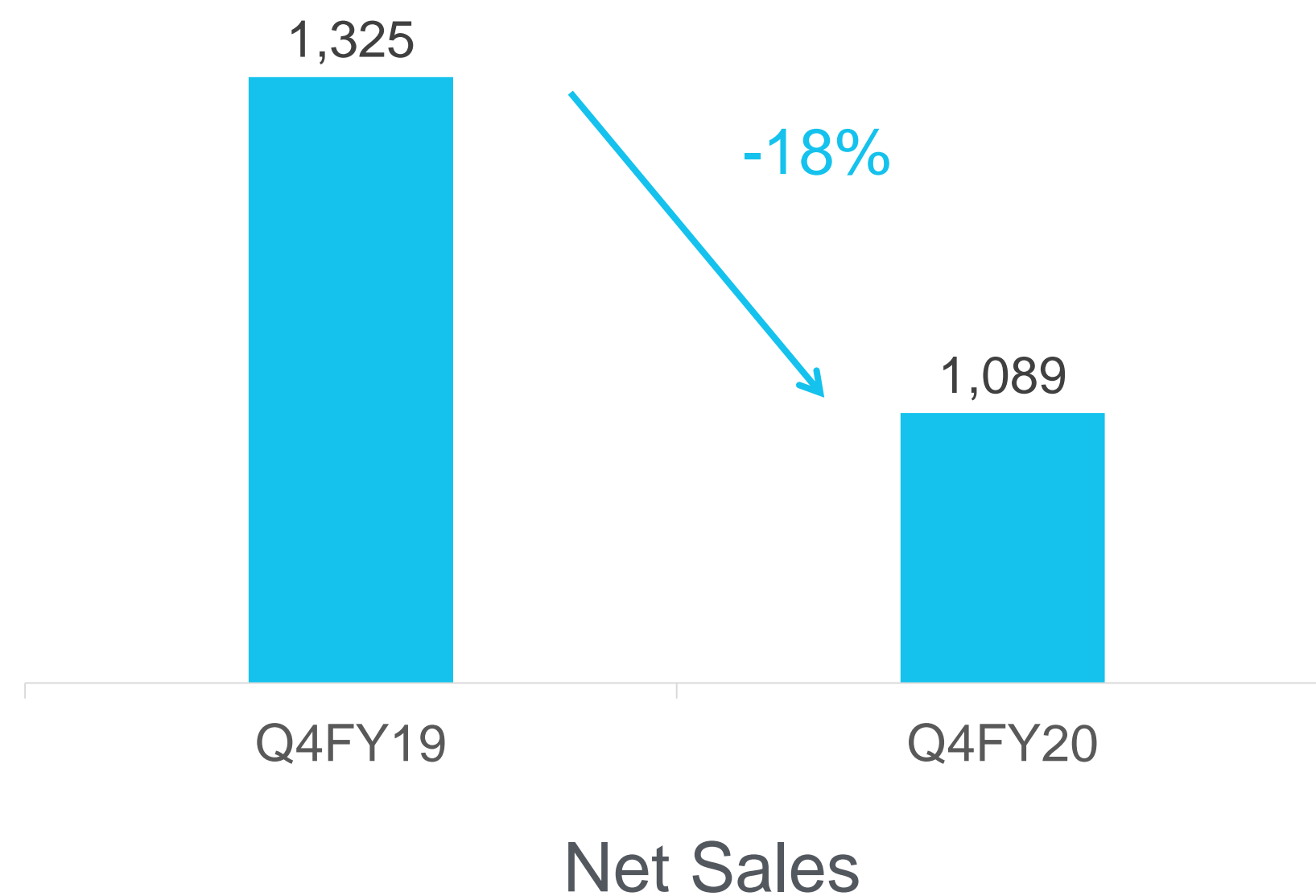
* Excluding MAT credit entitlement, one time deferred tax and other one time exceptions

PERFORMANCE UPDATE

- 1 Current Business Update
- 2 Executive Summary - Key Highlights
- 3 *Business Overview – India*
- 4 Business Overview – International
- 5 Appendix

GAINING MARKET SHARES IN OTHERWISE WEAK PERFORMANCE

- Steady demand till the outbreak of COVID-19. Complete pause on sales due to disruption of both back end and front end supply chain in the last fortnight of March 20, resulting in sales decline of 18% (Volume decline of 15%)
- Secondary sales decline of 11%, implying depletion of stock levels with channel partners
- Continue to gain market share across Soaps, Hair Colour and Household Insecticides
- New product launches scaling up well (Godrej Expert Easy 5minute shampoo Hair Colour, Good Knight Gold Flash Liquid Vapouriser and Good Knight Naturals Neem Agarbatti)
- EBITDA margins at 27.6%



GAINING MARKET SHARES IN OTHERWISE WEAK PERFORMANCE

India Business	Sales ₹ crore	Growth year-on-year
Household Insecticides	463	(16)%
Soaps	313	(23)%
Hair Colours	131	(23)%
Other Categories	169	(7)%
Unbranded and Exports	84	(18)%
Total	1,159	(18)%
Sales and trade promotion spends, etc. to be netted off from Sales as per Ind AS	70	(21)%
Sales	1,089	(18)%
Volume Growth		(15)%

MARKET SHARE GAINS IN SOAP CONTINUES

- Sales decline of 23% accelerated due to loss of sales in the last fortnight of March 20 due to COVID-19 outbreak; usually high growth period with the onset of summer season
- Continue to gain market shares (60 bps gain in value and 100 bps gain in volume share in 4QFY20)
- Continued focus on micro marketing initiatives for scaling up growth
- Launched Protekt Health Soap
- Prioritization of health & hygiene categories to drive future growth



CINTHOL BRAND EQUITY TO BE LEVEREGED TO EXPAND FURTHER INTO HEALTH & HYGIENE

All Cinthol soaps to have a
'99.9% germ protection' ticker



Cinthol Health+ range



Health+ Handwash



MARKET SHARE GAIN IN HOUSEHOLD INSECTICIDE CONTINUES

- Sales decline of 16% accelerated due to loss of sales in later part of March, which marks the onset of high mosquito infestation in North India
- Continue to gain market shares in overall category including incense sticks (90 bps gain in value share in 4QFY20)
- Good Knight Gold Flash Liquid Vapourizer has been scaled up nationally following encouraging response in South India



GAINING MARKET SHARES IN HAIR COLOURS TOO

- Growths impacted by general slowdown in hair colour category due its discretionary nature and consumers stretching consumption
- Gaining market share in Hair Colours over last few months
- Godrej Expert Rich Crème clocks its highest ever value market share
- Godrej Expert Easy 5minute shampoo Hair Colour performing well in Southern states and has been scaled up nationally



INTRODUCED GOODNESS.ME - A RANGE OF CERTIFIED ORGANIC PRODUCTS FOR BABY

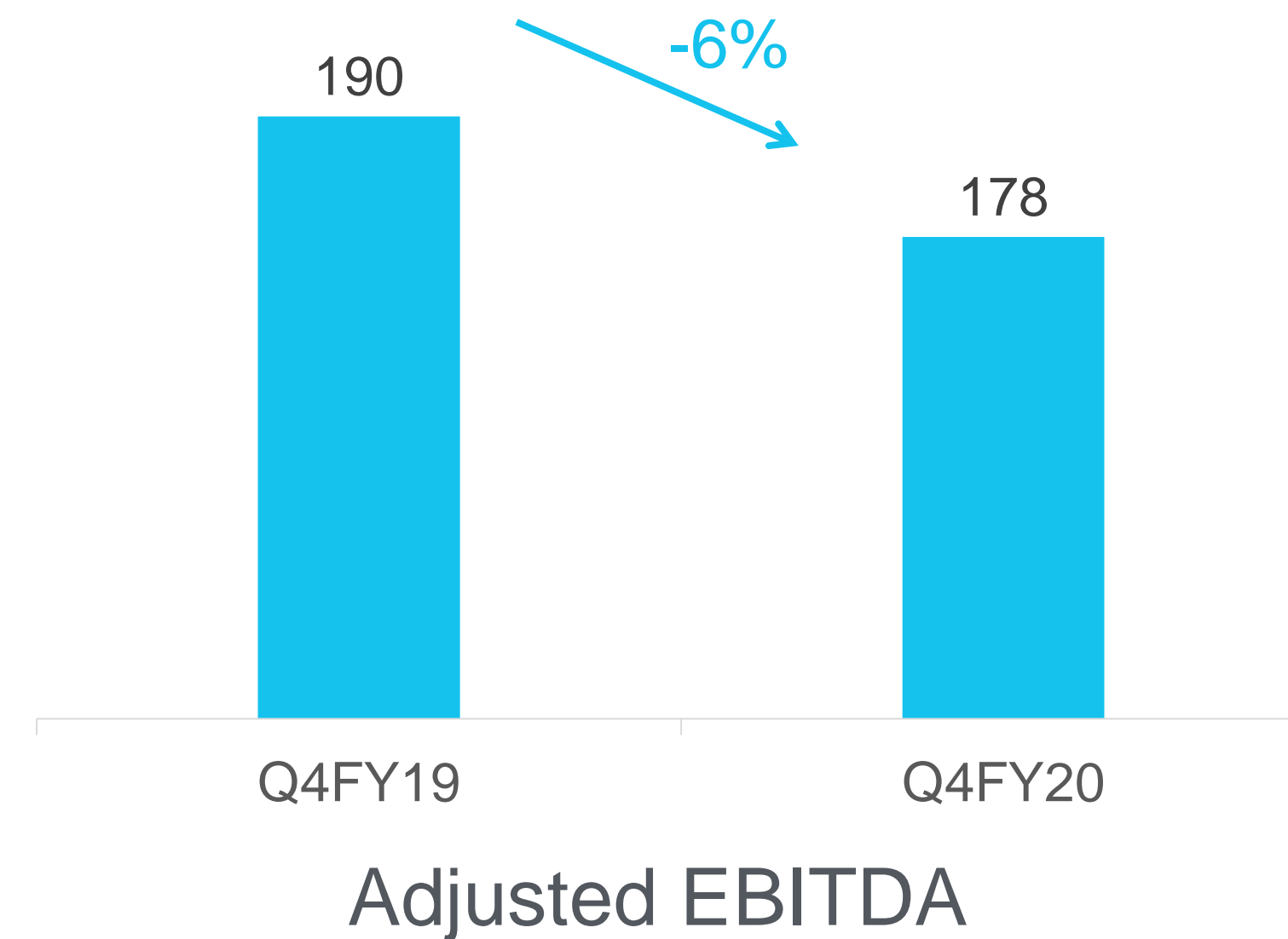
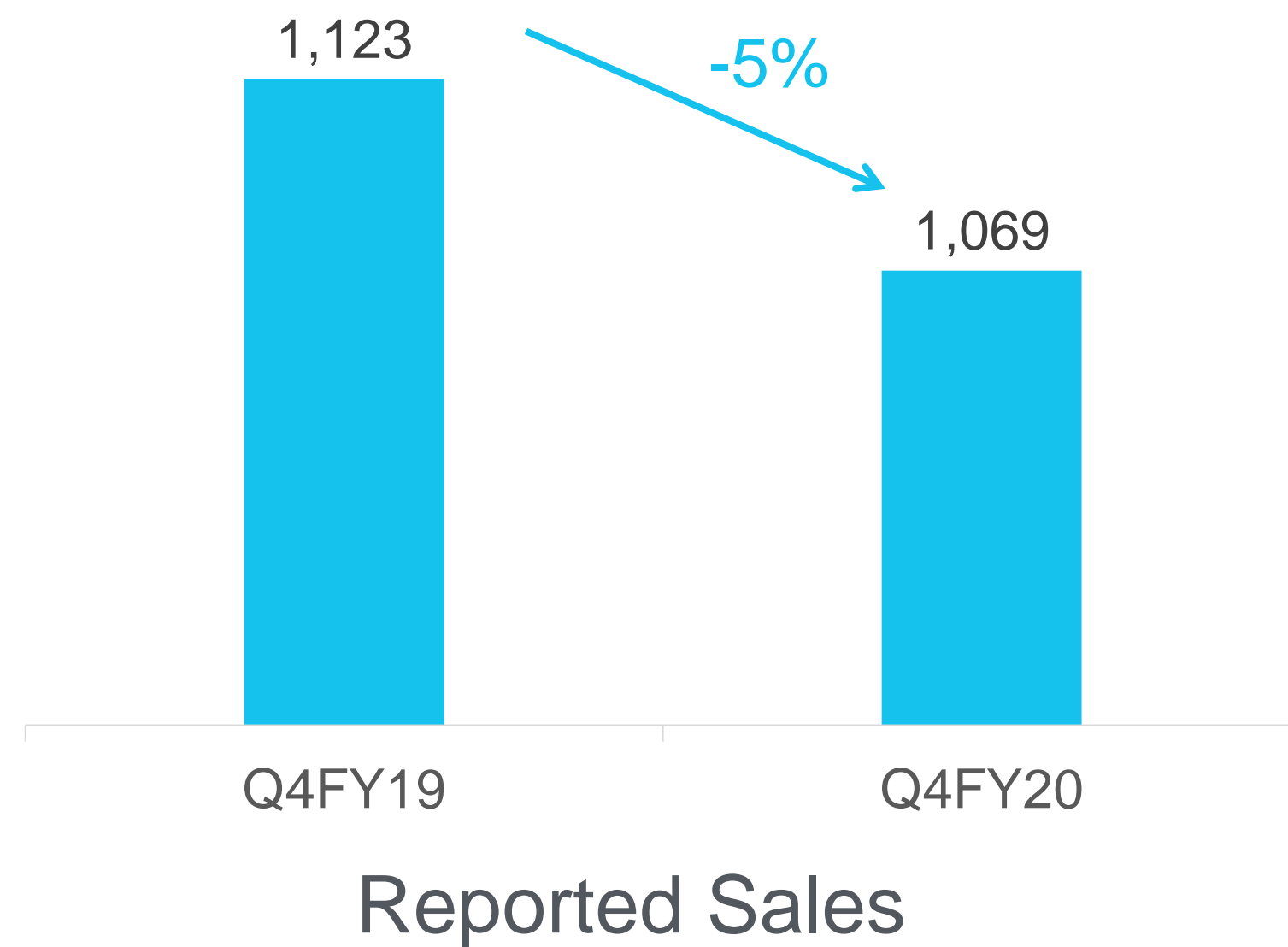


PERFORMANCE UPDATE

- 1 Current Business Update
- 2 Executive Summary - Key Highlights
- 3 Business Overview – India
- 4 *Business Overview – International*
- 5 Appendix

PERFORMANCE IN INTERNATIONAL BUSINESS

- International business reported constant currency sales decline of 2%
- Adjusted EBITDA margin of 16.6%; decline of 30 bps y-y



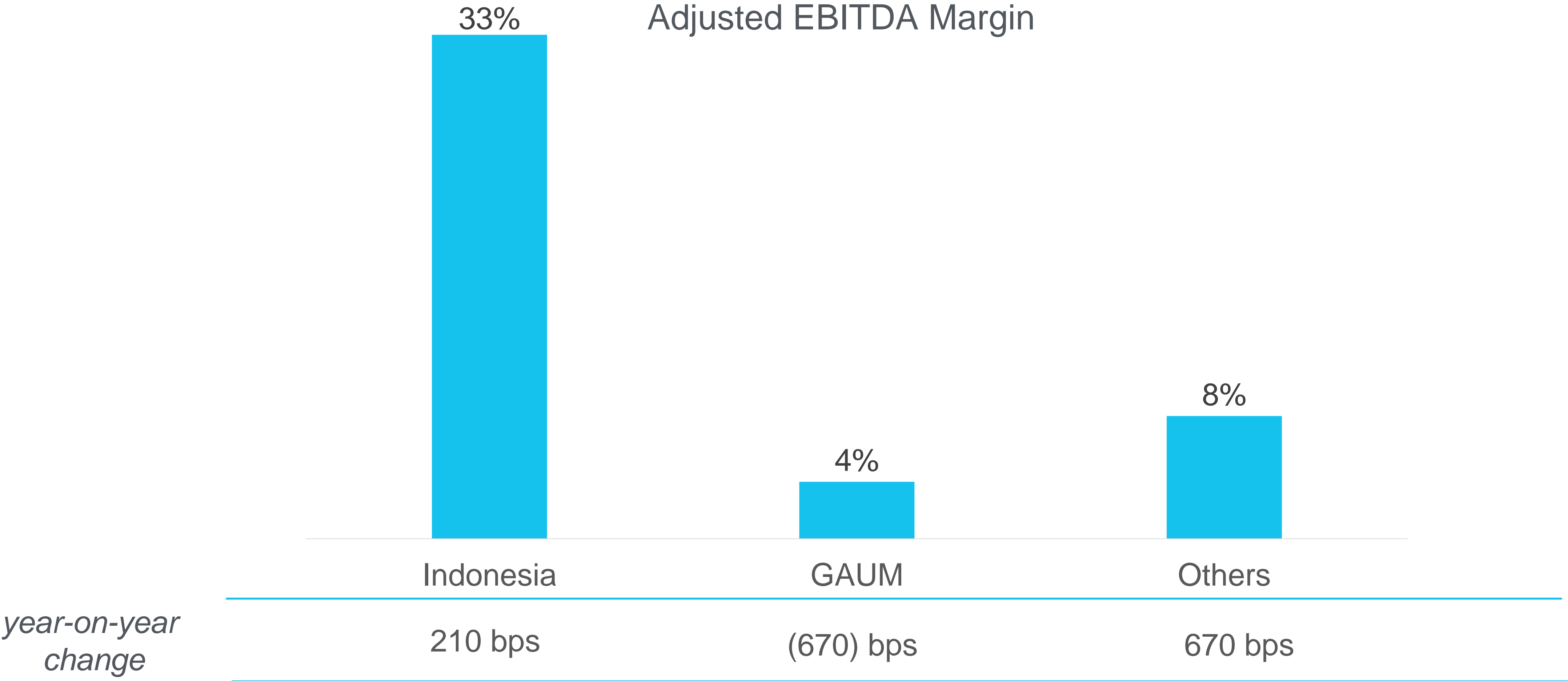
MIXED PERFORMANCE IN INTERNATIONAL BUSINESS

International Business	Sales ₹ crore	Growth year-on-year	Constant Currency Growth year-on-year
Indonesia	449	9%	6%
GAUM	484	(16)%	(13)%
Others*	136	1%	23%
Total Net Sales	1,069	(5)%	(2)%

GAUM includes Africa, USA and Middle East

*Others include Latin America and SAARC

OVERALL MARGINS MAINTAINED LARGELY DRIVEN BY INDONESIA



GAUM includes Africa, USA and Middle East
Others include Latin America and SAARC

CONTINUED GROWTH MOMENTUM IN INDONESIA WITH MID SINGLE DIGIT CONSTANT CURRENCY SALES GROWTH

- Sales growth of 6% in constant currency terms driven by Household Insecticides and Baby Wipes
- Gained market share in Household Insecticide
- Adjusted EBITDA margin expanded by 210 bps led by cost saving initiatives
- Launched Saniter range of health and hygiene products amidst increased need for sanitation



WEAK SALES PERFORMANCE IN GAUM CLUSTER

- Sales declined by 13% in constant currency terms driven by underperformance across clusters on the back of COVID outbreak; Africa sales declined by 15% in constant currency terms
- Sales in West Africa marginally improved, Southern Africa recorded a marginal decline and East Africa continues to witness degrowth
- On MAT basis, in Dry hair (50% of the overall sales), gained volume market share in braids in South Africa and gained volume and value market share in braids in Kenya
- Continue to drive the scale up of wet hair care
- Launched range of health and hygiene products amidst increased need for sanitation
- Adjusted EBITDA margin decreased 670 bps y-y; mainly driven by scale deleverage



PERFORMANCE UPDATE

- 1 Current Business Update
- 2 Executive Summary - Key Highlights
- 3 Business Overview – India
- 4 Business Overview – International
- 5 *Appendix*

TEMPORARILY DEFERRING OUTLOOK FOR FY21

- Driven by progression of COVID-19 and related uncertainties, temporarily deferring the outlook
- #EMERGESTRONGER Playbook to drive growths during the year

OUR GOOD & GREEN COMMITTMENT



Ensuring Employability

Train 1 million youth in skills
that will enhance their
earning potential



Greener India

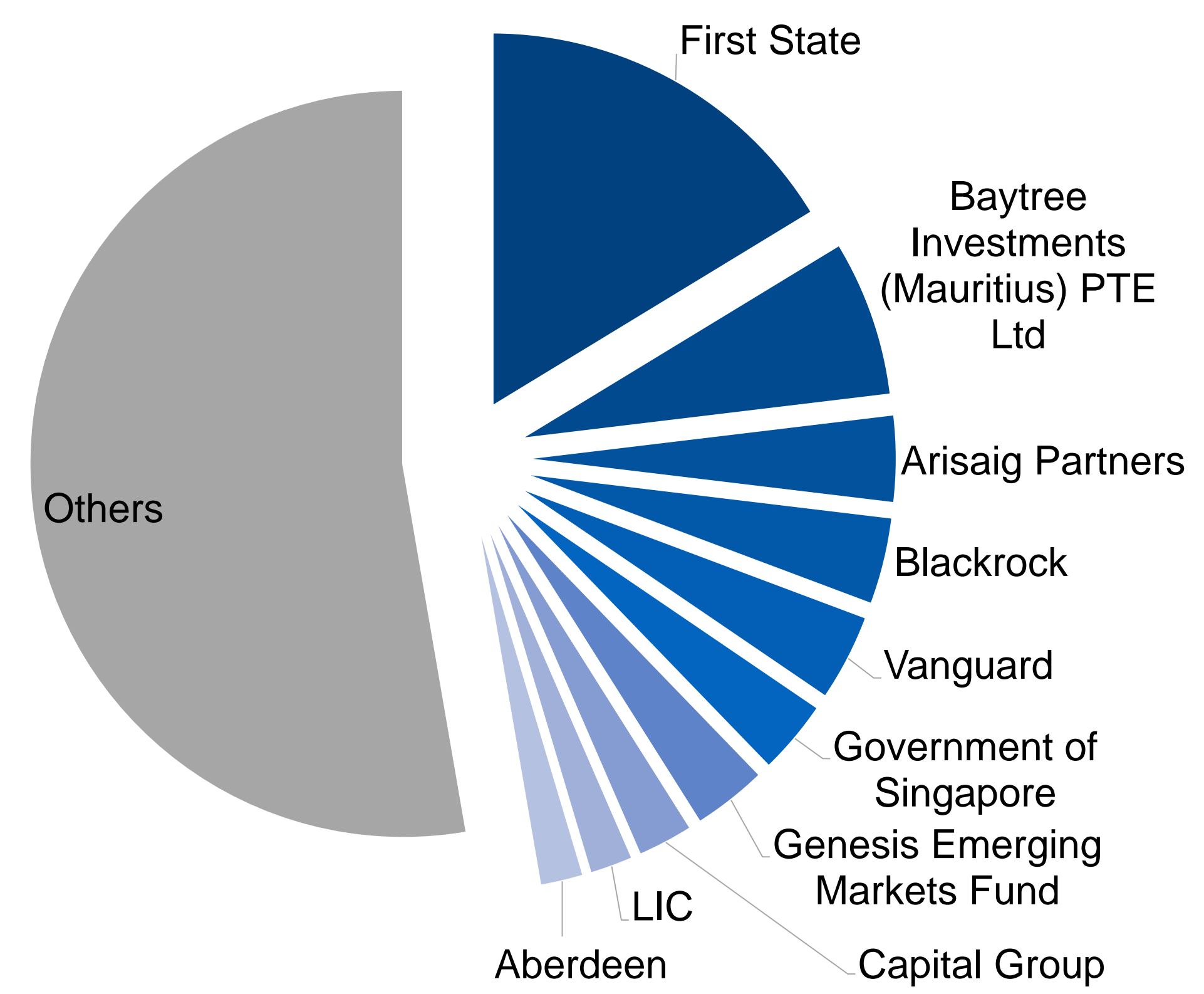
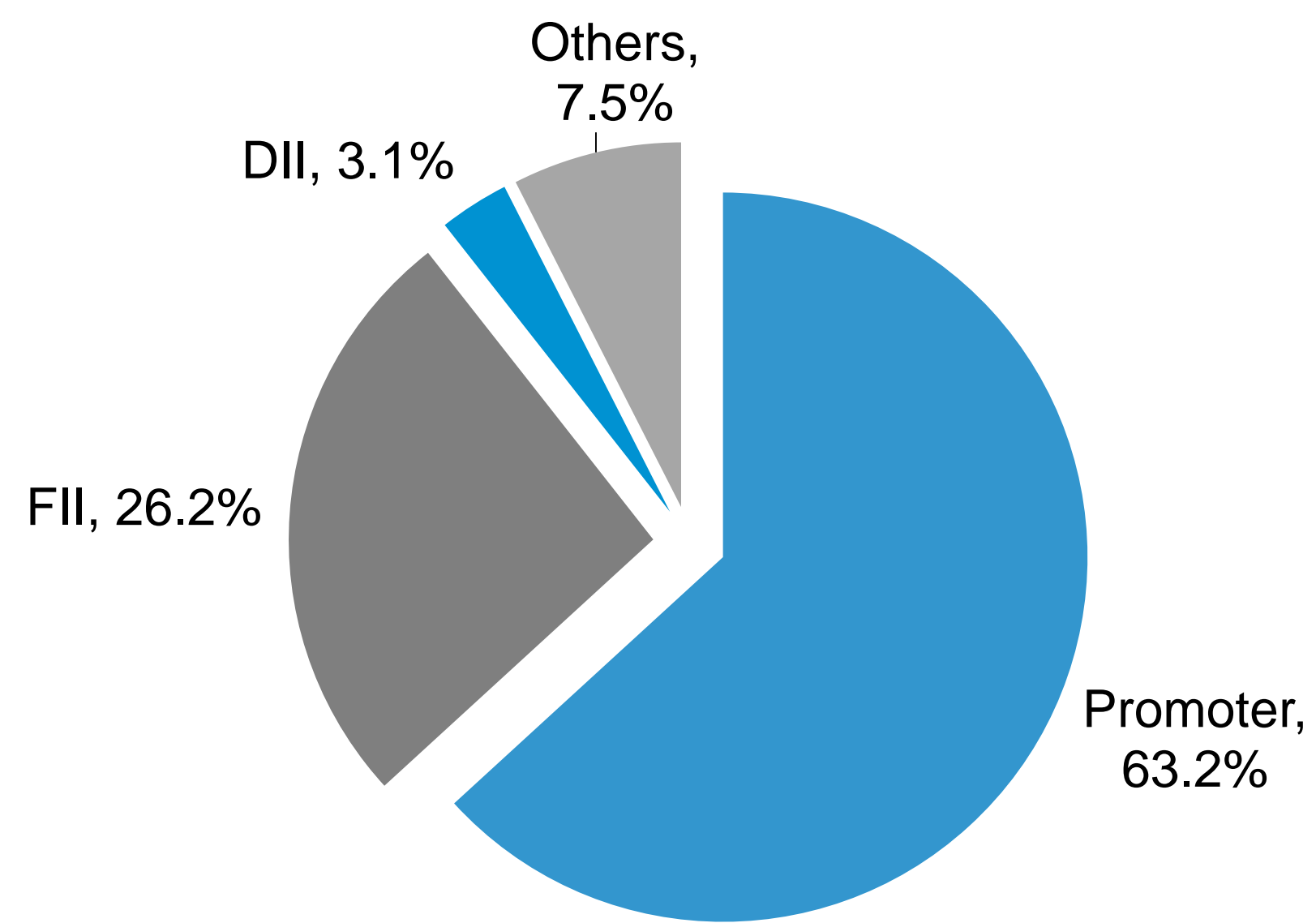
Achieve zero waste to landfill,
carbon neutrality and a positive
water balance, while reducing
specific energy consumption
and optimising the use of
renewable energy



Product Innovation

Generate a third of our portfolio
revenues from 'good' and/or
'green' products

SHAREHOLDING PATTERN



WE REMAIN LASER FOCUSED ON EXECUTING OUR KEY PRIORITIES

Get back growth

- Sustain and Improve market share in core categories
- Accelerate new categories to build additional growth vectors
- Invest in disruptive innovations
- Transform GTM to capitalize on channel shifts

Relentless execution

- Harness power of multi-local model
- Tighten cost control and preserve capital structure and liquidity
- Make supply chain more flexible and resilient

Sustain a high performance and winning culture

- Live the Godrej Way (our purpose and values)
- Accelerate new ways of working
- Strengthen capabilities such as digital, ecommerce and analytics

CONTACT US FOR ANY QUERIES

Institutional investors

Sameer Shah

Email: sa.shah@godrejcp.com

Tel: +91 22 2519 4467

Retail investors

R Shivshankar

Email: r.shivshankar@godrejcp.com

Tel: +91 22 2519 4359

DISCLAIMER

Some of the statements in this communication may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.



THANK YOU FOR YOUR TIME AND CONSIDERATION