

## PRESS RELEASE

### 1Q FY2017 results – GCPL delivers net profit (without exceptional items) growth of 18%

**Mumbai, July 29, 2016:** Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended June 30, 2016.

#### FINANCIAL OVERVIEW

##### 1Q FY 2017 FINANCIAL PERFORMANCE SUMMARY:

- 1Q FY 2017 consolidated constant currency net sales increased by 9%
  - India business sales was flat, impacted by a stretched summer and the late onset of monsoon, resulting in a weak performance in Household Insecticides
  - International business sales grew by 18%, on a constant currency basis
- 1Q FY 2017 consolidated constant currency EBITDA increased by 20%, driven by 14% growth in the India business and 29% growth in the international business
- 1Q FY 2017 consolidated net profit and EPS, without exceptional items, increased by 18%
- The board has declared an interim dividend of 100% (INR 1.00 per share)

## CHAIRMAN'S COMMENTS

**Commenting on the financial performance of 1Q FY 2017, Mr. Adi Godrej, Chairman, Godrej Group, said:**

*"During the first quarter of fiscal year 2017, the consolidated sales of our business increased by 9%, and EBITDA by 20%, in constant currency terms. We delivered this performance despite the sluggish business environment across many geographies that we are present in. Additionally, sales was also impacted by the unfavourable weather conditions in some of our key geographies. We delivered healthy profits driven by judicious cost control and commodity tailwinds.*

*Our India business performance was impacted by a stretched summer and the late onset of monsoon, which resulted in a weak performance in Household Insecticides. Our India business gross sales, excluding Household Insecticides, increased by 7%. Our international business delivered a competitive sales growth of 18% and EBITDA growth of 29%, in constant currency terms.*

*We are hopeful that the good monsoons in India should lead to a pick up in rural demand later this year. We should also see a boost to consumption in India, following the implementation of the Seventh Pay Commission and the passing of the Goods & Services Tax.*

*We are relentlessly focusing on our strategy and investing strategically in creating new growth vectors for the future. At the same time, we are driving our core to full potential, ensuring execution excellence and building on our agile and high performance culture."*

## BUSINESS REVIEW – INDIA

### Performance Highlights

- 1Q FY 2017 India net sales remained flat at INR 1,048 crore
- 1Q FY 2017 EBITDA increased by 14% to INR 205 crore
- 1Q FY 2017 net profit increased by 12% to INR 152 crore

### Category Review

#### Household Insecticides

The performance of our Household Insecticides business was temporarily impacted by a stretched summer and the delayed onset of monsoon, as compared to the previous year. This resulted in sales declining by 11%. Growth rates are however improving, post the monsoon picking up. We continue to maintain our leadership position across formats in the category. We also remain focused on driving our innovation momentum. In July 2016, we launched the Good knight Neem Activ+ Liquid Vapouriser, Good knight Neem Fast Card and Good knight Neem Activ+ Coil LUP pack (4 coils in a flowrap at INR 12).

## **Soaps**

We delivered an early double digit volume growth in our Soaps business. Our sales growth of 1% was impacted by deflationary pressures. We strengthened our value added soaps portfolio with the launch of the Godrej No. 1 Germ Protection soap in the health and wellness space. We are backing our new launches with competitive media investments. Our margins continue to benefit from lower palm oil prices. We continue to remain competitive on sales promotion investments and consumer offers.

## **Hair Colours**

Hair Colours sales increased by 4%, led by high double-digit volume growth in Godrej Expert Rich Crème. The new communication on Godrej Expert Rich Crème has helped further improve sales momentum and penetration levels. Godrej Expert Rich Crème has now become the first crème hair colour to reach one crore households. We have also launched a new media campaign in powders, to improve sales going ahead.

## **Air Fresheners**

Godrej aer now ranks number 2 in the overall air care market. The recently launched aer pocket has received a very encouraging response from consumers and we are seeing strong offtake. We continue to gain share in the overall air freshener market due to innovation and strong execution.

## **Health and Wellness**

Our Health and Wellness portfolio of hand washes and hand sanitiser, under Godrej protekt, has been successfully introduced in general trade.

## **Cinthol Deo stick**

The recently launched Cinthol deo stick for men and women has been very well received by consumers. We are supporting this launch with innovative consumer engagement initiatives and communication.

## BUSINESS REVIEW – INTERNATIONAL

### Indonesia

Our Indonesia business delivered a competitive and profitable growth during the quarter. Our constant currency sales growth of 3% was impacted by sluggishness in the FMCG industry growth, which remains impacted by the overall macroeconomic slowdown in Indonesia. Our operating margin (EBITDA) increased by 230 bps year-on-year, driven by a favourable mix and lower commodity costs. HIT is now no. 1 player in overall Household Insecticides category in Indonesia. In July 2016, we cross pollinated hair colours in Indonesia with the launch of 'NYU' crème hair colour in a sachet format.

### Africa (including Strength of Nature)

Our Africa business (including Strength of Nature) delivered a strong constant currency growth of 52%. This was led by inorganic sales of INR 114 crore from Strength of Nature and Canon Chemicals, and an organic constant currency sales growth of 14% in our Africa business. Our operating margin (EBITDA) increased by 330 bps year-on-year, driven by calibrated price increases in hair extensions, effective cost controls and a favourable mix. We will leverage the acquisition of Strength of Nature in the USA to turbo charge building our wet hair care platform in Africa.

### Latin America

Our Latin America business delivered a constant currency sales growth of 10% in a challenging operating environment. Our operating margin (EBITDA) declined by 340 bps year-on-year, owing to a lag between price hikes and the increase in input costs due to currency depreciation. Our hair colour brands, Issue and Ilicit, continue to gain market share in hair colours. Ilicit clocked its highest ever volume and value share this quarter.

### Europe

Constant currency sales in our European business declined by 3%. This was due to the impact of unfavourable weather conditions on the sales of Soft & Gentle and Riemann, and counterfeit issues in Bio-Oil. Our operating margin (EBITDA) increased by 180 bps year-on-year due to a favourable mix and relatively lower contractual Advertisement & Promotion spends.

*Note: The figures for the current quarter may not be comparable with those of the corresponding quarter of the previous year, because of the acquisitions made since then.*

## ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the 119-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 1.1 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, much-loved products, we remain a good company. 24 per cent of the holding company of our Group is held in a trust that invests 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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