

PRESS RELEASE

2Q FY2017 results – GCPL delivers net profit growth of 44%

Mumbai, November 7, 2016: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended September 30, 2016.

FINANCIAL OVERVIEW

2Q FY 2017 FINANCIAL PERFORMANCE SUMMARY:

- 2Q FY 2017 consolidated constant currency net sales increased by 15%
 - India business sales increased by 7% led by 9% volume growth
 - International business sales grew by 25%, on a constant currency basis
- 2Q FY 2017 consolidated constant currency EBITDA increased by 17%, driven by 12% growth in the India business and 26% growth in the international business
- 2Q FY 2017 consolidated net profit and EPS, without exceptional items, increased by 7%; reported net profit increased by 44%
- The board has declared an interim dividend of 100% (INR 1.00 per share)

CHAIRMAN'S COMMENTS

Commenting on the financial performance of 2Q FY 2017, Mr. Adi Godrej, Chairman, Godrej Group, said:

"We have delivered a relatively strong operating performance in the second quarter of fiscal year 2017, with a consolidated constant currency sales growth of 15% and constant currency EBITDA growth of 17%. We continue to deliver EBITDA growth ahead of sales growth, despite a strong base from the previous year.

Our India business sales grew by 7%, led by a recovery in Household Insecticides. India branded business volume growth was 9%, far ahead of the home and personal care volume growth in India. We have achieved 9% or higher volume growth in five out of the last six quarters, in spite of a challenging environment. Our consistent out-performance reflects the strength of our brands, our continued focus on innovation and the resilience of our business.

Our international business grew by 25% on a constant currency business. We delivered strong growth in Africa and Latin America. Our Indonesian business experienced temporary challenges due to an adverse season for Household Insecticides. The significant devaluation in several emerging market currencies also impacted our reported growth.

We have continued to focus on differentiated innovations in all our categories. The response to our new launches has been encouraging and we are backing them adequately with competitive marketing investments.

Going forward, we expect consumer demand to gradually improve, particularly in rural India. Multiple tailwinds such as a good monsoon, MSP increases and pension scheme benefits will lead to better growth for the FMCG sector in India in the quarters ahead.

We are relentlessly focusing on our strategy and continuing to invest in building a sustainable platform 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

- 2Q FY 2017 India net sales increased by 7% to INR 1,305 crore
- 2Q FY 2017 EBITDA increased by 12% to INR 282 crore
- 2Q FY 2017 net profit increased by 15% to INR 212 crore

Category Review

Household Insecticides

Household Insecticides delivered a resilient performance with double-digit volume led sales growth of 18%. We continue to focus on driving penetration and consumption through awareness campaigns and activations. We are also leading category development and strengthening Good knight's leadership by driving awareness on morning mosquitoes with our *Subah Bolo Good knight* campaign. Our recently launched Good knight personal repellents range is receiving an encouraging response from trade and consumers. We continue to maintain our leadership position across formats in the category.

Soaps

Soaps had a weak quarter as sales declined by 10% and volume growth, to mid-single digits. This decline in volume was due to the transient effect of the withdrawal of promotions and rebalancing of price / volume dynamics and is in-line with the category. Our recently launched Godrej No. 1 Germ Protection variant continues to perform well.

Hair Colours

Hair Colours sales were flat due to a high base of 17% growth in 2QFY16. Crème hair colour continues to be a lead growth driver for us and delivered strong double-digit growth in the high teens. Our activation initiatives, along with effective communication, have enabled a robust improvement in household penetration. Our new range of BBLUNT hair colour is being successfully rolled out in the market and the initial response has been positive.

Air Fresheners

Godrej aer now ranks number 2 in the overall air care market. We continue to gain share in the overall air freshener market, aided by innovations 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 well received by consumers. We continue to support this launch with innovative consumer engagement initiatives and impactful communication.

BUSINESS REVIEW – INTERNATIONAL

Indonesia

Our Indonesia business constant currency sales declined by 2% due to the overall macro-economic slowdown and adverse weather impact in Household Insecticides. However, constant currency sales growth (ex-Household Insecticides) was strong at 13%. Our operating margin (EBITDA) declined by 220 bps year-on-year due to upfront marketing investments. EBITDA plus A&P growth was ahead of sales growth. Our HIT brand continued to gain further market share in Household Insecticides. Our NYU range of hair colours is being rolled out in the market and the initial response has been encouraging.

Africa (including Strength of Nature)

Our Africa business (including Strength of Nature) delivered a strong constant currency growth of 75%. This was led by inorganic sales of INR 185 crore from Strength of Nature and Canon Chemicals, and an organic constant currency sales growth of 18% in our Africa business. Our operating margin (EBITDA) increased by 130 bps year-on-year, driven by

effective cost control and a favourable mix. We will leverage the acquisition of Strength of Nature to turbo charge building our wet hair care platform in Africa.

Latin America

Constant currency sales in our Latin America business increased by 20% in a challenging operating environment. Our operating margin (EBITDA) increased by 360 bps year-on-year, led by price hikes and stringent control over costs. We continue to focus on innovation and effective communication to navigate macro challenges. We have launched Project Symphony – a cost savings project – in Chile.

Europe

Our Europe business constant currency sales declined 2% due to the overall weakness in demand post Brexit, increased competitive intensity in deodorants and counterfeit issues in Bio-Oil. Our operating margin (EBITDA) increased by 80 bps year-on-year due to stringent control over costs and relatively lower contractual A&P 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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