

PRESS RELEASE

2Q FY2018 results – India business delivers 10% volume growth; Consolidated EBITDA grows at 16%

Mumbai, November 1, 2017: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended September 30, 2017.

FINANCIAL OVERVIEW

2Q FY 2018 FINANCIAL PERFORMANCE SUMMARY:

- 2Q FY 2018 consolidated constant currency sales increased by 10%* year-on-year
 - India business sales growth of 11%* year-on-year, led by 10% volume growth
 - International business sales growth of 9% year-on-year, on a constant currency basis
- 2Q FY 2018 consolidated constant currency EBITDA increased by 19%
- 2Q FY 2018 consolidated net profit and EPS (without exceptional items) increased by 15%
- The board has declared an interim dividend of 100% (INR 1.00 per share)

*Comparable growth assuming GST in the base quarter sales

CHAIRPERSON'S COMMENTS

Commenting on the financial performance of 2Q FY2018, Ms. Nisaba Godrej, Executive Chairperson, GCPL, said:

"We have sustained our resilient performance in the second quarter of fiscal year 2018 and delivered double-digit growth in sales and earnings. At a consolidated level, our sales grew by 10%, driven by 11%* sales growth in India and 9% sales growth in our international business, in constant currency terms. Our EBITDA growth was well ahead of sales growth, with an increase of 19%, in constant currency terms.*

In India, we remained agile and navigated the GST driven channel disruptions well to deliver 10% volume growth (on a base of 9% growth in 2QFY17), alongside delivering a strong EBITDA growth of 24%. Post GST, the trade channels are getting back to normal and consumer offtakes have improved. We remain optimistic that consumer demand will continue to pick up in the second half of the fiscal year.

Our international business continued to perform well in Africa. We also saw our performance recover in Latin America. While Indonesia sales growth remained weak, sales improved sequentially, along with an expansion in margins. We continue to remain positive about the growth prospects of our international portfolio in the second half of this fiscal year.

Overall, we remain relentlessly focused on becoming more agile, increasing the pace of innovations, enhancing our go-to-market approach and investing in our key talent, to continue to outperform the market and deliver industry- leading returns."

*Comparable growth assuming GST in the base quarter sales

BUSINESS REVIEW – INDIA

Performance Highlights

- 2Q FY 2018 India sales increased by 11%* to INR 1,347 crore
- 2Q FY 2018 Adjusted EBITDA increased by 24% to INR 335 crore
- 2Q FY 2018 net profit increased by 20% to INR 256 crore

Category Review

Household Insecticides

Household Insecticides, optically, had a soft quarter, with a sales growth of 4%* on a strong base of 18% growth in 2QFY17 (2 year CAGR of ~11%). Growth to some extent was impacted by the weakness in formats like coils, which are more dependent on wholesale channel. We continued to gain market share across key formats. Personal Repellents is scaling up well with a market share in teen digits (on exit basis). We have continued to improve penetration rates in rural and urban markets and make competitive brand investments.

Soaps

Soaps delivered robust performance with a sales growth of 26%*. This was led by strong double-digit volume growth. During the quarter, we also passed on the benefits of lower GST rates to consumers through price cuts. We recorded robust growth and market share gains in Godrej No. 1. This was driven by a focus on the core positioning of the brand, along with effective micro marketing initiatives and 360-degree media activations. Cinthol continued to deliver consistent growth and increase market share.

Hair Colours

Hair Colours delivered a sales growth of 4%*, completely led by volume growth. Crème hair colours continued to deliver double-digit volume led sales growth. Sales of powder hair colours however were impacted by a disruption in the wholesale channel. During the

*Comparable growth assuming GST in the base quarter sales

quarter, Godrej Expert Rich Crème reached its highest ever market share in crème. Our recently launched Godrej Professional range is being rolled out in the salon channel.

Air Fresheners

Godrej aer continues to maintain leadership position in the overall Air Care market and gain share, aided by innovations and strong execution.

BUSINESS REVIEW – INTERNATIONAL

Indonesia

Our Indonesia business performance, though remaining weak; has seen a recovery from the previous quarter. 2QFY18 sales declined by 1% (before sales promotion spends) and by 7% (after netting off of sales promotion spends). Sales growth was impacted by higher sales promotion spends in Household Insecticides in response to high sales promotion intensity by competition. Despite the weak sales performance, adjusted EBITDA margin increased by 150 bps due to rationalised A&P investments, Project PI (a cost savings initiative) and lower overheads. During the quarter, we launched HIT Expert aerosol with better efficacy and delivery mechanism (a double nozzle that covers more area in each spray) to shift the market focus from promotion-led competitive intensity to innovation.

Africa, USA and Middle East

Our Africa, USA and Middle East business continues to deliver consistent and double-digit growth momentum, with a constant currency sales growth of 13%. Hair extensions continue to deliver growth in the high-teens, in constant currency terms. Our adjusted EBITDA margin declined by 140 bps year-on-year due to upfront A&P investments in scaling up our wet hair care portfolio.

Latin America

Our Latin America business saw strong recovery with a constant currency sales growth of 30%. This was driven by double-digit growth in Argentina and Chile. Adjusted EBITDA

margin increased by 550 bps year-on-year, driven by the benefits of scale leverage and lower employee costs.

Europe

Our Europe business continues to deliver a robust performance. Constant currency sales increased by 15%, led by strong performance in own brands. Adjusted EBITDA margins increased by 220 bps year-on-year, due to leveraging benefits of scale and phasing A&P investments.

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 120-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. Approximately 23 per cent of the promoter holding in our Group is held in trusts that invest 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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Disclaimer:

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