

PRESS RELEASE

3Q FY2018 results – India business delivers 18% volume growth and 29% net profit growth

Mumbai, January 30, 2018: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended December 31, 2017.

FINANCIAL OVERVIEW

3Q FY 2018 FINANCIAL PERFORMANCE SUMMARY:

- 3Q FY 2018 consolidated constant currency sales increased by 11%* year-on-year
 - India business sales growth of 17%* year-on-year, led by 18% volume growth
 - International business sales growth of 5% year-on-year, on a constant currency basis
- 3Q FY 2018 consolidated constant currency EBITDA increased by 18%
- 3Q FY 2018 consolidated net profit and EPS (without exceptional items) increased by 21%
- 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 3Q FY2018, Ms. Nisaba Godrej, Executive Chairperson, GCPL, said:

"During the third quarter of fiscal year 2018, we have delivered competitive and profitable growth, while continuing to make healthy investments in our brands. Our consolidated comparable sales increased by 11% while EBITDA growth was stronger at 18%, in constant currency terms. Our Advertising & Publicity (A&P) spends increased by 18%. We believe these investments will strengthen our brands and also set us up well to accelerate growth in the quarters ahead.

Our India business performance was resilient with 17% comparable sales growth, driven by 18% volume growth. We continued to grow EBITDA ahead of sales, with a growth of 32%. The performance in our international portfolio was relatively muted due to a challenging environment. However, we expect the environment to improve in the quarters ahead.

Going forward, we expect stronger consumer demand in India. We also remain very positive about the future growth prospects of our international portfolio. As the market conditions improve, we will increase the pace of new product launches to build on the growth momentum. We will also continue to invest in building a sustainable platform for the future.

Overall, we are 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

- 3Q FY 2018 India sales increased by 17%* to INR 1,395 crore
- 3Q FY 2018 Adjusted EBITDA increased by 32% to INR 390 crore
- 3Q FY 2018 net profit increased by 29% to INR 299 crore

Category Review

Household Insecticides

Household Insecticides had a relatively muted quarter with a sales growth of 5%*. Growth was impacted by lower offtakes driven by adverse weather conditions in select parts of the country. We continued to make competitive brand investments for the future. Our recent launch in Personal Repellents is scaling up well with double-digit market share. We remain focused on innovating to drive ahead of category growth.

Soaps

Soaps continued its strong momentum and delivered a robust growth of 24%*. This was led by strong double-digit volume growth. This strong growth has been driven by effective micro-marketing initiatives, variants-led strategy and strong on-ground execution, supported by healthy brand investments. We have also continued to gain market share during the quarter.

Hair Colours

Hair Colours delivered a strong double-digit growth in the crème and powder hair colour formats. Our sales growth of 33%* was driven by volume growth. The prices of Godrej Expert Rich Crème and Expert Original powder were reduced to pass on the GST rate cut benefits. Powder hair colours saw a strong pick-up post the GST led price cut. Godrej Expert Rich Crème continues to gain market share and extend its leadership position.

Liquid Detergents

Our liquid detergents portfolio saw a strong growth of 21%*, led by Ezee. This growth was due to double-digit volume growth. Price reduced to pass on the GST rate cut benefits.

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 sustained robust margin expansion, during an ongoing recovery in sales. The constant currency sales decline stemmed to 2% from 7% in 2Q and 11% in 1Q. Our adjusted EBITDA margin increased by 230 bps due to rationalised A&SP investments, Project PI (cost savings initiative) and stringent controls on overheads. The recently launched Hit Expert Aerosol is also receiving encouraging traction. During the quarter, we launched Hit One Push with an aerospray technology (sprayer with 45° facing up) and active micro-particles that spread fast and evenly in rooms.

Africa, USA and Middle East

Our Africa, USA and Middle East business continued to deliver double-digit growth with a constant currency sales growth of 10%. Sales in the quarter was impacted to some extent by the ERP implementation in the USA and election related disruption in Kenya. Hair extensions continue to deliver double-digit growth, in constant currency terms. Our adjusted EBITDA margin declined by 320 bps year-on-year due to upfront A&P investments in scaling up our wet hair care portfolio and scale de-leverage.

*Comparable growth assuming GST in the base quarter sales

Latin America

Performance in our Latin America business was muted, with a constant currency sales growth of 5%. This growth was impacted by tough market conditions and macro challenges in Argentina. Our adjusted EBITDA margin decreased by 30 bps year-on-year.

Europe

Our Europe business delivered healthy sales and earnings growth. Constant currency sales increased by 9%, led by strong performance in own brands. Adjusted EBITDA margin increased by 70 bps year-on-year, driven by favourable category mix.

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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