

PRESS RELEASE

2Q FY 2019 results – India business delivers 10% sales growth; consolidated net profit of Rs. 578 crore, a growth of 60%

Mumbai, November 2, 2018: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended September 30, 2018.

FINANCIAL OVERVIEW

2Q FY 2019 FINANCIAL PERFORMANCE SUMMARY:

- 2Q FY 2019 consolidated constant currency sales increased by 8%* year-on-year
 - India business sales growth of 10% year-on-year
 - International business sales growth of 6%* year-on-year, on a constant currency basis
- 2Q FY 2019 consolidated constant currency EBITDA declines 2%* year-on-year
- 2Q FY 2019 consolidated net profit and EPS increases by 60% (without exceptionals and one-offs, declines by 1%*)
- The board has declared an interim dividend of 400% (INR 4.00 per share)

**Adjusted for Europe business divestment (excluding September 2017 P&L in 2QFY18) and excluding one-offs of ₹ 51.7 crore of inventory provision in Africa and ₹ 3.4 crore of receivables provision in Latin America in 2QFY19*

CHAIRPERSON'S COMMENTS

Commenting on the financial performance of 2Q FY 2019, Ms. Nisaba Godrej, Executive Chairperson, GCPL, said:

"We had a mixed performance in the second quarter of fiscal year 2019. Our India business delivered double-digit sales growth and strong profit growth, while stepping up our investments in marketing. In our international business, Indonesia continued its strong recovery, while Africa and Latin America recorded relatively weaker performances due to adverse macroeconomic conditions.

During the quarter, we accelerated our innovation momentum across geographies, with multiple launches, including a disruptive powder-to-liquid hand wash and comprehensive male grooming range in India, an innovative mosquito repellent in Indonesia, multiple wet hair care brands in Sub-Saharan Africa and the US, and a major re-launch of our Darling brand in Nigeria. We continue to make healthy brand investments for sustainable future growth. With the scale up of these new launches and recovery in consumer demand, we expect to deliver much improved, profitable growth 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."

BUSINESS REVIEW – INDIA

Performance Highlights

- 2Q FY 2019 India sales increased by 10% to INR 1,481 crore
- 2Q FY 2019 Adjusted EBITDA increased by 14% to INR 384 crore
- 2Q FY 2019 net profit increased by 15% to INR 296 crore

Category Review

Household Insecticides

Household Insecticides delivered a soft quarter. Sales declined by 2% as uneven distribution and deficient rainfall impacted demand, especially in South India and East India which account for around 60% of sales. Our new launches continue to scale up well. We continue to focus on mass market innovation and trial generation SKUs to drive category penetration and make effective brand investments for future growth.

Soaps

Soaps delivered double-digit volume led sales growth of 11%. This performance was led by effective micro-marketing initiatives, a focus on new states and strong on-ground execution. We have continued to gain market share during the quarter.

Hair Colours

Hair Colours continues to gain momentum and delivered double-digit volume led sales growth of 21%. Godrej Expert Rich Crème continues to consistently deliver robust growth and has achieved the highest ever market share on an exit basis. We continue to focus on activations and effective media campaigns to recruit new consumers into the category. The recently launched Godrej Nupur Herbal Based Powder hair colour is being rolled out in the market.

BUSINESS REVIEW – INTERNATIONAL

Indonesia

Our Indonesia business sustained a robust growth momentum and delivered constant currency sales growth of 14%. This was driven by new product launches and effective sales promotion investments, which enabled ahead of market growth. We maintained our market leadership position in Household Insecticides and continued to gain market share on a year-on-year basis for the quarter. Adjusted EBITDA margins increased by 50 bps, led by cost savings initiatives. During the quarter, we launched HIT Expert Long Lasting Magic Paper to up trade coil consumers.

GAUM (Africa, USA and Middle East)

Our GAUM cluster had a relatively soft quarter with a constant currency sales growth of 4%. Sales in the quarter was impacted by weakness in South Africa. The West cluster continued to deliver strong growth and the East cluster is showing early signs of recovery. Business excluding the South grew in high single-digits, in constant currency terms. Adjusted EBITDA margins decreased by 710 bps* year-on-year, driven by the lag between increase in input costs and price hikes, upfront investments in A&P and sales promotions. During the quarter, we relaunched the Darling brand in Nigeria.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the 121-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 1.15 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.

For further information, please contact:

V Srinivasan

Email: v.srinivasan@godrejcp.com

Tel: +91 22 2519 4316

Sameer Shah

Email: sa.shah@godrejcp.com

Tel: +91 22 2519 4467

Tapan Joshi

Email: tapan.joshi@godrejcp.com

Tel: +91 22 2519 5433

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