

# Performance Update - 4Q FY19

May 3, 2019



CONSUMER PRODUCTS

# PERFORMANCE UPDATE

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- 2 Business Overview – India
- 3 Business Overview – International
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## 4Q FY19 FINANCIAL PERFORMANCE

Growth y-y	Consolidated Business	India Business	International Business
Net Sales – Reported	(3%)	flat	(6%)
Net Sales – Constant Currency	(1%)		(1%)
Net Sales – Comparable*	2%		5%
<b>Net Sales – Constant Currency – Comparable*</b>	<b>4%</b>	<b>flat</b>	<b>10%</b>
EBITDA – Comparable*	(2%)	2%	(7%)
<b>EBITDA – Comparable – Constant Currency*</b>	<b>(3%)</b>	<b>2%</b>	<b>(11%)</b>
Net Profit – Reported	52%	207%	(91%)
Net Profit without exceptional and one-off items*	(5%)	1%	(16%)

\*Adjusted for Europe business divestment w.e.f Sept'18

## EXCEPTIONAL AND ONE-OFF ITEMS

	4QFY19			4QFY18		
	Consolidated	India	International	Consolidated	India	International
<b>Reported net profit</b>	<b>935</b>	<b>907</b>	<b>28</b>	<b>617</b>	<b>295</b>	<b>320</b>
<b><i>Exceptional (post tax):</i></b>						
Restructuring cost in LatAm & GAUM	9		9	1		1
Forex impact on gains from divestment of UK business and revaluation of US payout liability (SON)	(3)		(3)	(195)		(195)
MAT credit entitlement / Deferred tax reversal	(546)	(610)	64			
<b>Net Profit without exceptional and one-off items</b>	<b>396</b>	<b>297</b>	<b>99</b>	<b>423</b>	<b>295</b>	<b>126</b>

## BRIDGE BETWEEN REPORTED TO OPERATING EBITDA

	India	International	Indonesia	GAUM	Others
4QFY19 Reported EBITDA Margin	30.2%	16.1%	30.4%	9.5%	0.5%
Business support charges, Royalty & Technical fees (₹ crore)	(9.0)	9.0	1.6	6.3	1.0
<b>4QFY19 Adjusted EBITDA Margin</b>	<b>29.5%</b>	<b>16.9%</b>	<b>30.8%</b>	<b>10.6%</b>	<b>1.3%</b>
4QFY18 Adjusted EBITDA Margin*	28.8%	19.2%	27.2%	12.9%	21.4%
Change in EBITDA Margin (bps)	70	(230)	360	(230)	(2010)

\*Adjusted for Europe business divestment w.e.f Sept'18

## KEY BALANCE SHEET DATA

Particulars	Units	March 31, 2019	March 31, 2018
Working Capital ex-Cash*	₹ crore	272	395
Working Capital*	Days	10	15
Cash & Equivalents	₹ crore	1,376	1,921
Debt denominated in USD	₹ crore	3,160 (USD 455)	3,294 (USD 505m)
Debt denominated in other currencies	₹ crore	222	200
Total Debt	₹ crore	3,382	3,494
Other Financial Liabilities	₹ crore	460	1,000
Shareholder's Equity	₹ crore	7,267	6,258
Capital Employed*	₹ crore	10,405	10,752
Net Debt / Equity	x	0.34	0.41
ROE*	%	22.5%	26.1%
ROCE*	%	19.8%	18.8%
Operating ROCE*	%	68.9%	56.5%

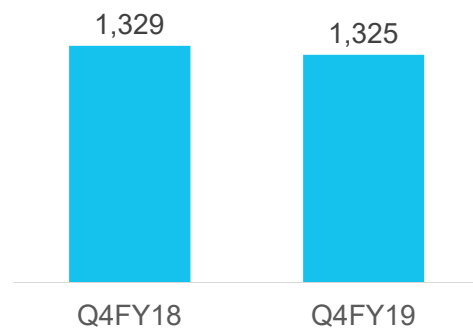
\* Including MAT credit entitlement and one time deferred tax as on March 31, 2019, the working capital days (35 days), capital employed (INR 11,109 crore), ROE (32.2%), ROCE (18.5%) and Operating ROCE (55.7%)

# PERFORMANCE UPDATE

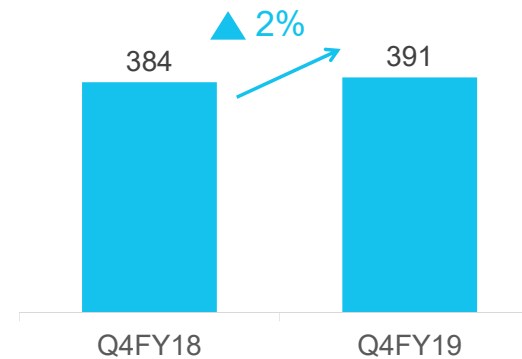
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## SALES GROWTH IMPACTED BY GENERAL SLOWDOWN IN CONSUMPTION AND DELAYED SUMMER

- Sales growth was flat for the quarter (2 year CAGR of 4%)
- Sales volume growth was 1% (2 year CAGR of 4%)
- EBITDA growth of 2% (margin expansion of 70 bps y-y)



Net Sales



Adjusted EBITDA



## SALES GROWTH IMPACTED BY GENERAL SLOWDOWN IN CONSUMPTION AND DELAYED SUMMER

India Business	Sales ₹ crore	Growth year-on-year	2 year CAGR
Household Insecticides	553	(6)%	(6)%
Soaps	409	(1)%	9%
Hair Colours	171	7%	5%
Other Brands	181	21%	28%
Unbranded and Exports	101	10%	10%
<b>Total</b>	<b>1,415</b>	<b>1%</b>	<b>4%</b>
Sales and trade promotion spends, etc. to be netted off from Sales as per Ind AS	(90)	30%	
<b>Sales</b>	<b>1,325</b>	<b>Flat</b>	<b>4%</b>
<b>Branded Volume Growth</b>		<b>1%</b>	<b>4%</b>

## SOFT QUARTER FOR HOUSEHOLD INSECTICIDES

- Sales impacted by extended winter and share of growth getting diverted to incense sticks
- Extended winter impacted growth especially in North and Central India; where consumer offer (price off) on liquid vapouriser was rolled out
- Growing ahead of category (ex incense sticks) on MAT basis
- Naturals neem incense stick scaling up well in Andhra Pradesh and Telangana (reached high single digit market share in incense sticks format); plans to launch same in few other states shortly
- Continue with consumer offer on liquid vapouriser and scale up incense sticks to drive growth in near term



# MARKET SHARE GAIN CONTINUES IN SOAPS

- Overall category sales growth impacted by delayed summer; gained 70bps+ market share in 4QFY19 on y-y basis
- 2 year sales CAGR of 9%
- Performance driven by effective micro-marketing initiatives and impactful consumer offers



# CRÈME FORMAT LEADS GROWTH IN HAIR COLOURS

- Sales growth of 7% in 4QFY19; volume growth ahead of value growth
- Godrej Expert Rich Crème continues to perform well and gain market share; rolled back the temporary consumer offer (price off)
- Recently launched Godrej Expert Easy 5 minute shampoo hair colour in South India
- Godrej Nupur Herbal Based Powder hair colour scaling up well

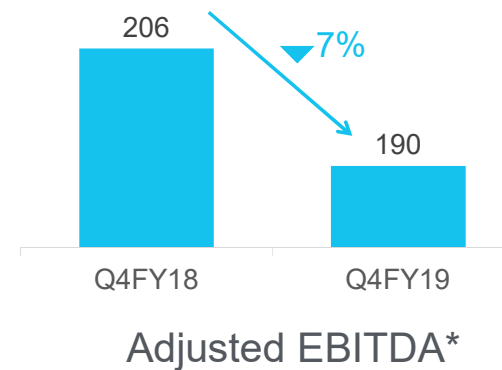
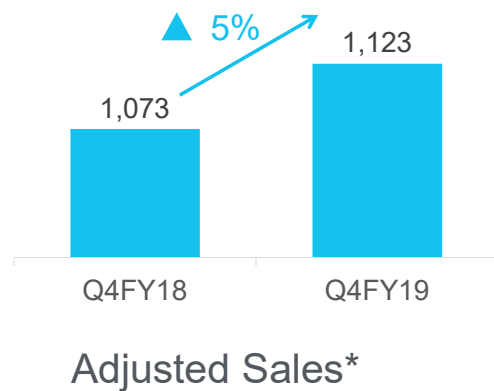


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## MIXED PERFORMANCE IN INTERNATIONAL BUSINESS

- International business delivers constant currency sales growth\* of 10%
- Adjusted EBITDA\* margin of 16.9% decreases by 230 bps year-on-year



\*Adjusted for Europe business divestment w.e.f. Sept'18  
All values in ₹ crore

## DOUBLE DIGIT SALES GROWTH IN INTERNATIONAL BUSINESS

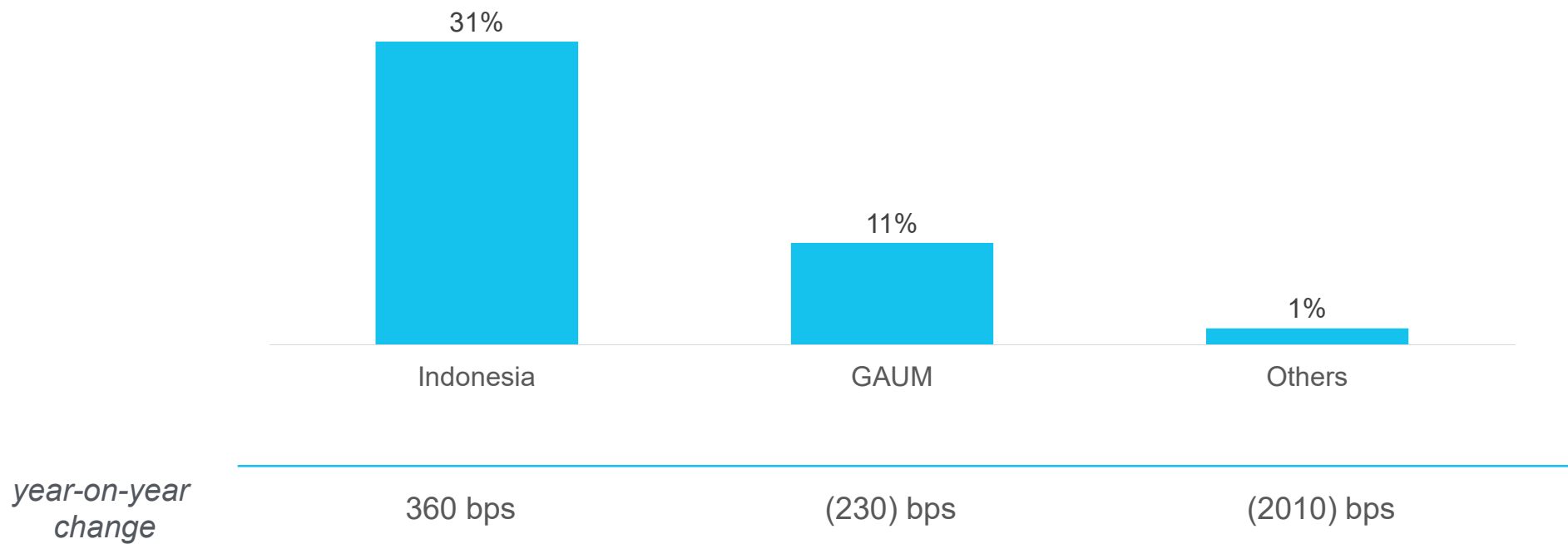
International Business	Sales ₹ crore	Growth year-on-year	Constant Currency Growth year-on-year
Indonesia	413	19%	14%
GAUM	576	11%	5%
Others	134	(35)%*	16%*
<b>Total Net Sales</b>	<b>1,123</b>	<b>5%</b>	<b>10%*</b>

GAUM includes Africa, USA and Middle East  
Others include Latin America and SAARC

\*Adjusted for Europe business divestment w.e.f. Sept'18  
All values in ₹ crore

## WEAK MARGINS DRIVEN BY UPFRONT INVESTMENTS ACROSS CLUSTERS AND CURRENCY DEPRECIATION IN LATAM

Adjusted EBITDA Margin\*



GAUM includes Africa, USA and Middle East

Others include Latin America and SAARC

\*Adjusted for Europe business divestment w.e.f Sept'18



# DELIVERED STRONG AND PROFITABLE DOUBLE DIGIT SALES GROWTH IN INDONESIA

- Sales growth of 14% in constant currency terms led by Household Insecticides and Air Fresheners
- Stepping up innovation momentum
  - cross pollinated Aer Twist from India under the Stella brand;
  - launched Proclin Stain Remover
- Maintained market leadership position and continue to gain market share on y-y basis for the quarter in Household Insecticides
- Adjusted EBITDA margin expanded by 360 bps led by scale leverage and Project Cermat (cost saving program)



## MIXED PERFORMANCE IN GAUM CLUSTER

- Sales growth of 5% in constant currency terms
- South Africa stabilizing; Nigeria impacted by two to three weeks of shutdown due to elections. Business ex-South cluster grew in high single digit on constant currency basis
- Adjusted EBITDA margin decreases by 230 bps y-y due to upfront marketing investments and partially due to scale de-leverage
- Darling brand re-launch and scale up of Wet hair care in East and West cluster progressing well



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## DRIVE STRONGER SALES GROWTH IN INDIA

- Drive ahead of category growth in the core categories of soaps, hair colors and household insecticides
- Accelerate innovation led growth with NPDs and continue to scale up FY19 launches
- Increase focus on emerging channels while improving effectiveness in general trade
- Roll out CMM (Conquering Micro Markets) - divide existing markets (states and cities) further into smaller micro markets (districts/clusters) and focus on specific / customised levers of distribution, activation, consumer in-sighting, and analytical marketing mix
- Scale up cost savings program (Project PI)

# DRIVE STRONGER SALES GROWTH IN INDIA – CMM APPROACH

## Identify

- Define brand tasks at granular / micro market level
- Prioritise micro markets basis potential and right to win

## Plan and Execute

- CMM playbook
  - Media
  - Activation
  - Distribution
  - Non-distribution
  - Shopper insights
- Identify relevant levers for each prioritized clusters
- Build detailed plans to execute on level-cluster combination

## MAINTAIN ALL ROUND BUSINESS PERFORMANCE IN INDONESIA

- Drive value sales growth in the core categories driven by impactful marketing initiatives & NPD that drives both democratization as well as premiumization
- Fast track growth in emerging categories like hair care, fabric care and car cleaners
- Accelerate innovation by cross pollinating products across key categories
- Build on General Trade expansion (Project Rise) and also investment behind regional modern trade
- Invest in few South East Asian markets to scale up exports growth
- Leverage analytics and data driven decisions for dialing up sales execution, trade promotion management and digital marketing efficacy
- Drive favorable category, channel mix and cost savings program (Project Cermat)

## DRIVE PROFITABLE SALES GROWTH IN GAUM

- Drive aggressive sales growth in braids format of hair extensions and premiumise by expanding into higher value non braids formats by adopting fast fashion model
- Scale up wet hair care portfolio
  - New product launches in Nigeria and Kenya
  - Wet hair launch in South Africa
- Invest in scaling up relatively smaller categories like soaps, hair colors and air fresheners
- Continue to build Go-To-Market platform - salon networks, distribution expansion, perfect store model, Darling salon experience booths
- Fast track growth in smaller countries in Sub Saharan Africa
- Launch cost savings program to improve profitability and ROCE

## IMPROVE PROFITABILITY IN LATAM

- Drive sales growth in local markets led by innovation and distribution expansion
- Scale up growth in exports markets (Peru, Uruguay)
- Implement cost savings program (Project Spring)
- Improve profitability and ROCE



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# FIVE OF OUR BRANDS FEATURED IN THE MOST TRUSTED BRANDS 2018

5 of our brands ranked in 100 Most Trusted Brands 2018 by Brand Equity



HOUSEHOLD CARE

**Goodnight** Ranked 1<sup>st</sup>  
**HIT** Ranked 8<sup>th</sup>

PERSONAL CARE

**Godrej No1** Ranked 18<sup>th</sup>  
**Cinthol** Ranked 26<sup>th</sup>

PERSONAL CARE

**Godrej Expert** Ranked 31<sup>st</sup>

## OUR GOOD & GREEN COMMITMENT



Ensuring  
Employability

Train 1 million youth in skills  
that will enhance their  
earning potential

Greener  
India

Achieve zero waste to landfill,  
carbon neutrality and a positive  
water balance, while reducing  
specific energy consumption  
and optimising the use of  
renewable energy

Product  
Innovation

Generate a third of our portfolio  
revenues from 'good' and/or  
'green' products

# WE HAVE BEEN CONSISTENTLY RECOGNISED AS A GREAT PLACE TO WORK



Ranked #1 FMCG company in India in 2018

Amongst the top 25 places to work in Asia in 2018



Ranked among the Best Employers in India in 2017



Godrej South Africa has been certified amongst the Top Employers of South Africa in 2017

## OTHER RECOGNITIONS



FTSE4Good Emerging Index is an extension to the FTSE4Good Index series, which is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance ESG practices

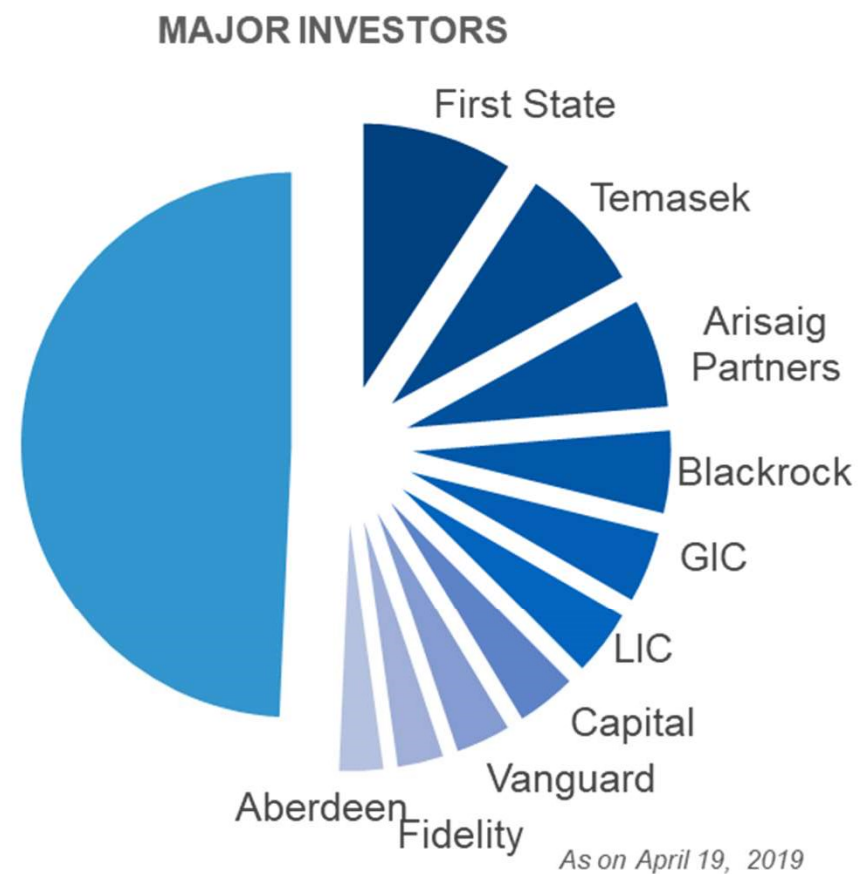
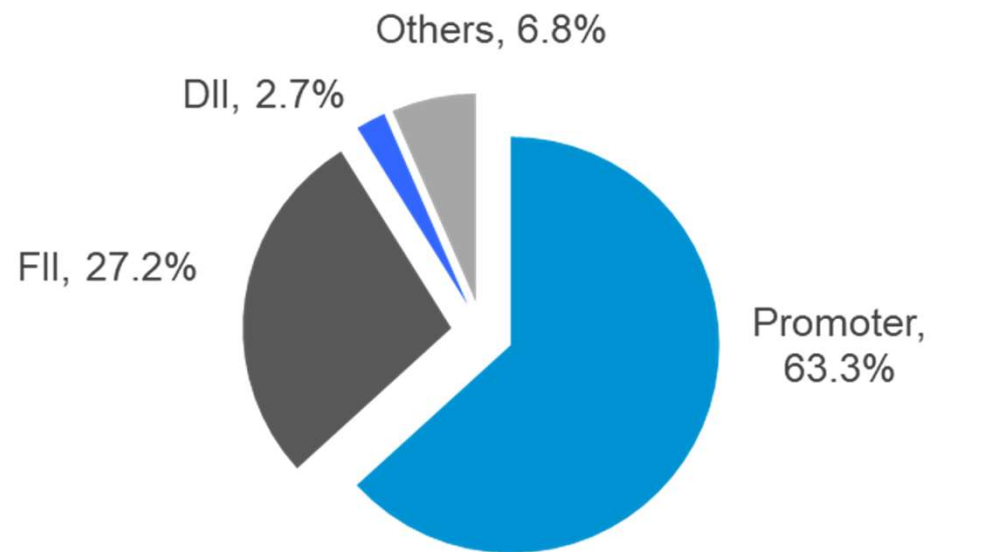


GCPL efforts to mitigate climate change have been recognised by CDP with GCPL being ranked A- on CDP India A List 2017



Received Porter Prize for Creating Shared Value 2016

## SHAREHOLDING PATTERN



# WE REMAIN LASER FOCUSED ON EXECUTING OUR KEY PRIORITIES

#1 Extending leadership in our core categories and geographies

#2 Accelerating innovation and renovation

#3 Leveraging the power of digital

#4 Building a future ready sales system

#5 Making our supply chain best-in-class

#6 Fostering an agile and high-performance culture

#7 Becoming more Good & Green

# CONTACT US FOR ANY QUERIES

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