

PRESS RELEASE

2Q FY 2023 results – GCPL clocks sales of INR 3,364 crore in 2QFY2023 with growth of 7%

Mumbai, November 8, 2022: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ending September 30, 2022

FINANCIAL OVERVIEW

2Q FY 2023 FINANCIAL PERFORMANCE SUMMARY:

- 2Q FY 2023 consolidated sales grew by 7% year-on-year; 3-year CAGR 9%
 - India business sales grew by 8% year-on-year, 3-year CAGR 9%
 - Indonesia sales declined by 8% in INR and 11% in constant currency terms, year-on-year; Ex-hygiene growth of 12% in INR and 8% in constant currency
 - Africa, USA and Middle East sales grew by 15% in INR and 13% in constant currency terms, year-on-year; 3-year CAGR 13% in constant currency
 - Latin America & SAARC sales declined by 1% in INR and grew 34% in constant currency terms, year-on-year; 3-year CAGR 30% in constant currency
- 2Q FY 2023 consolidated EBITDA declined by 15% year-on-year
- 2Q FY 2023 consolidated net profit declined by 21% year-on-year (without exceptional items and one-offs)

MANAGING DIRECTOR AND CEO'S COMMENTS

Commenting on the business performance of 2Q FY 2023, Sudhir Sitapati, Managing Director and CEO, GCPL, said:

We delivered a steady performance in 2Q FY 2023. Overall sales grew by 7% with 3-year CAGR of 9%. However, this growth was driven by pricing. We continue to believe that with the relatively non-discretionary, mass pricing of our portfolio and good performance on market shares, volume growth will return in the short term. Our overall EBITDA declined by 15% driven by consumption of high cost inventory, upfront marketing investments and a weak performance in our Indonesia and Latin America & SAARC businesses. PAT without exceptional items and one-offs declined by 21%.

From a geography perspective, India grew steady at 8%. Our Africa, USA and Middle East business continued its robust growth trajectory, growing at 15% in INR and 13% in constant currency terms. Performance in our Indonesian business was weak, declining by 8% in INR and 11% in constant currency terms. Indonesia growth ex-hygiene category in the base 8% in constant currency. From a category perspective, in India, we saw continued momentum in Personal Care, which grew by 18%. Home Care grew by 2%.

With inflationary pressures abating, we expect recovery in consumption and gross margins alongside continued higher marketing investments with a significant focus on reducing controllable costs.

We continue to have a healthy balance sheet and our net debt to equity ratio continues to drop. We are on a journey to reduce inventory and wasted cost and are deploying this to drive profitable and sustainable volume growth across our portfolio through category development.

We remain committed to our purpose of bringing the goodness of health and beauty to consumers in emerging markets.

BUSINESS UPDATE – INDIA

Performance Highlights

- 2Q FY 2023 India sales grew by 8% to INR 1,953 crore; volume declined by 5%
- 2Q FY 2023 EBITDA declined by 5% to INR 422 crore
- 2Q FY 2023 Net Profit without exceptions and one-off declined by 4% to INR 343 crore

Category Review

Home Care

Home Care grew by 2%

Household Insecticides performance was impacted by the delayed monsoon in the Eastern and Northern parts of India. We continue to deepen penetration and seed in category development initiatives to drive sustainable growth. Our non-mosquito portfolio continues to deliver strong growth momentum and premium aerosol portfolio continues to grow in double-digits.

Air Fresheners continue to witness strong performance and we continue to gain market share on MAT basis. Our category development initiative and communication 'If bathrooms/rooms could talk' is receiving encouraging consumer response.

Personal Care

Personal Care grew by 18%

Personal Wash & Hygiene maintained its growth momentum, delivering double-digit sales growth. We continue to gain market share on MAT basis and deepen penetration led by category development initiatives. Magic powder-to-liquid handwash continues to gain share

Hair Colour witnessed close to double-digit growth. Godrej Expert Rich Crème continues to perform well, backed by strong marketing campaigns. Furthermore, the response to Godrej Expert Rich Crème's at INR 15 is encouraging.

BUSINESS UPDATE – INDONESIA

Our Indonesia business delivered a weak performance with a sales decline of 11% in constant currency terms. Sales excluding Hygiene (Saniter) saw a growth of 8% in constant currency terms.

Our EBITDA margins, contracted by 930 bps year-on-year due to consumption of high cost inventory, upfront marketing investments, high hygiene comparator, and scale deleverage. We continue to put building blocks in place to drive category development and general trade distribution expansion.

BUSINESS UPDATE – AFRICA, USA AND MIDDLE EAST

Our Africa, USA and Middle East cluster delivered double-digit sales growth of 13% in constant currency terms (3-year CAGR of 13%). Our strong sales growth momentum continues in Southern and West Africa. Our Dry Hair and FMCG category both grew in double digits. In line with our strategy

to drive category development, we continue to increase investments across both Dry Hair and FMCG categories.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the 125-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. 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.

Disclaimer:

The financials disclosed above may differ from the reported financials to reflect the real business financial performance. Some of the statements in this communication may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation, and labour relations.