



Q2FY2023 Investor and Analyst Performance Update

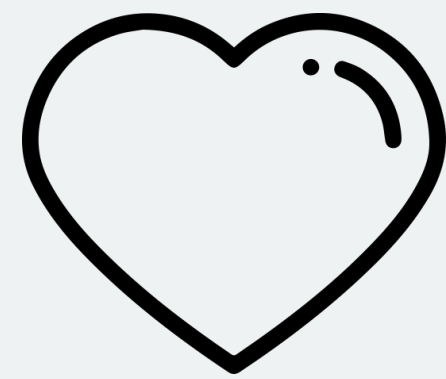
8 November, 2022



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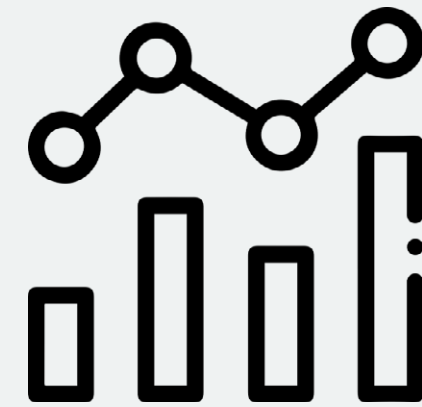
Some of the statements in this communication may be forward looking within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include changes in the industry structure,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

Our purpose and strategy



Purpose

Bring the goodness of health and beauty to consumers in emerging markets



Business aspiration

Drive penetration-led volume growth through category development



Environmental, social, and governance (ESG)

Become sustainability leaders, influence sustainable consumption, and drive social impact

KEY HIGHLIGHTS

**Steady Sales growth of 7%
(3-year CAGR 9%); Sales
growth, excluding hygiene in
Indonesia, at 10%**

Consolidated Sales growth	7% (8% CC)	India Sales growth	8%
3-year CAGR	9% (9% CC)	3-year CAGR	9%
Consolidated EBITDA growth		(15)%	

1 Underlying Volume Growth:
Consolidated -5% year-on-year; 3-year CAGR 1%
Standalone -5% year-on-year; 3-year CAGR 1%

2 Steady growth in India 8% (3-year CAGR 9%),
Africa, USA & Middle East 13% CC (3-year CAGR 13%)
and Latin America & SAARC 34% CC (3-year CAGR 30%);
Indonesia (11)% CC (3-year CAGR -4%);
Indonesia growth ex-hygiene 8% CC

3 Consolidated EBITDA margins at 17.1% (15%
degrowth); margins decrease by 450 bps year-on-year

EBITDA + working media margins decrease 200 bps (1% degrowth)

Quality of profits improving, driven by sequential recovery in Gross Margin; witnessed lower year-on-year drop in Gross Margin sequentially (decreased by 200 bps in Q2FY23 from 560 bps in Q1FY23). In line with our strategy to drive category development, significant increase in working media investment (increased by 250 bps; 69% growth).

FINANCIAL PERFORMANCE UPDATE

Q2 FY2023: Financial performance

Growth (year-on-year)	Consolidated Business	India Business
Net Sales (Reported)	7%	8%
Net Sales (Constant Currency)	8%	-
EBITDA	(15%)	(5%)
EBITDA + Working Media	(1%)	9%
Net Profit (Reported)	(25%)	(8%)
Net Profit (Without exceptional and one-off items)	(21%)	(4%)

Q2 FY2023: Exceptional and One-off Items

Consolidated Business	Q2 FY2023	Q2 FY2022
Net Profit (Reported)	359	479
Exceptionals (Post tax)		
Restructuring cost in Latin America and Indonesia	3.8	1.4
Deferred Tax - Change in maximum marginal tax rate in India	0.1	(0.1)
Settlement under VAT amnesty scheme in India	14.6	-
Net Profit (Without exceptional and one-off items)	377	480

Note: All values are in ₹ crore and rounded off

Q2 FY2023: Steady growth in India (3-year CAGR 9%), Africa, USA & Middle East (3-year CAGR 13% CC); Indonesia growth ex-hygiene 8% CC

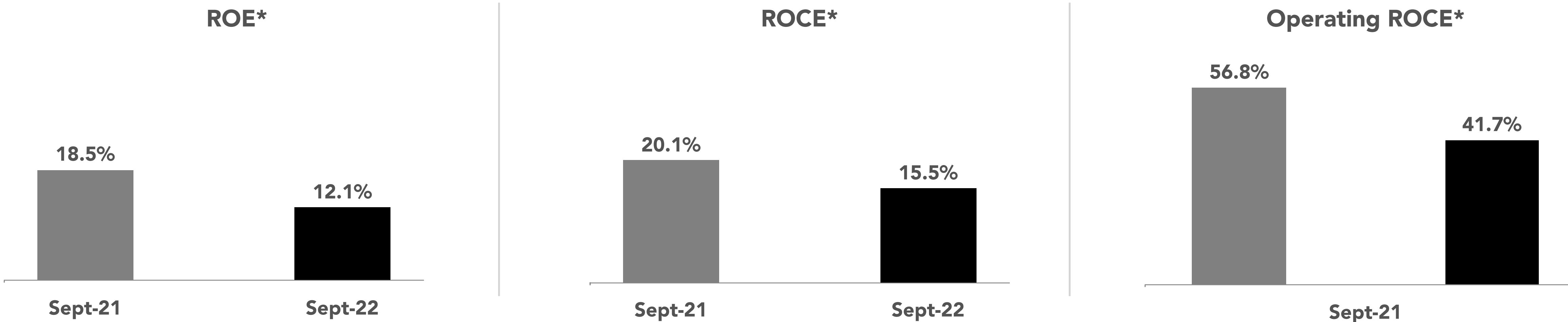
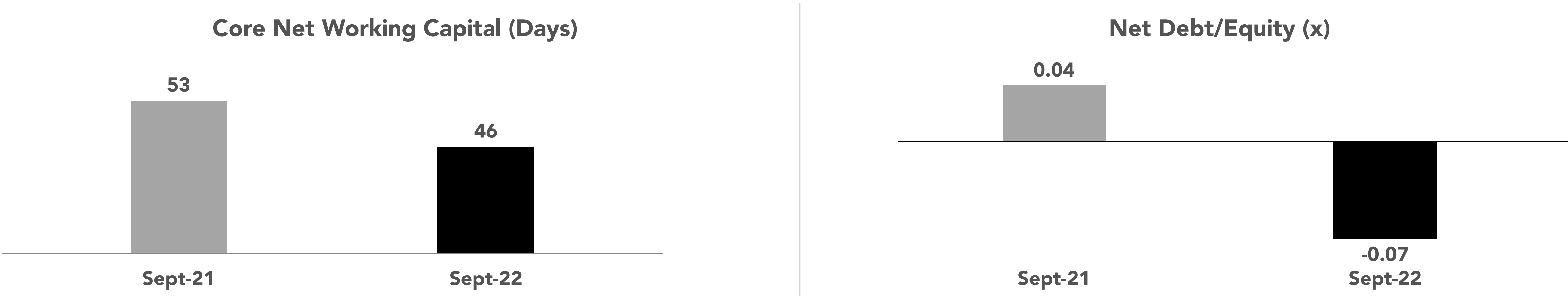
Geography	Sales (₹ crore)	Growth (Year-on-year)	Constant Currency Growth (Year-on-year)
India	1,953	8%	-
Indonesia	408	(8)%	(11)%
<i>Indonesia Ex-hygiene</i>		12%	8%
Africa, USA and Middle East	857	15%	13%
Latin America and SAARC	172	(1)%	34%
Total Net Sales	3,364	7%	8%

Note: Total Net Sales includes the impact of contra and inter company eliminations

Q2 FY2023: Bridge between Reported and Operating EBITDA

	India	Indonesia	Africa, USA & Middle East	Latin America & SAARC
Q2FY23 Reported EBITDA Margin	21.9%	16.8%	8.6%	1.6%
Business support charges, Royalty & Technical fees (₹ crore)	(5.9)	1.2	4.9	(0.2)
Q2FY23 Operating EBITDA Margin	21.6%	17.1%	9.2%	1.5%
Q2FY22 Operating EBITDA Margin	24.6%	26.4%	11.9%	16.0%
Change in EBITDA Margin (bps)	(300)	(930)	(270)	(1,450)
Change in EBITDA + Working Media Margin (bps)	30	(810)	(130)	(1,320)

Q2 FY2023: Net Debt to Equity continues to improve; Focus on significant inventory reduction and debtors realisation



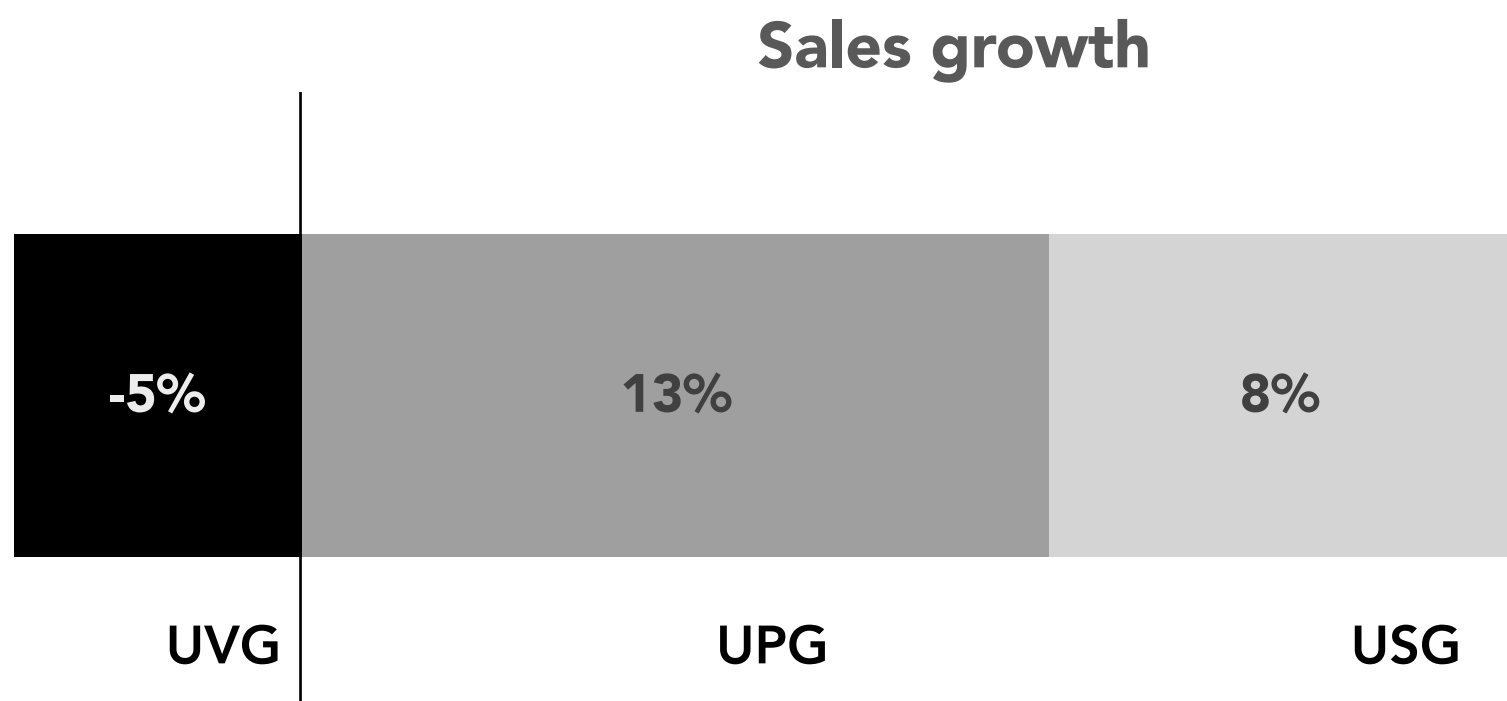
*Excluding MAT credit entitlement, one-time deferred tax and other one-time exceptions to net profit

INDIA BUSINESS UPDATE

Steady sales growth

Financial performance

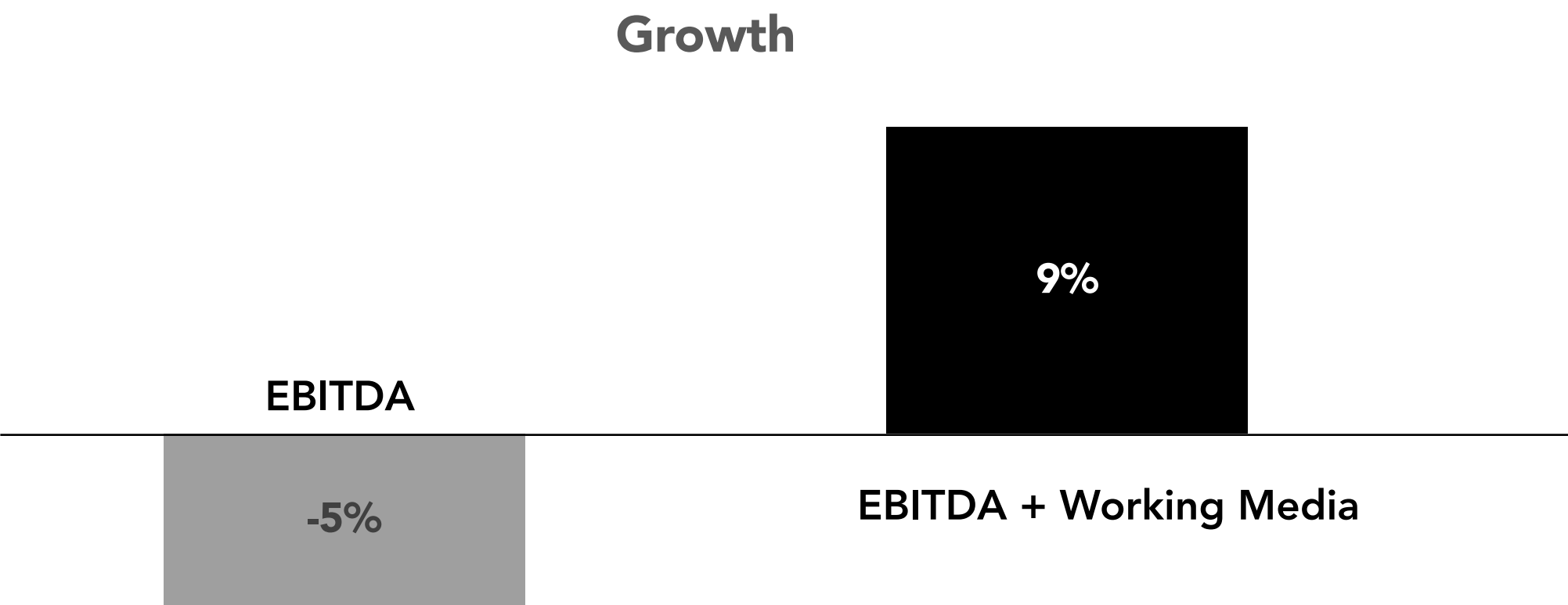
- **Sales growth of 8%** driven by pricing; 3-year CAGR of 9%
- **EBITDA margins in India at 21.6%**; contracted by **300 bps** year-on-year, Quality of profits improving driven by sequential recovery in Gross Margin; witnessed lower year-on-year drop in Gross Margin sequentially (decreased by 60 bps in Q2FY23 from 660 bps in Q1FY23). In line with our strategy to drive category development, significant increase in working media investment (increased by 330 bps; 79% growth).



USG: Underlying Sales Growth; UPG: Underlying Pricing Growth; UVG: Underlying Volume Growth

Operating performance

- Strong growth momentum in Personal Care continues; steady performance in Home Care
- With significant correction in commodities like palm oil derivatives and crude oil, we expect recovery in consumption, gross margins expansion and upfront marketing investments in the upcoming quarters.

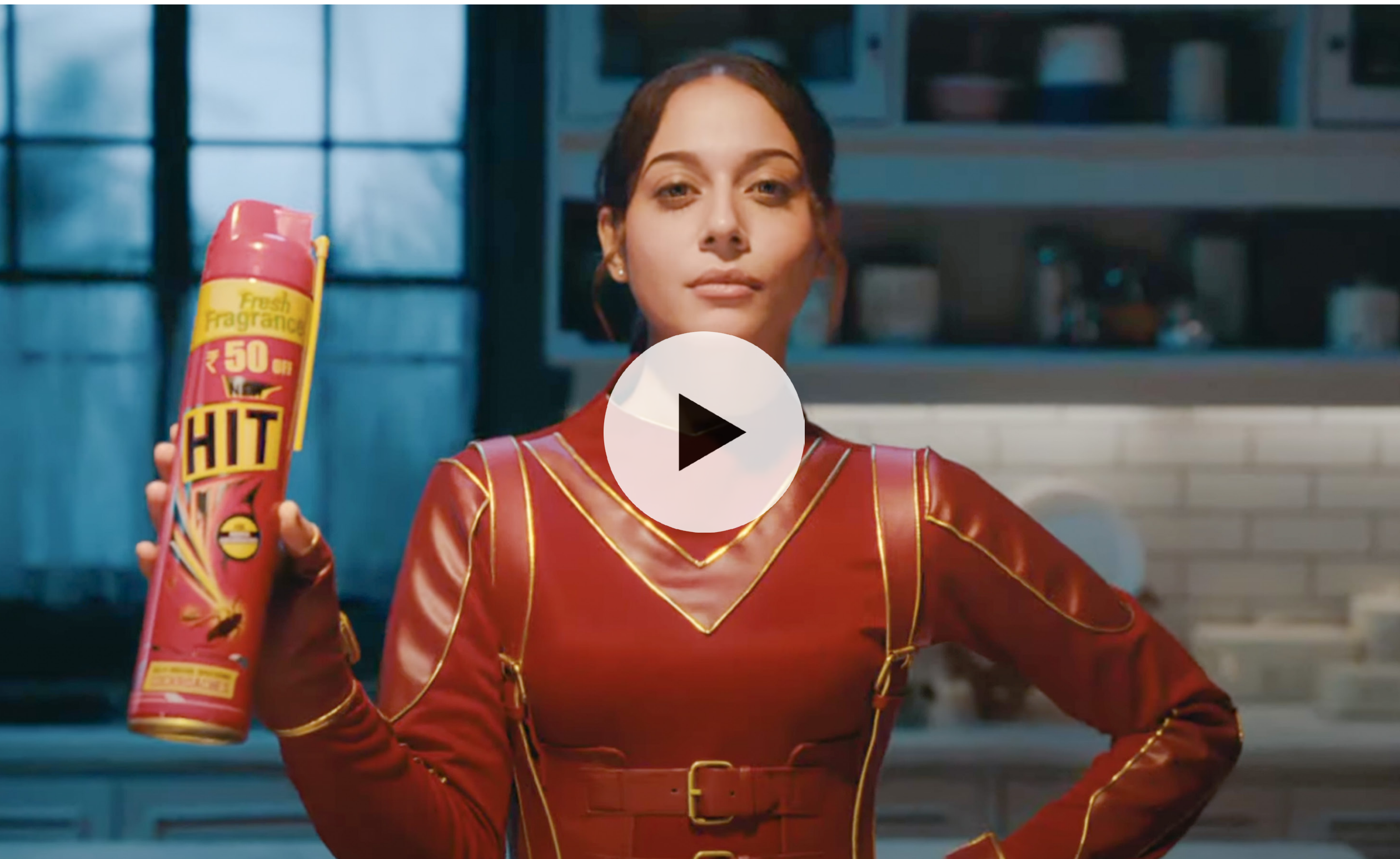


Strong momentum in Personal Care; steady performance in Home Care

Category	Sales (₹ crore)	Q2 Growth (Year-on-year)
Home Care	869	2%
Personal Care	1,017	18%
Unbranded and Exports	67	(26)%
Total Net Sales	1,953	8%
Volume Growth	–	(5)%

Home Care (1/2): Continued seeding of category development initiatives

- **Household Insecticides** performance impacted by a delayed monsoon in the Eastern and Northern parts of India
- Continue to deepen penetration
- In line with our strategy of driving category development, we launched new communications around HIT CIK and HIT Anti-roach Gel
- Non-mosquito portfolio (~20% salience) continues strong growth momentum
- Premium aerosol portfolio (~35% salience) continues to grow in double digits



Home Care (2/2): Strong performance in Air Fresheners

- **Air Fresheners** continue to witness strong growth and gain market share on MAT basis
- Our category development initiative and communication around 'If bathrooms/rooms could talk' is receiving encouraging consumer response
- Continued investment and festive activations to drive relevance



Personal Care (1/2): Double-digit growth in Personal Wash & Hygiene continues

- Continued momentum in **Personal Wash & Hygiene**, with double-digit sales growth
- Continue to gain market share on MAT basis and deepen penetration in Soaps led by category development initiatives
- Continued focus on leveraging digital platforms
- Magic powder-to-liquid handwash continues to gain market share; launched a new TVC



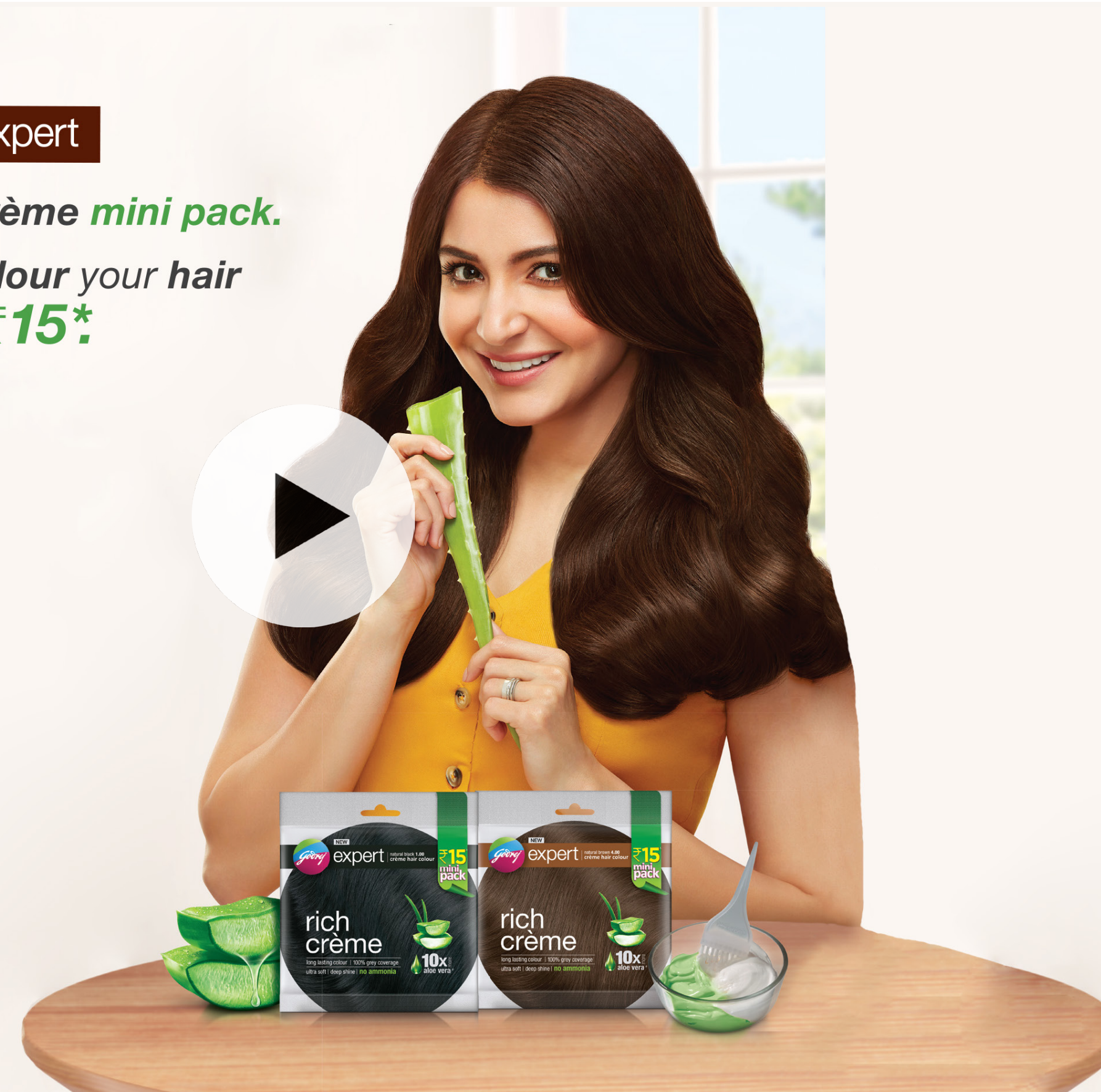
Personal Care (2/2): Steady performance continues in Hair Colour

- **Hair Colour** witnessed close to double-digit growth
- Godrej Expert Rich Crème continues to perform well, driven by strong marketing campaigns and influencer programmes
- Continued encouraging response to our INR 15 Godrej Expert Rich Crème



Rich Crème mini pack.

Now **colour** your **hair**
in just **₹15***



INTERNATIONAL BUSINESS UPDATE

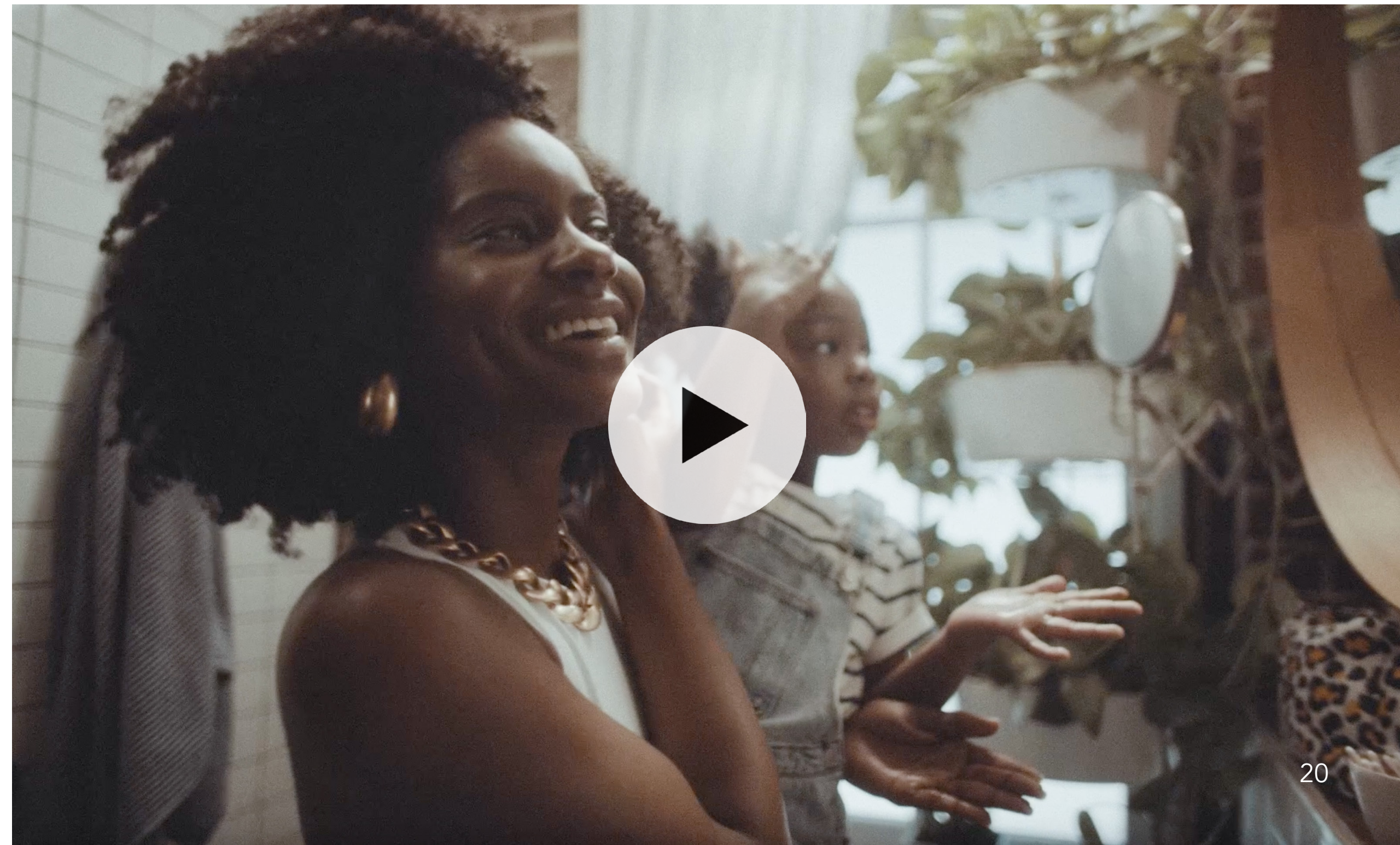
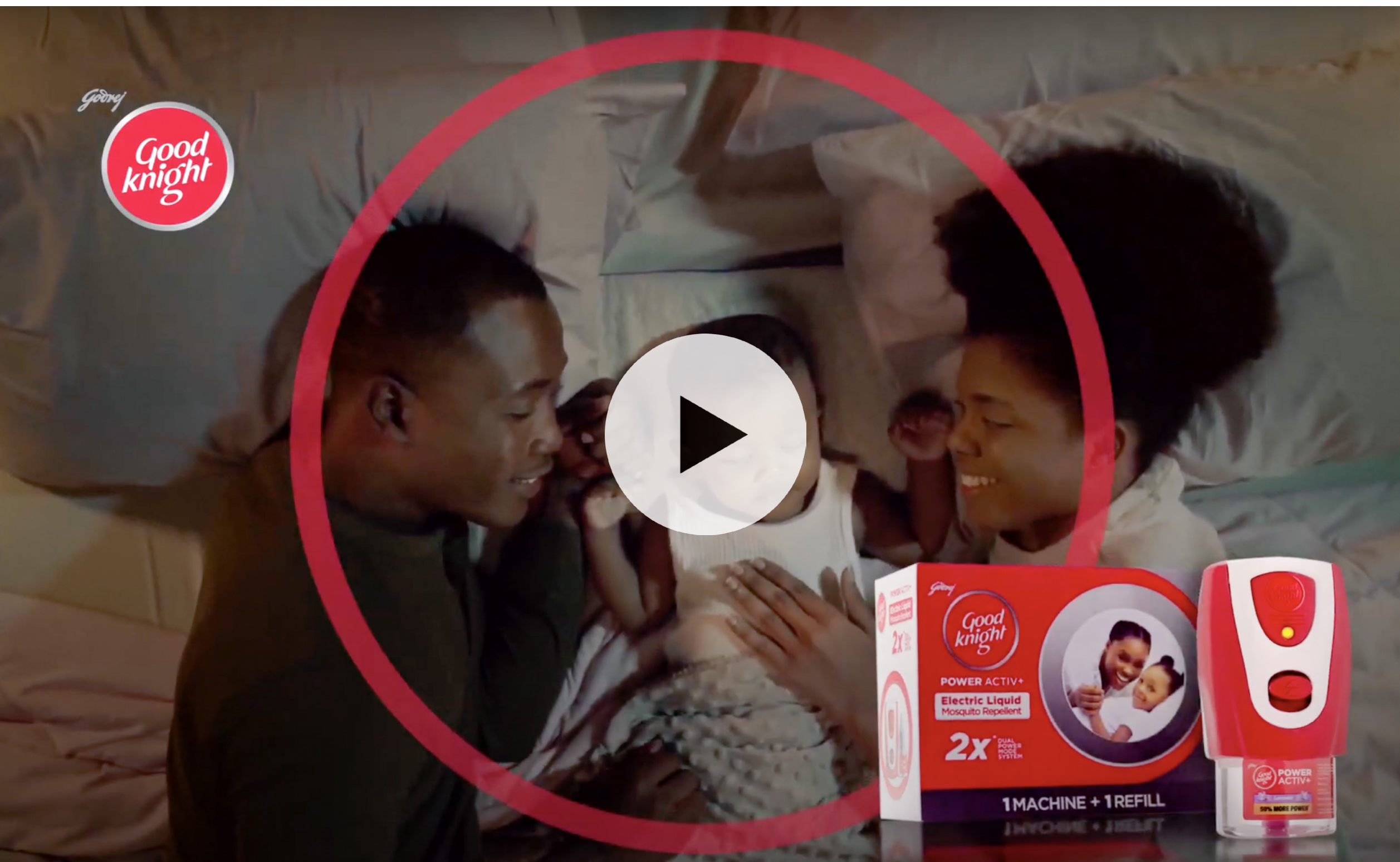
Weak performance in Indonesia; recovery in core business on track

- Sales dropped by 11% (constant currency); Sales growth excluding Hygiene (Saniter) was 8% (constant currency)
- EBITDA margins at 17.1%, decreased by 930 bps year-on-year due to consumption of high-cost inventory, upfront higher marketing investments, high hygiene comparator and scale deleverage
- Continue to put building blocks in place to drive category development and general trade distribution expansion



Africa, USA & Middle East continued double-digit sales growth momentum

- Continued momentum; double-digit sales growth of 13% (constant currency)
- EBITDA margins at 9.2%; contracted by 270 bps year-on-year. Quality of profits improving. In line with our strategy to drive category development, significant increase in working media investment (increased 140 bps; ~54% growth) across Dry Hair and FMCG.
- Dry Hair category (that comprises more than half of the business) and FMCG category both grew in double digits
- Strong sales growth momentum continues in Southern Africa and West Africa



ENVIRONMENTAL, SOCIAL, AND GOVERNANCE UPDATE

Our ESG targets for FY2025 and Q1 FY2023 performance



Vision	Goals for FY2025	Performance update
Influence sustainable consumption	Ensure efficient waste management systems for 3 municipalities in India impacting 3 million people	Community waste management project ongoing in 1 municipality. Achieved 20% source segregation through door-to-door collection. Processing ~500 kg/day waste at the sanitation park.
	Achieve Sustainable Packaging targets - 20% intensity reduction; 10% post consumer recycled plastic (this target will be revised based on the new, more stringent plastic use guidelines); 100% reusable, recyclable and compostable packaging	3.5% virgin plastic replaced with PCR 6% reduction in plastic intensity
	Ensure one-third of all products are greener than in 2020 by carrying out lifecycle assessments (LCA) for major products (80% coverage by revenue)	Completed LCAs of 7 products that cover over 50% of our revenues
	<ul style="list-style-type: none">Cover 75% of GCPL suppliers in India (by procurement spends), and 50% for our other geographies, under our sustainable supply chain policy.Source 100% of paper packaging from sustainable sources.	72% of India suppliers (by spend volume) covered under our sustainable supply chain policy and are being assessed
	Partner with consumers and customers to promote sustainable consumption of our green products	—

Note: *India targets reported. We have similar targets for international locations.

Our ESG targets for FY2025 and Q1 FY2023 performance



Vision	Goals for FY2025	Performance update
Lead in sustainability action	45% reduction in GHG emission intensity (to be revised based on SBTi) and carbon neutrality for Scope 1 & 2 from FY11 baseline	49% reduction in GHG emission intensity
	40% reduction in specific energy consumption from FY11 baseline	41% reduction in specific energy consumption
	Achieve 35% renewables in energy mix	27% of energy is from renewables
	Maintain 40% reduction in water intensity while maintaining water positivity	26% reduction in water intensity and continuing to be water positive
	Achieve zero liquid discharge and maintain zero waste to landfill	Continue to be zero waste to landfill
	Announce our commitment towards the global Science Based Targets initiative (SBTi) and publish our roadmap and targets for emissions reduction	SBT emissions reduction targets and roadmap have been created and submitted to SBTi
	Achieve 100% EPR compliance	On track

Note: *India targets reported. We have similar targets for international locations.

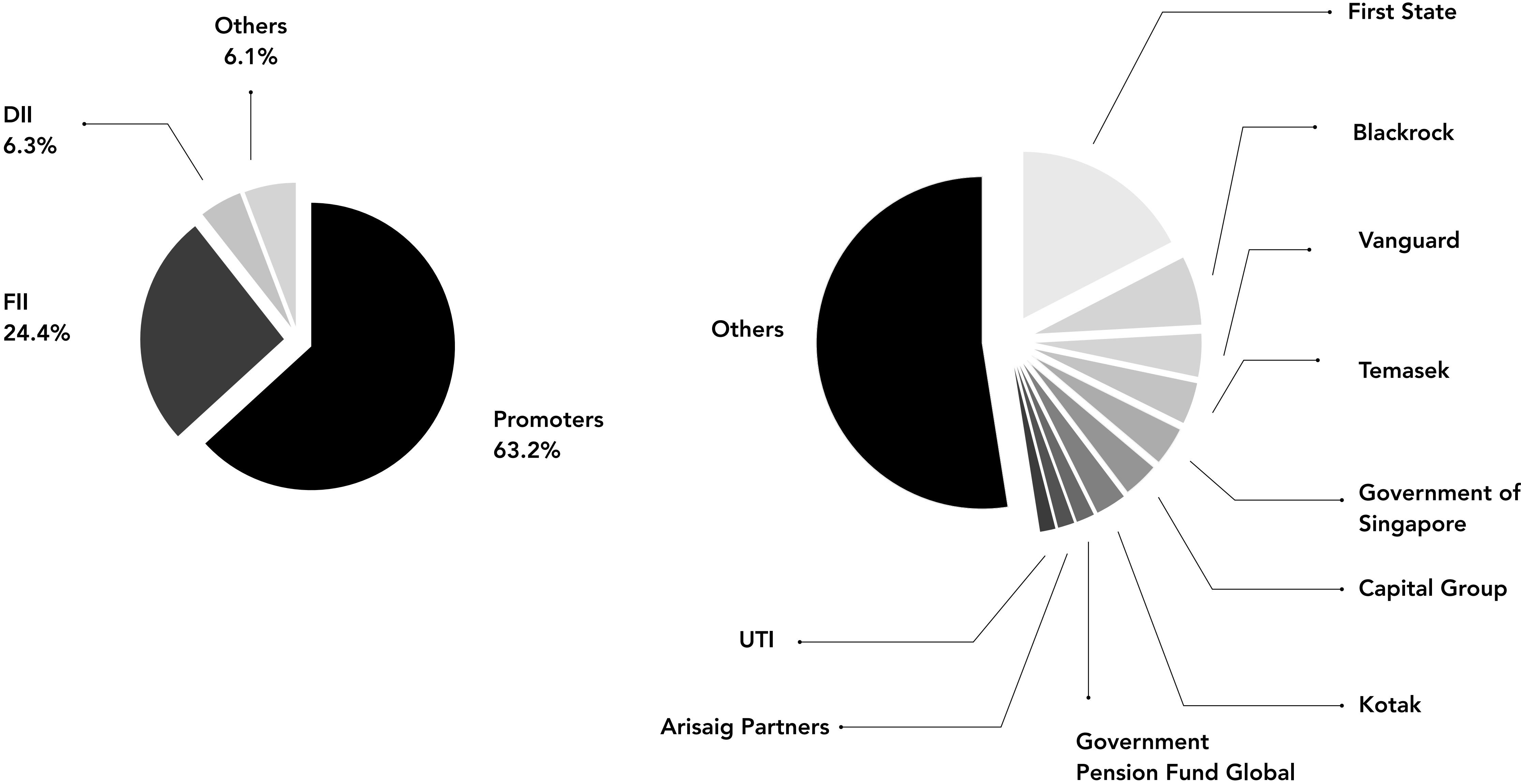
Our ESG targets for FY2025 and Q1 FY2023 performance



Vision	Goals for FY2025	Performance update
Equip communities with skills that empower	Empower 200,000 women in beauty skills, across emerging markets globally	<p>Trained and upskilled 6,443 women beauty entrepreneurs, young girls, and men in India and Africa in hair styling skills and enterprise development.</p> <p>As part of our Salon-i programme with young girls, we reported an average income increase between 23-35%.</p>
Improve health and well-being	<p>Strengthen public healthcare systems in 3 states in India</p> <hr/> <p>Protect 30 million people against vector-borne diseases</p>	<p>Due to efforts made by the Madhya Pradesh state government, along with assistance from our EMBED programme, there has been a 96% decline in malaria cases from 2015 to 2021, with infection rates declining to below one case per 1,000 people. Madhya Pradesh has become a Category 1 state from Category 3 and is one of the top 10 states with low malaria cases. EMBED's contribution has been formally acknowledged by the Health Minister of Madhya Pradesh, Dr Prabhuram Choudhary.</p> <hr/> <p>On track and reached out to over 11.5 million people. In Q1, we covered 1,108 villages. By the end of FY 23, ~30% of 778 villages will be malaria free.</p>

APPENDIX

Shareholding pattern



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