



Quarterly Update: 2QFY23

This update provides an overall summary of the operating performance and demand trends during the quarter ended September 30, 2022. This will be followed by a detailed performance update, post the approval of the 2QFY23 financial results by the Board of Directors.

The Indian FMCG industry continued to remain soft during the quarter. Rural markets witnessed slower growth compared to urban. However, with the moderation in inflationary pressures due to correction in commodity prices, and the monsoon largely being on track (apart for a few states), we expect consumption to improve in the second half of the year. We continue to remain competitive given the relatively non-discretionary mass pricing of our portfolio.

In India, we expect to deliver high single-digit sales growth. Our 3-year CAGR remains robust and close to double-digits. We expect a mid-single-digit volume drop, with a low single-digit 3-year volume CAGR. Personal Care sustained its strong double-digit growth trajectory, while Home Care witnessed close to mid single-digit growth.

In Indonesia, with Hygiene performance waning after COVID-19 and a large Hygiene comparator in the base, we expect early double-digit constant currency sales decline. We expect close to high single-digit sales growth (excluding Hygiene).

In Godrej Africa, USA, and Middle East (GAUM), we continued our growth momentum across key countries. We expect to deliver constant currency sales growth in the low-teens.

We are expecting constant currency sales growth in upwards of thirties in our Latin America business.

At a consolidated level, we continue to leverage our category and geographic portfolio. We expect to deliver higher than mid single-digit sales growth with a close to double-digit 3-year CAGR. We expect close to double digit sales growth ex Indonesia's Hygiene comparator.

On the profitability front, we expect a mid-teen decline in EBITDA. This is due to consumption of high cost materials, significant upfront marketing investments to drive category development, and a weak performance in Indonesia. However, 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

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. GCPL ranks among the largest Household Insecticides, Air Care and Hair Care players in emerging markets of India, Indonesia, and Africa. In Household Insecticides, we are the leader in India, the second largest player in Indonesia, and are expanding our footprint in Africa. We are at the forefront of 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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