

PRESS RELEASE

1Q FY 2023 results – GCPL clocks sales of INR 3,094 crore in 1QFY2023 with growth of 8%

Mumbai, August 3, 2022: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ending June 30, 2022

FINANCIAL OVERVIEW

1Q FY 2023 FINANCIAL PERFORMANCE SUMMARY:

- 1Q FY 2023 consolidated sales grew by 8% year-on-year; 3-year CAGR 10%
 - India business sales grew by 12% year-on-year, 3-year CAGR 12%
 - Indonesia sales declined by 9% in INR and 12% in constant currency terms, year-on-year; 3-year CAGR -2% in constant currency
 - Africa, USA and Middle East sales grew by 12% in INR and constant currency terms, year-on-year; 3-year CAGR 11% in constant currency
 - Latin America & SAARC sales declined by 5% in INR and grew 15% in constant currency terms, year-on-year; 3-year CAGR 28% in constant currency
- 1Q FY 2023 consolidated EBITDA declined by 13% year-on-year (without one-offs)
- 1Q FY 2023 consolidated net profit declined by 16% year-on-year (without exceptional items and one-offs)

MANAGING DIRECTOR AND CEO'S COMMENTS

Commenting on the business performance of 1Q FY 2023, Sudhir Sitapati, Managing Director and CEO, GCPL, said:

We delivered a steady performance in 1Q FY 2023. Overall sales grew by 8% with 3-year CAGR in double digits. However, this growth was driven by pricing. We continue to believe that with the relatively non-discretionary, mass pricing of our portfolio and very good performance on market shares, volume growth will return in the medium term. Our overall EBITDA declined by 13% (without one-offs) driven by unprecedented global commodity inflation, upfront marketing investments and a weak performance in our Indonesia and Latin America & SAARC businesses. PAT without exceptional items and one-offs declined by 16%.

From a geography perspective, India grew steady at 12%. Our Africa, USA and Middle East business continued its robust growth trajectory, growing at 12% in INR and in constant currency terms. Performance in our Indonesian business was weak, declining by 9% in INR and 12% in constant currency terms. From a category perspective, in India, we saw continued momentum in Personal Care, which grew by 25%. Home Care delivered a soft performance and declined by 4%.

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

- 1Q FY 2023 India sales grew by 12% to INR 1,814 crore; volume declined by 6%
- 1Q FY 2023 EBITDA declined by 4% to INR 408 crore
- 1Q FY 2023 Net Profit without exceptions and one-off declined by 2% to INR 319 crore

Category Review

Home Care

Home Care declined by 4% with a 2-year CAGR of 8%.

While we delivered a soft performance in Household Insecticides, on the back of a high base and relatively muted season, we continued to deepen penetration and gain market share on MAT basis. We are seeding in category development initiatives to drive sustainable growth. We launched a new campaign for Goodknight liquid vaporiser #NeendoKoNazarNaLage and for HIT. Our non-mosquito portfolio continues to deliver strong growth momentum.

Air Fresheners witnessed strong performance, led by an uptick in the category, and we continue to gain market share on MAT basis. Our category development initiative around driving relevance for Aer Power Pocket and premiumisation through Aer Matic ('If bathrooms/rooms could talk') is receiving encouraging consumer response.

Personal Care

Personal Care grew by 25% with a 2-year CAGR of 21%.

Personal Wash & Hygiene maintained its growth momentum, delivering double-digit sales growth and a 2-year CAGR in double digits. We continue to gain market share on MAT basis and deepen penetration led by category development initiatives. We are strengthening our value-for-money and green proposition with the launch of the affordable and sustainable ready-to-mix Magic Bodywash priced at INR 45.

Hair Colour witnessed strong growth driven by category uptick with a 2-year CAGR in double digits. Godrej Expert Rich Crème continues to perform well and gain market share, backed by strong marketing campaigns. Furthermore, the initial 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 12% in constant currency terms. Sales excluding Hygiene (Saniter) saw a decline of 4% in constant currency terms.

We continued to reduce stocks with channel partners, resulting in nearly flattish growth on sell-outs. Our EBITDA margins, contracted by 810 bps year-on-year due to higher commodity inflation, 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 12% in constant currency terms (3-year CAGR of 11%). Our strong sales growth momentum continues in Southern Africa. Our Dry Hair category grew in mid-single digit, while the FMCG category grew in double digits. While EBITDA margins decreased by 160 bps year-on-year, we continue to introduce marketing initiatives to drive sustainable growth and have increased 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.