



Godrej | CONSUMER PRODUCTS

Q1FY2021 Investor and Analyst Performance Update

4 August, 2020

KEY HIGHLIGHTS

Resilient performance;
excellent growth in
Household Insecticides (27%)
and Hygiene (15%)

| | | | |
|---------------------------|-------------|----------------------------|-----|
| Consolidated sales growth | -1% (0% CC) | Consolidated EBITDA growth | 3% |
| India Sales growth | 5% | India EBITDA growth | 23% |

1 85% of global portfolio comprises Household Insecticides, Hygiene and Value For Money products, delivering 9% growth; Household Insecticides and Hygiene combined portfolio grows 20%

3 Driving the resurgence of Household Insecticides; 27% growth

5 Responding with agility to supply chain challenges (operating at 90% production capacity in India); scaling up alternate channels

2 76% of global portfolio comprises India and Indonesia, delivering 5% growth each

4 Strong growth and innovation in Hygiene; 15% growth, 45 product launches across geographies

6 Serving our communities; ₹ 50 crore Godrej Group commitment

1 85% of our global portfolio comprises Household Insecticides, Hygiene and Value For Money products, delivering 9% growth; Household Insecticides and Hygiene combined portfolio grows 20%

85% contributing to 9% growth



HOUSEHOLD INSECTICIDES



27%



HYGIENE



15%



VALUE FOR MONEY



- 13%

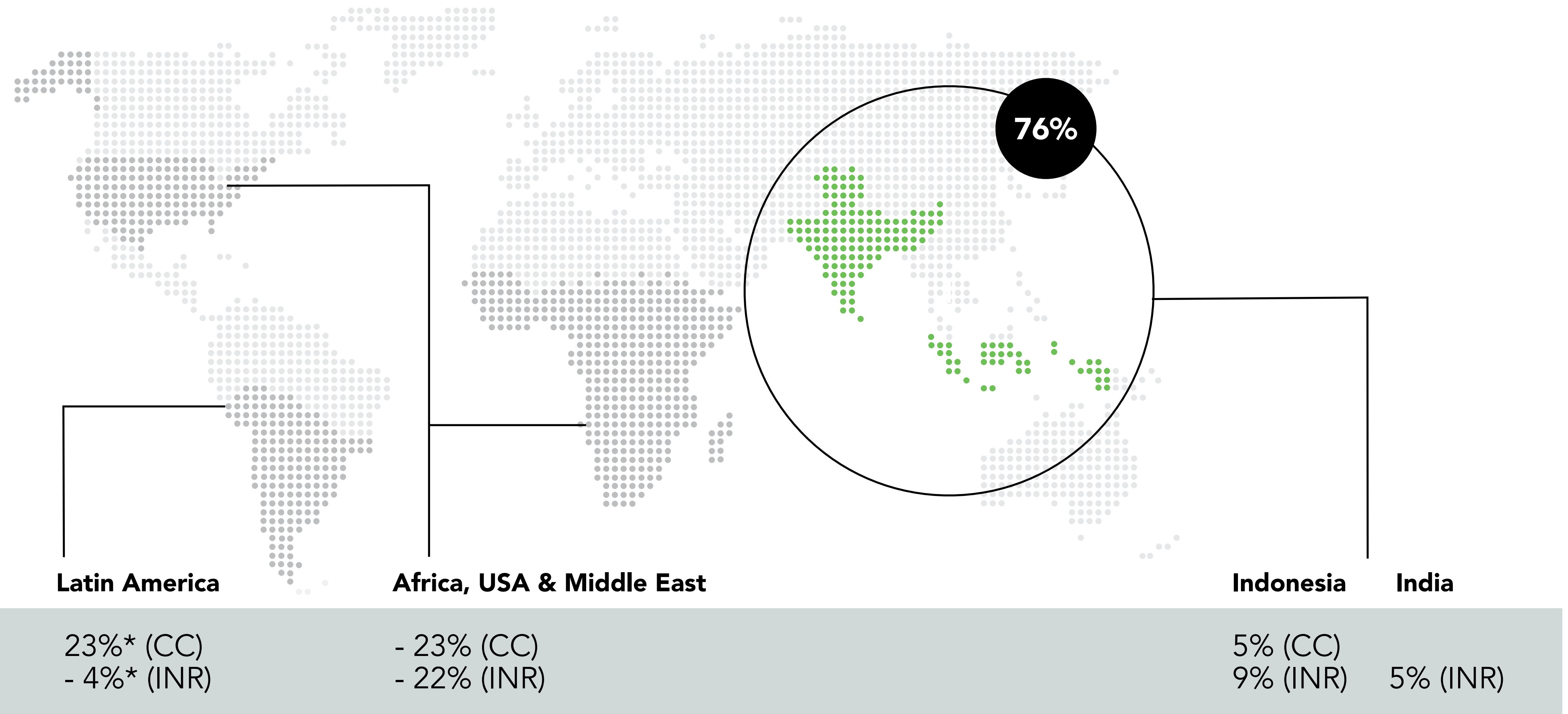


OTHERS



- 35%

2 **76% of our global portfolio comprises India and Indonesia, delivering 5% growth each**



Note: *Includes SAARC; CC - Constant Currency

3 Driving the resurgence of Household Insecticides; 27% growth

- Consumers do not want to take any chances with their health; vigilance against mosquitos and protecting themselves against malaria and dengue has gone up
- Full portfolios across formats and price points in India and Indonesia
- Pivoting advertising more towards disease prevention

India portfolio

| | |
|--------------|--|
| Burning |  |
| Aerosol |  |
| Electric |  |
| Personal |  |
| Naturals |  |
| Non-mosquito |  |

Disease prevention advertising

ప్రజాహితం కోసం జారీ

Good knight

ఈ వర్షాకాలంలో
డంగ్యూ, మలేరియా నంచి
ఎలా రక్షించుకోవాలి

STEP 1
నీరు నిలవ కాకుండా
చూసుకోండి

STEP 2
దోమ తెరల వాడండి

STEP 3
చేతులను పూరిగో కష్ట
ఉంచే దునుచి న
వేసుకోండి

STEP 4
ఇంటిలో చెత్త
పేరుకోకుండా పోయేందుకు

STEP 5: ఏదైనా ప్రభుత్వ త దోమల నివారణ స్టాండ్ న వాడండి

जनहितार्थ जारी

Good knight

डेंग्यू, मलेरियापासून
पावसाळ्यात कसा कराल बचाव?

स्टेप 1
पाण्याचा साठा टाळा

स्टेप 2
दरवाजे-खिडक्यांना
जाळ्या बसवा

स्टेप 3
पूर्ण बाह्याचे कपडे
वापरा

स्टेप 4
कचराकुड्या झाका

स्टेप 5
मच्छरांपासून बचावासाठी कोणताही नामांकित ब्रँड वापरा

জনস্বার্থে প্রচারিত

Good knight

এই বর্ষায়
ডেঙ্গি ও ম্যালেরিয়ার
হাত থেকে কী ভাবে রক্ষা পাবেন

প্রথমত
জল জমতে
সেবেন না

দ্বিতীয়ত
ঘরের জানালা ও
দরজায় মশার নেট
ব্যবহার করুন

তৃতীয়ত
ফুল-হাতা জামা-কাপড়
পরে থাকুন

চতুর্থত
মোংরা ফেলে দিন
এবং ভাটচিনি
ডেকে রাখুন

পঞ্চমত
বিস্তৃত কোনও প্র্যান্ডের মশা মারার প্রোডাক্ট ব্যবহার করুন

4 Strong growth of 15% in Hygiene; hyper focus on innovation with 45 product launches across geographies



Magic, the most affordable and sustainable hand wash in the world



Saniter in Indonesia



Protekt in India

5 Responding with agility to supply chain challenges; scaling up alternate channels

India

- Factories operating at 90% capacity
- On ground sales team availability has improved; 90% now actively taking orders
- Doubling down on e-commerce and chemist channels

Africa, USA and Middle East

- Factories operating smoothly; ensuring adequate stocks on ground to meet channel and consumer demand
- Strengthening engagement with salons and stylists; leveraging technology
- Opening up new channels like e-commerce and Direct to Customer (D2C)

Indonesia

- Ensuring the back end and front end supply chain runs smoothly, while following social distancing norms

6 Serving our communities



Godrej Group: INR 50 crore fund to support relief efforts in India



#ProtektIndiaMovement
A multi-media, multi-channel campaign on hand washing and public health



Partnerships and community support across geographies

FINANCIAL PERFORMANCE UPDATE

Q1 FY2021: Financial Performance

| Growth (Year-on-Year) | Consolidated Business | India Business |
|--|-----------------------|----------------|
| Net Sales (Reported) | (1%) | 5% |
| Net Sales (Constant Currency) | 0% | - |
| EBITDA | 3% | 23% |
| Net Profit (Reported) | (3%) | 13% |
| Net Profit (Without exceptional and one-off items) | 3% | 23% |

Q1 FY2021: Exceptional and One-off Items

| Consolidated Business | Q1 FY2021 | Q1 FY2020 |
|---|-----------|-----------|
| Net Profit (Reported) | 395 | 408 |
| <i>Exceptional (post tax)</i> | | |
| <i>Restructuring cost in Latin America and Africa, USA & Middle East</i> | 4.6 | 3.0 |
| <i>Reversal of contingent consideration in USA</i> | (33.2) | - |
| <i>Impairment of investment (BBLUNT in India)</i> | 15.4 | - |
| <i>Escrow release, forex impact on gains and reversal of excess provision relating to divestment of Europe business</i> | - | (3.3) |
| <i>Deferred Tax – Change in maximum marginal tax rate in India</i> | 0.4 | (6.6) |
| <i>Deferred Tax Asset in Indonesia</i> | (81.6) | (110) |
| Net Profit (Without exceptional and one-off items) | 300 | 291 |

Note: All values in ₹ crore and rounded off

Q1 FY2021: India and Indonesia deliver resilient growth; Africa, USA & Middle East cluster performance is weak

| Geography | Sales (₹ Crore) | Growth (Year-on-Year) | Constant Currency Growth (Year-on-Year) |
|-----------------------------|--------------------|--------------------------|---|
| India | 1,358 | 5% | 5% |
| Indonesia | 405 | 9% | 5% |
| Africa, USA and Middle East | 437 | (22%) | (23%) |
| Latin America and SAARC | 126 | (4%) | 23% |
| Total Net Sales | 2,311 | (1%) | 0% |

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

Q1 FY2021: Bridge between Reported to Operating EBITDA

| | India | Indonesia | Africa, USA & Middle East | Latin America & SAARC |
|--|-------|-----------|------------------------------|--------------------------|
| Q1FY21 Reported EBITDA Margin | 27.7% | 23.1% | (2.7%) | 11.3% |
| Business support charges, Royalty & Technical fees (₹ crore) | (5.8) | 1.8 | 4.0 | - |
| Q1FY21 Adjusted EBITDA Margin | 27.3% | 23.6% | (1.8%) | 11.3% |
| Q1FY20 Adjusted EBITDA Margin | 23.3% | 23.7% | 11.9% | 2.3% |
| Change in EBITDA Margin (bps) | 400 | (10) | (1370) | 900 |

Q1 FY2021: Key Balance Sheet data

| Particulars | Units | June 30, 2020 | June 30, 2019 | March 31, 2020 |
|--------------------------------------|---------|-------------------|-------------------|-------------------|
| Working Capital ex-Cash* | ₹ crore | 213 | 347 | 286 |
| Working Capital* | Days | 8 | 14 | 11 |
| Cash & Equivalents | ₹ crore | 1,887 | 1,101 | 1,407 |
| Debt denominated in INR | ₹ crore | 70 | 273 | 317 |
| Debt denominated in USD | ₹ crore | 2,796 (USD 370 m) | 2,696 (USD 388 m) | 3,035 (USD 402 m) |
| Debt denominated in other currencies | ₹ crore | 157 | 243 | 189 |
| Total Debt | ₹ crore | 3,023 | 3,213 | 3,541 |
| Other Financial Liabilities | ₹ crore | 275 | 459 | 390 |
| Shareholder's Equity | ₹ crore | 8,381 | 7,381 | 7,898 |
| Capital Employed* | ₹ crore | 10,770 | 10,295 | 11,104 |
| Net Debt / Equity | x | 0.17 | 0.35 | 0.32 |
| ROE* | % | 16.1% | 17.6% | 19.7% |
| ROCE* | % | 16.5% | 16.7% | 18.5% |
| Operating ROCE* | % | 62.6% | 59.1% | 64.8% |

Note: *Excluding MAT credit entitlement, one time deferred tax and other one time exceptions

INDIA BUSINESS UPDATE

Strong performance led by resurgence in Household Insecticides and scale up of Hygiene

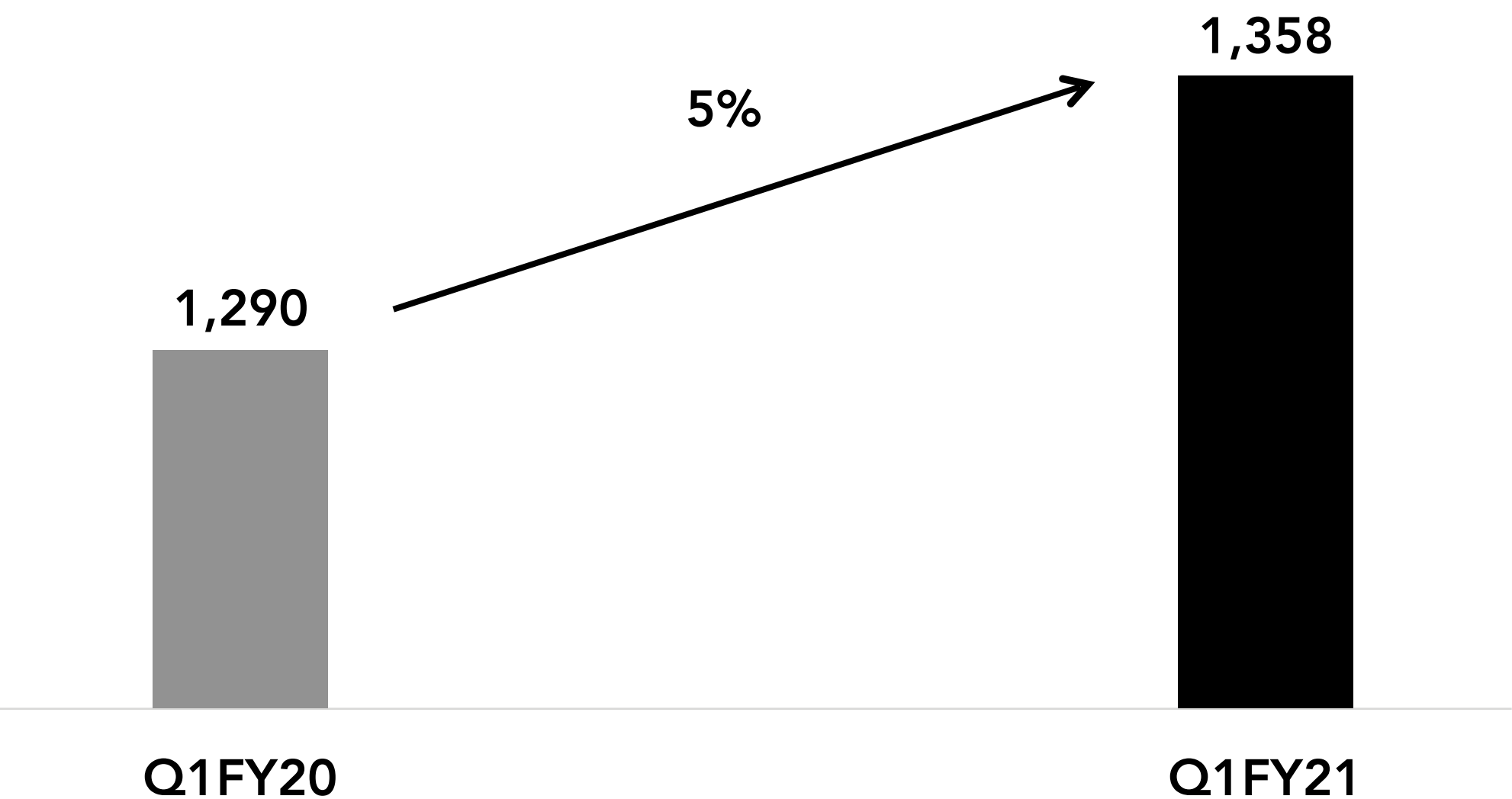
Financial performance

- Sales growth of 5% with underlying volume growth of 3%
- EBITDA margins at 27.3%, increase of 400 bps year-on-year

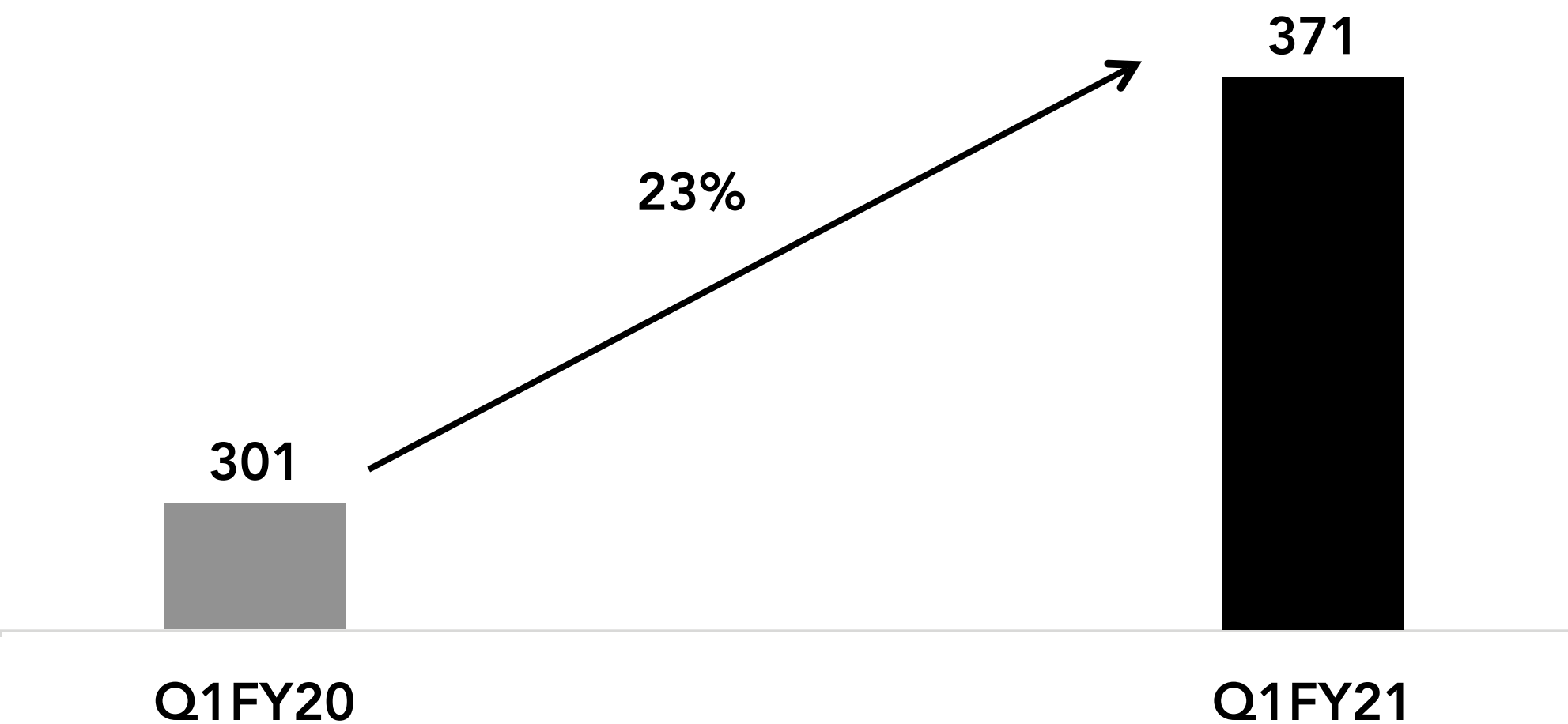
Category performance

- Resurgence of Household Insecticides continued with strong underlying consumer demand
- Muted demand in Hair Colour and Air Fresheners; temporarily impacted due to lockdown
- Strong momentum in the Hygiene; full range of Hygiene products launched under Godrej Protekt

Net Sales



Adjusted EBITDA



Note: All values in ₹ crore

Strong performance led by growth in Household Insecticides and Hygiene

| | Sales (₹ Crore) | Growth (Year-on-Year) |
|---|--------------------|--------------------------|
| Household Insecticides | 540 | 27% |
| Soaps | 545 | (2%) |
| Hair Colours | 149 | (18%) |
| Other Categories | 129 | (11%) |
| Unbranded and Exports | 48 | (23%) |
| Total | 1,411 | 3% |
| Sales and trade promotion spends, etc. (To be netted off from Sales as per Ind AS) | 53 | (36%) |
| Sales | 1,358 | 5% |
| Branded Volume Growth | | 3% |

Strong resurgence in Household Insecticides

- Sales growth of 27% accelerated due to strong underlying consumer demand in electrics and burning formats
- Pivoting advertising more towards disease prevention
- Goodknight Gold Flash liquid vaporiser continues to receive an excellent response post the national scale up



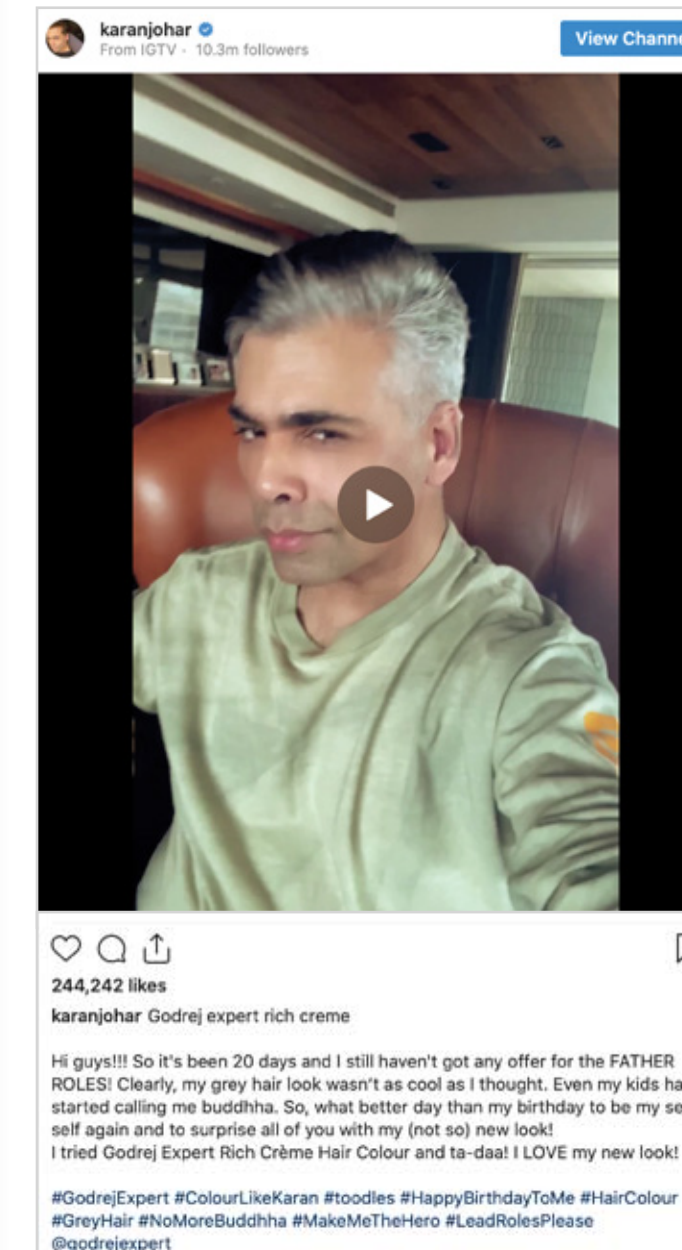
Muted performance in Soaps

- Sales decline of 2%
- Continued focus on micro marketing initiatives to drive growth
- New launches in Health scaling up well



Weak performance in Hair Colours

- Sales decline of 18% due to discretionary nature of the category and impact of lockdown in early part of the quarter
- Sequential improvement; recovery from June
- Godrej Expert Rich Crème continues to perform well by leveraging Do-It-Yourself (DIY) trends through influencers
- Godrej Expert Easy 5 Minute Shampoo Hair Colour performing well post national scale up



Godrej Protekt scaled up into full Hygiene portfolio



Kitchen
Protection

Personal
Protection

Home
Protection

Pivoting other categories for more relevance



Travel Home Fabric

**Air Freshener
+ Sanitiser**



**Bathroom Air Freshener
+ Hygiene and Protection**



**Liquid Detergent
+ Fabric Sanitiser**



**Bathroom and
Floor Cleaners**

INDONESIA BUSINESS UPDATE

Continued momentum with 5% constant currency sales growth

Financial performance

- Sales growth of 5% (constant currency) driven by Household Insecticides
- Adjusted EBITDA margin at 23.6% contracted by 10 bps year-on-year

Category performance

- Gained market share in Household Insecticides
- Strong traction in Hygiene

Saniter, the new range of Hygiene products



AFRICA, USA & MIDDLE EAST BUSINESS UPDATE

Weak sales performance overall; May and June show recovery

Financial performance

- Sales declined by 23% (constant currency) due to disruption across countries on the back of COVID-19
- Strong recovery from mid-May across most of our countries of operation
- Adjusted EBITDA margin decreased by 1370 bps year-on-year; mainly driven by scale deleverage

Country and Category performance

- Positive sales growth in South Africa; weak sales growth in Kenya and USA
- Continue to drive the scale up of Wet Hair Care



LATIN AMERICA & SAARC BUSINESS UPDATE

Profitable, sustainable constant currency sales growth

Financial performance

- Sales grew by 23% (constant currency)
- Latin America business recorded highest ever EBITDA margins in the last few years, driven by our cost saving programme
- SAARC business continues to deliver steady performance



APPENDIX

Actively championing social responsibility



23% of the promoter holdings in the Godrej Group is held in trusts that invest in education, environment and health



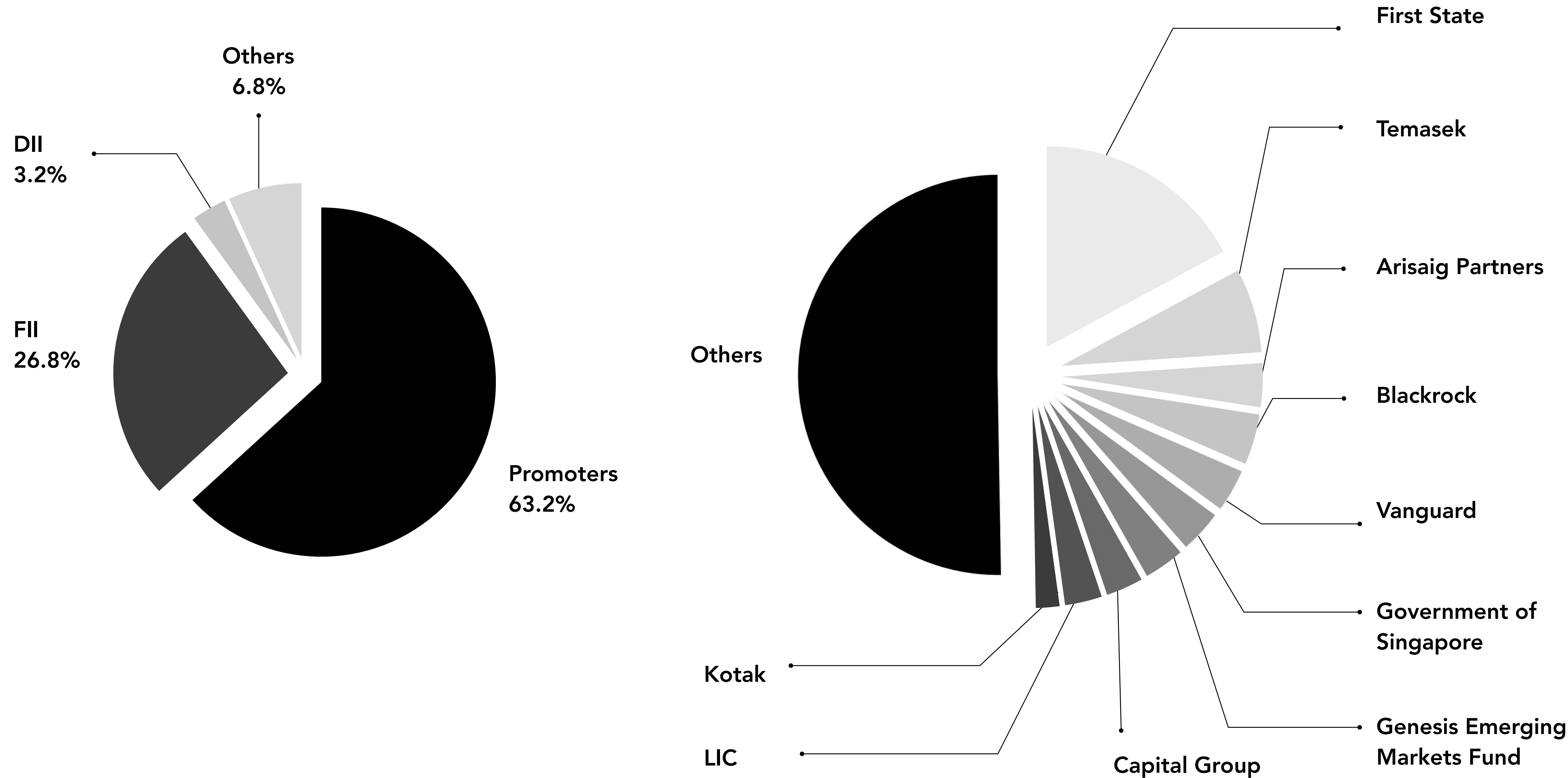
Creating a more inclusive and greener world through Godrej Good & Green



Aligned with the UN's Sustainable Development Goals, and the needs of local communities

[Read more about our commitment](#)

Shareholding Pattern



Note: As of 30 June, 2020

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Thank you

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