

Godrej | CONSUMER PRODUCTS

Q2 FY2025 Performance Update

October 24, 2024



Disclaimer

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.

The Goodness Manifesto

OUR PURPOSE

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

OUR VALUES



OUR STRATEGY

Lead through category development



Funded by simplification



OUR OPERATING PHILOSOPHY

- 1** Less is more; Much less is much more
- 2** Consumer first, Business second
- 3** Think local, Act global
- 4** Tomorrow before today
- 5** People and planet, alongside profit

OUR MEASURES

- 1** Industry beating UVG
- 2** More spends on brands, Less on cost to serve
- 3** More automation, Less working capital
- 4** More diversity, Less environmental impact

**FINANCIAL
PERFORMANCE
UPDATE**

Key highlights

7%

**Standalone
UVG[^]**

7%

**Indonesia
UVG[^]**

8%

**Consolidated
EBITDA
growth**

Higher input costs impacts profit growth

Growth (year-on-year)	Consolidated	Standalone
Underlying Volume Growth	5%*	7%
Net Sales	2% (5%*)	7%
Net Sales (Constant Currency)	10% (14%*)	-
EBITDA	8%	Flat
Net Profit (Reported)	14%	(19%)
Net Profit (without exceptionals and one-off items)	12%	4%

*Organic

Strong underlying sales growth impacted by currency headwinds

Geography		Sales (₹ crore)	Growth (Year-on-year)	Constant Currency Growth (Year-on-year)
Standalone		2,278	7%	-
Indonesia		513	9%	11%
Africa, USA & Middle East	Reported	643	(21%)	(12%)
	Organic	643	(10%)	Flat
Latin America and Others		246	36%	145%
Total Net Sales	Reported	3,647	2%	10%
	Organic	3,647	5%	14%

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

Continuing robust EBITDA margin expansion across international geographies

	Consolidated	Standalone	Indonesia	Africa, USA & Middle East	Latin America & Others
Q2FY25 Operating EBITDA margin*	20.8%	24.3%	19.4%	14.4%	5.7%
Change in EBITDA margin (bps) (y-y)	+110	(160)	+140	+590	+660

* After adjusting business support charges, royalty and technical fees | All values are rounded off

Net profit reconciliation statement

	Consolidated		Standalone	
	Q2 FY2025	Q2 FY2024	Q2 FY2025	Q2 FY2024
(A) Net Profit (Reported)	491	433	393	485
(B) Exceptionals (Post tax):				
Restructuring costs	5	11	-	-
(C) Net Profit (Without exceptionals) (A+B)	497	443	393	485
(D) One-offs				
Dividend from subsidiary	-	-	-	(106)
(E) Net Profit (Without exceptionals and one-offs) (C+D)	497	443	393	379

Note: All values are in ₹ crore and rounded off

**STANDALONE
BUSINESS
UPDATE**

Home Care (1/3): Improved performance in Household Insecticides

- Household Insecticides **grew in mid-single digit in volume terms**
- New Liquid Vaporizer has been well received with positive initial consumer feedback; will take 1-2 quarters for complete distribution
- Goodknight Agarbatti continues to perform well and gain market share from illegal incense sticks players



Good Knight

Effect lasts for up to 2 hours*

Good Knight Flash
Liquid Vaporiser

*लैब जांच की मानक स्थितियों पर आधारित
**फ्लैश मोड में 2 घंटे तक इस्तेमाल करने पर

The advertisement features a dark bedroom scene with a family (a man, a woman, and a child) sleeping peacefully. A large red and yellow circular logo with the text 'Good Knight' is positioned in the upper left. In the center, a white play button icon is overlaid on the scene. To the right, the 'Good Knight Flash' liquid vaporiser is shown next to its red and white packaging box. The box prominently displays the brand name 'Good Knight' and the product name 'Flash Liquid Vaporiser'. A small inset image shows the vaporiser in its 'Flash' mode. In the lower left, a stopwatch icon is accompanied by the text 'Effect lasts for up to 2 hours*'. Below this, two lines of text in Hindi provide additional context: '*लैब जांच की मानक स्थितियों पर आधारित' and '**फ्लैश मोड में 2 घंटे तक इस्तेमाल करने पर'.

Home Care (2/3): Air Fresheners delivers consistent double-digit growth

- Air Fresheners continue to consistently deliver **strong double-digit volume growth**
- Continue to **gain market share and enjoy market leadership**
- Aer O continues to outperform, along with gaining market share



Home Care (3/3): Robust performance in Liquid Detergents

- Fabric Care delivered **strong double-digit volume growth**
- Genteel and Godrej Fab continue to perform very well and gain market share



so clean,
so bright,
so FAB!

1 Litre @ ₹99
ONLY



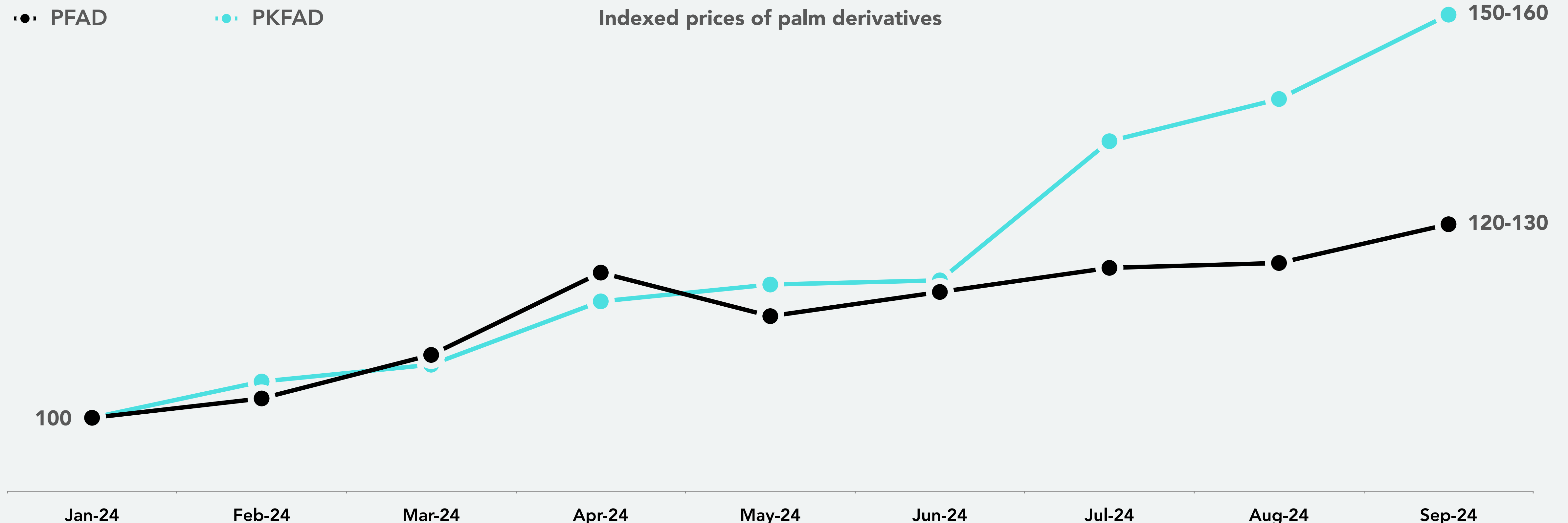
Personal Care (1/5): Personal Wash impacted by higher input costs

- Personal Wash delivers flattish volume growth; **continue to gain market share**
- Category has been witness to higher-than-anticipated inflation in palm; leading to margin erosion which is likely to continue for the remainder of the year. However, historic trends suggest it will normalise in a few quarters.
- Magic Handwash continues to deliver **strong double-digit volume growth and gain market share**



Personal Care (2/5): Significant increase in palm oil prices is leading to re-balancing of growth and margin

- Palm Oil and its derivatives' prices have been on a rising trend and have increased in **high double-digits** since the start of the year
- Management has decided **not to pass on the entire cost increase** to consumers and hence pricing growth will lag increase in input prices
- This will result in reduced UVG* and increased UPG* for the remainder of the year
- Margin pressure is likely to remain for the next few quarters before it normalises



* UVG: Underlying Volume Growth, UPG: Underlying Pricing Growth

Personal Care (3/5): GCPL, a firm believer in providing high quality soaps

- **GCPL is a firm believer in providing high-quality soaps.** This strategy has resulted in almost **doubling its soaps market share** over the past decade while significantly increasing its Relative Price Index.
- 'Structuring' is an existing technology, where good cleaning agents are replaced with fillers in the **hope that consumers don't notice.**
- GCPL has significant know-how and access to this technology, but has decided not to adopt it in the past, as it firmly believes in the quality of its product.
- Furthermore, there is no material impact on GCPL with the change in soap formulations in the market.



Personal Care (4/5): Hair Colour delivers strong performance

- Hair Colours volume grew in double-digits
- Godrej Expert Rich Crème access packs continue to outperform
- Shampoo Hair Colour continues to grow in **strong double-digit in volume terms**



Personal Care (5/5): Park Avenue and KamaSutra performance on track

- Both Deodorants and Sexual Wellness delivered strong double-digit volume growth
- Sexual Wellness continues its healthy performance and **continues to gain market share**



SPARK

INTENSE FRAGRANCE

Double-digit growth in Home Care

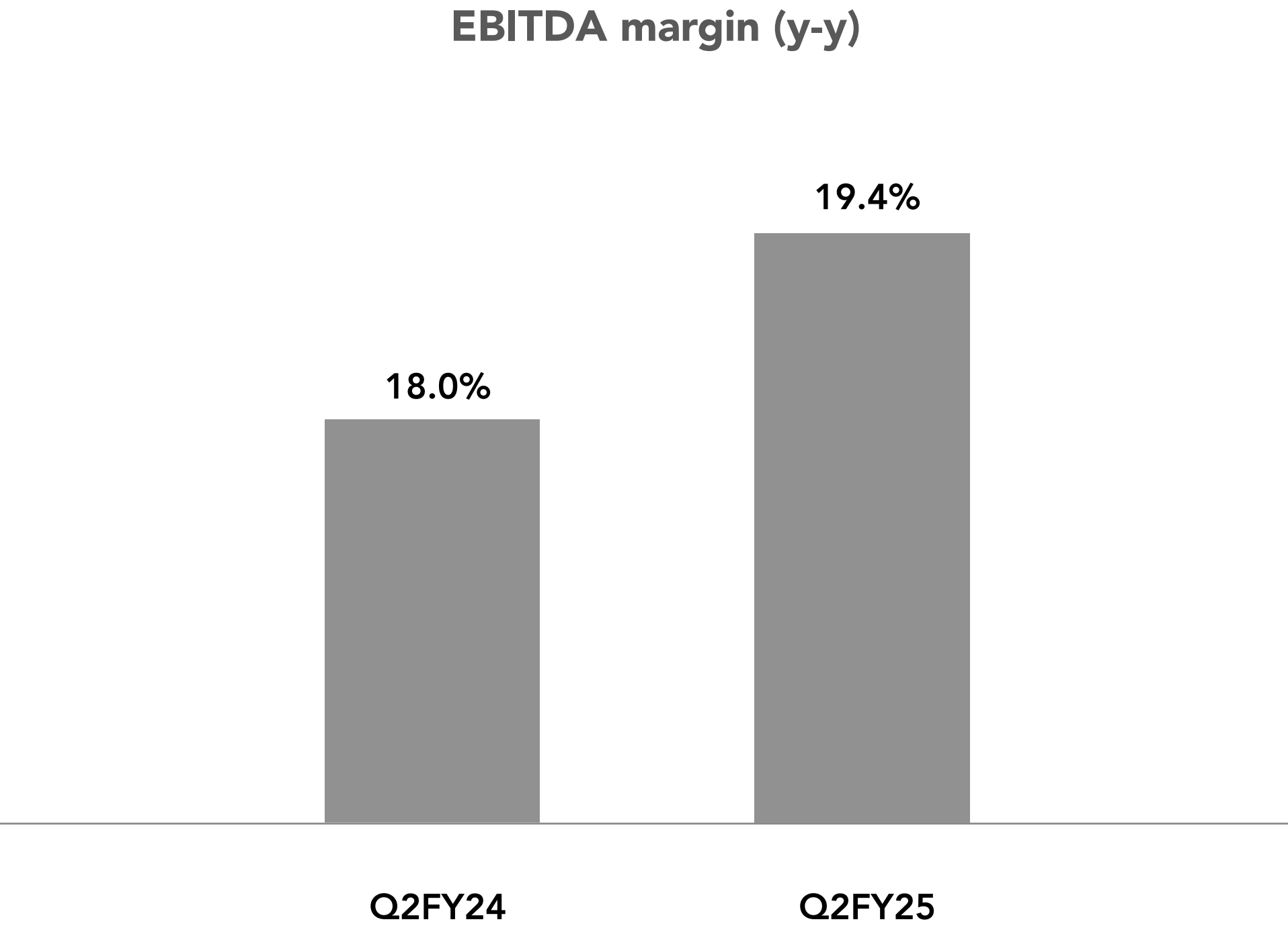
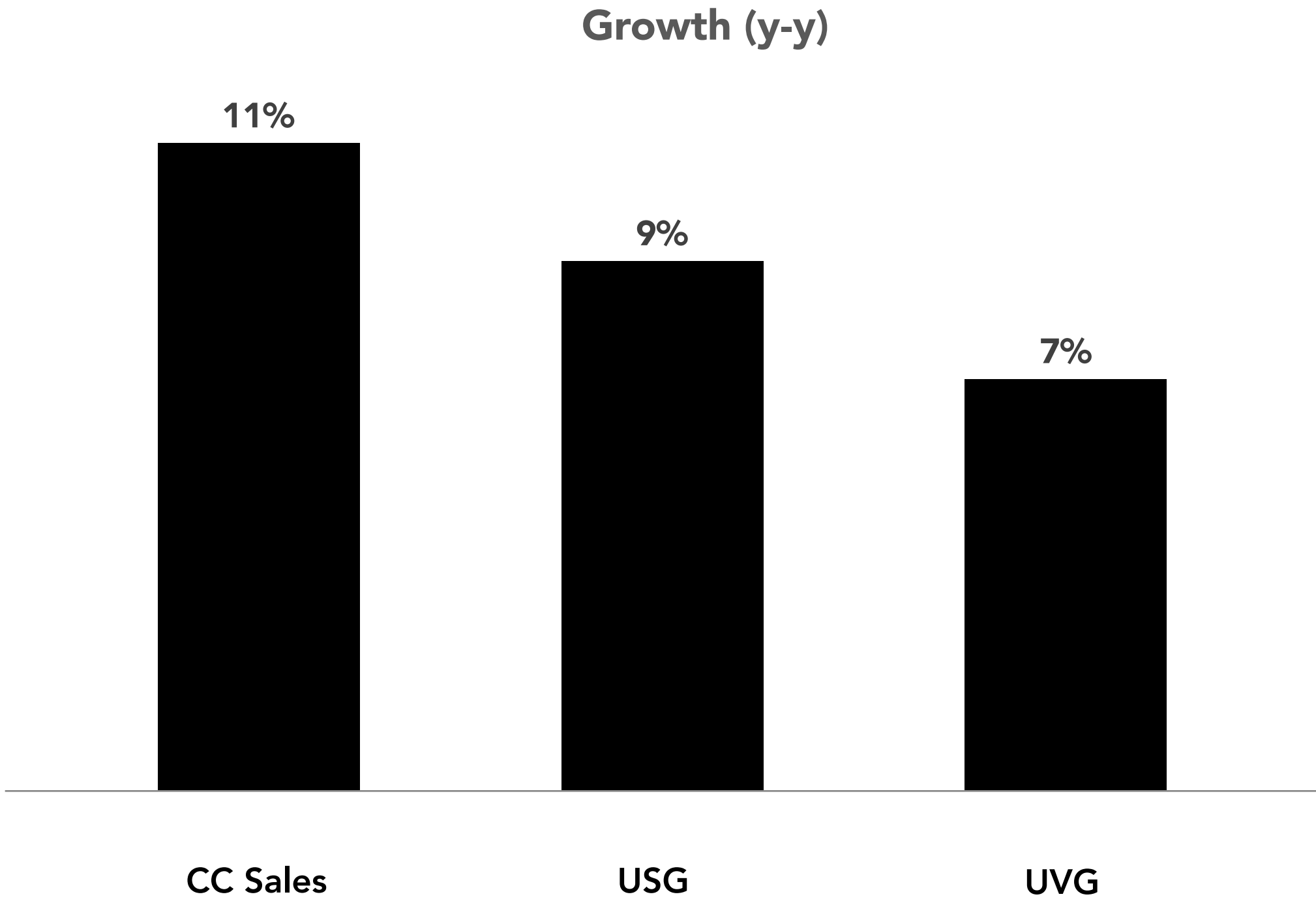
Category	Sales (₹ crore)	Growth (Year-on-year)
Home Care	1,016	12%
Personal Care	1,176	3%
Total Branded	2,192	7%
Unbranded and Exports	86	21%
Total Net Sales	2,278	7%

**INTERNATIONAL
BUSINESS
UPDATE**

Indonesia continues to deliver strong volume growth and margin expansion

- Constant Currency sales growth of 11% and INR sales growth of 9%
- Delivered UVG of 7%

- Margin improvement continues
- EBITDA margin up ~140 bps year-on-year



CC: Constant Currency, USG: Underlying Sales Growth, UVG: Underlying Volume Growth | All values are rounded off

Category development initiatives lead to strong performance in Stella

- Stella **volume grew in strong double-digit** led by focused media and marketing interventions
- Stella Electric Diffuser, launched recently, has been well received and is gaining market share
- Hair Colours recorded **strong double-digit volume growth**, driven by Shampoo Hair Colour
- Household Insecticides delivered healthy mid-teens volume growth on a 2-year CAGR

BARU

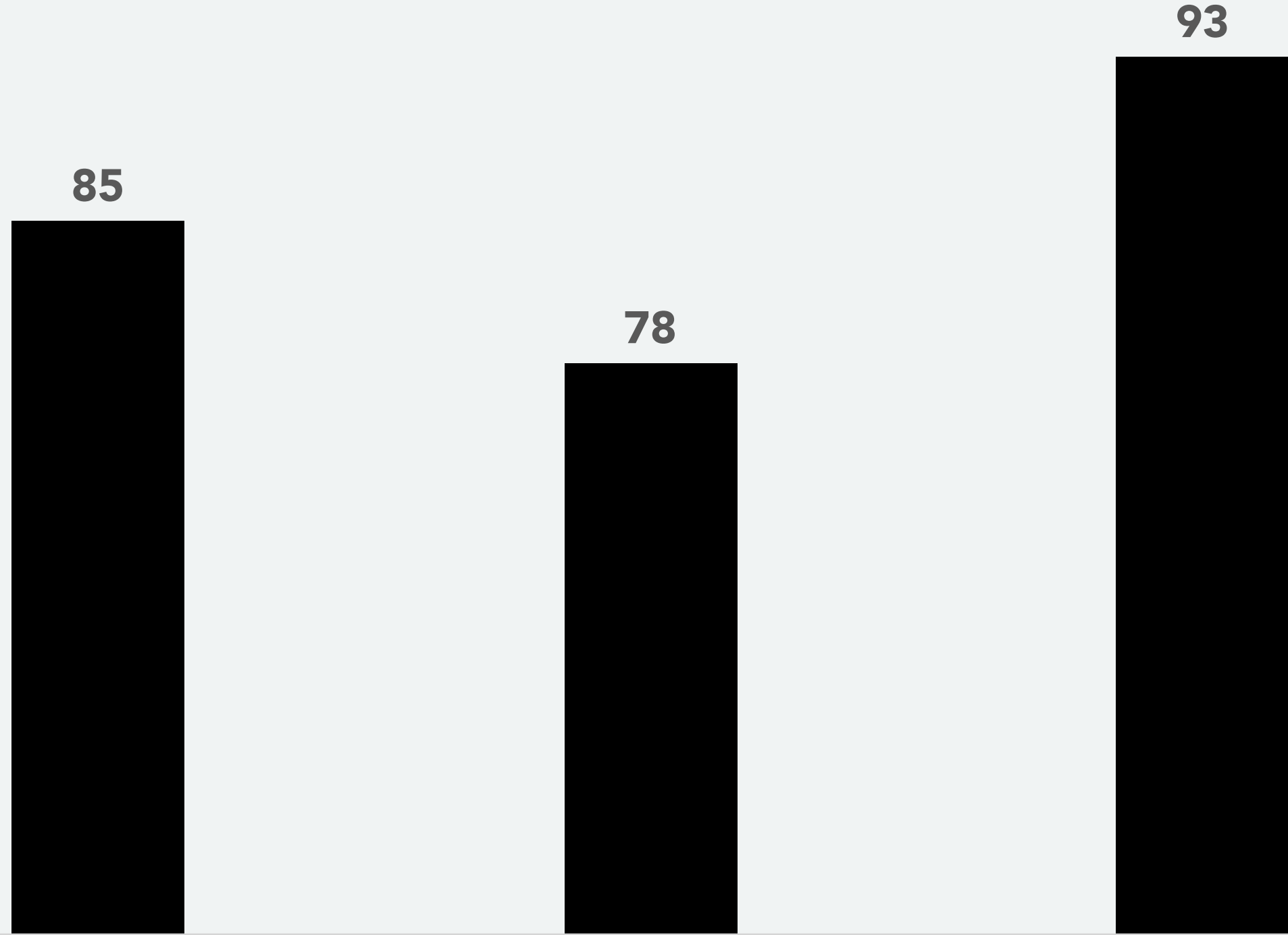


Stella
AIR FRESHENER
Electric

Wangi Mewah Sepanjang Hari

Third consecutive quarter of significant INR profit growth and margin expansion in Africa, USA & Middle East

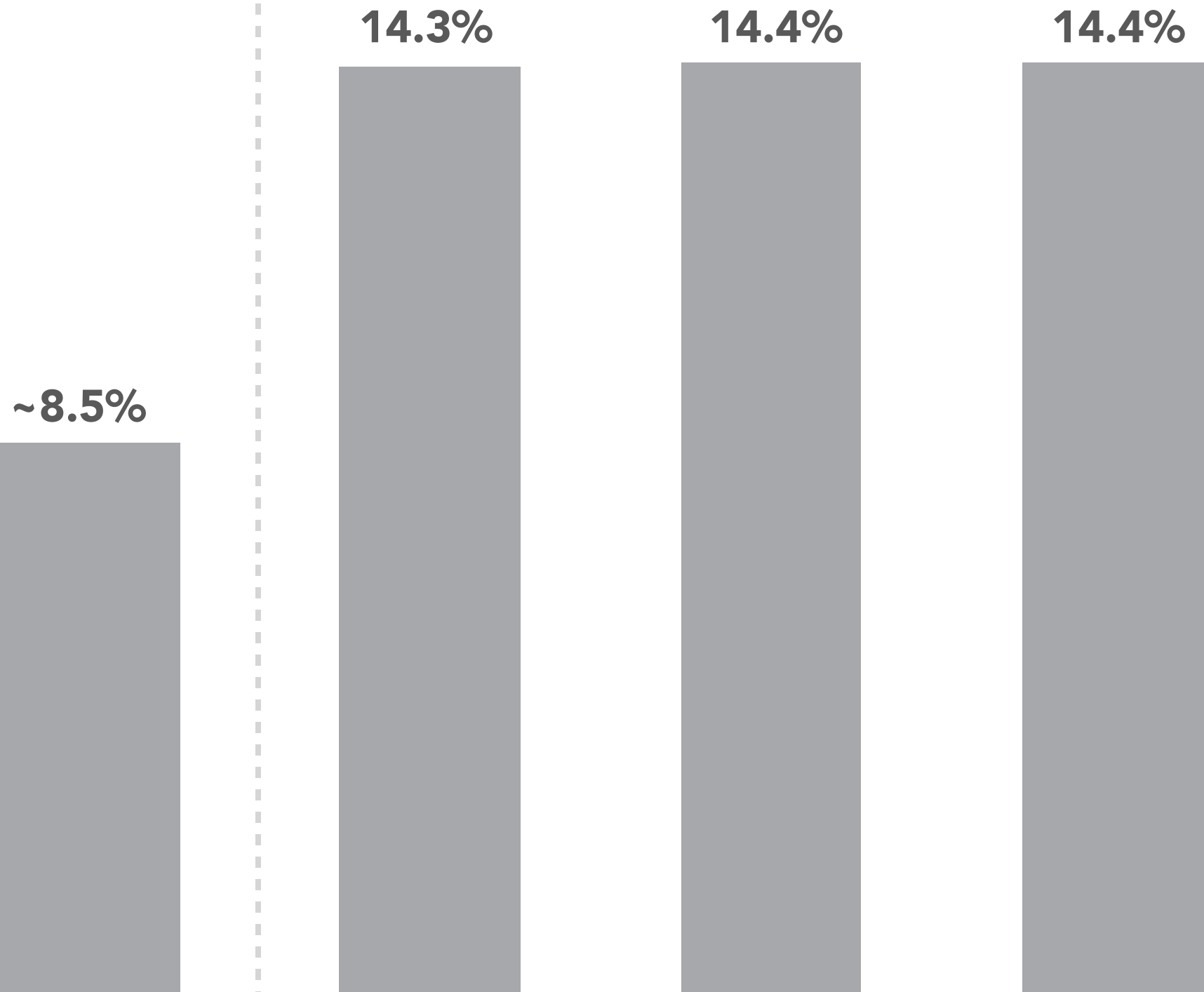
EBITDA (in ₹ crores)



Q4FY24 Q1FY25 Q2FY25

Growth (y-y) 56% 19% 33%

EBITDA margin %

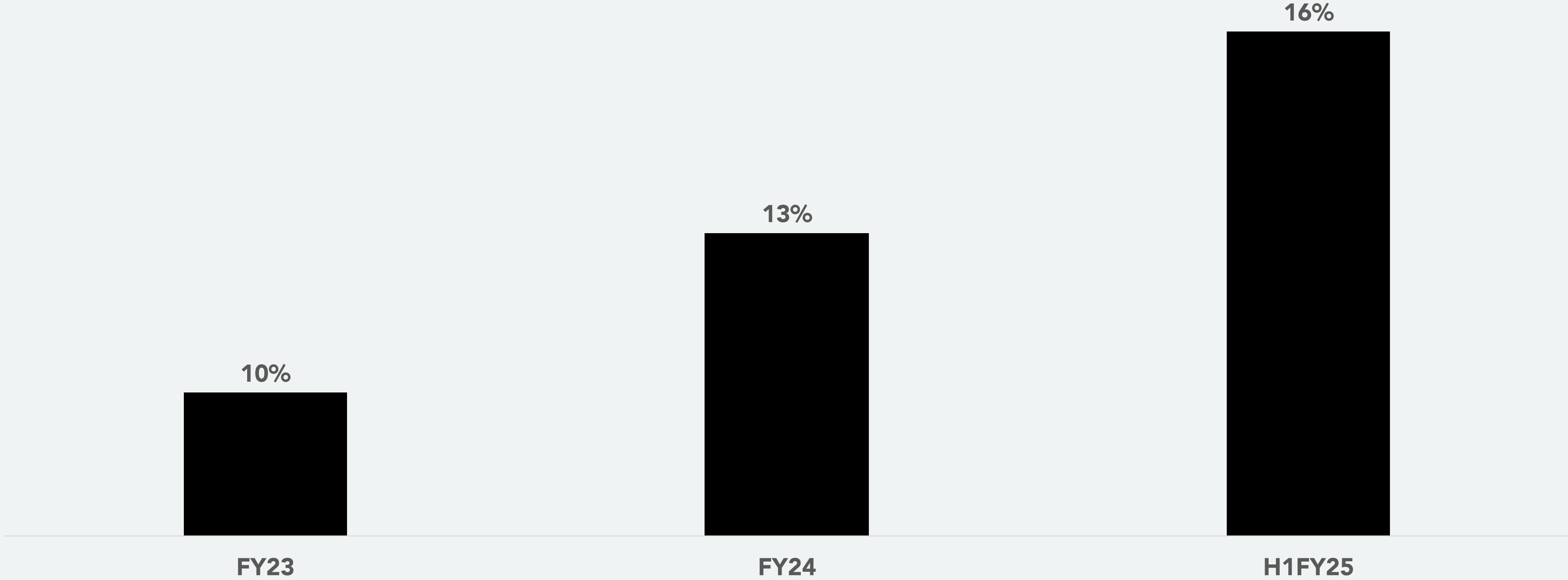


Last 5 year average Q4FY24 Q1FY25 Q2FY25

Note: All values are rounded off

Moving forward on our journey to expand International business EBITDA margin

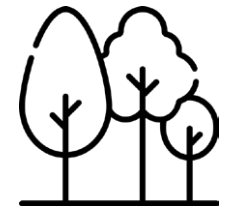
International business* EBITDA margin %



* Includes Indonesia, Africa, Middle East & USA, Latin America and Others

**ENVIRONMENTAL,
SOCIAL, AND
GOVERNANCE
UPDATE**

Our ESG targets for FY2025-26 and Q1 FY2025 performance

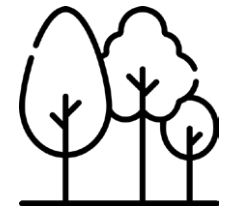


Environment*

Vision	Goals for FY2025-26	Performance update
<p>Influence sustainable consumption</p>	<p>Ensure efficient waste management systems for 7 municipalities in India diverting over 8,000 MT of waste from landfills</p> <hr/> <p>20% reduction in packaging intensity. 80% of plastic used to be recyclable. Rigid plastics to be replaced by 30% recycled plastic by the fiscal year 2025-26. Flexible plastics to be replaced by 10% recycled plastic by the fiscal year 2026-27 and multi-layer plastics to be replaced by 5% recycled plastic by the fiscal year 2026-27.</p> <hr/> <p>Ensure one-third of all products are greener than in 2020 by carrying out lifecycle assessments (LCA) for major products (80% coverage by revenue)</p> <hr/> <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. 	<p>Ongoing community waste management projects in 4 municipalities Over 8,300 MT waste diverted since inception of the initiative</p> <hr/> <p>Reduced plastic intensity by 22% Plastic recyclability is at 47%</p> <hr/> <p>Completed LCAs coverage of products covering 60% of our revenues</p> <hr/> <p>76% of India suppliers (by spend volume) covered under our Sustainable Supply Chain Policy and assessed for FY24</p>

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

Our ESG targets for FY2025-26 and Q1 FY2025 performance



Environment*

Vision	Goals for FY2025	Performance update
<p>Lead in sustainability action</p>	<p>45% reduction in GHG emission intensity and carbon neutrality for Scope 1 and 2 from FY11 baseline</p> <hr/> <p>40% reduction in specific energy consumption from FY11 baseline</p> <hr/> <p>Achieve 35% renewables in energy mix</p> <hr/> <p>Maintain 40% reduction in water intensity while maintaining water positivity</p> <hr/> <p>Achieve zero liquid discharge and maintain zero waste to landfill</p> <hr/> <p>Announce our commitment towards the global Science Based Targets initiative (SBTi) and publish our roadmap and targets for emissions reduction</p> <hr/> <p>Achieve 100% EPR compliance</p>	<p>48% reduction in GHG emission intensity</p> <hr/> <p>39% reduction in specific energy consumption</p> <hr/> <p>29% of energy is from renewables</p> <hr/> <p>35% reduction in water intensity and continuing to be water positive</p> <hr/> <p>Continue to be zero waste to landfill and maintain liquid discharge at 90%</p> <hr/> <p>Re-evaluating Scope 3 emissions and resubmitting the findings for SBTi validation. We've also committed to internal Scope 1 and 2 Net-zero by 2035, inline with SBTi.</p> <hr/> <p>Plastic neutral and 100% EPR compliant</p>

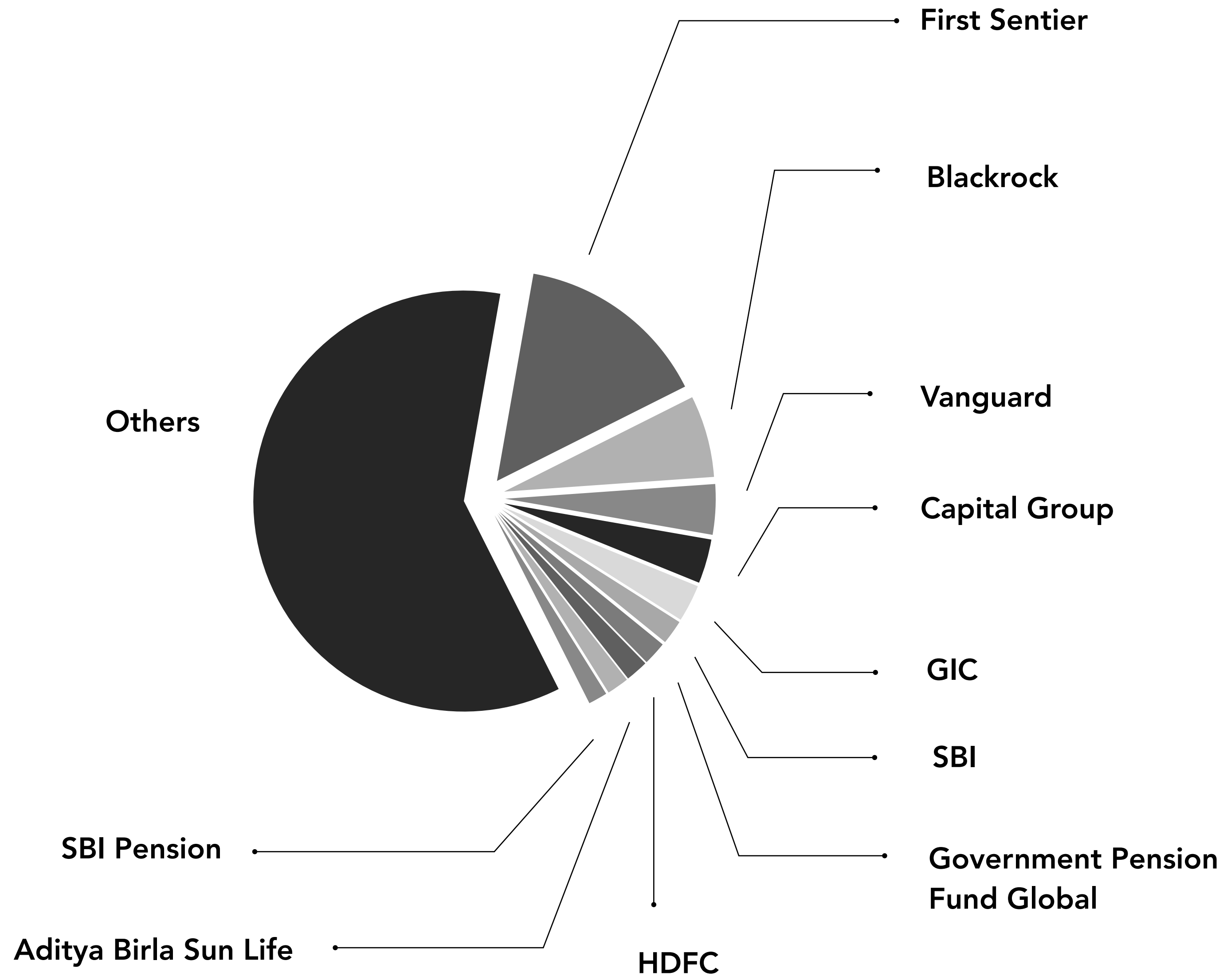
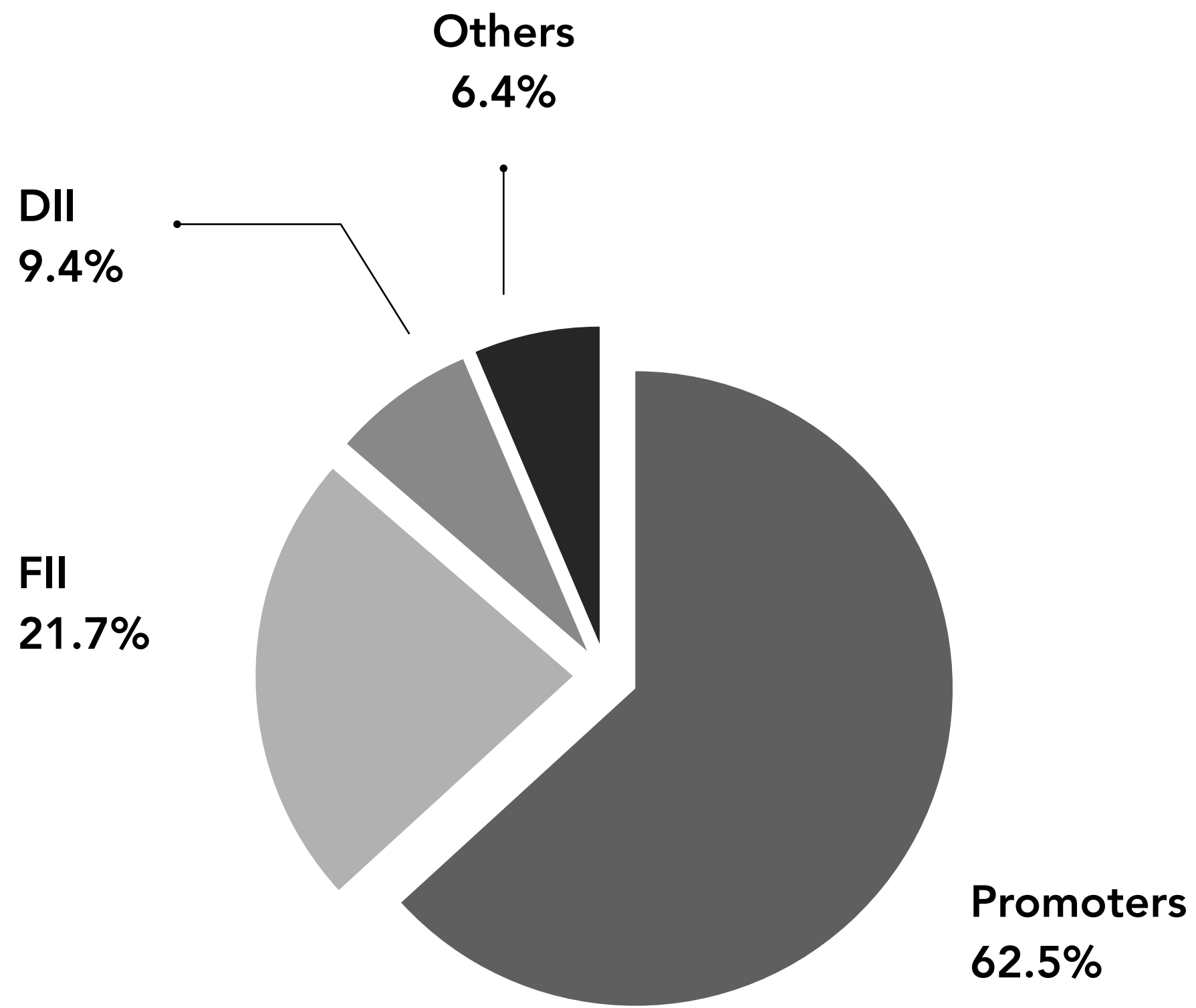
Note: *India targets reported. We have similar targets for international locations.

Our ESG targets for FY2025-26 and Q1 FY2025 performance



Vision	Goals for FY2025	Performance update
<p>Equip communities with skills that empower</p>	<p>Empower 60,000 women in beauty skills, across emerging markets globally</p>	<p>Trained, upskilled and reached out to 24,565 women beauty entrepreneurs, young girls, and men in India and Africa in beauty and hair styling skills and enterprise development</p> <p>Completed and wrapped up the project</p>
<p>Improve health and well-being</p>	<p>Protect 30 million people against vector-borne diseases</p>	<p>Reached out to over 28.4 million individuals till Q1 FY25 since FY16</p> <p>4,000 public health workers (ASHA workers) trained in Q1</p> <p>30% reduction in malaria cases compared to Q1FY24</p>
<p>Nature - carbon</p>	<p>Develop 3,000 ha of land for water and carbon management</p>	<p>Treated 2,950 hectares of land</p> <p>9.2 million m3 water sequestered; offsetting 15X of GCPL's annual global water use</p> <p>Captured over 5,000 tCO2 emission through nature initiatives which is 25% of GCPL's global emissions for Q1FY25</p>

SHAREHOLDING PATTERN



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