

PRESS RELEASE

Q2 FY 2025 results – GCPL Standalone delivers high-single digit volume growth

Mumbai, October 24, 2024: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ending September 30, 2024.

FINANCIAL OVERVIEW

Q2 FY 2025 FINANCIAL PERFORMANCE SUMMARY:

- Segment-wise results are as under:
 - Standalone business sales and volume grew by 7% year-on-year
 - Indonesia volumes grew by 7% and sales grew by 11% in constant currency terms, year-on-year
 - Africa, USA and Middle East (organic) sales declined by 10% in INR terms and was flat in constant currency terms, year-on-year
 - Latin America and others sales grew by 36% in INR terms, year-on-year
- Q2 FY 2025 consolidated EBITDA grew by 8% year-on-year
- Q2 FY 2025 consolidated net profit grew by 12% year-on-year (without exceptionals and one-off items)

MANAGING DIRECTOR AND CEO'S COMMENTS

Commenting on the business performance of Q2 FY 2025, Sudhir Sitapati, Managing Director and CEO, GCPL, said:

GCPL has had a steady quarter given the headwinds of oil costs and tough consumer demand in India. Our Standalone business grew by 7% in both volume and value and flat reported EBITDA. Our standalone EBITDA margin at 24.3% is at the lower end of our targeted band and is caused entirely by high inflation on palm oil. The already high prices were further exacerbated by the import duty on oil. We think this is a short-term hit and we will recover the margins through judicious price increase and stabilising of costs.

Indonesia continued its steady performance with 7% volume, 9% revenue and 17% EBITDA growth.

GAUM continued to have a weak topline quarter but an exceptional bottom-line quarter. While organic volumes declined by 8% and value declined by 10%, reported EBITDA grew by 33%. Our margins are now 14.4%.

While the overall quarter was 5% organic UVG, 5% organic USG and 8% reported EBITDA, the topline performance in Asia and the bottom-line performance in our international businesses have been encouraging. High-single digit volume growth during a period of low soap volume growth is testimony to the increasing strength of the rest of our portfolio. Particularly noteworthy are the continued growth of Air Care and the rapid scale up of Laundry, Incense Sticks and Sexual Wellness. Our relaunch of Household Insecticides with the RNF molecule is showing clear green shoots in incense sticks and coils which were launched a few quarters earlier. Our focus is on continuing and improving our volume growth story while the palm oil price volatility plays out over the next few quarters.

Based on the recommendation of the Nomination & Remuneration Committee, the Board has appointed Ms. Amisha Jain (DIN: 05114264) as the Non-executive Independent Director of the Company for a period of five years with effect from September 25, 2024. A short profile is attached herewith.

BUSINESS UPDATE – INDIA

Performance Highlights

- Q2 FY 2025 India sales and volume grew by 7%
- Q2 FY 2025 EBITDA was flat

Category Review

Home Care

Home Care grew by 12%

- Household Insecticides volume grew in mid-single digit. The new Liquid Vaporiser has been well received with positive initial consumer feedback; will take 1-2 quarters for complete distribution. Goodnight Agarbatti continues to perform well and gain market share from illegal incense sticks players.
- 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.
- Fabric Care delivered strong double-digit volume growth. Genteel and Godrej Fab continue to perform very well and gain market share.

Personal Care

Personal Care grew by 3%

- Personal Wash delivers flattish volume growth; continue to gain market share. The category has been witnessing 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.
 - Prices of Palm Oil and its derivatives' have been rising 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.
 - **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.
- 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.
- Both Deodorants and Sexual Wellness delivered strong double-digit volume growth. Sexual Wellness continues its healthy performance and continues to gain market share.

BUSINESS UPDATE – INDONESIA

- Sales grew by 11% in constant currency terms and 9% in INR terms. INR sales was impacted by currency depreciation. Volumes grew by 7%.
- We continue to improve EBITDA margins, up ~140 bps year-on-year to 19.4%.
- Stella volume grew in strong double-digit led by focused media and marketing interventions. Stella Electric Diffuser launched recently is well received by market 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.

BUSINESS UPDATE – AFRICA, USA AND MIDDLE EAST

- GAUM organic sales was flat in constant currency terms while it declined 10% in INR terms due to currency volatility. EBITDA margin at 14.4%, up ~590 bps year-on-year led by gross margin expansion, mix improvement and reduction in controllable costs. Absolute EBITDA grew 33% to ₹93 crore.

ABOUT MS. AMISHA JAIN

Amisha Jain, Managing Director of South Asia, Middle East, Africa and Eastern Europe at Levi Strauss & Co., is extremely passionate about the expansion and growth of the brand contributing to the success in the region. An alumna of INSEAD and McKinsey, she has over 25+ years of experience in the technology, consumer and retail sectors. Through the course of her career, she has been leading growth and transformation initiatives for various brands.

Prior to Levi's, Amisha led the turnaround of Zivame, as the CEO. She pivoted it to an innovation-led consumer centric brand, that became the fastest growing women's intimate-wear, loungewear and athleisure business and set it up to catapult to greater heights. She is a firm believer in "One Team, One Voice". And this has been her foundation to build teams that are all individually strong and collectively effective at delivering business results.

Prior to joining Zivame, Amisha led 2 businesses for Arvind group – spearheaded the turnaround of Arvind Sports Lifestyle business with 6 brands in the portfolio, and alongside built the Digital Centre of Excellence for the Group, including the incubation of the NNNOW.com business.

Her prior experiences include: Head of National Sales & Retail for Nike India, Consultant at McKinsey & Company while serving clients across consumer, retail and PE in various capacities and as a Lead Engineer at Motorola Inc.

She was recently awarded the ET People-Focused CEO of the year 2024, at the prestigious Economic Times HCA- Recognizing excellence in Human Capital. During her stint at Nike, she was also chosen for the prestigious '40 under 40: India's Hottest Business Leaders 2015' and 'India Inc's rising women business leaders 2015' award by the Economic Times & Spencer Stuart, respectively.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company, driven by the purpose of bringing the goodness of health and beauty to consumers in emerging markets. As part of the Godrej Industries Group, we are fortunate to have a proud legacy of over 125 years, 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, we enjoy the patronage of 1.4 billion consumers globally. 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.

We believe that we are only as good as what we do next. So, we strive to continuously improve how we do business, and how we live in the world; shaping a more sustainable and responsible future by placing our planet and people alongside profit. Through Godrej Good & Green, we are helping create a more inclusive and greener planet, in line with the United Nation's Sustainable Development Goals, and the needs of local communities. At the Godrej DEI (Diversity, Equity, Inclusion) Lab, we work on empowering inclusion, help build DEI ecosystems across corporate India, and aim to bring ideas and innovation related to DEI to the mainstream.

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.