

PRESS RELEASE

2Q FY 2016 results – GCPL delivers a net profit (without exceptionals and one-offs) growth of 37% on an organic constant currency net sales growth of 12%.

Mumbai, October 24, 2015: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended September 30, 2015.

FINANCIAL OVERVIEW

- 2Q FY 2016 consolidated organic constant currency net sales increased by 12%
 - India business branded net sales increased by 10%, driven by a 9% volume growth; double-digit volume growth in Household Insecticides, Hair Colours and mid-single digit volume growth in Soaps
 - International business grew by 15% on an organic constant currency basis
- 2Q FY 2016 consolidated organic constant currency EBITDA increased by 22%, driven by a 15% growth in the India business and 35% growth in the international business
- 2Q FY 2016 consolidated net profit without exceptionals and one-offs increased by 37%
- GCPL continues to deliver competitive performance in its core categories, across geographies
- The board has declared an interim dividend of 100% (INR 1.00 per share)

CHAIRMAN'S COMMENTS

Commenting on the financial performance of 2Q FY 2016, Mr. Adi Godrej, Chairman, Godrej Group, said:

We have sustained our strong and competitive performance in the first half of fiscal year 2016 with sales growth of 12% and EBITDA growth of 26%, in organic constant currency terms. We have grown ahead of the market and gained share in our core categories, aided by our continued focus on innovations, competitive marketing investments and strong on-ground execution.

In 2QFY16, we continued our double-digit growth in sales and profits. Our India business branded net sales grew by 10%, driven by a healthy volume growth of 9%. This competitive performance was delivered despite the softness in rural demand and a deficient monsoon. Our international business delivered strong sales growth of 15% and EBITDA growth of 35% (in organic constant currency terms). Organic constant currency EBITDA, on a consolidated basis, grew by 22%. This was aided by lower commodity costs, stringent cost management and the effective leveraging of our brand platforms.

We remain optimistic that as the economy improves, the FMCG sector should see a gradual uptick in demand. We are launching exciting new products and investing in several distribution initiatives. We will also continue to manage our costs prudently in the near term, while investing for the future.

The medium and long-term growth prospects in India and our other emerging markets remain robust. We believe that there is still a lot of headroom for growth across these markets, given the low penetration and consumption rates in our core categories. I am confident that with our clear strategic focus, differentiated product portfolio, superior execution and top-notch team, we will continue to deliver industry-leading results in the future.

BUSINESS REVIEW – INDIA

Performance Highlights

- 2Q FY 2016 India net sales increased by 9% to INR 1,185 crore
 - India branded net sales increased by 10%, driven by 9% volume growth
- 2Q FY 2016 EBITDA increased by 15% to INR 250 crore
- 2Q FY 2016 net profit without exceptionals and one-offs increased by 19% to INR 190 crore

Category Review

Household Insecticides

Household Insecticides maintains its strong performance despite the deficient monsoon, with a double-digit volume-led sales growth of 13%. Good knight has significantly improved the overall category penetration, especially in rural areas. This has been led by superior on-ground execution, effective communication and the success of innovative launches such Good knight Fast Card, Good knight Xpress and Neem Low Smoke Coil. We have consistently gained market share across formats and ended the quarter with our highest ever market share. Recently, we launched an innovative 'Subah Bolo Good knight' campaign to create awareness on Dengue, and to increase daytime usage and consumption. Gross margins continue to benefit from lower crude oil prices and have improved significantly.

Soaps

Our Soaps business delivered a competitive performance with robust mid-single digit volume growth. This was partially offset by deflationary pressures, resulting in a value growth of 3%. We continue to remain competitive on sales promotion investments to gain market share. Our premium soaps brand, Cinthol, continues to lead overall value and volume growth, driven by distribution expansion and effective communication. Gross margins during the quarter benefited from lower palm oil prices and have improved significantly.

Hair Colours

The growth momentum in Hair Colours accelerated with a sales growth of 17%, aided by a double-digit volume growth. We initiated a price increase in Godrej Expert Original powder hair colour towards the end of the quarter. Godrej Expert Rich Crème sustained its strong growth, led by continued initiatives such as festival linked campaigns, large scale activations, salon engagement programmes, etc. The initial consumer response to the launch of Godrej Nupur Coconut Henna Crème has been encouraging.

Air Fresheners

Godrej aer, our air freshener brand, continues its strong sales and distribution ramp up. This has been aided by our innovative gel format technology and various consumer engagement initiatives. Godrej aer is now the number three player in the Air Care market.

Health and Wellness

Our Health and Wellness portfolio of hand washes and hand sanitiser, under Godrej Protekt, continues to be well received in modern trade. Buoyed by its success in modern trade, we are introducing Godrej Protekt portfolio in general trade on a pan-India basis.

Premium Hair Care

We have launched our BBLUNT range of premium hair care products in modern trade and premium general trade outlets.

BUSINESS REVIEW – INTERNATIONAL

Indonesia

Our Indonesia business continued to deliver a strong and competitive performance with a constant currency sales growth of 7% and an ex-foods business sales growth of 10%. Our growth was well ahead of FMCG industry growth in Indonesia, which continues to remain flat. This has been impacted by the overall macro-economic slowdown in the country. Our operating margins (EBITDA) increased by 580 bps y-y, driven by lower commodity costs and the optimisation of marketing investments. Hit reached its highest ever exit market

share, driven by product innovation and effective communication. Stella continues to gain market share in the Air Freshener category.

Africa

We have a business presence in countries in East, West and Southern Africa, across the Hair Extensions, Hair Colours, Household Insecticides and Personal Wash categories. Our Africa business delivered strong growth, led by a 41% constant currency growth in our Darling business. Africa operating margins (EBITDA) increased by 40 bps y-y, due to calibrated price increases in Hair Extensions, operating efficiencies and stringent cost control.

Latin America

Our Latin America business sustained its strong sales growth momentum, with a growth of 24%, in constant currency terms. This was driven by the success of new launches and superior on-ground execution. Our operating margins (EBITDA) declined by 390 bps y-y. This was due to the one-off SKU rationalisation, adverse channel mix in Chile and upfront marketing investments across businesses. Our Hair Colour market share (in volume terms) in Argentina is at its two year high, aided by the strong performance of Issue. The market share in Chile increased due to the strong performance of Ilicit Ammonia Free Hair Colour. During the quarter, we completed the acquisition of the remaining 40% stake in Cosmetica Nacional.

Europe

Our European business delivered a strong constant currency sales growth of 13%, led by a double-digit growth in our own and distributed brands portfolios. Our operating margins (EBITDA), improved by 20 bps y-y, led by a favourable mix.

Note: The figures for the current quarter may not be comparable with those of the corresponding quarter of the previous year, because of the acquisitions made since then.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products Limited is the largest home-grown home and personal care company in India. We are constantly innovating to delight our consumers with more exciting, superior quality products at affordable prices.

We have bold ambitions and are becoming more agile and future ready. We rank number 1 in hair colour, household insecticides and liquid detergents and number 2 in soaps. In India, you grow up with our brands - Good knight, Cinthol, Godrej Expert, Godrej No. 1 - and we are now on our way to becoming an emerging markets FMCG leader.

In line with our 3X3 approach to international expansion, we are building a presence in 3 emerging markets (Asia, Africa, Latin America) across 3 categories (home care, personal wash, hair care). In 2010, we acquired the Indonesia based Megasari group, a leader in household insecticides, air fresheners and baby care. With the acquisition of Rapidol, Kinky and Frika in South Africa, and the Darling Group, a leading pan-Africa hair care company, we have a strong presence in the fast growing African hair care market. We acquired the Issue and Argencos groups in Argentina, leaders in hair colour, in 2010, and expanded our footprint to Chile through the acquisition in Cosmetica Nacional. Our UK business acquired in 2005 has a play in hair and personal care. We also operate in the Middle East and have a strong presence across SAARC countries.

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