

PRESS RELEASE

3Q FY 2016 results – GCPL delivers a net profit growth of 23% on an organic constant currency net sales growth of 9%.

Mumbai, January 27, 2016: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended December 31, 2015.

FINANCIAL OVERVIEW

- 3Q FY 2016 consolidated organic constant currency net sales increased by 9%
 - India business branded net sales increased by 8%, driven by a 9% volume growth; double-digit volume growth in Household Insecticides and robust mid-single digit volume growth in Soaps
 - International business grew by 9% on an organic constant currency basis
- 3Q FY 2016 consolidated organic constant currency EBITDA increased by 19%, driven by a 18% growth in the India business and 20% growth in the international business
- 3Q FY 2016 consolidated net profit without exceptionals and one-offs increased by 23%
- 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 3Q FY 2016, Mr. Adi Godrej, Chairman, Godrej Group, said:

"In a challenging operating environment, we have delivered a resilient and competitive performance in 3QFY16. Our consolidated organic constant currency sales growth of 9% and EBITDA growth of 19% are well ahead of the market growth. Our India business sustained its volume growth leadership with a growth of 9%. Our international business too delivered healthy performance, with an organic constant currency sales growth of 9%. Operating earnings growth was ahead of sales growth across most of our geographies, aided by lower commodity costs, calibrated price hikes, stringent cost management and the effective leveraging of brand platforms.

While the pace of economic recovery is slower than anticipated, we are hopeful of continuing our relative outperformance in the quarters ahead. Over the next few quarters, we will be introducing several exciting new launches to stimulate demand and extend leadership in our core categories. We are also enhancing our go-to-market infrastructure and investing strategically for the future. Overall, we expect our focus on innovation, distribution initiatives and superior on-ground execution to aid growth ahead of the market.

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

- 3Q FY 2016 India net sales increased by 8% to INR 1,261 crore
 - India branded net sales increased by 8%, driven by 9% volume growth
- 3Q FY 2016 EBITDA increased by 18% to INR 268 crore
- 3Q FY 2016 net profit increased by 18% to INR 203 crore

Category Review

Household Insecticides

Household Insecticides sustained its double-digit volume growth momentum with a sales growth of 15%. The success of our new launches, effective communication and superior on-ground execution have aided this strong growth, ahead of the category. We have consistently gained market share across formats and ended the quarter with our highest ever market share. Good knight continues to lead category penetration and drive market development initiatives. Gross margins continue to benefit from lower crude oil prices and have improved significantly.

Soaps

Our Soaps business maintained its robust mid-single digit volume growth in a highly competitive environment. This was offset by deflationary pressures, resulting in a value growth of 2%. As part of our focus to premiumise our portfolio, we have launched Godrej No. 1 Nature Soft - Glycerin & Honey variant in the winter soap space. Cinthol, our premium soap brand, continues to lead volume and value growth. We remain competitive on sales promotion investments, in a low commodity cost environment. Gross margins during the quarter benefited from lower palm oil prices and have improved significantly.

Hair Colours

The sales of Hair Colours declined by 1% this quarter. While Godrej Expert Rich Crème recorded a growth in the high teens, powder hair colour growth declined due to channel destocking. This was caused by up-stocking towards the end of the previous quarter, ahead

of price hikes and a decline in value growth due to price-off trade offers. Godrej Expert Rich Crème continues to gain market share and lead distribution reach and household penetration in the crème category. We introduced Godrej Expert Rich Crème in a multi-application pack priced at INR 120 and also launched a new advertisement campaign.

Liquid Detergents

Liquid Detergents delivered a double-digit, volume driven sales growth of 11%, despite the late onset of the winter. During the quarter, we restaged our Ezee brand with a newly designed bottle. New insight driven communication was also launched to drive brand relevance and penetration.

Air Fresheners

Godrej aer continues to perform well, aided by innovative product offerings and various consumer engagement initiatives. We have continued to gain market share and aer is now the number one player in the home sprays air care market (on an exit market share basis). We recently launched aer pocket, which targets the bathroom air care segment.

Health and Wellness

Our Health and Wellness portfolio of hand washes and hand sanitiser, under Godrej Protekt, has been successfully introduced in the general trade. The initial response has been encouraging.

Premium Hair Care

BBLUNT, our range of premium hair care products, has been launched in modern trade and premium general trade outlets.

BUSINESS REVIEW – INTERNATIONAL

Indonesia

Our Indonesia business delivered a competitive performance, with a constant currency sales growth of 3%, despite the high base of 27% growth in 3QFY15. FMCG industry growth in Indonesia continues to remain flat, impacted by the overall macroeconomic challenges in the country. Our operating margins (EBITDA) increased by 490 bps year-on-year, driven by calibrated price hikes, lower commodity costs and the optimisation of marketing investments. Our Hit and Stella brands continue to maintain competitive positions in the market.

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 20% constant currency growth in our Darling business. Africa operating margins (EBITDA) declined by 100 bps year-on-year due to upfront investments in marketing and sales infrastructure.

Latin America

Our Latin America business delivered a healthy sales and profitability growth. Sales, in constant currency terms, increased by 28%, led by the strong performance in Argentina. Our operating margins (EBITDA) increased by 670 bps year-on-year, due to better gross margins and the effective leveraging of brand platforms. Our Hair Colour market share continued to increase, following the success of new launches, effective activation programmes and superior on-ground execution.

Europe

Our European business delivered a strong constant currency sales growth of 10%, led by strong growth in own brands portfolio. Our operating margins (EBITDA) declined by 40 bps year-on-year due to higher investments in brands and infrastructure.

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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