| CONSUMER PRODUCTS

# PRESS RELEASE

# Q3 FY 2014 RESULTS

**Mumbai, February 1, 2014:** Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended December 31, 2013.

## FINANCIAL OVERVIEW

### GCPL continues to outperform FMCG market and category growth

Q3 FY 2014 Consolidated Net Sales increased by 18%*

- India business grows 14% (ex contract manufacturing) with ahead of the market growth across core categories
- International business grows 25%*

Q3 FY 2014 Consolidated EBITDA increased by 12%*

- India business EBITDA grows 15%
- International business EBITDA grows 7%*

Q3 FY 2014 Consolidated Net Profit After Minority Interest increased by 16%*

Q3 FY 2014 Third Interim Dividend of 100% (Re 1 per share)

** Excluding the sale of foods business in Indonesia, wherein GCPL does only the distribution and not marketing etc. Sales are accordingly recorded in the overall consolidated sales with GCPL receiving only cost of distribution thus not earning any profits on it.*

## CHAIRMAN'S COMMENTS

**Commenting on the financial performance of Q3 FY 2014, Mr. Adi Godrej, Chairman, Godrej Group, said:**

*"We have done fairly well in a challenging environment. We continue to deliver topline growth that is far ahead of the growth both for the overall FMCG sector and for the home and personal categories that we participate in. We have been consistently gaining share and strengthening our market positions.*

*However, over the last couple of quarters in particular, the FMCG industry has witnessed a significant slowdown. These trends are evident across India and other emerging markets. The lag effect of multiple quarters of deceleration in GDP growth and high food inflation has negatively impacted consumer sentiment in India. Consequently, consumption has taken a hit as consumers have been reducing their frequency of purchase.*

*We are confident that this is just a cyclical phenomenon. The fundamentals still remain positive, as there is still a lot of headroom for growth given the low penetration and consumption rates for many FMCG categories in India. As the economic environment improves, we are hopeful that consumer sentiment will turn positive and we will see better growth in the industry in the quarters ahead.*

*In these uncertain times, our team has been very dynamic in its approach. We have delivered net profit growth that is close to our topline growth. We continue to make the right investments for the longer term while managing our business more prudently in the short term.*

*We remain watchful, agile and prudent. We have launched several operational excellence initiatives to further enhance our operational performance. Uncertainties however also present opportunities to propel forward. We will continue investing judiciously for the longer term to improve our position, create competitive advantage and emerge stronger than ever before. I am confident that with our clear strategic focus, our superior execution and our top notch team, we will continue to deliver industry leading results in the future."*

## BUSINESS REVIEW – INDIA

### Performance Highlights

- Q3 FY 2014 India sales (ex contract manufacturing) grew by 14%
- Q3 FY 2014 EBITDA increased by 15% to INR 193 crore
- Q3 FY 2014 Net Profit increased by 12% to INR 148 crore (adjusting for INR 10 cr dividend income from subsidiary in the base)

### Category Review

### Household Insecticides:

Sales growth at +8%; well ahead of the category that witnessed an abnormal seasonal slowdown. Both our key brands HIT and Good knight continue to gain share and strengthen market leadership positions across all formats. Our latest innovation in the category, Good knight Fast Card - a paper based mosquito repellant at a price point of Re 1 is performing ahead of our expectations.

### Soaps:

Sales value and volume growth at +6%, well ahead of the category growth which de-grew on both value and volume terms. Category growth is witnessing pressure with slowdown at the mass premium end of the category. We have also taken calibrated price hikes to counter some of the impact of the recent increase in palm oil prices.

### Hair Colours:

Strong momentum in hair colours was maintained, delivering sales growth at +37%. Growth rates were significantly ahead of category growth rates. We also launched new packaging for Nupur. Ongoing initiatives such as salon engagement programs, festival linked promotions, etc. to drive higher consumption and penetration for the category continued to deliver healthy results.

### Liquid Detergents:

Liquid detergents grew 36%. We continue to do well aided by a new TV campaign for Ezee.

## BUSINESS REVIEW – INTERNATIONAL

### Indonesia:

Business registered healthy constant currency sales growth of +18% (excluding the foods distribution business), led by continued marketing investments, new product launches and distribution expansion. HIT and Stella continue to strengthen their market share positions. INR sales growth excluding foods business was 12%. EBITDA margin was at 16% (before payment of technical and business support fee and excluding impact of distribution arrangement for the divested foods business).

### Africa:

Africa delivered a strong quarter. Sales grew by 29% with a healthy 18% EBITDA margin. Constant currency sales growth was 21% for the quarter. Business momentum continues to be strong in Nigeria and Kenya. However, business momentum was impacted due to lower consumer confidence in South Africa wherein consumer spending continues to remain muted coupled with down-trading.

### Latin America:

Latin America had a good quarter with 15% sales growth in constant currency terms and margins of 9%. INR growth was 10%. Sales growth led by continued marketing investments and new product launches. Margins improved on a y/y as well as q/q basis. In Chile, Illicit became value market leader in hair colors category. Overall value and volume share in hair colors in Chile also reached it's highest ever level.

### Europe:

Europe's business continued strong sales performance on both organic and Soft & Gentle (S&G) product portfolio. Business reported growth of 124% and EBITDA margins of 6%. S&G range was revamped with new packaging and enhanced imagery. Touch of Silver is now the second fastest growing brand in the Top 22 UK shampoo brands.

The figures for the current quarter are not comparable with those of the corresponding quarter of the previous year because of the acquisitions made since then.

**ABOUT GCPL**

Godrej Consumer Products Limited (GCPL) is a major player in the Indian FMCG market, with leading Household and Personal Care Products. Our brands, which include Good knight, Cinthol, Godrej No. 1, Expert, Nupur, aer, Hit, Fairglow, and Ezee are household names across the country. We are one of the largest marketers of toilet soaps in the country and are also leaders in hair colours and household insecticides. Four of our brands (Good knight, Cinthol, Godrej No.1 and Godrej Expert Powder Hair Colour) are ranked among the '100 Most Trusted Brands' in the country by Economic Times - Brand Equity 2013.

We are driven by our mission to continuously enhance the quality of life of consumers in high-growth markets with superior-quality and affordable home care, personal care and hygiene products. We also have a strong emerging presence in markets outside India. As part of increasing our global footprint, we acquired 60% rights in Cosmetica Nacional, a Chilean hair colour company. The acquisition of the pan-African Darling Group, and Rapidol and Kinky in South Africa have given GCPL leading positions in the fast growing African ethnic hair care market. With acquisitions in West Africa, the Megasari Group, a leading household care company in Indonesia and Issue Group and Argencos, two leading hair colorant companies in Argentina, Godrej UK, and Godrej Global Mideast FZE, we own international brands and trademarks in Asia (excluding India), Latin America, Africa, Europe and the Middle East.

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