

# Godfrey Phillips India Limited (GPIL)

(BSE: 500163; NSE: GODFRYPHLP)

**EARNINGS PRESENTATION**

**Q4 & Full year FY 2020**



**W E B U I L D U S**



**GODFREY PHILLIPS  
INDIA LIMITED**

## Company

**Rs. 7,144 Cr.**  
Gross Sales Value

**Rs. 1,601 Cr.**  
Gross Profit

**22.4%**  
Gross Profit Margin

**Rs. 388 Cr.**  
Net Profit

## Tobacco

**16.1% (Y-o-Y)**  
Cigarette Gross Sales Value increase

**12.9%**  
Cigarette domestic market share

**Rs. 598 Cr.**  
International Gross Sales Value

## Consumer & Retail

**Rs. 410 Cr.**  
TFS Gross Sales Value

**103**  
TFS stores

**Rs. 239 Cr.**  
Chewing Products Gross Sales Value

- 1 Above values are based on standalone financials
- 2 Gross Sales Value is inclusive of all applicable indirect taxes
- 3 Margins are calculated on Gross Sales Value
- 4 Market size and market share data are based on internal estimates

# Godfrey Phillips Product Portfolio - FY2020



GODFREY PHILLIPS  
INDIA LIMITED

Net Sales: Rs. 3,019 Cr

Tobacco

Non -Tobacco

64%

20%

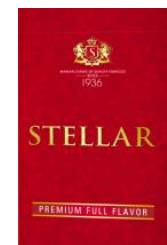
16%

Domestic

International

Consumer & Retail

Marlboro<sup>2</sup>



Tobacco Leaf, Cigarettes  
& Processed tobacco

Chewing  
Products



TFS  
(24Seven)



Confectionary



1 The ratios shown above are based on Net Sales

2 Marlboro is manufactured and distributed under exclusive procurement and supply agreements with Philip Morris International



**Mr. Bisham Wadhera**  
**Chief Executive Officer**

“I am pleased to report that Godfrey Phillips delivered strong operational and financial performance during the fiscal year FY2019-20. The Company reported Gross Sales Value of Rs. 7,144 Crores and Net Profit of Rs. 388 Crores representing an increase of 15.3% and 51.6% respectively compared to FY2019. Similarly, our PAT margins increased to 5.4% from 4.1% compared to last year.

Godfrey Phillips delivered strong cigarette domestic volume growth of 10.0% during the year along with a better product mix and improved realizations. Our domestic cigarette market share also increased from 11.8% in FY 2019 to 12.9% in FY 2020. The Company topline performance has been supported by an increase in the export of unmanufactured tobacco and cut tobacco, resulting in the International Business contributing Rs. 598 Crores, registering a strong growth of 21.1%.

Gross Sales from 24Seven Convenience Stores (TFS) increased by 33.2% to Rs. 410 Crores with the number of stores now at 103 at the end of March 2020. We continue to optimize our customer product offerings and seek operational efficiencies at all levels in pursuit of store level profitability.

The outbreak of COVID19 pandemic and measures taken by the Govt. of India to contain its spreads has resulted in significant reduction in the economic activities in the country. In view of the market conditions the business operations of the company in terms of production and sales were also impacted. A sense of uncertainty continues to prevail even now. However, we are unified as a team in these current uncertain times and are trying our best to ensure that our key processes of manufacturing, sales and distribution continue to remain resilient and deliver for the company. Moreover our team remains fully committed to its core business of tobacco and accordingly, had opted for geographic expansion into the high potential markets of southern India by developing local sales and distribution infrastructure. We have charted up business plans for each of our operating segment and the management team and myself remain fully focused to drive profitable growth create value for all stakeholders.”

Godfrey Phillips was recognized amongst India’s Top 30 Manufacturing Places to Work For and this was in addition to the Great Place to Work certification received in June 2019 by Great Place to Work Institute, India. I am happy to share that our ranking has further improved to 29 from 37 last year, in the recent announcements made by the institute in June’2020.

- **One of the leading FMCG Companies in India - flagship company of KK Modi Group**
- **Diversified business interests – Tobacco, Chewing Products, Convenience Stores & Confectionary**
- **Strong Credit Rating : CRISIL A1+ (Short Term Debt) and AA+/Stable (Long Term Loan)**
- **State-of-the-art Research & Development Facilities – ISO 17025 certification**
- **ISO 50001, ISO 14001, ISO 22000 and OSHAS 18001 certified manufacturing operations**

**FY 2020  
Gross Sales Value  
Rs. 7,144 cr**

**1,000+  
Employees**

*Amongst India's Best  
Companies to Work  
2020*

**Global Presence**

*India  
Singapore  
UAE*

**Corporate Social  
Responsibilities**

*Farmers Community Program  
Women Welfare Program*

## Growth Priorities

**1**

**Target New Markets  
for Cigarettes**

**2**

**Focus on Exports /  
International Business**

**3**

**24Seven Convenience  
Stores (TFS)**

## Strategic Direction

- ✓ Launch new cigarette brands in domestic market during the year to garner volume growth
- ✓ Strengthen partnership with Philip Morris International in the manufacture and distribution of Marlboro brand cigarettes in India
- ✓ Build on existing cigarettes export markets to enhance own brand sales
- ✓ Continue to expand chewing and confectionary product offerings to suit varying consumer tastes and preferences
- ✓ Capitalise on the fast growing retail space through 24Seven's innovative approach
- ✓ Contributing to the socio-economic growth across the value chain through programs for tobacco farmers

## Build on existing contract manufactured cigarettes export markets to enhance own brand sales



**Rs. 598 Cr.**  
FY 2020 Gross Sales Value  
*increased by 21.1%*

**20%**  
Contribution to FY 2020 Net Sales

**Global Operations**  
Significant market presence across Latin America,  
Middle East, South East Asia and Eastern Europe

**72 Countries**  
Exporting through more than 90 partners

# Growth Priorities – 24Seven Convenience Stores (TFS)



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## India's only organised retail chain in the 'round-the-clock' convenience store format

- The 24Seven chain of convenience stores are another example of Godfrey Phillips India's innovative approach to business
- 24Seven stores deliver an international shopping experience, stocking a wide variety of products and providing a range of services, round the clock
- Stores offer daily needs groceries, ready-to-eat foods, beverages, cosmetics and personal care products, music and movies, magazines, domestic and international courier services, instant photo development, bill payments, mobile phone recharges, movie tickets and several other offerings
- 24Seven stores are giving India's young working people new and more comfortable options that meet their requirements and also fulfil the needs of today's modern Indian work culture
- In FY2019, the company set up a large scale kitchen hub in Faridabad (Delhi NCR) to prepare all kinds of ready to eat food items in a highly quality controlled environment, to meet growing demand

**Rs. 410  
Cr**

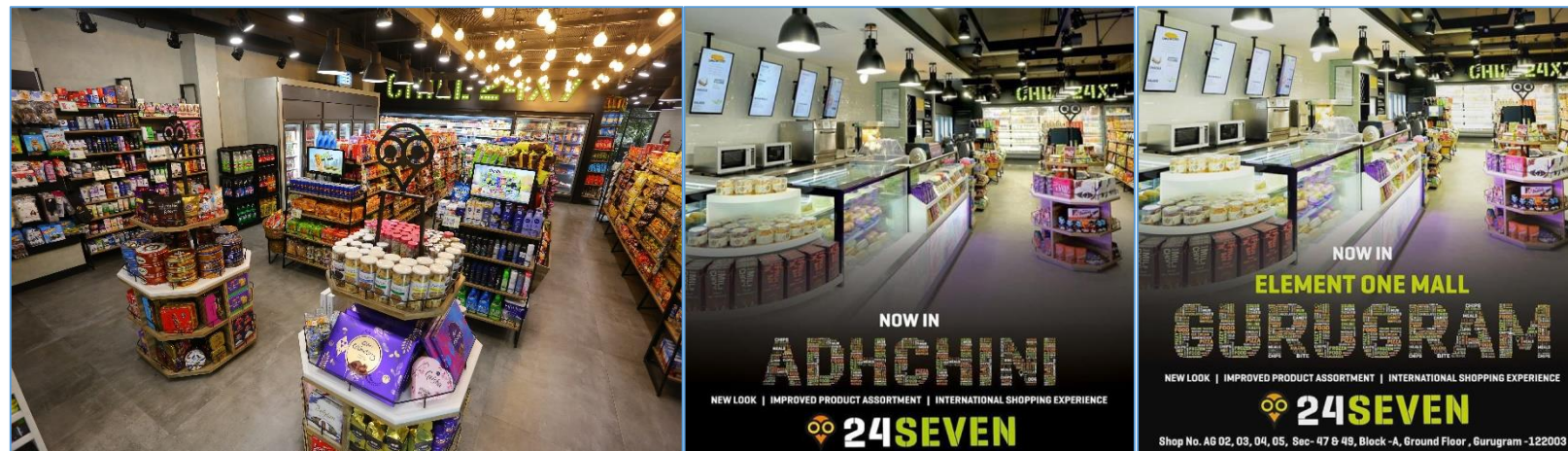
**FY 2020 Gross Sales Value  
Increased by 33.2%**

**10.8%**

**Contribution to FY 2020 Net  
Sales**

**103**

**Total stores as on 31-Mar-2020**





# Growth Priorities – 24Seven Convenience Stores (TFS)



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Offering a range of food products fulfilling the needs of today's modern Indian work culture



# Growth Priorities – Chewing Products & Confectionary



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Chewing Products



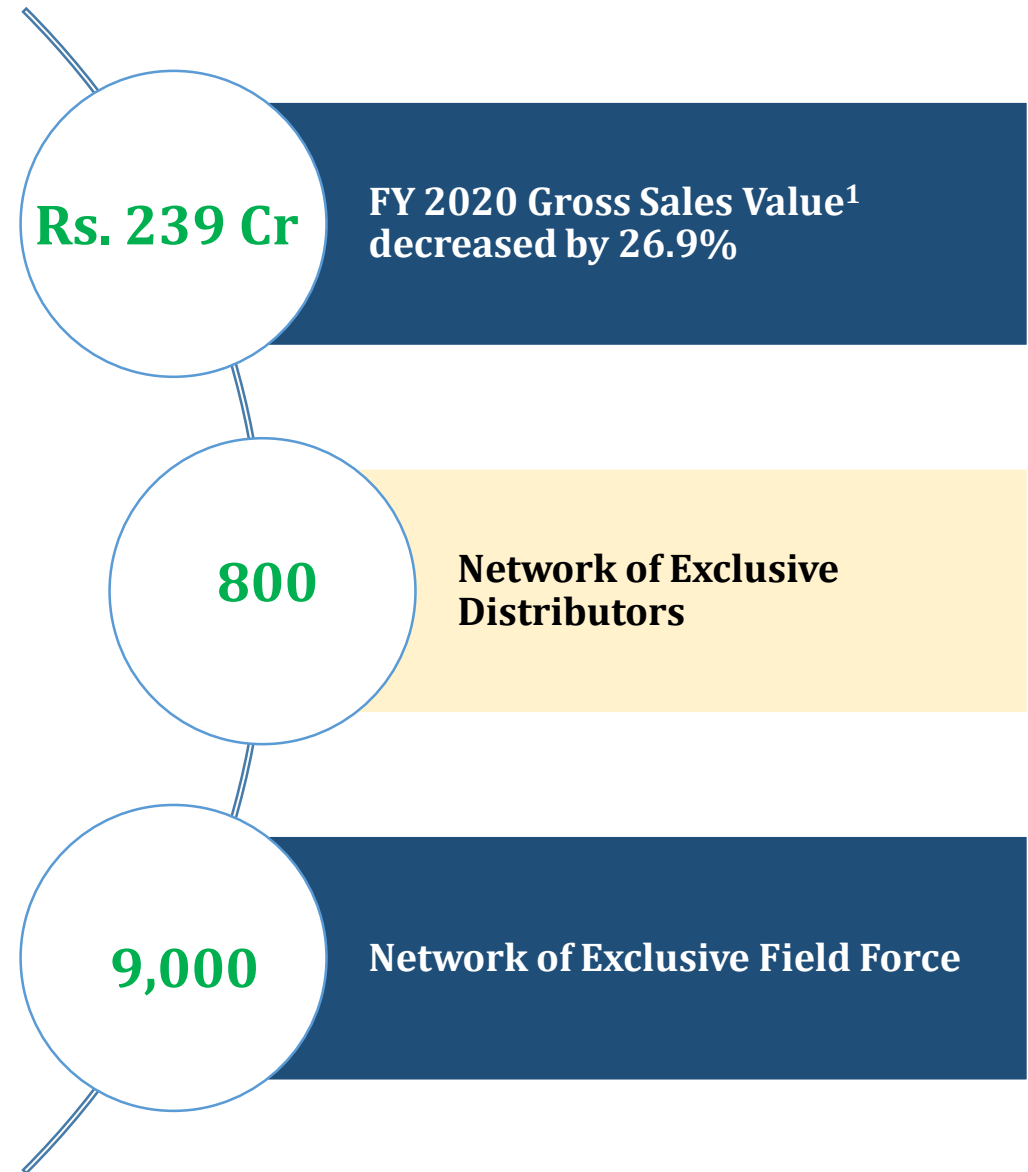
## Pan Vilas

- The premium pan masala market size is estimated to be Rs. 2,800 Crore and Pan Vilas has a 20% share in its key market of Gujarat
- GPI is more focused on Pan Vilas as a key product offering and expected to further drive revenue and profitability



## Pan Vilas Silver Dewz

- A premium mouth freshener made of silver-coated flavoured Elaichi – Silver Dewz is an extension of Pan Vilas brand’s offering in the competitive mouth freshener category



Confectionary



## Funda Goli

- With the introduction of the Funda Goli range of candies, GPIL established a niche for itself as a unique confectionery brand
- Funda Goli’s fun range includes flavours like Kachha Aam, Refreshing Green Apple, Mast Guava, Orange Mints and Slurpy Lychee



## Imli Naturalz

- First of its kind candy with natural ingredients and distinguished taste

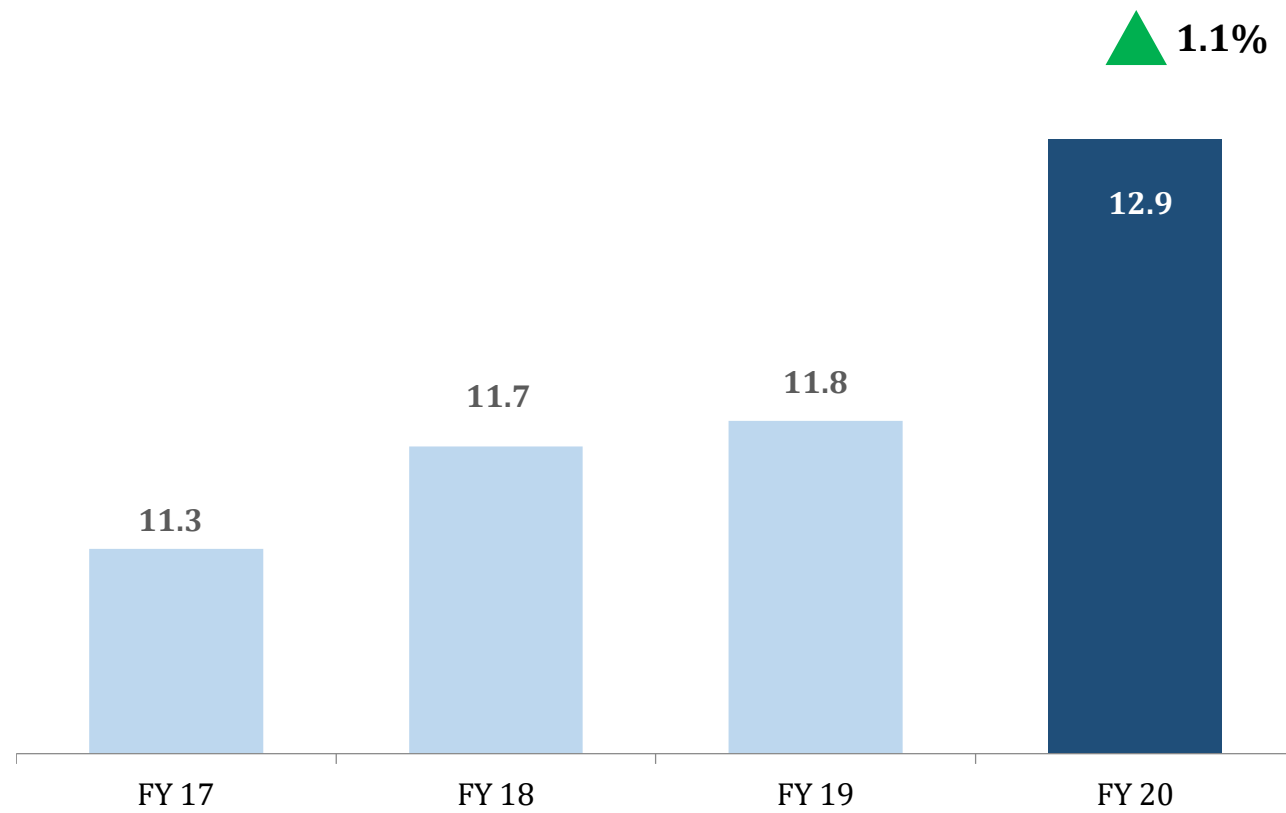
1. Excludes sales value of chewing tobacco – ‘Raaga’

# Cigarette Domestic Market Share and Volume Mix

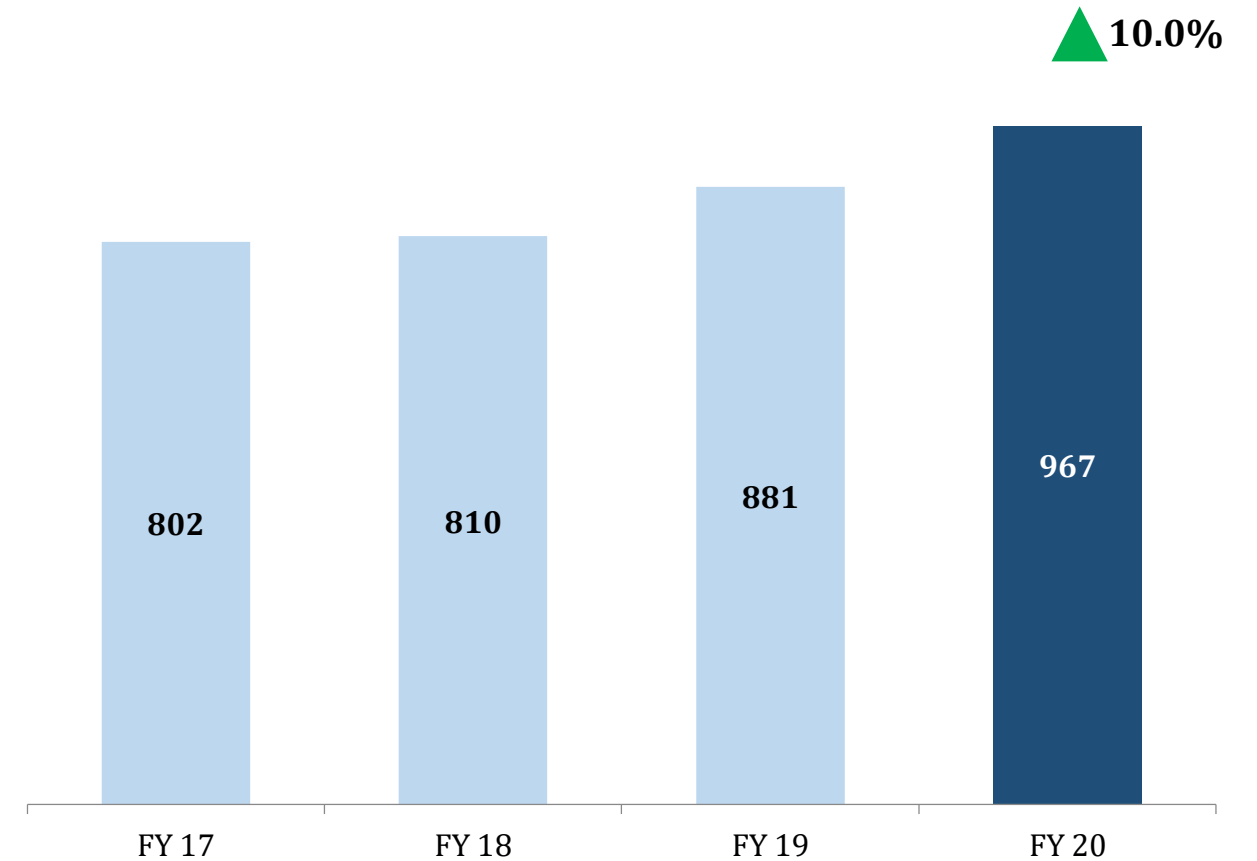


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### Market Share (%)



### Volumes (million per month)



Note: Market share data is based on internal estimates

# FY2020 Financial Summary



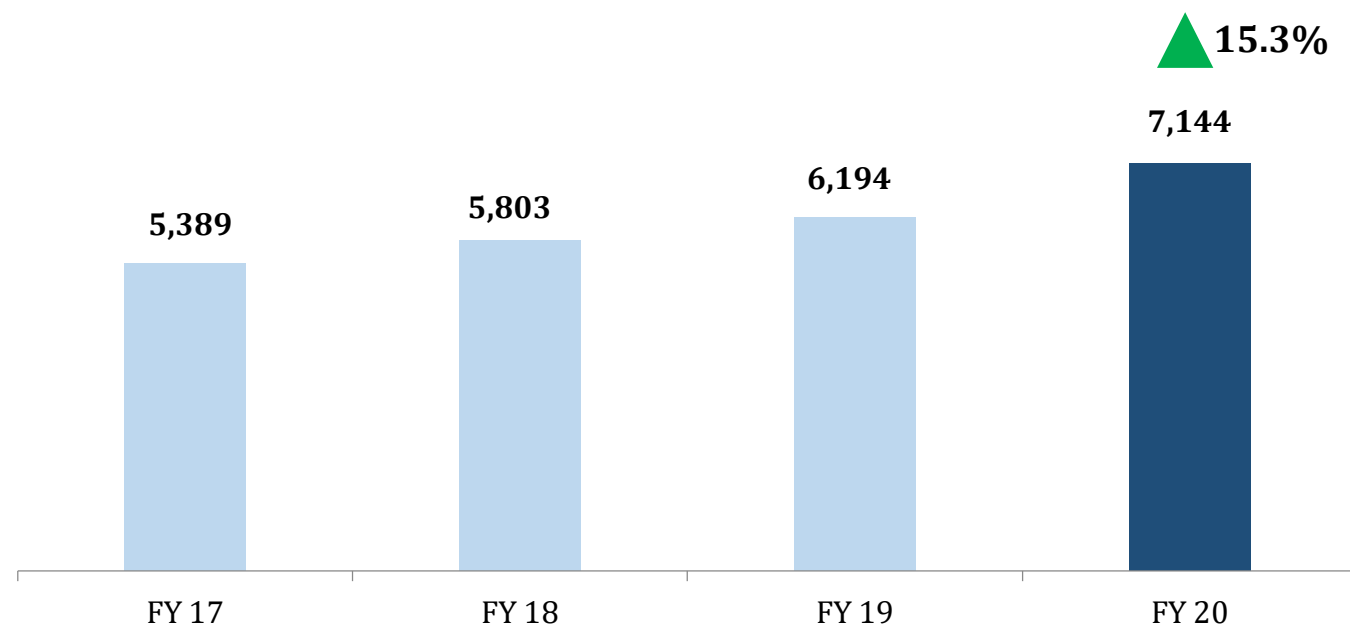
GODFREY PHILLIPS  
INDIA LIMITED

| Rs. Crore |                               | Standalone   |                       |               |              |                |              |                        | Consolidated |              |              |              |
|-----------|-------------------------------|--------------|-----------------------|---------------|--------------|----------------|--------------|------------------------|--------------|--------------|--------------|--------------|
|           |                               | Q4FY20       | Q4FY19                | Y-o-Y%        | Q3FY20       | Q-o-Q%         | FY20         | FY19                   | Y-o-Y%       | FY20         | FY19         | Y-o-Y%       |
| 1         | <b>Gross Sales income</b>     | 1,679        | 1,582                 | 6.1%          | 1,844        | (8.9)%         | 7,144        | 6,194                  | 15.3%        | 7,167        | 6,209        | 15.4%        |
| 2         | <b>Gross Revenue</b>          | 678          | 644                   |               | 788          |                | 3,045        | 2,592                  |              | 3,068        | 2,612        |              |
|           | Less- Excise duty             | 87           | 31                    |               | 36           |                | 191          | 115                    |              | 191          | 115          |              |
|           | <b>Net Revenue</b>            | <b>591</b>   | <b>613</b>            | <b>(3.6)%</b> | <b>752</b>   | <b>(21.4)%</b> | <b>2,854</b> | <b>2,477</b>           | <b>15.2%</b> | <b>2,877</b> | <b>2,497</b> | <b>15.2%</b> |
| 3         | COGS                          | 247          | 251                   | (1.6)%        | 335          | (26.3)%        | 1,253        | 1,070                  | 17.1%        | 1,261        | 1,073        | 17.5%        |
| 4         | <b>Gross Profit</b>           | <b>344</b>   | <b>362</b>            | <b>(5.0)%</b> | <b>417</b>   | <b>(17.5)%</b> | <b>1,601</b> | <b>1,407</b>           | <b>13.8%</b> | <b>1,616</b> | <b>1,424</b> | <b>13.5%</b> |
|           | <b>% to Sales</b>             | <b>20.5%</b> | <b>22.9%</b>          |               | <b>22.6%</b> |                | <b>22.4%</b> | <b>22.7%</b>           |              | <b>22.5%</b> | <b>22.9%</b> |              |
| 5         | Employee Benefits             | 55           | 56                    | (1.8)%        | 65           | (15.4)%        | 250          | 252                    | (1.2)%       | 278          | 281          | (1.1)%       |
|           | % to Sales                    | 3.3%         | 3.5%                  |               | 3.5%         |                | 3.5%         | 4.1%                   |              | 3.9%         | 4.5%         |              |
| 6         | Advertising & sales promotion | 39           | 60                    | (35.0)%       | 39           | -              | 156          | 146                    | 6.8%         | 156          | 146          | 6.8%         |
|           | % to Sales                    | 2.3%         | 3.8%                  |               | 2.1%         |                | 2.2%         | 2.4%                   |              | 2.2%         | 2.4%         |              |
| 7         | Other expenses (Net)          | 160          | 181                   | (11.6)%       | 152          | 5.3%           | 603          | 614                    | (1.6)%       | 590          | 595          | (0.7)%       |
|           | % to Sales                    | 9.5%         | 11.4%                 |               | 8.2%         |                | 8.4%         | 9.9%                   |              | 8.2%         | 9.6%         |              |
| 8         | <b>EBITDA (Operating)</b>     | <b>90</b>    | <b>65</b>             | <b>38.5%</b>  | <b>161</b>   | <b>(44.1)%</b> | <b>592</b>   | <b>395</b>             | <b>49.9%</b> | <b>592</b>   | <b>402</b>   | <b>46.9%</b> |
|           | % to Sales                    | 5.4%         | 4.1%                  |               | 8.7%         |                | 8.3%         | 6.4%                   |              | 8.3%         | 6.5%         |              |
| 9         | <b>Net Profit/(Loss)-Adj.</b> | <b>48</b>    | <b>50<sup>2</sup></b> | <b>(4.0)%</b> | <b>109</b>   | <b>(56.0)%</b> | <b>388</b>   | <b>256<sup>2</sup></b> | <b>51.6%</b> | <b>384</b>   | <b>260</b>   | <b>47.7%</b> |
|           | % to Sales                    | 2.9%         | 3.2%                  |               | 5.9%         |                | 5.4%         | 4.1%                   |              | 5.4%         | 4.2%         |              |

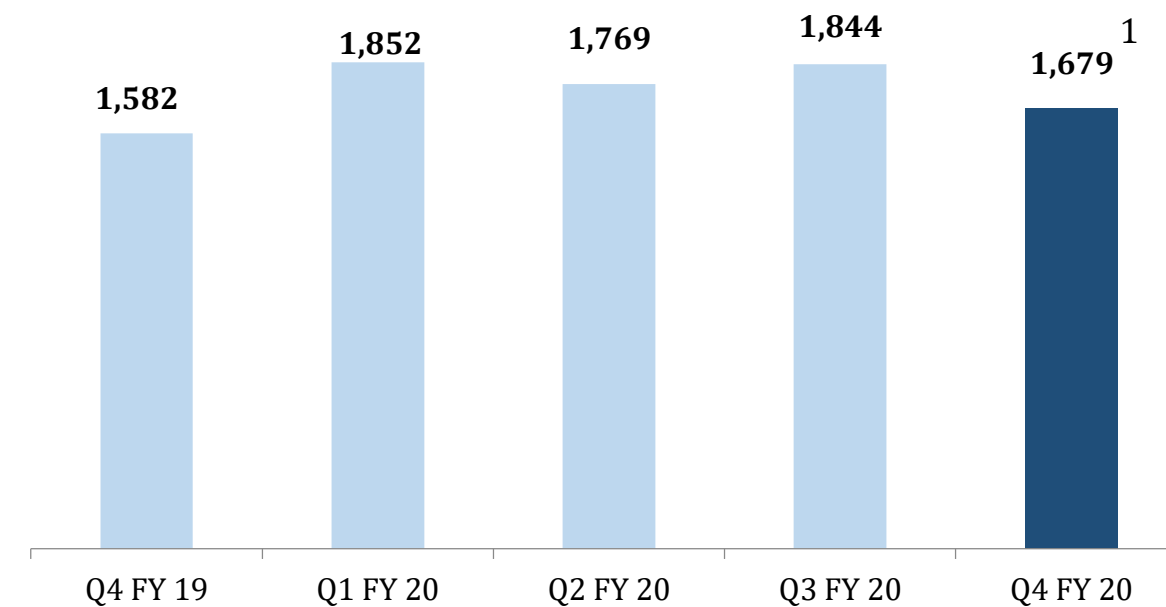
1 Margins are calculated based on Gross Sales Value

2 Net Profit and EBITDA for FY2019 is adjusted for Rs. 15.1 Crore charged as provision for decline in the value of non current investment

## Gross Sales Value –Annual (Rs. Crore)



## Gross Sales Value – Quarterly Standalone (Rs. Crore)



- Gross Sales Value includes Excise Duty, NCCD, GST, GST Compensation Cess and VAT as applicable in the corresponding reporting period
- Y-o-Y increase in FY 2020 Gross Sales was attributed to:
  - Increase in volume of cigarette sales mainly driven by new product launches
  - Increase in export of unmanufactured tobacco and processed tobacco
  - Better product mix and higher realization
- TFS convenience stores continued to perform well and registered a 33.2% growth in FY 2020 Gross Sales Value to reach Rs. 410 Crore

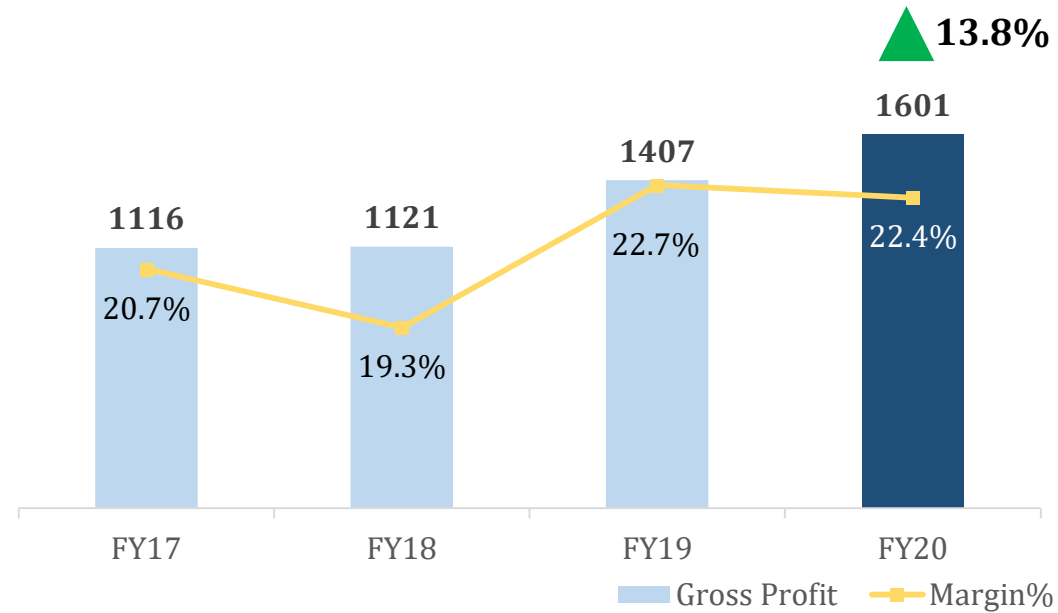
<sup>1</sup> Mainly due impact of COVID pandemic in March 2020.

# Gross Profit and Net Profit Contribution

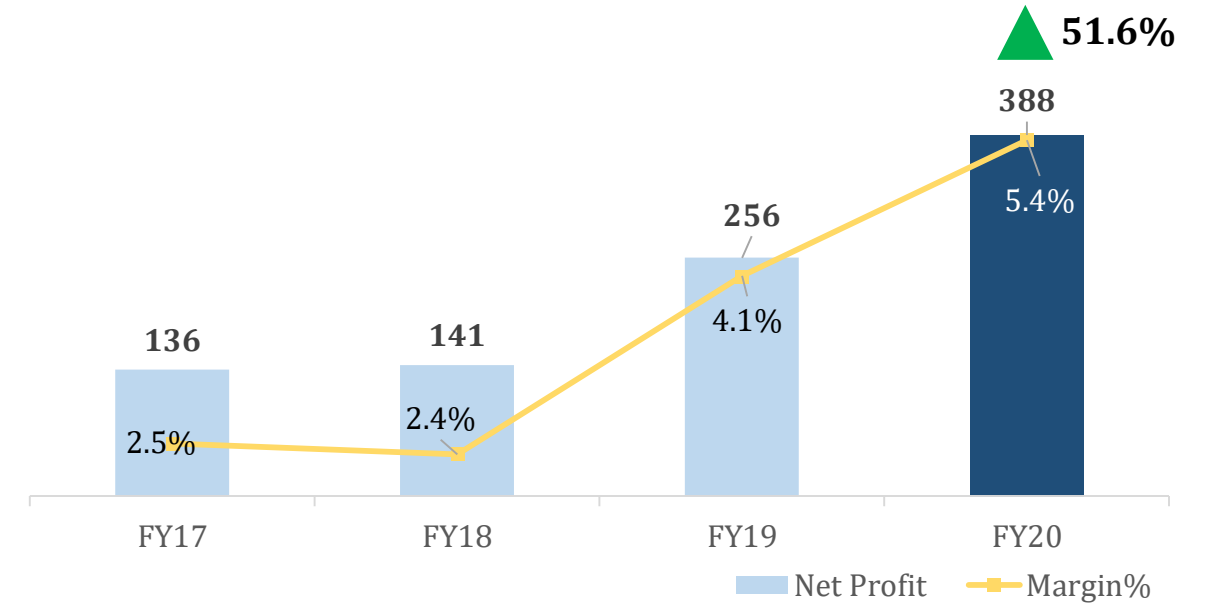


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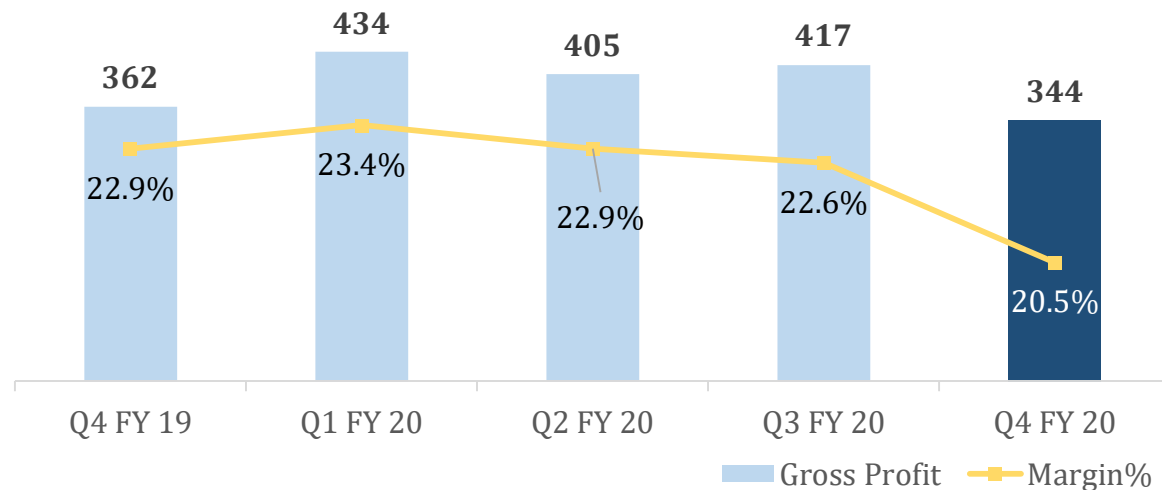
### Gross Profit (Rs. Crore) and Margin (%)



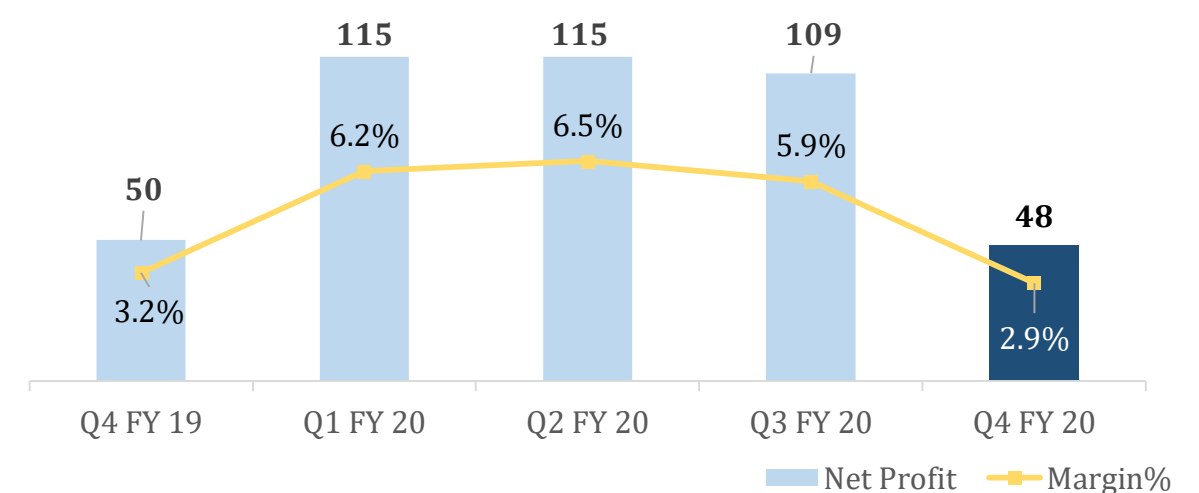
### Net Profit (Rs. Crore) and Margin (%)



### Gross Profit (Rs. Crore) and Margin (%)



### Net Profit (Rs. Crore) and Margin (%)




# GPI as India's Best Companies to Work For



GODFREY PHILLIPS  
INDIA LIMITED

Godfrey Phillips India is now recognized amongst India's Top 30 Manufacturing Places to Work For



GPI's ranking has improved to 29 in 2020 from 37 in 2019 survey



GPI is adjudged "Best in FMCG" in the Great Place To Work 2020 survey



Godfrey Phillips India is now recognized amongst India's Top 30 Manufacturing Places to Work For

## Modicare Foundation

Founded in 1996, Modicare Foundation's core focus areas are empowerment of children, adolescents and women by developing a holistic approach towards education, life skills and leadership

### Vision

Modicare foundation strongly believes that every individual has the potential to transform his / her to life to grow and develop as an active citizen

### Mission

Empower the marginalised population specially women, adolescents, youth and children with skills and knowledge to work as change agents for themselves and their community

## Key Projects

### Khwabgah



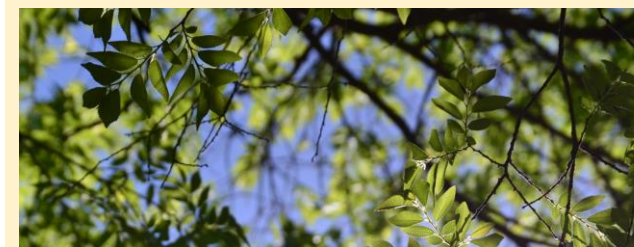
- Provide comprehensive development opportunities to children, adolescents / young adults and their families
- Over 1,500 children are directly benefitting while over 100,000 people are receiving services and support
- Location: Slums of South Delhi

### Ambassadors of Change (AOC)



- Flagship programme since 2000, provides life skill education for in and out of school adolescents
- Empower 4200 adolescents every month and till date it has reached over 1.5 lakh adolescents and 130 institutions

### Ehsaas



- Supported by Clinton Foundation, USA and works as coordinating agency on the National Pediatric Program which linked HIV+ children with government ART centres
- Supported over 1000 affected families and provided HIV related counselling services to 11,000 people

### Partners in Change



- Provides training / capacity building on gender, sexual harassment at workplaces, reproductive health, HIV/AIDS
- Support includes activities such as awareness generation through community based camps, forming internal committees, master trainers



## Program for Tobacco Grading Women



### Program

- About 650 women, engaged into tobacco leaf grading activity for cigarettes and tobacco exports in Ongole, Andhra Pradesh are direct beneficiaries
- The program was held over 3 tobacco grading units and 4 villages where majority of the women worker reside

### Initiatives

- Edugundlapadu is now a model village - 100% open defecation free with toilets for all families, health camps, tree plantation, Community RO for safe water, child education and infrastructure of 2 primary school and Angaanwadi
- This village was officially recognized by the Govt. of Andhra Pradesh and awarded a **Certificate of Merit** by the Collector and District Magistrate on **26<sup>th</sup> January 2019**
- We received the Greentech Foundation CSR Gold Award in 2018

## Program for Burley Tobacco Farmers

### Program

- Burley tobacco producing farmers are important stakeholders of the Company and there is a direct impact on the business due to the various issues impacting the farmers
- CSR objectives are integrated with the Tobacco Leaf Division to facilitate stringent standards and expectations from farmers under the agriculture labor practices

### Initiatives

- Since 2014 over 3,200 families in 60 villages have been directly impacted and 2 lakh population are enjoying the community initiatives
- Water and soil conservation through farm ponds, water harvesting and desiltations
- Reducing debt through Farmers Development Societies (FDS) and support to farmers with curing sheds that help protect the crop
- Access to safe water with community RO, health camps and toilets
- Solar power and watershed program to deliver sustainable comprehensive development
- An After School Program to eliminate child labour





GODFREY PHILLIPS  
—INDIA LIMITED—

## Godfrey Phillips India Limited

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Disclaimer: This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating Godfrey Phillips India Limited’s (“GPIL” or the Company) future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. GPIL undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



**GODFREY PHILLIPS**  
INDIA LIMITED

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