



GODFREY PHILLIPS
— INDIA LIMITED —

Godfrey Phillips India Limited
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Date : 29.06.2018

1. The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
2. The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051

Sub: Earnings Presentation

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of Earnings Presentation prepared by the Company with reference to the last published financial results for the quarter and year ended on 31st March, 2018 which were earlier submitted to you on 29th May 2018.

The presentation is also being placed on the website of the Company i.e., <https://www.godfreyphillips.com/investor-information>

Request you to take the above information on records.

Yours faithfully,

For Godfrey Phillips India Limited

Sanjay Gupta
Company Secretary

Encl : As above



Godfrey Phillips India Limited (GPIL)

(BSE: 500163; NSE: GODFRYPHLP)

Q4 and Full Year FY2018

Earnings Presentation

June 2018

FY2018 Highlights

Gross Sales Value of
Rs. **5,803** Cr.
up **7.7%**

Gross Profit of
Rs. **1,121** Cr.
at **19.3%** margin

International Business
as a % of Net Sales
14%

Consistent Cash
Returns of Dividend
Rs. **8** per share

Cigarette gross sales
value increased
8.4%

Cigarette domestic
market share
increased from
11.3% to **11.7%**

Marlboro sales volume
up **6.6%**
King Size Filter industry
decline of **12.3%**

Marlboro gross sales
value contribution to
gross sales
17.2%

TFS gross sales value
increased
12.3% to Rs. **191** Cr.

TFS stores increased
from
46 to **61**

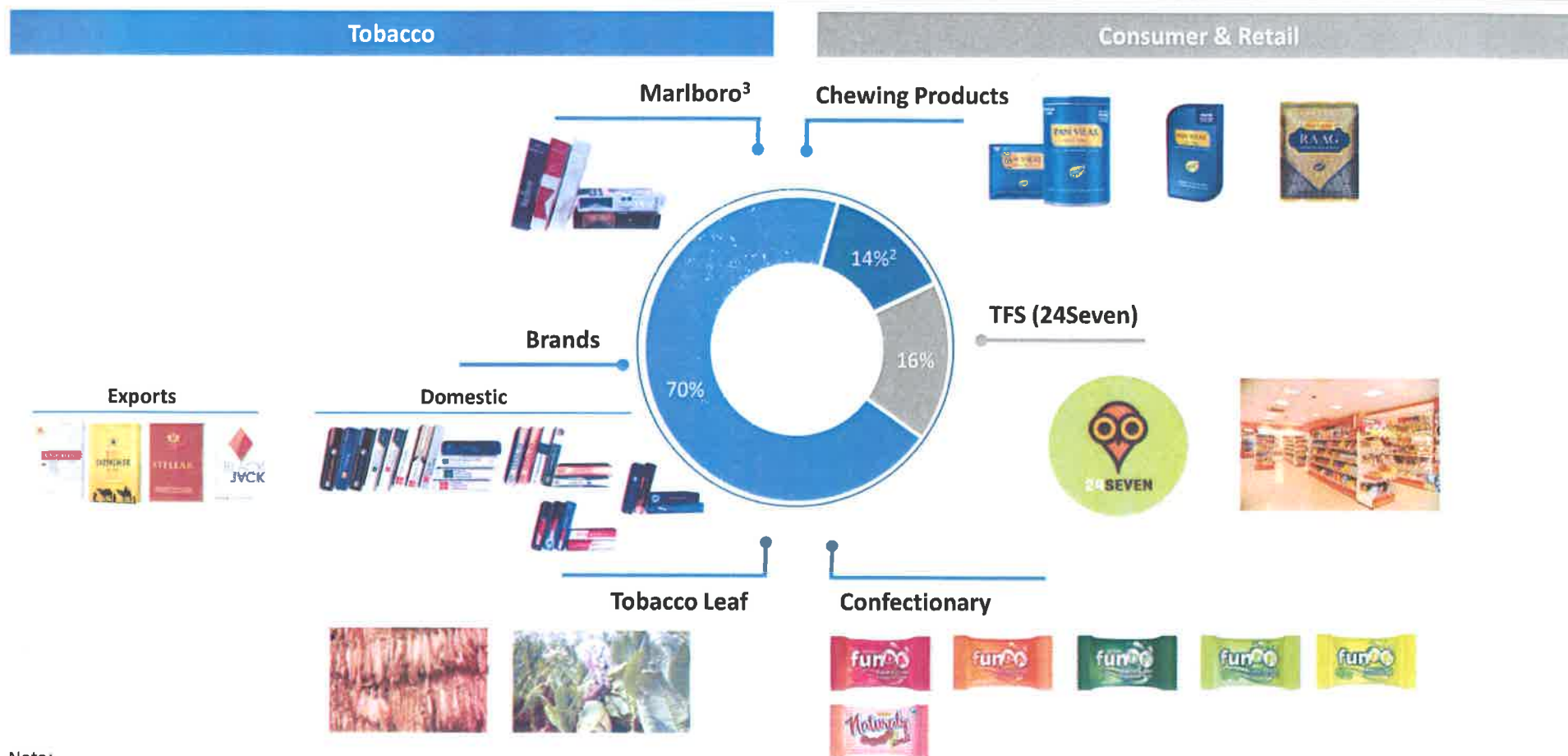
Chewing Products
gross sales value
increased
50.5% to Rs. **407** Cr.

Confectionary gross
sales value increased
11.2% to Rs. **30** Cr.

Note:

- 1 Above values are based on standalone financials
- 2 Gross sales value is inclusive of all applicable indirect taxes
- 3 Margins are calculated basis Gross Sales Value
- 4 Chewing Products sales value is exclusive of chewing tobacco - 'Raaga'
- 5 Market size and market share data is based on internal estimates

Godfrey Phillips Product Portfolio



Note:

- 1 The ratios shown above are based on Net Sales which excludes Tea business that was divested in FY2018
- 2 International business accounts for 14% of GPIL net sales
- 3 Marlboro is manufactured and distributed under exclusive procurement and supply agreements with Philip Morris International

Driving Future Growth

Strategic Direction

- Strengthen partnership with Philip Morris International in the manufacture and distribution of Marlboro brand cigarettes in India
- Evaluate geographic expansion opportunity for cigarette brands, particularly in South India
- Build on existing cigarettes export markets to enhance own brand sales
- Expand Consumer & Retail segment to significantly increase revenue contribution
- Capitalise on the fast growing retail space through 24Seven's innovative approach
- Continue to expand chewing and confectionary product offerings to suit consumer taste and preferences
- Contributing to the socio-economic growth across the business value chain through programs for tobacco farmers

Growth Priorities

- 1 **24Seven Convenience Stores (TFS)**
- 2 **Chewing Products and Confectionary**
- 3 **International Business Division**
- 4 **Reduced harm / new generation products**

Growth Priorities – 24Seven Convenience Stores (TFS)

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



TFS FY18 gross sales value increased 12.3% to Rs. 191 Cr.

Contribution of 5.8% to FY18 Net Sales

TFS stores increased from 46 to 61 in FY18

Target by March 2019 170 stores



Growth Priorities – 24Seven Convenience Stores (TFS)



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



Growth Priorities – Chewing Products & Confectionary

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



Raag

- Extending the Pan Vilas brand further, Raag, a pan masala in the popular price segment was launched in the mid-premium segment whose market size is estimated to be Rs 20,000 Crore. Within a short span of launch, Raag has gained significant market share



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

FY18 gross sales value*
increased
46.6% to Rs. **437 Cr.**

Contribution of **9.7%** to
FY18 Net Sales

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 unbeatable taste

Leverage network of
800 exclusive
distributors

Leverage network of
9,000 exclusive field
force

* Excludes sales value of chewing tobacco – 'Raaga'

Growth Priorities – International Business Division

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



FY18 sales value of
Rs. **407** Cr.

Contribution of **14%** to
FY18 Net Sales

Exporting to more than
90 partners across **72**
countries

Significant presence
across Latin America,
Middle East, South East
Asia and Eastern Europe

Growth Priorities – Reduced harm/new generation products

Industry Trends and Opportunity

- Growing awareness of the effects of smoking has led to technological advancement in the reduced harm products space
- Vaping industry globally is expected to reach \$50 billion over the next 5 years
- Indian vaping market is expected to grow at a CAGR of over 45% to reach \$1 billion over the next 6-8 years
- Development of Electronic Nicotine Delivery System (ENDS) proposes to have wide reaching implications on society, governmental health budget allocations and tobacco industry structures
- All major industry players have made significant investments and shown their commitment towards reduced harm products

GPIL Positioning

- GPIL has been one of the early movers to identify the industry trend and is monitoring developments globally
- It has partnered with leading vaping device manufacturers
- It is engaged with regulatory and testing experts in the UK
 - GPIL vaping products are compliant with European Union Tobacco Product Directive

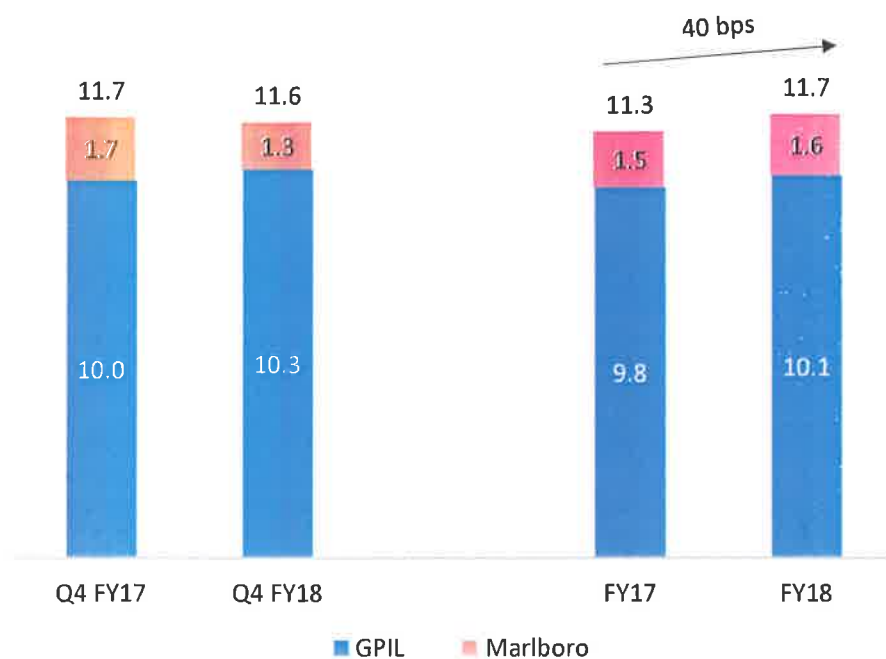
GPIL Vaping Product Portfolio – 'VERGE'

- Verge XL, a cigarette look alike product
- Verge Atom, the first Pod Mod
- Verge E-Juices, flavoured e-liquids



Cigarette Domestic Market Share and Volume Mix

Market Share (%)



Volumes (million per month)

Run Rate Volume	Q4 FY17	Q4 FY18	FY17	FY18
GPI Brands	726	725	696	697
<i>% of Total</i>	<i>86%</i>	<i>89%</i>	<i>87%</i>	<i>86%</i>
Marlboro	122	89	106	113
<i>% of Total</i>	<i>14%</i>	<i>11%</i>	<i>13%</i>	<i>14%</i>
Total	848	814	802	810

Note: Market share data is based on internal estimates



FY2018 Financial Summary

Rs. Crore	Standalone						Consolidated				
	Q4 FY18	Q4 FY17	Y-o-Y (%)	Q3 FY18	Q-o-Q (%)	FY18	FY17	Y-o-Y (%)	FY18	FY17	Y-o-Y (%)
Gross Sales Value	1,461	1,610	(9.3)%	1,528	(4.4)%	5,803	5,389	7.7%	5,813	5,399	7.7%
Gross Revenue	571	1,344		612		2,877	4,395		2,891	4,412	
Less: Excise	(28)	(473)		(30)		(565)	(2,009)		(565)	(2,009)	
Net Revenue	543	871		582		2,312	2,386		2,326	2,403	
COGS	254	548	(53.5)%	279	(8.8)%	1,191	1,270	(6.2)%	1,195	1,270	(6.0)%
Gross Profit	289	323	(10.7)%	303	(4.6)%	1,121	1,116	0.4%	1,131	1,133	(0.1)%
<i>Gross Margins</i>	<i>19.8%</i>	<i>20.1%</i>		<i>19.8%</i>		<i>19.3%</i>	<i>20.7%</i>		<i>19.5%</i>	<i>21.0%</i>	
Employee Benefits	46	45	3.6%	53	(12.8)%	210	233	(10.1)%	239	263	(9.1)%
<i>% of Sales</i>	<i>3.2%</i>	<i>2.8%</i>		<i>3.5%</i>		<i>3.6%</i>	<i>4.3%</i>		<i>4.1%</i>	<i>4.9%</i>	
Advertising and Sales Promotion	30	35	(12.6)%	35	(12.3)%	131	131	0.0%	132	132	0.1%
<i>% of Sales</i>	<i>2.1%</i>	<i>2.2%</i>		<i>2.3%</i>		<i>2.3%</i>	<i>2.4%</i>		<i>2.3%</i>	<i>2.4%</i>	
Other Expenses	142	142	(0.5)%	124	14.6%	522	504	3.6%	502	485	3.6%
<i>% of Sales</i>	<i>9.7%</i>	<i>8.8%</i>		<i>8.1%</i>		<i>9.0%</i>	<i>9.3%</i>		<i>8.6%</i>	<i>9.0%</i>	
EBITDA	71	101	(30.5)%	91	(22.7)%	258	248	3.9%	258	253	2.1%
<i>EBITDA Margin</i>	<i>4.8%</i>	<i>6.3%</i>		<i>6.0%</i>		<i>4.4%</i>	<i>4.6%</i>		<i>4.4%</i>	<i>4.7%</i>	
Net Profit (Adjusted)	43	56	(22.8)%	42	2.7%	141	136	3.2%	139	137	1.4%
<i>Net Profit Margin</i>	<i>3.0%</i>	<i>3.5%</i>		<i>2.7%</i>		<i>2.4%</i>	<i>2.5%</i>		<i>2.4%</i>	<i>2.5%</i>	

Note:

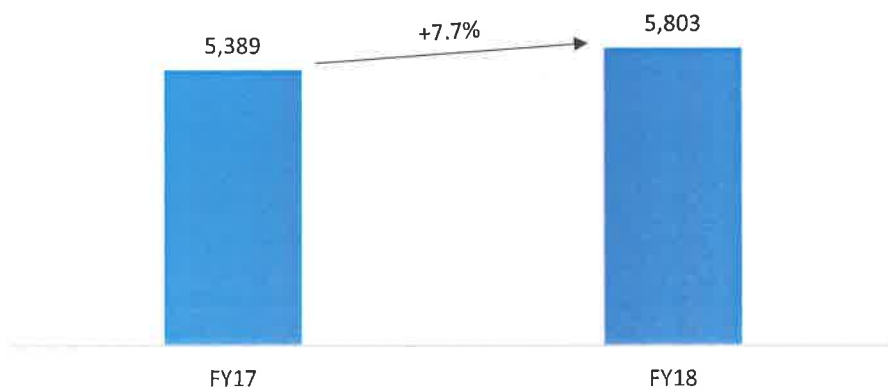
- Margins are calculated based on Gross Sales Value
- Net Profit is adjusted for Rs. 20 Crore realized on sale/assignment of trademarks associated with packaged tea business of the Company

Revenue Analysis

Gross Sales Value – Quarterly Standalone (Rs. Crore)



Gross Sales Value – Annual Standalone (Rs. Crore)

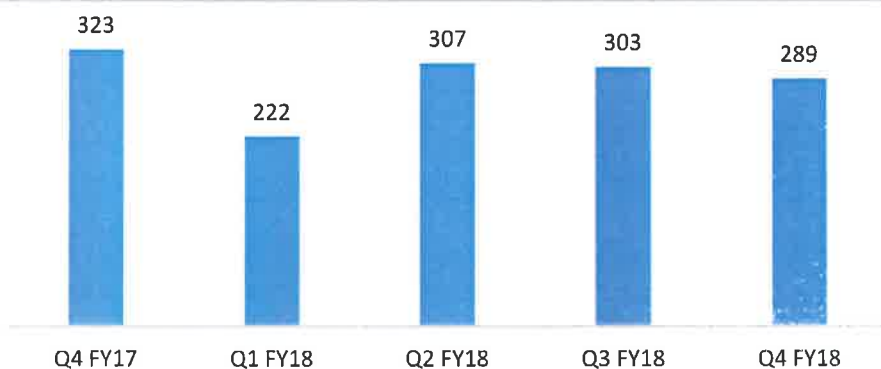


Management Perspectives

- Gross Sales Value includes Excise Duty, NCCD, GST, GST Compensation Cess and VAT as applicable in the corresponding reporting period
- Y-o-Y decline in Q4 FY2018 revenue was attributed to:
 - Reduced export of lower margin tobacco leaf
 - Decline in exports of contract manufactured cigarettes
 - Sale of Packaged Tea business to Goodricke Group
- Chewing and confectionary product gross sales (excluding 'Raaga') increased significantly by 46.6% to reach Rs. 437 Crore
- TFS convenience stores continued to perform well and registered a 12.3% growth in FY18 gross sales to reach Rs. 191 Crore

Gross Margin Contribution

Gross Profit – Quarterly Standalone (Rs. Crore)



Gross Profit – Annual Standalone (Rs. Crore)



Gross Profit Margin (%)



Management Perspectives

- Stable gross margin performance despite industry challenges
- Marlboro brand accounts for 14% of the total GPIL cigarette volumes
- Q1 FY2018 gross margins were impacted due to product mix changes

Corporate Social Responsibility (CSR)

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

Corporate Social Responsibility (CSR)

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 for better health & sanitation, tree plantation, Community RO for safe water, infrastructure of 2 primary school and Anganwadi
- The program has also provided Community RO's at the 3 other villages and 3 Grading Centres, Health camps, infrastructure and development of 7 schools and 8 Anganwadis, over 500 scholarships to merit student, 5 skilling centre for girl dropouts, and helped create Self Help Groups with 2420 women members, VDS (village Dev. Society) with 200 members



Corporate Social Responsibility (CSR)

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 practice and ensure that tobacco farming is sustainable while developing the communities to ensure higher standards of living

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
- Zero incidences of child labour





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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.