



GODFREY PHILLIPS
—INDIA LIMITED—

Godfrey Phillips India Limited
49 Community Centre,
Friends Colony, New Delhi-110 025
Tel: +91 11 2683 2155, 2684 0148
Fax: +91 11 4168 9102
www.godfreyphillips.com

isc-gpi@modi.com

Date: 4th June, 2019

- 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 with reference to the last published financial results of the Company for the quarter and year ended on 31st March, 2019 which were already submitted to you on 30th May, 2019 in the prescribed format.

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

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 & Full year FY2019 Earnings Presentation

FY2019 Highlights (Y-o-Y)

Gross Sales Value of
Rs. **6,194** Cr.
up **6.7%**

Gross Profit of
Rs. **1,407** Cr.
up **25.5%**

Cigarette Gross Sales
Value increased
8.7%

Cigarette domestic
market share
increased from
11.7% to 11.8%

Gross Profit margin
increased from
19.3% to 22.7%
y-o-y

Net Profit rises to
Rs **256** Cr.
(excluding exceptional
income & expenses)

International Gross Sales
Value increased
21% to Rs. **494** Cr.

TFS Gross Sales Value
increased
61% to Rs. **307** Cr.

Dividend of
Rs **10** per share. Up
25%

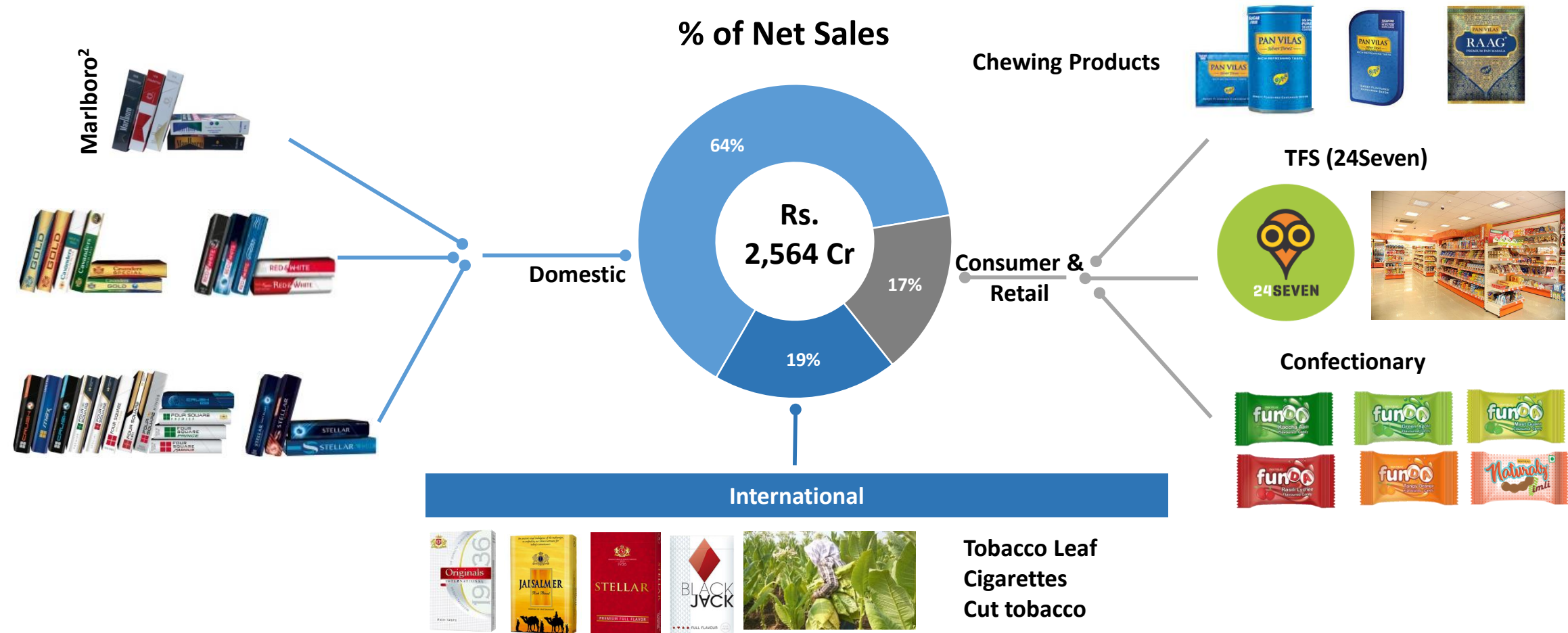
TFS stores increased
from
61 to 104

Note:

- 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 is based on internal estimates

Godfrey Phillips Product Portfolio – FY2019

Tobacco
Consumer & Retail



Note:

- The ratios shown above are based on Net Sales which exclude tea business that was divested in FY18.
- Marlboro is manufactured and distributed under exclusive procurement and supply agreements with Philip Morris International

Management Perspective

Commenting on the results, Mr. Bhisham Wadhera, CEO at Godfrey Phillips India said:

We are delighted to announce our FY2019 financial results which reflect our growth momentum during the course of the year. The Company reported Gross Sales of Rs. 6,194 Crores and Net Profit of Rs. 256 Crores (excluding exceptional income and expenditure) representing increases of 6.7% and 81.6% respectively compared to the previous year. Similarly, our Gross Profit margin increased to 22.7% from 19.3% and EBITDA margin increased to 6.4% from 4.4% when compared to FY2018.

Company delivered strong cigarette domestic volume growth of 9.4% during the year with a better product mix and improved realizations. The topline performance has been supported by an increase in the export of unmanufactured tobacco resulting in the International Business growing by 21% to Rs. 494 Crores. Further, continued focus on premium pan masala has resulted in an increase of 4% in sales value of Pan Vilas.

Gross Sales from 24Seven Convenience Stores (TFS) increased by 61% to Rs. 307 Crores with number of store outlets increasing from 61 to 104 on a year on year basis. All of the new outlets have been opened in Delhi NCR and Chandigarh region.

Company management remains fully committed to its core business of tobacco and there is focus on expanding its sales and distribution infrastructure in high potential markets of southern India. Also, we looking to grow strategically in the vaping segment with our newly launched product “Verge ORA”, a nicotine salt-based product.

I am personally pleased to report that Godfrey Phillips was certified as a great place for work for FY2019-20 by the Great Place to Work Institute, India. This reinstates senior management commitment to not only developing team skills but creating a work culture that allows our employees to achieve their professional goals and aspirations.

Driving Future Growth

Strategic Direction

- Strengthen partnership with Philip Morris International in the manufacture and distribution of Marlboro brand cigarettes in India
- Launch GPI own and Marlboro brands in South India after careful evaluation of geographic expansion plans
- Launch a series of innovative cigarette brands to bring about volume growth
- Build on existing cigarette export markets to enhance own brand sales
- Expand Consumer & Retail segments 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
- Contribute to the socio-economic growth across the business value chain through programs for tobacco farmers

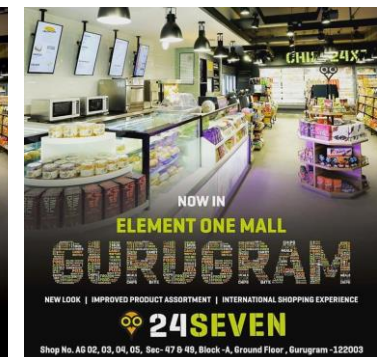
Growth Priorities

- 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' 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 FY19
Gross Sales Value
increased **61%** to
Rs. **307** Cr.

Contribution of
9.8% to
FY19 Net Sales

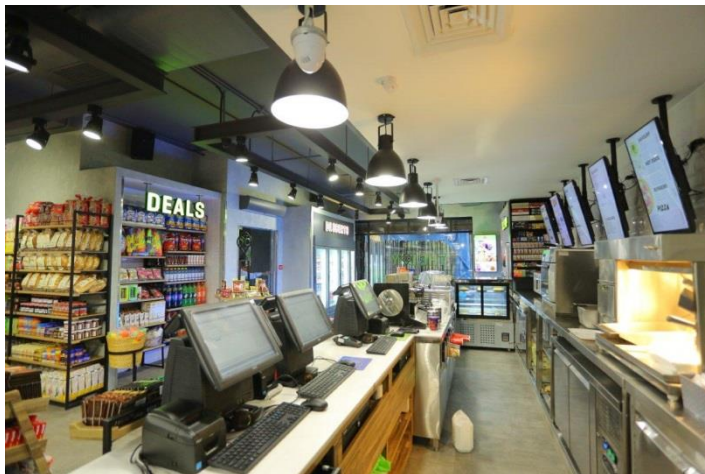
43 new stores
added during the
year

Total stores as on
31-Mar-19 are
104

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



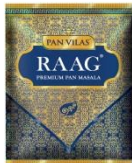
Growth Priorities – Chewing Products & Confectionary

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

- In addition to the Pan Vilas brand, Raag, a pan masala in the popular price segment operates in the mid-premium segment whose market size is estimated to be Rs 20,000 Crore.

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

FY19 Gross Sales Value¹
decreased
(25%) to Rs. 327 Cr.

Premium Pan Masala (Pan
Vilas) Gross Sales Value
increased by 4%

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

1. Excludes sales value of chewing tobacco – 'Raaga' which is Rs. 32 crores

Growth Priorities – International Business Division

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



FY19 Gross Sales Value increased by **21%** to Rs. **494 Cr.**

Contribution of **19%** to FY19 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) is likely to have wide reaching implications on society, governmental health budget allocations and tobacco industry structures

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

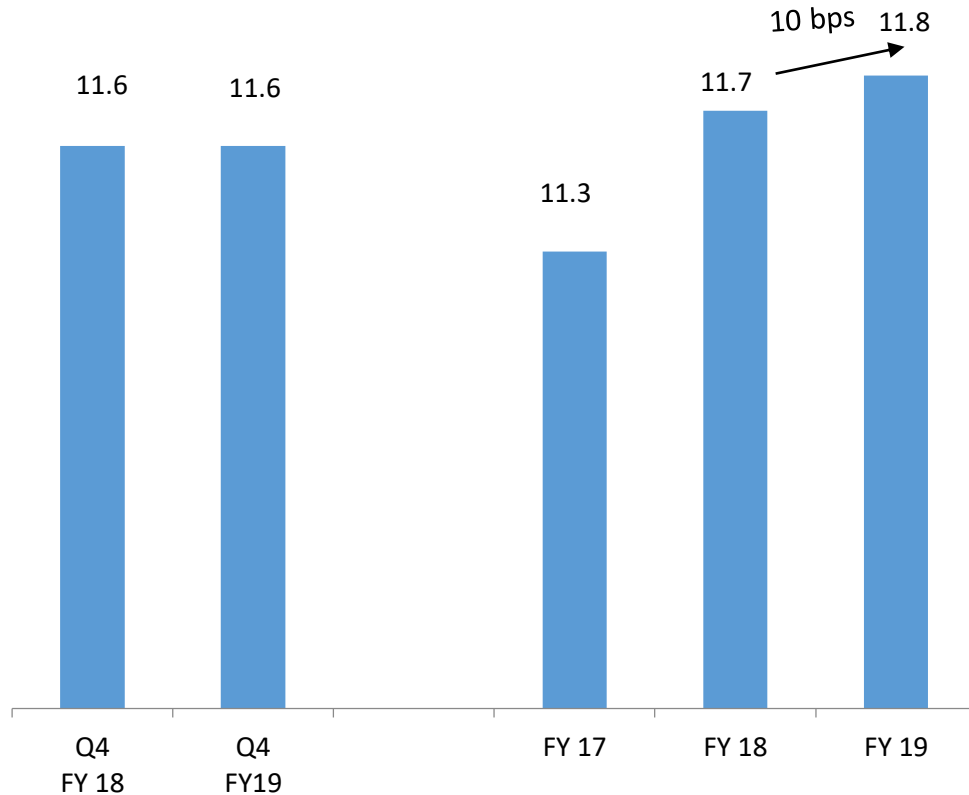
GPIL Vaping Product Portfolio – ‘VERGE’

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



Cigarette Domestic Market Share and Volume

Market Share (%)



Note: Market share data is based on internal estimates

Volumes (million per month)

Q4 FY18	Q4 FY19	Growth	FY18	FY19	Growth
815	905	11%	810	881	9%

FY2019 Financial Summary

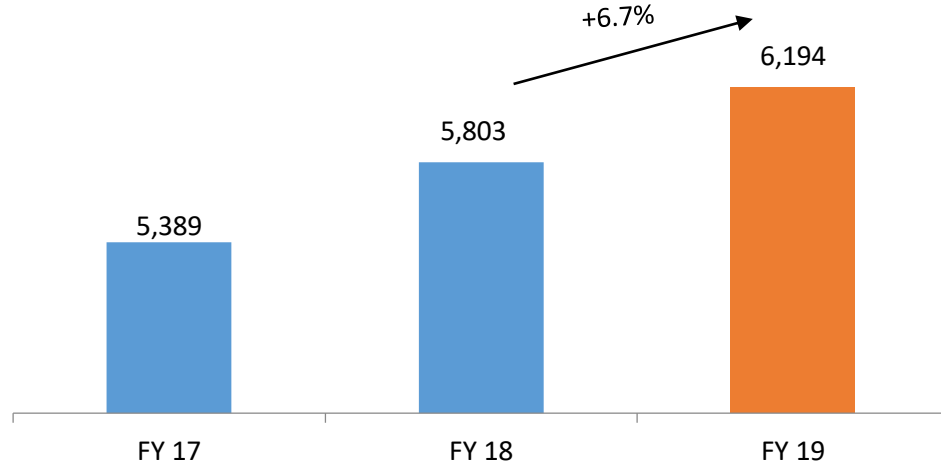
Rs. Crore	Standalone						Consolidated				
	Q4 FY19	Q4 FY18	Y-o-Y (%)	Q3 FY19	Q-o-Q (%)	FY19	FY18	Y-o-Y (%)	FY19	FY18	Y-o-Y (%)
Gross Sales Value	1,582	1,461	8.3%	1,650	(4.1)%	6,194	5,803	6.7%	6,209	5,813	6.8%
Gross Revenue	644	572		690		2,592	2,877		2,612	2,891	
Less: Excise	(31)	(28)		(31)		(115)	(565)		(115)	(565)	
Net Revenue	613	544	12.7%	659	(7.0)%	2,477	2,312	7.1%	2,497	2,326	7.4%
COGS	251	254	(1.2)%	291	(13.7)%	1,070	1,191	(10.2)%	1,073	1,195	(10.2)%
Gross Profit	362	290	24.8%	368	(1.6)%	1,407	1,121	25.5%	1,424	1,131	25.9%
<i>Gross Margin</i>	22.9%	19.8%		22.3%		22.7%	19.3%		22.9%	19.5%	
Employee Benefits	56	46	21.7%	65	(13.8)%	252	210	20.0%	281	239	17.6%
<i>% of Sales</i>	3.5%	3.1%		3.9%		4.1%	3.6%		4.5%	4.1%	
Advertising and Sales Promotion	60	30	100.0%	29	106.9%	146	131	11.5%	146	132	10.6%
<i>% of Sales</i>	3.8%	2.1%		1.8%		2.4%	2.3%		2.4%	2.3%	
Other Expenses	181	143	26.6%	158	14.6%	614	522	17.6%	595	502	18.5%
<i>% of Sales</i>	11.4%	9.8%		9.6%		9.9%	9.0%		9.6%	8.6%	
EBITDA	65	71	(8.5)%	116	(44.0)%	395	258	53.1%	402	258	55.8%
<i>EBITDA Margin</i>	4.1%	4.9%		7.0%		6.4%	4.4%		6.5%	4.4%	
Net Profit (Adjusted)	50²	43	16.3%	78	(35.9)%	256²	141³	81.6%	260	139³	87.1%
<i>Net Profit Margin</i>	3.2%	2.9%		4.7%		4.1%	2.4%		4.2%	2.4%	

Note:

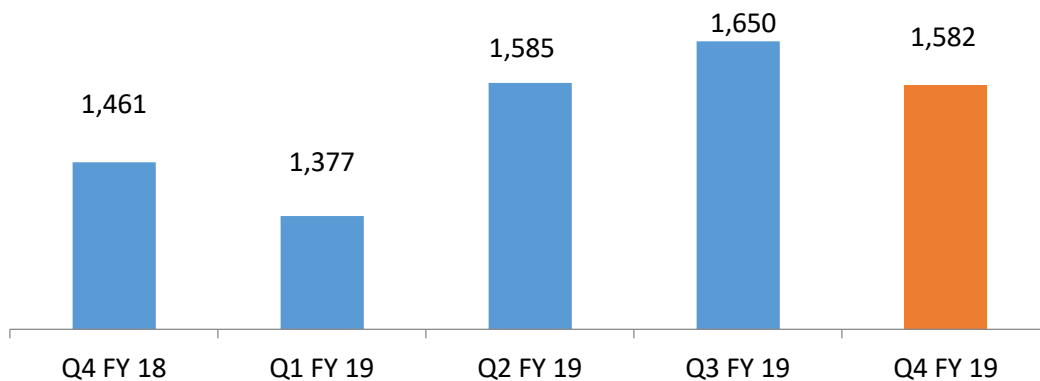
- Margins are calculated based on Gross Sales Value
- Net Profit and EBITDA for Q4 FY2019 and FY2019 is adjusted for Rs. 15.1 Crore charged as provision for decline in the value of non current investment
- Net Profit and EBITDA for FY18 is adjusted for Rs. 20 Crore realized on sale/assignment of trademarks associated with packaged tea business of the Company

Revenue Analysis

Gross Sales Value – Annual Standalone (Rs. Crore)



Gross Sales Value – Quarterly Standalone (Rs. Crore)

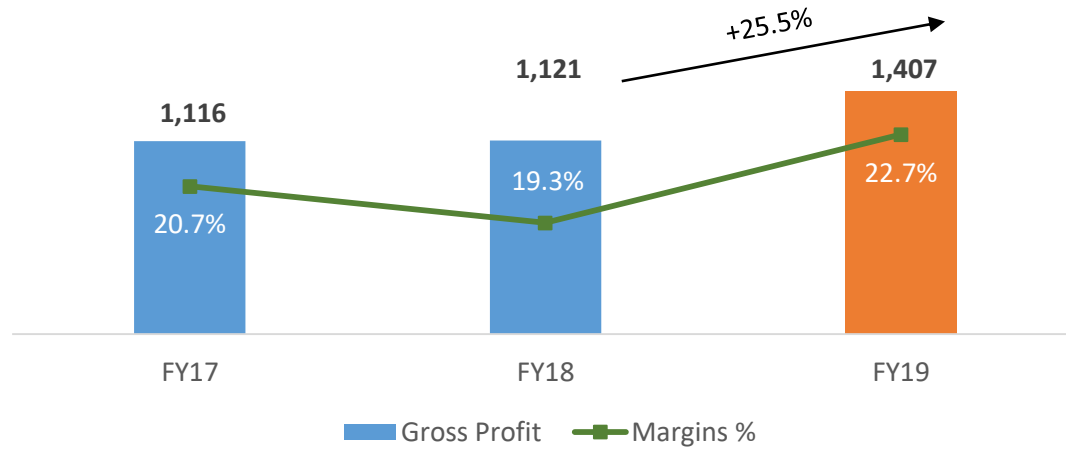


Management Perspectives

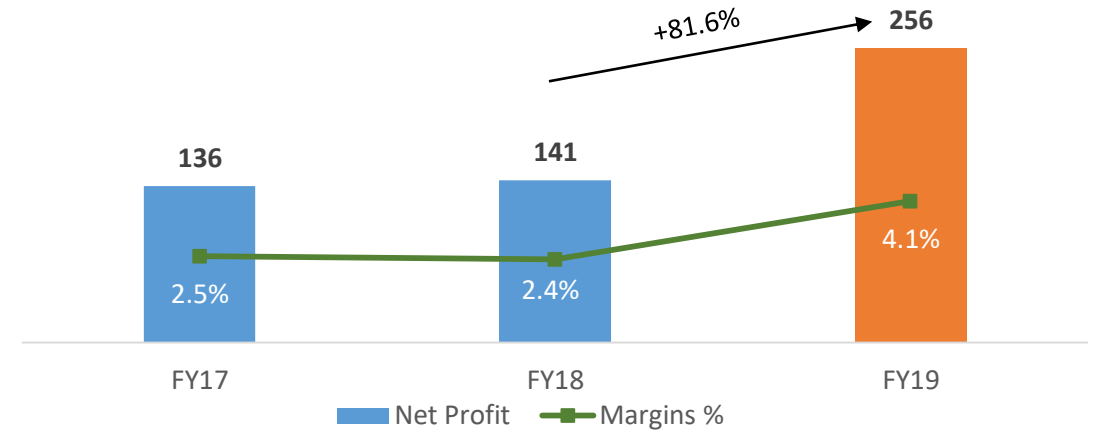
- Gross Sales Value includes Excise Duty, NCCD, GST, GST Compensation Cess and VAT as applicable in the corresponding reporting period
- Y-o-Y increase in FY19 gross sales was attributed to:
 - Increase in volume of cigarette sales
 - Increase in export of unmanufactured tobacco
 - Better product mix and higher realization
- TFS convenience stores registered growth of 61% in gross sales to reach Rs. 307 Crore in FY19

Gross Profit and Net Profit Contribution

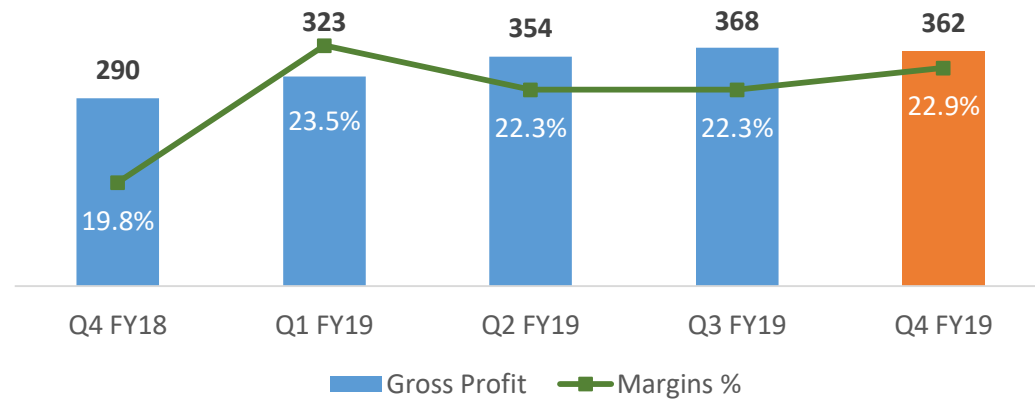
Gross Profit (Rs. Crore) and Margin (%)



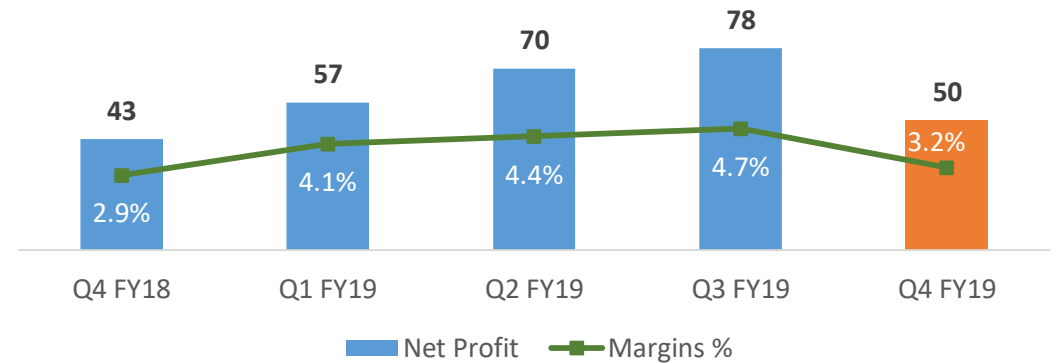
Net Profit (Rs. Crore) and Margin (%)



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



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



Corporate Governance: Great Place to Work

Godfrey Phillips India has been certified a Great Place to Work, 2019-20

- Godfrey Phillips India has been certified as a “Great Place to Work In”
- This certification recognizes presence of good work culture and best corporate practices
- Obviously a good work culture brings in sustained productivity and performance that helps impact the bottom-line

Assessment Criteria

- Over 8000 organizations from over 50 countries partner Great Place to Work® Institute to create & sustain a High-Trust, High-Performance Culture.
- A great workplace is one where employees trust each other and leadership, take pride in what they do and enjoy the company of the people they work with. Such organizations are characterized by great leadership, consistent employee experience and sustainable financial performance



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, tree plantation, Community RO for safe water, child education and infrastructure of 2 primary school and Anganwadi
- This village was officially recognized by the Govt. of Andhra Pradesh and awarded a **Certificate of Merit** by the Collector and District Magistrate on **26th January 2019**
- We received the Greentech Foundation CSR Gold Award in 2018



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 s

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

CIN: L16004MH1936PLC008587

Registered Office:

Macropolo Building, Ground Floor
Dr. Babasaheb Ambedkar Road
Lalbaug, Mumbai 400033

Corporate Office:

14, Omaxe Square,
Jasola District Centre
New Delhi 110025

For more information, please contact:

Sunil Agrawal

Chief Financial Officer
Godfrey Phillips India

isc-gpi@modi.com

+91 11 2683 2155

Sanjay Gupta

Company Secretary & Compliance Officer
Godfrey Phillips India

isc-gpi@modi.com

+91 11 2683 2155

Ravi Gothwal / Saket Somani

Churchgate Partners

GPIL@churchgatepartners.com

+91 22 6169 5988

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