Gillette India Ltd.

Corporate Presentation

October 2013

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P&G Family – Touching Lives Since 1837

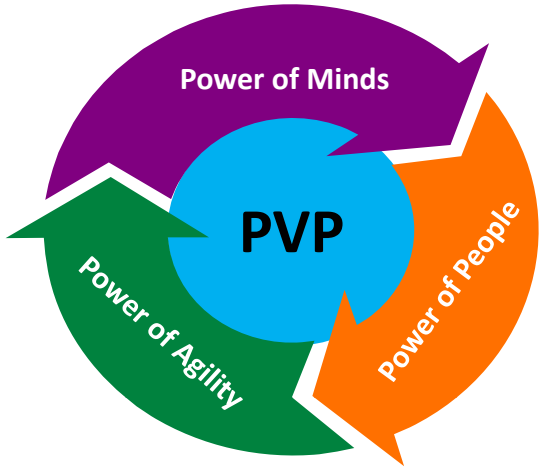
Gillette

P&G

Create Superior Value for Consumers and Shareholders

- P&G (US$84.2bn Net Sales in FY13) serves over 4.8 bn consumers around the world with its brands
- Operates in ~70 countries with P&G Brands being marketed in more than 180 countries worldwide
- One of the strongest portfolios of brands, including 25 billion $ brands
- **P&G entered India in 1988, and now serves over 650 mm consumers across India**
  - Present in household, beauty, grooming and health care segments
  - Acquired Gillette India in 2005 – Fully integrated with P&G's strategies & values
  - P&G operates two listed entities (Gillette India Limited and Procter & Gamble Hygiene & Health Care Limited) & one wholly owned subsidiary (Procter & Gamble Home Products Limited) in India

P&G Values



- **Integrity**
- **Leadership**
- **Ownership**
- **Passion for Winning Trust**

Source: Company filings & website

Gillette India Limited

Blades, Razors & Shave Preps
India Market Size:
US$530mm [1]

- Strong brand recall
- Gillette grooming portfolio has shown strong growth over the years
- Commands over 50% market share in India[2]
- Contributes ~72% of GIL's FY13 revenues

Oral Care
India Market Size:
US$1,300mm[1]

- World's No. 1 dentist recommended toothbrush brand
  - Oral-B toothbrushes are used by more dentists than any other brand worldwide
- Has recently launched Oral-B toothpaste
- Contributes ~23% of GIL's FY13 revenues

Personal Power
Batteries India Market Size:
US$160mm[1]

- One of the world's leading manufacturer of high-performance **alkaline** batteries
- Contributes ~5% of GIL's FY13 revenues

- **Fully integrated with P&G India post global acquisition of Gillette**
- **Benefits from global technologies, governance programs and talent development programs of P&G group**
- **Plays in categories where P&G has global scale and leadership shares: Blades & Razors (68% market share), Oral Care (19% market share) and Batteries (27% market share)[3]**

Source: Company filings & website. Note: 1US$ = Rs.60

(1) Source: Internal P&G estimates, A.C. Nielsen estimates are different; (2) Source - A.C. Nielsen as of August 2013; (3) Source: A.C. Nielsen; Market share indicates P&G's share in global market

Gillette – Key Highlights

Gillette®

☑ **Track Record of Successful Innovation**

- ☑ Has maintained steady stream of innovation to delight consumers & customers

☑ **Strong Brand Equity and Customer Relationships**

- ☑ Gillette, Oral-B & Duracell have strong brand recall & command significant market share in their respective categories

☑ **Strong Parentage**

- ☑ Able to leverage the global expertise & scale of P&G group

☑ **Skilled and Experienced Senior Management Team**

- ☑ Senior Management, promoted from within with diverse global experiences

☑ **Strong Financials & "Zero Debt" Capital Structure**

- ☑ Demonstrated track record of consistent growth with healthy returns

Source: Company filings & website.

Gillette - Key Management

Experienced & Committed Senior Management

Shantanu Khosla
Managing Director

P&G - 30 Years Experience

Tapan Buch
CFO

P&G - 17 Years Experience

Uday Bhaskar
Sales Director

P&G - 17 Yrs Experience

Sonali Dhawan
Marketing Director

P&G - 15 Years Experience

Amit Vyas
Senior Legal Counsel

19 Years Experience P&G – 5 Years

Sonali Roychowdhury
Human Res.

P&G - 15 Years Experience

Inderjeet Singh
Consumer Research

P&G - 11 Years Experience

Source: Company filings & website

Eminent Board Members

Saroj Kumar Poddar	*Eminent Industrialist, Chair Adventz Group*
Shantanu Khosla	*Managing Director*
Bansi S. Mehta	*Eminent CA and Tax Expert*
Gurcharan Das	*Management Guru and Author*
C.R. Dua	*Leading Corporate Law Professional*
Akshay Poddar	*Eminent Industrialist*
Anil K. Gupta	*Supply Chain Expert & Consultant*
Pramod Agarwal	*VP, P&G Global Beauty Care Finance*

Statutory Auditors: Deloitte Haskins & Sells;

Cost Auditors: A. Solanki & Associates

Gillette – Marketing & Distribution Network

Shave India Movement

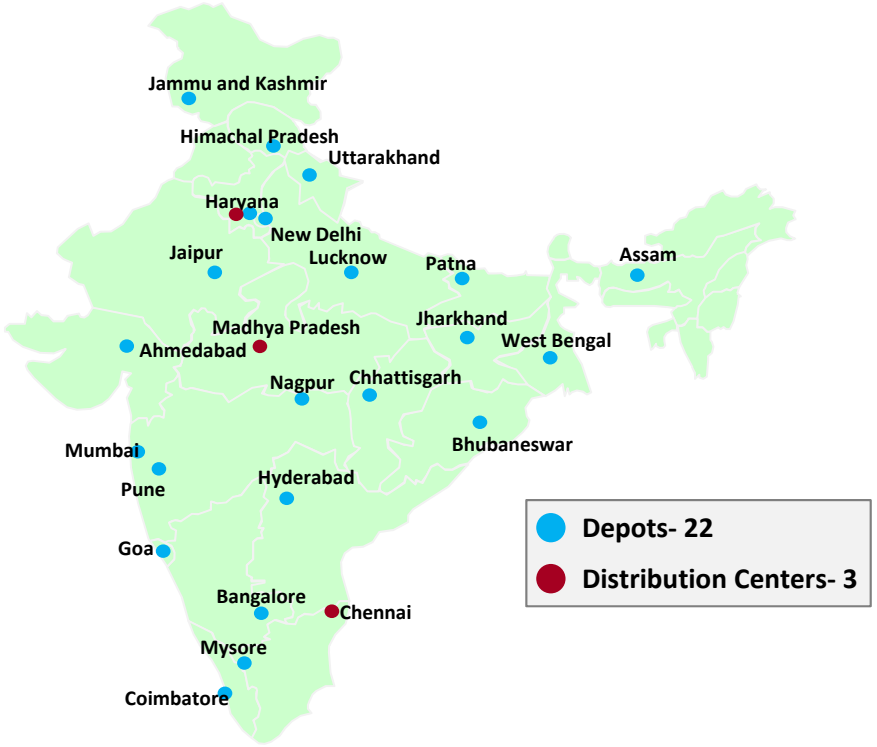
Awards

85 + Awards for Shave India Movement (Gillette) including 8 Lions at Cannes. Only Brand to win Black Lion for effectiveness in Asia (11-12)

Salute the Soldier in YOU Movement

Smile India Movement

Product	Distribution Coverage	Comments
Gillette	1.9mm	Guard is the Fastest Brand to reach the distribution of 950,000 Stores & is also the Fastest ever share build up within B&R India portfolio
Oral-B	1.8mm	Grown distribution by 2X from 2009
Duracell	0.12mm	Distributed in 70% of India 1 Stores



Source: Company filings & website. Note: 1US$ = Rs. 60.0

Gillette – Overall Strategy

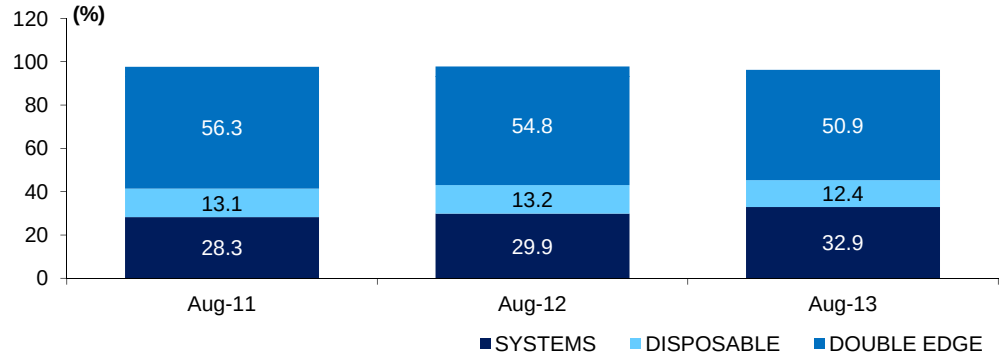
1. Create Superior Value for Consumers and Shareholders
2. Win the Consumer Value Equation at the Zero, First and Second "Moments of truth"
3. Play across Consumer and Customer Segments – Premium and Mid, Modern Retail and High Frequency Store
4. Invest in expanding category penetration and consumption
5. Drive out all costs that do not deliver superior Consumer or Customer Value
6. Focus, Inspire and Unleash a winning organization of passionate people performing at the peak

Products & Brands

Blades & Razors – Industry

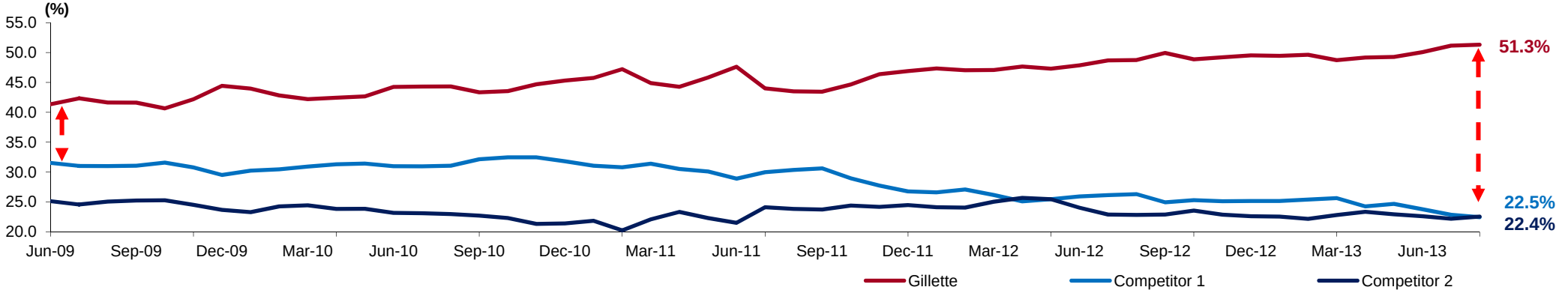
- *As per Euromonitor, Men's Shaving segment has grown at a CAGR of 11% between 2007 – 2012 & is expected to grow at a CAGR of 8-9% till 2017*
- *The pre shaving & blades & razors markets have grown at a CAGR of 13% & 10% respectively [1]*

Razors and Blades by Type[2][3]



Systems have gained significant market share over the last couple of years

Market Share of Key Players in India[2]



Gillette is the market leader in this category and has consistently gained market share over the last couple of years; Gillette's market share currently is more than the combined market share of the 2 closest competitors

Note: 1US$ = Rs.60

(1) Source: Euromonitor International (Beauty and Personal Care In India), September 2013; (2) Source: A.C. Nielsen. Note: A.C. Nielsen has changed the data sample since July 2011; (3) Data based on the sales breakup of Gillette India, VidyutMetallics & Harbans Lal Malhotra only.~2% of the market share belongs to other players for which the split is not available

Blades & Razors- Present and Innovating Across the Spectrum

Gillette

Value

Double Edge
Rs. 2.4

Mid - Tier

Presto	Guard	Vector	New Product
			To Be Launched Soon
Rs. 18.0	Razor Rs.19.0 Blade Rs. 7.0	Razor Rs.39.0 Blade Rs. 16.0	

Premium

Mach 3	Fusion	Fusion Power
Razor Rs.125.0 Blade Rs. 99.0	Razor Rs.299.0 Blade Rs.174.0	Razor Rs. 349.0 Blade Rs.199.0

51% of GIL B&R Sales (FY13) | 15% of GIL B&R Sales (FY13) | 34% of GIL B&R Sales (FY13)

- Complete portfolio– value tier to premium, with high level of innovation
- Systemic plan to expand the category size through trading-in consumers
- Continuously moving consumers up the value chain through successful trade-up strategies
- Strong trial touch points to convince consumers of superiority of using Gillette products

Source: Company filings & website

Blades & Razors – Strong Ancillary Portfolio

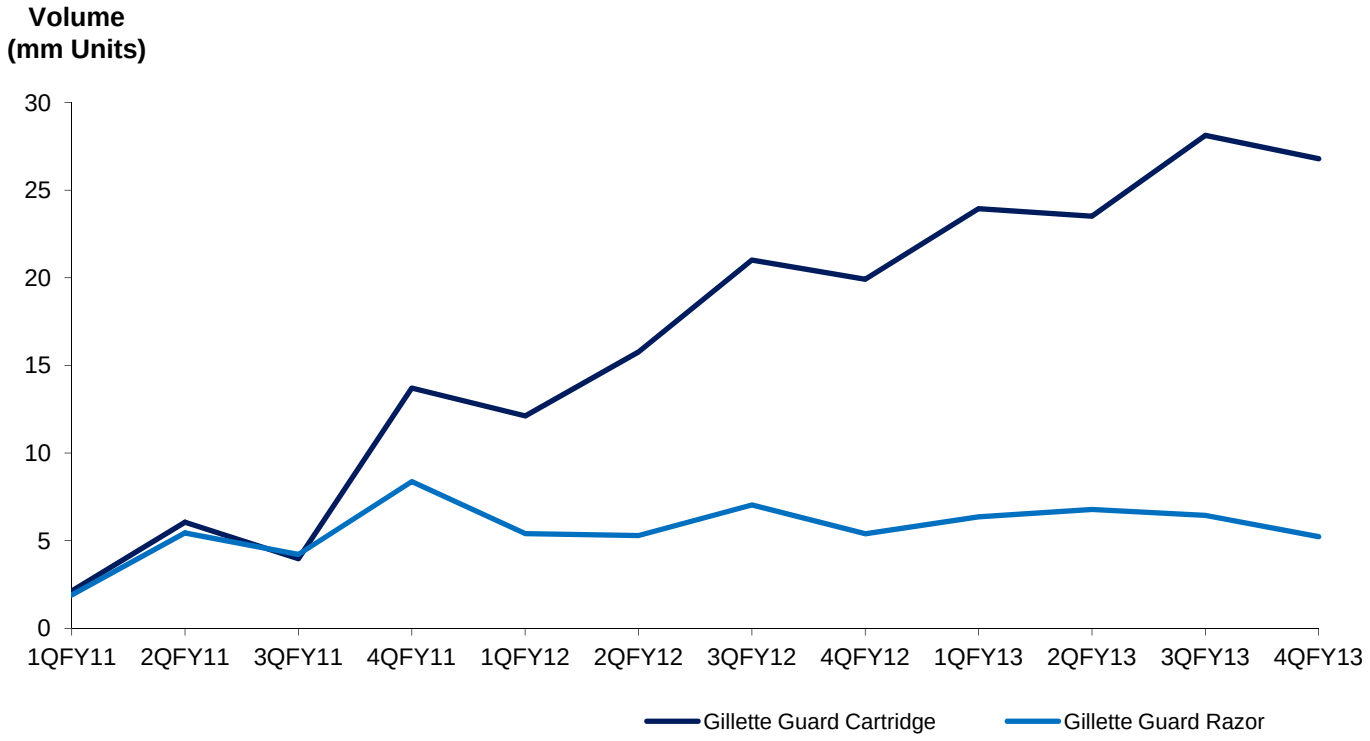
Gillette

Satin Care Razor	Foamy	Sensitive Skin Foam	Conditioning Gel	Fusion Hydra Gel	Mach 3 Gel	Tube shave Gel	Splash

- Has a wide portfolio of pre & post shave products
- Gillette also has a presence in the female blades & razors market in India

Source: Company filings & website

Gillette Guard – Innovated Primarily for India



- Invention by Global R&D for the Indian value tier consumer
- Key product drawing new consumers to the Gillette's Systems regimen
- Very impactful trial and awareness program in rural India
- Increase in Cartridge sales volume

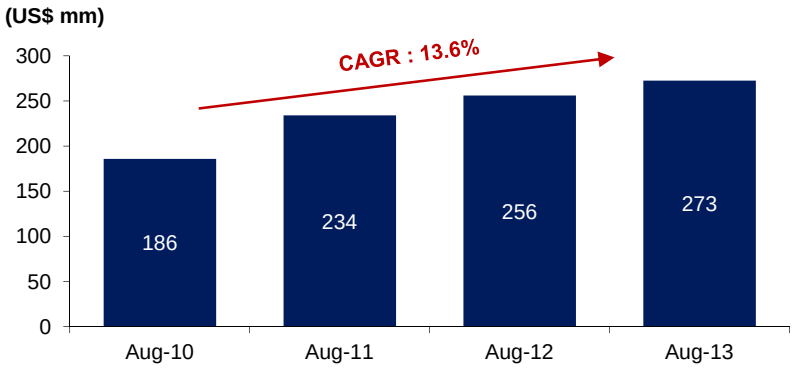
Source: Company data

Financial year ending June; 1QFY11 stands for Jul-Sep 2011

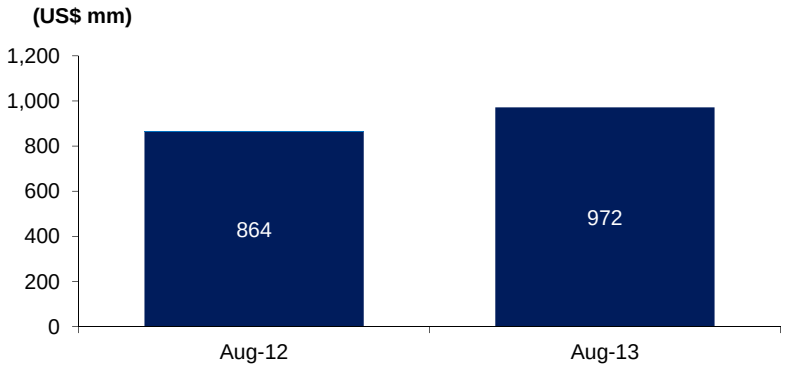
Oral Care – Industry

- ***Growth in Oral care market has been primarily driven by product penetration and new launches aiding value growth***

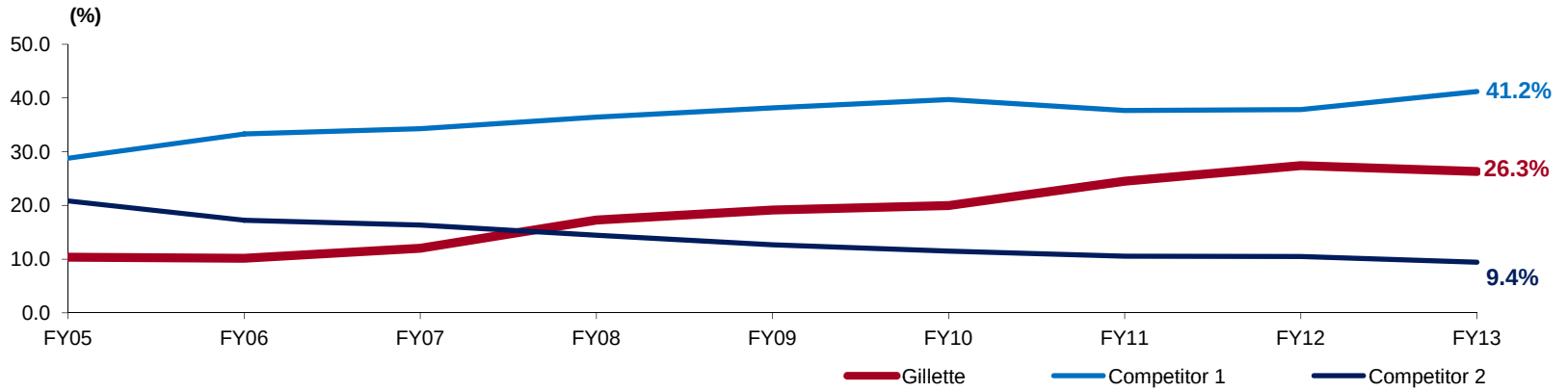
Indian Market Size (Toothbrush)[1]



Indian Market Size (Toothpaste)[1]



Market Share of Key Players in the Indian Toothbrush Segment[1]



Note: 1US$ = Rs.60

(1) Source: A.C. Nielsen. Note: A.C. Nielsen has changed the data sample since July 2011

Oral Care Toothbrush Portfolio- 50% Growth in Market Share[1]

Gillette

Mid Tier: < Rs. 20

Shiny Clean
Fresh Clean
Kids Junior

43% of GIL Brush Sales (FY13)

Premium Tier: Rs. 22 – Rs. 44

All-Rounder
Advantage
AR Sensitive
Oral-B Kids

37% of GIL Brush Sales (FY13)

Super Premium Tier: > Rs. 45

Pro-Health
PH Clinical
Power

20% of GIL Brush Sales (FY13)

- Entered Sensitive toothbrush segment with launch of All-Rounder Sensitive Brush
- Strengthened Super Premium portfolio with launch of Pro-Health Clinical
- Plans to build scale in the Oral Care segment by playing across price points
- Strong dentist endorsement

Source: Company filings & website

(1) Over the last 5 years

Oral-B Toothpaste- P&G's Biggest Innovation since Flouride Toothpaste

Benefit Areas	Oral- B Pro- Health
Strong Teeth	✓
Breath	✓
Whitening	✓
Gum Health	✓
Plaque	✓
Sensitivity	✓
Enamel	✓
Tartar	✓

Regular Toothpaste Benefits: Cavity Protection, Fresh Breath (Flavor), Whitening (Abrasives + Brushing Action)

- ***Innovative toothpastes with STANNOUS against usual Fluoride toothpastes, leading to significantly improved quality***
- ***Toothpaste that protects ALL the eight areas that dentists' check most!***

Oral-B Toothpaste – Complete Portfolio

Gillette

Oral-B Pro-Health	**75 Gms -59 INR**
Oral-B Extra Fresh	**35Gms -15 INR, 80 Gms -36 INR**
Oral-B Healthy 32	**40Gms - 15 INR, 80 Gms – 35 INR**

- **A toothpaste for all strata of customers**
- **Launch is part of a very successful global expansion program**
- **Product was reformulated to match the Indian Consumer needs & regulatory requirements**
- **Launch of toothpaste will materially impact Gillette India's earnings for the next few years, but will be accretive in long term**

Note: Anchor India (Anchor tooth paste) has filed a law suit against Gillette against the usage of the terms " all rounder" and "all around performance" , on the toothpaste packs of recently launched Oral-B toothpaste. Anchor has alleged infringement of their Trademark " all round performance". The matter is being heard before the Delhi HC.

Personal Power – Converting the Category through Superiority

Gillette

AA	AAA	Ultra	Specialty

- One of the main manufacturers and marketers of Alkaline batteries
- Strategy to convert Zinc battery consumers to Alkaline battery consumers – especially targeting users of high drain devices like toys
- Strong direct advertising - 10X lasting compared to ordinary batteries

Strong Financials

Historical Income Statement

US$ mm	FY08	FY09	FY10	FY11	FY12	FY13
Net sales	***98.1***	***110.3***	***142.1***	***176.4***	***205.5***	***239.6***
% growth	-	*12.3%*	*28.9%*	*24.2%*	*16.5%*	*16.6%*
Cost of goods sold	***37.8***	***43.1***	***53.3***	***72.0***	***91.4***	***111.5***
% of sales	*38.5%*	*39.1%*	*37.5%*	*40.8%*	*44.5%* [1]	*46.5%*
Advertisement & promotion	***15.6***	***18.2***	***28.1***	***46.4***	***44.1***	***49.9***
% of sales	*15.9%*	*16.5%*	*19.8%*	*26.3%* [2]	*21.5%* [3]	*20.8%*
Other expenses	***17.6***	***22.5***	***26.6***	***37.7***	***52.0***	***56.1***
% of sales	*18.0%*	*20.4%*	*18.7%*	*21.4%*	*25.3%* [4]	*23.4%*
EBITDA	***27.1***	***26.4***	***34.0***	***20.3***	***17.9***	***22.2***
% Margin	*27.6%*	*23.9%*	*23.9%*	*11.5%*	*8.7%*	*9.3%*
Depreciation & Amort. Exp.	*2.3*	*1.9*	*2.1*	*3.3*	*4.0*	*5.2*
Other Income	*5.6*	*5.0*	*3.5*	*5.3*	*5.6*	*6.1*
Tax	*10.8*	*10.6*	*12.6*	*8.0*	*6.9*	*8.5*
Net Income	***19.6***	***18.9***	***22.9***	***14.4***	***12.6***	***14.5***
% Margin	*19.9%*	*17.1%*	*16.1%*	*8.1%*	*6.1%*	*6.1%*

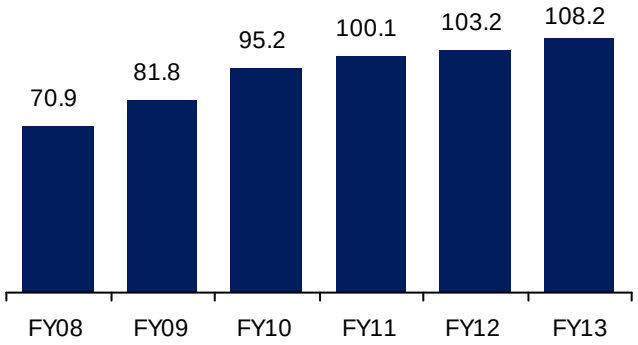
1. **Costs of goods sold has increased on account of currency devaluation and changing product mix**
2. **Gillette Guard launch, increased spending on Oral Care behind competitive promotions, increased spending on Duracell**
3. **Accounting reclassification from Advertisement and Promotion to Sales**
4. **Higher contract manufacturing set up expenses for upcoming initiatives, Increased freight expenses and devaluation of currency**

Source: Company filings & website. Note: 1US$ = Rs. 60.0

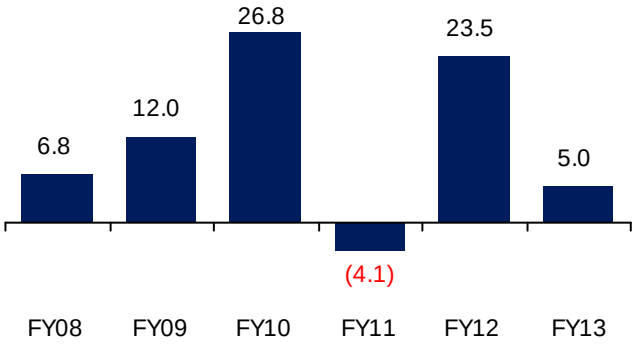
Note: Financial year ends in June

Historical Balance Sheet (US$ mm)

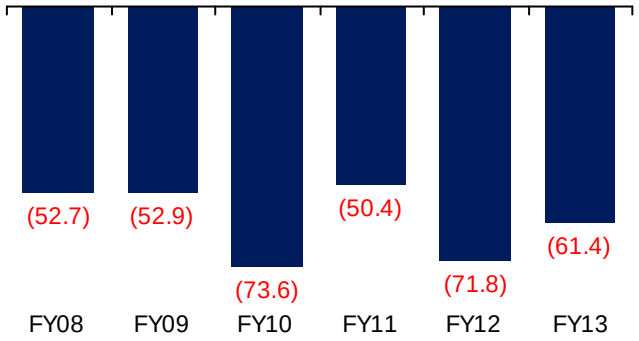
Networth



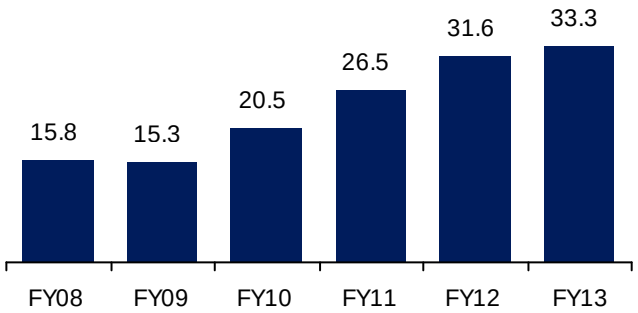
Cash Flow from Operations



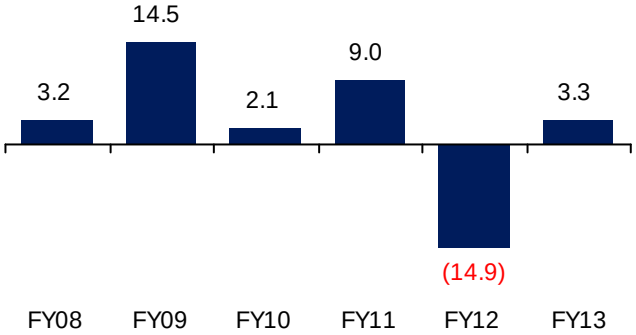
Net Debt / (Cash & Cash Equivalents) (1)



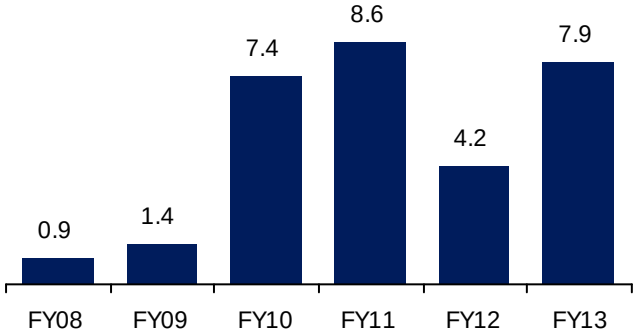
Fixed Assets



Net Working Capital (2)



Capital Expenditure

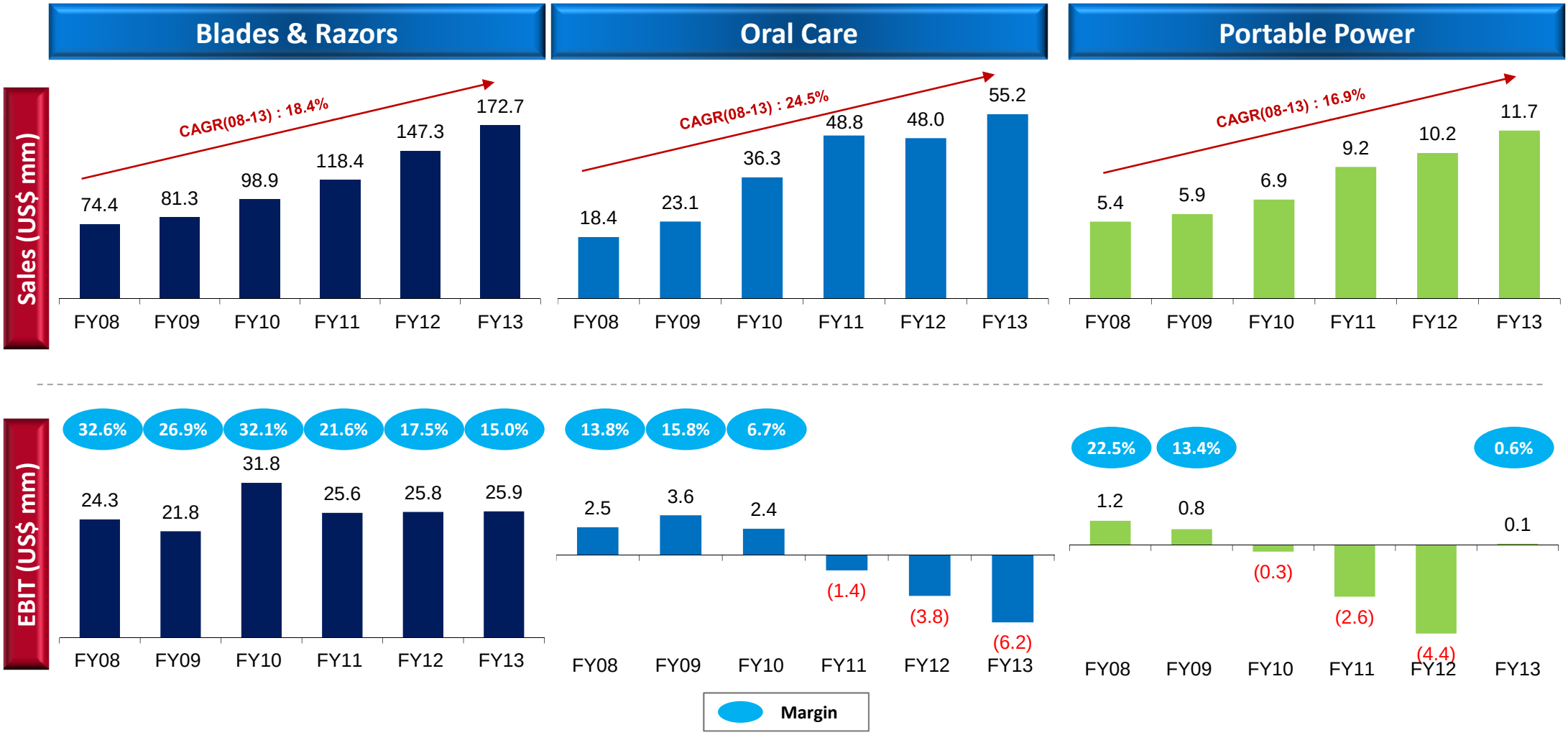


Source: Company filings & website. Note: 1US$ = Rs. 60

Note: Financial year ends in June

(1) Includes liquid investments, Cash & Bank Balance & short term loans & advances to related parties; (2) Net Working capital = current assets (excluding cash & short term loans & advances to related parties) – current liabilities

Segment Financials



Launch of toothpaste will materially impact Gillette India's earnings for the next few years, but will be accretive in long term

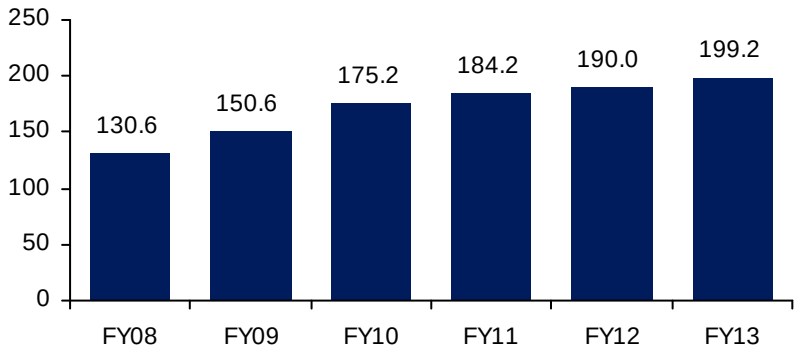
Source: Company filings & website. Note: 1US$ = Rs. 60.0

Note: Financial year ends in June

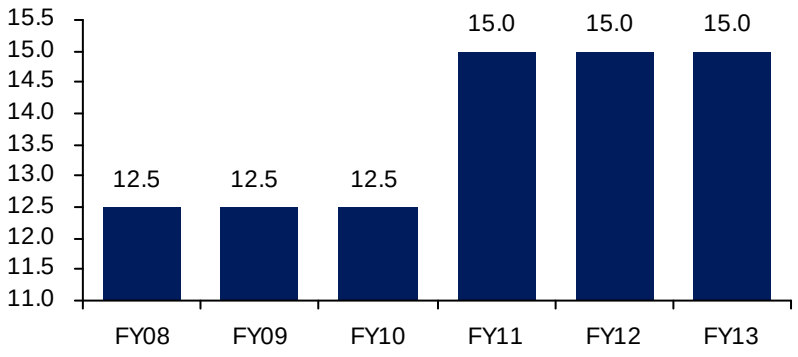
Dividend Payout History

Company has maintained the dividend despite continuous investment in the business

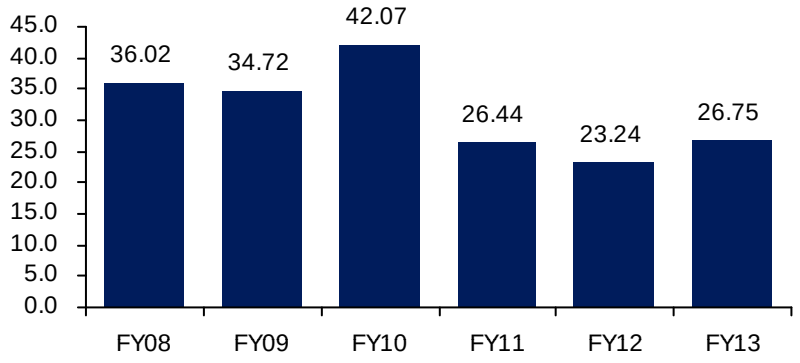
Book Value per Share (Rs.)



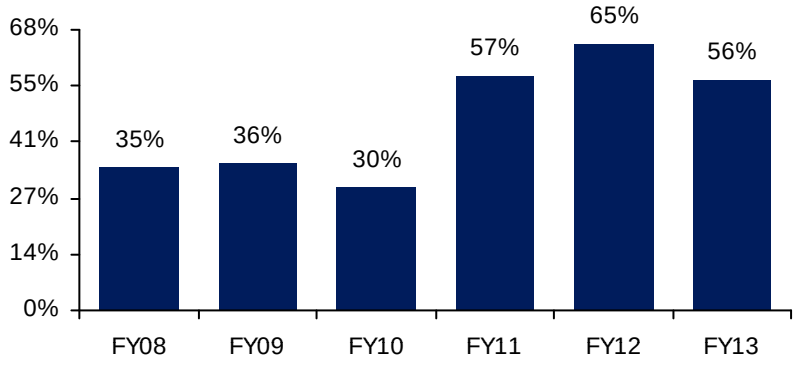
Dividend per Share (Rs.)



EPS (Rs.)



Payout Ratio (%)



Source: Company filings & website.

Note: Financial year ends in June

Disclosure

- We have provided loans to certain of our group entities. As at June 30, 2013, our loans to related parties including other entities in the P&G group amounted to Rs. 1,840mm in aggregate
- We have certain indirect taxation related disputes pending. As at June 30, 2013, the claims against the Gillette India Limited (“Company “) in relation to these disputes before various authorities amounted to Rs. 1,786.3mm in aggregate. An adverse ruling in all or any of these disputes may result in a material adverse effect on the Company’s business, prospects & results of operations
- Certain of our trademarks are not owned by us but owned by certain group entities. Splitting up of P&G interests globally may result in a loss of use of certain of these trademarks