



Colgate-Palmolive (India) Limited
Investor Day - 27 November 2024

MANAGEMENT:

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Ms. SUJATA NAIRI – DIRECTOR, FINANCE, COLGATE-PALMOLIVE (INDIA) LIMITED



Ms. Sujata Nairi:

Hello, everyone. Good morning, and welcome to the Colgate-Palmolive Investor Meet for 2024. I, Sujata Nairi along with the entire Colgate leadership team, would like to extend a very warm welcome to all of you present here physically and those who have joined us virtually. The session today will be approximately 90 minutes with the presentation from Prabha and Jacob, which will be approx 45 minutes and post that we will have a Q&A session for almost 45 minutes. For people in the room, obviously they can raise their hands and people who are joining us virtually request you to kindly put your questions in the chat box, and we will try to address as much as we can during this meeting.

Please note that today's presentation may contain some forward looking statements. These statements are made on the basis of our company's views and assumptions at this point of time, and do not guarantee any future performance.

I would now like to invite Prabha on the stage to share her views.

Ms. Prabha Narasimhan:

Good morning everyone. It's a pleasure to have all of you here in our wonderful office and to all those who have joined online, thank you for taking the time to come to this analyst's meeting. Sujata has already covered the safe harbour statement, so I'm not going to spend any time on it. I'm sure you guys see it more often than I do.

What we are going to cover today is really three big things: (1) a performance update of how the Company is doing (2) what's our strategy and how do we intend to take that strategy forward, and (3) what is our financial performance, which Jacob will continue.

As my team and I talked about this analyst meet and what should be our theme, we had many what we thought were exceptionally clever ideas of what should be the theme for this meet. And then we said, let's just go back to what this organization really fundamentally stands for. And this is the thing that we want to communicate in sum in substance, today. What we want to deliver is a consistent performance that works with what are the market conditions. We want to be competitive. We want to grow ahead of the market consistently.

The second is that we have an exceptionally strong foundation driven by the Colgate brand, driven by the people capabilities that we have, driven by the science and the agenda that we have on superiority and we will talk about that as well. And of course, none of this would matter if we didn't have the fundamental, excellent execution capabilities which this Company has always been known for and continues to be known for and we've talked about how tech and the advancements that we've made have actually made this entire execution even more robust.

So starting with the performance, I think it would be fair to say that we've had a decent year so far. This is now our seventh quarter of above 5% growth. The last three quarters have been at double digit growth. Market conditions over the last little while, as we did call out at the end of last quarter, have been difficult and in the face of that, I think I'm quite pleased with this performance and the step up that you see in growth, in our near-term. The blue bar that you see as X is the top 12 FMCG companies in India, their growth rate. In the



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financial year 23-24, we are at 1.6 times the average FMCG growth of the 12 combined. And this is stepped up further to being 2.4 times in the first half of this financial year. And again, this is something that makes us quite happy because not only are we growing faster than the overall FMCG market, we are also growing faster than the listed FMCG players in the category in which we operate. And it goes back, and I want to keep going back to the fact that what we intend to do is to deliver consistent, competitive performance.

Gross margin has always been an area of strength for us, continuing to be very, very strong, in the range of the 68% to 70%. You will see that we had a significant step up in gross margin last year, and a significant step up in EBITDA margins. We do think that that is perhaps the absolute outside of the range of the EBITDA margins that we would operate at and probably likely to moderate to the levels that we see and be rangebound in that space. I know EBITDA and gross margin are often a topic of the questions that we get at the end of this session and therefore, good for us to just contextualize what we are thinking. We're an exceptionally strong Company with an exceptionally strong P&L. And this is really the area in which we intend to continue to operate.

So what underpins this robust performance that we are feeling quite happy about? Firstly, it's our brand. The Colgate brand, as you would know, is the largest brand in oral care. It exists in nine out of ten consumer homes in the country. It is the single largest, I think, most advertised brand, if not the single largest, right up there. And what we have managed to do over the last little while is to take a strong brand and make it even stronger. So the numbers that you see there are top of mind numbers. And for those of you not fully familiar with the way this is measured, if I was to go to a consumer and ask you when I say toothpaste, what is the first brand that comes to your mind? That brand is top of mind and as a result, the sum total is 100. So out of 100 consumers now in Q3, 70 consumers will say Colgate as the top of mind brand for them. In oral care. If you see the brand of first choice, that number is now moving up from the 56 that we were at in 2022, to 63.

The other measures that are really critical to us is oral care expertise, and expertise is something that is closely linked to what happens to your market share and what happens to purchase. And as an important measure for us, and we are feeling particularly happy with the progress that we've made on an exceptionally strong base, going from 73 to 82.

The numbers that you see, sorry the letters that you see next to the numbers really indicate the significance over the previous period. So 75 is significantly superior to 73, and 80 is significantly superior to both 73 as well as 75. The other measure that we have of the strength of our brand is what we call the North Star. It measures three parameters of visibility, distinctiveness, and emotional bond, numbers in brackets indicate where we were at in the previous period and where we are now in Jan to September, and again on a very high basis, all these numbers move forward. So, a reasonably happy position to be in.

I then come to the last part of what we wanted to talk about, which is really consistent performance. Then we come to why that consistent performance gets delivered, which is the idea of robust, everyday execution. Our first pillar is superiority. And I'm not going to labour the point just here, because I am going to labour the point shortly in the deck. But superiority is really something that underpins everything that we do.



The second is for us to elevate the shopper experience, and we'll talk about why that's important in the context of expanding the category and growing it, and premiumizing it. And of course, digitization, which we spent a lot of effort, and energy on through this year.

So that really brings me to our strategy. But before I go to the strategy, just an indication of what is happening to the market. As you talk, as you saw companies talk about the Q2 performance of the financial year, you would have seen that all of them talked about a general market slowdown, particularly in urban India. You can see that in toothpaste as well. The blue line is the urban volume growth of the market, which was rising till about the first quarter of this year. This is rolled data and started to slow down as we get into the first calendar quarter of this year, and have started to slow down as we get into the back end, into Q2 of the financial year. Whereas when we look at a rural that continues to sustain, but also plateauing not continuing to rise, and therefore the sum total you will see is not growing as fast as it was earlier. Different story into toothbrushes where both urban and rural continue to grow. And after a long time, actually, we are now seeing rural markets starting to slowly outpace urban markets, even as far as toothbrush volume growth is concerned.

That brings me to the strategy for any of you. And most of you have heard me say this before, boring consistency. But that is really what execution of strategy is all about. It stays consistent. It doesn't move when we execute this strategy every single day. Our strategy has four pillars. Our first pillar is really first and foremost we must grow the oral care category. So driving oral category growth is our first 1A of our strategy. 1B is for us to be competitive with our three core brands, which are Colgate Strong Teeth, Colgate Maxfresh and Colgate Active Salt. That's the first pillar. The second one is for us to premiumize through superior science and technology, and we will talk about the actions that have happened there, lots of energy and excitement in that space. The third one is for us to lead growth in toothbrushes and devices. And the last one is for us to diversify or build our personal care business. And we will also today spend a little bit of time on what enables these four pillars, which is really superiority, financial efficiency, how we are driving this company to being at the cutting edge of digital, making sure that we are leveraging the fantastic capability that is this organization and its people. And of course, our continued commitment to ESG.

So going into each of the pillars, one by one and starting with leading toothpaste category growth. Again, data that is familiar but worth reiterating. Toothpaste penetration in this country is now near universal or I could say actually absolutely universal. However, toothpaste consumption remains exceptionally low even when we compare it to countries that are comparable to India. So India, at 220g per year, is amongst the lowest, in a similar peer set, Malaysia at 380 Thailand at 440.

And why is this? It's because only 20% of urban Indians brush twice a day, and only one out of two rural consumers brush every day. And therefore moving these two numbers, which is urban brushing twice a day and rural daily brushing is the key to us moving consumption of this category and making the size of pie larger.

Toothbrush consumption follows a similar pattern. We have 2 handles per capita per year in Thailand versus India at 1.2. And we'll also talk about the fact that most of these handles are



actually very cheap handles, in India. Again, so there is an opportunity to both upsize, I mean, up-price as well as drive the replacement of toothbrush handles.

And that brings me to what all of this does to the general oral health in this country? Is that nine out of ten Indians, unfortunately, have an oral health issue, and later on in life only one out of ten Indians go to a dentist. And, half of those visits to a dentist lead to an extraction of a tooth. Which is a real pity, because it means that they've gone to the dentist so late that there was nothing that could be done to save the tooth. And I think our effort as a Company really needs to be to reposition the dentist as an aide to preventive health, rather than the person who solves your problem, unfortunately quite often by extracting your tooth. And that is at the core of our mission to help every single Indian improve their oral health and beauty, ideally every single day. And which brings me to what is perhaps our biggest initiative of this year, and which will be our biggest ongoing initiative, which is the Oral Health Movement. For those of you who have followed this company for a while and longer than I've been a part of this company, you will know that Colgate used to do what was called an Oral Health month. Prior to Covid, it used to be that you would give a missed call to a number, they would connect you to a dentist, and you would then go visit that dentist for a free checkup, where we evolve that model and we will talk about it and how we've evolved it. So what we want to do is to make dentist screening universal through an AI dental model. And we'll talk about it in a minute. And this goes to the point that I was talking about moving the dentist to being an aide to preventive health, rather than the problem solver who extracts your teeth.

The second, of course, is the Bright Smiles, Bright Future program, which is our flagship CSR and mission program that has been running now for five decades. And the third is the communication that we do on driving brushing twice a day.

So oral health in India is unfortunately not spoken of a lot. I think 2% of India's GDP gets invested in health. And if I'm not mistaken, 0.4% of that gets invested in oral health. So there's not a lot of conversation around oral health, but there is a problem in oral health, 55% of people have some form of gum disease. Only 13% actually realize that they do. Cavities, 80% of people have some kind of cavity, 10% realize it. 100% should go to the dentist twice a year. Only 9% actually go. And like I mentioned earlier, most of the time they go when the problem is so severe that the only solution is to extract the tooth.

And why is this important? This is a lot of literature coming out of the Colgate world, but you will see a lot of literature outside of the Colgate world as well, which talks about how your mouth is actually the gateway to your total health. So whether it be blood pressure, cardiovascular disease, diabetes, a lot of these have a direct link with your oral health. And oral health is actually a relatively easy way for us to make positive changes. And that's really the effort that we want to push, with consumers.

And so what makes this effort at the oral health Movement different from what we've done in the past? We have in India, roughly one dentist per about 10,000, maybe 12,000 people. So reaching everybody to a dentist all the time is not easy.



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However, 700 or 800 million Indians have a smartphone. So how can we marry technology, the phone and WhatsApp to give you an AI powered dental screening in your hand. Let's see how we can do that. - *Colgate Oral Health Movement AI Video*

And it really is that simple. To get an assessment of your oral health, scan the code, get the report, and then put in your pin code and we can direct you to the nearest dentist for your free dental screening. And here's the communication that supports it on television. - *Colgate Oral Health Movement Films*

So, what are we going to do with this? We're going to take this to market at a scale never seen before. 800 million packs will have the QR code, across both toothpaste and toothbrush. We will have a campaign reach of 550 million across many touchpoints. It was launched about a week ago and I hope most of you, if not all of you, have seen it already. And this covers television, outdoor, print. You name the medium, we will be on it. And 500 on ground locations so that we are able to actually aid in this screening and teach people how to take these three photos and get them the dental report, which then hopefully they can pass on to other people. And these locations will be in our modern trade stores, in colleges, in corporate offices, and wherever else we think we can find a crowd to help us to be able to do this. There's one set up, just outside, if you would like to try it after this event. We launched this campaign two weeks ago, and this is really a pincode wise map, every dot represents a Pincode from which we have received, somebody who has taken the test, sent us the photos, put in their pin code with a view to going to the dentist. This is really the map. And, and I think we are feeling really optimistic that this is so pan-India, it's not concentrated in any geography. And the early results, as I said the campaign is ten days old, have really been exceptionally positive and we are feeling quite happy about it. Eventually that's the outcome that you will get a free AI dental score, which will tell you your propensity for cavities, your current level of staining, and the potential for gum issues, along with recommendation of what you can do to make sure that this can get better. And of course, linking you to your nearest dentist.

So that's really the AI powered dental score. But our oral health movement goes beyond just the AI powered dental score. Our Bright Smiles, Bright Future program, like I mentioned in its fifth decade, scaling up to being an even bigger force than it was. We now have partnerships with three state governments, which represent 24% of India's population, which is UP, Goa and AP. We have an agreement for access to the schools, as well as the, putting dental health into the curriculum and teaching how dental health is really important. The scale of touching consumers with this program is moving from 5 million to 10 million this year, from 10,000 schools to 23,000 schools and the expansion to over 200 cities. And this is a program that we've been committed to for five decades. I fully trust that we will be committed to it for the next five decades. And we look for more and more partnerships as we go forward.

And then the last leg of this, which is really behaviour change through communication and nudging consumers to brush twice a day. There are tentpole moments. Our link or our insight in this is that a lot of Indians go to bed at night having eaten sweets. And if you could forgive my newly found evangelizing on this terrible thing to do, because saliva activity in your mouth drops at night. If you have just eaten sweets before you sleep, that is perhaps the worst thing that you can do for your oral health. So in tentpole moments of sweet



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eating, which is largely cantered around festivals and moments where you're watching things like IPL, this is where we intend to be much more active on, the brushing twice a day.

I move then from what was 1A of our pillar, which is driving category consumption to 1B, which is accelerating our core by our superiority, starting with our flagship brand, which is Colgate Strong Teeth. We have a new piece of communication, which I will show you. The insight here is that at any given moment in time, 46% of Indians are eating something.

It doesn't matter what time of the day it is, one out of two people are eating something and I can see many of you smile. So I hope that this kind of fits with your sense of how we behave and this incessant snacking actually erodes your enamel. So constant eating leads to constant enamel erosion, and therefore the need for strengthening your enamel becomes even more important. And that's really the insight that the daily grind talks about. And we'll see it in a minute. We have through this year enhanced the packaging of Colgate strong teeth. We continue to drive this deeper and deeper into rural, particularly with new, covering now about 70,000 plus villages with wall paintings which talk about the price point pack. So we're trying to push this deeper into rural. I want to remind you that Colgate is obviously the most distributed toothpaste brand. We cover 1.7 million outlets directly, 7 million outlets through direct and indirect. And reaching mental availability into deeper rural becomes a real growth opportunity for us. - *Colgate Strong Teeth Films*

I move from Colgate strong teeth to our second brand, which is Colgate MaxFresh. The freshness play in our portfolio. This has been our fastest growing brand over the last three years, and has seen significant expansion of its distribution. And we are lucky that we have both the red variant as well as a blue variant. And what we are doing is to take the blue variant because blue equals freshness, to many more geographies and expanding its availability. And the work that we've done across these core brands actually has led to significant increase in consideration across each of these three brands. And the format is exactly the same as what was presented.

That moves me then from the first pillar into the second pillar of science led premiumization, and our flagship brand in the premium portfolio is Colgate Total. It's just gone into the market with a brand new packaging. We are among the first countries in the world to roll out this brand new packaging, which focuses on the science behind Colgate Total and the benefits that total offers, as the name suggests, of total protection. Our current growth and we are feeling quite happy about this since we've started this fairly recently, are 3 times the growth of the overall toothpaste category. We've done some tremendous work to drive both access and availability of this mix. The cheapest you could buy Colgate total till earlier this year was about ₹ 170, you can now buy Colgate total for ₹ 80, which we believe is the right access point. And we are expanding this brand into relevant benefits. We already have an advanced health sensitive charcoal variant, and we're now adding an anti-tartar variant, which is actually one of our biggest variants globally.

Again, new communication on this brand, the insight is that you when I was giving you the statistics about, you know, eight out of ten people have cavities and so many people have gum disease and so on and so forth. I'm sure many of us actually feel like we don't have a problem, but unconsciously you are making adjustments. So if your one tooth is hurting your chewing from the other side of your mouth, if something is hot, you're waiting for it to cool



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down before you drink it. So you're making these small adjustments because your oral health is not as good as it should be. And that's the insight of which Colgate Total operates - *Colgate Total Video*

So that's Colgate total. The second pillar of our premiumization strategy is Whitening. I have said this before, but just to repeat the data point, whitening penetration in this country is very low single digits, actually some 2%. This segment is 25% in other markets, like the US, for example. This presents a tremendous opportunity for growth to marry oral health and beauty. We are seeing strong double digit growth in this portfolio. What we have done throughout this year is over the time that we have activated this mix, we have found the people who have a greater affinity for oral beauty and whitening. We are able to then narrow our focus into targeting these people at a much higher frequency. So we've gone from a 70% reach at ten frequency to a 60% reach at 16 frequency, which is a much tighter audience and the one that we want to talk to. And we've enhanced the packaging experience of the base visible white. But what makes this category particularly interesting and exciting, because it is a beauty category, is the opportunity for innovation. And in that is the launch of Colgate Purple, which is visible white purple, which has now been in the market for two months.

Tremendous early response. It's nothing like what you imagine toothpaste to look like. And the kind of feedback that we are getting is that, I find it easier to get my child to brush, it is so much more exciting, it just wakes me up in the morning as I look at this purple stripe, as opposed to a regular toothpaste. Lots of excitement around the product, which has underpinning it real science, because the science here is the colour technology or the colour theory, which says that purple is at the opposite end of the spectrum to yellow. So when you apply purple on top of yellow, you cancel it out and you get white. And therefore when you brush your teeth with visible white purple, you get an instant feeling of whiter teeth and the technology is working in the background to make sure that you use this continuously and it will continuously whiten your teeth.

We've taken this to market in a very different way. It was actually launched by Rashmika Mandanna, before we launched it as a company, in a video that has become reasonably viral, 44 million views, 250,000 likes and close to 20,000 shares. You can see the joy of using this purple toothpaste. It's already three share on e-com. Like I said, it's just been a couple of months since we've been in the market, and we are now available across most of the modern trade chains as well. And feeling quite optimistic about this mix.

I move then from science-led premiumisation into the toothbrush category. Just reminding you quickly of the 1.2 handles per year, 78% of toothbrushes in India are sold below ₹40, which is 50 US cents. This is perhaps amongst the lowest, in the country. On average, an urban consumer replaces their toothbrush every 6 to 7 months. A rural consumer replaces their toothbrush every 15 months or so. And there is enough science to say that a new toothbrush cleans nearly 100% better than an old toothbrush. So every reason why a simple change can actually lead to significantly better oral health.

What we've done in this category, we are doing really well this year. This has been our best year on toothbrushes in a long time. We are growing at 1.4 times the rate of the category



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growth. Our lead equity here, which is the ₹30 Zig-Zag, has gained market share, through this year on the back of a relaunch that some of you would recall we talked about in earlier analyst meetings I think it was September last year, and we have now taken leadership in the super premium segment, expanding our portfolio to actually be very regime focused. So for every toothpaste of ours, there is a corresponding toothbrush that works best for that benefit. So our whitening portfolio has a whitening brush. Our PerioGard portfolio has a PerioGard brush designed to do the job for which the toothpaste was hired. And therefore, as a regime works in consonants.

Lastly, I come to personal care. I know diversification and the fact that this company can do a lot more with the execution capability and the people capability that we have comes up as a point very often. I start, of course, always with Palmolive. The brand has 60% awareness in the country. It's existed in India for, I think, a little over 70 years. We have, over the last couple of years, narrowed its focus to only to body wash and hand wash because we believe we have the right to win in a high sensorial cleansing play, which is where we operate the Palmolive brand. This year has been a good year for us. Strong double digit growth. We've expanded the portfolio, and I think what's more exciting is that we've gone on air for the first time, and we have an innovation pipeline that is truly interesting.

I then move finally to say that beyond Palmolive, there are opportunities for us. The global Colgate company operates in many categories that we do not operate in In India and that have relevance in India. And this is something we've mentioned before as being an area of interest to us and continues to be an area of interest to us, and something that we will take some, we are looking to do some work in this space, as well.

Coming then from the strategic pillars to the enablers, the first one being superiority. And I want to start with science. Science underpins every single product of ours. It doesn't matter if it's a market standard product or the most premium product that we sell. There is science that delivers the benefit that we are promising. So starting with Colgate Strong Teeth, we are the only market standard toothpaste in the country that offers calcium plus arginine, the combination of which allows us to make the 2X make and more importantly, deliver the 2X stronger teeth claim that we're making in the advertising. On MaxFresh, we have relaunched recently, with ultra freeze technology. Again a first in the global Colgate world. It's a proprietary technology developed in the US. And we are the first country to use this technology that actually delivers higher impact and longer lasting freshness on your toothpaste. And every time we test this, we find that this technology is a winner. Colgate Total, 130 plus patents on a single toothpaste works with the dual zinc plus arginine technology, 12 hour antibacterial, all round protection of teeth and gums is indeed the total package. We've relaunched Colgate Active Salt this year, with potassium nitrate. For those of you who are science inclined, potassium nitrate is one of the key actives for sensitivity prevention. And that's now gone into our base market standard toothpaste as well. And of course, whitening has a whole host of technologies, one of which is this oxygen tech. We could talk about purple. We could talk about high cleaning silica.

And all of this is actually underpinned by a steadfast commitment to science. We have over 900 patents every year and 900 scientists who work for Colgate, all looking at oral care.



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I don't think there is a company on this planet that invests more money behind oral care technology and understanding how to make better oral care products. We do a lot of clinical trials, so everything that we put out as a claim is backed by enough data and enough proof that it actually works. And then we marry this with our understanding of what consumers want, what consumers need, and how best we can deliver that using both the consumer insighting work at scale, as well as using data and predictive models to ensure that we can predict what will work in terms of, for product output.

And all of this leads to the fact that now we are at 100% of our products being either parity or superior, mostly superior to eyeball competition. 90% of our packaging portfolio has an upgrade. We've moved from the first cap. So the smaller caps to stand up caps, we've moved from stand up caps to flip top caps. The most premium range, have double walled acrylic caps. The tube artworks have been enhanced and this is supported by very high quality advertising. We test every piece of advertising before it goes on air, and 90% of our advertising is actually in the top quartile of FMCG advertising. So if you're hearing, and I hope you are, more buzz about the Colgate brand as you go out and talk to people, it is because of the quality of the advertising and product that's going behind it.

So this is what our portfolio used to look like. This is what it looks like now. You can also start seeing the good, better, best laddering that we are trying to build into the portfolio that allows us to start giving consumers cues to say what is indeed a superior toothpaste visually, and that is then supported with elevating the shopping experience. I personally am very proud of the work that the team has done on bringing purple to market. It is not an area that we've operated in before, this kind of high beauty space. And I think from a slightly biased point of view, I think we've done a really good job. What makes it exciting to execute in either modern trade or direct trade is the fact that it is obviously skewed, skewed to premium. And this channel for us is margin accretive, growth accretive, share accretive. And so a great place for us to invest to build premium products.

I touched briefly upon the fact that digital is at the heart of what we are doing or digitization is at the heart of what we're doing. OHM is one kind of pinnacle of leveraging technology to get to our strategic intent.

The second, of course, is the work that's being done to make sure that our content on e-commerce, which is so critical, is actually tech enabled to be the best that it can be. So it's constantly tested to get constantly better. So we moved from what you see on the left there to what you see on the right, which is 50% better. And there is already work to make that 1.5X even better. We use tech to decide what is the assortment that goes to the 1.7 million stores. So briefly, we take a look at what are the macro conditions, what is the history of the store, therefore, what is the right assortment for every one of those 1.7 million stores, which then gets fed to the handheld of the distributor sales representative. So his job is then to just sell what is there on that handheld without having to apply thought on, should I be adding this SKU here or should I not? This has led to a 15% assortment increase. And on a base of 1.7 million stores and the assortment that we had, this is quite a substantial increase.



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We use image recognition technology. The lovely thing about the toothpaste shelf is that it is quite homogenous. Lots of cartons, lots of brands with lots of benefits. We are able to very, very well take images of our shelves to then check out of stock, share of shelf, pricing, and then correlate that with the growth of the store and make adjustments and see what are the patterns emerging in terms of how we can leverage that. And it's not a surprise that the stores that have this tech enablement grow twice as fast as the stores that don't.

In the supply chain, AI/ML demand forecasting is now a way of life for us. It was new to us about a year ago now, a way of life. We have now no touch quality checks in a lot of our plants. So a lot of the stuff that was human visually enabled has now become camera visually enabled. And we have digital twins running in our plants that allows us to predict before something goes wrong, and also to take a look at what's happening to speeds and what's happening to efficiency and just run altogether a significantly tighter ship in terms of output as well as energy consumption.

And all of this, of course, underpinned by the fact that we have tremendous quality of talent. We have a very strong management training program that builds a lot of our future leaders, a lot of our, our leadership team actually comes from this program, learning and development, in partnership with universities like Stanford, INSEAD, etc., becomes a large part of what the HR team focuses on to make sure that we are constantly upskilling.

And it is a workplace for all, which allows us to give careers to different types of people in different ways. And one of the data points that always surprises me is that 10% of our people go abroad and come back, to, to work in Colgate India which is really great because they learn and they come back and they contribute both in India, and outside.

And then environment at our core, I want to talk about one thing that's really important to us, which is recyclability. Some of you will recall that I had mentioned that we, Colgate, had pioneered the technology for recyclable toothpaste tubes way back in 2019 or not so way back actually in this world. We started in India in 2022 with a journey towards moving to recyclable tubes between 22 and the exit of FY25.

So in the first calendar quarter of next year, we will be the first and only toothpaste company in this country to have 100% of our tubes in recyclable format. And the lovely thing about this is that the tech has been open sourced, and we hope that everybody else will use this tech so that our 2 billion plus however many toothpaste tubes that they sell can all become recyclable and start getting recycled.

With that, I'm going to hand it over to Jacob to take you through the financial performance. Thank you for your attention.

Mr. M.S. Jacob:

Thank you Prabha. Good morning everybody.

So, delivering sustainable financial, profitable growth has been a cornerstone of strategy. And we continue on this path. You've seen a margin trend. We've gone to an exceptional level of, margins or the, more recent years. We've seen sharp spikes. So what we are looking to do is leverage that, along with the efficiencies from areas like overheads to invest behind our brand. And really, the focus is going to be how do we leverage the strength of our P&L to



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accelerate our top line growth. And that's what you've been seeing in the last little while. And this will continue to be the model we will follow going forward. You've seen these results. We have had an excellent first half, topline growing 11.4%, gross margin EBITDA margin, both heading in the right direction.

Advertising, we've seen this increase as we continue to fund programs like our consumption building program, the oral health movement, and we will continue to invest behind the innovations that we are bringing to the market.

Profit growth at 24% - Of course, this includes some one-time items. But even without this, it's no doubt a very healthy performance in the first half.

Strong margin - So we've seen our margins have gone up sharply. And it's a tribute to all the work that we do in the organization to find efficiencies on costs, on pricing and at the same time, how we are looking to deploy our investments in the right places as we drive mix.

Revenue growth management is a process that is well embedded in the organization. And this is about growing the top line. And how do we do that? Driving volume growth, identifying the levers that will accelerate volume growth momentum. Strategic pricing, so that means not just pure price increases, but also having a clear strategy on the pricing between different SKUs, between different sub brands and, looking at the overall portfolio and seeing how you ladder it so that you optimize your realization. Accelerating premiumization is one of the strategic pillars as we accelerate our efforts to move people into sub brands like Total, Visible White, etc.

And then last and not the least, competitive promotional spending. This spending we've upped over the last few years and we are deploying a lot of tools to collect data from the 1.7 million distributors the stores we cover and also from direct trade, e-com, etc to make sure we are spending in the right places at the right level and we are getting the right returns. And returns may not always be profit, it is what we call return on our objectives which could be share growth, top line growth, etc. and as a result of the strong revenue growth management process in the company. We've grown our ASP by 13% over the last two years, which is ahead of the MRP changes we've done.

The other area that we really do well as a company is on driving efficiency and effectiveness. We have this program called the Funding the Growth Program. This is a program that is considered best in class in India and has been cascaded to the rest of the Colgate world. For example, in the calendar year 24, we are looking to generate about 5.8% of the topline in terms of efficiencies in the P&L. But what this also enables us to do is reinvest, you saw all the superiority stuff that Prabha mentioned. More than 90% of our portfolio now has enhanced formulations, better packaging, etc. So, it's about \$11 million we've spent in just the last two years on improving the profile, efficacy, aesthetics of the products. And on the left side, if you see, those are some of the areas we tackle such as continuously looking for procurement efficiencies, localization of material which was otherwise imported, including finished goods. For example, over the last couple of years, we moved all or most of our personal care products from imports to locally sourced. We also moved products like mouthwash to India. So that is a continuous endeavour. As we build scale for some of these products, we continue to look for opportunities to bring it in-house. Automation initiatives



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at the plant is another area which we are investing in. And of course, continuing to look for design and manufacturing efficiencies.

So in terms of investment, we believe, the quality of advertising and the level of advertising is critical for us to drive topline. And we've done a lot of stuff in the area of enhancing the products, packaging, etc., and we need to make sure people are aware of what's out there. The kind of innovation we are bringing to the market populace, and excellent innovation.

And similarly, the other new products that we are bringing to the market. So this is an area we will continue to support. So, consumption building, which you saw in the oral health movement, the brushing twice a day campaign and the BSBF program. So we will continue to drive consumption. We believe as the leader, we owe it to build consumption in this category. And also at the same time, you saw some of the information on how the state of oral health is linked directly to the level of your health. So that's something we plan to continue to spend behind accelerating the core, strong teeth advertising, premiumization which will continue to be a big focus, mainly through visible white, total and there will be more coming. And, of course building a second pillar in the form of personal care, Palmolive.

Operating profits - while gross margins have been at this level, EBITDA also continues to trend well. We think we are at very good levels of margin. This is a great opportunity for us to leverage this and invest to drive the top line, which will be a continuing focus going forward.

The hygiene in the system is another area that receives a lot of focus in the company. So distributor inventory is at healthy levels and we've actually bought it down a notch below where we were a couple of years ago as we look to improve their return on investment. It enables us to push products through the system faster and this is an area we continue to monitor very closely, but I would say that it's at very healthy levels and will continue to be a focus going forward.

And enhancing shareholder value - The net result of all we are doing is to deliver shareholder value. So on cash gen, we've always been very efficient in converting all the profits we generated into cash. And, last year was no different. We generated almost 1,600 crore in cash gen ahead of our profit numbers.

Return on capital employed among the highest. It's close to 100%. EPS ₹49 per share and last year we paid a dividend of 58, including a ₹10 one time dividend. So, our strategy has been to generate cash and be efficient while we push our working capital from the current negative levels to further improve it. And, if we don't have big requirements in the terms of CapEx or any other programs, we return cash back to shareholders because we believe they know how to make a better use of this cash than we can. We are quite conservative in terms of our surplus fund investments.

So to end, lead category consumption will continue to be a focus going forward. We will strive toward driving consistent growth despite some macro challenges, continuing emphasis on innovation and brand investments. As I mentioned, purple is a good one. The work we are doing on Colgate Total different variants coming to the market, we will continue



on this path to help our premiumization agenda. And underpinning all this is the strong governance, the quality of all levels of governance here is quite high. It's an area that is non-negotiable. And we will continue to maintain it at that level while we work on the value creation.

So to summarize, consistent performance, strong foundation and robust execution would be the theme for us going forward.

Thank you. And with that, I hand it over to Sujata to take up the Q&A.

Ms. Sujata Nairi:

Thank you Jacob. We will now start with the Q&A. Request Prabha and Jacob, to just come on the dias.

So we will begin with the Q&A in the room presently. So, request people who want to ask questions to raise your hand. And, we will have someone from our teams to come and give the mic. For the people who have joined us virtually, request you to kindly please type your questions in the chat box and we will give you a chance, request the people who are raising their hands to please stand up to ask the question, and then give your name and organization name.

I know Vivek your hand is up, but we have Abneesh here, so we'll just give it to him and then we can start. Abneesh.

Mr. Abnish Roy, Nuvama:

Thanks for the presentation. My first question will be on the dental screening program. How exactly does this benefit, Colgate? Because when an Indian customer gets anything for free, he's very happy to take that. When he goes to the dentist, the dentist will sell his different kind of business making opportunities. So do you see this as a P2P equipment sales to the dentist? Do we see this as a marketing campaign for Colgate, or do we see this eventually replacing cost for Colgate from a physical event led activation cost towards more AI enabled? And second related question is near term 500 events on ground for this, obviously dentist in India don't come free when you are aligned with them for 50,000 dental. Obviously there could be some cost. So initially, could there be a cost shock in the quarterly results? That is the first question.

Ms. Prabha Narasimhan:

So I think firstly good morning and it's nice to see you. Abneesh, please have a seat. Thank you for your question. I think underpinning the oral health movement and the AI dental screening that we are doing is firstly our mission. It is our job to move oral health in this country. And to that extent, moving oral health is the first step of making you aware of what your oral health is and what we want to do is to put that in the hands of consumers to say, you can now assess what your oral health is. After that, there is an opportunity for you to do what we are recommending, which is to go to our dentist partners and get a check up and get an assessment of what else you need to do or at least get your teeth cleaned and scan and that would be the advice. So, that's the first level which is the link to our mission.



The second level is that we firmly believe that as awareness increases of the fact that you need to do more for your oral health, we will get the behaviours that we want, brushing twice a day, use of adjunct products, replacing your toothbrush. This kind of thing which will lead to a knock on effect of the market size growing. And that is the first part of the pillar of our strategy. So that's really an answer to why we are doing the oral health movement equal parts mission and equal part a desire to grow the overall oral care category. To your question on cost, there is no cost to us sending people to the dentist because of two reasons. One, we are very lucky over the 87 years that we've existed in this country to have a very strong relationship with dentists and the Indian Dental Association. So the dentists have been kind enough to offer these checkups free. And the second, of course, allied to that, because nothing is ever utterly altruistic. This is market development for the dentist. So if I get more people to come to me for a checkup, there will be people who will come back to me when they have a problem and there will also be people who need something then in there, which will lead to business. So they do see the business avenue of that. So there is no cost attached to that for Colgate, we see this as win-win for the consumer because they hopefully will get better overall health outcomes, win for the dentist because it allows them a bigger catchment area and win for us because it allows us to deliver more substantially on our mission.

Mr. Abneesh Roy:

And on the 500 on ground events?

Ms. Prabha Narasimhan:

The 500 on ground event, we do a lot of on ground events as a company and, you know, 14% at our scale, invested behind a single brand is a lot of money. So a part of that money will get channelised into these on ground events so I can specifically answer that. There will not be a cost shock to those 500 events.

Mr. Abneesh Roy:

My second question is on the pricing architecture. In the Colgate Total ad, you mentioned that pricing has been reduced 23% to 0.77x. Just wanted to understand how you arrived at that number. Could there be some more price correction in any of the premium brands? Second, we have seen competitive intensity in toothpaste increase suddenly in the last few months. Is that because there is an urban slowdown? So the good growth of all three companies is a bit more temporary measure at least in the urban, if you could comment on that. And in terms of, last year strategy, you had said balance growth will be the mantra going ahead. Now, will it be largely volume led growth going ahead? Is that, right understanding?

Ms. Prabha Narasimhan:

So let me answer the last question first maybe. Balanced growth continues to be our mantra. A mix between price, volume and mix, is what we strive to get and what we will continue to strive to get for the foreseeable future. To your question on the pricing, our understanding is that the sweet spot of driving rapid premiumization in this country is anywhere between 140 to 170 kind of index pricing. And that's what leads to faster adoption. And we look at it in other categories, like for example, the other categories, which have a larger share of premium products tend to have work in that range. And so our effort is really to bring our



products into that range over the market standard. And that's how we arrived at the pricing. But this is dynamic, for the moment, it's working well for us. We've seen the growth that we are delivering on premium. So for the moment it is working well for us. But this is dynamic and always open to more interpretation. Let me put it that way. As we go forward. I'm sorry I missed your middle point.

Mr. Abneesh Roy:

Competitive Scenario increase.

Ms. Prabha Narasimhan:

Yeah. I'm not sure that there's necessarily a competitive scenario increase. I mean, the players that exist have always wanted to win. And as you go to multiple analysts meet, I'm sure you hear everybody saying we want to deliver competitive growth. Obviously that's a 100% game. And some people will win and some will lose. So I'm not sure that necessarily we are seeing a tremendous difference from what we've seen in the past.

Ms. Sujata Nairi:

We'll take the next question from Vivek. Vivek if you could just raise your hands and thank you.

Mr. Vivek Maheshwari, Jefferies:

Thank you very much for a very impressive presentation. I must say, you have built up on what you articulated last year. I would say a couple of things. First, on the consumption or per capita consumption. You know, you mentioned about 1 in 2 rural, rural folks do not brush on a daily basis. 20% of urban Indians brush twice a day. Do you think Prabha, at some point of time there can be an inflection because supply creates demand. And in this case, while you are fully penetrated, but just sheerly by communicating, bringing more awareness. I think the number of times you have used the word night brushing is, I think all the analyst put together today, what you have done is like 10X more than ever, all put together. So how do you think about if awareness goes up, does this lead to an inflection at some point?

Ms. Prabha Narasimhan:

So firstly good morning Vivek. It's very nice to have you here. I think, you know, I would love to believe that by my saying night brushing repeatedly that we would move consumer behaviour. I would say it all the time, if that was the case, I think the thing is that moving consumer behaviour, we realize, is something that is slow and will take significant investment at many different touch points.

So if you were to take, for example, this dental screening, the AI powered dental screening, night brushing would be one of the things that we recommend going into the outcome of that report. So our belief is that if we keep at it, we are already seeing movement. We are seeing volume growths come back in the toothpaste category. I don't want to attribute it to the fact that we've done this campaign and we started talking about it, but we do believe that staying at it, being consistent, doing it over the long term is really the only way to do it. And if I may use the parallel of penetration, I don't think it would be too much of a stretch to say. The reason why India has 100% penetration of oral care is partly awareness and a large amount of the work that Colgate has done at grassroot level in schools to teach people brush and paste, and the habit that goes with brushing toothpaste. So we want to replicate



that same thing over the next coming years on consumption. But I do not expect that it will move dramatically overnight. So steady state consistent increase is really what we are aiming to drive.

Mr. Vivek Maheshwari:

Got it. Beyond oral two parts to the second question. The first is on Palmolive. You mentioned 60% awareness, if I recall correctly, but, and double digit growth. But Prabha, do you think, you know, in the world where, let's say, quick commerce, entry barriers, all of those things are, you know, changing dramatically, do you think there is a case to go much more aggressively on the positive side? That's the first part. And the second part is you just hinted about, you know, white portfolio to choose from the parents table without mentioning or divulging anything. So can you just answer both the parts? Thank you.

Ms. Prabha Narasimhan:

So I think the first part of the answer is yes. For once I have a short answer to your long question. Can we be more aggressive? Yes, we can. But I think the trick is for us to make sure that we are seeing results from the investment and the effort that we are putting in, and then we can double down on it. So, absolutely Yes. Expect that we will be more aggressive on Palmolive as we go forward and hopefully as we do better, that aggression will continue.

On the piece on diversification, the only thing I want to add is that we are committed to doing it, the when and where of it unfortunately, I am not obligatory to share at this moment.

Ms. Sujata Nairi:

We'll ask people to raise, Mihir from Nomura. Can we get someone to get the mic?

Mr. Mihir Shah, Nomura:

Good morning, thank you very much for giving me this opportunity. Maybe we can talk on the volume growth because, you know, that was absent. You know, over the past 2 to 3 years, you know, in FY 23 volume growths were largely in a decline phase of 2 to 3%. Then 24 we had, except for one quarter volume growths were flattish. You know, Q1 was 6% growth. And then in the first half, you've done a very sharp, you know, growth of 7 to 8% volumes. What has really changed out here? I understand all the activities that you've spoken about the promotion, maybe rural is coming back, maybe just coincidentally, night brushing. But maybe if you can, you know, point out what has really changed, in, you know, volume growth, and, how should we think about it going forward? Can this be a new normal, at least for the near term, near to medium term, maybe about 6 to 12 months? So that's my first question.

Mr. M.S. Jacob:

Yeah. So we've seen FY growth has been predominantly volume growth as you probably inferred from the numbers and the interactions we've had. So the multiple pieces to this one is the category itself. And, we've been trying to build the category into the volume, but we're not attributing it yet. We've started on this path a year before. So there is a bit of that happening. So, the category itself is driven by volume. There's also pricing that has been a



bit more benign in the last year or so. That could be another factor. So, some of it we are kind of speculating. But going forward, we would most likely be seeing more balanced growth between volume and pricing. I don't see we will be seeing predominantly volume led top line growth going forward and we look to see more balances. As you know, we've seen inflation creep up, some commodity prices have been going up and the category needs to keep growing at healthy levels. So we do see more balance going forward.

Mr. Mihir Shah:

Second question maybe on, I was wanting to check on your pricing strategy. You know, if you, you know, you've taken about mid-single-digit pricing in FY 23, you know, RM, raw material costs were quite benign. Oh sorry, that point of time they were inflationary. And later in 24 when they were quite benign. You continue to take high single digit pricing. And that is at least what we saw in the numbers. How should one and now there is an anniversarization of pricing that is happening. And I understand that your ASPs have improved by 13% while your price increases have been lower. What laddering changes have you done in your portfolio, which is driving higher ASP and how is the pricing strategy? You know, turning about basically?

Mr. M.S. Jacob:

I would talk about the revenue growth management process that we have in place which is about driving average selling price per ton. And there are multiple levers we work on. In this one is the peer pricing as we said, we are continuously looking for positives to take price increases depending on actual commodity scenario, the superiority of the product, the communication, and a lot of other stuff. But also, there is opportunity premiumization. We are growing Total by 3X, for example, or a visible white is at least 1.5 x, in terms of pricing versus the rest of the category so, that's one lever we have. Also, within SKUs, you can move them to the next level, which is move 20, moving to 100, etc. could also be ASP accretive. So those are some of the levers we have. The new products we are launching are all at higher price levels. You saw visible white purple launch and more of the action you will see the innovation space will also be in that area. So, there are a lot of levers to drive prices.

It's not just taking the price up for 100g, ₹70 to ₹72. So we are looking at it very holistically. One thing we are clear about is that the ASP of this category needs to grow up. It is among the lowest ASP in the world. In the ASP per ton of toothpaste and mix of premiumization and the mix piece, the pure price increase piece would need to do the work for us.

Ms. Sujata Nairi:

Thank you. So while we have people raising questions, this is just one from the chats so, Prabha this is for you. What would be the top three priorities of the management for the next three years?

Ms. Prabha Narasimhan:

Am I allowed four because they were there and, on the chart, and I'm only going to repeat myself. There are four priorities that remain - driving our four strategic pillars. Since I love to repeat myself, I am going to repeat myself, which is the first will be to lead category growth. The second one will be to drive premiumization through science, to win in



toothbrushes will be the third, and the last one will be to ensure that we see through the opportunity of diversification starting with Palmolive.

Ms. Sujata Nairi:

Thank you. We can see Percy raising the hand, and then we'll give someone out there as well.

Mr. Percy Panthaki, IIFL:

Hi. Good morning Prabha, Percy here from IIFL. My question is on how you look at your market share, among the different sub segments. So while, at an overall country level, you're definitely the largest by far. But, if I look at the natural segment, that segment is about, I think somewhere in the 25 to 30% of the overall volume of toothpaste. And here I'm talking about the red or brown colour ayurvedic tasting kind of segment, and you're significantly under indexed in market share there. So isn't there some way, this is a preference of the consumer that he wants this kind of a taste. He wants this kind of a colour and I do not even know why we should try and change that preference. Isn't there some way we can offer all the benefits of science of our products, but also give the sensorial to the consumer in terms of the taste and colour that he prefers to use, and therefore increase our market share in this segment.

Ms. Prabha Narasimhan:

So I think, firstly, Percy, you don't need any introduction and it's nice to see you. Good morning. I think my answer to this is two parts that I've said both of them before. But I'll say it again. Consumers buy benefits. They want their children to be cavity free. They want to have fresh breath. They want to be free from sensitivity. They don't want to have gum problems. They want whiter teeth. Whatever it is, they buy benefits. So my first thought as I go out there is which brand is going to offer me the best solution for the benefit that I'm seeking? Under that comes what is the reason to believe that benefit? Is that benefit coming because it has arginine? Is that benefit coming because it has some other system of delivering that benefit, but that is secondary.

So our strong belief is that if we are able to convince consumers that the science that we offer leads to better delivery against the benefit that they are looking for, we will win. And that's an unshakable and a foundational belief. I think the second part is that sensorial, there is no consumer who is a consumer of a single toothpaste in this country. So there is no consumer who buys the same toothpaste again and again for, you know, 12 months in the year. And by no, I mean a very small number. I hope some of you in this room buy only Colgate total. But, it is a repertoire category and therefore I look for sensorial in different ways. So for example, if I go to a Mexican restaurant, I want good Mexican food. I don't want that restaurant to necessarily serve me the best dosa. So what we need to do is to make sure that what we are offering in its sensorial is superior to what competition is offering. And that's where all the effort on product development and taste and flavour and all of that effort that's gone behind developing superior sensorial in the family in which we operate and not moving to a family that other people operate. So that's really our principle. And so far, the principle seems to work for us.



Mr. Percy Panthaki:

just just to, take this point forward since, you're largely present only in one category, wouldn't it be restricting yourself too much to say that even within this category, we will sort of operate in so-and-so family? Why not just broaden the horizons and try and win in all the subcategories of oral care?

Ms. Prabha Narasimhan:

Because I don't think that there is a sub category called natural. There is a subcategory called family health, which is the reason for which a lot of toothpastes are bought. And in that subcategory, we are still the market leader with enough headroom to grow.

So it's a difference in perspective of how you label the segment. Which leads us to the response that we give. We label the segment on the basis of the benefit that the consumer is seeking.

Mr. Percy Panthaki:

All right. Just one question for Jacob. This 13%, ASP growth, would you be able to tell me how much is the pure pricing out of that?

Mr. M.S. Jacob:

No, I won't be able to split it down for you. But I can say in the last one year it's mainly been driven by the mix and less MRP changes.

Ms. Sujata Nairi:

Thank you Percy, I will take a question from the room. If you can just say your name and organization.

Mr. Priyank Chheda, Vallum:

Yeah. Hi, this is Priyank from Vallum Capital. My question is on the premium portfolio when it comes to FMCG as a category, the size and the opportunity in the premium, premium side, beauty, skincare or other categories is very large, when it comes to oral care category. What is the size of opportunity available? We would be somewhere around 13-14% of this category as a revenue share. Where can it go? And on the other side, there are many such other different categories within this in the global portfolio, be it therapeutics, be it sensitives, whitening is one of the categories. So there are many more. How many of them are the categories where Colgate India is not present? While our parent has such a large bouquet of categories within the premium share.

Ms. Prabha Narasimhan:

So I think to your first question, if we take above 140 index to market as the premium range, 12-13% of total oral care sits in that space. Comparable categories, which is shampoo, personal wash, those kind of other personal care products, anywhere between 25 to 30% of the categories sit in that space. So straight we have an opportunity to take this 12-13% to the 25-30%. And I think that's really the headroom opportunity that we see. And therefore this three times faster growth of premium that we are seeing versus the base, is something that can sustainably continue for a while. As long as we get our act together and continue to



offer something that the consumer sees value in paying for. So that is the answer to the first question.

To answer the second question. I don't think there are a lot of segments in which Colgate India does not play. As far as oral care is concerned, it's a question of saying strategically, where do we put our money and what are the choices that we make. Just because we exist in a segment doesn't mean that we necessarily need to support that segment. And so if I had to make the choice, and the choice that we have made is that we have three call outs for premiumization, which is total, which is overall family health or advanced premium family health. Whitening, because we see significant opportunity with the growing younger generation and the focus on being Instagram ready. And the third is gum disease because like you could see the prevalence of gum disease being undetected is very high in this country. And if we can move the needle on managing that, that would be really helpful. So that's our choice and it's more a strategic focus than not having the portfolio.

Ms. Sujata Nairi:

Thank you. We'll give it to Fatima, if you can just.

Ms. Fatema Pacha, Mahindra Manulife Mutual Fund:

Ma'am, just taking on from where Percy left on the natural segment, like pre-2000, pre-COVID. Rather, it was a very strong segment and it was doing very well. And Colgate was having their struggles. But are you seeing that that segment or the leading player in that segment has lost market share or that entire category has dwindled along with the rural not doing well, and that is why the top three players in the country have actually had a very good ride in the oral care? That's the first question.

The second question on the toothbrush side, we see the other competitor, which is Oral B struggling. Is there something that we have done that we have taken back that market share from them on the brushes side? And third, on quick commerce, ma'am, a lot of companies are having this DT-MT versus quick commerce inventory issues and stuff like that. Are you facing anything on that? And when a customer is asking for a product on a Blinkit or Zepto, do you have any data on whether that person just types toothpaste or whether that person types Colgate? Because, I'm just trying to figure out that is how easy it is now to create a brand on quick commerce that people want to buy something in ten minutes. Are they, Like if they put a toothpaste, then you can put the whole list. If they type Colgate then automatically there is no option. So just wanting to get your thoughts on these three questions.

Ms. Prabha Narasimhan:

Okay, so I think starting with your question on naturals. The good thing about this category, like I keep saying, is that a lot of the market is actually listed players, and you can see the relative growth of the listed players. So maybe I will leave you to draw your conclusions on the relative rate of growth. But I do want to reiterate that we continuously make a mistake by calling naturals a segment. There are very few consumers. There are some, but there are very few consumers who go out there and say, I'm going to buy a natural toothpaste. And then I will think about what is the benefit. Consumers think flip, and if you think to yourself in terms of how you shop, you will shop for a benefit followed by what is the reason to



believe in that benefit, and you will buy the benefit of whatever in your consideration set you believe delivers that benefit the best. So I want to just keep reiterating that, because sometimes we get confused between these two. And it could lead us to do very different things, which perhaps is not playing to our strengths and certainly not playing to what the consumer wants.

On the piece on the toothbrush, actually our toothbrush story and our toothpaste stories have very similar patterns. And I've said this before, that FMCG is a relatively simple business. It is about making sure that you give superior products at the right price in the place that the consumer wants to buy it. And if and in the case of a toothbrush, there isn't advertising, but otherwise making her aware of it becomes the fourth lever.

What we have done well, I think into brushes is to get these three right, price point to price point, we have benchmarked to make sure that our toothbrush in its physicality and its delivery is better than or equal to competition. We've made sure it's at the right price for both trade and consumer, and we've expanded availability.

And we are lucky that as a company, because of the portfolio that we have, we play across the entire spectrum of price segment. So as consumers move to up trade, we have a full portfolio, in case they are feeling pressure and they move to down trade, we have a full portfolio and that helps us as well.

To the last question on quick commerce, I've said this before, I'll say it again. We are actually finding quick commerce is growth accretive, margin accretive, share accretive for us. It grows eight times as fast as the rest of our business at the moment. And the reason why it does that is quick commerce by definition is advantageous to incumbent players, because the assortment tends to be limited. They can't in their dark stores keep a plethora of assortment and hope that it sells. They need to sell whatever has the highest velocity and they tend to keep what has the highest velocity. And then when you are the market leader, you get an advantage there.

The second thing is our understanding of what sells by geography in oral care, in terms of the benefit segments, in terms of the price points, tends to be quite good. Therefore, we are able to partner in terms of making the right assortment available in the right place. And therefore whether you search, we would love for people to search for Colgate. But the consumer answer is they search for Colgate to search for toothpaste. But either which way our share of what appears above the fold or within two scrolls tends to be very, very good. Which is why the outcome of share accretive, growth accretive, margin accretive.

Ms. Sujata Nairi:

Thank you. Prabha. The next question from Latika.

Ms. Latika Chopra, JP Morgan:

Hi Prabha and Jacob, my first question was actually on near term. You know, I saw the charts on urban and rural, and I think I've heard you saying that rural is plateauing. Could you comment on what you are sensing? Because most of the other FMCG companies are talking about growth revival. So what are you noticing on rural? And a lot of, you know, discussion today was on, you know, premiumization, of course. And you know, what is happening with



this oral health, you know, mission in the urban areas. But I wanted to, you know, get some more colour on, what are the critical steps you're taking to drive this rural, frequency of consumption? You know, if you could elaborate a little bit on that, that's the first question. And the second is on market shares. I understand you don't want to share the aggregate market shares, but some flavour on general trade market shares, for some of your larger brands, you know, how are they trending? And I'm just saying general trade, because we all know that on e-commerce and quick commerce and modern trade, you're growing well. Thank you.

Ms. Prabha Narasimhan:

You want to take the question Jacob?

Mr. M.S. Jacob:

The first one on the rural one, where we are seeing rural has been growing ahead of urban in the last few, two quarters at least. And we are finding it's still growing, but you know the acceleration of growth is kind of tapering off. So, we're not seeing that trajectory further going up. Urban continues to be challenged as you saw, so that is something that's worrying near-term at least. And that's something we are keeping an eye on. So, in short, urban has been a concern, rural still growing well, but not at the increasing levels it was growing in the past.

Ms. Prabha Narasimhan:

I think to your second question Latika, and they are perhaps linked because the focus on competitive growth and the fabulous thing about this category is that everybody is listed. So you're able to see, relatively speaking, how competitive performance plays out. And it's very rare that competitive performance plays out massively differently in one category versus another category. Because consumers are omnichannel shoppers. Rare again is the consumer who only and only shops in one channel, at all. So if you're doing well in one channel, you tend to be doing well in the other channel as well, with degrees of difference. But you tend to be doing well, particularly for a company like ours that has a reasonable reach across all of the channels. And it's not that availability is constrained anywhere. I think we are doing reasonably well competitively across all channels as well, and overall growth anyway you guys are better at computing than I am.

Ms. Sujata Nairi:

I know there are a lot of questions. So we'll take the last one from Arnab. And the rest we will try to answer later.

Mr. Arnab Mitra, Goldman Sachs:

Hi, Arnab from Goldman Sachs. Actually, one question related to market share. I mean, you've done so much work on brand, advertising, innovation, and it's showing in the brand metrics distribution. Why is it not showing up in a similar pace and market share? Is there any other impediment in terms of pricing or anything else which would need to change for much stronger market share gains, which you are seeing in toothbrush, for example. But in toothpaste, it seems it's a bit more flattish, is my understanding. So any comments on what you think needs to happen more on that?



Ms. Prabha Narasimhan:

Actually, if I can maybe take the question away from market share to relative market performance. I just want to reiterate, maybe what I said earlier is that if we take a look at the results that we can see of the players and we can see our results, we can see that we are growing competitively and that really remains our focus. So this year, I can tell you that we are quite happy with our relative performance, relative to competition without getting into the market share piece, because we tend not to comment on it. And then it's easy to comment when it goes up and then not when it goes down. I'd rather not comment, at all on market shares.

Mr. Arnab Mitra:

Sure and one last question again on the new segments on the brands that Colgate globally has. So what is the reason for the caution in bringing some of these brands in India? Is it to do with the P&L constraints that you do not want to incur a certain amount of loss, which may be required in some of these categories? Or is it something to do with the fact that India's market is not ready for some of these brands? What would be the main reasons why you're cautious?

Ms. Prabha Narasimhan:

Actually, I must confess from where I sit, it doesn't seem like caution, but prudence. But, I think our priority really over the last couple of years has been that we were coming off a fairly difficult phase. Our first job was to steady and grow our core business, which I think we are now in a very good place and we've done a reasonable job. It just gives us that much more confidence and ability to do new things. So, I think you will see an accelerated pace of change as we go forward on this. But, having taken the time over the last couple of years to get to where we are is perhaps the right approach, or at least we feel it's the right approach, so that's one.

The second is it does take time to do new things because you have to get in there and find a point of difference. There's no point in coming in and doing something in a category that already exists, and doing something that is me too in that category. To find that point of difference and to be able to, to a certain extent, disrupt that category is important. And that's really where a lot of our effort goes into as we think about this.

Ms. Sujata Nairi:

Thank you Prabha. We will close the Q&A with this one. Prabha, if you have any last comments.

Ms. Prabha Narasimhan:

Yes. So I want to once again, thank you all for coming and just maybe reiterate the three points that we made, which I'm sure all of you remember, which is all about us making sure that we keep our fundamentals together to deliver consistent performance and do it with a high level of governance and execution.

Thank you again for your time and thank you Sujata and thank you team.

Ms. Sujata Nairi:



Colgate-Palmolive (India) Limited

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Thank you Jacob, Prabha and the entire team. And thank you to all of you for coming here and taking time out. Thank you to the people who have joined us virtually. Request you to please pick up your smile hampers as you move out of the office. There's also an OHM kiosk out there where you can actually do your AI screening, the one which Prabha spoke about and request you to please do that.

Thank you once again.