

Colgate-Palmolive (India) Limited (CPIL)

Colgate Palmolive India delivers muted results, Net Profit rises by 3% in Q4FY22 to Rs. 324 Cr.

Q4 FY22 Result Analysis and Earnings Call Highlights

Colgate-Palmolive (India) Limited- 4 Point Analysis



1. Colgate-Palmolive- Q4 FY22 Result

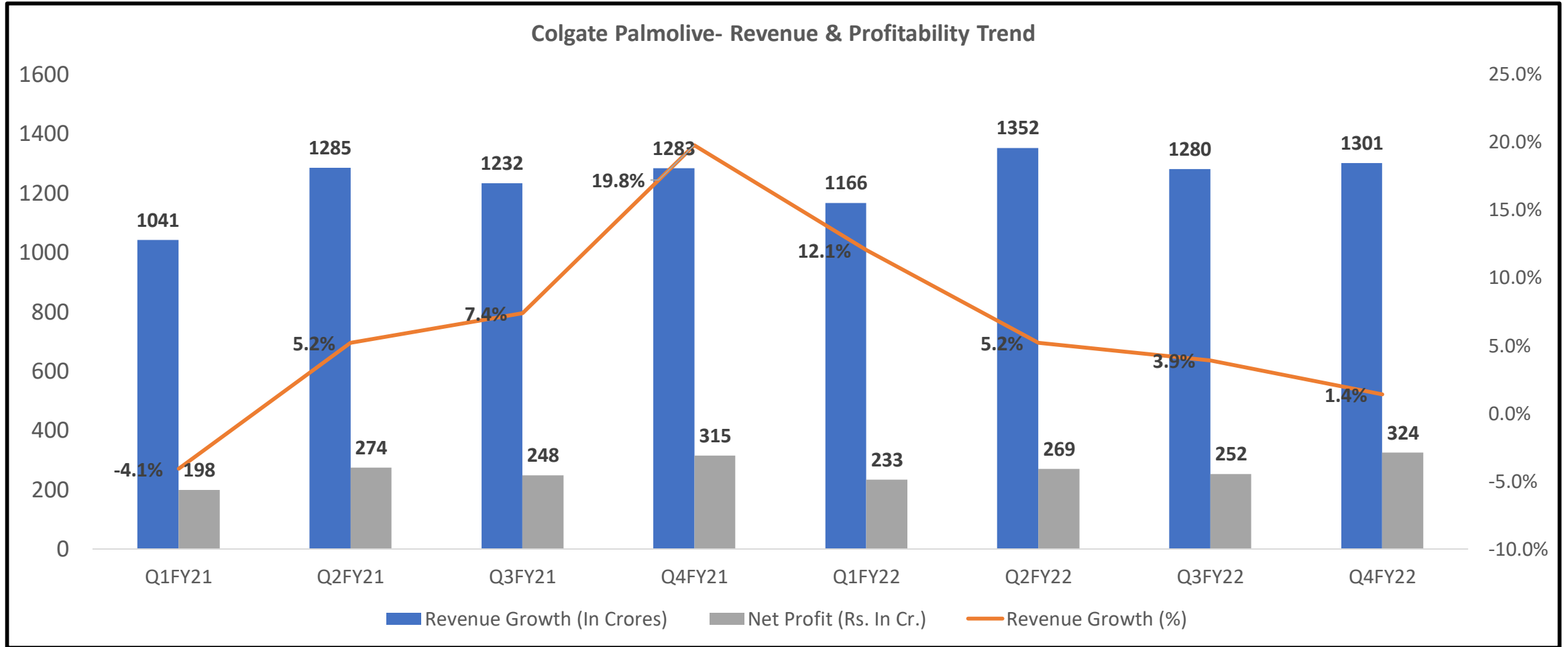
Rs. Crore	Q4 FY22	Q4 FY21	YoY %	Q3 FY22	QoQ %
Revenue from Operations	1293	1275	1.4%	1271	1.7%
EBITDA	429	422	1.8%	381	12.8%
EBITDA Margin %	33%	32.9%	10 bps	29.7%	330 bps
PBT	393	381	3.1%	341	15.4%
Net Profit (PAT)	324	315	2.8%	252	28.2%
Net Profit Margin (%)	24.9%	24.5%	40 bps	19.7%	520 bps

The current high inflationary pressure on the raw materials affects performance of the company and delivers muted results.

2. Colgate-Palmolive- FY22 Result

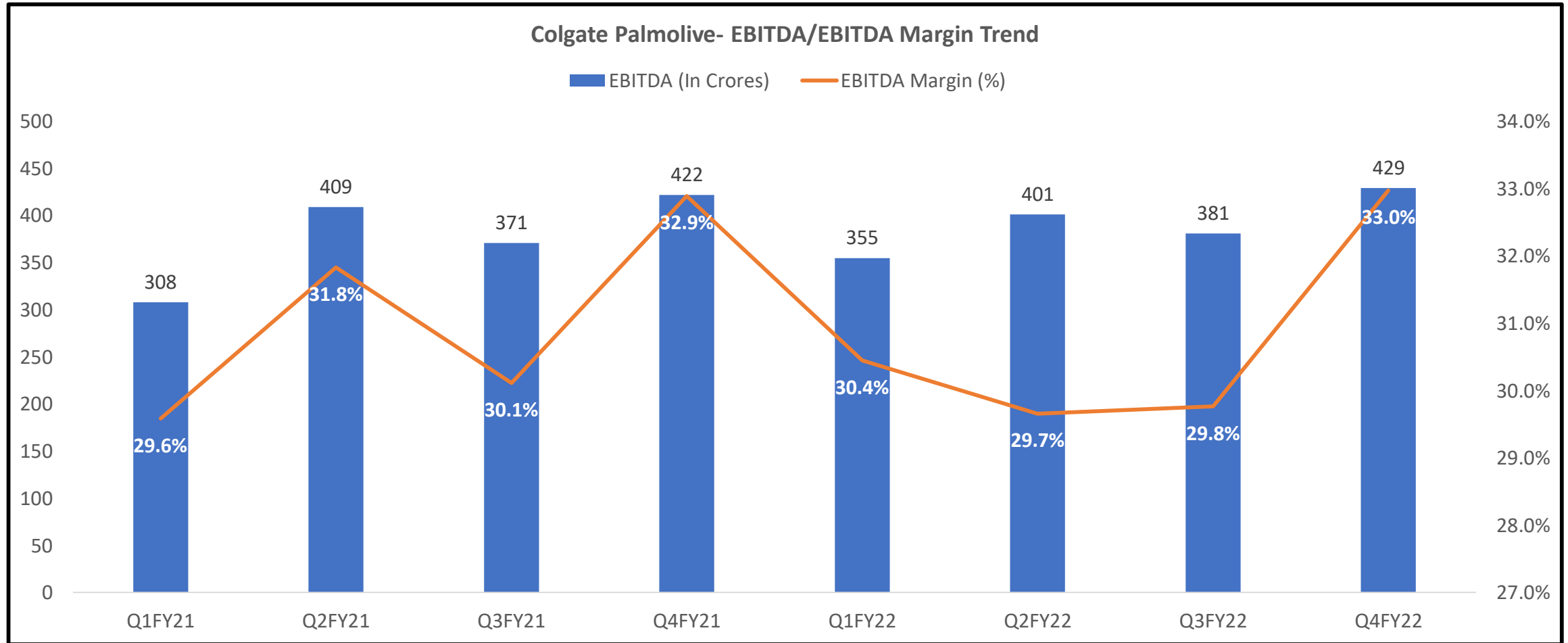
Rs. Crore	FY22	FY21	YoY %
Revenue from Operations	5100	4841	5.3%
EBITDA	1566	1510	3.7%
EBITDA Margin %	30.7%	31.2%	-50 bps
PBT	1409	1350	4.4%
Net Profit (PAT)	1078	1035	4.1%
Net Profit Margin (%)	21.1%	21.4%	-30 bps

3. Colgate-Palmolive- Revenue/Profitability Trend



On account of softening of consumption in the toothpaste category whereas softening of demand in the toothbrush category is impacting the sales growth of the company which can be witnessed since the sales growth performance of CPIL since Q1FY22.

3. Colgate-Palmolive- EBITDA/EBITDA Margin Trend



The ongoing inflationary conditions across raw materials has impacted the margins of the company which can be noticed in the quarterly performance of the company where margins have been deteriorating continuously, but in Q4FY22, there is spike in EBITDA & EBITDA Margin levels on account of calibrated price actions and cost-saving measurement of the company.

4. Colgate-Palmolive- Quarterly Highlights

1. New Products launching:

- Vedshakti toothpaste with a new improved flavor that has better sensorial and a unique combination of 5 Ayurvedic ingredients i.e. Neem (provides gum care benefits), Clove (for teeth strengthening), Amla (for Anti-germ properties), Tulsi (for Freshness) and Honey (for Gum Massage).

3. Management Update:

- Mr. Chandrasekar Meenakshi Sundaram as a Whole-time Director & EVP-Customer Development and a Director from the Board of the Company effective close of business hours on June 30, 2022, is being promoted to a Regional Customer Development leadership role within Colgate-Palmolive, with responsibilities for all countries in Asia and South Pacific

5. Colgate-Palmolive- Earnings Call Highlights

Colgate has not passed on the entire inflation and has not tweaked | 10 & | 20 price point SKUs. It is focusing on low unit packs (LUPs), Cibaca, and Colgate Strong teeth brands to drive long term growth

The e-commerce business for Colgate has grown 10x in the last five years. It has gained market share by 70 bps in the modern trade channel

Net sales grew 1.4% to Rs. 1,301 crores on a high base led by ~5% price increase & ~4% volume decline during the quarter. Revenues for the year grew 5.3% to Rs. 5,100 crore led by 2.5% volume & 2.5% pricing growth

Net profit grew 2.8% to Rs. 323.6 crore on account of higher operating profit, lower interest costs & higher other income

5. Colgate-Palmolive- Earnings Call Highlights

Prabha Narasimhan will join Colgate-Palmolive (India) Ltd as Managing Director and CEO effective September 1, 2022

Colgate Brand's household penetration is 88.1%. It is India's highest penetrated brand. 'Colgate Strong Teeth' brand is purchased by seven out of the 10 households in India. The company is planning to relaunch the brands in Q2 with the proposition of a Calcium boost

In the personal care category, the company has forayed into the face cleansing category in FY22, which has a 13x addressable market compared to body wash. With Palmolive brands, it has entered into cleansers, scrubs & Masques

The penetration level of the oral care category is close to 90%. The company is trying to drive growth through a change in behavior towards brushing twice a day. It is driving campaigns & promotions through schools

6. Colgate-Palmolive- Valuations

Colgate Palmolive	Valuation
Current PE Ratio (26/05/2022)	39.95
Current Market Price	1,615
52 Week High/Low	1,823/1,376
1-Year Median PE	39.95
3-Year Median PE	44.38
5- Year Median PE	44.91

THANK YOU!

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