



Marico  
Investor Presentation

**August 2016**



# Marico : Snapshot

## ■ Beauty & Wellness Solutions

- Hair Care, Health Care, Skin Care, Male Grooming

## ■ A leading Indian MNC Group

- Market Capitalization
- Turnover FY 16
- Profit FY 16
- Turnover from overseas : 22%

	<b>INR</b>	<b>USD</b>
Market Capitalization	37,400 Cr	5.6 Billion
Turnover FY 16	6,132 Cr	915 Million
Profit FY 16	725 Cr	108 Million

## ■ Sustained Profitable Growth

- Turnover 16%      Profits 19%      **(5 yr CAGR)**

\$1 = Rs.67

# Portfolio : Beauty & Wellness



## ■ Hair Care

- Hair Nourishment
- Oils/Serums/Tonic



## ■ Healthcare

- Healthy refined edible oils
- Oats



## ■ Male grooming/ styling

- Deodorants
- Hair Creams/Gels/Wax



## ■ Skincare

- Body Lotion



# Choice Making Framework - Where to Play



- **Emerging Markets of Asia & Africa**
  - Hair & Skin Nourishment
  - Male Grooming
- **Regional Jewels**
  - Foods in India and Vietnam
  - Ethnic Hair Care in Sub Saharan & South Africa

# Geography Choice Making Framework



Per Capita Income

Emerging economies with lower but fast growing Per Capita income

Population

Large young population – Demographic dividend



Maturity

Low penetration in our chosen categories  
Lower intensity of competition from MNCs

Retail

High proportion of Traditional retail

# Focus on Growth

- **Focus on volume growth and Market Share gain**
  - Subject to threshold operating margins
- **Innovation and Renovation to fuel growth**
  - Follow prototyping approach for learning and adapting
- **Leverage Scale advantage for improving cost structure**
  - Re-invest for building capabilities
- **Organic Growth is the first builder**
  - Inorganic Growth - a top-up

# Inorganic Growth Opportunities - Play Book



## Categories

Hair Care, Skin Care, Healthy Foods, Male Grooming

## Markets

Existing Markets, East Africa, Other South East Asian Markets

## Key attributes

- New Markets
  - Market Leader Brand
  - Strong distribution
- Existing Markets
  - Helps build scale -> consolidate MS
  - Broaden the portfolio
  - Accelerate Category Leadership
  - Entry in new category
  - New Capabilities

# Market Leadership: Key to Category Choice



Brand	Category	Indicative Market Share (%) #	Rank	Penetration Level
Parachute/Nihar	Coconut Oil (India)	~ 58%	1	High
Parachute	Coconut Oil (Bangladesh)	~ 82%	1	High
Saffola	Super Premium Refined Edible Oils (India)	~ 63%	1	Low
Saffola	Oats (India)	~ 27%*	2	Low
Parachute Advansed, Nihar Naturals, Hair & Care	Hair Oils (India)	~ 32%	1	High
X-Men	Male Shampoo (Vietnam)	~ 38%*	1	Low
Fiancée / Hair Code	Hair Styling (Egypt)	~ 56%*	1	Medium
Set Wet / Parachute Advansed	Hair Gels & Creams (India)	~ 61%*	1	Low
Livon / Silk & Shine	Post Wash Hair Serum (India)	~78%	1	Low
X-Men Men's Roll-On Deodorants	Roll-On Deodorants (Vietnam)	~31%	2	Medium

**Marico brands have a no 1 position in their respective segments over around 90% of its turnover**

# Jun'16 rolling 12 month volume market share data sourced from AC Nielsen

\*Value Market Share

Note : All Market Share numbers are basis new panel.



# India Business

# Coconut Oil (CNO)



The only Company with a national presence in INR 49 bn (~USD 731 mio) branded CNO market

## Volume Market Share

Parachute	50%
Nihar	7%
Oil of Malabar	1%
<b>Total</b>	<b>58%</b>



30-35% market (by volume) estimated to be in loose form

5 yr volume CAGR in Parachute rigid packs ~8%

## Headroom for growth

- ✓ Conversion from loose to branded
- ✓ Market share gain in rural



Likely near and medium term volume growth : 5-7%

Portfolio Share  
33%

# Hair Oils



**Category Play : Significant participation in most key sub-segments**

**Marico’s Volume Market Share in Hair Oil Market ~ 32%**

- Future focus on premiumization of the portfolio
- 5 yr volume CAGR in VAHO ~ 17%

**Likely Medium term Volume Growth ~ 12-15%**

- Specific Benefits – creating more occasions of use
- Promote Dual Usage
- Expanding rural reach
- Packaging Innovations

Portfolio Share  
20%

# Hair Oiling Category

- **Likely to see sustained growth**
  - One of the fastest growing amongst all large entrenched categories in India
- **Belief in benefits of leave-in conditioner (oil) versus rinse off**
- **Research to support benefits of hair oiling**
  - Reduces breakage
  - Reduces protein loss
  - Softens hair
  - Improves shine
  - Improves thickness, strength and length
- **Over the years, with economic growth, consumers have been up-trading**
  - Base oils → value added oils → specificity of benefit

# Saffola



**Evolution from an edible oil brand to a leading healthy lifestyle brand**

Riding a health care tailwind in India : **Saffola 5 yr volume CAGR ~8%**

Leadership position in **super premium refined edible oil** segment (63% Volume Market Share)

Entry into **breakfast cereals market** in 2010 (Plain oats and Value Added oats)

**Market Leadership in Value Added Oats with 71% value share**

Likely medium term volume growth in Saffola Oils: **circa 10%**

- Increasing trend of cardiovascular diseases, diabetes & hypertension in India
- Rising incomes and higher level of heart health awareness
- Increase in the number of nuclear families and working women

ROCP  
Portfolio Share  
14%

# Male Grooming



- Marico acquired SetWet & Zatak in May 2012
- Tail wind categories with low penetration
- Synergies with existing business
  - Leverage widespread Distribution network
    - Gain access to cosmetic/chemist outlets



**Hair Gels/Creams**  
Rs.220 Cr (USD 33 mn)



- Achieved market leadership in Gels/Creams with 61% value share
  - Will focus on growing the market
- Modern Trade Channel : Future opportunity
- Deo market expected to consolidate in the next 4-5 years

**Deodorants**  
Rs.2000 Cr (USD 300 mn) Market



# Successful Launches – Big Bets for the Future



## Parachute Advanced Ayurvedic Oil (FY11)

- No 4 player in Hair Fall solution
  - MS in South India: 30% (Exit Mar)
- Large Category: INR 800 cr (USD 120 mn)
- Robust Growth: CAGR of 39% from launch



## Body Lotion (FY12)

- No 4 player: MS of 5%
- Large Category: INR 1100 cr (USD 162 mn)
- Market Growth Rate : ~12%



## Oats (FY13)

- No 2 player in overall category
  - Market Leader in Savoury Oats
- High Growth segment: INR 450 cr (USD 67 mn)
- Saffola Oats growing rapidly
  - Last 3 year CAGR of 41%

# Recent Launches and Prototypes



## Parachute Advanced Ayurvedic Gold Oil (Hair Fall Solution)

- Different Formulation to suit the rest of India
- Scaled up to all Non-Southern States in Feb'16



## Nihar Naturals Sarson Kesh Tel (Mustard Hair Oil)

- Large Loose Mustard Oil Market in North and East India
- Benefits of Mustard Oil with better sensorials
- Scaled up to all Hindi Speaking Markets in Nov'15

# Strong Distribution Network (India)

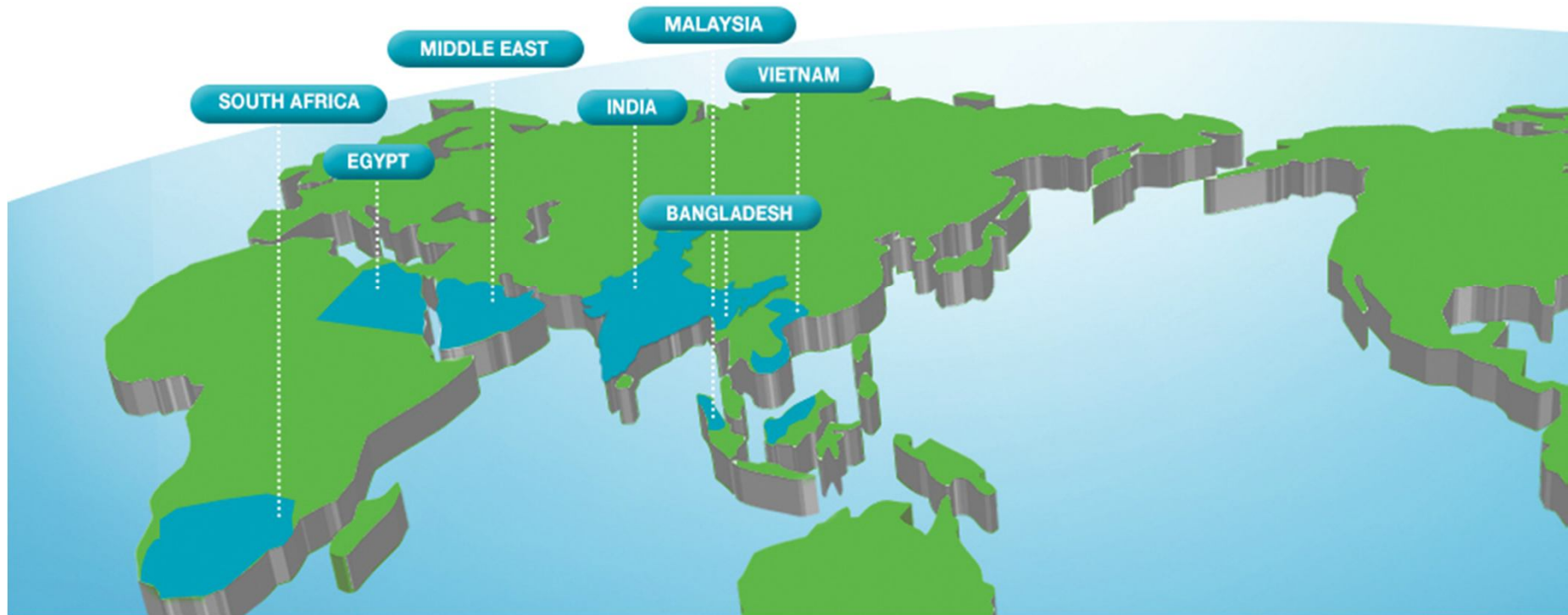


- Indirect Reach: **4.6 million outlets** out of 9.2 million outlets – Huge Headroom for growth
- Direct Reach: **Over 850,000 outlets** - Initiatives in place to increase the reach
  - **Project ONE** – Targeting direct coverage increase in top 20 towns (Incremental Turnover ~INR circa 60 crores in FY 2016)
  - Leveraged **technology** coupled with **robust IT Infrastructure** to drive impact
- Channel Split : **Modern Trade** has outpaced the other channels. **E-commerce** is still small with a strong growth potential.

Channel	Share of Business
General Trade	83%
Modern Trade	9%
CSD	8%

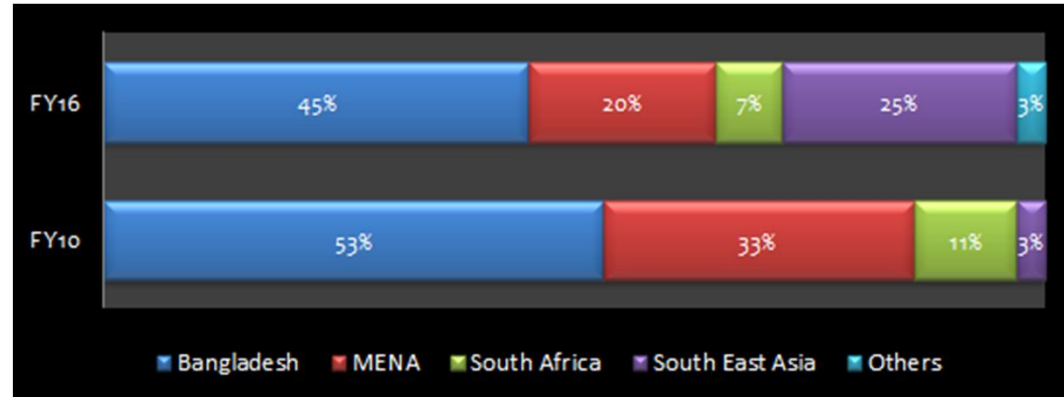
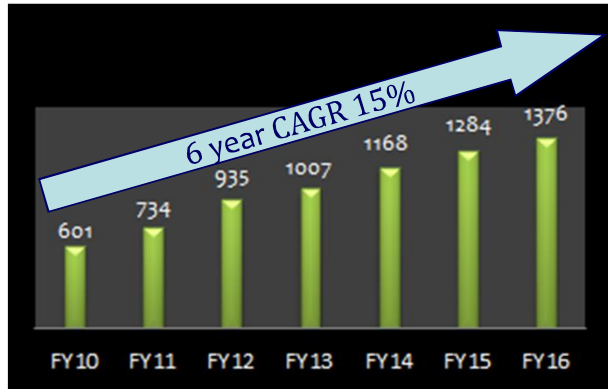
- Urban – Rural Split : **Rural sales up from 26% in FY10 to 34% in FY16**

	Share of Business
Urban	66%
Rural	34%



# International Business

# Marico International



- **Focus on :**
  - Emerging markets of Asia & Africa
  - Nourishment and Grooming
- **Operates in Geographic hubs leading to supply chain and media synergies**
- **Opportunities for expanding footprint**
  - From Bangladesh, Malaysia, Vietnam to Rest of South East Asia
  - From GCC, Egypt to North Africa countries
  - From South Africa to East Africa and Sub Saharan Africa
- **Brands with regional identity & expression**
  - Customization based on local market insights
- **Likely medium term organic growth : ~15% (constant currency)**
  - Maintain Operating Margin at ~17%

Portfolio Share  
22%

# International Portfolio



**Bangladesh**  
45%



**Categories :**

Coconut Oil, Hair Nourishment, Colours, Male Grooming

**Brands :** Parachute, Parachute Advansed, Hair Code, Set Wet, Saffola, Livon

**Middle East**  
12%



**Categories :**

Coconut Oil, Hair Nourishment

**Brands:**

Parachute, Parachute Secrets, Parachute Gold

**Egypt**  
8%



**Categories :**  
Male Styling

**Brands:** Hair Code & Fiancee

**Vietnam**  
22%



**Categories:**

Male Grooming, Foods

**Brands :** X-Men, Thuan Phat

**South Africa**  
7%



**Categories :**

Ethnic Hair Care, OTC Health Care

**Brands :** Caivil, Black Chic, Just for Kids, Hercules

Emerging Markets of Asia & Africa

# International Strategy



**Bangladesh**  
45%



- \* Leverage distribution network
- \* Grow Value Added Hair Oils
- \* Introduce products from India portfolio

**Middle East**  
12%



- \* Gain back lost share in hair oils, creams/gels
- \* Return to profitability

**Egypt**  
8%



- \* Grow core market
- \* Establish Value Added Hair Oils
- \* Expand into North Africa
- \* Improve Direct Reach

**Vietnam**  
22%



- \* Grow market in male shampoo/shower gels
- \* Gain share in male deodorants
- \* Extend into other SEA countries

**South Africa**  
7%



- \* Build Scale in South Africa
- \* Expand in East Africa

← Gain scale by leveraging common product platforms →

# Recent Launches - International



**Marico Vietnam**

- New Variant in Shampoos - Cool Water
- Innovation in Deodorants - New range of No-Gas Perfumed Body Spray - 1st No-gas Deo in Vietnam!



**Marico Myanmar**

- Sep-15 - 'Parachute Advanced Hair Tonic' launched
- Cross-pollination opportunity in other markets

# Recent Restages - International



**Marico Middle East - Parachute Gold hair nourishment range**

- Value-added hair oils, creams, hammam zait & oil replacement
- Targeted at the Arab consumers



**Marico Egypt – Hair Gels**

- New non-alcohol & nourishing formulation
- includes benefit of Olive Oil
- Refreshed contemporary packaging
- Broader participation in male grooming in future

# Future Growth Strategy – India and International



## Strategy

## Opportunity

Grow the Core by expanding the category where we are market leaders

Coconut Oil in India & Bangladesh  
Saffola Oils, Gels & Serums in India

Gain Market Share by leveraging Distribution & continuous innovations

Hair Code/Fiancee – hair gels/creams in Egypt  
Hair Oils in India & Bangladesh, Rural India  
Male Deodorants and shampoo in Vietnam

Enter and grow in adjacencies

Healthy Foods & Skin Care in India  
Male Grooming across geographies

Cross Pollination of Portfolio

Healthy Foods, Nourishment Portfolio,  
Male Grooming

Enter New Geographies - *Leverage existing portfolio, build business*

North Africa, Sub-Saharan Africa  
Rest of South East Asia

Acquisitions

*Synergistic Opportunity in chosen categories & markets*

# Dividend Distribution & Cash Deployment



- Focus on maximization of shareholder value
- Marico has been increasing its payout over the last couple of years with higher cash generation

	FY 2013	FY 2014	FY 2015	FY 2016
Dividend Payout Ratio	19%	24%	30%	69%

- In the absence of M&A, dividend pay-out shall remain in 50-60% range.

Note: The Company declared a one-time Silver Jubilee Third Interim Dividend of 175% and a total dividend of 350% in FY14. The dividend payout ratio increased to 47% in FY14 as compared to 19% in FY13. Excluding the one-time dividend, the payout ratio for FY14 is 24% which is reflected in the table above.

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**Thank You**



# Exhibits

# Exhibit 1: Financial Highlights



Particulars (INR Crores)	FY11	FY12	FY13	FY14	FY15	FY16
Revenue from Operations	3128	3980	4596	4,687	5,733	6,132
Profit Before Tax	376	400	552	695	822	1,034
Profit After Tax	286	317	396	485	573	725
EPS: (INR)	4.7	5.2	6.1	7.5	8.9	5.6*
Book Value per Share (INR)	14.9	18.6	30.8	21.1	28.3	16.3*
Net Worth	915	1,143	1,982	1,361	1,825	2,097
EBITDA %	13.3%	12.1%	13.6%	16.0%	15.2%	17.3%
ROCE %	27%	26%	24%	32%	39%	45%

Note: FY14, FY15 & FY16 financials does not include Kaya

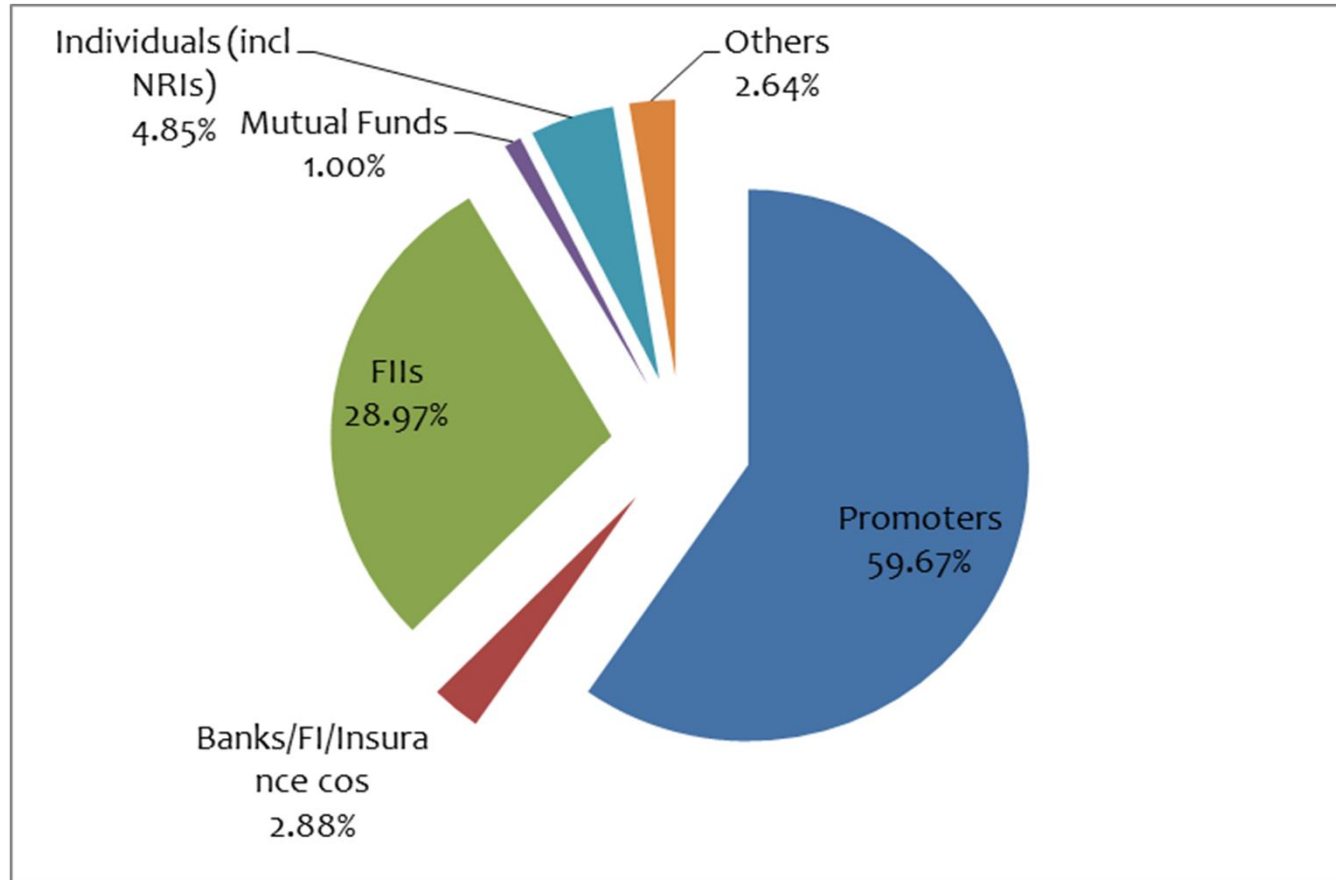
\* EPS and Book Value per Share for the current year has been calculated on the post bonus number of shares.

# Exhibit 2: Awards and Accolades



- Marico is the **best domestic company on Corporate Governance** by Asiamoney's Corporate Governance Poll 2015
- Marico is recognized for Excellence in Corporate Governance by 15th ICSI National Awards
- Marico ranked 4<sup>th</sup> in the Economic Times and Aon Hewitt **Top Companies for Leaders** India Study
- Marico was featured in the list of '**India's Best Boards 2014**' by Economic Times & Hay Group
- Marico Bangladesh received **Best Corporate Award 2014** under Multinational Category by Institute of Cost and Management Accountants of Bangladesh (ICMAB)
- Marico ICP-Vietnam featured in the list of Vietnam's **100 Best Places to Work** by Anphabe and Nielsen.
- Marico was ranked No.53 in the world in the prestigious **Forbes 100 Most Innovative Growth Companies** List
- Marico is ranked 2 in the FMCG sector in the '**India's Best Companies to Work** for 2016' study by The Economic Times.
- Marico made its mark yet again in **Forbes India's Super 50 Companies 2016** with the three-step methodology that focuses on shareholder return, sales growth, return on equity.

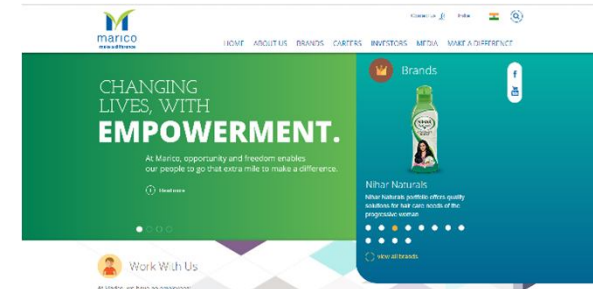
# Exhibit 3: Shareholding Pattern June 2016



# Exhibit 4: Communication Protocol



- One on one meetings with the Buy side and Sell side
- Conferences and Non-Deal Roadshows
- **Marico Website**
  - Annual Report
  - Latest Quarterly Updates
  - AGM Notice
  - Shareholding Pattern
  - <http://www.marico.com/html/investor/overview.php>



- **Quarterly Results**
  - Information Update
  - Media Release
  - Earnings Call with the management team
  - For all the quarterly documents, visit the website <http://www.marico.com/html/investor/latest-quarterly-updates.php>

- **Investor Relations App**
  - Annual Report
  - News & Updates
  - Quarterly Results
  - Available on Apple and Android

