Marico
Investor Presentation

May 2017

Marico : Snapshot

- **Beauty & Wellness Solutions**
  - Hair Care, Health Care, Skin Care, Male Grooming

A leading Indian MNC Group	**INR**	**USD**
Market Capitalization	38,108 Cr	5.7 Billion
Turnover FY 17	5,936 Cr	886 Million
Profit FY 17	799 Cr	119 Million

- Turnover from overseas : 23%

- **Sustained Profitable Growth**
  - Turnover 10% Profits 18% **(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)	~ 86%	1	High
Saffola	Super Premium Refined Edible Oils (India)	~ 66%	1	Low
Saffola	Oats (India)	~ 27%*	2	Low
Parachute Advansed, Nihar Naturals, Hair & Care	Hair Oils (India)	~ 33%	1	High
X-Men	Male Shampoo (Vietnam)	~ 37%*	1	Low
Fiancée / Hair Code	Hair Styling (Egypt)	~ 54%*	1	Medium
Set Wet / Parachute Advansed	Hair Gels & Creams (India)	~ 63%*	1	Low
Livon / Silk & Shine	Post Wash Hair Serum (India)	~82%	1	Low
X-Men Men's Roll-On Deodorants	Roll-On Deodorants (Vietnam)	~32%	2	Medium

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

Mar'17 rolling 12 month volume market share data sourced from AC Nielsen
*Value Market Share

India Business

Coconut Oil (CNO)

The only Company with a national presence in INR 43 bn (~USD 642 mio) branded CNO market

Volume Market Share	
Parachute	50%
Nihar	7%
Oil of Malabar	1%
Total	**58%**

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

5 yr volume CAGR in Parachute rigid packs ~6%

Headroom for growth

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

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

Portfolio Share 30%

Hair Oils

Category Play : Significant participation in most key sub-segments

Marico's Volume Market Share in Hair Oil Market ~ 33%

- Future focus on premiumization of the portfolio
- 5 yr volume CAGR in VAHO ~ 13%

Likely Medium term Volume Growth – Double digit

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

Portfolio Share
21%

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 (66% Volume Market Share)

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

Market Leadership in Value Added Oats with 69% value share

ROCP Portfolio Share 16%

Likely medium term volume growth in Saffola Oils: **Double digit**

- 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

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.240 Cr (USD 36 mn)

- Achieved market leadership in Gels/Creams with 63% 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.2100 Cr (USD 310 mn) Market

Successful Launches – Big Bets for the Future

Parachute Advansed Ayurvedic Oil (FY11)

- No 4 player in Hair Fall solution
  - MS in South India: 31% (Exit Mar)
- Large Category: INR 900 cr (USD 134 mn)
- Robust Growth: Value CAGR of 31% from launch

Body Lotion (FY12)

- No 5 player: MS of 4%
- Large Category: INR 1200 cr (USD 179 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 4 year CAGR of 28%

Recent Launches and Prototypes

Parachute Advansed 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

Parachute Advansed Aloe Vera Hair Oil (Value Added Coconut Oil)

- Launched in the markets of Andhra Pradesh, Telangana & Tamil Nadu in November 2017 after the successful prototype in Maharashtra.
- To lead the premiumization journey

Strong Distribution Network (India)

- Indirect Reach: **4.6 million outlets** out of 9.2 million outlets – Huge Headroom for growth

- Direct Reach: **Over 853,000 outlets** - Initiatives in place to increase the reach
  - **Project ONE** – Targeting direct coverage increase in top 20 towns (Incremental Turnover ~INR circa 88 crores in FY 2017)
  - 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.

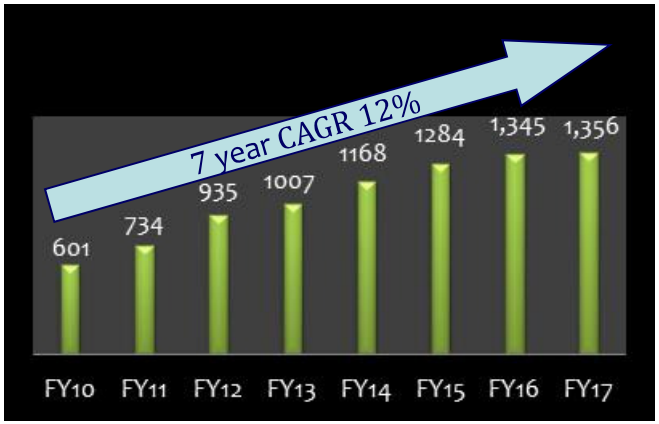
Channel	Share of Business
General Trade	83%
Modern Trade	10%
CSD	7%

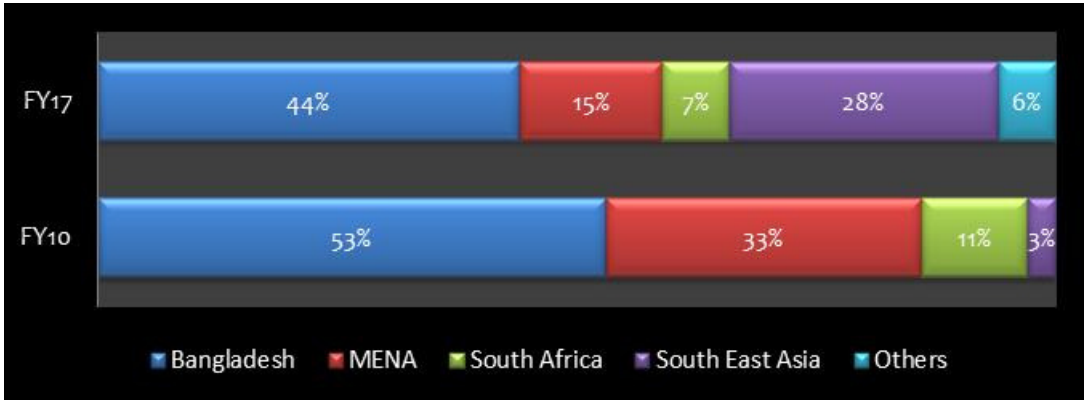
- Urban – Rural Split **: Rural sales up from 26% in FY10 to 31% in FY17**

	Share of Business
Urban	69%
Rural	31%

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 : ~12-15% (constant currency)**
  - Maintain Operating Margin at ~16-17%

Portfolio Share 23%

International Portfolio

Bangladesh
44%

Categories :
Coconut Oil, Hair Nourishment, Colours, Male Grooming

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

Middle East
10%

Categories :
Coconut Oil, Hair Nourishment

Brands:
Parachute, Parachute Secrets, Parachute Gold

Egypt
6%

Categories :
Male Styling

Brands: Hair Code & Fiancee

Vietnam
25%

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
44%

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

Middle East
10%

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

Egypt
6%

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

Vietnam
25%

* 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 Advansed 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	FY 2017
Dividend Payout Ratio	19%	24%	30%	69%	64%

- 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)	FY13	FY14	FY15	FY16	FY17
Revenue from Operations	4,596	4,687	5,733	6,024	5,936
Profit Before Tax	552	695	822	1,029	1,150
Profit After Tax	396	485	573	711	799
Earnings per Share (INR)	6.1	7.5	8.9	5.5*	6.2*
Book Value per Share (INR)	30.7	21.1	28.3	15.6*	18.0*
Net Worth	1,982	1,361	1,825	2,017	2,326
EBITDA%	13.6%	16.0%	15.2%	17.5%	19.5%
ROCE %	24%	32%	39%	45%	47%

Note: FY13 includes Kaya. FY16 and FY17 financials are as per IND – AS and hence not comparable with earlier years.
*EPS and Book Value per Share for FY16 and FY17 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 4th 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 ranked amongst **Best Companies for Women** in India.*
- *Marico Bangladesh receives Silver Award for **Excellence in Corporate Governance** from Institute of Chartered Secretaries of Bangladesh.*
- *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 March 2017

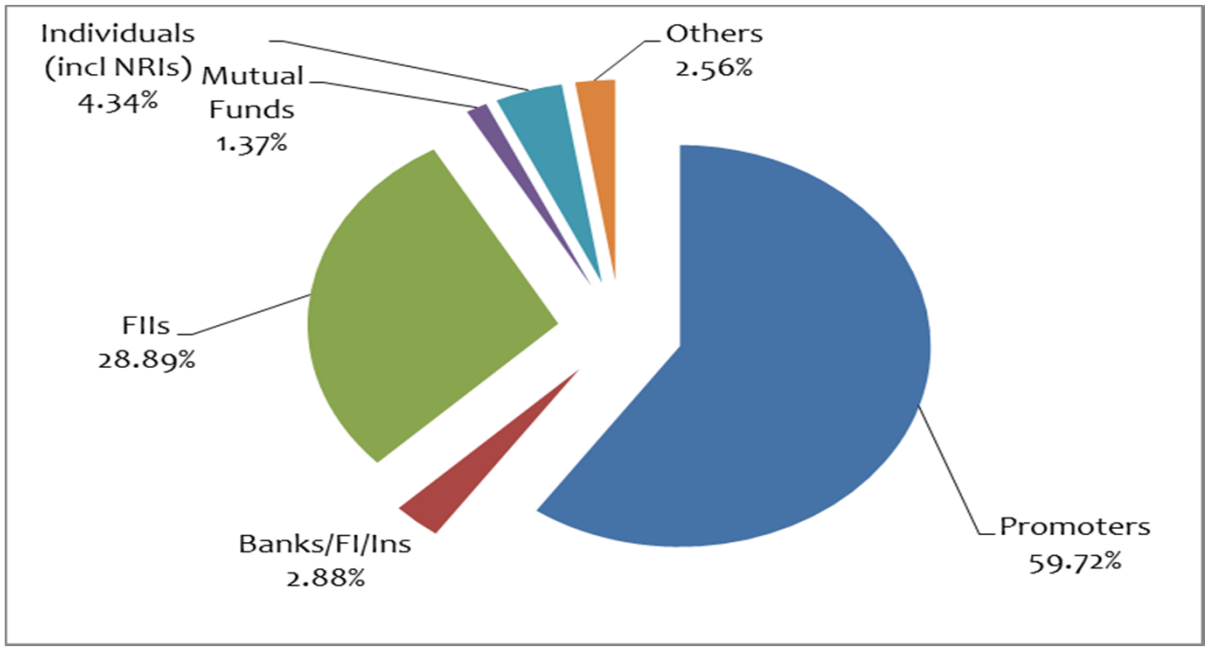
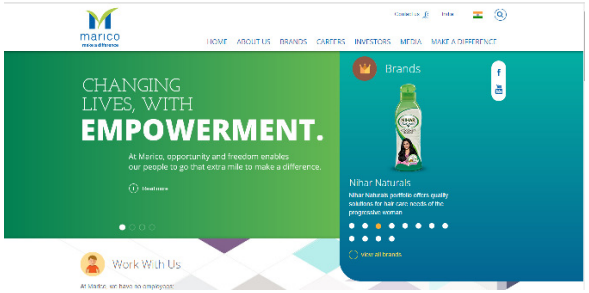


Exhibit 4: Communication Protocol

- **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-quartely-updates.php

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