Marico – Information Update for Q3FY25 (Quarter ended December 31, 2024)

Executive Summary: Consolidated Results

Particulars (₹ Cr)	Q3FY25	YoY Growth	9MFY25	YoY Growth
Revenue from Operations	2,794	15%	8,101	10%
EBITDA	533	4%	1,681	6%
EBITDA Margin (%)	19.1%	Down 210 bps	20.8%	Down 70 bps
Profit After Tax (excl. one-offs)	399	4%	1,251	9%
India Volume Growth (%)		6%		5%
International Business (% CCG)		16%		13%

The FMCG sector continued to exhibit a steady demand sentiment during the quarter. While urban sentiment was stable, rural maintained its relatively stronger momentum. Pricing growth for the sector visibly picked up given the backdrop of rising commodity prices.

In Q3FY25, Revenue from Operations was at ₹2,794 crore, up 15% YoY, with underlying volume growth of 6% in the India business and constant currency growth of 16% in the international business. Consolidated and domestic revenue growth, as well as underlying volume growth in the India business, stood at a 13-quarter high.

The India business posted an uptick in underlying volume growth on a sequential basis, which was underpinned by a resilient performance across the core portfolios and scale-up of the new businesses. **Offtake growth remained strong as >90% of the business either gained or sustained market share and ~80% of the portfolio either gained or sustained penetration, both on a MAT basis. Domestic revenue was ₹2,101 crore, up 17% YoY,** led by price hikes in core portfolios in response to the sharp rise in input costs. Among channels, MT and E-commerce (including Quick Commerce) continued to lead with high double-digit volume growth, while GT was flattish.

Project SETU extended to 1 more state during the quarter, taking the current count to 11 states. We continue to drive efficient coverage across all geographies to deliver business growth and investments in infrastructure across all town classes.

The **International business upheld its robust broad-based growth trajectory** as most of the markets, except South East Asia, delivered in line with expectations. The business has continued to chart a resilient topline and profitability performance despite the impact of currency headwinds in key markets (translating to ~2% impact on consolidated EBITDA).

Gross margin contracted by ~180 bps YoY, primarily impacted by the rising trend in copra and vegetable oil prices, which was only partly offset by pricing interventions in key portfolios. **A&P spends were up 19% YoY, in line with our strategic intent to continually strengthen our franchises and accelerate diversification. Consequently, EBITDA was up 4%, as EBITDA margin stood at 19.1%, down 210 bps. PAT was up 4% YoY.**

At its meeting held on January 31, 2025, the Board of Directors of the Company declared an interim dividend of ₹3.50 per share on its paid up equity share capital of ~₹129.5 crores.

Other highlights relating to the quarterly performance are as follows:

- **Parachute Rigids registered 3% volume growth,** after absorbing the ~1% impact of ml-age reduction in one of the key price-point packs (implemented in lieu of a price increase). The brand exhibited strength despite the steeper-than-anticipated rise in copra prices. Volume offtakes grew in high single digits, leading to ~140bps gain in market share on MAT basis. **The brand logged 15% revenue growth,** aided by pricing hikes taken during this year. The brand has taken another round of price increase (~5% at brand level) towards the end of this quarter as copra prices are likely to remain firm in the near term. We will closely monitor the impact of the sharp rise in copra and brand pricing off late on near-term consumption.
- **Value-Added Hair Oils declined by 2% in value terms,** witnessing definitive signs of recovery on a sequential basis. **Mid and premium segments fared relatively better and drove ~70bps gain in value market share on a**

MAT basis. We expect gradually improving trends in VAHO on the back of ATL investments, brand activations and gradually improving trends in rural consumption sentiment.

- **Saffola Edible Oils demonstrated stability, delivering low-single digit volume growth amidst the sharp rise in vegetable oil prices. The brand posted 24% revenue growth, led by pricing interventions taken over the last few months.** The brand's recent 'Step Up for Your Heart' campaign garnered impressive results through multiple initiatives, reaching 26 million people across top 15 cities in India.
- **Foods posted robust 31% value growth YoY, nearing ₹1,000 cr. ARR in Q3. Saffola Oats** delivered double-digit growth, while the newer franchises fared healthily. **True Elements** and the **plant-based nutrition portfolio of Plix** maintained their accelerated growth momentum.
- **Premium Personal Care also continued its strong run** during the quarter, led by the Digital-first portfolio. **The Digital-first portfolio, comprising Beardo, Just Herbs and the personal care portfolio of Plix, scaled ahead of expectations to reach ~600 cr. in ARR in Q3. Beardo** is on course to deliver double-digit EBITDA margin this year.
- **The composite revenue share of Foods and Premium Personal Care (including Digital-first brands) in the domestic business stood at ~21% in 9MFY25**, signifying furtherance of the portfolio diversification agenda of the India business. **The fast-paced scale up of these portfolios has been accompanied by a marked shift in their profitability over the last couple of years, thereby underscoring the profitable growth focus of the diversification strategy.**
- Among key inputs, copra prices were up 38% YoY in 9MFY25, much ahead of internal forecasts, and rice bran oil prices were up ~19% YoY in 9MFY25. Crude oil derivatives remained rangebound. Forecasts indicate firmness in commodity prices in the near term. We will continue to prioritize the expansion of our consumer franchises in the current environment, while judiciously leveraging the pricing power of these franchises in the near term.
- **Bangladesh posted 20% CCG on a subdued base,** demonstrating strong resilience of the business model amidst a challenging macro environment. The fundamentals and medium-term growth construct of the business remain intact. **MENA delivered 35% CCG** with broad based growth in the Gulf region and Egypt. **South Africa registered 17% CCG** with both the Hair Care and Health Care franchises faring well. **South East Asia had a soft quarter** amidst a sluggish consumption environment and geo-political issues in Myanmar. **NCD and Exports posted 15% growth.**
- The EBITDA margin of the domestic business was at 19.6%, down ~320 bps YoY, and that of the International business was at 27.1%, up ~100 bps YoY.

Outlook

The sector has exhibited steady demand trends over the course of this year, supported by recovery in rural sentiment and stable urban consumption. Retail inflation eased in December due to moderating food prices, but remains at relatively elevated levels. We expect supportive government schemes and a healthy crop season to aid consumption in the coming quarters. Measures to stimulate consumption are anticipated in the forthcoming Union Budget.

Amidst the stable macro backdrop, we expect **gradual improving growth trends in the core categories of our domestic business** through the ongoing initiatives to support select General Trade (GT) channel partners and transformative expansion in our direct reach footprint under **Project SETU**. We also continue to draw confidence from **healthy offtakes, penetration and market share gains in our key portfolios**. We will continue our focus on driving **differential growth in our urban-centric and premium portfolios** through the organized retail and E-Commerce channels. Therefore, we expect to deliver consistent and competitive growth in the medium term through a much sharper and targeted portfolio and SKU strategy in each channel.

Sustained investment towards the accelerated scale up of our **Foods and Premium Personal Care portfolios** has not only resulted in a visible shift in the revenue construct of the domestic business, but also enabled differential growth outcomes amidst relatively slower demand in mass consumption-led franchises over the past few quarters. We will continue to **aggressively diversify the portfolio through these portfolios** in line with our medium-term strategic priorities. After the structural refinements in supply chain and GTM last year, **we aim to grow Foods at 20-25%+ CAGR to 2x of FY24 revenues in FY27**. The Digital-first portfolio is on course to **cross ARR of ₹600 crore on exit basis in FY25** and scale to **2x of FY24 ARR in FY27**. **Consequently, we expect the domestic revenue share of the Foods and**

Marico – Information Update for Q3FY25 (Quarter ended December 31, 2024)

Premium Personal Care portfolios to expand to ~25% by FY27. We will also focus on driving consistent improvements in profitability as constituent franchises of the Foods and Digital-First portfolios attain critical mass. After the structural **GM expansion of ~800 bps in FY24, we expect a gradual improvement in gross and operating margins of the Foods portfolio as we scale over the medium term**. We are on course to deliver **double-digit EBITDA margin in Beardo this year**. We will aim to replicate the Beardo playbook as we scale the Digital-first franchises and **achieve double-digit EBITDA margin in the portfolio in FY27**.

The International business has grown from strength to strength in the face of transient macroeconomic and currency devaluation headwinds in select regions. While the Bangladesh and Vietnam businesses remain strong anchors, the robust momentum in the MENA and South Africa businesses has visibly strengthened the revenue and margin construct of the overall international business. This also reflects in the **steadily reducing topline and bottomline dependence on the Bangladesh business.** We will continue to invest aggressively towards diversifying the portfolio, expanding the total addressable market and driving market share gains in each of the markets. We aim to **maintain the double-digit constant currency growth momentum over the medium term.**

We will also **continue to scout for inorganic growth opportunities** that offer meaningful potential to consolidate our competitive position in existing categories, expand the total addressable market in existing geographies or access markets of interest, thereby adding visible levers to drive long term value creation.

Pursuant to the strategic objectives set at the start of this year, we have delivered on most counts, in addition to diversification of the portfolio. The domestic business has posted marked improvement in underlying volume growth and double-digit revenue growth in 9MFY25. The international business has also maintained its double-digit constant currency growth momentum. As a result, the consolidated business is on course to meet the double-digit revenue growth aspiration on a full year basis as well. However, much higher-than-expected input cost inflation (copra at peak prices and volatility post the import duty hike in vegetable oils) is leading to some transient pressure on profitability. Given the current operating environment, we will continue to prioritize volume-driven revenue growth, while remaining watchful on the margin front over the next couple of quarters.

In the medium term, we aim to deliver **double-digit revenue growth** through **consistent outperformance vis-à-vis the category and market share gains in the domestic core portfolios, accelerated growth in the Foods and Premium Personal Care** and **double-digit constant currency growth in the International business**. We also expect **operating margin to inch up over the medium term** with leverage benefits as well as premiumisation of the portfolios across both the domestic and International businesses.

Marico – Information Update for Q3FY25 (Quarter ended December 31, 2024)

Mode of Issue of this update

We have issued this Information Update, first to the Stock Exchanges, posted it on Marico's website and then sent it to the financial community members who are on Marico's regular mailing list.

We recommend that readers refer to the Marico Group financials to get a better appreciation of the business performance. A copy of the latest Annual Audited Financial Results of Marico Limited (Standalone and Consolidated) is available on Marico's website.

Disclosure of Information, Communication with Investors / Analysts / Financial Community

Marico issues fresh information updates, like the one you are reading now, on the day it declares its Quarterly Financial Results. Some forward-looking statements on projections, estimates, expectations, outlook etc. are included in such updates to help investors/ analysts get a better comprehension of the Company's prospects and make informed investment decisions.

Actual results may, however, differ materially from those stated on account of factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints.

All the aforesaid information is also available on Marico's Website: www.marico.com. In view of this, information contained in such updates is made public and thus not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Marico holds periodic meetings/ conference calls, from time to time, with members of the financial community.

Marico Investor Relations Team

Harsh Rungta	Head – M&A and Investor Relations	(harsh.rungta@marico.com)
Kartik Shetty	Manager – Investor Relations	(kartik.shetty@marico.com)