

Media Release

Year 2014-15

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Net Profit Rs. 573 cr

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Parachute Advanced Body Lotion featured in the List of 23 Innovations amongst 16,914 FMCG Innovations

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Marico Brands won 4 EFFIES – 2 Golds for Saffola Masala Oats, 1 Bronze for Nihar and 1 Bronze for Parachute Advanced Ayurvedic

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Marico brands won at the IDMA Awards 2015; gold for Saffolalife, gold for Parachute Advanced Body Lotion and silver for Saffola Fit Foodie

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Haircode (Marico Egypt) won a Gold at the MENA EFFIES



Marico Q1FY16 results

Revenue up 10%, EBITDA up 22%, PAT up 28%, India Volume growth of 6%

Market share gains in India sustain

During the quarter ended June 30, 2015, Marico posted Revenue from Operations of INR 1,783 crore (USD 283 million) a growth of 10% over Q1FY15. India business grew by 12% and the international business grew by 4%. The topline was driven by 6% volume growth in India leading to overall volume growth of 5%.

EBITDA at INR 325 crore (USD 52 million) has grown by 22%. EBITDA margins were at 18.2%. Higher operating margins are attributed mainly to gross margin expansion led by softer inputs costs and phasing of advertising spends in key international markets. Profit After Tax for the quarter was INR 238 crore (USD 38 million) and grew by 28%.

During the quarter, International Consumer Products Corporation, the wholly owned subsidiary of the Company in Vietnam, divested its entire stake in its subsidiary, Beauté Cosmétique Société Par Actions. The divestment resulted in a gain of Rs. 9.6 Crore, which is included under "Other Income" in the published financials. The growth in Profit after Tax (excluding this one-time gain) was 24% for the quarter.

In the India Business, during the quarter, the Company prototyped 4 new products in the market – 3 in Value Added Hair Oils and 1 in Leave-in Conditioners to fuel premiumization of hair nourishment portfolio. These prototypes will be scaled up based on prototype results.

In the 2015 'Great Place to Work' Institute study for India whose results were announced during the quarter, Marico is ranked 3rd in the FMCG sector. This is a testimony to the Company's continued efforts towards investing in its human capital and the culture of empowerment, transparency and openness which thrives at Marico.

Marico aspires to be an admired emerging market MNC with leadership in two core categories of nourishment and male styling in two continents – Asia and Africa. Marico has taken definitive steps to meet this aspiration by seeking to win amongst consumers, trade and talent. These initiatives are expected to bear fruit over the coming 2-3 years.

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products Group, in the global beauty and wellness space. During 2014-15, Marico recorded a turnover of about Rs. 57 billion (USD 940 Million) through its products sold in India and about 25 other countries in Asia and Africa.

Marico touches the lives of 1 out of every 3 Indians, through its portfolio of brands such as Parachute, Parachute Advanced, Saffola, Hair & Care, Nihar, Nihar Naturals, Livon, Set Wet, Mediker and Revive. The international consumer products portfolio contributes to about 22% of the Group's revenue, with brands like Parachute, HairCode, Fiancée, Caivil, Hercules, Black Chic, Code 10, Ingwe, X-Men, and Thuan Phat.

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance, a CAGR of 18% in Turnover and 15% in Profits over the past 5 years.

Business Unit-wise details have been given in the next few pages.

More details are available in the Information Update issued today and posted on the Company's website

www.marico.com

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Marico's **India Business** achieved a turnover of INR 1,428 crore (USD 227 million) during the quarter, a growth of 12% over the same period last year.

The volume growth for the quarter was healthy at 6%, in line with the Company expectations. The overall sales growth was bolstered by strong growths in the focused rigid bottle segment of Parachute Coconut Oil and Value Added Hair Oil portfolio.

The operating margin of the India business during Q1FY16 was 21.6% before corporate allocation. The Company believes that an operating margin for the Domestic business in the band of 17% to 18% is sustainable in the medium term. Higher operating margins can be attributed mainly to gross margin expansion led by softer inputs costs.

Parachute's rigid portfolio (packs in blue bottles) recorded a volume growth of 8% for Q1FY6 over Q1FY15. During the 12 months ended June 2015, Parachute along with Nihar increased its market share by more than 80bps to 57%, thanks to the pricing power that Parachute enjoys.

The **Saffola refined edible oils** franchise grew by 4% in volume terms for the quarter. Super premium refined oils category has been impacted primarily by an increase in price premiums against the other refined oils like Sunflower and Soya oils. The brand, however, further strengthened its leadership position in the super premium refined edible oils segment to 58% during the 12 months ended June 2015. The Company is following a regional strategy to ensure long term growth. It may take a couple of quarters to revive growth in this category.

Saffola Oats has a strong no.2 position with a MAT value market share of 22% and an exit market share of 23%. Saffola oats is now being the most distributed oats brand in country, overtaking the market leader. Focus on value added offerings in the oats segment has led to a dominant 64% value share in the flavoured oats market on a MAT basis. The franchise is well poised to achieve INR 125 Crore (USD 20 million) landmark this year.

Marico's **Value Added Hair Oil** brands (Parachute Advanced, Nihar Naturals and Hair & Care) grew by 14% in volume terms during the quarter. In the process, the Company further strengthened its market leadership by 124 bps to 29% volume share (for 12 months ended June 2015) and continued to premiumize with value share gain of 230 bps to 23% for the same period. **Nihar Shanti Amla** continues to gain market share and achieved a volume market share of about 34% for the 12 months ended June 2015 in the Amla hair oil category (MAT Q1FY15: 30%), with an exit market share of > 37% reflecting a continued strong trajectory of growth.

The Youth brands portfolio de-grew by 5% in value terms owing to a high base in Q1 FY15. The Company reaped the benefits of re-launch of **Set Wet Gels** in Q4 last year with strong double digit growths during the quarter, leading to increase in market shares. The Deodorants portfolio declined owing to a high base in Q1 FY15 (launch of Set Wet Infinity). The Livon franchise declined mainly due to counterfeit issues in Livon Hair Gain and lack of brand building support in the serum category. The Company's strategy in the coming quarters would be to hold market shares in the deodorant portfolio while expanding the high margin categories of Gels and Serums as their penetration in India is far lower as compared to other emerging markets. The Company will also take definitive steps to fight the menace of counterfeits.

Marico's **rural sales** continue to clock a faster pace of growth at 15% as compared to urban sales growth which was 8% for the quarter. Sales in Modern Trade (9% of the domestic turnover) continued its good run with sales growing by 10% in Q1FY16. CSD and Institutional sales (7% of the domestic turnover) grew at a healthy rate of 22% in Q1FY16.

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Marico's **International Business** achieved a turnover of INR 355Crore (USD 56 million) during Q1FY16, remaining flat on constant currency basis. The operating margin (before corporate allocations) has remained range bound in the quarter at 18.3% as against 18.5% in Q1FY15. The Company will endeavor to maintain international margins in the region of 16-17% and continue to invest and plough back savings to drive growth.

The **Bangladesh** business reported a topline constant currency growth of 2% in Q1FY16. The topline growth was driven by overall volume growth of 3% over Q1FY15 backed by continued performance in the value added hair oils portfolio and hair colours. Parachute in Bangladesh maintained leadership position with 81% share. The Company's value added hair oils portfolio grew at a rate of 9% in constant currency terms. The management will aim at being the market leader in the category in the medium term.

The **Middle East** business continued the positive momentum and grew on constant currency basis by 24% in Q1FY16. This was the fifth consecutive quarter of double digit growth. The business has also reduced its losses substantially. This trend of improvement is expected to continue and the management expects the business to become consistently profitable by FY17.

Due to distribution transition and also due to subdued consumer demand in **Egypt**, the business is experiencing short term challenges leading to decline in turnover by 18% in Q1FY16. However, the post transition lead indicators are looking positive and in the long run, this is expected to bring in many transformational benefits.

Business in **South East Asia** (of which Vietnam is a significant contributor) declined by 5% in constant currency terms. On a like to like basis (without considering Beauté Cosmétique Societé Par Actions, which was divested during the quarter), the top line growth was flat. Better macro-economic indicators, a robust new product pipeline and a clean-up of distributor inventory levels over the last one year, should perk up the volume growth during the next 3 quarters.

The **South Africa** business reported a constant currency growth of 3% during the quarter amidst challenging macro conditions. The first distribution agreement was signed with an East African country distributor and exports shall commence soon. The Company is making plans for entry strategy in 6 other sub-Saharan African markets organically.

Saugata Gupta, MD & CEO said, "We have had a satisfactory quarter, though with a few misses in the India and international geographies. While, rural growth in India is largely intact we are closely tracking the monsoon, we are expecting urban consumption to recover in the 2nd half of this year. We believe that significant progress in our focus transformation areas and improved macro factors will drive better volume growths in the second half of the year"