

## Media Release

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### Marico Q3FY16 results

**Double Digit volume growth of 10%, Revenue up 7%**

**EBITDA up 24%, PAT up 24%**

**Strategic and capability building initiatives started to bear fruit**

During the quarter ended December 31, 2015, Marico posted Revenue from Operations of INR 1,556 crore (USD 235 million) a growth of 7% over Q3FY15. India business (Turnover of Rs. 1215 crores) grew by 7% in value terms and the international business (turnover of Rs. 341 crores) grew by 8% in constant currency terms. The topline was driven by 10.5% volume growth in India leading to an **overall volume growth of 10%**. The overall volume growth excluding the recently divested Beauté Cosmétique Société Par Actions (BCS) business was 11%.

EBITDA at INR 294 crore (USD 45 million) has grown by 24%. EBITDA margins were at 18.9%. The Company has judiciously utilized the benefits of lower commodity prices in improving pricing competitiveness, advertising inputs behind core categories and new products while also improving EBITDA Margins. Profit after Tax for the quarter was INR 198 crore (USD 30 million) and grew by 24%.

At its meeting held on January 30, 2016, the Board of Directors of the Company has declared a second interim dividend of 150% (INR 1.50 per share) on its post bonus paid up equity share capital of Rs. 129 crores.

Market share gains continue in more than 80% of the portfolio; almost the entire India portfolio gained share.

Marico won the "Best Domestic Company for Corporate Governance" across sectors in a poll conducted by Asiamoney. The company would like to thank its investors and analysts who have shown faith in the company management. Amongst the sub-categories in the poll conducted by Asiamoney, Marico was **ranked 1st in Corporate Governance, Disclosure & Transparency and Investor Relations**.

Marico was awarded a Certificate of Excellence in Corporate Governance by 15th ICSI National Awards.

Marico Brands won 4 *EFFIES* – 1 Gold and 1 Silver for **Saffolalife World Heart Day Initiative**, 2 Silvers for **Saffola Fit Foodie**. **X-men** deodorant was awarded the 'Best Male Deodorant' in the 'Elle Man Grooming Awards 2015' in Jan 2016 based upon votes given by local experts.

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](http://www.marico.com)

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The **India Business** achieved a turnover of INR 1,215 crore (USD 184 million) during the quarter, a growth of about 7% over Q3FY15. The Business continues to gain market share in more than 95% of the portfolio. The **volume** growth in India was at **10.5%** for the quarter. The overall sales growth was bolstered by the strong growth volume growth of 17% in the Saffola Edible Oil portfolio and 21% in the Value Added Hair Oil portfolio.

The operating margin of the India business during Q3FY16 was 23.3% before corporate allocation. Higher operating margins can be attributed mainly to gross margin expansion led by softer inputs costs. The Company believes that an operating margin for the India business in the band of 18% to 19% is sustainable in the medium term.

**Parachute's rigid portfolio** recorded a volume growth of 4% for Q3FY16 over Q3FY15 amidst an aggressive deflationary environment. In January 2016, the Company took weighted average MRP correction of 6% across SKU's after observing fall in copra prices over the past few months. The company will continue to take judicious pricing calls to protect consumer franchise subject to threshold margins. It expects to deliver a volume growth of 5-7% in the next couple of quarters. During the 12 months ended December 2015, Parachute along with Nihar increased its market share by more than 44bps to 57%.

The **Saffola refined edible oils** franchise grew by a handsome 17% in volume terms for the quarter. Key initiatives such as broader participation through different variants and selective pricing inputs across all variants fueled growth. Saffola is likely to grow by 8-10% in the medium term. The brand strengthened its leadership position in the super premium refined edible oils segment to 60% during the 12 months ended December 2015.

**Saffola Masala Oats** launched two new exciting flavours viz. "Chinese and Italian" during January 2016 in the market. The Oats franchise continues to grow with a strong no.2 position with a MAT value market share of 25% (exit market share of 27%). Focus on value added offerings in the oats segment led to a dominant 67% value share in the flavoured oats market on a MAT basis. The franchise is poised to achieve INR 120 Crore (USD 18 million) landmark this year.

Marico's **Value Added Hair Oil** brands grew by 21% in volume terms during the quarter. The volume growth was further aided by shifting of festive season to Q3. The Company further strengthened its market leadership by 204 bps to 30% volume share (for 12 months ended December 2015) and value share gain of 198 bps to 24% for the same period. **Nihar Shanti Amla** continues to gain market share and achieved a volume market share of about 37% for the 12 months ended December 2015 in the Amla hair oil category (MAT Q3FY15: 31%).

The Youth brands portfolio de-grew by 8% in value terms. 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 by 854 bps in last 9 months in the Gels segment.

The portfolio of Set Wet Deodorants is witnessing a complete revamp which entails new product, refreshed packaging and positioning. Ranveer Singh, a famous cine actor popular with the Youth, as the brand's ambassador, will act as a force multiplier helping Deodorants get back lost volumes and market share. The new pack will be available in the market from Feb-16.

Livon Franchise declined in Q3 FY 16 over same quarter last year. The Livon Hair Gain franchise has been impacted by counterfeits and the resultant loss in credibility in the segment. The Brand launched its new communication showcasing real life consumer experiences to build

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credibility about the product's efficacy apart from introduction of anti-counterfeit measures on the pack. In order to revive the growth in **serum** category, the Company restaged Livon Serum last quarter. The results of the restage are being closely monitored – however, it will take couple of quarters to gain growth momentum.

Marico's rural sales grew by 7% and urban sales (general & modern trade) grew at 6%. Sales in Modern Trade (9% of the India turnover) continued the good run with a growth of 20% in Q3FY16. CSD and Institutional sales (7% of the India turnover) grew at a muted rate of 1% in Q3FY16 largely due to correction in inventory holding period by CSD.

In Marico's **International Business**, the strategy of focusing on strengthening the core and investing behind capabilities seems to have started showing positive results. This business achieved a turnover of INR 341 Crore (USD 52 million) during Q3FY16, a growth of 8% in constant currency basis. Marico's International business delivered double digit volume growth after fourteen quarters. The operating margin (before corporate allocations) remained healthy at 20.8% as against 17.6% in Q3FY15. The margin expansion can be attributed to benign raw material prices. The Company will endeavor to maintain international margins in the band of 16-17% and continue to invest and plough back savings to drive growth.

The **Bangladesh** business reported a constant currency growth of 1% in Q3FY16. In the current quarter, volume of Parachute coconut oil grew on the back of price action taken to correct the price premium with loose oil. Thus far, the Company has taken a price correction of ~ 10% across SKU's to arrest the volume decline. During Q3 FY16, the non-coconut oil portfolio grew at a rate of 28% in constant currency terms.

The **Middle East** business continued the positive momentum and grew on constant currency basis by 41% in Q3FY16. The business has reported operating profits for the quarter and is likely to break even for the year. The Company has restaged the Parachute brand across Middle East markets to sustain the growth momentum in the market. This trend of improvement is expected to continue and the management expects the business to become consistently profitable by FY17.

The distributor transformation in **Egypt** has now started to yield results starting this quarter; the business grew by 50% in constant currency over Q3 FY15, albeit on a lower base. During the quarter, Hair Code Gel was also re-launched with improved formulation and new packaging.

Business in **South East Asia** (of which Vietnam is a significant contributor) grew by 9% in constant currency terms (without considering divested BCS business). X-Men maintained its leadership in male shampoos and the number two position in male deodorants.

The **South Africa** business reported a constant currency growth of 8% during the quarter amidst challenging macro conditions. The rapidly depreciating South African Rand (ZAR), however, impacted the top line growths. We have commenced exports to four countries in Sub-Saharan Africa. We believe these markets are "Invest to Grow" markets and will be backed by adequate marketing initiatives.

**Saugata Gupta, MD & CEO** said, "The macro environment during the quarter continued to be tough. Marico, however, had a satisfactory quarter clocking double digit volume growths in India and double digit constant currency growth in international geographies. We are hopeful of maintaining this momentum going forward. We remain committed to our long term deliverable of building enduring consumer franchises in India and International markets."