

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 ICP Vietnam voted as the 'Best Places to work'

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10th year of Marico Vietnam winning the certificate of Vietnam High Quality Product, voted by consumers of Saigon Marketing Newspaper and Vietnam High Quality Products Associate in 2014



Marico Q4FY15 results

**Revenue up 14%, PAT up 24%, India Secondary Volume growth of 7%
Market share gains in circa 85% of the portfolio**

During the quarter ended March 31, 2015, Marico posted Revenue from Operations of INR 1,226 crore (USD 201 million) a growth of 14% over Q4FY14. India business grew by 17% and the international business grew by 8% in constant currency terms. The secondary volume growth of India business during the quarter was healthy at 7%. Middle East and South East Asia also posted healthy constant currency growths during the quarter. Marico clocked an annual top line of Rs. 5733 Crore, a growth of 22%.

EBITDA at INR 171 crore (USD 28 million) has grown by 11%. Group EBITDA margin was at 14.0%. The operating margin is in line with Marico's strategic preference to protect consumer franchise over short term margins. For FY15, the EBITDA margin was healthy at 15.2%. Profit After Tax for the quarter was INR 110 crore (USD 18 million) and grew by 24%. For FY15, the profit after tax grew by 18% to Rs. 573 Crore.

The Company's core portfolio consolidated its position during the year. Parachute's rigid portfolio (packs in blue bottles) crossed the landmark of INR 1,500 crore (USD 245 million) and the Value Added Hair Oils portfolio crossed INR 1,000 crore (USD 164 million) landmark.

To further strengthen its nourishment portfolio in India, the Company launched two prototypes during the quarter. **Parachute Advanced Aromatherapy** was launched in Mumbai aiming at making hair oiling relevant to urban lifestyle through the benefit of de-stress and relaxation. To address the loose mustard oil market, the Company launched **Nihar Naturals Shanti Sarson Kesh Tel**, a value added mustard hair oil which delivers the goodness of mustard but with pleasant sensorial. Both the prototypes are showing good promise.

In the International business, **Parachute Advanced Extra Care**, a light hair oil with herbal extracts is being prototyped in Bangladesh. This would help women with hair-fall problem.

The Company declared two interim dividends during the year of 100% (INR 1.0 per share) and 150% (INR 1.5 per share). The dividend payout ratio for FY15 is 30%. The Company will endeavor to improve the dividend payout ratio further depending on its fund requirements towards expansion.

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 **Domestic Business** achieved a turnover of INR 949 crore (USD 156 million) during the quarter and annual INR 4,449 crore (USD 730 million), a growth of 17% and 26% over the same period last year.

During the quarter, the India business progressed well on the project of execution of automated sales order management and distributor replenishment system and as a part of this exercise the distributor inventory levels were reduced. The secondary volume growth for the quarter was healthy at 7%, in line with the Company expectations. However, due to de-stocking, the primary sales volume growth was muted at 3%. The overall sales growth was bolstered by the price increases taken across the portfolio to cover a major part of the input cost push.

The operating margin of the India business during Q4FY15 and FY15 was 18.0% and 17.7% respectively before corporate allocation. The Company believes that an operating margin in the band of 17% to 18% is sustainable for the domestic business in the medium term.

Parachute's rigid portfolio (packs in blue bottles) recorded a secondary volume growth of 9% for Q4FY15 over Q4FY14. Competitive position being favorable throughout the year, Parachute along with Nihar increased its market share by more than 100bps to 57% during the 12 months ended March 2015.

The Saffola refined edible oils franchise grew by 3% in secondary volume terms for the quarter. Super premium refined oils category has been impacted in the second half of the year mainly on account of increased price premium with respect to other refined oils. The brand, however, gained market share by 268 bps and further strengthened its leadership position in the super premium refined edible oils segment to 58% during the 12 months ended March 2015.

Saffola World Heart Day Campaign won a Gold and Bronze at the International Festival of Media Global 2015

Saffola Oats has a strong no.2 position with a MAT value market share of 21% and an exit market share of 24%. 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 61% value share in the flavoured oats market on a MAT basis, with Mar'15 exit value market share of 67%. The franchise reached a top line of INR 80 Crore (USD 13 million) in this fiscal and is poised to cross INR 125 Crore (USD 20 million) landmark next year.

Marico's hair oil brands (Parachute Advansed, Nihar Naturals ad Hair & Care) grew by 10% in secondary volume terms during the quarter. During the year, the Company further strengthened its market leadership by 88bps to 29% volume share (for 12 months ended March 2015) and continues to premiumize with value share gain of 210bps to 22% for the same period.

Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 33% for the 12 months ended March 2015 in the Amla hair oil category (MAT Q4FY14: 30%), with an exit market share of > 36% reflecting a continued strong trajectory of growth.

Parachute Advansed Body lotion has grown faster than the category. In spite of the muted growth in the category, Parachute Advansed Body lotion gained volume share and maintained its no.3 position with 6% share. The brand featured in the list of **23 Breakthrough Innovations** in FMCG by Nielsen.

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The Youth brands portfolio grew by 14% in terms of secondary sales and 10% in terms of primary sales. The portfolio grew by 5% in FY15. The Company has further strengthened its leadership position in the Hair Gels and Post Wash Leave-on conditioner (2/3rd of the Youth Portfolio) market with about 44% and 82% share respectively. It will focus on expanding these high margin categories as their penetration in India is far lower as compared to other emerging markets.

Marico's rural sales continue to clock a faster pace of growth at 26% (secondary) as compared to urban sales growth which was at 18% for the quarter. For the full year, rural primary sales have grown at 32% compared to urban primary sales of 23%. Sales in Modern Trade (9% of the domestic turnover) continued its good run with secondary sales growing by 17% in Q4FY15. Modern trade grew by 24% for the full year. CSD and Institutional sales (7% of the domestic turnover) grew at a healthy rate of 37% in Q4FY15 and 33% for FY15.

Marico's **International Business** achieved a turnover of INR 277 Crore (USD 45 million) during Q4FY15, a growth of 8% on constant currency basis. The operating margin for the quarter was at 16.5% (before corporate allocations) reflecting a structural shift in international business. The Company will endeavor to maintain international margins at 16-17% and continue to invest and plough back savings to drive growth.

The Bangladesh business was impacted in Q4 due to political unrest leading to a constant currency revenue decline of 1%. Parachute in Bangladesh maintained leadership position with 81% share. The Company's value added hair oils portfolio grew at a healthy rate of 38% in value terms and maintained its market position at no.3. The management will aim at being the market leader in the category in the medium term.

With the new product introductions in the last two years, Marico Bangladesh is poised to become a full-fledged Personal Care company. From FY17 onwards, more than 80% of the incremental growth in the Bangladesh business is expected to come from the non-coconut oil portfolio backed by modest growth in core coconut oil business. Marico Bangladesh received **Best Corporate Award 2014** under Multinational Category by Institute of Cost and Management Accountants of Bangladesh (ICMAB).

The Middle East business continued the positive momentum and grew on constant currency basis by 55% in Q4FY15. The business has grown in double digits in all the quarters in FY15 and has reduced its losses substantially.

Due to the distribution transition in Egypt, the business declined by 30% in Q4FY15. However, the post transition lead indicators are looking positive and in the long run, this is expected to bring in many transformational benefits. This initiative has not impacted the market shares and HairCode and Fiancée continue to be the market leader with 59% share.

The business in South East Asia (of which Vietnam is a significant portion) grew by 25% in Q4FY15 in constant currency terms. Business in Vietnam has witnessed an uptick with a double digit constant currency growth during the quarter.

Saugata Gupta, MD & CEO said, "We continued our journey of delivering sustainable profitable growth this quarter. Simultaneously we are taking definitive long term steps in creating the organization of the future especially in our identified areas of transformation. We are confident of a gradual improvement of the sector growth in the coming quarters especially in the urban markets while the rural consumption trends will depend a bit on the performance of the monsoon."