

Media Release



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Net Profit Rs. 725 cr

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

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Parachute Advanced Super (Mini Sachet) won the *Socially Relevant and Impactful* category at the 9th *Product of the Year Awards*

Marico Q4FY16 results

**2nd Consecutive Quarter of double digit volume growth of 10.5%,
Revenue up 7%, EBITDA up 26%, PAT up 26%
Dividend Payout Ratio of 69%**

During the quarter ended March 31, 2016, Marico posted Revenue from Operations of INR 1,307 crore (USD 195 million) a growth of 7% over Q4FY15. India business (Turnover of Rs. 986 crores) grew by 8.4% in volume terms and the international business (turnover of Rs. 321 crores) grew by 11% in constant currency terms. The Company posted an overall volume growth of 10.5% for Q4 FY16.

EBITDA at INR 217 crore (USD 32 million) has grown by 26%. EBITDA margins continued to be healthy at 16.6%. 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 at INR 138 crore (USD 21 million) grew by 26%.

During the quarter, the Company sold the Goa plant property which was non-operational for over two years since the plant was shut. The sale resulted in a post-tax gain of INR 7.5 Crores, which is included under "Other Income" in the published financials. The growth in Profit after Tax (excluding this one-time gain) was 19% for the quarter.

During FY16, the Company clocked a volume & value growth of 7%. EBITDA margins remained healthy at 17.3%, a growth of 22% over FY15. Profit after Tax grew by a healthy 26%. The Company declared three interim dividends during the year. The **dividend payout ratio for FY16 is 69%**. The Company will endeavor to have a healthy dividend payout ratio depending on its fund requirements towards expansion.

Market share gains continue in more than 80% of the portfolio on 12 months MAT basis; almost the entire portfolio in India gained share.

During the quarter, Marico won two awards at the Big Data and Analytics Awards for 'Best Practices in Data Warehousing' and 'Excellence in Business Intelligence'. Marico brands won 6 awards at the Goafest Media ABBY Awards 2016; Saffolalife won a Silver and 2 Bronze, Nihar PCN won a Silver, Parachute Advanced Aromatherapy won a Bronze and Bio Oil received a Bronze.

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products Group, in the global beauty and wellness space. During 2015-16, Marico recorded a turnover of about Rs. 61 billion (USD 915 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 16% in Turnover and 19% 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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The **India Business** achieved a turnover of INR 986 crore (USD 147 million) during the quarter, a value growth of about 4% over Q4FY15. The Business continues to gain market share in more than 95% of the portfolio on 12 months MAT basis. The **volume** growth in India was at **8.4%** for the quarter. The overall sales growth was backed by continued growth momentum in categories of Parachute Coconut Oil in Rigid packs, Saffola Oils and Value Added Hair Oils (VAHO) and double-digit growth in Youth portfolio.

The operating margin of the India business during Q4FY16 was 23.6% before corporate allocation. Higher operating margins can be attributed mainly to gross margin expansion led by softer inputs costs. In the near term, the EBITDA margins are likely to remain in higher band (20-22%) although the Company would be comfortable with a band of 18-19% in the medium term.

Parachute's rigid portfolio recorded a volume growth of 6% for Q4FY16 over Q4FY15 amidst an aggressive deflationary environment. In April 2016, the Company has taken a 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 while protecting margins. It expects to deliver a volume growth of 5-7% in the near term. During the 12 months ended March 2016, Parachute along with Nihar increased its market share by more than 63bps to 59%.

The **Saffola refined edible oils** franchise grew by a handsome 13% in volume terms for the quarter. The Company continued focus on the key task of driving relevance amongst the proactively health conscious consumers through key marketing input of Saffola Active communication of "Use not just less Oil but Right Oil as well - to stay fit & active". Saffola is likely to grow by circa 10% in the medium term. The brand strengthened its leadership position in the super premium refined edible oils segment to 63% during the 12 months ended March 2016.

Saffola Oats franchise continues to grow with a strong no.2 position with a MAT value market share of 27%. Focus on value added offerings in the oats segment led to a dominant 70% value share in the flavoured oats market on a MAT basis. The franchise crossed INR 100 crore (USD 15 million) of top line in this fiscal and is well poised to cross INR 200 Crore (USD 30 million) landmark by FY18.

Marico's **hair oil** brands grew by 11% in volume terms during the quarter. The Company further strengthened its market leadership by 179 bps to 32% volume share (for 12 months ended March 2016) and with value share gain of 132 bps to 25% 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 March 2016 in the Amla hair oil category (MAT March'15: 32%).

The Youth brands portfolio grew by 19% in value terms. **Set Wet Gels, re-launched** in Q4 last year continued to grow in double digits during the quarter, leading to increase in market shares by 1197 bps in last 12 months in the Gels segment.

Taking a leaf from the Set Wet Gel success book, the **'Sada Sexy Raho'** campaign has been extended to Set Wet Deodorants too. Ranveer Singh, as the brand's ambassador, will help Deodorants get back lost volumes and market share. The refreshed new product which hit the markets in March, 2016 promotes the 'day usage' practice unlike the other brands which focus only on 'party / night usage'.

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Marico's rural and urban sales grew by 3% in Q4 FY16. Sales in Modern Trade (9% of the India turnover) continued the good run with growth of 17% in Q4FY16. CSD and Institutional sales (8% of the India turnover) grew at 12% in Q4FY16. The technology transformation in sales is on track and has started delivering results.

In Marico's **International Business**, the strategy of focusing on strengthening the core by investing behind capabilities seems to have started showing positive results. This business achieved a turnover of INR 321 Crore (USD 48 million) during Q4FY16, a growth of 11% in constant currency basis. The operating margins (before corporate allocations) were at 14.4% in Q4 FY16 as against 16.6% in Q4 FY15 as the Company invested in brand building. The Company shall endeavor to maintain international margins at ~ 17% and continue to invest and plough back savings to drive growth.

The **Bangladesh** business reported a constant currency growth of 11% in Q4FY16 albeit on a lower base of Q4 FY15. In the current quarter, Parachute coconut oil grew by 5% in constant currency terms due to price correction (volume growth: 15%) maintaining leadership position with 82% share. During Q4 FY16 and FY16, the non-coconut oil portfolio grew at a rate of 37% and 13% respectively in constant currency terms. In FY16, the entire value growth has come from non-Coconut Oil portfolio considering the deflation in Parachute Coconut Oil.

The **Middle East** business continued the positive momentum and grew on constant currency basis by 19% in Q4FY16 resulting in eight quarters of double digit growth. The business has reported operating profits for the quarter and also for the full year. This trend of improvement is expected to continue and the management expects the business to become consistently profitable in FY17.

Amidst tough macro-economic conditions, the recovery in **Egypt** business is going to be slow and gradual; the business grew by 4% in constant currency over Q4 FY15. We remain positive about the medium term outlook on this market.

Business in **South East Asia** grew by 15% in constant currency terms (without considering BCS business, which was divested in Q1 FY16). 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 10% during the quarter amidst challenging macro conditions. The rapidly depreciating South African Rand (ZAR), however, impacted the top line growths. The Company has initiated its organic footprint in sub-Saharan African markets. We believe these markets are "Invest to Grow" markets and will be backed by adequate marketing initiatives.

Saugata Gupta, MD & CEO said, "We continued our journey of delivering sustainable profitable growth this quarter. Deflation and severe drought conditions may make the short term growths in India a challenge. However, with prospects of a good monsoon & consumption pick up in second half of the year, we remain confident of delivering 8-10% volume growth in India and a double digit constant currency growth in International. We will stay the course on investing behind the five areas of transformation and firmly believe that the results will follow."