Marico Limited – Q4FY24 Results

Sequential Improvement in Domestic Volume Growth
Foods Business scales ~4x since FY20
Digital-first portfolio clocks exit ARR of ₹ 450 crore+
International business bounces back to record 10% CCG
EBITDA up 12% YoY; PAT up 14% YoY on like-to-like basis
Record high operating margin of 21.0% in FY24

In Q4FY24, Revenue from Operations was at ₹2,278 crore, up 2% YoY, with underlying volume growth of 3% in the domestic business and constant currency growth of 10% in the international business.

The domestic operating environment during the quarter was closely akin to the preceding quarters of this year. Across various FMCG categories, premium and urban-centric segments stayed ahead of rural and mass segments. Although, we did witness an uptick in rural sentiment towards the end of the quarter. Among channels, alternate channels continued to gain salience vis-à-vis General Trade as the latter has been contending with subdued realizations and profitability headwinds.

The India business posted volume growth of 3%, as pricing corrections in key portfolios anniversarized to a larger extent on a sequential basis. The business recorded a turnover of ₹ 1,680 crore, flattish on year-on-year basis. Offtakes remained healthy across key portfolios with 75% of the business either gaining or sustaining market share and 100% of the business either gaining or sustaining penetration, both on MAT basis.

The International business delivered strong broad-based growth led by Bangladesh recovering after facing transient headwinds in the preceding quarter and strong growth momentum in MENA and SA.

Gross margin expanded by 420 bps YoY, owing to softer input costs and favorable portfolio mix**. A&P spends** was **up 8% YoY. EBITDA margin was 19.4%, up 186 bps YoY. EBITDA grew by 12%. PAT bei was up 14% YoY, as the impact of lower Other Income was offset by lower tax charge.**

Domestic Business

Parachute Rigids registered 2% volume growth amidst the ongoing pick up in loose to branded conversions. During the quarter, the franchise gained ~53 bps in market share on MAT basis. We expect to maintain an improving trajectory in volumes as copra prices trend up favorably. Owing to the rise in copra prices, we implemented price hikes in select packs in April 2024, resulting in ~6% increase at a brand level.

Value-Added Hair Oils declined 7% in value terms on a high base amidst persistent sluggishness in the bottom of the pyramid segment**.** Mid and premium segments of VAHO continued to fare relatively better. We expect the franchise to exhibit a gradual pickup during the course of next year.

Saffola Edible Oils registered mid-single digit volume growth, as the base normalized and trade sentiment settled owing to price stability. As the pricing base normalizes early next year, we expect the portfolio to resume a steady growth trajectory during the course of FY25.

Foods logged **24% value growth YoY, closing the year at ~4x of its scale in FY20. Saffola Oats** maintained its category leadership, while **newer franchises continued to scale up** on expected lines**.**

Premium Personal Care sustained its healthy growth trajectory during the quarter, with the **Digital-first portfolio** clocking an **exit ARR of ~₹450 crore. Beardo** has scaled **~3x since FY21** and achieved positive EBITDA this year**. Just Herbs** has crossed **INR 1bn ARR in FY24,** while the traction in the Personal Care portfolio **of Plix has been encouraging.**

The composite share of Foods and Premium Personal Care was at ~20% of domestic revenues in FY24.

Marico has been recognized as one of the "Best Managed Companies India 2023" by Deloitte India

Marico has been awarded as the "Best Employer of India - 2023-24", by Kincentric

Marico has been recognized as the "Most Consumer Centric Brand of the Year" at the 3rd Smart CX Summit & Awards 2024 in Bangalore

Marico is honoured to be recognized yet again, in the 'LEADERSHIP' category at the annual assessment in the Indian Corporate Governance Scorecard for 2023 by IiAS

Marico Limited, Regd. Off: 7th Floor Grande Palladium, 175, CST Road, Kalina, Santacruz (E), Mumbai 400 098, India.
Tel: (91-22) 66480480 | Website: www.marico.com | Email: investor@marico.com

International Business

Bangladesh registered 8% constant currency growth as the core business and new franchises performed well. **South-East Asia** was flat in CC terms. **MENA** continued its strong growth momentum and delivered 19% CCG with both the Gulf region and Egypt faring well**. South Africa registered 13% CCG** driven by the ethnic hair care segment**. NCD and Exports** posted 34% growth.

Outlook

Amidst improving **macro-indicators** and forecast of a **normal monsoon,** we expect a gradual uptick in the growth of our core categories through the ongoing initiatives to enhance the profitability of our General Trade (GT) channel partners and transformative expansion in our direct reach footprint with the roll out of **Project SETU (in Q1FY25)**. **Project SETU lays a** 3-year phased roadmap to **improve our direct reach from ~1 million outlets currently to 1.5 million outlets**. This will be backed with substantial investments behind coverage and infrastructure enhancement, and demand generation initiatives, and will be funded through re-allocation of resources by optimizing trade spends and improving supply chain efficiencies. **Therefore, Project SETU will be cost neutral.**

After successful initiatives towards refinements in supply chain and GTM during FY24, **we aim to grow Foods at 20%+ CAGR and scale to 2x of its current scale in FY27**. The **scale up of the Digital-first portfolio** has met our stated aspirations and we expect the **ARR of this portfolio to scale to 2x of its current run rate in FY27**. Consequently, we **expect the domestic revenue share of the Foods and Premium Personal Care portfolios to expand from ~20% currently to ~25% by FY27.**

Focused initiatives towards scaling the Foods business profitably has led to a **robust GM expansion of ~800 bps in the Foods portfolio in FY24**. We have also **achieved positive EBITDA in Beardo in FY24** through premiumisation and scale benefits and **aim to move towards double-digit EBITDA margin next 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 been resoundingly resilient in FY24. The visible geographical diversification in the overall international business, marked by the accelerated ramp up in MENA and SA businesses over the last few years, reflected in the **reducing revenue dependence on Bangladesh business from ~51% in FY22 to ~44% in FY24**. **We will aim to maintain the double-digit constant currency growth momentum in FY25 and beyond.**

Consolidated revenue growth has moved into positive territory in Q4 and is expected to trend upwards during the course of FY25. We expect domestic revenue growth to outpace volume growth from Q1FY25. We have delivered our highest-ever operating margin in FY24 led by robust gross margin expansion, even while investments towards brand-building (A&P to Sales at ~10% in FY24) remained a key thrust area. We will continue to drive steady progress towards our key strategic objectives in the domestic as well as the International businesses and **aim to deliver healthy revenue-led earnings growth in FY25**.

Saugata Gupta, MD & CEO, commented, *"We have closed fiscal 2023-24 on a promising note, delivering our highest-ever annual operating margin with sequential improvement in both the domestic and international businesses. In the domestic business, we expect a gradually improving growth trajectory in the core categories through ongoing initiatives to enhance GT channel partner profitability and transformative expansion in direct reach via Project SETU, while we aggressively drive the profitable scale up of Foods and Digital-first brands. As the Bangladesh business regained its momentum, the ramp up in the MENA and South Africa businesses has visibly strengthened the growth construct of the International business. We will aim to deliver healthy revenue-led earnings growth in the near and medium term, aided by the positively evolving operating environment."*

Marico has been recognised as one of the 'Best Managed Companies India 2023' by Deloitte India

Marico was awarded as the Best Employer of India - 2023-24, by Kincentric

Marico has been recognised as the "Most Consumer Centric Brand of the Year" at the 3rd Smart CX Summit & Awards 2024 in Bangalore

Marico is honoured to be recognized yet again, in the 'LEADERSHIP' category at the annual assessment in the Indian Corporate Governance Scorecard for 2023 by IiAS

Marico Limited, Regd. Off: 7th Floor Grande Palladium, 175, CST Road, Kalina, Santacruz (E), Mumbai 400 098, India.
Tel: (91-22) 66480480 | Website: www.marico.com | Email: investor@marico.com