

## Media Release

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Net Profit Rs. 485 cr

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Black Chic Hair Food won the *Best Hair Food Product* at the African International Hair Extravaganza

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### Marico Q1FY15 results Revenue up 25%, PAT up 19%, EBITDA margins at 16.4% Strong growth in India & core International markets

Marico posted Revenue from Operations of INR 1,623 crore (USD 270 million), a growth of about 25% over Q1FY14 during the quarter ended June 30, 2014 (Q1FY15). The topline was driven by an overall volume growth of 5% with a 6.5% volume growth in India.

EBITDA at INR 267 crore (USD 45 million) has grown by 20%. EBITDA margin continued to be healthy at 16.4%. Profit After Tax for the quarter was INR 185 crore (USD 31 million) and grew by 19%.

Operating margin (before corporate allocation) for the India business was at 18.8% in Q1FY15 as against 20.9% in Q1FY14. International operating margins improved from 13.3% in Q1FY14 to 18.2% (before corporate allocation) in Q1FY15 reflecting a structural shift in international margins based on the cost management projects undertaken last year.

Marico India's rural sales continue to clock a faster pace of growth at 33% as compared to urban sales which also grew at a healthy rate of 25%. The continued focus on distribution expansion in rural markets has pushed the Company's rural sales to more than 30% of total Indian FMCG sales. The Company continues to make long term investments towards strengthening the direct distribution in rural areas and has increased its direct rural reach by 25% to 50,000 villages in the last two years. These initiatives are expected to result in rural contribution to domestic sales going up to 35% in the next two years.

The Company has embarked on a Go To Market (GTM) transformation journey. Project ONE was conceived with an objective of increasing Marico's direct coverage in its top 6 metros. Over the last 9 month, the project has increased direct coverage in these cities by 60%.

Sales in Modern Trade (9% of the domestic turnover) continued its good run and grew by 27% in Q1FY15.

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products Group, in the global beauty and wellness space. During 2013-14, Marico recorded a turnover of about INR 47 billion (USD 781 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, Livon, Set Wet, Zatak, Mediker and Revive. The international consumer products portfolio contributes to about 25% of the Group's revenue, with brands like Parachute, HairCode, Fiancée, Caivil, Hercules, Black Chic, Code 10, Ingwe, X-Men, L'Ovite and Thuan Phat.

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance, a CAGR of 16% in Turnover and 20% 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 **FMCG Business in India** achieved a turnover of INR 1,280 crore (USD 213 million) during the quarter, a growth of about 28% over Q1FY14. The volume growth in India was a healthy 6.5%. The overall sales growth was bolstered by the price increases taken across the portfolio to cover a major part of the input cost push.

Parachute coconut oil in rigid packs (the focus part of the Parachute portfolio) recorded a volume growth of about 6% during the quarter. During the 12 month period ended June 2014, Parachute along with Nihar increased its volume market share by 50bps to 56%.

Due to a further spurt in copra prices, the Company has taken a weighted average price increase of 19% over Q4FY14 during the quarter (April & June).

The Saffola refined edible oils franchise grew by about 10% in volume terms during Q1FY15 as compared to Q1FY14. This is the second consecutive quarter of double digit growth in the franchise. The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 55% during the 12 months ended June 2014.

Saffola's foray into healthy foods, Saffola Oats, has emerged as a strong no.2 brand in the oats category with a value market share of 17%. Two sweet flavoured oats with fruits were introduced to compliment the bouquet of six savory flavors. Focus on value added offerings in the oats segment has enabled the Company to capture 51% share in the flavoured oats market. The Company expects to reach a top line of circa INR 70-75 crore (USD 12-13 million) in this fiscal for the franchise and is poised to cross INR 100 crore (USD 17 million) landmark next year.

Marico's hair oil brands (Parachute Advanced, Nihar Naturals and Hair & Care) grew by 11% in volume terms during Q1FY15 over Q1FY14. The portfolio of brands has emerged as a clear market leader with 28% share (for 12 months ended June 2014). Marico continued to be the market leader in value terms as well, for the second consecutive quarter.

This year, Parachute Advanced Jasmine and Nihar Naturals Perfumed oil portfolio are poised to cross the landmark of INR 250 crore each and join Nihar Shanti Amla which achieved the milestone last year. Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 30% for the 12 months ended June 2014 in the Amla hair oils category (MAT Q1FY14: 27%). The Company's Value Added Hair Oils portfolio now has 4 strong brands with a turnover of more than INR 200 crore each.

Due to an increase in key raw material and packaging material prices, the Company has initiated a weighted average price increase of 6% across its value added hair oils portfolio.

The summer variant of Parachute Advanced Body lotion witnessed healthy growth in Q1FY15. Parachute Advanced Body Lotion has maintained its no.3 position with a market share of 6%. The new 'spray-on' Summer Refresh body lotion has seen good traction during the quarter.

The Youth brands portfolio witnessed flat performance this quarter on a very high base of Q1FY14. In terms of volume market share, the Company gained share in two of the three categories and maintained share in the highly competitive deodorants category. The Company expects to get back to 15-20% value growth in the next couple of quarters.

The Company has established a leadership position in the Hair Gels and Post Wash Leave-on conditioner (2/3rd of the Youth Portfolio) market with about 42% and 82% share respectively. Set

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Wet and Zatak deodorants (a third of the Youth portfolio) maintained its market share at 5% for 12 months ended June 2014, in the crowded deodorants category.

The Company entered the Hair Colour category in January'14 by introducing Livon Conditioning Cream Colour. The initial retailer and consumer feedback across the board has been positive.

Marico's **International Business** achieved a turnover of INR 343 Crore (USD 57 million) during Q1FY15 and thus reported a growth of 16% as compared to Q1FY14. Growth in the Core markets remained healthy with Bangladesh growing at 14%, MENA at 18% and South Africa at 9% on constant currency basis. However, Vietnam remained flat during the quarter. Expansion in adjacent markets such as Nepal, Pakistan, Cambodia, Myanmar, Sri Lanka, North Africa etc., is expected to contribute up to INR 100 crore (USD 17 million) by next year.

14% constant currency growth in Bangladesh business was driven by overall volume growth of 5% over Q1FY14. The business reported market share gains across categories.

The Company's value added hair oils portfolio maintained its market share at 18% on MAT basis and holds no.3 position in VAHO category. HairCode brand (coupled with HairCode Active variant) continues to lead the powdered hair dye market with a market share of around 36%.

New products launched last year, such as HairCode Keshkala (Liquid hair dye), Livon hair serum, Set Wet deodorants and Saffola Active edible oil offer a substantial proposition for future roadmap in Bangladesh. From FY16 onwards, more than 80% of the incremental growth in the Bangladesh business is expected to come from the non-coconut oil portfolio.

The MENA business on an overall basis grew by 18% (constant currency basis) during Q1FY15 as compared to Q1FY14. This is mainly on account of strong recovery in the Middle East business. In Egypt, HairCode and Fiancée together continue to be market leaders in the gels category with 60% market share.

Business in Vietnam was flat due to sluggishness in the overall economy leading to reduced consumer confidence. X-Men maintained its leadership in male shampoos and the number two position in male deodorants.

The business In South Africa reported a constant currency growth of 9% during the quarter. The Company continues to gain market share in the environment where the growth in the segment remains weak.

The Company will focus on deriving synergies as a result of the combination of Domestic and International FMCG businesses. This includes acceleration of cross pollination and portfolio harmonization initiatives. The Company will endeavor to achieve an overall top line growth in the region of 15% to 20% in the medium term with an operating margin in the band of 14% to 15%.

Saugata Gupta, Managing Director & CEO said, "The fundamentals of the business continue to be strong with market shares improving across 80% of the portfolio. We will continue to invest behind core and simultaneously create portfolio of the future in adjacent categories and markets. Through various initiatives in both India and International business, we are confident of taking Marico into the next orbit of growth."