

## Marico Limited – Q1FY24 Results

Domestic volume growth at 3%; subdued by one-offs  
 Foods and Premium Personal Care scale up in line with expectations  
 Continued strong performance in International business  
 Operating margin expands to 23.2%; PAT, excluding one-offs, up 12% YoY  
 Topline and earnings growth trajectory to improve through the year

**In Q1FY24, Revenue from Operations declined 3% YoY to ₹2,477 crores.**

**The domestic business registered a volume growth of 3%**, subdued by one-off channel inventory adjustments on account of two factors: i) **destocking by trade in Saffola Oils** owing to a sharp fall in vegetable oil prices, and; ii) the **last phase of trade scheme rationalization in core categories**, implemented by the Company to correct the historical Q1 revenue skew.

However, offtake growth remained healthy, **~85% of the portfolio** either sustained or gained market share and penetration on MAT basis.

**The International business continued its strong growth momentum and delivered constant currency growth of 9%**, amidst macroeconomic and currency devaluation headwinds in some of the geographies.

**Gross margin** expanded ahead of internal expectations, **by 494 bps YoY and 257 bps sequentially**, owing to incrementally softer input costs. **A&P spends** were up 7% YoY. **EBITDA margin was at 23.2%, up 253 bps YoY. EBITDA grew by 9%, while Recurring PAT was up 12%. Reported PAT was up 15%**, due to a one-time gain (amounting to ~₹14 cr. pre tax) from the sale of fixed assets, classified under 'Other Income'.

### Strategic Investment in Satiya Nutraceuticals Private Limited

The Company has recently signed definitive agreements to acquire upto 58% of the paid-up share capital of Satiya Nutraceuticals Private Limited at a pre-money valuation of ~4x of its annualized revenue run-rate (ARR) of ~ ₹ 150cr. Satiya Nutraceuticals Private Limited owns "The Plant Fix – Plix", a digital-first, clean label, plant-based nutrition brand. With its portfolio of **non-GMO, Vegan, Gluten-free and Cruelty-free offerings**, spanning across Weight Management, Hair & Beauty, Sleep and Lifestyle Nutrition categories, Plix has established itself as one of the leading players in the online plant-based nutrition segment.

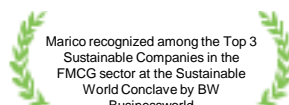
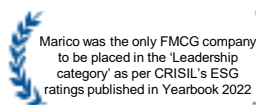
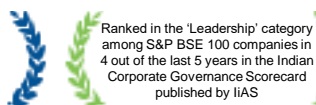
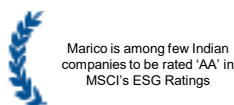
### Domestic Business

The India business delivered a turnover of ₹ 1,827 crore, down 5% on a YoY basis.

**Parachute Rigids** posted **volume decline of 2%**, as offtakes remained healthy with the brand holding its market share on MAT basis and recording highest-ever penetration levels.

**Value-Added Hair Oils** had a **flat quarter** amidst slower recovery in mass personal care categories. The franchise logged **value MS gains of ~20 bps**, reflective of the focus towards the mid and premium segments of the portfolio.

**Saffola Edible Oils** registered a **low double-digit volume growth**, on a negative base, mainly due to trade further reducing inventory levels as vegetable oil prices experienced a sharp downturn. **Revenue decline was in the low twenties on a yearly basis**, due to pricing interventions through last year as well as during the current quarter.



**Foods** continued its healthy scale up with **24% value growth YoY**, aided by steady growth in core and newer franchises. **Saffola Oats** maintained its market leadership, while newer categories of **Honey and Soya Chunks** gained scale. **Peanut Butter, Mayo and Munchiez** have also seen encouraging traction so far.

**Premium Personal Care (including the Digital-first portfolio)** delivered a steady performance in the quarter. **The composite portfolio is on course to contribute ~10% of domestic revenues in FY24.**

### International Business

**Bangladesh** clocked 9% constant currency growth with a broad-based performance across core and newer portfolios. **Vietnam registered 5% CCG**, subdued by the impact of the economic slowdown on the HPC category in the region. **MENA delivered 15% CCG** and **South Africa grew 37% in CCG terms. NCD and Exports businesses** registered 24% growth.

### Outlook

#### Near Term

While the performance of the domestic business in Q1 was marred by one-offs, **we expect to resume an improving trajectory in volume growth in the near-term**, given the sustained healthy trends in offtakes, market share and penetration across our key franchises. **We expect revenue growth to move into positive territory in H2**, as pricing deflation in the domestic portfolio has bottomed out and will now taper off through the rest of the year.

The **International business** has been on a robust growth trajectory, despite macroeconomic headwinds in some of the geographies. **We expect to maintain the double-digit growth momentum in FY24.**

In view of softening input costs, institutionalized cost management initiatives and a more favorable portfolio mix, **we expect gross margin to expand by 250-300 bps** and **operating margin to move up by more than 150 bps to 20%+ levels in FY24.**

#### Medium Term

The Company holds its medium-term aspiration of delivering 13-15% revenue growth on the back of 8-10% domestic volume growth and double-digit constant currency growth in the International business. The Company will aim to maintain consolidated operating margin above the threshold of 19% over the medium term.

**Saugata Gupta, MD & CEO, commented, “The year has started on a mixed note with domestic volume growth marred by one-offs, while the international business was resilient in a challenging environment. However, we remain confident of an improving trajectory of growth in the domestic business and sustained momentum in the international business. We have delivered robust margin expansion on the back of a softening input cost environment and expect to deliver healthy profitability this year. We will continue to drive sustainable and profitable volume-led growth by maintaining focus on our strategic priorities of diversification, go-to-market transformation, digital capability building and fostering an inclusive organizational culture.”**

