

Media Release

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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

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Marico Q2FY15 results

Revenue up 28%, Healthy Volume growth of 7%, EBITDA up 16%
Market share gains in more than 80% of the portfolio

During the quarter ended September 30, 2014, Marico posted Revenue from Operations of INR 1,431 crore (USD 235 million) a growth of 28% over Q2FY14. The topline was driven by volume growth of 8% in India and 5% in international business. The domestic business recorded a growth of 34% while the international business posted a growth of 16% in constant currency terms.

EBITDA at INR 195 crore (USD 32 million) has grown by 16%. EBITDA margin was at 13.6%. The operating margin is in line with Marico's strategic preference to protect consumer franchise over short term margins. Profit After Tax for the quarter was INR 118 crore (USD 19 million) and grew by 12%.

Project ONE has increased the direct coverage in Marico's top 6 metros by 60%. The project is expected to deliver incremental business of INR 5 crore per month by end of this fiscal and an annualized increment of INR 100 crore (USD 16 million) by the end of FY16.

The Company has declared a first interim dividend of 100% (INR 1.0 per share) at the meeting of its Board of Directors held on November 7, 2014.

Marico was amongst the four companies featured in the list of '**India's Best Boards 2014**' by Economic Times and HayGroup. HDFC, Mahindra & Mahindra and Dr Reddy's Laboratories were the other winners selected out of eighty companies.

Marico's purpose is to "Make a difference" to the lives of its stakeholders by maximizing their potential. Towards this, Saffolalife launched its World Heart Day campaign to drive awareness and early action towards Women's heart health in India. Nihar Shanti Amla has been committed to the cause of children's education for the last two years. During this period, the brand has made a difference to 1.14 lac children across 15 states and 37 projects in partnership with CRY India.

The Company believes that its people are the key source of competitive advantage. Marico was ranked no.4 along with HUL, ICICI and Mahindra Group in the ET Aon Hewitt **Top Company for Leaders** study. This is a testimony to the Company's continued efforts towards investing in its human capital and leadership development processes.

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 Rs. 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 Advansed, Saffola, Hair & Care, Nihar, Livon, Setwet, 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

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Marico's **Domestic Business** achieved a turnover of INR 1,079 crore (USD 177 million) during the quarter, a growth of about 34% over Q2FY14.

The volume growth in India saw a further up-tick and was at 8% for the quarter. 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 Q2FY15 was 15.1%. The decline compared to Q2FY14 was mainly on account of sustained inflation in raw material prices as the Company chose to pass on only a part to consumers. The Company believes that an operating margin in the band of 17% to 18% is sustainable for the domestic business in the medium term. However, in the immediate term, operating margin will face compression.

Parachute's rigid portfolio (packs in blue bottles) recorded a volume growth of 7% during the quarter. During the 12 months ended September 2014, Parachute along with Nihar increased its market share by 65bps to 57% as competitive position continued to be favourable due to hyper-inflation.

The Saffola refined edible oils franchise grew by 9.5% in volume terms during Q2FY15 over Q2FY14. The brand maintained its leadership position with a market share of 56% during the 12 months ended September 2014.

Saffola was featured in the Millward Brown and WPP's **Top 50 Most Valuable Indian brands** based on consumer brand perceptions across the Indian market in both urban and rural areas.

During the quarter, due to an increase in raw material and packaging material prices, the Company initiated a weighted average price increase of 3% across the Saffola edible oils portfolio.

Saffola Oats had a good run during the quarter with a value growth of 31%. It has a strong no.2 position in the oats category with a MAT value market share of 17% and an exit market share of 20%. Focus on value added offerings in the oats segment has enabled the Company to capture 62% share in the flavoured oats market on a Sep'14 exit basis. The franchise is expected to reach a top line of circa INR 70-75 Crore (USD 12-13 million) in this fiscal and is poised to cross INR 100 Crore (USD 17 million) landmark next year.

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 13% in volume terms during Q2FY15 over Q2FY14. This is the second consecutive quarter of a strong double digit growth in the franchise.

Marico continues to grow faster than the value added hair oils market of INR 5,500 crore (USD 917 million). During the quarter, the Company further strengthened its market leadership by 87bps with 28% volume share (for 12 months ended September 2014) and has also emerged as a market leader in value terms with 21% share on a MAT basis (Q2FY14: 20%).

Nihar Shanti Amla continues to gain market share and achieved a volume market share of 31% for the 12 months ended September 2014 in the Amla hair oils category (Q2FY14: 28%). The increased scale of the franchise enables the Company to benefit from operating leverage thereby improving net margins despite penetrative pricing.

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Parachute Advansed Body lotion has grown faster than the category. The brand maintained its no.3 position with a market share of 6%. The Company expects the Body Lotion franchise to clock a turnover of INR 50 crore (USD 8.2 million) during FY15.

The Youth brands portfolio grew by 21% in value terms during Q2FY15 over Q2FY14. 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 43% and 82% share respectively. The Company 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 48% as compared to urban sales which also grew at a healthy rate of 30%. 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.

Sales in Modern Trade (9% of the domestic turnover) continued its good run and grew by 33% in Q2FY15. CSD and Institutional sales (7% of the domestic turnover) grew at a healthy rate of 27%.

Marico's **International Business** achieved a turnover of INR 352 Crore (USD 58 million) during Q2FY15, a growth of 16% on constant currency basis. Growth in the core markets remained healthy with Bangladesh growing at 17%, MENA at 24% and South Africa at 12%. South East Asia grew at a relatively slow rate of 4%. 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.

The operating margin for the quarter was at 16.2% (before corporate allocations) reflecting a structural shift in international. The Company will endeavor to maintain international margins in the region of 14-15% and continue to invest and plough back savings to drive growth.

Parachute in Bangladesh maintained leadership position with 83% share. The Company's value added hair oils portfolio grew at a healthy rate of 44% in value terms and maintained its market position at no.3. The management will aim at being no.1 in the category by the end of this year.

With the new product introductions in the last two years, Marico Bangladesh is poised to become a full-fledged Personal Care company. From FY16 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.

Recovery in the Middle East business is on track. In Egypt, the gels portfolio of HairCode and Fiancée grew at a healthy double digit rate and continued to be the market leader with 63% share.

X-Men maintained its leadership in male shampoos with 38% market share and is number two in male deodorants. The Company continues to scale up its presence in neighboring countries like Malaysia, Myanmar and Cambodia.

Saugata Gupta, MD & CEO said, "The quarter's result reflects the company's philosophy of developing capability ahead of growth to foster a sustainable business model. Our continued investment in driving organic growth is expected to result in further strengthening the core and rapidly expanding the new product initiatives successfully. I expect these green shoots to enable the Company to stay on course to meet our challenging medium term aspirations."