Media Release

Year 2014-15

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Net Profit Rs. 573 cr

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Marico Q2FY16 results

Revenue up 4%, EBITDA up 18%, PAT up 27%, India Volume growth of 5.5%,

Market Share gains in more than 80% of Group Portfolio

Q2 witnesses many New Product Launches and Brand Restages - to lead future growth

During the quarter ended September 30, 2015, Marico posted Revenue from Operations of INR 1,485 crore (USD 228 million) a growth of 4% over Q2FY15. India business (Turnover of Rs. 1127 crores) grew by 4% in value terms and the international business (turnover of Rs. 359 crores) remained flat in constant currency terms excluding the impact of divestment of Beauté Cosmétique Societé Par Actions (BCS) business in Q1 FY16. The topline was driven by 5.5% volume growth in India leading to overall volume growth of 4%. The overall volume growth excluding divested BCS business was 5%.

EBITDA at INR 230 crore (USD 35 million) has grown by 18%. EBITDA margins were at 15.5%. 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 was INR 151 crore (USD 23 million) and grew by 27%.

Marico won the "Best Domestic Company for Corporate Governance" across sectors in India in a poll conducted by Asiamoney. This is a testimony to the Company's thrust on highest standards of corporate governance processes.

There were a slew of Innovations prototyped in India and International markets & brand restages in International markets starting from September and these will continue in Q3 FY16. These initiatives are likely to boost volume growth going forward.

Marico aspires to be an admired emerging market MNC with leadership in two core categories of nourishment and male styling in two continents – Asia and Africa. Marico has taken definitive steps to meet this aspiration by seeking to win amongst consumers, trade and talent. These initiatives are expected to bear fruit over the coming 2-3 years.

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products Group, in the global beauty and wellness space. During 2014-15, Marico recorded a turnover of about Rs. 57 billion (USD 940 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, 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 18% in Turnover and 15% 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

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@maricoindia.net

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The **India Business** achieved a turnover of INR 1,127 crore (USD 173 million) during the quarter, a growth of about 4% over Q2FY15. The Business continues to gain market share in more than 95%of the portfolio.

During the quarter, the Industry continued to face consumption headwinds. Consequently, the volume growth for the quarter was 5.5%, below Company's expectations to grow volumes at 8-10%. The silver lining was a strong growth in the focused rigid bottle segment of Coconut Oil (11%) and Value Added Hair Oil portfolio (8%).

The operating margin of the India business during Q2FY16 was 17.9% before corporate allocation. The Company believes that an operating margin for the Domestic business in the band of 17% to 18% is sustainable in the medium term. Higher operating margins due to benefits of lower commodity prices were invested in long term franchise growth & brand building.

Parachute's rigid portfolio (packs in blue bottles) recorded a volume growth of 11% for Q2FY6 over Q2FY15. During the 12 months ended September 2015, Parachute along with Nihar increased its market share by more than 70bps to 57%. The Company has successfully safeguarded the consumer franchise amidst deflationary commodity cycle by resorting to tactical measures to manage pricing skews. Further, in order to maintain the volume momentum, in October 2015, the Company took a weighted average MRP correction of 6% across SKU's as the copra prices continued to be soft during the past few months.

The **Saffola refined edible oils** franchise grew by 4% in volume terms for the quarter. Key interventions such as maintaining an acceptable price premium over other oils by adopting a plan of region specific pricing inputs to upgrade consumers to Saffola and media support on Active to target a new consumer segment have been taken to accelerate growth. These initiatives have started to show positive results from September, 2015 onwards. The Company expects growth to revive to 7-9 % in the medium term on the back of these focused measures. The brand continued to further strengthen its leadership position in the super premium refined edible oils segment to 59% during the 12 months ended September 2015.

Saffola Oats continued the growth run and grew by a handsome 52% in value terms during the quarter. The franchise has a strong no.2 position with a MAT value market share of 24% and an exit market share of 25%. Saffola oats is now being the most distributed oats brand in country. Focus on value added offerings in the oats segment has led to a dominant 66% value share in the flavoured oats market on a MAT basis. The franchise is well poised to achieve INR 125 Crore (USD 20 million) landmark this year.

Marico's **Value Added Hair Oil** brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 8% in volume terms during the quarter. The volume growth was lower as the base had impact of festive season, which in the current year falls in Q3 FY16. The Company further strengthened its market leadership by 180 bps to 30% volume share (for 12 months ended September 2015) and continued to premiumize with value share gain of 238 bps to 23% for the same period. **Nihar Shanti Amla** continues to gain market share and achieved a volume market share of about 36% for the 12 months ended September 2015 in the Amla hair oil category (MAT Q2FY15: 31%), with an exit market share of > 37% reflecting a continued strong trajectory of growth.

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The Youth brands portfolio de-grew by 18% in value terms. However, with the initiatives taken this quarter, medium term growth prospects in this portfolio remain positive. The Company reaped the benefits of re-launch of **Set Wet Gels** in Q4 last year with strong double digit growths during the quarter, leading to increase in market shares. The Deodorants portfolio continues to be under pressure due to hyper-competitiveness in the category. Renovation plans are being put in place to remain relevant in the category. Livon Franchise declined in Q2 FY 16 over same quarter last year. The Livon Hair Gain franchise has been impacted by counterfeits (especially in the e-commerce channel) and the resultant loss in credibility in the Hair Gain segment. The Company has intervened by including a new anti-counterfeit measure on every pack. The Serums category growth has been plagued by lack of investments and low penetration. In order to revive the growth in serum category, the Company restaged Livon Serum at the end of the quarter. The Company's strategy in the coming quarters would be to hold market shares in the deodorant portfolio while expanding the high margin categories of Gels and Serums as their penetration in India is far lower as compared to other emerging markets.

Marico's **rural and urban sales** in the general trade segment grew by 3%. Sales in Modern Trade (9% of the domestic turnover) continued the good run with a growth of 13% in Q2FY16. CSD and Institutional sales (7% of the domestic turnover) grew at a healthy rate of 11% in Q2FY16. Company is observing the rural performance closely, given the subdued monsoon. Lower growths in both urban and rural were also impacted due to shift of festive season from Q2 last year to Q3 this year.

Marico's **International Business** achieved a turnover of INR 359 Crore (USD 55 million) during Q2FY16, remaining flat on constant currency basis. The operating margin (before corporate allocations) remained healthy at 17.3% as against 16.8% in Q2FY15. The Company will endeavor to maintain international margins in the region of 16-17% and continue to invest and plough back savings to drive growth.

The **Bangladesh** business reported a topline constant currency de-growth of 11% in Q2FY16. In the current quarter, volume of Parachute coconut oil declined owing to increasing price premium in comparison to loose oil as the commodity table dropped. The Company has taken price correction of ~ 8% across SKU's to arrest the volume decline. The Company's value added hair oils portfolio declined at 8% in constant currency terms. The Company expects to come back to growth from Q3 FY16 onwards.

The **Middle East** business continued the positive momentum and grew on constant currency basis by 29% in Q2FY16. This was the sixth consecutive quarter of double digit growth. The business has also reduced its losses substantially. This trend of improvement is expected to continue and the management expects the business to become consistently profitable by FY17. The Company has restaged the Parachute brand across Middle East markets to sustain the growth momentum in the market.

The distribution transition in **Egypt** is stabilizing from September 2015; however, the business has declined by 4% on constant currency basis in Q2 FY16. The post transition lead indicators are looking positive and in the long run, this is expected to bring in many transformational benefits. The Company relaunched HairCode Gels with new and improved formulation and packaging in market during September.

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Business in **South East Asia** (of which Vietnam is a significant contributor) grew by 2% in constant currency terms. On a like to like basis (without considering Beauté Cosmétique Societé Par Actions, which was divested during Q1FY16), the constant currency growth was 8%. The Company launched two new products during the quarter under the flagship brand 'X-Men'; Cool Water – a new variant in shampoo category and a range of No-Gas Perfumed Body Sprays. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. Over the medium term, the Company remains well poised to participate in the category growths when economic growth picks up.

The **South Africa** business reported a constant currency growth of 8% during the quarter amidst challenging macro conditions. The Company has commenced exports to four countries including Kenya. Marketing and launch support plans for Black Chic in Kenya are in full stride. Initial responses to the campaign and the product have been encouraging. We believe these markets are "Invest to Grow" markets and will be backed by adequate marketing initiatives.

Saugata Gupta, MD & CEO said, "In the India Business, we remain committed to deliver 8-10% volume growth in medium term, although Q2 continued to face consumption headwinds. The International geographies are showing promise and signs of recovery. With a strong innovation pipeline and slew of brand restages in India & International Markets we definitely expect the second half of this year to deliver much better growths compared to the first half. We will continue to focus on building the capability ahead of growth and believe that the results will follow."