Media Release

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Marico Q3FY14 results
Operating margin expansion, Revenue up 10%, PAT up 31%
Better business environment expected going forward

Marico posted Revenue from Operations of INR 1,201 crore (USD 194 million) a growth of about 10% over Q3FY13 during the quarter ended December 31, 2013 (Q3FY14).

The reported growth in Profits after Tax (PAT) was about 31%.

The business has continued to grow in volumes albeit at a lower rate. Due to the continued softer consumption trends, the growth of various categories has decelerated. The Company's market shares have remained intact and in some cases improved, demonstrating strong brand equity. The Company believes that there will be lesser challenges in the business environment going forward and it could start seeing a steady improvement in performance.

The Company entered the Hair Colour category with a highly differentiated product "Livon Conditioning Cream Colour". Entry into this category not only strengthens the Company's hair care portfolio in India but also adds to the categories which are replicable in other geographies, a factor that the Company will be conscious of while getting into newer segments.

During the quarter, the Company initiated certain price increases across the portfolio to protect the absolute margins in the wake of increase in key raw material costs. This however led to reduction in the percentage margins. The gross margins therefore declined by 130 bps during Q3FY14. Operating margins expanded by over 210 bps to 16.8% mainly on account of margin expansion in international markets primarily due to lower advertisement and promotional expenditure during the quarter.

The Company has declared a second interim dividend of 100% (Re.1.00 per share) at the meeting of its Board of Directors held on January 31, 2014. The Company has thus far declared 175% dividend in FY14.

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products Group, in the global beauty and wellness space. During 2012-13, Marico recorded a turnover of about Rs. 46 billion (USD 836 Million) through its products and services sold in India and about 25 other countries in Asia and Africa. FY13 financials include Kaya which has been demerged from Marico Ltd effective April 1, 2013.

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 22% 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 19% in Turnover and Profits over the past 5 years.

Business Unit-wise details have been given in the next two 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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The **India Business** achieved a turnover of INR 902 crore (USD 145 million) during the quarter, a growth of about 9% over Q3FY13. The volume growth in India was above 3% for the quarter, reflecting continued soft consumption trends. However, the overall sales growth was boosted by the price increases taken across the portfolio to cover a major part of the input cost push.

The business maintained market share across the portfolio, reflecting strong equity of its brands, even though the rates of category growth have decelerated over the past few quarters.

The operating margin of the India FMCG business during Q3FY14 was 18.7%. The Company believes that an operating margin in the band of 17% to 18% is sustainable in the medium term.

Parachute coconut oil in rigid packs (the focus part of the Parachute portfolio) recorded a volume growth of about 2% during the quarter. During the 12 month period ended December 2013, Parachute along with Nihar marginally improved its market share over the same period last year to 56%.

The Saffola refined edible oils franchise grew by about 9% in volume terms during Q3FY14 as compared to Q3FY13. It is expected to maintain this trend for the rest of the year in the midst of increased competitive intensity in the category. The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 57% during the 12 months ended December 2013.

In the breakfast cereals, Saffola Oats continues to do well and has retained its no. 2 position with a 13% market share. Saffola Oats has increased its market share by about 100 bps as compared to last year. The Company expects the Saffola Foods business to reach the INR 100 crore (USD 16 million) milestone in FY15.

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 8% in volume terms during Q3FY14 over Q3FY13. Marico continues to gain market share in Value Added Hair Oils and continues to emerge as a clear market leader with 28% share (for 12 months ended December 31, 2013) in the INR 4500 crore (USD 834 million) market as against 26% during the same period last year. The shift in the market share during the quarter as compared to Q3FY13 was 145 bps.

Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 30% for the 12 months ended December 2013 in the Amla hair oils category (Q3FY13: 24%).

Parachute Advansed Body Lotion increased its market share marginally to 6.5% (moving 12 month basis) and has maintained its number 3 position in the market. The quarter was heavily supported by a new thematic campaign which went on air from October 2013 along with a digital campaign.

The acquired portfolio of youth brands grew by 13% to achieve a top line of about INR 48 crore (USD 7.8 million) during Q3FY14. The portfolio grew by 21% on YTD basis. Over the past few quarters, inflationary trend and restricted spends on discretionary products have impacted the category growth rates.

Set Wet and Zatak increased its market share by 40 bps in the deodorants segment to 5% for the 12 months ended December 2013.

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Marico's **International Business** focused on Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia comprising about 24% of Marico Group's FMCG turnover in FY13, achieved a turnover of INR 299 Crore (USD 48.2 million) during Q3FY14 and thus reported a growth of 15% as compared to Q3FY13. The Operating margin for the quarter was at 18.1%. The Company believes that the sustainable margins are more in the region of 14%.

Given the political disturbances in Bangladesh, the business reported a topline decline of 14% (in constant currency). Despite the sales decline, the profits grew by 22% as a result of gross margin expansion further helped by lower Advertisement and Sales promotion (ASP) spends during the quarter.

The Company has launched Saffola Active edible oil, Set Wet deodorant and Livon Silky Potion in the Bangladesh market in line with its strategy to de-risk the Company's portfolio.

The Company's Value Added Hair Oils portfolio in Bangladesh maintained its market share at 18.5%. It now holds no.3 position in VAHO category. The company's Hair Code (coupled with its newer variant Hair Code Active) continues to lead the powdered hair dye market with a market share of around 35%.

The business in Egypt grew by 22% mainly led by strong volume growth in Haircode and Fiancée. The political environment in Egypt seems to have improved for the time being with no major report of violence. However the uncertainty continues. HairCode and Fiancée together maintained a market share of 51% in the gels category. The business in the Middle East is poised to fully recover next year.

The business in South Africa reported a topline growth of 5% during the quarter. The business environment continues to be challenging with the ethnic hair care segments declining. Marico South Africa has however gained Market share in the category over the past few years.

The business in South East Asia (of which Vietnam is a significant portion) grew by 24% in Q3FY14 over Q3FY13 in constant currency terms. In Vietnam, X-Men maintained its leadership in male shampoos and the number two position in male deodorants. The Company continues to scale up its presence in neighboring countries like Malaysia and Myanmar.

Saugata Gupta, CEO, Marico said: "We believe that the soft consumption environment has bottomed out and the performance of the Company will pick up steadily going forward. In order to make the Company future ready, we are investing significantly on go-to-market transformation, cost management, innovation and analytics project. The Company will start reaping the benefits of these capability building initiatives from FY15 onwards. We will also experience greater synergies in product portfolio and talent mobility across different geographies in the coming year."

Milind Sarwate, Group CFO said "Marico's FMCG Business has managed to grow despite the challenges of the economic slowdown in India and instability in some of our overseas markets. The basics of our business are however robust. The Kaya demerger is now effective with Bombay High Court approval. We now expect shares in Marico Kaya Enterprises Limited to list in April 2014."