Media Release

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Marico Q3FY15 results
Revenue up 21%, India Volume growth 5%, EBITDA up 17%, PAT up 18%
Market share gains in more than 80% of the portfolio

During the quarter ended December 31, 2014, Marico posted Revenue from Operations of INR 1,452 crore (USD 234 million), a growth of 21% over Q3FY14. The topline was driven by volume growth of 5% in India. The domestic business recorded a growth of 26% while the international business posted a growth of 6% in constant currency terms, with robust double digit constant currency growths in most of the core markets.

EBITDA at INR 237 crore (USD 38 million) has grown by 17%. EBITDA margin improved on a sequential basis and was at 16.3% for the quarter. Profit After Tax for the quarter was INR 160 crore (USD 26 million) and grew by 18%.

The Company declared a second interim dividend of 150% (INR 1.5 per share) at the meeting of its Board of Directors held on February 3, 2015. The Company has thus far declared 250% dividend during FY15.

The Company gained market share in more than 80% of its portfolio in both core categories and new products. During the quarter, Marico also launched two new products, one each in India and Bangladesh, its core markets. These launches are a definitive step in the Company's journey towards premiumization. Livon Moroccan Silk Serum was launched in India and Parachute Advansed Extra Care Hair oil was launched in Bangladesh.

During the quarter, the Asian Centre for Corporate Governance & Sustainability presented Marico the '**Best Governed Company**' of the year award.

Marico Bangladesh Limited, the Company's largest and only listed subsidiary, received **Best Corporate Award 2014** under Multinational Category by Institute of Cost and Management Accountants of Bangladesh (ICMAB).

Over the next five years, Marico will take definitive steps to become an emerging market MNC by seeking to win amongst consumers, trade and talent. The Company will focus on fewer but bigger innovations to create growth engines of the future and will continue to invest in increasing its direct rural reach and Go To Market transformation initiatives. These efforts are expected to deliver a 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%.

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 posted on the Company's website www.marico.com

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marico
make a difference

Marico's **Domestic Business** achieved a turnover of INR 1,140 crore (USD 184 million) during the quarter, a growth of about 26% over Q3FY14. The volume growth in India was at 5% for the quarter.

The operating margin of the India business during Q3FY15 was 18.6%. The Company believes that an operating margin in the band of 17% to 18% is sustainable for the domestic business in the medium term.

Parachute's rigid portfolio (packs in blue bottles) recorded a volume growth of 8% during the quarter. During the 12 months ended December 2014, Parachute along with Nihar increased its market share by more than 100bps to 57% as competitive position continued to be favourable due to hyper-inflation.

The Saffola refined edible oils franchise grew by 3% in volume terms during Q3FY15 mainly on account of increased price premium with respect to other refined oils, the prices of which started coming off in the second quarter. This, coupled with lower ad spends during the quarter, resulted in muted growth in the category. The Company is putting together plans to correct the growth trajectory going forward. The brand further strengthened its leadership position in the super premium refined edible oils segment by 165bps with a market share of about 57% during the 12 months ended December 2014.

Saffola Oats had a good run during the quarter with a value growth of 48%. It has a strong no.2 position in the oats category with a MAT value market share of 19% and an exit market share of 23%. Focus on value added offerings in the oats segment has enabled the Company to capture 53% value share in the flavoured oats market on a MAT basis. The portfolio is consistently gaining share with Dec'14 exit value market share of 63%. The franchise is expected to reach a top line of circa INR 80-90 Crore (USD 13-15 million) in this fiscal and is poised to cross INR 125 Crore (USD 20 million) landmark next year. The Company's ability to localize the product to suit the Indian palate and drive consumption by increasing the occasion of use apart from breakfast to in-between meals has been the key catalyst in creating and succeeding in this category.

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 10% in volume terms during Q3FY15. This is the third consecutive quarter of a strong double digit growth in the franchise.

During the quarter, the Company further strengthened its market leadership by 71bps with 28% volume share (for 12 months ended December 2014) and continues to premiumize with value share gain of 172bps to 22% as against 20% for the same period last year. The portfolio clocked 30% volume share in Dec'14 (Exit). Going forward, premiumization will be the focus of the Company in driving growth in the category.

Nihar Shanti Amla continues to gain market share and achieved a volume market share of 31% for the 12 months ended December 2014 in the Amla hair oils category (Q3FY14: 29%).

In spite of a muted growth in the body lotion category due to late winters, Parachute Advansed Body Lotion gained share by 90bps in Q3FY15 as compared to Q3FY14. The portfolio maintained its no.3 position with a market share of 6%.

In the Youth categories, the Company will focus on expanding the high margin categories of gels and serums while maintaining share in the cluttered deodorants category (1/3rd of the Youth portfolio). While the long term vision is clear, there have been some delays in

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implementation of this shift in focus leading to slowdown in growth during the quarter. As a result, the portfolio witnessed flat performance during the quarter. The Company gained share in two of the three categories i.e., Hair Gels/Creams and Leave-in Serums, which form 2/3rd of the Youth portfolio. The Company expects the growth to rebound in the coming quarter.

Marico's rural sales continue to clock a faster pace of growth at 32% as compared to urban sales which also grew at a healthy rate of 25%. Sales in Modern Trade (9% of the domestic turnover) continued its good run and grew by 21% in Q3FY15. CSD and Institutional sales (7% of the domestic turnover) grew at a healthy rate of 41%.

Marico's **International Business** achieved a turnover of INR 312 Crore (USD 50 million) during Q3FY15, a growth of 6% on constant currency basis. Growth in the core markets remained healthy with Bangladesh growing at 18%, Middle East at 39% and South Africa at 9%. South East Asia grew at a relatively low rate of 2%.

The operating margin for the quarter was at 17.6% (before corporate allocations) reflecting a structural shift in international. The Company will endeavor to maintain international margins in the region of 15-16% and continue to invest and plough back savings to drive growth.

Parachute in Bangladesh maintained leadership position with 82% share. The Company's value added hair oils portfolio grew at a healthy rate of 21% in constant currency. The management will aim at being no.1 in the category in the medium term.

With the new product introductions in the last two years, on a YTD basis, the non-coconut oil portfolio now comprises circa 18% of the total business 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 backed by modest growth in core coconut oil business.

Egypt business witnessed de-growth during the quarter on account of certain one-time distribution transition undertaken in the geography. The transition was aimed at eliminating dependence on a single distributor, achieving better go-to-market (GTM) model for realizing the maximum distribution potential and improving the working capital cycle. It also marks the completion of final phase of GTM transformation in MENA. This initiative has not impacted the market shares and the gels portfolio of HairCode and Fiancée continued to be the market leader with 64% share.

Business in Vietnam has been impacted by the sluggishness in the overall economy leading to reduced consumer confidence. Going forward, Vietnam is expected to get back to double digit growth trajectory. X-Men maintained its leadership in male shampoos with 38% market share and is a number two player in male deodorants with a value market share of 31% on MAT basis.

In South Africa, Caivil and Just for Kids (hair care brands) have reported strong growth in spite of category growth rates being stagnant. Marico is now the 4th largest ethnic hair care company in South Africa. The Company is in the process of appointing distributors to initiate export-led business in East Africa.

Saugata Gupta, MD & CEO said, "We have had a satisfactory quarter with a few misses. In India, although we do not see any significant on ground improvement of consumption, there are some green shoots and positive sentiments especially in urban consumption. We expect gradual improvement in the coming quarters."