Media Release

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Marico Q3FY13 results
Stronger market shares, Margin expansion
Revenue up 11%, PAT up 21%

Marico posted Revenue from Operations of INR 1168 crore (USD 216 million) a growth of about 11% over Q3FY12. The growth was largely led by about 9% volume growth as compared to Q3FY12. The inflation component in the overall growth was lower at 2%.

The growth in Profits after Tax (PAT) was about 21%. If one excludes the impact of one time and non comparable items in the Q3FY12 results then the growth in PAT is about 12%. The Profit Before tax (PBT) before considering the impact of non comparable and one time items grew by 20%.

The gross margins expanded by 420 bps. The Company chose to invest part of this expansion in brand building leading to an operating margin expansion of 100 bps. This reflects the Company's approach towards focusing on new consumer acquisition across its portfolios as against maximizing margins in the short term.

The Indian FMCG Business grew at 16% in value terms and by 15% in volume terms during Q3FY13 over Q3FY12. The International FMCG business reported a flat performance during Q3FY13 and Kaya skincare solutions business posted a top line growth of 5%.

Market shares continued to be healthy across categories.

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products & Services Group, in the global beauty and wellness space. During 2011-12, Marico recorded a turnover of about Rs. 40.0 billion (USD 740 Million) through its products and services 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 24% 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 21% in Turnover and 23% in Profits over the past 5 years.

Business Unit-wise details have been given in the next three pages.

More details are available in the Information Update issued today and posted in the Companies website www.marico.com

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The **Consumer Products Business in India (CPB)** achieved a turnover of INR 828 crore (USD 153 million), a growth of about 16% over Q3FY12. The turnover of acquired Youth brands (including Set Wet, Zatak and Livon) amounted to INR 43 crore (USD 8 million) during the quarter. The growth before considering the turnover of these brands was 10%.

The organic domestic volume growth was about 9% which is still healthy in the context of more prominent signs of slow down in certain categories. A deceleration in the rate of new customer acquisition owing to an expansion in the premium charged by the Company on its products and slow down in certain discretionary segments impacted the overall growth. The business recorded market share gains across the portfolio.

Marico participates in the INR 2500 crore (USD 463 million) branded coconut oil market through Parachute and Nihar. The rigid part (packs in blue bottles) of the portfolio of Parachute, Marico's flagship brand, recorded a volume growth of about 6% during the quarter over Q3FY12. The Company has been focusing on the rigid packs over the past few years as they enjoy a higher margin as compared to pouch packs. During the 12 month period ending December 2012 Parachute along with Nihar improved its market share by about 390 bps over the same period last year to 57.8%

The Saffola refined edible oils franchise grew by about 4% in volume terms during Q3FY13 compared to Q3FY12. The growth during the current quarter however was lower than the recent trend as anticipated. The inflation in the safflower oil and rice bran oil is significantly higher than the inflation in sunflower oil. This has led to expansion in premium of Saffola vis-à-vis the other refined edible oils. The Company has initiated some pricing action (in the form of promotional offers and price reduction) in select packs in order to bring the premium back to sustainable levels. The Company expects to return to double digit growth in the coming quarter. Saffola has a market share of 58% in the super premium refined edible oils category. Its communication campaigns won several awards including the prestigious Grand Emvie 2102.

Saffola oats, including its savory variants, are now available on a national basis. Saffola now offers a bouquet of six flavors in the savory Oats category. Saffola has an exit market share of about 13% to 14% by volume in the Oats category and has emerged as the number two player. Besides offering oats Saffola strengthened its position in the breakfast category by introducing Muesli on a national basis. The product is available in three variants. The market size of Muesli is estimated to be around INR 80 crore to INR 100 crore (USD 14.8 million to USD 18.5 million) growing rapidly in excess of 40%. Saffola Muesli has already become a number 3 player with an exit market share of about 9%.

In Value Added Hair Oils, Marico has a "category play" in the segment whereby it offers its consumers a basket of value added hair oils for their pre-wash and post wash leave-in hair conditioning, nourishment and grooming needs in the approximately INR 4000 crore (USD 740 million) market. The portfolio grew by about 30% in volumes over Q3FY12. The Company is now focusing on scaling up its presence in all the sub segments of Value Added Hair Oils.

Parachute Advansed Body Lotion has achieved a volume market share of about 6% to 7% (moving 12 months basis) within a short period of time and has become the number 3 participant in the market. The brand's clutter-breaking premium packaging won the World Star 2012 award beating stiff competition from across several countries. The brand gained about 230 bps in market share during the current season as compared to the last season.

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The turnover achieved from the Youth brands (Set Wet, Zatak and Livon) during the quarter was INR 43 crore (INR 8 million), a growth of 18% over Q3FY12. The Company has achieved a portfolio top line of INR 100 Cr (USD 18 million) on a year to date basis clocking a YTD growth of about 21%. .

Saugata Gupta, CEO, Consumer Products Business expressed happiness at the results: "We have delivered a healthy topline growth accompanied by an expansion in margin. Our continued investments in our brands are expected to results by way of volume growths in established brands and scaling our new product initiatives successfully"

Marico's **International Business Group** (IBG) focused largely on Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia comprising about 24% of the Marico Group's turnover in FY12, achieved a turnover of INR 261 Crore (USD 48 million) during Q3FY13. Faced with a challenging environment in key geographies IBG had a flat topline performance as compared to Q3FY12.

Bangladesh lost valuable business days owing to "strikes" in the country. Bangladesh Parachute Coconut Oil and HairCode hair dye held their respective market shares and leadership positions in the respective categories. In the Value Added Hair Oils (VAHO) space, the Company strengthened its presence through increased volumes of Parachute Beliphool, a light hair oil with a floral fragrance, Parachute Advansed Cooling Oil and Nihar. This has resulted in ramping up market share from about 7% a few quarters back to market share of about 18%.

Overall the environment in Egypt remains somewhat unpredictable. Notwithstanding this, the Company's business in Egypt reported a healthy growth and maintained its market leadership share of about 57%. The company continues to play out a dual brand strategy leading with Hair Code and Fiancée playing the VFM flanker role.

The company's Parachute business in the Middle East region continued to face challenges and de-grew during the quarter. This is as a result of certain distribution restructuring initiatives and a mixed response to a pack change initiative in Hair Creams. The Company has stepped up investments to communicate the pack change with aggressive on-ground, in-outlet and sampling activities. It expects the business to return to a growth trajectory in the first quarter of FY14.

The business in South Africa posted a steady growth in top line in the environment where the growth in the segment remains weak.

The business in Vietnam is tracking as per expectations. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. The extension into X-Men for Boss has also received a good response. The Company continues to scale up its presence in neighboring countries like Malaysia, Myanmar, Nepal and Bhutan.

Vijay Subramaniam, CEO, International Business said: "Our International business has faced a very challenging macro environment this year. Two key markets, Egypt and Vietnam, turned in very satisfying performances. I believe that with an improvement in the macro environment in Bangladesh and measures taken in the Middle East bearing results, IBG will be back on a healthy growth path going forward".

Kaya Skin Care Solutions

During Q3FY13, Kaya achieved a turnover of INR 78.5 crore (USD 14.5 million) registering a growth of about 5% over Q3FY12. The Kaya business in India and in the Middle East achieved same store sales growth of about 4% during Q3FY13 as compared to Q3FY12. On the back of a very strong Q2 a slight moderation in the growth rates was expected. A slow down in the discretionary spends also

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impacted overall growth rates. However, Kaya continues to sustain the top line growth trend for the past 9 quarters on a same store basis.

The products from Derma Rx introduced in India continue to gain good traction. More products from Derma Rx range and other products from Kaya will continue to be introduced in India and Middle East in a phased manner. About 25% of the revenues from Indian operations now come from the sale of products.

During Q3FY13, Kaya recorded a revenue growth of about 5% over Q3FY12 and made a profit of INR 3.8 crore (USD 0.7 million) at the PBIT level. The business had reported a loss of INR 14.5 crore (USD 2.67 million) at PBIT level for Q3FY12. The loss during Q3Fy12 also included a one time adjustment of INR 13 crore.

While the Company has registered a profit during this quarter, there is some level of uncertainty over discretionary spends owing to the overall inflation in the economy. The Company would also like to observe a few more quarters of good performance before gaining confidence about sustained profitability. The Company also continues to tweak its business model to arrive at one that will deliver the desired level of returns on a sustained basis.

Ajay Pahwa, CEO Kaya commented: "Kaya business continues to sustain same store sales growth and improvement in cost structure. Our strategic focus on expanding Kaya product portfolio is showing results. A new retail format Kaya Skin Bar is being prototyped to further bolster expansion and offer greater access to our customers."

Outlook

Marico has positioned itself, strategically, in the Developing and Emerging (D & E) markets of Asia and Africa. Most of these markets have large populations where affluence is expected to continue to rise and segments where Marico participates – hair care, body care, skin care and health foods are under-penetrated. We believe that in D & E markets, focus on the long term is crucial. Long term success can be ensured only through stronger brands that enjoy loyal consumer franchises. We have therefore chosen to prioritize expansion of consumer franchise over expansion of margins.

Milind Sarwate, Group CFO summed up saying "Over the years, Marico's has demonstrated the value of well defined and focused strategy. We will stay the course to deliver long term shareholder value taking short term fluctuations in our stride".