

Marico Bangladesh Limited (DSE: MARICO)

| | |
|---|---------|
| Current Price (December 08, 2016) | 1,204.6 |
| Total Number of Share (Mn) | 31.5 |
| Free Float (%) | 10.0% |
| Annualized PE* – MARICO | 21.6x |
| Trailing PE* – MARICO | 26.4x |
| Annualized PE – Pharmaceuticals & Chemicals | 18.6x |

*Based on annualized earning of HY 2017

| Financials (BDT Mn) | 2015 | 2016 | HY, 2017* (Unaudited) |
|----------------------|-------|-------|--------------------------|
| Revenue | 7,349 | 7,339 | 3,799 |
| Gross Profit | 3,306 | 3,454 | 1,813 |
| Operating Profit | 1,728 | 1,810 | 1,116 |
| Net Profit After Tax | 1,345 | 1,414 | 879 |
| Total Asset | 3,354 | 3,467 | 3,663 |
| Total Equity | 1,712 | 1,709 | 2,106 |

* Year ends on March 31

| YoY Growth (%) | 2015 | 2016 | HY, 2017* (Unaudited) |
|----------------------|-------|-------|--------------------------|
| Revenue | 14.2% | -0.1% | -5.6% |
| Net Profit After Tax | -2.9% | 5.2% | 2.7% |

| Per Share (BDT) | 2015 | 2016 | HY, 2017* (Unaudited) |
|----------------------|------|------|--------------------------|
| Restated EPS | 42.7 | 44.9 | 27.9 |
| Book Value Per Share | 54.4 | 54.2 | 66.9 |

| Others (%) | 2015 | 2016 | HY, 2017* (Unaudited) |
|-------------------------|--------|--------|--------------------------|
| Gross Profit Margin | 45.0% | 47.1% | 47.7% |
| Operating Profit Margin | 23.5% | 24.7% | 29.4% |
| Net Profit Margin | 18.3% | 19.3% | 23.1% |
| ROA | 38.3% | 41.5% | - |
| ROE | 78.7% | 82.7% | - |
| Stock Dividend | - | - | - |
| Cash Dividend | 425.0% | 450.0% | 300.0%* |

* Interim Dividend up to HY, 2017

Source: DSE; Quarterly Statements & Annual Reports of MARICO and IDLC Investments Ltd.

Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.
Annualized PE: Based on Annualized Earnings of the latest declared quarter
Trailing PE: Based on Latest 12 Months Earnings

Company Profile

Marico Bangladesh Limited (DSE: MARICO) is a subsidiary of leading Indian consumer products company, Marico Limited. It is one of the top MNCs in FMCG (Fast Moving Consumer Goods) sector of Bangladesh. MARICO was incorporated back in September 1999 and started its commercial operation in January 2000. Subsequently, the company was listed both in DSE and CSE in 2009.

Marico Bangladesh has a strong presence in personal grooming segment, through its eight categories Branded Coconut Oil (BCNO), Value Added Hair Oil (VAHO), Hair Dye, Hair Serum, Male Grooming, Shampoo, Skin Care and Edible Oil & Foods of products, branded as Parachute, Parachute Advanced, Beliphool, Extra Care, Enriched, Cooling), Nihar, Hair Code (Active, Keshkala), Livon, Set-wet, Medikar Plus, Parachute Body Lotion, Bio-oil and Saffola in Bangladesh. In 2016 they launched two new products Mediker plus Shampoo and Saffola Massala Oats. Currently, 90% of its shares are owned by its holding company, Marico Limited, India.

Key Revenue Drivers & Company Insight

MARICO manufactures and markets hair care, edible oil and skin care products. During 2016, 78.9% of total revenue came from the company's flagship brand Parachute Coconut Oil, which is the market leader in the Coconut Oil market of Bangladesh. However, revenue from this segment shrank by 2.8% YoY, despite 2.0% volume growth as prices were adjusted downwards. Meanwhile, strong focus on VAHO segment boosted up its revenue by 13.3%, while volume grew by 16.0%. During 2016 VAHO contributed 14.0% of total revenue, whereas its contribution in 2015 stood at 12.4%.

The company has increased its budgeted production capacity during the year by 28.4% for PCNO and 12.5% for VAHO. During 2016, its budgeted capacity stood at 30,050 KL of PCNO, 5,400 KL of VAHO and 30,500 Ton of Copra. Marico Bangladesh holds a strong distribution network that reaches almost 800,000 outlets.

Financial Performance

During 2016, top line shrank marginally by 0.1% YoY as revenue from core revenue source Parachute Coconut Oil declined. However, bottom line improved by 5.2% YoY as profit margins improved. Gross Profit Margin (GPM) improved to 47.1% from 45.0%. This assisted Operating Profit Margin (OPM) and Net Profit Margin (NPM) to increase to 24.7% and 19.3%, respectively.

In HY, 2017 revenue declined by 5.6% where Net Profit after Tax increased by 2.7% YoY. GPM, NPM and OPM were 47.7%, 29.4% and 23.1%, respectively.

Recently, the company has reported net profit after tax of Tk. 878.97 million with EPS of Tk. 27.90 for the period of six months (Apr'16 to Sep'16) as against Tk. 855.81 million and Tk. 27.17, respectively for the same period of the previous year.



Source: DSE and IDLC Investments Limited

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