

Hindustan Unilever Limited – December Quarter 2010 Results

Sustained double digit growth; Turnover exceeds Rs 5000 crores

- Strong 12% sales growth in Domestic Consumer business
- Operating Margins lower due to impact of high input cost inflation & brand investments
- PAT (bei) Rs.587 crore; Net profit Rs.638 crore, down by -1.8%

Mumbai, January 25th 2011: Hindustan Unilever Limited (HUL) announced its results for December Quarter 2010. With sustained double digit underlying volume growth in the Domestic Consumer business (+13%), Net Sales grew 12% during the quarter and ahead of the market in aggregate.

Home and Personal Care business grew by 11.6% with competitive growth in both Laundry and Personal Wash. Laundry portfolio was further strengthened and Rin delivered record volume growth. Personal Wash also grew ahead of the market with Lifebuoy growing strongly post the relaunch and the premium portfolio continuing to deliver robust growth.

Personal Products grew strongly at 20%; Growth was broad based across categories with Skin Care delivering a particularly strong performance. Skin Care growth was innovation led, both on the core and in emerging segments. Fair and Lovely, Pond's White Beauty and Vaseline Healthy White continued to deliver robust sales growth. Both Hair and Oral performed well across the key brands. Dove Hair range was relaunched with 'Fiber Actives' and in Oral, a new variant Close-up 'Fire-Freeze' was successfully introduced.

Foods business grew 11.3%. In Tea, Red Label was relaunched and continued to deliver double digit growth. Coffee growth was robust, across conventional and instant coffee, with price point packs performing particularly well. Knorr Soupy Noodles sustained its strong momentum and is now available nationally. Ice-cream grew by 31% with good growth across formats.

Pureit continued to expand its franchise with product offerings across multiple price and benefit positions. Overall, the water business grew strongly and in line with action standards.

Input cost inflation continued to rise during the quarter. Cost of goods sold went up by 220 bps, as a result of steep rise in material costs, especially in commodity sensitive categories. A&P spend grew by 17% to maintain market competitiveness and to develop emerging categories. Consequently, operating margins were lower by 320 bps. Buying efficiencies and cost saving programs remain a priority and are being further scaled up.

Financial income increased by Rs. 38 crores through further improvement in working capital and sound treasury management. Profit after tax but before exceptional items declined by -2.1%, while Net Profit declined by -1.8%.

Harish Manwani, Chairman commented: "Our strategy is working and is reflected in the consistent double digit underlying volume growth over the last four quarters and ahead of market growth. We continue to strengthen our leadership in core categories, even as we invest to build opportunities for the future. In an inflationary environment, we will manage our business dynamically, through judicious pricing actions and increased focus on cost effectiveness, while ensuring that we remain competitive in the market place."