Hindustan Unilever Limited

INDIA’S LARGEST FMCG COMPANY
Hindustan Unilever Limited: €4.5bn powerhouse

HUL performance

- 10% CAGR over 10 years*
- 530 bps EBIT improvement

Among the top 5 most valuable companies in India with market cap of $51b**

Our footprint

- Nearly every household uses one or more of our brands
- Our brands are available in 8mn+ stores

Recognition

- ‘Dream Employer’ for 9 years in a row among top Indian universities
- #8 Globally and #1 in India
- 13 HUL brands in India’s Top 50 Most Trusted Brands

*HUL performance as per India local reporting
**Market capitalization converted to USD based on rate as of 22nd Nov 2018
Consistent high performance across Divisions

A few examples in the last 6 years

Beauty & Personal Care
- **Hair**
  - Turnover: 1.9x
  - Market Share: ~700 bps
  - Largest Beauty & Personal Care company in India

Home Care
- **Fabric Solutions**
  - Turnover: 1.8x
  - Profitability: 3.7x
  - Largest Home Care company in India

Foods & Refreshment*
- **Tea**
  - Turnover: 1.8x
  - Profitability: 2.0x
  - Largest Tea company in India

* On completion of merger with GSKCH, our F&R business will become one of the largest in the country

All nos are basis internal management reporting & compared with FY’11-12. Market share increase is as of MAT Sep ’18.
Our strategy is anchored around:

**Growth**

- Consistent, Competitive, Profitable, Responsible Growth

Underpinned by

**Unilever Sustainable Living Plan**

[Diagram of Unilever Sustainable Living Plan]
Strategy in action

Building Blocks

Strengthening the Core
Creating categories of future
Driving premiumization
Fuel for growth
Execution Excellence

Enabled by

Structure
Capabilities
Culture

Being Future Fit
Strategy in action

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Being Future Fit
Our Core portfolio

Straddling the price-benefit pyramid
For e.g. Hair

- High end naturals
- Salon care
- Anti-dandruff
- Daily damage care
- Mass beauty
- Family

- Sachet at Re.1 (1.5 US cents)
- Rs. 432 ($5)
Strengthening the Core

Making the Core more aspirational through purpose led brands

Constantly innovating and renovating the Core

Focused SKUs at deaveraged level using local insights

Focus on driving penetration & weighted distribution
Building iconic engagement platforms

- Lakmé Fashion Week
- Fair & Lovely Foundation
- Lifebuoy Help a child reach 5
- Lux Golden Rose Awards
- Rin Career Academy
- Surf Excel Haar ko Harao
- Red Label taste of togetherness
- Kissan Tiffin Time Table
Innovations driving our growth
Our Market development portfolio

Nascent categories penetration

- Hand Wash*: 22
- Instant Coffee: 18
- Face Wash: 17
- Body Lotion: 12
- Washing Liquids: 12
- Hair Conditioner: 10
- Soups*: 10
- Dishwash Liquids: 8
- Body Wash*: 2

Source: IMRB As of MAT Aug’18 [Urban + Rural]; *Urban only.
Creating categories of the future

Market development model

SEED | ACCELERATE | EXPLODE
---|---|---
UPTO 10% | 10% TO 20% | 20% AND ABOVE

Driving category penetration

20% of Business

Growing at ~ 2x of HUL average

Doubled in size in the last 5 years

2.2 x

200 million consumer contacts
Leading with trends

Naturals

Perfume on the go

Fabric sensations

Male grooming

Health

Reinvent Indian look
Driving Premiumization

Market growing faster in the premium segment

- Premium: 2017 share 28%, HUL share 1.3x
- Mid: 39%, HUL share 1.2x
- Mass: 33%

Example: Fabric Solutions

- Premium: Price 3.0x, HUL share 3.5x
- Mid: Price 1.5x, HUL share 2.0x
- Mass: Price x, HUL share x

*Source: Nielsen MAT Sep’18 (Urban + Rural)
Fuel for growth

End-to-end cost focus

- Materials
- Non Material
  Supply Chain Costs
- Return on
  Marketing
  Investments
- Overheads

Organization wide
effort

Powered by

- 5s savings
- Zero Based
  Budgeting

Crowd sourcing of
ideas

Savings

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Turnover</th>
</tr>
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<tbody>
<tr>
<td>2014</td>
<td>x</td>
</tr>
<tr>
<td>2015</td>
<td>1.7x</td>
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<tr>
<td>2016</td>
<td></td>
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<tr>
<td>2017</td>
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</tbody>
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Driving virtuous
cycle of growth
Execution excellence

Agile Supply Chain
- Driving high customer service while optimizing inventory
- Inventory days vs. Service: 0.7x to 1.7x
- +1000bps

Front end execution
- Leveraging analytics to drive better coverage and sharper assortment
- Effective Coverage*: 1.8x to 1.7x

Speed to market
- Faster landing of innovations
- No. of days: 0.6x

Art of pricing

* Effective coverage is measured as no. of outlets with monthly average billing >INR 500 ($7.0); 2018 nos are as of Oct’18
India is a heterogenous country

- **Diverse demographics**
  - Multiple languages
  - 8 Major religions

- **Varied affluence levels**
  - LSM 7+ = 8% nationally (Range of 5-48%)

- **Different media habits**
  - Mobile internet penetration: Rural- 18%; Urban- 59%

- **Differential category adoption**
  - Penetration in adjacent states also not the same

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*A report published jointly by the Internet and Mobile Association of India (IAMAI) and KANTAR-IMRB: March’18*
Customer Development

Sharper strategy leveraging the ecosystem

- **Demand Capture**
  - Right outlets, Right frequency, Right assortment

- **Demand Fulfill**
  - On time delivery at optimal cost

- **Demand Generate**
  - World class in store execution

Traditional trade channels will remain relevant

- **Wholesale**
  - Aids ↑ Width of distribution

- **Retail**
  - Accessibility at arm’s reach of desire

- **Shakti**
  - Deep rural distribution

Building channels of the future

- **Modern Trade** - Driving visibility
  - Explode Ecommerce - Partnerships and exclusive ranges

- Growth and profitability in E-Com > Modern Trade > Traditional Trade
Strategy in action

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Enabled by

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Being Future Fit
Winning in Many Indias

WiMi in action

- From 4 branches to 14 consumer clusters
- Distinctive strategy at a cluster level
- Customized product propositions & media deployment for every cluster
- Empowered Cluster Heads enabling faster decision making closest to the point of action

WiMi is a competitive edge for HUL
Winning in Many Indias – few examples

**Proposition in face care**
- Low penetration markets
  - Grow by removing barriers of proxy usage
- Other markets
  - Leverage by increasing usage occasions

**Pricing and proposition in fabric solutions**
- Majority mass
  - Upgradation through mid and premium bars and powders
- Majority mid
  - Upgradation through top end formats – Matic liquids

**Product in Refreshment**
- Punjab and Karnataka
  - Designed for color and taste preference
C4G in action

Country Category Business Team: 15 Mini – Boards

Merger of brand building and brand development

Functions in a CCBT

Empowered to deliver in-year P&L

More consumer & customer centric

Land bigger, faster innovations

Liberating HUL Leadership Team to focus on longer term goals, exploring inorganic growth opportunities and managing disruptions
Digital trends shaping India

Rise of vernacular content

Exponential data growth

Rapidly evolving digital infrastructure

3rd largest start-up ecosystem in the world

480+ million internet users with more mobile viewers

Plummeting data costs driving increased usage (4 hours video per day)

Rs. 205/GB in 2016

Rs. 19/GB in 2017

Data Sources: Decoding Digital Impact; 2017 Report by BCG & Google; YT data extracted in April 2018; Kantar IMRB Internet Report 2016, 2017; 2017 KPMG Google Report on Indian Languages – Defining India’s Internet
Leading the disruption along our value chain

AI Augmented Decision Making  
Performance Management  

Digital Factory & Robotics  
Factory  

Robotics Automation @ Warehouses  
Distribution Center  

Digitization of Stores  
Distributor  

Precision Marketing  
Store  

B2B Model and assured N+1 Delivery  
Consumers  

Harnessing the power of ‘Data as an enterprise asset’
Winning culture: Focus on Wellbeing, Diversity & Inclusion

Nurturing an experimentation culture

Distinctive Technology giving Competitive Advantage

Building an Inclusive Workplace

+1200 bps improvement in gender balance

Embracing inclusion beyond gender and breaking stereotypes

Holistic Wellbeing

People with purpose

Physical and mental wellbeing

Distinctive Technology giving Competitive Advantage

Appropriate Large Part of the Value Chain

Purposeful

Physical

Emotional

Mental

Consumer Need/ Unmet Problem

Physical and mental wellbeing
Unilever Sustainable Living Plan

**Health & Wellbeing**
>67 million people reached - Lifebuoy Handwashing Programme
83 billion litres of safe drinking water provided by Pureit
~1.1 million people impacted through Domex Toilet Academy

**Sustainable Sourcing**
100% tomatoes are sourced from sustainable sources
52% tea is sourced from estates certified as sustainable

**Enhancing Livelihoods**
90,000+ Shakti entrepreneurs network
1.7 million people benefitted
600,000+ women enrolled

**Thought Leadership**
450 billion litres of water saving potential created
100% of our plastics packaging to be reusable, recyclable or compostable by 2025
Key Messages

- Unilever has a **rich history and deep heritage** in South Asia spanning over 100 years

- South Asia has **huge headroom to grow** being home to the largest millennial population, growing affluence, rising urbanization and burgeoning digital connectivity

- Unilever has strong business in South Asia and a **clear and compelling strategy** across divisions

- We are **future proofing** our business through market development, agile organization structures and building distinctive capabilities across the value chain leveraging data and technology

- **USLP** continues to be our key differentiator
Thank you
For more information

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http://www.hul.co.in/investorrelations/