

# HUL's net profit up 10.7%, beats Street estimates

Health, hygiene and nutrition grow 16% over pre-Covid levels

ARNAB DUTTA  
 New Delhi, 22 July

Hindustan Unilever (HUL), the country's biggest fast-moving consumer goods (FMCG) company, on Thursday reported 10.7 per cent growth in its consolidated net profit at ₹2,100 crore for the April-June quarter (Q1FY22), compared with ₹1,897 crore in the year-ago quarter.

HUL posted ₹11,996 crore in net sales, 13.5 per cent higher than the ₹10,570 crore it had reported in the corresponding quarter last year. As its finances improved significantly during the second Covid-19 wave, HUL's top management said it remained "cautiously optimistic about the demand recovery".

The company's performance was better than Street expectations. According to the Bloomberg consensus estimates, analysts had pegged HUL revenues at ₹11,914 crore and net profit at ₹1,920 crore for the quarter. On the volume front, too, HUL's performance was ahead of the estimates, which were in the range of 5 to 8 per cent.

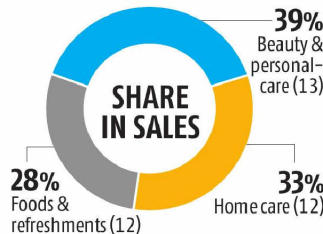
Backed by strong double-digit growth in the rural market, its volumes surged 9 per cent year-on-year (YoY).

Turn to Page 10 ▶



## Q1 REPORT CARD

in ₹ cr	Apr-Jun 2020	Apr-Jun 2021	Change %
Netsales	10,570	11,996	13.5
Total expenses	8,324	9,546	14.7
Profit after tax	1,897	2,100	10.7



Note: % YoY growth in these segments in brackets

"IN A CHALLENGING ENVIRONMENT, WE HAVE DELIVERED A STRONG PERFORMANCE ACROSS TOP LINE AND BOTTOM LINE"

SANJIV MEHTA,  
 CHAIRMAN & MD, HUL



## HUL's net profit...

The beauty and personal care segment, which contributes about 39 per cent to HUL's top line, grew 13 per cent despite the overall slowdown in the category. The home care business, which rakes in a third of its sales, and food and refreshment (28 per cent of sales), grew by 12 per cent each.

However, the urban market continued to lag behind, with sales growth in cities at 96 per cent of the March 2021 levels, even as sales in the rural market grew by four percentage points in June.

"In a challenging environment, we have delivered a strong performance across top line and bottom line. We remain cautiously optimistic about the demand recovery. Our focus firmly remains on delivering volume-led competitive growth and margins in a healthy range," said Sanjiv Mehta, chairman and managing director, HUL.

According to the company, as the extent of mobility rebounded in June, it managed to grow its skin care and colour

cosmetics business in double digits. However, categories like water purifiers, food solutions, and ice creams got adversely impacted in spite of the summer season. Together, these segments grew by 91 per cent over the last quarter, when a stringent lockdown was in place, but remained 40 per cent lower than the 2019 levels.

Similarly, discretionary brands like Axe, Vaseline, Pond's, and Grow & Lovely registered 39 per cent growth over the year-ago quarter, but remained 24 per cent lower than the 2019 levels. However, its health, hygiene and nutrition business, which contributes 85 per cent of its sales, grew by 8 per cent and 16 per cent, respectively, over the June 2020 and June 2019 quarters.

Mehta said that in spite of a more severe second Covid-19 wave, business activities were less impacted due to the government's approach of "localised, calibrate lockdowns". "It resulted in no panic buying and kept the supply chain and backend operations functional. Further, unlike the first wave in 2020, even in areas under the lockdowns retail stores were allowed to operate in limited hours, which helped us," Mehta said.