

Hindustan Unilever Limited

SQ'23 Results

19th October 2023



Hindustan Unilever Limited



Safe harbour statement

This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward looking statements. These forward looking statements are based on certain expectations, assumptions, anticipated developments and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, market growth, intense competition and the pricing environment in the market, consumption level, ability to maintain and manage key customer relationship and supply chain sources and those factors which may affect our ability to implement business strategies successfully, namely changes in regulatory environments, political instability, change in international oil prices and input costs and new or changed priorities of the trade. The Company, therefore, cannot guarantee that the forward-looking statements made herein shall be realised. The Company, based on changes as stated above, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein or make written or oral forward looking statements as may be required from time to time on the basis of subsequent developments and events. The Company does not undertake any obligation to update forward looking statements that may be made from time to time by or on behalf of the Company to reflect the events or circumstances after the date hereof.

Rohit Jawa

Chief Executive Officer
and Managing Director



Hindustan Unilever Limited





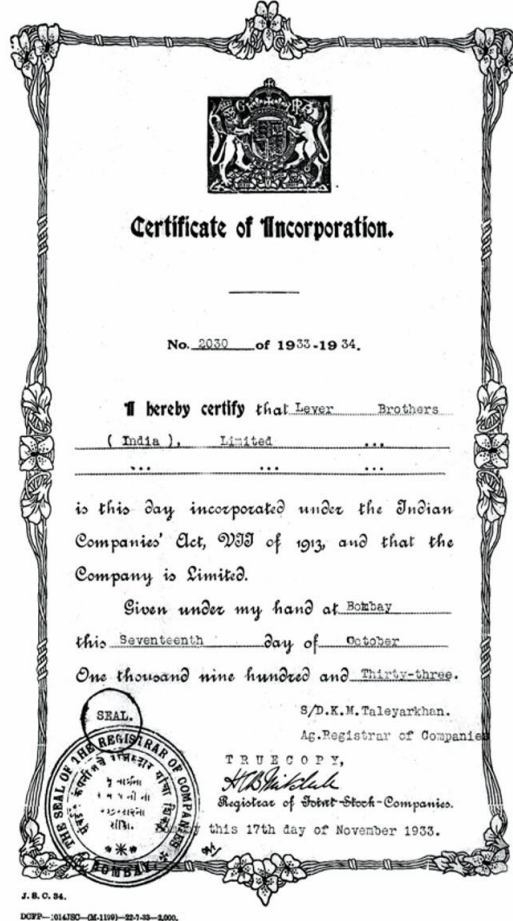
Hindustan Unilever Limited

90

YEARS OF DOING WELL
BY DOING GOOD

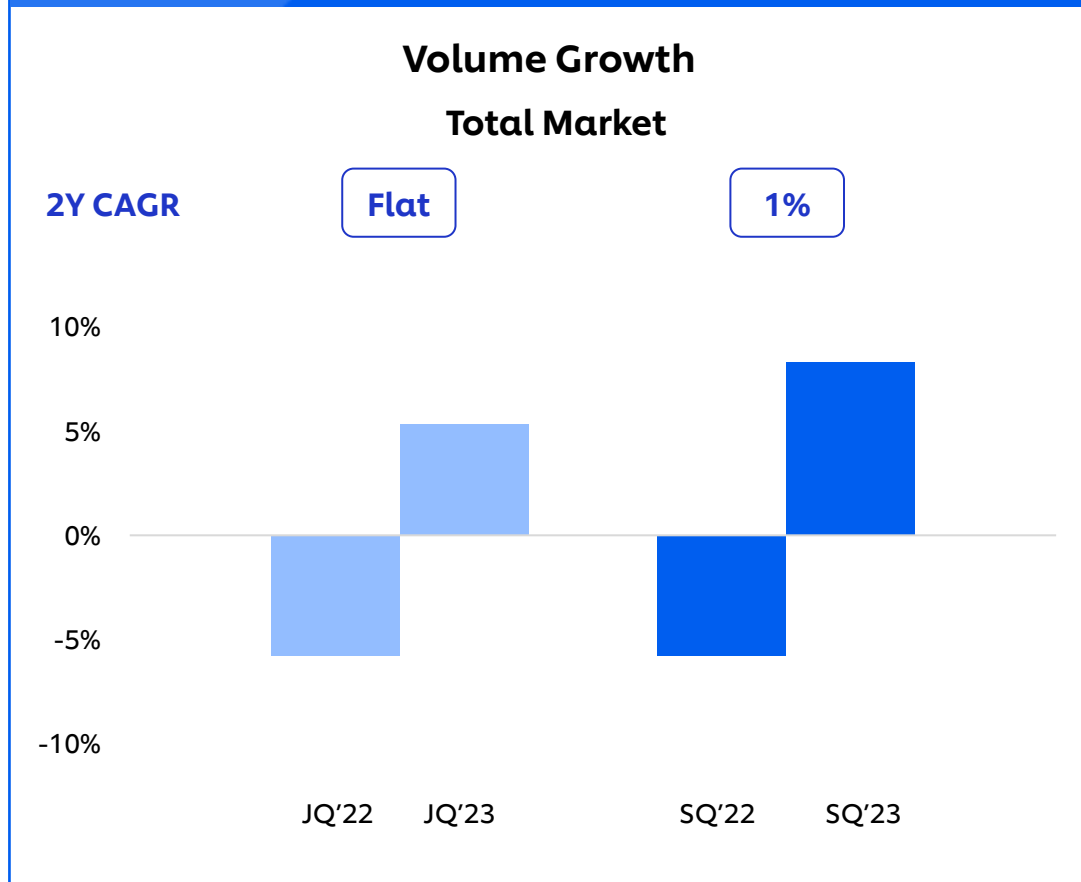


#HULTurns90

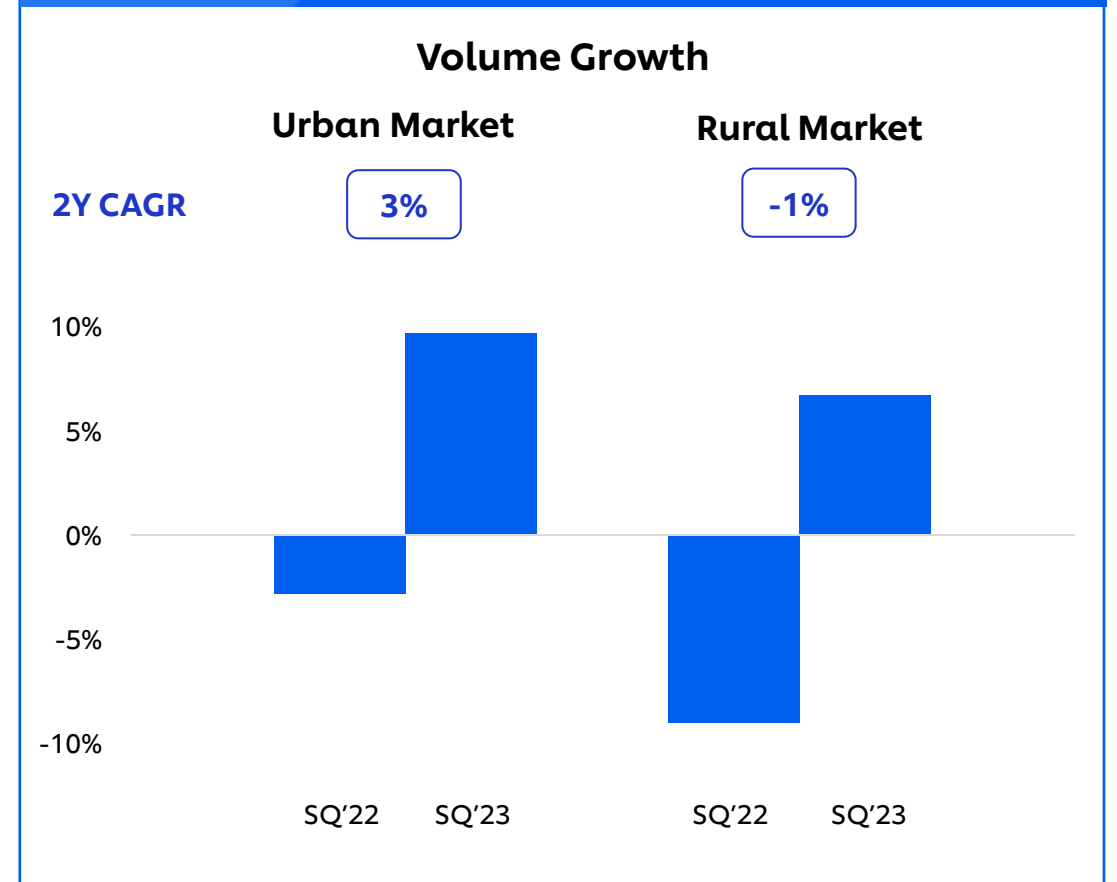


FMCG demand trends remain stable

Gradual recovery in volumes,
albeit on a soft base

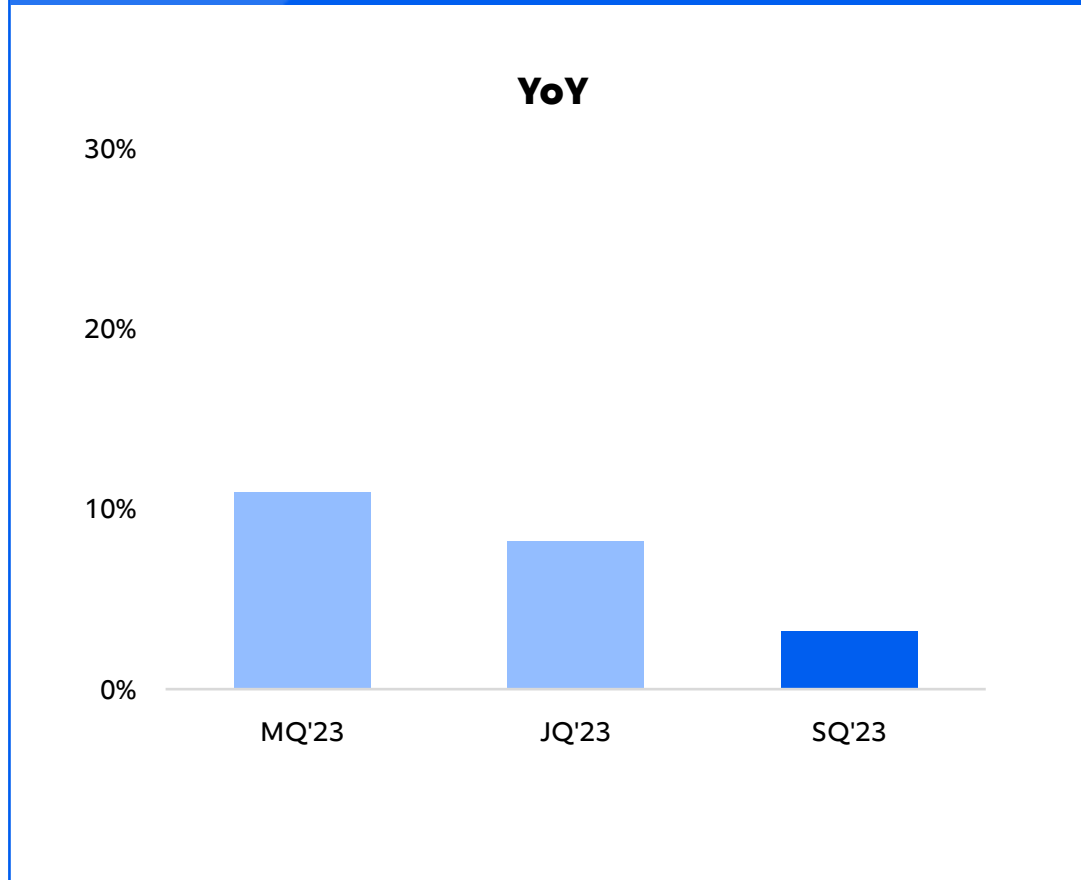


Growth led by urban,
while rural remains subdued

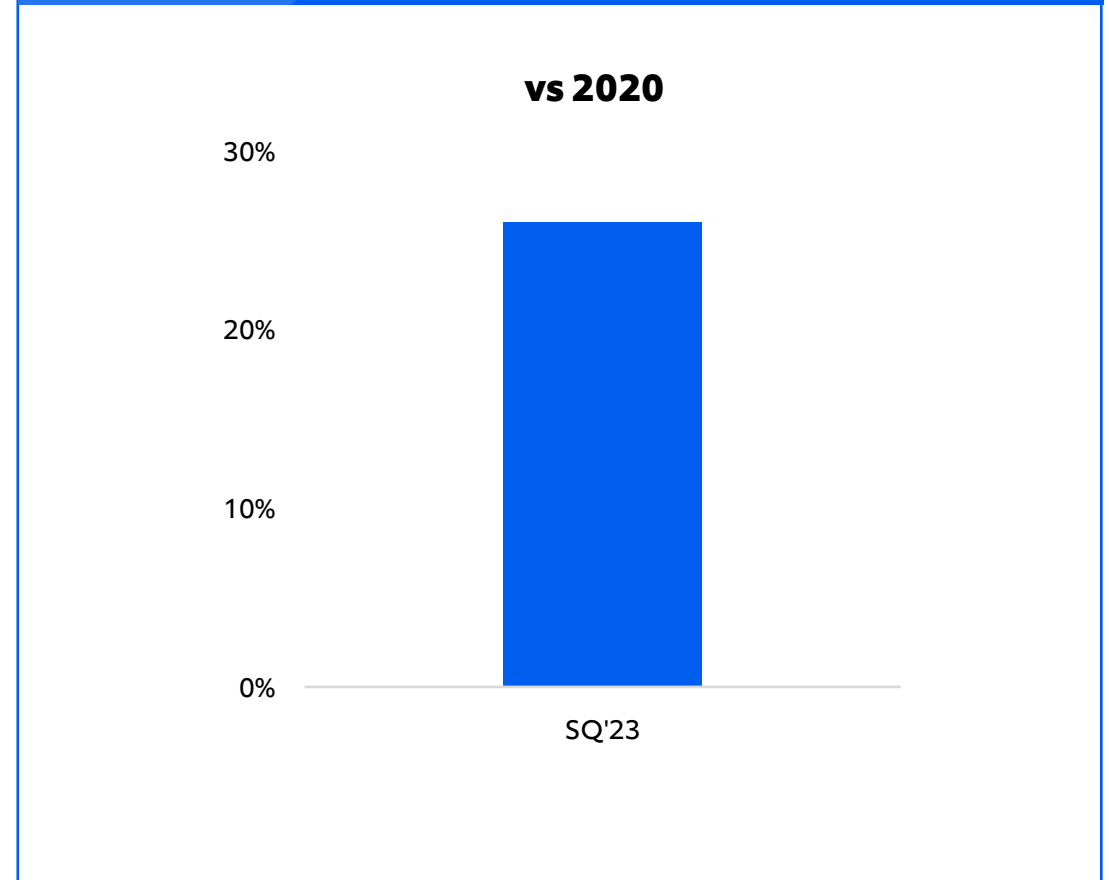


Market price growth tailing off albeit remains high on 3-year basis

FMCG market price growth (YoY)

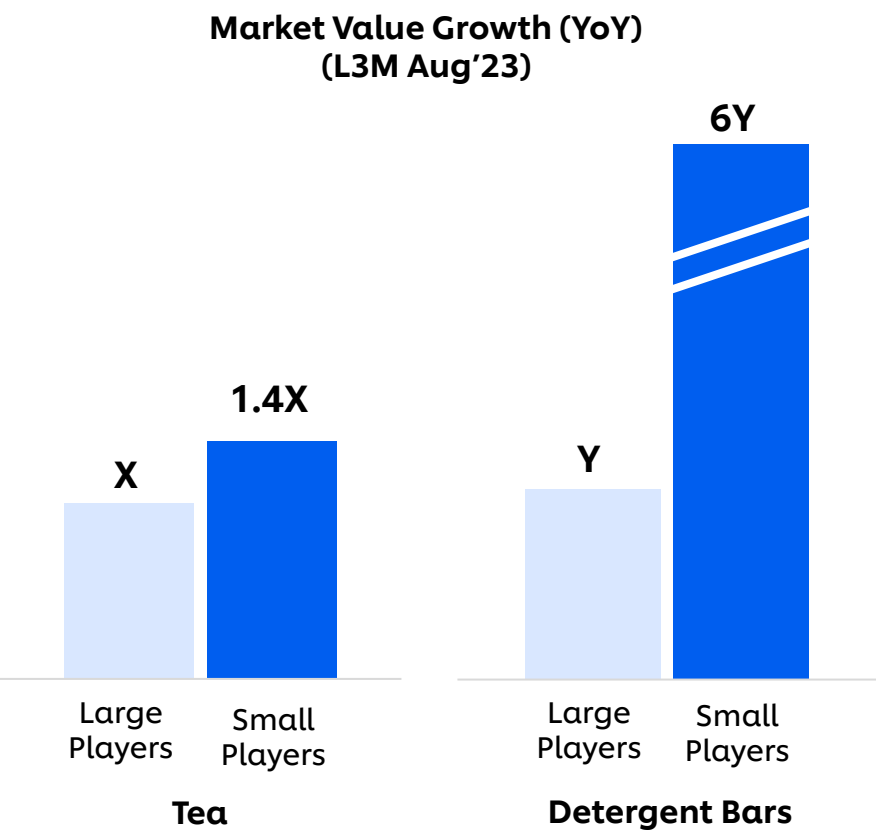


FMCG market cumulative price growth (3-year)

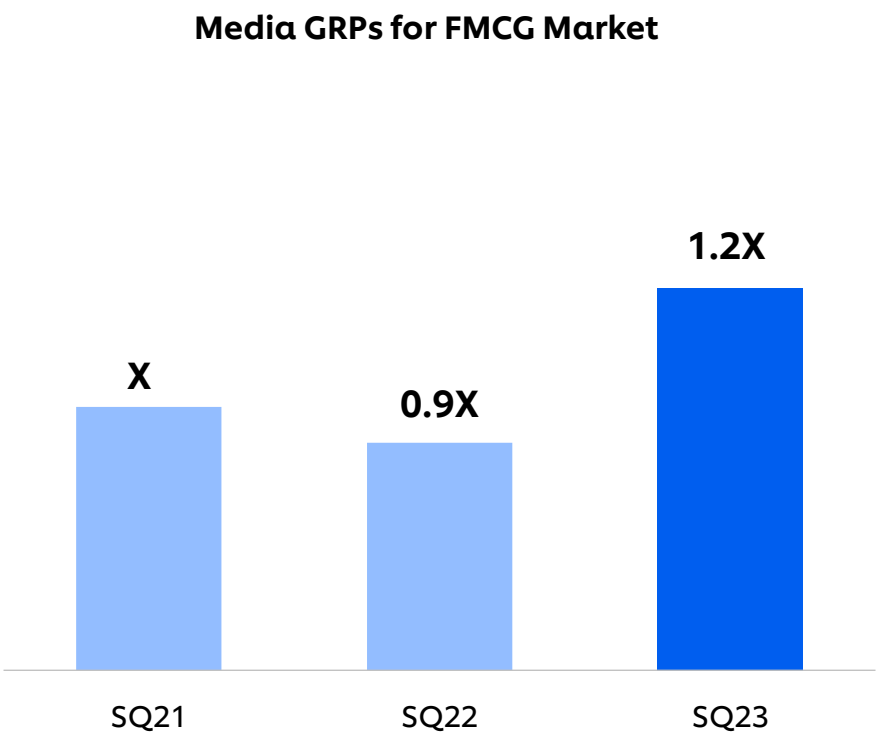


Competitive intensity remains high

Resurgence of small players in select categories



Media intensity up



SQ'23 Financial highlights

Turnover

15,027 cr.

Underlying Sales Growth

4%

Underlying Volume Growth

2%

EBITDA Margin

24.6%

+130bps YoY

PAT bei

12%

YoY growth

EPS

4%

YoY growth

1. Underlying Sales Growth (USG) refers to the increase in turnover for the period, excluding any change in turnover resulting from acquisitions, disposal
2. Underlying Volume Growth (UVG) refers to volume growth including the impact of mix of turnover realization of products sold
3. PAT (bei) : Profit After Tax before exceptional items

Competitive growth

Business winning value shares

c.60%

Business winning volume shares

>75%

Corporate share

YoY

Moderate gains

Strong gains

2-year basis

Responsible growth : Doing well by doing good

Clean Future Summit



Digitising Shakti



Empowering retailers



Incredible India to Inevitable India

Fast growing economy

India's GDP Ranking

2027

3

2022

5

2020

6



Source- IMF

Favourable demographics



>1 Bn Working class population
10 Mn will get added every year

Rapid digital evolution



Digital Democratisation
Scalable Foundations

Huge headroom for growth in FMCG

	Thailand	7X
	China	5X
	Philippines	5X
	Indonesia	4X
	India (\$50)	X

HUL : Well placed to win

India's largest FMCG Company

Segmental Revenue



HC

₹ 21K cr.



BPC

₹ 22K cr.



F&R

₹ 15K cr.

85%

of business

Market leadership

19

brands

₹10Bn+ Turnover

3Mn

stores

Direct Reach

including Shakti entrepreneurs

Strong track record of value creation



Turnover

**9%
CAGR**



UVG

**4.5%
CAGR**



EBITDA%

**+800
bps**



Net Profit

**10%
CAGR**

Key thrusts

Grow the Core through product superiority



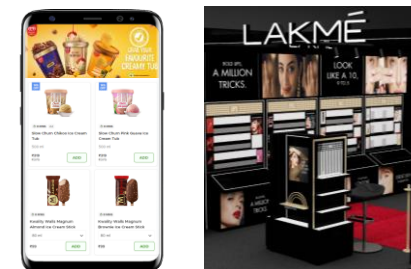
Market Development & Premiumisation



Portfolio transformation



Winning in Channels of the Future



Fuel for Growth



m net revenue management

Enabled by distinctive capabilities



WiMI



Digital



Sustainability



Future Fit Talent & Organisation

Ritesh Tiwari

Chief Financial Officer



Hindustan Unilever Limited



Topline

Underlying Sales Growth

4%

2%

Underlying Volume Growth

EBITDA

Margin

24.6%

+130 bps

Change YoY

PAT (bei)

INR

2,668 cr.

12%

Growth YoY

Net Profit

INR

2,717 cr.

4%

EPS Growth YoY

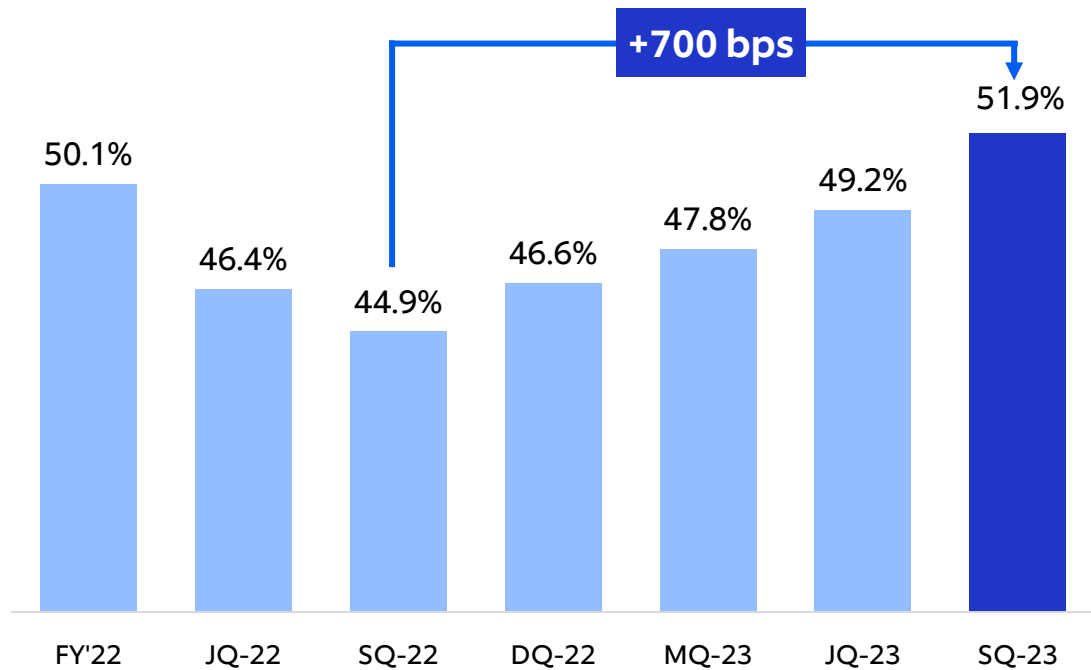
SQ'23 Results excluding one off

Year on Year	SQ'23 (reported)	SQ'23 (excl. one-off)
Underlying Sales Growth	4%	3%
Underlying Price Growth	1%	Flat
Gross Margin Δ	+700 bps	+650 bps
EBITDA Margin Δ	+130 bps	+50 bps
PBT Growth	14%	9%
PAT bei Growth	12%	7%
Net Profit Growth	4%	-1%

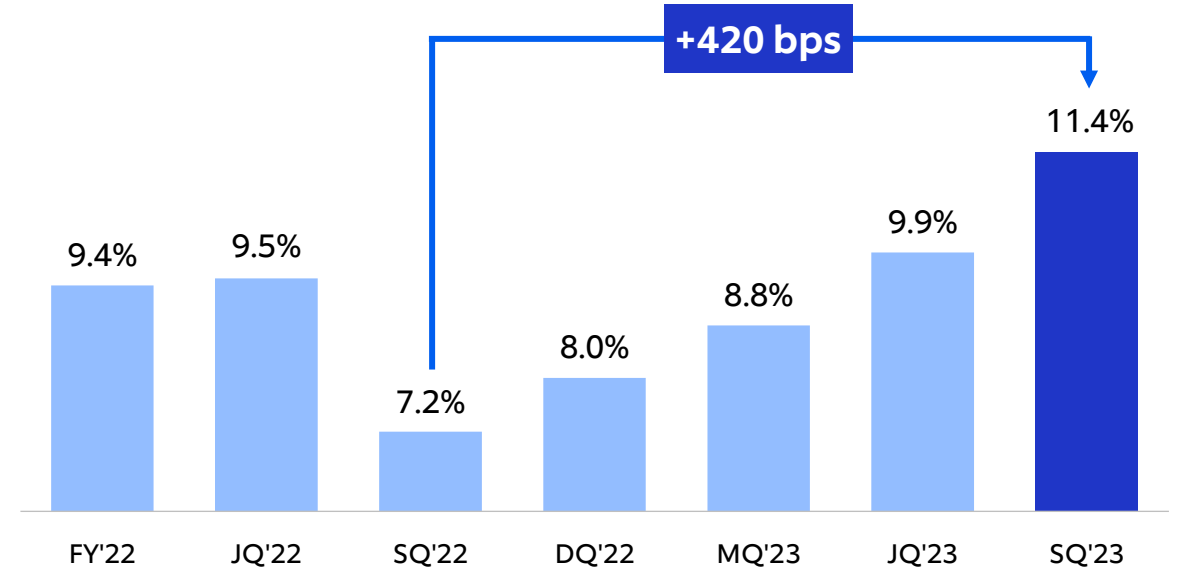
Note: One-off benefit in BPC segment

Building back gross margins, stepping up A&P

Gross Margin



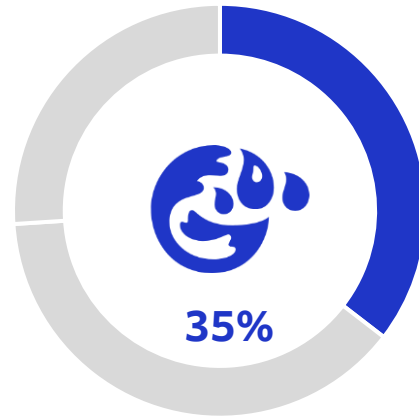
Advertising & Promotion



Continue to drive productivity improvement and pricing agility

SQ'23 : Segmental performance

HOME CARE



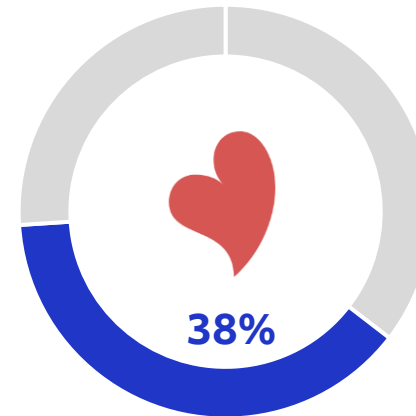
INR 5,312 cr.

3%

19%

Mid-single
digit growth

BEAUTY & PERSONAL CARE



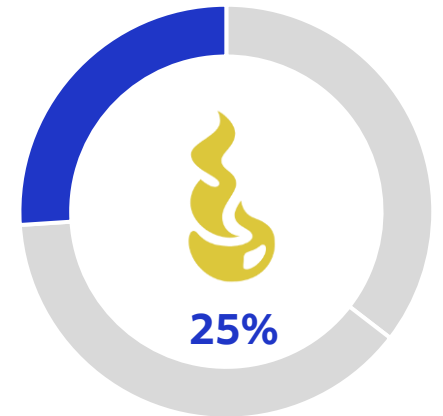
INR 5,809 cr.

4%

27%

Mid-single
digit growth

FOODS & REFRESHMENT



INR 3,851 cr.

4%

19%

Mid-single
digit decline

Underlying Sales Growth

Segmental Margins

Underlying Volume
Growth

Segment Revenue = Segment Turnover + Other Operating Income, Segment Margins (EBIT) excludes exceptional items. Excludes 'Others' segment, proportion of segments for same period last year

Underlying Sales Growth (USG) refers to the increase in turnover for the period, excluding any change in turnover resulting from acquisitions, disposal

Underlying volume growth (UVG) refers to volume growth including the impact of mix of turnover realization of products sold

HC : Innovations and Activations



HC : Volume led growth on a very high base



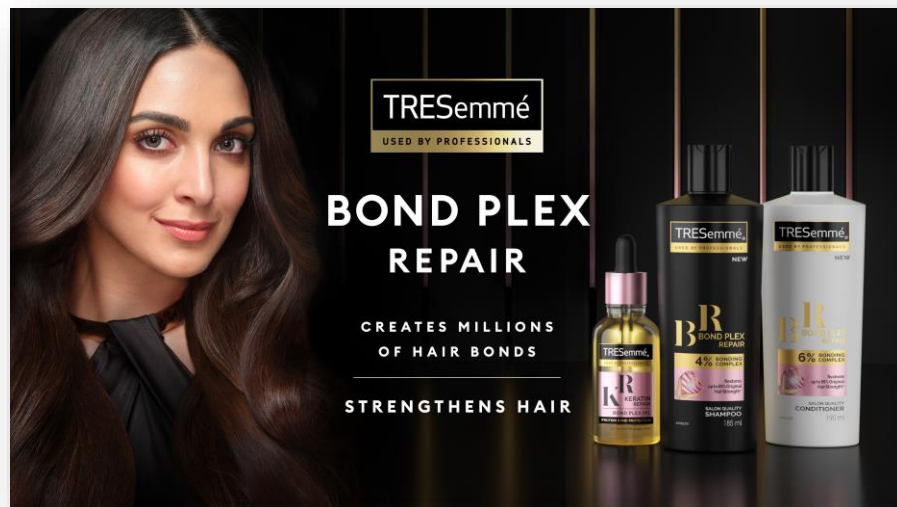
- ❑ **Fabric Wash:** Volumes grew in mid-single digit driven by outperformance in premium portfolio
- ❑ **Household Care:** High-single digit volume growth led by Dishwash
- ❑ Price reductions taken in both Fabric Wash and Household Care portfolio. Stepped-up brand and marketing investments to protect competitive position

BPC : Innovations and Activations



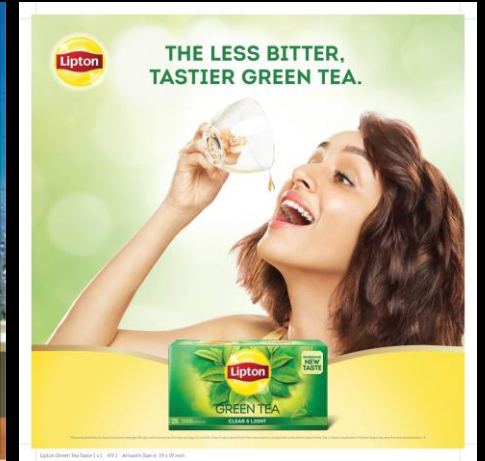


BPC : Volume driven mid-single digit growth



- ❑ **Skin Cleansing:** Declined as price cuts offset low-single digit volume growth. Lux and Hamam continue to outperform
 - Market development actions in bodywash continue to yield good results
- ❑ **Hair Care:** High single digit growth led by Clinic Plus and Indulekha
- ❑ **Skin Care and Colour Cosmetics:** Double-digit growth led by outperformance in Ponds and Vaseline. Focused interventions in new demand spaces and channels of the future fuel growth
- ❑ **Oral Care:** Mid-single digit growth led by Closeup

F&R : Innovations and Activations



F&R : Mid-single digit growth driven by pricing



- ❑ **Beverages:** Tea delivered modest growth as category continued to witness consumers downgrading. Coffee grew in double-digits driven by pricing
- ❑ **Health Food Drinks:** Delivered price-led mid-single digit growth driven by activations and innovations
- ❑ **Foods:** Grew in mid-single digit on a high base. Food Solutions, Mayonnaise and Peanut Butter continue to deliver strong growth
- ❑ **Ice Cream:** Mid-single digit growth on a high base

HFD : Unlocking growth by building category relevance

Business Performance

Penetration  Market Share 

- 1 Healthy recruitment but consumption impacted by inflation
- 2 Cost synergies unlocked ahead of plan, re-invested in product and A&P
- 3 Gross Margin impacted by inflation and mix

Market Development – More Users, More Usage, More Premium

Sharper proposition



Strengthening science backed credentials



Expanding Portfolio to new demand spaces



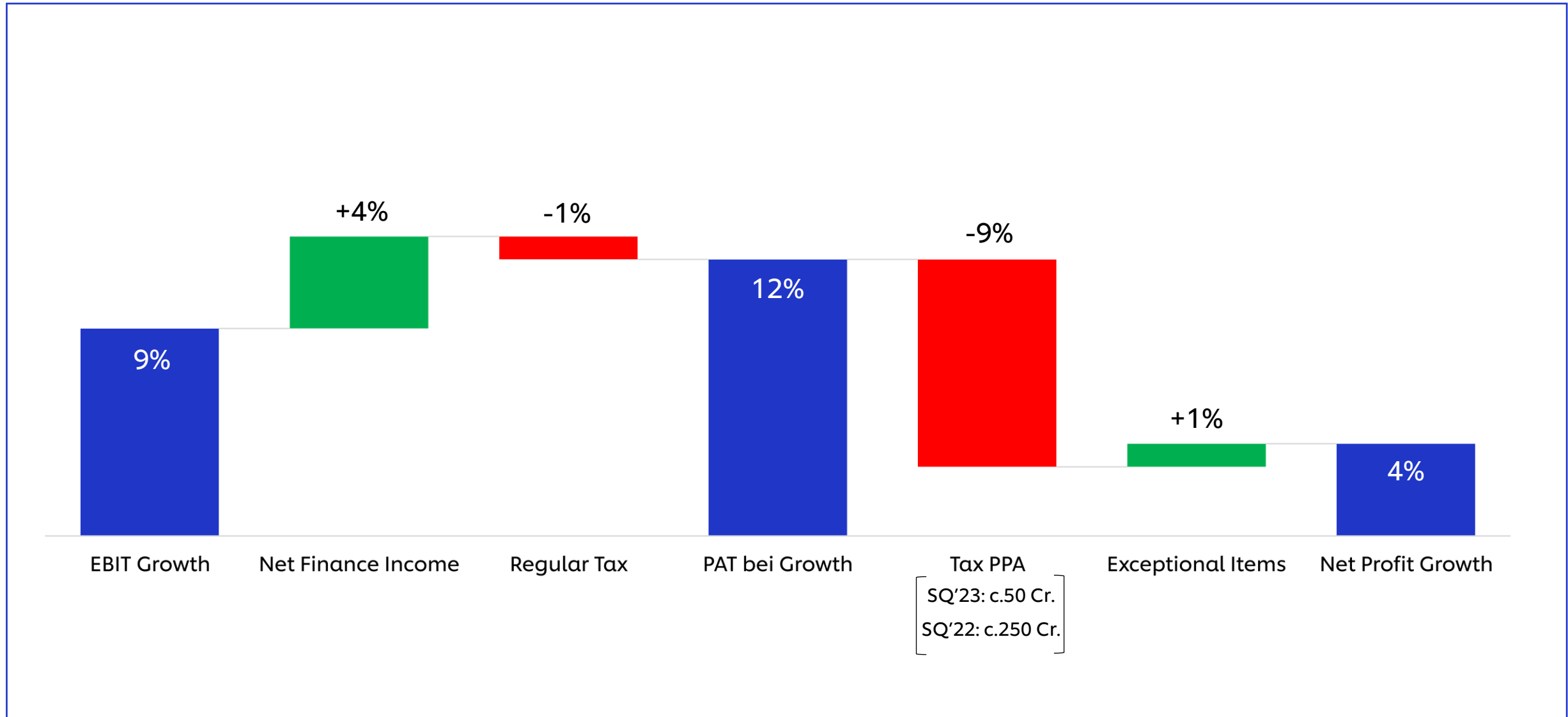
Remain confident of long-term prospects of the category

SQ'23 Results summary

Rs. Crores

Particulars	SQ'23	SQ'22	Growth
Sales	15,027	14,514	4%
EBITDA	3,694	3,377	9%
EBITDA Margin	24.6%	23.3%	+130 bps
EBIT	3,425	3,129	9%
Other Income (Net)	211	90	
Exceptional Items	-5	-28	
PBT	3,631	3,191	14%
Tax	914	575	
PAT bei	2,668	2,379	12%
Net Profit	2,717	2,616	4%

SQ'23 : EBIT to Net Profit movement



PPA – Prior Period Adjustment

H1 2023-24 Results summary

Turnover

INR

29,958 cr.

5%

Growth YoY

EBITDA

Margin

24.1%

+90 bps

Change YoY

PAT (bei)

INR

5,168 cr.

11%

Growth YoY

Net Profit

INR

5,189 cr.

6%

EPS Growth YoY

Interim dividend

Particulars	H1 2023-24	H1 2022-23	Growth
Dividend Per Share (Rs.)	18.0	17.0	
No. of Shares (Crores)	235	235	
Total Dividend (Rs. Crores)	4,229	3,994	6%

Outlook



Hindustan Unilever Limited

Cautiously optimistic in the near-term

❑ **Operating environment:**

- Expect tailwinds from a better festive season
- Rural recovery likely to remain gradual
- Competitive intensity to remain high
- Watchful of volatile commodity prices

❑ **Our outlook:**

- Price growth to be marginally negative if commodity prices remain where they are
- Focused on driving competitive volume growth
- Maintaining EBITDA margins in a healthy range whilst investing competitively behind our brands and long-term strategic priorities

Our focus remains on delivering Consistent, Competitive, Profitable and Responsible Growth



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#HULTurns90

