

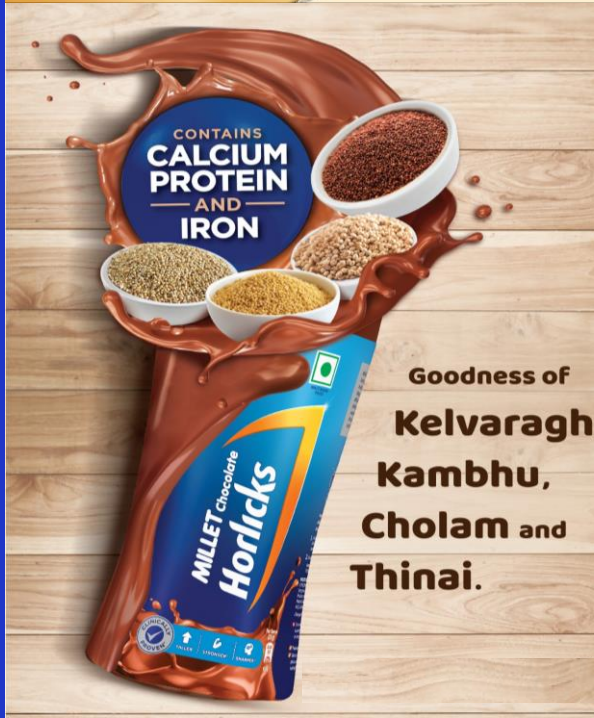
Hindustan Unilever Limited

MQ & FY 2023 Results

27th April 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.

Sanjiv Mehta

Chief Executive Officer
and Managing Director



Hindustan Unilever Limited



FY'23 : Strong all-round performance in a challenging environment



Underlying Volume Gr.

5%

YoY Growth

Business Winning

>75%

Business winning shares

EBITDA

23.4%

9% YoY growth

EPS

13%

YoY Growth

Driven by a clear and compelling strategy

Navigating the short term challenges with agility



Growing our consumer franchise

&



Protecting our business model

While making progress on our long-term strategic priorities



Developing our portfolio



Win with our brands powered by purpose and innovation



Lead in the channels of the future



Build differentiated structures and capabilities



Build purpose-led, future-fit organisation

FY'23 highlights : Home Care



- 28% revenue growth, volumes grew close to double-digits
- Premium portfolio continues to grow ahead of the rest of the portfolio
- 'Surf excel' became the first Home & Personal Care brand in India to cross US\$ 1 bn in turnover
- Home Care liquids crosses Rs. 3000 cr. turnover led by effective market development actions
- 'Vim' recognised by Kantar for fastest consumer reach growth* globally in the last decade

* across FMCG brands

FY'23 highlights : Beauty & Personal Care



- 12% revenue growth, volumes grew low single digit despite decline in market volumes
- 'Lux' & 'Pond's' cross Rs. 2000 cr. turnover each; five BPC brands in this club now
- Transforming portfolio through innovations and entry into fast growing demand spaces
 - 3 new brands launched in premium beauty – 'Acne Squad', 'Find Your Happy Place' and 'Novology'
 - Forayed into Health & Wellbeing with strategic investments in 'Oziva' and 'Wellbeing Nutrition'
 - Premium grew significantly ahead of the rest of the portfolio

FY'23 highlights : Foods & Refreshment



- 5% revenue growth led by Ice Cream, Coffee and Foods. Volumes grew low single digit
- HFD continues to gain consumer traction driven by market development; penetration and market shares grew handsomely
- Value and volume market leader in Tea; widened gap vs nearest competition
- Driving portfolio transformation:
 - Key innovations include 'Horlicks Millets', 'Kissan Hazelnut Choco Peanut Butter', 'Knorr Korean Meal Pots'
 - De-seasonalising Ice Cream through innovations and activations
 - Divested non-core business of Salt & Atta



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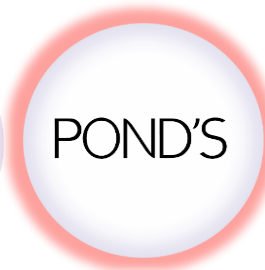
Our brands are getting bigger...

FY'23 Turnover

₹50 Bn+



₹20 Bn+



₹10 Bn+



19

brands >₹10 bn

2

New brands >₹20 bn

3

New brands >₹10 bn

...and stronger

Product Superiority



Award winning marketing campaigns

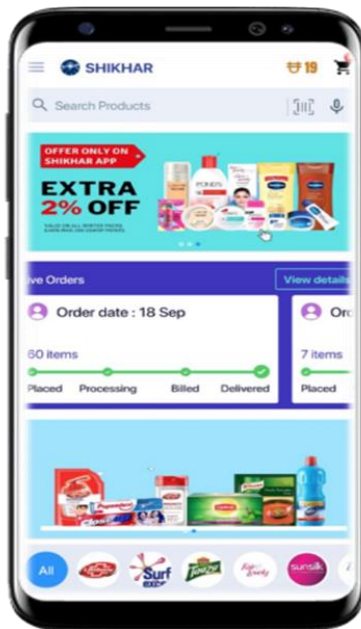


2X more superior products vs 2019



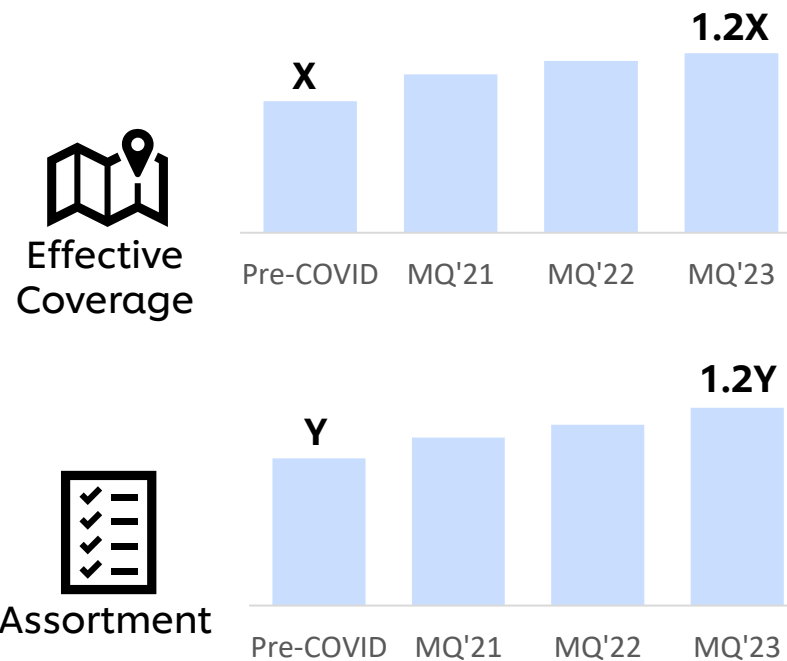
Winning with customers

Shikhar in 1.2 million stores



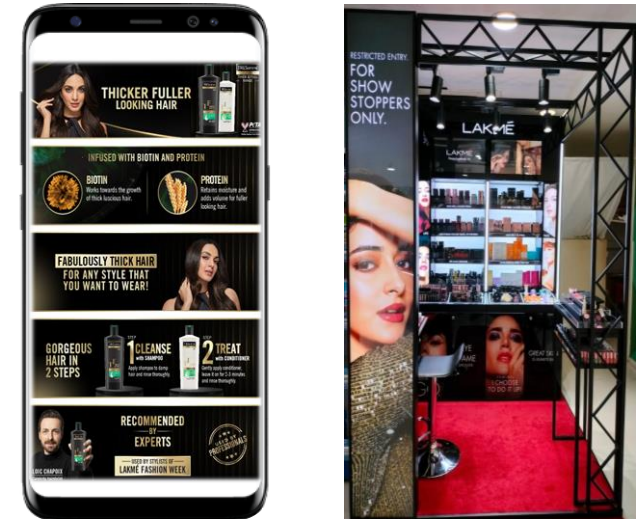
Digitised demand capture >30%

Excellent execution



Continuously stepping-up coverage & assortment

Perfect stores



Online & Offline

Agile & future-fit operations

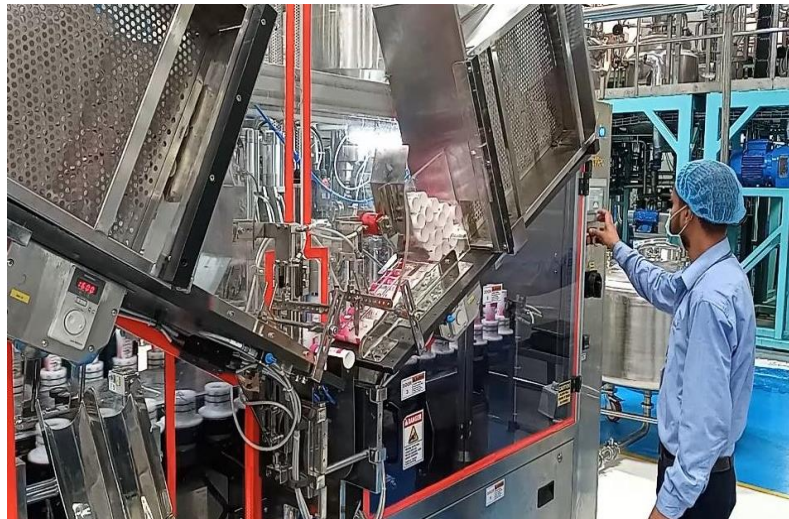
Agile Innovation Hub

REPEATABLE | DIGITAL | DATA LED



**60 SKUs launched through
the AI Hub platform**

Digitised factories



**7 nano factories
DBNR* < 3.5 days**

Automated warehouse



Faster fulfilment

**DBNR : Days before next run for A class SKUs*

Doing well by doing good

Climate & Waste

97%

Reduction in CO₂ Emissions (kg/tonne of production) in manufacturing operations vs 2008



48%

Reduction in Water consumption in our manufacturing operations vs 2008



>1 lakh tonne

Plastic waste collection & safe disposal **Plastic Neutral** since 2021*



55%

Reduction in total waste generated from HUL's factories vs 2008



Nature

2.6 trillion litres

Cumulative Water potential created by HUF along with its partners



95%

Paper and board in packaging sourced from sustainable sources



82%

Tomatoes from sustainable sources



69%

Tea from sustainable sources



Social

>9 million

People reached through Prabhat initiatives on economic empowerment, environment sustainability, health, etc.



>1.9 lakh

Shakti entrepreneurs empowered



> 3 lakh

People have access to safe sanitation through Project **Suvidha**



40%

Gender diversity in our managerial workforce



Rohit Jawa



- 2022 : Chief of Transformation, Unilever
- 2017 : EVP, North Asia and Chairman, Unilever China
- 2013 : EVP, Chairman and CEO, Unilever Philippines
- 2010 : SVP, Global Marketing Operations
- 2006 : Regional VP, Laundry, Global VP Radiant brand, Unilever Asia
- 2004 : VP, Home Care, Unilever Vietnam
- 2002 : General Manager, Western Region, Hindustan Unilever
- 1988 : Management trainee, Sales & Marketing roles, Hindustan Unilever

Ritesh Tiwari

Chief Financial Officer



Hindustan Unilever Limited



Operating context : Inflation moderating sequentially

YoY inflation softening

MQ'23 vs MQ'22

Brent Crude

-16%

Soda Ash

-6%

Caustic Soda

-25%

Crude Palm Oil

-39%

Tea

-1%

Barley

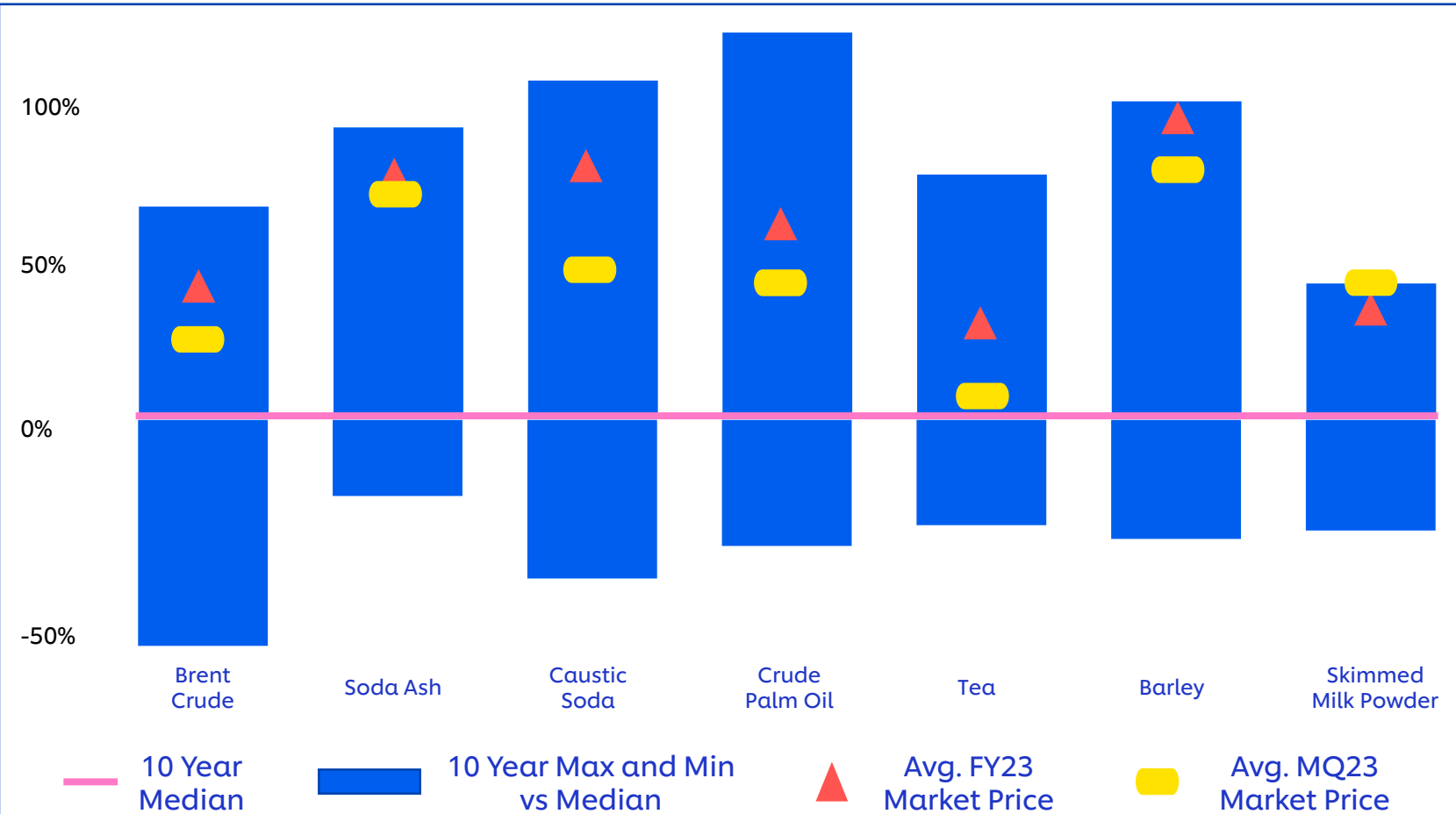
8%

Milk Powder (SMP)

18%

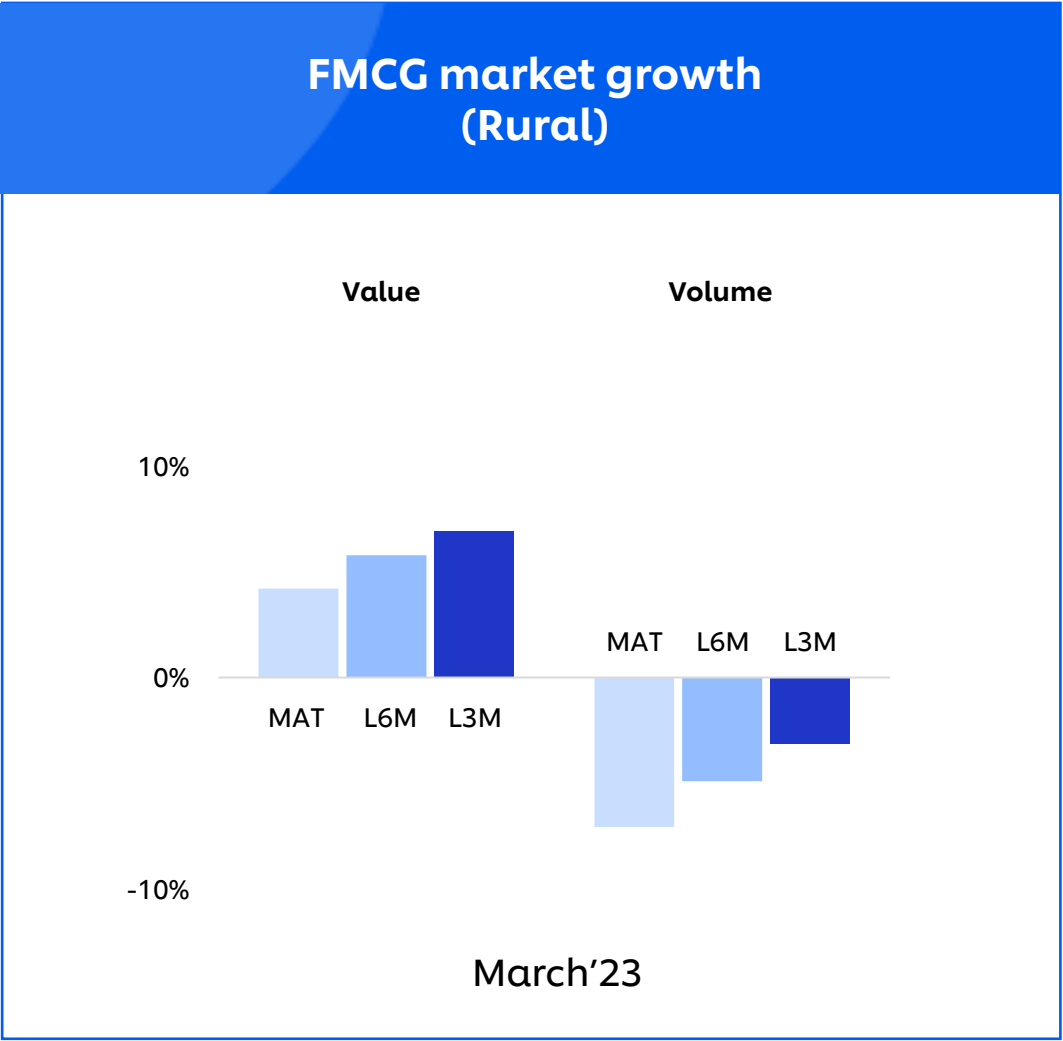
Lapping high base | Sequential easing

Key commodities remain elevated vs long term averages



Negative value (-) denotes deflation

FMCG Market : Gradual improvement in volumes



MQ'23 : Strong all-round performance continues

Turnover Growth

Growth

11%

4%

Underlying Volume Growth

EBITDA

Margin

23.7%

-90 bps

Change YoY

PAT (bei)*

INR

2,471 cr.

8%

Growth YoY

Net Profit

INR

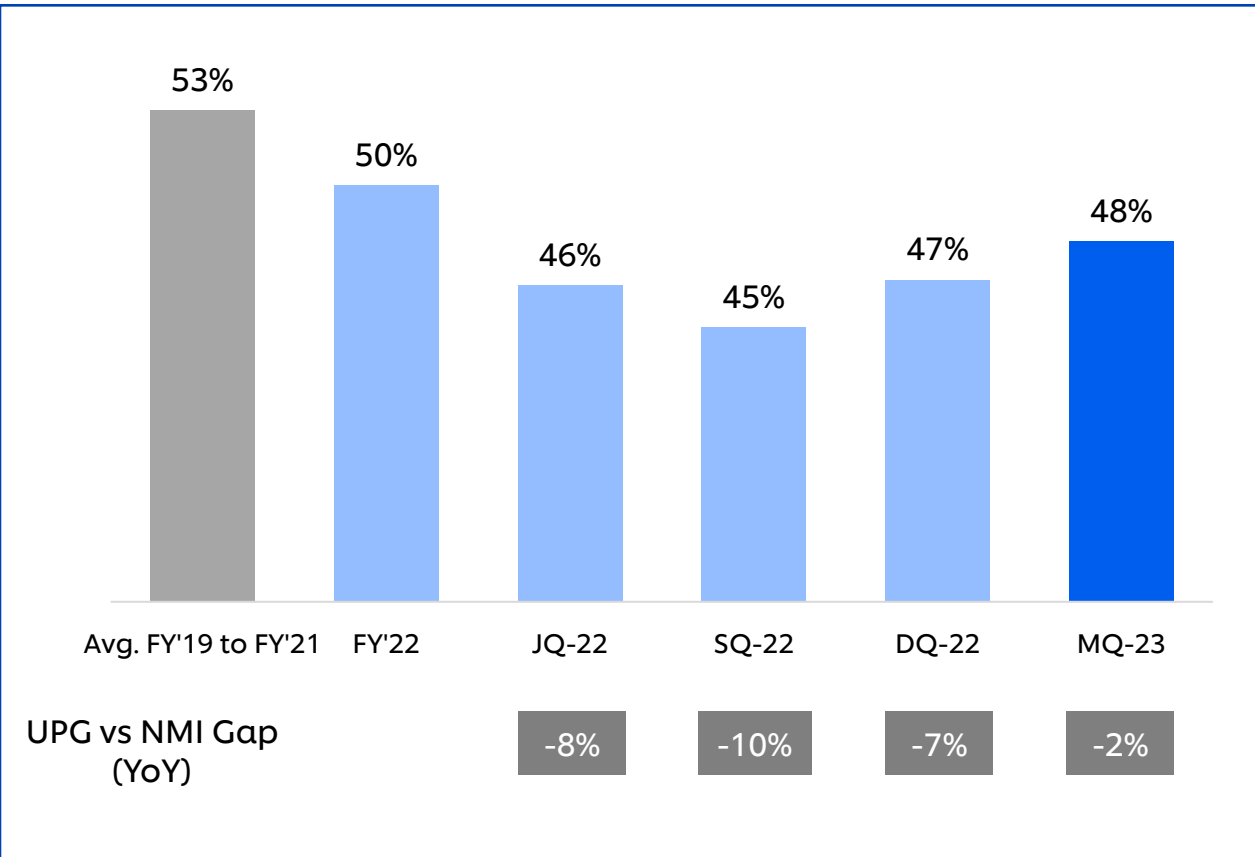
2,552 cr.

10%

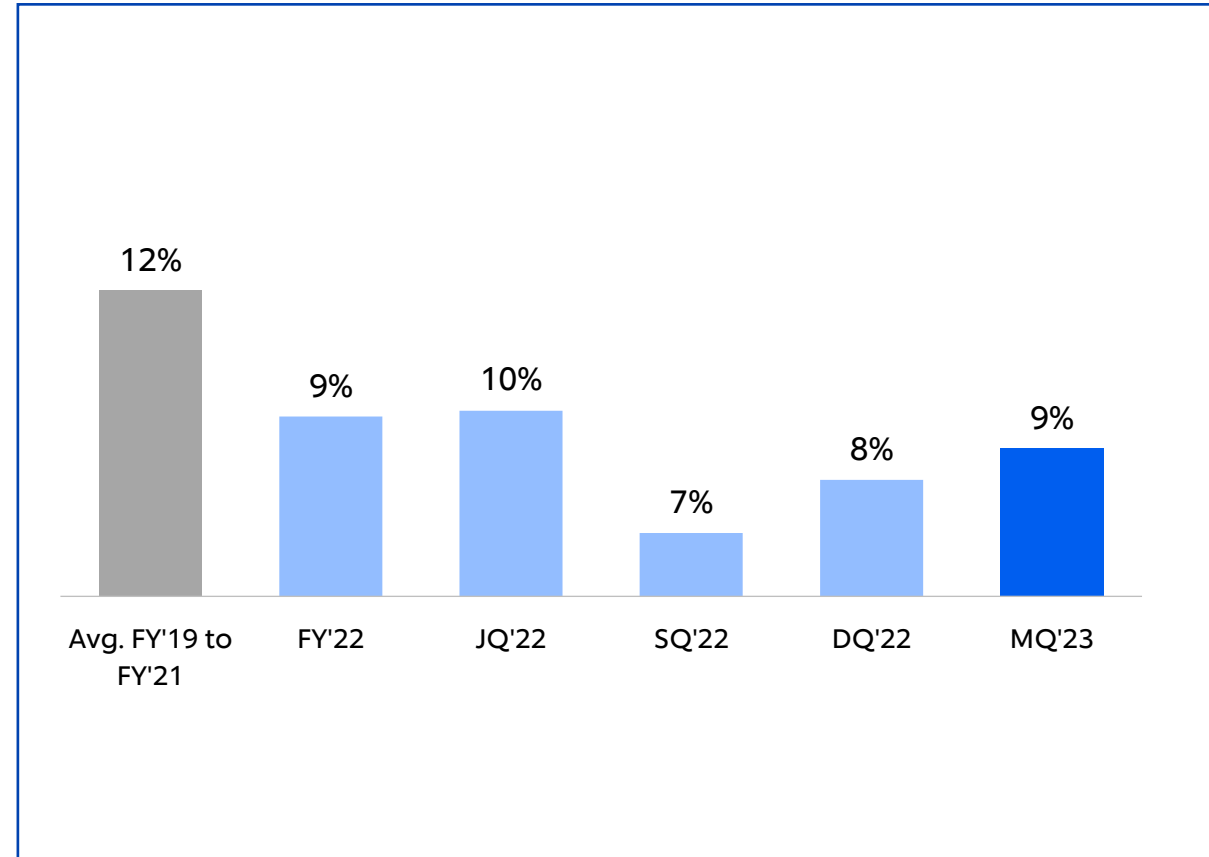
EPS Growth YoY

Building back gross margins, stepping up A&P

Gross Margin up sequentially



Stepped-up A&P investments



Continue to drive productivity improvement and pricing agility

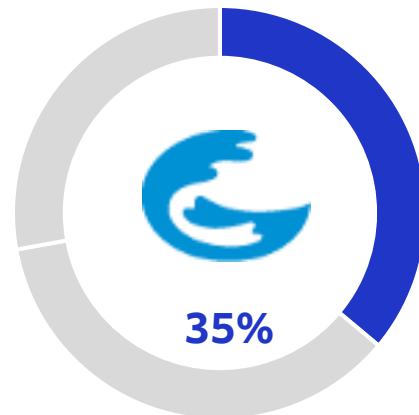
Net Material Inflation = Material Cost Inflation post impacts of buying efficiencies, hedging, product design to value, etc.

UPG : Underlying Price Growth

Sensitivity: Public

MQ'23 : Segmental performance

HOME CARE

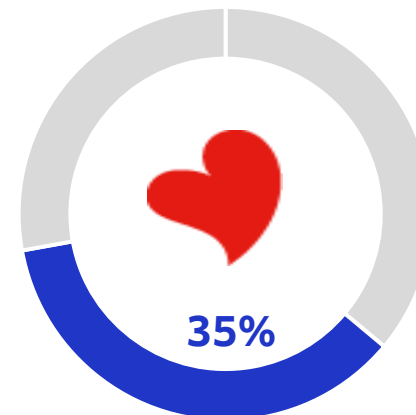


INR 5,638 cr.

19%

19%

BEAUTY & PERSONAL CARE

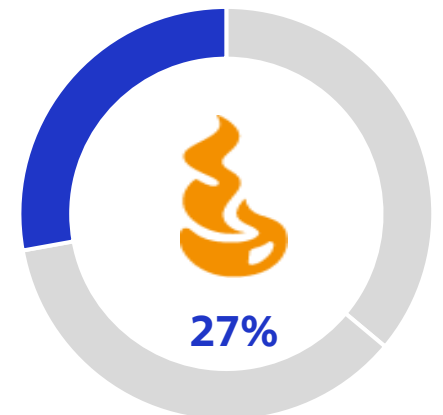


INR 5,188 cr.

10%

26%

FOODS & REFRESHMENT



INR 3,794 cr.

3%

18%

Segmental Revenue
Growth

Segmental Margins

Segment Revenue Growth = Segment Turnover growth + Other Operating Income, Segment Margins (EBIT) excludes exceptional items

Excludes 'Others' segment, proportion of segments for same period last year

Sensitivity: Public



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MQ'23 : Innovations (1/2)





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MQ'23 : Innovations (2/2)



MQ'23 : Activations and communications



"नया का मतलब नए पैक से है"

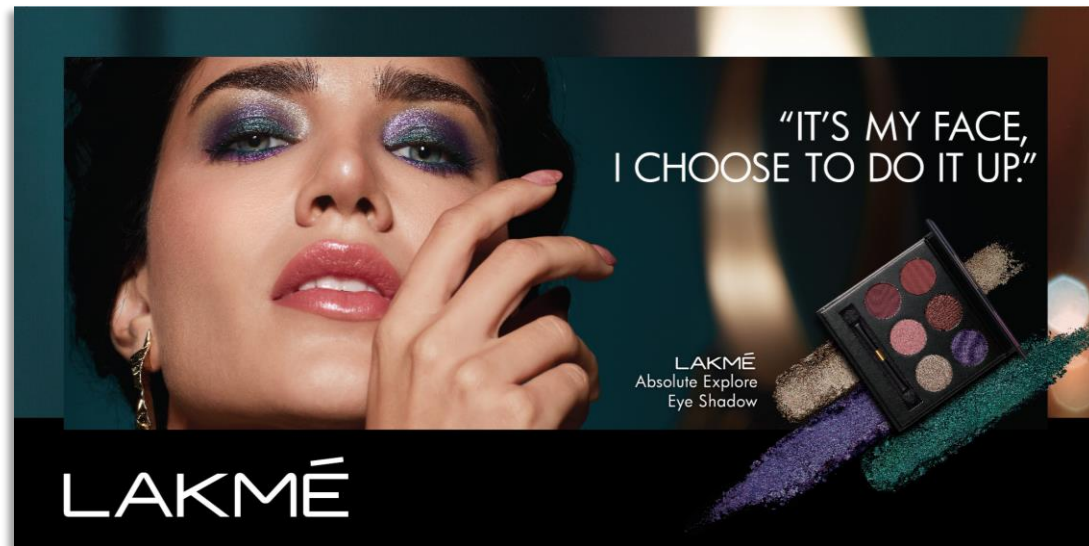
HC : Stellar performance continues



- ❑ **Fabric Wash:** Strong double-digit growth led by premium portfolio
 - Handsome market share gains continue, both value and volume

- ❑ **Household Care:** Strong double-digit value and volume growth driven by outperformance in Dishwash

BPC : Broad-based double-digit growth



- ❑ **Skin Cleansing:** Double-digit growth led by 'Lux'. Price reductions taken in MQ'23 in soaps portfolio
 - Market development actions in bodywash continue to yield good results
- ❑ **Hair Care:** Strengthened market leadership and delivered volume led mid single-digit growth. Innovations and future formats continue to gain consumer relevance
- ❑ **Skin Care and Color Cosmetics:** Double digit growth led by strong performance in premium portfolio
 - Launched new specialist Skin Care brand 'Novology' in the masstige beauty segment
- ❑ **Oral Care:** Delivered high single digit growth. Close-up continues to do well

F&R : Steady performance in Foods, Coffee and HFD



- ❑ **Beverages:** Strengthened market leadership in Tea. Higher inflation in premium teas vis-à-vis loose tea leading to consumers downgrading. Coffee continues to perform well delivering double-digit growth
- ❑ **Health Food Drinks:** Mid-single digit growth, broad-based across the portfolio. Market share and penetration gains continue
 - Market remains subdued due to inflation impact on consumption
- ❑ **Foods:** Mid single digit growth led by strong performance in Ketchup and Food Solutions (UFS). Hellman's Mayonnaise and Kissan Peanut butter continue to gain consumer traction
- ❑ **Ice Cream:** Delivered mid-single digit growth on a high base. Unseasonal rains impacted consumption

MQ'23 : Results summary

Rs. Crores

Particulars	MQ'23	MQ'22	Growth
Sales	14,638	13,190	11%
EBITDA	3,471	3,245	7%
EBITDA Margin	23.7%	24.6%	-90 bps
Other Income (Net)	136	86	
PBT	3,425	3,128	9%
Tax	873	801	
Net Profit	2,552	2,327	10%
PAT before exceptional items	2,471	2,283	8%

Note: Exceptional items includes prior period tax adjustment, profit from sale of property and brands

FY'23 : Solid all-round performance in a challenging environment

Turnover

INR

58,154 cr.

16%

Growth YoY

EBITDA

INR

13,632

9%

Growth YoY

PAT (bei)*

INR

9,720 cr.

11%

Growth YoY

Net Profit

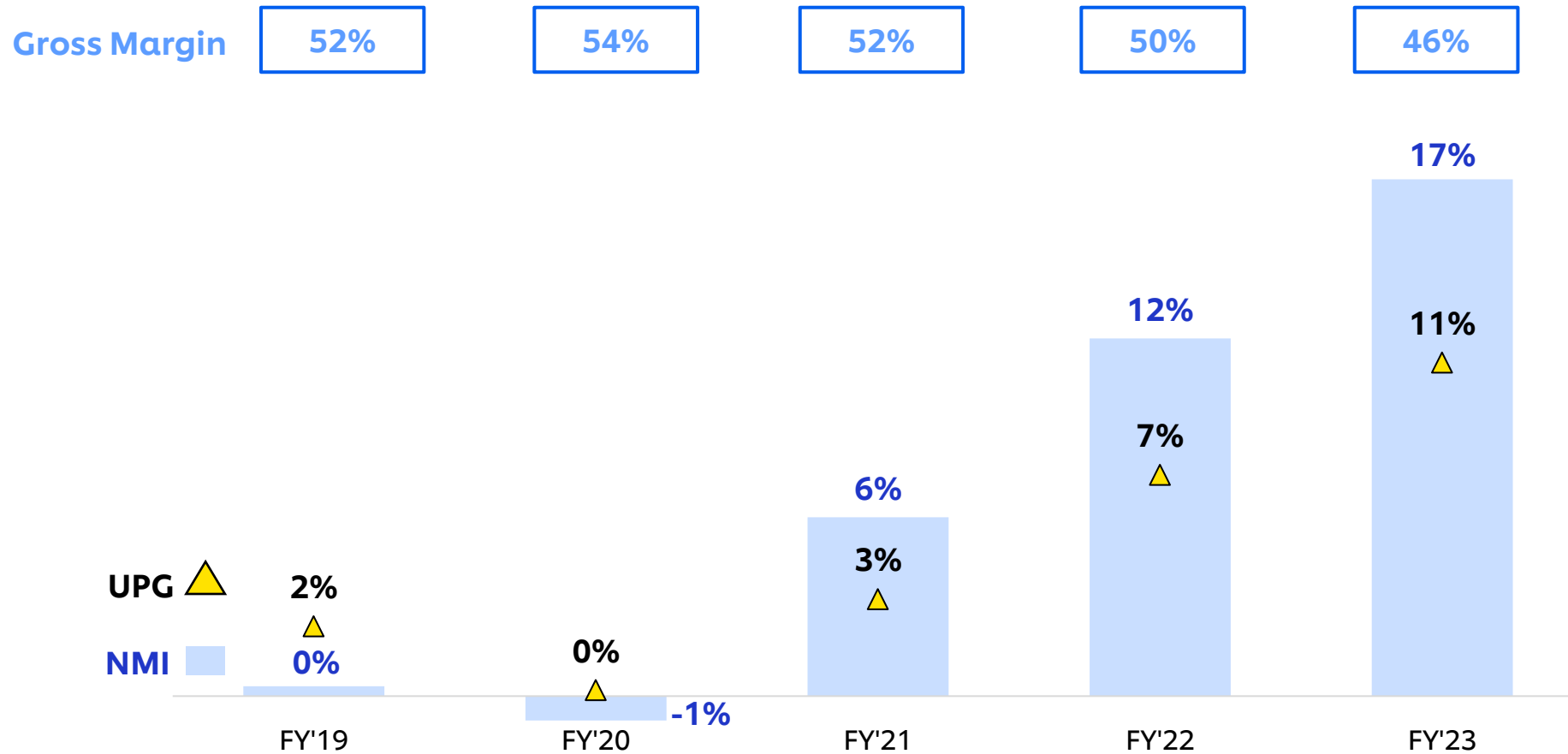
INR

9,962 cr.

13%

EPS Growth YoY

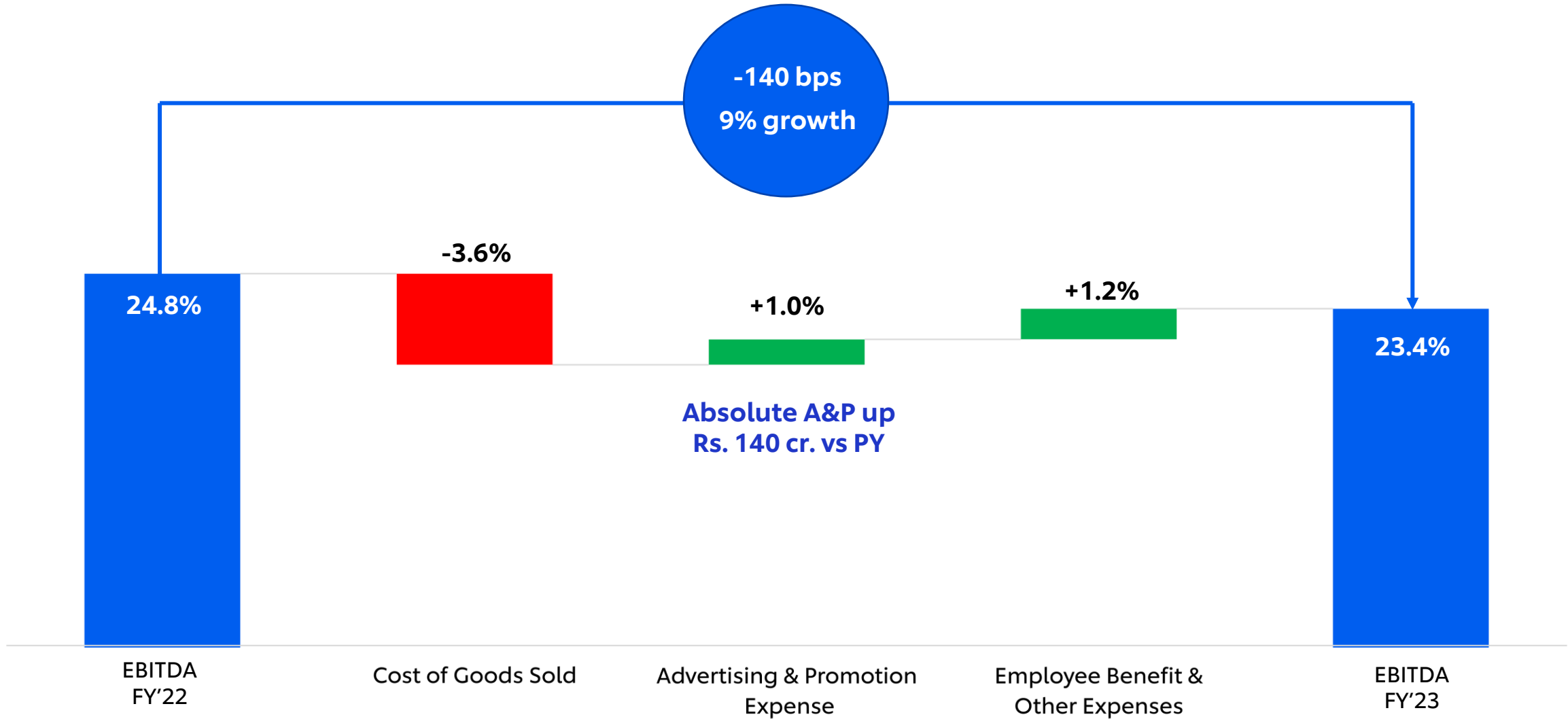
Unprecedented inflation impacting gross margin



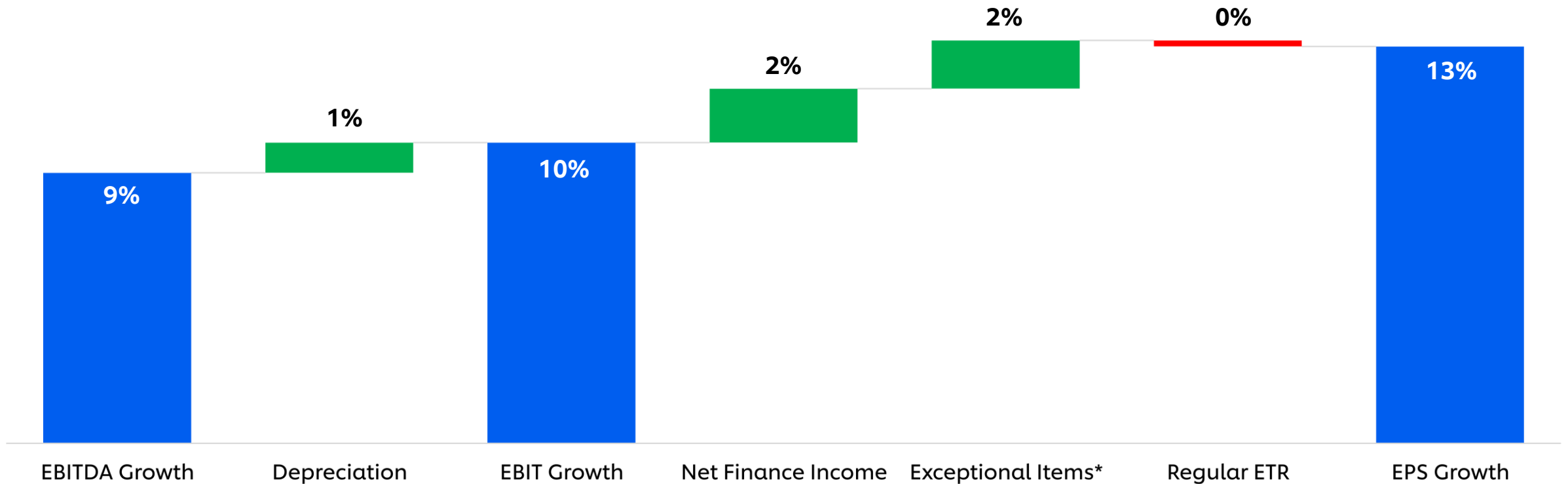
Net Material Inflation = Material Cost Inflation post impacts of buying efficiencies, hedging, product design to value, etc.

Sensitivity: Public

Protecting business model through dynamic financial management



FY'23 : Delivering double digit EPS growth

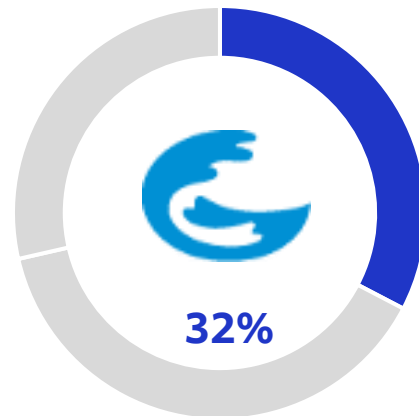


Exceptional items include Tax Prior Period adjustments

Sensitivity: Public

FY'23 : Segmental performance

HOME CARE

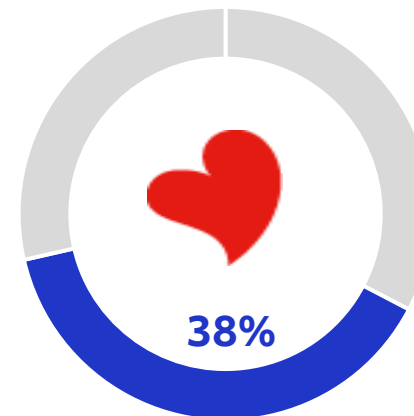


INR 21,230 cr.

28%

18%

BEAUTY & PERSONAL CARE

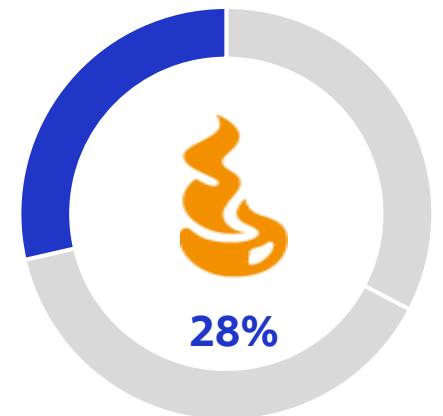


INR 21,831 cr.

12%

26%

FOODS & REFRESHMENT



INR 14,876 cr.

5%

18%

Segmental Revenue
Growth

Segmental Margins

Segment Revenue Growth = Segment Turnover growth + Other Operating Income, Segment Margins (EBIT) excludes exceptional items

Excludes 'Others' segment, proportion of segments for same period last year

Sensitivity: Public

FY'23 : Proposed dividend

Particulars	FY'23	FY'22
Dividend per share	39	34
Interim	17	15
Final*	22	19
Total Dividend (Rs. Crores)	9,163	7,989

*Final Dividend number for FY 2022-23 is subject to approval by shareholders at the AGM

In summary

- ❑ **FY'23: Strong performance in a challenging environment leading to 4G growth**
 - Topline grew 16% adding c.8000 crores to our turnover
 - >75% business winning market shares
 - Healthy bottomline with EBITDA growth of 9%, EPS grew 13%
 - Best rated Indian FMCG company in ESG ratings by DJSI and Sustainalytics
- ❑ **Protected our business model amidst volatility by growing our consumer franchise and maintaining margin in a healthy range**
- ❑ **Decisive actions taken to drive portfolio transformation and premiumisation**
- ❑ **Continued progress on long-term strategic priorities**

Outlook



Hindustan Unilever Limited

Operating environment remains volatile

Uncertain global context

IMF International Monetary Fund

World Economic Outlook, April 2023: A Rocky Recovery

The outlook is uncertain again amid financial sector turmoil, high inflation, ongoing effects of Russia's invasion of Ukraine and three years of COVID.

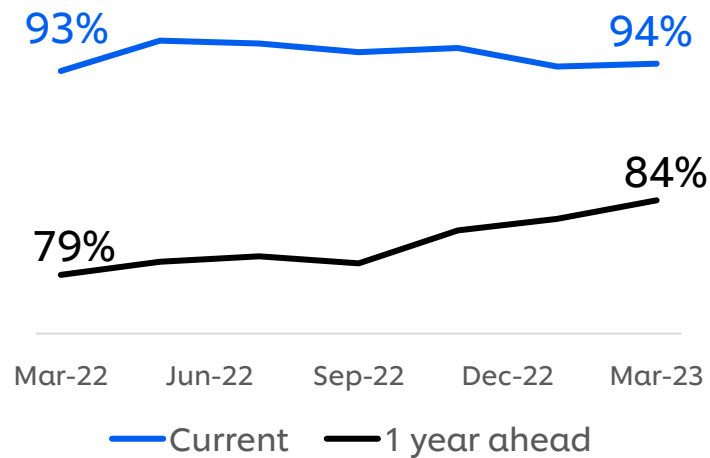
CNBC

Fed expects banking crisis to cause a recession this year

Key Points. Fallout from the U.S. banking crisis is likely to tilt the economy into recession later this year, according to Federal Reserve.

Consumers' perception of inflation remains high

RBI survey on consumers' perception of price Levels
March'23



Weather vagaries loom

The Guardian

Weather tracker: India temperatures hit 40C as heatwave continues

The heatwave that has been plaguing the states of West Bengal, Bihar and Andhra Pradesh in India is forecast to continue through the coming week.

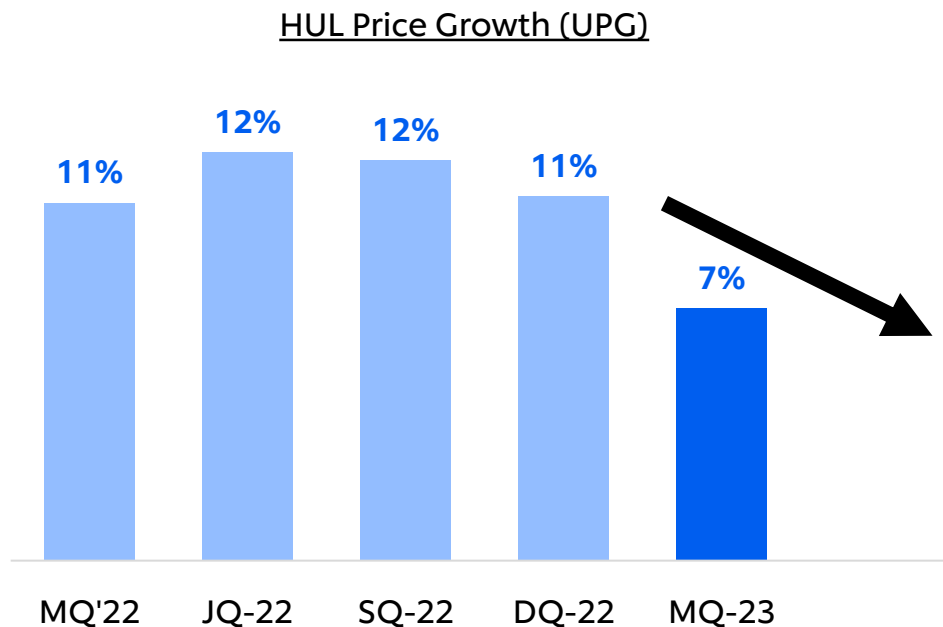
TH The Hindu

IMD forecasts a 'normal' monsoon, even as El Nino looms large

India's four-year run of munificent summer monsoon rainfall is likely to end this year, with the India Meteorological Department forecasting a 4% shortfall in the coming monsoon season.

Price and volume growth will re-balance

Price growth will tail-off further



**Lapping of high base |
Sequential reduction in prices**

Volumes to recover gradually

FMCG Market volumes flat
(YoY MQ'23)

0%

Rural Market Volumes declining
(YoY MQ'23)

-3%

Overall inflation elevated
(CPI Mar'23)

5.7%

Consumption habits revert with a lag

Looking ahead

Near-term

- ❑ Right price-value equation for competitive volume growth
- ❑ Build back Gross Margin
- ❑ Step-up investments in Advertising & Promotions

Mid-long term

- ❑ India FMCG sector continues to be very attractive
- ❑ Our value creation model remains unchanged:
Topline driven with modest margin expansion and prudent capital discipline
- ❑ Creating a Purpose-led, Future-fit HUL

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

Hindustan Unilever Limited

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27th April 2023



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