

Hindustan Unilever Limited

SQ'22 Results : 21st October 2022

POWER
CONCENTRATE

New

Surf excel
MATIC

With
2x
POWER

POWER
CONCENTRATE

CONCENTRATE
POWER

Two washing machines are shown at the bottom right: a top-loading machine and a front-loading machine.

[illegible]

**KWALITY
WALL'S**

Nolen Gur

NEW

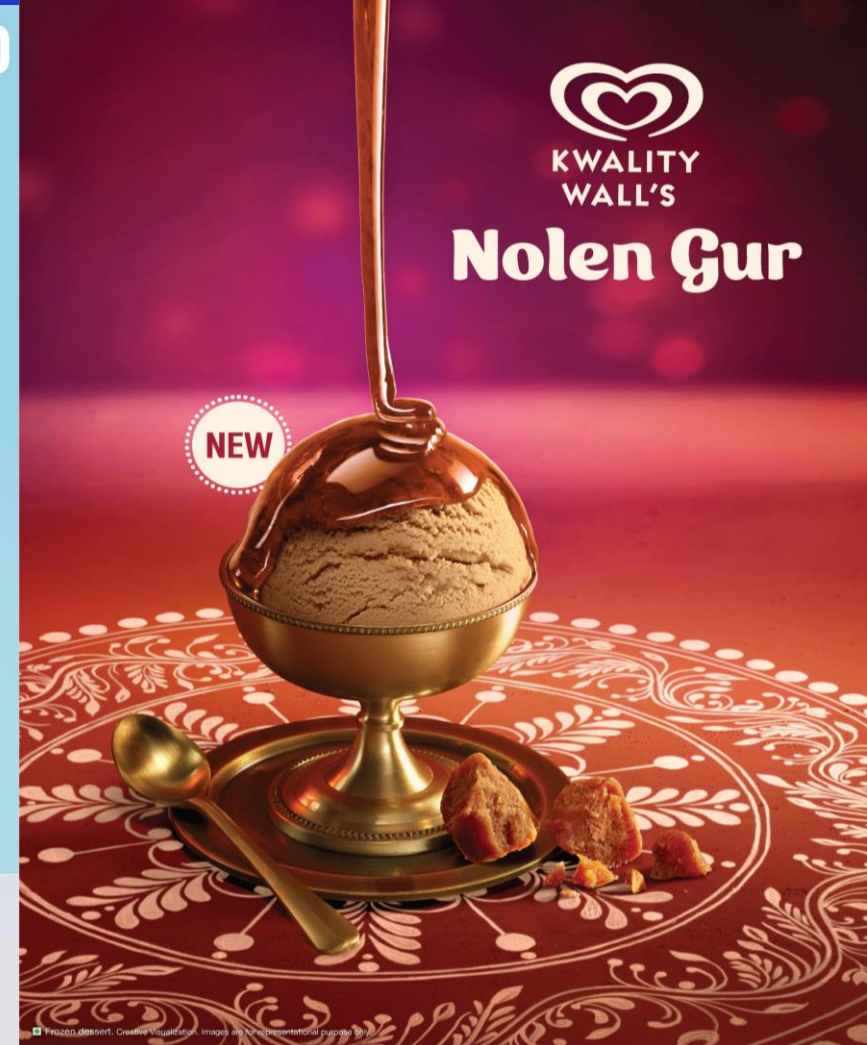
Frozen dessert. Creative Visualisation. Image also for representational purpose only.

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



SQ'22 : Strong all-round performance

Turnover Growth YoY

16%

Underlying Volume Growth

4%

Market Share

>75%

Business winning shares

EBITDA Margin

23.3%

Healthy EBITDA margin despite
significant inflation

Earnings Per Share

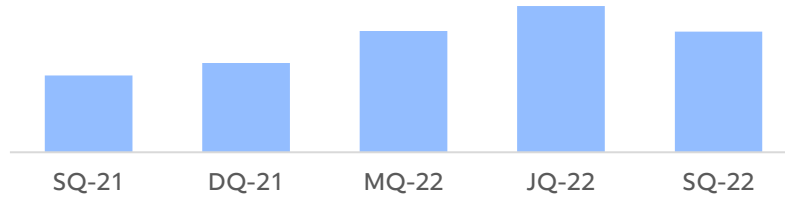
20%

YoY Growth

Inflation moderated sequentially, however still elevated

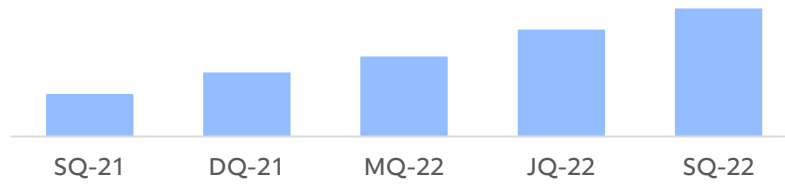
Commodities remain volatile & elevated

Crude Oil
(Brent USD/bbl)



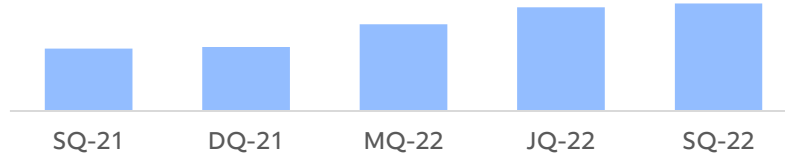
YoY
35%

Soda Ash
(INR/tonne)



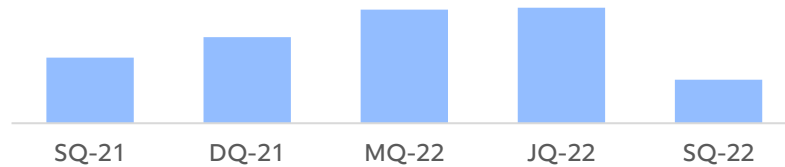
YoY
55%

Skimmed
Milk Powder
(INR/kg)



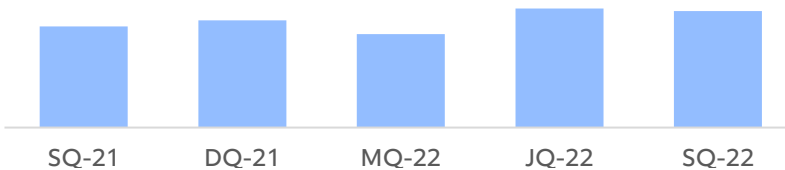
YoY
30%

Palm Oil
(BMD CPO
USD/MT)



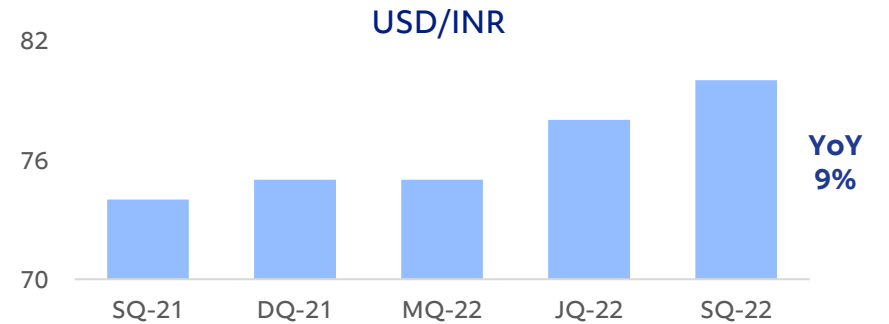
YoY
-20%

Tea
(Premium variety
INR/kg)



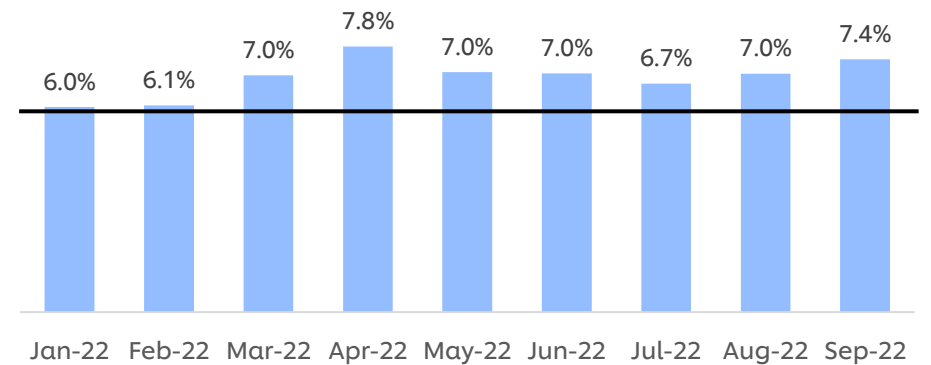
YoY
15%

USD strengthening adding to inflation



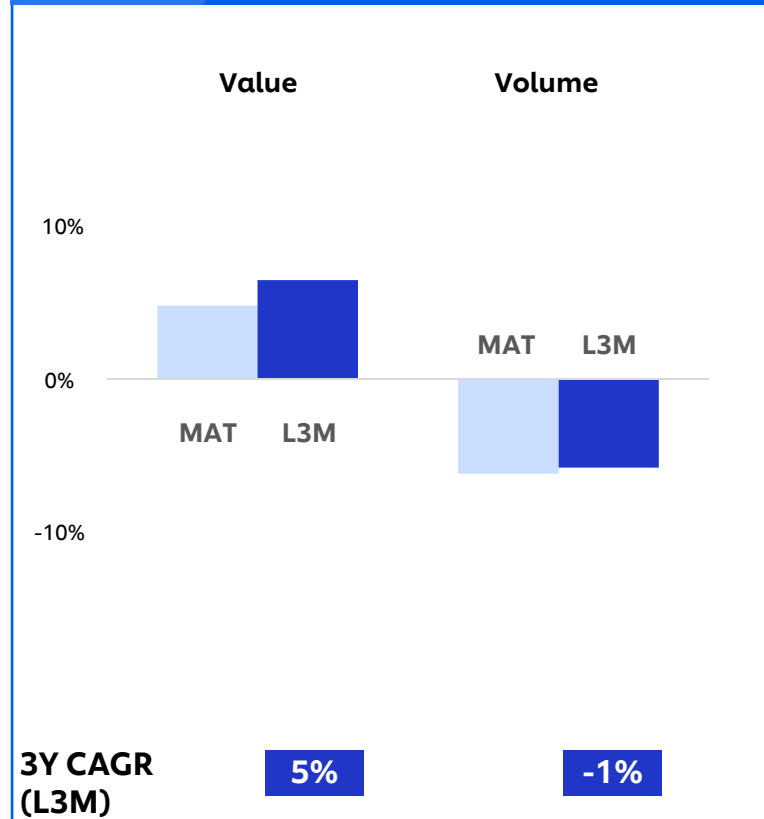
Source : Factset, Monthly Close price

CPI Inflation above RBI's threshold

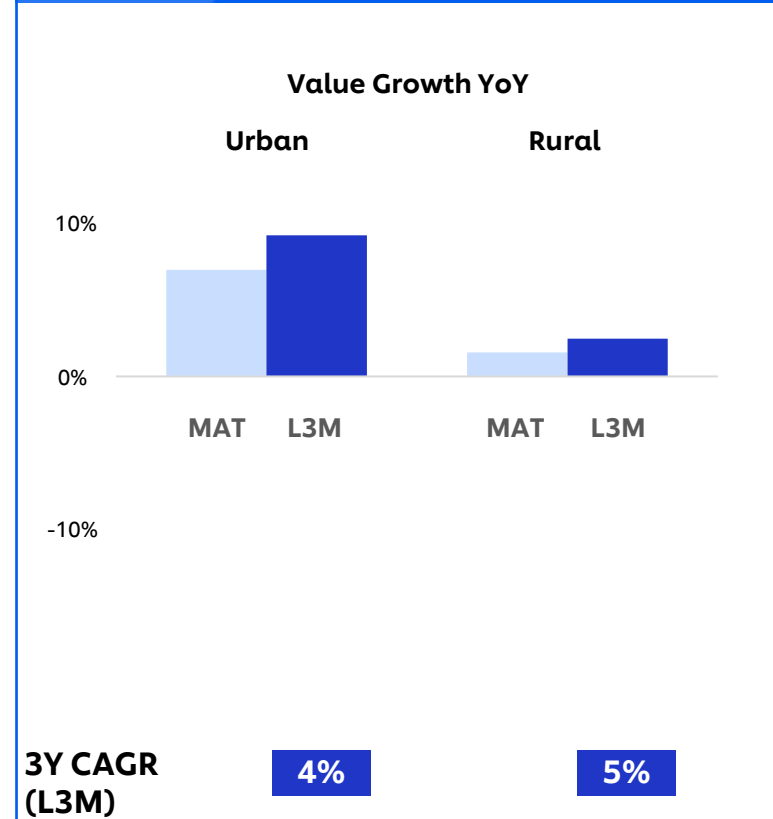


FMCG Market growing in mid-single digit; volumes declining

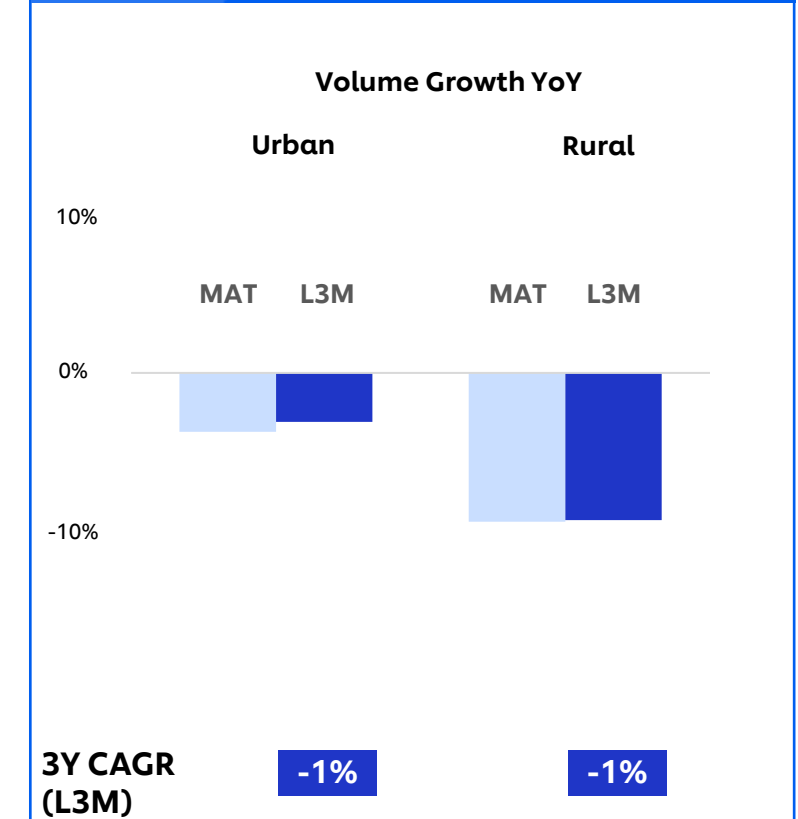
FMCG Market Growth (YoY)



Urban driving value growth



Volume decline more pronounced in rural



Clear and compelling strategy

Navigating the short term challenges with agility



Growing our consumer franchise

&



Protecting our business model

While progressing well on our long-term strategic choices



Developing our portfolio



Win with our brands powered by purpose and innovation



Lead in the channels of the future

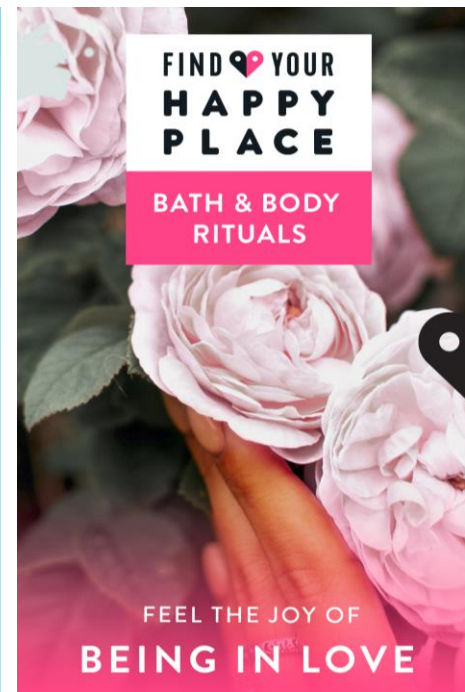


Build differentiated structures and capabilities



Build purpose-led, future-fit organisation

Building digital brands and capabilities



Halved

Time to launch

>25%

Digital Media Spends[^]

14

D2C platforms

3

Nano Factories

Responsible growth : Doing well by doing good



Dove Self Esteem Project

>20 million people reached



Digitising Shakti Entrepreneurs

>50K onboarded on Shikhar

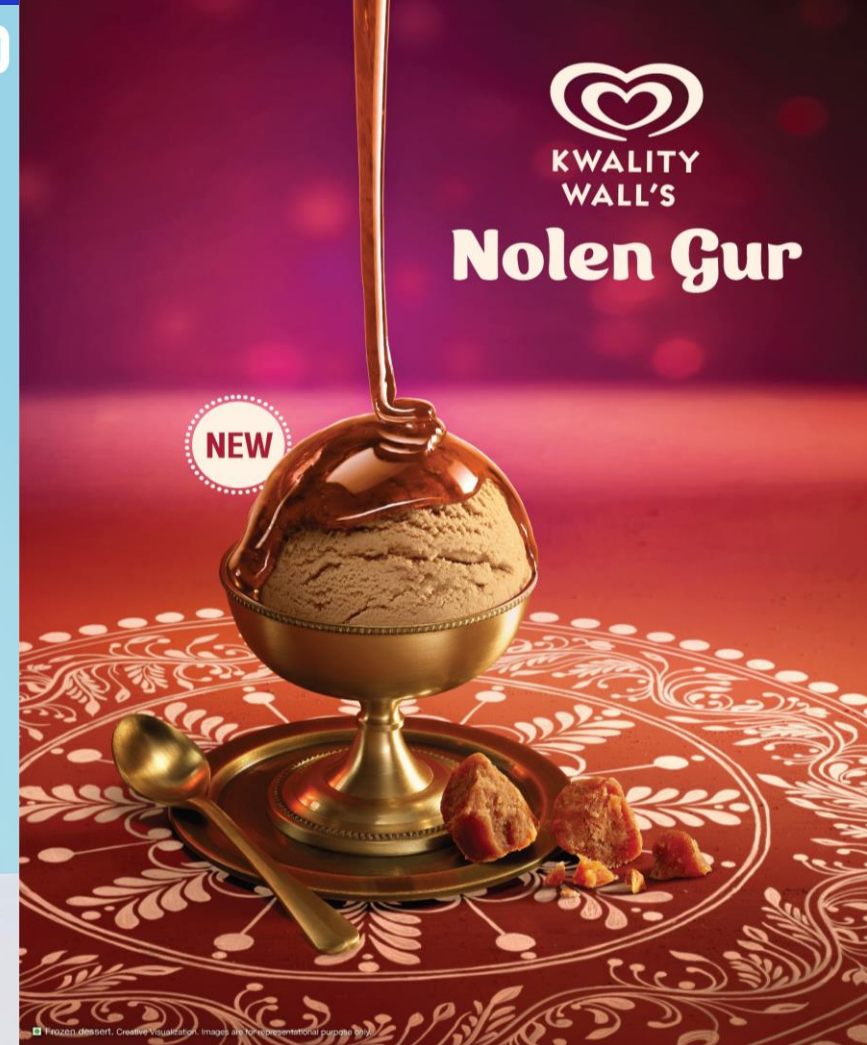


Sustainability Lighthouse

by World Economic Forum

Ritesh Tiwari

Chief Financial Officer



SQ'22 : Strong all-round performance

Turnover Growth

Growth

16%

4%

Underlying Volume Growth

EBITDA

Margin

23.3%

-180 bps

Change YoY

PAT (bei)*

INR

2,379 cr.

9%

Growth YoY

Net Profit

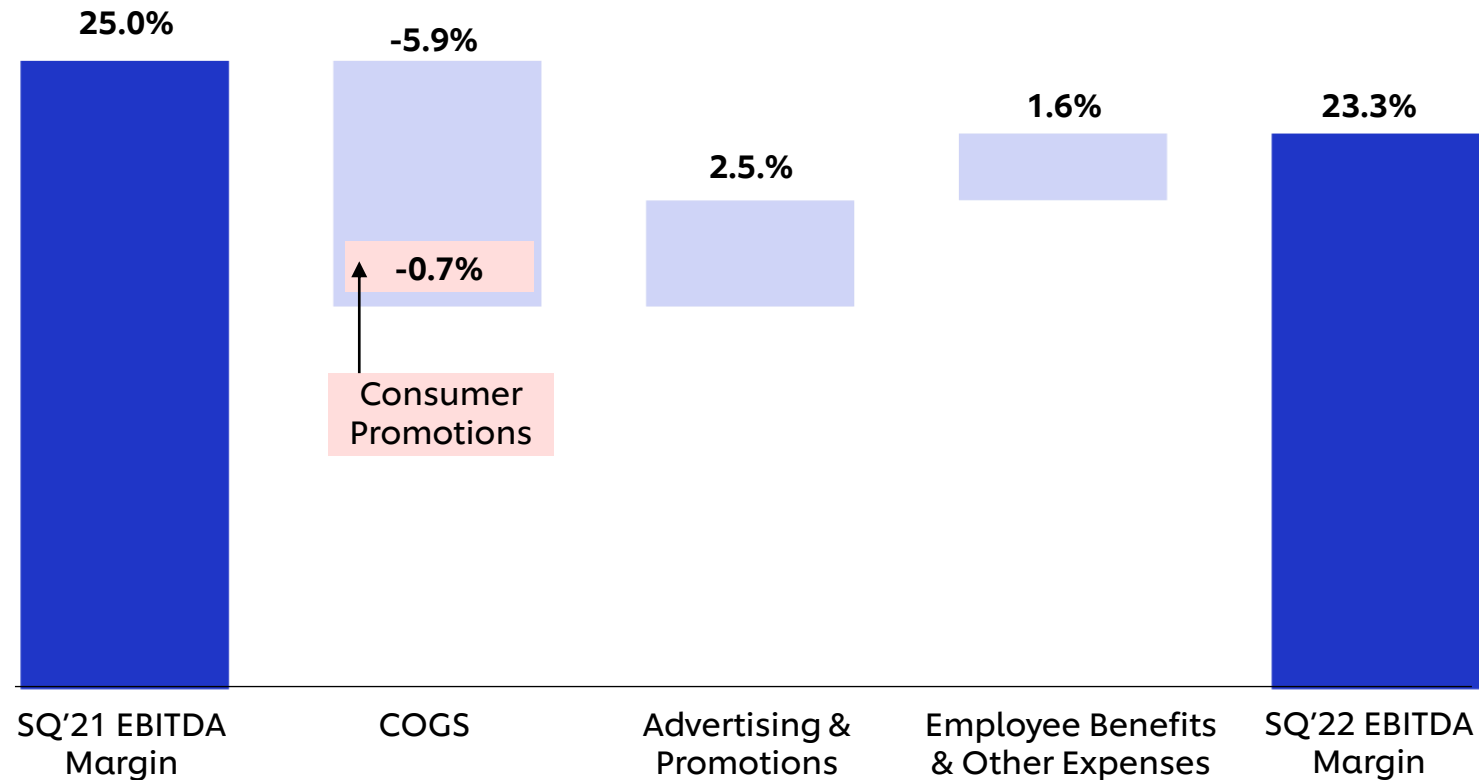
INR

2,616 cr.

20%

EPS Growth YoY

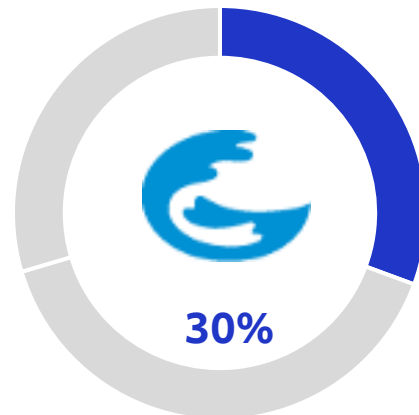
Protecting business model through dynamic financial management



- Pricing agility and right price-value equation
- Investing in our brands : SOV>SOM
- Focus on product superiority
- Savings across all cost lines of P&L
- Growth leverage

SQ'22 : Segmental performance

HOME CARE

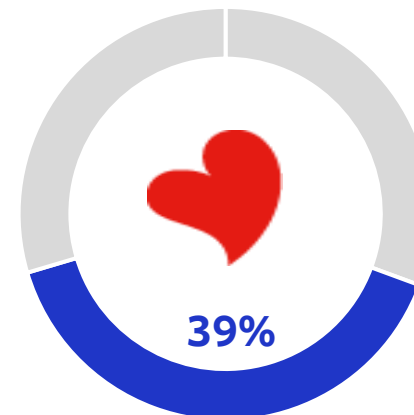


INR 5,143 cr.

34%

17%

BEAUTY & PERSONAL CARE

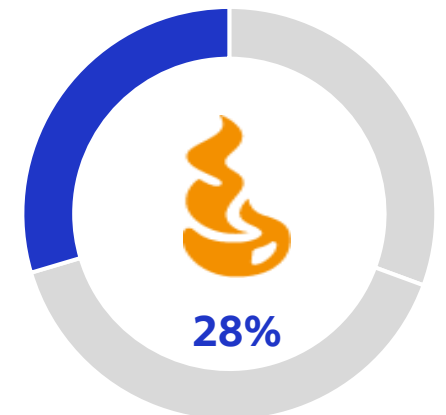


INR 5,561 cr.

11%

25%

FOODS & REFRESHMENT



INR 3,755 cr.

4%

20%

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 based on FY'22 revenue

Sensitivity: Public



Hindustan Unilever Limited

SQ'22 : Innovations (1/2)



NEW **Glow & Lovely** HYDRA GLOW

WITH ROSE SERUM

Get khili khili glowing skin



kindest boost of glow

1 Face Wash

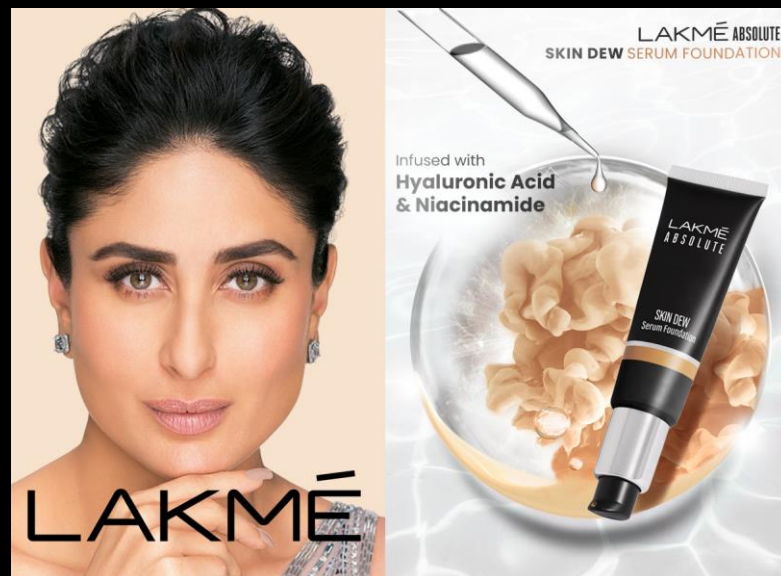
2 Scrub

3 Mask

4 Serum

5 Moisturiser

vitamin C doesn't work overnight. Follow the regime daily and see noticeably improved result in 2 months.



LAKMÉ ABSOLUTE SKIN DEW SERUM FOUNDATION

Infused with Hyaluronic Acid & Niacinamide

LAKMÉ



CREASE-LESS, SMOOTH MATTE LIPS ALL DAY.

LAKMÉ 9to5 PRIMER+MATTE LIQUID LIP COLOR



15x* less split ends, visibly longer & thicker hair

CURRY LEAVES, BIOTIN & MANDARIN ORANGE

shampoo & conditioner

Based on lab test of shampoo & conditioner vs non conditioning shampoo



Horlicks Diabetes Gummies

Horlicks NUTRI GUMMIES

MICRONUTRIENT POWER* AS IN VEGGIES

TASTY NUTRITIOUS GUMMIES

IRON VITAMIN C ZINC

STRAWBERRY FLAVOUR

SQ'22 : Innovations (2/2)





Hindustan Unilever Limited

SQ'22 : Activations and communications



HC : Stellar performance continues, double digit volume growth



- ❑ **Fabric Wash:** High double-digit growth driven by premiumisation and market development actions
 - Robust performance across the portfolio; handsome market share gains continue
 - Liquids and Fabric conditioner continue to outperform

- ❑ **Household Care:** Grew in high double-digit driven by dishwash
 - Vim won the Kantar Creative Effectiveness Award for its Unstereotype campaign



BPC : Double digit growth, ahead of the market



- ❑ **Skin Cleansing:** Strong double-digit growth, broad based across the portfolio. Beauty and premium brands continued to outperform and delivered mid-single digit volume growth
- ❑ **Hair Care:** Market leadership strengthened further with strong broad-based performance. Innovations and future formats continue to gain consumer relevance
- ❑ **Skin Care and Color Cosmetics:** Premium portfolio outperformed and delivered double digit growth. Inflation impact on discretionary consumption affected Glow & Lovely and Talc performance in the quarter
- ❑ **Oral Care:** Steady performance driven by Closeup



F&R : Steady performance led by Foods, Coffee and Ice Cream



- ❑ **Beverages:** Tea cemented market leadership and grew volumes in mid-single digit. In-quarter performance muted as price cuts impact overall value growth. Coffee continues to perform well delivering double-digit growth
- ❑ **Health Food Drinks:** Market share and penetration gains continue on the back of focused market development. Category growth remains subdued due to the impact of inflation on discretionary consumption
 - Seeded new format – Nutri Gummies and Diabetes Gummies
- ❑ **Foods:** Strong quarter delivering double-digit growth and volumes in mid teens, led by Jams and Unilever Food Solutions (UFS)
- ❑ **Ice Cream:** Solid performance delivering double-digit growth on a very high base

SQ'22 : Results summary

Rs. Crores

Particulars	SQ'22	SQ'21	Growth
Sales	14,514	12,516	16%
EBITDA	3,377	3,132	8%
EBITDA Margin	23.3%	25.0%	-180 bps
Other Income (Net)	90	87	
Exceptional Items – Credit / (Charge)	-28	-0	
PBT	3,191	2,954	8%
Tax*	575	767	
PAT bei	2,379	2,187	9%
Net Profit	2,616	2,187	20%

*SQ'22 has a benefit of one-off prior period tax adjustment

H1'23 : Strong performance in a challenging environment

Turnover

INR

28,530 cr.

18%

Growth YoY

EBITDA

Margin

23.2%

-140 bps

Change YoY

PAT (bei)*

INR

4,668 cr.

13%

Growth YoY

Net Profit

INR

4,905 cr.

15%

EPS Growth YoY

Interim dividend

Particulars	H1 2022-23	H1 2021-22	Growth
Dividend Per Share (Rs.)	17.0	15.0	
No. of Shares (Crores)	235	235	
Total Dividend (Rs. Crores)	3,994	3,524	13%

Outlook



Hindustan Unilever Limited



Net Material Inflation

COGS % Turnover

49%

49%

51%

54%

55%

UPG%

11%

11%

16%

20%

22%

SQ-21

DQ-21

MQ-22

JQ-22

SQ-22

DQ-22

7%

8%

10%

12%

12%

— UPG% ■ Actuals ■ Forecast

Net Material Inflation (NMI) YoY % of Material Cost

Continue to drive productivity improvement and pricing agility

Looking ahead

❑ **Cautiously optimistic in the near-term**

- Growth will be price-led with continued inflationary pressure
- Price vs cost gap to narrow marginally in DQ'22
 - DQ'22 NMI to be slightly lower than SQ'22, albeit remaining significantly high on a YoY basis
 - Gross Margin expected to improve sequentially
 - Likely increase in media intensity leading to step-up in A&P
 - Focus on right price-value equation

❑ **Our priority is to grow consumer franchise and protect our business model**

- Savings and pricing agility
- Invest in our brands and long-term strategic priorities
- Confident of outpacing the FMCG market

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

In Summary

1. SQ'22 :

- Strong growth momentum : Topline growth 16%, Underlying volume growth 4%
- Healthy EBITDA margin at 23.3%, despite significant inflation

2. H1 2022-23 :

- Topline growth 18%, added >Rs. 4,000 crore turnover, >75% business winning market shares
- Interim Dividend of Rs. 17 per share

3. Outlook:

- Cautiously optimistic in the near term, growth to be price led
- DQ'22 NMI to be slightly lower than SQ'22, albeit remaining significantly high on a YoY basis
- Gross margin expected to improve sequentially
- Likely increase in media intensity leading to step-up in A&P
- Focus on delivering Consistent, Competitive, Profitable and Responsible growth

For more information and updates

[Click to visit](#)

IR Website



Hindustan Unilever Limited
SQ'22 Results : 21st October 2022

The banner features three panels: the left panel shows a bottle of Surf Excel Power Concentrate with '2x POWER' text; the middle panel shows a collection of Acne Squad skincare products with the text 'TARGETED SOLUTIONS For every stage of the acne lifestyle'; the right panel shows a Nolen Gur ice cream cone with 'QUALITY WALL'S' and 'Nolen Gur' text.

September Quarter 2022 results

Hindustan Unilever Limited will release its financial results for September Quarter 2022 on Friday, 21st October 2022.

Acne Squad



Find Your Happy Place

