

WINNING IN THE INDIA OF TODAY & TOMORROW

CLSA Investors' Forum, Hong Kong

11-Sept-2012



Hindustan Unilever Limited

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Hindustan Unilever Limited : Winning in India

Driven by a clear and compelling strategy

Strategic framework



Sustainable Living Plan



Our Goals

Consistent **Growth**

Competitive **Growth**

Profitable **Growth**

Responsible **Growth**

COMPASS INTO ACTION

Strategy on Course

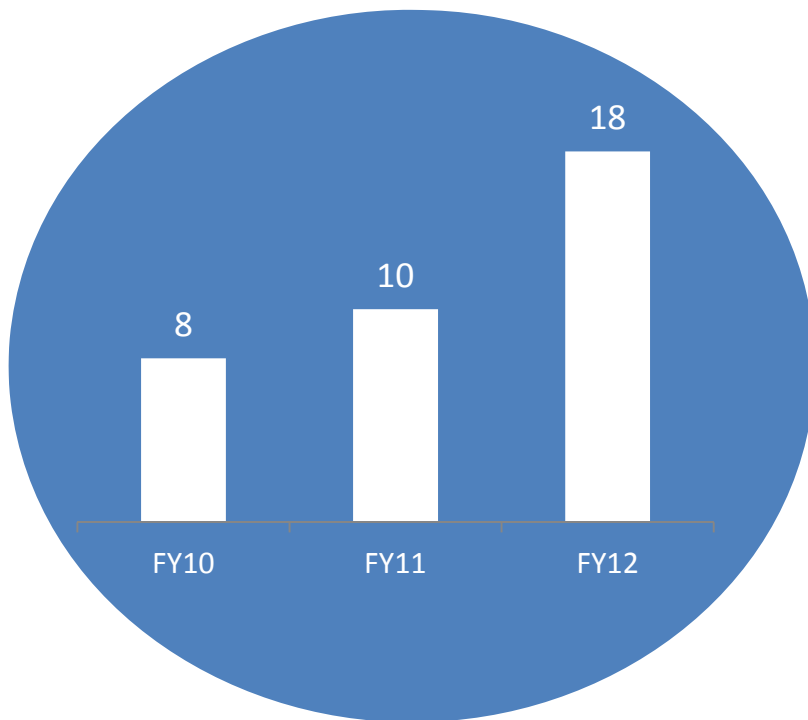


Hindustan Unilever Limited

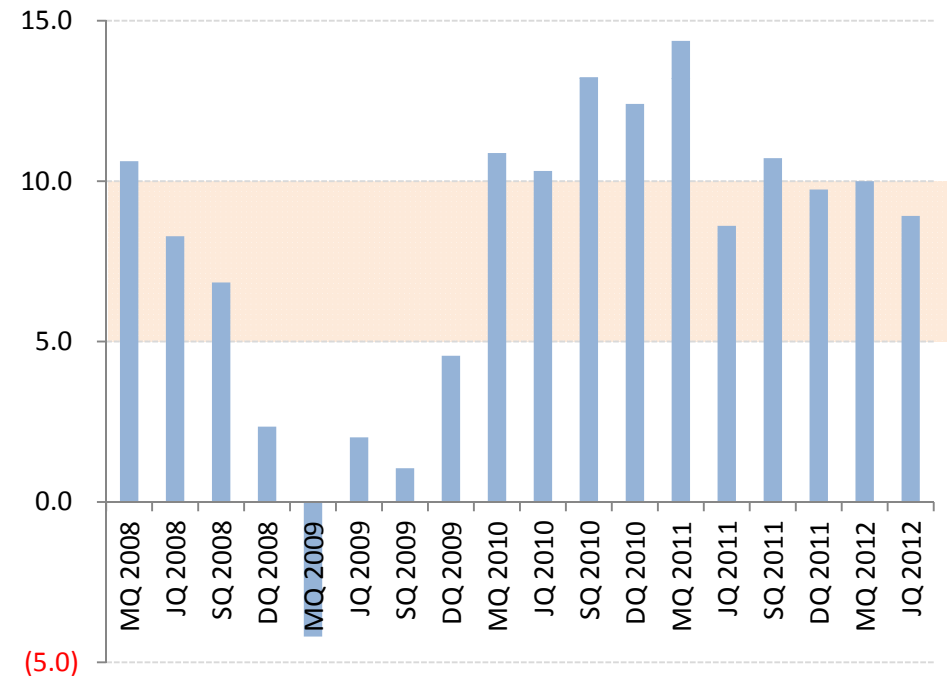
Compass Into Action : Strategy on Course

Stepped up growth momentum

Increasing FMCG USG (%)



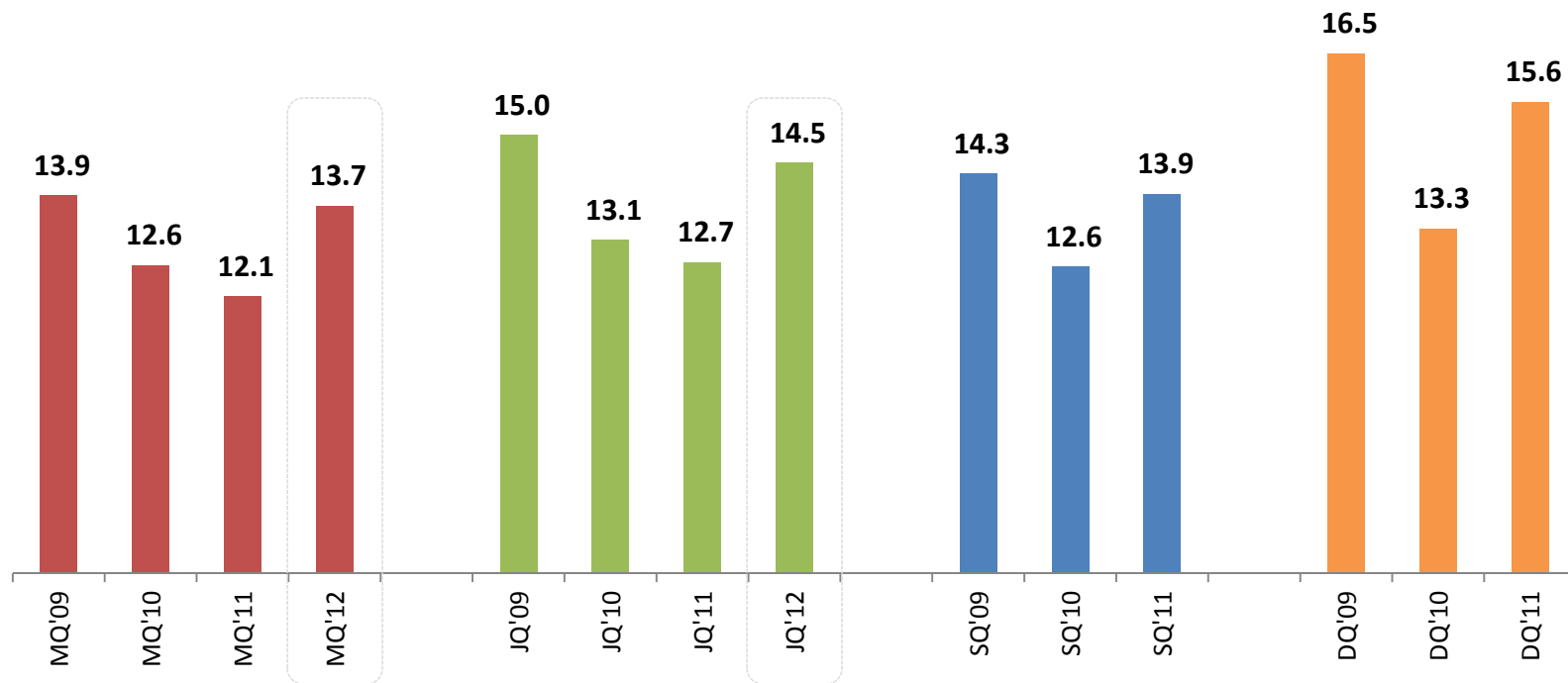
Consistent UVG (%)



Compass Into Action : Strategy on Course

Operating Margin - 4 quarters of recovery

Operating Margin (EBIT) %



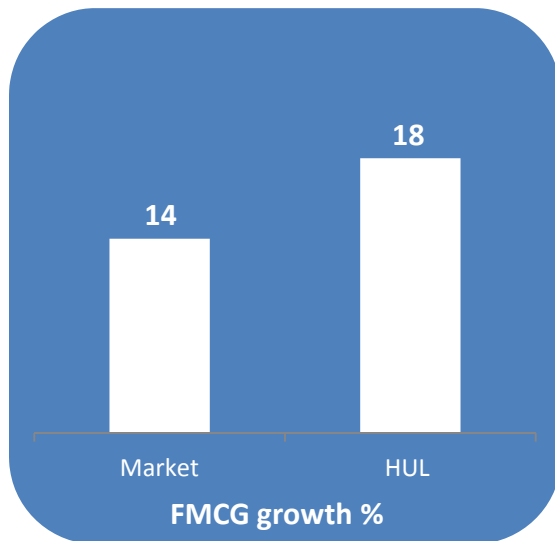
Benefitted from low base

Compass Into Action : Strategy on Course

FY 2011 – 12 : Delivered on goals

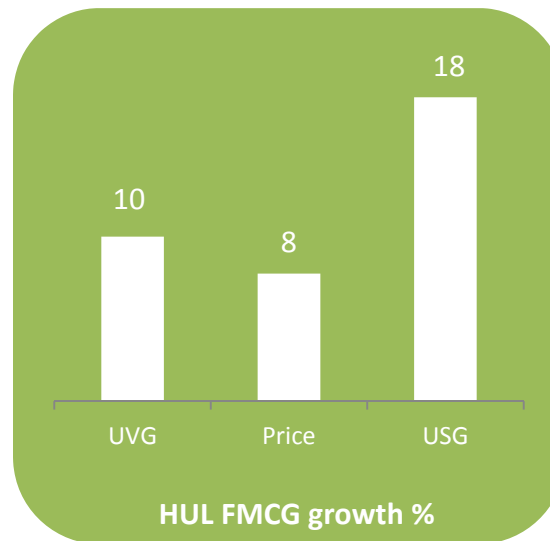
Competitive growth

Ahead of market



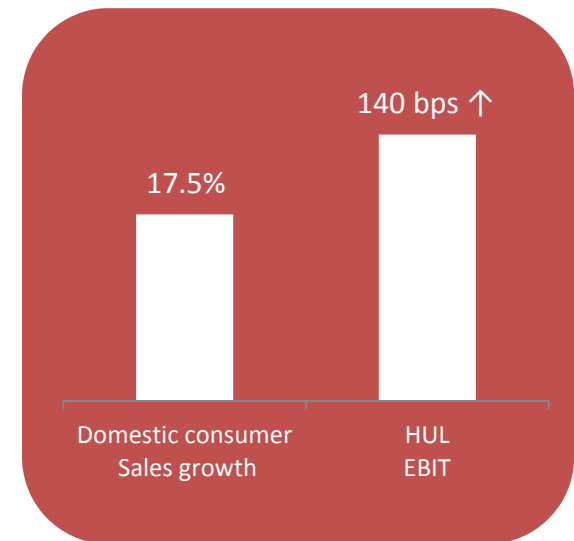
Consistent growth

Volume led



Profitable growth

Margin expansion



India macro-economic environment

Near Term

- GDP Growth
- Currency Depreciation
- Inflation
- Monsoon

Significant headwinds

Medium-Long Term

- India Growth Potential
- FMCG Sector Growth (12-17% CAGR)
 - * Source : CII FMCG Roadmap 2020
- Opportunities from emerging trends

Consumer demand drivers intact

1

Trends that are shaping India

2

Winning in India – The HUL experience



1. Changing attitudes and rising aspirations



Traditional

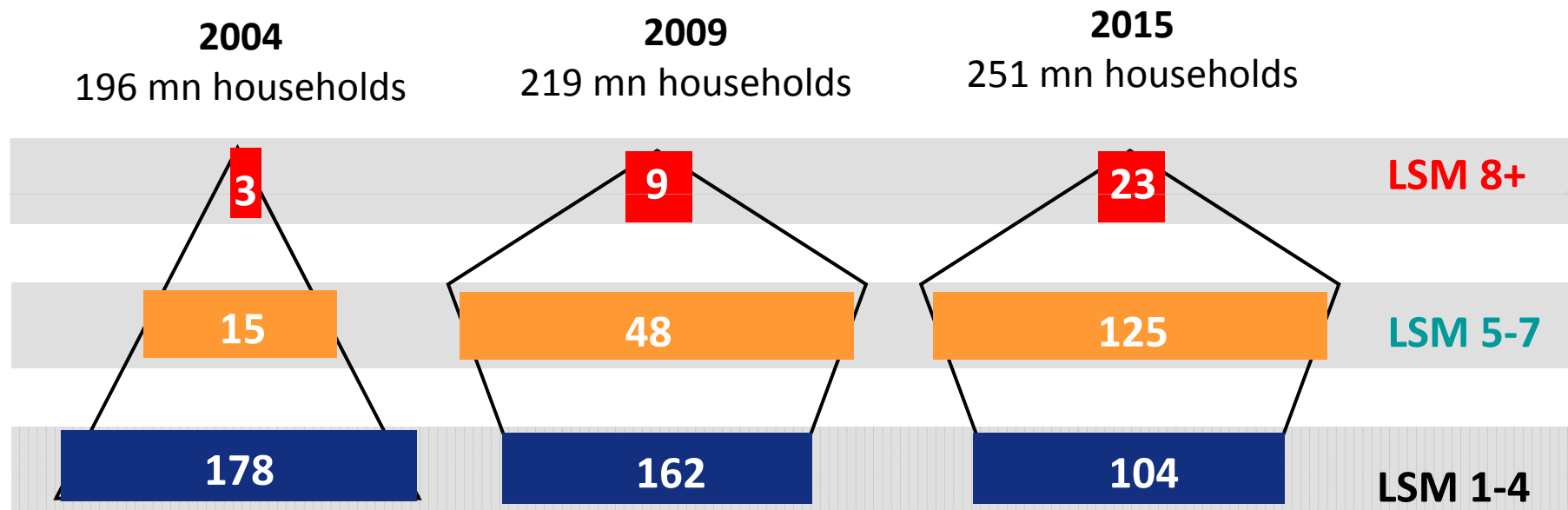
Address basic necessities



Contemporary

Experimentative, aware & discerning

2. Growing incomes amidst continued disparity



Affluence will keep rising

New categories
New benefits

BOP will remain large

New consumers
Extending reach

3. The changing landscape of Urban India



Rapid Urbanization

Growing at 2.4%



Hybrid Trade Structure

Co-existence of GT & MT



The emerging Urban Poor

> 20% of Urban live in slums

4. Rural whilst evolving will continue to remain large

Sizable Footprint



Majority of India will continue to live in Rural

Rising Income



>3x increase in government expenditure*

Diversifying income



Significant diversification in Rural income

Consumption and uptrading



Strong growth in emerging categories

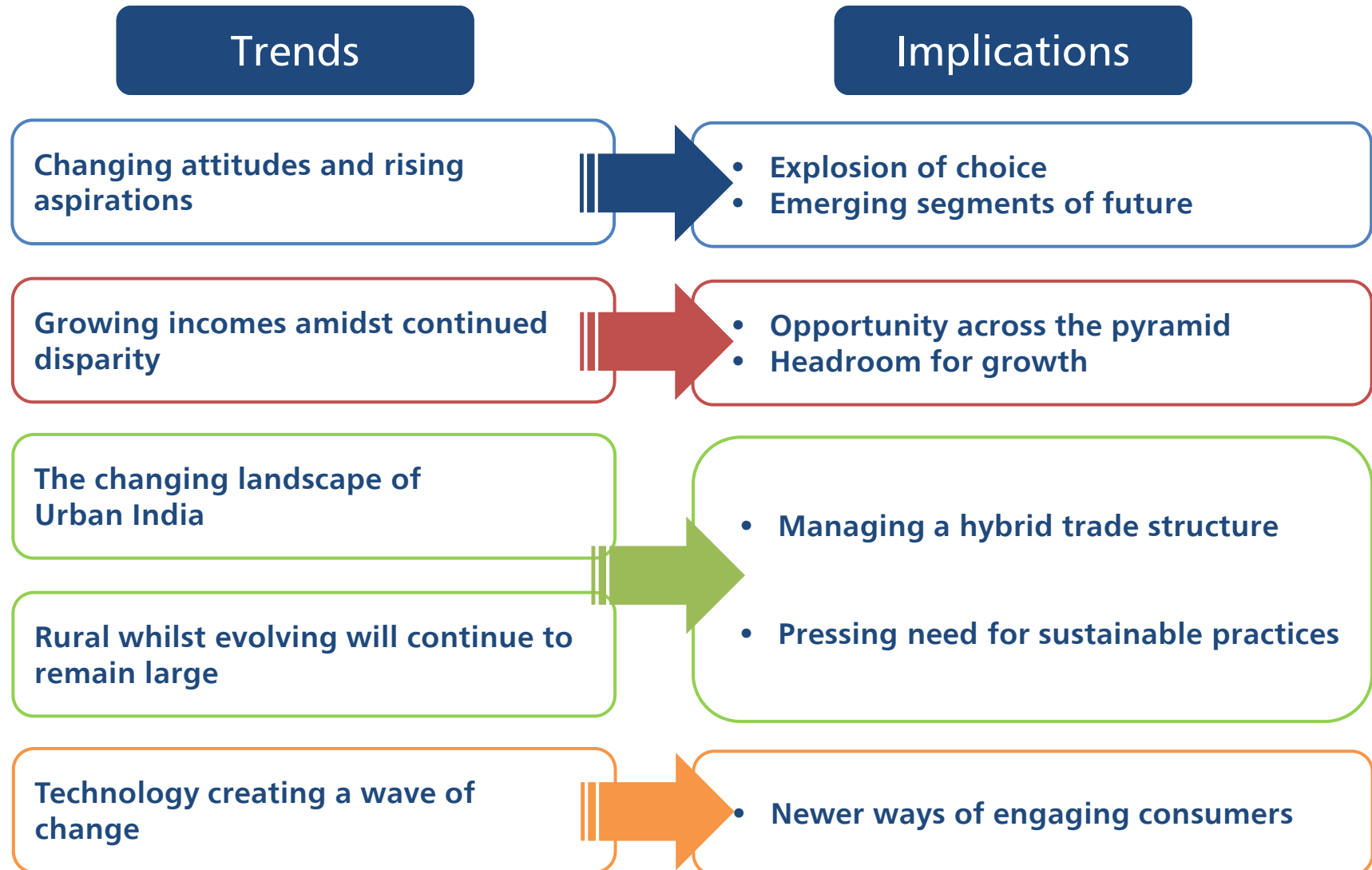
** Over the last 5 years*

Source : NREGA Implementation Status Report

5. Technology creating a wave of change



...and they come with a set of opportunities and challenges



1

Trends that are shaping India

2

Winning in India – The HUL experience



A strategy focussed on delighting our consumers



BEHAVIOURS

We focus on consumers and customers with a bias for action

Our first priority is to our consumers, then customers, employees and communities. When we fulfil our responsibilities to them, our shareholders will be rewarded.

We will win through a growth mentality and a positive approach to all our stakeholders, based on clear accountability and bias for action

Winning in the marketplace	1	Lead market development
	2	Win with existing customers
	3	Be an attractive proposition
Winning through continuous improvement	4	Cost, response and customer-led innovation
	5	Drive return on brand equity
	6	Optimise our operational performance
Winning with people	7	Organisation and culture that enables us to meet our growth ambition
	8	Performance culture which supports our vision
	9	Leadership and operating framework for corporate advantage

Embedding consumer and customer centricity

Consumer



**Blind
Product
Win**

Customer



Credo

Consumer & Customer License



Consumer Shoes



Popeye



Colns



Lever Care

Our approach to Winning

- 1 Winning with brands and innovation
- 2 Winning in the marketplace
- 3 Winning through continuous improvement
- 4 Winning with people



Our approach to Winning

1

Winning with brands and innovation

2

Winning in the marketplace

3

Winning through continuous improvement

4

Winning with people



Portfolio which straddles the pyramid

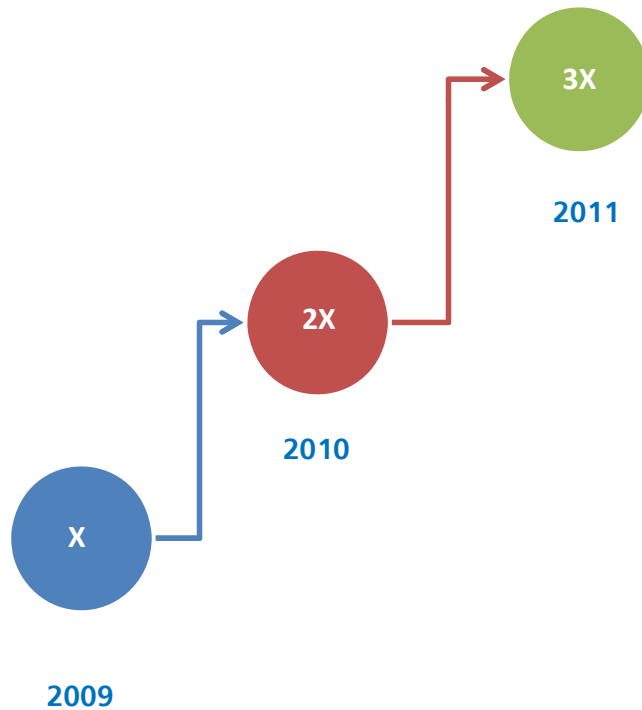
Premium



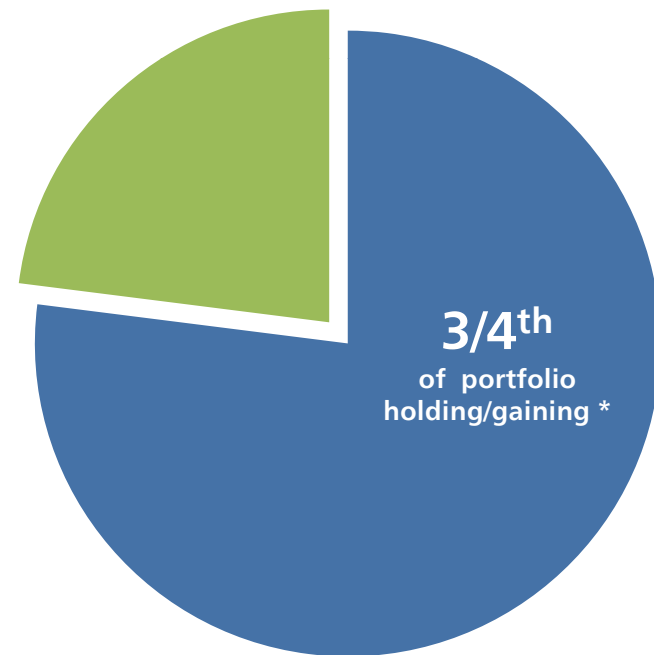
Bottom of Pyramid

Better quality products, stronger brands

Tripled blind product wins %



Improved brand equity scores



Covering 60%+ of portfolio in the last year



Leading market development

Successful deployment in Skin and Hair

More usage



More users

Discover natural radiance from deep within.
New Dove Face Washes.



More benefits



Building capabilities to win in Beauty

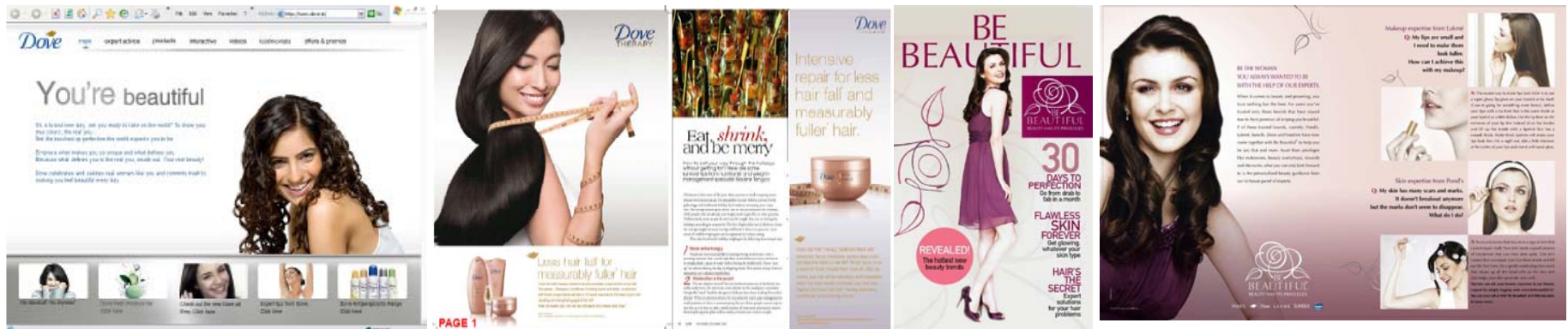
Reshaping the Portfolio



Point of Purchase Experience



Engaging with Consumers



Leveraging the strength of brands

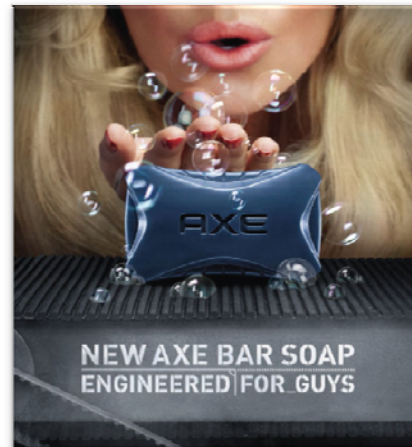
Across Geographies



Across Categories

AXE

LUX



Driving premiumization

PREMIUM

SKIN CLEANSING



LAUNDRY



SKIN CARE (FACE)



Building segments of future

Facewashes

Growth
50%



Fabric Conditioners

Growth
30%



Hair Conditioners

Growth
30%



Tea bags

Growth
40%



Connecting with the evolving Indian

**Digital
Readiness**



**Engagement
based
communication**



**Mobile, Social
search, gaming
and DTH**



**Consumer
insights,
analytics, ROI**



**Build consumer
centric
platforms**



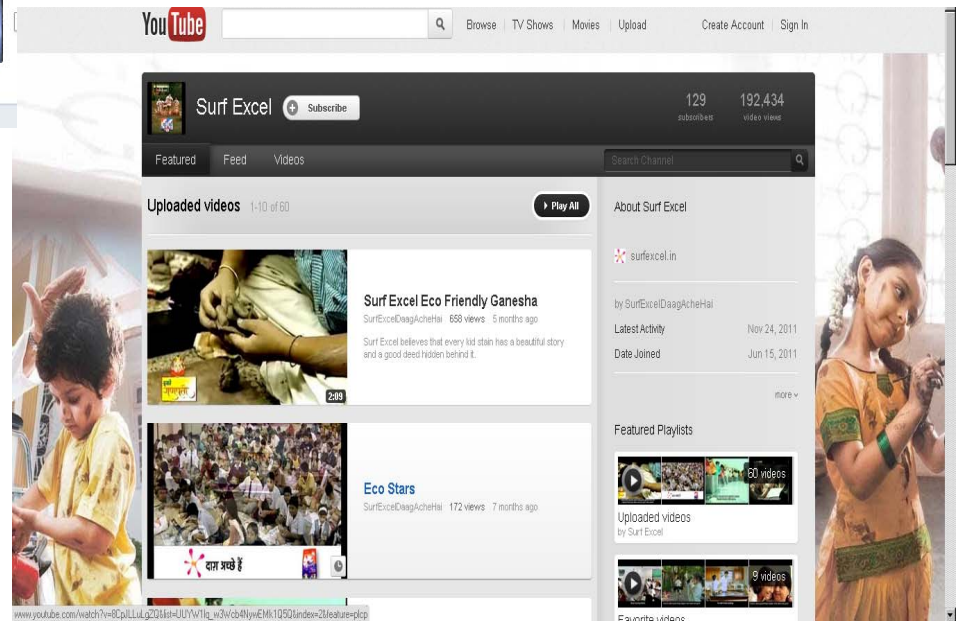
Newer ways of engaging consumers

Integrated video plus social networking



1st ever FMCG campaign from India to enter the 'Facebook Studio hall of fame'

*3.3 lakhs channel views
126 subscriptions
60 videos*



Driving innovative new age communication

Mobile activation

**14 MILLION SMILES ACROSS INDIA
AND COUNTING...**



**Missed Call Dijiye,
Muskurate Rahiye**

☎ 1800-3000-1599

Our approach to Winning

1

Winning with brands and innovation

2

Winning in the marketplace

3

Winning through continuous improvement

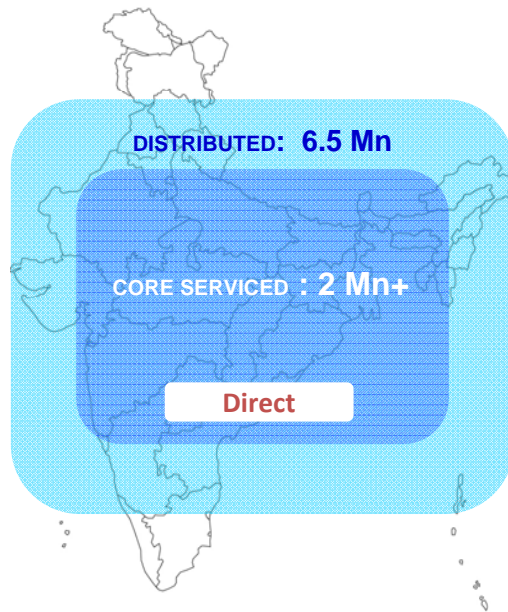
4

Winning with people



Stepping up front end execution

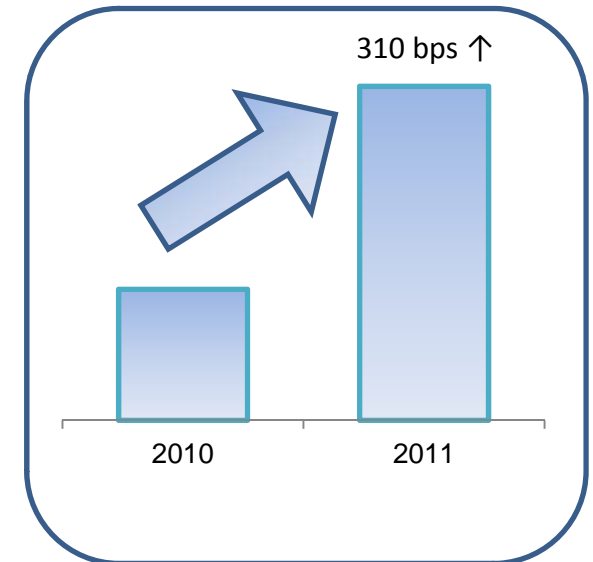
More stores



Better Stores



Better served*



* Modern Trade on shelf availability

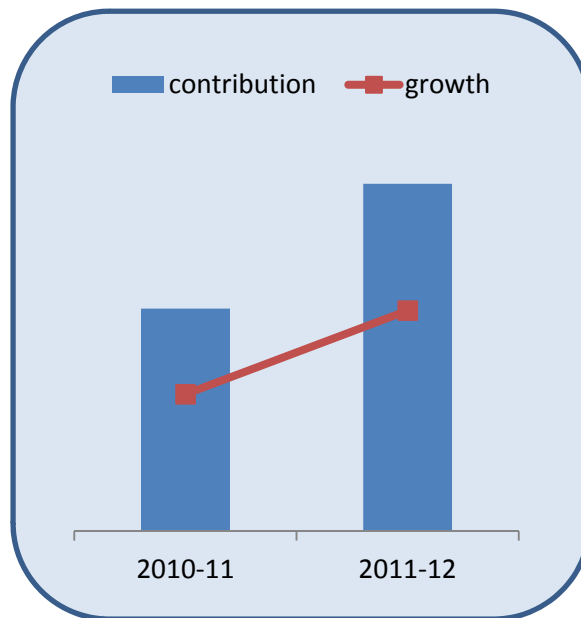
Winning in the Channel of Tomorrow : Modern Trade

World Class Service



No.1 Supplier of Choice
eQ^ scores highest in industry

Growing contribution



Strengthened Partnerships



Awarded Supplier of the Year from
Wal-Mart, Tesco, Metro & Hypercity

Winning in the Geography of Tomorrow : Gateway to Rural

Project Shakti *Expanding presence*



45,000 Shaktiammas

30,000 Shaktimaans

100,000 Villages

Khushiyan Ki Doli *Increasing consumer awareness*



70,000 Villages

25 mln Consumers

400,000 Retailers

Project Express *Leveraging partnerships*



HUL - TTSL Alliance

> 20,000 markets across India

Rolled out in **4 states**, 4 more WIP

Building differentiated capabilities to win in the market

Mumbai Customer Insight and Innovation Centre (CiiC)



- 1st CiiC for Traditional Trade
- Building competitive edge through Customer Collaboration
- Enabled by Superior Shopper Understanding and Leading Edge Technology

Our approach to Winning

- 1 Winning with brands and innovation
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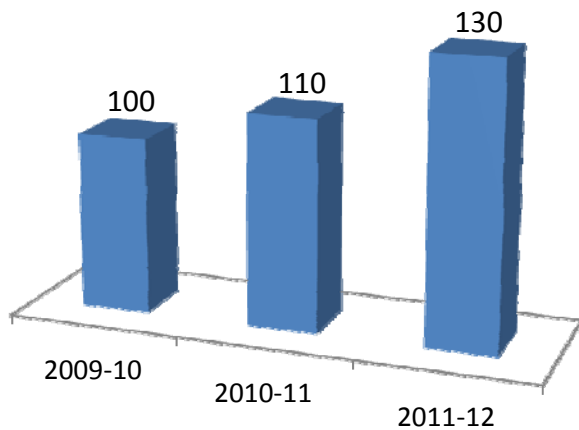
Deploying Segmented Business Models



Driving savings and leverage

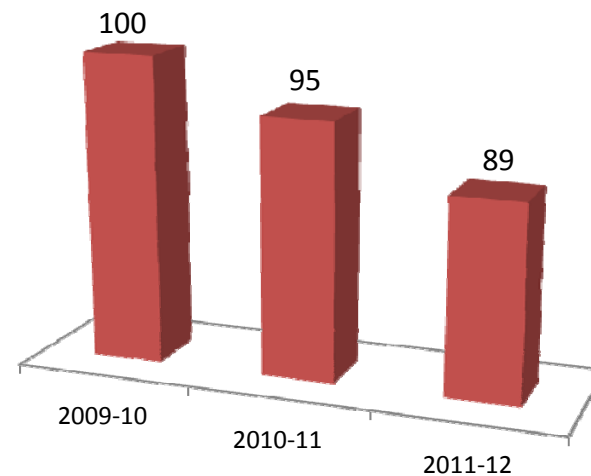
Higher Savings

Indexed CEPs



Operating Leverage

Indexed Overheads as % of turnover

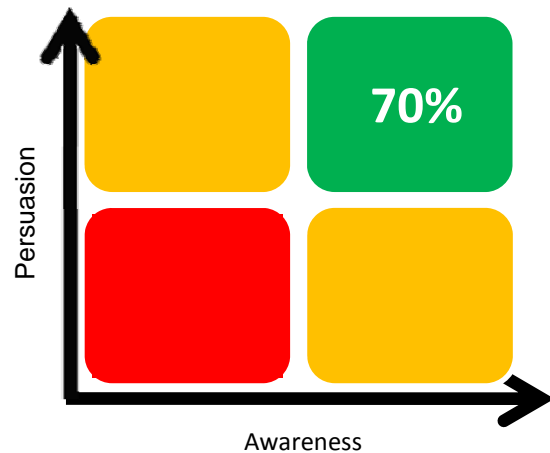


Driving Return on Marketing Investments (ROMI)

Getting more out of advertising & promotional spends

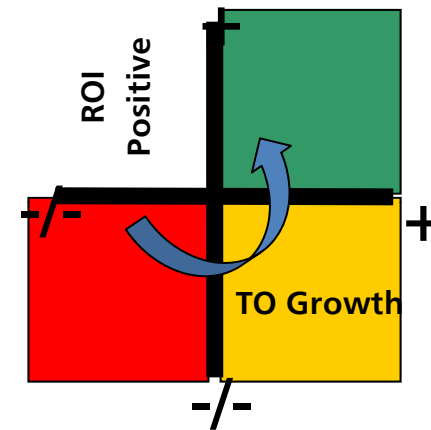
Improvement in Ad preview scores

Up by 800 bps



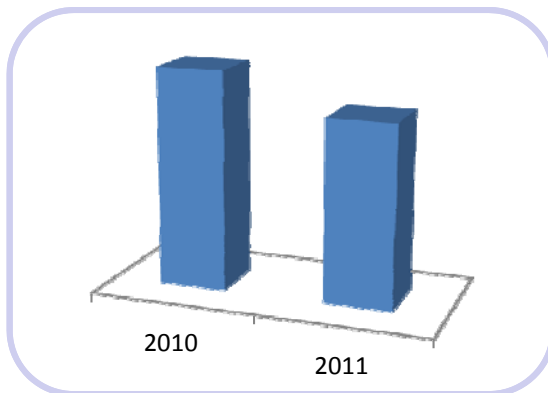
Higher ROI

Up 200 bps



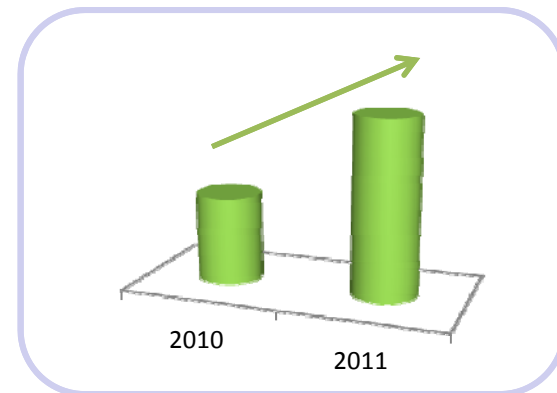
Production and media fees

Lower by 900 bps



More green activities

Higher by 1100 bps



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Building a talent powerhouse



1 Employer of choice by Nielsen
Campus track

1 Best employer in India, 2011
awarded by Aon Hewitt

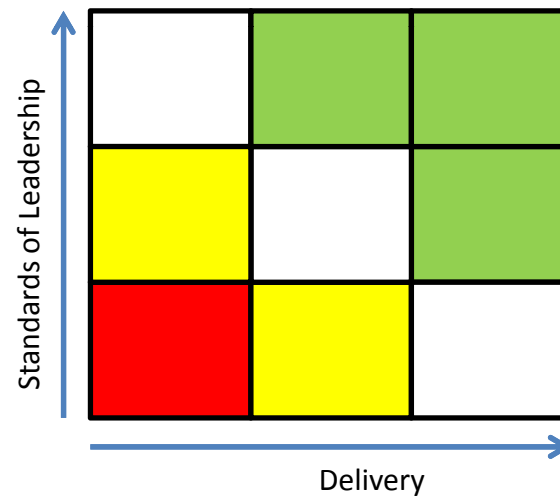
1 Dream employer across campuses
Survey by Nielsen

Strengthening Performance culture

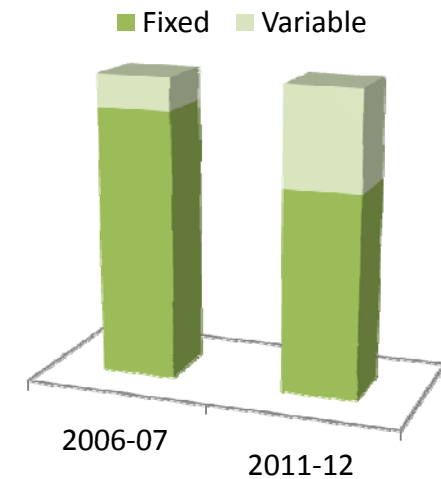
Aligned goals



Sharper differentiation



Reward linked to performance



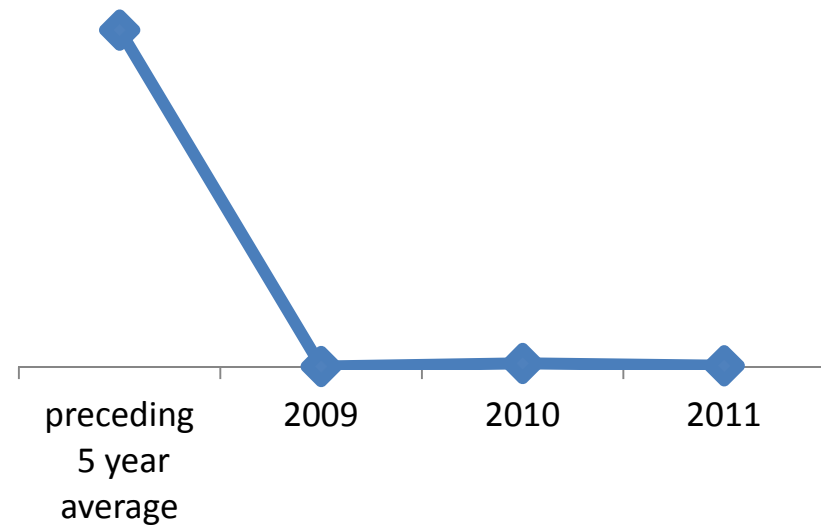
Performance culture index is up by 14% in 2011

Engaged to win

Step up in employee engagement scores



Near Nil man days lost



At the heart of our strategy is doing business responsibly
Sustainable Living Plan with ambitious goals



And we are making steady progress



30 million people touched by **Lifebuoy** handwashing programs in 2010-11

30 million people have gained access to safe drinking water through **Pureit** since 2005



~60% of our major food and beverage brands comply with the '**Healthy Choice**' guidelines'

Reduced CO₂ emissions by 14.7%, water use by 21.5%, waste by 52.8%*

Improved CO₂ efficiency by 17.8% in transportation



60% of tomatoes in **Kissan Ketchup** are sourced sustainably



*in our factories, over 2008 baseline

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