

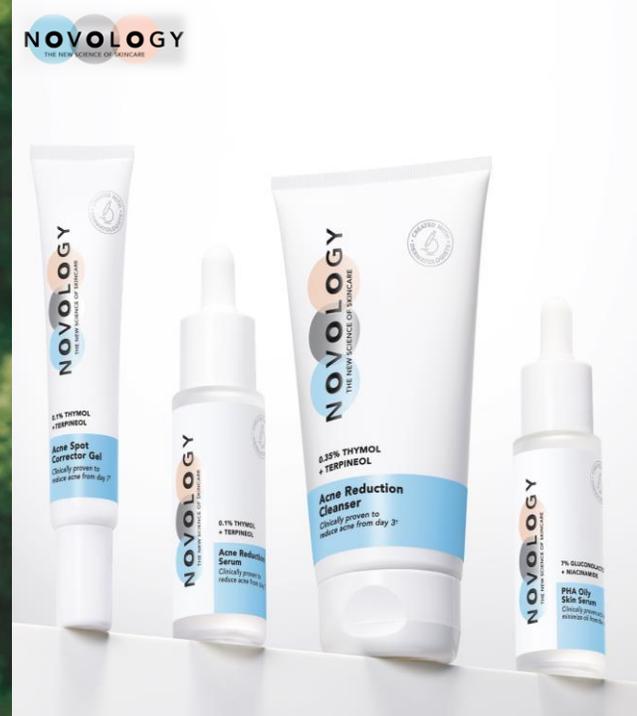
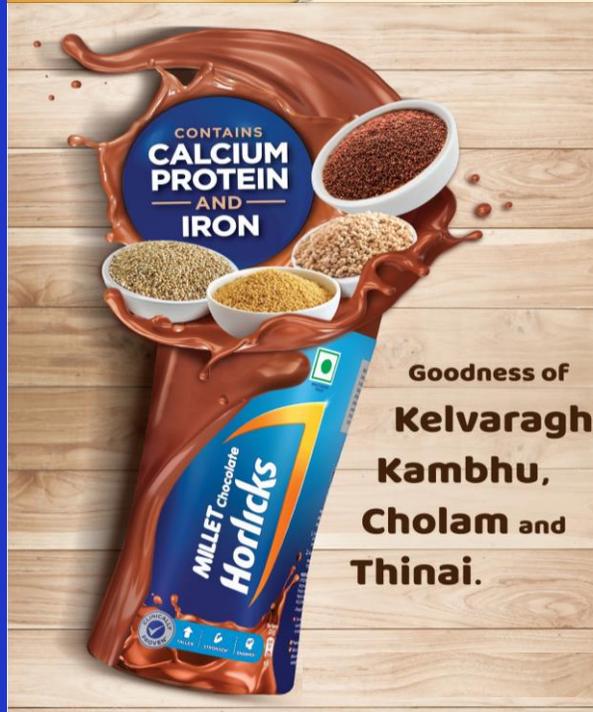
# Hindustan Unilever Limited

## MQ & FY 2023 Results

27th April 2023



Hindustan Unilever Limited





# Safe harbour statement

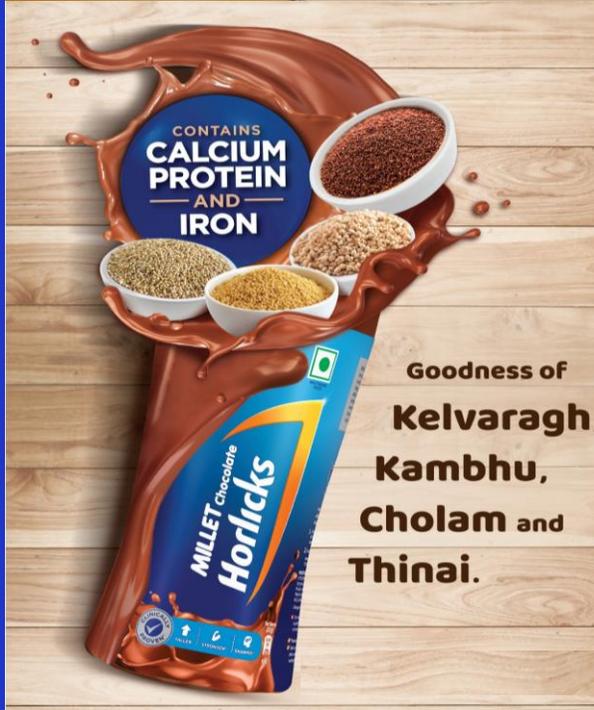
This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations 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.	Business Winning	EBITDA	EPS
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**5%**

**>75%**

**23.4%**

**13%**

YoY Growth

Business winning shares

9% YoY growth

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



Hindustan Unilever Limited

# Our brands are getting bigger...

FY'23 Turnover

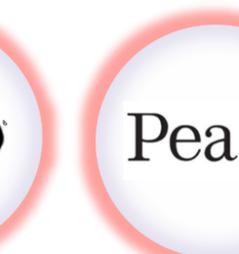
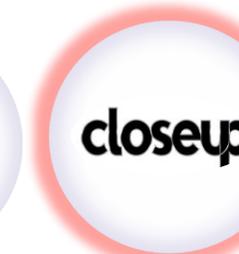
₹50 Bn+



₹20 Bn+



₹10 Bn+



19

brands >₹10 bn

2

New brands >₹20 bn

3

New brands >₹10 bn

## Product Superiority



## Award winning marketing campaigns

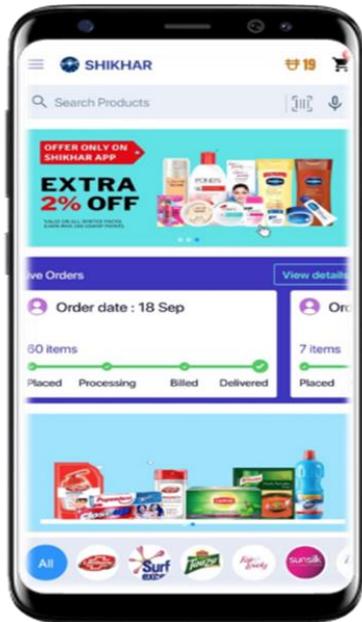


**2X** more superior products vs 2019



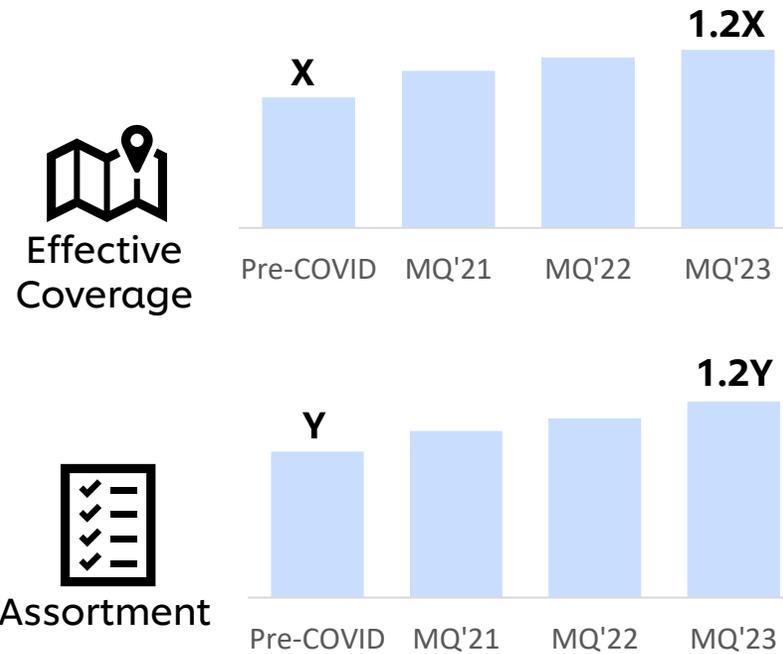
# Winning with customers

## Shikhar in 1.2 million stores



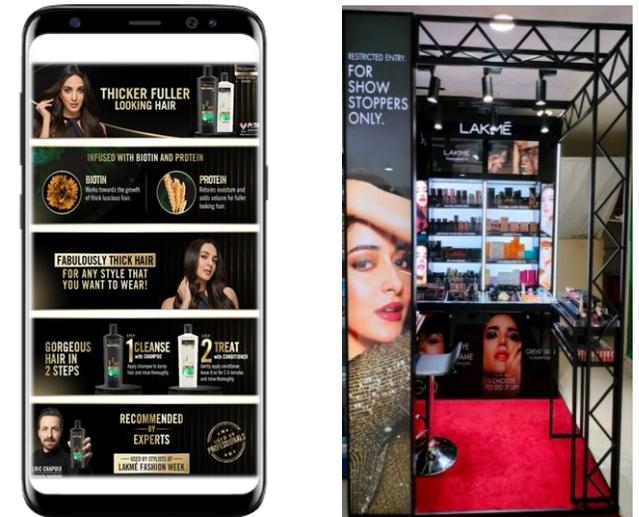
Digitised demand capture >30%

## 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 CO<sub>2</sub> 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



\* For Calendar Year 2021 and 2022



# 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

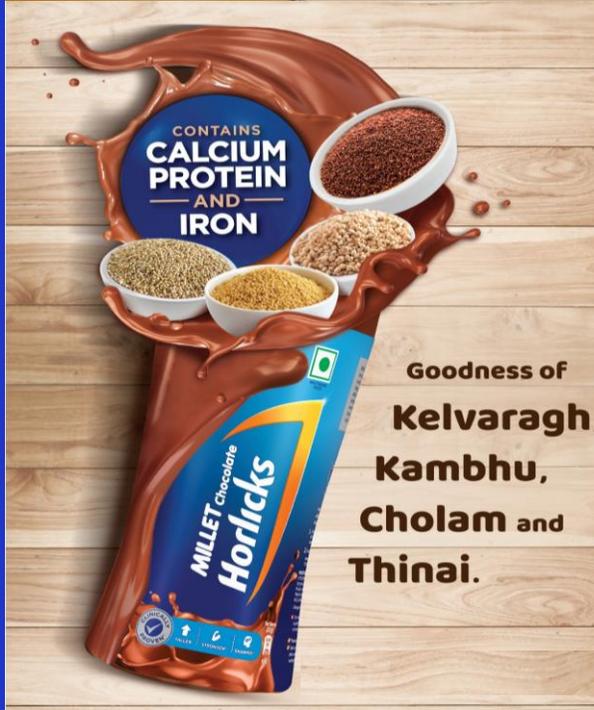
1988 : Management trainee, Sales & Marketing roles, Hindustan Unilever

# Ritesh Tiwari

Chief Financial Officer



Hindustan Unilever Limited





# Operating context : Inflation moderating sequentially

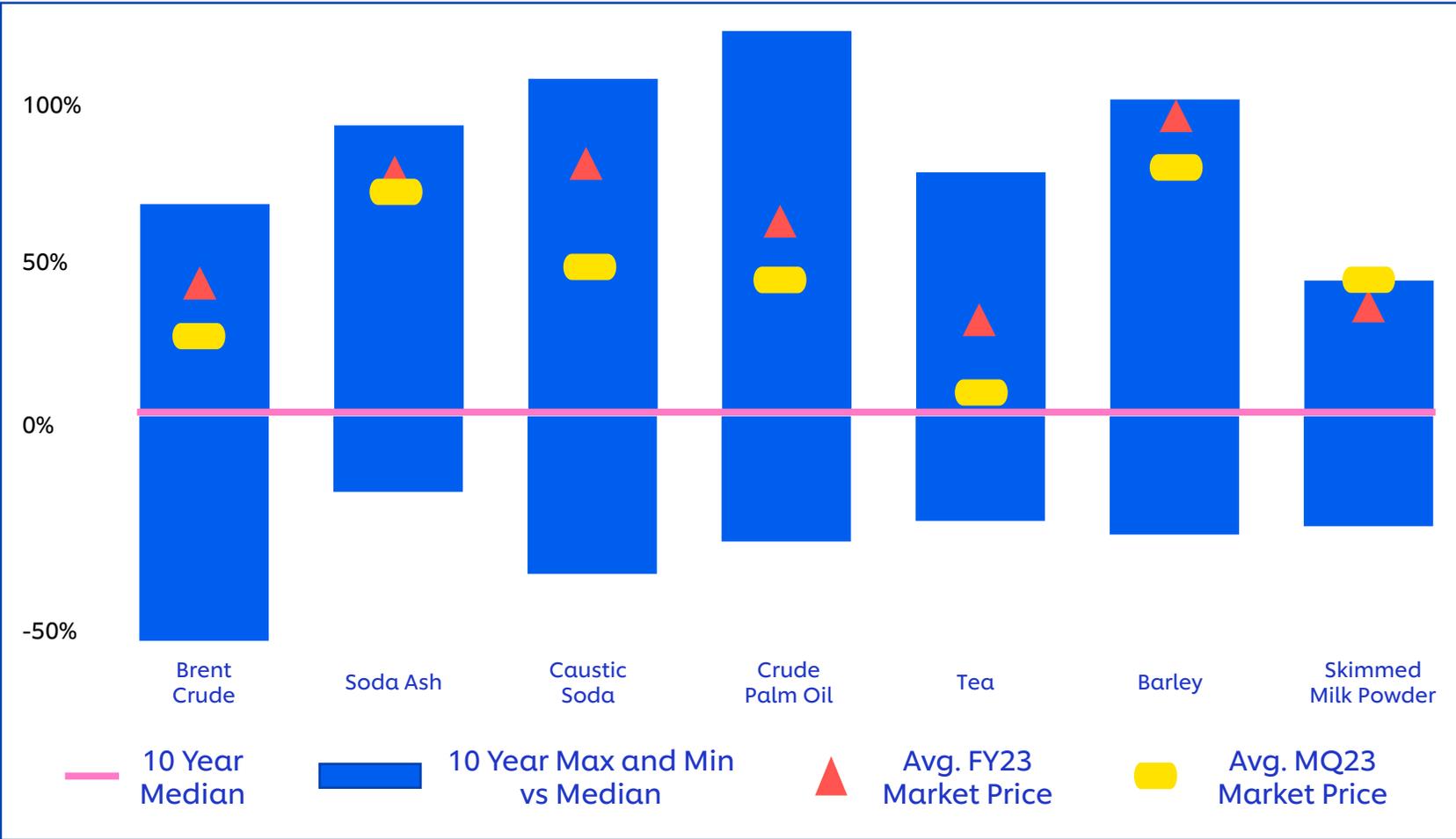
## YoY inflation softening

MQ'23 vs MQ'22

<b>Brent Crude</b>	<b>-16%</b>
<b>Soda Ash</b>	<b>-6%</b>
<b>Caustic Soda</b>	<b>-25%</b>
<b>Crude Palm Oil</b>	<b>-39%</b>
<b>Tea</b>	<b>-1%</b>
<b>Barley</b>	<b>8%</b>
<b>Milk Powder (SMP)</b>	<b>18%</b>

Lapping high base | Sequential easing

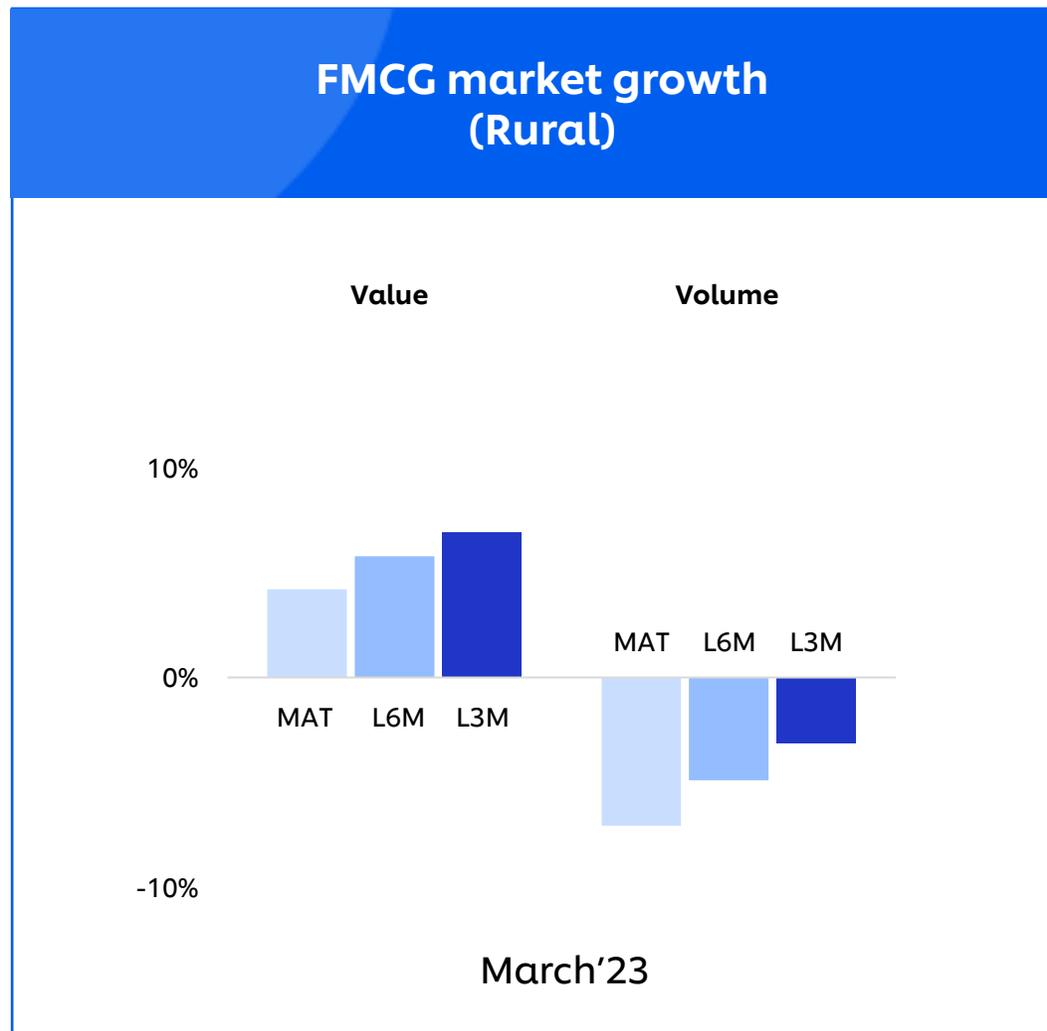
## Key commodities remain elevated vs long term averages



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%**

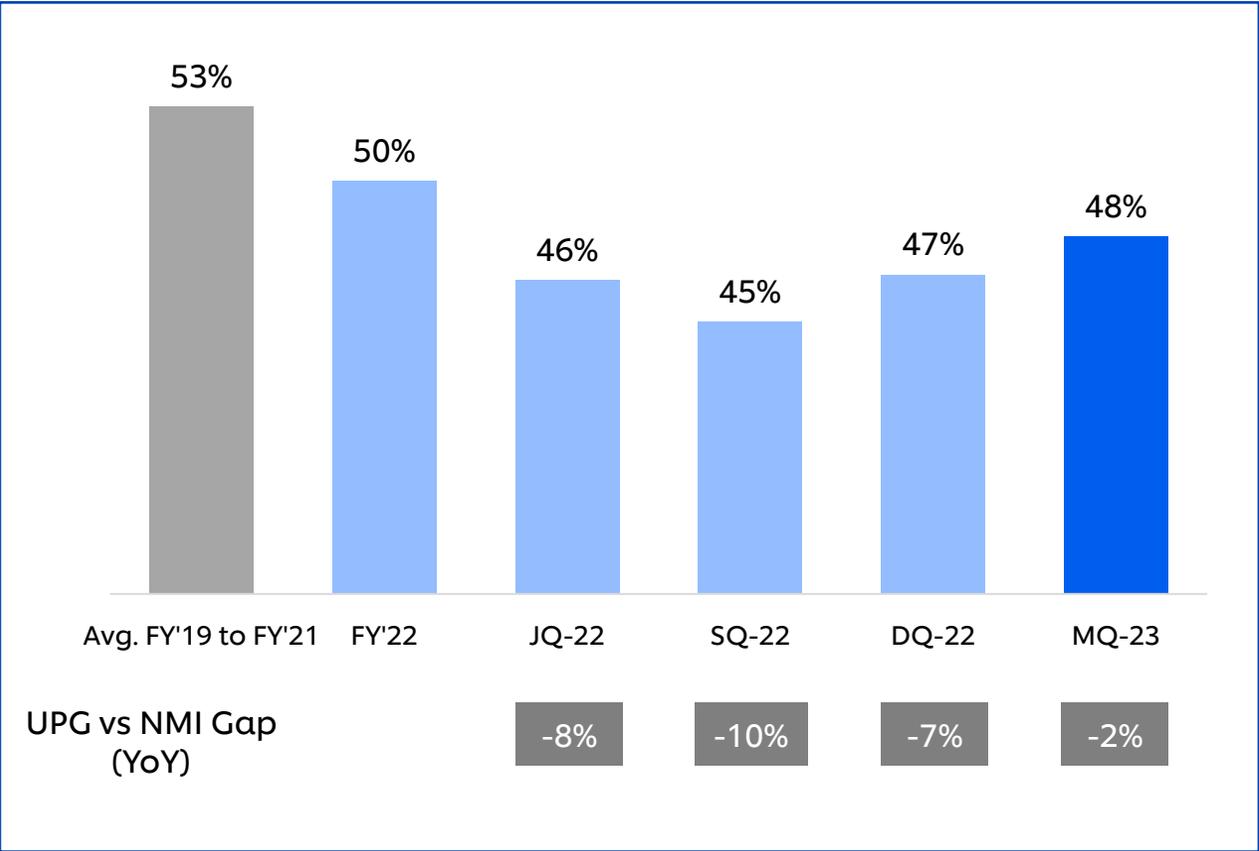
EPS Growth YoY

\*PAT (bei) : Profit After Tax before exceptional items

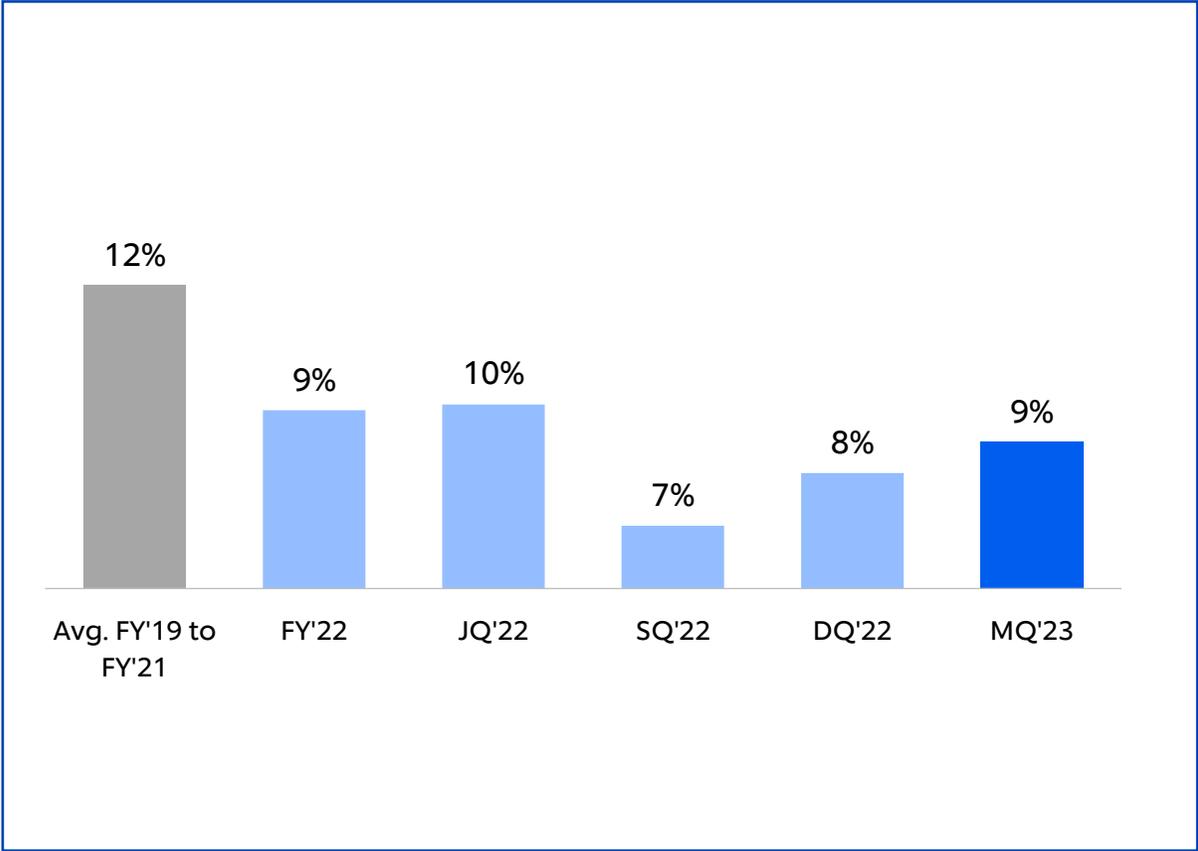


# Building back gross margins, stepping up A&P

## 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

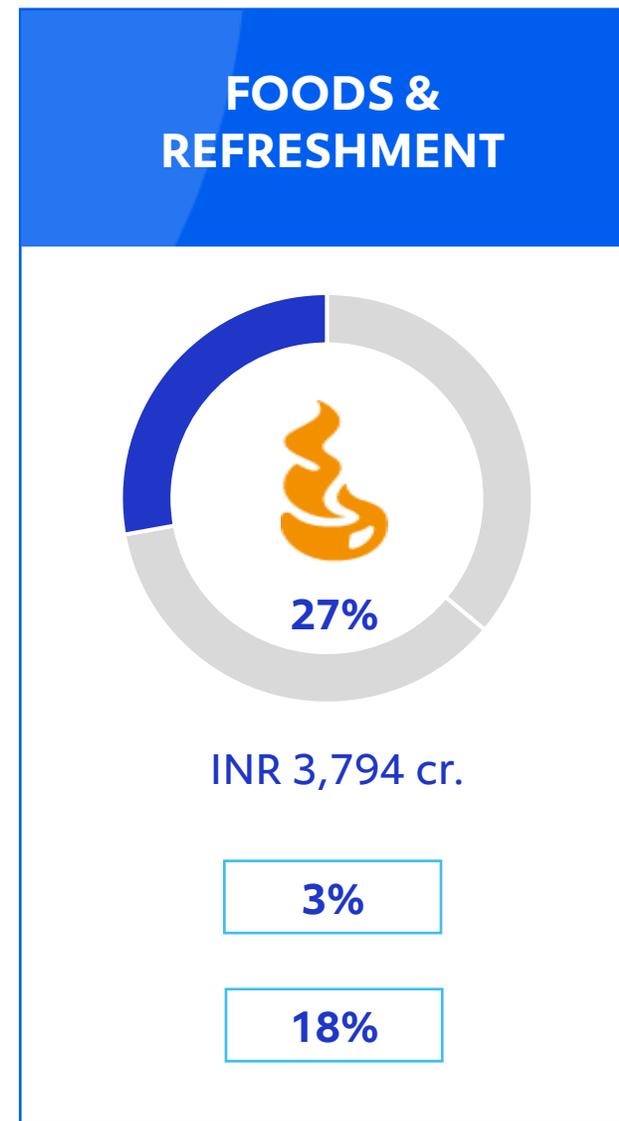
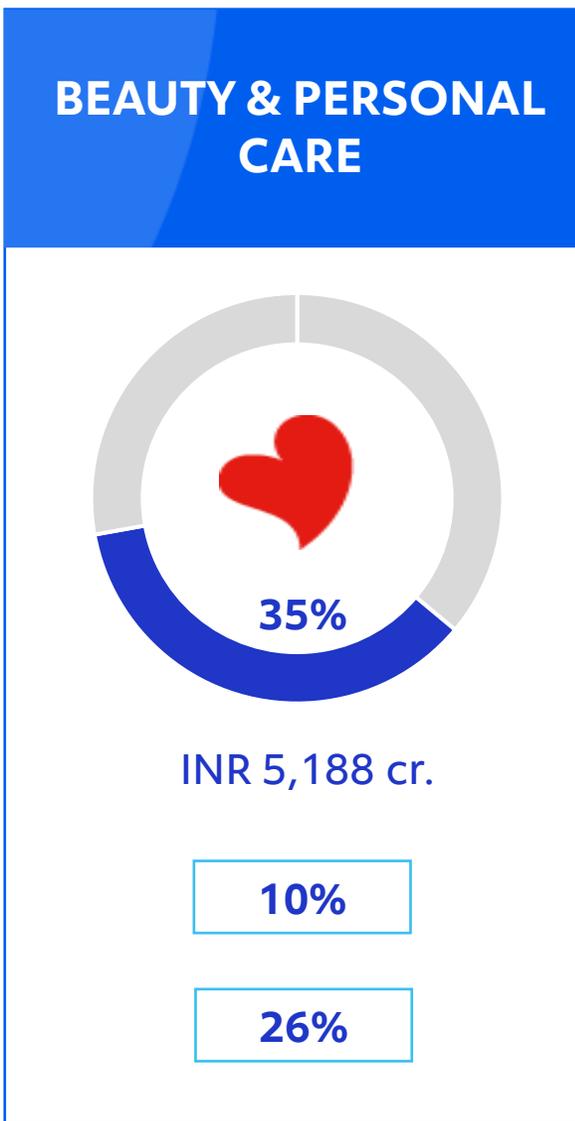
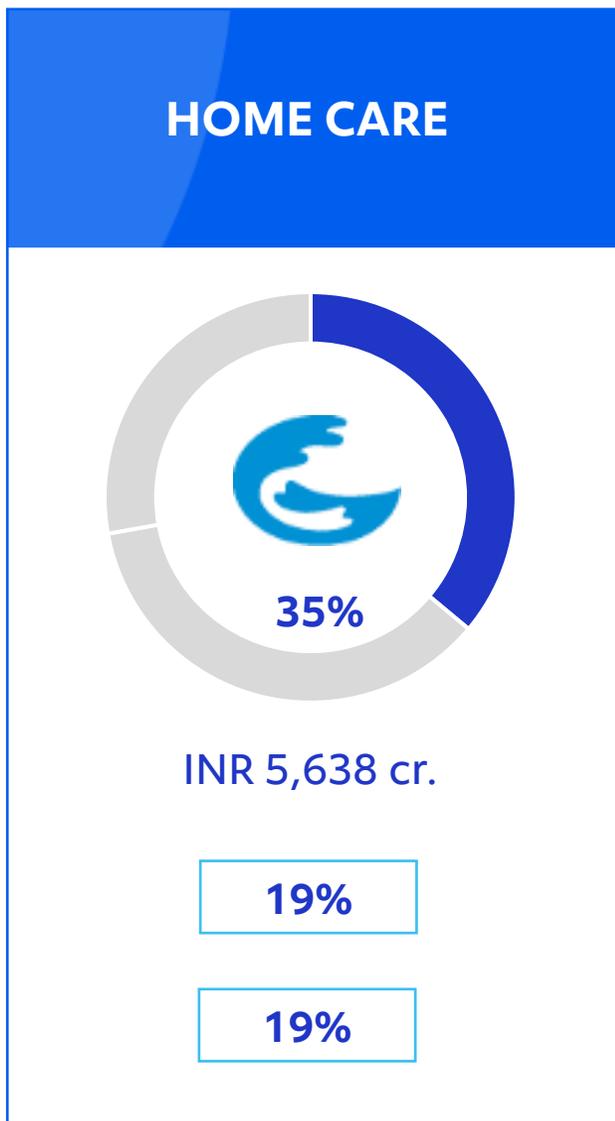
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# MQ'23 : Segmental performance

**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



# MQ'23 : Innovations (1/2)





# MQ'23 : Innovations (2/2)

NEW  
**TRESemmé**  
USED BY PROFESSIONALS

— **HYALURONIC** —

**3 DAYS**  
[ NON-STOP HYDRATED LOOK ]

**Cornetto**  
**Chuski**  
**BOOST ICECREAM SANDWICH**  
**HAZELNUT CHOCOLATE ICE CREAM**

**Milletts Made Tasty**  
Goodness of multi-millets, yummy taste of chocolate.

SORGHUM  
FOXTAIL MILLET  
FINGER MILLET  
PEARL MILLET

**MILLET Chocolate Horlicks**

For Growing Kids 6+ yrs

Milk based food  
Horlicks is a nourishing beverage to be taken as part of regular daily diet.  
Creative representation. Peller pack for more details.  
Millets (17%) (Pearl Millet (8%), Finger Millet (3%), Foxtail millet (3%), Sorghum (3%))

**GLUTA GLOW, LET IT SHOW.**

GlutaGlow + Hyaluron

**Vaseline**  
HEALTHY BRIGHT  
**Gluta-Hya**  
Dewy Radiance  
10X more Hyaluronic Acid  
NON STICKY

NEW  
LEVER **āyush** **Sensitivity Relief**  
Ayurvedic care for tooth sensitivity

LEVER **āyush** **Sensitivity Relief**  
Ayurvedic care for tooth sensitivity

**POWER OF 8 AYURVEDIC INGREDIENTS, FOR TOOTH SENSITIVITY**

ନୂଆ ହାଲି  
ଫିଙ୍ଗି  
ଗହଳିଆ  
ସଞ୍ଚେଇ

ବର୍ଦ୍ଧାତ୍ମକ ସଞ୍ଚେଇ

**Active Wheel 2in1**



# MQ'23 : Activations and communications





# 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	
<b>Net Profit</b>	<b>2,552</b>	<b>2,327</b>	<b>10%</b>
PAT before exceptional items	2,471	2,283	8%

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



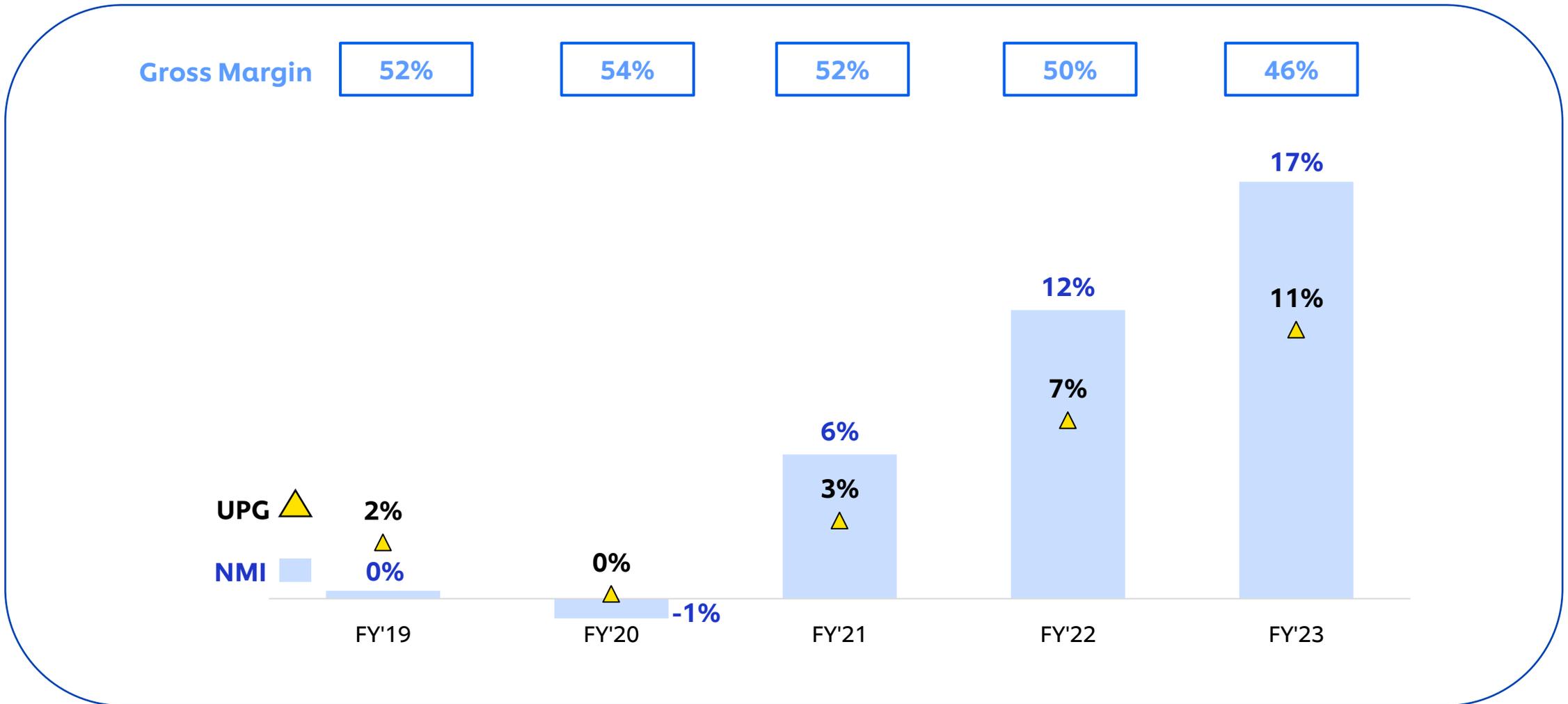
# FY'23 : Solid all-round performance in a challenging environment



\*PAT (bei) : Profit After Tax before exceptional items



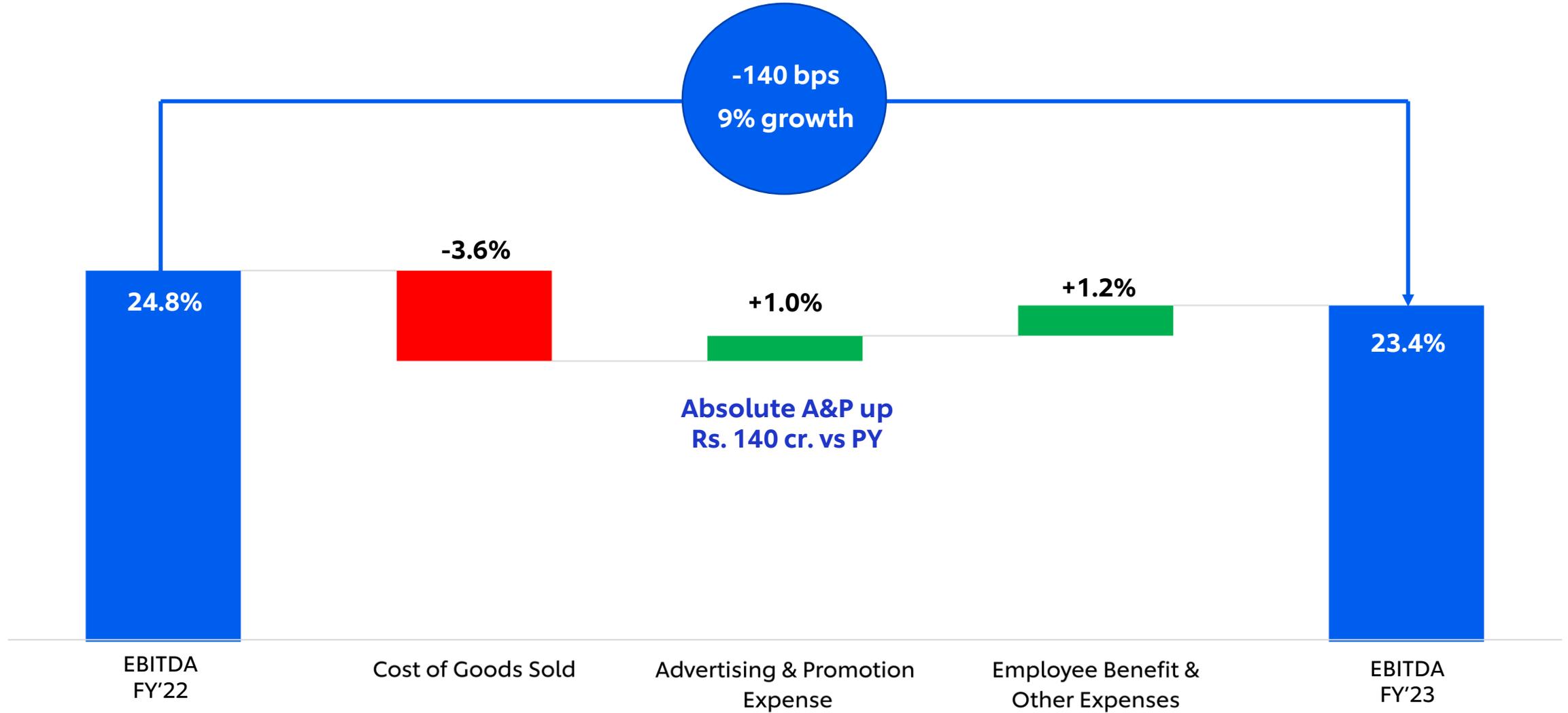
# Unprecedented inflation impacting gross margin



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

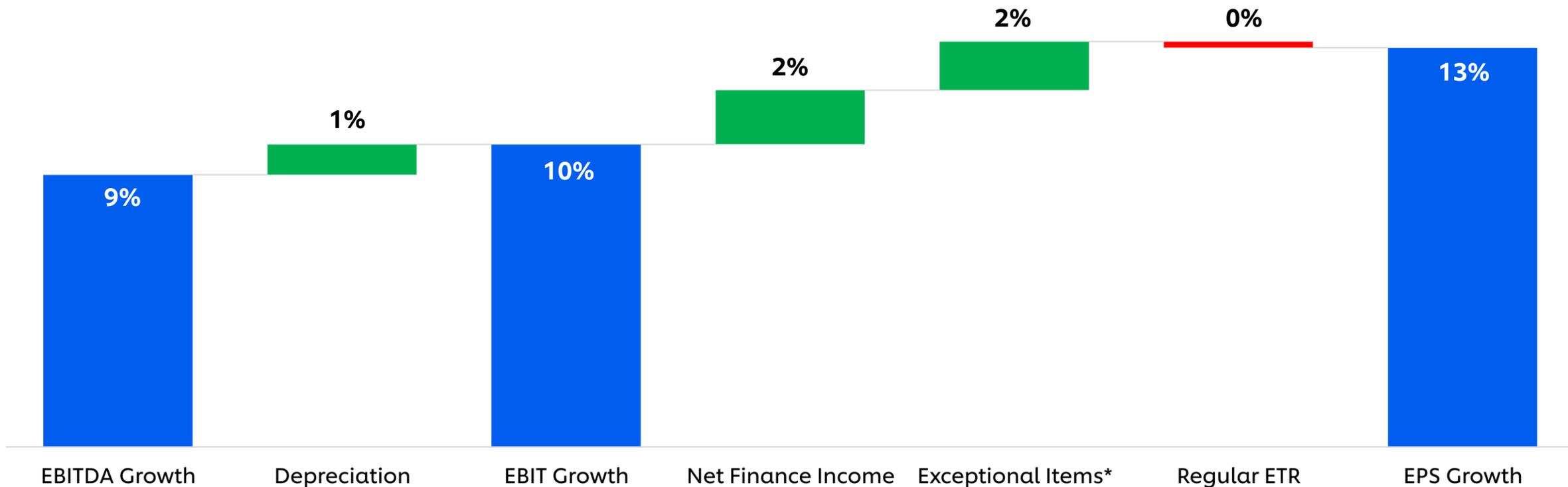


# Protecting business model through dynamic financial management





# FY'23 : Delivering double digit EPS growth



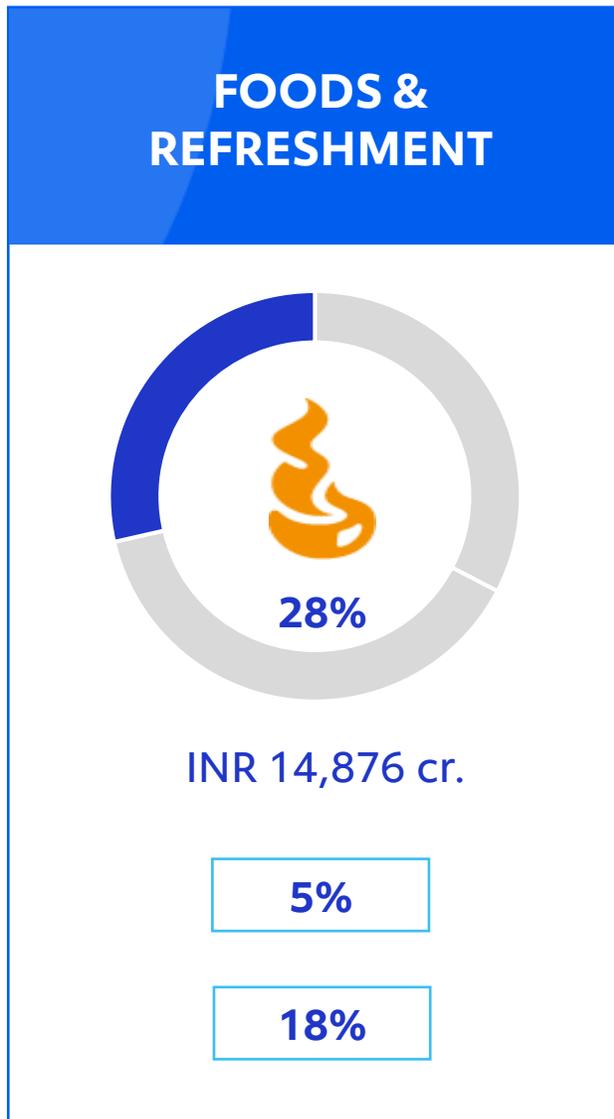
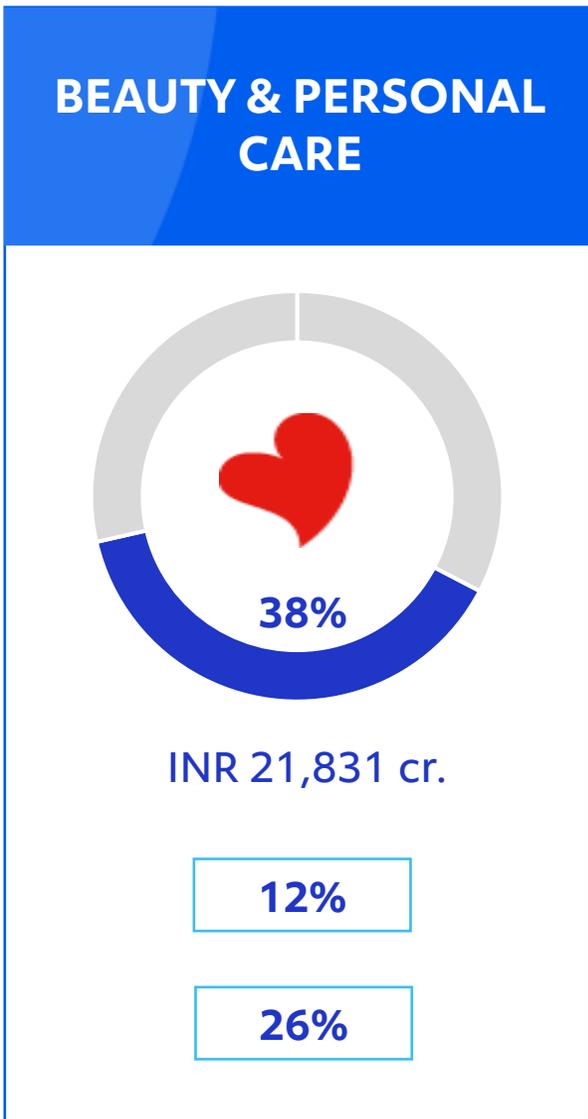
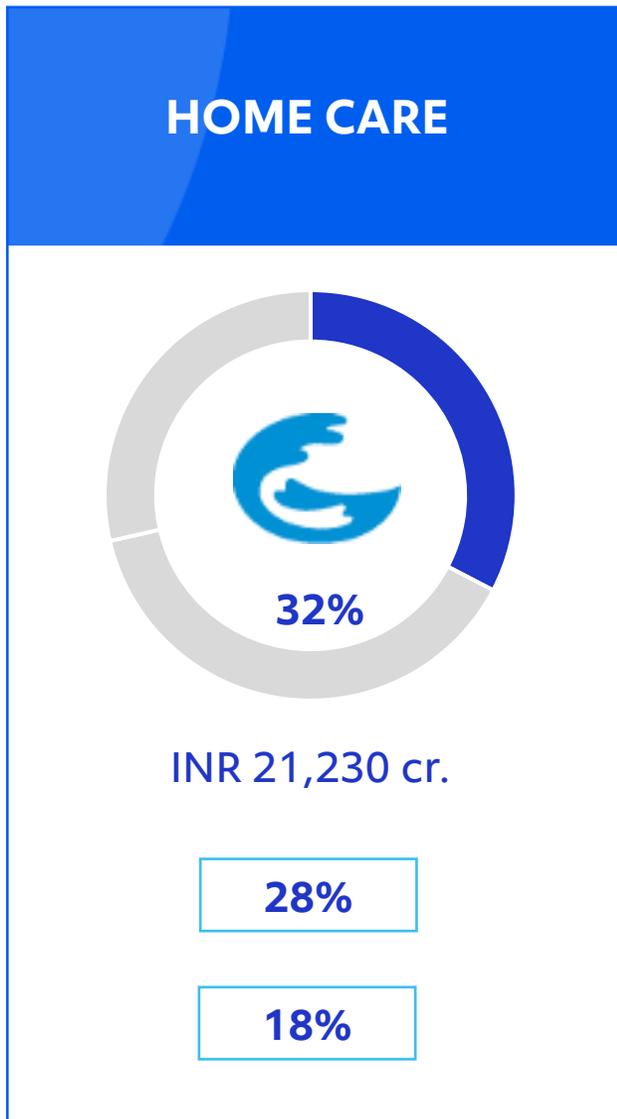
Exceptional items include Tax Prior Period adjustments



# FY'23 : Segmental performance

**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.

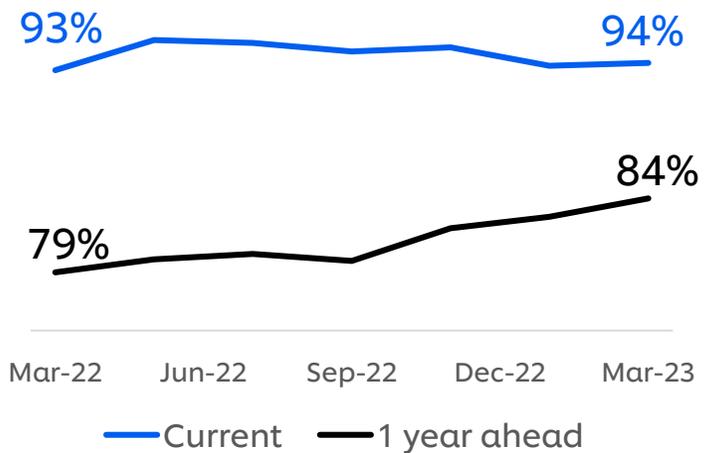
### CNBC

#### 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.

### The Hindu

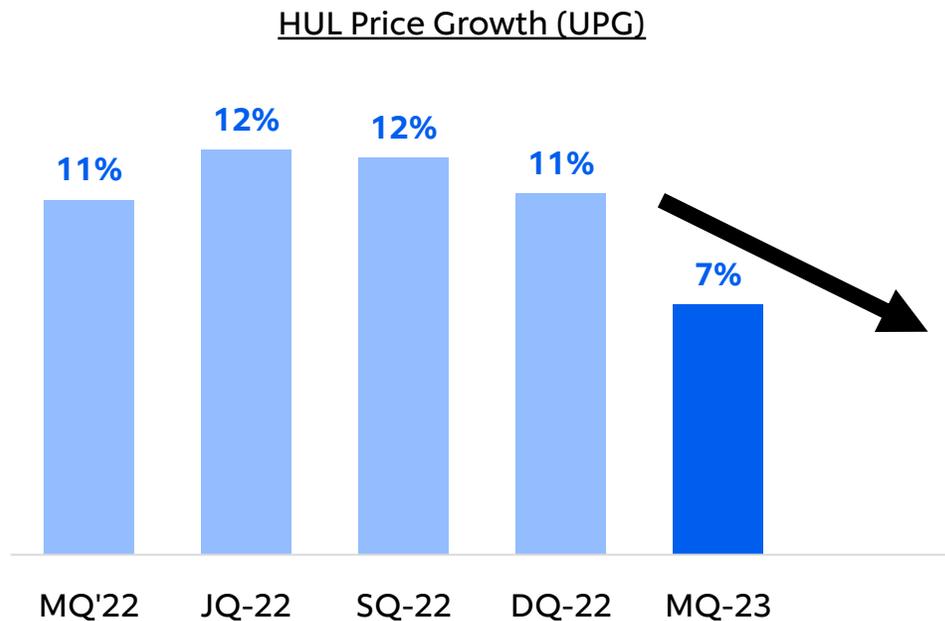
#### IMD forecasts a 'normal' monsoon, even as El Nino looms large

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**

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27th April 2023



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