

RE-IMAGINING HUL

ANNUAL INVESTOR MEET | 6 JUNE 2018

Sanjiv Mehta, CEO & MD



Hindustan Unilever Limited

SAFE HARBOUR STATEMENT



Hindustan Unilever Limited

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 realized. 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.

PERFORMANCE IN THE RECENT PAST

Net Sales

~Rs. 13,500 Crores
added[^]



EBITDA

~Rs. 4,000 Crores
added



Market Capitalisation

~Rs. 250,000 Crores
added



³
**All nos compared with FY'11-12 which is reinstated to reflect key IND AS accounting impact*

[^]Not adjusted for GST accounting impact & hence the net sales number looks deflated

A FEW EXAMPLES OF CONSISTENT HIGH PERFORMERS



Hindustan Unilever Limited

Laundry



Hair Care



Tea



LAUNDRY



Hindustan Unilever Limited



Turnover

1.8 X

Profitability

3.7 X



Consistent Growth in Topline & Bottom line

Drivers of growth

- Continuous focus on building purpose driven brands
- Driving premiumization & market development
- Consistent focus on profitable growth

HAIR CARE



Hindustan Unilever Limited



Turnover

1.9 X



Consistent delivery on all fronts

Market share

~700bps ↑



Drivers of growth

- Strong play in the naturals space
- Undeterred focus on innovations, premiumization & building categories of the future
- Winning in channels of the future

TEA



Hindustan Unilever Limited



Turnover
1.8 X

Profitability
2.0 X



No. 1 Tea Company in India



Drivers of growth

- **Winning in Many Indias: customized cluster level propositions**
- **Market Development**
- **Strengthening the core**
- **Building brands with purpose**

BEING RECOGNISED



Hindustan Unilever Limited



**Best Performing
Unilever Business
2014**

**Aon Hewitt
Top Companies
for Leaders 2014**

**# 3 Company globally
for building leaders
2014**



**Economic Times –
Company of the year
2015**



**#7 Globally and
#1 in India
2017**



‘Dream Employer’ for 9 years in a row among top Indian universities

THE WORLD AROUND US IS EVOLVING



Hindustan Unilever Limited



IT'S AN AGE OF CHANGE AND DISRUPTION



Hindustan Unilever Limited



Millennials / Gen Z



**Globally connected
but there is a search
for authenticity**



**Changing family
dynamics**



**There is a thrill of
purpose**



**Uncertainties and
Volatility are the new
normal**



**Increased
competition intensity**



**Digital disruptions
reshaping business
models**



**Evolving regulatory
environment**

AND HENCE THERE IS A NEED FOR...



Hindustan Unilever Limited

Consumer Centricity



Speed & Agility



Digital Connectivity



Being Glocal



FMCG CONTINUES TO BE A BIG OPPORTUNITY IN INDIA



Hindustan Unilever Limited



INDIA

US\$ 29



INDONESIA

~2X INDIA



CHINA

~4X INDIA



PHILIPPINES

~ 5X INDIA

PER CAPITA FMCG CONSUMPTION

To tap this big opportunity, we need more money in the hands of more people i.e. Inclusive Growth

**WINNING IN THE FUTURE
NEEDS A DIFFERENT APPROACH**





RE-IMAGINING HUL FOR THE FUTURE



RE-IMAGINING HUL



Hindustan Unilever Limited

Re-imagining our structure



Re-imagining our portfolio



Re-imagining magic in marketing



Re-imagining our trade channels



Re-imagining the value chain



Re-imagining fuel for growth



Re-imagining culture of the organisation



RE-IMAGINING HUL



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INDIA IS A HETEROGENOUS COUNTRY



Hindustan Unilever Limited

Diverse demographics



Multiple languages
8 Major religions

Varied affluence levels



LSM 7+ = 9% nationally
(Range of 5-48%)

Different media habits



Mobile internet penetration:
Rural- 18%*; Urban- 59%*

Differential category adoption

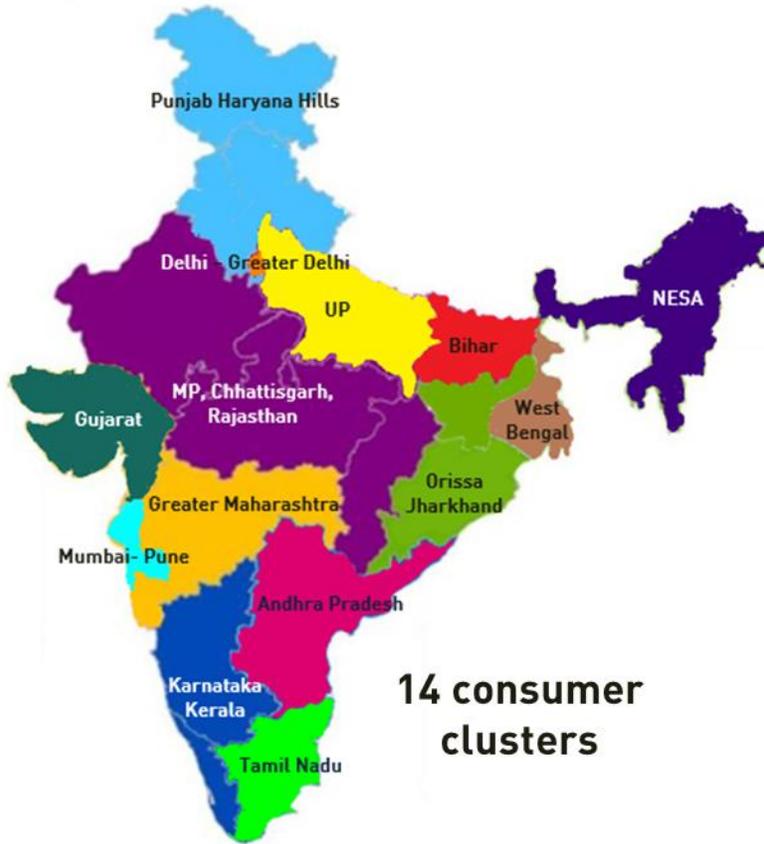


Market share in adjacent
states also not the same

WINNING IN MANY INDIAS (WiMI)



Hindustan Unilever Limited



WiMI in action

Distinctive strategy at a cluster level

Empowered Cluster Heads enabling faster decision making closest to the point of action across the country

Customized product propositions & media deployment for every cluster

CCBTs: 15 MINI-BOARDS IN ACTION



Building a stronger sense of empowerment & ownership

Multi functional representations in CCBTs



Merger of Brand Development & Brand Building



Responsible for delivering in-year P&L

LIBERATING THE MANAGEMENT COMMITTEE TO FOCUS ON LONGER TERM GOALS

**Build new
business models**



**Greater focus on
talent & capabilities**



**Explore Inorganic
growth opportunities**



**Coach & Mentor
CCBTs**



RE-IMAGINING HUL



Hindustan Unilever Limited

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STRENGTHENING THE CORE



Hindustan Unilever Limited



Focus on driving penetration & weighted distribution



Constantly innovating and renovating the core



Focused SKUs at cluster level to address demands of all Indias



Making the core more aspirational

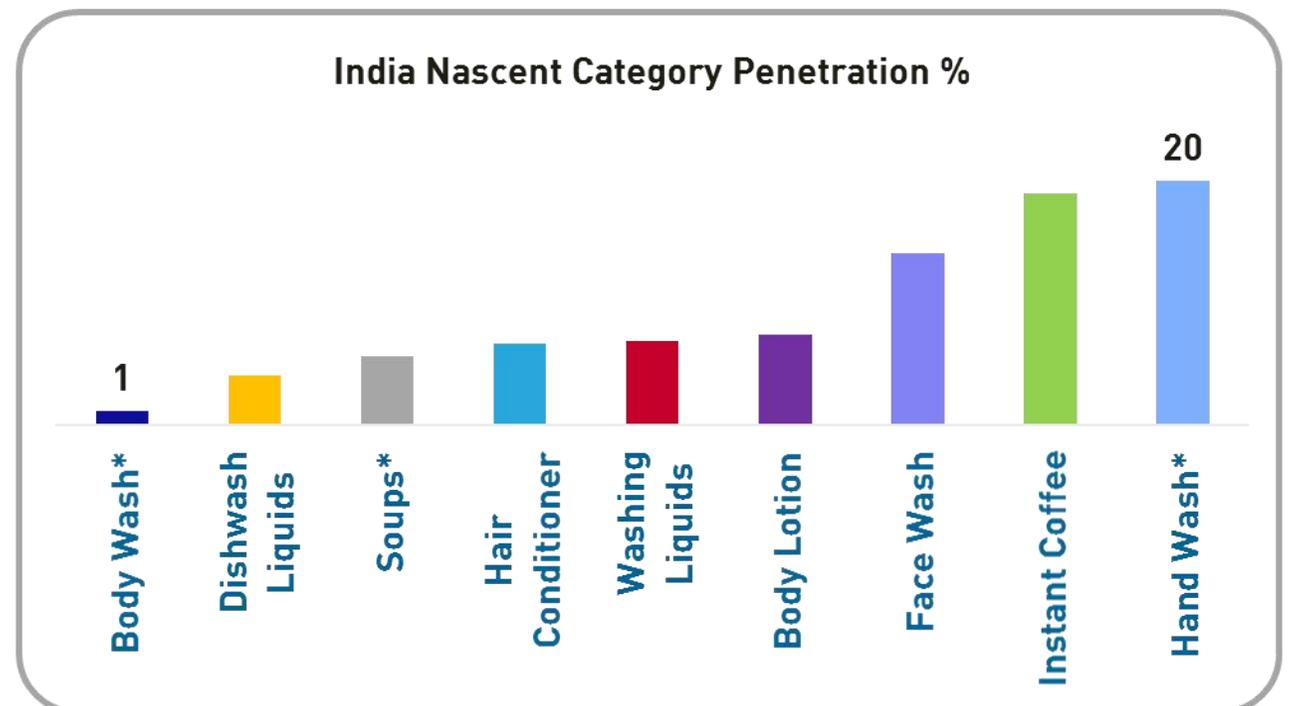


Offering multiple value additions across the core portfolio



CREATING CATEGORIES OF THE FUTURE

Opportunities to premiumize and up trade; huge headroom to grow



MARKET DEVELOPMENT & PREMIUMIZATION



Hindustan Unilever Limited

Powered by education demos and sampling

Business Results



Growing at ~2X HUL Average

Science of Sampling



2014

Consumer contacts



2017

BUILDING NATURALS



Hindustan Unilever Limited

indulekha®
Bringha Oil
 AYURVEDIC MEDICINE FOR HAIRFALL.
 HELPS GROW HAIR.*

*contains natural ingredients known to reduce hairfall and helps hair growth upto its natural potential

LEVER **ayush**
 MASALA MILLET UPMA
 MASALA MILLET KHICHI
 AYAL MILLET PONGAL

LAKMÉ 9to5
 NATURELE RANGE

NEW

INDULEKHA BRINGHA HAIRFALL* SHAMPOO
 9 FULL BRINGHAJ PLANT EXTRACTS IN EVERY BOTTLE.
 NO ADDED COLOUR. NO ADDED FRAGRANCE.

*Hairfall due to breaking.

CHOOSE
 365 DAYS OF
 SAHI AYURVEDA

LEVER **ayush**

Red Label Natural Cure

Enhance Immunity
 Natural Ayurveda

CLINIC PLUS¹
 ayurveda care
 TRIBHANGA SHIKHARI

Fair & Lovely

Lotus flower extract
 Milk
 Chandan
 Til Oil
 Kesar
 Manjistha

LEVER **ayush**

Solve your modern day
 lifestyle problems with
 Sahi Ayurveda

closeup
 FRESH
 ATTRACTION
 NATURE BOOST

REMOVER OF
 CARDAMOM
 & TULSI

Vim ANTI SMELL
 WITH PUDINA

REMOVES
 5 TOUGHEST SMELLS

Vim EXTRA
 ANTI SMELL

LUX
 Saffron Glow

For Bright Fragrant Skin
 Soften Tones & White Coat

Lifbuoy
 Neem

100% Natural Protection

Lifbuoy
 Turmeric

100% Better Skin Protection

Naturals portfolio growing ~2.5X of overall HUL average

RE-IMAGINING HUL



Hindustan Unilever Limited

Re-imagining our structure



Re-imagining our portfolio



Re-imagining magic in marketing



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BUILDING BRANDS WITH PURPOSE



Hindustan Unilever Limited

Let's break the rules of beauty

Dove

Join us at Dove.com
#RealBeauty

Lovely foundation
Fair & Lovely Foundation
Foundation Scholarships 2014

#ShareTheMeal #Knorr

Knorr supports WFP wfp.org

Food lovers. Stop posting. Start sharing.

#ShareTheMeal #Knorr

ज़बरदस्त चमक का वादा
पानी लगे आधा

RIN ₹10* ONLY

चमकते रहना

170 ml

Lifebuoy

HELP A CHILD REACH 5

Plodge now on www.facebook.com/lifebuoy

A CHILDREN'S DAY SPECIAL

kissan PRESENTS

#RealTogetherness

A heart-warming story of friendship between a child and his grandfather

Watch the film on: /kissanindia

Share your moments of #RealTogetherness on: /kissanindia

TRANSFORM YOUR LOOK AND HER FUTURE

Let your new makeover contribute to a little girl's education with Happy New You.

VISIT YOUR NEAREST LAKME SALON TO KNOW MORE

LAKME SALON **Happy New You** MAKEOVER PACKAGES

Brooke Bond Chaiya Chaiya

Red Label

Bringing the world closer, one song at a time

A Public Service Message by

BRYLCREEM

SIRF STYLE NAHI SOCH BADLO

KNOW MORE

BUILDING ICONIC ENGAGEMENT PLATFORMS



Hindustan Unilever Limited

Lux Golden Rose Awards



Lakmé Fashion Week



FAL Foundation



Lifebuoy help a child reach 5



Surf Excel Haar Ko Harao



Rin Career Academy



Red Label Taste and Togetherness



Kissanpur



CONSISTENTLY EVOLVING THESE PLATFORMS



Hindustan Unilever Limited



2005



Pride

2009



Empathy & Overt
expression of love

2012



Loyalty & Forgiveness

2017



Learning from
Failure

2005



Pyar ka pyala

2008



*Chuskiyan
zindagi ki*

2010



*Health & Taste, Swasth
rahein, mast rahein*

2014



*Taste &
Togetherness*

2017



*Taste &
Togetherness*

BUILDING DIFFERENTIATED CONTENT



Hindustan Unilever Limited

Television



Website



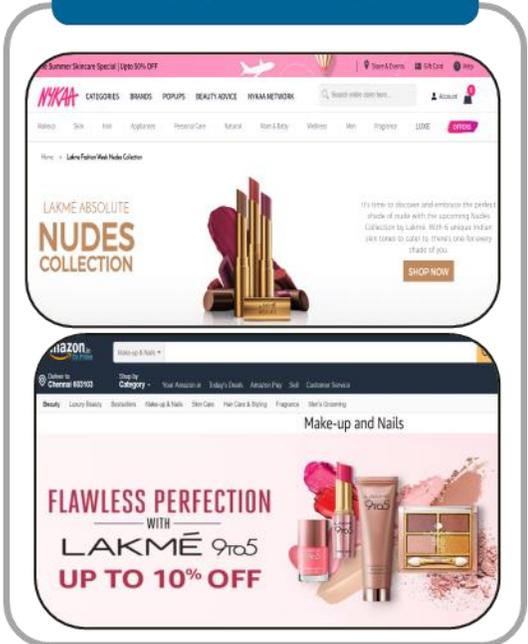
Social Media



Digital Video



Ecommerce



RE-IMAGINING HUL



Hindustan Unilever Limited

Re-imagining our structure



Re-imagining our portfolio



Re-imagining magic in marketing



Re-imagining our trade channels



Re-imagining the value chain



Re-imagining fuel for growth



Re-imagining culture of the organisation



GENERAL TRADE WILL CONTINUE TO REMAIN BIG

More throughput from more stores

All channels will remain relevant

Wholesale



Aids ↑ Width of distribution

Retail



Accessibility at arm's reach of desire

Driving effective coverage & assortment

COVERAGE



ASSORTMENT



In a country of ~6 LAKH villages & 10 MN outlets, GT even after 10 years, will remain an important channel

BUILDING CHANNELS OF THE FUTURE



Hindustan Unilever Limited

Modern Trade



Driving visibility across Modern Trade

ECommerce



Ecommerce business now ~1.5% of HUL

Our Growth & Profitability in ECommerce > Modern Trade > Traditional Trade

RE-IMAGINING HUL



Hindustan Unilever Limited

Re-imagining our structure



Re-imagining our portfolio



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Re-imagining fuel for growth



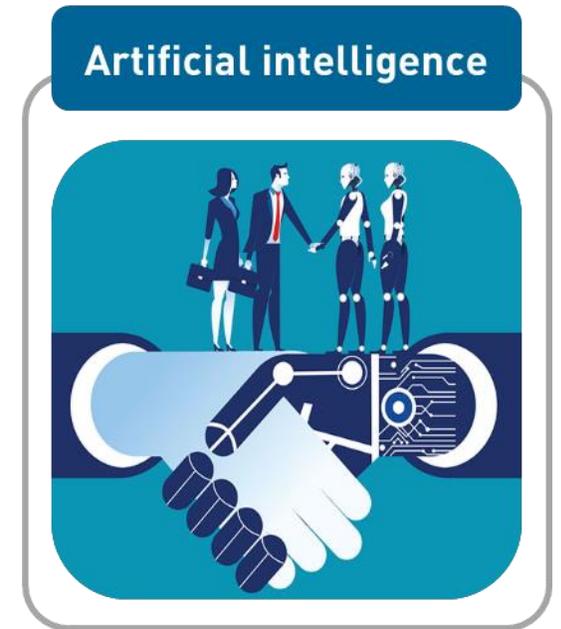
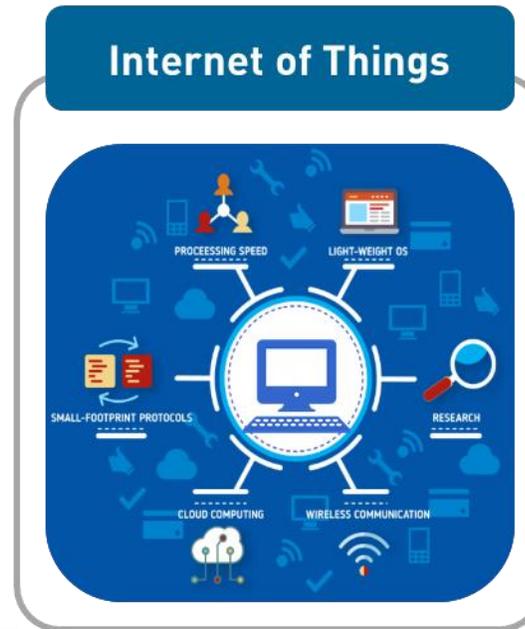
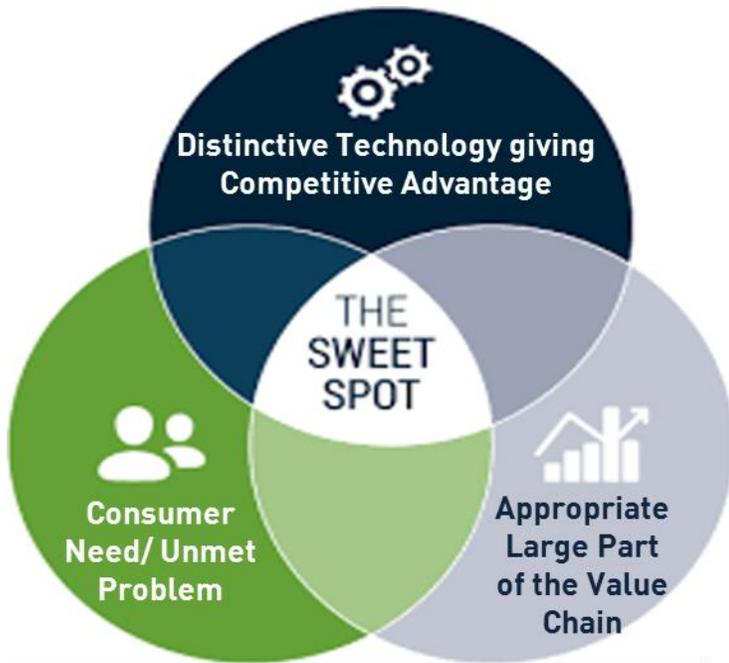
Re-imagining culture of the organisation



TECHNOLOGY AVAILABLE TODAY, OPENS UP A LOT OF OPPORTUNITIES



Hindustan Unilever Limited



OUR DATA STRATEGY



Hindustan Unilever Limited

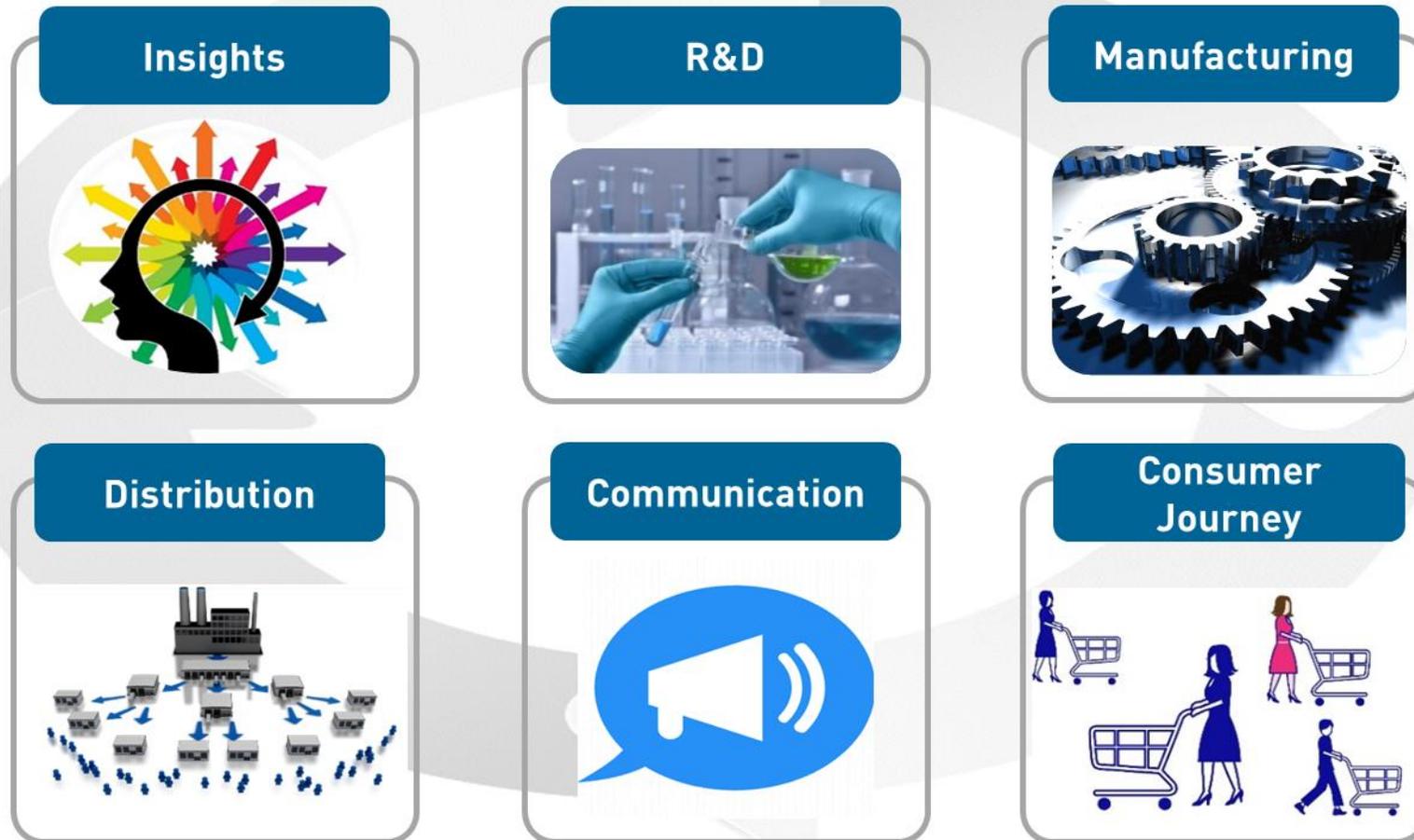


WE CHOSE TO DISRUPT THAN BE DISRUPTED



Hindustan Unilever Limited

By looking at the full value chain end-to-end



RE-IMAGINING HUL: OUR VISION



Hindustan Unilever Limited

*“Re-imagine HUL of the future by choreographing a holistic approach **across the value chain** to completely transform the way we do business in a connected world”*



RE-IMAGINING SUPPLY CHAIN



Hindustan Unilever Limited

Plan



- 1 Day Planning Cycle (real-time)
- Integrated S&OP
- Segmentation 2.0

Source



- Integrated e-tendering
- Realtime Forecast
- Smart Inventory modelling

Make



- Digital Factory
- Smart Robotics
- Network redesign

Deliver



- New Logistic models
- Efficient Fulfilment Centres



Robotization AV

RE-IMAGINING MARKETING



Hindustan Unilever Limited

Granular data analysis
and tracking



Advanced Analytics &
Decision Support System



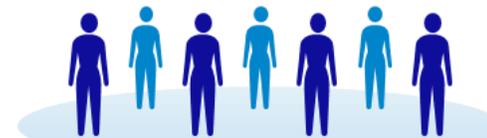
Social Listening: Always
on Conversation



Precision Marketing:
Consumer Journey



Precision Targeting
and Deployment



MAXIMA

RE-IMAGINING CUSTOMER DEVELOPMENT



Hindustan Unilever Limited



Demand Capture



Demand Fulfilment



Demand Generation

Providing superior customer service through vertical task specialization across the three pillars interlinked through modular IT capabilities

DEMAND CAPTURE

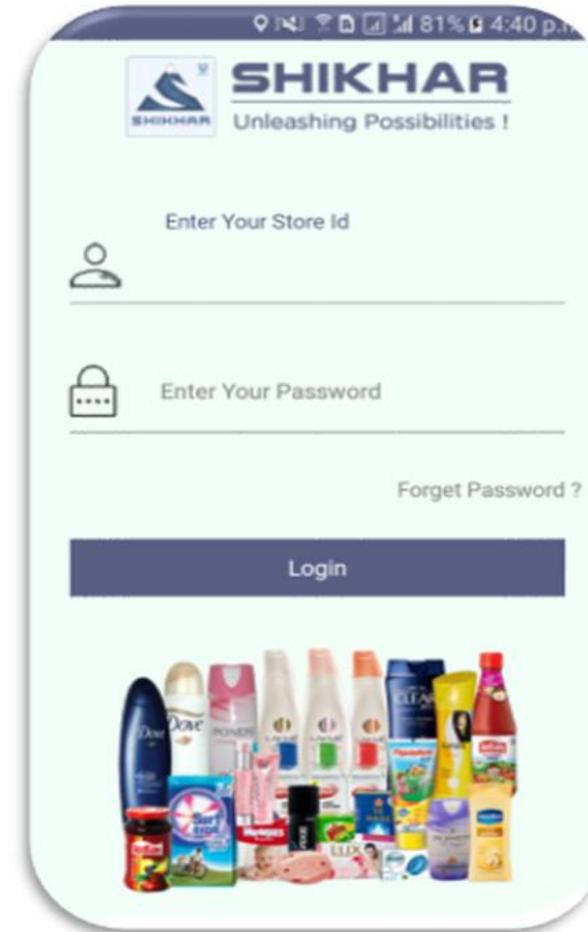


Hindustan Unilever Limited

Demand Capture



- Enhance salesman productivity with chatbots
- Advanced Analytics/AI for assortment led growth
- Scale up Shikhar App



Shikhar App AV

DEMAND FULFIL

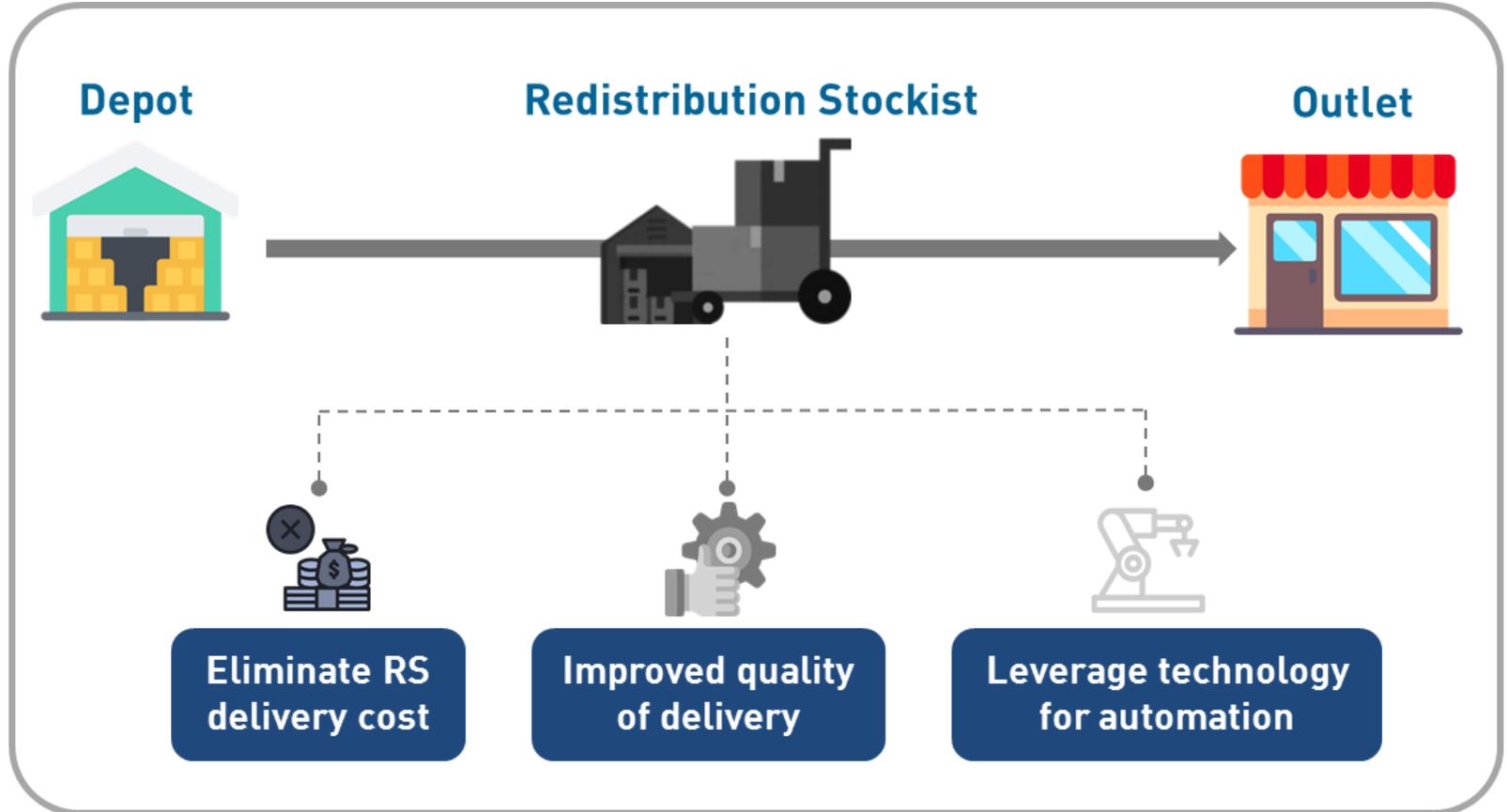


Hindustan Unilever Limited

Demand Fulfil



- **Project Shogun: Deliver with speed to trade and ensure efficient fulfilment**
- **Scale up Impact App**



Project Shogun AV

DEMAND GENERATE



Hindustan Unilever Limited

Demand Generate



- Scaling up B2C (HumaraShop)
- Leverage technology to improve shelf presence

Your Local Kirana, Now Online | 1800 419 1019 | HumaraShop | SIGN IN / SIGN UP

Humara Shop | CATEGORIES | Search products & brands | OFFER ZONE | BASKET 0

LAKMÉ Beauty Store
UPTO **15%** OFF*
SHOP NOW

Tea Coffee
UPTO **10%** OFF*
SHOP NOW
*Offer valid till stocks last. T & C apply

kissan JAM at ₹ 99/-*
only
SHOP NOW
*Offer valid till stocks last. T & C apply

RE-IMAGINING HUL



Hindustan Unilever Limited

Re-imagining our structure

Re-imagining our portfolio

Re-imagining magic in marketing

Re-imagining our trade channels

Re-imagining the value chain

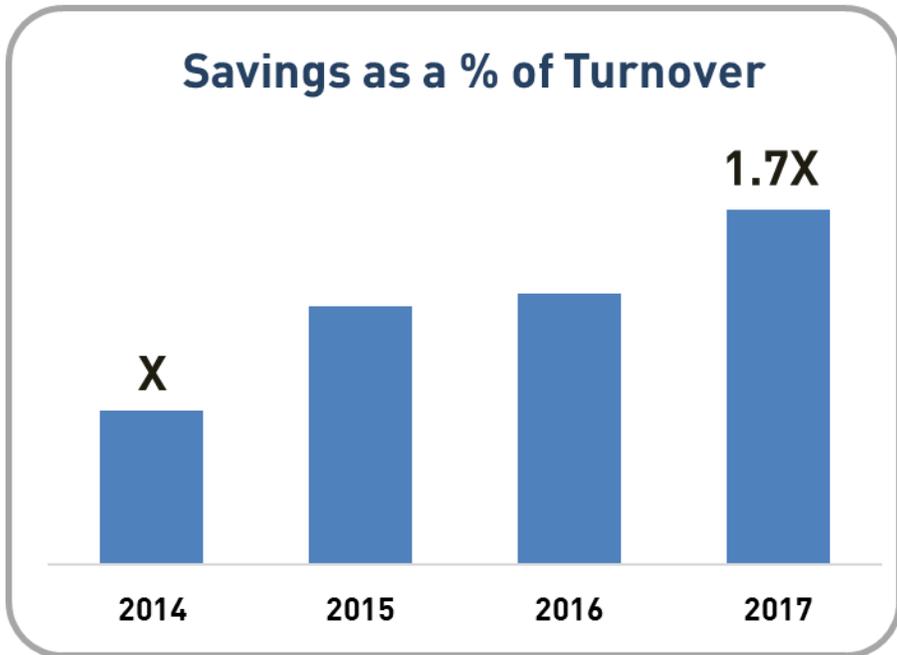
Re-imagining fuel for growth

Re-imagining culture of the organisation

OUR HISTORY OF SAVINGS



Hindustan Unilever Limited



Powered by PARTNER TO WIN \$ymphony

Cutting complexity & driving agility

Organisation wide initiative

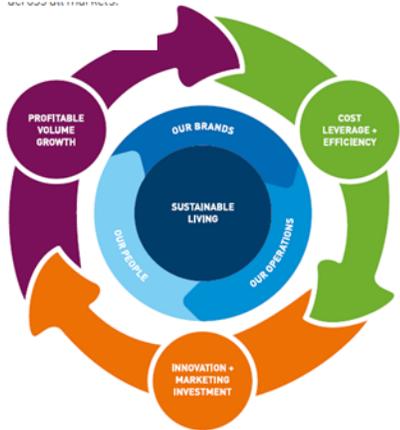
Building an owners mindset

GENERATING FUEL FOR GROWTH BY CONSTANT REINVENTION



Hindustan Unilever Limited

A Business Model that Works



Max the Mix

Portfolio

Channel,
Geography

Margin
accretive
innovation

Pricing

End-to-end cost focus

Materials

Non Material
Supply Chain
Costs

Return on
Marketing
Investments

Overheads

Organisation wide ownership mindset

PARTNER TO WIN
Symphony

4G
ZERO
BASED
BUDGETING

NRM
NET REVENUE
MANAGEMENT

RE-IMAGINING HUL



Hindustan Unilever Limited

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Re-imagining fuel for growth

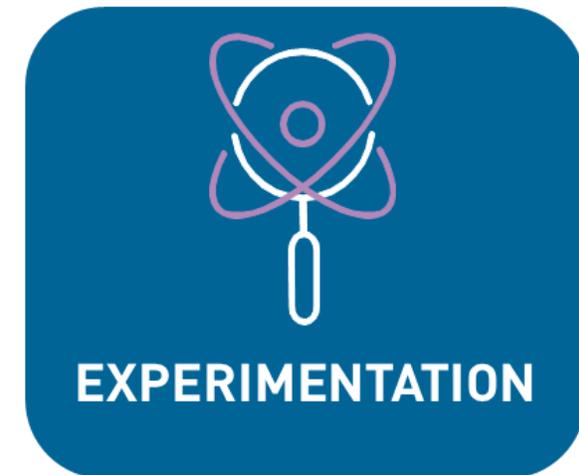


Re-imagining culture of the organisation



CHANGING STRUCTURES AND PROCESSES IS NOT ENOUGH

Change in mindset enables us to continuously adapt



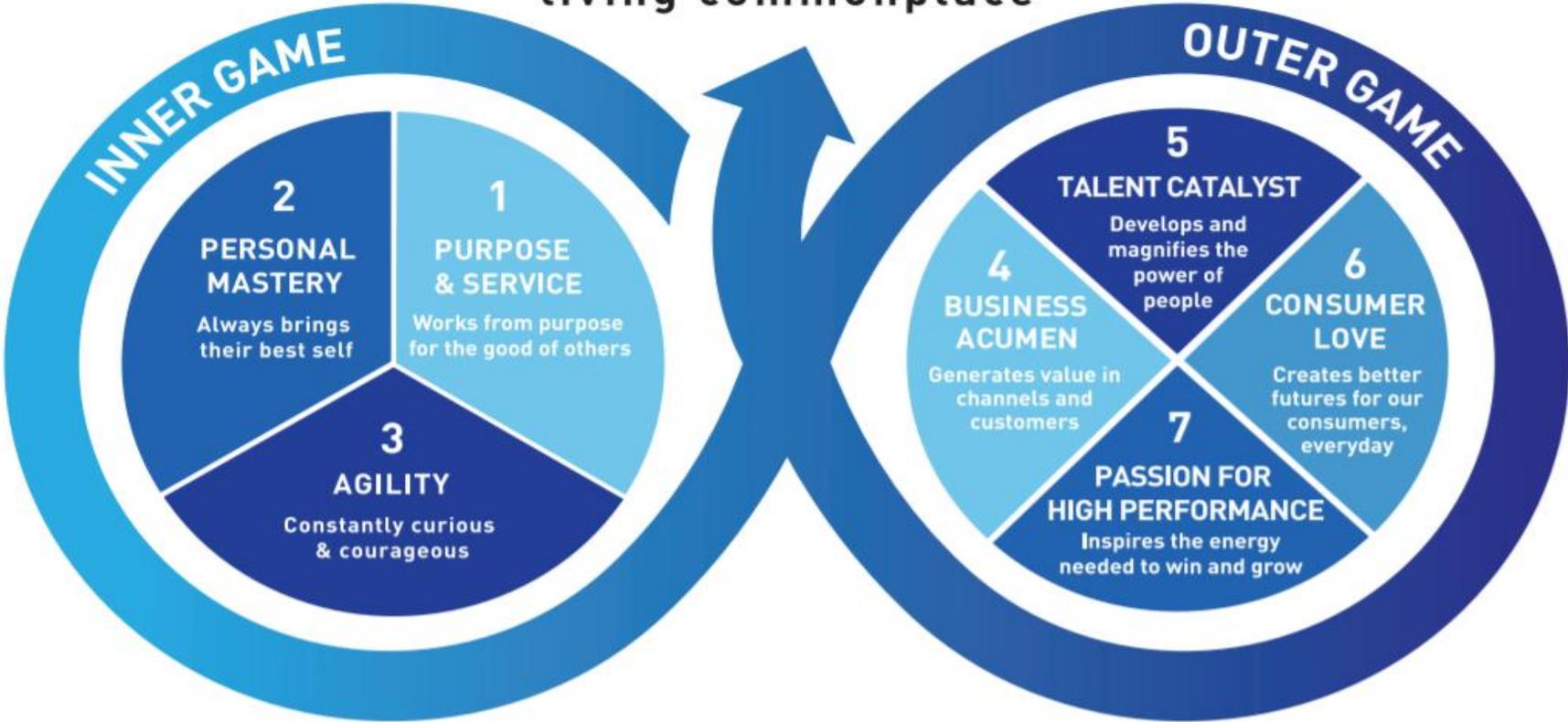
Change in mindset is key to landing transformation

NEW STANDARDS OF LEADERSHIP



Hindustan Unilever Limited

Making sustainable living commonplace



Our Standards of Leadership sit alongside the enduring values of Unilever

Respect Responsibility Integrity Pioneering

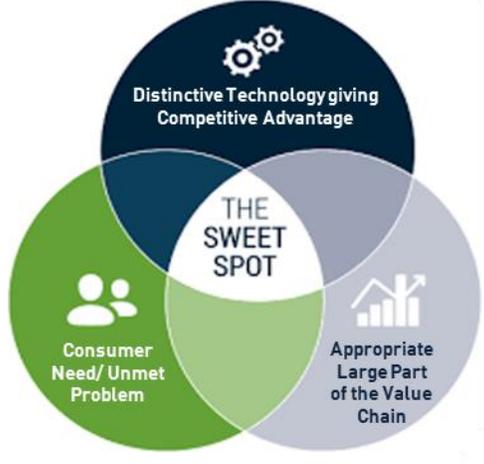
BRINGING AN ORGANISATION WIDE CHANGE

Building an Owner's mindset



HUL
ESOP

Nurturing an experimentation culture



THE SWEET SPOT

- Distinctive Technology giving Competitive Advantage
- Consumer Need/ Unmet Problem
- Appropriate Large Part of the Value Chain

Holistic Wellbeing



WELLBEING

- PHYSICAL**
Energy mapping
- PURPOSEFUL**
Finding our big rocks
- MENTAL**
Focus and flow
- EMOTIONAL**
Reaction, reflection and recovery

Diversity and Inclusion



diversity & INCLUSION

- HIGH DIVERSITY + INCLUSION
- BETTER TALENT
- BETTER INNOVATION
- BETTER BUSINESS PERFORMANCE
- BETTER MARKET SHARE
- BETTER FINANCIAL PERFORMANCE



Hindustan Unilever Limited

**WHILE WE RE-IMAGINE HUL, WHAT WE
WILL NOT CHANGE IS
OUR PURPOSE & VALUES**

LEGACY OF DOING WELL BY DOING GOOD



Hindustan Unilever Limited

Founder's Vision in the 19th century



Our Purpose today



"I believe that nothing can be greater than a business, however small it may be, that is governed by conscience; and that nothing can be meaner or more petty than a business, however large, governed without honesty and without brotherhood."

-William Hesketh Lever

LED BY VALUES



Hindustan Unilever Limited

Values



INTEGRITY
RESPECT
RESPONSIBILITY
PIONEERING

Living the values

THANK YOU, GST.

MUCH MORE VALUE ON YOUR FAVOURITE BRANDS.

Hindustan Unilever Limited
Serving India for over 80 years.

GST benefits on the above packs and across a wide range of products are being made available. Stock manufactured with reduced MRP (inclusive of all taxes/GST) or with higher grammage/volume have started reaching markets.

UNILEVER SUSTAINABLE LIVING PLAN



Hindustan Unilever Limited

Improving Health & Wellbeing

>67 million people reached - **Lifebuoy Handwashing Programme**

83 billion litres of safe drinking water provided by **Pureit**

~1.1 million people impacted through **Domex Toilet Academy**



Reducing environmental footprint

100% TOMATOES



&



52% TEA

are sourced from sustainable sources



54% reduction in waste generated during manufacturing in 2017*

Enhancing Livelihoods



Project **Shakti** network grew to **80,000 entrepreneurs**

1.7 million people benefitted from **Prabhat's** USLP linked programmes



Over **420,000 people** benefitted from **Rin Career Ready Academy**

200,000 women enrolled for **Fair & Lovely Foundation's** online education programme



POSITIVE IMPACT ON THE PLANET



Hindustan Unilever Limited

Thought leadership on water conservation and plastics



Hindustan Unilever Limited

Hindustan Unilever Foundation

450 billion litres* of water potential created



- Ensure all our plastics packaging is designed to be reusable, recyclable or compostable.
- 25% of all the plastic we use will come from recycled sources by 2025

IN SUMMARY



Hindustan Unilever Limited



The external context is fast evolving and FMCG in India continues to be an immense opportunity



The new structure (WIMI, CCBTs) has made HUL more agile and resilient



We are leveraging technology to re-imagine our current ways of working across the value chain



We are building capabilities and re-imagining our culture to be future ready

Our purpose and values remain unchanged



HUL IS RE-INVENTING ITSELF TO BE FUTURE READY !

THANK YOU

For More Information



Hindustan Unilever Limited

VISIT OUR WEBSITE

<http://www.hul.co.in/investorrelations/>

Investor Relations

HUL Annual Investor Meet 2018

HUL's Annual Investor Meet 2018 will be held on 6th June 2018, Wednesday, at the HUL Head Office in Mumbai

[> View more](#)

