

Hindustan Unilever Limited

MQ'22 Results : 27th April 2022



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



To rāng bachpan lautaye
Woh rāng achhe hain



FY'22 : Solid all-round performance in a challenging environment

Turnover

50,336 cr.

Turnover Growth YoY

11%

Earnings Per Share

11%

YoY Growth

Market Share

>75%

Business winning shares

Sustainability

116K tonnes

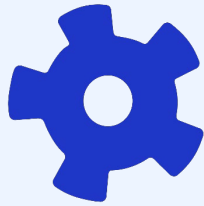
Plastic waste collected and disposed
Plastic Neutral in 2021

We are building a stronger business



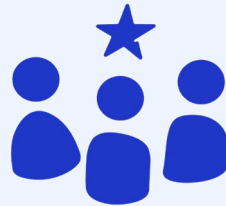
1

**WINNING WITH
OUR PORTFOLIO**



2

**EXCELLENT
EXECUTION**



3

**STRENGTHENING
COMPETITIVENESS**



4

**DIGITAL
TRANSFORMATION**



5

**LEADING
SUSTAINABILITY**

We are building a stronger business



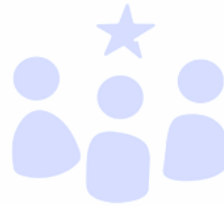
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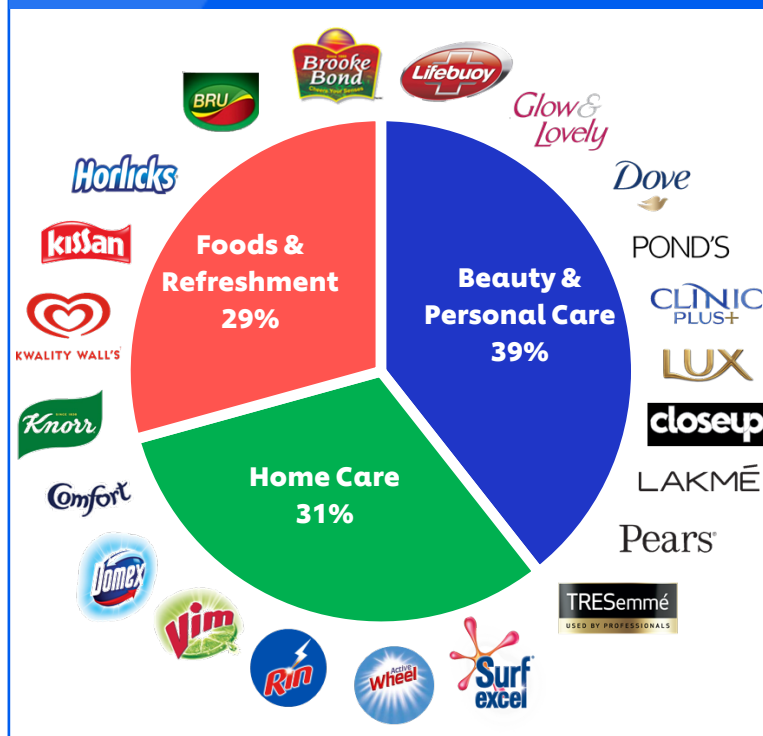


5

**LEADING
SUSTAINABILITY**

Winning with our portfolio

Wide and resilient portfolio of purposeful brands



Straddling price-benefit pyramid across categories



Playing in new demand spaces



Market Development at Scale

Our brands are getting bigger...

₹50 Bn+



₹20 Bn+



Horlicks



Glow & Lovely



Dove

₹10 Bn+

POND'S

CLINIC PLUS+

LUX

LAKMÉ

kissan



₹50bn

Turnover added in FY'22

₹9bn

Turnover from innovations

3

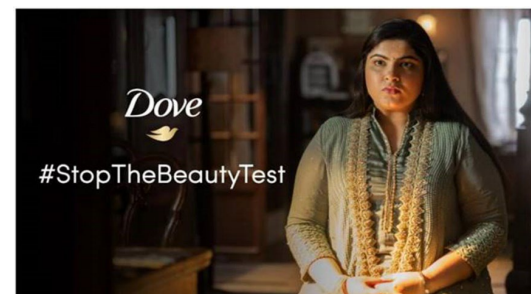
New ₹20 bn Brands

... and stronger

Product Superiority



Award winning marketing campaigns



2X more superior products vs 2019



Won
Silver award



Most awarded
advertiser



3 of world's most
awarded campaigns



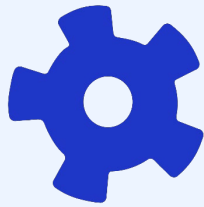
Won 7
awards

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LEADING
SUSTAINABILITY

Excellent execution

Agile and resilient supply chain



8% YoY reduction in distance travelled



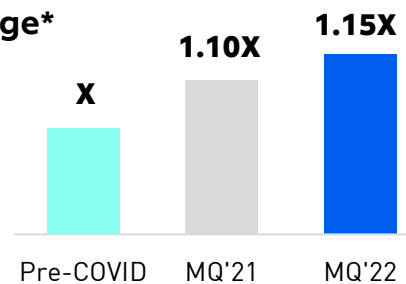
Production run every 3 days for 80% SKUs



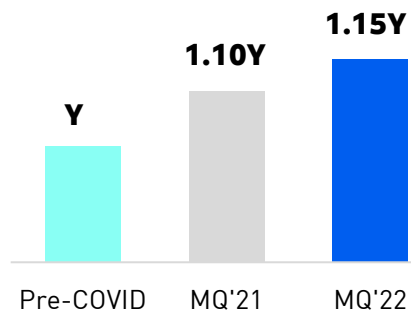
>99% of turnover produced locally

Expanding our reach

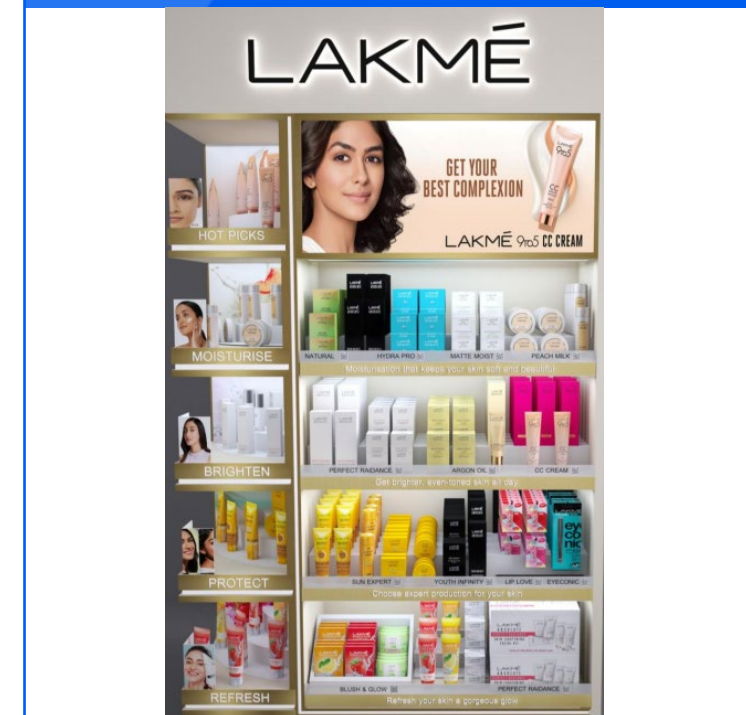
Effective Coverage*



Assortment



Perfect stores



We are building a stronger business



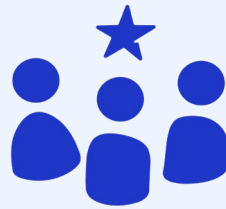
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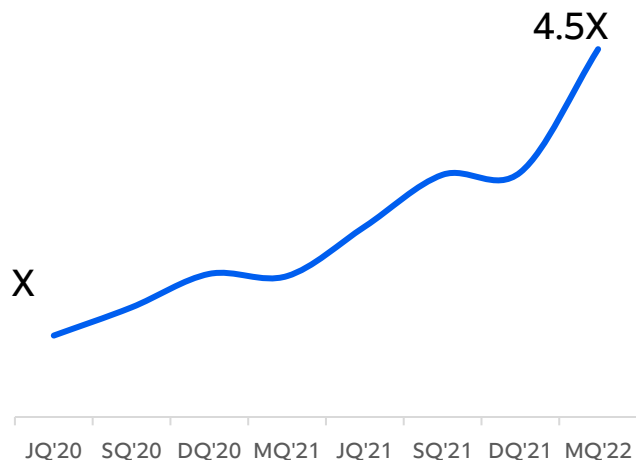


5

LEADING
SUSTAINABILITY

Growing consumer franchise, protecting our business model

Net Material Inflation*



MQ'22 vs PY

Crude	60%
Palm Oil	60%
Plastics	20%
Soda Ash	30%

Savings

7%

Gross Savings % TO
(FY'22)

Premiumisation

2X

Premium growth vs rest
of the portfolio (FY'22)

**Highest market
share gains**

In the last decade

Stepped-up Pricing

7%

Underlying Price Growth
(FY'22)

Investing in Brands

>1

SOV to SOM ratio
(FY'22)

**Healthy EBITDA
margin**

24.8%

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

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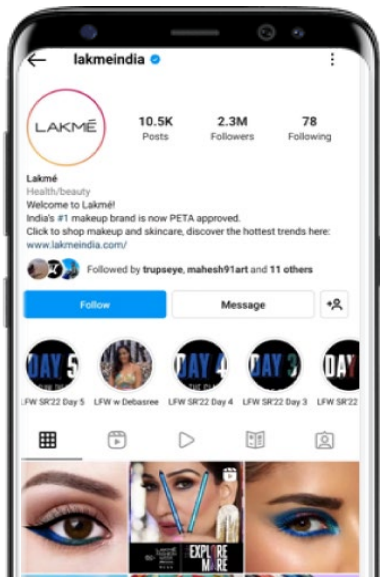
**DIGITAL
TRANSFORMATION**



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LEADING
SUSTAINABILITY

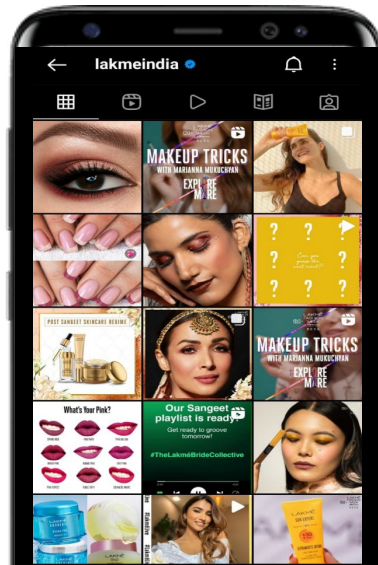
Digital-first Lakme



Hyper-connected
consumer journey

2.3 mn

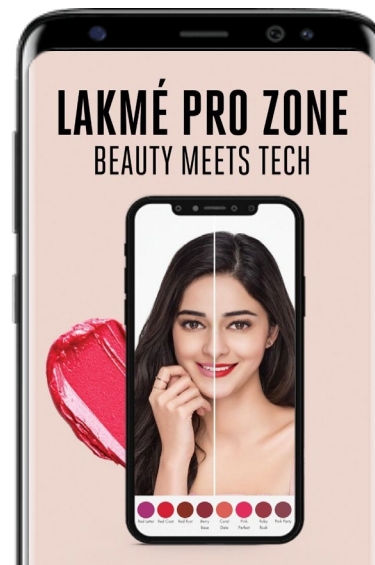
Instagram followers



Building brand across
multiple touch-points

+160 mn

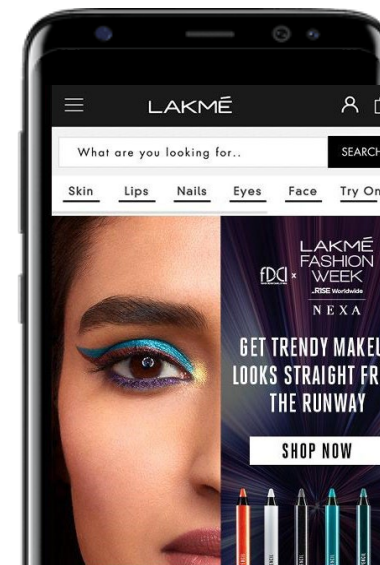
LFW impressions



Superior consumer
experience led by technology

+2 mn

Beauty tech triers



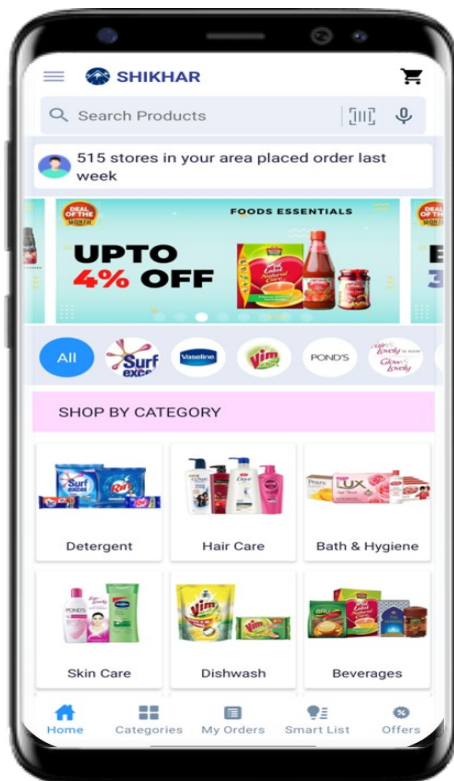
Scaling content and
commerce

30%

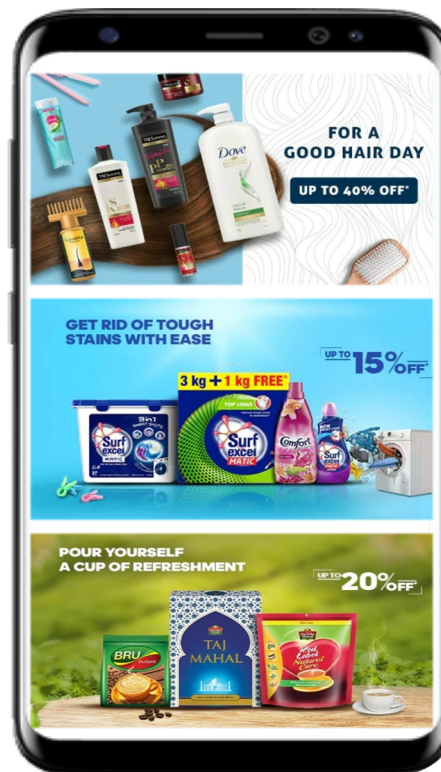
Online sales

Digitised demand capture now >20%

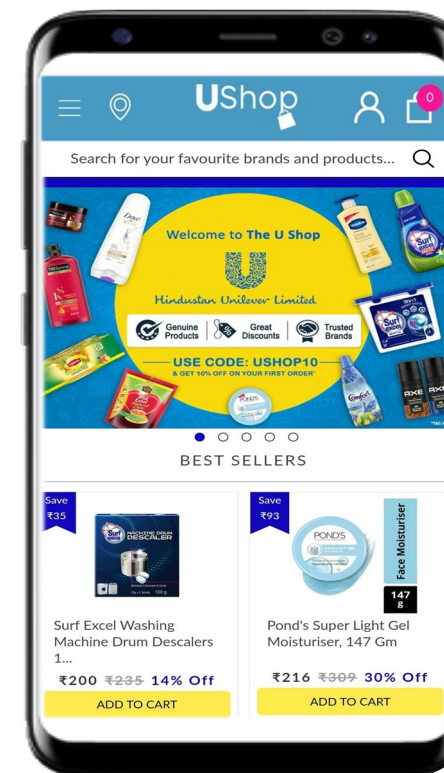
>800K Shikhar outlets



Accelerating eCommerce



Direct to Consumer



India's 1st FMCG Lighthouse Factory (World Economic Forum)



**HUL's Dapada Home Care
Factory**

Nano Factories: Supply chain for smalls



**3 Nano factories –
manufacturing +100 SKUs**

Samadhan : Automated Warehouse



**Advanced fulfilment centre
for N+1 delivery**

We are building a stronger business



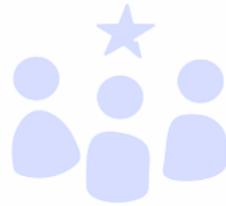
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**LEADING
SUSTAINABILITY**

Responsible growth : Doing well by doing good



94%

Reduction in CO₂ emissions
(kg/ tonne of production) against 2008 baseline



1.9 trillion litres
in 10K villages

Cumulative water potential
created by HUF and its partners (since 2010)



7th

Suvidha centre in Mumbai



>160K

Total Shakti entrepreneurs

Ritesh Tiwari

Chief Financial Officer

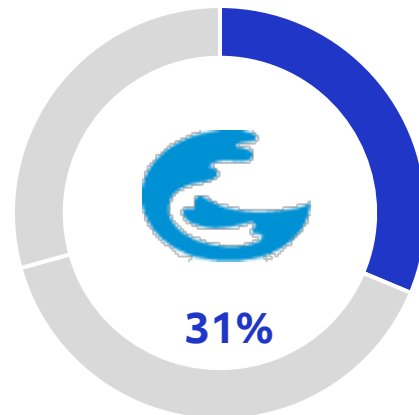


MQ'22 : Strong close to the year

Turnover Growth	EBITDA	PAT (bei)	Net Profit
Growth	Margin	INR	INR
10%	24.6%	2,283 cr.	2,327 cr.
Flat	-20 bps	9%	9%
Underlying Volume Growth	Change YoY	Growth YoY	EPS Growth YoY

MQ'22 : Segmental performance

HOME CARE

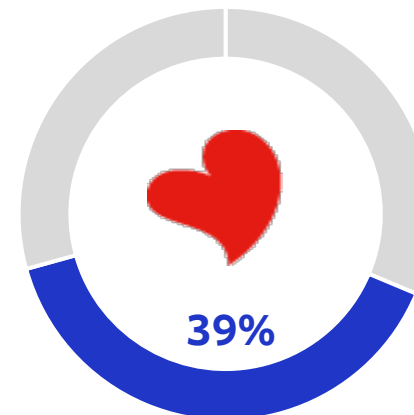


INR 4,750 cr.

24%

20%

BEAUTY & PERSONAL CARE

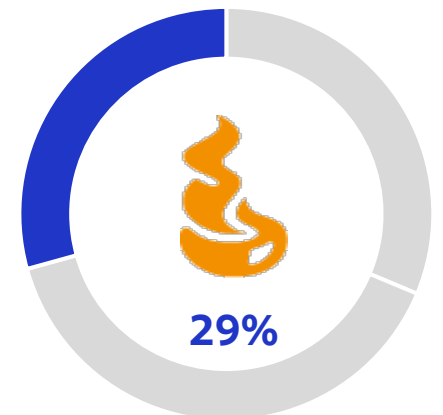


INR 4,712 cr.

4%

26%

FOODS & REFRESHMENT



INR 3,698 cr.

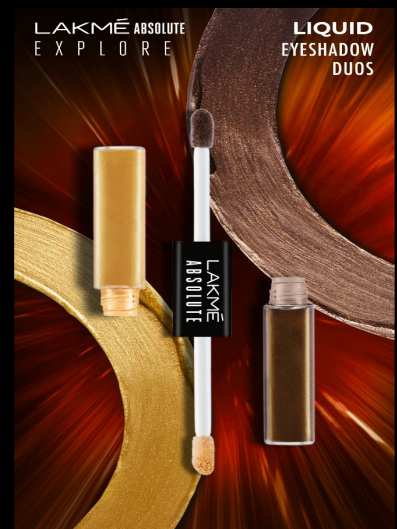
5%

19%

Segmental Revenue
Growth

Segmental Margins

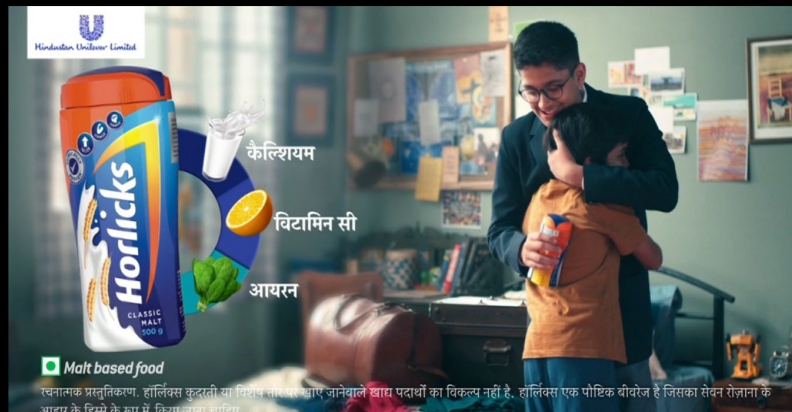
MQ'22 : Innovations





Hindustan Unilever Limited

MQ'22 : Activations and communications

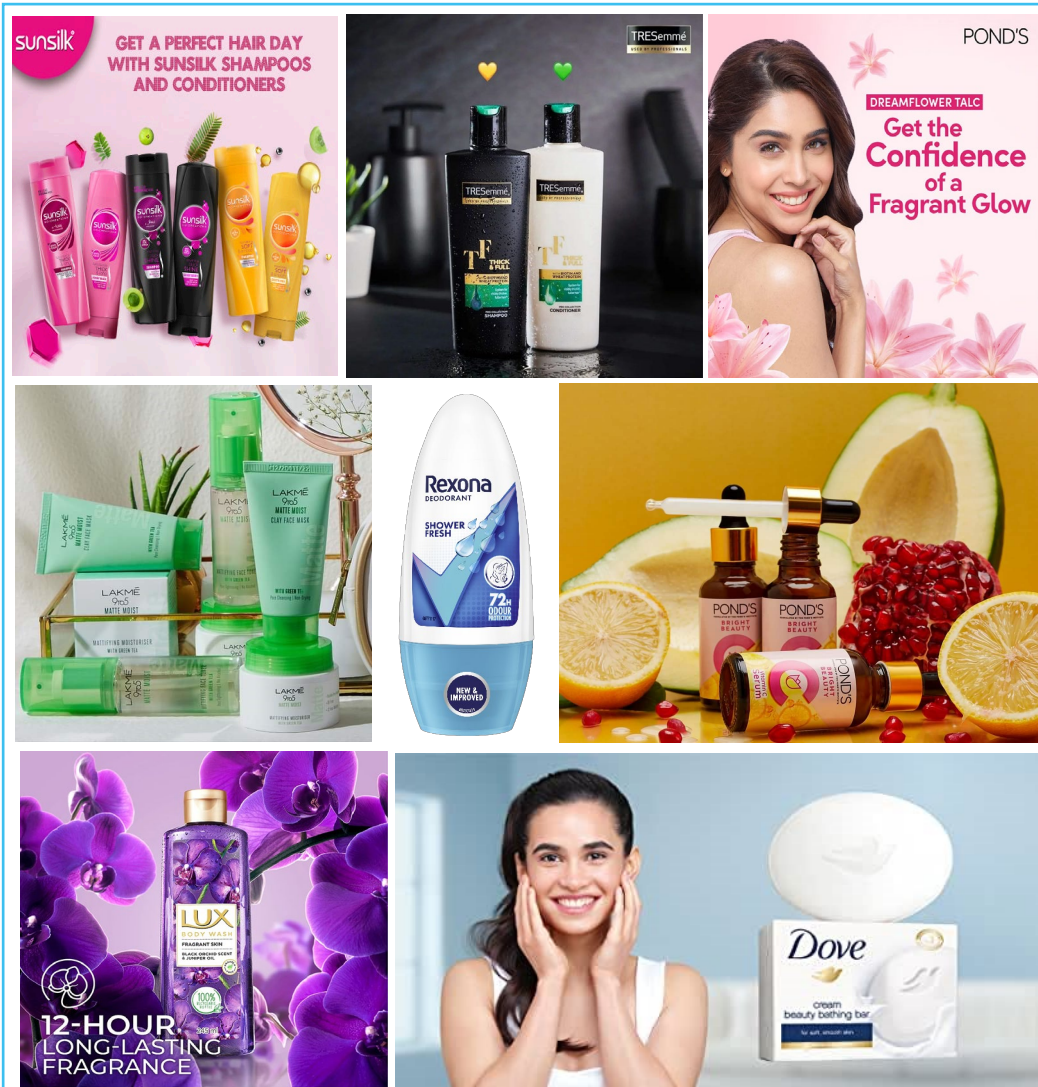


Home Care : Stellar performance continues



- ❑ **Fabric Wash:** High double-digit growth driven by robust performance across the portfolio; volumes grew mid single-digit
 - Liquids continue to outperform led by market development actions
- ❑ **Household Care:** High double-digit growth with both dishwash and surface cleaners performing well
- ❑ Significant input cost inflation across Fabric Wash and Household Care; calibrated pricing actions continue

BPC : Steady performance, growing ahead of the market



- ❑ **Skin Cleansing:** Strong quarter with double-digit growth driven by pricing. Beauty and premium soaps continue to perform well
- ❑ **Hair Care:** Strong competitive performance; all our brands continue to gain shares
- ❑ **Skin Care:** Double-digit growth in premium portfolio. Glow & Lovely and Talc impacted by market slowdown
- ❑ **Color Cosmetics:** Soft quarter impacted by COVID Wave-3 and market slowdown in discretionary categories
- ❑ **Oral Care:** Soft quarter lapping a high base comparator

F&R : Strong performance on a high-base comparator



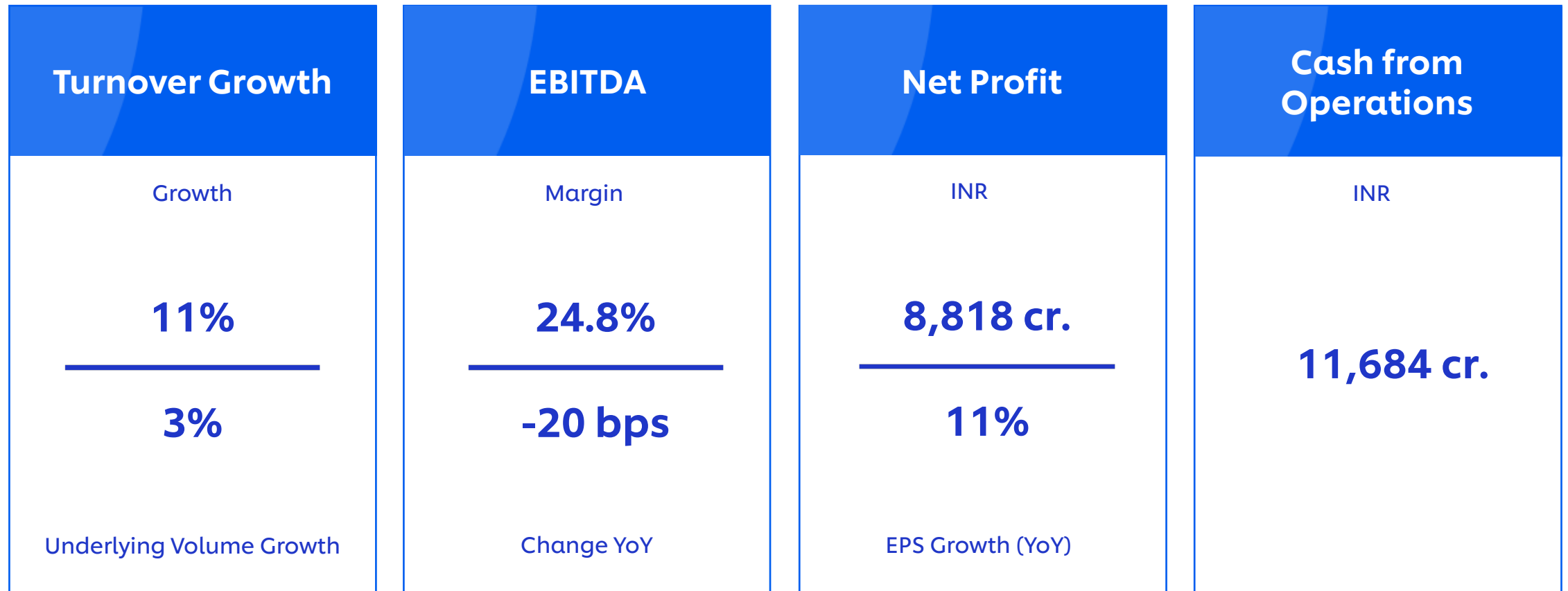
- ❑ **Beverages:** Tea continued its strong outperformance growing on an exceptionally high base. Coffee delivered double-digit growth
- ❑ **Health Food Drinks:** Market share and penetration gains continue on the back of focused market development actions and new communications
- ❑ **Foods:** High double-digit growth led by Ketchup, Jams and Soups
- ❑ **Ice Cream:** High double-digit growth, broad based across brands and formats. ICNow continues to gain traction with consumers
 - Exciting range of innovations launched ahead of season

MQ'22 : Results summary

Rs. Crores

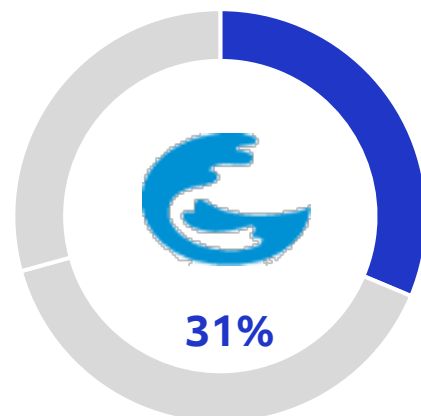
Particulars	MQ'22	MQ'21	Growth
Sales	13,190	11,947	10%
EBITDA	3,245	2,957	10%
EBITDA Margin	24.6%	24.8%	-20 bps
Other Income (Net)	86	100	
Exceptional Items – Credit / (Charge)	58	14	
PBT	3,128	2,822	11%
Tax	801	679	
PAT bei	2,283	2,103	9%
Net Profit	2,327	2,143	9%

FY'22 : Solid all-round performance



FY'22 : Segmental performance

HOME CARE

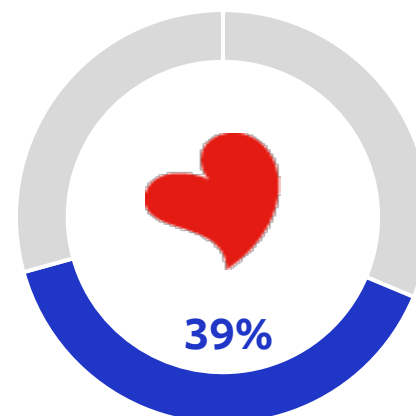


INR 16,578 cr.

19%

19%

BEAUTY & PERSONAL CARE

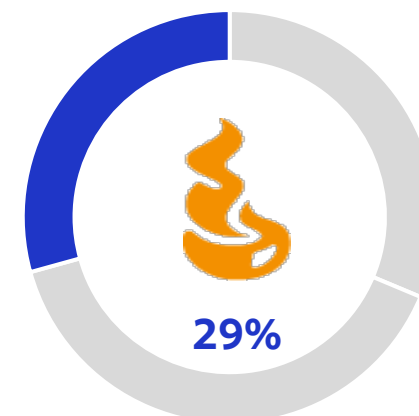


INR 19,460 cr.

8%

28%

FOODS & REFRESHMENT



INR 14,105 cr.

7%

19%

Segmental Revenue
Growth

Segmental Margins

FY'22 : Proposed Final Dividend

Particulars	FY'22	FY'21
Dividend per share	34	40.5
Special	-	9.5
Interim	15	14
Final*	19	17
Total Dividend (Rs. Crores)	7,989	9,516

*Final Dividend number for FY 2021-22 is subject to approval by shareholders at the AGM

In summary

❑ **FY'22 : Robust all-round performance in very challenging circumstances**

- ₹50,336 cr. turnover, double digit topline growth - ahead of the market
- EBITDA margin at 24.8% remains healthy; 11% EPS growth

❑ **Strengthened our market leadership position**

- Highest market share gains in a decade
- Comprehensive market share gains in all 3 divisions, price segments and regions

❑ **Strong momentum on ESG and Digital transformation**

❑ **Proposed final dividend ₹ 19 per share; Total dividend for the year ₹ 34 per share**

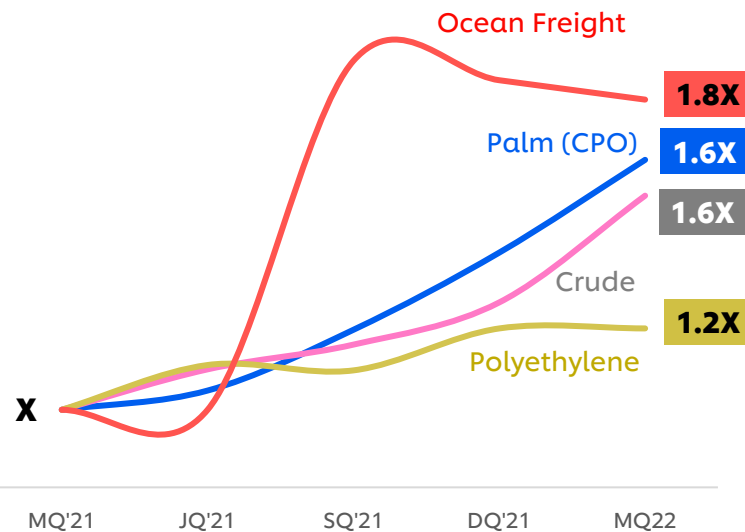
Outlook



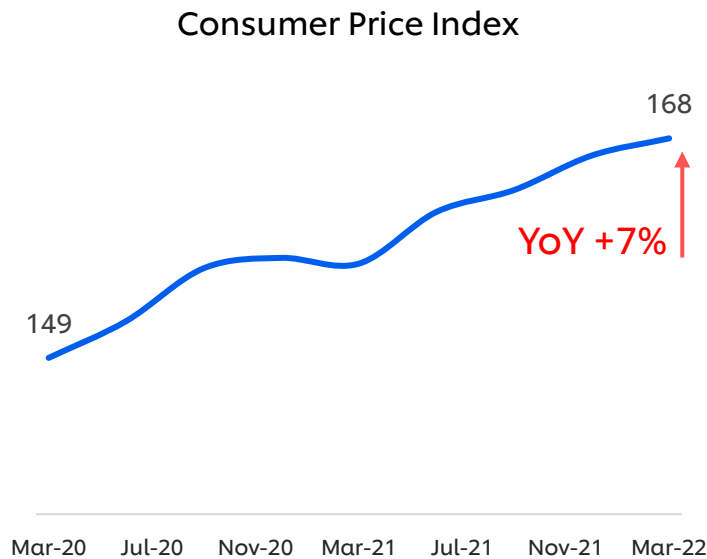
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Operating environment remains challenging

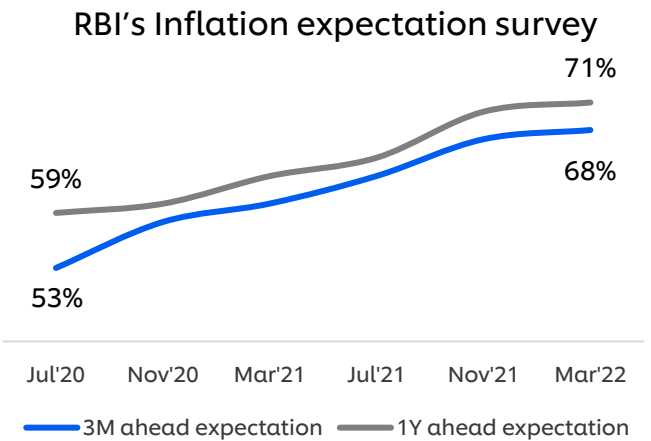
Significant increase in input costs



CPI above RBI's threshold



Households anticipating higher inflation



Prioritizing essentials

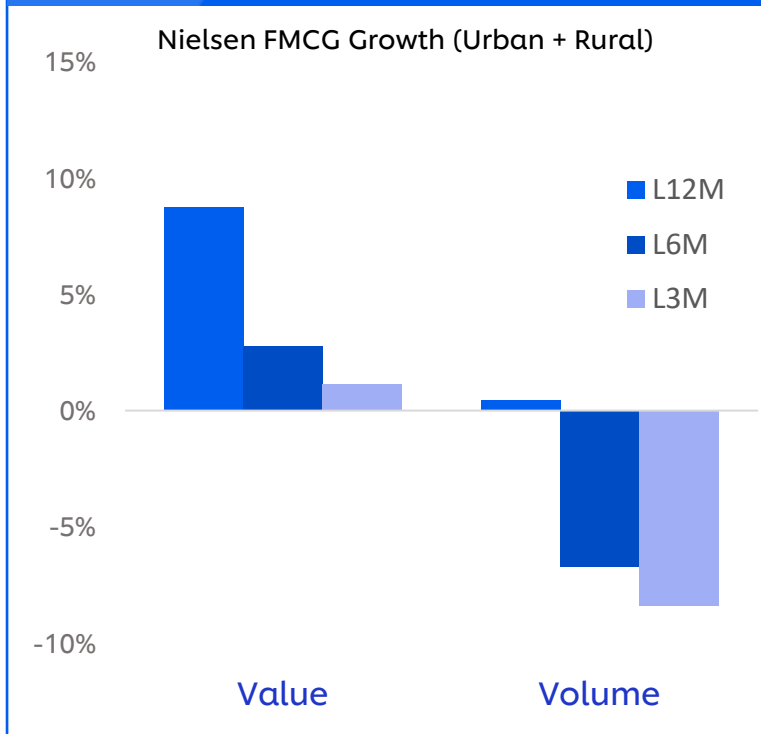
Value seeking

Titration volumes

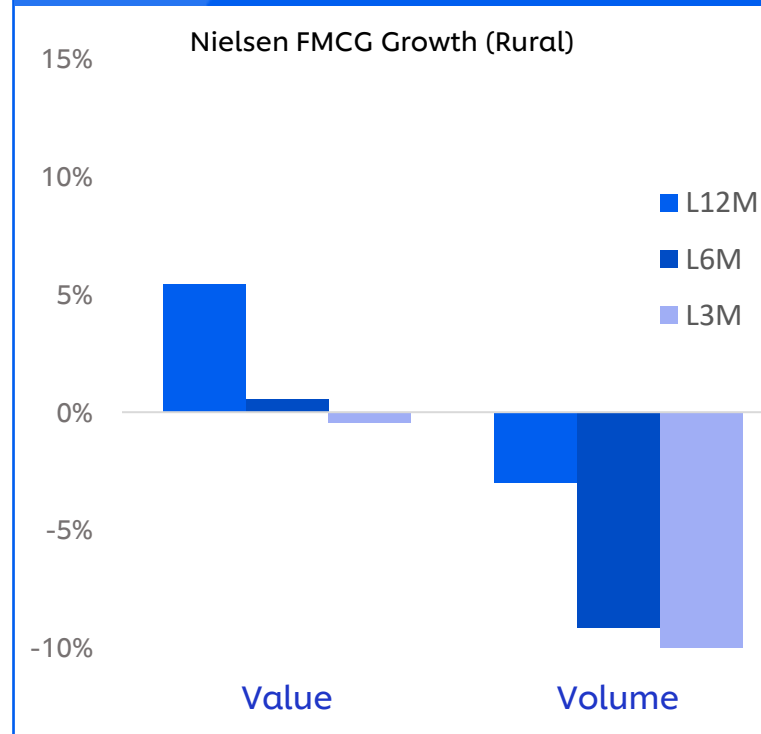
Preferring trusted brands

Slowdown in FMCG market growth

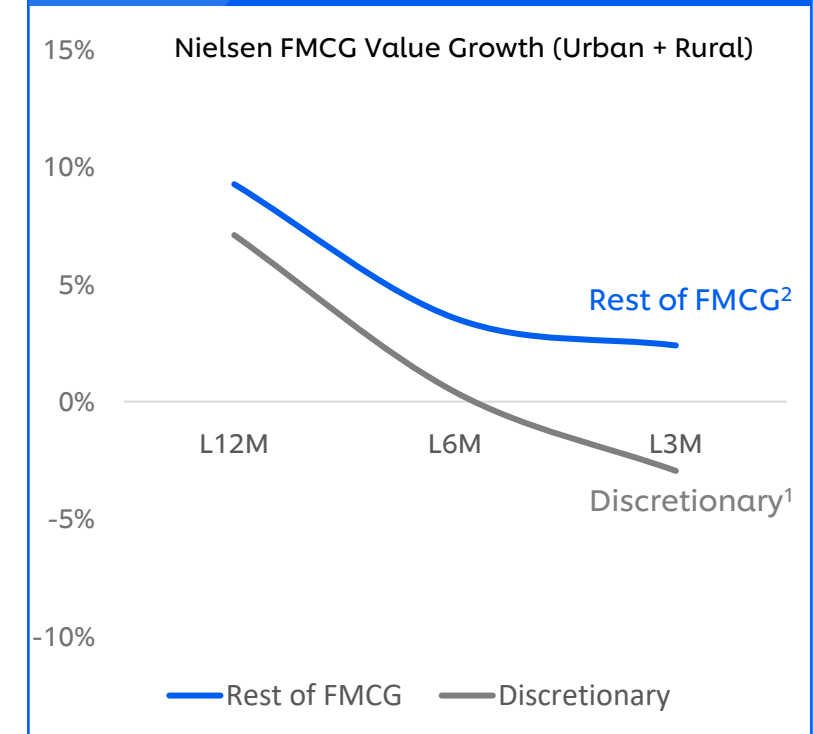
FMCG market volumes declining, flat value growth



Rural slowdown continues



Discretionary categories more impacted

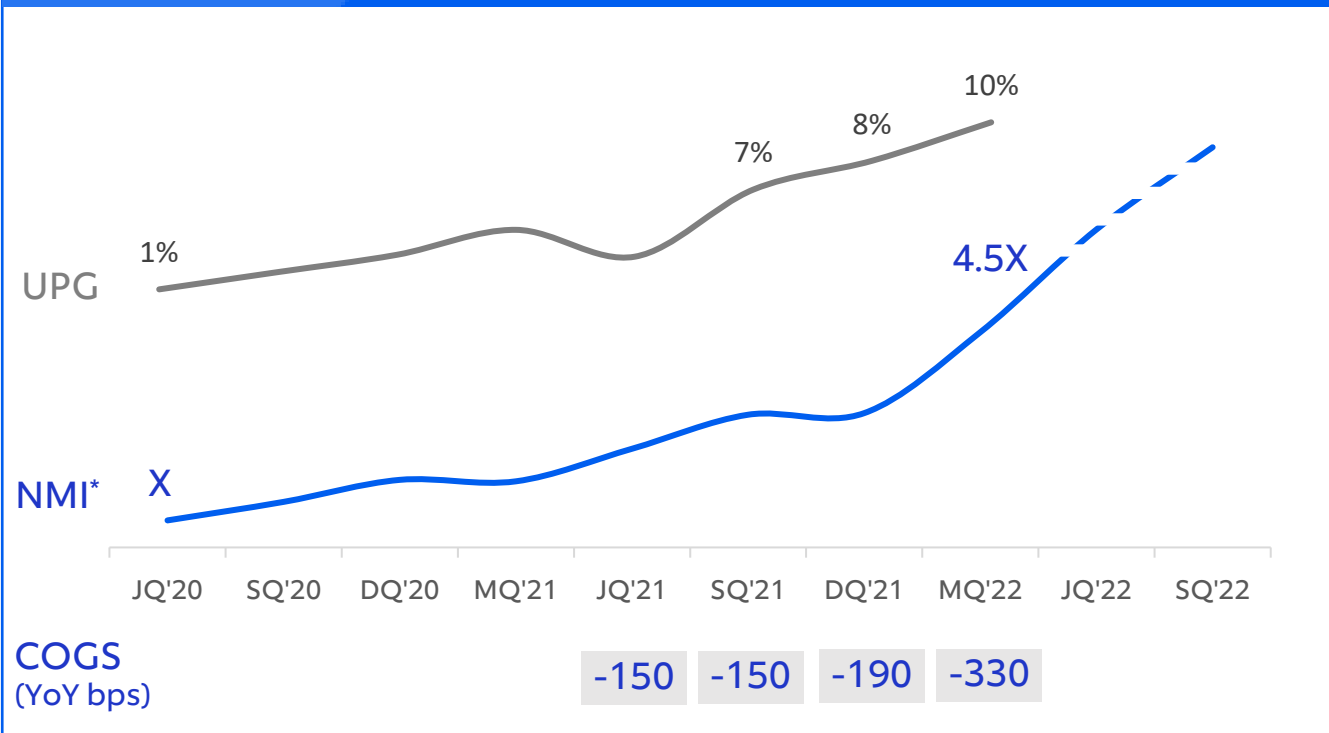


Market growths as per Nielsen Mar'22 update for HUL relevant categories

1. Discretionary = Skin Care, Hair Care and HFD categories

2. Rest of FMCG = HUL relevant categories – Discretionary (refer 1 above)

Sequentially more inflation expected in JQ and SQ 2022



- **Productivity improvement**
 - Buying efficiencies
 - Sharper choice on investments
 - Sweating our assets more
 - Operating leverage
 - Design to value
- **Calibrated pricing actions**
 - Bridge packs
- **Premiumisation opportunities using WiMI principles**

Looking ahead: Near-term

❑ **Challenging operating environment**

- Inflation impacting volumes; growth predominantly to be price-led
- Expect more inflation sequentially
 - Savings and calibrated pricing actions to continue
 - Consumer franchise to be protected and strengthened
 - Margins to decline in near-term with increasing price vs cost gap

❑ **Strength of our brands and a robust business model will hold us in good stead**

- Consistently outperform FMCG market growth
- Confident of margin recovery in a phased manner

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

Looking ahead: Mid-long term

❑ Indian FMCG sector continues to remain very attractive

- Favorable demographics and rising affluence
- Low per capita FMCG consumption and penetration

❑ Our drivers of value creation

- Topline growth driven by growing the core ahead of market, premiumisation and market development
- Modest margin expansion
- Capital discipline

❑ Creating a Purpose-led, Future-fit HUL

- Delivering ESG Compass Commitments
- Digital Transformation through Re-imagine HUL

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

For more information and updates

Visit our IR website



Awards & Felicitations



Outstanding company of the year by CNBC



Sustainable factory of the year award by Frost & Sullivan



People first HR Excellence award



No. 1 Dream company to work for - 2021