

Published Date:	20 Jul 2022	Publication:	Business Standard [Mumbai]
Journalist:	Sharleen D'Souza	Page No:	1
Circulation:	32,793		

# HUL beats estimates with ₹2,381-cr net profit in Q1

Widespread inflation impacting consumer demand, says company

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Mumbai, 19 July

1

Hindustan Unilever (HUL), among the country's largest fast-moving consumer goods (FMCG) players, beat analysts' estimates by posting a net profit of ₹2,381 crore in the June quarter of 2022-23 (Q1FY23).

Revenue on a consolidated basis too was above estimates.

Its net profit (attributable to owners of the company) rose 13.5 per cent year-on-year (YoY) compared with ₹2,097 crore in the year-ago period. Revenue rose 19.6 per cent YoY to ₹14,357 crore in Q1 FY23 as against ₹12,004 crore a year ago.

According to a Bloomberg poll, analysts had estimated revenue at ₹13,401 crore and net profit at ₹2,207 crore.

## KEY FINANCIALS

	In ₹ crore			% change	
	Q1FY22	Q4FY22	Q1FY23	QoQ	YoY
Net sales	12,004	13,490	14,357	6.4	19.6
PBIDT	2,960	3,437	3,523	2.5	19.0
PAT	2,097	2,304	2,381	3.3	13.5
Other operating income	190	277	267	-3.6	40.5
Other income	66	136	133	-2.2	101.5

Note: PBIDT: Profit before interest, depreciation and tax; PAT: Profit after tax; Compiled by BS Research Bureau Source: Bloomberg

"MARKETS, ESPECIALLY FROM THE LENS OF VOLUME, STILL REMAIN SOFT. INFLATION IS STILL VERY MUCH A CONCERN... IT IS VERY IMPORTANT THAT WE MANAGE INFLATION"

SANJIV MEHTA, CEO & MD, HUL



During the quarter, the company numbers were better than industry growth, with volume growth beating its portfolio. Notably, HUL's reported estimates of analysts. Turn to Page 8 ▶

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## HUL...

The company's volume growth stood at 6 per cent in the April-June quarter (on a high base of last year) as against a contraction of 5 per cent for the industry. In the June quarter last year, the company's volume growth was 9 per cent.

Analysts at Motilal Oswal Securities had estimated volume growth of just 2 per cent in Q1FY23.

"With the dollar strengthening, we are seeing a currency-led inflation impact," Ritesh Tiwari, HUL's chief financial officer, said in the company's post-results press conference.

He added consequently, widespread inflation was impacting consumer demand.

"Even though the correction in some commodities like palm (oil) happened in the last couple of weeks of June, we will have higher cost inventories that were contracted earlier. The consumption of this inventory in the September quarter and many of the commodities like crude oil, caustic soda and plastics remain elevated year-on-year. September quarter NMI (net material inflation)

will be higher than the June quarter." The company will continue to take calibrated pricing action.

During the quarter, the company saw its PBIDT (profit before interest, depreciation and tax) increase 19 per cent YoY to ₹3,523 crore.

The home care category increased 30 per cent while beauty and personal care grew 17 per cent.

"Hair Care grew in high double-digit led by strong performance in premium portfolio. Soaps delivered price-led double-digit growth driven by strong performance in Lux, Dove and Pears," the firm said in its press release.

HUL's foods and refreshments category grew 9 per cent in Q1, driven by performance in ice-cream, coffee and food solutions.

Against the 10-year median price, Brent crude, caustic soda and polyethylene and palm oil are all inflated more than 50 per cent. And the prices are hovering at historical highs, Tiwari said.

Sanjiv Mehta, HUL's chief executive officer and managing director, said the company was gaining volume and value share ahead of the market. He also cited NielsenIQ numbers

for the quarter, which said value growth for the industry stood at 7 per cent while volumes declined by 5 per cent.

On the firm's outlook, Tiwari said: "In the near term growth will be price-led as inflation continues to impact consumption."

Tiwari added prices of most commodities had further inflated in the June quarter and continued to remain at very high levels.

"This, along with the consumption of higher-cost pipeline inventories, will result in September quarter margins remaining under pressure."

But he said if the recent softening in commodity prices stayed, it would positively impact the company's sequential margins in the December quarter.

Mehta said: "The markets, especially from a lens of volume, still remain soft. Inflation is still very much a concern; the markets still remain a concern. So, those factors haven't gone away."

He further added: "From a macro perspective, it is very important that we manage inflation."

Ahead of the results, the HUL stock was 0.5 per cent higher at ₹2,566 on the BSE.