



Hindustan Unilever Limited

Results – JQ'11

July 29, 2011

Investor Presentation

Safe Harbour Statement

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Agenda

- **Strategy**
- **Business Environment**
- **Current Quarter Performance**
- **Looking ahead**

Compass sets the right direction



THE COMPASS



WE ARE UNILEVER...

VISION	We are a successful, growing, sustainable business	<p>WE WORK TO CREATE A BETTER FUTURE EVERY DAY</p> <p>We help people feel good, look good and get more out of life with brands and services that are good for them and good for others.</p> <p>We will inspire people to take small everyday actions that can add up to a big difference for the world.</p> <p>We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.</p>
	BEHAVIOURS	<p>We focus on consumers and customers with a bias for action</p> <p>Our first priority is to our consumers, then customers, employees and communities. When we fulfil our responsibilities to them, our shareholders will be rewarded.</p> <p>We will win through a growth mentality and a positive approach to all our stakeholders, based on clear accountability and bias for action.</p>

WHERE WE WILL WIN...

PRIORITIES	Win share and grow volume in every category and country
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HOW WE WILL WIN...

NON-NEGOTIABLES	Winning with brands and innovation	1	Deliver superior products, design, branding and marketing
		2	Bigger, better, faster innovations
		3	Appeal to more consumers across needs and price points
	Winning in the marketplace	4	Lead market development
		5	Win with winning customers
		6	Be an execution powerhouse
	Winning through continuous improvement	7	Lean, responsive and consumer led value chain
		8	Drive return on brand support
		9	Agile, cost competitive organisation
	Winning with people	10	Organisation and diverse talent pipeline ready to match our growth ambitions
		11	Performance culture which respects our values
		12	Leverage our operating framework for competitive advantage

AMBITIOUS GOALS

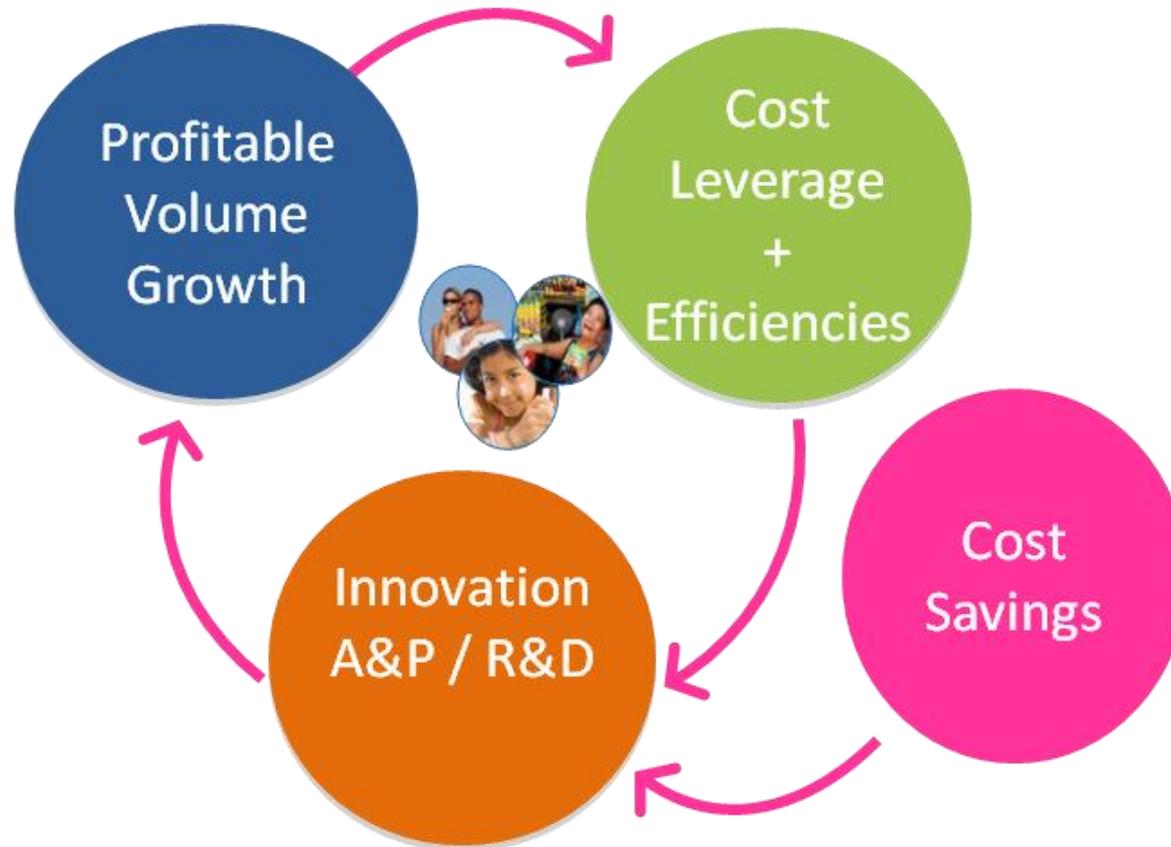
GROWTH MINDSET

CONSUMER AND CUSTOMER FOCUS

PERFORMANCE CULTURE

Driving virtuous circle of growth

...at the center of our strategy



How we will win

NON-NEGOTIABLES

Winning with brands and innovation

1

Deliver superior products, design, branding and marketing

2

Bigger, better, faster innovations

3

Appeal to more consumers across needs and price points

Winning in the marketplace

4

Lead market development

5

Win with winning customers

6

Be an execution powerhouse

Winning through continuous improvement

7

Lean, responsive and consumer led value chain

8

Drive return on brand support

9

Agile, cost competitive organisation

Winning with people

10

Organisation and diverse talent pipeline ready to match our growth ambitions

11

Performance culture which respects our values

12

Leverage our operating framework for competitive advantage

DRIVEHUL SUSTAINABLE LIVING PLAN

Business Environment – JQ'11

- **FMCG market grew in double digit**
 - **Rebalancing between volume and price in soaps and detergents**
 - **Strong growth in Personal Products led by volumes**
- **Competitive intensity continues, heightens in some categories**
- **Crude oil prices remain high; volatility in other input costs**

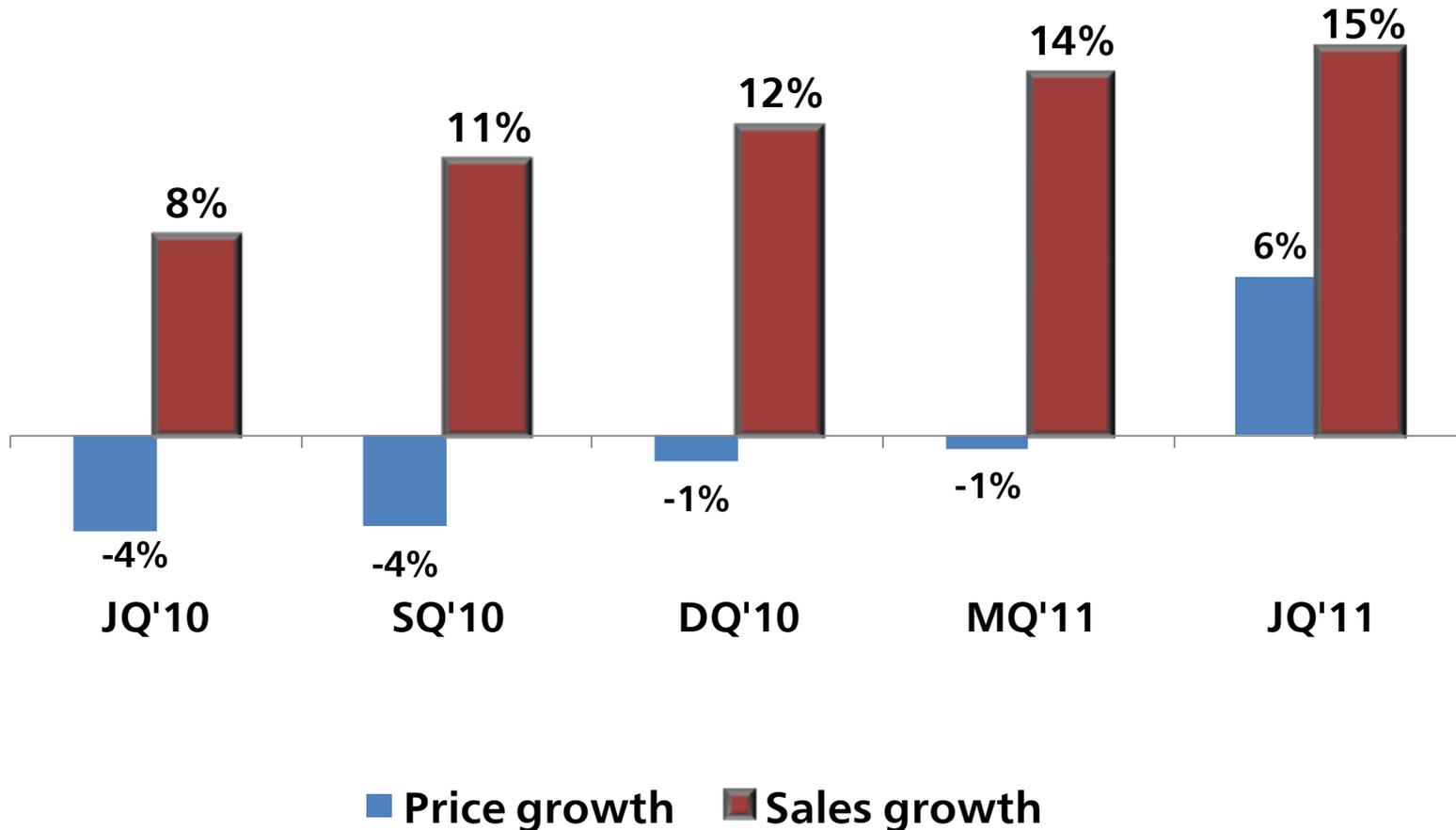
Competitive growth in challenging environment

- **Domestic Consumer business grows 15%; ahead of market**
 - **Strong 8% UVG* with good price growth**
 - **Double digit growth across all FMCG segments**
 - **Personal Products growth momentum continues (+19%); volume led**
- **Operating profit grows by 11.3%; down by 40 bps**
- **PAT (bei) at Rs.578 crore, grows by 11%; Net Profit Rs.627 crore, up by 18%**

Competitive growth in challenging environment

- **Cost of goods sold higher by 480 bps;**
 - **High impact of input costs especially in Soaps & Detergents**
 - **Dynamically managed through judicious price increases and continued focus on savings**
- **Competitive brand investment across segments**
 - **Advertising spends stepped up in Personal Products and Packaged Foods**
 - **Recalibrated in commodity sensitive categories in line with industry**
 - **Step up in 'Return on Marketing Investment' (ROMI)**

Strong topline growth; positive pricing across segments



All segments grow in double digit

	<u>Growth% JQ'11</u>
Soaps & Detergents	13%
Personal Products	19%
Beverages	13%
Packaged Foods	18%
<hr/>	
Domestic FMCG	15% ^
Domestic Consumer	15% *

Winning with Brands: Continued focus on innovations



Ponds Pure White Deep Cleansing Facial Foam with activated carbon



Clear relaunched with total scalp care



FAL Multivitamin Face Wash for double action fairness



Vaseline Healthy White Cream: with Vitamin B3 and triple Sunscreen



Range Expansion in Colours with Fantasy collection



Successful innovations in impulse & 'in-home'



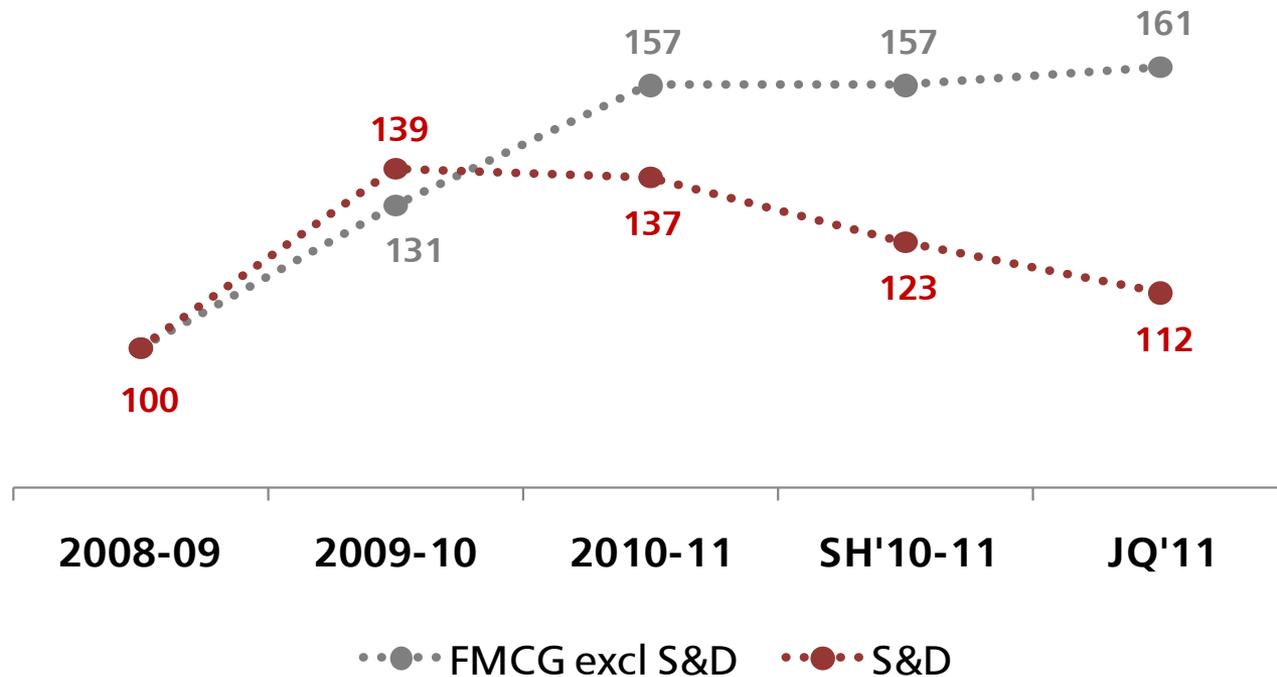
Bru Exotica: World's finest coffee experience



Ice Tea: Available in 3 formats & 2 flavours

High media intensity continues; S&D softens

Industry GRP – Indexed Chart



Lower industry spends in commodity sensitive categories

A&P remains competitive

Efficiencies driven through ROMI

Category	Competitive SOV/ SOM*	Media Spends
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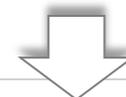
Personal Products	✓	↑
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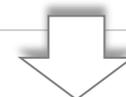
Packaged Foods	✓	↑
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Soaps & Detergents	✓	↓
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Beverages	✓	↓
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aligned to market

Market promotional intensity lower; spends optimised

A&P at 11.5% of sales; lower by 420 bps

Winning in the Market: More Stores, Better Stores



Rural

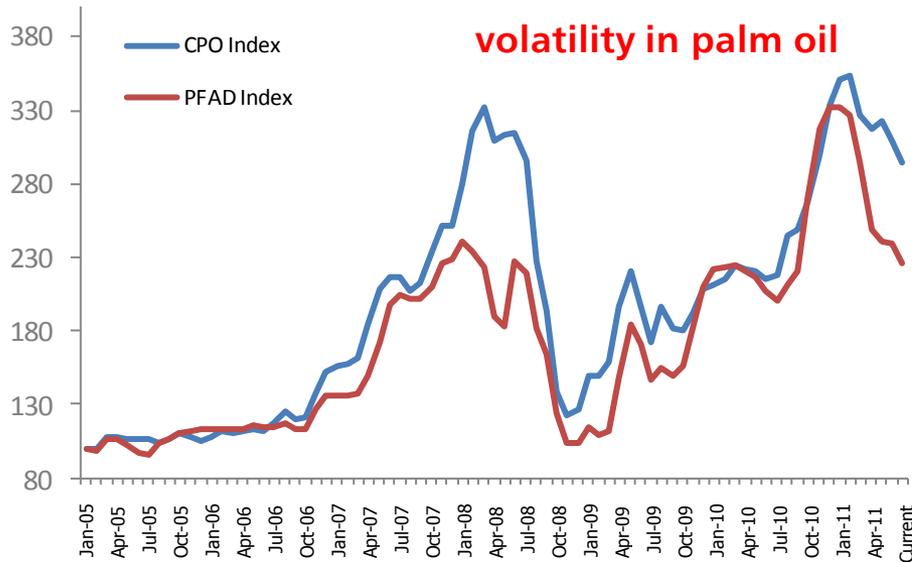


MT

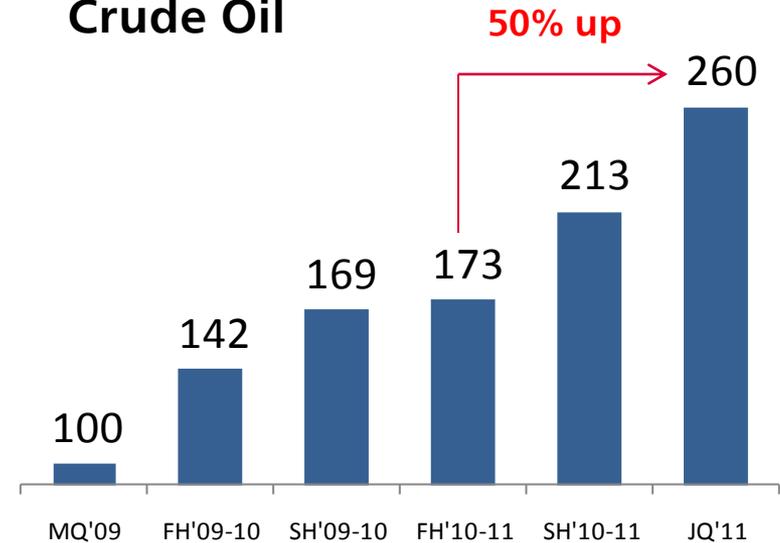
Delivering results; focus continues

Inflationary pressures remain high

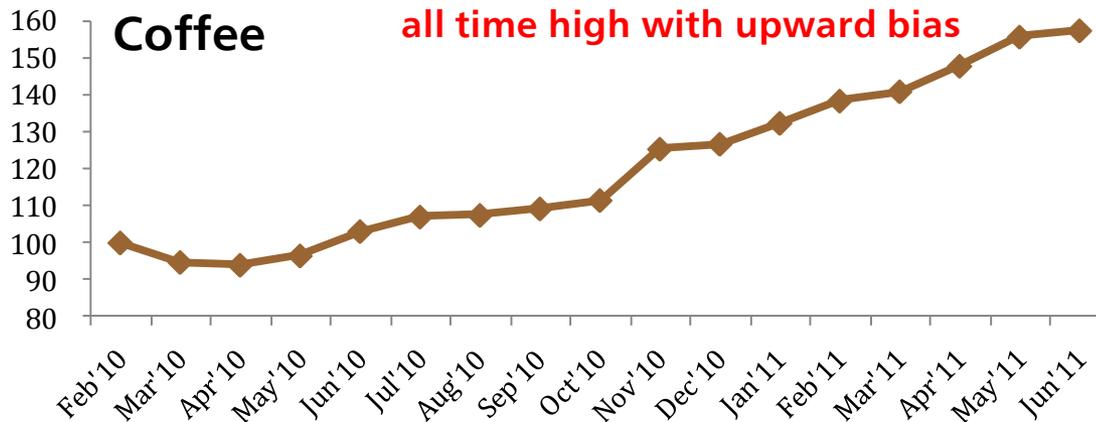
Palm Oil



Crude Oil

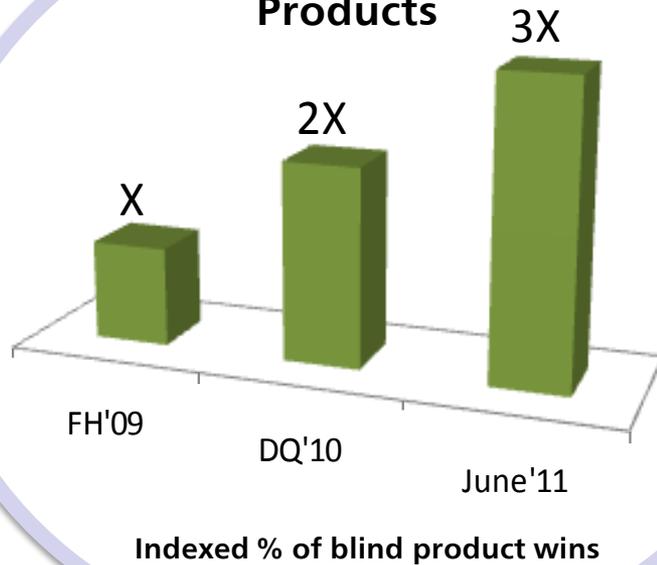


Coffee

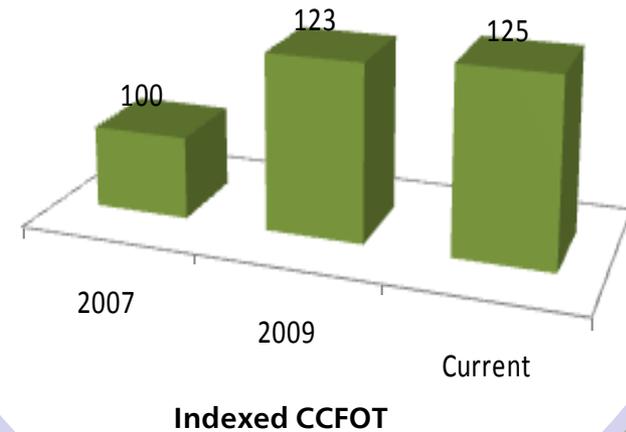


Winning through continuous improvement: Quality & Service

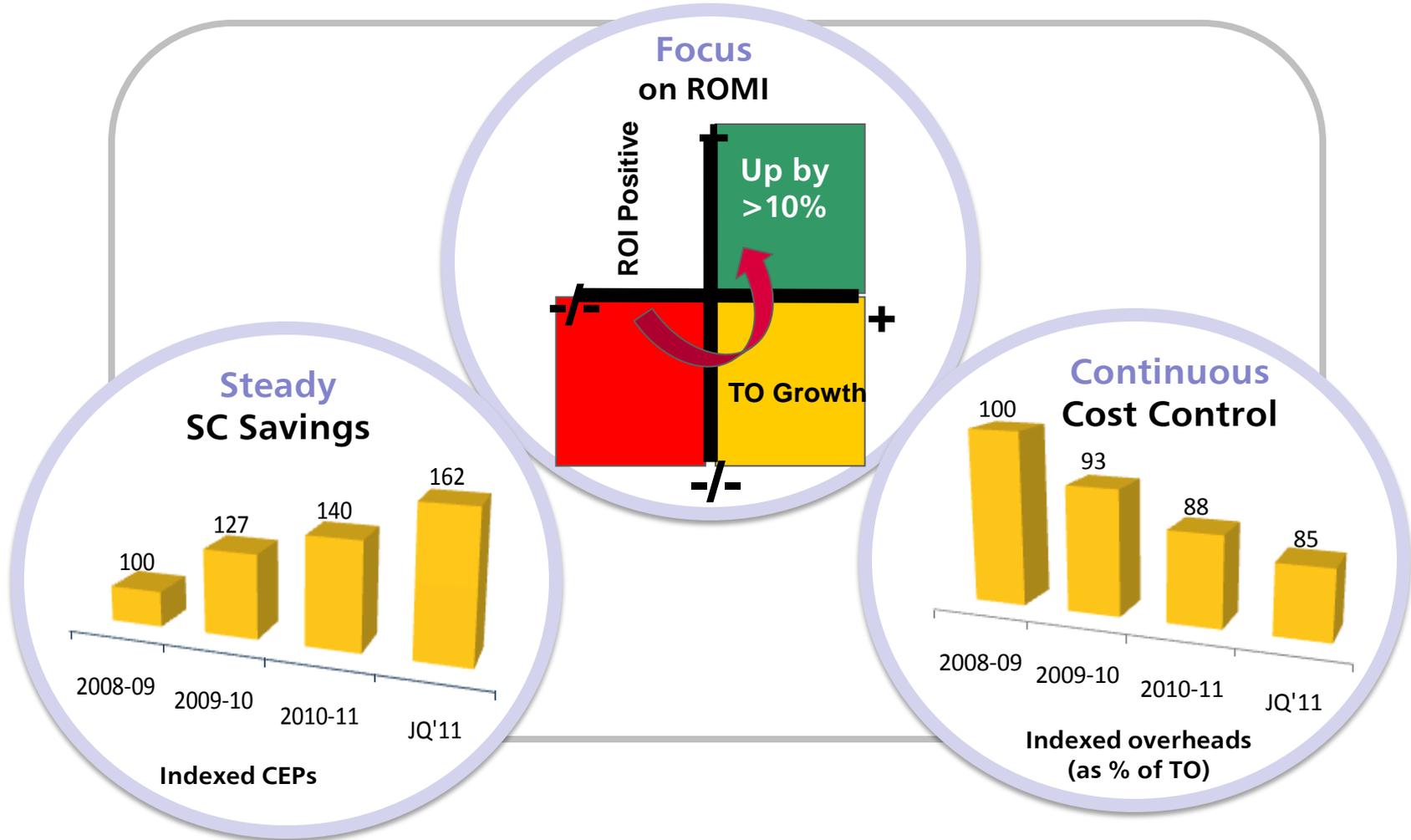
Superior Products



Excellence in Customer Service



Winning through continuous improvement: Stepping up savings





Category Highlights

Laundry: Successful defence of leadership position

- Sustained competitive growth
 - Led by pricing and good volumes
 - Across all brands
- Both powders and bars grow in double digit
- Strong performance by Rin
 - 6th consecutive quarter of double digit volume growth
- Comfort – building consumer franchise across geographies



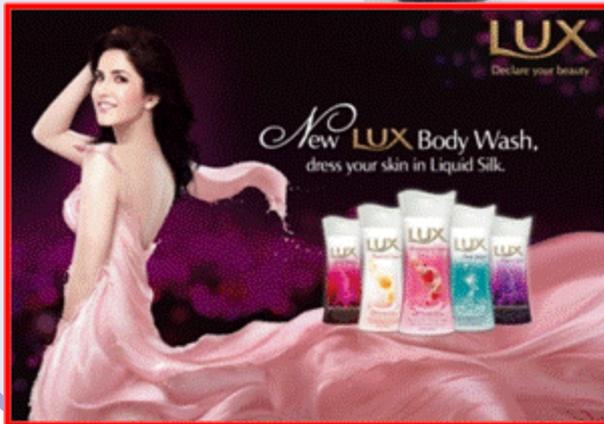
Skin Cleansing: Growth across segments

- Growing ahead of market
- Lifebuoy grows in double digit
- Premium portfolio sustains growth momentum
- Liquids: Business tripled in 2 years
 - New innovations in Body Wash, Handwash and Hand Sanitizer



Leading market development

Range of Handwash



Body Wash Portfolio



Hand Sanitizers

Skin Care : Strong growth momentum across portfolio

- Double digit volume growth in Fair & Lovely driven by core
- Vaseline & Pond's sustain strong growth
- Lakme: driving premiumization across skin care & colours
- Expanding portfolio
 - FAL Multivitamin Face Wash
 - Pond's Pure White Face Wash in premium segment
 - Vaseline Healthy White in Cream format



Fair & Lovely

POND'S

LAKMÉ

Vaseline



Continued focus on innovations

Anti Aging



Lip Care



Body Cream



VPJ



Colour Cosmetics



Face Wash



Skin Care



Hair & Oral Care: Double digit growth

- Hair: Broad based growth across brands
 - Dove – accelerating growth momentum
 - Strong volume growth in Clinic Plus and Sunsilk
 - Portfolio strengthened with Clear relaunch
- Toothpaste – volume led double digit growth in both the brands
 - Pepsodent Germi Check relaunched



**Pepsodent Germi Check
Magnets**



Clear: Total scalp care

NUTRIUM 10: A REVOLUTIONARY DESIGN IN SCALP CARE TECHNOLOGY



Nourishes scalp 3-layers deep, to boost scalp health & increase its natural resistance against dandruff & scalp problems



CLEAR™



Customised solution for Men and Women



Communication

Beverages: Expanding the portfolio

- Tea delivers double digit growth
 - Led by premium portfolio
 - Red Label continues its growth momentum
- Strong growth in coffee
 - 3 new premium variants of Bru launched in modern trade
- Ice tea launched in 3 formats and 2 flavours



Bru Exotica: launched in Modern Trade



Lipton Ice Tea: Lite Refreshment



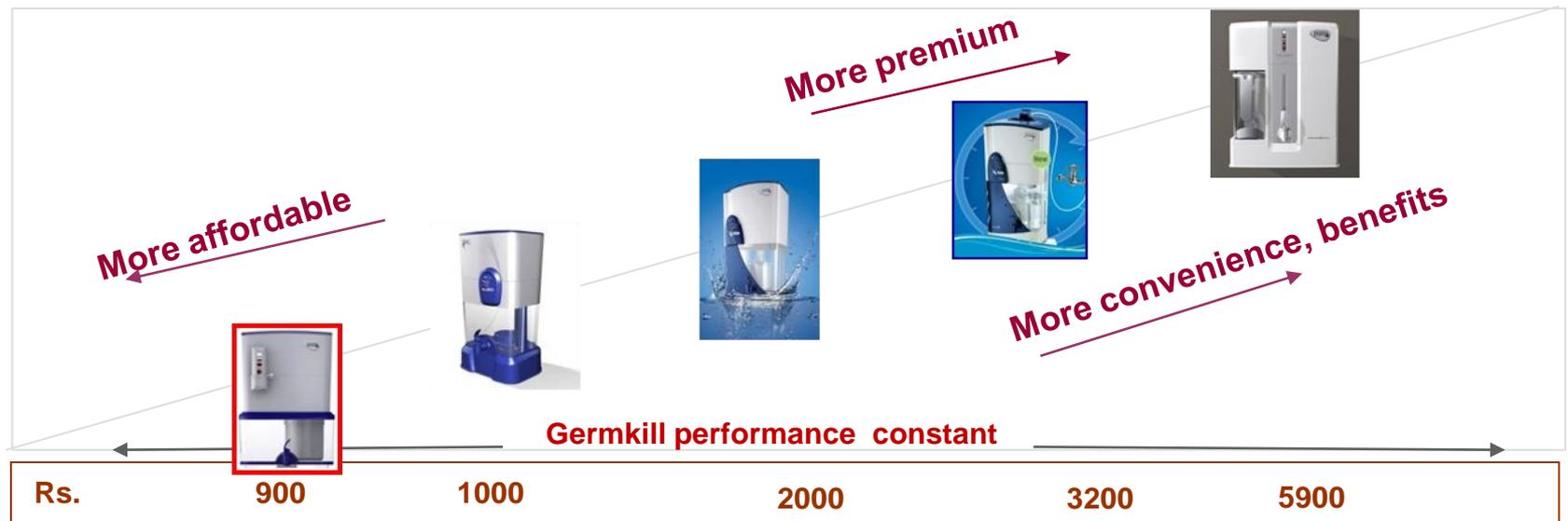
Packaged Foods: Strong volume led growth

- Double digit growth in Knorr, Kissan and Modern
 - Recent innovations continue to build consumer franchise
 - Sustained investment behind the brands
- Ice Cream delivers record growth, momentum accelerated
 - Successful innovations
 - Expanding distribution
 - Building out of home experience



Pureit: Business strategy on track

- Building portfolio to straddle across consumer segments; Pureit Intella launched
- “Go to Market” model being transformed
 - Managing a diversified portfolio
 - Designed for scale up; optimising costs



JQ'11 – Results

Rs Cr

Rs Crores	JQ'11	JQ'10	Growth%
Net Sales	5504	4794	14.8
PBITDA	754	681	10.8
PBIT	698	627	11.3
<i>PBIT margin (%age)</i>	12.7	13.1	
PBT bei	749	669	11.8
Exceptional Items	59	19	-
PBT	807	688	17.4
PAT bei	578	521	11.0
Extraordinary Items (net of Tax)	-	-	
Net Profit	627	533	17.6

JQ'11 – Exceptional Items

Rs Cr

Particulars	JQ'11	JQ'10
Assets Sale	51	18
Sale of long term investment		4
Dilution of stake in subsidiary	4	
Others	4	(4)
Total	59	19

Summary

- **Strong 15% growth in domestic consumer business; ahead of market**
 - **Broad based momentum across portfolio**
- **High input cost inflation, sustained focus on continuous improvement**
- **Brand support maintained at competitive levels**
- **PAT (bei) at Rs.578 crore, grows by 11%; Net Profit Rs.627 crore, up by 18%**

Looking ahead: Our strategy remains consistent

- **FMCG market will continue to grow**
 - **Changing mix of volume and price**
- **High cost inflation combined with volatility**
- **Competitive environment will continue to remain intense**
- **Our strategy and focus**
 - **Strengthen leadership positions and leading market development of future categories and channels**
 - **Ensure market & cost competitiveness; manage the business even more dynamically**

Winning Today Winning Tomorrow



Thank you

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