

Hindustan Unilever Limited

JQ'18 Results Presentation : 16th July 2018



The advertisement features a woman with dark hair and green eye makeup, wearing a green top. To her right, several Lakmé 9to5 Naturale products are displayed on a wooden surface, including three lipsticks, a jar of Aloe Aqua Gel, and a small jar of eye makeup. Aloe vera slices are arranged around the products, and a green gel is being poured from a glass. The background is a soft-focus green.

**ALOE INFUSED
SKINCARE & MAKEUP**

LAKMÉ 9to5 NATURALE RANGE

Safe Harbor 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 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.



Agenda

1

Strategy

2

Current Quarter Performance

3

Looking Ahead

Clear and compelling strategy

Strategic Framework

THE COMPASS

Winning through a time of exponential change

WE ARE UNILEVER

VISION

To grow our business whilst decoupling our environmental footprint from our growth and increasing our positive social impact

We will lead for profitable, consistent, competitive and sustainable growth, inspiring people to take small everyday actions that will add up to a big difference.

We will grow by winning shares and building markets everywhere.

Through our USLP we will deliver More Growth, Less Cost, Less Risk and More Trust.

PURPOSE

To make sustainable living commonplace

We work to create a brighter future every day, with brands and services that help people feel good, look good, and get more out of life.

We put the consumer first - then customers, employees, suppliers, and communities. In this way we reward our shareholders.

HOW WE WILL WIN

NON-NEGOTIABLES

Winning with brands and innovation

- Build stronger, more sustainable brands for a connected world
- Drive penetration and distribution of our Core
- Deliver bigger innovation, faster, in full, to more markets

Winning in the marketplace

- Lead market development, reaching up, down and wide
- Win when and where shoppers choose, e-commerce a competitive advantage
- Grow through excellence in Net Revenue Management

Winning through continuous improvement

- Step change organisation cost and agility, roll out zero based budgeting globally
- Step change returns on capital, IT and capability investments
- Step change cost and service levels in supply, leveraging global scale and local agility

Winning with people

- Build diversity of leadership and put it where it counts, for longer
- Be faster, simpler, more market-facing
- Build resilient, empowered and aligned teams

Sustainable Living Plan



Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth

4

JQ'18: Summary

- ❑ Gradual improvement in demand continues
- ❑ HUL : Strong volume led growth sustained

JQ'18: Strong volume led growth sustained

- ❑ **Comparable* Domestic Consumer Growth 16%; Underlying Volume Growth 12%**
- ❑ **EBITDA at Rs. 2251 crores up 21%; Comparable* margin up 100 bps**
 - COGS lower on account of mix, judicious pricing and savings
 - Increased A&P spends driven by investments in innovations, activations and competitive actions
- ❑ **PAT (bei) at Rs. 1567 crores up 21%; Net Profit at Rs. 1529 crores up 19%**

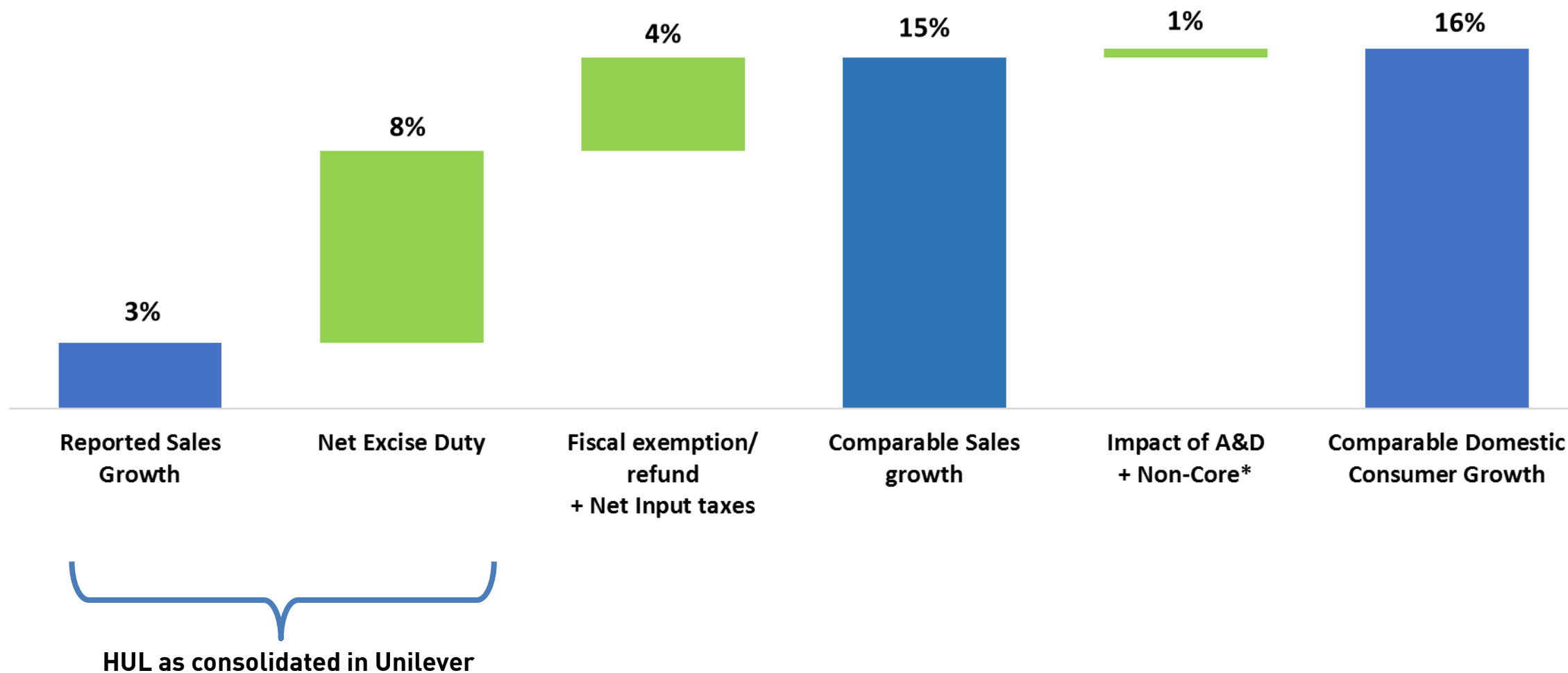
Recap: 'Accounting' impact of GST on HUL results

	With effect from 1st July'17		With effect from 1st Oct'17
	Net Excise Duty	Net Input taxes	Fiscal exemption/ refund
PRE GST	Excise a cost; Turnover gross of excise	Input tax credit availed partially. Balance accounted in costs	Benefit of Indirect tax fiscal exemption and refund in excise duty cost
POST GST	Turnover is net of GST	Input taxes subsumed under GST and netted from turnover <ul style="list-style-type: none"> Costs lower as full input tax credit and full CENVAT in fiscal sites availed 	Reported as Other Operating Income, consequent to the budgetary support scheme released in October'17
IMPACT POST GST	Reported Turnover: Lower Absolute EBITDA: No impact EBITDA margin: Higher EPS: No impact	Reported Turnover: Lower Absolute EBITDA: No impact EBITDA margin: Higher EPS: No impact	Reported Turnover: Lower Absolute EBITDA: No impact EBITDA margin: Higher EPS: No impact



Comparable sales growth at 16%

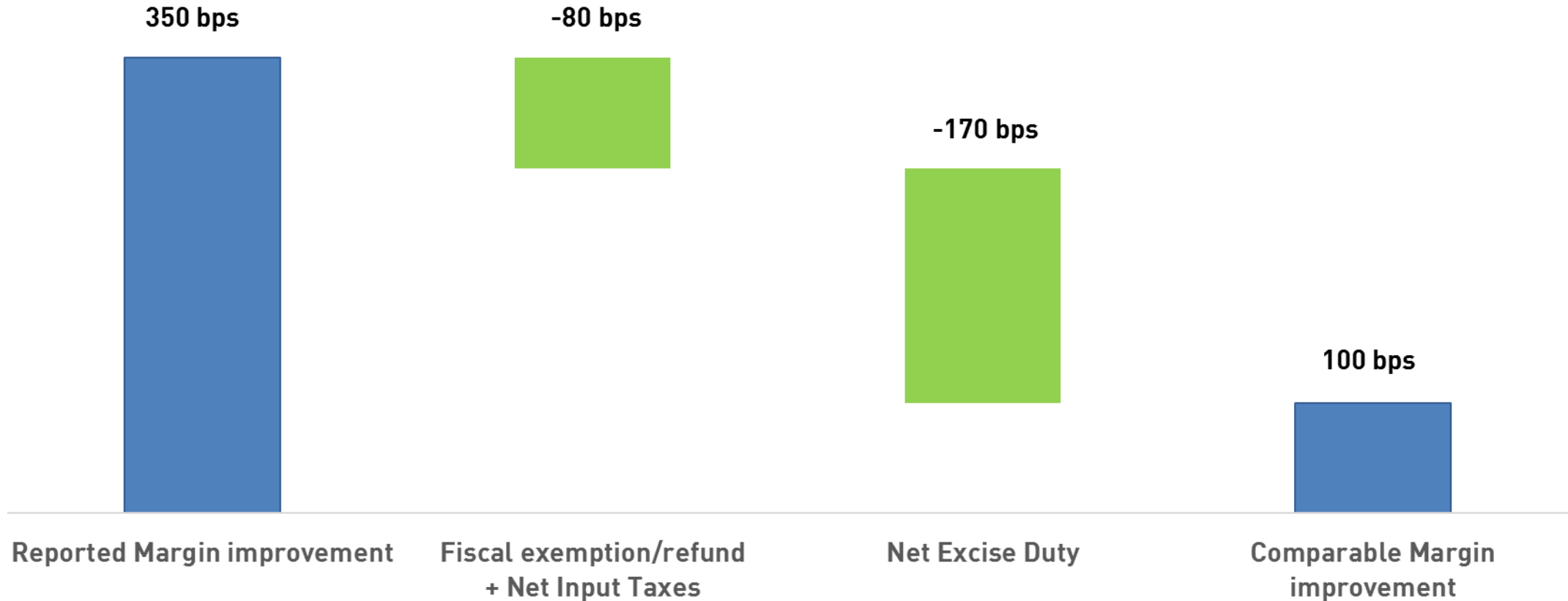
Reported sales growth at 3% due to accounting impact of GST





Comparable margin improvement at 100bps

Reported margin improvement at 350bps due to accounting impact of GST



No change in absolute EBITDA



A simpler, agile and more focused business

Our business now managed in three Divisions

Home Care



No change

Beauty & Personal Care



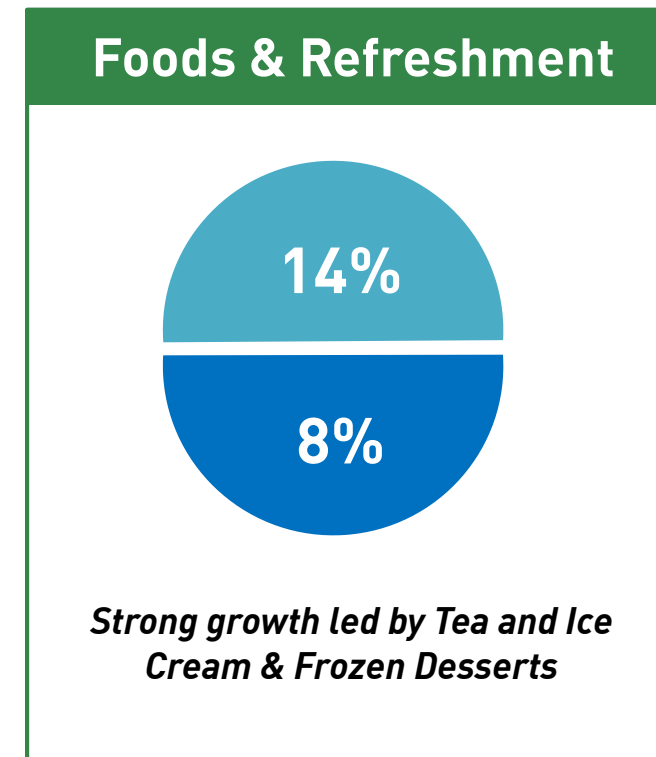
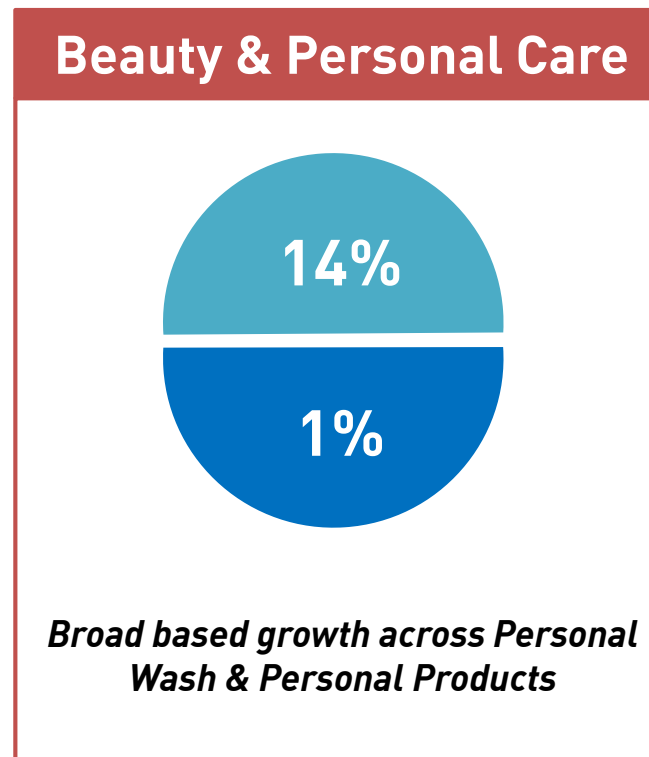
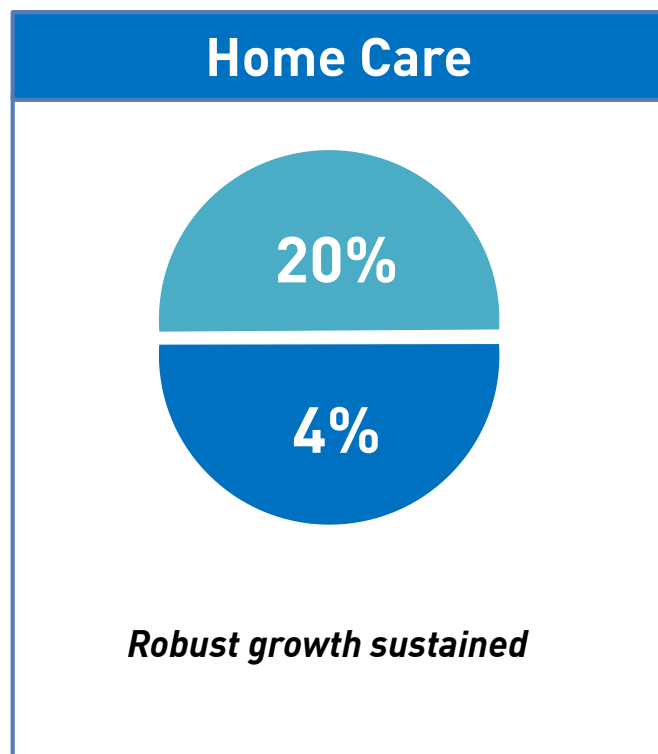
Personal Care is now **Beauty & Personal Care**

Foods & Refreshment



Integration of Foods and Refreshment
including Food solutions business

Double digit volume growth across divisions



Comparable sales growth^

Reported sales growth*

*Reported Sales growth = Segment Turnover growth excluding Other Operational Income (Excludes impact of A&D)

^Comparable Sales growth = Segment Turnover growth excluding Other Operational Income but including Fiscal exemption/ refund and net of excise & input tax costs in base quarter (Excludes impact of A&D) 11



Hindustan Unilever Limited

Continued focus on innovations and activations



Home Care

Robust growth sustained



- ❑ **Fabric Wash:** Double digit growth across key brands; Momentum continues
- ❑ **Household Care:** Double digit volume growth led by strong performance in Vim
 - Domex liquid relaunched in South India, Domex powders extended to new geographies
- ❑ **Purifiers:** Overall performance subdued; Premium range performed well



Beauty & Personal Care

Broad based growth across Personal Wash & Personal Products



- ❑ **Personal Wash:** High growth trajectory sustained in Dove and Pears
- ❑ **Skin Care:** Double digit growth on the back of strong performance by Pond's and Fair & Lovely; Facial cleansing maintains strong momentum
- ❑ **Hair Care:** Double digit growth led by premium portfolio
 - Another quarter of strong performance by Indulekha



Beauty & Personal Care : Contd.

Broad based growth across Personal Wash & Personal Products



- ❑ **Colour Cosmetics:** Strong double digit growth sustained; Continued rollout of innovations
 - Lakmé 9 to 5 launched its first ever Naturale range of makeup and skincare products infused with aloe vera



- ❑ **Oral Care:** Another quarter of growth
- ❑ **Deodorants:** Impressive growth with Axe Ticket gaining traction

LUX

Dove

Pears

Rexona

Hamam

Lifebuoy

NEW Fair & Lovely

POND'S

Vaseline

Citra

LAKMÉ

St. Ives

CLINIC PLUS+

! sunsilk

TRESemmé

indulekha

closeup

Pepsodent

ayush therapy

PURE DERM

AXE

Foods & Refreshment

Strong growth led by Tea and Ice Cream & Frozen Desserts



- ❑ **Beverages:** Tea delivered broad based double digit growth across key brands
 - Bru Kannadigara introduced in select geographies
- ❑ **Ice Cream & Frozen Desserts:** Strong double digit growth during the season; Innovations perform well
- ❑ **Foods :** Double digit growth led by Kissan and Knorr
 - Lever Ayush breakfast range launched in Tamil Nadu



JQ'18: Results Summary

Rs. Crores

Particulars	JQ'18	JQ'17 (Reported)	Growth %
Sales	9356	9094	3^
EBITDA	2251	1866	21
Other Income	135	113	
Exceptional Items – Credit / (Charge)	(59)	(13)	
PBT	2193	1846	19
Less : Tax	664	563	
PAT bei	1567	1292	21
Net Profit	1529	1283	19

- Comparable* Domestic Consumer Growth at 16%^
- Comparable* EBITDA improvement 100bps
- Other Income up due to higher investable funds in the quarter
- Exceptional items (net) in current quarter includes provision towards restructuring and few contested matters

Looking ahead

Near term

- ❑ Gradual improvement in demand
- ❑ Crude volatility and currency led inflation key watch outs
- ❑ Step up in competitive intensity anticipated

Our strategy

- ❑ Focus on volume driven growth and improvement in operating margin
- ❑ Consistent, Competitive, Profitable, Responsible Growth

For more information and updates

Visit our website

<https://www.hul.co.in/investor-relations/>