

Hindustan Unilever Limited

JQ'18 Results Presentation : 16th July 2018

**ALOE INFUSED
SKINCARE & MAKEUP**



LAKMÉ 9to5 NATURALE RANGE



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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. |
| PURPOSE | To make sustainable living commonplace | Through our USLP we will deliver More Growth, Less Cost, Less Risk and More Trust. |
| | | 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 | 1 | Build stronger, more sustainable brands for a connected world |
| | | 2 | Drive penetration and distribution of our Core |
| | | 3 | Deliver bigger innovation, faster, in full, to more markets |
| | Winning in the marketplace | 4 | Lead market development, reaching up, down and wide |
| | | 5 | Win when and where shoppers choose, e-commerce a competitive advantage |
| | | 6 | Grow through excellence in Net Revenue Management |
| | Winning through continuous improvement | 7 | Step change organisation cost and agility; roll out zero based budgeting globally |
| | | 8 | Step change returns on capital, IT and capability investments |
| | | 9 | Step change cost and service levels in supply, leveraging global scale and local agility |
| | Winning with people | 10 | Build diversity of leadership and put it where it counts, for longer |
| | | 11 | Be faster, simpler, more market-facing |
| | | 12 | Build resilient, empowered and aligned teams |

Sustainable Living Plan



Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth



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

PRE GST

Net Excise Duty

Excise a cost; Turnover gross of excise

Net Input taxes

Input tax credit availed partially.
Balance accounted in costs

Fiscal exemption/ refund

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

- 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

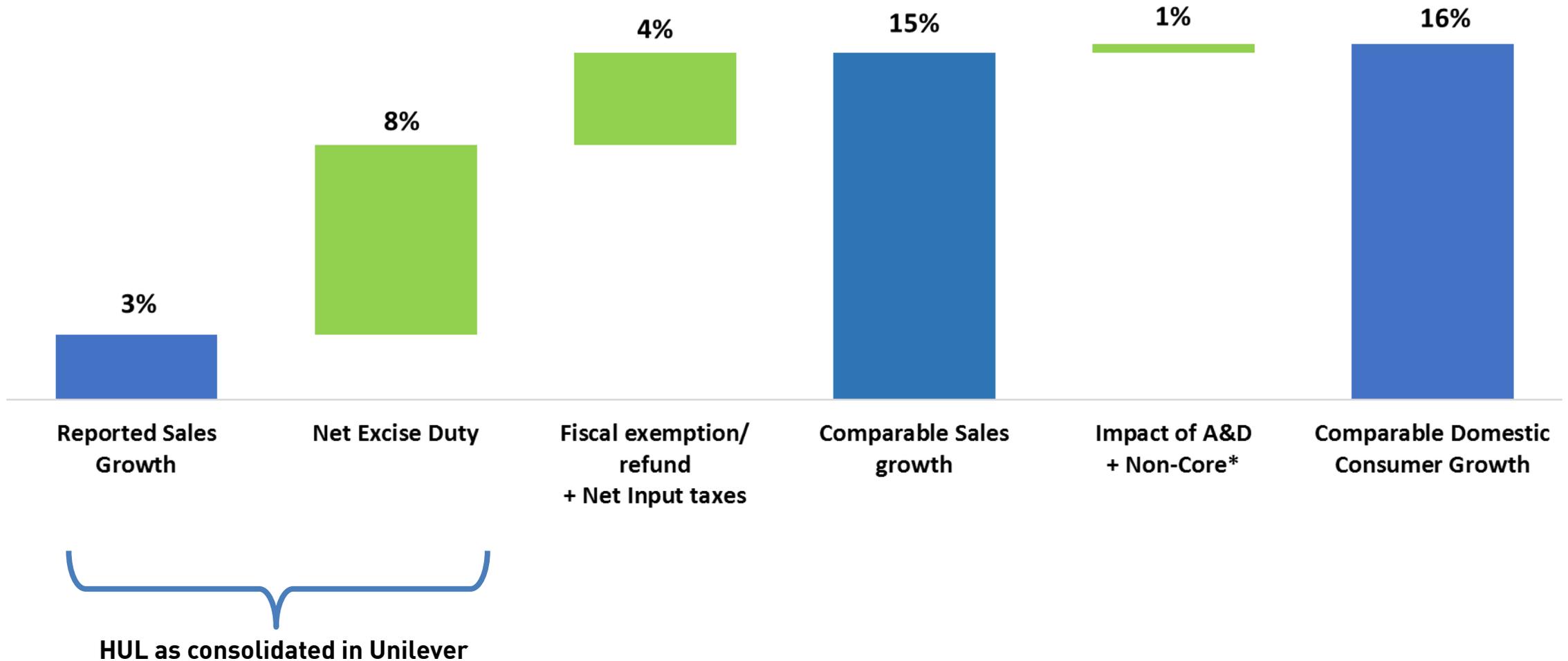
Reported Turnover: Lower
Absolute EBITDA: No impact
EBITDA margin: Higher
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Comparable sales growth at 16%

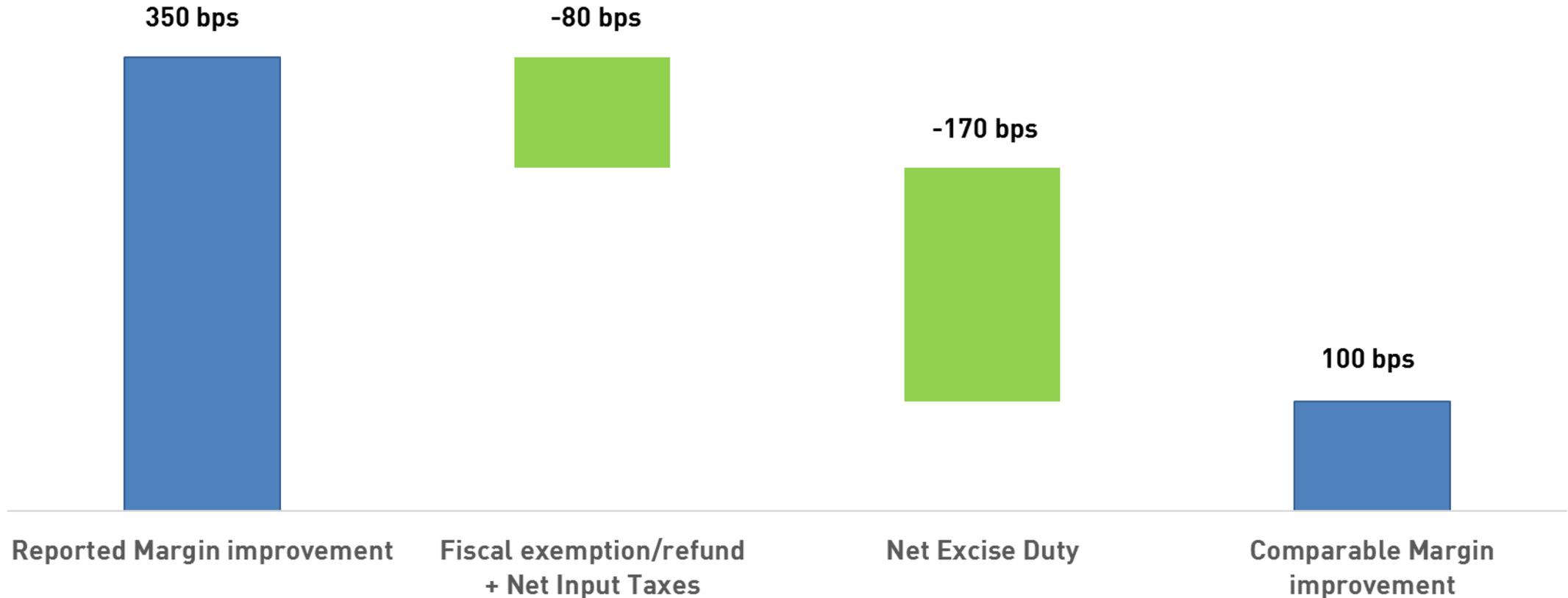
Reported sales growth at 3% due to accounting impact of GST





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**

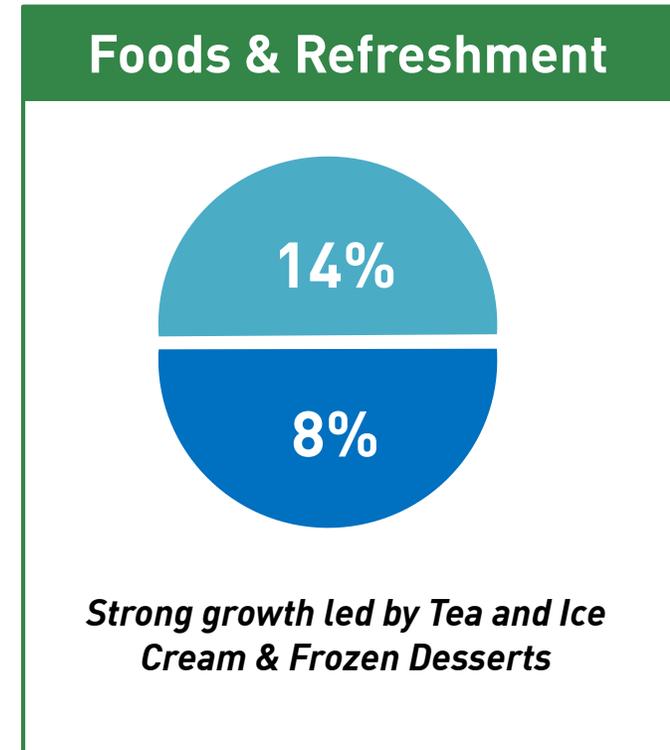
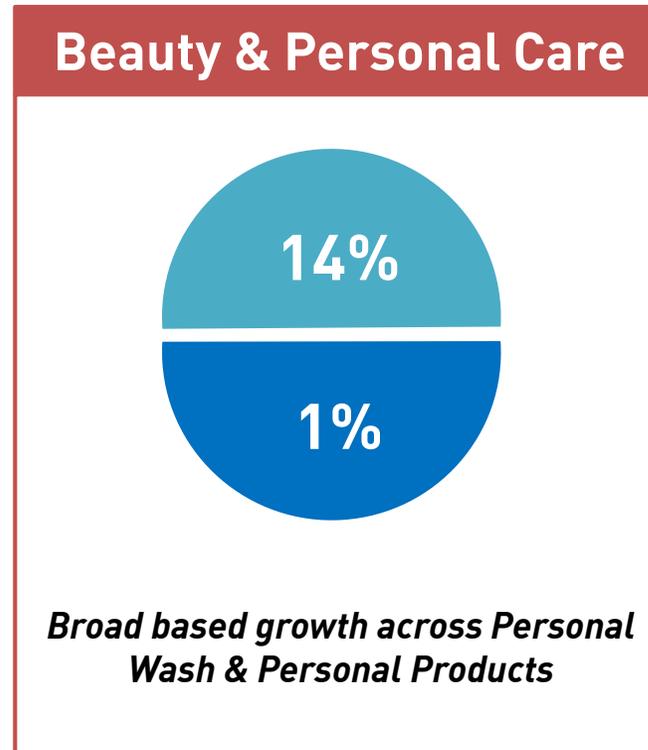
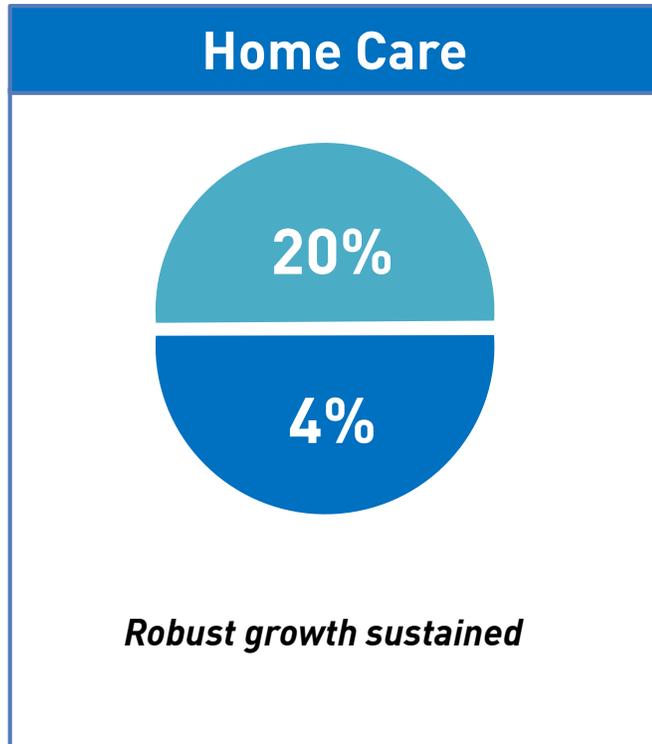
Foods & Refreshment



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



Continued focus on innovations and activations

POND'S
नॉन-ऑइली फ्रेश ग्लो हर सीज़न में.
नया POND'S LIGHT MOISTURISER

अंदर: विटामिन E + ग्लिसरीन दुर्लभ रसायन और गहराई से नमी पहुंचाए.
बाहर: त्वचा आपके नॉन-ऑइली फ्रेश ग्लो से हर सीज़न में.

A MOISTURISING BREAKTHROUGH BY THE POND'S INSTITUTE | POND'S.IN

शुक्र है आज आपने से ब्रश किया

closeup 12 HOURS FRESH BREATH EVERFRESH

Apno ko Kareeb Lana
#Ek Neki Rozana

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daag achhe hain

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ब्रिश्च
BRYLCREEM
BEARD AND HAIR GROOMING RANGE.

महाराष्ट्र दिनाला निश्चय करुया, संपूर्ण महाराष्ट्र जलसमृद्ध बनवूया.
बाचवा बादली बादली पाणी, बदलेल दुष्काळाची कहाणी.

रिन ने वा पोटिरेण्या दिनेने पचवताना वाहे पूण पाहवताना पाऊन, ग्लोबल रिन बाचवी स्वार्ट प्लेन टेक्नोलॉजी वापरुन बाचवतो काळ अंतर्गत पाहवताना.

Rin

जलसमृद्ध महाराष्ट्र

WALL'S NOW **CREAMIER**

BLUSHING STRAWBERRY
YOU ARE SO GOOD SWEET!

PRESENTING A NEW RANGE OF INTERNATIONAL SAUCES.
#dipsreadcook

kissan

100% REAL 40% FAT FREE



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





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/>