

HINDUSTAN LEVER LIMITED – September Quarter 2005 RESULTS

- FMCG sales growth at 15.9%. Total sales (underlying) grow 13.8%.
- HPC grows 16% across categories led by Laundry and Hair
- Growth in Foods broad-based at 15%
- EBIT grows 3.2%; PAT before exceptional items grows 15.2%

MUMBAI, October 31st 2005: Hindustan Lever Limited (HLL) announced its results for September Quarter 2005. Total sales growth at 13.8% in September Quarter accelerated from 10.3% in June Quarter 2005. Domestic FMCG sales grew by 15.9%, with robust growth in both Home and Personal Care (HPC) and Foods.

In HPC business, growth of 16% during the quarter has been broad-based across categories. The highly competitive Laundry category recorded strong sales growth accompanied by market share gains. Shampoo sales accelerated compared to the previous quarter with market share gains. Sales growth in Soaps improved compared to the previous quarter, with both Lux and Lifebuoy growing. Skin has also maintained its growth momentum, growing in strong double digits during the quarter. Powerful innovations on key brands like Sunsilk, Clinic and Lakme were launched during the quarter.

Foods business grew by 15% with all categories within Foods growing handsomely. Brooke Bond grew strongly during the quarter, and has recorded sustained market share gains. Bru continued to grow well. Ketchup, jams and soups recorded good growth, albeit on a low base. Ice-cream grew 11%. The quarter saw successful innovations like the launch of Brooke Bond Red Label Naturals, and the relaunch of Annapurna Salt and Atta with a superior mix.

Earnings before Interest and Taxes (EBIT) grew 3.2%. High investments behind brands and brand building continued. Cost pressures on the business due to raw material price inflation were largely met by aggressive cost savings programs, and selective price increases. Profit after Tax (PAT) before exceptional items grew 15.2% due to lower interest costs post redemption of bonus debentures and lower tax incidence. Net Profit was flat, as SQ'04 included a significant credit from property disposal.

Mr Harish Manwani, Chairman commented: “We continue to strengthen the competitiveness of our business. A strong growth momentum delivered a double digit growth in September Quarter 2005, both in HPC and Foods. In the highly competitive categories of Laundry and Hair Wash, high growth has been accompanied by market share gains. A combination of high impact innovations, market activation, renewed distribution initiatives and significant brand investments are enabling us to win in the market place.”

“Cost pressures continue to be of concern, although partly neutralized by Cost Effectiveness Programs and selective price increases.”, Mr Manwani added.