

MQ 2016 & FY 2015-16 Results Presentation

May 9, 2016



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Agenda

1

Strategy

2

Business Context

3

Current Quarter Performance

4

Financial Year Performance

5

Looking Ahead

Clear and Compelling Strategy

Strategic Framework

THE COMPASS	
WE ARE UNILEVER...	
VISION	<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>
MISSION	<p>We focus on customers 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 aim through a growth mentality and a positive approach to all our stakeholders, based on clear accountability and high performance.</p>
WHERE WE WILL WIN...	
PRIORITY	We share and grow volume in every category and country
HOW WE WILL WIN...	
HOW WE WILL WIN...	1. Define superior products, design, branding and marketing
	2. Engage, better, better innovation
	3. Appeal to more consumers across needs and price points
	4. Lead market development
	5. Win with existing customers
	6. Be an exclusive powerhouse
	7. Lead, engage and consumer-led value chain
	8. Drive return on brand equity
	9. Agile, and competitive organisation
	10. Organisation and drive to talent pipeline ready to match our growth ambitions
Winning with people	11. Performance culture which supports our values
	12. Leverage our operating framework for competitive advantage

Sustainable Living Plan



Goals

Consistent Growth

Competitive Growth

Profitable Growth

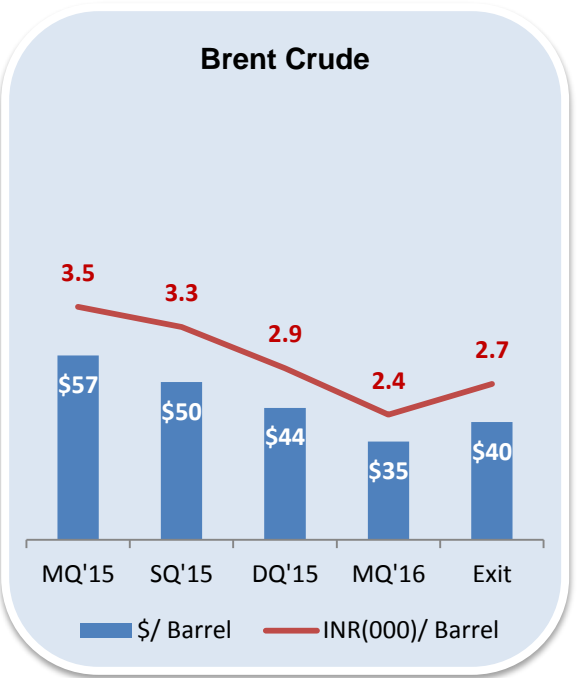
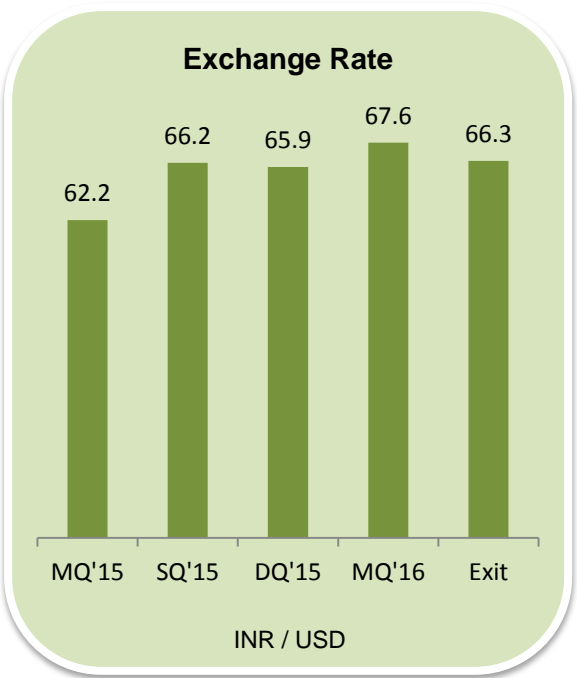
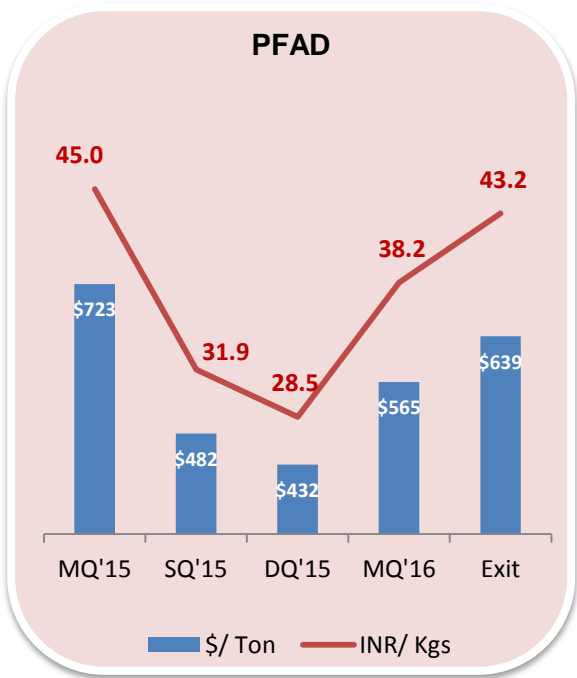
Responsible Growth

MQ 2016 – Context

Business environment challenging

- Market growth remains soft, particularly in Rural
- Growth continues to be led by volumes
- Commodity costs show signs of upturn
- Competitive activity remains high

Commodity costs show signs of upturn



Source: Bloomberg data and internal estimates
INR numbers arrived at by applying the average exchange rate of the quarter to the average USD cost of the commodity

- **Reported Domestic Consumer growth at 4%, underlying volume growth at 4%**
 - Intrinsic growth at 5% (net impact from phase out of excise benefits and one-off credits: -90bps)

- **Operating Profit (PBIT) at Rs.1379 crores, up 11%; margin expands +115 bps**
 - Net impact from phase out of excise benefits and one-off credits: -50 bps
 - COGS lower by 240 bps; driven by lower input costs and savings programs
 - Competitive spends maintained; A&P up Rs. 65 crores; 14% of sales (+40 bps)

- **PAT (bei) at Rs. 1031 crores up 13%; Net Profit up 7% at Rs. 1090 crores**
 - Net Profit growth impacted by higher exceptional income from subsidiary sale in base quarter

Volume led performance across segments

Segments	Reported Sales Growth (%)
Soaps and Detergents	2
Personal Products	2*
Beverages	7
Packaged Foods	12
Domestic Consumer	4

- **Soaps and Detergents:** Volume growth partially offset by price deflation
- **Personal Products:** Healthy intrinsic growth at 7%*
 - Reported growth impacted by phase out of excise benefits and one-off credits
 - Residual impact from re-alignment of channel spends also affects growth
- **Beverages:** Balanced broad based growth
- **Packaged Foods:** Double digit growth sustained

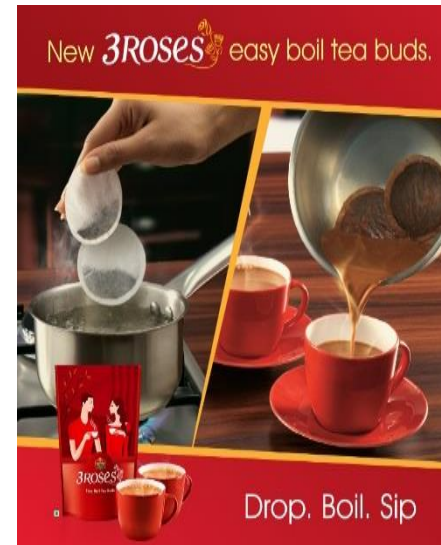
Intrinsic growth = net of excise impacts and one-off credits

Sales growth = Segment Turnover growth excluding Other Operational Income

CATEGORY HIGHLIGHTS

Winning with Brands

Continued focus on innovations



Winning with Brands

Impactful 360 activation

Red Label
6 pack band



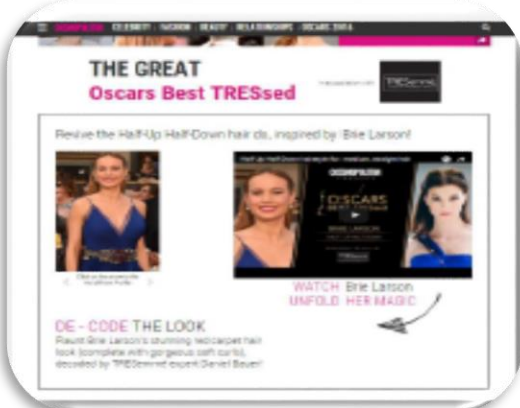
Lakme
Tete-a-tete with Shraddha



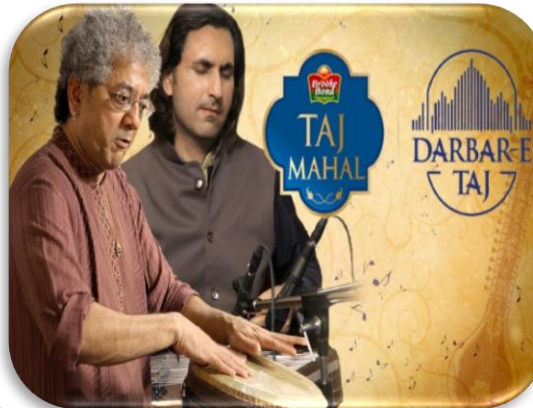
Lifebuoy
Star Wars association



Tresemme
Decoding styles at Oscars



Taj Mahal
Celebrating 50 years



Cornetto
Leveraging Valentine's Day



Skin Cleansing

Sustained volume growth



- Dove, Lifebuoy and Hamam drive volume growth
- Continued price deflation as commodity benefits passed on to consumers
- Significant uptick in commodity costs towards quarter end

Home Care

Growth led by premium segment



→ Laundry

- Surf maintains its volume led double digit growth momentum
- Wheel continues to recover turnover post relaunch
- Comfort sustains its strong growth led by market development

→ Household Care

- Performance led by Vim liquids

→ Continued price deflation, albeit at lower levels

Skin Care

Healthy intrinsic growth



- FAL performance led by BB Cream; 'Ayurvedic Care' variant relaunched
- Pond's delivers strong growth led by premium skin lightening
- Lakme growth buoyed by CC cream and Perfect Radiance
- Vaseline registers robust double digit growth

Hair Care

Volume led growth sustained



- Dove delivers another quarter of double digit volume growth
- TRESemmé maintains its strong growth momentum
- Conditioners grow well on focused market development

Oral Care

Subdued performance



→ Close Up sustains its good underlying performance

→ Pepsodent:

- Core relaunched in quarter
- 'Clove and Salt' variant continues to do well

Color Cosmetics

Innovation led double digit growth



→ **Lakme sustains its strong double digit growth momentum**

- Robust performance across Absolute and 9 to 5 ranges whilst driving trends
- Impactful launch of Lakme Absolute Eye Shadow Palette
- Shade additions made to the 'Lip Love' lip balm and 'Absolute' lipstick range



Beverages

Consistent growth



→ Tea growth driven by impactful activation & market development

- Broad based growth across brands
- Natural care continues to do well
- Green Tea sustains its strong growth momentum



→ Bru Coffee registers another quarter of double digit growth

Packaged Foods

Double digit growth



→ Sustained volume led growth in Kissan, Knorr and Kwality Walls

→ Focus on market development continues



→ Innovations across brands adding to the portfolio

- Premium range of Kissan Jams
- New range of Knorr wraps and rolls mix
- Magnum 'Choco Brownie' and Cornetto 'Choco Coffee'



Pureit

Double digit growth



→ **Portfolio extended to play in the wider market**

- Growth driven by the RO devices
- Pureit Ultima with Oxytub launched in quarter

→ **Modern Trade and Pureit Perfect Stores lead growth**

→ **E-commerce channel continues to grow rapidly**

MQ 2016

Results: Growth & Margin

Rs Crores			
Particulars	MQ'16	MQ'15	Growth %
Net Sales*	7809	7555	3
PBIT	1379	1248	11
PBIT margin (%)	17.7	16.5	115 bps

- Reported Domestic Consumer growth at 4%; underlying volume growth at 4%
- Intrinsic growth at 5% (net impact from phase out of excise benefits and one-off credits: -90bps on topline, -50bps on PBIT)

MQ 2016

Results: PBIT to Net Profit

Rs Crores			
Particulars	MQ'16	MQ'15	Growth %
PBIT	1379	1248	11
Add : Other Income	82	98	
Less : Finance Costs	0	0	
Exceptional Items – Credit / (Charge)	43	179	
PBT	1504	1525	
Less : Tax	415	507	
Net Profit	1090	1018	7

- Other income includes –
 - Interest, dividend and gain on sale of non-trade current investments of Rs. 75 Crore (MQ'15: Rs. 97 Crore)
- Exceptional item includes
 - Profit recognized hitherto, on sale of Modern business Rs. 50 Crore in current quarter
 - Profit on sale of subsidiary 'Brooke Bond Real Estate Private Limited' for Rs. 169 Crore in base quarter

Profitable volume-led growth sustained

- Reported Domestic Consumer growth at 4%, underlying volume growth at 4%
 - Intrinsic growth at 5% (net impact from phase out of excise benefits and one-off credits: -90bps)
- PBIT margin expands +115 bps
 - Impacted by phase out of excise benefits & one off credits: -50bps
 - Lower cost of goods sold partially offset by higher A&P investments

**FINANCIAL YEAR ENDING
31ST MARCH 2016**

Financial Year ending 31st March 2016

Profitable volume-led growth sustained

Rs Crores			
Particulars	FY 2015-16	FY 2014-15	Growth %
Net Sales	31,425	30,171	4
PBIT	5,409	4,922	10
PBIT margin (%)	17.2	16.3	90 bps
PAT bei	4,078	3,843	6
Exceptional Items	-39	664	
Net Profit	4,082	4,315	-5

- Domestic Consumer grows at 4% with 6% UVG
- Intrinsic growth at 5% (net impact from phase out of excise benefits and one-off credits:-110bps on topline, -50bps on PBIT)
- Margin improvement sustained whilst investing significantly behind brands; A&P up +160bps
- Tax rate for the year at 30.5% (FY14-15: 30.3%)

Financial Year ending 31st March 2016

Strong track record of cash generation sustained

→ Higher cash from operations; another year of > 5000 crores

- Approval to the Scheme for transfer of General Reserve Balance to P&L Account underway

→ Higher dividends paid* (FY16: 3998 crores, up 570 crores)

Financial Year ending 31st March 2016

Dividend

Particulars	FY 2015-16	FY 2014-15
Dividend Per Share	16	15
Interim	6.5	6
Final*	9.5	9
No. of Share (Cr.)	216.39	216.35
Total Dividend (Rs. Cr.)	3462	3245
Div. Dist. Tax (Rs. Cr.)	677	636
Total Div. Outflow (Rs. Cr.)	4140	3881

*Final dividend number for FY 2015-16 is subject to approval by the shareholders at the AGM

Financial Year ending 31st March 2016

Broad based volume growth across segments

Categories	Growth in %		
	Intrinsic* Sales Growth	Underlying Volume Growth	Segmental Profit Growth
Soaps and Detergents	2	6	5
Personal Products	10	6	14
Beverages	7	4	6
Packaged Foods	12	8	52
Total Business	5	6	10



* Intrinsic Sales Growth = net of excise impacts and one-off credits

Financial Year ending 31st March 2016

Segment highlights

SOAPS AND DETERGENTS



- Volume led growth in a deflationary environment
- Continued focus on driving category premiumisation
- Surf, our biggest brand now > Rs. 3000 crore

PERSONAL PRODUCTS



- Healthy double digit intrinsic growth
- Skin, Hair and Colors do well
- Deos recovery led by Axe Signature

BEVERAGES



- Steady performance in a benign commodity context
- Broad based growth across brands
- Taj completes 50 years of delighting consumers

PACKAGED FOODS



- Ten successive quarters of double digit growth
- Market development yielding strong results
- Innovations adding to the portfolio; Modern divested

Update on M&A transactions

Divestment of Modern Bakery Business



- Agreement signed on 8th September 2015
- Transaction concluded in the end of March 2016

Acquisition of Indulekha Hair Oil



- Agreement signed on 17th December 2015
- Transaction concluded on 7th April 2016

Sale of Rice Brands



- Agreement signed on 17th March 2016
- Transaction closure pending fulfillment of conditions

Financial Year ending 31st March 2016

Delivered on strategy

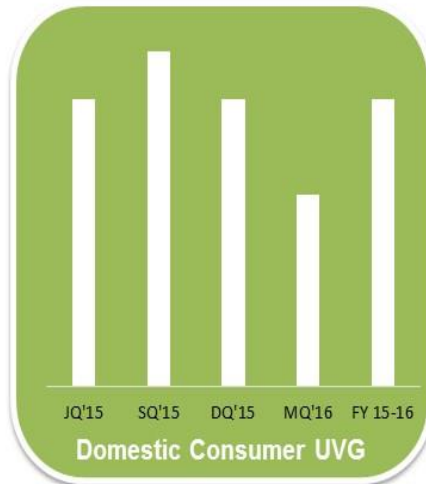
COMPETITIVE GROWTH

Ahead of market



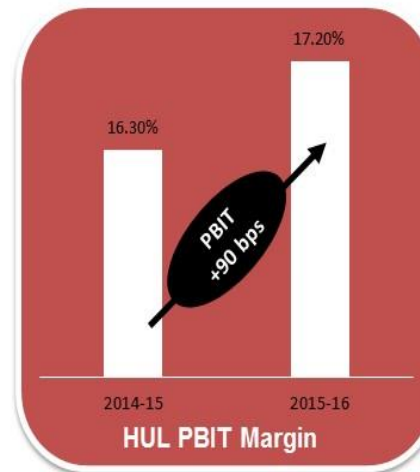
CONSISTENT GROWTH

Healthy UVG in a soft market



PROFITABLE GROWTH

Expanding margins whilst sustaining competitive investment



RESPONSIBLE GROWTH

Continued progress on our Sustainability priorities



USG 4% | 6% UVG | PBIT +10% | Cash > Rs. 5000 Cr

Near term outlook

- Market growth improvement largely dependent on Rural
- Pick-up in commodity costs
- Continued focus on driving volume led growth with improvement in operating margin
- Strategy unchanged: Consistent, Competitive, Profitable, Responsible Growth

For more information & updates

VISIT OUR WEBSITE

<http://www.hul.co.in/investorrelations/>

March Quarter 2016 results

Hindustan Unilever Limited will release its financial results for March Quarter 2016 and Financial Year 2015-16 on Monday, 9th May 2016.

[View more](#)



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