

Strategy and Synergies



GROWTH : Strong structural drivers intact

25%+ of India's population is under 14 years ⁽¹⁾

Opportunity to grow by purposefully serving a young population with nutrition needs



1 in 3

Indian children are too short for their age ⁽²⁾



1 in 4

Indian adolescents are too thin for their age ⁽²⁾



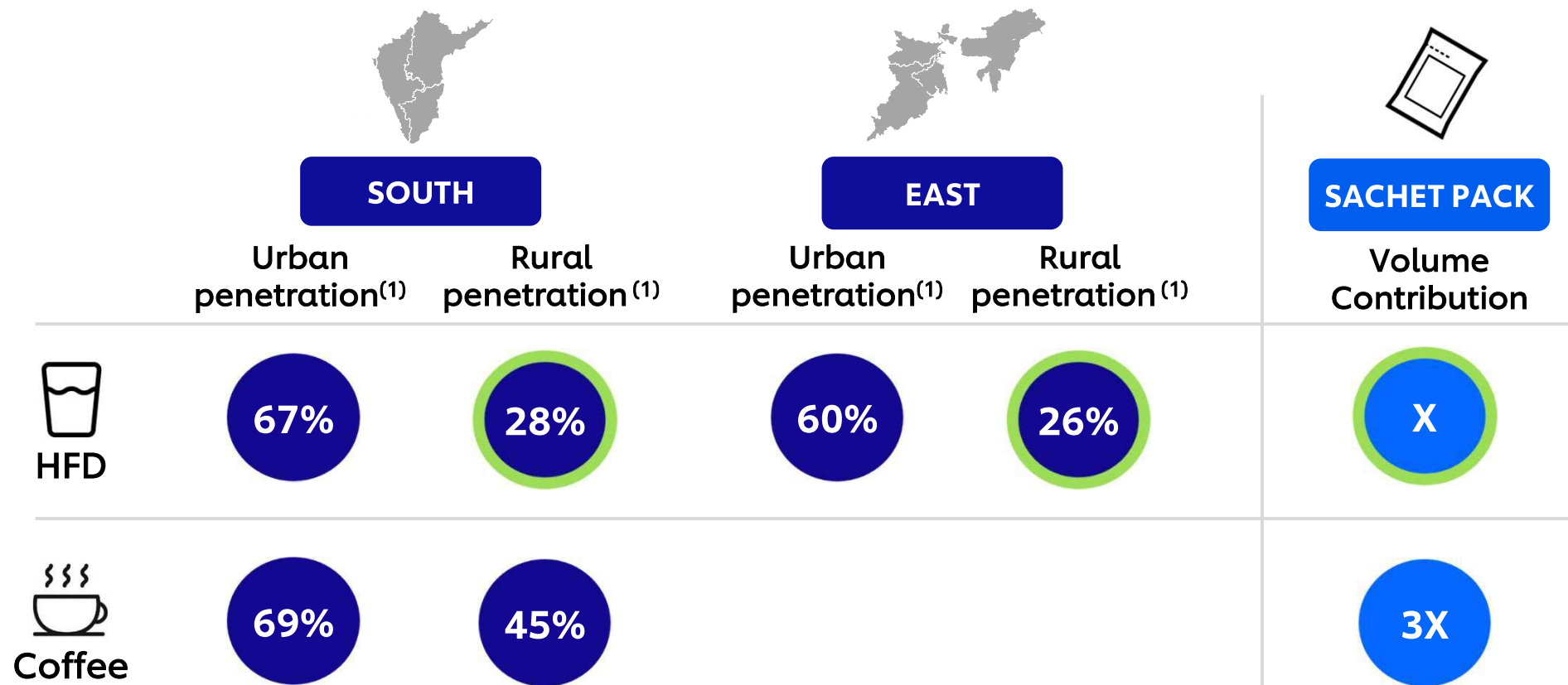
9 in 10

Indian children's* diets are deficient in micro-nutrients ⁽²⁾

A huge opportunity for a purposeful Nutrition portfolio

Rural India offers significant growth potential

Market Development will be a key growth driver



Building demand by increasing relevance and affordability

Reinforcing Horlicks Health credentials



Launch of pouch pack @ 20% discount



GTM ramp-up offers sizeable coverage & growth opportunity

Opportunity to improve physical reach by covering more stores



HUL - F&R



Hindustan Unilever Limited



X



1.75X



2.25X

Leveraging HUL Channel Expertise

MT & E-Commerce



Out of Home / HTS



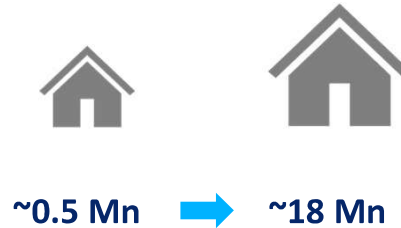
Shakti Channel



Medium term opportunity : Expand the Nutrition category

Opportunity in underserved adult nutrition market

Maternal nutrition



Women's nutrition



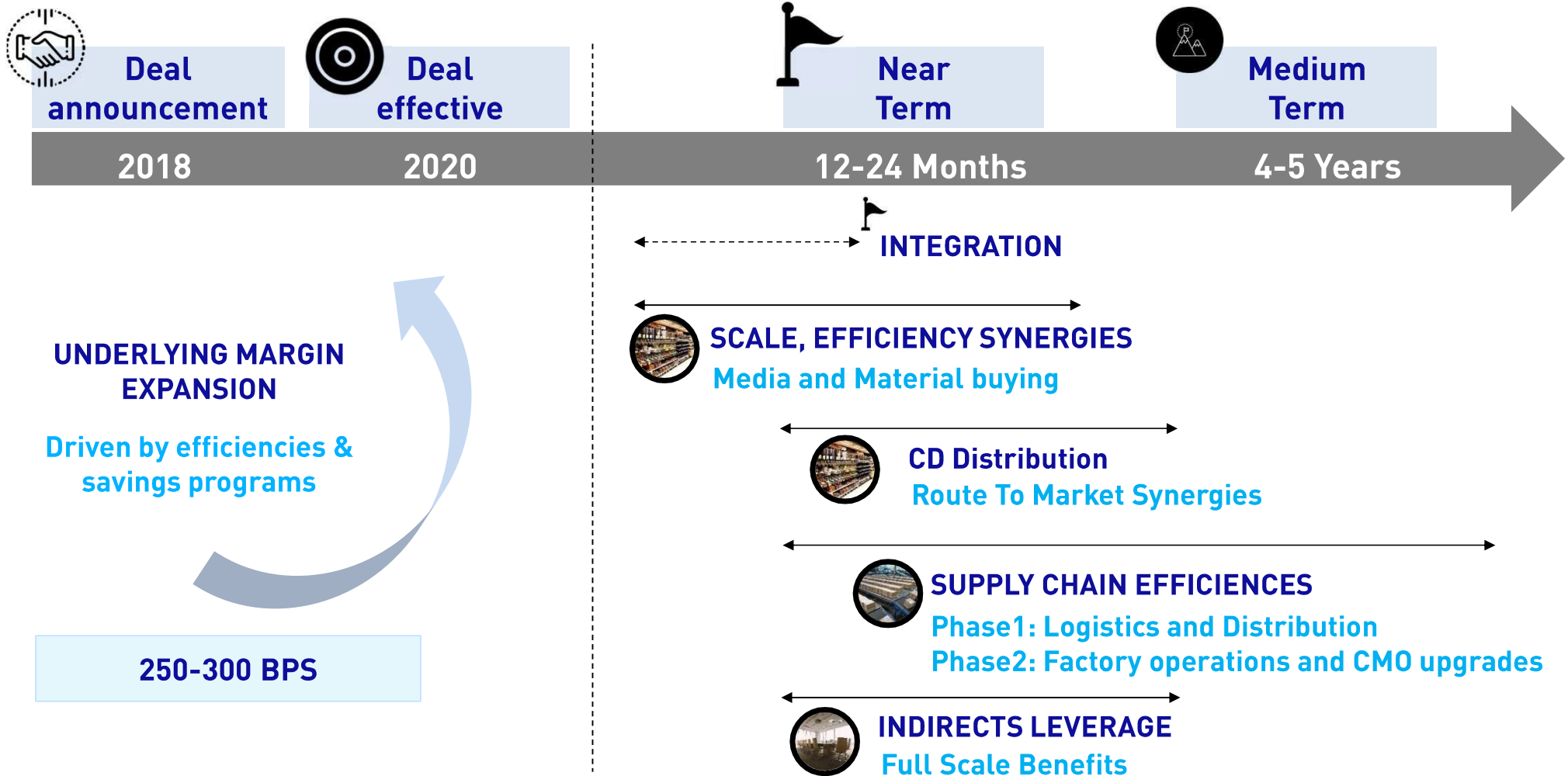
Adult deficiency & Wellness



Key Drivers

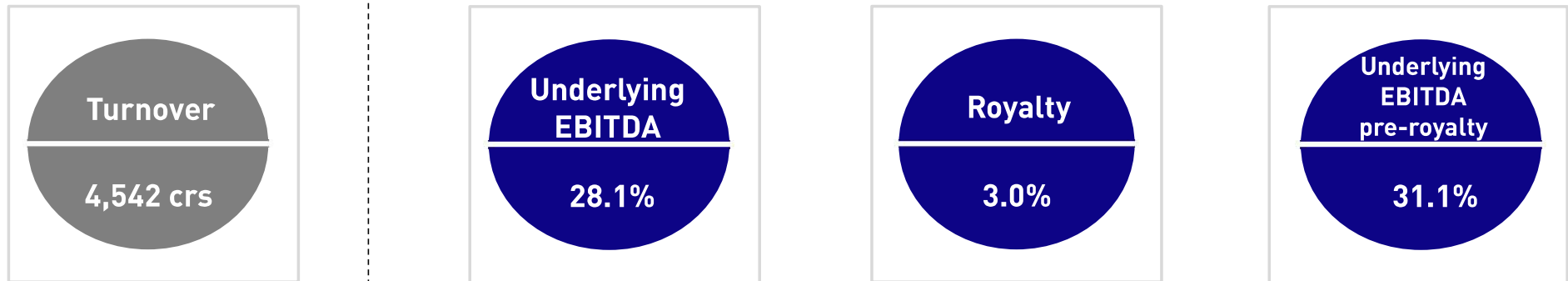
- ✓ Driving access
- ✓ Building relevance
- ✓ New Product development

Margins realization on track

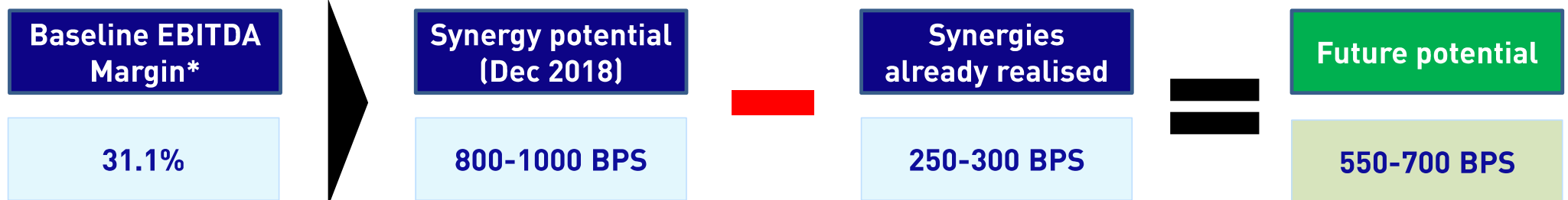


And poised to deliver significant value

Baseline Margins



Future Synergy potential in Medium-Term

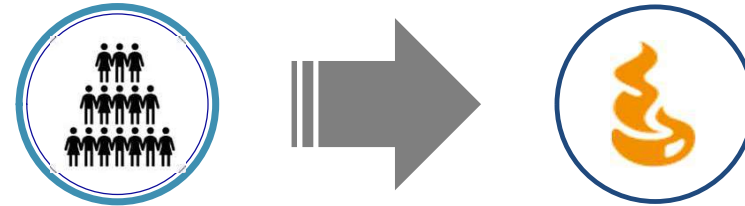
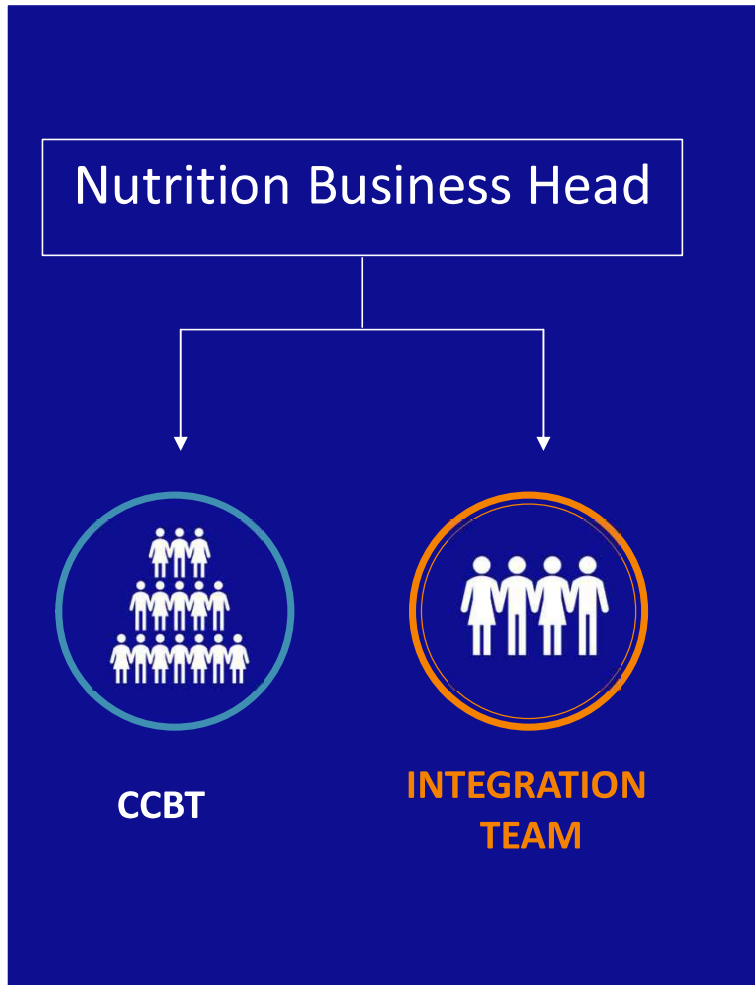


**Business plans
well supported**

**leverage capabilities and
focused organization**



Investing for growth : Distinct Business and integration teams



Nutrition a separate CCBT within F&R Division

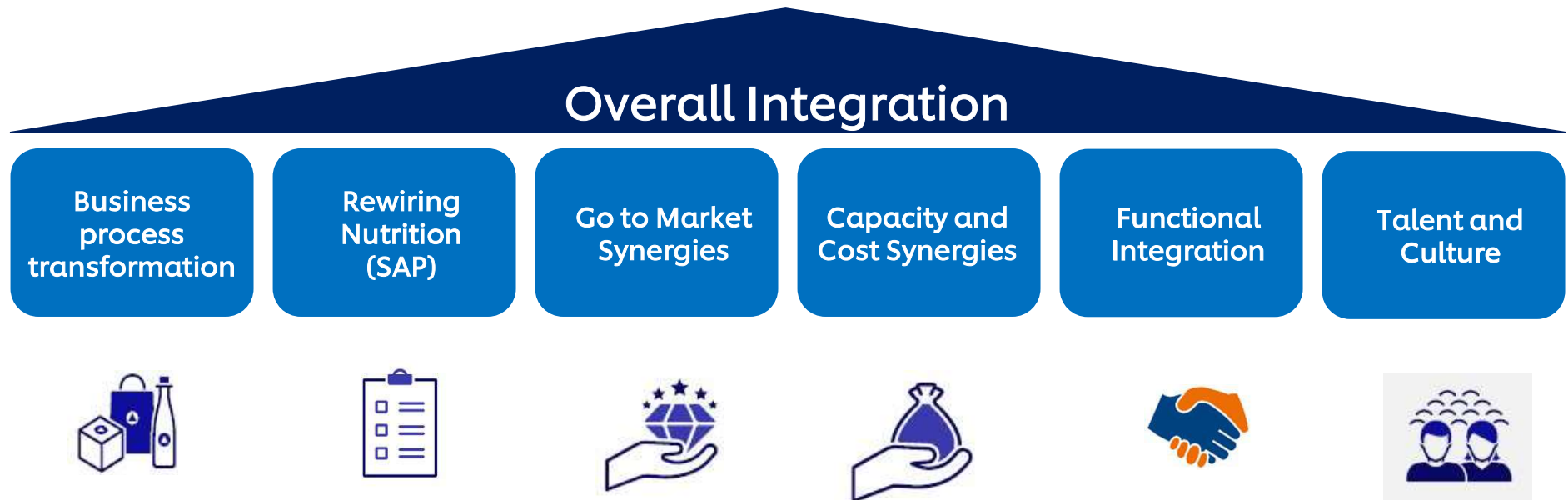
- Business strategy & execution – Unlock the market development opportunity



Integration team continues for next 18 months

- Charting of synergy plans
- Business Process and IT Harmonisation – full IT integration likely to be completed by June 2021

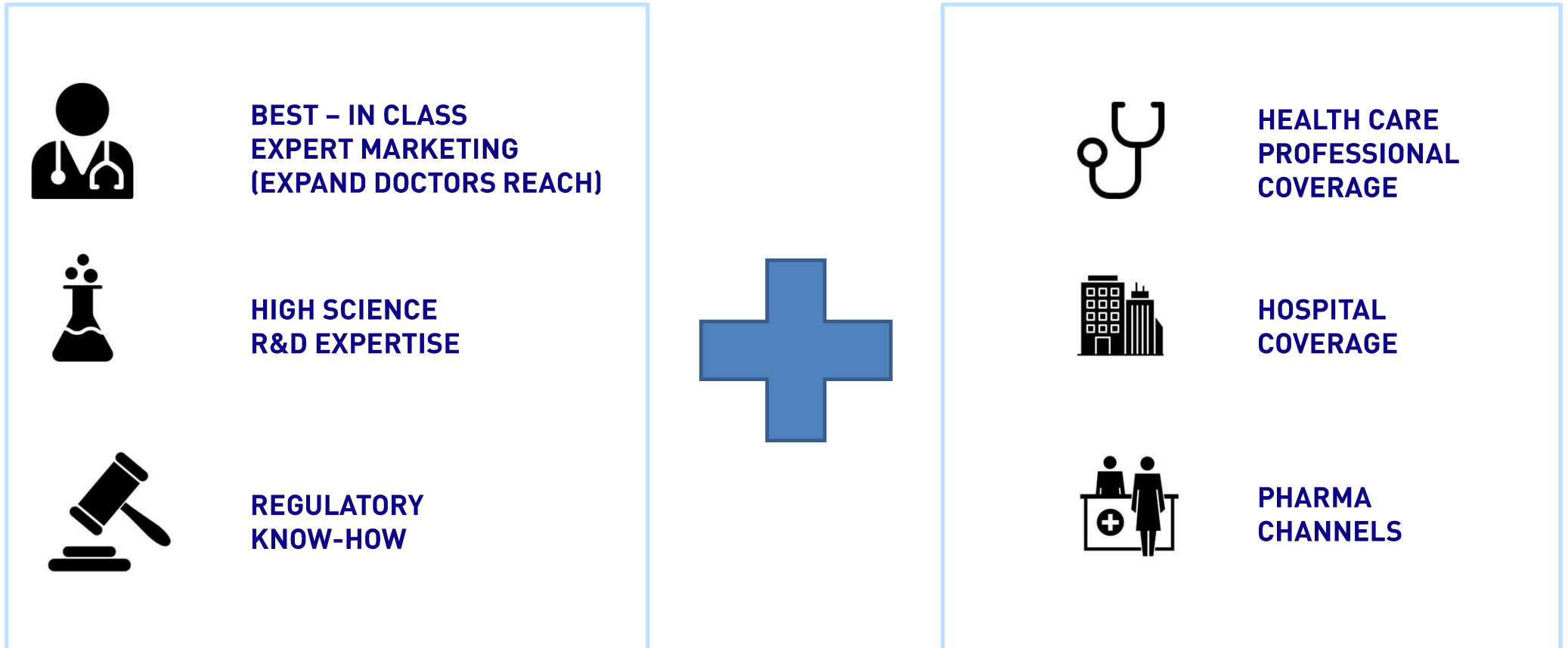
With a framework that leverages technology & best practices



Key programs to unlock value creation

Anchored end to end by Integration Board

While embracing new capabilities



Potential to create value across HUL categories

Financial and tax implications from the merger



Key Financial Call-Outs

Transition Costs (Y1)

- Business has an IT Transition Services Agreement with GSK Plc for 12Months: ~ Rs 80 crs

Exports Reporting

- Exports to move to HUL subsidiary UIEL - visible in Consolidated results

Integration costs

- Investments to realise synergy benefits in near-to-medium term (reported under exceptional items)

OTC OH Arrangement

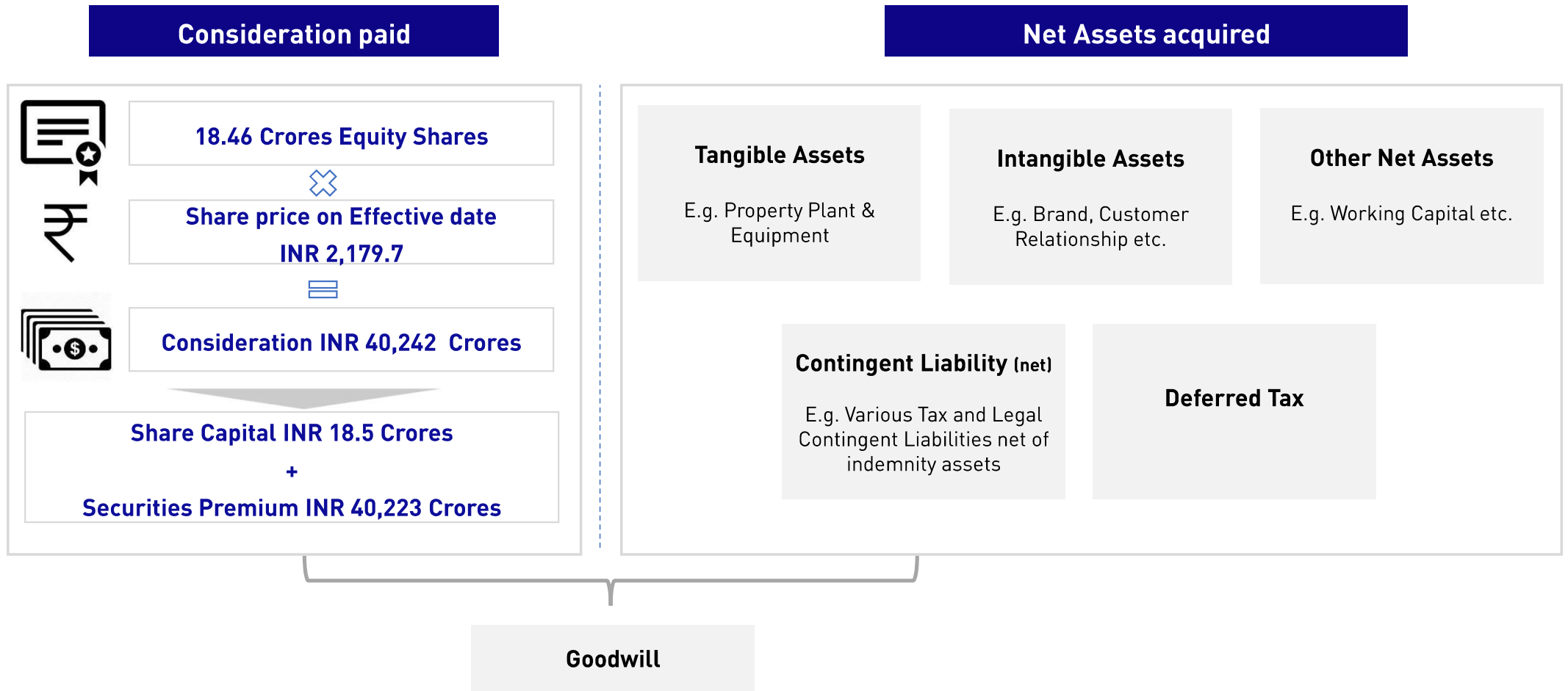
Product Portfolio



Distribution arrangement

- Consignment Services Agreement signed between both parties with clearly agreed roles & KPIs on both sides
- For 5 years, mutually renewable at the end of term
- Net Margins protected

Accounting for merger



Excess of Consideration over identified Assets & Liabilities to be recorded as “Goodwill”

Intangibles – Accounting & Tax Impact

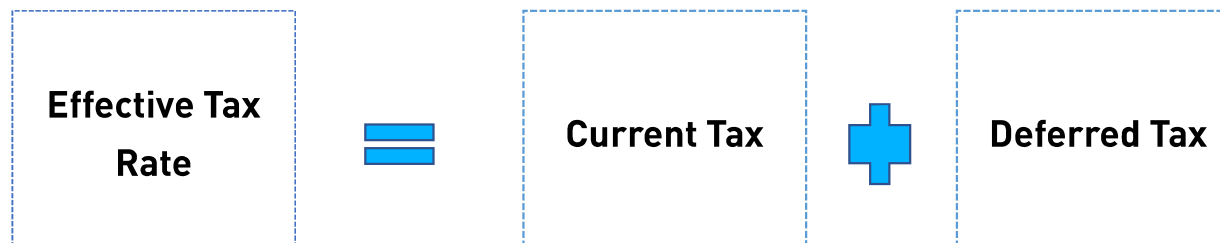
Accounting Books - Balance Sheet

- Infinite life intangibles will be recorded at Fair Value and tested for impairment
- Finite life intangibles will be recorded at Fair Value and depreciated over useful life.

Tax Books – Balance Sheet

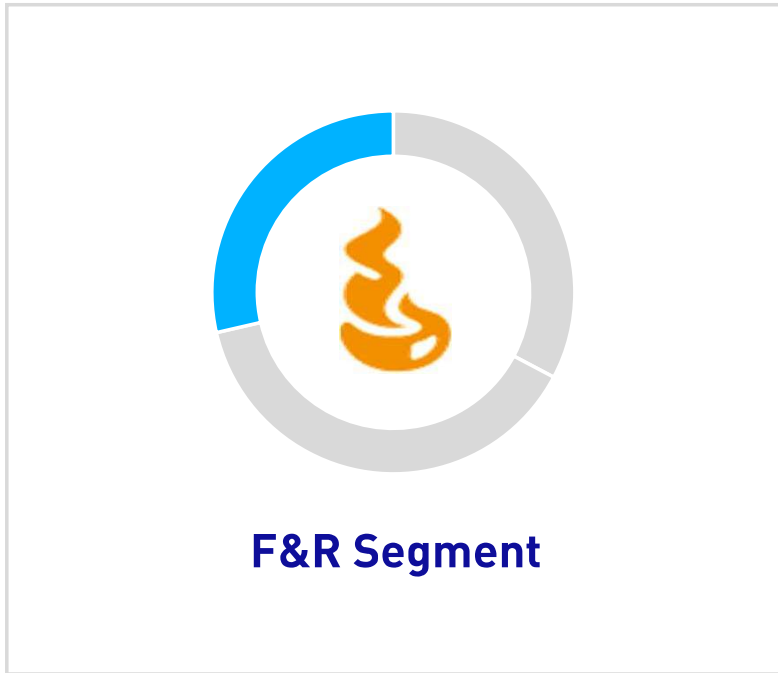
- All intangibles (including Goodwill) will be added to intangibles tax block
- Intangibles eligible for depreciation u/s 32 of the Income Tax Act.

The difference in the value of intangibles in financial and tax books is in the nature of “temporary difference” and will be subject to deferred tax at every period end. No impact of ETR

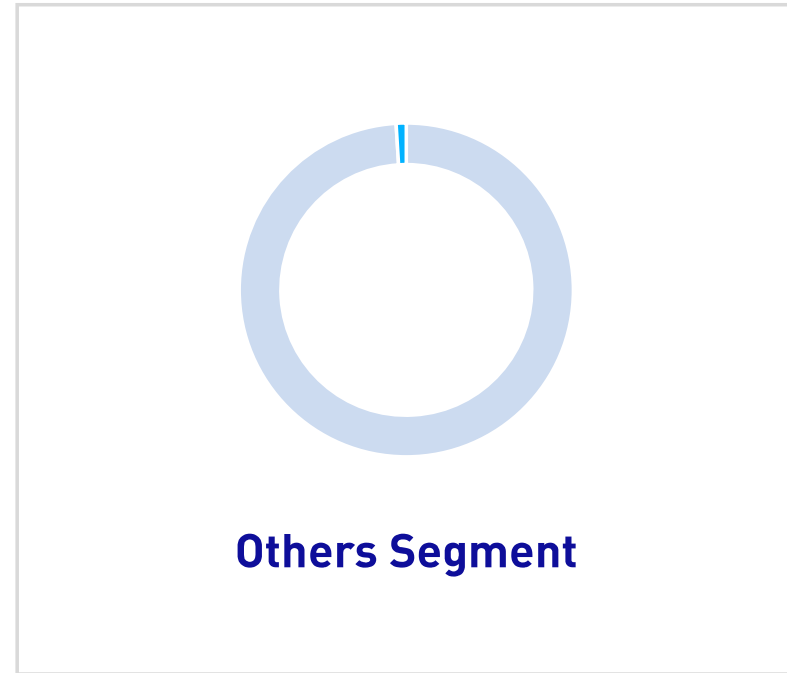


Future reporting

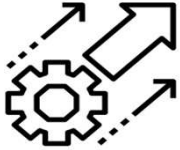
Domestic Business



Exports Business + OTC



In Summary



- **Structural opportunity intact, COVID uncertainties in the near-term**



- **Seamless cutover completed, Successful first quarter**



- **Medium Term - Growth in double digit, Incremental margins of 550-700BPS (250-300BPS synergies already realised)**



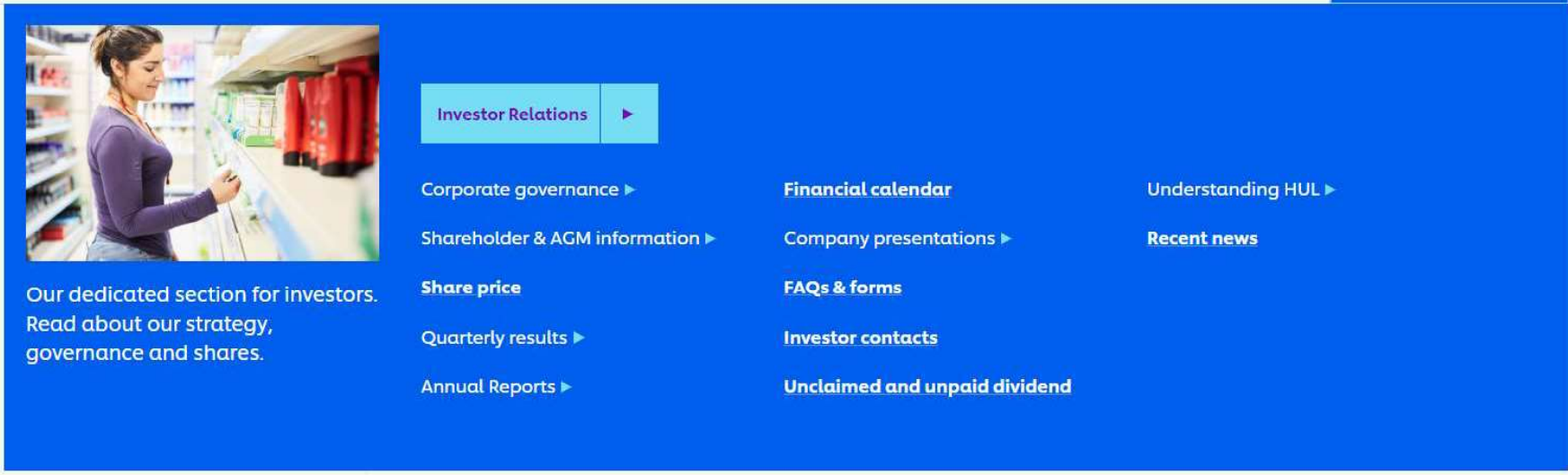
- **Return on Capital Employed (RoCE) and Return on Net Worth (RoNW) to drop on account of increase in shareholder's equity**



- **OTC/OH: a win-win arrangement**

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The image shows a screenshot of the Hindustan Unilever Investor Relations website. On the left, there is a photograph of a woman in a purple top looking at products on a supermarket shelf. Below the photo, the text reads: "Our dedicated section for investors. Read about our strategy, governance and shares." To the right of the photo is a navigation menu with a blue background and white text. The menu items are: "Investor Relations" (highlighted in a light blue box), "Corporate governance", "Shareholder & AGM information", "Share price", "Quarterly results", "Annual Reports", "Financial calendar", "Company presentations", "FAQs & forms", "Investor contacts", "Unclaimed and unpaid dividend", "Understanding HUL", and "Recent news". Each item has a right-pointing arrow next to it.