



Hindustan Lever Limited

Analysts & Press Meet

11th Feb 2005

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DQ'04 Results Highlights

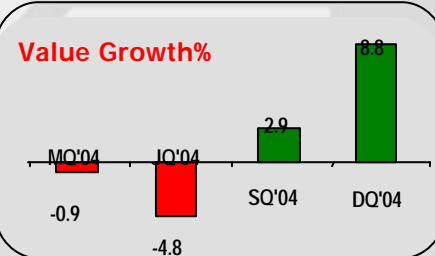
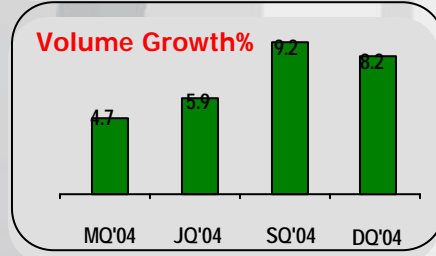
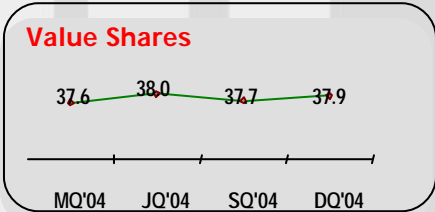
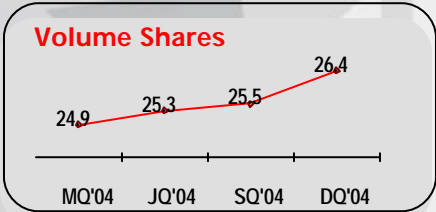
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DQ 2004
Highlights

- Laundry value & volume growth 8%+ ; market shares grow

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Laundry



Rin, Surf and Wheel - All grow

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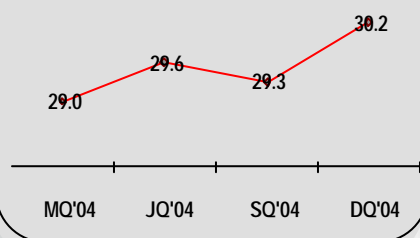
DQ 2004 Highlights

- Laundry value & volume growth 8%+; market shares grow
- Beverages grows by 7% in value; Strong Brookebond growth

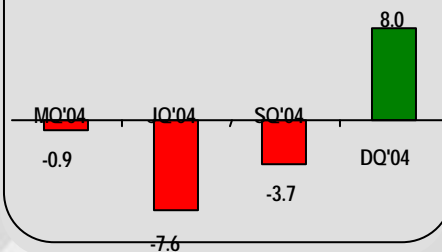
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Beverages

Tea - Value Shares



Tea - Value Growth



- BrookeBond grows by 15.5% and gains 4.5% market share in one year; Lipton continues to grow in strong double digits
- Brand rationalization completed in tea. Base impact reduces overall growth
- Coffee continues to grow strongly

Coffee	MQ'04	JQ'04	SQ'04	DQ'04
Value Shares	39.0	42.2	42.5	41.2

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DQ 2004 Highlights

- Laundry value & volume growth 8%+; market shares grow
- Beverages grows by 7% in value; Strong BrookeBond growth
- Processed Foods market shares held although sales decline 42%

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Processed Foods

- Sales decline arising from corrective actions
 - Phased stock reduction
 - Withdrawal of '03 innovation
 - Defocus of Atta in unviable geographies
- Market shares held / improved

Value Shares	MQ '04	JQ '04	SQ '04	DQ '04
Jams	78.8	78.7	79.5	78.4
Ketchup	29.0	27.8	29.9	30.3
Salt	15.4	15.2	16.1	15.7

Restructuring completed, category portfolio focused for growth

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DQ 2004 Highlights

- Laundry value & volume growth 8%+; market shares grow
- Beverages grows by 7% in value; Strong BrookeBond growth
- Processed Foods market shares held although sales decline 42%
- HPC grows 4.9% in volume and 3.4% in value

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Soaps and Detergents

- **Laundry** : Strong volume and value growth; market share gains in a competitive context
- **Personal Wash** : Sales held - Lifebuoy continues to grow with highest market share; Lux declines; Petalsoft launched; Leveraging portfolio strength

Personal Wash	MQ ' 04	JQ ' 04	SQ ' 04	DQ ' 04
Volume Shares	58.9	57.7	57.1	56.6
Value Shares	58.5	57.2	56.5	56.3

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Personal Products

- Strong underlying volume growth of 8.7%
- Skin : Growth sustained at 8%+ on a large base; all brands grow; market shares continue to improve

Skin	MQ ' 04	JQ ' 04	SQ ' 04	DQ ' 04
Volume Share	60.5	62.3	61.4	62.0
Value Share	59.2	60.0	60.0	60.2

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Personal Products

- Toothpaste : Market shares grow in the face of low cost competition; sales held

Toothpaste	MQ ' 04	JQ ' 04	SQ ' 04	DQ ' 04
Volume Share	28.4	28.3	28.1	28.4
Value Share	32.5	32.9	32.9	32.9

- Shampoo : Double digit volume growth for 3 consecutive quarters leading to gains in volume shares; value growth lagging reflecting pricing action

Shampoo	MQ ' 04	JQ ' 04	SQ ' 04	DQ ' 04
Volume Share	48.9	49.4	51.7	51.6
Value Share	51.4	49.8	48.9	47.1

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DQ 2004
Results Highlights

Rs Crores

· EBIT decline	203
· <u>Mainly due to</u>	
- Competitive Strategy in Laundry & Hair	75
- Additional A&P spends in HPC	26
- Personal Wash mix & one offs incl Savlon disposal credit in base	33
- Food restructuring costs	39

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DQ 2004
Segment Results - HPC

Rs Crores

	DQ'04	DQ'03
HPC Segment Results	463.3	617.8
Soaps & Detergents	231.0	324.1
Personal Products	232.3	293.7

- Competitive strategy laundry & shampoo
- Stepped up Investments in brands and quality
- Input cost escalations

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DQ 2004
Segment Results

Rs Crores

	<u>DQ'04</u>	<u>DQ'03</u>
Processed Foods	(34.4)	4.4

- Cost of unsuccessful innovations and trade returns
- Impact of lower primary sales

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New Ventures

- **Water** - Launched in Chennai; Encouraging response; Phased roll-out
- **HL Network** - Steady progress; Focus on consultant recruitment & training
- **Shakti** - Model extended to 310 districts in 12 states; 50,000 villages; Touching 70 mn rural people

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New Ventures

- **Ayush** - Progress below expectation; in general trade; Encouraging response in direct selling and therapy centers; Marketing mix under review
- **Confectionery** - Action standards not met; Business discontinued;

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Sales Summary

Rs Crores	DQ'04	Growth%	FY'04	Growth%
Domestic FMCG - Cont	2225	1.0	8450	0.3
HPC	1826	3.4	6883	2.2
Total Foods - Cont	400	(8.5)	1568	(7.4)
Exports	320	2.8	1249	2.0
Others	55	(19.8)	228	(15.0)
Continuing Business	2601	0.7	9927	0.1
Net Sales	2601	0.7	9927	(2.1)

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Results Highlights

Rs Crores	DQ'04	Growth%	FY'04	Growth%
PBIT	430	(32.0)	1455	(28.6)
Financial Income (Net)	46	5.8	170	(36.3)
Int on Bonus Debentures	(30)		(120)	
PBT	446	(31.0)	1505	(32.9)
PAT	358	(36.4)	1199	(33.5)
Exceptional Items	(24)		(2)	
Net Profit	334	(32.6)	1197	(32.4)

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DQ 2004 Exceptional Items

Exceptional Items DQ'04	Amount (Rs Cr)
Reduction in liability for retirement benefits - Arising out of reduction in annuity rates	69.1
Profit on Disposal of Investments (TCL)	40.5
Profit on disposal of land in Ghaziabad	22.9
Diminution in value of investment (Modern)	(87.3)
Exit cost for discontinued business (Confectionery)	(30.5)
Others (VRS/Disposal of FA)	(30.1)
Exceptional Items (Net of Tax)	(23.9)

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Dividends

- Board recommends a final dividend of Rs 2.5 per share

Dividend Per Share of Re 1	2003	2004
Interim	2.500	2.500
Distribution Tax	0.320	0.327
Total Interim Dividend	2.820	2.827
Final	3.000	2.500
Distribution Tax	0.385	0.327
Total Final Dividend	3.385	2.827
Total Distribution (Incl Tax)	6.205	5.654

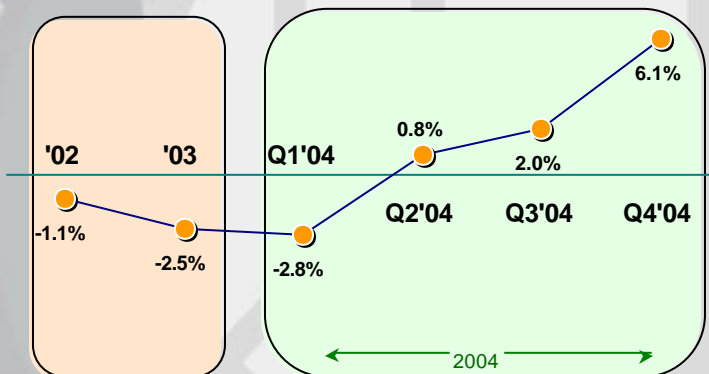
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Looking ahead...

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Current market context

FMCG Market (HLL Categories) Growth%



Source : AC Nielsen ORG Marg Retail Audit

FMCG markets revive after 2 years of decline

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2005 - Scenario

- High input cost escalation particularly in chemicals & packaging materials impacting laundry most
- Aggressive cost savings and judicious price increases to partly offset cost pressures
- High brand building investments will continue

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Looking ahead

- Strong brands : Rationalization completed
- Delivering Consumer Value
 - Brand relevance; Strategic Pricing; Quality
- Innovation / Activation - supported by new organisation
- New sales organisation
- Foods : Restructuring completed & Supply chain issues resolved

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Key agenda will continue to be

Topline Growth

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Thank You

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