

# DQ 2013 Results Presentation – Jan 27, 2014



Make your everyday  
Tiffin yummy with Kissan  
Jam and ketchup.



# Safe Harbour Statement

This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward looking statements. These forward looking statements are based on certain expectations, assumptions, anticipated developments and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, market growth, intense competition and the pricing environment in the market, consumption level, ability to maintain and manage key customer relationship and supply chain sources and those factors which may affect our ability to implement business strategies successfully, namely changes in regulatory environments, political instability, change in international oil prices and input costs and new or changed priorities of the trade. The Company, therefore, cannot guarantee that the forward looking statements made herein shall be realized. The Company, based on changes as stated above, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein or make written or oral forward looking statements as may be required from time to time on the basis of subsequent developments and events. The Company does not undertake any obligation to update forward looking statements that may be made from time to time by or on behalf of the Company to reflect the events or circumstances after the date hereof.

# Agenda

1

Strategy

2

Business Context

3

Current Quarter Performance

4

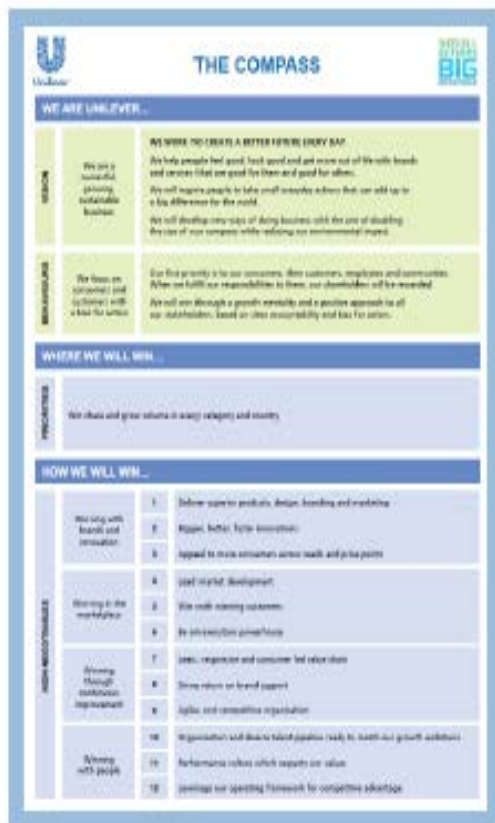
Nine Months Performance

5

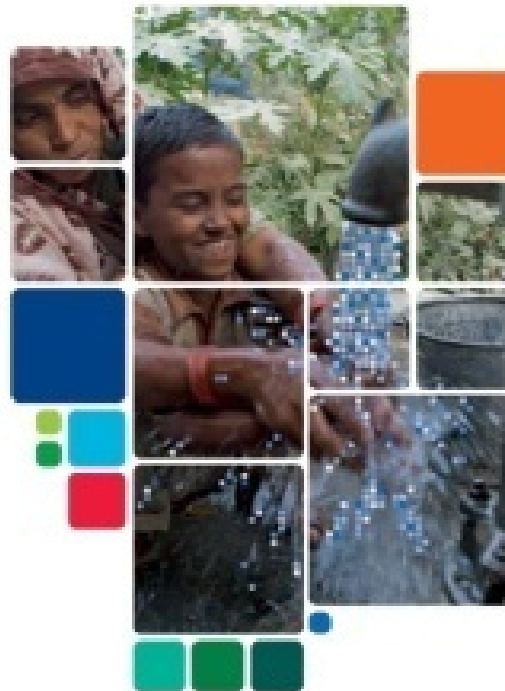
Looking Ahead

# Clear and Compelling Strategy

## Strategic framework



## Sustainable Living Plan



## Goals

Consistent **Growth**

Competitive **Growth**

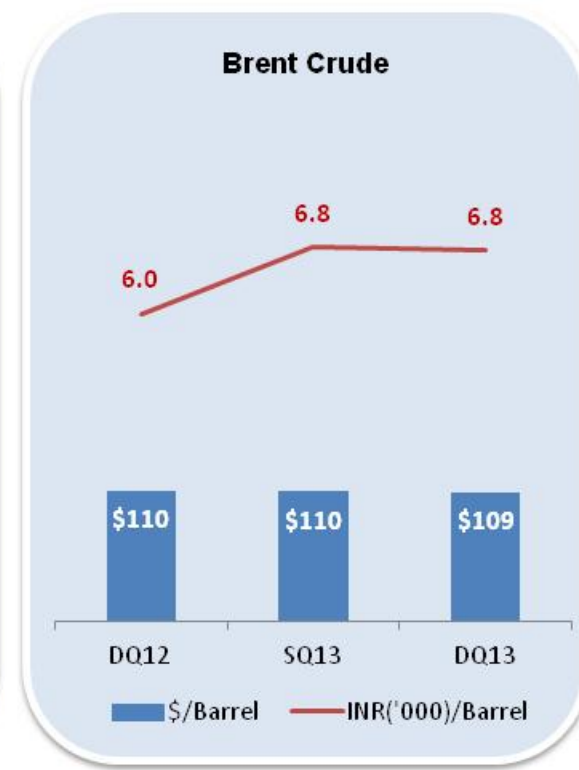
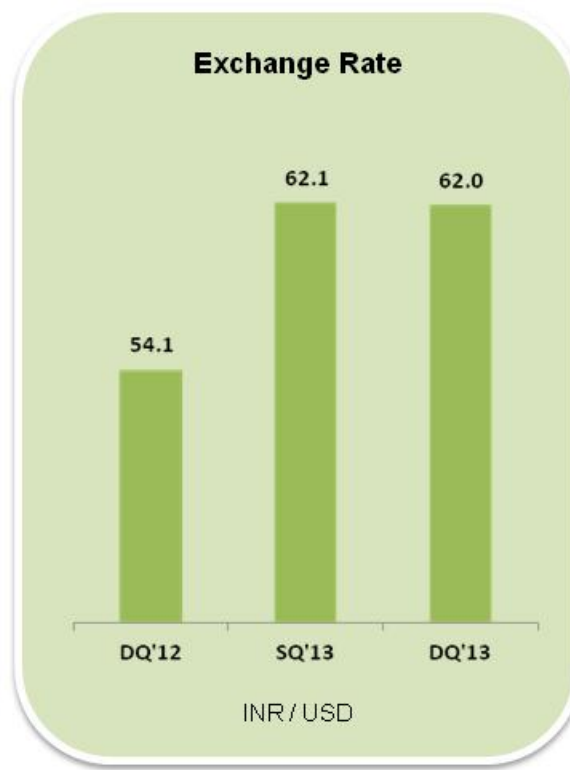
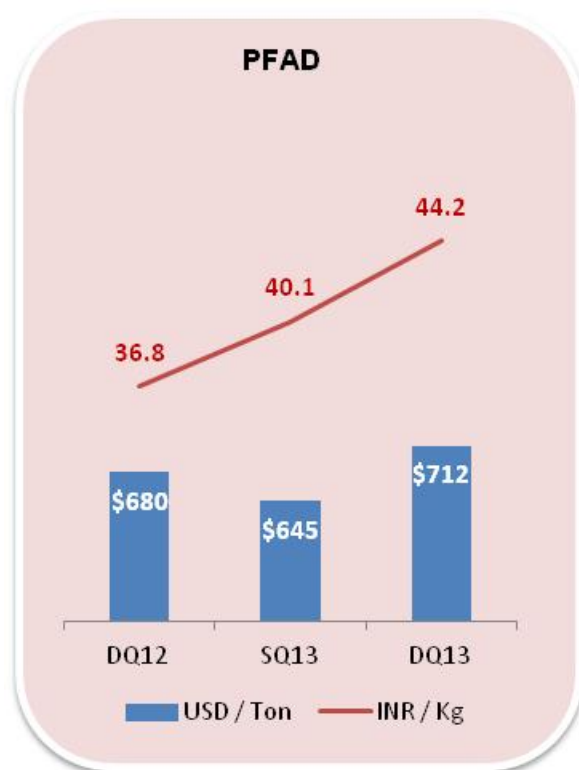
Profitable **Growth**

Responsible **Growth**

- **Market growth continues to remain soft across categories**
- **Firm input costs, led by the Rupee depreciation**
- **Competitive intensity remains high**
- **Uncertain media environment**

# Firm input costs

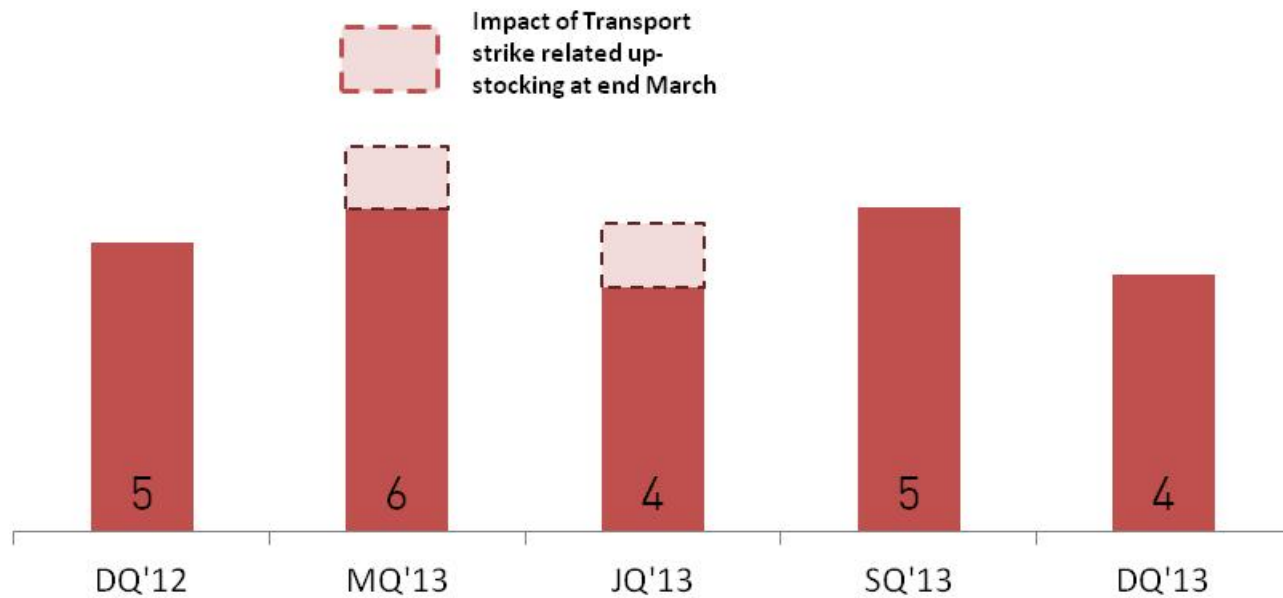
## *Led by the Rupee depreciation*



- **Domestic Consumer business grows by 10%, ahead of market**
  - 4% underlying volume growth
- **Operating Margin (PBIT) expands to 16.5%; up 50 bps**
  - PBIT at Rs. 1162 crores grows by 13%
  - COGS down 110 bps driven by judicious pricing, lower promotions and cost savings
  - A&P up Rs. 107 crores (13%); +40 bps at 13.2% of sales; competitive spends maintained
- **PAT (bei) at Rs. 955 crores, up 9%**
- **Net Profit at Rs. 1062 crores, up 22%, aided by exceptional items**

# Healthy volume growth in a slowing market

## Underlying Volume Growth (UVG)





# Winning with Brands

## *Continued focus on innovations*



Pears 'Younger looking skin'



Wheel Powder



Fair & Lovely Rs. 5



Lakme Winter Moisturizer



Ponds Silk Cream



Clinic Plus Vita Oil



Lakme Drama Stylist range



Lakme eyeconic 5 shades



Lipton Clear Green tea

# Winning with Brands

## Impactful activation in quarter

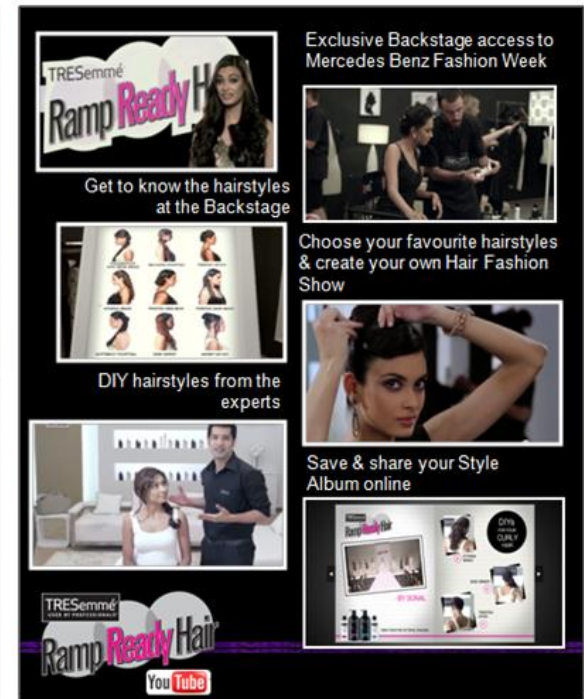
**Channel Partnership: playing for 'Help a child reach 5'**



**POND'S '10 things I love about you'**



**closeup** Movie Tie Up



**TRESemmé** USED BY PROFESSIONALS Ramp Ready Hair



# Winning with Brands

## *Impactful activation in quarter*



**Natural  
Care**



**Knorr  
Soups**



**Bru Gold**



Latest Winners



Rishi Oshra, Rajasthan

Four lucky winners  
**struck gold.**  
Six more to go.

You too can win a chance  
to meet Imran and  
win a gold coffee bean.

Just tell us why  
Bru Gold is as good as gold.

- A Bru Gold coffee has a great taste.
- B Bru Gold coffee has an incredible aroma.
- C Bru Gold coffee is 100% pure coffee.
- D All of the above.



Rs.10  
**OFF**  
on the  
50G JAR

To participate, give a missed call on 9967999679  
and you could be one of the 10 lucky winners.

# Growth across segments

|                               | <i>Sales growth %</i> |
|-------------------------------|-----------------------|
| <b>Soaps &amp; Detergents</b> | <b>8</b>              |
| <b>Personal Products</b>      | <b>13</b>             |
| <b>Beverages</b>              | <b>9</b>              |
| <b>Packaged Foods</b>         | <b>14</b>             |

**Domestic Consumer grows at 10%**

# CATEGORY HIGHLIGHTS

# Skin Cleansing

## *Healthy volume led performance*



- **Pears, Dove, Breeze and Lifebuoy lead category growth**
  - Pears re-launched with 'Younger looking skin' proposition
- **Liquids delivers a strong quarter led by Lifebuoy handwash**
- **Cost inflation managed through judicious pricing and unwinding of promotions**

# Home Care

## *Growth led by the premium segment*



### → Laundry

- Strong growth in Surf Excel Easy Wash & Excel Matic; Rin led by bars
- Wheel re-launched with superior formulation at quarter end
- Comfort delivers another robust performance



### → Household Care

- Sustained double digit growth across Vim and Domex
  - Vim liquids driving market development
  - Launch of Domex 'Zero Stain' well received



# Skin Care

## *Good growth in a challenging market*



- **Broad based growth across brands**
- **Fair and Lovely re-launch on track**
  - Superior product
  - Focused communication plan
  - Rs. 5 pack introduced
- **Lakme sustains strong innovation-led growth momentum**
  - Lakme Winter Intense Moisturiser launched
- **Facial cleansing portfolio does well**



# Hair Care

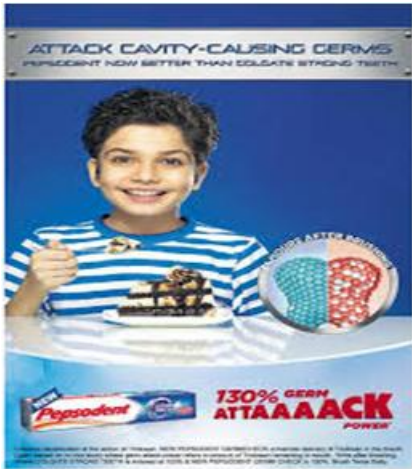
## *Volume led double digit growth*



- **Strong growth momentum sustained; broad based across formats**
  - Dove leads category performance with accelerated growth
  - Sunsilk and Clinic Plus continue to do well
  - TRESemmé making good progress
- **Portfolio expanded with launch of Clinic Plus Vita Oil**

# Oral Care

## *Growth accelerates in a competitive market*



- Double digit growth across both brands
- Pepsodent led by strong growth on GermiCheck post its re-launch last quarter
- Close up driven by exciting activation
- A&P significantly stepped up to sustain competitive position



# Color Cosmetics

***Strong innovation-led growth momentum sustained***



→ **Lakme delivers accelerated volume led growth**

- Absolute & 9 to 5 – sales more than double in the quarter
- 'eyeconic' continues to do very well; new shades introduced
- Exciting new 'Stylist' offerings added to the portfolio



→ **Elle 18 growth steps up on the back of impactful activation**



# Beverages

## *Double digit growth in Tea*



### → Tea sustains double digit growth across all key brands

- Portfolio driven by mix improvements, impactful activation, in-market initiatives
- Focus on market development for tea bags continues
  - Flavored & Green Tea bags sales more than double
  - Lipton Clear Green 100's tea bags & carton pack launched



### → Bru continues to drive category premiumization, led by Bru Gold

### → Beverages value growth coming off with benign commodity costs

# Packaged Foods

## *Double digit growth in Kissan, Knorr & Kwality Walls*



→ Kissan growth accelerates through impactful market development



→ Knorr growth led by another strong quarter on Instant Soups



→ Kwality Walls driven by sharper in-market execution



WORLD'S LARGEST SELLING  
WATER PURIFIER



- **Pureit ranked as the most trusted brand in water purifiers**
  - *Source: Brand Equity's 2013 trusted brand survey*
- **Portfolio expansion and premiumization continue successfully**
  - RO, UV & Advanced devices grow volumes
- **In-store execution stepped up through the launch of 'Pureit Perfect Stores'**

Rs Crores

| Particulars     | DQ'12 | DQ'13 | Growth % |
|-----------------|-------|-------|----------|
| Net Sales       | 6,434 | 7,038 | 9        |
| PBITDA          | 1,089 | 1,227 | 13       |
| PBIT            | 1,030 | 1,162 | 13       |
| PBIT margin (%) | 16.0  | 16.5  | 50 bps   |
| PAT bei         | 873   | 955   | 9        |
| Net Profit      | 871   | 1,062 | 22       |

**Domestic Consumer grows at 10%**

Rs Crores

| Particulars                           | DQ'12 | DQ'13 | Growth % |
|---------------------------------------|-------|-------|----------|
| PBIT                                  | 1030  | 1162  | 13       |
| Add : Other Income                    | 134   | 143   |          |
| Less : Finance Costs                  | 8     | 18    |          |
| Exceptional Items – Credit / (Charge) | (7)   | 23    |          |
| PBT                                   | 1148  | 1310  | 14       |
| Less : Tax                            | (277) | (248) |          |
| Net Profit                            | 871   | 1062  | 22       |

- Other income includes
  - Interest, dividends & gain on sale of other non trade current investments Rs.131 crs (DQ'12: Rs. 131 crs)
  - Interest on income tax refund of Rs. 12 crs (DQ'12: Rs. 3 crs)
- Finance costs includes interest on income tax amounting to Rs 12 crs (DQ'12 : Rs Nil)
- Key exceptional items :
  - Profit on sale of properties Rs. 28 crs (DQ'12: Rs. 25 crs)
  - Restructuring costs of Rs.5 crs (DQ'12: Rs. 32 crs)
- Taxation for the quarter includes net write back of excess tax provisions of earlier years Rs. 93 crs (DQ'12: Nil)
  - Effective Tax rate for the quarter is 25.8% (DQ'12: 24.5%)



- 10% Domestic Consumer growth, ahead of market
  - 4% underlying volume growth
- Investing for growth; A&P increased by over Rs.100 crores
- PBIT margin expands +50 bps

**NINE MONTHS ENDING  
31<sup>ST</sup> DECEMBER 2013**

# Nine Months ending 31-Dec-2013

## Results summary

| Rs Crores       |           |           |          |
|-----------------|-----------|-----------|----------|
| Particulars     | YTD DQ'12 | YTD DQ'13 | Growth % |
| Net Sales       | 18,839    | 20,472    | 9        |
| PBITDA          | 3,032     | 3,398     | 12       |
| PBIT            | 2,857     | 3,203     | 12       |
| PBIT margin (%) | 15.2      | 15.6      | 50 bps   |
| PAT bei         | 2,534     | 2,723     | 7        |
| Net Profit      | 3,009     | 2,995     | =        |

- Domestic Consumer grows at 9%
- Net profit growth impacted by significant property sale in base period

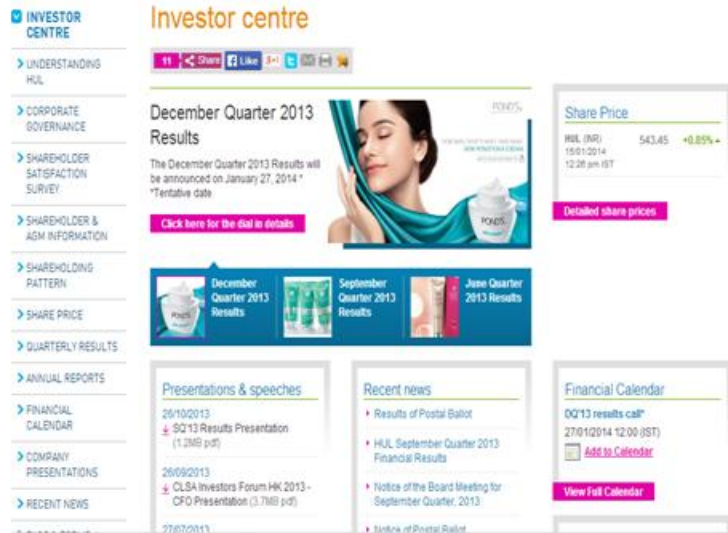
# Looking ahead

- **Strategy unchanged; continue to manage business for long term growth**
  - Consistent, Competitive, Profitable, Responsible Growth
- **Invest to strengthen the core and lead the development of emerging categories**
- **Near term concerns**
  - Uncertain macro environment
  - Volatility
- **Positive on the medium-long term outlook for FMCG**
- **HUL well positioned : Brands, Capabilities, Talent**

# For more information & updates

## VISIT OUR WEBSITE

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



The screenshot shows the HUL Investor Centre website. On the left is a navigation menu with links: INVESTOR CENTRE, UNDERSTANDING HUL, CORPORATE GOVERNANCE, SHAREHOLDER SATISFACTION SURVEY, SHAREHOLDER & AGM INFORMATION, SHAREHOLDING PATTERN, SHARE PRICE, QUARTERLY RESULTS, ANNUAL REPORTS, FINANCIAL CALENDAR, COMPANY PRESENTATIONS, and RECENT NEWS. The main content area is titled 'Investor centre' and features a 'December Quarter 2013 Results' announcement. It includes a share price table for HUL (NSE) showing a price of 543.45 and a change of +0.89%. Below this are sections for 'Presentations & speeches', 'Recent news', and 'Financial Calendar'. The 'Presentations & speeches' section lists the Q1 13 Results Presentation (1.3MB pdf) dated 26/10/2013 and the CLSA Investors Forum HK 2013 - CFO Presentation (3.7MB pdf) dated 27/07/2013. The 'Recent news' section lists the Results of Postal Ballot dated 27/01/2014, HUL September Quarter 2013 Financial Results, and the Notice of the Board Meeting for September Quarter 2013. The 'Financial Calendar' section lists the Q1 13 results call on 27/01/2014 at 12:00 (IST) and provides a link to the full calendar.

## HUL INVESTOR APP

