

SQ 2013 Results Presentation – Oct 28, 2013



GET A SALON-LIKE CLEAN-UP
AND FLAUNT THAT CLEAR SKIN.
LAKMÉ CLEAN-UP.

NEW

FACE wash FACE scrub FACE mask

CLEAR PORES

LAKMÉ CLEAN-UP
REINVENT

Salon Expertise Skincare Solutions Professional Makeup

Daniel Bauer
Lakmé Expert

EXPERIENCE CLEAN-UP SERVICES AT LAKMÉ SALON

Safe Harbour Statement

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Agenda

1

Strategy

2

Business Context

3

Current Quarter Performance

4

First Half 2013 -14 Performance

5

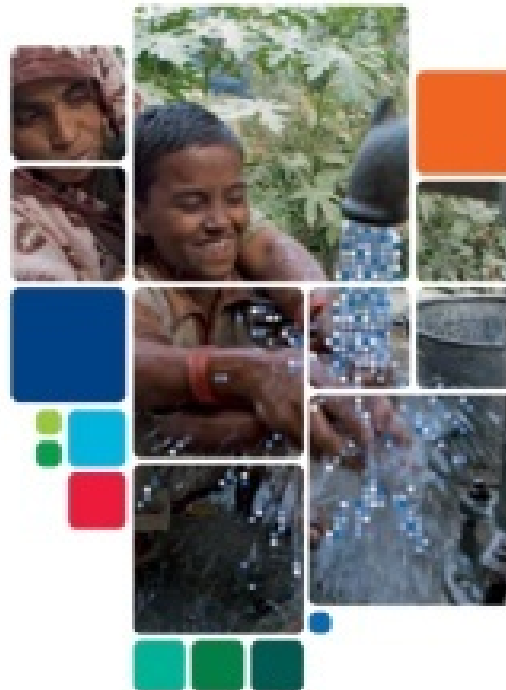
Looking Ahead

Clear and Compelling Strategy

Strategic framework



Sustainable Living Plan



Goals

Consistent **Growth**

Competitive **Growth**

Profitable **Growth**

Responsible **Growth**

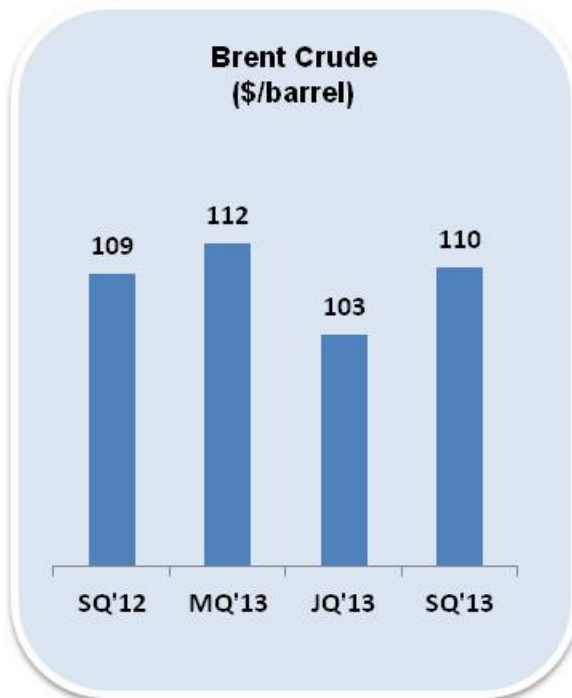
SQ 2013 – Context

Challenging business environment

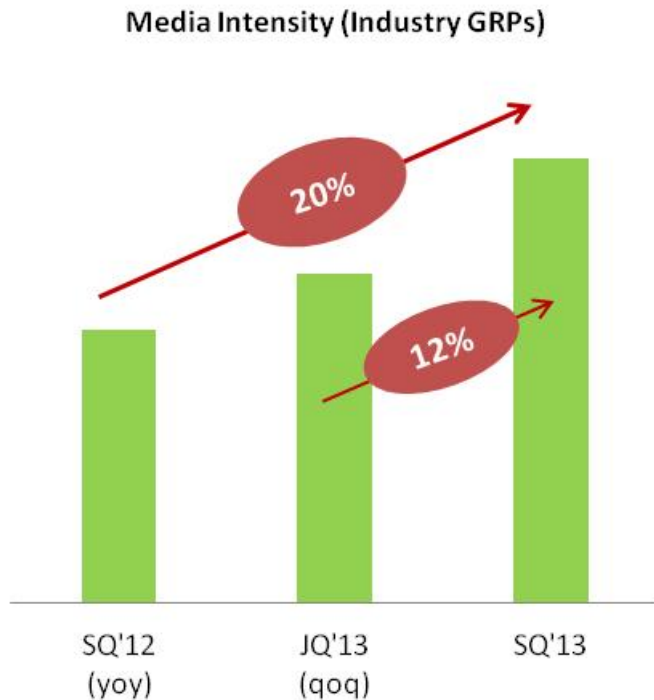
- **Further slowdown in market growth (volume & value) across categories**
 - Premium segments & discretionary categories continue to be under pressure
- **Volatile input cost environment**
- **Overall competitive intensity steps up**
- **Uncertain media environment**

Volatile input cost environment

Sharp Rupee depreciation



Competitive intensity heightens



→ **Personal care entries**

→ **Significant step up in media spends (GRPs)**

- Industry media intensity highest in last 5 years
 - S&D and PP at new highs
 - Sharp increase in Oral Care category

→ **Domestic Consumer business grows by 10%, ahead of market**

- 5% underlying volume growth

→ **Operating Margin (PBIT) expands to 15.1%; up 20 bps**

- PBIT at Rs. 1021 crores grows by 11%
- COGS down 170 bps
- A&P up Rs. 185 crores (24%); +165 bps at 14.1% of sales
 - Competitive spends maintained across segments; significant step up in Personal Products

→ **PAT (bei) at Rs. 883 crores, up 10%; Net Profit at Rs. 914 crores, up 13%**

Winning with Brands

Continued focus on innovations



FAL
Best Ever Formula



Lux
Limited Edition



Ponds
Pimple Clear



Dove Face Wash
With Nutrium Moisture



Taaza
Masala Tea



Pepsodent
Germicheck



Toni & Guy Range
Shampoo, Conditioner, Styling products



Lakme
Youth Infinity Range



Lakme Absolute
Gel Paints

Growth across segments

	<i>Sales growth %</i>
Soaps & Detergents	7
Personal Products	13
Beverages	17
Packaged Foods	9

Domestic Consumer grows at 10%

CATEGORY HIGHLIGHTS

Skin Cleansing

Fourth successive quarter of double digit volume growth



- Lifebuoy, Breeze and Lux lead category growth
- Exciting launch of limited edition Lux
- Continued price deflation as commodity cost benefits were passed back to consumers

Home Care

Volume led growth



→ Laundry: Surf & Rin drive category growth

- Surf growth buoyed by Easy Wash; Rin led by bars
- Wheel sales stabilize; actions underway to step up further
- Comfort delivered robust performance
- Pricing anniversary & promotions result in flat price growth



→ Household Care : Strong growth led by Vim & Domex



Skin Care

Growth steps up to double digit



- **Continued slowdown in market volume growth**
- **Double digit growth - favorable comparator, good winter sell-in**
 - Vaseline & Dove lotions perform very well
 - Lakme delivers strong innovation-led growth
 - Ponds led by talc and facial cleansing
- **FAL re-launched towards end of quarter with 'Best Ever Formula'**
- **Beauty portfolio expanded with new differentiated offerings**
 - Lakme Youth Infinity range launched
 - Lakme Cleanup Clear Pores range, Ponds Pimple Clear facewash & Dove facewash with Nutrium Moisture

Fair & Lovely

Re-launched with Best Ever Formula



NEW Fair & Lovely

Have you tried Fair & Lovely's new Best Ever Formula?

Fair & Lovely has now become even better. Presenting the new **Best Ever Fair & Lovely**. It's advanced non-oily formula reduces spots, blemishes and gives you even better fairness than before.

Now you can win one year's supply of new **Best Ever Fair & Lovely**. Just try it, call us and tell us why you think this is the best ever from Fair & Lovely. Everyone can win, so try it today!

Just give us a missed call on 09987666666.



Creative Visualization. Refers to treatment in the cosmetic domain. Results not equal to clinical/medical skin treatment. Use daily for best results.



NEW Fair & Lovely

क्या आपने न्यू बेस्ट एवर फेयर एंड लवली ट्राई की?

आपकी फेयर एंड लवली अपने नए ऐडवांस फॉर्मूले के साथ बन गई है **न्यू बेस्ट एवर फेयर एंड लवली**, जो दाग-धब्बे घटाए और दे पहले से ज्यादा निखार वो भी बिना किसी रिस्क के.

और अब लाखों लोग जीत सकते हैं एक साल की **न्यू बेस्ट एवर फेयर एंड लवली** की, बस हमें एक मिसड कॉल दे, और बताएं कि ये आपको बेस्ट क्यों लगी.

09987666666 पे मिसड कॉल दें.




NEW Fair & Lovely

हमारी बेस्ट क्रीम
बेहतरीन निखार के लिए



NEW Fair & Lovely

क्या आपने न्यू बेस्ट एवर फेयर एंड लवली ट्राई की?

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09987666666 पे मिसड कॉल दें.




NEW Fair & Lovely

आमचं बेस्ट क्रीम
सर्वोत्तम उजळपणासाठी



Hair Care

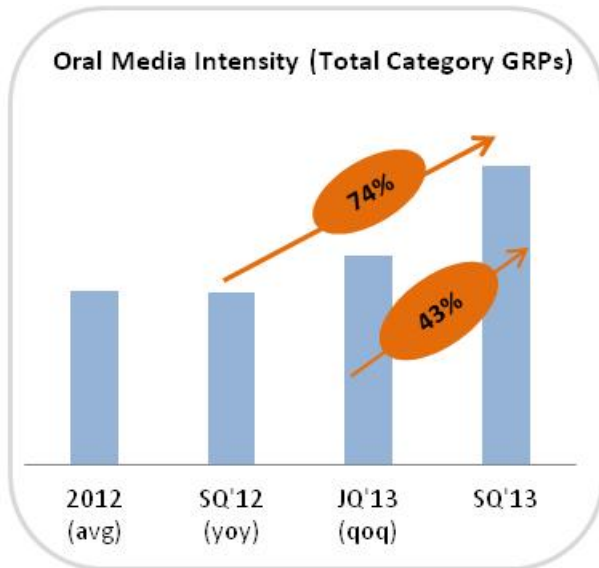
Volume led double digit growth



- Broad based growth across formats
- Dove, Sunsilk & Clinic Plus register double digit volume growth
- TRESemmé continues to do well and gain ground
- Conditioners - growing acceptance; another strong quarter
- A range of premium hair offerings under TONI & GUY launched

Oral Care

Sustained double digit growth



- Both brands grew in double digits
- Close-up performance driven by exciting activation
- Pepsodent core re-launched with superior product
 - Expert Protection continues to do well
- Stepped up investments to sustain competitive growth



Color Cosmetics

Innovation led growth momentum



→ Lakme sustains strong growth led by premium make-up

- Absolute & 9 to 5 – sales more than double in the quarter
 - 'eyeconic' continues to do very well; good response to new 9 to 5 launch
 - Impactful activation around Lakme Fashion Week



→ Elle 18 further accelerates

→ Exciting additions to the portfolio across face, eye, lip and nail



Beverages

Tea delivers another strong quarter – price led, healthy volumes



→ All key tea brands grow in double digits

- Driven by mix improvements, impactful activation and micro marketing initiatives
- Focus on market development for tea bags continues
 - Flavored & Green Tea bags sales nearly double

→ Bru growth led by a robust performance on Bru Gold in a slowing market

Tea

Sustaining strong broad based growth on the core

Strengthened Proposition



TAJ MAHAL

Perfect Balance of Strength & Aroma



TAAZA

Best in Class Refreshment



RED LABEL

Tasty & Healthy

Reaching More Consumers



Reaching More Stores

Weighted Value Distribution



Packaged Foods

Kissan accelerates, Kwality Walls steps up



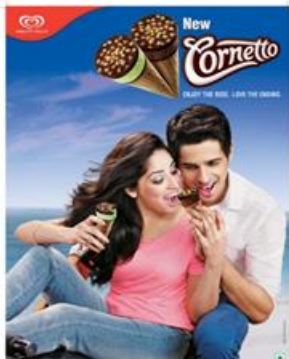
→ Kissan delivers a strong quarter; Ketchup steps up further

→ Knorr sales driven by Instant Soups which nearly doubles



→ Kwality Walls steps up to double digit growth in a market which continues to remain challenging

- Driven by sharper in-market execution and rollout of 'Perfect Stores'
- Magnum continues to do well in Lead market





- Pureit continues to strengthen its category leadership
- Innovations performing well and leading growth
- Market development communication well received
 - Pureit Advanced as lead device does particularly well
- 'Marvella RO-Slim' launch extended nationally during quarter

SQ 2013

Results summary

Rs Crores

Particulars	SQ'12	SQ'13	Growth %
Net Sales	6,155	6,747	10
PBITDA	977	1,085	11
PBIT	919	1,021	11
PBIT margin (%)	14.9	15.1	20 bps
PAT bei	806	883	10
Net Profit	807	914	13

Rs Crores			
Particulars	SQ'12	SQ'13	Growth %
PBIT	919	1021	11
Add : Other Income	149	151	2
Less : Finance Costs	6	6	(1)
Exceptional Items – Credit / (Charge)	2	33	
PBT	1063	1200	13
Less : Tax	(256)	(286)	12
Net Profit	807	914	13

- Other income includes
 - Interest, dividends & gain on sale of other non trade current investments Rs.151 crs (SQ'12: Rs. 149 crs)
- Key exceptional items :
 - Profit on sale of properties Rs. 38 crs (SQ'12: Rs. 6 crs)
 - Restructuring costs of Rs.5 crs (SQ'12: Rs. 4 crs)
- Effective Tax rate for the quarter is 24.3% (SQ'12: 24.1%)

- 10% Domestic Consumer growth, ahead of market
 - 5% underlying volume growth
- Investing for growth; step-up in innovations and A&P
- PBIT margin expands +20 bps

FIRST HALF 2013-14

First Half 2013-14

Strategy on course

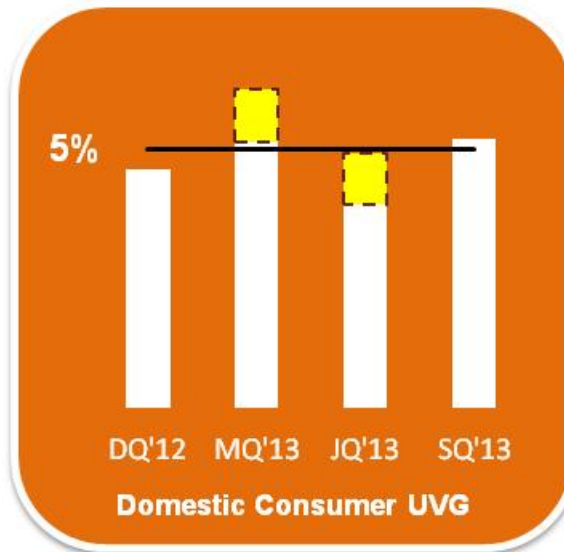
COMPETITIVE GROWTH

Ahead of market



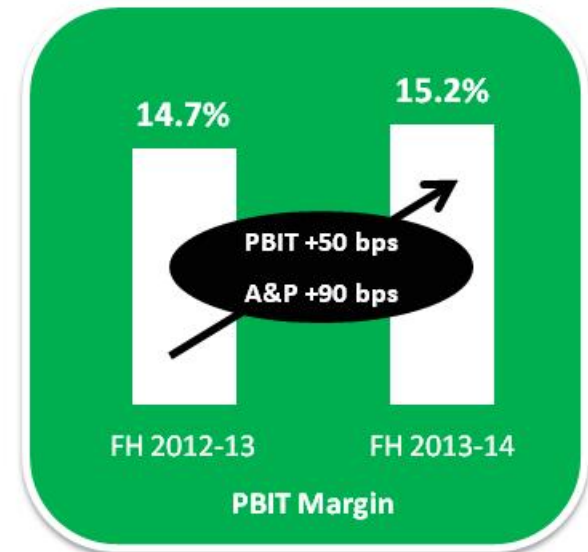
CONSISTENT GROWTH

Sustaining UVG in a slowing market



PROFITABLE GROWTH

Expanding margins whilst investing competitively



First Half 2013-14

Results summary

Rs Crores

Particulars	FH'12-13	FH'13-14	Growth%
Net Sales	12406	13435	8
PBITDA	1943	2171	12
PBIT	1828	2041	12
PBIT margin (%)	14.7	15.2	50 bps
PAT bei	1660	1768	6
Net Profit	2138	1933	(10)

- Domestic consumer business grew by 8% in FH'13-14
 - Underlying volume growth of 5%
- Net profit growth FH'13-14 impacted by property sale in base period

Interim Dividend

Particulars	FH'12-13 Interim	FH'13-14 Interim
Dividend Per Share (Rs.)	4.5	5.5
No. of Share (Crs.)	216	216
Total Dividend (Rs. Crs.)	973	1189
Div. Dist. Tax (Rs. Crs.)	165	202
Total Div. Outflow (Rs. Crs.)	1138	1391

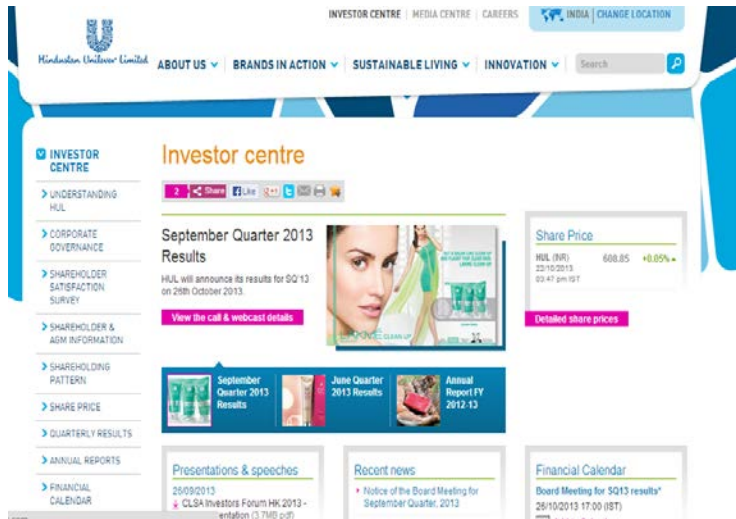
Looking ahead

- **Strategy unchanged; continue to manage business for the long term**
- **Investing to strengthen the core and to win in the marketplace of tomorrow**
- **Near term concerns**
 - Slowing market
 - Volatility
 - Media inflation
- **Remain positive on the medium-long term outlook for FMCG**
- **HUL well positioned : Brands, Capabilities, Talent**

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