

## **HINDUSTAN LEVER LIMITED – December Quarter 2005 RESULTS**

- Total Sales grow by 14.4%; FMCG Sales growth at 15.8%
- HPC and Foods grow by 17% and 9% respectively; Broad based growth across categories
- PBIT grows 13.5%; Net Profit increases by 56%
- EPS for 2005 grows 17.6%; Final Dividend Rs 2.50 per share of Re 1/- each; Total Dividend Rs 5.00 per share for 2005

**Mumbai, February 14<sup>th</sup>, 2006:** Hindustan Lever Limited (HLL) announced its results for December Quarter 2005. Growth momentum achieved in the last three quarters has been sustained with total sales growing by 14.4%. Domestic FMCG sales were higher by 15.8% with both Home and Personal Care (HPC) and Foods performing well.

HPC business grew by 17.3% driven by strong performance in all categories. Significant sales growth was achieved in the highly competitive categories of Laundry and Shampoo. Soaps recorded good growth, with Lux growing handsomely reflecting in market share gains. All the brands in Skin category maintained their strong performance leading to a double digit growth for the category. Consumer relevant innovations continue to drive off-take and key innovations during the quarter include the re-launch of “Thick and Strong” Sunsilk Pink, Lux variants for the 75-year celebrations, and the national launch of “Jasmine Fresh” Rin Advanced Powder.

In Foods business, Tea achieved a modest growth despite a declining market and falling commodity prices; Coffee continued to perform well. Processed Foods business grew strongly, albeit on a low base. The Icecream business also achieved a 33% increase in sales, led by the impulse category. Relaunch of Knorr soup with a superior mix and introduction of new variants was the key Foods innovation during the quarter.

Profit before Interest and Taxes (PBIT) increased by 13.5% after absorbing a 50% higher spend in Advertising and Promotions. Higher crude oil price led cost pressures continued, particularly in Laundry category, but were mitigated by aggressive cost effectiveness programs. Profit after tax (PAT) grew by 22.7% due to a lower effective tax rate and Net profit, including the impact of exceptional items was higher by 56%.

**For full year 2005**, total sales were 11.4% higher than in the previous year, with broad based growth across categories leading to both HPC and Foods businesses growing by 14% and 8%, respectively. Judicious price increases coupled with robust cost saving initiatives partly neutralised the impact of both cost escalations, particularly in the Laundry category, and the higher investments behind brands. Consequently, PBIT increased by 1.1%. A lower tax charge for the year resulted in a PAT growth of 12.9%. Net Profit and Earnings Per Share at Rs 6.40, grew by 17.6%.

Mr Harish Manwani, Chairman commented: “We have sustained the growth momentum in December quarter and it continues to be broad based across HPC and Foods categories, particularly, in the competitive categories of Laundry and Shampoo. This was driven by higher investment behind our brands with exciting innovations, excellent activation, new initiatives in Customer Management and with significantly higher levels of A&P spends. The double digit sales growth of over 11% for the year 2005 has been achieved after a gap of six years.

Our strategic priority remains unchanged. We will continue to leverage our focused portfolio of powerful brands to sustain market leadership and grow our market position across strategic brands and categories. In a competitive landscape, we shall continue to deliver consumer value and invest behind our brands. We recognize the challenge of inflationary cost pressures driven by crude oil prices and, in the competitive context, achieving cost leadership across the extended supply chain continues to be a key priority.”

## **DIVIDEND**

The Board of Directors at their meeting held on February 14<sup>th</sup>, 2006 has proposed a final dividend of Rs 2.50 per share of Re 1 each, subject to the approval of the shareholders at the annual general meeting. This along with the interim dividend of Rs 2.50 per share amounts to a total dividend of Rs 5.00 per share for the year 2005.