



## 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.

*DQ'09 Results - 29<sup>th</sup> Jan'10*

## Agenda

- **Market Context**
- **DQ'09 Highlights**
- **Category Overview**
- **Financial Results**
- **Looking Ahead**

*DQ'09 Results - 29<sup>th</sup> Jan'10*

## Market Context : DQ'09

- **FMCG market continues to grow, albeit at a slower pace**
  - Lower pricing component due to Laundry price reductions
  - Downtrading in Laundry and Tea
  - High food inflation
- **Commodity costs firming up**
- **Intensifying competitive environment**
  - Step up in media spends across categories
  - Several new brand and category entries

*DQ'09 Results - 29<sup>th</sup> Jan'10*

## Performance highlights

- Volume growth accelerates through the year to 5%
- Sales growth 5%;
- Soaps shares stabilise – 10 bps increase
- Volumes shares grow in Laundry – 100 bps in powders and 60 bps in Bars
- Personal Products growth momentum sustained through the year
- Underlying operating margins\* up 10 bps despite high brand investments

\*Excluding MTM impact

DQ'09 Results - 29<sup>th</sup> Jan'10

## Results Summary : DQ'09

- Domestic consumer\* business grows 5.2%; Net sales grow 4.6%
- FMCG growth 4.6%
  - Driven entirely by accelerating volume growth of 4.6%
    - Soaps & Detergents returns to volume growth
      - price reduction impacts turnover growth
    - Strong growth momentum continues in Personal Products
    - Foods continues to grow well
- Underlying PBIT\*\* margins up 10 bps; grows by 5.4%
  - Brand investments stepped up by 530 bps to 14.1% of sales
- PAT (bei) lower; excluding MTM charge PAT (bei) flat
- Net Profit grows 5.4%

\* Domestic Consumer includes FMCG and Water

\*\* Excluding MTM impact

DQ'09 Results - 29<sup>th</sup> Jan'10

## Segmental highlights – DQ'09

- **Volume led growth both in Soaps & Detergents**
  - Rejuvenated Soaps portfolio delivers volume growth; Recent launches meet good consumer response
  - Actions in Mass Laundry powders yield positive results; deliver double digit volume growth
- **Personal Products maintains growth momentum driven by volumes**
- **Foods continues to grow well**
  - Though impact of commodity inflation visible in Tea
- **Water business continues to scale up with good growth in the quarter**

DQ'09 Results - 29<sup>th</sup> Jan'10

## Category wise Revenue growth

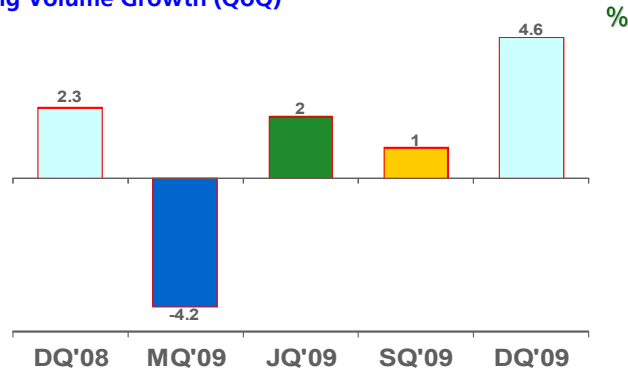
	<u>Growth %</u>
	<u>DQ'09</u>
<b>Soaps &amp; Detergents</b>	<b>-2.4</b>
<b>Personal Products</b>	<b>15.5</b>
<b>Beverages</b>	<b>7.9</b>
<b>Processed Foods</b>	<b>9.2</b>
<b>Ice Cream</b>	<b>7.2</b>
<b>FMCG</b>	<b>4.6 <sup>^</sup></b>

<sup>^</sup> Excludes Other Operational Income

DQ'09 Results - 29<sup>th</sup> Jan'10

## Volume Growth Accelerates

Underlying Volume Growth (QoQ)

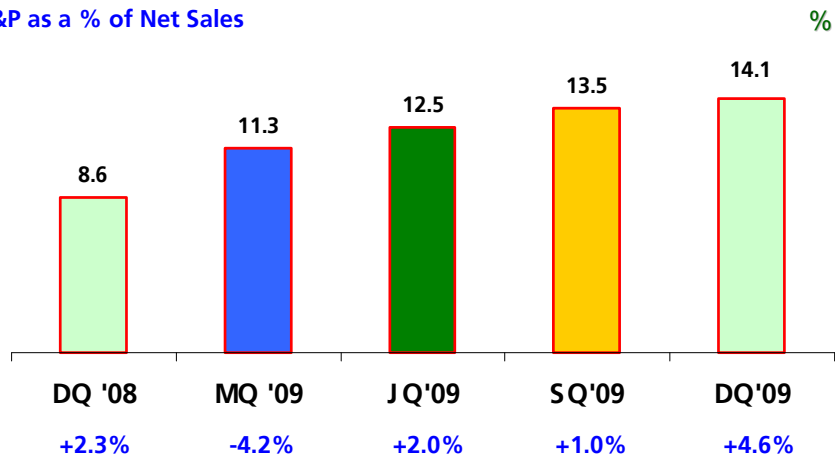


Return to Volume Growth

DQ'09 Results - 29<sup>th</sup> Jan'10

## Strong investment behind brands

A&P as a % of Net Sales



Investment behind recent innovations and higher competitive spends

DQ'09 Results - 29<sup>th</sup> Jan'10

## Strengthening the portfolio



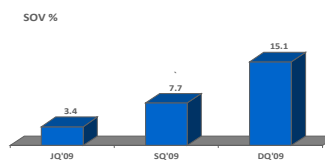
DQ'09 Results - 29<sup>th</sup> Jan'10

## Strengthening Mass Laundry Portfolio

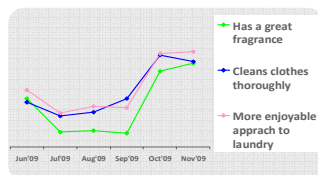
Price reductions on Powders and Bars

SKU	Sep 08	Dec 08	Mar 09	Sep 09	Dec 09
Rin Adv Bar					
200 Gms	Rs 9	Rs 14	Rs 14	Rs 12	Rs 10
Wheel Blue Powder					
Rs 10/-	275 gms	250 gms	275 gms	350 gms	350 gms
Wheel Blue Bar					
Rs 10/-	200 gms	200 gms	200 gms	235 gms	235 gms

Brand investments - Wheel



Improved product quality both in Bars and Powders



Value through consumer promotions



DQ'09 Results - 29<sup>th</sup> Jan'10

## Home Care category highlights

- Sequential volume share improves  
+100 bps Powder; +60 bps Bars
  - Strong volume growth in powder; Bar portfolio strengthened
- Interventions in Wheel Powders meet good response
  - Results visible in Wheel market share gains

DQ'08	Value Share	SQ'09	DQ'09
38.7	Laundry	35.0	34.6



- Household Care growth led by Vim Bars
- Vim Dish Wash Liquid maintains rapid growth
- Cif launch progressing well
  - Good sequential performance



Market Shares Source: AC Nielsen. Panel change in April'09

DQ'09 Results - 29<sup>th</sup> Jan'10

## Soaps category highlights

- Successful portfolio rejuvenation in Soaps; returns to volume growth
- Premium portfolio continues strong growth momentum
- Successful Lux re-launch leads category volume growth
- Further actions to strengthen Lifebuoy continue
- Market shares stable

DQ'08	Value Share	SQ'09	DQ'09
49.6	Soaps	44.5	44.6



Market Shares Source: AC Nielsen. Panel change in April'09

DQ'09 Results - 29<sup>th</sup> Jan'10

## Skin Care category highlights

- Strong volume led growth in Face Care driven by FAL and Pond's
  - Pond's White Beauty leads strong growth in premium skin lightening segment
  - FAL grows well with successful launch of Winter Fairness Cream
- In Hand and Body care; both Vaseline and Pond's Talc grow well
  - Vaseline winter range grows in strong double digits
  - Talc returns to strong volume and value growth



DQ'08	Value Share	SQ'09	DQ'09
51.1	Face Care (MAT)	50.1	46.7
57.5	H&B Care (MAT)	56.9	56.5



Market Shares Source: AC Nielsen. Panel change in Nov'09

DQ'09 Results - 29<sup>th</sup> Jan'10

## Hair and Oral category highlights

- Hair continues to grow well driven by strong volumes
  - Dove and Clinic Plus grow strongly with innovations; Dove is No 1 brand in Modern Trade
  - Sunsilk re-launched in Nov'09; maintains growth momentum
  - Further actions to strengthen Clinic All Clear underway
  - Consistent progress in building hair conditioner market



DQ'08	Value Share	SQ'09	DQ'09
45.0	Shampoo + Cond.	45.2	44.8



- Oral Care portfolio being strengthened
  - Positive consumer response on Pepsodent 'Germicheck' credentials
  - Launch of Close Up Peppermint Splash

DQ'08	Value Share	SQ'09	DQ'09
28.7	Toothpaste	27.1	26.1



Market Shares Source: AC Nielsen. Panel change in April'09

DQ'09 Results - 29<sup>th</sup> Jan'10

## Beverages category highlights

- **Tea Growth driven by pricing**
  - At premium end, Taj Mahal does well; tea bags grow rapidly
  - Downtrading in Tea due to increase in commodity cost
  - Market Share eroded due to absence in discount segment
- **Brooke Bond Sehatmand being launched; new differentiated offering in discount segment**
- **Coffee delivers strong volume led growth in the context of lower market growth**
  - Bru Cappuccino delivers good value and volume growth



DQ'08	Value Share	SQ'09	DQ'09
23.7	Tea	22.3	21.1
41.8	Instant Coffee	44.6	39.9

Market Shares Source: AC Nielsen. Panel change in April'09

DQ'09 Results - 29<sup>th</sup> Jan'10

## Processed Foods category highlights

- **Knorr Soups continues to lead category & market development**
  - Good growth post relaunch



- **Kissan grows well; both in Jams and Ketchups**
  - Innovative packaging well received by consumers
- **Annapurna Atta and Modern Foods deliver very strong growth**



DQ'09 Results - 29<sup>th</sup> Jan'10

## Ice Cream category highlights

- **Category gains momentum**
  - Impulse and Take Home lead growth
  - Launch of Litchi Zap
- **85 Swirl's parlours now in operation; positive consumer response**



DQ'09 Results - 29<sup>th</sup> Jan'10

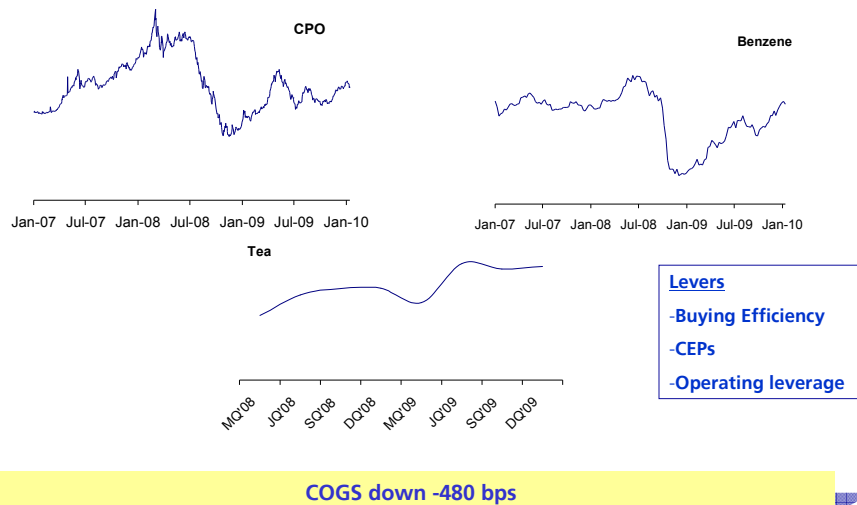
## Water Purifier – Business Update

- **Pure-it continues to grow strongly through new channels & innovations**
  - Extension of reach through retail channel – 14500 outlets
  - New innovations broaden portfolio
    - Pure-it Autofill launched
- **Increased representation in mass segment**
  - Pure-it Compact launched at Rs 1,000/- price point
- **Product superiority unchallenged**
  - 'Rs 1 Crore' campaign remains unclaimed



DQ'09 Results - 29<sup>th</sup> Jan'10

## Superior cost management through buying efficiencies



Indexed Chart – market prices (Source: Bloomberg, Tea auction house). HUL buying cost may be different

DQ'09 Results - 29<sup>th</sup> Jan'10

## December Quarter'09 financial highlights

- Underlying PBIT\*\* margins up 10 bps
- Operating profit growth @ 5.4%
  - Reported PBIT margins lower by 30 bps due to MTM impact
  - Benefit of improved portfolio mix and cost efficiencies
  - COGS down 480 bps
  - Increased brand investment
- PAT bei lower -2.1%; excluding MTM charge PAT bei flat
- Net Profit grows 5.4%

\*\* Excluding MTM impact

DQ'09 Results - 29<sup>th</sup> Jan'10

## Results: DQ'09

Rs Crores	DQ'09	DQ'08	Growth%
<b>Net Sales</b>	<b>4504</b>	<b>4308</b>	<b>4.6</b>
<b>EBITDA</b>	<b>788</b>	<b>764</b>	<b>3.1</b>
<b>PBIT</b>	742	723	2.6
<i>PBIT margin (%age)</i>	16.5	16.8	-
<b>Underlying PBIT</b>	<b>757</b>	<b>718</b>	<b>5.4</b>
<i>Underlying PBIT margin(%age)</i>	16.8	16.7	
Exceptional Items	44.5	(38.5)	-
<b>PBT bei</b>	<b>781</b>	<b>753</b>	<b>3.8</b>
<b>PBT</b>	<b>826</b>	<b>714</b>	<b>15.6</b>
<b>PAT bei</b>	<b>599</b>	<b>612</b>	<b>(2.1)</b>
<b>Net Profit</b>	<b>649</b>	<b>616</b>	<b>5.4</b>

DQ'09 Results - 29<sup>th</sup> Jan'10

## Results: Exceptional Items

Rs Cr

Particulars	DQ'09	DQ'08
<b>Assets Sale</b>	<b>52</b>	<b>9</b>
<b>Restructuring Costs</b>	<b>(7)</b>	<b>(47)</b>
<b>Total</b>	<b>44</b>	<b>(38)</b>

DQ'09 Results - 29<sup>th</sup> Jan'10

## Analysis of Net Profit –DQ'09

Rs Crores	DQ'09	DQ'08	Growth%
<b>Net Profit</b>	<b>649</b>	<b>616</b>	<b>5.4</b>
<b>Less: Exceptional/ Extraordinary Items (Net of Tax)</b>	50	3	
<b>Profit After Tax bei</b>	599	612	<b>(2.1)</b>
<b>Less: Foreign Exchange (MTM) Impact (Net of Tax)*</b>	(10)	3	
<b>Profit after Tax before Excep./ Extraordinary items and MTM</b>	<b>609</b>	<b>609</b>	<b>0.1</b>

Forex MTM relates to accounting impact arising from restatement of forex exposures at closing exchange rates; all forex exposures continue to be fully hedged

\* Losses in negative, Gains in positive

DQ'09 Results - 29<sup>th</sup> Jan'10

## In Summary

- FMCG market continues to grow, albeit at slower pace
- Key interventions and actions to improve portfolio competitiveness showing results
  - Acceleration in volume growth delivery through the year to 5% in DQ
  - Soap value shares stable; sequentially 10 bps up
  - Laundry volume shares improve; value shares impacted by downtrading
  - Step up in brand investments to strengthen market leadership
- Personal Products and Water maintain growth momentum; Foods grow well
- Underlying Operating margins up 10bps despite 530 bps increase in brand investment
  - Improved gross margin delivery re-invested behind brands

DQ'09 Results - 29<sup>th</sup> Jan'10

## Looking Ahead

- **FMCG market growth to sustain**
  - Short term impact of food inflation
  - Overall growth opportunity remains strong
- **Competitive environment intensifies significantly**
  - Especially in Laundry, Hair & Skin
  - Reflected in increased media spends
  - Several new entries in emerging segments
- **Our focus is to**
  - Deploy our full portfolio to strengthen market leadership
  - Invest behind our brands competitively to gain share
  - Improve execution and speed to market
- **Competitive growth is the No 1 priority across our business**

*DQ'09 Results - 29<sup>th</sup> Jan'10*

**Thank you**

**For more information, please visit <http://www.hul.co.in>**

*DQ'09 Results - 29<sup>th</sup> Jan'10*



*Hindustan Unilever Limited*

**Results – DQ '09**

**29<sup>th</sup> Jan 2010**

**Investor Presentation**