



Hindustan Unilever Limited

Results – DQ '09

29th Jan 2010

Investor Presentation

Safe Harbour Statement

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DQ'09 Results - 29th Jan'10

Agenda

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

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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

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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

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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

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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**

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Category wise Revenue growth

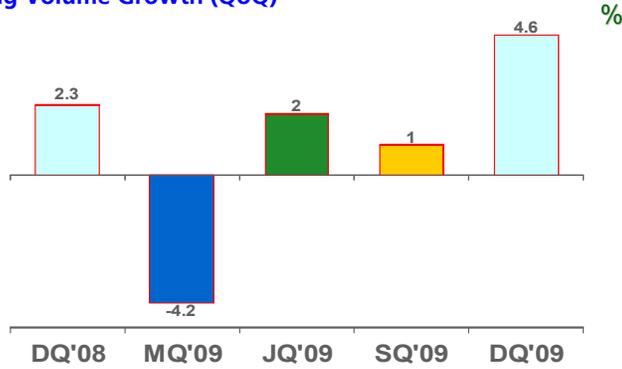
	<u>Growth %</u>
	<u>DQ'09</u>
Soaps & Detergents	-2.4
Personal Products	15.5
Beverages	7.9
Processed Foods	9.2
Ice Cream	7.2
FMCG	4.6 [^]

[^] Excludes Other Operational Income

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Volume Growth Accelerates

Underlying Volume Growth (QoQ)

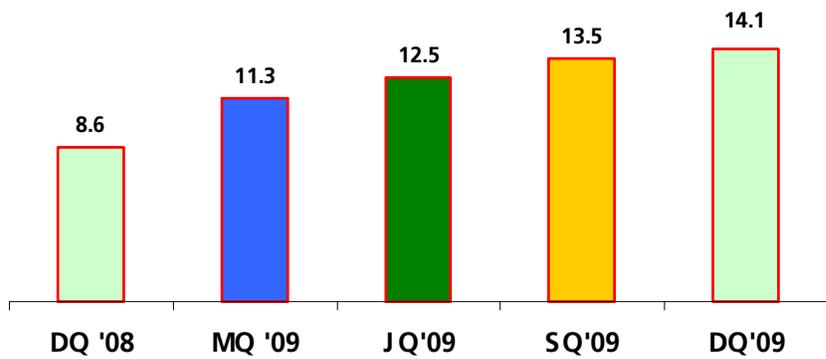


Return to Volume Growth

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Strong investment behind brands

A&P as a % of Net Sales



UVG

+2.3%

-4.2%

+2.0%

+1.0%

+4.6%

Investment behind recent innovations and higher competitive spends

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Strengthening the portfolio



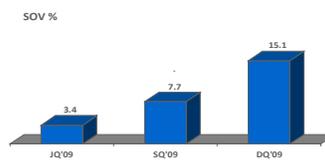
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Strengthening Mass Laundry Portfolio

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



Wheel - Share of endorsement (IMRB)

Value through consumer promotions



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

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



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

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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

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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

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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 conditioners 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

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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

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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**



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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**



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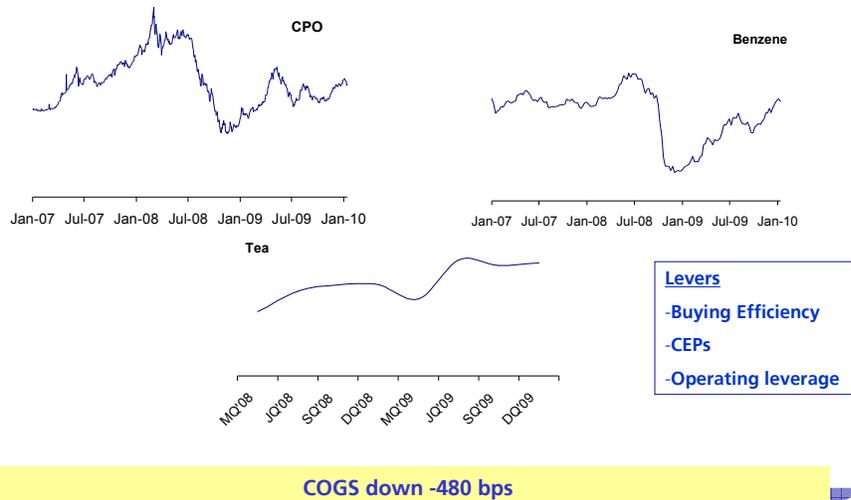
Water Purifier – Business Update

- **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



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Superior cost management through buying efficiencies



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

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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

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Results: DQ'09

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

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Results: Exceptional Items

Rs Cr

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

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Analysis of Net Profit –DQ'09

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

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

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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

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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**

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Thank you

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

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