

# Foods & Refreshment

Sudhir Sitapati, Executive Director F&R

Annual Investor Meet | 7<sup>th</sup> June 2019



Hindustan Unilever Limited

ENJOY INTERNATIONAL TASTES AT HOME.

#dipsreadcook

**kissan**  
SINCE 1934  
Pizza & Pasta SAUCE

WITH 100% REAL VEGETABLES

**KWALITY WALL'S**

**OREO**  
AND CREAM

**SO ALPHONSO MANGO**  
WHY POP... NO FACTORY

**SHAMELESS VANILLA**  
HEY! PUT SOMETHING ON ME!

**CRUNCHILICIOUS BUTTERS&TCH**  
IT'LL CRACK YOU UP!

**BRU**  
Gold

**BRU**  
IS ALWAYS  
A GOOD  
IDEA!

**BRU**  
Gold

# FY 2018-19 PERFORMANCE HIGHLIGHTS



Hindustan Unilever Limited

## Strong Brands



**4 Brands with  
Turnover > 500 Crores**

## Net Sales



**Double Digit Turnover  
Growth**

## Operating Margin



**17% Operating Margin\*  
~180 Bps# ▲**

\* Segment Margins (EBIT) FY 2018-19 excludes exceptional items

# Operating margin improvement in one year (FY'19 Vs. FY'18)

# STRONG POSITION IN ALL KEY CATEGORIES



**#1**

**Tea**



**#2**

**Coffee**



**#1**

**Ketchup**



**#1**

**Jams\***



**#2**

**Ice Creams\***

# OUR PURPOSE

## TO HELP SHAPE INDIA'S FOOD REVOLUTION

As one of India's largest Foods & Refreshment companies, we will use science & expertise to serve the majority of Indians by preserving the goodness of farm in a healthy, hygienic and sustainable way.

# OUR STRATEGY



Hindustan Unilever Limited

## Growth Segments



## Growth Channels



## M&A



*\*Subject to regulatory approvals*



## Purposeful Brands



# OUR STRATEGY



Hindustan Unilever Limited

## Growth Segments



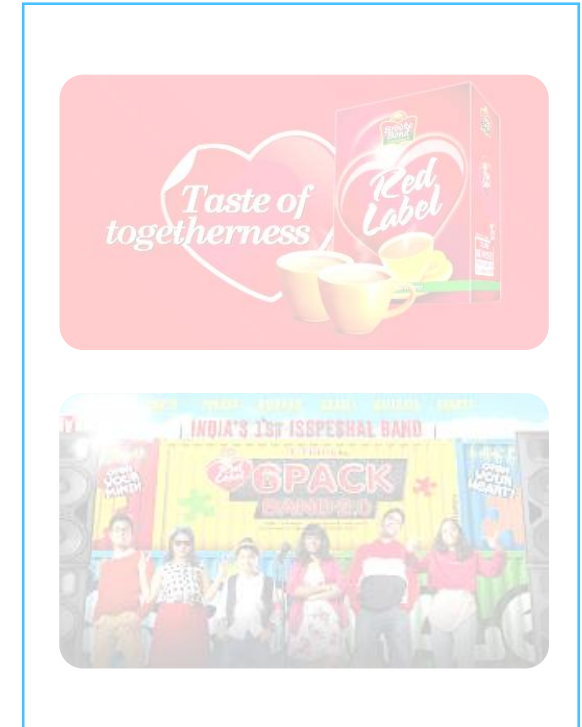
## Growth Channels



## M&A



## Purposeful Brands



# NATURAL CARE HAS SUCCESSFULLY LEVERAGED THE TREND OF HEALTH AND WELLNESS

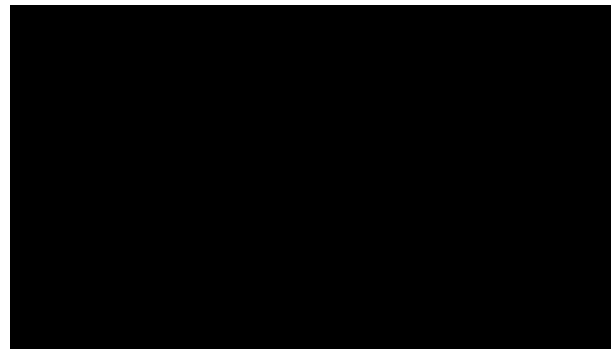


## Iconic brands



## Persuasive communication with strong claims

▶ AV 02: Red Label Natural Care



## Consistent results



Natural Care

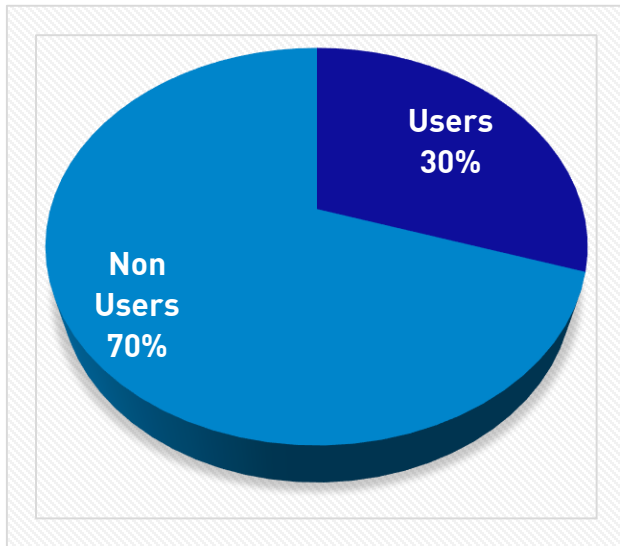
~2X

in the last 3 years

# DEVELOPING THE KETCHUP MARKET IN INDIA



## Underpenetrated category



## Communication aimed at market development

AV 03: Kissan TVC



## Leading the market development

4 out of every 5 category entrants through kissan

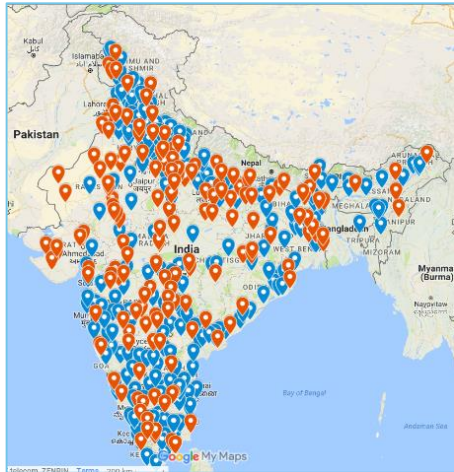




# REVISED STRATEGY HAS HELPED US DOUBLE OUR GROWTH RATES IN ICE CREAMS IN LAST 2 YEARS



## Organic expansion



X Towns



6X Towns

2014

2019

## Entering BOP



Kulfi Stick Rs. 10

## Blockbuster innovations



# OUR STRATEGY



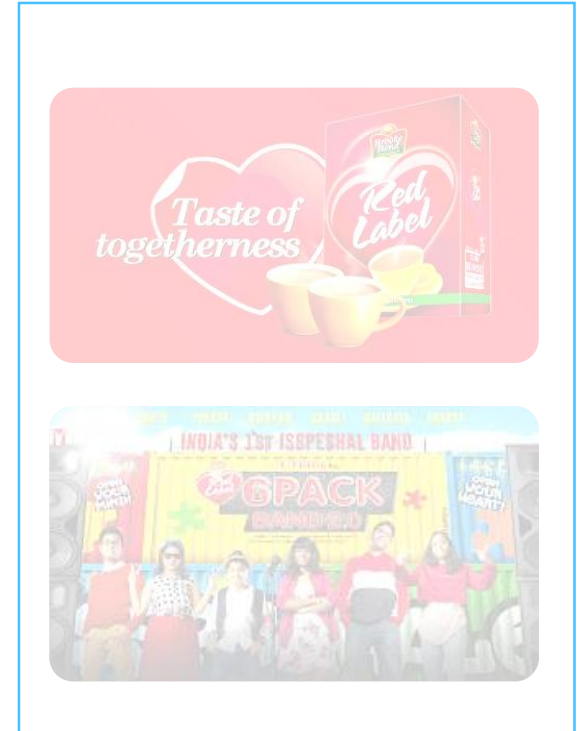
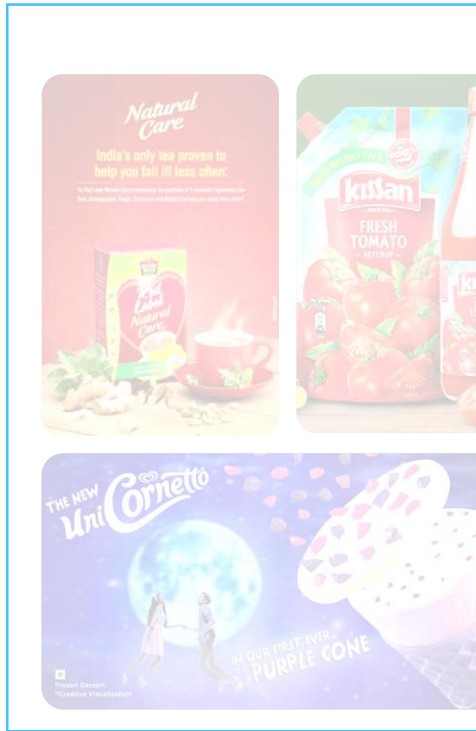
Hindustan Unilever Limited

## Growth Segments

## Growth Channels

## M&A

## Purposeful Brands



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# UNILEVER FOOD SOLUTIONS



## Huge opportunity



Food Service  
48 USD Bn



Pharmaceuticals  
23 USD Bn



TV  
12 USD Bn



Huge headroom to grow

## Our strategy



Bring global successes to India

## 8 quarters of strong growth



**3.5X**

Local Chain Accounts



**2X**

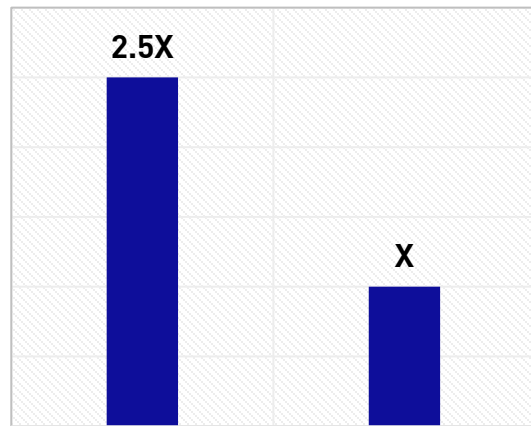
Star Hotels

# TEA: BRILLIANT BASICS UNLOCKED MASSIVE OPPORTUNITY IN RURAL



## Rural opportunity

HUL Tea market share



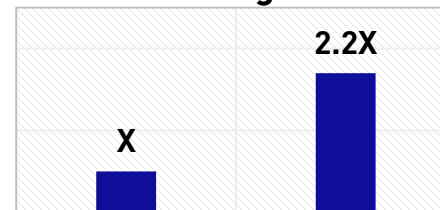
Under indexed rural share

## Our strategy

AV 04: Brooke Bond Taaza TVC



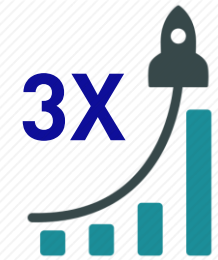
HUL Tea Direct Coverage



MQ 16

MQ 19

## Significant results in last 3 years



2X

HUL TEA PORTFOLIO

# OUR STRATEGY



Hindustan Unilever Limited

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# HUL F&R CONUNDRUM WAS

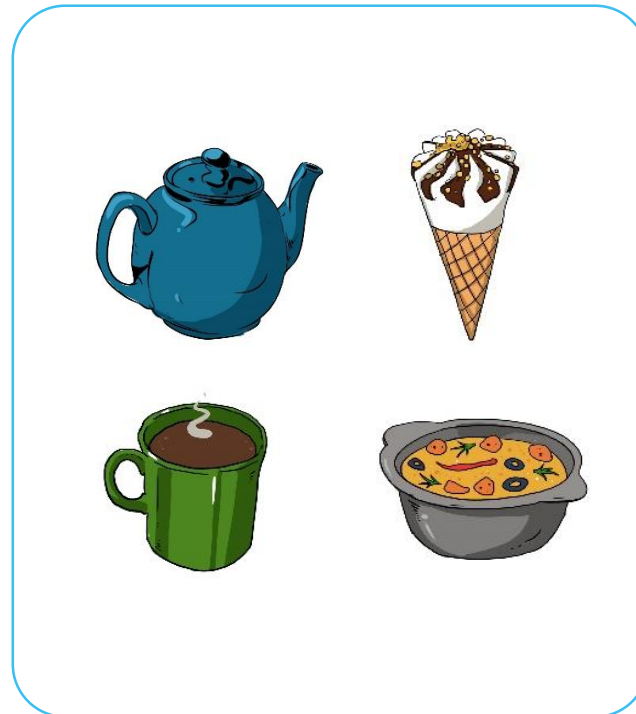


## STRONG EXISTING BUSINESS

~7000 Crore  
Double digit growth



Market leaders / winning shares



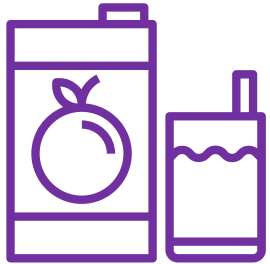
... BUT PLAYED IN SLOWER GROWING PARTS

HUL was playing in a relatively smaller, slower growing highly penetrated part of the market

# HEALTH FOOD DRINKS (HFD) MARKET IN INDIA



Large & consolidated



**1 Billion Euro Market  
With GSK dominance in  
Shares**

Yet under-penetrated



**25% Penetration**

Brands with strong equity



Having strong margins



**With scope for even  
higher margins**

# HUL-GSK DEAL



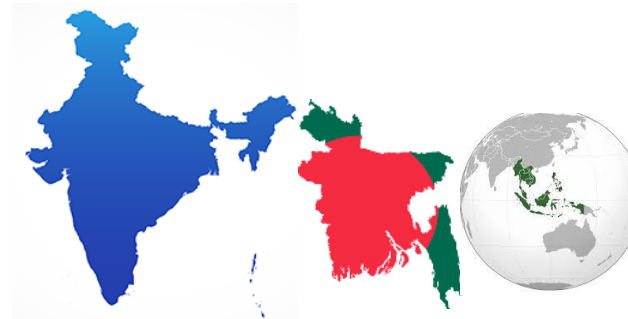
## Portfolio



**Broad portfolio of  
Nourishing Malt-based Drinks**

High EBIT margin

## HFD deal contours



**Deal is global in scope  
\$ 3.8 Bn - India**

20 Markets IPR & Commercial Op.

## OTC/OH



**OTC Portfolio**

On commission selling agent

**ON TRACK AS PER PLAN ON THE REGULATORY APPROVALS FOR THE MERGER**



# ADITYA ACQUISITION GIVES US Foothold IN NEWER MARKETS



## HUL acquires Adityaa Milk Ice Cream brand

Adityaa Milk is a fast-growing brand and brings in distribution and portfolio synergies to Kwality Wall's across Maharashtra, Goa, Karnataka and Kerala

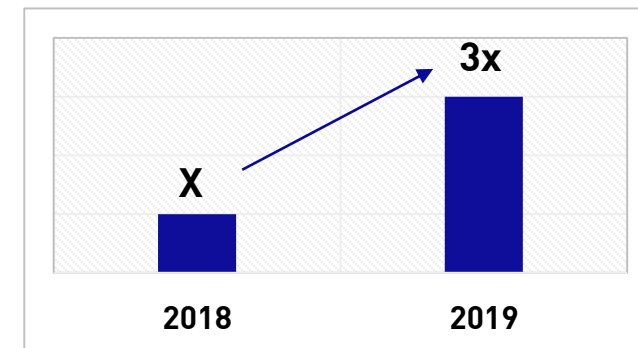


Enabled us to play BOP



Mini cone  
Rs. 10

Unlocked physical availability in new markets



HUL + Adityaa cabinets in key markets\*

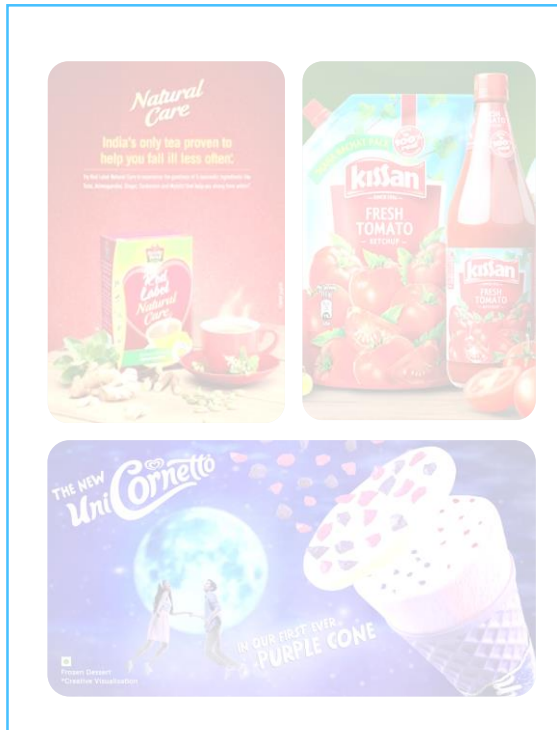
\*Kerala, Rest of Karnataka & Rest of Maharashtra

# OUR STRATEGY



Hindustan Unilever Limited

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## Purposeful Brands



# RED LABEL: TASTE OF TOGETHERNESS



Hindustan Unilever Limited



Purpose at the heart of all communications



Topics of relevance



Market leadership



External recognition

▶ AV 05: Red Label Purpose

**MARKET LEADERSHIP IN TEA UNDERPINNED BY PURPOSE-LED ENGAGEMENTS**

# OUR STRATEGY



Hindustan Unilever Limited

## Growth Segments



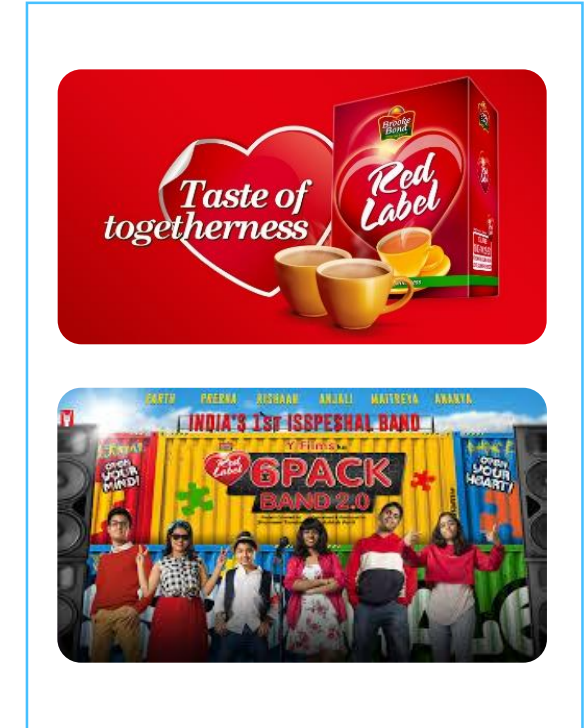
## Growth Channels



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# THANK YOU

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