



Hindustan Unilever Limited

Results – SQ '10

October 26, 2010

Investor Presentation

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Agenda

- **Market Context**
- **SQ'10 Highlights**
- **Performance Review**
- **Category Overview**
- **SQ'10 – Financial Results**
- **Looking ahead**

Market Context

- **Overall FMCG market growth lower than previous quarters**
 - **Monsoon in line with expectations in most states and market prospects remain positive**
- **Competitive intensity remains high**
- **Inflation levels continue to be high; upward trend in key input costs**

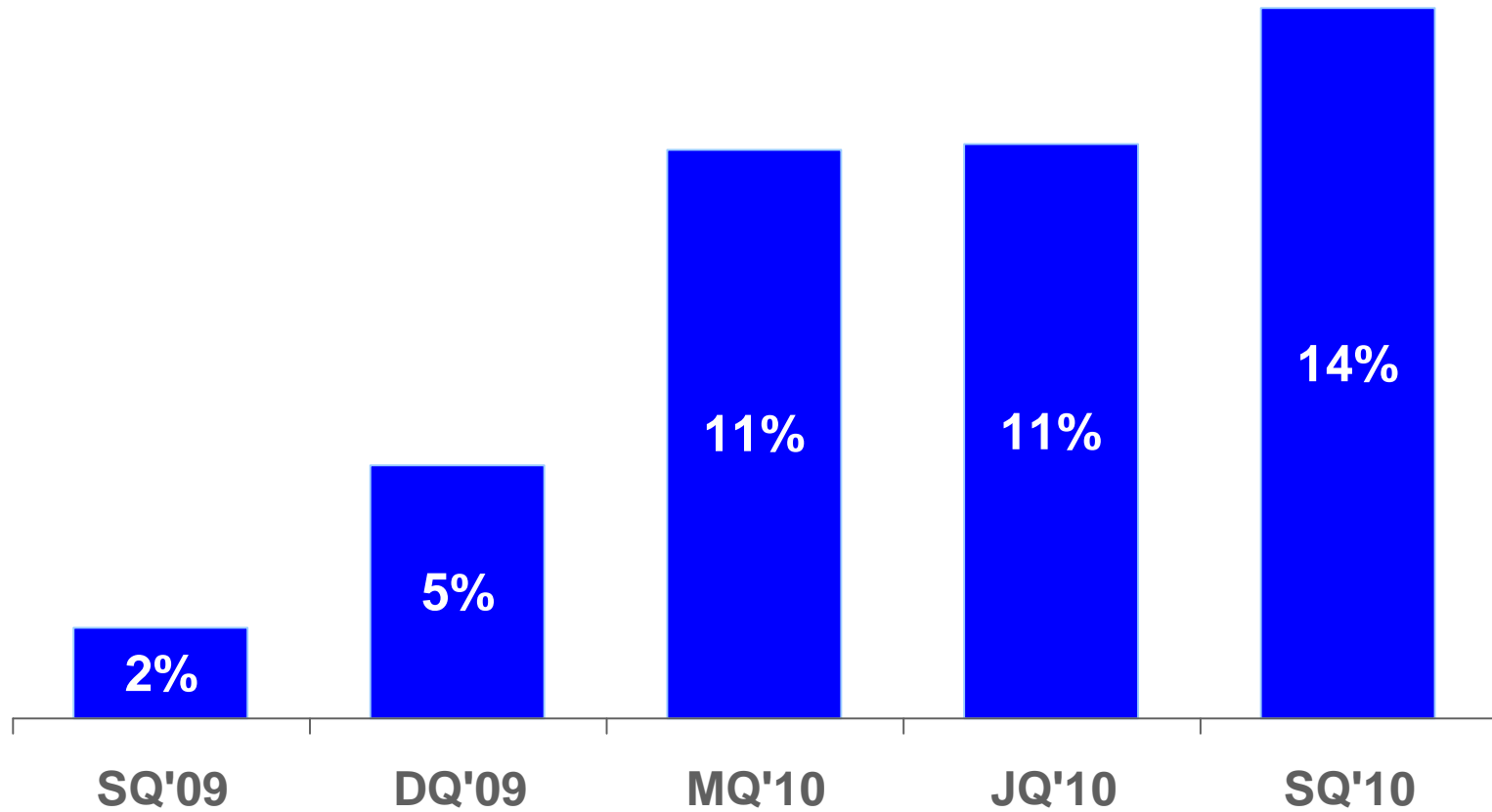
SQ'10 Highlights

- **Strong 14% underlying volume growth in Domestic Consumer business**
- **Net Sales grows 11%; ahead of market**
- **Soaps & Detergents sustain robust volume growth**
- **Personal Products: 6th consecutive quarter of double digit growth**
- **Packaged Foods & Water continue strong growth momentum**
- **Actions to defend our leadership positions yielding positive results**
- **Strong momentum in emerging categories**

SQ'10 Highlights

- **Buying efficiencies and cost savings programmes partly offset input cost inflation and competitive pricing in Soaps & Detergents**
 - **Gross Margin lower by 20 bps**
- **Step-up in Brand investment maintained**
 - **A&P up 30 bps; Advertising spend up 90 bps**
- **Other expenses higher from step up in packaging moulds for innovations and higher volumes**
- **Operating Margins lower by 170 bps**
- **PAT (bei) Rs.534 crore, up 6.8%; Net Profit Rs. 566 crore, improves 32.1%**
- **Interim Dividend Rs.3 per share**

Accelerating volume growth momentum

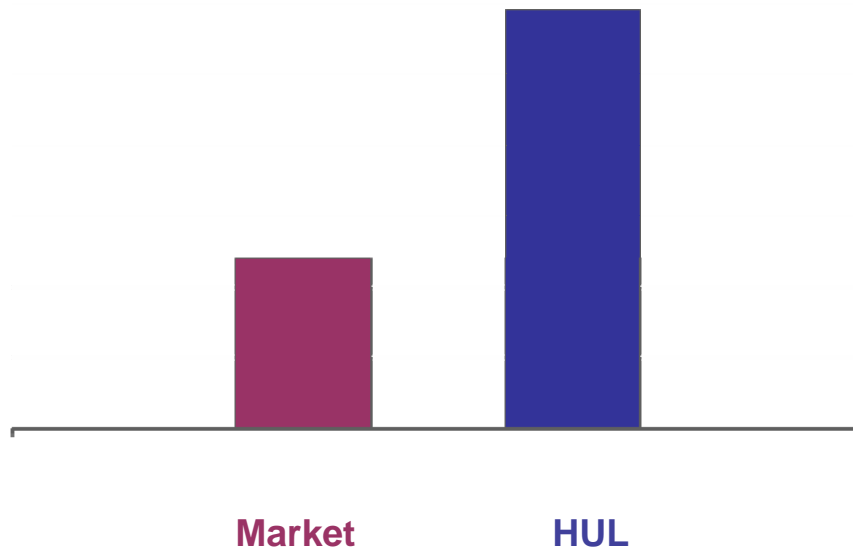


Domestic Consumer Business (FMCG including Water) Underlying Volume Growth

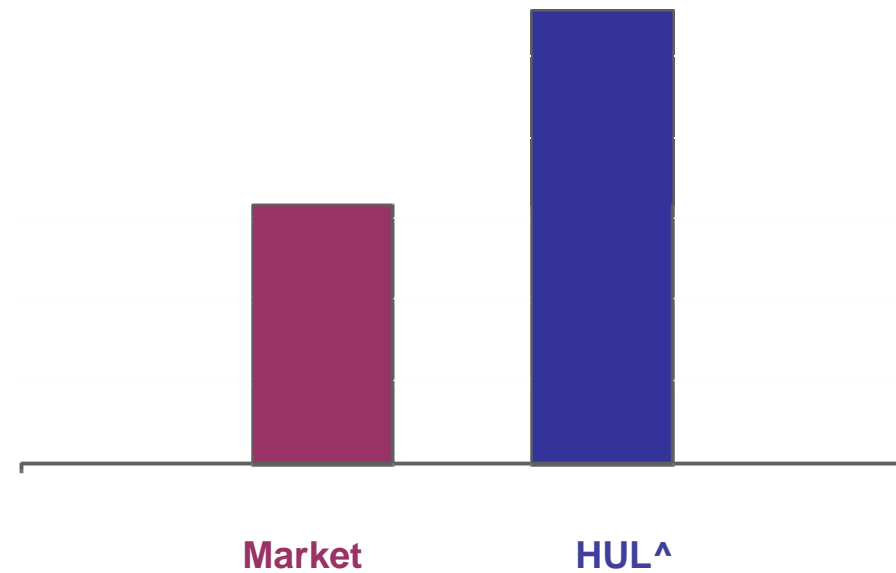
SQ'10 Results - Oct 26, 2010

Growth ahead of Market

September Quarter Volume Growth*



September Quarter Value Growth



*Volume growth is tonnage growth value weighted

[^] HUL value growth is GSV growth

Strengthening the core: SQ'10 launches

Lux Sandal & Cream launch



Lifebuoy relaunch with "100% better protection from germs"



Vim relaunch "with extra power of Lime"



Vaseline Petroleum Jelly Relaunch with 2 new variants

Modern: Chapati & Kream Roll



"OK" dish wash bar launch: Straddling portfolio at mass end



Thrust to build emerging categories continues

Lip Care: Launch of 2 new variants



Launch of Vaseline Moisturizing Cream



Pureit Marvella: entry in to premium segment



**Premium Skin Care:
Lakme Perfect Radiance**



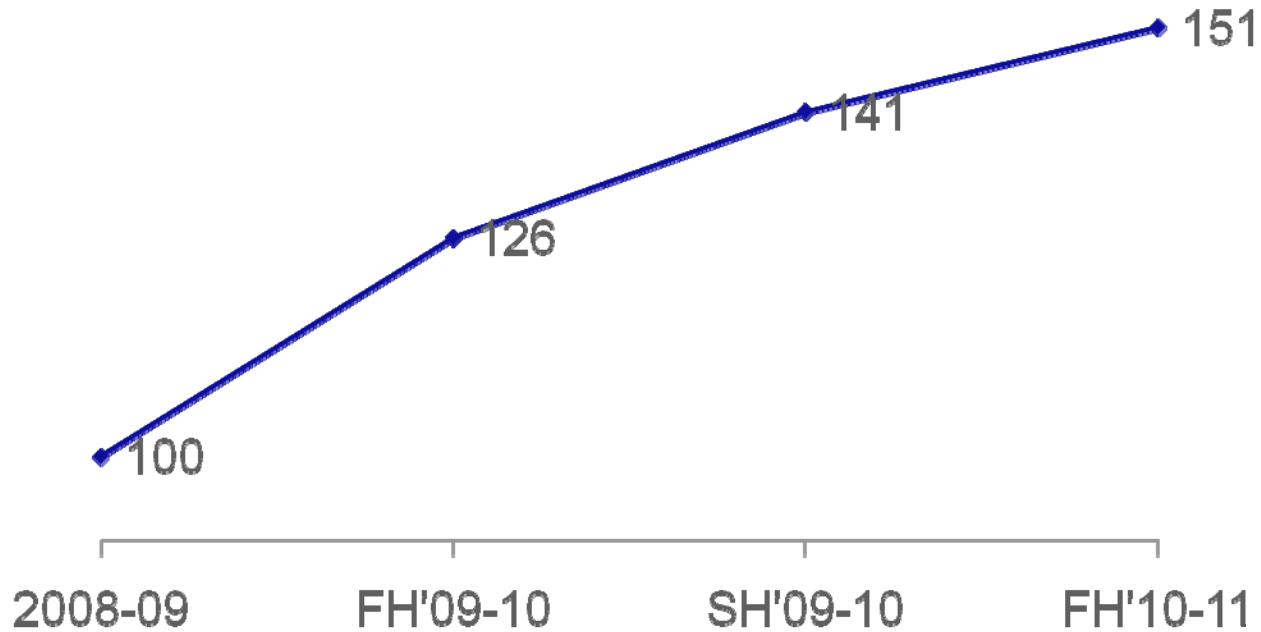
Knorr Soupy Noodles: being rolled out nationally



**Anti Aging:
Age Miracle Serum**

Competitive environment continues to be intense

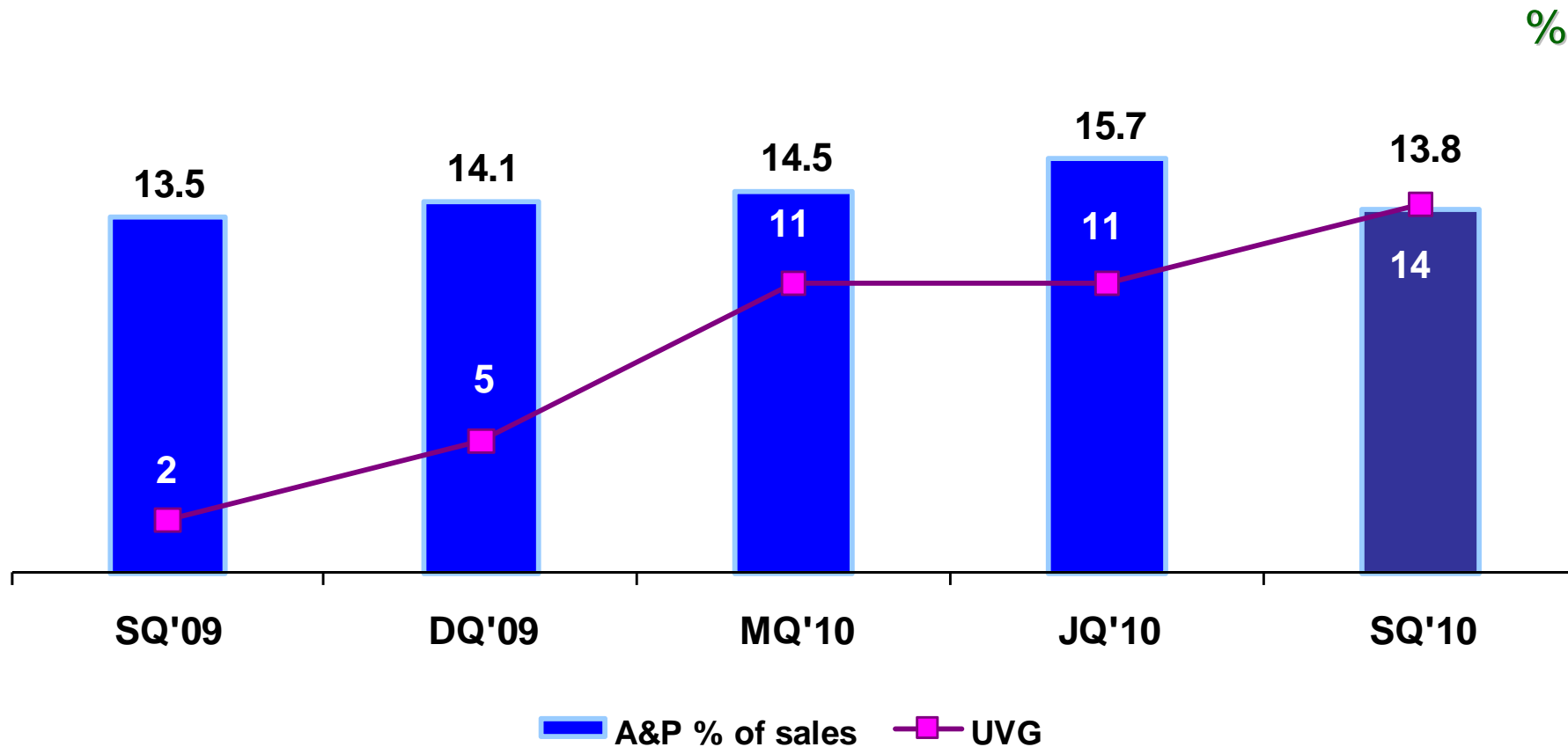
Indexed GRP Trend - FMCG



Increased competitive intensity reflected in GRP trends

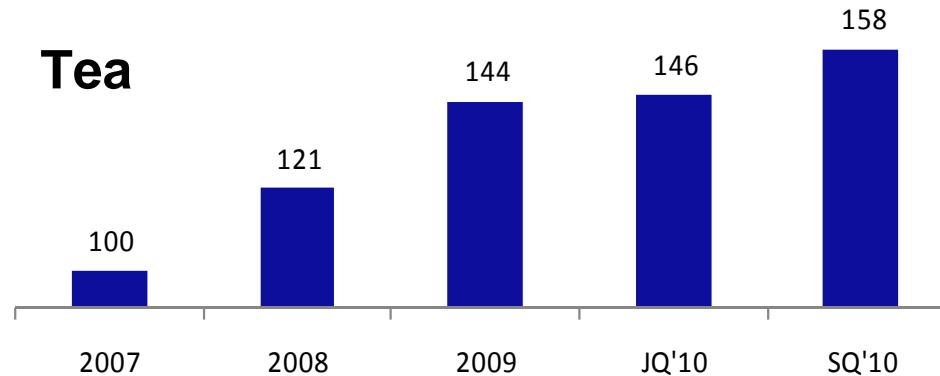
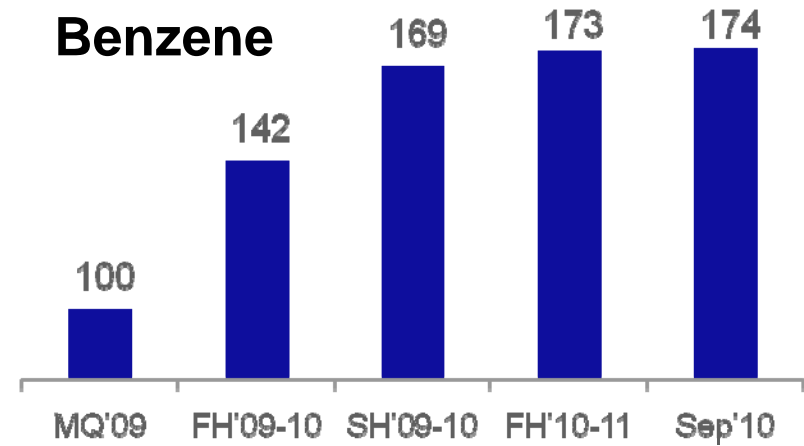
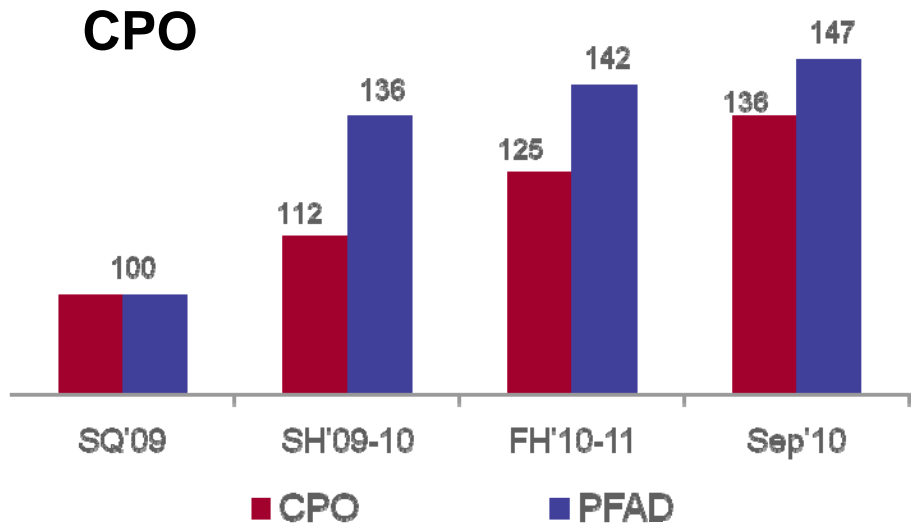
*FH'10 = JQ'09+SQ'09; SH'10 = DQ'09+MQ'10

Continued Brand Building investment



Advertising Spend grew by 21%; 90 bps up

Inflationary trend in input costs

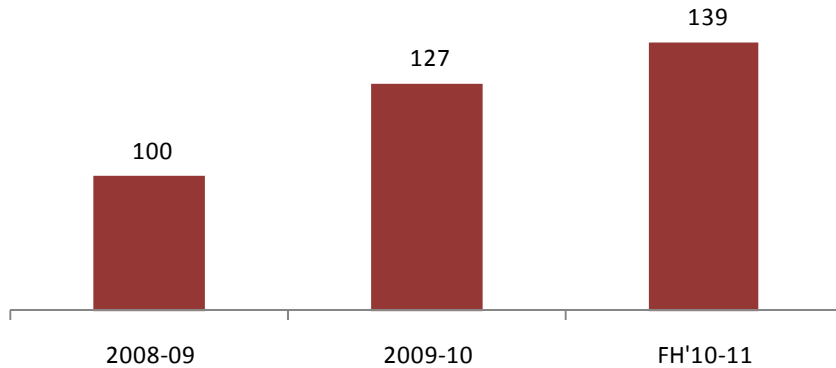


Indexed Chart average market prices (Source: Market Rate, Tea auction average). HUL buying cost may be different

Strong savings delivery & operating leverage

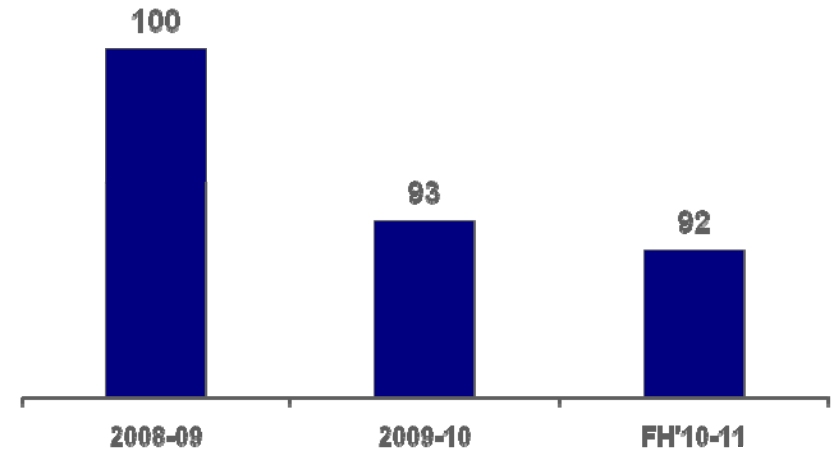
CEP & Indirects Productivity help mitigate cost inflation

Indexed CEPs



FH'10-11 CEP : annualised for Full Year

Indexed Overheads (as a % of TO)



SQ'10 Results - Oct 26, 2010

Category revenue growth

	<u>Growth% SQ'10</u>
Soaps & Detergents	6.3
Personal Products	14.7
Beverages	9.3
Processed Foods	26.2
Ice Cream	9.0
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Domestic FMCG	9.7 [^]
Domestic Consumer	10.5 [*]

[^] Excludes Other Operational Income ^{*} Including water

SQ'10 Results - Oct 26, 2010

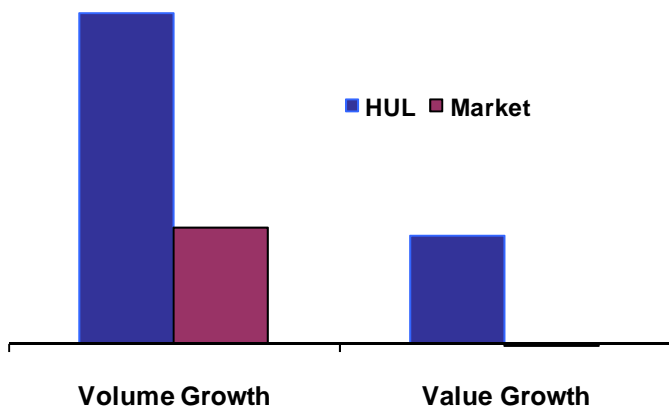
Laundry: Strengthened leadership position

- Growth ahead of market - in value and volume
- Surf Excel volume growth led by bars and Surf Excel Matic powder
- Rin delivers double digit growth post relaunch
- Wheel Powder volumes grow ahead of segment growth
- Comfort fabric conditioner is national and growing rapidly

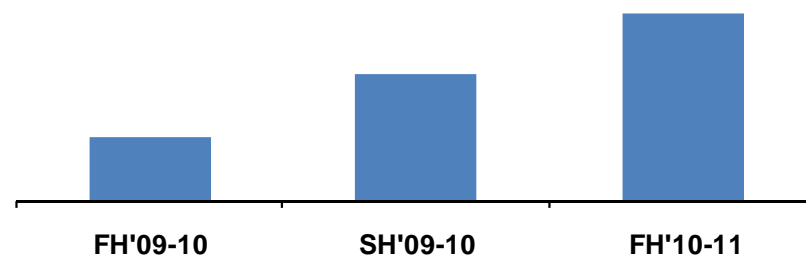


Laundry: Competitive growth momentum

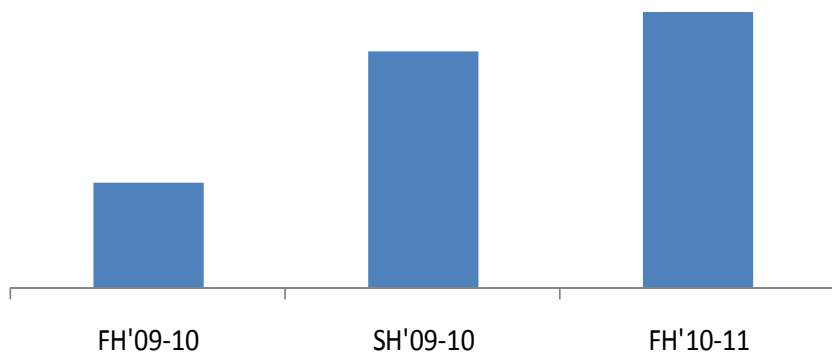
Growth ahead of market



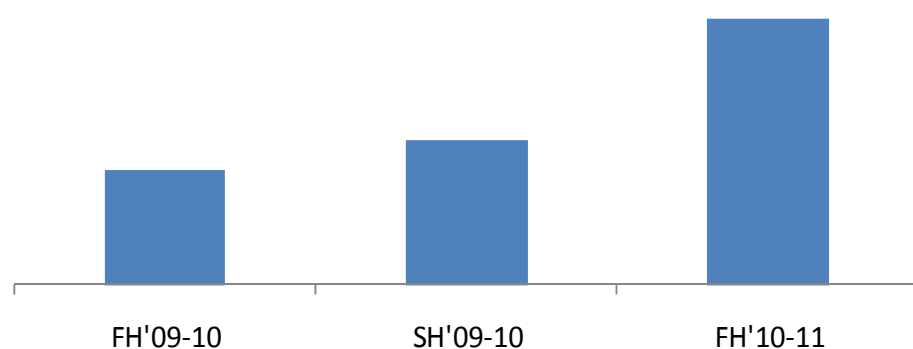
Volume growth across Brands



Consistent volume growth in Powders



Bars: Accelerating volume growth



Personal Wash: Step up in growth momentum

- Personal wash delivered strong growth, ahead of market
 - Value and volume
 - Across all segments
- Lux records double digit growth
 - New variants performing well; Lux Sandal & Cream launched
- Strong growth in fast growing Premium segment
 - Dove Rs.20 price pack driving consumption; Launch of Fresh Moisture variant
 - Pears growing in double digit – No.1 Brand in Modern Trade



Lifebuoy Franchise strengthened:

- Relaunch with Active 5: “100% better germ protection”
- Expanded portfolio in Handwash & Sanitizer



New Lifebuoy



Market Growth Source: AC Nielsen

SQ'10 Results - Oct 26, 2010

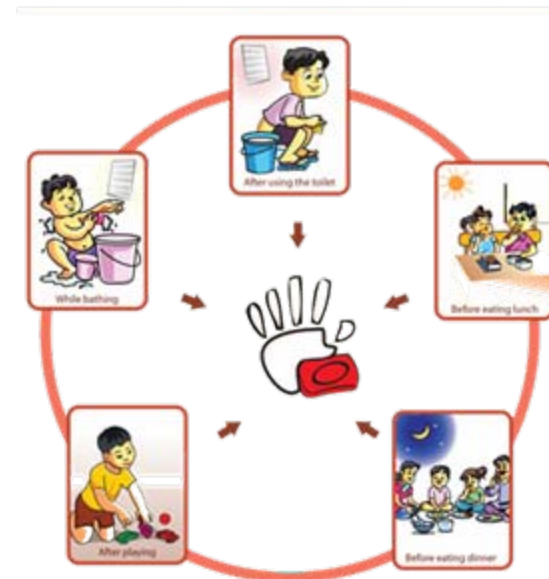
Lifebuoy Relaunch



Indian Public Health Association



- New & Improved Lifebuoy
- Advanced Germ Protection ingredients
- Recommended by Indian Public Health Association
- World's No.1 germ protection soap



Skin Care: Market development yielding results

- Skin care delivers strong growth led by successful innovations
- Portfolio expansion in male grooming; successful launch of FAL Max Fairness for Men & Vaseline Menz
- Pond's White Beauty continues strong growth; building premium skin lightening market
- Vaseline delivers robust growth backed by innovations
- Facial Cleansing sales double



Strong innovation momentum

New launches during September Quarter



**Launch of Vaseline
Moisturizing Cream**



**Vaseline Petroleum Jelly
Relaunched: with 2 new variants**



**Lip Care: Launch of 2
new variants**



**Premium Skin Care:
Lakme Perfect Radiance**



**Anti Aging: Age
Miracle Serum**

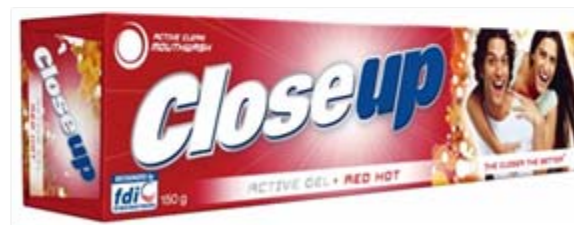
Hair: Competitive growth continues

- Hair continues double digit growth momentum, ahead of market
- Strong volumes drive growth across portfolio for fourth consecutive quarter
- Strong innovation and market development
 - Sunsilk Blackshine “Hair Expert Campaign” performing well
 - Clinic Plus drives strong market development through “3X3=3” campaign
 - Hair Conditioners grow strongly, well ahead of the market



Oral Care: Gaining traction

- Toothpaste regains momentum; growth led by volumes
- Close-up & Pepsodent deliver growth
- Pepsodent rejuvenated with strong relaunch: Superior “Germi Check” proposition



Beverages grow in a slowing market

- Tea:

- Market growth slows due to high commodity costs
- Red Label grows strongly; especially low unit price (LUP) packs
- Premium portfolio maintained volumes amidst downtrading

- Coffee:

- Double digit sales growth underpinned by strong volume growth
- Bru: Now even better



Processed Foods: Strong & profitable growth

- Robust growth in Processed Foods business; led by Knorr and Kissan

- Knorr Portfolio:

- Soups perform well led by “Thick Tomato”
- Soupy Noodles being rolled out nationally – Consumer response continues to be extremely positive

- Kissan:

- Growth led by both Jams & Ketchup

- Modern:

- Chapati & Kream Roll launch



Pureit continues growth momentum

- Pureit continues to deliver strong growth underpinned by volumes
- Portfolio now “straddles the pyramid” at four price points
 - Entry at top end, “Pureit Marvella” – fully automatic water purifier
- Continued to invest behind the brand



SQ'10 – Results

Rs Cr

Rs Crores	SQ'10	SQ'09	Growth%
Net Sales	4681	4228	10.7
PBITDA	647	652	(0.8)
PBIT	592	606	(2.3)
<i>PBIT margin (%age)</i>	12.6	14.3	-
PBT bei	668	652	2.6
Exceptional Items	40	(135)	-
PBT	709	516	37.3
PAT bei	534	500	6.8
Extraordinary Items (net of Tax)	-	-	
Net Profit	566	429	32.1

SQ'10 – Exceptional Items

Rs Cr

Particulars	SQ'10	SQ'09
Assets Sale	26	31
Restructuring Cost	(3)	(166)
Sale of investment	20	
Others	(3)	
Total	40	(135)

First Half FY'11 – Results

Rs Cr

Rs Crores	FH'10-11	FH'09-10	Growth%
Net Sales	9475	8704	8.9
PBITDA	1328	1367	(2.9)
PBIT	1219	1278	(4.6)
<i>PBIT margin (%age)</i>	12.9	14.7	-
PBT bei	1338	1352	(1.1)
Exceptional Items	59	(132)	-
PBT	1397	1220	14.5
PAT bei	1055	1037	1.7
Extraordinary Items (net of Tax)	-	4	
Net Profit	1099	972	13.1

Summary

- **Growth ahead of market in aggregate – both volume and value**
- **Underlying volume growth 14% – sustained momentum**
- **Actions to strengthen leadership yielding positive results**
- **Effective cost management mostly offsets input cost increases and pricing impact**
- **PAT (bei) Rs.534 crore, up 6.8%; Net profit Rs.566 crore, up 32.1%**
- **Interim dividend of Rs.3 Per share**

Looking ahead

- **Good monsoon augurs well for FMCG markets**
- **Commodity inflation on the rise; continued focus on cost and cash management**
- **Competitive intensity will remain high**
- **We remain committed to –**
 - **Win Today: Improve competitiveness and strengthen leadership in core categories**
 - **Win tomorrow: Lead market development of emerging categories and channels**



Thank you

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



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