



Hindustan Lever Limited

Financial results JQ'03 and FH'03

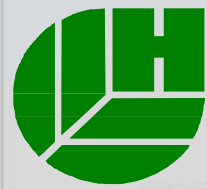


Contents

JQ'03/FH'03 Highlights

Business Performance

Financials



JQ 2003 Results

Highlights

- Overall sales growth picks momentum (3% growth)
 - Continuing businesses grow by 3.5%
 - April transporters' strike impacts growth.
- Domestic FMCG businesses grow by 2.1%
- HPC sustains growth(+ 3.5%) in a declining market(-4.5%)
 - HPC power brands grow by 4.6%
- Strong growth in Beverages and Processed Foods Power Brands
- Exports growth continues to be good

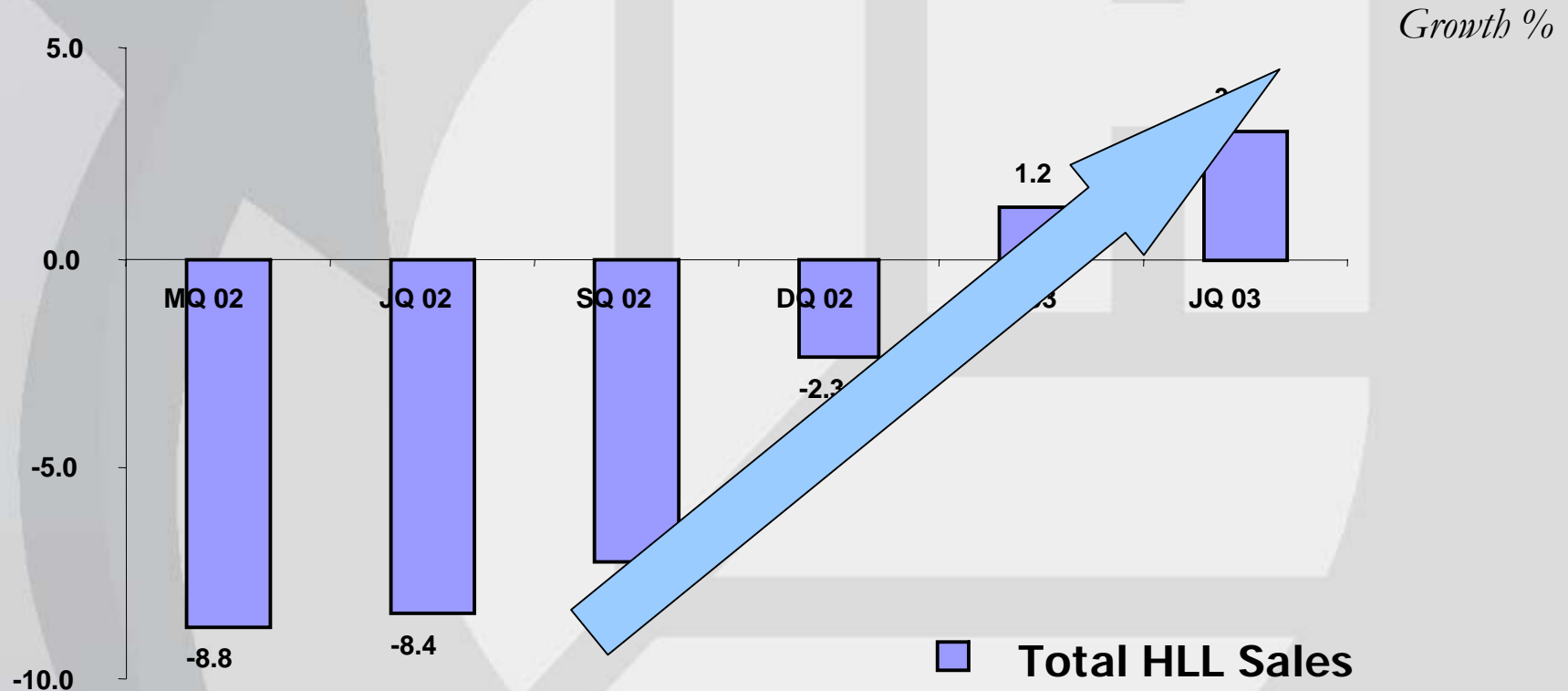


JQ 2003 Results Highlights

- Operating Profits (PBIT) improves by 8.9%
- PBIT Margin Expansion of 102 bps
- Profit Before Tax grows by 10.2%
- Profit After Tax (before exceptionals) grows by 12.6%



Total Sales Growth Momentum Picks up



Truckers' strike impacts sales in JQ'03



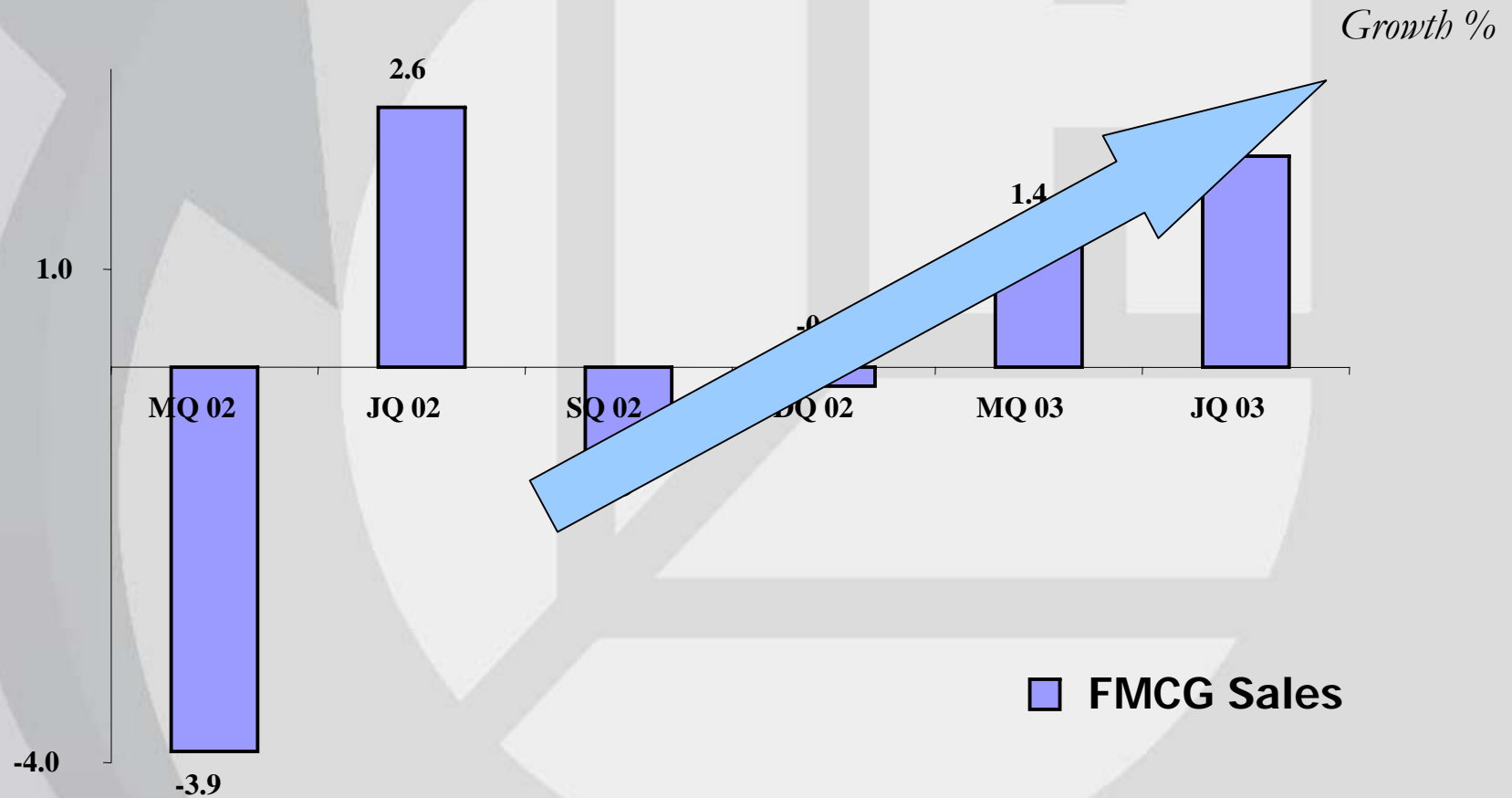
Transporters' Strike Impact

- 10 Day nation wide strike from 14th April to 23rd April
- Maharashtra strike longer from 1st April for a month
- Supply Chain disruption in distributive, wholesale and retail trade
- Leading to loss of off take
- Recovery in backend supply chain longer

More pronounced impact on Personal Wash and Ice cream



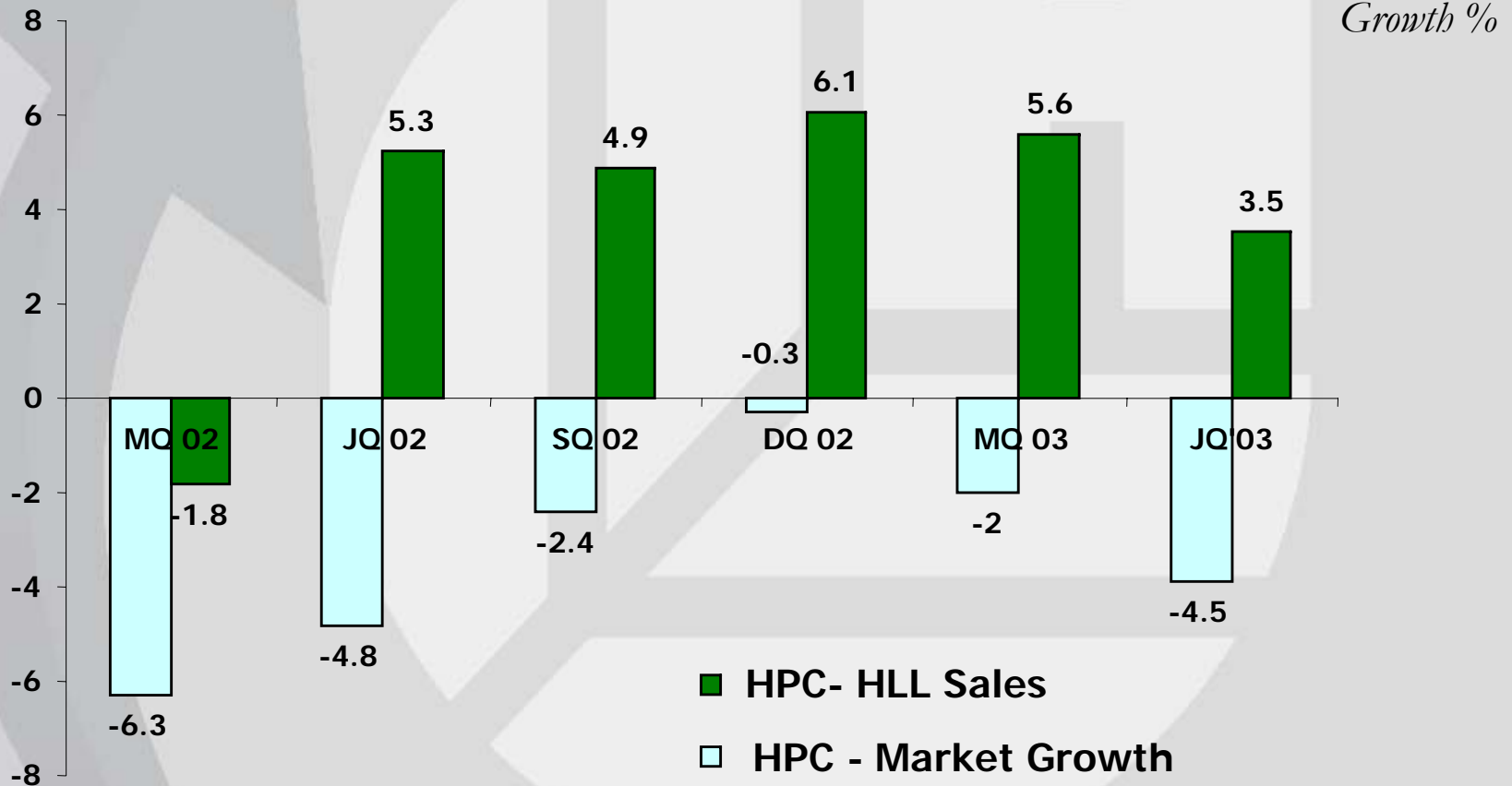
FMCG Sales Growth Momentum Picks up





HPC Sales

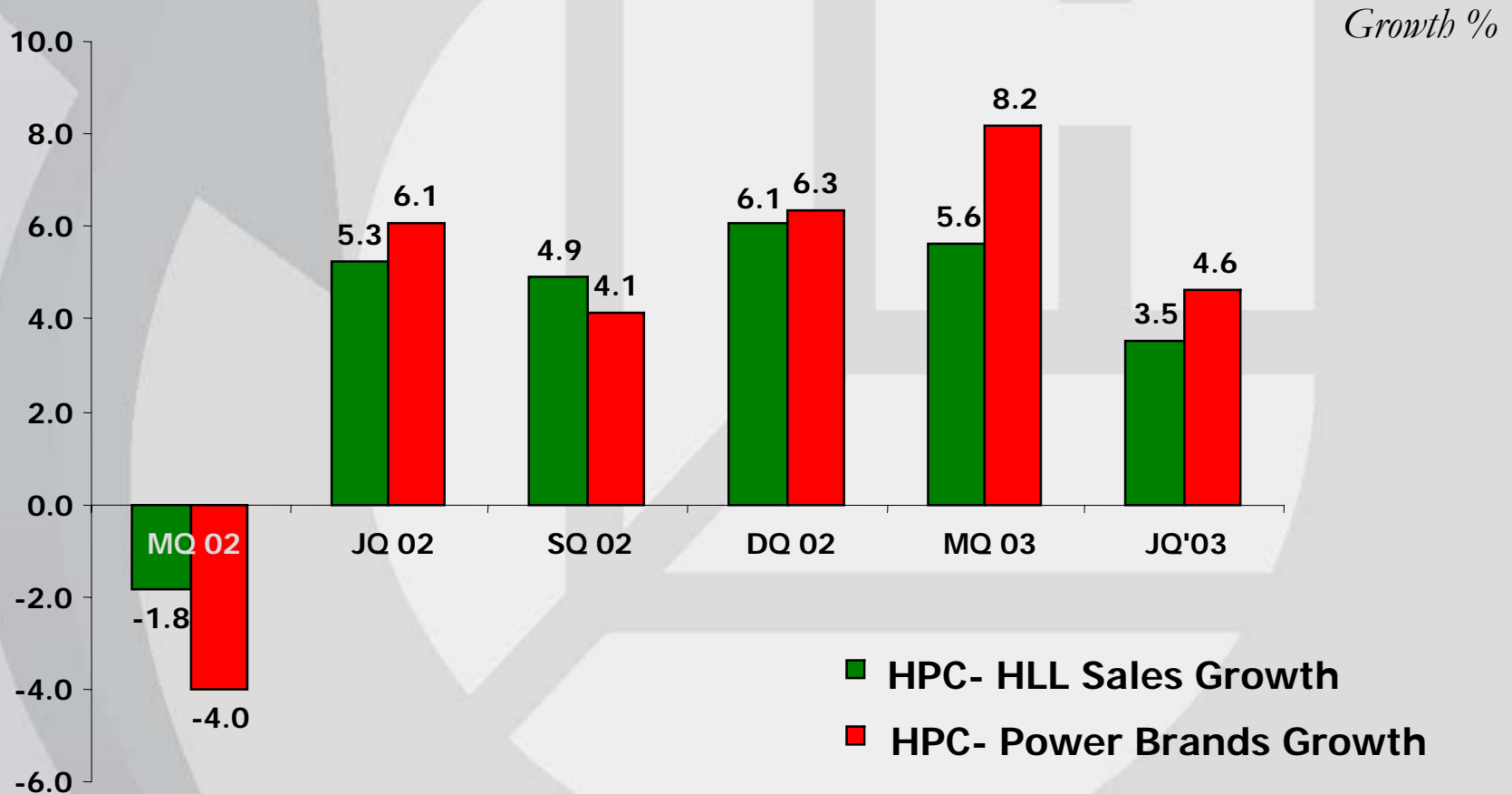
Sustained growth in a declining market



Five consecutive quarters of growth

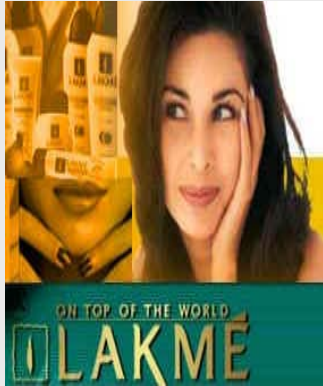


Power Brands Drive Growth

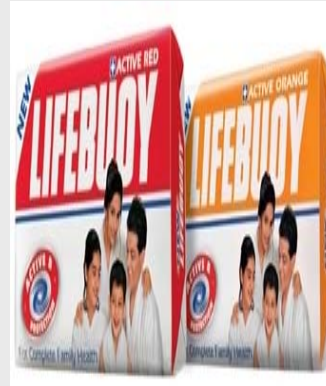




HPC Power Brands delivering strong growth - JQ'03



Lakme : 53%



Lifebuoy : 31%



FAL : 9%



Vim : 7%



Ponds : 23%



Sunsilk : 8%

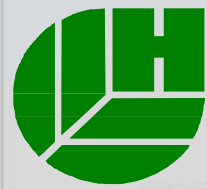


Nihar : 10%



Lux : 10%

* Group Basis

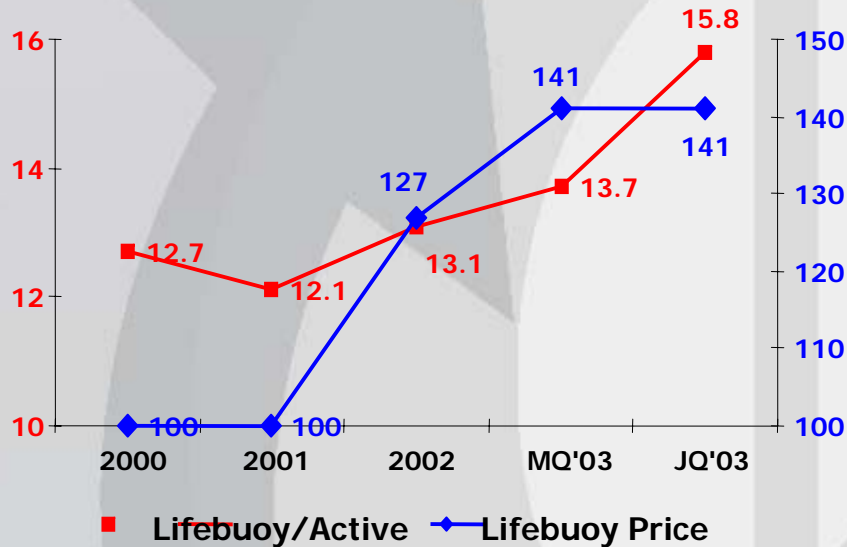


Winning against Low Price Competition

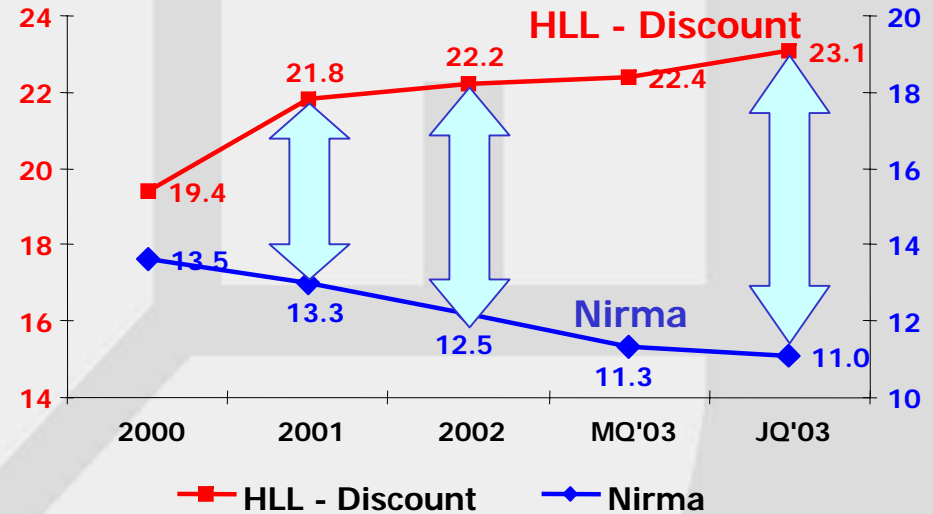
- Build “Differentiation” through superior consumer understanding
- Leverage “Technology”
- Protect consumer franchise by aggressively building volumes; occupy all relevant price points
- Leverage scale to manage cost



Winning the Personal Wash Battle

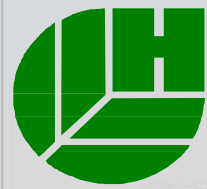


“Market Share gains in spite of price increase”



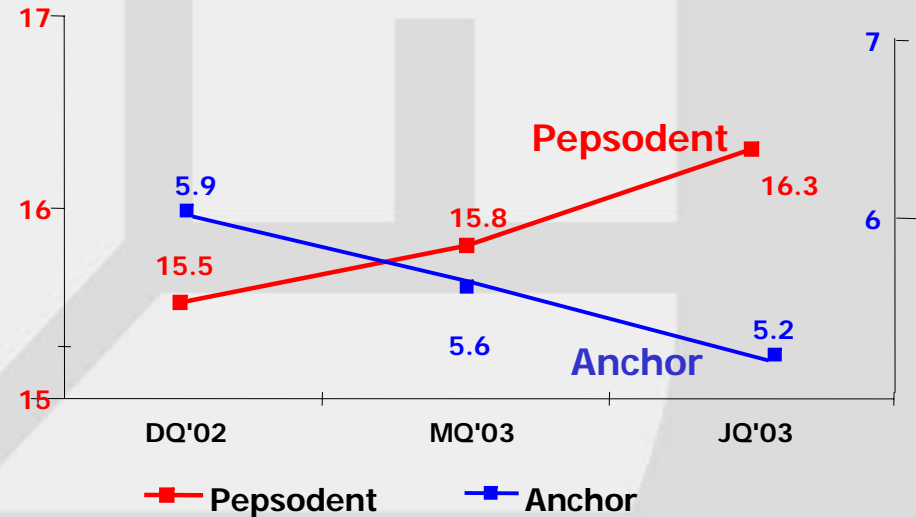
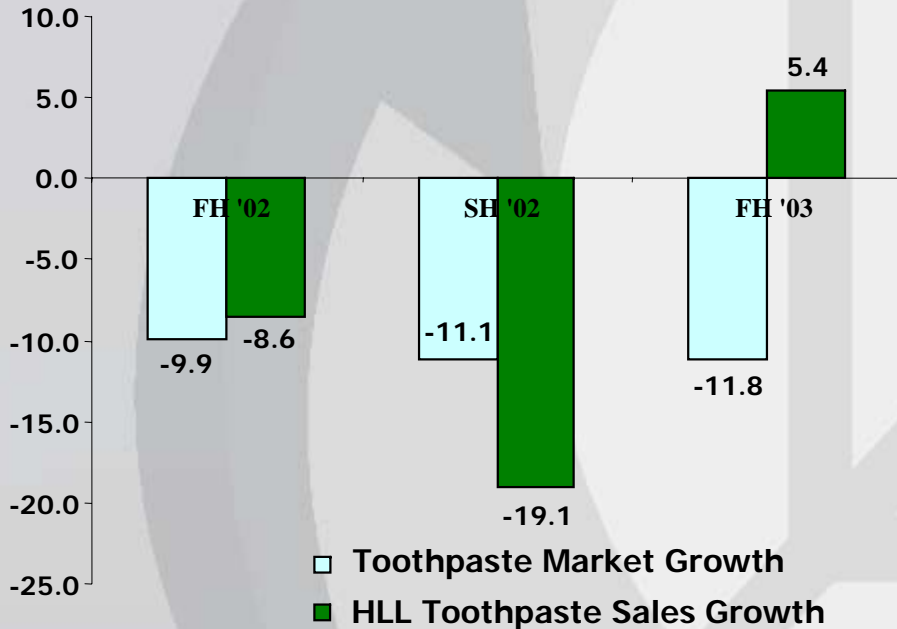
“The Gap Widens”

- Lifebuoy becomes the largest value share brand in June 2003
- Share gap with Nirma more than doubles in two years.



Toothpaste...

Countering low price competition

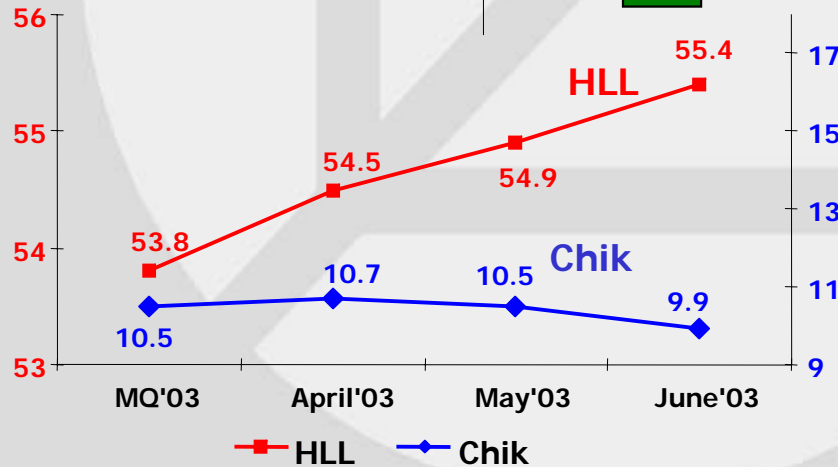
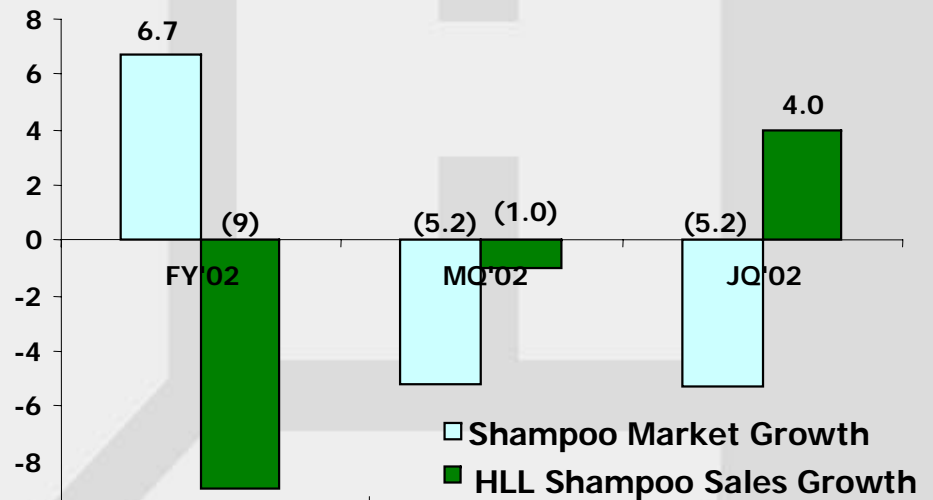
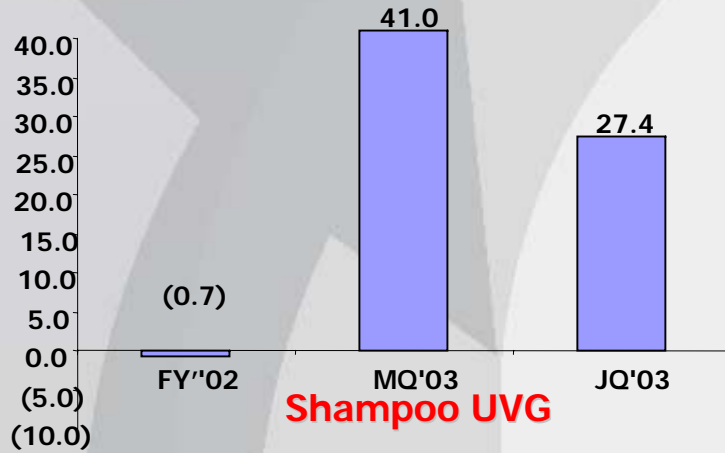


HLL Market	DQ'02	MQ'03	JQ'03
Shares	33.2	34.4	33.4

- Value Proposition redefined
- New SKUs at convenient price points
- Superior value performance in a declining market



Shampoos... Turn around

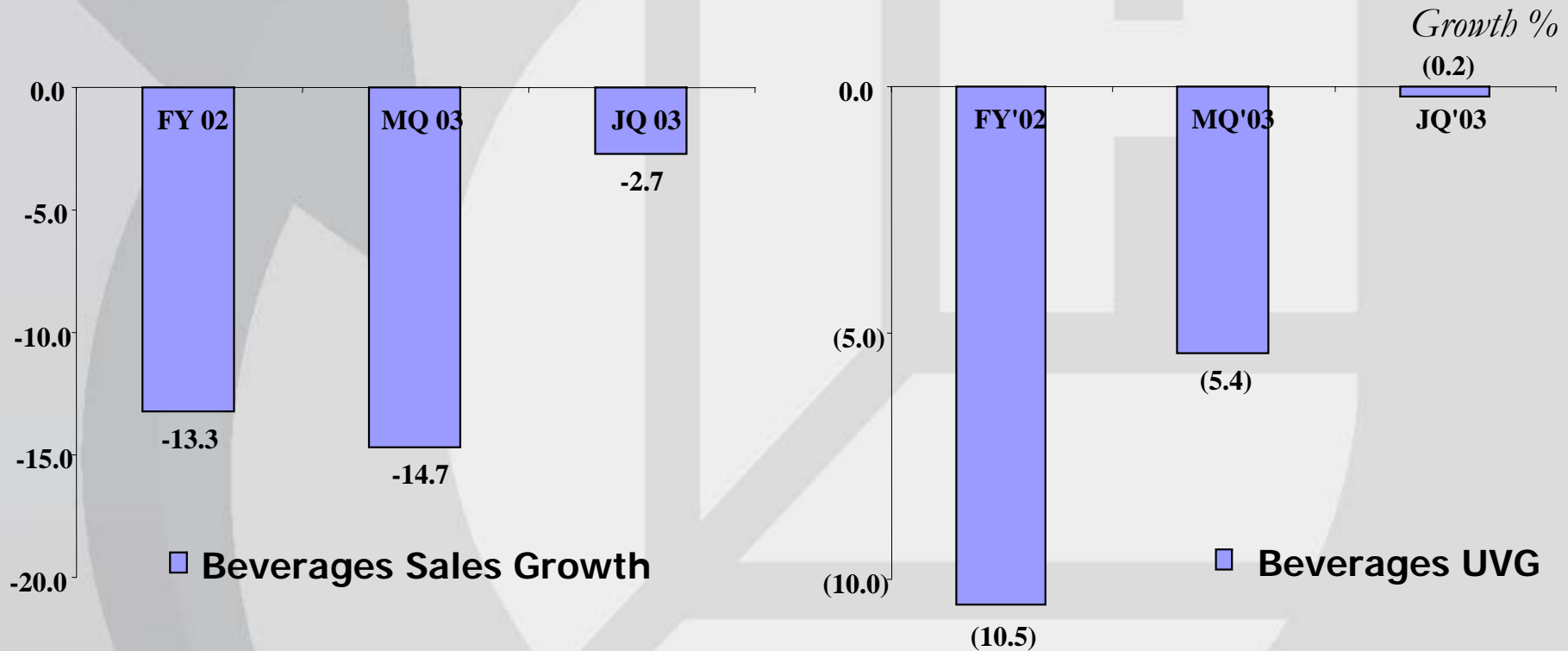


Back to the growth path in a declining market



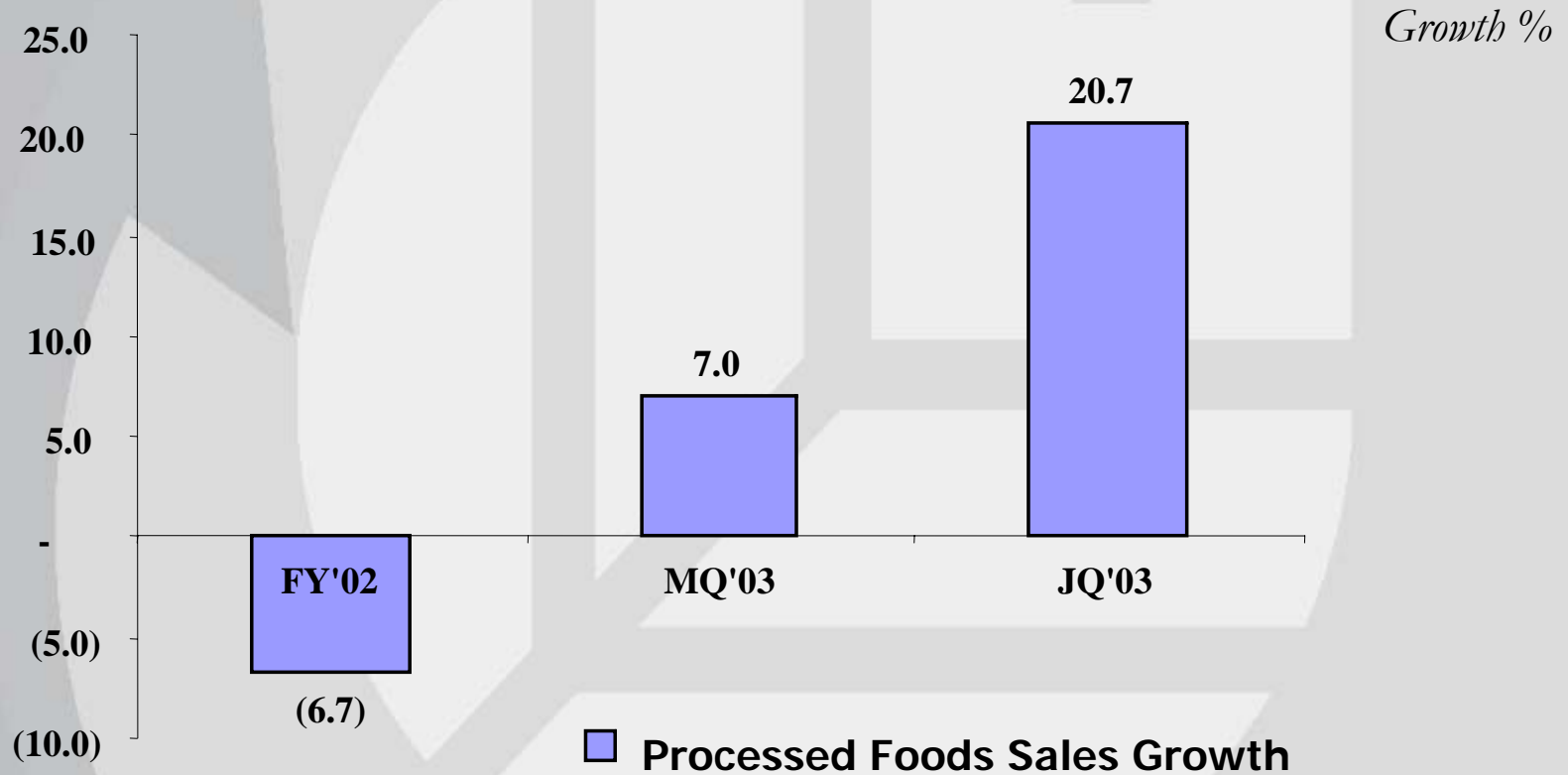
Beverages

Good improvement in sales performance





Processed Foods- Continue to grow

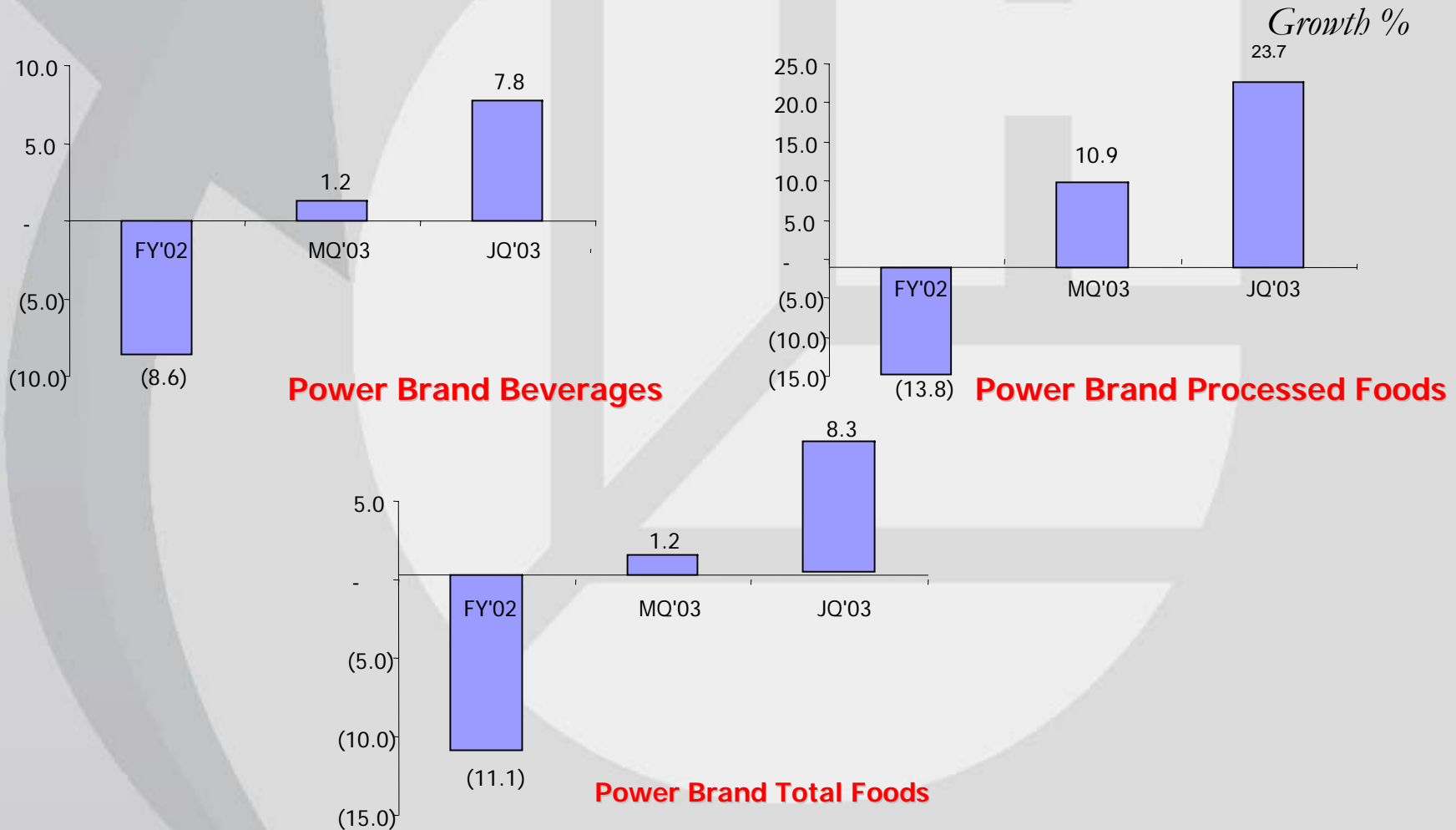


Healthy growth trend after profitability improvement

* Processed Foods excludes Edible Oils and Fats business



Strong growth in Foods Power Brands Strategy delivers results



* Processed Foods and Total Foods exclude Edible Oils and Fats business



Foods Power Brands delivering strong growth - JQ'03



Bru : 16%



Red Label : 5%



Taaza : 12%



3 Roses : 9%



Annapurna : 26%



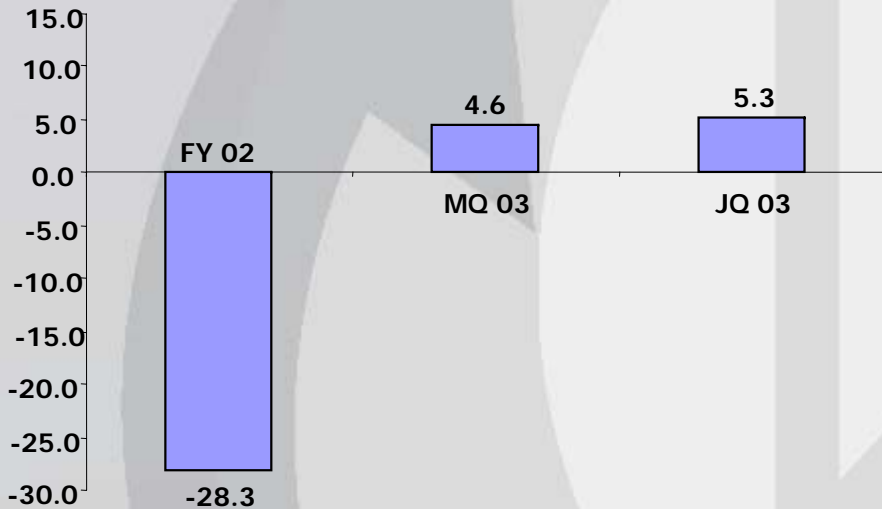
Kissan : 24%

* Group Basis

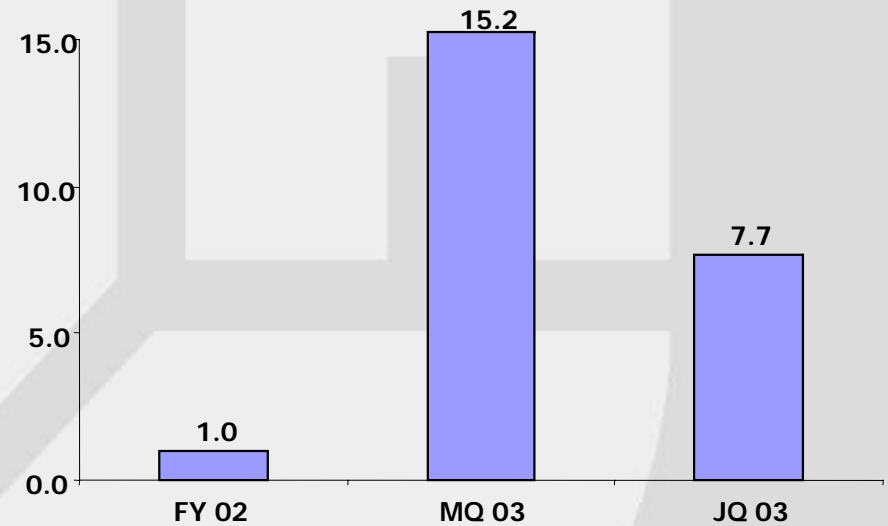


Exports Strategy delivering results

Growth %



Exports



Continuing Exports

Core Value added portfolio drives growth



Strategy Update

Grow HPC profitably - Power Brands grow by 4.6%



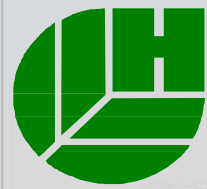
Make Foods Fit for growth - Power Brands grow by 8.3%



Focus on core exports - Continuing exports grow by 7.7%



** Foods Power Brands exclude Edible Oils and Fats business*



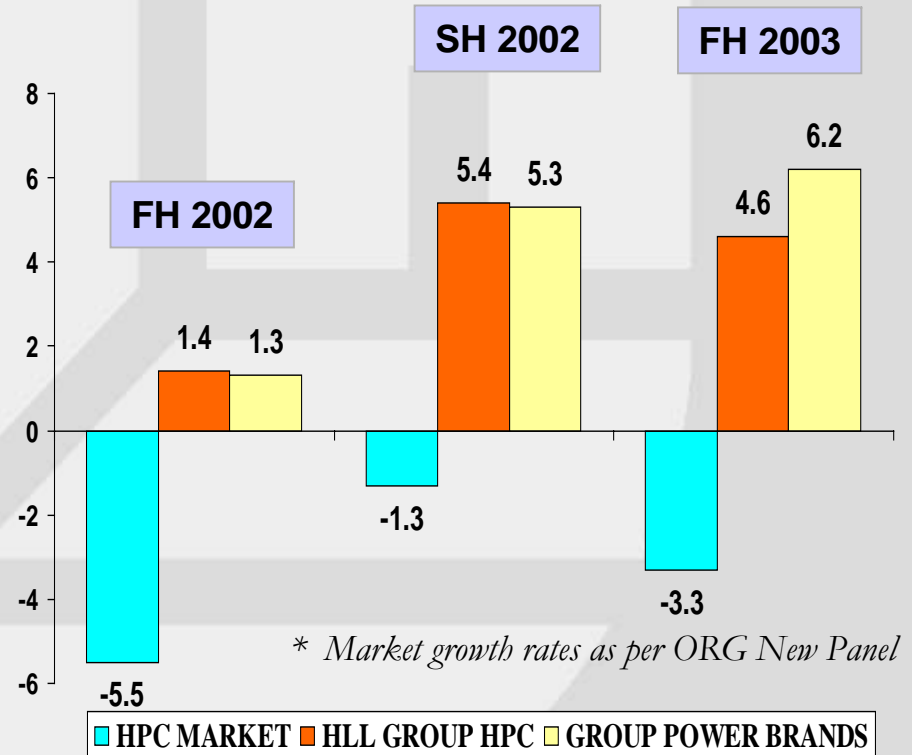
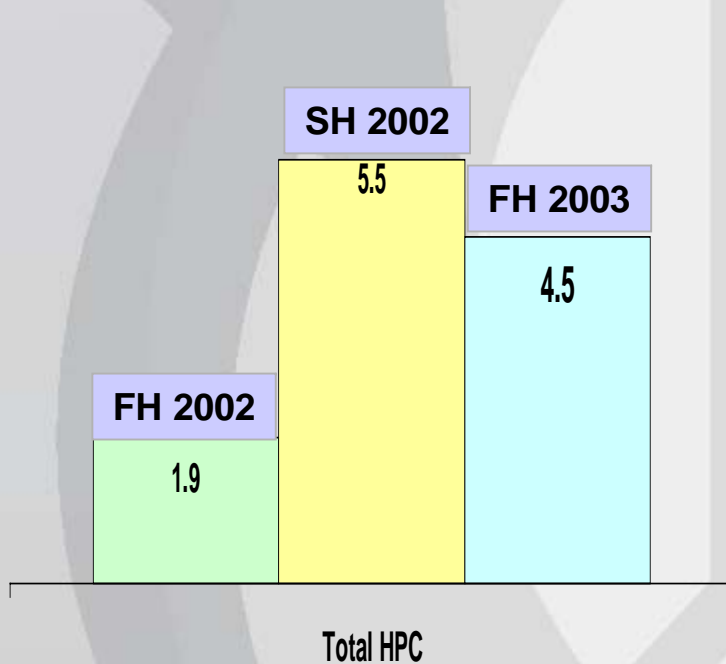
FH 2003 Results Highlights

- Overall sales grows by 2.2%, Continuing businesses grow by 3.2%
- HPC FMCG grows by 4.5% with power brands growing by 6.2%
- Good improvement in foods sales performance
- Sales impacted by
 - Uncertainty in VAT implementation
 - Truckers' strike
- Operating profit improves by 9%, margins up 114 bps
- PAT (bei) improves by 10.5%



HPC Performance

Growth %



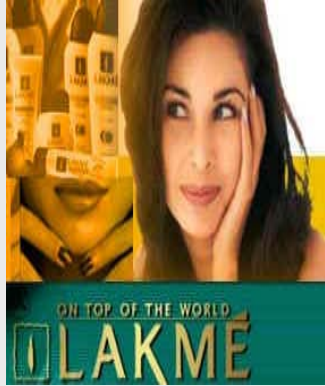
"HPC sustains growth momentum"

"HPC Category and Power Brands beat the market"

...accounts for 65% of revenue & 85% of profits



HPC Power Brands delivering strong growth - FH'03



Lakme : 53%



Lifebuoy : 33%



Ponds : 22%



FAL : 16%



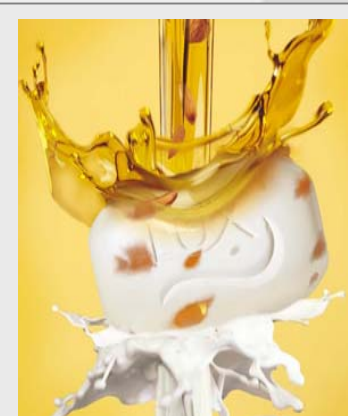
Pepsodent : 15%



Nihar : 11%



Sunsilk : 6%

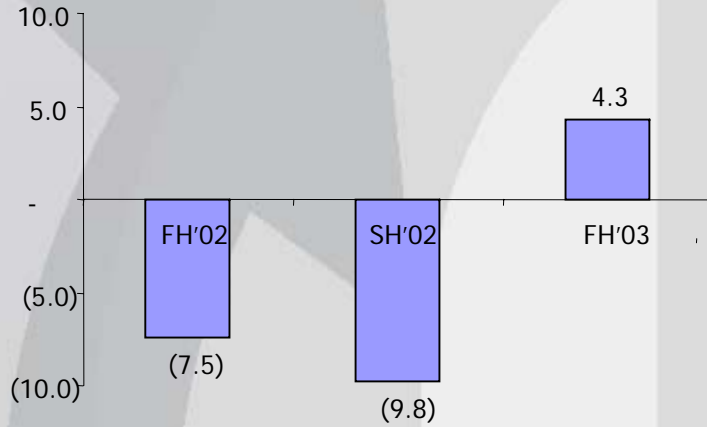


Lux : 7%

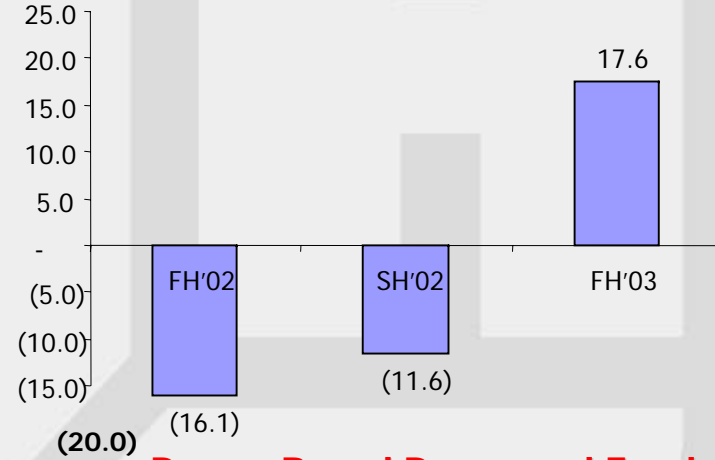
* Group Basis



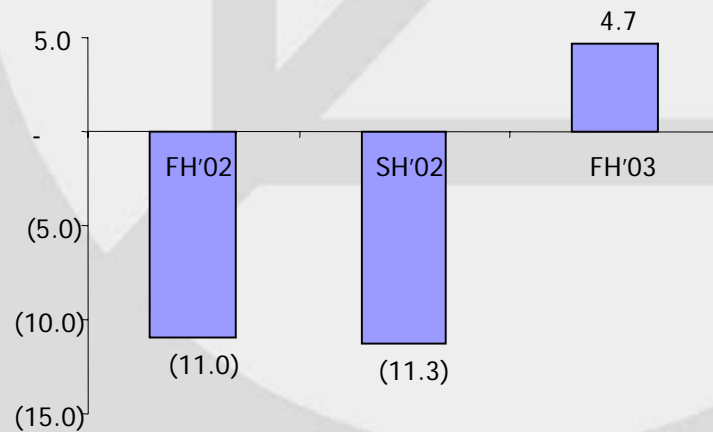
Strong growth in Foods Power Brands Strategy shows results



Power Brands Beverages



Power Brand Processed Foods



Power Brand Total Foods

* Processed Foods and Total Foods exclude Edible Oils and Fats business



Foods Power Brands delivering strong growth - FH'03



Bru : 17%



Taaza : 11%



3 Roses : 10%



Annapurna : 26%

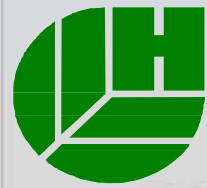


Kissan : 11%

* Group Basis

Analysts Meet Mumbai

31st July, 2003

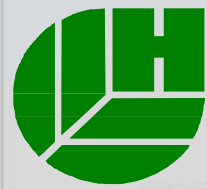


Contents

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Financials

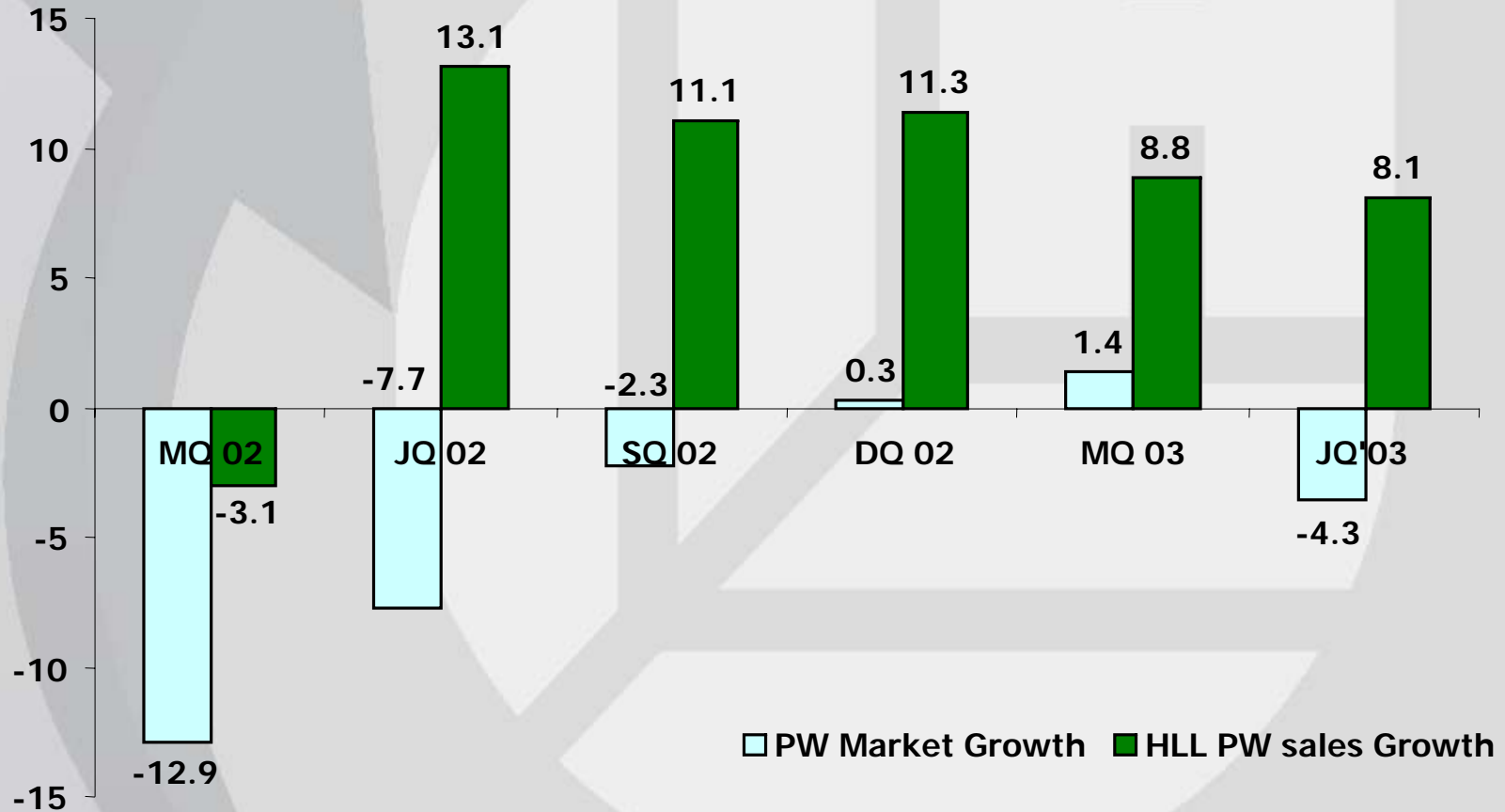


Soaps & Detergents Performance Highlights

- **Innovation led growth in Personal wash**
 - Strong growth inspite of truckers' strike
 - Growth momentum in Lux and Lifebuoy sustained
 - Slew of launches/relaunches in the category
- **Laundry Market impacted adversely with continued downtrading.**
 - Pressure on the mid price and premium segments of the portfolio
 - Rin re-formulated and launched with patented "**Nil Mineral Bar**" technology
 - Surf Excel prices reduced and brand relaunched in JQ'03; volumes surge
- **Dishwash grows by 8.3% in JQ'03 in a declining market (-)2.7%**
 - Vim Polycoat launched



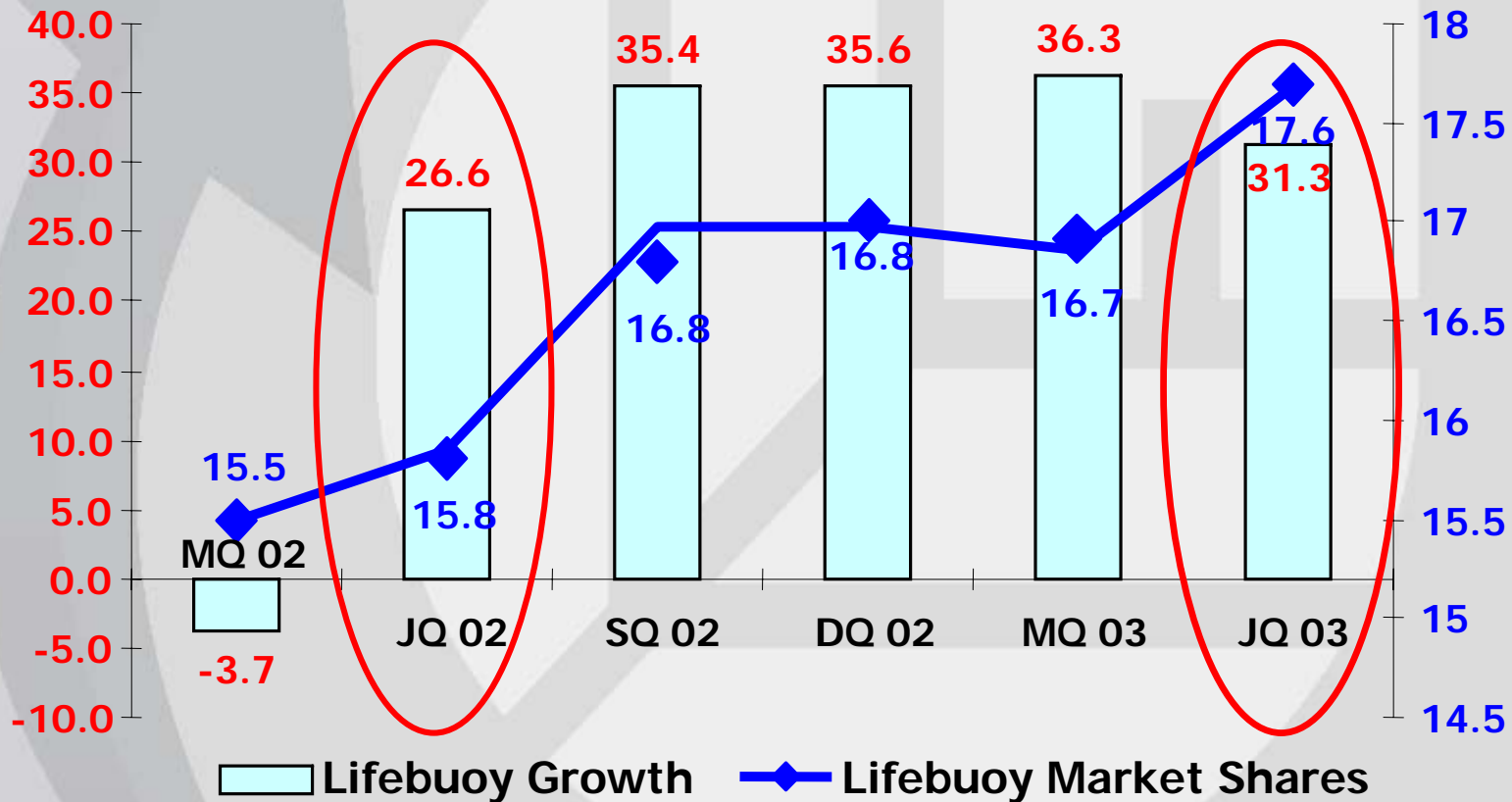
Personal Wash... Innovation led growth





Lifebuoy

Excellent innovation led performance

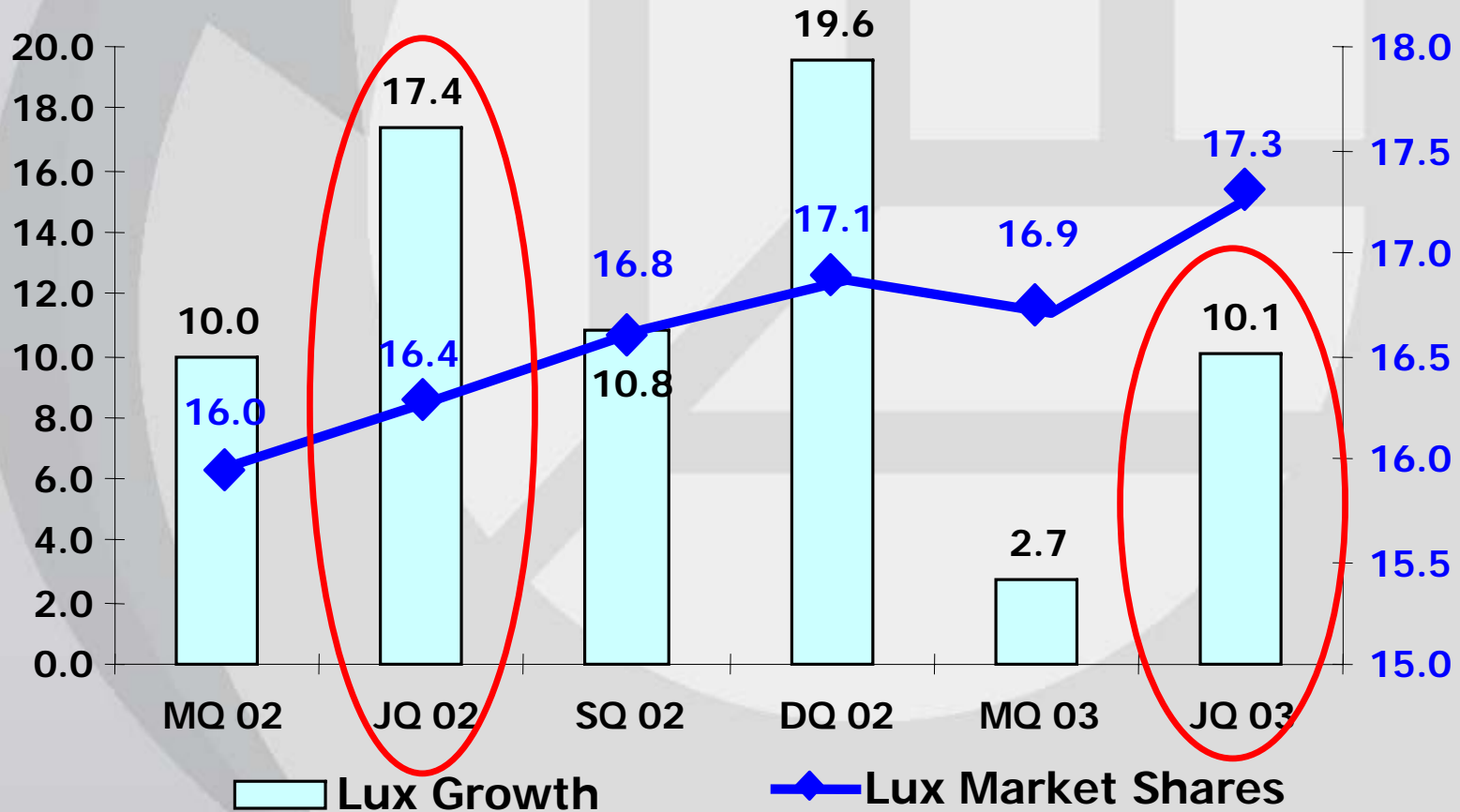


- Strong double digit growth for 5 consecutive quarters
- >30 % growth for 4 consecutive quarters.



Lux

Excellent innovation led performance



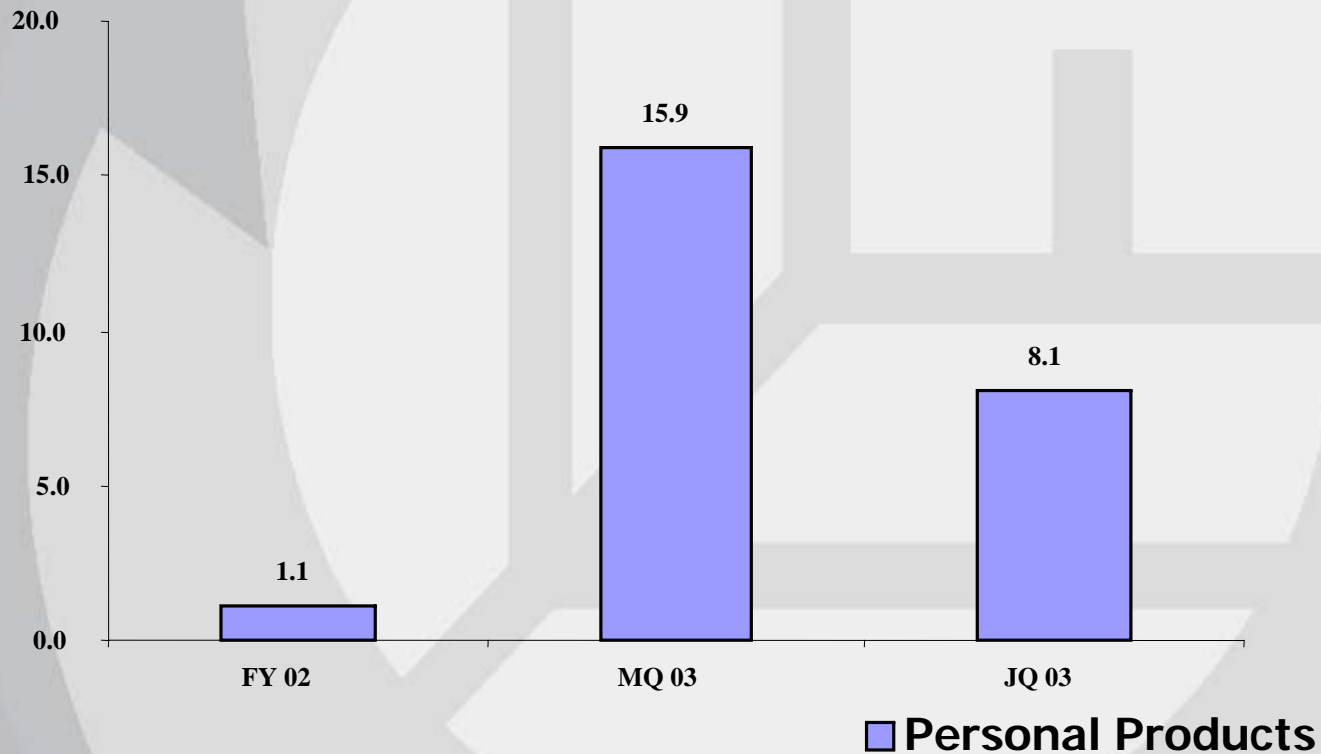


Personal Products Performance Highlights

- **Growth sustained in JQ'03**
 - Growth led by Skin, Talc, Hair Oil and Shampoos
- **Strong double digit growth in Skin for 5 consecutive quarters**
 - FAL, Lakme and Ponds show high growths
- **Oral performance better than market decline**
 - Value proposition redefined
 - New SKUs launched at convenient price points
 - Share gain from low price competition
- **Shampoo sales growth driven by volume growth**
 - Market Value decline continues
 - Sunsilk registers strong growth of 8% in JQ'03
 - New SKUs launched at convenient price points in MQ'03
 - Value proposition redefined
- **Hair oils deliver double digit growth for 3 consecutive quarters**



PP shows strong growth for the second consecutive quarter ...

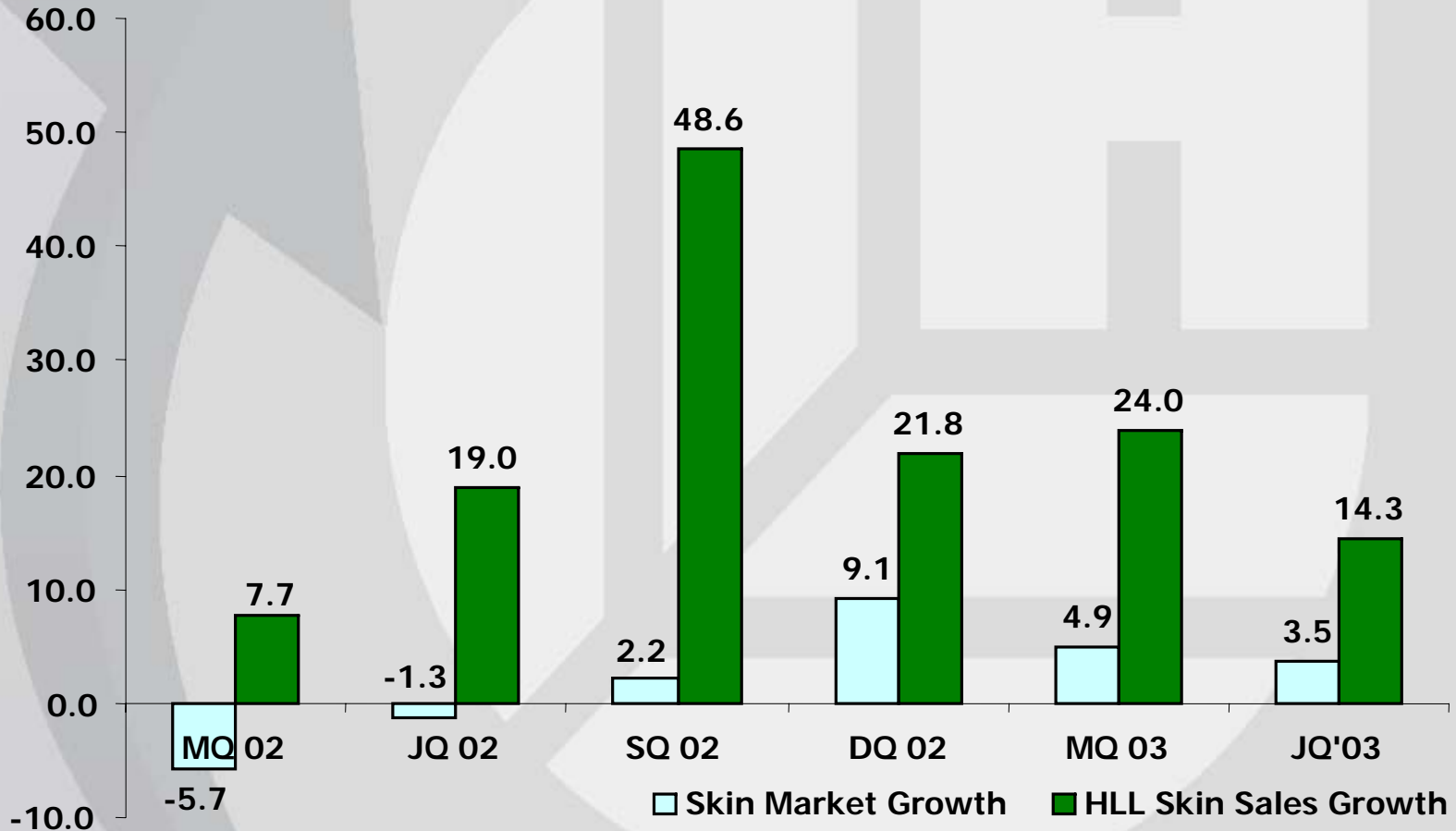


MQ'03 growth sustained



Skin-Consistently beating the market

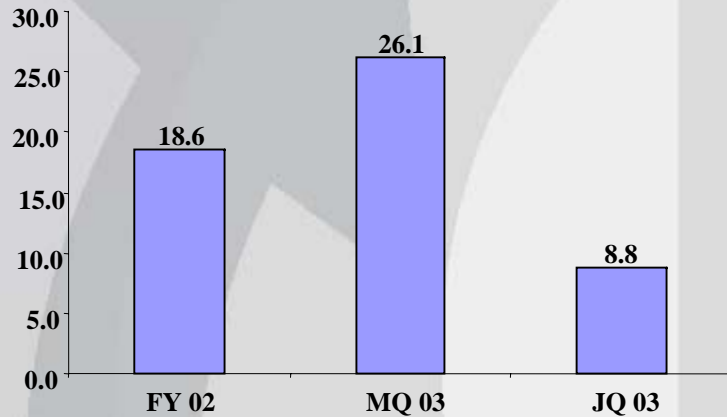
Backed by volume growth



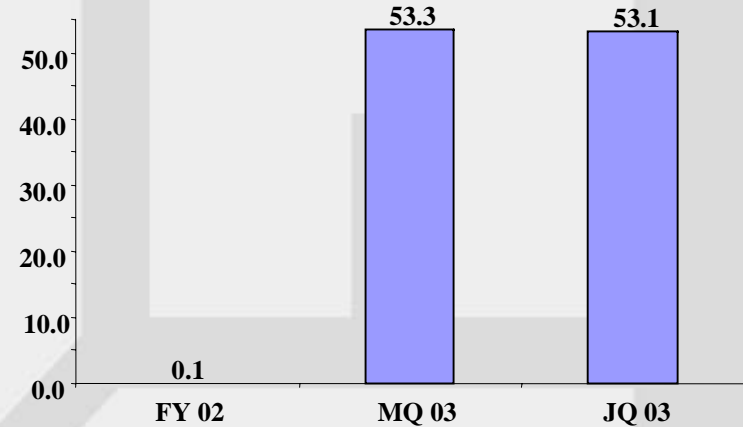
Strong growth for six consecutive quarters
Double digit growth for 5 consecutive quarters



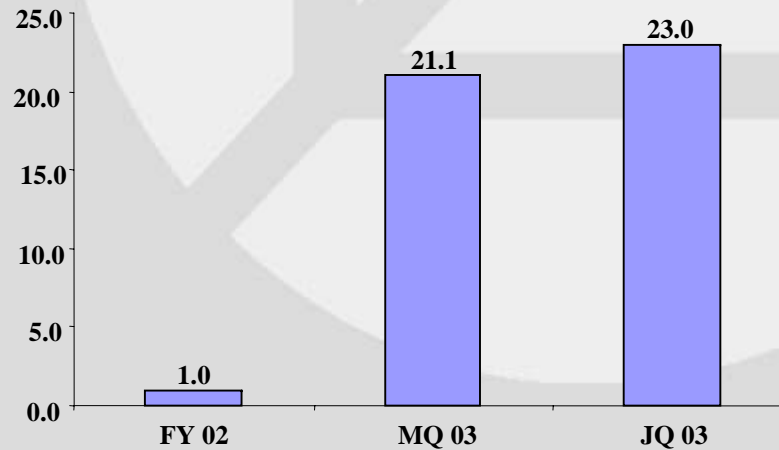
Skin Power Brands Surge ahead..



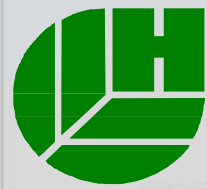
FAIR & LOVELY



LAKME



PONDS



HPC category performance Vs Markets JQ'03 & FH'03

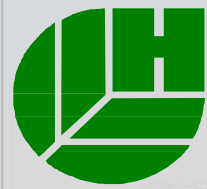
% Growth	JQ 2003 Market Growth	JQ 2003 HLL Group	FH 2003 Market Growth	FH 2003 HLL Group
Personal Wash	-4.3	8.1 ✓	-1.6	8.4 ✓
Fabric Wash	-6.4	-4.9	-4.6	-3.3
Dishwash	-2.7	8.3 ✓	-2.9	-9.4
Toothpaste	-12.2	-3.1 ✓	-11.8	5.7 ✓
Shampoo	-5.2	3.8 ✓	-5.2	1.3 ✓
Skin (excl. Talc)	3.5	14.3 ✓	4.3	18.6 ✓
Talcum Powder	-3.6	15.4 ✓	-5.2	11.4 ✓

HLL beats markets ✓



Core Portfolio Strengthened

- Good improvement in beverages sales performance
- Power Brands 3 Roses, Red Label and Taaza grow well
- Master Brand **“BROOKE BOND”** launched
- Bru delivers strong growth for 6 consecutive quarters
- Leveraging new opportunities
 - ‘OOH” channel
 - Lipton Ice Tea Business



Brooke Bond

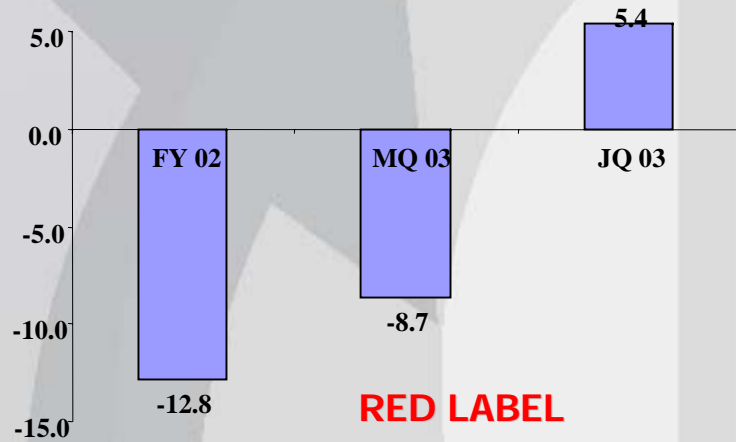
"Cheers your senses"

- **Brooke Bond to be a Rs. 1000 Cr Mega Brand**
- **Why Brooke Bond?**
 - Leveraging the powerful equity of Brooke Bond
- **What is Changing?**
 - A new identity for Brooke Bond
 - Rejuvenation of the entire tea portfolio with Brooke Bond as the master-brand
 - New & modern packaging
 - Superior quality

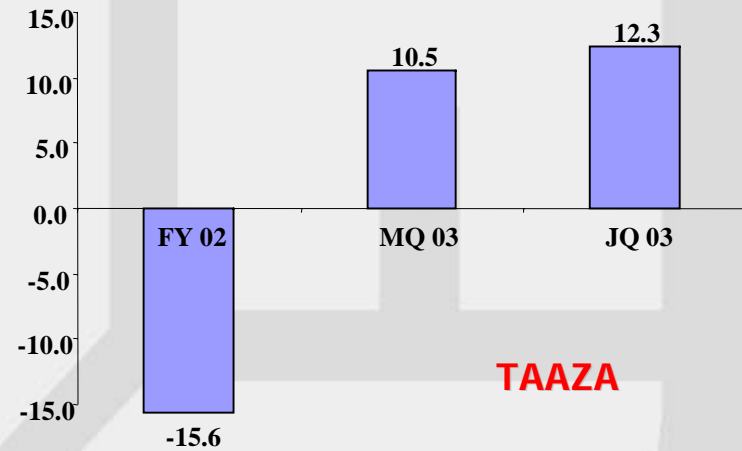


Tea...

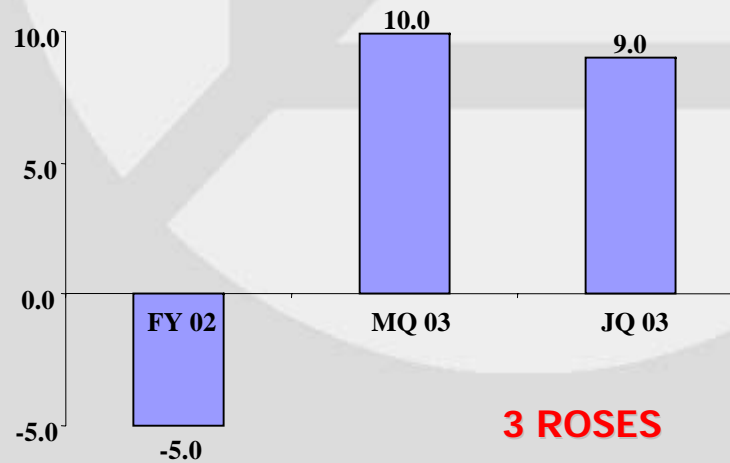
Power Brands deliver growth



RED LABEL



TAAZA

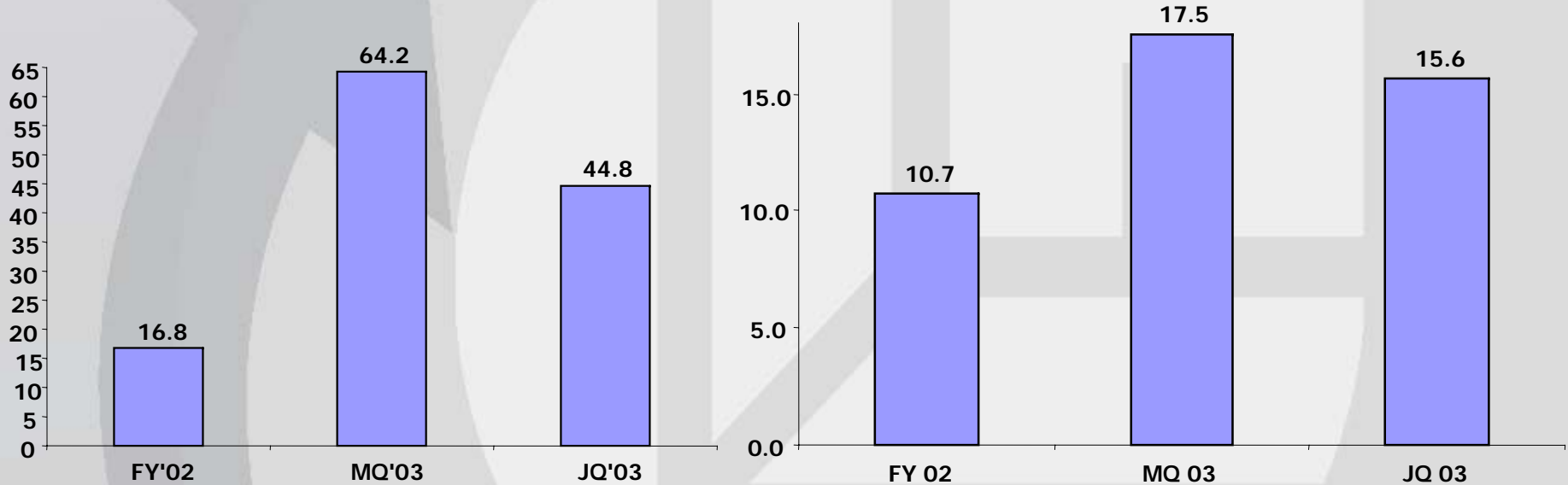


3 ROSES



Bru...

Excellent performance for six quarters



UVG

SALES GROWTH

BRU

Growth momentum maintained
Strong double digit growth in JQ'03 on a high base



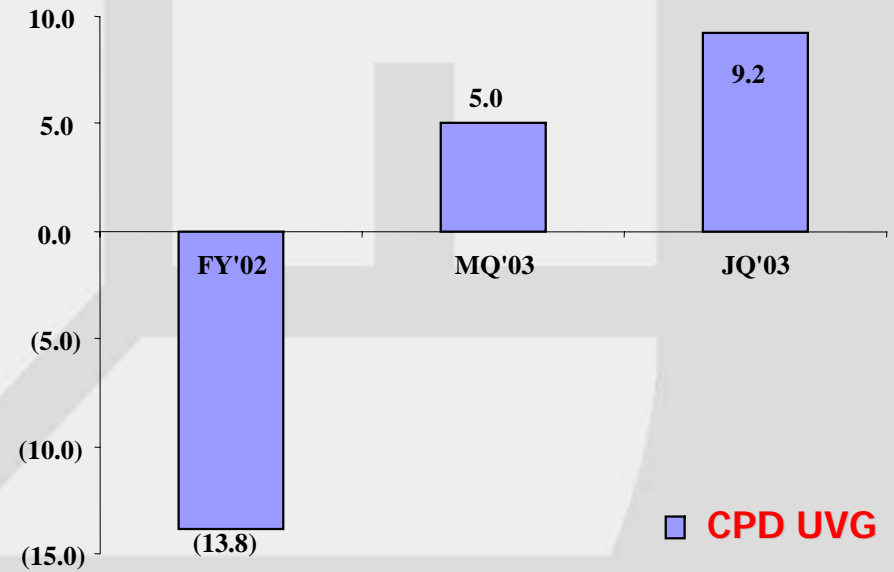
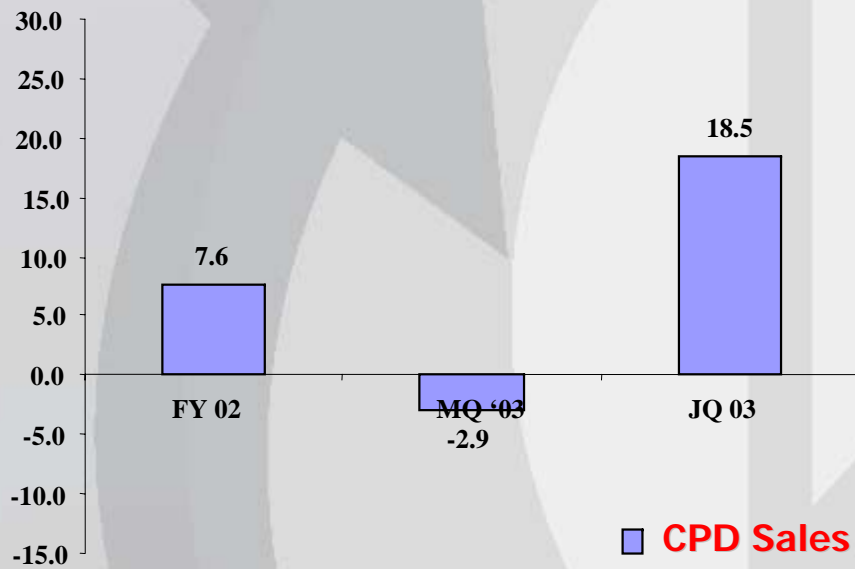
Processed foods On Growth Path...

- Popular Foods shows strong double digit growth in both quarters of 2003
- CPD grows by 18.5% in JQ'03 backed by strong UVG
- Wide assortment of consumer exciting innovations



Culinary Products...

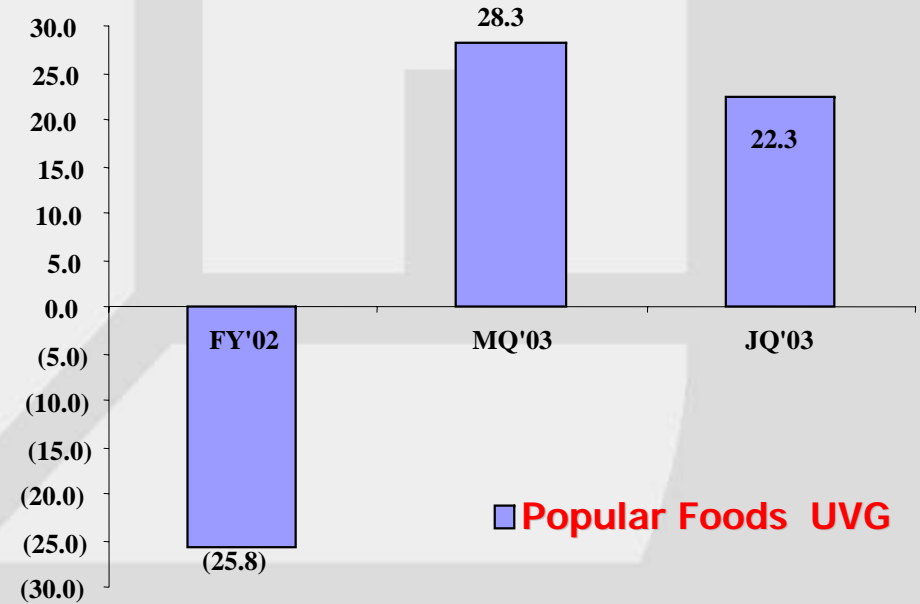
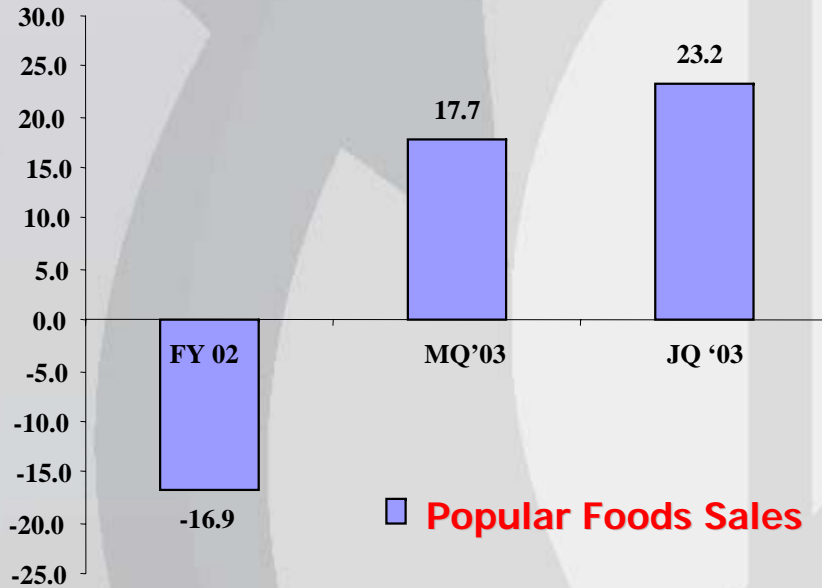
Volume growth momentum sustained





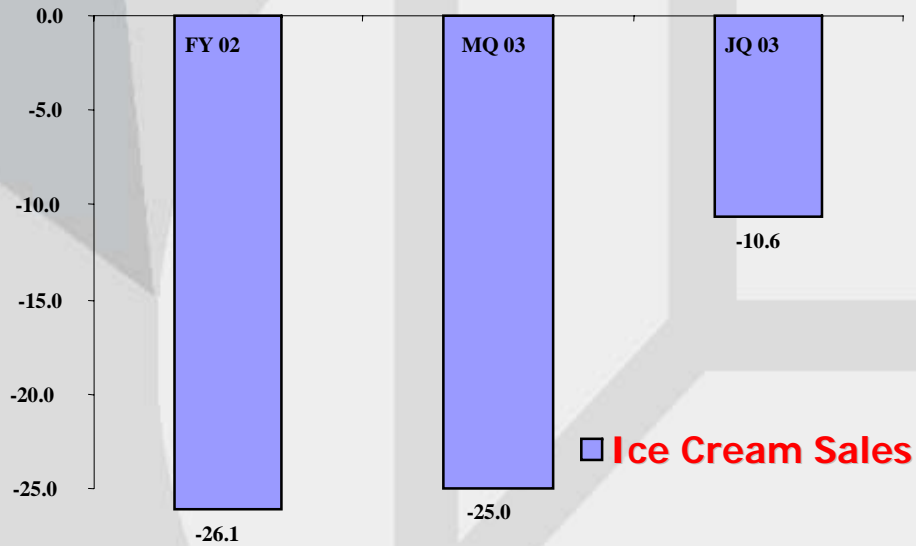
Popular Foods...

Strong Growths in 2003 backed by UVG





Ice Creams



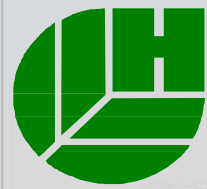
Ice Cream sales impacted due to truckers' strike in summer



Foods category performance Vs Markets - JQ & FH'03

% Growth	JQ 2003 Market Growth	JQ 2003 HLL Group	FH 2003 Market Growth	FH 2003 HLL Group
Packet Tea	-12.7	-3.0 ✓	-14.1	-10.3 ✓
Coffee	-15.5	-1.3 ✓	-14.8	-3.4 ✓
Culinary				
Ketchup	-7.5	5.0 ✓	-6.6	-3.8 ✓
Jams	-10.6	-0.3 ✓	-4.0	-3.0
Salt	-1.4	18.2 ✓	-0.9	5.0 ✓

HLL beats markets ✓



HLL - Network

- Aviance relaunched as HLL Network - Jan'03
- Portfolio widened
 - Products added:
 - Lever home range
 - Male grooming
- Reach - 1068 towns
- 1.15 L consultants in July'03 to grow to 1 mn by 2007

Sales increases 3 fold



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JQ 2003 Sales Summary

Rs Crores	JQ 2002	JQ 2003	Growth %
Domestic FMCG	2269	2317	2.1
- HPC	1747	1809	3.5
- Foods	522	508	(2.6)
Exports	299	322	7.7
Others	35	55	55.0
CONTINUING BUSINESSES	2603	2693	3.5
Disposals / Discontinued	11	0	
NET SALES	2614	2693	3.0



JQ 2003 Results

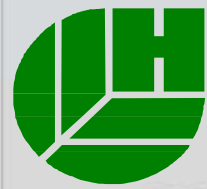
Rs Crores	JQ 2002	JQ 2003	Growth %
EBIT	465	506	8.9%
Fin Income (net)	55	66	20.4%
PBT	520	573	10.2%
Tax (incl Deferred)	119	122	2.0%
PAT (bei)	400	451	12.6%



Cash Flow JQ'03

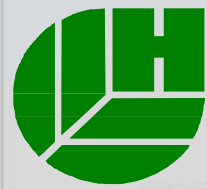
Operating cash flow increases by 26%

Rs Crores	JQ 02	JQ 03
Business Operation	533	538
WC Reduction	196	349
Treasury income	37	69
Total Cash Generated	766	956
Capex	45	44
Tax paid	8	8
Dividend paid	550	660
Total Cash Deployed	603	712
Surplus Cash Generated	163	244
Acquisition / disposal	59	
Special Dividend - tax		(219)
Net Surplus cash Invested	222	25



Segmental Revenue

Rs Crores	JQ'03	% Growth
Soaps and Detergents	1,216	1.5
Personal Products	602	7.3
Beverage	287	(3.4)
Processed Foods	177	0.5
Ice Cream	36	(11.0)
Exports	322	5.3
Others	77	(15.3)
Total	2,716	1.8
Less: Inter Segment Revenue	(8)	(69.6)
Net Segment Revenue	2,708	2.5

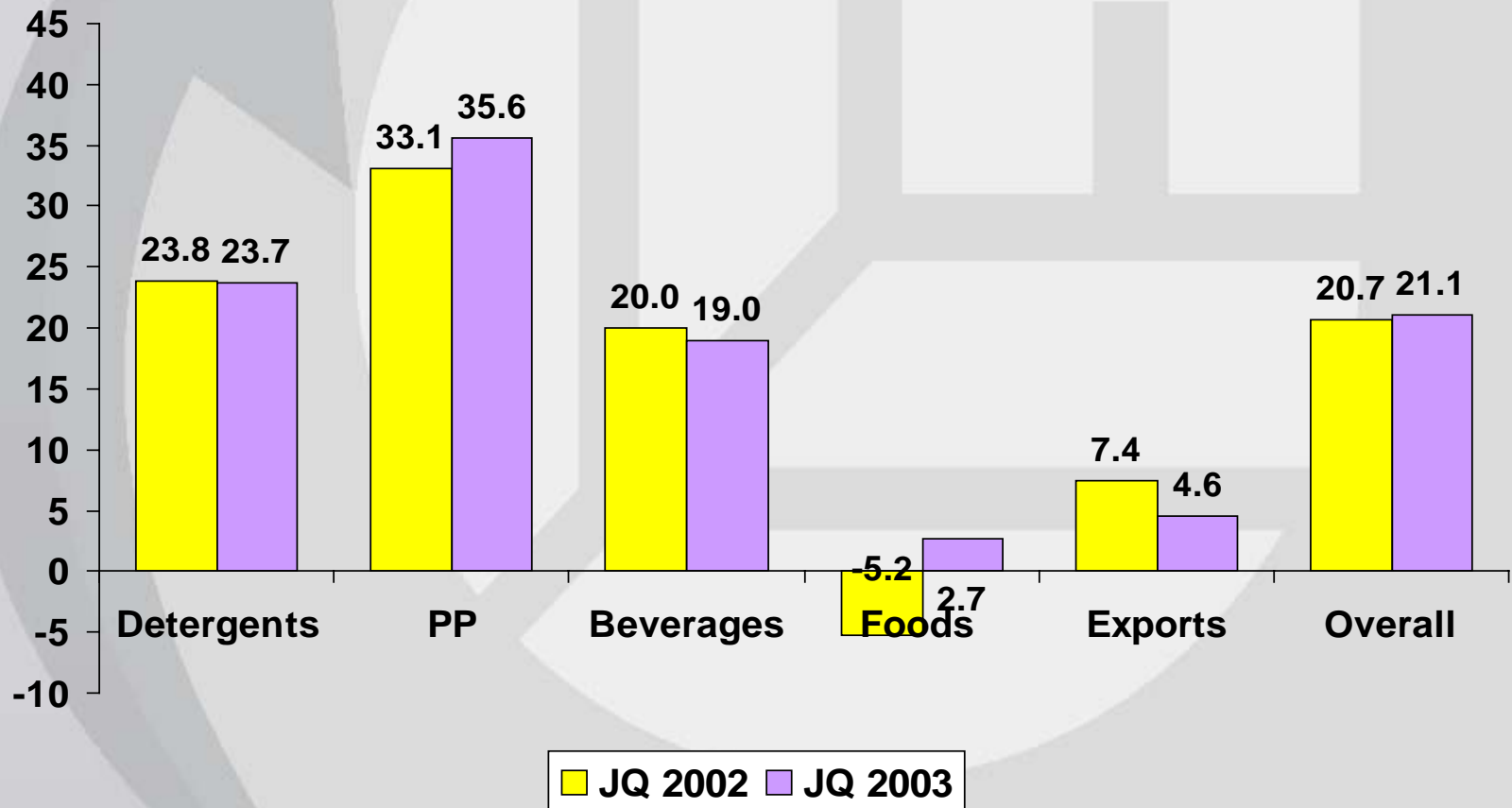


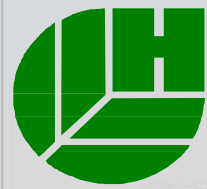
Segmental Results

Rs Crores	JQ'03	% Growth
Soaps and Detergents	288	1.2
Personal Products	214	15.5
Beverage	55	(7.8)
Processed Foods	5	152.1
Ice Cream	2	(50.8)
Exports	15	(35.5)
Others	(6)	
Total	573	3.7
Less : Interest	(1)	46.7
Add : Unallocable net income	1	
Net Segment Result	573	10.2



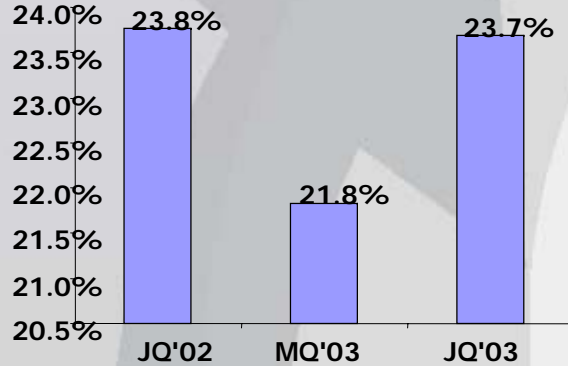
Segment Margins



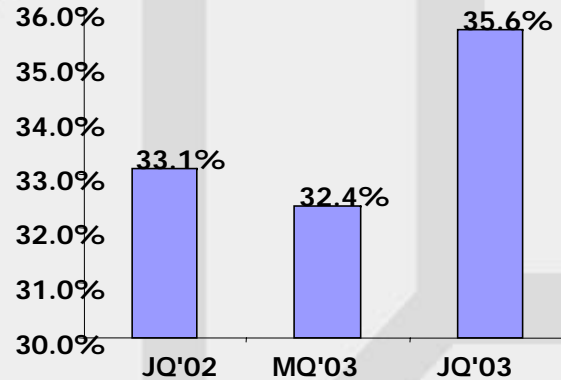


Improved HPC Margins

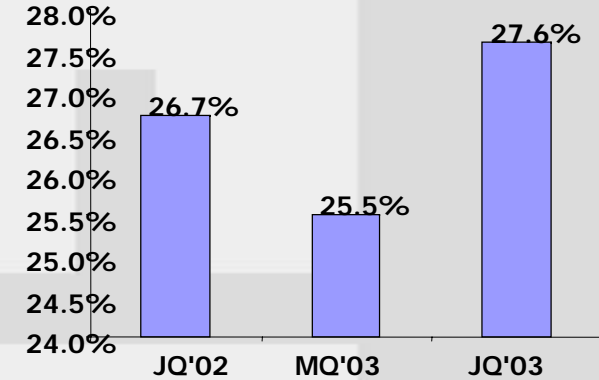
Soaps and Detergents



Personal Products



HPC



- Overall HPC margins improves by 90 bps
- Personal Products margin expands by 250 bps
- Soaps and Detergents margin expansion impacted by
 - Higher input oil cost in JQ'03
 - Additional supply chain cost due to transport strike
 - Partly set off by one-off credit



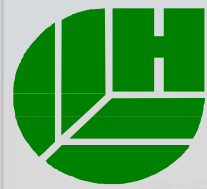
FH'03 Sales Summary

Rs Crores	FH 2002	FH 2003	Growth %
Domestic FMCG	4254	4329	1.8
- HPC	3187	3329	4.5
- Foods	1067	1000	(6.3)
Exports	573	637	11.3
Others	77	95	22.7
CONTINUING BUSINESSES	4904	5061	3.2
Disposals / Discontinued	49		
NET SALES	4953	5061	2.2



FH 2003 Results

Rs Crores	FH 2002	FH 2003	Growth %
EBIT	846	922	9.0%
Fin Income (net)	125	150	19.5%
PBT	971	1072	10.4%
Tax (incl Deferred)	217	238	9.8%
PAT (bei)	754	834	10.5%
Exceptional Item	122	-	
Net Profit	876	834	-4.8%



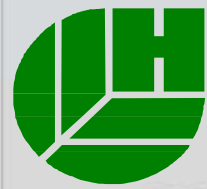
Cash Flow FH'03

Rs Crores	FH 02	FH 03
Business Operation	929	978
WC Reduction	132	249
Treasury income	103	166
Total Cash Generated	1164	1393
Capex	102	109
Tax paid	144	209
Dividend paid	550	660
Total Cash Deployed	796	978
Surplus Cash Generated	368	415
Acquisition / disposal	171	(29)
Special Dividend - tax		(219)
Net Surplus cash Invested	539	167



Segmental Revenue

Rs Crores	FH'03	% Growth
Soaps and Detergents	2,218	1.3
Personal Products	1,133	11.5
Beverage	582	(9.6)
Processed Foods	344	2.0
Ice Cream	56	(16.3)
Exports	637	4.9
Others	148	(15.8)
Total	5,118	1.6
Less: Inter Segment Revenue	(21)	(51.8)
Net Segment Revenue	5,097	2.1

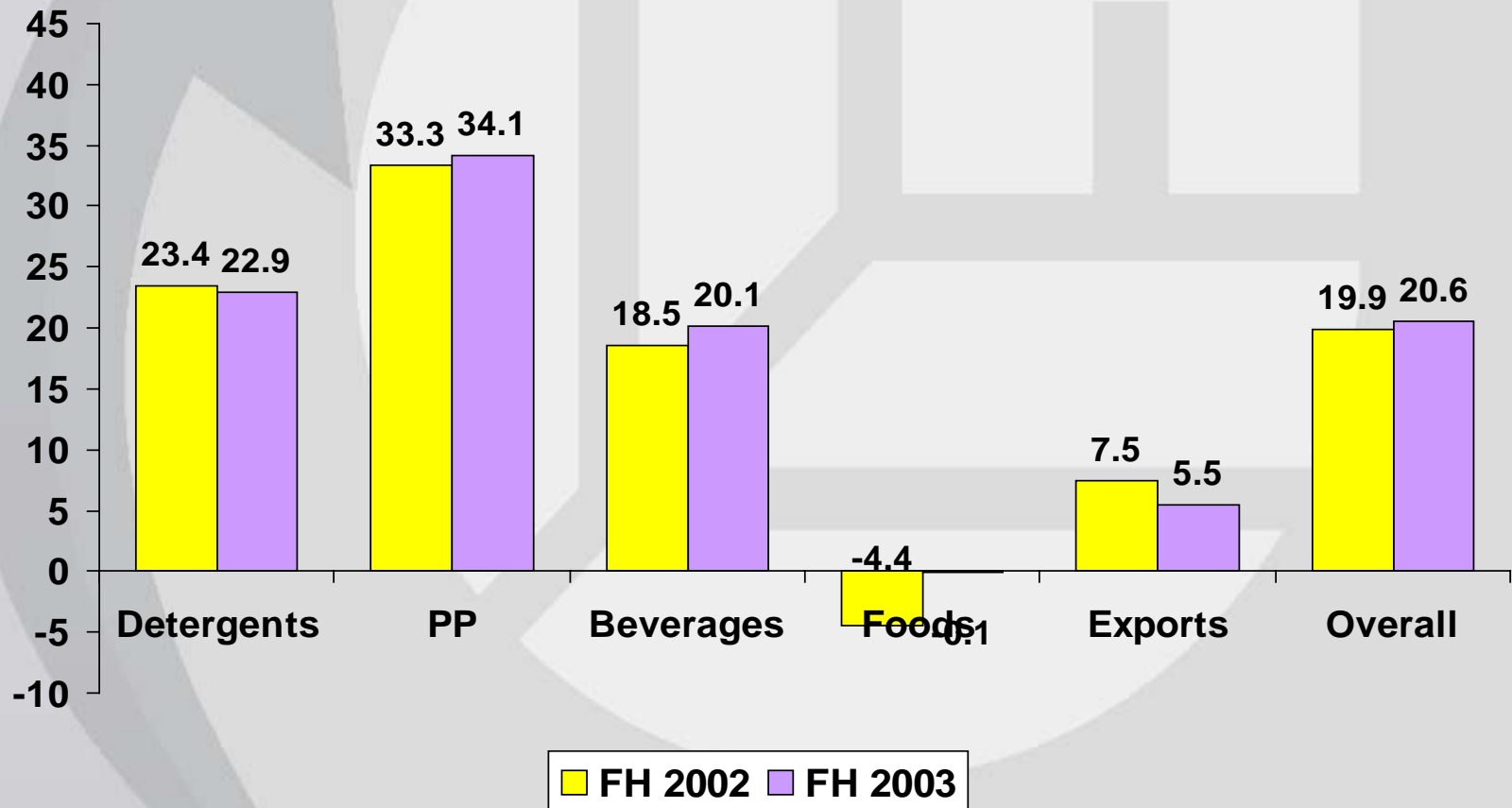


Segmental Results

Rs Crores	FH'03	% Growth
Soaps and Detergents	507	(1.0)
Personal Products	386	14.3
Beverage	117	(2.2)
Processed Foods	0.5	
Ice Cream	10	
Exports	35	(23.7)
Others	(3)	(31.6)
Total	1,051	5.9
Less : Interest	(3)	(47.9)
Add : Unallocable net income	24	(251.1)
Net Segment Result	1,072	10.4

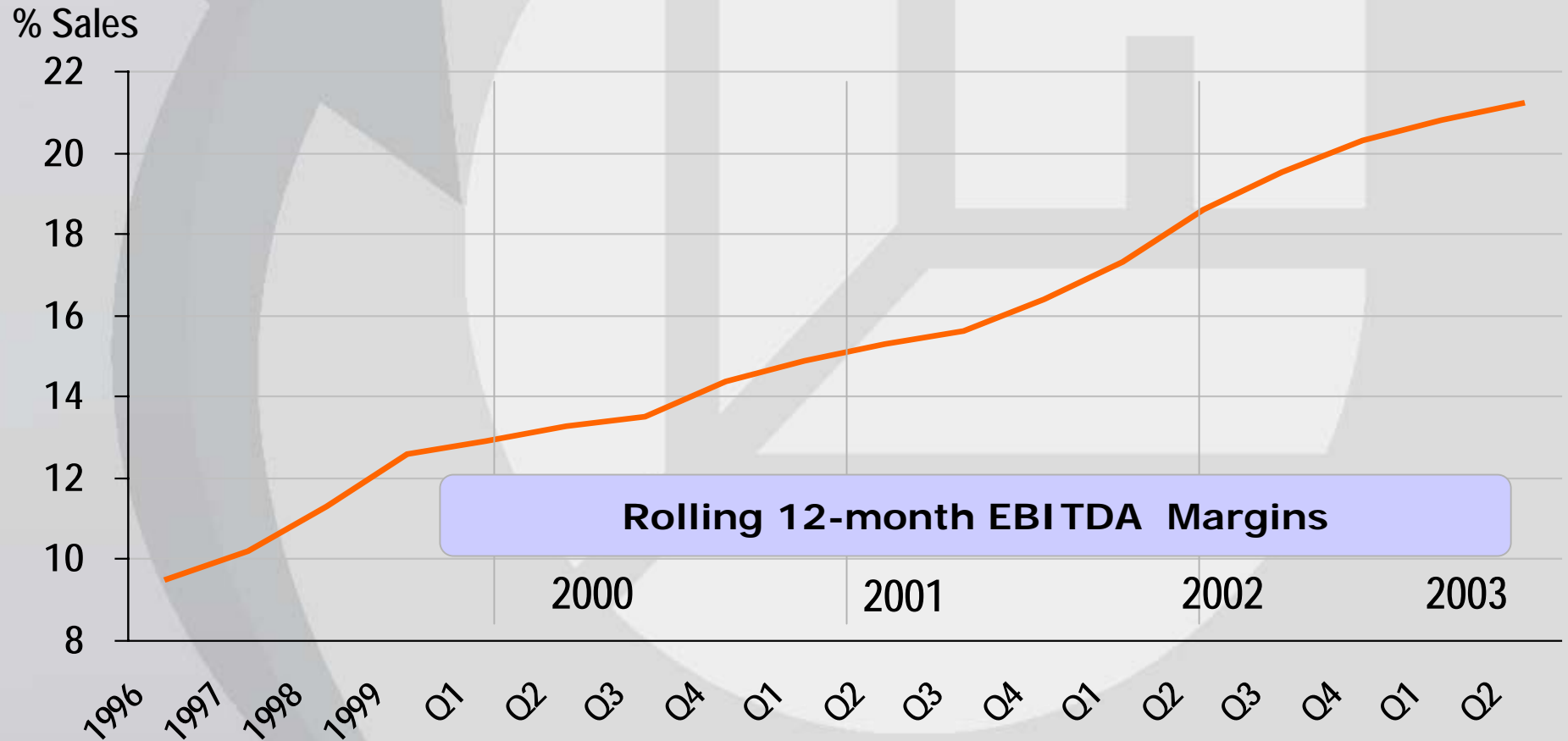


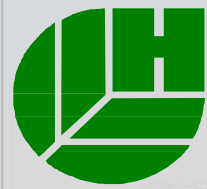
Segment Margins





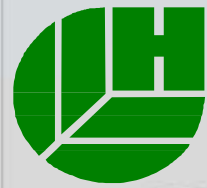
EBITDA Margin Progression





Group Results

	FH 2002	FH 2003	% Change
Sales	5252	5393	2.7
Continuing Businesses	5232	5393	3.1
Operating Profits	828	922	11.4
PBT	949	1029	8.5
PAT bei	727	784	7.8



In Summary...

- **Sales strongly on growth path**
 - Power brand strategy delivers in a declining market
 - Strong growth in Beverages and Processed Foods Power Brands
 - Sales impacted by April transporter's strike
- **Profitable growth in foods**
- **Strong Exports growth continues**

Growth Strategy firmly on Course



Thank You