



Hindustan Lever Limited

UBS India Conference

New Delhi

November 2005

Contents

**Growth
agenda**

**India
Opportunity**

Overview

**2005
Scenario**

**FMCG
markets &
strategy**

Contents

**Growth
agenda**

**India
Opportunity**

OVERVIEW

**2005
Scenario**

**FMCG
markets &
strategy**

HLL - India's Largest FMCG Company

16,000+ employees *

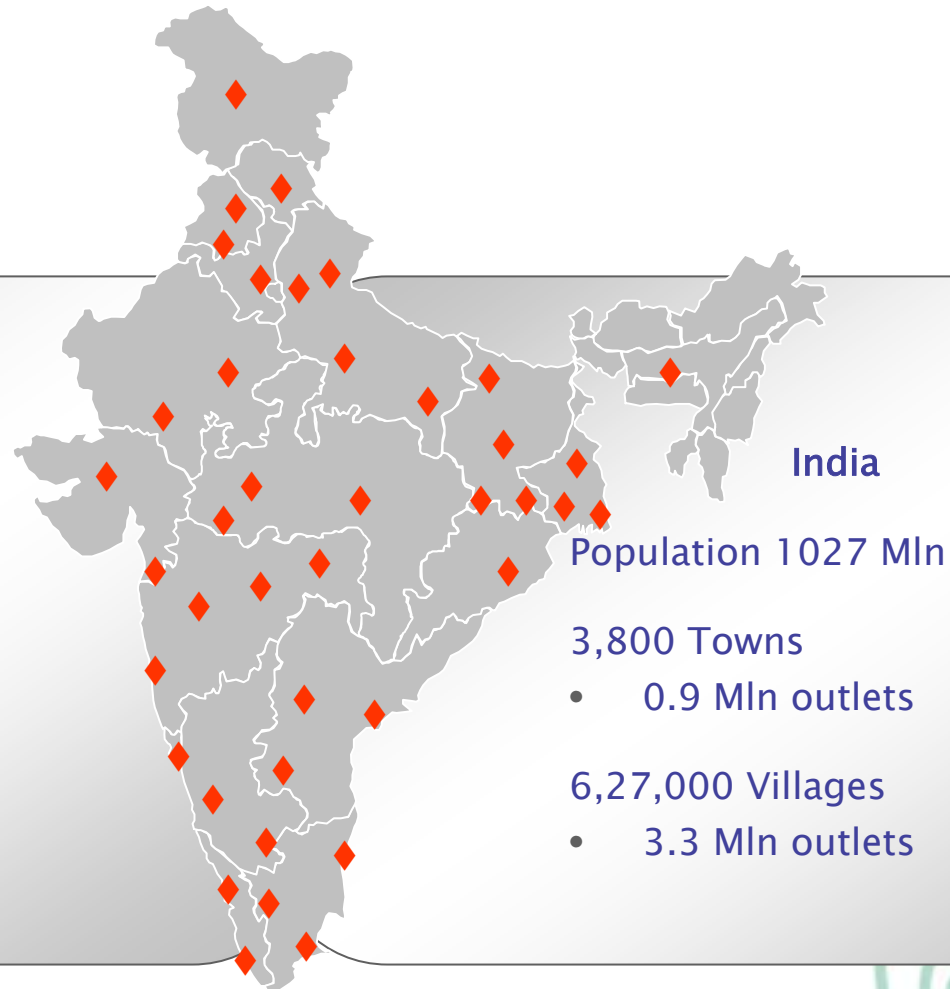
1,200+ managers

2,000+ suppliers &
associates

80 company factories

45 C&Fas, 7,000 Stockists

Direct Coverage – 1 Mn outlets



* Excluding Plantations

Financial Overview 2004

Mn \$

Turnover 2,268

Operating Profit 360

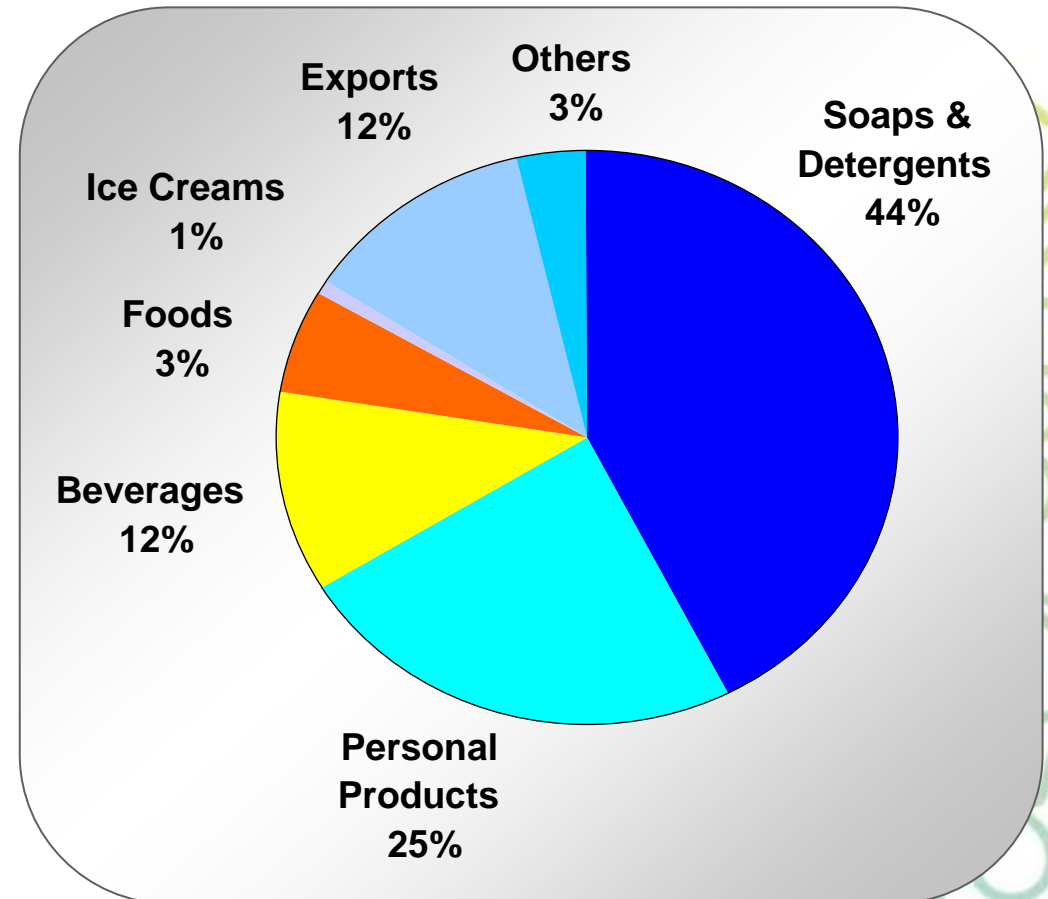
Operating Margin % 15.9%

Net Profit (bei) 275

EPS 13c

Surplus Cash Generated 265

Market Capitalisation 7,926



* Figures based on FY2004 Audited Results
++ Market Capitalization as on 1st November '05

UBS India Conference, New Delhi

November 2005

Leadership across categories

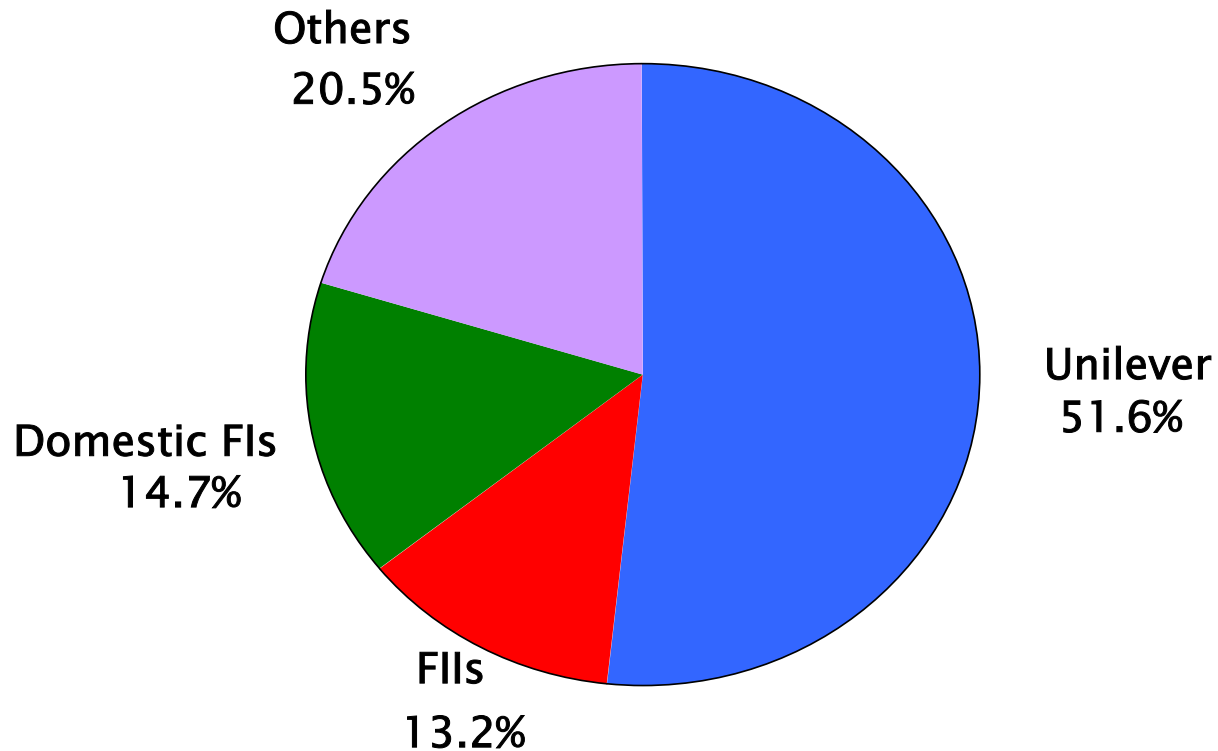
	Category	HLL - Market Share (%)	#2 Market Share (%)
	Market Leader	Fabric Wash	38.6
Personal Wash		54.7	8.7
Dishwash		56.8	10.5
Skin		59.1	5.2
Shampoo		48.4	21.9
Talcum Powder		61.0	5.1
Packet Tea		31.6	20.5
Jams	74.3	5.6	
		HLL - Market Share (%)	#1 Market Share (%)
	Strong No. 2	Toothpaste	32.5
	Instant Coffee	44.3	55.7
	Ketchups	26.8	41.3

Source : A.C Nielsen - ORG Marg Quarter Ended Sep 2005 Value shares

UBS India Conference, New Delhi

November 2005

HLL Shareholding Pattern



HLL Equity Capital – 50 Mn \$

Market Capitalization – 7,926 Mn \$

* Shareholding pattern as on 30th September '05

++Market Capitalization as on 1st November '05

UBS India Conference, New Delhi

November 2005

Contents

**Growth
agenda**

**2005
Scenario**

Overview

**INDIA
OPPORTUNITY**

**FMCG
markets &
strategy**

Economic Outlook

	Growth%			
	2002-03	2003-04	2004-05	2005-06
Agriculture	(5.2)	9.6	1.1	3.0
Industry	6.2	6.6	7.7	8.7
Services	7.1	9.1	8.7	7.5
GDP	4.0	8.5	6.9	7.2

Source : CMIE

* Forecast

Positives

- Strong GDP Growth
- High Forex Reserves
- Growing Exports
- Focus on Rural & Infrastructure

Concerns

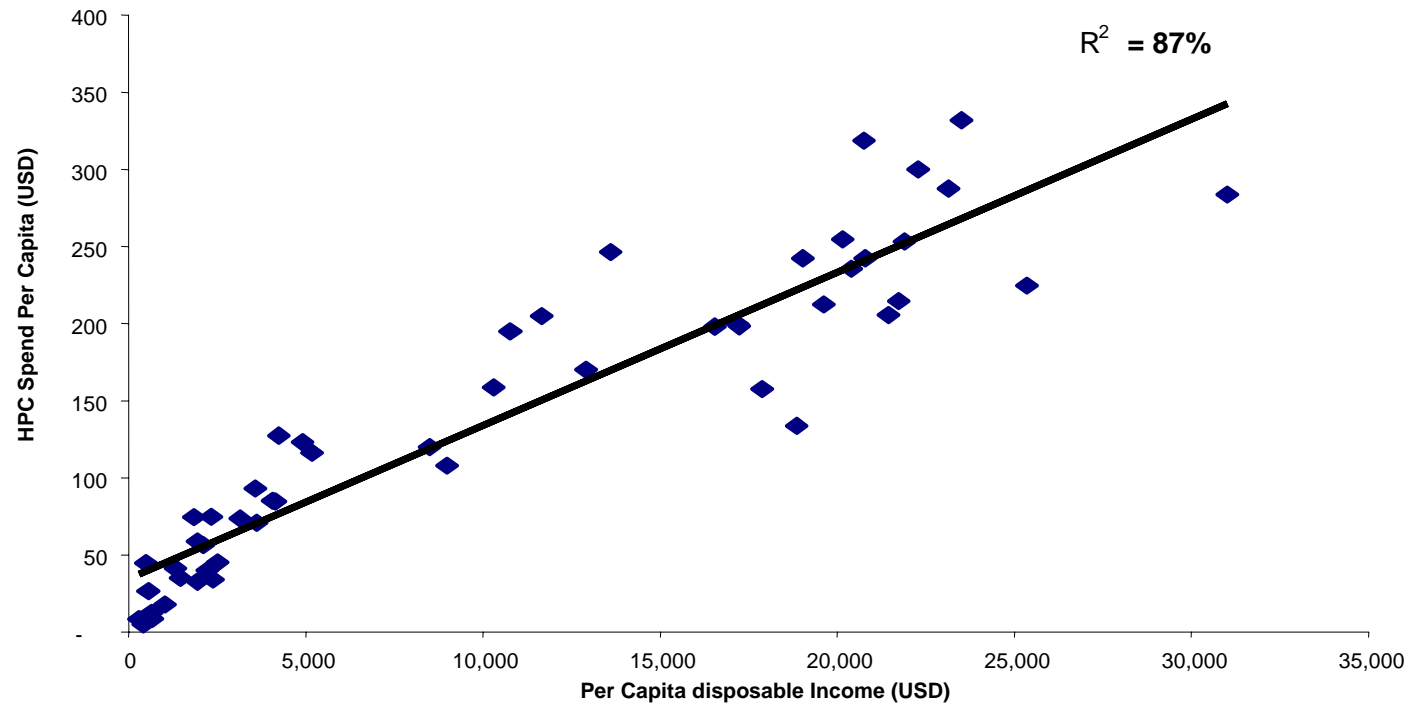
- Oil Prices
- Inflation
- Fiscal Deficit
- Agricultural Growth



The India Opportunity

- More than 1 Billion Consumers
 - Growing per capita income
 - Future of FMCG in India
 - Opportunities to drive Consumption
 - Value upgradation opportunity
 - Growth opportunity in Modern Trade
- 

Disposable income per capita vs HPC spend per capita (2004)

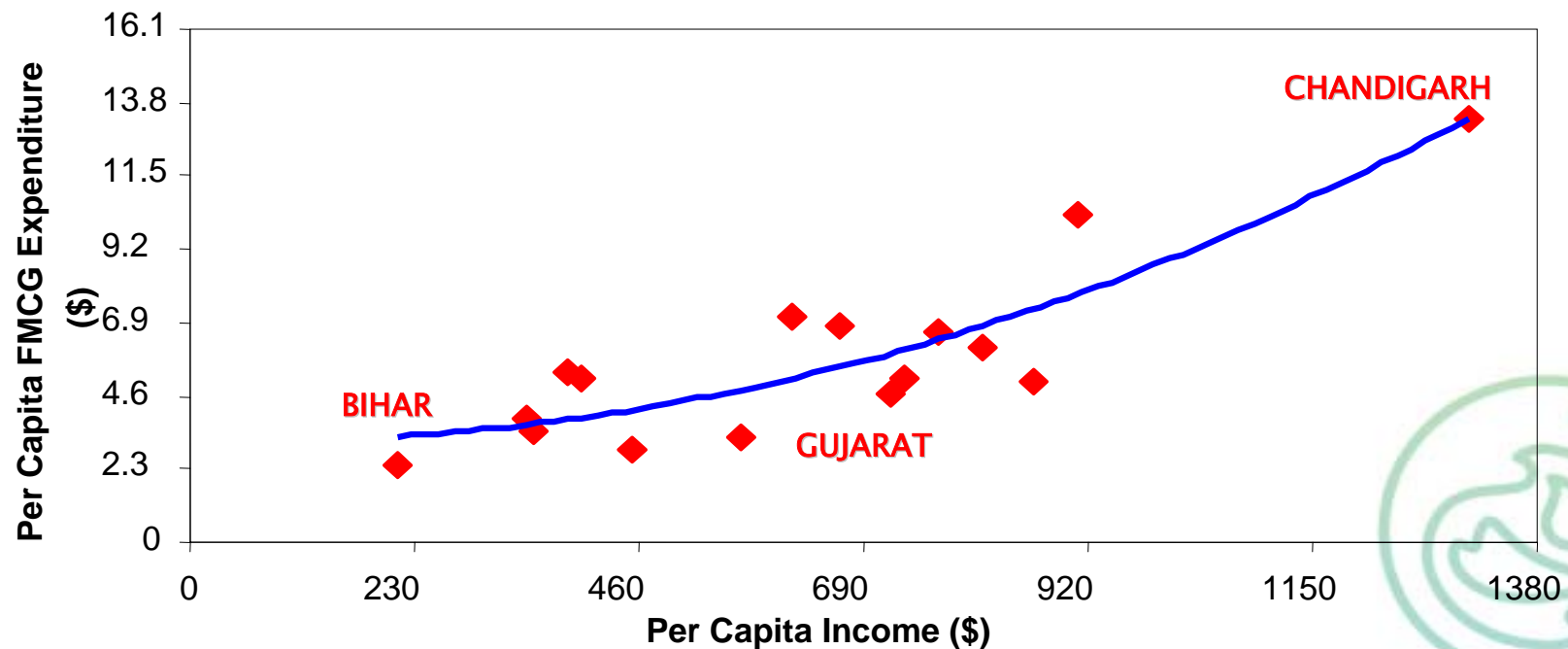


- Per capita incomes in the long term drives consumption
- High R-squared for developed and developing countries
- High income countries have higher consumption

Increasing Per capita income drives

FMCG growth

- Correlation of above 0.8 between FMCG consumption and PCI
- Growth in income is a good indicator of growth in FMCG consumption.
- As India's real income continues to grow at 7% + levels FMCG will benefit.



Opportunity to grow consumption and penetration

Per Capita Consumption (US \$)

	Fabric Wash	Toothpastes	Shampoos
China	1.7	0.8	1.1
Indonesia	2.0	1.1	1.2
Thailand	4.7	3.0	3.7
India	1.2	0.4	0.6

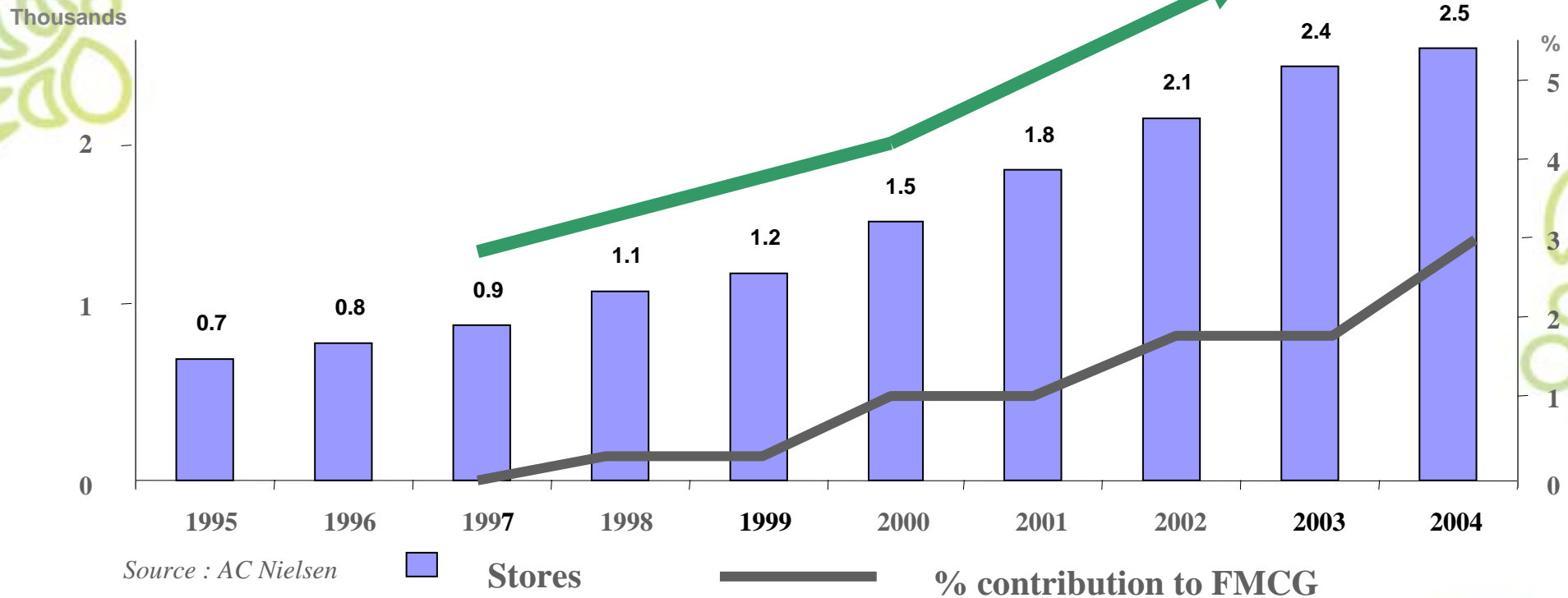
- Very low penetration levels in personal product categories

Source : Euromonitor

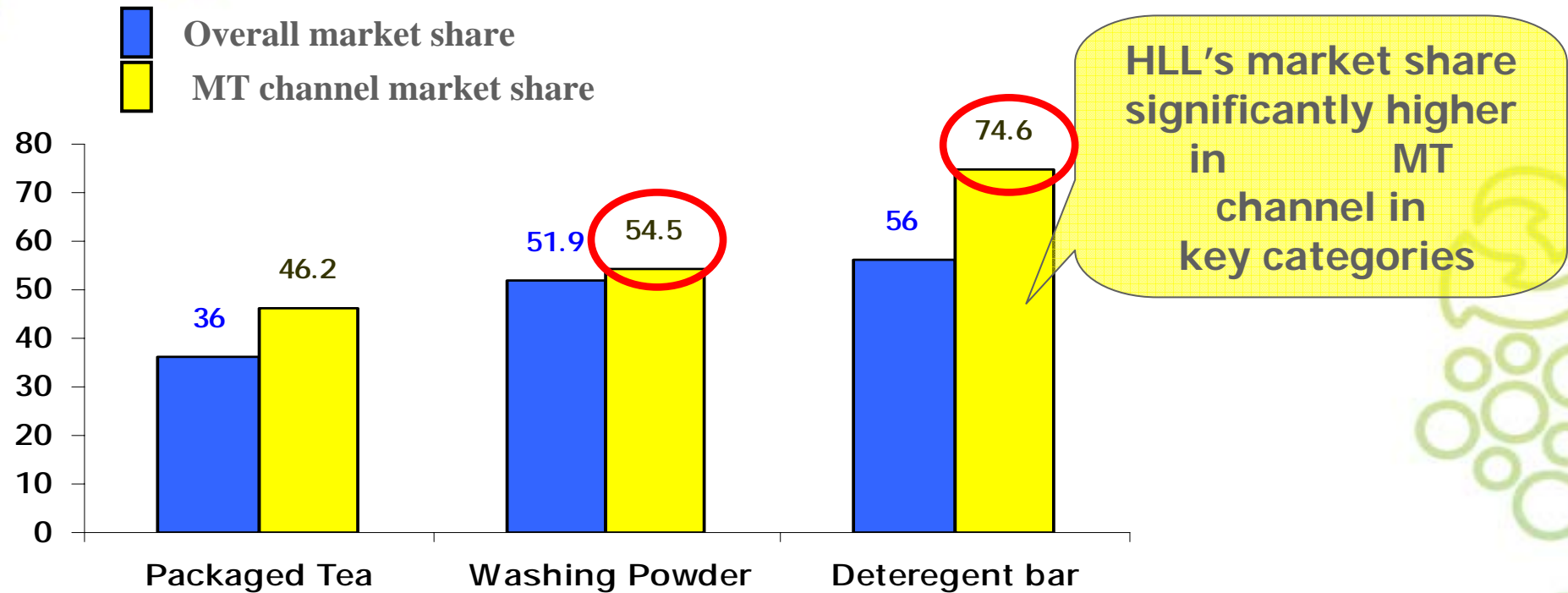
UBS India Conference, New Delhi

November 2005

FMCG Modern trade stores



- FMCG modern trade stores increasing at a CAGR of 15% in the last 5 years
- They account for 3% of FMCG today
- Modern trade accounts for 9% of FMCG in metros, 20% in South Indian metros



Source : AC Nielsen . Data as of July 2005 for 13 cities in India which AC Nielsen tracks and reports.

HLL is uniquely positioned to take advantage of bringing in the Unilever worldwide best practices in MT and the localized experience that we have of India.

Contents

**Growth
agenda**

**India
Opportunity**

Overview

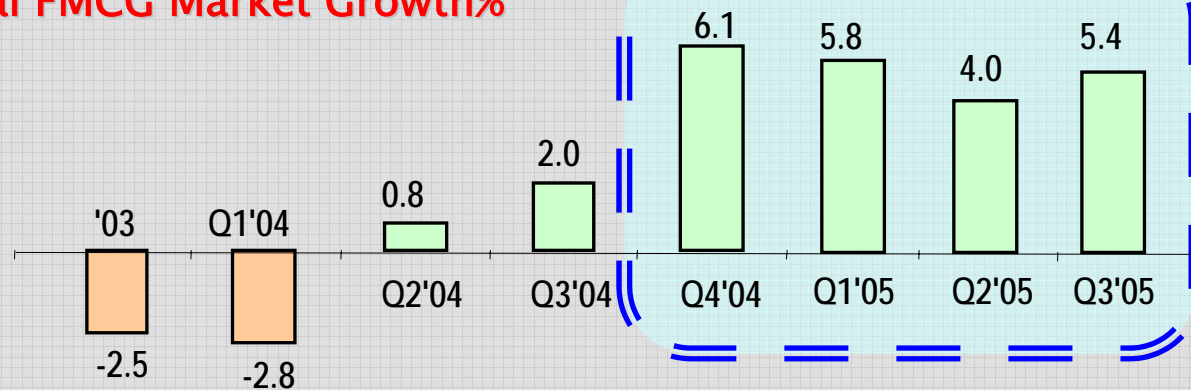
**2005
Scenario**

**FMCG
MARKETS &
STRATEGY**

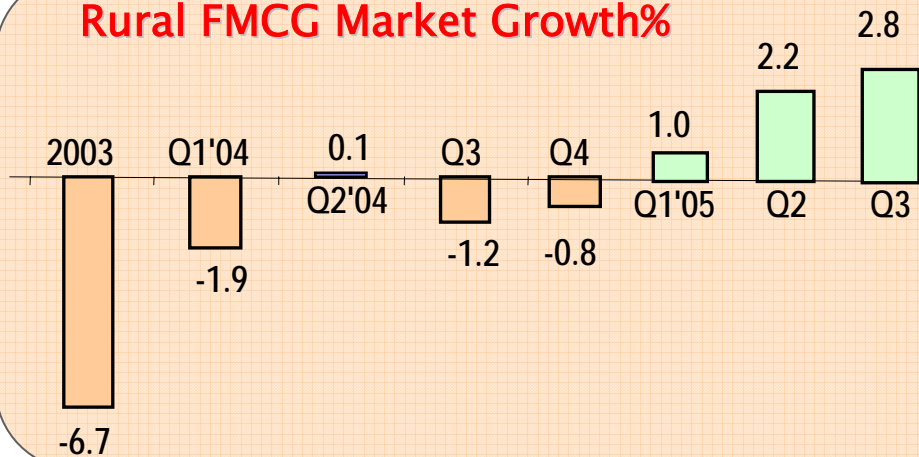
FMCG Markets

Revival continuing in 2005

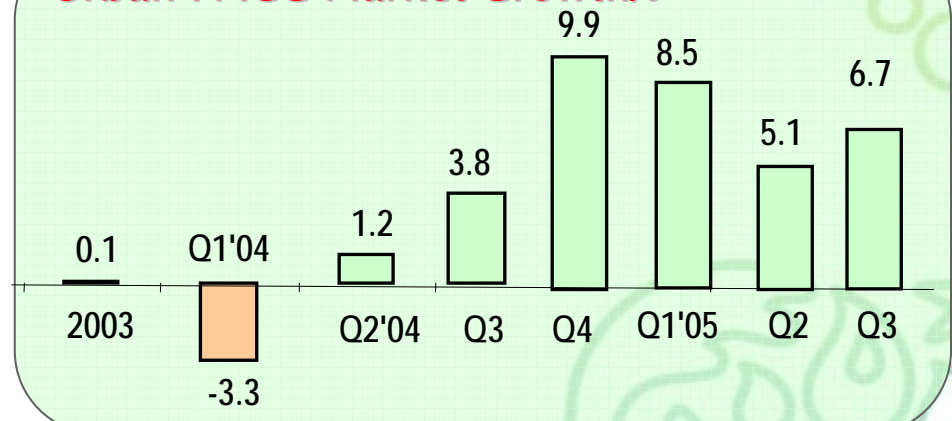
Total FMCG Market Growth%



Rural FMCG Market Growth%



Urban FMCG Market Growth%



Revival led by growth in urban markets

Source : AC Nielsen

UBS India Conference, New Delhi

November 2005

- New equilibrium after choice explosion
- Price led local competition
- International companies seeking market position
- High inflation in key raw materials
- Higher levels of brand investments and innovations
- Revival largely urban led
- Rural also gaining growth momentum

Strategy

- Strategic intent to sustain market leadership and grow market positions across our brands and categories
- Invest behind our brands and deliver consumer value
- Drive topline growth with profitable and sustainable margins
- Focus on innovations, product quality and competitiveness of our distribution system
- Achieve cost leadership across the extended supply chain; margin improvements to come by winning in market place, judicious price increases, delivering on ten point program

Contents

**Growth
agenda**

**India
Opportunity**

Overview

**2005
SCENARIO**

**FMCG
markets &
strategy**

2005 - Scenario

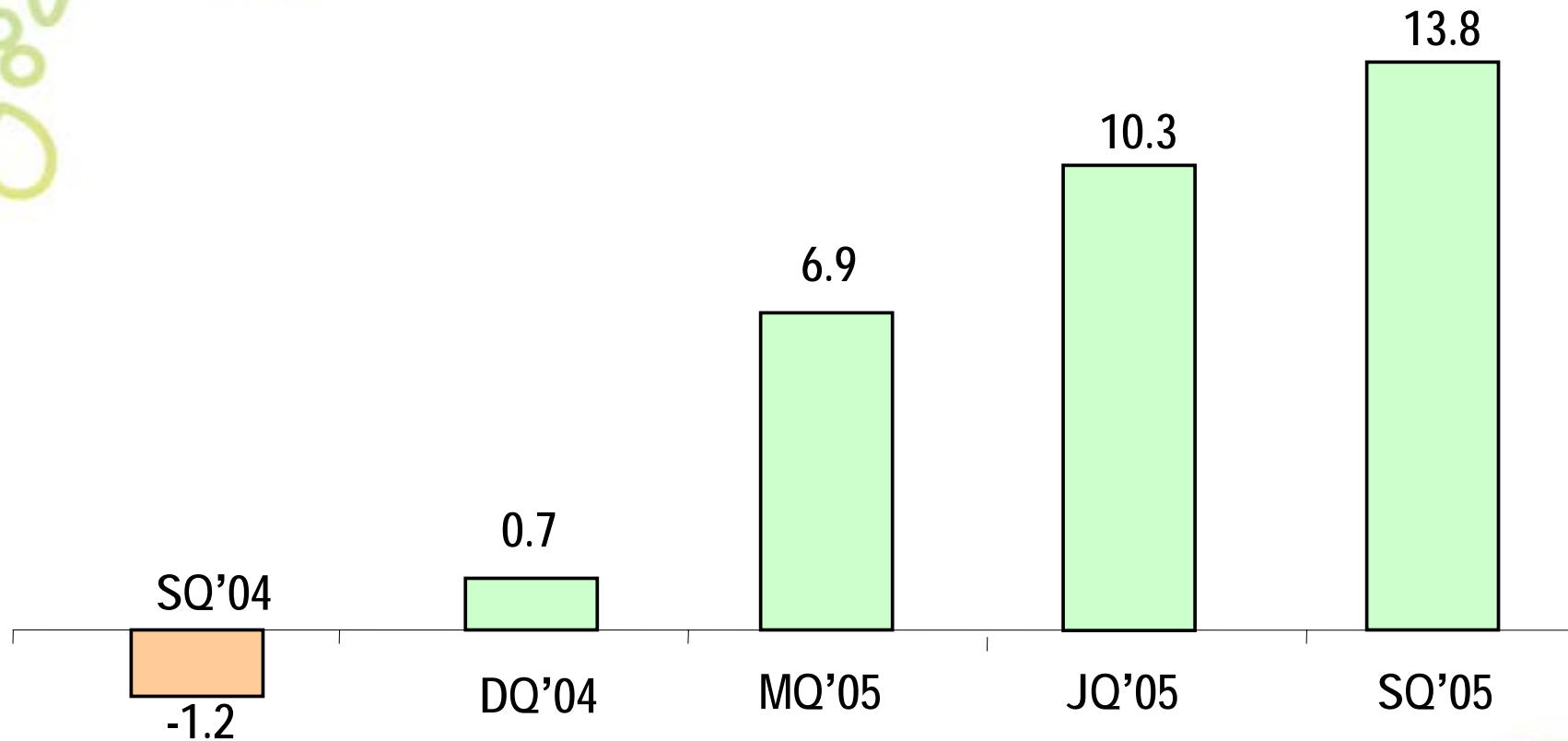
- High input cost escalation particularly in chemicals & packaging materials
laundry most
- Aggressive cost savings and judicious price increases to partly offset cost
- Growth led by high brand building investments and key innovations
- Market share gains in a competitive context

impact

pressure

2005 Highlights

Topline growth accelerating

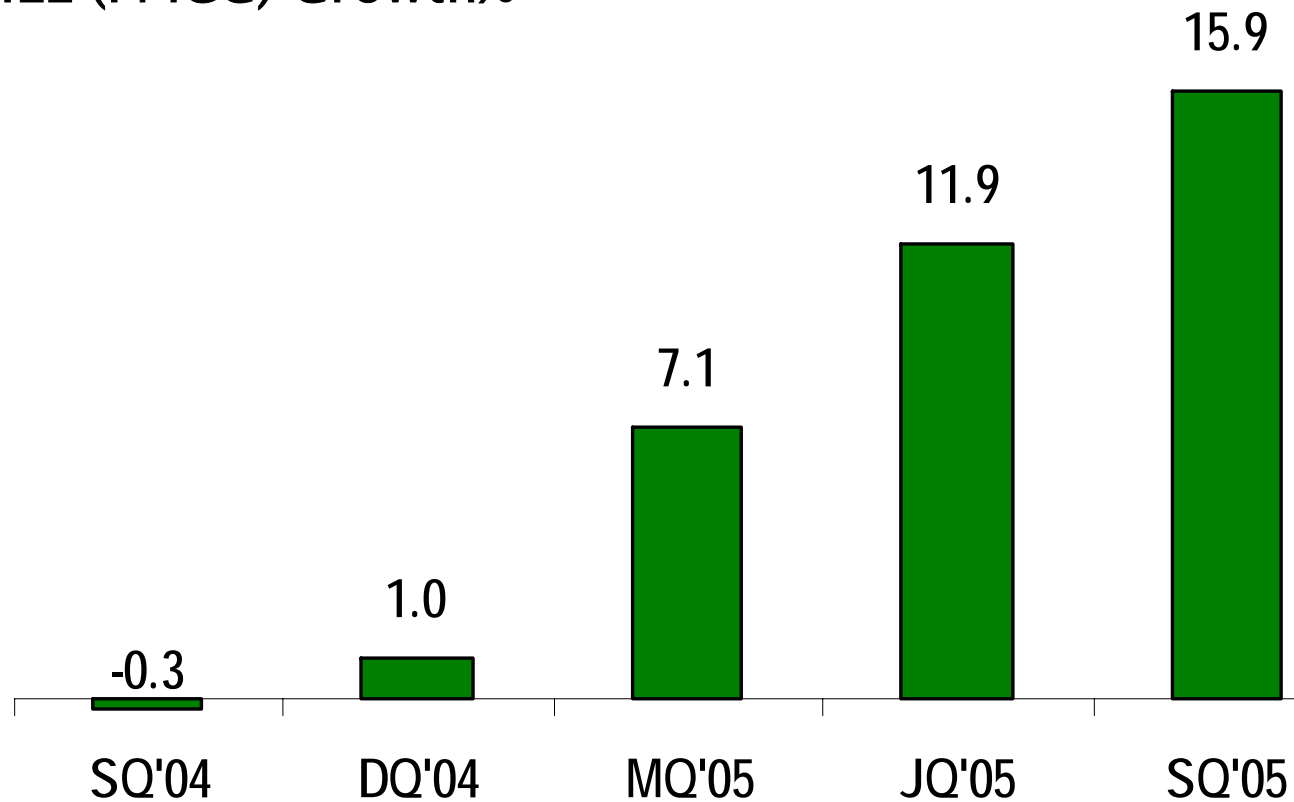


Volume growth at 7.6%

2005 Highlights

FMCG growth

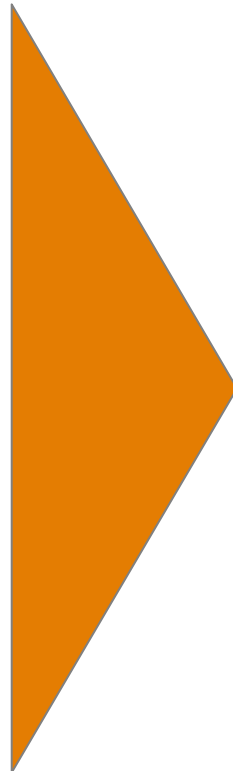
■ HLL (FMCG) Growth%



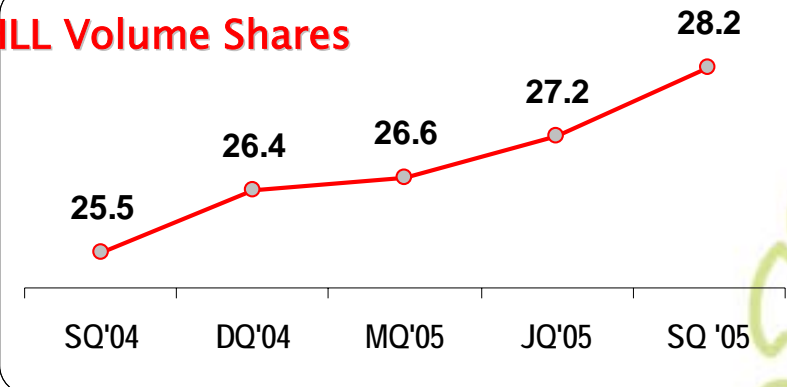
Current Performance

Fabric Wash

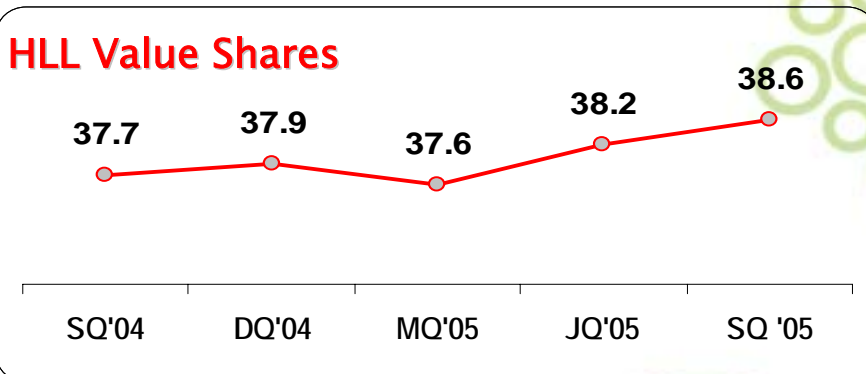
- Price reduction
- Additional investment in quality
- Higher A & P spends
- Brand repositioning



HLL Volume Shares



HLL Value Shares

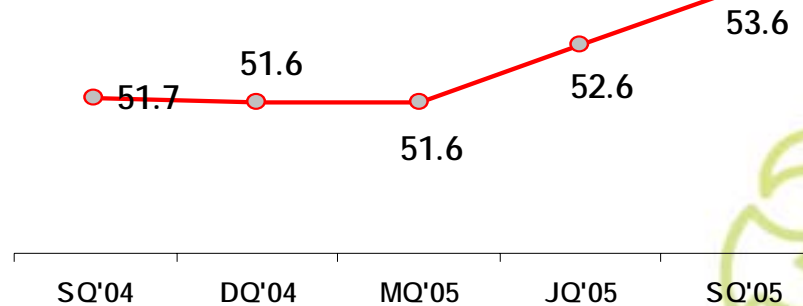


- Double digit growth in Rin and Wheel
- Rin Advanced gain shares in a competitive context

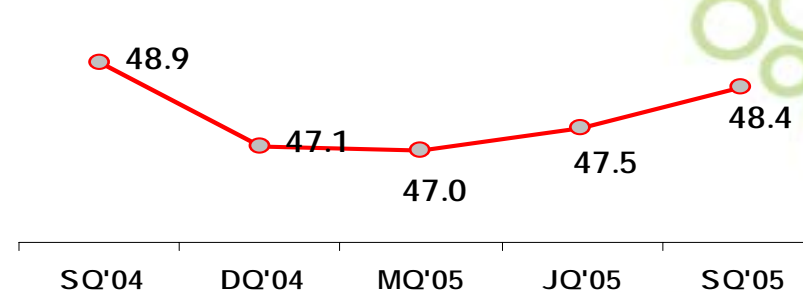
Current Performance Shampoo

- Price reduction – bottles
- Value Improvement – Sachets
- Innovations
 - Sunsilk
 - Clinic Plus
 - CAC
- Higher A & P spends

HLL Volume Shares



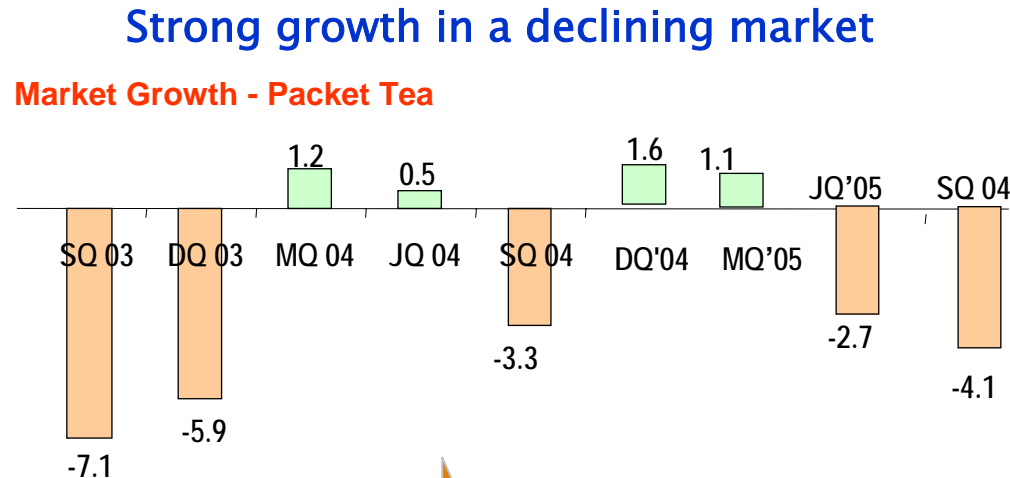
HLL Value Shares



- Strong volume & value growth
- New launches:
 - Clinic All Clear – Black variant, Sunsilk “9 to 9” conditioner and Lakme “Hair Next”

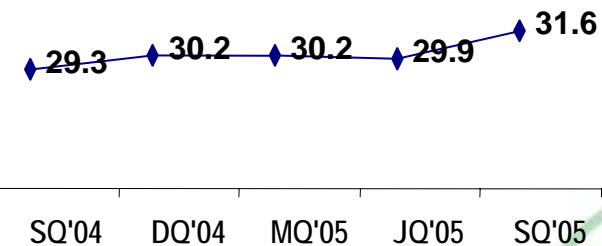
Current Performance

Tea



- Two brand strategy
- Double digit growth in both Brookebond and Lipton
- Brooke Bond Red Label-Naturals launched
- High brand investments

HLL Value Shares



230
bps

Opportunities in upgradation and Out of home (OOH) channel

Current Performance

Coffee

Master brand



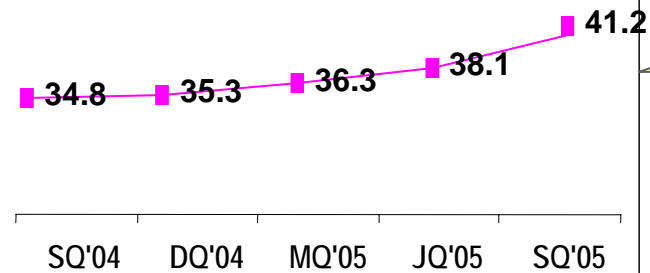
Double digit growth in coffee, both Instant and Roast & Ground segments grow strongly

Opportunities for:

- Consumption
- Out of home
- Innovation

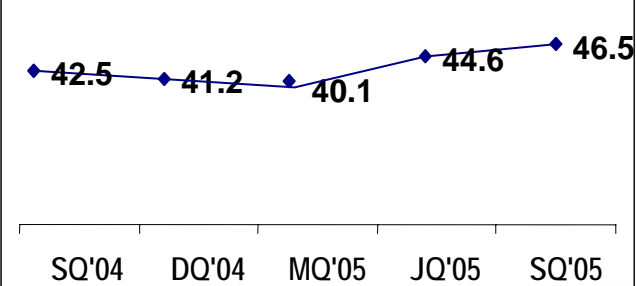
UBS India Conference, New Delhi

HLL Volume Shares



640
bps

HLL Value Shares



400
bps

November 2005

Contents

**GROWTH
AGENDA**

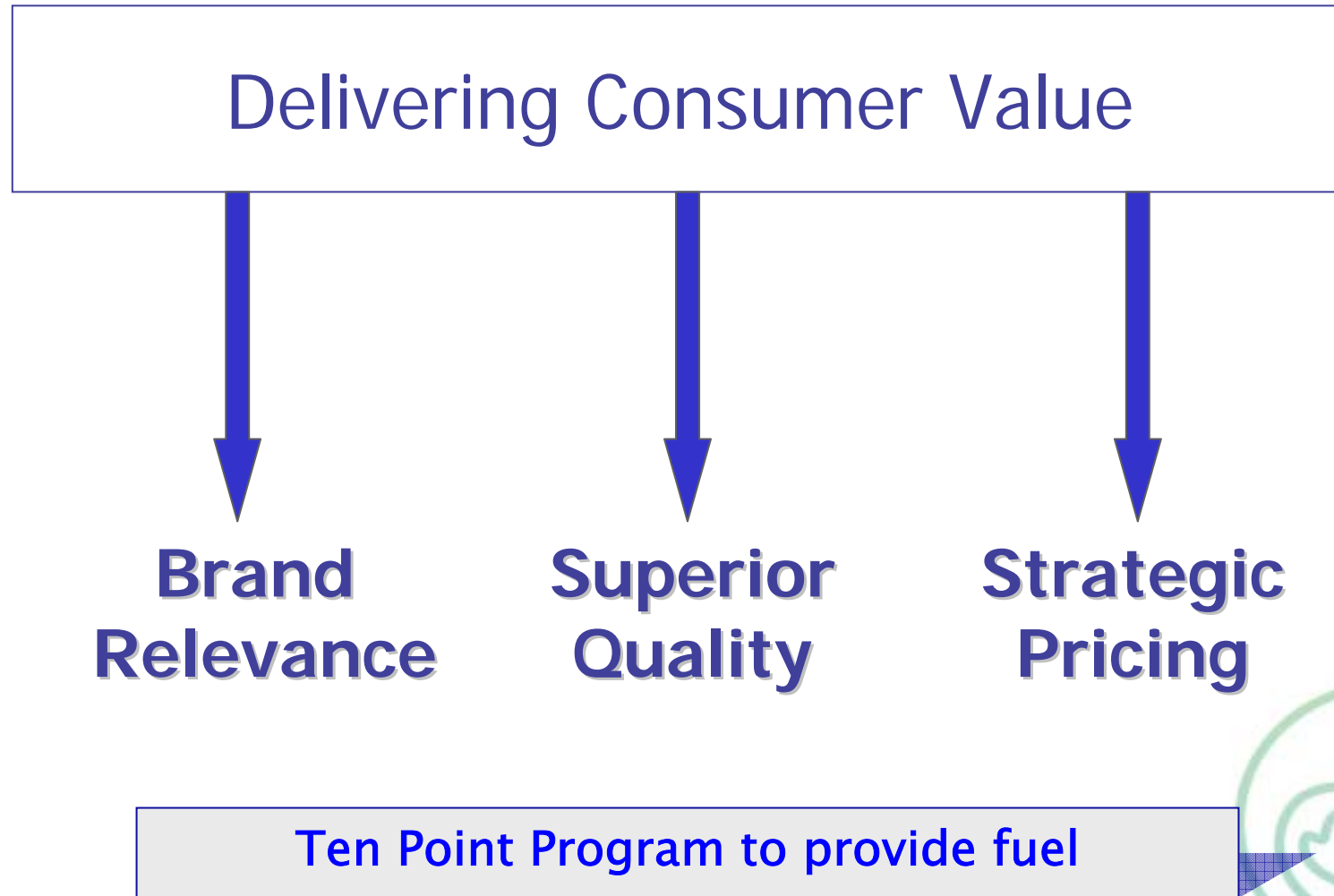
**India
Opportunity**

Overview

**2005
Scenario**

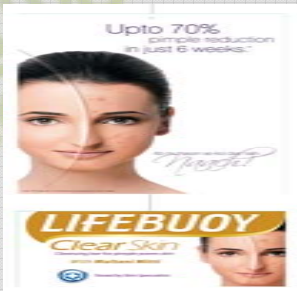
**FMCG
markets &
strategy**

Driving the growth agenda



Investments behind Brands

Innovation & Superior quality



Pimple reduction



Quick wash – 50% Water & effort saving



Rin Advanced



Axe Unlimited



Lakme Hairnext Styling range



Perfect Radiance



Ayurveda variant



Hairfall Defense



9 to 9 combing lotion

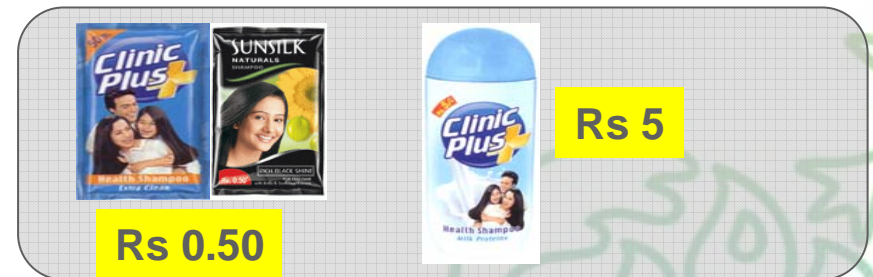


Red Label Naturals



New Annapurna

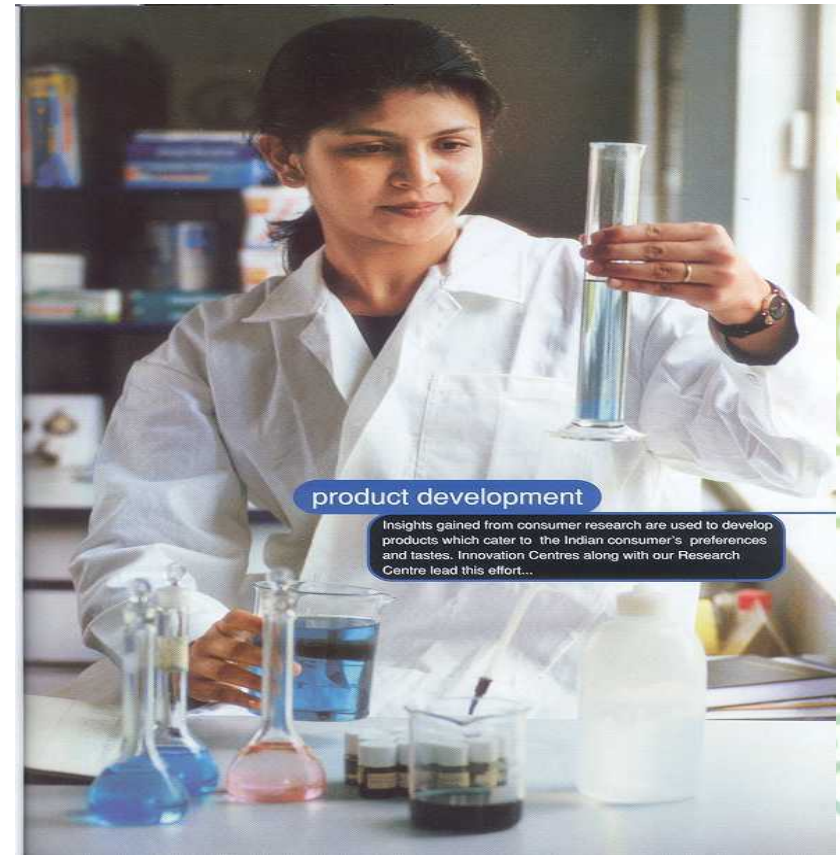
Strategic Pricing



- Increasing Accessibility : Lower price points
- Driving Affordability : Strategic Price Reductions

Technology Focus

- India is a base for
 - 1 out of 4 Unilever Global Research Centers
 - 5 Global Innovation Centers
 - >100 Scientists



Channel Architecture

Channels Prioritized in 2004-05

Direct coverage
1 mn outlets

Supermarkets

Self-service store where there is room for shoppers to browse and interact with the products.

Family Grocer

Over the counter store mainly for monthly household shopping.

Kiosk

A tiny over the counter store, easily accessible for emergency purchases. It stocks solely low unit packs.

Wholesale

Route to Market

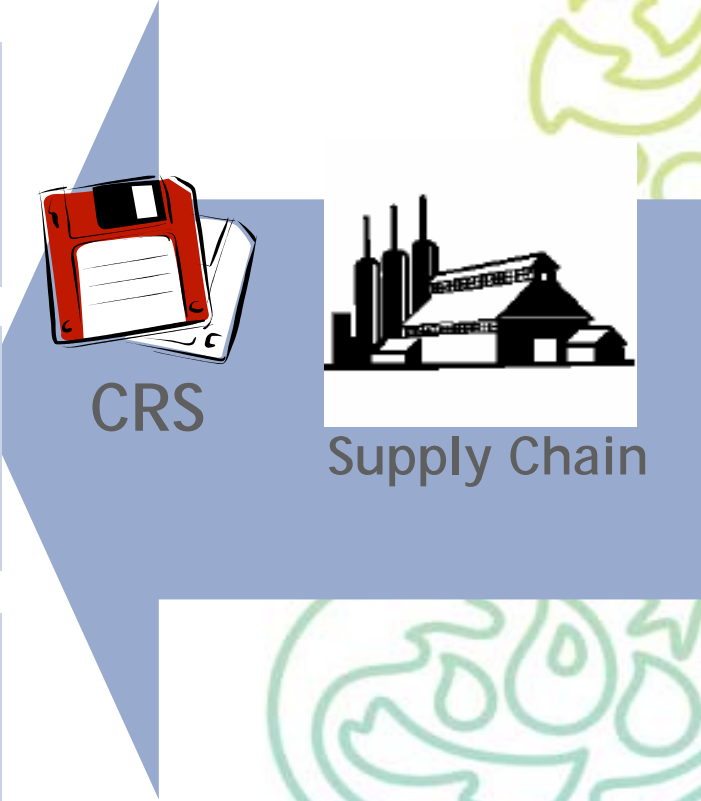
Channel Structure - Current

Supermarkets

Family Grocer

Kiosk

Wholesale



Evolved Separate Distribution System for each Channel, Differential Terms of Trade

Initiatives in channel & customer management

- New sales organisation in place.
- Greater focus on activation and point of sale demand creation
- Segmented approach to general trade and modern trade
- Improved customer service:
 - Continuous replenishment operational
 - Lower trade stock
 - Improved stock freshness
- Information Technology for business advantage

New Ventures and channels

Water



- Launched 'PUREIT', the most advanced in-home water purifier in the world.
- Only purifier that gives water that is 'as safe as boiled water'
 - > without boiling
 - > without needing electricity
 - > without needing continuous tap water supply

COST
17 paise per liter
or
260 liters of pure water for \$ 1

Chennai on plan, being extended in Tamilnadu (South Indian state)

New Ventures and channels

Rural Marketing - Project Shakti

– Challenges in Rural Markets

- Accessibility
- Viability
- Media Dark

– Rural selling through SHG's

- Benefits

Improving product reach

Facilitating Brand-Communication

- Extended into 12 major states, 340 districts
- Over 64,740 villages covered

Touching 73 mn rural lives

Target for 2005

- 12 states
- 80,000 villages
- Touching 80 million rural lives

one million commitments to ending poverty through microcredit



New Ventures and channels

Direct Selling

Product Range

- Lever home range
- Male grooming
- Oral Care
- Ayurveda
- Personal Wash
- Foods



Reach – 1400 towns (Largest in India)

Consultant base – 330,000



In Summary

- India : A buoyant economy with huge opportunity
- Big Opportunity to grow Penetration & Consumption
- FMCG markets growth accelerating
- Input cost escalations presents an important challenge
- Strong brands : Rationalization completed
- Initiatives in channel and customer management
- Sustain market leadership, grow market share and achieve cost leadership through strong capabilities of HLL



Thank You