



*Hindustan Unilever Limited*

**Results – DQ '10**

**January 27, 2011**

**Investor Presentation**

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# Agenda

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

## Market Context

- **FMCG market grows well, both in urban and rural**
  - **Driven by volume & positive price growth**
- **Competitive intensity remains high: reflected in pricing and brand investment**
- **Input cost inflation higher**
  - **Led by agri commodities and crude**
  - **Upward trend in key input costs, especially Palm oils**

# DQ'10 Highlights

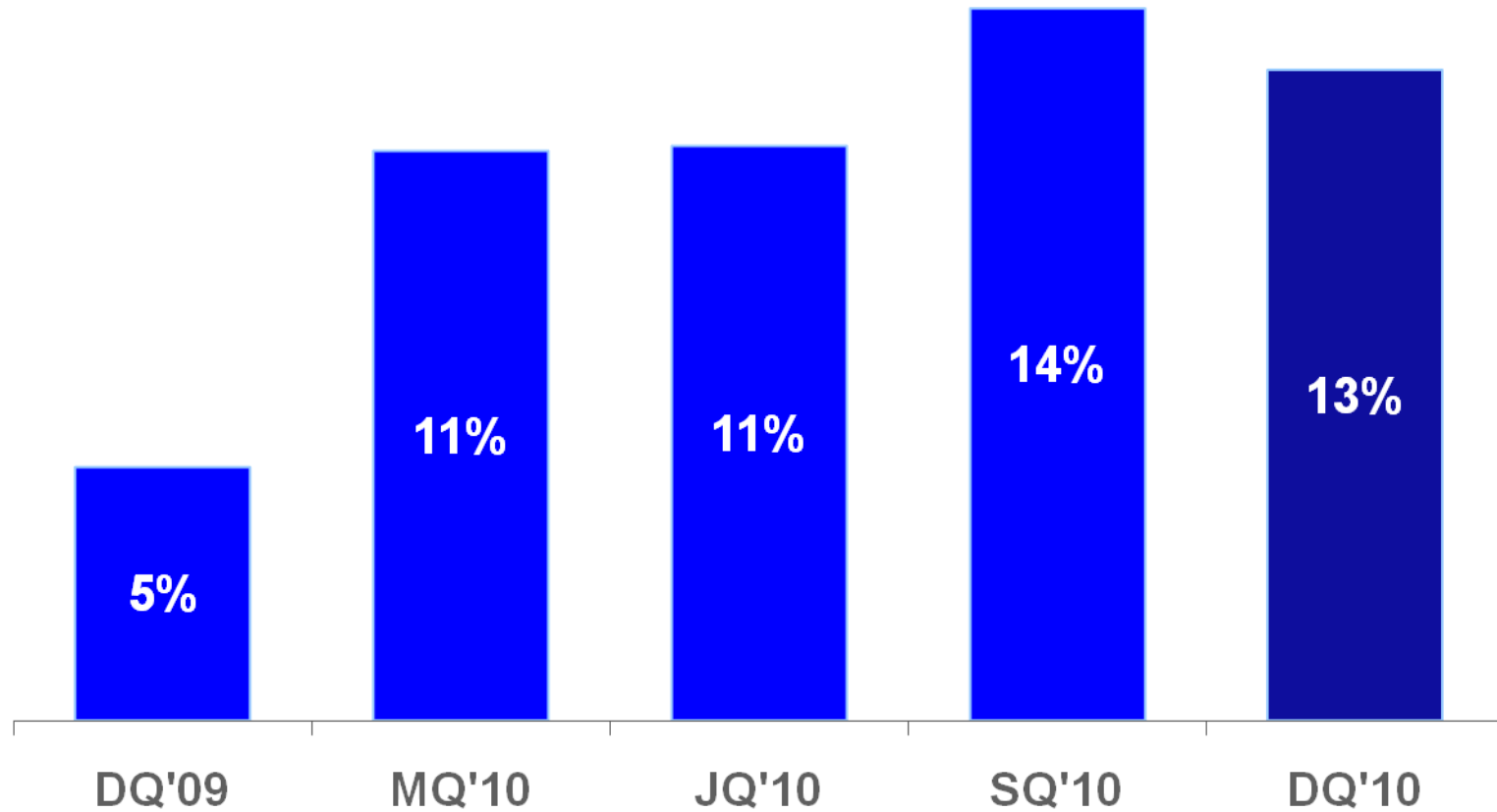
- **Strong 13% underlying volume growth**
  - **Sustained double digit volume growth across 4 quarters**
- **Net Sales grows 12%; ahead of market**
- **Strong volume led growth in Soaps & Detergents**
  - **Leadership positions strengthened**
- **Personal Products continues strong growth momentum**
- **Foods & Water grow in double digit**

# DQ'10 Highlights

- **Cost of goods sold higher by 220 bps**
  - **Inflationary trend in input cost especially in Soaps & Detergents**
  - **Continued focus on buying efficiencies and CEP\***
- **Sustained Brand investment amidst high industry spends and market development of emerging categories**
  - **A&P up 70 bps to 14.8% of sales**
- **Operating Margins lower by 320 bps**
- **PAT (bei) Rs.587 crore; Net Profit Rs. 638 crore, down by -1.8%**

*\*CEP: Cost effectiveness programme*

# Double digit volume growth momentum sustains

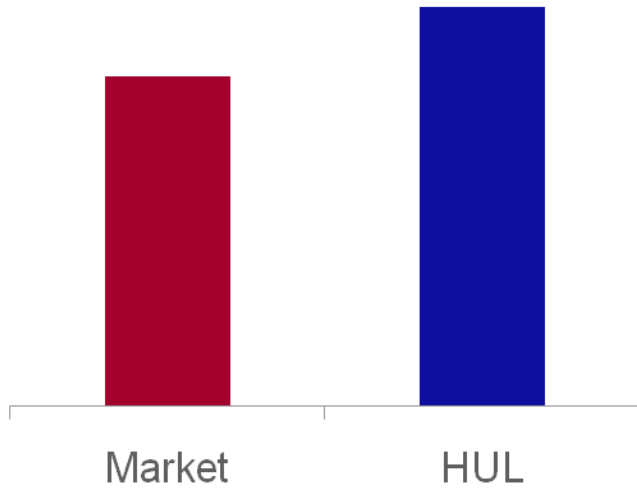


*Domestic Consumer Business Underlying Volume Growth*

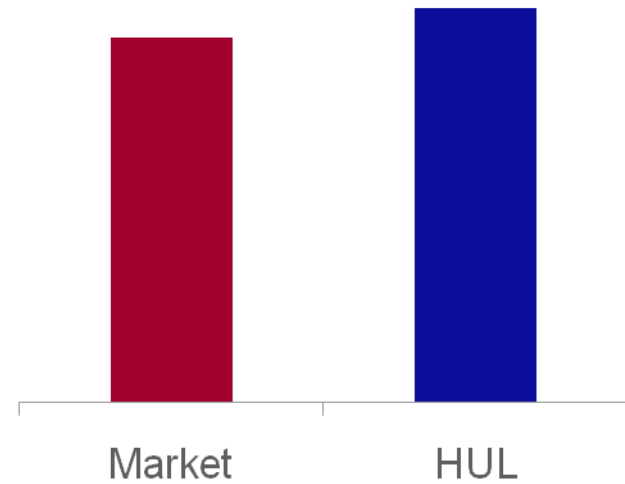
*DQ'10 Results - Jan 27, 2011*

# Growth ahead of Market

December Quarter Volume Growth



December Quarter Value<sup>^</sup> Growth



<sup>^</sup>Value growth : Market price growth



# Strengthening the core: DQ'10 launches



**New Active Wheel Bar: Power of Lemon and fragrance of Jasmine**



**Hamam relaunch**



**New Dove with 'Fiber Actives': Repairs damage from the heart of hair**



**Red Label: Building health proposition**



**Bru Select: Taste of filter coffee at its very best**



**Close up Fire-Freeze with dual sensation**

# Expanding portfolio in emerging categories

## Straddling the Anti Aging Consumer Pyramid



**Ponds Gold Radiance**



**Fair & Lovely Forever Glow**

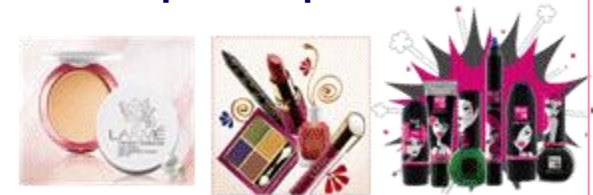
## Building Beauty



**Fruit Moisture range**



**Fruit Blast Face Wash  
expanded portfolio**



**Colours range expansion**

**Badami**



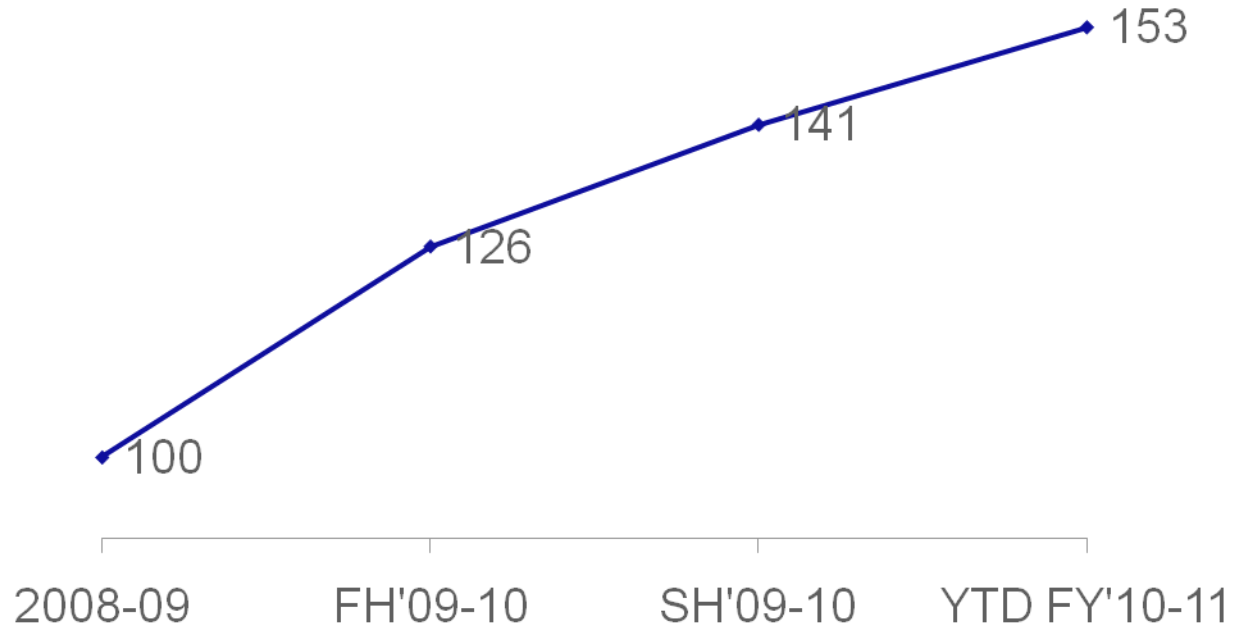
**Disc Chocolate**



**New variants in  
ice-cream**

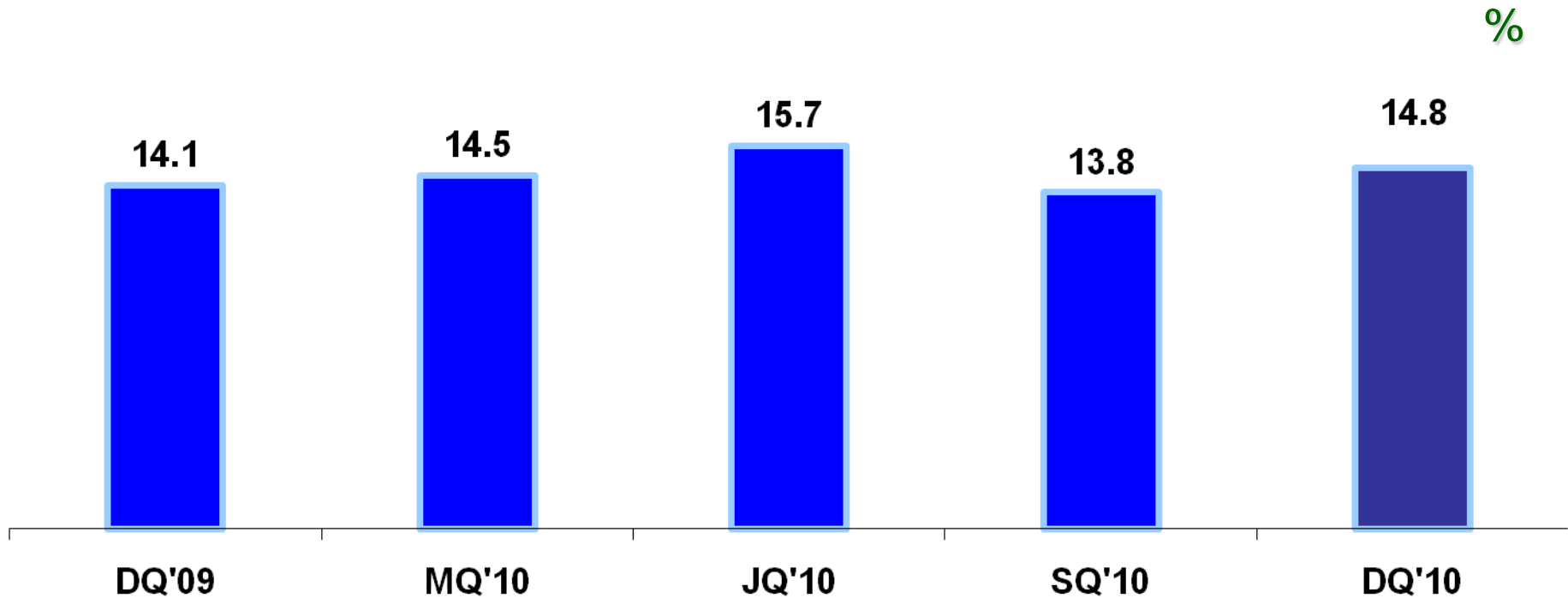
# Competitive environment continues to be intense

## Indexed GRP Trend - FMCG



Increased competitive intensity reflected in GRP trends

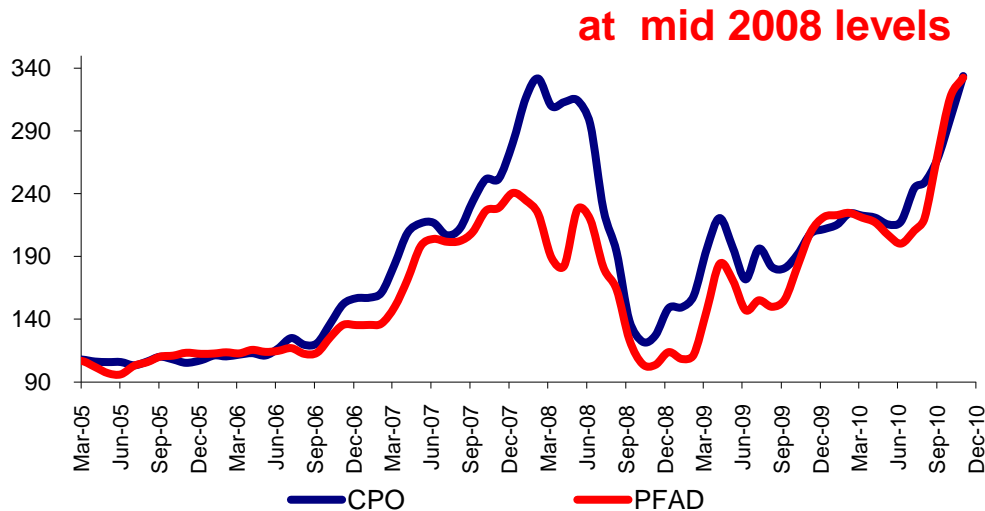
# Continued brand building investment



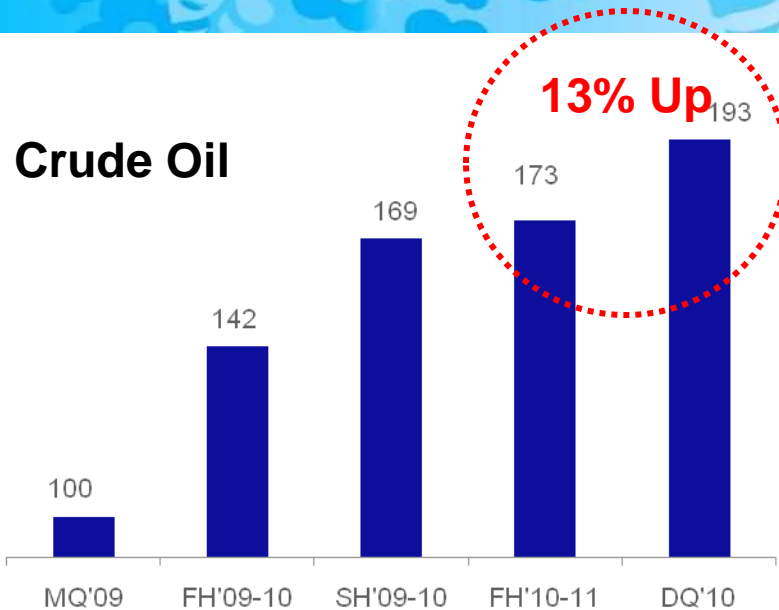
**Increased spends focused on building new categories**

# Cost inflation rising

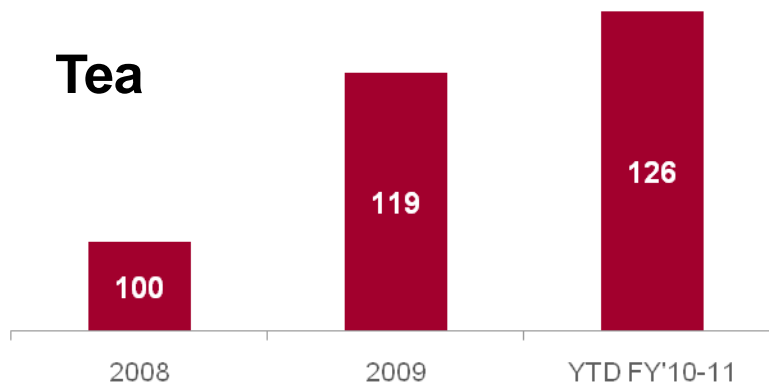
## Palm Oil



## Crude Oil



## Tea



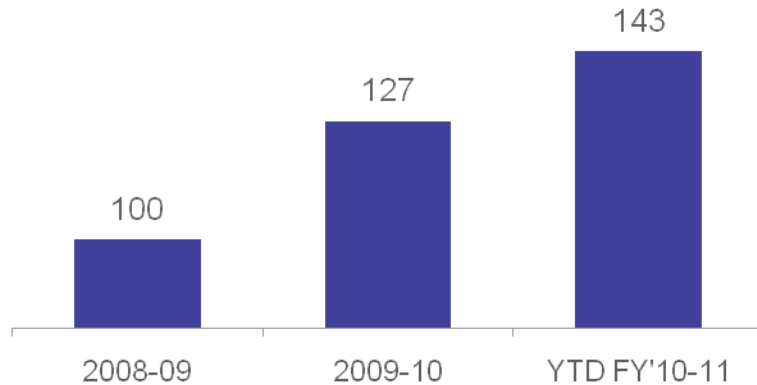
Indexed Chart; Average market prices (Source: Market Rate, Tea auction average for north Indian tea).

HUL buying cost may be different

DQ'10 Results - Jan 27, 2011

# Savings delivery & operating leverage continue

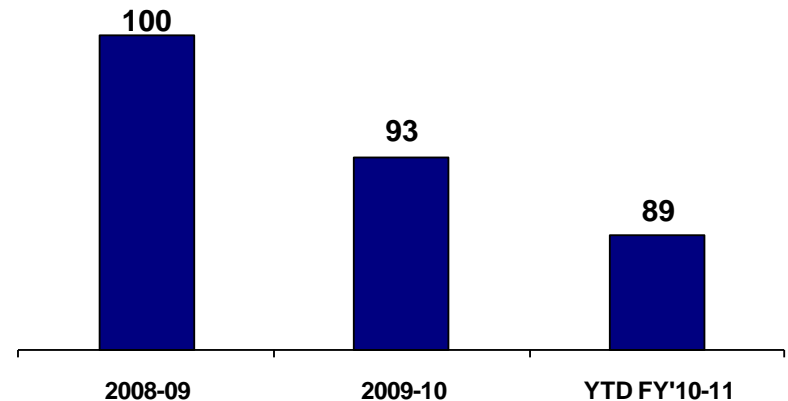
## Indexed CEPs



*YTD FY'10-11 CEP : annualised for Full Year*

**Raising the bar on cost competitiveness**

## Indexed Overheads (as a % of TO)



**Tight cost control and building capabilities for future**

# Category revenue growth

	<u>Growth% DQ'10</u>
<b>Soaps &amp; Detergents</b>	<b>5.8</b>
<b>Personal Products</b>	<b>20.2</b>
<b>Beverages</b>	<b>9.3</b>
<b>Processed Foods</b>	<b>18.6</b>
<b>Ice Cream</b>	<b>30.9</b>
<hr/>	
<b>Domestic FMCG</b>	<b>11.5<sup>^</sup></b>
<b>Domestic Consumer</b>	<b>11.8 *</b>

<sup>^</sup> Excludes Other Operational Income \* Including water

DQ'10 Results - Jan 27, 2011

# Laundry: Strengthened leadership position

- Laundry continues to grow ahead of market – value and volume
- Competitive actions in Rin yielding results – strong double digit growth
- Surf Excel – good volume growth across product range
- Wheel – relaunch of Active Wheel Bar with improved formulation
  - Power of Lemon and fragrance of Jasmine
- Comfort successfully developing market; gaining traction



Differentiated Advertising



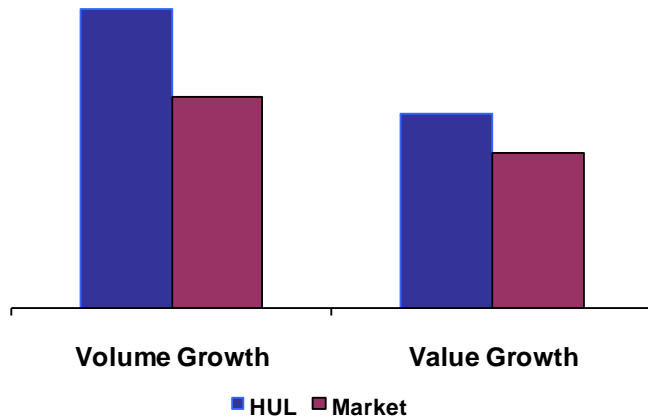
Consumer Experience building penetration



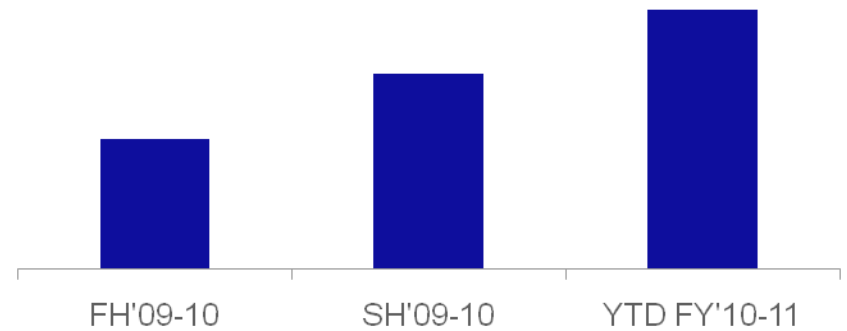


# Laundry: Competitive growth momentum

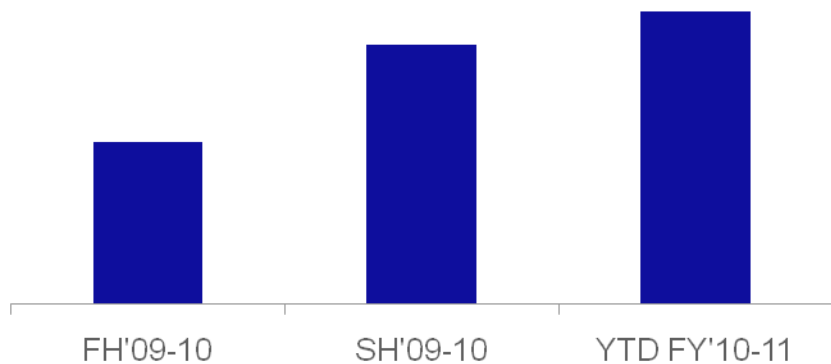
**Growth ahead of market**



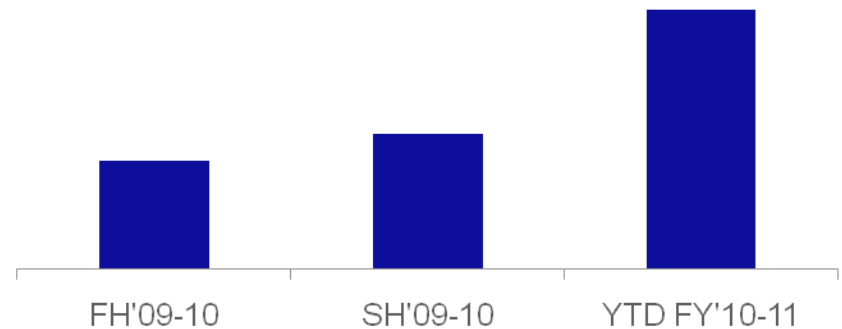
**Laundry: Sustains robust volumes**



**Powders: Strong volumes continue**



**Bars: Accelerating volume growth sustained**



# Personal Wash: Strong growth continues

- Personal wash – growing ahead of market; led by volumes
- Premium soap segment sustains robust competitive growth
  - Dove continues to grow in strong double digit
- Portfolio captures the top 3 positions in MT
- Lifebuoy grows in strong double digit post relaunch
- Liquids & Sanitizer continue to develop the market



# Skin Care: Robust growth across brands

- Skin care grows ahead of market
- FAL growth led by volumes
  - Max Fairness for Men performing well
  - Forever Glow launched in anti aging segment
- Pond's portfolio expanded with Gold Radiance range in anti aging premium segment
- Facial Cleansing sales triple



Market Growth Source: AC Nielsen



Gentle Care Oil Control Skin Lightening



Moisturizing



DQ'10 Results - Jan 27, 2011

# With continued innovation momentum



**Building Beauty: DQ'10 launches**



Premium

Mid Priced

Mass



**Anti Aging: Straddling pyramid**

★ Launches during DQ'10

# Hair & Oral Care: Growth led by volumes

- Hair delivers double digit growth driven by volumes
  - Dove grows ahead of market; No.1 Brand in MT
    - Relunched with 'Fiber Actives': Repairs damage from heart of hair
- Clinic Plus & Sunsilk grew in double digit
- Toothpaste performs well
  - Close up Fire-Freeze launched



# Beverages: Sustains growth

- Tea:

- Red Label relaunched with new health proposition
  - Four consecutive quarters of double digit growth
- Sehatmand winning consumers at the bottom of the pyramid

- Coffee:

- Price Point Packs lead double digit growth in instant coffee
- Conventional coffee grows well
  - Portfolio expanded with launch of Bru Select – taste of filter coffee at its very best



# Building health proposition of Tea



Red Label relaunch: "Healthy hai"



# Processed Foods: Strong growth continues

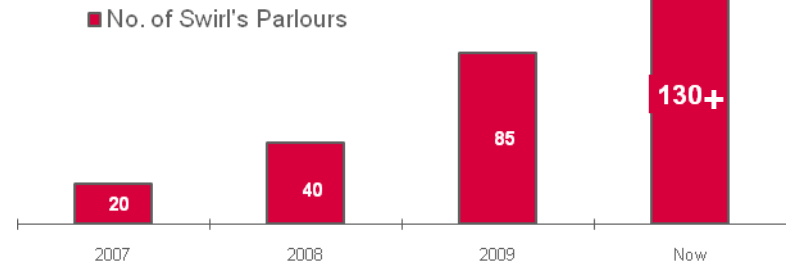
- Knorr and Kissan continue to lead robust growth in Packaged Foods business
- Knorr portfolio grows in double digit
  - Soupy Noodles: Strong growth momentum continues, now available nationally
- Kissan: Consistent double digit growth
  - Jams growth led by sachets
  - Ketchup grows across all pack sizes





# Ice Cream: Developing emerging channels

- Ice Cream grows in strong double digit across all formats
  - Paddle Pop reaches kids with “gaming league”
  - Badami & Disc Chocolate launched
- Swirl’s Parlours continue to expand;
  - Win 2 Awards\* for Franchisor of the Year in “Ice Cream & Juice Parlours” category



\*Awards by Franchise World & Indian Franchising Association and “Franchise Plus” magazine

# Pureit continues growth momentum

- Pureit delivers another quarter of strong double digit growth
- All segments perform well
- Channel expansion continues
- Category performance in line with action standards



# DQ'10 – Results

Rs Cr

<b>Rs Crores</b>	<b>DQ'10</b>	<b>DQ'09</b>	<b>Growth%</b>
<b>Net Sales</b>	<b>5027</b>	<b>4504</b>	<b>11.6</b>
<b>PBITDA</b>	<b>725</b>	<b>788</b>	<b>(7.9)</b>
<b>PBIT</b>	669	742	(9.9)
<i>PBIT margin (%age)</i>	13.3	16.5	-
<b>PBT bei</b>	<b>746</b>	<b>781</b>	<b>(4.6)</b>
Exceptional Items	64	44	-
<b>PBT</b>	<b>810</b>	<b>826</b>	<b>(1.9)</b>
<b>PAT bei</b>	<b>587</b>	<b>599</b>	<b>(2.1)</b>
Extraordinary Items (net of Tax)	-	-	
<b>Net Profit</b>	<b>638</b>	<b>649</b>	<b>(1.8)</b>

# DQ'10 – Exceptional Items

Rs Cr

Particulars	DQ'10	DQ'09
Assets Sale	49	52
Restructuring Cost	(1)	(7)
Sale of investment	16	
<b>Total</b>	<b>64</b>	<b>44</b>

# 9 months ended Dec 31, 2010 – Results

Rs Cr

Rs Crores	YTD FY'10-11	YTD FY'09-10	Growth%
<b>Net Sales</b>	<b>14502</b>	<b>13208</b>	<b>9.8</b>
<b>PBITDA</b>	<b>2053</b>	<b>2154</b>	<b>(4.7)</b>
<b>PBIT</b>	1888	2021	(6.6)
<i>PBIT margin (%age)</i>	13.0	15.3	-
<b>PBT bei</b>	<b>2083</b>	<b>2134</b>	<b>(2.4)</b>
Exceptional Items	123	(88)	-
<b>PBT</b>	<b>2207</b>	<b>2046</b>	<b>7.9</b>
<b>PAT bei</b>	<b>1642</b>	<b>1636</b>	<b>0.3</b>
Extraordinary Items (net of Tax)	-	4	
<b>Net Profit</b>	<b>1737</b>	<b>1621</b>	<b>7.2</b>

# Summary

- **Growth ahead of market with 13% underlying volume growth**
- **Actions to strengthen leadership yielding positive results**
- **Inflationary trend in input cost reflecting in margins**
  - **Especially in commodity sensitive categories**
  - **Continued focus on buying efficiencies and CEP**
- **PAT (bei) Rs.587 crore; Net Profit Rs. 638 crore,**

# Looking ahead

- **Inflationary outlook on commodity cost**
- **Competitive environment will remain intense**
- **We will continue to manage the business dynamically to ensure market competitiveness & cost competitiveness**
  - **Pricing actions will be calibrated**
  - **Cost management continues to be high priority**
- **We remain committed to –**
  - **Winning Today: Improving competitiveness and strengthening leadership in core categories**
  - **Winning Tomorrow: Leading market development of emerging categories and channels**



Thank you

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