

## HINDUSTAN LEVER LIMITED – SEPTEMBER QUARTER 2002 RESULTS

### SEPTEMBER QUARTER PERFORMANCE HIGHLIGHTS

- ◆ OPERATING PROFITS UP 16.6 %, OPERATING MARGINS UP 390 bps
- ◆ DOMESTIC HPC SALES UP 4.9 % -- POWER BRANDS GROW BY 6.8 %
- ◆ BEVERAGES AND FOODS PROFITABILITY IMPROVES, GROSS MARGINS UP 240 BPS
- ◆ NET PROFIT (COMPARABLE BASIS) GROWS BY 11.2 %

Mumbai, October 25, 2002: Hindustan Lever Limited (HLL) has registered an operating profit (Profit before interest and taxation) of Rs. 454 crores in the third quarter ended 30<sup>th</sup> September 2002. This represents an increase of 16.6 % over the corresponding quarter of 2001. Profit After Tax (PAT) was Rs.420 crores which represents an 11.2 % increase over September Quarter 2001. Net Sales for the quarter was Rs 2367 crores.

Commenting on the quarter's performance, Mr.M.S.Banga, Chairman, stated: "Our HPC Power Brands have grown by 6.8 % despite a declining market. Lifebuoy, Lux, Wheel, Fair & Lovely, Ponds, Pears and Lakme, all recorded double digit growth. We achieved this through innovation and activation programs backed by a 24 % increase in brand support, especially media.

"In line with our strategy, the profitability focus in Foods continues. Gross margins have moved up by 3.5 % in Beverages, 3.3 % in Foods and 16 % in Ice Cream. The benefits of this improvement have been partially ploughed back into brand support investments."

Mr Banga added, "Determined implementation of our strategy is yielding good results even in today's challenging market and we remain committed to the same."

### FMCG Business

Markets for many of the key categories continued to decline in value during the quarter.

HLL's Soaps and Detergents business grew by 2.8 %, led by a strong Personal Wash growth of 11.1%. Lifebuoy and Lux performed exceptionally well, and grew by 35 % and 11 % respectively. In Fabric wash, market shares were held although sales declined during the quarter.

Personal Products grew strongly by 9.5 % led by a 48.6 % growth in the Skin category. Fair & Lovely, Ponds, and Lakme, all recorded an excellent performance growing by 43 %, 11 % and 16 % respectively. The declining trend in Shampoo sales was reversed by a successful relaunch of Clinic. In Oral Care, market shares were steady although sales declined during the quarter.

The Beverages business improved its profitability with gross margins improving by 3.5 %. However, sales continue to be under pressure due to low commodity prices and intense competition from local players. Bru Coffee recorded strong double digit growth.

Culinary Products continued to grow while consolidating margin improvement. The margin profile of the Branded Staples business was improved further, even at the cost of topline. Oils & Fats volumes were under pressure.

In the Ice Cream business, the benefits of the new strategy are reflected in better performance. Gross margins improved by 16 % with segment results improving significantly by Rs.7 crores.

During the quarter, the Ayush range of herbal health and beauty products was extended nationally. Confectionery sales sustained strong growth.

#### Plantations

The plantations industry continues to face the brunt of low tea price realisations amidst rising costs.

#### Exports

In Exports, HLL has discontinued traded exports in line with strategy. However, continuing exports grew by 2.5 %.

#### Others

Financial Other Income declined by Rs 8 crores because of lower interest rates. Results of the quarter include business restructuring cost of Rs. 10 crores, compared to Rs. 11.25 crores charged in SQ 2001.

The company has divested the Mushroom Exports business to a subsidiary company. This entails a disposal loss of Rs.6.84 crores, being the excess of book value of assets over the consideration, which has been reflected as an exceptional item.

#### Nine Month Results

The highlights of the results for the nine months are :

HLL has registered an operating profit of Rs.1300 crores for the 9 months ended 30<sup>th</sup> September 2002, an increase of 18.8 % over the first nine months of 2001. Profit After Tax at Rs. 1174 crores reflects an increase of 12.8 %. The EPS (annualised) of Re.1 for the first nine months amounts to Rs. 7.81 (Nine months 2001: Rs. 7.30)

The company's turnover (net of excise) at Rs. 7320 crores registered a decline of 8.2 %. However, continuing businesses showed only a marginal decline of 1 %, the balance being the effect of divestments and discontinuations. The domestic FMCG business recorded a decline of 0.6 %, while Exports were significantly lower by 34.8 % mainly due to the discontinuation of non-value adding traded exports.