

September Quarter 2012 Results Presentation – October 26, 2012



Salon Style Hair, at Home
Everyday



TRESemmé
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Agenda

1

Strategy

2

Business Environment

3

Current Quarter & First Half Performance

4

Looking Ahead

Clear and Compelling Strategy

Strategic framework

THE COMPASS

WE ARE UNILEVER

MISSION
We are a successful, growing, sustainable business.

WE WISH TO CREATE A BETTER TOMORROW EVERY DAY
We help people feel good, look good and get more out of life with brands and services that are good for them and good for others. We will inspire people to take small everyday actions that can add up to a big difference for the world. We will develop new ways of doing business with the aim of doubling the rate of our progress while reducing our environmental impact.

BUSINESS PURPOSE
Our focus on consumers and customers will be a key to success.

Our first priority is to our consumers, their customers, regulators and communities. When we fulfil our responsibilities to them, our shareholders will be rewarded. We will use thoughtful, responsible and positive approaches to all our stakeholders, based on clear accountability and high standards.

WHERE WE WILL WIN

FOCUS AREAS
Win share and gross volume in every category and country.

HOW WE WILL WIN

Winning with brands and innovation	1	Deliver superior products, designs, branding and marketing
	2	Engage better, faster innovation
	3	Appeal to more consumers across health and price points
Winning in the marketplace	4	Lead market development
	5	Win with existing customers
Winning through distribution improvement	6	Be the exclusive partner/first
	7	Local, regional and consumer-led relations
	8	Drive return on brand equity
Winning with people	9	Agile and innovative organization
	10	Organization and structure that positions us to lead our growth activities
	11	Performance culture which rewards our value
	12	Settings for operating framework for competitive advantage

Sustainable Living Plan



Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth

SQ 2012 – Business Context

Challenging macro economic environment

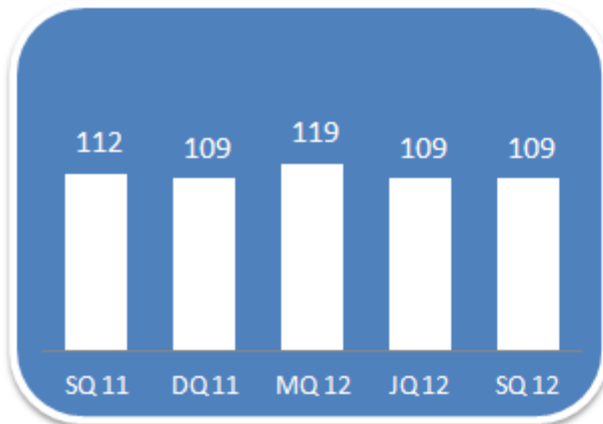
→ **FMCG markets sustain levels of double digit growth**

- Soaps and Detergents growth continues to be led by pricing
- Volume growth moderation in discretionary categories

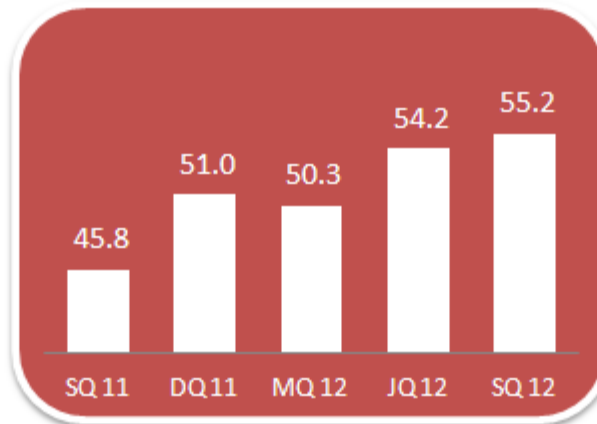
→ **Volatile cost environment**

Volatile Cost Environment

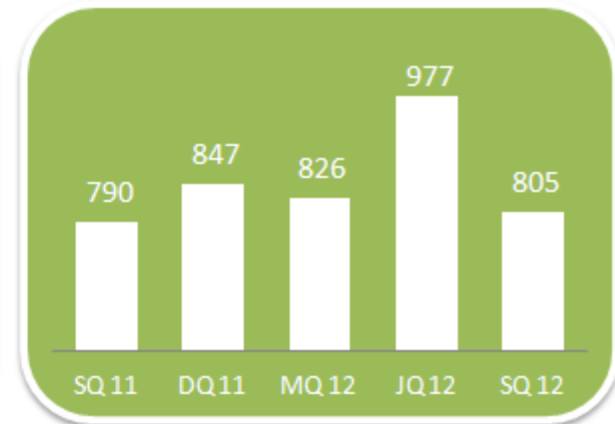
Crude holding steady



USD/INR remains volatile



PFAD[^] softens



SQ 2012 - Sustaining Robust Performance

Growth profitable and broad based

→ Domestic Consumer business grows by 16%

- Strong 7% Underlying Volume Growth
- Growth continues to be led by Modern Trade and Rural
- Budget rationalization in Canteen Stores Department adversely impacts quarter growth

→ Operating Profit (EBIT) grows by 19%; margin up 100 bps

- Judicious pricing combined with relentless focus on buying efficiencies & CEPs
- COGS down by 140 bps
- A&P up Rs. 118 Crores; +70 bps at 12.5% of sales

→ PAT (bei) at Rs. 806 crores, up 23%; Net Profit up 17% to Rs. 807 crores

Double digit growth in all segments

	<i>Growth % SQ '12</i>
Soaps & Detergents	22
Personal Products	12
Beverages	10
Packaged Foods	10
<hr/>	
Domestic FMCG[^]	16
Domestic Consumer[^]	16

[^] Excludes Other Operational Income

Domestic Consumer business = Domestic FMCG + Water

Winning with Brands

Continued focus on innovations



Surf Excel Easywash



TRESemmé: For Salon style hair at home everyday



Lakmé eyeconic range



Bru Exotica Guatemala



Comfort 1 Rinse



Clinic Plus: Milk Protein Formula A++



Closeup: Deep Action



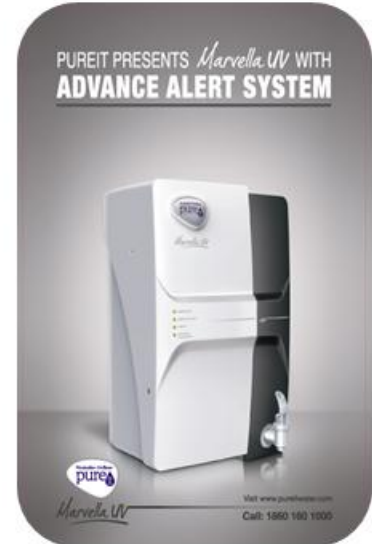
Vim Anti Germ bar



Dove Hair Fall Rescue Treatment



Taaza: Taazgi bhari chaai, dimaag khul jaaye

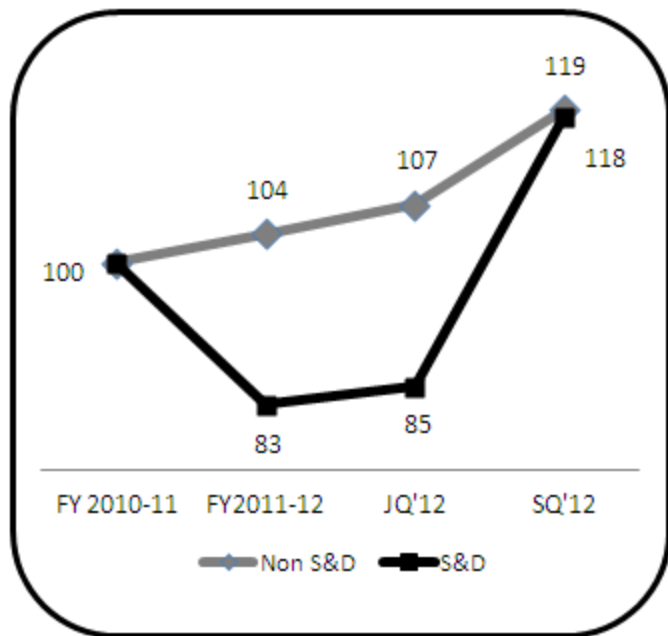


Pureit Marvella UV with Advance Alert System

Media Intensity Heightens

Investing for growth

Industry GRP – indexed chart



→ Overall media intensity significantly up; highest levels in 15 quarters

→ Competitive spends maintained

- A&P spends up Rs. 118 crores
 - +70 bps to 12.5% of sales
- Brand investments stepped up in all FMCG segments
- Focus on 360° engagement and ROMI continues

CATEGORY HIGHLIGHTS

Skin Cleansing

Double digit growth across all segments



→ All key brands grow in double digits

- Dove and Pears continue to drive premiumization
- Lux growth momentum sustained
- Lifebuoy delivers one of its strongest quarters

→ Liquids portfolio growth accelerates

Home Care

Strong broad based growth



→ Laundry – All brands & formats grow in double digits

- Sustaining momentum on premium portfolio
 - Surf and Rin deliver double digit volume growth
- Fabric conditioners continue to drive market development
 - Comfort One Rinse launched

→ Household Care - Double digit growth in Vim & Domex

- Vim Anti Germ bar launched

Skin Care

Modest growth



→ **Double digit growth in Pond's, Vaseline and Dove**

- Pond's performs well at the premium end led by Age Miracle



→ **Fair & Lovely re-launch well received**

- Momentum on tubes sustained
- Sachet price increase transition underway

Hair and Oral

Growth steps up



→ Hair: Broad based double digit growth

- Dove Hair Fall Rescue range and Clinic Plus re-launched
- TRESemmé range launched
- Conditioners – growing acceptance, gaining consumer franchise



→ Oral: Both toothpaste brands grow in double digits

- Close-up re-launched during the quarter
- Pepsodent G and Expert Protection do well



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empower
ALL women
with the
transformative power
of the **SALON,**
everyday

Salon Style Hair, at Home
Everyday



* With daily use of TRESemmé Shampoo and Conditioner ** Smooth and Shine Mask, arriving soon

Beverages

Growth driven by Premium Tea & Coffee



→ Tea growth led by Modern Trade

- Double digit growth in the top end
- Taaza growth revival on the back of re-launch



→ Strong performance in Coffee sustained

- Growth broad based; across Instant and Roast & Ground
- Premium coffee momentum continues
 - Exotica Guatemala introduced



Red Label

Successful Interactive consumer campaign – 2.6 million+ callers



Packaged Foods

Led by key brands



→ **Kissan – Double digit growth in Ketchup in non-CSD channels**



→ **Knorr - Double digit growth in Soups**

- Actions underway to step up growth in balance portfolio



→ **Kwality Walls sustains double digit growth**



→ **Slowdown in consumer durables market**

→ **Strengthening portfolio**

- Foray into the premium UV segment with 'Marvella UV'
- 'Marvella RO' & Germ Kill Kits continue to grow well
- 'Advanced' gaining strong consumer franchise

→ **Leveraging IT to drive front end execution**

SQ 2012 – Results

FMCG exports demerged – reported numbers not comparable

Rs Cr	HUL (as reported)			HUL (ex FMCG exports)		
	SQ'11	SQ'12	Growth%	SQ'11	SQ'12	Growth%
Net Sales	5,516	6,155	11.6	5,266	6,155	16.9
PBITDA	827	977	18.2	797	977	22.6
PBIT	770	919	19.4	743	919	23.6
PBIT margin (%)	14.0	14.9	100 bps	14.1	14.9	80 bps
PAT bei	656	806	22.9	636	806	26.8
Net Profit	689	807	17.1	669	807	20.7

→ **Sustained robust performance in Domestic Consumer Business**

→ **Healthy margin expansion**

SQ 2012 - PBIT to Net Profit

Particulars	Rs Cr		
	SQ'11	SQ'12	Growth
PBIT	770	919	19%
Add : Other Income	81	149	83%
Less : Finance Costs	1	6	
Exceptional Items – Credit / (Charge)	44	2	
PBT	895	1063	19%
Less : Tax	(206)	(256)	25%
Net Profit	689	807	17%

- Other income includes interest income, dividend income and net gain on sale of other non trade current investments
 - SQ'11 includes interest on Income tax refunds of Rs. 3.4 crs.
- Exceptional items include
 - Profit on sale of properties Rs. 6 crs. (SQ'11: Rs. 47 crs.)
 - Restructuring costs of Rs. 4 crs. (SQ'11: Rs. 3 crs.)
- Effective Tax rate for the quarter is 24.1%

SQ 2012 – Summary

→ Robust business results

- 16% growth in Domestic Consumer business with 7% UVG
- Operating Profit up 19%; margin expansion (+100 bps)
- PAT (bei) grows by 23%

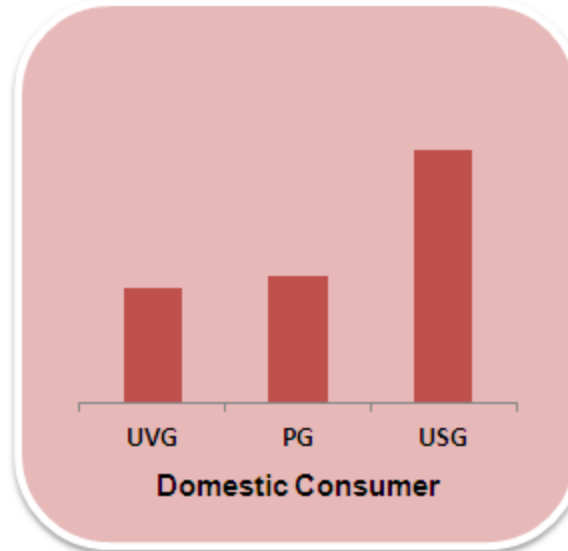
→ Strategy on track and delivering

FIRST HALF 2012-13

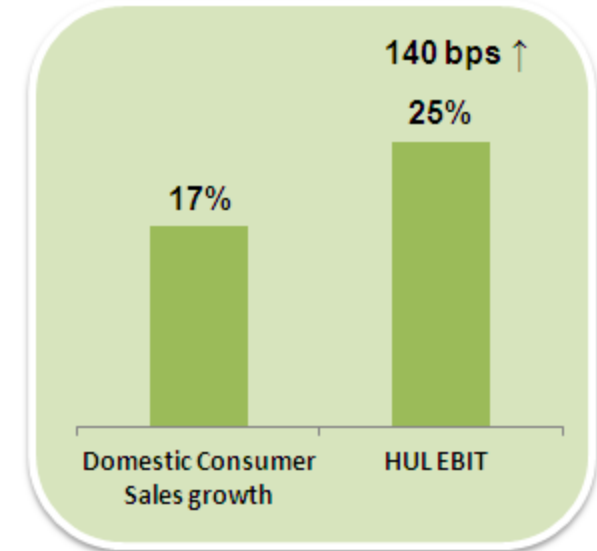
Competitive growth Ahead of market



Consistent growth Healthy volumes



Profitable growth Margin expansion



FH 2012-13 Results

FMCG exports demerged – reported numbers not comparable

Rs Cr	HUL (as reported)			HUL (ex FMCG exports)			
	Particulars	FH'11-12	FH'12-13	Growth%	FH'11-12	FH'12-13	Growth%
	Net Sales	11,012	12,405	12.7	10500	12405	18.2
	PBITDA	1,581	1,943	22.9	1525	1943	27.4
	PBIT	1,468	1,828	24.6	1420	1828	28.7
	PBIT margin (%)	13.3	14.7	140 bps	13.5	14.7	120 bps
	PAT bei	1,234	1,660	34.6	1197	1660	38.7
	Net Profit	1,316	2,138	62.5	1279	2138	67.1

Competitive, consistent and profitable growth

Interim Dividend

Particulars	FH'11-12 Interim	FY'11-12 Final	FH'12-13 Interim
Dividend Per Share	3.5	4.0	4.5
No. of Share (Cr.)	216	216	216
Total Dividend (Rs. Cr.)	756	865	973
Div. Dist. Tax (Rs. Cr.)	123	140	158
Total Div. Outflow (Rs. Cr.)	879	1005	1130

Special Dividend

- **Special Dividend of Rs 8 per share (Face Value Re. 1)**
- **Paid out of Accumulated P&L Balance and Exceptional Income**
- **Funded from current cash balance**

Particulars	Special Dividend
Dividend Per Share	8.0
No. of Share (Cr.)	216
Total Dividend (Rs. Cr.)	1729
Dividend Distribution Tax (Rs. Cr.)	281
Total Dividend Outflow (Rs. Cr.)	2010

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