



*Hindustan Unilever Limited*

**Results – MQ '10 & FY '2010**

**25<sup>th</sup> May 2010**

**Investor Presentation**

# Safe Harbour Statement

This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward looking statements. These forward looking statements are based on certain expectations, assumptions, anticipated developments and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, market growth, intense competition and the pricing environment in the market, consumption level, ability to maintain and manage key customer relationship and supply chain sources and those factors which may affect our ability to implement business strategies successfully, namely changes in regulatory environments, political instability, change in international oil prices and input costs and new or changed priorities of the trade. The Company, therefore, cannot guarantee that the forward looking statements made herein shall be realized. The Company, based on changes as stated above, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein or make written or oral forward looking statements as may be required from time to time on the basis of subsequent developments and events. The Company does not undertake any obligation to update forward looking statements that may be made from time to time by or on behalf of the Company to reflect the events or circumstances after the date hereof.

# Agenda

- **Market Context**
- **MQ'10 Highlights**
- **Category Overview**
- **MQ'10 – Financial Results**
- **FY'10 Performance Review**
- **Looking Ahead**

# MQ'10 – Market Context

- **FMCG market continues to grow**
  - **At a slower pace**
- **Increased competitive intensity**
  - **Aggressive pricing actions**
  - **FMCG media spends remain high**
- **Continued high food inflation**

# MQ'10 Highlights

- **Strong volume growth at 11%**
- **Overall growth ahead of market**
- **PP, Foods & Water grow in double digit**
- **Decisive actions to strengthen leadership in Laundry & Personal Wash**
- **Net sales and Domestic Consumer business grow at 8%**

# MQ'10 Highlights

- Continued innovation to drive new categories/ segments for the future
  - Male grooming: Vaseline Menz
  - Nutritional Tea in mass segment: Brooke Bond Sehatmand
  - Soupy Noodles: Knorr
  - Pureit at mass end: Pureit Compact
- Go to Market capabilities significantly strengthened
- Sustained focus on cost management; COGS down by 80 bps
- A&P investment stepped up by 320 bps to 14.5%
- PBT (bei) maintained; Net Profit up by 47.1%; aided by exceptional/ extraordinary gains



# MQ'10: Innovation led growth

Sehatmand:  
Nutritional Tea



Wheel: Improved  
Formulation



Lux Purple



Dandruff  
Therapy



8 new Ice Cream  
Variants

Vaseline Menz:  
Male Grooming



Face Cleansing: 4  
Brands & 20 Variants



Compact Water Purifier



Knorr Soupy  
Noodles

# MQ'10: Expanding portfolio in Skin



Entry in to Male Grooming

Gentle Care Oil Control Skin Lightening

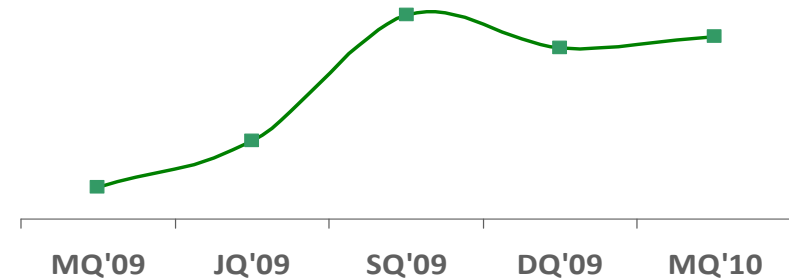


Moisturizing



Building Facial Cleansing Portfolio

Skin Care Sales Growth





# MQ'10: Expanding portfolio in Foods

## Healthy Knorr Soupy Noodles - Entry into afternoon snacking

### Noodles

Filling snack

Convenient

Tasty (loved by kids)



### Soups

Healthy

Does not interfere with  
main meal

Loved by Moms

**A healthy and exciting snack for kids**



**Excellent initial response**



RS. 10



RS. 15



RS. 15



**Healthy Soup + Noodles = Knorr Soupy Noodles**



MQ'10 Results - 25<sup>th</sup> May 2010

# Leveraging technology to win in GT: Project iQ

← ORDER BOOKING →

LINES  FIND  TOTVAL

<-- Select Category --> ☒ Must Sell Packs ☒

SKU	SO	OR
LUX ORCHID 100 GMS	2	0
LUX ORCHID 100 GMS	2	0
ALA BLEACH 500ML	3	0
LUX ORCHID 45 GMS	4	0
LUX ORCHID 75 GMS	1	0
LUX STWBY 125G	2	0
SFXL BAR 125 GM	4	0

STK TUR MRP ITMVAL GAP RR

169	12.04	13.00	0	97	16
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0 1 3 5 6 12 UNIT

G R O W T H Exit

Deliver Assortment

Reduce Out Of Stock

Build Assortment

Identify Opportunities



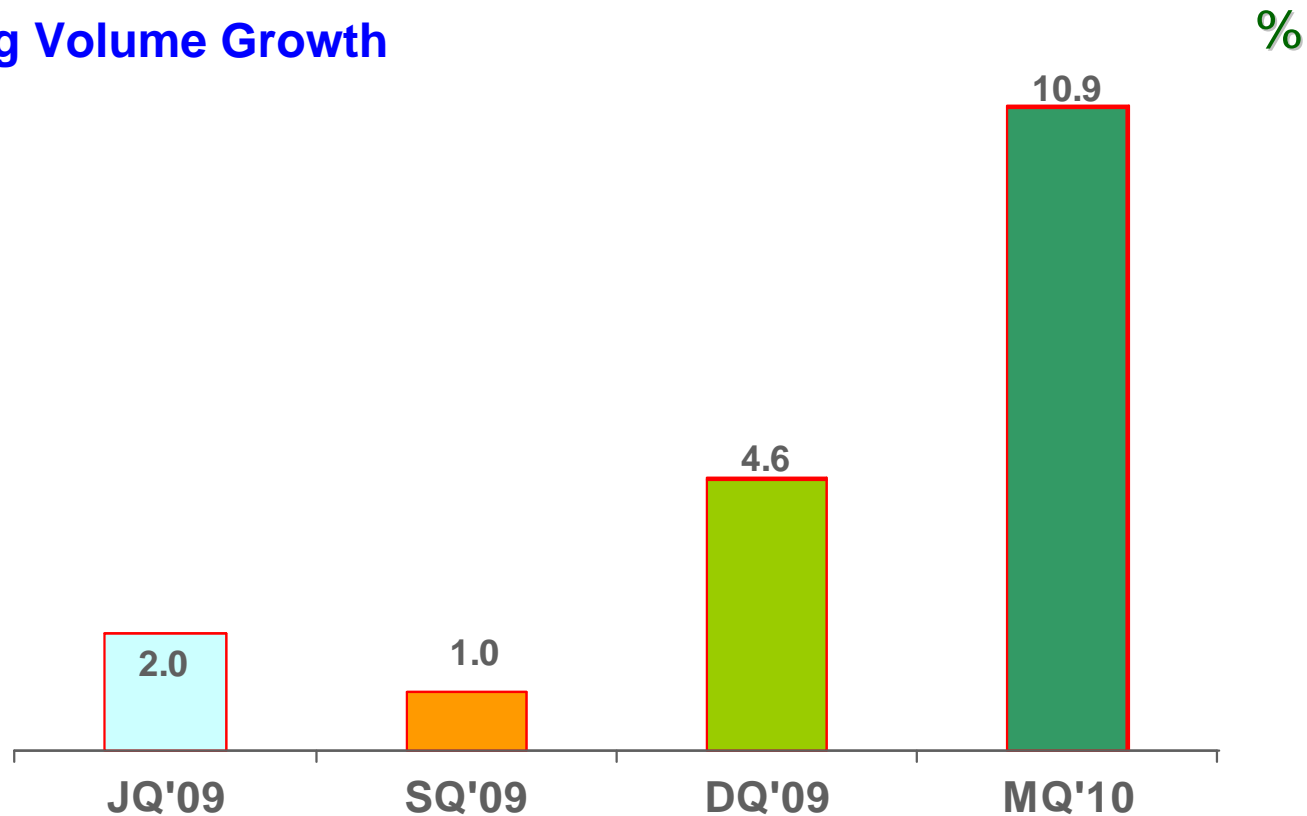
**S**ophisticated analytics for outlet level interventions

**S**imple front-end for better execution by salesmen

MQ'10: Roll out in Urban GT

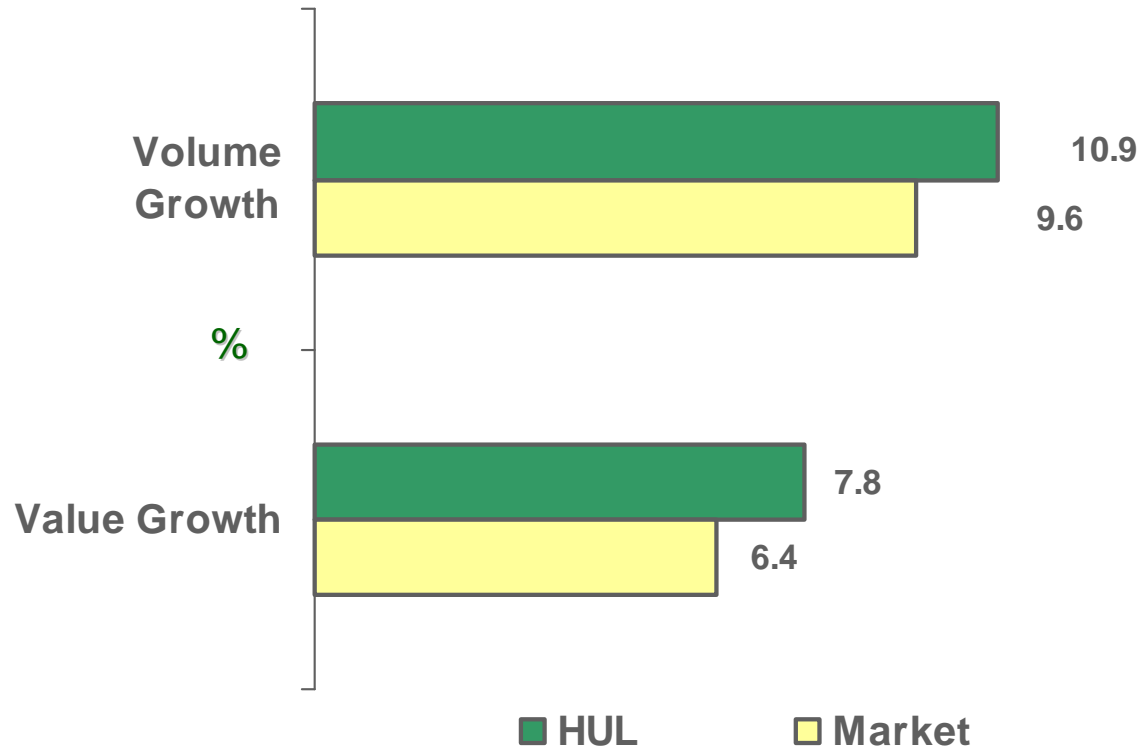
# Volume Growth – Increasing Momentum

## Underlying Volume Growth



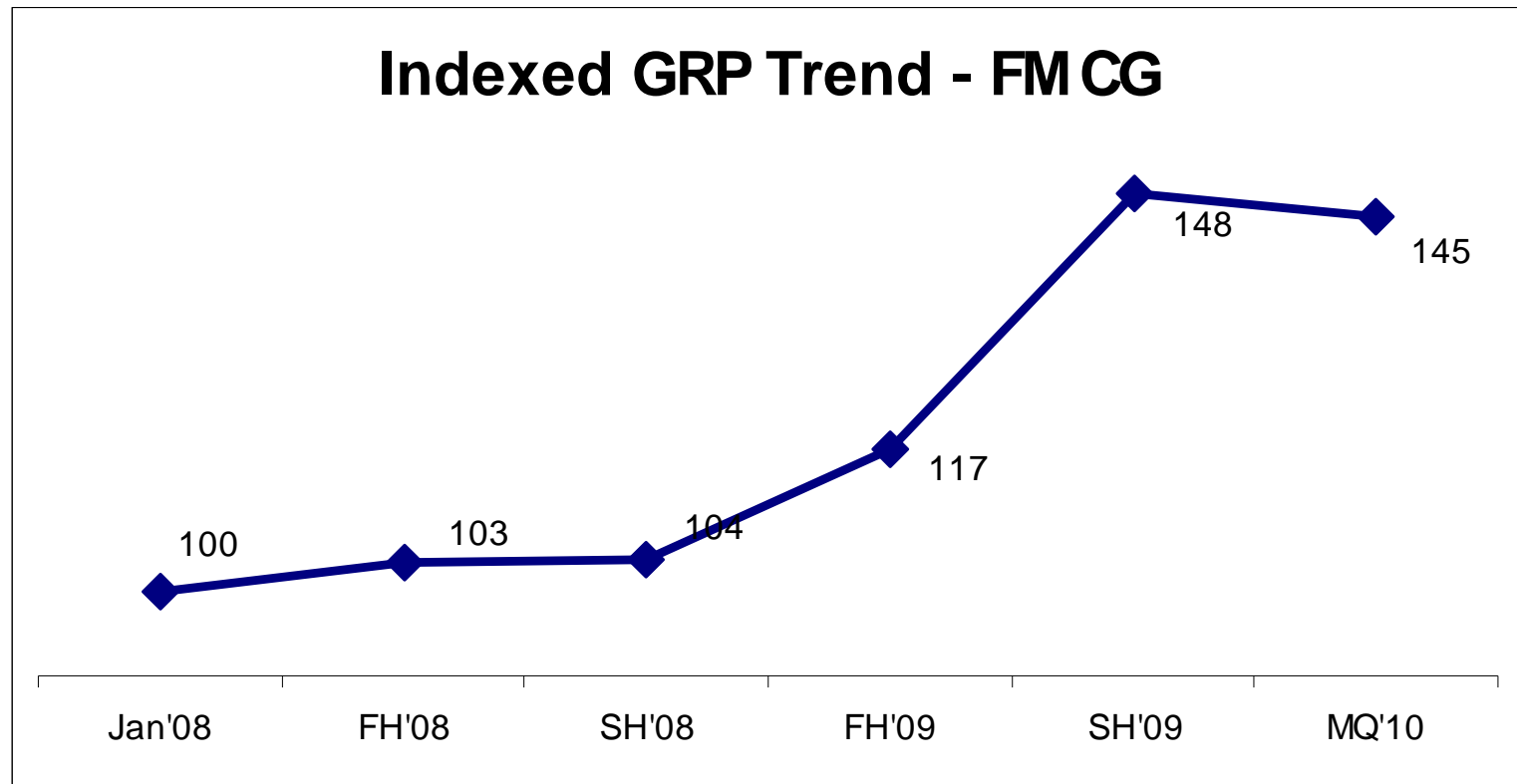
**Double Digit Volume Growth**

# Growth – Ahead of Market



**Growth in MQ'10 – ahead of market in volume and value**

# Intensified Competitive environment

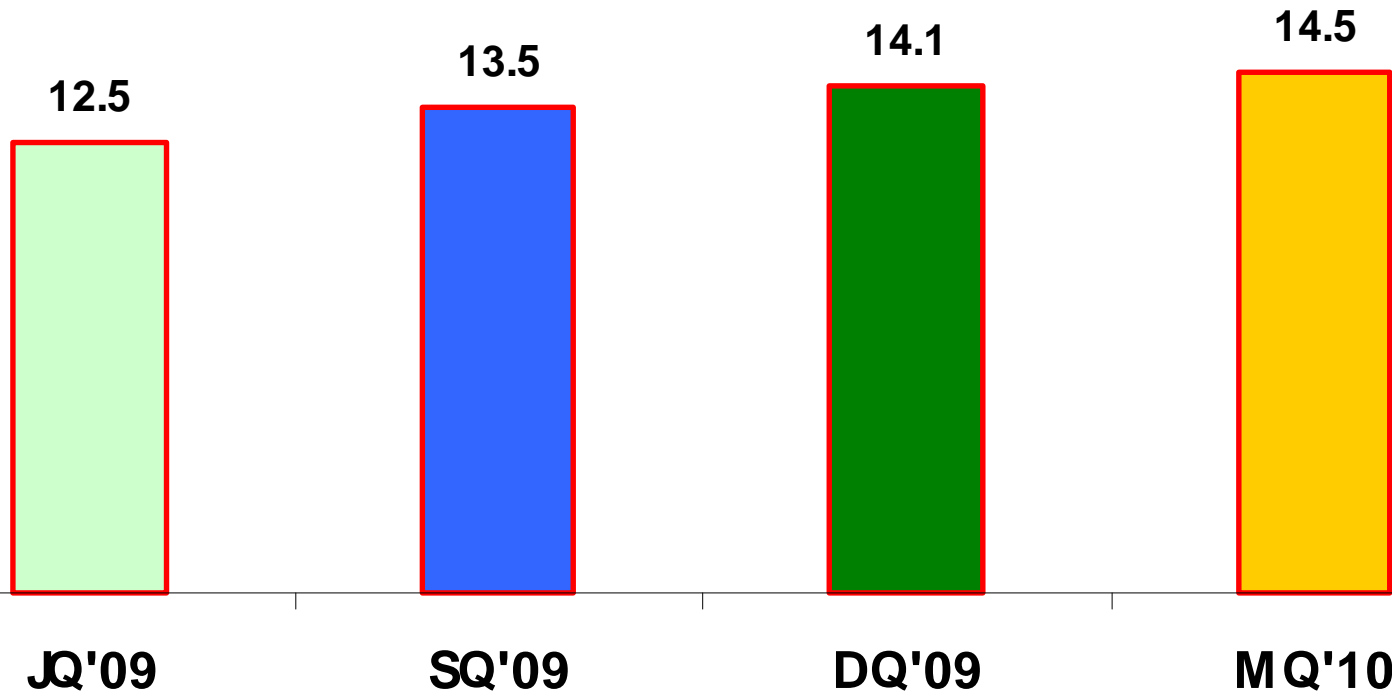


**Step up in media investment within FMCG**

# Sustaining Competitive Brand Investments

A&P as a % of Net Sales

%



UVG

+2.0%

+1.0%

+4.6%

+10.9%

Including investment behind Innovations

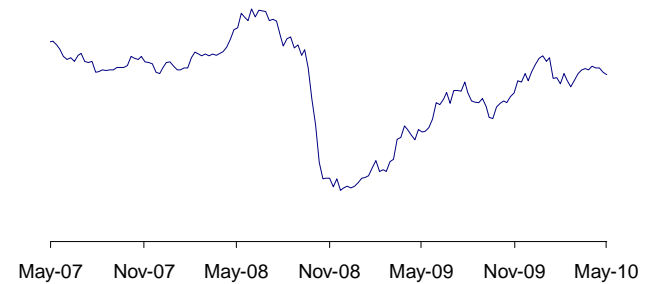


# Effective Management of Commodity Costs

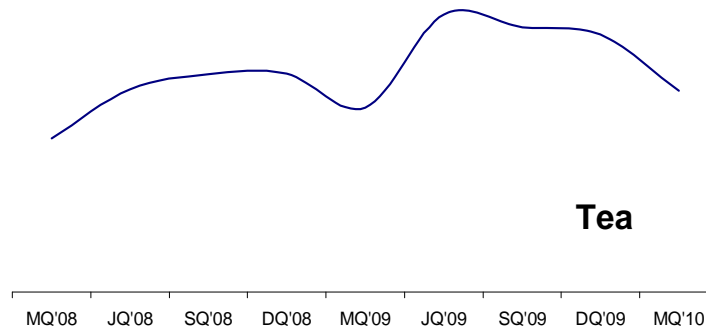
## Mixed Commodity Trends

**CPO**

**Benzene**



**Tea**



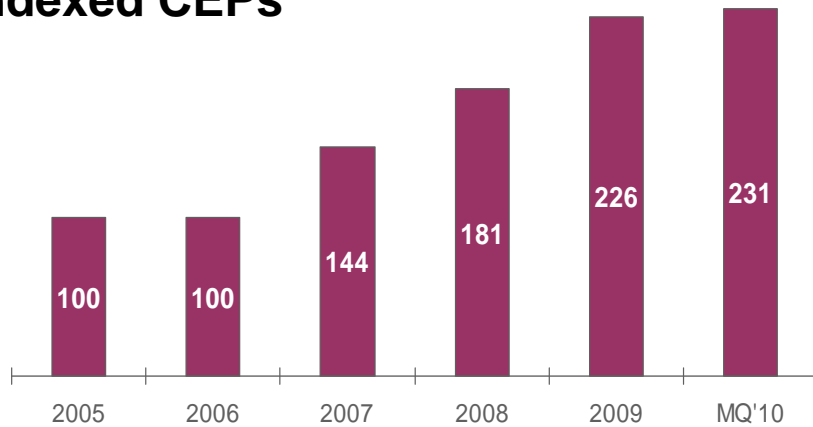
**COGS down -80 bps; superior cost management partly offset by laundry pricing**

Indexed Chart – market prices (Source: Bloomberg, Tea auction house). HUL buying cost may be different

MQ'10 Results - 25<sup>th</sup> May 2010

# Accelerated Cost savings & Operating leverage

## Indexed CEPs



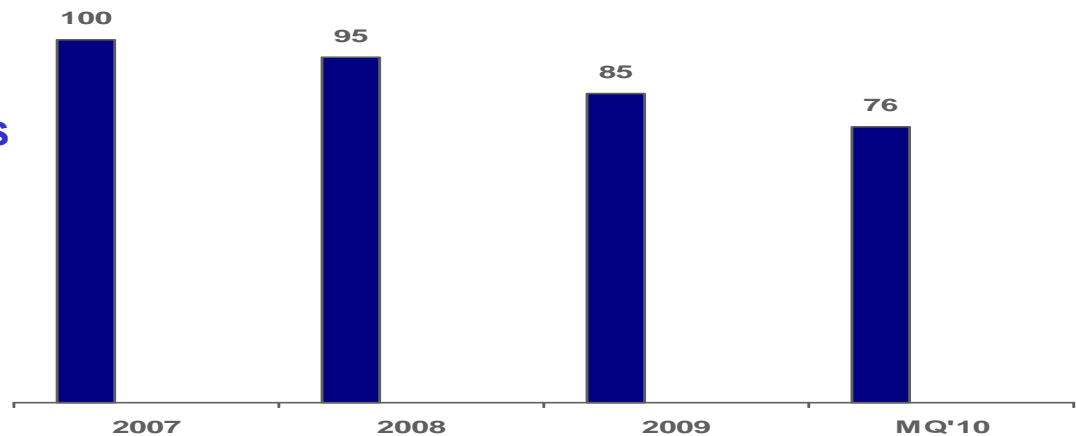
Sustained Improvement in Cost Savings Programme

*MQ CEP are annualised for Full Year*

## Indexed Indirects

(as a % of TO)

Tight focus on discretionary costs



# Category Revenue growth

	<u>Growth %</u>
	<u>MQ'10</u>
<b>Soaps &amp; Detergents</b>	<b>-1.9</b>
<b>Personal Products</b>	<b>18.9</b>
<b>Beverages</b>	<b>15.3</b>
<b>Processed Foods</b>	<b>22.7</b>
<b>Ice Cream</b>	<b>21.7</b>
<hr/>	
<b>Domestic FMCG</b>	<b>7.8 <sup>^</sup></b>

All categories grew strongly in volumes

<sup>^</sup> Excludes Other Operational Income

MQ'10 Results - 25<sup>th</sup> May 2010

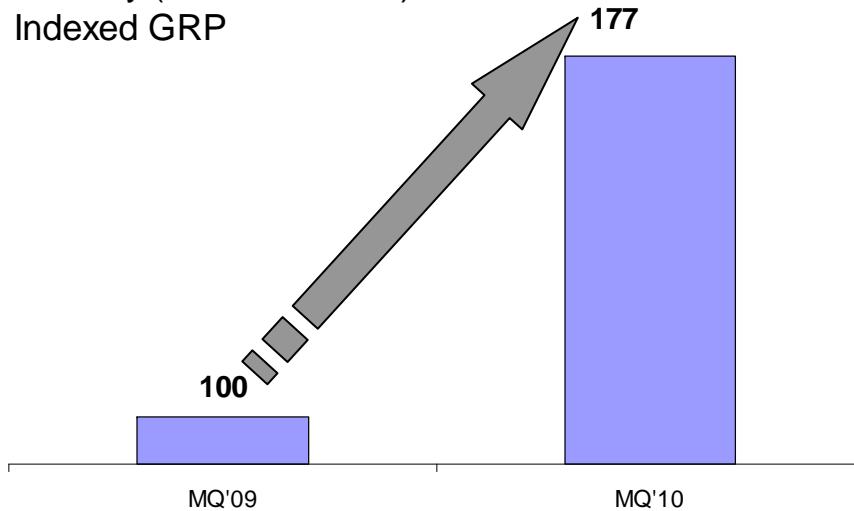
# Laundry : Straddling the Pyramid



**Portfolio covering Formats and Price Points**

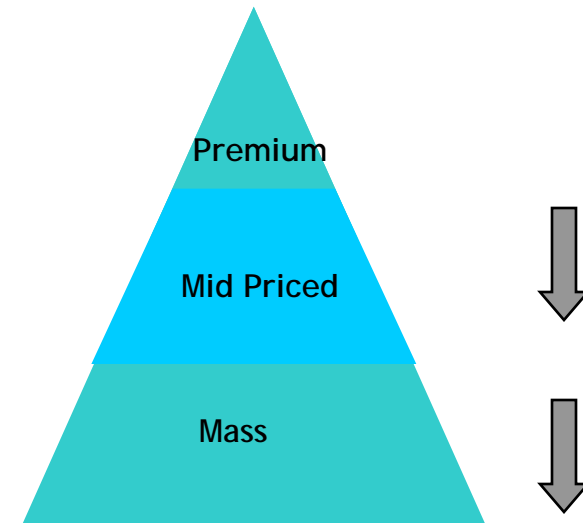
# Heightened Competitive Intensity

Laundry (Powders+Bars) Market  
Indexed GRP



Heightened Competitive Intensity  
– Soaring Media Spends

Heightened Competitive Intensity  
- Aggressive Pricing Actions both in  
Powders & Bars



# Our Response



Rs 70/kg



Rs 50/kg

Rin: Competitive Pricing  
Now at Rs.50/ KG

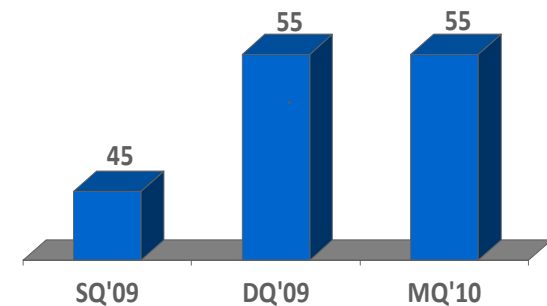


Rin: Product Superiority  
Rs. 1 Crore Safedi Challenge



Improved Formulation

HUL SOV% in Laundry Market



Increased Brand Investment

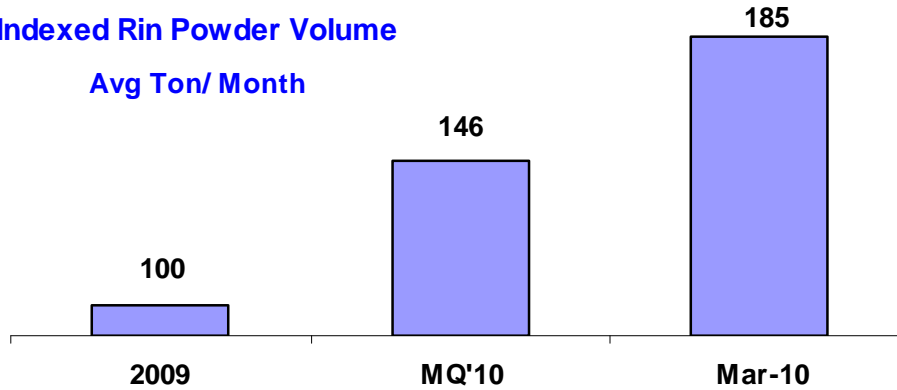
MQ'10 Results - 25<sup>th</sup> May 2010



# Initial Results - Positive

Indexed Rin Powder Volume

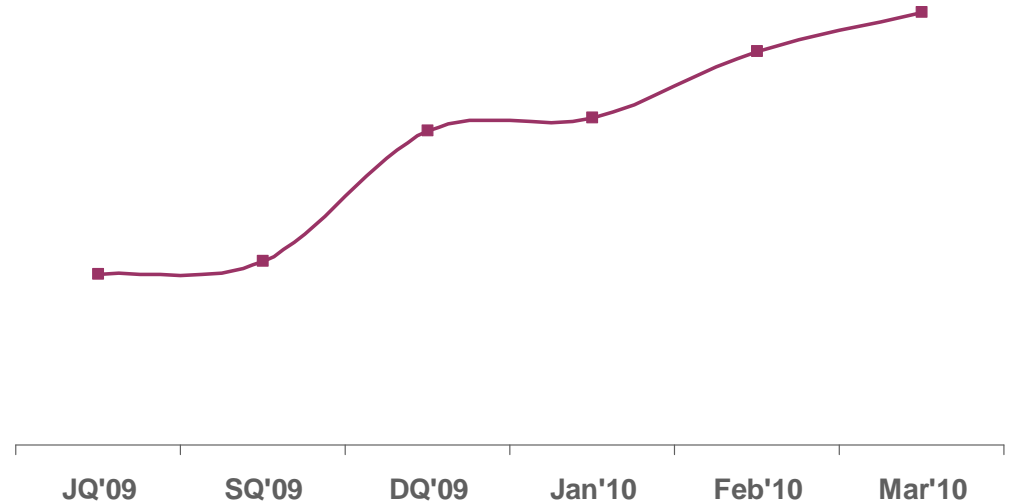
Avg Ton/ Month



RIN

- Accelerating Growth Momentum
- Strong Double Digit Volume Growth

- Powders Volume Market Share Gain



# Rejuvenated Personal Wash Portfolio

- Returns to strong growth
  - Both value and volume growth ahead of market
  - Maintained sequential market share
- Broad based robust growth across Premium Portfolio
- Beauty Segment expanded with Innovation
- Strengthened Germ Kill Proposition in Lifebuoy



Personal Wash: HUL straddles the pyramid across Price Points & Benefits

# Leading Market development in Skin Care

- Strong Double digit growth driven by volumes
- Sequential Market Share gain in fast growing premium segments – Anti Aging and Premium Skin Lightening
- Leading market development across all segments
  - Building Facial Cleansing – multi brand portfolio
  - Entry into male grooming through Vaseline Menz Range



# Vaseline Menz – From male grooming to daily preparation



Anti Spot Whitening  
Oil Control Range



MT – Face Wash, Body  
Lotion, Shower Gel



Anti Spot Whitening  
SPF 15 Range

Aligned Promo  
Strategy



Activation



# Hair and Oral: Growth ahead of Market

- Hair grows significantly ahead of market
  - Sequential shampoo market shares up; leadership gap widened
  - Conditioners continue to gain market share;
  - Renewed thrust in Anti Dandruff segment
    - Clear superior credentials strengthened and Dove Dandruff Therapy launched
- Toothpaste grows ahead the market, led by robust volume growth
  - Volume share stabilised



# Strong Brand Portfolio in Hair

## Shampoo



**Presence across Price Points**

**Presence across Benefits:  
Beauty, Anti Dandruff,  
Health, Moisturizing etc.**

## Expanding into Conditioners

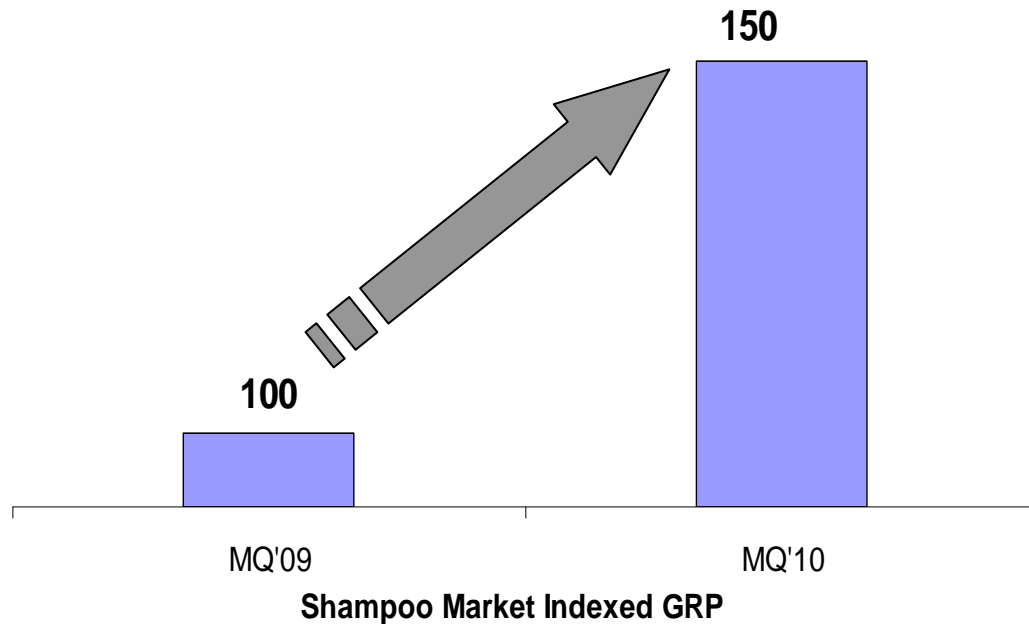


**HUL Straddles Pyramid across Price Points & Benefits**



# Hair Market : Increased Competitive Intensity

**Market Heat – Soaring up**



**Aggressive Promotions**

# Strengthened Leadership in Hair



Hair Fall Therapy  
Dandruff Therapy

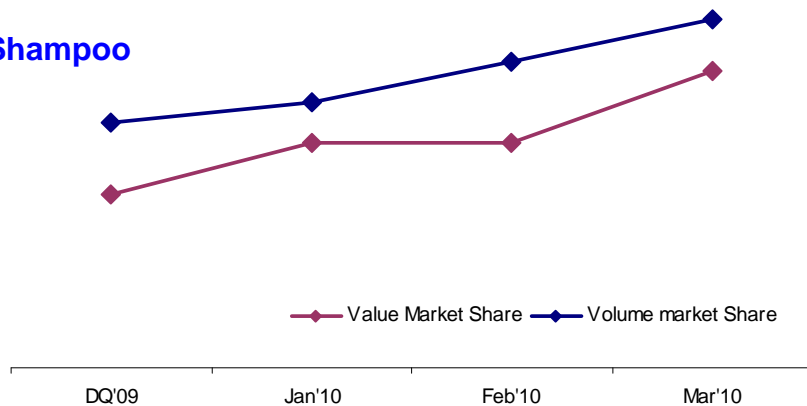
Strengthened  
Credentials

Co creation

Improved  
Formulation

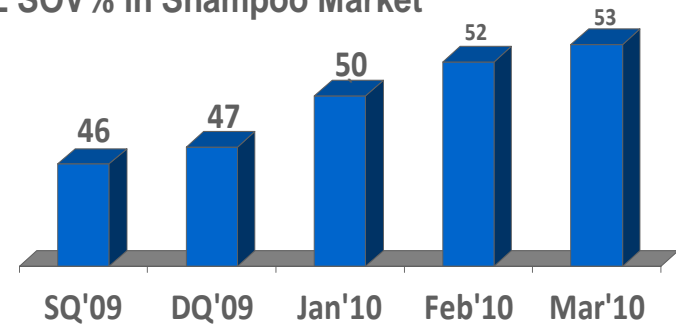
## Innovation across Portfolio

### Shampoo

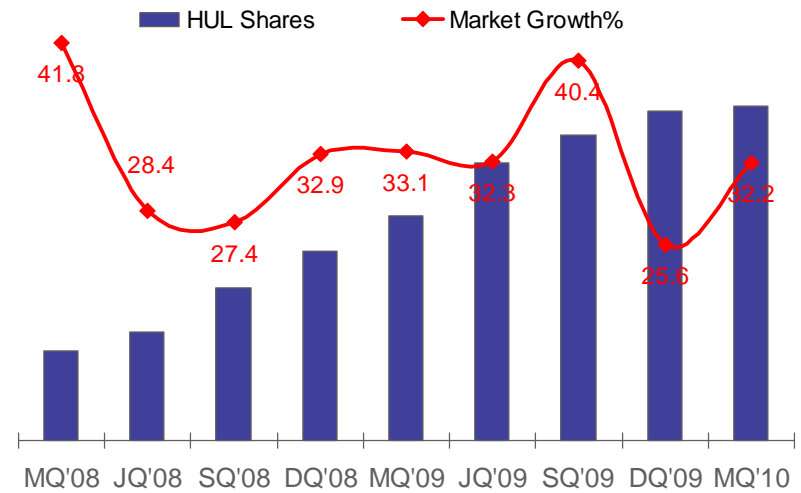


## Growth ahead of Market: Reflected in Share Gain

### HUL SOV% in Shampoo Market



## Increased Brand Investment



## Accelerating share in Conditioners segment

MQ'10 Results - 25<sup>th</sup> May 2010

# Strong Performance in Beverages

- Robust volume driven growth
- Tea portfolio strengthened
  - Strong entry at mass end with Brooke Bond Sehatmand
    - With accelerated 13 state launch, Sehatmand gaining shares in launch markets
  - Relaunch of heritage brand Ruby in Karnataka - gains share
  - Red Label Dust launched in select markets
- Coffee delivers double digit growth led by volumes



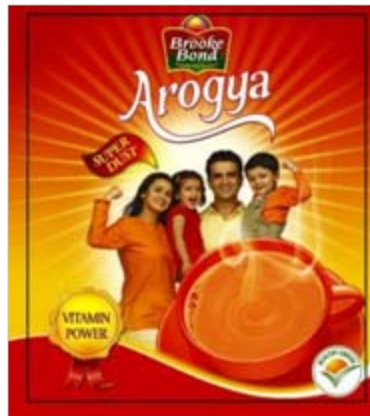
# Entry into Mass segment through Nutritional Tea



Daily Vitamin  
Power with  
3 Cups



Leaf & Dust Format



Sehatmand: Now in 13 States



# Processed Foods: Expanding Portfolio

- Accelerating market development of Processed foods through Knorr Soupy Noodles
  - Launched nationally in MT and across channels in South- Extremely positive response in market



- Knorr Soups and meal makers grow strongly
- Double Digit growth in Kissan Jams & Ketchups
- Good growth in Annapurna; primarily through Atta



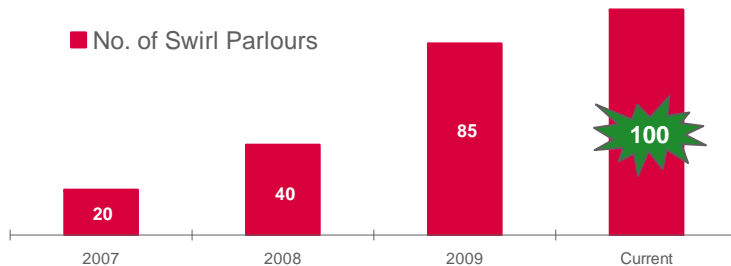
# Building Ice Cream consumption in/out of home



- Category grows in double digit
  - led by Impulse & Take Home, covering all price points
- 8 new launches in 3 different formats
  - Selection, Cornetto & Paddle Pop
- Increased consumption through availability and visibility
- Summer Innovations and more cabinets drive growth
- 100 Swirl Parlours in operation



The 100<sup>th</sup> Parlour





# Pureit Straddles the Pyramid

- Pureit market development on plan with strong growth momentum
- Pureit – Building Repeatable Models
  - Pureit Compact launched at Rs.1000
  - Pureit Autofill launched – a Pureit that fills itself
  - Stronger & more persuasive communication campaign: “Kills one crore of viruses in one litre of unsafe water”



# Innovation led growth across categories & segments



Sehatmand:  
Nutritional Tea



Wheel: Improved  
Formulation



Lux Purple



Dandruff  
Therapy



Vaseline Menz:  
Male Grooming



Face Cleansing: 4  
Brands & 20 Variants



Compact Water Purifier



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Knorr Soupy  
Noodles

# MQ'10 – Results

Rs Cr

Rs Crores	MQ 10	MQ 09	Growth%
Net Sales	4316	3988	8.2
EBITDA	595	596	(0.1)
PBIT	545	555	(1.8)
<i>PBIT margin (%age)</i>	12.6	13.9	-
PBT bei	573	573	0.1
Exceptional Items	143	(107)	-
PBT	717	466	53.8
PAT bei	422	457	(7.6)
Extraordinary Items (net of Tax)	52	0	
Net Profit	581	395	47.1

# MQ'10 – Exceptional Items

Rs Cr

Particulars	MQ'10	MQ'09
Assets Sale	5	7
Sale of long term investment	91	-
Actuarial valuation - Employee Benefits	53	(60)
Restructuring Cost	(7)	(26)
Others		(28)
<b>Total</b>	<b>143</b>	<b>(107)</b>

# MQ'10 – Analysis of Net Profit

Rs Crores	MQ'10	MQ'09	Growth%
Net Profit	581	395	47.1
Less: Exceptional/Extraordinary Items (Net of Tax)	159	(62)	
Profit After Tax bei	422	457	(7.6)
Less: Foreign Exchange (MTM) Impact (Net of Tax) *	(0)	2	
Profit after Tax before Excep./ Extraordinary items and MTM	422	459	(7.9)

**Forex MTM relates to accounting impact arising from restatement of forex exposures at closing exchange rates; all forex exposures continue to be fully hedged**

# MQ'10 in Summary

- Strong volume growth at 11%; overall growth ahead of market
- PP, Foods & Water grow in double digit
- Decisive actions to strengthen leadership in laundry & Personal Wash
- Net sales and Domestic Consumer business grow at 8%
- Continued innovation to drive new categories/ segments for the future
- Go to market capabilities significantly strengthened
- Sustained focus on cost management; COGS down by 80 bps
- A&P investment stepped up by 320 bps to 14.5%
- PBT (bei) maintained; Net Profit up by 47.1%; aided by exceptional/ extraordinary gains





# **Financial year 2009- 10**

## **Performance Review**

# FY'10 – Performance Highlights

- Improved growth momentum through the year; exiting at 11% volume growth
- Strong double digit growth in PP in all four quarters
- Foods & Water grow double digit driven by innovation and portfolio expansion
- Soaps & Detergents grow at 1.5%
- Entry into new categories/ segments
- Operating margins improved by 10 bps; PBIT grows by 7.1%
  - Superior cost management
  - A&P investment stepped up to 13.6%; up by 330 bps
- PAT (bei) remained stable while Underlying PAT (bei) grew by 3.1%
- Net Profit grows 4.1%

\*Note: 2008-09 was 15 months period. Growth is based on unaudited results of 12 months corresponding period

*MQ'10 Results - 25<sup>th</sup> May 2010*

# Strengthened Portfolio : HPC

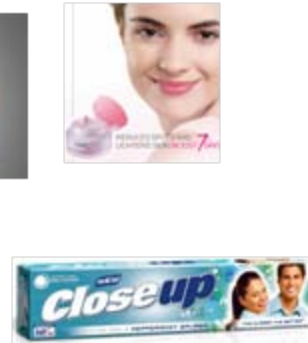
Fabric Wash

Personal Wash

Shampoo

Skin

Tooth Paste



Launches /Relaunches in 2009-10 - HPC

# Strengthening the Portfolio - Foods

Tea

Coffee

Processed Foods

Ice Creams

Premium

Popular

Mass



Launches /Relaunches in 2009-10 - Foods

# FY'10 – Results

Rs Cr

Rs Crores	FY' 10	FY' 09*	Growth%
<b>Net Sales</b>	<b>17524</b>	<b>16477</b>	<b>6.4</b>
<b>EBITDA</b>	<b>2750</b>	<b>2555</b>	<b>7.6</b>
<b>PBIT</b>	2566	2396	7.1
<i>PBIT margin (%age)</i>	14.6	14.5	-
<b>PBT bei</b>	<b>2707</b>	<b>2556</b>	<b>5.9</b>
Exceptional Items	55	(19)	-
<b>PBT</b>	<b>2763</b>	<b>2537</b>	<b>8.9</b>
<b>PAT bei</b>	<b>2059</b>	<b>2065</b>	<b>(0.3)</b>
Extraordinary Items (net of Tax)	56	(9)	-
<b>Net Profit</b>	<b>2202</b>	<b>2116</b>	<b>4.1</b>

\*Unaudited results for 12 months period

MQ'10 Results - 25<sup>th</sup> May 2010

# FY'10 – Dividend

				Rs.
Particulars	FY 2010	FY 2009*	Growth%	2008-09^
<b>Dividend Per Share</b>	<b>6.5</b>	<b>6.0</b>	<b>8.3</b>	<b>7.5</b>
<b>Interim</b>	<b>3.0</b>	<b>2.8</b>	<b>7.1</b>	<b>3.5</b>
<b>Final</b>	<b>3.5</b>	<b>3.2</b>	<b>9.4</b>	<b>4.0</b>
<b>Nb. of Shares (Crores)</b>	<b>218</b>	<b>218</b>		<b>218</b>
<b>Total Dividend (Rs Crores)</b>	<b>1418</b>			<b>1635</b>
<b>Div. Dist. Tax (Rs Cr.)</b>	<b>238</b>			<b>278</b>
<b>Total Div. Outflow (Rs Cr.)</b>	<b>1656</b>			<b>1913</b>

\*Annualised for 15 months period 2008-09

^ 15 months period 2008-09



# Looking ahead

- **Competition will intensify further - unblinking defense of our strong market leadership**
- **Our Focus remains to :**
  - **Continuously strengthen competitiveness of our Portfolio and Brands**
  - **Deliver bigger and better innovations**
  - **Lead market development – entry into new categories and segments**
  - **Strengthen overall organisational capabilities to continuously improve the quality of execution and speed to market**



**Thank you**

**For more information, please visit <http://www.hul.co.in>**



*Hindustan Unilever Limited*

**Results – MQ '10**

**25<sup>th</sup> May 2010**

**Investor Presentation**