



Hindustan Unilever Limited

Results – MQ '10 & FY '2010

25th 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**

- **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



Vaseline Menz:
Male Grooming



Face Cleansing: 4
Brands & 20 Variants



Compact Water Purifier

Dandruff
Therapy



8 new Ice Cream
Variants

Knorr Soupy
Noodles

MQ'10: Expanding portfolio in Skin



Entry in to Male Grooming

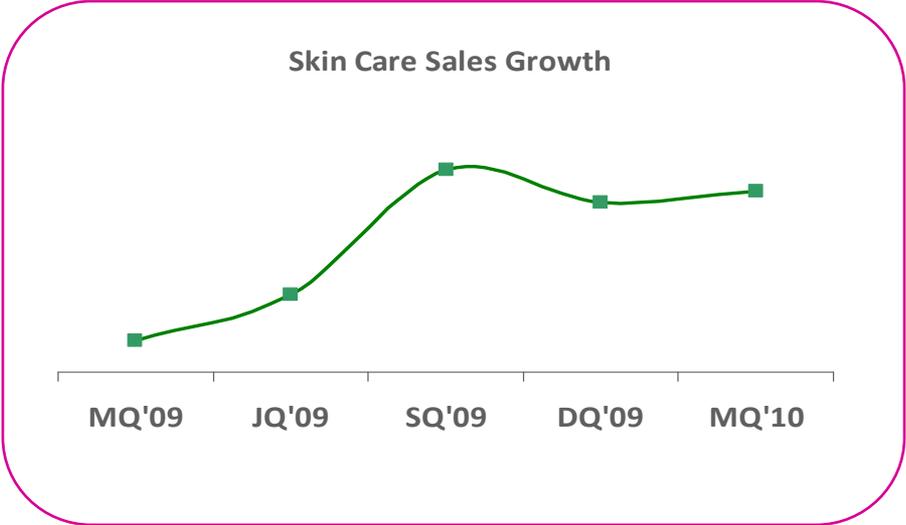
Gentle Care Oil Control Skin Lightening



Moisturizing



Building Facial Cleansing Portfolio



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



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

0 1 3 5 6 12 UNIT

G R O W T H Exit

Deliver Assortment

Reduce Out Of Stock

Build Assortment

Identify Opportunities



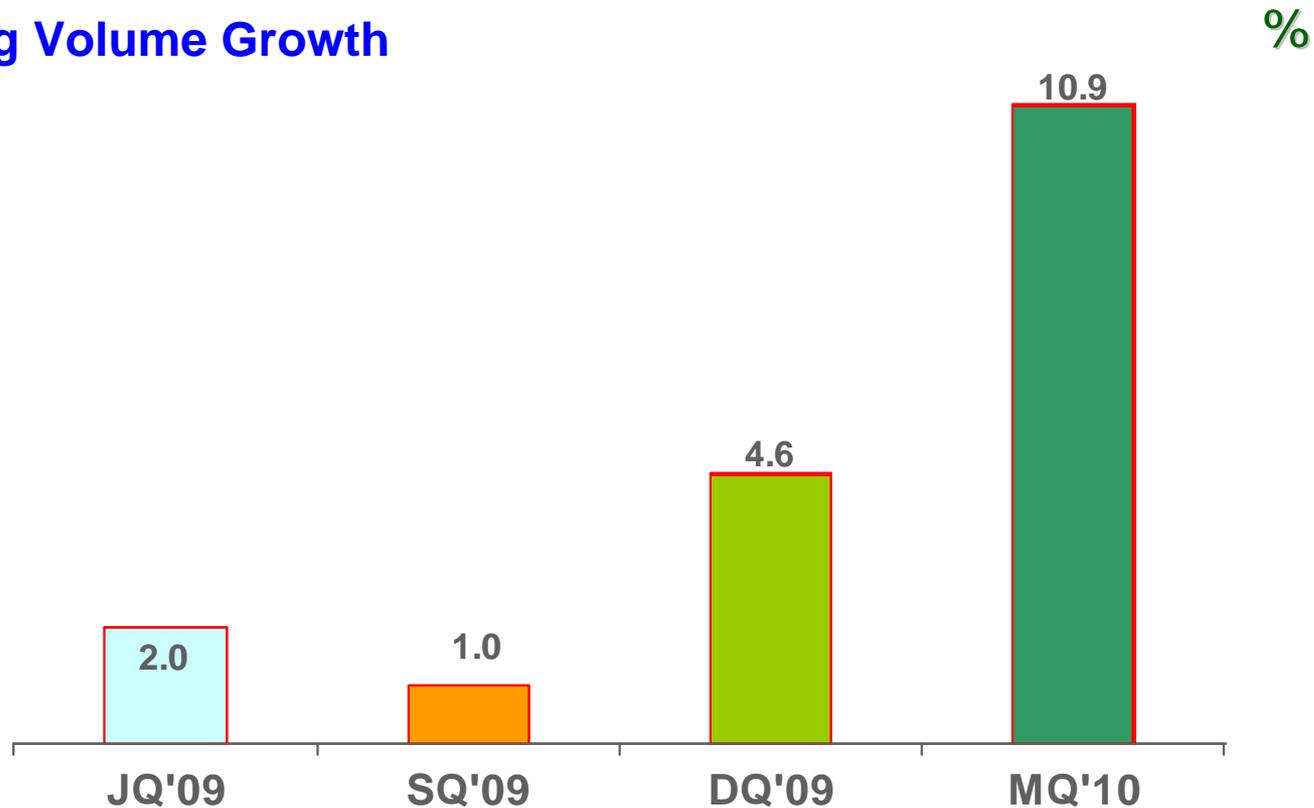
Sophisticated analytics for outlet level interventions

Simple front-end for better execution by salesmen

MQ'10: Roll out in Urban GT

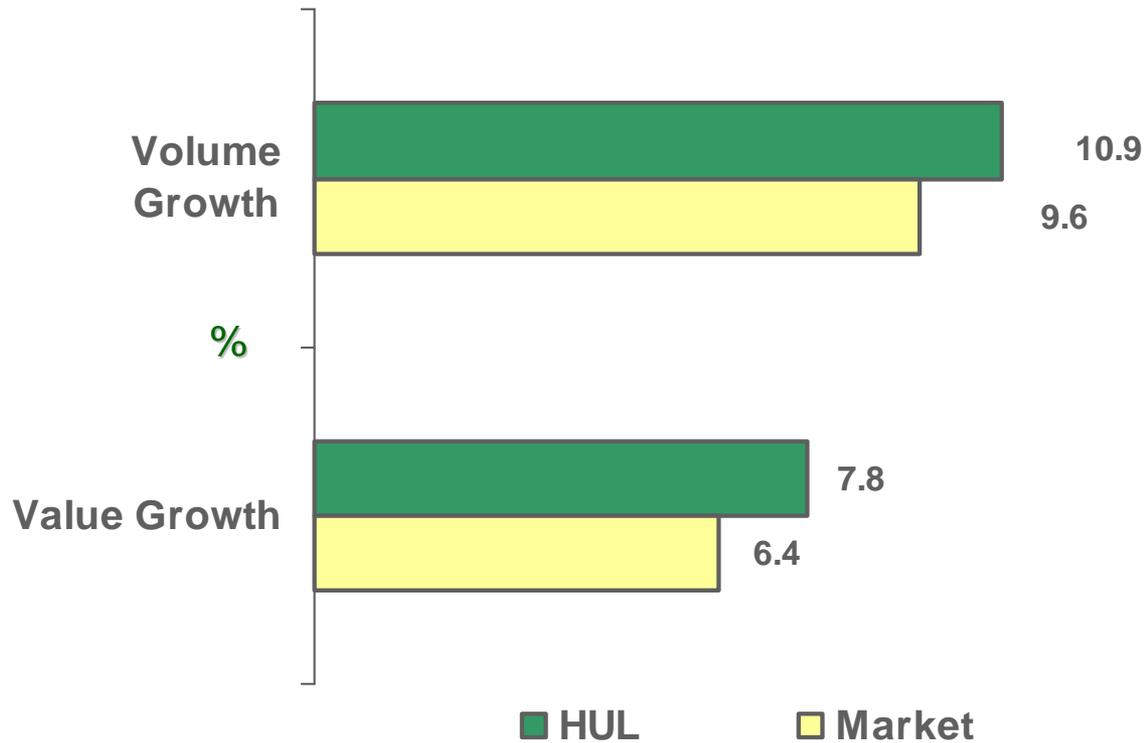
Volume Growth – Increasing Momentum

Underlying Volume Growth



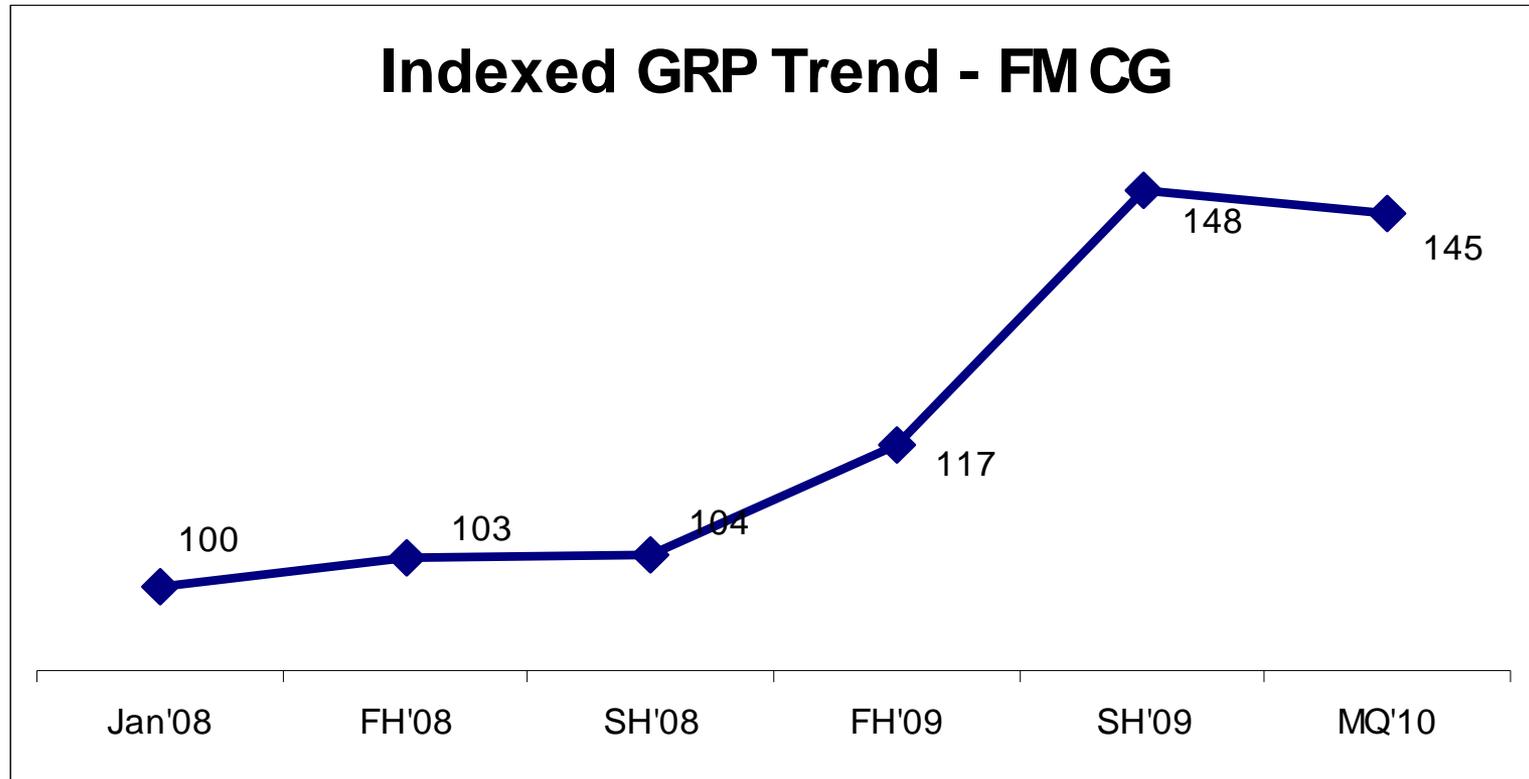
Double Digit Volume Growth

Growth – Ahead of Market



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

Intensified Competitive environment

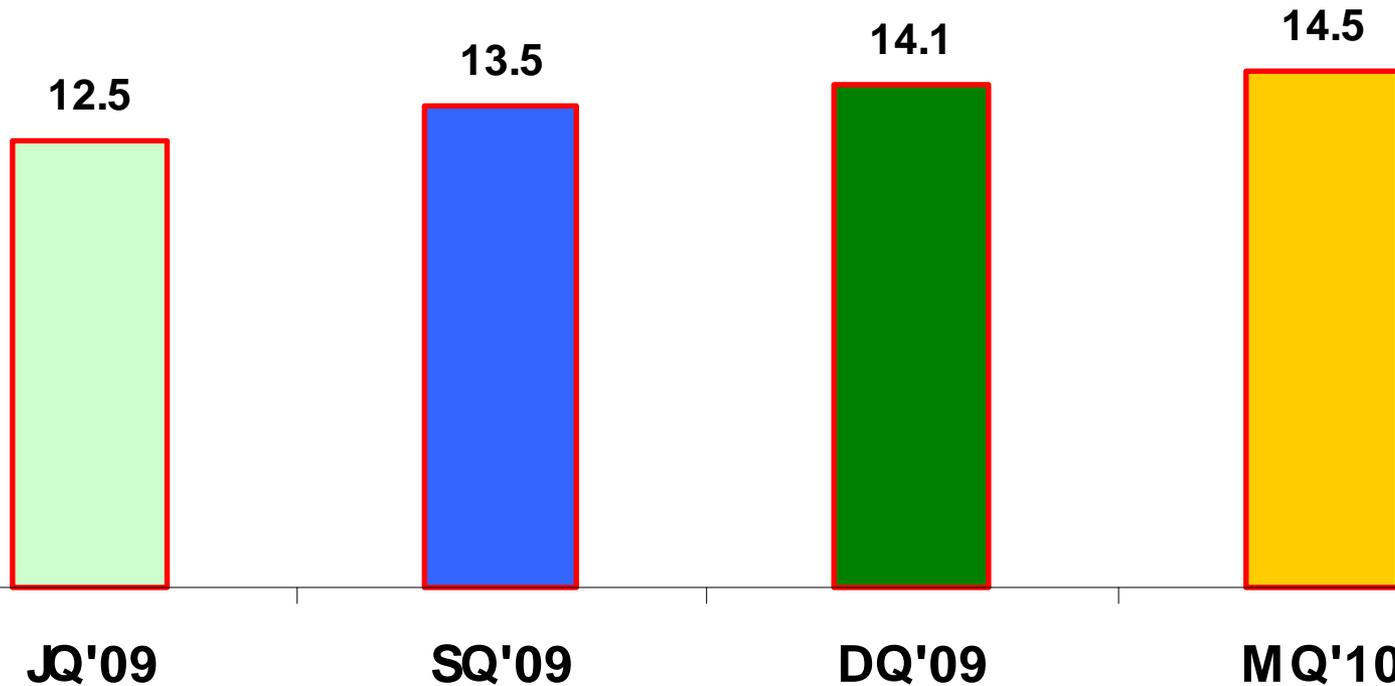


Step up in media investment within FMCG

Sustaining Competitive Brand Investments

A&P as a % of Net Sales

%



JQ'09

SQ'09

DQ'09

MQ'10

UVG

+2.0%

+1.0%

+4.6%

+10.9%

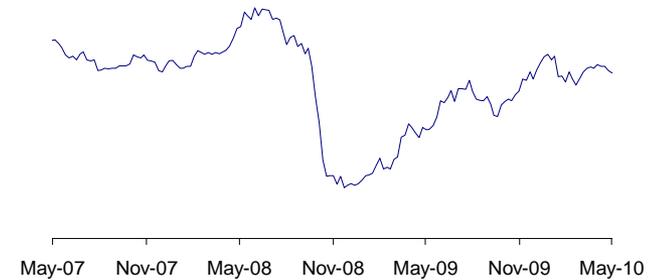
Including investment behind Innovations

Effective Management of Commodity Costs

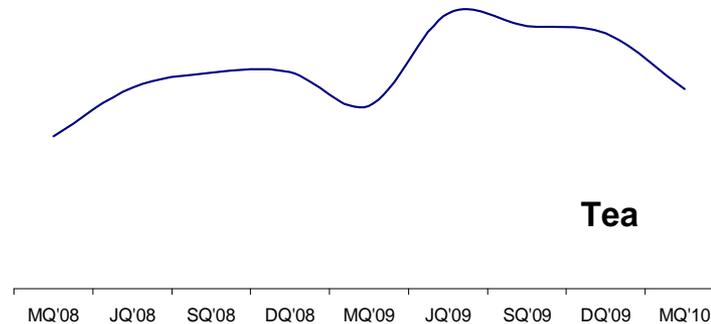
Mixed Commodity Trends

CPO

Benzene



Tea

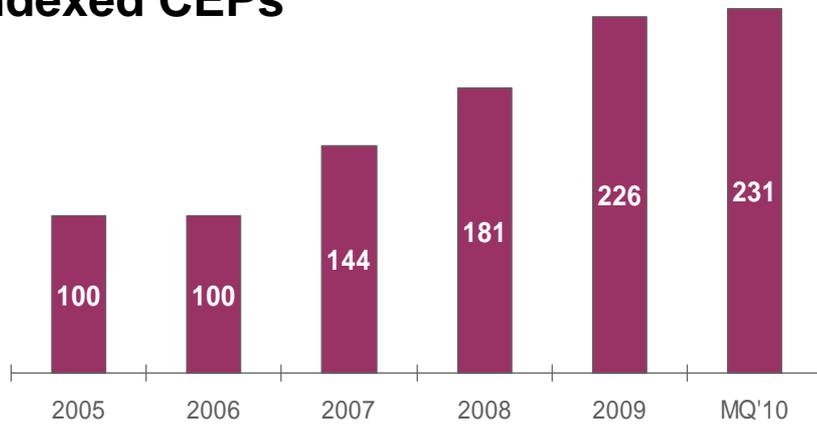


COGS down -80 bps; superior cost management partly offset by laundry pricing

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

Accelerated Cost savings & Operating leverage

Indexed CEPs



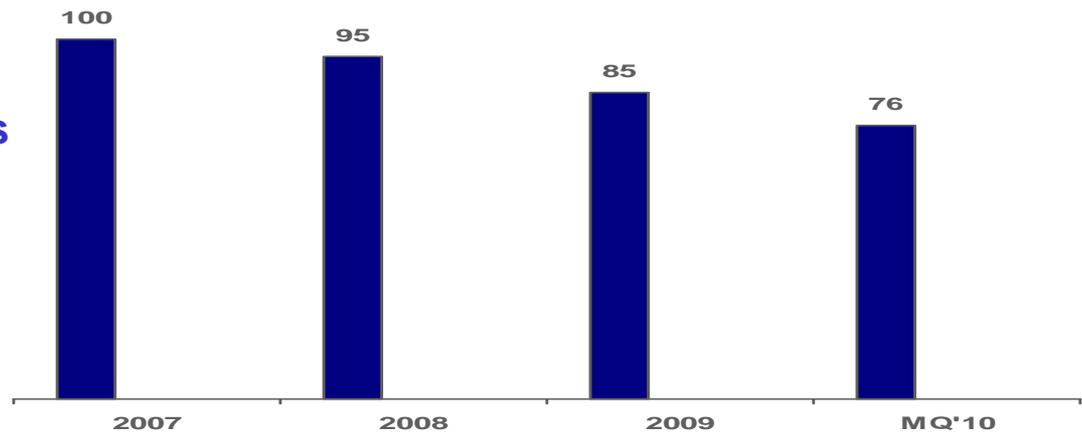
Sustained Improvement in Cost Savings Programme

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>
Soaps & Detergents	-1.9
Personal Products	18.9
Beverages	15.3
Processed Foods	22.7
Ice Cream	21.7
<hr/>	
Domestic FMCG	7.8 [^]

All categories grew strongly in volumes

[^] Excludes Other Operational Income

MQ'10 Results - 25th May 2010

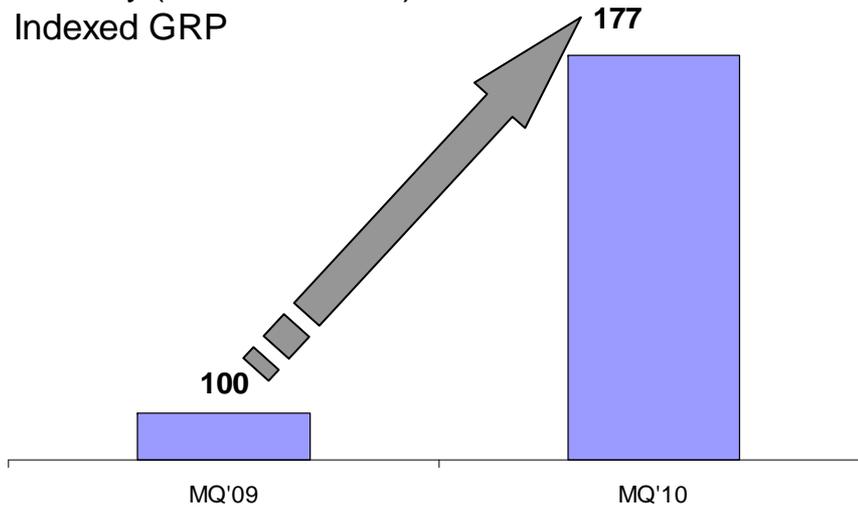
Laundry : Straddling the Pyramid



Portfolio covering Formats and Price Points

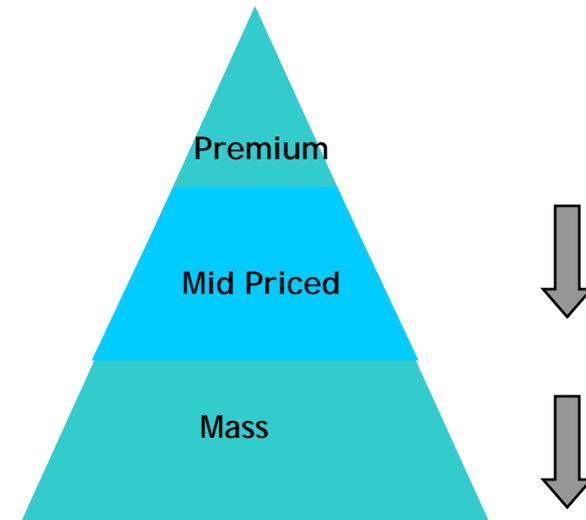
Heightened Competitive Intensity

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

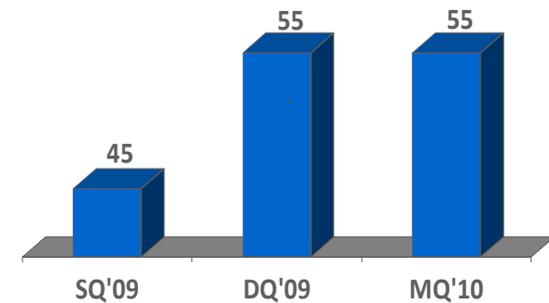


Rin: Product Superiority
Rs. 1 Crore Safedi Challenge



Improved Formulation

HUL SOV% in Laundry Market

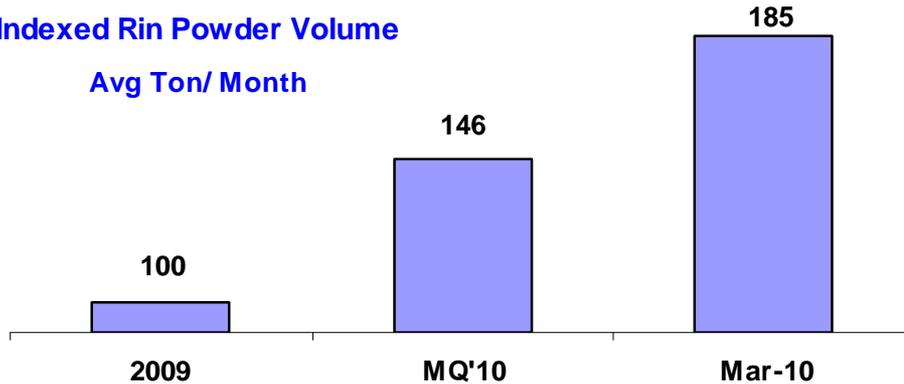


Increased Brand Investment

Initial Results - Positive

Indexed Rin Powder Volume

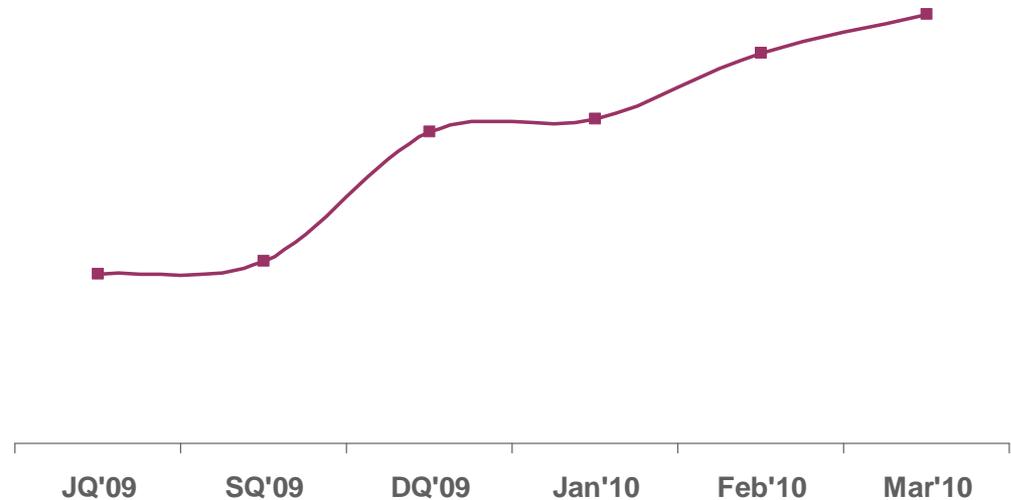
Avg Ton/ Month



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.

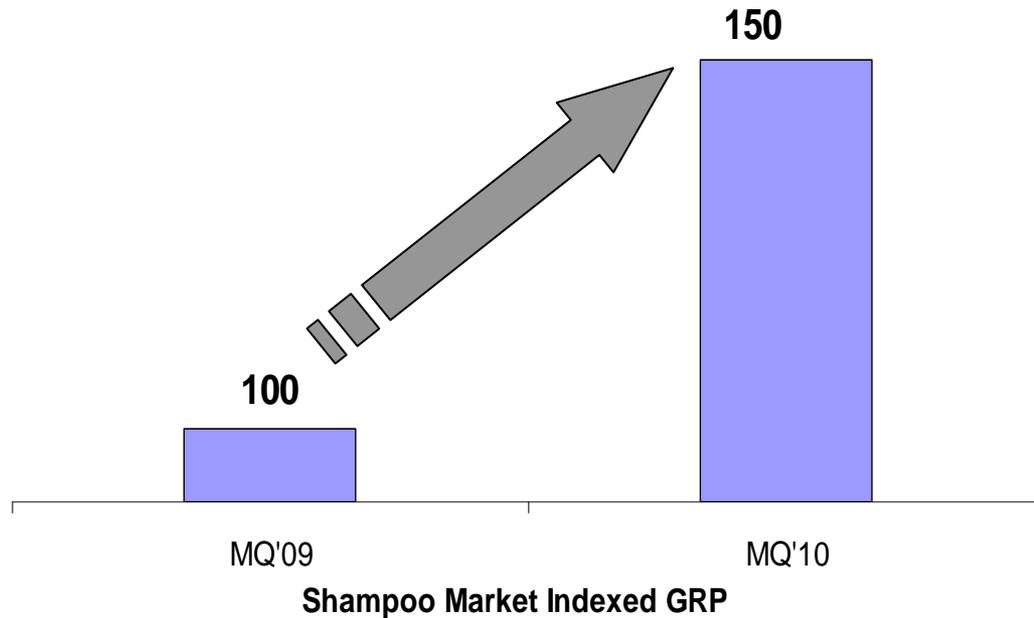
Expanding into Conditioners



HUL Straddles Pyramid across Price Points & Benefits

Hair Market : Increased Competitive Intensity

Market Heat – Soaring up



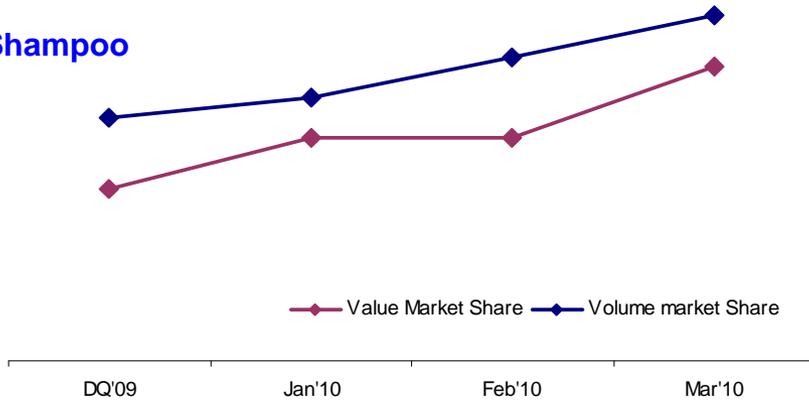
Aggressive Promotions

Strengthened Leadership in Hair



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

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



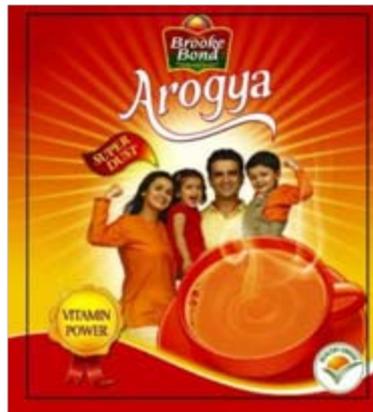
Entry into Mass segment through Nutritional Tea



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

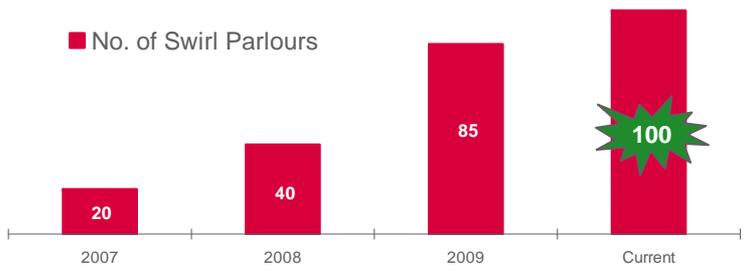


- Category grows in double digit
 - led by Impulse & Take Home, covering all price points
- 8 new launches in 3 different formats
 - Selection, Cornetto & Paddle Pop
- Increased consumption through availability and visibility
- Summer Innovations and more cabinets drive growth
- 100 Swirl Parlours in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



The 100th Parlour

■ No. of Swirl Parlours



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



Vaseline Menz: Male Grooming



Face Cleansing: 4 Brands & 20 Variants



Compact Water Purifier



Dandruff Therapy



8 new Ice Cream Variants

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)
Total	143	(107)

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

Strengthened Portfolio : HPC

Fabric Wash	Personal Wash	Shampoo	Skin	Tooth Paste
-------------	---------------	---------	------	-------------

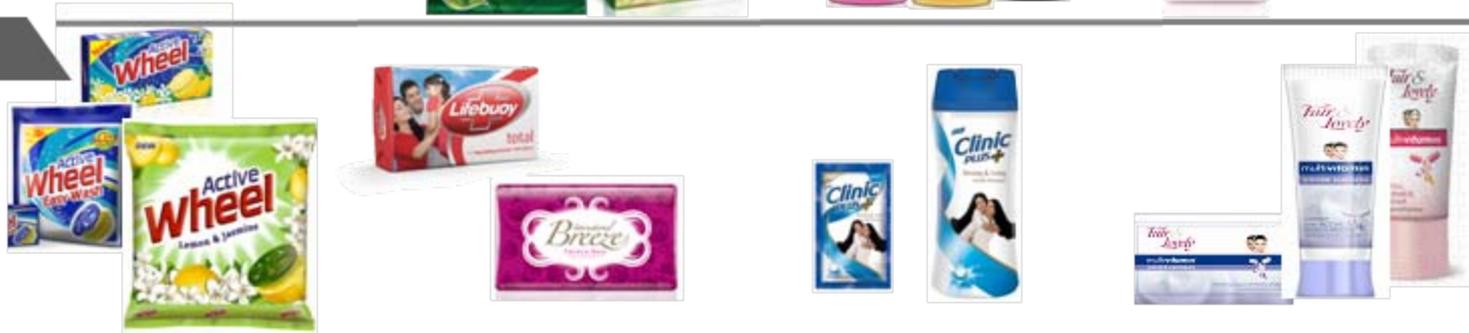
Premium



Popular



Mass



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

*Unaudited results for 12 months period

MQ'10 Results - 25th May 2010

FY'10 – Dividend

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

*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

25th May 2010

Investor Presentation