

# Winning in the new normal

Sanjiv Mehta, Chairman & Managing Director  
Hindustan Unilever Limited

9<sup>th</sup> September, 2020

Sensitivity: Internal



*Hindustan Unilever Limited*

# Safe Harbor 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.



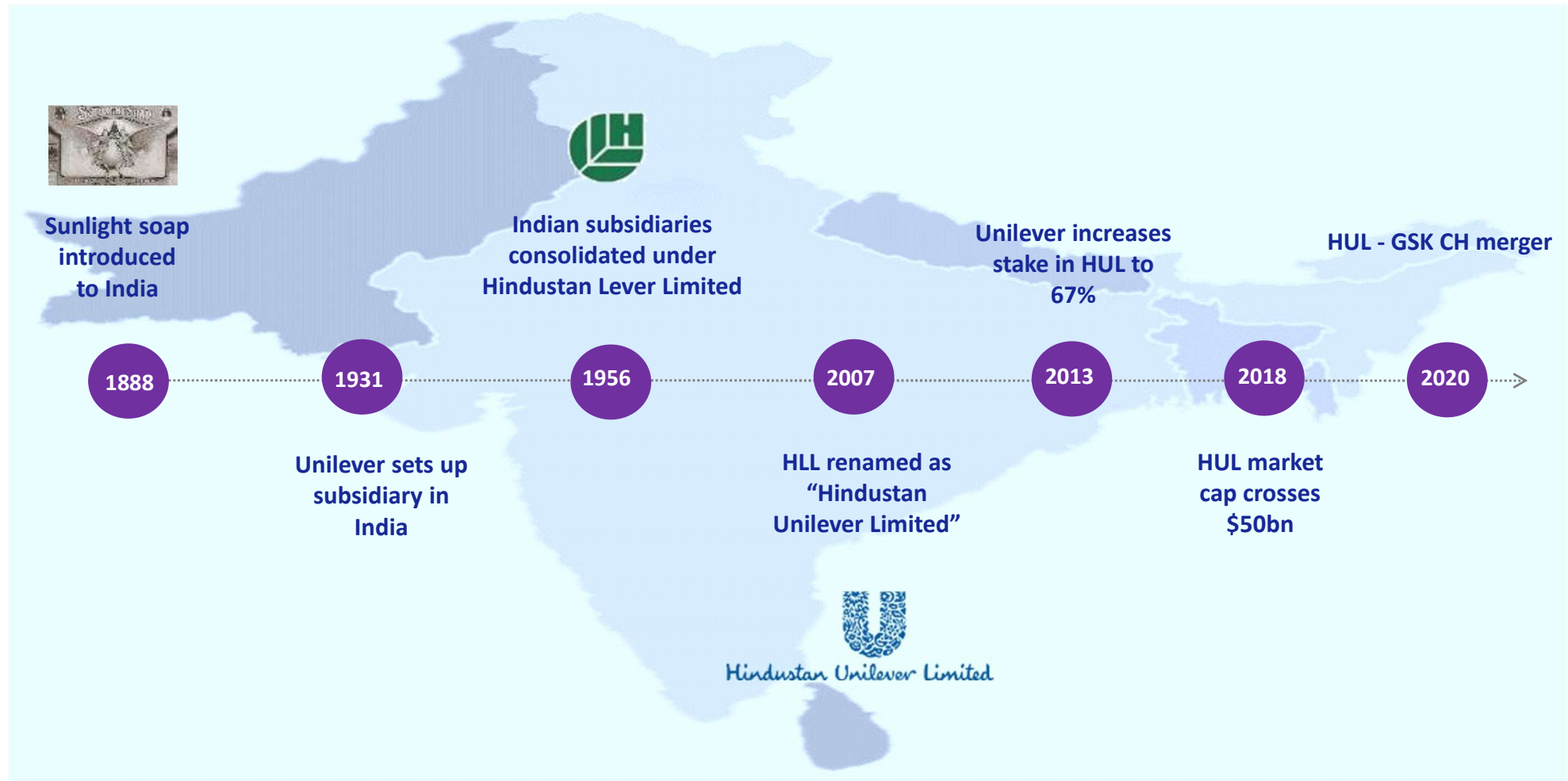


*Hindustan Unilever Limited*

## INDIA'S LARGEST FMCG COMPANY



# 130+ years of presence in India



# A \$6bn execution powerhouse

## Our footprint



**9 OUT OF 10  
HOUSEHOLDS**  
use one or more of  
our brands

Our brands are  
available in  
**8 MN+ STORES**



**21,000**  
Employees working  
across 31 owned  
factories & 15 offices

## Recognition



**'EMPLOYER OF CHOICE'**  
in the industry  
for 11 years in a row

**MOST INNOVATIVE  
COMPANIES**

**#8** Globally  
**#1** in India



**BRAND EQUITY**  
**MOST  
TRUSTED  
BRANDS**

**14 HUL BRANDS**  
in India's Top 100 Most  
Trusted Brands 2019





# With category leadership in >90% of our business



**#1**

Skin  
Cleansing



**#1**

Skin  
Care



**#1**

Hair  
Care



**#1**

Fabric  
Wash



**#1**

Household  
Care



**#1**

Tea



**#1**

Health Food  
Drinks



**#1**

Ketchup



# Consistent track record of high performance

## Consistent growth



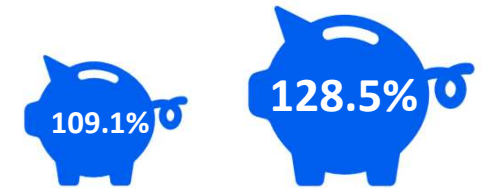
**9% CAGR**  
over 10 years\*

## Profitable growth



**890 BPS**  
EBITDA improvement over 10 years^

## High return on capital employed



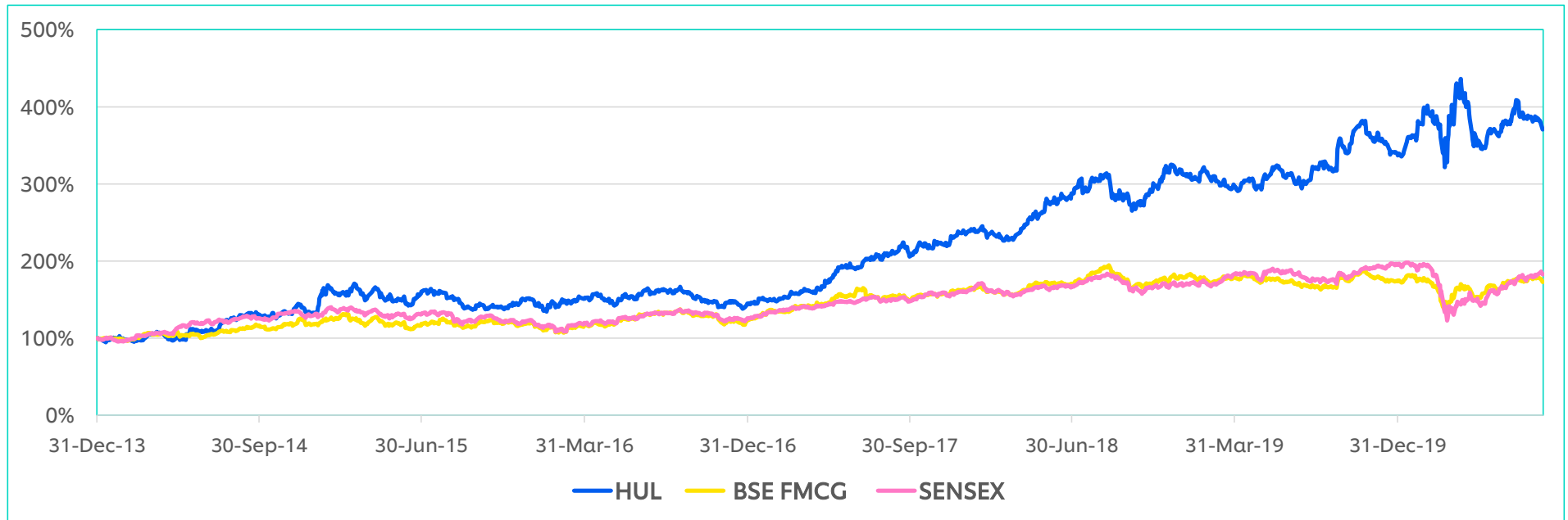
FY  
2012-13

FY  
2019-20

**ROCE**



# Leading value creation



MARKET  
CAPITALISATION

\$17 bn  
2013

4X

+ \$51 bn

\$ 68 bn  
Current\*





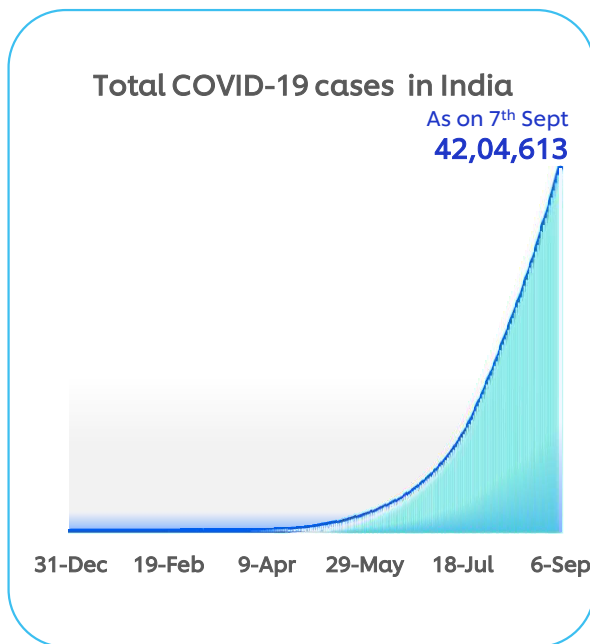
# Navigating the crisis

---

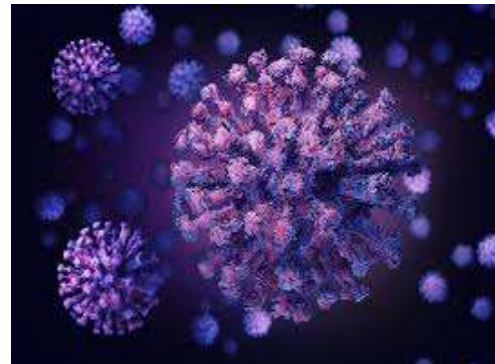


# Social and economic toll of the virus

## Rising COVID-19 cases

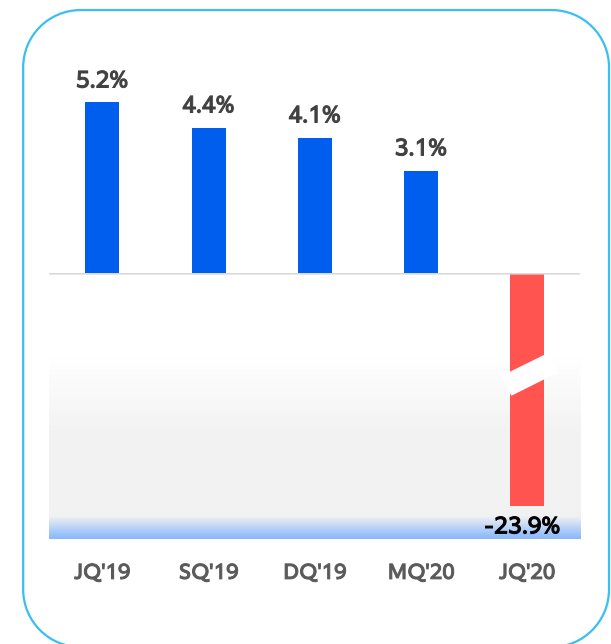


## Wide range of unknowns

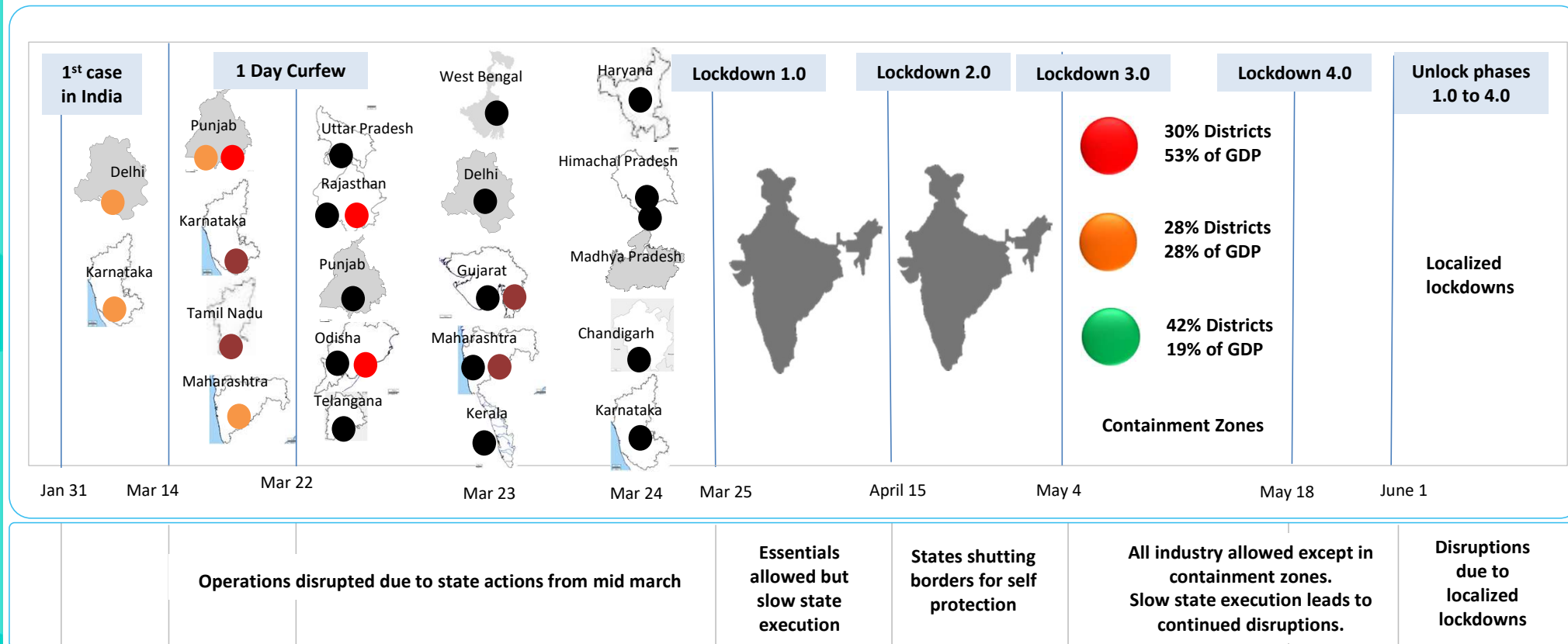


Vaccine | Containment | Recovery

## Uncertain economic outlook



# Progression of lockdowns and unlocks



State lockdown
 Public transport suspended or private vehicles banned
 Partial / complete closure of borders
 Public places closed: Theatres, malls, hotels, public gatherings, gyms, workplaces

# Businesses across industries disrupted

People: Fearful and confined to home



On-ground operational challenges

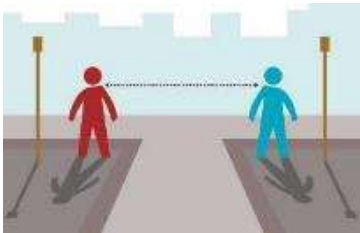


Cost and liquidity constraints



# Our five priorities

People



Supply



Demand



Community



Cost & Cash



A close-up photograph of two hands, one on the left and one on the right, holding several small, white, paper-cut human figures. The figures are arranged in a circle, holding hands, and are being held up by the two hands. The background is a soft, out-of-focus light blue. The text "#1 Priority : People" is overlaid in the center in a white, sans-serif font.

# #1 Priority : People



# Health and safety remains our #1 priority



Highest safety standards



Working from home



Supporting our partners



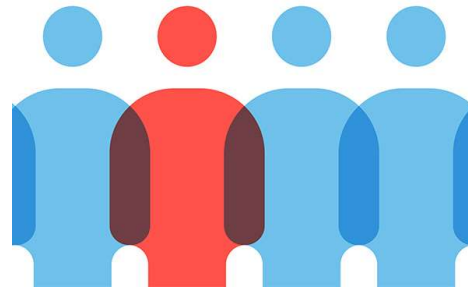
# Stringent safety protocols

## Rigorous operating guidelines



Proactive testing  
Shutdowns & full sanitization

## Special care for high risk group



Maximum attention to people with  
co-morbidity or >50 years of age

## Trade operations with social distancing



One of 1<sup>st</sup> to provide medical insurance  
Best operating practices shared

**We look after our people and they look after our business**



# Energised and engaged

## Virtual connects



Leadership check-ins | Team Rituals

## Health & wellbeing



Empowering holistic wellbeing

## Learning at fingertips



Strengthening learning culture

# Creating milestones

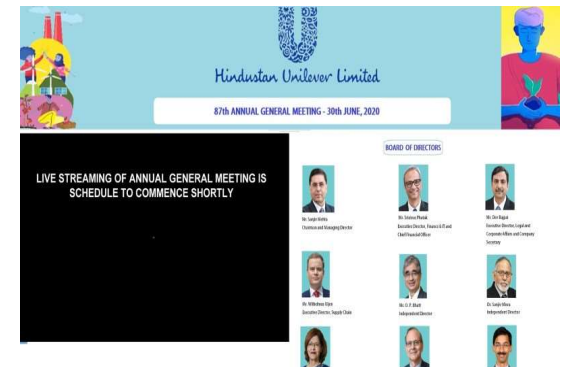
## Seamless virtual integration



## VWash acquisition: E2E virtual execution



## Fully virtual annual close and AGM



## #2 Priority : Rebuilding Supply Lines



# Multitude of operational challenges

## Permits and Permissions



**~1,000** notifications complied

## Operational constraints



Operations | Containment zones  
Manpower | Logistics

## Supply Security

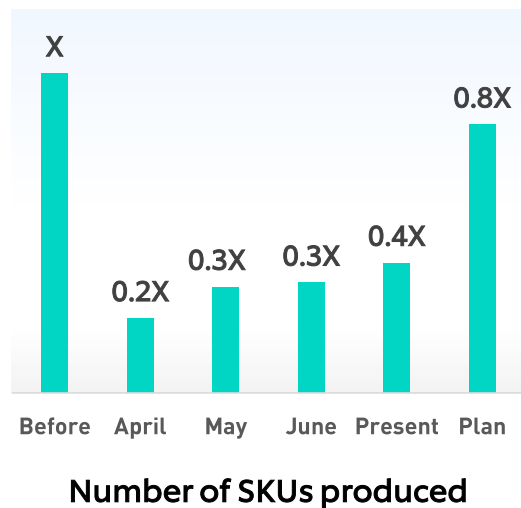


Material availability | Alternative  
suppliers | Formulation flexibility



# Navigated with agility and nimbleness

## Portfolio prioritization



## Capacity unlocks



Sanitizer ~120X | Handwash ~6X

## New demand capture and fulfilment models



Disrupt before we get disrupted

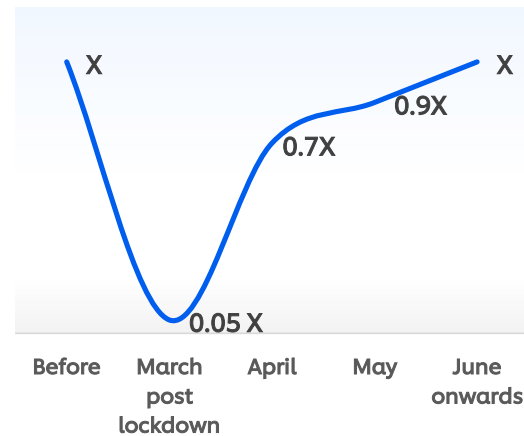
# Enabling business turnaround

## Fast tracking innovations



**50+** product & pack innovations

## Sequential improvement in operations



**100%** operations restored

## Contactless operations

LAKMÉ SALON  
**YOUR SAFETY**  
**IS OUR FIRST PRIORITY.**  
**YOUR BEAUTY**  
**IS A CLOSE SECOND.**

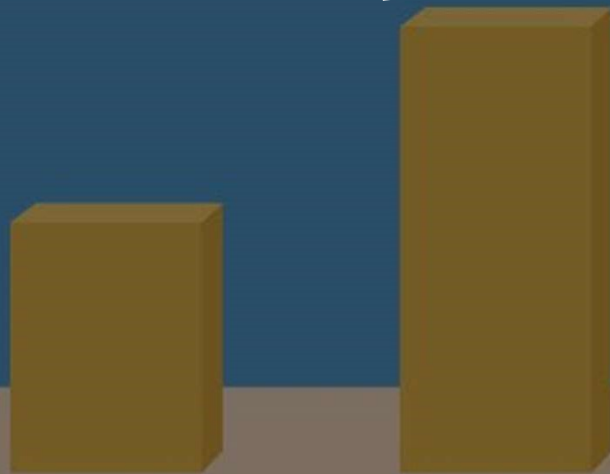
Measures employed in consultation with doctors to make your favourite salon, a safe one.

**C.90%** salons now operational

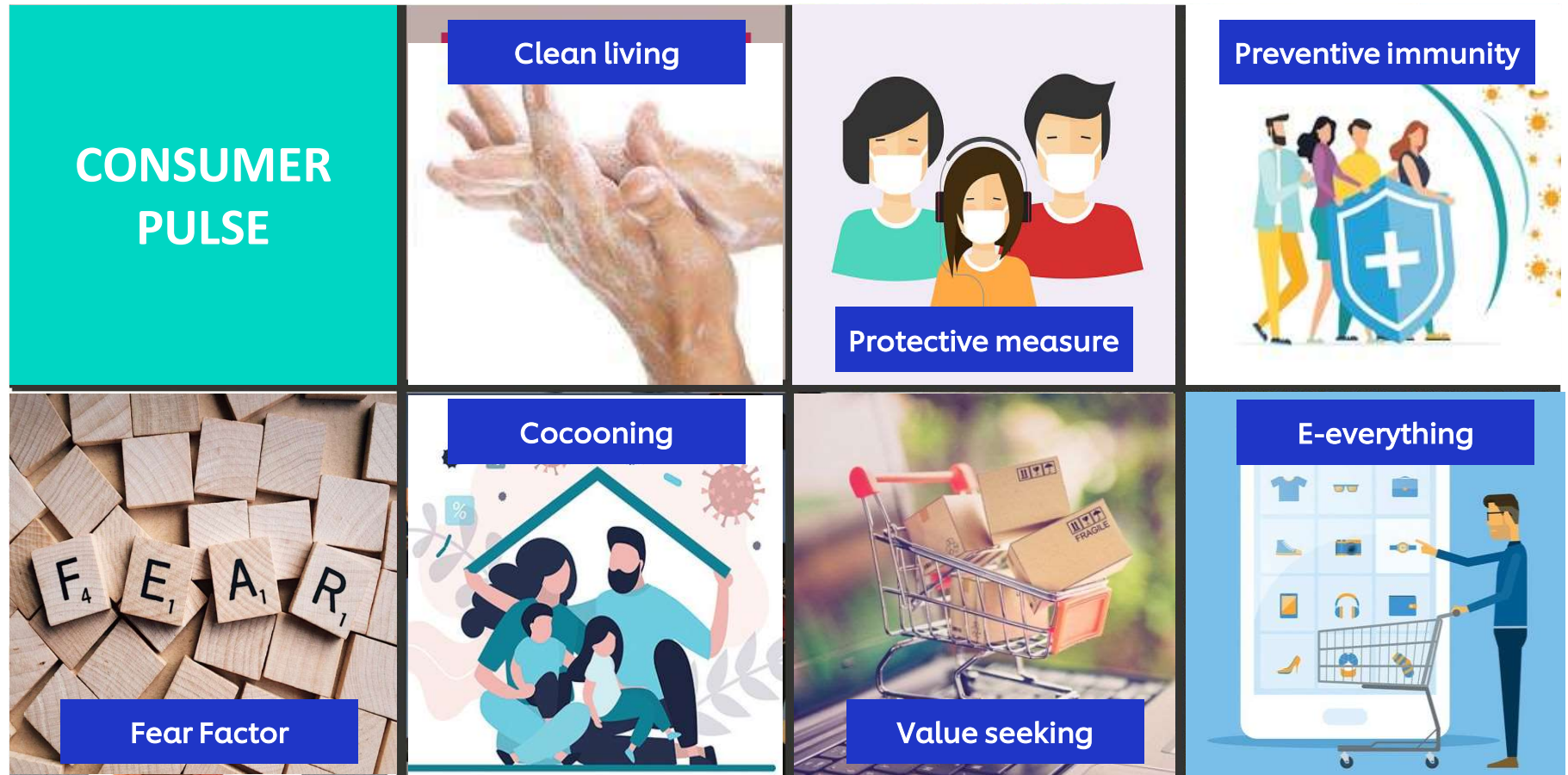




### #3 Priority: Emerging Demand Spaces



# Future normal: Evolving consumer needs







# Clean living, protection & immunity

>90% portfolio relevant or repurposed for COVID times

## Repertoire of trusted and purpose-led brands



## Contextual communications







# Value seeking

*Well placed to meet all our consumer needs*

Portfolio straddling the price pyramid  
across categories

₹ ₹ ₹

High income



₹ ₹

Mid income



₹

Low income



c.50% of GT business from  
price point and access packs



# E-everything

## Winning in a rapidly evolving channel landscape

### Accelerating E-Commerce journey



Market shares



Margins

E-Comm

&

MT



GT

### Digitizing general trade

#### Creating the connected store



#### eB2B: A competitive advantage

**2.3 LAKH**

Outlets onboarded



**2X**

Order value &  
#SKUs ordered

Vs. pre-COVID levels



## #4 Priority: Serving Communities

---





# #HULStandsWithTheNation

## INR100 Cr committed to fight COVID-19

### Price reductions on essentials



 **15%**  
price cuts in essentials  
Better value to consumers

### Product donations









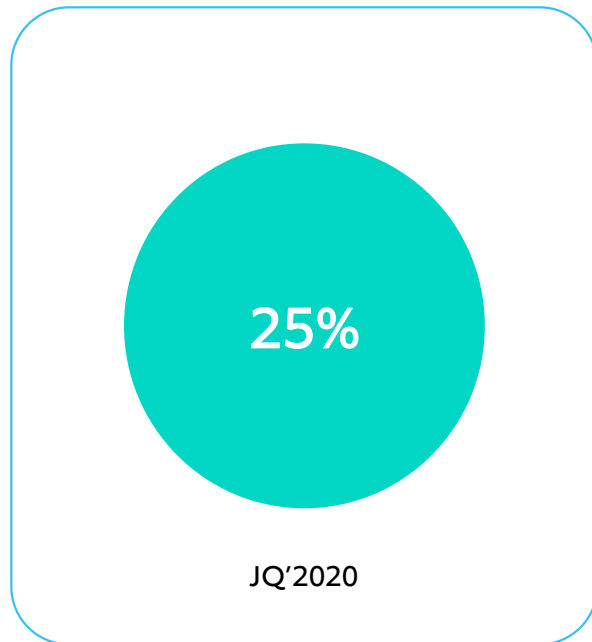
## #5 Priority: Cost and Cash Agility

---

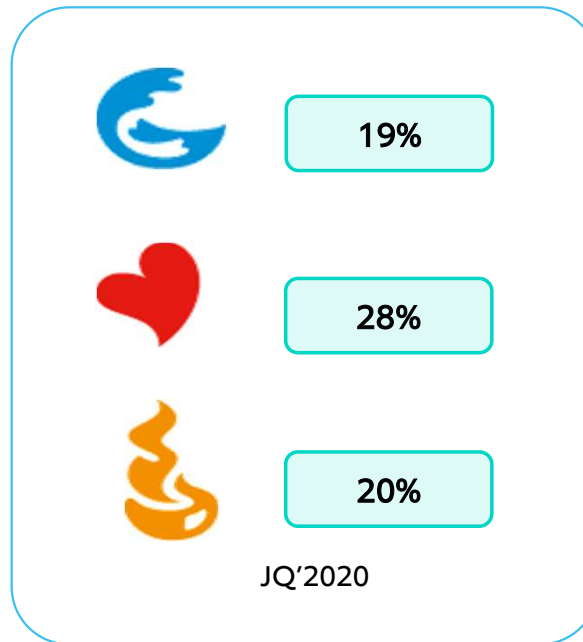


# Profitable and cash generating business model

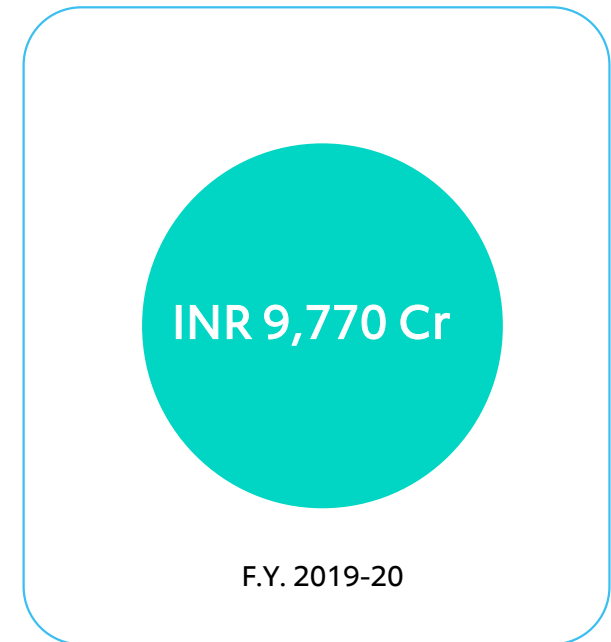
## Healthy EBITDA margins



## Robust margins across divisions

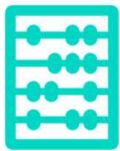


## Strong cash flow from operations



# Deft P&L management to address volatility & support growth

## Headwinds due to COVID-19



Adverse mix



De-leverage



COVID-related on-cost

## Cost agility



Savings agenda dialled up



BMI spends recalibrated, competitiveness maintained



Unlocking synergies from Nutrition business

# Our five priorities are serving us well

## Our five priorities



## Resilient performance in challenging times

**97%**

Business gaining volume share

**90%**

Business increasing/maintaining Spont

**+200 bps**

Step-up in brands share of voice  
*JQ'20 vs JQ'19*







# FMCG India: Long-term potential remains intact

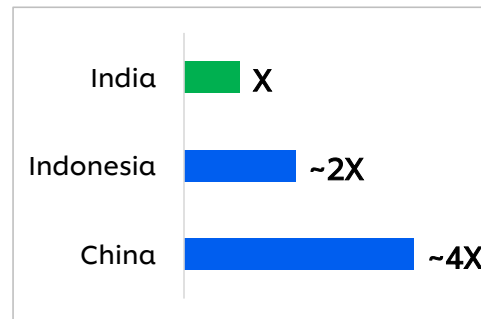
---

# Headroom to grow

## Grow penetration



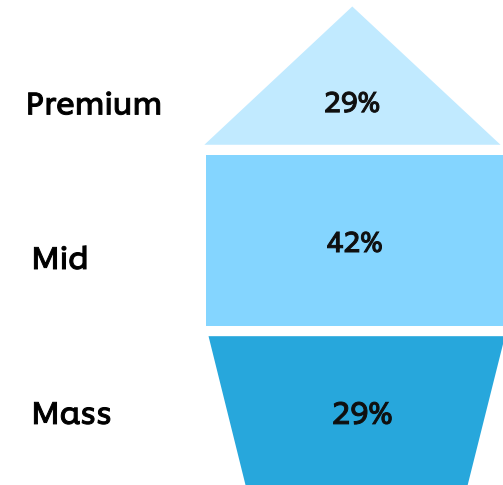
## Increase consumption



FMCG per capita consumption

## Drive premiumization

Indian FMCG Market Price Segmentation 2019\*\*



\* Urban Only

\*\* FMCG Market where HUL has a presence

Sources: Penetration Data – Household Panel data from IMRB – MAT July'20  
FMCG Consumption and Market Price Segmentation - Nielsen



# Our strategy remains consistent

## Guiding framework



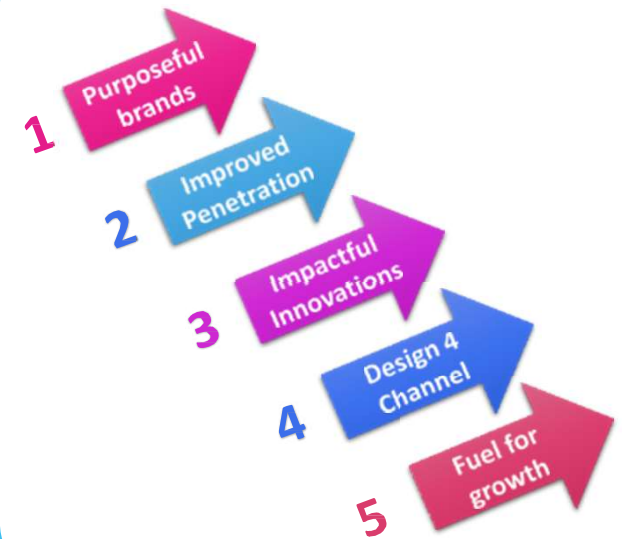
Purpose-led, Future-Fit

## 4G growth model



Consistent, Competitive, Profitable,  
Responsible Growth

## Fundamentals of growth



# HUL #ComeOutStronger

## Organizational strengths



Brand portfolio fit for future normal



Bench strength of talent and experience to manage turbulence



Growth fundamentals remain robust



Nimble and agile organization

## Key metrics



Competitive volume-led growth



Absolute profit



Cash delivery

# Thank you!



Hindustan Unilever Limited

Sensitivity: Internal