

## **Hindustan Lever Limited – June Quarter 2006 Results**

- FMCG Sales grow by 12.1%; Continuing sales grow by 10%
- Double digit growth in all HPC and Processed Foods categories
- PBIT grows 21.9%; Net profit increases by 35.1%

**Bangalore, July 30, 2006:** Hindustan Lever Limited (HLL) announced its results for June Quarter 2006. Total Sales grew by 8.7%, while growth in continuing businesses i.e. after eliminating impact of disposals was higher at 10%. FMCG business grew by 12.1%.

HPC Business continued its strong performance leading to a 13.9% sales growth, with all categories growing at double digit level. Consumer relevant innovations, effective market activation and appropriate brand support continued to be the key drivers for this all round growth. The innovations during the quarter include launch of Clinic All Clear Ice & Cool Variant, re-launch of Surf Excel, Pepsodent and Vim Liquid. The highly competitive Laundry category continued to perform well, both in premium and popular segments. Shampoo category had another successful quarter, with Clinic and Sunsilk franchise recording good growth. Strong performance by Lux portfolio and the recently relaunched Lifebuoy range, led growth in Soaps category. All brands in Skin category and Close Up in Toothpaste maintained their growth momentum.

Foods business grew by 3.9%. In Beverages, sluggish market growth impacted the Tea business, while Coffee continued to grow. Processed Foods business is beginning to gain momentum underpinned by strong performance in Kissan and Knorr. Icecream business growth during this peak season was driven by the Impulse category.

Cost saving initiatives as well as buying efficiencies mitigated the impact of escalating costs. These savings, together with selective price increases improved gross margin. A significant part of this margin increase was redeployed in supporting the brands for driving sales growth. Consequently, Advertisement and Promotion spend for the quarter was higher by 20.5%. Profit before Interest and Tax (PBIT) increased by 22%, and PBIT margin for the quarter at 13.6% of Sales, improved by 140 bps over JQ '05. Profit after Tax (PAT) and Net Profit grew by 26% and 35%, respectively.

Mr. Harish Manwani, Chairman commented: "We continue to be encouraged by the growth in our markets, particularly with rural markets gaining momentum. Our strong portfolio of brands across price-points is helping us to sustain growth momentum across a large spectrum of our categories. We remain focused on driving cost efficiencies and in appropriately investing behind our brands. Cost inflation on the back of rising crude prices remains a challenge and is being rigorously addressed within the business."

### **INTERIM DIVIDEND**

The Board of Directors declared an Interim Dividend of Rs.3.00 per equity share of Re 1 each. The record date for this has been fixed as August 9, 2006.

HLL is India's largest Fast Moving Consumer Goods company, touching the lives of two out of three Indians. HLL's mission is to "*add vitality to life*" through its presence in over 20 distinct categories in Home & Personal Care Products and Foods & Beverages. The company meets everyday needs for nutrition, hygiene, and personal care, with brands that help people feel good, look good and get more out of life.

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