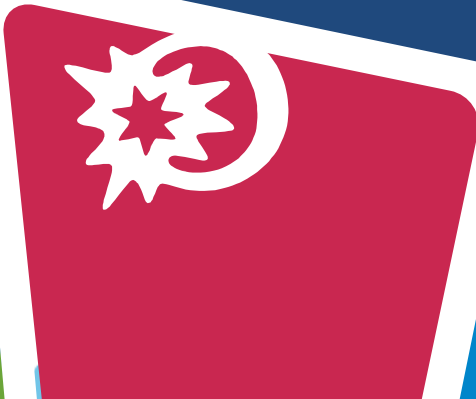


HINDUSTAN UNILEVER LIMITED

KOTAK INVESTOR CONFERENCE| 26 FEB'18

Sanjiv Mehta, CEO & MD



Hindustan Unilever Limited

FMCG: A PARADOX; LASTING STABILITY & CONTINUOUS CHANGE



Hindustan Unilever Limited

Agile & fast, but rooted in purpose



One India, still heterogeneous



Changing consumer habits, but search for authenticity



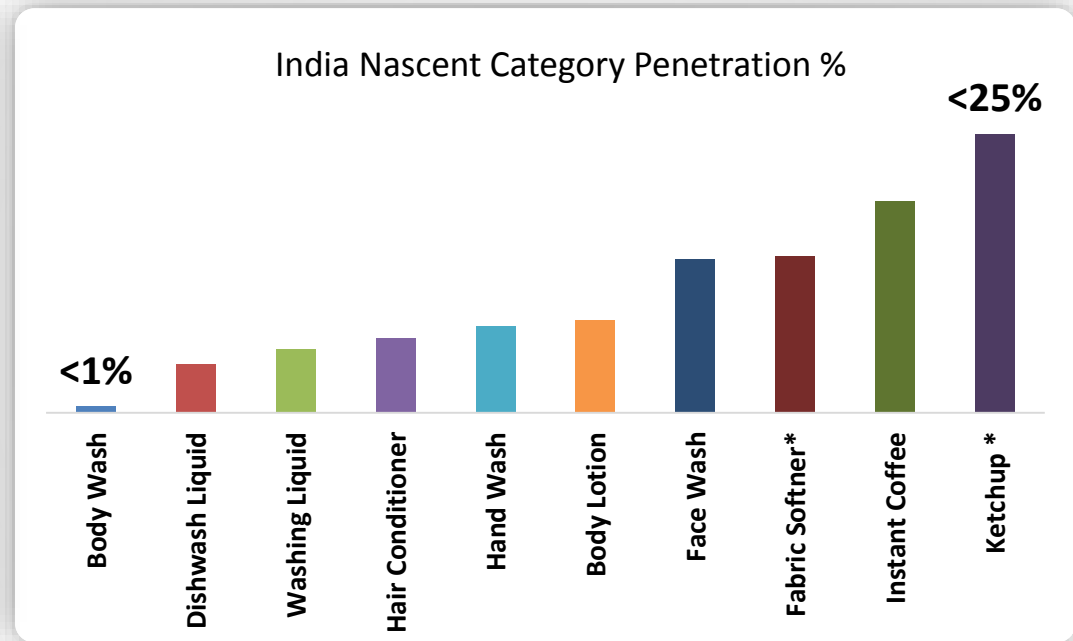
Disruption in channels, but GT to remain dominant



Reimagine HUL of the future by choreographing a holistic approach across the value chain to completely transform the way we do business in a connected world

WHILE WE PRODUCE PRODUCTS FOR MASS CONSUMPTION...

NONE OF THE FMCG CATEGORIES THAT WE OPERATE IN ARE MATURE



HUGE HEADROOM TO PREMIUMIZE

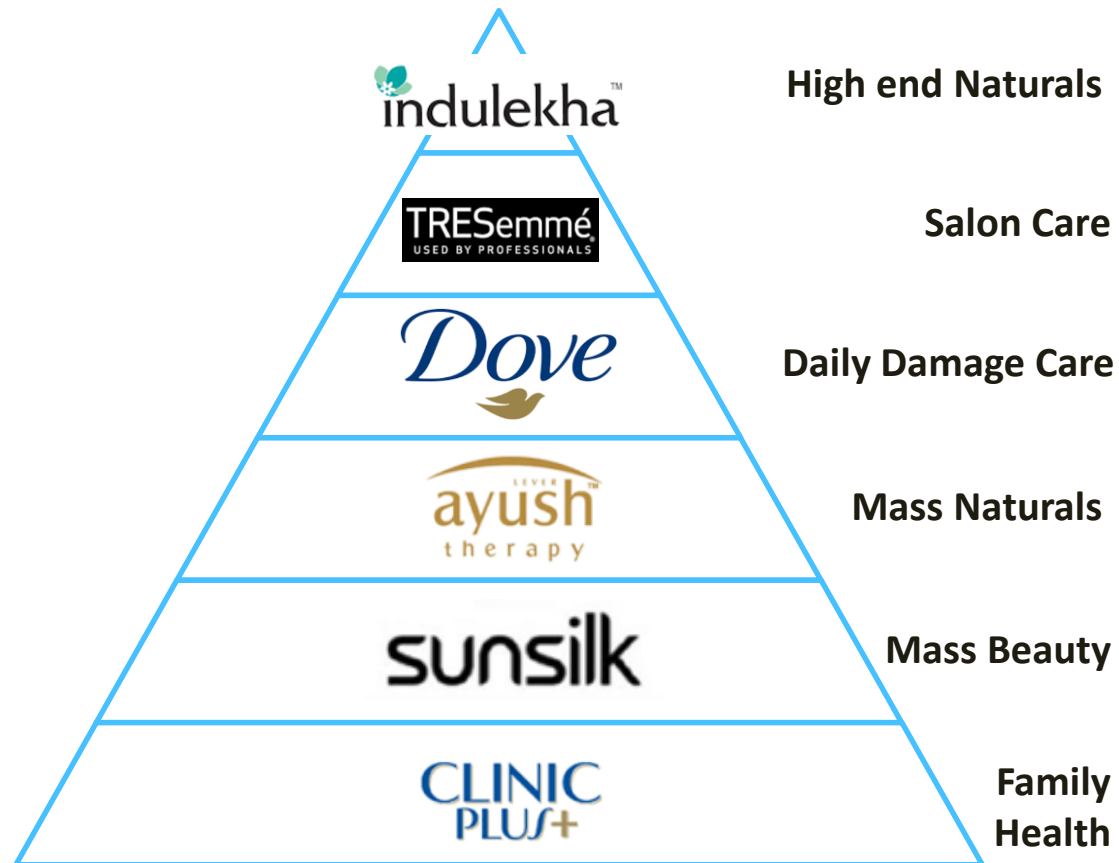
Only 1 in 10 washes uses a HUL
Premium laundry powder



Huge scope for premiumization



STRADDLING PRICE BENEFIT PYRAMID



Indulekha Hair Oil
Rs. 432



Clinic Plus sachet
Re. 1

HUL THRUST: BUILDING CATEGORIES OF THE FUTURE

MARKET DEVELOPMENT

How these low penetrated categories have evolved over the years

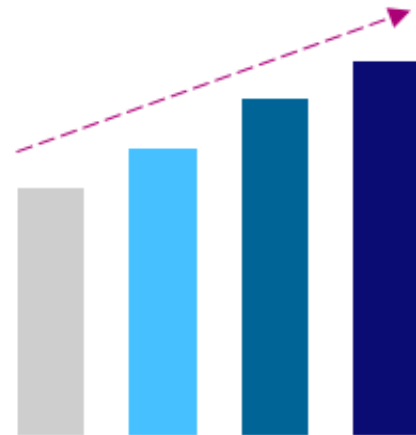


Male grooming



Hair Conditioners

Strong double digit growth,
every year



■ 2013-14 ■ 2014-15
■ 2015-16 ■ 2016-17

~2.5x HUL Growth Rate



Hand Wash



Face Wash



Liquids



Fabric conditioners



Green Tea



Body Wash

THE CONTINUOUS CHANGE IS A FUNCTION OF...

Evolving global changes



**Constantly changing
India**



**Constantly evolving
consumer trends**



**Changes in ways of
doing business**



THE GLOBAL ARENA IMPACTING THE FMCG SECTOR



THE WORLD AROUND US IS CHANGING



Hindustan Unilever Limited



GLOBAL EVOLVING CHANGES

Technology Disruption



Climate extremities



Malnutrition



Undernutrition
contributes to nearly
half of all deaths in
children under 5

Disparity of Income

~9% population
own ~86% of the
global wealth

Trust deficit

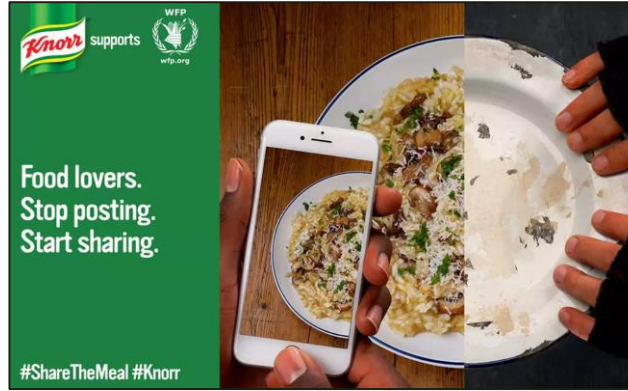


**IN THIS TRUST DEFICIENT ENVIRONMENT,
PURPOSE BECOMES INCREASINGLY RELEVANT.**

HOW IS HUL LIVING ITS PURPOSE?



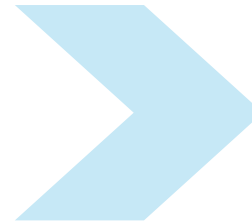
BUILDING BRANDS WITH PURPOSE



BUILDING BRANDS WITH PURPOSE

WATER CONSERVATION

HUL: Market Leader in Laundry



But, in a water stressed India



So what are we doing?

BUILDING BRANDS WITH PURPOSE

TASTE OF TOGETHERNESS



Hindustan Unilever Limited

*"Good Tea unites good company,
exhilarates the spirits, opens the heart,
banishes restraint from conversation and
promotes the happiest purposes of social
intercourse."*

- Arthur Brooke



UNILEVER SUSTAINABILITY LIVING PLAN (USLP)

DOING WELL BY DOING GOOD

Enhancing livelihoods



Swachh Aadat Swachh Bharat



Water conservation



Sustainable sourcing



Weaving the Sustainability Agenda across the business

SUVIDHA CENTRE LAUNCHED

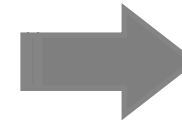
URBAN WATER HYGIENE & SANITATION COMMUNITY CENTRE



ADDRESSING THE HYGIENE NEEDS OF LOW INCOME URBAN HOUSEHOLDS

Circular economy principle used to reduce water usage

Fresh water used
for brushing,
washing, bathing
etc.



Waste water from
these activities
becomes input for
flushing toilets

HINDUSTAN UNILEVER FOUNDATION

Water Conservation



>400 billion litres*
Cumulative and Collective Potential

Crop Yield



>650,000 tons*
Cumulative Annual Agriculture
Production

Person Days Generated



>5 million*
Cumulative Person Days Generated



PARTNERING WITH THE GOVERNMENT ON GST

Objective: Ensure end consumer gets entire benefit from GST rate reduction with least disruption in trade

1st July'17: Price drops/ grammage increases

While Output taxes decreased in some categories, they also increased in some



- First secondary invoice at 12:08 am on 1st July
- Payments from the 1st working day
- HUL systems working normally from Day 1

15th November'17: Price drops/ grammage increases

Output tax changes saw a decrease across multiple categories



- MRP reductions/ increase in grammage in ~ 800 SKUs
- Extensive visibility in newspapers and in more than 10 languages

GST: PROACTIVE STEPS TAKEN TO PROTECT CONSUMER INTEREST



Hindustan Unilever Limited

Passing on benefits to consumers



Voluntary steps taken to preserve consumer value

Chairman, CBEC to HUL: “I commend your proactive approach in partnering with the Department in its endeavor to make sure that the benefits of the landmark indirect tax reform i.e. GST accrue to the consuming public at large....”

INDIA IS ON THE MOVE...



THE NEW INDIA

Millennials



Urbanization & Affluence



Changing Family Dynamics



From Scarcity to Abundance



Mobile & Internet



Regulatory



IN THIS NEW INDIA, RURAL IS A BIG OPPORTUNITY



PER CAPITA FMCG CONSUMPTION

To tap this big opportunity, we need more money in the hands of more people i.e. Inclusive Growth

**HOWEVER, THIS CHANGE IS NOT UNIFORM ACROSS INDIA;
THERE IS NO ONE INDIA**



INDIA IS A HETEROGENEOUS COUNTRY

Many Indias

Geographical Size

29 States

Diversity

1652 Languages
8 Major religions

Affluence

LSM 7+ = 9% nationally
(Range of 5-48%)

External Heterogeneity

Market segmentation

Beauty Mkt in North
= 2 x National Avg

Varying Market Share positions

Market share in
adjacent states also not
the same

Local Competition

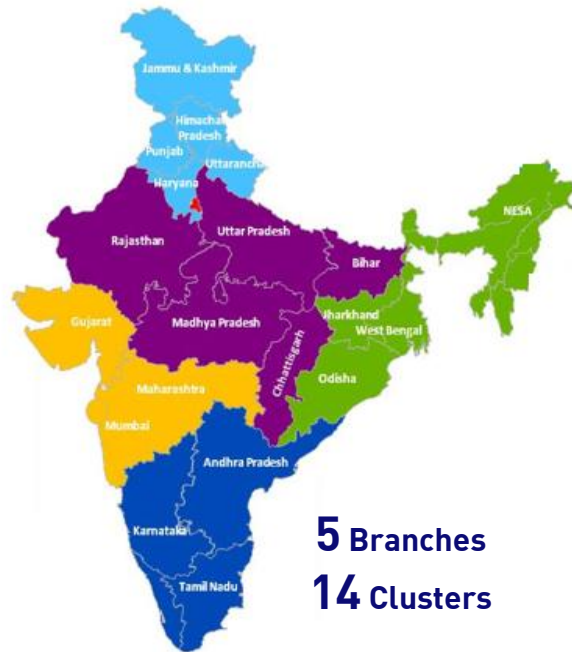
Avg. ~30% locals across
categories

HUL STRATEGY: WINNING IN MANY INDIAS

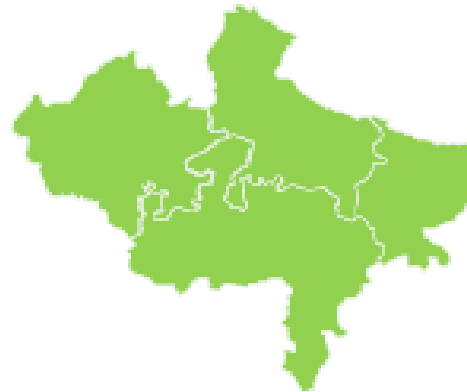
TURBOCHARGING GROWTH WITH AGILITY



Hindustan Unilever Limited



Central India



Pricing, Product Adaptation



Cluster Specific Mixes – Content,
Communication, Schemes

Empowerment



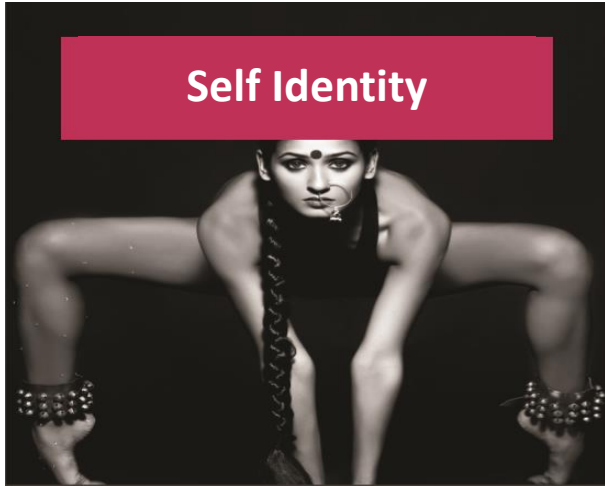
Authority delegated to the
frontline

**THIS CHANGING INDIA IS LEADING TO THE
EVOLUTION OF CONSUMER TRENDS AS WELL**



RECENT CONSUMER TRENDS

Self Identity



Living the moment



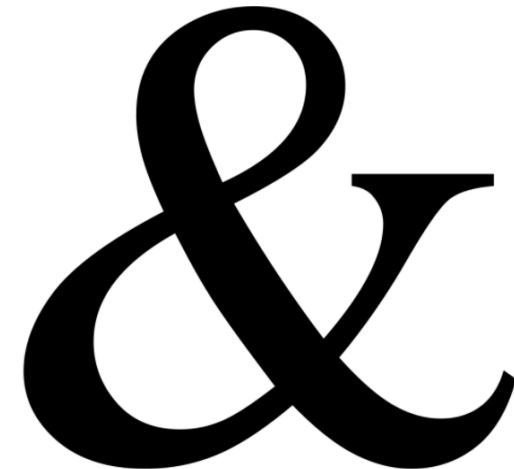
Breaking
Stereotypes



Accumulating
Experiences



More Personalisation





ALLURE OF AUTHENTICITY

Renewed connect with
traditions, nature and
authentic values

MANIFESTATIONS

DISILLUSIONMENT
with a globalised
template of modernity

**SEARCH FOR
ONE'S ROOTS**
The revival of
tradition, history
and mythology

PROUD OF LOCAL
Celebrating both the
style and the substance
in the local

RETURN TO NATURE
A quest for a more
natural and authentic
way of living

THIS HAS LED TO THE NATURALS TREND

Within existing portfolio



Building a master brand



Building specialist brands



**WITH TECHNOLOGY & EVOLVING CONSUMERS,
EVEN THE WAYS OF DOING BUSINESS ARE SEEING A CHANGE**



EVOLVING CHANNELS

Strengthening the existing channels



Wholesale



General Trade



Drug-pharmacy & beauty

Building channels of the future



Modern Trade



E-Commerce



Shares & Profitability in E-Commerce > Modern Trade > General Trade

PARTNER OF CHOICE ACROSS CHANNELS

Although, Growth in E-Commerce > Modern Trade > General Trade

Each channel has a different role to play

- **Wholesale:** Width of distribution
- **General Trade:** Accessibility at arms reach of desire
- **Modern Trade:** Building brands in-store
- **E-Commerce:** Assortment & Convenience

All channels will remain relevant



In a country of ~6 LAC villages & 9 MN Outlets,
GT even after 10 years,
will remain an important channel

HUL THRUST: BUILDING A FUTURE PROOF GT CHANNEL

Technology

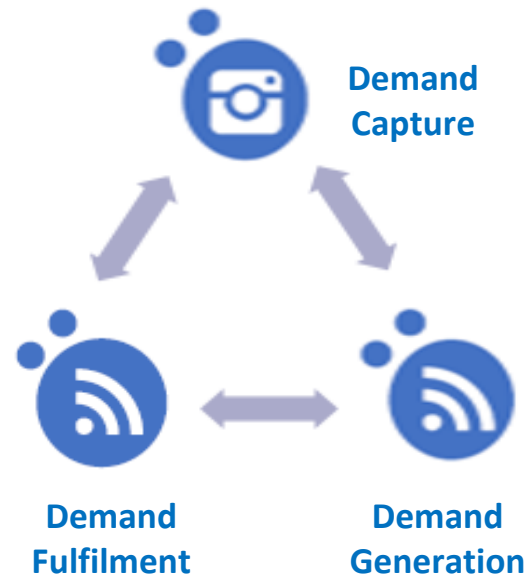


What to sell to the store



Tailor made Assortment for 'every' store

Differentiated approach



Upskilling the talent



Training

Development



Increase retention

Stay Strong & relevant using technology & science of retailing

HUL THRUST: POWERING LOCAL KIRANA STORES



The screenshot displays the Humara Shop website. At the top, the logo "Humara Shop" is accompanied by the tagline "Your Local Kirana, now online". Navigation links include "Welcome Guest", "Track Order", "Login", "New user", and "My Cart (0)". A search bar with the placeholder "Enter Keyword" and a "Search" button is present. A horizontal menu lists categories: "Grocery & Staples", "Fruits & Vegetables", "Branded Foods", "Beverages", "Personal Care", "House Hold", "Bread Dairy & Eggs", and "Imported & Gourmet". A red "OFFER ZONE" button is on the right. The main banner features "Oral Care Offers upto 20% Off*" with images of Closeup and Pepsodent products. A "Shop Now" button is at the bottom right of the banner. To the right of the banner is another "OFFER ZONE" graphic with a shopping bag icon. The footer contains three icons and text: a storefront icon for "YOUR TRUSTED KIRANA NOW ONLINE", a percentage icon for "EXCLUSIVE ONLINE DEALS", and a delivery truck icon for "FREE DELIVERY AT YOUR DOOR".

Local Kirana Stores... Now Online!

AND SINCE CHANGE IS THE NEW CONSTANT,

‘THE BIG WILL NOT BEAT THE SMALL ANYMORE.

IT WILL BE THE INNOVATIVE & FAST, BEATING THE SLOW & MEDIOCRE’



HUL THRUST: UNLEASHING ENERGY OF THE ORGANISATION

FASTER, MORE CONSUMER & CUSTOMER CENTRIC, FUTURE PROOFED HUL



Brand Development



Brand Building

15 CROSS FUNCTIONAL **CCBTs** : GLOBAL – LOCAL BRAND COMMUNITIES

Consumer & Customer Centric



Bigger & faster innovations



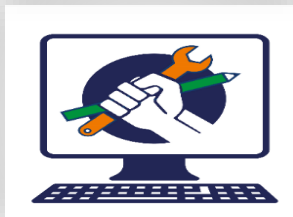
Speed of execution



TECHNOLOGY KEY, BUT JOB CREATION IMPERATIVE TO REAP DEMOGRAPHIC DIVIDEND

Job and skill deficit

India



1 million jobs need to be created
every month

What is HUL Doing?

Shakti



80,000 Shakti Ammas
48,000 Shaktimaans
empowered through Project Shakti

SUMMARIZING THE PARADOXES

**Agile & fast, but rooted
in purpose**



**One India, still
heterogeneous**



**Changing consumer
habits, but search for
authenticity**



**Disruption in channels,
but GT to remain
dominant**

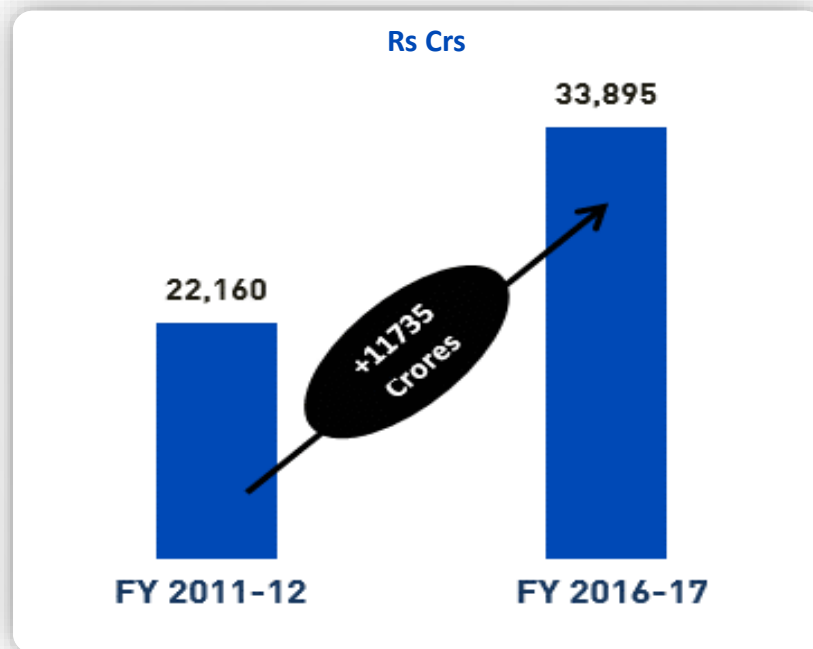


HUL: OVER THE LAST 5 YEARS



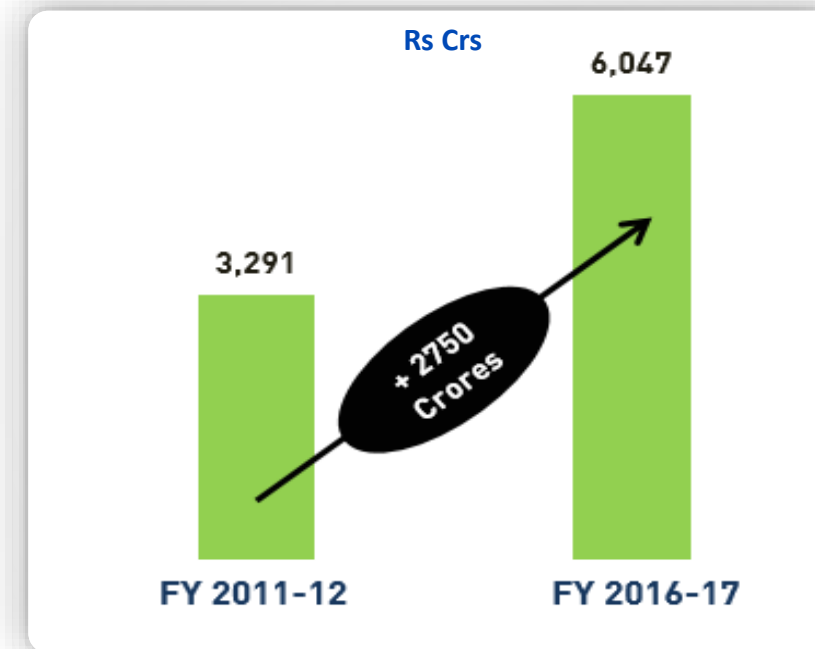
OUR LONG TERM PERFORMANCE

Net Sales



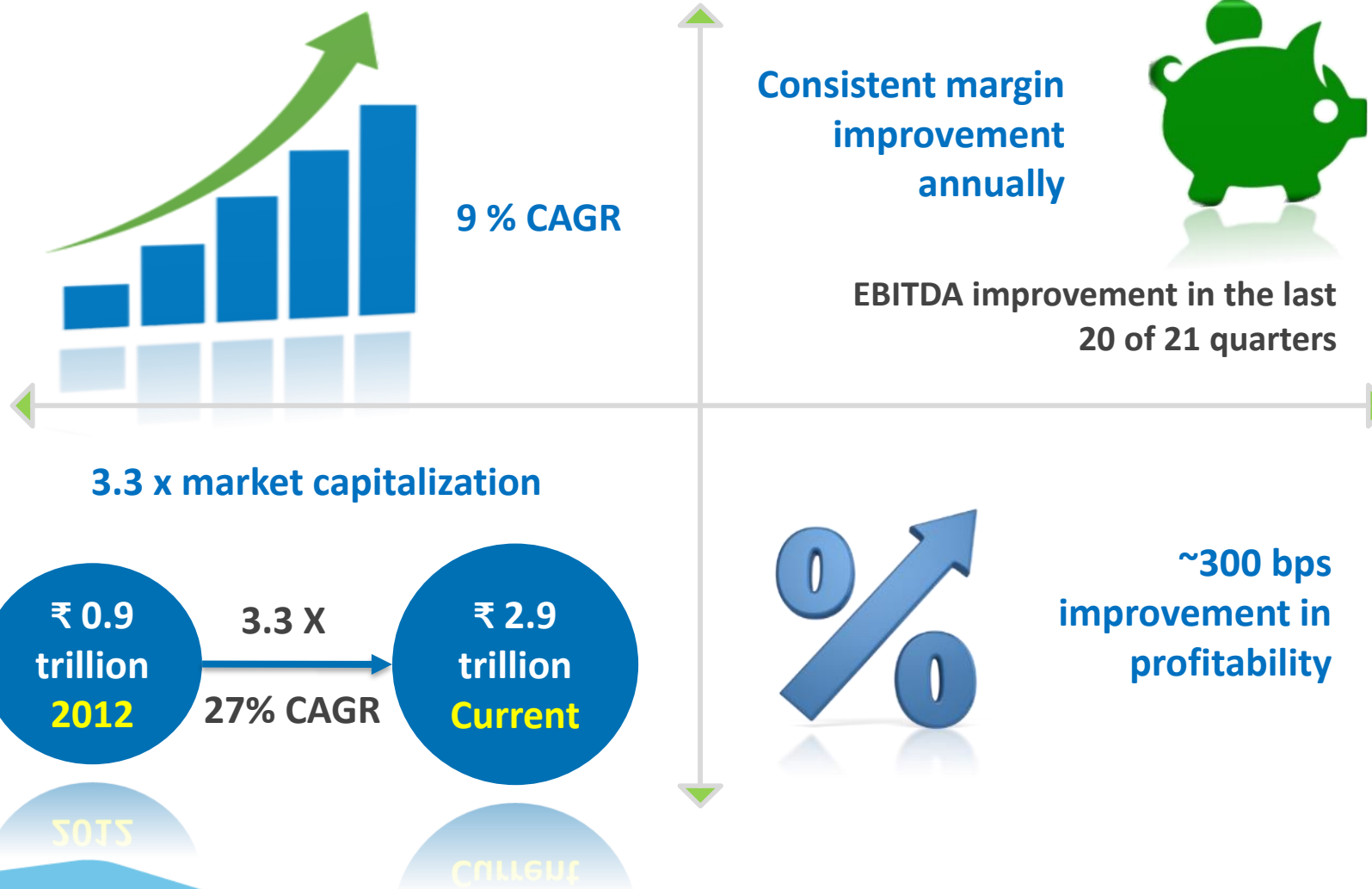
~ Rs. 12,000 Crores added

EBITDA



~EBITDA 1.8X

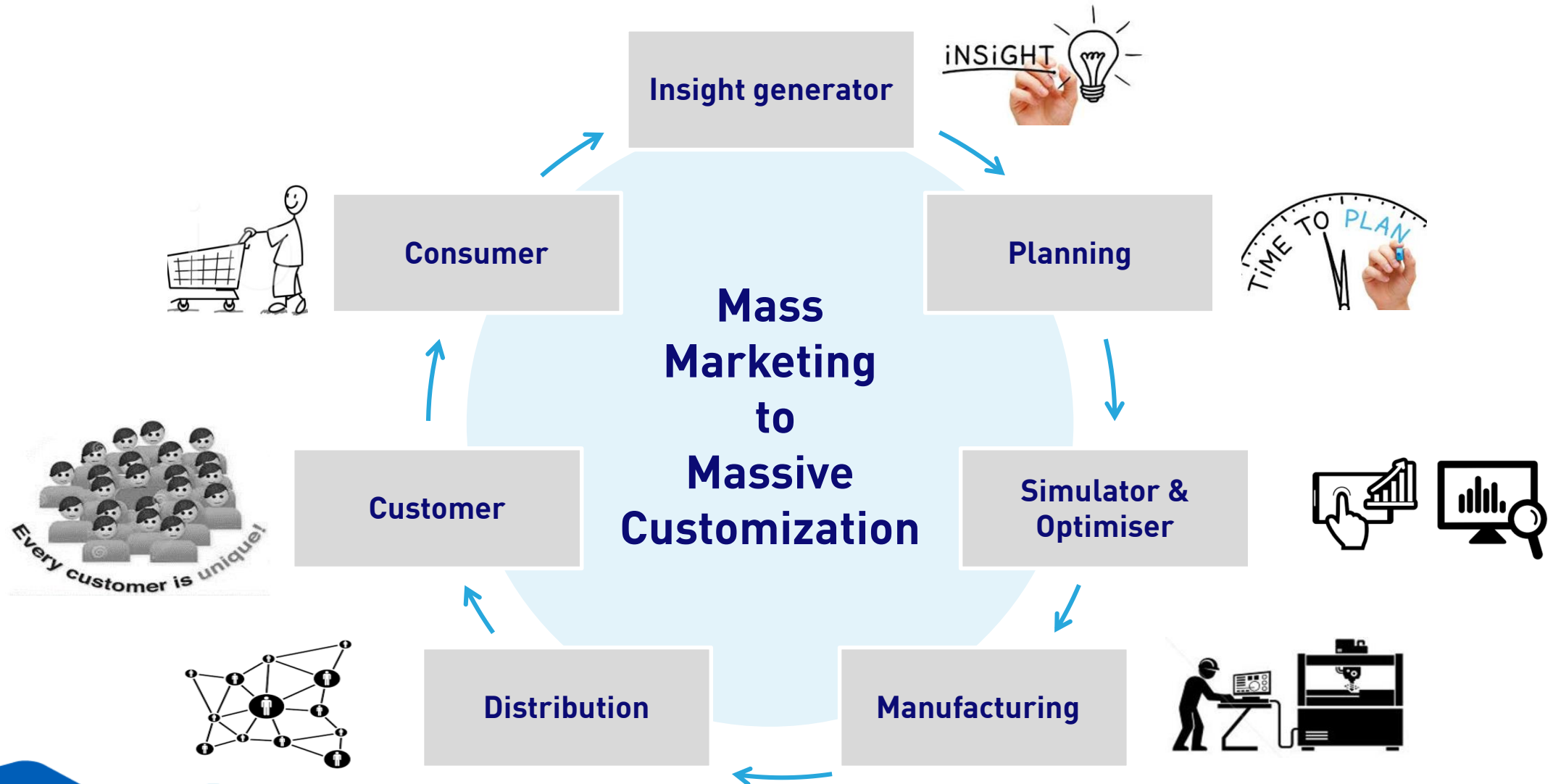
STRATEGY ON TRACK & DELIVERING



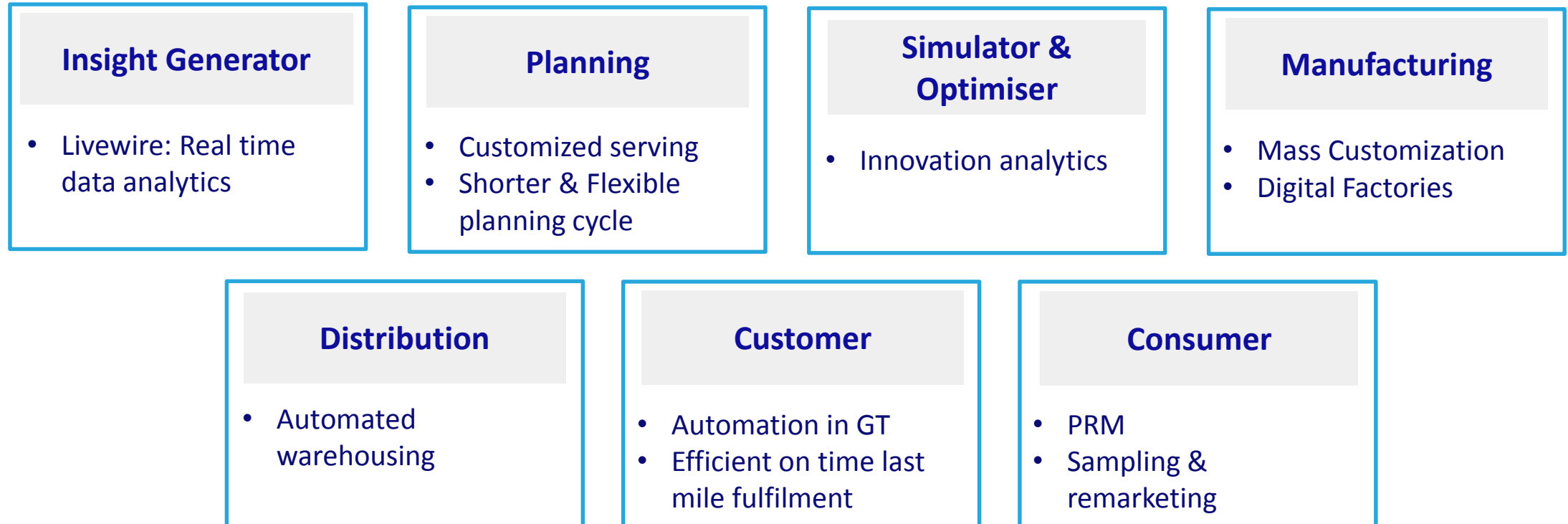
**IN LIGHT OF ALL THESE CHANGES,
REIMAGINING HUL OF THE FUTURE**



DIGITIZING HUL ACROSS THE VALUE CHAIN



MULTIPLE KEY PROJECTS DEPLOYED



Startup Mindset: Learn, Build, Measure, Scale

WINNING DECISIVELY



- 1 Winning with brands and innovation
- 2 Winning in the marketplace
- 3 Winning through continuous improvement
- 4 Winning with people
- 5 Unilever Sustainable Living Plan

4G Growth:
Consistent, Competitive, Profitable, Responsible

THANK YOU

FOR MORE INFORMATION

HUL Annual Investor Meet 2017

HUL's Annual Investor Meet 2017 will be held on 2nd June 2017, Friday, at the HUL Head Office in Mumbai

[> View more](#)



VISIT OUR WEBSITE

<http://www.hul.co.in/investorrelations/>