



Hindustan Unilever Limited

Results – MQ'11 & FY 2011

May 9, 2011

Investor Presentation

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Agenda

- **Market Context**
- **MQ'11 Highlights**
- **Category Overview**
- **MQ'11 Financial Results**
- **FY 2010–11 Performance Review**
- **Looking ahead**

Market Context – MQ'11

- **FMCG market growth at low double digit**
 - **Slower volume growth in Soaps & Detergents**
- **Continued competitive intensity**
 - **Some moderation in industry media spends**
- **High input cost inflation despite recent correction**

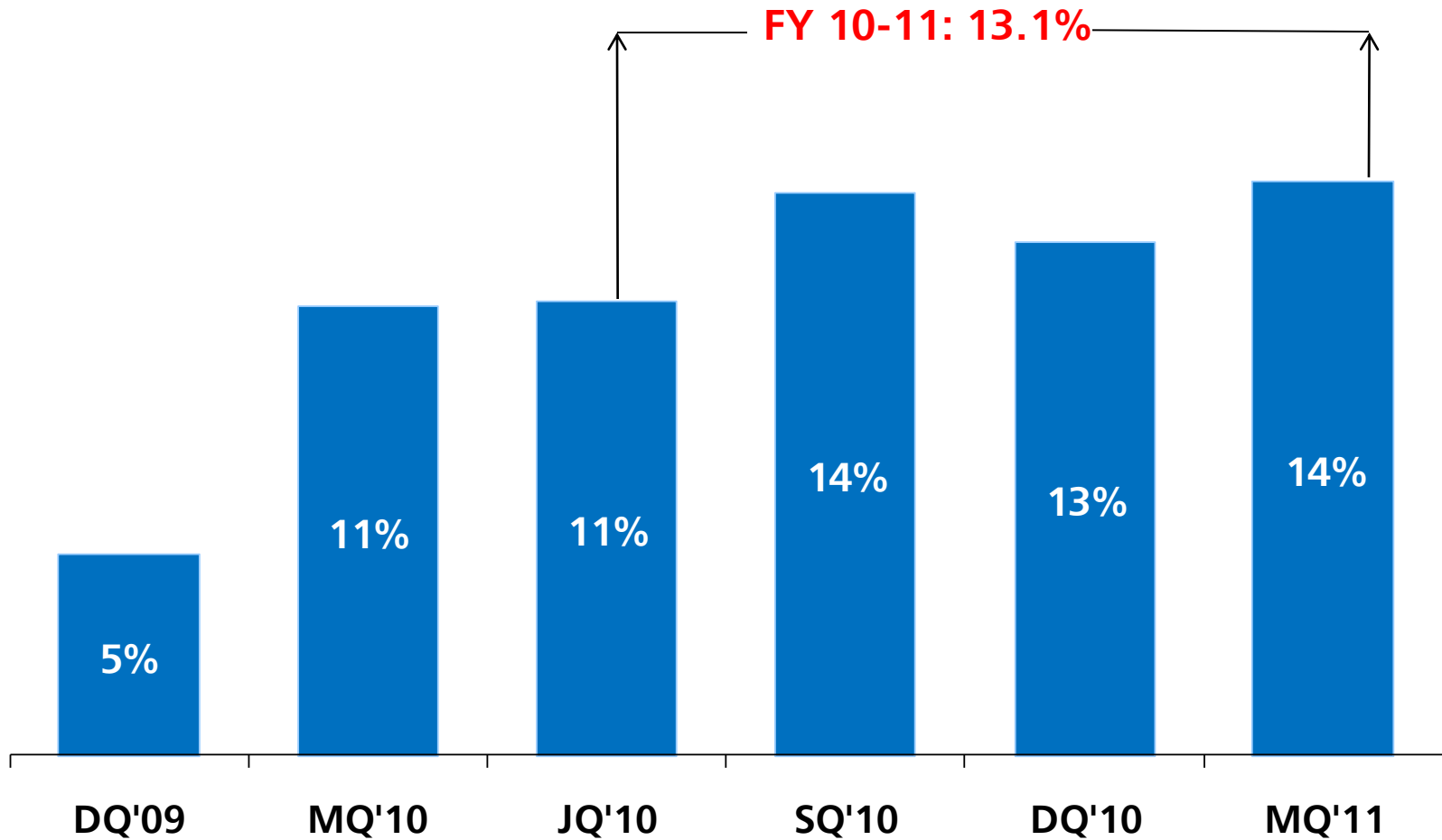
MQ'11 Highlights

- **Domestic Consumer business grows 14%**
 - **Driven by strong volume growth**
 - **Ahead of market**
- **Broad based growth across HPC categories**
 - **Double digit growth in Soaps & Detergents**
 - **Continued strong growth in Personal Products**
- **Robust growth in Beverages – Tea and Coffee**
- **Packaged Foods portfolio expanded with new offerings**

MQ'11 Highlights

- **Cost of goods sold higher by 290 bps**
 - **High input cost especially in Soaps & Detergents**
 - **Continued focus on buying efficiencies and CEPs***
- **A&P spends maintained at competitive levels; 12.7% of sales**
- **Operating profit grows by 8.4%; PBIT margin lower by 60 bps**
- **PAT (bei) at Rs.515 crore, grows by 22%; Net Profit Rs.569 crore, down by 2%**

Strong volume growth momentum sustained



Domestic Consumer Business Underlying Volume Growth

MQ'11 Results - May 9, 2011

All segments grow in double digit

	<u>Growth% MQ'11</u>
Soaps & Detergents	11.4
Personal Products	16.2
Beverages	11.2
Packaged Foods	26.6
Ice Cream	21.0
<hr/>	
Domestic FMCG	14.0 [^]
Domestic Consumer	14% [*]

Innovation led growth: Strengthening the core



New Active Wheel Gold



Lux Fresh Splash: With cooling mint and sea minerals



Lifebuoy Health Talc: Offers cooling & germ protection against prickly heat



Ponds Talc: New range



3 Roses: Building health proposition



Bru Lite: With Classic Mocha Flavour

Expanding portfolio



**Axe Googly: Cricket
Special Edition**



**Fair & Lovely Anti Marks Eraser
Pen: Stop spots from roots**



New Lakme Lip Love



**Lakme Sun
Expert**



**Ice Cream: New launches
across formats**



**Kissan Juice & Soya: With 9
vitamins & minerals**



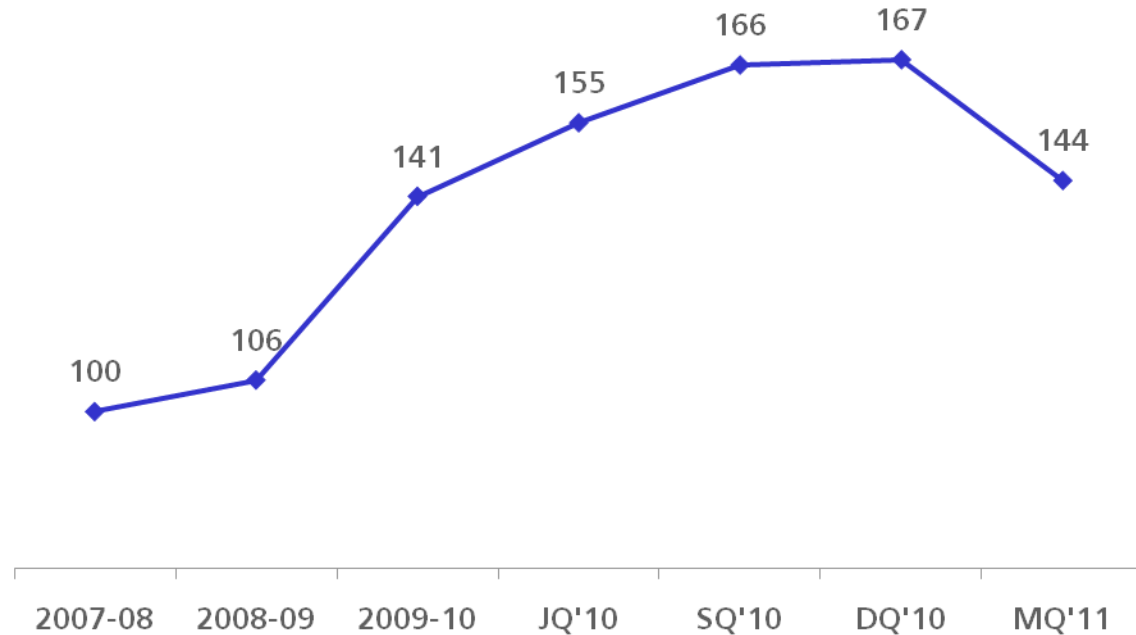
**Kissan Creamy Spread: With
3X essential nutrients**



**Kissan Nutri Smart: Improve
memory & learning
MQ'11 Results - May 9, 2011**

Some moderation in FMCG industry media spends

Indexed GRP Trend - FMCG Market



Overall levels still remain high

Competitive brand investment in every category

Category

Competitive SOV/ SOM*

Soaps & Detergents



Personal Products



Beverages



Packaged Foods



Ice Cream

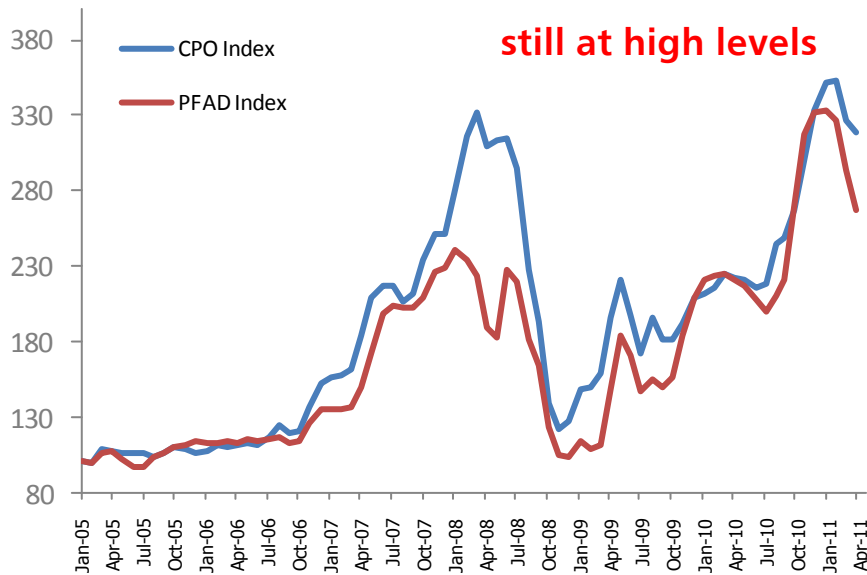


*SOV/ SOM by HUL sub category

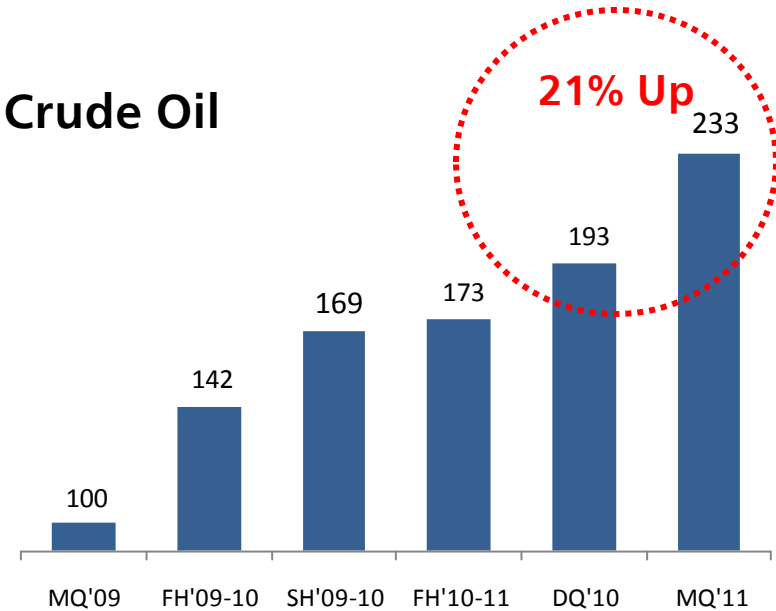
MQ'11 Results - May 9, 2011

High inflationary trend in input costs

Palm Oil

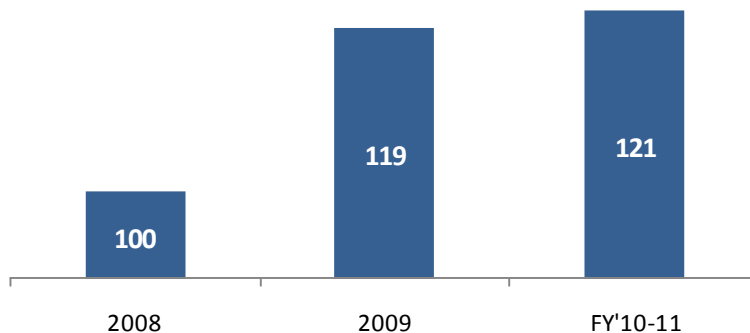


Crude Oil



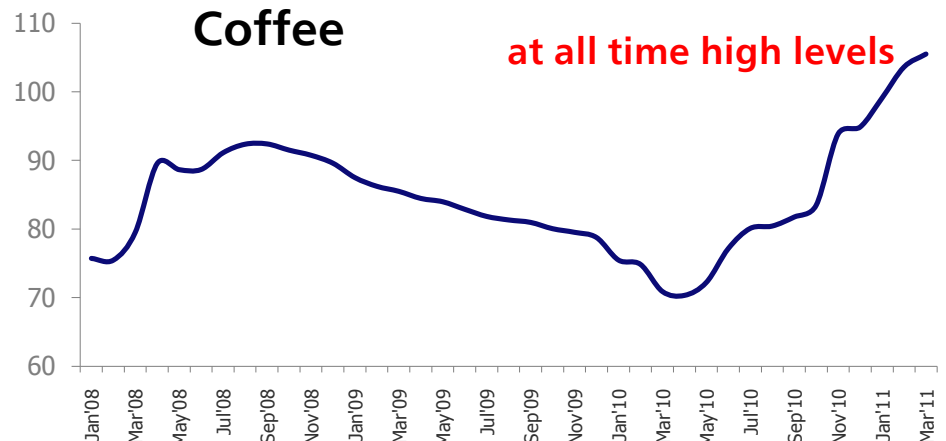
Tea

high inflation continues



Coffee

at all time high levels

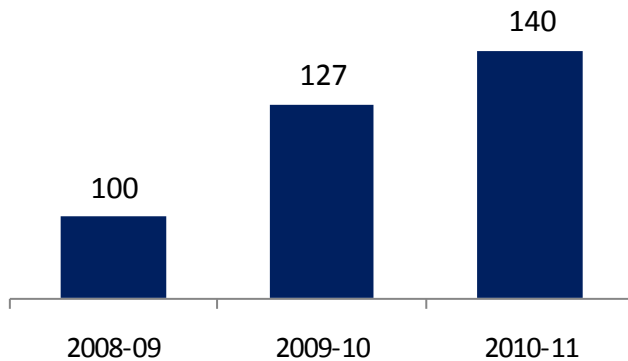


Indexed Chart; Average market prices (Source: Market Rate, Tea auction average for north Indian tea); HUL buying cost may be different

MQ'11 Results - May 9, 2011

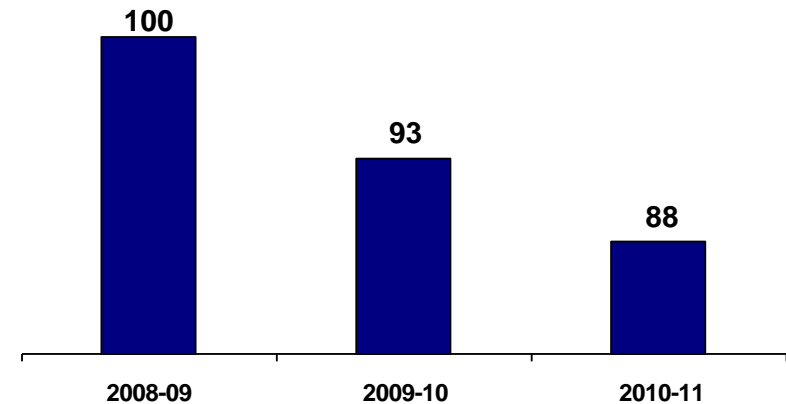
Savings delivery & operating leverage continue

Indexed CEPs



Focus on cost competitiveness continues

Indexed Overheads *(as a % of TO)*



Tight cost control and building capabilities for future



Category Highlights

Laundry: Successful defence of leadership position

- Double digit growth; ahead of market
- Broad based growth across powders and bars
- All the three brands grow with double digit volume growth
 - Rin crosses Rs.1000 cr mark in FY 2010-11
- New Active Wheel Gold launched during MQ'11
- Comfort continues to develop fabric conditioner market



Consumer Experience building penetration

Skin Cleansing: Premiumisation trend continues

- Growth ahead of market
- Premium portfolio continues to grow strongly
 - All key brands grow robustly with double digit volume growth
- Lux Fresh Splash launched
 - Revitalizing combination of cooling mint and sea minerals
- Leading market development in liquids: Volume doubles in MQ'11



Skin Care : Strong growth underpinned by innovations

- Broad based double digit growth across portfolio
- Vaseline sales doubles; strong performance across formats
- Continued focus on innovations
 - Lakme Sun Expert relaunched with higher SPF
 - FAL Anti Marks Eraser Pen launched
 - Ponds Talc: Range relaunched with 4 variants
 - Lifebuoy Health Talc for prickly heat; offers cooling with germ protection



Fair & Lovely

POND'S



LAKMÉ

Hair & Oral Care: Volume led growth

- Hair sustains double digit growth
 - Dove grows strongly and expands consumer franchise
 - Robust growth in Clinic Plus underpinned by volumes
- Toothpaste performs well
 - Strong growth in both the brands



Hair Care Strategy

- Portfolio straddling the consumer pyramid
- Strengthening leadership position in shampoos
- Leading market development in conditioners



Increasing competitive intensity: Unblinking defence



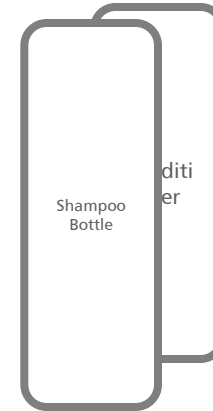
Shampoo Sachet

Free volumes (~20%) /
Price cuts (~33%)



Shampoo Bottle

15-20% price offs on bottles



Shampoo Bottle
Conditioner Sachet

Free conditioner

Competitive pricing & promotional activities



Unblinking defence of leadership with increased value for consumers

Beverages: Strong growth across segments

- In Tea, 3 Roses joins Red Label in promoting health benefits
- Leading market development in tea bags, strong double digit growth
- In Coffee, both the formats, instant and conventional grow well
- Instant coffee portfolio expanded with launch of Bru Lite



Bru Lite: Discover the lighter side of Bru

Packaged Foods: Innovation led growth

- Continued double digit growth with Knorr and Kissan performing well
- Knorr Soupy Noodles builds franchise rapidly
- Kissan expands portfolio with 3 new innovations



Foods expanding portfolio: Entry into three new categories



**Kissan Juice & Soya: With 9 vitamins & minerals;
launched in select markets**



**Kissan Creamy Spread:
Available in 3 variants & 23 cities**



**Kissan Nutrismart:
Launched in select markets**

Ice Cream: Sustained growth momentum

- Strong volume led double digit growth
- New variants for summer season launched across formats
- 20 Swirl parlours added in MQ'11; now 150+



Apple Grape Jelly

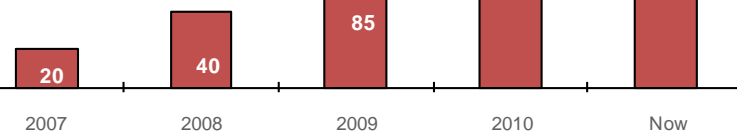


Roasted Almond Choc

Blackcurrant Raisin



No. of Swirl's Parlours



Disc Cornetto in two flavours:
Chocolate & Vanilla



Badami

Pureit – Integrated 'Go to Market' model

- Progress in line with plans
- Continues to lead market development
- Gearing up for a more efficient Go to Market model
 - Continued progress in building the retail channel expansion
 - Integrated DTH and retail distribution model
 - Scalable and efficient
 - Building strong relationship with trade partners
- Won 3 prestigious awards



MQ'11 – Results

Rs Cr

Rs Crores	MQ'11	MQ'10	Growth%
Net Sales	4899	4316	13.5
PBITDA	646	595	8.6
PBIT	591	545	8.4
<i>PBIT margin (%age)</i>	12.1	12.6	
PBT bei	647	573	12.8
Exceptional Items	84	143	-
PBT	730	717	1.9
PAT bei	515	422	21.9
Extraordinary Items (net of Tax)	0	52	
Net Profit	569	581	(2.1)

MQ'11 – Exceptional Items

Rs Cr

Particulars	MQ'11	MQ'10
Assets Sale	48	5
Sale of long term investment		91
Actuarial valuation - Employee Benefits	39	53
Restructuring Cost	(2)	(7)
Others	(1)	
Total	84	143

Summary

- **Strong volume driven growth at 14% in domestic consumer business; ahead of market**
- **Broad based momentum across portfolio**
- **High input cost inflation - Cost of goods sold higher by 290 bps; continued focus on CEPs**
- **Brand support maintained at competitive levels**
- **PAT (bei) Rs. 515 crore; up 22%**



Financial year 2010-11

Performance Review

FY 2010 – 11 Highlights

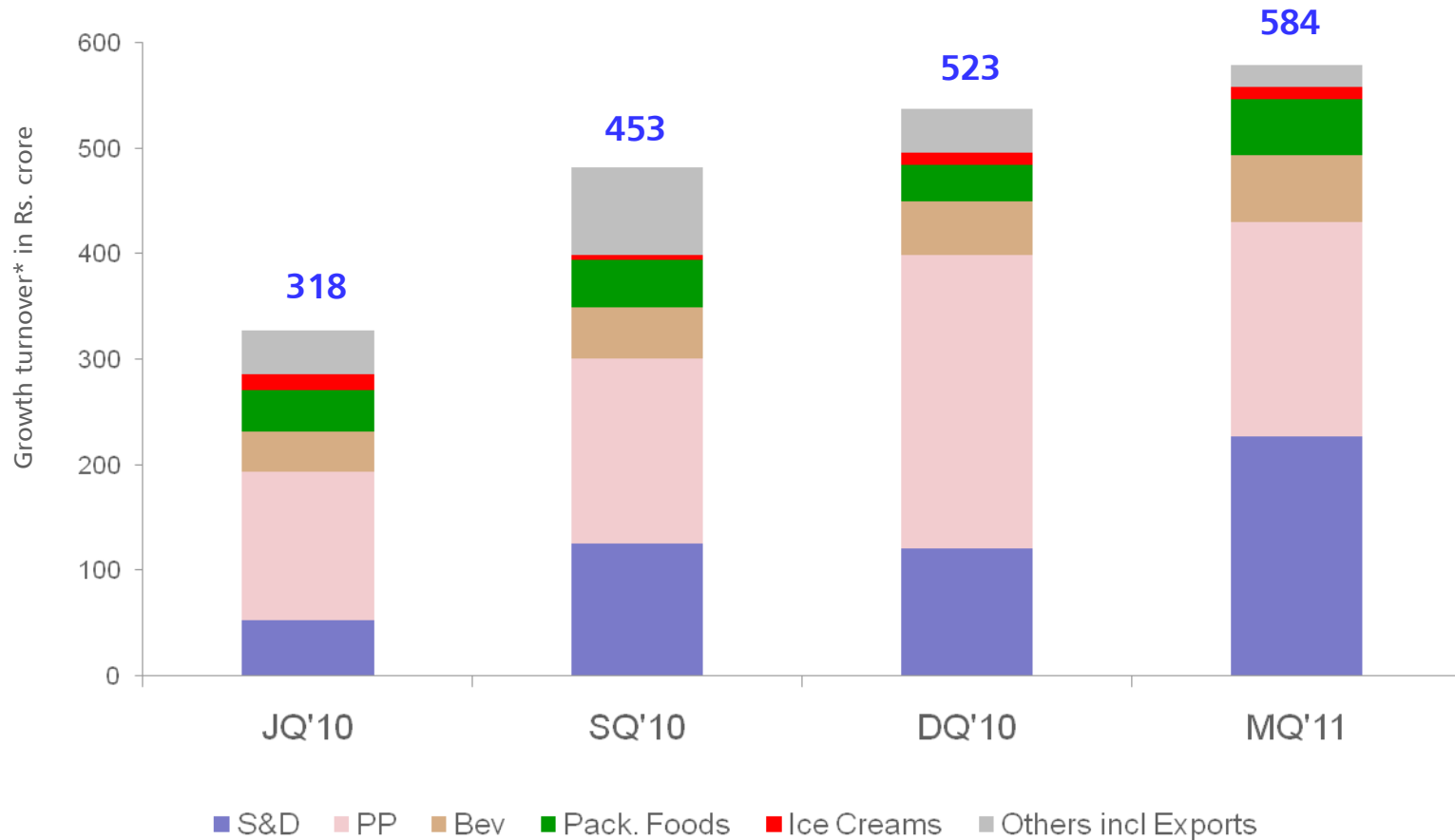
- **Domestic Consumer business grows 11% underpinned by strong 13% underlying volume growth**
 - **Strong volume growth across all 4 quarters**
- **>50% of core portfolio relaunched; Portfolio expanded to several new segments**
- **Significant progress in building capabilities for the future:**
 - **Rural coverage tripled**
 - **Project iQ successfully rolled out**
- **Strong progress in Modern Trade; No.1 in Customer Satisfaction Survey**

FY 2010 – 11 Highlights

- Cost of goods sold higher by 120 bps
- Competitive investment behind brands through the year
 - A&P at 14.2%; 60 bps up
 - Increased spends focused on building new segments
- Continued focus on cost management
- Operating margin at 12.8%; 190 bps decline
- PAT (bei) and Net profit up by 4.7%
 - PAT (bei) at Rs. 2156 crore; Net profit at Rs. 2306 crore
- Successful completion of share buyback
- Final dividend of Rs.3.50 per share proposed

FY 2010-11: > Rs.1800 crore incremental turnover

11% growth driven by 13% volume growth



Financial Year 2010-11 – Results

Rs Cr

Rs Crores	FY'10-11	FY'09-10	Growth%
Net Sales	19401	17524	10.7
PBITDA	2699	2750	(1.8)
PBIT	2478	2566	(3.4)
<i>PBIT margin (%age)</i>	12.8	14.6	-
PBT bei	2730	2707	0.9
Exceptional Items	207	55	-
PBT	2937	2763	6.3
PAT bei	2156	2059	4.7
Extraordinary Items (net of Tax)	-	56	
Net Profit	2306	2202	4.7

Financial Year 2010-11 – Dividend

Rs.

Particulars	FY 2011	FY 2010
Dividend Per Share	6.5	6.5
Interim	3.0	3.0
Final	3.5	3.5
No. of Shares (Crores)	216	218
Total Dividend (Rs Crores)	1411	
Div. Dist. Tax (Rs Cr.)	231	
Total Div. Outflow (Rs Cr.)	1642	

Looking ahead

- **FMCG market will continue to grow**
 - **Changing mix of volume and price growth**
- **High cost inflation combined with volatility**
- **Competitive environment will continue to remain intense**
- **Our strategy and focus remains consistent**
 - **Strengthen leadership positions and leading market development of future categories and channel**
 - **Ensure market & cost competitiveness; manage the business even more dynamically**

Winning Today Winning Tomorrow



Thank you

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