

MQ'14 & FY 2013-14 Results Presentation – April 28, 2014



The advertisement features three Magnum Classic ice cream bars: Almond, Classic, and Chocolate Truffle. The bars are shown in a close-up, with the Classic bar in the center and the Almond and Chocolate Truffle bars on either side. The background is a dark brown with a subtle ripple effect. The Magnum logo is prominently displayed in the center, with the tagline 'ENJOY THE ROYAL TREATMENT' below it. A gold ribbon at the bottom reads 'WITH BELGIAN CHOCOLATE'. A circular seal in the top right corner states 'MADE WITH BELGIAN CHOCOLATE'. Social media links for Facebook and Twitter are in the bottom left, and a small Indian vegetarian symbol is in the bottom right.

MAGNUM
ENJOY THE ROYAL TREATMENT

CLASSIC

ALMOND

CHOCOLATE TRUFFLE

WITH BELGIAN CHOCOLATE

MADE WITH BELGIAN CHOCOLATE

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Agenda

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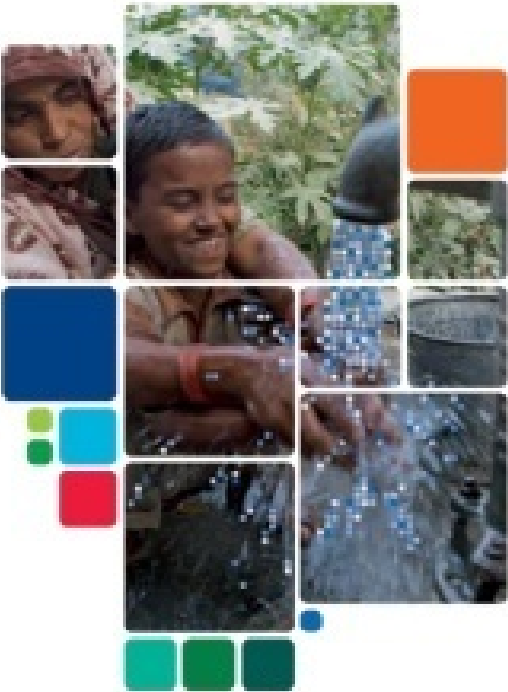
Looking Ahead

Clear and Compelling Strategy

Strategic framework

THE COMPASS	
WE ARE UNLIVER... VISION We are a successful, growing, sustainable business. WE WOULD NOT TRUST A BETTER FORMER ENEMY DAY We help people feel good, look good and get more out of life with brands and services that are good for them and good for others. We will inspire people to take small, everyday actions that can add up to a big difference for the world. We will develop our ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.	
REALITY CHECK We focus on (customers and customers) with a lot of passion. Our first priority is to our customers, then customers, employees and communities. When we fulfill our responsibilities to them, our shareholders will be rewarded. We will move through a growth mindset and a positive approach to all our stakeholders, based on clear accountability and fair pay for all.	
WHERE WE WILL WIN... PERFORMANCE We share and grow value in every category and country.	
HOW WE WILL WIN... WINNING THROUGH INNOVATION 1. Deliver superior products, design, branding and marketing 2. Expand, better, faster innovation 3. Appeal to more consumers across brands and price points 4. Lead market development 5. Win more existing customers 6. Be the industry's power player WINNING THROUGH OPERATIONS 7. Lead, organize and customer-led value chain 8. Drive return on brand equity 9. Agile and innovative organization WINNING WITH PEOPLE 10. Organization and business transformation ready to double our growth ambitions 11. Performance culture which supports our vision 12. Leverage our operating framework for competitive advantage	

Sustainable Living Plan



Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth

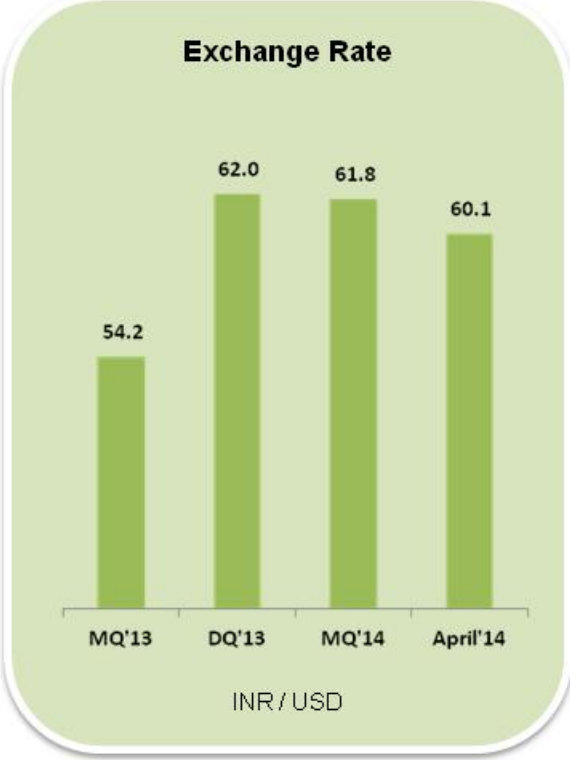
MQ 2014 – Context

Business environment remains challenging

- **Slowdown in market growth (volume & value) across categories continues**
 - Premium segments & discretionary categories under pressure
 - Step up in growth of small / price point packs
- **Input costs firm; sharp rise in PFAD**
- **Competitive intensity remains high**

Firm Input costs

Sharp rise in PFAD



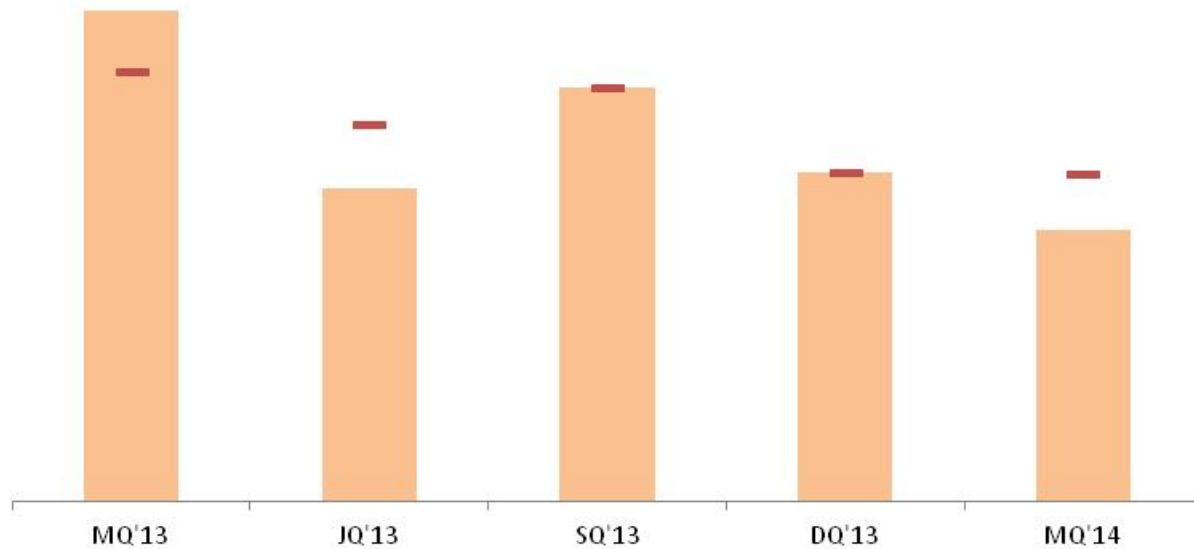
Source: Bloomberg data and internal estimates
INR numbers arrived at by applying the average exchange rate of the quarter to the average USD cost of the commodity

- **Domestic Consumer business grows by 9%, ahead of market**
 - 3% underlying volume growth
- **Operating Margin (PBIT) expands to 14.6%; up 30 bps**
 - PBIT at Rs. 1012 crores grows by 11%
 - A&P up Rs. 19 crores (2%); -80 bps at 12.1% of sales; competitive spends maintained
 - Higher advertising spend offset by lower promotional activities
- **PAT (bei) at Rs. 832 crores, up 7%, Net Profit at Rs. 872 crores, up 11%**

Healthy volume growth in a slowing market

Underlying Volume Growth

Reported UVG Intrinsic UVG



Reported UVG

6%

4%*

5%

4%

3%*

* Intrinsic UVG higher after adjusting for impact of transport strike related up-stocking at end March 2013

Winning with Brands

Continued focus on innovations



Rin Powder Re-launch



Lakme 9 to 5 Super Sunscreen



Lakme Absolute Illusion Range



Sunsilk Natural Recharge



TRESemme Split Remedy



Pureit Ultima RO + UV



Knorr Sweet Corn Instant Soup



Paddle Pop – Cola Blast



Magnum launch in 4 cities

Winning with Brands

Impactful activation in quarter

DIGITAL



FILMS



RADIO



PRINT



EVENT



Broad based growth

	<i>Sales growth %</i>
Soaps & Detergents	9
Personal Products	8
Beverages	8
Packaged Foods	13

Domestic Consumer grows at 9%

CATEGORY HIGHLIGHTS

Skin Cleansing

Double digit growth



→ Dove, Pears, Lifebuoy and Breeze lead category growth



→ Step up in price growth; judicious pricing and cost savings to manage inflation



→ Liquids delivers a strong quarter led by Lifebuoy handwash

Home Care

Growth led by the premium segment



→ Laundry

- Strong growth in Surf buoyed by momentum on Easy Wash
- Rin performance led by bars; powders re-launched during quarter
- Wheel growth steps up on back of re-launch last quarter
- Comfort Fabric Conditioners sustain high growth

→ Household Care

- Vim leads growth through impactful activation
 - Vim liquids continue to do well and lead market development

Skin Care

Good growth in a challenging market



→ **Fair and Lovely re-launch yielding positive results**

- Focused activation plan
- Rs. 5 pack extended



→ **Ponds led by top-end; Lakme & Dove sustain robust growth**

- Exciting introduction of Lakme 9 to 5 Super Sunscreens



→ **Innovation led broad based growth in facial cleansing**

Hair Care

Volume led double digit growth



→ Shampoos deliver another strong performance

- Dove leads category growth; Clinic Plus continues to do well
- TRESemmé making good progress; new Split Remedy variant added
- Sachet format grows faster



→ Conditioners gaining ground; focus on market development

Oral Care

Significant investments to sustain competitiveness



→ **Close up driven by exciting Valentine Day activation**

- Small packs drive growth



→ **Pepsodent impacted by high promotional intensity in the market**

- Actions underway to step up

Color Cosmetics

Strong innovation led growth momentum



→ **Lakme continues to strengthen its position in Premium make-up**

- Absolute & 9 to 5 deliver volume led double digit growth
 - 'eyeconic' doing very well
 - Impactful activation around Lakme Fashion Week
 - Exciting additions to the Nail & Eye make-up range

→ **Elle 18 sustains robust growth**

Beverages

Sustained double digit growth in Tea



→ Tea growth led by stepped up volumes

- Taj Mahal, Red Label & 3 Roses deliver double digit growth
 - Driven by strengthened mix & sharper in-market activation
- Focus on market development for tea bags continues
 - Flavored & Green Tea bags sales more than double



→ Bru Gold continues to perform well

→ Beverages value growth comes off as price growth component fades

Packaged Foods

Double digit growth



→ **Kissan - robust performance driven by impactful activation around ‘unlocking everyday relevance’**

- Growth accelerates on Jams & Ketchups



→ **Knorr Instant Soups more than double volumes**

- ‘Experience model’ rolled out in Modern Trade to drive trials

→ **Kwality Walls & Magnum deliver a strong quarter**

- Magnum rolled out to 4 more cities; good response
- Sharper in-market execution





- **Premium innovations continue to perform well**
 - Pureit Ultima (RO + UV) launched during the quarter
- **Good response to ‘exchange old for new’ offer**
- **Pureit Perfect Stores lead market development through stepped up in-store execution**

MQ 2014

Results summary

Rs Crores			
Particulars	MQ'13	MQ'14	Growth %
Net Sales	6,367	6,936	9
PBITDA	972	1,078	11
PBIT	910	1,012	11
PBIT margin (%)	14.3	14.6	30 bps
PAT bei	781	832	7
Net Profit	787	872	11

Domestic Consumer grows at 9%

MQ 2014

PBIT to Net Profit

Rs Crores			
Particulars	MQ'13	MQ'14	Growth %
PBIT	910	1012	11
Add : Other Income	106	151	
Less : Finance Costs	6	5	
Exceptional Items – Credit / (Charge)	9	66	
PBT	1020	1223	20
Less : Tax	(232)	(351)	
Net Profit	787	872	11

- Other income includes interest, dividends & net gain on sale of other non trade current investments Rs.151 crs (MQ'13: Rs. 106 crs)
- Key exceptional items :
 - Profit on sale of properties Rs. 16 crs (MQ'13: NIL)
 - Reduction in provision for retirement benefits of Rs.51 crs (MQ'13: Rs. 10 crs) arising out change in actuarial assumptions
- Effective tax rate for the quarter is 28.1% (MQ'13: 22.7%)
 - Lower than estimated profits from fiscal incentive sites

Competitive and profitable growth sustained

- 9% Domestic Consumer growth, ahead of market
 - 3% underlying volume growth (on back of transport strike up-stocking in base)
- PBIT margin expands +30 bps

**FINANCIAL YEAR ENDING
31ST MARCH 2014**

FY 2013-14: Delivered on goals

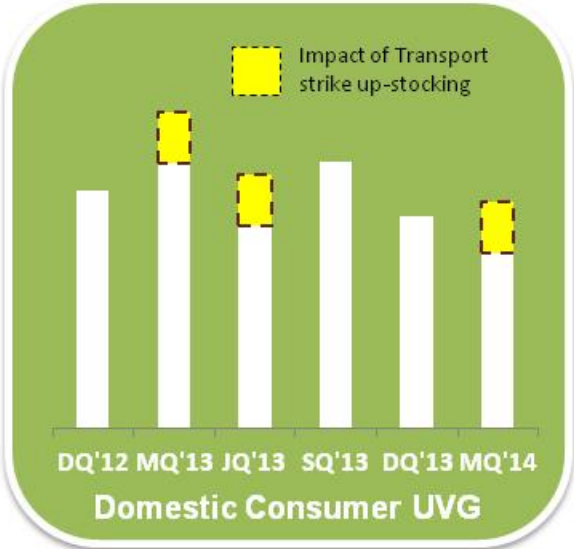
COMPETITIVE GROWTH

Ahead of market



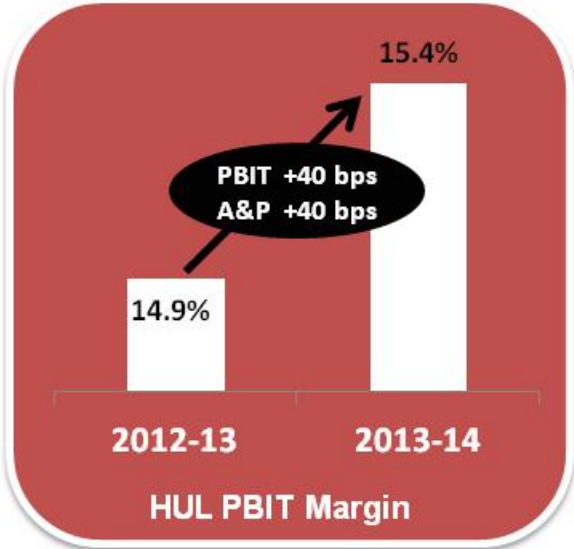
CONSISTENT GROWTH

Sustaining UVG in a slowing market



PROFITABLE GROWTH

Expanding margins whilst investing competitively



Domestic Consumer business grows 9% | 4% UVG | PBIT +12%

Whilst making progress on our Sustainability priorities



MAKE SUSTAINABLE LIVING COMMONPLACE

HUL INDIA UPDATE: 6th MAY 2014

Segment Overview FY 2013-14: Soaps and Detergents

Healthy performance in a competitive market

- Soaps : healthy volume led growth; driven by Dove, Lifebuoy and Breeze
- Laundry : Surf continues to lead category premiumization; Wheel relaunched
- Household Care : Vim and Domex drive robust growth; Vim now a 1000+ crore brand
- Value growth comes off due to lower price growth component
- Sustained focus on market development: Liquids* portfolio now Rs 500+ crores
- Segmental profit up 11%

USG 8%

UVG 5%

USG: Underlying Sales growth; UVG: Underlying Volume growth; UPG: Underlying Price growth

**Handwash, Bodywash, Laundry and Dishwash Liquids*

Segment Overview FY 2013-14: Personal Products

Growth in a challenging environment

- Skin : Hand & Body and facial cleansing do well; FAL re-launched with 'Best Ever formula'
- Hair : robust broad based growth; TRESemme nears 100 crores in first full year post launch
- Oral : significant investments to sustain competitive position
- Colours : strong innovation led growth momentum across Lakme and Elle 18
- Focus on building 'segments of the future'* - now >1250 crores
- Investing for growth; segmental profit up 6%;

USG 9%

UVG 4%

USG: Underlying Sales growth; UVG: Underlying Volume growth; UPG: Underlying Price growth

**Hair conditioners, Facewash, Hand and Body and Premium Skin*

Segment Overview FY 2013-14: Beverages

Stepped up performance on Tea

- Tea : strong growth with healthy volumes; all key brands grow in double digits
- Coffee : Bru continues to lead category premiumization through Bru Gold
- Value growth comes off in latter half with benign commodity costs
- Segmental profit up 22%

USG 12%

UVG 3%

Segment Overview FY 2013-14: Packaged Foods

Broad based growth

- Kissan : Ketchups and Jams growth accelerates on the back of impactful activation
- Knorr : pickup in performance with Instant Soups doing particularly well
- Kwality Walls : impacted by a challenging environment; growth picks up in latter half driven by sharper in-market execution
- Magnum receives positive response; extended to 4 other cities
- Driving efficiencies and mix while continuing to invest; segmental profit up 65%

USG 10%

UVG 3%

Financial Year ending 31st March 2014

Results summary

Rs Crores			
Particulars	FY 2012-13	FY 2013-14	Growth %
Net Sales	25,206	27,408	9
PBITDA	4,004	4,475	12
PBIT	3,768	4,215	12
PBIT margin (%)	14.9	15.4	40 bps
PAT bei	3,314	3,555	7
Exceptional Items	608	229	
Net Profit	3,797	3,867	2

- Domestic Consumer grows at 9%; 4% UVG
- Net profit growth impacted by significant property sale in base period

Financial Year ending 31st March 2014

Cash flow summary

Particulars	Rs Crores	
	FY'13	FY'14
Operating profit before working capital changes	4,073	4,529
Net working capital movement	473	479
Taxes paid (net of refunds)	-1,005	-1,279
Net cash generated from operating activities - [A]	3,530	3,724
Purchase of tangible/ intangible assets (net of disposal)	-405	-511
Cash flow from investments	-288	-343
Dividend received	83	144
Consideration received on disposal of surplus properties	645	197
Net cash generated from/ (used) in investing activities - [B]	34	-513
Dividends paid	-3,550	-2,473
Dividend distribution tax paid	-576	-406
Net cash used in financing activities - [C]	-4,160	-2,917
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	-597	294
Cash and cash equivalents at the beginning of the year	923	326
Cash and cash equivalents at the end of the year	326	621

Cash from Operations > Rs. 5000 crores; up Rs. 462 crores

Financial Year ending 31st March 2014

Dividend

Particulars	FY'12-13	FY'13-14
Dividend Per Share	18.5	13
Interim	5.0	5.5
Special	8.0	-
Final*	5.5	7.5
No. of Share (Crs.)	216.25	216.27
Total Dividend (Rs. Crs.)	4000	2812
Div. Dist. Tax (Rs. Crs.)	656	478
Total Div. Outflow (Rs. Crs.)	4656	3289

**Final dividend number for FY 2013-14 is subject to approval by the shareholders at the AGM*

Financial Year ending 31st March 2014

Summary

- **Another year of competitive and profitable growth**
 - 9%* growth with UVG of 4% in a challenging environment
 - Investing for growth; A&P up Rs 382 crores (+40bps)
 - PBIT up 12%; margins expand +40 bps
- **Cash from operations > 5000 crores**
- **Total dividend of Rs 13 per share**

Looking ahead

- **Strategy unchanged; continue to manage business for long term growth**
 - Consistent, Competitive, Profitable, Responsible Growth
- **Invest to strengthen the core and lead development of emerging categories**
- **Near term concerns**
 - Uncertain macro environment
 - Volatility
- **Positive on the medium-long term outlook for FMCG**
- **HUL well positioned : Brands, Capabilities, Talent**

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

Investor centre

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March Quarter 2014 Results

HUL will announced its results for MQ'14 on 28 April 2014. (* Tentative Date)

[View the results page](#)



March Quarter 2014 Results



December Quarter 2013 Results



September Quarter 2013 Results

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Share Price

HUL (NRI) 604.25 -0.44% ▼
04/04/2014
03:53 pm IST

[Detailed share prices](#)

HUL INVESTOR APP

