



Hindustan Lever Limited

HSBC Investor Meeting

Mumbai, 23rd May, 2005

HSBC Investor Meeting, Mumbai

23rd May, 2005



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The India Opportunity

FMCG markets & Strategy (00-03)

Current Market Context

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HLL - India's Largest FMCG Company



- 36,300 employees
- 1,350 managers
- 2,000+ suppliers & associates
- 80 company factories
- 45 C&FAs
- 7,000 Stockists
- Direct Coverage - 1 Mn outlets

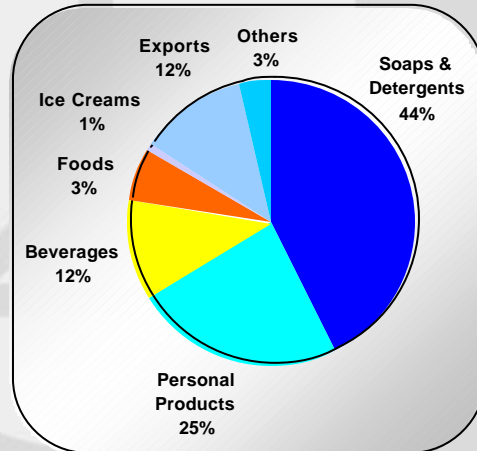
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Financial Overview

	Mn \$
Turnover	2,268
Operating Profit	360
Operating Margin %	15.9%
Net Profit (bei)	275
EPS	13c
Surplus Cash Generated	265
Market Capitalisation	6,660



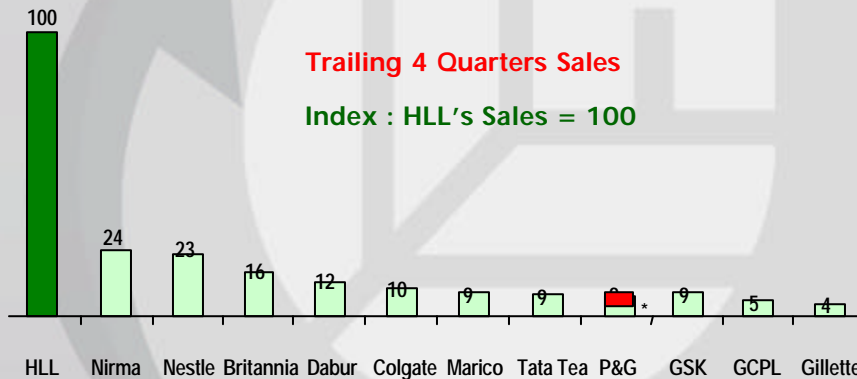
* Figures based on FY2004 Audited Results
 ++ Market Capitalization as on 17th May '05

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HLL - India's Largest FMCG Company



*Estimated

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Leadership across categories

Market Leader	Category	HLL - Market Share (%)	#2 Market Share (%)
	Fabric Wash	38	17
Personal Wash	57	10	
Dishwash	57	11	
Skin	60	6	
Hair Wash	49	20	
Talcum Powder	61	14	
Packet Tea	30	20	
Jams	79	5	

Strong No. 2		HLL - Market Share (%)	#1 Market Share (%)
	Toothpaste	33	47
Instant Coffee	38	61	
Ketchups	29	43	

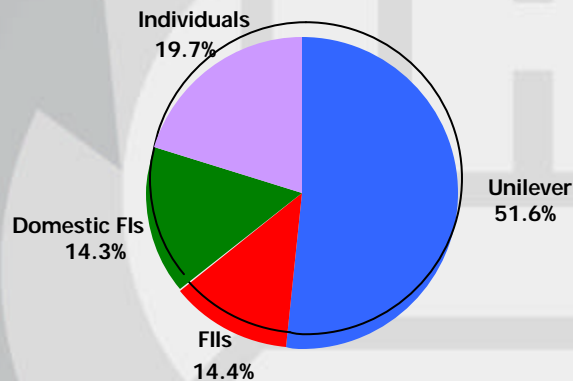
Source : A.C Nielsen - ORG Marg FY'04 Value shares

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HLL Shareholding Pattern



HLL Equity Capital - 50 Mn \$

Market Capitalization - 6,660 Mn \$

* Shareholding pattern as on 31st March '05

++ Market Capitalization as on 17th May '05

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Economic Outlook

	2001-02	2002-03	2003-04	2004-05 (E)	Growth%
Agriculture	6.5	(5.2)	9.6	1.1	
Industry	3.3	6.2	6.6	7.3	
Services	6.8	7.1	9.1	8.0	
GDP	5.8	4.0	8.5	6.3	

Source : CMIE

Positives

- Strong GDP Growth
- High Forex Reserves
- Growing Exports
- Focus on Rural & Infrastructure

Concerns

- Oil Prices
- Inflation
- Fiscal Deficit
- Agricultural Growth

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The India Opportunity

- More than 1 Billion Consumers
- Growing Disposable Income
- Young Population: 45% less than 20 years*
- Growing aspirations fuelled by media
- Low levels of per capita consumption

* Source : Statistical Outline of India (2003-04)

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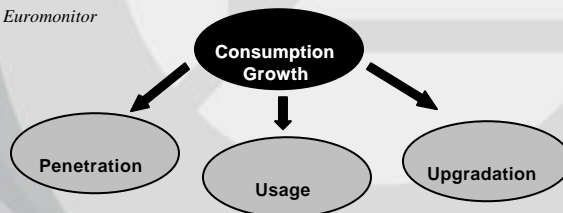


Opportunity to grow consumption

Per Capita Consumption (US \$)

	Fabric Wash	Toothpastes	Shampoos
China	1.7	0.8	1.1
Indonesia	2.0	1.1	1.2
Thailand	4.7	3.0	3.7
India	1.2	0.4	0.6

Source : Euromonitor



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Opportunity to Drive Penetration

Category	Urban Penetration (%)	Rural Penetration (%)	Total Penetration (%)
Toothpaste	69.8	32.3	43.5
Skin	36.6	19.8	24.7
Hair Wash	40.1	16.3	23.3
Talcum Powder	66.0	36.8	45.1
Dishwash	54.6	11.5	24.4
Ketchup	12.5	0.7	4.2

Source : Indian Readership Survey 2002

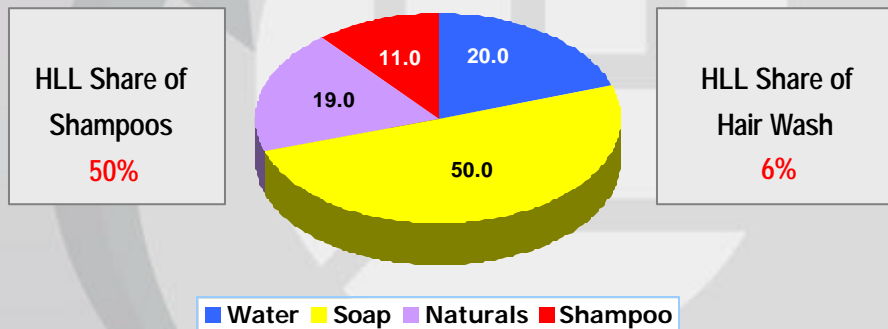
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Opportunity to Increase Usage

Share of Hair wash occasions

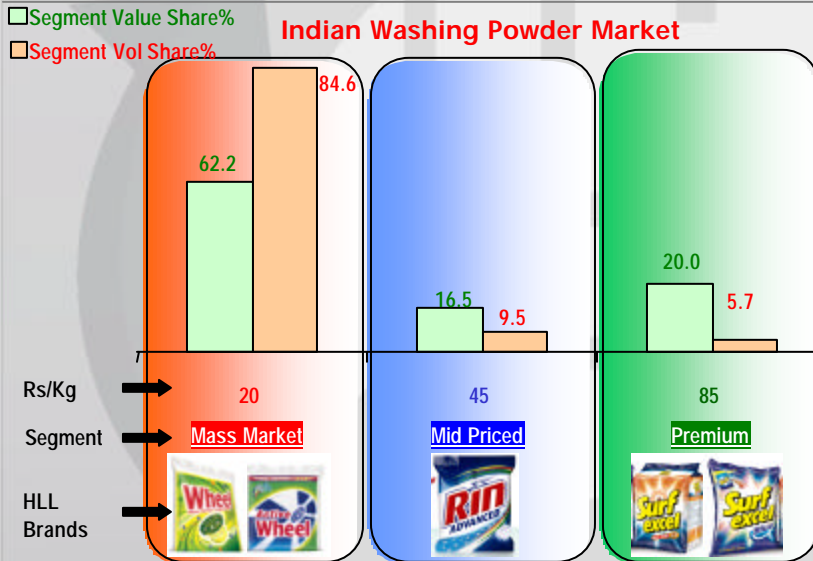


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Opportunity for Upgradation



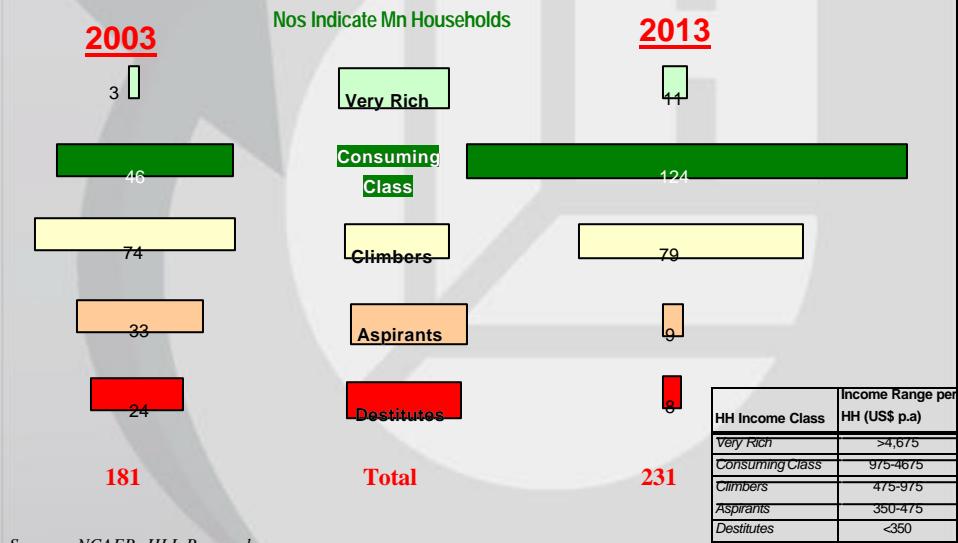
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Growing Prosperity

Consuming Class Households to Treble



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HLL : Three Pronged Strategy

2000+

Grow through focus
on "POWER BRANDS"



Rationalization completed
from 110 to 35 power brands

Improve profitability
of Foods



1300 Bps improvement in
foods gross margins

Secure future of Non
- Core businesses



Portfolio focused: Share of
Non FMCG down from 24%
to 8% of sales (Value delivered
84 Mn\$)

"Profitable Growth Through Focus"

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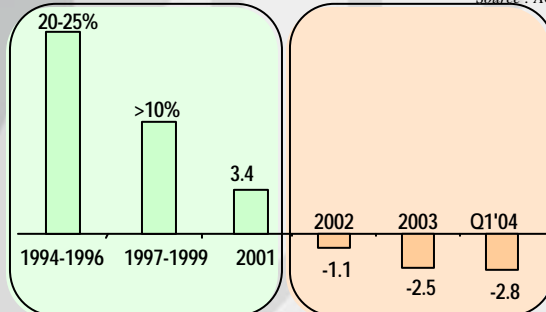
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FMCG Markets

Double digit growth to decline

Source : AC Nielsen ORG Marg Retail Audit



- Pressure due to increased cost of utilities, health and education
- Poor monsoons and agri crops affecting rural incomes
- Increasing competition for share of wallet (durables, homes, auto, services)
- Aided by cheaper and easier credit facilities

Down-trading in most FMCG categories

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Challenges

- Price Led Local Competition
- International companies seeking market position
- Driving Penetration & Consumption

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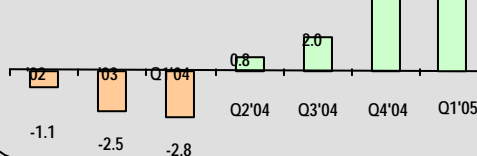
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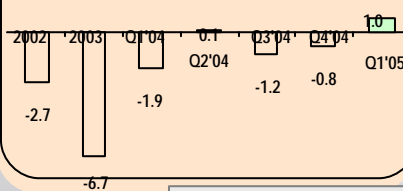
FMCG Markets Revival after 2 years of decline

Source : AC Nielsen ORG Marg Retail Audit

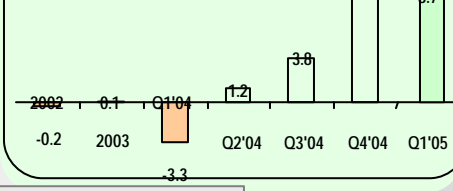
Total FMCG Market Growth%



Rural FMCG Market Growth%



Urban FMCG Market Growth%



Revival led by urban markets; growth in rural markets picking up

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2004 Actions

- Drive growth agenda
- Take competitive challenges head on
- Financial commitment for long term value
- Pricing : Laundry, Shampoos and Toothpaste
- Investments behind brands
 - Innovations, superior quality and stepped up A&P

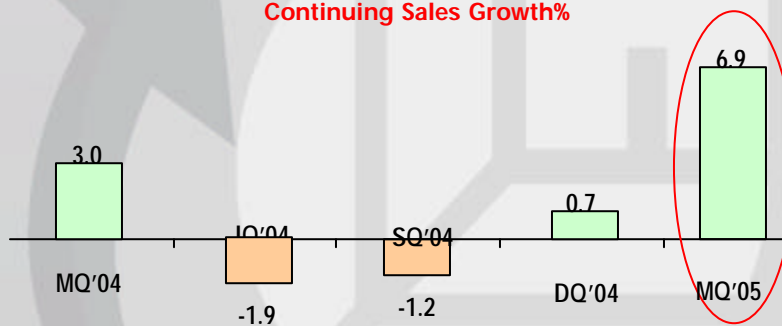
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Current Performance Topline

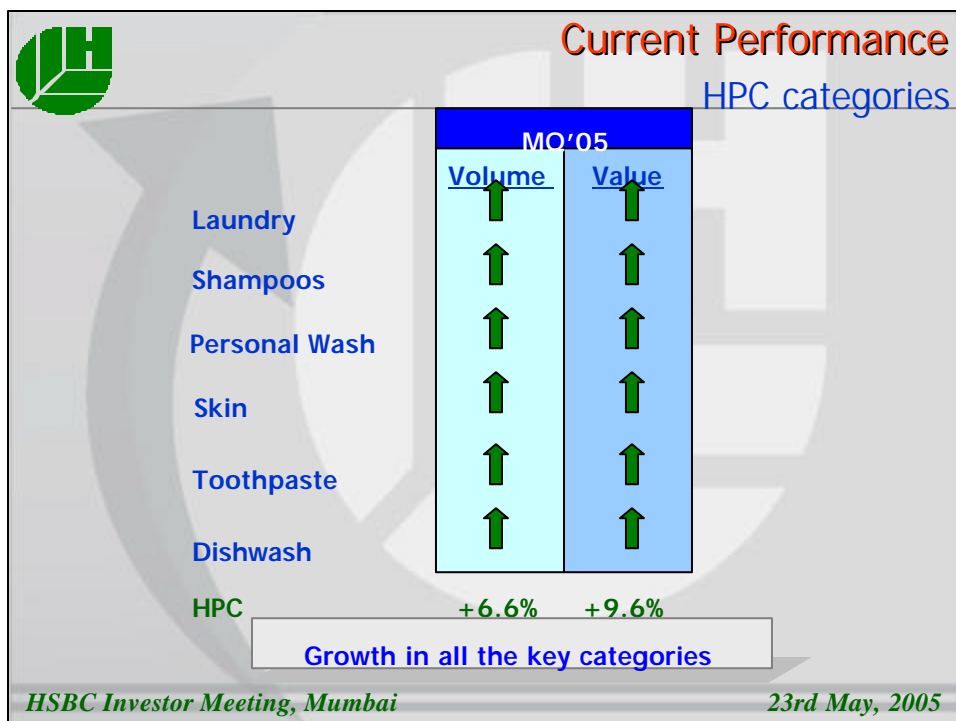
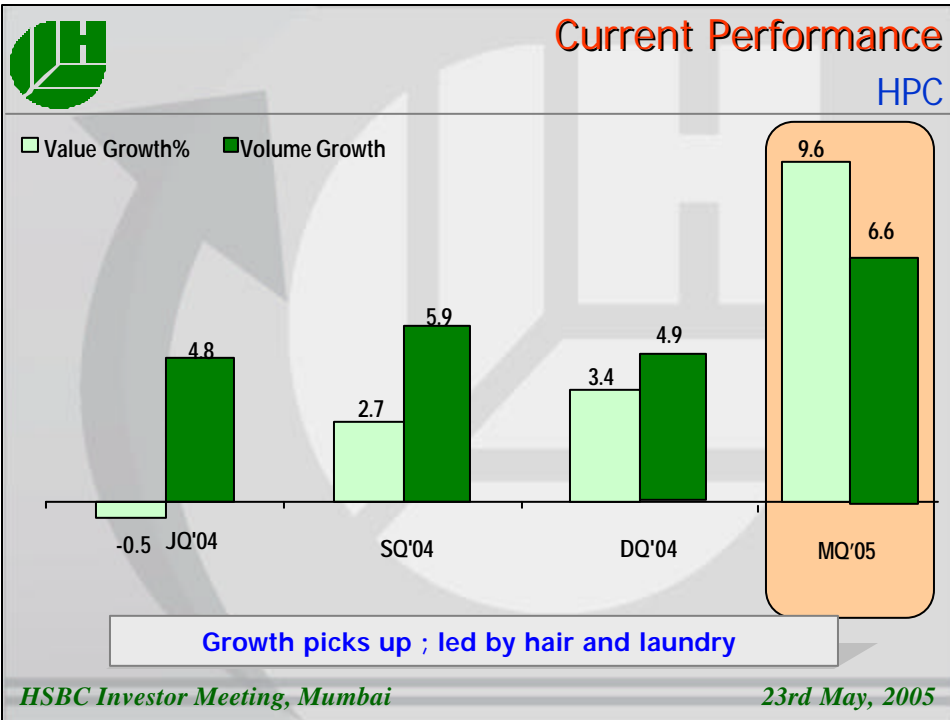
Continuing Sales Growth%



Growth accelerates; led by HPC

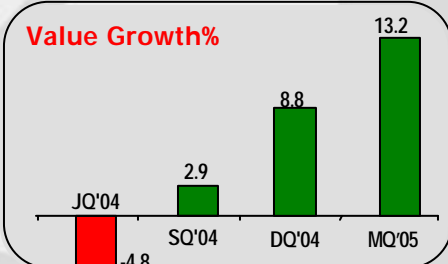
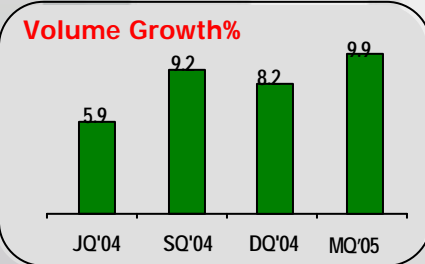
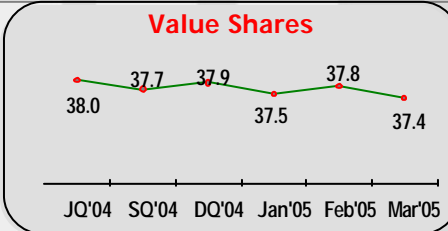
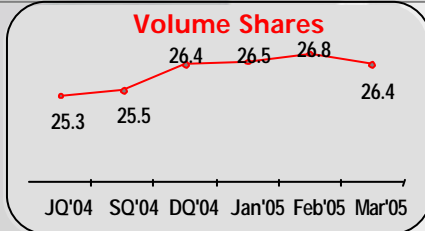
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Current Performance Competitive context - Laundry



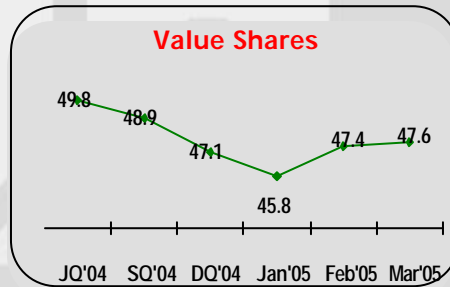
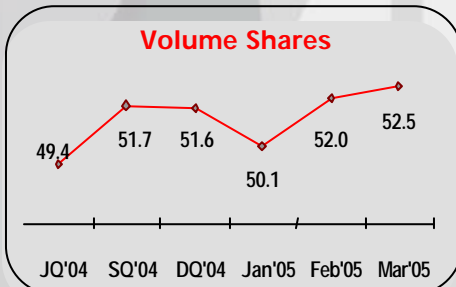
Volume and value growth accelerate; shares held

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Current Performance Competitive context - Shampoo



Volume and value growth in excess of 20%

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Current Performance

Foods

- Restructuring completed in '04; portfolio focused for growth
- Sales decline by 3% in MQ'05:
 - Beverages sales flat
 - Brookebond continues to grow and gain market share for the 5th successive quarter
 - Lipton continues to grow in strong double digits
 - Coffee sales drop due to impact of VAT transition
 - Processed foods decline by 15%
 - Ketchups, soups and jams grow strongly on the back of a streamlined supply chain
 - Squashes decline reflecting phasing of promotional activities
 - Ice cream grows by 1.4%

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Current Performance

Results - MQ'05

- Underlying operating profits (PBIT) decline 19%
 - Continuing investments behind brands & new ventures
 - Input cost increases not fully neutralized in the quarter

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2005 - Scenario

- Hardening of commodity prices presents an important challenge
- Aggressive cost savings and judicious price increases to partly offset cost pressures
- High brand building investments will continue

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Key agenda will continue to be
Topline Growth

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In Summary

- Big Opportunity to grow Penetration & Consumption
 - Strong brands & sharpened portfolio
 - Delivering Consumer Value
 - Brand relevance; Strategic Pricing; Superior Quality
 - Technology focus : Global research and innovation centers in India
 - Innovation / Activation - supported by new organisation
 - New sales organisation and channels
 - Strong Capabilities of HLL
 - Powerful Brands; Robust Business Capabilities; Management Talent

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