



Hindustan Lever Limited

Financial Results DQ'03 & FY'03



Highlights - '03

- HPC Power Brands double +6.5% Vs +3.2% in '02
- HPC grows by 4.6% '03 : Led by PP +14.8%
- Brooke Bond grows by (+6%)
- Processed Food gains momentum ; grows by (+20%)
- Operating Profit (PBIT) grows (+5.8%)
- Final Dividend : Rs 3.00 / Share.



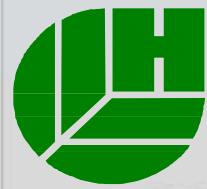
Contents

DQ'03 Highlights

FY'03 Highlights

Business Performance

Financials



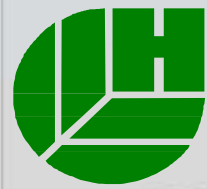
DQ 2003 Results **Highlights**

- FMCG grows by (+4.0%) ; Volume Led
- Power Brands grow by (+6.2%)
- HPC sustains growth(+4.4%) in a difficult market(-5.7%)
 - **Personal Products grow by (+19.4%)**
 - **HPC Power Brands grow by (+5.8%)**



DQ 2003 Results Highlights

- Foods grow (+2.1%) in a declining market(-5.5%)
 - Processed Foods maintains strong growth momentum - grows by (+25.3%)
 - Foods Power Brands grow by (+7.6%)
- FMCG Exports grow by (+14.3%);



DQ 2003 Results Highlights

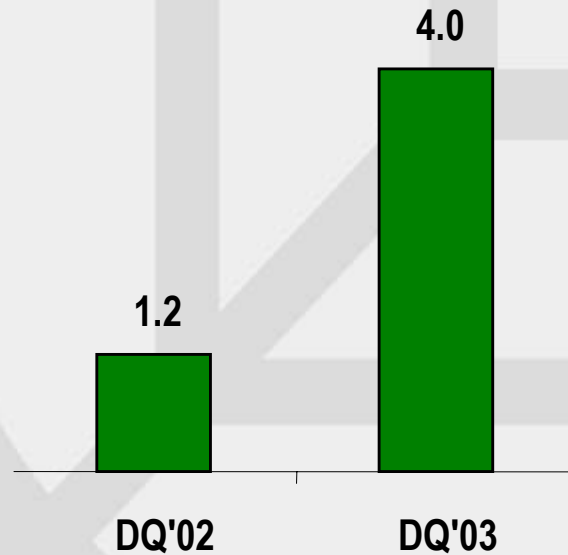
- Operating Profits (PBIT) up 1.0% – Margins up 72 bps. In the context of :
 - Competitive Strategy in Laundry
 - Higher investments in quality
 - Driving growth through appropriate price points positioning
- PBT & PAT factor in interest on Bonus Debentures (Rs 30 cr)
- Net Profit Grows by (+2.9%)



FMCG Sales

Topline grows for 5th consecutive quarter

FMCG Sales Growth%

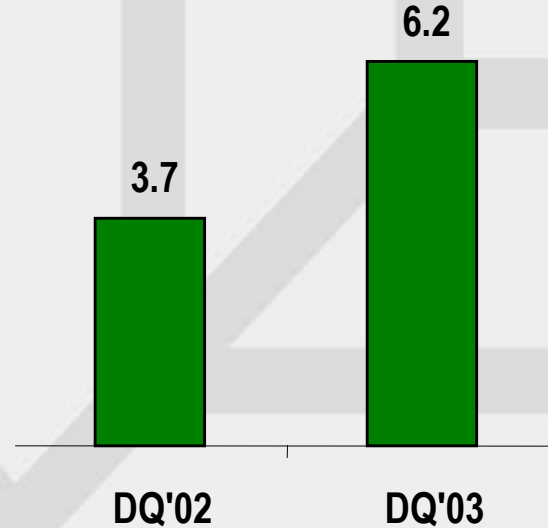




Power Brands Sales

Power Brand Strategy Continues to Deliver

Total Power Brands Growth%

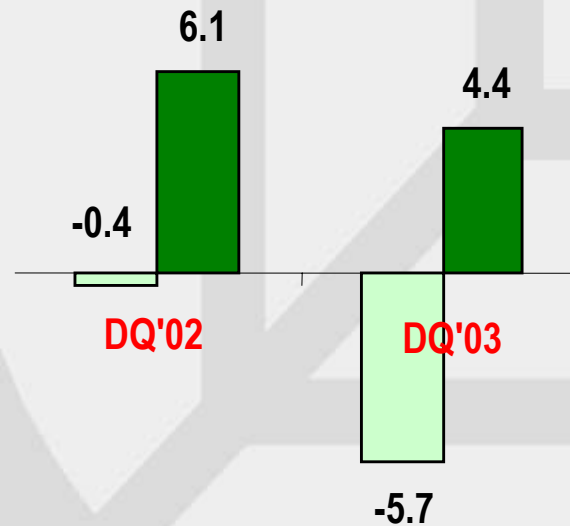




HPC Sales

Consistently beating the market

□ HPC Market Growth% ■ HPC Sales Growth%

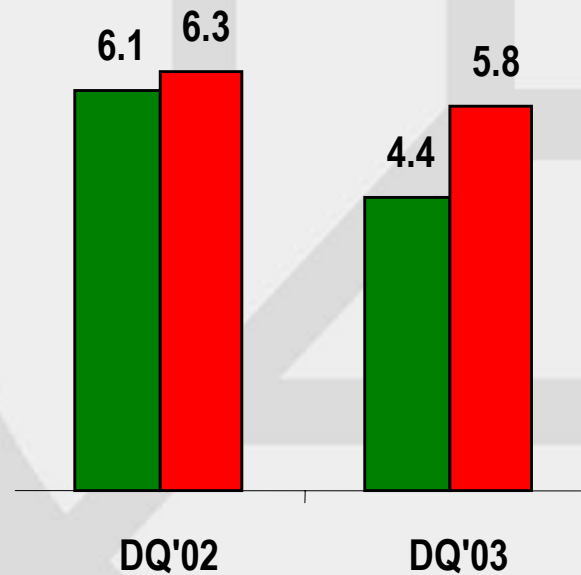




HPC

Power Brands Lead Growth

■ HPC Sales Growth% ■ HPC Power Brand Growth%





HPC Power Brands

Delivering strong growth - DQ'03

Sunsilk : 64%

Lakme :46%

Pears : 34%

CloseUp : 35%

Clinic : 27%

Pepsodent :17%

FAL : 16%

Wheel : 11%

Lifebuoy : 10%

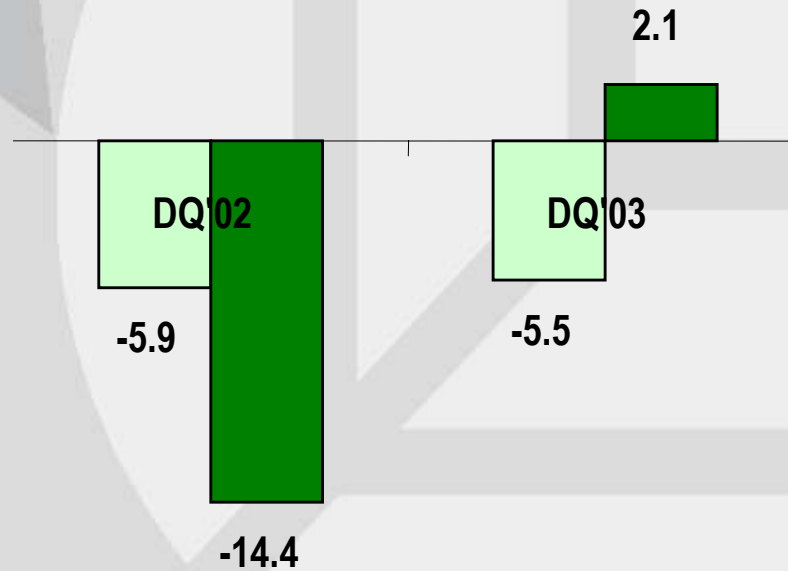
Nihar : 10%

** Group Basis*



Total Foods Sales Growth for 3rd Consecutive Qtr

□ Food Market Growth% ■ Food Sales Growth%

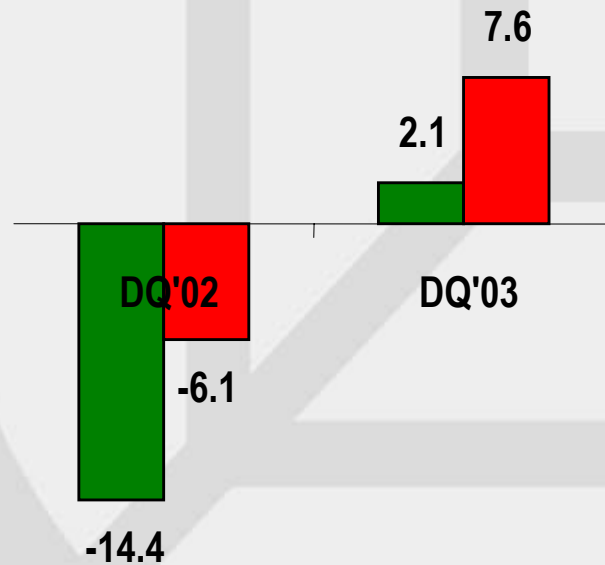


** Total foods comprises Beverages, Processed Foods and Ice creams*



Total Foods Power Brands Lead Growth

■ Foods Sales Growth% ■ Foods Power Brand Growth%





Total Foods Power Brands Delivering strong growth - DQ'03

Kissan : 28%

Knorr : 84%

Bru : 36%

Annapurna: 6%

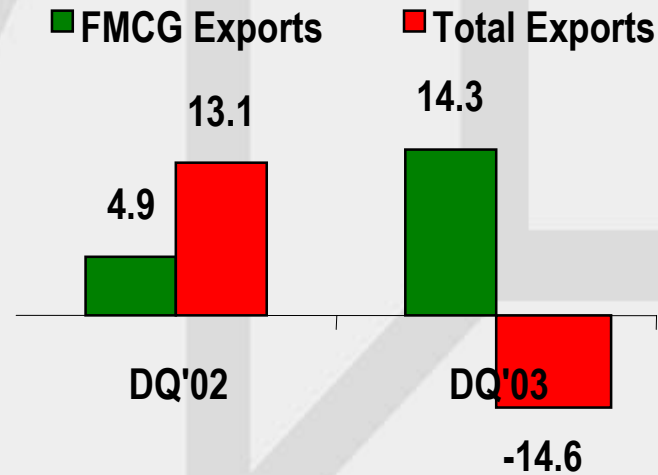
Taaza : 19%

** Group Basis*



FMCG exports grow by double digit

Growth %



- FMCG Exports grow by smart double digit in all the 4 quarters in 2003
- Castor & Marine performance impacts total exports



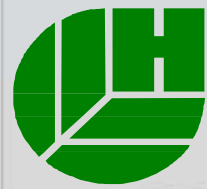
Contents

DQ'03 Highlights

FY'03 Highlights

Business Performance

Financials



FY 2003 Results **Highlights**

- **FMCG sales up (+3.6%); Power Brands growth (+6.9%)**
- **HPC sustains growth(+4.6%) in a declining market(-4.9%)**
 - **Personal Products grow by (+14.8%)**
 - **HPC Power Brands up (+6.5%) Vs (+3.2%) in '02**



FY 2003 Results Highlights

- In a declining market(-9.0%) Foods sales were flat ; however
 - Processed Foods accelerates (+19.7%)
 - Foods Power Brands up by (+8.8%) Vs (-11.1%) in '02
 - Beverages decline restricted to (-3.5%)
- FMCG Exports grows by (+14.3%)



FY 2003 Results Highlights

- Operating Profits (PBIT) improves by 5.8% – Margins up 75 bps
- PBT & PAT factor in interest on Bonus Debentures (Rs 60 cr)
- Profit After Tax (before exceptionals) grows by 4.2%



HPC Power Brands

Achieving growth in the face of competition

Lakme :54%

Lifebuoy : 20%

FAL : 20%

Nihar : 18%

Sunsilk : 16%

Pears : 13%

P'dent :13%

Ponds: 12%

CloseUp : 10%

Wheel : 7%

Lux : 5%

** Group Basis*



Total Foods Power Brands

Achieving growth in the face of competition

Kissan : 21%

Knorr : 48%

Bru : 27%

Annapurna: 12%

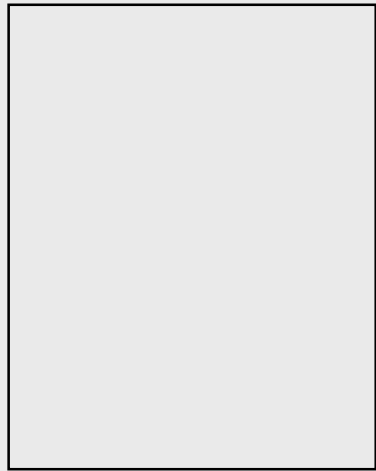
Brooke Bond : 6%

** Group Basis*

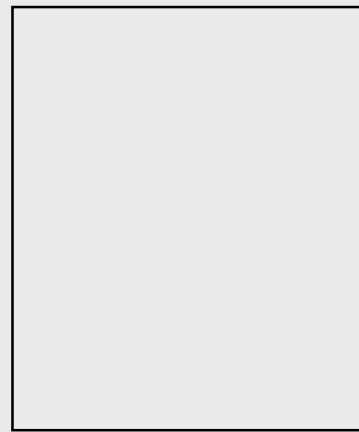


Power Brands

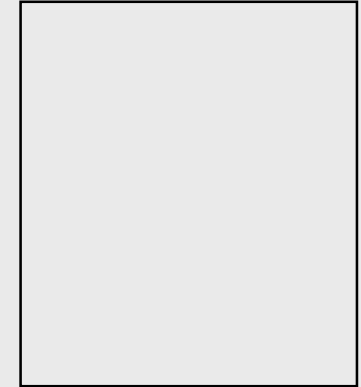
Mega Six - each > \$ 100 mn



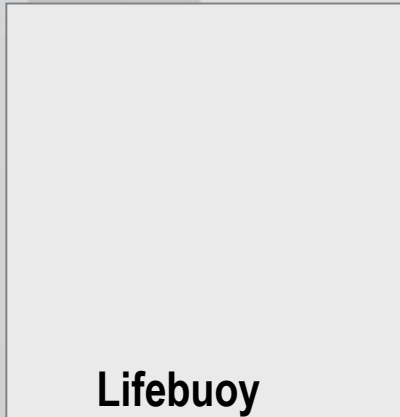
Brooke Bond



Wheel



Lux



Lifebuoy



Fair & Lovely



Rin

** Group Basis*



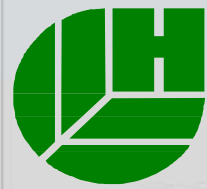
Contents

DQ'03 Highlights

FY'03 Highlights

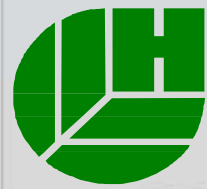
Business Performance

Financials



Soaps & Detergents Performance Highlights

- Innovation led growth continues in Personal wash
 - Lifebuoy and Pears lead; deliver double digit growth
 - Lux grows and gains substantial market share
 - Decline in Breeze and other brands restrict overall growth



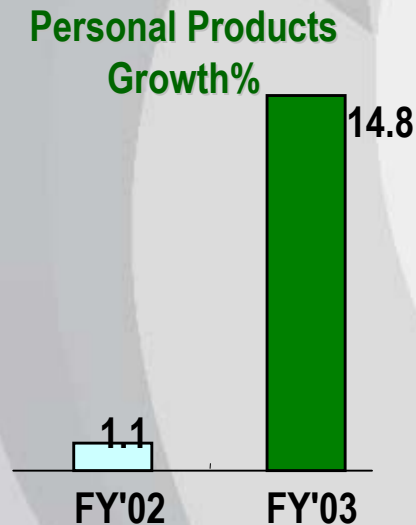
Soaps & Detergents Performance Highlights

- **Powerful competitive actions in Fabric Wash**
 - Aggressive strategy in response to Premium Fabric Wash competition
 - Strategy begins to show results
 - Surf Excel volumes surges : high double digit growth in DQ'03
 - Wheel grows
 - Improved performance in Rin
 - Quality investment drives Rin Supreme
 - Rin Shakti relaunched : Significantly improved offering



Personal Products Strong broadbased growth

Growth in Strong
Double Digits 19.4%
In DQ'03



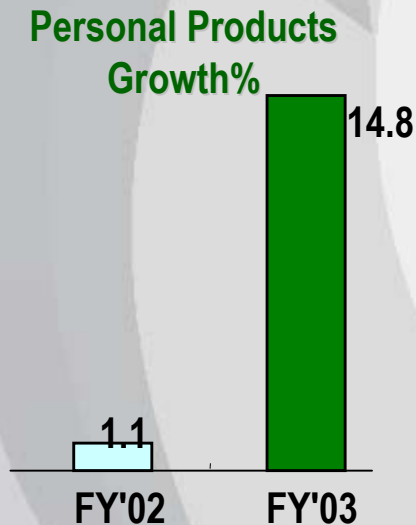
- Across Quarters
- Across Categories
- Across Brands
- Volume Led



Personal Products

Strong broadbased growth

Growth in Strong
Double Digits 19.4%
In DQ'03

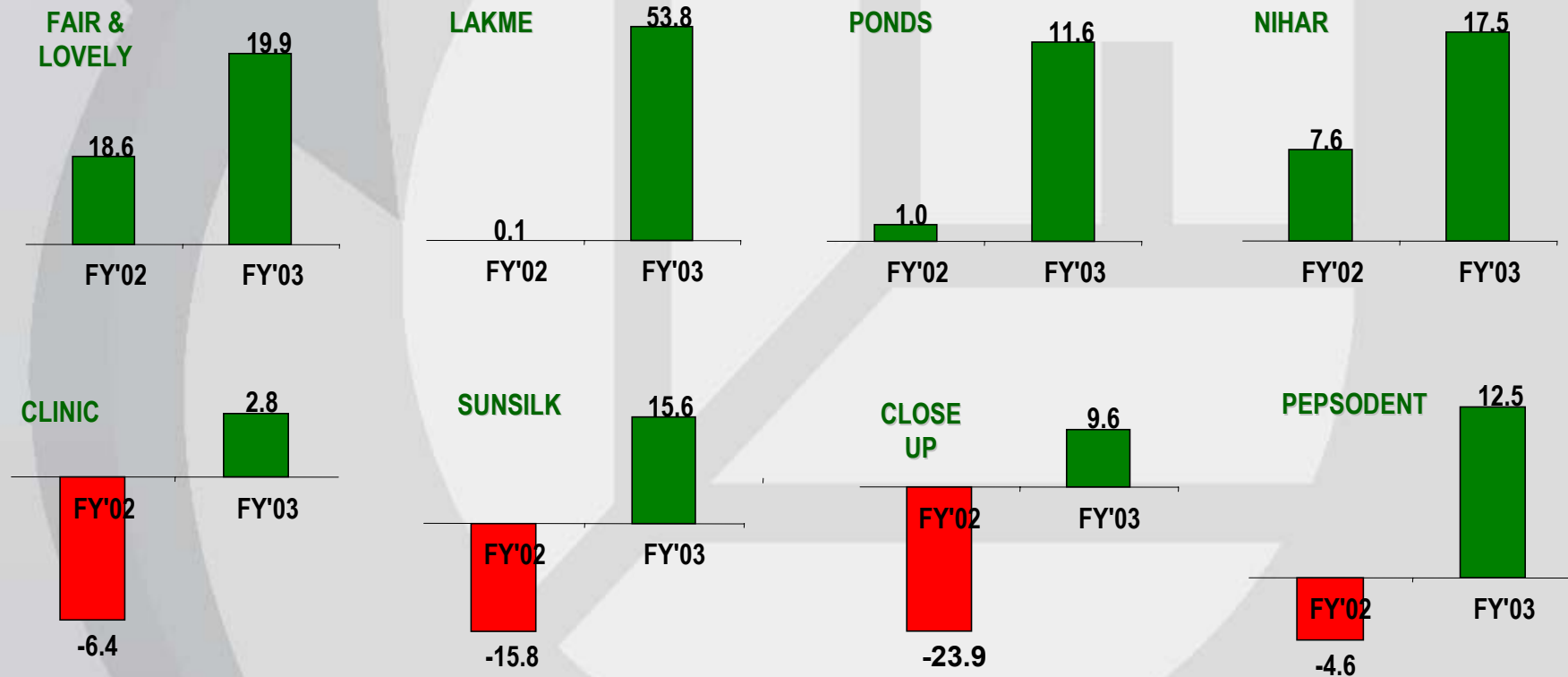


- Strong growth in Skin (+20.5%)
- Toothpaste grows by (+12.0%)
- Volume led (+21.5%) growth in Shampoos
- Innovation led double digit growth in Colors (+33.6%)



Personal Products

All Power Brands Surge

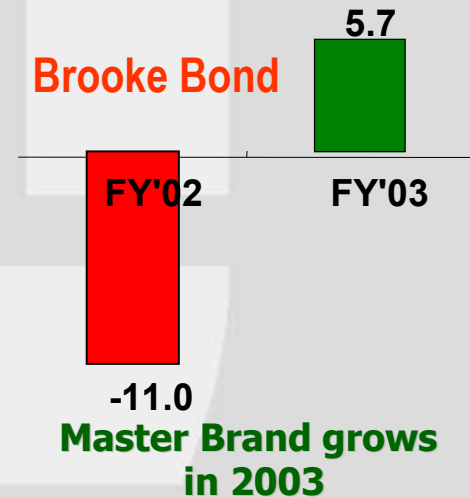


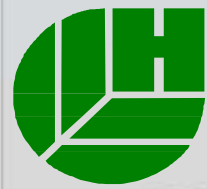


Beverages Strategic Actions

- Master Brand “BROOKE BOND” launched

- Brooke Bond grows by (+6%) during the year
- Low Commodity prices & competition from loose tea continue

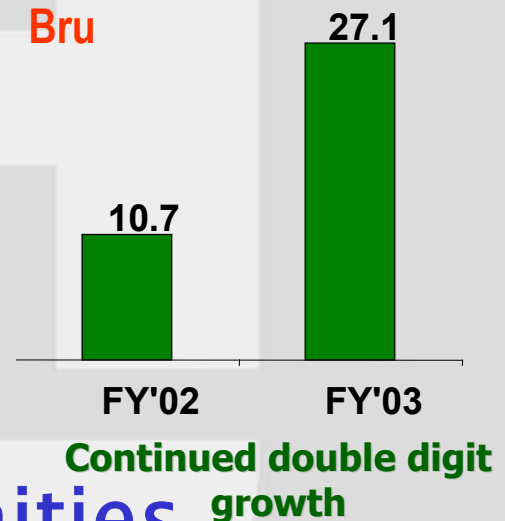




Beverages Strategic Actions

- Coffee grows by 6.2% in 2003

- Instant Coffee grows by a strong 18.7%
- Bru continues double digit growth (+27.1%)



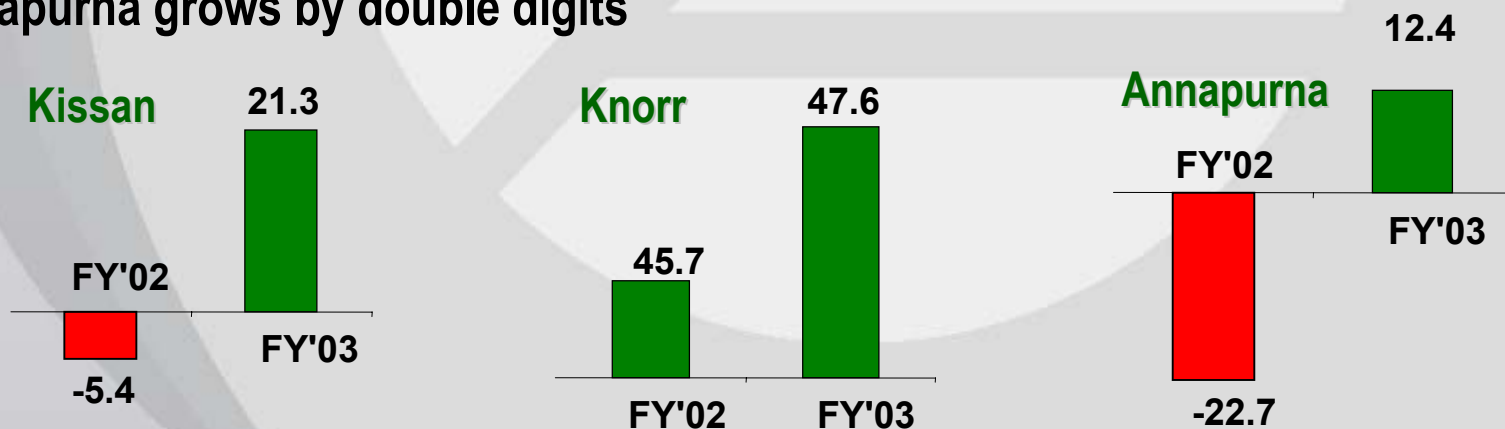
- Leveraging emerging opportunities

- Exploiting 'OOH'
- Driving Lipton equity in Ice Tea



Processed foods On Growth Path...

- Culinary Products on growth Path
 - 26.2% growth led by Kissan & Knorr
- Popular Foods grows by (+11.4%) in 2003
 - Annapurna grows by double digits





Growth Opportunities through Innovations

“From the Knorr Stable”

Knorr Soupy Snax

“From the Kissan Stable”

Kissan Ketchups

Kissan Jams

Kissan Bistix



Growing in the face of competition

- New and attractive Price Points
- Investments in Brand quality
- Innovations
- Exploiting emerging channels



Growing in the face of competition

New and attractive Price Points

Lux

Rs.5

Dove

Rs 25

Lifebuoy

Rs 2, Rs 4.50

Vaseline

Rs 4

FAL

Rs 5

Ponds
Cream

Rs 5

Surf
Excel

Rs.1.50

Rin
Shakti

Rs.1

Rin
NMB

Rs.5

Pepsodent

Rs 5
Rs 10
Rs 20
Rs 40

Ponds DFT

Rs 5

Taaza

Rs 5

Clinic/
Sunsilk

Rs 0.50

Clinic

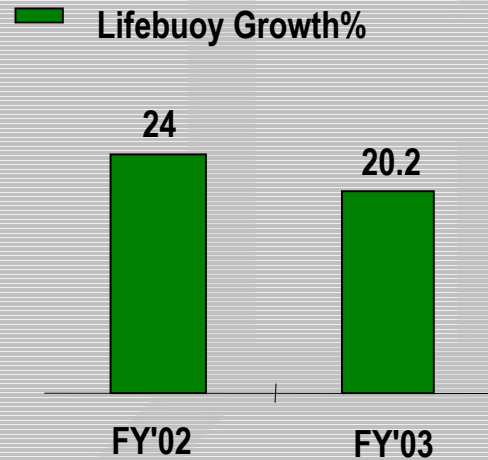
Rs 5



Growing in the face of competition

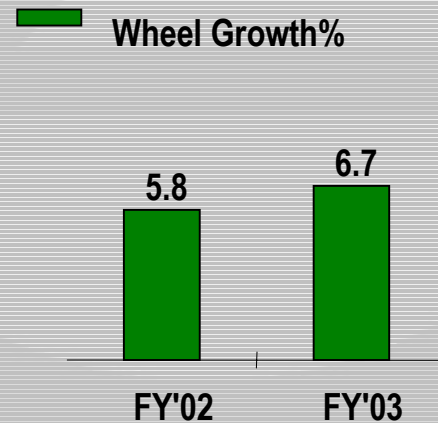
Low Price Competition

Lifebuoy
continues on
high growth
path



Sales :
>\$100 Mn

Biggest
detergent
brand in India



Sales :
>\$100 Mn



Growing in the face of competition

Investments in Brand Quality

“Improved performance & sensorials”

Lifebuoy

Lux

Hamam

Rexona

Rin NMB

Rin Shakti Powder

Rin Shakti Bar

Double Whiteness -
“No Mud”

Superior wash
within budgets

Wheel Active

Wheel

Total Investment > Rs 60 cr



Growing in the face of competition

Innovations

Fair & Lovely - Anti
Marks & Dark Skin

Ponds

Lakme - Water Color

Sunsilk - Naturals

Clinic - Mint

Surf Excel -
50% Water & Effort

Pepsodent - Family Pack

Kissan Bistix



Growing in the face of competition

Exploiting emerging channels

HLL Network

- Sales increases > 4 times
- Exponential growth in coverage

Rural Initiative

- Focused Distribution Infrastructure
- Project Shakti
 - Touching 20 mn lives



Growing in the face of competition

Exploiting emerging channels

- **Modern Trade**

- **Leveraging HLL Scale & Scope**
- **Direct engagement**
- **Surging growth & Shares**



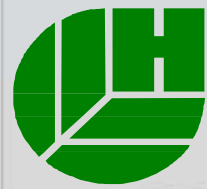
Contents

DQ'03 Highlights

FY'03 Highlights

Business Performance

Financials



DQ 2003 Sales Summary

Rs Crores	DQ 2002	DQ 2003	Growth %
Domestic FMCG	2119	2203	4.0
- HPC	1691	1766	4.4
- Total Foods	428	437	2.1
Exports	369	315	(14.6)
Others	41	66	63.1
CONTINUING BUSINESSES	2528	2583	2.2
Disposals / Discontinued	106	0	
NET SALES	2635	2583	(1.9)



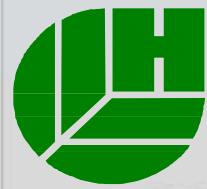
DQ 2003 Results

Rs Crores	DQ 2002	DQ 2003	Growth %
EBIT	626	632	1.0
Fin Income (net)	65	44	(32.8)
	691	676	(2.2)
Int on Bonus Deb		-30	
PBT	691	646	(6.5)
Tax (incl Deferred)	-148	-131	
Tax adj prior year	14	48	
PAT (bei)	557	562	1.0
Net Profit	481	495	2.9



Exceptional Items - DQ'03

Exceptional Items DQ'03	Amount (Rs Cr)
Business Restructuring Cost:	
a) Provision for Est loss on disposal of FA	(45.5)
b) Compensations under VRS etc.	(45.8)
Additional provision for retirement benefits mainly arising out of increase in annuity rates	(62.5)
Savings due to Funding of non-management pension liability by purchase of LIC annuity policy	48.2
Total Exceptional Items (Before Tax)	(105.6)
Exceptional Items (Net of Tax)	(67.6)



Segmental Revenue

Rs Crores	DQ 2003	% Growth
Soaps and Detergents	1,095	(3.0)
Personal Products	688	19.7
Beverage	309	(3.0)
Processed Foods	108	(44.0)
Memo : Process Foods (Cont)	108	24.0
Ice Cream	16	(8.8)
Exports	315	(14.6)
Others	107	
Net Segment Revenue	2,630	(1.1)

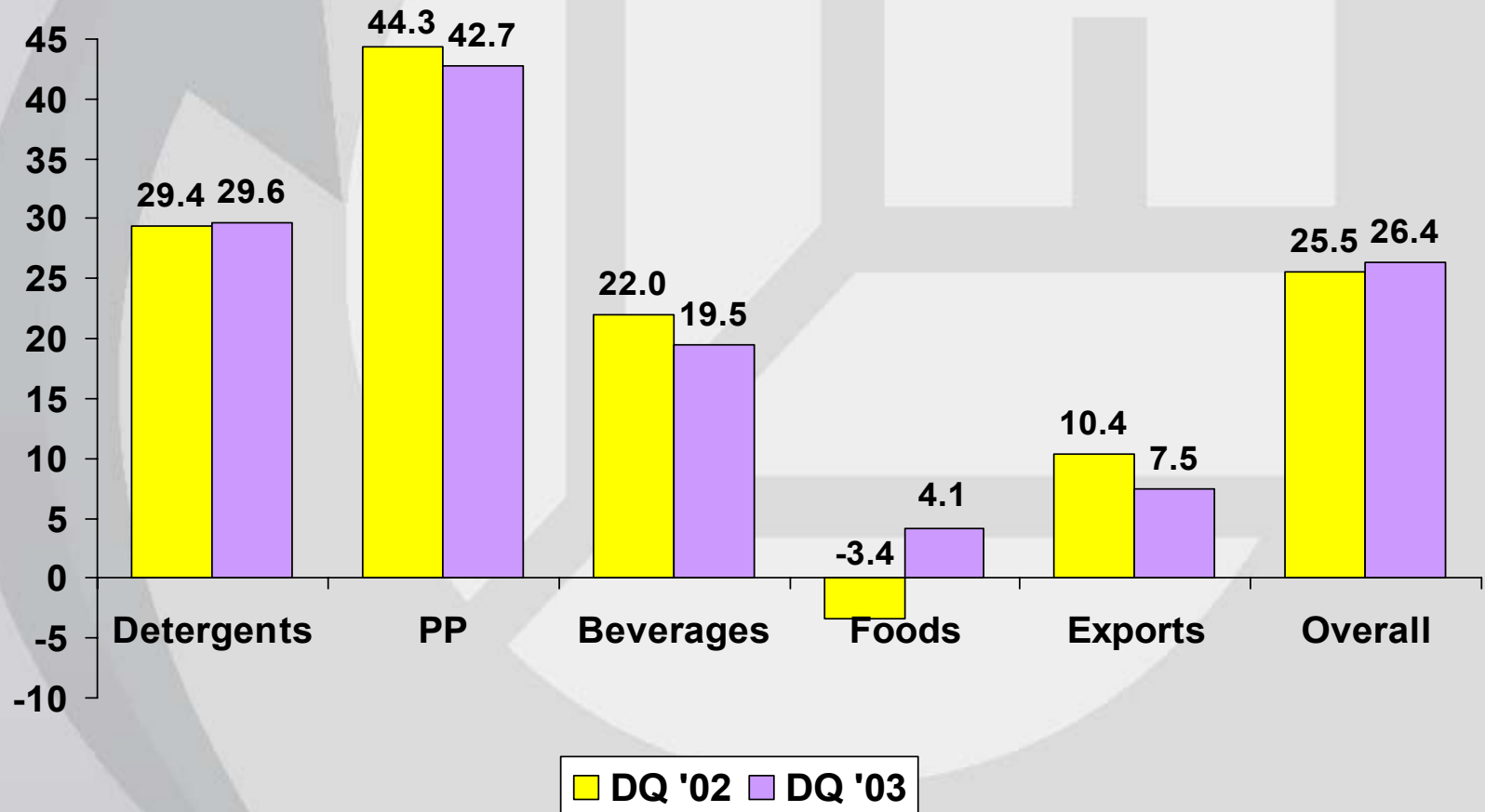


Segmental Results

Rs Crores	DQ'03	% Growth
Soaps and Detergents	324	(2.2)
Personal Products	294	15.2
Beverage	60	(14.3)
Processed Foods	4	
Ice Cream	(5)	45.7
Exports	24	(38.0)
Others	(5)	--
Total	695	1.6
Less : Interest	(32)	--
Add : Unallocable net income	(17)	--
Net Segment Result	646	(6.5)



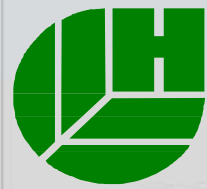
Segment Margins





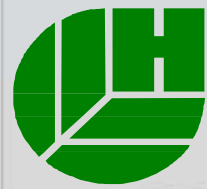
FY 2003 Sales Summary

Rs Crores	FY 2002	FY 2003	Growth %
Domestic FMCG	8132	8427	3.6
- HPC	6437	6734	4.6
- Total Foods	1695	1693	(0.1)
Exports	1221	1246	2.1
Others	157	246	56.9
CONTINUING BUSINESSES	9510	9920	4.3
Disposals / Discontinued	445	219	(50.8)
NET SALES	9955	10138	1.8



FY 2003 Results

Rs Crores	FY 2002	FY 2003	Growth %
EBIT	1926	2037	5.8
Fin Income (net)	271	268	(1.4)
	2197	2305	4.9
Int on Bonus Deb		-60	
PBT	2197	2245	2.2
Tax (Curr + Def)	-480	-488	
Tax (Prior Period)	14	48	
PAT (bei)	1731	1804	4.2
Net Profit	1770	1772	0.1



Exceptional Items - FY'03

Exceptional Items FY'03	Amount (Rs Cr)
Edible Oils and Fats Disposal Profit	56.2
Business Restructuring Cost:	
a) Provision for Est loss on disposal of FA	(54.2)
b) Compensations under VRS etc.	(45.8)
c) Mushroom Disposal.	(19.0)
Additional provision for retirement benefits mainly arising out of increase in annuity rates	(62.5)
Savings due to Funding of non-management pension liability by purchase of LIC annuity policy	48.2
Total Exceptional Items (Before Tax)	(77.1)
Exceptional Items (Net of Tax)	(32.6)



Segmental Revenue

Rs Crores	FY '03	% Growth
Soaps and Detergents	4,379	(0.1)
Personal Products	2,410	15.0
Beverage	1,184	(3.9)
Processed Foods	602	(15.7)
Memo: Processed Foods (Cont)	385	18.5
Ice Cream	93	(12.9)
Exports	1,246	(0.8)
Others	367	
Net Segment Revenue	10,245	2.1

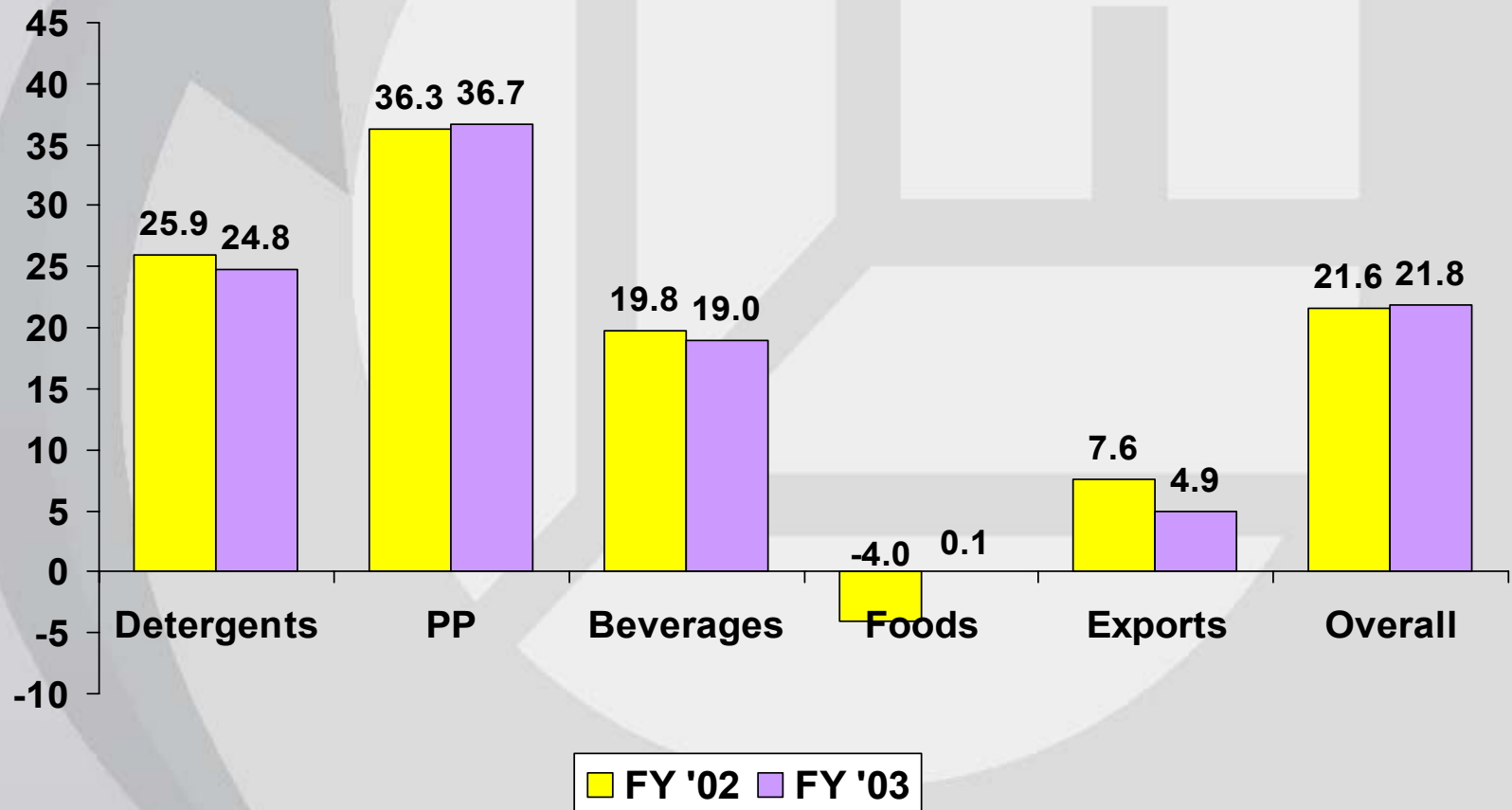


Segmental Results

Rs Crores	FY '03	% Growth
Soaps and Detergents	1,088	(4.1)
Personal Products	884	16.3
Beverage	226	(7.7)
Processed Foods	1	101.9
Ice Cream	0	102.7
Exports	62	(35.8)
Others	(15)	
Total	2,245	2.5
Less : Interest	(67)	--
Add : Unallocable net income	67	--
Net Segment Result	2,245	2.2



Segment Margins





Cash generation continues to be strong

Cash Flow '03:

Rs Crores	Year 2003	Year 2002
Business Operation	2151	2062
WC Change	(126)	(44)
Treasury income	267	272
Total Cash Generated	2292	2290
Interest on BD	(60)	
Capex	(188)	(156)
Tax paid	(407)	(441)
Total Cash Deployed	(655)	(597)
Surplus Cash Generated	1637	1693



Rewarding the shareholder

Dividend Per Share of Re 1	2002	2003
Interim	2.500	2.500
Final	2.659	3.000
Total	5.159	5.500
Distribution Tax	0.341	0.705
Total Payout	5.500	6.205



In Summary...

- Strategy on Course and delivers
 - Power Brand continues to lead growth
 - Power in Power : 6 mega brands
 - FMCG Share 93% of HLL
 - Foods Profitability momentum continues
- Sustained generation of value and cash
- Well poised for market challenges
- Firmly in saddle to drive growth agenda



Thank You