

Hindustan Unilever Limited

DQ '17 Results Presentation : 17th January 2018



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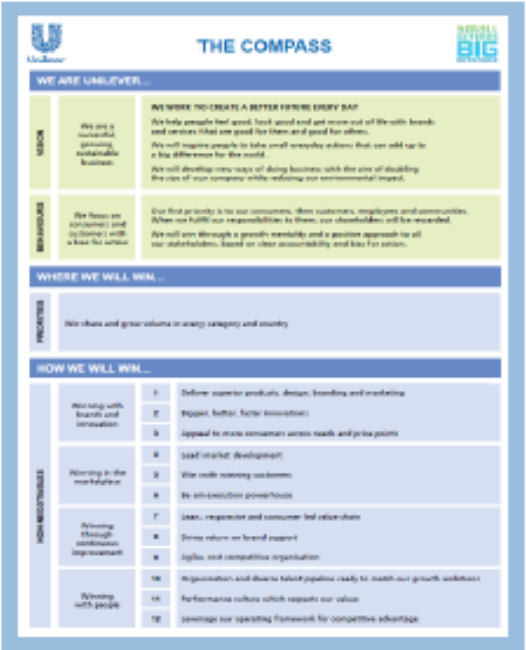


Agenda

1	Strategy
2	Business Context
3	Current Quarter Performance
4	Nine months results
5	Looking Ahead

Clear and compelling strategy

Strategic Framework



Sustainable Living Plan



Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth

DQ'17: Market context

- ☐ Trade conditions are normalizing
- ☐ Gradual improvement in demand
- ☐ Input costs continue to inflate

DQ'17: Strong volume-led growth delivered

- ❑ **Comparable* Domestic Consumer Growth 17%; Underlying Volume Growth 11%**
 - Base quarter (DQ'16) impacted by demonetization

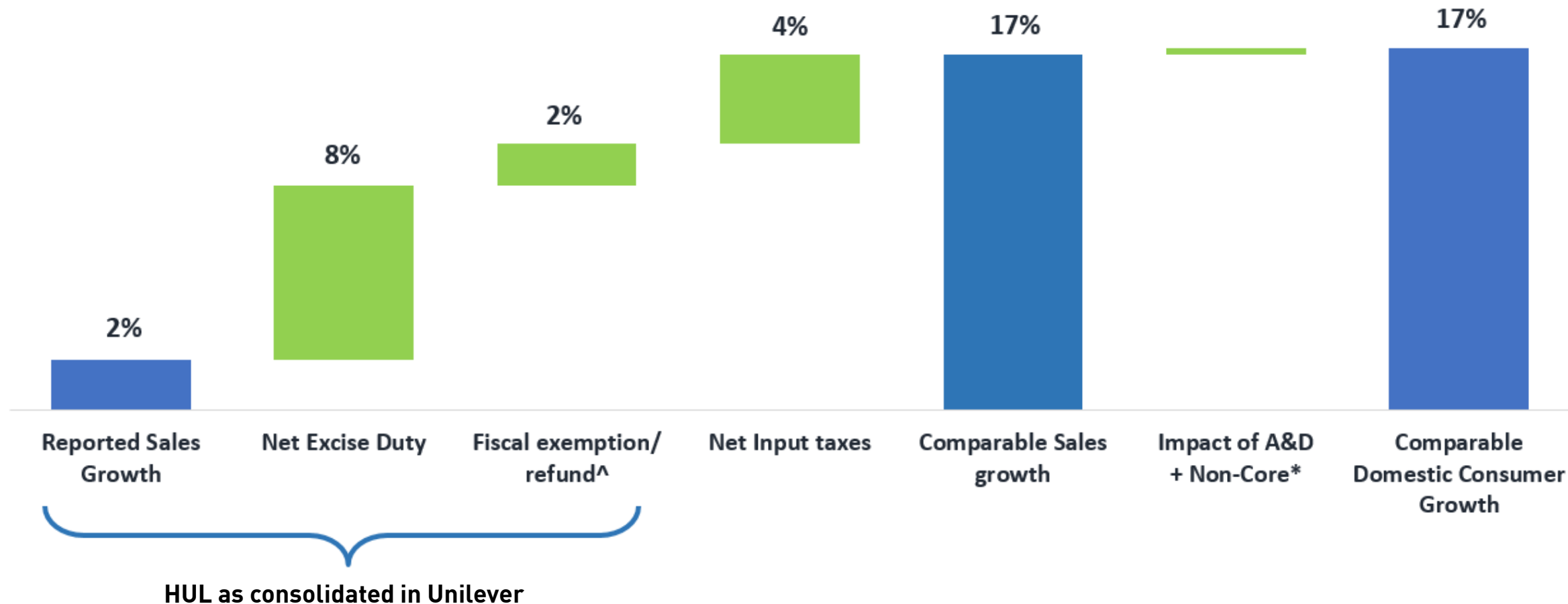
- ❑ **EBITDA at Rs. 1680 Crores up 24%; Comparable* margin up 110 bps**
 - Strong savings program sustained; Supports reduction of COGS*
 - A&P* spends stepped up

- ❑ **PAT (bei) at Rs. 1198 crores up 30%; Net Profit at Rs. 1326 crores up 28%**

'Accounting' impact of GST on HUL results

	With effect from 1st July'17		With effect from 1 st Oct'17
	Net Excise Duty	Net Input taxes	Fiscal exemption/ refund
PRE GST	Excise a cost; Turnover gross of excise	Input tax credit availed partially. Balance accounted in costs	Benefit of Indirect tax fiscal exemption and refund in excise duty cost
POST GST	Turnover in net of GST	Input taxes subsumed under GST and netted from turnover <ul style="list-style-type: none"> Costs lower as full input tax credit and full CENVAT in fiscal sites availed 	Reported as Other Operating Income, consequent to the budgetary support scheme released in October'17
IMPACT POST GST	Reported Turnover: Lower Absolute EBITDA: No impact EBITDA margin: Higher EPS: No impact	Reported Turnover: Lower Absolute EBITDA: No impact EBITDA margin: Higher EPS: No impact	Reported Turnover: Lower Absolute EBITDA: No impact EBITDA margin: Higher EPS: No impact

'Accounting' impact of GST on Growth

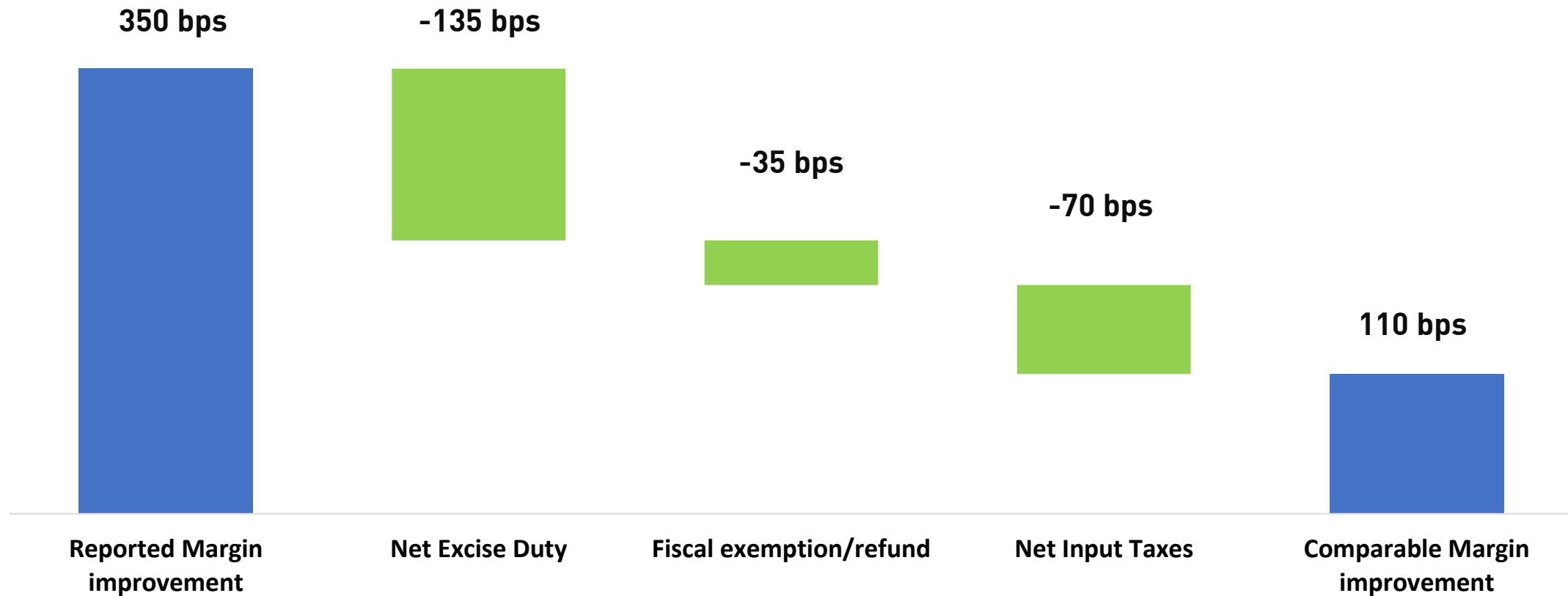


[^]2% includes impact of 6 months

*Exports + KCLL Traded Turnover 8



'Accounting' impact of GST on margins; No impact on absolute EBITDA



GST 15TH NOVEMBER CHANGES

Immediate steps taken

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

Trade actions and communication

- Modern Trade advised to pass on benefits to consumers with immediate effect; Implemented quickly
- > 1mn retailers communicated (through our Distributors) to pass on benefits on stocks accruing to them

New networks


- MRP reductions/ increase in grammage in ~ 800 SKUs
- Significant part of the networks already landed in the market

Extensive visibility


- In papers and in more than 10 languages



GST price reductions taken to pass on benefits



REMOVE TOUGH STAINS EASILY
SURF EXCEL EASY WASH
500g = ₹52




sunsilk
hair on your side

HAIRSTYLES BHI NEW, AUR PRICE BHI NEW

Now available at the post GST price of just ₹85/-

180ml




POND'S

THANKS TO GST,
SPOT-LESS FAIRNESS NOW
AT AN IRRESISTIBLE PRICE

₹79/- - ₹64/-
Get ₹15/- OFF


WHITE BEAUTY™
fairness cream

23 pack



Thanks to GST
DEEP CLEAN and MALODOUR REMOVAL
gets more affordable!
Now ~~₹52~~ **₹48***


1kg



THANKS TO GST
GET OUR BEST EVER FAIRNESS
AT AN IRRESISTIBLE PRICE

Fair & Lovely
ADVANCED
FAIRNESS TREATMENT

15g



Knorr
Chinese Noodles
Hot & Spicy

100% Plant Based

BRU
10% EXTRA

10%*

List of key SKUs with MRP reductions/ increase in grammage – published on HUL website

[Link to the document](#)

Transition impact

- ❑ As mentioned, implementation of this change was initiated immediately
- ❑ Due to paucity of time, entire benefit of the 15th November GST rate reductions on some of the pipeline stocks could not be passed on to the end consumers
- ❑ Therefore, an estimated value of Rs. 119 cr. was proactively disclosed to the CBEC on this count and we offered to pay this amount suo motu to the Government
- ❑ This amount is not recognised as revenue and is accounted as a liability as on 31st December'17

Broad based volume led growth across segments

Segments	Reported Sales Growth* (%)	Comparable Sales Growth^ (%)
Home Care	3%	20%
Personal Care	0%	17%
Refreshment	7%	13%
Foods	8%	18%
HUL	2%	17%

- **Home Care:** Double digit volume growth across categories
- **Personal Care:** Broad based growth across Personal Products and Personal Wash
- **Refreshment:** Sustained robust performance
- **Foods:** Strong growth led by Kissan

**Reported Sales growth = Segment Turnover growth excluding Other Operational Income (Excludes impact of A&D)*

^Comparable Sales growth = Segment Turnover growth excluding Other Operational Income but including Fiscal exemption/ refund and net of excise & input tax costs in base quarter (Excludes impact of A&D) 14

Continued focus on innovations and activations



12 HOUR MOISTURISATION FOR GLOWING SKIN

LAKME PEACH MILK MOISTURISER AND CRÈME

NEW

LAKME PEACH MILK MOISTURISER

LAKME PEACH MILK SOFT CRÈME

LAKME REINVENT



YOGA FOR YOUR LUNGS!

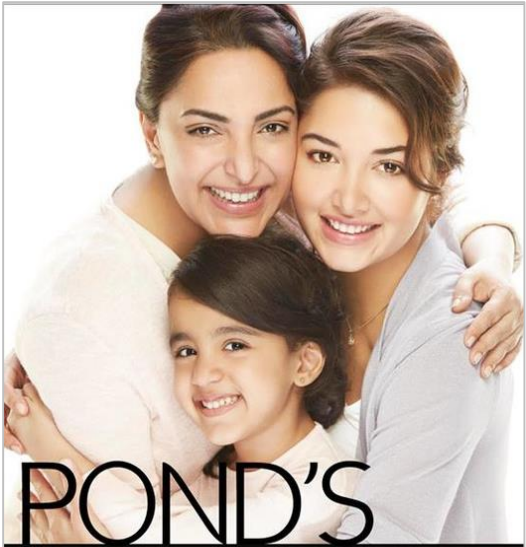
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Air Purifier certified to remove 99% of the 6 widest range of air pollutants in just 1 hour.

pureit

AIR PURIFIER

KNOW MORE



POND'S



A CHILDREN'S DAY SPECIAL

kissan PRESENTS

#RealTogetherness

A heart-warming story of friendship between a child and his grandfather

Watch the film on: [/kissanindia](#)

Share your moments of #RealTogetherness on: [/kissanindia](#)



Knorr supports WFP

Food lovers. Stop posting. Start sharing.

#ShareTheMeal #Knorr



Surf excel

#HAARKOHARAO

PLEASE TO L FAIR RE EX



This winter, give your skin Pond's ki jhappi.

24 hour moisturisation + nourishment + protection

moisturising cold cream

INSIDE: 10 essential nutrients and moisturisers seep deep inside* to help nourish and moisturise the dry winter skin cells.

OUTSIDE: Makes skin beautifully soft and moisturised on the outside

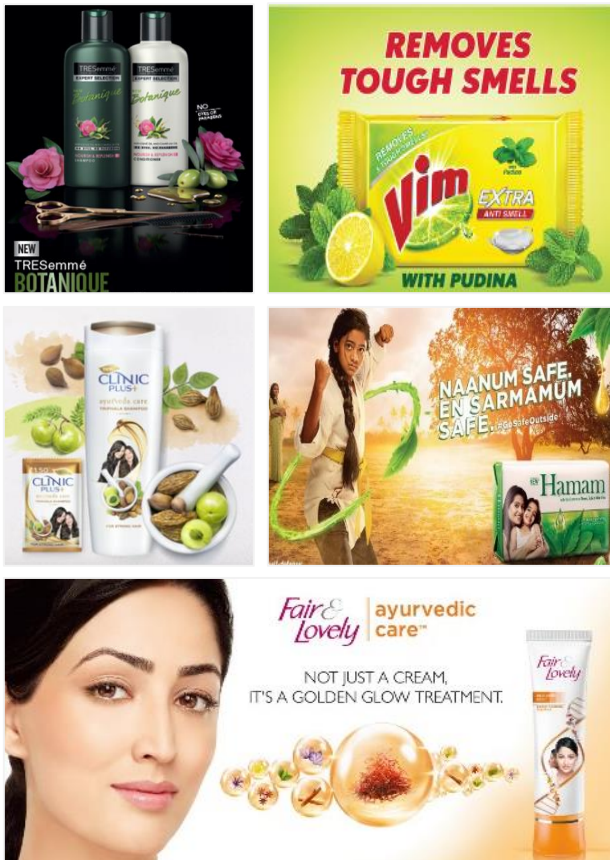
POND'S

MOISTURISING COLD CREAM

A MOISTURISING BREAKTHROUGH BY THE POND'S INSTITUTE | POND'S.IN

Progressively building the naturals portfolio

Within the existing portfolio



Building a master brand



Building specialist brands



Home Care

Double digit volume growth across categories



- ❑ **Fabric Wash:** Robust double digit growth across key brands
- ❑ **Household Care:** Growth led by strong performance in Vim
- ❑ **Purifiers:** Pureit launches a range of Air purifiers



Personal Care

Broad based growth across Personal Products & Personal Wash



- ❑ **Personal Wash:** Robust growth across key brands
 - Dove & Pears lead category growth
- ❑ **Skin Care:** Growth driven by strong performance of Fair & Lovely
- ❑ **Hair Care:** Broad based volume led growth





Personal Care : Contd.

Broad based growth across Personal Products & Personal Wash



- ❑ **Colour Cosmetics:** Strong growth sustained
- ❑ **Oral Care:** Activations aid growth
- ❑ **Deodorants:** Performance led by Axe

LUX

Dove

Pears®

Rexona

Hamam



NEW Fair & Lovely

POND'S

Vaseline

Citra

LAKMÉ

St. Ives

CLINIC PLUS+

! sunsilk

TRESemmé
USED BY PROFESSIONALS®

indulekha

closeup

Pepsodent

ayush
therapy

AXE

Refreshment

Sustained robust performance



- ❑ **Tea:** Tea continues to deliver double- digit growth through our WiMI strategy and market development
- ❑ **Coffee:** Strong performance delivered
- ❑ **Ice Cream & Frozen Desserts:** Growth momentum continues



Foods

Strong growth led by Kissan




- ❑ **Kissan:** Broad based growth across Ketchups and Jam
- ❑ **Knorr:** Growth was led by a strong performance in Soups




A&P Strategy: Focused and more effective

Content



LUX GOLDEN ROSE AWARDS
WHERE STARS BECOME LEGENDS
—2017—
Celebrate THE Beautiful
PERFORMANCES BEHIND THE BEAUTIFUL FACES.




kissan
TIFFIN TIMETABLE
Har Din Naya Tiffin
Har Din Empty Tiffin

TIFFIN TIMETABLE

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
Breakfast: Banana	Breakfast: Banana	Breakfast: Banana	Breakfast: Banana	Breakfast: Banana
Midday: Apple	Midday: Apple	Midday: Apple	Midday: Apple	Midday: Apple
Evening: Mango	Evening: Mango	Evening: Mango	Evening: Mango	Evening: Mango
Bedtime: Kiwi	Bedtime: Kiwi	Bedtime: Kiwi	Bedtime: Kiwi	Bedtime: Kiwi

**200 Recipes.
200 School Days.**



BE BEAUTIFUL
presents
BRIDAL MAKEUP FOR A SANGEET

Data & Profiling









Strong data repository


Brand experiences




KNORR
#MERASOUPSNACK #KNORR
VISIT THE KNORR POP UP AT THE LIL FLEA AND EXPERIENCE THE FUN OF MAKING YOUR OWN SOUP SNACK
Served by
MERA SOUP SNACK
DATE - 15 - 17 DEC'17
TIME - 12 PM ONWARDS
LOCATION - MMRDA GROUNDS, BKC, MUMBAI.




POND'S
AMONGST 150 MILLION INSTAGRAM USERS, 35 MILLION POSTS ARE ABOUT SELFIES!
#SELFIE STORY




Lakme
Bridal looks by Lakme
With pristine skin that's arched and highlighted to perfection... there's no better canvas to set your features in the most ethereal manner. Eclectic, Egyptian winged eyeliner and shimmering peach lips complete the look.
Dazzling Diva
Shop now




FEMINA
10 heroes
LISA RAY
HEROES OF THE MONTH
THE ROYALTY



#SUNSLKINDIA
5 POST HAIR WASH TIPS & TRICKS



sunsilk
BEND
ROLL
PLACE



QUALITY WALL'S

Strong savings agenda aids YTD margins; Inflationary pressures building up

Our Program

Integrated in our culture



Ownership mindset



Organisation wide initiative

End to end program

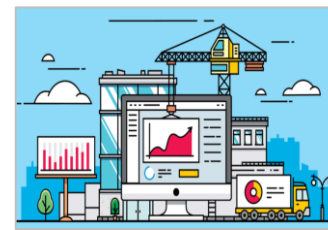


Zero Based Approach



Blue sky thinking

Enhancing competitiveness



Market competitive business model



Cutting complexity; driving agility

Crude



MQ'16

DQ'17

Inflationary trends seen

DQ'17: Results Summary

Rs. Crores

Particulars	DQ'17	DQ'16 (Reported)	Growth %
Sales	8,323	8,124	2^
EBITDA	1,680	1,355	24
Other Income	152	83	
Exceptional Items – Credit / (Charge)	(21)	153	
PBT	1,685	1,486	
Less : Tax	359	448	
PAT bei	1,198	920	30
Net Profit	1,326	1,038	28

- Comparable* Domestic Consumer Growth at 17%^
- Other Income up due to dividend income from subsidiary
- Exceptional income includes profit on sale of properties in base (Rs. 159 Crores)
- Tax amount low due to reversal of tax provisions of previous year

NINE MONTHS ENDING 31st DECEMBER 2017

Nine Months 2017-18 : Results Summary

Rs. Crores

Particulars	YTD DQ 17	YTD DQ 16 (Reported)	Growth %
Sales	25,616	25,122	2^
EBITDA	5,228	4,396	19
PAT bei	3,726	3,129	19
Net Profit	3,886	3,307	18

- Comparable* Domestic Consumer Growth at 11%^
- Comparable* EBITDA margin improvement at 150 bps

Looking ahead

Near term expectations

- ❑ Gradual improvement in demand to sustain
- ❑ Further inflation in input costs

Our strategy

- ❑ Continue to remain agile in the face of uncertainty
- ❑ Focus on volume driven growth and improvement in operating margin
- ❑ Consistent, Competitive, Profitable, Responsible Growth



For more information and updates

Visit our website

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

December Quarter 2017 results

Hindustan Unilever Limited will release its financial results for December Quarter 2017 on Wednesday 17 January, 2018.

[View more](#)



HUL Investor App

