

# HINDUSTAN UNILEVER LIMITED

## JQ'20 Results Presentation



*Hindustan Unilever Limited*

21<sup>st</sup> July, 2020

Sensitivity: Public

# Safe Harbor Statement

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# Sanjiv Mehta

## Chairman & Managing Director

21<sup>st</sup> July, 2020

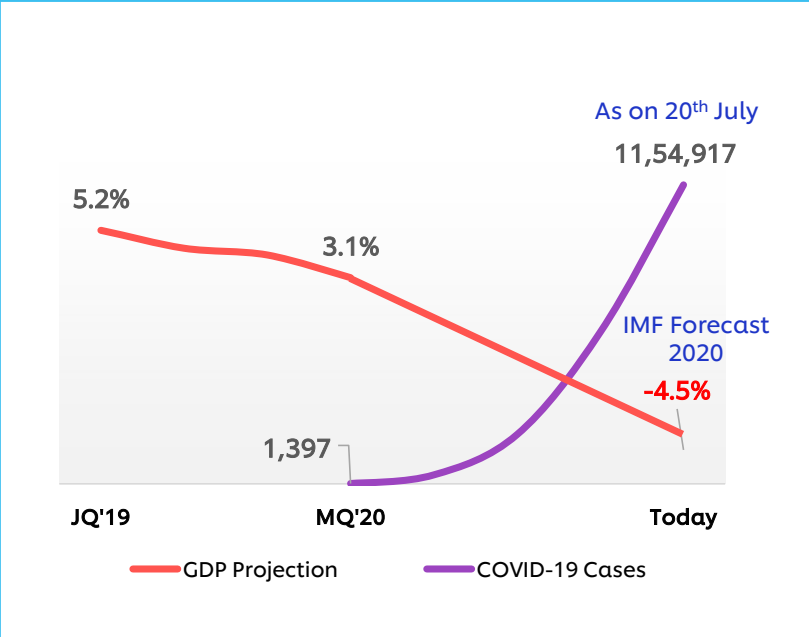
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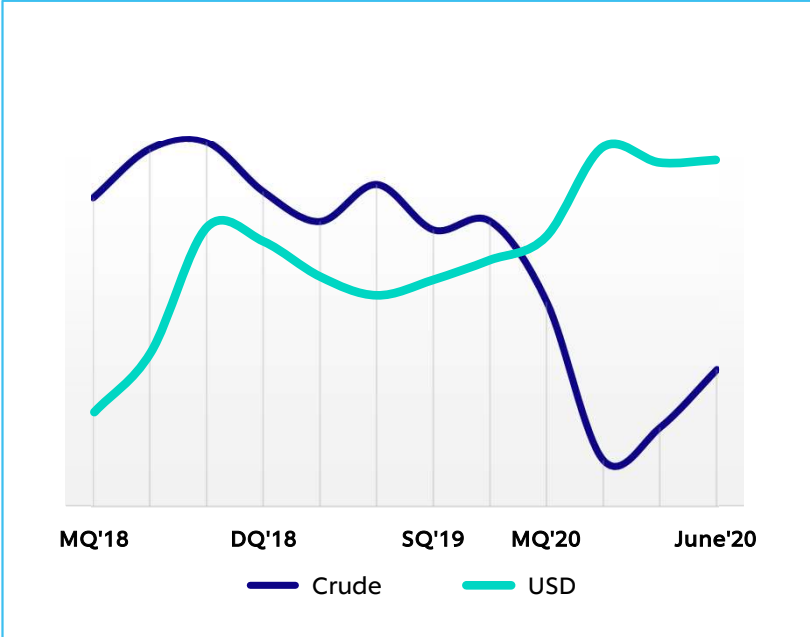
*Hindustan Unilever Limited*

# Market context : Remains challenging

### Economic uncertainty in face of COVID-19



### Heightened volatility in crude & currency



# Our strategy is serving us well

Guiding framework



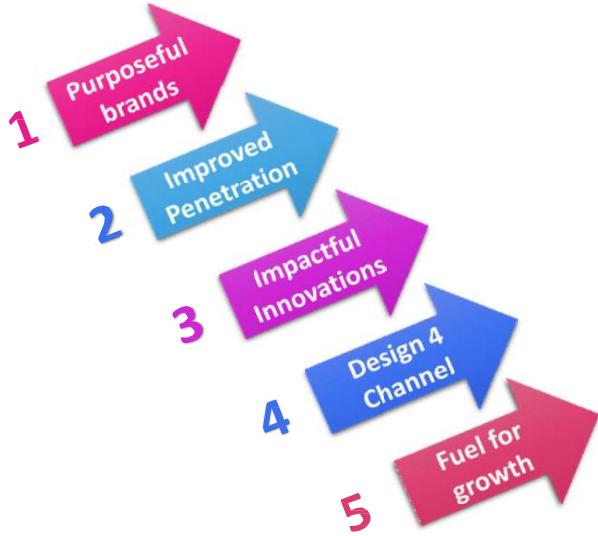
Purpose-led, Future-Fit

4G growth model



Consistent, Competitive, Profitable, Responsible Growth

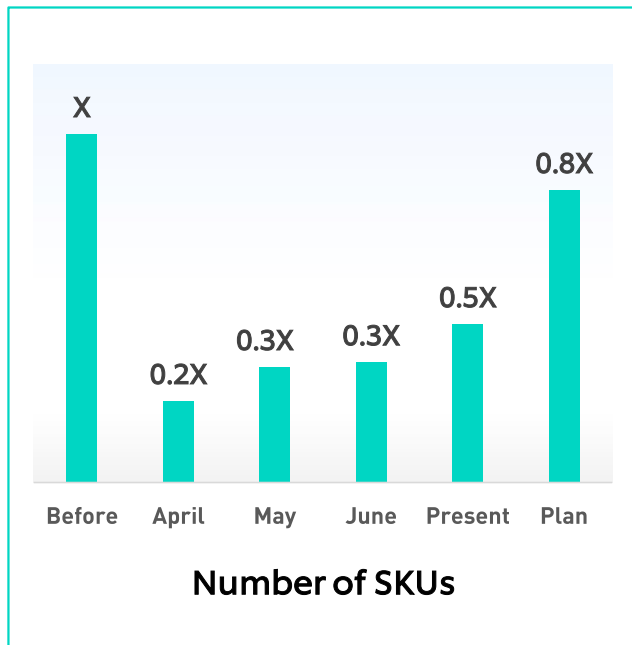
Fundamentals of growth



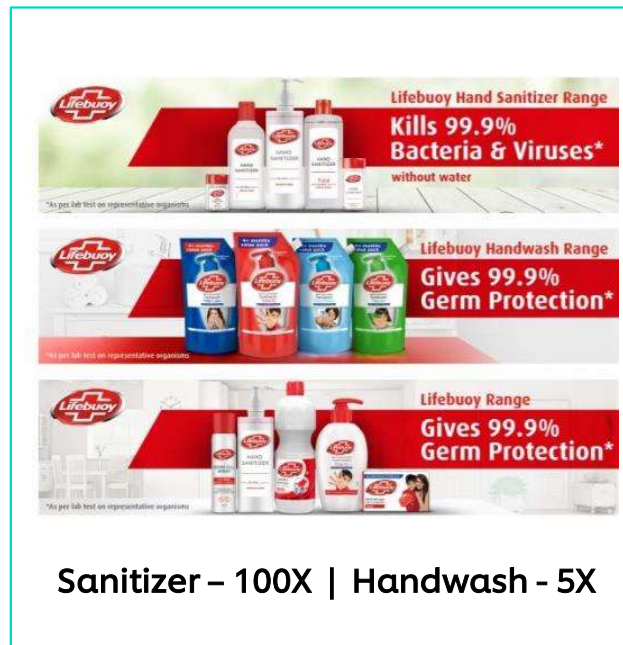


# Agility and responsiveness enables turnaround in operations

## Portfolio prioritization



## Capacity unlocks



## New demand capture & fulfilment models

2X

Vs. pre-COVID levels

Average order value & #SKUs ordered

eB2B: A competitive advantage



# Nutrition business: Seamless virtual integration

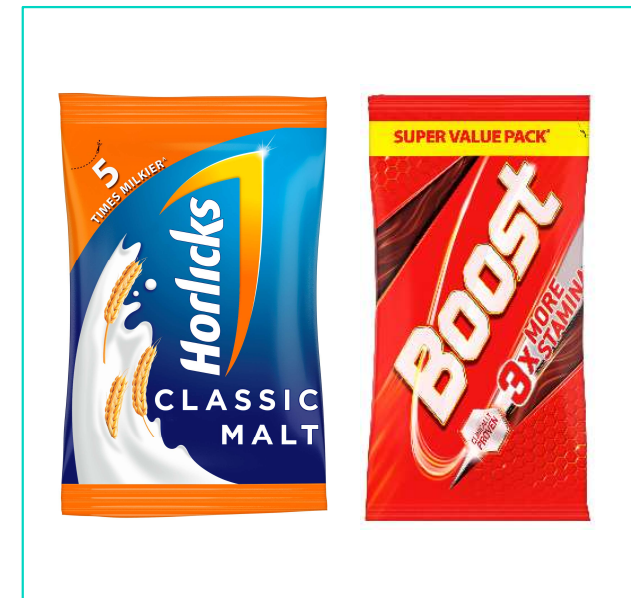
## Competitive growth



## Value-added innovations



## Enhancing accessibility



Structural growth and margin opportunity remains unchanged



# Addressing the consumer needs during COVID-19

## Clean living, Protection & Immunity



c.80% portfolio in  
Health, Hygiene & Nutrition

## Cocooning



Dialling up 'In-home'

## Conscious Consumption



₹ ₹ ₹  
High income



₹ ₹  
Mid income



₹  
Low income



Straddling the  
price-benefit pyramid

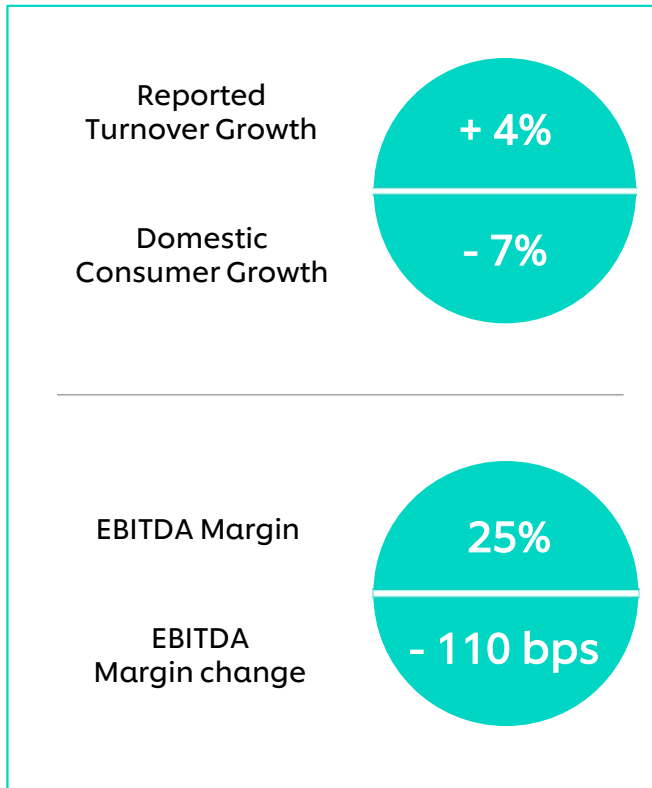
## E-everything



Re-imagining HUL:  
A competitive edge

# JQ 20 : Resilient performance

## Performance summary



## #HULStandsWithTheNation (Rs. 100 Crore committed)

### Product donations



### Healthcare partnerships



### Protecting our ecosystem



### Creating mass awareness



# Srinivas Phatak

## Chief Financial Officer

21<sup>st</sup> July, 2020

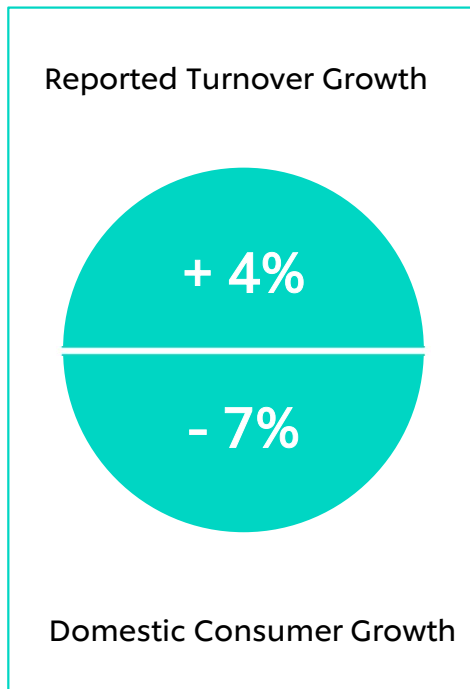
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# JQ'2020: Resilient performance in current context

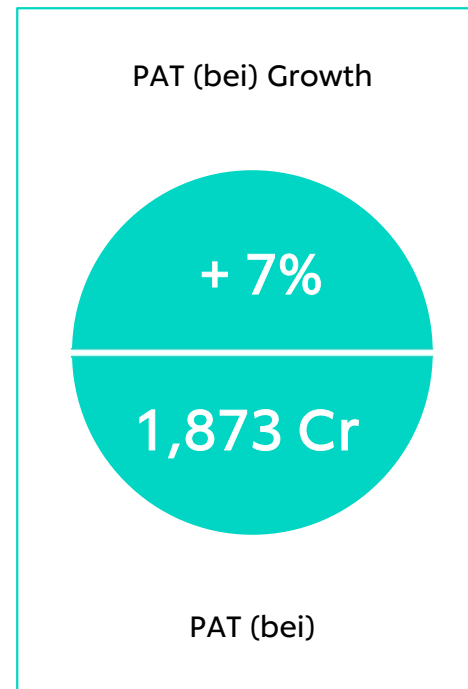
## Growth



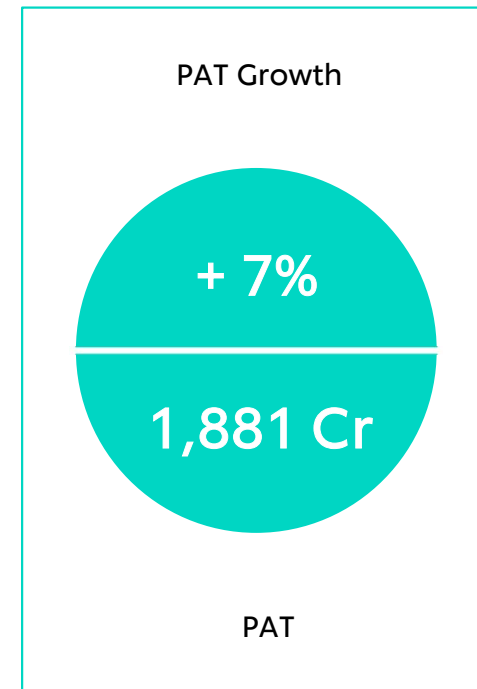
## EBITDA



## PAT (bei)



## Net Profit



**Growth competitive : 86% business winning share\***

*Difference between Reported Turnover Growth and Domestic Consumer growth reflects the impact of merger of GSK CH*

*\*Basis L3M May 2020 volume data as per Kantar Worldpanel* **12**

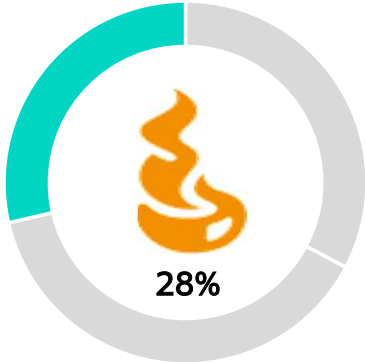
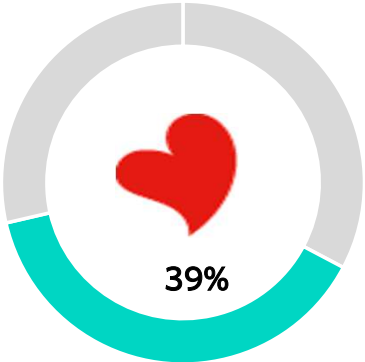
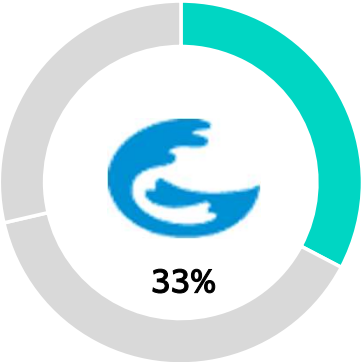


# Health, Hygiene and Nutrition perform well

HOME CARE

BEAUTY & PERSONAL CARE

FOODS & REFRESHMENT



Sales Growth\*

- 2%

- 12%

- 4%



\*Sales growth excludes the impact of merger of GSK CH 13

# Home Care

Solid portfolio performance across Household Care and Fabric Wash

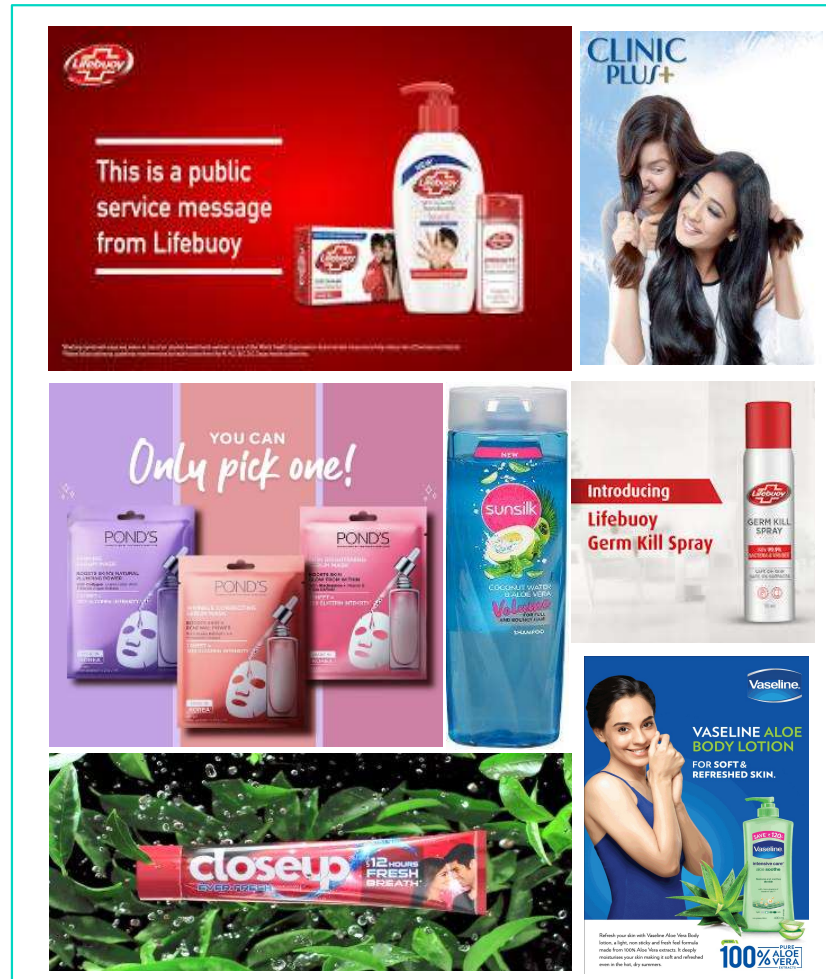


- ❑ **Household Care:** Penetration gains leading to strong growth across home & hygiene portfolio
  - *Domex with sodium hypochlorite proven to kill the virus in 60 seconds*
- ❑ **Fabric Wash:** Stable performance in both mass and premium portfolio
  - *Surf Excel remaining consumer and contextually relevant with #DaagGharPeRahenge*
- ❑ **Purifiers:** Performance impacted due to the 'Consumer Durables' nature of category



# Beauty & Personal Care

*Skin Cleansing outperforms; Discretionary categories impacted*

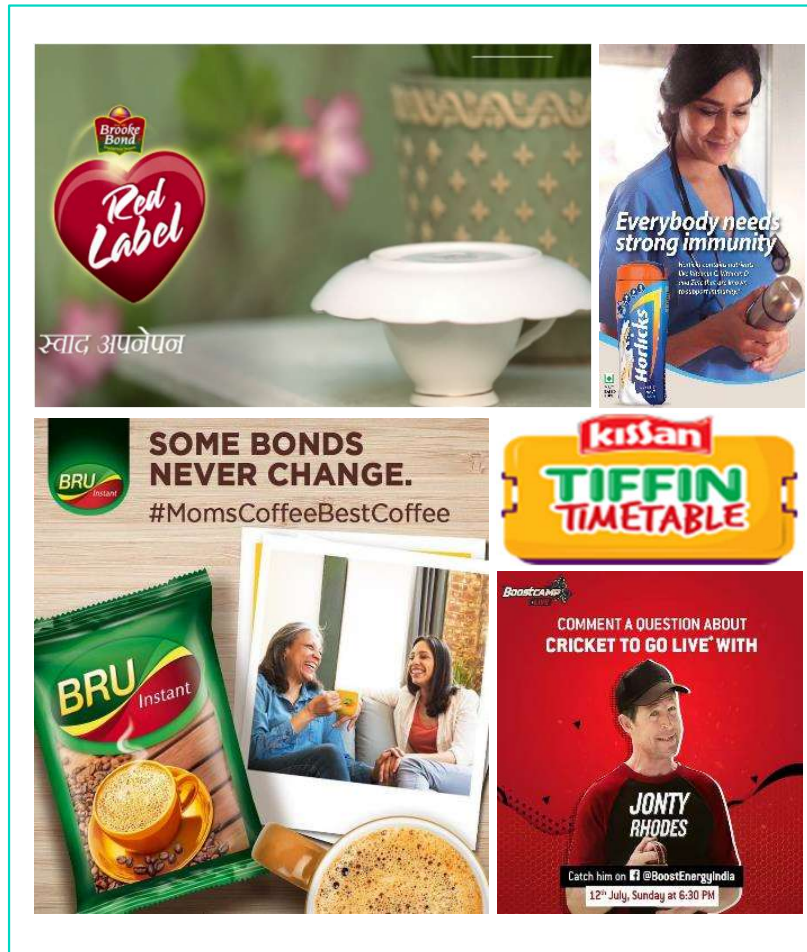


- ❑ **Skin Cleansing:** Strong double-digit growth across formats led by Lifebuoy
  - *Handwash & Sanitizers witness demand upsurge*
- ❑ **Oral Care:** Good delivery with momentum on CloseUp strengthening
- ❑ **Hair Care:** Demand picks up during latter half of quarter; Hair care is a key part of consumers' consideration set for 'Hygiene' needs
- ❑ **Discretionary segments of Skin, Deos and Color :** Adversely impacted
  - *Green shoots in parts of Skin Care portfolio*



# Foods & Refreshment

Strong growth across brands riding the trends: 'In-home, wellness & immunity'



- ❑ **Foods:** Broad-based double-digits growth across segments on back of 'In-home' consumption tailwind
- ❑ **Beverages:** Both tea & coffee deliver strong double-digits growths with consumption shifting 'In-home'
  - Heightened consumer interest around wellness and immunity augurs well
- ❑ **Nutrition:** Addressing consumer needs around nutrition & immunity
  - Launched Horlicks with added Zinc to address immunity boosting need
- ❑ **Ice Cream, Food Solutions & Vending:** Severely impacted due to out-of-home consumption loss





# Portfolio snapshot in the times of COVID

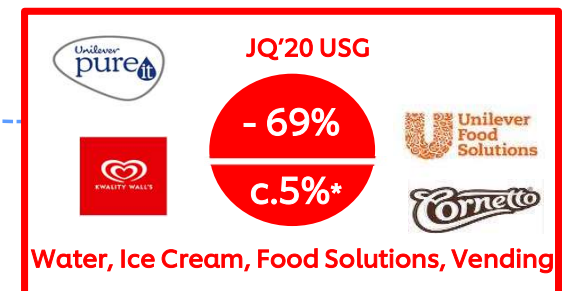
## Health, Hygiene & Nutrition



## Discretionary and supply constrained

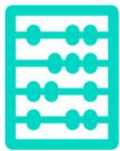


## Out of home



# P&L: Deft management to address volatility & support growth

## Headwinds due to COVID-19



Adverse mix



De-leverage



COVID-related on-cost

## Cost agility



Savings agenda dialled up



BMI spends recalibrated, competitiveness maintained



Unlocking synergies from Nutrition business

# Segmental Performance

## HOME CARE



INR 3,392 Cr

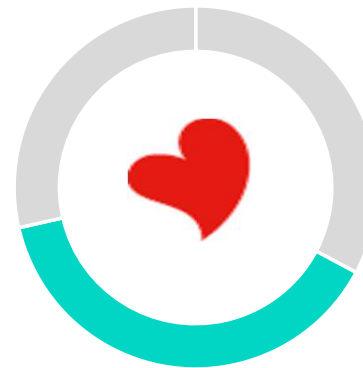
Segmental Revenue Growth\*

- 2%

Segmental Margins\*\*

19%

## BEAUTY & PERSONAL CARE



INR 4,039 Cr

- 12%

28%

## FOODS & REFRESHMENT



INR 2,958 Cr

+ 52%

20%

\*Segment Revenue Growth = Segment Turnover growth + Other Operating Income + Impact of merger of GSK CH

\*\* Segment Margins (EBIT) excludes exceptional items 19

# JQ'20: Results Summary

Rs. Crores

Particulars	JQ'20	JQ'19	Growth %
Sales	10,406	9,984	4%*
EBITDA	2,644	2,647	Flat
Other Income (Net)	127	123	
Exceptional Items – Credit / (Charge)	(118)	7	
PBT	2,411	2,563	- 6%
Tax	530	808	
PAT bei	1,873	1,751	7%
Net Profit	1,881	1,755	7%

- \*Domestic Consumer Growth at - 7%
- Exceptional items include costs related to Nutrition business merger and integration



# Special Dividend

Special Dividend per share



Total Special Dividend

- Business operations are well funded, and our financial model continues to be strong
- Scheme of Arrangement for transfer of balance in General Reserve of Rs. 2187.33 crores to Profit & Loss Account was approved by Shareholders in 2016. Subsequently the scheme was sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench, vide its order dated 30th August 2018.
- The Board has approved the distribution of the reserves to shareholders by means of a special dividend of Rs.9.50 per share.



# Looking ahead

## Near-term outlook

- ❑ Unprecedented times : Difficult to estimate market growths and / or consumer demand.
- ❑ Volatility in input costs and currency to continue. Liquidity pressures remain elevated

## Organizational strengths



Brand portfolio designed for future normal



Strengths and experience



Growth fundamentals working well



Organizational agility and speed

## Key metrics



Competitive volume-led growth



Absolute profit



Cash delivery



