Hindustan Unilever Limited

Investor Presentation
Citigroup India Mini Conference

SP Mustafa
VP- Treasury
M & A and Investor Relations

6-7th September, 2007

Safe harbour statement

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Agenda

Overview
India Opportunity
HUL - Uniquely Placed
Financials
Strategy and Markets

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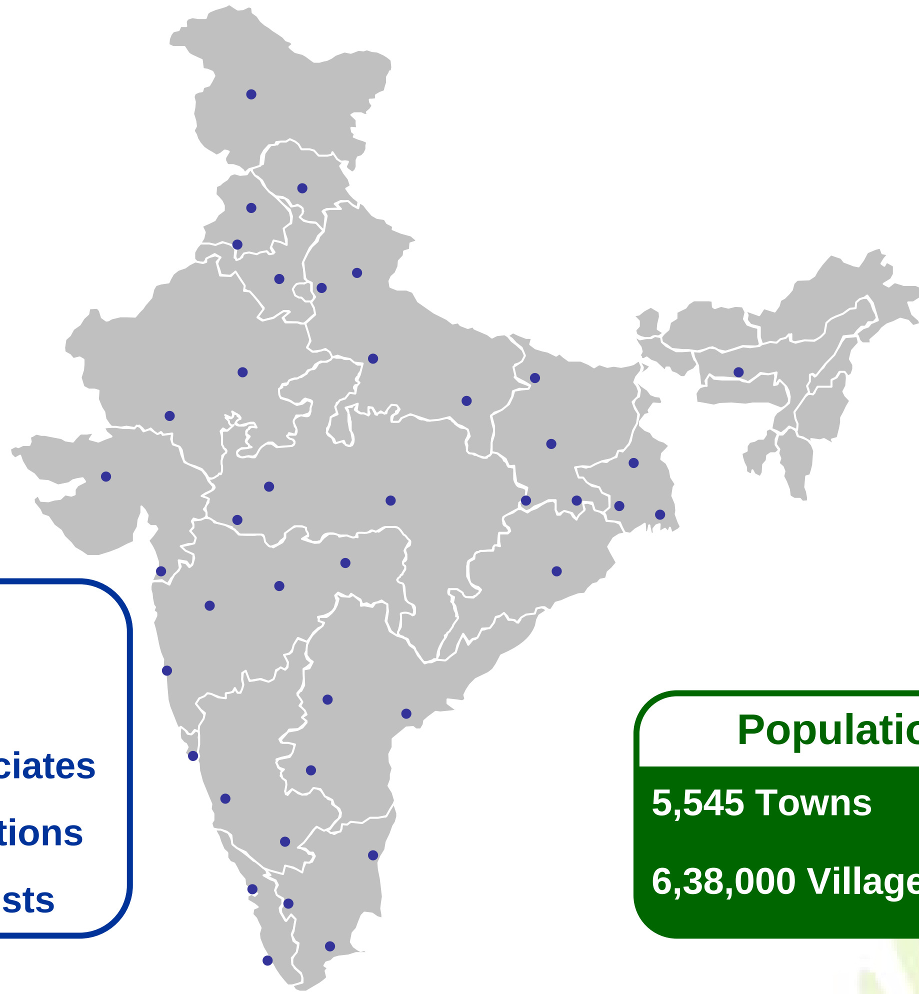
HUL - India's largest FMCG company



~ 15,000 employees

~ 1,200 managers

~ 2,000 suppliers & associates

~ 75 Manufacturing Locations

~ 45 C&FAs, 4,000 Stockists

Population 1027 Mln	
5,545 Towns	**2.5 Mln outlets**
6,38,000 Villages	**5.0 Mln outlets**

* Source:

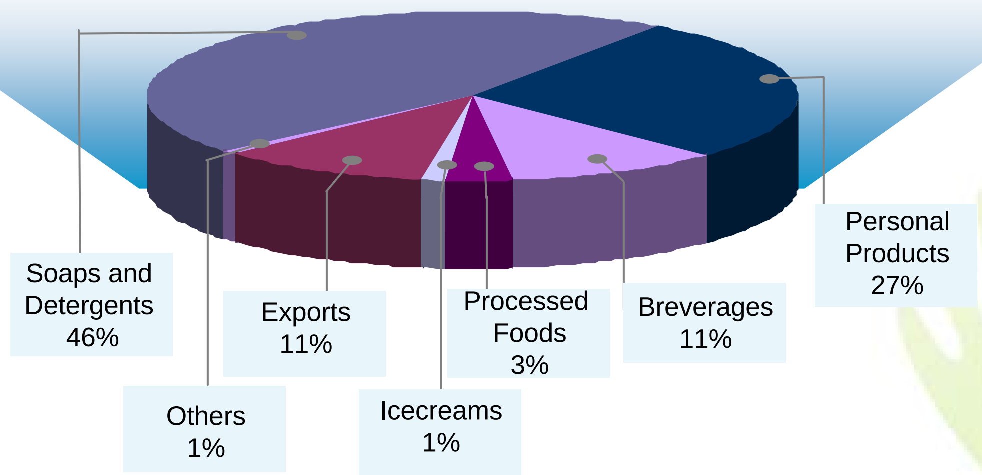
(1) Statistics on India, Total Coverage : AC Nielsen, Census of India 2001

(2) Statistics on Market reach : MRUC, Hansa Research - Guide to Indian Markets 2006

Financial Overview 2006

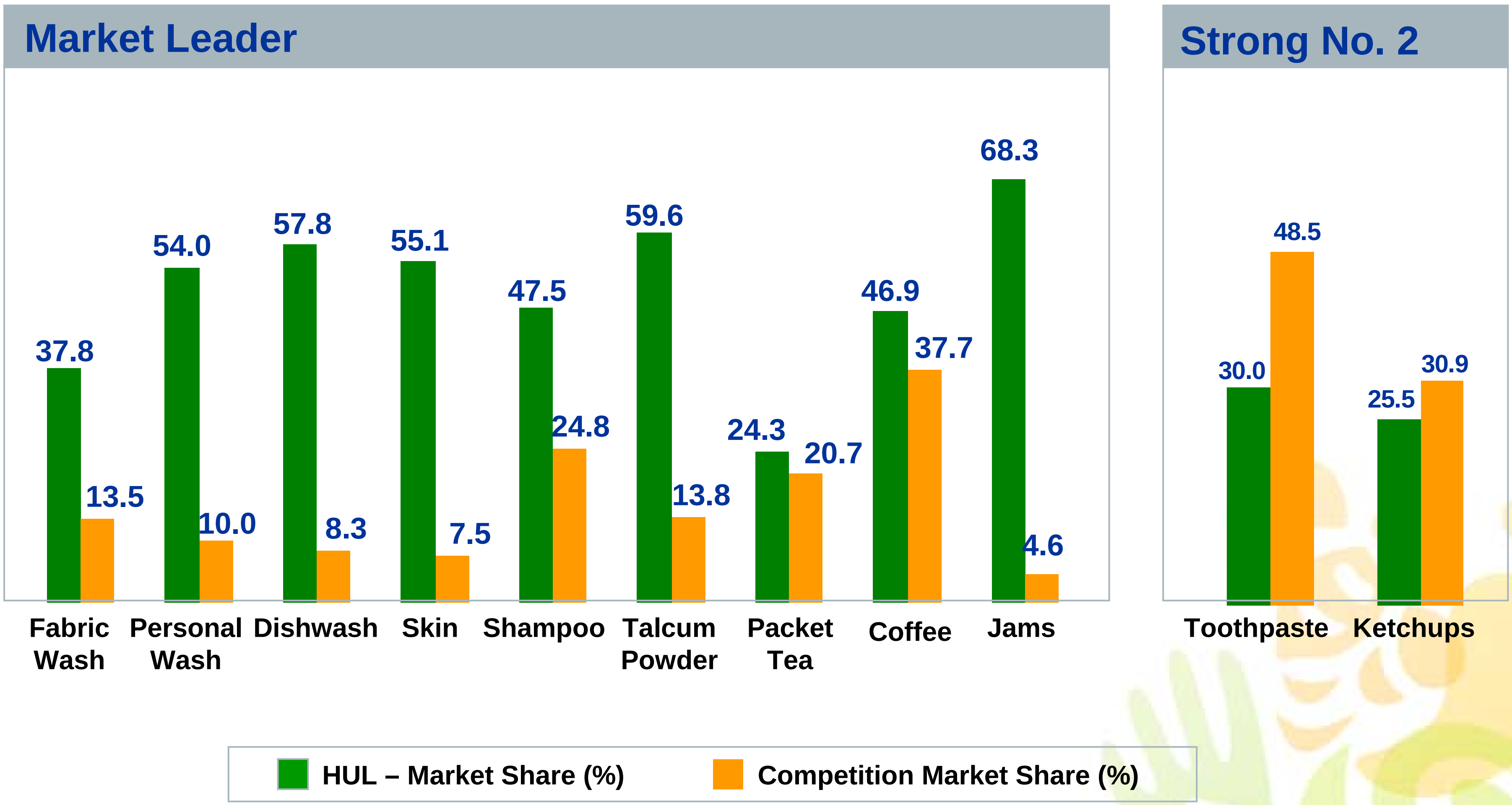
Mn $

Turnover	2966
EBIT	419
EBIT %	14.1%
PAT (bei)	377
Reported Profit	455
EPS	21c
Operating Cash Flow	365
Market Capitalisation	~11120



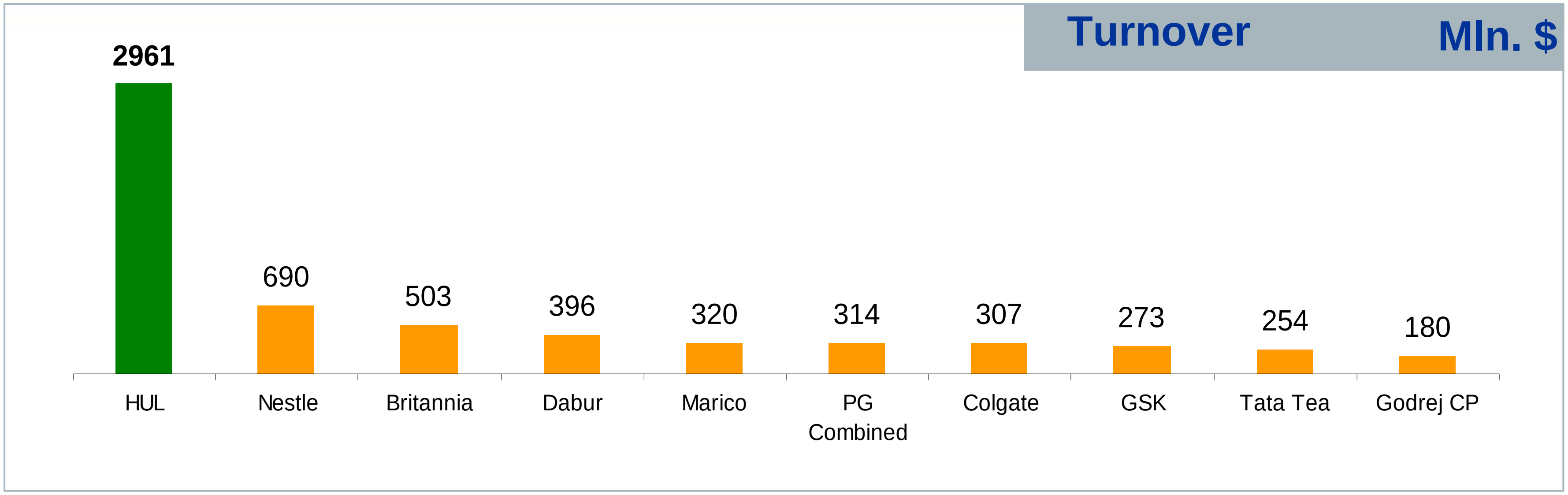
* Figures based on FY2006 Audited Results ++ Market Capitalization as per NSE as on 27th July 2007

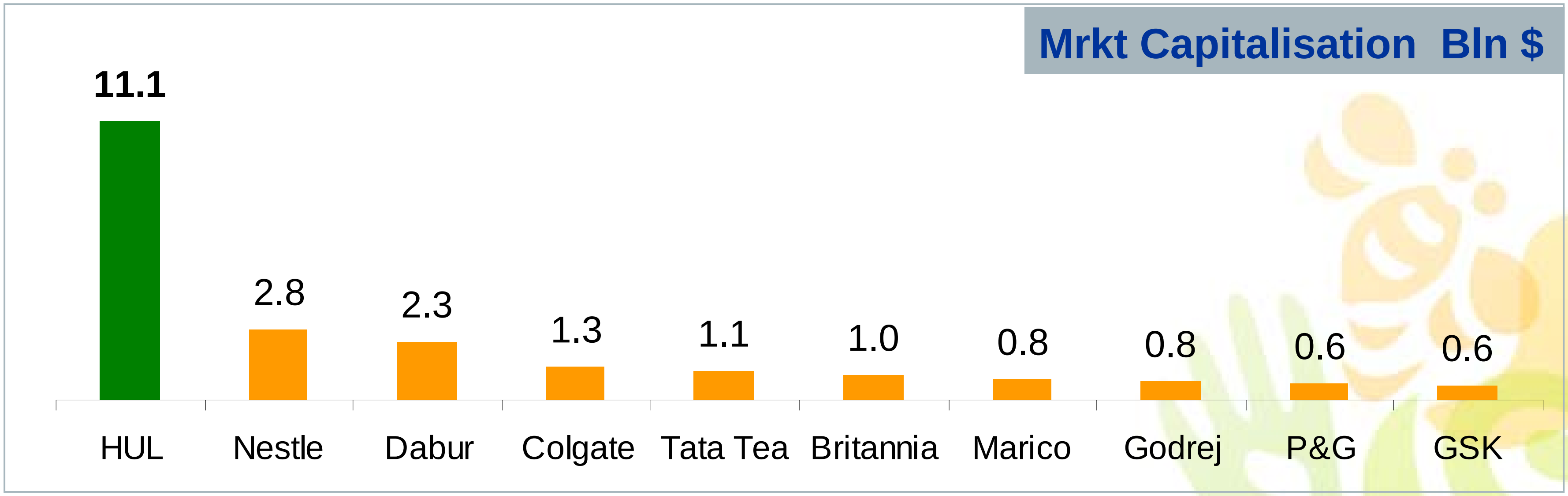
Leadership across Diverse FMCG Categories



Source : A.C Nielsen - Quarter Ended June 2007 Value shares

HUL – Largest FMCG Company



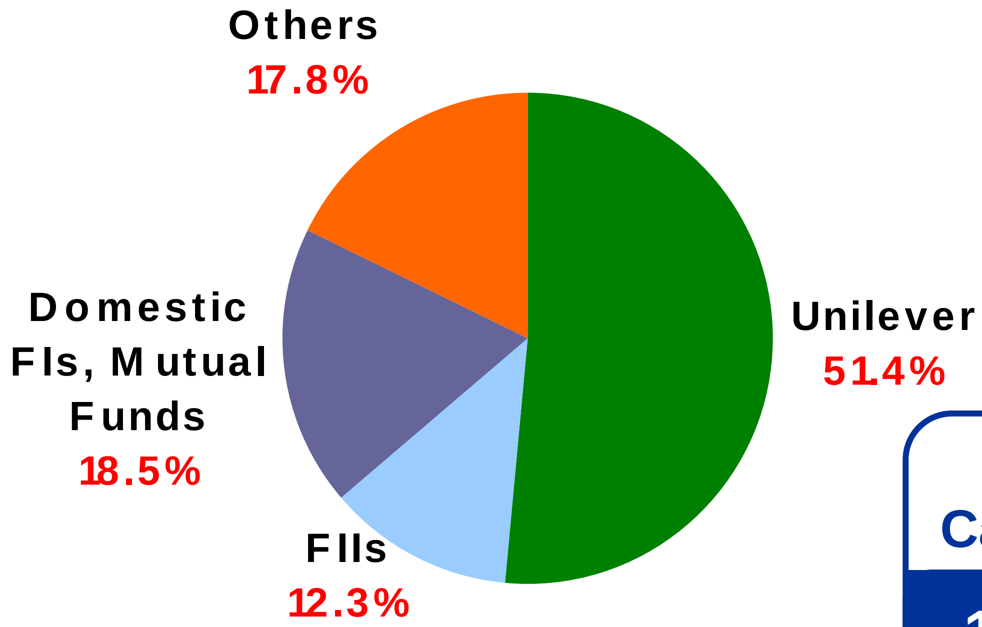


2006 TTM Turnover – Mln $ Source: Audited Reports and Company Press release
P&G Turnover is the combined Turnover of its listed entity together with its estimated turnover of its unlisted entity
Market Capitalisation as on 27th July 2007

HUL Shareholding Pattern

HUL Equity Capital

50 Mln $



Market Capitalization

11.1 Bln $

* Shareholding pattern as on 30st June 2007

++ Market Capitalization as on 27th July 2007

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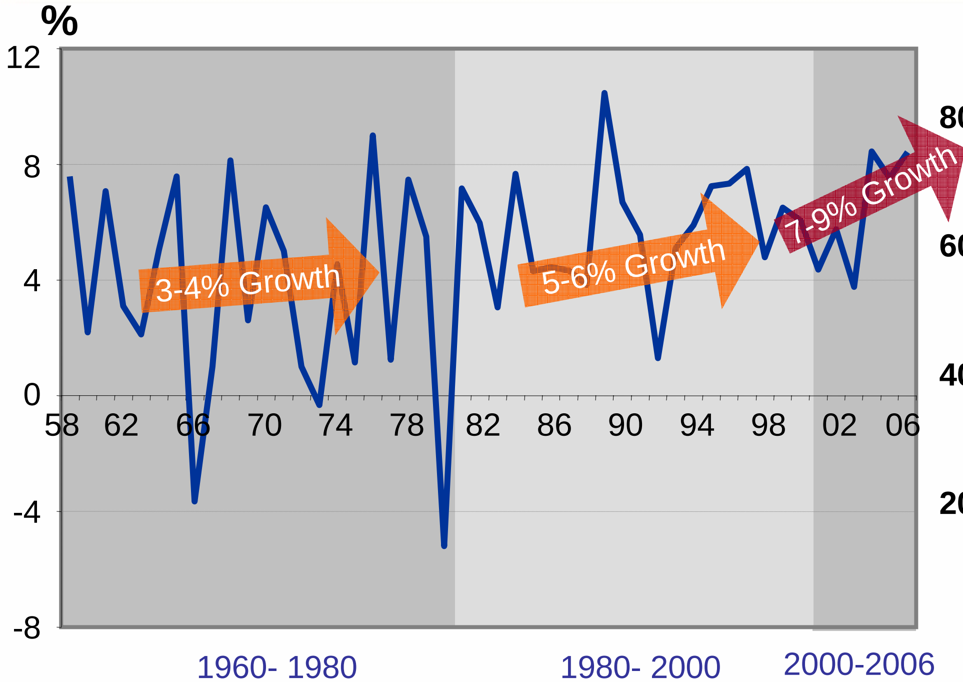
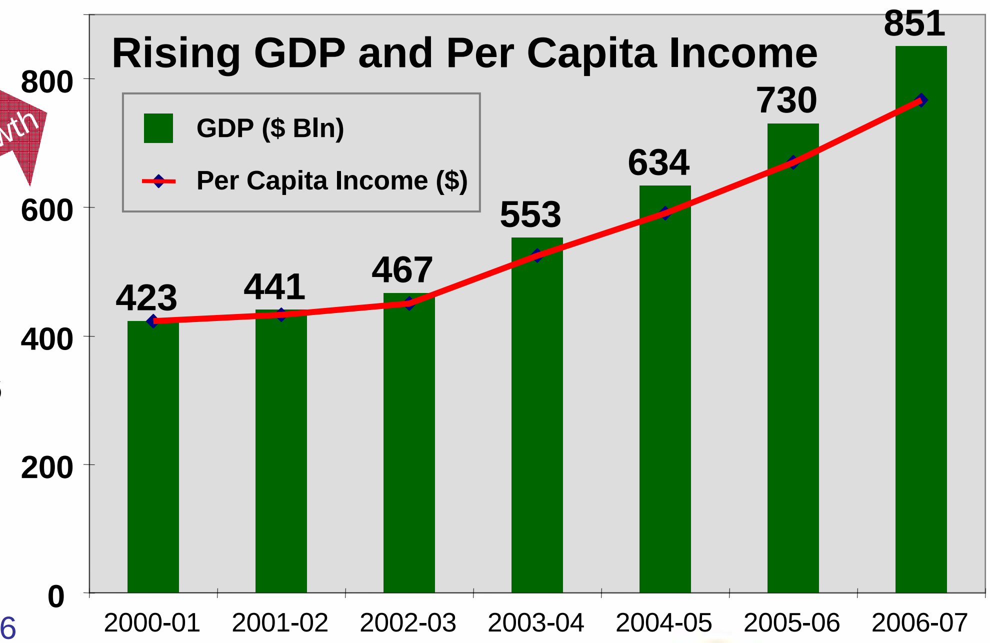
Opportunities & Challenges

- A buoyant & growing economy
- Increasing per capita income drives FMCG growth
- Current FMCG market Growth
- A changing profile of a differentiated set of consumers
- Opportunity to grow consumption and penetration
- Large scale potential to grow Foods
- Evolving trade structure

Sustained 8% + Growth



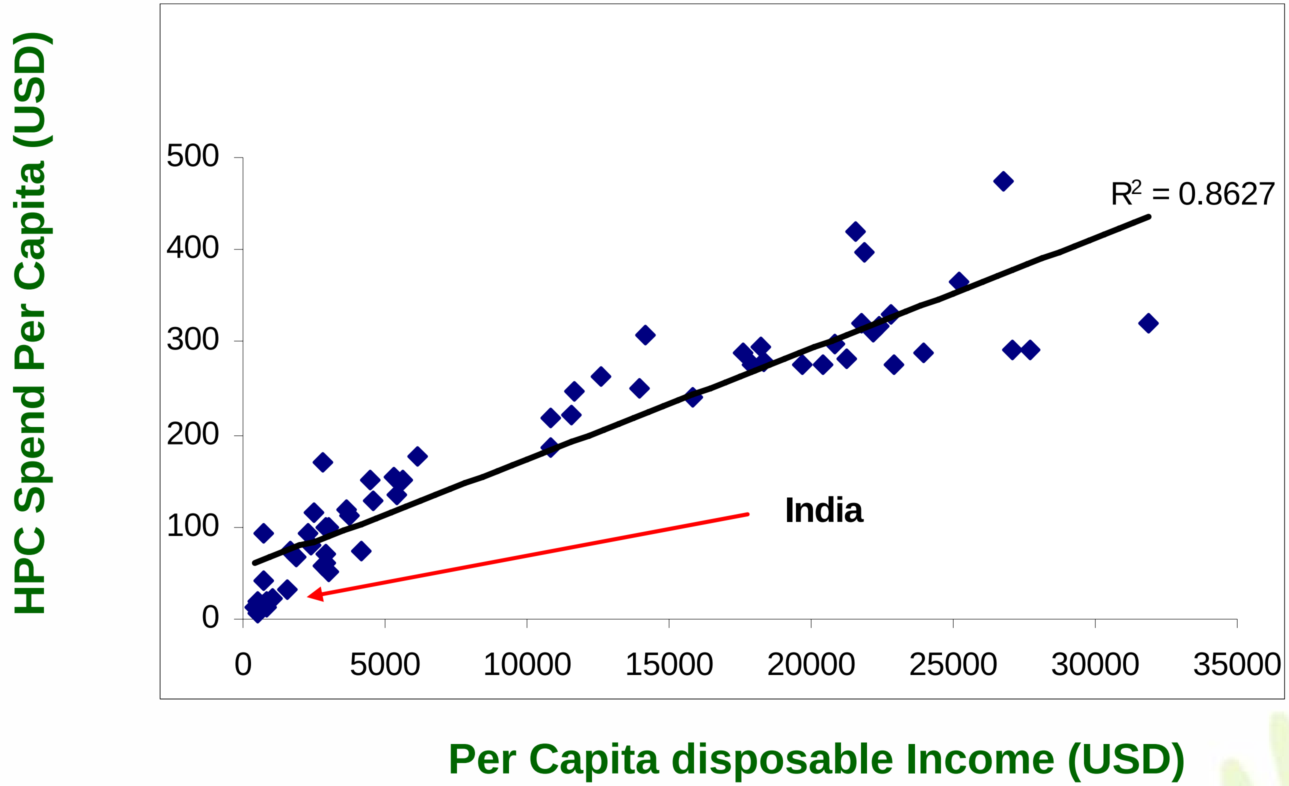


- Growth trend line has significant upward bias
- Per capita Income has doubled in 4 years
- India embarking on an accelerated growth cycle

Source: IMF Website

Increasing per capita income drives FMCG growth

Disposable income per capita vs HPC spend per capita



Per capita incomes drive consumption

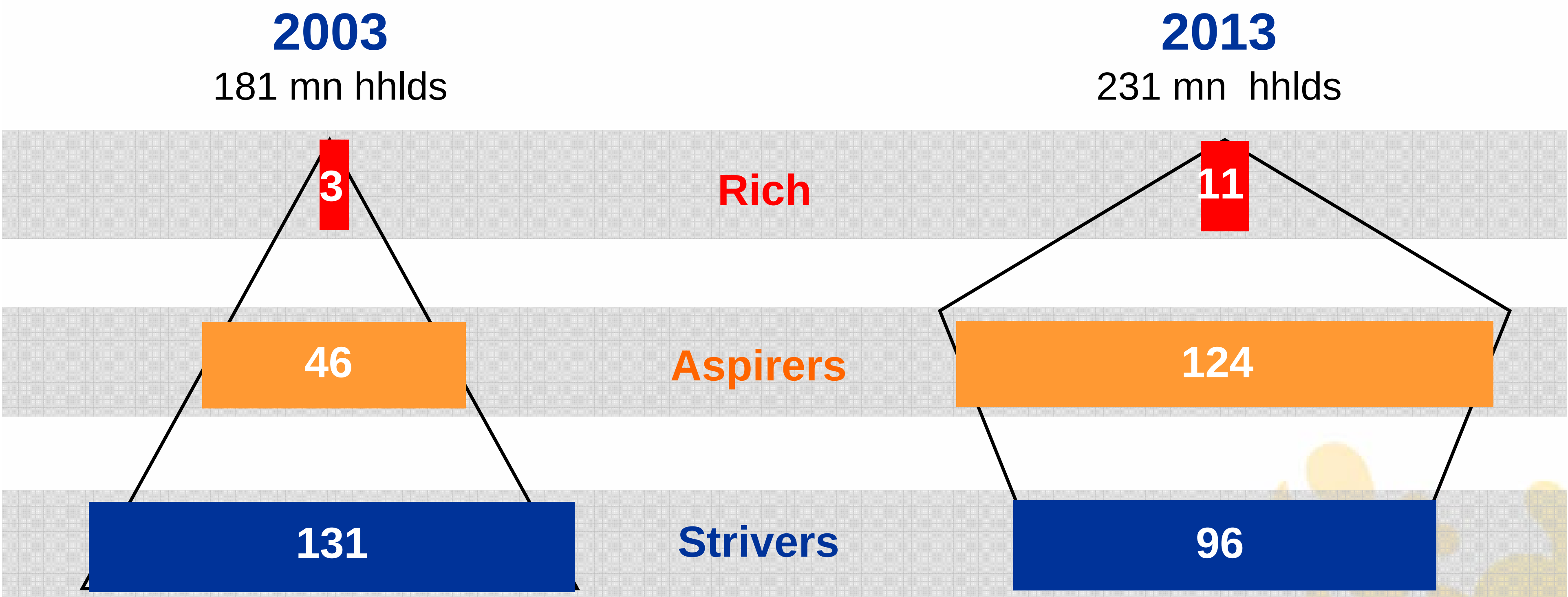
Source: Euromonitor, Morgan Stanley Research' 2006

FMCG Market Growth

Particulars	2006	YTD 07
Personal Wash	8.2	7.9
Laundry	12.4	8.4
Shampoo	13.1	13.3
Skin	15.0	16.3
Toothpaste	8.8	12.3
HPC	**12.1**	**11.6**
Tea	9.1	17.1
Coffee	16.0	4.3
Foods	**12.2**	**19.3**
FMCG	**12.1**	**13.1**

Source: AC Nielsen Retail Panel

India - 2013



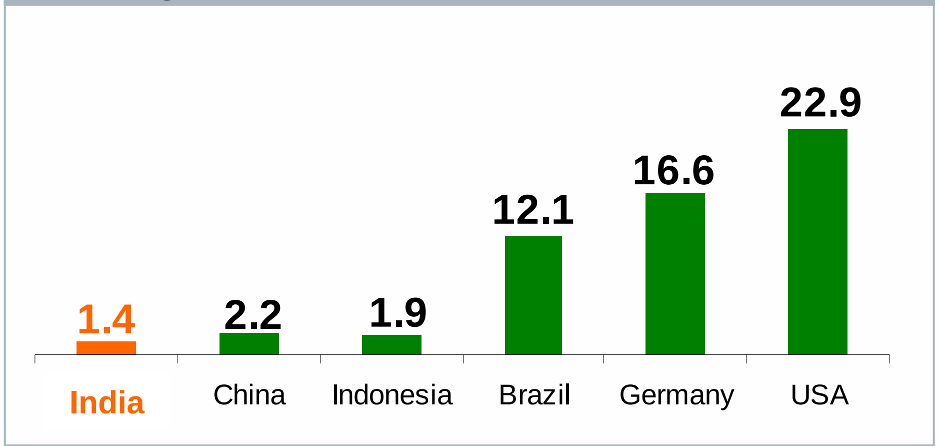
The shape of India is going to change…
from a pyramid to a diamond

Source : National Council of Agriculture & Economic Research

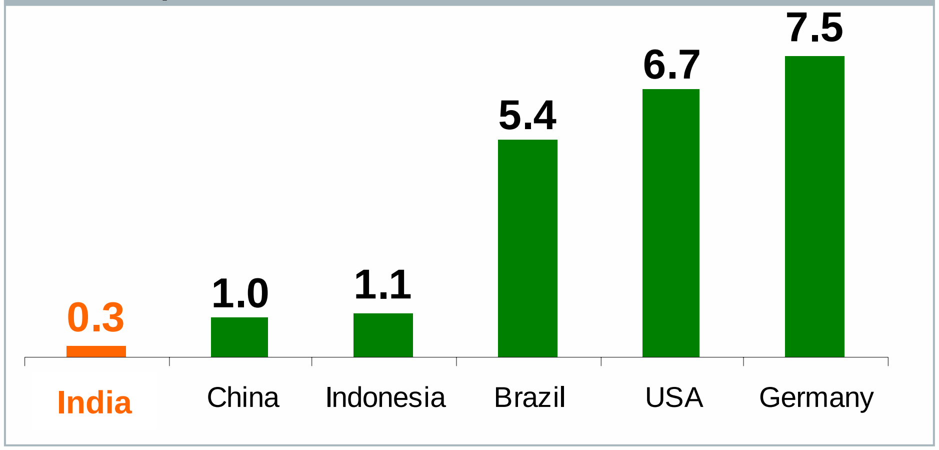
Opportunity to grow consumption and penetration

Per Capita Consumption (US $)

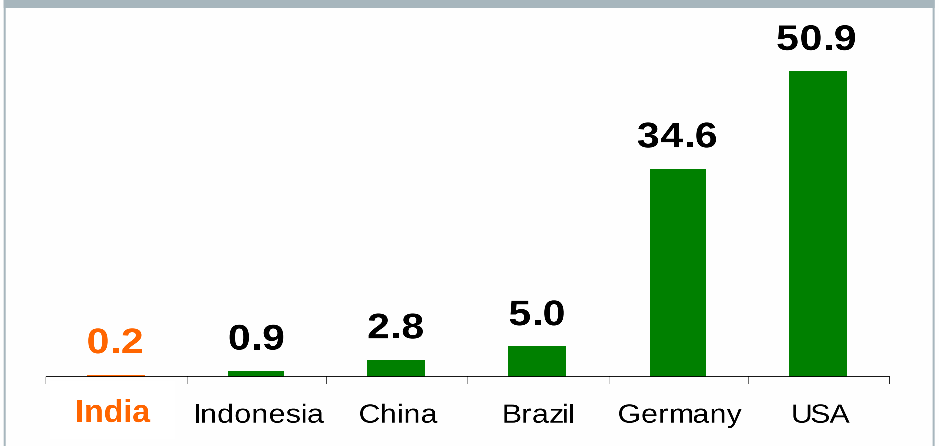
Detergents



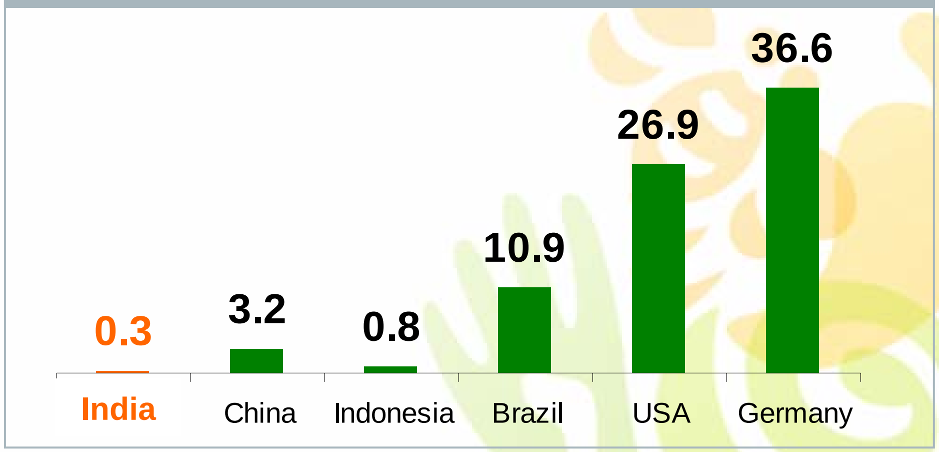
Shampoo



Ice Creams



Skin care



Source : Euromonitor, 2006

Opportunity to grow consumption and penetration

Penetration %*

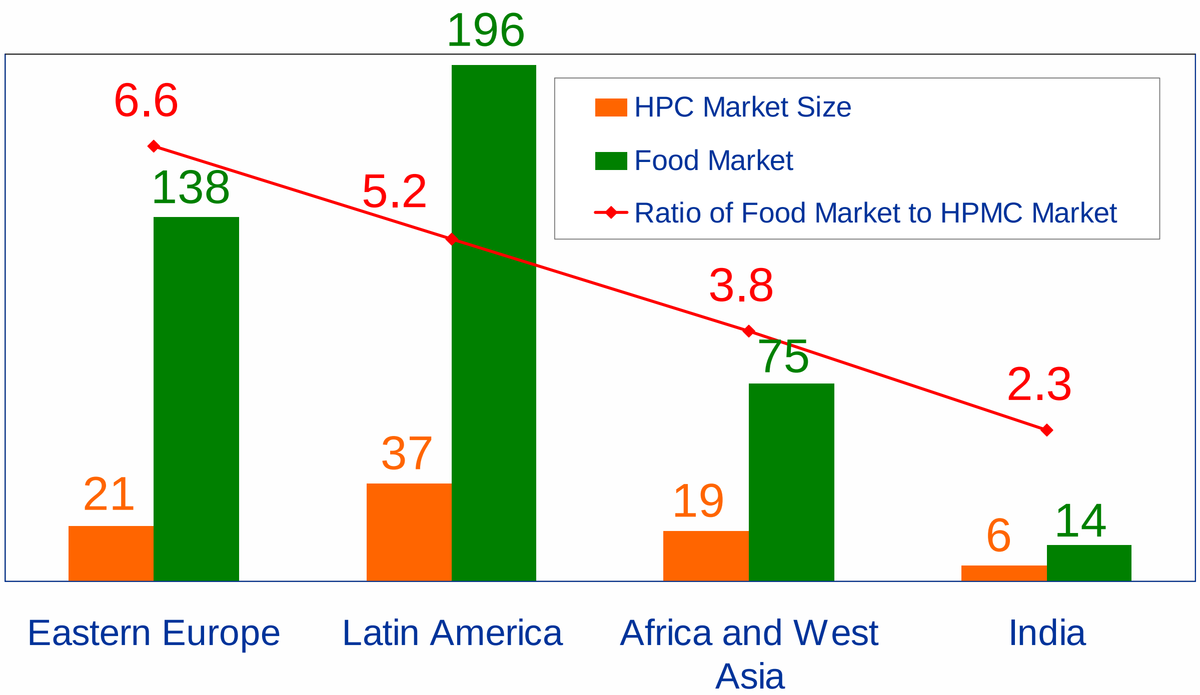
Category	All India %	Urban %	Rural %
Deodorants	2.1	5.5	0.6
Toothpaste	48.6	74.9	37.6
Skin Cream	22.0	31.5	17.8
Shampoo	38.0	52.1	31.9
Utensil Cleaner	28.0	59.9	14.6
Instant Coffee	6.6	15.5	2.8
Washing Powder	86.1	90.7	84.1
Detergent Bar	88.6	91.4	87.4
Toilet Soap	91.5	97.4	88.9

Source : MRUC, Hansa Research - Guide to Indian Markets 2006

*Penetration numbers based on study conducted by Indian Readership Survey, on a sample size of ~250,000 based on usage in 6 months

Foods Opportunity…

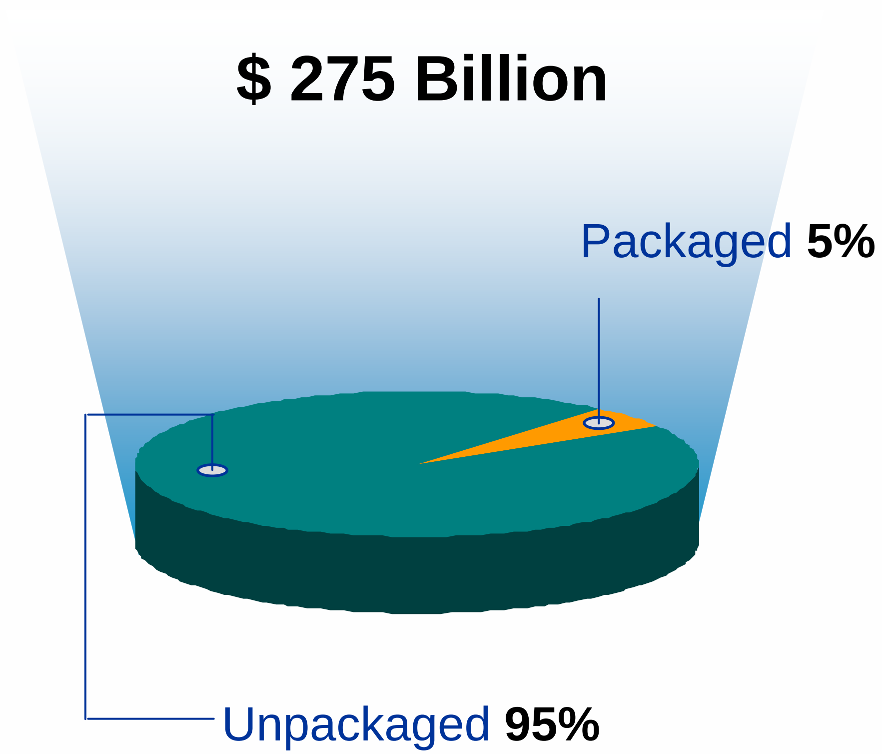
Bln. $



- Packaged Food Market $14 Billion
- Largely Urban (80%), rapid historical growth: 13%
- Poised to accelerate: Income Elasticity of 1.33

Source: Euromonitor, Family Budget Study

Foods Opportunity…



But bulk of food in India is still consumed fresh… unpackaged

Source: Euromonitor

Changing Market Structure

Total Population (In Bln.)	1.1
Number of Retail Stores (Mlns)	7.74
FMCG Market (Annual, $ Mln)*	16448
Urban : Rural Ratio	67:33
FMCG Growth (Value %)	13
Store Density (Stores Per 1000 People)	6.8
Per Capita FMCG Spend (Annual,$)	14.5

HLL Dir Cov : 1 Mln

HLL Tot Cov : 6.3 Mln

Urb Cov 16.7%

Rur Cov 3.8%

Highest store density in the world !

Source AC Nielsen

Modern Trade Customers

Local Retailers

MNC Retailers

Holding in FW / H & G

Prospective Entrants

Agenda

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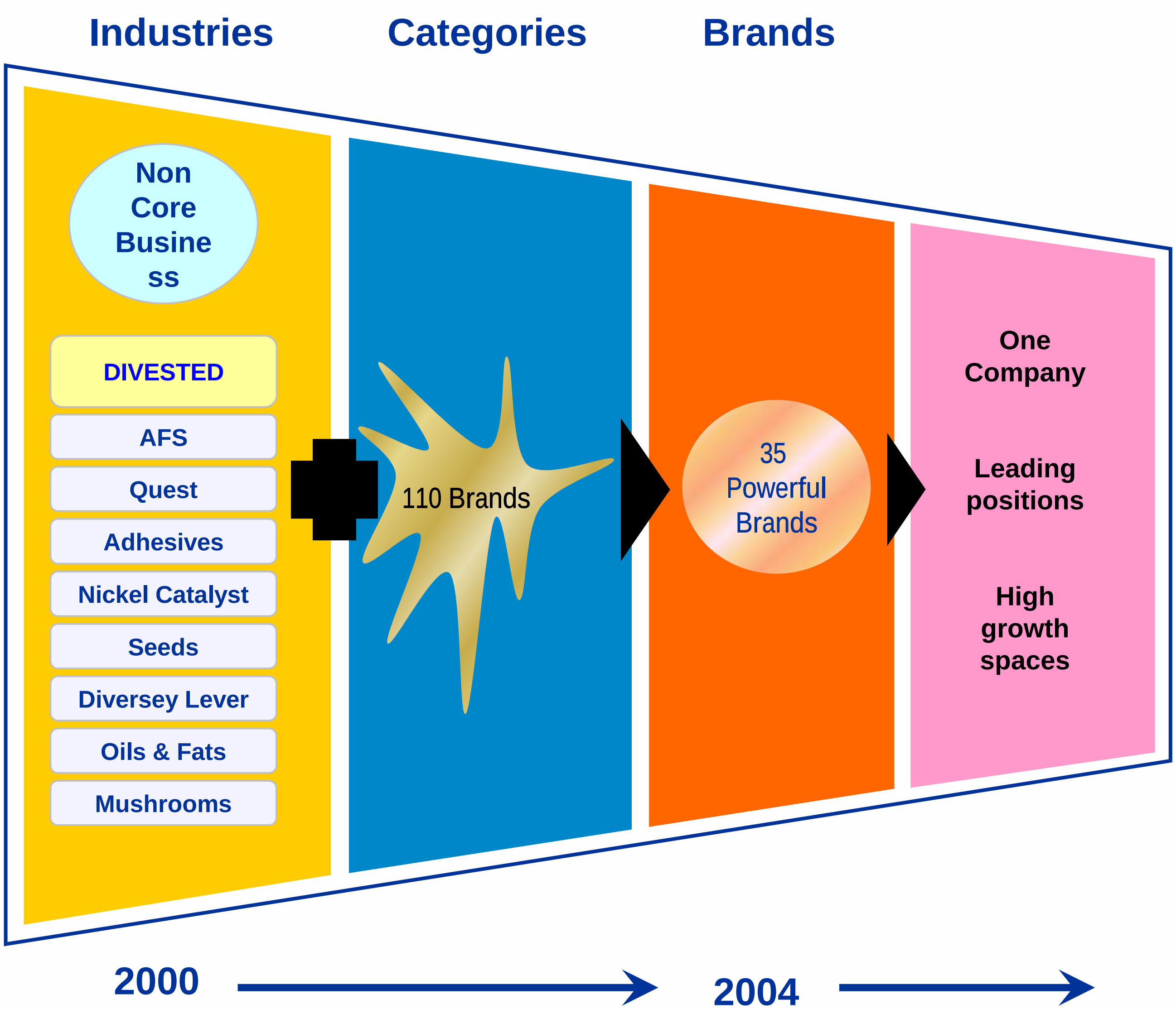
HUL - Uniquely Placed
Financials
Strategy and Markets

HUL – Uniquely Positioned to Create Value

- Evolving Strategic Focus
- Track record of building large brands: Unmatched Brand Portfolio
- Innovation and R&D capabilities to straddle the pyramid
- Versatile distribution network
- Strong Corporate Responsibility and Governance
- Strong Local talent base

Evolving Strategic Focus



One Top Team	✔
Global Innovation; Local Activation	✔
One Sales Force	✔
Non Core Processes Outsourced	✔

Our Large Brands : Unmatched Brand Portfolio

6 MEGA BRANDS -

Sales from

~ $ 200 mn each,

53% FMCG portfolio

Innovation and R&D capabilities

- Unilever has well established R&D facilities (500 scientists)
- HUL leads R&D in many categories
- Steady stream of consumer relevant and community viable innovations

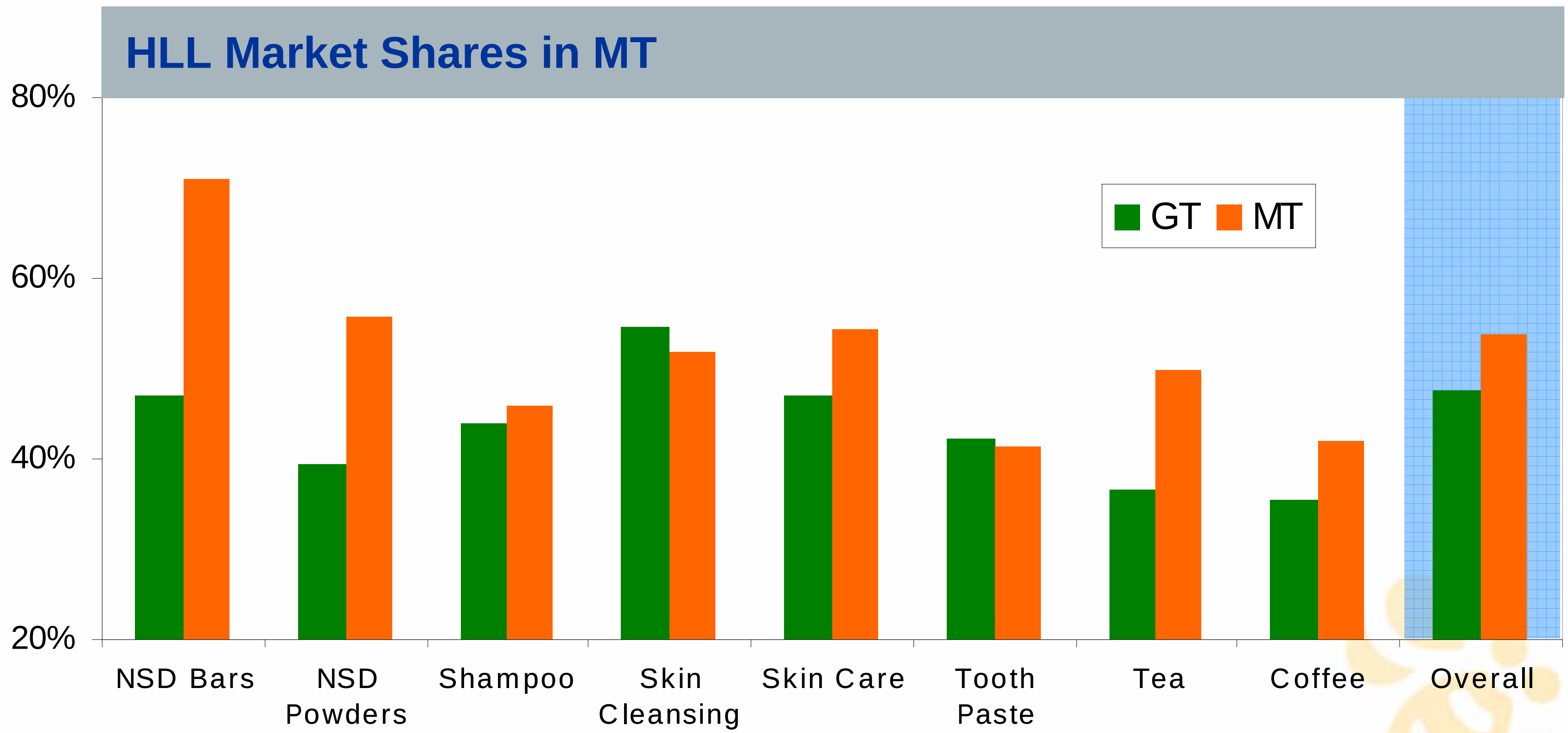
Distribution Strength

- Direct coverage - 1 mln. outlets; Brands reach - 6.3 mln. Outlets
- Strong IT capability, end to end connectivity
- Channel based “Go To Market” strategy
- Portfolio of category and Brands give unique reach in Modern Trade
- Project Shakti, a competitive advantage in Rural India

New Channel Initiatives

Channels	HLL Programs
Family Grocers	SVS/ FLO
Chemist	Unicare
Fancy	Beauty zone
Kiosk	K- LINE
Rural	Superstar & Shakti
Wholesale	Vijeta/ Sambandh

Organized Retail - A source of Competitive Advantage

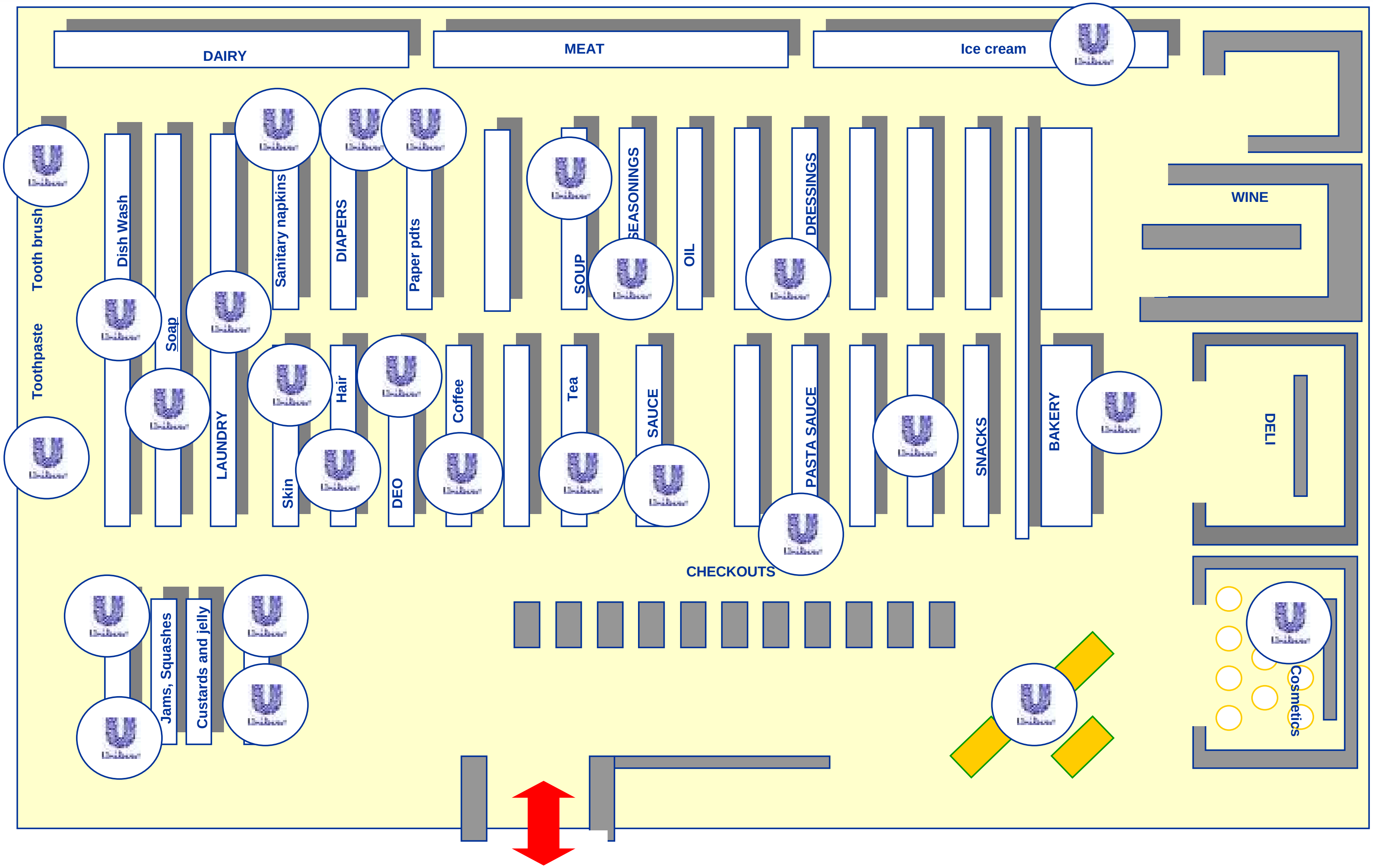


HLL MT Market Shares are higher than its GT shares in most categories

Source : Retailer POS Data & AC Nielson for FY 2005

Comparison with Top 6 Metros in GT

What sets us apart - Reaching Shoppers



Project Shakti- Enabling Direct Rural Reach

- **Key Challenge:**
  - **Accessibility & Viability**
- **Initiative:**
  - **Rural selling through village women entrepreneurs**
  - **and providing micro enterprise opportunity**
- **Benefits**
  - **Improving product reach**
  - **Facilitating Brand-Communication**
- **Coverage:**
  - **Currently in 15 major states, covering 104000 villages**
  - **37500 Entrepreneurs; touching 100 mn rural lives**
- **Ambitious future plans**

Rural India

Population	No. of villages	%
<200	140341	22
200-500	127054	20
501-1000	144817	23
1001-2000	129662	20
2001-5000	80313	13
>5000	15875	2
Total villages	**638062**	**100**

Corporate Responsibility – Aiding in the Development of the Country

Empowerment of Women Project Shakti	**Happy Homes** Asha Daan, Ankur, Kappagam, Anbagam
Relief & Reconstruction Yashodadham in Gujarat's Kutch district	**Integrated Rural Development** Silvassa
Energy management Conserving energy through efficient process	**Watershed management** Water harvesting in HLL sites, and helping communities to develop watersheds
Sustainable agriculture Reducing effects of modern farming in tea plantations	**Health & Hygiene Education** Lifebuoy Swasthya Chetana
Free Mobile Medical Facility Sanjeevani in Assam	**Helping village entrepreneurs** Vindhya Valley project in Madhya Pradesh

Combining corporate responsibility and business strategies to aid development of rural India

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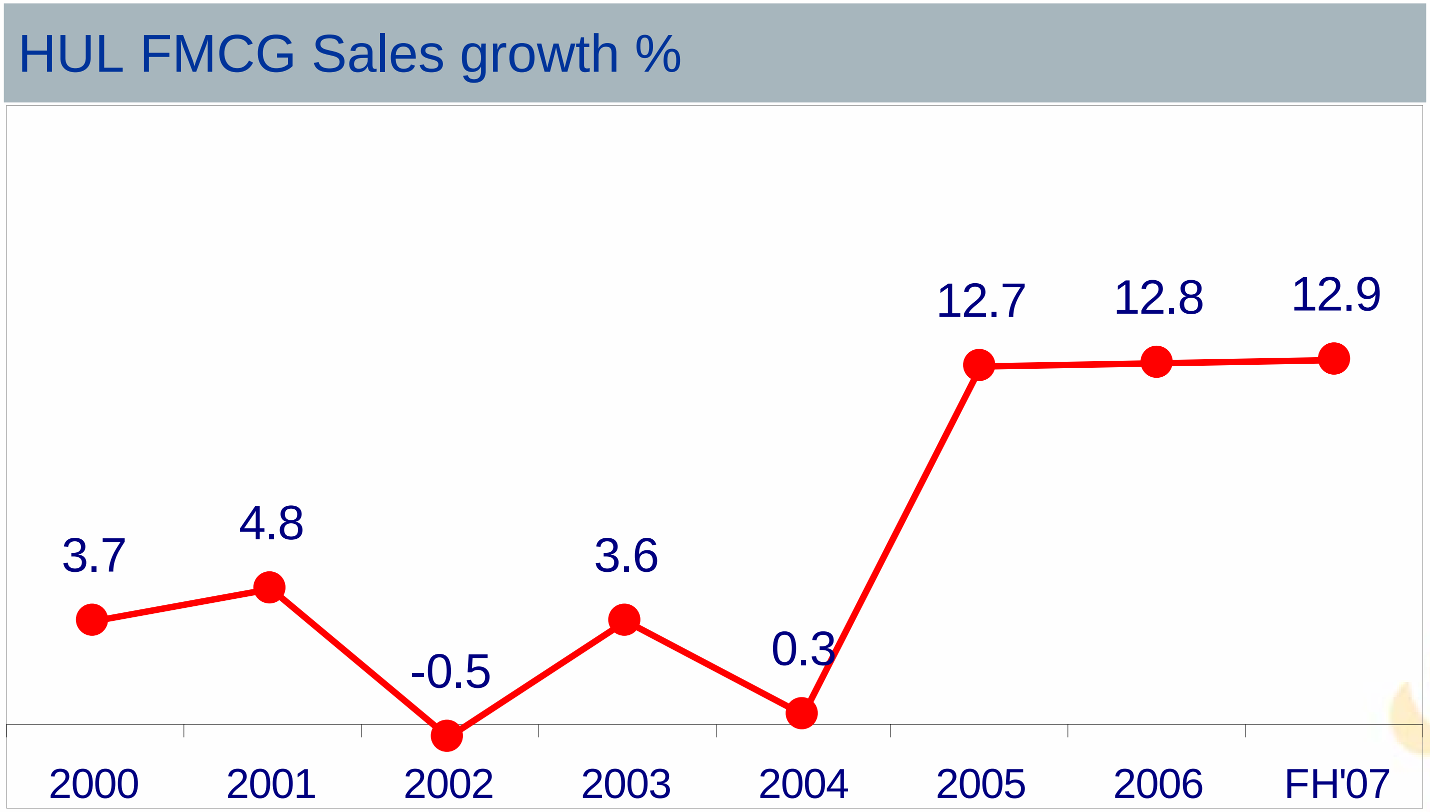
Key Financials

	FH 2007	FH 2006	2006	2005
Reported Growth	13.3%	8.7%	9.4%	11.4%
Continuing sales growth*	13.8%	10.0%	10.0%	11.5%
EBIT/ Sales %	13.3%	12.8%	14.1%	13.3%
EBIT Growth	17.4%	21.9%	16.2%	1.1%
Operating cash flow*			$365 Mn	$489 Mn

* Before restructuring, disposal

As per audited financial statements of the company; accounting as per Indian GAAP

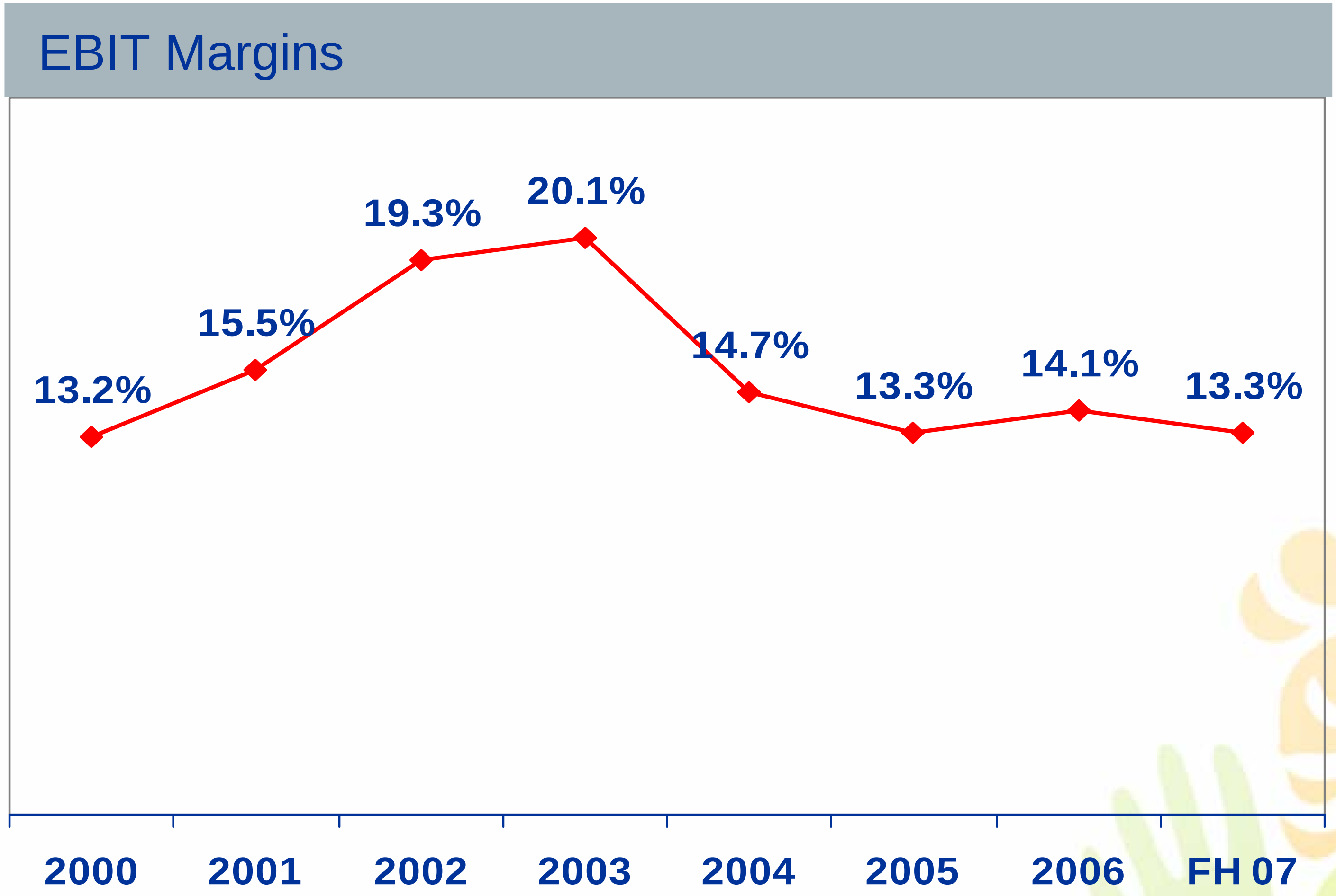
Robust FMCG growth



++ HUL has January - December financial year.

As per audited financial statements of the company; accounting as per Indian GAAP; Sales growth is worked out on a continuing basis i.e. after adjusting the base for disposals etc.

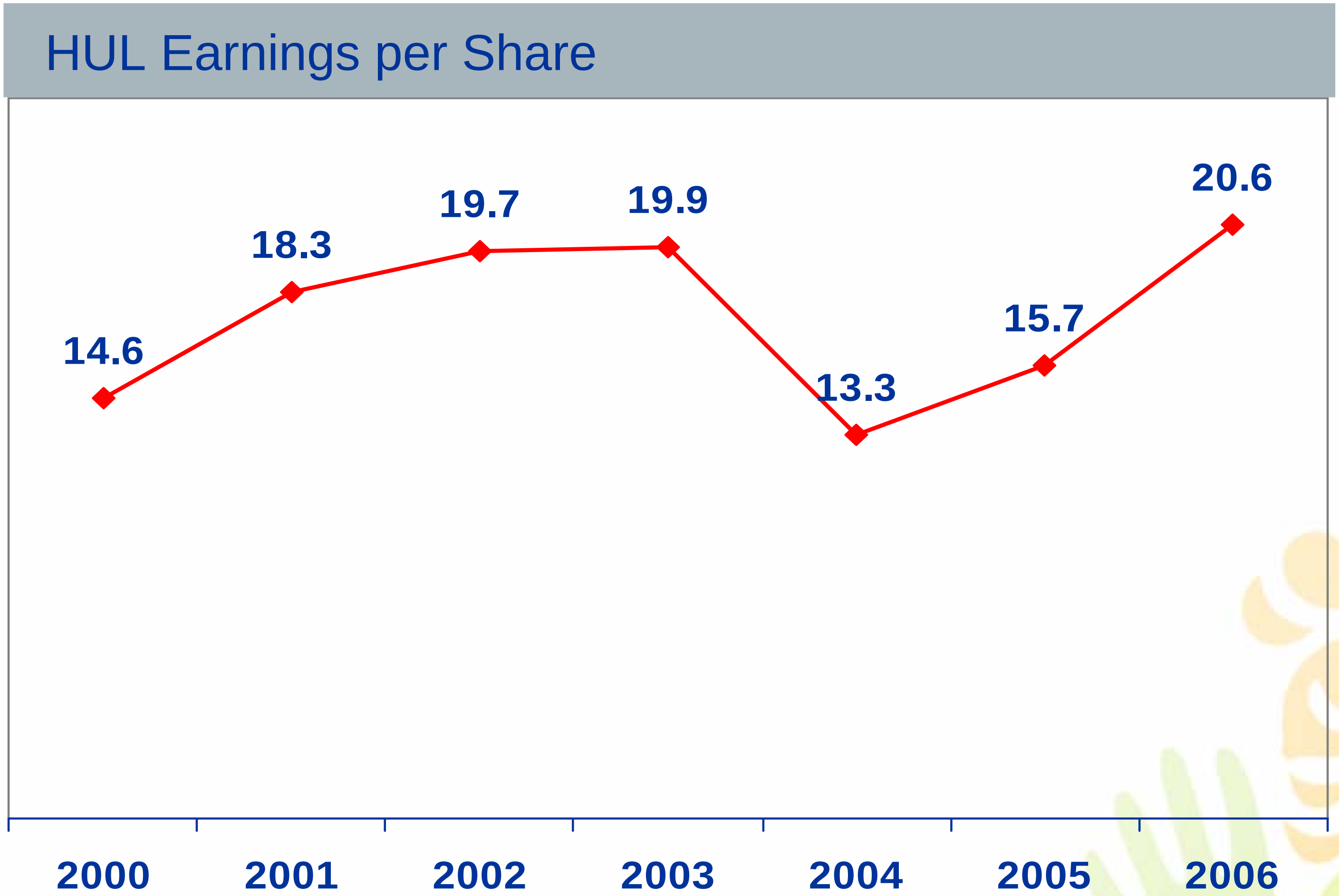
EBIT Margins



As per audited financial statements of the company; accounting as per Indian GAAP.
Sales for the above calculations is Net sales (Gross Sales- Excise Duty)

Earnings per Share

Figures in US $ cents

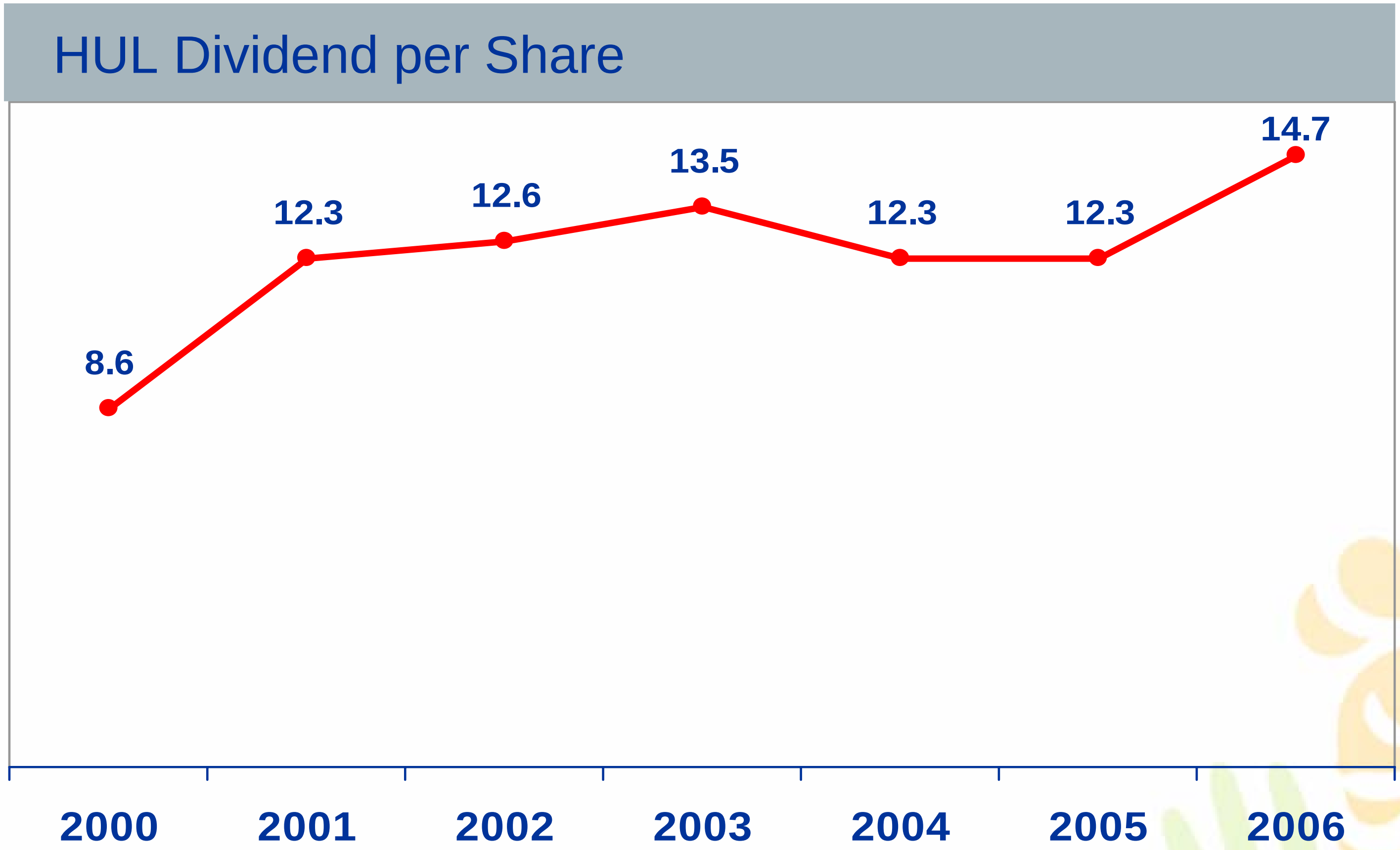


As per audited financial statements of the company; accounting as per Indian GAAP

Earnings per Share= Net Profit (aei) /No. of Shares

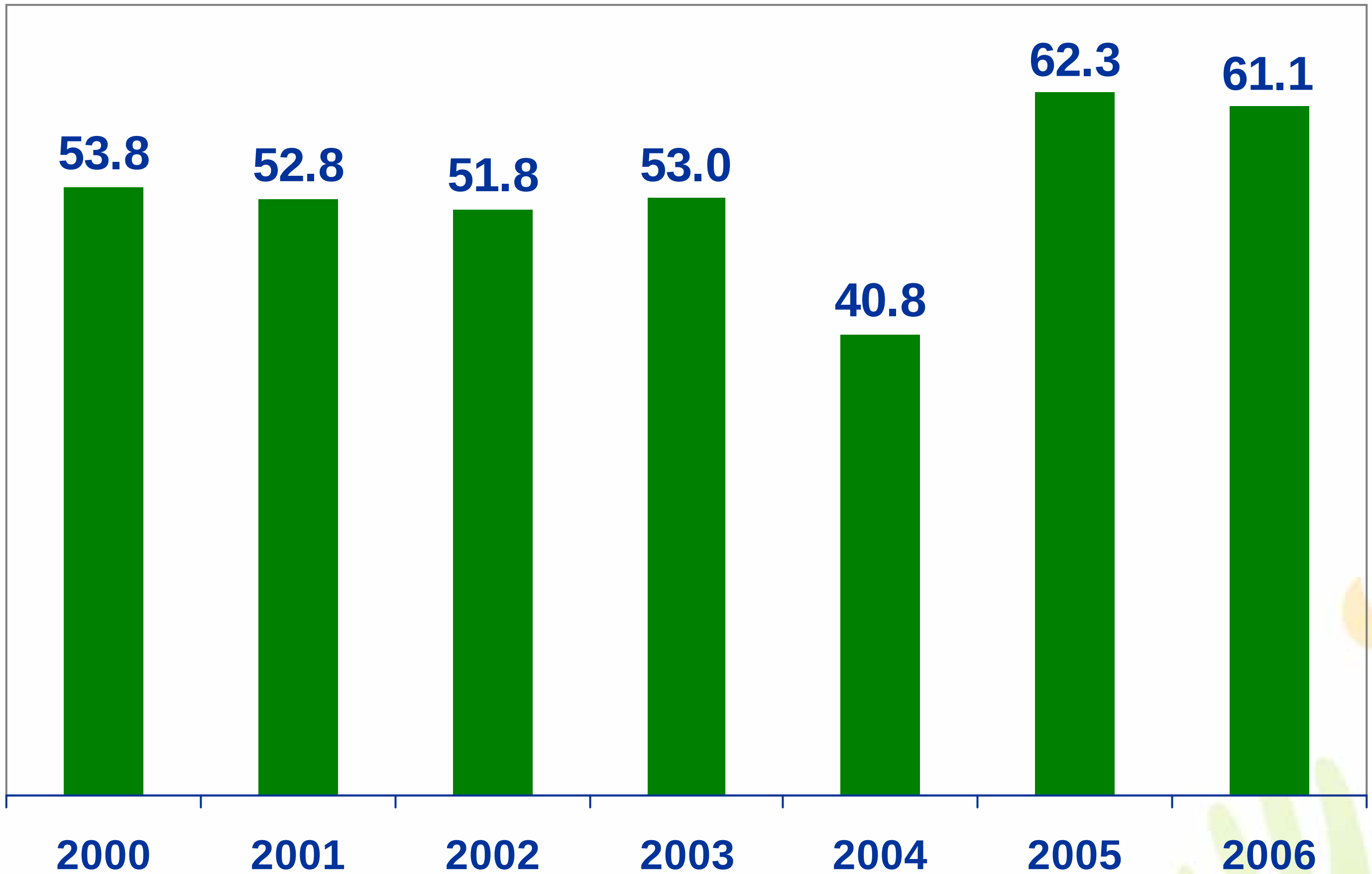
Dividend per Share

Figures in US $ cents



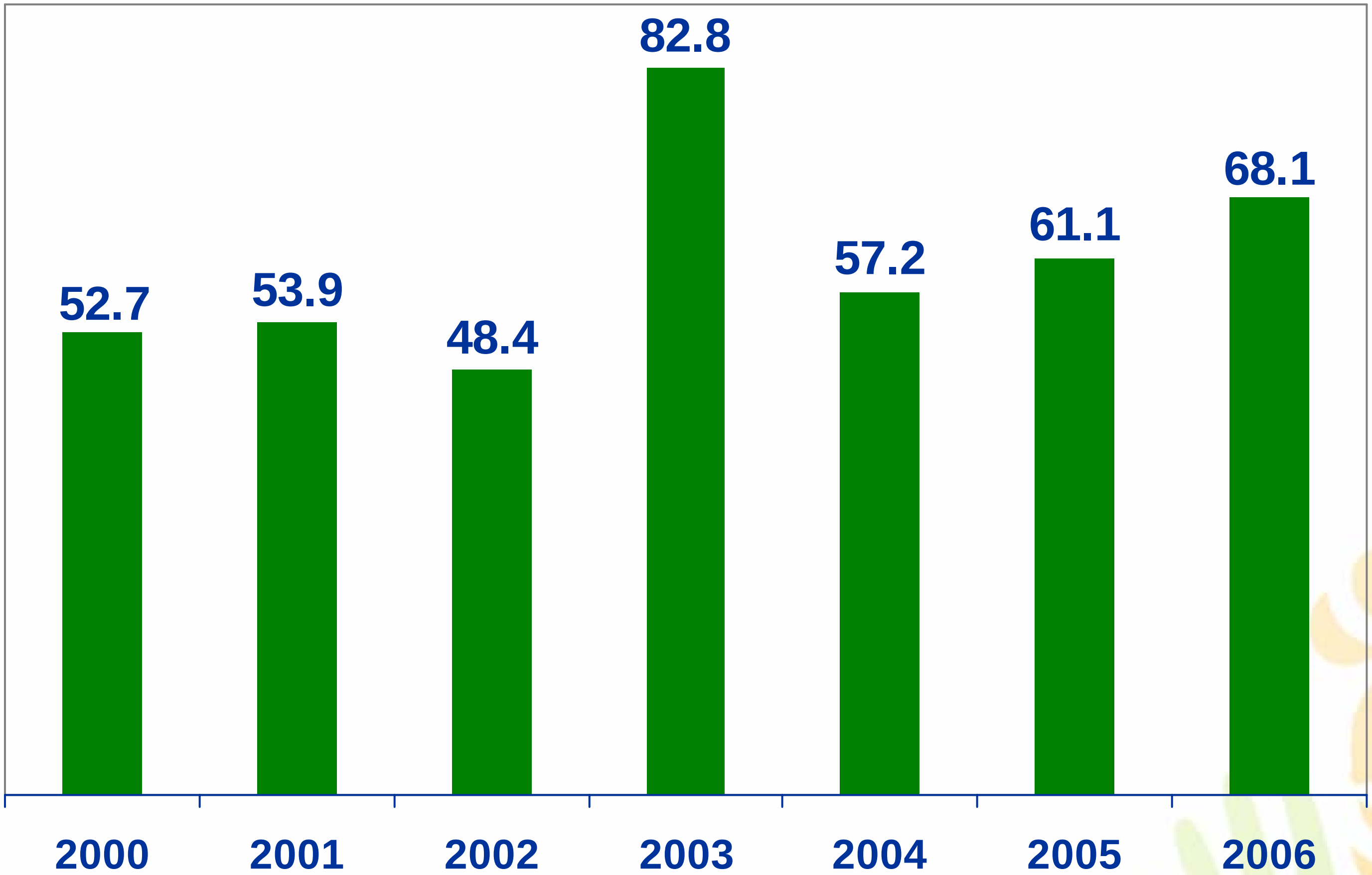
As per audited financial statements of the company; accounting as per Indian GAAP

Return On Capital Employed



As per audited financial statements of the company; accounting as per Indian GAAP
ROCE= EBIT/Closing Capital Employed

Return On Net Worth



As per audited financial statements of the company; accounting as per Indian GAAP
ROCE= Net Profit (aei) / Closing Net Worth

Agenda

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Financials

Strategy and Markets

Strategy

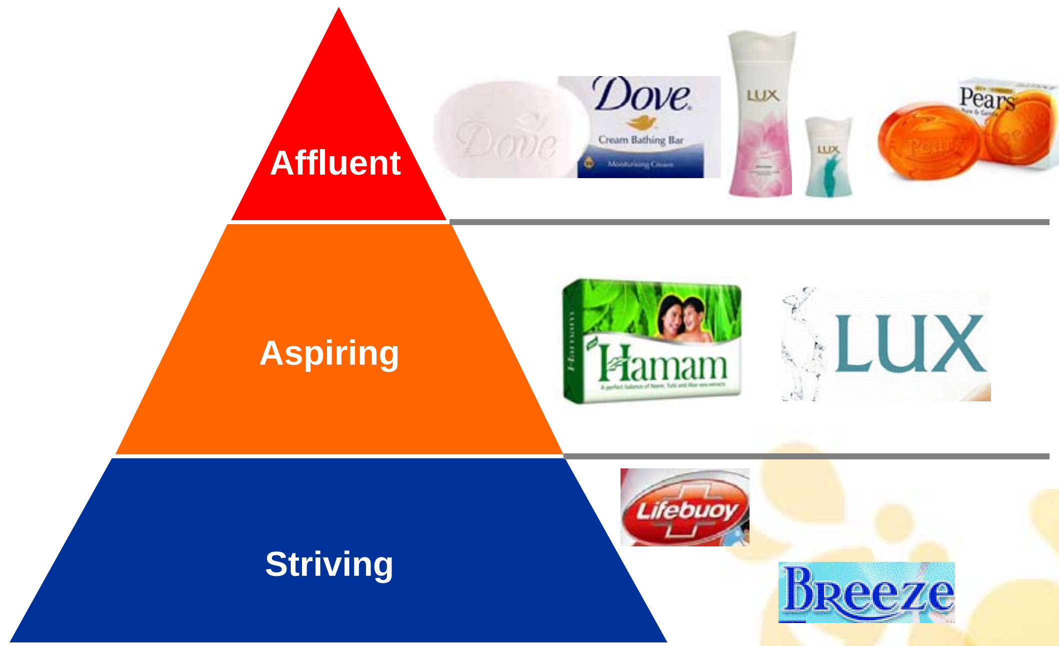
- Grow the Core ahead of Market
- Build on competitive advantage across the supply chain
- Implement new business strategy for Foods & Water
- Acquire and Retain Talent

Personal Wash

Context

Category penetration - 92% ; per capita consumption - $ 0.6 p.a. Market growth - 8 % ; Large market, low consumption levels (~1/7th of Brazil), a high potential for up-trading

Toilet Soaps	Current
Market Size	$ 1496 Mln.
HUL Share	54.0%
No.2 Share	10.0%



Our Strategy

To straddle the pyramid and move consumers up to more aspirational brands. Grow share by growing ahead of the Market

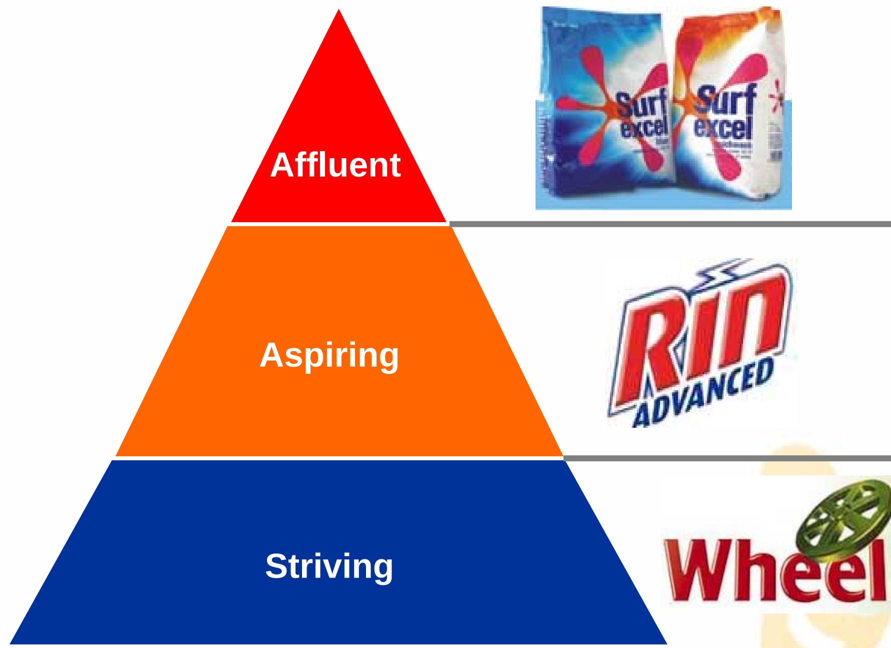
Source: AC Nielsen retail panel; Euromonitor

Laundry

Context

Category penetration - 87% ; per capita consumption -$ 1.4 p.a. Market growth - 8 % Well penetrated market; Low consumption levels (~1/10th that of Brazil)

Laundry	Current
Market Size	$ 1773 Mln.
HUL Share	37.8%
No.2 Share	13.5%



Our Strategy

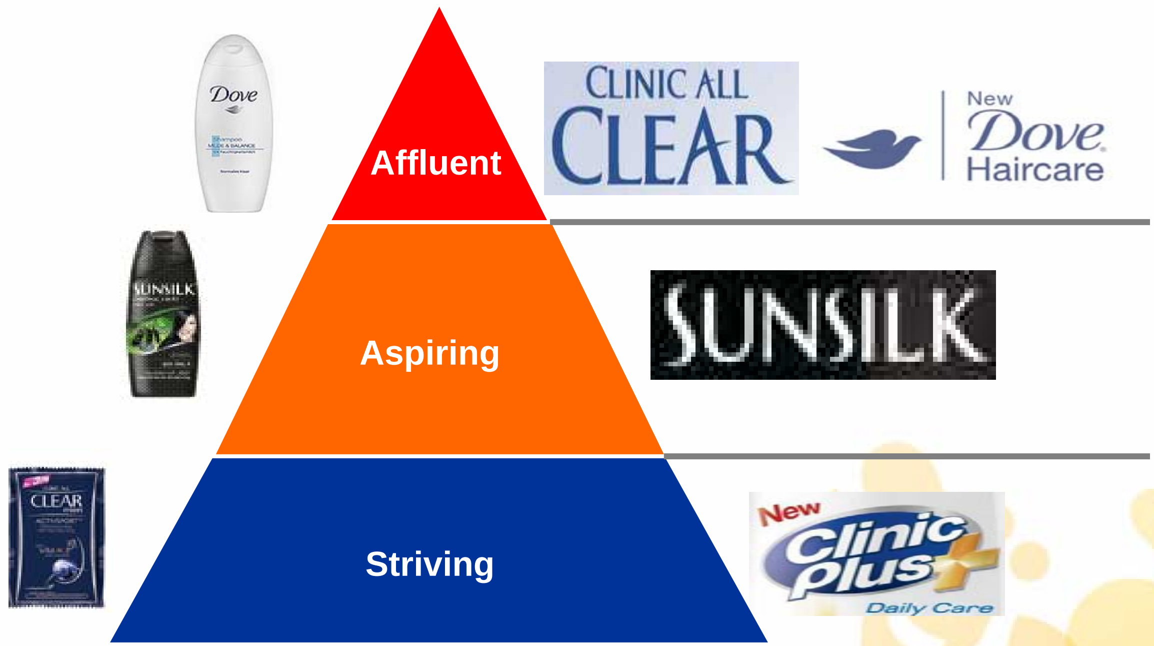
Work the pyramid; Grow profitably ahead of the market; Regain profitability through judicious price increases and cost effectiveness programmes

Source: AC Nielsen retail panel; Euromonitor

Hair care

Context — Category penetration - 38%; per capita consumption - $ 0.3 p.a. Market growth - 13 % Largely untapped market unmet consumer needs

Shampoo	Current
Market Size	$ 463 Mln.
HUL Share	47.5%
No.2 Share	24.8%



Our Strategy — Work the Pyramid; convert non users & increase penetration; upgrade the existing users to aspirational brands

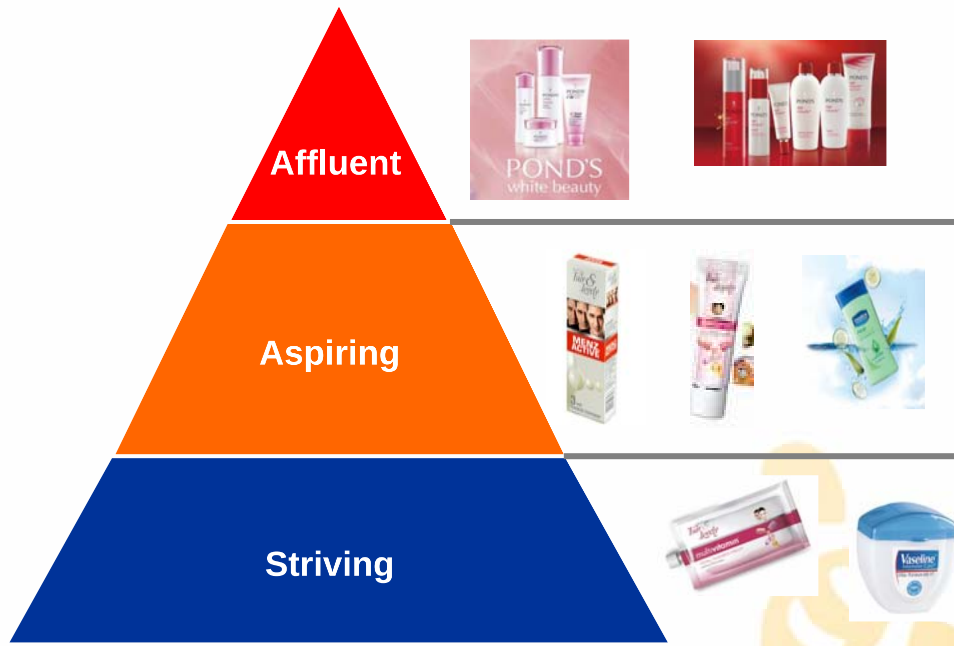
Source: AC Nielsen retail panel; Euromonitor

Skin care

Context

Category penetration -22%; per capita consumption - $ 0.3 p.a. Market growth - 16 % Category with potential for accelerated growth

Skin	Current
Market Size	$ 575 Mln.
HUL Share	55.1%
No.2 Share	7.5%



Our Strategy

Grow the Top End market using Unilever's International Expertise; build Ponds as a Face care brand and Vaseline as a H & B brand; drive penetration and consumption using "Fair & Lovely"

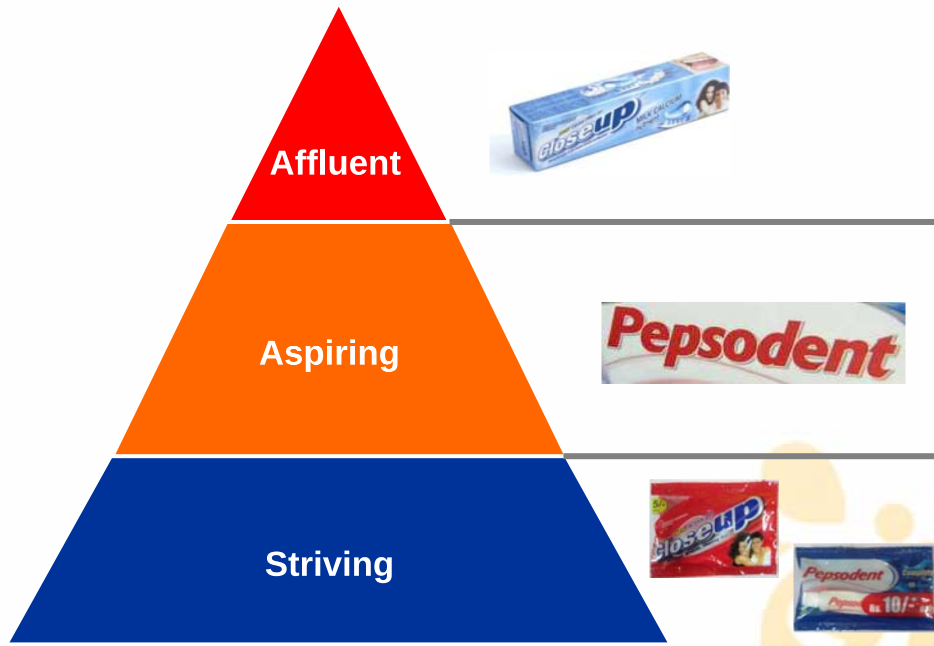
Source: AC Nielsen retail panel; Euromonitor

Toothpaste

Context

Category penetration- 49% ; per capita consumption - $ 0.6 p.a. ; Market growth - 12%

Toothpaste	Current
Market Size	$ 592 Mln.
HUL Share	30.0%
No.1 Share	48.2%



Our Strategy

Grow with market with the our brands Close Up on freshness platform and Pepsodent on family & health platform

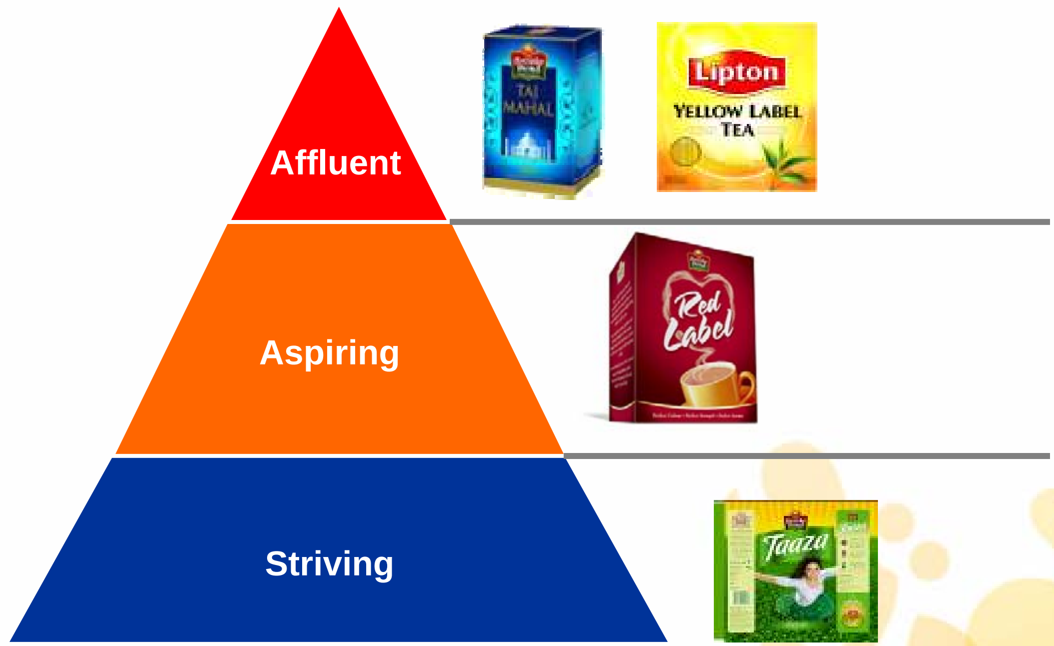
Source: AC Nielsen retail panel; Euromonitor

Tea

Context

Well penetrated category, 2/3rd of Tea consumed is Loose Tea/local form; Market growth – 17%

Packet Tea	Current
Market Size	$ 896 Mln.
HUL Share	24.3%
No.2 Share	20.7%



Our Strategy

Presence across the pyramid; drive up-trading of consumers; Convert loose tea drinkers to packet tea consumers;

Source: AC Nielsen retail panel; Euromonitor

Coffee

Context

Coffee is emerging as a lifestyle beverage in the country with proliferation of Cafes and premium value add coffee formats
Market Growth – 4%

Toothpaste	Current
Market Size	$ 153 Mln.
HUL Share	46.9%
No.2 Share	37.7%

Our Strategy

Format led innovation to drive penetration & consumption.
Introduction of Low unit packs to drive penetration and adoption by the masses

Source: AC Nielsen retail panel; Euromonitor

Processed Foods

Context	Highly under-penetrated category; bulk of the consumption is still unpackaged

Processed Foods	**Current**
Market Size	**$ 14 Bln.**
HUL Presence	**Ketchups, Soups. Squash, Jams, Atta and Salt**
Market Share	**No. 1 or 2**

Our Strategy	Implement the foods strategy; Use of Unilever know how to cater to local tastes; Enter new exciting markets within the processed foods space

Source: AC Nielsen retail panel; Euromonitor

Water

Context	~ 220 Mln Households, where safe drinking water in short supply

Proposition: **'as safe as boiled water' without hassles of boiling**

no harmful virus, bacteria, parasites, pesticides

Works without electricity & piped water

Business model based on sale of consumables

Affordable price: Cost of Unit - ~$ 39; Cost of battery - $ 7

Being Rolled out across key towns and urban areas

COST
220 liters of pure water for $ 1

Our Strategy	Build brand image leadership & strong consumer relationship through effective communication; secure ongoing sale of consumables

Key Innovations/Activations – FH'07

Deos and mail Toiletries

AXE Vice Deodorant and After Shave

Personal wash

LUX Pinkful, Breeze Herbal and Lifebouy Skin gaurd

Laundry

Rin Advanced , Sunlight

Shampoos

Clinic All Clear Scalp Oil Control and Mens Range; Sunsilk Damage Repair Variant and Dove

Toothpaste

Pepsodent Centre Fresh

Key Innovations/Activations – FH'07

Skin Creams


Lakme Sun Expert, Ponds White Beauty range, Aloe Vera Vaseline Body Lotion

Talc

Pond's Talc Relaunch

Colour Cosmetics

Lakme Freespirit Summer Range

Tea

Red Label relaunch

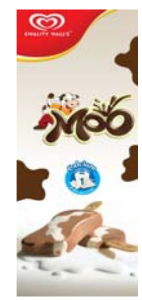
Coffee

Bru Ice Cappuccino

CPD

Knorr Chinese Mixes

Ice creams



Moo Range

Summary

- Focus on growing the core ahead of the Market
- Leverage the impact on the consumer from the growing Indian Economy
- Successfully implement the Foods strategy
- Build momentum to the Water Business
- Build on competitive capabilities across business system
- Manage Cost pressure effectively to improve margins
- Strong commitment to governance and CSR

Thank you

Hindustan Unilever Limited

Hindustan Unilever Limited

Investor Presentation

Citigroup India Mini Conference

SP Mustafa

VP- Treasury

M & A and Investor Relations

6-7th September, 2007