Hindustan Lever Limited – December Quarter and Full Year 2006 Results

- FMCG Sales grow 8.5% in DQ and 12.8% for full year
- PBIT grows 11.3% in DQ and 16.2% for full year
- PAT grows by 10.2% in DQ; Full year higher by 13.7%
- EPS for 2006 grows by 31.4%
- Final Dividend Rs. 3.00 per share of Re. 1/- each; Total Dividend Rs. 6.00 per share for 2006.

Mumbai, February 20th 2007: Hindustan Lever Limited (HLL) announced its results for December Quarter 2006. Total Sales grew by 6.1%, while growth in continuing businesses i.e. after eliminating impact of disposals was higher at 6.9%. FMCG business grew by 8.5%.

HPC Business grew at 8%, led by double digit growth in Laundry and Toothpaste. The highly competitive Laundry category continued to perform well with strong volume-led growth across the portfolio. Close Up brand led growth in Toothpaste. Personal Wash growth was led by Lifebuoy, Pears and Lux. Shampoo growth was modest due to a high comparator in the previous year and Skin category growth was affected due to a late and short winter. Strong innovations continued during the quarter and included the relaunch of Breeze, Vaseline Body Lotion, Lux Body Wash, Scalp Oil control variant of Clinic All-Clear and Ponds Age Miracle at the top end of the Skin Care market.

Foods business grew by 10.9%. In Beverages, Taaza was relaunched during the quarter aiding growth witnessed in Tea. Coffee had another quarter of good growth, led by Instant coffee. Strong performances by Kissan portfolio and Knorr range have driven Processed Foods growth in this quarter. The Ice cream business continued its double digit growth led by the impulse category and wider availability.

Cost saving initiatives mitigated the impact of escalating costs. These savings, together with selective price increases improved gross margin. Profit before Interest and Tax (PBIT) increased by 11.3%, and PBIT margin for the quarter at 17.2% of Sales, improved by 80 bps over DQ ’05. This is despite costs arising from scaling up of the Water business. Profit after Tax (PAT) grew by 10.2%. Net Profit was lower by 1.9% due to exceptional income in the base (DQ 05) relating to profit on disposal of plantation business and sale of an investment.

For full year 2006, sales from continuing businesses were 10% higher than in the previous year. FMCG business had a 12.8% increase with broad based growth across categories leading to both HPC and Foods businesses growing by 13.7% and 9% respectively. Improved mix, selective price increases and robust cost saving initiatives led to higher Gross Margins. A significant part of this Gross Margin improvement was redeployed in supporting brands for driving sales growth. Consequently Advertising and Promotion expenditure increased by 26.6%. PBIT increased by 16.2%, PAT grew by 13.7% and Net Profit grew by 31.8% and Earnings per share at Rs. 8.40 grew by 31.4%.

Mr. Harish Manwani, Chairman commented: Our Continuing Business has witnessed double digit growth for the second consecutive year with broadbased growth in both Home and Personal care (HPC) and Foods. Consumer relevant innovations, effective market activation and appropriate brand support were the key drivers for this growth. Market growth has been encouraging. We also recognize the challenge of cost escalation, and in the competitive context, achieving cost leadership across the extended supply chain continues to be a key priority. We will continue to leverage our focused portfolio of powerful brands to market leadership and grow across categories.

Dividend:

The Board of Directors at their meeting held on February 20th, 2007 has proposed a Final Dividend of Rs. 3.00 per share of Re.1/- each, subject to the approval of shareholders at the annual general meeting. This along with the interim dividend of Rs. 3.00 per share amounts to a total dividend of Rs. 6.00 per share for 2006.