

Hindustan Lever Limited - March Quarter 2007 Results

- Continuing Sales grow by 14.7%; FMCG growth 12.3%
- PBIT grows 13.7%; PAT grows by 13.6%

Mumbai, April 30th 2007: Hindustan Lever Limited (HLL) announced its results for March Quarter 2007. Total Sales grew by 13.8%, while growth in continuing businesses i.e. after eliminating impact of disposals was higher at 14.7%. Domestic FMCG business grew by 12.3%.

Home and Personal Care Business grew at 10% with double digit growth in the highly competitive Laundry and Shampoo categories. In Laundry, Surf and Wheel brands grew well. All brands in Shampoo category registered impressive growth. Fair and Lovely led this quarter's growth in Skin category. Strong performances by Lifebuoy and Lux were the drivers of growth in Soaps category. The key innovations during the quarter were the launches of Ponds White Beauty range, Sunsilk Damage Repair and anti-dandruff variants, and Lux Pinkful soap.

Foods business grew by an impressive 23%. In Beverages, the Tea business grew strongly with the entire range of Brooke Bond brand performing well. Bru continues to power ahead for the Coffee business. Processed Foods had another quarter of good growth with excellent performances by both Knorr and Kissan brands. Ice cream continued its 20%+ growth performance and the business launched the exciting "Moo" range for children.

The business continued to face escalating costs during the quarter. Aggressive cost saving initiatives partly mitigated this impact. Selective price increases were also taken to regain gross margins. The Company's investment behind its brands continued, resulting in the quarter's Advertising and Promotion costs increasing by 17.5%. This quarter's results also include costs and investments associated with scaling up of the Water business, which is progressing well on plan. Despite these costs, Profit Before Interest and Tax (PBIT) margin was held at the same level as last year, i.e. 11.9% of sales, with PBIT growing by 13.7%. Profit after Tax (PAT) had a corresponding growth of 13.6%. Net Profit for the quarter declined by 11.3%, but is not comparable due to a significant exceptional income in the base i.e. the profit on disposal of Nihar brand in MQ 2006.

Mr. Harish Manwani, Chairman commented: "The year has had a good start with all our FMCG categories growing well. We have sustained growth momentum in the key competitive categories of Laundry and Shampoos. All the Foods categories have performed strongly. The all round growth has been driven by our strengthened competitiveness in the urban markets and sustained market development in rural. Inflationary pressures remain a cause for concern but we continue to steer aggressive cost effectiveness programmes, manage judicious price increases and drive for an improved portfolio mix. Our strategic priority remains unchanged. We will continue to leverage our focussed portfolio of powerful brands to strengthen leadership in our core categories."