

# Hindustan Unilever Limited

## SQ 2016 Results Presentation, 26th October 2016



### Discover NEW Baby Dove

Added moisture for delicate baby skin



Find out more on [www.dove.in/babydove](http://www.dove.in/babydove)

# Safe Harbor Statement

This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward looking statements. These forward looking statements are based on certain expectations, assumptions, anticipated developments and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, market growth, intense competition and the pricing environment in the market, consumption level, ability to maintain and manage key customer relationship and supply chain sources and those factors which may affect our ability to implement business strategies successfully, namely changes in regulatory environments, political instability, change in international oil prices and input costs and new or changed priorities of the trade. The Company, therefore, cannot guarantee that the forward looking statements made herein shall be realized. The Company, based on changes as stated above, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein or make written or oral forward looking statements as may be required from time to time on the basis of subsequent developments and events. The Company does not undertake any obligation to update forward looking statements that may be made from time to time by or on behalf of the Company to reflect the events or circumstances after the date hereof.

# Analysts' Feedback

	Views sought on	Response	<input checked="" type="checkbox"/> Published by HUL
1	Results before or after market hours	After market hours	After market hours
2	Report EBIT/ EBITDA	EBITDA	EBITDA
3	Standalone/ Consolidated financials	Standalone	Standalone

# Agenda

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Strategy

2

Business Context

3

Current Quarter Performance

4

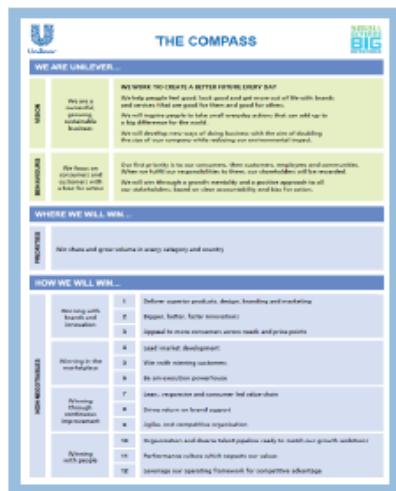
First Half 2016 -17 Performance

5

Looking Ahead

# Clear and compelling strategy

## Strategic Framework



## Sustainable Living Plan



## Goals

Consistent **Growth**

Competitive **Growth**

Profitable **Growth**

Responsible **Growth**

# SQ 2016: Quarter Summary

## ❑ Challenging business environment

- Market growth continues to be soft
- Input costs inflate further

## ❑ HUL : Profitable growth sustained in a challenging market

## SQ 2016 : Profitable growth in a challenging market

- ❑ **Domestic Consumer growth +2%, underlying volume growth -1%**
  - Price increase in Personal Wash impacts volumes
  
- ❑ **EBITDA at Rs. 1405 Crores up 5%; margin expands +60 bps**
  - EBIT at Rs. 1310 Crores up 4%; margin expands +40 bps
  - COGS higher due to rising input costs (10 bps yoy, 190 bps qoq)
  - Competitive spends maintained across segments
  - Continue to focus on driving cost efficiencies & return on marketing investments
  
- ❑ **PAT (bei) at Rs. 1082 crores up 9%; Net Profit up 12% at Rs. 1096 crores**

## Impact of change in presentation

*Rs. Crores*

	SQ '16	SQ '15	Bps
Sales (Net of Excise Duty)	7,698	7,596	
Add: Excise duty	638	617	
<b>Sales (Gross of Excise Duty)</b>	<b>8,335</b>	<b>8,213</b>	
<b>EBITDA</b>	<b>1,405</b>	<b>1,337</b>	
EBITDA Margin (on Net Sales)	18.2%	17.6%	65 bps
<b>EBITDA Margin (on Gross Sales)</b>	<b>16.9%</b>	<b>16.3%</b>	<b>60 bps</b>

‘Income from operations’ reported inclusive of excise duty as per recent SEBI circular

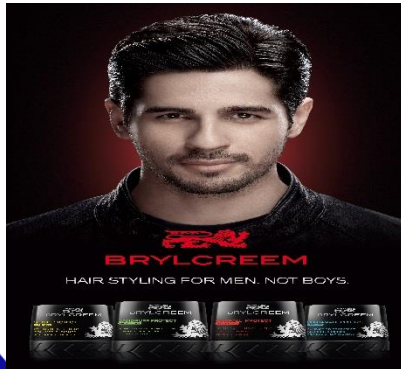


## Mixed performance across segments

Segments	Sales Growth (%)
Home Care	4
Personal Care	(1)
Refreshment	8
Foods	2
<b>Domestic Consumer</b>	<b>2</b>

- **Home Care:** Robust growth with continued momentum on premium laundry
- **Personal Care:** Growth impacted by slowing markets and Personal Wash volumes
- **Refreshment:** Strong growth led by Tea
- **Foods:** Modest growth in a challenging market

# Continued focus on innovations



# Personal Wash: Strengthening the Core



# Building Naturals

## Within the existing portfolio



## Extending to new geographies



## Building a master brand



# Home Care



Fabric Wash | Household Care | Water

# Home Care

*Robust growth with continued momentum on premium laundry*



- ❑ **Fabric Wash:** Growth continues to be driven by the premium segment
  - Surf maintains its strong volume-led growth
- ❑ **Household Care:** Vim liquid does well on back of sustained market development
- ❑ **Water:** Strategic interventions working well; strong growth on RO-UV devices



# Personal Care

LUX

Dove

Pears®

Rexona

Hamam



NEW Fair & Lovely

POND'S



LAKMÉ

St. Ives  
FRESH, BETTER, NATURALLY™

CLINIC  
PLUS+



TRESemmé  
USED BY PROFESSIONALS™

indulekha™

closeup

Pepsodent

ayush  
therapy

AXE

Personal Wash | Skin Care | Hair Care | Oral Care | Deodorants | Color Cosmetics

# Personal Care

*Growth impacted by slowing markets and Personal Wash volumes*



- ❑ **Personal Wash:** Performance impacted by price increases in the quarter
- ❑ **Skin Care:** Growth driven by BB & CC creams
- ❑ **Hair Care:** Dove and TREsemme sustain robust growth
  - Indulekha doing well; extended to 4 new states



## Personal Care ....(contd.)



- ❑ **Oral Care:** Subdued performance; Pepsodent starts recovering post relaunch
- ❑ **Colour Cosmetics:** Broad based innovation led growth
- ❑ **Deodorants:** Axe Signature continues to gain ground

# Refreshment



Tea | Coffee | Ice Cream & Frozen Desserts

# Refreshment

*Strong growth led by Tea*



- ❑ **Tea:** Broad based growth across brands
  - Green Tea & Natural Care sustain their strong growth momentum
- ❑ **Coffee:** Bru Gold continues to lead category premiumisation
- ❑ **Ice Cream & Frozen Desserts:** Magnum Minis introduced during the quarter

# Foods



# Foods

*Modest growth in a challenging market*



- ❑ Continued focus on market development
- ❑ **Kissan:** premium range of Jams gaining traction with consumers
- ❑ **Knorr:** growth driven by Instant Soups

## SQ 2016 : Results Summary

*Rs. Crores*

Particulars	SQ'16	SQ'15	Growth %
Sales	8,335	8,213	1.5
EBITDA	1,405	1,337	5.1
Add : Other Income	253	194	30.4
Exceptional Items – Credit / (Charge)	18	(12)	
PBT	1,576	1,438	9.6
Less : Tax	481	456	
PAT bei	1,082	990	9.3
Net Profit	1,096	982	11.6

- Reported Domestic Consumer growth 2%
- Exceptional item includes profit on sale of businesses (INR 20 Crores)
- Other income includes dividend from subsidiaries (SQ'16: INR 167 Crores, SQ'15: INR 90 Crores)

# FIRST HALF 2016-17

# First Half 2016-17 : Results Summary

Rs Crores			
Particulars	FH'16-17	FH'15-16	Growth %
Net Sales	16,998	16,510	3.0
EBITDA	3,041	2,849	6.7
EBITDA margin (%)	17.9	17.3	
PAT bei	2,210	2,053	7.6
Net Profit	2,270	2,051	10.6

Reported Domestic Consumer growth 3%; Underlying volume growth 1%



## Interim Dividend

Particulars	FH'16-17 Interim	FH'15-16 Interim
Dividend Per Share (Rs.)	7.0	6.5
No. of Share (Crs.)	216	216
Total Dividend (Rs. Crs.)	1,515	1,407
Div. Dist. Tax (Rs. Crs.)	308	286
Total Div. Outflow (Rs. Crs.)	1,823	1,693

# Looking Ahead

## Near term outlook:

- ❑ Gradual improvement expected in market growth – good monsoon
- ❑ Sales growth will be positively impacted by recovery in markets
- ❑ Rising trend in input costs; Price- Volume likely to rebalance

## Strategy unchanged:

- ❑ Focus on volume growth and improvement in operating margin
- ❑ Consistent, Competitive, Profitable, Responsible Growth

# For more information & updates

## Visit our website

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

### September Quarter 2016 results

Hindustan Unilever Limited will release its financial results for September Quarter 2016 on Wednesday 26 October, 2016.

[View more](#)



## HUL Investor App

