



## Safe Harbour Statement

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*SQ'09 Results - 2nd Nov'09*

## Agenda

- Market Context
- SQ'09 Highlights
- Category Overview
- Financial Results
- Looking Ahead

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Market Context : SQ'09

- FMCG markets continue to grow
  - Downtrading in laundry
  - Personal Products momentum sustained
- Consumer price inflation remains high
- Slower pace of growth in organised retail

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Results Summary : SQ'09

- Domestic consumer\* business grows 8%; FMCG grows 7%
  - Double digit growth in Personal Products and Foods; Modest growth in Soaps & Detergents
  - Underlying volumes growth in FMCG +1.0%
  - Strong growth momentum in Water business
- Net sales grows +5.0%; Exports down
- A&P grows by +37.7%; 320 bps increase
- PBIT up +16.5%; Operating margin 14.3%, +140 bps expansion
- PAT bei improves 9.5%; excluding MTM charge PAT bei grows 14.4%
- Net Profit declines -21.6% - impact of exceptional items
- Interim dividend of Rs 3 per share

\* Domestic Consumer includes FMCG and Water

SQ'09 Results - 2<sup>nd</sup> Nov'09

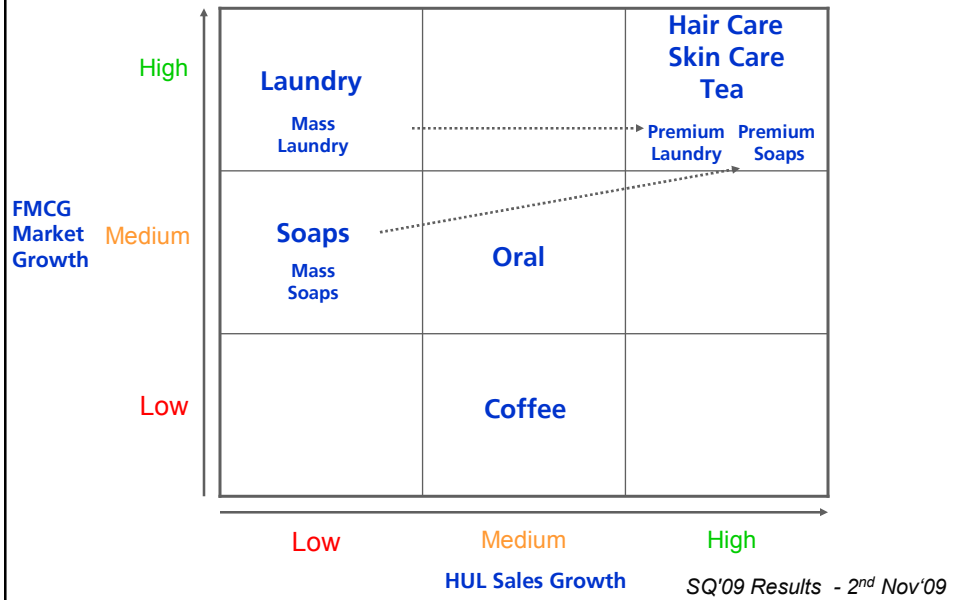
## Segmental highlights – SQ'09

- Personal Products continues double digit volume growth
- Foods growth broad based across all segments
- Modest growth in Soaps & Detergents
  - Premium segment delivers good growth
  - Mass Laundry impacted by significant downtrading; actions to enhance consumer value implemented
  - Interventions to improve portfolio competitiveness in Soaps now in market
- Water continues to build growth momentum and brand awareness

**Strong performance in multiple segments within Domestic Consumer Business**

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Portfolio Growth in relation to market



## Category wise Revenue growth

	Growth %
	SQ'09
Soaps & Detergents	0.9
Personal Products	13.4
Beverages	18.0
Processed Foods	-
Ice Cream	8.0
<b>FMCG</b>	<b>7.0 ^</b>

^ Excludes Other Operational Income

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## Key Interventions

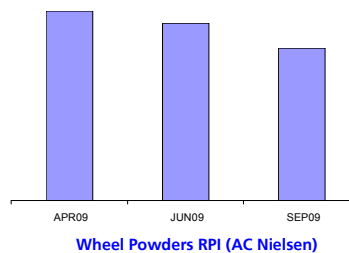
- Improved competitiveness of mass laundry
- Active deployment of full portfolio in Soaps
  - Entire portfolio relaunched
- Continue to drive Personal Products and Foods
- Enhanced brand investment across the portfolio
- Step-up in cost saving programmes and better operating leverage
- Increased focus on in-market execution

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Improved competitiveness in Mass Laundry

- Significant product quality improvements
  - Wheel Bars and Powders formulation strengthened

- Competitive pricing
  - RPIs improved



- Heightened media investments

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Active deployment of Soaps portfolio



**All brands relaunched; strong portfolio of brands across price points**

\* Source: AC Nielsen (SQ'09)

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Strong Personal Products momentum driven by Hair and Skin care



SQ'09 Results - 2<sup>nd</sup> Nov'09

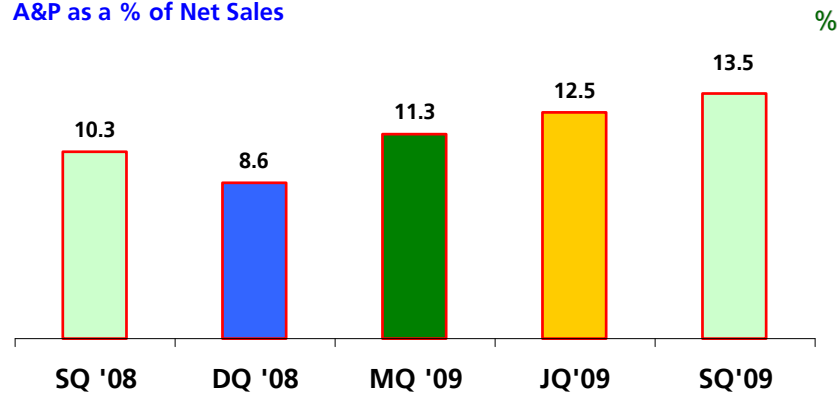
## In Summary: Interventions across portfolio



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## Strong investment behind brands

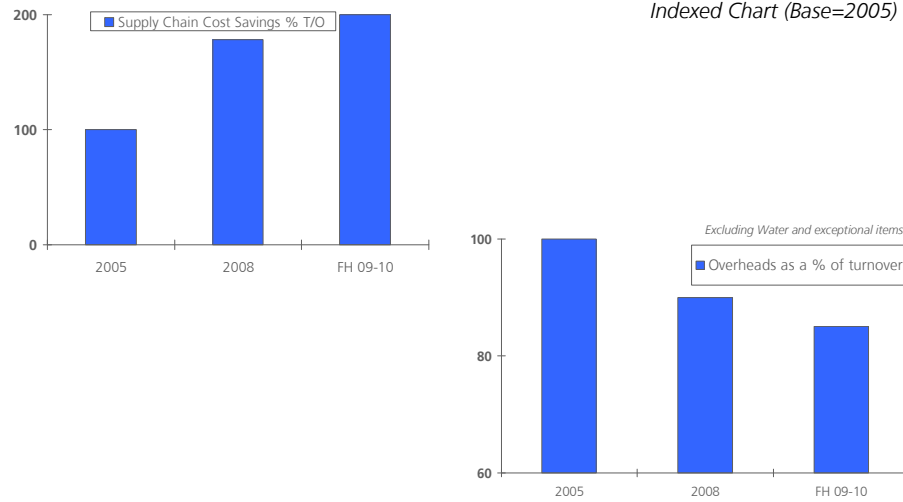
A&P as a % of Net Sales



**Increased brand investments on re-launches and mix impact**

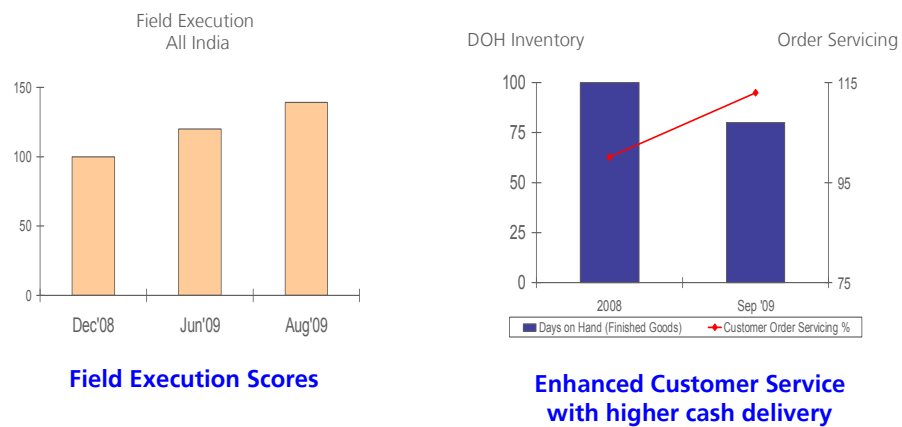
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## Step up in cost efficiencies



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## Enhancing execution capability



Indexed Chart (vs Dec 2008)

SQ'09 Results - 2<sup>nd</sup> Nov'09



## Key Interventions

- Improved competitiveness of mass laundry
- Active deployment of full portfolio in Soaps
  - Entire portfolio relaunched
- Continue to drive Personal Products and Foods
- Enhanced brand investment across the portfolio
- Step-up in cost saving programmes and better operating leverage
- Increased focus on in-market execution

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Home Care category highlights

- Strong growth in Premium Laundry sustained
- Wheel was impacted by downtrading in Mass laundry; actions to enhance consumer value implemented
- Our interventions have stabilised volume shares
- Benefit of lower input costs sustained

SQ'08	Value Share	JQ'09	SQ'09
38.8	Laundry	36.2	35.0

- In Household Care, Vim sustains growth momentum
  - Vim Dish Wash Liquid growing rapidly
- 'Cif' Launch has received positive response



Market Shares Source: AC Nielsen. Panel change in April'09

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Soaps category highlights

- Premium soaps portfolio continues to deliver strong performance
  - Growth in Dove, Pears, Liril driven by volume
- Popular and mass segment rejuvenated
  - Lux, Hamam, Rexona and Breeze relaunched
  - New Lifebuoy with reinforced 'Germkill' proposition starting to show good consumer response



SQ'08	Value Share	JQ'09	SQ'09
49.7	Personal Wash	46.3	44.5



Market Shares Source: AC Nielsen. Panel change in April'09

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Skin Care category highlights

- In Face Care, all brands have grown well driven by strong volumes
- Top end skin portfolio expands with Pond's White Beauty gaining market shares consistently
- FAL core continues to grow well; variants being strengthened

SQ'08	Value Share	JQ'09	SQ'09
52.3	Face Care (MAT)	48.3	47.5



- Hand and Body segment grows strong double digit across Vaseline, Lakme and Pond's Talc
  - Successful relaunch of Vaseline Healthy White with market share gains
  - Pond's Talc shares lower although volume growth is strong



SQ'08	Value Share	JQ'09	SQ'09
56.4	H&B Care (MAT)	53.7	52.7

Market Shares Source: AC Nielsen. Panel change in April'09

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Hair and Oral category highlights

- Portfolio relaunched and step up in growth momentum across brands

- Dove grows rapidly with launch of new range
- Volume growth in Clear post relaunch
- Sunsilk grows well in all packs and in conditioners
- Clinic Plus relaunched in July



- 2nd consecutive quarter of sequential share gain

SQ'08	Value Share	JQ'09	SQ'09
45.9	Shampoo	45.4	45.6

- In Oral, strong volume growth across both brands
- Core variant drives growth in relaunched Pepsodent

SQ'08	Value Share	JQ'09	SQ'09
29.2	Toothpaste	28.0	27.1



Market Shares Source: AC Nielsen. Panel change in April'09

SQ'09 Results - 2<sup>nd</sup> Nov'09

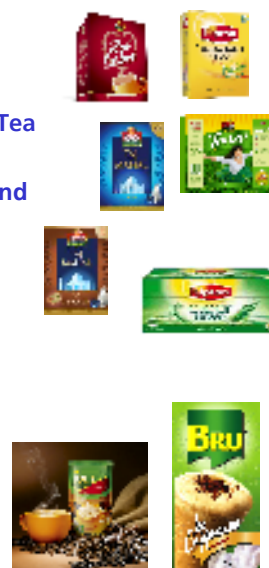
## Beverages category highlights

- In Tea, broad based growth across brands
- Portfolio being driven:
  - Top end opportunity through Lipton Green Tea, Tea Bags and Instant Coffee
  - Value for money segment through price points and LUPs

- Market Shares improving

SQ'08	Value Share	JQ'09	SQ'09
24.3	Tea	21.8	22.3
47.5	Instant Coffee	44.0	44.6

- Commodity costs remain high in Tea



Market Shares Source: AC Nielsen. Panel change in April'09

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Processed Foods category highlights

- Market development activities continue to build this emerging category
- Knorr Soups relaunched and franchise expanded with very positive consumer response



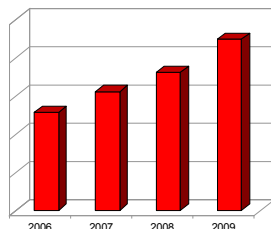
- Kissan brand continues to grow well across all segments
- Annapurna & Modern Foods grow well and profitably



SQ'09 Results - 2<sup>nd</sup> Nov'09

## Ice Cream category highlights

- Strong volume led growth
  - All formats grow well; Impulse and Take Home lead growth
  - Viennetta range relaunched
- Swirl's Parlours expansion continues; 75 parlours now in operation
- Business on a sustained growth path for 4 Yrs – 23% CAGR; good volume growth



SQ'09 Results - 2<sup>nd</sup> Nov'09

## Water Purifier – Business Update

- **Pure-it continues to expand rapidly**
- **Increasing reach to consumers**
  - New extension into multiple channels
- **Focus on product innovations**
- **Nearly 3 million households now protected**



*SQ'09 Results - 2<sup>nd</sup> Nov'09*

## September Quarter'09 financial highlights

- **PBIT margins improve 140 bps; strong operating profit growth @ 16.5%**
  - Step-up in cost efficiencies and better operating leverage
  - Benefit of improved portfolio mix - higher PP sales
  - Carry forward impact of pricing
- **PAT bei grows 9.5%; PAT bei before MTM 14.4%**
- **Net Profit declines**
  - Exceptional gains in base and charges in current quarter

*SQ'09 Results - 2<sup>nd</sup> Nov'09*

## Results: SQ'09

Rs Crores	SQ'09	SQ'08	Growth%
<b>Net Sales</b>	<b>4228</b>	<b>4028</b>	<b>5.0</b>
<b>EBITDA</b>	<b>652</b>	<b>559</b>	<b>16.6</b>
<b>PBIT</b>	606	520	16.5
<i>PBIT margin (percentage)</i>	14.3	12.9	-
Exceptional Items	(135.2)	108.7	-
<b>PBT bei</b>	<b>652</b>	<b>561</b>	<b>16.1</b>
<b>PBT</b>	<b>516</b>	<b>670</b>	<b>(22.9)</b>
<b>PAT bei</b>	<b>500</b>	<b>456</b>	<b>9.5</b>
<b>Net Profit</b>	<b>429</b>	<b>547</b>	<b>(21.6)</b>

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Results: Exceptional Items

Rs Cr

Particulars	SQ'09	SQ'08
<b>Assets Sale</b>	<b>31</b>	<b>131</b>
<b>Restructuring Costs</b>	<b>(166)</b>	<b>(22)</b>
<b>Total</b>	<b>(135)</b>	<b>109</b>

*Restructuring costs for the quarter includes provision on account of settlement signed on 7th October 2009, with the Hindustan Lever Employee Union (HLEU), the Union representing erstwhile workers at Sewree factory, a closed unit.*

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Analysis of Net Profit –SQ'09

Rs Crores	SQ'09	SQ'08	Growth%
<b>Net Profit</b>	<b>429</b>	<b>547</b>	<b>(21.6)</b>
Less: Exceptional/ Extraordinary Items (Net of Tax)	(71)	90	
<b>Profit After Tax bei</b>	<b>500</b>	<b>456</b>	<b>9.5</b>
Less: Foreign Exchange (MTM) Impact (Net of Tax)*	(6)	14	
<b>Profit after Tax before Excep./ Extraordinary items and MTM</b>	<b>506</b>	<b>442</b>	<b>14.4</b>

Forex MTM relates to accounting impact arising from restatement of forex exposures at closing exchange rates; all forex exposures continue to be fully hedged

\* Losses in negative, Gains in positive

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Results: FH 2009-10

Rs Crores	FH 2009-10	FH 2008-09	Growth%
<b>Net Sales</b>	<b>8704</b>	<b>8181</b>	<b>6.4</b>
<b>EBITDA</b>	<b>1367</b>	<b>1195</b>	<b>14.4</b>
<b>PBIT</b>	1278	1118	14.4
<i>PBIT margin (percentage)</i>	14.7	13.7	-
Exceptional Items	(132.4)	126.8	-
<b>PBT bei</b>	<b>1352</b>	<b>1231</b>	<b>9.9</b>
<b>PBT</b>	<b>1220</b>	<b>1357</b>	<b>(10.1)</b>
<b>PAT bei</b>	<b>1037</b>	<b>996</b>	<b>4.1</b>
<b>Net Profit</b>	<b>972</b>	<b>1105</b>	<b>(12.0)</b>

- Domestic Consumer Business grows 10.6%; FMCG grows 9.9%
- 100 bps improvement in operating margins
- PAT bei and MTM grows 10.2%

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Analysis of Net Profit: FH'09-10

Rs Crores	FH 09-10	FH 08-09	Growth%
<b>Net Profit</b>	<b>972</b>	<b>1105</b>	<b>(12.0)</b>
<b>Less: Exceptional/Extraordinary Items (Net of Tax)</b>	<b>(66)</b>	109	
<b>Profit After Tax bei</b>	1037	996	<b>4.1</b>
<b>Less: Foreign Exchange (MTM) Impact (Net of Tax)*</b>	<b>(27)</b>	31	
<b>Profit after Tax before Excep./ Extraordinary items and MTM</b>	1064	966	<b>10.2</b>

\* Losses in negative, Gains in positive

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Interim Dividend

Particulars	FY 09-10	FY 08-09*
Interim Dividend Per Share	3	3.5
No. of Shares (Crores)	218.1	218.0
<b>Total Dividend (Rs Crores)</b>	<b>654</b>	<b>763</b>
Div. Dist. Tax (Rs Cr.)	111	130
<b>Total Div. Outflow (Rs Cr.)</b>	<b>765</b>	<b>893</b>

\* FY 2008-09 was 15 months period

SQ'09 Results - 2<sup>nd</sup> Nov'09



## In Summary

- Domestic Consumer business grows 8.0%; FMCG growth 7.0%
  - PP, Foods and Water grow strongly in double digits
  - Downtrading impacts Mass laundry – actions to improve consumer value implemented
  - Full portfolio deployed in Soaps
- In-market execution substantially improved
- Operating margins improve 140 bps;
  - step-up in cost efficiency programmes and better mix
  - carry forward impact of pricing
- PAT bei grows 9.5%; PAT bei excl MTM grows 14.4%
- Net Profit lower; impact of exceptional items
- Interim Dividend declared Rs 3 per share; 300% of paid up value

SQ'09 Results - 2<sup>nd</sup> Nov'09

## Looking Ahead

- FMCG markets will continue to grow; albeit at a slower pace
  - Lower contribution from price growth
- Possibility of monsoon impact
- Portfolio and capabilities geared to
  - Drive consumption and penetration across segments
  - Build markets and segments for the future
- Competitive growth remains our No. 1 priority

SQ'09 Results - 2<sup>nd</sup> Nov'09



**Thank you**

For more information, please visit <http://www.hul.co.in>

*SQ'09 Results - 2<sup>nd</sup> Nov'09*



*Hindustan Unilever Limited*

**Results – SQ '09**

**2<sup>nd</sup> Nov 2009**

**Investor Presentation**