December Quarter 2012
Results Presentation – January 22, 2013

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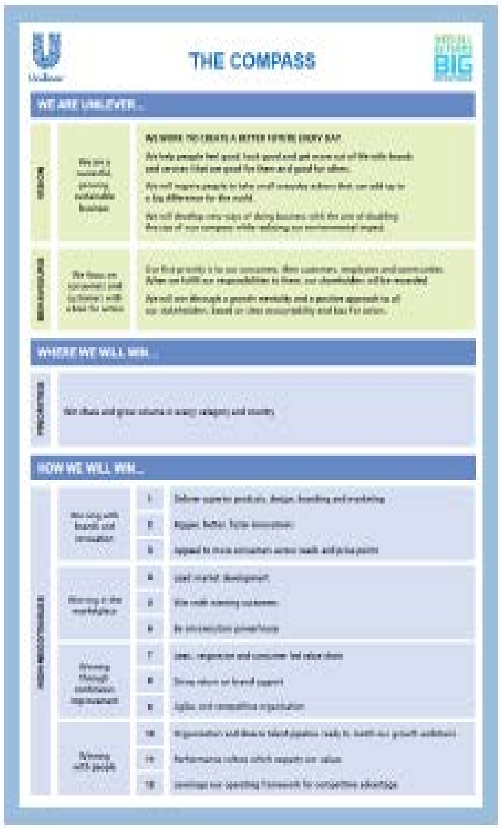
Agenda

Clear and Compelling Strategy

Strategic framework



Sustainable Living Plan

Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth

DQ 2012 – Business Context

Challenging operating environment

→ **FMCG markets sustain levels of double digit growth**

- Soaps & Detergents growth continues to be price led
- Discretionary categories relatively soft

→ **MT retail growth slows significantly**

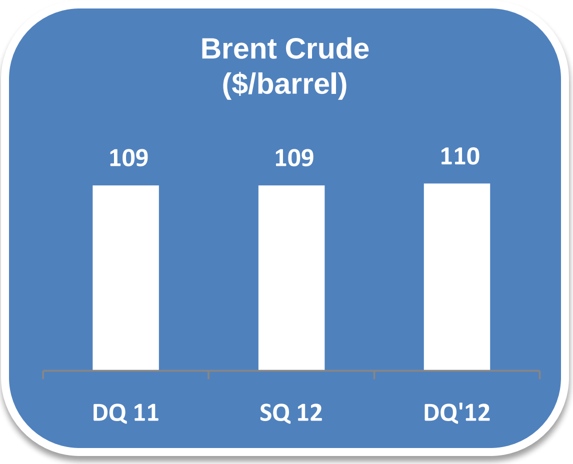
- Pace of store expansion down – net store closure in quarter

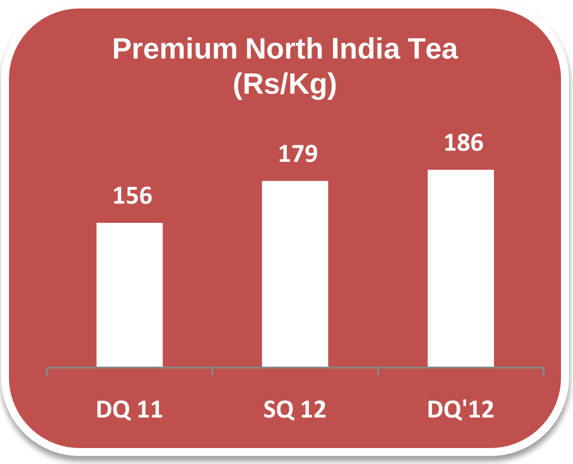
→ **Input costs holding firm**

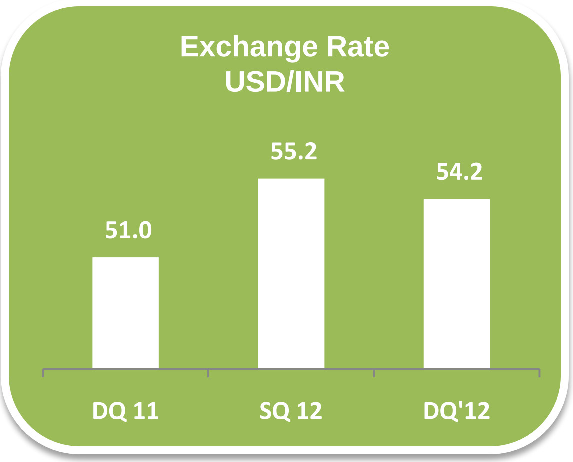
- Tea price escalation in current season
- Rupee at levels of 54+ in DQ’12 (DQ’11: 51)
- Crude steady, PFAD softens

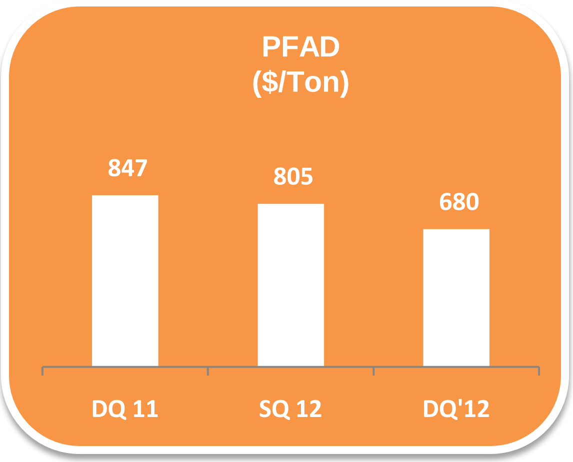
→ **Overall media intensity sustains at high levels**

Input costs holding firm









Source: Bloomberg data and internal estimates

DQ 2012 - Consistent broad based growth and profit improvement

→ Domestic Consumer business grows by 15%

- 5% Underlying Volume Growth
- Home and Personal Care (HPC) grows by 15% and Food & Beverages (F&B) by 13%
- Rural growth sustains, CSD recovers, MT Retail decelerates

→ Operating Margin (EBIT) expands to 16%; up 40 bps

- EBIT at Rs. 1030 crores. grows at 13%
- COGS up 40 bps; material cost inflation and currency partially offset by strong savings program
- A&P up Rs. 132 crores (19%); +100 bps at 12.8% of sales; competitive spends maintained
  - Significant step up in investments behind S&D

→ PAT (bei) at Rs. 873 crores, up 15%; Net Profit up 16% to Rs. 871 crores

Domestic Consumer business = Domestic FMCG + Water
COGS: Cost of Goods Sold; A&P: Advertising & Promotion; CSD: Canteen Stores Department

Broad based growth

	Growth % DQ '12
Soaps & Detergents	20
Personal Products	13
Beverages	18
Packaged Foods	8
Domestic FMCG^	15
Domestic Consumer^	15

^ Excludes Other Operational Income

Domestic Consumer business = Domestic FMCG + Water

Winning with Brands

Continued focus on innovations

Lifebuoy Color Changing handwash

Dove Elixir precious hair oils

Sunsilk perfect straight shampoo

Vaseline GermSafe healthy skin jelly

Brylcreem hair styling range for men

Knorr Soupy Noodles relaunch

CATEGORY HIGHLIGHTS

Skin Cleansing

Broad based growth

→ **Double digit growth sustained across segments**

- Premium segment continues to grow well
- Lux & Lifebuoy deliver another solid performance

→ **Liquids portfolio extended**

- Lifebuoy color changing hand wash introduced

Home Care

Growth led by the premium segment

→ **Laundry – All formats grow in double digits**

- Momentum continues on premium portfolio
  - Surf & Rin deliver another quarter of double digit volume growth
    - Surf buoyed by Easy Wash re-launch
    - Rin growth led by step up in bars
- Actions taken to accelerate Wheel growth

→ **Household Care – Robust performance led by Vim**

- Vim growth accelerates on back of strong liquids performance

Skin Care

Double digit growth led by premium segment

→ **Market growth slowing in Skin**

→ **Double digit growth in Pond's, Vaseline & Dove**

- Pond's Age Miracle continues to deliver strongly
- Lotions perform well

→ **Fair & Lovely retains strong position post relaunch**

- FAL sachet pricing transition still continuing

→ **Vaseline GermSafe healthy skin jelly launched**

Hair Care

Double digit growth led by premium formats

→ Sunsilk, Clinic Plus & Dove bottles grow well

→ TRESemmé launch results very positive

→ Conditioners – strong quarter; growth further accelerates

→ Entry into new regimes with the Dove Elixir & Brylcreem ranges

Foray into premium hair oils segment

Dove Elixir: Precious Hair Oils with real ingredients

Oral Care

Accelerated double digit growth

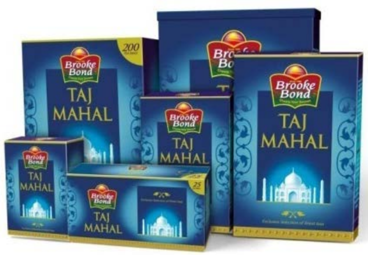
→ **Both brands grow in double digits**

→ **Close-up gains from its re-launch in the previous quarter**

→ **Pepsodent growth led by the premium segment**

Beverages

Robust performance across portfolio



→ **Tea delivers one of its strongest quarters**

- Growth broad based; step up in 3 Roses, Red & Taj Mahal
- Market development focus driving solid tea bags growth

→ **Coffee maintains it double digit growth momentum**

- Premium offerings continue to do well

Tea

Stepping up the growth momentum

Strengthening the Core

Going deeper & building accessibility

Upgrading the Consumer through Market Development

Packaged Foods

Growth led by Kissan and Knorr

KWALITY WALL'S™

→ **Kissan Ketchup sustained double digit growth**

→ **Growth accelerates on Knorr Soups portfolio**

→ **Re-launch of Soupy Noodles with a superior mix**

- Actions during quarter to manage pipeline prior to launch

→ **Kwality Walls registers modest growth – impacted by a challenging environment**

- Strong summer plans in place

Pureit

Growth in a challenging environment

- → **Pureit continues to strengthen leadership in a slowing durables market**
- → **Strengthened portfolio – innovations leading growth**
  - 'Marvella UV' & 'Advanced' launches well received
  - 'Marvella RO' & 3000 liters Germ Kill Kits grow volumes
- → **Good progress on initiatives to drive execution / efficiencies**

UV: Ultra Violet; RO: Reverse Osmosis

DQ 2012 – Results

FMCG exports demerged – reported numbers not comparable

Rs Cr

Particulars	HUL (as reported) DQ'11	HUL (as reported) DQ'12	HUL (as reported) Growth%	HUL (ex FMCG exports) DQ'11	HUL (ex FMCG exports) DQ'12	HUL (ex FMCG exports) Growth%
Net Sales	5,844	6,434	10.1	5,559	6,434	15.7
PBITDA	970	1,089	12.2	928	1,089	17.3
PBIT	914	1,030	12.7	876	1,030	17.5
PBIT margin (%)	15.6	16.0	40 bps	15.8	16.0	20 bps
PAT bei	762	873	14.6	734	873	19.0
Net Profit	754	871	15.6	725	871	20.1

→ **Healthy performance in Domestic Consumer Business**

Domestic Consumer Business = Domestic FMCG + Water

DQ 2012 - PBIT to Net Profit

Rs Cr

Particulars	DQ’11	DQ’12	Growth
PBIT	914	1030	13%
Add : Other Income	80	134	67%
Less : Finance Costs	0	8	
Exceptional Items – Credit / (Charge)	(12)	(7)	
PBT	981	1148	17%
Less : Tax	(227)	(277)	22%
Net Profit	754	871	16%

- Other income includes interest income, dividend income and net gain on sale of other non trade current investments aggregating to Rs. 131 crs. (DQ’11: Rs. 80 crs.)
  - DQ’12 includes interest on Income tax refunds of Rs. 3 crs.
- Exceptional items include:
  - Profit on sale of properties Rs. 25 crs. (DQ’11: Nil)
  - Restructuring costs of Rs. 32 crs. (DQ’11: Rs. 12 crs.)
- Effective Tax rate for the quarter is 24.1% (DQ’11: 23.2%)

DQ 2012 – Summary

→ **Consistent broad based growth and profit improvement**

- 15% growth in Domestic Consumer business with 5% UVG
- Operating Profit margin at 16%, up 40 bps
- PAT (bei) grows by 15%

→ **Strategy on track and delivering**

Domestic Consumer Business = Domestic FMCG + Water; UVG – Underlying Volume Growth

NINE MONTHS ENDING
31ST DECEMBER 2012

Nine months ending 31st December 2012

FMCG exports demerged – reported numbers not comparable

Rs Cr	HUL (as reported)			HUL (ex FMCG exports)		
Particulars	**YTD DQ'11**	**YTD DQ'12**	**Growth%**	**YTD DQ'11**	**YTD DQ'12**	**Growth%**
Net Sales	16,856	18,839	11.8	16,059	18,839	17.3
PBITDA	2,551	3,032	18.8	2,453	3,032	23.6
PBIT	2,381	2,858	20.0	2,296	2,858	24.4
PBIT margin (%)	14.1	15.2	100 bps	14.3	15.2	90 bps
PAT bei	1,996	2,534	26.9	1,931	2,534	31.2
Net Profit	2,070	3,009	45.4	2,005	3,009	50.1

→ **Domestic Consumer: 7% UVG, 16% USG**

→ **EBIT Margin +100 bps**

→ **PAT (bei) up 27%**

Domestic Consumer Business = Domestic FMCG + Water; UVG – Underlying Volume Growth; USG: Underlying Sales Growth

Looking Ahead

→ **Positive medium-long term outlook for FMCG**

→ **HUL well positioned to leverage opportunities and deliver consistent performance**

→ **Near term concerns**

- Global and local volatility
- Inflationary pressures

→ **We remain committed to our strategy of delivering consistent, competitive, profitable and responsible growth**

ROYALTY ARRANGEMENTS WITH UNILEVER

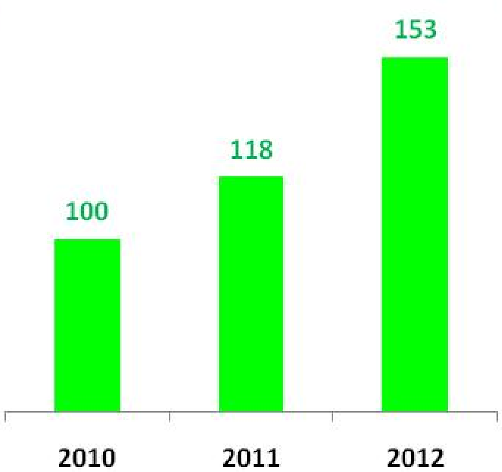
Royalty arrangements with Unilever
Background - the case for change

- **Unilever increasingly globalizing resources in recent years**
  - Greater expertise, superior innovations and scale advantages
  - Increased emphasis on Developing & Emerging Markets (D&E)
  - Pace of innovations and scope of services to operating companies have expanded
- **HUL enjoying increasing stream of benefits from Unilever**
- **India growth opportunity; increased competitive intensity**
- **Unilever committed to support HUL to win in the marketplace and generate significant shareholder value for all shareholders**
  - Increased level of service; higher costs

Leveraging Unilever increasingly in recent years

Examples

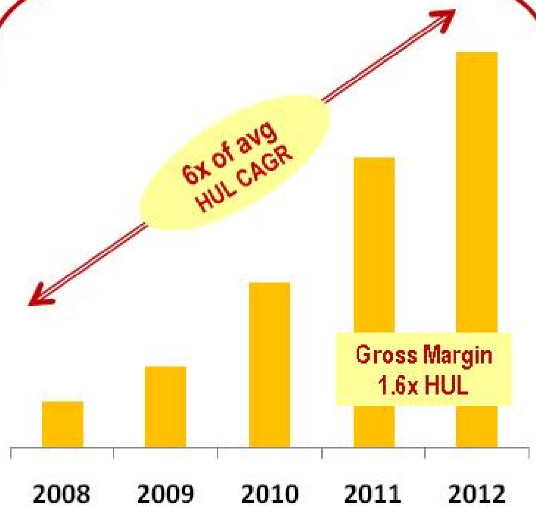
Innovation Turnover From Top Projects



Innovation Turnover Indexed to 2010

- Bigger, Better, Faster Innovations

New Categories accretive to HUL Margin



Facewash + Hair Conditioners + Fabric Conditioners Sales

- Building segments of the future
- Faster breakeven & quicker ramp up

Global Buying Expertise

- Better rates, payment terms
- Supplier innovation

Royalty arrangements with Unilever
Request for review

→ **Current Royalty agreement effective Jan 2010**

- Effective Royalty cost: 1.4% of turnover

→ **Request for review received from Unilever**

- Detailed evaluation and due diligence led by senior HUL team

→ **Rates benchmarked across peer group**

→ **Approval of new arrangement by HUL Board on 22-Jan-2013**

Royalty arrangements with Unilever

New arrangement approved by the HUL Board

→ **New agreement effective 1st February 2013 for provision of technology, trademark licensing and services**

- Existing royalty cost of ~1.4% of turnover will increase in a phased manner (by 30-70 bps per annum) to ~3.15% of turnover no later than FY18
  - Total estimated increase of 1.75% of turnover

- Increase in royalty cost in the period from 1st February 2013 to 31st March 2014 is estimated to be 0.5% of turnover

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