Hindustan Lever Limited

Investor Presentation

Citigroup India
Investor Conference

SP Mustafa, VP Investor Relations, Treasury & Mergers & Acquisitions

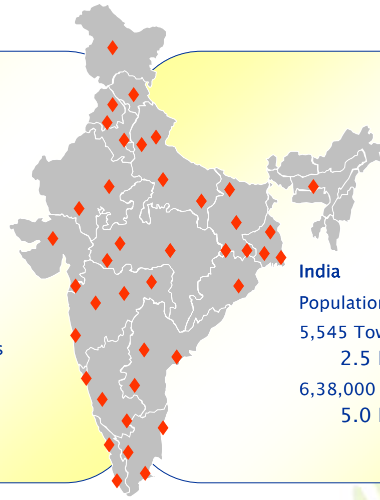
14th March 2007

Agenda

- Overview
- India Opportunity
- HLL - Uniquely Placed
- 2006 Highlights
- Growth Agenda

HLL - India's largest FMCG company

16,000+ employees
1,200+ managers
2,000+ suppliers &
associates
80 company factories
45 C&FAs, 4,000 Stockists
Direct Coverage – 1 Mn outlets
Total coverage – 6.3 Mn outlets
Market reach – 166 Mn households
(8 out of 10 in India)

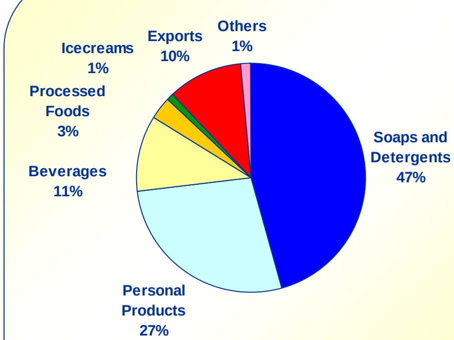


India
Population 1027 Mln
5,545 Towns
2.5 Mln outlets
6,38,000 Villages
5.0 Mln outlets

* Source:
(1) Statistics on India, Total Coverage : AC Nielsen, Census of India 2001
(2) Statistics on Market reach : MRUC, Hansa Research - Guide to Indian Markets 2006

Financial Overview 2006

	Mn $
Turnover	2672
PBIT	377
PBIT %	14.1%
Net Profit (bei)	340
EPS	19c
Surplus Cash Generated	410
Market Capitalisation	9326



* Figures based on FY2006 Audited Results
++ Market Capitalization as on 23rd Feb 2007

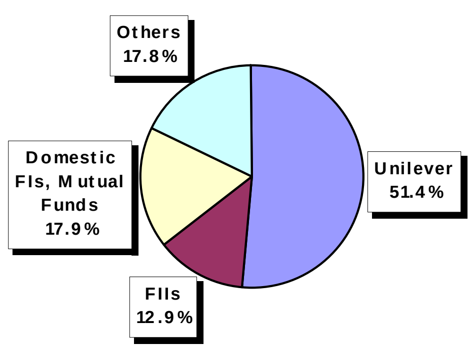
Leadership across Diverse FMCG Categories

	Category	HLL - Market Share (%)	#2 Market Share (%)
Market Leader	Fabric Wash	35.8	15.1
	Personal Wash	55.3	9.2
	Dishwash	55.4	9.5
	Skin	54.7	7.4
	Shampoo	48.5	23.8
	Talcum Powder	59.3	5.8
	Packet Tea	24.9	19.9
	Jams	69.6	4.4

		HLL - Market Share (%)	#1 Market Share (%)
Strong No. 2	Toothpaste	30.4	48.5
	Instant Coffee	44.1	56.0
	Ketchups	27.6	34.4

Source : A.C Nielsen - Quarter Ended December 2006 Value shares

HLL shareholding Pattern



HLL Equity Capital - 50 Mn $

Market Capitalization - 9326 Mn $

* Shareholding pattern as on 1st January 2007
++Market Capitalization as on 23rd February 2007

Agenda

Overview

India Opportunity

HLL - Uniquely Placed

2006 Highlights

Growth Agenda

Indian Economy and Key Drivers

Indian economy is growing at a fast pace...............
Is this sustainable ?

Strengths

- Strong 20% + growth in Exports of merchandise and services.
- Accelerating growth in Investments across sectors.
- Construction and Real Estate Boom.
- Growth in communication and transportation infrastructure.

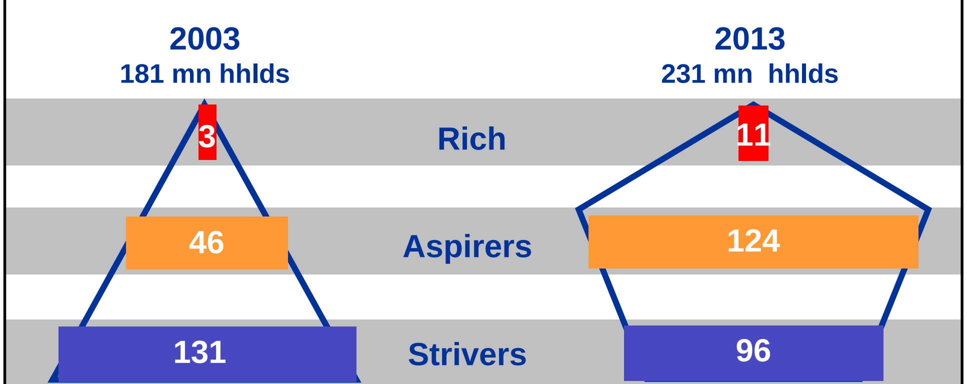
Concerns

- Poor Agricultural growth,
- Lack of investments in Agriculture, Govt. grants driving rural economy.
- Infrastructure bottlenecks.
- Poor progress in HDI.
- Inflationary pressures.
- Slowdown in critical economic reforms due to political pressures.
- Archaic Labour laws

Opportunities & challenges

- Increasing per capita income drives FMCG growth
- A large differentiated set of consumers
- Opportunity to grow consumption and penetration
- Evolving trade structure

India - 2013

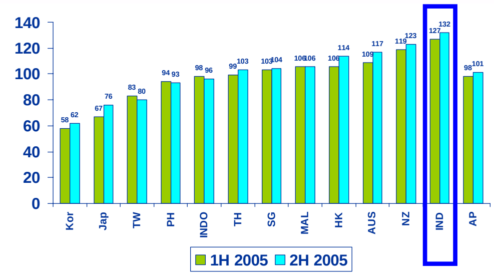


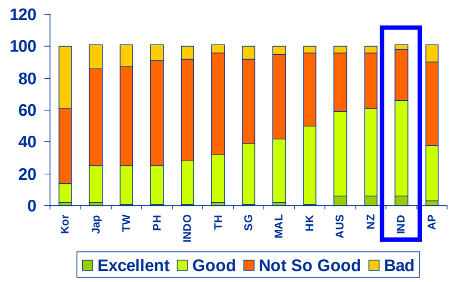
The shape of India is going to change…
from a pyramid to a diamond

Source : NCAER

Consumer Confidence

… Consumer Confidence highest in the Asia Pacific region





… With Consumers feeling it is the best time to buy things they want

Source : AC Nielsen Jan 2006 Global Consumer Confidence Report

Opportunity to grow consumption and penetration

Penetration %

Category	All India %	Urban %	Rural %
Deodorants	2.1	5.5	0.6
Toothpaste	48.6	74.9	37.6
Skin Cream	22.0	31.5	17.8
Shampoo	38.0	52.1	31.9
Utensil Cleaner	28.0	59.9	14.6
Instant Coffee	6.6	15.5	2.8
Washing Powder	86.1	90.7	84.1
Detergent Bar	88.6	91.4	87.4
Toilet Soap	91.5	97.4	88.9

- Per capita Consumption in Skin care 1/25th of Thailand
- Per capita consumption in Laundry 1/10th of South Africa

➢ Huge Opportunity to drive penetration & consumption

Source : MRUC, Hansa Research - Guide to Indian Markets 2006; Euromonitor

Modern Trade Customers

Local Retailers

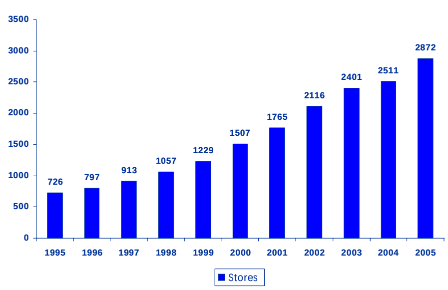
Spencer Super / Hyper

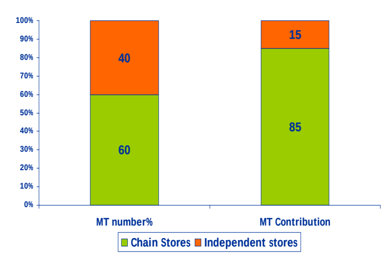
MNC Retailers

Holding in FW / H & G

Prospective Entrants

Development of 'Modern Trade'





- **Modern Trade stores (no) growing at 15% CAGR**
- **Chains growing faster than 'Independents'**

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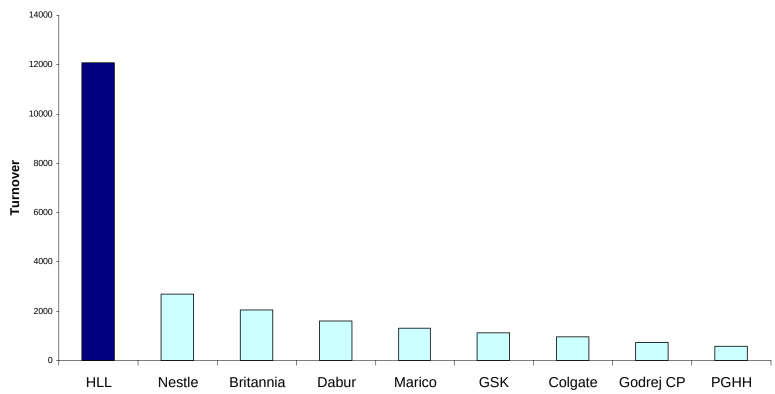
HLL – Uniquely Positioned to Create Value

- Unmatched Brand Portfolio
- Innovation and R&D capabilities to straddle the pyramid
- Track record of building profitable mass market brands
- Versatile distribution network with multi channel capabilities
- Combining corporate responsibility and business strategies to aid the development of rural India
- Strong Local talent base

HLL – 2006 Turnover



2006 TTM Turnover – Rs Crores

Source: Audited Reports and Company Press release

Unmatched Brand Portfolio

Unmatched Brand Portfolio

6 MEGA BRANDS -
Sales from
~ $ 150 to 260 mn each,
53% FMCG portfolio

Innovation and R&D capabilities to straddle the pyramid

- Unilever has well established R&D facilities with over 500 scientists working on new innovations
- HLL is an important part of the global R&D team and leads developments and innovations in many categories
- Proven track record of developing commercially viable innovations
- Innovations in 2006 include Surf Quickwash, Vim Polycoat, Brookebond Natural care and Bru Cappacino

Innovation and R&D Capabilities

Water business - 'Pure-it'

Proposition : 'as safe as boiled water' without hassles of boiling

Assured safety: no harmful virus, bacteria, parasites, pesticides
Works without electricity & piped water
Great taste, clear & odour-free water
Aspirational styling
Affordable price: Rs 1600

Launched in Chennai, now present in most cities of Tamilnadu. Currently extended to Bangalore and other cities in Karnataka

COST
20 paise per liter
or
220 liters of pure water for $ 1

- **Plans in place for business ramp-up**

- **Business model based on consumable sale after consumer lock-in**

Distribution Strength

- Direct coverage of 1 million outlets; brands available in 6.3 million outlets
- Rollout of Unify IT solution allowing realtime tracking of secondary sales and stocks at the retail outlets
- Separate channels identified on the basis of consumer behavior and buying pattern
- Tailor made schemes rolled out to cater to each segment of the market

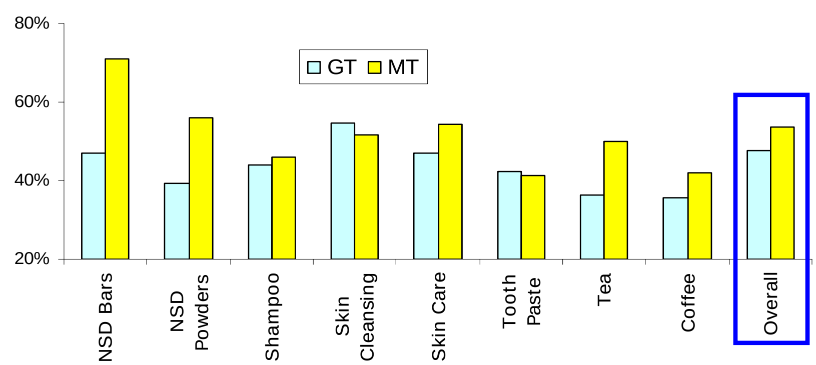
Distribution Strength

Launch of Channel specific Programmes

- **Vijeta**
- **Super value Format**
- **Unicare**
- **Beauty Advisory Channel**
- **Rural Channel** Channel [R]
- **Kiosk channel**

Organized Retail
A source of competitive advantage for MT

HLL Market Shares in MT

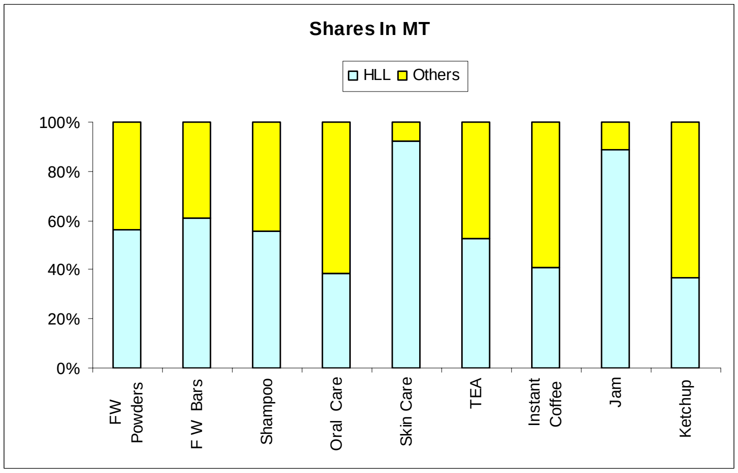


HLL MT Market Shares are higher than its GT shares in most categories

Source : Retailer POS Data & AC Nielson for FY 2005
Comparison with Top 6 Metros in GT

Organized Retail
A source of competitive advantage for MT

HLL MT Market Shares as against Others



Source : Mtrack shares, AC Nielsen

New Initiatives

- Leveraging brands to straddle the pyramid

  e.g. Launch of Pond's Top End range to tap the niche market

  Driving rural consumption through Lifebouy Swastya Chetna

  Launch of Knorr Instant Mixes

- Focusing on Innovations

  e.g. Surf Excel Quickwash Unique formula to reduce water usage

  Vim PolyCoat Reduces wastage by means of a polycoat cover

  3 Roses Natural Care Combines the goodness of tea with natural herbs

- New Capabilities to deepen consumer engagement

  e.g. Lauch of Sunsilk Gang of Girls portal

  Creating Branded content in television

  Bru : An evening to remember

New product launches / relaunches in 2006

Key Innovations/Activations - 2006

Lifebuoy range relaunch

New variants Lux & Dove

Wheel Active relaunch

Hamam Ubtan launch

Breeze Relaunch

Migration

Niche products – Surf Excel Gentle Wash & Comfort Fabric Conditioner

Surf Excel range relaunch

Key Innovations/Activations - 2006

FAL – Skin Clarity, Menz Active, Ayurvedic and Sunblock

Ponds –Face Wash & Top End Range

Vaseline– Aloefresh and re-launched Body Lotion

Lakme – Fundamentals, Free Spirit range, Happy Hour Collection

Elle 18 Nail & Lip range relaunch

Key Innovations/Activations - 2006

CloseUp Milk Calcium launch

Pepsodent Complete

Clinic Plus relaunch

Clinic All Clear Range

Axe Click Range

New Rexona Deos

Sunsilk Relaunch range

Sunsilk Top End range

Key Innovations/Activations - 2006

Tea Relaunch – Taj Mahal & Taaza

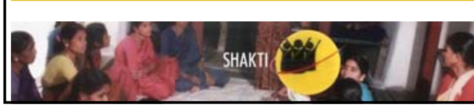
Kissan Relaunch

Ice cream Range

Business strategies to aid the development of rural India

Empowerment of Women Project Shakti	**Happy Homes** Asha Daan, Ankur, Kappagam, Anbagam
Relief & Reconstruction Yashodadham in Gujarat's Kutch district	**Integrated Rural Development** Silvassa
Energy management Conserving energy through efficient process	**Watershed management** Water harvesting in HLL sites, and helping communities to develop watersheds
Sustainable agriculture Reducing effects of modern farming in tea plantations	**Health & Hygiene Education** Lifebuoy Swasthya Chetana
Free Mobile Medical Facility Sanjeevani in Assam	**Helping village entrepreneurs** Vindhya Valley project in Madhya Pradesh

Combining corporate responsibility and business strategies to aid development of rural India



Business strategies to aid
the development of rural India

Rural marketing - Project Shakti

- Challenges in Rural Markets
  - Accessibility
  - Viability
  - Media Dark
- Rural selling through Self Help Groups; provides micro enterprise opportunities for women
- Benefits
  - Improving product reach (doubled direct rural
  - Facilitating Brand-Communication
  - Extended into 15 major states, 400 districts
  - 30800 Entrepreneurs
  - Over 100,000 villages covered
  - Touching 100 mn rural lives
- Ambitious future plans

Rural India

Population	No. of villages	%
<200	140341	22
200-500	127054	20
501-1000	144817	23
1001-2000	129662	20
2001-5000	80313	13
>5000	15875	2
Total villages	638062	100

Lifebouy Swastya Chetna

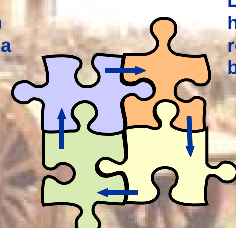
The Challenge in rural India:
1. Lack of awareness about disease causing germs
2. Need for repeated contacts to drive behavior change
3. Lack of media reach

SWASTYA CHETNA

Diarrhoea – Kills a child every 10 secs - 33%(1 mn) of these deaths are in India

LSHTM* Study - Washing hands with soap and water reduces diarrhoeal diseases by 47%

* London School of Hygiene & Tropical Medicine



Business objective – To increase soap consumption in rural India

Lifebuoy - India's leading health soap brand - Role in propagating health & hygiene awareness in villages

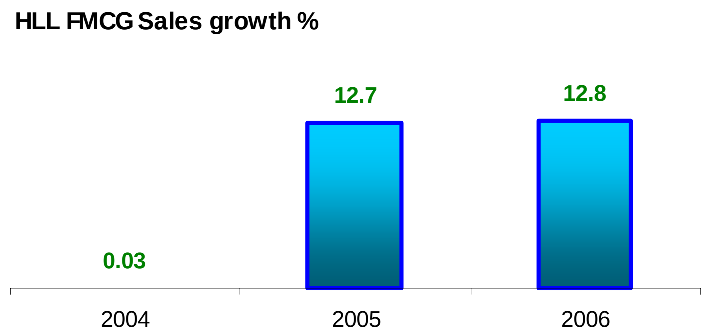
Results	2002 - 2006
No. of villages contacted	27800
No. of people contacted (mn)	80

Agenda

2006 Highlights

- **Sustained top line growth (+9.4%) on the back of a 11% growth in 2005**
- **FMCG grows by 12.8%; HPC (+13.7%), Foods (+9.0%)**
- **Growth broadbased**
- **A&P spends higher by 27%**
- **PBIT grows by 16.2%**
- **PAT and Net Profit grow by 13.7% and 31.8% respectively**
- **EPS grows by 31.4% to Rs. 8.40**

Robust FMCG growth



++ HLL has January - December financial year.

To sum up..2006

- **Good topline growth for the year**
- **Substantial investments behind brands throughout the year**
- **Good progress in all HPC Categories**
- **Foods grows well driven by strong growth in processed foods and ice creams categories and recovery in Tea**
- **Cost pressures continued, managed by selective price increases and cost effectiveness programmes**

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Looking ahead..

- **FMCG Market expected to grow at current levels; proactive government actions should help contain increasing inflation concerns**
- **High levels of innovation will be sustained and A&P investments will be made competitively and effectively**
- **Focus on core foods portfolio will continue. Foods Strategy for the longer term being in place, a phased implementation programme will commence**

Looking ahead..

- **Excellent Water test market results give confidence for a national rollout, commencing from 2007. Investments will be stepped up accordingly**
- **Cost pressures continue with Vegetable Oil prices hardening, though partially offset by reduction in Crude Oil. Judicious price increases and Cost effectiveness programmes will help mitigate the impact**
- **Continued investments in capability building in the area of modern trade and supply chain. The focus will be on customer service backed by Technology and Competitive Best Practice**

Thank you

Unilever

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