



## Safe Harbour 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.

*JQ'09 Results - 29<sup>th</sup> July'09*

## Market Context : JQ'09

- **FMCG markets continue to grow well**
  - Strong growth in both Urban and Rural
  - Broad based across categories
- **In organised retail**
  - De-stocking continues
  - No further outlet consolidation in JQ
- **Downtrading in few categories especially Laundry**
- **Focus on consumer value in MQ & JQ**
  - Price reductions/ fill increases

JQ'09 Results - 29<sup>th</sup> July'09

## Results Summary : JQ'09

- **FMCG business grows by +12.8%**
  - HPC +11.9%, Foods +17.3%
  - Underlying volumes grow +2.0%
- **Net sales grows +7.8% due to planned reduction in non core exports**
- **A&P grows by +25.8%; 180 bps increase in the quarter**
- **PBIT grows +12.6%; PBIT margin 15.0%**
  - +60 bps margin expansion
  - Mark-to-market impact (-) Rs 32 crores
- **PAT before exceptional items (Rs 538 crores) maintained**
- **Net Profit lower by -2.7% due to exceptional items**

JQ'09 Results - 29<sup>th</sup> July'09

## Key Actions from MQ'09.....(1)

- **Strengthen Brands & Portfolio** ✓
  - Continuous improvement of our mixes
  - Right pricing to deliver better consumer value
- **Time bound action plan for each category** ✓
  - Results visible progressively

JQ'09 Results - 29<sup>th</sup> July'09

## Key Actions from MQ'09.....(2)

- **Compress Execution Cycle time** **In Progress**
  - Drive consolidation and simplification through processes & technology. Eg: Urban Zero Inventory Model
- **Strengthening Front End Capability** ✓
  - Improve quality of coverage in both Urban and Rural
  - Enhance execution and productivity by leveraging technology

JQ'09 Results - 29<sup>th</sup> July'09

## June Quarter'09 highlights (1)

- **Return to volume growth**
  - Strong performance in Personal Products and Foods
- **Time bound actions plans**
  - Strengthening and deploying full portfolio
    - To cover all price & benefit positions in key categories
  - Pricing actions taking effect; residual transition impact in the quarter
- **Increased investment behind brands**
  - New launches and competitive spends
- **Significant progress in Urban Go-To-Market**

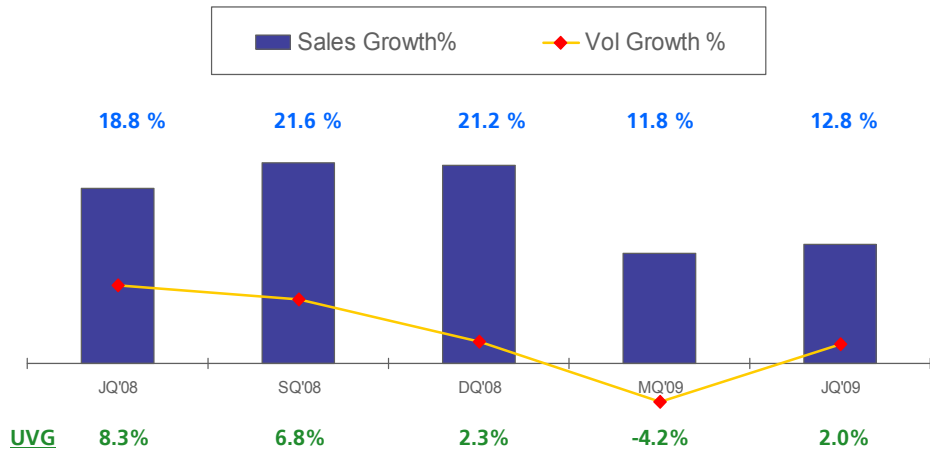
*JQ'09 Results - 29<sup>th</sup> July'09*

## June Quarter'09 highlights (2)

- **Lower input costs and operating leverage improve PBIT margin**
- **Operating margins improve after absorbing**
  - Higher A&P investment
  - Forex mark-to-market charge during the quarter
- **PAT (bei) maintained despite**
  - Higher financial income from sale of investments in JQ'08
  - Increase in Effective Tax Rate; reduced level of tax benefits
- **PAT (bei), excluding forex MTM impact, grows 6.7%**

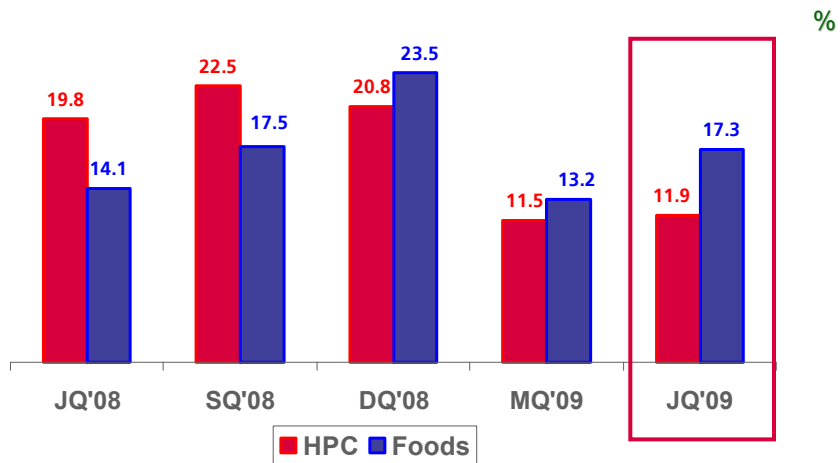
*JQ'09 Results - 29<sup>th</sup> July'09*

## FMCG Sales Trend



JQ'09 Results - 29<sup>th</sup> July'09

## Sales Performance

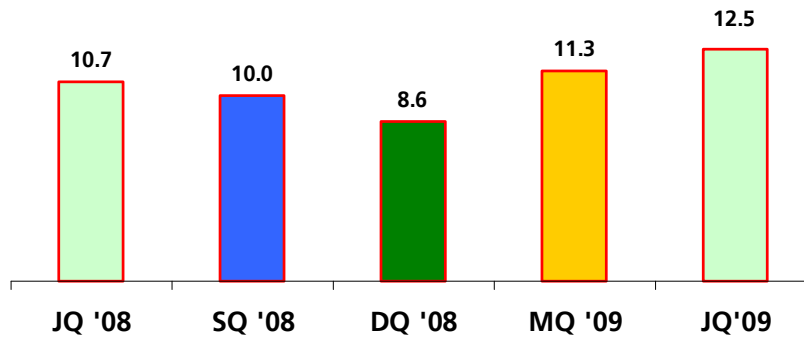


JQ'09 Results - 29<sup>th</sup> July'09

## Investment behind Brands

A&P as a % of Net Sales

%

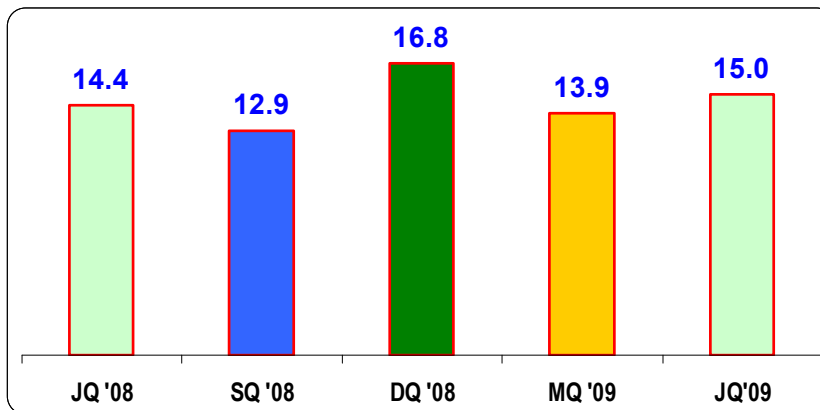


New launches and higher media spends

JQ'09 Results - 29<sup>th</sup> July'09

## PBIT Margin Trends

%



PBIT margins improve 60 bps from lower input costs, tight cost management and operating leverage

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## Category wise Revenue growth

	<u>Growth %</u>
	<u>JQ'09</u>
Soaps & Detergents	9.5
Personal Products	14.7
Beverages	18.6
Processed Foods	14.7
Ice Cream	23.0
<b>FMCG</b>	<b>12.8<sup>^</sup></b>

<sup>^</sup> Excludes Other Operational Income

JQ'09 Results - 29<sup>th</sup> July'09

## HPC Topline

Personal Wash	↑
Laundry	↑
Shampoo	↑
Skin	↑
Toothpaste	↑

HPC Growth

11.9%

JQ'09 Results - 29<sup>th</sup> July'09

## Home Care category performance

- In Laundry, actions to improve competitiveness of our portfolio have been implemented; lower input costs drive category margins
- Surf and Rin drive category growth
- Wheel grammage increases taking effect; share loss primarily in the mass end during transition



JQ'08	Value Share	MQ'09	JQ'09
39.1	Laundry	37.4	36.2

- In Household Care, Vim continues to perform well with strong volume growth
  - Vim Dish Wash Liquid growing rapidly
- Launch of 'Cif' surface cleaner

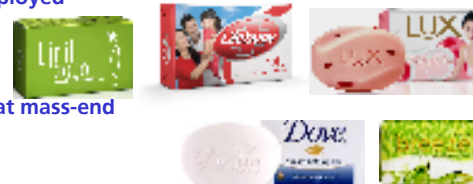


Market Shares Source: AC Nielsen. Panel change in April'09

JQ'09 Results - 29<sup>th</sup> July'09

## Soaps & Skin Care category performance

- In Soaps, full portfolio being actively deployed
  - Lifebuoy and Liril re-launched
  - Dove continues to grow rapidly
- Pricing actions implemented, especially at mass-end
  - Breeze shows good volume growth
- Volume shares stabilize



JQ'08	Value Share	MQ'09	JQ'09
52.1	Personal Wash	48.2	46.3

- FAL drives growth in skin care
- Shares stable in FAL Multivitamin, however, overall shares impacted by loss in FAL variants and change in market mix
- Drive to strengthen our shares in premium segment continues with launch of Ponds Skin Lightening and Vaseline Healthy White



JQ'08	Value Share	MQ'09	JQ'09
54.6	Skin Care (MAT)	51.4	50.2

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

JQ'09 Results - 29<sup>th</sup> July'09



## Hair and Oral category performance

- Hair category performs well with good volumes; shares improve over MQ'09
- Clinic Plus and Sunsilk drive volumes and category growth
- Dove doubles in size
- Clinic All Clear re-launched as 'Clear'

JQ'08	Value Share	MQ'09	JQ'09
46.5	Shampoo	44.9	45.4



- In Oral, Close Up continues to grow well
- Both Close Up and Pepsodent gain shares over MQ'09

JQ'08	Value Share	MQ'09	JQ'09
29.6	Toothpaste	27.8	28.0



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

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## Foods Topline

Tea  
Coffee  
Culinary  
Salt/Atta  
Ice Cream



Foods growth

17.3%

JQ'09 Results - 29<sup>th</sup> July'09

## Beverages category performance

- Strong price led growth across the portfolio
- High commodity costs still a concern; signs of downtrading
- Price corrections in key packs implemented to improve competitiveness



JQ'08	Value Share	MQ'09	JQ'09
23.3	Tea	23.4	21.8

- Instant Coffee registers good growth driven by large packs



JQ'08	Value Share	MQ'09	JQ'09
46.9	Instant Coffee	39.9	44.0

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

JQ'09 Results - 29<sup>th</sup> July'09

## Processed Foods and Ice Cream category performance

### Processed Foods

- Ketchups and Jams grow well



### Ice Creams

- Strong volume led growth
- 65 Swirl's parlours present across 18 cities



JQ'09 Results - 29<sup>th</sup> July'09

## Water Purifier – Business Update

- Consumer base now expanded to over 2 million households
- Increased penetration; now reaching >1500 towns (covering towns >50K population)
- Distribution capability further strengthened
- Business progress as per plan



JQ'09 Results - 29<sup>th</sup> July'09

## Exports

FMCG



Specialty (Non-FMCG)



Planned reduction in non core exports

JQ'09 Results - 29<sup>th</sup> July'09



**Results: JQ'09**

Rs Crores	JQ'09	JQ'08	Growth%
<b>Net Sales</b>	<b>4476</b>	<b>4153</b>	<b>7.8</b>
<b>EBITDA</b>	<b>715</b>	<b>635</b>	<b>12.5</b>
<b>PBIT</b>	673	597	12.6
<i>PBIT margin (percentage)</i>	15.0	14.4	-
Exceptional Items	2.8	18.0	-
<b>PBT bei</b>	<b>701</b>	<b>670</b>	<b>4.7</b>
<b>PBT</b>	<b>704</b>	<b>688</b>	<b>2.3</b>
<b>PAT bei</b>	<b>538</b>	<b>540</b>	<b>(0.4)</b>
<b>Net Profit</b>	<b>543</b>	<b>558</b>	<b>(2.7)</b>

*JQ'09 Results - 29<sup>th</sup> July'09*

## Results: Exceptional Items

Rs Cr		
Particulars	JQ'09	JQ'08
Assets Sale	5	14
Restructuring Costs	(2)	(15)
Others		19
<b>Total</b>	<b>3</b>	<b>18</b>

JQ'09 Results - 29<sup>th</sup> July'09

## Analysis of Net Profit

Rs Crores	JQ'09	JQ'08	Growth%
Net Profit	543	558	(2.7)
Less: Exceptional/Extraordinary Items (Net of Tax)	6	18	
Profit After Tax bei	538	540	(0.4)
Less: Foreign Exchange (MTM) Impact (Net of Tax)*	(21)	16	
Profit after Tax before Excep./ Extraordinary items and MTM	559	524	6.7

- Extraordinary items includes disposal of subsidiary
- 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

JQ'09 Results - 29<sup>th</sup> July'09

## In Summary

- **FMCG growth 12.8%; return to volume growth**
  - Time bound action plans implemented
  - Strong volume growth in Personal Products and Foods
  - Hair and Toothpaste market shares improve over MQ'09
- **Pricing actions taking effect**
  - Residual transition impact in Soaps and Detergents in June quarter
- **Investment behind brands, innovations and execution capabilities in the market place**
- **Good growth in operating profit; operating margins improve**
- **PAT (bei) maintained; excluding forex MTM charge, PAT (bei) grows 6.7%**

*JQ'09 Results - 29<sup>th</sup> July'09*

**Thank you**

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

*JQ'09 Results - 29<sup>th</sup> July'09*



*Hindustan Unilever Limited*

**Results – JQ '09**

**Investor Presentation**

**29<sup>th</sup> July 2009**