Hindustan Unilever Limited

Investor Presentation

ICICI India Unlimited Investor Conference

S Srinivasan

VP Treasury M&A & Investor Relations

Hindustan Unilever Ltd.

3rd & 4th March, 2008

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Agenda

Overview
India Opportunity
HUL - Uniquely Placed
Financials & Summary

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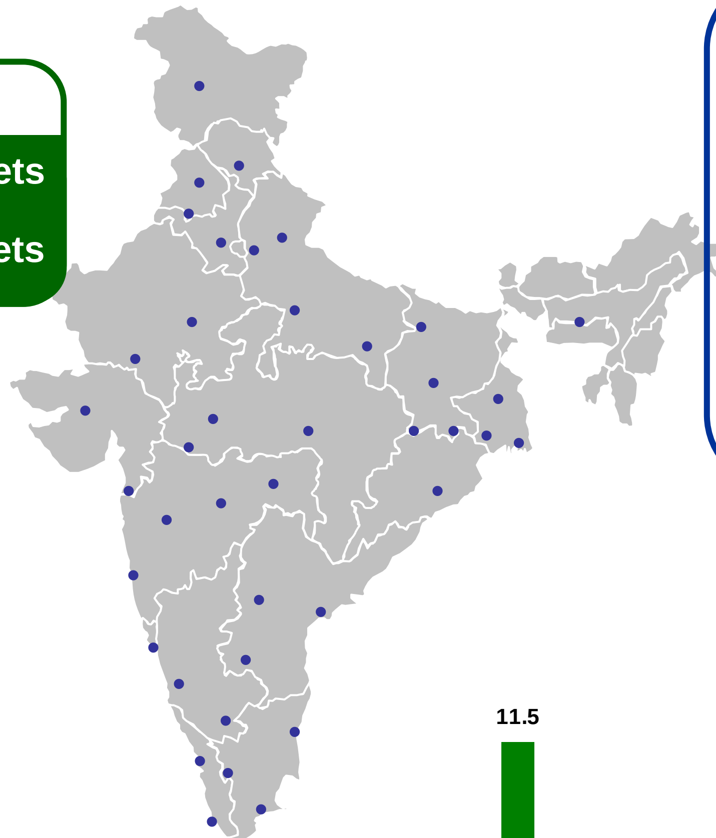
Hindustan Unilever – a 75year history

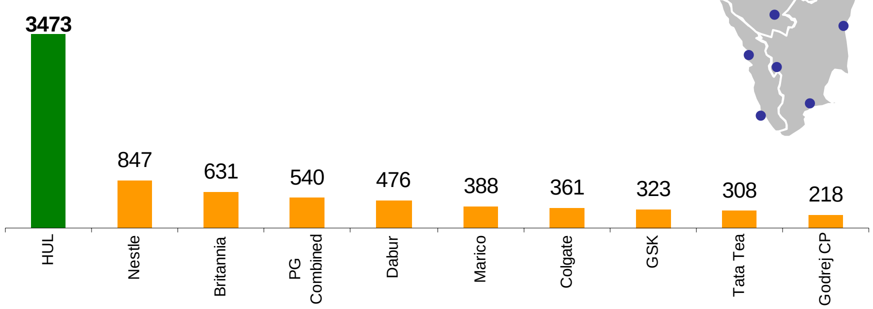
Population 1027 Mln

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

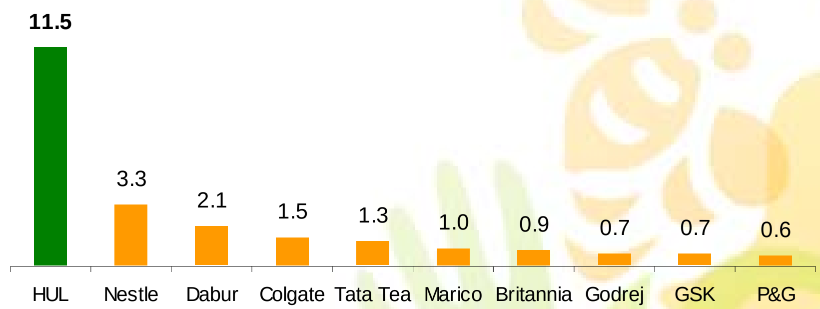


- ~ 15,000 employees
- ~ 1,200 managers
- ~ 2,000 suppliers & associates
- ~ 75 Manufacturing Locations
- ~ 45 C&FAs, 4,000 Stockists
- ~ Total Coverage 6.3 Mln Outlets
- ~ Direct Coverage 1 Mln outlets

Turnover $ Mln



Market Cap $ Bln



* Source:

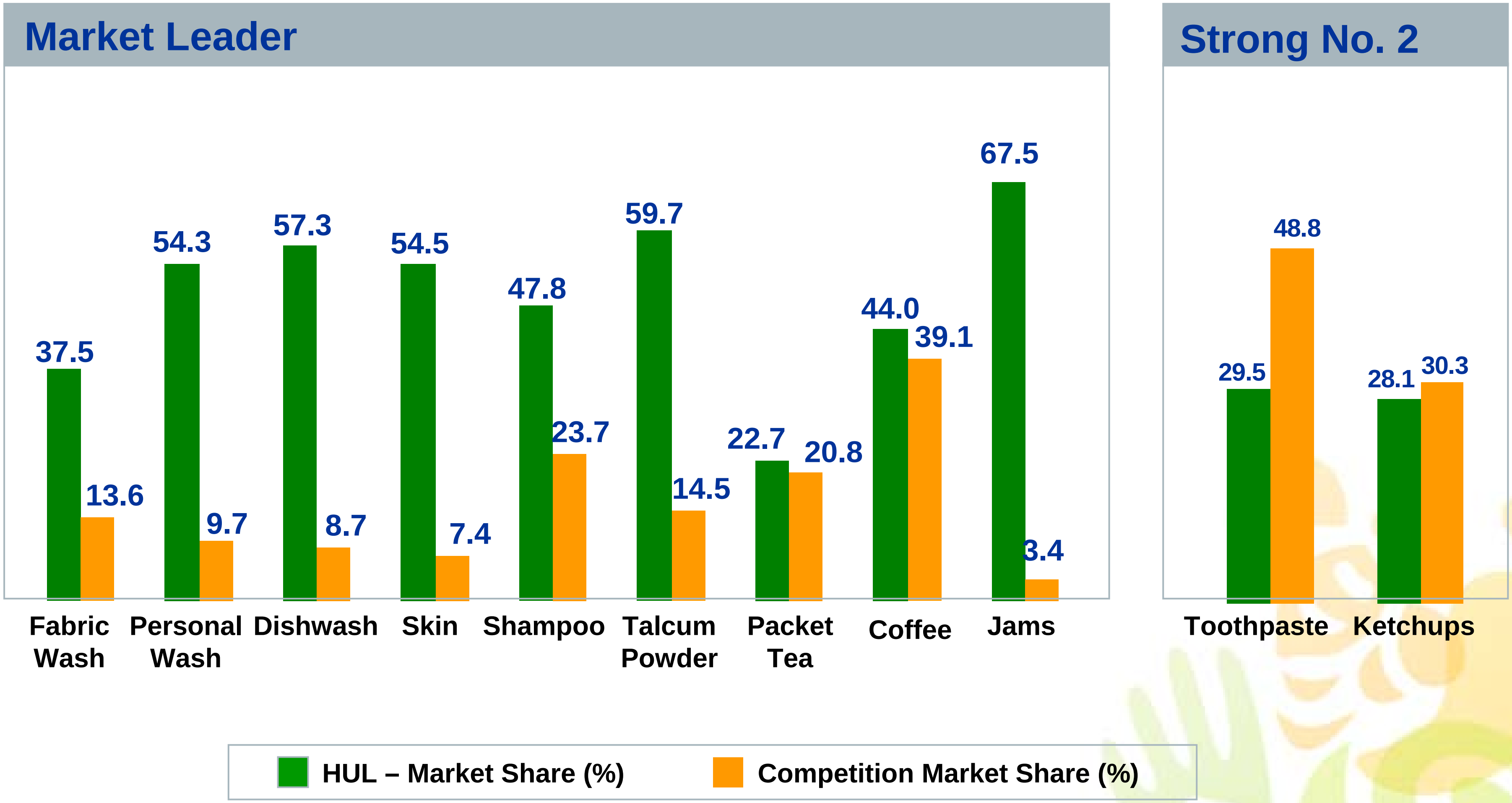
(1) Statistics on India, Total Coverage : AC Nielsen, Census of India 2001

(2) Statistics on Market reach : MRUC, Hansa Research - Guide to Indian Markets 2006

(3) P&G Turnover estimated turnover of PG HH, PG HP and Gillette

(4) Turnover 2007 for all companies as per published accounts, where available

Leadership across Diverse FMCG Categories

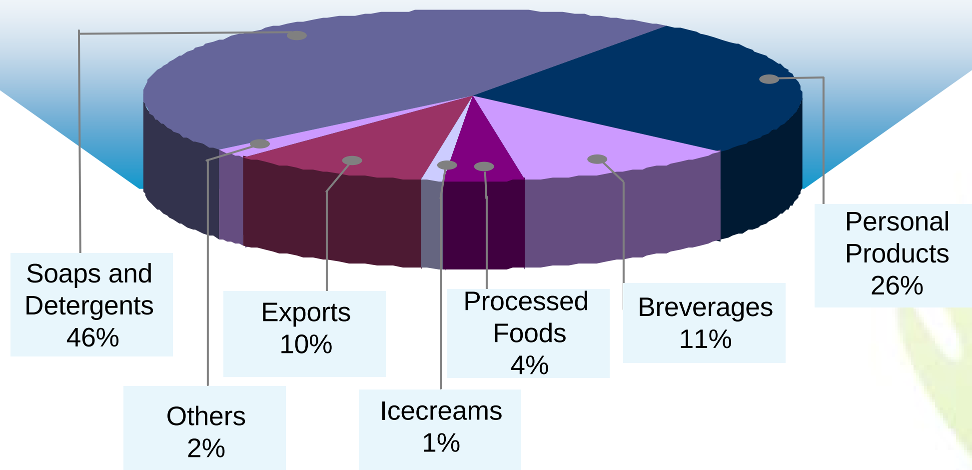


Source : A.C Nielsen - Quarter Ended Dec 2007 Value shares

Financial Overview 2007

Mn $

Turnover	3473
EBIT	499
EBIT %	14.4%
PAT (bei)	448
Reported Profit	487
EPS	21c
Market Capitalisation	~11500



* Figures based on FY 2007 Audited Results ++ Market Capitalization as per NSE as on 6th Feb 2008

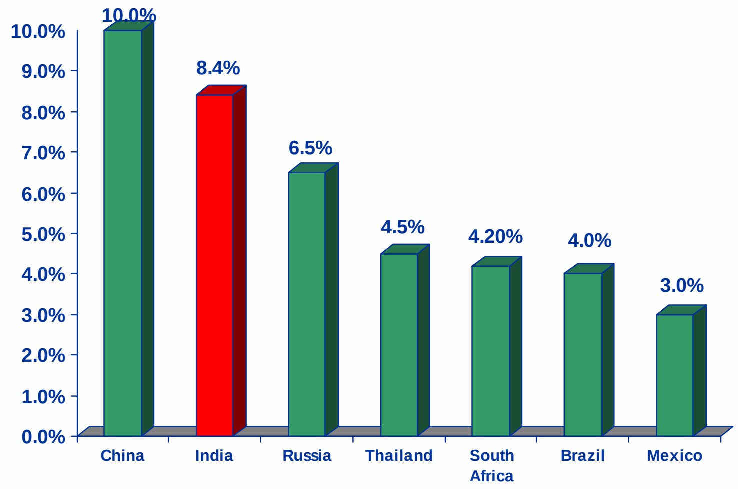
Agenda

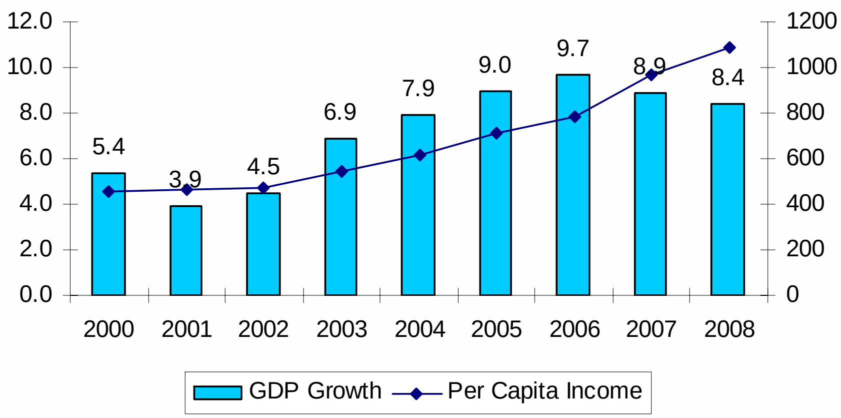
- Overview
- **India Opportunity**
- HUL - Uniquely Placed
- Financials & Summary

Opportunities & Challenges

- India and its consuming class
- Increasing per capita income drives FMCG growth
- Opportunity to grow consumption and penetration
- Large scale potential to grow Foods
- Evolving trade structure

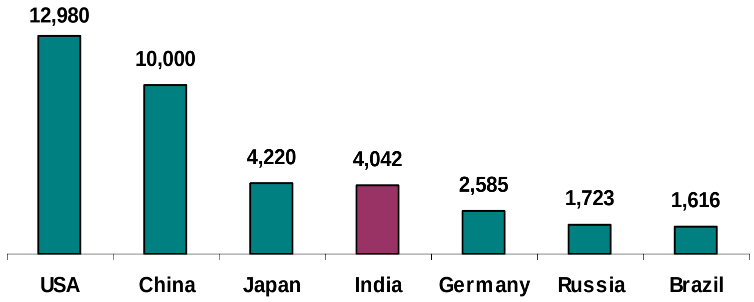
India: Leading Emerging market Economy





Leading Economies in the World

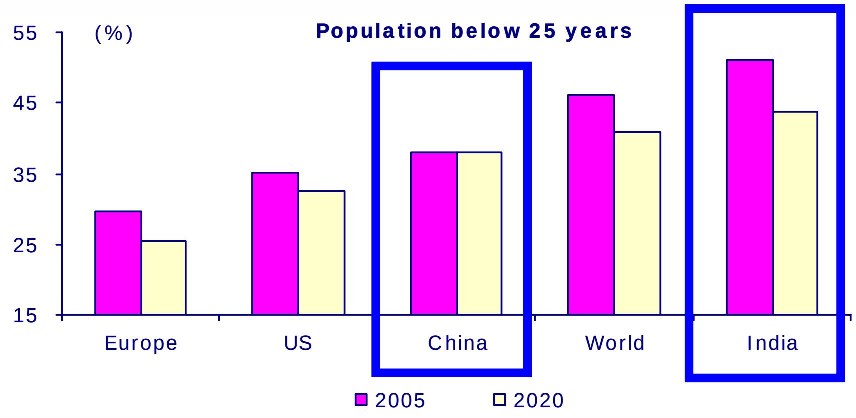
USD Billion (PPP basis, 2006)

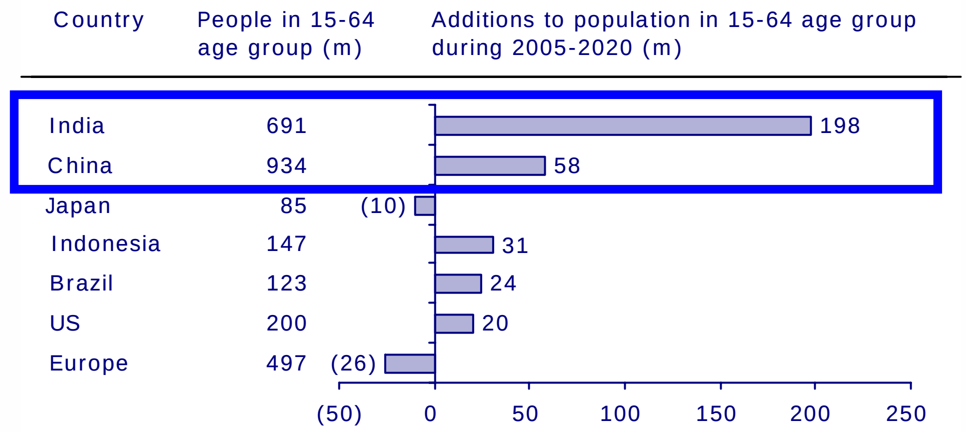


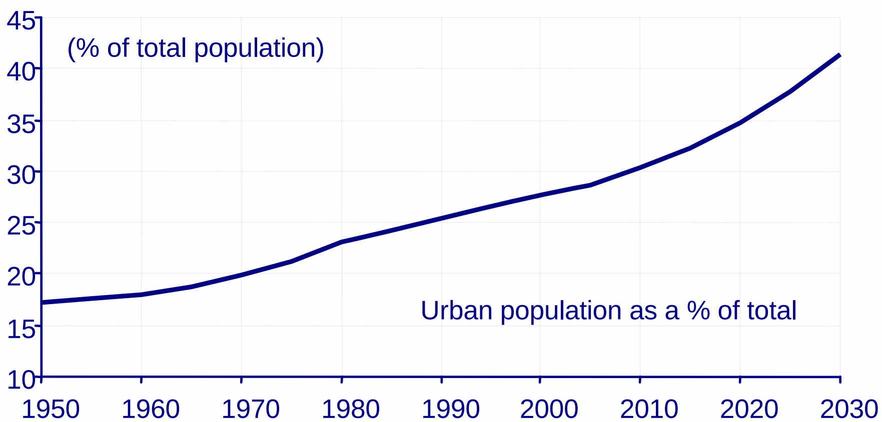
Per capita Disposable Income ($)

* Source Euromonitor

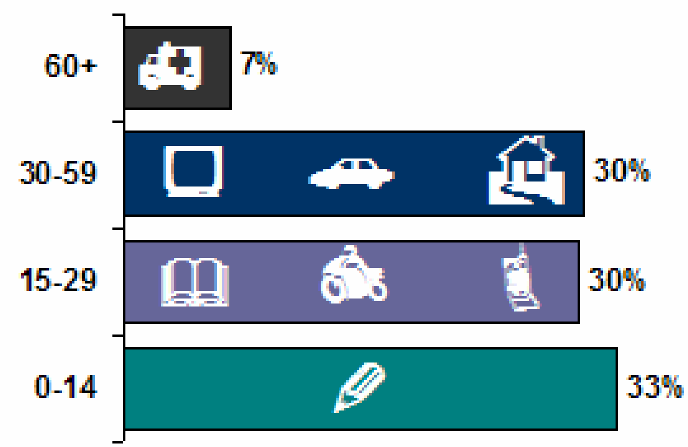
Favourable Demographics





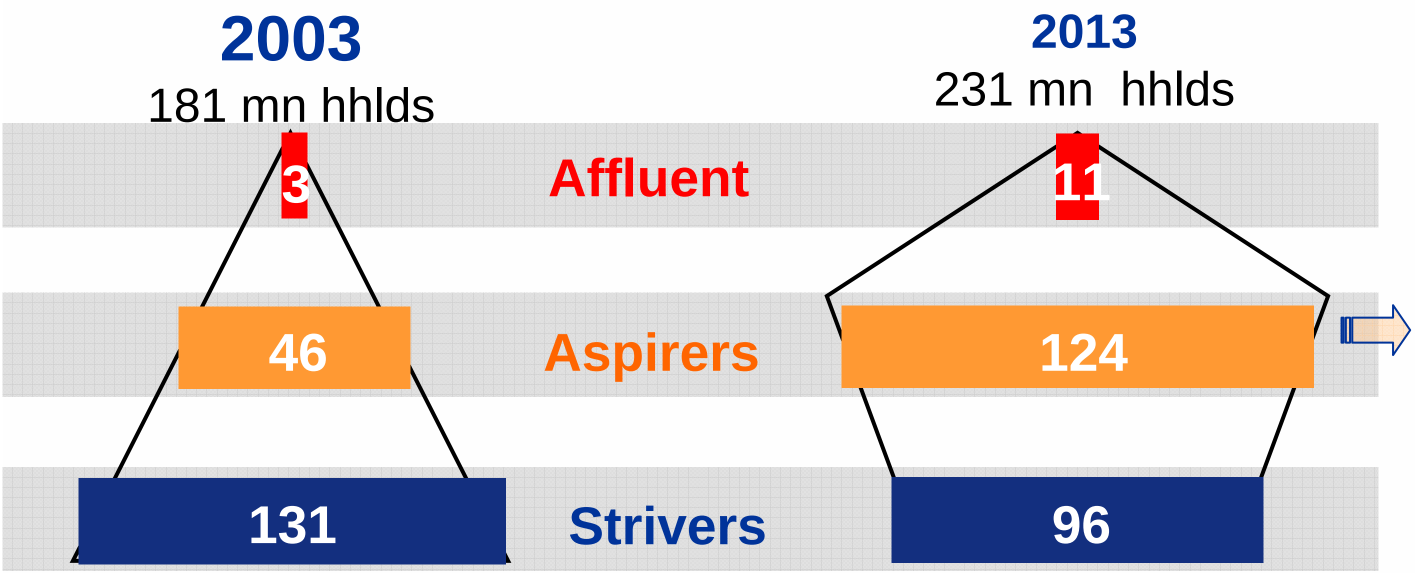


Age-wise Population Distribution
(2006)



* Family Budget Study

India - 2013



Rich Classes
- Top End Business
- Changing attitudes

Aspiring Classes
- Trebling
- Credit Culture

Striving Classes
- B.O.P Opportunity

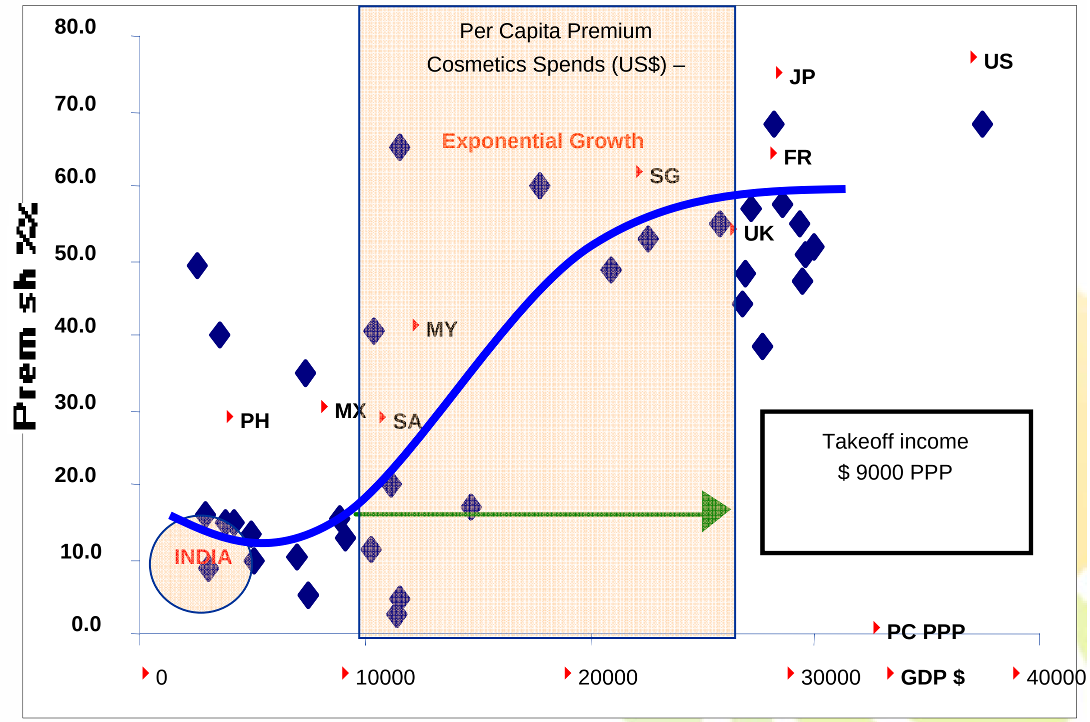
The shape of India is going to change…
from a pyramid to a diamond

Source : National Council of Agriculture & Economic Research

Changing consumer attitudes

- These 11 Mln consumers have a purchasing power that is equal to that of Belgium
- Today's top-end consumer
  - grew up post the introduction of mass television(80's) and
  - started earning post liberalisation
- Today their aspirations are being driven by
  - Growing media sector (182 channels)
  - Freer import regime: presence of global manufacturers/brands
- Per Capita consumption increases significantly as income increases

A market waiting to take off !

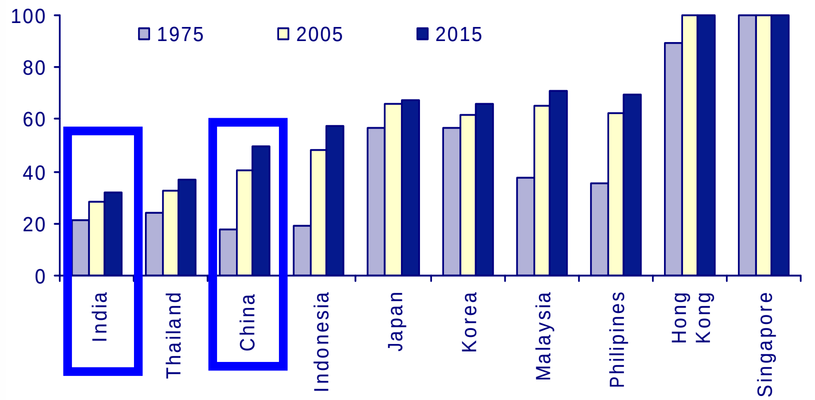


Source: Euromonitor, sample of 35 countries

Rural : The Big Indian Romance

- Rural population larger than Europe (800 million)
- Low growth in agriculture; However rural incomes are growing faster With 70% of the population here, income growth is critical
- Structural changes in the economy which are affecting this are
  - Disintermediation in the agricultural market Price discovery mechanism has benefited farmers.
  - Govt. Grants and subsidies. Employment grants – Rs 40000 crs

Urban population as a % of total



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**

Rural potential – $ 500 Bln - McKinsey report

It's a big opportunity- how does one exploit it ?

Evolving trade structure…

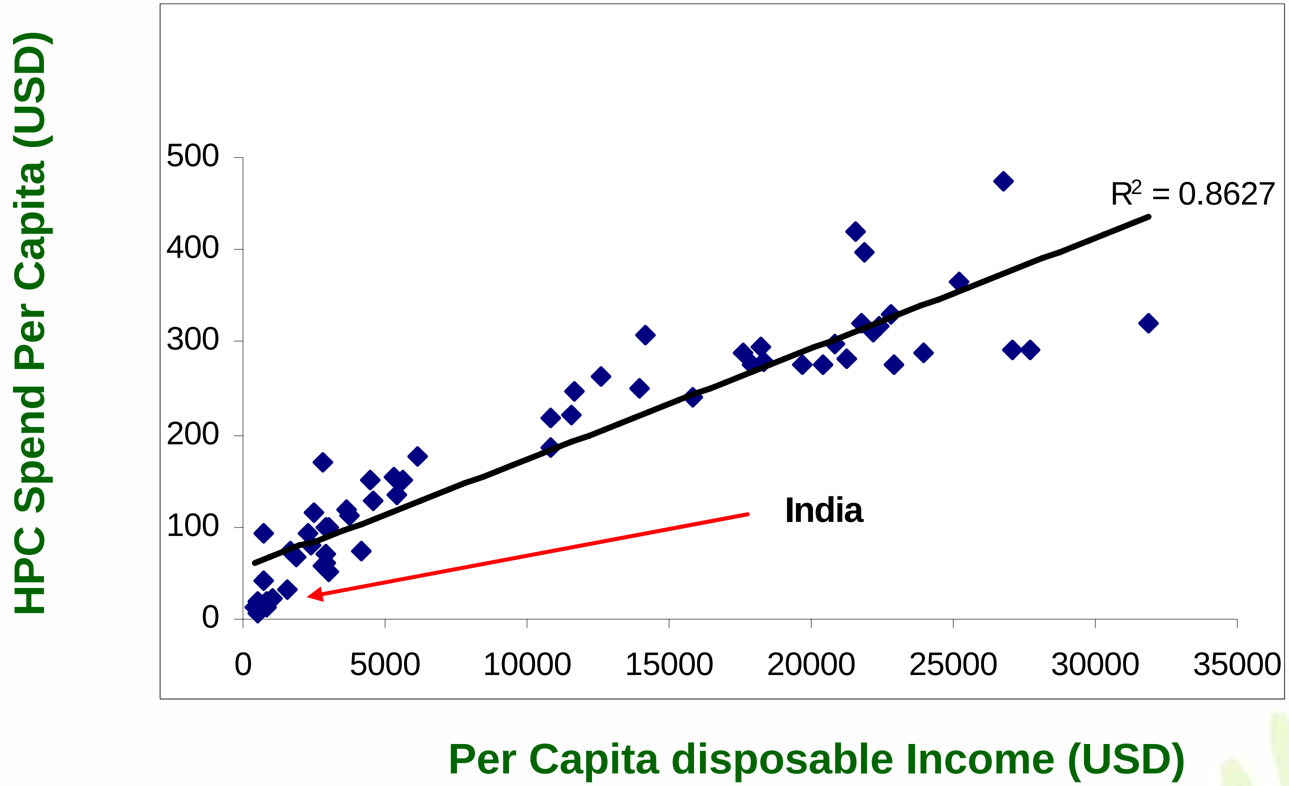
Modern Trade

General Trade

Year	Modern Trade	General Trade
2007	5%	95%
2010	10%	90%
2025	25%	75%

Increasing per capita income drives FMCG growth

Disposable income per capita vs HPC spend per capita



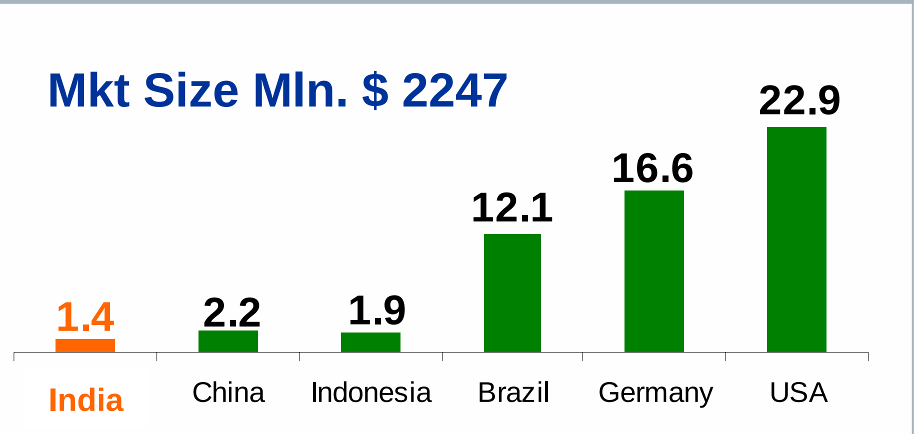
Per capita incomes drive consumption

Source: Euromonitor, Morgan Stanley Research' 2006

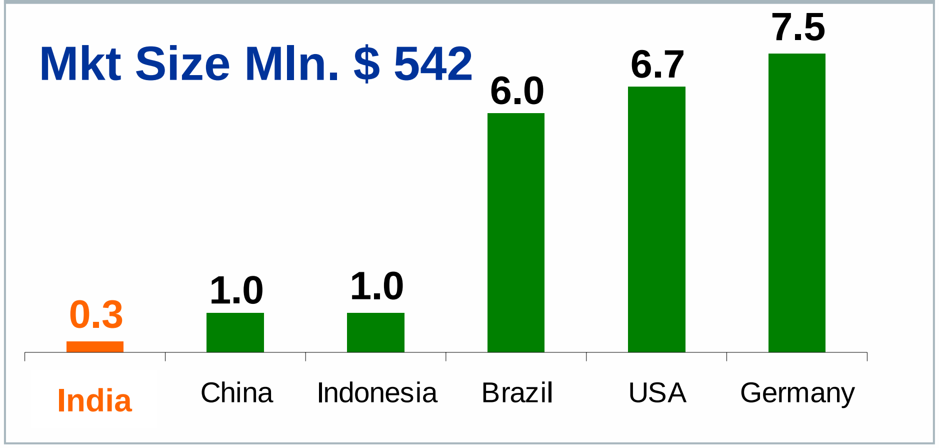
Opportunity to grow consumption

Per Capita Consumption (US $)

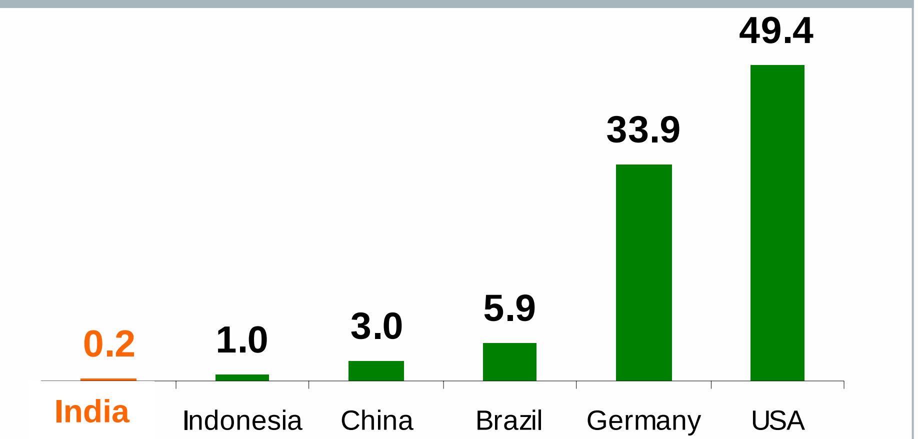
Detergents



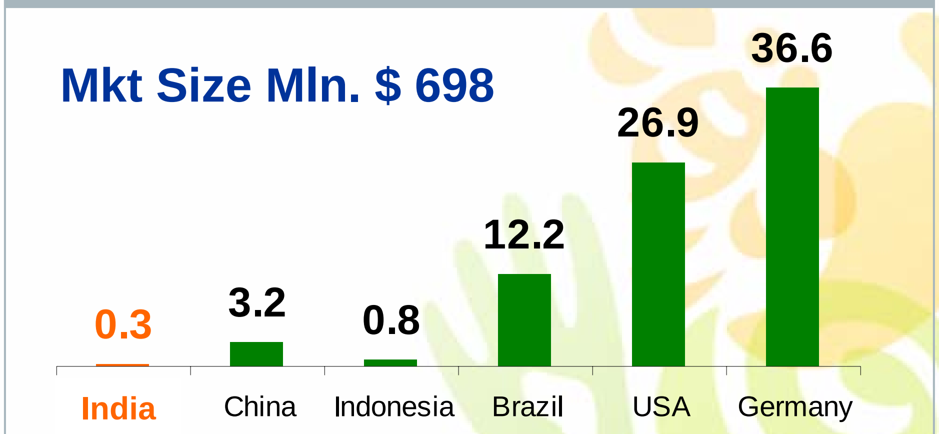
Shampoo



Ice Creams



Skin care



Source : Euromonitor, 2006

Opportunity to grow 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

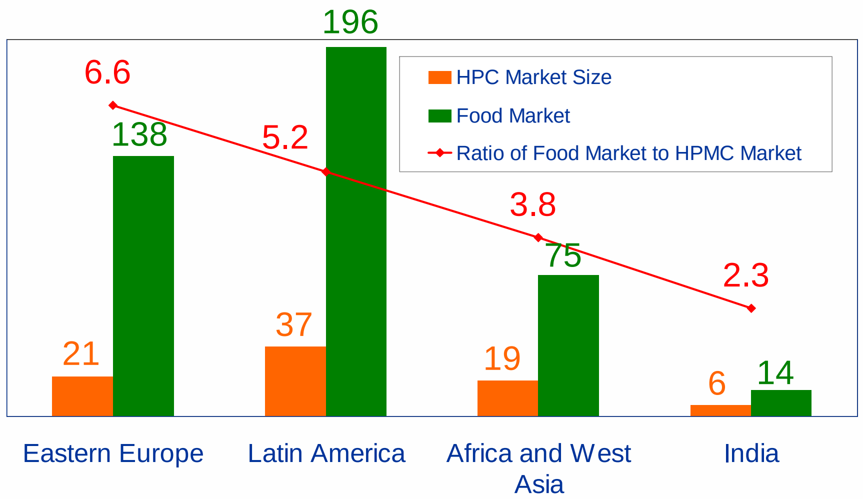
Source : MRUC, Hansa Research - Guide to Indian Markets 2006

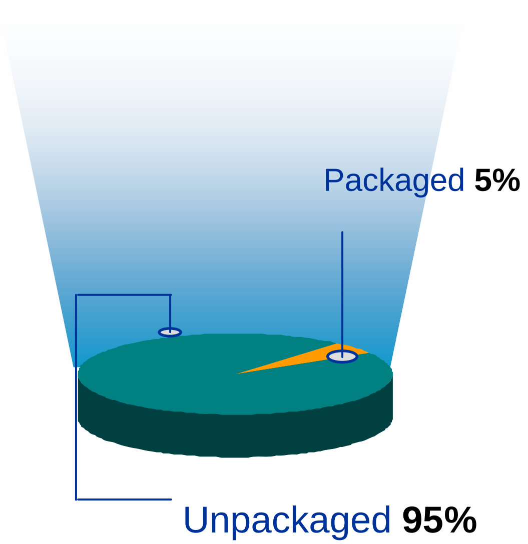
*Penetration numbers based on study conducted by Indian Readership Survey, on a sample size of ~250,000 based on usage in 6 months

Foods Opportunity…

- Packaged Food Market $14 Billion
- Largely Urban (80%), rapid historical growth: 13%
- Poised to accelerate: Income Elasticity of 1.33

Bln. $





But bulk of food is still consumed fresh….unpackaged

Source: Euromonitor, Family Budget Study

Agenda

Overview

India Opportunity

HUL - Uniquely Placed

Financials & Summary

HUL – Uniquely Positioned to Create Value

- Our Strategy
- Competitive Strengths
- Innovation and R&D capabilities to straddle the pyramid
- Versatile distribution network
- Strong Corporate Responsibility and Governance
- Strong Local talent base

Our vision

To earn the love and respect of India, by making a real difference to every Indian.

Our Strategy

- Grow ahead of the market by leading market development activities
- Leverage positive impact of growing Indian economy on consumer spending
- Grow a profitable foods and Top end business
- Grow the bottom-line ahead of top line
- Strong commitment to sustainable development

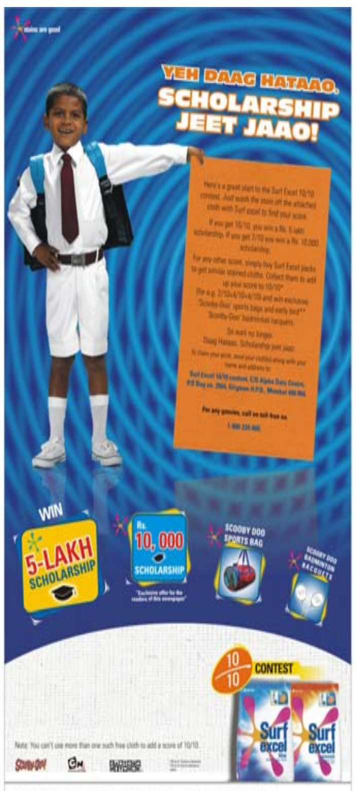
An unmatched brand portfolio

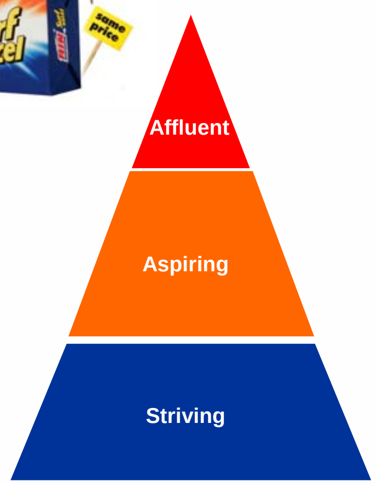
6 MEGA BRANDS ~ $ 150 to 200 mn each, 53% FMCG portfolio

Portfolio straddling the pyramid across categories

Particulars	Laundry	Soaps	Shampoo	Skin	Toothpaste	Tea	Coffee
Market Size - $ mln	**2247**	**1658**	**542**	**698**	**691**	**1113**	**177**
HUL Share	37.5%	54.3%	47.8%	54.5%	29.5%	22.7%	44.0%
Nearest Competitor	13.6%	9.7%	23.7%	7.4%	48.8%	20.8%	39.1%

Category Leadership: Laundry

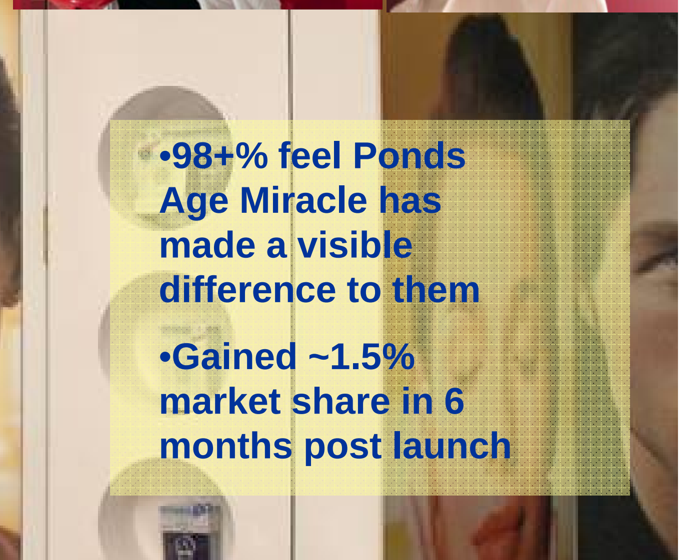




Strong Global Brands: Dove Hair Care

Building Category: Ponds Top End

- Superior Product
- Well trained Beauty Advisors
- Product Knowledge
- Skin Analysis methodology
- Creating Awareness among the target consumer



- 98+% feel Ponds Age Miracle has made a visible difference to them
- Gained ~1.5% market share in 6 months post launch

Building category- Processed Foods

Large snacking moments

Snacking incidence	
Snack	**% HHlds**
Potato Chips	37
Mixture	43
Bhajiya	27
Muri (east)	27

… but low ketchup penetration

Hhld Panel	Penetration
Ketchup	17%

North 21%

West 16%

Metros 31%

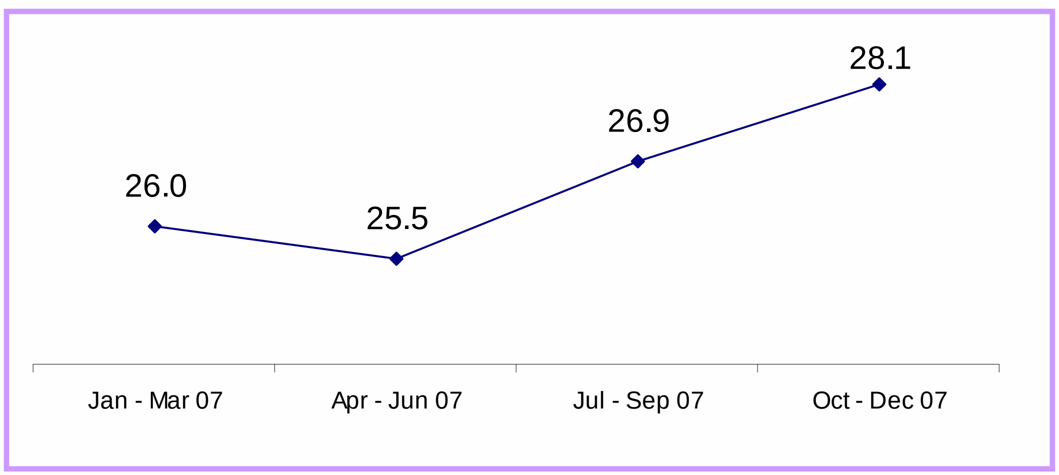
East 25%

South 7%

Conversion from home made dips in ethnic snacking occasions

Chatakdaar

Launched in Q407



Growing ‘Out of Home’ Opportunity

Growing incidence of Out of Home consumption Creating a Large &Growing Market

- **58% LSM 8+ consumers work between 9 a.m. to 6 p.m.**
- **Market in Premium channel estimated at 1500 cr. Growing at 23% p.a.**

HUL uniquely poised to unlock the opportunity

- **Dominant presence in both tea coffee & soup**
- **Currently serve 1.7 bill cups per annum**

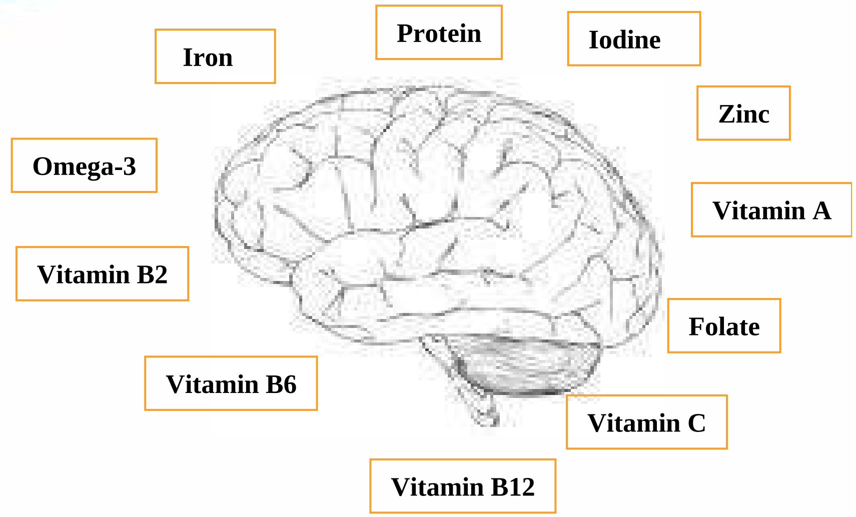
Appropriate customer/ consumer solutions to unlock value

Segment	Solution	Products
Topend		**Connoisseur Tea Bags, Turbo Tea**
Masstige	 	**Freshly brewed coffee, Ice Tea & Cold coffee**
Penetration	 	**Cardamom Tea, Bru Coffee, Tea Bag Tea**

Leverage key relationships for accelerated growth:

Amaze: Brain Food

- **What Scientist say:**
  - **The school-going period is a critical period for a child's brain development**
  - **Functions like reasoning, problem solving, planning, memory develop at this age.**



- **Why Amaze:**

Each serving provides the right type of brain nutrients, in the right combination, giving children 33% of the daily required dosage for their mental development."

Iron	= half Kg of spinach
Vitamin C	= 1 orange
Vitamin A	= 2 mangoes
Calcium	= 4 boiled eggs
Vitamin B6	= 4 tomatoes
Folate	= 1 cup of cooked rice

Every product also includes Omega 3&6, which are building blocks of the brain.

Water

Context	~ 220 Mln Households, where safe drinking water in short supply

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

no harmful virus, bacteria, parasites, pesticides

Works without electricity & piped water

Business model based on sale of consumables

Affordable price: Cost of Unit - ~$ 45; Cost of battery - $ 7

Being Rolled out across key towns and urban areas

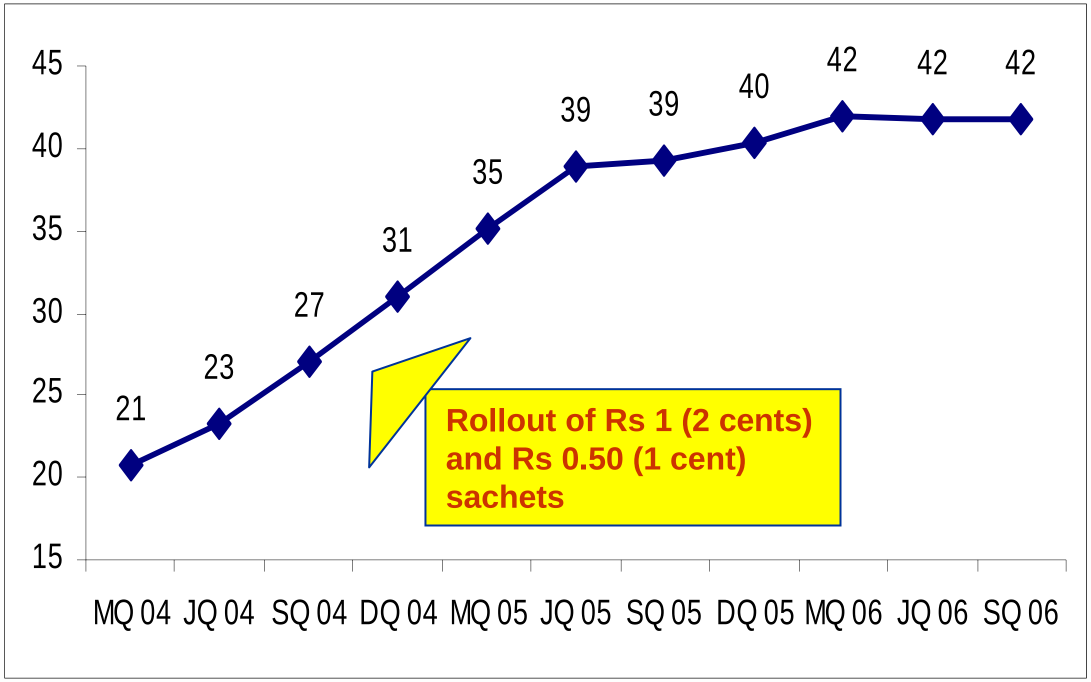
COST
220 liters of pure water for $ 1

Our Strategy	Build brand image leadership & strong consumer relationship through effective communication; secure ongoing sale of consumables

Opportunity from increased penetration

Unique innovations & promotions to drive category penetration

Rural shampoo penetration : % households bought once/quarter



Low price shampoo sachets have helped drive category penetration

Innovation and R&D capabilities

- HUL leads global research in Oral, Skin and Laundry
- Some achievements:
  - Single Shot Soap making process
  - Skin Lightening Cream
  - Non Soap Detergent Bars
  - Poly coated Dish Wash Bar
  - Drinking water purifier (Pure-It)
  - Amaze

Winning with "Go to Market Approach"

Total population (In Bln.)	1.1
Number of Retail Stores (Mlns)	7.74
FMCG Market (Annual, $ Mln)*	16448
Urban : Rural Ratio	67:33
FMCG Growth (Value %)	11
Store Density (Stores Per 1000 People)	6.8
Per Capita FMCG Spend (Annual,$)	14.5

Distribution Strength

Direct coverage – 1milllion outlets
Brands reach – 6.3 million outlets

Strong IT capability, end to end connectivity

Unique channel Initiatives to Win at "Point of Purchase"

Portfolio of category and Brands give unique reach in Modern Trade

Project Shakti, a competitive advantage in Rural India

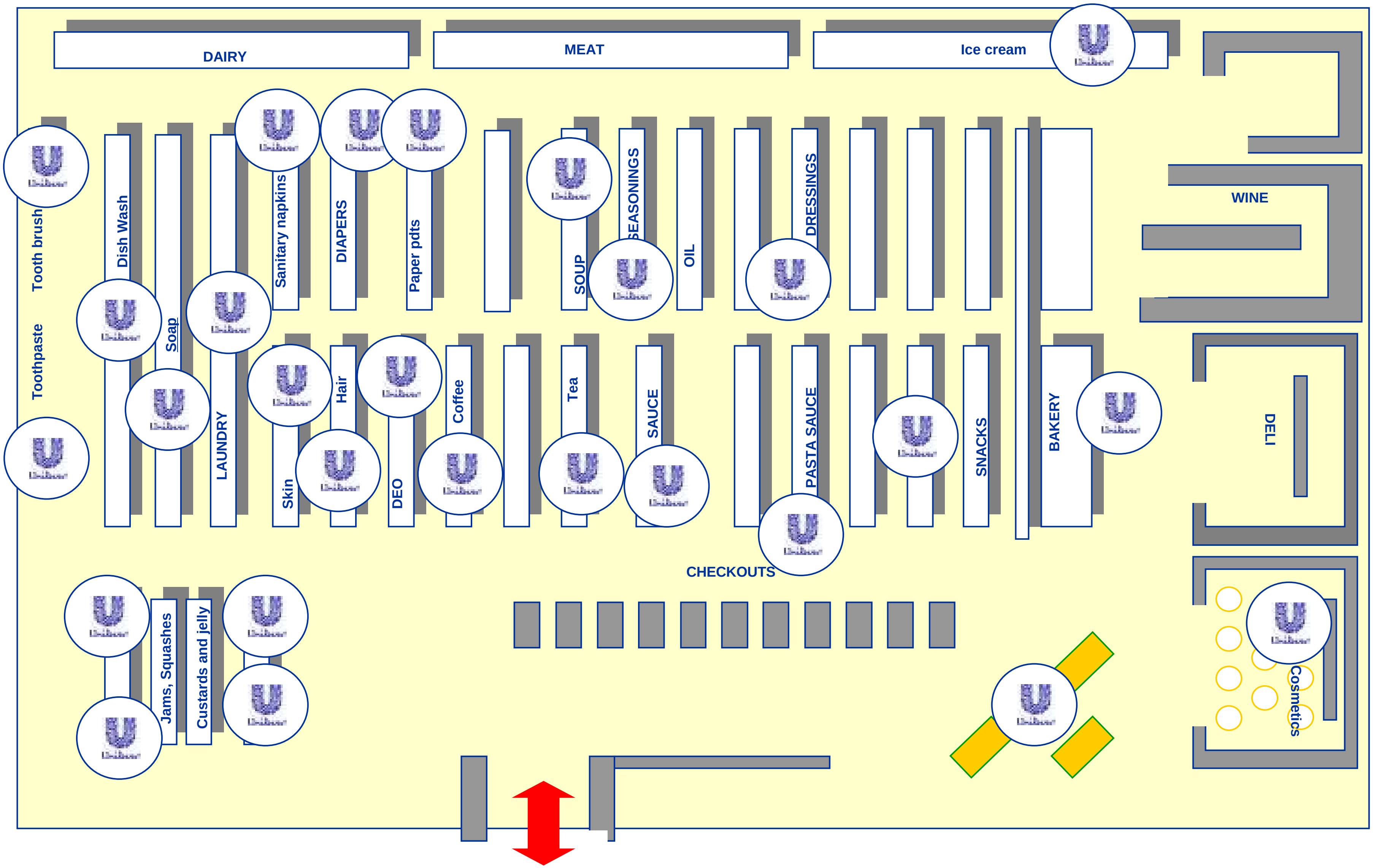
HIGHEST STORE DENSITY IN THE WORLD !

Source AC Nielsen

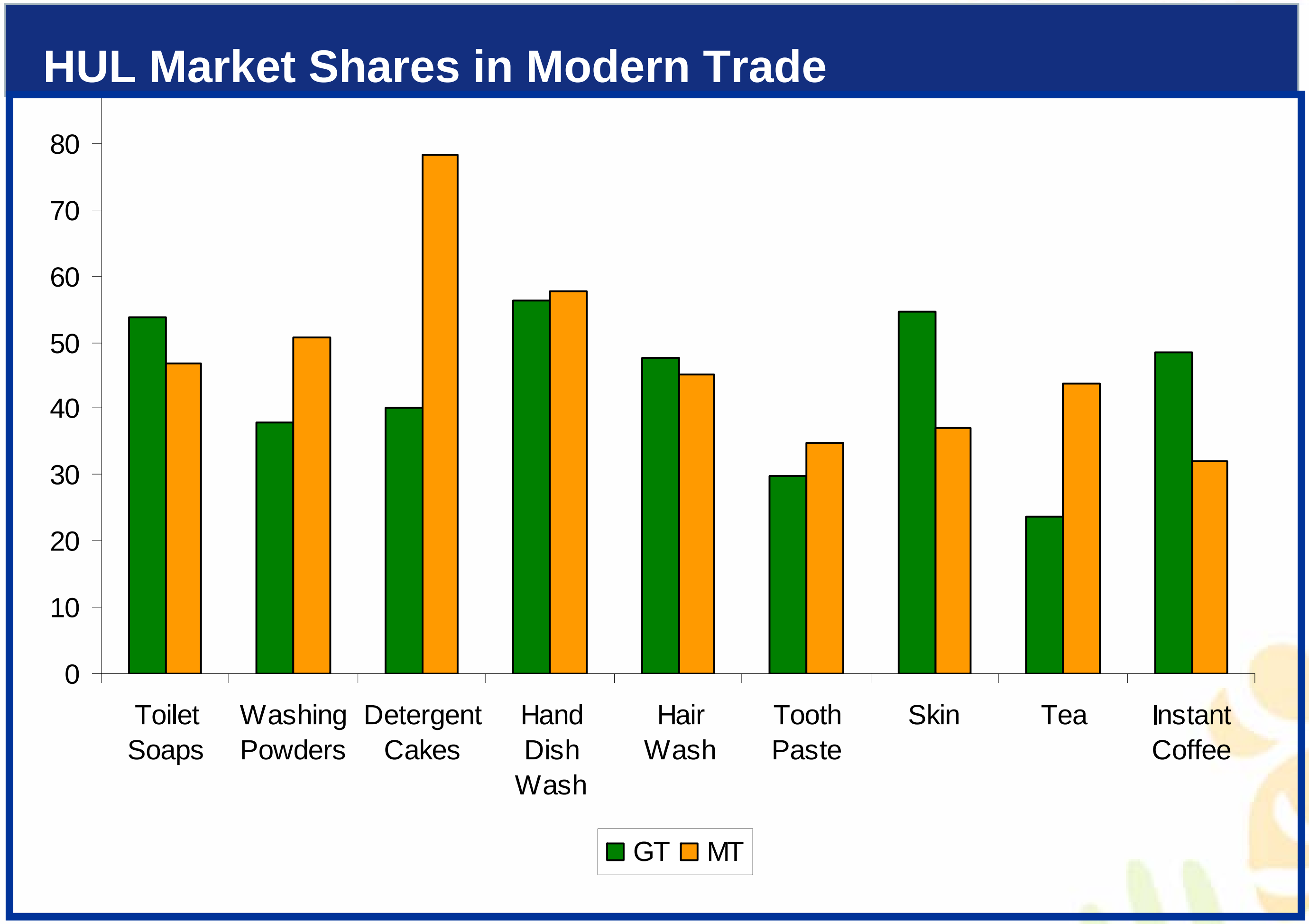
New Channel Initiatives

Channels	HUL Programs
Family Grocers	SVS/ FLO
Chemist	Unicare
Fancy	Beauty zone
Kiosk	K- LINE
Rural	Superstar & Shakti
Wholesale	Vijeta/ Sambandh

What sets us apart - Reaching Shoppers



Organized retail - A source of competitive advantage



HUL Modern Trade (MT) Shares are higher than its General Trade (GT) shares in many categories

Source : AC Nielsen shares Vs. MT shares

Project Shakti- Enabling direct rural reach

- **To Reach:**
  - Small, scattered settlements and poor infrastructure make distribution difficult
  - Over 500,000 villages not reached directly by HUL

- **To Communicate:**
  - Low literacy hampers effectiveness of print media
  - Poor media-reach: 500 million Indians lack TV and radio

- **To Influence:**
  - Low category penetration, consumption, brand awareness
  - Per capita consumption in Unilever categories is 33% of urban levels

Shakti

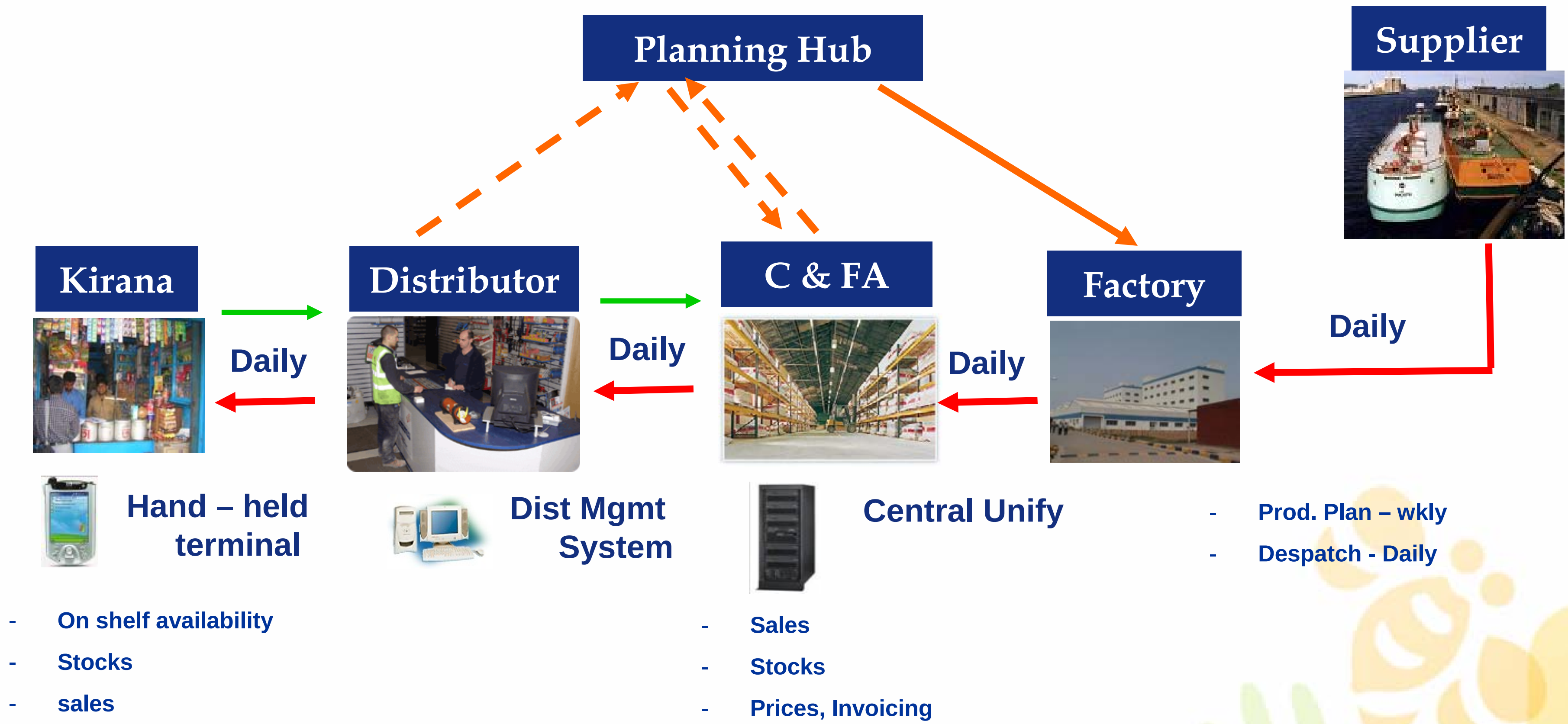
Three Shakti initiatives

- Shakti entrepreneur; currently ~ 44000 women cover 1,25,000 villages
- Shakti Vani: one-to-many communication for category growth
- iShakti: customized interaction with remote consumers

Impact on community

- Business and social impact can go together
- Partnerships with diverse stakeholders

Capabilities :Leveraging IT for Growth



35 Brands, 1500 skus 45 Depots, 4000 stockist

Corporate Responsibility – Aiding in the Development of the Country

- **Lifebouy Swasthya Chetana** - Health & Hygiene
- **Shakti** – Empowerment of women through micro-enterprise Opportunity
- **Yashodadham -** Relief and Reconstruction in Gujarat's Kutch district
- **Asha Daan -** Happy Home actively supported by Unilever

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

Agenda

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Financials & Summary

Key Financials

	2007	2006	2005
Reported Growth	13.3%	9.4%	11.4%
Continuing sales growth*	13.5%	10.0%	11.5%
EBIT/ Sales %	14.4%	14.1%	13.3%
EBIT Growth	15.4%	16.2%	1.1%
Operating cash flow*		$365 Mn	$489 Mn

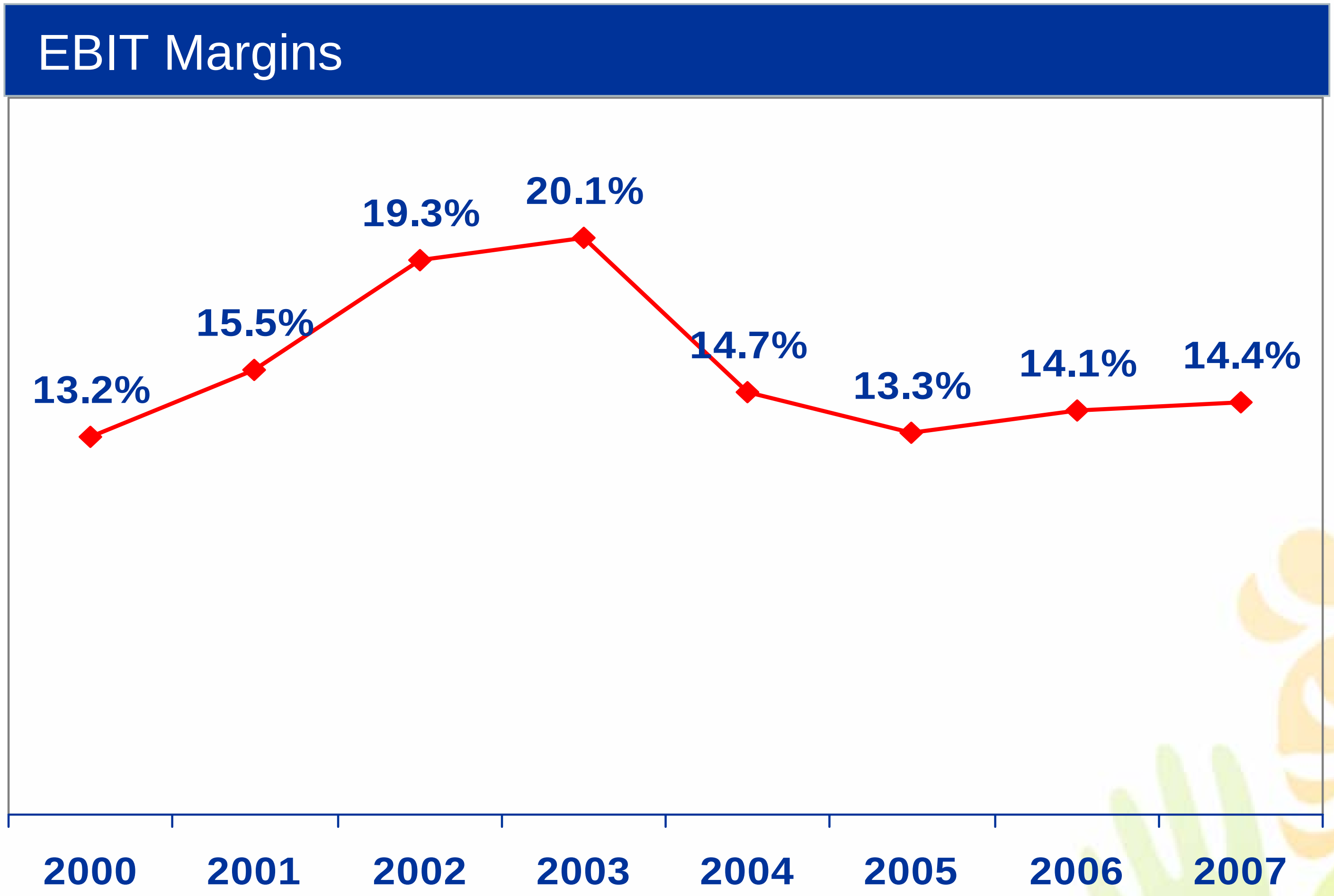
* Before restructuring, disposal

As per audited financial statements of the company; accounting as per Indian GAAP

Robust FMCG growth

As per audited financial statements of the company; accounting as per Indian GAAP; Sales growth is worked out on a continuing basis i.e. after adjusting the base for disposals etc.

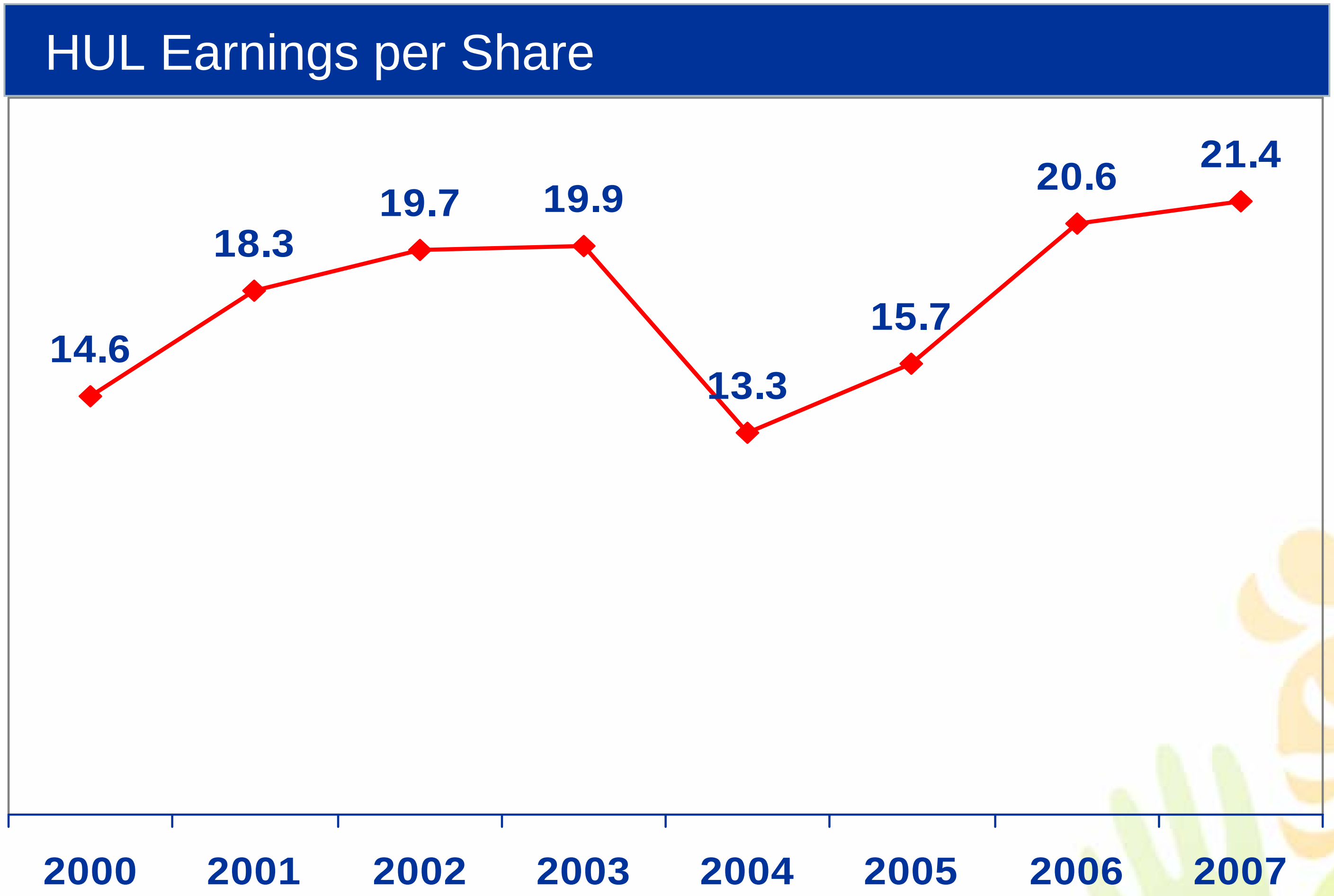
EBIT Margins



As per audited financial statements of the company; accounting as per Indian GAAP.
Sales for the above calculations is Net sales (Gross Sales- Excise Duty)

Earnings per Share

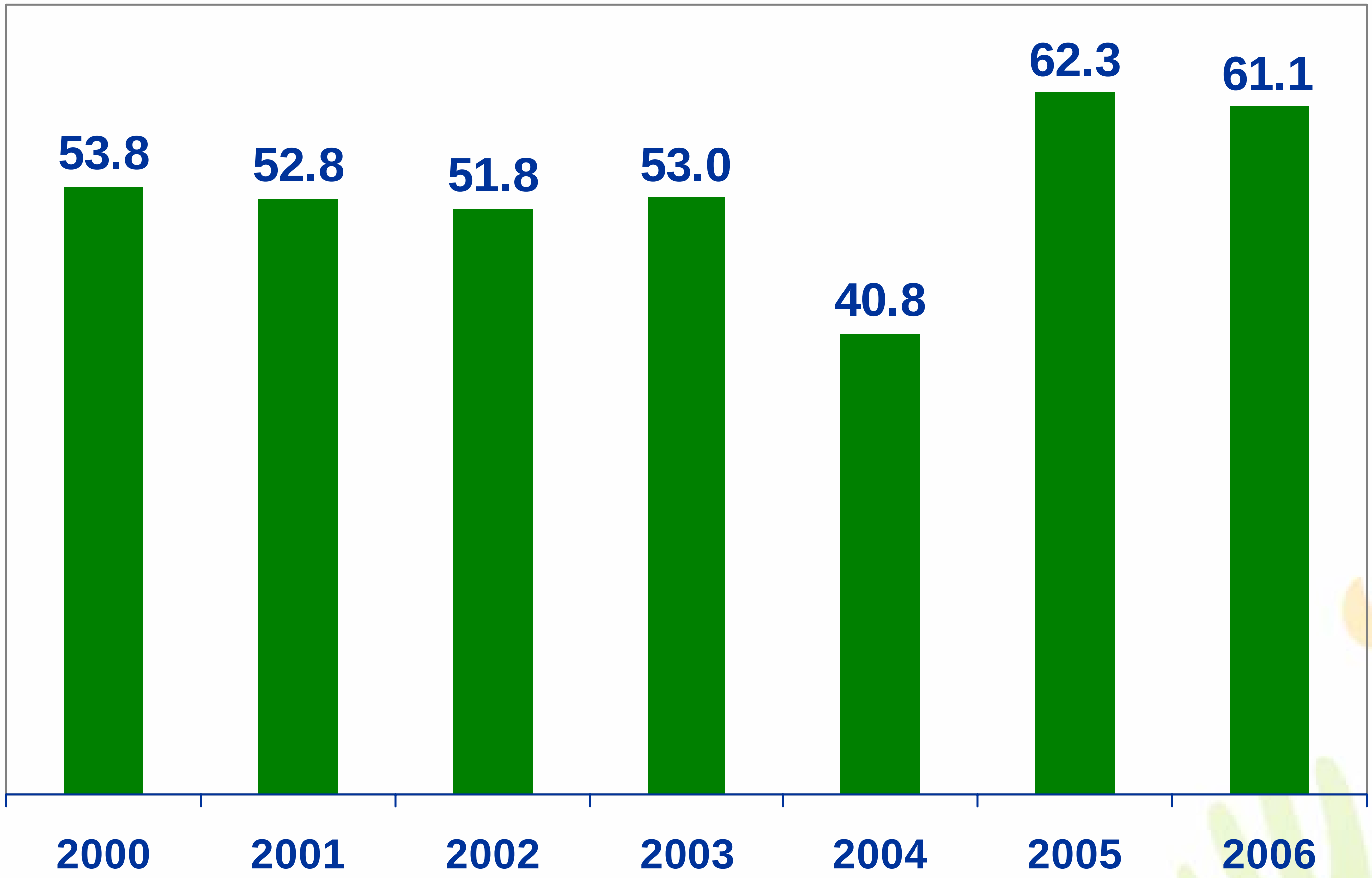
Figures in US $ cents



As per audited financial statements of the company; accounting as per Indian GAAP

Earnings per Share= Net Profit (aei) /No. of Shares; Calculations in constant turnover terms

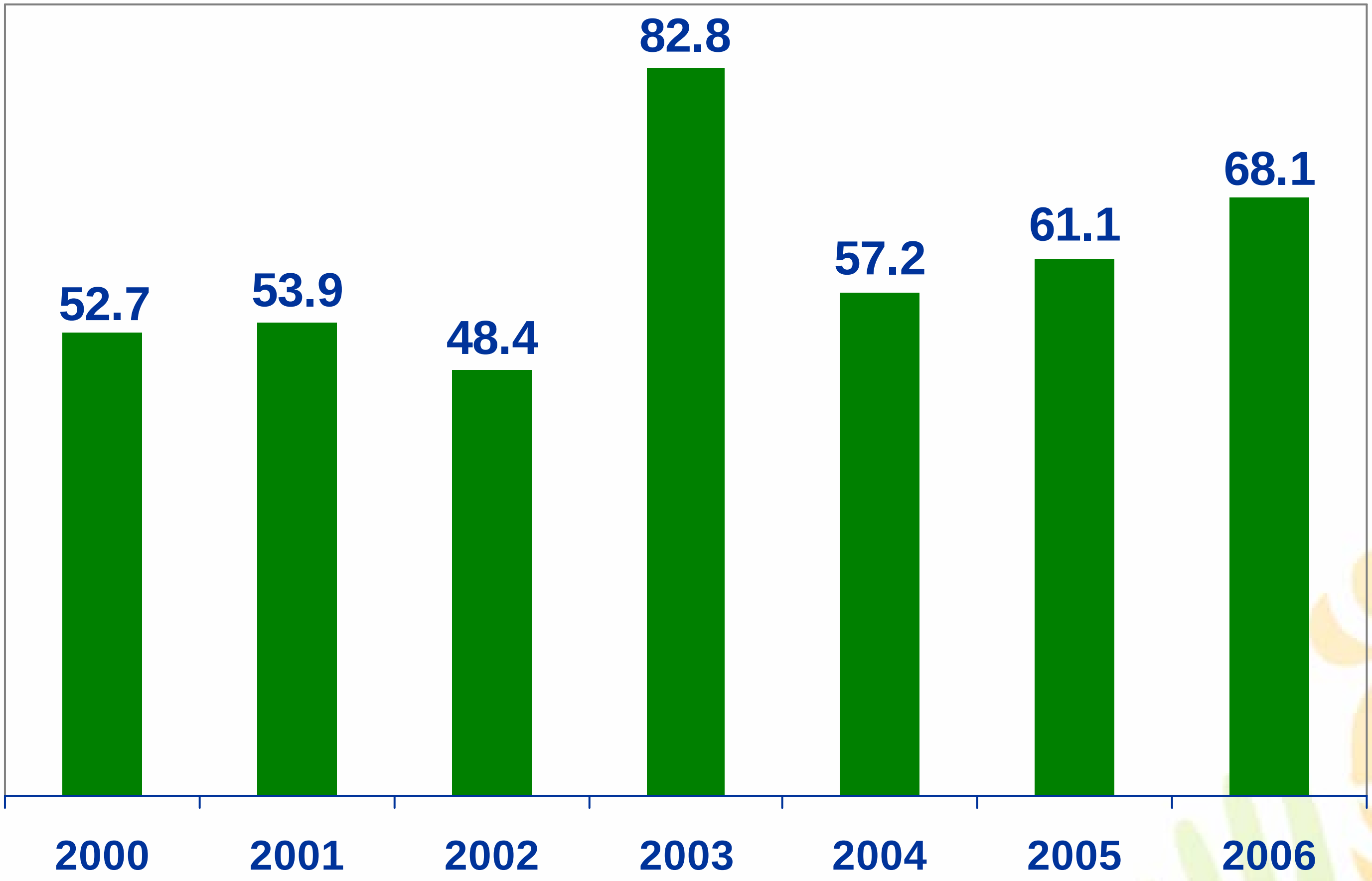
Return On Capital Employed



As per audited financial statements of the company; accounting as per Indian GAAP

ROCE= EBIT/Closing Capital Employed

Return On Net Worth



As per audited financial statements of the company; accounting as per Indian GAAP

ROCE= Net Profit (aei) / Closing Net Worth

Summary

- 3rd consecutive year of accelerated growth in FMCG portfolio. Growth broad based and across all categories
- FMCG markets expected to maintain current growth levels
- Successfully implement the Foods strategy
- Build momentum to the Water Business
- Build on competitive capabilities across business system
- Manage Cost inflation effectively to improve margins through pricing, cost savings and better mix
- Strong commitment to governance and CSR

Thank you

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Investor Presentation
ICICI India Unlimited Investor Conference

S Srinivasan

VP Treasury M&A & Investor Relations
Hindustan Unilever Ltd.

3rd & 4th March, 2008