

DQ'14 Results Presentation – January 19, 2015

in every tiffin break
yummy
kissan
rolls



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Agenda

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Strategy

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Business Context

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Current Quarter Performance

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Nine Months Performance

5

Looking Ahead

Clear and Compelling Strategy

Strategic Framework



THE COMPASS

WE ARE UNILEVER...

VISION

We are a market-leading consumer goods business.

MISSION

WE WERE TO CREATE A BETTER FUTURE EVERY DAY

We help people feel good, look good and get more out of life with brands and services that are good for them and good for others.

We will inspire people to take small everyday actions that can add up to a big difference for the world.

We will develop our ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.

VALUES

We focus on sustainable and inclusive growth for all.

GOALS

Our first priority is to our consumers, then customers, employees and communities. When we fulfil our responsibilities to them, our shareholders will be rewarded.

We will move through a growth mindset and a positive approach to all our stakeholders, based on clear accountability and fair for all.

WHERE WE WILL WIN...

MARKETS

We share and grow volume in every category and country.

HOW WE WILL WIN...

WINNING WITH BRANDS AND INNOVATION

1. Deliver superior products, design, branding and marketing
2. Engage, buffer, inspire innovation
3. Appeal to mass consumers across brands and price points

WINNING IN THE MARKETPLACE

4. Lead market development
5. Win with existing customers
6. Be the industry's partner of choice

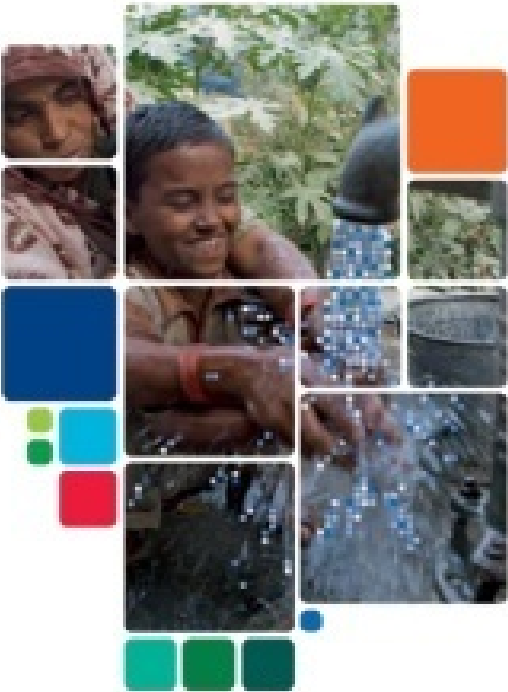
WINNING THROUGH SUSTAINABLE MANAGEMENT

7. Lead, organize and consume best value chain
8. Drive return on brand equity
9. Agile and innovative organization

WINNING WITH PEOPLE

10. Organization and talent pipeline ready to meet our growth ambitions
11. Performance culture which supports our vision
12. Leverage our operating framework for competitive advantage

Sustainable Living Plan

A collage of images representing sustainable living. It includes a close-up of a person's face, a person smiling, a person washing their face, a person's hands, and a person's feet. There are also images of water, a tree, and a person's face. A central orange square is also present.

Goals

Consistent **Growth**

Competitive **Growth**

Profitable **Growth**

Responsible **Growth**

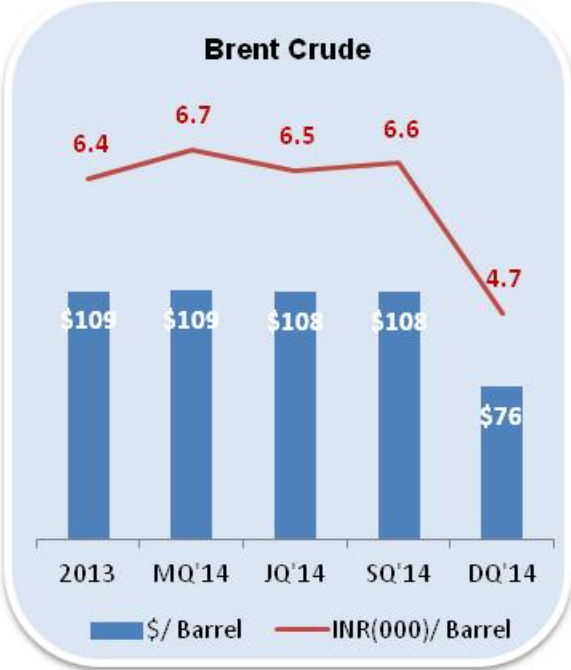
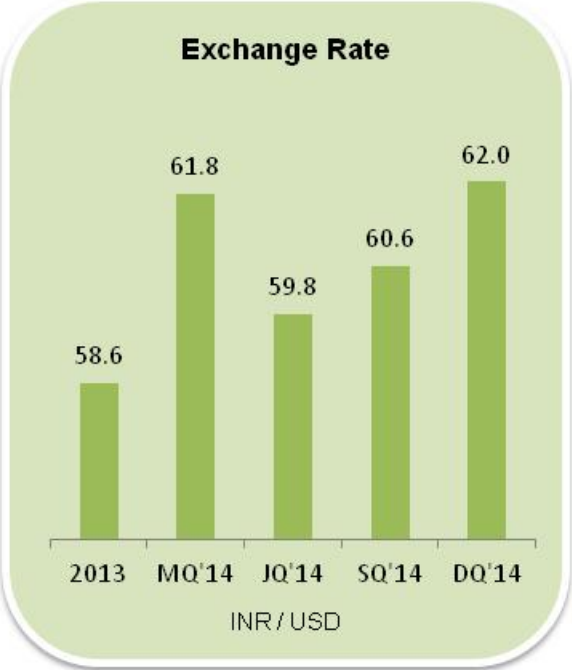
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DQ 2014 – Context

Business environment volatile

- **Market growth, particularly volume remains soft; signs of modest pickup**
 - Discretionary categories still under pressure
 - Small / price point packs continue to lead growth
- **Benign input costs, led by Crude and PFAD**
- **Stepped up competitive activity in commodity led categories**

Benign input costs, led by Crude and PFAD



Source: Bloomberg data and internal estimates
INR numbers arrived at by applying the average exchange rate of the quarter to the average USD cost of the commodity

- **Domestic Consumer business grows by 8%, ahead of market**
 - 3% underlying volume growth
- **Operating Profit (PBIT) at Rs.1258 crores, up 8%; margin expands +10 bps**
 - COGS lower by 120 bps; driven by lower commodity costs and savings
 - Competitive spends maintained across segments; A&P up Rs. 48 crores, at 12.9% of sales (-30 bps)
 - Companies Act 2014 impact of additional depreciation charge Rs. 4.8 crores
 - Employee cost includes a one-time provision of Rs. 39 crores for select contested matters
- **PAT (bei) at Rs. 955 crores; Net Profit at Rs. 1252 crores, up 18%**
- **Impact of lower fiscal benefits - topline (120 bps), PBIT (40 bps), ETR (470 bps yoy)**

Broad based growth across segments

	<i>Sales growth %</i>
Soaps & Detergents	7
Personal Products	7
Beverages	9
Packaged Foods	13

Domestic Consumer grows at 8%

CATEGORY HIGHLIGHTS

Winning with Brands

Continued focus on innovations



Winning with Brands

Impactful 360 activation

Lakme Lip Love



Mega buzz around the launch to bring maximum reach to the Amazon listing of Lip Love!

→ 1.2 Lac clicks to ecommerce making Lip Love online best seller

TRESemme – Yahoo Partnership

Branded Editorial integration on all key “Red Carpet events” with the right content!

→ 27 Million Impressions per month making Tresemme own Ramp Ready Hair & Looks



Wheel Muft Milap

Wheel MUFT MILAAP



India's First Voice recognition based Mobile IVRS activation – you just need to speak your loved one's number to connect

→ 1.1 Lac X 2 Subscribers already acquired

Leveraging Popular Culture



Skin Cleansing

Competitive growth sustained



→ Growth led by Lifebuoy and Lux



→ Liquids portfolio delivers another strong quarter

→ Phase out of Excise Duty benefits impacts growth

→ Actions taken to drive competitiveness as intensity steps up

- Blackout period in quarter to correct pipeline of higher priced inventory



Skin Care

Double digit growth across FAL, Pond's and Lakme



- FAL momentum sustained with double digit volume growth
- Pond's growth led by premium skin lightening and talc
- Lakme performance driven by lotions and CC creams
- Facial cleansing portfolio sustains double digit growth
- Delayed winter impacted Hand & Body portfolio in quarter

Home Care

Growth led by the premium segment



→ Laundry

- Surf sustains its strong volume led double digit growth momentum
- Rin growth led by bars; powders re-launched
- Wheel growth muted
- Comfort continues its robust performance led by market development

→ Household Care

- Growth led by Vim, driven by strong performance on liquids

→ Actions taken to drive competitiveness as intensity steps up

- Blackout period in quarter to correct pipeline of higher priced inventory



Hair Care

Volume led double digit growth sustained



→ Shampoos deliver another strong performance

- Dove leads category performance with another robust quarter
- Clinic Plus and Sunsilk growth led by bottles
- TRESemmé making good progress



→ Focus on market development for Conditioners continues

→ Phase out of Excise Duty benefits impacts growth

Oral Care

Subdued performance in quarter



→ Growth impacted significantly by -

- Phase out of Excise Duty benefits
- Strong comparator in base on Pepsodent

→ Close Up small packs continue to lead performance

→ Pepsodent - Salt & Clove and Gum Care variants doing well

→ Actions planned to step up growth in 2015



Color Cosmetics

Focus on innovation led growth continues



→ **Lakme led by double digit growth on Core and 9 to 5 ranges**

- Launch of the Lakme 9 to 5 'Crease-less Creme Lipstick'

- Key activations in quarter

- Bridal range tie-up

- Great Online Shopping Festival (GOSF)



→ **Portfolio additions made across lip and nail**

Beverages

Continued healthy performance



→ Tea growth led by Red Label, Taj and 3 Roses

- Driven by impactful activation and micro marketing initiatives
- Lipton Green Tea volumes more than double in quarter
 - Focus on market development for Green Tea continues



→ Coffee registers double digit growth, Bru Gold does well

Packaged Foods

Double digit growth in Kissan, Knorr and Kwality Walls



MAGNUM
ENJOY THE ROYAL TREATMENT

→ **Kissan sustains its activation led growth momentum**

- 'Art attack' activity well received; Kissan range re-launched

→ **Knorr delivers robust volume growth, led by Soups**

- Instant Soups more than double; new Manchow variant introduced

→ **Kwality Walls and Magnum registers another good quarter**

- Driven by sharper in-market execution

Packaged Foods

Fifth successive quarter of double digit growth

Driving Growth through market development



Unlocking everyday relevance

Driving adoption and trials



Sharper in-market execution

Pureit

Sustained double digit growth



GET UP TO ₹3750*
FOR YOUR OLD PURIFIER
AND UPGRADE TO A
BRAND NEW PUREIT

Exchange your old water purifier and upgrade to any* of the Manual, UV or RO purifiers from Pureit. The Pureit range is the only range of purifiers that removes 1 crore viruses in 1 litre of water.† So why delay? Bring home 100% safety. Upgrade to Pureit today and make the most of this limited period offer.

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CALL 1860 180 1000
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* Offer valid in select cities only for further details and T&C, please refer to <http://www.pureitwater.com> @24x7
† Offer not available on Pureit Compact and Nano devices
‡ When compared to all brands having UV, RO and nano-tech purifiers at onshore drinking water purifiers and companies. ††† as tested in India with market claims > 15% in October 2013.

- Pureit continues to strengthen its category leadership
- Premium innovations lead growth
 - Pureit Ultima (RO + UV) continues to deliver strongly
- Focus on market development - building relevance
- Modern Trade and Pureit Perfect Stores drive growth

DQ 2014

Results summary

Rs Crores			
Particulars	DQ'13	DQ'14	Growth %
Net Sales*	7,038	7,579	8
PBIT	1,162	1,258	8
PBIT margin (%)	16.5	16.6	10bps
PAT bei	955	955	=
Net Profit	1,062	1,252	18

* Domestic Consumer grows at 8%

DQ 2014

PBIT to Net Profit

Rs Crores			
Particulars	DQ'13	DQ'14	Growth %
PBIT	1162	1258	8
Add : Other Income	143	120	
Less : Finance Costs	18	4	
Exceptional Items – Credit / (Charge)	23	397	
PBT	1310	1771	35
Less : Tax	(248)	(519)	
Net Profit	1062	1252	18

- Additional depreciation charge of Rs. 4.8 Crores taken pursuant to the adoption of the provisions of the new Companies Act 2013
- Employee benefits expense for the quarter includes a one-time provision of Rs. 39 crores towards select contested matters
- Other income includes interest, dividend and net gain on sale of other non trade current investments of Rs. 120 crores (DQ'13: Rs. 131 crores) and interest on income tax refund Rs. Nil (DQ '13 : Rs 12 crores).
- Exceptional items include profit on sale of surplus properties of Rs. 407 crores (DQ'13: Rs. 28 crores) and restructuring expenses Rs. 11 crores (DQ'13: Rs 5 crores)
- Tax rate for the quarter is 29.3% (DQ'13: 18.9%)
 - Taxation for the base quarter included net write back of excess tax provisions amounting to Rs. 93 crores

Competitive and profitable growth sustained

- 8% Domestic Consumer growth, ahead of market
 - 3% underlying volume growth
- Competitive spends maintained
- PBIT margin expands +10 bps
 - One-time provision in employee costs, additional depreciation and phase out of Excise benefits, offset by -
 - Lower cost of goods sold, A&P

**NINE MONTHS ENDING
31ST DECEMBER 2014**

Nine Months ending 31-Dec-2014

Results summary

Rs Crores			
Particulars	YTD DQ'13	YTD DQ'14	Growth %
Net Sales	20,472	22,616	10
PBITDA	3,397	3,890	15
PBIT	3,203	3,674	15
PBIT margin (%)	15.65	16.25	60 bps
Exceptional Items – Credit / (Charge)	163	485	
PAT bei	2,723	2,932	8
Net Profit	2,995	3,297	10

- Domestic Consumer grows at 10%, Underlying Volume Growth 5%
- Broad based across segments:
 - Soaps & Detergents 10% Personal Products 10%
 - Beverages 9% Packaged Foods 16%

Looking ahead

- **Modest pick-up in market growth**
- **Operating context fast changing – commodity costs, competitive intensity**
 - Lower price growth, potential upsides on volume
- **Continue to remain positive on the medium-long term outlook for FMCG**
 - HUL well positioned : Brands, Capabilities, Talent
- **Strategy unchanged**
 - Manage the business for long term growth
 - Consistent, Competitive, Profitable, Responsible Growth
 - Invest to strengthen the core and lead development of emerging categories
- **Manage business dynamically for sustained volume led growth and margin improvement**

For more information & updates

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