## Hindustan Unilever Ltd MQ '17 & FY '16-17 Results Presentation









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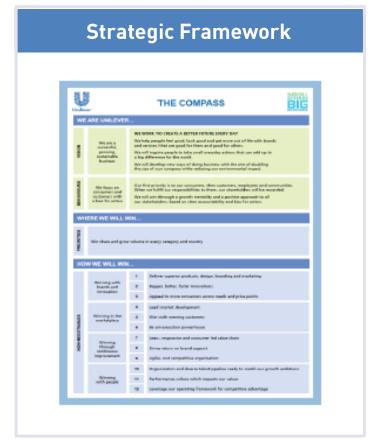


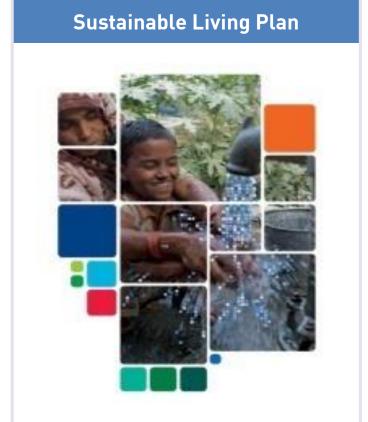
## **Agenda**

1	Strategy
2	Business Context
3	Current Quarter Performance
4	Financial Year Performance
5	Looking Ahead



## Clear and compelling strategy









## MQ '17: Summary

Market conditions stabilize in the quarter

■ Input cost inflation moderates

☐ HUL: Profitable volume driven growth delivered



## MQ'17: Profitable volume driven growth delivered

- □ Domestic Consumer growth at +8%; underlying volume growth at +4%
- ☐ EBITDA at Rs. 1,651 Crores up by 12%; margin up 90 bps
  - COGS lower by 20 bps as inflation moderates
  - Brand communication objectives met, while delivering 80 bps of BMI savings
- □ PAT (bei) at Rs. 1,118 crores up 8%; Net Profit at Rs. 1,183 crores up 6%

## **Segmental Performance**



Segments	Sales Growth* (%)		
Home Care	8%		
Personal Care	8%		
Foods	2%		
Refreshment	11%		
Domestic Consumer	8%		

**Home Care:** Broad based growth driven by premiumization

Personal Care: Growth rebounds in both Personal Products & Personal Wash

**Foods:** Modest growth in packaged foods

Refreshment: Robust growth sustained



### **Continued focus on innovations**





DISC RED VELVET













## Progressively building the naturals portfolio

## Within the existing portfolio CLINIC TRESemmé Natural variants introduced in existing brands





**Expanding footprint to** North & Central India

#### Building a master brand



**LEVER Ayush launched in South** India in DQ'16 well received



#### **Home Care**

#### Broad based growth driven by premiumization



- Fabric Wash: Growth driven by the premium segment
  - Surf sustains strong volume led growth momentum
- Household Care: Vim liquids sustain strong performance
- Water: Strong volume led growth delivered





















#### **Personal Care**

#### Growth rebounds in both Personal Products and Personal Wash



- ☐ Personal Wash: Broad Based growth across all brands
  - Input costs stable
  - Dove and Pears lead premiumization
  - Lux new variant well received
- **Skin Care:** Robust growth driven by Fair & Lovely relaunch
- ☐ Hair Care: Broad-based double digit growth delivered









































#### Personal Care: Contd.

Growth rebounds in both Personal Products and Personal Wash



- ☐ Colour Cosmetics: Lakmé delivers strong innovation led growth
- Oral Care: Subdued performance
  - Close up relaunched
  - Lever Ayush oral range well received
- ☐ **Deodorants:** Axe delivers strong growth









































#### **Foods**

#### Modest growth in Packaged Foods



- ☐ Continued focus on market development
- ☐ **Kissan:** Strong growth delivered in Ketchups and Jams
- ☐ **Knorr:** Growth impacted by strong comparator









#### Refreshment

#### Robust growth sustained



- **Tea:** Broad based double-digit growth
- ☐ Coffee: Bru Gold continues to drive premiumization

☐ Ice Cream & Frozen Desserts: Robust innovation led growth delivered



















## MQ 2017: Results Summary

Rs. Crores

Particulars	MQ'17	MQ'16	Growth %
Sales	8,773	8,193	7*
EBITDA	1,651	1,470	12
EBITDA Margin (%)	18.8%	17.9%	90 bps
Other Income	83	101	
Exceptional Items – Credit / (Charge)	(1)	51	
PBT	1,619	1,534	
Less : Tax	436	420	
PAT bei	1,118	1,039	8
Net Profit	1,183	1,114	6

- Domestic Consumer growth at 8% (\*Reported growth includes impact of A&D)
- Exceptional item includes sale of Modern Foods business in the base



# Full Year Performance FY '16-17





Rs. Crores

Particulars	FY'15-16	FY'16-17	Growth %
Sales	32,929	33,895	3*
EBITDA	5,749	6,047	5
EBITDA margin (%)	17.46	17.84	38 bps
PAT bei	4,116	4,247	3
Net Profit	4,137	4,490	9

- → Domestic Consumer growth at 4%, underlying volume growth at 1%
- → Improvement in operating margins delivered for 6<sup>th</sup> consecutive year

## Final dividend



Particulars	FY'15-16	FY'16-17
Dividend Per Share	16	17
Interim	6.5	7
Final*	9.5	10
No. of Shares (Cr.)	216.39	216.43
Total Dividend (Rs. Cr.)	3462	3679
Div. Dist. Tax (Rs. Cr.)	677	715
Total Dividend Outflow (Rs. Cr.)	4140	4394



## GST - Welcome reform; Transitional challenges to be addressed

#### In the Short Term

- Trade pipelines likely to thin down
  - Presumptive credit percentage, a key concern
- Impact to vary across channels

#### Open Items

- ☐ Final rates for various products
- ☐ Formal confirmation of start date
- Compensation for fiscal benefits
- Other operational details
  - E.g.: GST return formats

#### **Transition to GST**

- Net benefits on tax rates to be passed on
- ☐ HUL & our eco system targeting to be ready on time for July 1st transition
- However, smooth and timely transition requires early clarification on open items





#### Near term

- Consumer sentiment improving
- ☐ Input costs stable
- GST : Welcome reform; Transitional challenges to be addressed

#### Strategy unchanged

- Focus on volume driven growth and improvement in operating margin
- Consistent, Competitive, Profitable, Responsible Growth



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