

Hindustan Unilever Limited

JQ '17 Results Presentation : 18th July 2017





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Agenda

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Strategy

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Business Context

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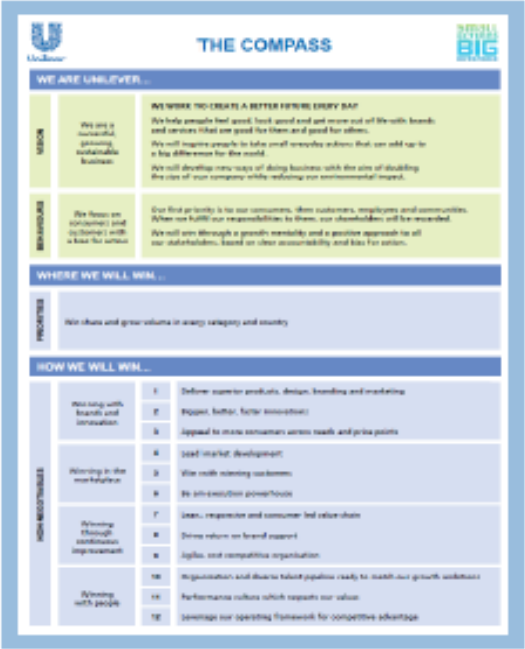
Current Quarter Performance

4

Looking Ahead

Clear and compelling strategy

Strategic Framework



Sustainable Living Plan



Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth



JQ'17: Market context

- ❑ In the run up to GST, cautious sentiment in trade despite high promotional intensity
- ❑ Input costs stable
- ❑ Rural markets remained challenging



HUL JQ'17:

Resilient & Profitable growth delivered in a volatile environment

- ❑ **Domestic Consumer growth 6%; underlying volume growth flat**
 - Price growth from actions in previous quarters
 - Trade spends and stocks optimized to manage GST transition

- ❑ **EBITDA at Rs. 1,866 Crores up by 14%; margin up 160 bps**
 - COGS down by 75 bps;
 - Competitive A&P spends maintained; ZBB drives % A&P down by 20 bps;
 - Overall strong savings delivery continues

- ❑ **PAT (bei) at Rs. 1,292 crores up by 15%; Net Profit at Rs. 1,283 crores up by 9%**

Differential impact on segments

Segments	Sales Growth* (%)
Home Care	6%
Personal Care	3%
Refreshment	11%
Foods	4%
Domestic Consumer	6%

- ❑ **Home Care & Refreshment** continued their strong growth momentum
- ❑ **Personal Care & Foods impacted disproportionately** by thinning of trade pipelines, particularly in CSD

CSD : Canteen stores department

Sales growth = Segment Turnover growth excluding Other Operational Income

**Excludes impact of A&D*

HUL's transition to GST has been swift and smooth

Invoicing to trade

- ☐ No disruption in trade servicing
- ☐ First GST invoice at 00:08 hrs on 1st July

Internal systems

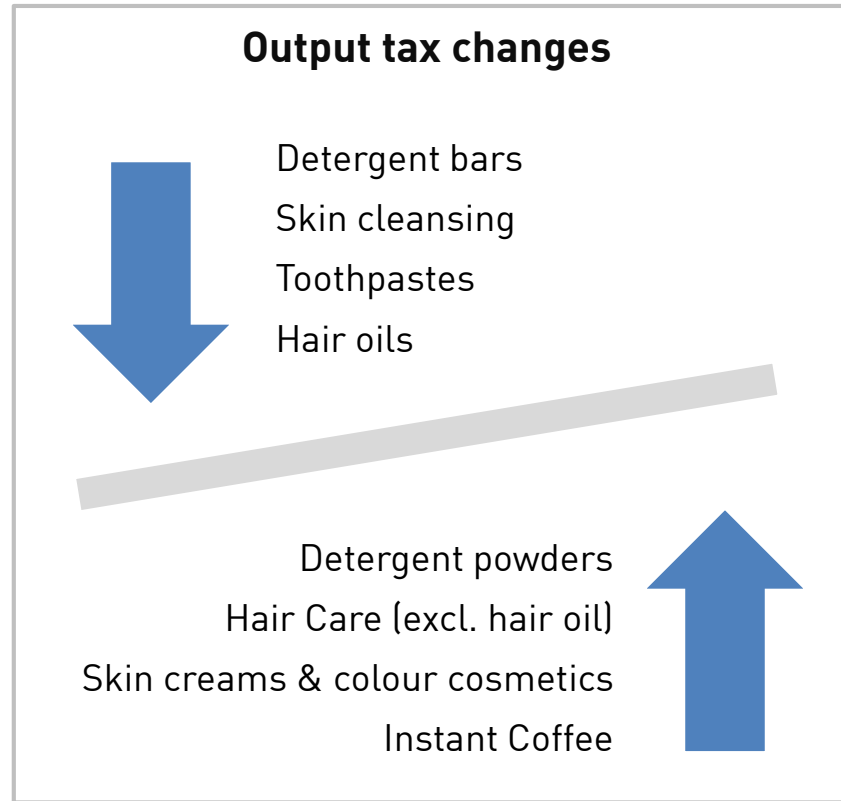
- ☐ HUL systems working normally from Day 1

Vendors

- ☐ In-bound supplies normal
- ☐ Payments from the 1st working day

GST led pricing actions start to land

Net benefits at a company level to be passed on



Pricing landed with impactful press advertisements from Day 1



Further changes underway

Initial days – Issues & Our response

Consumer

**Footfalls and off-takes normal,
however trade pipelines are thin**

Response

Restore trade pipelines on priority

Trade

**Sections of trade, particularly
wholesale and small retailers still
unclear on rules, delaying return
to normalcy**

Response

Step up communication to trade and
their advisors

'Accounting' impact of GST (w.e.f SQ 2017)

Reporting for excise		Impact for input taxes & fiscal	
Pre GST	Post GST	Pre GST	Post GST
Excise a cost; Turnover gross of excise	Turnover is net of GST	Input tax credit availed partially	1. Costs lower as full input tax credit availed 2a. CENVAT availed fully in fiscal sites 2b. Fiscal refund @58% of CGST on value add. Net of 1&2 + Input tax benefit passed on
Impact Post GST		Impact Post GST*	
HUL Local results Reported Turnover: Lower by ~750 bps Absolute EBITDA: No impact* EBITDA margin: Higher by ~ 150 bps EPS: No impact*		Local & HUL as consolidated in Unilever Reported Turnover: Lower (Impacts price growth) Absolute EBITDA: No impact EPS: No impact	
HUL as consolidated in Unilever No impact (<i>HUL Turnover under IFRS is net of excise</i>)			



Hindustan Unilever Limited

Continued focus on innovations



Progressively building the naturals portfolio

Within the existing portfolio



Multiple natural variants introduced in existing brands across categories

Building specialist brands



Launched 12 SKUs under Citra in the Face Care segment

Building a master brand





Hindustan Unilever Limited

'Lever Ayush' going national



Oral Care



Skin Care*



Body Lotions



Hand Wash



Hair Care



Soaps

After a successful South launch, Lever Ayush now being rolled out nationally

Home Care



- ❑ Strong growth across mass & premium laundry
- ❑ Surf sustains robust volume led growth momentum
- ❑ Water witnessed a muted quarter due to challenges in trade, pre - GST



Personal Care



- ❑ Growth subdued due to thinning of trade pipelines, particularly in CSD
- ❑ Broad based growth across all brands in Personal Wash
- ❑ Fair & Lovely relaunch well received
- ❑ Colour cosmetics delivered yet another robust quarter

LUX

Dove

Pears®

Rexona

Hamam

Lifebuoy

NEW Fair & Lovely

POND'S

Vaseline

LAKMÉ

St. Ives

CLINIC PLUS+

!

sunsilk

TRESemmé®

USED BY PROFESSIONALS™

indulekha™

closeup

Pepsodent

ayush

therapy

AXE

Foods & Refreshment



- ❑ Refreshments delivered broad based growth
- ❑ Tea continues to deliver robust double- digit growth by leveraging WiMI
- ❑ Soups & Jams drive category growth for Foods



Strong margin delivery aided by savings agenda



Ownership With
No Functional Silos



Zero Based Approach



Blue Sky Thinking



Organisation Wide
Engagement



Market Competitive
Business Model

Thinking and delivering end to end savings of ~6% of turnover



JQ'17: Results Summary

Rs. Crores

Particulars	JQ'17	JQ'16	Growth %
Sales	9,094	8,662	5
EBITDA	1,866	1,636	14
EBITDA Margin (%)	20.5%	18.9%	160
Other Income	113	108	
Exceptional Items – Credit / (Charge)	(13)	71	
PBT	1,846	1,715	
Less : Tax	(563)	(541)	
PAT bei	1,292	1,128	15
Net Profit	1,283	1,174	9

- Domestic Consumer growth at 6%
- Exceptional item in the base includes one-time write back of provision for employee benefits



Looking ahead

Near term

- ❑ Expect gradual improvement in rural demand
- ❑ Trade stocks to build back to normative levels over the next few months
- ❑ Input costs to remain stable

Our strategy

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



Hindustan Unilever Limited

For more information & updates

Visit our website

<http://www.hul.co.in/investorrelations/>

June Quarter 2017 results

Hindustan Unilever Limited will release its financial results for June Quarter 2017 on Tuesday 18 July, 2017.

[View more](#)



HUL Investor App

