

HINDUSTAN LEVER LIMITED – JUNE QUARTER 2004 RESULTS

- ◆ Laundry and Shampoo market shares held despite competitive attack
- ◆ Volume growth of 5 % in HPC
- ◆ A&P spends up 30%
- ◆ Interim Dividend maintained at Rs 2.50/- per share

MUMBAI, July 29, 2004: Hindustan Lever Limited (HLL) announced its results for June quarter 2004.

June quarter was a challenging period for HLL with intense competition in key categories. Amidst the competitive attack, the company held market shares in Laundry and Shampoos. Home & Personal Care (HPC) recorded volume growth of 5%, with growth across most categories. Value growth was flat mainly due to strategic price reductions in Laundry and Shampoo. The Foods business also held and improved market shares across key categories. Foods volumes declined by 9%, largely due to planned discontinuation and one-off's. The company aggressively invested in brand support during the quarter increasing its spends by 30% over the previous year, largely in the HPC business. The investments made in pricing, product quality and higher levels of brand support will enable HLL to drive growth.

Operating Profit (profit before interest and income tax) at Rs. 331 crores declined primarily due to lower segmental margins in the Soaps and Detergents business. The company has put in place a strong ten-point programme to drive cost savings of 5% of sales over the next two years. During the quarter the company continued its strong cash generation.

Mr. M.S.Banga, Chairman commented, "In an unprecedented competitive scenario, we have held volume market shares in most categories, notably in Laundry and Shampoo. Competitive pricing and higher brand support have impacted our profits in the short-term. However, we view this as an investment for long term growth. Despite the sizeable investments, corporate portfolio profit and cash flow remain strong. We are, however, relentlessly pursuing a Ten-point programme to significantly reduce costs.

Our primary objective is to defend and strengthen our market position. We are confident that our strategy of delivering superior consumer value with our brands will deliver in the long term."

Interim Dividend

The Board of Directors declared an Interim Dividend of Rs 2.50 /- per equity share of Re 1 each. The record date for this has been fixed as 16th August 2004.