



*Hindustan Unilever Limited*

**Winning Today and Tomorrow**

CLSA Investors' Forum

September, 2010

# Safe harbour statement

This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward looking statements. These forward looking statements are based on certain expectations, assumptions, anticipated developments and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, market growth, intense competition and the pricing environment in the market, consumption level, ability to maintain and manage key customer relationship and supply chain sources and those factors which may affect our ability to implement business strategies successfully, namely changes in regulatory environments, political instability, change in international oil prices and input costs and new or changed priorities of the trade. The Company, therefore, cannot guarantee that the forward looking statements made herein shall be realized. The Company, based on changes as stated above, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein or make written or oral forward looking statements as may be required from time to time on the basis of subsequent developments and events. The Company does not undertake any obligation to update forward looking statements that may be made from time to time by or on behalf of the Company to reflect the events or circumstances after the date hereof.

Winning Today

Emerging Trends

Winning Tomorrow





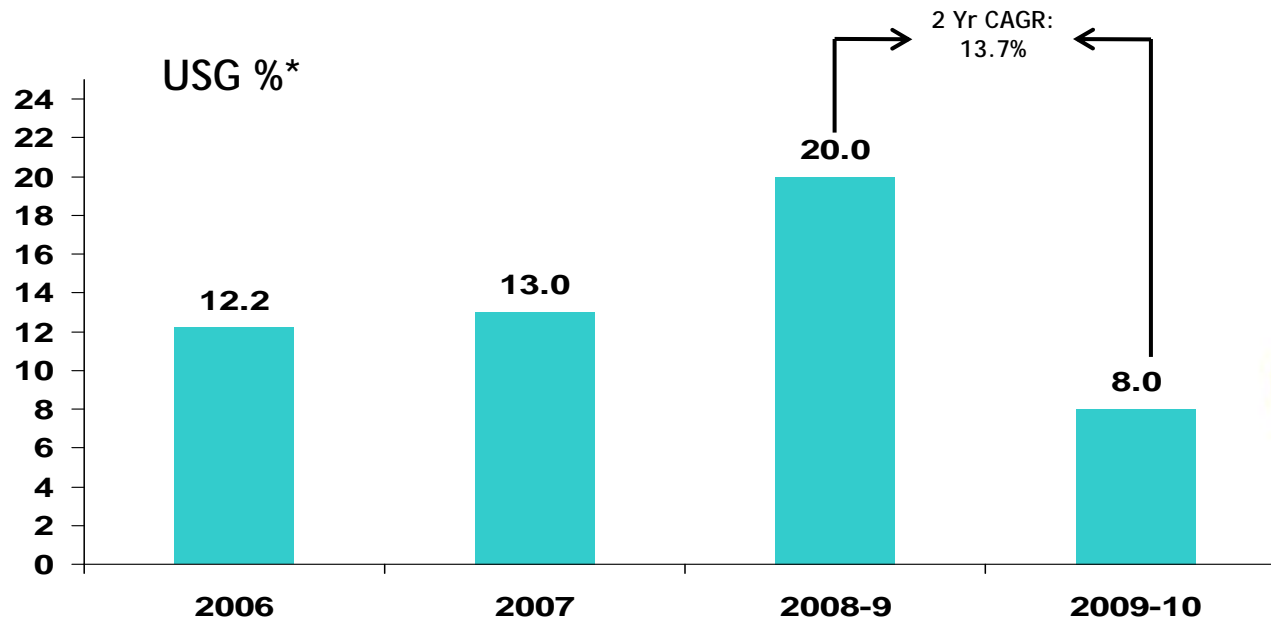
Winning Today

Emerging Trends

Winning Tomorrow



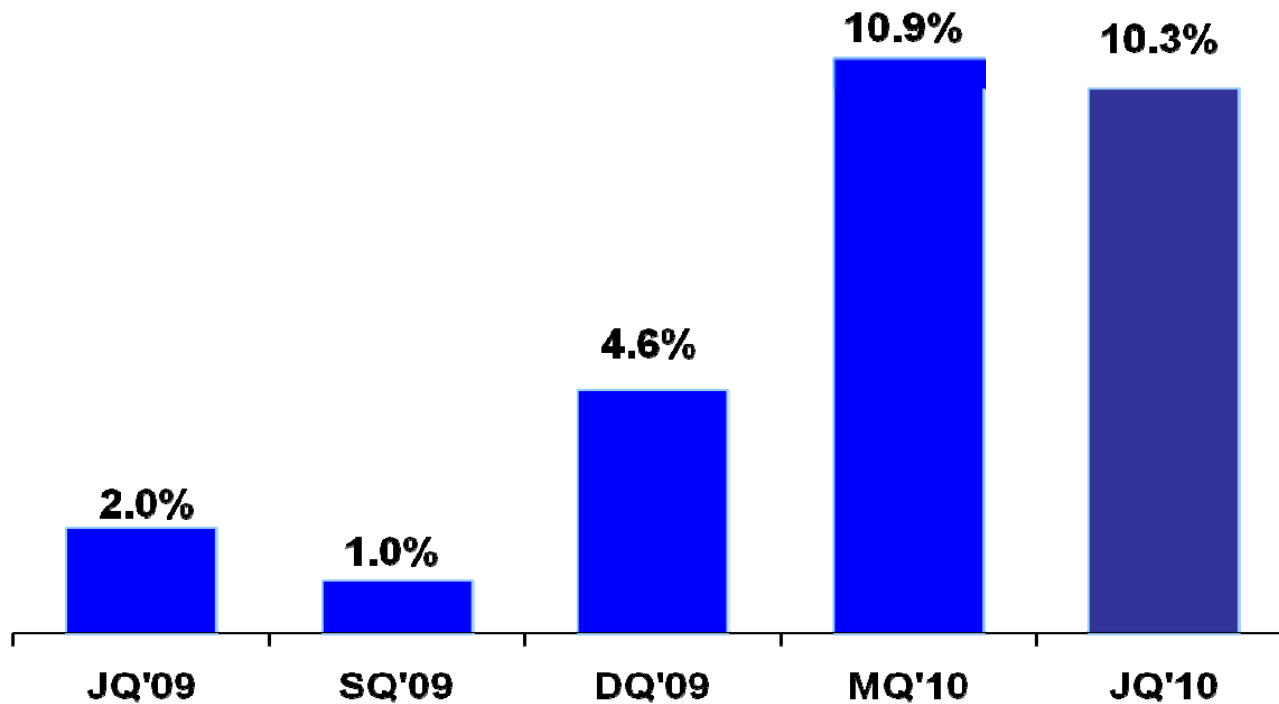
# Sustained topline growth



*\*Domestic FMCG  
08-09 Annualised*

- CAGR: 13% over the last 4 years
- 130 bps increase in operating margin

# Recovery in volume growth



- Accelerated Volume Growth

# Winning Today : Principles

- Leverage brand portfolio and consumer understanding to develop winning mixes by
  - Straddling the pyramid & deploying full portfolio
  - Driving consumption & penetration opportunity
- Step up execution focus
  - Costs, Cash and Service
  - Speed



# Key actions taken

- Focus on consumer value (including competitive pricing) at all times
- Playing the full portfolio across categories; relevant innovations launched
- Competitive Brand support
- Increased execution rigour
- Step-up in cost efficiency programmes





# Focus on consumer value : Laundry



Wheel Relaunch:  
Improved Formulation



Rs 70/kg



Rs 50/kg

Rin: Competitive  
Pricing at Rs.50/ KG

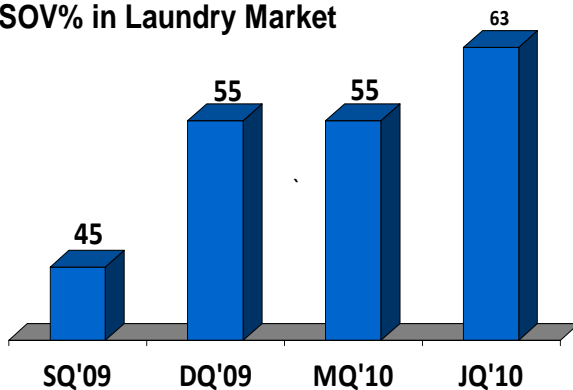


Rin: Product Superiority  
Rs. 1 Crore Safedi  
Challenge



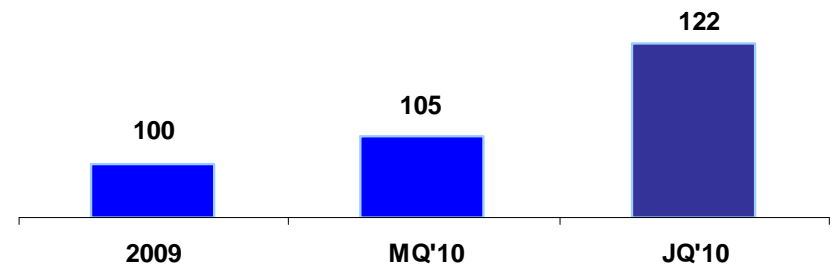
Rin Relaunch:  
Product Superiority  
further strengthened

HUL SOV% in Laundry Market



Increased Brand Investment

Leading to accelerated volume growth  
across brands



Indexed Fabric Wash Volume: Avg Ton/ Month

# Deploying the full portfolio : Personal Wash

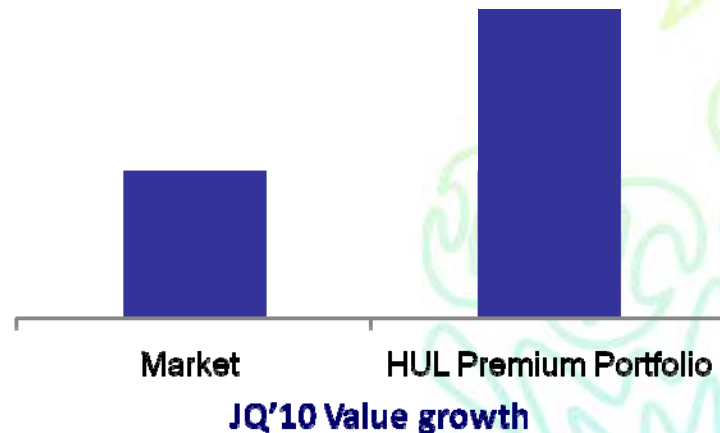


Straddling the pyramid  
across Price Points &  
Benefits

Dove is now accessible to more  
consumers at Rs. 20 price point



Premium portfolio -  
continues to grow ahead of  
the market



Market Growth Source: AC Nielsen

# Deploying the full portfolio : Hair



Shampoo: Presence across benefits, across price points

OOH

Internet



Media

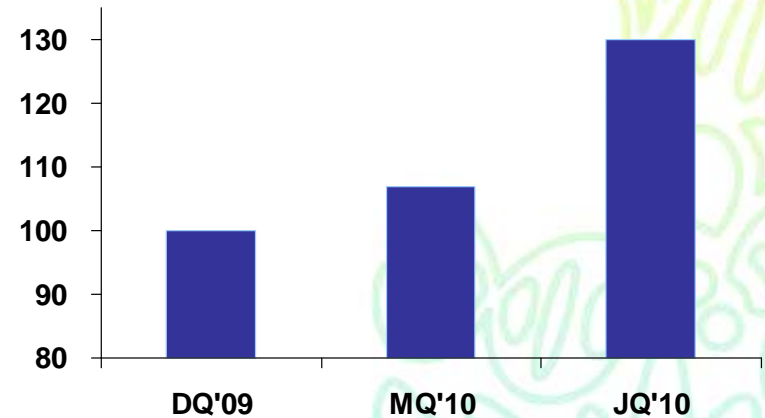
Print

Speed in execution



Growth: ahead of the market

HUL Hair Business - Indexed



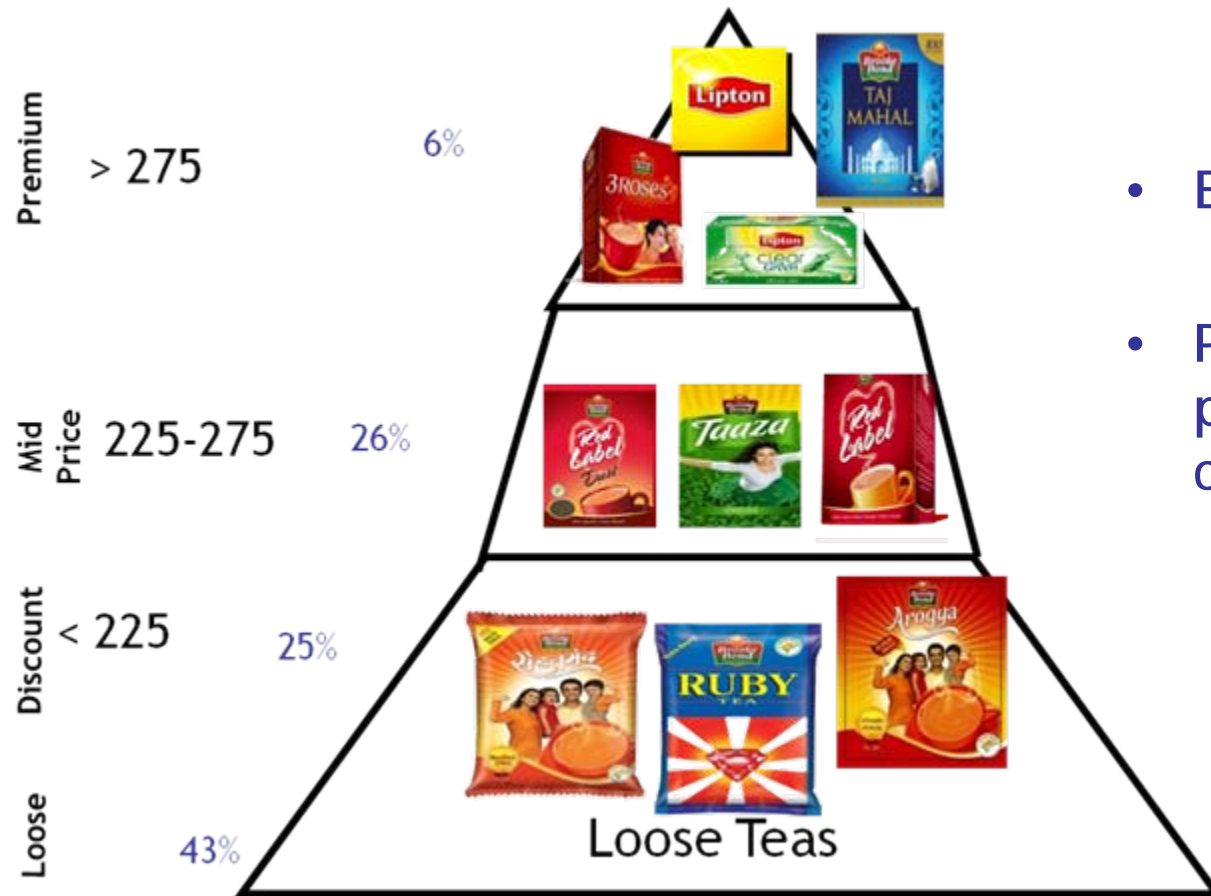
Dove: Tested with Real Women. Real Celebrities.

Market Growth Source: AC Nielsen

# Deploying the full portfolio : Tea

## Volume Contribution

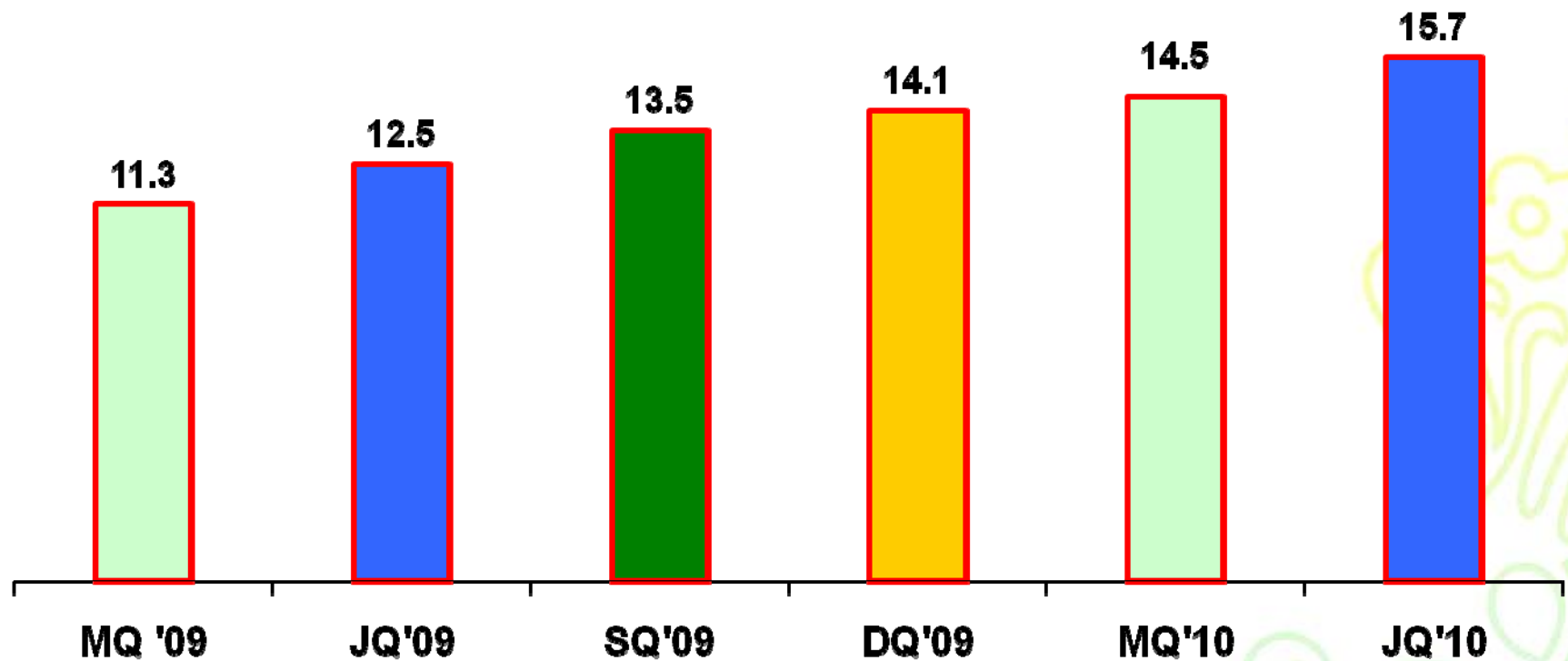
Volume Contribution includes Packet + Loose Tea



- Entry into Mass segment
- Portfolio across the pyramid and specific to consumers

Source: Nielsen Data 2009; Consumer Panel Data 2009

# With competitive Brand support



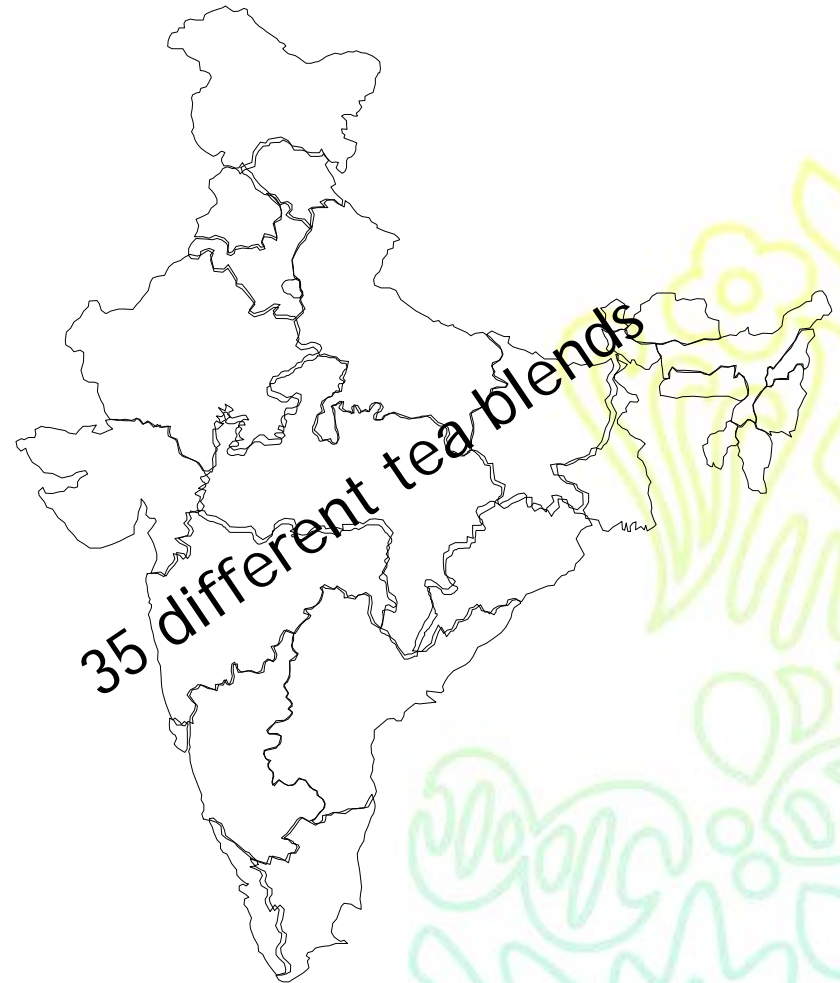


# Winning in the marketplace : Micro Marketing

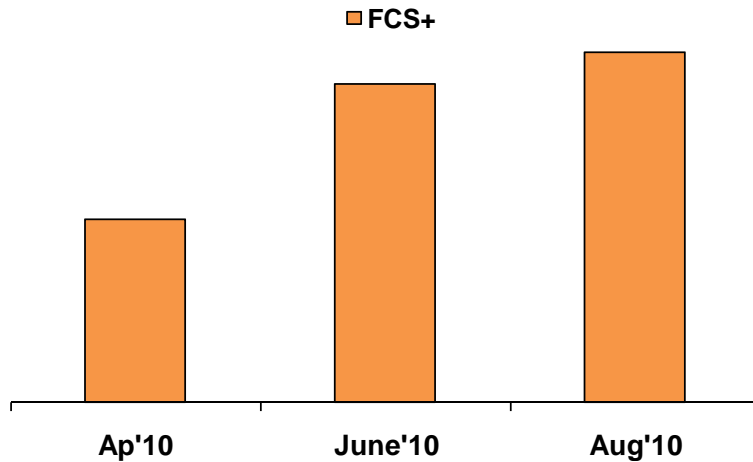
## Micro Marketing

- Why ? The “Many Indias”
  - Varied Consumer preference
  - Nature of competition different
  - Triggers & barriers different
- How ? Tailoring the Mix
  - Right pricing by geography
  - Product customisation
  - Locally relevant activation

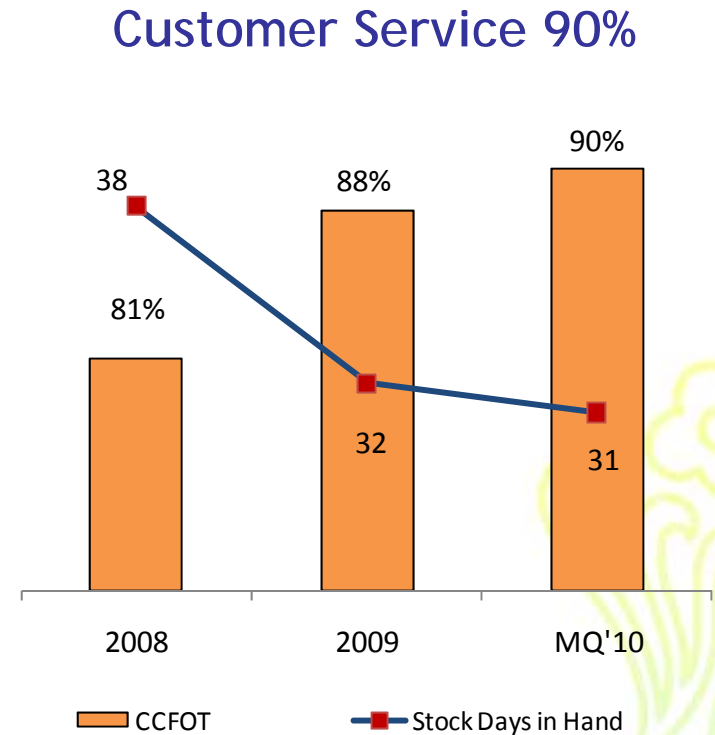
## Tea : Differentiated blends



# Significant improvement in field execution



- Measuring Eco, Bill productivity & Assortment
- Continuous improvement



- Improved service levels and reduction in stock days on hand

# Greater speed & reducing time to market

- We live in an era of volatility
  - Demands greater flexibility and agility
  - Speed is a key competitive advantage
- Through 2009, several actions taken
  - Execution cycle times analysed by element
  - Actions to deliver 50% reduction in cycle times agreed
- Progress: ~50% networks are now on “crashed” timelines

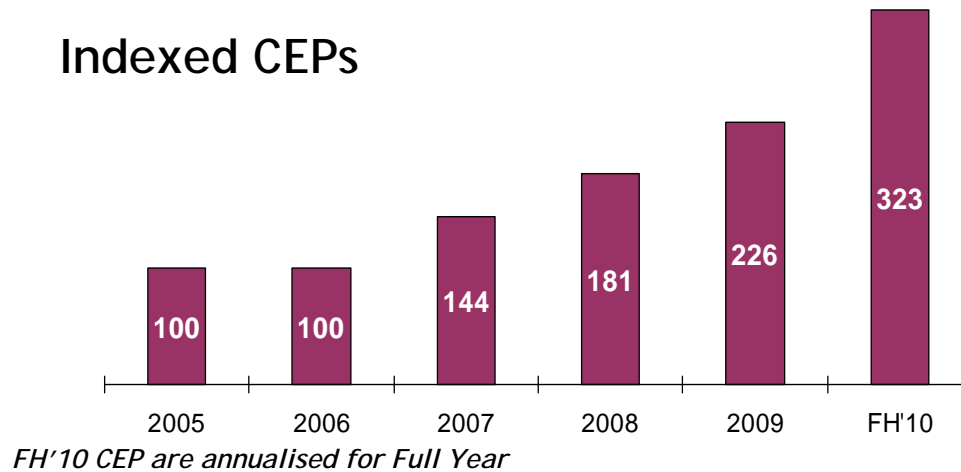




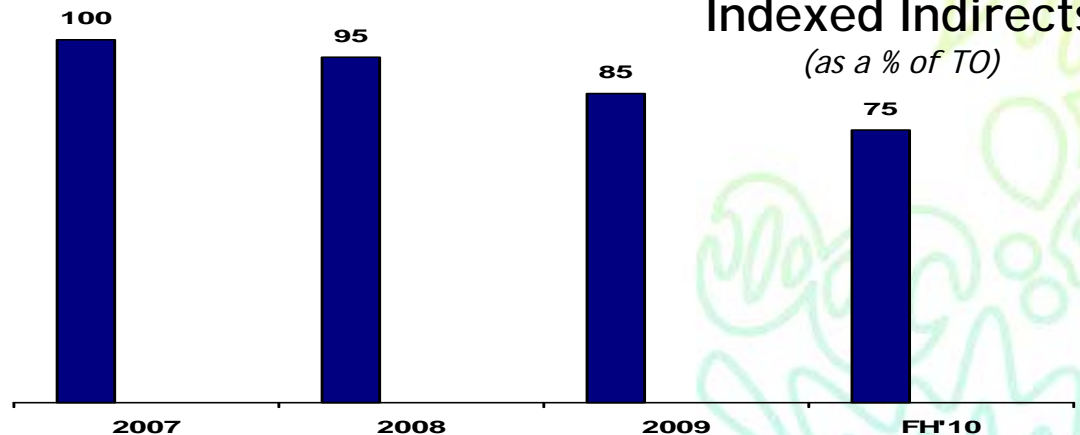
# Strong savings delivery & operating leverage

## CEP & Indirect Cost Saving delivery fund Brand Investment

### Indexed CEPs

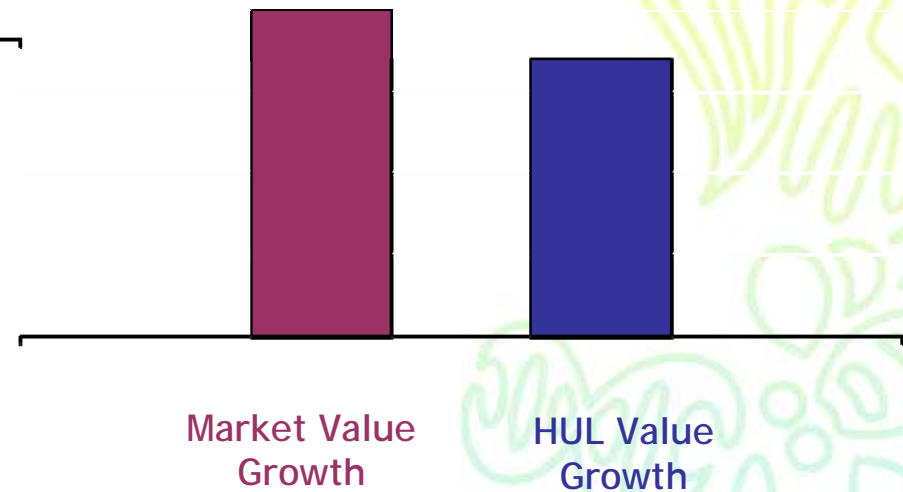
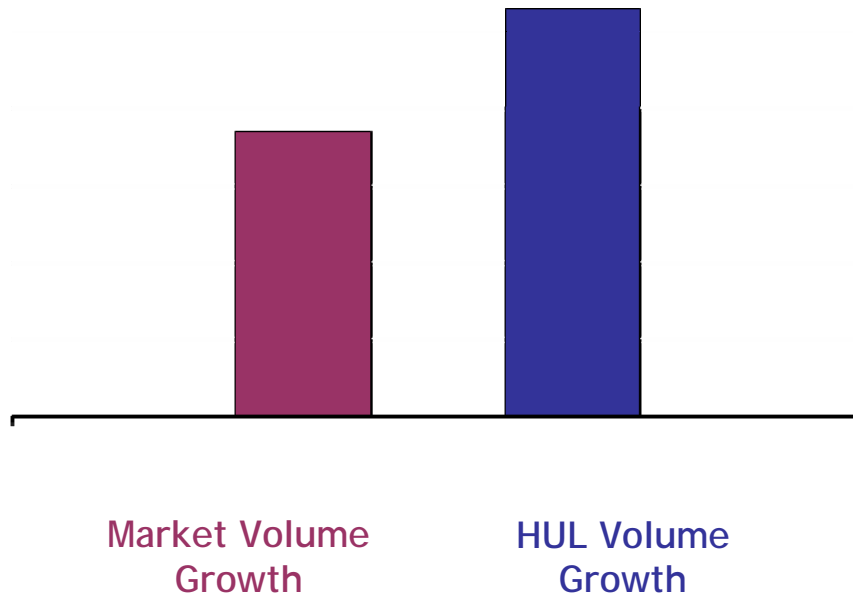


### Indexed Indirects (as a % of TO)



# Volume growth ahead of Market

MQ & JQ 2010



# Winning Today : Summary

- Several actions taken through 2009 and FH 2010
  - Strengthening portfolio
  - Stepping up execution
- Results positive
  - Substantial step up in volume growth
  - Growth ahead of market
- Need to sustain and build momentum





Winning Today

Emerging Trends

Winning Tomorrow



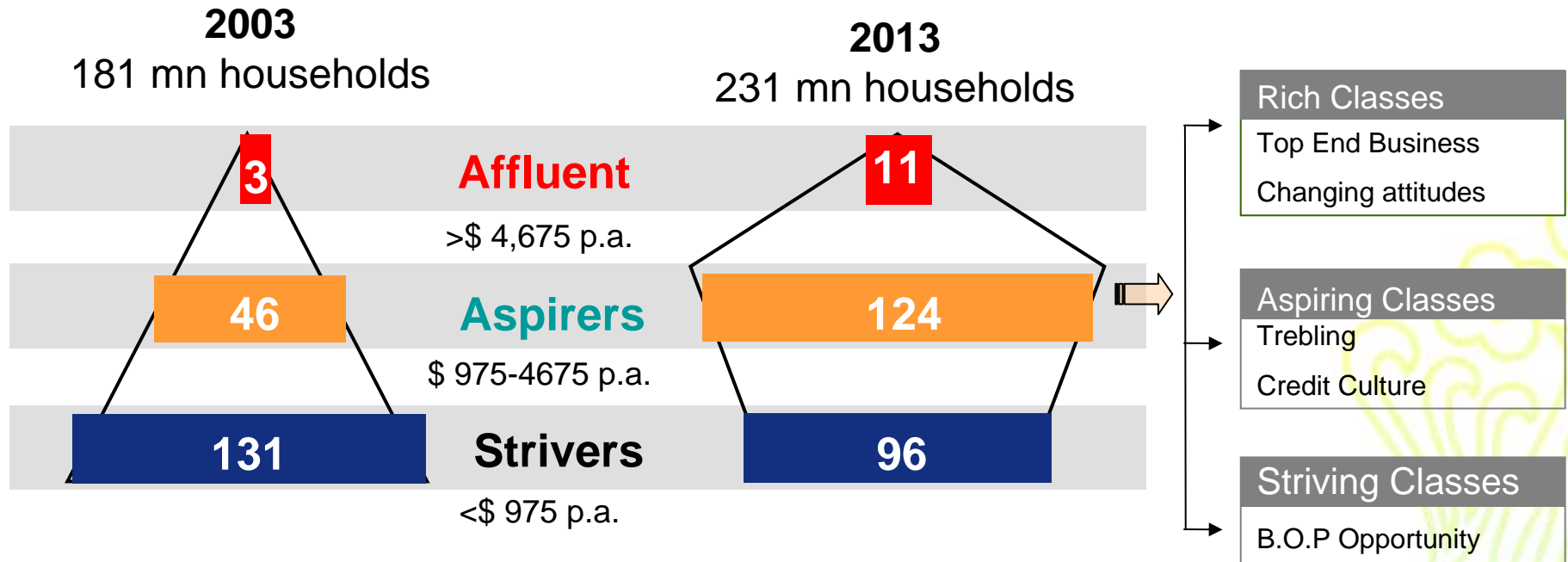
# Emerging Trends

WHO
CONSUMERS
CUSTOMERS
COMPETITION
SOCIETY / ENVIRONMENT



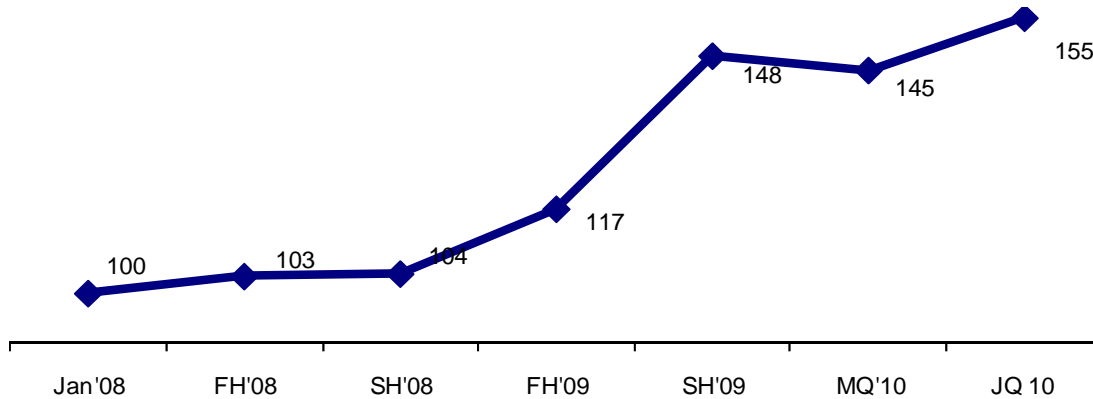
TRENDS
<ul style="list-style-type: none"><li>• More Affluence</li><li>• Changing Attitudes</li></ul>
<ul style="list-style-type: none"><li>• Hybrid Trade</li></ul>
<ul style="list-style-type: none"><li>• Intense</li></ul>
<ul style="list-style-type: none"><li>• More Conscious</li><li>• Only sustainable business models will survive</li></ul>

# Consumers : More affluence with changing attitude



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

# Increased competitive intensity



Indexed GRP Trend - FMCG

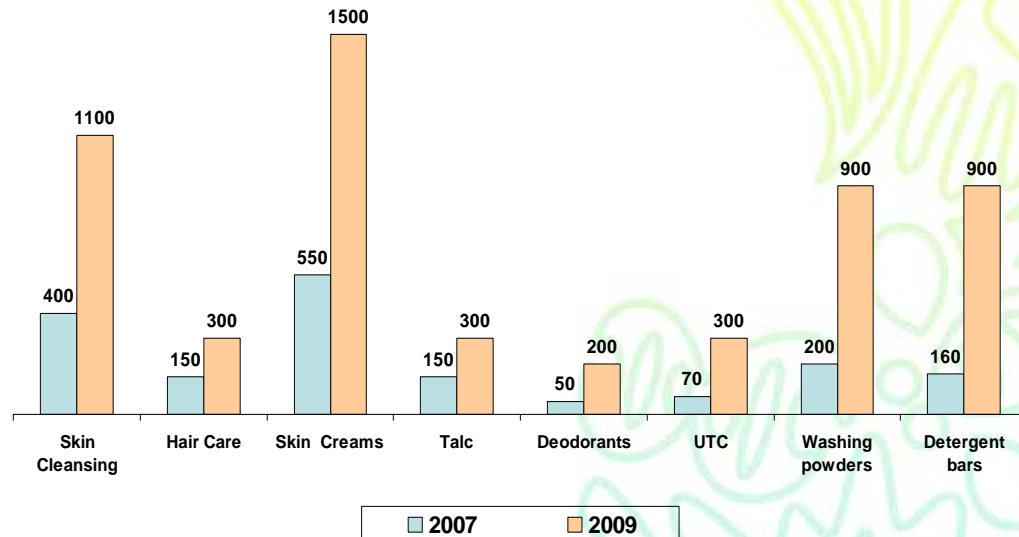
Increased competitive intensity  
reflected in GRP trends

- Brand proliferation across categories

- c. 5000 new HPC Brands
- c. 900 new F&B Brands

*(launched over 2 years, 2007 to 2009, across 17 HPC and 4 F&B categories)*

- New entrants adding to competitive intensity





Winning Today

Emerging Trends

Winning Tomorrow





# Winning Tomorrow : Principles

- Win Today
- Have point of view about the future
  - Consumers & Customers
  - New Markets & Geographies
  - Channels & Segments
- Build Portfolio & Capabilities to win tomorrow
- Brilliant Execution
- Sustainable business model



# Building Blocks

Winning with Brands and Innovations

Winning in the Market Place

Winning through continuous improvement

Winning with People

# Building Blocks

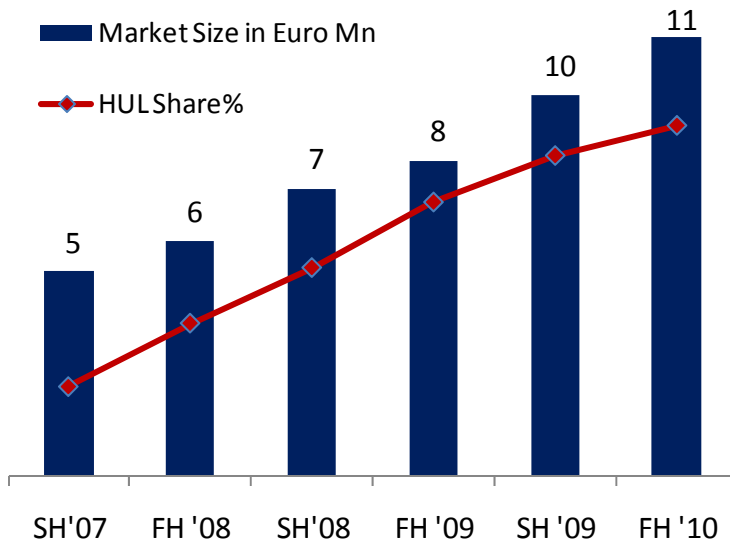
Winning with Brands and Innovations

Winning in the Market Place

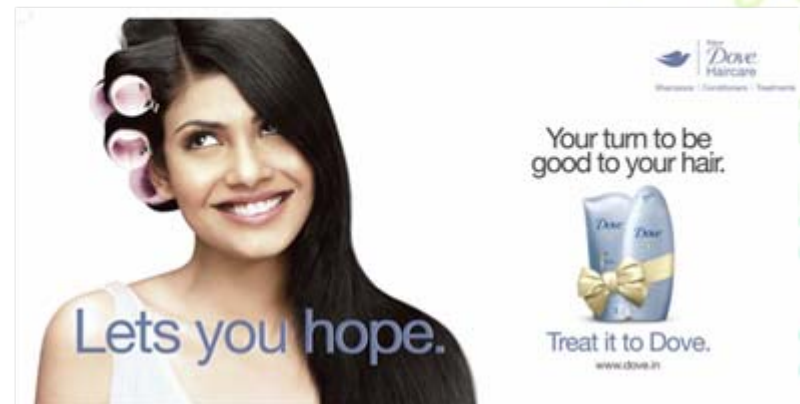
Winning through continuous improvement

Winning with People

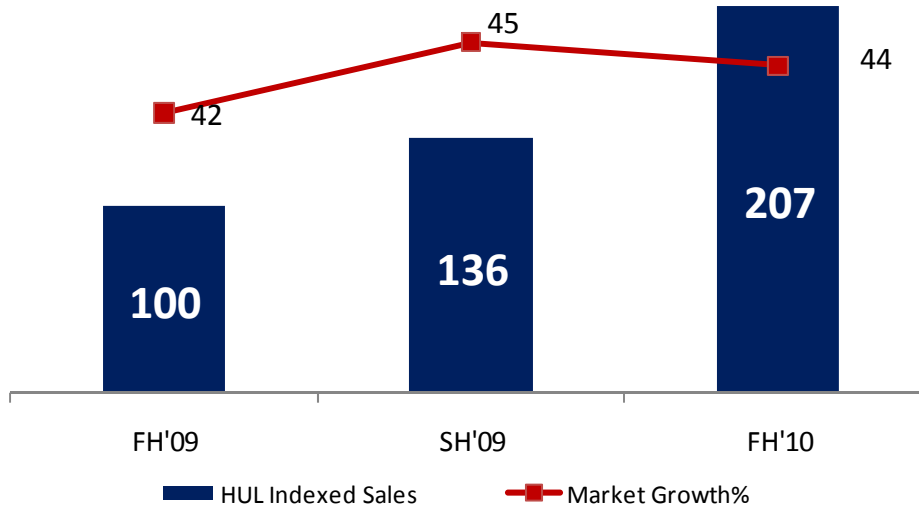
# Building segments of tomorrow: Hair Conditioners



- Conditioners: Market growing ~40%
- HUL Conditioner: Rapidly growing share in fast growing market



# Building segments of tomorrow : Facial Cleansing



- Facial Cleansing: Market growing >40%
- Deployed full portfolio
- Business size doubled in MQ & JQ'10



Gentle Care



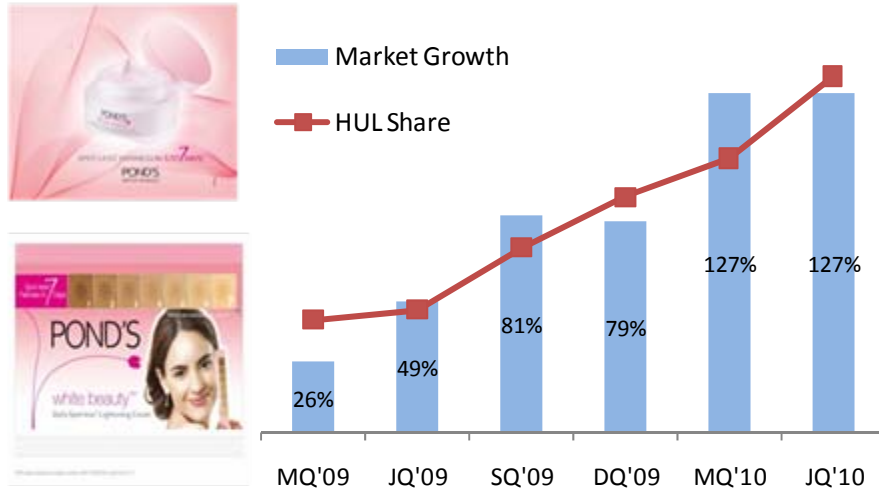
Oil Control Skin Lightening



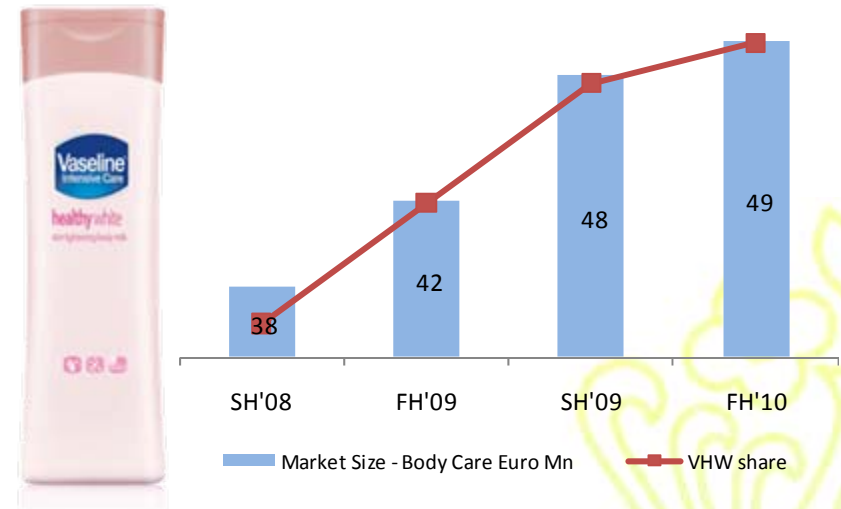
Lakme Fruit Blast: Moisturizing

# Building segments of tomorrow : Premium Skin Care

## Premium Skin Lightening



## Hand & Body



## Male Grooming



## Anti Aging





# Building Savoury - Three Pillars of Growth



Build a soup  
drinking habit



Gain share in  
afternoon snacks



Drive Dish  
Penetration

# Entry into afternoon snacking

## Healthy Knorr Soupy Noodles - Entry into afternoon snacking

### Noodles

- Filling snack
- Convenient
- Tasty (loved by kids)



### Soups

- Healthy
- Does not interfere with main meal
- Loved by Moms

A healthy and exciting snack for kids



Excellent initial response

RS. 10



RS. 15



RS. 15



Healthy Soup + Noodles = Knorr Soupy Noodles





# Markets of tomorrow : Soups

Great Product - Healthy Snack @ 7 pm (100% Real Veg.)

12 Exciting Recipes

Substantial Investment behind Category Creation

With a New Brand Ambassador - Kajol



# Building market for future: Deos, Fabric Conditioners, Surface Cleaner



## Deodorants

- Market growth >40%
- Playing full portfolio
- Sure: World's No.1 antiperspirant launched



## Hard Surface Cleaners

- Market growth c.20%
- Cif: cream based cleaner

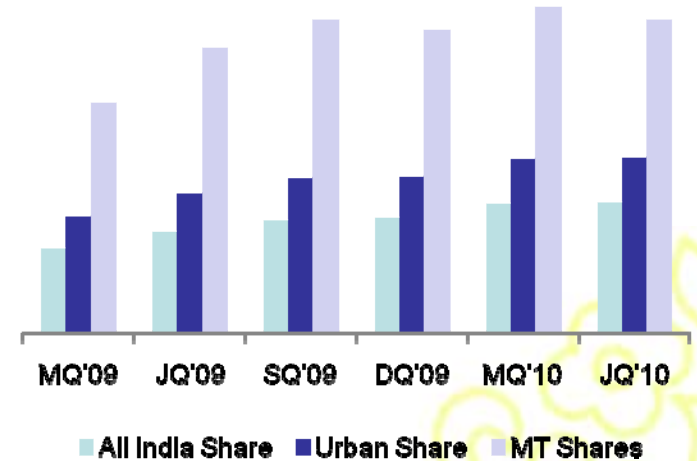
## Pre-Post Wash

- Market growth c.40%
- Comfort Fabric Conditioner: launched nationally



# Consumers of tomorrow: Dove

## Dove Hair Growth > 3 X Market Growth

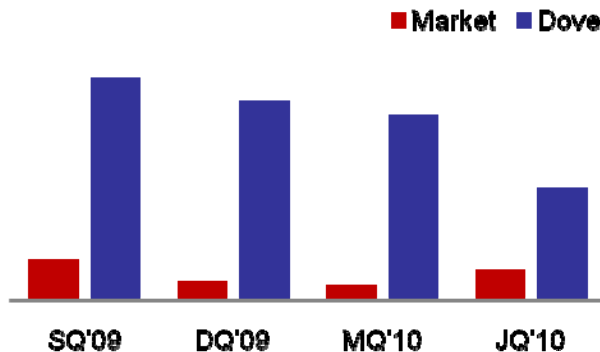


Dove Hair Range: No.1 in MT

> €60 MN Brand

Dove Hair Market Share: growing rapidly

Dove Soap: Growth ahead of market



Dove Deos: gaining shares





# Expanding footprint : Out of Home



Portfolio across segments & price points; Global market leadership

OOH: Swirl's Parlours, now 110+

- FRESH : Fresh Ingredients
- CHOICE : Create Your Own
- THEATER & FUN : The drama of ice cream

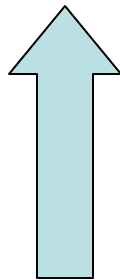
3 million consumer experience moments created



# Expanding footprint : Out of Home

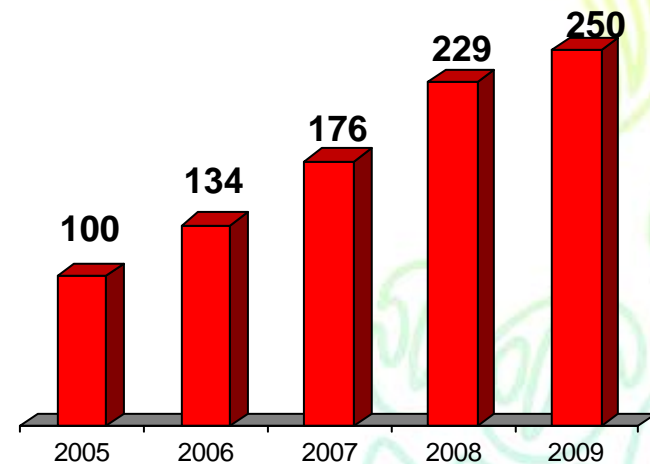
## Beverages

Opportunity - Develop business model and expertise for OOH consumption



A CAGR of 26 % ( 2005 - 09)

2 Billion cups per annum



Indexed Turnover

# Markets of tomorrow : Water

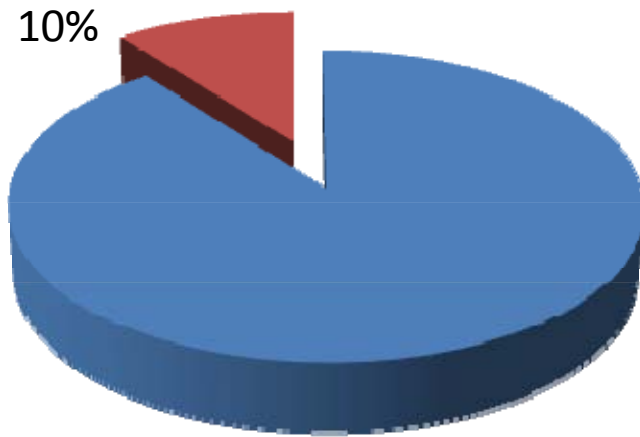


Pureit: straddles the Pyramid

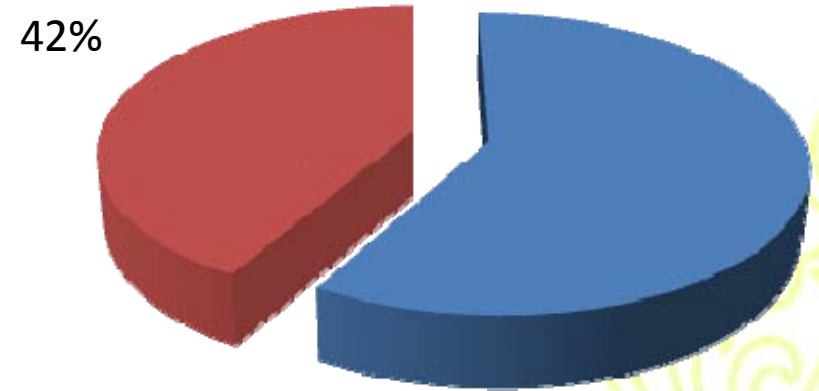


- Rs.1 crore safety challenge: unchallenged
- Extending retail footprints: >20,000 retail outlets
- 6000 PWE on ground

# Significant contribution to growth



% Turnover



% Growth

10% of Domestic FMCG turnover & 42% of growth  
from categories of tomorrow

# Building Blocks

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Winning through continuous improvement

Winning with People



# Winning in the marketplace : Principles

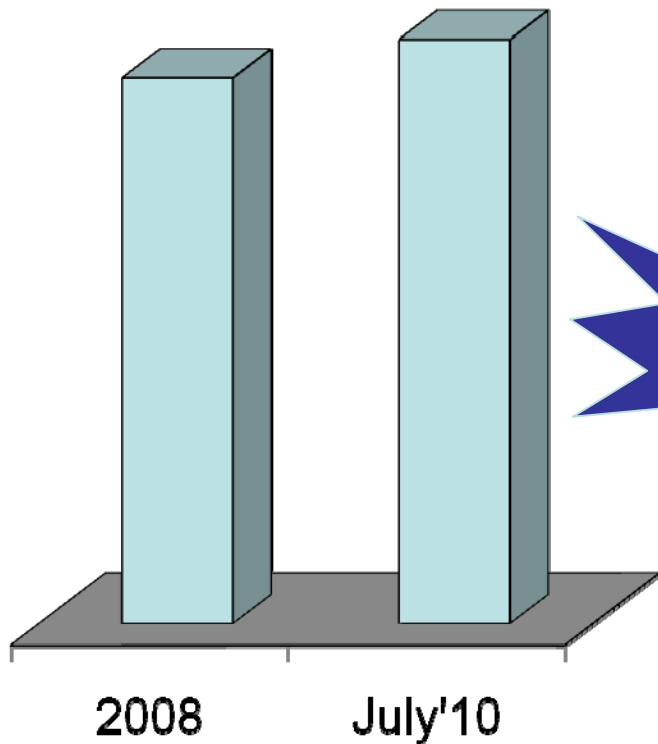
Win with : Winning customers/ channels

Win in : Winning geographies

Win with : Technology

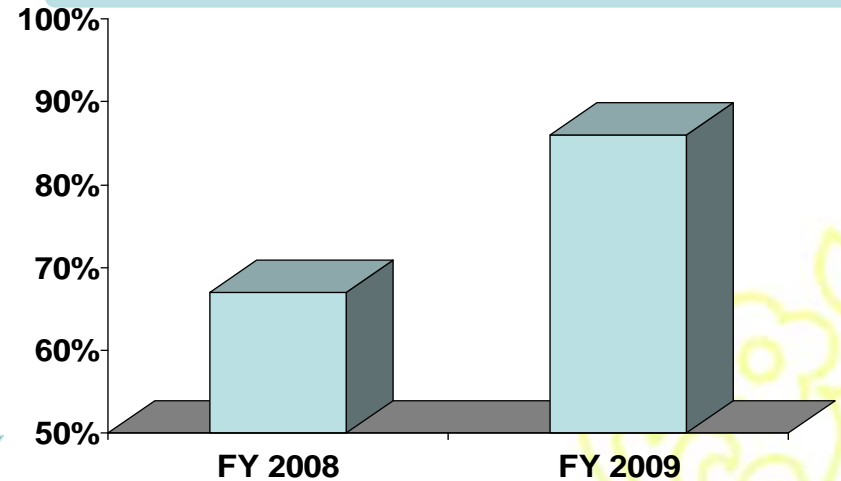
# Winning with winning customers : Modern Trade

Increasing Market Shares



MT  
Contribution  
to sales > 8%

Customer Service scores up

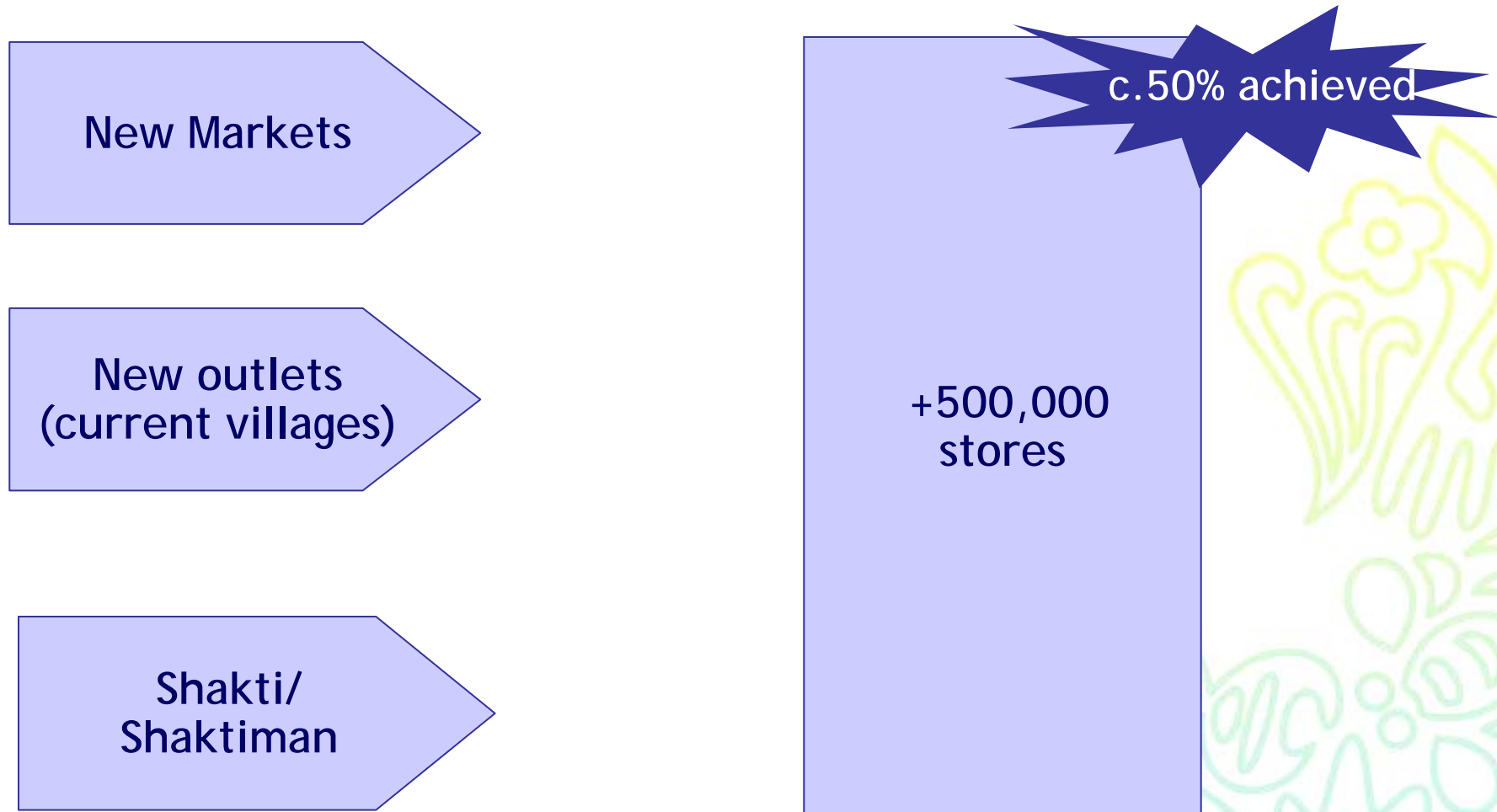


Profitability improved



# Winning in winning geographies : Rural

## Trebling the Rural Footprints



# Winning with technology : iQ

ORDER BOOKING			
LINES	FIND	TOTAL	
Select Category -->		Must Sell Packs	
SKU	SO	OR	
LUX ORCHID 100 GMS	2	0	
LUX ORCHID 100 GMS	2	0	
ALA BLEACH 500ML	3	0	
LUX ORCHID 45 GMS	4	0	
LUX ORCHID 75 GMS	1	0	
LUX STWBY 125G	2	0	
SFXL BAR 125 GM	4	0	
STK	TUR	MRP	ITMVAL
169	12.04	13.00	0
GAP	RR		
97	16		
0	1	3	5
6	12	UNIT	
G	R	O	W
T	H	Exit	

Deliver Assortment

Reduce Out Of Stock

Build Assortment

Identify Opportunities



- Rolled out Nationally in Urban GT;
- Rural roll out by 2011

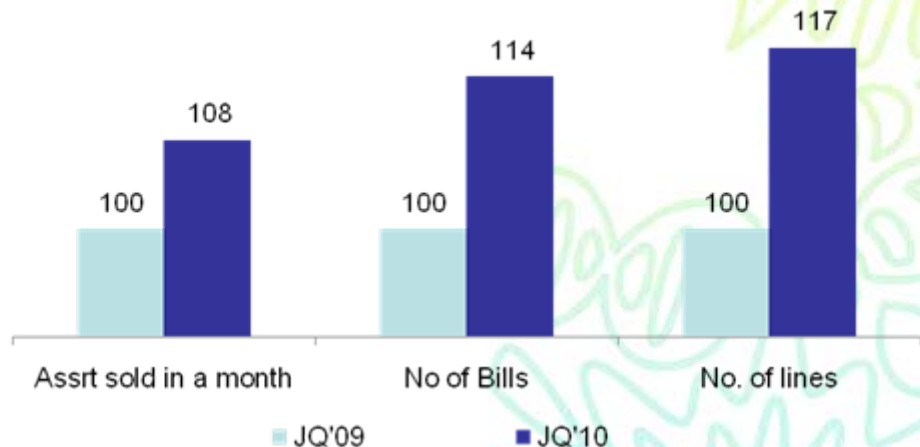
Sophisticated analytics for outlet level interventions

Simple front-end for better execution by salesmen

Better business performance

- Improved assortment
- Increased number of bills
- Increased number of lines

Indexed business performance



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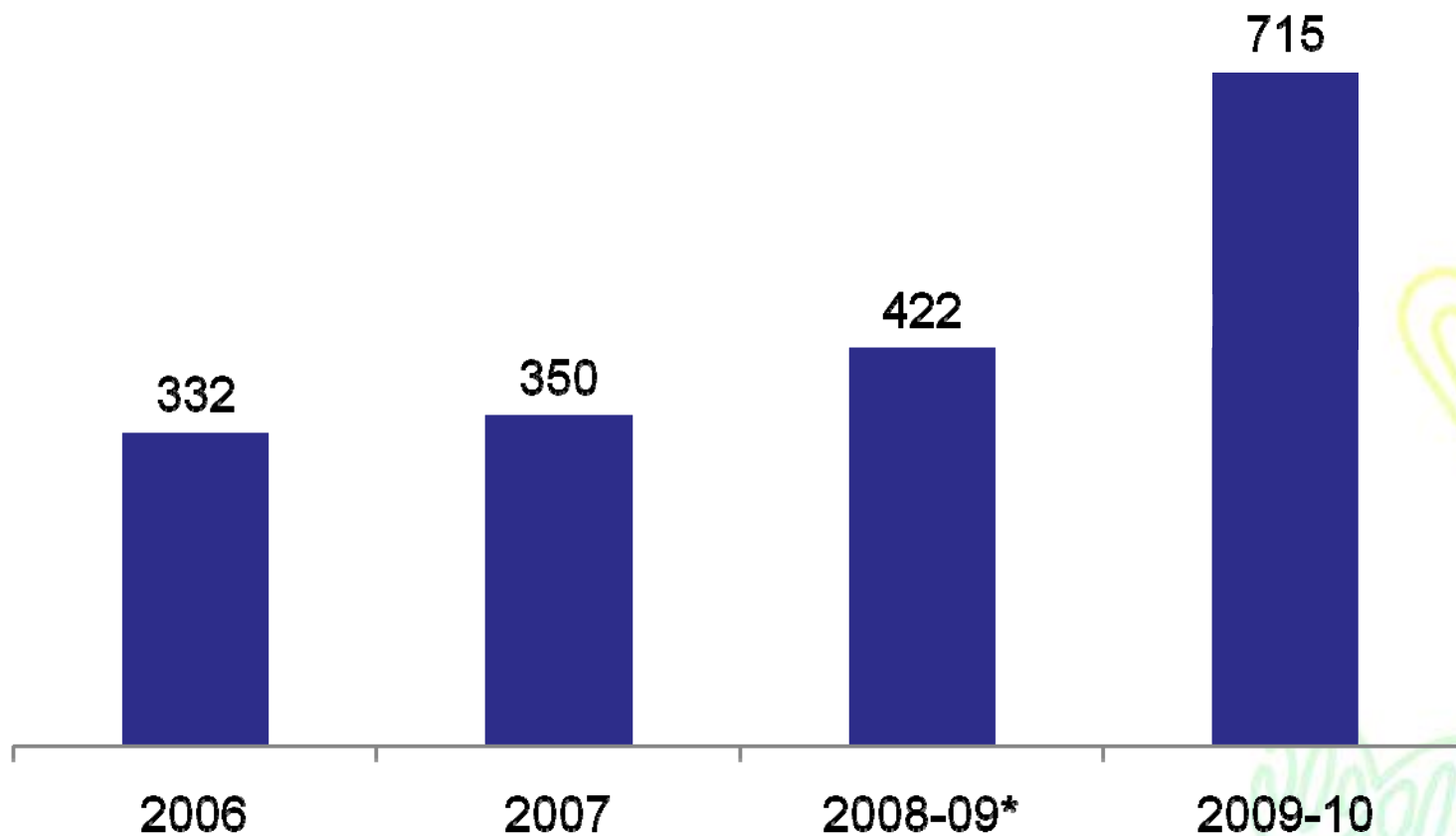
# Delivering Continuous Improvement : Approach

- Continuous improvements in
  - Customer Service
  - Cash
  - System Costs
- Delivered through
  - Leading edge IT solutions
  - Cross functional teams



# Accelerated cash delivery

## Operating Cash Delivery \$ Mn



*\*2008-09 cash flow is for 15 months period*

# Building Blocks

Winning with Brands and Innovations

Winning in the Market Place

Winning through continuous improvement

Winning with People



# Winning with People : Approach

- Talent
- Culture
- Capabilities



# Talent : Our Edge

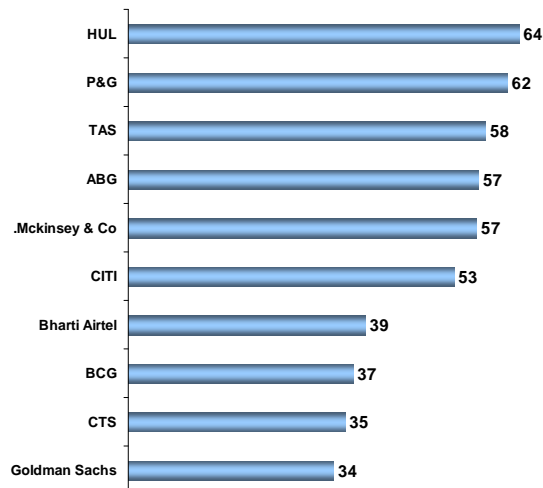
## 100% PPO acceptance



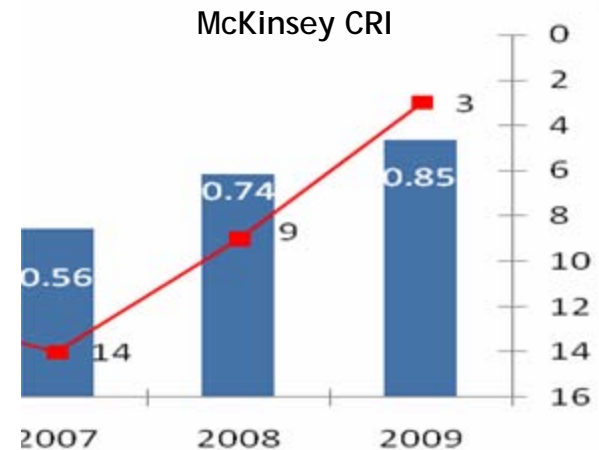
## Dream Employer

HUL voted as the overall "Dream Employer" in B-school survey

## No.1 among companies considered



## In top 3 on campus



# Culture : Embedding Customer Centricity

B, Raja  
Dey, Raju  
R, Rajesh

Ahmed, Mohd.  
Gaur, Pankaj  
A T K, Kiran

Singh, Deepak  
Suman, Manish  
Sharma, Mukul

Sharma, Ashish  
Sharma, Vishnu  
Sharma, Arvind

Hussain, Shaikh  
Panchal, Nilesh  
Banerjee, Arijit

V, Kosal Raman  
T N, Sethupathy  
Y, Krishna Prasad

Lad, Amit  
Roy, Dilip

P V, Mohan  
P, Rajagopal

Sharma, Kunal  
Gupta, Mukesh

G, Suresh Babu  
V, Shankar Jee

Dholey,  
Supantha

Brahmbhatt, Kirti  
Kargathia, Mahesh

6

Days

120

Towns

4000

Feet on Street

14,600

Perfect Stores

Khan, Mohd  
C, Ramdass

S S, Puranik  
S, Manjunath

Sinha, Nikhil  
K N, Nagaraja

V, Kosal Raman  
R, Jagannathan

Dasgupta,  
Sugata

Pandey, Ripusudan  
Tijare, Jeetendra

K G, Mohan  
Das, Hitesh  
Dutta, Amal

T, Rajendran  
V, Kapil Dev  
V, Sivakumar

J C, Rajmohan  
P, Sivanandam  
S, Udai Kumar

Karale, Madhav  
Khanina, Yogesh  
Sharma, Hemant

Dayanand  
Rizvi, Syedqamar  
Singh, Charanjit

Choudhuri, Anirban  
Choudhury, Susanta  
Srivastava, Manish

Nandi, Raju  
Roy, Partho

G R, Inbaraj  
Budhe, Rajul

V G, Mohanraj  
V R, Sikanth

Hinge, Sanjeev  
Sharma, Saibh

K N,  
Raghavendra

N, Vishala Krishna  
V M, Fayas Ahammed

Ghai, Rohit

Singh, Manoj

Ghyar, Rajesh

Osman,  
Mohammad

Sharma,  
Hitender

Chawcharia, Harish

Goel, Rajiv  
Khan, Imran

Jain, Shilpi  
Raman, Manoj

P, Akash  
Singh, Dhruv

Sharma, Rajeev  
Singh, Tejinder

Thakur,  
Veeranand  
Veeranaya, Ashfaq

Chouragade, Sanjay  
Das, Shuddha Sattwa

Batra, Anil

Kant, Kaushal

Usman, Shaikh

M, Ramesh  
Kumar

Wadhawan,  
Suneet

A, Padmanaba Pillai

P K, Murali

Kumar, Mukund

Varghese, Aju

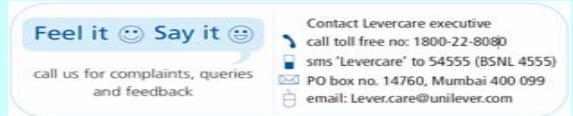
R, Ramachandran

Kargathia, Lalit

G, Bala  
Subramanyam

# Capability : Consumer & Customer connect system

## Levercare



### Objective:

Set up a world-class consumer and customer connect system to reach the company, and equally to help brands reach out to them.

### Features:

- Multiple channels to connect - National toll free number
- 12 Hrs a day - 6 days a week
- All calls recorded and archived for three months
- End to End IT
- Strong internal governance processes
- Company appointed Ombudsman

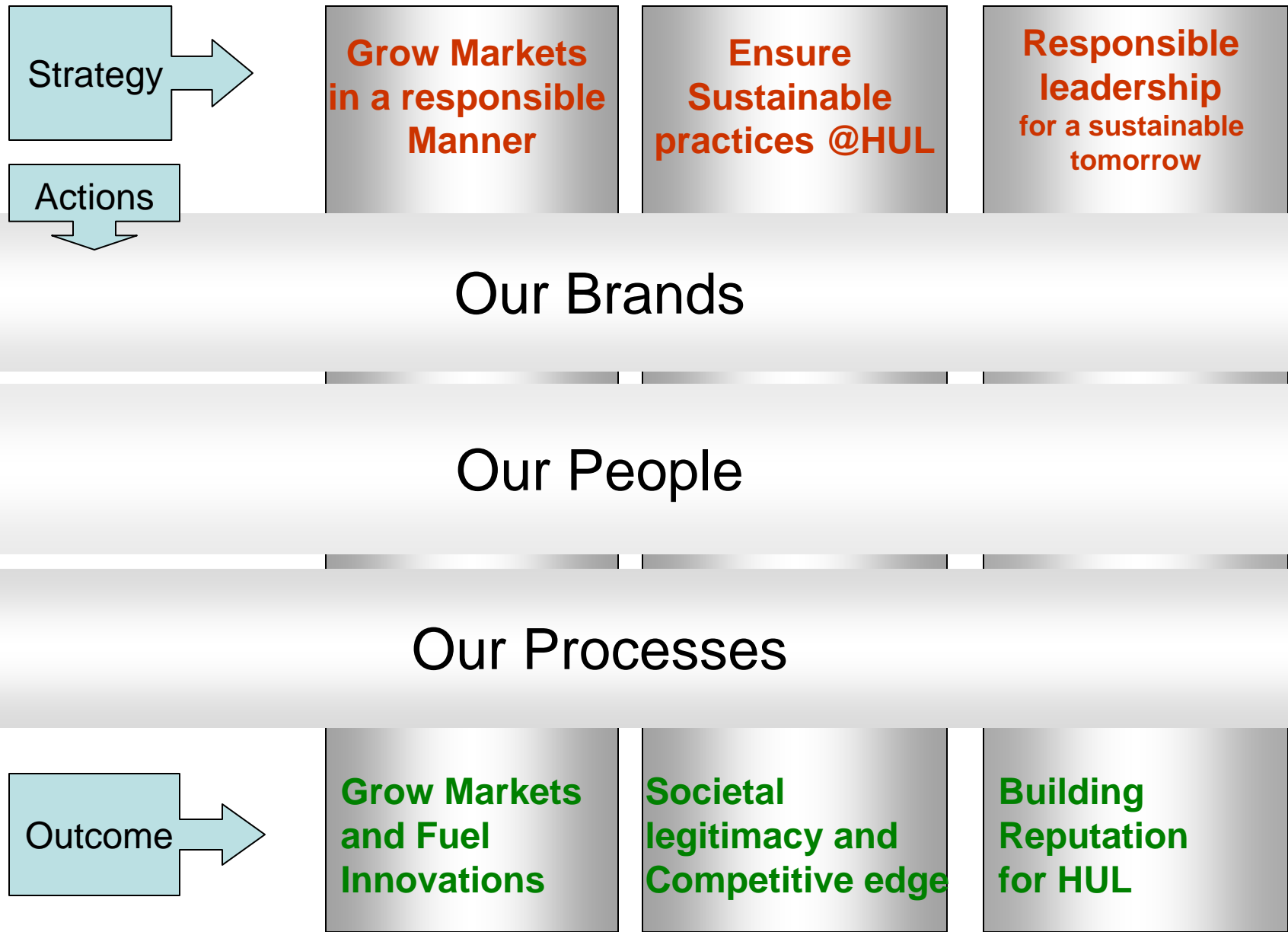
### SCOPE

- CONSUMER
- DISTRIBUTOR
- RETAILER

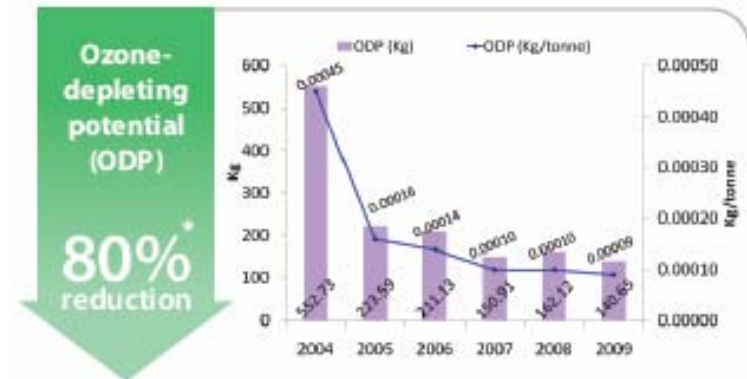
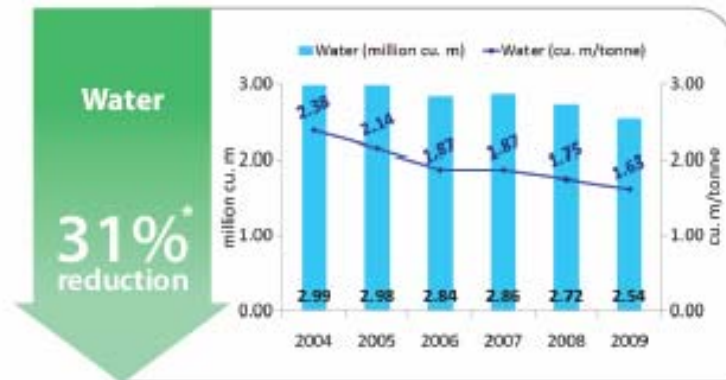
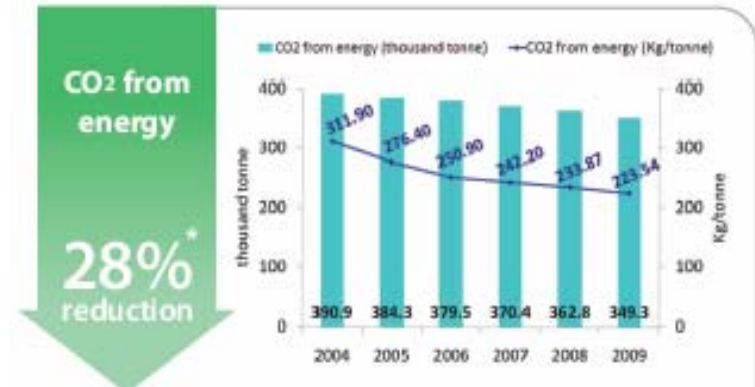
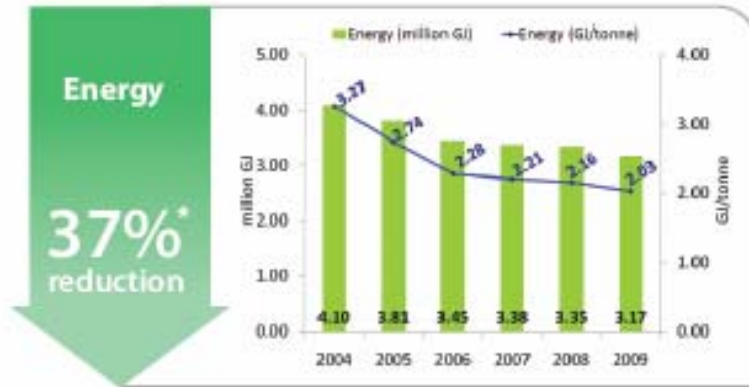
### Services Offered

- Quality
- Brand
- Promotions
- Service
- Trade
- General Information

# Capability : Building sustainable business models



# Reducing environmental footprints



The data shows our Ozone-Depleting Potential (ODP), expressed as kg of CFC R-11 equivalent

\*2004 baseline

1<sup>st</sup> Sustainability Report is available at

[http://www.hul.co.in/Images/HULSustainableDevelopmentReport2009\\_tcm114-226531.pdf](http://www.hul.co.in/Images/HULSustainableDevelopmentReport2009_tcm114-226531.pdf)



# In Summary

- In time, India will be amongst the largest consumer markets
- Winning Today : Early results positive
  - Strengthening portfolio
  - Stepping up execution
- Winning Tomorrow
  - Winning with brands and innovation
  - Winning in the marketplace
  - Winning with continuous improvement
  - Winning with People





# Business Goals

- Competitive Growth
  - Profitable Growth
  - Sustainable Growth
- 

**Thank You**

