



HINDUSTAN LEVER LIMITED

Analyst Meet
Mumbai, January 22, 2002

Results 2001



economy

Economy



economic slowdown continuing

- GDP growth decelerates to 5%
- Fiscal deficit continues to be under pressure; however, inflation continues to slide
- Rupee depreciated by 2.7% in SH '01; FY '01: 3.3%
- Overall markets remain depressed in 2001; demand declines in several FMCG categories
- Economic outlook for 2002 evolving
 - with good monsoon, agricultural production expected to grow
 - softer prices could offset part of the recovery
 - growth also dependent on progress in infrastructural investment



results 2001

Results: 2001



highlights of 2001

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- EPS Rs 7.46 per share of Re 1 (+25.2%)
- Final dividend of Rs 2.50 per share; total Rs 5.00 per share (PY: Rs 3.50 per share)



results for 2001

Rs crore	FY 2001	FY 2000	% Growth
Net Sales	10972	10604	3.5
Other Income	382	345	10.6
Costs ¹	(9411)	(9284)	1.4
PBT	1943	1665	16.7
Tax (incl. Deferred Tax)	(402)	(355)	13.2
PAT	1541	1310	17.6
Exceptional Items (net)	100	–	
Net Profit	1641	1310	25.3

¹incl restructuring cost of Rs 48 cr (PY: Rs 109 cr)



like-to-like comparison

■ IN

- Lakme Lever
- Lipton Exports
- Bestfoods
- Aviance

■ OUT

- Quest
- Animal Feeds
- Nickel Catalyst
- Adhesives

% Growth

DQ 2001

2001

Published

Comparable

Published

Comparable

Net Sales

4.3

3.7

3.5

2.8

PAT

16.4

23.8

17.6

21.0



shareholder will be delighted!

	Rs	2001	2000
	Interim	2.50	1.50
	Final (Proposed)	2.50	2.00
2001 dividend includes distribution from exceptional income	Total	5.00	3.50

Dividend per share of Re 1



a strong balance sheet...

Rs crore	Dec 2001	Dec 2000
Share Capital	220	220
Reserves	2823	2268
Loan Funds	84	112
Total	3127	2600
Fixed Assets	1320	1203
Investments & Deposits	2325	2143
Other Current Assets (net)	(764)	(746)
Deferred Tax	246	–
Total	3127	2600



....and high profitability continues

Rs crore	FY 2001	FY 2000	% Growth
Net Sales	10972	10604	3.5
Operating Profit	1761	1567	12.4
Operating Margin %	16.1	14.8	

	2001	2000
Return on Net Worth %	53.9	52.6
ROCE %	62.4	64.5



results dq 2001

Results: DQ 2001



quarter sales grow by 4.3%,
PBT by 17.4%

Rs crore	DQ 2001	DQ 2000	% Growth
Net Sales	2763	2648	4.3
Other Income	75	86	(12.6)
Costs ¹	(2228)	(2214)	0.6
PBT	610	520	17.4
Tax (incl. Deferred Tax)	(110)	(90)	
PAT	500	430	16.4
Exceptional Items (net)	(64)	–	
Net Profit	436	430	1.6

¹incl restructuring cost of Rs 14 cr (PY: Rs 27 cr)



FMCG lead sales growth

Rs crore	DQ 2001	DQ 2000	% Growth
Net Sales	2763	2648	4.3
FMCG	2305	2138	7.8
HPC	1658	1502	10.3
Foods	647	636	1.8
Exports	389	390	(0.1)
Others	69	120	(42.4)



exceptional items: DQ

Rs crore

Profit on disposal of Nickel Catalyst/
Adhesive Businesses

17

Less

Provision for fixed asset write-off and
estimated related costs: Ice Cream

(43)

Provision for fixed asset write-off: Culinary

(19)

Additional liability for retirement benefits
arising from fall in interest rates

(63)

(125)

Deferred tax credit

44

(81)

Exceptional Items (net)

(64)



group PAT up 17% in 2001

Rs crore	HLL	% Growth	Group	% Growth
Net Sales	10972	3.5	11585	0.6
Adj. for business transfers	10874	2.8	11585	2.7
FMCG	8876	4.9	9364	5.0
Exports	1653	(6.7)	1829	(5.0)
Others	345	1.6	392	(46.0)
PBT	1943	16.7	1896	15.4
PAT	1541	17.6	1471	16.5
Net Profit	1641	25.3	1571	24.4



progress against strategy ...on course

strategy recap

- Growth through focus on 30 power brands in FMCG
- Improving Foods Profitability
- Securing future of the Non-FMCG businesses



power brands lead group sales growth

% Growth	MQ	JQ	SQ	DD	Year
Overall (FMCG)	2.6	3.2	8.0	6.8	5.0
Power Brands	3.3	5.7	10.1	8.2	6.5
HPC	4.8	9.0	11.5	13.3	9.2
Foods	1.0	(3.3)	6.3	(3.3)	0.1



...and outpace market growth in HPC

% Growth	Market Growth	HLL Group	Power Brands
Personal Wash	(9.3)	(2.9)	5.3
Fabric Wash	(2.0)	6.9	9.2
Dishwash	13.2	11.4	13.5
Toothpaste	2.4	6.4	8.0
Shampoo	10.6	15.8	16.5
Skin (excl. Talc)	4.4	21.1	21.6
Talcum Powder	(0.6)	15.0	16.3

market growth: ORG value (urban+rural)



...and foods

% Growth		Market Growth	HLL Group	Power Brands
Packet Tea		(6.4)	(11.7)	(5.9)
Coffee		(2.7)	14.7	20.6
Vanaspati		(2.6)	11.4	11.4
Culinary	Jams	(12.4)	(7.0)	(7.0)
	Ketchup	(0.8)	(6.0)	(6.0)
Atta (Branded)		9.1	(15.4)	(15.4)
Salt		4.7	(5.1)	(5.1)

market growth: ORG value (urban+rural)



foods profit doubles

- Operating profit doubles
- Gross margin up 500 basis points
- Further cost reduction planned through
 - supply chain reconfiguration
 - restructuring initiatives
- Potential for value added products



new homes for non-core

- Divestments completed
 - AFS
 - Quest
 - Nickel Catalyst
 - Adhesives
- Transfer of Seeds, Leather, Mushroom to subsidiaries for potential JV/divestment



business performance

Business Performance



Soaps and Detergents



....growth rate improve in SH

% Growth	FH 2001	SQ 2001	DQ 2001	FY 2001
Personal Wash	(4.8)	0.9	(2.5)	(2.9)
Fabric Wash	5.2	9.5	8.1	6.9
Household Care	15.3	4.1	10.6	11.4

Category Sales Growth

Market Share %	Dec 2000	May 2001	Nov 2001
Toilet Soaps	59.2	59.9	60.0
Detergents (Powder + Bar)	41.5	41.7	42.0
Dishwash	62.9	62.2	61.7

ORG value share (urban+rural)



mass market brands lead growth in soaps and detergents

- Group sales up 3%
- Fabric Wash sales up 7%; share gain in detergent bars;
 - Wheel relaunched, gain market leadership
 - Surf franchise relaunched
- Personal wash sales down 3%, although market share up
 - Lifebuoy decline arrested; Active variant launched
 - Fair & Lovely launched
 - Lux franchise re-launched and expanded
- Mass market portfolio (Breeze +57% and Wheel +15%) crosses Rs 1000 cr mark; strategy to contain low price competition working



Personal Products



record growth in all categories in DQ

% Growth	FH 2001	SQ 2001	DQ 2001	FY 2001
Oral Care	(3.7)	3.8	18.4	6.0
Hair Care	2.3	17.3	24.9	10.3
Skin (excl. Talc)	22.1	1.4	30.8	21.1
Talcum Powder	10.4	14.1	29.9	15.0

Category Sales Growth

Market Share %	Dec 2000	May 2001	Nov 2001
Toothpaste	35.4	36.0	36.3
Shampoo	65.9	65.0	63.2
Skin (excl. Talc)	56.0	54.1	53.0
Talcum Powder	63.6	66.4	65.2

ORG value share (urban+rural)



power brands lead growth

- Group sales up 14%
- Skin care category leads growth (+21%)
 - Fair & Lovely franchise expanded; registers strong growth
- Shampoo continues healthy growth trend (+16%); Clinic, Sunsilk and Lux register double digit growth
- Toothpaste sales back on growth track (+6%); SH growth 20%
 - Pepsodent relaunched; grows 13% (24% in SH)
 - Close-Up grows 5% (26% in SH)



Beverages



Beverages



portfolio rationalisation impacts tea sales; strong growth in coffee

% Growth	FH 2001	SQ 2001	DQ 2001	FY 2001
Packet Tea	(14.5)	(6.4)	(10.6)	(11.7)
Coffee	10.1	12.9	23.3	14.7

tea market
remain bearish

Category Sales Growth

Market Share %	Dec 2000	May 2001	Nov 2001
Packet Tea	36.4	35.8	34.8
Coffee	38.2	44.9	43.7

ORG value share (urban+rural)



step change in beverages profitability

- Focus on profitability; Gross margin up 850 basis points
- Taj grows in the face of all round downtrading
- Bru grows 20% in a market which declined by 3%



Foods



foods sales growth led by modern and dalda

% Growth	FH 2001	SQ 2001	DQ 2001	FY 2001
Culinary	(7.1)	6.7	(2.4)	(3.3)
Oils & Fats	16.1	9.9	25.7	17.5
Modern	94.7	78.0	28.3	65.6
Branded Staples	(13.0)	3.5	(21.3)	(11.6)

Category Sales Growth

- Group sales up 14%
- Margins up 100 basis points



continuing thrust on innovation



- Dalda Activ
- Ready to eat Chapati
- Knorr rice@ease
- Flavoured Spreads



ice cream business to be repositioned

- Group sales down 4%; losses continue
- Focus strategy for business turnaround
 - comprehensive plan to cover:
 - distribution width
 - product portfolio rationalisation
 - supply chain and sourcing arrangements
 - fixed cost base being significantly reduced



Other business

Other Business



HPC products lead export thrust

- Continued thrust on exports opportunities in core categories; manufactured exports up 11%
- HPC exports up 36%
- Tea exports volumes up but value down 2% due to decline in commodity prices
- Marine (+57%) and Leather (+43%) exports record strong growth; Thermometer operations closed
- Traded exports significantly rationalised due to unviability

**‘golden superstar trading house’
status conferred**



confectionery venture takes off



- 'Max' range of confectionery test market successful
- National roll out started in DQ
- No1 position in the segment within 6 months in Tamil Nadu



major initiatives in manufacturing and IT

- Fast track implementation of Manufacturing Strategy
 - 7 Units commissioned with an investment of Rs 162 cr in record time



new manufacturing sites





major initiatives in manufacturing and IT

- Fast track implementation of Manufacturing Strategy
 - 7 Units commissioned with an investment of Rs 162 cr in record time
- Enhanced connectivity in HPC Supply Chain
 - RS Net covers 600 stockists accounting for 40% sales; 80% coverage by Jun '02
- 'Feel the Pulse' initiative launched
 - 10,000 retailers, 4,000 consumers and 800 supplier contacts by Company managers across all functions
- 3 factories receive 'TPM Excellence Award' from JIPM, Japan



in summary

	% Growth	DQ 2001	2001
HLL Sales		4.3	3.5
Group Sales		5.0	2.8
FMCG		6.8	5.0
Power Brands		8.2	6.5
Dividend Rs 5.00 (PY Rs 3.50) per share (incl. distribution out of exceptional item)	HLL PAT	16.4	17.6
	Group PAT		17.0
	HLL EPS (Rs)		7.46



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thank you

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