

JQ 2013 Results Presentation – July 27, 2013

**“Strength aur flavour ki jugalbandi
Jo koi aur chai mein nahin”**

Wah Taj!



Safe Harbour Statement

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Agenda

1

Strategy

2

Business Context

3

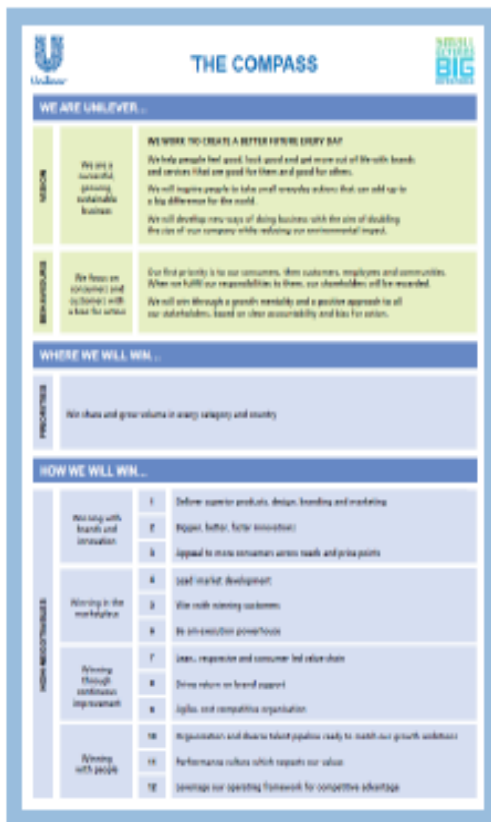
Current Quarter Performance

4

Looking Ahead

Clear and Compelling Strategy

Strategic framework



Sustainable Living Plan



Goals

Consistent **Growth**

Competitive **Growth**

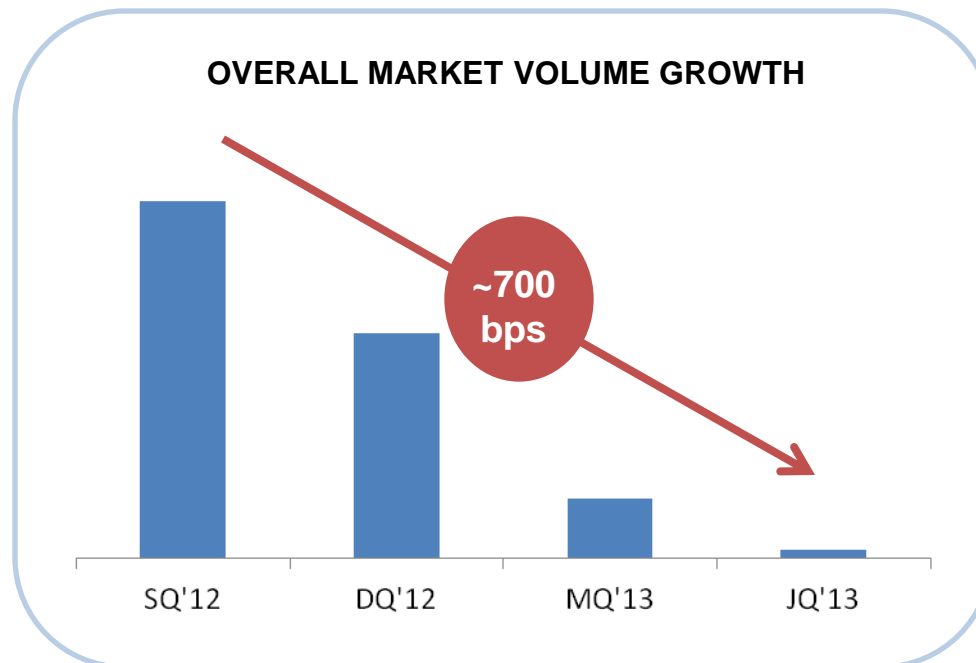
Profitable **Growth**

Responsible **Growth**

→ Further slowdown in market growth (volume & value) across categories

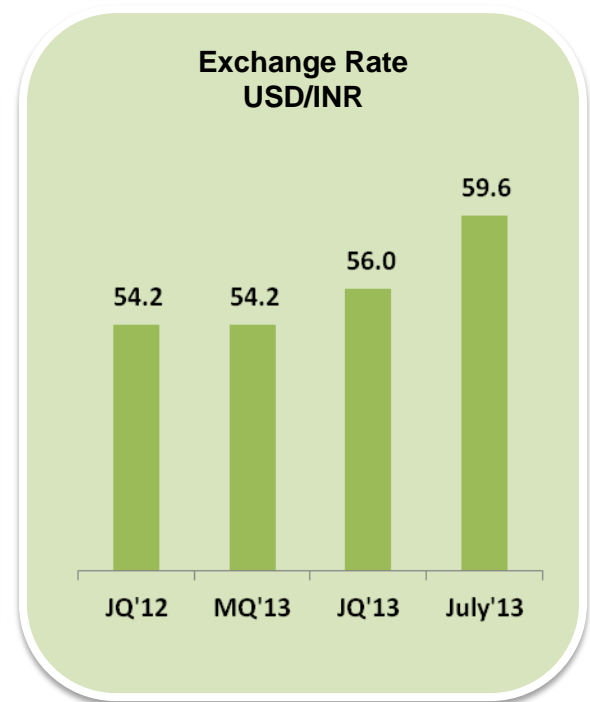
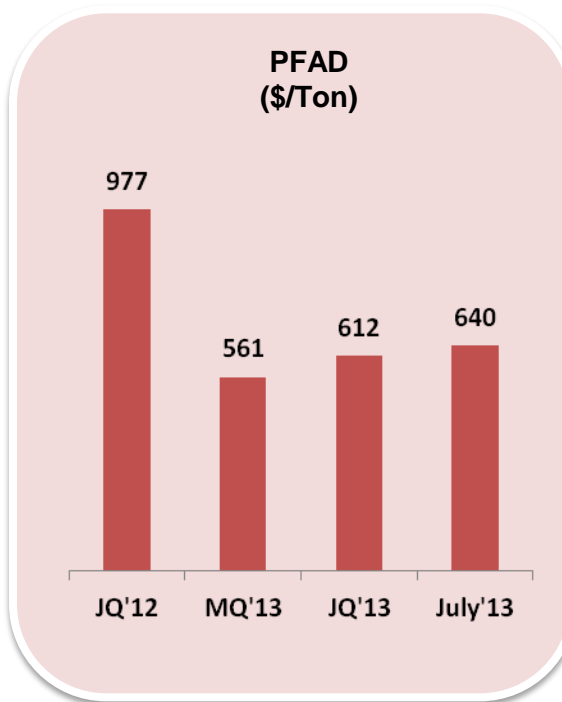
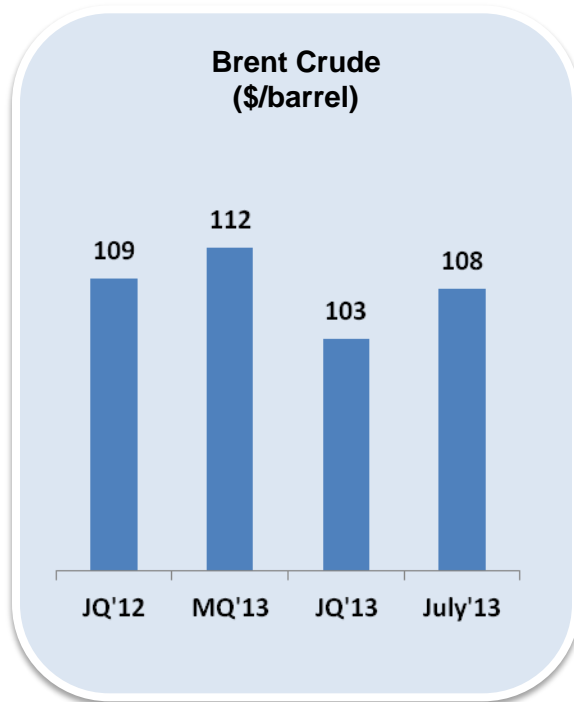
- Premium segments & discretionary categories particularly under pressure
- Price growth component continues to fade - relatively benign input environment in first half

→ Overall competitive intensity remains high



Input costs relatively benign during quarter

Recent trend reversal



→ **Domestic Consumer business grows by 7%**

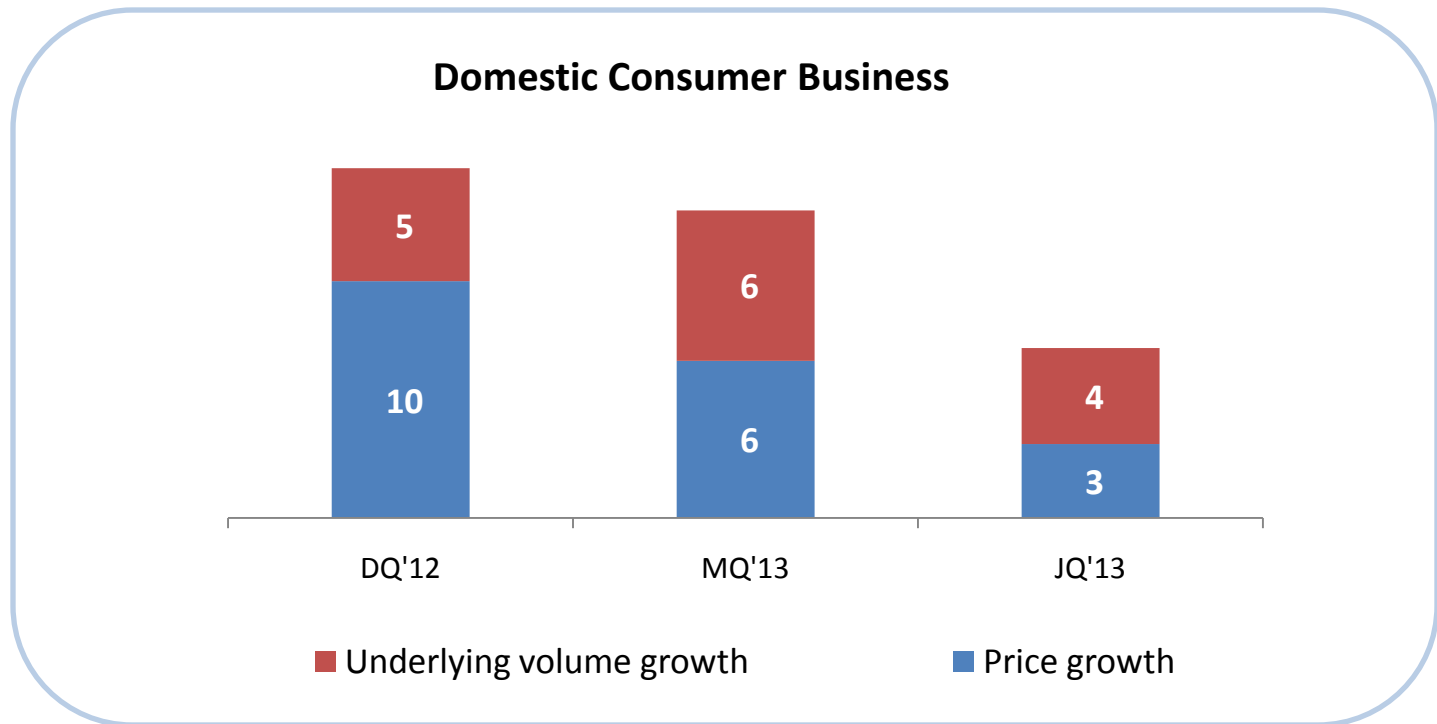
- 4% Underlying Volume Growth, ahead of market
- Further fade in price growth arising from deflation in Soaps and pricing anniversary in Detergents

→ **Operating Margin (PBIT) expands to 15.2%; up 70 bps**

- PBIT at Rs. 1019 crores grows at 12%
- COGS down 180 bps led by a relatively softer commodity context & material savings
- A&P up Rs. 70 crores (9%); +20 bps at 13.3% of sales ; competitive spends maintained

→ **PAT (bei) at Rs. 885 crores, up 4%; Net Profit at Rs. 1,019 crores**

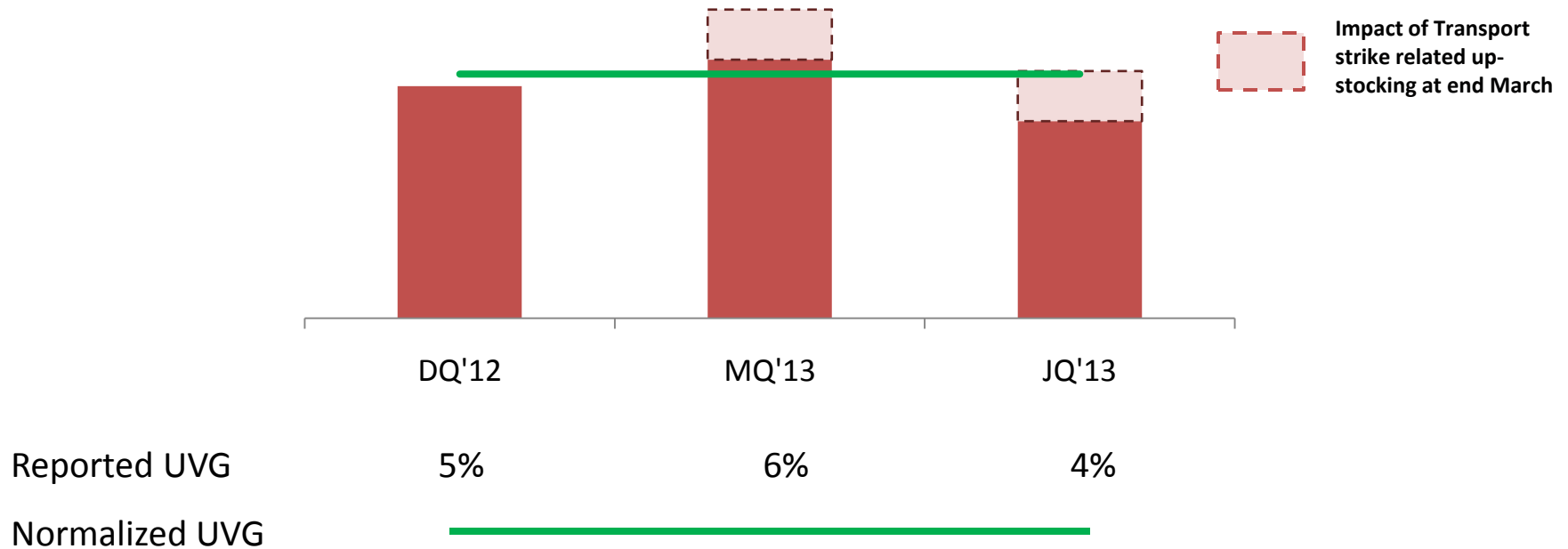
Price growth component fading



- Relatively benign input environment in first half
- Price deflation in Soaps & pricing anniversary in Detergents

Sustaining underlying volume growth in a slowing market

Underlying Volume Growth (UVG)



Winning with Brands

Continued focus on innovations



Surf excel
Detergent Liquid



Vim
Anti Germ Liquid



Domex
Zero Stain



Lakme Fresh Fairness
for Salon like Clean up



Lakme
CC cream



Pond's
BB Cream



Lakme
9 to 5



Axe Blast



Sunsilk
Radiant Shine



Dove Cellular repair
with keratin actives



TRESemme –
Keratin Smooth



Taj Mahal Gold &
3 Top end variants



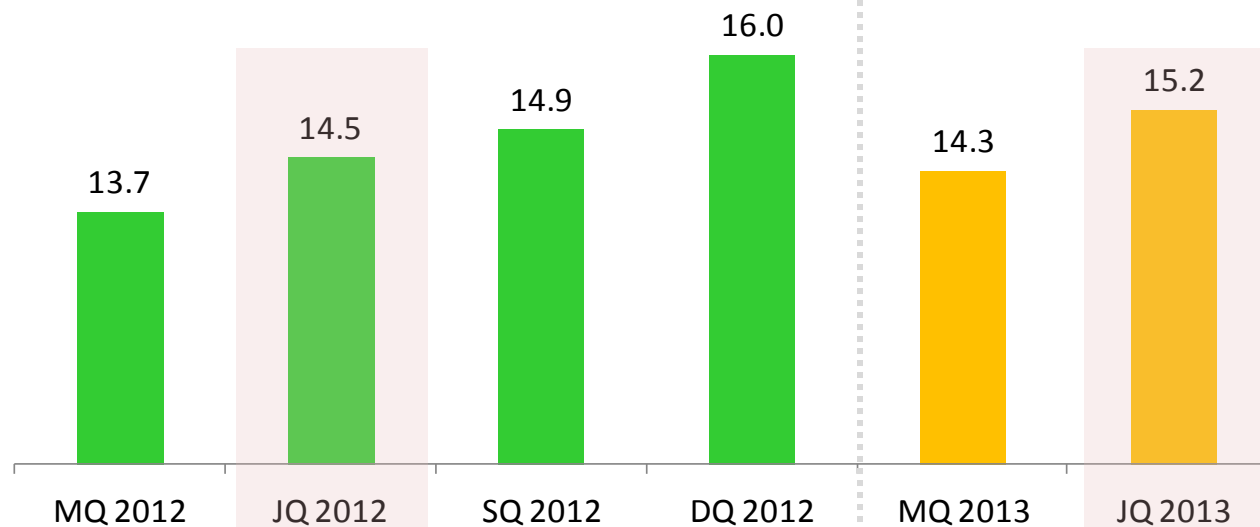
Knorr Meal Makers
Easy to Cook range



Range of innovations
in Kwaliti Walls

Investing competitively AND expanding Margins

PBIT Margin %



Bps Change

PBIT Margin

+170

+180

+100

+40

+60

+70

A&P

-80

+160

+70

+100

+90

+20

Growth across segments

	<i>Sales growth %</i>	<i>Revenue growth %</i>
Soaps & Detergents	8	8
Personal Products	2	2
Beverages	17	16
Packaged Foods	6	5

Domestic Consumer grows at 7%

Sales growth = Segment Turnover growth excluding Other Operational Income

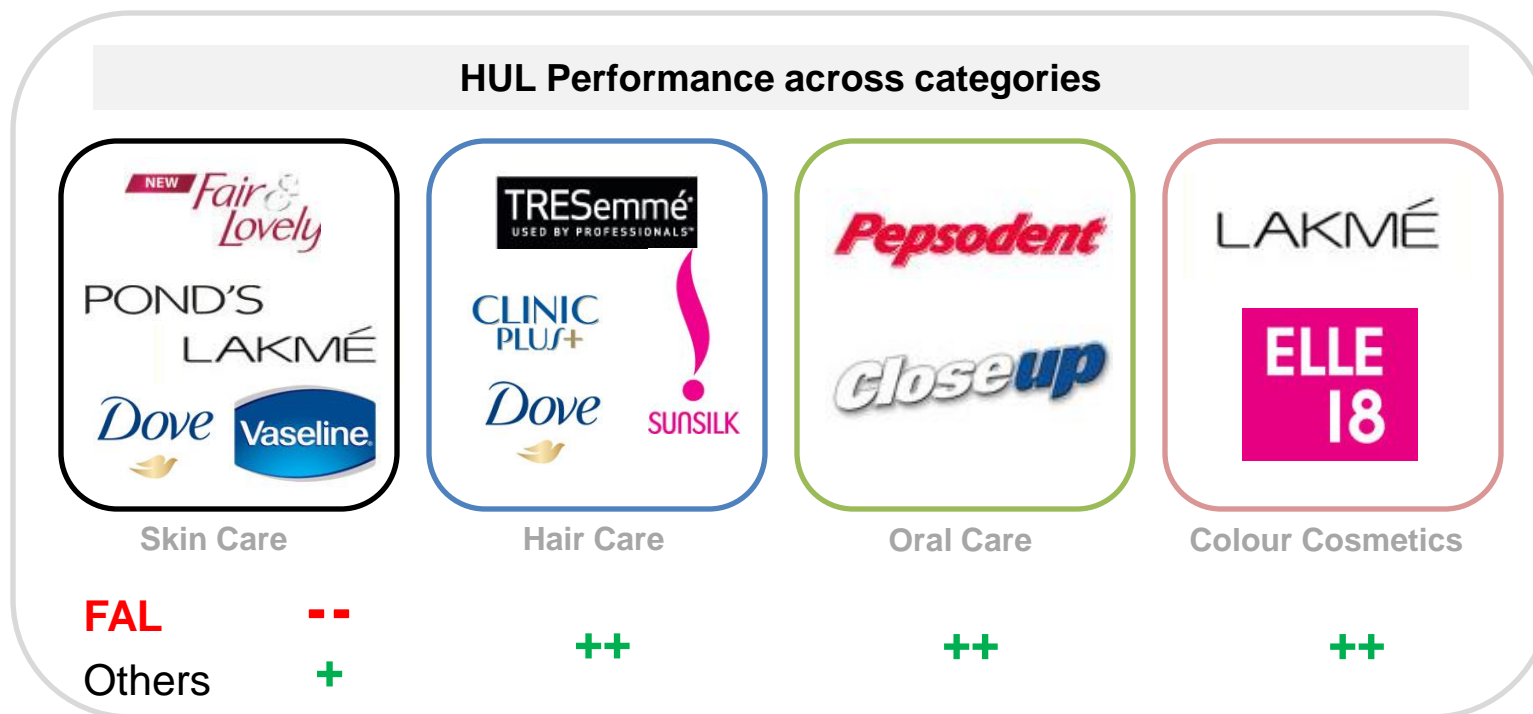
Revenue growth includes Other Operational Income

Personal Product performance

Excluding Skin, PP sustains double digit growth - ahead of market

→ **Market context: Sharp moderation in growth**

- Volume growth down >1000 bps in the last 12 months



CATEGORY HIGHLIGHTS

Skin Cleansing

Sustaining strong performance



→ Another quarter of double digit underlying volume growth

- Lifebuoy , Breeze, Dove & Lux deliver robust volumes



→ Consumer value improved – commodity cost benefit passed on

- Further price deflation in quarter



→ Liquids do well with continued market development

Home Care

Growth led by premium segment



→ Laundry: Surf & Rin sustain double digit growth

- Broad based growth across Surf ; Rin led by bars
- Wheel volumes improve further
- Liquid portfolio expanded with launch of Surf excel Liquid

→ Household Care : Strong growth led by Vim

- Vim Anti Germ Dish Wash liquid introduced
- Domex: Introduced acid based toilet cleaners



Skin Care

Ponds, Lakme and Dove do well



→ Market volume growth flat

→ Strong double digit UVG in Pond's, Lakme & Dove

→ FAL holding position in a slowing market segment; impacted by strong base effect

- Plans underway to step up growth momentum

→ Continued thrust on building Beauty expertise

- Pond's BB Cream & Lakme CC Cream launched
- Facewash portfolio expanded with Lakme Fresh Fairness Cleanup range



Hair Care

Volume led double digit growth



→ **Good broad based growth**

- Sunsilk sustains strong momentum; Radiant Shine variant launched
- Clinic Plus benefits from the relaunch
- Dove performance led by bottles
 - Range strengthened - Cellular repair with keratin actives



→ **TRESemmé continues to do well and gains ground**

- Keratin Smooth variant introduced

Oral Care

Sustained double digit growth



→ Close-up performance driven by exciting activation

- Tie-up with blockbuster Bollywood film very well received
- Launch of limited edition packs



→ Pepsodent growth led by Expert Protection range

- Good response on Trip to Disney land Hongkong promotion

→ Investing to sustain competitive growth

Color Cosmetics

Broad based growth across portfolio



→ **Strong double digit volume growth**

→ **Lakme continues to strengthen its position in Premium Make up**

- 'Absolute' & '9 to 5' - growing momentum; nearly double sales this quarter
 - 'Absolute POPTINTs' – successful limited edition launch at LFW
 - 9 to 5 re-launched with 'Office Stylist' proposition
 - 'eyeconic' particularly well received



→ **Elle 18 steps up, driven by exciting activation**

Beverages

Tea growth accelerates



→ Tea : strong activation and innovation led growth

- All key brands grow in double digits
 - Taaza delivers robust growth on the back of its re-launch
 - Strengthened proposition around health for Red Label
 - Fresh range of premium teas introduced under Taj Mahal
- Focus on market development for tea bags continues
 - Flavoured & Green Tea bags sales nearly doubles



→ Bru growth led by core in a slowing market

Packaged Foods

Growth led by Kissan & Knorr soups



- Kissan delivers a strong performance
- Knorr led by sustained double digit growth in soups



- Soupy Noodles making progress
- Portfolio expanded with launch of 'Easy to cook' range

- Kwality Walls registers modest growth – continues to be impacted by a challenging environment



- Magnum test marketed in Chennai; initial results positive
- Range of exciting innovations delivered in season

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Advance Alert System
Alerts you 15 days before RO membrane needs changing*

- Removes 1 crore virus in 1 litre of water**
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- Turns hard water up to 1800 ppm into soft and sweet water
- Converts 4 litre water storage
- No Annual Maintenance Contract

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Save up to ₹ 2000 p.a.*

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* For more details, please visit www.pureitwater.com
- At 1NTU turbidity, 450ppm TDS, 15psi pressure.

Hindustan Unilever
pureit
Marvella RO Slim

- Pureit continues to strengthen leadership
- Innovations perform well and lead growth
 - RO, Advanced & UV devices grow volumes
- Portfolio expanded with launch of 'Marvella ROSlim'
- Strong emphasis on driving superior service standards
 - 'Pureit promise' coverage extended

JQ 2013 – Results

Rs Cr

Particulars	JQ'12	JQ'13	Growth %
Net Sales	6,250	6,687	7
PBITDA	966	1,086	12
PBIT	909	1,019	12
PBIT margin (%)	14.5	15.2	70 bps
PAT bei	855	885	4
Net Profit	1,331	1019	(23)

→ **4% Underlying Volume Growth, ahead of market**

→ **Net Profit growth impacted by large property sale in base**

JQ 2013 - PBIT to Net Profit

Particulars	Rs Cr		
	JQ'12	JQ'13	Growth %
PBIT	909	1019	12.1
Add : Other Income	219	177	(19)
Less : Finance Costs	5	6	18
Exceptional Items – Credit / (Charge)	605	106	(82)
PBT	1727	1296	(25)
Less : Tax	(396)	(277)	(30)
Net Profit	1331	1019	(23)

- Other income includes
 - Interest, dividends & gain on sale of other non trade current investments Rs. 80 crs (JQ'12: Rs. 112 crs)
 - Long term gain on sale of other non trade investments of Rs. 73 crs (JQ'12: Rs. 72 crs)
 - Interest on income tax refunds of Rs. 24 crs (JQ'12: Rs. 35 crs)
- Key exceptional items :
 - Profit on sale of properties Rs. 106 crs (JQ'12: Rs. 607 crs)
 - Restructuring costs of Rs.NIL(JQ'12: Rs. 3 crs)
- Effective Tax rate for the quarter is 21.4% (JQ'12: 22.9%)
 - Write back of excess provisions of earlier years amounting to Rs.64 crs (JQ'12: Rs. 16 crs).

Competitive growth with margin improvement

- 4% underlying volume growth, ahead of market
- PBIT up 12%, margin expands +70 bps

Continuing to build for the future

Beauty



Foods & Beverages



Looking Ahead

- **Strategy unchanged; continue to invest for competitive, profitable, consistent & responsible growth**
- **HUL well positioned : Brands, Capabilities, Talent**
- **Near term concerns**
 - Slowing market
 - Volatility
 - Media inflation
- **Remain positive on the medium-long term outlook for FMCG**

For more information & updates

VISIT OUR WEBSITE

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

The screenshot shows the Hindustan Unilever Investor Centre website. The header includes the company logo, navigation links (INVESTOR CENTRE, MEDIA CENTRE, CAREERS), and a location selector (INDIA | CHANGE LOCATION). The main content area features a sidebar with categories like UNDERSTANDING HUL, CORPORATE GOVERNANCE, and SHAREHOLDER SATISFACTION SURVEY. The central section highlights the 'June Quarter 2013 Results' with a date of 26th July 2013. A 'Share Price' box shows HUL (NRI) at 686.50, up 3.21% from 25/07/2013. Below this, there are links to 'Presentations & speeches', 'Recent news', and 'Financial Calendar'.

HUL INVESTOR APP

