

## RESULTS FOR DECEMBER QUARTER 2014

### 8% DOMESTIC CONSUMER SALES GROWTH, OPERATING PROFIT (PBIT) UP 8% IN DECEMBER QUARTER 2014

Mumbai, January 19<sup>th</sup>, 2015: Hindustan Unilever Limited announced its results for the quarter ending 31<sup>st</sup> December 2014.

During the quarter, the Domestic Consumer business grew at 8%, ahead of market, with 3% underlying volume growth.

#### **Soaps and Detergents: Competitive growth sustained**

In Skin Cleansing, growth was driven by Lifebuoy and Lux. The liquids portfolio delivered another strong quarter led by Lifebuoy Handwash.

In Laundry, growth was led by the premium segment with Surf maintaining its double digit growth momentum and Rin growth led by bars. Comfort Fabric Conditioner continues to lead market development with sustained high growth.

Household Care growth was led by Vim, driven by a strong performance on liquids.

#### **Personal Products: Double digit growth in Skin and Hair**

In Skin Care, Fair and Lovely, Pond's and Lakme delivered double digit growth. Fair and Lovely sustained momentum with another quarter of double digit volume growth. The performance of Pond's was led by premium skin lightening and talc while Lakme growth was buoyed by lotions and CC cream. The facial cleansing portfolio continued to register robust growth.

Hair Care delivered another quarter of volume led double digit growth driven by Dove, with Clinic Plus doing well and TRESemmé continuing to make good progress.

Oral Care had a subdued quarter as growth was impacted by the phase out of Excise Duty benefits and by a strong comparator in the base quarter. The performance of Close Up was led by the small pack portfolio while on Pepsodent, the new Salt and Clove and Gum Care variants did well. *Actions planned to step up growth in 2015.*

In Color Cosmetics, Lakme saw double digit growth on the core and '9 to 5' ranges. The focus on innovation led growth continues as the portfolio was further strengthened with additions across lip and nail.

#### **Beverages: Continued healthy performance**

In Tea, Red Label, Taj Mahal and 3 Roses grew well, driven by a strengthened mix and focused in-market activities. Green Tea registered another quarter of high growth on sustained market development. In Coffee, Bru delivered double digit growth.

#### **Packaged Foods: Fifth successive quarter of double digit growth**

Market development continues to be the focus, resulting in double digit growth across all key brands. Kissan sustained its strong activation-led growth momentum across both Ketchups and Jams while Knorr performed well with Instant Soups more than doubling sales. Ice Creams delivered another strong quarter, led by Magnum and through sharper in-market execution on Kwality Walls.

#### **Water: Strengthening category leadership**

Pureit delivered another quarter of double digit growth, led by the premium segment. Pureit Ultima (RO+UV), launched earlier in the year with superior functionality and aesthetics continued to deliver strongly.

#### **Sustained margin improvement**

Input costs were benign, led by Crude and this has started to reflect in the lower Cost of Goods Sold. Brand investments were sustained at competitive levels across all segments even as competitive intensity stepped up in the commodity linked categories. Profit before interest and tax (PBIT) grew by 8% and PBIT margin improved by +10 bps. This was after absorbing the impact of a one-time provision in employee costs for select contested matters, additional depreciation charge and phasing out of Excise Duty benefits. Profit after tax before exceptional items, PAT (bei), stood at Rs. 955 Crores while Net Profit at Rs.1252 Crores, was up 18%, despite the higher tax rate, aided by the exceptional income arising from the sale/transfer of properties.

Harish Manwani, Chairman commented: "We have delivered another quarter of competitive growth and margin improvement. We continue to strengthen the core of our business and drive the competitiveness of our brands in the market. At the same time, we are leading market development in relatively nascent categories such as packaged foods and premium personal care with strong results. Given the fast changing external environment, we are managing our business dynamically for sustained volume led growth and margin improvement".





HINDUSTAN UNILEVER LIMITED

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2014

(Rs. in lakhs)

Unaudited Results for the Quarter ended 31st December		Unaudited Results for the Quarter ended 30th September		Particulars	Unaudited Results for the Nine Months ended 31st December		Audited Results for the Year ended 31st March
2014	2013	2014			2014	2013	2014
757,918	703,778	746,554		<b>1.a. Net Sales from Operations (Net of excise duty)</b>	<b>2,261,549</b>	<b>2,047,247</b>	<b>2,740,829</b>
19,514	18,557	17,379		1.b. Other Operating Income	51,449	45,256	61,084
777,432	722,335	763,933		<b>1. Total Income from operations (net) [1.a. + 1.b.]</b>	<b>2,312,998</b>	<b>2,092,503</b>	<b>2,801,913</b>
651,590	606,097	647,368		<b>2. Expenses [sum of (a) to (g)]</b>	<b>1,945,610</b>	<b>1,772,210</b>	<b>2,380,442</b>
286,063	270,151	297,468		a) Cost of materials consumed	893,813	824,977	1,115,981
94,912	83,744	93,339		b) Purchases of stock-in-trade	278,397	239,953	335,019
3,824	12,112	5,091		c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	7,450	(3,851)	(16,638)
44,179	34,772	41,301		d) Employee benefits expense	119,047	105,770	143,595
7,308	6,442	7,637		e) Depreciation and amortisation expense	21,617	19,478	26,055
97,712	92,946	92,505		f) Advertising & Promotions	284,705	277,326	361,360
117,592	105,930	110,027		g) Other expenses	340,581	308,357	415,070
125,842	116,238	116,565		<b>3. Profit from operations before other income, finance costs and exceptional items (1-2)</b>	<b>367,388</b>	<b>320,293</b>	<b>421,471</b>
12,007	14,266	19,780		4. Other income	51,998	47,040	62,103
137,849	130,504	136,345		<b>5. Profit from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>419,386</b>	<b>367,333</b>	<b>483,574</b>
424	1,820	633		6. Finance costs	1,682	3,070	3,603
137,425	128,684	135,712		<b>7. Profit from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>417,704</b>	<b>364,263</b>	<b>479,971</b>
39,658	2,237	4,868		8. Exceptional items - net credit/ (charge)	48,490	16,265	22,865
177,083	130,981	140,580		<b>9. Profit from Ordinary Activities Before Tax (7+8)</b>	<b>466,194</b>	<b>380,528</b>	<b>502,839</b>
51,866	24,750	41,764		10. Tax expense	136,477	80,992	116,090
125,217	106,231	98,816		<b>11. Net Profit from Ordinary Activities After Tax (9-10)</b>	<b>329,717</b>	<b>299,536</b>	<b>386,749</b>
-	-	-		12. Extraordinary Items	-	-	-
125,217	106,231	98,816		<b>13. Net Profit for the period (11+12)</b>	<b>329,717</b>	<b>299,536</b>	<b>386,749</b>
21,632	21,626	21,632		<b>14. Paid up Equity Share Capital (face value Re. 1 per share)</b>	<b>21,632</b>	<b>21,626</b>	<b>21,627</b>
				<b>15. Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year</b>			<b>306,011</b>
5.79	4.91	4.57		<b>16.i Earnings Per Share (EPS) before extraordinary items (of Re. 1/- each) (not annualised):</b>	15.24	13.85	17.88
5.79	4.91	4.57		(a) Basic - Rs.	15.24	13.84	17.87
				(b) Diluted - Rs.			
5.79	4.91	4.57		<b>16.ii Earnings Per Share (EPS) after extraordinary items (of Re. 1/- each) (not annualised):</b>	15.24	13.85	17.88
5.79	4.91	4.57		(a) Basic - Rs.	15.24	13.84	17.87
				(b) Diluted - Rs.			
<b>A. PARTICULARS OF SHAREHOLDING</b>							
<b>1. Public Shareholding</b>							
708,818,526	708,217,669	708,737,237		- Number of Shares	708,818,526	708,217,669	708,283,434
32.77%	32.75%	32.76%		- Percentage of Shareholding	32.77%	32.75%	32.75%
<b>2. Promoters and Promoter Group Shareholding</b>							
<b>a) Pledged/Encumbered</b>							
Nil	Nil	Nil		- Number of shares	Nil	Nil	Nil
NA	NA	NA		- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	NA	NA	NA
NA	NA	NA		- Percentage of shares (as a % of the total share capital of the company)	NA	NA	NA
<b>b) Non-Encumbered</b>							
1,454,412,858	1,454,412,858	1,454,412,858		- Number of shares	1,454,412,858	1,454,412,858	1,454,412,858
100.00%	100.00%	100.00%		- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	100.00%	100.00%	100.00%
67.23%	67.25%	67.24%		- Percentage of shares (as a % of the total share capital of the company)	67.23%	67.25%	67.25%
<b>B. INVESTOR COMPLAINTS</b>							
Pending at the beginning of the quarter					Nil		
Received during the quarter					22		
Disposed of during the quarter					22		
Remaining unresolved at the end of the quarter					Nil		

**SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED**

(Rs. in lakhs)

Unaudited Results for the Quarter ended 31st December		Unaudited Results for the Quarter ended 30th September	Particulars	Unaudited Results for the Nine Months ended 31st December		Audited Results for the Year ended 31st March
2014	2013	2014		2014	2013	2014
360,022	339,786	375,510	Segment Revenue (Sales and Other operating income)			
245,455	230,390	214,274	- Soaps and Detergents	1,120,290	1,018,629	1,368,341
91,965	85,003	89,913	- Personal Products	675,685	613,762	812,091
41,988	37,276	45,131	- Beverages	265,534	244,282	331,186
35,350	27,658	36,180	- Packaged Foods	141,497	122,862	164,830
			- Others (includes Exports, Water, Infant Care Products, etc)	101,821	86,051	115,630
774,780	720,113	761,008	Total Segment Revenue	2,304,827	2,085,586	2,792,078
			Less: Inter Segment Revenue	-	-	-
774,780	720,113	761,008	Net Segment Revenue	2,304,827	2,085,586	2,792,078
			Segment Results (Profit before tax and interest from ordinary activities)			
50,241	45,089	51,119	- Soaps and Detergents	154,540	136,410	178,581
68,091	65,918	52,226	- Personal Products	179,982	157,225	206,806
14,100	13,730	15,570	- Beverages	43,295	41,765	58,069
(2,126)	(1,340)	1,998	- Packaged Foods	5,777	3,830	6,126
(376)	(1,349)	1,157	- Others (includes Exports, Water, Infant Care Products, etc)	(765)	(1,195)	(3,700)
129,930	122,048	122,070	Total Segment Results	382,829	338,035	445,882
(424)	(1,820)	(633)	Less: Finance Costs	(1,682)	(3,070)	(3,603)
47,577	10,753	19,143	Add/(Less): Other unallocable income net of unallocable expenditure	85,047	45,563	60,560
177,083	130,981	140,580	Total Profit Before Tax from ordinary activities	466,194	380,528	502,839
			Capital Employed (Segment assets less Segment liabilities)			
(49,817)	(35,129)	(37,767)	- Soaps and Detergents	(49,817)	(35,129)	(23,091)
(77,545)	(55,513)	(61,192)	- Personal Products	(77,545)	(55,513)	(47,509)
5,234	12,245	9,461	- Beverages	5,234	12,245	34,735
14,054	14,805	15,423	- Packaged Foods	14,054	14,805	17,428
(375)	(7,032)	(5)	- Others (includes Exports, Water, Infant Care Products, etc)	(375)	(7,032)	(2,160)
(108,449)	(70,624)	(74,080)	Total Capital Employed in segments	(108,449)	(70,624)	(20,597)
611,479	501,291	605,640	Add: Unallocable corporate assets less corporate liabilities	611,479	501,291	348,302
503,030	430,667	531,560	Total Capital Employed	503,030	430,667	327,705

**Notes on Segment Information**

1. Segment Revenue, Results and Capital Employed figures represent amounts identifiable to each of the segments. Other "unallocable income net of unallocable expenditure" mainly includes interest, dividend, gain on sale of investments (net), expenses on common services not directly identifiable to individual segments, corporate expenses and exceptional items.

Capital Employed figures are as at 31st December, 2014, 31st December, 2013, 30th September, 2014 and 31st March, 2014. Unallocable corporate assets less corporate liabilities mainly represent investment of surplus funds and cash and bank.

2. Previous period figures have been re-grouped/reclassified wherever necessary, to conform to this period's classification.

## **Notes:**

1. Net Sales grew by 7.7% during the quarter with Domestic Consumer Business (FMCG + Water) growing by 7.6%
2. Operating Profit (Profit from Operations before Other Income, Finance costs and Exceptional Items) for the quarter at Rs. 125,842 lakhs (DQ'13: Rs. 116,238 lakhs) grew by 8.3%.
3. Profit after tax from ordinary activities before Exceptional Items net of tax and prior period tax adjustments (refer note 7) for the quarter at Rs. 95,532 lakhs (DQ'13: Rs. 95,474 lakhs).
4. During the year, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act 2013, applicable for accounting periods commencing 1<sup>st</sup> April 2014 or re-assessed useful life based on technical evaluation. Depreciation for the quarter includes an amount of Rs. 476 lakhs consequent to the revision in useful life effective 1<sup>st</sup> April 2014.
5. Employee benefits expense for the quarter Rs. 44,179 lakhs (DQ' 13: Rs. 34,772 lakhs) includes a one-time provision of Rs. 3,853 lakhs towards select contested matters.
6. Other income includes interest income, dividend income and net gain on sale of other non trade current investments aggregating to Rs. 12,007 lakhs (DQ'13: Rs. 13,103 lakhs) and interest on income tax refund Rs. Nil ( DQ '13 : Rs 1,163).
7. Exceptional items, net credit in DQ'14 include profit on sale of surplus properties Rs. 40,729 lakhs (DQ'13: 2,810 lakhs) and restructuring expenses Rs. 1,071 lakhs (DQ'13: Rs 513 lakhs).
8. Previous period figures have been re-grouped/reclassified wherever necessary, to conform to this period's classification.
9. The text of the above statement was approved by the Board of Directors at their meeting held on 19<sup>th</sup> January, 2015.

**Limited Review:** The Limited Review by the Statutory Auditors for the quarter as required under clause 41 of the Listing Agreement has been completed and the related Report is being forwarded to the Stock Exchanges. This Report does not have any impact on the above Results and Notes which need to be explained.

By order of the Board

Place: Mumbai  
Date: 19<sup>th</sup> January 2015

Sanjiv Mehta  
Managing Director & CEO