

# Results MQ'12 & FY 2011-12 Investor Presentation - May 1, 2012

*Dove*  
damage therapy



Reduces damage up to 99%\*

from the first wash. 



# 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.

# Agenda

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Strategy

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Business Environment

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Current Quarter Performance

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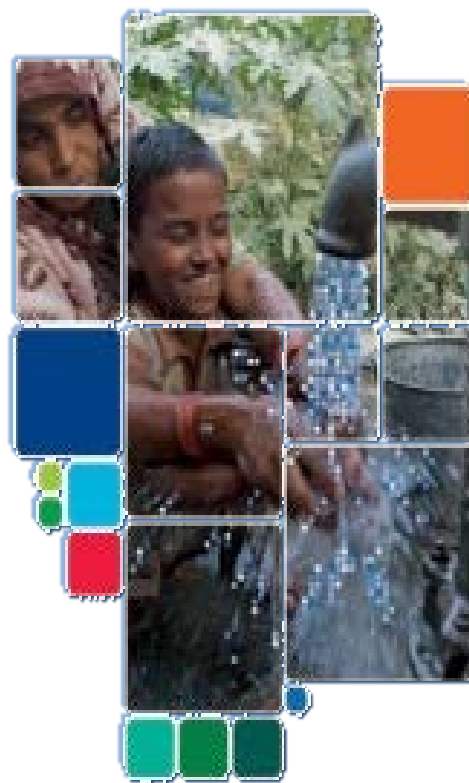
Looking Ahead

# Clear and compelling strategy

## Strategic framework

THE COMPASS	
<b>WE ARE UNLIVER...</b>	
<b>VISION</b>	<p><b>WE WERE TO CREATE A BETTER TOMORROW EVERY DAY</b></p> <p>We are a successful, growing, sustainable business.</p> <p>We help people feel good, look good and get more out of life with brands and services that are good for them and good for others.</p> <p>We will inspire people to take small everyday actions that can add up to a big difference for the world.</p> <p>We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.</p>
<b>VALUES</b>	<p>We focus on consumers and customers with a bias for action.</p> <p>Our first priority is to our consumers, then customers, employees and communities. When we fulfil our responsibilities to these, our shareholders will be rewarded.</p> <p>We will work through a growth mindset and a positive approach to all our stakeholders, based on clear accountability and bias for action.</p>
<b>WHERE WE WILL WIN...</b>	
<b>FOCUS AREAS</b>	<p>Win share and gross volume in every category and country.</p>
<b>HOW WE WILL WIN...</b>	
<b>Winning with brands and innovation</b>	<ol style="list-style-type: none"> <li>1. Deliver superior products, design, branding and marketing</li> <li>2. Engage, buffer, inspire innovation</li> <li>3. Appeal to mass consumers across health and price points</li> </ol>
<b>Winning in the marketplace</b>	<ol style="list-style-type: none"> <li>4. Lead market development</li> <li>5. Win with existing customers</li> <li>6. Be price/value proposition</li> </ol>
<b>Winning through distribution improvement</b>	<ol style="list-style-type: none"> <li>7. Joint, regional and consumer led relations</li> <li>8. Drive return on brand spend</li> <li>9. Agile and innovative organization</li> </ol>
<b>Winning with people</b>	<ol style="list-style-type: none"> <li>10. Organization and drive to talent pipeline ready to double our growth ambition</li> <li>11. Performance culture which supports our vision</li> <li>12. Savings for operating framework for competitive advantage</li> </ol>

## Sustainable Living Plan



## Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth

# MQ'12 – Business environment

→ **FMCG markets growth steps up**

- Soaps and Detergents growth led by pricing

→ **Competitive intensity sustains**

→ **Inflationary pressures continue**

# Strong Performance

## *Growth competitive and profitable*

### → Domestic consumer business grows by 20.5%

- 10% UVG with good price growth
- Strong double digit growth in Home and Personal Care
- Food and Beverages crosses Rs. 1000 crs during the quarter
- Momentum continues in key channels i.e. Modern Trade and Rural

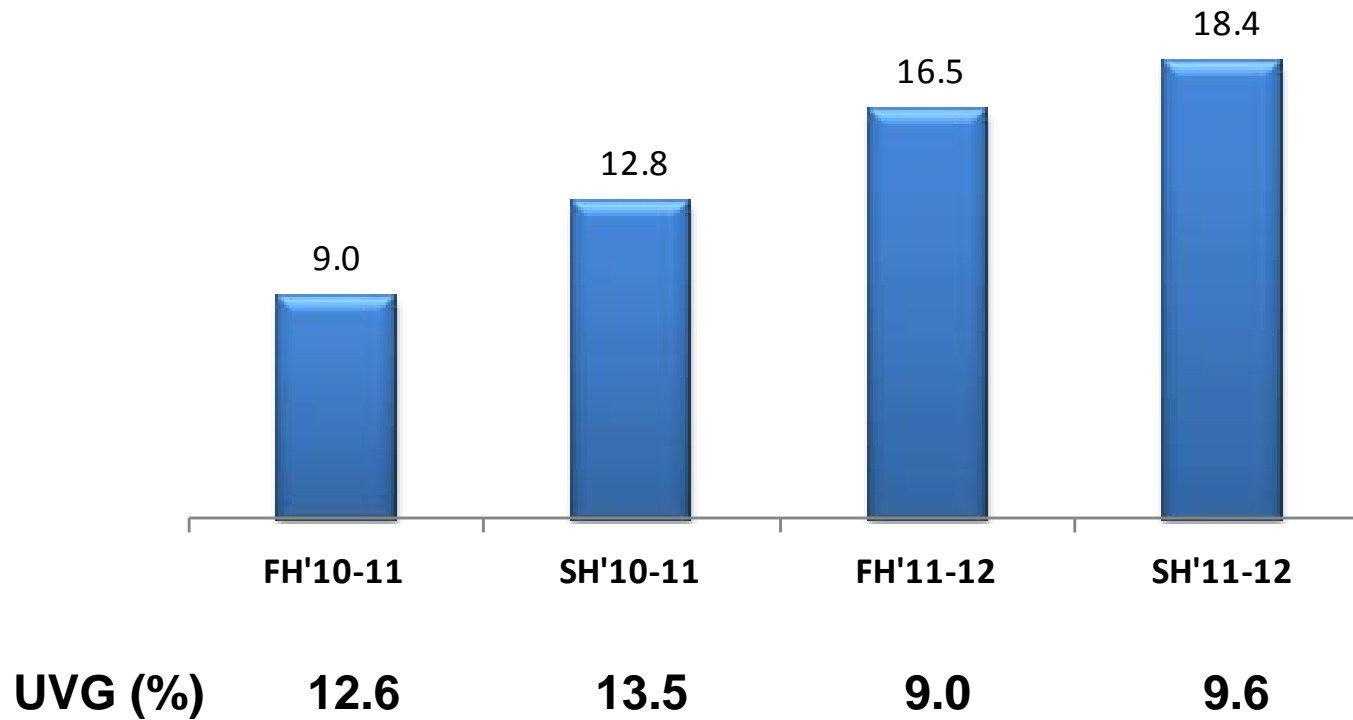
### → Operating profit grows by 32.3%; up 170 bps

- Judicious pricing combined with relentless focus on buying efficiencies & CEPs
- COGS up by 80 bps; impact of input costs and rupee depreciation
- Competitive brand investment maintained across segments

### → PAT (bei) at Rs. 664 crores, grows by 29%; Net Profit Rs. 687 crores, up by 20.6%

# Winning consistently

## Domestic Consumer Business Sales Growth (%)



# Broad based growth

	<i>Growth % MQ '12</i>
<b>Soaps &amp; Detergents</b>	<b>28.4</b>
<b>Personal Products</b>	<b>17.1</b>
<b>Beverages</b>	<b>7.6</b>
<b>Packaged Foods</b>	<b>9.7</b>
<hr/>	
<b>Domestic FMCG<sup>^</sup></b>	<b>20.4</b>
<b>Domestic Consumer<sup>*</sup></b>	<b>20.5</b>

<sup>^</sup> Excludes Other Operational Income

<sup>\*</sup>Domestic consumer business - Domestic FMCG + Water



# Winning with brands

## Continued focus on innovations



**Lifbuoy clini-care 10**  
10X germ protection than any other soap



**Rin Perfect Shine**  
Fabric Blue



**Soupy Noodles**  
Chicken flavour



**Fruittare**  
Naturally refreshing flavours with 100% Fruit



**Selection**  
5 Rich and Creamy International flavours



**Dove Color Rescue range**



**Pond's Age Miracle**  
With intelligent Pro-Cell Complex



**Lakme Sun**  
Complete damage defense expert

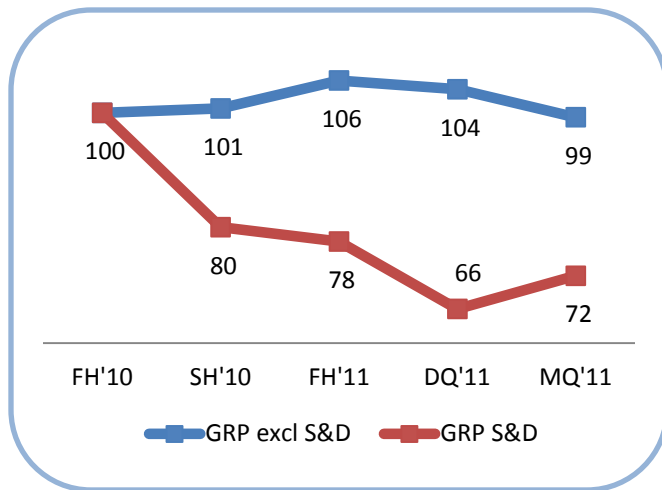


**Vaseline Menz**  
Antispot Whitening cream

# Media intensity sustains

## Investing for growth

Industry GRP – indexed chart



→ Overall media intensity sustains

- Up sequentially in Soaps & Detergents

→ Competitive spends maintained (SOV/SOM)

- A&P at 677 crs (12% of sales); higher by 54 crs
- A&P investments stepped up in all segments
- Focus on driving 360° engagement continues
- Digital spends nearly tripled during the quarter

360° Engagement



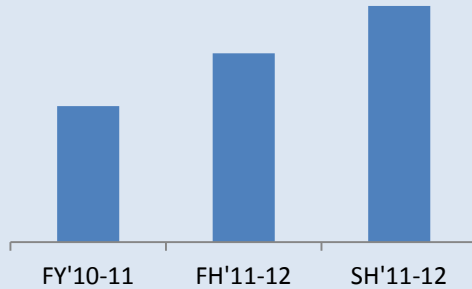
- Surf Excel digital campaign listed in the **'Facebook Studio: Hall of Fame'**\*

# Winning in the market

## Strong performance in Modern Trade and Rural

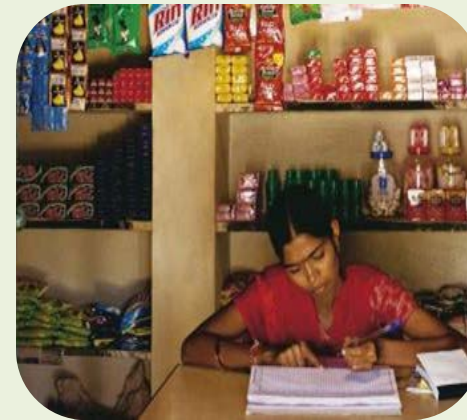
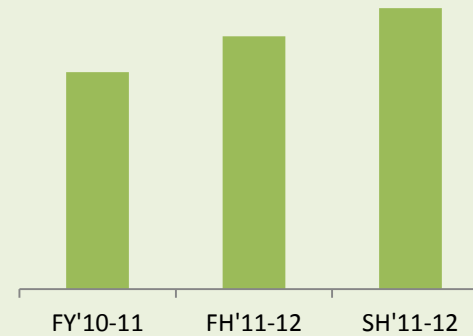
### Modern Trade

Gaining shares



### Rural

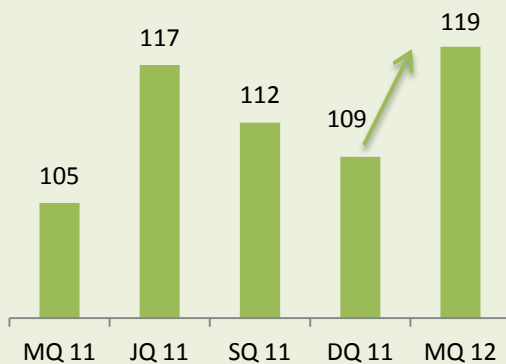
Distribution gains



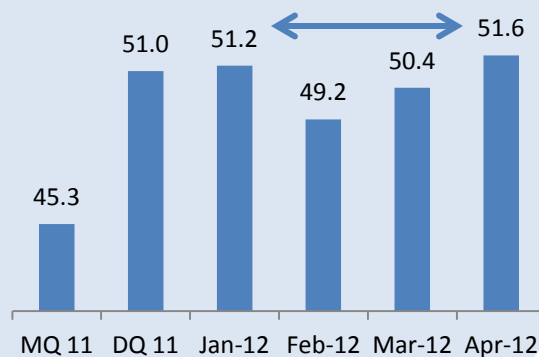
# Inflationary pressures continue

## *Crude and currency remain volatile*

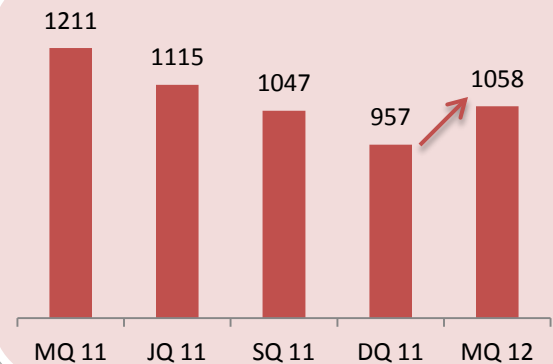
### Crude remains high



### USD/INR under pressure



### Palm oil - up sequentially

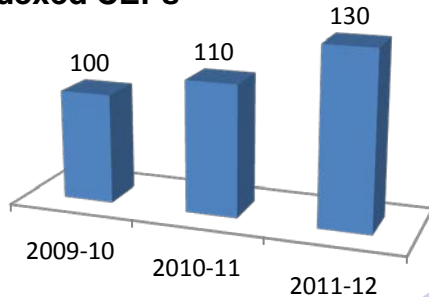


# Winning with continuous improvement

## Driving competitive costs

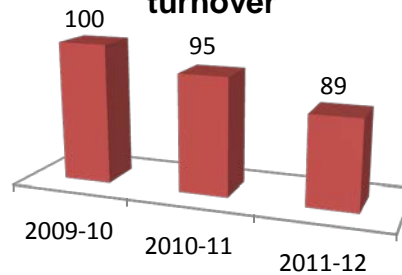
### Higher Savings

#### Indexed CEPs

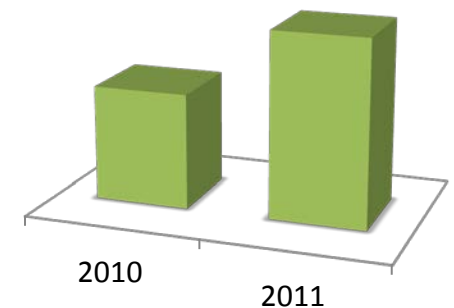


### Operating Leverage

#### Indexed Overheads as % of turnover



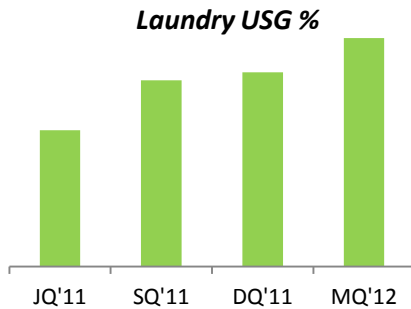
### ROMI - Step up in green box activities



# **CATEGORY HIGHLIGHTS**

# Home Care

## *Strong broad based growth; step up in margins*



### → Laundry: Growth ahead of market

- All brands and formats grow in double digits
- Strong performance in premium portfolio; Surf delivers double digit volume growth
- Rin growth momentum sustained; bars benefit from relaunch of previous quarter
- Entry into fabric blues with the launch of Rin Perfect Shine

### → Household Care: Vim grows in double digits

- Vim liquid gains from impactful campaign on usage

# Skin Cleansing

*All segments grow in double digits*



→ Growth ahead of market with strong volumes

→ All key brands grow in double digits

- Premiumization continues
- Lux delivers third quarter of double digit growth post relaunch
- Lifebuoy continues to lead the hygiene agenda with strong functional claims



→ Lifebuoy 'clini-care 10' launched towards the end of the quarter

→ Liquids continue on high growth path; more than doubled over two years



# Lifebuoy

## Strengthening the proposition of germ protection

### Leading hygiene agenda

खांसी - बुखार ठंड से नहीं,  
कीटाणुओं से होता है.

सुरक्षा 10 इन्फेक्शन फैलाने वाले कीटाणुओं से.

PROTECTION FROM **10** INFECTION.  
CAUSING GERMS!

- Flu
- Sore throat
- Respiratory infection
- Dysentery
- Diarrhea
- Rash
- Skin infection
- Sore eyes
- Pimples
- Ear infection

NEW & ADVANCED  
**Lifebuoy**  
**SUPERFAST**  
GERM PROTECTION HANDWASH

with **ACTIVE 5**  
REMOVES 99.9% GERMS IN JUST 10 SECONDS

**Lifebuoy** clini-care10  
10x better germ protection than any soap\*  
with activ natural shield

### Delivering stronger benefits backed by R&D

# Skin Care

## Strong growth momentum continues



→ Strong double digit growth in FAL, Pond's and Vaseline; volume led

- Broad based growth in FAL; Menz doubles during the quarter
- Pond's performs well at the premium end; Age Miracle relaunched
- Vaseline growth led by lotions; Menz relaunched



→ Focus on market development continues



- Strong performance in Facewash sustained
- FAL 'anti-MARKS' and 'Under-Eye serum' relaunched in the advance-care segment

# Hair and Oral

## *Hair sustains strong double digit growth momentum*



→ Hair delivers strong double digit growth; volume led

- Dove momentum continues; Color rescue range introduced
- Clear and Sunsilk grow in double digits across formats
- Conditioners continue to lead market development



→ Oral Care records modest growth; actions initiated

- Pepsodent G performs well post relaunch in the previous quarter; investments and distribution expansion stepped up



# Beverages

## Growth led by Coffee



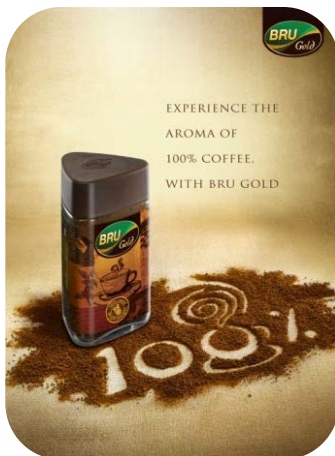
### → Tea growth led by Modern Trade

- 3 Roses and Red Label perform well; building on proposition of health and taste



### → Coffee grows in strong double digits in a competitive environment

- Both Instant and R&G coffee grow in double digits
- Bru Gold distribution expansion continues



# Packaged Foods

## Leading market development



→ Kissan delivers double digit growth with good performance in ketchup

→ Knorr range expanded

- Multi packs and new chicken variant in soupy noodles

→ Kwality Walls continues strong growth momentum

- Five new exciting innovations launched for the season
- Distribution expansion continues



# Ice Creams

*Exciting innovations across formats*

## CORNETTO



Skip into the temptation of Disc Fruity Yo

## FRUTTARE



Enjoy 3 Naturally refreshing flavours with 100% Fruit in every bite

## SELECTION



Indulge in the 5 Rich and Creamy International flavours with brownies, Cheesecake etc.

## PADDLE POP



Enjoy the delicious dual Ice-Candy flavour of Berry Blast

## SHAHI DELIGHTS



Indulge in the Royal treat of crunchy nuts in rich, creamy Indian flavours



**KWALITY WALL'S**



### → GTM transformation completed

- Retail model fully operational
- Leveraging IT to step up execution capabilities and drive efficiencies



### → Business delivers double digit growth

- RO launch successful; delivers good volumes
- 3000 litres germ kill kit introduced; convenience of one change per year

# MQ'12 – Results

**FMCG exports demerged – reported numbers not comparable**

Rs Cr	HUL (as reported)			HUL (ex FMCG exports)		
	MQ'11	MQ'12	Growth%	MQ'11	MQ'12	Growth%
Net Sales	4,894	5,660	16%	4,656	5,660	22%
PBITDA	642	833	30%	616	833	35%
PBIT	587	776	32%	565	776	37%
PBIT margin (%)	12.0%	13.7%	170 bps	12.1%	13.7%	160 bps
PAT bei	515	664	29%	498	664	33%
Net Profit	569	687	21%	552	687	24%

- Domestic Consumer Business grows by 20.5%
- EBIT margins up 170 bps
- PAT (bei) up 29%



# MQ'12 – Exceptional items

Rs Cr

Particulars	MQ'11	MQ'12
Assets Sale	48	35
Others	36	(7)
Total	84	28

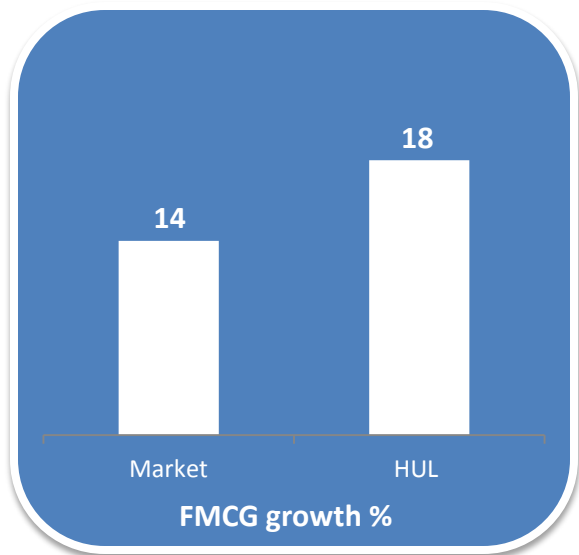
# MQ'12 summary

- **Strong 20.5%\* growth with 10% UVG in a challenging environment**
  - Broad based and ahead of market
- **Focus on driving core and leading market development continues**
- **Operating margins up by 170 bps**
- **PAT (bei) at Rs. 664 crores grows by 29%; Net Profit at Rs.687 crore up by 20.6%**

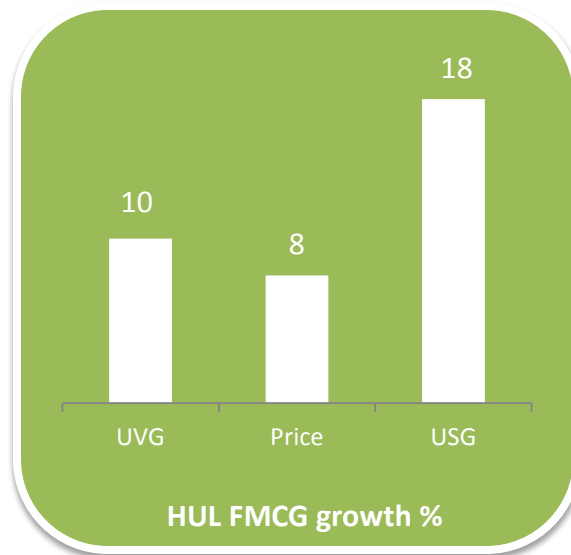
**FINANCIAL YEAR 2011-12  
PERFORMANCE REVIEW**

# FY 2011-12: Delivered on goals

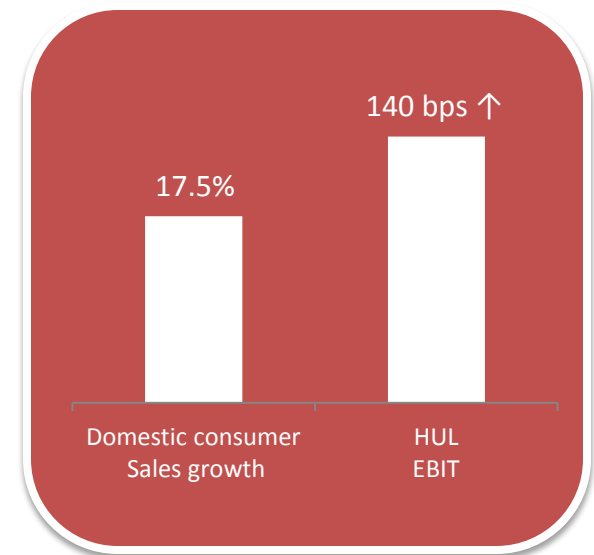
## Competitive growth Ahead of market



## Consistent growth Volume led



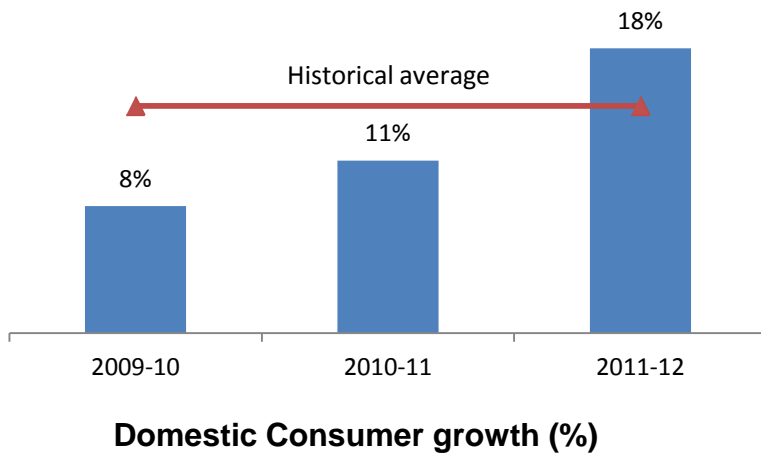
## Profitable growth Margin expansion



# Delivered on goals

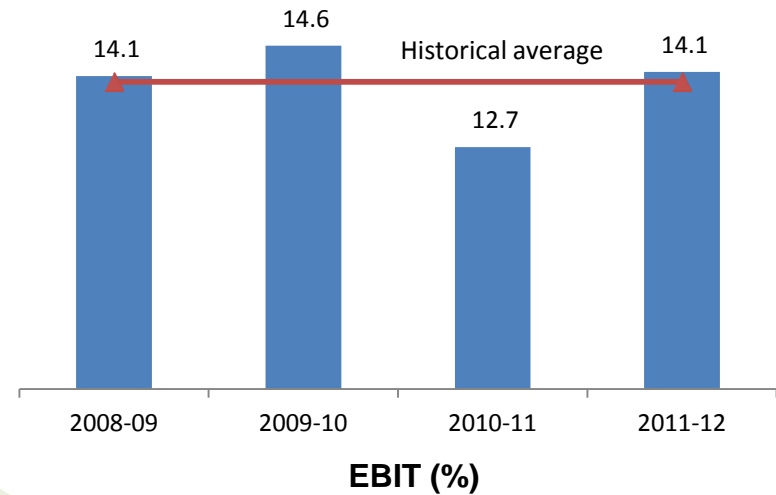
## *Step up in performance*

### Stepped up growth



### Improvement in Margins

*Environment still challenging*

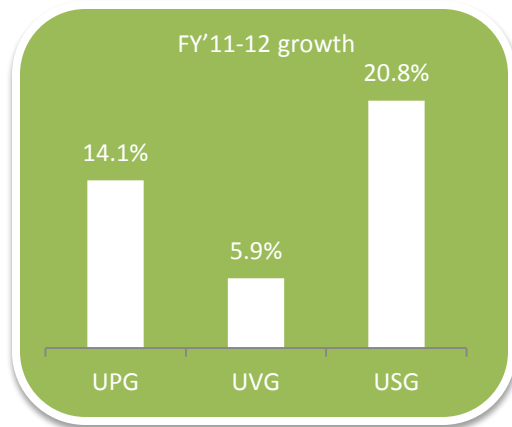
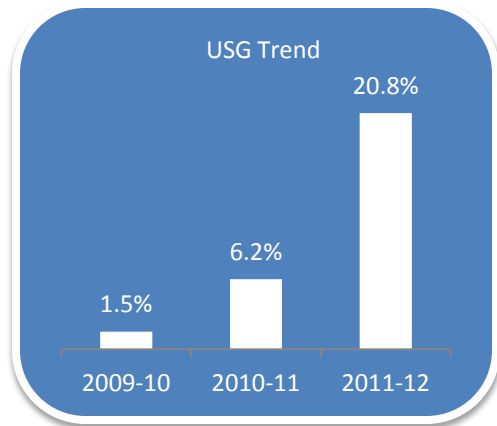


# FY 2011-12 highlights

- **Strong 17.5%\* growth with UVG of 9.3%**
  - Broad based and ahead of market in all quarters
- **Brand investments maintained at competitive levels**
- **Operating margins up by 140 bps; PAT (bei) grows by 20%**
  - Judicious pricing combined with relentless focus on buying efficiencies & CEPs
- **Significant progress in increasing 'competitive gap'**
  - Brands, Capabilities, Talent

# Soaps and Detergents

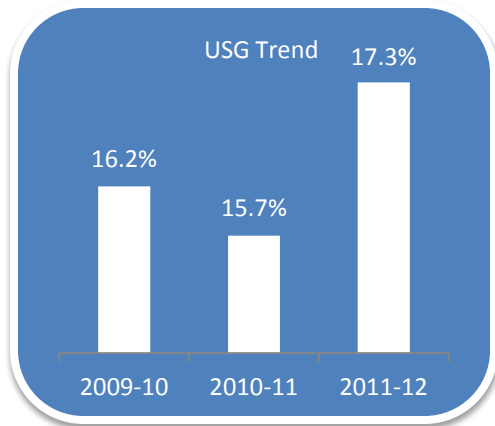
## *Broad based and ahead of market*



- **Stepped up growth**
- **Healthy volume growth sustained in a challenging environment**
- **Margins improved by 230 bps**
- **Strengthened the portfolio**
- **Good progress in segments of future**

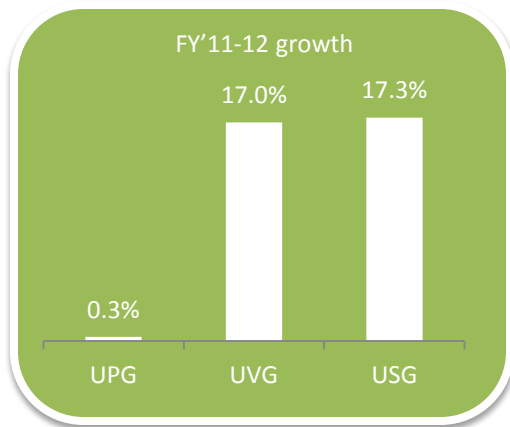
# Personal Products

*Growth volume led; margins maintained*



→ **Sustained growth momentum; strong performance in Skin and Hair**

→ **Invested for growth; maintained healthy margins**



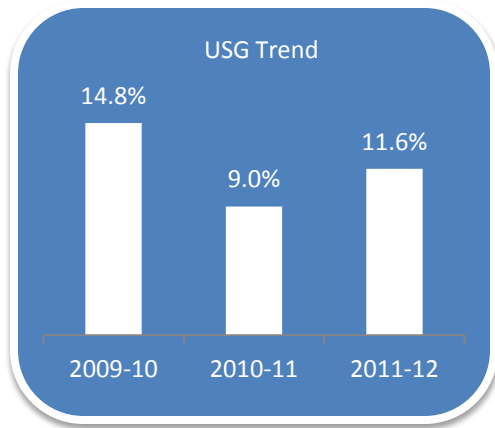
→ **Successful deployment of Market Development Models**

→ **Strengthened capabilities in beauty**

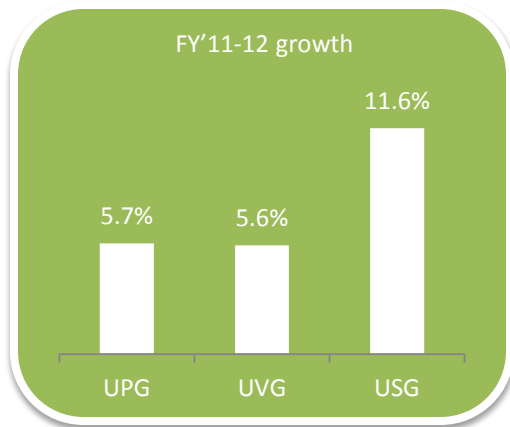


# Beverages

## Double digit growth in a challenging environment



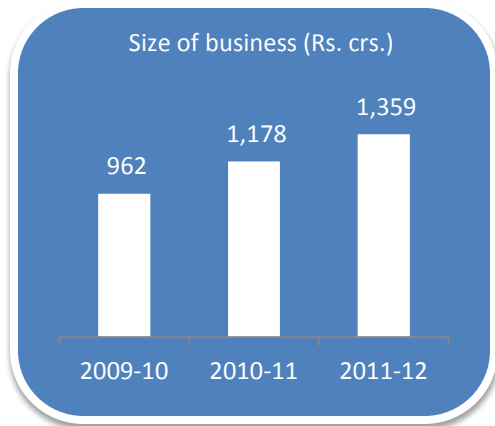
- **Good performance in Tea and Coffee**
- **Healthy margins despite significant inflationary pressures**



- **Tea Portfolio expanded with Tea bags and Ice Tea**
- **Successfully built a premium and contemporary Coffee portfolio**

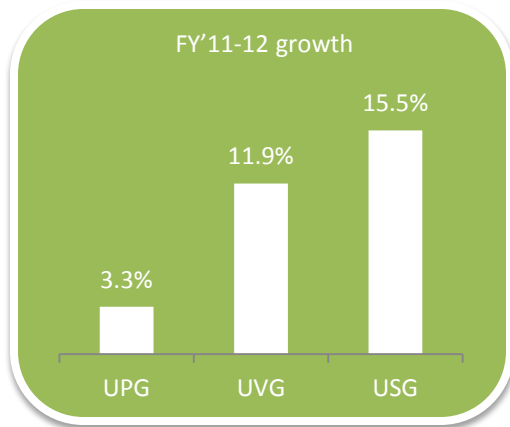
# Packaged Foods

## *Leading market development*



→ Sustained strong double digit growth in Kissan; brand strengthened through relaunch

→ Knorr slows down in second half; being addressed through innovations and accessible packs



→ Kwality Walls delivers strong double digit growth led by innovations and distribution expansion

# Financial year 2011-12 – Results

*FMCG exports demerged – reported numbers not comparable*

Rs Cr	HUL (as reported)			HUL (ex FMCG exports)			
	Particulars	FY'10-11	FY'11-12	Growth%	FY'10-11	FY'11-12	Growth%
	Net Sales	19,381	21,736	12%	18,451	21,736	18%
	PBITDA	2,678	3,291	23%	2,584	3,291	27%
	PBIT	2,458	3,073	25%	2,382	3,073	29%
	PBIT margin (%)	12.7%	14.1%	140 bps	12.9%	14.1%	120 bps
	PAT bei	2,156	2,592	20%	2,096	2,592	24%
	Net Profit	2,306	2,691	17%	2,246	2,691	20%

- Domestic Consumer Business grows at 17.5%
- EBIT margins up 140 bps
- PAT (bei) up 20%

# Financial Year 2011-12 – Dividend

Particulars	FY'10-11	FY'11-12
Dividend Per Share	6.5	7.5
Interim	3.0	3.5
Final	3.5	4.0
No. of Share (Cr.)	216	216
Total Dividend (Rs. Cr.)	1411	1621
Div. Dist. Tax (Rs. Cr.)	231	263
Total Div. Outflow (Rs. Cr.)	1642	1884

# Looking ahead

## *FMCG markets will continue to grow*

### Headwinds

- Environment characterized by
  - Inflationary pressures ~ *Commodity and Currency*
  - Competitive intensity ~ *to continue*
  - Uncertainty ~ *global and local factors*

### Tailwinds

- Consumer demand drivers continue to be strong
- Differentiated capabilities for competitive advantage
  - Strengthened brand equities; portfolio straddling the pyramid
  - Strong innovation funnel
  - Distribution capabilities including deeper rural coverage
  - Lean and agile value chain

# Results MQ'12 & FY 2011-12

## Investor Presentation - May 1, 2012

*Dove*  
damage therapy



Reduces damage up to 99%\*

from the first wash. 

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