

HINDUSTAN UNILEVER LIMITED

SQ'20 Results Presentation

20th October, 2020

Sensitivity: Public



Hindustan Unilever Limited

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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.



Sanjiv Mehta Chairman & Managing Director

20th October, 2020

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Hindustan Unilever Limited

Our strategy is serving us well

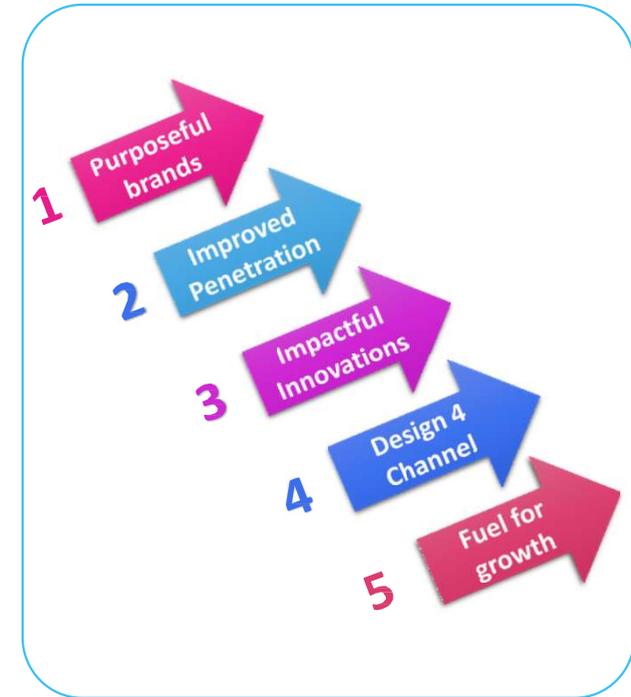
Guiding framework



4G growth model



Fundamentals of growth



Operating environment

Sequential easing



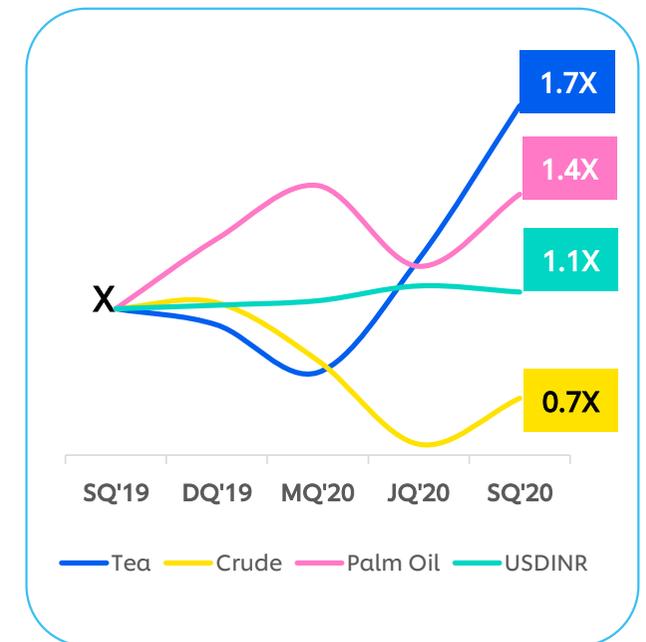
Economic activities picking up

Rural performing better



Good monsoon | Higher MSPs |
Govt support | Demand relocation

Commodity and currency volatility continues

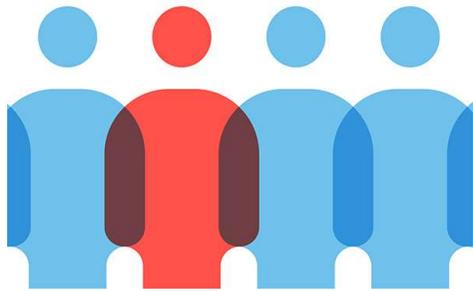


Progressively improving



People #1 priority

Safety



Tiered operating protocol |
COVID Insurance coverage for >44K

Wellbeing



Leadership check-ins |
HUL learns together | Mental health week

Morale



Purpose and inspiration |
Growth mindset | Employee NPS

We look after our people and they look after our business



Resilience and agility in operations

 Service levels @ **PRE-COVID**

120+ Alternate suppliers


100% Factories & depots operational


~90 Flex formulations

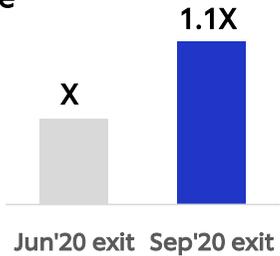

8 Wage settlements during COVID



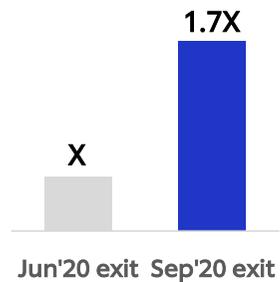

Sharpening our execution edge

Stepping up coverage and assortment

Effective Coverage*



Assortment



Digitizing general trade

Demand Capture



eB2B app

2.7 LAKH

Outlets onboarded

Demand Generate



Partner to deliver Digital Solutions

Accelerating e-commerce



2X

Sequential growth & YoY Channel contribution



Shares

Post vs Pre COVID







Contributing to communities # HULStandsWithTheNation



Soap donations



Health support



UNICEF campaign



Supporting essential workers



Food distribution



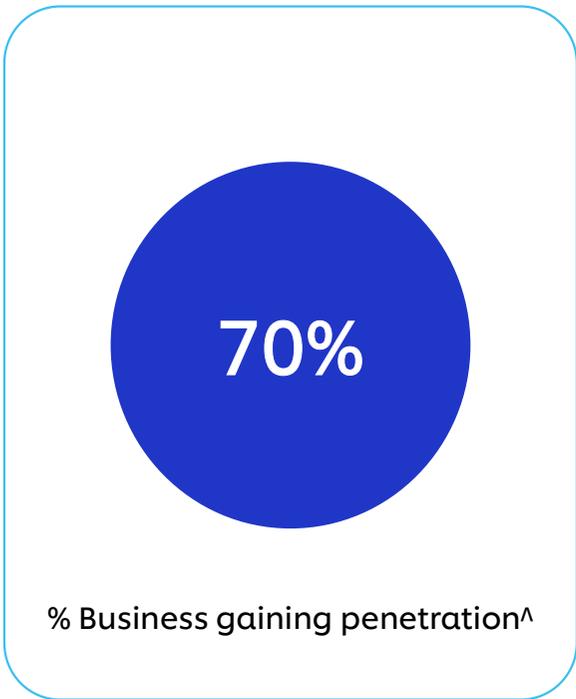
BMC campaign

₹ 100 cr. Pledge; 70% already deployed

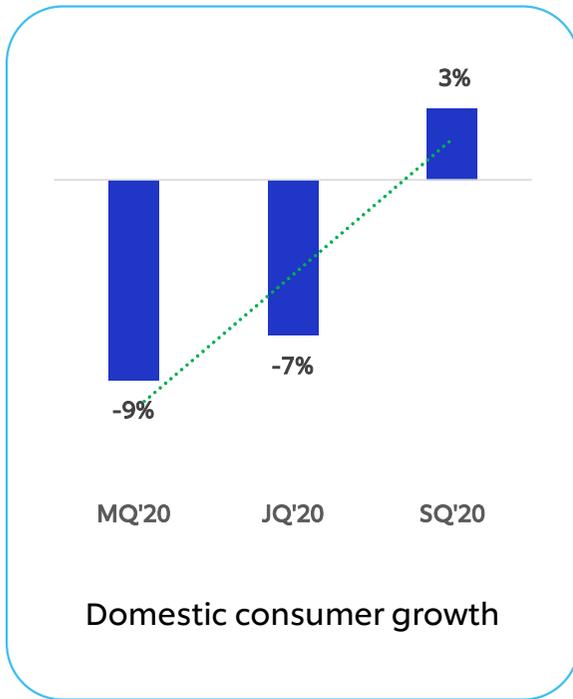


SQ'20: Growth competitive & profitable

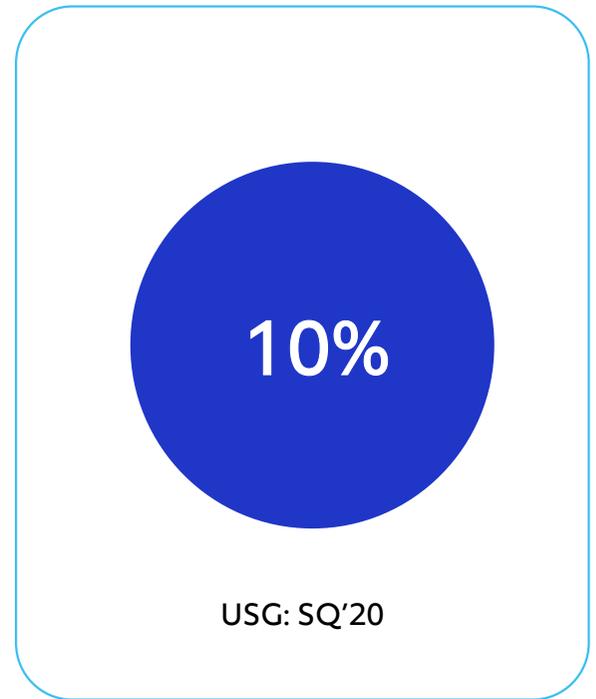
Strong fundamentals



Sequential step-up



Health, Hygiene and Nutrition outperform



[^] As per Kantar Worldpanel for MAT August 2020 on relative basis

Domestic consumer growth and USG excludes the impact of merger of GSK CH and acquisition of VWash

Srinivas Phatak

Chief Financial Officer

20th October, 2020

Sensitivity: Public

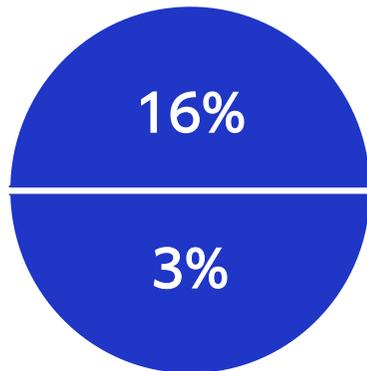


Hindustan Unilever Limited

SQ'20: Growth competitive and profitable

Growth

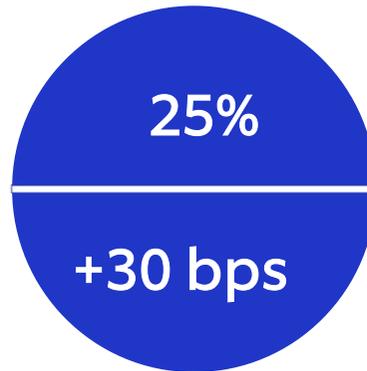
Reported Turnover Growth



Domestic Consumer Growth

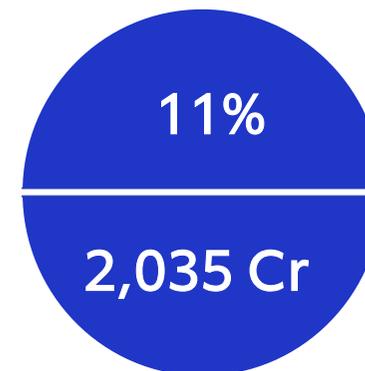
EBITDA

Margin



PAT (bei)

Gr %



Net Profit

Gr %

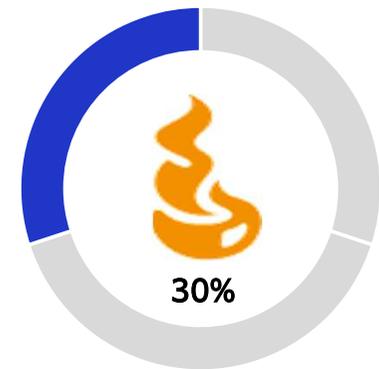
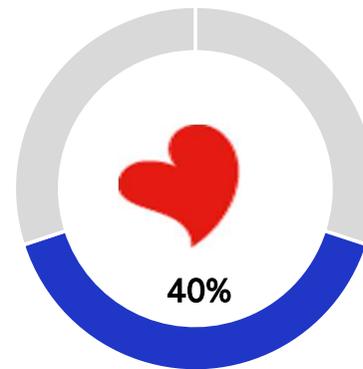
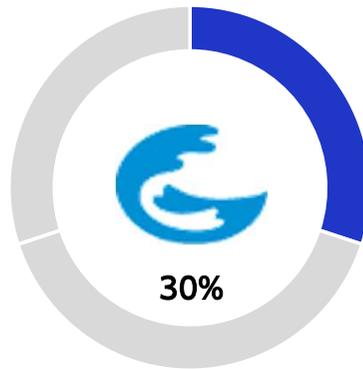


Foods & Refreshment accelerates; HC & BPC stabilize

HOME CARE

BEAUTY & PERSONAL CARE

FOODS & REFRESHMENT



Sales Growth*

-1%

0%

19%



Home Care

Portfolio of purposeful brands well positioned

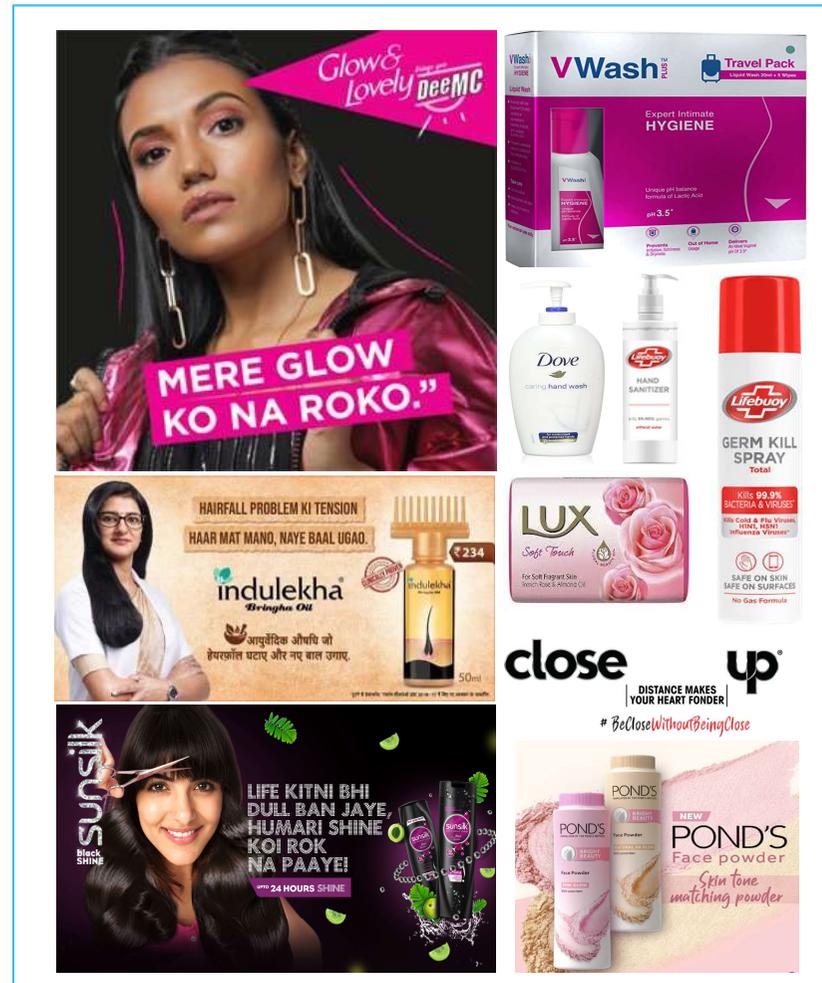


- ❑ **Household Care:** Double digit growth across segments, penetration gains continue
 - Innovation intensity stepped up cater to 'clean living' needs
 - Domex range expanded pan India
- ❑ **Fabric Wash:** Lower commodity prices passed on; category consumption impacted due to confined living
 - Liquids market development continues to yield good results
- ❑ **Purifiers:** Recovers well, led by strong execution in e-commerce



Beauty & Personal Care

Good performance in Skin Cleansing, Hair and Oral; Skin Care revives



- ❑ **Skin Cleansing:** Double digit growth led by Lifebuoy, Lux performs well
 - Penetration led gains drive strong growth in handwash & sanitizers
 - VWash off to good a start

- ❑ **Oral Care:** Double-digit growth led by Close Up

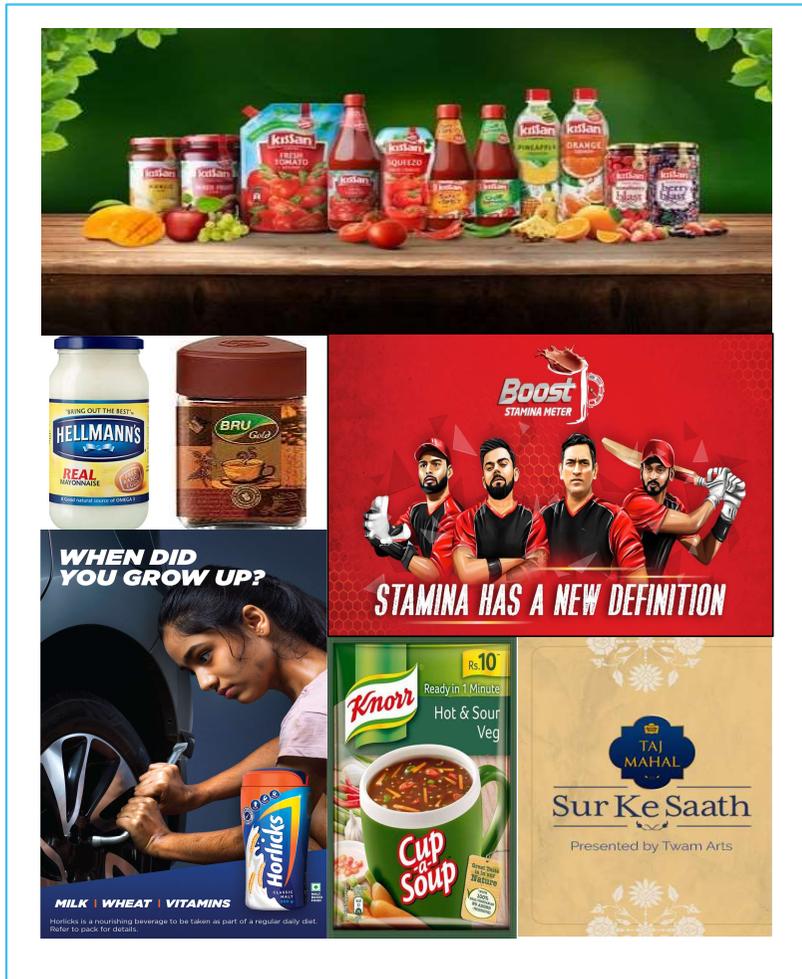
- ❑ **Hair Care:** Double-digit growth. Broad-based performance across brands; communications repurposed to drive relevance and build salience

- ❑ **Skin Care:** Essentials portfolio resilient and growing. Glow and Lovely successfully on shelves with inclusive beauty commitment
 - Lower 'winter sell-in' given muted trade sentiments and liquidity constraints



Foods & Refreshment

High growth momentum sustained



- ❑ **Foods:** 'In-home consumption' trend aids double digit portfolio growth
 - Both Kissan and Knorr seeing strong consumer traction
- ❑ **Beverages:** Tea and coffee continue to outperform
 - Tea: Double digit growth across brands; unprecedented tea inflation managed well
- ❑ **Nutrition:** Competitive performance; disrupted supply lines now fully restored
 - Boost goes national
 - Horlicks celebrates the confidence that empowers children
- ❑ **Ice Cream, Food Solutions & Vending:** Out-of-home consumption loss continues to impact performance



Health, Hygiene & Nutrition accelerate

Health, Hygiene & Nutrition



Discretionary



Out of home



Playing all lines of P&L to deliver profitable growth

Net Revenue Management



Calibrated pricing |
Trade spends rationalised

Savings



Sharper choices |
Fixed to variable cost

Competitive investments



Heightened intensity |
Brand Reach & SOVs sustained

Synergies from Nutrition



Procurement | A&P | Overheads

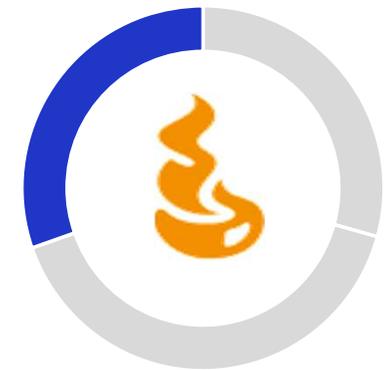


Segmental Performance

HOME CARE

BEAUTY & PERSONAL CARE

FOODS & REFRESHMENT



INR 3,318 Cr

INR 4,535 Cr

INR 3,379 Cr

Segmental Revenue Growth*

-2%

0%

83%

Segmental Margins**

20%

29%

17%

*Segment Revenue Growth = Segment Turnover growth + Other Operating Income + Impact of merger of GSK CH + Acquisition of VWash

** Segment Margins (EBIT) excludes exceptional items



SQ'20: Results Summary

Rs. Crores

| Particulars | SQ'20 | SQ'19 | Growth % |
|---------------------------------------|--------|-------|----------|
| Sales | 11,276 | 9,708 | 16%* |
| EBITDA | 2,869 | 2,443 | 17% |
| Other Income (Net) | 122 | 149 | |
| Exceptional Items – Credit / (Charge) | (81) | (47) | |
| PBT | 2,661 | 2,308 | 15% |
| Tax | 652 | 460 | |
| PAT bei | 2,035 | 1,832 | 11% |
| Net Profit | 2,009 | 1,848 | 9% |

- *Domestic Consumer Growth at 3%
- Exceptional items include costs related to restructuring and integration of Nutrition business



First Half F.Y. 2020-21: Results Summary

Rs. Crores

| Particulars | FH 20-21 | FH 19-20 | Growth % |
|-------------|----------|----------|----------|
| Sales | 21,682 | 19,692 | 10%* |
| EBITDA | 5,513 | 5,090 | 8% |
| PAT bei | 3,908 | 3,583 | 9% |
| Net Profit | 3,890 | 3,603 | 8% |

- *Domestic Consumer Growth at -2%
- Exceptional items include costs related to restructuring and Nutrition business merger and integration



Interim dividend: Proposed Rs.14 per share

| Particulars | F.Y. 2020-21 | F.Y. 2019-20 |
|-----------------------------|--------------|--------------|
| Dividend per share (Rs.) | 14.0 | 11.0 |
| No. of shares (Crores) | 235 | 216 |
| Total Dividend (Rs. Crores) | 3,289 | 2,381 |



Looking ahead

Near-term outlook

- ❑ Cautious Optimism: The worst is possibly behind us; business picking up momentum
- ❑ Demand : Rural growths looking resilient and need to sustain. Urban demand outlook uncertain
- ❑ Inflation in select categories to continue; gross margins likely to remain under pressure

Organizational strengths



Brand portfolio



Talent & capabilities



Organizational speed and agility

Key metrics



Competitive volume-led growth



Absolute profit



Cash delivery



