

June Quarter 2015 Results Presentation – July 21, 2015



Fair & Lovely | BB
CREAM

FAIRNESS CREAM
WITH A
MAKE-UP FINISH

Fair & Lovely
BB
INSTANT FAIR LOOK
MAKE-UP FINISH
FOUNDATION +
FAIRNESS CREAM

*Make-up finish via coverage

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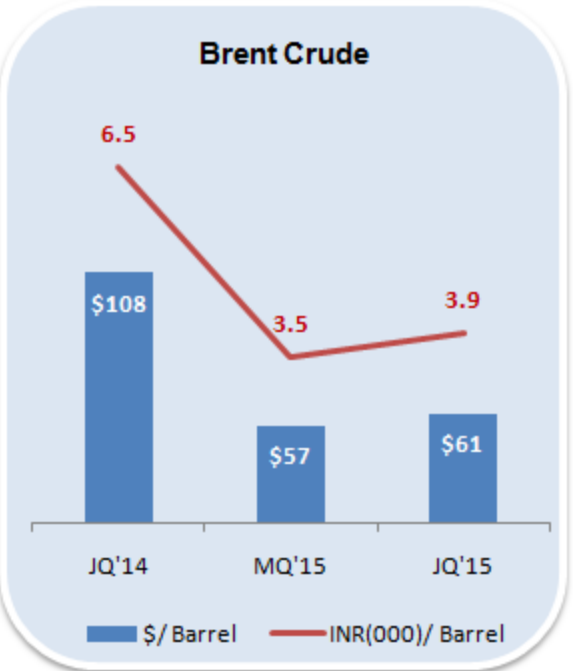
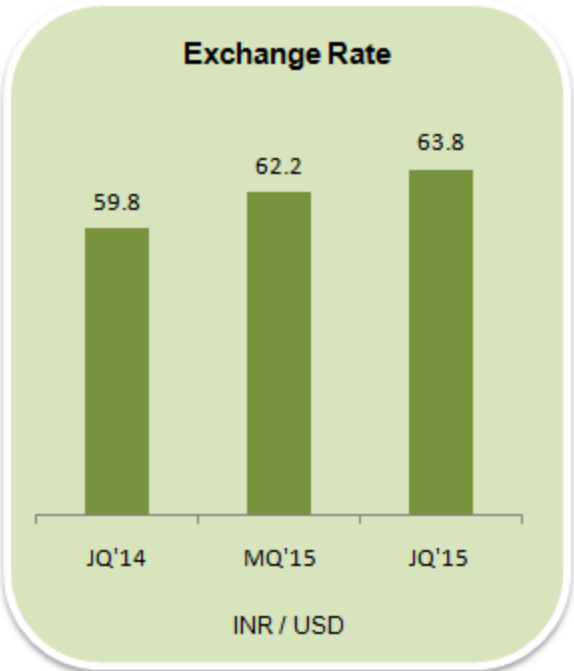
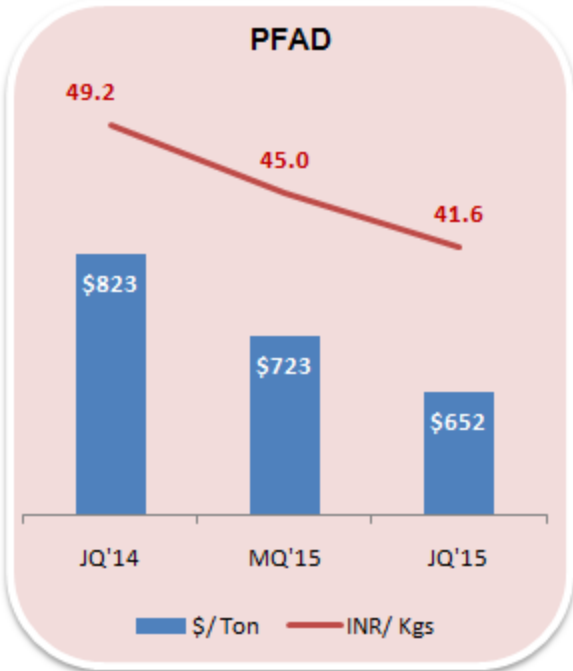
Looking Ahead

JQ 2015 – Context

Business environment remains challenging

- **Market recovery yet to stabilize, particularly in Rural**
- **Deflationary trend in input costs, impacting price growth**
- **Competitive activity remains high**

Deflationary trend in input costs



Source: Bloomberg data and internal estimates
INR numbers arrived at by applying the average exchange rate of the quarter to the average USD cost of the commodity

→ **Domestic Consumer reported growth at 5%, underlying* at 7%**

- Impact of phase out of Excise Duty benefits on topline -170bps
- 6% underlying volume growth, broad based across segments
- Negative price growth arising from lower input costs and phase out of Excise Duty benefits

→ **Operating profit (PBIT) at Rs.1432 crores, up 15%; margin expands +140 bps**

- Impact of phase out of Excise Duty benefits on PBIT -65bps
- COGS lower by 380 bps; driven by lower commodity costs and savings programs
- Competitive spends maintained; A&P up Rs. 209 crores (22%); 14.5% of sales (+200 bps)
- Other Expenditure lower through operational efficiencies

→ **PAT (bei) at Rs. 1053 crores, up 3%, Net Profit flat at Rs. 1059 crores**

- Growth impacted by one time profit on sale of investments of Rs.106 crore in base quarter
- Corporate tax rate higher at 31.7% (280 bps)

Performance led by healthy volumes across segments

	<i>Reported sales growth %</i>	<i>Underlying growth % (before impact of phase out of Excise Duty benefits)</i>
Soaps & Detergents	0	2
Personal Products	12	15
Beverages	9	9
Packaged Foods	12	12
<hr/>		
Domestic Consumer	5	7

- Soaps and Detergents: Healthy underlying volume growth offset by price de-growth
- Personal Products: Sustaining momentum to deliver one of its strongest quarters despite Excise benefits phase-out
- Packaged Foods: Seventh successive quarter of double digit growth

CATEGORY HIGHLIGHTS

Winning with Brands

Continued focus on innovations



Winning with Brands

Impactful 360 activation

FAL- Helping Women get Online



Digital amplifies Offline activation



Leveraging Occasions



Bru-ing a cup of togetherness over Cricket



Lakme- ABCD 2 tie up



Clinic Plus Print Innovation



Winning with Brands

Building high quality content to engage with consumers



Television



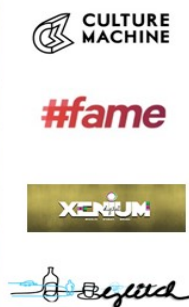
Activation



Radio



Digital



Film Production



Popular Culture



Production Houses



Content Day: 39 Content Partners briefed on 11 brands
300 +ideas in the first round

content.ideas@unilever.com

Skin Cleansing

Volume led growth



→ Category performance led by premium soaps; mass segment slowing

- Dove delivers double digit volume growth; new 'Hybrid' variant introduced
- Liril launched with the 'fresh is back' proposition
- Actions being taken to stimulate mass segment growth

→ Liquids clock double digit growth led by Lifebuoy handwash

→ Further price deflation in the quarter due to:

- Commodity cost benefits passed on to consumers
- Phase out of Excise Duty benefits

Home Care

Growth led by the premium segment



→ Laundry

- Surf delivers broad based double digit growth with strong volumes
- Rin growth led by bars; overall bars portfolio doing well
- Wheel performance subdued, aggravated by a slowing mass market
- Comfort registers another robust quarter on sustained market development

→ Household Care

- Double digit volume growth in Vim driven by the tubs and liquids formats

→ Further price deflation in quarter, given benign commodity context

Skin Care

Volume led double digit growth



→ **FAL, Ponds, Lakme and Vaseline deliver double digit growth**

- FAL continues to do well; encouraging response to new BB Cream
- Pond's growth led by premium skin lightening and facial cleansing
- Lakme buoyed by CC cream, Perfect Radiance and new innovations
 - 9 to 5 Insta light cream rolled out during quarter
- Vaseline performance steps up across the lotions portfolio



→ **Strong performance despite phasing out of Excise Duty benefits**

Hair Care

Strong volume led double digit growth momentum sustained



→ **Broad based double digit growth across brands and formats**

- Dove growth further accelerates; launch of Dove Oxygen Moisture
- Sunsilk performance led by impactful activation
- Clinic Plus continues to do well post relaunch
- TRESemme delivers another robust quarter

→ **Strong performance despite phasing out of Excise Duty benefits**

Oral Care

Growth led by Close Up



→ Close Up delivers double digit growth, driven by impactful activation and micro marketing

- 'Diamond Attraction' continues to do well



→ Pepsodent led by Gum Care and Clove and Salt variants

- 'Clove and Salt' extended nationally

→ Phase out of Excise Duty benefits impacts growth

Color Cosmetics

Innovation led double digit growth



→ **Lakme sustains strong performance led by premium make up**

- Growth broad based; Core, Absolute and 9 to 5 grow in double digit
 - Absolute Sculpt range continues to drive trends
- Exciting launch of Lakme Absolute Vinyl eye liner
- Shade additions made to the 9 to 5 Matte Lipstick range

→ **‘Color Boost’- New lip color launched under Elle 18**

Beverages

Broad based growth across brands



→ **Tea delivers double digit growth with healthy volumes**

- Driven by strengthened brands, sharper activation and micro marketing
- Red Label accelerates its volume led growth momentum
- Natural Care portfolio continues to do well
- Green Tea registers a strong quarter on sustained market development



→ **Coffee growth led by Bru Gold, which more than doubled sales**

Packaged Foods

Seventh successive quarter of double digit growth



→ Kissan delivers one of its strongest quarters

- Growth accelerates across both, Ketchups and Jams
- 2 new Ketchup variants launched under 'Twist'

→ Knorr grows despite sharp slowdown in market post Noodles issue

- Led by Instant Soups; new 'Hot and Sour' variant added to portfolio



→ Kwality Walls and Magnum register another good quarter

- Driven by distribution expansion and in-market activation
- Extension of Magnum to Delhi and Kolkata



Packaged Foods

Driving growth through market development

Unlocking everyday relevance



Driving adoption and trials



Sharper in-market execution



Pureit

Strengthening category leadership



- Pureit continues to grow ahead in a challenging market
- Premium innovations drive growth
- Performance led by Modern Trade and Pureit Perfect Stores

JQ 2015

Results summary

Rs Crores

Particulars	JQ'14	JQ'15	Growth %
Net Sales	7,571	7,973	5
PBIT	1,250	1,432	15
PBIT margin (%)	16.5	17.9	140 bps
PAT bei	1,020	1,053	3
Net Profit	1,057	1,059	-

→ Reported Domestic Consumer growth at 5%, underlying* at 7%

- 6% underlying volume growth, broad based across segments
- Impact of phase out of Excise Duty benefits: Topline (-170bps), PBIT (-65bps)

**Underlying is before impact of phase out of Excise Duty benefits*

JQ 2015

PBIT to Net Profit

Rs Crores			
Particulars	JQ'14	JQ'15	Growth %
PBIT	1250	1432	15
Add : Other Income	202	109	
Less : Finance Costs	6	0	
Exceptional Items – Credit / (Charge)	40	10	
PBT	1485	1550	4
Less : Tax	(428)	(491)	
Net Profit	1057	1059	-

- Other income includes -
 - Interest, dividend and net gain on sale of other non trade current investments of Rs. 109 crores (JQ'14: Rs. 88 crores)
 - Net gain on sale of non current investments Rs Nil (JQ'14: Rs. 106 crores)
 - Interest on income tax refunds of Rs. Nil (JQ'14: Rs. 8 crores)
- Exceptional items include profit on sale of surplus properties of Rs. 11 crores (JQ'14: Rs. 40 crores)
- Effective tax rate for the quarter is 31.7% (JQ'14: 28.9%)

Profitable volume-led growth sustained

- Reported Domestic Consumer growth at 5%, underlying* at 7%
 - 6% underlying volume growth, broad based across segments
- Competitive investments (A&P up 22%, +200 bps)
- PBIT margin expands +140 bps
 - Lower COGS, improving operating efficiencies partially offset by –
 - Impact of phase out of Excise Duty benefits (-65bps on PBIT)

Looking Ahead

→ Near term –

- Improved market growth dependent on Rural
- Soft commodity costs expected to remain – resultant deflation in select categories
- Impact from phase out of fiscal benefits to continue
- *HUL: Focus on sustaining profitable volume led growth*

→ Mid-long term -

- FMCG outlook remains positive
- *HUL: Strategy unchanged - Consistent, Competitive, Profitable, Responsible Growth*

For more information & updates

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Investor centre



June Quarter 2015 Results

Hindustan Unilever Limited will release its financial results for June Quarter 2015 on Tuesday 21 July, 2015.

[Click here for Dial in Details](#)



HUL INVESTOR APP

