

# June Quarter 2015 Results Presentation – July 21, 2015



*Fair & Lovely* | BB  
CREAM

FAIRNESS CREAM  
WITH A  
MAKE-UP FINISH



# Safe Harbor 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 Context

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Current Quarter Performance

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Looking Ahead

# Clear and compelling strategy

## Strategic framework

**THE COMPASS**

**WE ARE UNLIVER.**

**VISION**  
We are a successful, growing, sustainable business.

**WE WISH TO CREATE A BETTER FUTURE EVERY DAY**  
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. We will inspire people to take small everyday actions that can add up to a big difference for the world. We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.

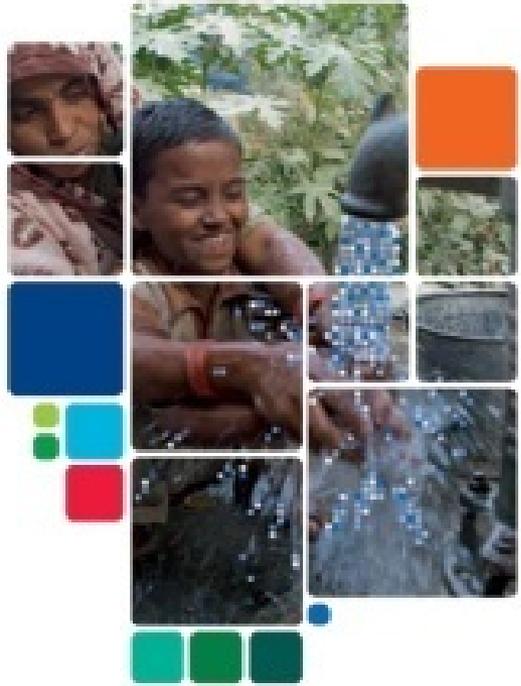
**MISSION STATEMENTS**  
We focus on consumers and customers with a bias for action. Our first priority is to our consumers, their customers, employees and communities. When we fulfil our responsibilities to them, our shareholders will be rewarded. We will use a growth-oriented and a positive approach to all our stakeholders, based on clear accountability and bias for action.

**WHERE WE WILL WIN...**  
Our share and gross volume in every category and country.

**HOW WE WILL WIN...**

Winning with brands and innovation	1	Deliver superior products, design, branding and marketing
	2	Engage, buffer, foster innovation
	3	Appeal to more consumers across brands and price points
Winning in the marketplace	4	Lead market development
	5	Win with existing customers
	6	Be an exclusive partner/owner
Winning through contribution/operational excellence	7	Lean, rigorous and customer-led relationships
	8	Drive return on brand spend
	9	Agile and innovative organization
Winning with people	10	Organization and structure aligned to drive growth and return
	11	Performance culture which rewards our values
	12	Settings for operating framework for competitive advantage

## Sustainable Living Plan



## Goals

**Consistent Growth**

**Competitive Growth**

**Profitable Growth**

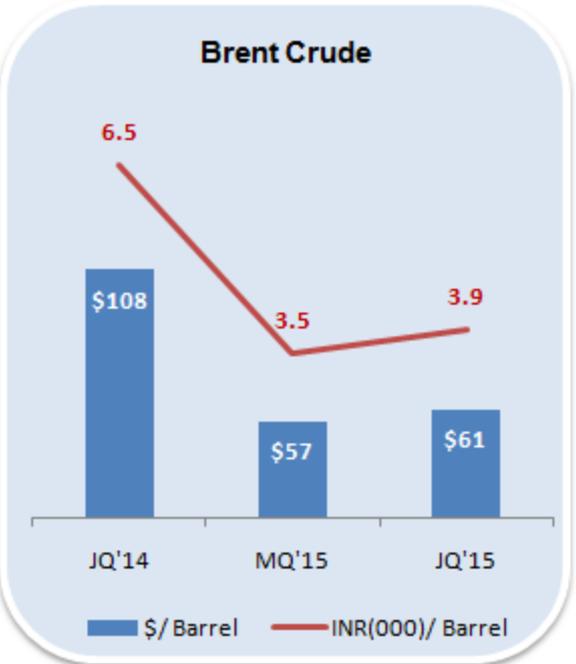
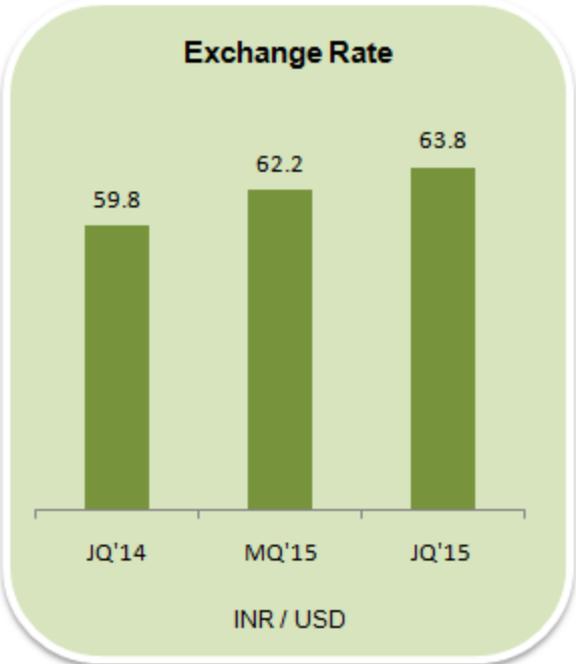
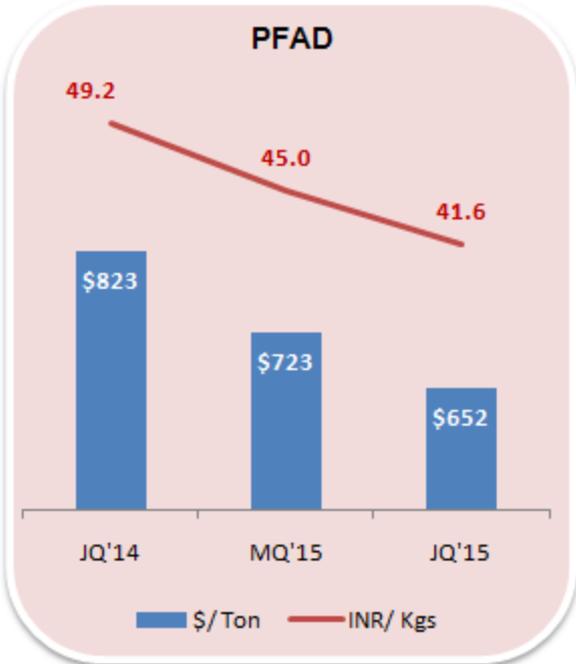
**Responsible Growth**

# 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

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

- 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



Parlour like glow, everyday

Dove

REINVENT



EVENLY LIT UP SKIN. IN AN INSTANT.

LAKMÉ REINVENT 9.5 to 5 INSTA LIGHT



Fair & Lovely BB CREAM

FAIRNESS CREAM WITH A MAKE-UP FINISH



HOT & SOUR LAO CHHOTI BHOOK MITAO!

Knorr Cup o' Soup



Breathe life into dry, dull hair. New Dove Oxygen Moisture

Nourished, smoother, 95% thicker looking hair.

Dove



Get your fairness back without the dry skin feel.

NEW white beauty™ pearl gel face wash

POND'S



LAKMÉ ABSOLUTE

LAKMÉ ABSOLUTE™ Gloss Artist



TOMATOES AUR SPICY CHILLIES KA TWIST

kissan

kissan Twist SWEET & SPICY

kissan Twist CHILLI TOMATO

# 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](mailto: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**

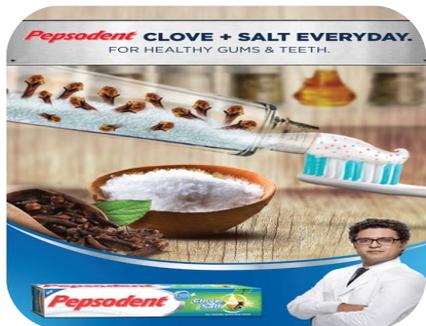
# Oral Care

## *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

**An RO purifier that's 15 days ahead of the rest!**

Unlike other purifiers, which rely on the life of the RO membrane system as a guide, the Advance Alert System of Pureit Marvela RO alerts you 15 days in advance. So you can change filters, and avoid drinking water without interruptions.

**pureit**  
*Marvela RO*  
Call: 1800 100 1000

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

- Multi-stage Purification** Advanced 5-stage purification through RO and UF
- Zero AOC Expense** Plug-in membrane only when needed
- Safety Standards** Meets stringent LE 2016 rating
- 99.99% Bacteria Lock** Quick Alert RO 20 filter with 99.99% Bacteria Lock
- High TDS Removal** Removes TDS faster up to 2000 ppm with instant water
- Capacity** Large 8L storage

- 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

Particulars	Rs Crores		
	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

## VISIT OUR WEBSITE

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

### 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

