

# RE-IMAGINING HUL

JP MORGAN 2018 INDIA INVESTOR SUMMIT | 20 SEP 2018

Sanjiv Mehta, Chairman & Managing Director



*Hindustan Unilever Limited*

# SAFE HARBOUR STATEMENT



Hindustan Unilever Limited

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.

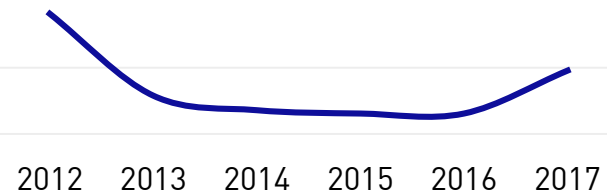
# RAPID PACE OF CHANGE : LAST 5 YEARS



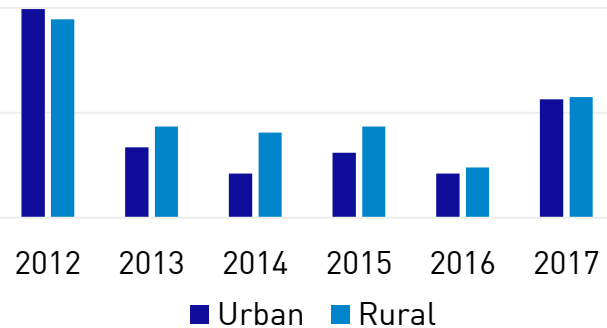
Hindustan Unilever Limited

## Market Context

Market Growth



Urban - Rural Growth



Rural Growth subdued till 2017

## Disruptions & Climate Extremities



GST: Biggest Tax reform in India

Foods safety



Demonetization of 86% currency in circulation



Floods and Droughts

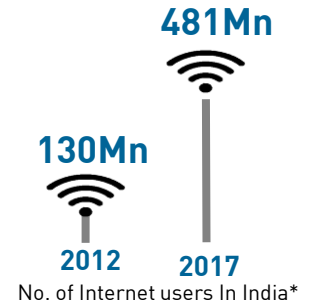


## Consumers & Competition



Growing affluence and aspirations

Rapid increase in Internet and mobile usage



Increased competitive intensity

# PERFORMANCE IN THE LAST 6 YEARS

## Net Sales

~\$1.9bn  
added<sup>^</sup>



## EBITDA

~\$573 Mn  
added



## Market Capitalization

~\$37bn\*  
added



All nos compared with FY'11-12 which is reinstated to reflect key IND AS accounting impact

<sup>^</sup>Not adjusted for GST accounting impact & hence the net sales number looks deflated

\* Difference in market capitalization converted to USD based on rate as of 7<sup>th</sup> Sep 2018

# A FEW EXAMPLES OF CONSISTENT HIGH PERFORMANCE



Hindustan Unilever Limited

## Laundry



## Hair Care



## Tea



# LAUNDRY – LAST 6 YEARS



Hindustan Unilever Limited



Turnover



1.8 X

Profitability



3.7 X

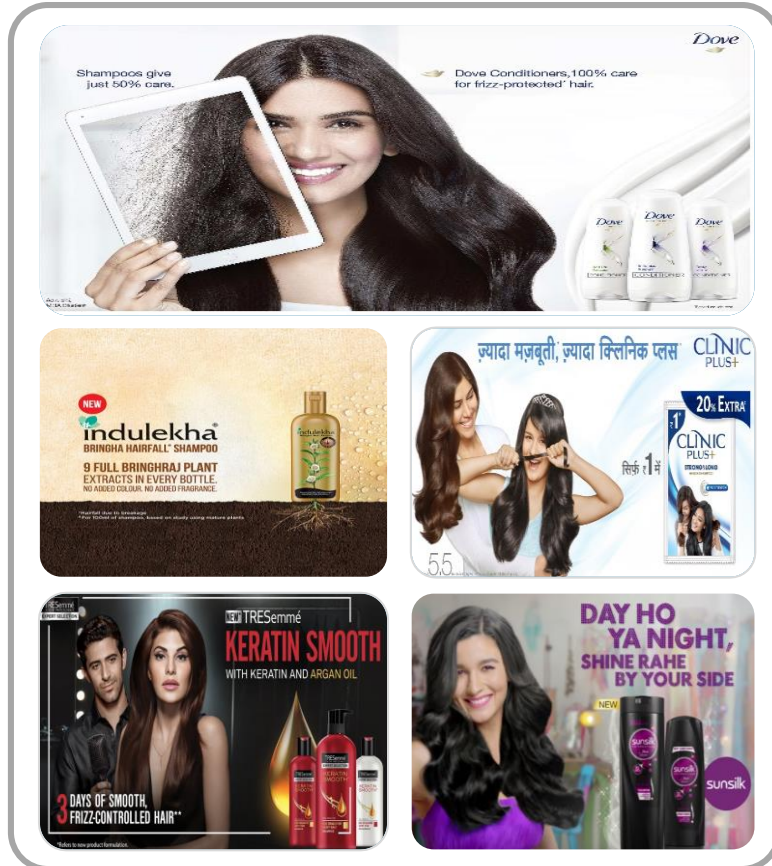
**Consistent Growth in Topline & Bottom line**



# HAIR CARE – LAST 6 YEARS



Hindustan Unilever Limited



Turnover



1.9 X

Market Share



~700bps ↑

Consistent delivery on all fronts powered by strong portfolio

# TEA – LAST 6 YEARS



Hindustan Unilever Limited



Turnover



1.8 X

Profitability



2.0 X

No. 1 Tea Company in India



# BEING RECOGNISED



Hindustan Unilever Limited



**Best Performing  
Unilever Business  
2014**

**Aon Hewitt  
Top Companies  
for Leaders 2014**

**# 3 Company globally  
for building leaders  
2014**



**Economic Times –  
Company of the year  
2015**



**#8 Globally and  
#1 in India  
2018**



**Corporate Citizen of  
the year  
2018**



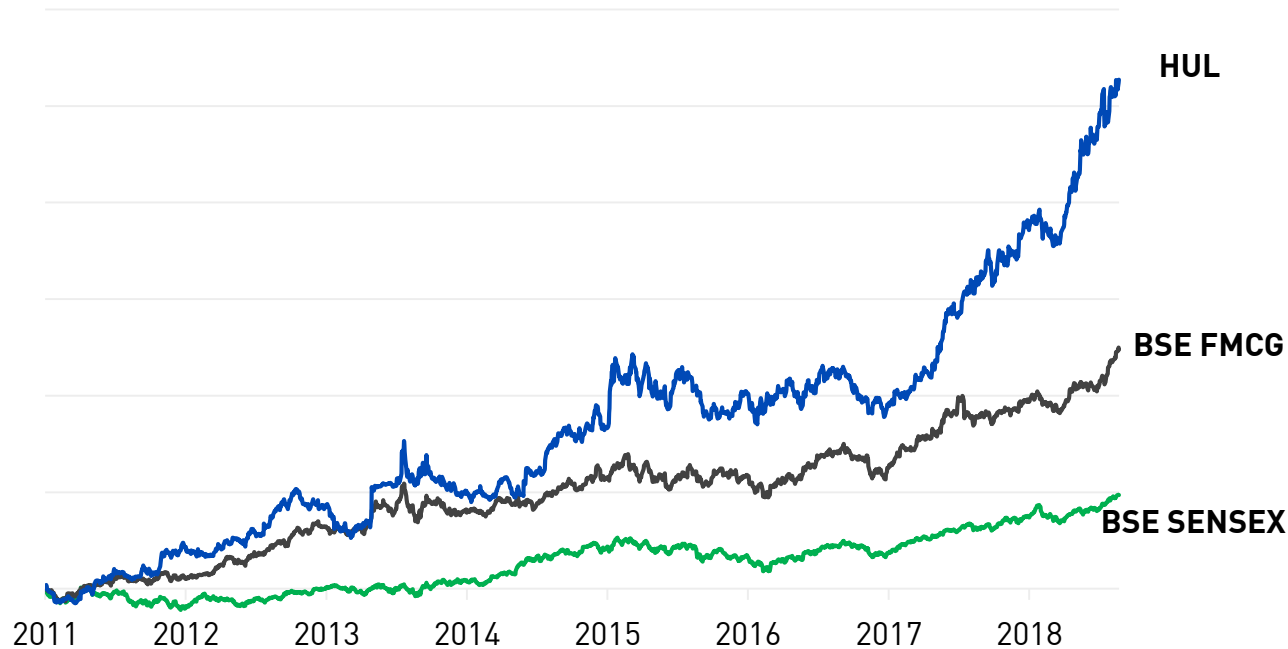
**'Dream Employer' for 9 years in a row among top Indian universities**

# HUL SHARE PERFORMANCE



Hindustan Unilever Limited

## Performance vs Indices



## Market Capitalization

\$ 12 billion  
2012

4.1 X

\$ 49 billion  
Current\*

HUL among the top 5 most valuable companies in India\*

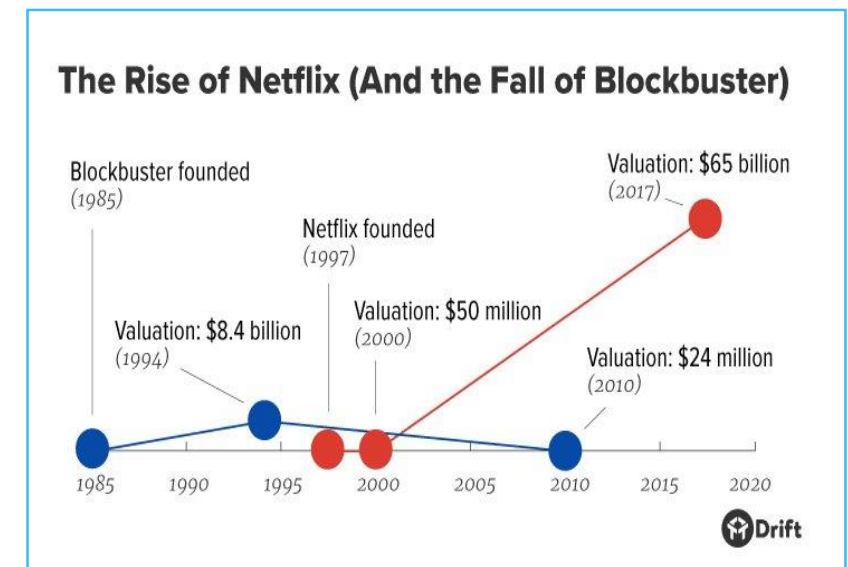
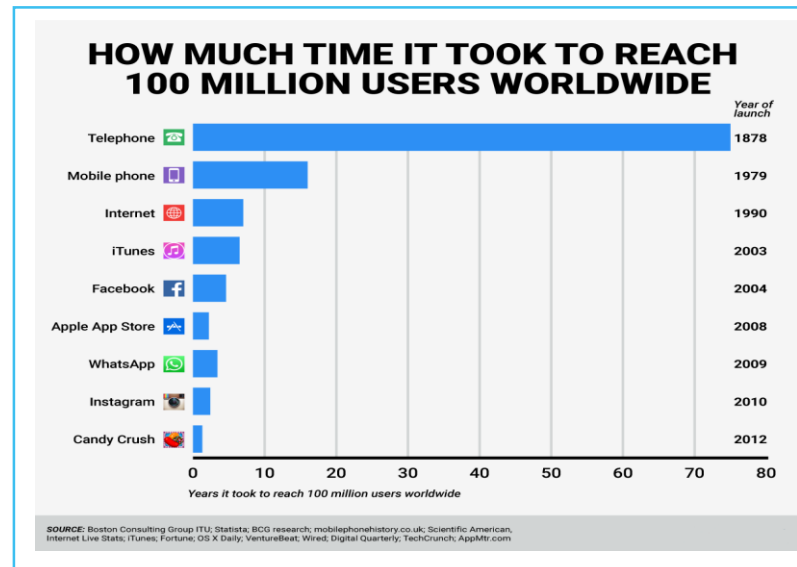
Markets rewarding our Consistent, Competitive, Profitable and Responsible Growth

USD to INR conversion rate used as of 7<sup>th</sup> Sep 2018

\*Based on market capitalization as of 7<sup>th</sup> Sep 2018

# THE WORLD AROUND US IS CHANGING..

With dramatic disruptions ...



A 20 word tweet can start a revolution today !

# IT'S AN AGE OF CHANGE AND DISRUPTION



Hindustan Unilever Limited



**Millennials / Gen Z**



**There is a thrill of purpose**



**Changing family dynamics**



**Uncertainties and Volatility are the new normal**



**Globally connected but there is a search for authenticity**



**Digital disruptions reshaping business models**

# AND HENCE THERE IS A NEED FOR...



Hindustan Unilever Limited

## Consumer Centricity



## Speed & Agility



## Digital Connectivity



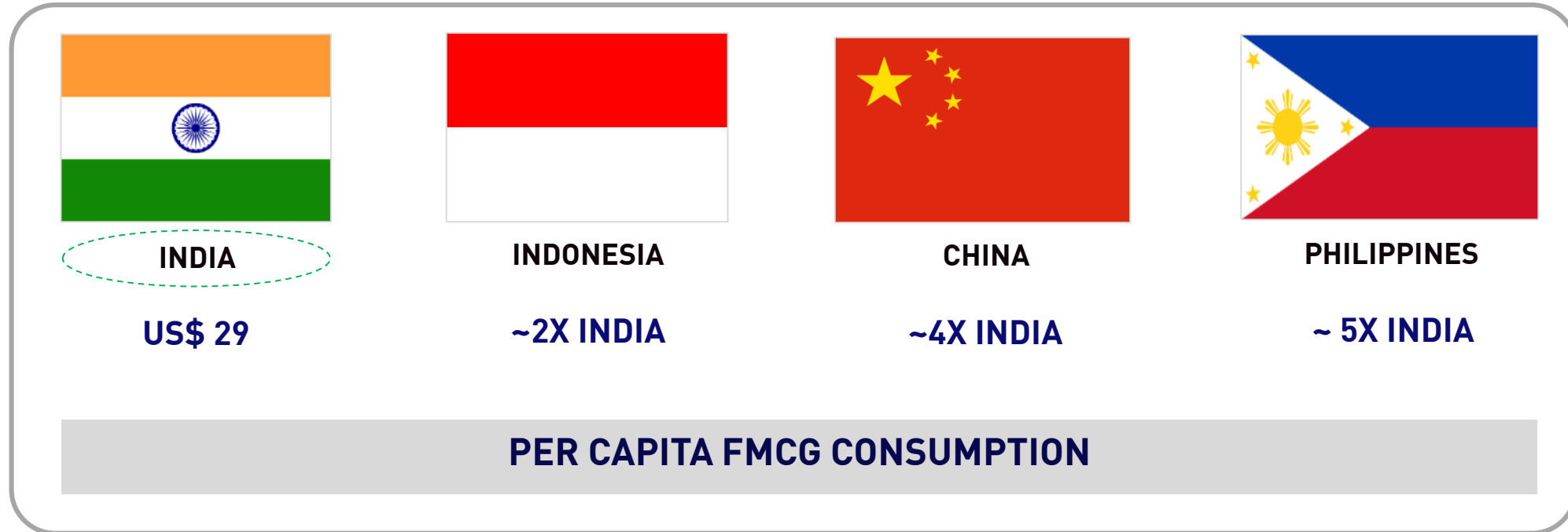
## Being Glocal



# FMCG CONTINUES TO BE A BIG OPPORTUNITY IN INDIA



Hindustan Unilever Limited



To tap this big opportunity, we need more money in the hands of more people i.e. Inclusive Growth



# MARKETS SHOWING EARLY SIGNS OF REVIVAL

### Tailwinds



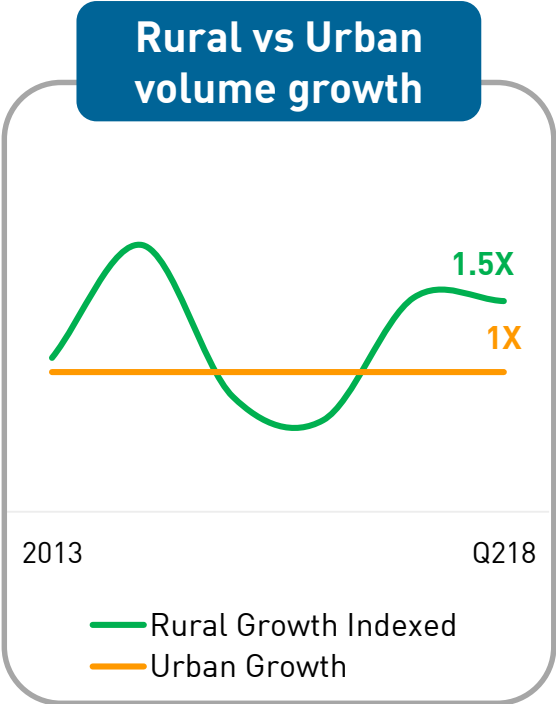
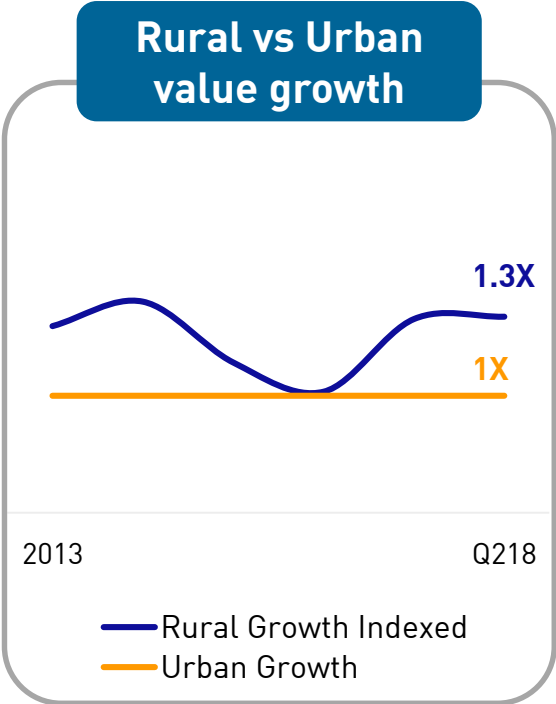
Good monsoon

Increasing MSP\* 



Upcoming elections

### Currency & Crude

Rural growth on an upward trajectory; Gradual improvement in demand

**WINNING IN THE FUTURE NEEDS A  
DIFFERENT APPROACH**







# RE-IMAGINING HUL FOR THE FUTURE

# RE-IMAGINING HUL



Hindustan Unilever Limited

Re-imagining our structure



Re-imagining our portfolio



Re-imagining magic in marketing



Re-imagining our trade channels



Re-imagining the value chain



Re-imagining fuel for growth



Re-imagining culture of the organisation



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# INDIA IS A HETEROGENOUS COUNTRY

**Diverse demographics**



**Multiple languages  
8 Major religions**

**Varied affluence levels**



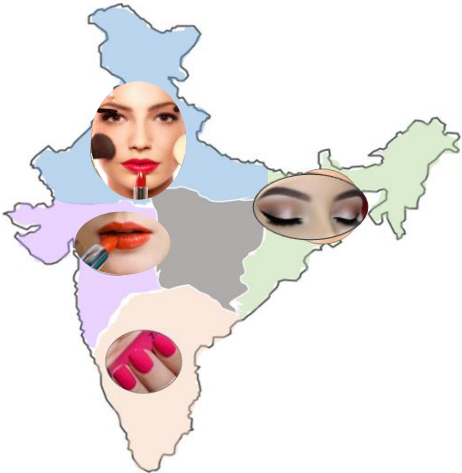
**LSM 7+ = 9% nationally  
(Range of 5-48%)**

**Different media habits**



**Mobile internet penetration:  
Rural- 18%\*; Urban- 59%\***

**Differential category adoption**



**Market share in adjacent  
states also not the same**

\*A report published jointly by the Internet and Mobile Association of India (IAMA) and KANTAR-IMRB: March '18



# WINNING IN MANY INDIAS (WiMI)



Hindustan Unilever Limited



## WiMI in action

Distinctive strategy at a cluster level

Empowered Cluster Heads enabling faster decision making closest to the point of action

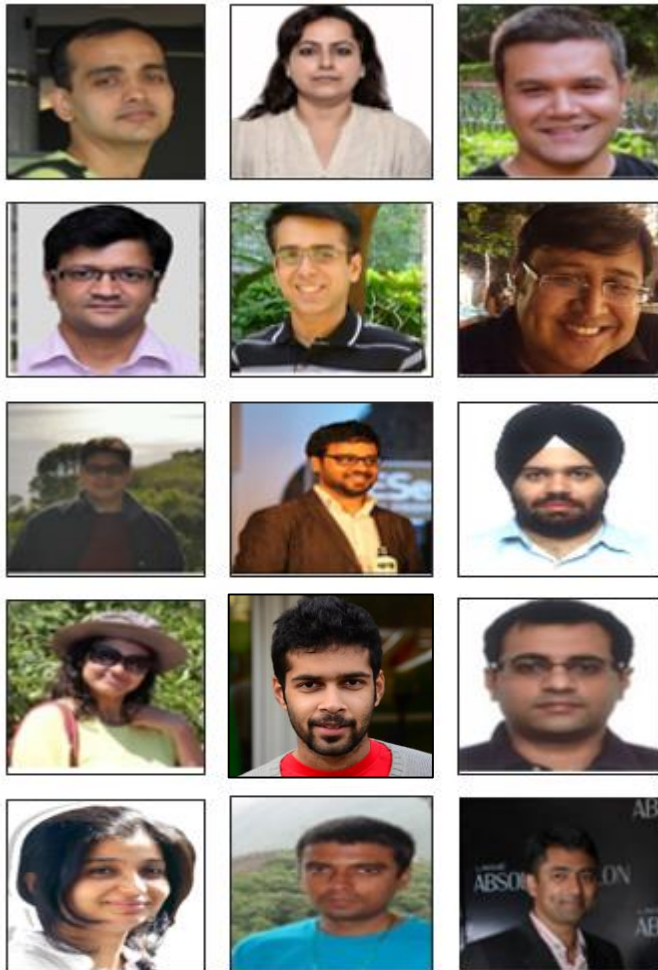
Customized product propositions & media deployment for every cluster

Empowered Cluster Heads enabling faster decision making closest to the point of action

# CCBTs: 15 MINI-BOARDS IN ACTION



Hindustan Unilever Limited



**Building a stronger sense of empowerment & ownership**

**Multi functional representations in CCBTs**



**Merger of Brand Development & Brand Building**



**Responsible for delivering in-year P&L**

# LIBERATING THE MANAGEMENT COMMITTEE TO FOCUS ON LONGER TERM GOALS

**Build new business models**



**Greater focus on talent & capabilities**



**Explore Inorganic growth opportunities**



**Coach & Mentor CCBTs**



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Hindustan Unilever Limited

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# STRENGTHENING THE CORE



Hindustan Unilever Limited



**Focus on driving penetration & weighted distribution**



**Constantly innovating and renovating the core**



**Focused SKUs at cluster level to address demands of all Indias**



**Making the core more aspirational**



**Offering multiple value additions across the core portfolio**

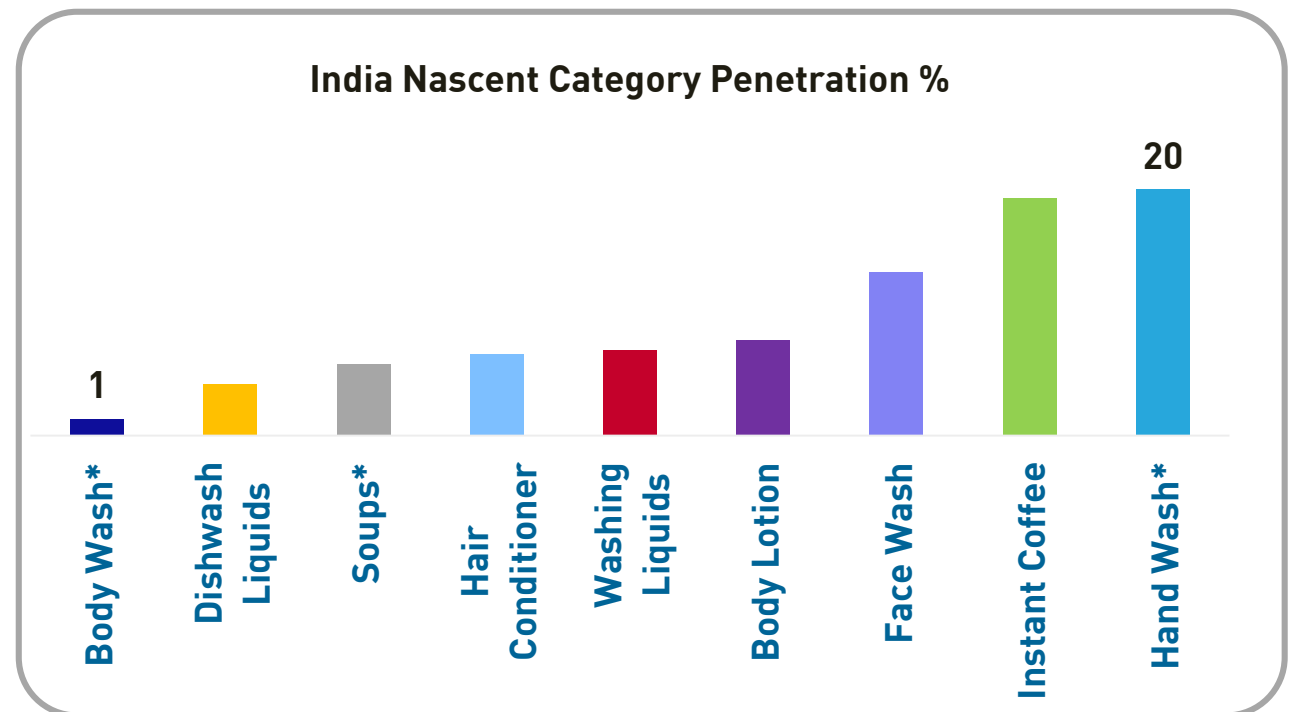


# CREATING CATEGORIES OF THE FUTURE



Hindustan Unilever Limited

Opportunities to premiumize and up trade; huge headroom to grow





# MARKET DEVELOPMENT & PREMIUMIZATION

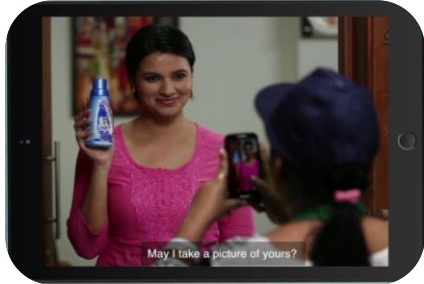
Powered by education demos and sampling

## Business Results



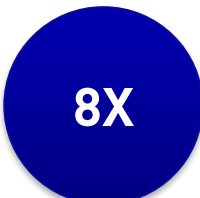
Growing at ~2X HUL Average

## Science of Sampling



2014

Consumer contacts  
→



2017

# BRIDGING PORTFOLIO GAPS



Hindustan Unilever Limited

No 1 in Green Tea



Pioneering Trends BB cream



Male grooming range co-created with Amazon



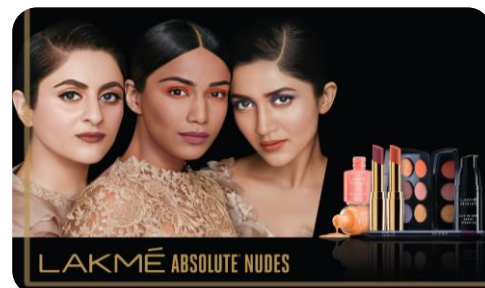
Building the Anti Perspirant category



Toilet cleaning powder made for Indian toilets



Tailormade for the Indian skin tones



India's No.1 Fabric Conditioner brand



Making Traditional Ingredients Contemporary





# BUILDING NATURALS



Hindustan Unilever Limited

**indulekha®**  
**Bringha Oil**  
 AYURVEDIC MEDICINE FOR HAIRFALL.  
 HELPS GROW HAIR.\*

\*contains natural ingredients known to reduce hairfall and helps hair growth upto its natural potential

**LEVER ayush**  
 MASALA MILLET UPMA

**LEVER ayush**  
 MASALA MILLET KHICHI

**LEVER ayush**  
 AVAL MILLET PONGAL

LAKMĒ 9to5  
 NATURALE RANGE

**NEW**

**INDULEKHA BRINGHA HAIRFALL\* SHAMPOO**  
 9 FULL BRINGHAJ PLANT EXTRACTS IN EVERY BOTTLE.  
 NO ADDED COLOUR. NO ADDED FRAGRANCE.

\*Hairfall due to breakage.

**indulekha®**  
 Bringha Hair Cleanser

CHOOSE  
 365 DAYS OF  
 SAHI AYURVEDA

**LEVER ayush**

**Red Label Natural Care**

EXHAUSTIVE SKINCARE RANGE

**CLINIC PLUS+**  
 AYURVEDA CARE  
 TRIPHALA SHAMPOO

Lotus flower extract

**Fair & Lovely**

Milk

Chandan

Til Oil

Kesar

Manjistha

**ayush**

Solve your modern day lifestyle problems with  
 Sahi Ayurveda

**NEW LUX**  
 Saffron Glow

For Brightest, Healthiest Skin  
 Soften, Tone & White Up!

**Lifebuoy**  
 Neem

99.9% Better Skin Protection

99.9% Better Skin Protection

**Lifebuoy**  
 Turmeric

99.9% Better Skin Protection

99.9% Better Skin Protection

**closeup**  
 FRESH  
 ATTRACTION  
 NATURE BOOST

**closeup**  
 CARDAMOM  
 & TULSI

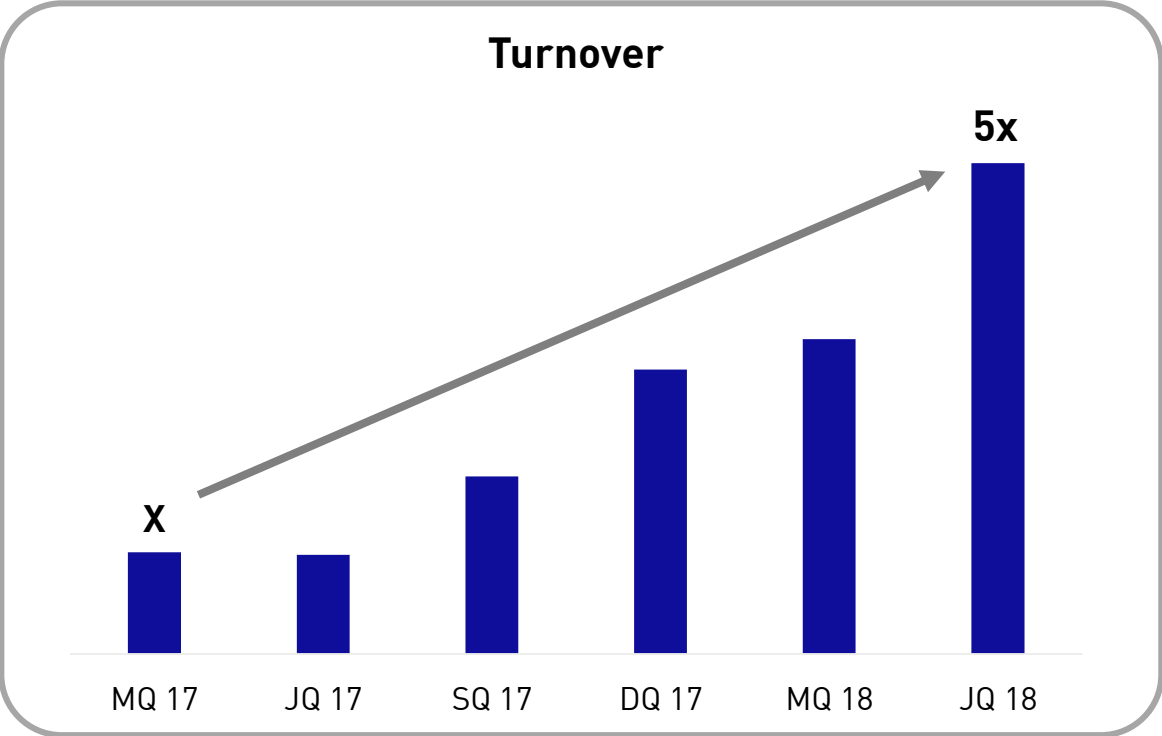
**Vim** ANTI SMELL  
 WITH PUDINA

REMOVES  
 5 TOUGHEST SMELLS

**Vim** EXTRA  
 ANTI SMELL

Naturals portfolio growing ~2.5X of overall HUL average

# BUILDING SPECIALIST BRANDS - INDULEKHA



Growth exceeding our acquisition business case



# EXPANDING ICE CREAM PORTFOLIO



Hindustan Unilever Limited

## Innovations

**SANDWICH CHOCOLATE & VANILLA**  
NEW ₹ 30/-

**CLOUD BITE**  
only ₹ 20/- 55ml

**Cornetto OREO**

**NOW CREAMIER\***  
BLUSHING STRAWBERRY  
YOU ARE SO GOOD SHEET!

## Rs. 10\* Access Packs

**Vanilla**  
#COOLWITHSERIOUS

**FEAST**  
Choco Bar Mini

**Paddle Pop**  
Orange

## Acquisition

**Adityaa milk**  
ICE CREAM

**Tap into Distribution and Unlock Portfolio Synergies**

\*Equivalent to \$0.14

# RE-IMAGINING HUL



Hindustan Unilever Limited

Re-imagining our structure



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Re-imagining magic in marketing



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Re-imagining culture of the organisation





# BUILDING BRANDS WITH PURPOSE



Hindustan Unilever Limited

Let's break the rules of beauty

**Dove**

Join us at [Dove.com](http://Dove.com)  
#RealBeauty

*Fair & Lovely* Foundation

**Create a Login ID,  
Create an Identity**

create log-in ID at : [www.fairandlovelyfoundation.in](http://www.fairandlovelyfoundation.in)

- SCHOLARSHIP
- JOB COURSES
- CAREER GUIDANCE

**Knorr** supports WFP

Food lovers.  
Stop posting.  
Start sharing.

#ShareTheMeal #Knorr

**Domex**

**DOMEX TOILET ACADEMY**

- More than **500** micro entrepreneurs trained to build and maintain toilets
- Over **1 lakh** toilets built
- Over **6 lakh** people benefitted

**Lifebuoy**

HELP A CHILD REACH 5

Pledge now on [www.facebook.com/lifebuoy](http://www.facebook.com/lifebuoy)

ज़बरदस्त चमक का वादा  
पानी लगे आधा

**RIN** ₹10 ONLY

चमकते रहना

**TRANSFORM YOUR LOOK AND HER FUTURE**

Let your new makeover contribute to a little girl's education with Happy New You.

VISIT YOUR NEAREST LAKME SALON TO KNOW MORE.

LAKME SALON **Happy New You!**

HAPPY NEW YOU MAKEOVER PACKAGES

**Brooke Bond**

**Red Label**

Bringing the world closer,  
one song at a time

A CHILDREN'S DAY SPECIAL

**kissan** PRESENTS

**#RealTogetherness**

A heart-warming story of friendship between a child and his grandfather

Watch the film on: [/kissanindia](http://kissanindia)

Share your moments of #RealTogetherness on: [/kissanindia](http://kissanindia)



# CONSISTENTLY EVOLVING BRAND COMMUNICATION



Hindustan Unilever Limited

2005



Pride

2011



Loyalty & Forgiveness

2013



Empathy and Love

2017



Learning from Failure

2005



A cup of motherly love

2008



A cup with little sips of life

2010



Health & Taste

2014



Taste & Togetherness

2017



Taste & Togetherness



Surf AV

# BUILDING ICONIC ENGAGEMENT PLATFORMS



Hindustan Unilever Limited

Lux Golden Rose Awards



Lakmé Fashion Week



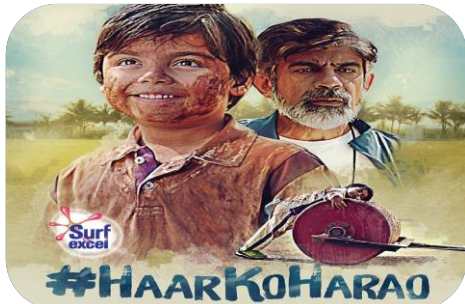
FAL Foundation



Lifebuoy help a child reach 5



Surf Excel Haar Ko Harao



Rin Career Academy



Red Label Taste and Togetherness



Kissan Tiffin Timetable



Lakmé Fashion Week AV



# BUILDING DIFFERENTIATED CONTENT



Hindustan Unilever Limited

## Digital Video



## LFW\* Content



## Social Media



## PR & Influencers



Massive outreach with bloggers & influencers

## Ecommerce





# RE-IMAGINING HUL



Hindustan Unilever Limited

Re-imagining our structure



Re-imagining our portfolio



Re-imagining magic in marketing



Re-imagining our trade channels



Re-imagining the value chain



Re-imagining fuel for growth



Re-imagining culture of the organisation



# GENERAL TRADE WILL CONTINUE TO REMAIN BIG



Hindustan Unilever Limited

More throughput from more stores

## All GT channels will remain relevant

### Wholesale



Aids ↑ Width of distribution

### Retail



Accessibility at arm's reach of desire

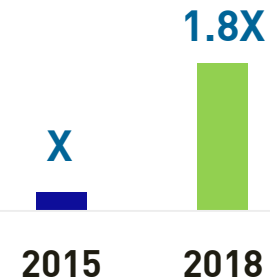
### Shakti



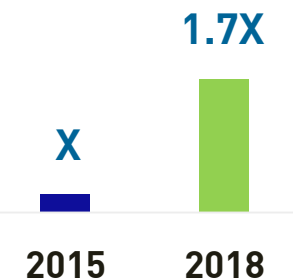
Deep Rural distribution

## Driving effective coverage & assortment

### EFFECTIVE COVERAGE



### ASSORTMENT



In a country of ~600k villages & 10Mn outlets, GT even after 10 years, will remain an important channel

# BUILDING CHANNELS OF THE FUTURE



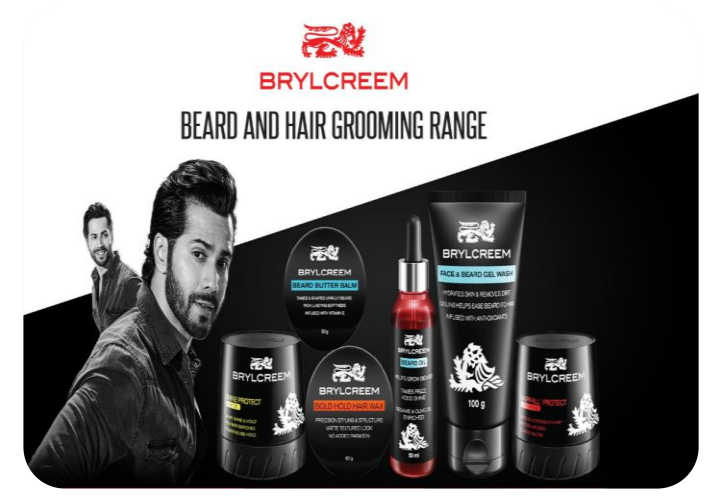
Hindustan Unilever Limited

## Modern Trade



Driving visibility across Modern Trade

## ECommerce



Exclusive male grooming range co-created with partner

Our Growth & Profitability in ECommerce > Modern Trade > Traditional Trade

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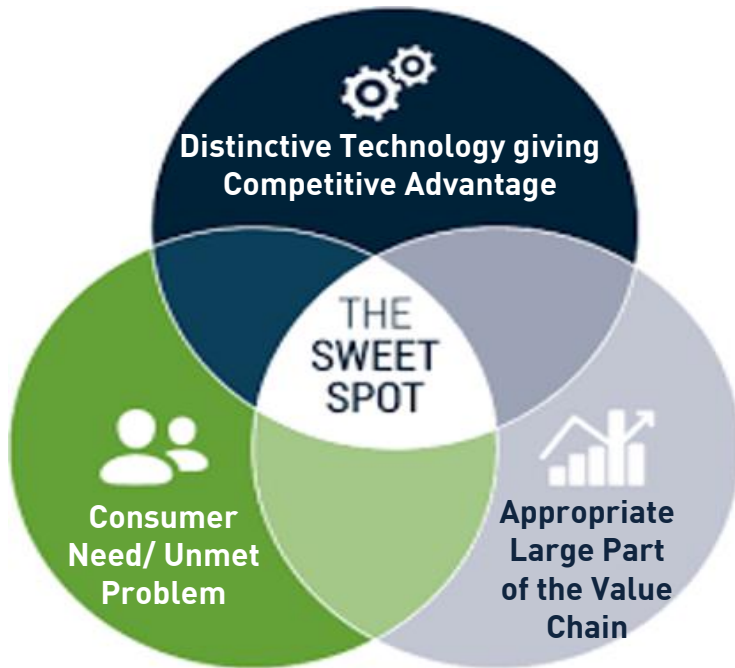




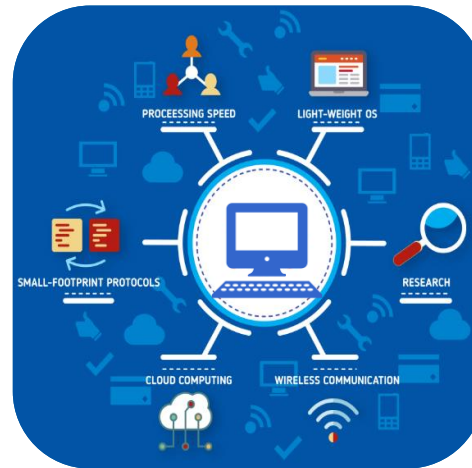
# TECHNOLOGY AVAILABLE TODAY, OPENS UP A LOT OF OPPORTUNITIES



Hindustan Unilever Limited



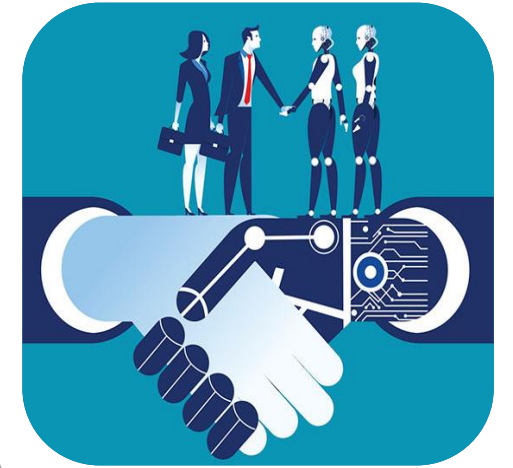
## Internet of Things



## Cloud Technology



## Artificial intelligence



# OUR DATA STRATEGY



Hindustan Unilever Limited



# WE CHOSE TO DISRUPT THAN BE DISRUPTED



Hindustan Unilever Limited

Insights



R&D



Manufacturing



Distribution



Communication



Consumer Journey



# RE-IMAGINING HUL: OUR VISION



Hindustan Unilever Limited

*“Re-imagine HUL of the future by choreographing a holistic approach **across the value chain** to completely transform the way we do business in a connected world”*





# RE-IMAGINING SUPPLY CHAIN



Hindustan Unilever Limited



## Plan



- 1 Day Planning Cycle (real-time)
- Integrated S&OP
- Segmentation 2.0

## Source



- Integrated e-tendering
- Realtime Forecast
- Smart Inventory modelling

## Make



- Digital Factory
- Smart Robotics
- Network redesign

## Deliver



- New Logistic models
- Efficient Fulfilment Centres



Robotization AV

# RE-IMAGINING MARKETING

Granular data analysis and tracking



Advanced Analytics & Decision Support System



Social Listening: Always on Conversation



Precision Marketing: Consumer Journey



Precision Targeting and Deployment



# RE-IMAGINING CUSTOMER DEVELOPMENT



Hindustan Unilever Limited



**Demand Capture**



**Demand Fulfilment**



**Demand Generation**

**Providing superior customer service through vertical task specialization across the three pillars interlinked through modular IT capabilities**

# DEMAND CAPTURE



Hindustan Unilever Limited

## Salesman Chatbots


Enhance salesman productivity with chatbots



- Product Discovery
- Answer Outlet Queries
- Learn @ your speed
- Know your Current QOC
- Unlock Potential
- Easy Policies

## Advanced Analytics / AI

Driving better and sharper assortment



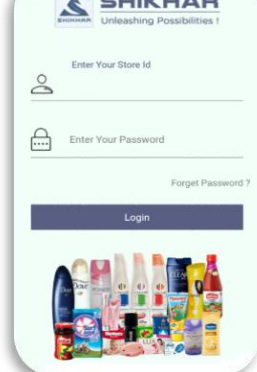
Algorithmic Segmentation of Outlets

Smarter recommendation

Understanding behaviors

## Shikhar app

All inclusive retailer engagement tool



User friendly Interface

Retailer Self-service

Information Transparency

Customer Engagement

Product Information

Convenient Tracking



# DEMAND FULFILMENT

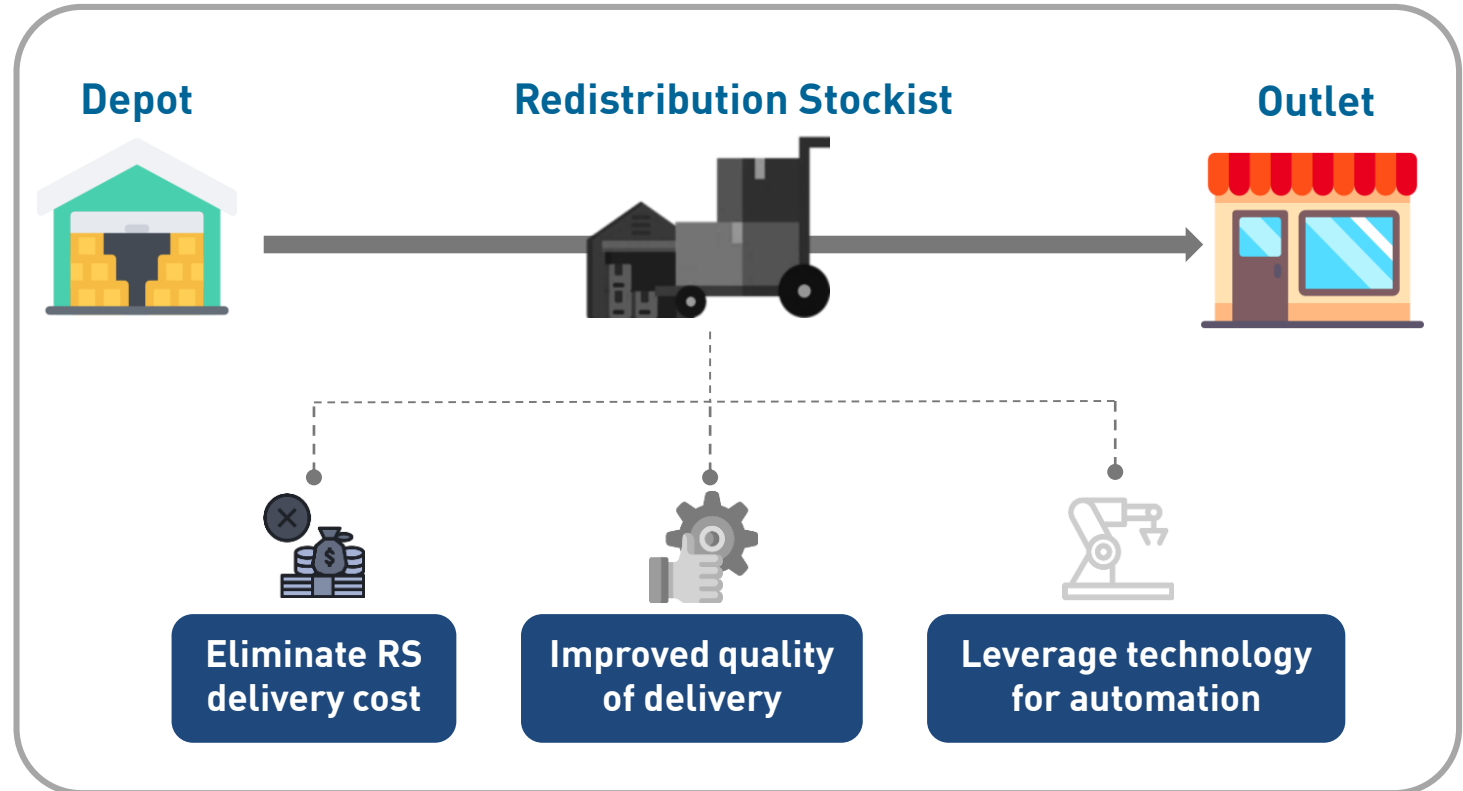


Hindustan Unilever Limited

## Demand Fulfilment



- **Project Shogun: Deliver with speed to trade and ensure efficient fulfilment**
- **Impact App : A delivery interface to unlock benefits for retail stockist**



Project Shogun AV

# DEMAND GENERATION



Hindustan Unilever Limited

## Demand Generation



- Scaling up B2C (HumaraShop)
- Leverage technology to improve shelf presence

The screenshot displays the HumaraShop website interface with three promotional banners:

- Lakme Beauty Store:** Features images of Lakme beauty products (eyeliner, cream, face wash) and a circular badge offering "UPTO 15% OFF\*". A "SHOP NOW" button is present.
- Tea Coffee:** Features images of Red Label Natural Care tea and BRU Instant coffee, along with two cups of coffee. It offers "UPTO 10% OFF\*" and includes a "SHOP NOW" button.
- Kissan Jam:** Features images of Kissan jam jars (strawberry, berry, orange) and fresh fruit. It promotes "JAM at ₹ 99/-\* only" and includes a "SHOP NOW" button.

Small text at the bottom of the banners reads: "\*Offer valid till stocks last. T & C apply".

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Hindustan Unilever Limited

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Re-imagining fuel for growth

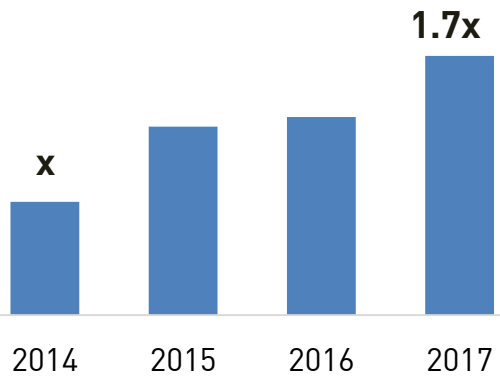


Re-imagining culture of the organisation



# GENERATING FUEL FOR GROWTH BY CONSTANT REINVENTION

## Savings as a % of Turnover



## End-to-end cost focus



## Leveraging Technology



## Investing back into virtuous cycle of growth



Powered by





# RE-IMAGINING HUL



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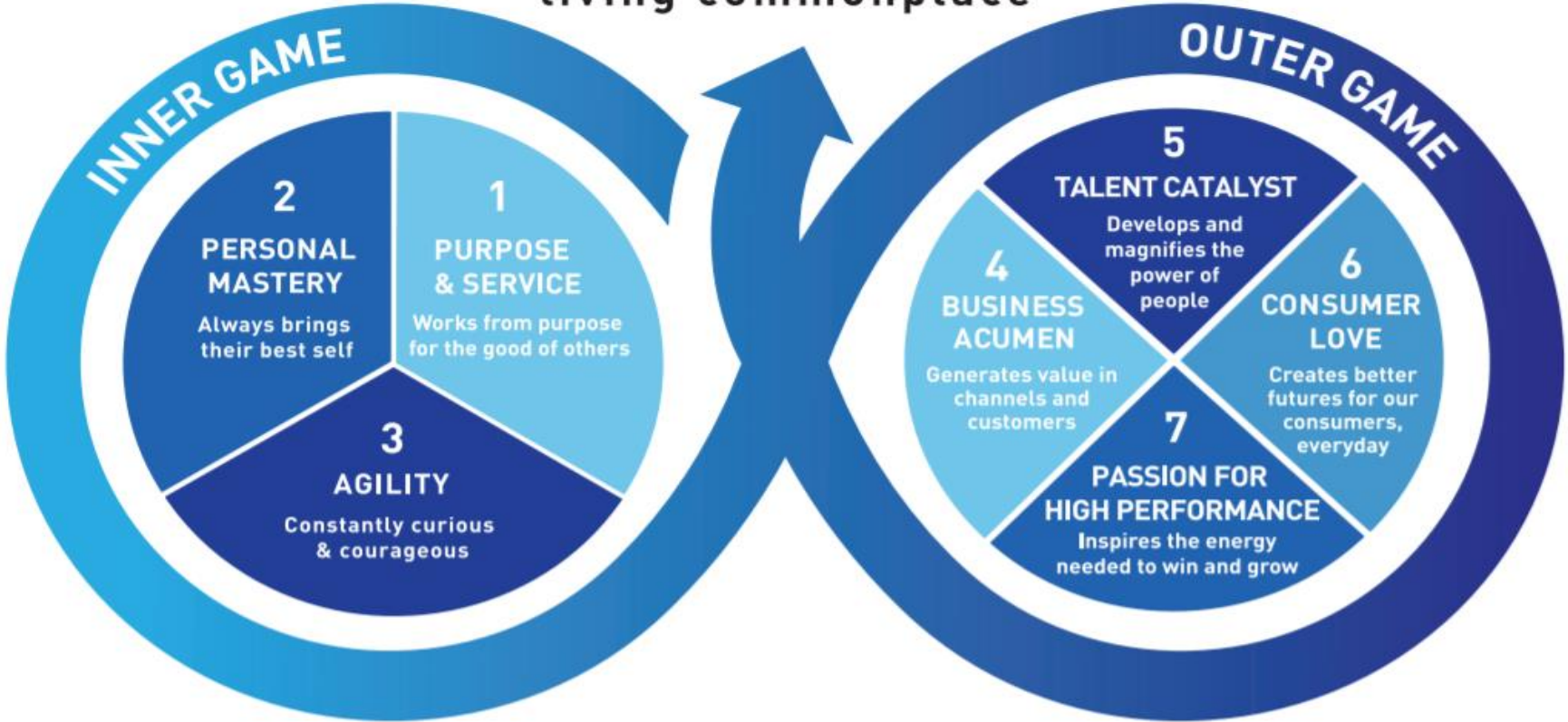


Re-imagining culture of the organisation



# ENGRAINING NEW STANDARDS OF LEADERSHIP

Making sustainable living commonplace



Our Standards of Leadership sit alongside the enduring values of Unilever

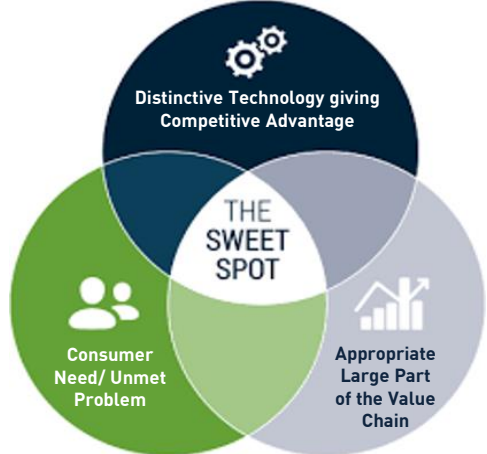
**Respect   Responsibility   Integrity   Pioneering**

# BRINGING AN ORGANIZATION WIDE CHANGE

## Building an Owner's mindset



## Nurturing an experimentation culture



## Holistic Wellbeing



## Diversity and Inclusion



# FOCUSSED ON WELLBEING, DIVERSITY & INCLUSION



Hindustan Unilever Limited

## Physical, Mental, Emotional & Purposeful Wellbeing



Adopting technology for health improvement



Wide ranging initiatives

## Embracing inclusion and diversity in all forms



Leadership commitment to gender balance; Gender neutral policies

Embracing inclusion beyond gender - hire the best PwD\* talent



Driving cultural interventions to break unwanted stereotypes





**WHILE WE RE-IMAGINE HUL, WHAT WE  
WILL NOT CHANGE IS  
OUR PURPOSE & VALUES**

# LEGACY OF DOING WELL BY DOING GOOD



Hindustan Unilever Limited

Founder's Vision in the 19th century



Our Purpose today



*"I believe that nothing can be greater than a business, however small it may be, that is governed by conscience; and that nothing can be meaner or more petty than a business, however large, governed without honesty and without brotherhood."*

*-William Hesketh Lever*

# UNILEVER SUSTAINABLE LIVING PLAN



Hindustan Unilever Limited

## Health & Wellbeing



>67 million people reached - **Lifebuoy Handwashing Programme**

83 billion litres of safe drinking water provided by **Pureit**

~1.1 million people impacted through **Domex Toilet Academy**

## Sustainable Sourcing

100% **TOMATOES** are sourced from sustainable sources



52% **TEA** is sourced from estates certified as sustainable

## Water Conservation



450 billion litres of water potential created



Hindustan Unilever Limited  
Hindustan Unilever Foundation

## Enhancing Livelihoods



80,000+ **Shakti** entrepreneurs network

1.7 million people benefitted



Over 420,000 people trained

200,000 women enrolled



# THOUGHT LEADERSHIP ON PLASTICS



Hindustan Unilever Limited



## Our Commitment

- All our plastics packaging to be reusable, recyclable or compostable by 2025
- 25% of our plastic usage to come from recycled sources by 2025
- Reduce the weight of the packaging we use by one third by 2020

## Progress

- Factory and packaging wastage reduced by **54%** & **33%** respectively
- **>1800 tons** of plastic laminates collected and safely disposed
- **~23000 tons** of plastic waste converted to energy in last 12 months

## Way Forward

- Co-create with the Government - National Framework for Extended Producers Responsibility (EPR) for plastics
- Create a Model segregation / collection / waste movement value chain



# IN SUMMARY



Hindustan Unilever Limited



**The external context is fast evolving and FMCG in India continues to be an immense opportunity**



**The new structure (WIMI, CCBTs) has made HUL more agile and resilient**



**Focused on delivering consistent, competitive, profitable and responsible growth**



**Leveraging technology to re-imagine our ways of working across the value chain**



**Building capabilities and re-imagining our culture to be future ready**

**Our purpose and values remain unchanged**



**HUL IS RE-INVENTING ITSELF TO BE FUTURE READY!**

# THANK YOU

For More Information



Hindustan Unilever Limited

## VISIT OUR WEBSITE

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