September Quarter 2015 Results Presentation – October 14, 2015

SURF EXCEL MATIC MACHINE WASH AS GOOD AS MOM'S HANDWASH

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Agenda



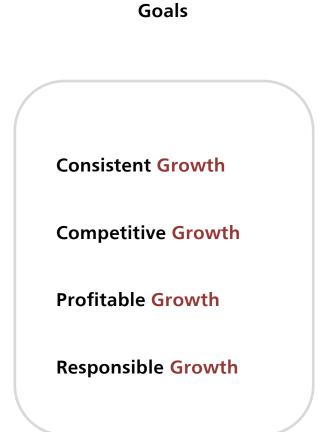
Clear and compelling strategy

Strategic framework

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Sustainable Living Plan

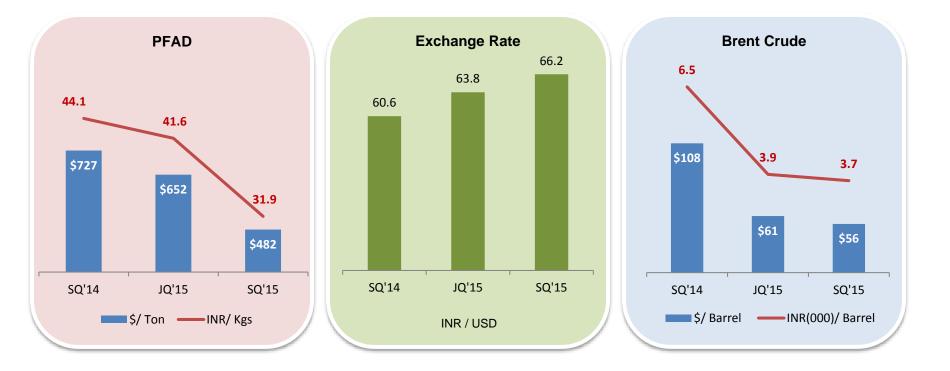




SQ 2015 – Context Business environment challenging

- → Market growth led by volumes in a deflationary context
- → Soft commodity costs continue
- → Competitive activity remains high

Soft commodity costs remain



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 6%

- Impact of phase out of Excise Duty benefits on topline -100bps
- 7% underlying volume growth; transport strike up-stock impact ~50 bps
- Negative price growth due to lower commodity costs and phase out of Excise Duty benefits

→ Operating profit (PBIT) at Rs.1250 crores, up 7%; margin expands +40 bps

- Impact of phase out of Excise Duty benefits on PBIT -45bps
- COGS lower by 320 bps; driven by lower input costs and savings programs
- Competitive spends maintained; A&P up Rs. 220 crores (24%); 14.6% of sales (+230 bps)
- → PAT (bei) at Rs. 970 crores, up 1%, Net Profit at Rs. 962 crores
 - Growth rate impacted by sale of surplus properties of Rs.49 crores in base quarter
 - Corporate tax rate at 31.6% (+190 bps yoy)

Performance led by healthy volumes across segments

	Reported sales growth %	Underlying growth % (before impact of phase out of Excise Duty benefits)
Soaps & Detergents	2	3
Personal Products	10	11
Beverages	6	6
Packaged Foods	13	13
Domestic Consumer	5	6

- Soaps and Detergents: Robust underlying volume growth largely offset by price de-growth
- Personal Products: Healthy broad based performance
- Packaged Foods: Eighth successive quarter of double digit growth

CATEGORY HIGHLIGHTS

Winning with Brands Continued focus on innovations



Winning with Brands Impactful 360 activation



Skin Cleansing *Robust volume growth*

- <image>
- \rightarrow Dove, Pears, Lifebuoy, Hamam deliver double digit volume growth
- → Liquids clock another quarter of double digit growth
- → Further price deflation in quarter due to benign commodity costs
- → Phase out of Excise Duty benefit impacts growth

Home Care Accelerated volume growth led by premium segment



\rightarrow Laundry

- Surf and Rin register double digit volume growth
 - Surf sustains its strong growth momentum
 - Rin accelerates further post relaunch
- Wheel performance improving
- Comfort continues its strong growth led by market development

→ Household Care

- Growth led by Vim, driven by the tubs and liquids formats
- → Further price deflation in quarter due to benign commodity costs

Skin Care Double digit underlying growth





- \rightarrow FAL continues to do well; good response to new BB cream
- → Pond's, Lakme and Vaseline deliver double digit growth
 - Pond's led by premium skin lightening and facial cleansing
 - Lakme buoyed by CC cream and Perfect Radiance
 - Vaseline driven by Aloe Vera and Healthy White variants
- → Facial cleansing portfolio sustains double digit growth
- → Phase out of Excise Duty benefit impacts growth

FAL = Fair and Lovely

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

Hair Care Sustained growth momentum

 \rightarrow



- Volume led double digit growth across formats
- Dove growth further accelerates; TRESemme continues to gain ground \rightarrow
- Pricing on bottles reduced in quarter to further drive competitiveness \rightarrow



Strong performance despite phase out of Excise Duty benefits \rightarrow

Oral Care *Recovery underway*



→ Close Up delivers double digit growth

Strong activation – 'First Move Party' a big success

→ Pepsodent performance subdued

Actions progressed to strengthen competitiveness

Color Cosmetics Consistent innovation led growth





→ Lakme sustains its strong double digit growth momentum

- Broad based growth across Core, Absolute and 9 to 5
- Exciting launch of Lakme Absolute Lip Pout
- Another successful Lakme Fashion Week
- Shade additions made to the lip and nail portfolio

Beverages Steady performance







→ Tea growth driven by impactful activation & market development

- Red Label continues to lead category performance; Taaza growth picks up
- Taj Mahal creates buzz for connoisseurs through Independence Day event
- Natural Care portfolio does well
- Green Tea sustains its strong growth momentum
- \rightarrow Coffee growth led by Bru Gold

Packaged Foods *Eighth successive quarter of double digit growth*







- → Focus on market development continues
- → Double digit growth in Kissan, Knorr and Kwality Walls
- → Kissan sustains it activation led growth momentum
- → Knorr grows well, led by Instant Soups
- → Kwality Walls and Magnum register another robust quarter

Pureit Leadership sustained in a challenging market context



- \rightarrow Overall performance subdued in a soft market
 - Modern Trade and Pureit Perfect Stores grow well
- → E commerce contribution becoming significant
- → Continued focus on market development and in-store execution

SQ 2015 *Results summary*

Rs Crores

Particulars	SQ'14	SQ'15	Growth %
Net Sales	7,466	7,820	5
PBIT	1,166	1,250	7
PBIT margin (%)	15.6	16	+40 bps
PAT bei	957	970	1
Net Profit	988	962	-3

- \rightarrow Reported Domestic Consumer growth at 5%, underlying* at 6%
- → Impact of phase out of Excise Duty benefits: Topline (-100bps), PBIT (-45bps)

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

SQ 2015 PBIT to Net Profit

Rs Crores

Particulars	SQ'14	SQ'15	Growth %
PBIT	1166	1250	7
Add : Other Income	198	170	
Less : Finance Costs	(6)	0	
Exceptional Items – Credit / (Charge)	49	(12)	
РВТ	1406	1408	
Less : Tax	(418)	(445)	
Net Profit	988	962	-3

- Other income includes -
 - Interest income, dividend income and net gain on sale of non-trade current investments Rs. 80 crore (SQ'14: Rs.98 crore)
 - Dividend income from trade non-current investments Rs. 90 crore (SQ'14: Rs. 100 crore)
- Exceptional items include-
 - Profit on sale of surplus properties Rs.10 crore (SQ'14: Rs.49 crore)
 - Restructuring expenses Rs.22 crore (SQ'14: Rs.0.6 crore).
- Effective tax rate for the quarter is 31.6% (SQ'14: 29.7%)

SQ 2015 *Results summary*

Profitable volume-led growth sustained

- Reported Domestic Consumer growth at 5%, underlying* at 6%
 - 7% underlying volume growth; transport strike up-stock impact ~50 bps
- PBIT margin expands + 40 bps
 - Lower COGS partially offset by
 - Competitive investments (A&P up 24%, +230 bps)
 - Impact of phase out of Excise Duty benefits (-45bps on PBIT)

FIRST HALF 2015-16

First Half 2015-16 *Results summary*

Particulars	FH'14-15	FH'15-16	Growth %
Net Sales	15,036	15,793	5
PBIT	2,415	2,681	11
PBIT margin (%)	16.1	17.0	+90 bps
PAT bei	1,977	2,023	2
Net Profit	2,045	2,021	-1

Rs Crores

- \rightarrow Reported Domestic Consumer growth at 5%, underlying* at 6%
- \rightarrow Underlying volume growth at 6%
- → Significant investments behind brands, A&P up Rs. 430 crore (+23%, 210 bps)
- → Impact of phase out of Excise Duty benefits: Topline (-130bps), PBIT (-55bps)

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

Interim Dividend

Particulars	FH'14-15 Interim	FH'15-16 Interim
Dividend Per Share (Rs.)	6.0	6.5
No. of Share (Crs.)	216	216
Total Dividend (Rs. Crs.)	1298	1407
Div. Dist. Tax (Rs. Crs.)	259	286
Total Div. Outflow (Rs. Crs.)	1557	1693

Looking Ahead

\rightarrow Near term –

- Growth largely volume driven in a continued deflationary environment
- Rural growth outlook uncertain
- Phasing out of fiscal benefits will continue to have an impact
- Focus on sustaining profitable volume led growth
- \rightarrow Mid-long term -
 - FMCG outlook remains positive
 - HUL strategy unchanged: Consistent, Competitive, Profitable, Responsible Growth

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