

JQ'14 Results Presentation – July 28, 2014



WITH
COFFEE BEAN
EXTRACTS

POND'S
MEN
**ENERGY
CHARGE**
FACE WASH
with Energizing Coffee Bean extract
& Cooling Menthol
BRIGHT+ ENERGIZED
50 g

NEW POND'S MEN
**FACE KA
CHARGER**
GET BRIGHT+ RECHARGED

POND'S
MEN

The advertisement features a close-up of a man's face on the left. To his right, a tube of POND'S MEN ENERGY CHARGE FACE WASH is shown next to a jar of coffee beans. A bright, glowing energy pulse emanates from the coffee beans, passing through the face wash tube. The background is a fiery, orange and yellow explosion-like effect. The POND'S MEN logo is in the bottom right corner.

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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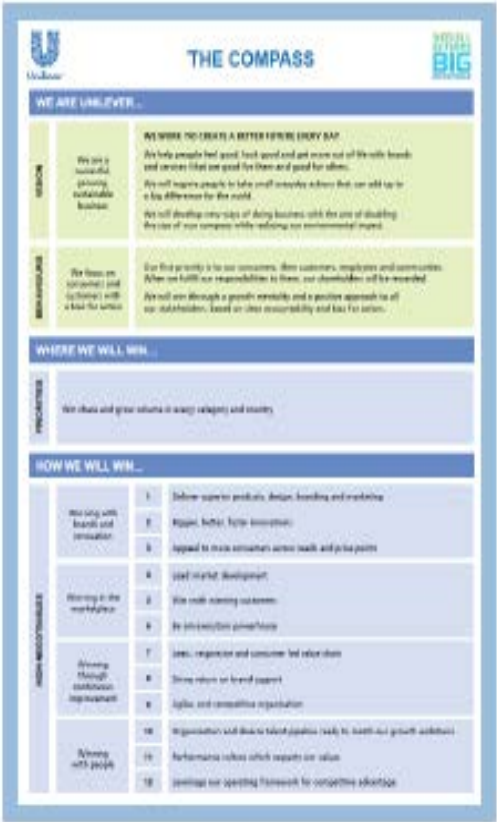
Current Quarter Performance

4

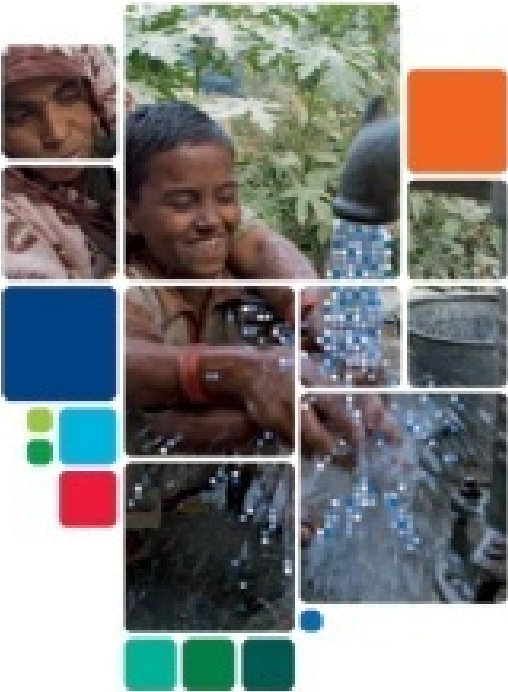
Looking Ahead

Clear and Compelling Strategy

Strategic framework



Sustainable Living Plan



Goals

Consistent **Growth**

Competitive **Growth**

Profitable **Growth**

Responsible **Growth**

JQ 2014 – Context

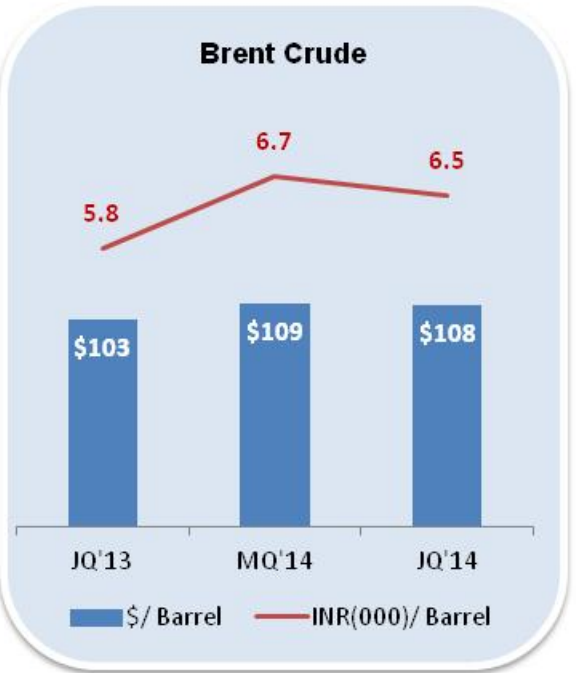
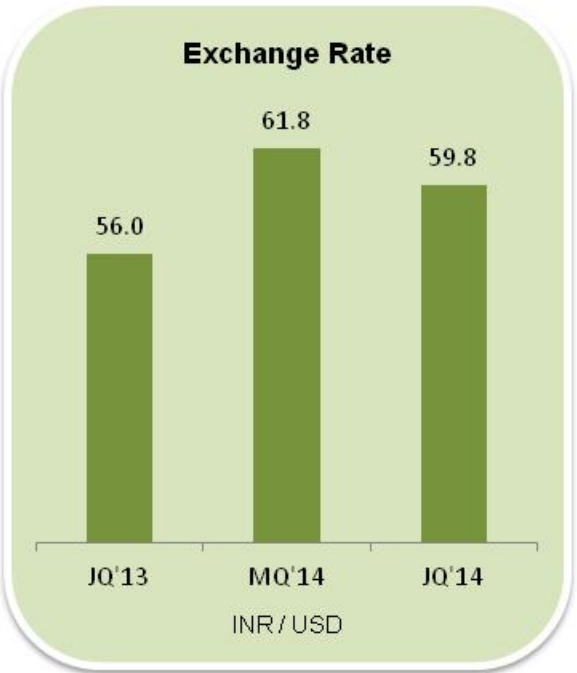
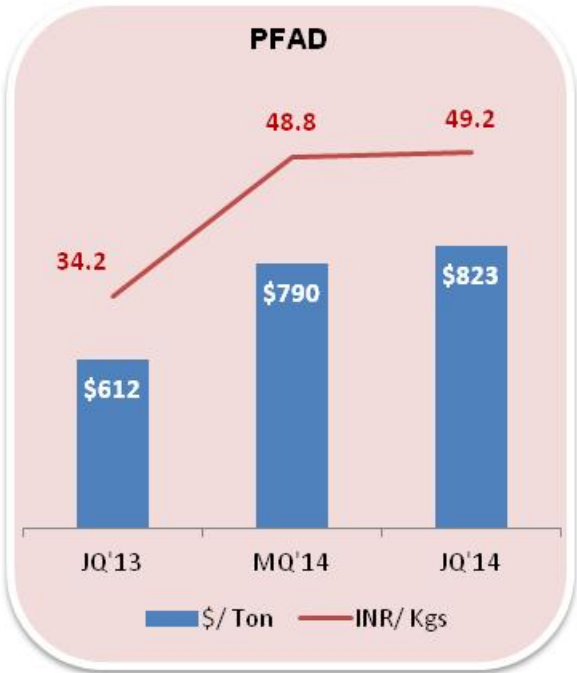
Business environment remains challenging

- **Further slowdown in market growth (volume & value) across categories**
 - Premium segments & discretionary categories still remain soft
- **Input costs firm, up on y-o-y basis**
- **Competitive activity remains high despite lower media intensity**



Input costs firm

Up year-on-year basis



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 business grows by 13%, ahead of market**

- 6% underlying volume growth

→ **Operating profit (PBIT) at Rs.1250 crores, up 23%; margin expands +130 bps**

- COGS higher by 60 bps; led by input cost inflation
- Employee cost includes one time credit of Rs. 32 crores (~45 bps) for pension corpus adjustment
- Competitive spends maintained; A&P up Rs. 55 crores (6%); 12.5% of sales (-80 bps)
- Other expenditure down 20 bps through operating efficiencies

→ **PAT (bei) at Rs. 1020 crores, up 15%**

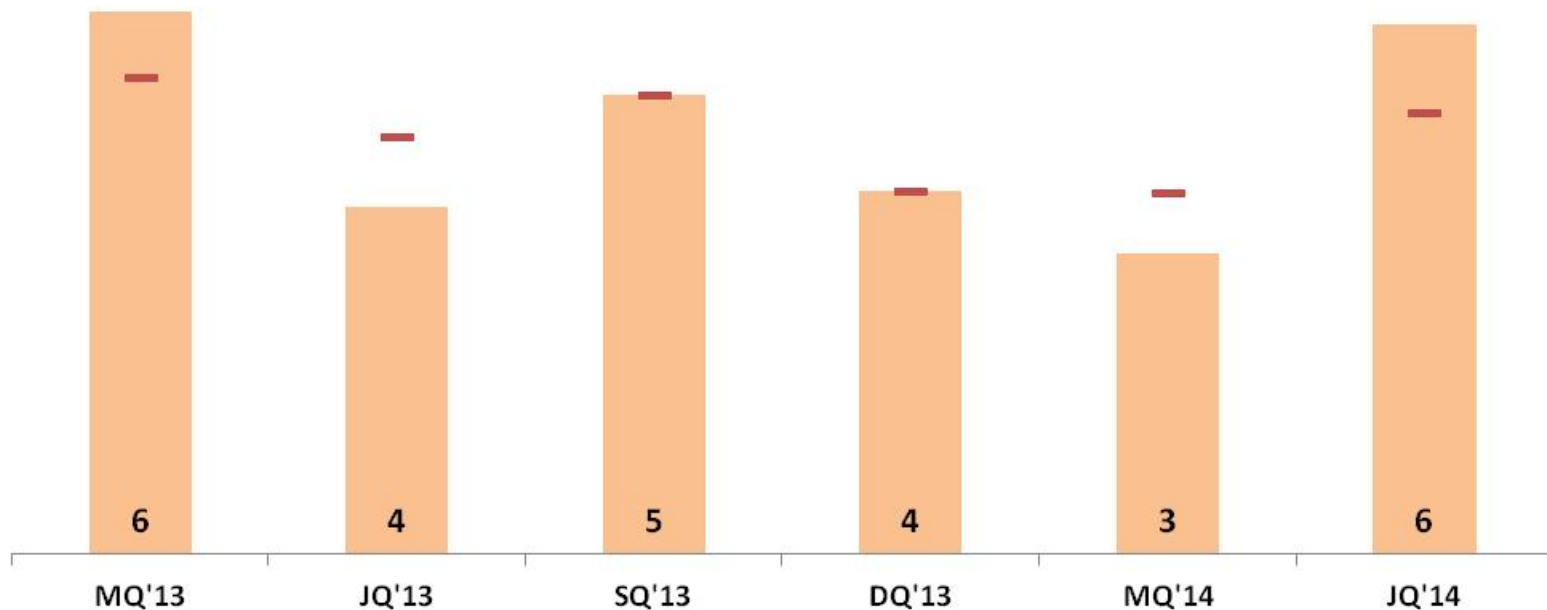
→ **Net Profit at Rs. 1057 crores, up 4%**

- Growth impacted by exceptional items – high property sales and tax credit in base quarter

Healthy volume growth in a slowing market

Underlying Volume Growth

Reported UVG Intrinsic UVG



* Intrinsic UVG is after adjusting for impact of transport strike related up-stocking at end March 2013

Double digit growth across all segments

	<i>Sales growth %</i>
Soaps & Detergents	13
Personal Products	15
Beverages	10
Packaged Foods	18

Domestic Consumer grows at 13%

CATEGORY HIGHLIGHTS

Winning with Brands

Continued focus on innovations

GET
lustre & hi-shine lips!

WITH 15 SHADES OF
LAKMÉ ABSOLUTE
GLOSS ADDICT



ब्यूटी सोप्स का नया सितारा.
पहली बार सुंदर फूलों के इन्फ्लोरेंस के साथ बना तबल.
इसमें है नैसर्गिक एंजिम सिलिकॉन और दुनिया के
बेहतरीन परफ्यूम, जो दें आपको महकती, कोमल त्वचा.

नया LUX



POND'S
MEN

NEW POND'S MEN
FACE KA CHARGER

GET BRIGHT + RECHARGED

WITH COFFEE BEAN EXTRACTS



closeup
DIAMOND
ATTRACTION

CO-CREATED
WITH
COSMETIC
DENTISTS

VISIBLELY
WHITE TEETH IN
1 BRUSH



"INDIA'S BEST EVER TEA"

TAJ MAHAL
A FLAVOUR OF
DARJEELING

What's Te!

Niladri Kumar
Sitar maestro



Winning with Brands

Impactful 360 activation

NEHAS OF INDIA

Calling all Nehas to come and play with their hair.

NEHAS OF INDIA

ATIRCH AND COUNTER

BJP drops 'harsh' poll anthem to project softer, positive Modi

ATIRCH AND COUNTER

BJP leader looked for threatening Modi critics

Panar ships Rahu's rally

Sonia cancels campaign in state, sparks health scare

BCCI split on Shastri in scam probe panel

Teen ages SAT gets call from top US univs

254 Indian women die in 'unethical' clinical trial

POND'S

OUR POND'S WHITE BEAUTY BB+ 'SELFIE READY' WINNERS

SELFIE READY

STAR SPORTS

MAX FAIRNESS Multi Expert

AN EXPERT SOLUTION FOR A CONSISTENT PERFORMER, Fair & Lovely MAX FAIRNESS CREAM

MAX FAIRNESS Multi Expert

Vodafone IN 01:54 pm 23%

Sponsored

Don't let the tiredness of a late night match show on your face the next morning.

#getRecharged with #FaceKaCharger

POND'S MEN

#FaceKaCharger

Knorr

Chhoti bhook mitao...

Sirf ₹10* mein

Cup a Soup

For 16 g

ALIA BHATT PLAYS A SUNSILK BRAND MANAGER

<https://www.youtube.com/watch?v=rmcDr1LFB4E>

SUNSILK NATURAL RECHARGE ON TOH BAAL SUPER STRONG!

sunsilk NATURAL RECHARGE

In the movie 2 States, Ananya made a strong impression and bagged her dream job as a Sunsilk Brand Manager. Now you too can live your dream job for a day, just log onto www.facebook.com/sunsilkhairexperts

ITS RAINING ROMANCE... 100CR.

ROSS WORLDWIDE!!

sunsilk CELEBRATES 2 STATES

IN CINEMAS 18TH APRIL



DULHANIYA KO PAANA ASAN NAHI HAIN, PAR FACE KE CHARGER KA JOSH HUMPTY SHARMA KE SAATH HAIN.

DHARMA PRODUCTIONS

POND'S MEN

Humpty Sharma is Dulhania

11th JULY

MISSED CALL DO, HUMPTY SE MILLO. DIAL 09223910101

Skin Cleansing

Double digit growth



→ Dove leads category performance

→ Pears, Lux, Liril, Hamam and Lifebuoy deliver double digit growth

- Lux re-launched with improved product sensorials and aesthetics

→ Step up in price growth; judicious pricing and cost savings to manage input cost inflation

→ Liquids perform well led by Lifebuoy handwash



Home Care

Double digit growth led by the premium segment



→ Laundry

- Surf delivers one of its strongest quarters
- Rin accelerates across both powders and bars
- Wheel growth improves post re-launch
- Comfort continues to do well and lead market development



→ Household Care

- Double digit growth led by robust performance on Vim



Skin Care

Double digit growth in a challenging market



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

- FAL continues to build momentum post relaunch
- Pond's growth led by premium skin lightening and talc
- Lakme buoyed by CC cream and Perfect Radiance range

→ **Launch of Pond's Men range (Moisturizer + Facewash)**

→ **Facial cleansing portfolio sustains strong broad based growth**



Hair Care

Volume led double digit growth



→ Shampoos deliver another quarter of strong performance

- Dove performance accelerates
- Clinic Plus continues to do well; TRESemmé making good progress
- Broad-based growth across formats; sachets grow faster

→ Conditioners market development sustained

Oral Care

Continued investments to sustain competitiveness



→ Close Up delivers double digit growth

- Core re-launched; 'Diamond Attraction ' introduced
- Small packs leading growth

→ Pepsodent recovery underway



Color Cosmetics

Innovation led double digit growth



→ Lakme sustains strong growth led by premium make up

- 9 to 5 and 'eyeconic' doing very well
- Exciting launch of the Lakme Absolute Gloss Addict range



→ Elle 18 delivers another robust performance

Beverages

Double digit growth in Tea and Coffee



→ Tea growth led by strong volumes

- Driven by strengthened brands & sharper in-market activation
- Green tea delivers another good quarter; continued focus on market development
- Premium offering 'Taj – A Flavor of Darjeeling' launched
- Tea price growth fades

→ Coffee growth steps up; Bru Gold sustains momentum

Packaged Foods

Double digit growth in Kissan, Knorr & Kwality Walls



→ **Kissan sustains strong growth momentum**

- Driven by impactful market development

→ **Knorr growth led by Soups; Instant Soups more than double**

- Driving product experience and trial generation

→ **Kwality Walls and Magnum deliver a strong quarter**

- Sharper in-market execution during extended summer season



MAGNUM
ENJOY THE ROYAL TREATMENT


KWALITY WALL'S™



- Pureit continues to strengthen its category leadership
- Growth driven by the premium end
 - Pureit Ultima (RO + UV) well received
- Modern Trade and Pureit Perfect Stores lead growth

JQ 2014

Results summary

Rs Crores			
Particulars	JQ'13	JQ'14	Growth %
Net Sales*	6,687	7,571	13
PBIT	1019	1,250	23
PBIT margin (%)	15.2	16.5	130 bps
PAT bei	885	1020	15
Net Profit	1019	1057	4

* Domestic Consumer grows at 13%

JQ 2014

PBIT to Net Profit

Rs Crores			
Particulars	JQ'13	JQ'14	Growth %
PBIT	1019	1250	23
Add : Other Income	177	202	
Less : Finance Costs	6	6	
Exceptional Items – Credit / (Charge)	106	40	
PBT	1296	1485	15
Less : Tax	(277)	(428)	
Net Profit	1019	1057	4

- Other income includes
 - Interest, dividend and net gain on sale of other non trade current investments of Rs. 88 crores (JQ'13: Rs. 80 crores)
 - Net gain on sale of non current investments Rs. 106 crores (JQ'13 : Rs. 73 crores)
 - Interest on income tax refunds of Rs. 8 crores (JQ'13: Rs. 24 crores).
- Employee benefit expenses include a one-time credit of Rs. 32 crores for un-utilized pension corpus adjustment
- Exceptional items include profit on sale of surplus properties of Rs. 40 crores (JQ'13: Rs. 106 crores)
- Taxation includes net write back of excess tax provisions of earlier years of Rs. 11 crores (JQ'13: Rs. 64 crores)
- Effective tax rate for the quarter is 29.5% (JQ'13: 25.6%)

Competitive and profitable growth sustained

- 13% Domestic Consumer growth, ahead of market
 - 6% underlying volume growth (transport strike impact in base quarter)
- PBIT margin expands +130 bps
 - Inflation impact, competitive A&P spend, one time pension credit, operating efficiencies

Looking ahead

- **Continued headwinds - market growth, consumer spending and inflation**
- **Positive on the medium-long term outlook for FMCG**
- **Strategy unchanged**
 - Manage the business for long term growth
 - Consistent, Competitive, Profitable, Responsible Growth
 - Invest to strengthen the core and lead development of emerging categories
- **HUL well positioned : Brands, Capabilities, Talent**

For more information & updates

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



HUL INVESTOR APP

