



Hindustan Unilever Limited

Hindustan Unilever Limited

Investor Presentation
Citigroup India Conference

S Srinivasan

VP Treasury M&A & Investor Relations
Hindustan Unilever Ltd.
11th & 12th March, 2008



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Agenda

Overview

India Opportunity

HUL - Uniquely Placed

Financials & Summary

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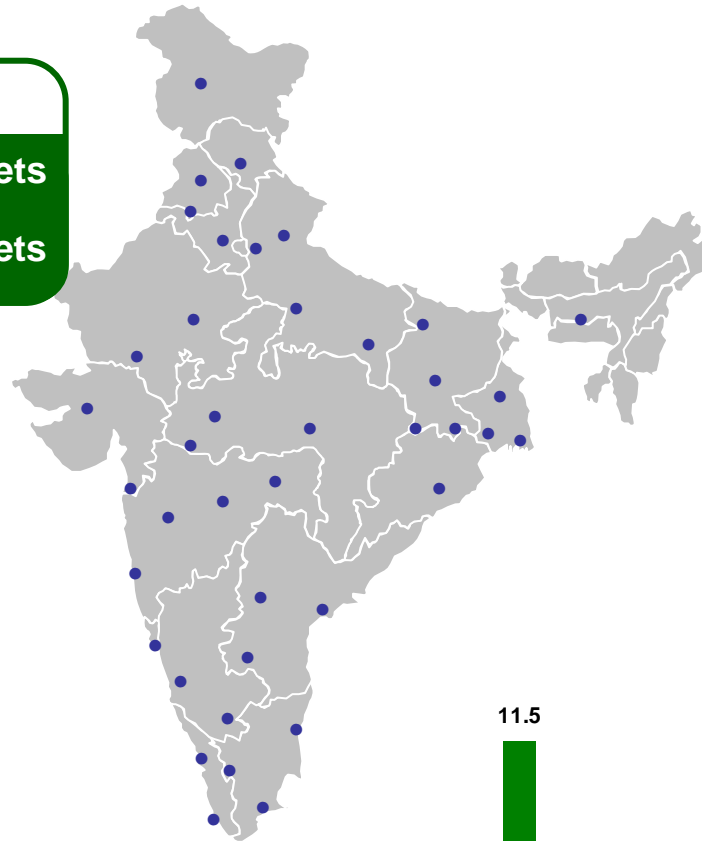


Hindustan Unilever – a 75year history

Population 1027 Mln

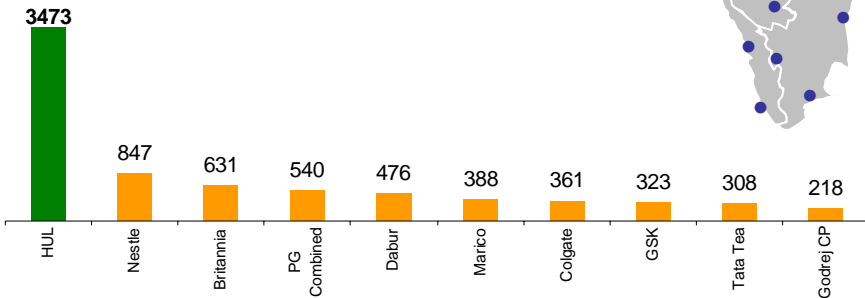
5,545 Towns 2.5 Mln outlets

6,38,000 Villages 5.0 Mln outlets

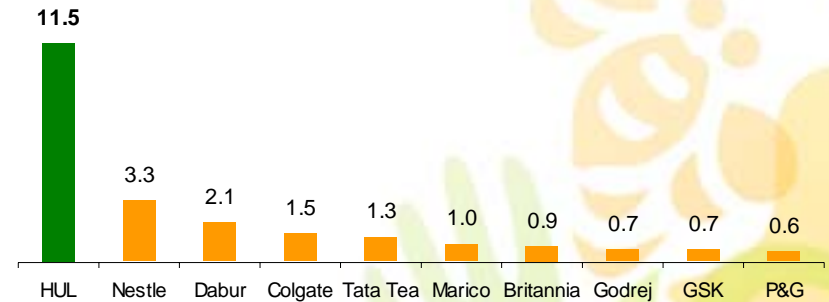


- ~ 15,000 employees
- ~ 1,200 managers
- ~ 2,000 suppliers & associates
- ~ 75 Manufacturing Locations
- ~ 45 C&FAs, 4,000 Stockists
- ~ Total Coverage 6.3 Mln Outlets
- ~ Direct Coverage 1 Mln outlets

Turnover \$ Mln



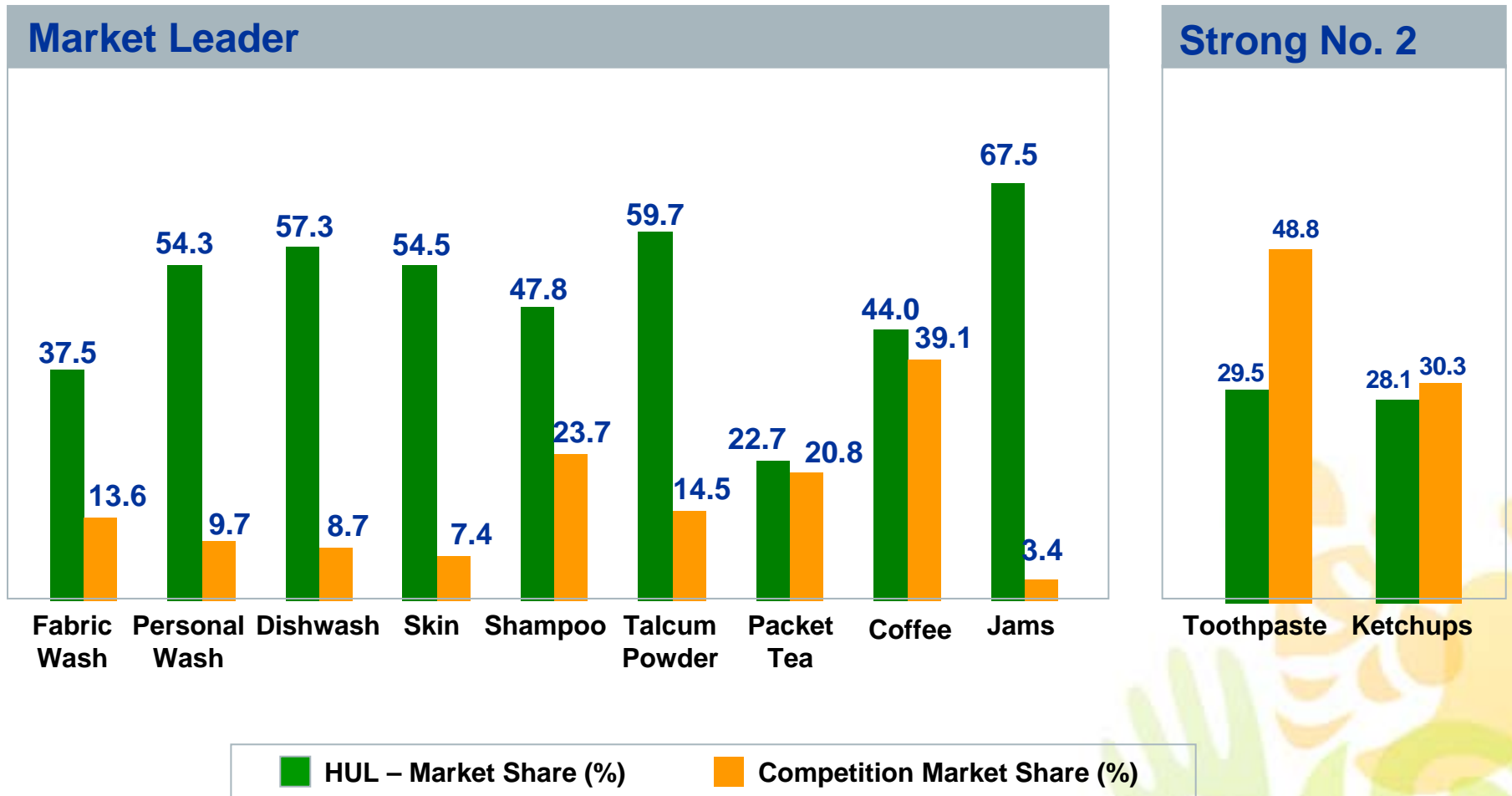
Market Cap \$ Bln



* Source:

- (1) Statistics on India, Total Coverage : AC Nielsen, Census of India 2001
- (2) Statistics on Market reach : MRUC, Hansa Research - Guide to Indian Markets 2006
- (3) P&G Turnover estimated turnover of PG HH, PG HP and Gillette
- (4) Turnover 2007 for all companies as per published accounts, where available

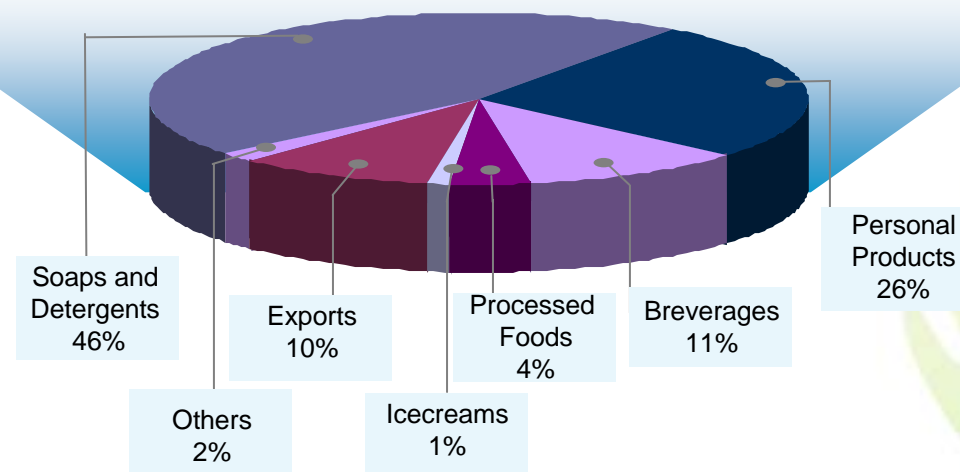
Leadership across Diverse FMCG Categories



Source : A.C Nielsen - Quarter Ended Dec 2007 Value shares

Financial Overview 2007

	Mn \$
Turnover	3473
EBIT	499
EBIT %	14.4%
PAT (bei)	448
Reported Profit	487
EPS	21c
Market Capitalisation	~11500
Operating Cash Flow	419



* Figures based on FY 2007 Audited Results ++ Market Capitalization as per NSE as on 6th Feb 2008

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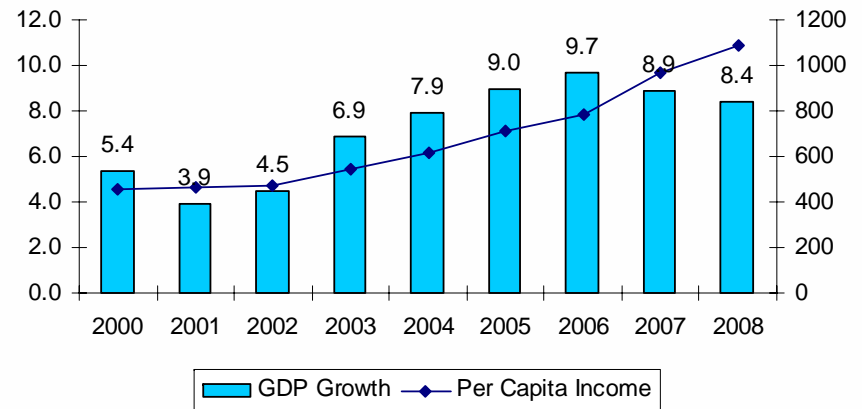
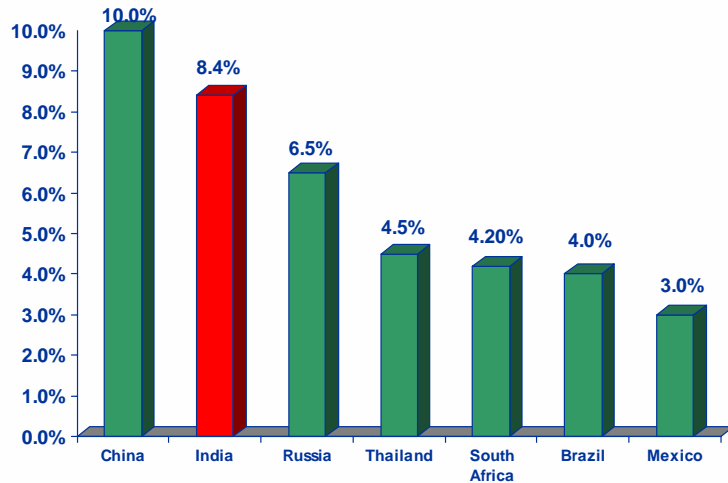
Opportunities & Challenges



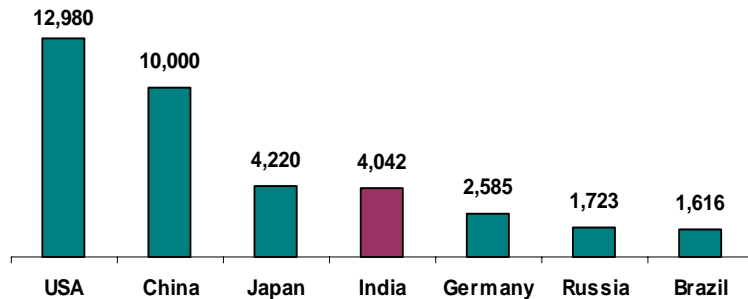
- India and its consuming class
- Increasing per capita income drives FMCG growth
- Opportunity to grow consumption and penetration
- Large scale potential to grow Foods
- Evolving trade structure



India: Leading Emerging market Economy



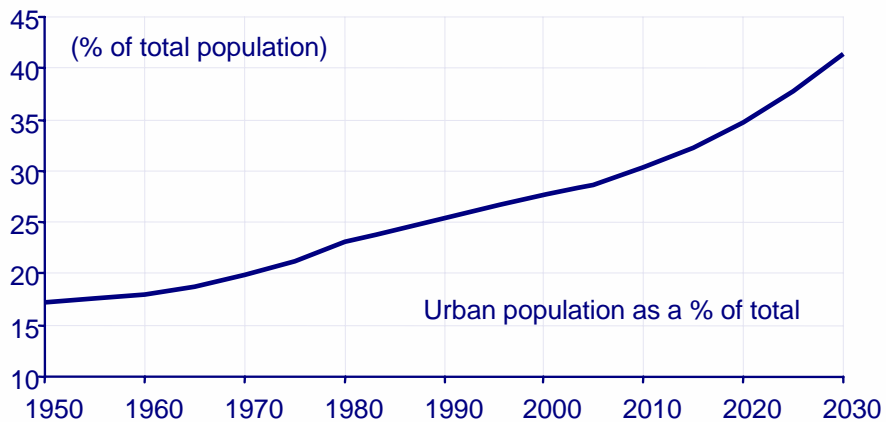
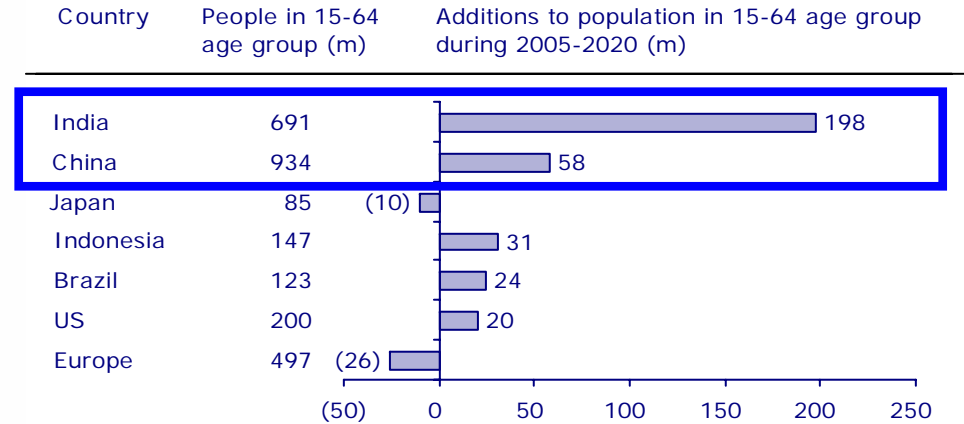
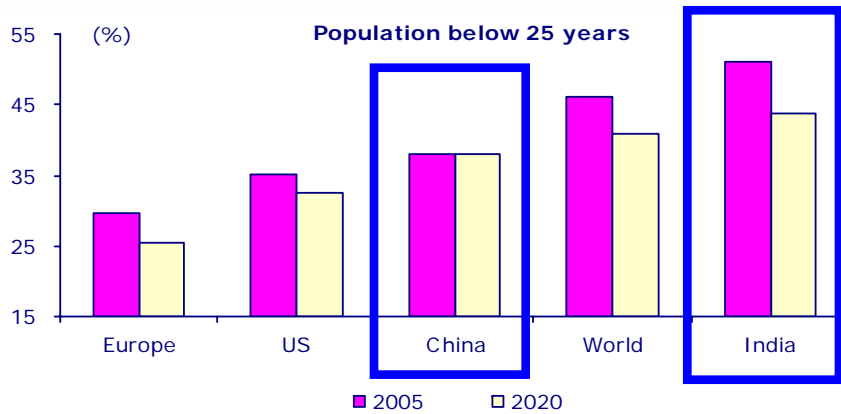
Leading Economies in the World
USD Billion (PPP basis, 2006)



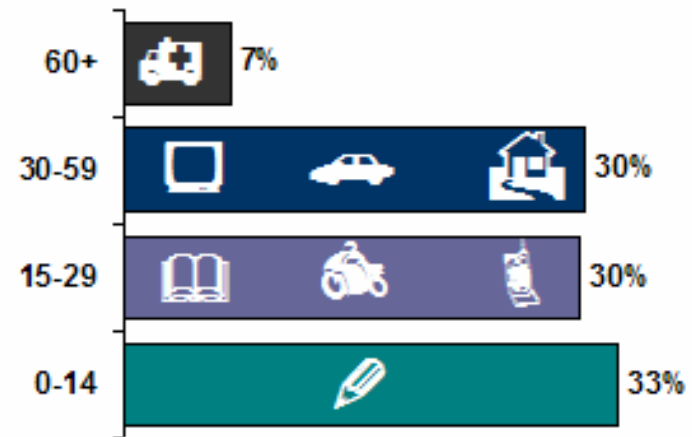
* Source Euromonitor

Per capita Disposable Income (\$)

Favourable Demographics

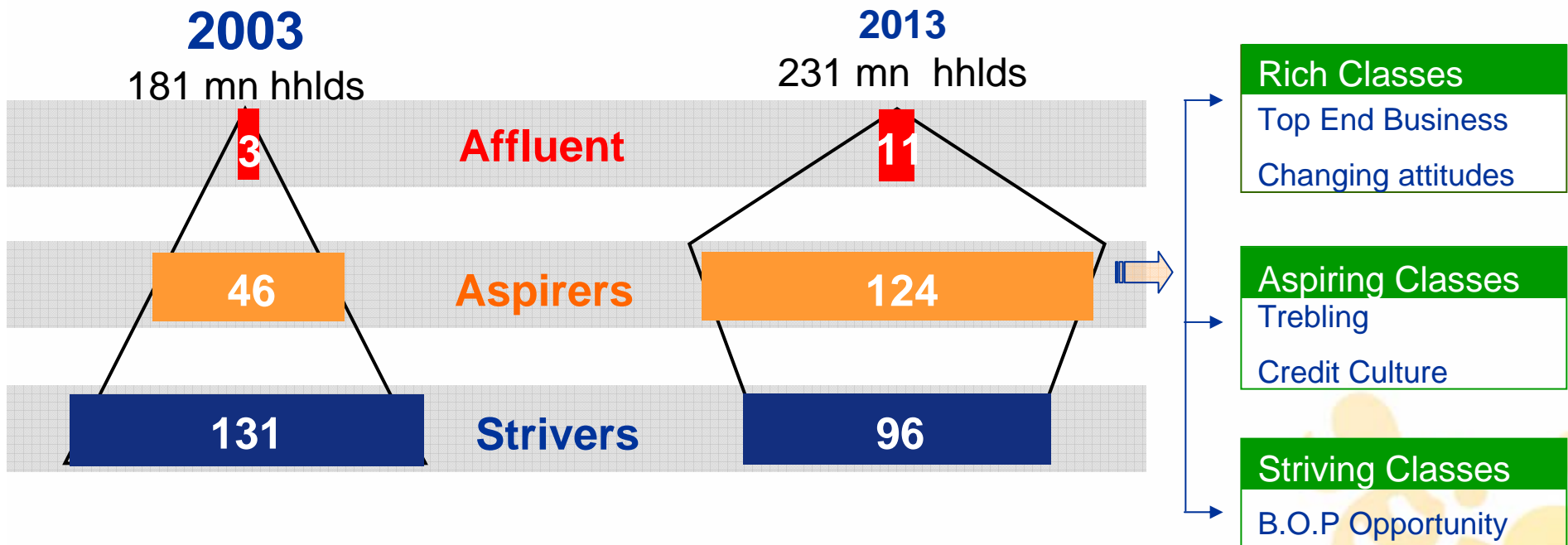


Age-wise Population Distribution (2006)



* Family Budget Study

India - 2013



**The shape of India is going to change...
from a pyramid to a diamond**

Evolving trade structure...

Modern Trade



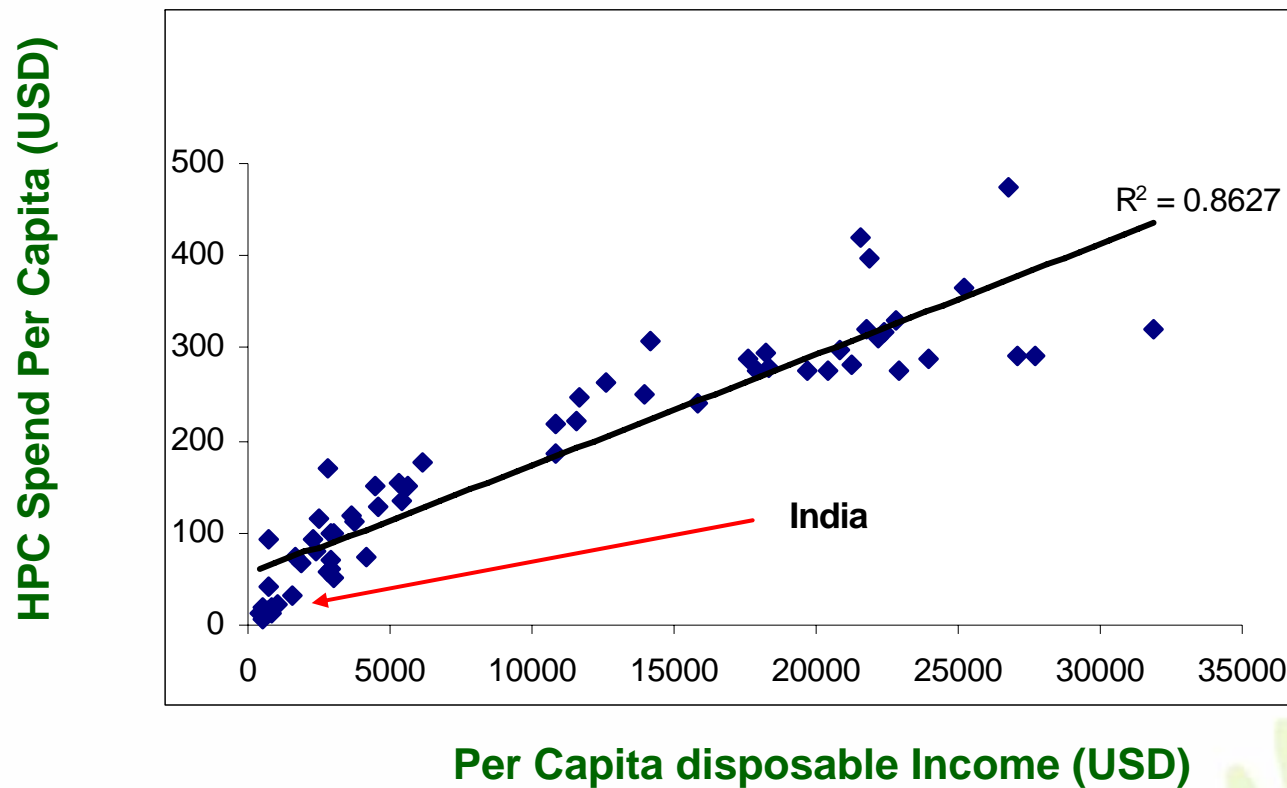
General Trade



Year	Modern Trade	General Trade
2007	5%	95%
2010	10%	90%
2025	25%	75%

Increasing per capita income drives FMCG growth

Disposable income per capita vs HPC spend per capita

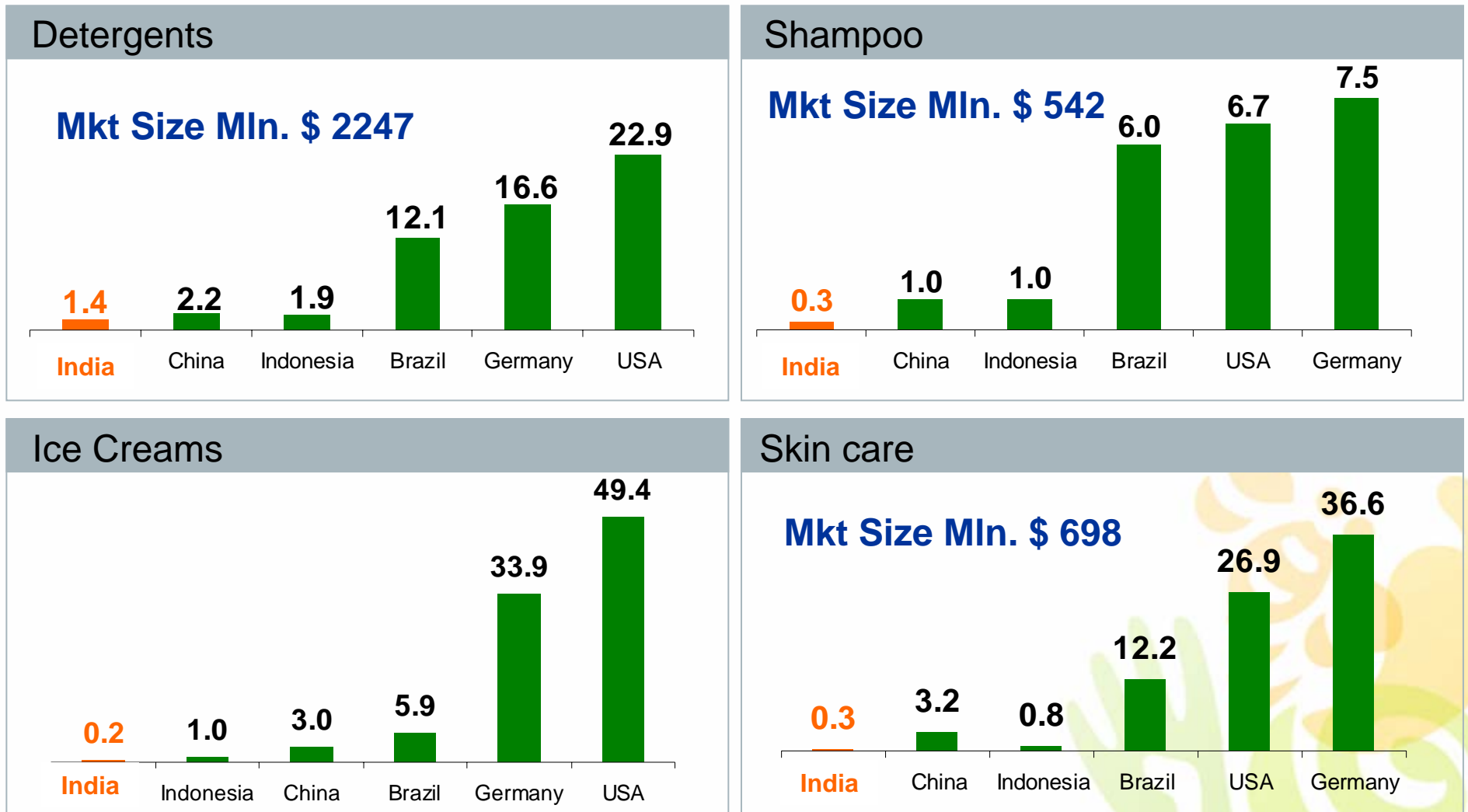


Per capita incomes drive consumption

Source: Euromonitor, Morgan Stanley Research' 2006

Opportunity to grow consumption

Per Capita Consumption (US \$)



Source : Euromonitor, 2006

Opportunity to grow penetration

Penetration %*

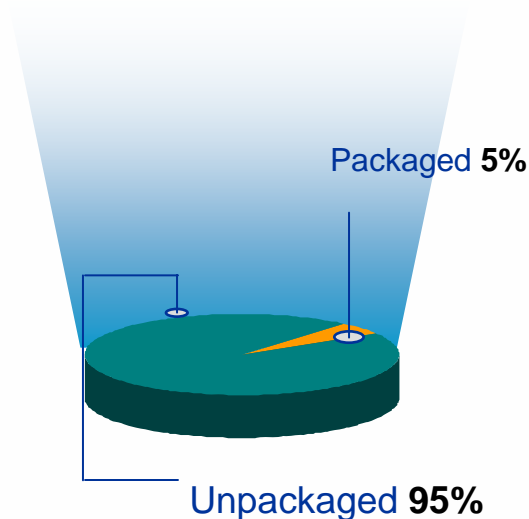
Category	All India %	Urban %	Rural %
Deodorants	2.1	5.5	0.6
Toothpaste	48.6	74.9	37.6
Skin Cream	22.0	31.5	17.8
Shampoo	38.0	52.1	31.9
Utensil Cleaner	28.0	59.9	14.6
Instant Coffee	6.6	15.5	2.8
Washing Powder	86.1	90.7	84.1
Detergent Bar	88.6	91.4	87.4
Toilet Soap	91.5	97.4	88.9

Source : MRUC, Hansa Research - Guide to Indian Markets 2006

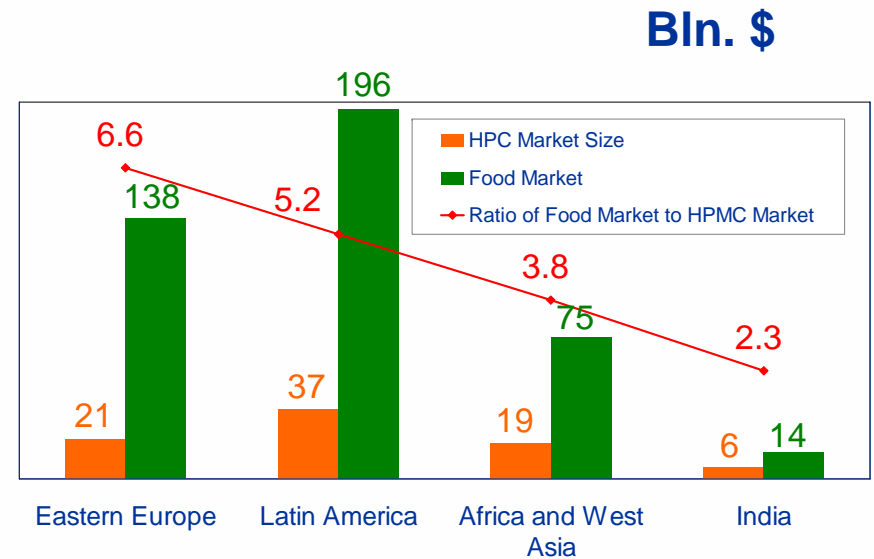
*Penetration numbers based on study conducted by Indian Readership Survey, on a sample size of ~250,000 based on usage in 6 months

Foods Opportunity...

- Packaged Food Market \$14 Billion
- Largely Urban (80%), rapid historical growth: 13%
- Poised to accelerate: Income Elasticity of 1.33



Source: Euromonitor, Family Budget Study



But bulk of food is still consumed fresh....unpackaged

Overview

India Opportunity

HUL - Uniquely Placed

Financials & Summary



HUL – Uniquely Positioned to Create Value

- Our Strategy
- Competitive Strengths
- Innovation and R&D capabilities to straddle the pyramid
- Versatile distribution network
- Strong Corporate Responsibility and Governance
- Strong Local talent base





**To earn the love and respect
of India, by making a real
difference to every Indian.**



Our Strategy

- **Grow ahead of the market by leading market development activities**
- **Leverage positive impact of growing Indian economy on consumer spending**
- **Grow a profitable foods and Top end business**
- **Grow the bottom-line ahead of top line**
- **Strong commitment to sustainable development**



An unmatched brand portfolio

6 MEGA BRANDS ~ \$ 150 to 200 mn each, 53% FMCG portfolio



Portfolio straddling the pyramid across categories

Particulars	Laundry	Soaps	Shampoo	Skin	Toothpaste	Tea	Coffee
Market Size - \$ mln	2247	1658	542	698	691	1113	177
HUL Share	37.5%	54.3%	47.8%	54.5%	29.5%	22.7%	44.0%
Nearest Competitor	13.6%	9.7%	23.7%	7.4%	48.8%	20.8%	39.1%



Category Leadership: Laundry



YEH DAAG HATAAO. SCHOLARSHIP JEET JAAO!

There's a great prize to be won with Surf Excel! To receive your share of the prize, you need to get your clothes clean with Surf Excel for 10 days. If you get 10/10, you win a Rs. 10,000 scholarship. If you get 9/10 you win a Rs. 5,000 scholarship.

For any other scores, simply buy Surf Excel for 10 days to get your prize money. Collect them to add up your score to 10/10!

For e.g. "10/10" (10/10) get one exclusive "Surf Excel" sports bag and extra Rs. 1000! "9/10" (9/10) get one exclusive "Surf Excel" sports bag.

So what to buy? Buy Surf Excel. Buy Surf Excel for 10 days. It cleans your clothes and your clothes stay with you for long.

Surf Excel 10/10 contest, C/O Alpha Data Centre, 43 Park St., 4000 Singapore S.P., Mumbai 400 004, India.

For any queries, call us toll free on 1 800 225 000.

WIN 5-LAKH SCHOLARSHIP

WIN 10,000 SCHOLARSHIP

SCORIFY 600 SPORTS BAG

BONUS FOR EXCELLENCE 100000

10/10 CONTEST

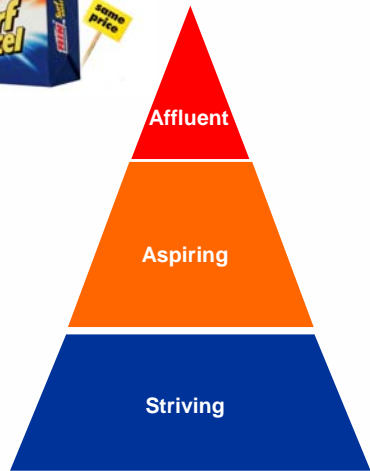
Surf Excel

Notes: You can't win more than one such free cloth to add a score of 10/10.

Terms & conditions: * For first 10,000 entries only. Offer valid till Feb. 28, 2007. Prizes also available without this offer.

Rin Supreme ban gaya Surf Excel bar

same price



सूखा रहे रिन. चले ज्यादा दिन.

Surf Excel

Mrs. Sharma saves two buckets of water everyday with Surf Excel.

WANT YOUR CHILD TO BE IN THE NEXT SURF EXCEL AD?

Mark your most difficult to clean area from these 10 and your child & you could feature in the next Surf Excel print ad!

Tell us why have you chosen this as your difficult to clean area.

Get this advertisement out and send it to Surf Excel 10/10 Contest, C/o Alpha Data Centre, Post Bag No. 3004, Orpinan H.P.O, Mumbai 400 004, India. The first 1000 entries will get a 1 kg pack of Surf Excel Washwash for free!

Surf Excel

removes stains 10/10

Now Surf Excel with Blue Energy. Removes stains from the 10 most difficult to clean areas.

TERMS & CONDITIONS: 1. Participants must be aged 10 years and above. 2. The contest is open to all India. 3. The contest is open to all India. 4. The contest is open to all India. 5. The contest is open to all India. 6. The contest is open to all India. 7. The contest is open to all India. 8. The contest is open to all India. 9. The contest is open to all India. 10. The contest is open to all India.

Strong Global Brands: Dove Hair Care

VERDICT



Zero, the perfect score for beautiful hair

Top 23 Cities



Month	Score
May'07	0.7
Jun'07	1.8
Jul'07	2.5
Aug'07	2.8
Sep'07	3.5
Oct'07	3.9
Nov'07	3.6
Dec'07	4.3

Take a break out your hair care routine

WE all year your treasured locks hair can be beautiful range of shampoos zero damage system that repairs and provides healthy locks has — Daily, Dry and

Dove haircare

PR

DOVE DAILY THERAPY
HOW IT WORKS: Provides moisturization and active protection. It's mild, making it ideal for daily use.
THE RANGE: Shampoo and Conditioner.

THE RESULTS...
 Varsha Jethwani, Homemaker
 "Dove Daily Therapy is perfect for me because I wash my hair frequently in summer. It's gentle on the hair and gives a soft feel even while washing. The conditioner also makes the hair smooth. Together they nourish the hair and give it a healthy shine. I really love it."

DOVE DRY THERAPY
HOW IT WORKS: Formulated to restore lost moisture and stimulates. Helps deal with frizz and makes dry hair manageable.
THE RANGE: Shampoo and Conditioner.

Bhina K Shethia, Homemaker
 "Dove Dry Therapy Shampoo offers an excellent lather and has a great scent. The best thing is that the hair remains smooth for a couple of days after the wash. It has worked wonders on my dry hair and given it an amazing shine. My mom-in-law has started using it too, seeing the results on my tresses."

DOVE BREAKAGE THERAPY
HOW IT WORKS:

Monica Sharma Patnaker, Assistant Brand Manager
 "My hair goes through a lot of... thanks to my hectic... I've tried and tested different... what I liked about Dove... Therapy Shampoo was that it... really gave my hair a healthy sheen... gave it a smooth... a couple of washes itself... started responding well and..."

Modern Trade



Month	Score
May'07	0.2
Jun'07	4.2
Jul'07	7.0
Aug'07	8.8
Sep'07	8.2
Oct'07	8.5
Nov'07	9.0
Dec'07	10.0

Freelance Photographer
 "I love Dove Breakage... great! It left my... smooth and sleek and... to boot! But my... favorite is the... Hair Mask! It was... lective, one of the few... it deliver what it claims... they provide a complete... experience."

Building Category: Ponds Top End

- Superior Product
- Well trained Beauty Advisors
- Product Knowledge
- Skin Analysis methodology
- Creating Awareness among the target consumer



•98+% feel Ponds Age Miracle has made a visible difference to them

•Gained ~1.5% market share in 6 months post launch



Building category- Processed Foods

Large snacking moments

Snacking incidence	
Snack	% HHlds
Potato Chips	37
Mixture	43
Bhajiya	27
Muri (east)	27

... but low ketchup penetration

Hhld Panel	Penetration
Ketchup	17%

	North 21%	
West 16%	Metros 31%	East 25%
	South 7%	

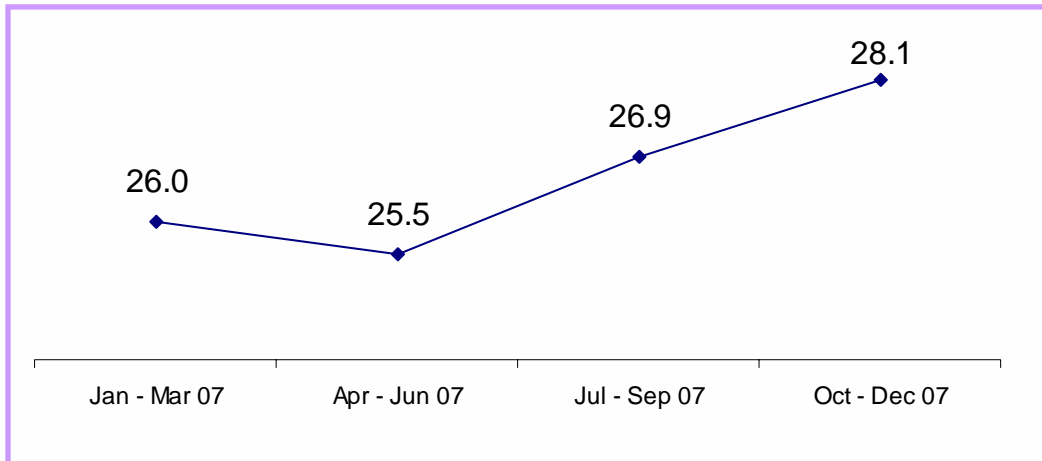
Conversion from home made dips in ethnic snacking occasions



Chatakdaar



Launched in Q407



Growing 'Out of Home' Opportunity






Growing incidence of Out of Home consumption Creating a Large & Growing Market

- 58% LSM 8+ consumers work between 9 a.m. to 6 p.m.
- Market in Premium channel estimated at 1500 cr. Growing at 23% p.a.

HUL uniquely poised to unlock the opportunity

- Dominant presence in both tea coffee & soup
- Currently serve 1.7 bill cups per annum

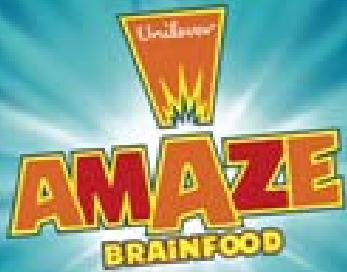
Appropriate customer/ consumer solutions to unlock value

Segment	Solution	Products
Topend		Connoisseur Tea Bags, Turbo Tea
Masstige	 	Freshly brewed coffee, Ice Tea & Cold coffee
Penetration	 	Cardamom Tea, Bru Coffee, Tea Bag Tea



Leverage key relationships for accelerated growth:

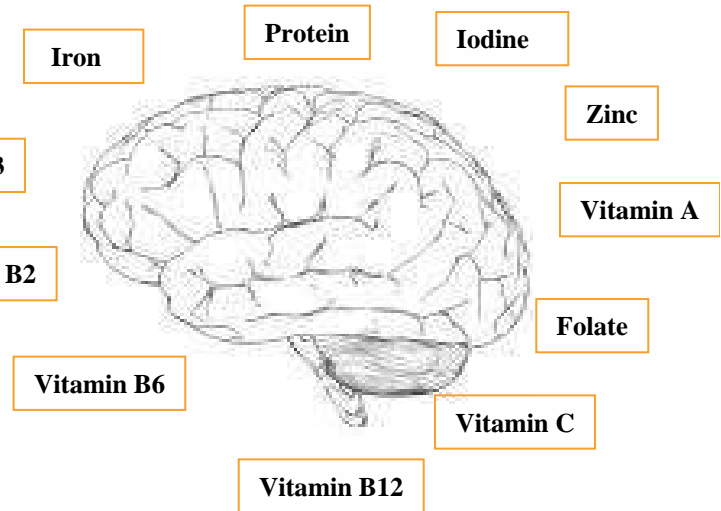




Amaze: Brain Food

- **What Scientist say:**

- The school-going period is a critical period for a child’s brain development
- Functions like reasoning, problem solving, planning, memory develop at this age.



- **Why Amaze:**

Each serving provides the right type of brain nutrients, in the right combination, giving children 33% of the daily required dosage for their mental development.”

Iron	= half Kg of spinach
Vitamin C	= 1 orange
Vitamin A	= 2 mangoes
Calcium	= 4 boiled eggs
Vitamin B6	= 4 tomatoes
Folate	= 1 cup of cooked rice

Every product also includes Omega 3&6, which are building blocks of the brain.

Water

Context

~ 220 Mln Households, where safe drinking water in short supply

Proposition: 'as safe as boiled water' without hassles of boiling
no harmful virus, bacteria, parasites, pesticides
Works without electricity & piped water



Business model based on sale of consumables

Affordable price: Cost of Unit - ~\$ 45; Cost of battery - \$ 7

Being Rolled out across key towns and urban areas



COST
220 liters of pure water for \$ 1

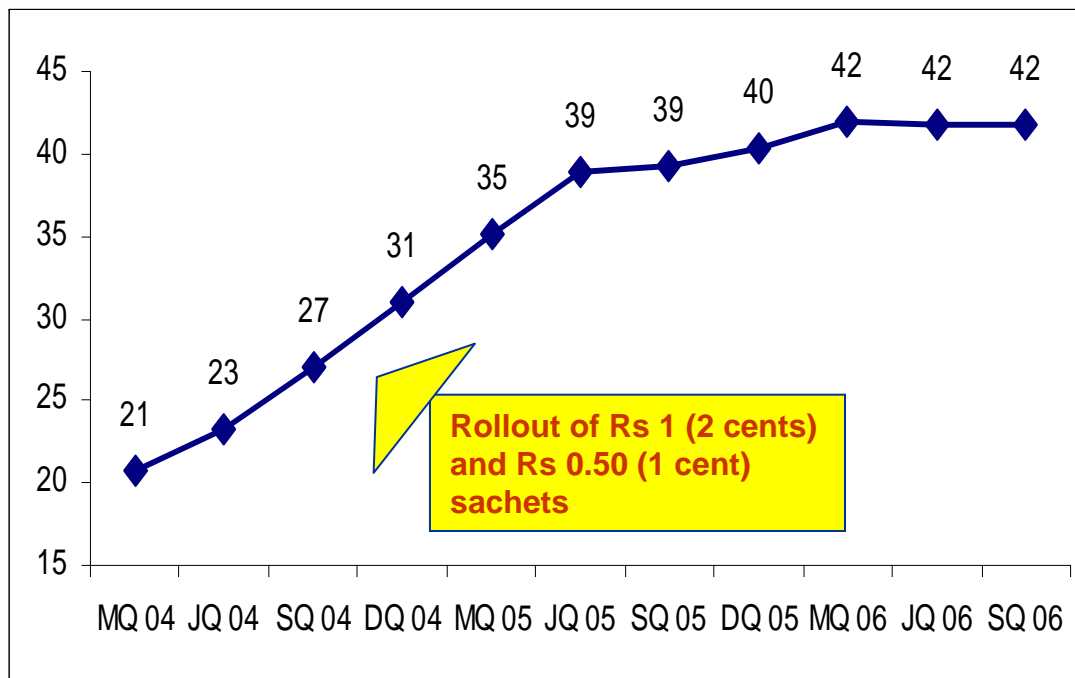
Our Strategy

Build brand image leadership & strong consumer relationship through effective communication; secure ongoing sale of consumables

Opportunity from increased penetration

Unique innovations & promotions to drive category penetration

Rural shampoo penetration : % households bought once/quarter



Low price shampoo sachets have helped drive category penetration

Innovation and R&D capabilities

- HUL leads global research in Oral, Skin and Laundry
- Some achievements:
 - Single Shot Soap making process
 - Skin Lightening Cream
 - Non Soap Detergent Bars
 - Poly coated Dish Wash Bar
 - Drinking water purifier (Pure-It)
 - Amaze



Winning with “Go to Market Approach”

Total population (In Bln.)	1.1
Number of Retail Stores (Mlns)	7.74
FMCG Market (Annual, \$ Mln)*	16448
Urban : Rural Ratio	67:33
FMCG Growth (Value %)	11
Store Density (Stores Per 1000 People)	6.8
Per Capita FMCG Spend (Annual,\$)	14.5

Distribution Strength

Direct coverage – 1 million outlets
Brands reach – 6.3 million outlets

**Strong IT capability, end to end
connectivity**

**Unique channel Initiatives to Win at
“Point of Purchase”**

**Portfolio of category and Brands
give unique reach in Modern Trade**

**Project Shakti, a competitive
advantage in Rural India**

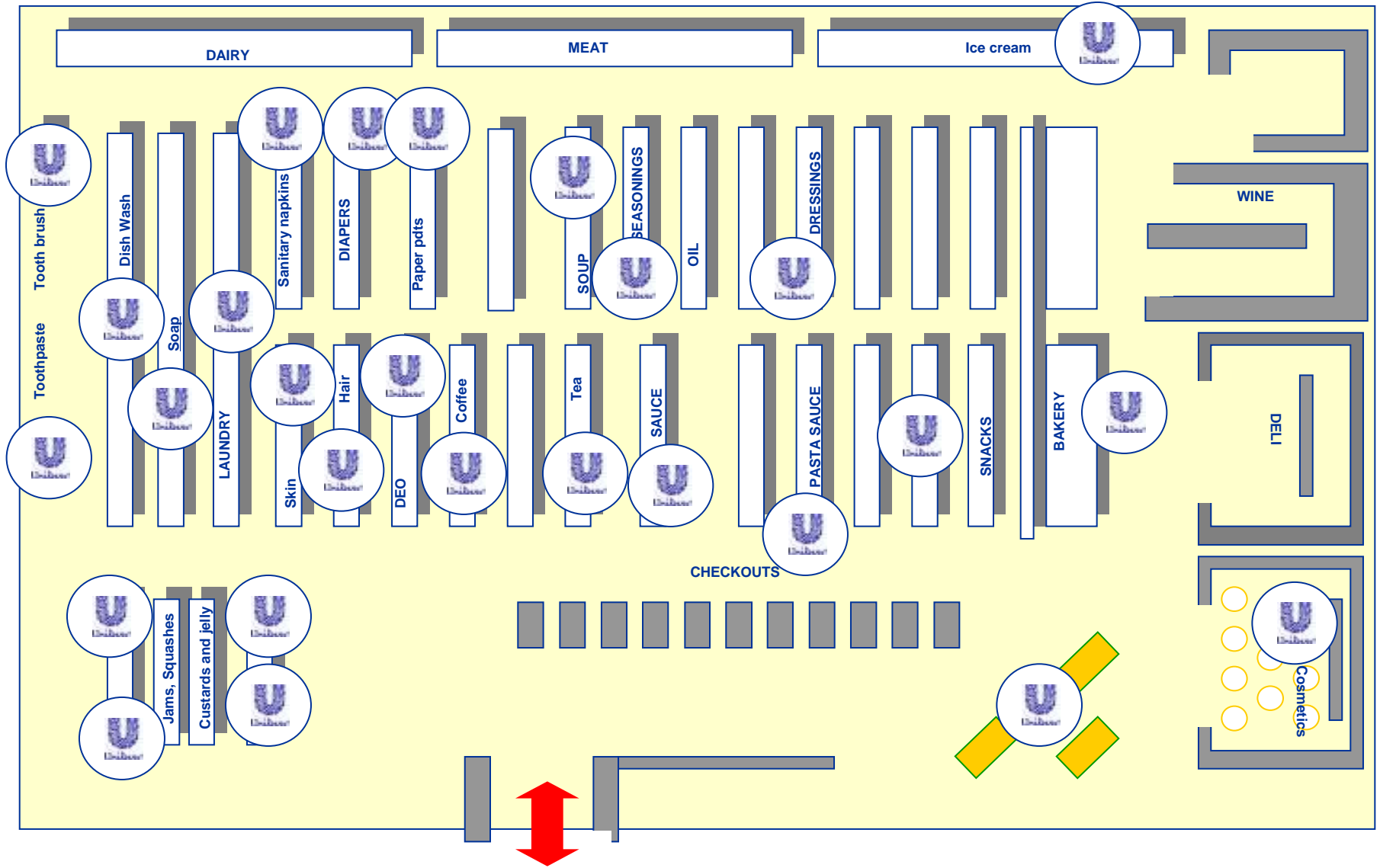
HIGHEST STORE DENSITY IN THE WORLD !

Source AC Nielsen

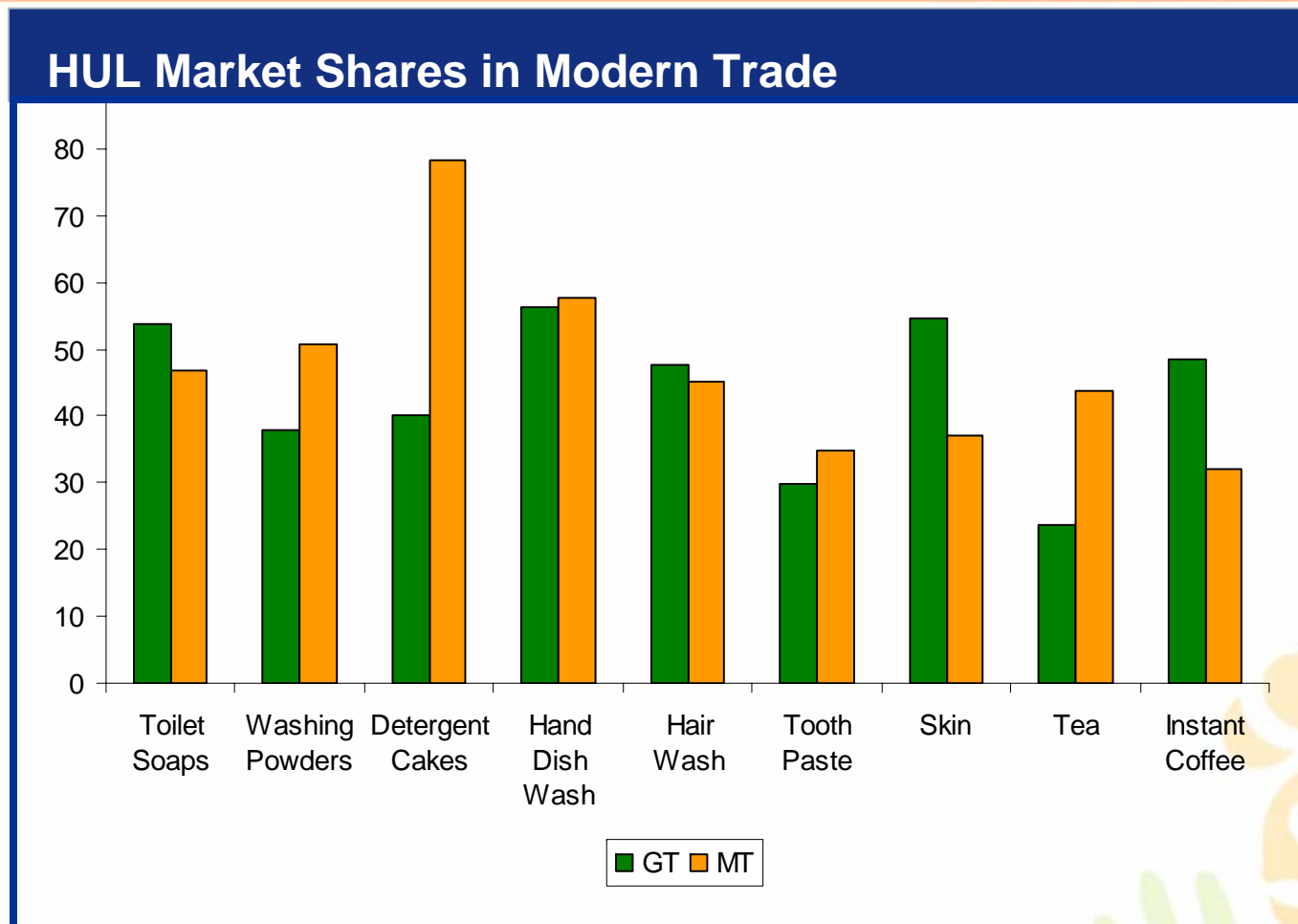
New Channel Initiatives

Channels	HUL Programs	
Family Grocers	SVS/ FLO	
Chemist	Unicare	
Fancy	Beauty zone	
Kiosk	K- LINE	
Rural	Superstar & Shakti	
Wholesale	Vijeta/ Sambandh	

What sets us apart - Reaching Shoppers



Organized retail - A source of competitive advantage



HUL Modern Trade (MT) Shares are higher than its General Trade (GT) shares in many categories

Project Shakti- Enabling direct rural reach

- **To Reach:**
 - Small, scattered settlements and poor infrastructure make distribution difficult
 - Over 500,000 villages not reached directly by HUL
- **To Communicate:**
 - Low literacy hampers effectiveness of print media
 - Poor media-reach: 500 million Indians lack TV and radio
- **To Influence:**
 - Low category penetration, consumption, brand awareness
 - Per capita consumption in Unilever categories is 33% of urban levels



Shakti

Three Shakti initiatives

- Shakti entrepreneur; currently ~ 44000 women cover 1,25,000 villages
- Shakti Vani: one-to-many communication for category growth
- iShakti: customized interaction with remote consumers

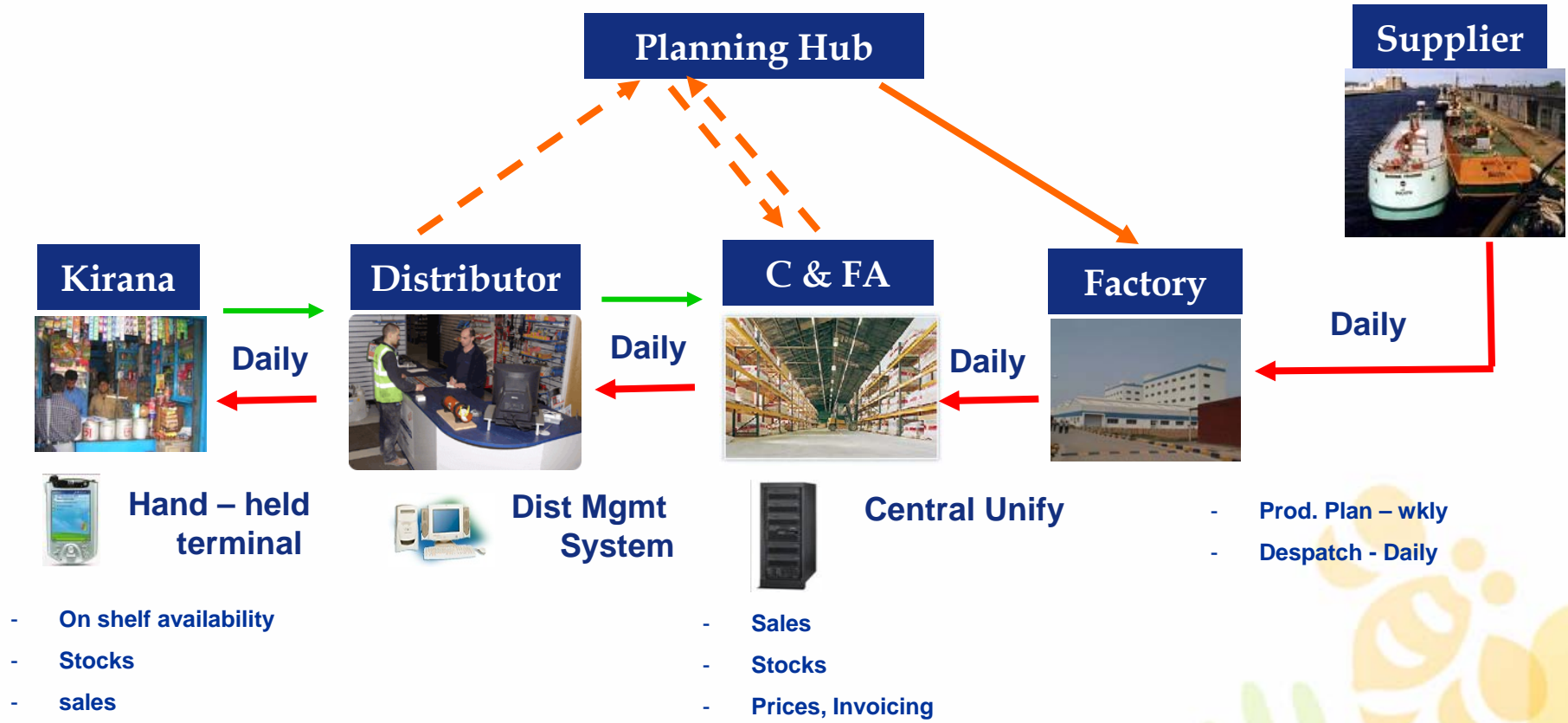


Impact on community

- Business and social impact can go together
- Partnerships with diverse stakeholders



Capabilities :Leveraging IT for Growth



35 Brands, 1500 skus 45 Depots, 4000 stockist

Corporate Responsibility – Aiding in the Development of the Country

- **Lifebouy Swasthya Chetana** - Health & Hygiene
- **Shakti** – Empowerment of women through micro-enterprise Opportunity
- **Yashodadham** - Relief and Reconstruction in Gujarat's Kutch district
- **Asha Daan** - Happy Home actively supported by HUL

Combining corporate responsibility and business strategies to aid development of rural India



Overview

India Opportunity

HUL - Uniquely Placed

Financials & Summary



Key Financials

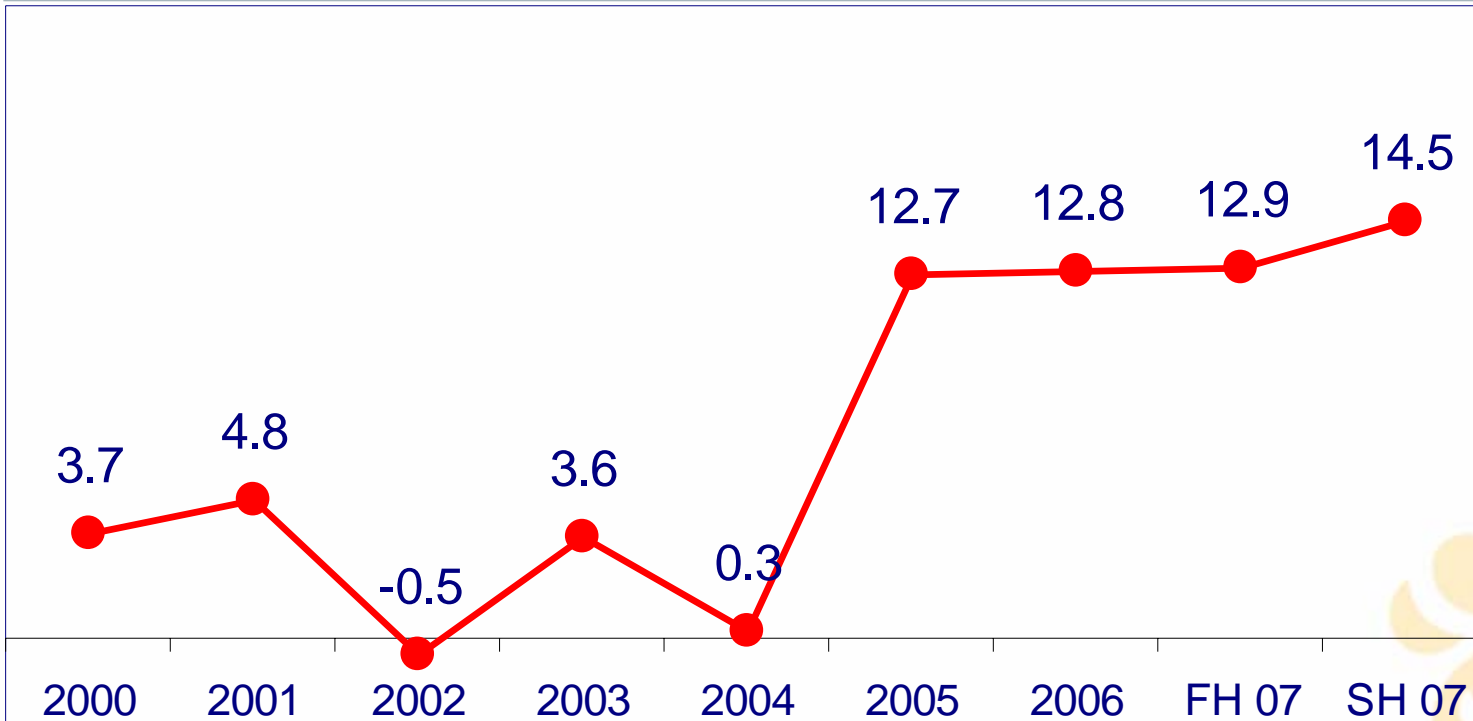
	2007	2006	2005
Reported Growth	13.3%	9.4%	11.4%
Continuing sales growth*	13.5%	10.0%	11.5%
EBIT/ Sales %	14.4%	14.1%	13.3%
EBIT Growth	15.4%	16.2%	1.1%
Operating cash flow*	\$419 Mn	\$365 Mn	\$489 Mn

* Before restructuring, disposal

As per audited financial statements of the company; accounting as per Indian GAAP

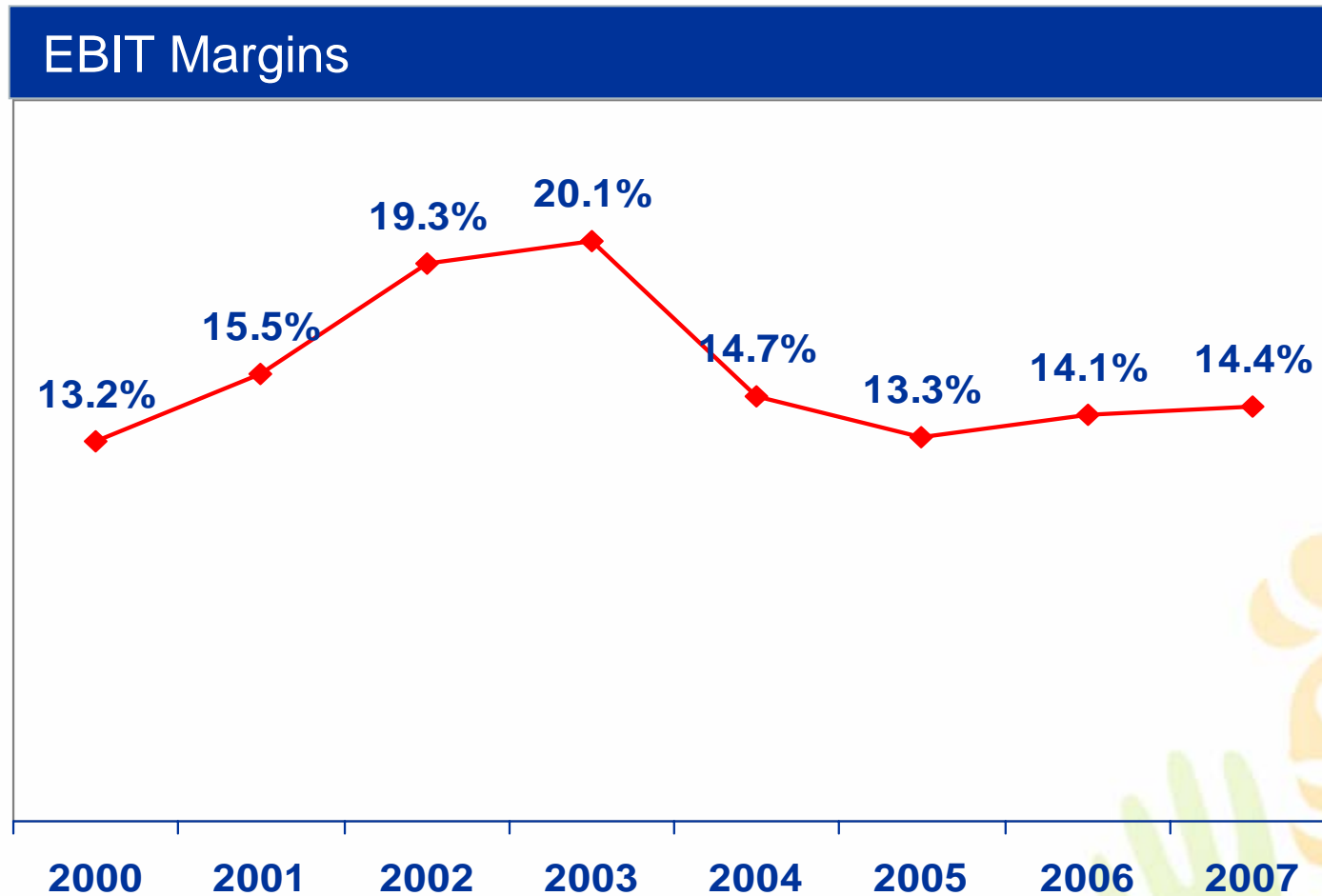
Robust FMCG growth

HUL FMCG Sales growth %



As per audited financial statements of the company; accounting as per Indian GAAP; Sales growth is worked out on a continuing basis i.e. after adjusting the base for disposals etc.

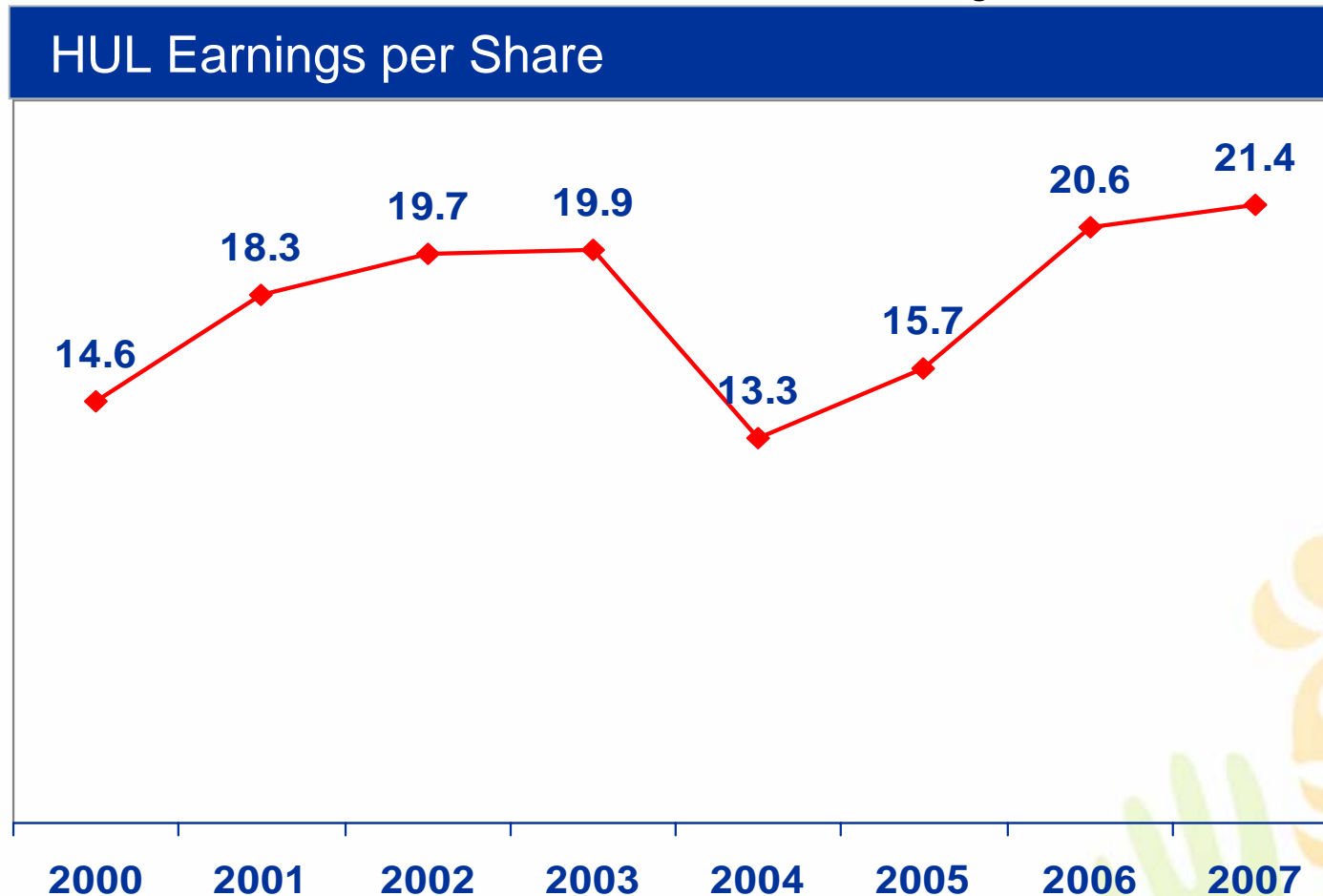
EBIT Margins



As per audited financial statements of the company; accounting as per Indian GAAP.
Sales for the above calculations is Net sales (Gross Sales- Excise Duty)

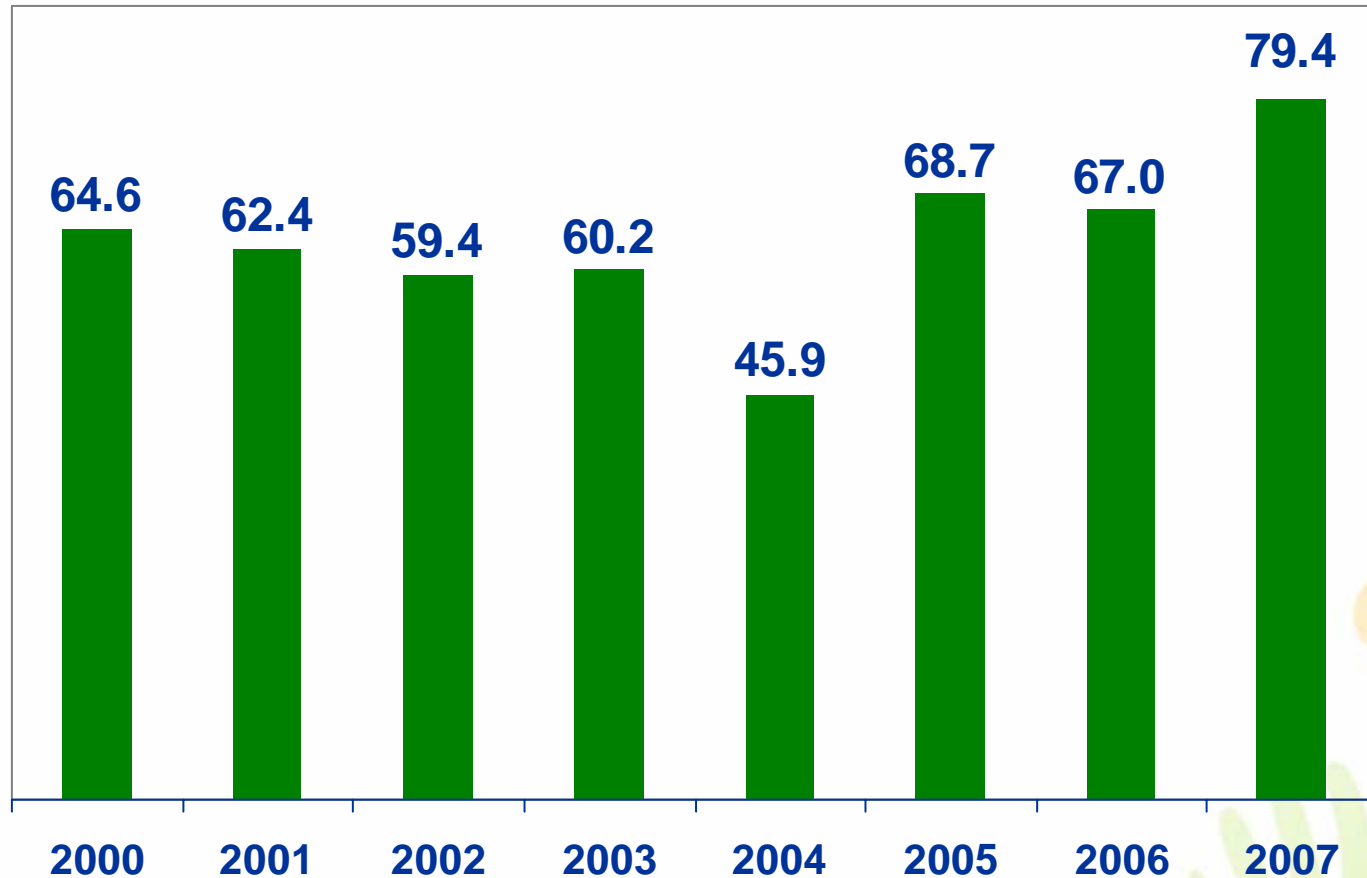
Earnings per Share

Figures in US \$ cents



As per audited financial statements of the company; accounting as per Indian GAAP
Earnings per Share= Net Profit (aei) /No. of Shares; Calculations in constant turnover terms

Return On Capital Employed

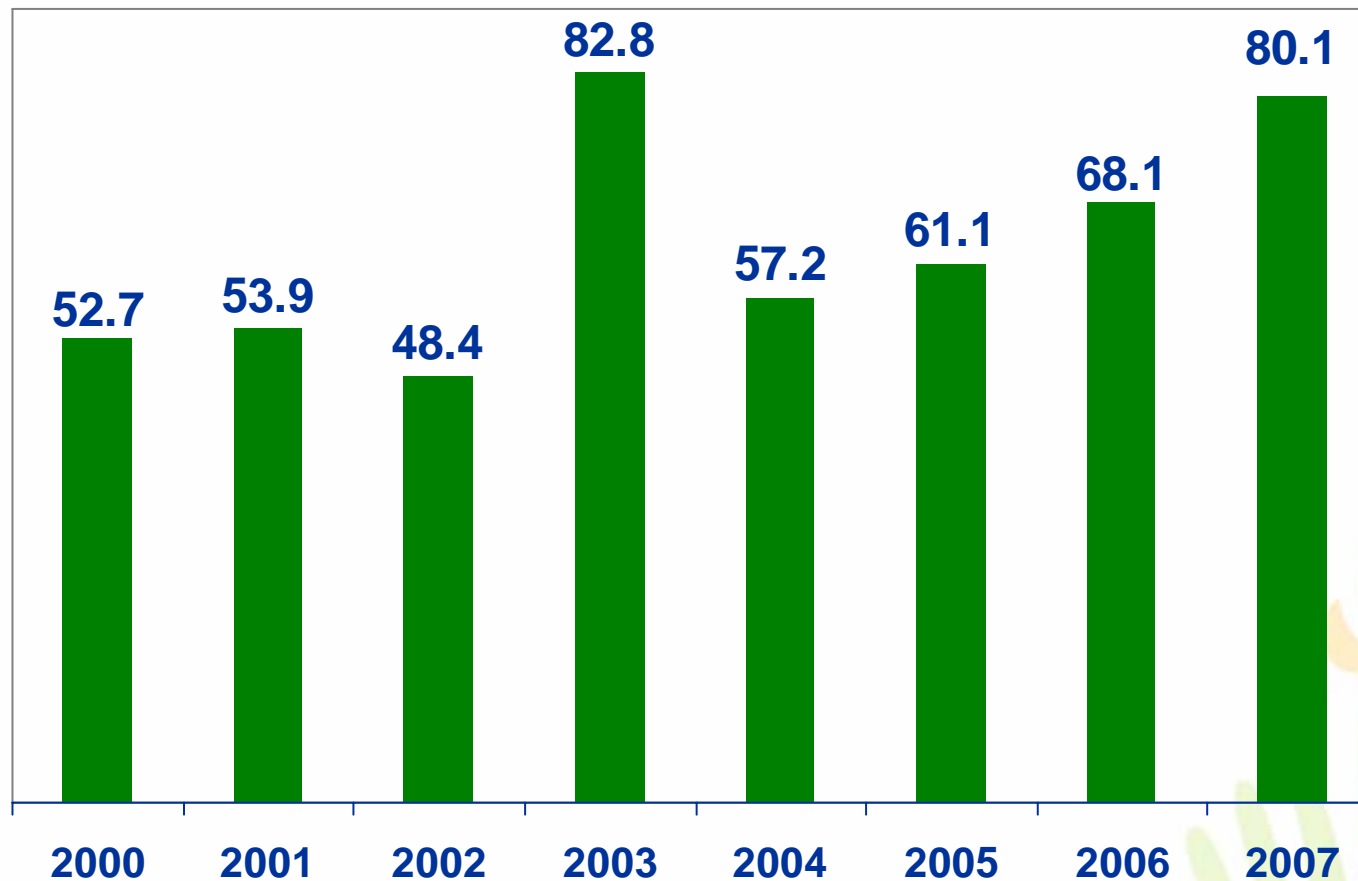


As per audited financial statements of the company; accounting as per Indian GAAP

$ROCE = \text{PBIT} / \text{Closing Capital Employed}$

2007 ROCE is calculated on Weighted Avg. Cap employed

Return On Net Worth



As per audited financial statements of the company; accounting as per Indian GAAP

RONW= Net Profit (aei) / Closing Net Worth

2007 RONW is calculated on Weighted Avg. Net worth

Summary

- 3rd consecutive year of accelerated growth in FMCG portfolio. Growth broad based and across all categories
- FMCG markets expected to maintain current growth levels
- Successfully implement the Foods strategy
- Build momentum to the Water Business
- Build on competitive capabilities across business system
- Manage Cost inflation effectively to improve margins through pricing, cost savings and better mix
- Strong commitment to governance and CSR

Thank you





Hindustan Unilever Limited

Hindustan Unilever Limited

Investor Presentation
Citigroup India Conference

S Srinivasan

VP Treasury M&A & Investor Relations
Hindustan Unilever Ltd.
11th & 12th March, 2008

