

HINDUSTAN LEVER LIMITED - SEPTEMBER QUARTER 2003 RESULTS

- HLL GROWTH DOUBLES TO 7%
- POWER BRANDS SURGE BY 10%
- HPC UP 8%
- FOODS UP 20%
- BEVERAGES CHEER WITH 9% GROWTH
- BROOKE BOND MASTER BRAND GROWS 22%
- PROCESSED FOODS CONTINUE HIGH GROWTH AT 21%
- EXCEPTIONAL GROWTH IN SKIN (+42%), TOOTHPASTES (+11%), COLOUR COSMETICS (+34%)
- OPERATING PROFIT UP BY 6.3%, EBITDA UP BY 5.6%

MUMBAI, October 30, 2003: Hindustan Lever Limited (HLL) has posted a strong 6.8% sales growth in the September Quarter of 2003, excluding disposed businesses, and 4.2%, including disposed businesses. HLL disposed its Edible Oils and Fats business during the quarter.

Power brands growth rate has further increased to 9.8%, with the HPC Power brands growing by 7.7% and Foods Power brands by 19.9%. The Beverages business has revived with a strong 9% growth, with the recently relaunched Brooke Bond master brand posting a 22.3% growth. The Processed Foods business grew at 21%, sustaining the growth momentum of the previous two quarters. HLL's HPC categories too kept up their pace, with Skin Care growing by 42.5%, Toothpastes by 10.8% and Colour Cosmetics by 33.7%

Operating Profit (Profit before Interest and Income Tax) at Rs.482.68 crores recorded an increase of 6.3%. PBT and PAT at Rs.526.94 crores (-1.5%) and Rs.408.15 crores (-2.9%) respectively are lower due to interest payable (Rs.29.96 crores) on bonus debentures allotted to shareholders in July 2003. Net Profit, aided by exceptional profit arising out of the disposal of the Edible Oils and Fats business, increased by 7.2% to Rs.443.22 crores.

Commenting on the quarter's performance, HLL Chairman, Mr. M.S. Banga, said, "As expected, the Power Brand strategy is accelerating HLL's growth even in the face of low-price competition. The impact of this strategy is being witnessed across the range of company's categories."

"The Beverages business has been revived. Processed Foods has sustained high growth. HPC continues to perform well. This accelerating growth, across categories, is being achieved through innovations, marketplace activity, superior advertising coupled with judicious pricing.

"Good monsoons and the resultant feel-good factor augurs well for growth in the coming months, particularly in rural markets." Mr. Banga added.

FMCG Business

In the face of depressed market, HPC sales grew well by 5.2%. Personal Products grew by a strong 14.9% sustaining the growth momentum of the previous two quarters.

Personal Products growth is driven by a 42.5% growth in skin and 33.7% growth in Colour Cosmetics. Skin growth was led by a 34% growth in Fair and Lovely. In Colour Cosmetics, Lakme grew by 68%,. Our strategy on toothpaste is working well and during September quarter the category grew strongly by 10.8%. Close-Up and Pepsodent grew by 12% and 9% respectively

In Personal Wash, Power Brands, Lifebuoy and Pears, grew by 8% and 7%. In Fabric Wash, Rin grew by 9% and Wheel grew by 9%. To drive fabric wash growth an aggressive pricing strategy particularly in sachets is being put in place.

Beverages recorded a smart 9% growth. Brook Bond Master brand grew by 22% on the back of a successful re-launch. Coffee grew well by 16.7% driven by a 35% growth in Bru.

Continuing foods businesses grew by 21%. Culinary products recorded a high growth of 22.8% Power brands Kissan and Knorr brands grew by 42% and 58% respectively.

Ice-creams business contained the value decline of the previous two quarters and during the quarter the underlying volumes increased by 4%.

EXPORTS AND OTHERS

Total exports grew by 5.1%. Overall export performance was affected by appreciation of rupee against US dollar, unfavourable movement in castor oil prices and poor price realisation in marine products. Plantations business incurred a loss of Rs5.3 crores impacted by weak tea commodity prices and high social costs.

M & A

The company has completed transfer of its domestic Edible Oils and Fats Business to Bungee in August 2003. The company has also entered into a MOU with a third party for transfer of mushroom business undertaking through sale and transfer of equity shares and debentures held by the company in KICM (Madras) Ltd.