



Hindustan Lever Limited

Results – JQ '06

Analyst Meet

31 July 2006



Results Summary - JQ'06

- Net Sales grow by 8.7%, Continuing business up 10.0%
- FMCG grows by 12.1%; HPC 13.9%, Foods 3.9%
 - Soaps & Detergents (+13.1%), Personal Products (+15.1%)*
 - Beverages (-3.7%), Processed Foods (+24.2%), Icecream (+34.3%)
- A&P spends higher by 20.5%
- PBIT grows by 21.9%
- PAT and Net Profit grow by 26.2% and 35.1% respectively

** Adjusting for Nihar disposal*

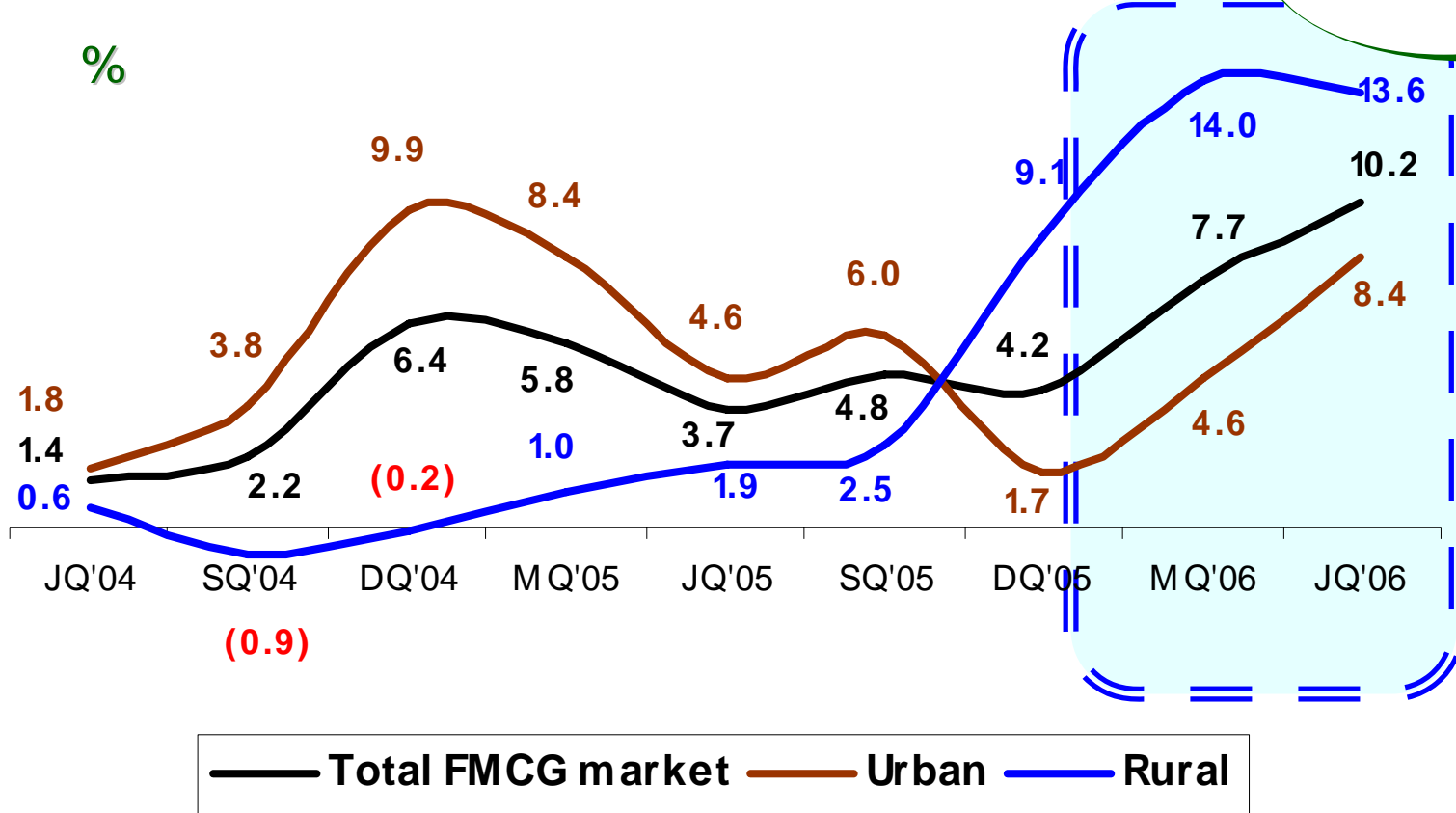
JQ'06 Results - 31 July 2006

Highlights

- **FMCG market growth continues - both urban and rural markets growing well**
- **2/3rd of FMCG sales growth is volume led**
- **Key competitive categories of Laundry & Shampoo maintain growth momentum**
- **Thrust on brand investments and innovation continues**
- **Cost savings, buying efficiencies and judicious price increases help improve margins - partly offset by higher A&P spends**

FMCG Market growth

Growth driven by rural markets

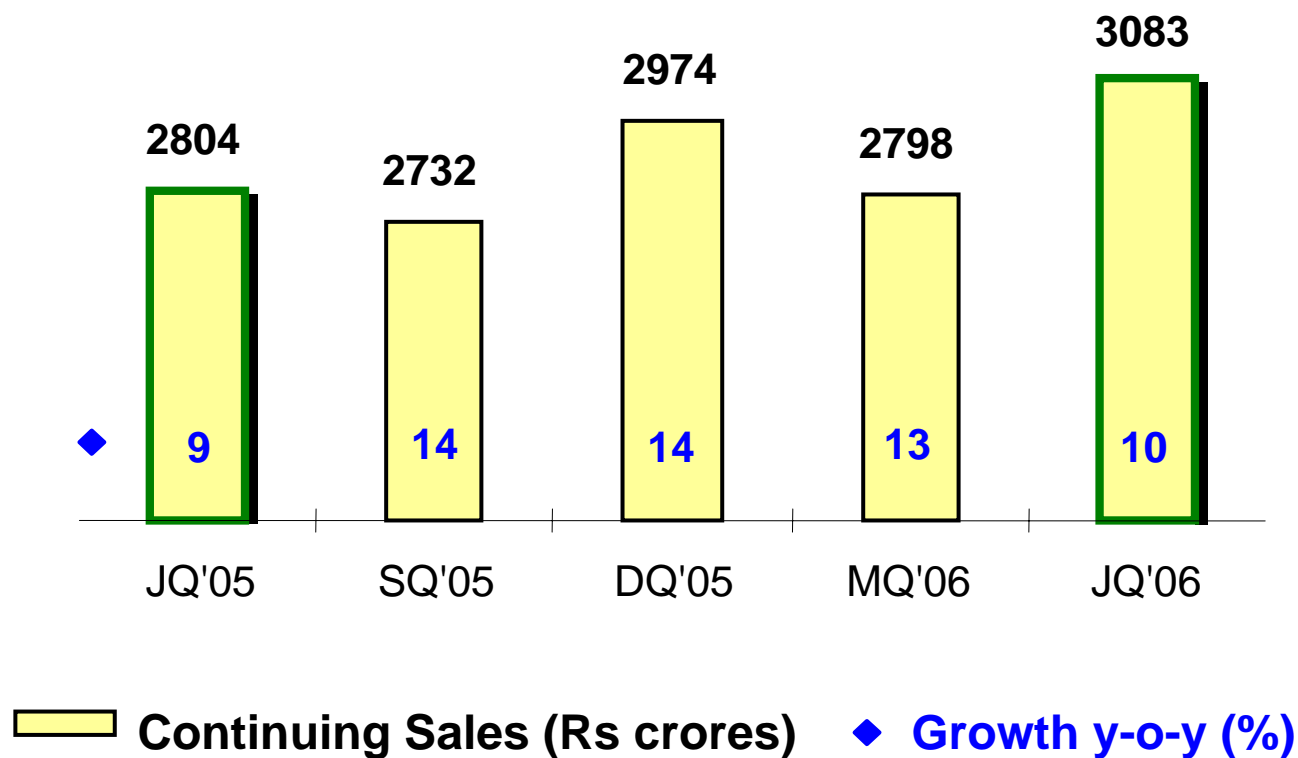


Good agricultural growth at 2.5%+
Improved liquidity in rural sector (agri credit up 33%)
Government spending on rural sector up 16%



Higher rural demand

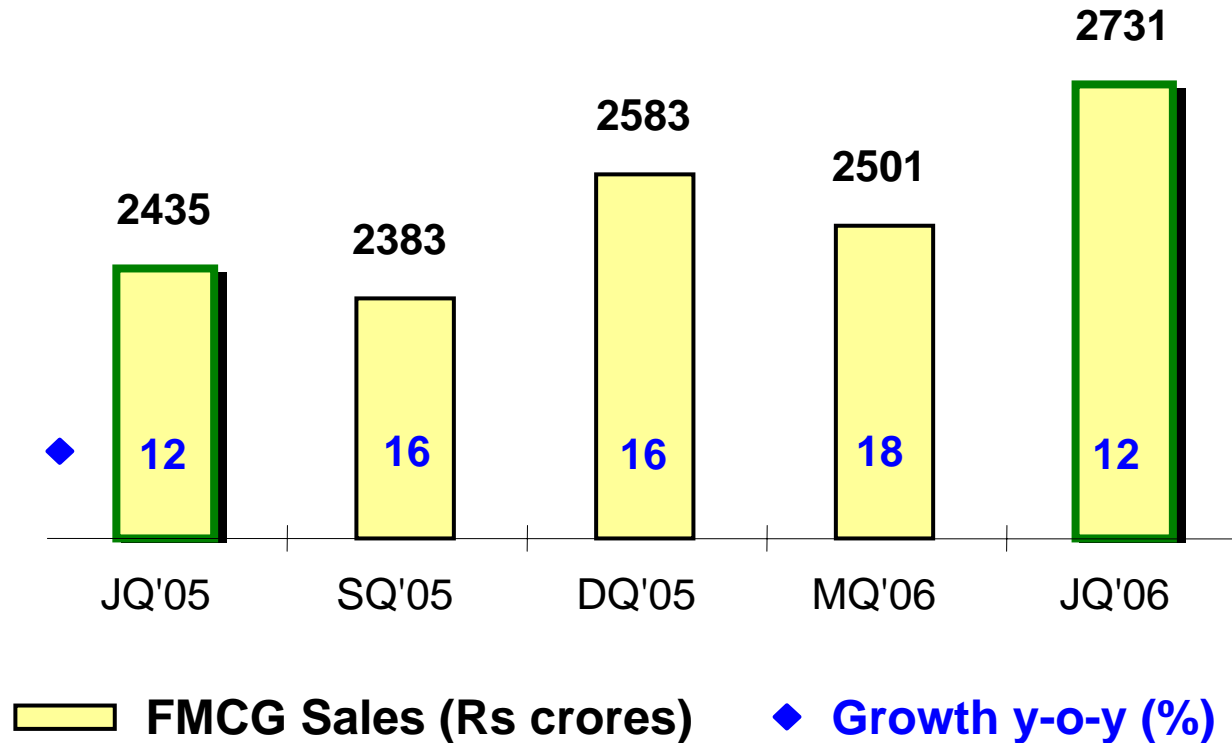
Continuing Sales growth



* Adjusting for demergers, disposals

JQ'06 Results - 31 July 2006

Double-digit FMCG growth sustained



Underlying FMCG volume growth 7.7%

Segment growths

	<u>Segment Growth %</u>	<u>Market Growth %</u>
Soaps & Detergents	13.1	9.6
Personal Products	13.3	12.2
Beverages	(3.7)	5.5
Processed Foods	24.2	9.0
Ice Cream	34.3	NA
FMCG	12.1	10.2

A decorative floral pattern in the top-left corner, featuring stylized leaves and flowers in shades of green and yellow.

Home & Personal Care

All key HPC categories grow

Laundry



Shampoo



Skin



Personal Wash



Toothpaste



HPC growth - Value 13.9%, Volume 9.5%

HPC - Category performance - Laundry

- Strong growth , primarily volume led
- Good portfolio performance - All brands grow well
- Surf Excel relaunched - 'Dirt is Good' and 10/10 proposition
- New extensions in the category
 - Fabric Liquid - Surf Excel Gentle Wash launched,
 - Fabric Conditioner - Comfort test launched

JQ'05	Value Share	JQ'06
38.2	Laundry	36.6



HPC - Category performance - Personal Wash

- **Volume led growth momentum sustained**
- **Good growth in Lux**
 - Introduction of 2 variants - Aqua Sparkle & Festive Glow in MQ'06
 - Gains 280 bps share in 12 months
- **Entire Lifebuoy range relaunched with better sensorial, improved product performance and new positioning - 'Kitanuom se lagatar suraksha'**
 - Grows well in the quarter
- **Pears, Dove grow strongly; Breeze declines**

JQ'05	Value Share	JQ'06
54.9	Personal Wash	54.5



HPC - Category performance - Shampoo

- **Strong volume and value growth**
- **All brands - Sunsilk, Clinic Plus, Clinic All Clear grow well**
 - **Introduction of variants - Clinic All Clear Hairfall Defense in SH'05 , Ice Cool in current quarter**
 - **Clinic All Clear gains 270 bps share in 12 months**
- **Entire Sunsilk range relaunched in MQ'06**

JQ'05	Value Share	JQ'06
47.5	Shampoo	47.7

Market shares - Source: A. C. Nielsen



HPC - Category performance - Skin

- **Good volume led growth**
- **Fair & Lovely leads the growth**
 - Fairness Meter and Sunblock launched, Ayurvedic relaunched, Menz Active test launched
- **Vaseline 'Aloe Fresh Summer Body Lotion' launched in MQ'06**
help the brand grow well in an off-season
- **Ponds' top-end range launched in leading Modern trade stores**



JQ'05	Value Share	JQ'06
59.4	Skin	56.4

HPC - Category performance - Toothpaste

- **Closeup leads growth in category**
 - **Good performance by CloseUp Milk Calcium launched in MQ**
- **Modest growth in Pepsodent**
 - **Pepsodent Complete 10/10 launched**



JQ'05	Value Share	JQ'06
32.5	Toothpaste	30.2

Key Innovations/Activations - FH'06



Lifebuoy range relaunch



New variants



Wheel Active relaunch



Migration

Surf Excel range relaunch



Niche products –
Surf Excel Gentle Wash &
Comfort Fabric Conditioner



Vim liquid
relaunch



removes stains



removes stains



Key Innovations/Activations - FH'06

FAIR & LOVELY



Fairness Meter



Menz Active Test launch



Ayurvedic Relaunch



Sunblock



Vaseline Aloefresh Summer body lotion



Lakme Happy Hour collection



Elle 18 Nail & Lip range relaunch

Key Innovations/Activations - FH'06

CloseUp Milk Calcium
launch



Ponds
Top-end
range



New Rexona Deos



Pepsodent Complete



Clinic All Clear Ice Cool launch



Sunsilk range
relaunch





Foods

Foods Topline

Tea



Coffee



Icecream



Salt



Atta



Culinary



Beverages	-	(3.7%)
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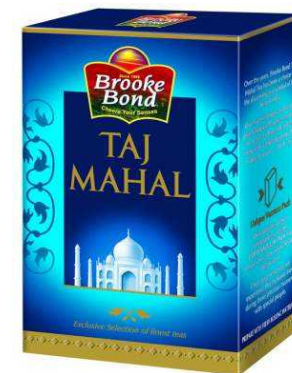
Processed Foods	-	24.2%
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Icecream	-	34.3%
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Foods	-	3.9%
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Foods - Category performance - Beverages

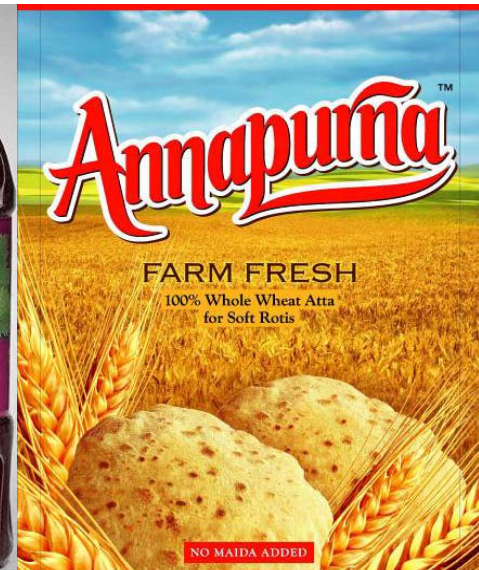
- Tea declines in a sluggish market
- Brand investments stepped-up - higher A&P
- 'Taj Mahal' range relaunched
- Instant Coffee leads growth in Coffee



JQ'05	Value Share	JQ'06
29.9	Tea	29.1
44.6	Total Coffee	46.2

Foods - Category performance -Proc Foods

- Strong growth driven by successful brand relaunches
 - Annapurna in SQ'05, Knorr in DQ'05 and Kissan in MQ'06
- All brands (Knorr, Kissan, Annapurna) and product categories grow



Foods - Category performance -Icecream

- **Highest ever quarterly growth at 34% led by impulse category**
- **Growth driven by focus on availability, affordability and excitability**
- **Business turned around in 2005, highest PBIT margins in over 3 years recorded in JQ'06**



Key Innovations/Activations - FH'06



Taj Mahal tea and Kissan range relaunch



Key Innovations/Activations - FH'06



Ice Creams - Season 2006 range



A decorative floral pattern in the top-left corner, featuring stylized leaves and flowers in shades of green and yellow.

Exports and Other ventures

Exports Topline

FMCG

Specialty (Non-FMCG)



Growth in FMCG exports offset by decline in Specialty

Other Ventures

Shakti

- Now extended to 370 districts in 15 states, Over 80,000 villages covered
- 24,000 Shakti entrepreneurs, touching 90 mn rural lives
- In districts where Shakti is operational for some time, it accounts for 20-25% of HLL's rural sales

Water

- Extended to over 15 key cities in Tamilnadu and to 3 cities in Karnataka
- Expanding manufacturing and supply chain capabilities


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Financial performance

Sales summary

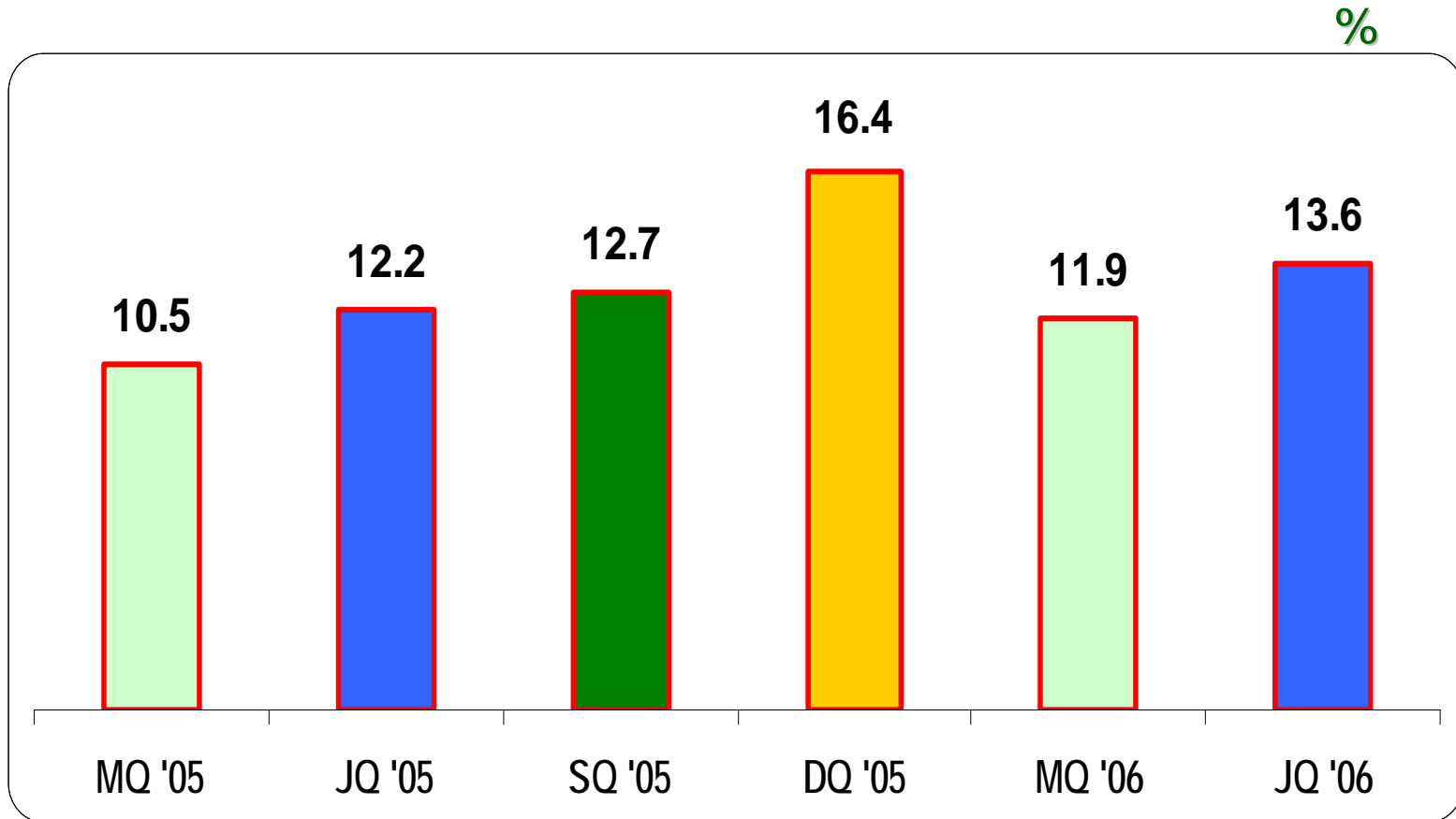
Rs Crores	JQ'06	JQ'05	Growth%
HPC	2286	2007	13.9
Foods	444	428	3.9
FMCG	2731	2435	12.1
Exports	329	322	1.9
Others	24	46	(48.5)
Continuing business	3083	2804	10.0
Discontinued business	0	33	(99.9)
Net Sales	3083	2836	8.7

Results

Rs Crores	JQ'06	JQ'05	Growth%
PBIT	421	345	21.9
<i>PBIT margin (percentage)</i>	13.6	12.2	 140 bps
Financial Income (Net)	42	43	(1.5)
PBT	463	388	19.3
PAT bei	379	300	26.2
Exceptional Items	1	(19)	NM
Net Profit	381	282	35.1

- PAT bei higher (than PBT) due to tax incentives
- Net Profit higher (than PAT bei) due to impact of exceptional items in base

Results: PBIT Margin Trends

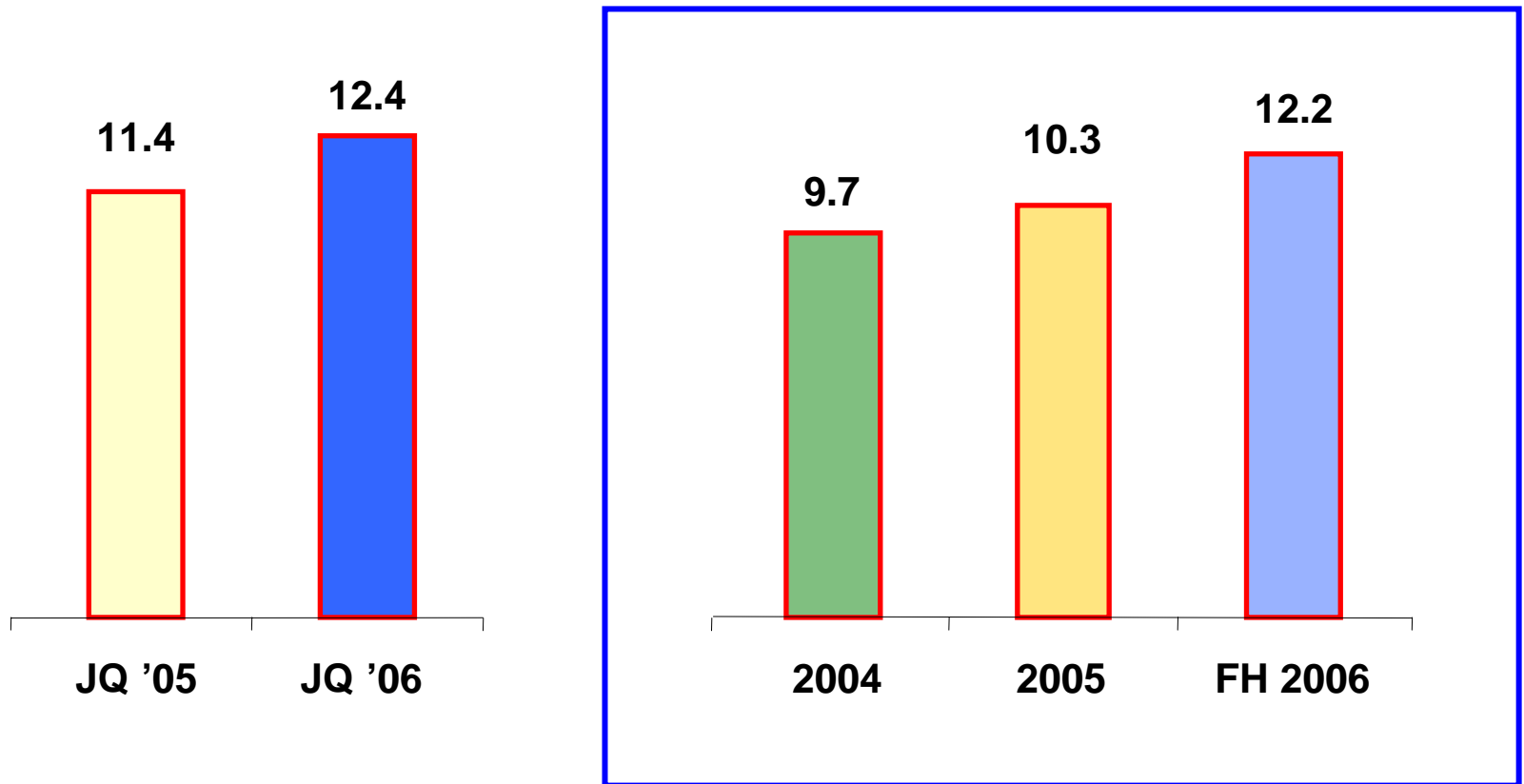


FH 2005 = 11.4%

FH 2006 = 12.8%

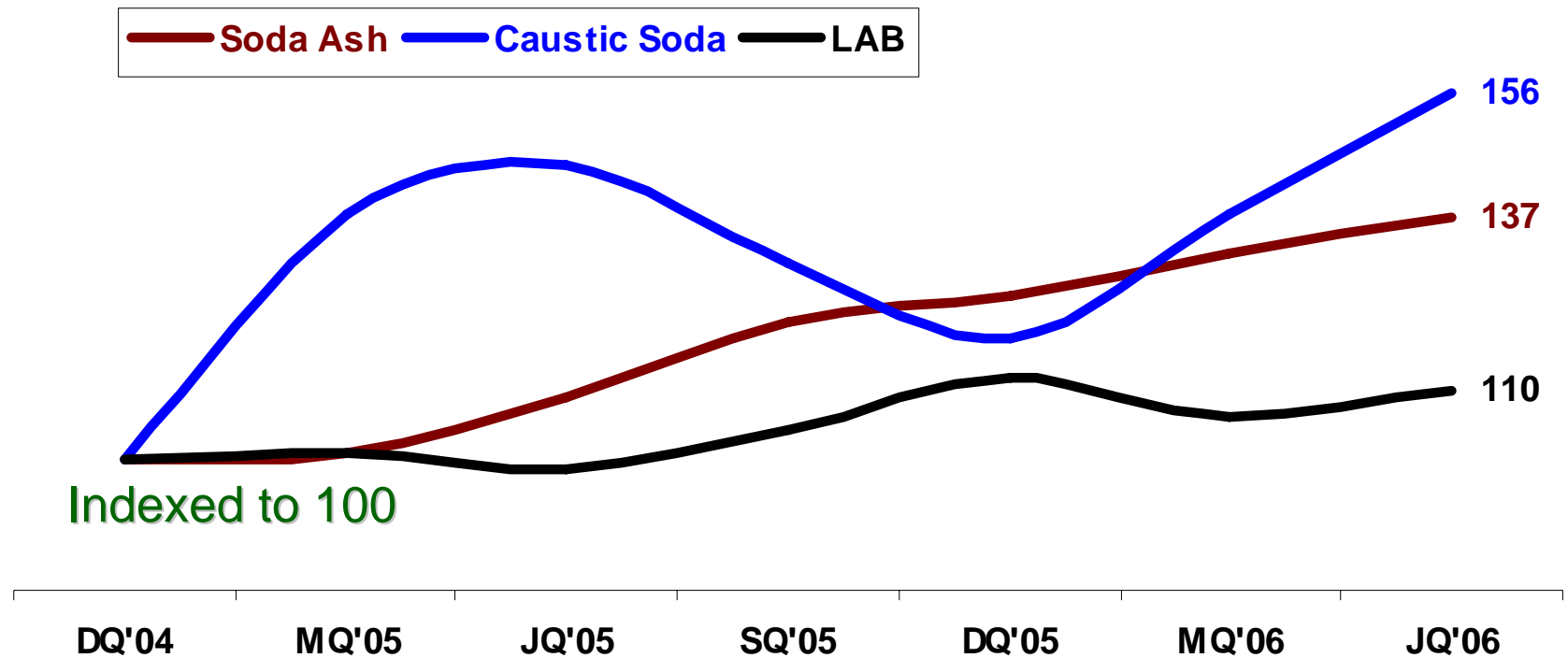
Investment behind brands stepped up

FMCG A&P as a % of FMCG Sales



- FMCG A&P spend for JQ'06 (Rs 340 crores) increases by 21% y-o-y

Results: Key Raw Material price trends



- Rising raw material prices pose a continuing challenge

Dividend

- **Board recommends an interim dividend of Rs 3.00 per share**

Dividend Per Share of Re 1	2006	2005
Interim	3.00	2.50
Distribution Tax	0.42	0.35
Total Interim Dividend	3.42	2.85

To sum up..

- **Broad-based double digit sales growth; and ahead of market**
- **Growth momentum sustained in competitive categories of Laundry and Shampoo**
- **Looking forward:**
 - **Thrust on innovation, market activation and appropriate A&P spends behind brands will continue, for driving growth**
 - **Continued cost pressure from input and freight escalation remains a challenge**
 - **Cost savings and judicious price increases to help mitigate cost pressure**

Standard background
= white/icon

Thank you



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