

Results DQ'11 – Investor Presentation

Feb 7, 2012




Hindustan Unilever Limited

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Agenda

1

Strategy

2

Business Environment

3

Current Quarter Performance

4

Looking Ahead

Our strategy and goals remain unchanged




THE COMPASS

WE ARE UNILEVER...

VISION	We are a successful, growing, sustainable business	WE WORK TO CREATE A BETTER FUTURE EVERY DAY We help people feel good, look good and get more out of life with brands and services that are good for them and good for others. We will inspire people to take small everyday actions that can add up to a big difference for the world. We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.
BEHAVIOURS	We focus on consumers and customers with a bias for action	Our first priority is to our consumers, then customers, employees and communities. When we fulfil our responsibilities to them, our shareholders will be rewarded. We will win through a growth mentality and a positive approach to all our stakeholders, based on clear accountability and bias for action.

WHERE WE WILL WIN...

PRIORITIES	Win share and grow volume in every category and country
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HOW WE WILL WIN...

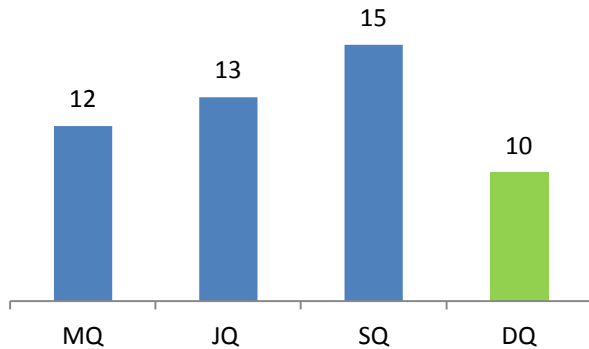
NON-NEGOTIABLES	Winning with brands and innovation	1	Deliver superior products, design, branding and marketing
		2	Bigger, better, faster innovations
		3	Appeal to more consumers across needs and price points
	Winning in the marketplace	4	Lead market development
		5	Win with winning customers
		6	Be an execution powerhouse
	Winning through continuous improvement	7	Lean, responsive and consumer led value chain
		8	Drive return on brand support
		9	Agile, cost competitive organisation
	Winning with people	10	Organisation and diverse talent pipeline ready to match our growth ambitions
		11	Performance culture which respects our values
		12	Leverage our operating framework for competitive advantage

➤ Competitive Growth

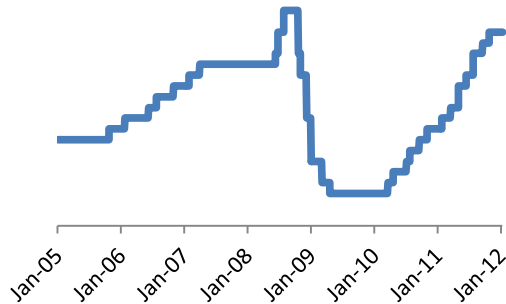
➤ Profitable Growth

➤ Sustainable Growth

DQ'11 – Challenging business environment



Nielsen reported market growth (%)



Rising interest rates (%)

➤ **FMCG markets grow in double digits albeit slower than previous quarters**

- Soaps and Detergents growth led by pricing

➤ **Competitive pressures continue**

➤ **Global uncertainty and local factors impact sentiment**

Strong Performance in the quarter

Growth competitive and profitable

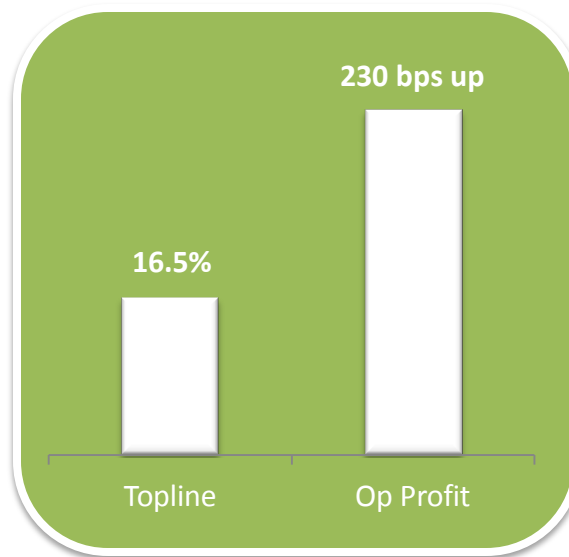
- **Domestic Consumer business grows 16.5%**
 - Strong 9.1% UVG with good price growth
 - Double digit growth across all FMCG segments
 - Water GTM transformation on track; likely to be completed by March
 - Strong performance in Modern Trade and Rural
- **Operating profit grows by 37%; up 230 bps**
 - Judicious pricing combined with relentless focus on buying efficiencies & CEPs
 - COGS up by 140 bps; impact of input costs and rupee depreciation
 - Competitive brand investment maintained across segments
- **PAT (bei) at Rs. 762 crores, grows by 30%; Net Profit Rs. 754 crores, up by 18%**

Delivered on goals

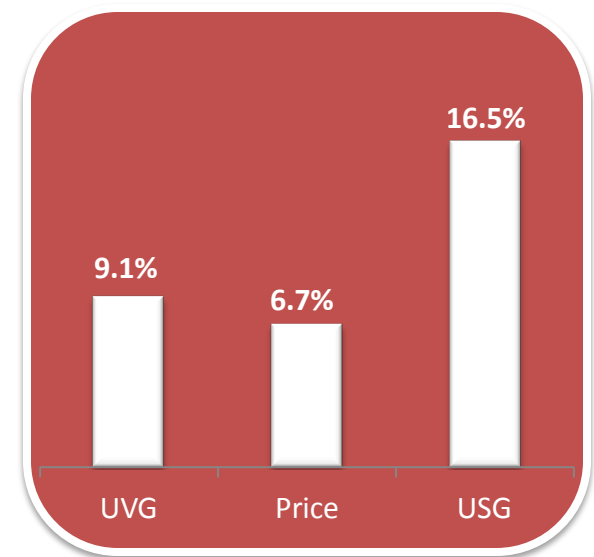
Competitive growth Ahead of market



Profitable growth Step up in margins

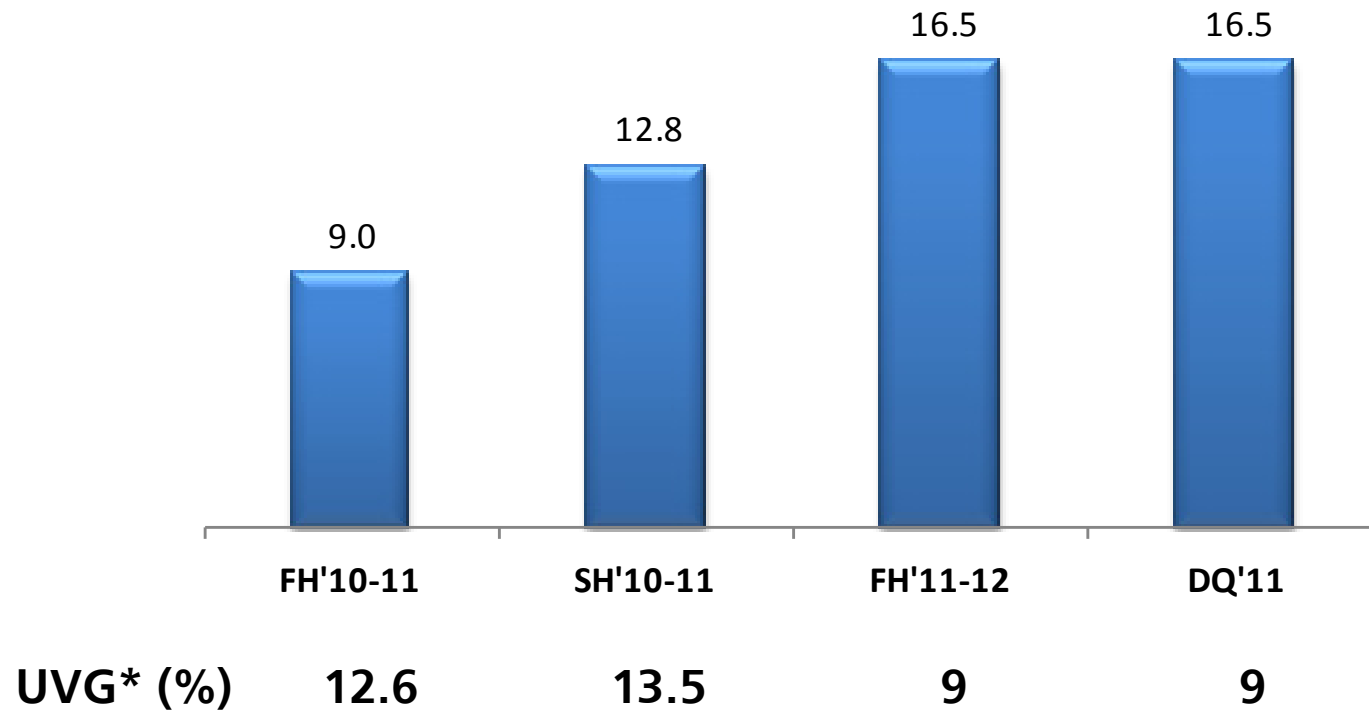


Sustainable growth Volume led



Winning consistently

Domestic Consumer Business Sales Growth (%)



All segments grow in double digits

	Growth % DQ '11
Soaps & Detergents	20.7
Personal Products	14.0
Beverages	11.3
Packaged Foods	13.5
Domestic FMCG	17.2^
Domestic Consumer	16.5*

Winning with brands

Continued focus on innovations



**Pond's Active Moisture
Revitalizing 24 hr moisturizer**



**Dove Body lotions with
advanced deep care complex**



Pepsodent G – Gum care



**Lakme absolute range of long wear
cosmetics with Skincare benefits**



Sunsilk Keratinology for salon treated hair



Clinic Plus conditioners



**Rin Bar relaunch
improved formulation**



**Surf Excel Quickwash
whiteness technology**



Axe shower gels for men



**Domex Toilet Cleaners
improved Green color
formulation**



**Bru Gold
100% coffee**



**Cup-a-Soup
instant soups**

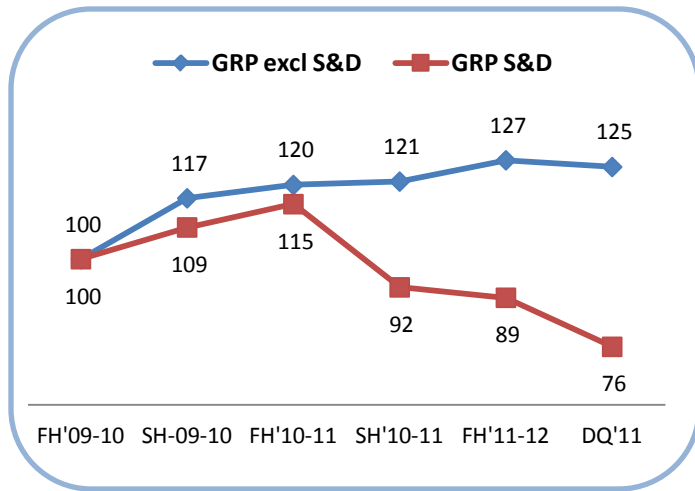


**Knorr Noodle Soups
2 variants**

Media intensity sustains

Investing for growth

Industry GRP – indexed chart

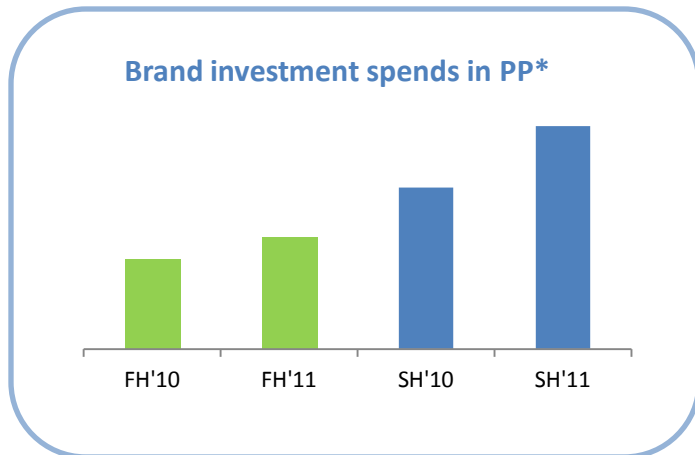


➤ Industry GRPs lower in Soaps & Detergents

➤ Competitive spends maintained (SOV/SOM)

- A&P at Rs 690 crores for the quarter; 11.80% of sales (lower by 300bps)
- Stepped up spends in Personal Products
- Re-calibrated in Soaps and Detergents in line with Industry

Brand investment spends in PP*



*Calendar year basis (FH – Jan to June; SH – July to Dec)

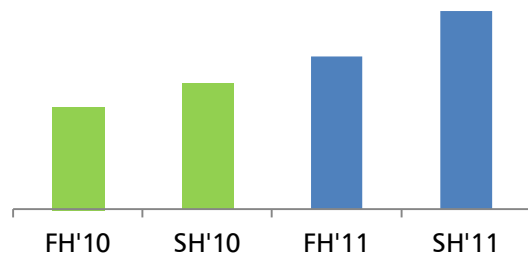
SOV/SOM by HUL sub category; SOV: Share of voice; SOM: Share of market

Source: Mindshare & HUL internal estimates

Winning in the market

MT accelerates, Rural delivers strong growth

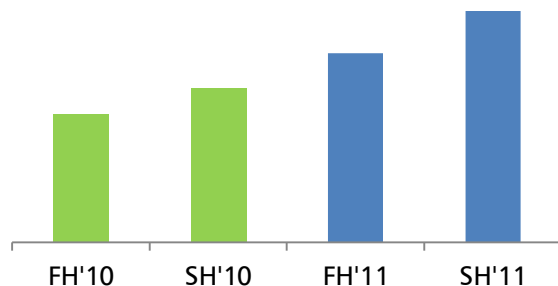
MT indexed business size



➤ Modern Trade gaining shares

- Focus on building win-win partnerships and superior customer service
- Benefits from new store openings and 'Cash and Carry'

Rural indexed business size



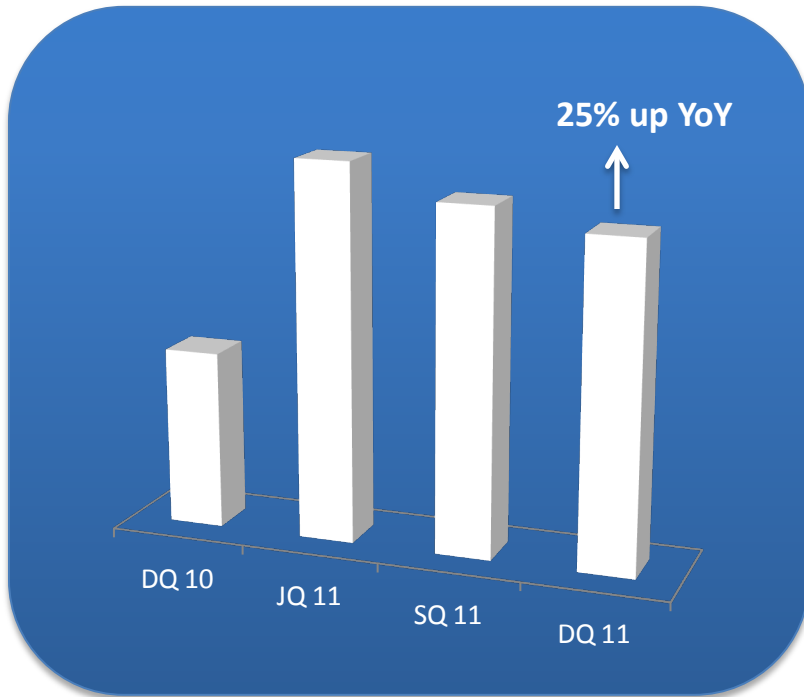
➤ Rural growth ahead of market

- Shakti and Shaktiman progressing well
- Coverage expansion continues to deliver results

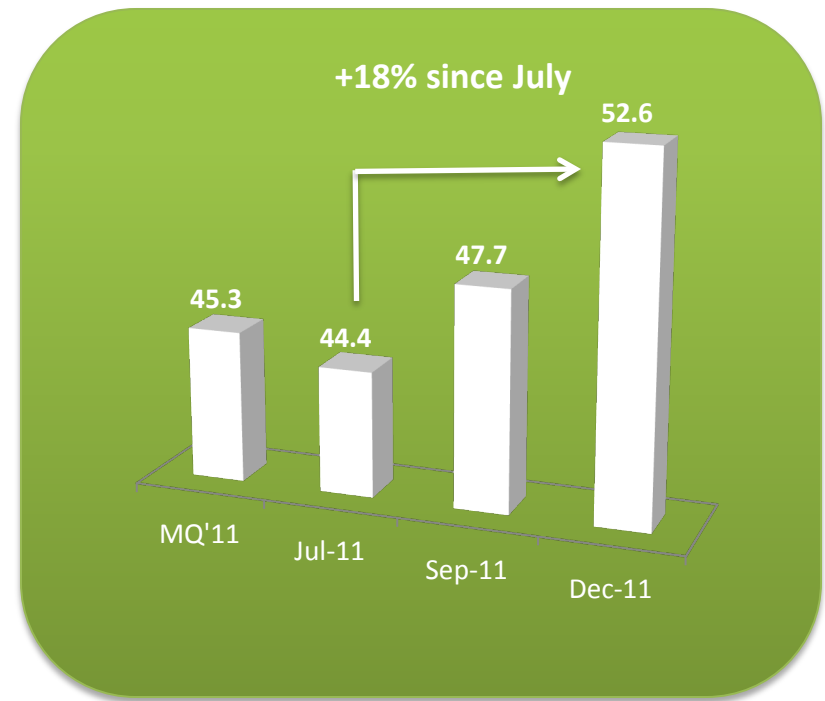
Inflationary pressures continue

Adverse currency impact

Crude remains high



\$ / INR : Sharp depreciation

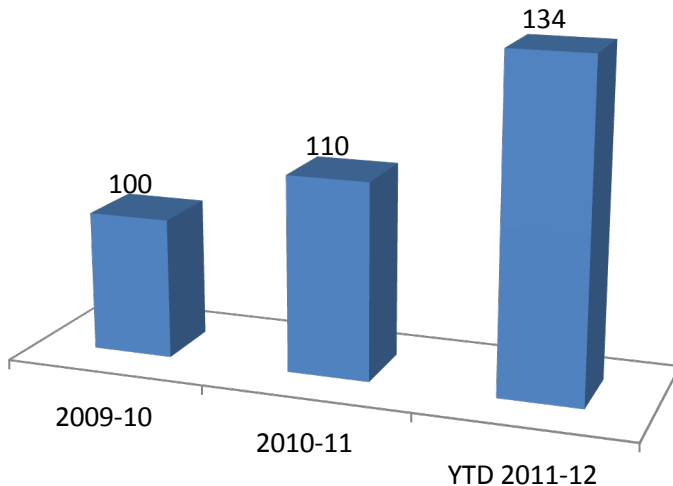


Winning with continuous improvement

Driving competitive costs

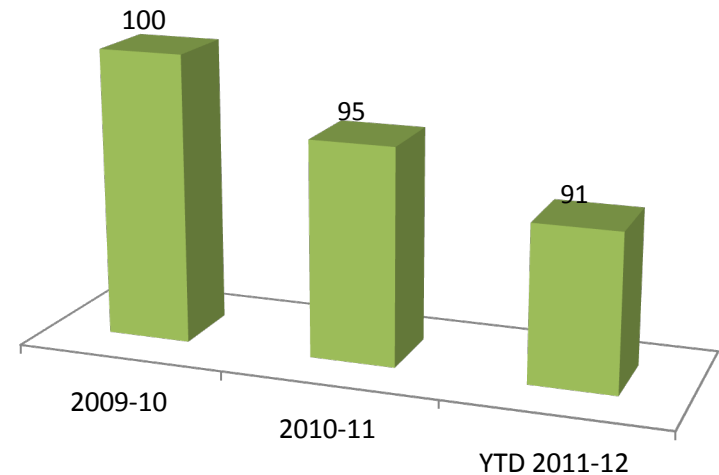
Higher Savings

Indexed CEPs



Operating Leverage

Indexed Overheads as % of turnover

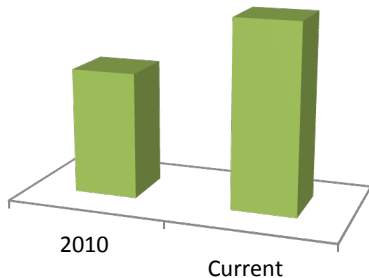


Winning with continuous improvement

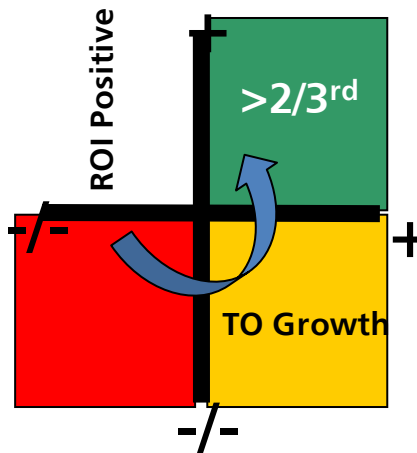
Stepping up Return on Marketing Investments (ROMI)

Advertisement effectiveness

Indexed Ad preview scores

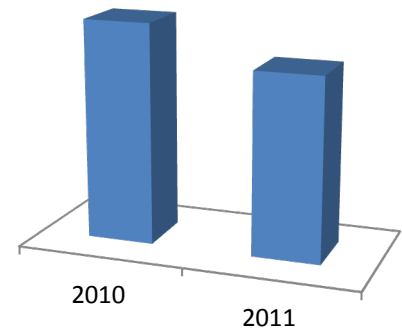


Promotional effectiveness



Production fees

Indexed production & media fees

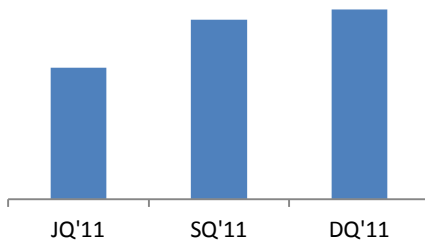


CATEGORY HIGHLIGHTS

Laundry

Growth ahead of market in all segments

Laundry USG %



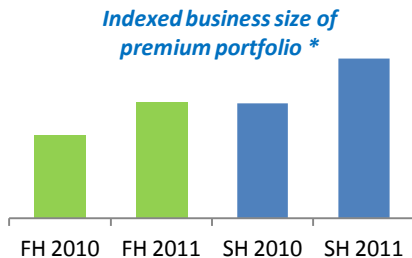
- All brands grow in double digits; fair mix of volume and price
 - Focus on upgradation continues
 - Rin growth momentum sustained
 - Wheel grows strongly on strength of micro marketing
- Re-launched during the quarter
 - Surf Excel Quickwash with superior cleaning technology
 - Rin Bar with improved formulation and packaging

Skin cleansing

Broad based growth



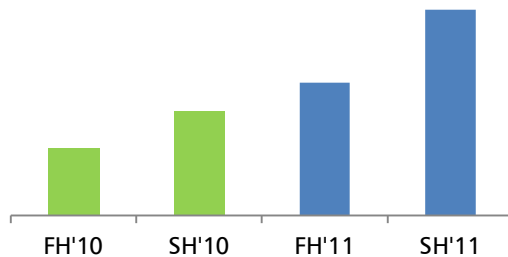
- Growth ahead of market
- Lux and Lifebuoy grow in double digits
 - Lux benefits from re-launch
 - Lifebuoy continues to drive relevance of germ protection
- Focus on premiumization continues; Dove delivers strong double digit growth
- Liquids portfolio expanded
 - Lux Handwash and AXE Shower gels



Skin Care

Growth momentum sustained

Indexed business size - Facewash



➤ Strong double digit growth in FAL, Pond's and Vaseline; volume led

- FAL led by Core
- Vaseline led by lotions

➤ Focus on market development continues

- Strong performance in facewash sustained

➤ Dove body lotions range launched during the quarter



Skin market development

More usage



More users

Discover natural radiance from deep within.
New Dove Face Washes.



More benefits



Hair and Oral

Good performance in a challenging environment



➤ Hair delivers strong double digit volume led growth; ahead of market

- Dove expands consumer franchise; business size doubles
- Robust growth in Clinic Plus underpinned by volumes
 - Clinic Plus conditioners launched
- Clear grows in double digits with good performance across formats
- Introduced Sunsilk Keratinology, hair care range for salon treated hair

➤ Moderate growth in Oral care

- Pepsodent G relaunched in the fast growing advanced care segment

Hair care

Building a comprehensive range

More usage



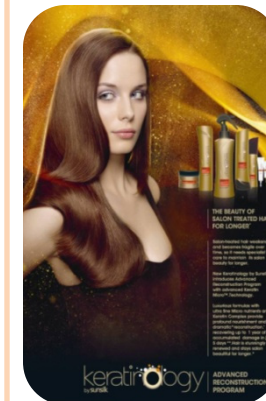
Increasing Consumption in Rural

More users



Driving Hair conditioners

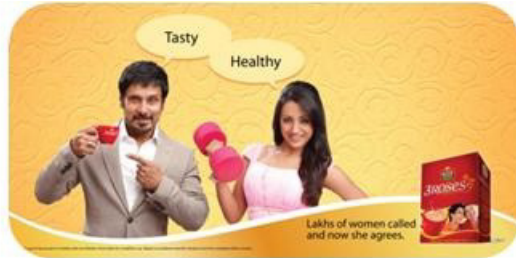
More benefits



Serums, Masks, Treatments for Salon treated hair

Beverages

Growth robust and competitive



➤ Tea grows in double digits on strength of premium portfolio

- 3 Roses builds on proposition of health and taste
- Taj Mahal delivers strong growth led by MT
- Tea bags lead market development



➤ Coffee grows in double digits; benefits from contemporary portfolio

- Bru Gold – 100% coffee introduced



Coffee innovations

Building a premium portfolio



**100% Pure Soluble Coffee
with superior aroma**



**Premium freeze dried
coffee from exotic locales**



**Light tasting coffee with
Classic Mocha Flavor**

Packaged Foods

Leading market development



➤ Kissan benefits from re-launch; grows in double digits

- Strong performance in both Jams and Ketchups

➤ Knorr performance muted

- Soupy noodles performs in line with plans
- Soups impacted by market slowdown
- Key innovations include Knorr 'Cup-a-Soup' and 2 variants of noodle soups at an attractive price



➤ Kwality Walls continues strong growth momentum led by innovations and distribution

- Swirls parlours expanded at more than 1 per week during 2011 (now 200 +)



DQ'11 – Results

Rs Cr

Particulars	DQ'10	DQ'11	Growth%
Net Sales	5,027	5,853	16.4
PBITDA	725	970	33.9
PBIT	669	914	36.6
PBIT margin (%)	13.3	15.6	
PBT bei	746	993	33.2
Exceptional Items	64	(12)	-
PBT	810	981	21.1
PAT bei	587	762	29.9
Net Profit	638	754	18.2

DQ'11 – Exceptional items

Rs Cr

Particulars	DQ'10	DQ'11
Assets Sale	49	
Sale of long term investment	16	
Restructuring Cost	(1)	(12)
Others	(0)	
Total	64	(12)

9 months ended Dec 31, 2011 – Results

Rs Cr			
Particulars	YTD FY'10-11	YTD FY'11-12	Growth%
Net Sales	14,502	16,879	16.4
PBITDA	2,053	2,551	24.3
PBIT	1,888	2,381	26.2
PBIT margin (%)	13.0	14.1	
PBT bei	2,083	2,589	24.3
Exceptional Items	123	91	-
PBT	2,207	2,679	21.4
PAT bei	1,642	1,993	21.4
Net Profit	1,737	2,070	19.2

9 months ended Dec 31, 2011 – Results

Impact of FMCG Exports demerger

Rs Cr	HUL (as reported)			HUL (post demerger)		
Particulars	YTD FY'10-11	YTD FY'11-12	Growth (%)	YTD FY'10-11	YTD FY'11-12	Growth (%)
Net Sales	14,502	16,879	16.4	13,810	16,081	16.4
PBIT	1,888	2,381	26.2	1,833	2,297	25.3
PBIT Margin (%)	13.0	14.1		13.3	14.3	
Net Profit	1,737	2,070	19.2	1,694	2,005	18.4

- **Topline growth remains unchanged**
- **PBIT margin up 20 bps**

DQ'11 summary

- **Strong 16.5%* growth in a challenging environment**
 - Broad based and ahead of market
- **Focus on driving core and leading market development continues**
- **Operating margins up by 230 bps**
- **PAT (bei) at Rs. 762 crores grows by 30%; Net Profit at Rs.754 crore up by 18%**

Looking ahead

FMCG markets will continue to grow

Headwinds

- Environment characterized by
 - Competitive intensity ~ to continue
 - Inflationary pressures ~ combined with volatility
 - Uncertainty ~ global and local factors

Tailwinds

- Consumer demand drivers continue to be strong
- Differentiated capabilities for competitive advantage
 - Strengthened brand equities; portfolio straddling the pyramid
 - Strong innovation funnel
 - Go to market capabilities including deeper rural coverage
 - Lean and agile value chain

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