



Hindustan Unilever Limited

Investor Presentation

June, 2010

Safe harbour statement

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Agenda

Market Context

Strategy & Execution

Current Performance

Looking ahead



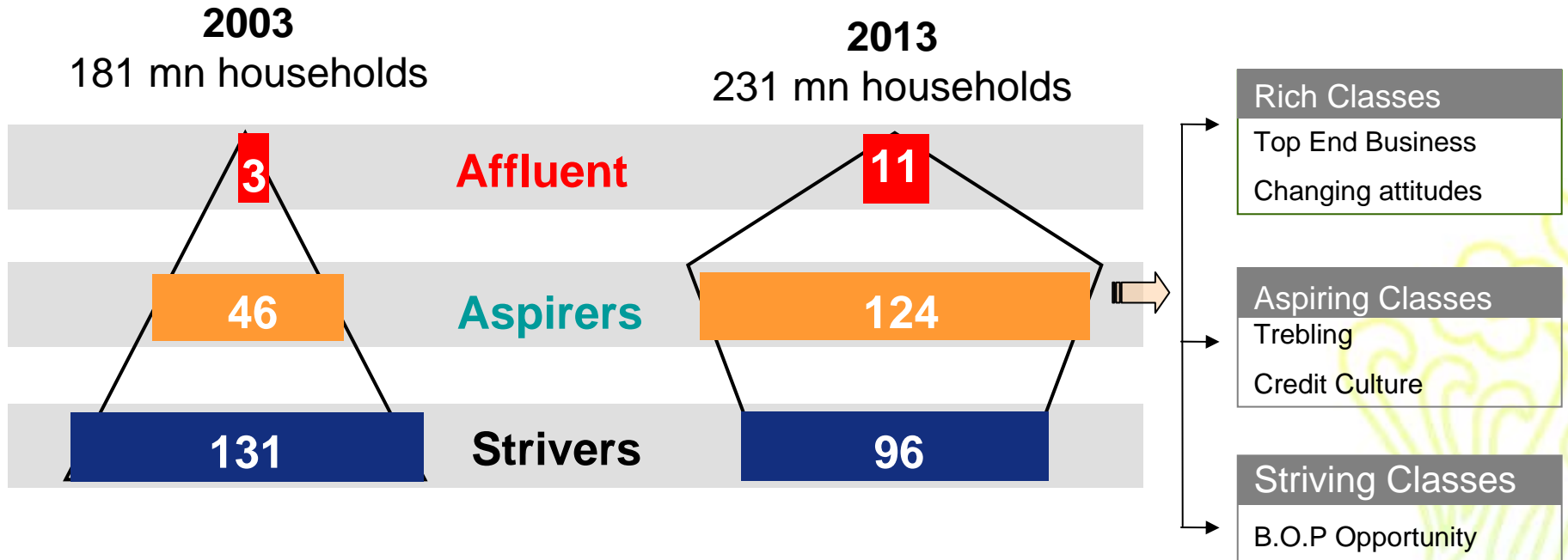
Market Context : Emerging Trends

WHO
CONSUMERS
CUSTOMERS
COMPETITION
SOCIETY / ENVIRONMENT



TRENDS
<ul style="list-style-type: none">• More Affluence• Changing Attitudes
<ul style="list-style-type: none">• Hybrid Trade
<ul style="list-style-type: none">• Intense
<ul style="list-style-type: none">• More Conscious• Only sustainable business models will survive

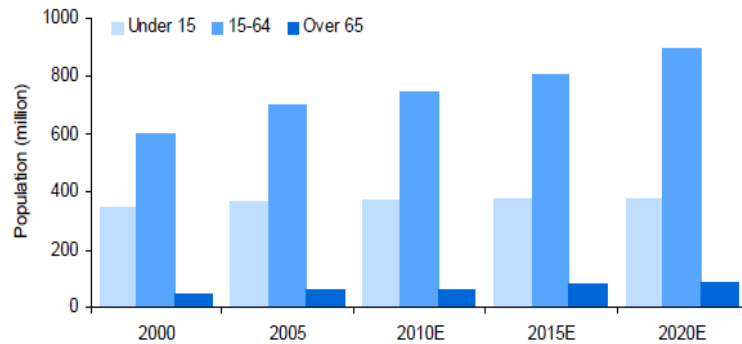
Changing Income Pattern



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

Changing Demographics & India opportunities

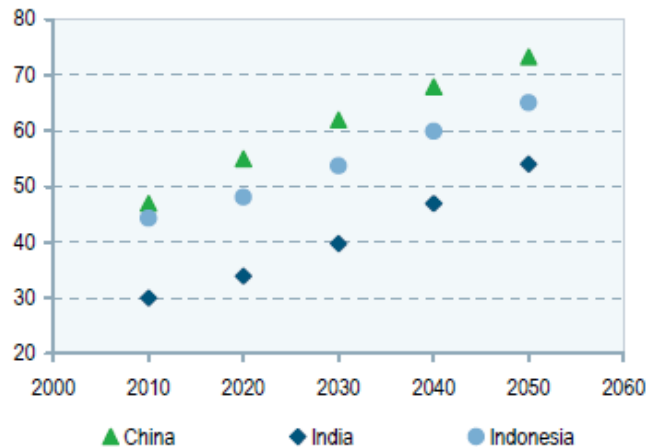
INDIA'S YOUNG POPULATION



Source: RBI

2/3rd Population below age of 35

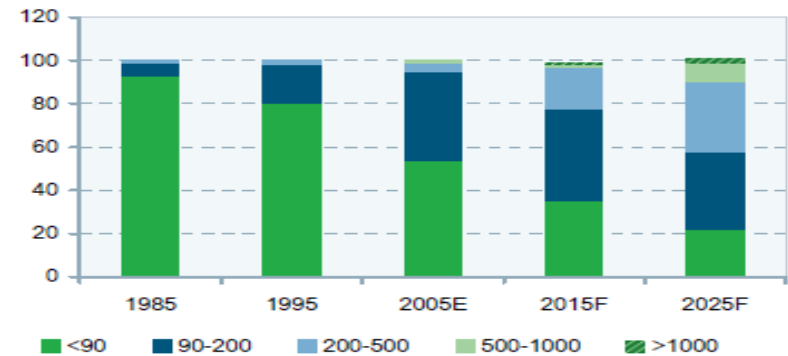
Urbanisation rates, %



Source: UN projections

Steady increase in Urbanisation

INR '000, % of total population



Source: McKinsey

Population to grow wealthier

% share of pvt. consumption, base year : 1999-2000

Items	FY91	FY01	FY08	FY08*	FY10*
Food & beverages	58	48	42	36.8	35.3
Transport & comm.	10	14	16	18.7	19.7
Rent, fuel & power	13	11	9	11.4	11.0
Medical	3	5	6	4.4	4.4
Recreation, education	3	4	5	3.5	3.4
Clothing & footwear	6	6	5	8.5	7.9
Furniture, hotels	3	3	4	4	3.9
Misc. (personal care, etc.)	6	8	12	12.8	14.4

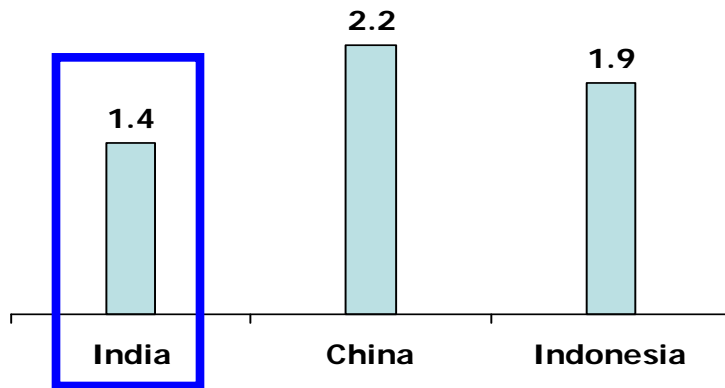
* Base year = FY05; Source: Economic Survey 2009-10

Favourable consumption pattern

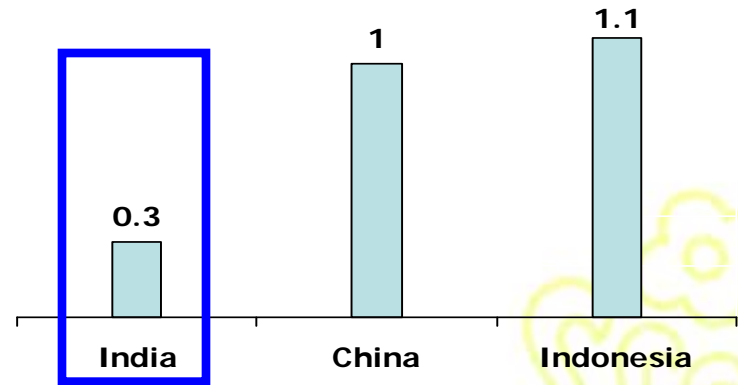
The Consumption Opportunity

Per Capita Consumption (US \$)

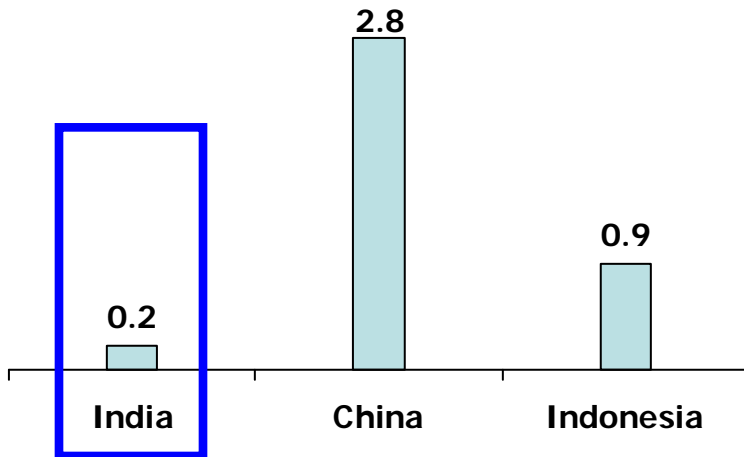
Detergents



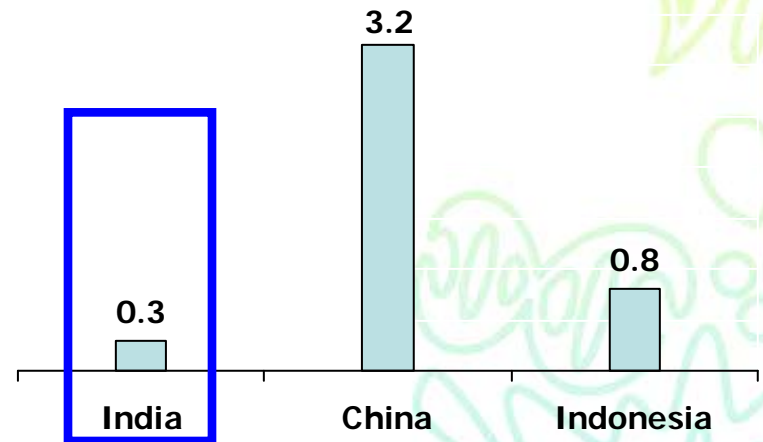
Shampoos



Ice-Cream



Skin Care



Evolving trade structure...

Modern Trade

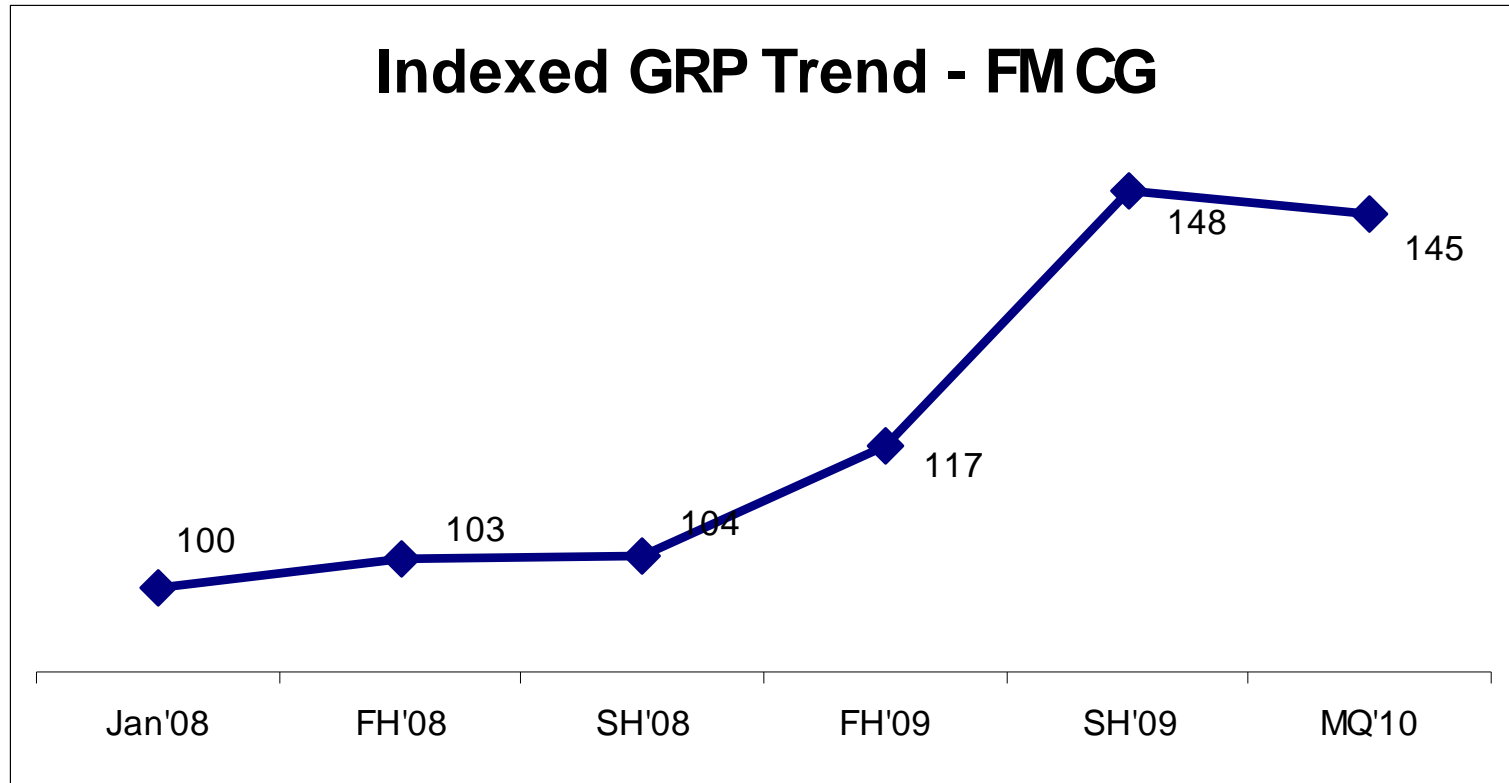


General Trade



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

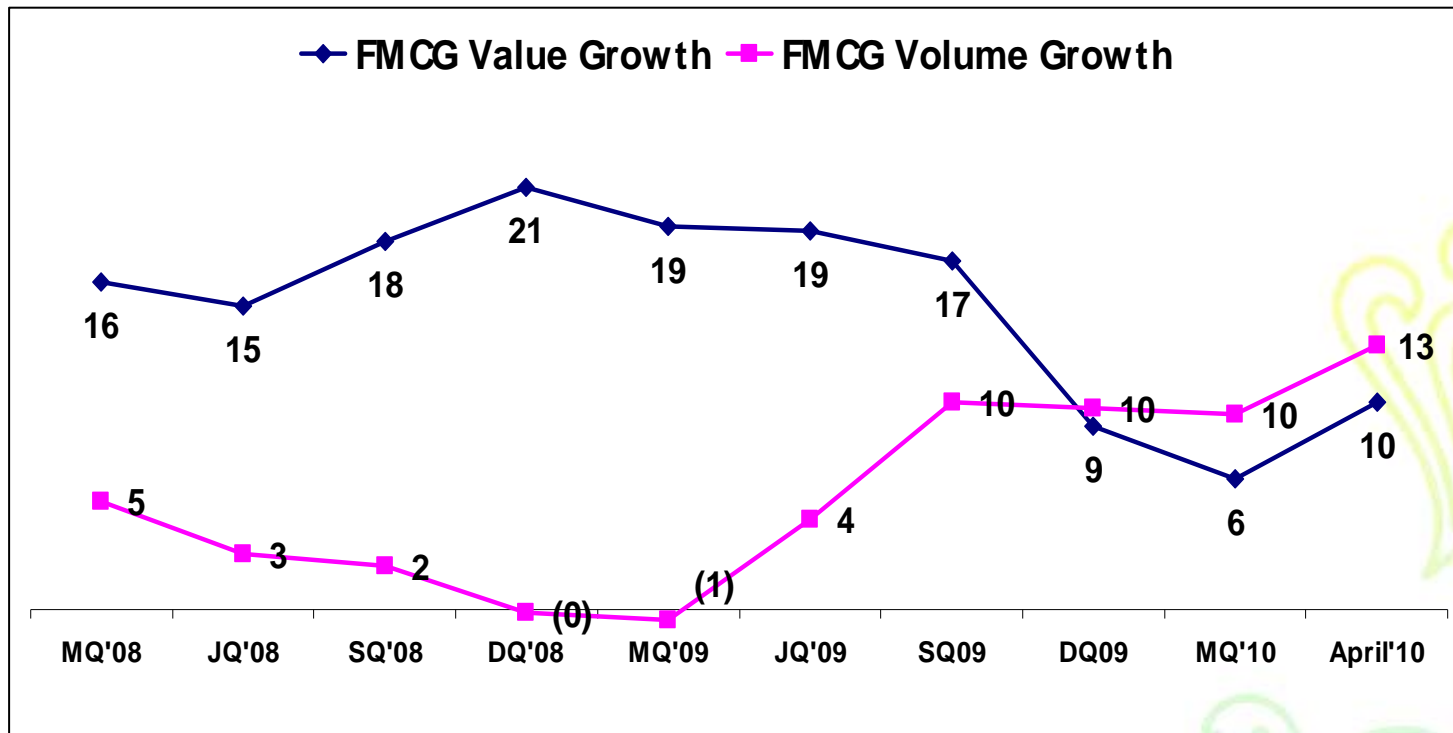
Intensified Competitive environment



Step up in media investment within FMCG

FMCG Market Growth

➤ FMCG market continues to grow



FMCG Market growth

Strategy & Execution

- **Leverage brand portfolio and consumer understanding by**
 - Straddling the pyramid & deploying full portfolio
 - Driving consumption & penetration opportunity
 - **Winning with consumers, channels, segments/markets of tomorrow**
 - Build markets and capabilities for the future
 - Leverage Unilever scale and know how
 - **Drive increased execution rigour**
 - **Step-up in cost efficiency initiatives**
 - **Integrate economic, environment & social objectives with business agenda**
- 

Strengthening the Portfolio : HPC

Fabric Wash

Personal Wash

Shampoo

Skin

Tooth Paste

Premium



Popular



Mass



Launches /Relaunches in 2009-10 - HPC

Strengthening the Portfolio : Foods

Tea	Coffee	Processed Foods	Ice Creams
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Premium



Popular



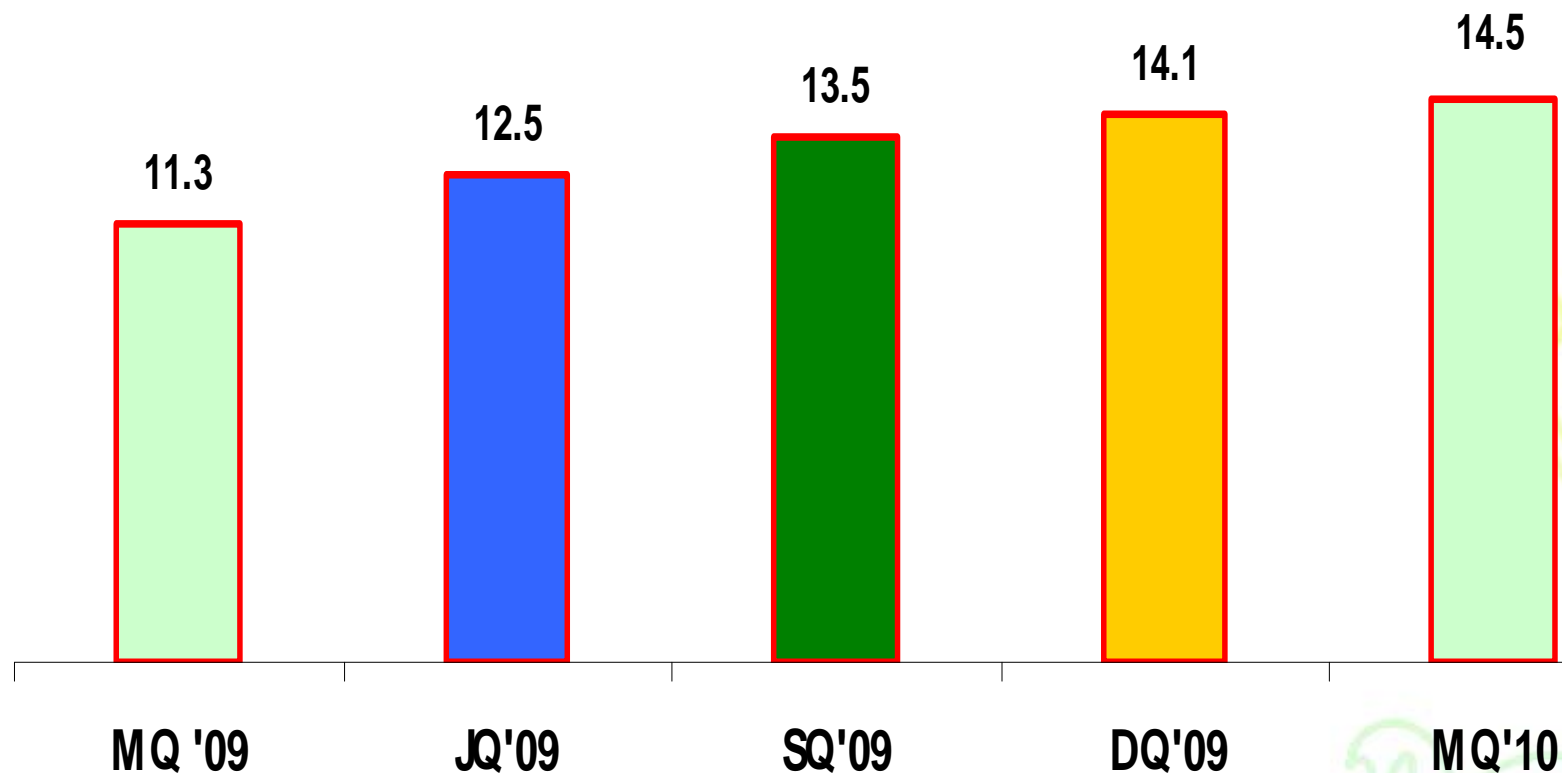
Mass



Launches /Relaunches in 2009-10 - Foods

With a step up in A&P

A&P as a % of Net Sales



Including investment behind Innovations

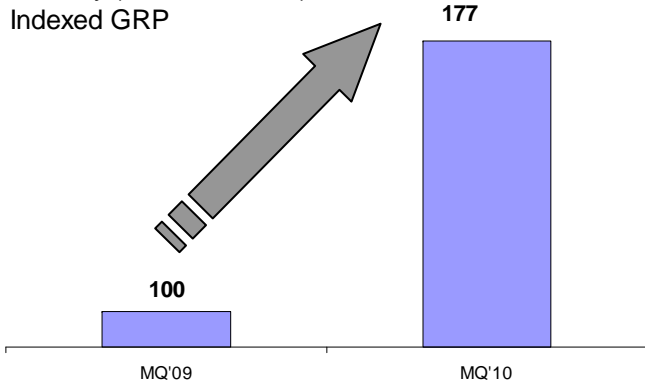
Straddling the Pyramid : Laundry



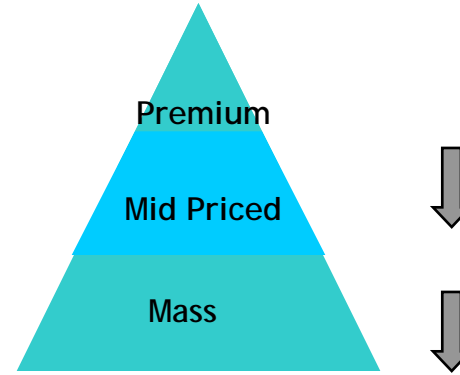
Portfolio covering Formats and Price Points

Heightened Competitive Intensity & our actions

Laundry (Powders+Bars) Market Indexed GRP



Soaring Media Spends



Aggressive pricing actions both in Powders & Bars



~~Rs 70/kg~~

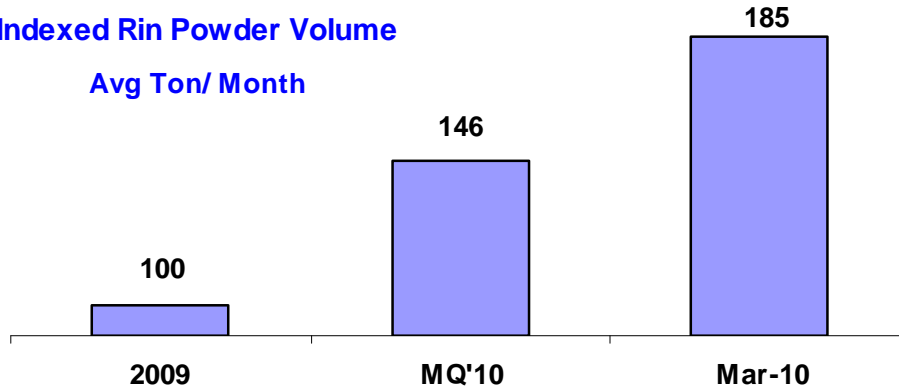
Rs 50/kg



Competitive pricing, product superiority, improved formulation underpinned by increased Brand investment

Initial Results - Positive

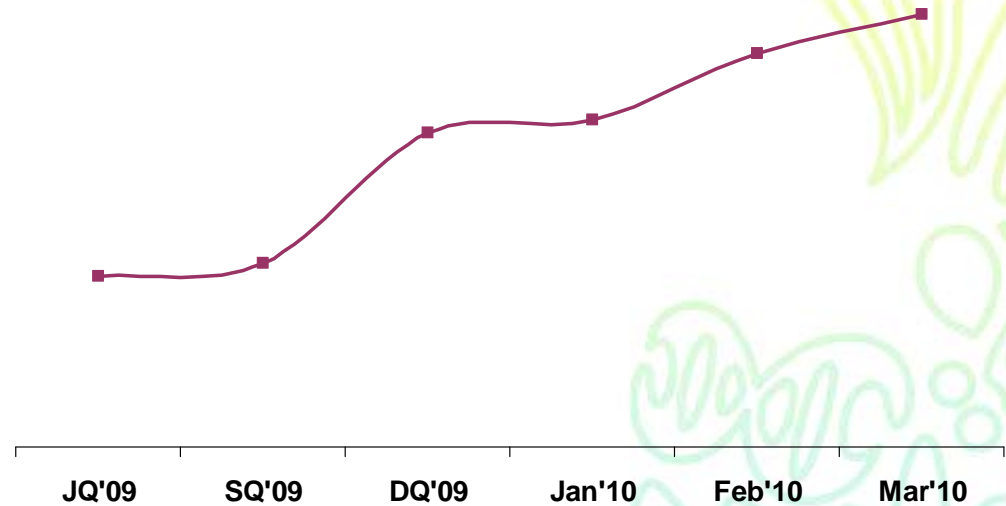
Indexed Rin Powder Volume
Avg Ton/ Month



RIN

- **Accelerating Growth Momentum**
- **Strong Double Digit Volume Growth**

- **Powders Volume Market Share Gain**



Strong Brand Portfolio in Hair

Shampoo



Presence across Price Points

Presence across Benefits:
Beauty, Anti Dandruff,
Health, Moisturizing etc.

Expanding into Conditioners



HUL Straddles Pyramid across Price Points & Benefits

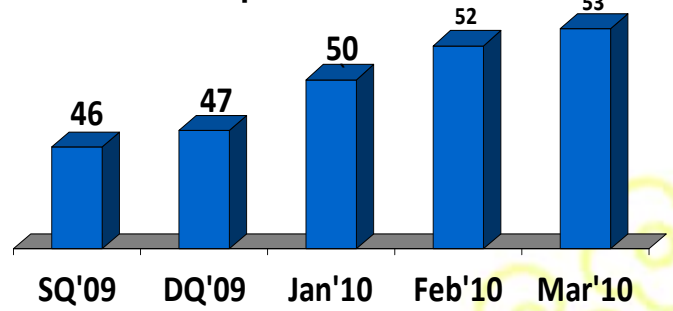
Strengthened Leadership amidst increased Market Heat

Heightened competitive intensity underpinned by media spends & aggressive promotions



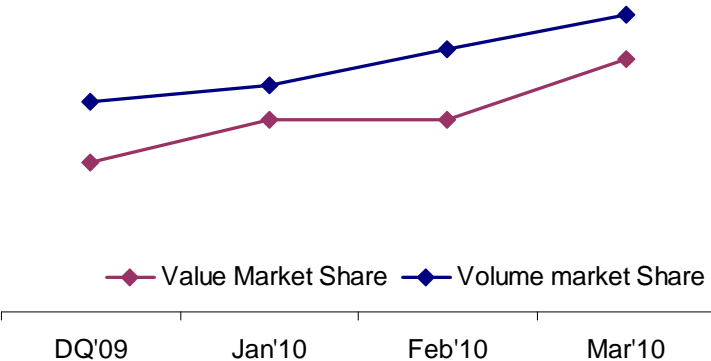
Innovation across Portfolio

HUL SOV% in Shampoo Market

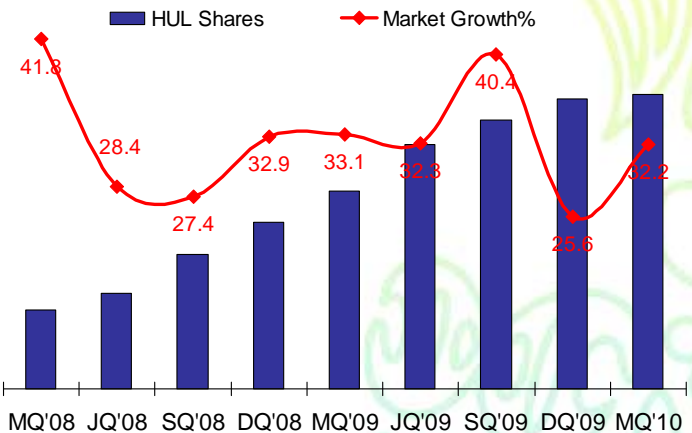


Increased Brand Investment

Shampoo



Growth ahead of Market: Reflected in Share Gain

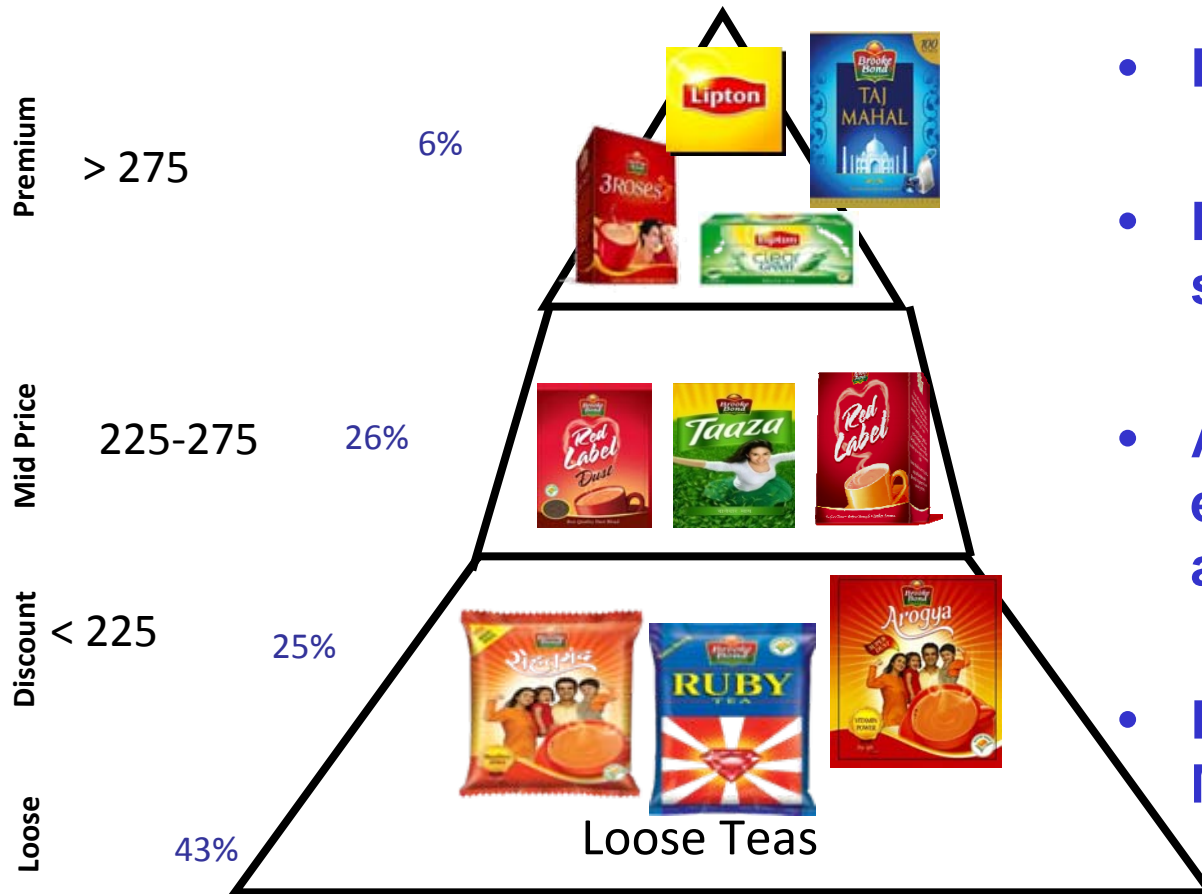


Accelerating share in Conditioners segment

Tea : Presence across price segments

Volume Contribution

Volume Contribution includes Packet + Loose Tea



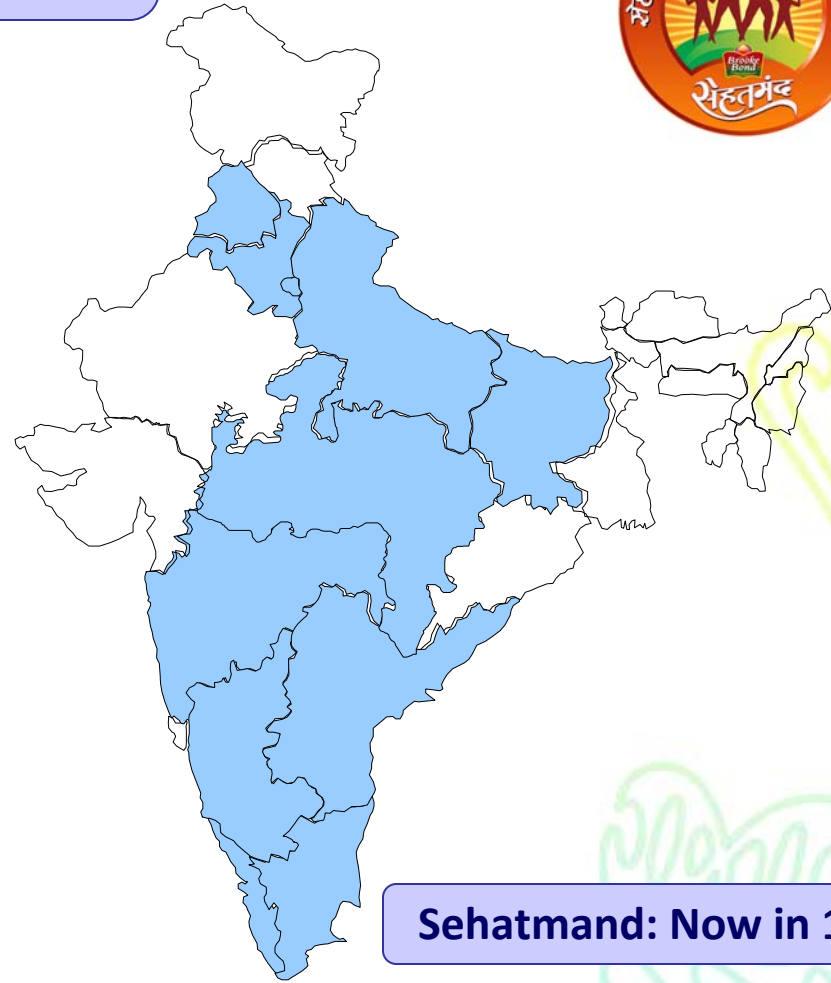
- Entry into Mass segment
- Portfolio deployment strategy state by state
- Actions in full swing to ensure portfolio play across
- Deploy appropriate Marketing Mix

Source: Nielsen Data 2009; Consumer Panel Data 2009

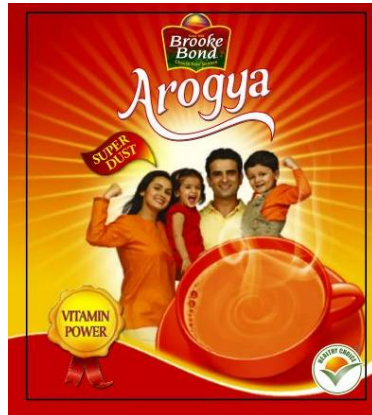
Entry into Mass segment through Nutritional Tea



Daily Vitamin Power with 3 Cups



Leaf & Dust Format



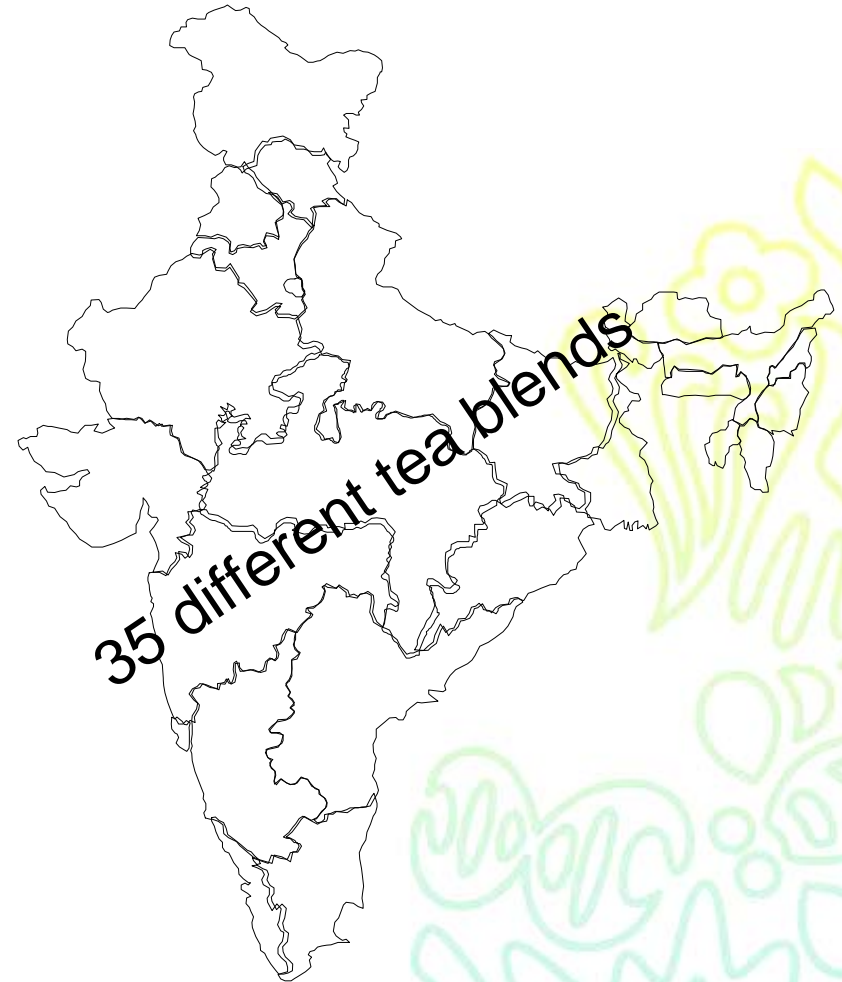
Sehatmand: Now in 13 States

Winning in the marketplace : Micro Marketing

Micro Marketing

- **Why ? The “Many Indias”**
 - Varied Consumer preference
 - Nature of competition different
 - Triggers & barriers different
- **How ? Tailoring the Mix**
 - Right pricing by geography
 - Product customisation
 - Locally relevant activation

Tea : Differentiated blends



Entry into new Category/Segments



Surface Cleaner



Nutritional Tea



Green Tea



Fabric Conditioner



Swirl Parlour



Premium Skin Lightening



Hair Conditioner

Soupy Noodles



Male Grooming



Face Cleansing



Compact Water Purifier

Meal Maker



Delivering segments of the future

New benefits - Anti Aging



New regimes
Post wash



Hair Conditioners



Hair treatments



Evolving beauty
experience



Building expertise : Presence across platforms

	Moisturisation	Anti-Aging	Whitening	Oil Control
Face care				

	Hair Fall	Intense Damage	Shine	Dry Therapy	Dandruff
Hair care					

Entry in to new segments: Male Grooming



Anti Spot Whitening
Oil Control Range



MT – Face Wash, Body
Lotion, Shower Gel



Anti Spot Whitening
SPF 15 Range

Aligned Promo
Strategy



Activation

Processed Foods : Model based on conversion

Unhealthy fried snacks
Rs. 17,000 crs *



Healthy Soups/Noodles



Different eating habit

Traditional Indian
Sweets



Ice cream



Scratch Cooking
Rs. 11,500 crs*



Meal Makers



Different preparation method

Pkt tea
Rs. 5,700 crs



Tea bags – no boiling



Leveraging global R&D capability to create locally relevant mixes

* McKinsey estimates

Building Savoury – Three Pillars of Growth



Build a soup drinking habit



Gain share in afternoon snacks



Drive Dish Penetration

Entry into afternoon snacking

Healthy Knorr Soupy Noodles - Entry into afternoon snacking

Noodles

- Filling snack
- Convenient
- Tasty (loved by kids)



Soups

- Healthy
- Does not interfere with main meal
- Loved by Moms

A healthy and exciting snack for kids



Excellent initial response

RS. 10



RS. 15



RS. 15



Healthy Soup + Noodles = Knorr Soupy Noodles

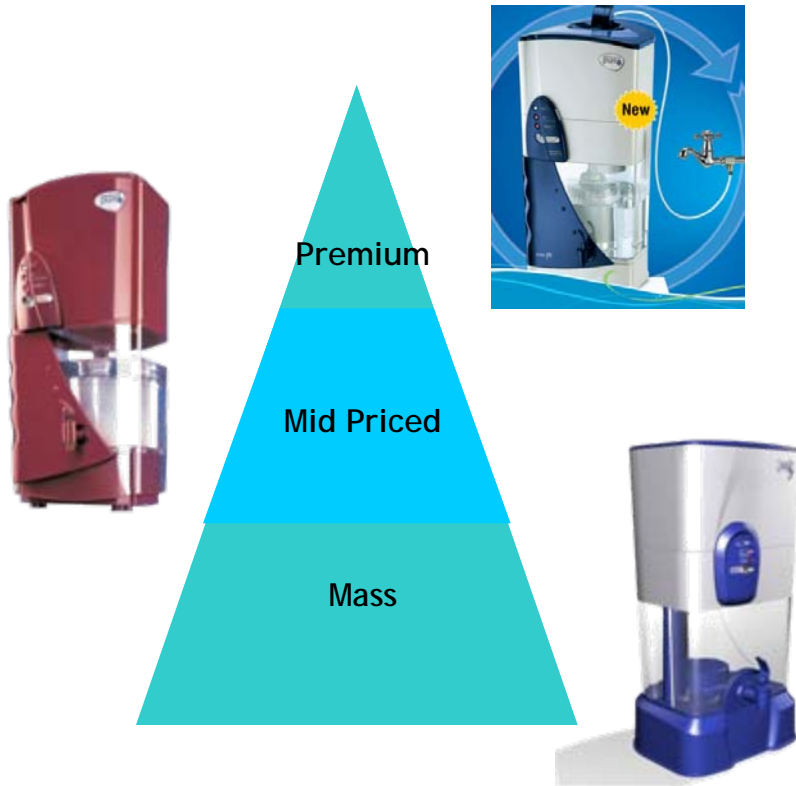


Driving dish penetration : Mealmakers

- The Modern Indian Woman is looking for help
 - Yet she does not want her role as a provider to be substituted
- Fresh is important to her and there will be no compromises
 - We would offer her guaranteed results
- Identifying the family favourite cuisines for India
 - Excellent Product delivery



Building new markets: Pureit



Pureit : now straddles the Pyramid

Kills one crore of viruses in one litre of unsafe water



Expanding footprint : Out of Home capabilities

Swirl Parlours: Different Formats



Shop-in-Shop

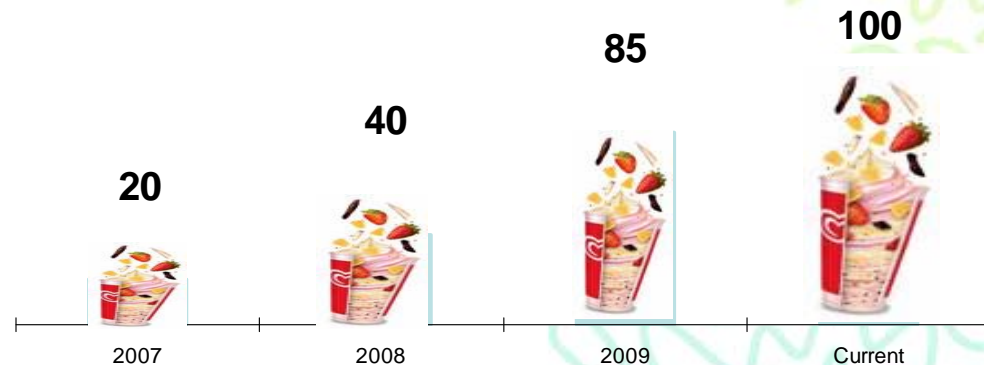


Kiosk



Full Shop

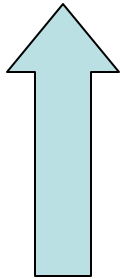
- Now 100 Swirl Parlours
- 3 million consumer experience moments created



Expanding footprint : Out of Home capabilities

Beverages

Opportunity - Develop business model and expertise for OOH consumption

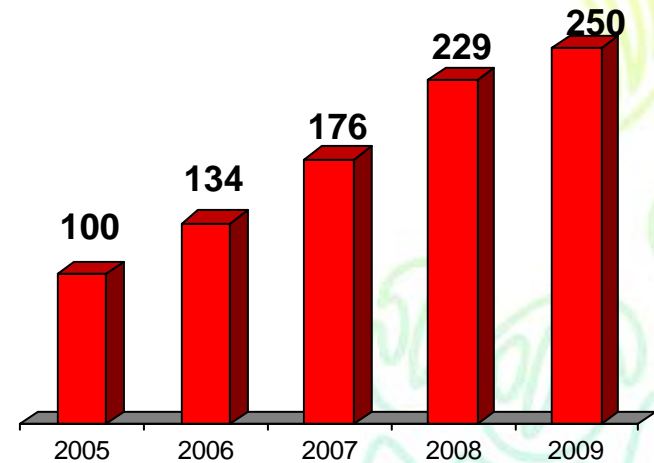


Large Beverage Portfolio
Strong OOH Capability



A CAGR of 26 % (2005 – 09)

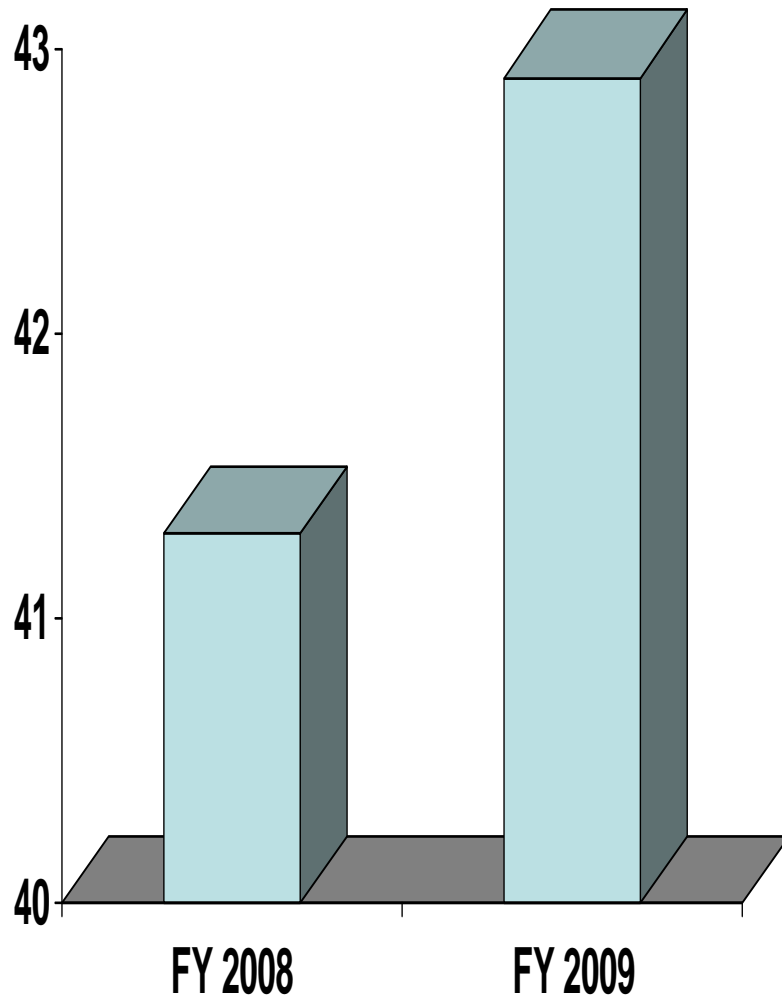
2 Billion cups per annum



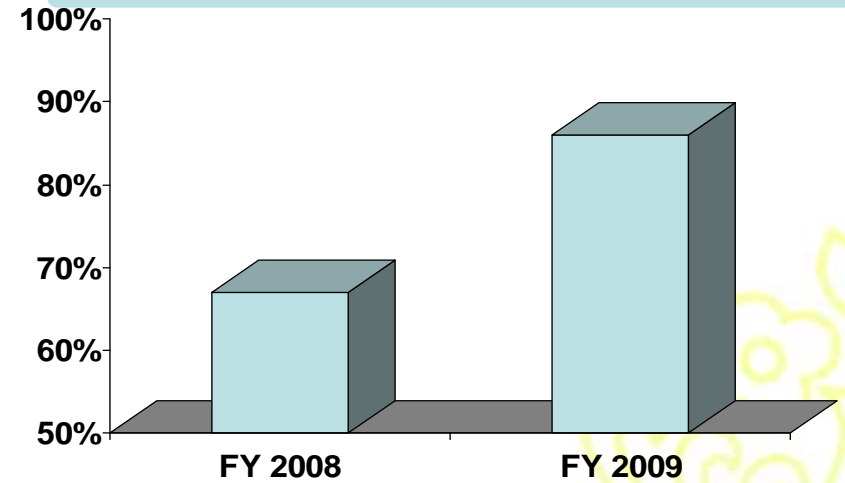
Indexed Turnover

Winning with winning customers : Modern Trade

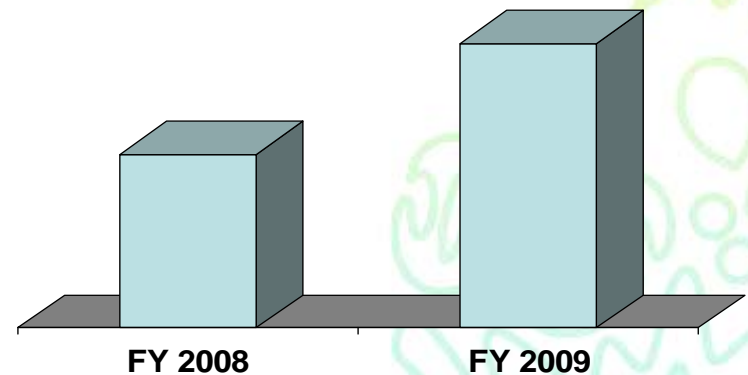
Market Shares up by 160 bps



Customer Service scores up



Profitability improved



Winning in winning geographies : Rural

New Markets

**New outlets
(current villages)**

**Shakti/
Shaktiman**

**+500,000
stores**

Winning with technology : iQ

ORDER BOOKING						
LINES	FIND	TOTVAL				
← Select Category →		<input checked="" type="checkbox"/>	Must Sell Packs	<input checked="" type="checkbox"/>		
SKU	50	OR				
LUX ORCHID 100 GMS	2	0				
LUX ORCHID 100 GMS	2	0				
ALA BLEACH 500ML	3	0				
LUX ORCHID 45 GMS	4	0				
LUX ORCHID 75 GMS	1	0				
LUX STWBY 125G	2	0				
SFXL BAR. 125 GM	4	0				

STK	TUR	MRP	ITMVAL	GAP	RR		
169	12.04	13.00	0	97	16		
0	1	3	5	6	12	UNIT	
G	R	O	W	T	H	Exit	

Deliver Assortment

Reduce Out Of Stock

Build Assortment

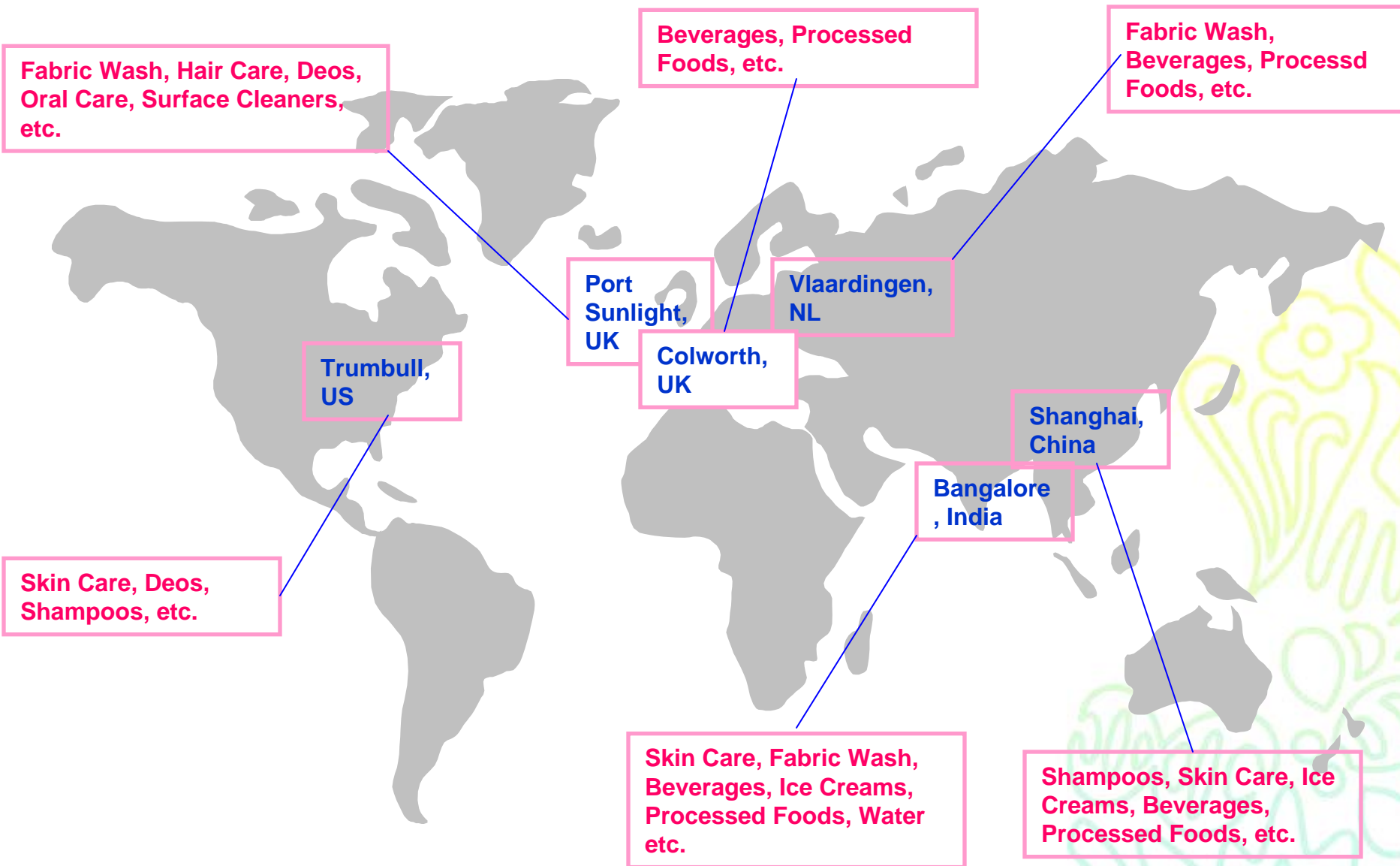
Identify Opportunities



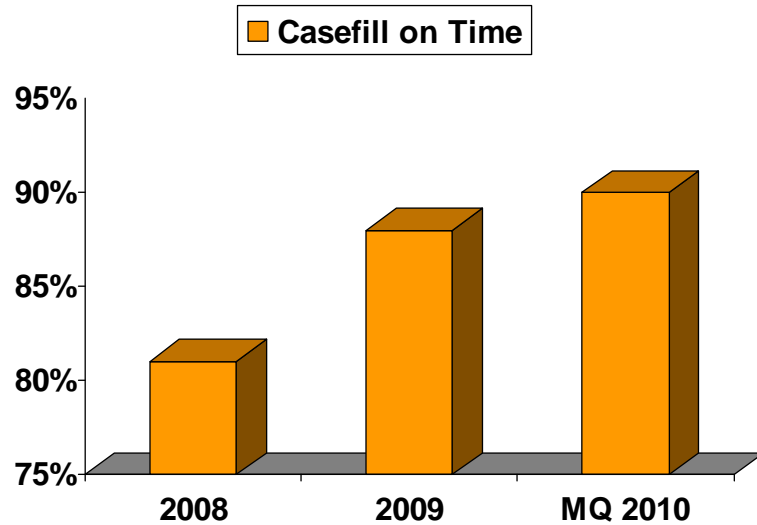
Sophisticated analytics for outlet level interventions

Simple front-end for better execution by salesmen

Leveraging Unilever: Global R&D Centres



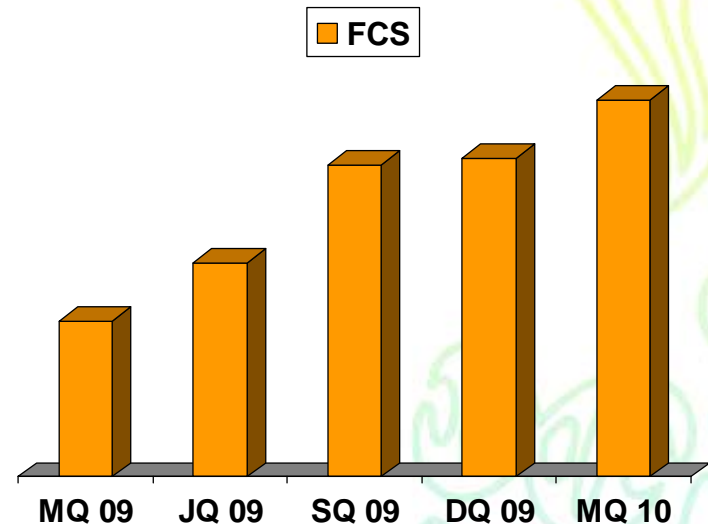
Execution : Customer Service > 90%



Execution : Customer Service > 90%

Execution : in the field

- Billing More Stores
- More Frequently
- With Better Assortment

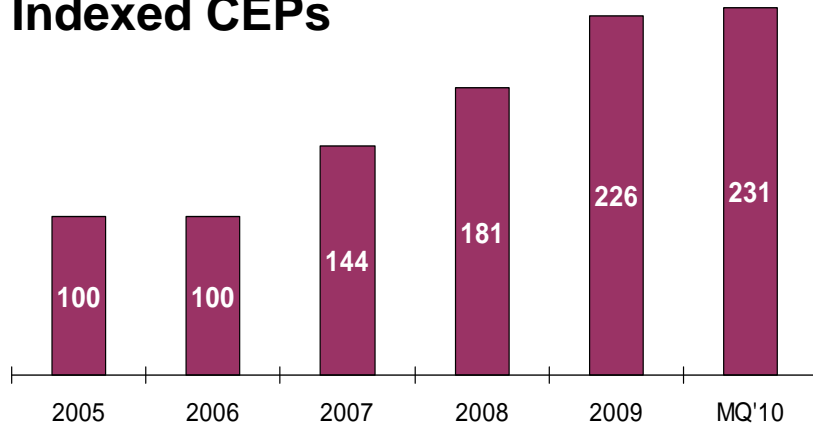


Execution : Greater Speed

- **We live in an era of volatility**
 - Demands greater flexibility and agility
 - Speed is a key competitive advantage
 - **Through 2009, several actions taken**
 - Execution cycle times analysed by element
 - Actions to deliver 50% reduction in cycle times agreed
 - **March Quarter 2010 :**
 - 45% of networks already on “crashed” timelines
 - All actions to deliver faster execution to be landed by JQ 2010
- 
- A decorative graphic on the right side of the slide, featuring stylized floral and leaf patterns in shades of yellow and green.

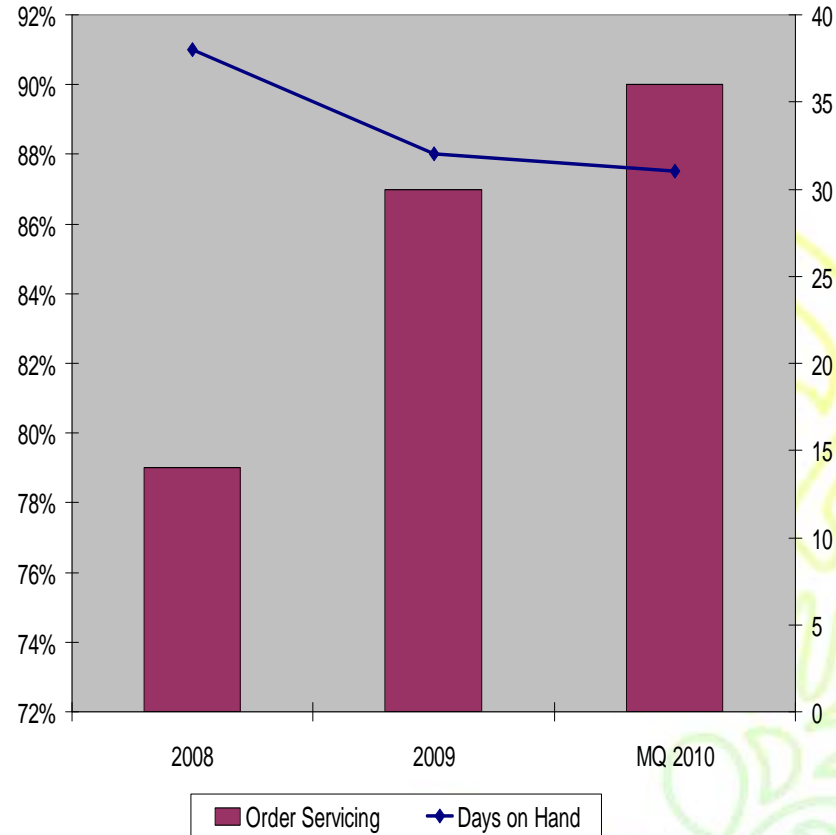
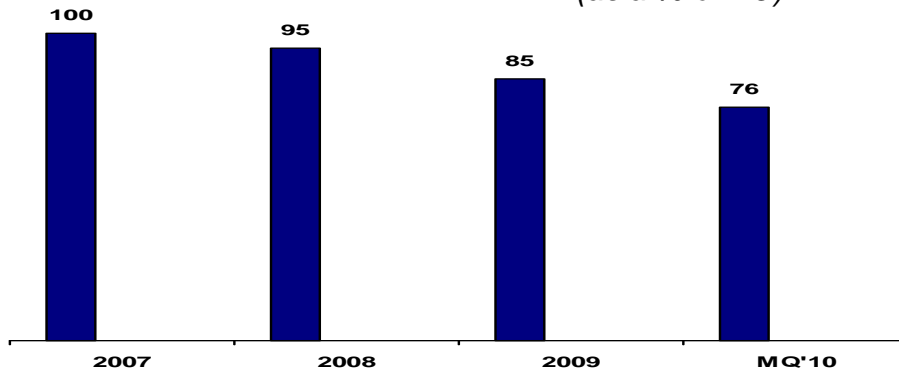
Continuous Improvement : Cash, Costs, Service

Indexed CEPs



MQ CEP are annualised for Full Year

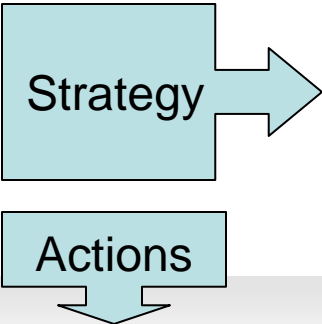
Indexed Indirects (as a % of TO)



Inventory & Customer Service

Reducing costs structurally

Corporate Responsibility: Our Approach



**Grow Markets
in a responsible
Manner**

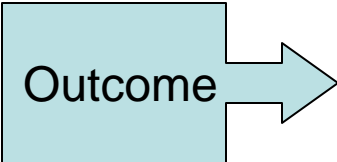
**Ensure
Sustainable
practices @HUL**

**Responsible
leadership
for a sustainable
tomorrow**

Our Brands

Our People

Our Processes

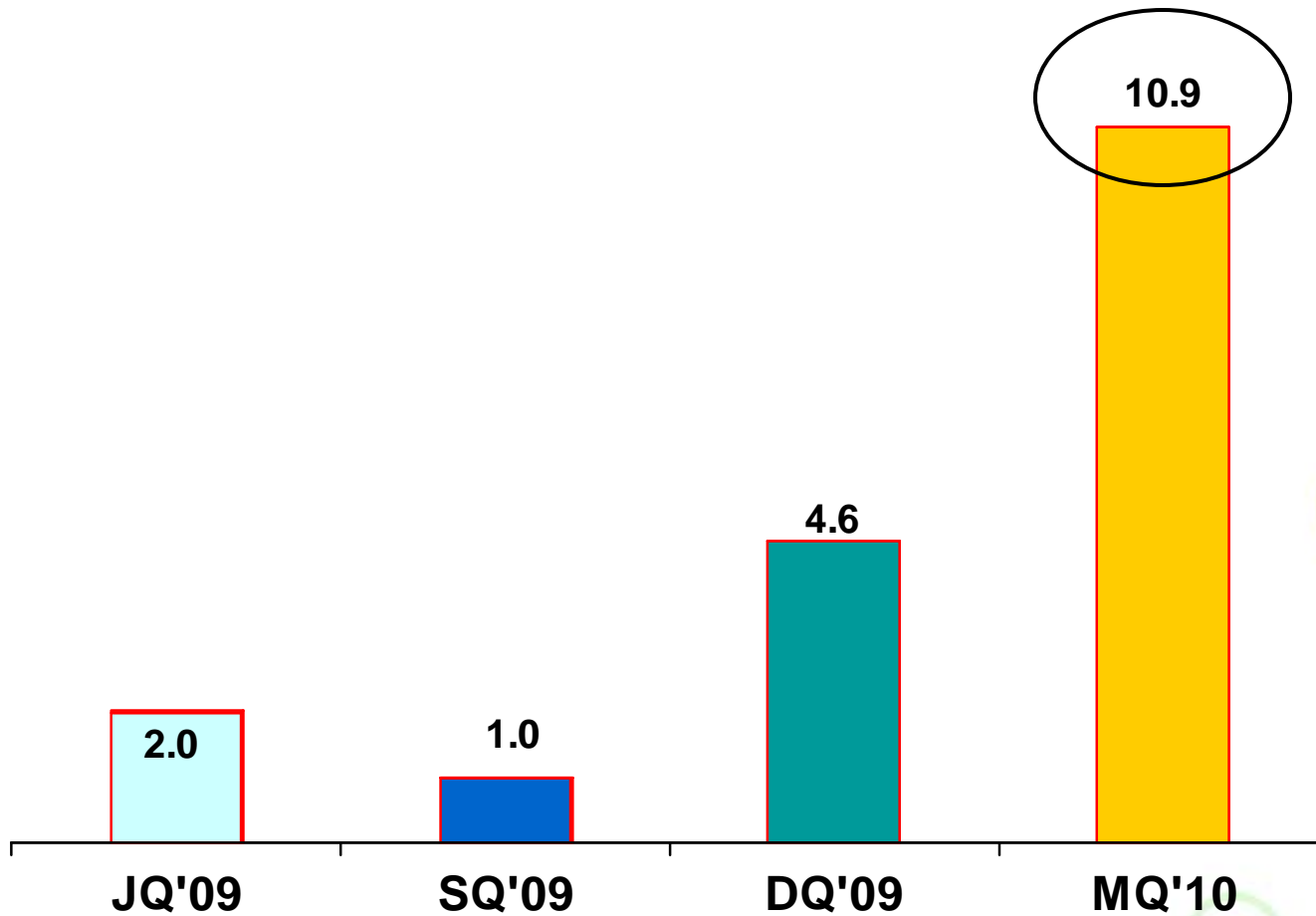


**Grow Markets
and Fuel
Innovations**

**Societal
legitimacy and
Competitive edge**

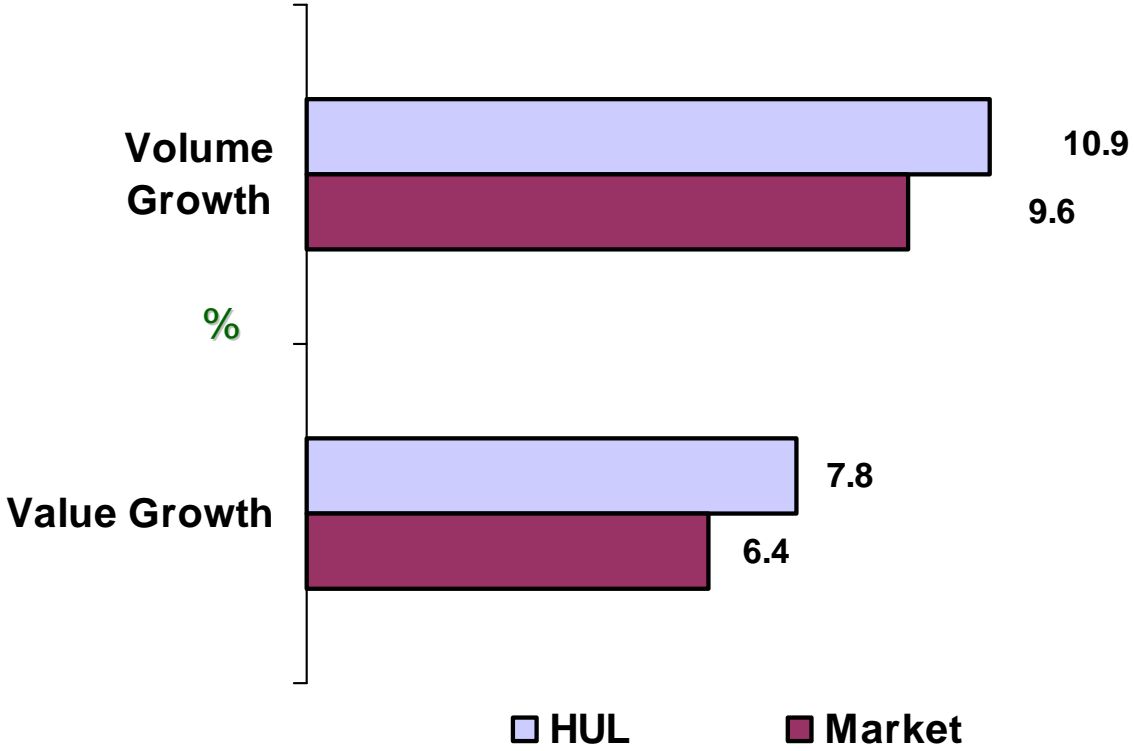
**Building
Reputation
for HUL**

Strong pick up in volume growth



Step up in volume growth

Growth ahead of market



Competitive growth delivered

MQ'10 : Results Highlights

- Overall growth ahead of market; strong volume growth at 11%
- PP, Foods & Water grow in double digit
- Decisive actions to strengthen leadership in laundry & Personal Wash
- Net sales and Domestic Consumer business grow at 8%
- Continued innovation to drive new categories/ segments for the future
- Go to market capabilities significantly strengthened
- Sustained focus on cost management; COGS down by 80 bps
- A&P investment stepped up by 320 bps to 14.5%
- PBT (bei) maintained; Net Profit up by 47.1%; aided by exceptional/ extraordinary gains

FY'10 : Results

Rs Cr

Rs Crores	FY' 10	FY' 09*	Growth%
Net Sales	17524	16477	6.4
EBITDA	2750	2555	7.6
PBIT	2566	2396	7.1
<i>PBIT margin (%age)</i>	14.6	14.5	-
PBT bei	2707	2556	5.9
Exceptional Items	55	(19)	-
PBT	2763	2537	8.9
PAT bei	2059	2065	(0.3)
Extraordinary Items (net of Tax)	56	(9)	-
Net Profit	2202	2116	4.1

*Unaudited results for 12 months period

Key Financials

	2009-10	2008-09**	2007	2006
Sales Growth^	6.4%	15.5%	13.5%	10.0%
EBIT Growth	7.1%	18.8%	15.4%	16.2%
EPS (Rs per share)	10.10	9.70*	8.73	8.41
Operating cash flow**	\$715 Mn	\$422 Mn#	\$350 Mn	\$332 Mn
Dividend Payout Ratio	75.2%\$	77%	121%@	83%

^Audited results FY 2008-09 for 15 months. Sales and EBIT Growth Nos. are based on JQ'08-MQ'09 vs JQ'07-MQ'08. Sales and EBIT growth numbers for 2009 – 10 are based on JQ'09 – MQ'10 vs JQ'08 – MQ'09

** EPS for 2008-09 is based on unaudited results for the twelve months ended on March 31, 2009*

***Before restructuring, disposal. Conversion rate \$1= INR 48.*

Operating cash flow nos. are for 15 months MQ'08-MQ'09. Dividend Payout Ratio includes Dividend Tax

@ Includes special dividend.

\$ Board has proposed final dividend of Rs.3.50 (total dividend Rs.6.50 including interim dividend of Rs.3) for FY 2009-10 subject to shareholders approval.

Looking ahead

- **Competition will intensify further - unblinking defense of our strong market leadership**
 - **Our Focus remains to :**
 - **Continuously strengthen competitiveness of our Portfolio and Brands**
 - **Deliver bigger and better innovations**
 - **Lead market development – entry into new categories and segments**
 - **Strengthen overall organisational capabilities to continuously improve the quality of execution and speed to market**
- 

Thank You





Hindustan Unilever Limited

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