

# Hindustan Unilever Limited

## Winning in the India of Today & Tomorrow



# Safe Harbour Statement

This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward looking statements. These forward looking statements are based on certain expectations, assumptions, anticipated developments and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, market growth, intense competition and the pricing environment in the market, consumption level, ability to maintain and manage key customer relationship and supply chain sources and those factors which may affect our ability to implement business strategies successfully, namely changes in regulatory environments, political instability, change in international oil prices and input costs and new or changed priorities of the trade. The Company, therefore, cannot guarantee that the forward looking statements made herein shall be realized. The Company, based on changes as stated above, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein or make written or oral forward looking statements as may be required from time to time on the basis of subsequent developments and events. The Company does not undertake any obligation to update forward looking statements that may be made from time to time by or on behalf of the Company to reflect the events or circumstances after the date hereof.

1

Trends that are shaping India

2

Winning in India – *The HUL experience*

# 1. Changing attitudes and rising aspirations



**Traditional**

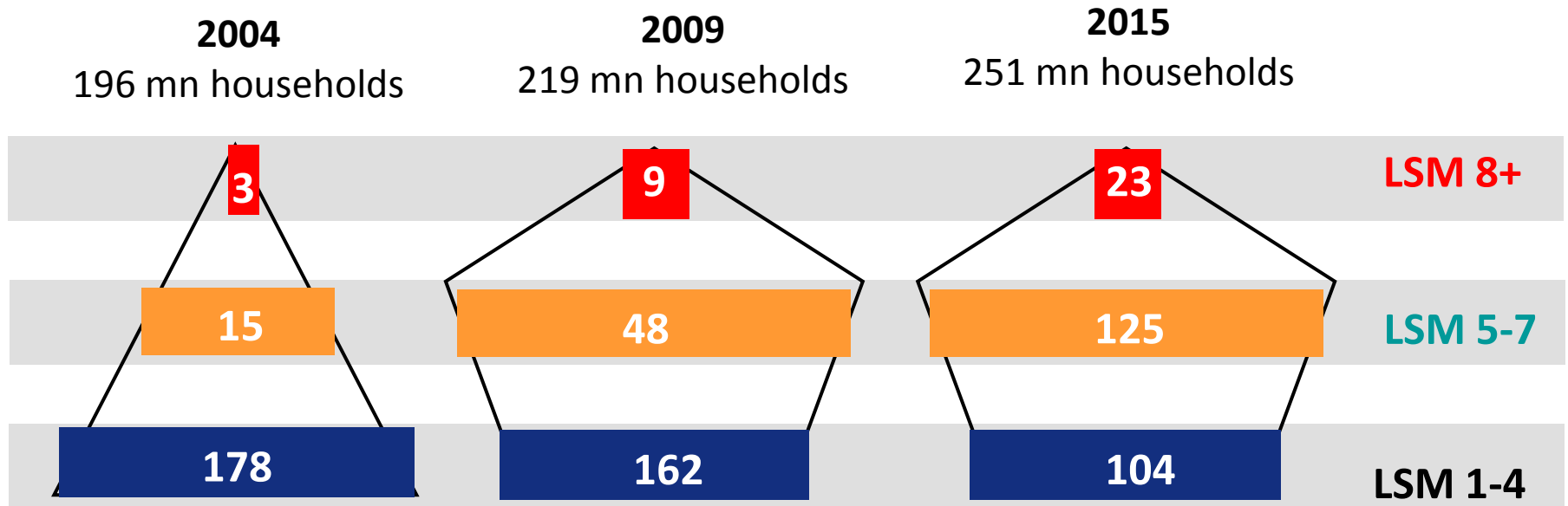
**Address basic necessities**



**Contemporary**

**Experimental, aware & discerning**

## 2. Growing incomes amidst continued disparity



**Affluence will keep rising**

**New categories**

**New benefits**

**BOP will remain large**

**New consumers**

**Extending reach**

# 3. The changing landscape of Urban India



## Rapid Urbanization

Growing at 2.4%



## Emergence of the Urban Poor

Over 20% of population in Cities live in slums

## 4. Rural whilst evolving will continue to remain large

### Sizable Footprint



**Majority of India will continue to live in Rural**

### Rising Income



**>3X increase in government expenditure\***

### Diversifying income



**Significant diversification in Rural income**

### Consumption and uptrading



**Strong growth in emerging categories**

*\* Over the last 5 years*

*Source : NREGA Implementation Status Report*

# 5. Technology creating a wave of change



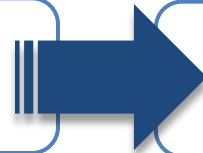


# ...and they come with a set of opportunities and challenges

## Trends

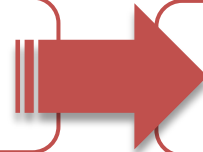
## Implications

Changing attitudes and rising aspirations



- Emerging segments of future
- Explosion of choice

Growing incomes amidst continued disparity



- Opportunity across the pyramid
- Headroom for growth

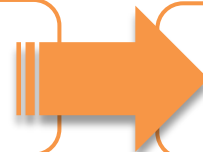
The changing landscape of Urban India



- Hybrid trade structures to exist
- Pressures on Urban Infrastructure

Rural whilst evolving will continue to remain large

Technology creating a wave of change



- Connected 24X7

1

Trends that are shaping India

2

Winning in India – *The HUL experience*

# Driven by a clear and compelling strategy



## THE COMPASS



WE ARE UNILEVER...

VISION	<p>We are a successful, globally sustainable business.</p>	<p><b>WE WANT TO CREATE A BETTER EVERY DAY FOR</b></p> <p>We help people feel good, look good and move on. We make brands and services that are good for them and good for others.</p> <p>We will inspire people to take small, everyday actions that can add up to a big difference for the world.</p> <p>We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.</p>
BUSINESS MODEL	<p>We focus on corporate and consumer with a lead for others.</p>	<p>Our first priority is to our consumers. Our customers, employees and communities. After we fulfil our responsibilities to them, our shareholders will be rewarded.</p> <p>We will use strong, proven products and a positive approach to all our stakeholders, based on their responsibility and how to do better.</p>

WHERE WE WILL WIN...

PERFORMANCE	<p>We share and grow volume in every category and country.</p>
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HOW WE WILL WIN...

HIGH PRIORITY	<p>Working with brands and innovation</p>	<ol style="list-style-type: none"> <li>1. Enhance value for products, design, branding and marketing</li> <li>2. Righten, better, faster innovation</li> <li>3. Appeal to those consumers across health and price points</li> </ol>
	<p>Working in the marketplace</p>	<ol style="list-style-type: none"> <li>4. Lead in market development</li> <li>5. Win with existing customers</li> <li>6. Be innovative everywhere</li> </ol>
	<p>Working through customer relationships</p>	<ol style="list-style-type: none"> <li>7. Create, regenerate and conserve lead value chain</li> <li>8. Drive return on brand equity</li> <li>9. Optimize and maximize organization</li> </ol>
	<p>Working with people</p>	<ol style="list-style-type: none"> <li>10. Organization and structure related positive leads to financial growth objectives</li> <li>11. Performance culture which supports our vision</li> <li>12. Settings for operating framework for competitive advantage</li> </ol>

# Driven by a clear and compelling strategy



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**

BEHAVIOURS HOW WE WIN	Winning in the marketplace	1. Lead market development 2. Use multi channel customer 3. Be innovative pioneers
	Winning through customer engagement	4. Lead, engage and customer led innovation 5. Drive return on brand equity 6. Agile and consistent organisation
	Winning with people	7. Organisation and structure that enables rapid, sustainable growth 8. Performance culture which supports our values 9. Settings for operating framework for competitive advantage

# Embedding consumer and customer centricity

## Consumer



**Blind Product Win**

## Customer



**Credo**

## Consumer & Customer License

 **Consumer Shoes**

 **Popeye**

 **Coins**

## Lever Care



# Our approach to Winning

- 1** Winning with brands and innovation
- 2** Winning in the marketplace
- 3** Winning through continuous improvement
- 4** Winning with people

**THE COMPASS**

**WE ARE UNILEVER...**

<b>VISION</b>	We are a successful, growing, sustainable business.	WE WANT 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.
<b>MANIFESTO</b>	We focus on customers and partners with a bias for action.	Our first priority is to our customers, their 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...**

**PROGRESS:** We share and grow volume in every category and country.

**HOW WE WILL WIN...**

<b>NON-NEGOTIABLES</b>	<b>1</b>	Deliver superior products, designs, branding and marketing
	2	Smarter, better, faster innovation
	3	Appeal to more consumers across needs and price points
	<b>2</b>	Lead market development
	4	Win with existing customers
	5	Be an execution powerhouse
	<b>3</b>	Lower, responsive and consumer led value chain
	6	Drive return on brand support
	7	Agile, flat, competitive organisation
	<b>4</b>	High performance and diverse talent pipeline leads to match our growth ambitions
	8	Performance culture which supports our vision
	9	Leverage our operating framework for competitive advantage

# Our approach to Winning

- 1 Winning with brands and innovation
- 2 Winning in the marketplace
- 3 Winning through continuous improvement
- 4 Winning with people



**THE COMPASS**



**WE ARE UNILEVER...**

<b>VISION</b>	<p>We are a successful, growing, sustainable business.</p>	<p><b>WE WANT TO CREATE A BETTER FUTURE EVERY DAY!</b></p> <p>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.</p> <p>We will inspire people to take small everyday actions that can add up to a big difference for the world.</p> <p>We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.</p>
<b>MANIFIESTO</b>	<p>We focus on customers and partners with a bias for action.</p>	<p>Our first priority is to our customers, then customers, employees and communities. When we fulfil our responsibilities to them, our shareholders will be happy too.</p> <p>We will win through a growth mentality and a positive approach to all our stakeholders, based on clear accountability and bias for action.</p>

**WHERE WE WILL WIN...**

We share and grow volume in many category and country.

**HOW WE WILL WIN...**

<b>NON-NEGOTIABLES</b>	<p><b>1</b> Deliver superior products, designs, branding and marketing</p> <p>2 Better, better, better innovation</p> <p>3 Appeal to more consumers, across needs and price points</p>
<b>2</b>	<p>4 Lead market development</p> <p>5 Win with existing customers</p> <p>6 Be an execution powerhouse</p>
<b>3</b>	<p>7 Low, responsive and consumer led value chain</p> <p>8 Drive return on brand support</p> <p>9 Agile, flat, competitive organisation</p>
<b>4</b>	<p>10 Organisation and diverse talent pipeline leads to match our growth ambitions</p> <p>11 Performance culture which supports our vision</p> <p>12 Leverage our operating framework for competitive advantage</p>

# Portfolio that straddles the pyramid

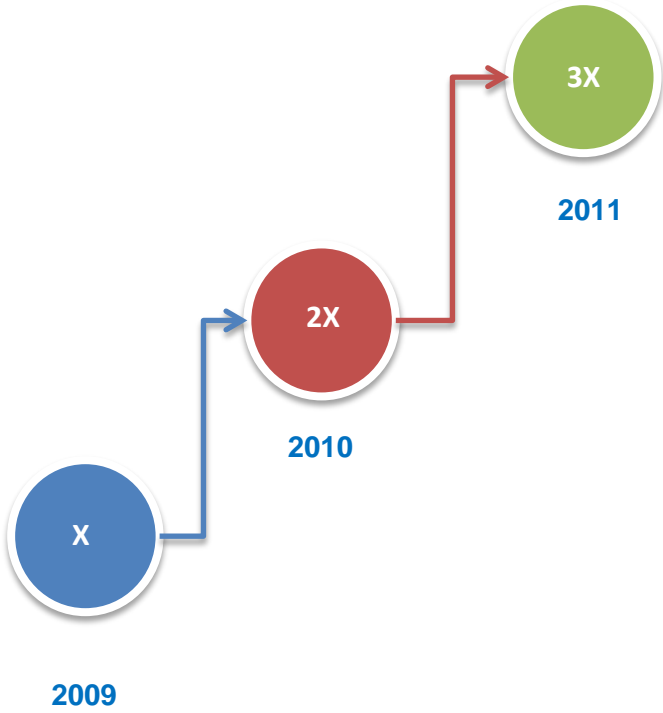


> 60% of the portfolio was touched by innovation during 2011-12

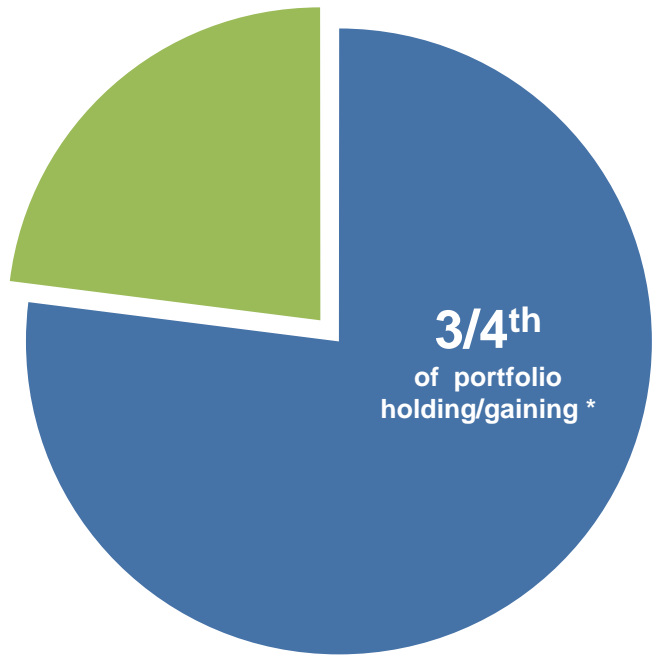


# Better quality products, stronger brands

Tripled blind product wins %

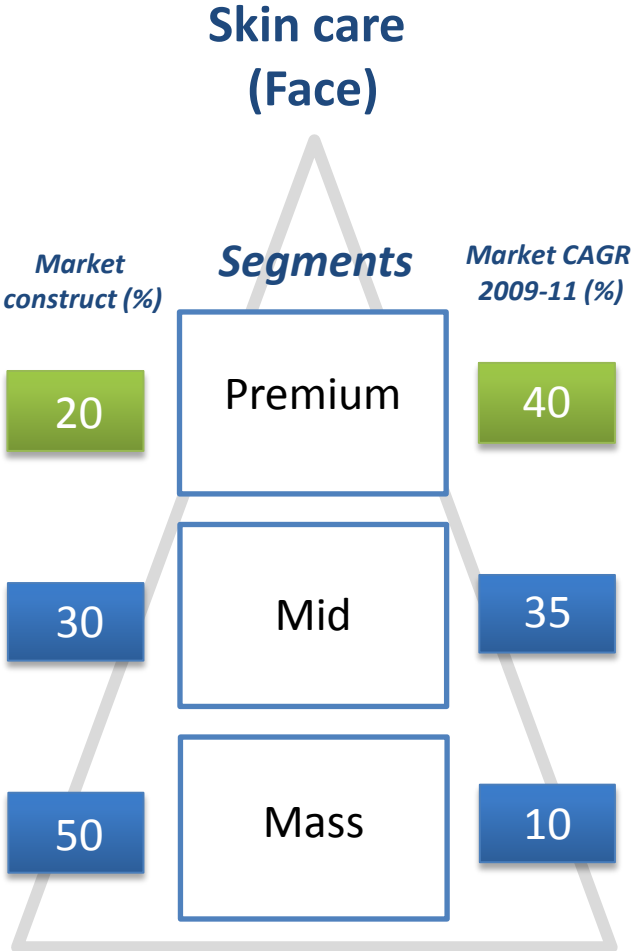


Improved brand equity scores

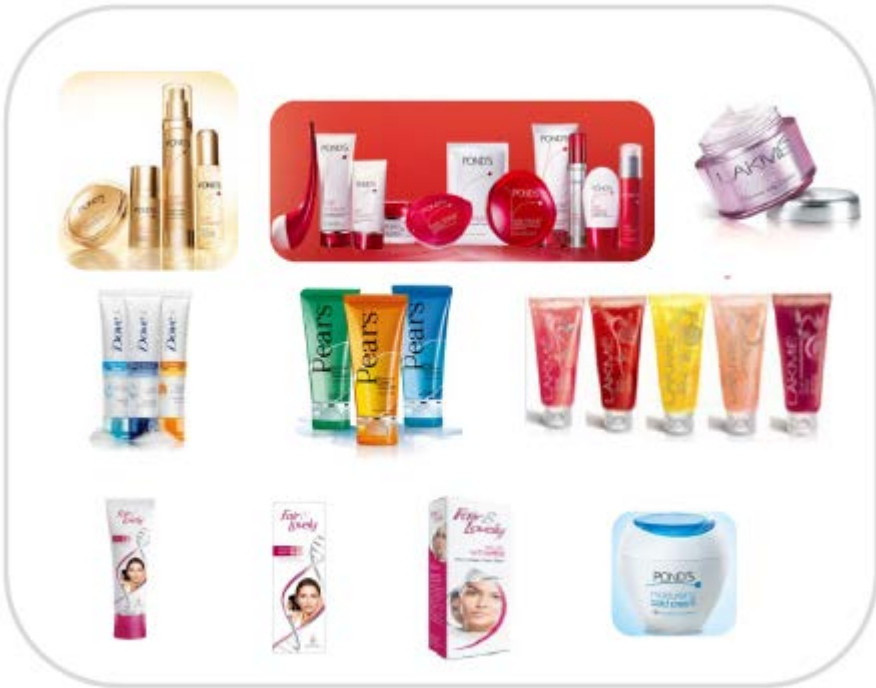


Measured for the top 25 brands; \*Exit 2011 Vs second half 2009

# Driving premiumization



## Moving up the ladder



# Building segments of future

## Facewashes

Size: >Rs. 900 crs.  
Growth: c. 50%



## Hand & Body

Size: >Rs. 2300 crs.  
Growth: c. 30%



## Conditioners

Size: >Rs. 250 crs.  
Growth: c. 30%



## Tea bags

Size: >Rs. 140 crs.  
Growth: c. 40%



# Connecting with the evolving Indian

## Digital Readiness



- Building capability
- More brands, more platforms, always on
- Significant step up in investment

## Engagement based communication



- Focus on earned media
- 4.2 Mn Social networking fans added in 2011
- >1 billion social impressions generated

## Mobile, Social search, gaming and DTH



- 500% increase in search, 100% in social and 90% on mobile
- Online video is 10% of total digital spends

## Consumer insights, analytics, ROI



- CMI integration on DTH, mobile and display
- Pre-testing of digital creatives
- Digital campaign effectiveness

## Build consumer centric platforms



- Axe Angels Club
  - Top 10 FB page in India
  - 2<sup>nd</sup> largest Unilever FB page
- JammyArt.com: India's largest Kida UGC platform
- BeBeautiful.in: India's largest beauty platform

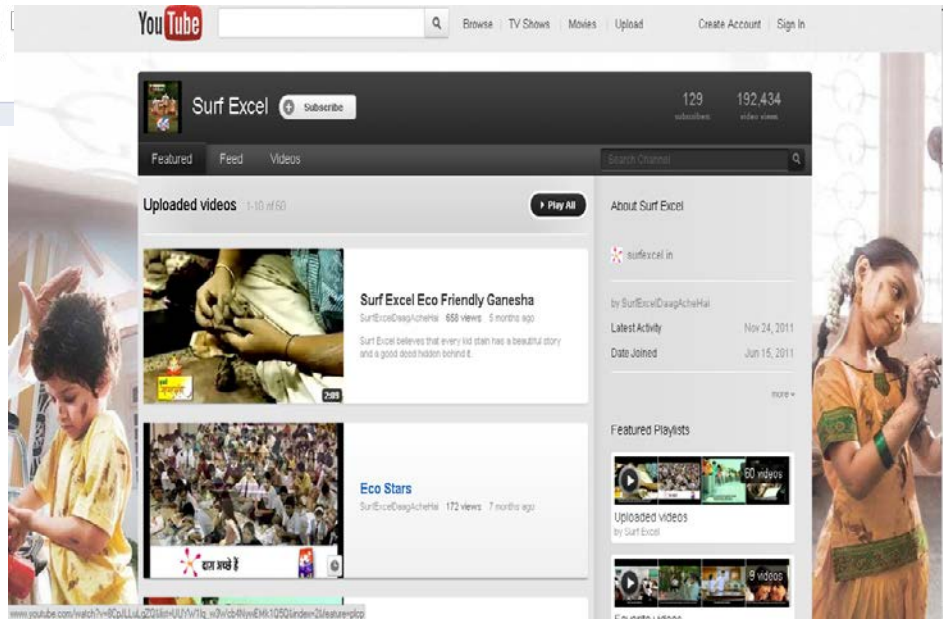
# Newer ways of engaging consumers

## *Integrated video plus social networking*



*1<sup>st</sup> ever FMCG campaign from India to enter the 'Facebook Studio hall of fame'*

*3.3 lakhs channel views  
126 subscriptions  
60 videos*



# Leveraging technology to activate and connect

## Mobile activation

मिस्ड कॉल दीजिए,  
मुस्कुराते रहिए\*

1800-3000-1599



### OVER 5 MILLION MISSED CALLS IN JUST 3 MONTHS!



#### KEY HIGHLIGHTS!

- 5,280,756** Missed Calls in 3 Months!
- 781,195** Unique Numbers (UP & Bihar only)
- 150** Secs of effective engagement
- 80** % of callers listening to entire content
- 6** Average missed calls per number

**Cost:**  
**Just 27 Paisa**  
**per call!**

SO WHAT ARE YOU WAITING FOR...  
MISSED CALL DIJIYE, MUSKURATE RAHIYE!\*

1800-3000-1599

\*Please note if your no is on DND, you will not receive any call. Creative Visualization.

# Our approach to Winning

- 1 Winning with brands and innovation
- 2 Winning in the marketplace
- 3 Winning through continuous improvement
- 4 Winning with people




## THE COMPASS

**WE ARE UNILEVER...**

<b>VISION</b>	<p>We are a successful, growing, sustainable business.</p>	<p><b>WE WORK TO CREATE A BETTER FUTURE EVERY DAY!</b></p> <p>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.</p> <p>We will inspire people to take small everyday actions that can add up to a big difference for the world.</p> <p>We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.</p>
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**WHERE WE WILL WIN...**

We share and grow volume in many categories and countries.

**HOW WE WILL WIN...**

<b>NON-NEGOTIABLES</b>	<b>1</b>	1. Deliver superior products, designs, branding and marketing
		2. Better, better, better innovation
		3. Appeal to more consumers across needs and price points
	<b>2</b>	4. Lead market development
		5. Win with existing customers
		6. Be an execution powerhouse
	<b>3</b>	7. Low, responsive and consumer led value chain
		8. Drive return on brand support
		9. Build, lead, compete, organize
	<b>4</b>	10. Organization and diverse talent pipeline leads to match our growth ambitions
		11. Performance culture which supports our vision
		12. Leverage our operating framework for competitive advantage

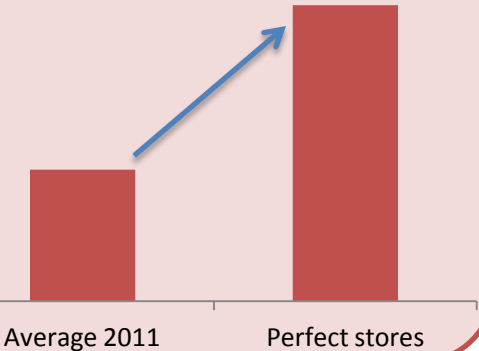
# Differentiated focus on channels

## General Trade

### *Perfect stores program*

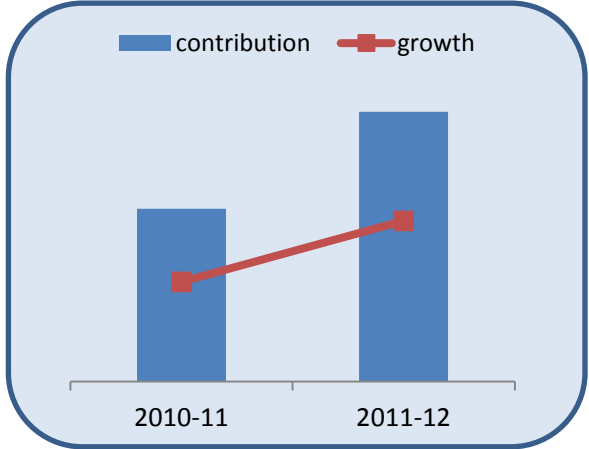


Growth in perfect stores significantly higher



## Modern Trade

### *Focus on customer service*





# Building the gateway to Rural

## Project Shakti *Expanding presence*



**45,000** Shaktiammas  
**30,000** Shaktimaans  
**100,000** Villages

## Khushiyon Ki Doli *Increasing consumer awareness*



**70,000** Villages  
**25 mln** Consumers  
**400,000** Retailers

## Project Express *Leveraging partnerships*



**HUL - TTSL Alliance**  
**> 20,000** markets across India  
Rolled out in **4 states**

# Our approach to Winning

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**WHERE WE WILL WIN...**

**PROGRESS:** We share and grow volume in every category and country.

**HOW WE WILL WIN...**

<b>NON-NEGOTIABLES</b>	<b>1</b>	Deliver superior products, designs, branding and marketing
	2	Waggle, better, faster innovation
	3	Respond to more consumers across needs and price points
	<b>2</b>	Lead market development
	4	Win with existing customers
	5	Be an execution powerhouse
	<b>3</b>	Lower, responsive and consumer led value chain
	6	Drive return on brand support
	7	Build, lead competitive organization
	<b>4</b>	Organization and drive hybrid positive leads to match our growth ambitions
	8	Performance culture which supports our vision
	9	Leverage our operating framework for competitive advantage

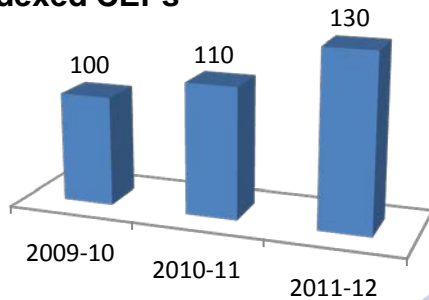
# Deploying Segmented Business Models



# With a relentless focus on costs and savings

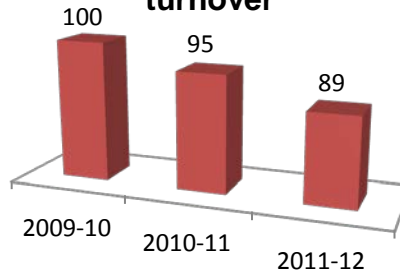
## Higher Savings

### Indexed CEPs

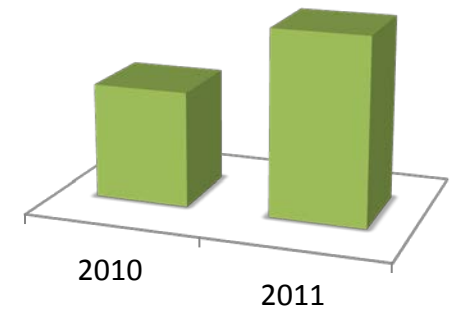


## Operating Leverage

### Indexed Overheads as % of turnover



## ROMI - Step up in green box activities



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	<b>4</b>	High performance and diverse talent pipeline leads to match our growth ambitions
	8	Performance culture which supports our vision
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# Building a talent powerhouse



# 1 Employer of choice by Nielsen  
Campus track

# 1 Best employer in India, 2011  
awarded by Aon Hewitt

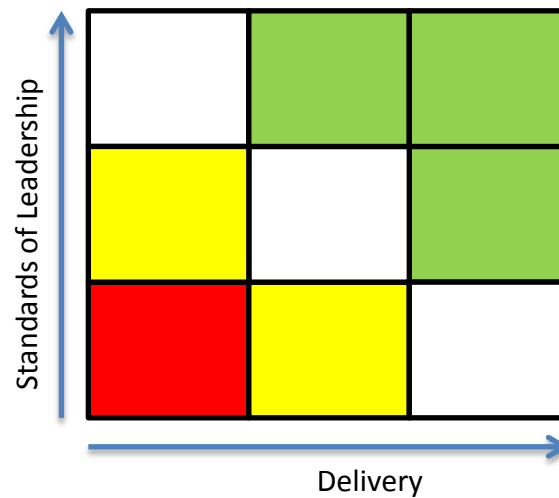
# 1 Dream employer across campuses  
Survey by Nielsen

# Strengthening Performance culture

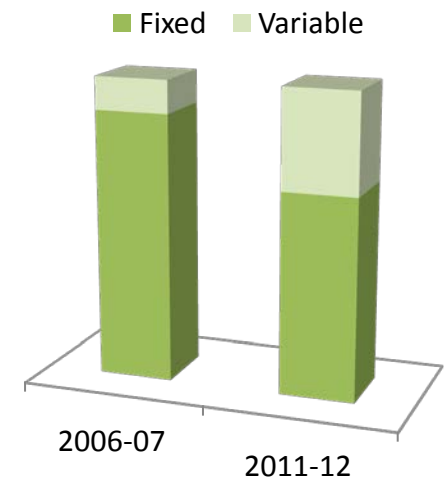
## Aligned goals



## Sharper differentiation



## Reward linked to performance



**Performance culture index is up by 14% in 2011**

At the heart of our strategy is doing business responsibly  
*Sustainable living plan with ambitious goals*

HELP  
**1 BILLION**  
PEOPLE IMPROVE  
THEIR HEALTH  
& WELL-BEING

**HALVE**  
ENVIRONMENTAL  
FOOTPRINT OF  
OUR PRODUCTS

SOURCE  
**100%**  
OF AGRICULTURAL  
RAW MATERIALS  
SUSTAINABLY



# And we are making steady progress

**30 million people** reached with **Lifebuoy soap** handwashing programmes in 2010-11

**30 million people** have **gained access to safe drinking water** by using **Pureit** in-home water purifier, since 2005

**Around 60%** of our major food and beverage brands – Brooke Bond, Bru, Knorr, Kissan and Kwality Wall's – comply with the '**Healthy Choice**' guidelines'

**Reduced CO<sub>2</sub> emissions by 14.7%, water use by 21.5% and waste by 52.8%** in our factories, over 2008 baseline

**Improved CO<sub>2</sub> efficiency** in transportation by **17.8%**

**60% of tomatoes** in **Kissan Ketchup** are sourced **sustainably**



Mahesana Sabarkantha

Tikamgarh

## Water conservation projects 180+ villages in India

Nasik Silvassa

Ahmadnagar

Bidar

Gulbarga

PEOPLE

**10000000** people  
to benefit

Bellary

Tradurga

PLANET

over **100 billion**  
liters of water to be  
harvested

Kolar

PROSPERITY

**50%** expected rise in  
crop production

Pera

Dindigul

Madurai

Virudhunagar

Sivagangai

Ramanad



# Winning in India

## Driven by a clear and compelling strategy

### Strategic framework

THE COMPASS	
<b>WE ARE UNLIVER...</b>	
<b>VISION</b>	<p><b>WE WERE TO CREATE A BETTER TOMORROW EVERY DAY</b></p> <p>We are a successful, growing, sustainable business.</p> <p>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.</p> <p>We will inspire people to take small everyday actions that can add up to a big difference for the world.</p> <p>We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.</p>
<b>MISSION STATEMENTS</b>	<p><b>We focus on consumers and customers with a bias for action.</b></p> <p>Our first priority is to our consumers, their customers, employees and communities. When we fulfil our responsibilities to these, our shareholders will be rewarded.</p> <p>We will work through a growth mindset and a positive approach to all our stakeholders, based on clear accountability and bias for action.</p>
<b>WHERE WE WILL WIN...</b>	
<b>FOCUS AREAS</b>	<p>Win share and gross volume in every category and country.</p>
<b>HOW WE WILL WIN...</b>	
<b>Winning with brands and innovation</b>	<ol style="list-style-type: none"> <li>1. Deliver superior products, design, branding and marketing</li> <li>2. Engage, buffer, foster innovation</li> <li>3. Appeal to more consumers across touch and price points</li> </ol>
<b>Winning in the marketplace</b>	<ol style="list-style-type: none"> <li>4. Lead market development</li> <li>5. Win with existing customers</li> <li>6. Be price/value pioneers</li> </ol>
<b>Winning through distribution improvements</b>	<ol style="list-style-type: none"> <li>7. Joint, regional and consumer led relations</li> <li>8. Drive return on brand equity</li> <li>9. Agile and sensitive organization</li> </ol>
<b>Winning with people</b>	<ol style="list-style-type: none"> <li>10. Organization will drive talent pipeline ready to double our growth ambition</li> <li>11. Performance culture which supports our vision</li> <li>12. Leverage our operating framework for competitive advantage</li> </ol>

### Sustainable Living Plan



### Our Goals

- Consistent Growth
- Competitive Growth
- Profitable Growth
- Responsible Growth

# Hindustan Unilever Limited

## Winning in the India of Today & Tomorrow

