

CO MANAGEMENT sees gradual pickup in demand and competitive intensity

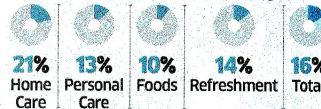
HUL Adds Punch to Growth Story Even as Costs Rise

Growth Cart

March quarter Performance	Mar 18 qtr (in ₹ cr)	YoY chg
Net Sales	9,003	3%*
EBIDTA	2,048	24%
EBIDTA Margin	22.70%	160 bps
Net Profit	1,351	14%

*comparable growth is 16%

Segment-wise comparable YoY sales growth



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ET Intelligence Group: Hindustan Unilever (HUL), India's largest consumer goods company, delivered a double-digit volume growth for the second consecutive quarter, much ahead of street estimates.

Volume growth for March quarter was 11% against expectations of 6-8%. In the corresponding quarter of the previous year, volume growth was 4%. The growth was broad-based, across categories similar to the preceding quarter. Key business segments such as home care, personal care and tea, which together account for over two-thirds of the revenue, reported double-digit volume growth.

Market experts attribute the growth in the past two quarters to the implementation of the Goods and Services Tax (GST) and low base in the previous year due to demonetisation. Retailers who had lowered inventories before the GST implementation are now gradually building it back to normal levels. This implies the com-

pany will be able to report similar growth in the June 2018 quarter.

Revenue rose by 16% to ₹9,003 crore in the March 2018 quarter. Net profit after adjusting for exceptional items increased by 14% to ₹1,351 crore. The operating margin before depreciation (EBITDA margin) improved by 160 basis points to 22.7%.

Segment-wise, home care, personal care, refreshment and food categories delivered 21%, 13%, 14% and 10% sales growth, respectively.

The HUL management said that there is gradual improvement in demand, but the competitive intensity is stepping up. At the same time, the inflation in input costs, crude and currency will be the key things to watch out for in the near term.

The HUL stock has gained nearly 11% since April on anticipation of strong results. At Monday's closing price of ₹1,505 on the BSE, it traded at 63 times, trailing 12-month earnings. At such a high valuation, the stock appears to be fairly priced factoring in the medium-term growth.

ET ANALYSIS