



Hindustan Unilever Limited

*New Lux.*

Enjoy silky skin like never before.



For The First Time With  
Silk Protein Extract



**Investor Presentation**

**November 2011**

## Safe harbour statement

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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.

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1

**About the Company**

# Our Vision

We work to create a better future everyday.

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 that will allow us to double the size of our company while reducing our environmental impact.



# HUL: India's largest FMCG Company



7 brands > \$200 mn\*; 12 brands > \$100 mn  
17 out of top 100 most trusted brands in India^

More than 75 years  
of experience in  
India

Products touch the  
lives of 2 out of 3  
Indians everyday

Market  
Capitalization > of \$  
16 Bln

No.1 and strong  
No.2 in more than  
95% of the  
business

# Pan India footprint

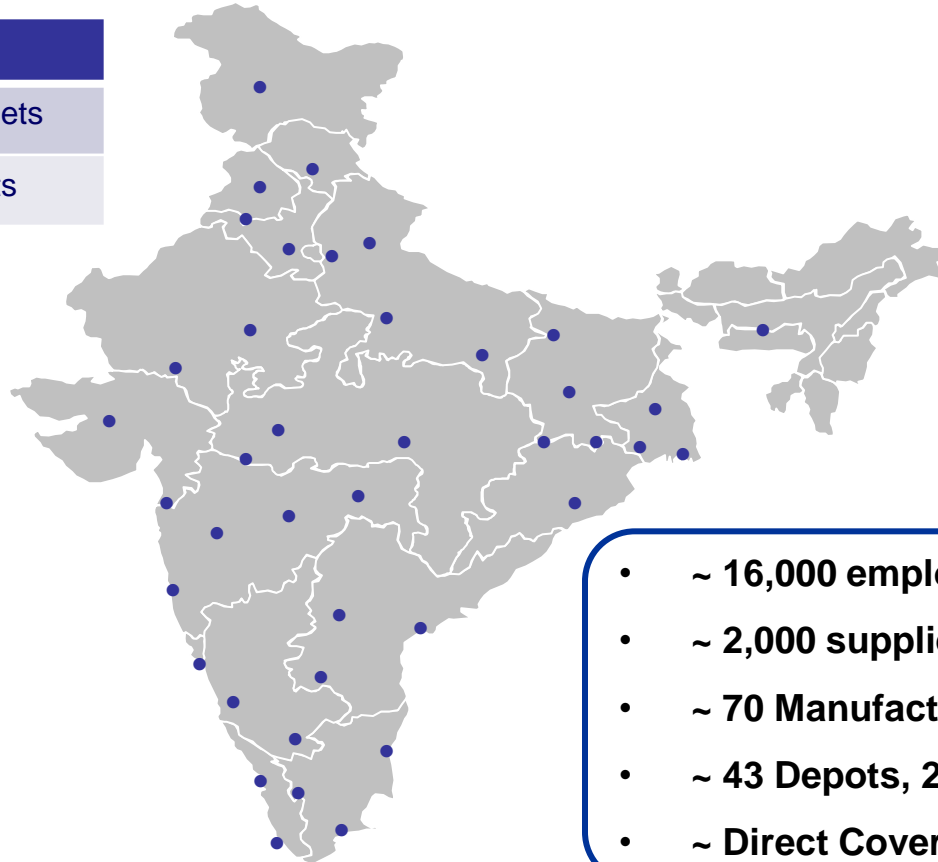
Population 1.2 billion

5545 Towns

2.5 million outlets

638,000 villages

5 million outlets



- ~ 16,000 employees
- ~ 2,000 suppliers & associates
- ~ 70 Manufacturing Locations
- ~ 43 Depots, 2700+ Distributors
- ~ Direct Coverage 1.5 m outlets

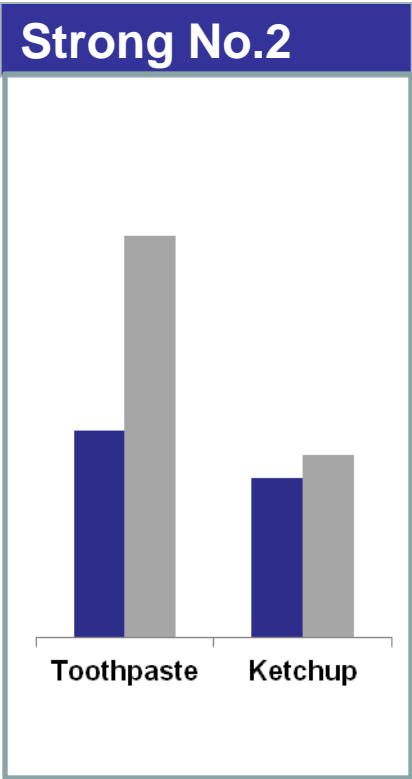
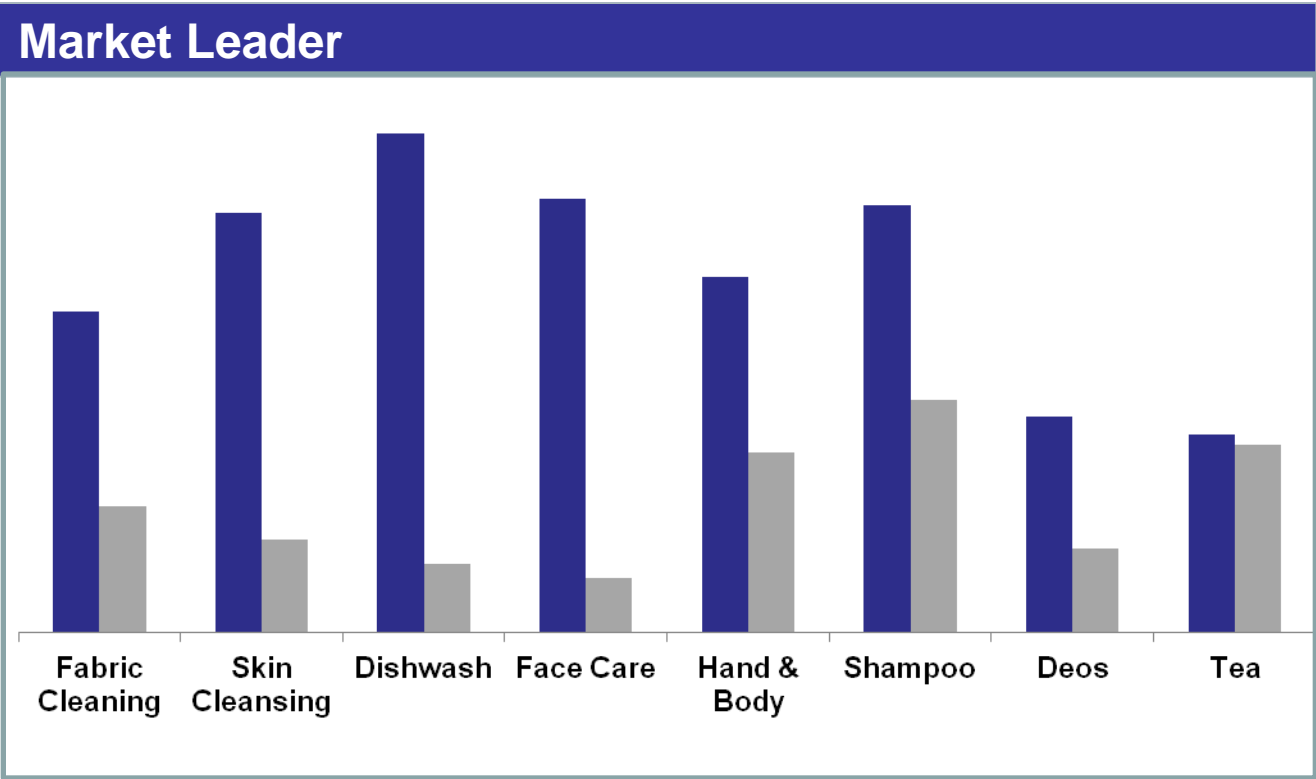
\* Source:

(1) Statistics on India, Total Coverage : AC Nielsen, Census of India 2011

(2) Statistics on Market reach: MRUC, Hansa Research - Guide to Indian Markets 2006

• HUL manufacturing locations

# Unparalleled leadership positions



■ HUL – Market Share (%)
 ■ Competition Market Share (%)

\* Source: AC Nielsen market share for FY 2010-11 average



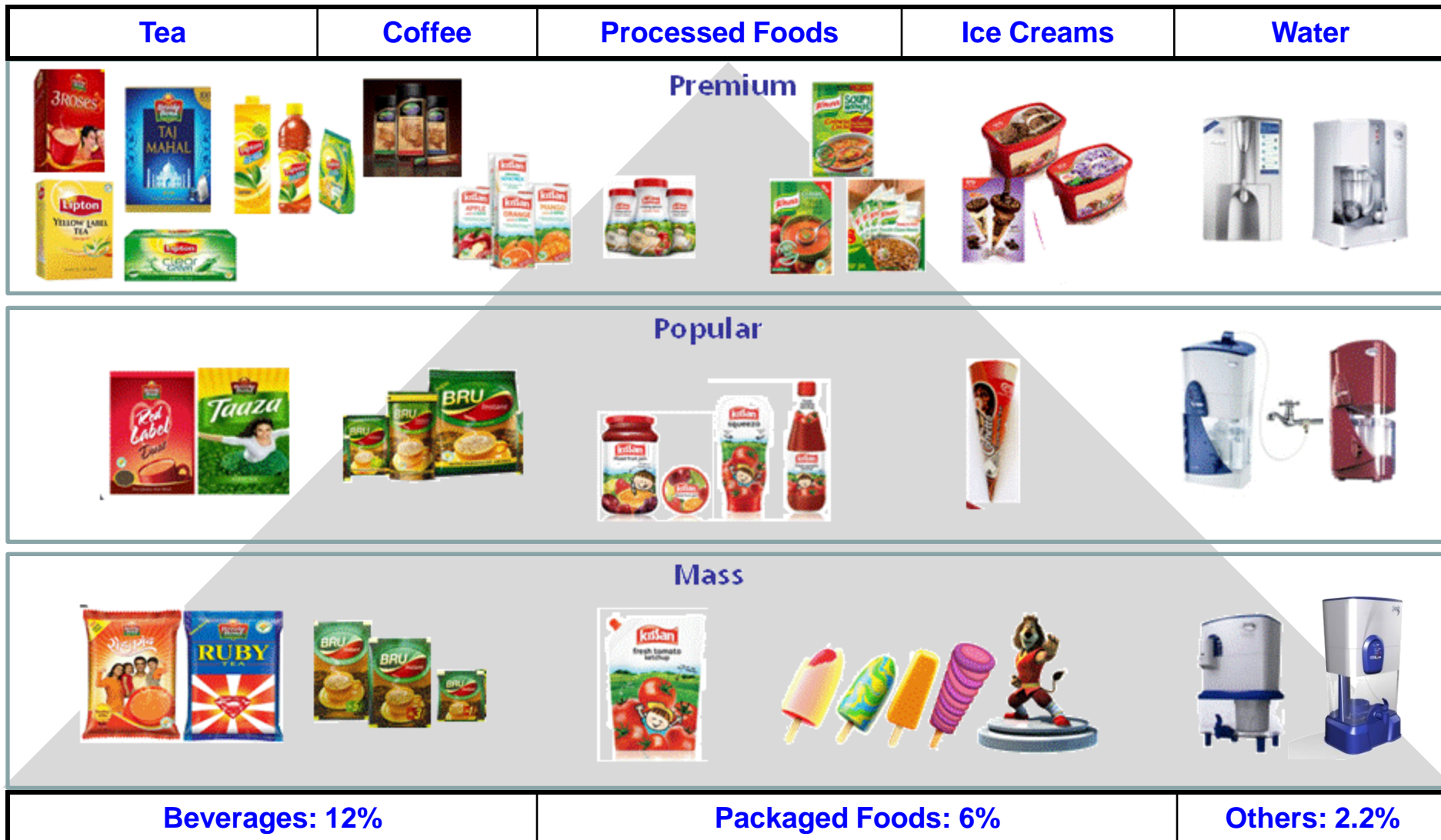
# Portfolio straddling the pyramid



## HOME AND PERSONAL CARE

\*% contribution of the segment to total revenue in FY 2010-11

# Portfolio straddling the pyramid



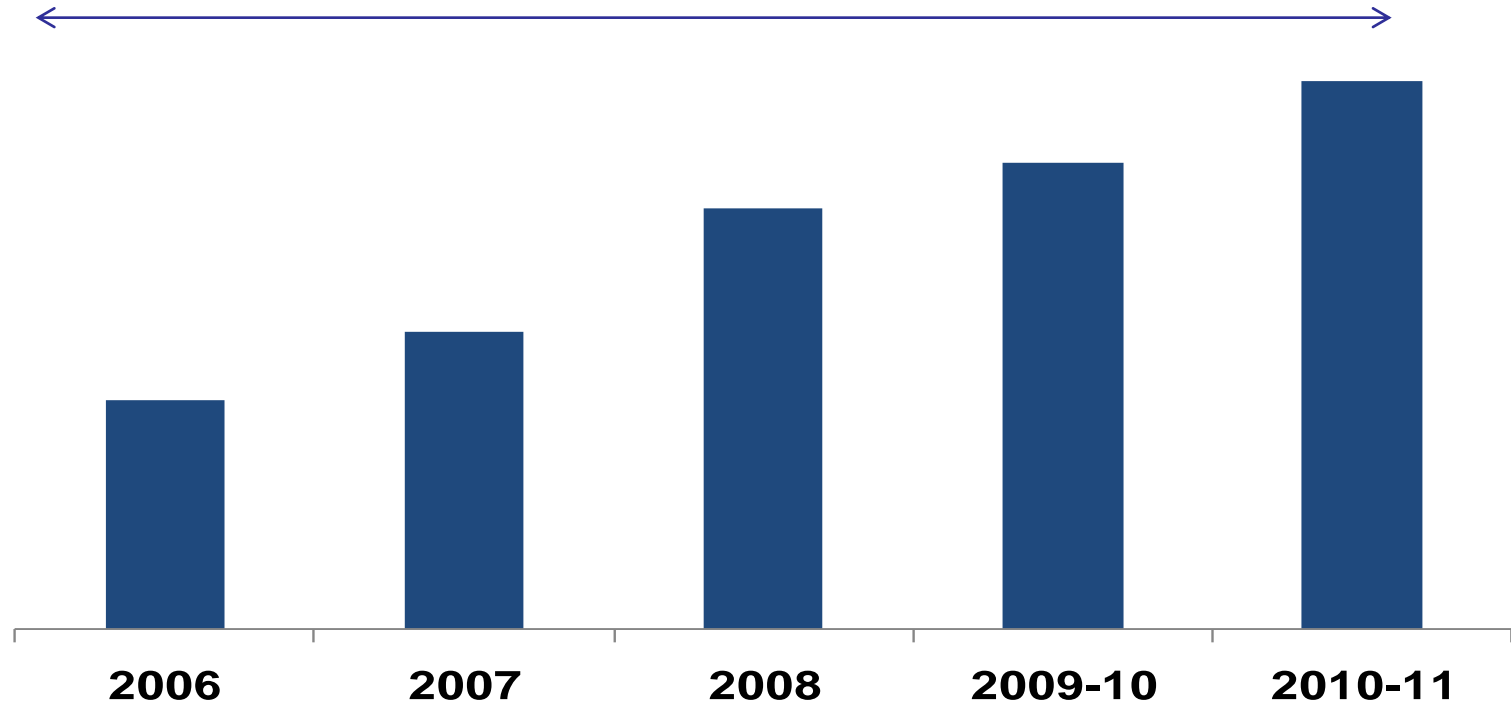
## FOOD & BEVERAGES AND OTHERS

\*% contribution of the segment to total revenue in FY 2010-11

# Recent Performance

Turnover: From \$2.6 bln to \$4.2 bln

CAGR 11.3%



# Recent Performance – Financial Year 2010-11

Financials	2010-11	Growth
Turnover	\$4.2 bn	\$410 mn
EBIT margin	12.8%	Δ -190 bps
EPS	Cents 23	4.7%

Operating cash generated during FY 2010-11: \$417 mn

# External Recognition

## Consumers



6 EMVIES in 2011

6<sup>th</sup> most innovative company globally - Forbes

## Customers



Most responsive supplier of the year



eQ\* at 89  
(world class level)

Value Award by TESCO India

*\*Nielsen Equity Management Program Score*

## Employees



No.1 Employer by Aon Hewitt

Best Employer Brand in Asia, 2011

## Communities



Golden Peacock Global Award for Corporate Social Responsibility for the year 2011



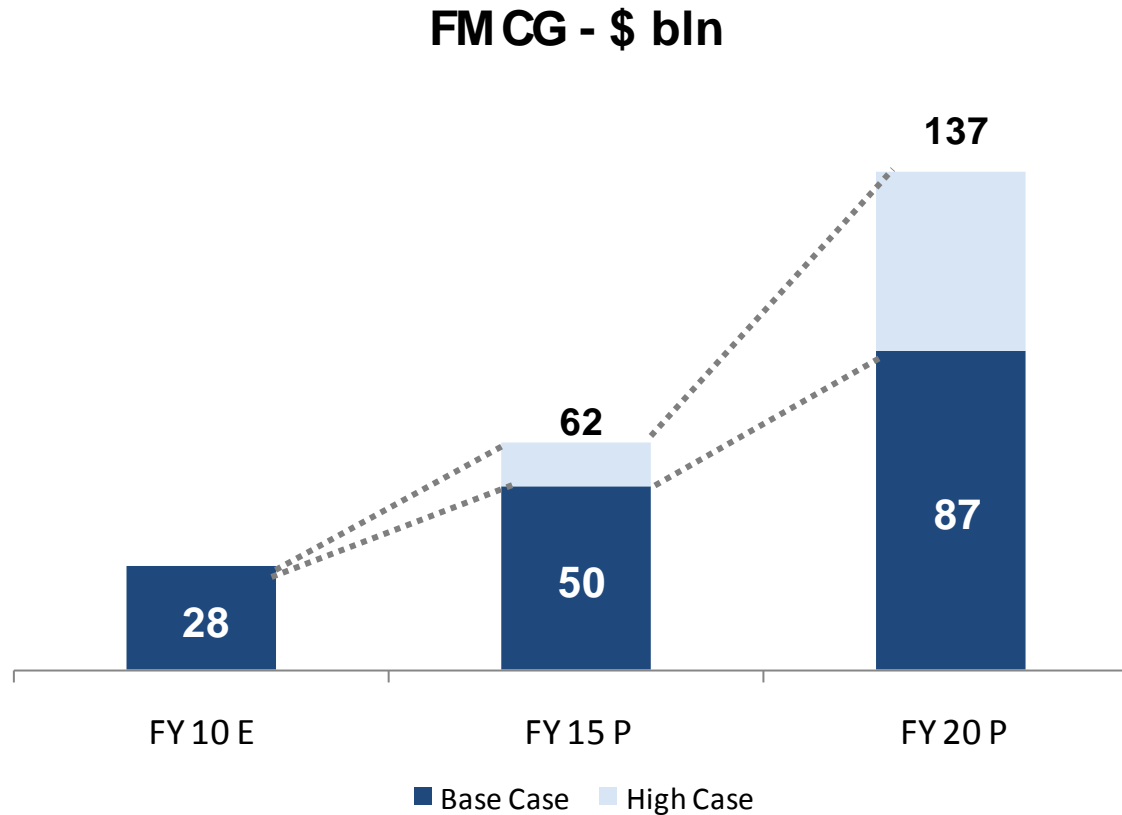
Golden Peacock Environment Management Award for 2011 in the FMCG category

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**2**

**FMCG Market Opportunity**

# India: Large consumption opportunity

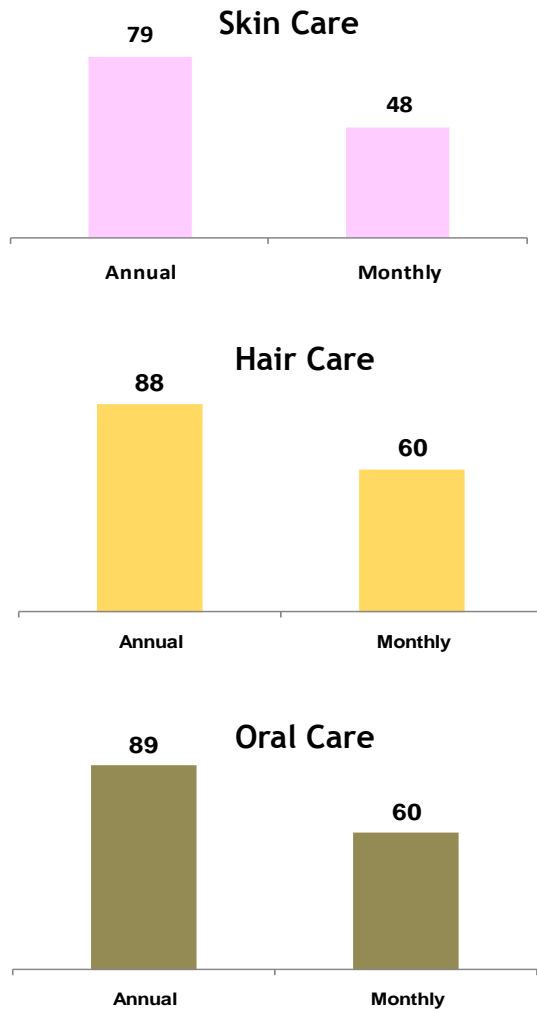


**CAGR of 12% in base case; 17% with high estimates**

# Penetration & Consumption: Head room for growth

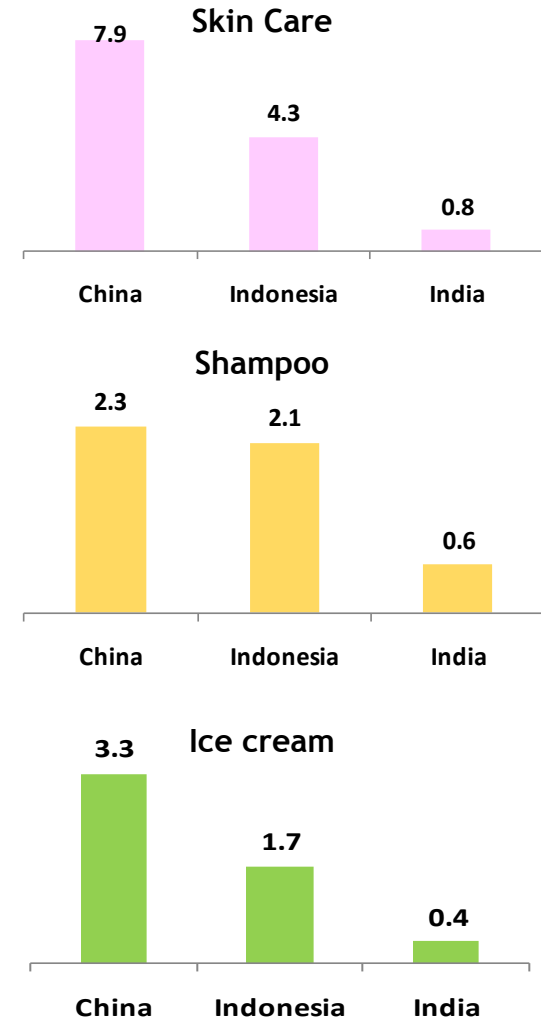
## Penetration

All India penetration



## Consumption

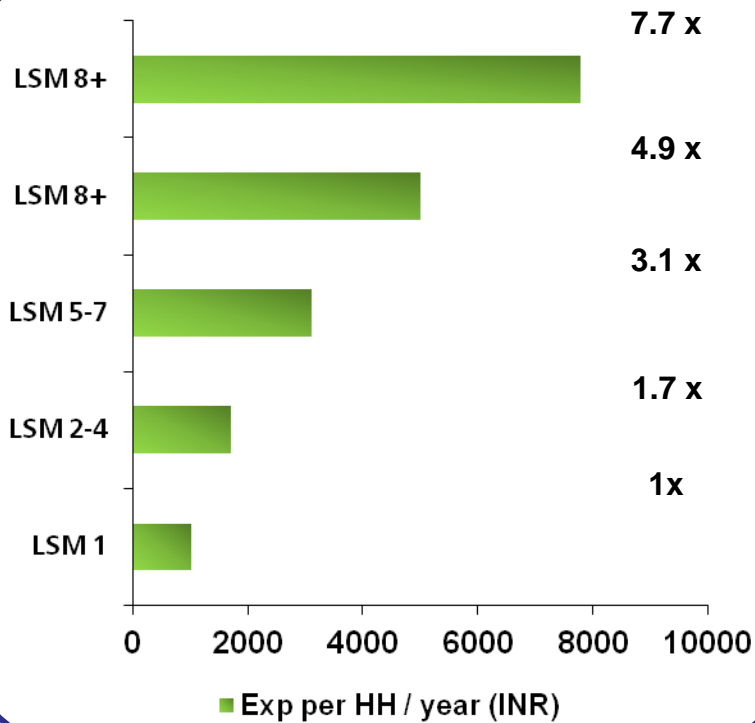
\$ per capita consumption



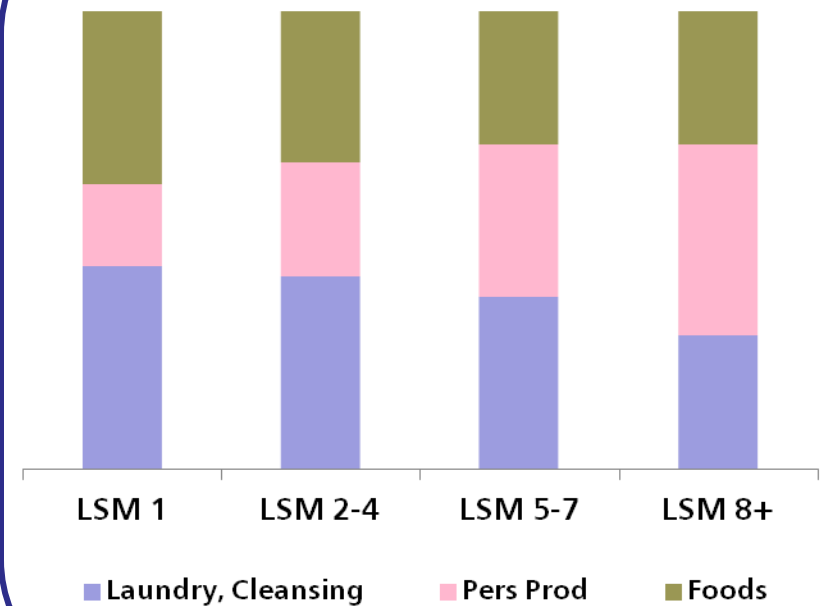


# Changing consumer aspirations: Favourable

## Demand Elasticity



## Personal Care/Foods Explosion



# HUL: Uniquely positioned to exploit the opportunity

## Portfolio



Strong brands across benefits & price points

## Capabilities



Consumer understanding, supply chain, go-to-market

## Talent



No.1 Employer\*, diverse talent pool

## Global Leverage



R&D, brand development, buying

\*awarded by Aon Hewitt in 2011

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**3**

**Our Strategy**

# Turbo charging the Compass



## THE COMPASS



### WE ARE UNILEVER...

WE WORK TO CREATE A BETTER FUTURE EVERY DAY		
<b>VISION</b>	We are a successful, growing, sustainable business	<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>BEHAVIOURS</b>	We focus on consumers and customers with a bias for action	<p>Our first priority is to our consumers, then customers, employees and communities. When we fulfil our responsibilities to them, our shareholders will be rewarded.</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>

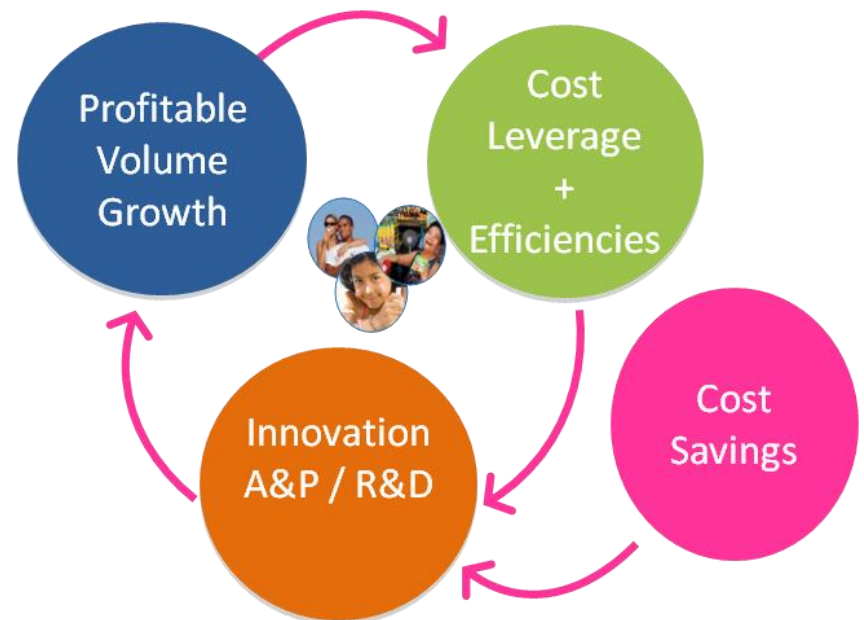
### WHERE WE WILL WIN...

PRIORITIES
Win share and grow volume in every category and country

### 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
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		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

## Driving virtuous circle of growth

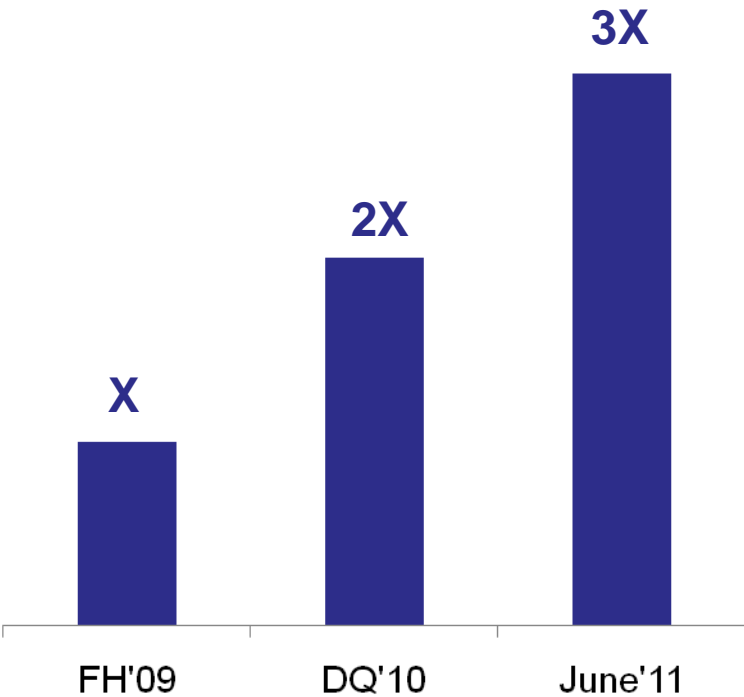


# How will we win

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DRIVEHUL SUSTAINABLE LIVING PLAN			

# Deliver superior products

Portfolio with blind product wins: tripled



>50% of portfolio launched/ relaunched



Soaps & Detergents



Personal Products



Packaged Foods



Beverages



Water



# Win in core...

## Soaps & Detergents



## Beverages



# ...and drive categories of tomorrow

## Personal Products



Skin Care



Face Wash



Colour  
Cosmetics



Hair Care



Oral Care

## Packaged Foods



Knorr



Kissan



Kwaliti Walls



# Winning in Skin & Hair Care

Reshaping  
our portfolio



Building  
future segments



Transforming  
the experience



Integrated  
communication



# Reshaping our portfolio



**Towards aspirational beauty and expertise**

# Building emerging segments

New benefits



Anti Aging



Premium Whitening



Colour Cosmetics

New regimes



Hair Conditioners



Hair treatments



# Transforming experience

## Through Point of Sale



**Assisted sales with professionally trained Beauty Advisors: Largest footprint**

## Beauty Salons



**Lakme Salons: Evolving beauty experience**

# With integrated communication

## Traditional media



## Online

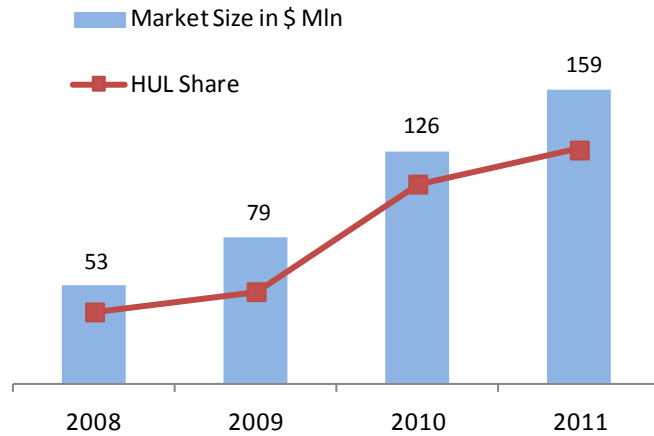


## CRM

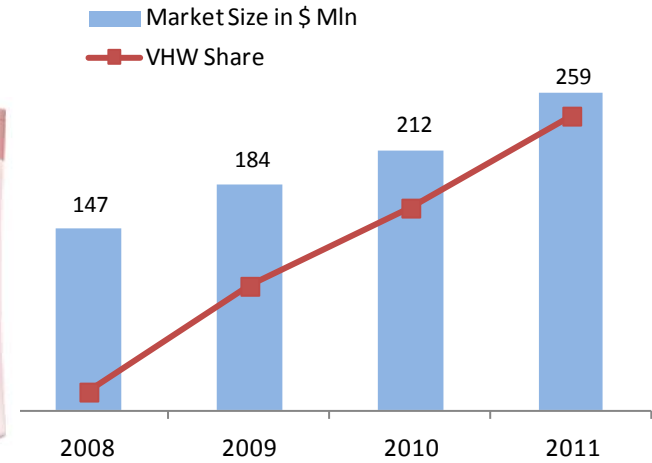


# Strategy delivering results

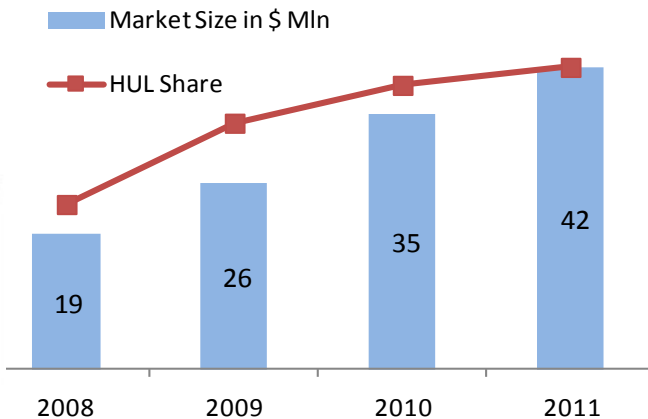
## Premium Skin Lightening



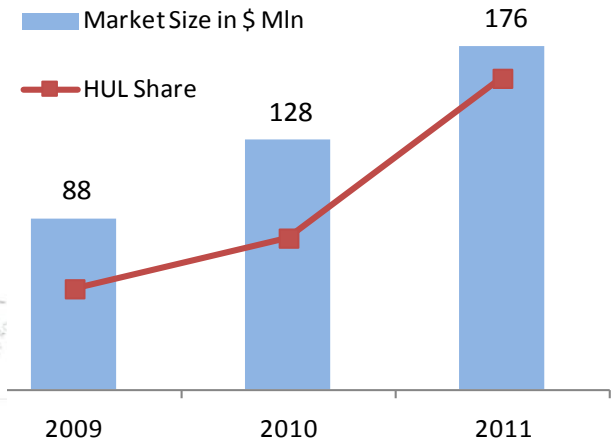
## Hand & Body



## Hair Conditioners

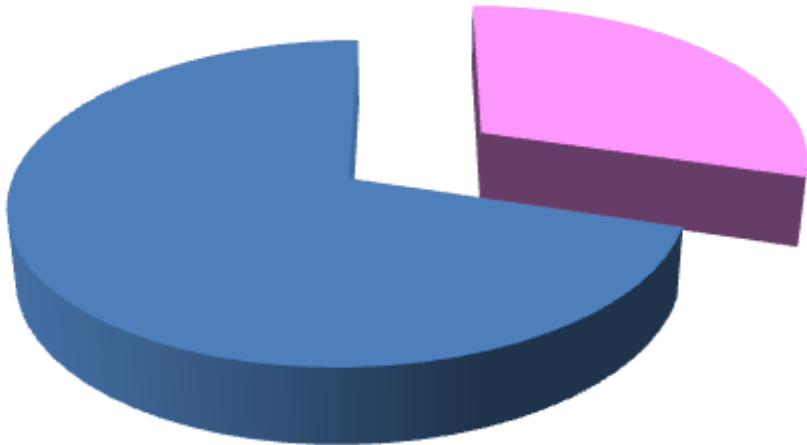


## Face Wash



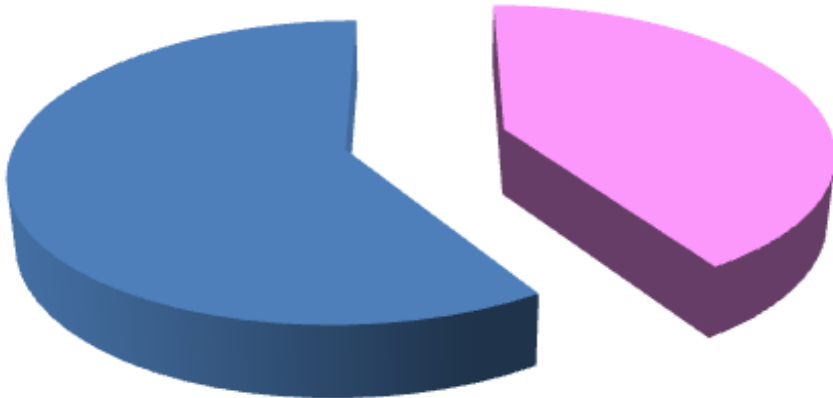
# Personal Products: Driving growth

### Portfolio contribution



*PP\* / Total sales  
(FY 2010-11)*

### Growth contribution



*PP incremental/ Total incremental sales  
(FY 2010-11)*

 Personal Products

 Rest

\*PP: Personal Products

# Building Packaged Foods with Knorr & Kissan

## Building Savoury



Soups



Soupy Noodles



Dish Penetration

## Building Spreads & Dressings





# Accelerating growth in Ice Creams

## Leveraging strong portfolio



	<b>Kids Fun &amp; adventure</b>	<b>Love Connection</b>	<b>Irresistible Pleasure</b>	<b>Kids Trust</b>	<b>Magical Family moments</b>
<b>Positioning</b>					
<b>Product</b>					

## Leading market development



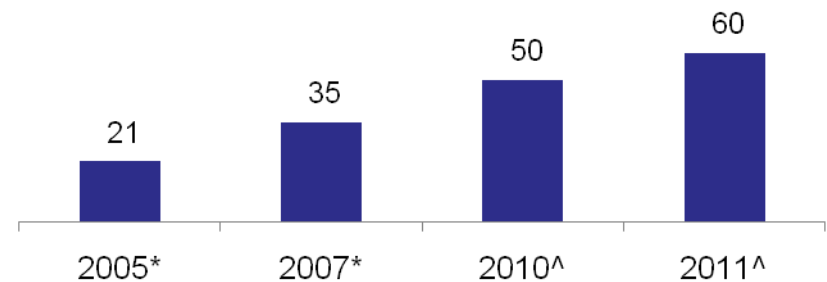
## Creating out of home experience



More than 150 parlours

## Delivering results

\$ mn revenue - CAGR 22%



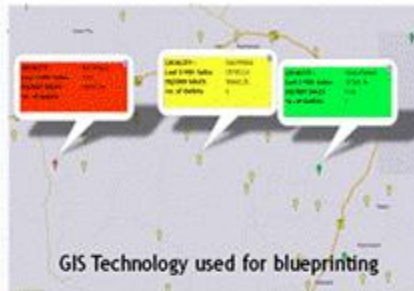
\* Calendar Year; ^ Financial Year; Conversion rate: 1\$=INR 45.76

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DRIVEHUL SUSTAINABLE LIVING PLAN			

# Win with winning customers: Rural

## Rural coverage tripled in 2010



- Every village in the country mapped
- Technology leveraged for blueprinting
- Rigorous ROI model for each state

## Shakti & Shaktiman



- 45000 Shakti Ammas & 23000 Shaktiman across villages

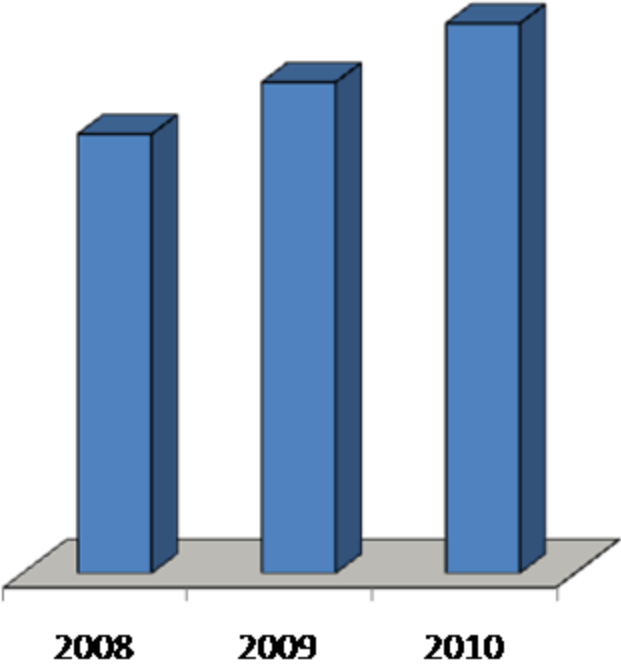
## Khushiyon ki Doli



- Largest ever consumer contact programme

# Win with winning customers: Modern Trade

## Increasing Market Shares

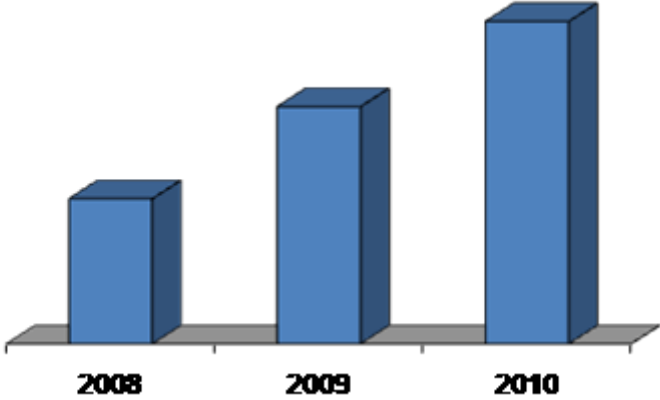


## Focus on Customer Service



No.1 Supplier of Choice  
eQ^ scores highest in industry

## Profitability Improved



\*Nielsen Equity Management Program Score



# Execution powerhouse: Project iQ

ORDER BOOKING					
LINES	FIND	TOTAL			
← Select Category → <input checked="" type="checkbox"/> Must Sell Packs					
SKU	SO	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			
SFYL BAR 125 GM	4	0			
STK	TUR	MRP	ITMVAL	GAP	RR
169	12.84	13.00	0	97	16
0	1	3	5	6	12
UNIT					
G R O W T H Exit					

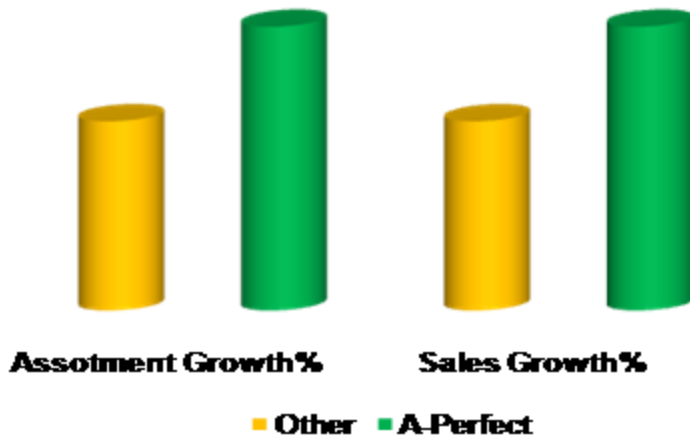
- Deliver Assortment
- Reduce Out Of Stock
- Build Assortment
- Identify Opportunities



Sophisticated analytics for outlet level interventions

Simple front-end for better execution by salesmen

- Rolled out Nationally
- Drive higher throughput through perfect stores



# How will we win

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# Lean, responsive & consumer led value chain

## Consumer Perceived Quality

- Product incidents
- Consumer complaints

## Service & Execution

- CCFOT
- OSA

## E2E Competitive Cost

- Manufacturing & Distribution excellence
- Commodity Risk Management

# Results

## Integrated Quality Culture



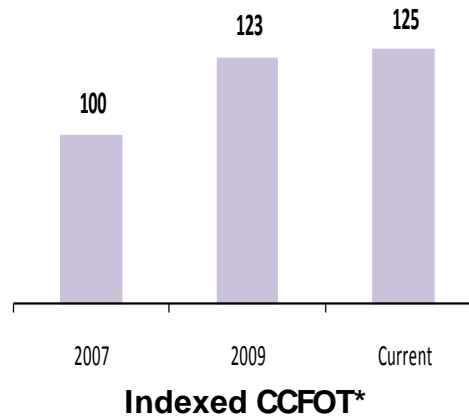
- Reduction in consumer complaints
- Improvement in Shelf QDI<sup>#</sup>

#Quality Demerit Index

## Service & Execution

2700+ Distributors

MT Distribution & Collaboration

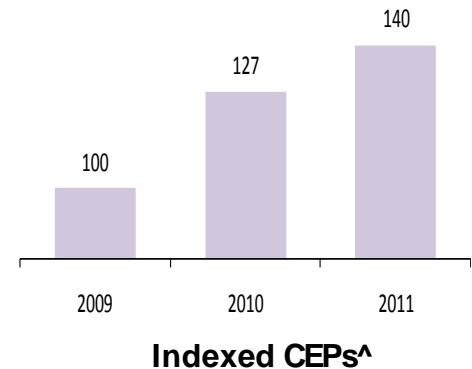


\*Customer Case Fill On Time

## Competitive Cost

Global Buying Scale

Multi-functional Savings



<sup>^</sup>CEPs: Cost effectiveness programmes; Financial year



# ROMI: Comprehensive approach

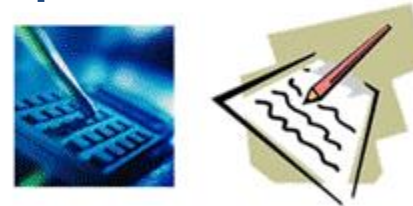
## Optimum allocation to advertisement, promotions & trade spends



## Optimised promotional sell out

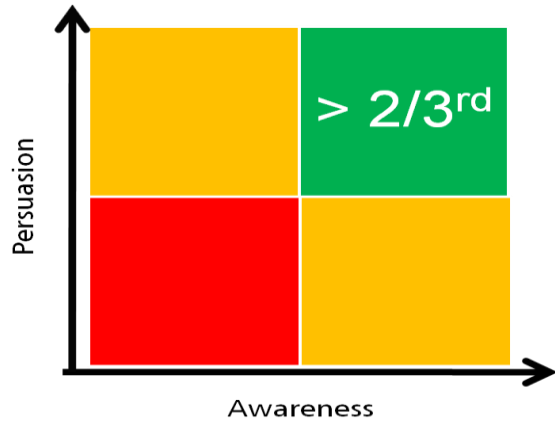


## Optimal advertising production & fee

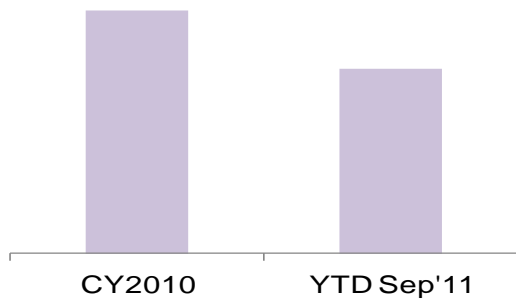


# Results

## AD Preview Score

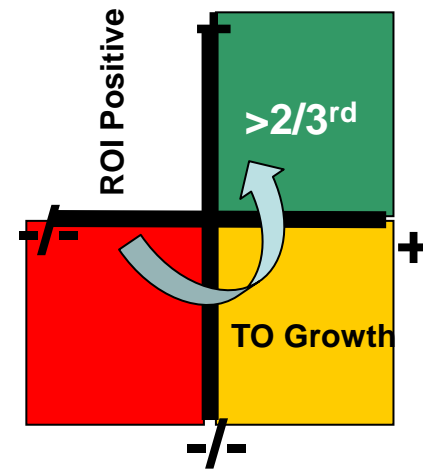


## Indexed production & media fees



YTD Sep'11 = Jan to Sep'11

## ROMI



Driving promotional efficiencies

ROMI Update: SQ'11

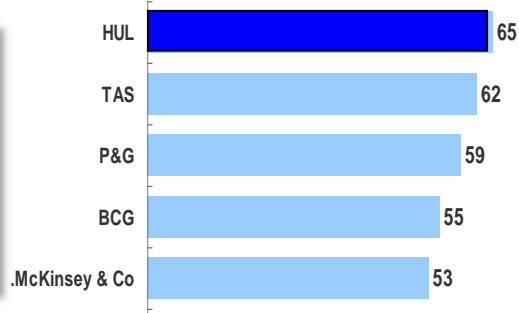
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DRIVEHUL SUSTAINABLE LIVING PLAN

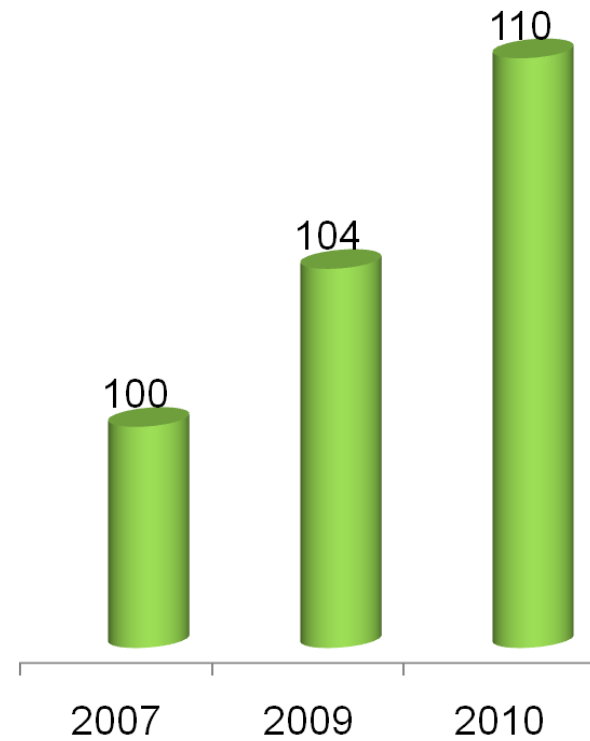
# Winning with People

# 1 Dream employer across campuses



High people engagement

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



Indexed Employee Engagement Scores

# Building a consumer & customer centric organisation

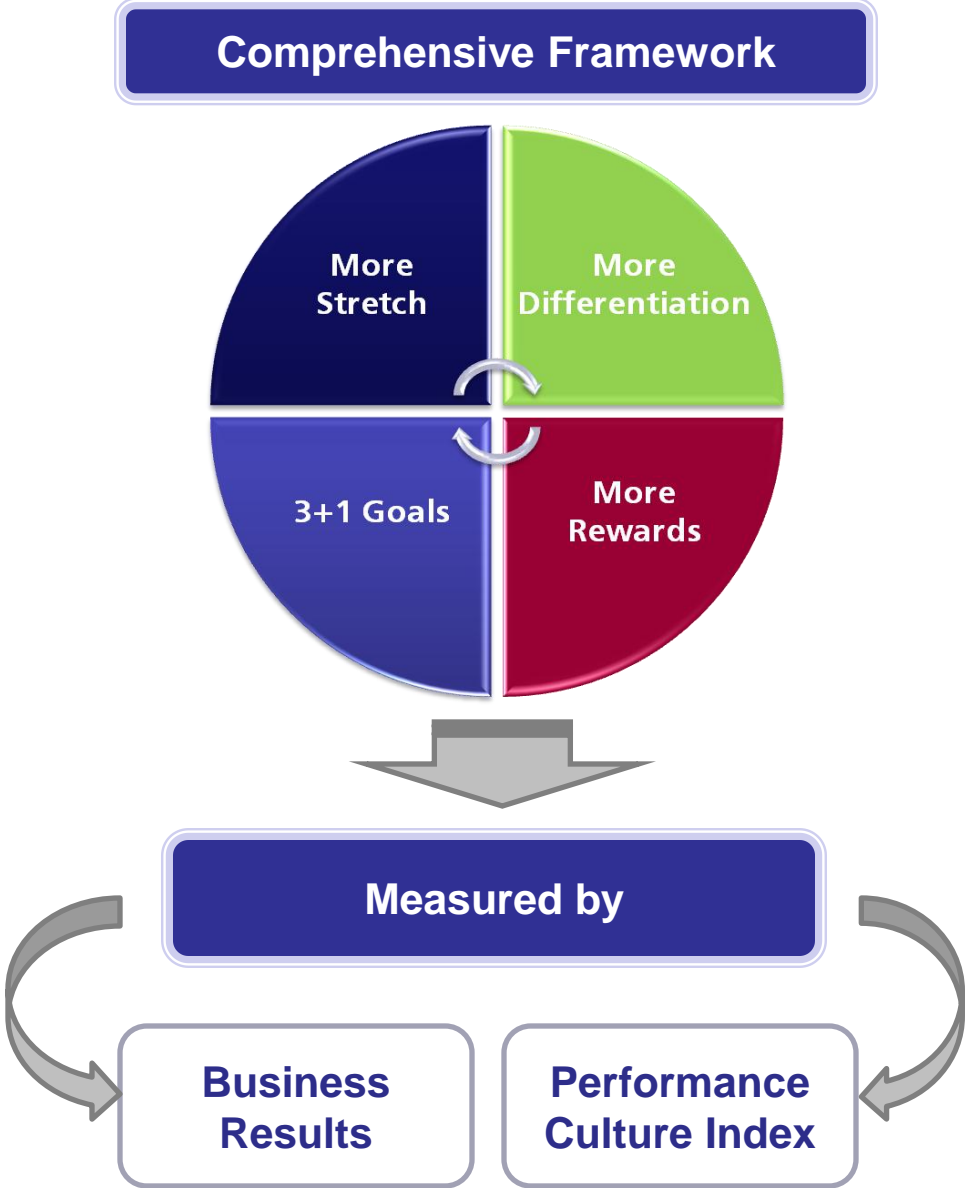


**3500 employees on street,  
16,000 outlets converted into perfect stores**



**Customer Credo**

# Driving a new performance culture





# How will we win

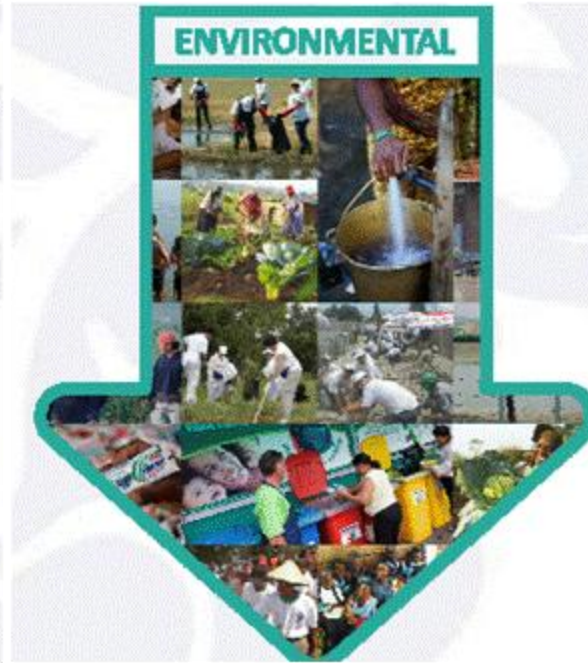
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DRIVEHUL SUSTAINABLE LIVING PLAN

# Leading responsible growth



GROW MARKETS  
RESPONSIBLY



ENSURE SUSTAINABLE  
PRACTICES



RESPONSIBLE  
LEADERSHIP



# Launched India Water Body



Five Water conservation projects  
live in 15 districts in India

PEOPLE

**300000** people to  
benefit

PLANET

over **50 billion**  
liters of water to be  
harvested

PROSPERITY

**50%** expected rise in  
crop production

IGATPURI  
SILVASSA  
AKOLE  
SINNAR  
BIDAR  
GULBURGA  
BELLARY  
CHITRADURGA  
KOLAR  
PERAMBALUR  
TIRUCHIRAPALLEI  
MADURAI  
RAMNAD  
VIRUDHUNAGAR  
SIVAGANGAI

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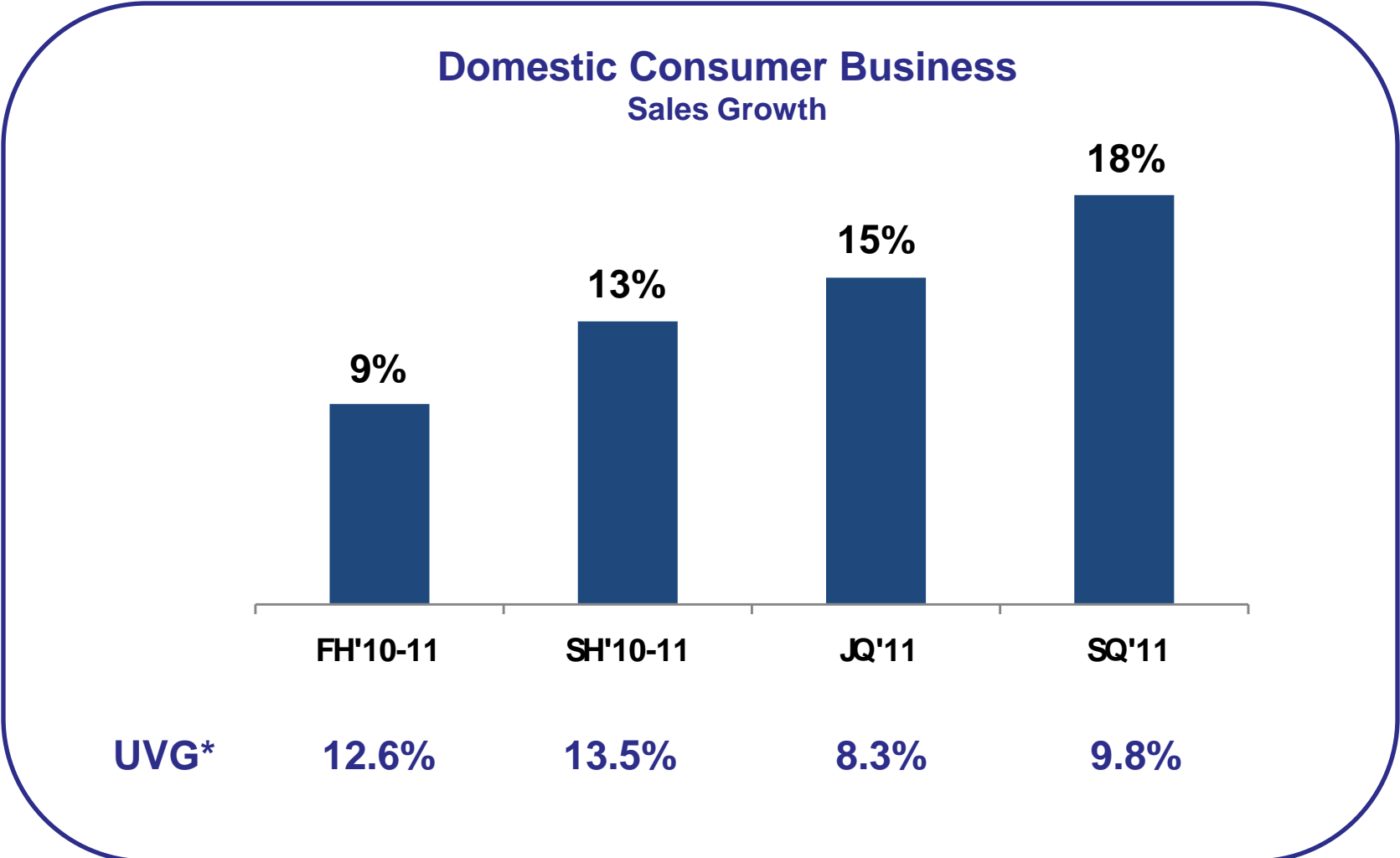
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**Recent Performance – SQ'11**

# Competitive & profitable growth in a challenging environment

- **Domestic Consumer business grows 18.5%**
  - Strong 9.8% UVG\* with good price growth
  - Double digit growth across all FMCG segments
  - Strong performance in Modern Trade and Rural
- **Operating profit grows by 30.1%; up 130 bps**
  - Growth driving leverage benefits across the value chain
  - Inflation managed through judicious pricing and focus on buying efficiencies & CEPs
  - COGS^ up by 340 bps; high input costs in Soaps & Detergents
  - Competitive brand investment maintained across segments
- **PAT (bei) at \$143 mn (Rs. 652 crores), grows by 22.3%; Net Profit \$151 mn (Rs. 689 crores), up by 21.7%**
- **Interim dividend of 7.6 cents (Rs.3.50) per share**

# Accelerated growth momentum; sustained volume growth



\*UVG: Underlying Volume Growth;



# Continued focus on innovations



**Lux relaunch with silk protein extract**



**Comfort: New variant with anti bacterial action**



**Vim relaunch with "100 Nimbuon ki Shakti"**



**Fair & Lovely Future Tube: Aspirational & affordable**



**Face Wash: Range expansion across brands**



**Dove: Nourishing Oil Care range with Vita Oils**



**Pond's White Beauty Naturals**



**Now more accessible with Re.1 sachet**



**Relaunch of Lakme Fruit Moisture Range**



**Vaseline relaunch: Multi layer moisture**



**Vaseline Lip Therapy with 4 new variants**



**Deo range expanded with Axe Provoke**

# Continued focus on innovations



**Kissan range relaunched: Helping moms in providing goodness and nutritive value to their kids**



**Knorr Soupy Noodles: Accessible Rs.5 pack**

**Unique green tea experience with 3 flavours**



**Taj Mahal Tea Bags: 7 flavours for 7 days**

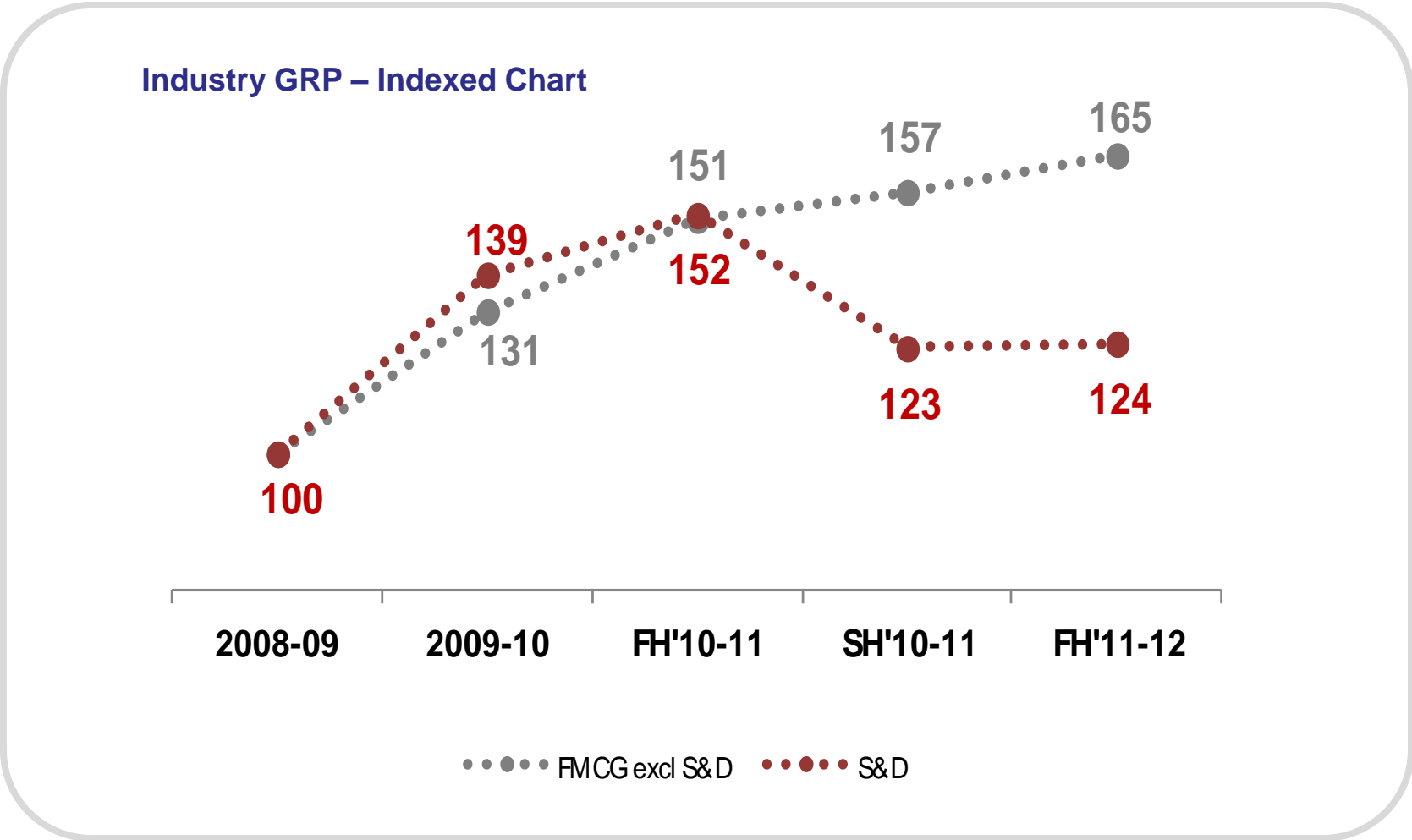


**Pureit Marvella: Entry into "RO" segment**





# High media intensity continues



S&D: Soaps and Detergents

Source: Mindshare & HUL internal estimates

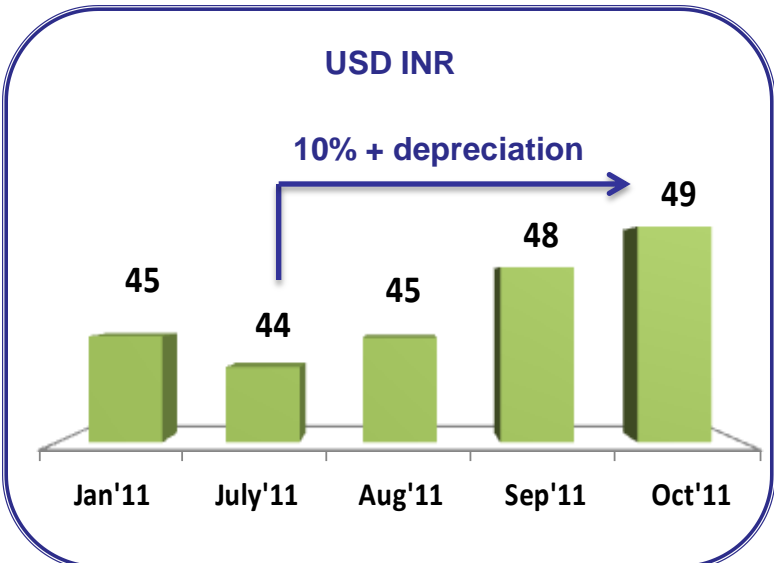
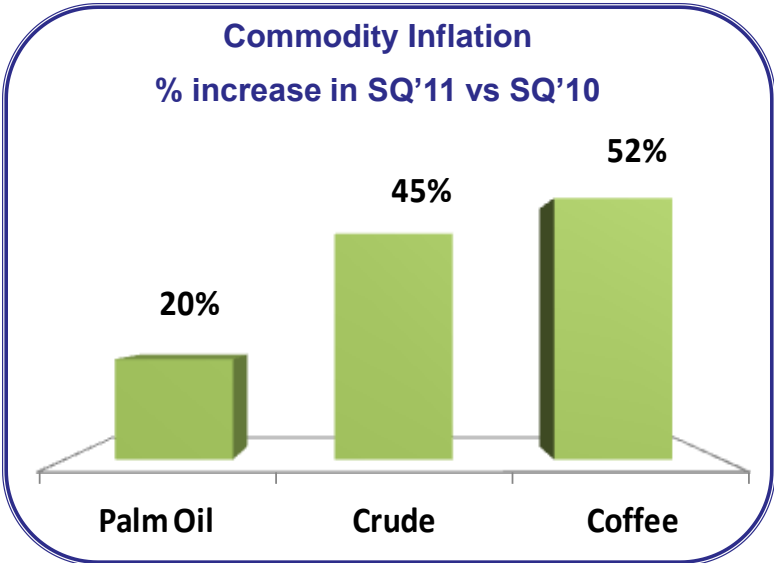
# A&P remains competitive across segments

Category	Competitive SOV/ SOM*	Brand investment
Personal Products	✓	↑
Packaged Foods	✓	↑
Beverages	✓	↑
Soaps & Detergents	✓	↓

- A&P spends maintained at \$142 mn (Rs.651 crore); lower by 200 bps
  - Spends increased in Personal Products, Beverages and Packaged Foods
  - Recalibrated in Soaps & Detergents in line with industry
  - Focus on ROMI continues

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

# Inflationary pressures remain high



- Prices moderate from recent highs
- Currency depreciation to have an adverse impact going forward

# SQ'11 – Results

\$ million

Particulars	SQ'11	SQ'10	Growth%
<b>Net Sales</b>	<b>1207</b>	<b>1023</b>	<b>18.0</b>
<b>PBITDA</b>	<b>181</b>	<b>141</b>	<b>27.8</b>
<b>PBIT</b>	168	129	30.1
<i>PBIT margin (%age)</i>	13.9	12.6	
<b>PBT bei</b>	<b>185</b>	<b>146</b>	<b>26.7</b>
Exceptional Items	10	9	-
<b>PBT</b>	<b>195</b>	<b>155</b>	<b>25.7</b>
<b>PAT bei</b>	<b>143</b>	<b>117</b>	<b>22.3</b>
Extraordinary Items (net of Tax)	-	-	
<b>Net Profit</b>	<b>151</b>	<b>124</b>	<b>21.7</b>

# First Half FY'12 – Results

\$ million

Particulars	FH'11-12	FH'10-11	Growth%
<b>Net Sales</b>	<b>2410</b>	<b>2071</b>	<b>16.4</b>
<b>PBITDA</b>	<b>345</b>	<b>290</b>	<b>19.1</b>
<b>PBIT</b>	321	266	20.4
<i>PBIT margin (%age)</i>	13.3	12.9	
<b>PBT bei</b>	<b>349</b>	<b>292</b>	<b>19.3</b>
Exceptional Items	23	13	-
<b>PBT</b>	<b>371</b>	<b>305</b>	<b>21.6</b>
<b>PAT bei</b>	<b>269</b>	<b>231</b>	<b>16.7</b>
Extraordinary Items (net of Tax)	-	-	
<b>Net Profit</b>	<b>288</b>	<b>240</b>	<b>19.7</b>

# Looking ahead

## Headwinds

- **Uncertain global economic environment**
- **Inflation and adverse impact of rupee depreciation**
- **Competitive intensity**

## Tailwinds

- **Strong monsoon augurs well**
- **Diverse portfolio straddling the pyramid**
- **Differentiated capabilities for competitive advantage**

**FMCG Markets will continue to grow**



# Our strategy and goals remain unchanged



## THE COMPASS



WE ARE UNILEVER...			
<b>VISION</b>	We are a successful, growing, sustainable business	<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>	
<b>BEHAVIOURS</b>	We focus on consumers and customers with a bias for action	<p>Our first priority is to our consumers, then customers, employees and communities. When we fulfil our responsibilities to them, our shareholders will be rewarded.</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...			
<b>PRIORITIES</b>	Win share and grow volume in every category and country		
HOW WE WILL WIN...			
<b>NON-NEGOTIABLES</b>	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**

**Winning Today Winning Tomorrow**

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**Thank You**