

Hindustan Unilever Limited – September Quarter 2010 Results

14% volume growth drives top line

- **Strong 11% sales growth in Domestic Consumer Business**
- **PAT (bei) grew 7%; Net Profit Rs.566 crore, up by 32%**
- **Interim Dividend of Rs.3 per share**

Mumbai, October 25th 2010: Hindustan Unilever Limited (HUL) announced its results for September Quarter 2010. Net Sales grew 10.7% during the quarter, driven by strong underlying volume growth of 14% in Domestic Consumer business. Growth was broad based across Home and Personal Care (HPC) and Foods - ahead of the market in aggregate.

HPC business grew 9% with good growth across the portfolio. Laundry & Personal Wash grew ahead of the market. In Laundry, market leadership was strengthened with all the three brands growing volume; Rin delivered double digit sales growth, driven by the relaunch in the previous quarter. The Personal Wash portfolio grew across all segments and Lifebuoy was relaunched with superior germ protection.

Personal Products grew by 15% - the sixth consecutive quarter of double digit volume led growth. Successful innovations and strong performance in new emerging segments sustained growth in Skin Care. In the male grooming segment, recent launches of Vaseline Menz and Fair & Lovely Max Fairness performed well. Sales in Facial Cleansing doubled during the quarter with deployment of the full multi-brand portfolio. Pond's White Beauty and Vaseline Healthy White continued to deliver robust sales growth. Hair category continued to grow strongly, powered by double digit volume growth. Growth in Oral Care was led by volumes across both the brands.

Foods business grew 13% driven by Beverages and Ice Cream growing by 9% and Processed Foods growing by 26%. High cost inflation led to some down trading in the tea market, while growth in coffee was robust. Kissan and Knorr grew rapidly with strong volume growth momentum. Knorr Soupy Noodles is being rolled out nationally and consumer response continues to be extremely positive.

Pureit continued to build its strong nationwide franchise and now protects over 4.5 million households with safe drinking water. The brand portfolio was expanded with launch of fully automatic water purifier, Pureit "Marvella" in the premium segment and the portfolio now effectively covers the various price segments of the market, with offerings ranging from Rs 1000 to Rs.6900.

Despite significant rise in input cost, increase in cost of goods sold (COGS) was contained at 20bps through buying efficiencies and cost savings programmes. Competitive levels of advertising along with investment to drive emerging categories, led to 90 bps increase in advertising spends. A&P increased by 30 bps to 13.8% of sales. Increase in COGS, higher investment in A&P and higher cost of packaging moulds to support the step up in innovation activity, led to a 170bps decline in operating margin.

PBIT declined marginally by 2.3%. Improved cash flow and effective treasury management resulted in financial income increasing by Rs.30 crores. Consequently, Profit after Tax but before exceptional items (PAT (bei)) grew by 6.8%. Exceptional gains of Rs.40 crores in the current period, compared to exceptional costs of Rs 135 crores in the previous year, led to 32.1% growth in Net Profit.

The Board of Directors have declared an interim dividend of Rs.3 per share for the accounting year ending March 31, 2011.

Harish Manwani, Chairman commented: "Our domestic consumer business has delivered double digit underlying volume growth for the third quarter in a row. This has been led by bigger and better innovations supported by strong execution in the market. We continue to strengthen our core business while at the same time leading market development in emerging categories."