Hindustan Unilever Limited

RESULTS FOR QUARTER ENDING 30th JUNE 2015

5% DOMESTIC CONSUMER SALES GROWTH, OPERATING PROFIT (PBIT) UP 15% IN JUNE QUARTER 2015

Mumbai, July 21st, 2015: Hindustan Unilever Limited announced its results for the quarter ending 30th June 2015.

During the quarter, the Domestic Consumer business grew at 5%, with 6% underlying volume growth. The growth in the quarter was impacted by the phasing out of Excise Duty incentives and price de-growth, as the benefit of lower commodity costs was passed on to consumers.

Soaps and Detergents: Healthy volume growth offset by price deflation
In Skin Cleansing, the performance was driven by the premium segment, with Dove and Lifebuoy Handwash delivering strong growth.

In Laundry, Surf maintained its strong volume led growth momentum with broad based double digit growth. Rin did well on the bars portfolio, while Comfort Fabric Conditioners delivered another quarter of high growth on sustained market development.

In Household Care, Vim delivered double digit volume growth, driven by the tubs and liquids formats.

The quarter witnessed further price deflation across these categories given benign input costs.

Personal Products: Strong quarter with double digit growth across Skin, Hair and Colour Cosmetics
Skin Care delivered broad based volume led growth across Fair and Lovely, Pond's, Lakme and Vaseline. Fair and Lovely saw an encouraging response to the newly launched BB cream. Pond's performance was led by premium skin lightening and facewash while Lakme growth was buoyed by CC Cream, Perfect Radiance and new innovations.

Hair Care maintained its strong volume led growth momentum. Dove growth accelerated further, while Clinic Plus, Sunsilk and TRESemmé continued to deliver robust growth.

In Oral Care, Close Up grew in double digit, supported by impactful market activation. In Pepsodent, the Gum Care and Clove & Salt variants continued to do well, with the latter been extended nationally during the quarter.

In Colour Cosmetics, Lakme sustained its strong innovation led performance across the core, Absolute and 9 to 5 ranges.

Beverages: Broad based growth across brands
Tea delivered double digit growth with healthy volumes, led by Red Label and another strong quarter on Lipton Green Tea. In Coffee, Bru Gold sustained its robust growth momentum.

Packaged Foods: Seventh successive quarter of double digit growth
Market development continues to be the key driver of growth in this segment. Kissan delivered one of its strongest quarters as growth accelerated across both Ketchups and Jams. Knorr grew despite a sharp market slowdown in the quarter, led by Instant Soups. Ice Creams registered double digit growth, driven by sharper in-market execution on Kwality Walls and the extension of Magnum to new cities.

Water: Strengthening category leadership
Pureit sustained its growth ahead of a slowing durables market, with premium devices delivering another quarter of double digit growth. The category performance continued to be led by Modern Trade, eCommerce and Perfect Stores channels.

Margin improvement sustained
Input costs were benign resulting in a 380 bps reduction in Cost of Goods Sold. Overall competitive intensity remained high across categories. Investment behind brands was sustained at competitive levels with overall A&P up Rs.209 Crores (+200 bps). Profit before interest and tax (PBIT) grew by 15% and PBIT margin improved by 140 bps. Profit after tax before exceptional items, PAT (bei), grew by 3% to Rs.1053 Crores and Net Profit at Rs.1059 Crores was flat, the growth impacted by the one-time profit on sale of investments in the base quarter and the higher tax rate.

Harish Manwani, Chairman commented:" In a subdued market environment, the business delivered another quarter of healthy volume led growth and strong improvement in operating margin. We are particularly pleased with the stepped up momentum in Personal Products and the sustained double digit performance in Packaged Foods. With the near term outlook largely dependent on pickup in Rural markets and commodity costs expected to remain benign with little or no price growth across select categories, our focus will be to drive market development and simultaneously deliver cost efficiencies to sustain profitable volume led growth."