Hindustan Unilever Limited

Hindustan Unilever Limited
Unilever House
B D Sawant Marg
Chakala, Andheri East
Mumbai 400 099

Tel: +91 (22) 3983 0000
Web: www.hul.co.in
CIN: L15140MH1933PLC002030

9th May, 2016

Stock Code BSE: 500696
NSE: HINDUNILVR
ISIN: INE030A01027

BSE Limited,
Corporate Relationship Department,
2nd Floor, New Trading Wing,
Rotunda Building, P.J. Towers,
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra – Kurla Complex,
Bandra (E),
Mumbai – 400 051

Dear Sir,

Sub: Investor Presentation

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of the presentation to analysts/investors on financial results of the Company for the quarter and year ended 31st March, 2016.

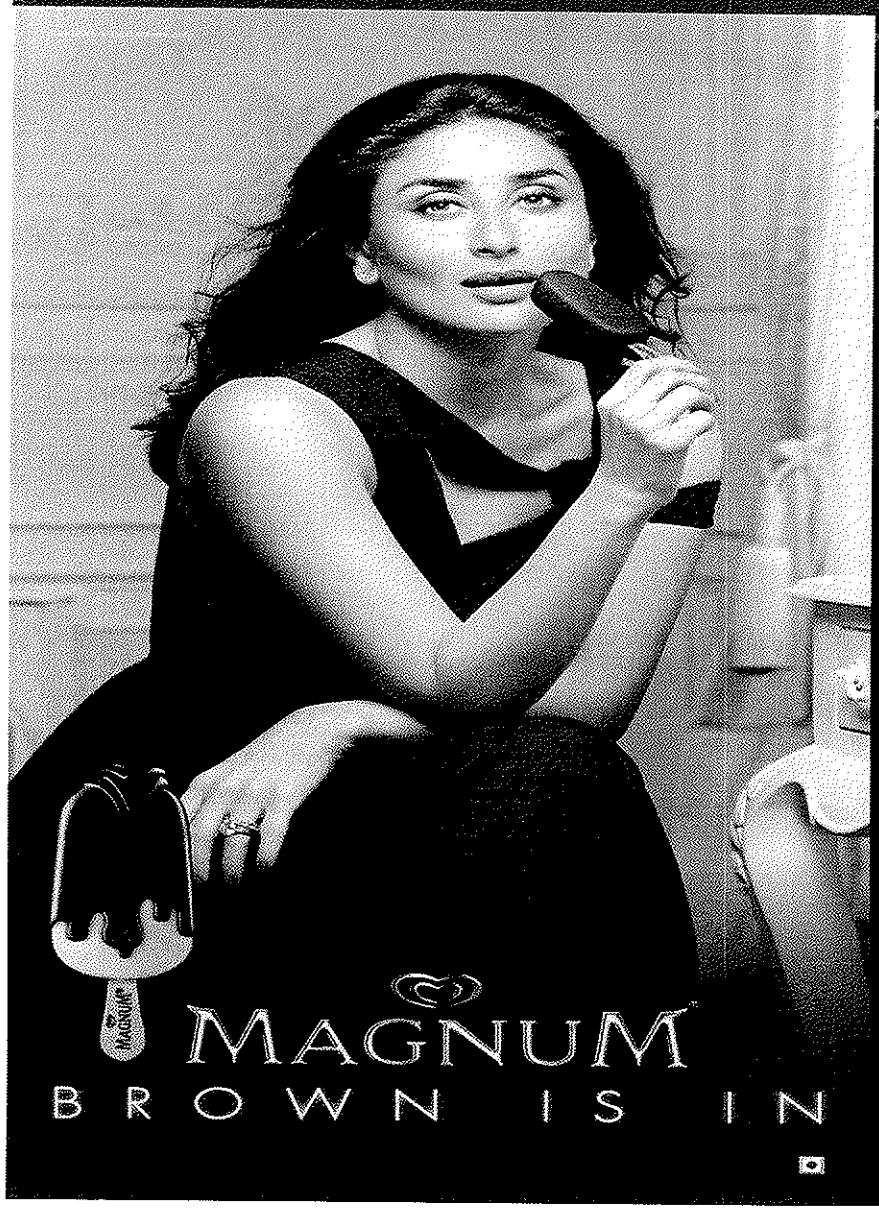
You are requested to take the above information on your record.

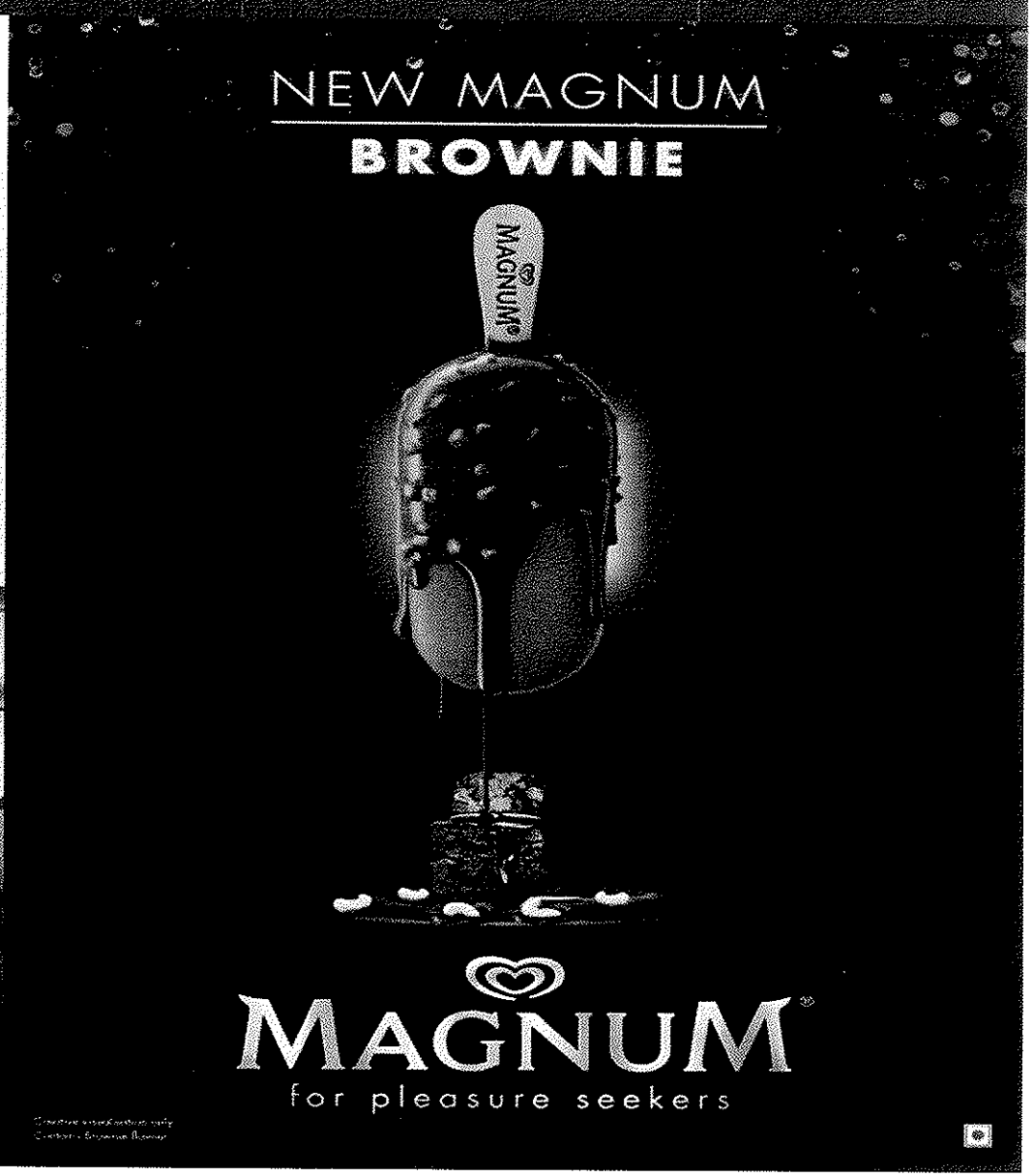
Thanking You.
Yours faithfully,
For Hindustan Unilever Limited

HINDUSTAN UNILEVER LIMITED MUMBAI

Dev Bajpai
Executive Director (Legal & Corporate Affairs)
and Company Secretary
Membership No. F3354
Address: Unilever House, B. D. Sawant Marg,
Chakala, Andheri (East),
Mumbai - 400099

MQ 2016 & FY 2015-16 Results Presentation
May 9, 2016





Safe Harbor Statement

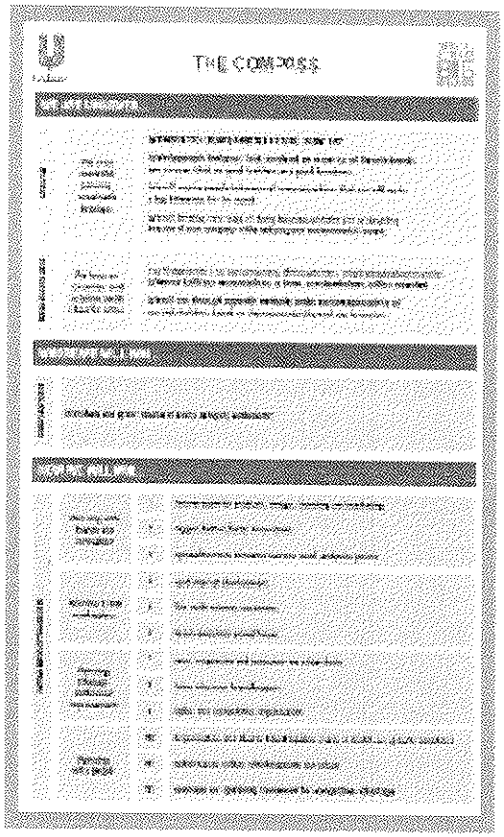
This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations 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.

Agenda

1. Strategy
2. Business Context
3. Current Quarter Performance
4. Financial Year Performance
5. Looking Ahead

Clear and Compelling Strategy

Strategic Framework



Sustainable Living Plan



Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth

MQ 2016 – Context
Business environment challenging

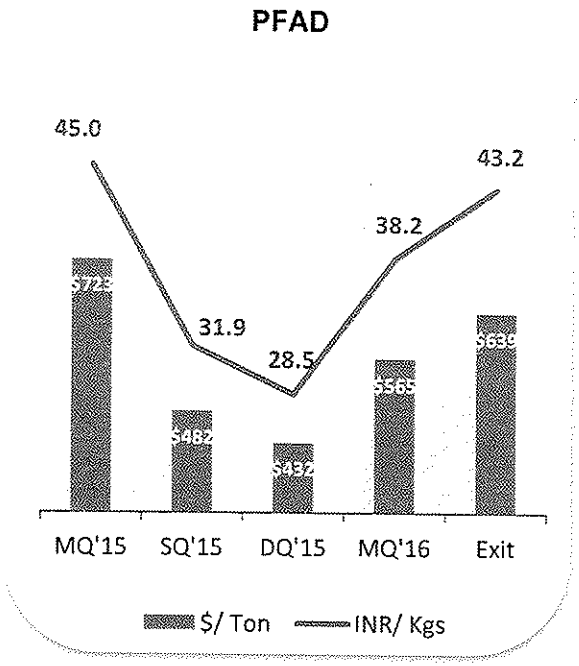
→ Market growth remains soft, particularly in Rural

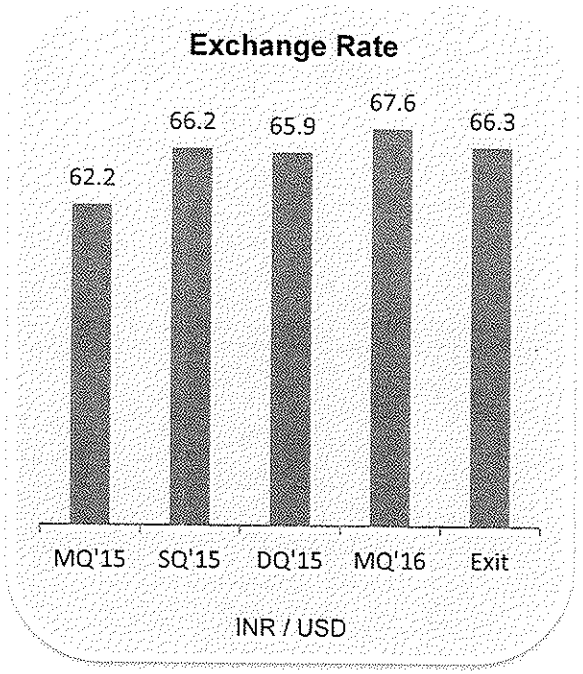
→ Growth continues to be led by volumes

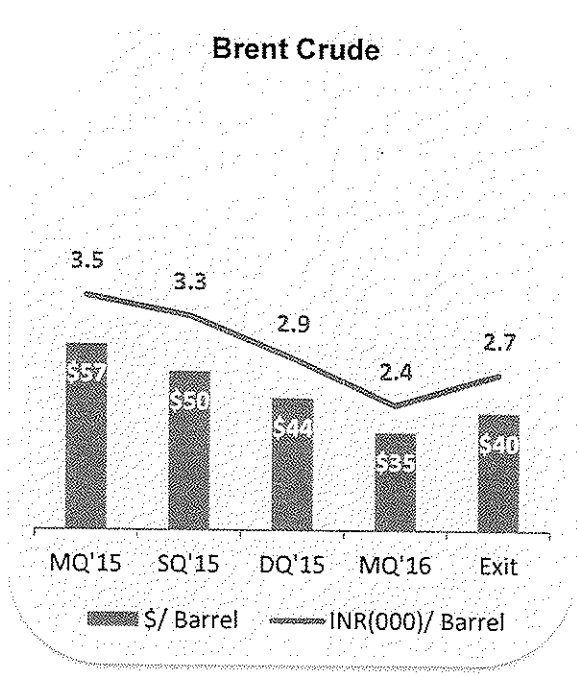
→ Commodity costs show signs of upturn

→ Competitive activity remains high

Commodity costs show signs of upturn







Source: Bloomberg data and internal estimates
INR numbers arrived at by applying the average exchange rate of the quarter to the average USD cost of the commodity

MQ 2016
Profitable volume-led growth sustained

→ **Reported Domestic Consumer growth at 4%, underlying volume growth at 4%**

- Intrinsic growth at 5% (net impact from phase out of excise benefits and one-off credits: -90bps)

→ **Operating Profit (PBIT) at Rs.1379 crores, up 11%; margin expands +115 bps**

- Net impact from phase out of excise benefits and one-off credits: -50 bps
- COGS lower by 240 bps; driven by lower input costs and savings programs
- Competitive spends maintained; A&P up Rs. 65 crores; 14% of sales (+40 bps)

→ **PAT (bei) at Rs. 1031 crores up 13%; Net Profit up 7% at Rs. 1090 crores**

- Net Profit growth impacted by higher exceptional income from subsidiary sale in base quarter

Domestic Consumer business = Domestic FMCG + Water; COGS – Cost of Goods Sold; A&P - Advertising & Promotion

Volume led performance across segments

Segments	Reported Sales Growth (%)
Soaps and Detergents	2
Personal Products	2*
Beverages	7
Packaged Foods	12
Domestic Consumer	**4**

- **Soaps and Detergents:** Volume growth partially offset by price deflation
- **Personal Products:** Healthy intrinsic growth at 7%*
  - Reported growth impacted by phase out of excise benefits and one-off credits
  - Residual impact from re-alignment of channel spends also affects growth
- **Beverages:** Balanced broad based growth
- **Packaged Foods:** Double digit growth sustained

Intrinsic growth = net of excise impacts and one-off credits

Sales growth = Segment Turnover growth excluding Other Operational Income

CATEGORY HIGHLIGHTS

Winning with Brands

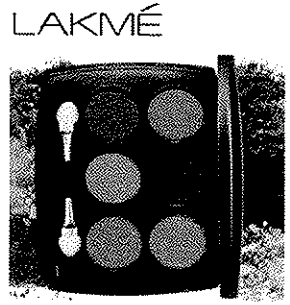
Continued focus on innovations

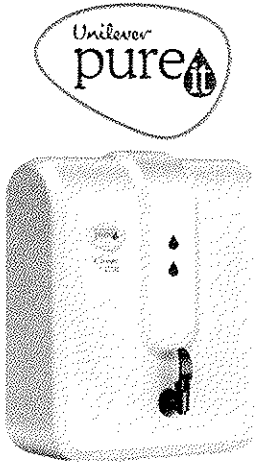






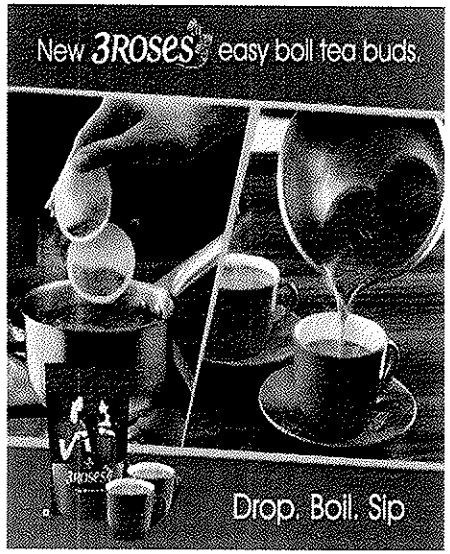




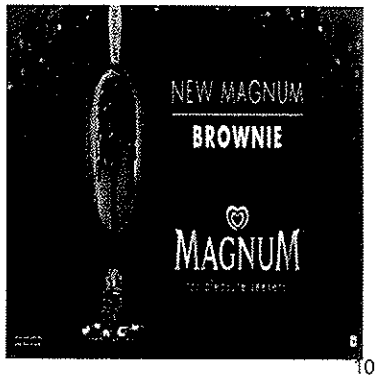










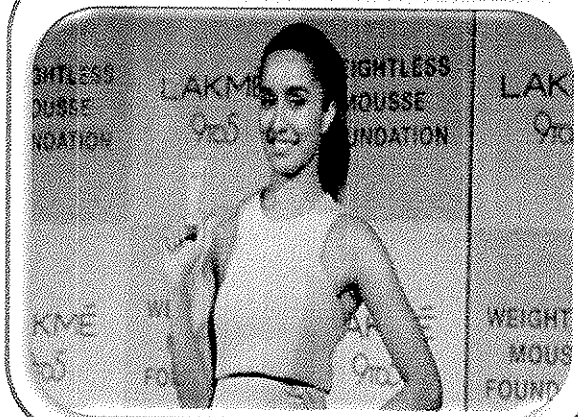


Winning with Brands
Impactful 360 activation

Red Label
6 pack band



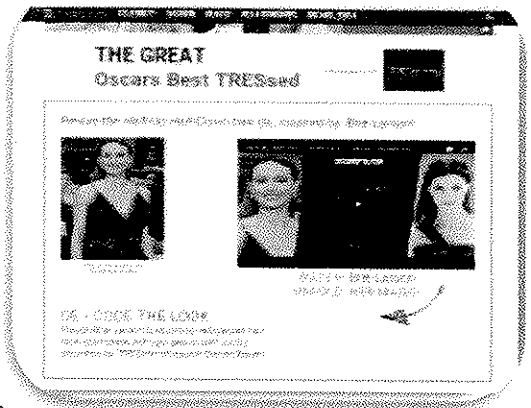
Lakme
Tete-a-tete with Shraddha



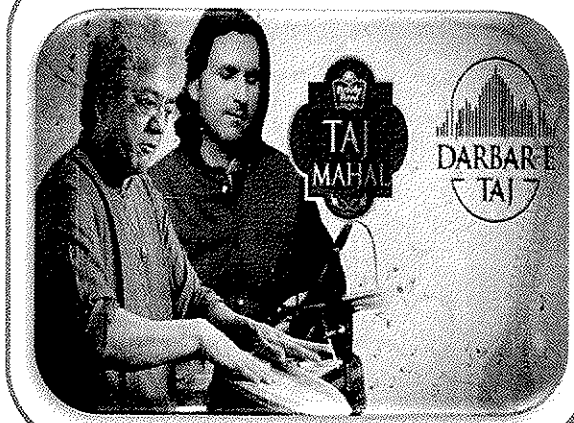
Lifebuoy
Star Wars association



Tresemme
Decoding styles at Oscars



Taj Mahal
Celebrating 50 years



Cornetto
Leveraging Valentine's Day



Skin Cleansing
Sustained volume growth



→ Dove, Lifebuoy and Hamam drive volume growth

→ Continued price deflation as commodity benefits passed on to consumers

→ Significant uptick in commodity costs towards quarter end

Home Care
Growth led by premium segment



→ **Laundry**

- Surf maintains its volume led double digit growth momentum
- Wheel continues to recover turnover post relaunch
- Comfort sustains its strong growth led by market development

→ **Household Care**

- Performance led by Vim liquids

→ **Continued price deflation, albeit at lower levels**

Skin Care
Healthy intrinsic growth



→ FAL performance led by BB Cream; 'Ayurvedic Care' variant relaunched

→ Pond's delivers strong growth led by premium skin lightening

→ Lakme growth buoyed by CC cream and Perfect Radiance

→ Vaseline registers robust double digit growth

Intrinsic growth = net of excise impacts and one-off credits

Hair Care
Volume led growth sustained

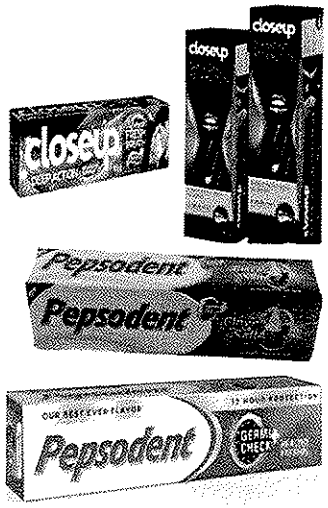


→ Dove delivers another quarter of double digit volume growth

→ TRESemmé maintains its strong growth momentum

→ Conditioners grow well on focused market development

Oral Care
Subdued performance



→ **Close Up sustains its good underlying performance**

→ **Pepsodent:**

- Core relaunched in quarter
- 'Clove and Salt' variant continues to do well

Color Cosmetics
Innovation led double digit growth



→ **Lakme sustains its strong double digit growth momentum**

- Robust performance across Absolute and 9 to 5 ranges whilst driving trends
- Impactful launch of Lakme Absolute Eye Shadow Palette
- Shade additions made to the 'Lip Love' lip balm and 'Absolute' lipstick range

Beverages
Consistent growth



→ **Tea growth driven by impactful activation & market development**

- Broad based growth across brands
- Natural care continues to do well
- Green Tea sustains its strong growth momentum

→ **Bru Coffee registers another quarter of double digit growth**

Packaged Foods
Double digit growth



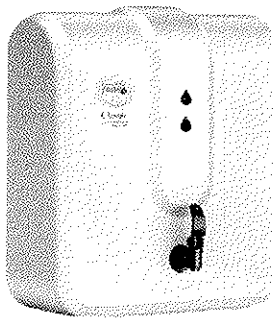
→ **Sustained volume led growth in Kissan, Knorr and Kwality Walls**

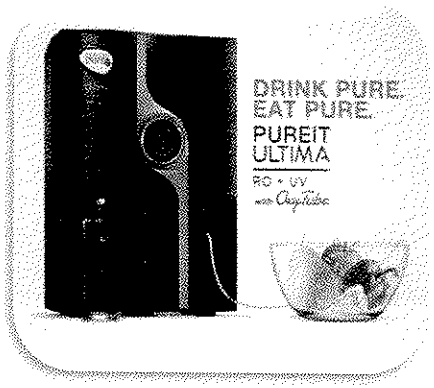
→ **Focus on market development continues**

→ **Innovations across brands adding to the portfolio**

- Premium range of Kissan Jams
- New range of Knorr wraps and rolls mix
- Magnum 'Choco Brownie' and Cornetto 'Choco Coffee'

Pureit
Double digit growth





→ **Portfolio extended to play in the wider market**

- Growth driven by the RO devices
- Pureit Ultima with Oxytube launched in quarter

→ **Modern Trade and Pureit Perfect Stores lead growth**

→ **E-commerce channel continues to grow rapidly**

MQ 2016
Results: Growth & Margin

Rs Crores

Particulars	MQ'16	MQ'15	Growth %
Net Sales*	7809	7555	3
PBIT	1379	1248	11
PBIT margin (%)	17.7	16.5	115 bps

- Reported Domestic Consumer growth at 4%; underlying volume growth at 4%
- Intrinsic growth at 5% (net impact from phase out of excise benefits and one-off credits: -90bps on topline, -50bps on PBIT)

MQ 2016
Results: PBIT to Net Profit

Rs Crores

Particulars	MQ'16	MQ'15	Growth %
PBIT	1379	1248	11
Add : Other Income	82	98	
Less : Finance Costs	0	0	
Exceptional Items – Credit / (Charge)	43	179	
PBT	1504	1525	
Less : Tax	415	507	
Net Profit	1090	1018	7

- Other income includes –
  - Interest, dividend and gain on sale of non-trade current investments of Rs. 75 Crore (MQ'15: Rs. 97 Crore)
- Exceptional item includes
  - Profit recognized hitherto, on sale of Modern business Rs. 50 Crore in current quarter
  - Profit on sale of subsidiary 'Brooke Bond Real Estate Private Limited' for Rs. 169 Crore in base quarter

MQ 2016
Summary

Profitable volume-led growth sustained

- Reported Domestic Consumer growth at 4%, underlying volume growth at 4%
  - Intrinsic growth at 5% (net impact from phase out of excise benefits and one-off credits: -90bps)
- PBIT margin expands +115 bps
  - Impacted by phase out of excise benefits & one off credits: -50bps
  - Lower cost of goods sold partially offset by higher A&P investments

FINANCIAL YEAR ENDING
31ST MARCH 2016

Financial Year ending 31st March 2016
Profitable volume-led growth sustained

Rs Crores

Particulars	FY 2015-16	FY 2014-15	Growth %
Net Sales	31,425	30,171	4
PBIT	5,409	4,922	10
PBIT margin (%)	17.2	16.3	90 bps
PAT bei	4,078	3,843	6
Exceptional Items	-39	664	
Net Profit	4,082	4,315	-5

- Domestic Consumer grows at 4% with 6% UVG
- Intrinsic growth at 5% (net impact from phase out of excise benefits and one-off credits:-110bps on topline, -50bps on PBIT)
- Margin improvement sustained whilst investing significantly behind brands; A&P up +160bps
- Tax rate for the year at 30.5% (FY14-15: 30.3%)

Financial Year ending 31st March 2016
Strong track record of cash generation sustained

→ **Higher cash from operations; another year of > 5000 crores**

- Approval to the Scheme for transfer of General Reserve Balance to P&L Account underway

→ **Higher dividends paid* (FY16: 3998 crores, up 570 crores)**

Cash from operations – Cash from operating profit before working capital changes + Net working capital

*includes dividend distribution tax

Financial Year ending 31st March 2016
Dividend

Particulars	FY 2015-16	FY 2014-15
Dividend Per Share	16	15
Interim	6.5	6
Final*	9.5	9
No. of Share (Crs.)	216.39	216.35
Total Dividend (Rs. Crs.)	3462	3245
Div. Dist. Tax (Rs. Crs.)	677	636
Total Div. Outflow (Rs. Crs.)	4140	3881

*Final dividend number for FY 2015-16 is subject to approval by the shareholders at the AGM

Financial Year ending 31st March 2016
Broad based volume growth across segments

Growth in %

Categories	Intrinsic* Sales Growth	Underlying Volume Growth	Segmental Profit Growth
Soaps and Detergents	2	6	5
Personal Products	10	6	14
Beverages	7	4	6
Packaged Foods	12	8	52
Total Business	**5**	**6**	**10**



* Intrinsic Sales Growth = net of excise impacts and one-off credits

Financial Year ending 31st March 2016
Segment highlights

SOAPS AND DETERGENTS



- Volume led growth in a deflationary environment
- Continued focus on driving category premiumisation
- Surf, our biggest brand now > Rs. 3000 crore

PERSONAL PRODUCTS



- Healthy double digit intrinsic growth
- Skin, Hair and Colors do well
- Deos recovery led by Axe Signature

BEVERAGES



- Steady performance in a benign commodity context
- Broad based growth across brands
- Taj completes 50 years of delighting consumers

PACKAGED FOODS



- Ten successive quarters of double digit growth
- Market development yielding strong results
- Innovations adding to the portfolio; Modern divested

Update on M&A transactions

Divestment of Modern Bakery Business



- Agreement signed on 8th September 2015
- Transaction concluded in the end of March 2016

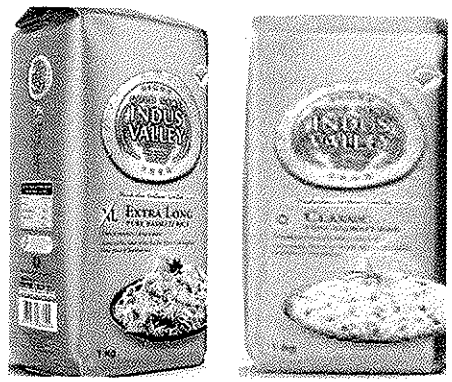
Acquisition of Indulekha Hair Oil

indulekha™



- Agreement signed on 17th December 2015
- Transaction concluded on 7th April 2016

Sale of Rice Brands

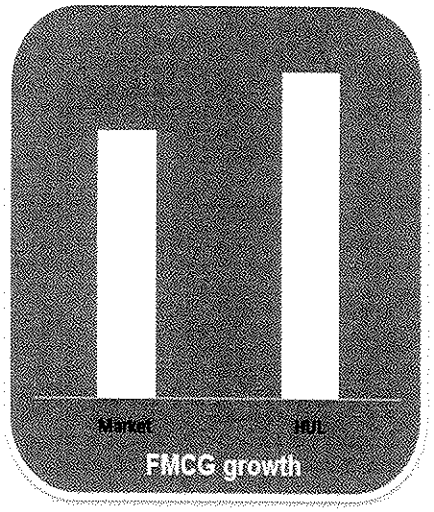


- Agreement signed on 17th March 2016
- Transaction closure pending fulfillment of conditions

Financial Year ending 31st March 2016
Delivered on strategy

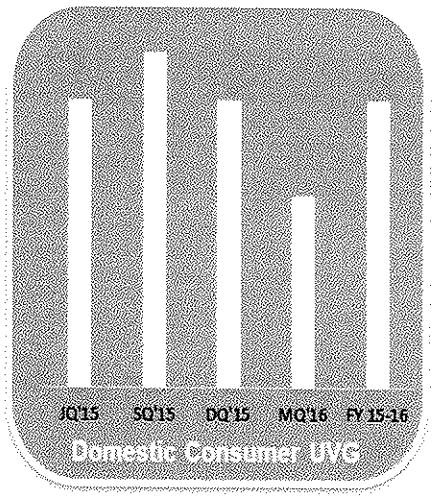
COMPETITIVE GROWTH

Ahead of market



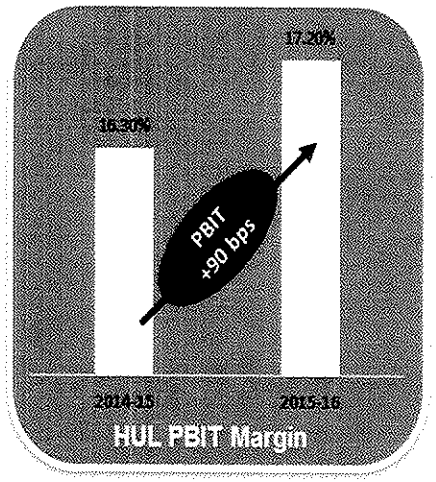
CONSISTENT GROWTH

Healthy UVG in a soft market



PROFITABLE GROWTH

Expanding margins whilst sustaining competitive investment



RESPONSIBLE GROWTH

Continued progress on our Sustainability priorities



USG 4% | 6% UVG | PBIT +10% | Cash > Rs. 5000 Cr

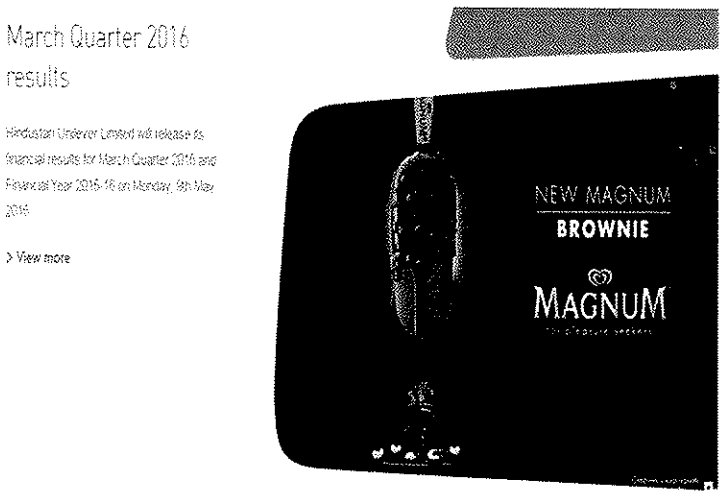
Near term outlook

- Market growth improvement largely dependent on Rural
- Pick-up in commodity costs
- Continued focus on driving volume led growth with improvement in operating margin
- Strategy unchanged: Consistent, Competitive, Profitable, Responsible Growth

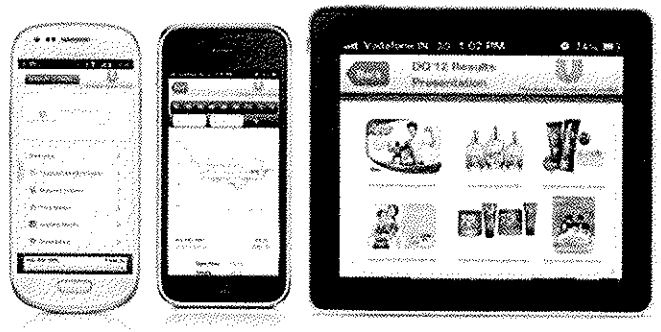
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