Hindustan Unilever Limited

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

18th July, 2017

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 ended 30th June, 2017.

Please take the above information on record.

Thanking You.

Yours faithfully,
For Hindustan Unilever Limited

HINDUSTAN UNILEVER LIMITED MUMBAI

Dev Bajpai
Executive Director, Legal & Corporate Affairs
and Company Secretary
DIN:00050516

Hindustan Unilever Limited

JQ '17 Results Presentation : 18th July 2017

Safe Harbor Statement

Hindustan Unilever Limited

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

Hindustan Unilever Limited

1 Strategy

2 Business Context

3 Current Quarter Performance

4 Looking Ahead

Clear and compelling strategy

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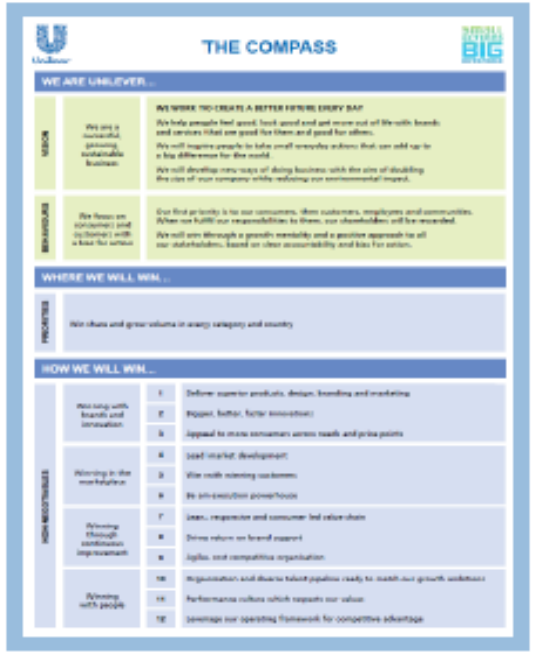
Strategic Framework



Sustainable Living Plan

Goals

Consistent Growth

Competitive Growth

Profitable Growth

Responsible Growth

JQ'17: Market context

Hindustan Unilever Limited

- In the run up to GST, cautious sentiment in trade despite high promotional intensity
- Input costs stable
- Rural markets remained challenging

HUL JQ'17:
Resilient & Profitable growth delivered in a volatile environment

- **Domestic Consumer growth 6%; underlying volume growth flat**
  - Price growth from actions in previous quarters
  - Trade spends and stocks optimized to manage GST transition

- **EBITDA at Rs. 1,866 Crores up by 14%; margin up 160 bps**
  - COGS down by 75 bps;
  - Competitive A&P spends maintained; ZBB drives % A&P down by 20 bps;
  - Overall strong savings delivery continues

- **PAT (bei) at Rs. 1,292 crores up by 15%; Net Profit at Rs. 1,283 crores up by 9%**

ZBB: Zero Based Budgeting

Differential impact on segments

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Segments	Sales Growth* (%)
Home Care	6%
Personal Care	3%
Refreshment	11%
Foods	4%
Domestic Consumer	**6%**

- **Home Care & Refreshment** continued their strong growth momentum
- **Personal Care & Foods impacted disproportionately** by thinning of trade pipelines, particularly in CSD

CSD : Canteen stores department

Sales growth = Segment Turnover growth excluding Other Operational Income

**Excludes impact of A&D*

HUL's transition to GST has been swift and smooth

Invoicing to trade	Internal systems	Vendors
❑ No disruption in trade servicing ❑ First GST invoice at 00:08 hrs on 1st July	❑ HUL systems working normally from Day 1	❑ In-bound supplies normal ❑ Payments from the 1st working day

GST led pricing actions start to land

Net benefits at a company level to be passed on

Output tax changes

Detergent bars
Skin cleansing
Toothpastes
Hair oils

Detergent powders
Hair Care (excl. hair oil)
Skin creams & colour cosmetics
Instant Coffee

Pricing landed with impactful press advertisements from Day 1

Further changes underway

Initial days – Issues & Our response

Consumer	Trade
Footfalls and off-takes normal, however trade pipelines are thin	**Sections of trade, particularly wholesale and small retailers still unclear on rules, delaying return to normalcy**
Response	***Response***
Restore trade pipelines on priority	Step up communication to trade and their advisors

'Accounting' impact of GST (w.e.f SQ 2017)

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Reporting for excise

Pre GST	Post GST
Excise a cost; Turnover gross of excise	Turnover is net of GST

Impact Post GST

HUL Local results

Reported Turnover:	Lower by ~750 bps
Absolute EBITDA:	No impact*
EBITDA margin:	Higher by ~ 150 bps
EPS:	No impact*

HUL as consolidated in Unilever

No impact *(HUL Turnover under IFRS is net of excise)*

Impact for input taxes & fiscal

Pre GST	Post GST
Input tax credit availed partially	1. Costs lower as full input tax credit availed 2a. CENVAT availed fully in fiscal sites 2b. Fiscal refund @58% of CGST on value add. Net of 1&2 + Input tax benefit passed on

Impact Post GST*

Local & HUL as consolidated in Unilever

Reported Turnover:	Lower (Impacts price growth)
Absolute EBITDA:	No impact
EPS:	No impact

**After factoring in post GST price reductions*

Continued focus on innovations

Progressively building the naturals portfolio

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Within the existing portfolio

Multiple natural variants introduced in existing brands across categories

Building specialist brands

Launched 12 SKUs under Citra in the Face Care segment

Building a master brand

‘Lever Ayush’ going national

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Oral Care

Skin Care*

Body Lotions

Hand Wash

Hair Care

Soaps

After a successful South launch, Lever Ayush now being rolled out nationally

** Includes Face wash & Face creams*

Home Care

- Strong growth across mass & premium laundry
- Surf sustains robust volume led growth momentum
- Water witnessed a muted quarter due to challenges in trade, pre - GST

Personal Care

- Growth subdued due to thinning of trade pipelines, particularly in CSD
- Broad based growth across all brands in Personal Wash
- Fair & Lovely relaunch well received
- Colour cosmetics delivered yet another robust quarter

Foods & Refreshment

- Refreshments delivered broad based growth
- Tea continues to deliver robust double- digit growth by leveraging WiMI
- Soups & Jams drive category growth for Foods

Strong margin delivery aided by savings agenda

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Thinking and delivering end to end savings of ~6% of turnover

JQ'17: Results Summary

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Rs. Crores

Particulars	JQ'17	JQ'16	Growth %
Sales	**9,094**	8,662	**5**
EBITDA	**1,866**	1,636	**14**
EBITDA Margin (%)	**20.5%**	18.9%	**160**
Other Income	**113**	108	
Exceptional Items – Credit / (Charge)	**(13)**	71	
PBT	**1,846**	1,715	
Less : Tax	**(563)**	(541)	
PAT bei	**1,292**	1,128	**15**
Net Profit	**1,283**	1,174	**9**

- Domestic Consumer growth at 6%
- Exceptional item in the base includes one-time write back of provision for employee benefits

Looking ahead

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Near term

- Expect gradual improvement in rural demand
- Trade stocks to build back to normative levels over the next few months
- Input costs to remain stable

Our strategy

- Focus on volume driven growth and improvement in operating margin
- Consistent, Competitive, Profitable, Responsible Growth

For more information & updates

Visit our website

http://www.hul.co.in/investorrelations/

June Quarter 2017 results

Hindustan Unilever Limited will release its financial results for June Quarter 2017 on Tuesday 18 July, 2017.

> View more

HUL Investor App

Hindustan Unilever Limited

Available on the App Store

ANDROID APP ON Google play