Hindustan Unilever Limited

Hindustan Unilever Limited
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Mumbai 400 099

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Web: www.hul.co.in
CIN: L15140MH1933PLC002030

18th July, 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 ended 30th June, 2016.

Please take the above information on record.

Thanking You.

Yours faithfully,
For Hindustan Unilever Limited

Dev Bajpai
Executive Director (Legal & Corporate Affairs)
and Company Secretary
Membership No. F3354

Hindustan Unilever Limited

JQ 2016 Results Presentation, 18th July 2016

Hindustan Unilever Limited

Safe Harbor Statement

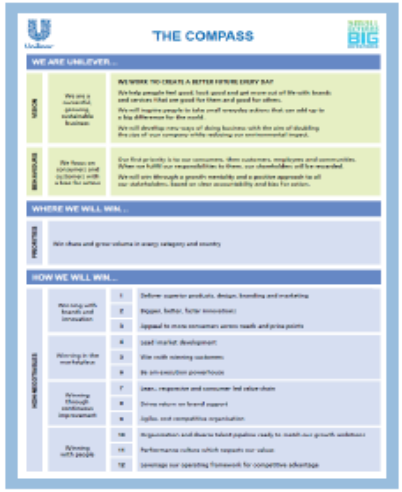
This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations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

Clear and compelling strategy

Strategic Framework



Sustainable Living Plan

Goals

Consistent **Growth**

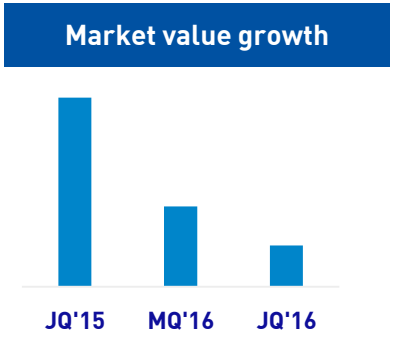
Competitive **Growth**

Profitable **Growth**

Responsible **Growth**

JQ 2016: Quarter Summary

- **Challenging business environment**
  - Market growth further slows down – volume and value
  - Higher commodity costs
  - Competitive activity remains high



- **Business tracking ahead of market with sustained margin improvement**

JQ 2016 : Profitable volume-led growth sustained

- **Domestic Consumer growth at 4%, underlying volume growth at 4%**
  - Impact of phase out of Excise Duty benefits on topline -40 bps

- **Operating Profit (PBIT) at Rs. 1543 crores, up 7%; margin expands +70 bps**
  - Impact of phase out of Excise Duty benefits on PBIT -15 bps
  - COGS lower by 100 bps; driven by lower input costs and savings programs
  - Competitive spends maintained across segments; A&P at 11%, down 60 bps
  - Employee costs up 70 bps, arising from provision reversal in base quarter

- **PAT (bei) at Rs. 1128 crores up 6%; Net Profit up 10% at Rs. 1174 crores**

Financial Statements reported as per IND AS

New Reporting Segments

Old Segments		New Segments	
Soaps and Detergents	• Fabric Wash • Household Care • **Personal Wash**	• Fabric Wash • Household Care • **Water**	**Home Care**
Personal Products	• Oral Care • Skin Care • Hair Care • Deodorant • Color Cosmetics	• **Personal Wash** • Oral Care • Skin Care • Hair Care • Deodorant • Color Cosmetics	**Personal Care**
Packaged Foods	• Foods • Popular Foods • **Modern Foods** • **Ice Cream & Frozen Desserts**	• Foods • Popular Foods	**Foods**
Beverages	• Tea • Coffee	• Tea • Coffee • **Ice Cream & Frozen Desserts**	**Refreshment**
Others	• **Water** • Infant & feminine care • Exports	• Infant & Feminine Care • Exports • **Modern Foods**	**Others**

Broad based growth across segments in a slowing market

Segments	Sales Growth (%)
Home Care	7
Personal Care	2
Refreshment	5
Foods	4
Domestic Consumer	**4**

- **Home Care:** Growth led by healthy volumes
- **Personal Care:** Step up in Personal Products, offset by deflation in Personal Wash
- **Refreshment:** Continued steady growth
- **Foods:** Healthy underlying growth impacted by one-offs

Sales growth = Segment Turnover growth excluding Other Operational Income

Continued focus on innovations

Impactful 360 activation

FAL: Association with TV Series

Surf Excel: Ready for Life

Bru: Summer thrills with taste

Axe: Movie tie up

Dove: Break the rules of Beauty

Knorr: World on a plate

Home Care

Fabric Wash | Household Care | Water

Home Care

Growth led by healthy volumes

- **Fabric Wash:** Growth driven by the premium segment
  - Surf, our largest brand, maintains its strong growth momentum
- **Household Care:** Vim liquids continues to do well
- **Water:** Strategic interventions starting to deliver; robust devices growth

Personal Care

Personal Wash | Skin Care | Hair Care | Oral Care | Deodorants | Color Cosmetics

Personal Care

Step up in Personal Products, offset by deflation in Personal Wash

- **Personal Wash:** Lifebuoy, Pears and Dove drive volume growth
- **Skin Care:** Growth led by the premium segment
  - BB & CC creams performing very well
- **Hair Care:** Volume led growth sustained; broad based across brands

Personal Care ....(contd.)

Step up in Personal Products, offset by deflation in Personal Wash

- **Oral Care:** Subdued performance
  - Sampling on Pepsodent core underway to drive trials on 'best ever flavor'
- **Colour Cosmetics:** Lakme delivers strong innovation led growth on premium make-up
- **Deodorants:** Axe does well, aerosol range relaunch in quarter

Indulekha acquisition completed in-quarter

Refreshment

Tea | Coffee | Ice Cream & Frozen Desserts

Refreshment

Steady growth

- **Tea:** Green Tea and Natural Care lead growth, driven by market development
- **Coffee:** Strong competitive position maintained in a deflationary cost environment
- **Ice Cream & Frozen Desserts:** Another quarter of robust growth

Foods

Foods

Healthy underlying growth driven by market development

- **Kissan** sustains strong growth on Ketchups; Jams impacted by one-off event
- **Knorr** delivers robust growth on Instant Soups and Noodles

JQ 2016 : Results Summary

Rs. Crores

Particulars	JQ'16	JQ'15	Growth %
Sales	**7,988**	7,713	**4**
PBIT	**1,543**	1,437	**7**
Add : Other Income	**108**	123	
Less : Finance Costs	**6**	5	
Exceptional Items – Credit / (Charge)	**71**	10	
PBT	**1,715**	1,565	**10**
Less : Tax	**541**	496	
PAT bei	**1,128**	1,063	**6**
Net Profit	**1,174**	1,069	**10**

- Exceptional item includes
  - One time write back of provision for pension benefits due to plan amendments of Rs. 115 Crore

HUL Ind AS transition : Points to note

1 Relaxations provided by SEBI (5th July '16) not availed

	SEBI Relaxation	Details	Published by HUL
1	Quarter Comparatives	Mandatory only for corresponding quarter of PY	All quarters published
2	FY15-16 (YTD) Comparatives	Mandatory only in MQ'17	Published
3	Limited Review for PY quarters	Mandatory from DQ'16	Completed
4	Audit for FY 15-16 (YTD)	Mandatory only in MQ'17	Completed

2 Excise duty treatment to change end of year

- **JQ, SQ & DQ'16 - As per SEBI circular dated 30-Nov-2015**
  - Excise duty will be shown *net of revenue*
- **MQ'17 - As per Schedule III of Companies Act,2013**
  - Excise duty *will be grossed in revenue and shown as cost of goods sold*

HUL Ind AS transition : Key impacts

	JQ '15			JQ '16
	IGAAP	Ind AS	Change	Ind AS
Net Sales (Rs cr.)	7973	7713	-261	7988
PBIT margin (%)	17.95%	18.63%	+ 68 bps	19.31%
Net Profit margin (%)	13.28%	13.86%	+58 bps	14.70%
** A&P % Sales*	*14.47%*	*11.57%*	*-289 bps*	*11.01%*

** A&P – Advertising and Promotion*

Outlook

- Near term market growth likely to remain muted; concern on recent volume trends
- Optimistic about medium term impact of Monsoon & 7th Pay Commission payouts
- Higher input costs likely
- Continued focus on driving volume led growth with improvement in operating margin
- Strategy unchanged: Consistent, Competitive, Profitable, Responsible Growth

Update 1: New Capital Investment in Assam

- Intend to set up a new manufacturing unit with an investment of about Rs.1000 crores
- Location planned near the existing factory in Doom Dooma, Upper Assam.
- Investment is subject to receipt of requisite approvals.
- New unit to be commissioned in early 2017.
- Reiterates HUL's commitment to Make in India and invest for growth in Personal Care.

Update 2: Intention to divest KCLL JV stake

- Intention to divest 50% shareholding in Kimberly-Clark Lever Pvt Ltd to JV partner, Kimberly-Clark Corporation (KCC)
  - 50:50 JV formed in 1995; Baby & Child Care and Feminine Care business in India under the brands 'Huggies' and 'Kotex'
- Decision is in line with HUL objective to focus on core business
- HUL and KCC will work together to define the terms and the future operating model for the business
- In the interim, business operations continue as usual

For more information & updates

Visit our website

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

June Quarter 2016 results

Hindustan Unilever Limited will release its financial results for June Quarter 2016 on Monday 18 July, 2016.

> View more

HUL Investor App

Hindustan Unilever Limited

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