



22nd July, 2020

Stock Code BSE: 500696

NSE: HINDUNILVR

ISIN: INE030A01027

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Rotunda Building, P.J. Towers,
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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 be made on teleconference / webcast to analysts / institutional investors on update with respect to merger with GlaxoSmithKline Consumer Healthcare Limited today.

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

Thanking You.

Yours faithfully,

For Hindustan Unilever Limited

Dev Bajpai

**Executive Director, Legal & Corporate Affairs
and Company Secretary**

DIN:00050516 / FCS No.: 3354

Hindustan Unilever Limited

HUL + GSK CH Merger Update : 22nd July 2020





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

- Deal Re-cap and recent results**
- Strategy and Synergies**
- Key financial and reporting aspects**

Recap & Results



Dec 2018 : Announced merger of GSK CH India with HUL

#1 HFD portfolio in largest HFD market



Nourishing Malt-based Drinks

20+ different products and flavors

Strategic Rationale

- ❑ **Market development opportunity**
 - ❑ Low penetration
 - ❑ Opportunity to drive premiumization
 - ❑ Leverage HUL distribution capabilities

- ❑ **Double digit growth potential for medium term and margin expansion of 800-1000 bps**
(on March 2018 financials)

Leverage on the Mega-Trend of Health & Wellness

FY 2020 : Resilient underlying performance

Growth

Turnover Growth%

1%

4,542 crs

Turnover

EBITDA

Underlying EBITDA*

28.1%

+229 bps

Underlying Margin Improvement*

PBT

PBT Growth

11%

1,675 crs

PBT

Net Profit

PAT Growth

24%

1,221 crs

PAT

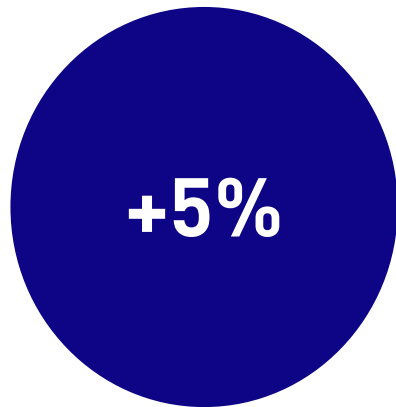
Competitive growth - ahead of the market

* Underlying EBITDA = Reported EBITDA – One offs
Reported EBITDA margin 32.7%

JQ 2020 : Seamless virtual integration

Competitive growth

Domestic Sales Growth



Gaining Market Share*

Value-added innovations



Enhancing accessibility



*Market share basis volume for L3M May 2020 as per Kantar HH Panel

Strategy and Synergies



GROWTH : Strong structural drivers intact

25%+ of India's population is under 14 years ⁽¹⁾

Opportunity to grow by purposefully serving a young population with nutrition needs



1 in 3

Indian children are too short for their age ⁽²⁾



1 in 4

Indian adolescents are too thin for their age ⁽²⁾



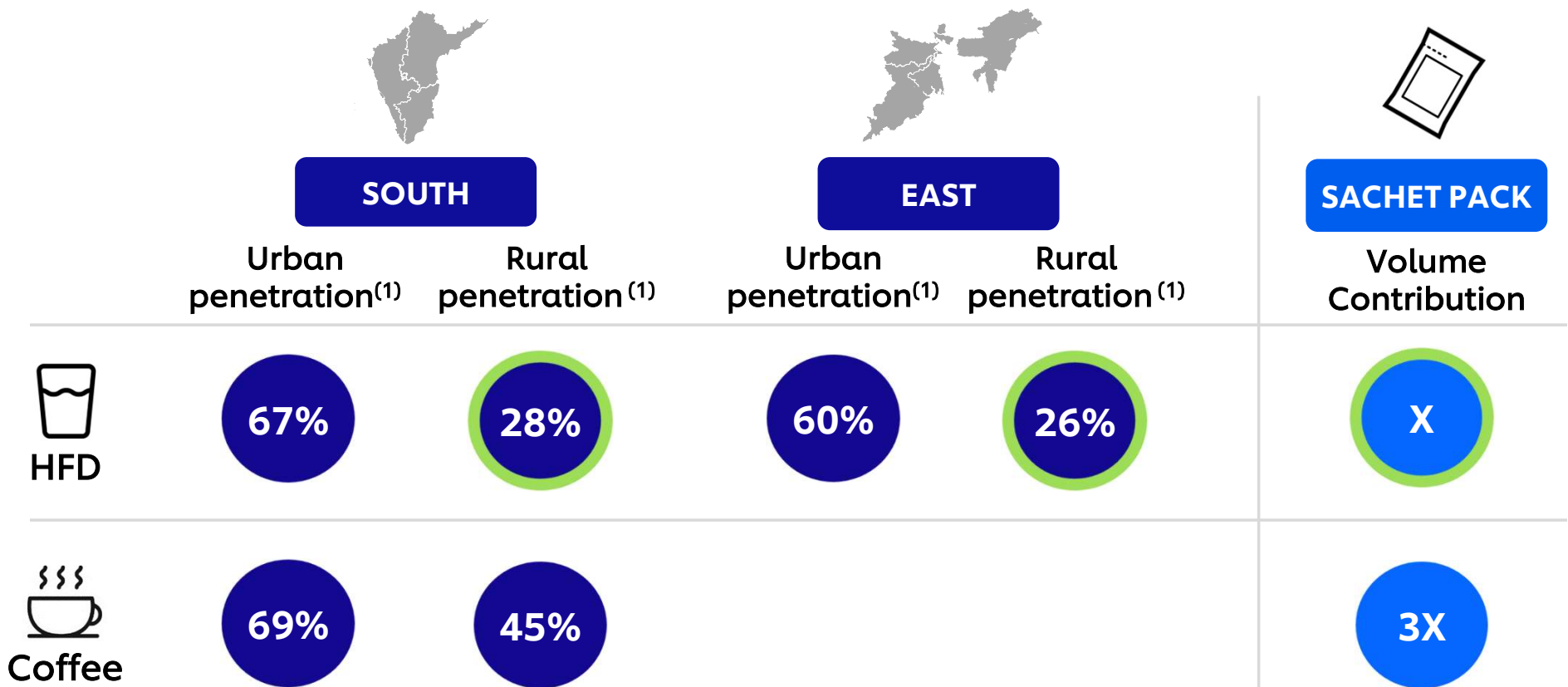
9 in 10

Indian children's* diets are deficient in micro-nutrients ⁽²⁾

A huge opportunity for a purposeful Nutrition portfolio

Rural India offers significant growth potential

Market Development will be a key growth driver



Building demand by increasing relevance and affordability

Reinforcing Horlicks Health credentials



Launch of pouch pack @ 20% discount



GTM ramp-up offers sizeable coverage & growth opportunity

Opportunity to improve physical reach by covering more stores



X



1.75X



2.25X

Leveraging HUL Channel Expertise

MT & E-Commerce



Out of Home / HTS



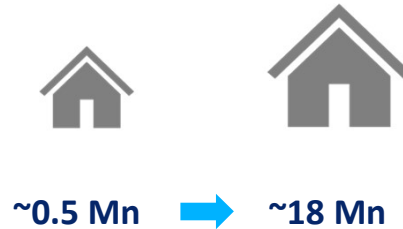
Shakti Channel



Medium term opportunity : Expand the Nutrition category

Opportunity in underserved adult nutrition market

Maternal
nutrition



Women's
nutrition



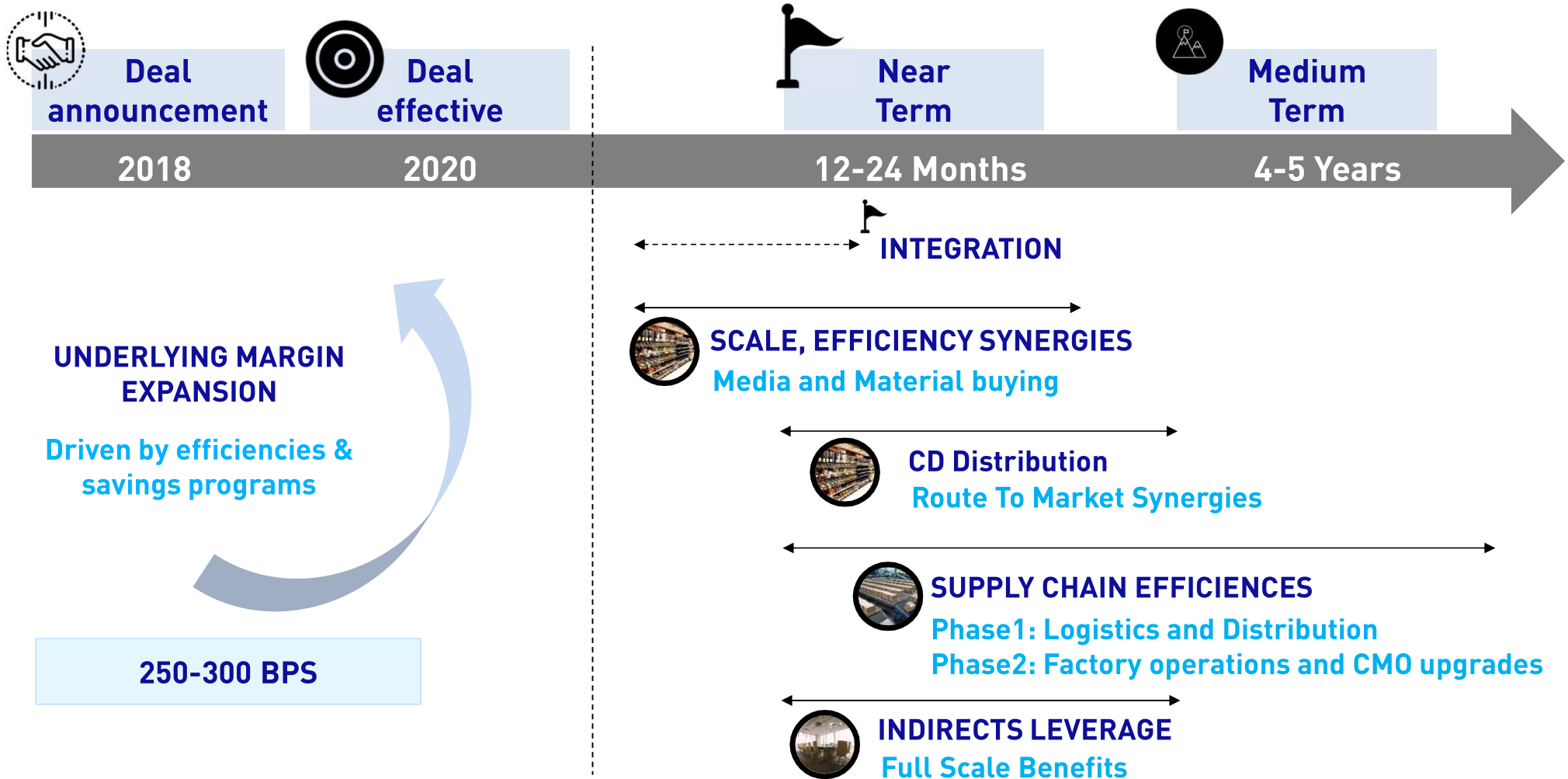
Adult deficiency
& Wellness



Key Drivers

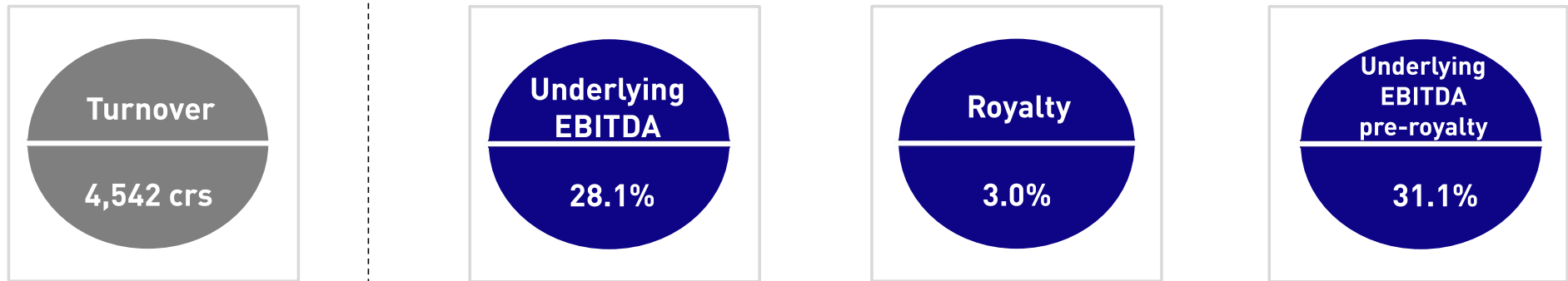
- ✓ Driving access
- ✓ Building relevance
- ✓ New Product development

Margins realization on track

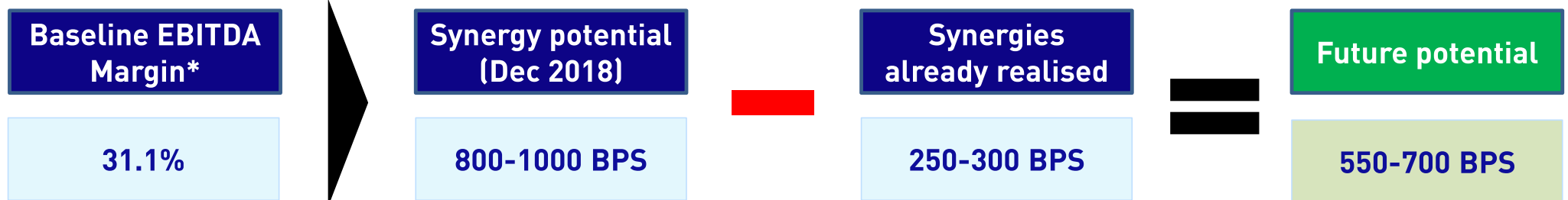


And poised to deliver significant value

Baseline Margins



Future Synergy potential in Medium-Term

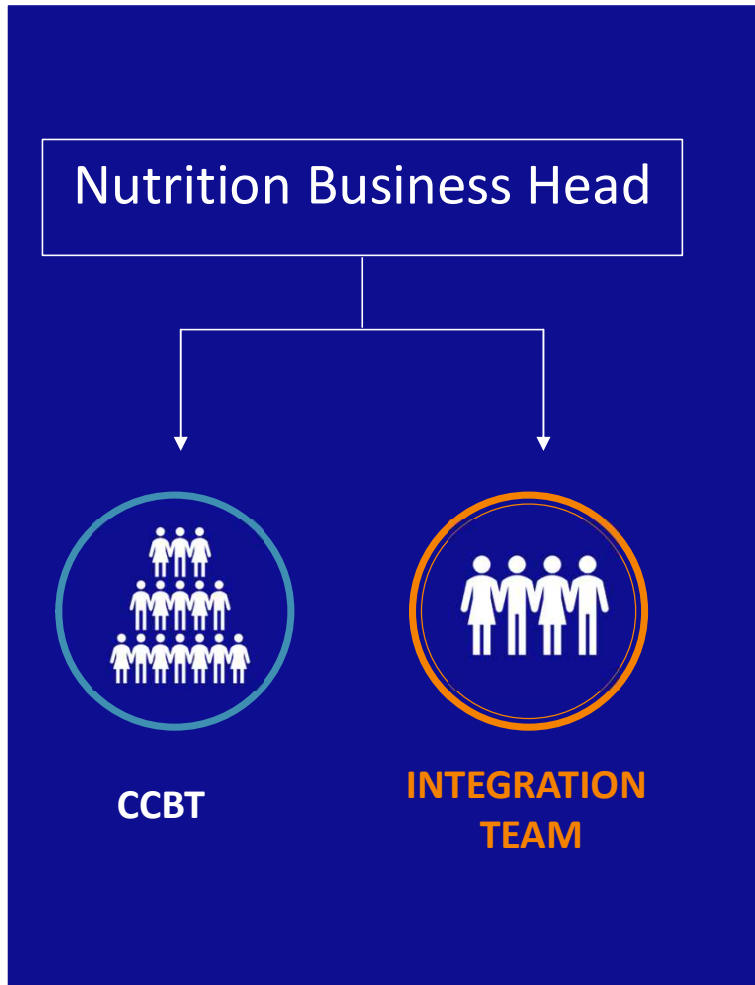


**Business plans
well supported**

**leverage capabilities and
focused organization**



Investing for growth : Distinct Business and integration teams



The icon shows a group of 12 stylized human figures in a circle on the left, a large grey arrow pointing right in the center, and a single stylized human figure in a circle on the right.

Nutrition a separate CCBT within F&R Division

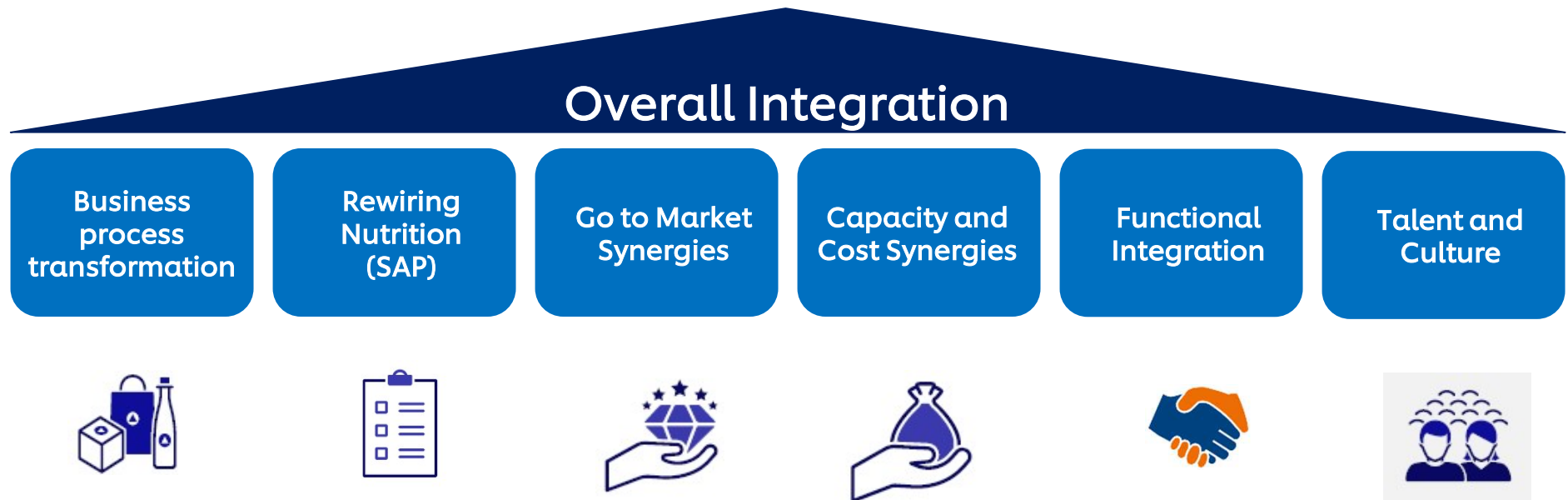
- Business strategy & execution – Unlock the market development opportunity

The icon shows a group of 4 stylized human figures in a circle in the center, with two large grey curved arrows forming a loop around it, one pointing right and one pointing left.

Integration team continues for next 18 months

- Charting of synergy plans
- Business Process and IT Harmonisation – full IT integration likely to be completed by June 2021

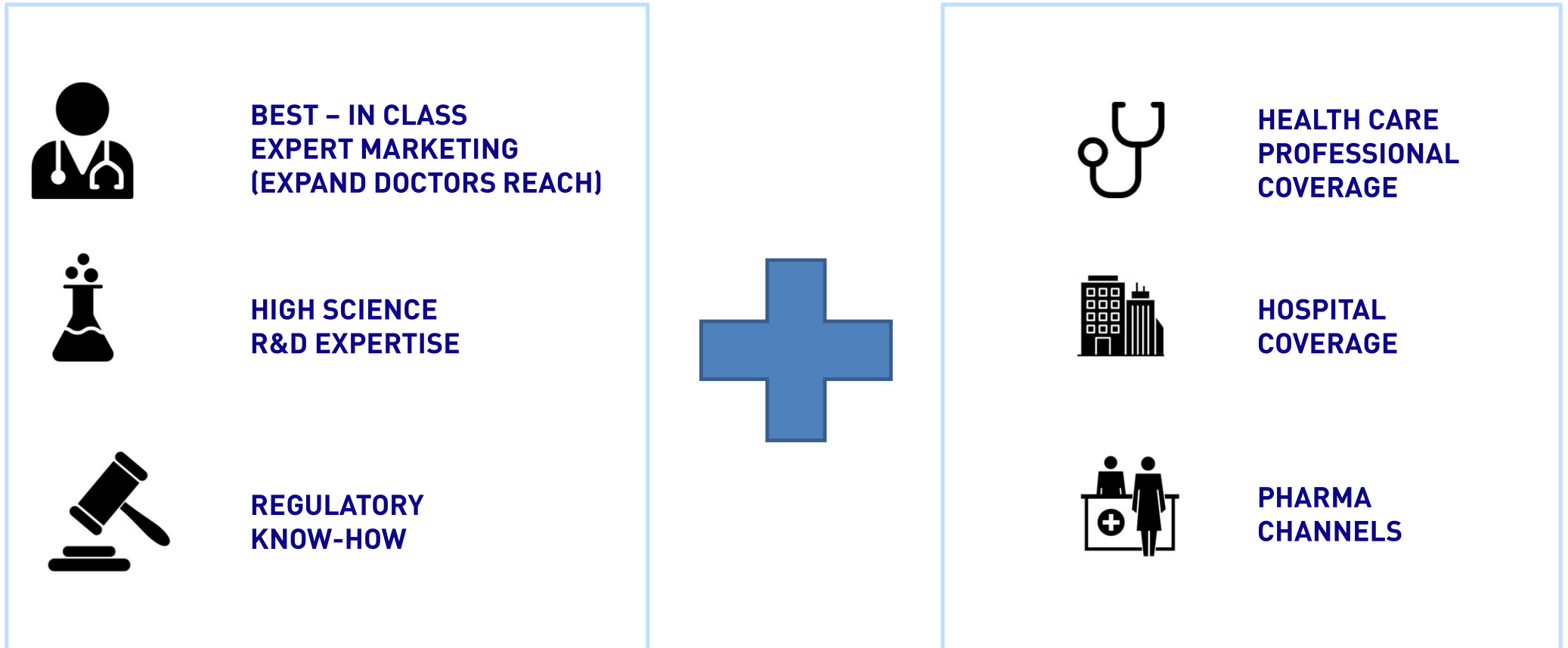
With a framework that leverages technology & best practices



Key programs to unlock value creation

Anchored end to end by Integration Board

While embracing new capabilities



Potential to create value across HUL categories

Financial and tax implications from the merger



Key Financial Call-Outs

Transition Costs (Y1)

- Business has an IT Transition Services Agreement with GSK Plc for 12Months: ~ Rs 80 crs

Exports Reporting

- Exports to move to HUL subsidiary UIEL - visible in Consolidated results

Integration costs

- Investments to realise synergy benefits in near-to-medium term (reported under exceptional items)

OTC OH Arrangement

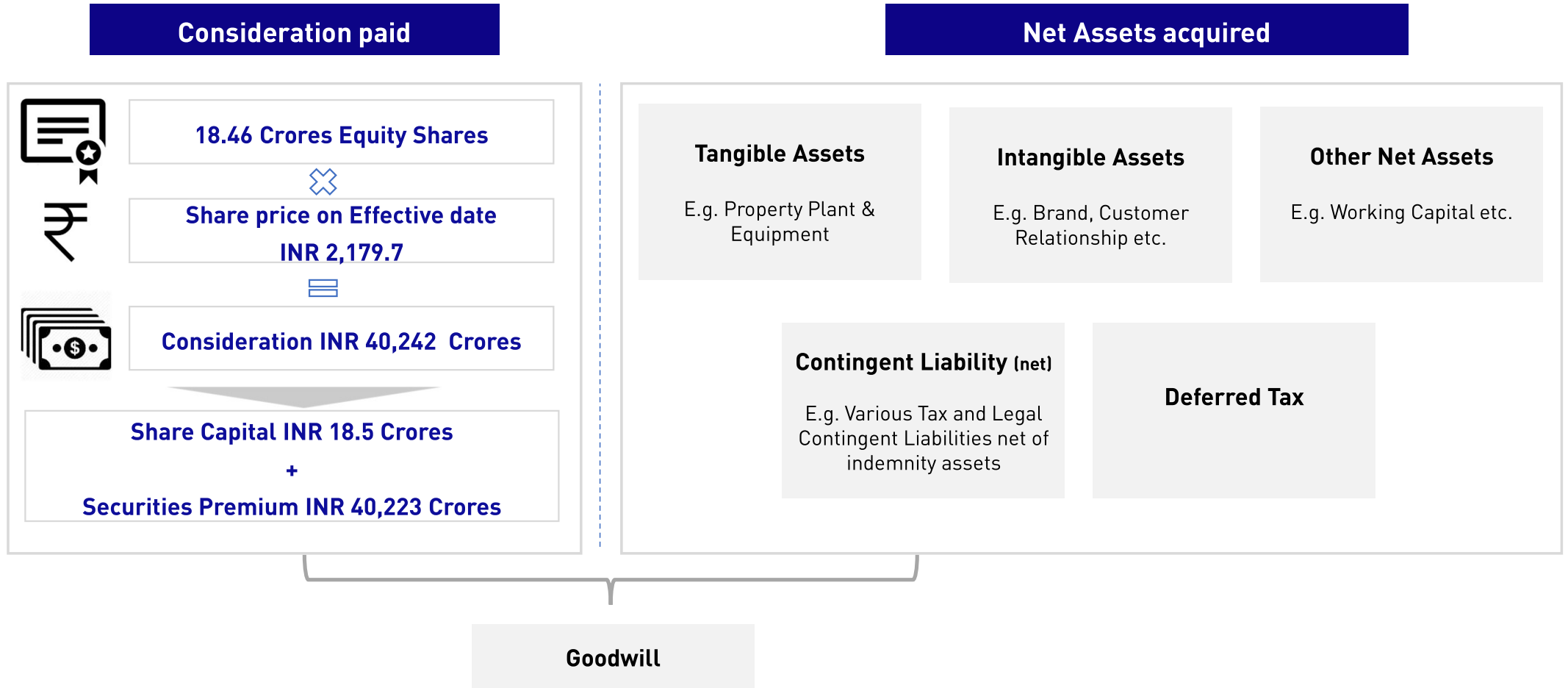
Product Portfolio



Distribution arrangement

- Consignment Services Agreement signed between both parties with clearly agreed roles & KPIs on both sides
- For 5 years, mutually renewable at the end of term
- Net Margins protected

Accounting for merger



Excess of Consideration over identified Assets & Liabilities to be recorded as “Goodwill”

Intangibles – Accounting & Tax Impact

Accounting Books - Balance Sheet

- Infinite life intangibles will be recorded at Fair Value and tested for impairment
- Finite life intangibles will be recorded at Fair Value and depreciated over useful life.

Tax Books – Balance Sheet

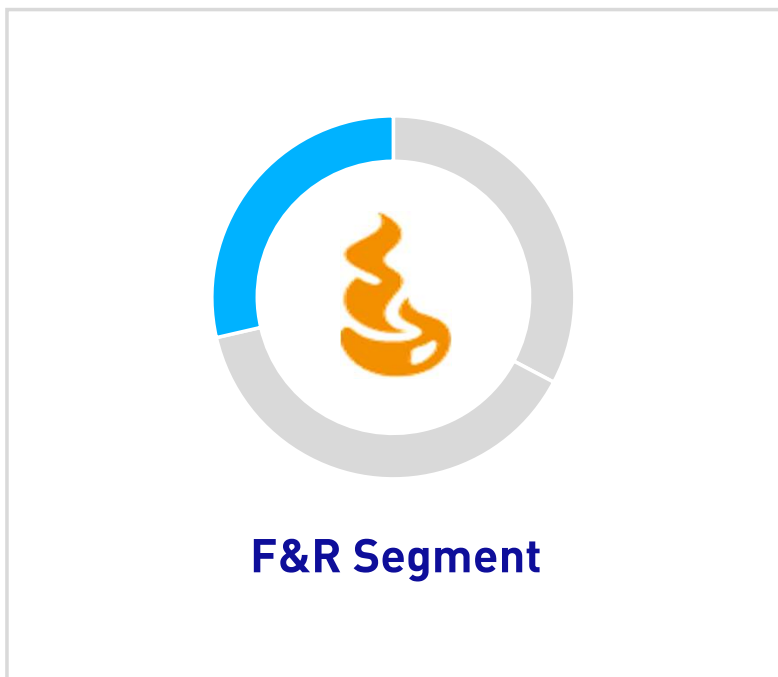
- All intangibles (including Goodwill) will be added to intangibles tax block
- Intangibles eligible for depreciation u/s 32 of the Income Tax Act.

The difference in the value of intangibles in financial and tax books is in the nature of “temporary difference” and will be subject to deferred tax at every period end. No impact of ETR

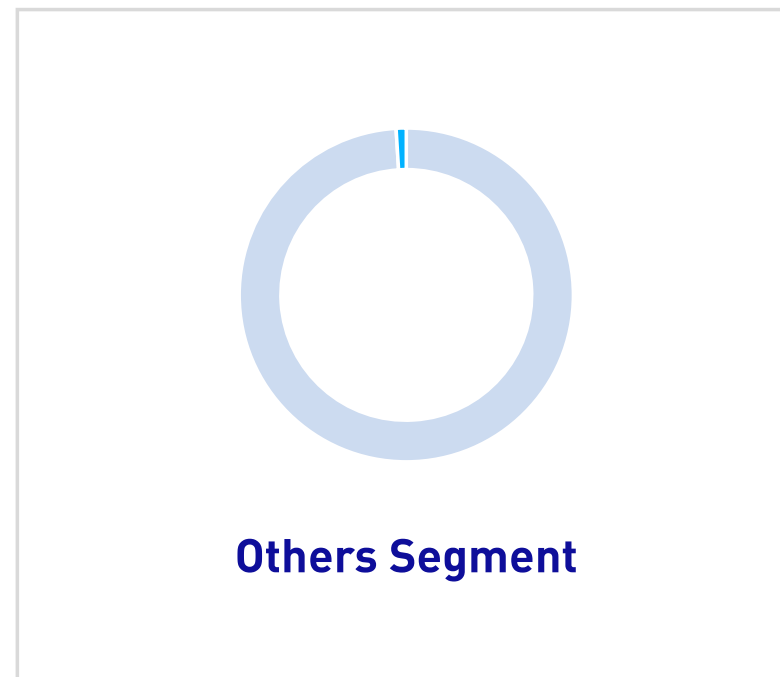


Future reporting

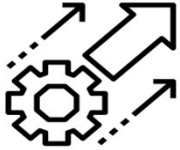
Domestic Business



Exports Business + OTC



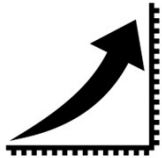
In Summary



- **Structural opportunity intact, COVID uncertainties in the near-term**



- **Seamless cutover completed, Successful first quarter**



- **Medium Term - Growth in double digit, Incremental margins of 550-700BPS (250-300BPS synergies already realised)**




- **Return on Capital Employed (RoCE) and Return on Net Worth (RoNW) to drop on account of increase in shareholder's equity**



- **OTC/OH: a win-win arrangement**

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