Hindustan Unilever Limited

SANJIV MEHTA

APRIL, 2023

INDIA LAND OF OPPORTUNITIES

INDIA: HOME TO 17.5% OF WORLD POPULATION

5TH LARGEST ECONOMY GLOBALLY

60% of India's GDP driven by consumption, headroom to grow consumption

20+ Languages **8+ Religions**

Diverse yet multiple commonalities

LARGE MILLENNIAL POPULATION

1 Bn working class population

79% are Millennials & GenZ

RISING AFFLUENCE

India has never been richer

	2017	2022	
LSM 10+ AI >20 L	2% (5 Mn)	3% (10 Mn)	↑
LSM 7-9 AI upto 20 L	6% (18 Mn)	11% (36 Mn)	↑
LSM 4-6 AI upto 10 L	32% (89 Mn)	30% (93 Mn)	
LSM 0-3 AI < 3 L	60% (164 Mn)	56% (178 Mn)	
	Total HHs: 278 Mn	Total HHs: 317 Mn	

AI : Annual Income in INR

FORMALISATION OF THE ECONOMY

Increase in Tax to GDP Ratio

India's Digital Payments in 2022 more than US, UK, Germany, France economies combined

Nearly 28 crore informal workers registered on e-Shram portal

INDIA EVOLVING

LANDMARK REFORMS

Taxation Reforms

GST
Goods & Services Tax

Corporate tax reduction

Bank Reforms

Insolvency and Bankruptcy Code

Asset Quality Review

Infra Impetus

82%
rise in last 2 years in Government Capex

+63
improvement in Ease of doing business ranking

DIGITAL EVOLUTION

Public digital platforms and foundations

RuPay
GeM
DigiLocker
ONDC
Open Network for Digital Commerce

DIKSHA
e-Vidya
Digital India
Power To Empower

Increasing Internet Penetration

2015
300 Mn
15%

~3X

2022
>800 Mn
60%

Increasing Smartphone Buyers

2015
100 Mn

7X

2022
>700 Mn

Reduced Cost of Data

2015
Rs. 226

93%

2022
Rs. 14

1 GB Data

%s indicate penetration in 2022

CONSUMER BEHAVIOUR SHAPING INDIA

INDIA: VISION 2047

RESILIENT GROWTH

600 Mn overall jobs needed by 2047

(~1.3x the number of jobs today; create 1 Crore non-farm jobs per year)

₹ 1 Mn per capita income

(~6x the per capita income today)

- *Implication: Grow at **7.7%**[1] annually*

SUSTAINABILITY

80-90%

Reduction in Co2 emission intensity[3]

100%

Access to water for all

INCLUSION

45% female participation in labor force *(~2x of today)*

100% population above poverty line[2]

1. *Real GDP growth*
2. *Basis Niti Aayog's report (2021) on MDPI (OPHI, UNDP) which evaluates across 12 indicators – nutrition, infant mortality, schooling, electricity, sanitation etc; currently 25% of population below Multi-Dimensional Poverty line*
3. *Calculated based on 2019 net emissions as baseline*

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3 KEY VECTORS TO SHAPE INDIA'S GROWTH STORY

TALENT FACTORY TO THE WORLD

~20%

India's share of world's working age population by 2047

20%

Annual growth rate of high-skilled[1] digital talent in India

MANUFACTURING LEADERSHIP, BACKED BY SHIFTING SUPPLY CHAINS

$0.8-1.2T

Potential value India could capture in from trade flow shifts by 2030

~3x

Increase in high-value manufacturing exports by 2030

DIGITAL ECONOMY TO FUEL MASSIVE DIGITAL CONSUMPTION

>10%

Share of global ICT spending by 2030 (2X current share)

~$1T

Potential value creation attributable to India SaaS market by 2030

Become leading global exporter of talent – e.g., in digital services, healthcare, STEM, professional services

Boost India's share of global trade in key value chains, e.g., Auto, Electronics, Chemicals and Medical device exports by 2030

Achieve global leadership as consumer & provider of digital products and services, & become world's largest exporter of digital content

KEY ENABLERS

BECOME A GLOBAL INNOVATION LEADER

Raise collective **'Innovation Quotient'** of Indian companies.

Build **world-class innovation clusters** across **9 sectors**[1]

SCALE UP INDIA

Enable 1000+ mid-size, 10,000+ small firms to become global challengers by providing access to new market avenues, digital lending solutions and scaling MSME cluster development

STRENGTHEN POSITION AS THE WORLD'S TALENT ENGINE

Enhance education infrastructure, launch at scale skilling initiatives and modernize learning methods

BECOME #1 DESTINATION FOR GLOBAL CAPITAL

Increase market capitalization to ~2x of GDP by deepening capital markets (e.g., innovative products, fund raise in foreign currency)

1. *Renewable Energy, Smart Mobility, Water Adequacy, New age technologies (Metaverse, AI/ML, 3D-printing), Electronics manufacturing, Lifesciences, Space technologies, Next-gen materials and Quantum computing*

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INDIA IS ON A MOMENTUM

GDP FORECAST

Real GDP (Annual % change)	Estimate	Projections	
	2022	**2023**	**2024**
United States	2.0	**1.4**	**1.0**
Germany	1.9	**0.1**	**1.4**
Japan	1.4	**1.8**	**0.9**
United Kingdom	4.1	**-0.6**	**0.9**
India	6.8	**6.1**	**6.8**
China	3.0	**5.2**	**4.5**

INFLATION

8.8%

Global Inflation Rate*

6.4%

India Inflation Rate**

**Statista.com & IMF : 2022 data*

** *CPI : Feb 2023 data*

Hindustan Unilever Limited

INDIA'S LARGEST FMCG COMPANY

HINDUSTAN UNILEVER LIMITED

#1 Market Leader
>85% of business

9 out of 10
Households use one or more of our brands

5th Largest Indian company by market capitalisation of **$73 Bn**

Largest Unilever Country by Volume **& Second largest** by Value

>₹55,000 Cr Turnover ($ 7Bn)

2.3X growth
In last decade

21,000 Employees
330K+ In Ecosystem

45% Gender Diversity

#1 Employer of choice Across sectors

Hindustan Unilever Limited

23.6%
Operating margin

+860 Bps
In last decade

Largest FMCG R&D in India with **700+** scientists, **20K** patents globally

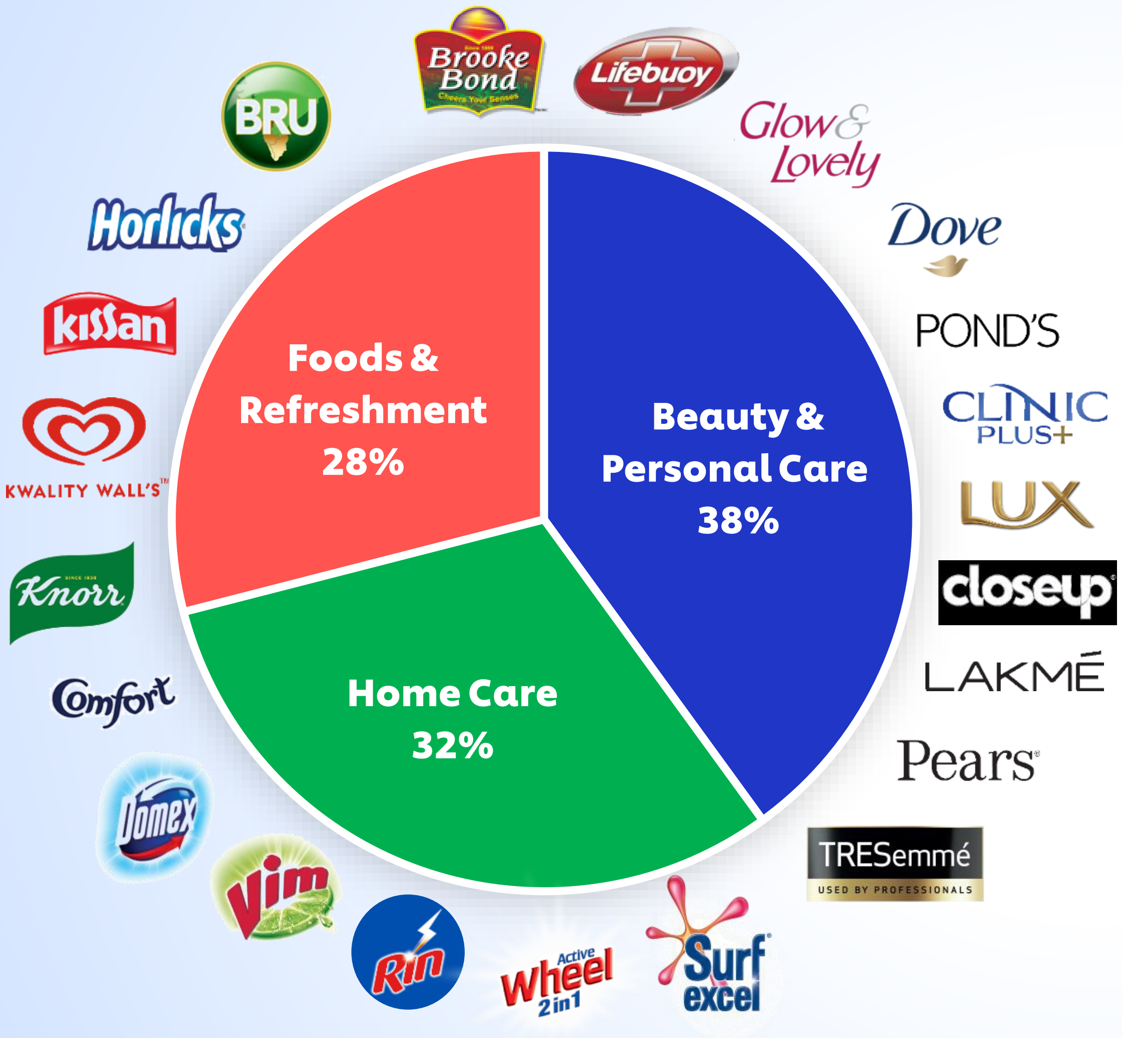
29 Owned Factories
40+ Manufacturing Partners

Brands available in **9 Mn** stores

#1 Advertiser
With deepest reach

Hindustan Unilever Limited

WIDE AND RESILIENT PORTFOLIO



We operate in **15** categories

Category leadership in >**85%** of business

50+ purposeful brands

16 brands with ₹10Bn+ Turnover

5 digital-first brands

Contribution% based on FY'22 Segment Revenue, excludes others

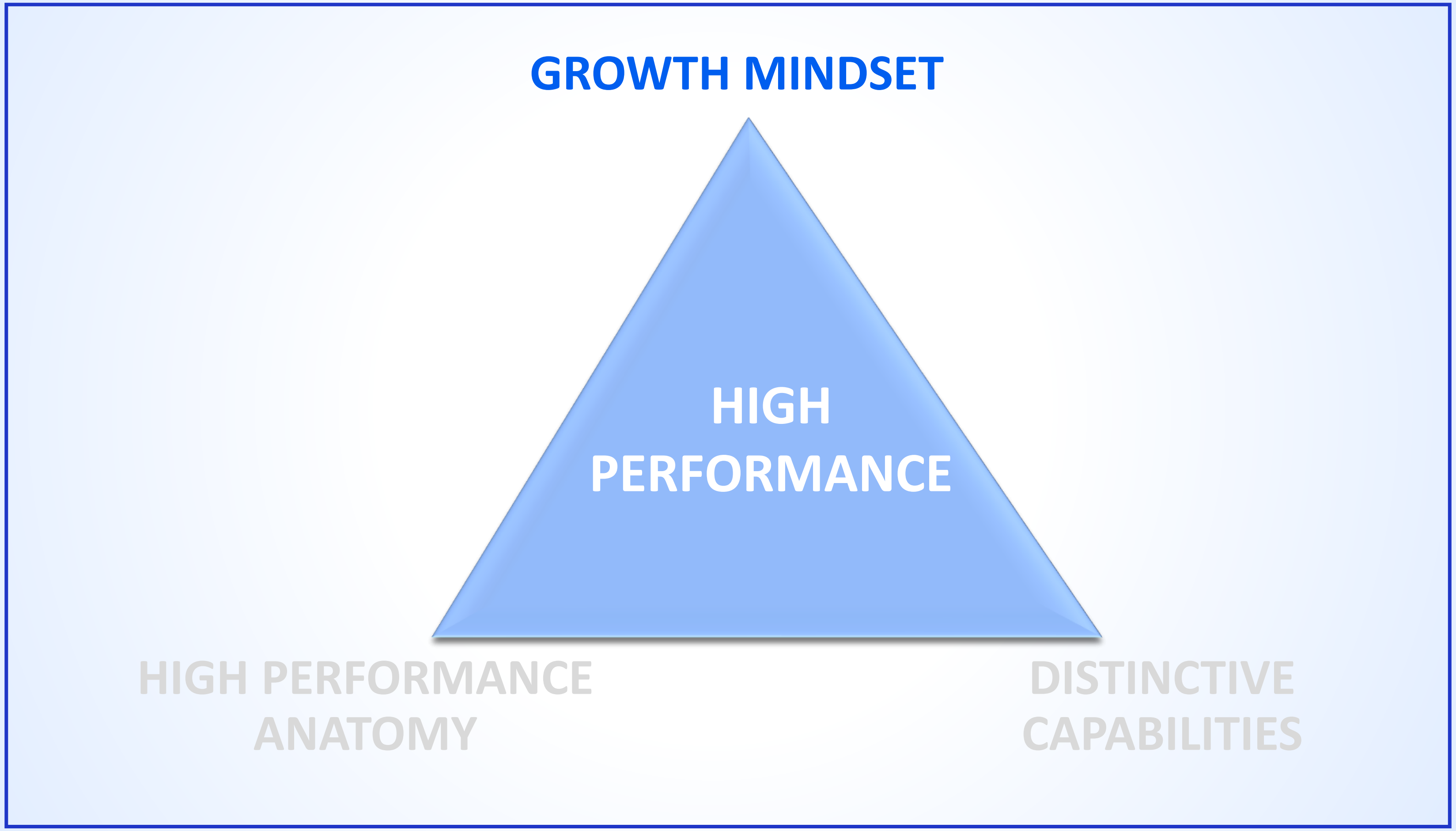
OUR HIGH-PERFORMANCE MANTRA

GROWTH MINDSET

HIGH PERFORMANCE ANATOMY

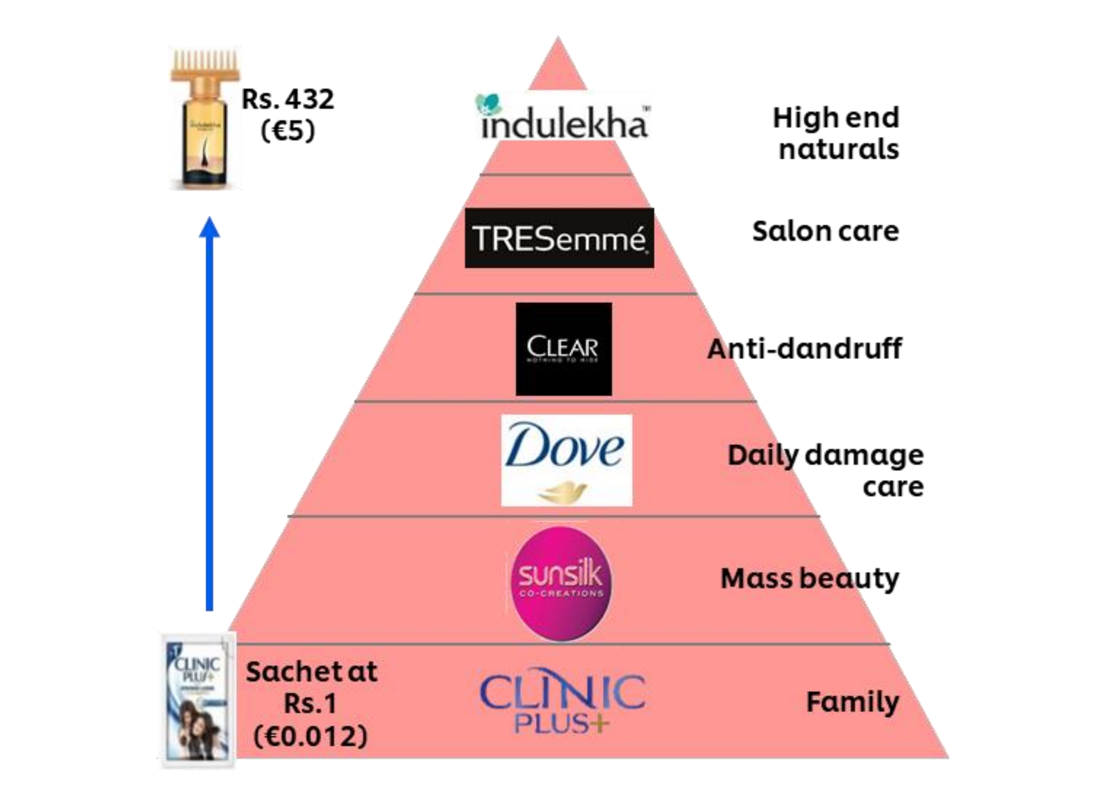
DISTINCTIVE CAPABILITIES

OUR HIGH-PERFORMANCE MANTRA

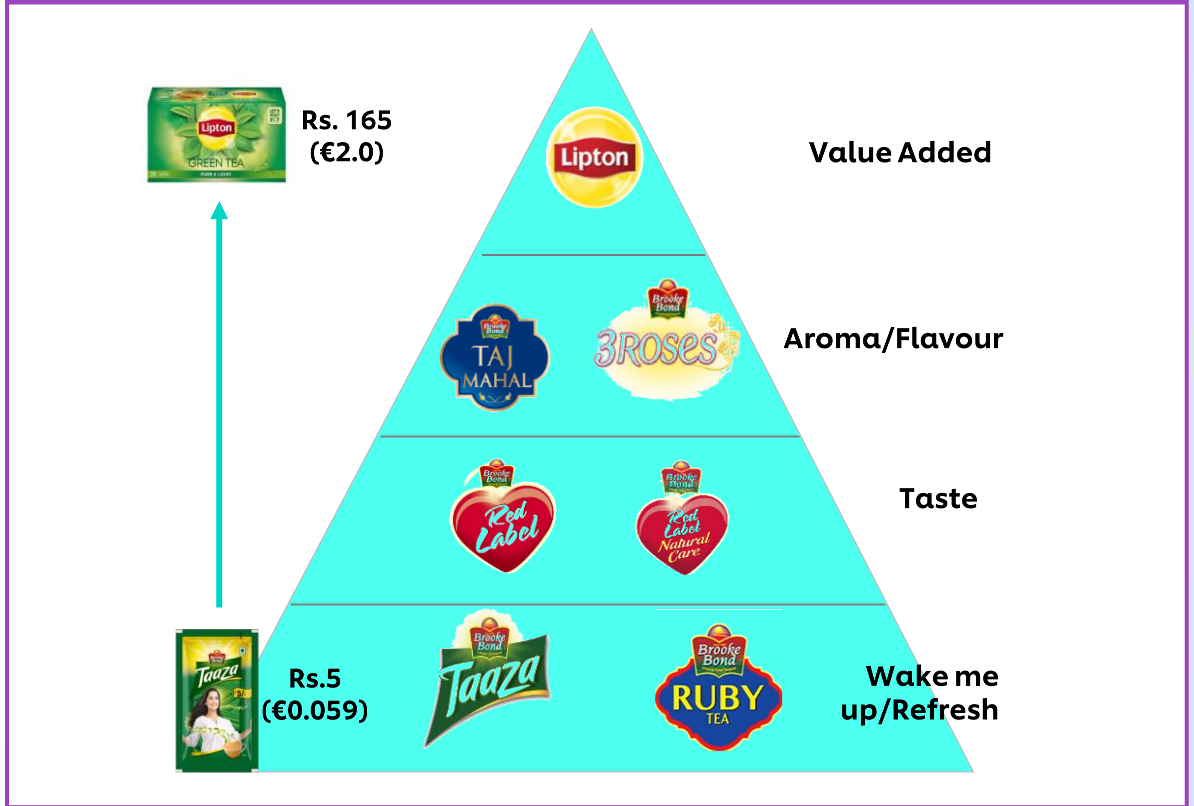


1. PLAY THE PORTFOLIO: BENEFIT & PRICE SEGMENTS

HAIR



TEA



2. CORE GROWTH FLYWHEEL

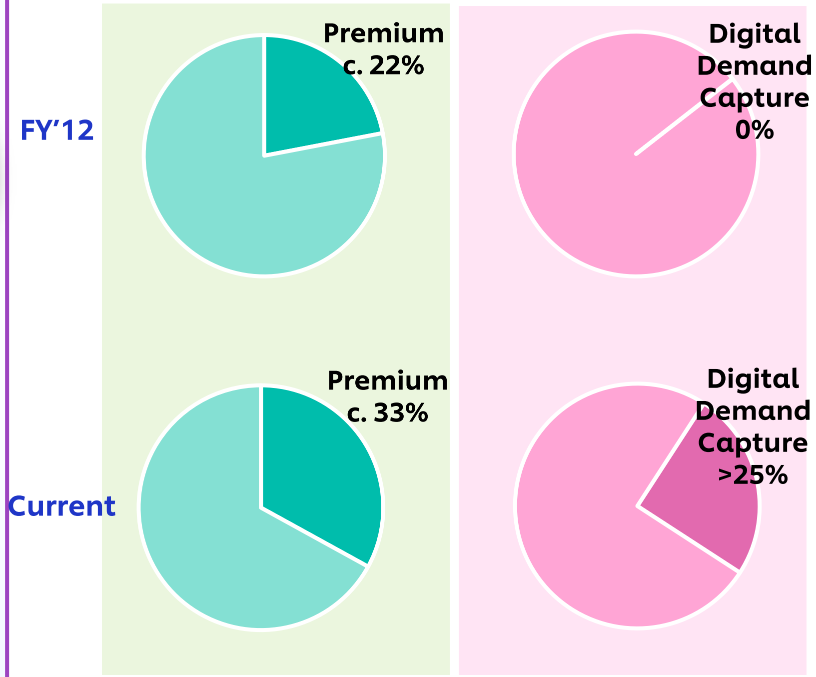
PRODUCT SUPERIORITY

PURPOSEFUL COMMUNICATION & MULTI-YEAR ENGAGEMENT

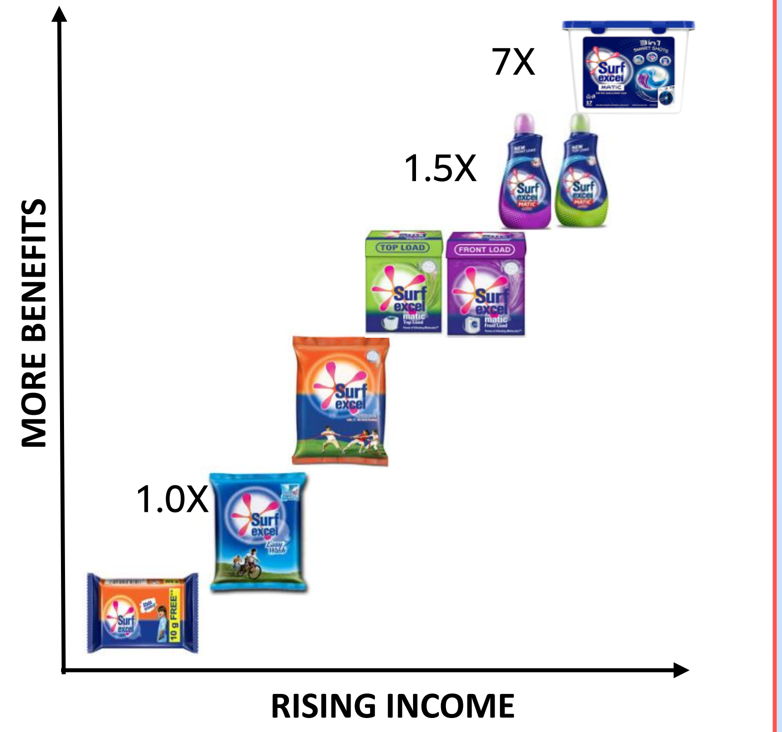
3. MARKET DEVELOPMENT & PREMIUMISATION

MARKET DEVELOPMENT AT SCALE REACHING 100MN PEOPLE

PORTFOLIO TRANSFORMATION : MORE PREMIUM, MORE DIGITAL



UPGRADATION MODEL : SURF EXCEL

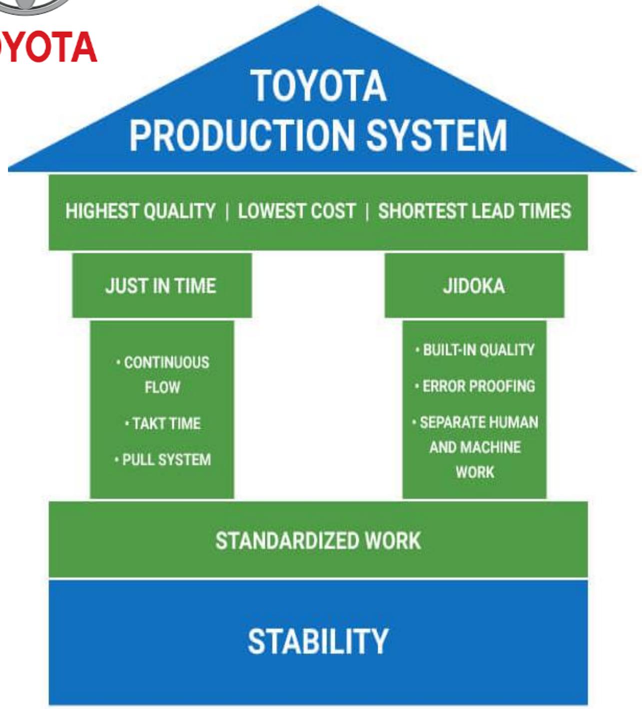


Indexed to price per kg

4. INNOVATIONS: MINDSET OF 'AND' NOT 'OR'

NO TRADEOFF BETWEEN PRODUCTIVITY, QUALITY & FLEXIBILITY

TOYOTA



MINDSET OF 'AND'

VALUABLE TO CONSUMERS
~~OR~~ AND
PROFITABLE TO THE COMPANY

Clean Future

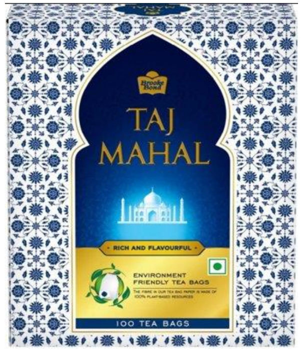
SUPERIOR
~~OR~~ AND
SUSTAINABLE
~~OR~~ AND
AFFORDABLE

SPEED
~~OR~~ AND
QUALITY

SUPERIOR AND SUSTAINABLE AND AFFORDABLE

Water Saving Technology

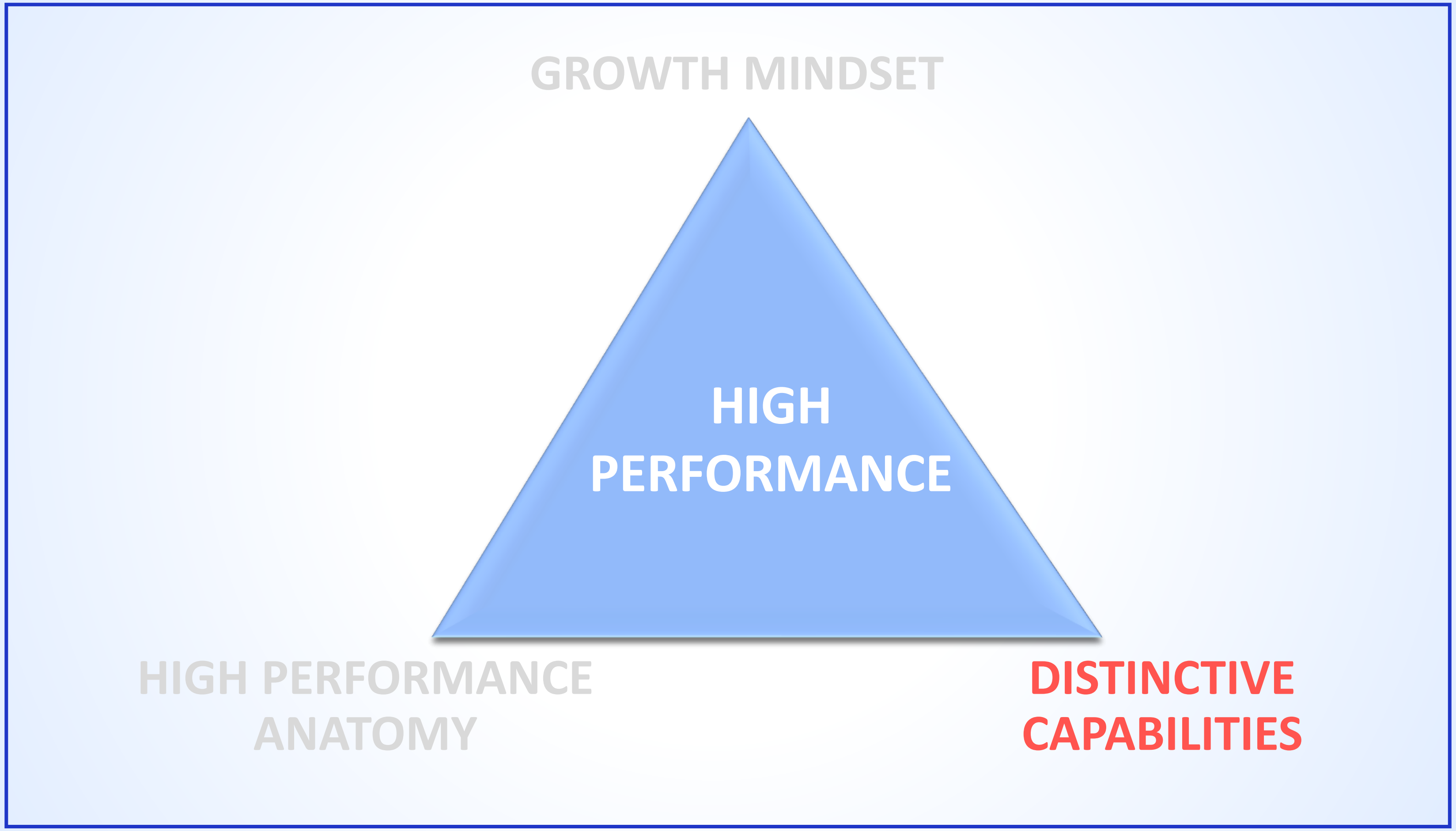
Smart Fill



Compostable Plant based Tea bag

Lifebuoy Concentrate Handwash

OUR HIGH-PERFORMANCE MANTRA



Hindustan Unilever Limited

1. WINNING IN MANY INDIAS

CUSTOMISED ‘PRODUCT’ MIXES

Beverages portfolio designed for different colour and taste preferences in the clusters

DIFFERENTIATED ‘STRATEGIES’

Majority Mass : Uttar Pradesh	Majority Mid: Tamil Nadu
Upgradation through mid & premium bars & powders	Upgradation through top end formats – Matic liquids

REGIONALISED ‘ PROMOTIONS’

HARNESSING THE POWER OF DE-AVERAGING WITH 15 CLUSTER HEADS (MINI CEOs)

2. FUEL FOR GROWTH

SAVINGS : OWNERS MINDSET

PARTNER TO WIN Symphony

FUNCTIONS

Supply Chain

Procurement

CD

Legal

R&D

HR, WPS

Marketing

Finance

Crowd sourcing of ideas

END-TO-END COST FOCUS

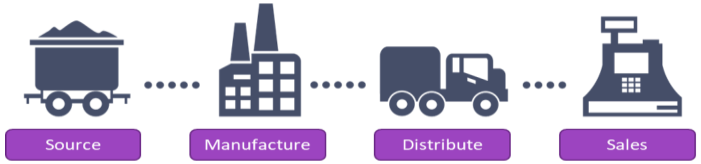
Materials	Non Material Supply Chain Costs
Return on Marketing Investments	Overheads

Driving virtuous circle of growth

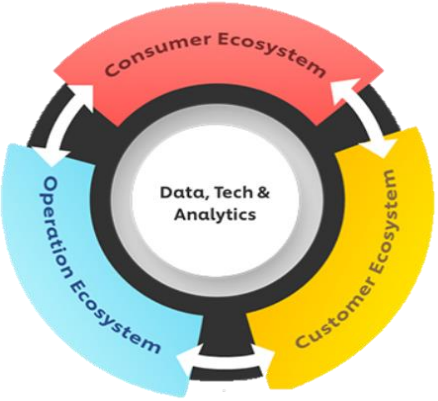
3. RE-IMAGINE HUL: OUR JOURNEY TO AN INTELLIGENT ENTERPRISE

EMERGING INTER-CONNECTED ECOSYSTEM

YESTERDAY

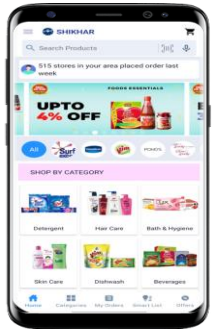


TOMORROW



CREATING NEW COMPETITIVE MOATS

1Mn+ Shikhar outlets



Augmenting Decision Making

Chanakya Powered by LIVE WIRE
JARVIS
LIVE WIRE

Agile Innovation Hub

Digital Brands

India's 1st FMCG Lighthouse Factory (WEF)

HUL's Dapada Home Care Factory

Nano Factories: Supply chain for smalls

7 Nano factories – manufacturing +250 SKUs

Samadhan : Automated Warehouse

Advanced fulfilment centre for N+1 delivery

OUR HIGH-PERFORMANCE MANTRA

GROWTH MINDSET

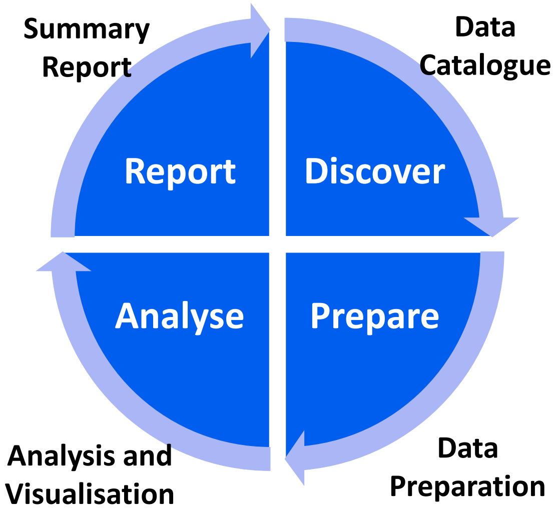
HIGH PERFORMANCE

HIGH PERFORMANCE ANATOMY

DISTINCTIVE CAPABILITIES

1. HIGH-PERFORMANCE CULTURE

PERFORMANCE MANAGEMENT



Sensemaking;
Seeing business as a cube

STEELY-EYED STRATEGY

EMPOWERMENT & ACCOUNTABILITY

WiMI & CCBTs; 'One Team';
Democratising Information

TALENT AND INTELLECT

Best Employer Brand
across sectors

MIDDLE CLASS MINDSET – HARD WORK, HUNGER TO SUCCEED AND WIN

2. LEADERS BUILDING LEADERS

Building Talent is Everybody's Business

Great talent attracts great talent – Having a strong Employer Brand is key

Every senior leader is measured by the leadership pipeline they create

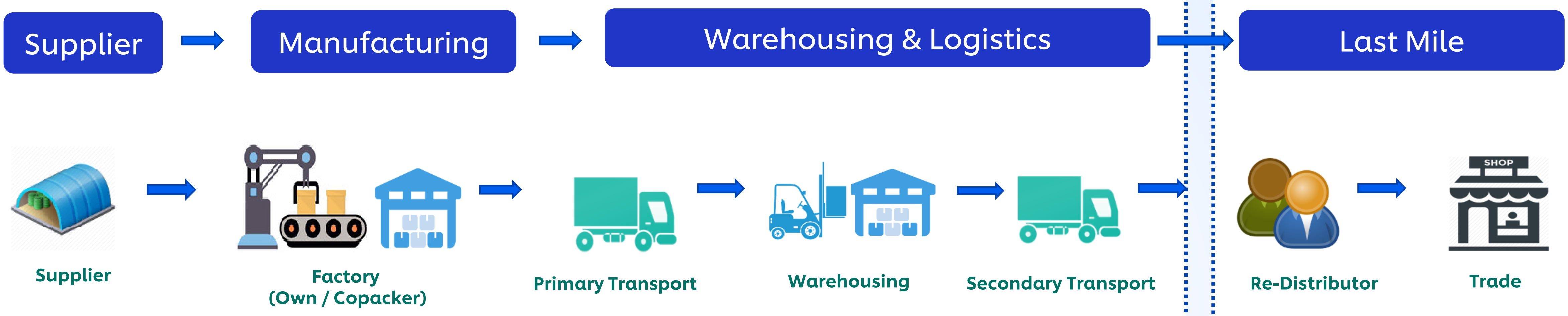
A Winning and Successful Business, generates pride and attracts the best

We have **institutionalised processes of attracting, developing and retaining top talent**

- Get them early
- Train them well
- Build careers & experiences
- Be Deliberate about ED&I
- High Performance DNA
- Instil values

A LEGACY OF BUILDING 500+ CXOS FOR INDIA & FOR THE WORLD

3. FETISH FOR EXECUTION



Manufacturing and selling over 65 billion units annually

Reach >9 Mn outlets

Production run every 3 days for A class SKUs

Customer Service : Secondary CCFOT : 90%

190K+ Shakti Entrepreneurs

4. ALIGNING WITH THE NATIONAL AGENDA

2.6 trillion litres

Cumulative water potential
created by HUF and its partners

7th

Suvidha centre in Mumbai

Plastic Neutral
in 2021

1.2 lakh tonnes plastic waste collected and safely disposed

190K+

Total Shakti entrepreneurs

VALUE CREATION MANTRA

GROWTH

Turnover >₹ 55,000 Cr ($ 7Bn+)
(2.3X Growth in Decade)

VALUE CREATION MANTRA

EBITDA Margin : 23.6%
(+860bps in Decade)

MARGIN

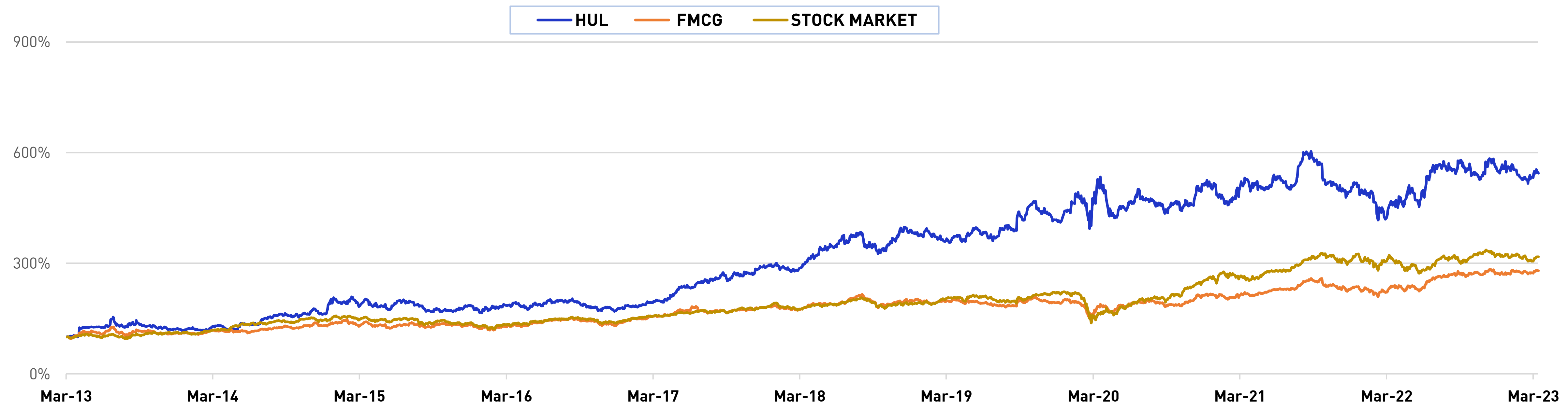
CAPITAL VELOCITY

ROCE : >100%

LEARNINGS TO WIN IN INDIA

- Have a long-term perspective with multistakeholder model
- Consumers are local and not global
- If you want category leadership, straddle the price benefit pyramid
- India is not one homogeneous entity
- Align yourself with the national agenda
- You can maintain highest standards of ethics and integrity and still create immense value
- Invest in talent and capabilities

MARKETS HAVE REWARDED OUR PERFORMANCE



MARKET CAPITALISATION

$12 bn
Mar 2013

+ $60 bn

5.9X
19% CAGR*

$73 bn
Current

HUL MARKET CAP Vs GLOBAL COMPANIES

Hindustan Unilever Limited

COLGATE-PALMOLIVE
KraftHeinz
Kellogg's
Reckitt Benckiser
General Mills

Based on market capitalization as of 31st March & USD/INR at Rs 82 as of 10th April 2023
** CAGR calculated basis INR denominated share price returns*

THE M&A AMBIT

CRITICAL FACTORS CONSIDERED IN M&As

CLEAR STRATEGIC FIT

Defining the overall acquisition strategy

BUILDING CAPABILITIES

Acquiring complementary capabilities

BRAND POSITIONING GAP-FILL

Having a comprehensive portfolio play

GEOGRAPHY GAP FILL

Filling in the white spaces

NEW CATEGORIES

Entering Nascent categories

INTEGRATION

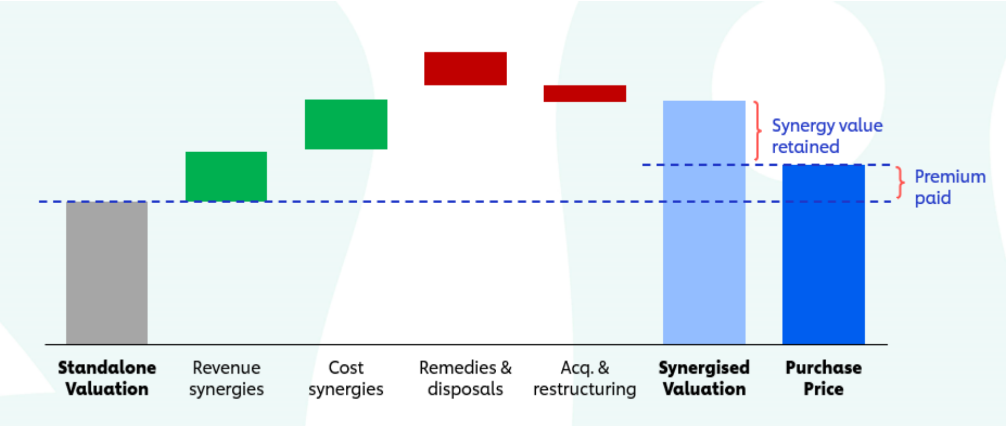
Culture, People, Systems & Processes

CLEAR STRATEGIC INTENT

UNRAVELLING STRATEGY INVOLVES

Ensuring that the target is exactly what we need

Evaluating make vs. buy



Understanding our willingness to pay

BUILDING CAPABILITIES

BUILDING CAPABILITIES THAT DELIVER SYNERGIES

INDULEKHA

Ayurvedic capabilities

AADITYA MILK

Low cost ice-creams manufacturing

VWASH

Deep science backed products

HORLICKS

B2B Expert medical marketing

BRAND POSITIONING AND GEOGRAPHICAL GAP FILL

FILLING IN THE BRAND PORTFOLIO AND GEOGRAPHICAL GAPS

INDULEKHA

Building a premium hair care portfolio

AADITYA MILK

Building local ice-cream distribution reach in the western belt

VWASH

Entering new segments of future

BUILDING NEW CATEGORIES – HEALTH FOOD DRINKS

INDIA HAS A MICRONUTRIENT DEFICIENCY CHALLENGE

Anemia affects >50% of population. 80% Indians are **Vitamin D deficient**

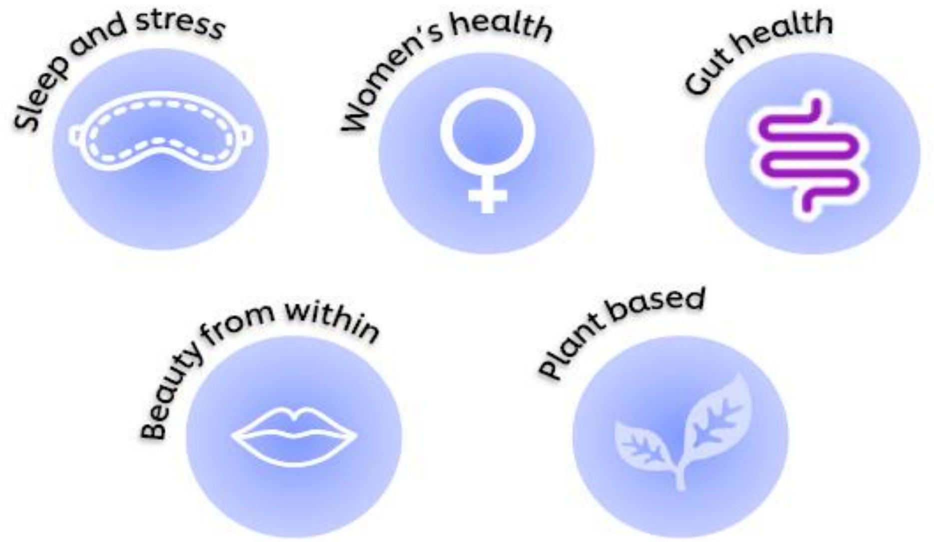
Diets of 2/3rd Indian population are **Zinc/ micronutrient deficient**

ACQUIRING HORLICKS – MAKING INDIA TALLER, STRONGER AND SHARPER

Entering health food drinks, building our presence in a rapidly growing sector

BUILDING NEW CATEGORIES – HEALTH & WELLBEING

HIGH GROWTH BENEFIT SPACES



STRATEGIC INVESTMENT IN OZIVA AND WELLBEING

Foray into health and wellbeing with a promoter led business model

INTEGRATION IS KEY FOR A SUCCESSFUL M&A

CULTURE

Combine culture stronger than the sum of 2

PEOPLE

Retaining top talent & key capabilities

SYSTEMS & PROCESSES

Synergies in systems and processes

LEGAL IS A KEY PARTNER TO THE M&A PROCESS

BRINGING THE OUTSIDE IN

Become our knowledge bank keeping us in the know of all the new developments

BALANCING SPEED AND RIGOR DURING THE PROCESS

Navigating the M&A spacing without compromising speed or rigor

FINDING SOLUTIONS TO THE DIFFICULT PROBLEMS

Business structuring, Deal structuring, Appropriate indemnity, RBI FDI Rules

Thank you

Hindustan Unilever Limited