



Unilever in India

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Agenda

Overview

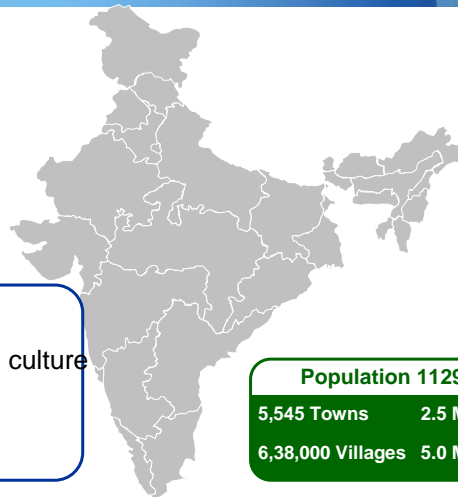
India opportunity

How are we winning

The road ahead....

The Indian context

- ~ 29 states
- ~ Diverse language and culture
- ~ US\$ 1trln economy
- ~ GDP growth ~9%



Population 1129 Mln
5,545 Towns 2.5 Mln outlets
6,38,000 Villages 5.0 Mln outlets

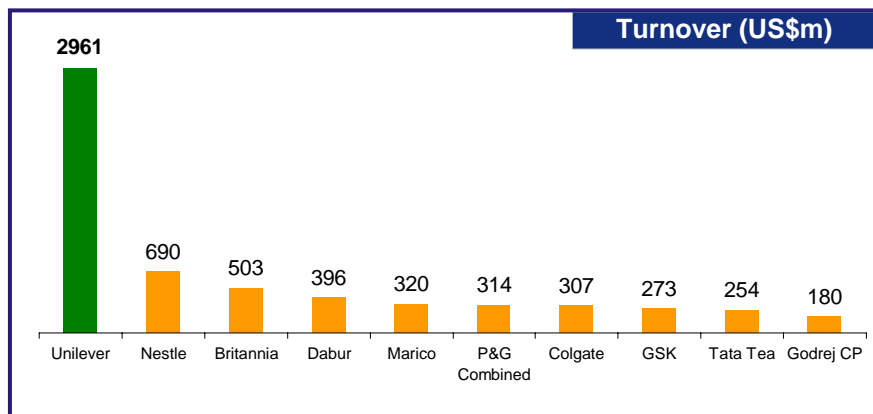
* Source: Statistics on India, Total Coverage : AC Nielsen, Census of India 2001

Unilever in India: Where have we come from

- 75 year history in India
 - ❑ Sunlight soap first imported in 1888
 - ❑ Lever Brothers incorporated in 1933
 - ❑ Hindustan Lever Ltd formed through merger in 1956
- Unilever equity diluted in 1977 and 1980 to 51%
- 1993 : TOMCO merged with HLL
- 1996 : Brooke Bond Lipton & HLL merge
- 1998 : Ponds merges with HLL
- 1999 : Modern Foods acquired
- 2006 : Move to one Unilever structure
- 2007 : Name change to Hindustan Unilever Ltd

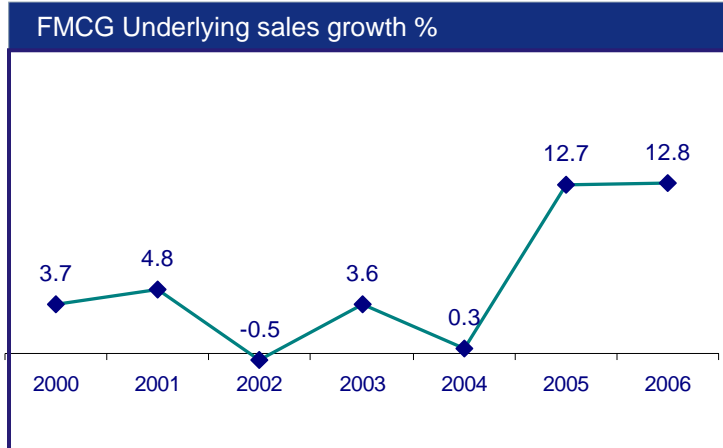


Unilever – Largest FMCG in India



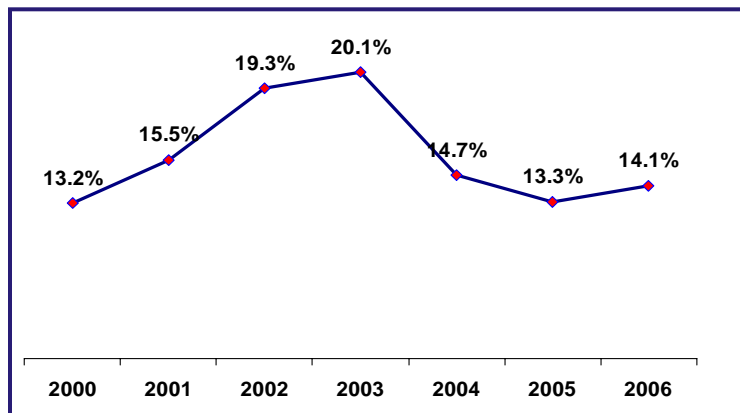
2006 TTM Turnover –Source: Audited Reports and Company Press release
 P&G Turnover is the combined Turnover of its listed entity together with its estimated turnover of its unlisted entity

Sales growth trend



excludes non-FMCG businesses such as Chemicals.

Operating margin



* Before restructuring and disposal profits

2007 where we stand...

	2005	2006	YTD '06	YTD '07
Reported turnover growth	11.4%	9.4%	10.8%	12.1%
FMCG Underlying Sales Growth	12.7%	12.8%	14.5%	12.2%
Operating profit growth*	1.1%	16.2%	22.3%	14.0%
Operating margin* %	13.3%	14.1%	13.0%	13.3%

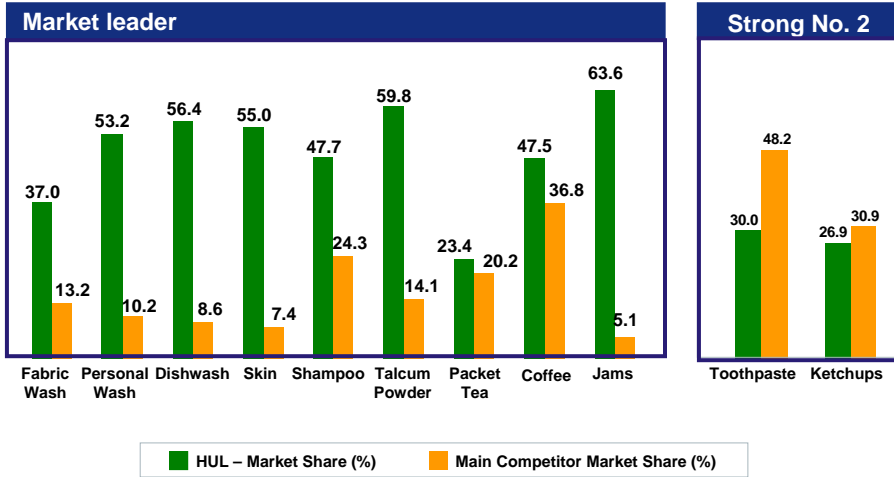
* Before restructuring and disposal profits

Market share – Stable in key categories

% value market share

	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07
Laundry	34.1	34.3	34.6	35.2	36.5	37.0
Shampoo	48.0	48.9	48.5	46.9	47.5	47.7
Personal wash	54.6	54.1	55.3	55.3	54.0	53.2
Skin Care	54.7	54.4	54.7	54.8	55.1	55.0
Oral	30.2	30.7	30.4	30.0	30.0	30.0
Tea	23.7	23.9	22.9	21.9	22.3	23.4

Leadership across FMCG categories



Source : A.C Nielsen - Quarter Ended Sept 2007 Value shares

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How are we winning

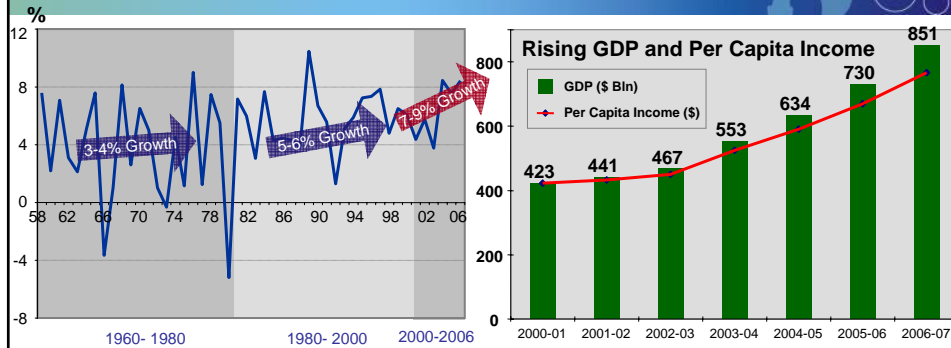
The road ahead...

Opportunities and challenges

- A buoyant and growing economy
- Increasing per capita income drives FMCG growth
- Current FMCG market growth
- A changing profile of a differentiated set of consumers
- Opportunity to grow consumption and penetration
- The Foods opportunity
- Evolving trade structure

Video

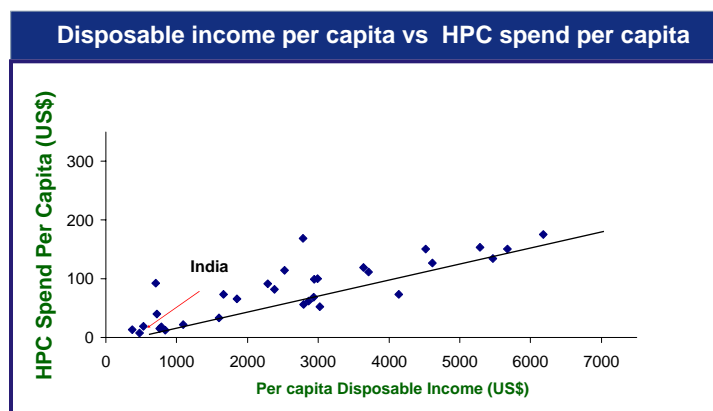
Sustained 8% + growth



- Growth trend line has significant upward bias
- Per capita Income has doubled in 4 years
- India embarking on an accelerated growth cycle

Source: IMF Website

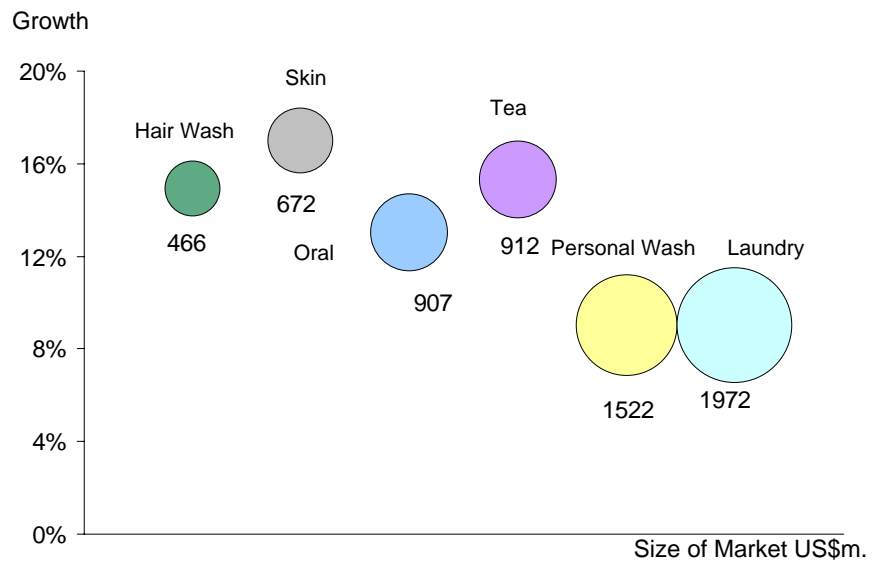
Increasing per capita income drives FMCG growth



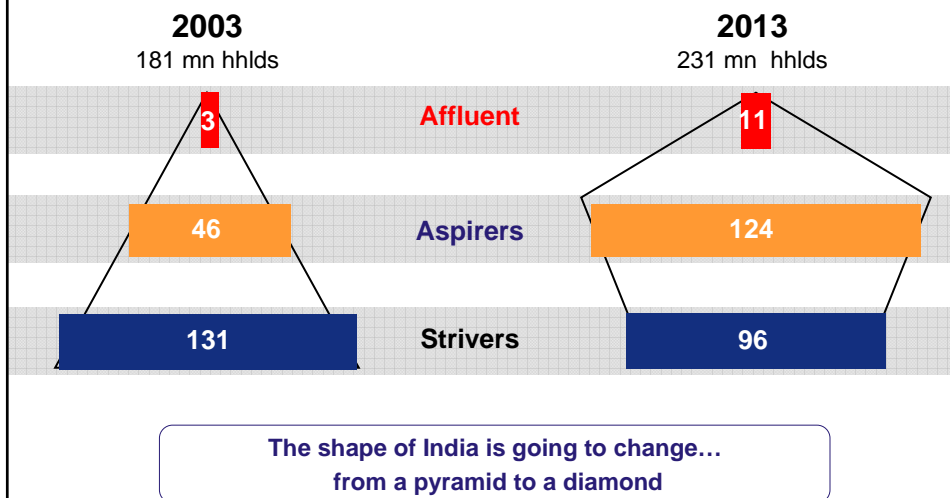
Per capita incomes drive consumption

Source: Euromonitor, Morgan Stanley Research 2006

Market size and growth



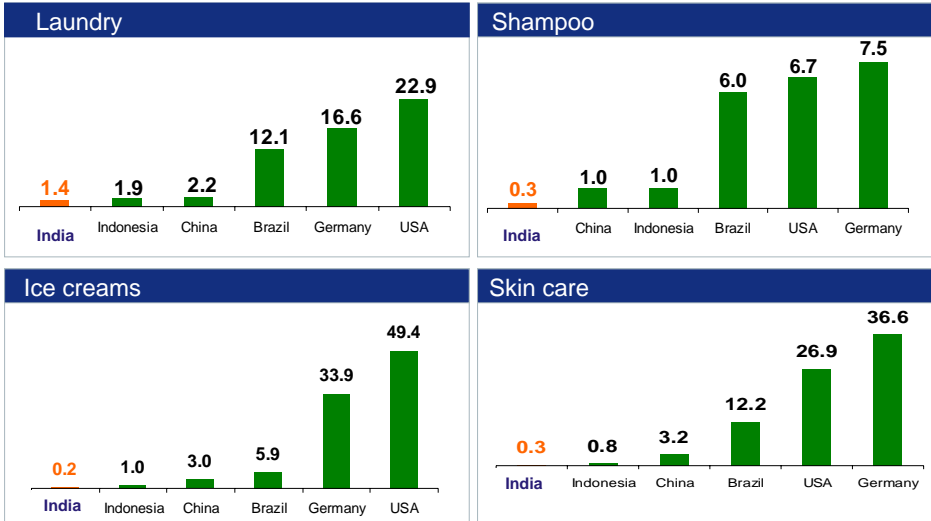
India - 2013



Source : National Council of Agriculture & Economic Research

Opportunity to grow consumption

Per capita consumption (US\$)



Source : Euromonitor, 2006

Opportunity to grow penetration

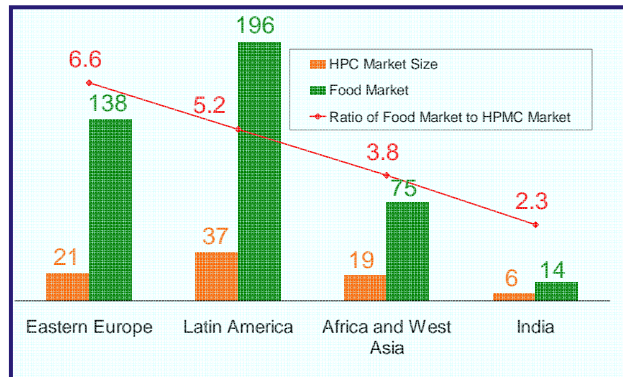
Penetration %*

Category	All India %	Urban %	Rural %
Deodorants	2	6	1
Toothpaste	49	75	38
Skin Cream	22	32	18
Shampoo	38	52	32
Utensil cleaner	28	60	15
Instant coffee	7	16	3
Washing powder	86	91	84
Detergent bar	89	91	87
Toilet soap	92	97	89

Source : MRUC, Hansa Research - Guide to Indian Markets 2006

*Penetration numbers based on study conducted by Indian Readership Survey, on a sample size of ~250,000 based on usage in 6 months

Foods opportunity...



US\$bn

- Packaged Food market \$14 Billion
- Largely Urban (80%), rapid historical growth: 13%
- Poised to accelerate: income elasticity of 1.33

Source: Euromonitor, Family Budget Study

The “real” India Foods opportunity



Bulk of food in India is still consumed fresh & unpackaged..... Conversion Opportunity

Evolving trade structure...

Modern Trade	General Trade
	

Year	Modern Trade	General Trade
2007	5%	95%
2010	10%	90%
2025	25%	75%

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India Opportunity

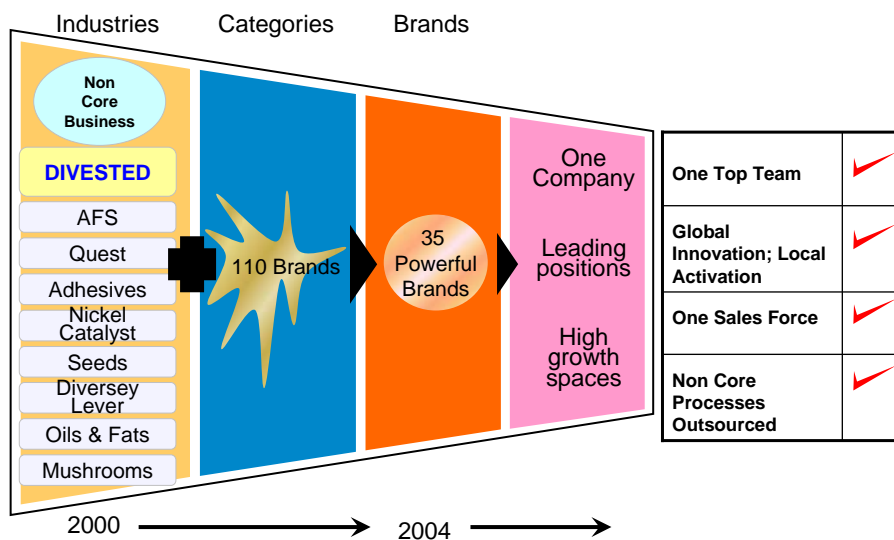
How are we winning

The road ahead....

Unilever in India – Uniquely positioned to create value

- Evolving strategic focus
- Unmatched brand portfolio
- Innovation and R&D capabilities to straddle the pyramid
- Versatile distribution network
- Strong corporate responsibility and governance
- Strong local talent base

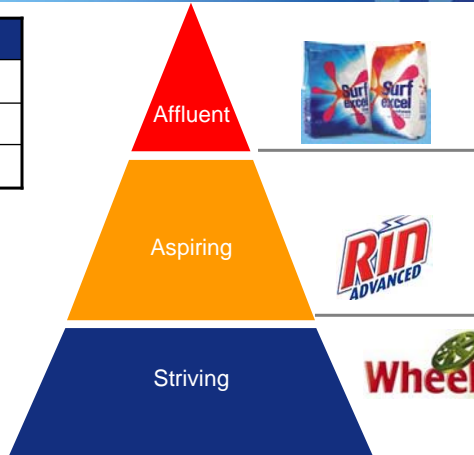
Evolving strategic focus



Portfolio straddling the pyramid

Case study : Laundry

Laundry	Current
Market Size	\$ 1773 M.
Unilever share	37.0%
No.2 Share	13.2%



Our Strategy

Work the pyramid; Grow profitably ahead of the market; Regain profitability through judicious price increases and cost effectiveness programmes

Source: AC Nielsen retail panel; Euromonitor

Path breaking activation



Innovation in activation

Case Study : Sunsilk gang-of-girls.com



Exceptional ratings for a website

- No. of hits : **200 million**
- Nos. of registration : **280,000**
- No. of gangs : **26,000**
- Time spent on the site : **14 mins**

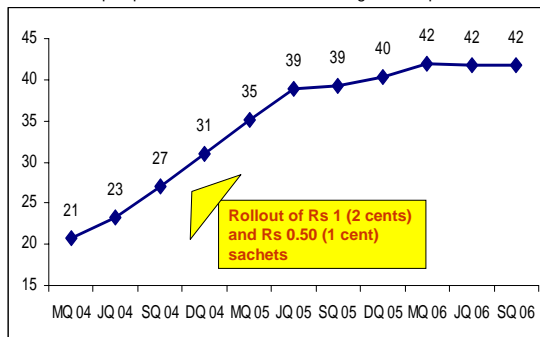
Recognition

- Enquiry from Star groups on acquisition
- Google & Travelguru sought alliance
- Link on Orkut site
- Competitor imitation
(www.beingagirl.com)

Opportunity from increased penetration

Unique innovations & promotions to drive category penetration

Rural shampoo penetration : % households bought once/quarter



Low price shampoo sachets have helped drive category penetration

Innovation and R&D capabilities

- Unilever India leads global research in Oral, Skin and Laundry

- Some achievements:

- Single Shot Soap making process
- Skin Lightening Cream
- Non Soap Detergent Bars
- Poly coated Dish Wash Bar
- Drinking water purifier (Pure-It)



R&D achievements

Surf Excel Quick Wash

Context

20 % of the world population in 30 countries face water shortage; No. to rise - 30% in 50 countries by 2025

Proposition: Technology to deliver superior clean while significantly reducing water consumption



Skin Creams Low Unit Packs

Context

Opportunity of Increasing consumption and penetration of skin creams by breaking the affordability barrier and driving price point strategy



Proposition: Packaging Innovation to develop an unique multiuse sachets, small containers at a cost of 10 cents (1/5th of the regular tube)

R&D achievements...Water

Context

~ 220 Mln Households, where safe drinking water in short supply

Proposition: 'as safe as boiled water' without hassles of boiling
no harmful virus, bacteria, parasites, pesticides

Works without electricity & piped water

Business model based on sale of consumables

Affordable price: Cost of Unit - ~\$ 40; Cost of battery - \$ 7

Being Rolled out across key towns and urban areas

COST
220 liters of pure water for \$ 1



Our strategy

Build brand image leadership & strong consumer relationship through effective communication; secure ongoing sale of consumables

Winning with "Go to Market Approach"

Total population (In Bln.)	1.1
Number of Retail Stores (Mlns)	7.74
FMCG Market (Annual, \$ Mln)*	16448
Urban : Rural Ratio	67:33
FMCG Growth (Value %)	11
Store Density (Stores Per 1000 People)	6.8
Per Capita FMCG Spend (Annual,\$)	14.5

Distribution Strength

Direct coverage – 1 million outlets
Brands reach – 6.3 million outlets

Strong IT capability, end to end connectivity

Unique channel Initiatives to Win at "Point of Purchase"

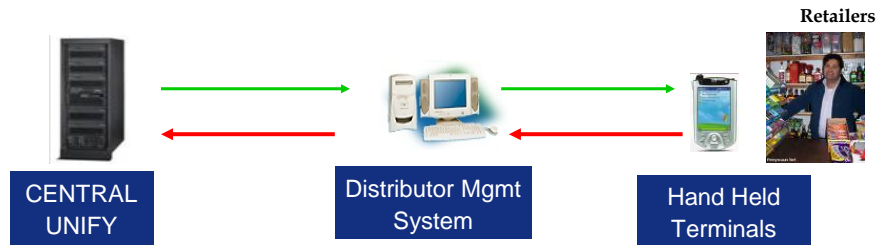
Portfolio of category and Brands give unique reach in Modern Trade

Project Shakti, a competitive advantage in Rural India

HIGHEST STORE DENSITY IN THE WORLD !

Source AC Nielsen

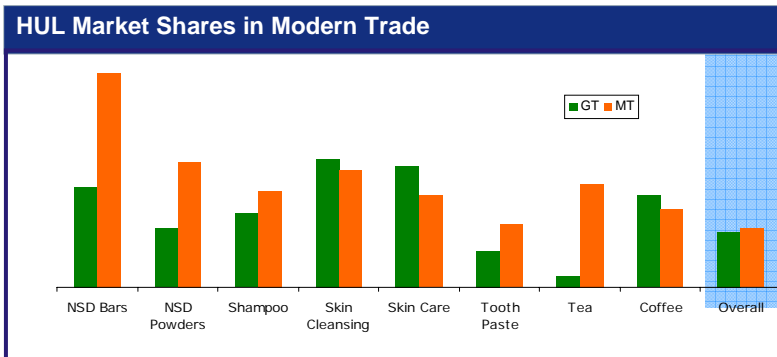
Leveraging IT for growth



	~4000 stockists	~1m outlets
✓	✓	End 2008

35 Brands, 1500 skus 45 Depots, 4000 stockist

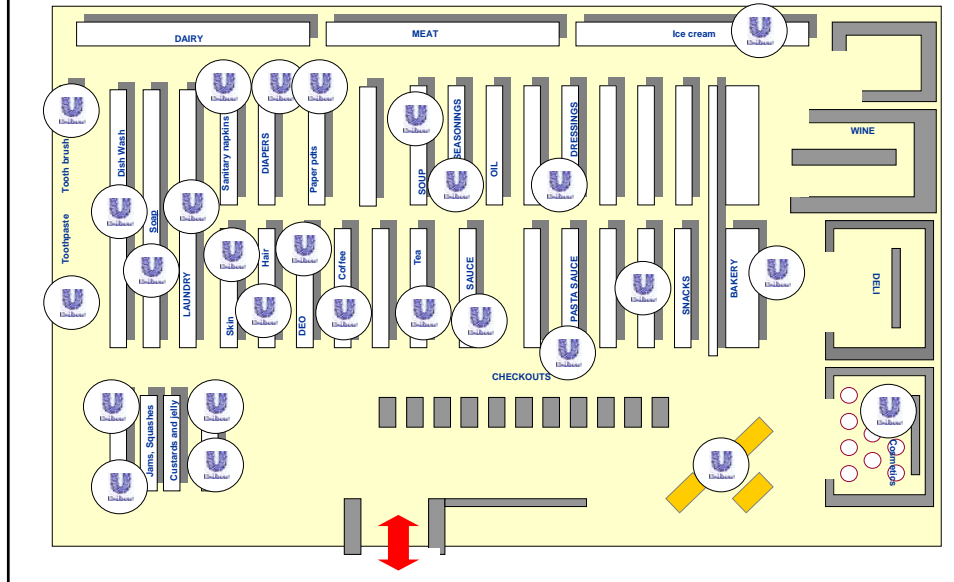
Organized retail - A source of competitive advantage



HUL Modern Trade (MT) Shares are higher than its General Trade (GT) shares in many categories

Source : Retailer POS Data & AC Nielson
Comparison with Top 6 Metros in GT

What sets us apart - Reaching shoppers



Project Shakti- Enabling direct rural reach

- **To Reach:**

- Small, scattered settlements and poor infrastructure make distribution difficult
- Over 500,000 villages not reached directly by Unilever



- **To Communicate:**

- Low literacy hampers effectiveness of print media
- Poor media-reach: 500 million Indians lack TV and radio

- **To Influence:**

- Low category penetration, consumption, brand awareness
- Per capita consumption in Unilever categories is 33% of urban levels



Shakti

Three Shakti initiatives

- Shakti entrepreneur; currently ~ 42000 women cover 1,23,000 villages
- Shakti Vani: one-to-many communication for category growth
- iShakti: customized interaction with remote consumers

Impact on community

- Business and social impact can go together
- Partnerships with diverse stakeholders



Corporate Responsibility – Aiding in the Development of the Country

- **Lifebuy Swasthya Chetana** - Health & Hygiene
- **Shakti** – Empowerment of women through micro-enterprise Opportunity
- **Yashodadham** - Relief and Reconstruction in Gujarat's Kutch district
- **Asha Daan** - Happy Home actively supported by Unilever

Combining corporate responsibility and business strategies to aid development of rural India



Lifebuoy Swastya Chetna



The Challenge in rural India:

1. Lack of awareness about disease causing germs
2. Need for repeated contacts to drive behaviour change
3. Lack of media reach



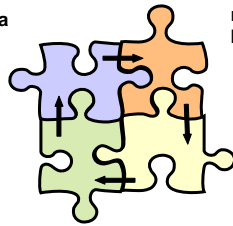
SWASTYA CHETNA

Diarrhoea – Kills a child every 10 secs - 33%(1 mn) of these deaths are in India

LSHTM* Study - Washing hands with soap and water reduces diarrhoeal diseases by 47%

* London School of Hygiene & Tropical Medicine

Business objective – To increase soap consumption in rural India



Lifebuoy - India's leading health soap brand - Role in propagating health & hygiene awareness in villages

* Expect to complete by end 2007

Glow Germ Demo

Health Check- up

Results	2002-2006	Cum. 2007
No of villages contacted	27800	40000
No. of people contacted (mn)	80	140

Health Check- up

Healthy Family

Our talent and corporate reputation...

Hewitt Top Company for Leaders



Hewitt Leaders 2007 survey

Six Indian companies in top ten global firms

Global Rank #4

Rank in Asia #1

Rank in India #1



2007 Rankings
Most Respected Company Ranks

Most respected company rank (2006 rank - 17) #9

Most respected FMCG #1

Most respected MNC #2



Indian cos rank high on global leadership list

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India Opportunity

How are we winning

The road ahead...

The road ahead ...

- Focus on growing ahead of the market by leading market development activities
- Grow a profitable foods business by leading market development in the category
- Grow the bottom-line ahead of top line
- Leverage the impact on the consumer from the growing Indian economy
- Manage Cost pressure effectively to improve margins
- Strong commitment to sustainable development

Thank You



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