

January 20, 2023



Hindustan Unilever Limited

Current Price: ₹ 2650.25

## STOCK DATA

BSE Code	500696
NSE Symbol	HINDUNILVR
Reuters	HLL.BO
Bloomberg	HUVR IN

## VALUE PARAMETERS

52 W H/L(Rs)	2741.00/1901.80
Mkt. Cap.(Rs Cr)	622700.44
Latest Equity(Subscribed)	234.96
Latest Reserve (cons.)	49364
Latest EPS (cons.) -Unit Curr.	41.24
Latest P/E Ratio -cons	64.26
Latest Bookvalue (cons.) -Unit Curr.	211.10
Latest P/BV - cons	12.55
Dividend Yield -%	1.28
Face Value	1.00

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2022
Foreign	14.93
Institutions	11.56
Non Promoter Corp. Hold.	0.36
Promoters	61.9
Public & Others	11.27

## Consolidated Financial Results

In Cr.

	Qtr Ended Dec. 22	Qtr Ended Dec. 21	Var. (%)
Net Sales (including other operating income)	15,597.00	13,439.00	16
OPM (%)	23.68	25.37	-168 bps
OP	3,694.00	3,409.00	8
Other Inc.	110.00	60.00	83
PBIDT	3,804.00	3,469.00	10
Interest	29.00	27.00	7
PBDT	3,775.00	3,442.00	10
Depreciation	293.00	272.00	8
PBT	3,482.00	3,170.00	10
EO Income	-103.00	-67.00	-54
PBT after EO	3,379.00	3,103.00	9
Taxation	898.00	803.00	12
PAT	2,481.00	2,300.00	8
Minority Interest (MI)	7.00	3.00	133
Net profit	2,474.00	2,297.00	8
EPS	10.85	9.99	

### Hindustan Unilever Q3FY23 Results: PBIT margin fell from 23.34% to 21.81%, below estimates

For the quarter ending Dec 2022, consolidated Net sales (including other operating income) of Hindustan Unilever has increased 16.06% to Rs 15597 crore compared to quarter ended Dec 2021. Sales of Home Care segment has gone up 31.54% to Rs 5,514.00 crore (accounting for 35.35% of total sales). Sales of Beauty & Personal Care segment has gone up 10.57% to Rs 5,764.00 crore (accounting for 36.96% of total sales). Sales of Foods & Refreshment segment rose 6.75% to Rs 3,700.00 crore (accounting for 23.72% of total sales). Sales of Others segment has gone up 8.98% to Rs 619.00 crore (accounting for 3.97% of total sales).

Profit before interest, tax and other unallocable items (PBIT) has jumped 8.42% to Rs 3,401.00 crore. PBIT of Home Care segment rose 26.71% to Rs 1,091.00 crore (accounting for 32.08% of total PBIT). PBIT of Beauty & Personal Care segment fell 0.41% to Rs 1,448.00 crore (accounting for 42.58% of total PBIT). PBIT of Foods & Refreshment segment rose 2.32% to Rs 661.00 crore (accounting for 19.44% of total PBIT). PBIT of Others segment rose 14.20% to Rs 201.00 crore (accounting for 5.91% of total PBIT).

PBIT margin of Home Care segment fell from 20.54% to 19.79%. PBIT margin of Beauty & Personal Care segment fell from 27.89% to 25.12%. PBIT margin of Foods & Refreshment segment fell from 18.64% to 17.86%. PBIT margin of Others segment rose from 30.99% to 32.47%. Overall PBIT margin fell from 23.34% to 21.81%.

Operating profit margin has declined from 25.37% to 23.68%, leading to 8.36% rise in operating profit to Rs 3,694.00 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 30.06% to 32.83%. Purchase of finished goods cost rose from 17.45% to 18.00%. Employee cost decreased from 5.17% to 4.74%. Other expenses fell from 21.85% to 20.18%. Selling and administration expenses fell from 8.91% to 7.94%.

Other income rose 83.33% to Rs 110 crore. PBIDT rose 9.66% to Rs 3804 crore. Provision for interest rose 7.41% to Rs 29 crore. PBDT rose 9.67% to Rs 3775 crore. Provision for depreciation rose 7.72% to Rs 293 crore. Profit before tax grew 9.84% to Rs 3,482.00 crore.

## Hindustan Unilever: Consolidated Segment Results

	Qtr Ending Dec 22	Qtr Ending Dec.21	Var.(%)	In Cr. % of (Total)
<b>Sales</b>				
Home Care	5,514	4,192	32	35
Beauty & Personal Care	5,764	5,213	11	37
Foods & Refreshment	3,700	3,466	7	24
Others	619	568	9	4
Total Reported Sales	15,597	13,439	16	100
<b>PBIT</b>				
Home Care	1,091	861	27	32
Beauty & Personal Care	1,448	1,454	0	43
Foods & Refreshment	661	646	2	19
Others	201	176	14	6
Total PBIT	3,401	3,137	8	100
Less : Interest	29	27	7	
Add: Other un-allocable	7	-7	LP	
<b>PBIT Margin(%)</b>				
Home Care	19.79	20.54	-75.31bps	
Beauty & Personal Care	25.12	27.89	-277.04bps	
Foods & Refreshment	17.86	18.64	-77.33bps	
Others	32.47	30.99	148.58bps	
<b>PBT</b>	<b>3,379</b>	<b>3,103</b>	<b>8.89</b>	<b>100</b>

Share of profit/loss were nil in both the periods. Extraordinary items were decreased to Rs - 103.00 crore. Provision for tax was expense of Rs 898 crore, compared to Rs 803 crore. Effective tax rate was 26.58% compared to 25.88%. Minority interest increased 133.33% to Rs 7.00 crore. Net profit attributable to owners of the company increased 7.71% to Rs 2,474.00 crore.

### Other Highlights

In Q3 FY23, revenue grew 16% with underlying Volume Growth of 5% on YoY basis. In 9M FY23, revenue grew 17% with underlying Volume Growth of 4% on YoY basis.

During the quarter, home care contributed 32% of total revenue, Beauty & Personal Care 40% and Foods & Refreshment 26%.

**Homecare segment:** delivered 32% revenue growth and double-digit volume growth in Q3 FY23. Both Fabric Wash and Household Care grew in high double-digits. Liquids portfolio continued to deliver strong results driven by effective market development actions. Calibrated price increases were taken in Fabric Wash and Household Care portfolios to partly offset the input cost inflation.

**Beauty and Personal Care segment:** grew 10% YoY in Q3 FY23. Skin Cleansing delivered double-digit growth with volumes growing in mid-single digit. With softening in Palm Oil, price reductions were taken in soaps portfolio.

**Food and Refreshment segment:** delivered 7% growth YoY in Q3 FY23, led by robust performance in Foods, Coffee and Ice-cream. Foods grew in high teens with double digit volume growth. Tea continued its value and volume market leadership and delivered mid-single digit



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volume growth. Coffee delivered double-digit growth. Health Food Drinks (HFD) grew in mid-single digit.

The Board of Directors approved the proposal to enter a new arrangement with Unilever group entities for the provision of technology, trademark licenses and services to HUL. In the new agreement, the royalty and central services fees will increase from 2.65% (FY22) to 3.45% of turnover. This increase will be effected in a staggered manner over a period of 3 years.

## Management Comments :

**Sanjiv Mehta, CEO and Managing Director commented** "Sustaining our strong momentum, we had yet another quarter of solid all-round performance delivering double-digit revenue and earnings growth. Our consistent performance is reflective of our strategic clarity, strength of our brands, excellence in execution, and dynamic financial management. I am excited about our foray into the fast evolving 'Health and Wellbeing' category through our strategic partnerships with OZiva and Wellbeing Nutrition. Our sustainable community development initiative 'Prabhat' turned 9 this year. Through Prabhat, we have made a positive difference to nearly 9 million people in the communities around our factories and depots. Looking forward, we are cautiously optimistic in the near term and believe that the worst of inflation is behind us. This should aid in a gradual recovery of consumer demand. We remain focused on managing our business with agility, continue growing our consumer franchise whilst maintaining margins in a healthy range. We stay confident of the medium to long term potential of Indian FMCG sector and HUL's ability to deliver a Consistent, Competitive, Profitable and Responsible growth."

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