

October 21, 2020



Hindustan Unilever Limited

Current Price: **INR 2172.10**

STOCK DATA

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

VALUE PARAMETERS

| | |
|--------------------------------------|-----------------|
| 52 W H/L(Rs) | 2614.00/1756.00 |
| Mkt. Cap.(Rs Cr) | 510347.13 |
| Latest Equity(Subscribed) | 234.96 |
| Latest Reserve (cons.) | 8013.00 |
| Latest EPS (cons.) -Unit Curr. | 30.21 |
| Latest P/E Ratio -cons | 71.90 |
| Latest Bookvalue (cons.) -Unit Curr. | 35.10 |
| Latest P/BV - cons | 61.88 |
| Dividend Yield -% | 1.06 |
| Face Value | 1 |

SHARE HOLDING PATTERN (%)

| Description as on | % of Holding 30/09/2020 |
|--------------------------|----------------------------|
| Foreign | 15.06 |
| Institutions | 10.82 |
| Non Promoter Corp. Hold. | 0.47 |
| Promoters | 61.90 |
| Public & Others | 11.74 |

Financial Results

In Cr.

| | Qtr Ended Sept. 20 | Qtr Ended Sept. 19 | Var. (%) |
|---|-----------------------|-----------------------|----------|
| Total Income | 11683.00 | 10105.00 | 16 |
| OPM (%) | 24.33 | 24.29 | |
| OP | 2842.00 | 2454.00 | 16 |
| Other income | 93.00 | 124.00 | -25 |
| PBIDT | 2935.00 | 2578.00 | 14 |
| Net Finance Charges | 31.00 | 34.00 | -9 |
| PBDT | 2904.00 | 2544.00 | 14 |
| Depreciation | 265.00 | 254.00 | 4 |
| PBT before EO | 2639.00 | 2290.00 | 15 |
| EO | -62.08 | -38.11 | 63 |
| PBT after EO | 2701.08 | 2328.11 | 16 |
| Tax expense | 665.00 | 472.00 | 41 |
| PAT | 2036.08 | 1856.11 | 10 |
| Minority Interest | 0.00 | 4.00 | |
| Profit after Minority Interest and Share of profit of Associates | 1974.26 | 1814.18 | 9 |
| EPS (Rs) | 8.66 | 8.57 | |

Hindustan Unilever Ltd (HUL) HUL Q2 profit rises 8.7% to Rs 2,009 crore, operating earnings beat estimates

Revenue from operations increased 16% to Rs 11,683 crore in Q2FY21 compared to Rs 10,105 crore in corresponding period last fiscal. Underlying domestic consumer business sales (excluding the impact of business combinations) grew by 3 percent in September quarter.

HUL showed a 1.6 percent YoY decline in Home Care segment revenue at Rs 3,318 crore, but EBIT increased 13.9 percent and margin rose 280 bps compared to year-ago period. Beauty & personal care division reported a 0.2 percent year-on-year decline in revenue at Rs 4,535 crore, but its EBIT increased 1 percent with margin expansion of 40 bps YoY. Among sectors, Foods & Refreshment segment registered a 83 percent YoY growth in revenue at Rs 3,379 crore with its EBIT rising 90 percent and margin expanding 60 bps YoY.

The OPM minor increased 4 bps to 24.33%. Thus the operating profit went up by 16% to Rs 2842 crore. Other income down 25% to Rs 93 crore in Q2FY'21 compared to Rs 124 crore in Q2FY'20 while interest cost was down by 9% to Rs 31 crore. Depreciation increased 4% to Rs 265 crore. PBT after EO increased by 16% to Rs 2701.08 crore as against Rs. 2328.11 crore during the corresponding quarter last year. It has reported profit of Rs 1974.26 crore in the quarter ended September 2020, rising 9 percent compared to Rs 1814.28 crore in same period last year.

Segment

Growth in the quarter was competitive and profitable with Reported Turnover Growth of 16% and Domestic Consumer Growth (excluding the impact of merger of GSK CH and acquisition of 'VWash') of 3%. The strength of portfolio is demonstrated by the fact that 70% of business is gaining penetration. Health, Hygiene and Nutrition, forming 80% of portfolio grew in double digits.

Home Care: Household Care delivered strong performance across all segments led by continued penetration gains. It has stepped up its innovation intensity to address the 'clean living' needs of consumers; 'Domex' range is now available nationally. In Fabric Wash, it has reduced prices to pass on benefits of lower commodity costs to consumers. Category consumption of Laundry has been adversely impacted due to confined living. Continued focus on driving market development has enabled to grow Liquids and Fabric Sensations segments strongly.

Beauty & Personal Care: Skin Cleansing grew in double digits on back of a very strong performance in 'Lifebuoy' and a good delivery in 'Lux'. Hand Sanitizers and Handwash segments continue to gain penetration and have delivered robust growths. Oral care grew in double digits with accelerated momentum in 'Close Up'. Hair Care also grew in double digits; portfolio interventions along with repurposed communications are resonating well with consumers and driving salience. In Skin Care, 'Glow & Lovely' and 'Glow & Handsome' have successfully landed on shelves across the nation and it continue the journey towards a more inclusive vision of beauty. While the essential part of Skin Care saw pickup in demand, 'winter portfolio sell-in' was impacted due to muted trade sentiment and liquidity constraints.

Foods & Refreshment: Foods, Tea and Coffee sustained the high growth momentum and grew in double digits; consumer-focused activations and innovations are leveraging the 'in-home consumption' trend. Company's prudent and dynamic management of unprecedented inflation in Tea has enabled all brands to grow in double digits and this positions well. Performance of Nutrition business was competitive and disrupted supply lines are now fully restored. In the quarter, the company has expanded 'Boost' nationally with the narrative of 'Play a bigger game' and launched a special film on 'Horlicks' to celebrate the deeper meaning of growth that stems from courage and confidence. While it saw sequential improvement, Ice Creams, Foods Solutions and Vending businesses continue to be impacted due to out-of-home consumption loss.

Interim dividend

The Board of Directors has declared an interim dividend of Rs. 14 per share for year ending 31st March 2021.

Management Comments

Sanjiv Mehta, Chairman and Managing Director commented: "In the context of a challenging economic environment, our growth has been competitive and profitable. We continue to demonstrate execution prowess, agility, adaptability, resilience, and passion of our people. We have expanded our portfolio with consumer relevant innovations and have invested strongly behind our brands. Our operations and service levels are now back to pre-COVID levels and we have accelerated the pace of digitizing our operations under the 'Re-imagine HUL' agenda.

The economic outlook has improved given the various initiatives taken by the Government and Reserve Bank of India. In our sector, rural markets have been resilient but the demand in urban India especially in metropolitan cities has been muted. We believe that the worst is behind us and we are cautiously optimistic on demand recovery."

E-mail: smc.care@smcindiaonline.com



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Corporate Office:

11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:

Lotus Corporate Park, A Wing 401 / 402, 4th Floor,
Graham Firth Steel Compound, Off Western
Express Highway, Jay Coach Signal, Goreagon
(East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-67341697

Kolkata Office:

18, Rabindra Sarani, Poddar Court, Gate No-4,
5th Floor, Kolkata - 700001
Tel.: 033 6612 7000/033 4058 7000
Fax: 033 6612 7004/033 4058 7004

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