

Unilever Q4 2011 Results

Paul Polman – CEO Jean-Marc Huët – CFO

James Allison – Head of IR and M&A

February 2nd 2012



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Paul Polman
CEO



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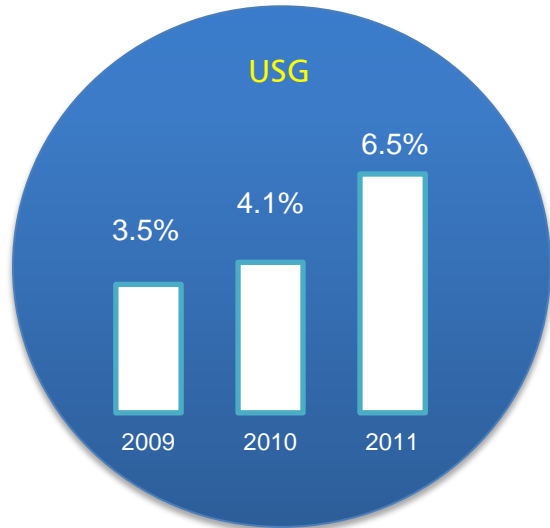
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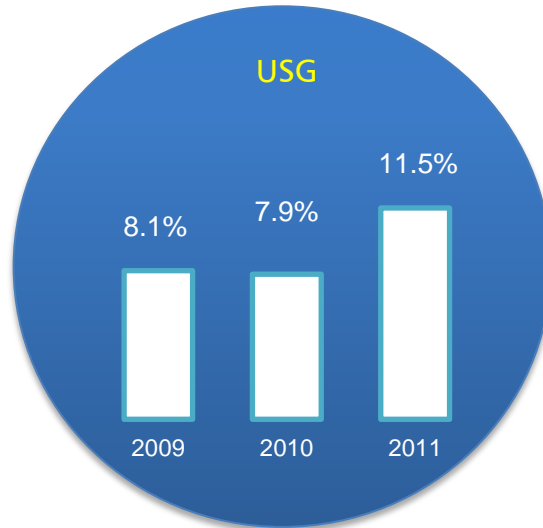
Strong performance in a challenging environment



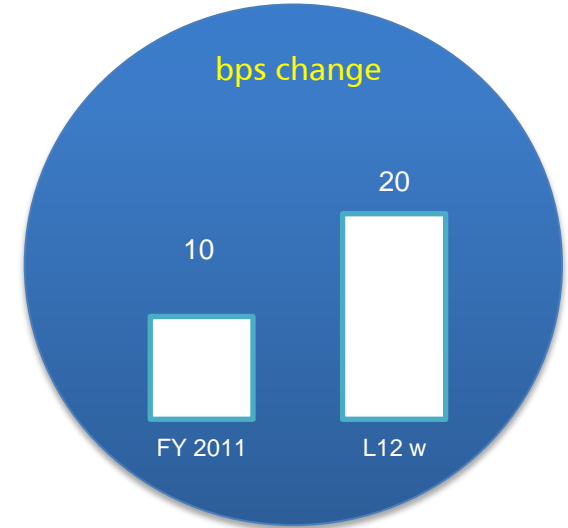
Strong growth



Growth acceleration in emerging markets



Value shares improving



Underlying operating margin -10bps in a year of unprecedented headwinds

Investing in the long term



New organisation



Investing in our manufacturing base: 20+ new factories



Product quality improvement: +€100m in 2011



Our category driven organisation increasingly becoming a source of competitive advantage

Investing in the long term: M&A



Personal Care Sara Lee



Personal Care Concern Kalina



Hair Alberto Culver



M&A as a growth driver: bolt-on acquisitions on core categories - €1bn - €2bn p.a.

Clear and compelling strategy




Clear strategic framework

Category led organisation

USLP

THE COMPASS	
WE ARE UNILEVER...	
VISION	<p>WE WORK TO CREATE A BETTER FUTURE EVERY DAY</p> <p>We help people feel good, look good and get more out of life with brands and services that are good for them and good for others. We will inspire people to take small everyday actions that can add up to a big difference for the world. We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.</p>
MISSIONS	<p>We are a successful, growing, sustainable business.</p> <p>We focus on consumers and customers with a bias for action.</p> <p>Our first priority is to our consumers, then customers, employees and communities. When we fulfil our responsibilities to them, our shareholders will be rewarded. We will act through a growth mentality and a positive approach to all our stakeholders, based on clear accountability and bias for action.</p>
WHERE WE WILL WIN...	
PRIORITIES	Win share and grow volume in every category and country
HOW WE WILL WIN...	
NON-NEGOTIABLES	<ol style="list-style-type: none"> 1 Deliver superior products, design, branding and marketing 2 Bigger, better, faster innovations 3 Appeal to more consumers across needs and price points 4 Lead market development
	<ol style="list-style-type: none"> 5 Win with winning customers 6 Be an execution powerhouse
	<ol style="list-style-type: none"> 7 Lean, responsive and consumer led value chain 8 Drive return on brand support 9 Agile, cost competitive organisation
	<ol style="list-style-type: none"> 10 Organisation and diverse talent pipeline ready to match our growth ambitions 11 Performance culture which respects our values 12 Leverage our operating framework for competitive advantage

Win Globally




Get your underarms gorgeous.

New Dove Beauty Finish Deodorant
beauty mineral enriched

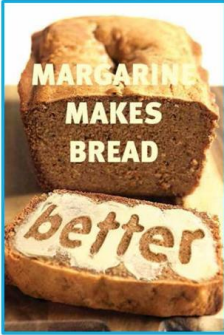
Personal Care / Ice Cream / Tea
Cooking Products

Win in Emerging Markets



Home Care
Oral Care

Win Differently



MARGARINE
MAKES
BREAD
better

Core Foods



Win globally - Deodorants



 **Rexona men**
48H DE PROTECCIÓN SECA

- +40% global share
- Consistent growth driven by innovation:
 - Rexona re-launch
 - Dove female
 - Axe new variants
 - Dove Men+Care now in >40 markets

Win in emerging markets - Laundry

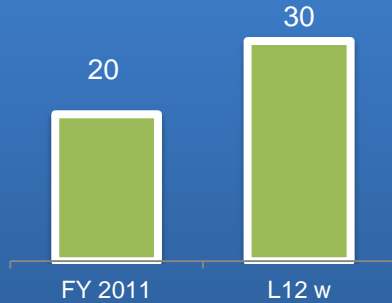


Global value shares are up

Dirt is Good re-launched in 48 markets

Launch of Comfort into white spaces

bps change

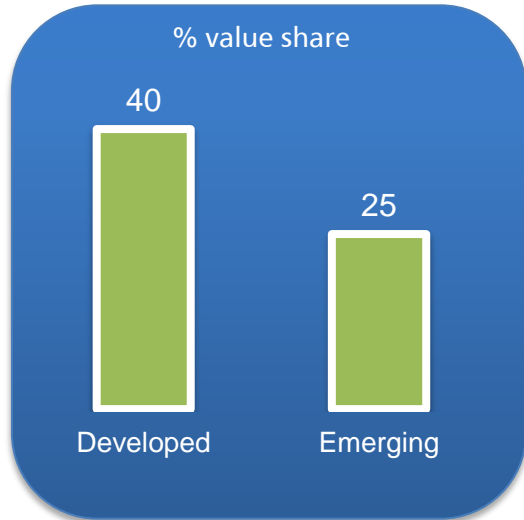


India, Pakistan, Australia, South Africa

Win differently - Spreads



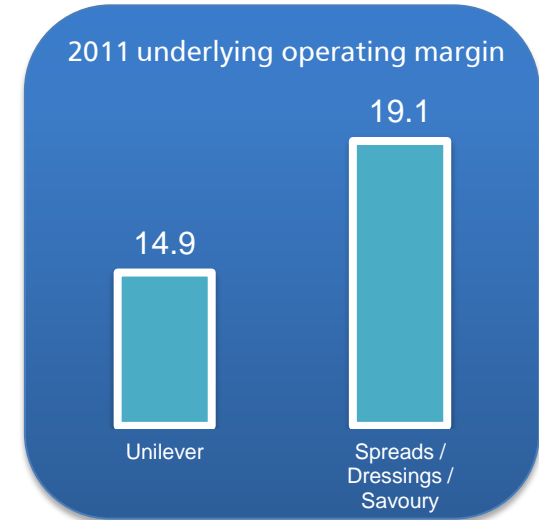
Strong leadership positions



Great innovation – Latta & Luftig



Highly cash generative



More to do in Tea



- Technology and innovation key to improve performance:
 - TESS: enhanced taste and aroma (Lipton, PG Tips)
 - Launch of non-bitter green and white tea
 - Launch of Lipton Ice Tea 100% natural
- Introduction of Lipton Green superfruit range in the US

Strong performance in Food Solutions



- Now more than €2bn turnover - 2/3rd in developed markets
- Success built on a number of building blocks:
 - Chefmanship at the core
 - Expansion in China and other key emerging markets
 - Quality improvement and best-in-class recipe development

Jean-Marc Huët

CFO

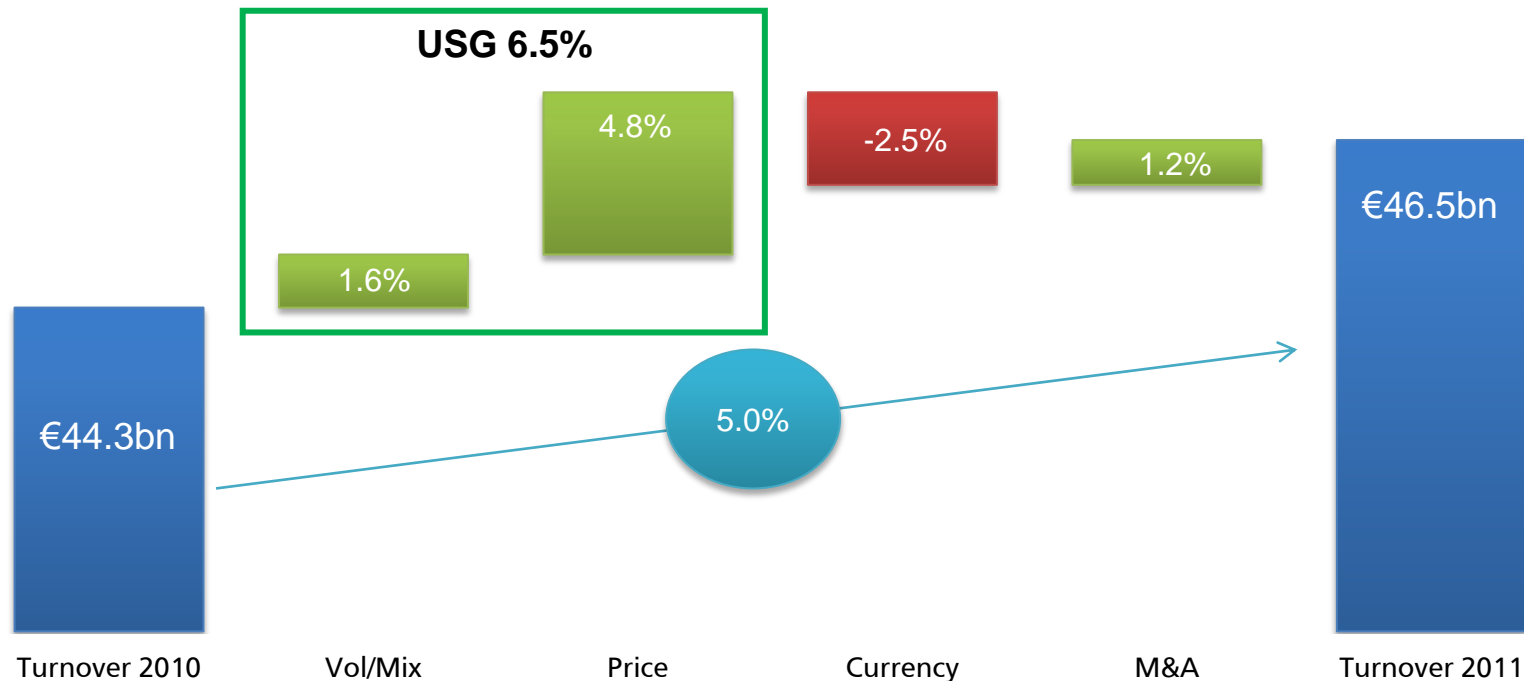


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FY 2011: Strong underlying sales growth

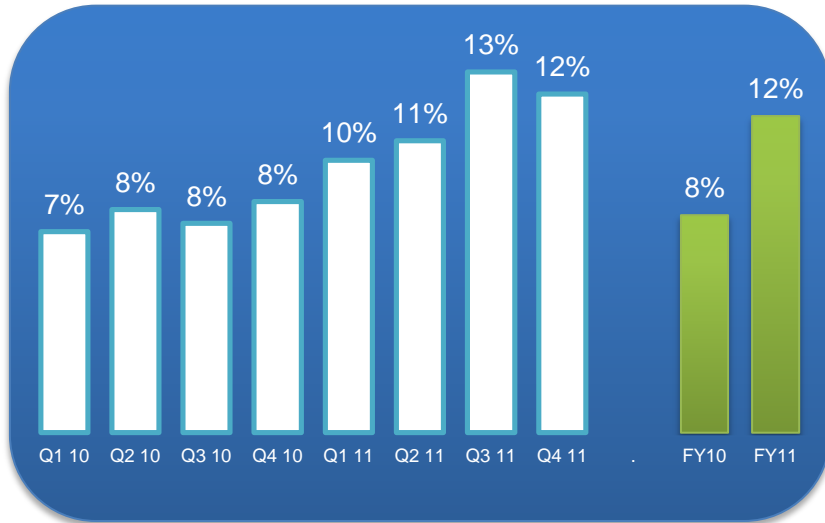


Volume growth maintained despite strong pricing

FY 2011: Accelerated growth in emerging markets



Emerging markets underlying sales growth

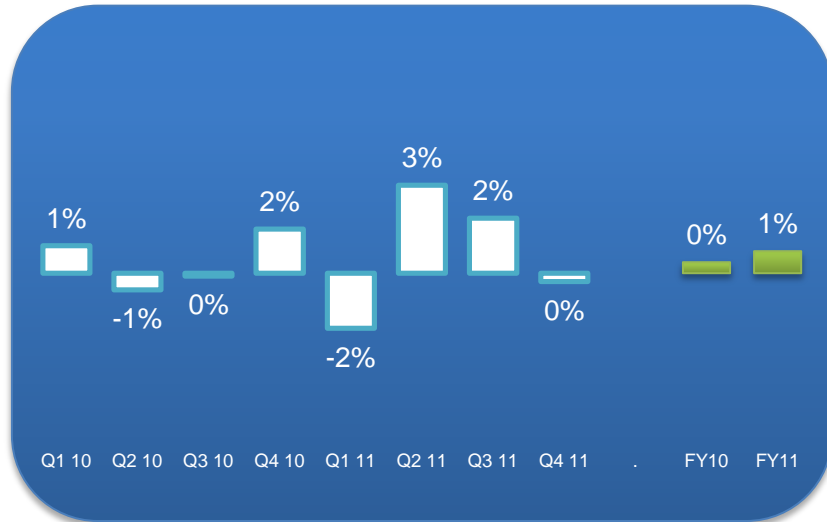


- Outstanding performance in 2011
- 54% of turnover
- Mid-single digit volume growth consistent with the last 20 years

FY 2011: Developed markets growing in line with the market



Developed markets underlying sales growth

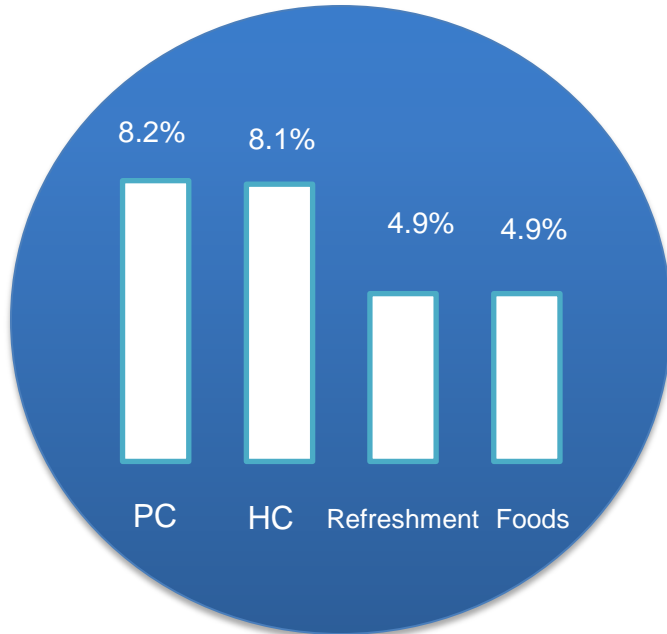


- Continued difficult consumer environment
- Improved overall share performance
- Strong growth and share gains in Personal care:
 - Hair US reached leadership over L12w
 - Most categories gaining share in Europe
- Foods value shares are flat
- Ice cream strong momentum continues

FY 2011: Broad based category growth

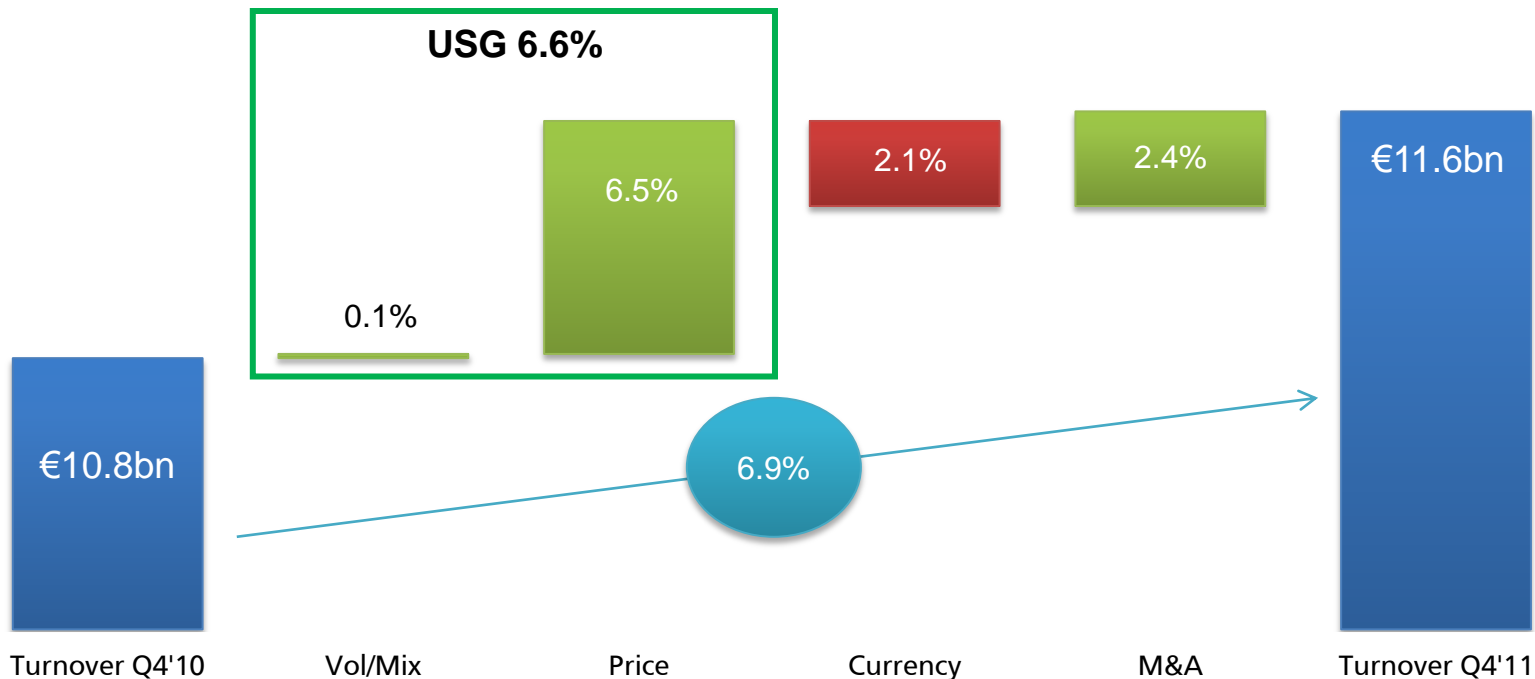


Underlying sales growth



- Personal care: double-digit sales growth in H2
- Home care: good balance between volume and price and value share gains
- Refreshment: driven by Ice Cream innovation (e.g. Magnum launch in the US)
- Foods growth driven by price (spreads)

Q4 '11: Strong underlying sales growth



Volume growth around 1% excluding the impact of systems change in North America

FY 2011: Underlying price growth at 4.8%

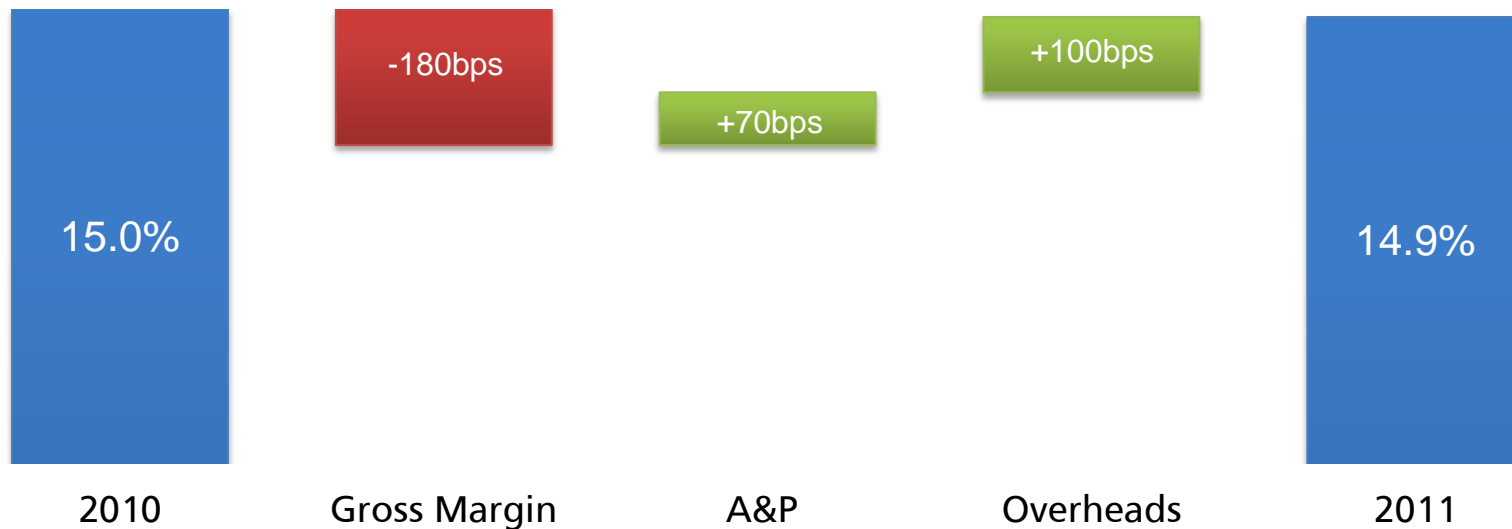


underlying price growth



- 2012 to benefit from carry-over pricing
- Modest incremental pricing in 2012

FY 2011: Underlying operating margin down 10bps

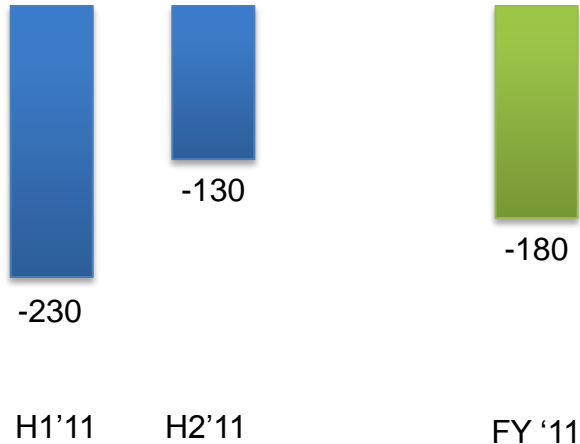


Overheads are all costs below gross profit but excluding A&P

FY 2011: Gross margin down 180bps



gross margin bps change



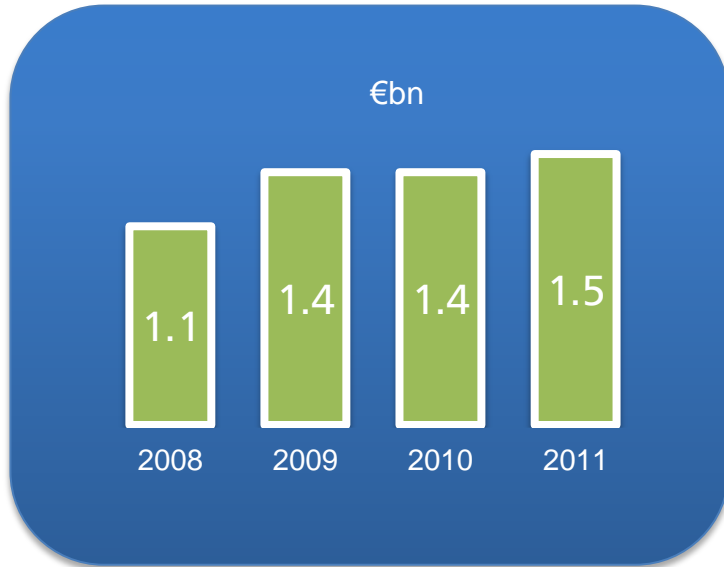
- Gross margin 39.9%, after distribution costs of 6.6%
- Pricing lagging cost increases
- Inflation in factory and distribution costs (crude oil related)
- 2011 commodity cost inflation within guidance at €2.4bn
- Mid-single digit 2012 commodity cost inflation

2012 gross margin expected to be modestly higher with most improvement in H2

FY 2011: Savings programmes €1.5bn



Total Savings

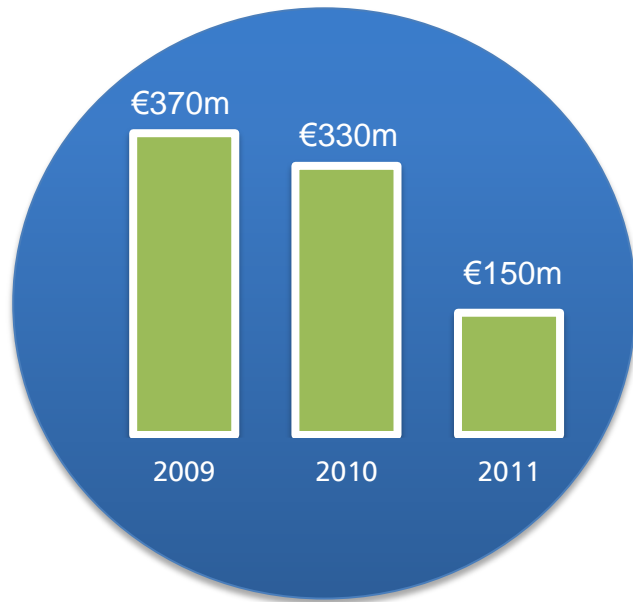


- Excellent savings from continuous improvement programme
- Contribution from supply chain, overheads and A&P
- Difficult macro-economic environment – no let up in our productivity initiatives

FY 2011: A&P investment at €6.2bn - up by €150m



A&P increase year-on-year (*)



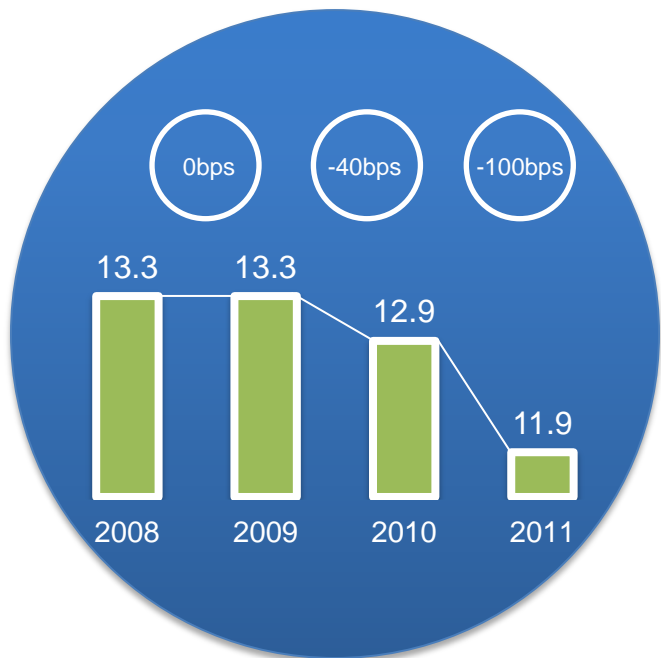
- Competitive support levels
- Advertising quality much improved
- Digital spend up 15%
- Production costs and fees reduced, releasing funds for media spend

(*) Comparison is in constant currency

FY 2011: Overheads down 100bps



% turnover



- Excellent delivery in 2011 due to:
 - Continuous improvement mindset
 - Finance cost reduction 25bps
 - Reduction of travel expenses and consultants
 - One-off savings from specific initiatives
- Taking the right decisions for the long term

Core operating profit in 2012 will include business restructuring



2011

Underlying Operating Profit

€6.9bn

14.9%

deduct

Business Restructuring

€0.6bn

1.3%

2011

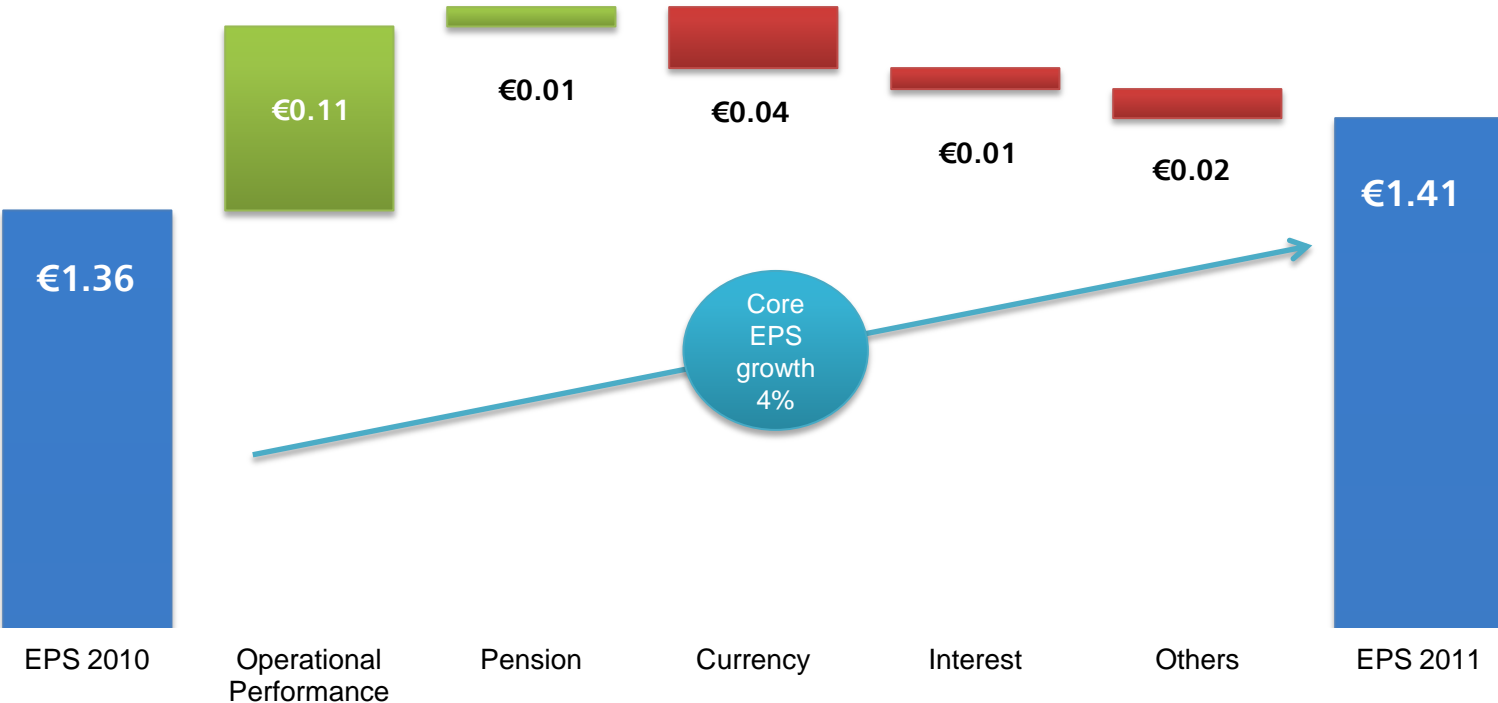
Core Operating Profit

€6.3bn

13.6%

Using 2011 to illustrate 2012 reporting changes

FY 2011: Core earnings per share growth



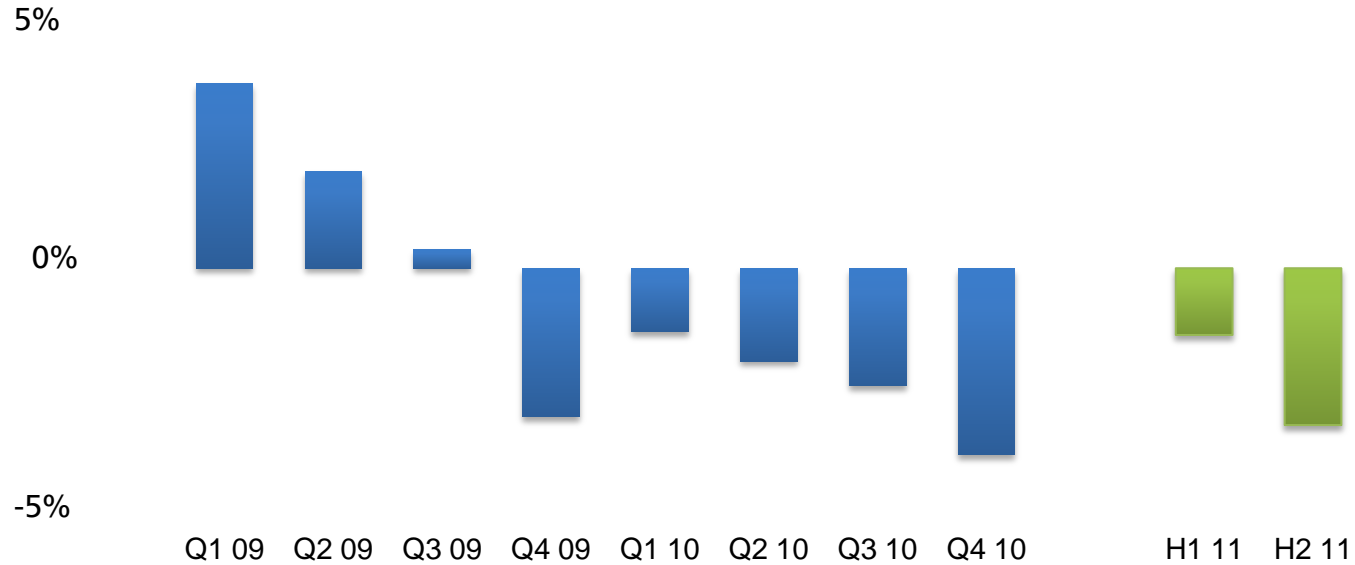
FY 2011: Strong free cash flow despite investment in capex



9th consecutive quarter of negative working capital

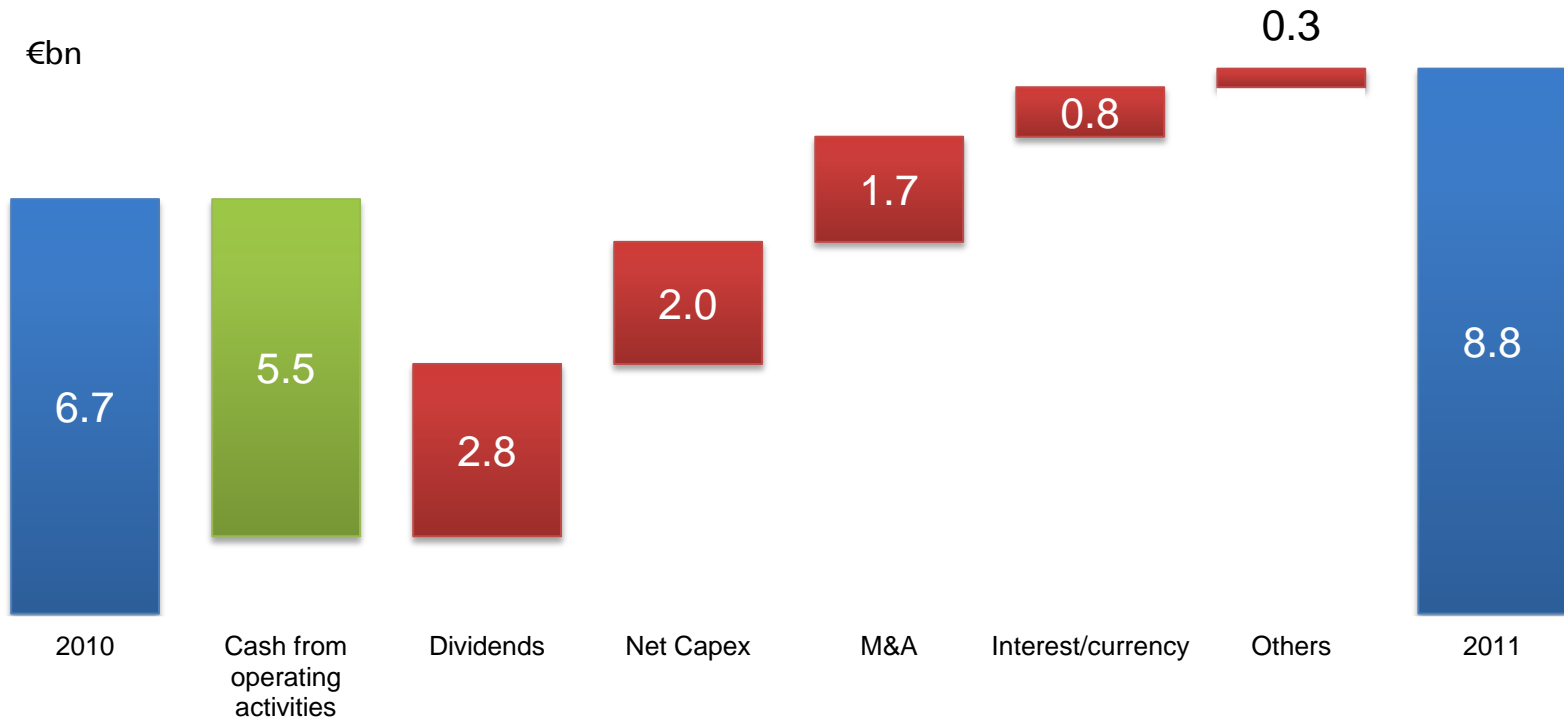


Trading Working Capital % Turnover (closing)



Cash conversion cycle negative as we exited 2011

Net debt increased to €8.8bn



Pension deficit up €1.1bn at €3.2bn



- Pension deficit now €3.2bn (from €2.1bn at end 2010):
 - Driven by increased liabilities due to fall in corporate AA bond rates
- 2011 cash contributions to pensions €550m
 - 2012 cash contributions to pensions will be around €700m
- Pension interest credit of €70m
 - 2012 expected pension interest a debit of €10m

Paul Polman
CEO



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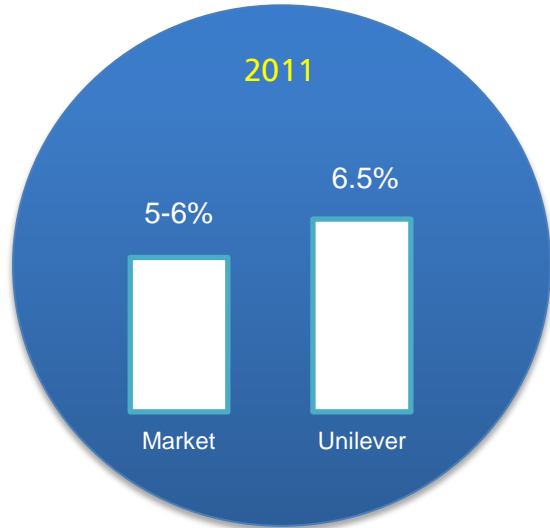
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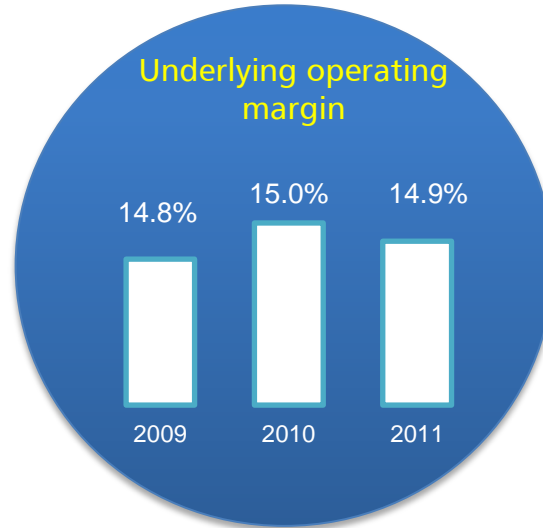
A new Unilever emerging



Growth ahead of the market



Protecting margins despite unprecedented headwinds



A faster and more agile business



Stronger, agile, fit to compete

USLP: launch of the Unilever Foundation



Helping more than one billion people improve their health and well-being

Innovation rate above 30%



Deo – Axe Anarchy



Global roll-out

Vaseline – Men Face



South East Asia

Savoury – Knorr Sauce Pur



Western Europe

We continue to roll-out our brands into more markets



Clear – South Africa



Now in 40 markets

Simple – North America



Alberto Culver brands roll-out

Axe Hair – Western Europe



Roll-out from the US

Video



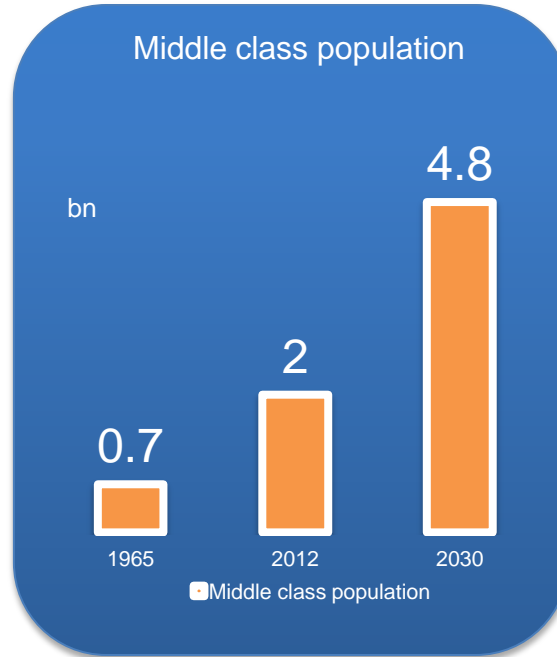
Consumer environment



Consumer confidence down in developed world



Middle class growth driven by D&E



High competitive intensity in D&E



1. Volume growth ahead of the market
2. Steady and sustainable core operating margin improvement
3. Strong cash flow

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