

# Unilever Foods & Refreshment

Nitin Paranjpe & Sudhir Sitapati

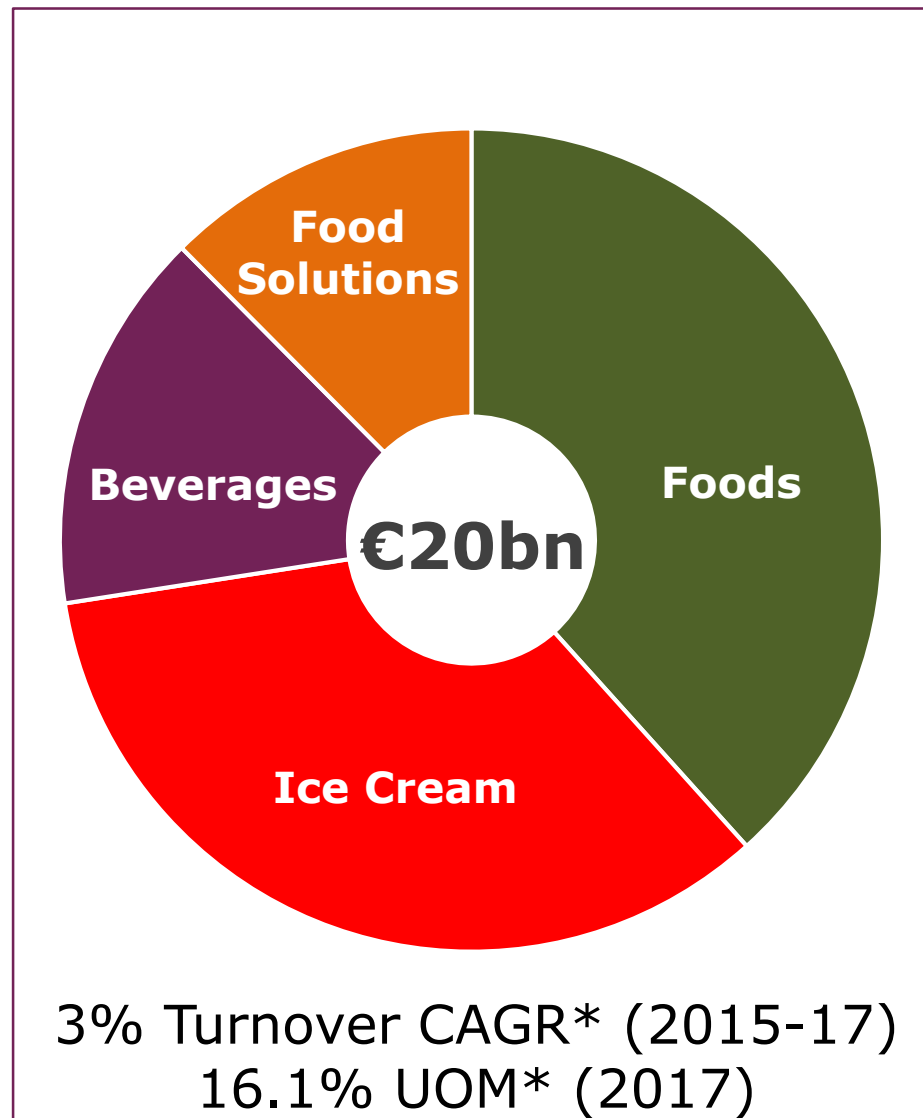


Taste good, feel good, force for good.

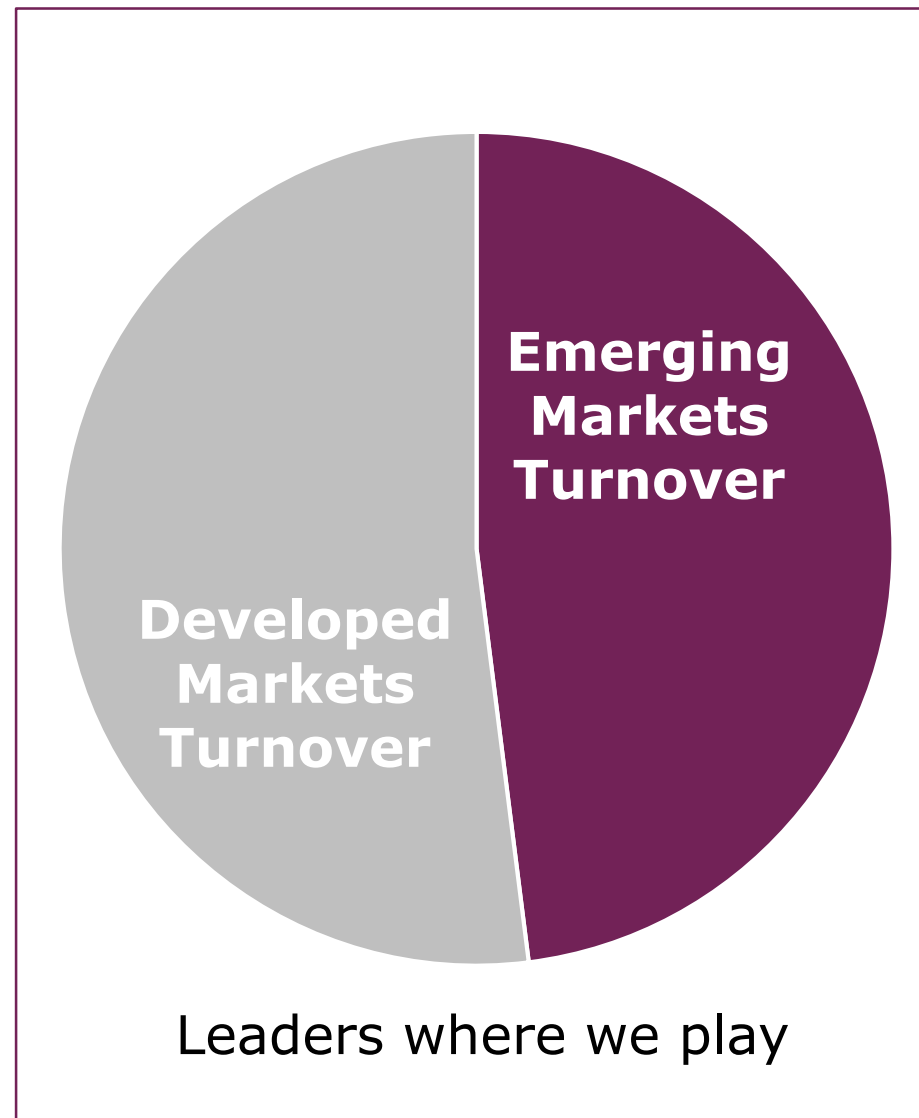
# Foods & Refreshment is well positioned to grow



## Compelling scale



## Balanced footprint

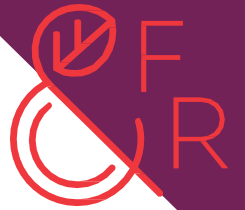


## Stronger organisation

- **More scale & focus, esp. in Emerging Markets**
- **More agile, dynamic allocation of resources**
- **Route to market synergies, incl. channel play**
- **Co-location with Europe team and R&D ecosystem**
- **End to end cost efficiency**

**Integration of Foods & Refreshment completed over summer 2018**

# Truly G-Local portfolio



## >€1bn brands

## Regional & Local Jewels

## New brands



M&A and organic launches

Think local – act global

# Changing landscape



## Emerging Markets



↑  
People in middle income  
People in cities  
Women in the workforce

## Consumer preferences



Better for you... ..and the planet



Plant based

Personalised

## Hyper convenience



## Lack of trust



Accelerated industry consolidation

# Our ambition and strategy



**Taste Good, Feel Good.  
Force for Good.**

**Ambition: accelerate growth, whilst improving UOM delivery to 21%**

## Transform our portfolio

- **Emerging Markets**
- **High growth segments**
- **High growth channels**

## Transform for agility & cost

- **Holistic saving programme**
- **Flatter organisation**
- **Simpler ways of working**

## Transform our capability

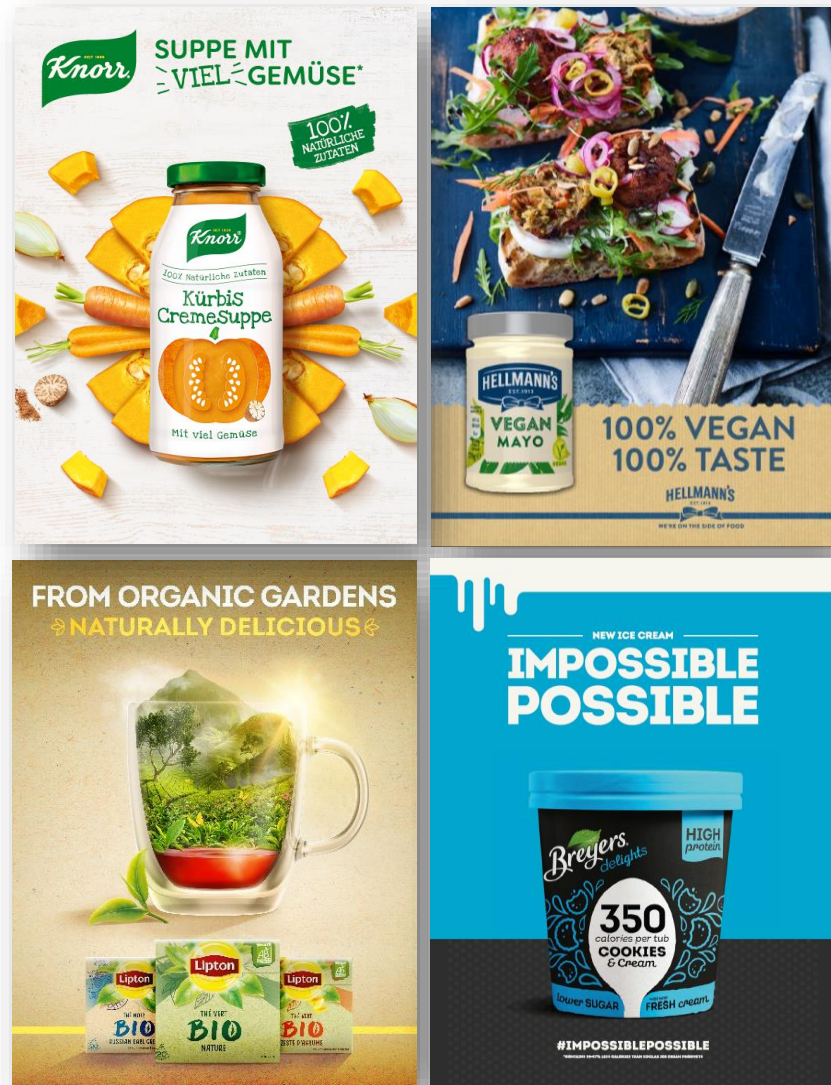
- **Precision Marketing**
- **Lean Innovation**
- **R&D ecosystem**

**People with Purpose crafting Brands with Purpose**

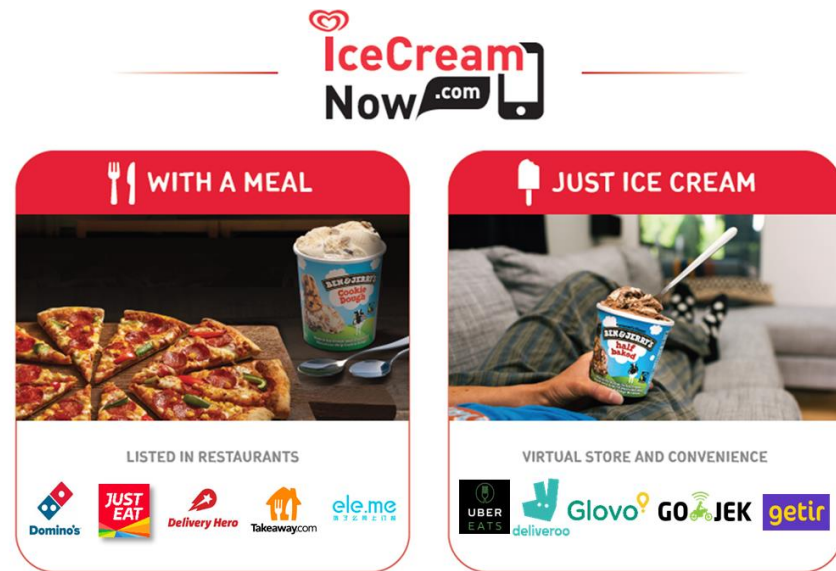
# Transforming our portfolio



## High growth segments



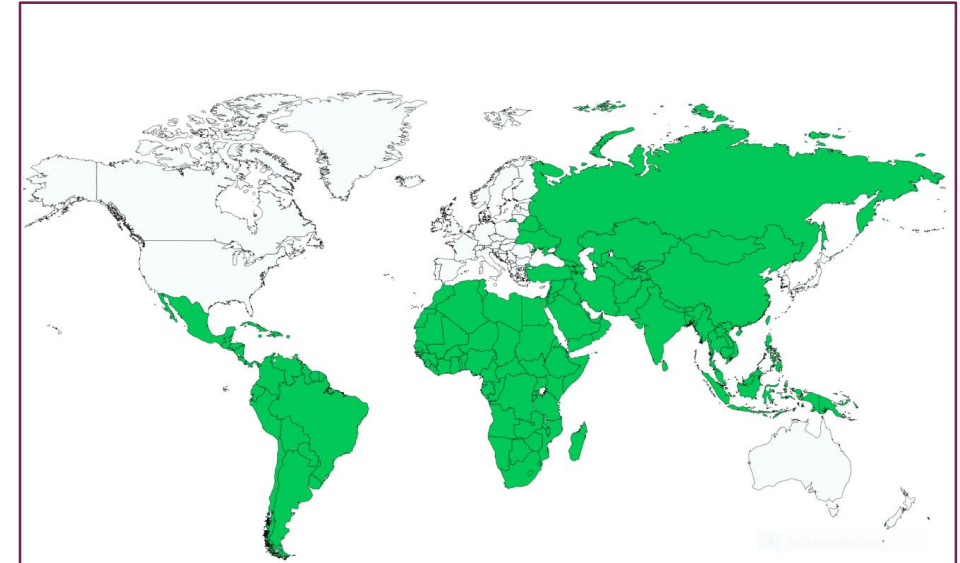
## High growth channels



## Front of House Powerhouse

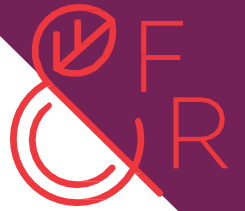


## Emerging markets



Core of the core portfolio modernization

# Strategically attractive...



## Good strategic fit

Aligned with Health & Wellness

Emerging Market Exposure

Provides Scale to India F&R

## Significant potential

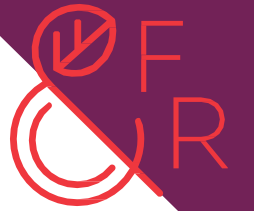
Under penetrated Category

Persistent Nutritional Needs

Rising affluence and disposable incomes

High-quality brands in markets with “Right-to-Win”

# Financially Compelling: Synergies



## Growth

Drive Penetration

HUL Distribution Multiplier

Upgrade and Premiumise

## Cost

Operational improvement  
Supply Chain opportunities

Go-to-market and  
distribution network optimization

Scale efficiencies in  
media and overhead

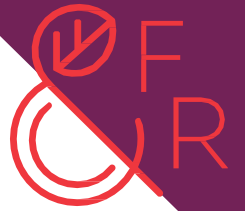
Over Medium Term:

>10 % Growth

10% Margin Improvement



# Transaction details

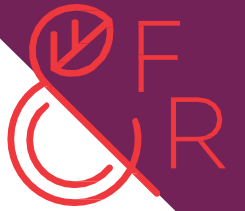


What is being acquired?	Turnover	EBITDA	Structure	Total equity value	Unilever stake	Unilever consideration
GSK Consumer Healthcare Ltd, India (incl. consignment agreement for GSKs OTC)	€ 490 m	€130m	HUL equity merger	€3.96bn	67.2%	€2.66bn
GSK Bangladesh Ltd	€ 45 m	€12m	82% for cash	€ 206m	82%	€169m
Additional Markets and Brand Rights			100% for cash	€ 470 m	100%	€470m
<b>Total Equity Value</b>	<b>€550m</b>	<b>€155m</b>		<b>€ 4.6 bn</b>		<b>€3.3bn</b>
				<b>(-€0.4bn) cash</b>		

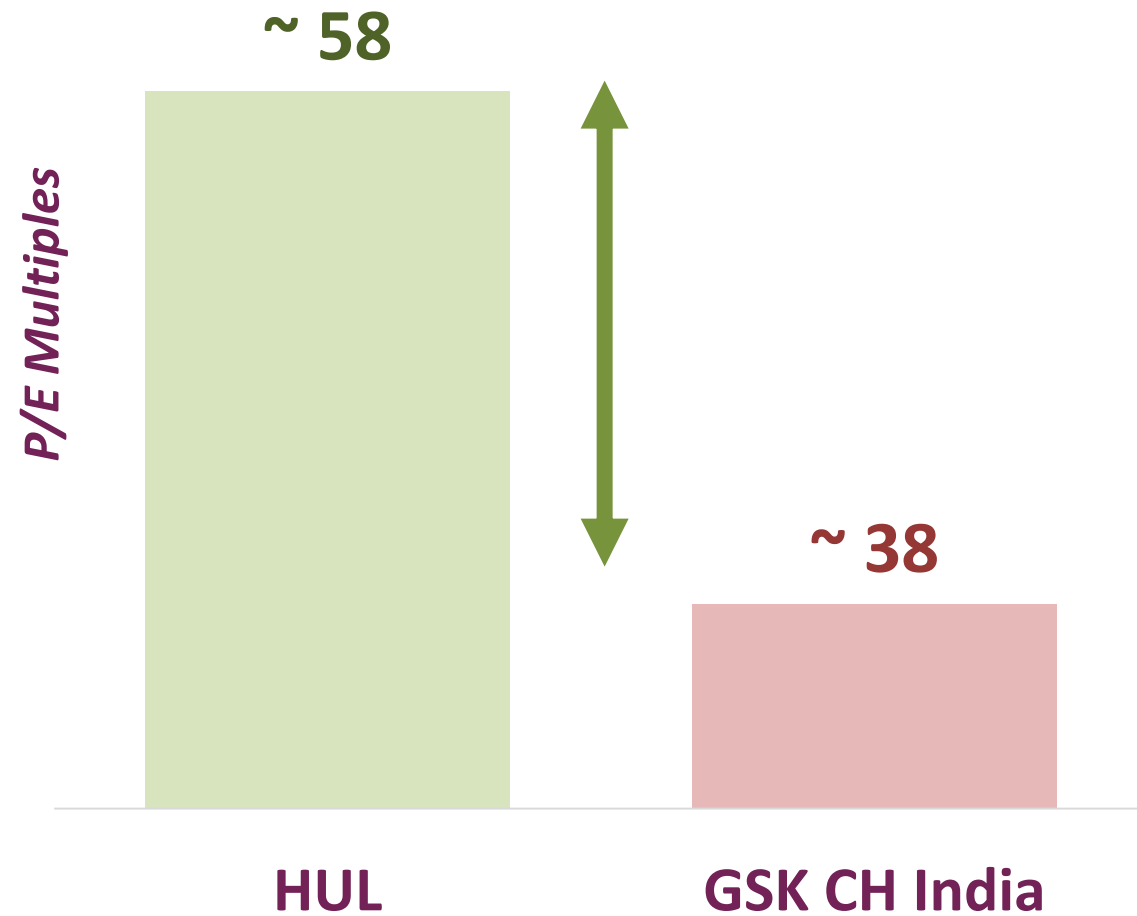
Pre synergy EV/EBITDA 28 times

NOTE: Transaction subject to regulatory approval and shareholder approval , Completion anticipated by Dec-19

# Financially Compelling: Structure

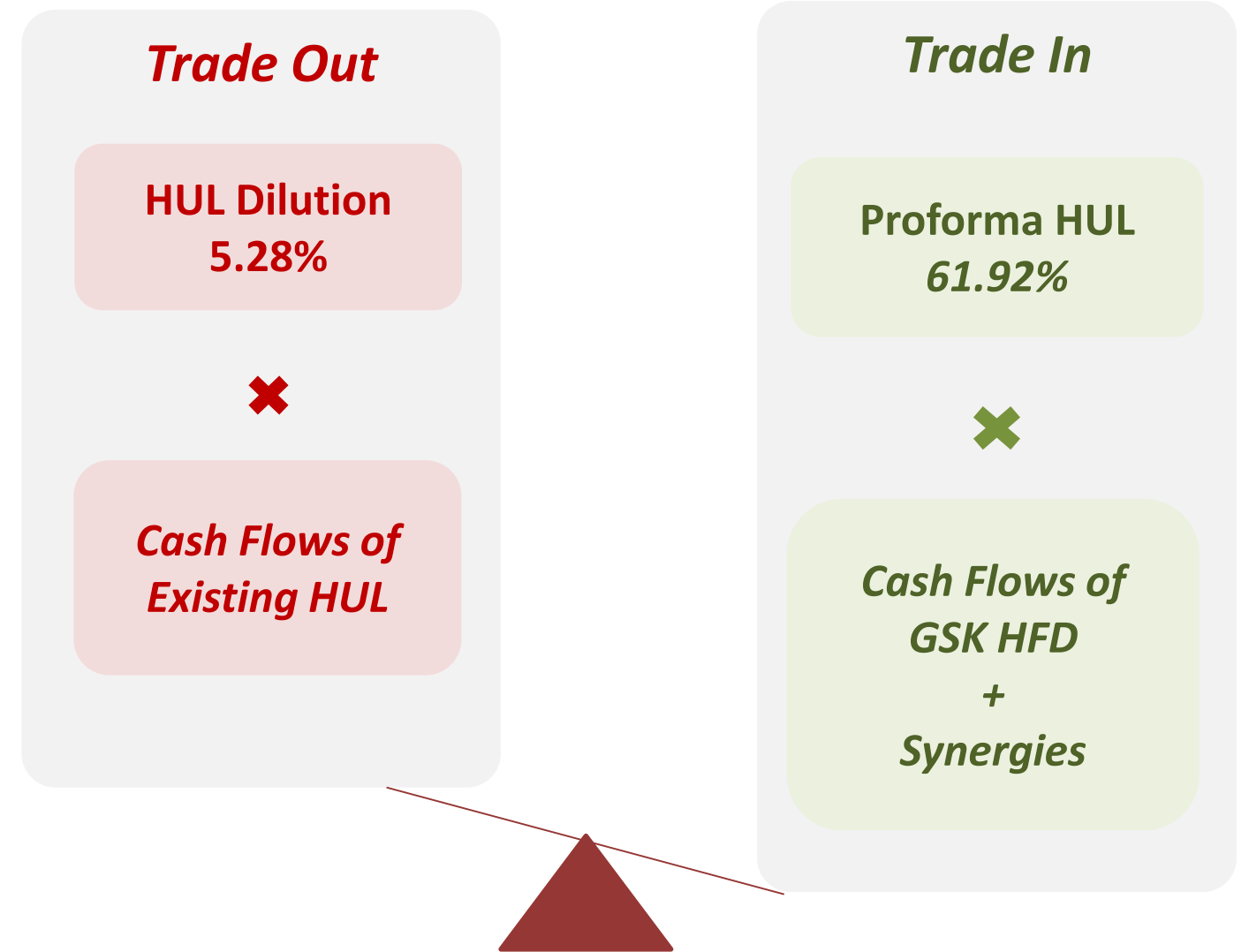


*HUL Valued at a Significant Premium  
with a differential of ~+20x*



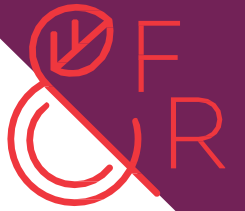
Unlocks Favourable Exchange Ratio

*Results in Trade Out < Trade In*

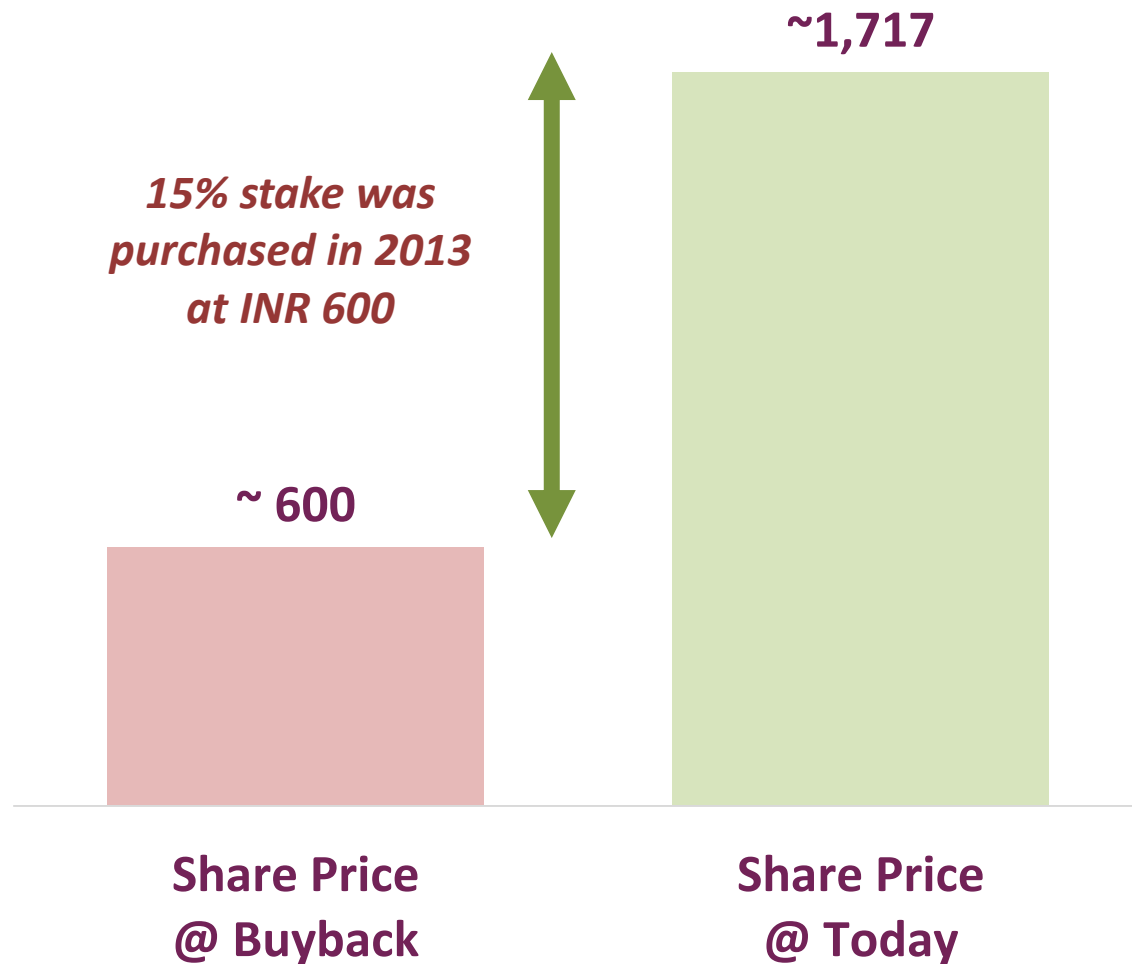


Unlocks Superior Shareholder Returns

# In the Context of the 2013 Buyback...



*HUL Share Price is ~3x today  
(vs. 2013 Buyback)*



*Gain on effective sale  
of 5.3% stake in HUL*

Unilever Share of GSK CH Consideration <sup>(1)</sup>	€2.66 bn
Less: Cost of HUL Shares @ Buy Back	~€0.9 bn
<b>Therefore, Effective Gain</b>	<b>~€1.7 bn</b>

**Utilised a Gain of ~€1.7bn by using HUL Shares for the Transaction**

(1) Equates to 5.28% share dilution in Unilever's HUL shareholding, presented using a 15 Day VWAP ending 30th November 2018

# Our ambition and strategy



**Taste Good, Feel Good.  
Force for Good.**

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## Transform our portfolio

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- **High growth channels**

## Transform for agility & cost

- **Holistic saving programme**
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**People with Purpose crafting Brands with Purpose**

# Transformation of cost



## Holistic saving programme

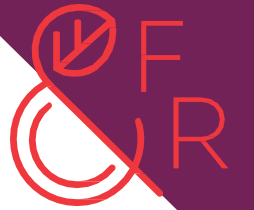
The 'Holistic saving programme' section features several logos and icons. On the left, there is a circular icon containing a truck, a factory, gears, and a group of people, representing a holistic supply chain and workforce approach. Below this is the '5s savings' logo, where the '5' is large and blue, and the 's' is smaller and light blue, with the word 'savings' in blue below. To the right of the '5s savings' logo is the '4G' logo, which consists of four colored circles (pink, orange, green, blue) with the number '4' in the orange circle and the letter 'G' in the green circle. Below the '4G' logo is the text 'ZERO BASED BUDGETING' in bold black letters. At the bottom left is the 'C4G' logo in large blue letters, with 'CONNECTED 4 GROWTH' in smaller blue letters underneath.

## Delivering 21% Underlying Operating Margin

The 'Delivering 21% Underlying Operating Margin' section features a stacked bar chart. The bar is divided into three main sections: a top blue section, a middle light blue section, and a bottom light green section. The top blue section is labeled 'Supply Chain Transformation' and '500 bps'. The middle light blue section is labeled 'Step up in 5S' and '250 bps'. The bottom light green section is labeled 'Reinvestment' and '250 bps'. Below the bar, the text '750 bps of saving from 3 programmes' is displayed.

Reinvest in portfolio and capability transformation

# Stepping up agility



## Simpler, empowered organisation

The diagram features three main colored boxes: a pink box with a winged person icon labeled 'EMPOWERMENT', a green box with a group of people and a lightbulb icon labeled 'COLLABORATION', and an orange box with a molecular structure icon labeled 'EXPERIMENTATION'. Below these boxes is a network diagram of interconnected nodes and lines, representing a flexible organizational structure.

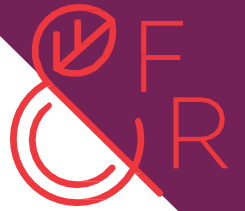
## Increased rate of innovation



## Scale and speed

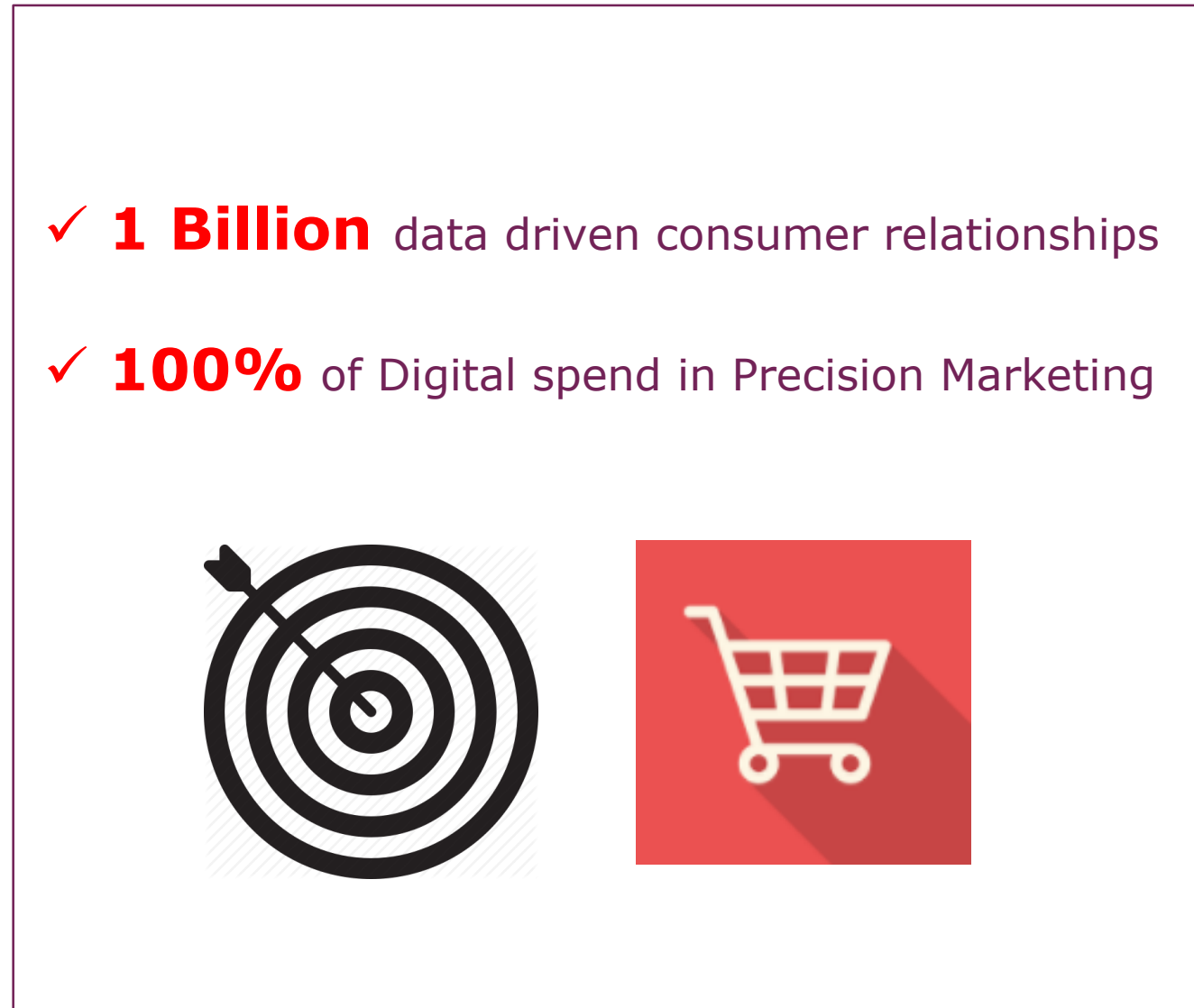


# Accelerating data driven marketing



## Rapid capability building

## Ambition



Digital as the recruitment criteria & on-going upskilling for F&R Marketing



# Unilever F&R South Asia

## Sudhir Sitapati



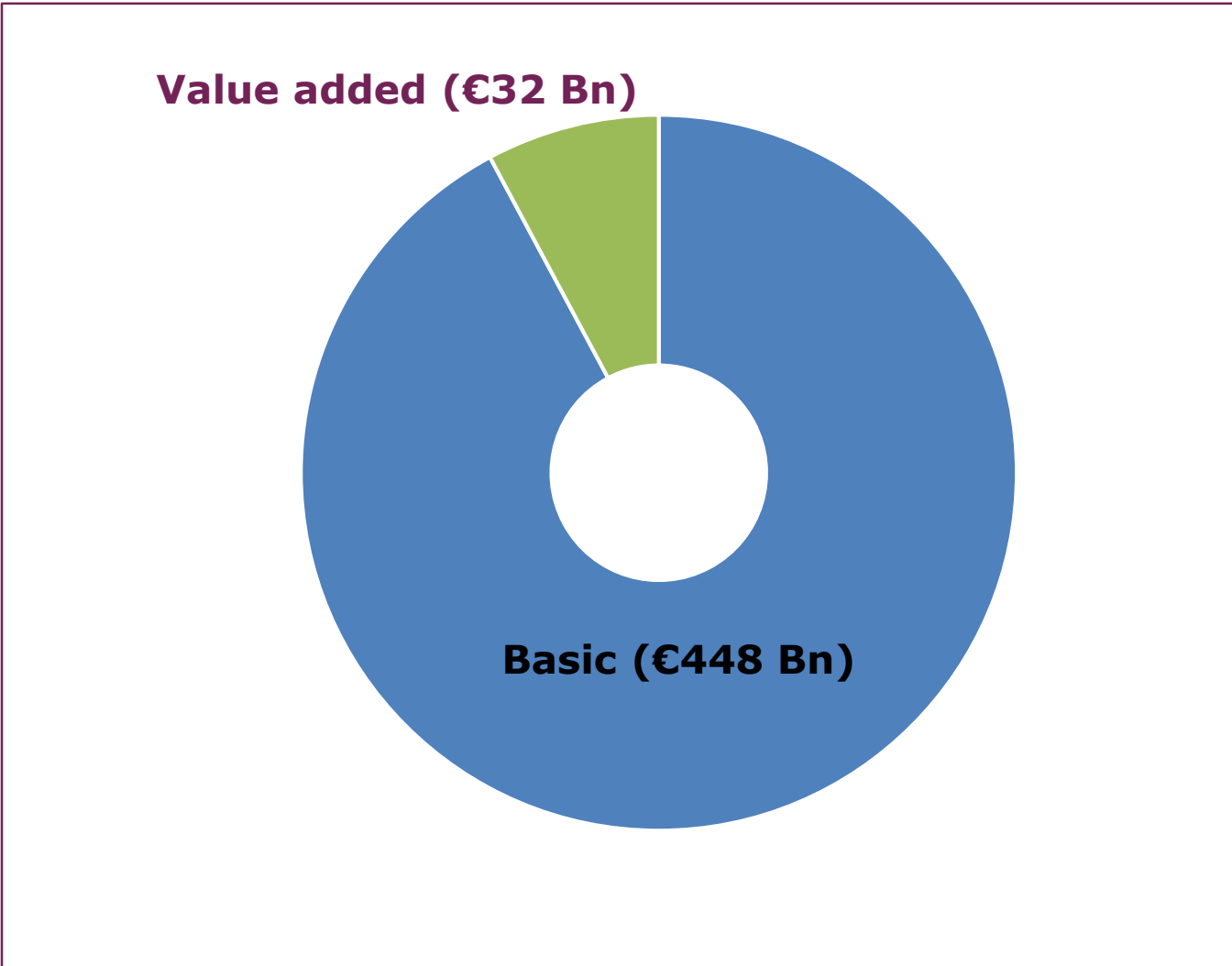
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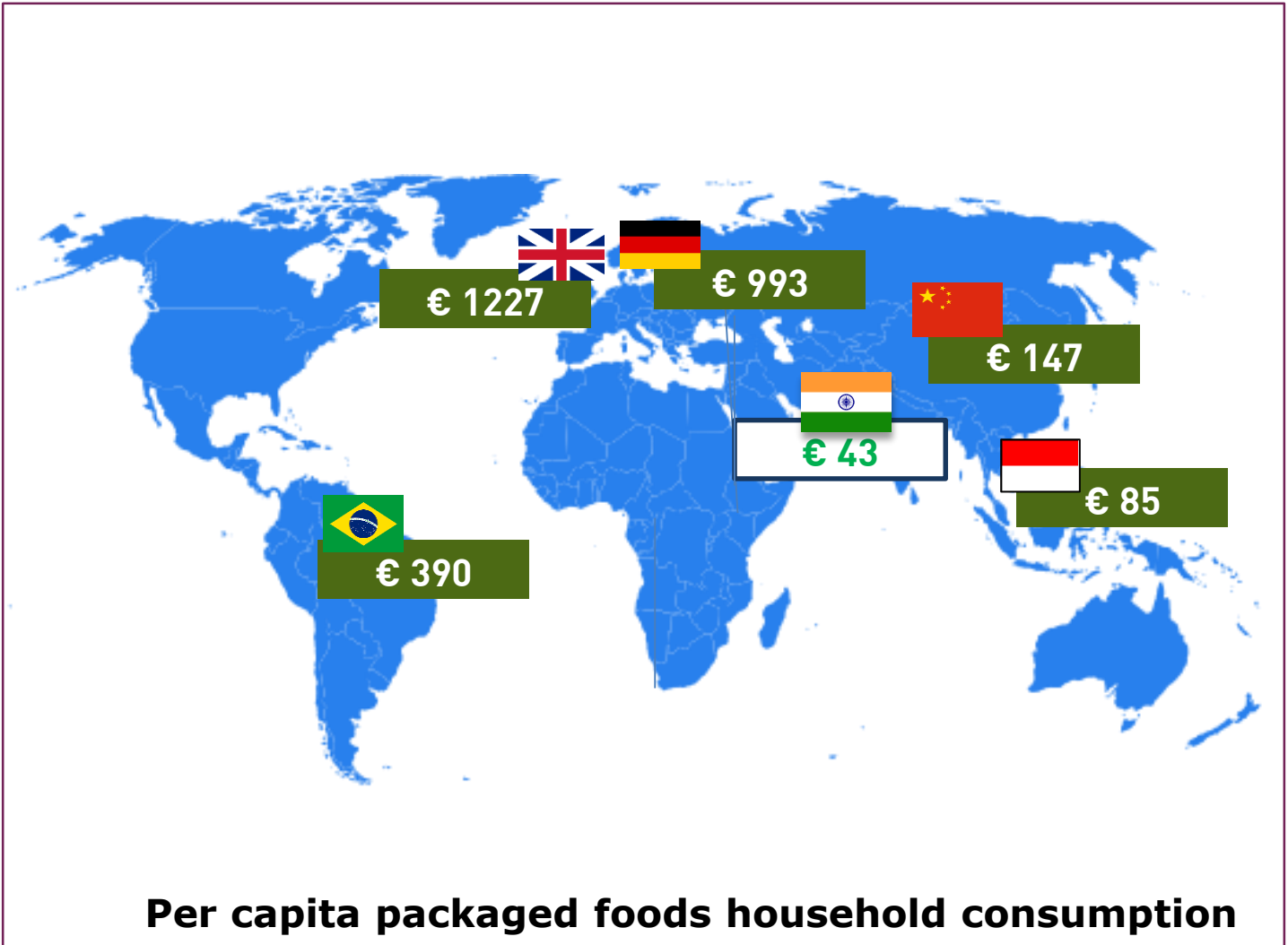
# F&R is THE BIG India opportunity



## A €480 billion market



## Huge headroom for growth



**Unilever share of value added food only 5%**

Source: Bain consulting

# The Hindustan Unilever conundrum



## Strong F&R Business in India....

~€0.8 Bn, Double digit growth  
~16% Segmental margin

Market leaders and  
winning share

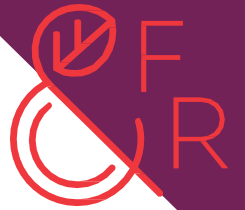


## .. But play in slower growing parts

Unilever plays in a relatively smaller, slower growing highly penetrated part of the market

	Share of market	Growth Rate	Category Penetration
<i>Unilever Categories</i>	<b>15%</b>	<b>9%</b>	<b>60%</b>
<i>Non Unilever Categories</i>	<b>85%</b>	<b>17%</b>	<b>20%</b>

# F&R Strategy for India



## Grow existing business faster



**Building brands through purpose**



**Relevant and deeper product insights**



**Invest in Market Development**

## Pivot business to high growth categories



**Accelerate white spaces organically**



**Build white spaces through acquisitions**

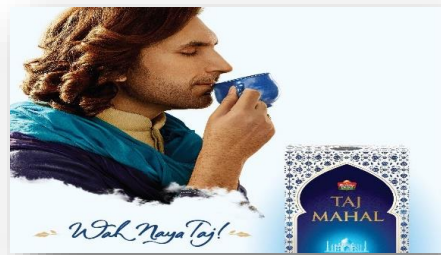
# Tea: Build large purpose-led brands



**Opportunity:  
Upgrading consumers**

**How:  
Build brand love through purpose**

**Results:  
Strong market leadership**



**Premium**  
200k ton market  
UL Share: 2.5X



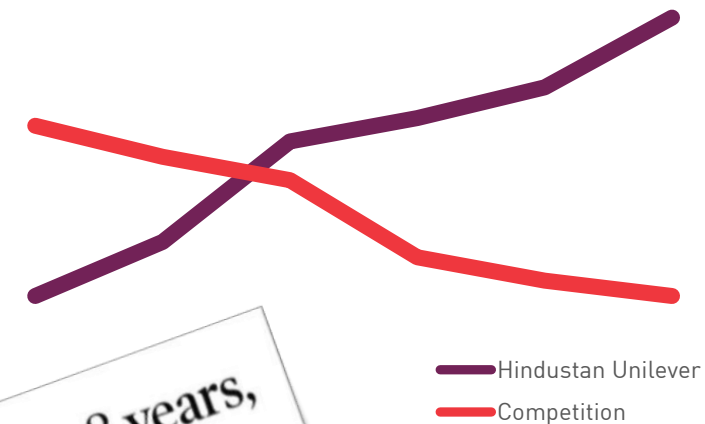
**Popular**  
300k ton market  
UL Share: X



**Loose**  
400k ton market  
UL Share: 0



**Value market share trends**



**After 8 years, HUL brew beats Tata Tea**  
Regains Value Leadership, But Tatas Ahead in Volumes

*Namrata Singh & Neha Zachariah / IHS*

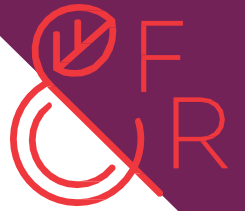
Mumbai: In an interesting twist for a higher share of the cuppa, Hindustan Unilever (HUL) has regained value leadership in tea from Tata Global Beverages after eight long years. Tata Glo-  
munication strategy by its brands, its 'Winning in Many Indias' framework has been effectively leveraged in the tea category by executing national equities locally. "As such, the product mix of our national brands is customised to meet local tastes," said the

MAT 2018 L3M LM

Source: Ac Nielsen Share Panel

**Purpose led brands to drive preferred choice for consumers**

# Green Tea: Trading up through Market Development



**Opportunity:  
Upgrade from black tea**



**5X Turnover per cup  
2X Unilever Share in Green Tea**

**How:  
Building category on trend of wellness**



# Green Tea: Reaching consumers sharply via digital



Precision targeting basis content consumed

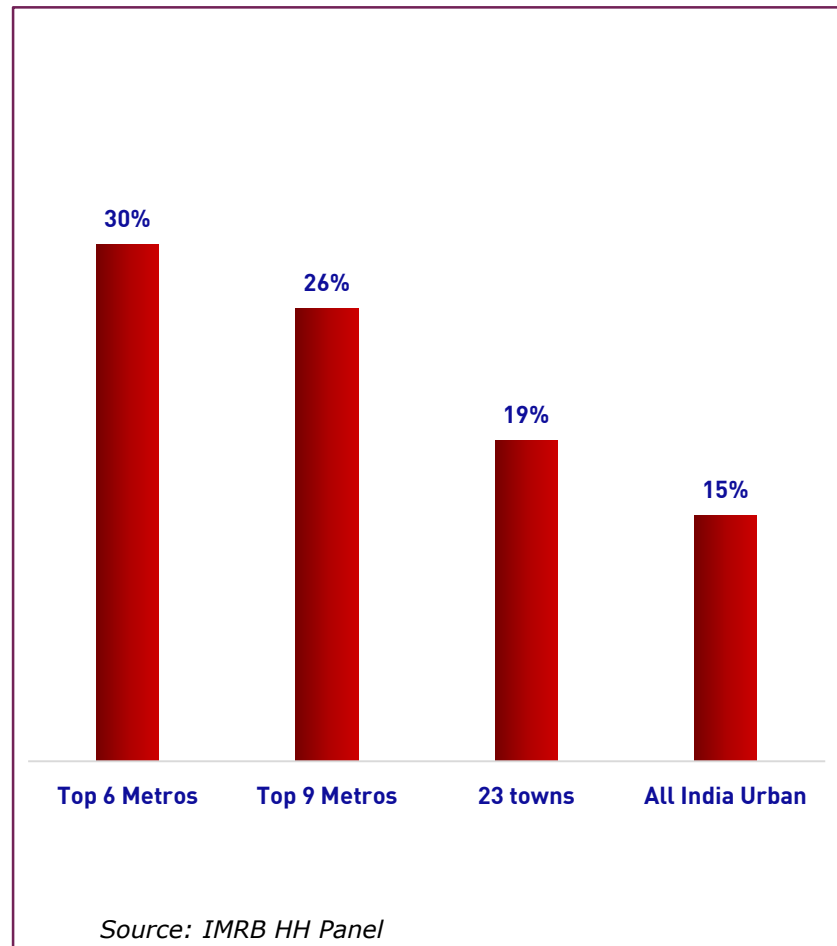
Results:  
Leadership and volume growth



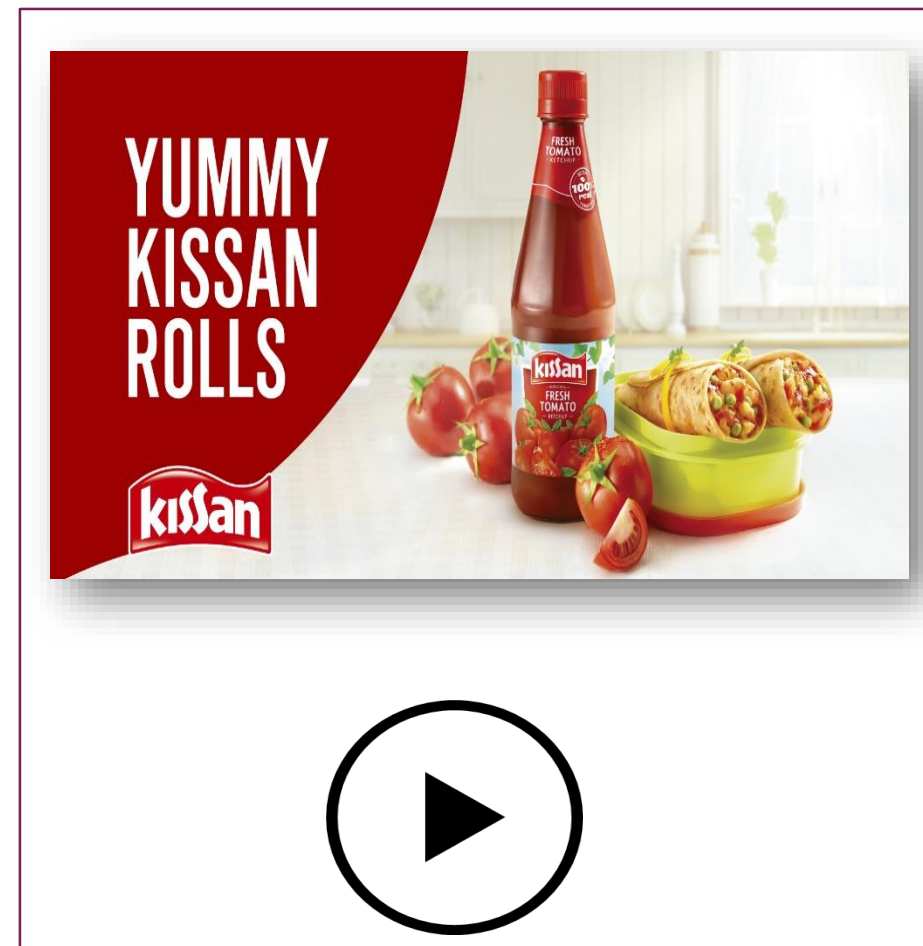
# Ketchup: Drive category through local insights



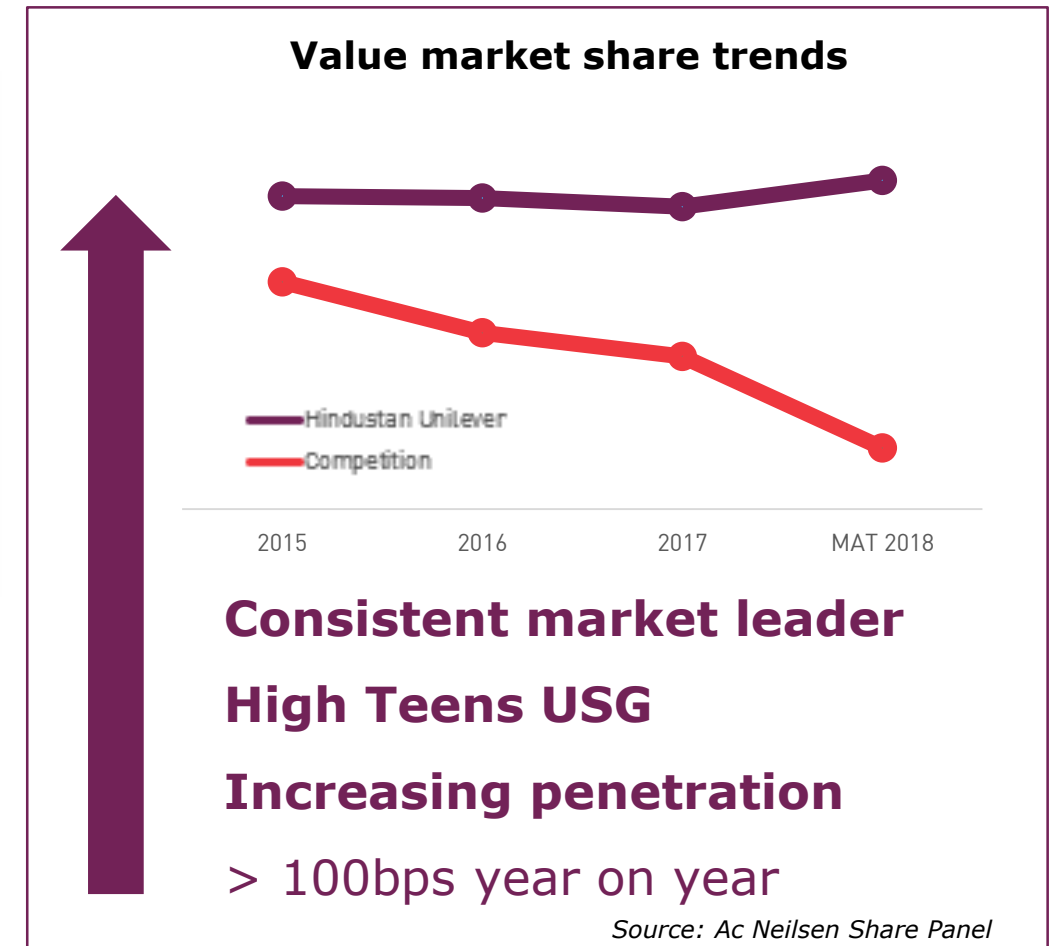
## Opportunity: Penetration headroom



## How: Drive insightful communication



## Results: Strong market leadership



Fully empowered local team

# F&R Strategy in India



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**Relevant and deeper product insights**



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## Pivot business to high growth categories



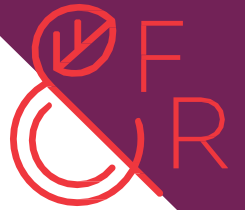
**Accelerate white spaces organically**



**Build white spaces through acquisition**



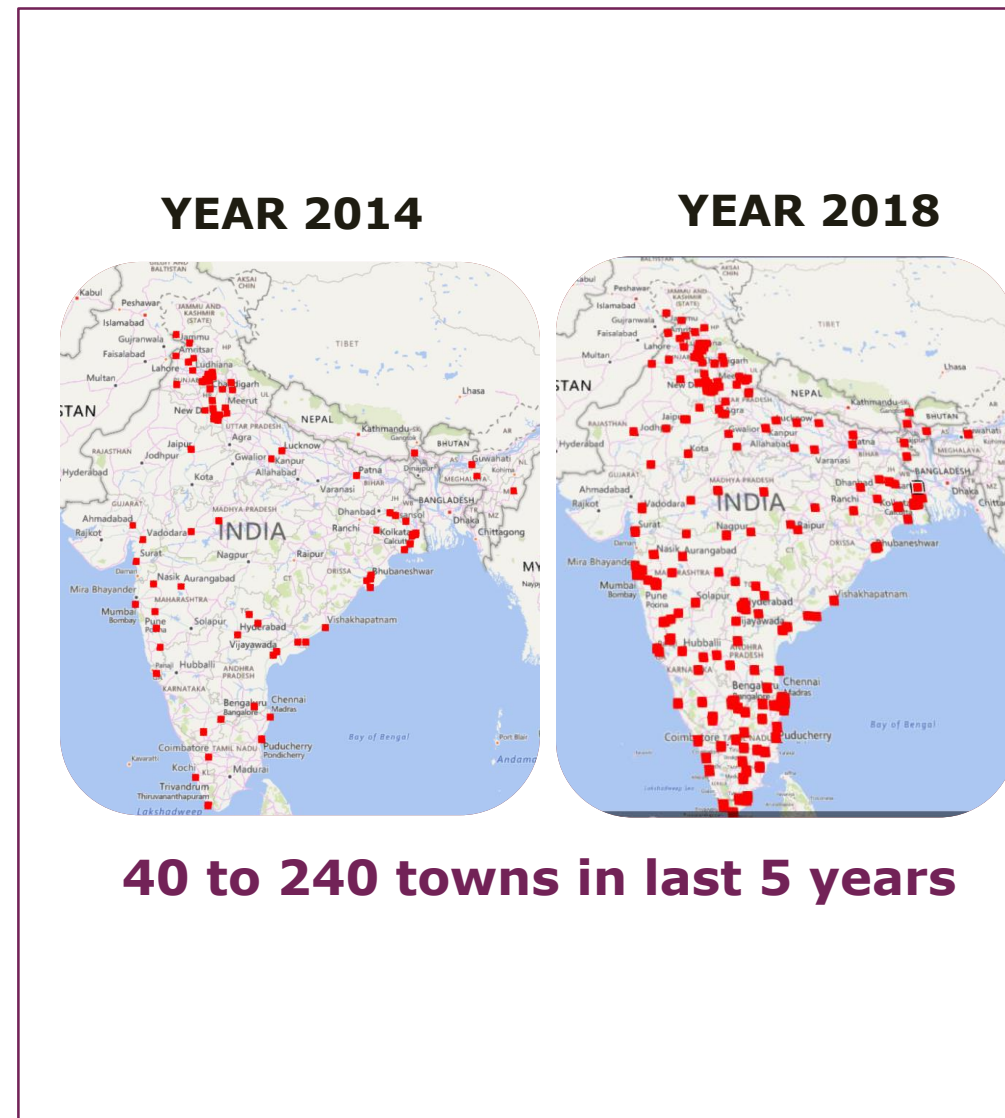
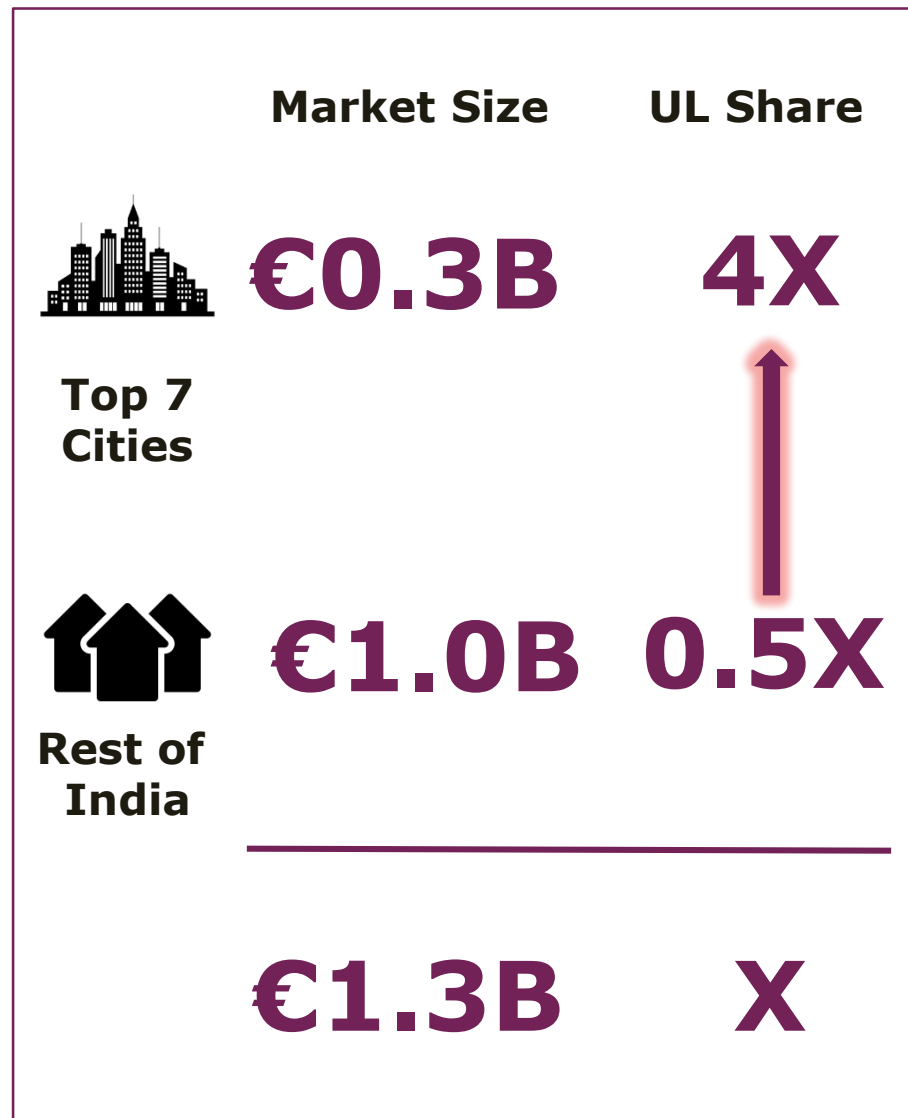
# Ice Cream: Drive category through expansion



## High Opportunity to grow

## Drive Organic Expansion

## Expansion via acquisition



**From low double digit volume growth 5Y CAGR to strong double digit growth in 2018**

# Food Solutions: Bringing global Unilever play in India



**Big opportunity:  
Food Services ~€45 Bn Business**

**Strategy to win:  
Bring global successes**

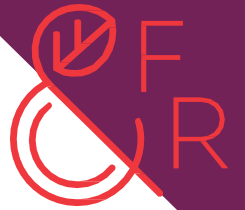


**Unilever Food Solutions Penetration < 15%**



**Current growth in strong double digit**

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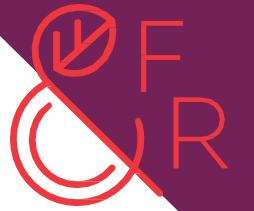
## **Transform our capability**

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- **R&D ecosystem**

**People with Purpose crafting Brands with Purpose**

# Summary

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- F&R well positioned to accelerate value creation
- Immense opportunities in Emerging Markets
- Building purpose led and future fit business:
  - Transforming our portfolio
  - Transforming for agility and cost
  - Transforming our capabilities
- Bringing Connected 4 Growth to the next level

**Taste  
Good**



**Feel  
Good**



**Force  
for  
Good**

