

Unilever at CAGNY

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24th February 2017



Agenda for today:

1

Delivering against strategy

2

Connected 4 Growth

3

Kraft Heinz bid – an inflection point

SAFE HARBOUR STATEMENT

This announcement may contain forward-looking statements, including ‘forward-looking statements’ within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words such as ‘will’, ‘aim’, ‘expects’, ‘anticipates’, ‘intends’, ‘looks’, ‘believes’, ‘vision’, or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Unilever Group (the “Group”). They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: Unilever’s global brands not meeting consumer preferences; Unilever’s ability to innovate and remain competitive; Unilever’s investment choices in its portfolio management; inability to find sustainable solutions to support long-term growth; customer relationships; the recruitment and retention of talented employees; disruptions in our supply chain; the cost of raw materials and commodities; the production of safe and high quality products; secure and reliable IT infrastructure; successful execution of acquisitions, divestitures and business transformation projects; economic and political risks and natural disasters; financial risks; failure to meet high and ethical standards; and managing regulatory, tax and legal matters.

These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Further details of potential risks and uncertainties affecting the Group are described in the Group’s filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including in the Group’s Annual Report on Form 20-F for the year ended 31 December 2015 and the Annual Report and Accounts 2015.

A simple, long-term growth model

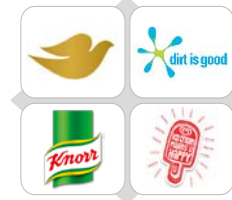
- Consistent growth
- Competitive growth
- Profitable growth
- Responsible growth

Making Unilever a stronger company

Close to our Markets



Distinct
Category Strategies



Investing for Growth



2009-2016*

Restored Growth
& Profitability



Sustainable Living: more growth, lower costs, less risk, more trust

*Investment in B&MI, CAPEX and M&A

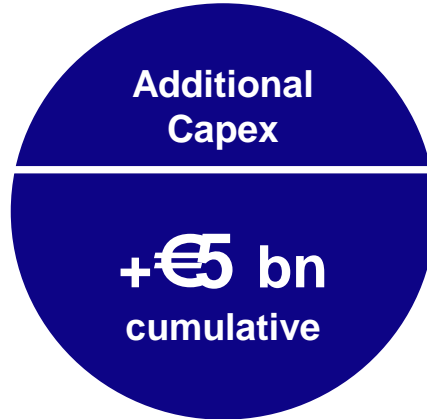
Substantial investment behind the business

Brands



2009-2016

Supply Chain and IT



2009-2016

M&A

	€bn
Acquisitions	10
Disposals, after tax	(4)
Subsidiaries	3
Leverhulme	1
<hr/>	
Total	10

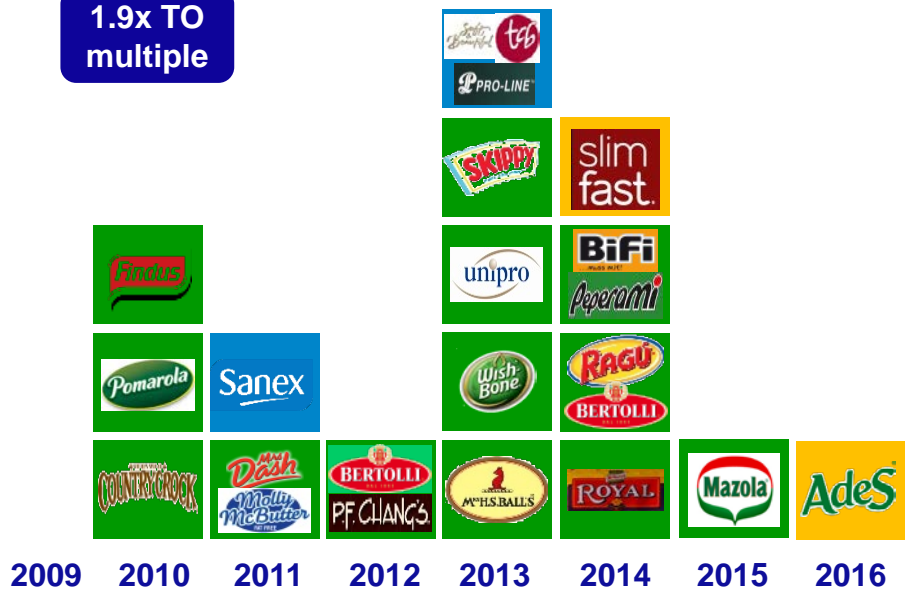
2009-2016

With investment allocation driven by the Category strategies

Allocating capital against category strategies

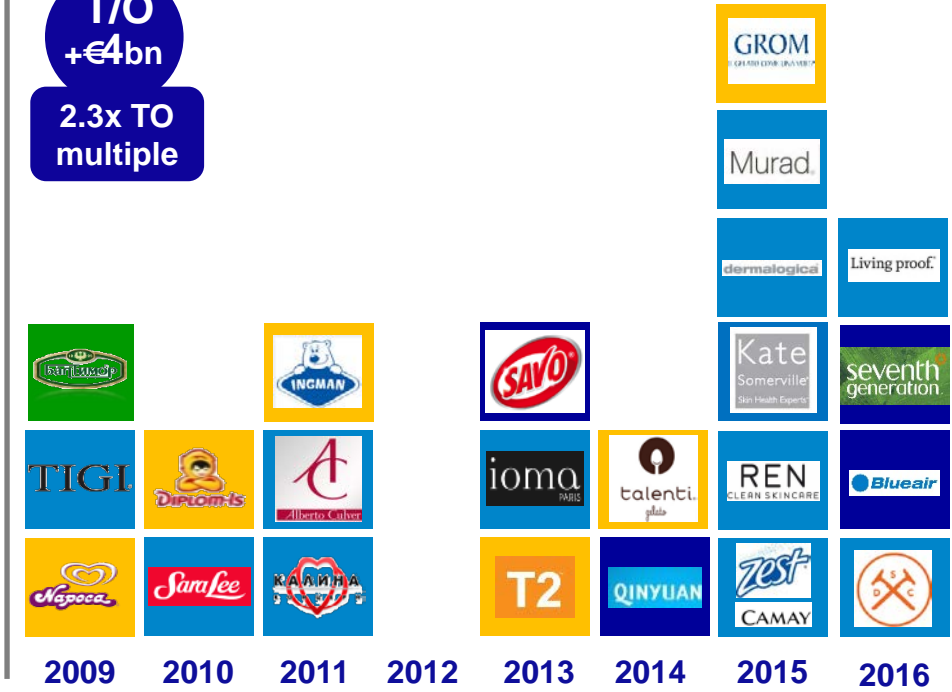
Disposals at attractive multiples

T/O
-€3bn
1.9x TO multiple



Acquisitions in high-growth segments

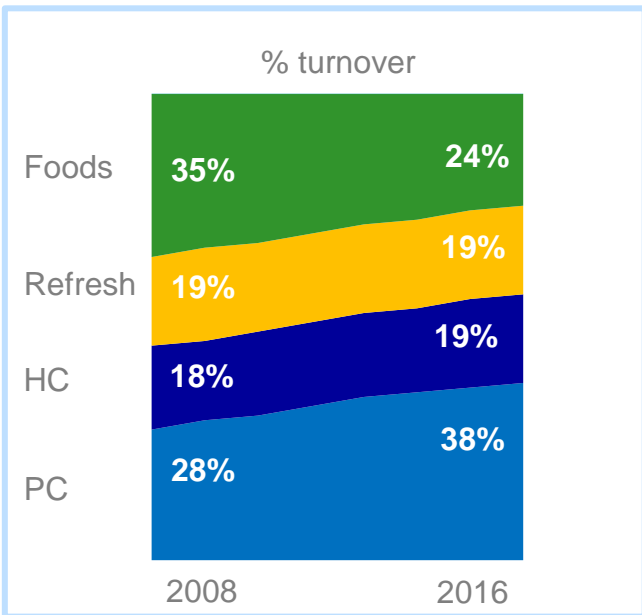
T/O
+€4bn
2.3x TO multiple



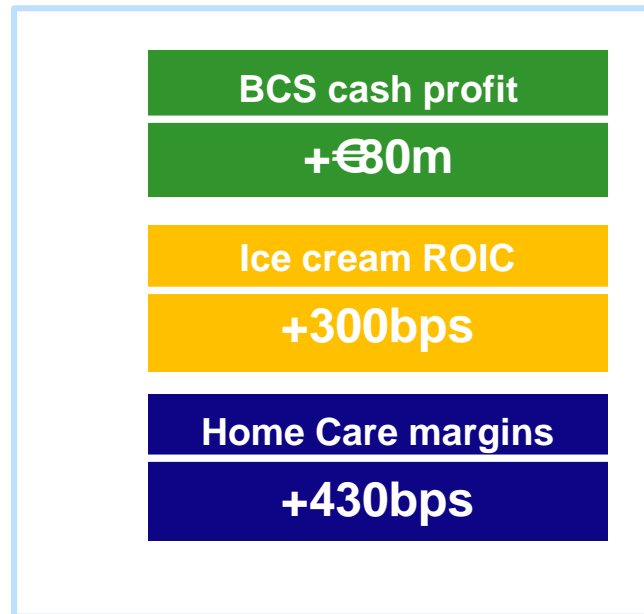
Foods Refreshment Personal Care Home Care

Strengthening the portfolio

More HPC



Improving business shape



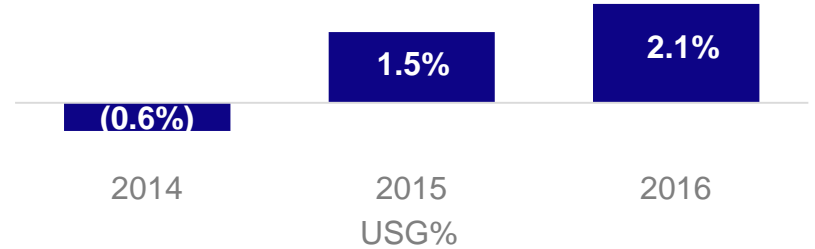
Home Care COM Improvement from 2011-16
Ice Cream ROIC improvement from 2013-16
BCS Core operating profit less capex improvement in 2016

Delivering on Category strategies – doing what we say

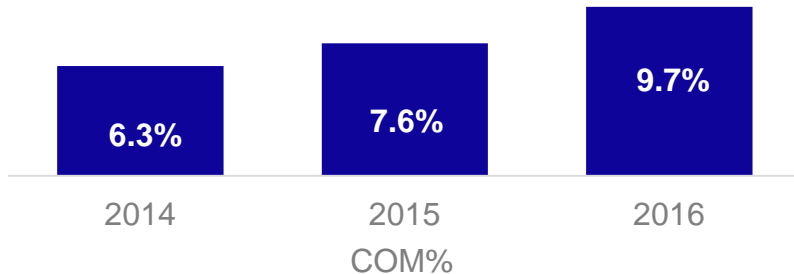
Personal Care: Building premium



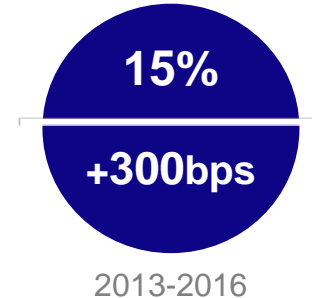
Foods: Accelerated growth



Home Care: Improved margins

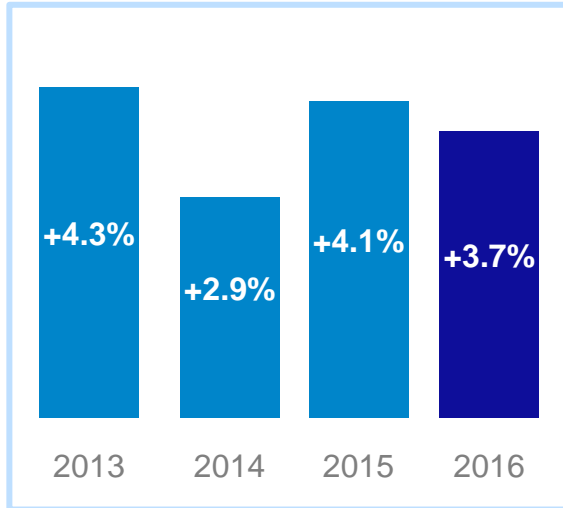


Refreshment: Improved ROIC in Ice Cream



Delivering consistent, competitive growth

Consistent



Competitive



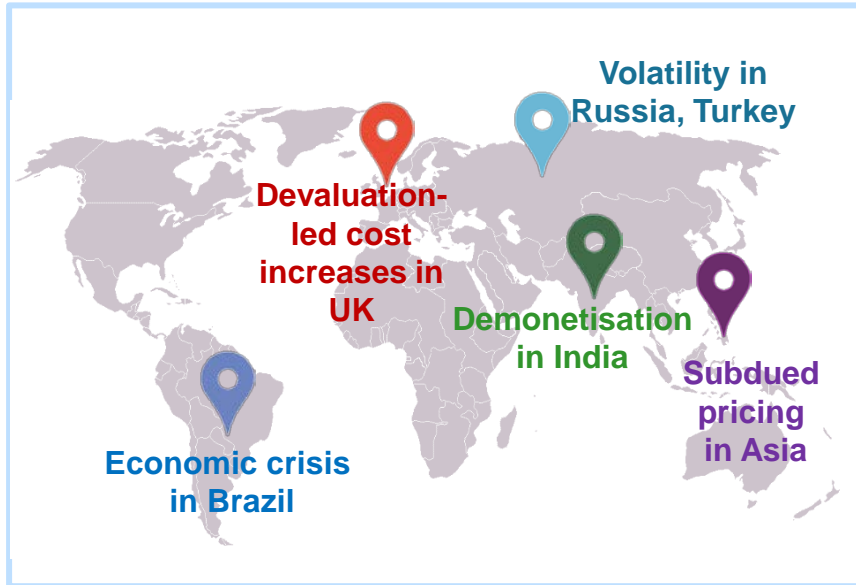
Stronger



Source: Kantar World Panel Report
Analysis of 300 billion shopping decisions to determine how many times a brand was chosen during the course of a year

More resilient - able to manage through higher volatility

Divergent local market conditions



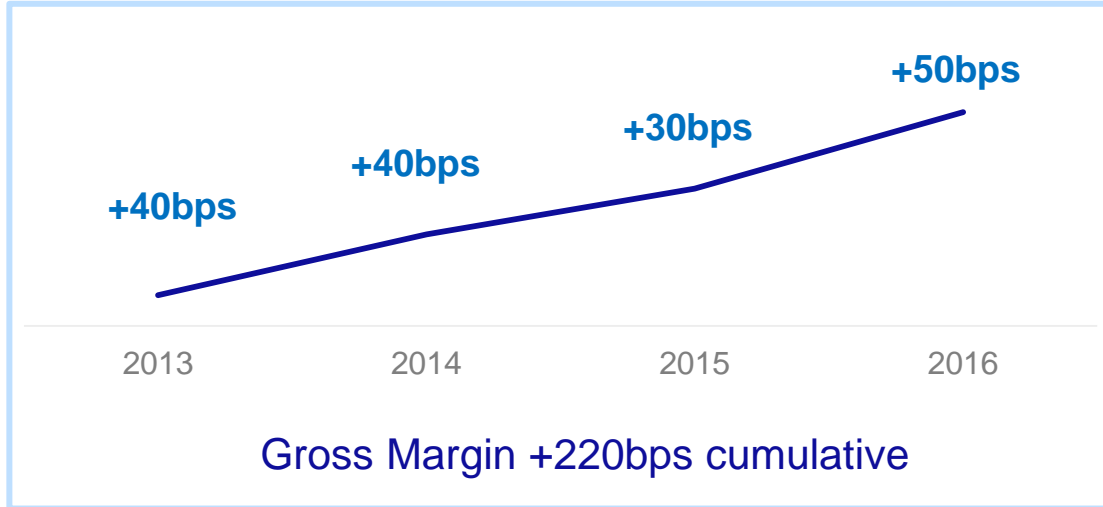
Managed by

- Consistent investment
 - Portfolio mix
 - Local management
 - Supply chain agility
- ⇒ Focus on volume and value share

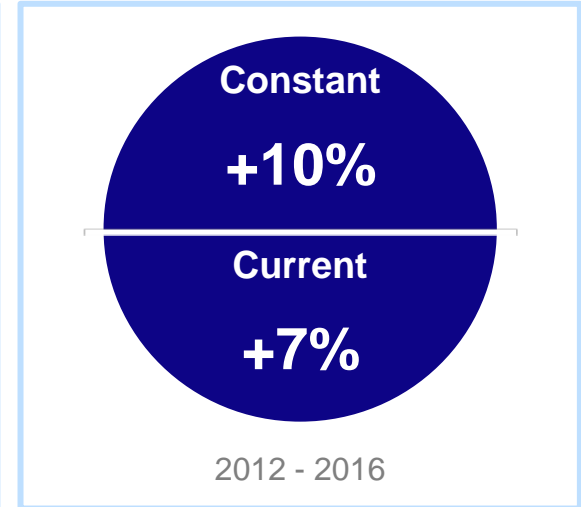
Continued USG delivery in 3-5% range despite challenging markets

Steady improvement in profitability and earnings

Core Operating Margin



Earnings Per Share



Long-term value through the USLP

More growth



Sustainable living brands growing 40% faster

Lower costs



€600m cost saving

Less risk



60% of agricultural materials sustainably sourced

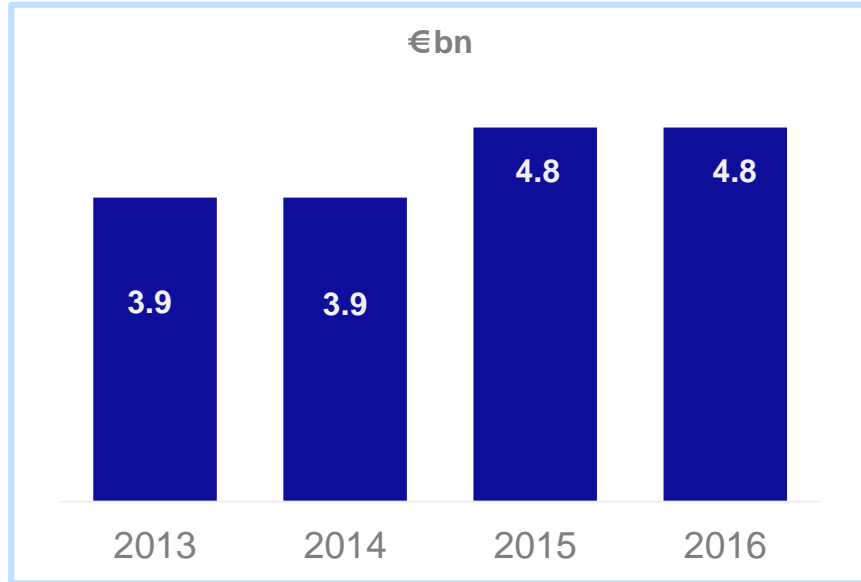
More trust



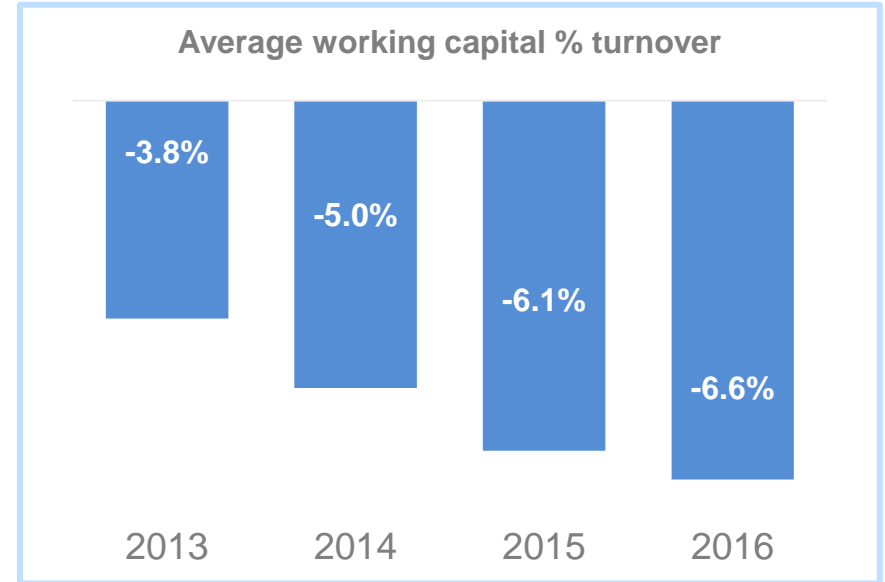
No.1 FMCG employer in 34 countries

Strong cash flow, delivered efficiently

Free Cash Flow

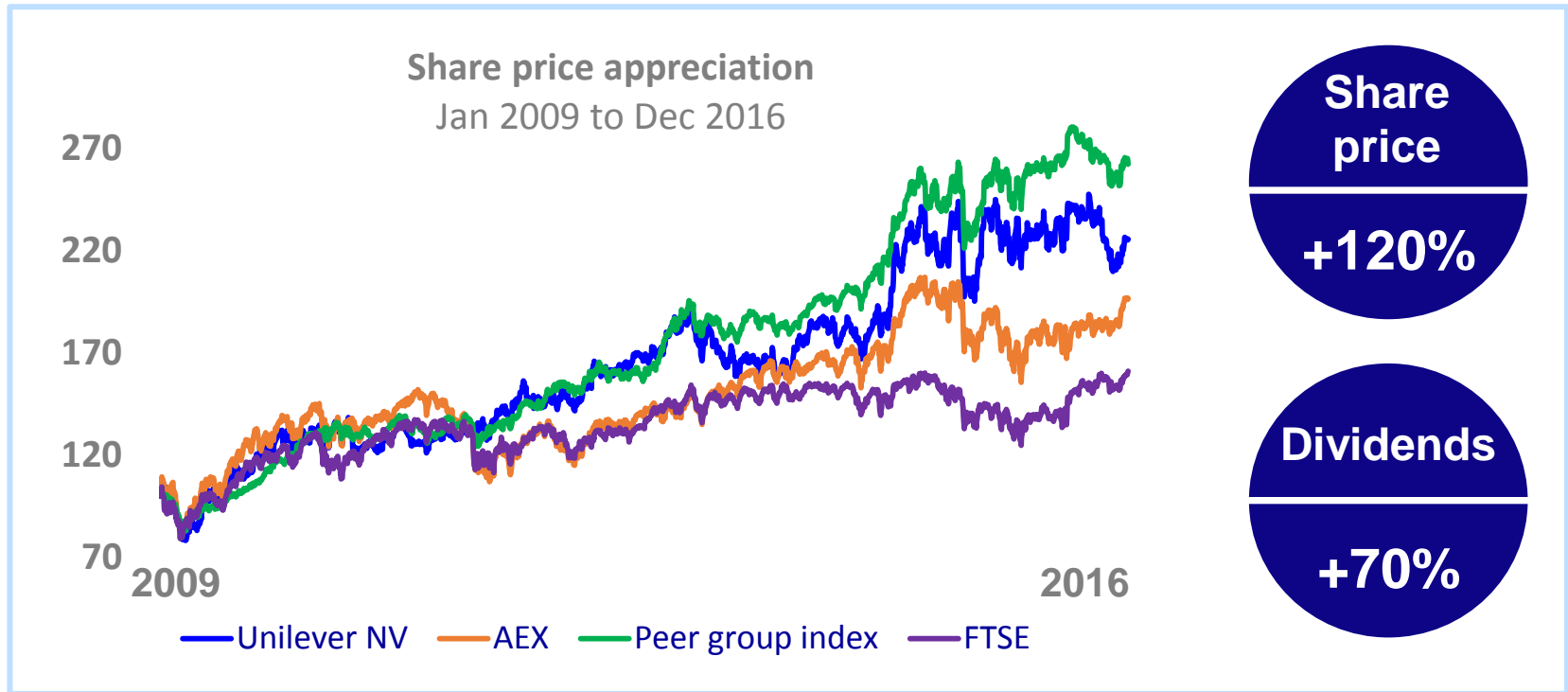


Working Capital



2014 adjusted for taxes paid on disposal profits

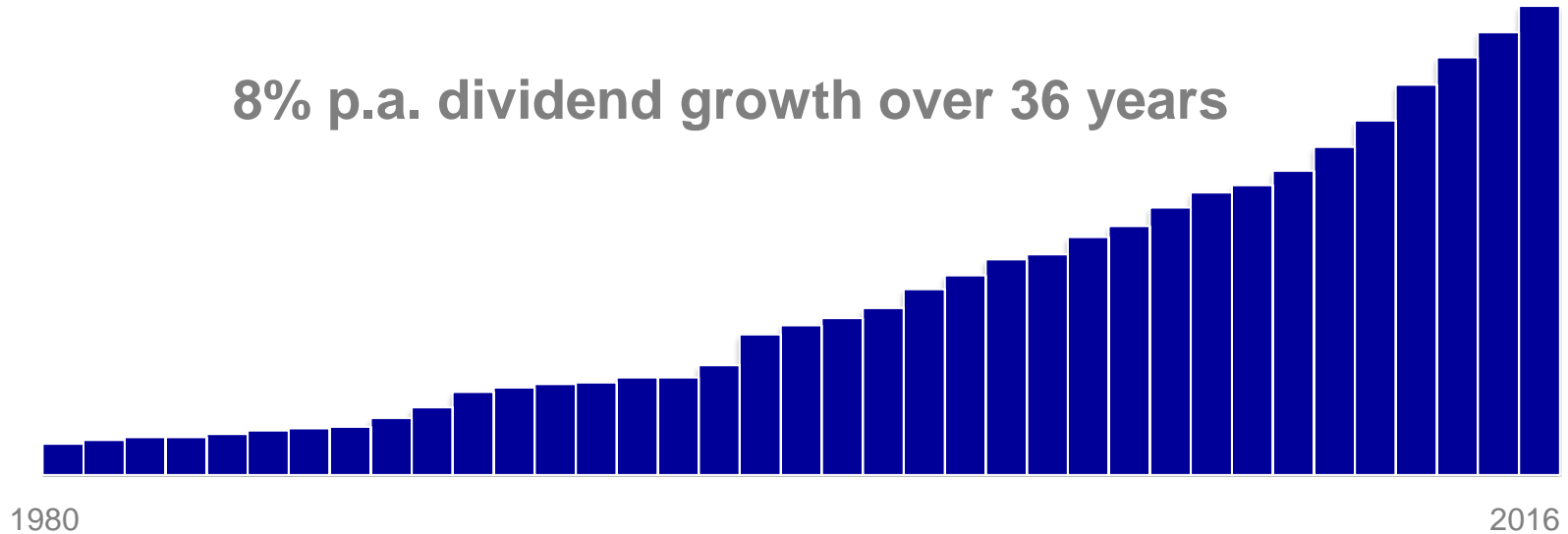
Consistent shareholder returns



Total shareholder return : +190%

An attractive, growing and sustainable dividend

8% p.a. dividend growth over 36 years



Creating long-term value for shareholders

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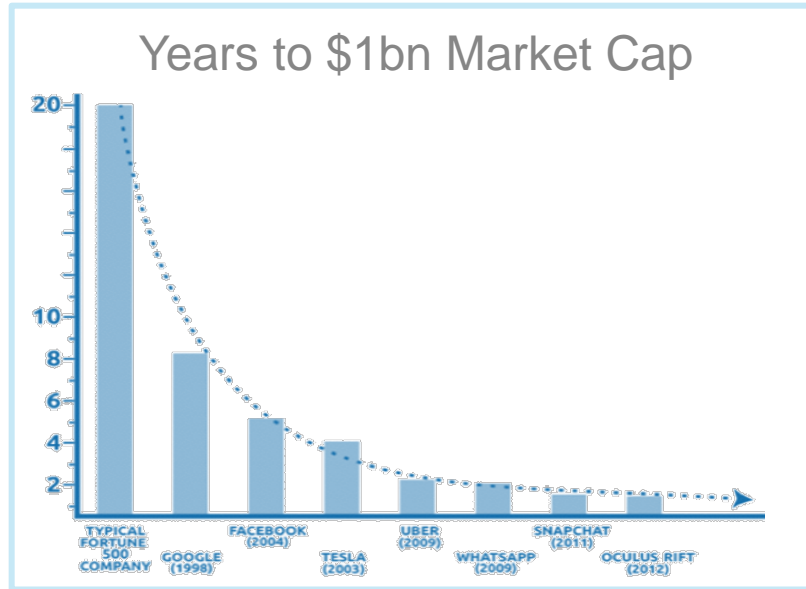
Connected 4 Growth

3

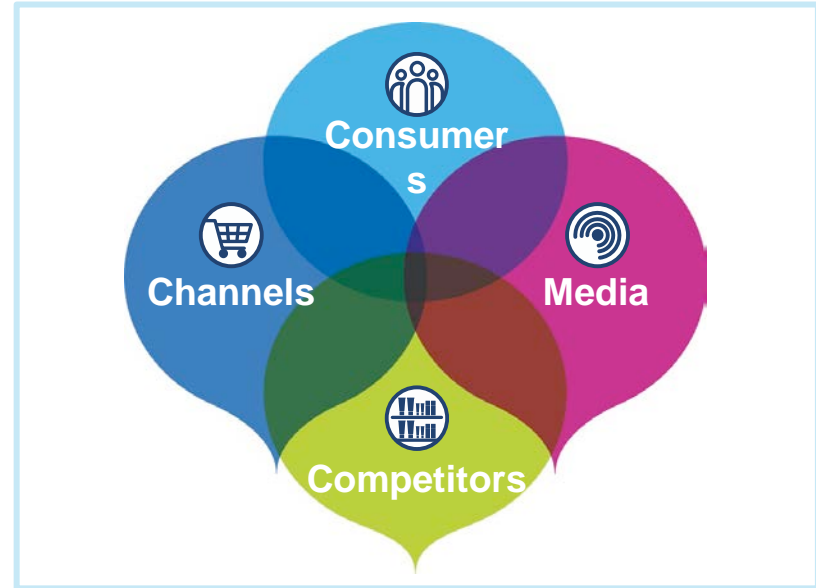
Kraft Heinz bid – an inflection point

Rapidly changing markets

Faster disruption from new models



Fragmentation



Connected 4 Growth



CONNECTED 4 GROWTH

On-trend innovation, delivered faster

Driving the core



Evolving the portfolio



a skin care system researched and developed by The International Dermal Institute

Developing channels



IL GELATO COME UNA VOLTA



Zero Based Budgeting

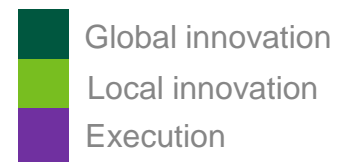


Faster, more agile and stronger Unilever

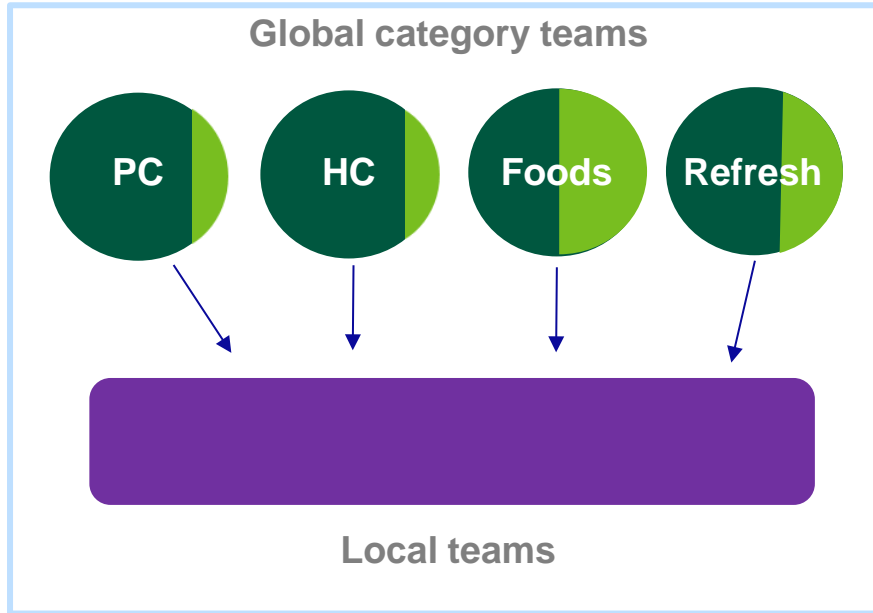
On-trend innovation, delivered faster

- ❑ Simpler, faster & better connected
- ❑ More resource in markets
- ❑ More consumer and customer-centric
- ❑ Ready for the connected world

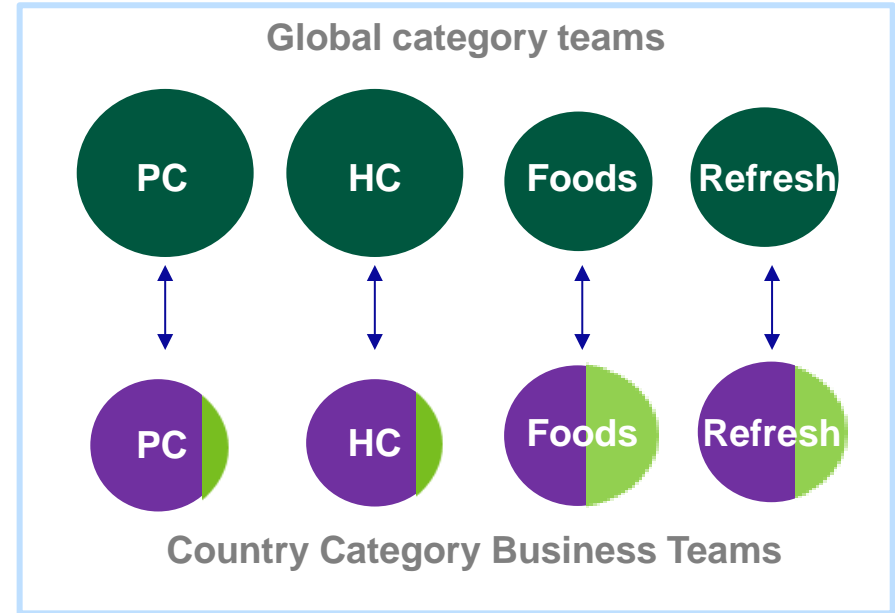
C4G: where global scale meets local agility



From:



To:



- One-size fits all approach
- Designed for HPC, sub-optimal for foods
- Country trade-offs dilute category strategy

- Local operations split by category
- Greater differentiation in targets and strategies
- Each CCBT a performance cell

Driving the core: differentiating global technology

MotionSense deodorants



Product structuring



Expert gel dishwash



Driving the core: global brands with purpose

Lifebuoy



OMO

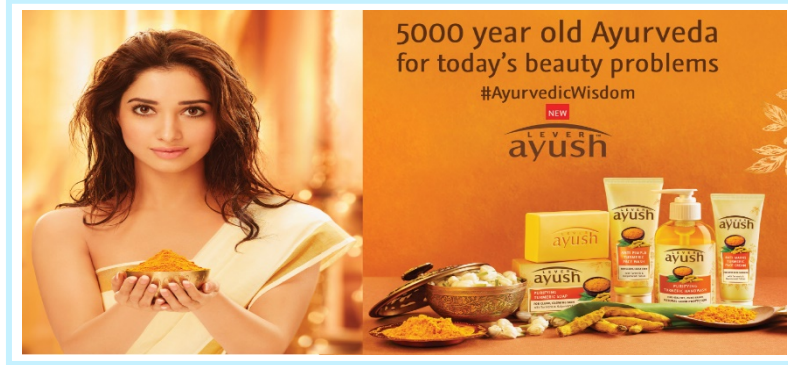


Dove



Driving the core: on-trend local launches

Ayush



Lux Luminique



Knorr meal makers



Hellmann's BBQ sauces



Driving the core: high-growth segments

SUSTAINABLE
NUTRITION

Knorr Meal-Makers



Hellmann's
Vegan



Pure Leaf
hot tea



Dove Men+Care



AXE Find Your Magic



MALE
GROOMING

NATURALS

TRESemmé
Botanique



Neutral detergent



Evolving the portfolio: new consumer touch-points

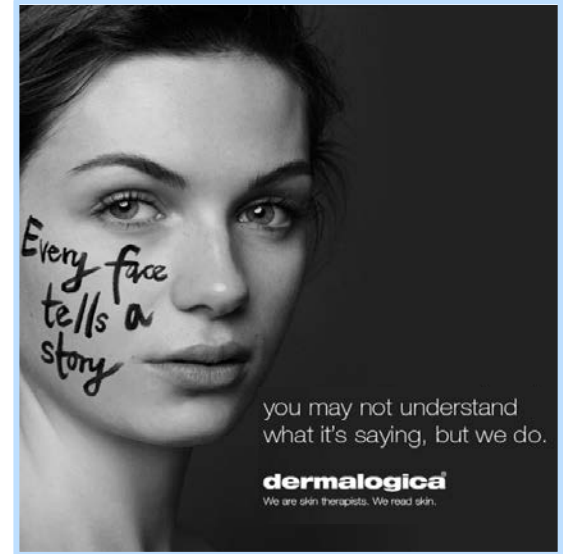
Dollar Shave Club



Seventh Generation



Prestige



Opening new channels

Out of Home



Beauty



Direct to Consumer



E-commerce



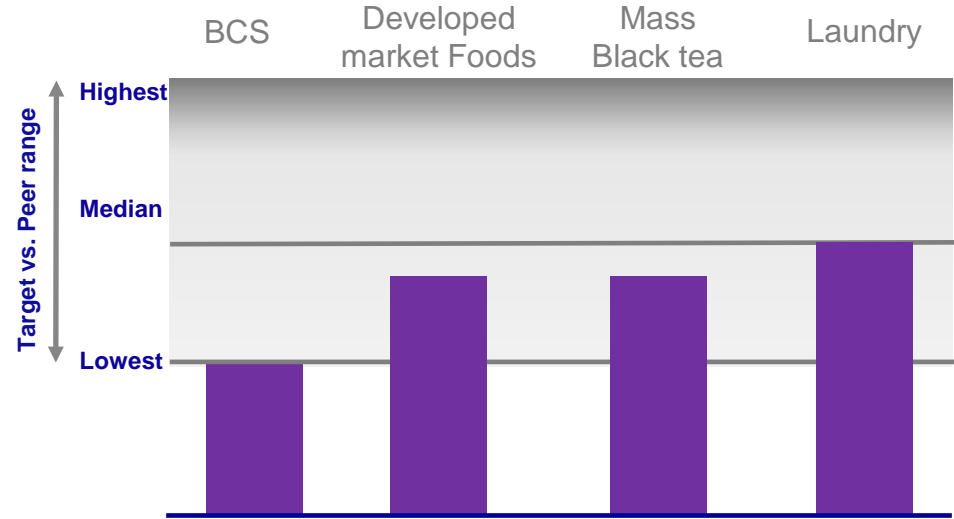
Zero Based Budgeting

BCS & external benchmarks show opportunity to go harder

Unlocking savings

- Greater cost accountability
- New and disruptive thinking
- Investing well
- A key enabler of C4G

Differentiating across categories



Savings re-investment to maintain competitiveness

Winning in a connected world

C4G

On-trend innovation, delivered faster

Driving the core

Dove



Evolving the portfolio



Blueair

seventh generation

dermalogica

a skin care system researched and developed by The International Dermal Institute

Developing channels



淘宝网
Taobao.com

G R O M

IL GELATO COME L'UNA VOLTA



Zero Based Budgeting



Faster, more agile and stronger Unilever

Benefitting from the investments we have made

Advertising

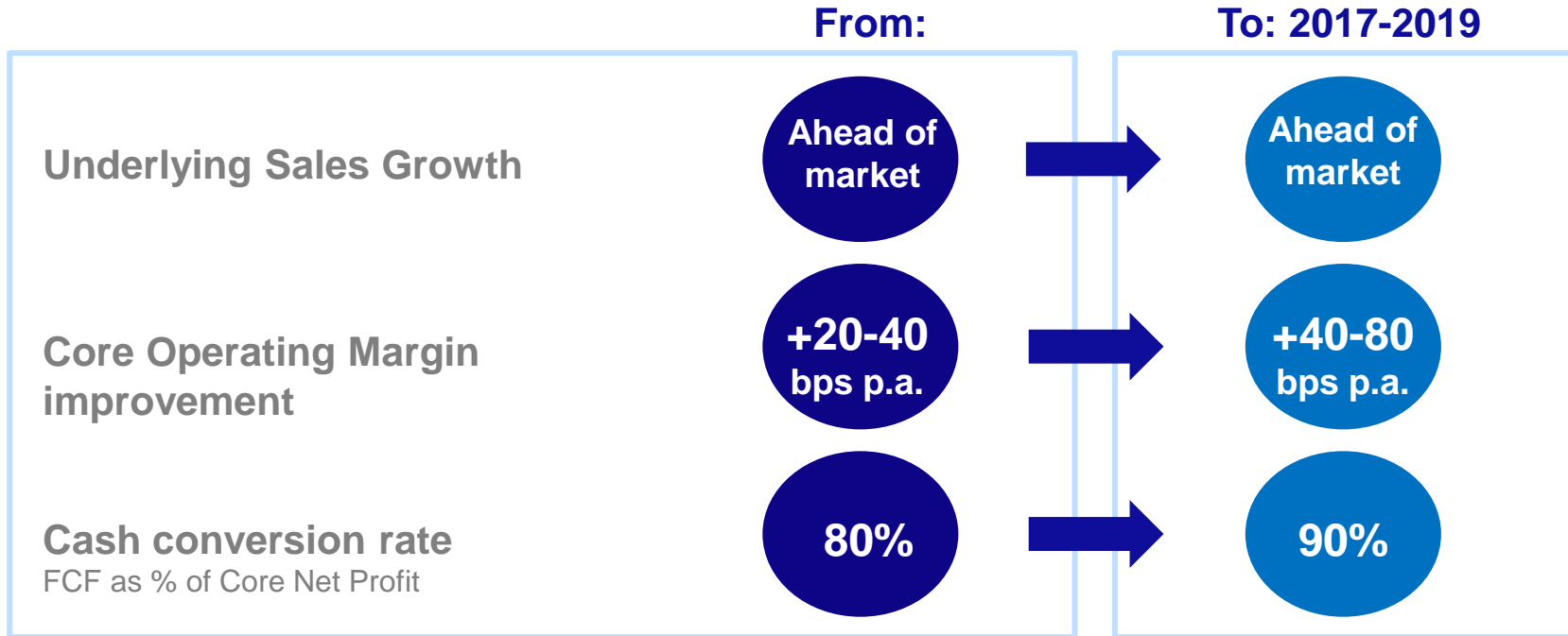
Better, faster multi-screen

Supply chain

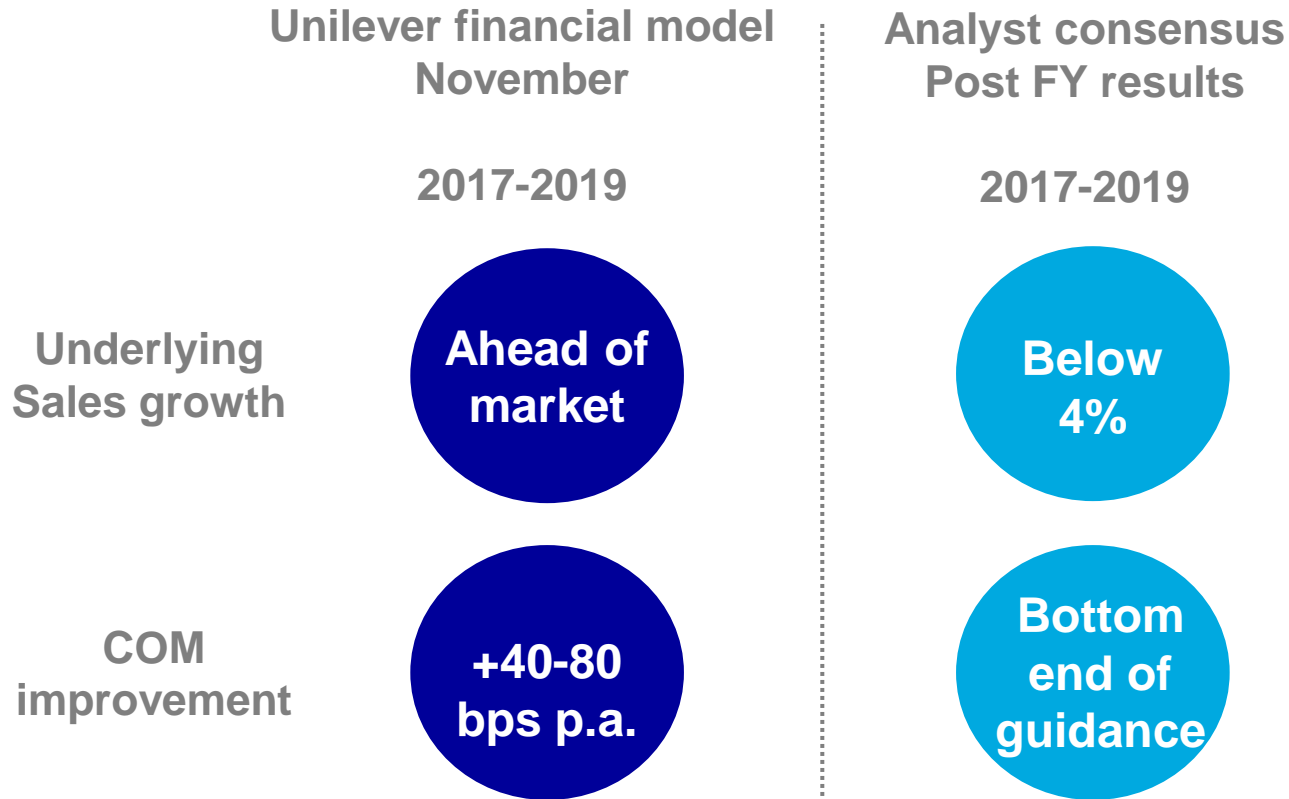
IT

Financial model as updated in November 2016

Prior to board review of options



Faster margin improvement not yet reflected in valuation



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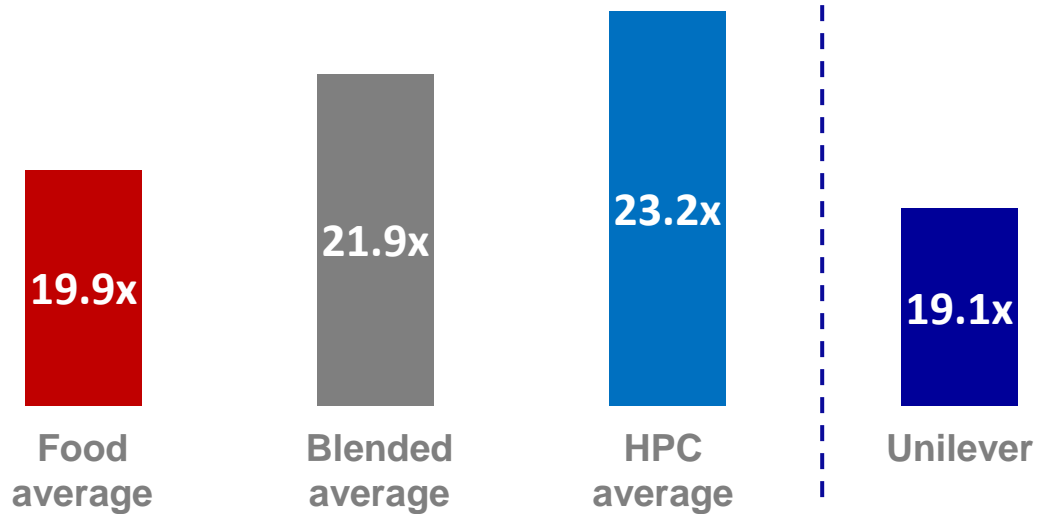
Connected 4 Growth

3

Kraft Heinz bid – an inflection point

P/E multiple was below 'sum of parts', at the average

As at 16 February

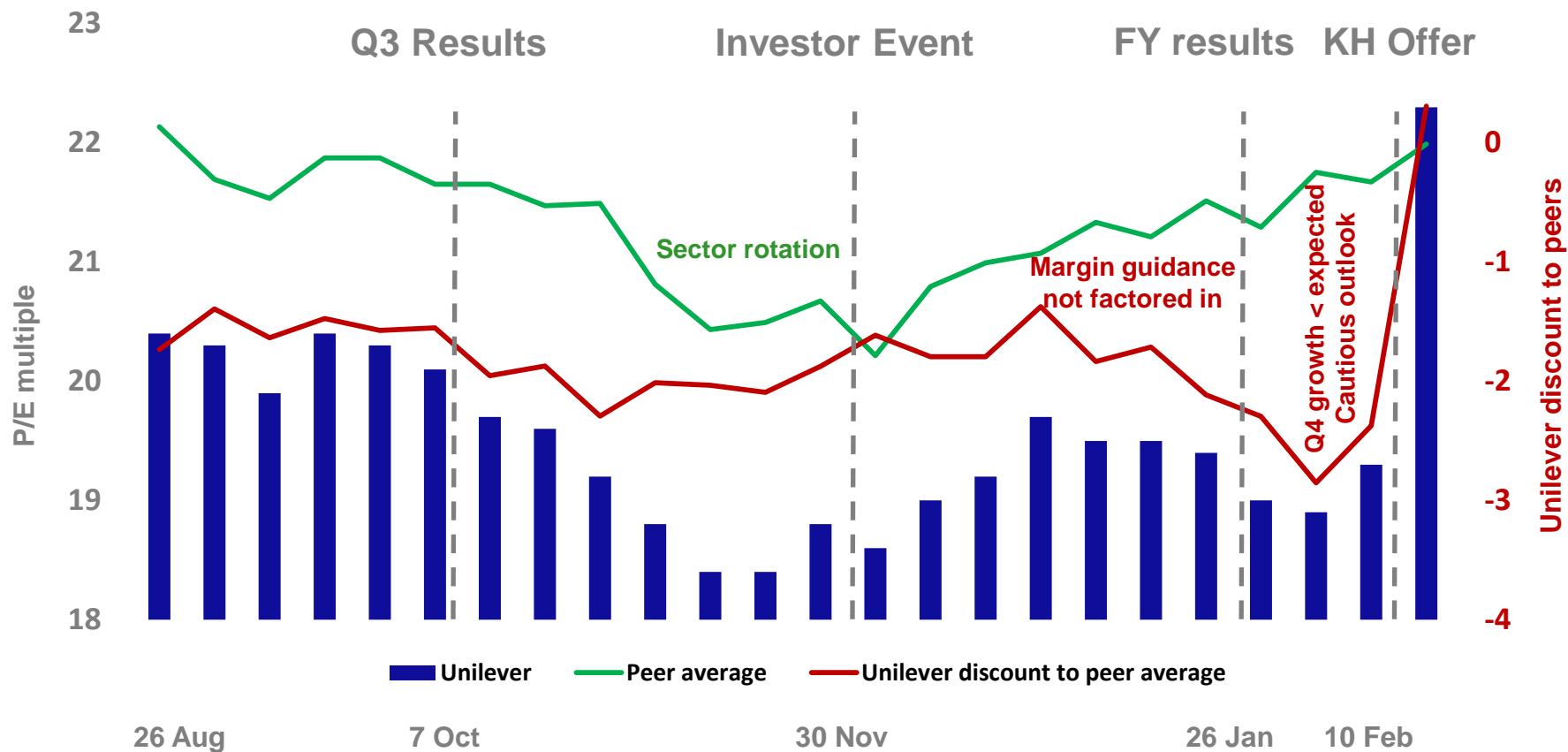


But Unilever is not an average company

Source: Deutsche Bank

- HPC includes: Avon, Beiersdorf, Colgate, Estee Lauder, Henkel, Kimberly Clark, Kao, L'Oreal, P&G, Reckitt Benckiser
- Foods includes: Campbell, Coca-Cola, Danone, General Mills, Kellogg, Nestle, Pepsico

Discount widened just before Kraft bid



Unexpected, but an inflection point



Kraft *Heinz*

Accelerating our value creation

- ❑ An inflection point
- ❑ Better communicate our plans
- ❑ 2017 margin now expected to be at the upper end of the 40-80bps range
- ❑ Review of options to faster value creation:
 - Portfolio
 - Organisation
 - Cost structure
 - Balance sheet
- ❑ Review will be complete by early April

Unilever at CAGNY

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