

# Unilever Trading Statement Q1 2017

Graeme Pitkethly / Andrew Stephen

April 20<sup>th</sup> 2017



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# SAFE HARBOUR STATEMENT

This announcement contains forward-looking statements, including 'forward-looking statements' within the meaning of the United States Private Securities Litigation Reform Act of 1995, including statements related to underlying sales growth, underlying operating margin. 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; the effect of climate change on Unilever's business; financial risks; failure to meet high and ethical standards; and managing regulatory, tax and legal matters.

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# Graeme Pitkethly



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# Improving market outlook but demand remains weak

## Consumer demand not yet improving

### Market Value Growth

Up 2%

### Market Volume Growth

Down 0 to 1%

## Emerging market currencies improving

India 

Brazil 

Indonesia 

Turkey 

South Africa 

Egypt 

## Commodity inflation returning

Price vs. Q1'16

Brent Crude Oil +50% 

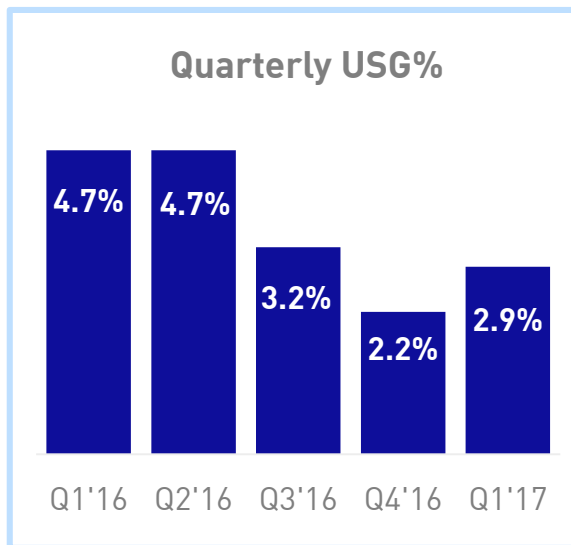
Palm Kernel Oil +45% 

LAB +60% 

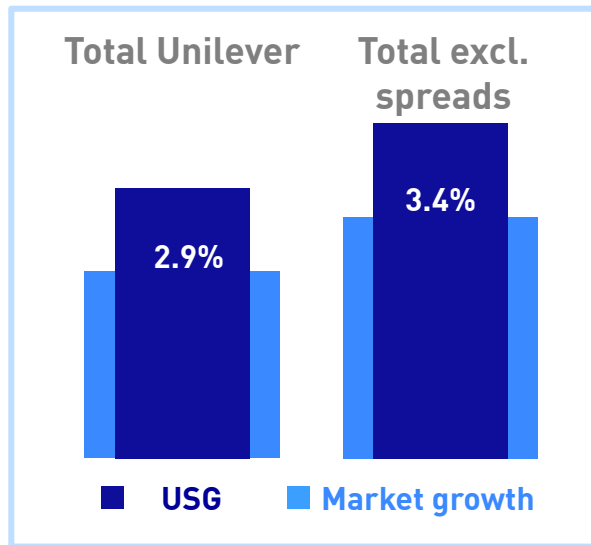
Source: Nielsen market growth in our categories

# Solid start to the year

## Consistent growth



## Competitive growth



## Broad-based growth



On-track to deliver 3-5% underlying sales growth for the year

# Connected 4 Growth lands at just the right time

**Country Category  
Business Teams (CCBTs)**

**One marketing team**

**Innovation  
global & local**

**ZBB approach**

Increased category  
focus at a local level

Faster flow of local  
insights

Faster and more  
on-trend

Disruptive thinking  
on costs

**The foundation for faster change and greater category differentiation**

# Personal Care: Innovating to grow the core & build premium

## Global scale

Tresemme Keratin



Lifebuoy Silver



Dove Baby roll out



Dove Men+Care



## Local relevance

Ayush



Rexona mini tubes



## Flexibility in our model



Living proof.

# Home Care: Innovating for growth and margins

Global scale

Local relevance

Flexibility in our model

Domestos re-launch



Omo re-launch



Cif wipes



Brilhante flexi-packs



Comfort Sakura, China





# Foods: Innovating to build scale in EM & modernise the portfolio

## Global scale

### New dry salad dressings



### New organic variants



## Local relevance

### Launch of Calvé in Turkey



### Side dishes in the US



## Flexibility in our model



# Refreshment: Innovating in premium and high-growth segments

Global scale

Ben & Jerry's Topped



Raspberry & coconut



Lipton speciality



Magnum pints



Local relevance

Lipton Matcha



Peanut Butter Cornetto



Flexibility in our model



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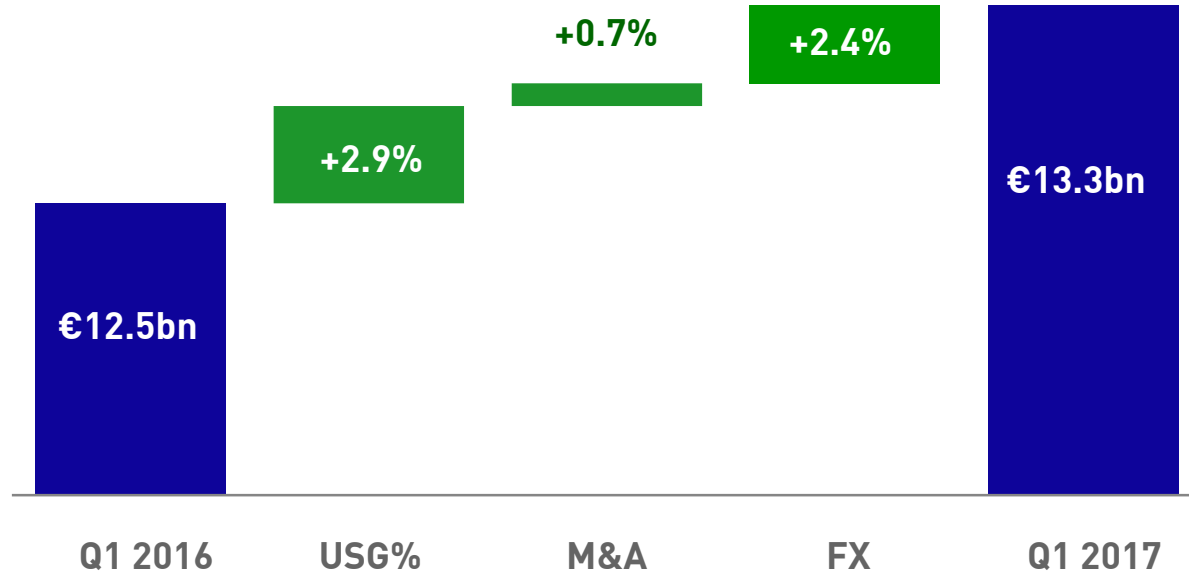
# Andrew Stephen



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# Q1 2017: Turnover up 6%



## Price Growth +3.0%

- Less from Latin America
- More from Asia

## Volume Growth -0.1%

- Including calendar effects

# Regional performance

## Asia / AMET / RUB

€5.9bn



USG 6.9%  
UVG 2.2%

## Latin America

€2.1bn



USG 3.5%  
UVG (3.3%)

## North America

€2.3bn



USG (0.9%)  
UVG (1.1%)

## Europe

€3.0bn



USG (2.0%)  
UVG (1.5%)

- **Emerging markets:** Some signs of improvement, pricing normalising
- **Brazil:** Market volume down 5-6% and trade de-stocking
- **Europe & North America:** Consumer demand remains weak and retail environment challenging



# Graeme Pitkethly



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# Faster pace of change

## Fragmentation



## Changing cost & price dynamics



## Disruptive new models

Benchmarks re-set

**FRONERI**

**KraftHeinz**

**PATANJALI**

**graze**  
nature delivered .COM



# Accelerating Connected 4 Growth and portfolio change

## Committed to our long-term model

- Underlying sales growth ahead of markets, 3-5%
- Sustained investment in our brands
- Compounding returns

## Accelerated savings programmes

- Roll out of 5-S programme
- ZBB extended to logistics
- Leaner business model for Foods & Refreshment

## Accelerated portfolio change

- Exit spreads
- Continued bolt-on M&A
- Review of legal structure for strategic flexibility

# Accelerated returns: New financial targets

USG	Underlying Operating Margin	Cash conversion	ROIC	Leverage & returns
<b>Ahead of markets 3-5%</b>	<b>20% by 2020</b>	<b>100% by 2020</b>  Capex 3% of turnover  One-off cash injection to pension funds	<b>High teens</b>	<b>2x Net debt/ EBITDA</b>  €5bn share buyback in 2017

Cash conversion defined as Free Cash Flow as a % of Net Profit before profits & losses on disposals

ROIC defined as Underlying Operating Profit after tax / Average (PPE + Working Capital+ Assets held for sale + Goodwill + Software)

# More granularity in our reporting

## KEY

- current / modified disclosure
- new / additional reporting

		PC	HC	HC & PC	Foods	Refresh	F&R	Total Unilever
Quarter	Turnover	●	●	●	●	●	●	●
Quarter	Growth	●	●	●	●	●	●	●
Half Year	Underlying Operating Profit	●	●	●	●	●	●	●
Half Year	Restructuring	●	●	●	●	●	●	●
Full Year	Fixed Assets & Working Capital	●	●	●	●	●	●	●
Full Year	Return on Assets exc. goodwill	●	●	●	●	●	●	●
Full Year	Return on Invested Capital							●

- Spreads: plan to show separately from H1 2017
- Move to Underlying Operating Margin excluding restructuring from H1 2017
- Operating assets by category for full year

Restatement of history to be provided

## On track to deliver our objectives in 2017

- ❑ Ahead of our markets, 3-5% underlying sales growth
- ❑ Underlying operating margin up at least 80bps
- ❑ Strong cash flow

**Raising dividend by 12% reflecting increased confidence in our plans**

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