(FINAL VERSION)

Unilever Q4 and Full Year 2011 Results

Presentation and Video Cast

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Paul Polman,	Chief Executive Officer
Jean-Marc Huët,	Chief Financial Officer
James Allison	Head of Investor Relations and M&A

Chart 1: Title chart

James Allison, Head of Investor Relations and M&A

Good morning and welcome to Unilever's 4th Quarter and Full Year results presentation. We appreciate your continued interest in our business and you taking the time to join us today.

The presentation of our results this morning will be given by Paul Polman, Chief Executive Officer and Jean-Marc Huët, Chief Financial Officer. Also joining us this morning are several other members of the Unilever Leadership Executive.

Paul will begin with his reflections on the progress we have made over the last year. He will put our performance in 2011 in a strategic context, looking not only at the results achieved in the year but also at the foundations we have been building for the long term future of Unilever.

Jean-Marc will then take you through our 2011 performance in more detail, before Paul concludes with his perspectives on what is sure to be another challenging year in 2012. There will of course be time for your questions at the end of our presentation.

Chart 2: Safe Harbour Statement

As usual, I draw your attention to the disclaimer relating to forward looking statements and non-GAAP measures.

With that, let me hand over to Paul for his opening remarks.

Chart 3: Title chart – Paul Polman, CEO

Paul Polman

Good morning everyone; it’s nice to see so many familiar faces in the audience.

Thanks for making time to join us today – and thanks also to those of you listening in around the world.

The year just ended has been the most challenging I can remember in my long career in this industry.

The global economy is not in good shape. I fully agree with the views expressed by Christine Lagarde only last week, when she said “the world economy is deeply into the danger zone.”

In 2011 Unilever had some major hurdles to overcome. Consumer demand across Europe and North America was sluggish at best. Even in the fast growing emerging markets we have seen some signs of softening.

Inflationary pressures were high, almost as high as in 2008 and at a level not experienced by any of our major peers. And on top of this we had to contend with a series of natural disasters and geopolitical disruptions in many parts of our business.

Chart 4: 2011 – Strong performance in a challenging environment

Against that background I am pleased that our performance has been robust. We are growing ahead of our markets, gaining share overall and maintaining reasonable volume growth despite having to take significant pricing. And we are doing this whilst defending our profitability and investing strongly in our great brands.

So, the results for the year are good, particularly given the environment. But more important is the fact that we are taking the right actions for the long term, implementing our strategy with speed and discipline. As a result, we are now building a sustainable growth model for our business.

Let me begin with some brief highlights from the year's results.

Our focus on innovation and discipline is starting to pay off. Underlying sales growth was once again ahead of the market, and accelerated in the year to reach 6.5%.

We are also increasingly seeing the benefits of making clearer choices.

Growth was especially strong in the emerging markets; 11.5% for the year as whole, with more than 4% from volume. This is growth ahead of the market, and consistently so, both over time and across the wide range of emerging market geographies in which we compete. Pricing and volume also once more ahead of the competitive set.

And Personal Care, now one third of our total business, continues to accelerate. Full year underlying sales growth was 8.2% with more than half of this coming from volume.

So; our overall topline performance has been strong and our market shares reflect this, with gains in our global value share both for the last 12 weeks and for the year as a whole.

We did set out to achieve modest margin expansion in 2011, in line with our delivery in the previous two years. We came close, but did not quite achieve this – and of course, despite the miss being small, that is a disappointment to me.

But I think a little perspective is needed here. Underlying operating margins were down by 10 basis points, or a little less than €50 million. This was despite significant one-offs mainly related to political uprisings and natural disasters, and mix not quite working for us as we talked in Istanbul.

We have invested in the long term future of the business rather than striving only to hit short term targets. As a result, we have

- grown strongly, adding more than €2.2 billion in turnover,
- gained market share,
- strengthened our brands with an investment of more than €6 billion in A&P
- built capabilities in many areas including leadership, organisational agility and go to market execution,
- <u>and</u> invested €2 billion in net capex.

This is performance which demonstrates that we are building a new Unilever; a stronger and more competitive business than you have seen in the past. I would like to thank the organisation for having gone the extra mile in these very difficult times.

Chart 5 – Investing in the long term

So let me explain what is helping us to build this new Unilever. We have invested heavily behind key areas of our strategy; for example:

- The move towards a leaner and more category-driven organisation has been decisively implemented in the last few months. The fact we have completed a rapid transition to our new structure so seamlessly is a real sign of the growing strength of the organisation, and a great credit to our people around the world.

- Also on the winning with people agenda, our cutting edge leadership development programme has reached all of our most senior management, and will be rolled out further in 2012. This is a major investment in the future of our business. We are increasingly becoming an employer of choice, reaching the number one FMCG ranking in no fewer than 14 countries.

- In the customer area we continue to drive on-shelf availability and the perfect store concept, which is now increasingly being introduced in the modern trade as well as the traditional trade.

- We are also investing strongly in our manufacturing base, ensuring that we have the capacity to support volume growth over the long term in our fast-growing emerging market businesses.

- Product quality is another important area where have been investing for the long term. We have spent another €100 million improving our portfolio, so that 90% of our formulations are now equal to or better than competition in blind testing. One example is the laundry business, where we have gained share globally, at least in part as a result of putting better-performing products in front of consumers. And this at the same time as we have priced ahead of competition.

Chart 6 – Investing in the long term – M&A

Our re-shaping of the portfolio continues through M&A. No longer is Unilever a perennial net disposer of businesses. In fact, as you will hear from Jean Marc later, acquisitions added more than 1% to our Turnover in 2011, that's more or less an extra half a billion Euros. The first time we've added to turnover through M&A in 10 years.

Each of our recent acquisitions has strengthened our Personal Care business.

- With Sara Lee we now span all price points in the European skin cleansing market, strengthening our portfolio at the value end - so important in today's climate.

- More recently with Kalina we move from being a distant player to a serious challenger in the important and fast-growing Russian Personal Care market.

- And with Alberto Culver we have now taken hair care leadership in the US, alongside the leadership we already have in categories such as deodorants, skin cleansing, margarine, dressings and more recently ice cream.

I am particularly pleased with the Alberto Culver acquisition:

- We have approached the integration with the <u>discipline</u> that is becoming the norm in Unilever today.

- We have hit some demanding timelines in full, and are on track to achieve a higher level of synergies than we anticipated.

- We are especially pleased that we have been able to retain many of the talented people who helped establish this great business.

- And we have rapidly introduced the acquired brands into new markets. TRESemmé into Brazil and Thailand, Simple into the US and Motions into South Africa – all within less than nine months of the completion date.

This is a great example of the <u>speed</u> that is becoming the new currency in Unilever.

Chart 7 – Clear and compelling strategy

Our strategy is clear. The business is fully aligned behind our ambitious vision – to double our size whilst improving our overall societal footprint. This vision:

- energises and motivates our people,
- leads to more efficient operations,
- is increasingly relevant to our consumers
- and has step-changed our corporate reputation.

We have become more decisive in the choices we are making in our portfolio. There are categories such as Personal Care and ice cream where we will seek to win globally, and others such as laundry or household care where we aim to win with an aspiring-market led model. It's worth remembering that 85% of the World's population already live in Asia, Africa and Latin America.

And finally there are categories such as spreads or dressings, where we seek to win differently. I will explain what we mean by win differently in a moment when I discuss our spreads business.

This simple structure helps to make resource allocation more straight-forward and transparent, and gives our people much greater clarity on what they need to achieve.

Not surprisingly positive results are following. The shape of our performance over the last year is largely reflective of the strategy.

Let me go a little deeper to explain this theme in more detail, and after a 3 year moratorium on talking deodorants I will now again do so.

Chart 8 – Win globally - deodorants

In deodorants, several competitors are making a determined effort to reduce the scale of our global leadership. Despite this, and our share of over 40%, we continue to gain share globally, and in almost every major market.

This has been driven by the consistent long term building of the equity of brands such as Axe, Rexona and Dove. Innovation has played a key role in this, and over the last year we have once again delivered a series of successful launches. Our 2011 activities included:

- the series of successful annual variants of Axe, most recently the Excite range, launched in more than 100 markets,

- the re-launches of Rexona for both men and women, both with new and more effective formulations,

- and the launch of our Dove Men+Care deodorant in more than 40 markets,

Chart 9 – Win in emerging markets - laundry

Let me turn now to an example of a business where we aim to win with an emerging market-led model. Our laundry business has around 80% of its turnover in the emerging markets, with very substantial share positions in many countries and far more unit sales than any of our competitors.

The competitive intensity in our laundry business has been well documented. We have seen limited signs of easing as the year progressed, but this is a category where price promotional activity continues to be a key driver.

Against this background we set out to defend our market share positions, and in 2011 that is exactly what we achieved. Global shares are up for both the year and the last 12 weeks.

Our success in Laundry over 2011 reflected a combination of product quality improvements, stepped-up innovation performance and entry into white space. For example:

- Our Dirt is Good range has been re-launched in 48 markets with an improved formulation.

- The patented shading dye technology of our radiant range gives consumers visibly whiter clothes for longer in markets such as India, Brazil and South Africa.

- And we have completed a number of launches into white space, particularly the Comfort brand, which in 2011 was introduced to Australia, South Africa, Pakistan and India.

Chart 10 – Win differently – spreads

Let me turn now to spreads, a very important business for Unilever, where we are seeking to win differently. In practice this means adopting a more locally tailored approach, with greater focus on taste and more consumer-friendly language about the health benefits of our products.

Volumes were not great in 2011. But this was not a great surprise to us given the level of cost inflation we saw in edible oils, and the substantial pricing we chose to take as a result. With underlying price growth again in double digits we still saw overall growth in the year of around 7%, but clearly I would have preferred the volume/price mix to have been more balanced.

Here as elsewhere we took the tough actions that were needed, fully in line with our strategy. Spreads is a business that generates significant profit and cash, allowing us to finance our expansion in other areas where the growth potential is greater.

Looking forward we are hopeful that 2012 will bring a more stable cost and price environment, allowing us to better judge the effectiveness of the actions we are taking to run spreads differently.

You can see on the chart a good example of our recent innovation activity - Latta aerated margarine, recently launched in Germany. This uses technology from ice cream to give consumers a product with a lighter and creamier texture.

Unilever has significant scale in spreads, together with strong leadership positions across many markets. On top of this, our more locally tailored innovation and our focus on taste as well as health sets us up well to win differently in spreads in the future.

Chart 11 – More to do in tea

One area where we need to improve our performance in the year ahead is tea. Volumes disappointed somewhat in the fourth quarter, and while innovation phasing played a role in this we must make more of our market leading position and strong brand portfolio in the future. Our new organisational model under the leadership of Kevin Havelock should address this.

Innovation will be key to improving performance, and as those of you who joined us in Istanbul recently will have heard we have much to anticipate in the tea business in the coming months.

In particular, the technology we are developing around tea liquid essence will be a key building block. Already deployed in an early form with PG Tips in the UK and Lipton in Russia, this is an area in which we see great promise for the future, with a wide range of potential applications that could flow from the base technology.

In the more immediate term we have launched the Lipton Green Tea superfruit range in the US, the first in a series of major activities which we hope will drive a turnaround in our tea business in this key market.

Chart 12 – Strong performance in Food Solutions

Finally let me say a few words about Food Solutions, a part of the business which doesn't get much of the limelight. The business grew by around 8% in 2011, with volumes up by more than 3%. With two thirds of the business still in the sluggish markets of the developed world this is indeed very strong performance.

I am extremely proud of our Food Solutions people. The success they have achieved reflects a number of building blocks:

- A concentrated effort to develop Unilever Food Solutions as a brand, emphasising chefmanship as a key attribute.

- A significant and rapid expansion of distribution in China and other key emerging markets.

- And a steady flow of quality improvements and best-in-class recipe developments.

That concludes my review of the highlights of the year so let me now pass you to Jean-Marc, who will take you through the detail of our performance in Q4 and the year as a whole.

Chart 13: Introduction; Jean-Marc Huët, CFO

Jean-Marc Huët

Thank you Paul and good morning everyone.

Chart 14: FY2011 : Strong underlying sales growth

2011 was by any measure a good year for Unilever. Turnover reached €46.5 billion; that's the highest that we have achieved for many years, and a 5% increase on 2010.

Underlying sales growth was 6.5%, ahead of the market and another step up from the levels we achieved in 2009 and 2010, when we grew underlying sales by 3.5% and 4.1% respectively.

This was before the impact of M&A, which as you can see from the chart, added another 1.2% to our Turnover growth in the year.

Currency moved in the opposite direction, reducing turnover by 2.5%. Looking forward, if rates remain at end January levels we can expect a positive impact from currency of around 2%. With the volatility we continue to see in currency markets however this figure will inevitably move around, so we will communicate our updated view on a regular basis through 2012.

We are satisfied with the balance of our growth in 2011, with price up 4.8% and volume up 1.6%.

We would have preferred more volume and less price. But in a strong inflationary environment where significant pricing has been essential to protect profitability we are pleased that volumes have held up this well.

The last time we saw a similar environment was in 2008, when our volume growth was zero, and negative in the fourth quarter. We set out to do things differently in 2011; to protect our volumes whilst pricing sensibly where needed. That is exactly what we have done.

Chart 15: FY 2011 : Accelerated growth in emerging markets

Emerging markets continue to generate outstanding topline performance; in fact an acceleration from recent years with underlying sales growth of 11.5% overall.

Many of our key countries achieved double digit growth, including China, India, Turkey, South Africa and Mexico. For the full year, emerging markets contributed 54% of total group Turnover, a record high.

Volume growth was again strong, at mid single digit levels overall but into double digits for key markets such as China and India.

Chart 16: FY 2011 : Developed markets growing in line with the market

In the developed world underlying sales growth was more subdued, reflecting the difficult consumer environment. At 0.8% our growth was broadly in line with the market.

Our biggest developed markets – the US, Germany, UK and France – all saw underlying sales growth of between 1 and 4%. In all cases that's in line with or ahead of the local market, and in the case of France, significantly so.

Chart 17: FY 2011 : Broad based category growth

Turning to the categories we saw particularly good performance in Personal Care with double digit growth in the second half and 8% for the year as a whole.

In Home Care, underlying sales growth for the year was also around 8%, with a good balance between volume and price.

For Refreshment and Foods the figure was lower, but still healthy at around 5%. In Refreshment, our growth was again driven by innovation and new market launches, particularly with Magnum in ice cream.

In Foods, performance was driven by the strong pricing that was taken, especially in spreads.

Chart 18: Q4 2011 : Strong underlying sales growth

In the fourth quarter underlying sales growth was 6.6%.

Volume growth was moderated by strong pricing and the impact of the successful SAP upgrade in North America in the third quarter, so that running rate volume growth was around 1%.

Overall turnover for the quarter was €11.6 billion, up 6.9% with a strongly positive M&A impact offsetting the negative impact from currency.

Chart 19: FY 2011 : Underlying price growth at 4.8%

Underlying price growth was 4.8% for the year as a whole, increasing through the year to reach a high of 6.5% in the fourth quarter. In quarter pricing was marginally positive in the 4th quarter.

We have had a balance to maintain; remaining competitive in our key markets, protecting consumers as far as we can through our saving initiatives and at the same time acting to preserve our margins. Overall I am pleased with our success in achieving this balance in 2011.

For the year ahead we do not expect significant new pricing moves in the developed world. However, carry over effects from 2011 and modest incremental pricing in some emerging markets will mean that underlying price growth will again be positive in 2012, albeit at a lower level than we have seen in 2011.

Chart 20: FY 2011 : Underlying Operating Margin down 10bps

Let me turn now to our margins. Underlying Operating Margin for the year was 14.9%, very slightly down on the 15.0% achieved in 2010.

Given the context of substantial cost inflation, depressed consumer demand in around half of our business and continuing high levels of competitive intensity I consider this to be good performance. I certainly believe that the Unilever of a few years ago would not have had the agility needed to deliver market-beating growth and broadly flat margins in such an environment.

As you can see the drivers of margin varied significantly in the year. Let me discuss each in turn, starting with Gross Margin.

Chart 21: FY 2011: Gross Margin down 180 bps

Gross Margin for the year was 39.9%, down by 180 basis points overall and by 130 basis points in the second half. This was after deducting distribution costs of 660 basis points.

So, pre distribution costs, the way many of our peers report, the Gross Margin was 46.5%. Going forward it is our intention in both half yearly results and in our Annual Report and Accounts to report Gross Margin <u>after</u> distribution costs.

The reduction in Gross Margin in 2011 should not be a surprise to anyone; with pricing typically lagging cost trends it is entirely normal to see such a pattern during periods of high cost inflation.

Although pricing was strongly positive and savings continued at high levels these were insufficient to offset the substantial inflation we suffered in factory and distribution costs, and in commodity costs.

In the past year we have had to absorb around €2.4 billion of inflation in our commodity costs. Even for a business of our size holding overall margins broadly flat against such a background is a substantial challenge. Of this inflation;

- Around one third came from edible oils.
- Another third from petrochemicals and other materials that are driven by the crude oil price.
- And the final third from a wide range of foodstuffs and other commodities.

The commodity cost inflation in our income statement in 2012 will be far lower than in 2011, but will still be meaningful. In addition to the moderately higher spot prices we also expect a negative forex impact from the recent weakening in emerging market currencies.

Based on today's spot prices and currency rates we expect commodity cost inflation in mid single digits in 2012, measured against the cost base of €17 billion, with most of the increase falling in the first half.

Price and savings, taken together, should exceed this level of cost inflation, meaning that we expect Gross Margin to be modestly higher for the year as a whole.

Chart 22: FY 2011: Savings programmes €1.5bn

With cost inflation continuing to challenge us in the year ahead the success of our savings programmes will again be of paramount importance. I'm pleased to confirm that total savings for 2011 were in line with our ambitious expectations.

This has been an important contributor to our overall performance, and a clear sign of the benefits of our continuous improvement mindset.

The savings were achieved in all parts of the business, with a dramatic reduction in our overheads, and wide-ranging programmes across all areas of the Supply Chain. A good example is the major complexity reduction we achieved in our Knorr brand, resulting in 25% fewer recipes in the European business and savings in excess of €50 million.

We will continue to drive our continuous improvement programmes each and every year, and with the macro-economic environment likely to be challenging once again we will not let up in our determination to eliminate cost once again in 2012.

Chart 23: FY 2011 : A&P investment up by €150 m

Turning now to advertising and promotions I am pleased to report that despite the tough environment we are continuing to invest in our brands, with A&P up by 10 basis points in the second half of the year. Total spend for 2011 in constant currency terms was €6.2 billion.

This is an increase of €150 million on the 2010 figure, mostly reflecting A&P spent in the newly acquired Sara Lee and Alberto Culver businesses. This brings the total increase in our A&P spend over the last three years to around €850 million, a major step-up which we see increasingly reflected in our market shares.

In terms of real activity levels - the visibility of our brands to consumers – the increase is more significant because our money is going further.

A couple of examples; firstly we have significantly reduced our non productive spend during the year. That is – the money we spend on production costs and agency fees; money that is not directly driving the exposure of our brands to consumers.

Secondly, we have been driving much stronger activity in the digital field, with our spend up by around 15% in 2011.

So, we have made good progress already but still have much more to do in driving our A&P funds harder. The organisation is strongly focused on this and we expect further improvements in the future.

We will increase A&P again in 2012, targeting to maintain full year A&P spend as a % of turnover.

Chart 24: Overheads down 100 bps

Turning finally to overheads we have made excellent progress, with costs down by 100 basis points. Just a word on definitions here to avoid any ambiguity; we have been using ‘indirects’ and ‘overheads’ interchangeably. It is our intention going forward to use only the term ‘overheads’.

The dramatic progress made in 2011 is testament to the discipline and hard work of many people across the business. We have been actively driving a wide range of cost-saving initiatives and will continue to do so in the year ahead.

To give just one example, our efforts to drive efficiencies in travel and the use of third party service providers generated savings of more than €100 million in 2011. In IT for example we have made savings in a wide range of areas including data networks, mobile usage rates, software licences and help desk support services.

Overhead reduction was particularly strong in the second half of the year, down by 140 basis points. This figure was boosted by a number of positive one-off items, the largest of which related to a number of changes we have made to pension and healthcare arrangements in Western Europe and the US.

This is another example of how we are taking the tough and sometimes painful decisions needed to build a healthy and sustainable model for the long term future of our business.

We intend to continue to drive down structural overheads in 2012, aiming to match or better the performance achieved in 2011 despite investments we will make in further building capabilities.

Chart 25: Core Operating Profit in 2012 will include business restructuring

Finally on our margins let me spend a moment on restructuring costs.

You will recall that for 2012 we are moving our primary metric for profitability to be ‘Core Operating Margin’. This means that business restructuring costs will be deducted before arriving at Core Operating Profit.

Business restructuring costs for 2011 amounted to 130 basis points of turnover.

Chart 26: FY 2011 : Core earnings per share growth

We also use the ‘Core’ concept to measure our earnings per share, meaning that business restructuring costs are now included but M&A related costs, business disposals and impairments continue to be excluded. On this basis, EPS for 2011 was €1.41, up 4% on 2010.

Operational performance contributed 11 cents of EPS growth. This was offset by a number of other variables, the most significant of which was currency.

Chart 27: FY 2011 : Strong free cash flow despite investment in capex

Turning to cash, we continue to be a highly cash generative business, with free cash flow for the year of €3.1 billion.

This is below the figure for 2010 as we step up investment behind the future growth of the business, with net capital expenditure increased to around €2 billion, or 4.2% of Turnover. This was heavily directed towards capacity expansion in the fast-growing emerging markets.

For example, we have opened a new deodorants factory in Mexico and a new savoury factory in South Africa, and made significant investment across a wide range of categories in Indonesia.

In 2012 we expect net capex as a % of turnover to be at a similar level to that in 2011.

Chart 28: 9th consecutive quarter of negative working capital

Although in cash flow terms working capital was a modest outflow in 2011, our overall performance was impressive, especially in the second half of the year. Our Trading Working Capital has now been negative for 9 quarters in a row, and as we exit the year our cash conversion cycle has also turned negative - for the first time ever.

Looking forward, we are close to best in class in our management of debtors and creditors; thus our aim is to hold the current position.

Inventories can still be driven lower. This will be our main focus for the year ahead as we look to harness greater benefits from our new organisation and our increasingly harmonised business systems and processes.

Chart 29: Net debt increased to €8.8 billion

Turning finally to the Balance Sheet, net debt was €8.8 billion at year end, up from €6.7 billion at the end of 2010. The main drivers of the increase were:

- The significant overall cash outflow from acquisitions and disposals of around €1.7billion, mainly from the Alberto Culver and Sara Lee deals,

- and around €400 million from the impact of movements in currency rates, especially in the second half of the year

Chart 30: Pensions deficit up €1.1 bn at €3.2 bn

In 2011 we saw a significant increase in our pension deficit, which reached €3.2 billion at year end. This is sharply up from the half year figure of €1.5 billion, and also well up on the 2010 year end figure of €2.1 billion.

The main driver of this is the increase in pension liabilities that has resulted from the steady fall through the year in corporate double A bond rates. Our valuation is based on a calculation that reflects bond rates in the various markets that make up our pension liabilities. A year ago we were using a rate of 5.2%; by the end of 2011 this had fallen to 4.6%. This alone has added €1.2 billion to our estimated future liabilities.

Cash contributions to pensions will increase to around €700 million, up from €550 million in 2011.

And pension interest costs in net finance costs will move from being a credit of €70 million in 2011 to a debit of around €10 million in 2012, an increase of €80 million.

Finally, I can confirm that the quarterly interim dividend for Quarter 4 2011 will be 22.5 Euro cents, to be paid in March.

With that, I now return you to Paul.

Chart 31: Title Chart – Paul Polman, CEO

Thank you Jean Marc.

Chart 32: A new Unilever emerging

These results illustrate how much Unilever has changed in the last few years:

- Growth ahead of the market,
- protecting margins in a hugely challenging environment,
- whilst at the same time investing strongly for the long term.

In short, a Unilever that is now fully fit to compete.

We set out to re-establish growth as our primary driver of value creation, and to build a substantially bigger and more sustainable business. To help us do this we put the consumer and customer back at the heart of everything we do and drive the culture to where it needs to be. As you have heard, we are on the right track. Unilever is once again a growing business.

We are also a faster and more agile business, with a much clearer bias for action. The changes to our organisation that we implemented recently will help strengthen this new performance culture further still.

With a more category-driven structure we are able to drive innovation faster, reduce complexity further and more rapidly build our global capabilities. We will become able to compete more holistically with focused competitors, particularly in Personal Care.

Our new cluster structure under the leadership of Harish Manwani allows us to delayer and to be much faster in bringing new innovations to market. It is also helping us to spread repeatable models around the business much more rapidly. Be it:

- in how we set up low cost business models,
- how we expand our network of perfect stores around the world, already 3 million strong with many more to come
- or be it in the way we manage our out of home ice cream business.

Overall this is a structure that dramatically reduces the number of touch points. It drives speed and alignment, and its introduction may prove to be another key moment in the evolution of our business.

Chart 33 : USLP: launch of the Unilever Foundation

Unilever is also a business driven by a compelling new vision; to double our size from 38 to 80 billion Euros whilst improving our overall societal footprint. We are well on the way with the €46.5 billion we have reported today.

The Unilever Sustainable Living Plan is at the heart of this vision, and is increasingly becoming the driving force for everything we do in our business.

As I hope you know by now, this is a plan that brings to life the many actions we need to take to meet our bold environmental and social ambitions. In so doing we are not only acting in the interests of the communities in which we live and work, but we are also preserving our own interests, and those of our shareholders.

Last week at the World Economic Forum in Davos we announced a major new step in our work on sustainable living. The launch of the global Unilever Foundation will drive us towards our goal of helping more than one billion people improve their health and well-being.

We will work in partnership with the five leading global organisations you see on the chart to help provide every-day life-saving solutions in areas such as hygiene, sanitation, nutrition and access to clean drinking water.

We are also pleased to lead the work on food security for the G20. This will enable us to work closely with small hold farmers, thereby ensuring continuity of supply.

Chart 34 : Innovation rate above 30%

So we are a stronger business, with a compelling vision, a sharper organisation and an increasingly effective performance culture.

But the change that has most directly impacted performance has been the step up we have made in innovation, and in the speed with which we introduce our brands into new markets.
The proportion of our turnover coming from products launched in the last two years continues to be above 30% and our overall project portfolio is bigger and stronger than at any point in our recent past.

The chart shows you some examples of new innovations from the last quarter. To pick on just one, in skin we have extended the Vaseline brand into the male segment across South East Asia, helping to drive the fastest growing year in the brand's history.

Chart 35: We continue to rollout our brands into more markets

The last quarter has seen some significant examples of our brands being introduced into new markets. For example, we:

- Launched our successful Clear anti-dandruff brand into South Africa, meaning that the brand is now present in 40 markets.

- We introduced the Simple skin care brand into North America, extending it from its strong base in the UK market.

- And, moving in the opposite direction we have introduced the Axe hair range into a number of Western European markets, with very encouraging early results.

Let’s pause for a moment now to look at the advertising that has accompanied these last two launches, starting with Simple in the US.

Chart 36: Video

RUN ADS – SIMPLE US & AXE HAIR EUROPE

Chart 37: We continue to rollout our brands into more markets

So, some important recent launches and as we move into 2012 we will increase the pace once again. Our plans for expansion into white spaces in the year ahead are the most ambitious we have ever taken on.

Let me close with a few comments on the outlook for 2012 overall.

Chart 38: Consumer environment remains fragile

The outlook for the consumer economy remains gloomy in North America and especially in Europe, where low growth - at best - is likely to be the norm for many years to come.

More encouraging, particularly for a business with more than half its turnover in emerging markets, the consumer economy across Asia, Africa and Latin America is much more robust. [Even here though there are some signs of softening, as evidenced by the recent bout of currency weakness.]

We also see continued rapid expansion in the middle classes in the BRICMIST countries and the so-called ‘next 13’. Given this, we should not be surprised to see competitive intensity in these markets remain at high levels in the year ahead.

Despite these challenges we look forward with confidence to the year ahead. We have entered 2012 with good momentum, especially in Personal Care, and our emerging market business is extremely strong. Unilever is now a more confident business, and with strong foundations in place we feel upbeat about our ability to once again grow ahead of our markets.

Chart 39 : Priorities

So finally, what are some of the key areas we will be focused on in the year ahead? Let me call out a few that I think will really make a difference.

Firstly, we will work hard to further strengthen our brand equities, particularly for our billion Euro brands. We will seek to step change innovation even further, with a particular focus on driving harder those innovations that will most positively improve our mix.

Secondly, we need to sharpen our channel and customer strategies and build firmer discipline in how we prioritise and allocate our resources.

Thirdly, our margins are still on the low side, so it will again be essential for us to keep tight control of our cost base and to drive our mix. We will also watch our working capital closely, and look to increase returns on a wide range of investments, whether in manufacturing capital, advertising and promotions spend or indeed in our IT systems.

Finally, we will take our performance culture another notch higher, focusing in particular on diversity and on continued heavy investment in leadership development

In conclusion, I expect another challenging year in 2012. We are well prepared and clearly focused on what we need to do to further enhance our competitiveness.

Our primary objectives for the business remain unchanged. In 2012 we aim to grow our volumes ahead of the market, to achieve a steady and sustainable increase in full year core operating margin and strong cash flow.

And on that note ladies and gentlemen I would like to open the floor for questions.

Chart 40: Questions