

# Unilever Full Year 2017 Results

Paul Polman / Graeme Pitkethly

1<sup>st</sup> February 2018



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# 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, including statements related to underlying sales growth and 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.

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Paul Polman



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# 2017: Making our company more agile and resilient

## Acceleration of Connected 4 Growth

### New organisation & capabilities

CCBTs



Digital 2.0



### More dynamic portfolio evolution



### Eliminating non-value add costs



Whilst delivering good all-round performance

# 2017: Good all-round performance

## Growth

Underlying Sales Growth  
exc. spreads

**+3.5%**

**+1.0%**

Underlying Volume Growth  
exc. spreads

## Margin

Underlying Operating Margin

**+110 bps**

**+40 bps**

Gross Margin

## Earnings

Underlying current EPS

**+11%**

**€2.24**

## Cash

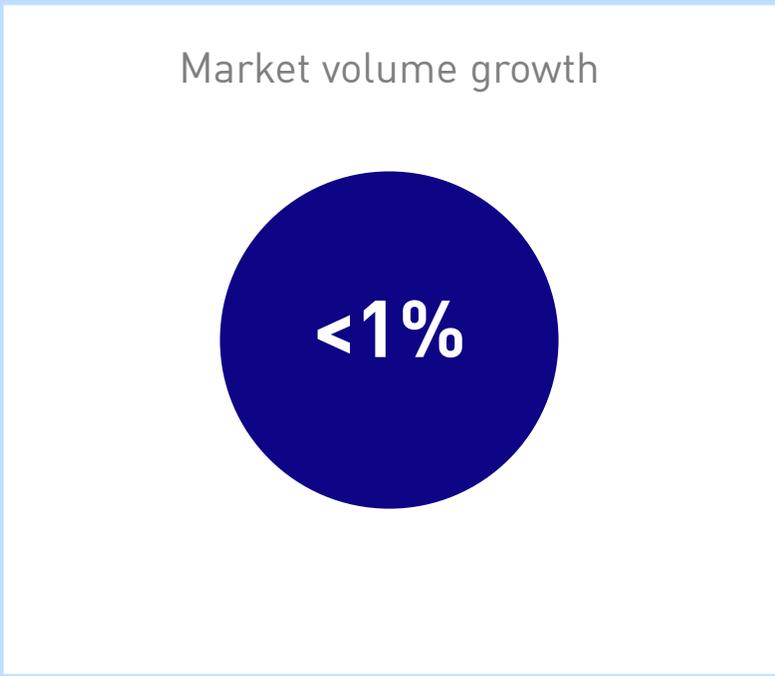
Free Cash Flow

**€5.4 bn**

**+€0.6 bn**

# Markets weak in 2017 but early signs of improvement

## Weak consumer demand



Source: Nielsen, adjusted for e-commerce

## Improving consumer confidence



Source: ENBPP Emerging Market Monitor

## Uncertainties remain



# New sources of growth

## New consumer trends

<p>Digital</p> 	<p>Changing demographics</p> 
<p>Purpose-led consumers</p> 	<p>Authentic, natural &amp; free-from</p> 

## New channels

<p>Health &amp; Beauty</p> 	<p>Experience stores</p> 
<p>Direct to consumer</p> 	<p>E-commerce</p> 

## New markets



Cuba

Ethiopia

Iran

Myanmar

**Plenty of opportunity**

# Connected 4 Growth: delivering bigger, better, faster innovation

## More benefits

Magnum pints



Lifebuoy silver



## More relevant

Lever Ayush



CIF duo

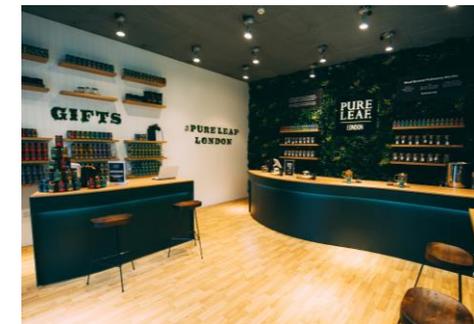


## More channel focus

Amazon bundles



Pure-leaf pop-up



# Connected 4 Growth: delivering bigger, better, faster innovation

## More partnerships

Collaboration with influencers: Sedal



Brand licencing: Knorr fresh



## More entrepreneurial

New brand: Love, beauty & planet



New brand: RED RED



## New business models

CIF Helping



Hellmann's Quiqup



# C4G: shifting our portfolio towards higher growth segments

21 deals since January 2015

	Primarily in Personal Care	
	Prestige	
	Premium price brands in mass	
	New channels	
	Naturals	
	Disposal of Ades and spreads	

By 2019 these add:

€3.5bn more turnover

- €3bn HPC
- €2bn in premium positions
- €1.5bn emerging markets
- €1bn e-commerce

2015-2017 A&D will add around 1% to USG, by 2019

Graeme Pitkethly

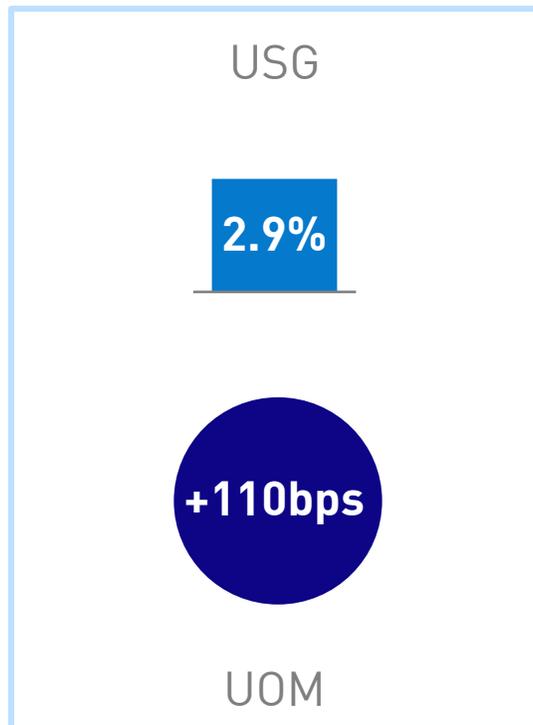


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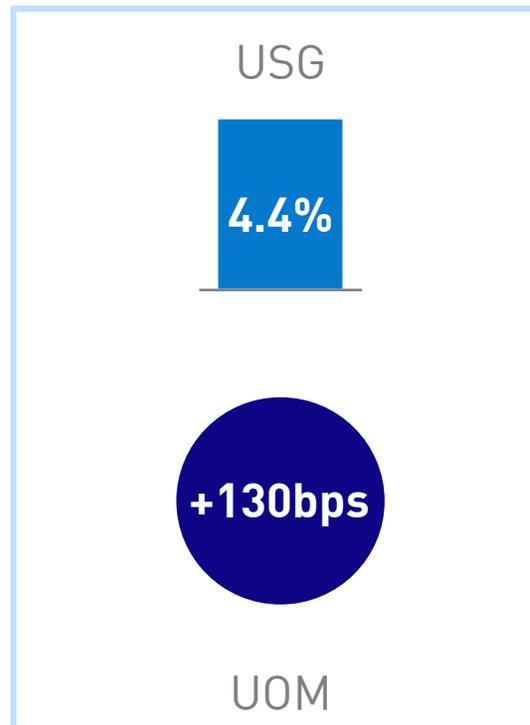


# 2017: Broad-based category growth & margin improvement

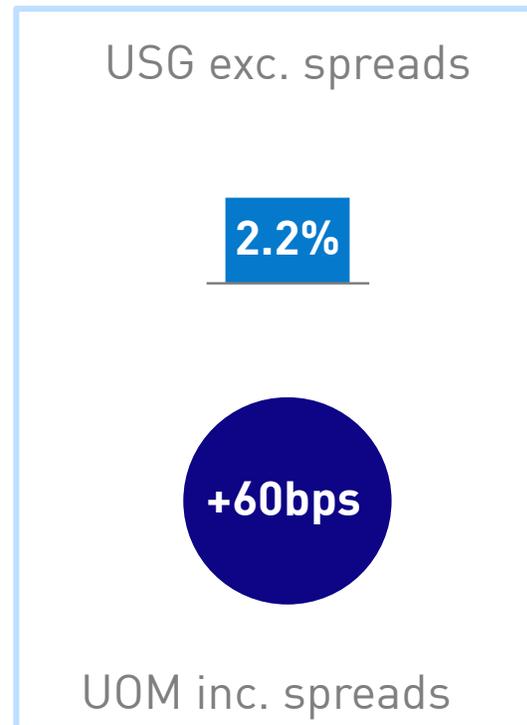
## Personal Care



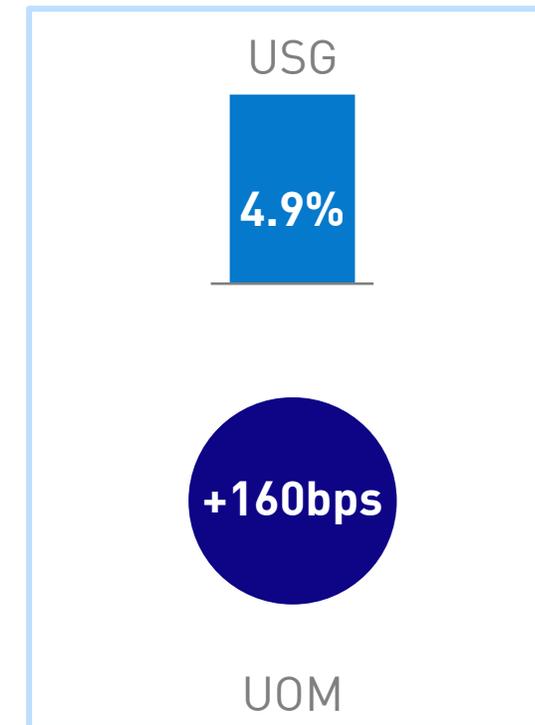
## Home Care



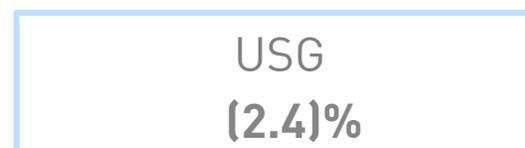
## Food



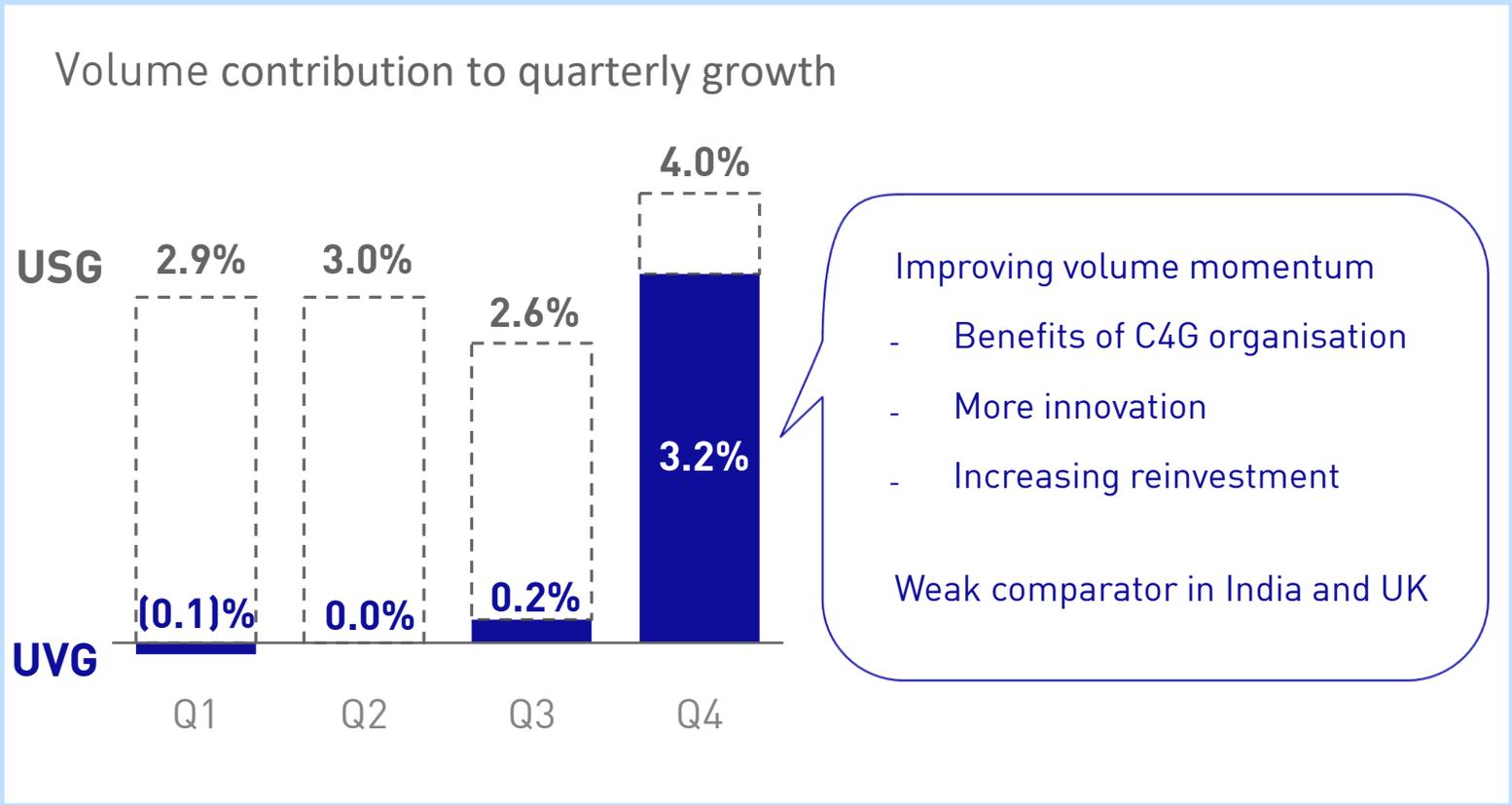
## Refreshment



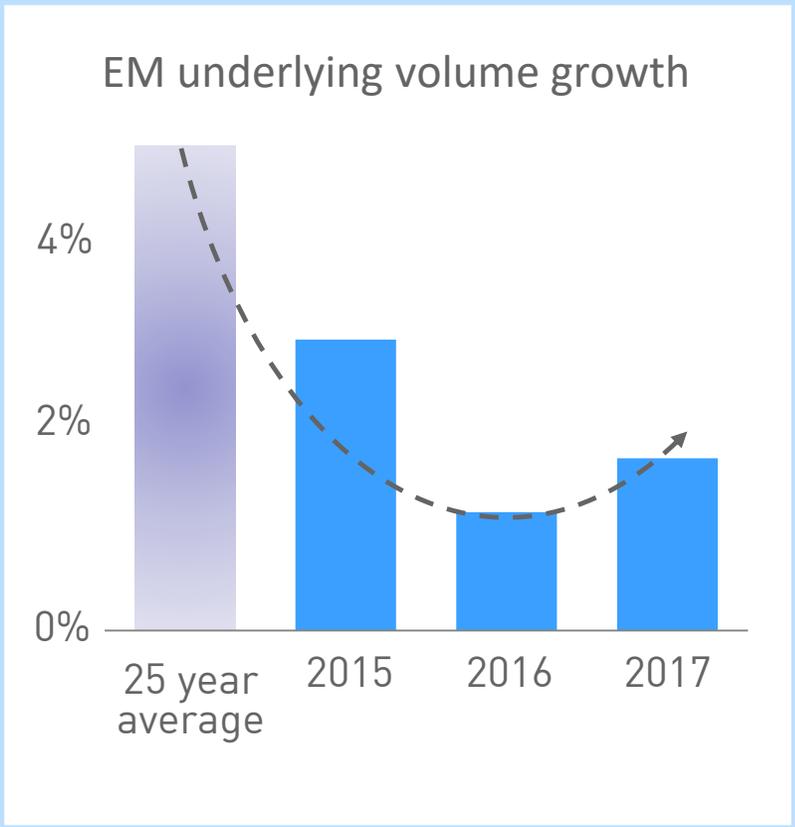
## Spreads



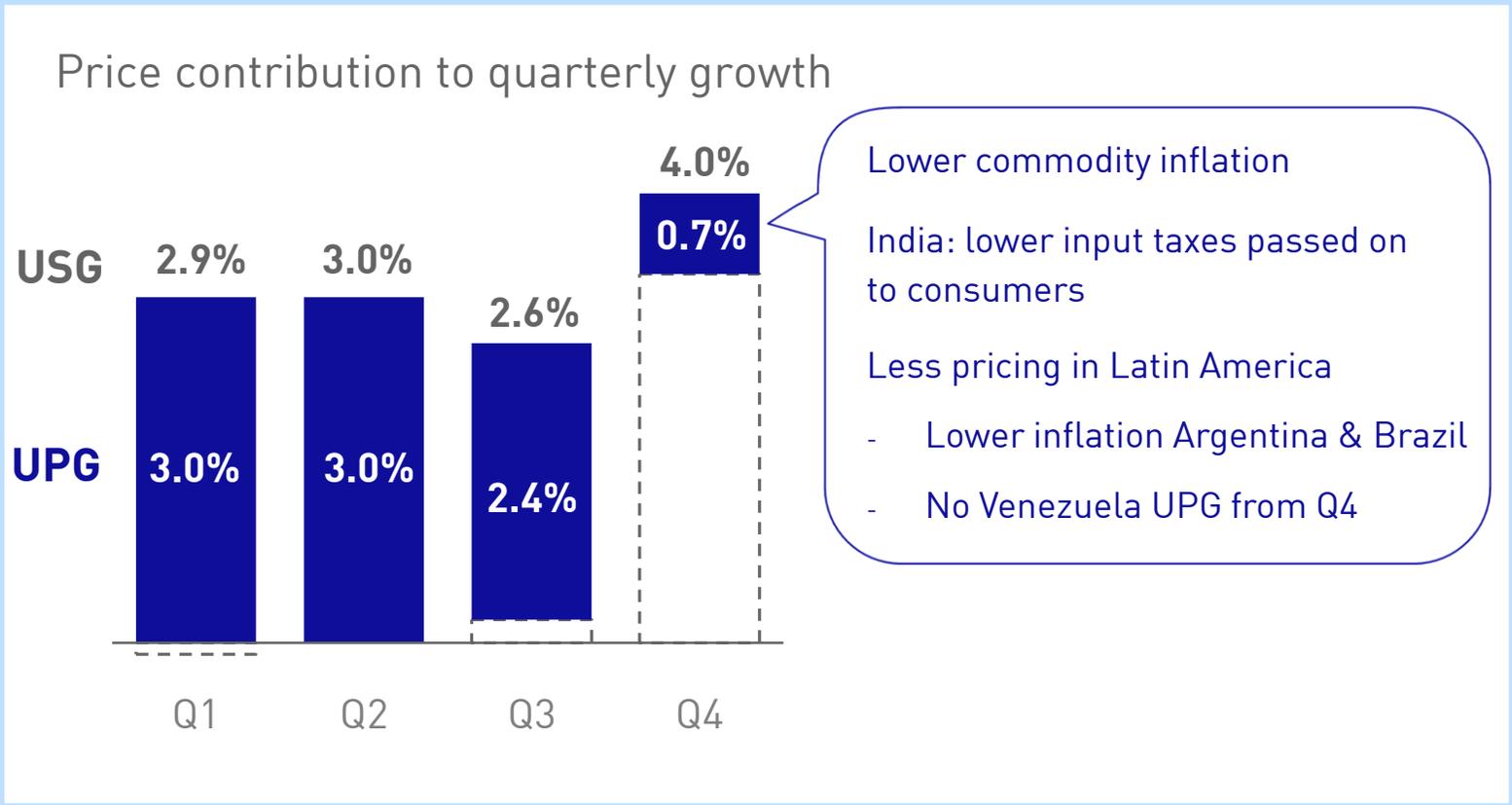
# C4G led volume recovery in Q4, amplified by soft comparator



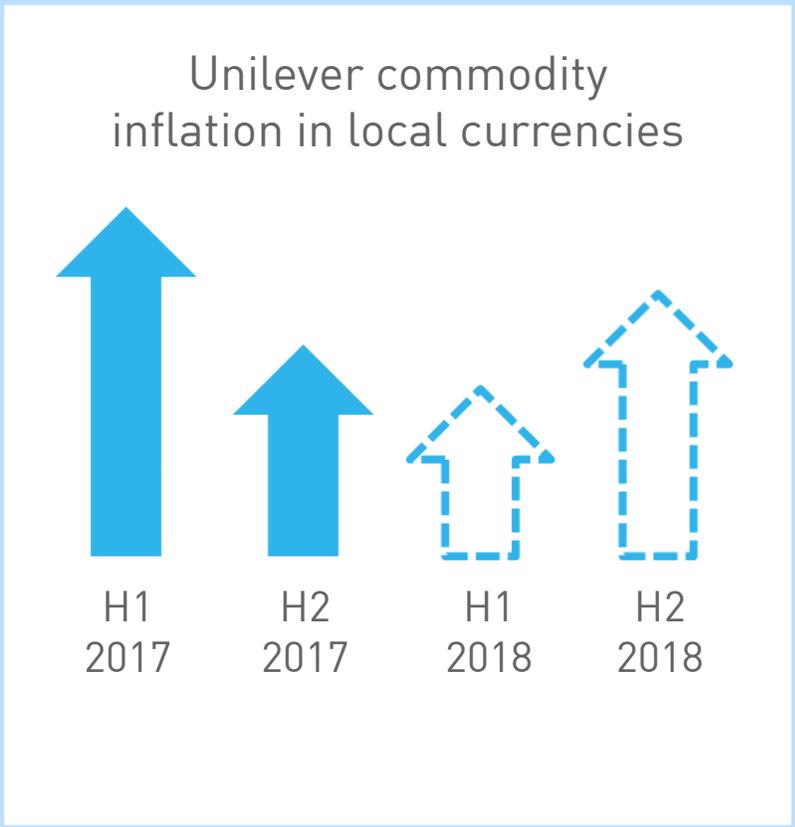
## Emerging Markets picking up



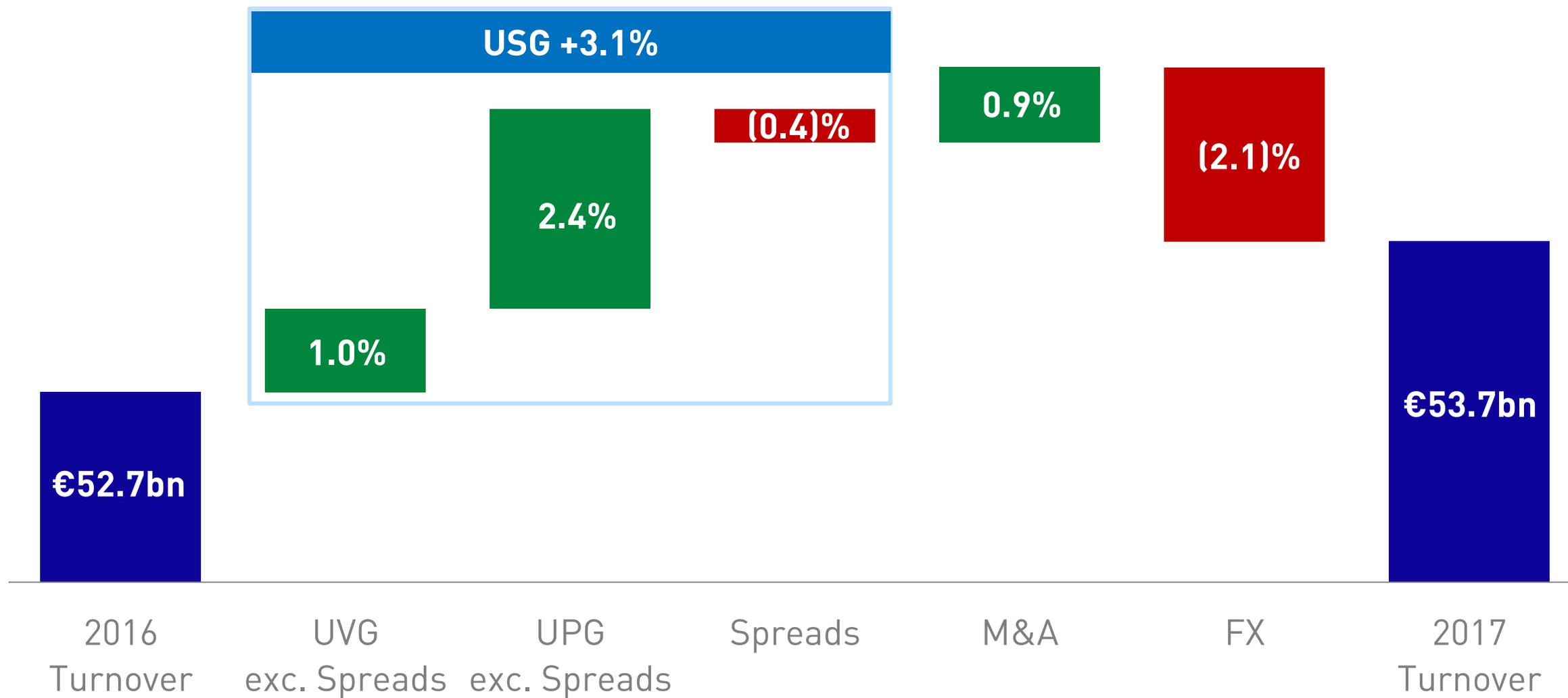
# Price growth slowing as commodity inflation eases



## Commodity inflation phased

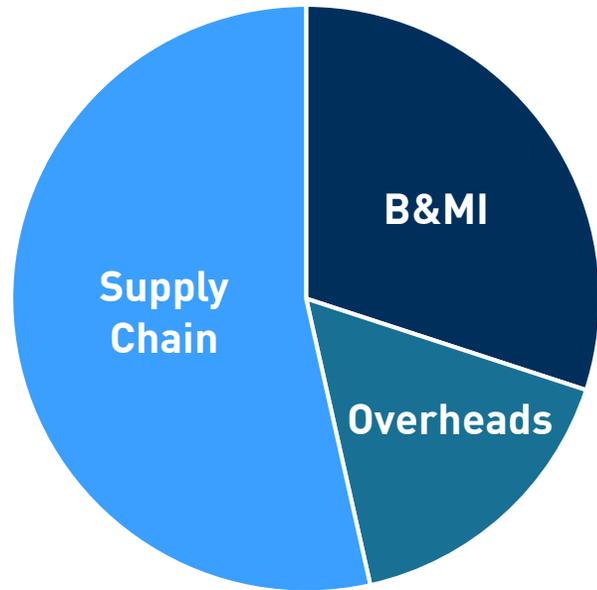


# Full year 2017 turnover



# 2017: Underlying Operating Margin up 110bps to 17.5%

>€2 bn total savings



Drivers of underlying operating margin

Gross Margin

+40bps

- 5S well underway
- Reinvesting in competitiveness

B&M

+60bps

- Spend maintained in local currency
- Media & in-store spend up ca. €250m
- Reinvesting in brand awareness

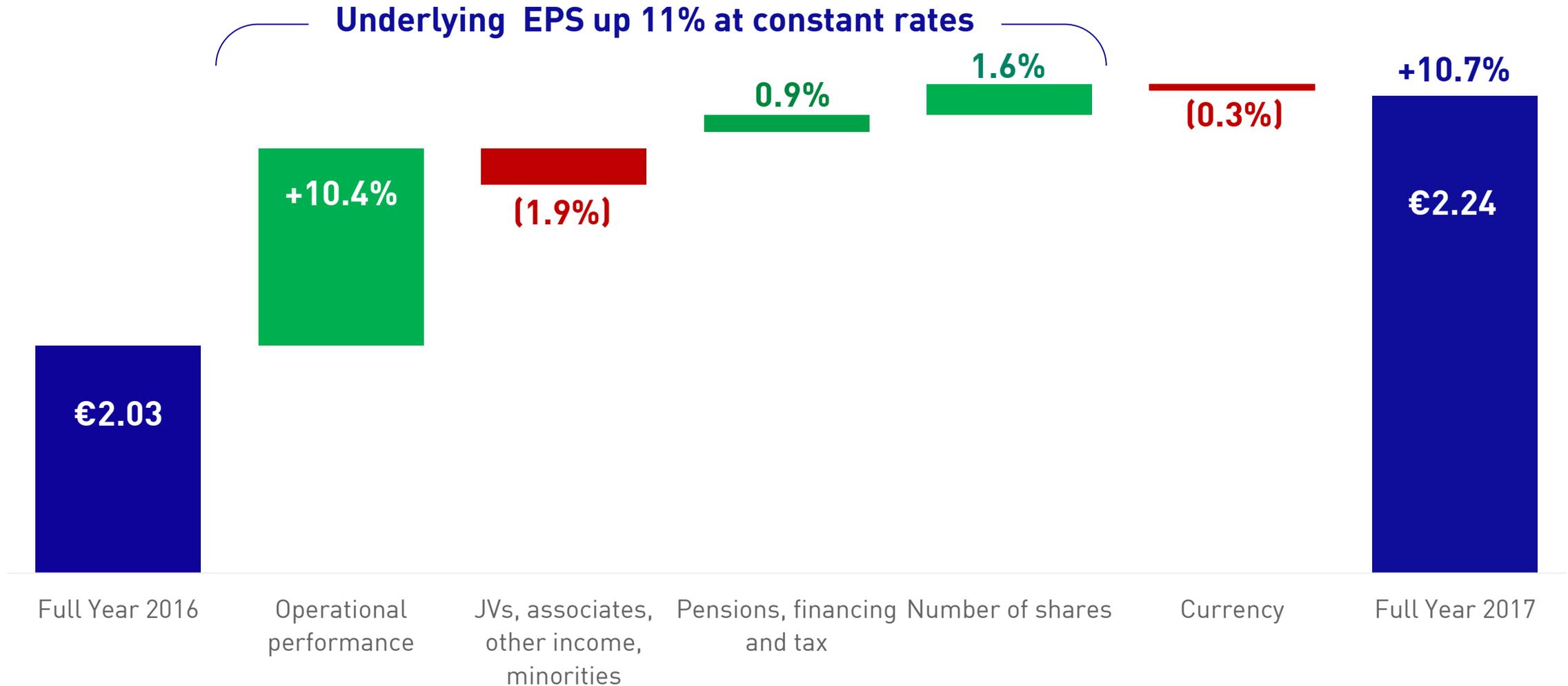
Overheads

+10bps

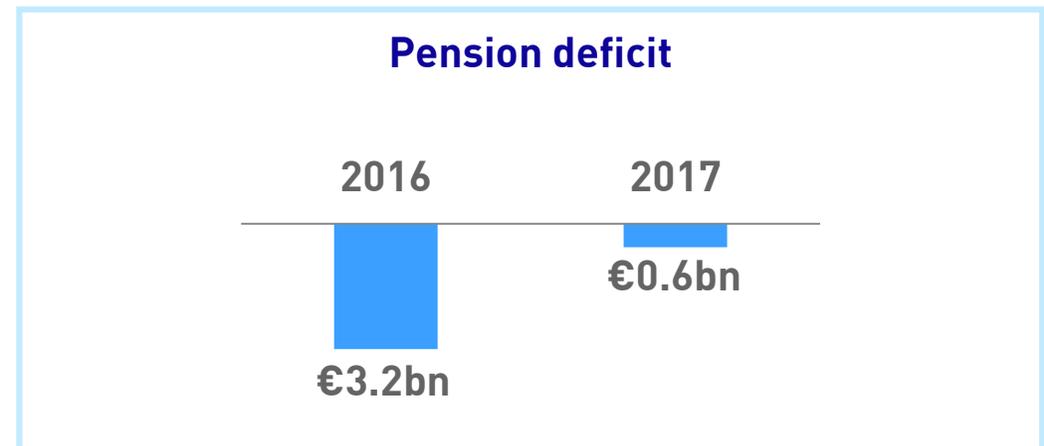
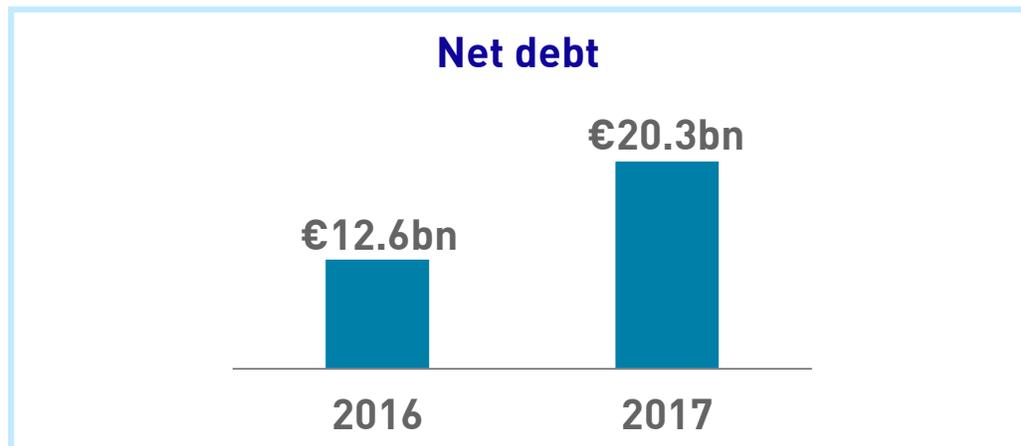
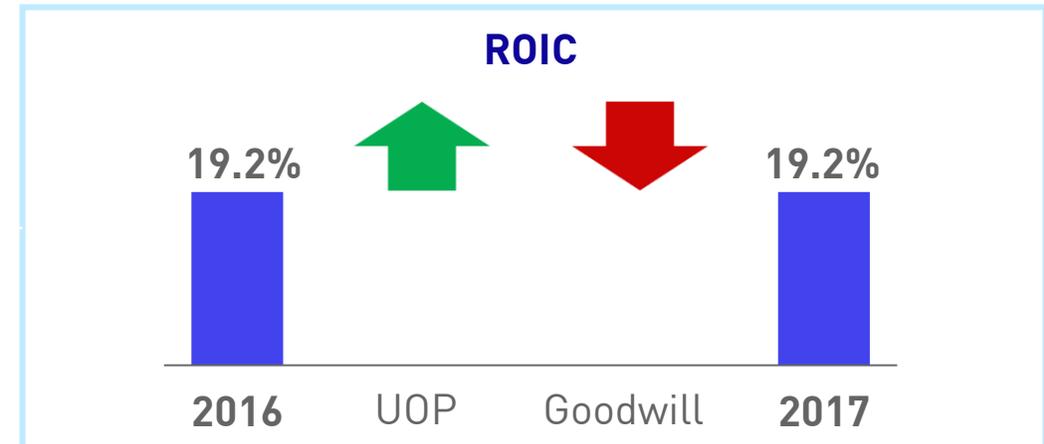
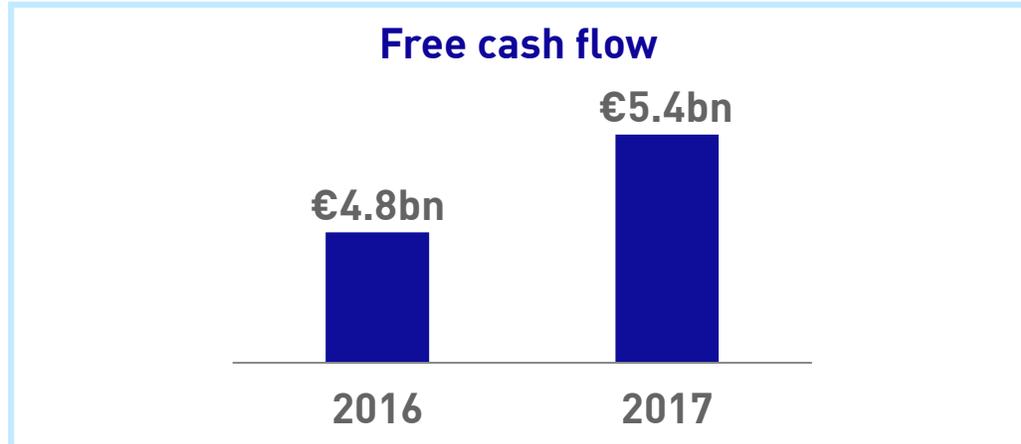
- C4G organisation fully in place
- Reinvesting in capability

**More than two thirds of savings reinvested**

# 2017: Underlying Earnings Per Share +10.7%



# Cash and Balance sheet



**Net debt/EBITDA: 1.9x at year end**

# Paul Polman



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# 2018 priorities

- ❑ Complete the integration of Foods & Refreshment
- ❑ Exit spreads and restructure stranded fixed costs
- ❑ Stepped up innovation and execution enabled by C4G
- ❑ Continued focus on non-value added costs
- ❑ Deliver against acquisition business cases

**Prepare for the next stage in our evolution**

# 2018 outlook

## ❑ **Underlying sales growth in the 3-5% range**

- Ahead of market
- Greater contribution from volume
- Lower price growth early in the year

## ❑ **Underlying Operating Margin: continued progress to 20%**

- Continued benefit from savings programmes
- Stepped-up restructuring – spreads stranded costs and F&R integration
- Competitive B&Ml spend with a step-up in the first half

## ❑ **Strong cash flow**

- On track for 100% cash conversion by 2020

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