



## 2019 FULL YEAR RESULTS

### Performance highlights (unaudited)

Underlying performance			GAAP measures		
		vs 2018			vs 2018
<b>Full Year</b>					
Underlying sales growth (USG) <sup>(a)</sup>		2.9%	Turnover	€52.0bn	2.0%
Underlying operating margin <sup>(b)</sup>	19.1%	50bps	Operating margin <sup>(b)</sup>	16.8%	(800)bps
Underlying earnings per share <sup>(b)</sup>	€2.55	8.1%	Diluted earnings per share <sup>(b)</sup>	€2.14	(38.4)%
Free cash flow <sup>(b)</sup>	€6.1bn	€0.7bn	Net profit <sup>(b)</sup>	€6.0bn	(38.4)%
<b>Fourth Quarter</b>					
USG <sup>(a)</sup>		1.5%	Turnover	€12.6bn	4.0%
Quarterly dividend payable in March 2020				€0.4104 per share	

<sup>(a)</sup> Price growth in excess of 26% per year in hyperinflationary economies is not included in these amounts. See page 29 for more details.

<sup>(b)</sup> 2018 numbers have been restated following adoption of IFRS16. See note 1 and note 9 for more details.

### Full year highlights

- Underlying sales growth of 2.9% with 1.2% volume and 1.6% price
- Underlying operating margin increased 50bps with 30bps from gross margin
- Turnover increased 2.0% with a positive impact from currency and a negative impact from the spreads disposal
- Operating margin and net profit decreased due to the €4.3 billion prior year gain from the spreads disposal
- Free cash flow up €0.7 billion to €6.1 billion, helped by higher underlying operating profit which grew by €0.5 billion
- Return on invested capital was 19.2%, up from 18.1% in the prior year
- Underlying earnings per share up 8.1% including a positive impact of 2.3% from currency

### Alan Jope: Chief Executive Officer statement

“In 2019 we delivered underlying sales growth of 2.9%, balanced between price and volume, a further year of good margin and earnings progression, and strong free cash flow. We saw strong growth from emerging markets and our Home Care division. Overall growth was slightly below our guided range for the year due to the slowdown we saw in the fourth quarter.

We are now stepping up execution against our fundamental drivers of growth. These are to: increase penetration by improving brand awareness and availability; implement a more impactful innovation programme; improve our performance in faster growing channels; drive purpose into all our brands; and fuel growth through cost savings.

We are continuing to evaluate our portfolio and have initiated a strategic review of our global tea business.

In 2020, our underlying sales growth is expected to be in the lower half of the multi-year 3-5% range and will be second-half weighted. While we expect an improvement from the fourth quarter of 2019 into the first half of 2020, first half underlying sales growth will be below 3%. The impact of the coronavirus outbreak is unknown at this time. As we near the completion of our three-year strategic plan, we expect continued improvement in underlying operating margin and another year of strong free cash flow, remaining on track for our 2020 goals.”

30 January 2020