

Unilever – Barclays Conference  
Amanda Sourry / Andrew Stephen  
September 6<sup>th</sup> 2017



# 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.

These forward-looking statements speak only as of the date of this announcement. 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 Annual Report on Form 20-F 2016 and the Unilever Annual Report and Accounts 2016.

# A long-term, investment-led growth model

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



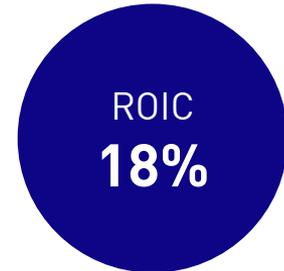
2009-2016



2009-2016



2009-2016



2016

**Compounding returns on investment**

# Enduring strengths



## **BRANDS**

Purpose-led global + local brands: 85% of turnover from #1 or #2 positions

## **GEOGRAPHIC PRESENCE**

Available in 190 countries. 57% of turnover in Emerging Markets

## **DISTRIBUTION**

2.5 billion consumers through 30 million outlets. Broad channel expertise

## **MANAGEMENT**

80% of leaders are local. #1 FMCG employer in 34 countries

# Our investment case



## Enduring strengths

**BRANDS**

**GEOGRAPHIC  
PRESENCE**

**DISTRIBUTION**

**MANAGEMENT**

## Value creation

**GROWTH:** Ahead of markets, Underlying Sales Growth 3-5%

**MARGIN:** 20% Underlying Operating Margin by 2020

**CASH:** 100% Free Cash Flow conversion

**RETURNS:** High-teens ROIC, growing dividends

**Unilever Sustainable Living Plan:** more growth, lower costs, less risk, more trust

FCF 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)

# Faster pace of change

## Consumers

Radically different path to purchase



## Channels

Less reliance on Big Box



## Media

Communication channels changing



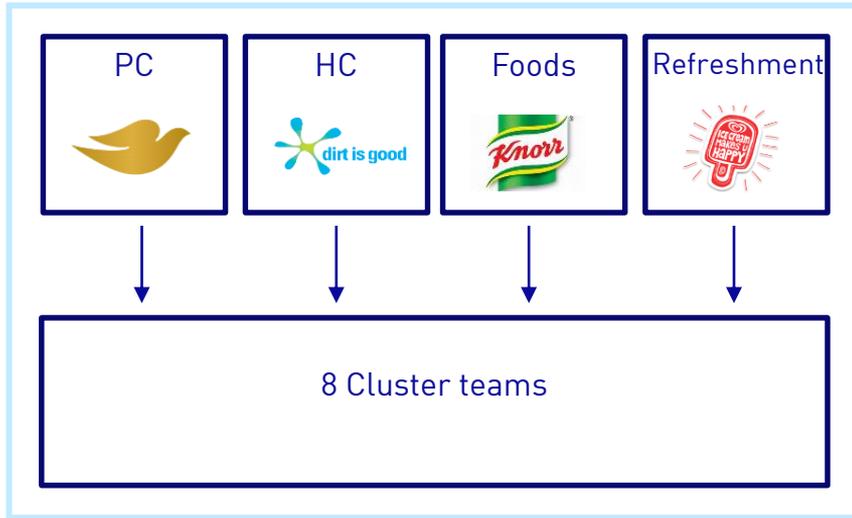
## Competitors

Disruptive new models



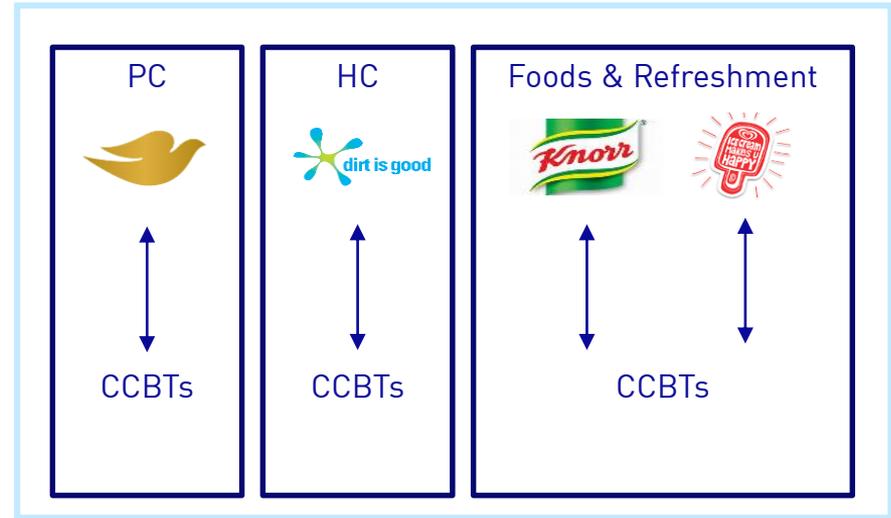
# Connected 4 Growth: A simpler, faster organisation

2011-2016  
4 Global Categories



Building global scale

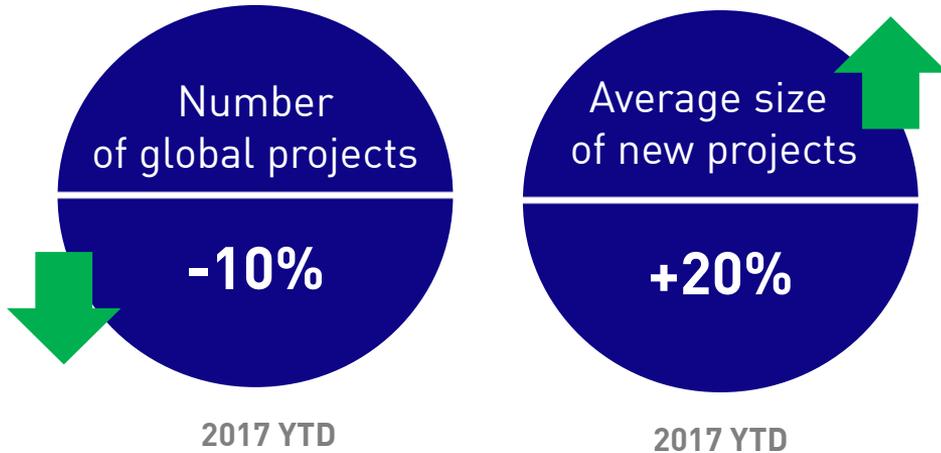
From 2017  
Country Category Business Teams



More global and more local

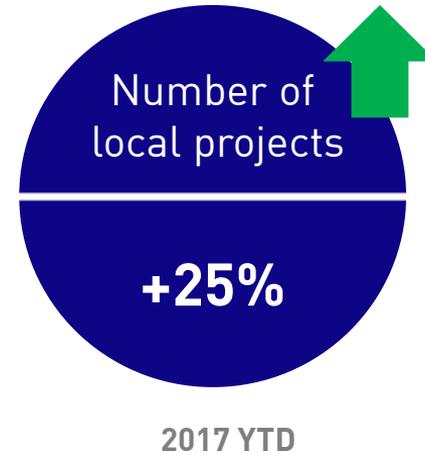
# Better innovation: More global and more local

## Global category teams now more focussed



Fewer, bigger, better innovation, rolled out faster

## More local innovations



Rapid launches, meeting local trends

# Building a stronger, more agile business

## Connected 4 Growth

On-trend innovation, delivered faster: More global and more local

### Growing the core



Building brands in a connected world  
Penetration  
Distribution reach

### Evolving the portfolio

Segments of the future  
Flexible models  
Future € billion businesses

### Developing channels

E-commerce  
Out-of-Home  
Beauty and drug

Targeted savings programmes: 5-S in supply chain, Zero Based Budgeting

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

# Amanda Sourry

## President Foods



Unilever®



*New* KNORR® SELECTS  
**REAL INGREDIENTS  
REAL TASTE**

**NO ARTIFICIAL FLAVORS OR PRESERVATIVES | GLUTEN FREE**



**NOW MADE  
WITH 100%  
CAGE-FREE  
EGGS**



For over 100 years, Hellmann's has been committed to using real, simple ingredients to craft the highest quality mayonnaise that tastes delicious. Learn more at [www.hellmanns.com](http://www.hellmanns.com).

# Agenda

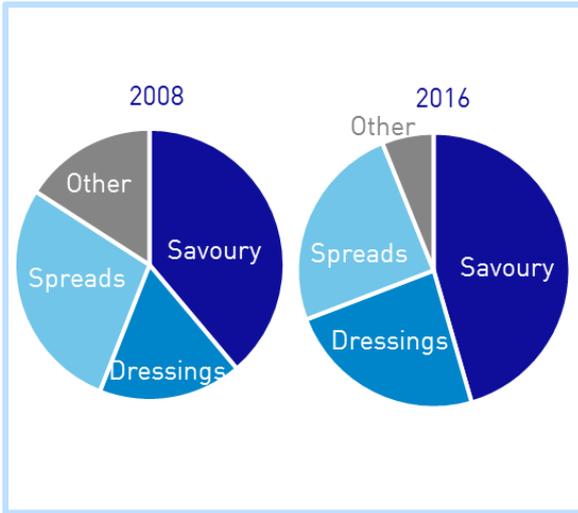
- Evolving the Foods portfolio
- Growing the core: Emerging markets
- Growing the core: Modernising the portfolio
- Developing channels
- Targeted savings programmes: Improving margin delivery

# Agenda

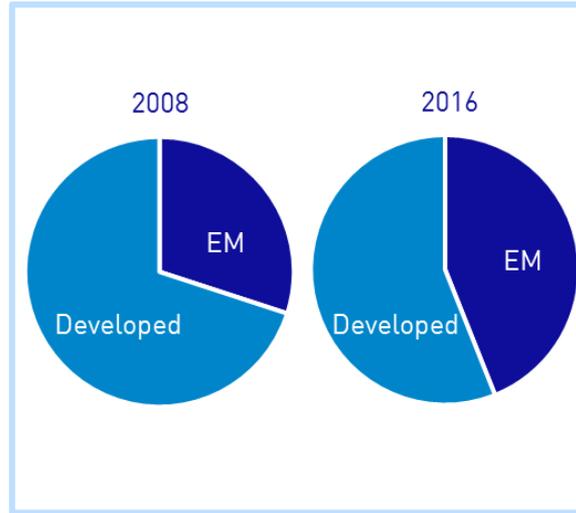
- **Evolving the Foods portfolio**
- Growing the core: Emerging markets
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# Evolving the Foods portfolio

## More focussed



## More emerging markets



## Savoury & Dressings momentum

### 2016 USG %

**Savoury** +5%

**Dressings** +6%

**Spreads** -5%

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**Foods** +2%

# Evolving the Foods portfolio: Spreads

## Modernised brands, increased cash flow

- Step-up in innovation



- Cash profit increased by €80m in 2016
- Slower rate of sales decline 3.7% in H1 2017

## Exit process

- Decision to exit Spreads in April 2017
- Carved-out financial data Q3 2017
- Sale process starting
- Aim for binding deal by end 2017 / early 2018
- If insufficient value from sale, plan to de-merge

# Agenda

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- **Growing the core: Emerging markets**
- Growing the core: Modernising the portfolio
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# Emerging markets as a growth driver

## Consistent growth

Unilever Foods



2014-16 CAGR

## Future potential

+1 billion consumers by 2025



More people in middle income



More people in cities



More women in the workforce

Deep Unilever route-to-market capabilities

# Growing the core: Emerging markets

## Portfolio

### Global powerhouse brands



### Iconic local jewels



## Relevant innovation



Fully empowered Country Category Business Teams

# Knorr Brazil example

QUANTO O  
SEU  
TEMPERO  
É NATURAL?  
#MECONHEÇAMELHOR



# Agenda

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# Growing the core: Modernising the portfolio

## On-trend innovation



This block displays various food industry certifications and trends. It includes: 'Natural' (a circular logo with 'ALL NATURAL' text), 'Vegan' (a yellow circular logo with a green plant and 'EUROPEAN VEGETARIAN UNION' text), 'Organic' (a green hexagonal logo with 'Bio' and 'nach EG-Öko-Verordnung' text), 'Plant Based' (a green circular logo with a plant), 'Chilled' (a blue circular logo with a snowflake), 'Snacking' (a green circular logo with an apple), and 'Free From' (a row of five red prohibition signs over icons for gluten, wheat, sugar, lactose, and dairy, with labels 'GLUTEN FREE', 'WHEAT FREE', 'SUGAR FREE', 'LACTOSE FREE', and 'DAIRY FREE' below them).

Natural

Vegan

Organic

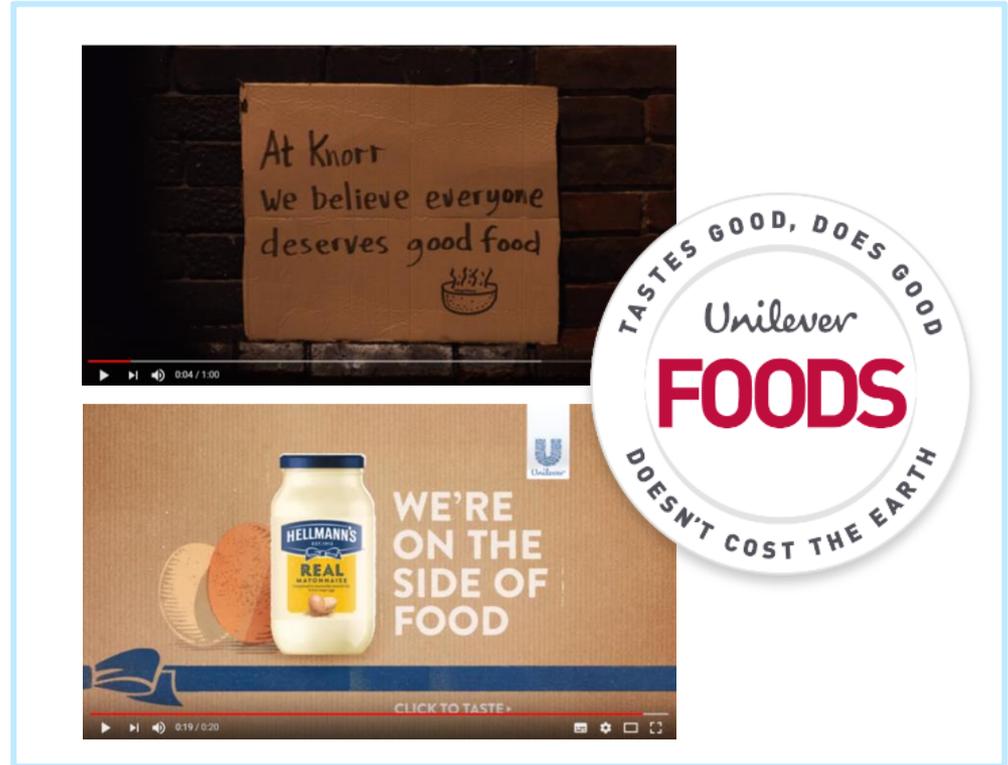
Plant Based

Chilled

Snacking

Free From

## Purpose-led



This block features two video thumbnails and a circular logo. The top thumbnail shows a hand-drawn sign on a brick wall that reads 'At Knorr We believe everyone deserves good food' with a drawing of a bowl. The bottom thumbnail shows a jar of Hellmann's Real Mayonnaise on a wooden surface with the text 'WE'RE ON THE SIDE OF FOOD' and a 'CLICK TO TASTE' button. To the right is a circular logo with the text 'TASTES GOOD, DOES GOOD' at the top, 'Unilever FOODS' in the center, and 'DONES'T COST THE EARTH' at the bottom.

At Knorr  
We believe everyone  
deserves good food

Unilever  
**FOODS**

TASTES GOOD, DOES GOOD

DONES'T COST THE EARTH

WE'RE ON THE SIDE OF FOOD

CLICK TO TASTE

Building brands in a connected world



# Expanding the Hellmann's portfolio



# Agenda

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- **Developing channels**
- Targeted savings programmes: Improving margin delivery

# Developing channels: Winning out-of-home

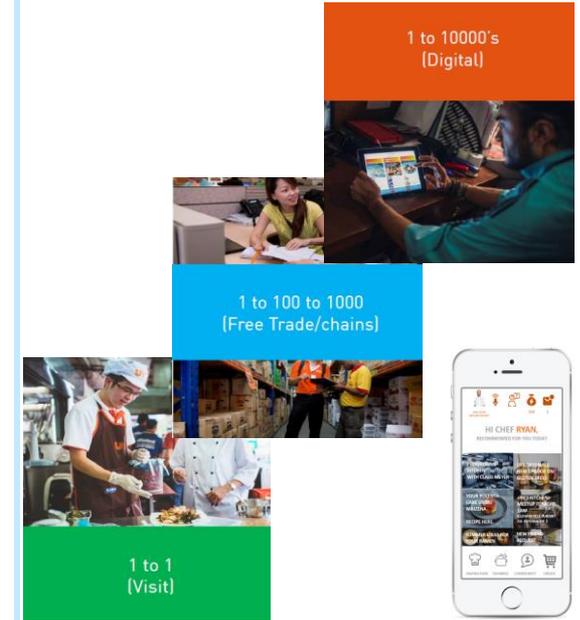
## Channel expertise



## From products to dish solutions



## Increasingly digitally-led



€2.5 billion business, 5% USG (2016)

# Developing channels: E-commerce

## Building capability in all models

Grocery.com



Market place



Pureplay



Direct



**Dedicated 800 people strong Unilever team**

## Driving growth

- 40% USG in H1 2017
- E-commerce now close to 3% of UL turnover
- Perfect Store Online programme
- Joint business plans & strategic partnerships
- Big data to optimise tracking, search, Paths to Purchase insights

**Continued growth ahead of the markets**

# Agenda

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# Accelerating supply chain savings through 5-S programme

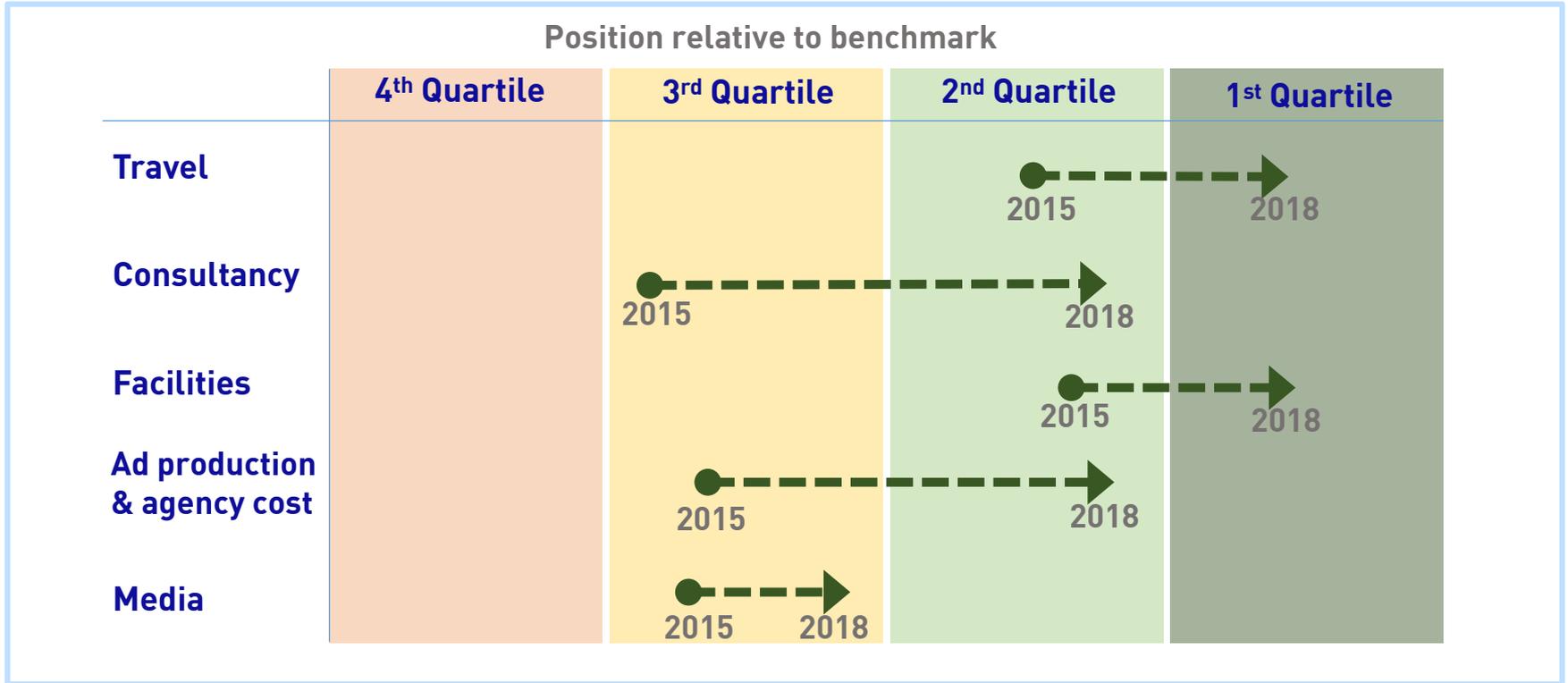


## Foods examples:

- Recipe harmonisation (-30% formulations vs. 2014)
- Design to value
- Margin-accretive innovation
- Buying efficiencies (eAuctions)
- Supply chain agility via 3rd party manufacturing
- Net Revenue Management

**Total Unilever supply chain savings in H1 2017: > €500m**

# ZBB delivering savings in Overheads and Marketing



**H1 2017 delivered >€200m in Overheads and >€300m in Brand & Marketing**

*Note: Quartiles are relative to 2015 benchmarks prepared by Accenture*

# Foods & Refreshment: a leaner business model



**Integration of Foods & Refreshment on track**

# Summary



- C4G making Unilever stronger and more agile
- Foods now more focussed with an improving growth profile
- Modernising the portfolio in both developed and emerging markets
- Strong out-of-home capabilities
- Accelerating margin delivery