

Unilever First Half 2017 Results

Paul Polman / Graeme Pitkethly

20th July 2017



Unilever[®]



NEW POWERGEMS

TRIPLE POWER

TO REMOVE STAINS, CARE & FRESHEN



ULTIMATE POWERGEMS

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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.

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.

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Delivering against our long-term growth model

Connected 4 Growth is accelerating performance:

- ❑ Increased agility & resilience
- ❑ Continued growth ahead of our markets
- ❑ Step-up in profitability

Sustainable investment-led business model:

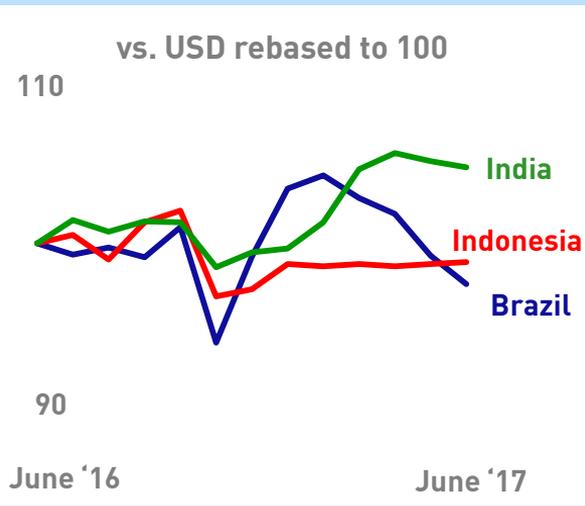
- ❑ Compounding returns on investment
- ❑ Attractive & growing dividends

Challenging market conditions

Consumer demand
remains weak



Emerging market currencies
more stable



Short-term
trade disruption

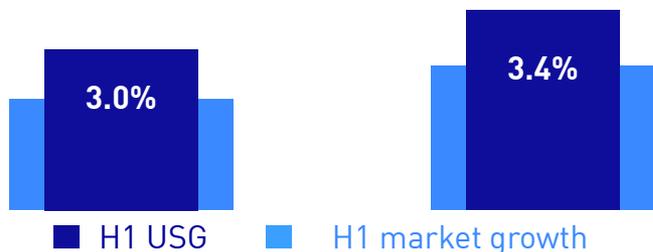


Good all-round performance – Connected 4 Growth delivering

Competitive growth

Unilever

Unilever excl. spreads



Savings ahead of plan

>€1 billion in H1'2017



C4G

5s
savings

Profitable growth

Underlying
Operating Margin

+180 bps

Underlying
Earnings Per Share

+14%

Strong cash delivery

+€0.6 bn

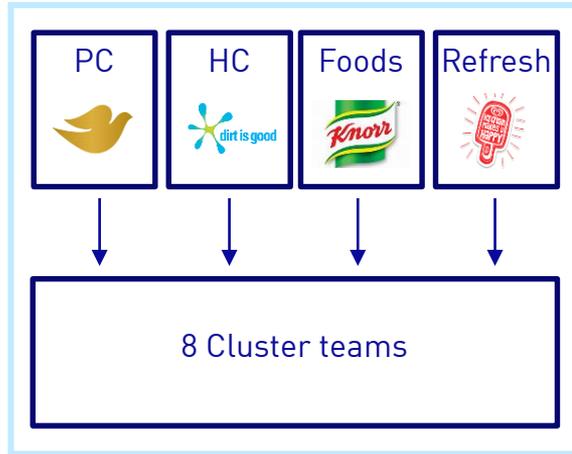


H1'2016

H1'2017

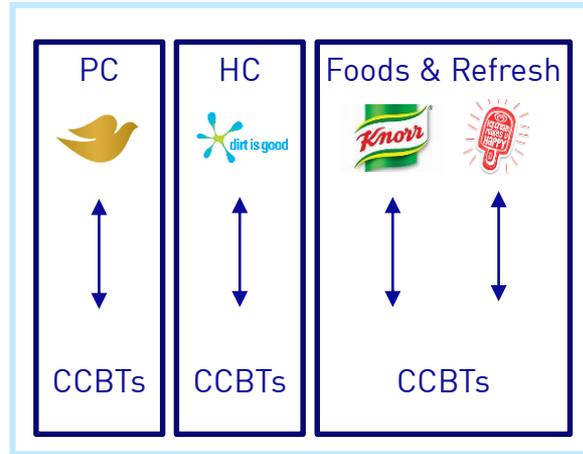
C4G: a simpler, faster organisation

2011-2016
4 Global Categories



Building global scale

From 2017
Connected 4 Growth



More global and more local

Already delivering results:

More Global:

Number of global projects **-10%**

Size of new global projects **+20%**

More Local:

Number of local projects **+25%**

Differentiated technology

Persil Powergems



100% active ingredients

Signal Enamel Repair



Regenerate technology

Magnum Double



Magnum 16% growth H1'17

White space expansion

Hijab fresh



New brand launch

Baby Dove



New segment

Dermalogica



Launching in China

Omo



Launching in Iran

TRESemmé



Launching in China

Grom



In-home launch

Local agility

Lux Botanifique



Meeting local trends

Breyers delights



Accelerated for summer

Omo black



Launched in 2 months

Liquid bouillons



Launched in 4 months

Cif spray and mousse



Launched in 8 months

Dove Sakura variant



Launched in 5 months

Value-creating M&A, faster pace of change

Clear criteria for acquisitions

Strategic fit:

- Extending into new segments or channels
- Or, building scale & realising synergies

Financial discipline:

- DCF yield > WACC
- ROIC / WACC cross over

80% of investment 2009 to 2015 meeting/ exceeding target financial returns



29 Apr 09



06 Dec 10



10 May 11



06 Dec 11



06 Sep 13



02 Dec 14



01 May 15



03 Aug 15

Recent acquisitions growing > 20% in H1 2017



10 Aug 16



20 Oct 16



01 Dec 16



01 Feb 17



01 May 17



Announced



Investment to build new channels

E-commerce

Grocery.com 	Market place 
Pureplay 	Direct 

40% growth, ahead of the market
Building capability in all models

Beauty

Mass 	Prestige 
	

Drugstores growing 2x faster
Building scale in prestige

Out-of-home

Retail stores growing at 15-20%
Building equity with 1300 retail stores

Graeme Pitkethly



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H1 2017 – All categories growing and improving margins

	Personal Care	Home Care	Foods	Refreshment
Growth	2.6%	3.3%	0.6% 2.0% ex. spreads	6.1%
Margin	+240 bps	+110 bps	+100 bps	+230 bps

- **Personal Care:** Innovation and re-investment of savings back-weighted
- **Home Care:** Good growth despite a strong comparator
- **Foods:** Good growth for Knorr, decline in spreads and some non-core brands
- **Refreshment:** Strong performances in both ice cream and tea

H1 2017 – growth by region

Asia / AMET / RUB

€12.1 bn



USG 5.5%
UVG 0.8%

Latin America

€4.2 bn



USG 5.0%
UVG (1.0)%

North America

€4.8 bn



USG 0.3%
UVG (0.2)%

Excl spreads:

USG 0.9%
UVG 0.3%

Europe

€6.6 bn

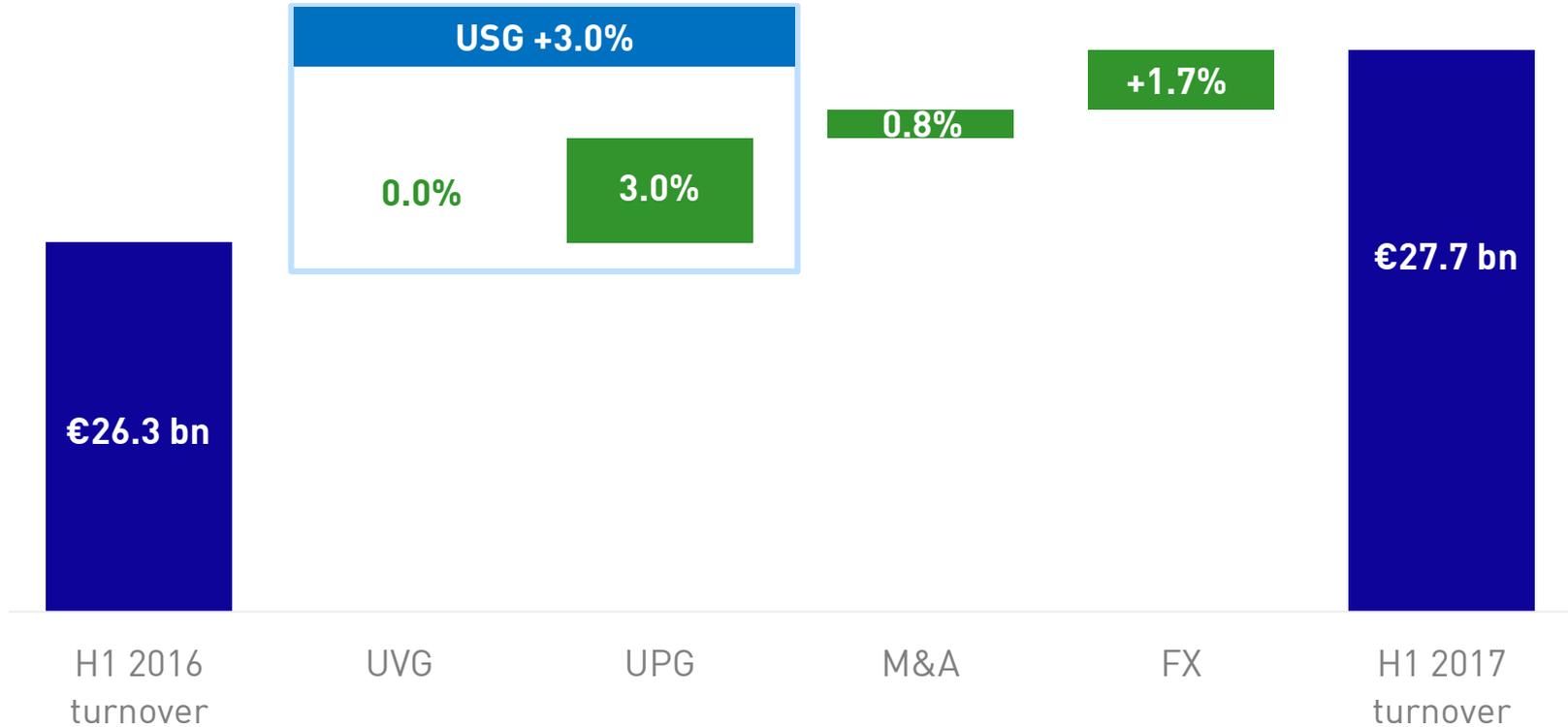


USG (0.8)%
UVG (0.6)%

Excl spreads:

USG 0.1%
UVG 0.2%

H1 2017 - Turnover up 5.5%



Update on savings programmes



Half 1 delivery

> €1 billion savings

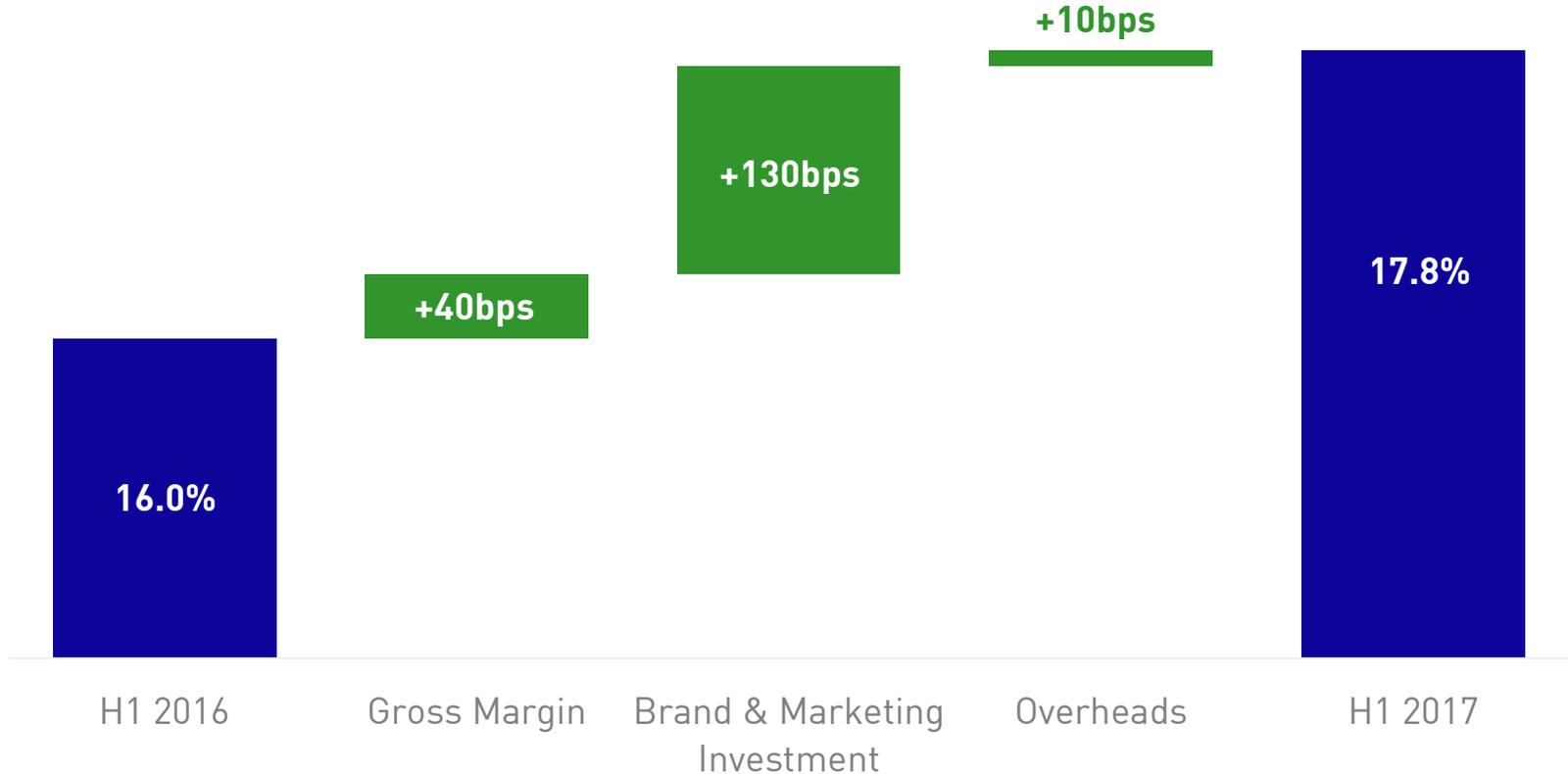


Operational KPIs – examples

<u>B&MI</u>	<u>vs. 2016</u>
Absolute agency fees	-17%
Production cost of TV ads	-14%
<u>Overheads</u>	
Number of airline flights	-30%
Middle & Senior managers	-13%

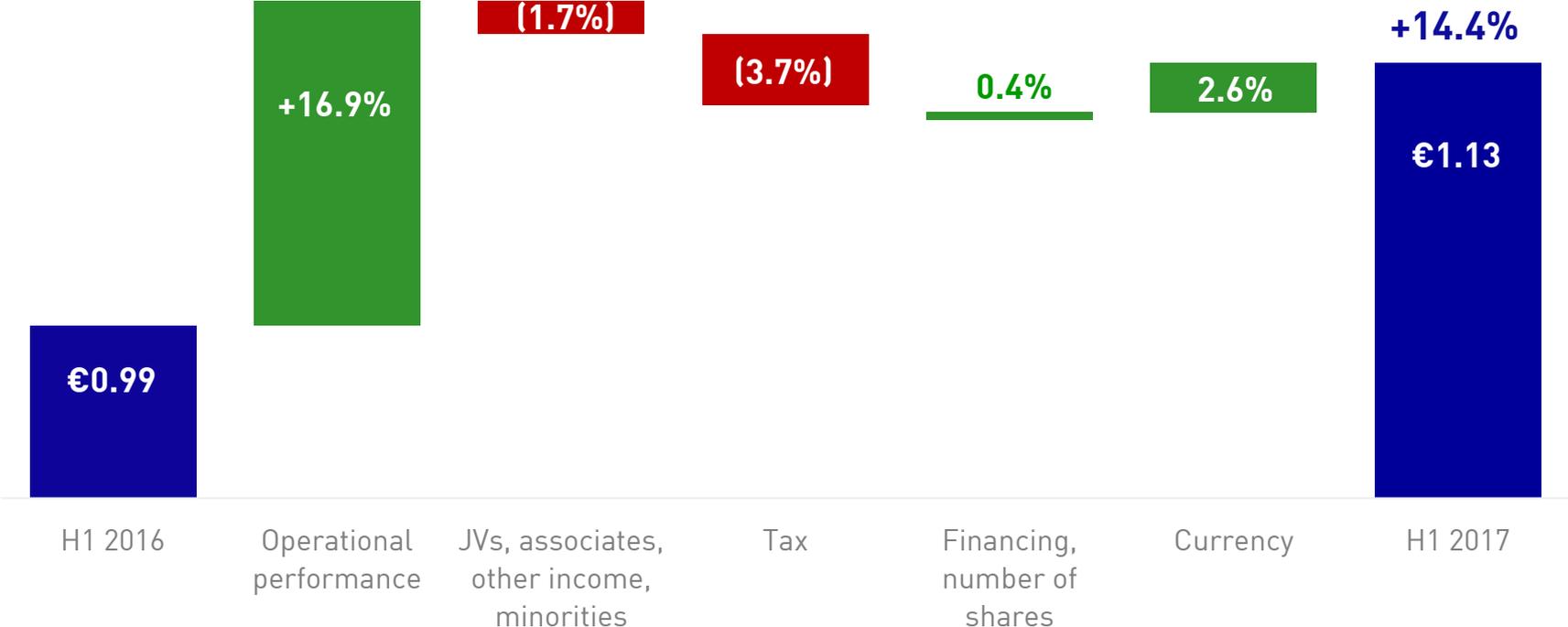
On track to deliver €6bn savings in 2017-2019

H1 2017 - Underlying Operating Margin up 180 bps



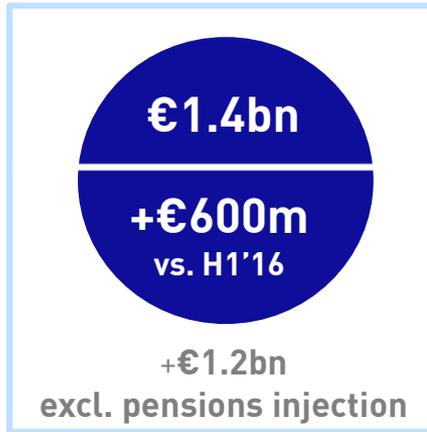
H1 2017: Underlying Earnings Per Share

Underlying EPS up 11.8% at constant rates



Cash flow & balance sheet

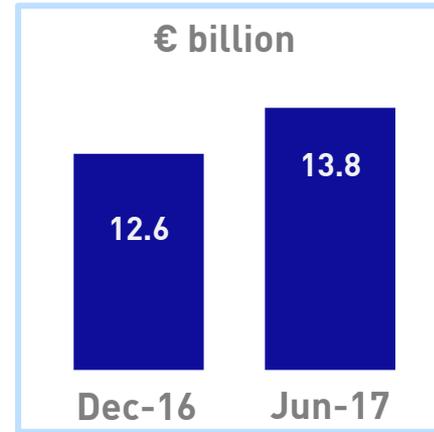
Free cash flow



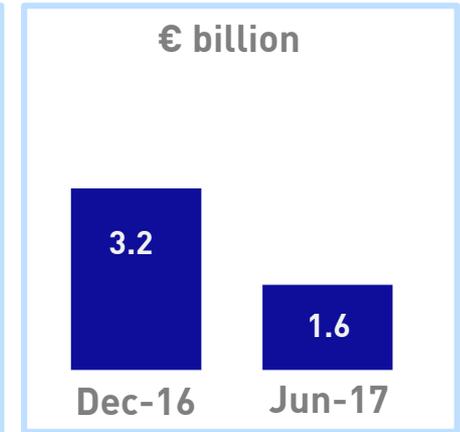
Inventory



Net debt



Pension deficit



- Dividend increased by 12% as announced in April
- €0.6 billion cash injection to UK pension fund in H1 2017
- €1.4 billion shares bought back, on track to complete €5 billion programme this year

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Strong innovation plan in the second half



2017 outlook

- ❑ Ahead of our markets, 3-5% underlying sales growth
- ❑ Underlying operating margin now expected to be up at least 100bps
- ❑ Strong cash flow

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