

# Unilever China

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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. 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.

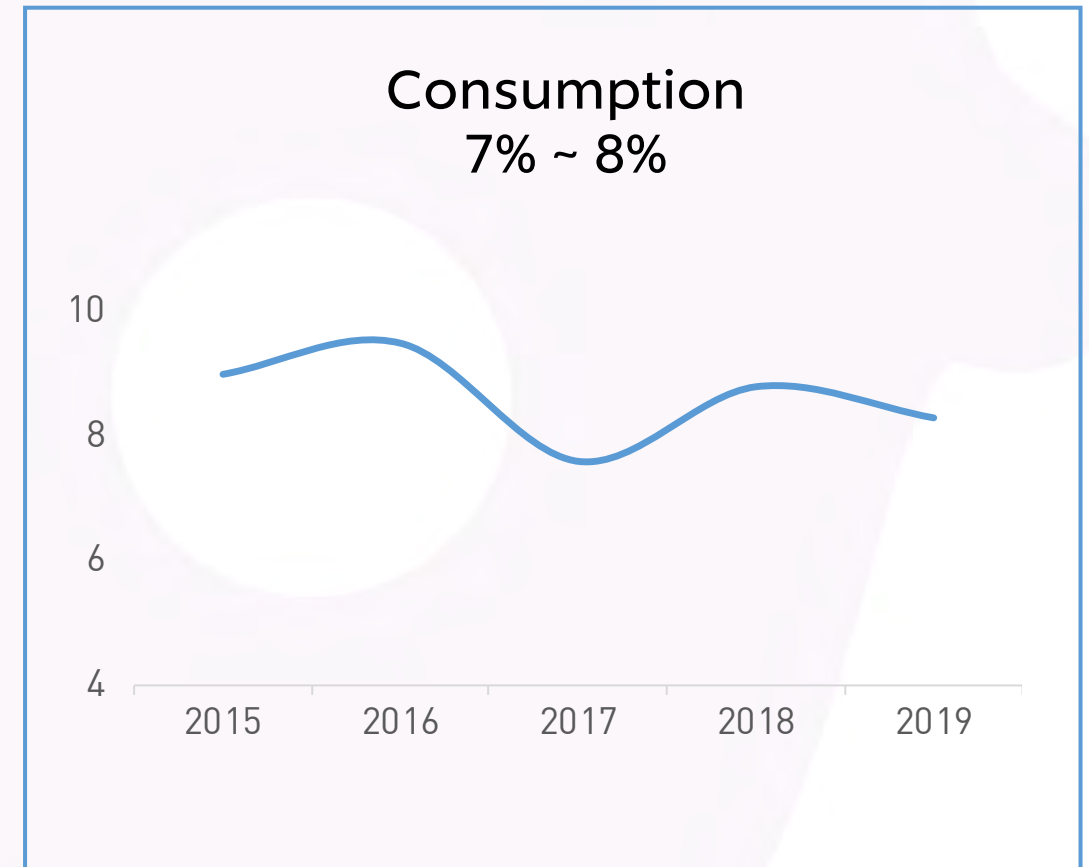
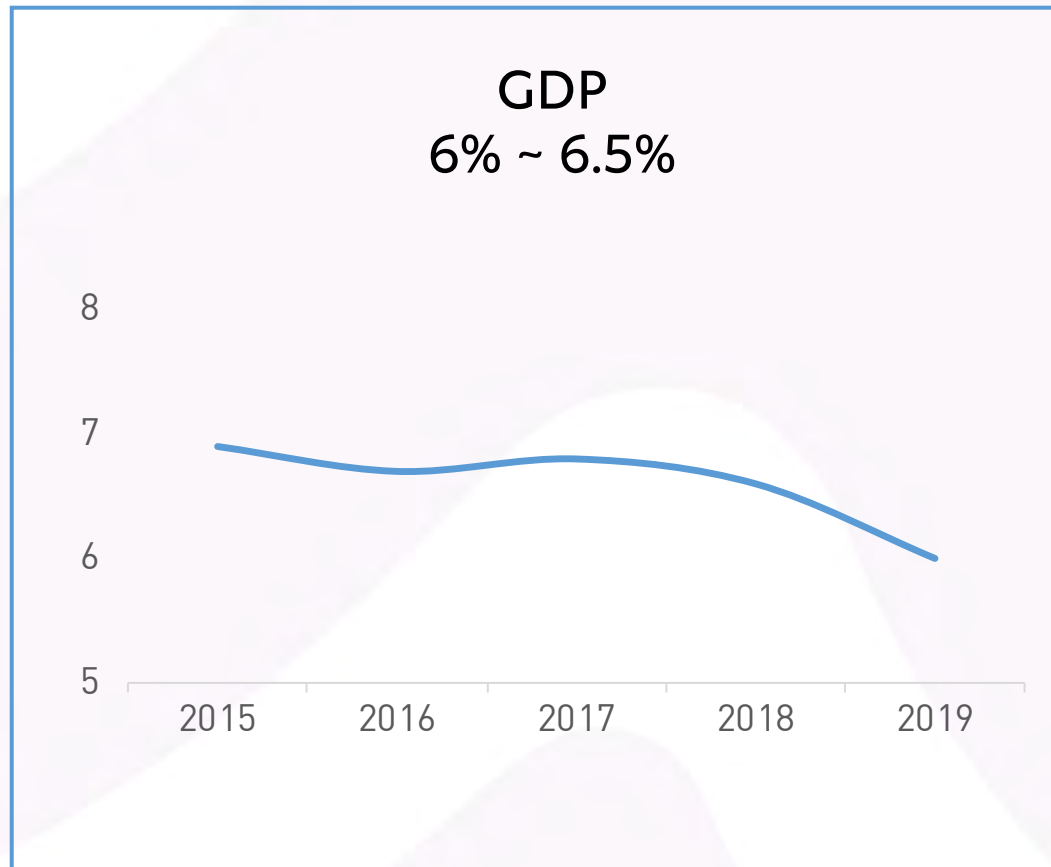
Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Among other risks and uncertainties, the material or principal factors which 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 including to plastic packaging; the effect of climate change on Unilever's business; significant changes or deterioration in customer relationships; the recruitment and retention of talented employees; disruptions in our supply chain and distribution; increases or volatility in the cost of raw materials and commodities; the production of safe and high quality products; secure and reliable IT infrastructure; execution of acquisitions, divestitures and business transformation projects; economic, social and political risks and natural disasters; 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.

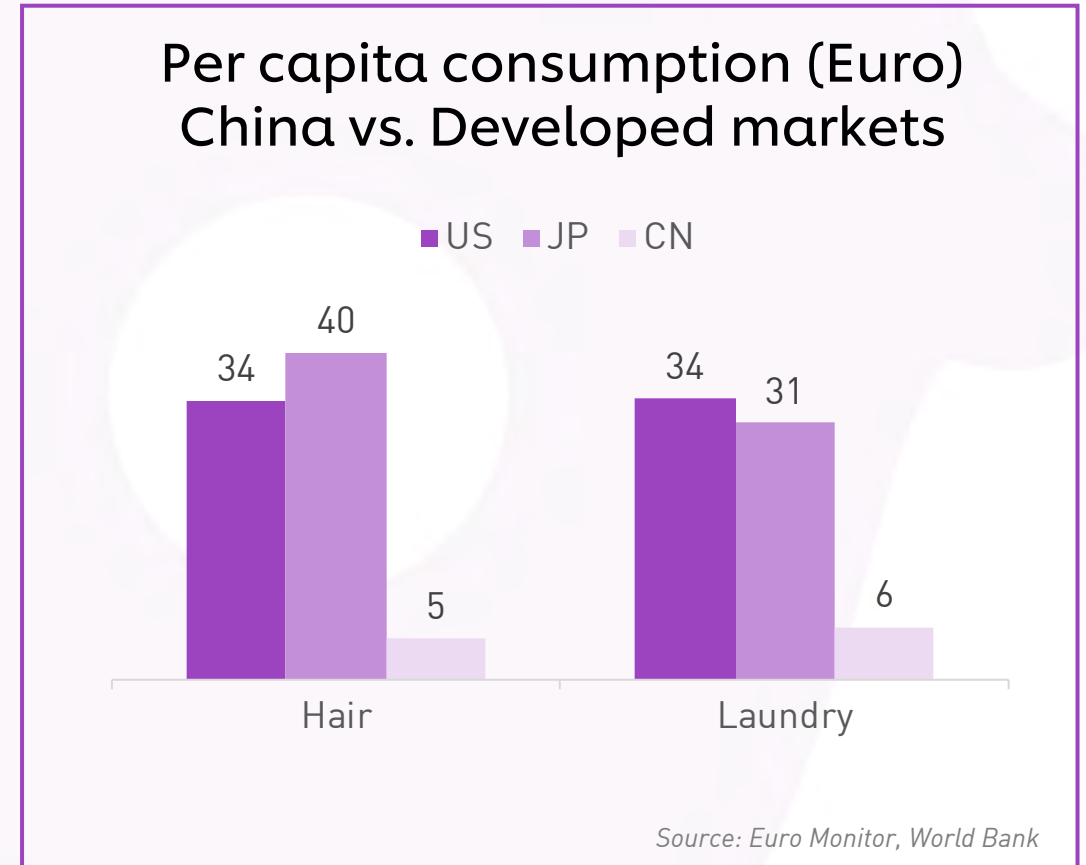
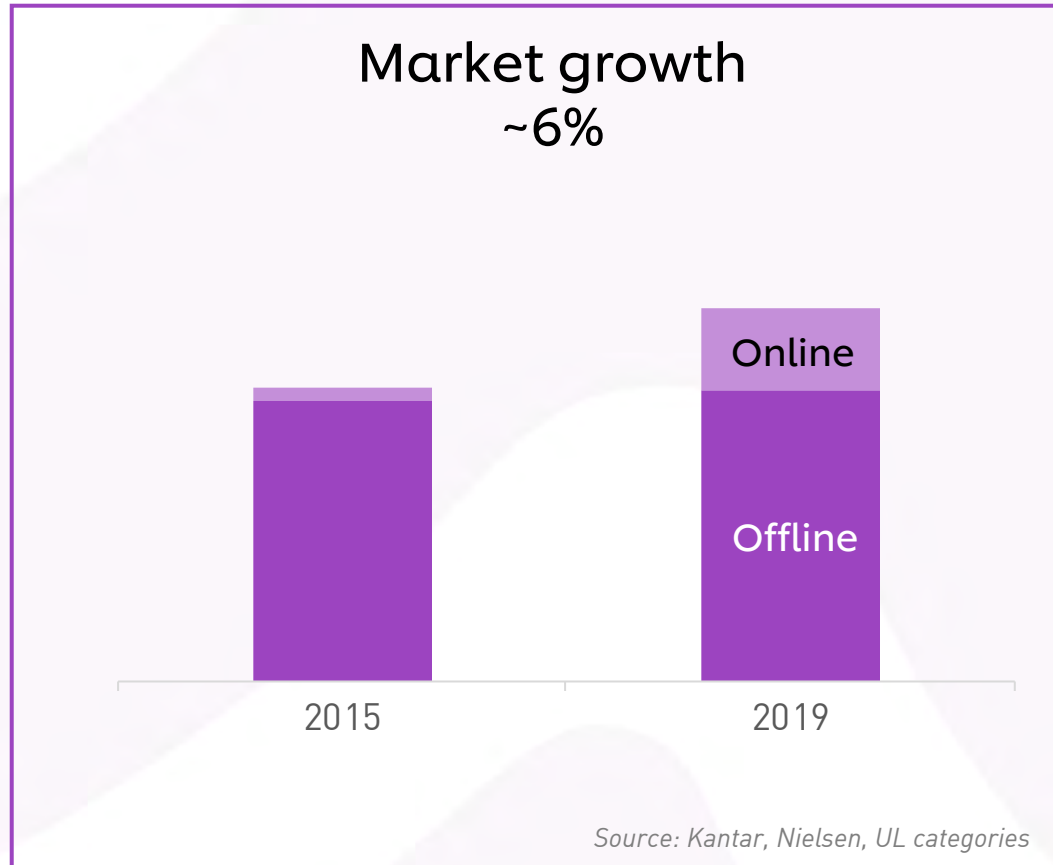
Further details of potential risks and uncertainties affecting the Group are described in the Group's filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including in the Annual Report on Form 20-F 2018 and the Unilever Annual Report and Accounts 2018.



# China : Sustained growth



# China : Significant growth opportunity

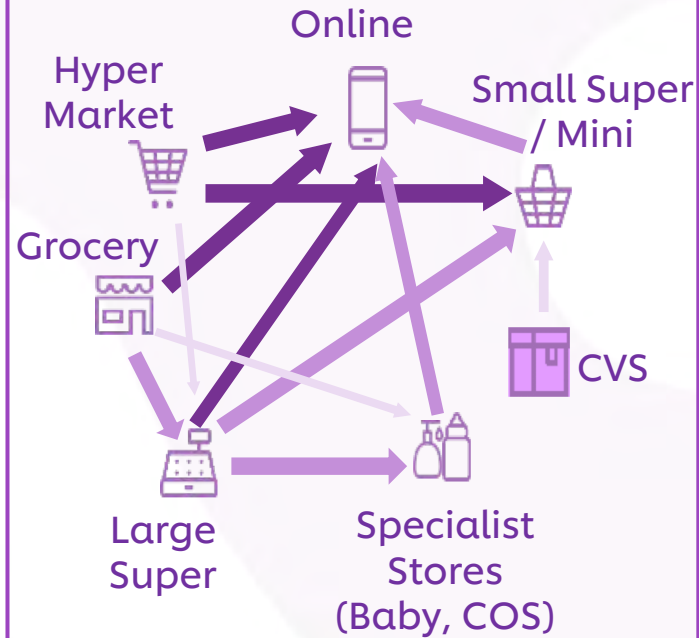


# Changing China : Digitization

## Digital life

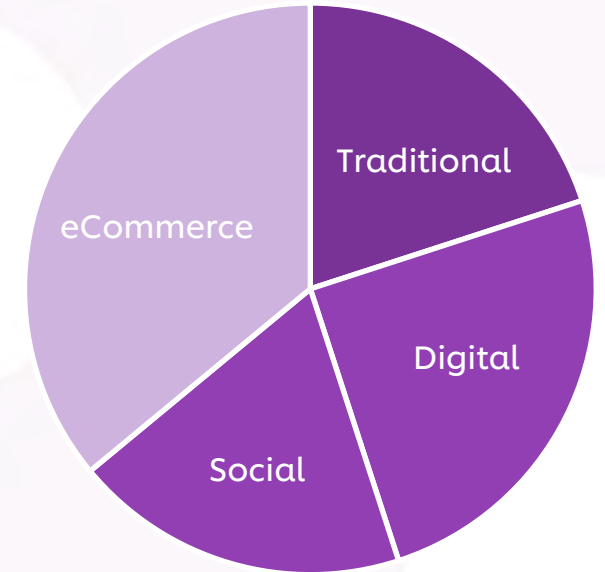


## Omni channel



Source: Kantar

## Media fragmentation



Source: PHD estimation, FMCG

# Changing China : Upgradation

## Increasing aspiration



Personalization



Sub culture



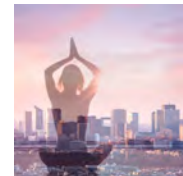
Experiential



China pride

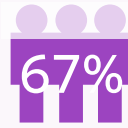


Convenience



Balanced life

## Rise of lower tier cities



Population 2030E



Total Consumption 2030E



Sources: Kantar

## More choice

No. of new brands Shampoo

Offline

+200

Online

+520

Source: Nielsen, Kantar, 2017-2018

# Unilever in China : History



# Unilever in China : Built to scale

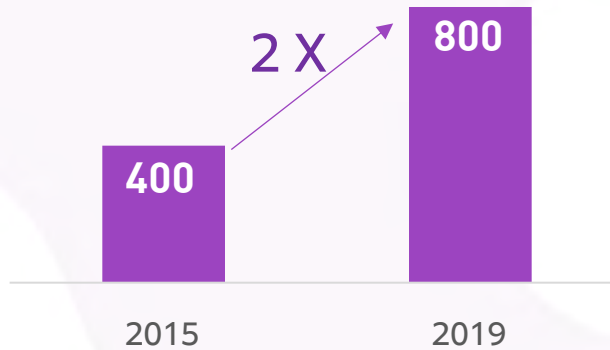
## World class manufacturing



8 sites, 90% made in China 30  
3P manufacturing and design

## Deep and wide reach

No. of  
Distributors



26 logistic centers  
30 key account relations  
80% weighted reach

## Digital commerce



25% share of business  
200 dedicated team



# Unilever China : Unique, strong talent proposition

## Local leadership



11 of 12 top team are Chinese

97% managers local

~1000 strong alumni

## Top employer

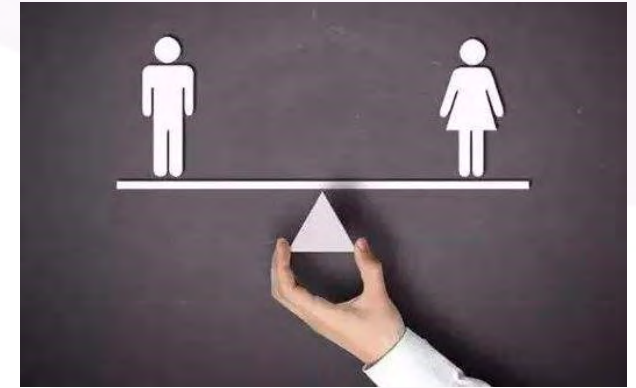


No 1 FMCG employer for 2 years

90% engagement score

3 drivers: Growth mindset, Career development, Well being

## Diverse team

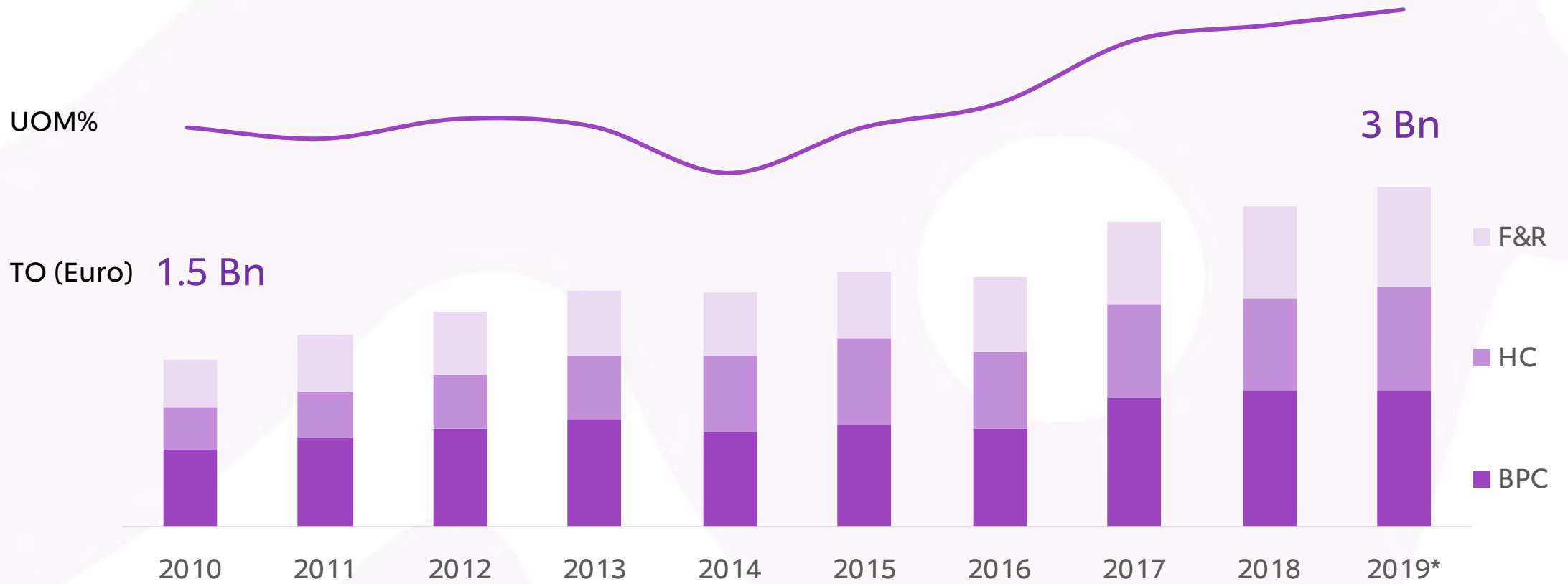


50% women

40% below 30 years of age

Source: ChinaHR.com

# Unilever China : Consistent, profitable growth



2019\*: Q3 YTD TO annualized, and H1 UOM annualized

# China for China

**DECIDE IN  
CHINA**

**DESIGN  
FOR  
CHINA**

**MOVE AT  
CHINA  
SPEED**

**DO IT THE  
CHINA  
WAY**

# Unilever China : Growth priorities

Grow core brand penetration



Future fit portfolio



Go digital, deep and wide



Key enablers

New organization

Fuel for growth

Sustainability

# Grow the core penetration : 10 brands, 80% business

## Superior product



100%  
Winning vs. benchmark

## Mental availability



No 1.  
Brand power  
Skin cleansing

## Physical availability



600 Cities  
c. 1 M total coverage  
>2M Chefs direct connect

# Future fit portfolio : Accelerate premium portfolio

## New Brand



Good for you, good for the planet

## New Benefit



Naturals



Indulgence

## New Formats



New Bath Experience

# Future fit portfolio : Scale skin care business

No. 1  
Body care brand  
in Tmall



No. 1  
Facial wash Company  
in Tmall



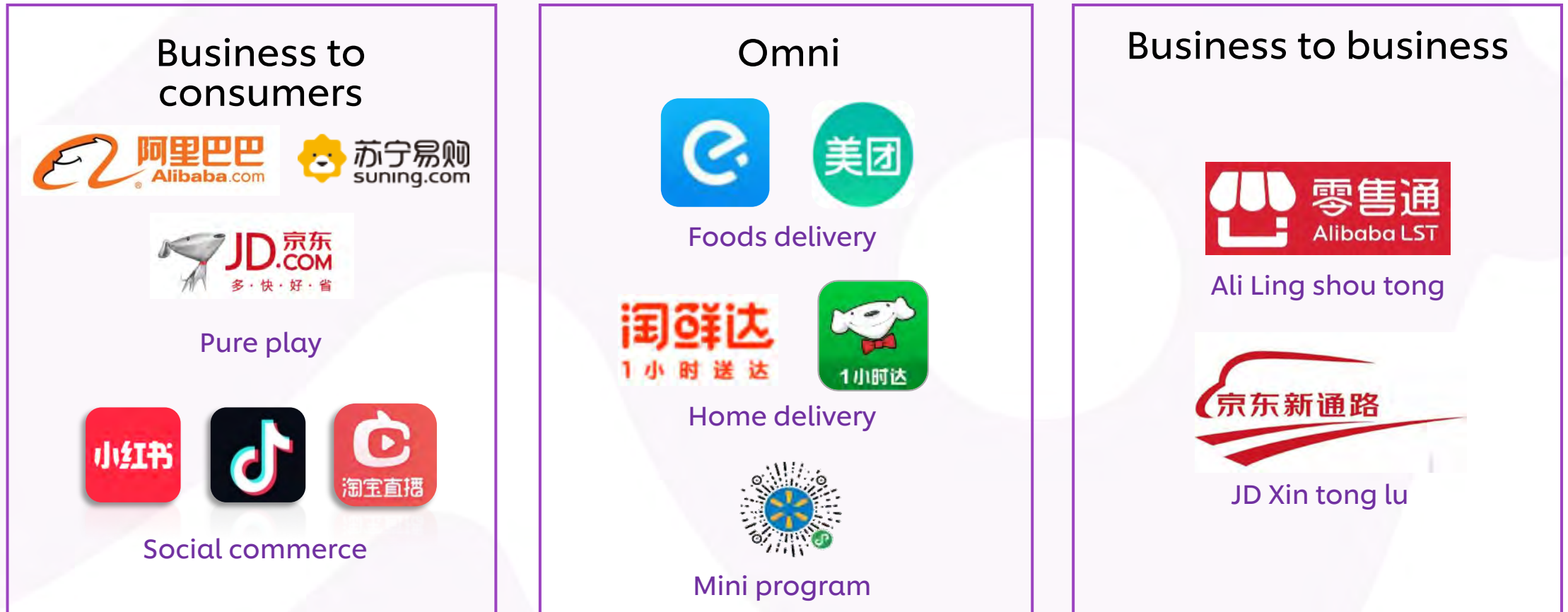
No. 1  
Volume brand  
in Tmall International



New  
J-Beauty



# Go Digital : eCommerce all models at 25% contribution



+30% CAGR



# Go Digital : Winning strategy

Portfolio designed for channel



Content to convert



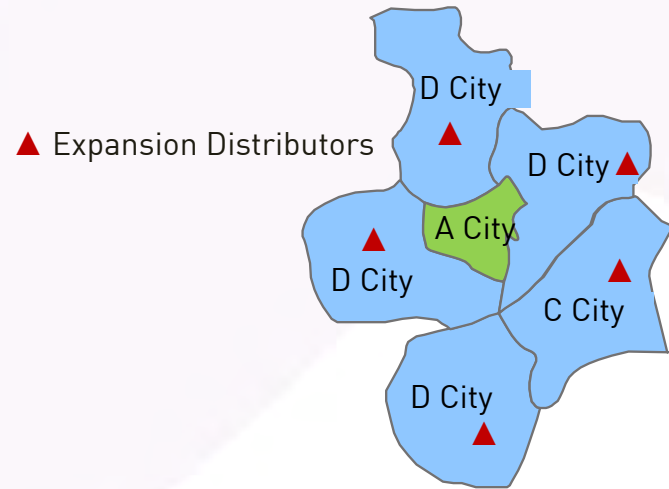
Perfect execution



Talent and organization









# Go Deep : Lower tier cities

Distributors to cover lower tier cities  
Focus on priority city clusters



11% growth like to like  
25% total growth

Business to Business to cover grocery  
1M small stores

	 Big Store	 Small Super /Mini	 Cosmetic	 Grocery
Weight	 ↓	 ↑	 ↑	 ↓
Action	Core Distributor	Expansion Distributor	Cosmetic Distributor	B2B

# Go Wide : New channels

## Health & Beauty



Best Supplier  
Award 2019

## Out of home



Traditional  
big restaurants

Small  
restaurants

4-5 star  
Hotels

Chains

Leading Food Service Team  
Pride in 'Chefmanship'

# Enabled by new organizational model



Hair

PW

Fab Sol

Fab  
Sen

Skin

Life  
Essential

Food  
Solution

IC

Omni Channel Team

Dedicated Customer Development Teams



Data and  
Digital Hubs

Marketing  
Services

Supply Chain

R&D

Expertise  
Partners



Plan

Execute

Deliver

Collect

# Enabled by new organization : Data and Digital Hub

## Dedicated team



100+ FTE

## Data assets



Significant scale  
in 1<sup>st</sup> party data

## Digital capability



AI  
Machine learning  
Natural language processing

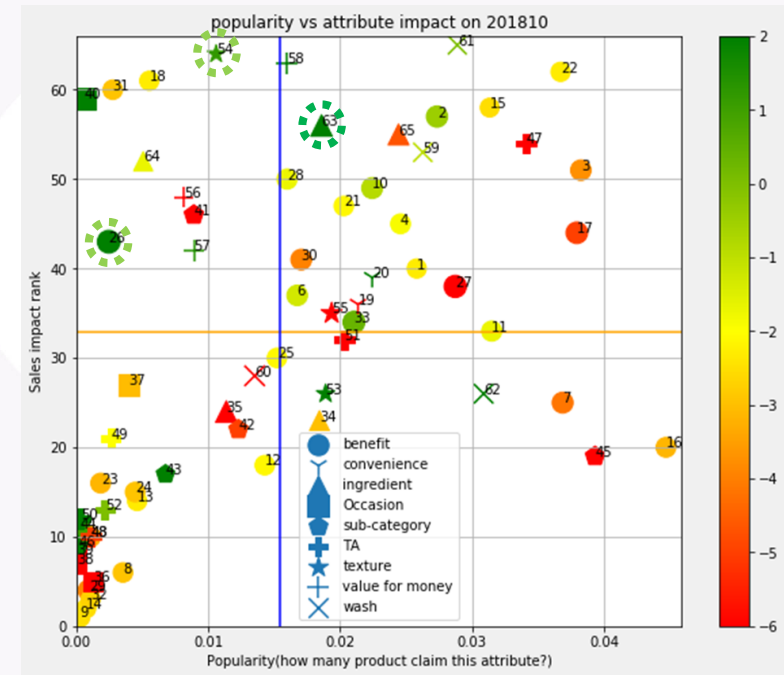
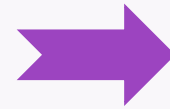
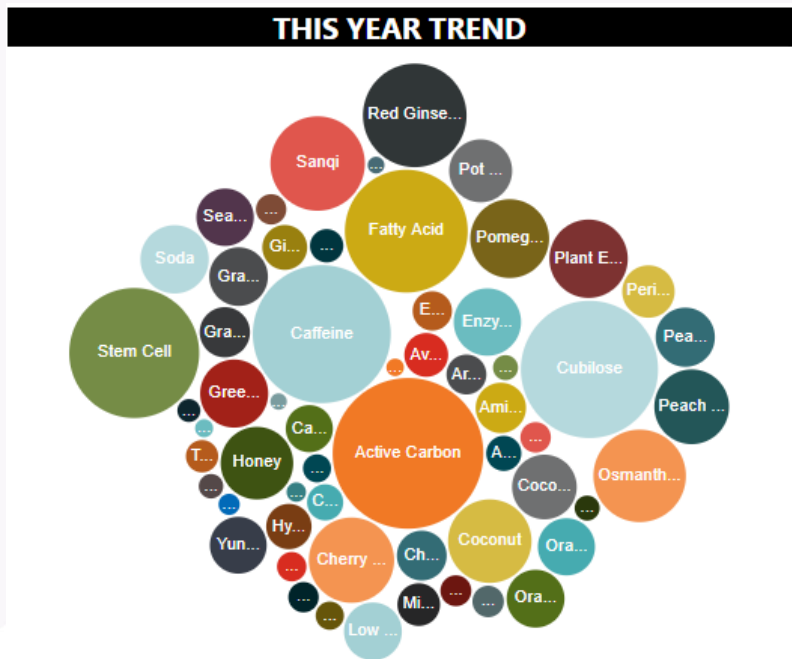
## Foundry



40 pilots landed  
100+ ideas inspired  
700+ start-up referrals

# Data and Digital Hub – Faster Innovation

## Category trend forecast by AI



# Data and Digital Hub – Precision at mass scale

**Well defined segments**



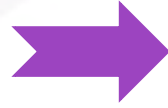
Trend addicts



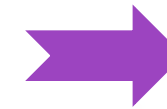
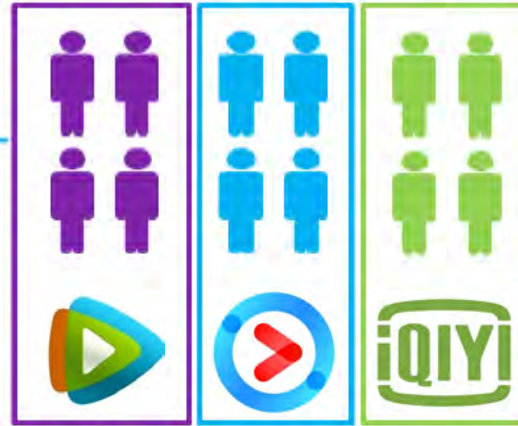
Love seekers



Ingredient lovers



**Identify audience segments via big data algorithm**



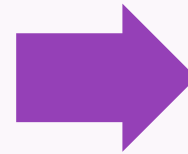
**Tailored assets based on sharp consumer insights**



# Data and Digital Hub – Consumer Journey Marketing

## Unilever X Ali Eco System : B2B2C pilot

Push: Business to business



Pull: to consumer

**Sell in to stores on  
Ali LST platform**



Ali Ling shou tong

**Location based precision marketing  
to consumer with ads and coupon**



Youku video app

**Conversion in stores  
with coupon redemption**



Coupon function on Alipay



Tmall CVS



# Enabled by fuel for growth and sustainability

Fuel for growth

## 5S



**ZERO  
BASED  
BUDGETING**

**CHANGE  
PROGRAM**

Better, Less, No Plastic  
2019

Recyclable

80%

PCR

20%



# Unilever in China for China!

