

Unilever at CAGNY

Graeme Pitkethly & Richard Williams

18th February 2020



Unilever

Richard Williams

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Unilever

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.

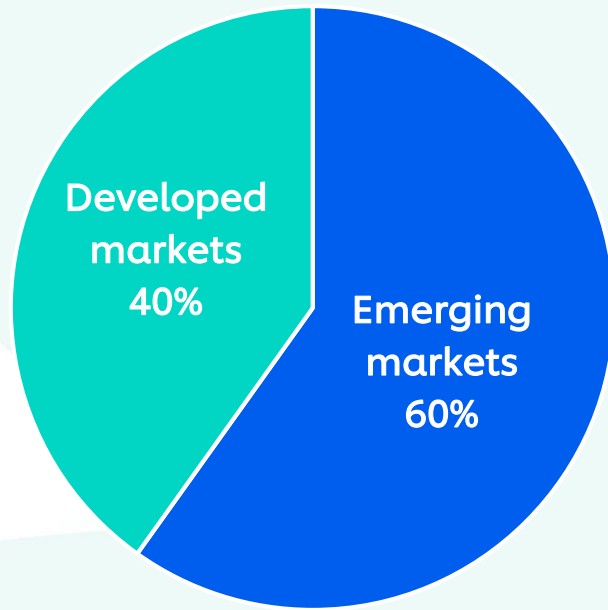
Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Among other risks and uncertainties, the material or principal factors which 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.

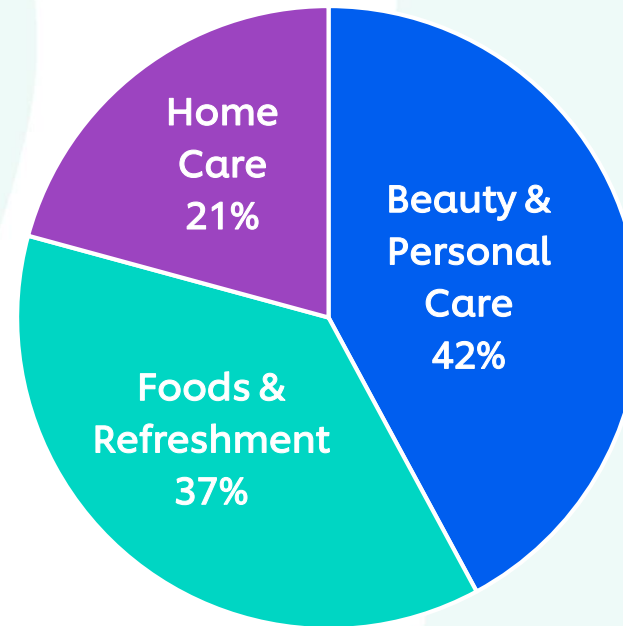
Further details of potential risks and uncertainties affecting the Group are described in the Group’s filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including in the Annual Report on Form 20-F 2018 and the Unilever Annual Report and Accounts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

Unilever today

190 countries



2.5 billion consumers



85% leading positions



80% local leaders. #1 CPG employer in 52 countries

2019 Results

Growth

Underlying Sales Growth

+2.9%

+1.2%

Underlying Volume Growth

Margin

Underlying Operating Margin

+50 bps

+30 bps

Gross Margin

Earnings

Underlying EPS

+8.1%

+5.8%

Constant Underlying EPS

Cash

Free Cash Flow

€6.1bn

+€0.7bn

vs 2018

Progress against 2020 strategic plan

USG in 3-5% range

3% CAGR 2017-19

Simpler, faster organisation

Closer to the markets, delayed

Accelerated margin progression

UOM 16.4% → 19.1%, >€6bn savings 2017-19

Faster portfolio evolution

**BPC increased to > 40% of portfolio
New Prestige business built to >€600m**

Simpler capital/legal structure

**Preference shares cancelled, trust office closure,
unification withdrawn**

Increased leverage & returns

High teens ROIC, net debt at 2X

Graeme Pitkethly

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Unilever

2019: Setting foundations

Jan

April

July

Dec



One Strategy



Delayering



Accelerate growth



Turnaround growth



Sustain growth



Unlock margin

Roles by cell

Management changes



● Role changes

● Promotion

● External

Top line growth: our diagnosis

❑ Focus on fundamentals

- Consistent execution
- More operational grip
- Improve channel capability

❑ Strengthen innovation, particularly BPC

❑ Greater leverage from emerging market strongholds

❑ Bolder portfolio shift

Today's themes

FOCUSED EXECUTION

- Improved penetration
- Impactful innovation
- Design for channel
- Purposeful brands
- Fuel for growth

5 growth fundamentals

POWERING OUR MARKETS



Emerging markets

ACTIVE PORTFOLIO MANAGEMENT



Reshaping the business

Today's themes

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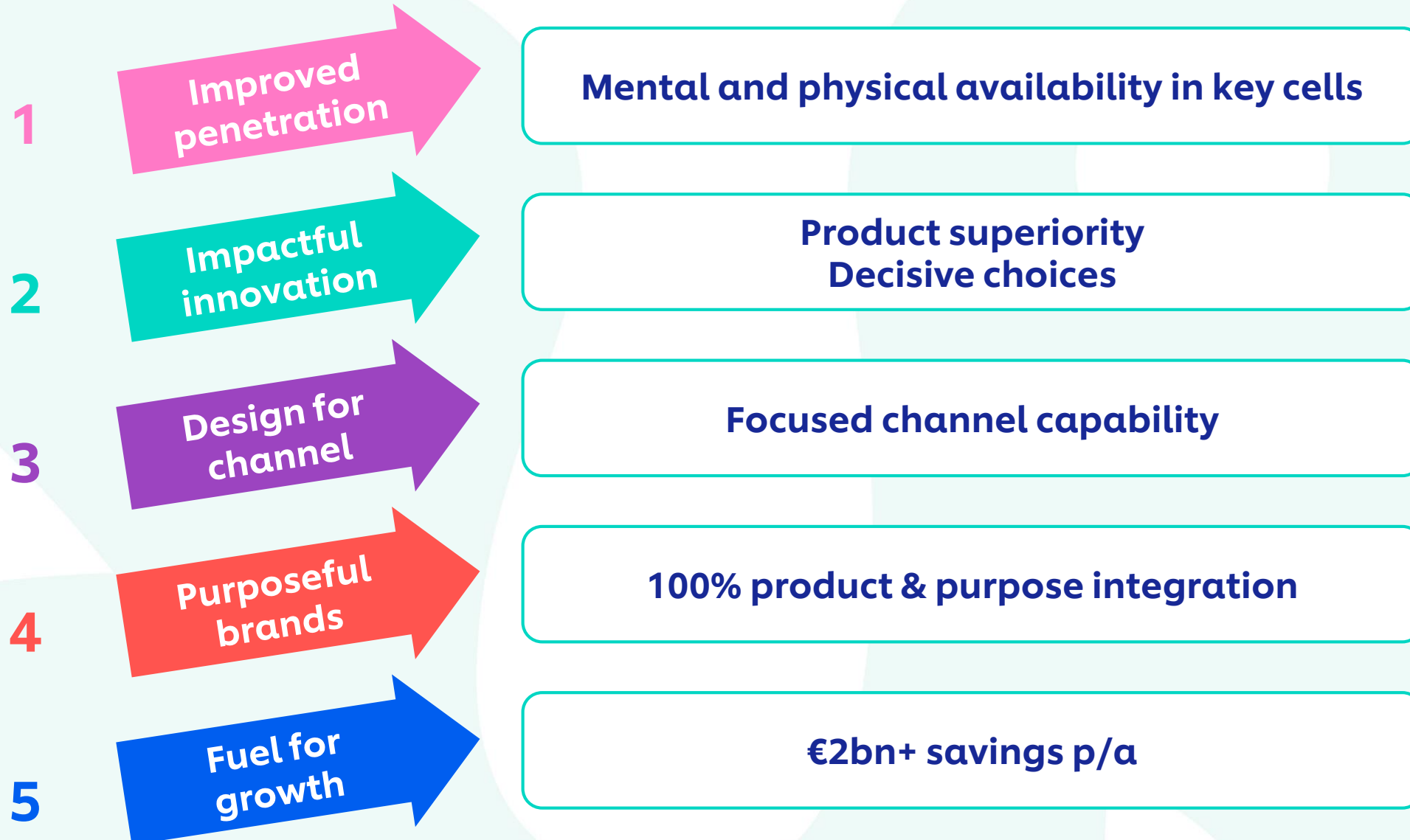
Emerging markets

ACTIVE PORTFOLIO MANAGEMENT



Reshaping the business

2020 growth fundamentals



Improved penetration

- Improved penetration
- Impactful innovation
- Design for channel
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**Product
availability**



**Product
superiority**



**Advertising
superiority**

Increasing mental and physical availability

India penetration

- Improved penetration
- Impactful innovation
- Design for channel
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Surf Excel penetration

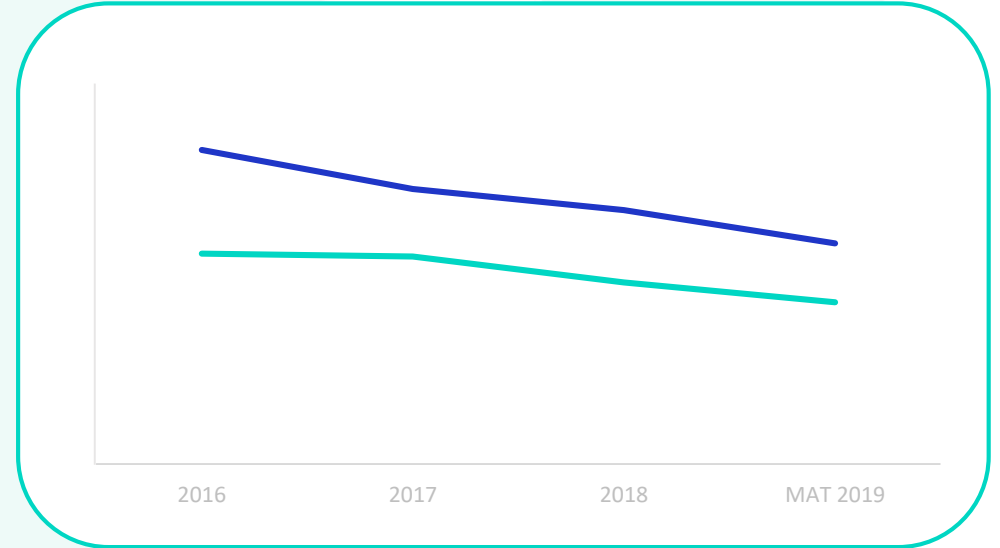


Laundry business results



While driving market development through premiumization

Skin cleansing penetration



Skin cleansing business results



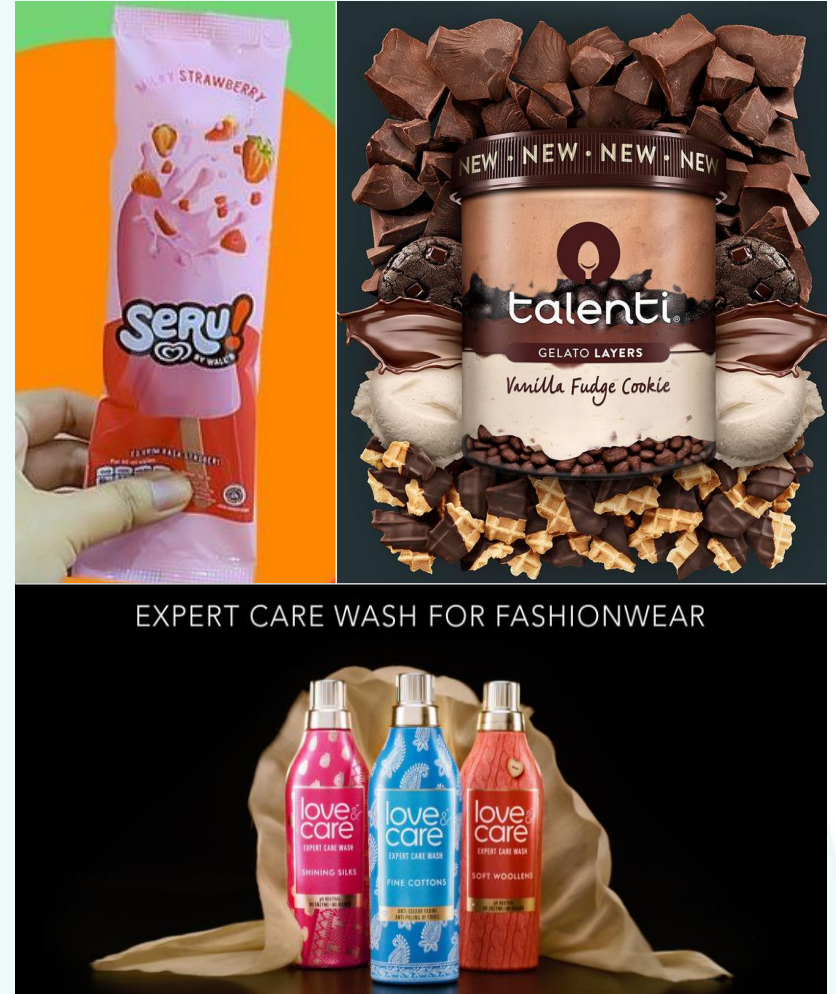
Two biggest brands:
Declining penetration

Impactful innovation - rebalancing

- Improved penetration
- Impactful innovation
- Design for channel
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GLOBAL: Dial up




LOCAL: More choiceful

Impactful innovation – technology led

- Improved penetration
- Impactful innovation
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 2019: > 10 markets

 Premium pricing
~150 index

 Margin accretive

 > 3% Market share of deos market in Y1

Design for channel

Capturing growth in fast growing channels

- Focused channel capability
- Future fit portfolio
 - Agile R&D and Net Revenue Management
- Execution
 - Design for complexity & agile supply chain
- Content & demand creation
 - Data driven marketing driving conversion

Improved penetration
Impactful innovation
Design for channel
Purposeful brands
Fuel for growth



E-commerce



Health & beauty



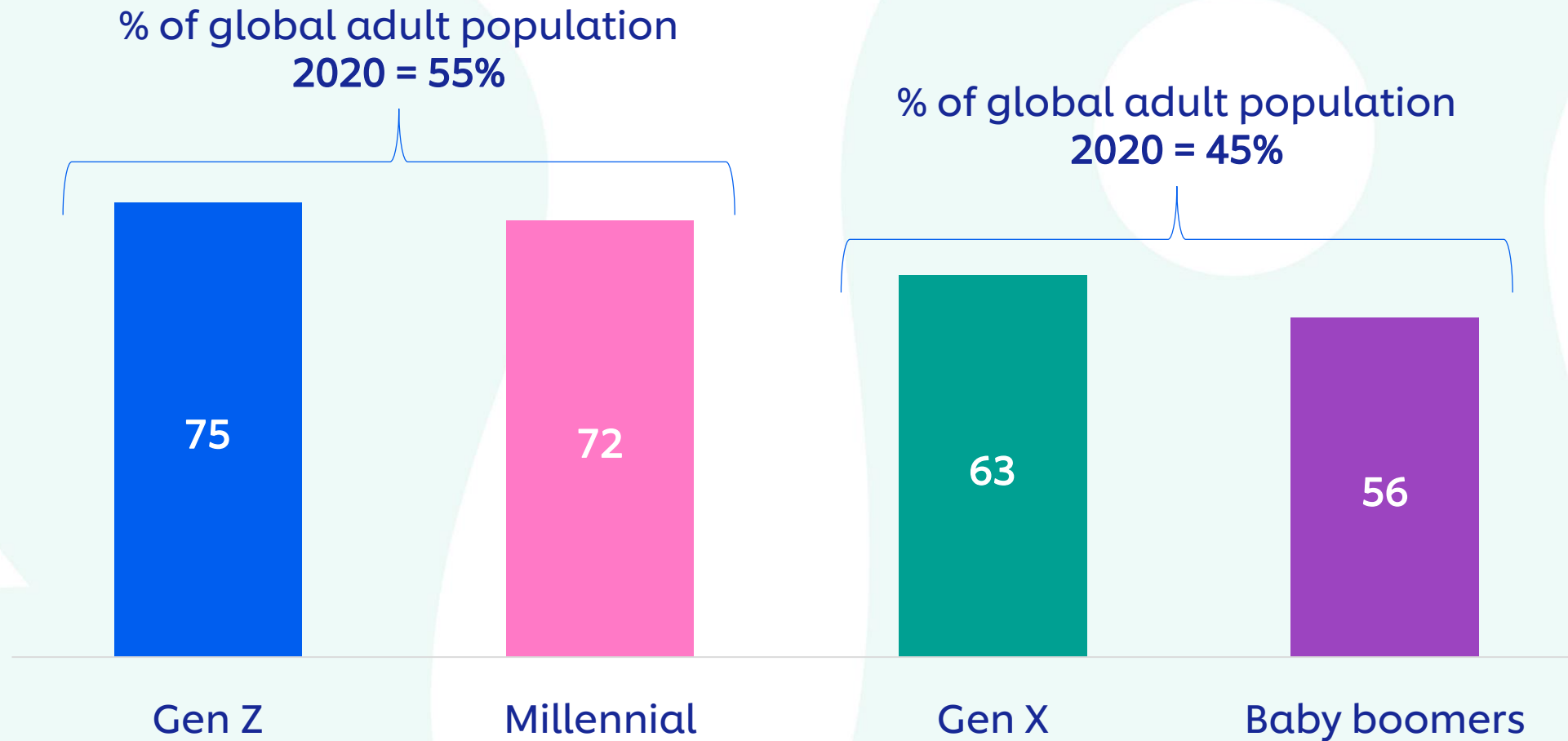
Out of home



Professional

Purposeful brands

- Improved penetration
- Impactful innovation
- Design for channel
- Purposeful brands**
- Fuel for growth



% motivated to be brand loyal to brands making positive impact



Source: GlobeScan, Healthy & Sustainable Living Report 2019 / UN population data

Fuel for growth

- Improved penetration
- Impactful innovation
- Design for channel
- Purposeful brands
- Fuel for growth

€2bn
p.a.

Savings per year
2017 – 2019

Robust pipeline of savings programmes

5s
savings

 ZERO
BASED
BUDGETING

Change
Programmes

 Grow
 Power
 Run

Enabled through €3.5bn restructuring spend

Reinvesting in the business

- Improved penetration
- Impactful innovation
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- Fuel for growth

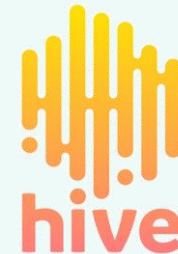
Brands

Brand Power

76%

Stable or increasing

Innovation



Capabilities

>1500

Digital talent recruited in 2018/19

>500

Talent in Digital Hubs & People Data Centres

>20 U-Studios

>30 People Data Centres

Piloting Insight Hubs

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Emerging markets

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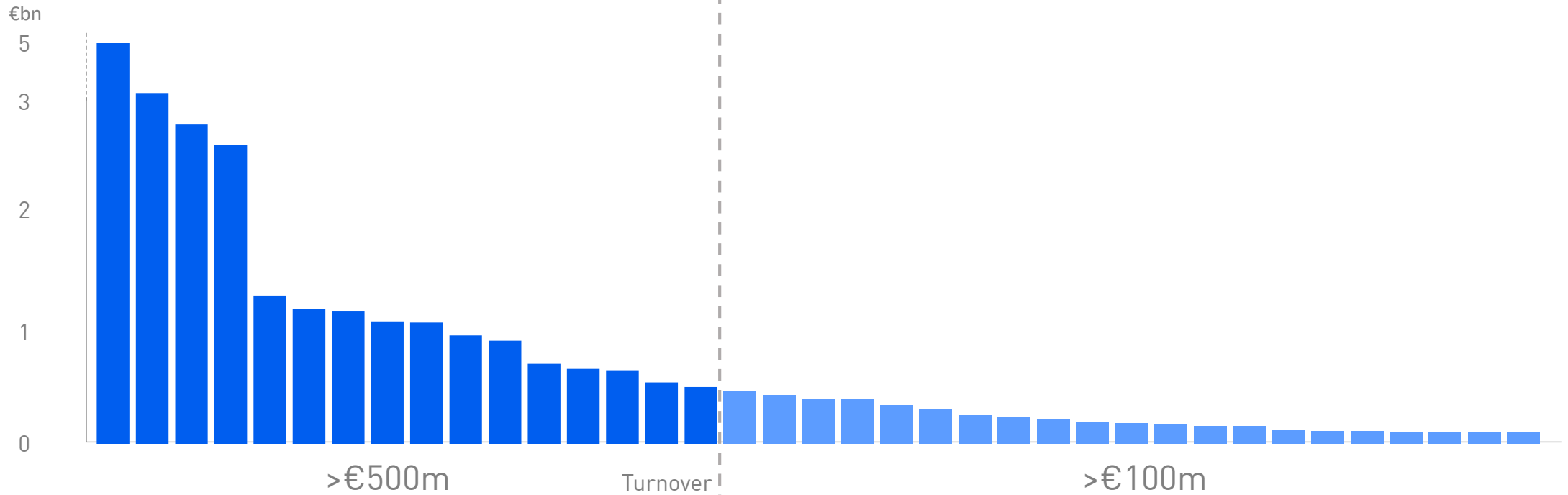


Reshaping the business

Future market growth

16 emerging markets > €500m

21 emerging markets €100 to €500m



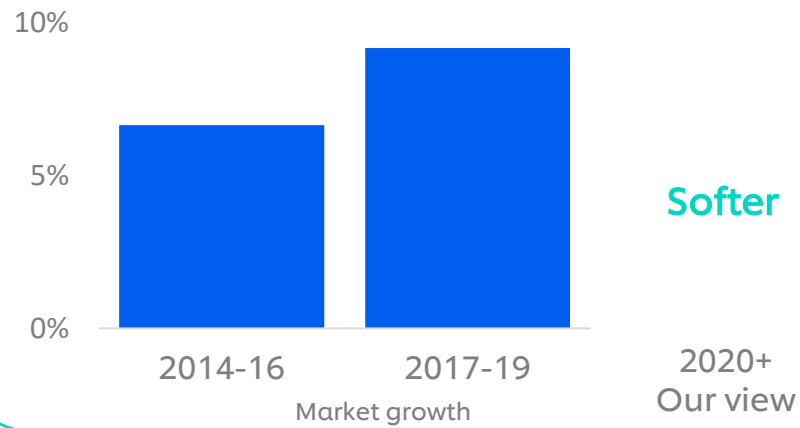
>60% of global GDP growth to 2030

Seeding the future

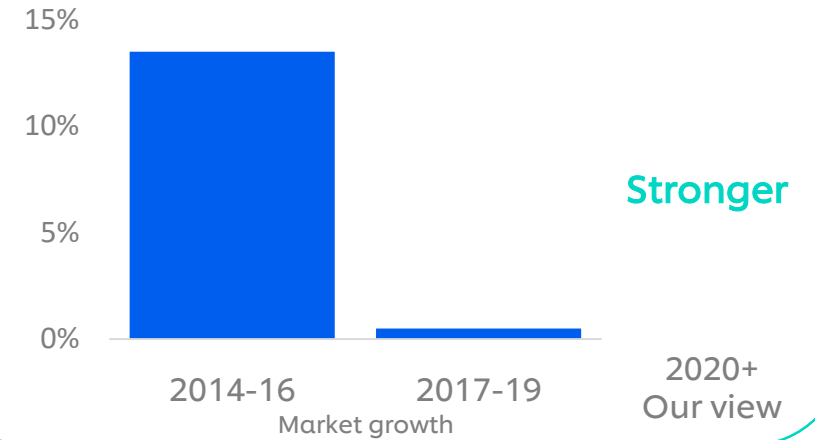


EM powerhouses

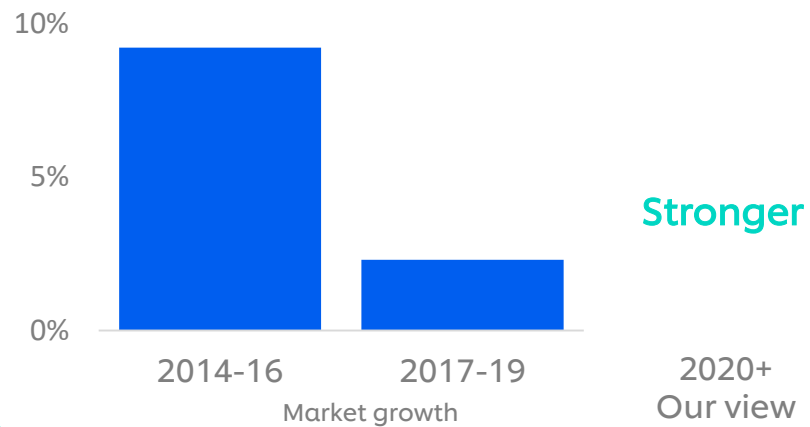
India: 9% of turnover



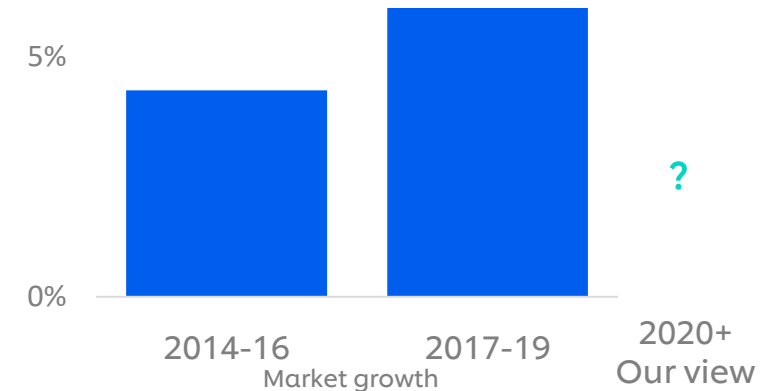
Brazil: 6% of turnover



Indonesia: 5% of turnover



China: 5% of turnover



Managing through volatility

Crises are all different



Hyper recession



Hyper stagflation

Rapid responses

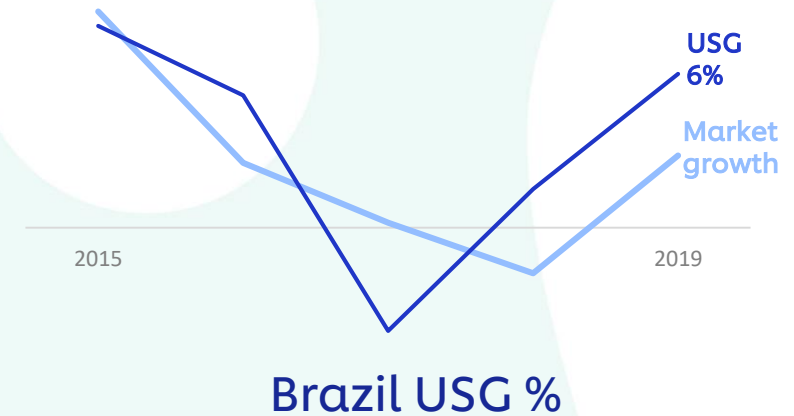


Value brands



Counter-cyclical premium

Competitive growth



Argentina:
Volume ahead
of the market

Developing our route to market



- Brazil B2B hub focused on small retailers
- Multi-industry marketplace
- Growing >50%
- Rolling out to Argentina

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Impactful innovation

Design for channel

Purposeful brands

Fuel for growth

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Unilever

PRESTIGE



Reshaping the business

Capital allocation

Operational investment

- Brands
- Innovation
- Capital expenditure
- Restructuring
- Capabilities
- Sustainability
- Minority buybacks

Portfolio reshape

- Bolt on acquisitions
- Large acquisitions
- Disposals

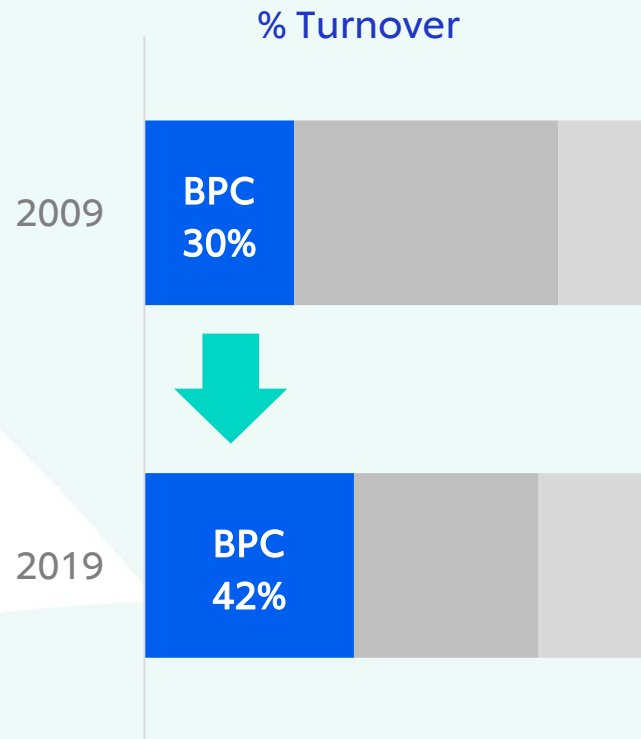
Returns to shareholders

- Dividends
- Event driven share buybacks
- Regular share buybacks

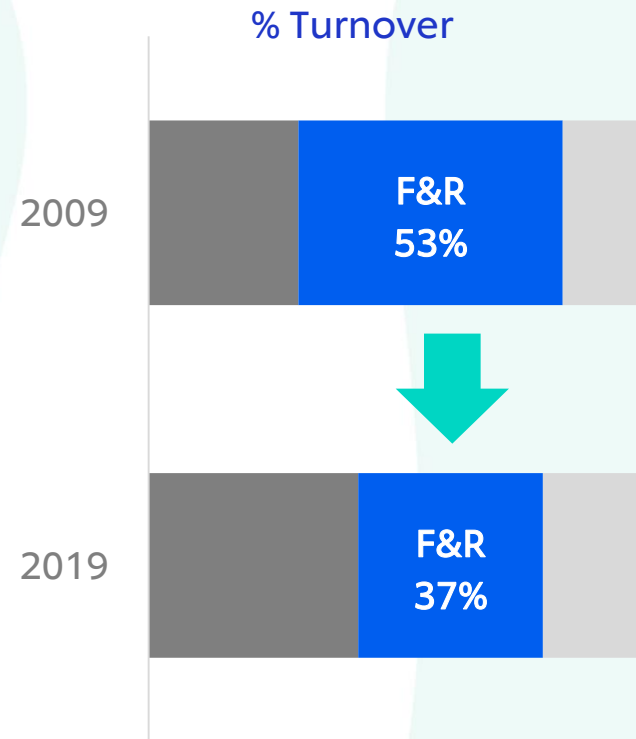
Net debt leverage ratio of approximately 2X

Portfolio reshape

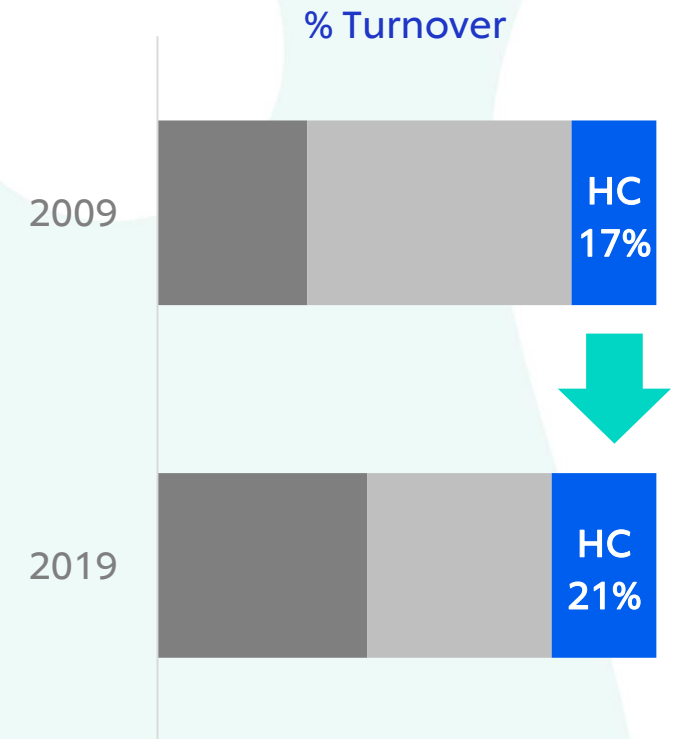
Beauty & Personal Care



Foods & Refreshment



Home Care

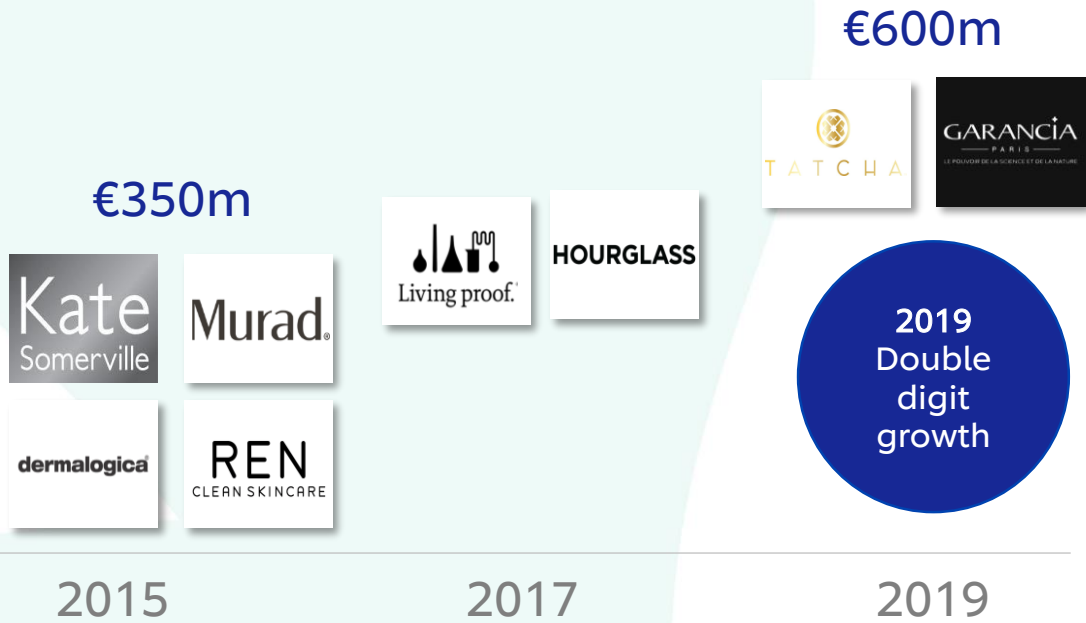


€11bn outflow, €8bn inflow

Maintaining high ROIC while changing the portfolio



Future growth categories



Luxury beauty
Focus skin care



**Health, wellness,
personal nutrition**
Focus VMS

Global tea



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