

# Unilever Full Year 2016 Results

Paul Polman / Graeme Pitkethly

26<sup>th</sup> January 2017



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; 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; 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 document. 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 Group's Annual Report on Form 20-F for the year ended 31 December 2015 and the Annual Report and Accounts 2015.

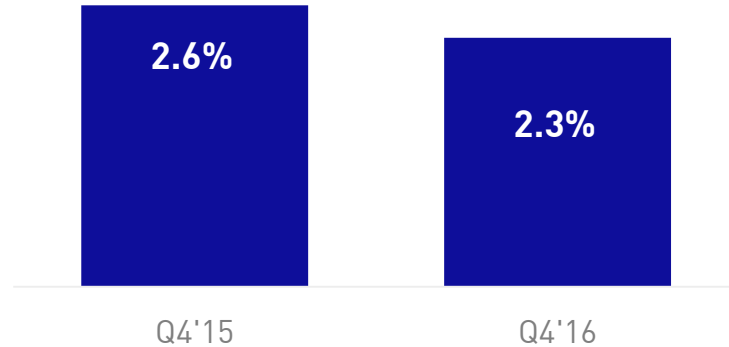
# Paul Polman



# Challenging markets

## Weak Economies

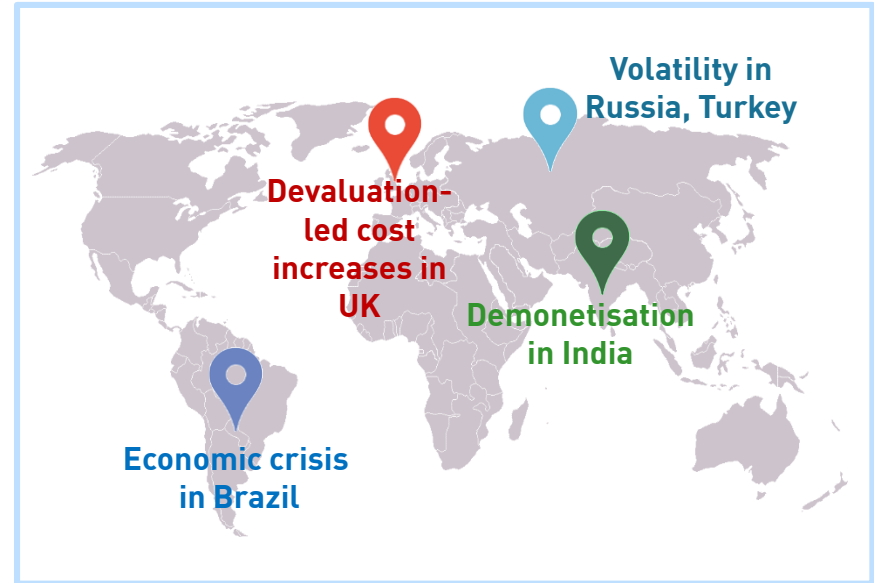
2016 GDP growth downgraded



Weakest since 2009

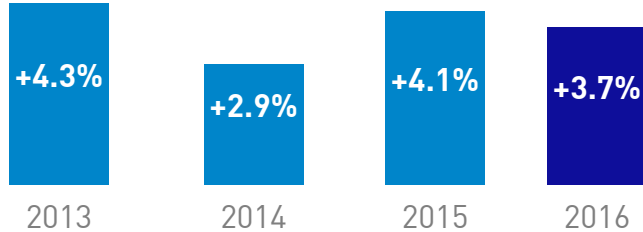
Source: Oxford Economics

## Country-specific volatility



# 4G growth: Consistent, Competitive, Profitable, Responsible

## Consistent



Underlying Sales Growth

## Competitive



Nielsen market value share

## Profitable



2016

## Responsible

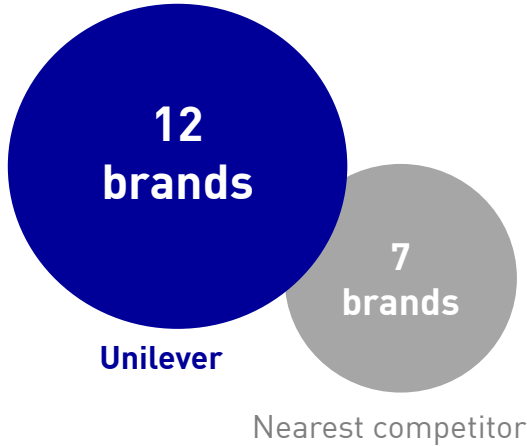


2016

# Strengthening fundamentals

## Strong brands

Top 50 leading FMCG brands



## Efficient supply chain

Customer Service at an all time high

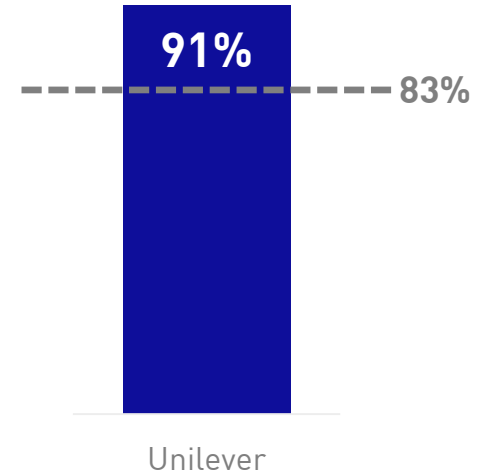


Further improvement in Working Capital



## Engaged people

Employee engagement well above benchmark



Source: Kantar World Panel Report

% of employees saying they are proud to work for the company

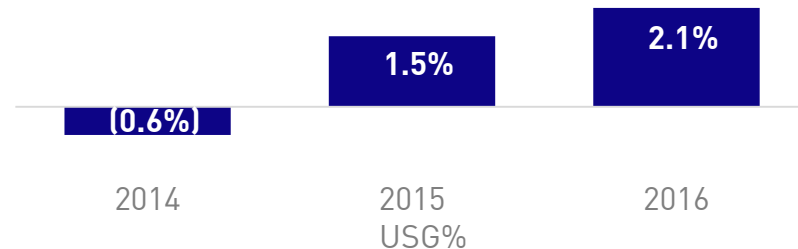
# Further progress against Category priorities

**Personal Care: USG +4.2%**  
Building premium

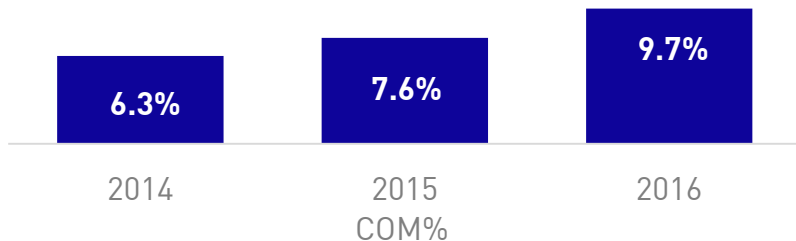


% 2016 turnover

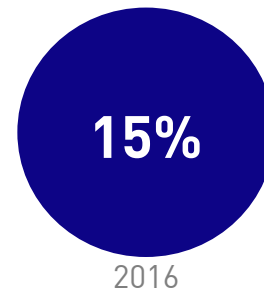
**Foods: USG +2.1%**  
Accelerated growth



**Home Care: USG +4.9%**  
Improved margins



**Refreshment: USG +3.5%**  
Improved ROIC in Ice Cream



# Innovating with global scale

## Differentiating technology

Magnum Double



Reverse Conditioning



Dry Spray Deodorants



Surf Sensations



## Scaled faster

Rexona Anti-Bac



50 markets

Sunsilk



15 markets

Hellmann's Squeeze



30 markets

Cif Power & Shine



15 markets



# Innovating in high-growth segments

NATURALS

Knorr Meal-Makers



Ayush



Matcha



Dove Men+Care



AXE Find Your Magic



MALE GROOMING

FREE FROM

Ben & Jerry's Non-Dairy



Hellmann's Vegan



Neutral detergent



# Innovating with speed and agility

From idea to launch in:

TRESemmé Botanique



10 months

Omo Progress



9 months

Lipton tea capsules



9 months

Hellmann's BBQ



6 months

Lux Luminique



5 months

Domestos Power 5



5 months

Carte D'Or Gelato



4 months

Kuner sour cream



3 months

# Evolving the portfolio and developing new channels

## New segments

## New channels

### Prestige



### Plant-based



### Male grooming



### Purifiers



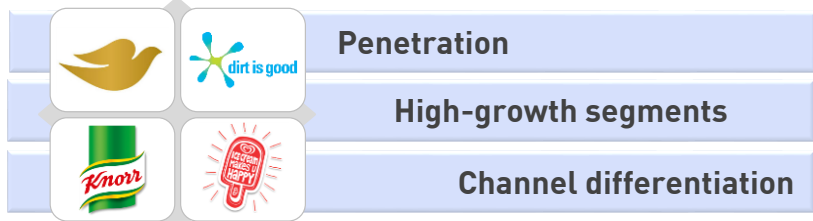
# Winning in a connected world



CONNECTED 4 GROWTH

## On-trend innovation, delivered faster

### Driving the core



### Evolving the portfolio



### Developing channels



Enabled by:

Net Revenue Management

Zero Based Budgeting

Digital 2.0



Faster, more agile and stronger Unilever

# Aligning reward to performance and long-term objectives

Proposal for the AGM in April

## Increased share ownership

- ❑ Greater incentive to invest
- ❑ Extend to all managers over time

## Business performance

Annual targets unchanged

**USG**

**COM**

**FCF**

## Long-term objectives

Co-investment plan  
5 year performance horizon

**USG**

**Core EPS**

**Sustainability**

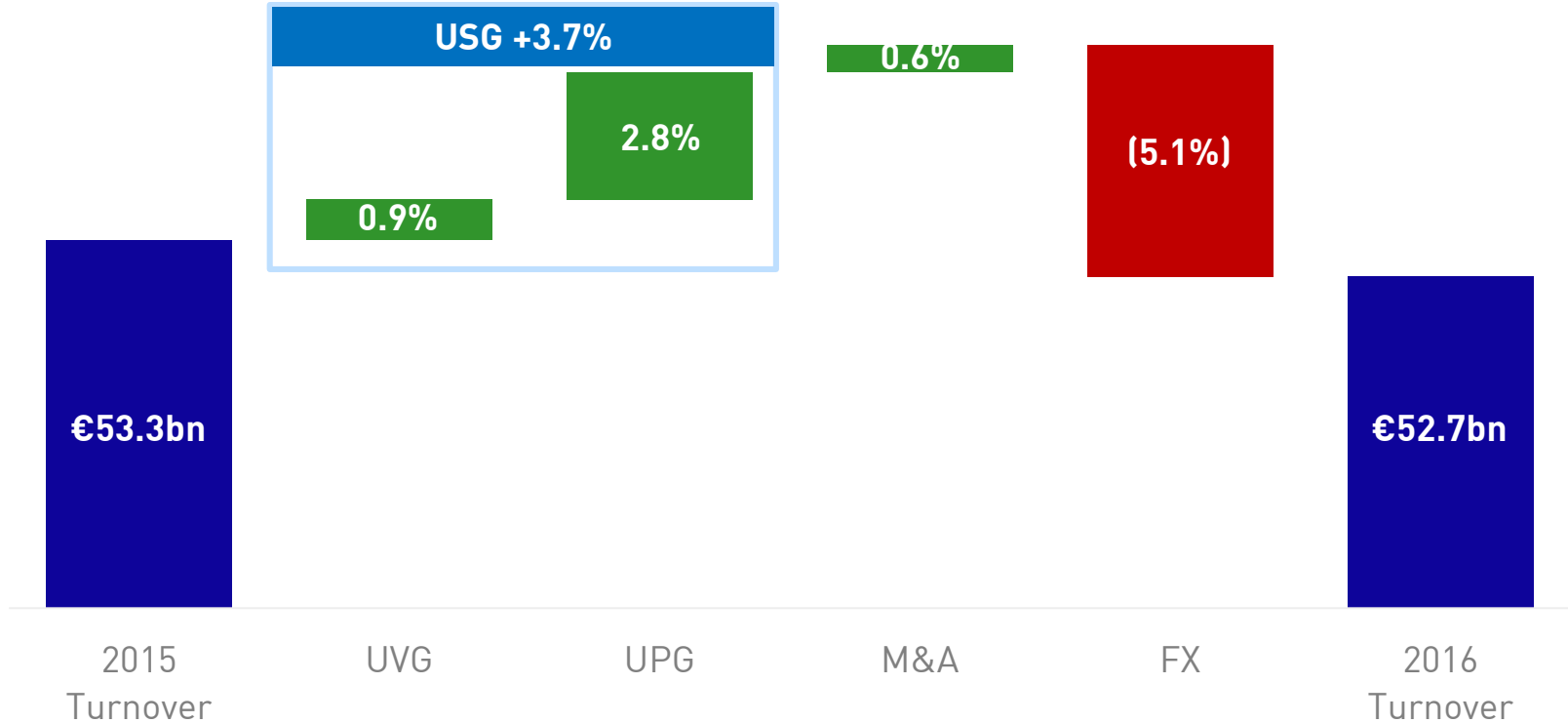
**ROIC** (ULE only)

**Designed to be cost-neutral: total compensation maintained at current level**

# Graeme Pitkethly



# FY 2016: Underlying sales growth of 3.7%



# Managing through volatility

## De-monetisation in India

8th November

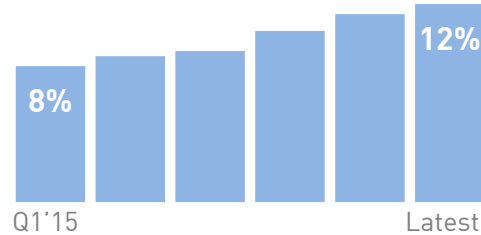


Market volume

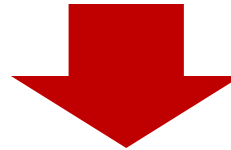


## Economic crisis in Brazil

Increasing unemployment



Market volume



## Disruptive cost increases

Currency devaluation

vs. \$ Jan'16

British Pound	c. -20%	↓
Turkish Lira	c. -20%	↓
Egyptian Pound	c. -60%	↓

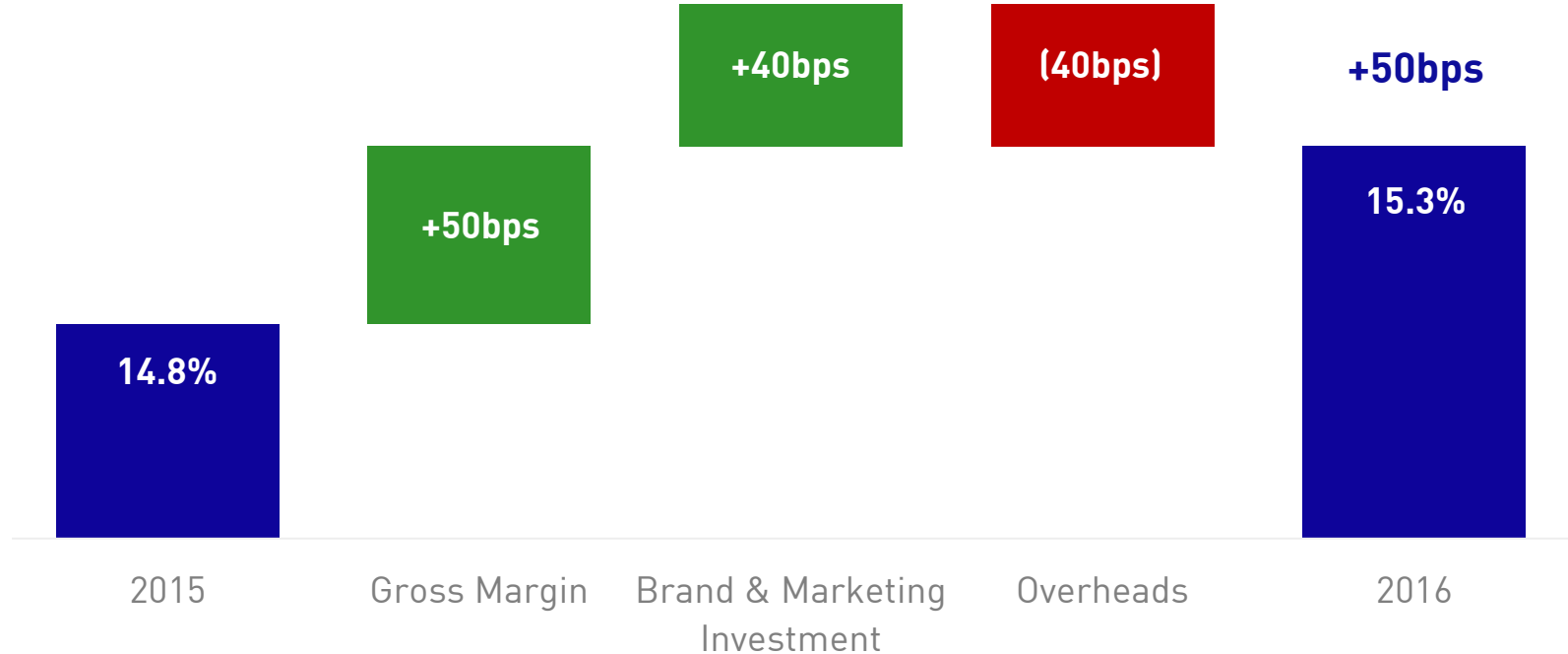
Commodities increasing

Price vs. Jan'16

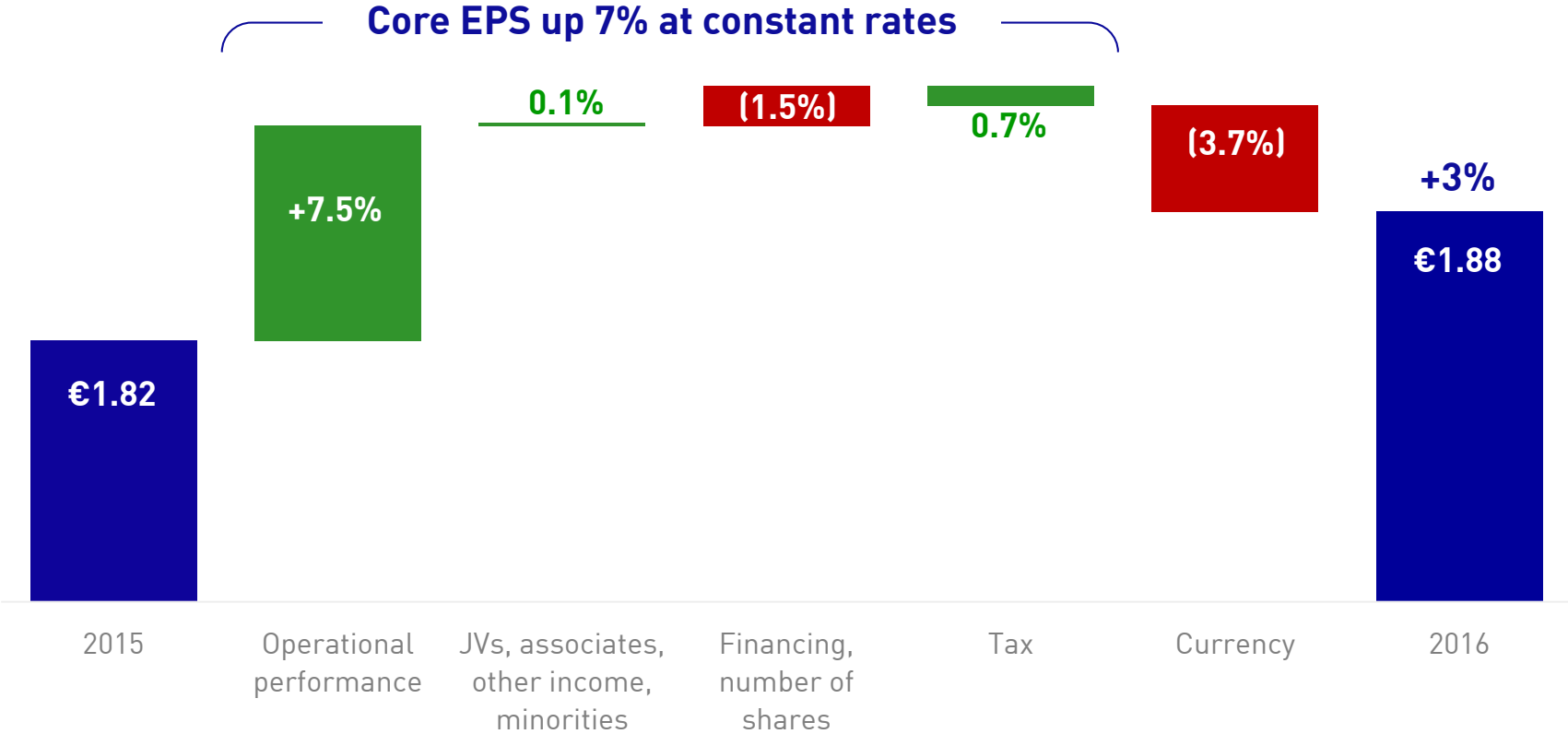
Brent Crude Oil	+70%	↑
Palm Kernel Oil	+70%	↑
LAB	+60%	↑



# FY 2016: Core Operating Margin up 50bps to 15.3%



# FY 2016: Core Earnings Per Share



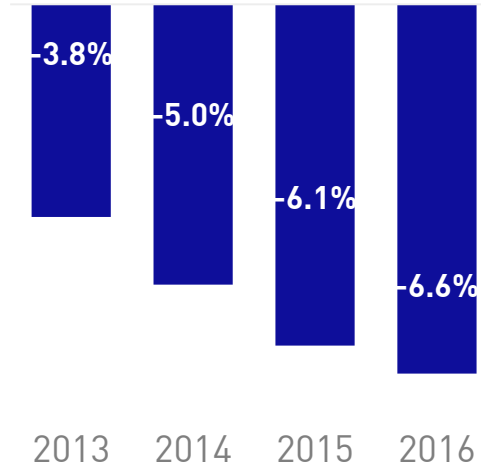
# Another year of strong cash delivery

## Free Cash Flow



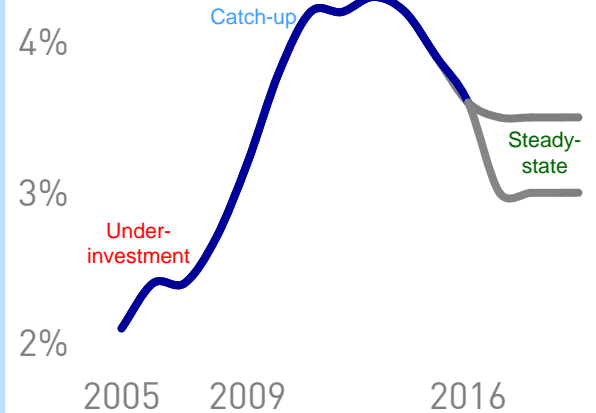
## Working Capital

Average working capital % turnover



## Capex

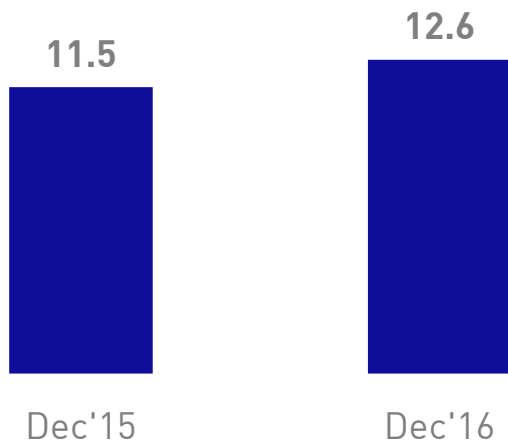
Capex % turnover



# Balance Sheet

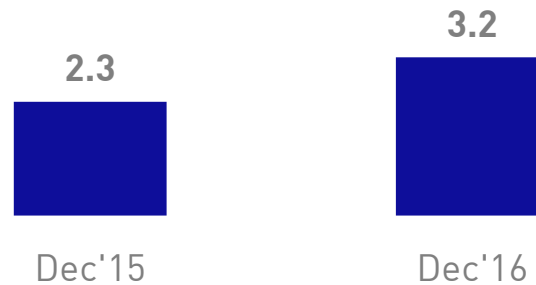
## Net debt

€ billions



## Pensions deficit

€ billions



# Priorities remain unchanged

## Priorities

- ❑ Volume growth ahead of markets
- ❑ Further increase in COM
- ❑ Strong Cash Flow

## Outlook

- ❑ Growth: Slow start
  - Progressive improvement in market conditions
  - Later Easter, 1 less day in Q1
- ❑ Margin: Improvement back-weighted
  - Commodities & restructuring higher in H1
  - Progressive delivery of C4G/ZBB savings

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