

Unilever Investor Event 2017

Graeme Pitkethly

29th November 2017



Unilever®



What you have heard so far

Driving growth in each Category

Personal Care



Home Care



Foods & Refreshment



Fuelling growth and margin expansion

5s
savings

€6bn
in 2017-2019

ZERO
BASED
BUDGETING

C4G

Our investment-led growth model for value creation

Allocating resources



Portfolio



Channels



Media

Guided by Category strategies

Translating into superior value creation

Growth ahead of
our markets,
USG 3 - 5%

20% Underlying
Operating Margin

100% cash
conversion

Underlying
EPS growth

High-teens
ROIC

Free Cash
Flow

Shareholder
returns

Good progress on our 2020 programme

Simpler, faster organisation

- Country Category Business Teams fully in place
- Foods & Refreshment integration on track

Accelerated margin progression

- Savings programmes ZBB and 5S – faster than planned
- On track for 20% Underlying Operating Margin by 2020

Faster portfolio evolution

- Accelerated M&A – 10 acquisitions in the last 12 months
- Spreads sale or de-merger – on track

Simpler capital structure

- Buy-out of preference shares
- Legal structure review – progressing well

Increased leverage & returns

- Share buy-back of €5bn programme virtually completed
- Net debt / EBITDA expected to be approaching 2x by year-end

Accelerating underlying sales growth



Reconfirming our guidance: USG 3 - 5% p.a. in 2017 - 2020

Step-up in volume growth

Our growth model starts with the consumer



All 2.5 billion of them



Growing our core

Macro trends driving growth



600m more people in middle income:
Increased per capita consumption



900m more people in EM cities:
More kitchens and more bathrooms



200m more women in the workforce:
More PC, meal makers & laundry aids

Source: Euromonitor, Oxford Economics; by 2030

A proven model for market development

More Users

More Usage

More Benefits



An effective and evolving organisation

3 Categories

Personal Care



Home Care



Food & Refreshment



8 Clusters



Flexibility in our model



Made simpler, faster, more global and more local

3 structural changes

AND

Re-design of all functions

1 “70-20-10” concept

Consumer & Market Insight: People Data Centres

2 Country Category Business Teams (CCBT)

R&D: More open innovation, more digital

Marketing: ONE team, ready for the Connected World

3 Global Brand Communities

Sales: More channel differentiation, early involvement

Supply Chain: More 3rd party production, more agile

Finance: Future Finance design, better analytics

Innovation: More global and more local

70% globally-led

- Benefit-led, multi-country launches
- Rolled out to more markets
- More investment behind the winners
- Faster to cut the tail
- Global scale and strategic partnerships

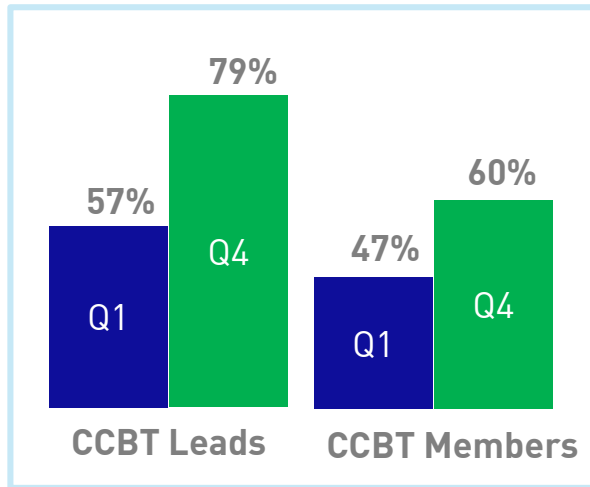
30% locally-led

- Addressing local trends
- Simpler, more flexible processes
- Local decision rights
- Local successes scaled faster
- More use of 3rd party production

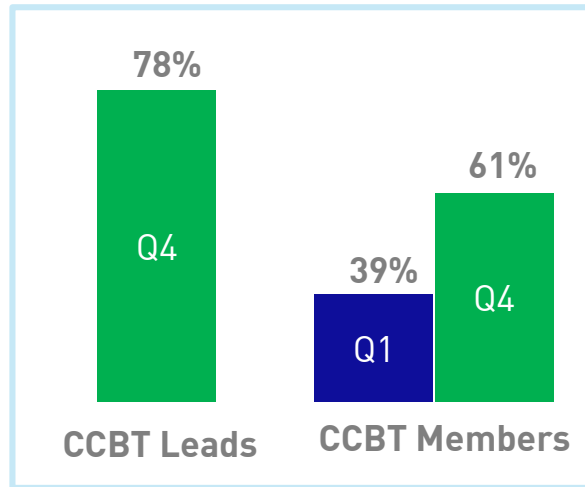
Consumer needs addressed with speed and scale where it matters

Confidence in our model

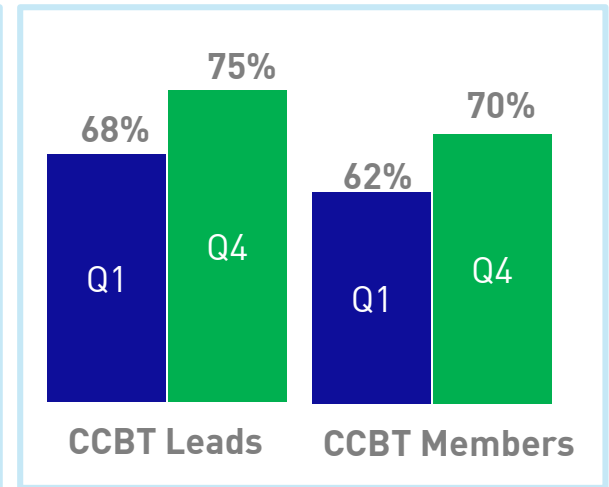
Jump in speed and agility



Performance focus is up



People feel increasingly empowered



Source: Unilever global people survey

Shaping our portfolio towards higher-growth segments

19 acquisitions announced since 2015



2015-2017 acquisitions & disposals + spreads will be around 1% accretive to USG

Note: most of the 1% accretion is not yet in USG but will increasingly contribute over the coming quarters

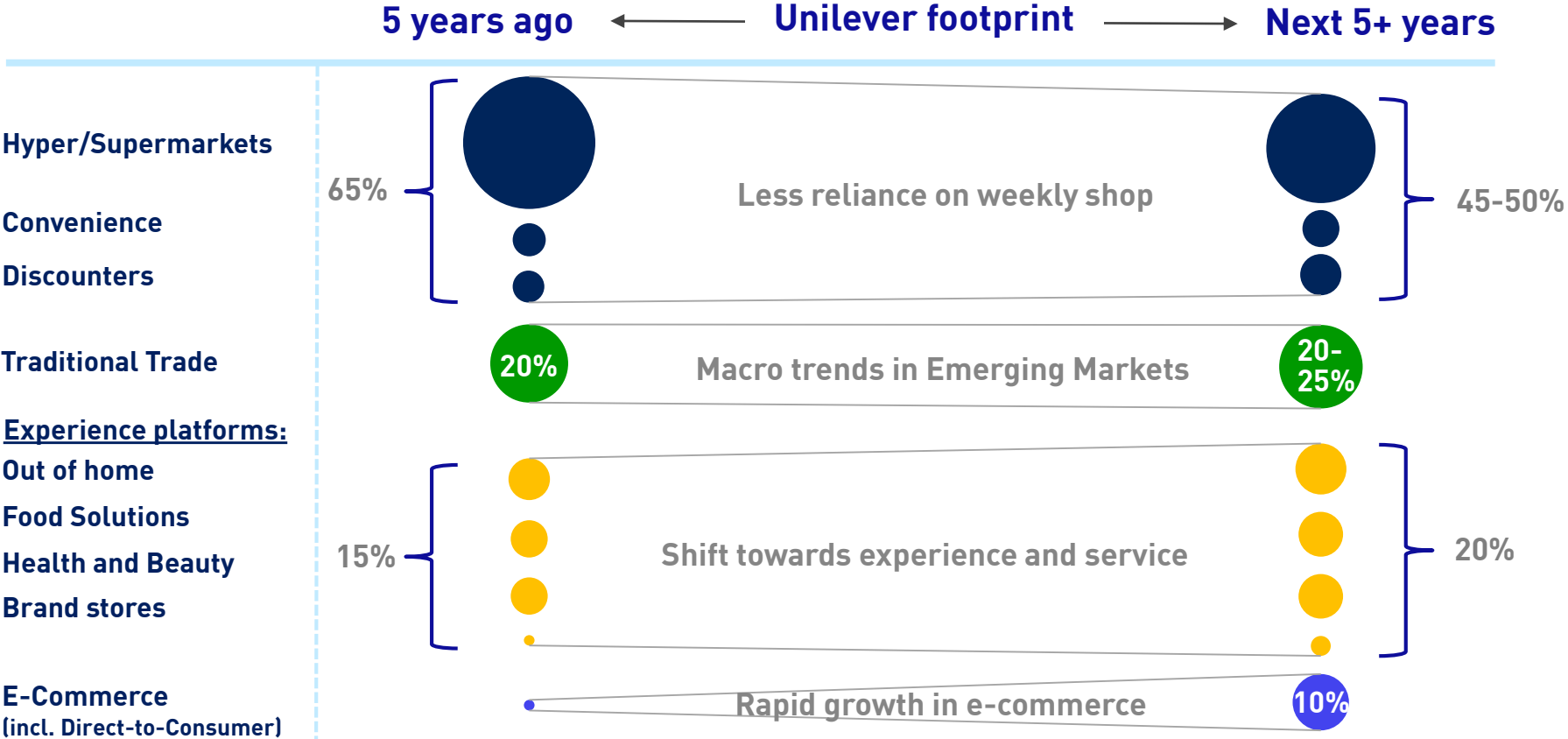
Evolving the portfolio through both innovation and M&A

Example: Addressing the naturals trend



Winning in faster-growing segments

Building on our distribution strength



Differentiated channel strategies

Medium-term contribution to Unilever growth



Already winning in high-growth channels



Broad e-commerce expertise driving 40% growth (YTD Sept 2017)



No.1 out-of-home ice cream business globally



An innovative foods service business growing 5% (YTD Sept 2017)



Already launched 2 health and beauty brands in 2017

Channel-centric innovations



Health & Beauty



Love, Beauty and Planet



Dove Face Care



Direct-to-Consumer



Dollar Shave Club



T2



E-commerce



KJU by Lux



Amazon bundles



Discounters



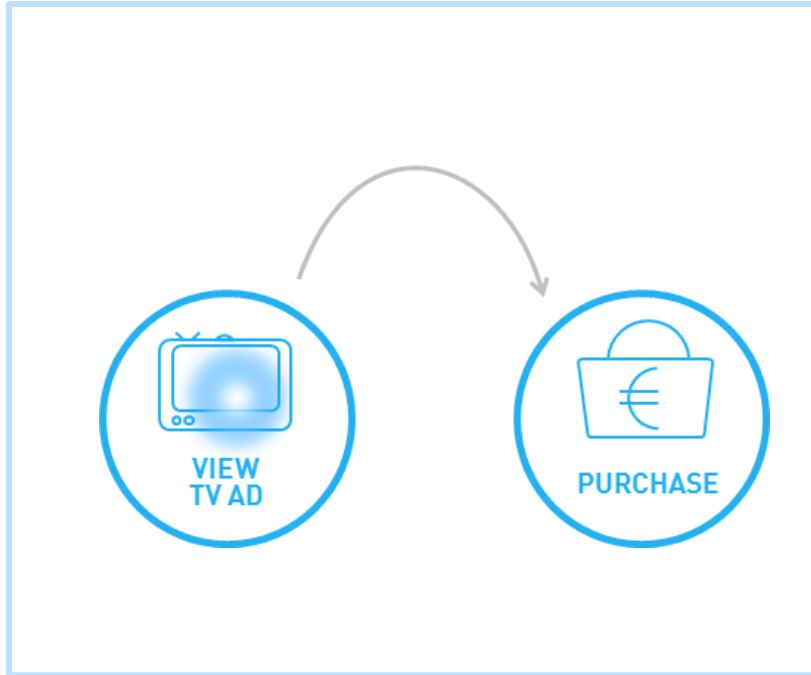
Packs fit for price



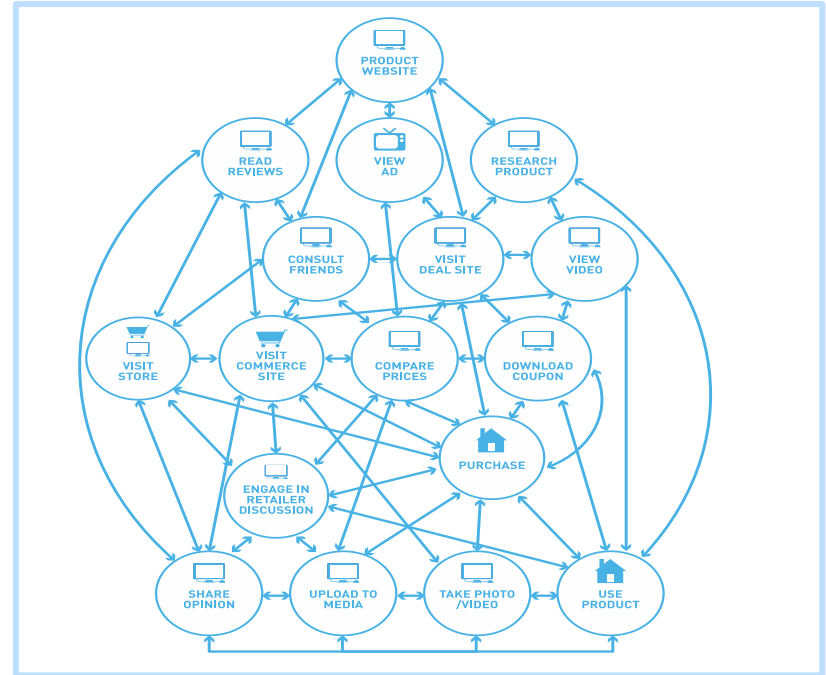
Right pack, right price, right channel

Consumer journeys have become more complex and digital...

From: Linear path to purchase



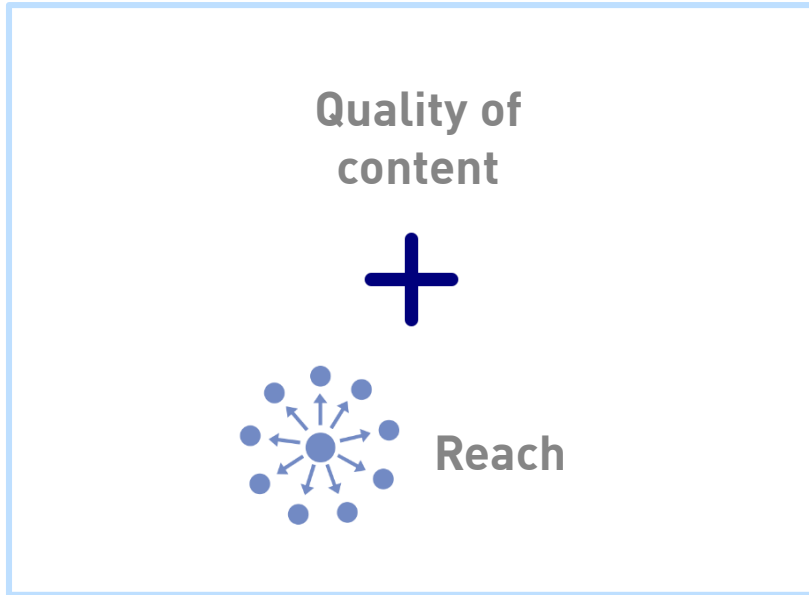
To: Multiple touch points



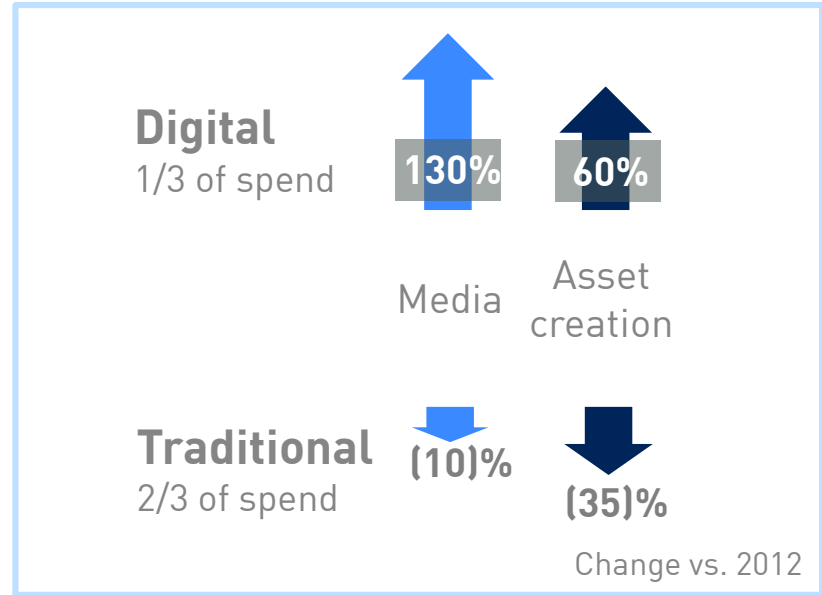
...enabling more targeted, personalised marketing driven by data

Winning in the new consumer landscape

Return on Investment



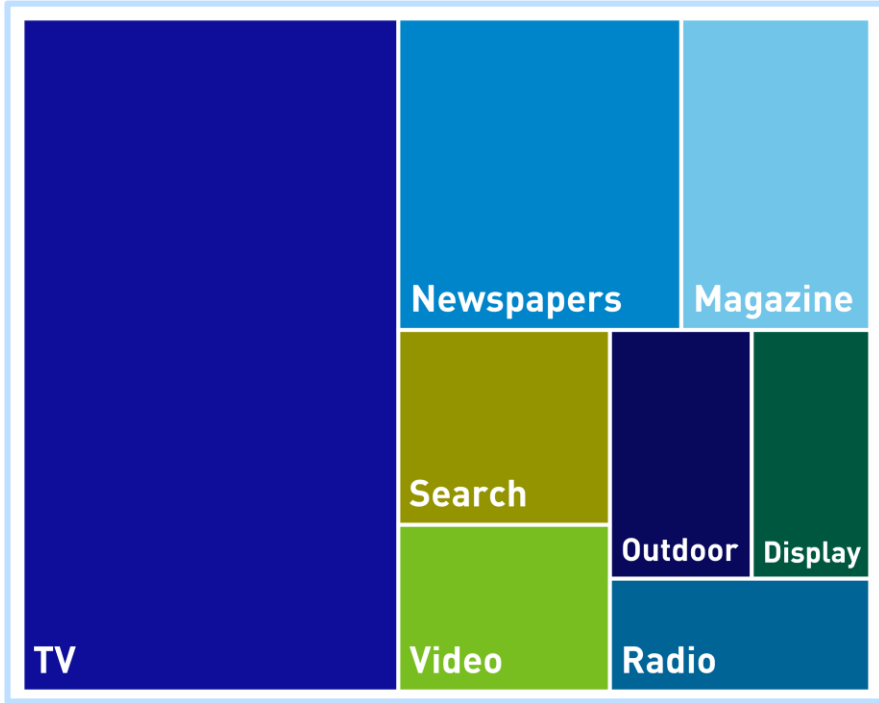
Transformation of spend



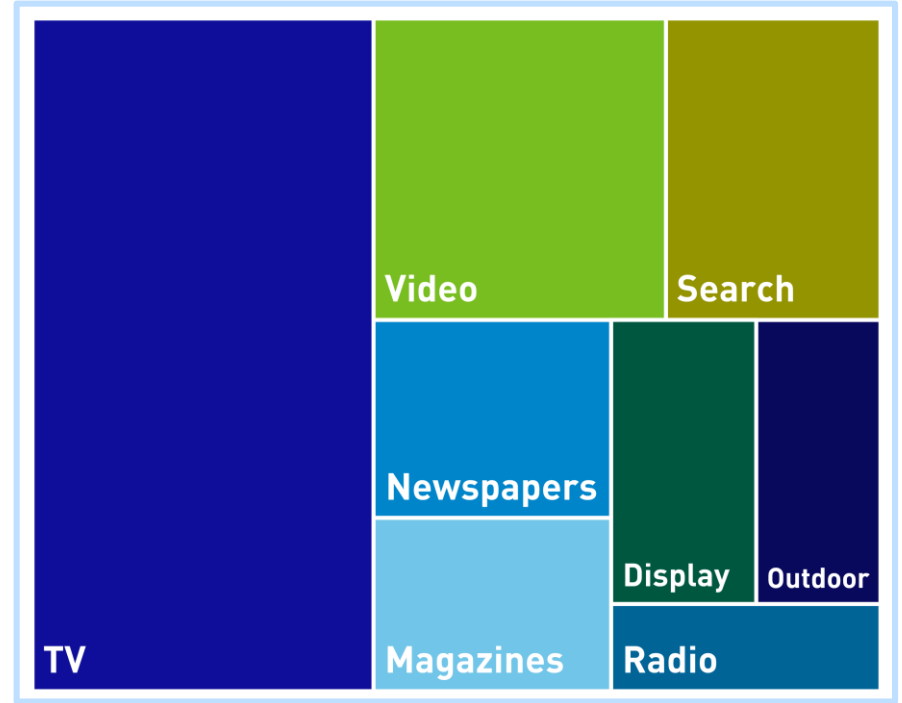
Fuelled by ZBB re-investment

Optimising media spend in a fast-changing landscape

5 years ago



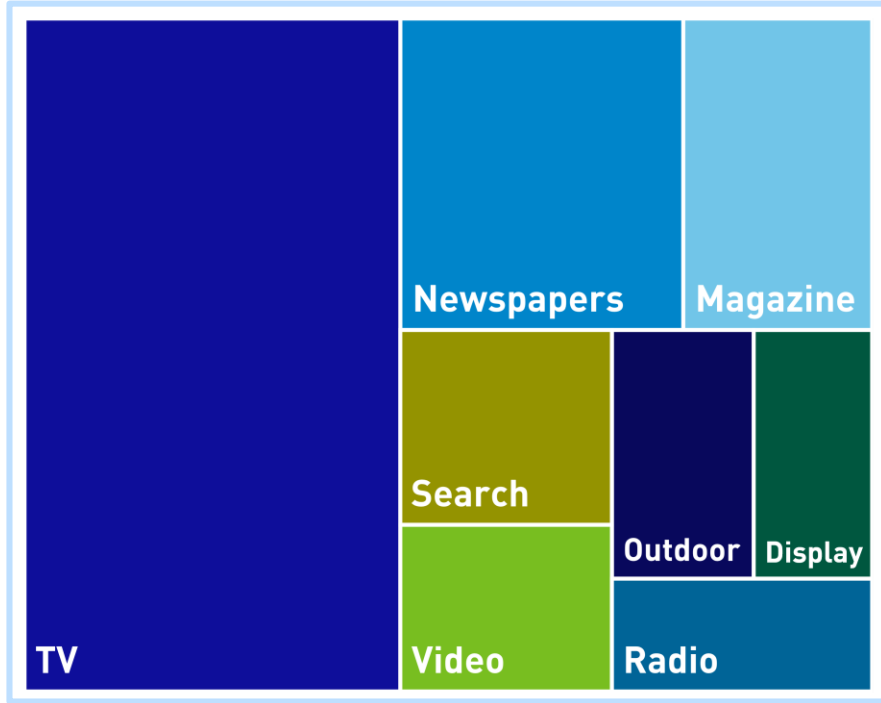
Now



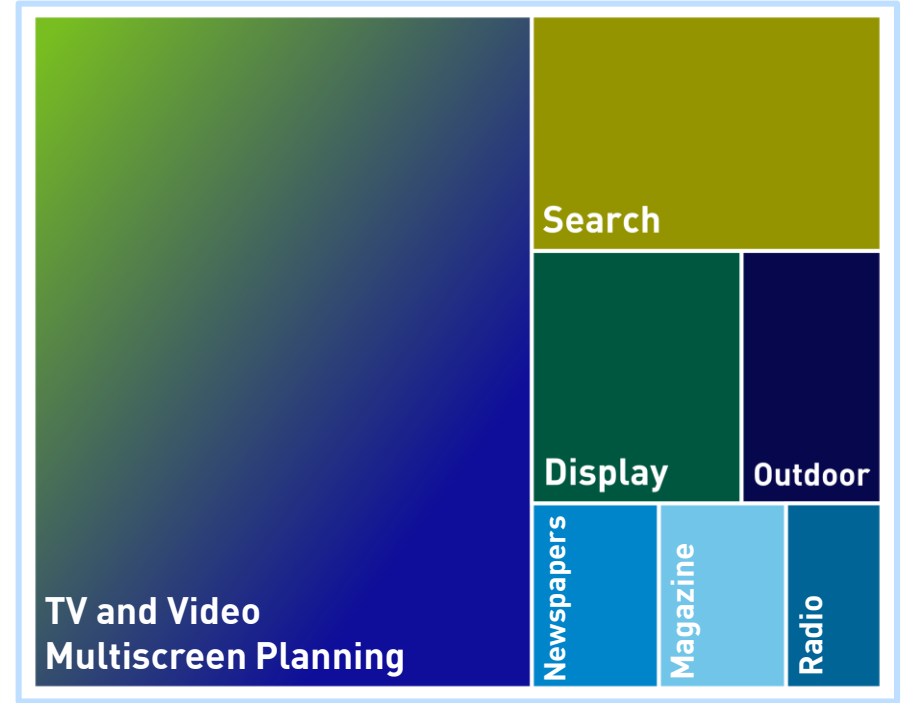
Ability to cut through is crucial in a fragmented world

Optimising media spend in a fast-changing landscape

5 years ago



Next 5+ years



Ability to cut through is crucial in a fragmented world

Leveraging world-class capabilities

Building data capability at scale



- Real-time insights in 20 markets
- Deeper consumer understanding
- Building 1bn 1:1 consumer relationships

Reinventing consumer engagement



- Agile content in 17 markets
- Enabling tailored messages
- 3000+ projects across 200 brands

Effectiveness in media buying



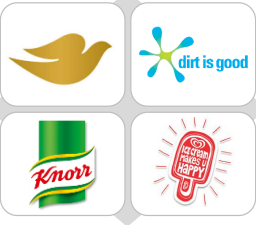
- Programmatic trading desk
- Reaching right people in right context at best price

Better, earlier insight. Faster response. Effective media.

Our growth model positions us well to win in a changing world

Connected 4 Growth

Growing the core



More global + more local innovation

Emerging market footprint

Market development

Evolving the portfolio

Segments of the future

Flexible business models

Developing channels

E-commerce

Out-of-home

Health & Beauty

Savings programmes providing fuel for growth and margin expansion

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

Our savings programmes provide fuel for growth and margin

3 key programmes delivering faster than planned

5^s
savings

- Supply Chain savings to drive Gross Margin
- Successful in Home Care, now rolling out

**ZERO
BASED
BUDGETING**

- Savings mainly in B&M and Overheads
- Fully locked into financial & operational KPIs

C4G

- 15% reduction in mid & senior management
- A leaner Foods & Refreshment unit

2017 – 2019 savings

Supply Chain

€4bn

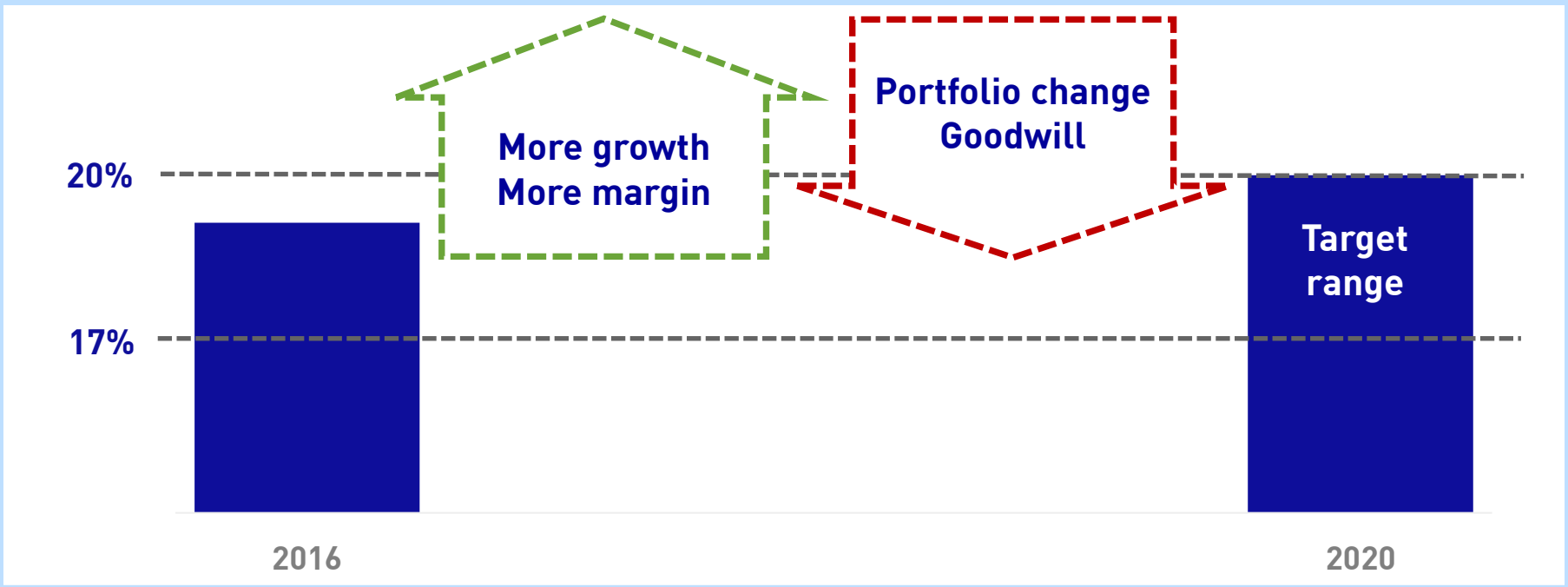
Overheads &
Brand &
Marketing

€2bn

€3.5bn restructuring investment

Changing our portfolio to grow faster for longer

Unilever Return on Invested Capital



Investing in our business to accelerate growth while sustaining high-teen ROIC

ROIC defined as Underlying Operating Profit after tax / Average (PPE + Working Capital+ Assets held for sale + Goodwill + Software)

Underpinnings of our growth model

Brands



- #1 or #2 positions
- Purpose-led

Geography



- 190 countries
- 57% emerging markets

Distribution



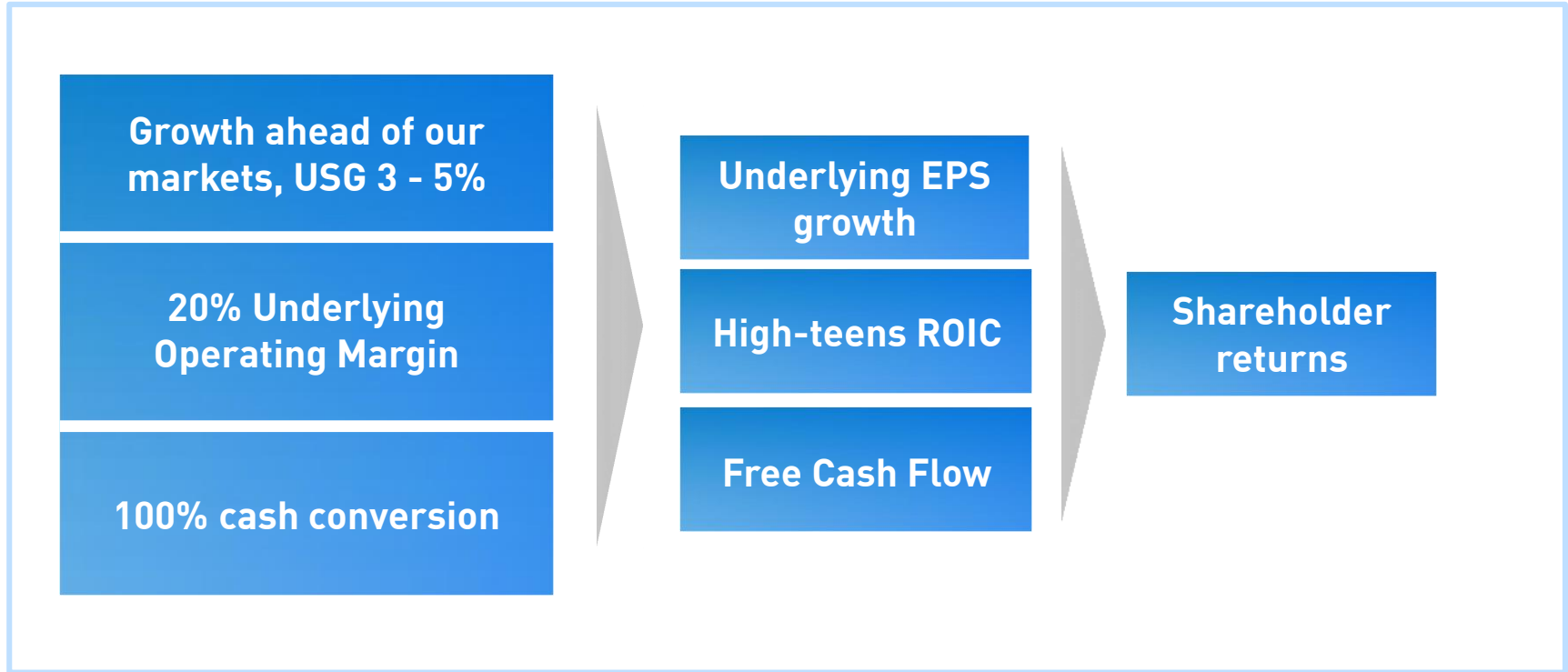
- 30m outlets globally
- Channel expertise

Talent



- Global / Local model
- Local empowerment

Translating into superior value creation



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