

# Unilever Trading Statement Q3 2016

Graeme Pitkethly/Andrew Stephen

October 13<sup>th</sup> 2016



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# SAFE HARBOUR STATEMENT

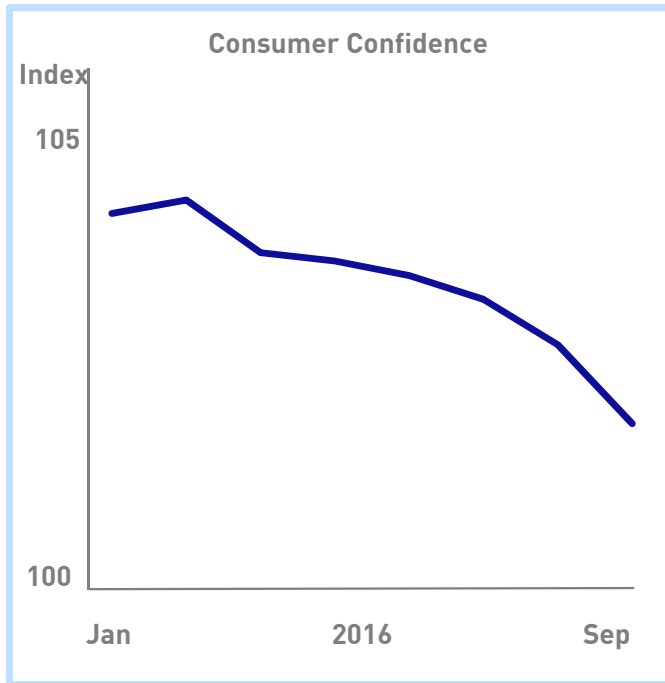
This announcement may contain forward-looking statements, including ‘forward-looking statements’ within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words such as ‘will’, ‘aim’, ‘expects’, ‘anticipates’, ‘intends’, ‘looks’, ‘believes’, ‘vision’, or the negative of 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; 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.

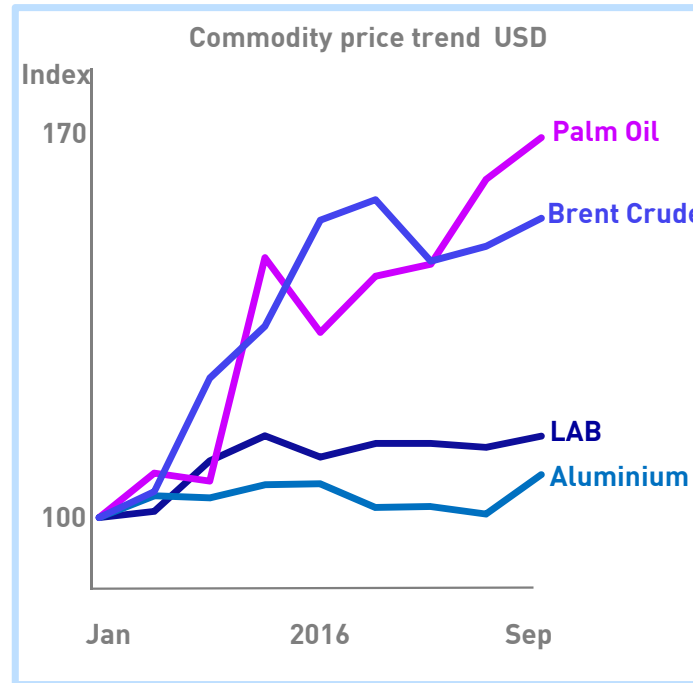
Further details of potential risks and uncertainties affecting the Group are described in the Group’s filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including in the Group’s Annual Report on Form 20-F for the year ended 31 December 2015 and the Annual Report and Accounts 2015.

# Volatile markets

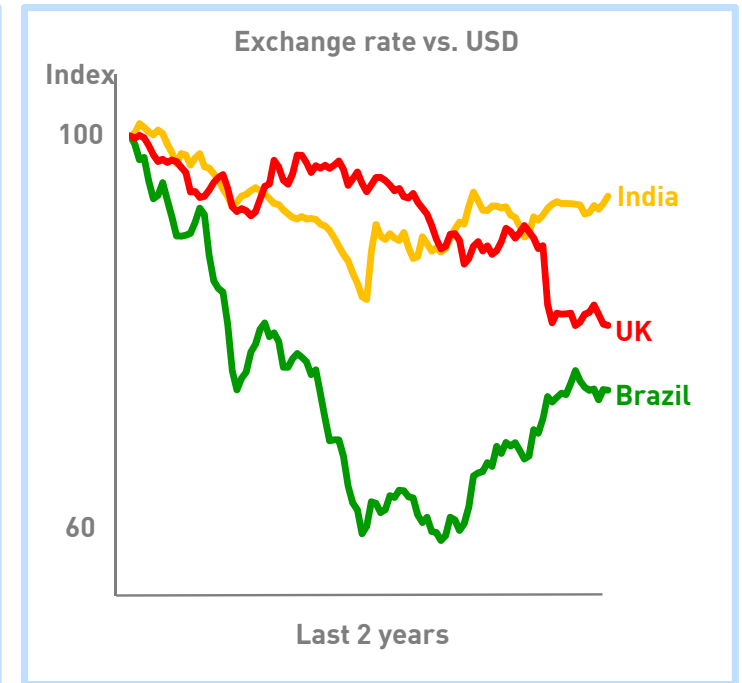
## Weak consumer confidence



## Commodities recovering

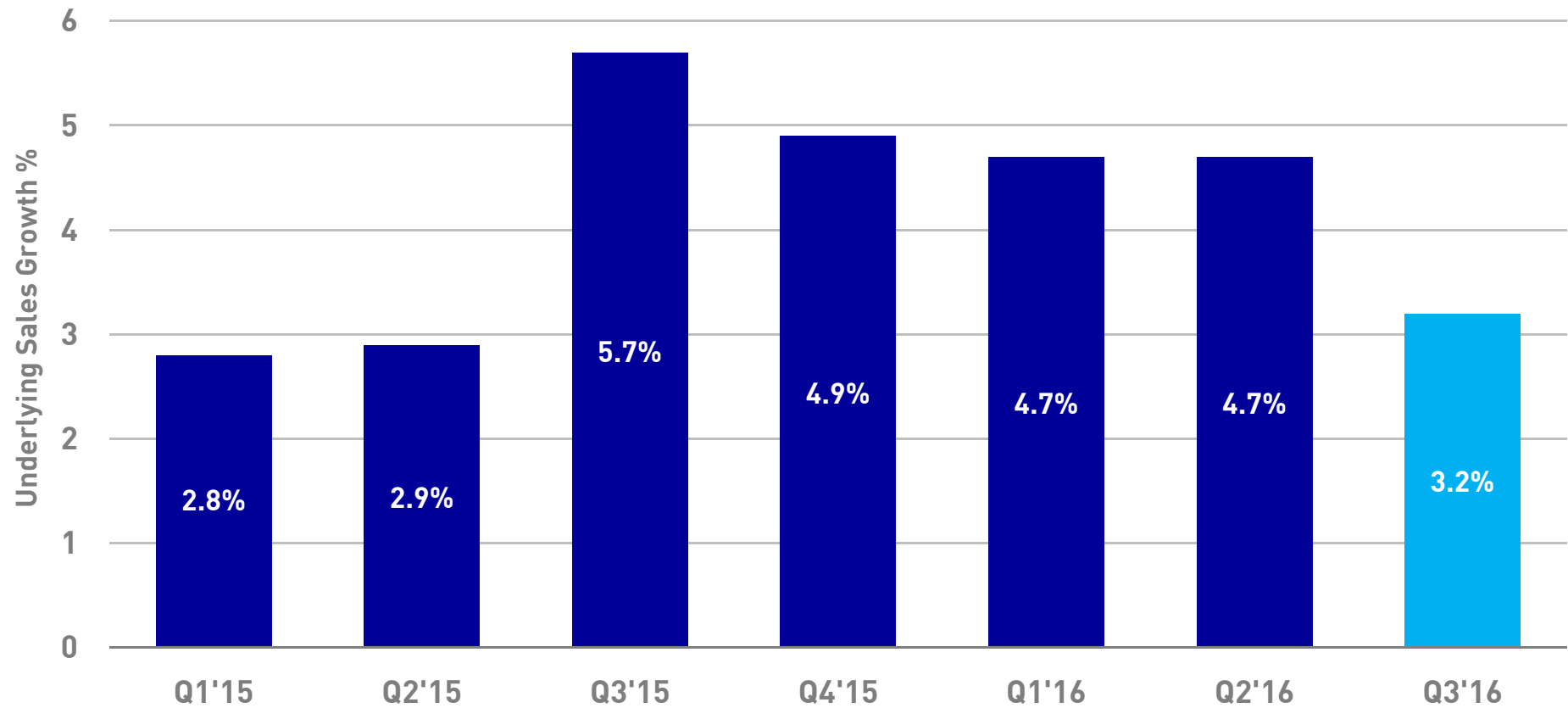


## Currencies mixed

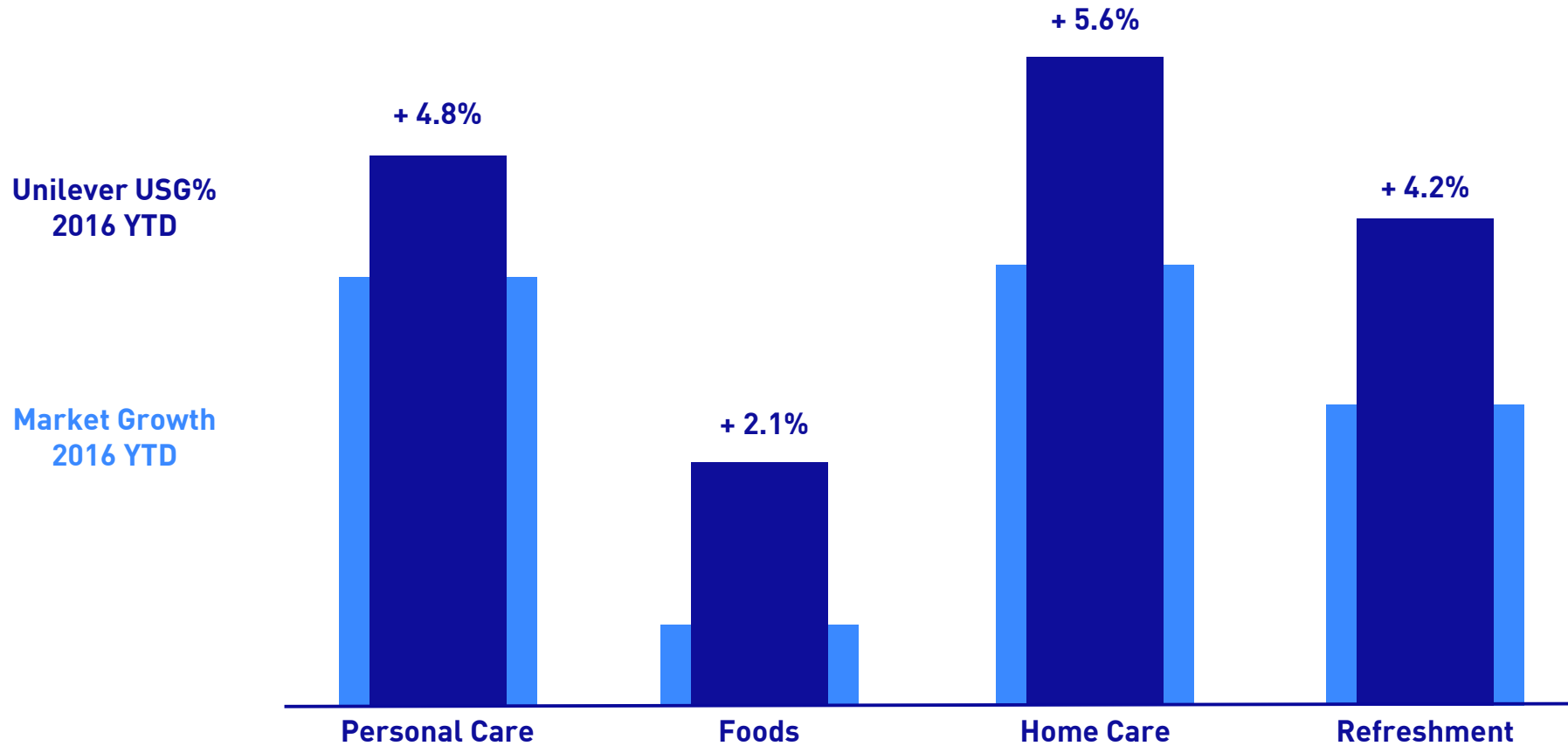


Source: OECD

## Growth on track against 3-5% target



## All four categories growing ahead of their markets



# Personal Care: Innovating to grow the core and build premium

Grow the core

High-growth segments

Build premium

Global



Local



Naturals



Muslims



Male grooming



Premium ranges



Prestige

**dermalogica**<sup>®</sup>

a skin care system researched and developed by The International Dermal Institute

Kate  
Somerville

Skin Health Experts

REN  
CLEAN SKINCARE

Murad

# Foods: Innovating to drive volume growth

Accelerate emerging markets

Modernise portfolio

Preserve value

## Iron-fortified Knorr



Follow

Our secret ingredient is Iron fortified Knorr cubes! What's yours?



WHAT'S YOUR SECRET INGREDIENT?

## Natural meal-makers



## Extended Hellmann's range



## Separate business model



## Re-positioning margarine



# Refreshment: Innovating in premium and high-growth segments

## Build premium

## High-growth segments

Premium gelato



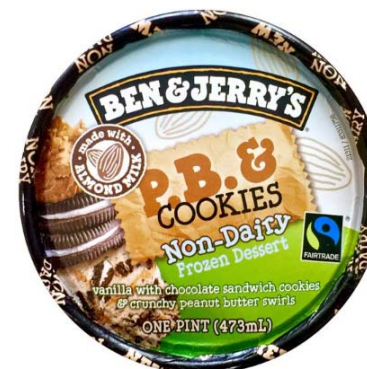
Speciality tea



Naturals



Dairy free



Magnum innovation



Minis





# Home Care: Innovating to grow margin & scale household care

New benefits

Emerging needs

Stain removers and pre-treaters



Concentrated



Improved cleaning power



Reduced water usage



Plant-based



Purifiers



# Category summary

- ❑ **All four categories growing ahead of their markets**
  
- ❑ **Future proofing our portfolio:**
  - 1. Innovating in high-growth segments**
  
  - 2. Supplemented with bolt-on acquisitions**

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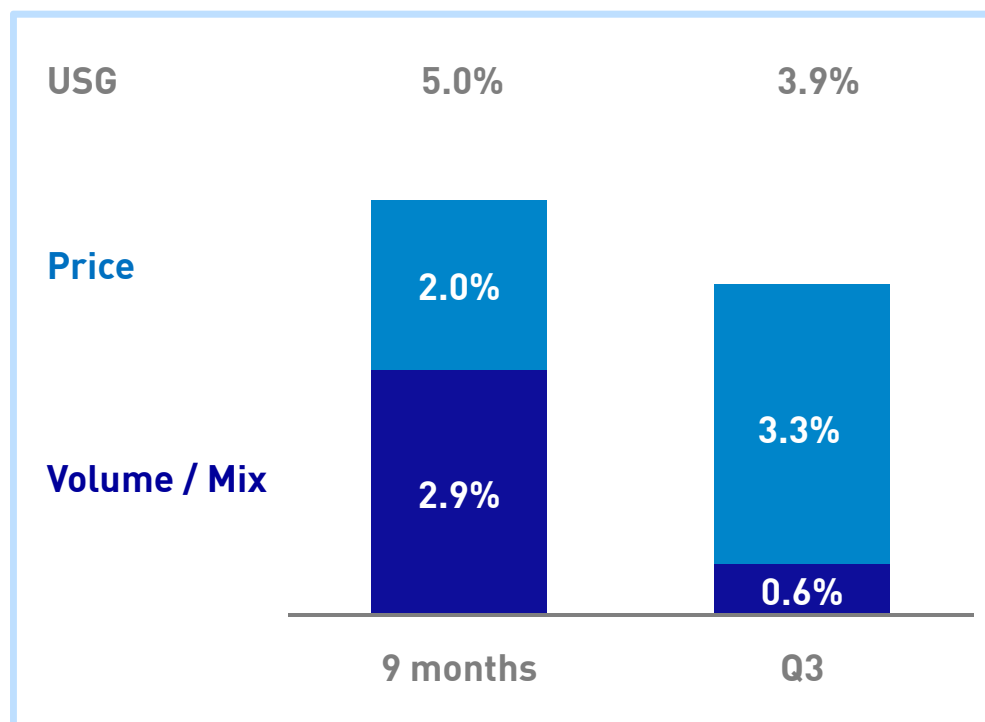
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## Asia / AMET / RUB – price increasing but weaker demand



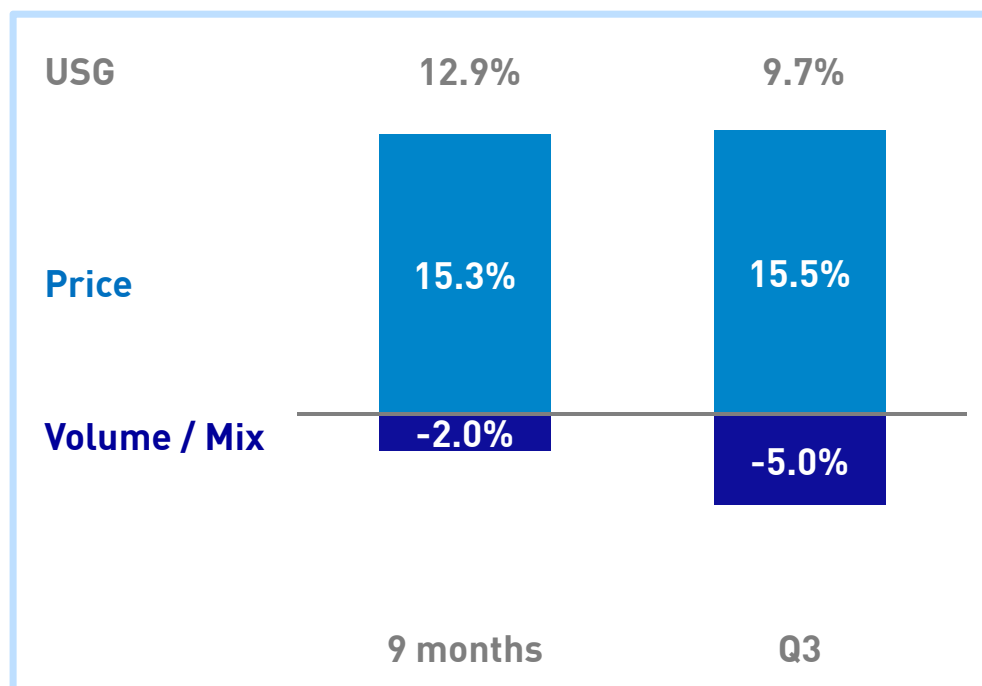
☐ South East Asia: continued volume-driven growth

☐ Africa and Turkey: price-driven growth

☐ India: weaker markets, commodity-driven price increases

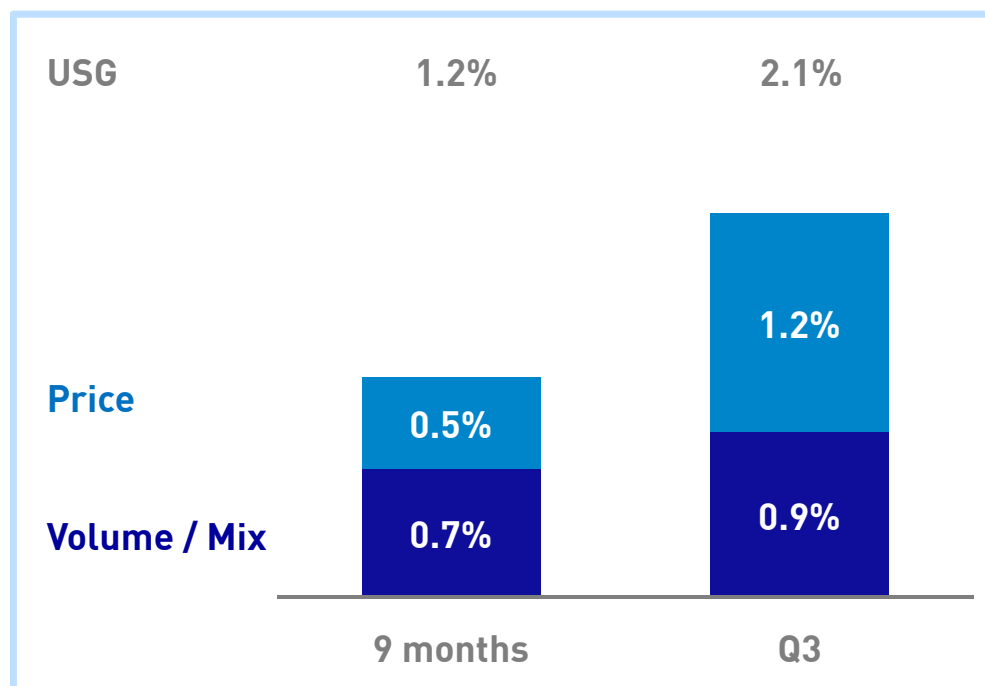
☐ China: stock reduction from channel shift, price competition in laundry

## Latin America – slowing consumer demand as expected



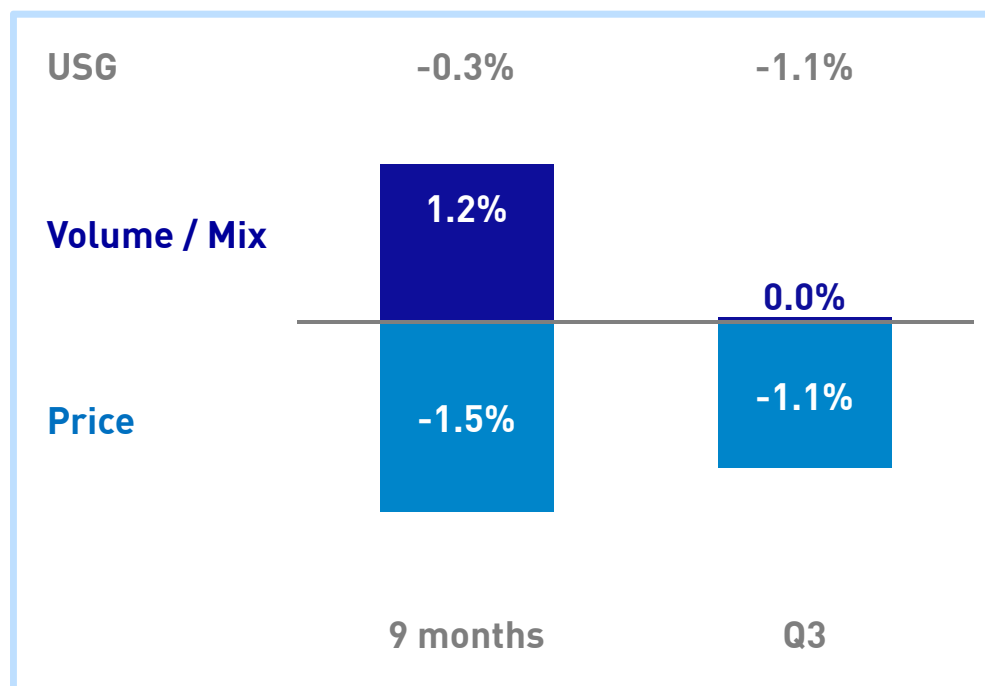
- ❑ Continued price growth to recover devaluation-led cost increases
- ❑ Market volumes contracting sharply from lower consumer disposable income
- ❑ Strong comparator in Q3'15: +5% volume

## North America – further improvement in growth



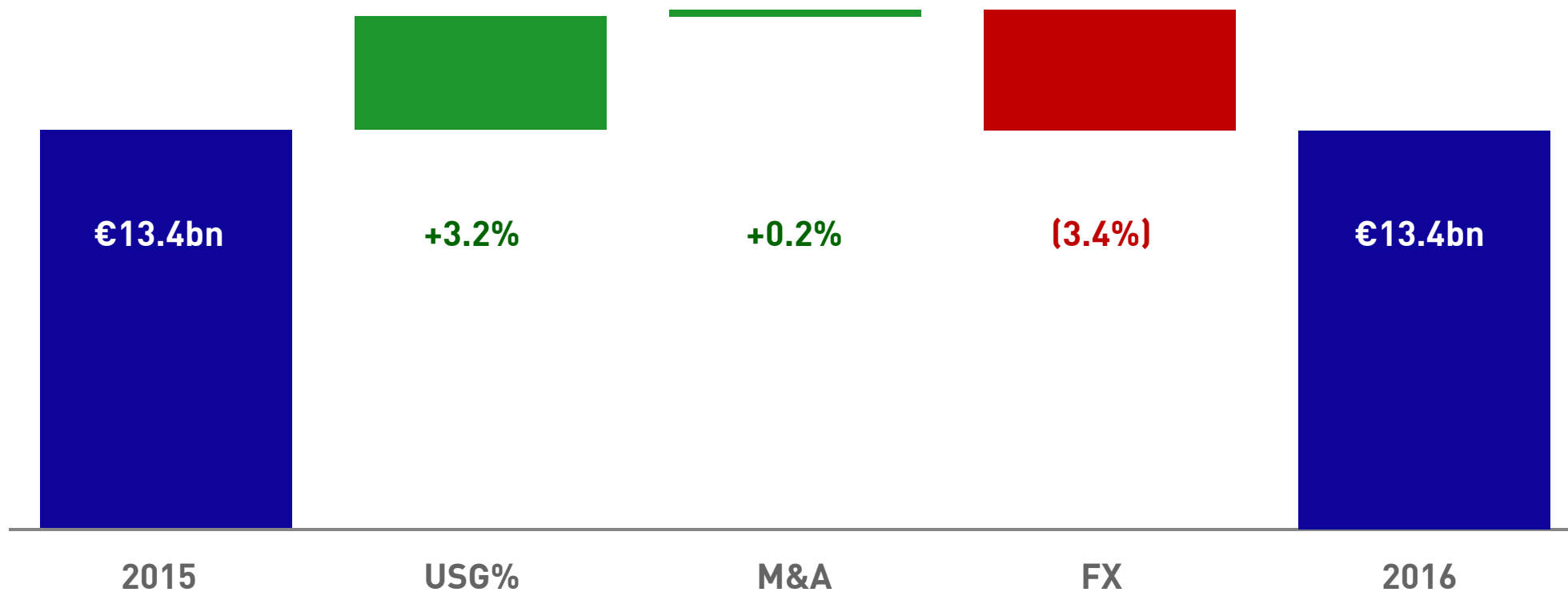
- ❑ Growth balanced between volume and price
- ❑ Led by deodorants, dressings and ice cream
- ❑ Re-shaped portfolio and investment in brands and manufacturing starting to deliver returns

## Europe – still challenging



- ❑ Continued volume growth in most countries
- ❑ Strong price competition in UK tea & laundry
- ❑ Net revenue management helping to mitigate price deflation

## Q3 2016: Turnover maintained at €13.4 billion





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# Building agility and resilience: 3 key initiatives



**NET REVENUE  
MANAGEMENT**

**Net Revenue Management**



CONNECTED 4 GROWTH

**Connected 4 Growth**

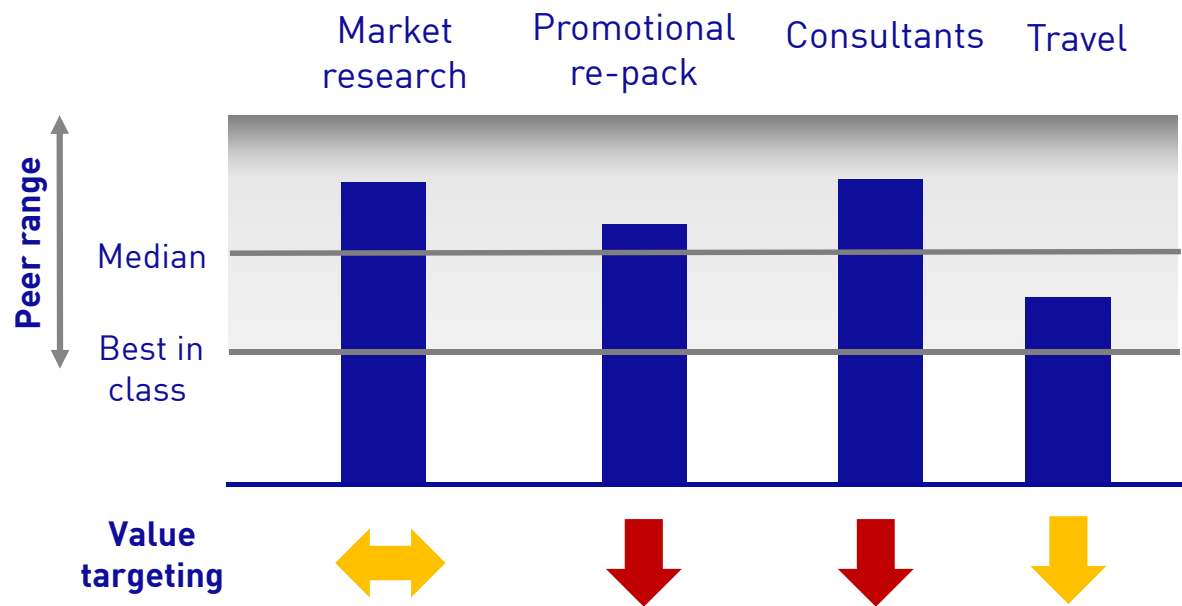


**ZERO  
BASED  
BUDGETING**

**Zero Based Budgeting**

# Zero Based Budgeting

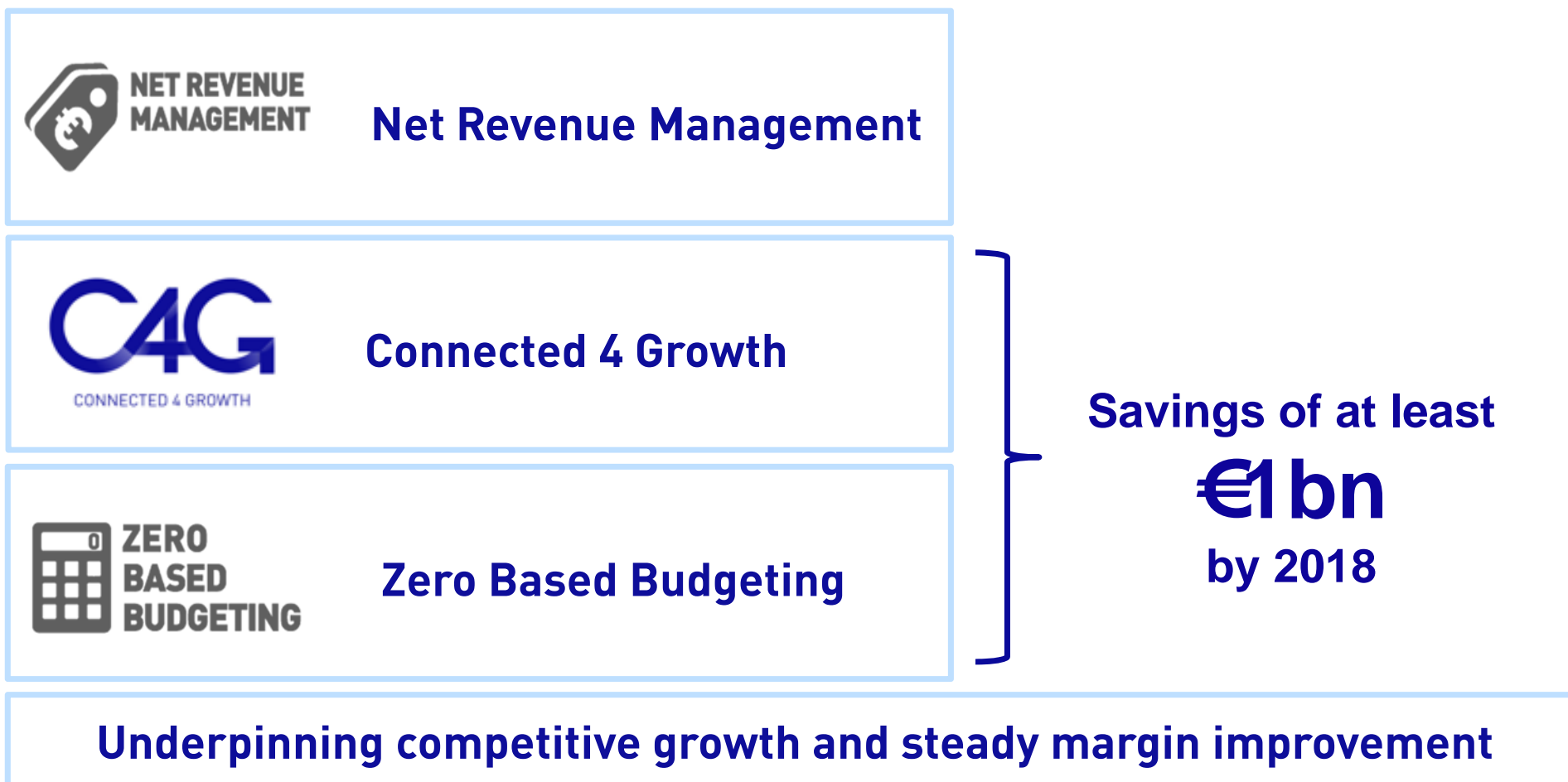
## Benchmarking examples



## Programme timing

- ☐ H1 2016: Visibility phase
- ☐ Q3 2016: Value targeting
- ☐ Q4 2016 – 2018: Implementation

## Building agility and resilience: savings delivery



## **On track to deliver our objectives in 2016**

- Volume growth ahead of our markets**
- Steady and sustainable improvement in core operating margin**
- Strong cash flow**

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