

UNILEVER 2006 FIRST QUARTER RESULTS PRESENTATION
Conference Call, Thursday 4th May 2006

Rudy Markham – Chief Financial Officer

Chart 1 – Title and Safe Harbour

Good morning everybody and thanks for joining us for Unilever's Q1 Conference Call.

I am here today with John Rothenberg who will shortly talk you through some of the key features of the first quarter's results.

As always, I draw your attention to the usual disclaimer relating to forward looking statements, which is included in chart 1 and will be posted with the text of this presentation on Unilever's web-site.

Turning to chart 2, you will gather from our press release issued earlier today that we see our first quarter results as putting us firmly on-track to deliver our business objectives for 2006.

Chart 2 – On Track to Meet 2006 Objectives

Consumer demand across the many markets in which we operate is much as we expected – strong in D&E markets, solid in North America, but with growth in our categories remaining somewhat sluggish in Western Europe.

Underlying sales growth in the quarter was around the 3% level that we achieved in 2005, and our aggregate market shares remain broadly stable. Furthermore, the main weight of a strong 2006 innovation programme is still to come.

There have been recent increases in some commodity costs which, if sustained, would lead to input costs being slightly higher than we had expected. Nonetheless, our savings programmes continue to deliver to expectations, to the extent that we remain confident that we will deliver the margin improvement that we talked about in February.

You will recall that our objective for 2006 is to sustain our top-line growth and improve our margin. We aim to achieve this through a focus on our business priorities – Personal Care, D&E markets, Vitality based innovation and the restoration of growth in Europe..

Our performance in the first quarter confirms that we are making progress in all these areas and I will now hand you over to John who will take you through this in more detail.

John Rothenberg – SVP Investor Relations

Thanks Rudy and good morning everybody. Turning to chart 3.

Chart 3 – Q1 Sales Performance

Our underlying sales growth in the first quarter was 2.9%, with 2.4% coming from volume and 0.5% from price.

This is the 2nd consecutive quarter of price growth, following the 0.3% increase last quarter. We are raising prices in a number of markets where our market positions and pricing power allow us to do so. This is partly masked by the year-on-year drag effect from strategic price reductions made during 2005, most notably in Europe.

The combination of one less day in the quarter and a later Easter may have had a modest impact on sales but that would of course reverse out in later quarters.

We said back in February that our strategy going forward is focused on building stronger leadership positions in key markets and a more powerful presence in high growth spaces.

As Rudy mentioned, for 2006, this means continued focus on our priorities as detailed in chart 4.

Chart 4 – 2006 Business Priorities

Our Personal Care and D&E businesses continue to deliver good growth.

Personal Care grew by 6% in the quarter, notwithstanding some US trade de-stocking. We have had particularly strong programmes in both Skin and Deodorants during the 2nd half of 2005 and on into 2006, which have driven strong sales in brands such as Axe, Rexona, Dove, Lux and Pond's.

D&E sales grew by 8%. This growth was broad based, across Foods and HPC and across geographies, with India, China and Russia all growing in double-digits.

And Vitality is increasingly embedding itself into the fabric of our business. For example, 10 out of our 15 priority innovation projects in Foods are directed explicitly at the health and wellness needs of consumers.

Looking more specifically at Europe in Chart 5.

Chart 5 – Progress in Europe

Underlying sales in Europe declined by 0.5% in the quarter, but with some good news in a number of areas. We take these as clear signs that the actions we are taking to restore competitiveness and growth are having the desired effect.

For example, in the UK, by far our largest European business, we saw sales stabilise in the quarter after a steep decline during 2005.

European HPC has similarly stabilised in Q1, with good performances in Skin and Deodorants driven by innovations such as Axe Click and Dove Summer Glow.

And in Foods, investment behind Savoury and Heart Health through our Knorr and Flora/Becel brands has been rewarded by good growth in the quarter.

Set against these improvements, we had a slow start in European Ice Cream, not helped by the late Easter and cold weather. We also had a weak start to the year in France after a strong Q4, largely a consequence of trade de-stocking linked to the timing of price increases.

The overall message for Europe is that we are seeing some reward for the efforts we are making to turn around this business, which should start to be reflected in an improved top-line performance.

Rudy mentioned that we have a strong innovation programme for 2006. .

We had some important innovations that hit the market during Q1, but many of this year's more substantial initiatives are still to come. Our new organisation is helping us to put more

firepower behind fewer but bigger opportunities and I would like to highlight just a few of these, starting with HPC on chart 6.

Chart 6 – HPC Innovation

In Q1, we saw the global launch of the new Axe variant, Axe Click. This is being supported by an extensive global advertising programme, including some truly ground-breaking work using viral marketing and other internet based tools designed to appeal to Axe's teenage users.

Also in Deodorants, the World Cup will provide a platform for an exciting marketing and innovation programme behind Rexona. We had a similar campaign in Australia around the Commonwealth Games which lifted Rexona's growth and market share. Sport, sweat and high efficacy antiperspirants is a compelling combination!

In Hair, Q1 was a relatively quiet quarter for innovation, with the main news centred around a new Lux Super Rich range in Japan, which has been well received, and Dove colour care products in Europe and North America. Looking forward, our global hair programme will heat up with some important initiatives across the world.

We have just completed the sale of two of our minor hair brands in the US, Finesse and Aquanet. We have done much to improve our hair portfolio in the U.S. over recent years through the development of Suave and the launch of Dove hair, and it is about to get a substantial boost with the introduction of Sunsilk to the US market later in the year. I can't say much more about this at this stage, but this is a prime example of the kind of large scale initiative that our new organisation is supporting.

Another area worth mentioning is household care where both Cif and Domestos are doing well thanks to strong innovations during 2005. We have an equally strong programme in 2006, with products such as Cif 'Best Ever' trigger sprays and a Domestos premium bleach. Not only are these innovations working, but they are being rolled out rapidly across markets. Also in Q1 we took Cif into Russia for the first time. World-wide, Unilever's household care business grew by 6% in the quarter, maintaining the momentum established during 2005.

The strength of our global innovation programme applies equally to Foods, as shown in chart 7.

Chart 7 – Foods Innovation

For example, we continue to leverage the consumer appeal of our Flora/Becel heart health brands with olive oil based products being introduced across parts of Europe and Latin America.

Also on the theme of Vitality, we have launched Wishbone Salad Spritzers in the U.S. with only 1 calorie per spray, while in the UK, we will be shortly launching Adez soy based fruit drinks, adapting a health concept that has proved hugely successful in Latin America.

Food products need to cater for local tastes, but good ideas travel around the world just as well in Foods as they do in HPC. Our innovation programme for Knorr is a case in point.

Thus in Q1 we have launched low unit priced bouillon cubes into new markets across Africa and Central and Eastern Europe following the success of similar products in Latin America. We have introduced 'fresh soups in pouches' in Poland and Russia after these products transformed what was a declining market in the Netherlands. And we have an extensive

programme over the next few quarters to drive Knorr product innovations across multiple markets.

And finally Ice Cream, where a weak start in Europe contrasts with strong innovation driven growth across the world, including the U.S., Brazil, Mexico, Australia and Turkey.

In the US, our ice cream business continues to grow and gain share. We have launched new, more creamy varieties of Breyer's double churned ice cream, new Popsicle products for kids and Ben & Jerry's sorbets and cones. Elsewhere, we are introducing new healthier kids novelty ice creams with no added sugar and higher fruit content. And we have an exciting 2006 programme behind Magnum right across the globe.

In summary, the strength of our 2006 innovation programme, together with the rigour with which resources are being channelled behind it, gives us every confidence that we will sustain our growth momentum as we move forward.

Turning now to operating margin in Chart 8

Chart 8 – Q1 Operating Margin

Before the impact of restructuring and disposals, the decline in operating margin was 30 bps, entirely due to a corresponding increase in A&P. This increased investment was focused on our business priorities in Personal Care, D&E and Vitality, and in particular behind key innovation projects in Skin, Deodorants and Savoury.

This means that the combined benefit of positive pricing, substantial cost savings and a modestly positive volume/mix effect was sufficient to offset rising costs in the quarter.

Commodity related cost increases in raw and packaging materials and in distribution continued to run at a similar level to last year, equivalent to around 150bps. We also saw some knock-on effect of the higher oil price in manufacturing and other areas.

We still expect these cost pressures to ease slightly as we go through the year, although the recent hike in mineral oil price, if sustained, would lessen our headroom.

Meanwhile, our savings programmes continue to deliver at a consistently high rate, at round 180 bps in the quarter, of which approximately ½ comes from our global buying programme and the rest from One Unilever and other savings initiatives.

During the quarter, we made further significant progress on 'One Unilever'. Over the past few months we have announced three outsourcing agreements, with IBM for the purchasing of non-production items in North America, again with IBM for the provision of financial shared services in Europe and most recently, with Accenture for the management of European IT operations. We also announced unified organisations for our businesses in the UK and France. There are other important One Unilever initiatives in the pipe-line which we expect to see crystallise in the near future.

€1m of largely 'One Unilever' related restructuring was charged in the quarter. This was more than offset by disposal gains, due principally to Mora frozen snacks in the Netherlands and a hair oil brand in India, to leave a net credit on restructuring disposals and impairments in the quarter of €8m.

At this point, I would like to say a few words about the European Frozen Foods business that we are intending to sell.

We are making good progress in what is a fairly complex disposal process, with the information memorandum due to go out to selected prospective buyers by the end of May. We have already had expressions of interest from a number of parties and remain confident that we will be able to complete the process before the end of the year.

Meanwhile, the performance of this business is similar to last year. Profitability remains good, but sales continue to be under pressure due to weak market conditions, although we have seen some recent market share gains in the UK.

We have classified this business as a discontinued operation under IFRS and a full set of restated 2005 numbers is available on our web-site. As a consequence of this restatement, Unilever's 2005 operating margin on a continuing business basis is reduced by 20 bps to 13.2%. Nevertheless, we are not changing our outlook of a 13.4% floor for operating margin in 2006, recognising that this lower 2005 base is compensated for by the disposal gains realised in the first quarter..

Moving on to other aspects of our financial performance in the 1st quarter in chart 9.

Chart 9 Key Financials – Q1 2006

Total earnings per share increased by 7% in the quarter, while earnings per share on continuing operations grew by 9%.

There are a number of drivers of this performance worth mentioning.

Firstly, exchange rates. A number of currencies strengthened against the Euro during the course of 2005, boosting sales and operating profit by between 6-7% in the quarter.

Secondly, financing costs were down €30m due the benefit of higher asset values on pension financing and lower net debt.

Thirdly, the tax rate of 24% was only slightly higher than the 23% incurred in Q1 last year which benefited from a number of one-off items. This time, the lower rate reflects an advantageous profit mix between countries as well as other improvements. For this reason, we now expect our tax rate in 2006 to be around 26%.

Finally, minority interests are €2m up in the quarter, almost entirely due to one-off disposal gains realised in India.

Net debt at the end of the quarter was €10.3bn, €0.2bn below the level at the start of the year.

Net cash flow from operating activities was €0.3bn in a quarter that is traditionally light due to the high seasonal outflow into working capital.

Chart 10 – Summary

In summary, our Q1 results keep us on track to meet our 2006 objectives of sustained growth and margin improvement.

We continue to grow in line with our markets, and we have confidence in a strong 2006 innovation programme.

We are directing our marketing investments towards fewer bigger initiatives and we are seeing the results.

And we have our cost structure under tight control.

Rudy and I would now be happy to take your questions.

Chart 11 – Q&A

This presentation may contain forward-looking statements, including 'forward-looking statements' within the meaning of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting 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. 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 the Annual Report & Accounts on Form 20-F. These forward-looking statements speak only as of the date of this presentation.