



# 2005 results

9 February 2006

**Patrick Cescau**  
Group Chief Executive Officer

**Rudy Markham**  
Chief Financial Officer



## Safe Harbour Statement

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.

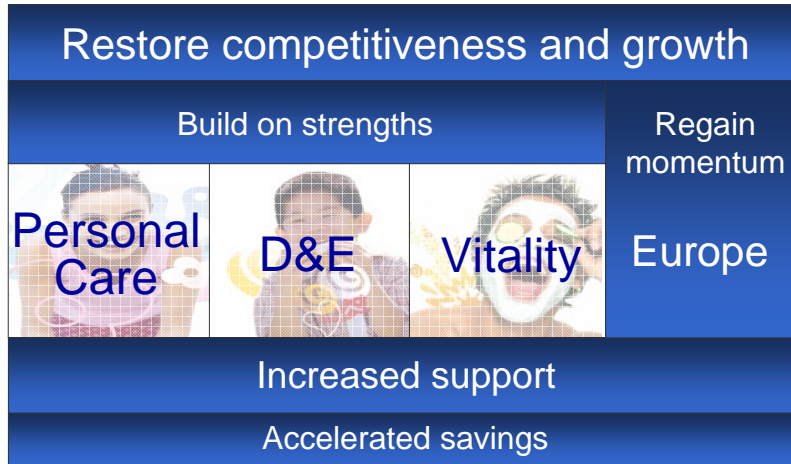
## 2005 – the task

“Restore  
competitiveness  
and growth”

## 2005 – the task

- Make the portfolio work harder
  - Clearer priorities
  - More focused resource allocation
- Strengthen execution and capabilities
  - Marketing, customer development
- Simpler, more agile “One Unilever” organisation
  - Aligned, right people, better execution

## 2005 – more weight behind fewer priorities



4

## Building on strengths - Personal Care

- Growth over 6%
- Broad-based share gain
- Strong profitability
- Global, regional and local brands all growing strongly

SUNSILK

LIFEBUOY

Dove



Rexona

AXE

CLEAR



## Building on strengths - D&E markets

- Strong performance
  - Across the year
  - In all major markets
  - Across Foods, Home Care and Personal Care
- 38% of Unilever's sales
  - Exceeding sales in W.Europe for the first time



## Building on strengths - Vitality



## Regaining momentum in Europe

- For consumers - value, choice and innovation
- For customers – improved value from doing business together
- For our organisation – increased agility, scale and cost-efficiency

8

## Regaining momentum in Europe

- For consumers  
Value, choice and innovation
- For customers  
Improved value from doing business together
- For our organisation  
Increased speed and agility, leveraging scale and cost-efficiency

- Underlying sales decline less than -1% against -3% in 2004
- +ve like-for-like sales growth of c.+2% in Q4
- Stabilised market shares in Foods – upward trend in Q4
- Stable HPC shares in second half

... still more to do

9

## Increased investment, focus on savings

Step-up in investment behind our growth priorities

€500 million more in A&P than in 2004

Price reductions in key categories and markets

Higher commodity prices

Focus on savings delivering over €700 million in 2005

10

## Decisive action on the portfolio

### UCI

- Sold in 2005 for \$800m



### European Frozen Foods

- Divesting the majority of the business
- Profitable but requiring investment to grow and we have better opportunities elsewhere
- Italian Frozen Foods to be retained



## Unilever's change agenda

**Win key  
markets**

**Build capabilities**

Brand  
building

Win with  
customers

**Fit to compete**

12

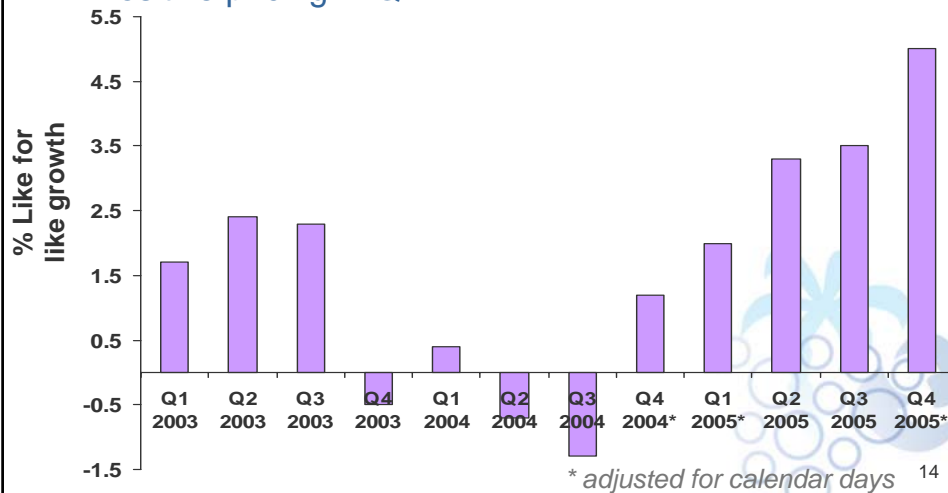
## 2005 progress on our change agenda

- Simplified and clarified at the top
- Flatter structure, fewer layers
- Clearer roles, stronger capabilities
- One Unilever implementation

13

## 2005 – LFL sales growth

- 3.1% USG in 2005
- Growing momentum during the year
- Positive pricing in Q4



## 2005 – growth by region

	USG		LFL growth*
	2004	2005	Q4 05
Europe	(2.8)%	(0.8)%	2%
Americas	3.3%	4.1%	5%
Asia/Africa	1.9%	8.7%	10%
<b>Total</b>	<b>0.4%</b>	<b>3.1%</b>	<b>5%</b>

2004 as reported, pre-IFRS

\*Excludes estimated impact of six fewer days vs Q4 2004

## 2005 operating margin

	2004	2005	Change (bps)
Full Year Operating Margin	11.0%	13.4%	240
<i>Includes restructuring, disposals and impairments</i>	(4.6)%	(1.4)%	(320)
Change before these items			(80)
<u>Key drivers</u>			
Increased investment in A&P +€500m			(110)
Higher input costs + €600m			(150)
Savings programmes >€700m			180

16

## Q4 operating margin

- Operating margin 10.6% vs (3)% in Q4 04
- Change before restructuring, disposals and impairment (130) bps
- A&P significantly up on Q4 04 but only slightly above average for year

17

## Investment in A&P - quantity *and* quality

- €500m increase in A&P in 2005 – 11% year-on-year
- Two thirds of additional A&P spent in advertising
- Carefully targeted behind key priorities
- Improved efficiency and quality of spend
- More consistently weighted across the year

18

## Key 2005 financials

- EPS
  - EPS on continuing operations +22%
    - Includes benefit from lower year-on-year restructuring, disposals and impairment
  - Total EPS +37%
    - Includes impact of UCI disposal
- Tax rate 26%
- Cash flow from operations €4.4bn

### Long term metrics

- Ungearred Free Cash Flow €4bn
- ROIC 12.5%

19

## Delivering value to shareholders

- Competitive balance sheet for
  - Competitive cost of capital
  - Flexibility for business development
- A strong, single-A credit rating
- €500m share buyback in 2005
- 5% increase in 2005 dividend
- Further €500m share buyback planned in 2006

20

## Unilever's financial model

### Overarching ambition remains top one-third TSR

Long term targets:

- FCF €25-30bn during 2005-2010
- Improved ROIC

Through:

- Top-line growth ahead of markets which are expected to grow 2-4% *pa*
- Improved operating margin, allowing for 50-100 bps restructuring
- Improved capital efficiency
- Improved tax efficiency (sustainable rate of 28%)

21

## Delivering 2006

“Sustain growth momentum and improve margins”



## 2006 priorities



24

## Building capabilities

A focus for 2006 - crafting and leveraging global brand mixes



Applying the same methods and standards to all our brands

25

## Fit to compete

### Complete One Unilever implementation

- A single management team in all markets
- Simplified, standardised business processes
- Majority of top 20 businesses reporting directly to the Unilever Executive
- Further reduction in top management structure

€700 million savings by end 2006  
€1bn savings by end 2007

Scale, agility, one face to customers

26

## 2006 outlook

- Sustained growth
- Operating margin to increase from 13.4% in 2005
  - Progressively more favourable pricing and commodity cost environment
  - competitive A&P investment behind growth priorities
  - continued flow of savings
  - 100 bps restructuring

27

**“Entering into 2006 in  
much better shape, with  
increased  
competitiveness and  
growth”**

