DISCLAIMER

This PDF is a section of the Unilever Annual Report and Accounts 2015. It does not contain sufficient information to allow a full understanding of the results of the Unilever Group and the state of affairs of Unilever N.V., Unilever PLC or the Unilever Group. For further information the Unilever Annual Report and Accounts 2015 should be consulted.

Certain sections of the Unilever Annual Report and Accounts 2015 have been audited. These are on pages 90 to 159, and those parts noted as audited within the Directors' Remuneration Report on pages 66 to 83.

The maintenance and integrity of the Unilever website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters. Accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially placed on the website.

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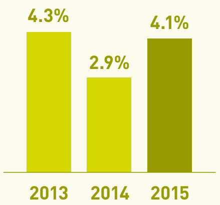
The Annual Report and Accounts does not constitute an invitation to invest in Unilever shares. Any decisions you make in reliance on this information are solely your responsibility.

The information is given as of the dates specified, is not updated, and any forward-looking statements are made subject to the reservations specified in the cautionary statement on the inside back cover of the Annual Report and Accounts.

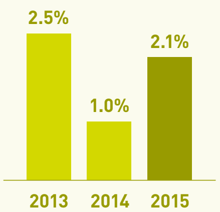
Unilever accepts no responsibility for any information on other websites that may be accessed from this site by hyperlinks.

FINANCIAL REVIEW 2015

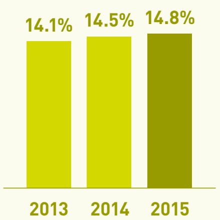
UNDERLYING SALES GROWTH*



UNDERLYING VOLUME GROWTH*



CORE OPERATING MARGIN*



FINANCIAL OVERVIEW 2015

CONSOLIDATED INCOME STATEMENT

Turnover grew by 10% to €53.3 billion helped by a positive currency impact of 5.9% (2014: negative 4.6%) with a strong boost in the first half of the year due to a weaker euro. Underlying sales growth was 4.1% (2014: 2.9%) balanced between volume growth of 2.1% (2014: 1.0%) and pricing of 1.9% (2014: 1.9%). Acquisitions and disposals had a negative impact of 0.1% (2014: negative 0.9%). Emerging markets contributed 58% of total turnover (2014: 57%) with underlying sales growth of 7.1% (2014: 5.7%) of which 2.7% was volume growth. Currency devaluation continued to push up the cost of living for consumers in many of the emerging markets. Our performance in developed markets was flat with good volume growth in Europe being offset by price deflation.

Core operating margin was up 0.3 percentage points to 14.8%. Gross margin was up 0.8 percentage points to 42.2% driven by margin-accretive innovation, pricing and continued delivery from our savings programmes, which more than offset currency-related cost increases and higher costs on brand and marketing investment. Commodity costs increased by about 4%. While the price of many commodities, such as oil, in US dollars fell during 2015, commodity costs in local currencies increased as devaluing currencies imported inflation into local raw material production. Overheads increased by 0.3 percentage points reflecting an adverse currency translation impact and favourable one-off items in the prior year, such as property sales in India.

Operating profit was down 6% at €7.5 billion compared with €8.0 billion in 2014. This includes a charge of €350 million for non-core items (2014: credit of €960 million including a €1,392 million gain from business disposals).

Highlights for the year ended 31 December

	2015	2014	% change
Turnover (€ million)	**53,272**	48,436	10
Operating profit (€ million)	**7,515**	7,980	(6)
Core operating profit (€ million)*	**7,865**	7,020	12
Profit before tax (€ million)	**7,220**	7,646	(6)
Net profit (€ million)	**5,259**	5,515	(5)
Diluted earnings per share (€)	**1.72**	1.79	(4)
Core earnings per share (€)*	**1.82**	1.61	14

The net cost of financing borrowings was €372 million compared with €383 million in 2014. The average interest rate on net debt improved to 3.0% (2014: 3.5%) largely as a result of higher returns on investments. Pensions financing was a charge of €121 million compared with €94 million in 2014.

The effective tax rate was 27.6% versus 28.2% in 2014 which included €0.8 billion tax relating to business disposals.

Net profit from joint ventures and associates together with other income from non-current investments was €198 million compared with €143 million in 2014. This reflects increased profit on disposal of associates and higher income from joint ventures. At €1.72, diluted EPS was down 4% as the prior year included the profit on business disposals. Core EPS increased by 14% to €1.82, including a favourable currency impact of 3%.

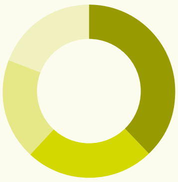
The independent auditors' reports issued by KPMG Accountants N.V. and KPMG LLP, on the consolidated results of the Group, as set out in the financial statements, were unqualified and contained no exceptions or emphasis of matter. For more details see pages 85 to 89 of the Governance and Financial Report.

The consolidated financial statements have been prepared in accordance with IFRS. The critical accounting policies and those that are most significant in connection with our financial reporting are set out in note 1 on pages 94 and 95 of the Governance and Financial Report and are consistent with those applied in 2014.

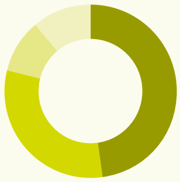
*Certain measures used in our reporting are not defined under IFRS. For further information about these measures, please refer to the commentary on non-GAAP measures on pages 38 and 39.

FINANCIAL REVIEW 2015
CONTINUED

TURNOVER BY CATEGORY



OPERATING PROFIT BY CATEGORY



PERSONAL CARE

	2015	2014	% Change
Turnover (€ million)	**20,074**	17,739	13.2
Operating profit (€ million)	**3,637**	3,259	11.6
Core operating profit (€ million)	**3,788**	3,325	13.9
Core operating margin (%)	**18.9**	18.7	0.2
Underlying sales growth (%)	**4.1**	3.5	
Underlying volume growth (%)	**2.3**	1.2	
Effect of price changes (%)	**1.8**	2.3	

KEY DEVELOPMENTS

- Turnover growth was 13.2% of which 7.6% was currency impact. Underlying sales growth, while still below historical rates, improved to 4.1% compared with 3.5% in 2014. Growth benefited from innovations that boosted the core of our business including the launch of dry spray deodorants in North America, the launch of Lux Luminique in Japan and the roll-out of Dove Advanced Hair Series. 2015 also marked our entry into the prestige skin care business with the acquisitions of Dermalogica, Murad, Kate Somerville and REN.
- Core operating profit was €463 million higher than the prior year and this includes a €196 million favourable impact from exchange rate movement. Acquisitions and disposal activities contributed €105 million while underlying sales growth and margin improvement added €137 million and €25 million respectively. Operating margin improvement is principally driven by margin-accretive innovation. Gross margin was up 0.5 percentage points and brand and marketing investment was up 13%.

FOODS

	2015	2014	% Change
Turnover (€ million)	**12,919**	12,361	4.5
Operating profit (€ million)	**2,298**	3,607	(36.3)
Core operating profit (€ million)	**2,354**	2,305	2.1
Core operating margin (%)	**18.2**	18.6	(0.4)
Underlying sales growth (%)	**1.5**	(0.6)	
Underlying volume growth (%)	**0.8**	(1.1)	
Effect of price changes (%)	**0.8**	0.6	

KEY DEVELOPMENTS

- Turnover growth was 4.5% which included a 5.6% positive currency impact and 2.5% negative impact from acquisitions and disposal activities. Underlying sales growth improved to 1.5% (from negative 0.6% in 2014) with both price and volume contributing 0.8%. Savoury showed good volume-driven growth led by cooking products in emerging markets and by innovations around naturalness and health. In dressings, Hellmann's demonstrated good growth, with 7% underlying sales growth despite increased competition from new market entrants. Spreads gained market share but turnover declined 5%, reflecting market competition in developed markets.
- Core operating profit was up by €49 million despite a profit reduction of €82 million relating to acquisitions and disposal activities. Underlying sales growth added €35 million and the impact of exchange rate was a favourable €151 million. In addition, higher supply chain costs led to decline in margins and this reduced profit by €55 million. Brand and marketing investment was up 5%.

HOME CARE

	2015	2014	% Change
Turnover (€ million)	**10,159**	9,164	10.9
Operating profit (€ million)	**740**	576	28.5
Core operating profit (€ million)	**775**	579	33.9
Core operating margin (%)	**7.6**	6.3	1.3
Underlying sales growth (%)	**5.9**	5.8	
Underlying volume growth (%)	**4.0**	2.4	
Effect of price changes (%)	**1.9**	3.4	

KEY DEVELOPMENTS

- Home Care turnover grew by 10.9% including a 4.5% favourable currency impact. Underlying sales growth was 5.9%, heavily geared toward volume growth which contributed 4.0%. The category delivered broad-based growth including the roll-out of new Omo with enhanced formulation and improved cleaning technology, the success of fabric conditioners helped by the launch of Comfort Intense, and the introduction of Cif to new markets.
- Core operating profit increased by €196 million including a €22 million increase from exchange rate movement. Underlying sales growth contributed €41 million while improved margin added €133 million. Gross margin was up 2.7 percentage points as a result of improved mix, cost savings and simplification programmes. Brand and marketing investment was up 19%.

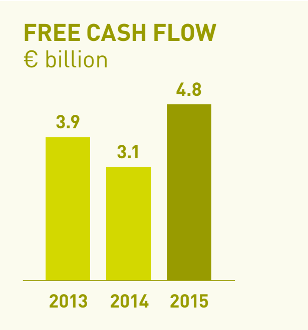
REFRESHMENT

	2015	2014	% Change
Turnover (€ million)	**10,120**	9,172	10.3
Operating profit (€ million)	**840**	538	56.1
Core operating profit (€ million)	**948**	811	16.9
Core operating margin (%)	**9.4**	8.8	0.6
Underlying sales growth (%)	**5.4**	3.8	
Underlying volume growth (%)	**1.5**	2.0	
Effect of price changes (%)	**3.9**	1.8	

KEY DEVELOPMENTS

- Refreshment turnover grew by 10.3% including 4.1% favourable currency impact. In ice cream both Magnum and Ben & Jerry's delivered double-digit growth contributing to the 5.4% underlying sales growth. We continue to build our presence in the premium gelato business with the recently acquired Talenti and Grom. In tea more T2 stores have opened during the year and Lipton and PG Tips have been extended further into fruit, herbal and speciality teas where we are still under-represented.
- Core operating profit was €137 million higher compared with prior year due to exchange rate movements which added €31 million, underlying sales growth which contributed €47 million, operating margin improvement of €53 million and a €6 million increase from acquisitions and disposal activities. Gross margin was up 0.3 percentage points driven by mix and savings in ice cream. Brand and marketing investment was up 8%.

CASH FLOW



Free cash flow for the year was particularly strong at €4.8 billion compared with €3.1 billion in 2014. Cash flow from operating activities was €9.4 billion compared with €7.9 billion in 2014. The variance is a result of strong cash flow generated from operating activities which included €0.7 billion from efficient working capital management. The prior year was also negatively impacted by €0.8 billion tax arising on business disposals. Net capital expenditure remains flat in absolute terms at €2.1 billion, 3.9% of turnover, reflecting continued investment in capacity to support growth.

	€ million 2015	€ million 2014
Operating profit	**7,515**	7,980
Depreciation, amortisation and impairment	**1,370**	1,432
Changes in working capital	**720**	8
Pensions and similar obligations less payments	**(385)**	(364)
Provisions less payments	**(94)**	32
Elimination of (profits)/losses on disposals	**26**	(1,460)
Non-cash charge for share-based compensation	**150**	188
Other adjustments	**49**	38
Cash flow from operating activities	**9,351**	7,854
Income tax paid	**(2,021)**	(2,311)
Net capital expenditure	**(2,074)**	(2,045)
Net interest and preference dividends paid	**(460)**	(398)
Free cash flow	**4,796**	3,100
Net cash flow (used in)/from investing activities	**(3,539)**	(341)
Net cash flow (used in)/from financing activities	**(3,032)**	(5,190)

The net outflow from investing activities was €3.2 billion higher than in the prior year. This is a combination of current year expenditure of €1.9 billion on business acquisitions (2014: €0.3 billion) and €0.2 billion inflow received from business disposals versus €1.7 billion cash inflow in the prior year.

Net cash outflow from financing activities was €2.2 billion lower than in the prior year. The variance was principally due to higher borrowings in 2015 to finance acquisitions. Prior year also included €0.9 billion spent on the purchase of Leverhulme estate shares.

BALANCE SHEET

In the year to 31 December 2015, Unilever's combined market capitalisation increased from €93.9 billion to €113.4 billion.

Goodwill and intangible assets increased by €2.9 billion mainly due to business acquisitions and currency movements. All material goodwill and indefinite-life intangible assets have been tested for impairment with no charge recognised during the year. The increase in other non-current assets of €1.0 billion was driven by capital expenditure, currency movements and an increase in pension asset values due to changes in discount and inflation rates.

	€ million 2015	€ million 2014
Goodwill and intangible assets	**25,059**	22,174
Other non-current assets	**14,553**	13,506
Current assets	**12,686**	12,347
Total assets	**52,298**	48,027
Current liabilities	**20,019**	19,642
Non-current liabilities	**16,197**	14,122
Total liabilities	**36,216**	33,764
Shareholders' equity	**15,439**	13,651
Non-controlling interest	**643**	612
Total equity	**16,082**	14,263
Total liabilities and equity	**52,298**	48,027

Current assets were up by €0.3 billion primarily due to an improved cash balance and an increase in the inventories balance at the end of the year. Cash and cash equivalents on the balance sheet was €2.3 billion compared with €2.2 billion at the end of 2014. Closing net debt was €11.5 billion which is €1.6 billion higher than in the prior year. The increase reflects additional borrowings to finance acquisitions and an adverse currency impact from the US dollar denominated debt.

Current liabilities were €20.0 billion compared with €19.6 billion in 2014. The increase is due to an increase in trade payables and other current liabilities as a result of business growth and improved payment terms.

Non-current liabilities were €16.2 billion, up €2.1 billion in 2015. This includes a €2.7 billion increase in non-current financial liabilities from additional borrowings and currency impact. Pension liability declined by €0.7 billion. On 27 January 2015 we issued €750 million 0.5% fixed rate notes due February 2022. On 28 May 2015 we issued €750 million floating rate notes due in June 2018 and €500 million 1.0% fixed rate notes due in June 2023. On 29 July 2015 we issued US$500 million 2.1% fixed rate notes due on 30 July 2020 and US$500 million 3.1% fixed rate notes due on 30 July 2025.

The table below shows that pension liability net of assets was reduced to €2.3 billion at the end of December 2015 versus €3.6 billion as at 31 December 2014. The decrease primarily reflects the impact of higher discount rates, investment returns and the cash contributions we have made. Cash expenditure on pensions was €0.7 billion, the same as in the prior year.

	€ million 2015
1 January	**(3,571)**
Current service cost	**(271)**
Employee contributions	**17**
Actual return on plan assets (excluding interest)	**(254)**
Net interest cost	**(121)**
Actuarial gain	**1,167**
Employer contributions	**513**
Currency retranslation	**(129)**
Other movements[a]	**329**
31 December	**(2,320)**

[a] Other movements relate to special termination benefits, past service costs including losses/(gains) on curtailment, settlements and reclassification of benefits. For more detail see Governance and Financial Report note 4B on page 102.

FINANCE AND LIQUIDITY

We concentrate cash in the parent and central finance companies for maximum flexibility. These companies provide loans to our subsidiaries that are also funded through retained earnings and third party borrowings. We maintain access to global debt markets through an infrastructure of short and long-term debt programmes. We make use of plain vanilla derivatives, such as interest rate swaps and foreign exchange contracts, to help mitigate risks. More detail is provided on pages 120 to 125 of our Governance and Financial Report.

Approximately €1.8 billion (or 79%) of the Group's cash and cash equivalents are held in foreign subsidiaries which repatriate distributable reserves on a regular basis. For most countries this is done through dividends free of tax. In a few countries we face cross-border foreign exchange controls and/or other legal restrictions that inhibit our ability to make these balances available in any means for general use by the wider business. The amount of cash held in these countries was €284 million (2014: €452 million, 2013: €243 million). The cash will generally be invested or held in the relevant country and, given the other capital resources available to the Group, does not significantly affect the ability of the Group to meet its cash obligations.

We closely monitor all our exposures and counter-party limits. Unilever has committed credit facilities in place for general corporate purposes. The undrawn bilateral committed credit facilities in place on 31 December 2015 were US$6,550 million.

CONTRACTUAL OBLIGATIONS AT 31 DECEMBER 2015

€ million	Total	Due within 1 year	Due in 1-3 years	Due in 3-5 years	Due over 5 years
Total contractual obligations[a]	**21,041**	6,037	4,567	3,798	6,639

[a] Included within total contractual obligations are long-term debt, interest on financial liabilities, operating lease obligations, purchase obligations for raw and packing materials and finished goods, finance leases and other long-term obligations (not including pensions).

Further details are set out in the Governance and Financial Report in the following notes to the consolidated financial statements: note 10 on pages 111 and 112, note 15C on page 119, and note 20 on pages 130 and 131. Unilever is satisfied that its financing arrangements are adequate to meet its working capital needs for the foreseeable future. In relation to the facilities available to the Group, borrowing requirements do not fluctuate materially during the year and are not seasonal.

AUDIT FEES

Included within operating profit is €15 million (2014: €14 million) paid to the external auditor, of which €14 million (2014: €14 million) related to statutory audit services.

NON-GAAP MEASURES

Certain discussions and analyses set out in this Annual Report and Accounts include measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. We believe this information, along with comparable GAAP measurements, is useful to investors because it provides a basis for measuring our operating performance, ability to retire debt and invest in new business opportunities. Our management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our operating performance and value creation. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Non-GAAP financial measures as reported by us may not be comparable with similarly titled amounts reported by other companies.

In the following sections we set out our definitions of the following non-GAAP measures and provide reconciliations to relevant GAAP measures:

- underlying sales growth;
- underlying volume growth;
- core operating profit and core operating margin;
- core earnings per share (core EPS);
- free cash flow; and
- net debt.

UNDERLYING SALES GROWTH (USG)

Underlying sales growth (USG) refers to the increase in turnover for the period, excluding any change in turnover resulting from acquisitions, disposals and changes in currency. The impact of acquisitions and disposals is excluded from USG for a period of 12 calendar months from the applicable closing date. Turnover from acquired brands that are launched in countries where they were not previously sold is included in USG as such turnover is more attributable to our existing sales and distribution network than the acquisition itself.

The reconciliation of USG to changes in the GAAP measure turnover is as follows:

TOTAL GROUP	2015 vs 2014	2014 vs 2013
Underlying sales growth (%)	**4.1**	2.9
Effect of acquisitions (%)	**0.7**	0.4
Effect of disposals (%)	**(0.8)**	(1.3)
Effect of exchange rates (%)	**5.9**	(4.6)
Turnover growth (%)[a]	**10.0**	(2.7)

PERSONAL CARE	2015 vs 2014	2014 vs 2013
Underlying sales growth (%)	**4.1**	3.5
Effect of acquisitions (%)	**1.0**	–
Effect of disposals (%)	**–**	(0.1)
Effect of exchange rates (%)	**7.6**	(5.0)
Turnover growth (%)[a]	**13.2**	(1.8)

FOODS	2015 vs 2014	2014 vs 2013
Underlying sales growth (%)	**1.5**	(0.6)
Effect of acquisitions (%)	**–**	–
Effect of disposals (%)	**(2.5)**	(3.6)
Effect of exchange rates (%)	**5.6**	(3.9)
Turnover growth (%)[a]	**4.5**	(7.9)

HOME CARE	2015 vs 2014	2014 vs 2013
Underlying sales growth (%)	**5.9**	5.8
Effect of acquisitions (%)	**0.2**	1.8
Effect of disposals (%)	**(0.1)**	–
Effect of exchange rates (%)	**4.5**	(4.8)
Turnover growth (%)[a]	**10.9**	2.4

REFRESHMENT

	2015 vs 2014	2014 vs 2013
Underlying sales growth (%)	**5.4**	3.8
Effect of acquisitions (%)	**1.3**	0.4
Effect of disposals (%)	**(0.7)**	(1.6)
Effect of exchange rates (%)	**4.1**	(4.6)
Turnover growth (%)[a]	**10.3**	(2.1)

[a] Turnover growth is made up of distinct individual growth components namely underlying sales, currency impact, acquisitions and disposals. Turnover growth is arrived at by multiplying these individual components on a compounded basis as there is a currency impact on each of the other components. Accordingly, turnover growth is more than just the sum of the individual components.

UNDERLYING VOLUME GROWTH (UVG)

Underlying volume growth (UVG) is part of USG and means, for the applicable period, the increase in turnover in such period calculated as the sum of (i) the increase in turnover attributable to the volume of products sold; and (ii) the increase in turnover attributable to the composition of products sold during such period. UVG therefore excludes any impact to USG due to changes in prices.

The relationship between the two measures is set out below:

	2015 vs 2014	2014 vs 2013
Underlying volume growth (%)	**2.1**	1.0
Effect of price changes (%)	**1.9**	1.9
Underlying sales growth (%)	**4.1**	2.9

CORE OPERATING PROFIT AND CORE OPERATING MARGIN

Core operating profit and core operating margin mean operating profit and operating margin, respectively, before the impact of business disposals, acquisition and disposal related costs, impairments and other one-off items, which we collectively term non-core items, due to their nature and frequency of occurrence.

The reconciliation of core operating profit to operating profit is as follows:

	€ million 2015	€ million 2014
Operating profit	**7,515**	7,980
Acquisition and disposal related cost	**105**	97
(Gain)/loss on disposal of group companies	**9**	(1,392)
Impairments and other one-off items	**236**	335
Core operating profit	**7,865**	7,020
Turnover	**53,272**	48,436
Operating margin	**14.1%**	16.5%
Core operating margin	**14.8%**	14.5%

Further details of non-core items can be found in note 3 on page 98 of the Governance and Financial Report.

CORE EARNINGS PER SHARE

The Group also refers to core earnings per share (core EPS). In calculating core earnings, net profit attributable to shareholders' equity is adjusted to eliminate the post tax impact of non-core items. Refer to note 7 on page 108 of the Governance and Financial Report for reconciliation of core earnings to net profit attributable to shareholders' equity.

FREE CASH FLOW (FCF)

Within the Unilever Group, free cash flow (FCF) is defined as cash flow from operating activities, less income taxes paid, net capital expenditures and net interest payments and preference dividends paid. It does not represent residual cash flows entirely available for discretionary purposes; for example, the repayment of principal amounts borrowed is not deducted from FCF. FCF reflects an additional way of viewing our liquidity that we believe is useful to investors because it represents cash flows that could be used for distribution of dividends, repayment of debt or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of FCF to net profit is as follows:

	€ million 2015	€ million 2014
Net profit	**5,259**	5,515
Taxation	**1,961**	2,131
Share of net profit of joint ventures/associates and other income from non-current investments	**(198)**	(143)
Net finance costs	**493**	477
Depreciation, amortisation and impairment	**1,370**	1,432
Changes in working capital	**720**	8
Pensions and similar obligations less payments	**(385)**	(364)
Provisions less payments	**(94)**	32
Elimination of (profits)/losses on disposals	**26**	(1,460)
Non-cash charge for share-based compensation	**150**	188
Other adjustments	**49**	38
Cash flow from operating activities	**9,351**	7,854
Income tax paid	**(2,021)**	(2,311)
Net capital expenditure	**(2,074)**	(2,045)
Net interest and preference dividends paid	**(460)**	(398)
Free cash flow	**4,796**	3,100
Net cash flow (used in)/from investing activities	**(3,539)**	(341)
Net cash flow (used in)/from financing activities	**(3,032)**	(5,190)

NET DEBT

Net debt is defined as the excess of total financial liabilities, excluding trade and other payables, over cash, cash equivalents and current financial assets, excluding trade and other receivables. It is a measure that provides valuable additional information on the summary presentation of the Group's net financial liabilities and is a measure in common use elsewhere.

The reconciliation of net debt to the GAAP measure total financial liabilities is as follows:

	€ million 2015	€ million 2014
Total financial liabilities	**(14,643)**	(12,722)
Current financial liabilities	**(4,789)**	(5,536)
Non-current financial liabilities	**(9,854)**	(7,186)
Cash and cash equivalents as per balance sheet	**2,302**	2,151
Cash and cash equivalents as per cash flow statement	**2,128**	1,910
Add bank overdrafts deducted therein	**174**	241
Other current financial assets	**836**	671
Net debt	**(11,505)**	(9,900)