Unilever Full Year 2019 Results

Alan Jope & Graeme Pitkethly

30th January 2020
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 including to plastic packaging; the effect of climate change on Unilever’s business; significant changes or deterioration in customer relationships; the recruitment and retention of talented employees; disruptions in our supply chain and distribution; increases or volatility in the cost of raw materials and commodities; the production of safe and high quality products; secure and reliable IT infrastructure; execution of acquisitions, divestitures and business transformation projects; economic, social 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 announcement. 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 Annual Report on Form 20-F 2018 and the Unilever Annual Report and Accounts 2018.
2019: Full year results

Growth
Underlying Sales Growth
+2.9%
+1.2%
Underlying Volume Growth
+3.0%

Margin
Underlying Operating Margin
+50 bps
+30 bps
Gross Margin

Earnings
Underlying EPS
+8.1%
+5.8%
Constant Underlying EPS

Cash
Free Cash Flow
€6.1bn
+€0.7bn
vs 2018
# 2019: Progress on hotspots

<table>
<thead>
<tr>
<th></th>
<th>MAT</th>
<th>L12W</th>
<th></th>
<th>MAT</th>
<th>L12W</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USA Dressings</strong></td>
<td></td>
<td></td>
<td><strong>USA Hair</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><a href="#">Hellmann's</a></td>
<td>(20)</td>
<td>+45</td>
<td><a href="#">Suave</a></td>
<td>(95)</td>
<td>(15)</td>
</tr>
<tr>
<td><strong>USA Ice cream</strong></td>
<td></td>
<td></td>
<td><strong>DMs tea</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><a href="#">Ben &amp; Jerry's</a></td>
<td>(55)</td>
<td>+40</td>
<td><a href="#">Lipton</a></td>
<td>(85)</td>
<td>(75)</td>
</tr>
</tbody>
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Value market share data, bps movements
2019: People and organisation

New Unilever Executive

Flatter markets organisation
2019: Strategy and portfolio

Integrated strategy

Portfolio review
Consistent growth

Reflecting treatment of hyperinflation in USG as announced in September 2019
Q4 slowdown in USG

- **Africa**
  - Ghana & Nigeria

- **India**
  - Market slowdown & pricing actions

- **North America**
  - Below our expectations

- **N Africa, Middle East & Turkey**
  - Softening inflation

Reflecting treatment of hyperinflation in USG as announced in September 2019
## Beauty & Personal Care

<table>
<thead>
<tr>
<th>FY USG</th>
<th>2.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPG</td>
<td>0.9%</td>
</tr>
<tr>
<td>UVG</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Reflecting treatment of hyperinflation in USG as announced in September 2019

- **Prestige**
- **Deodorants**

FY UOM +70bps
Reflecting treatment of hyperinflation in USG as announced in September 2019
Home Care

<table>
<thead>
<tr>
<th></th>
<th>FY USG</th>
<th>UPG</th>
<th>UVG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabric solutions</td>
<td>6.1%</td>
<td>3.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Fabric sensations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home &amp; hygiene</td>
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</table>

Reflecting treatment of hyperinflation in USG as announced in September 2019

FY UOM +150bps
Innovation highlights

Leading technology

On-trend categories

Market development
Asia / AMET / RUB

FY ‘19 Turnover
€24.1bn

FY USG  5.0%
FY UVG   2.7%
Latin America

FY '19 Turnover
€7.1bn

FY USG 5.1%
FY UVG 0.0%

Reflecting treatment of hyperinflation in USG as announced in September 2019
North America

FY ‘19 Turnover €9.4bn

FY USG  0.3%
FY UVG  (0.4)%
Europe

FY ’19 Turnover
€11.4bn

FY USG  (0.6)%
FY UVG    0.3%

USG  0.8%  0.7%  (1.6)%  (0.3)%  (0.8)%

UPG

UVG

'18 Q4  '19 Q1  '19 Q2  '19 Q3  '19 Q4

18
2019: Full year turnover

- **USG +2.9%**
- **1.2%**
- **1.6%**
- **0.7%**
- **(3.0)%**
- **A & D (2.3)%**
- **1.5%**

Reflecting treatment of hyperinflation in USG as announced in September 2019

- **€51bn**
- **€52bn**
2019: Underlying operating margin

- FY 2018: 18.6%
- Gross Margin: +30bps
- Brand & Marketing Investment: +0bps
- Overheads: +20bps
- FY 2019: 19.1%

Increase in spend of €70m in constant currencies

All numbers on an IFRS 16 basis
2019: Underlying earnings per share

Underlying EPS +8.1%

All numbers on an IFRS 16 basis
2019: Cash flow and balance sheet

**Free cash flow**
- Free Cash Flow: €6.1bn
- +€0.7bn vs 2018

**Cash conversion**
- 2018: 103%
- 2019: 110%

**Net debt**
- Net debt/EBITDA: 1.9x
- Net debt: €23.1bn

**ROIC**
- 2018: 18.1%
- 2019: 19.2%

_all numbers on an IFRS 16 basis_
## Progress against strategic plan

<table>
<thead>
<tr>
<th>Objective</th>
<th>Progress/Outcome</th>
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<tbody>
<tr>
<td>USG in 3-5% range</td>
<td>3% CAGR 2017-19</td>
</tr>
<tr>
<td>Simpler, faster organisation</td>
<td>Closer to the markets, delayered</td>
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<td>Accelerated margin progression</td>
<td>UOM 16.4% → 19.1%, &gt;€6bn savings 2017-19</td>
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<td>Faster portfolio evolution</td>
<td>34 acquisitions and 14 disposals since 2015</td>
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<td>Simpler capital/legal structure</td>
<td>Preference shares cancelled, trust office closure, unification withdrawn</td>
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<td>Increased leverage &amp; returns</td>
<td>€11bn bought back, high teens ROIC, net debt at 2X</td>
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2020 fundamentals of growth

1. Improved penetration
   - Mental and physical availability in key cells

2. Impactful innovation
   - Product superiority
   - Decisive choices

3. Design for channel
   - Focused channel teams

4. Purposeful brands
   - 100% product & purpose integration

5. Fuel for growth
   - €2bn+ savings p/a

Portfolio review
Future growth categories

Luxury beauty
Focus skin care

Health, wellness, personal nutrition
Focus VMS
Global tea
2020 outlook

• First half USG improvement versus Q4

• Full year USG in lower half of 3-5% multi-year range

• Continued progress towards 20% UOM

• Strong cash flow