Foods & Refreshment is well positioned to grow

Compelling scale

Balanced footprint

Stronger organisation

- More scale & focus, esp. in Emerging Markets
- More agile, dynamic allocation of resources
- Route to market synergies, incl. channel play
- Co-location with Europe team and R&D ecosystem
- End to end cost efficiency

Integration of Foods & Refreshment completed over summer 2018

*Excluding Spreads

€20bn

3% Turnover CAGR* (2015-17)

16.1% UOM* (2017)

Leaders where we play

Emerging Markets Turnover

Developed Markets Turnover
Truly G-Local portfolio

>€1bn brands

Regional & Local Jewels

New brands

Think local – act global

M&A and organic launches
Changing landscape

Emerging Markets
- People in middle income
- People in cities
- Women in the workforce

Consumer preferences
- Better for you... ...and the planet
- Plant based
- Personalised

Hyper convenience

Lack of trust

Accelerated industry consolidation
# Our ambition and strategy

**Taste Good, Feel Good. Force for Good.**

**Ambition: accelerate growth, whilst improving UOM delivery to 21%**

<table>
<thead>
<tr>
<th>Transform our portfolio</th>
<th>Transform for agility &amp; cost</th>
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<tbody>
<tr>
<td>• Emerging Markets</td>
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**People with Purpose crafting Brands with Purpose**
Transforming our portfolio

High growth segments

High growth channels

Emerging markets

Core of the core portfolio modernization
Strategically attractive...

<table>
<thead>
<tr>
<th>Good strategic fit</th>
<th>Significant potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aligned with Health &amp; Wellness</td>
<td>Under penetrated Category</td>
</tr>
<tr>
<td>Emerging Market Exposure</td>
<td>Persistent Nutritional Needs</td>
</tr>
<tr>
<td>Provides Scale to India F&amp;R</td>
<td>Rising affluence and disposable incomes</td>
</tr>
</tbody>
</table>

High-quality brands in markets with “Right-to-Win”
Financially Compelling: Synergies

**Growth**
- Drive Penetration
- HUL Distribution Multiplier
- Upgrade and Premiumise

**Cost**
- Operational improvement
- Supply Chain opportunities
- Go-to-market and distribution network optimization
- Scale efficiencies in media and overhead

**Over Medium Term:**
- >10% Growth
- 10% Margin Improvement
## Transaction details

<table>
<thead>
<tr>
<th>What is being acquired?</th>
<th>Turnover</th>
<th>EBITDA</th>
<th>Structure</th>
<th>Total equity value</th>
<th>Unilever stake</th>
<th>Unilever consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSK Consumer Healthcare Ltd, India (incl. consignment agreement for GSKs OTC)</td>
<td>€490 m</td>
<td>€130 m</td>
<td>HUL equity merger</td>
<td>€3.96bn</td>
<td>67.2%</td>
<td>€2.66bn</td>
</tr>
<tr>
<td>GSK Bangladesh Ltd</td>
<td>€45 m</td>
<td>€12 m</td>
<td>82% for cash</td>
<td>€206m</td>
<td>82%</td>
<td>€169m</td>
</tr>
<tr>
<td>Additional Markets and Brand Rights</td>
<td></td>
<td></td>
<td>100% for cash</td>
<td>€470 m</td>
<td>100%</td>
<td>€470m</td>
</tr>
<tr>
<td>Total Equity Value</td>
<td>€550 m</td>
<td>€155 m</td>
<td></td>
<td>€4.6 bn</td>
<td></td>
<td>€3.3bn</td>
</tr>
</tbody>
</table>

Pre synergy EV/EBITDA 28 times

*NOTE: Transaction subject to regulatory approval and shareholder approval, Completion anticipated by Dec-19*
Financially Compelling: Structure

HUL Valued at a Significant Premium with a differential of ~+20x

Unlocks Favourable Exchange Ratio

Results in Trade Out < Trade In

HUL Dilution 5.28%
Cash Flows of Existing HUL

Trade Out

Proforma HUL 61.92%
Cash Flows of GSK HFD + Synergies

Trade In

Unlocks Superior Shareholder Returns
In the Context of the 2013 Buyback...

**HUL Share Price is ~3x today (vs. 2013 Buyback)**

- Share Price @ Buyback: ~600
- Share Price @ Today: ~1,717

15% stake was purchased in 2013 at INR 600

**Gain on effective sale of 5.3% stake in HUL**

- Unilever Share of GSK CH Consideration\(^{(1)}\): €2.66 bn
- Less: Cost of HUL Shares @ Buy Back: ~€0.9 bn
- Therefore, Effective Gain: ~€1.7 bn

Utilised a Gain of ~€1.7bn by using HUL Shares for the Transaction

\(^{(1)}\) Equates to 5.28% share dilution in Unilever’s HUL shareholding, presented using a 15 Day VWAP ending 30th November 2018
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People with Purpose crafting Brands with Purpose
Transformation of cost

Holistic saving programme

Delivering 21% Underlying Operating Margin

- Supply Chain Transformation
- Underlying Operating Margin Improvement
  - 500 bps
- Step up in 5S
- Reinvestment
  - 250 bps
- Organisation and ZBB

750 bps of saving from 3 programmes

Reinvest in portfolio and capability transformation
Stepping up agility

Simpler, empowered organisation

Increased rate of innovation

Scale and speed
Accelerating data driven marketing

Rapid capability building

Ambition

✓ **1 Billion** data driven consumer relationships
✓ **100%** of Digital spend in Precision Marketing

Digital as the recruitment criteria & on-going upskilling for F&R Marketing
Unilever
F&R South Asia
Sudhir Sitapati

Taste good, feel good, force for good.
F&R is THE BIG India opportunity

A €480 billion market

Value added (€32 Bn)
Basic (€448 Bn)

Huge headroom for growth

Per capita packaged foods household consumption

Unilever share of value added food only 5%

Source: Bain consulting
The Hindustan Unilever conundrum

Strong F&R Business in India....

- ~€0.8 Bn, Double digit growth
- ~16% Segmental margin

Market leaders and winning share

.. But play in slower growing parts

Unilever plays in a relatively smaller, slower growing highly penetrated part of the market

<table>
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<tr>
<th></th>
<th>Share of market</th>
<th>Growth Rate</th>
<th>Category Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unilever Categories</td>
<td>15%</td>
<td>9%</td>
<td>60%</td>
</tr>
<tr>
<td>Non Unilever Categories</td>
<td>85%</td>
<td>17%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Bain consulting, IMRB HH Panel
F&R Strategy for India

Grow existing business faster

- Building brands through purpose
- Relevant and deeper product insights
- Invest in Market Development

Pivot business to high growth categories

- Accelerate white spaces organically
- Build white spaces through acquisitions
Tea: Build large purpose-led brands

Opportunity: Upgrading consumers

- **Premium**
  - 200k ton market
  - UL Share: 2.5X

- **Popular**
  - 300k ton market
  - UL Share: X

- **Loose**
  - 400k ton market
  - UL Share: 0

How: Build brand love through purpose

Results: Strong market leadership

Value market share trends

Source: Ac Nielsen Share Panel

Purpose led brands to drive preferred choice for consumers
Green Tea: Trading up through Market Development

Opportunity: Upgrade from black tea

How: Building category on trend of wellness

5X Turnover per cup
2X Unilever Share in Green Tea
Green Tea: Reaching consumers sharply via digital

Precision targeting basis content consumed

Results:
Leadership and volume growth

Market leadership
20X Volume in 5 years

Source: Ac Neilsen Share Panel
Ketchup: Drive category through local insights

Opportunity: Penetration headroom

<table>
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<tr>
<th>Region</th>
<th>Share</th>
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<tbody>
<tr>
<td>Top 6 Metros</td>
<td>30%</td>
</tr>
<tr>
<td>Top 9 Metros</td>
<td>26%</td>
</tr>
<tr>
<td>23 towns</td>
<td>19%</td>
</tr>
<tr>
<td>All India Urban</td>
<td>15%</td>
</tr>
</tbody>
</table>

How: Drive insightful communication

Results: Strong market leadership

Value market share trends

Consistent market leader
High Teens USG
Increasing penetration
> 100bps year on year

Fully empowered local team
F&R Strategy in India

Growing existing business faster:

- Building brands through purpose
- Relevant and deeper product insights
- Invest in Market Development

Pivoting business to high growth categories:

- Accelerate white spaces organically
- Build white spaces through acquisition
Ice Cream: Drive category through expansion

High Opportunity to grow

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<th>Market Size</th>
<th>UL Share</th>
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<tr>
<td>€0.3B</td>
<td>4X</td>
</tr>
<tr>
<td>€1.0B</td>
<td>0.5X</td>
</tr>
</tbody>
</table>

Drive Organic Expansion

YEAR 2014
40 to 240 towns in last 5 years

YEAR 2018

Expansion via acquisition

From low double digit volume growth 5Y CAGR to strong double digit growth in 2018
Food Solutions: Bringing global Unilever play in India

Big opportunity:
Food Services ~€45 Bn Business

Strategy to win:
Bring global successes

Unilever Food Solutions Penetration < 15%

Current growth in strong double digit
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- Flatter organisation
- Simpler ways of working

Transform our capability
- Precision Marketing
- Lean Innovation
- R&D ecosystem

People with Purpose crafting Brands with Purpose
Summary

- F&R well positioned to accelerate value creation
- Immense opportunities in Emerging Markets
- Building purpose led and future fit business:
  - Transforming our portfolio
  - Transforming for agility and cost
  - Transforming our capabilities
- Bringing Connected 4 Growth to the next level
Q&A

Taste Good

Feel Good

Force for Good