



## Reporting changes

In the presentation of our first quarter trading statement, we announced a number of changes to Unilever's non-GAAP reporting measures. Some of these changes are set out in more detail below.

Following our strategic review earlier this year, we announced that we would be accelerating savings programmes and being more active in the development of our portfolio, including exiting from our spreads business. This will mean spending significant funds on restructuring costs. In order to provide a clear picture of our performance against the objectives set out in the announcement of the outcome of the review, our non-GAAP measures will now exclude restructuring costs.

We will replace our Core Operating Profit, Core Operating Margin and Core Earnings Per Share non-GAAP performance measures with Underlying Operating Profit, Underlying Operating Margin and Underlying Earnings Per Share respectively.

Underlying Operating Profit will mean Operating Profit excluding the impact of business disposals, acquisition and disposal related costs, restructuring costs, impairments and other one-off items, which we collectively term non-underlying items. The change from our previous measure of Core Operating Profit is the additional exclusion of restructuring costs that are not related to acquisitions and disposals. Underlying earnings used in calculating Underlying Earnings Per Share will be net profit attributable to shareholders' equity adjusted to eliminate the post-tax impact of non-underlying items in operating profit and any other significant unusual items below operating profit.

The following tables show a reconciliation from Core Operating Profit to Underlying Operating Profit for first half year 2016 and full year 2016. The difference is Non-A&D Restructuring costs.

	First Half 2016				
	Turnover	Core Operating Profit	Non- A&D Restructuring costs	Underlying Operating Profit	Underlying Operating Margin
	€m	€m	€m	€m	%
Personal Care	9,822	1,753	87	1,840	18.7%
Home Care	4,950	483	50	533	10.8%
<b>Home Care and Personal Care</b>	<b>14,772</b>	<b>2,236</b>	<b>137</b>	<b>2,373</b>	<b>16.1%</b>
Foods	6,169	1,082	72	1,154	18.7%
Refreshment	5,342	631	49	680	12.7%
<b>Foods and Refreshment</b>	<b>11,511</b>	<b>1,713</b>	<b>121</b>	<b>1,834</b>	<b>15.9%</b>
<b>Unilever total</b>	<b>26,283</b>	<b>3,949</b>	<b>258</b>	<b>4,207</b>	<b>16.0%</b>
Asia/AMET/RUB	11,281	1,666	100	1,766	15.7%
The Americas	8,278	1,159	93	1,252	15.1%
Europe	6,724	1,124	65	1,189	17.7%

	Full Year 2016				
	Turnover	Core Operating Profit	Non- A&D Restructuring costs	Underlying Operating Profit	Underlying Operating Margin
	€m	€m	€m	€m	%
Personal Care	20,172	3,844	189	4,033	20.0%
Home Care	10,009	967	119	1,086	10.8%
<b>Home Care and Personal Care</b>	<b>30,181</b>	<b>4,811</b>	<b>308</b>	<b>5,119</b>	<b>17.0%</b>
Foods	12,524	2,240	154	2,394	19.1%
Refreshment	10,008	995	116	1,111	11.1%
<b>Foods and Refreshment</b>	<b>22,532</b>	<b>3,235</b>	<b>270</b>	<b>3,505</b>	<b>15.6%</b>
<b>Unilever total</b>	<b>52,713</b>	<b>8,046</b>	<b>578</b>	<b>8,624</b>	<b>16.4%</b>
Asia/AMET/RUB	22,445	3,294	235	3,529	15.7%
The Americas	17,105	2,726	179	2,905	17.0%
Europe	13,163	2,026	164	2,190	16.6%

The following table shows the calculations of Core Earnings Per Share and Underlying Earnings Per Share for first half year 2016 and full year 2016.

€ million unless stated otherwise

	First half 2016	Full year 2016
<b>Net profit attributable to shareholders' equity</b>	<b>2,512</b>	<b>5,184</b>
Post tax impact of non-core items	118	186
Core profit attributable to shareholders' equity	2,630	5,370
Diluted combined average number of share units (millions of units)	2,854	2,854
<b>Core EPS (€)</b>	<b>0.92</b>	<b>1.88</b>
Post tax impact of non-underlying items	300	601
Underlying profit attributable to shareholders' equity	2,812	5,785
Diluted combined average number of share units (millions of units)	2,854	2,854
<b>Underlying EPS (€)</b>	<b>0.99</b>	<b>2.03</b>

The definitions of the new metrics Underlying Operating Profit, Underlying Operating Margin and Underlying Earnings Per Share are included in the appendix.

### **2017 first half year reporting of spreads**

We do not intend to report our spreads business as a discontinued operation within our 2017 first half year results as it does not meet the relevant accounting criteria.

In the case of any questions, please call the Unilever Investor Relations team on: +44 (0) 20 7822 6830 or email [investor.relations@unilever.com](mailto:investor.relations@unilever.com)

Unilever Investor Relations

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## Appendix

### **Underlying Operating Profit (UOP) and Underlying Operating Margin (UOM)**

Underlying Operating Profit and Underlying Operating Margin mean operating profit and operating margin, respectively, before the impact of business disposals, acquisition and disposal-related costs, restructuring costs, impairments and other one-off items, which we collectively term non-underlying items, due to their nature and/or frequency of occurrence. Underlying Operating Profit represents our measure of segment profit or loss as it is the primary measure used for making decisions about allocating resources and assessing performance of the segments.

### **Underlying Earnings Per Share**

Underlying Earnings Per Share (Underlying EPS) is calculated as underlying profit attributable to shareholders' equity divided by the diluted combined average number of share units. In calculating underlying profit attributable to shareholders' equity, net profit attributable to shareholders' equity is adjusted to eliminate the post-tax impact of non-underlying items in operating profit and any other significant unusual items within net profit but not operating profit. This measure reflects the underlying earnings for each share unit of the Group.