

UNILEVER Q3 RESULTS PRESENTATION

Teleconference at 10am (UK time)

London, Thursday 1st November 2007

Jim Lawrence Unilever Chief Financial Officer

Chart 1: Q3 and Year to Date 2007 results

Good morning everyone. It's a great pleasure to be hosting my first quarterly results call as CFO of Unilever.

I have now been working at Unilever for two months. What I have learned so far reconfirms the due diligence I did before joining the company. Now is a great time to be a part of the Unilever team. There is a lot of hard work still to be done. But, there is great opportunity to contribute to a business that has already started to unlock its true potential.

Some of you who are listening today I have already met. Most of you, not yet. Over the next few weeks, I hope to meet many more of you.

Our forthcoming investor event in India will provide one opportunity. I will also be taking some additional days to meet with shareholders later this month and into early December just before our next blackout.

I cannot promise universal coverage straightway but I do hope that by the end of the year that most of you will know me a little better.

In any event, I look forward – eventually – to meeting each of you in person.

Today, I am joined by John Rothenberg and Charles Nichols from our IR team. I am sure you all know them well.

Chart 2: Highlights

As John will explain, our performance in the third quarter is very much a continuation of the momentum established in the first half of 2007.

Sustained organic growth at the upper end of our 3-5% range, delivered in a quality way. Driven by a focus on our growth priorities and supported by stronger innovation, improved speed to market and better in-market execution.

Accompanied by the third consecutive quarter of underlying margin improvement despite a significantly tougher cost environment.

And against the background of an accelerating change programme – in terms of organisational simplification; supply chain restructuring and portfolio development.

John, over to you.

John Rothenberg SVP Investor Relations

Chart 3: Safe harbour

Thanks Jim and good morning everyone.

As usual, I draw your attention to the disclaimer relating to forward looking statements and non-GAAP measures.

Chart 4: Strong organic growth

Our sales in Q3 were €10.2 billion, which is 1.2% ahead of last year. This was after 0.9% impact from disposals and an adverse currency effect of 2.3%.

The latter reflects the strengthening of our reporting currency, the Euro, against a wide range of currencies.

Many of these currency movements date back through 2006. If today's exchange rates were to remain unchanged, the full year currency impact would come down from the 3.0% year-to-date to around 2.5%.

Underlying sales growth in the third quarter was 4.5%.

But for the previously announced systems implementation in the US, which moved €70m of sales out of Q3 into Q2, USG in the third quarter would have been 5.2%.

This means that growth momentum across all three quarters in 2007 has been pretty steady, at just over 5%.

Within this, there has been a steady increase in pricing, from around 1% in the first quarter, to just over 2% in the third.

Turning to our growth performance by region.

Chart 5: Underlying sales growth by region

Underlying Sales Growth in Europe for the first nine months stands at just under 2%.

The performance across Southern European markets and in Central and Eastern Europe remains strong, with Russia in particular continuing to grow in the high teens.

Performance in our main North European markets has been more varied, with some underlying improvement in France and Germany but continued weakness in the UK.

Sales in the third quarter in these markets were especially impacted by a sharp decline in Ice Cream caused by poor weather across Northern Europe. This lowered underlying sales growth in the whole region by around 200bps in the quarter, to 0.7%.

Volumes in Europe are up by around 2.5% year-to-date but pricing has remained negative.

We have raised prices in a number of categories, most notably in Spreads, Dressings and Savoury and we have more increases in the pipeline. However, at the same time, we have responded to a step-up in competitor promotional activity in a number of markets. This, together with substantially lower olive oil prices, has led to a small overall price reduction so far this year

The Americas region grew by 4.2% year to date and 2.8% in the quarter. The latter impacted by the €70m of sales pull-forward in the US.

Without this, Americas growth in Q3 would have been 4.8%.

The U.S. grew by 3.6% across the nine months, a number that is unaffected by the sales pull-forward.

There is as yet little sign of a significant slow down in US consumer demand affecting our business.

So far this year, we have seen good growth in the US across our foods categories, other than ice cream, in personal care, and in laundry.

In recent months, we have been taking some aggressive pricing action in some of our categories. This has had some impact on volumes, most notably in personal wash and ice cream.

Latin America grew by 5.1% year-to-date, with a slightly stronger third quarter driven by better growth in Mexico.

Brazil continues to be a difficult market for us this year where we face challenges from local competition in several categories, especially tomato products. Also in the third quarter, we raised prices in hair, which triggered some trade de-stocking.

Other Latin American markets continue to grow strongly.

Asia Africa remains a major driver of Unilever growth.

The region grew by over 11% in both the quarter and year to date. This includes a significant contribution from pricing of just over 3%.

Growth remains broad based with all our large categories growing strongly and with double digit growth in most key markets, including India, China, Indonesia, South Africa and Turkey.

The growth across Asia Africa is a reflection of our portfolio strategy which is focusing resources on markets which offer the best growth opportunities and where we have competitive advantage.

Overall, developing and emerging markets around the world now represent 44% of our total sales, growing at 10%.

Moving from the regions to categories.

Chart 6: Underlying sales growth by category

We have benefited from a strong innovation programme in 2007 which:

- is directed to our growth priorities
- leverages our global brands and technology with more rapid roll outs across markets

and

- targets Vitality opportunities in both the developed and the developing world.

This, together with carefully targeted marketing investment is giving us a much more balanced growth profile across our categories in 2007, ranging from just under 4% in Ice Cream & Beverages, to 6.5% in Personal Care.

Looking at each category in turn.

Chart 7: Savoury, Dressings and Spreads

Savoury, Dressings and Spreads grew by nearly 5% year-to-date and over 6% in the quarter.

This was driven by consistent investment behind priority brands, such as *Knorr* and *Hellmann's*, both delivering growth of 7% year-to-date.

Important recent innovations include the continuing success of *Hellman's Extra Light* in Europe, cholesterol-lowering mini-drinks in the US under the *Promise Activ Heart Health* brand and new and improved *Knorr* bouillons and soups in many markets.

For example, an entirely new type of bouillon gel under the *Knorr* brand in China.

Chart 8: Ice Cream and Beverages

Ice Cream and Beverages grew by nearly 4% year-to-date, but was slightly down in the quarter.

Although in the quarter European ice cream declined sharply, our market shares are up this year, driven by innovations such as *Frusi*, a low-calorie frozen yogurt and new *Magnum* variants, Colombia Aroma and Ecuador Dark.

In the US, the steps we have taken to strengthen our business by shifting to a less promotionally driven marketing strategy and raising prices to protect margins have led to flat sales in the quarter after a decline in the first half.

Elsewhere, ice cream growth and share performance has been strong across Asia, Africa and Latin America.

In tea, *Lipton* has grown by over 7% so far this year, helped by innovations in pyramid tea bags, the introduction of *Lipton Linea* slimming teas in Europe and the extension of milk tea products across South East Asia.

Our existing Pepsi-Lipton businesses continue to grow strongly although, being Joint Ventures, these are not captured in our growth numbers.

Chart 9: Home Care

Home Care grew by over 6% year to date and 7% in the quarter. This includes continued strong performance in household cleaners, driven by innovations such as *Cif* oven sprays and *Domestos Zero-Limescale*.

Laundry is also performing well. All three of our global fabric cleaning brands – *Dirt is Good*, *Surf* and *Radiant* – are growing in mid single digits. ‘small & mighty’ concentrated liquids are performing well in markets across North America, Latin America and Europe.

We have stabilised or improved our Laundry market shares in a number of key markets where we have been under competitive pressure, including South Africa, the Philippines and India. However, we have still to see a turnaround in our two biggest Laundry markets in Europe – the UK and France.

Chart 10: Personal Care

Personal Care grew by 6.5% year-to-date but by just under 4% in the quarter.

Growth was slower in Q3 due to the phasing of innovation – weighted towards the middle of 2006 with activities such as *Sunsilk* in the US and *Dove Summer Glow* in Europe compared with a heavy first half programme in 2007.

In addition, there was the systems effect in the US and there have also been one or two markets where we have seen some short-term volume impact from price

increases taken in Q3, most notably in Hair care in Brazil and Personal Wash in North America.

The global innovations introduced in the first half of 2007 are performing well. These include:

- *Clear* anti-dandruff shampoo, launched in China, Russia, Brazil, the Philippines, Egypt and Arabia, and re-introduced in Turkey and Indonesia.
- *Axe* in Japan, now with a 10% share in male deodorants, and driving development of this market segment.
- *Dove Pro.Age*, a cross-category range of skin care, hair care and deodorant products, launched in both Europe and North America.

Let me now turn to operating margin.

Chart 11: Operating margin development: year- to-date

I'll start with the year to date position and then go on to look at the third quarter.

Our reported operating margin in the first nine months of 2007 was 13.7%, 0.8 percentage points lower than 2006, due to higher restructuring costs and lower proceeds from disposals.

Before these items, there was an underlying improvement in operating margin of 0.3%.

We have continued to spend competitively behind our brands, and increased our investments in advertising and promotions in line with sales growth.

This means that year to date, the combined benefits of volume/mix, positive pricing and cost savings were more than sufficient to offset rising commodity prices and other cost increases.

Chart 12: Operating margin development: Q3

Coming to the third quarter.

The operating margin at 13.7% was 1.1 percentage points lower than last year, but with a 20 bps underlying improvement before restructuring disposals and impairments.

Absolute spend on advertising and promotions was maintained against a sharp increase in the prior year.

The significantly lower Ice Cream sales in Europe had an adverse impact on operating margin in the quarter.

However, the more important factor for margin development going forward is the impact of commodity costs and the extent to which we continue to counter these through pricing, savings and operational leverage.

Chart 13: Mitigating the impact of commodity costs

As expected, we have seen a sharp increase in commodity-related costs in Q3, equivalent to an on-cost in the quarter of €260m or 250bps.

There have been some reductions, for example olive oil and more recently tea, but these are small in comparison to the increases elsewhere, most notably for edible oils and fats and for dairy products.

The price of mineral oil has also increased sharply in recent months, now exceeding \$90 a barrel.

The acceleration seen in Q3 will not ease off in Q4, so we now expect the full year impact to be around 200 basis points.

We continue to mitigate this impact through a combination of pricing action, forward covers, product reformulation and savings.

I have already mentioned the accelerating contribution from pricing. With more price increases in the pipe-line, we will continue to see a significant pricing component through the rest of 2007 and on into 2008.

Chart 14: Savings and restructuring

Our savings programmes are also accelerating. Having delivered at a fairly consistent level of around €200m per quarter over recent quarters, savings in Q3 reached €260m, with increased contributions from both buying savings and overheads reductions.

€234m of restructuring was charged in the third quarter, bringing the year to date total to nearly €475m. This signals the substantial progress we are making with our change programme and gives us confidence that we will continue to benefit from a sustained level of savings over the coming quarters.

Chart 15: Accelerating change – progress to date

In terms of organisational simplification and restructuring, we have announced during Q3:

- plans for three new multi-country organisations: the UK and Ireland; Germany, Austria and Switzerland; and Central Africa.
- the integration of our North American Ice Cream business into the existing 'One Unilever' organisation.
- reorganised our businesses in South Africa and Israel with our joint venture partner
- the streamlining and/or closure of 10 factories in 4 European countries.

We have also been active in the area of portfolio development. We have:

- completed the sale of our margarine brands in Brazil
 - acquired the *Buavita* fruit drinks brand in Indonesia
 - announced our intention to sell the *Boursin* cheese brand
- and
- agreed an extension of our successful ready-to-drink tea joint venture with PepsiCo to cover 12 new countries.

So a significant step-up in activity, designed to strengthen the business, improve its growth potential and increase its resilience to short-term pressures such as commodity costs.

Turning now to the other aspects of our financial performance.

Chart 16: Drivers of YTD EPS growth

Earnings per share from continuing operations for the nine months were up 20%.

In Q3 2006, a €300m provision was taken to cover compensation payments relating to the conversion of NV preference shares. This charge in the prior year accounts for 8% of the year-to-date EPS growth.

Operating profit was down 5%, as the benefits of sales growth and underlying margin enhancement were offset by increased restructuring charges, lower proceeds from disposals, and adverse currency movements.

Below operating profit, we see structural improvements in a number of areas having a substantial positive impact on our EPS growth.

Net financing costs, excluding the preference share provision, were 42% lower, through a reduced level of net debt and a better funding position on pensions.

Our share in net profit from Joint Ventures has increased by 60% to €82m for the year-to-date, mainly driven by the strong growth in the partnerships between *Lipton* and PepsiCo for ready-to-drink tea.

The €88m for associates and non-current investments was boosted by a gain in the first quarter in one of our venture capital funds.

The tax rate of 21% in the first nine months benefits from a better country mix and the favourable settlement of tax audits in a number of countries, some of which fell in the third quarter.

As a result, we now expect the tax rate for 2007 to be closer to 23%, rather than the 24% previously indicated.

Our long term tax rate guidance remains unchanged, at 26%.

Discontinued operations for last year included a contribution from frozen foods, sold in the fourth quarter of 2006. This is partly offset by performance-based payments in the first half of 2007 relating to UCI.

Chart 17: Balance sheet and cash flow

Net debt at the end of September was €8.2 billion, down €0.9 billion from the same period last year, but up €0.7 billion over year-end 2006. This includes the impact of €1.1bn of share purchases, as part of our €1.5 billion share buy-back programme for the year.

Our net pension liability at end September was €0.8 billion. This is down from €3.1bn at the start of the year, driven by higher asset valuations and a higher discount rate applied to long-term liabilities.

Cash flow from operating activities was €3.5 billion in the first nine months. This compares with €3.8 billion in the same period last year. This reflects higher cash

outflows on restructuring and on working capital, the latter a consequence of the low level of working capital with which we exited 2006.

The fundamentals of our cash flow generation remain strong – consistent top-line growth, underlying margin improvement and a tight control on working capital and capital expenditure.

And with that, I'll hand you back to Jim.

Jim Lawrence Unilever Chief Financial Officer

Chart 18: Unilever Q3 and Year to Date 2007 Results

Thank you, John. Perhaps, as a newcomer to Unilever, I can offer you my take on the quarter's results.

I believe that we are demonstrating momentum in the business. We are delivering top-line growth and translating that into structural improvement in operating margins.

I am confident that we will deliver our outlook for this year for organic growth around the top end of our 3 to 5% range with an underlying improvement in operating margin.

We are in the midst of a major change programme. This is aimed at:

- Raising the bar for innovation
- Restructuring to reduce our cost and asset base

And

- Shaping our portfolio more aggressively.

We are pressing ahead rapidly on all three fronts at the same time, we are not losing our focus on consumers, our retail customers or the competition.

I believe that skilful delivery of this programme will build a faster growing, more profitable and even more resilient business.

We are not yet where we want to be. From my point of view – just coming on board - this is a good place from which to build.

Therefore I feel comfortable about our long term goals – to deliver an operating margin in excess of 15% by 2010 and organic growth in the 3% to 5% range along the way.

With that, we are happy now to field any questions that you may have.

Chart 19: Q&A

SAFE HARBOUR STATEMENT: This document 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 'expects', 'anticipates', 'intends' or the negative of these terms and other similar expressions of future performance or results, including financial objectives to 2010, 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 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, including, among others, competitive pricing and activities, consumption levels, costs, the ability to maintain and manage key customer relationships and supply chain sources, currency values, interest rates, the ability to integrate acquisitions and complete planned divestitures, physical risks, environmental risks, the ability to manage regulatory, tax and legal matters and resolve pending matters within current estimates, legislative, fiscal and regulatory developments, political, economic and social conditions in the geographic markets where the Group operates and new or changed priorities of the Boards. 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 document.