

3 into 1

Accelerating Transformation for Growth

12th November



Dave Lewis
Chairman UK/Ireland

Adding Vitality to life

Agenda



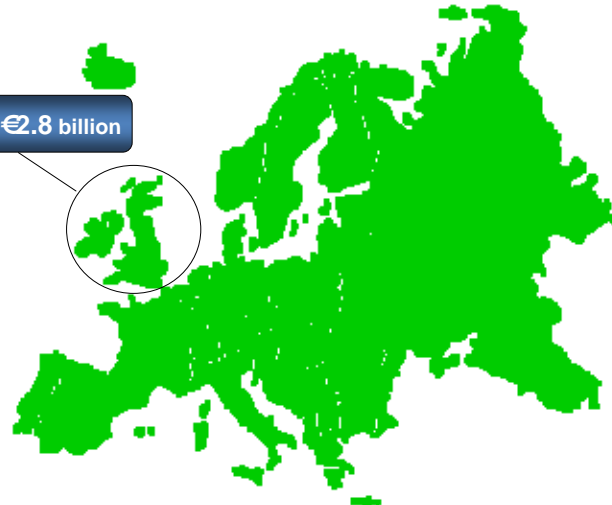
- Introduction and orientation to Unilever UK/Ireland
- The conditions for change (UK)
- The transformation
- Real examples
- The results so far

Adding Vitality to life

A business with scale.



2007 Turnover €2.8 billion



22% Unilever W. Europe T/O

Adding Vitality to life

Locations

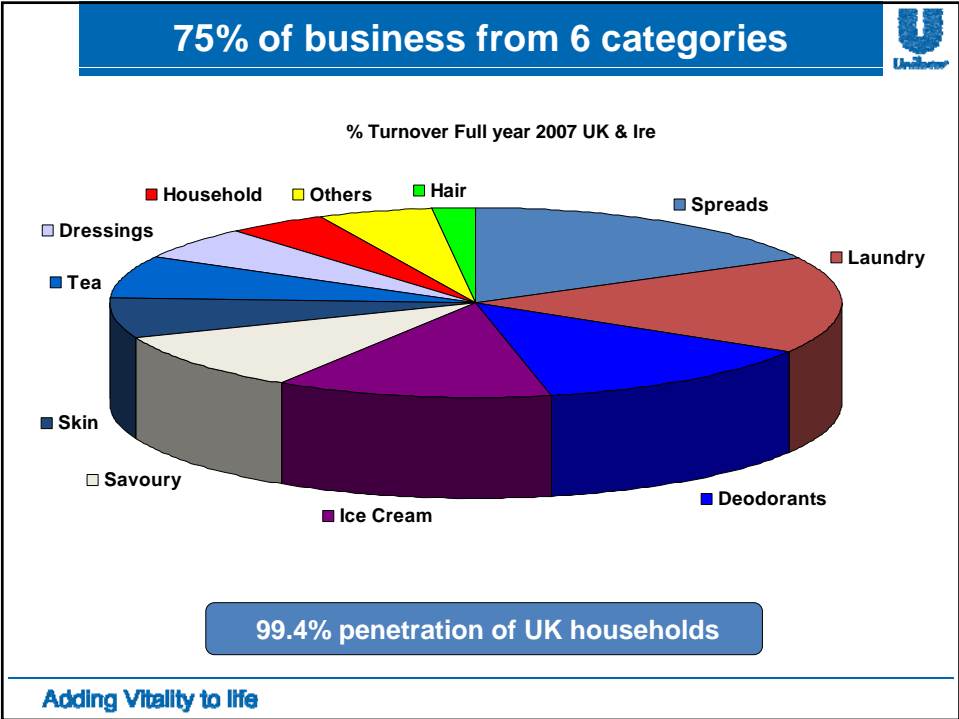


Adding Vitality to life

Ref: Full year T/O 2007

Strong, trusted brands

Adding Vitality to life



Strong Market Positions



Category	UK		Ireland	
	Category Size Euro m	Market Position	Category Size Euro m	Market Position
	Spreads	1,300	#1	130
Recipe Sauces	1,000	#3	100	#2
Tea	800	#2	80	#1
Dressings	700	#2	30	#1
Instant Hot Snacks	185	#1	8	#1
Ice Cream	1,250	#1	140	#1
Fabric Cleaning	1,400	#2	100	#2
Fabric Conditioners	400	#1	25	#1
Household (Cleaning & Bleach)	800	#2	25	#2
Deodorants	700	#1	40	#1
Skin Cleansing & Care	800	#1	40	#1
Hair (Wash & Care)	800	#4	50	#2

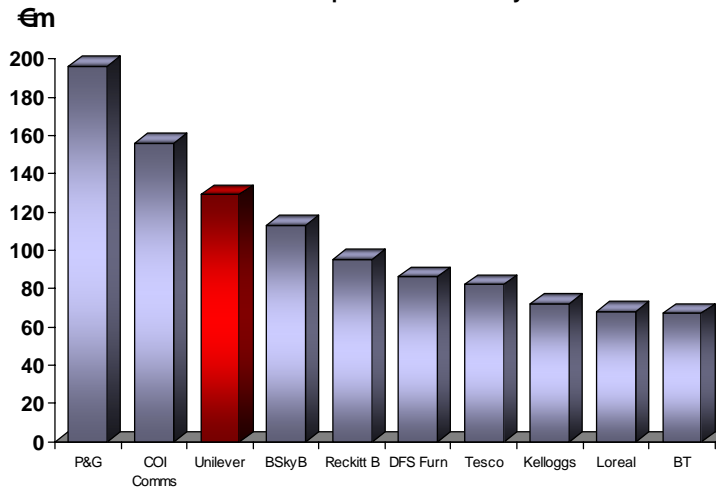
Adding Vitality to life

Source: IR, TNS and AC Nielsen Latest 52w/6 June 08

One of the Biggest Advertisers in the UK & Ire

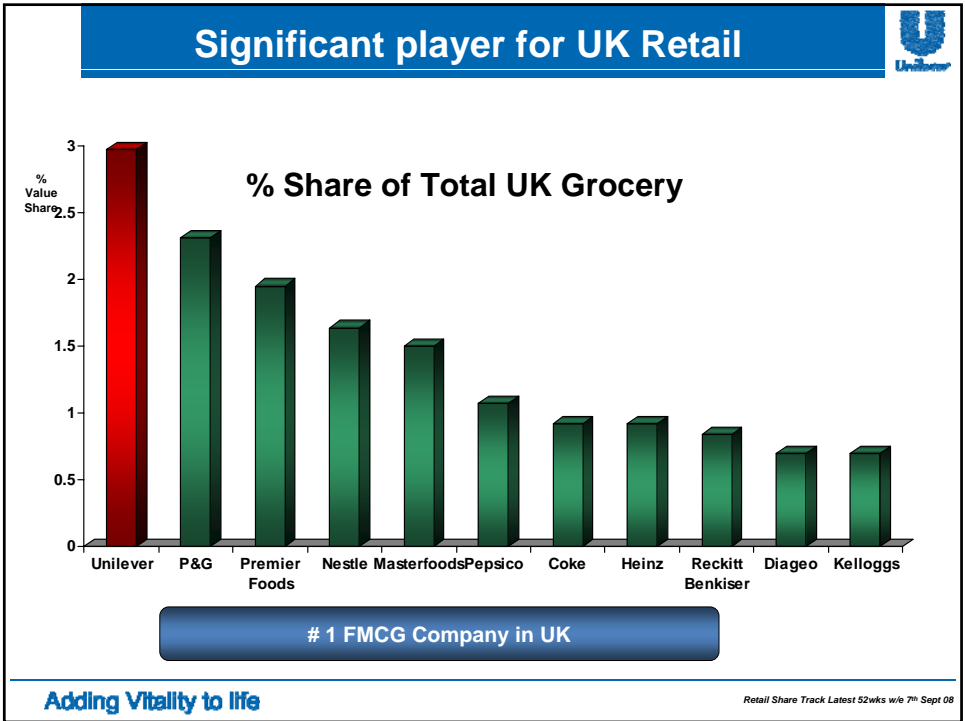
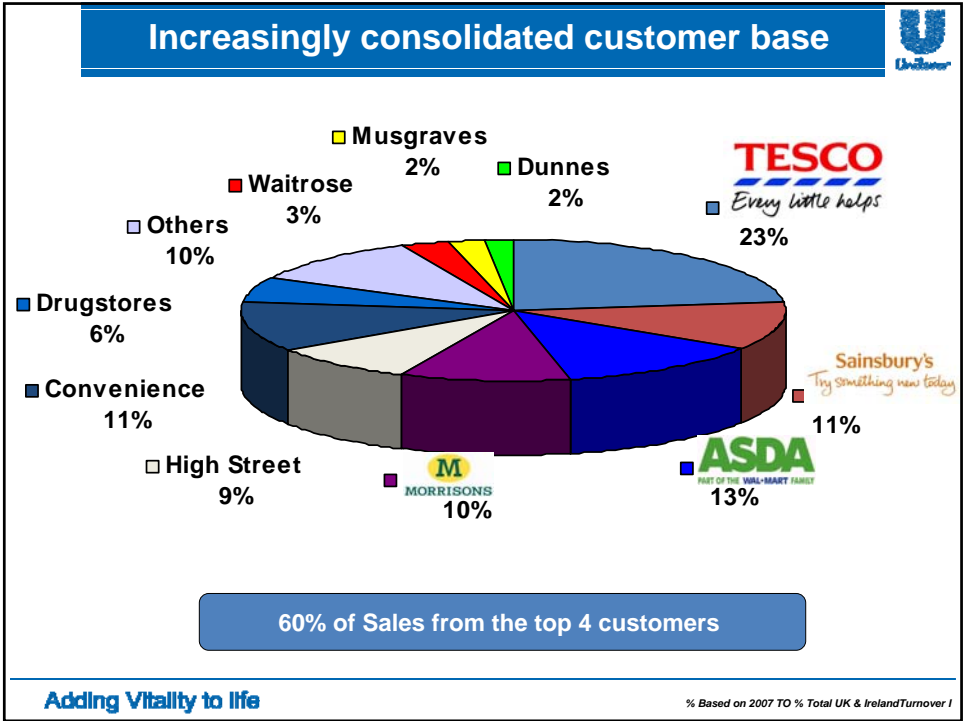


Total Media Spend June'07 - July'08



Adding Vitality to life

Source: Nielsen Media Research



Agenda



- Introduction and orientation to Unilever UK/Ireland
- **The conditions for change (UK)**
- The transformation
- Real examples
- The results so far

Adding Vitality to life

Declining Corporate Share (UK)



Adding Vitality to life

An uncompetitive cost base (UK)



Function	Measure	Actual Q2'07	External Base	External Stretch
HR	FTE's per FTE	15.6	60	100
CD	T/O per FTE (€m)	4.3	6.5	8
Marketing	T/O per FTE (€m)	5.7	8	12
Finance	T/O per FTE (€m)	7.6	10	15
IT Costs	As % of T/O	2.30%	1.00%	0.80%

UK performing 50% below "market stretch" levels in all functions

Adding Vitality to life

Weak Customer Perception (UK)



Overall Performance (Rank of 20) All Functions ⁽¹⁾	Manufacturer
1	Coca-Cola
2	Kellogg's
3	Groupe Danone
4	Gillette
5	InBev
6	Masterfoods (Excl. Frozen)
7	Procter & Gamble
8	Colgate-Palmolive
8	Nestlé
10	Unilever
11	Kimberly-Clark
12	Heinz
13	Cadbury's
14	PepsiCo
14	Premier Foods
16	Campbell's
16	Kraft Foods
18	L'Oreal
19	Johnson & Johnson
20	United Biscuits

- Overall 10th place
- Mixed performances of the Business Units reported
- #1 in Home and Personal Care
- Customer service ranked low in Foods.

Adding Vitality to life

Ref: Customer Satisfaction Survey 2007

First step "One Unilever" October 2006



2006

3 Separate Full service Businesses

3 Separate Boards

3 Head Offices

3 Transaction systems

19 Warehouses

1620 pts of contact

14 Board Level Roles

Simpler ...yet still too complicated

Adding Vitality to life

The Case for Change



Losing Unilever Corporate Market Share



An uncompetitive Cost Base



Poor Customer perception.



Further simplification of the Unilever Operating Model

Opportunity to accelerate change

Adding Vitality to life

Agenda



- Introduction and orientation to Unilever UK/Ireland
- The conditions for change
- **The transformation**
- Real examples
- The results so far

Adding Vitality to life

3 Key Change Drivers



Re-visit
category
strategy

Simplified,
Customer
centric
UK Sales
Office

Radically
review cost
profile in
every
activity

Adding Vitality to life

Revised Category Strategy in line with Leading positions



Focus on 6 Powerhouse categories

Powerhouse characteristics

Relative market size

Corporate Strategic Alignment

Above average growth & GM

Strength of Brand & ammunition

Spreads	+15%
Laundry	+ 1.6%
Deodorants	+ 6.3%
Ice Cream	+7.0%
Tea	- 1%
Skin	+1.5%
TOTAL	c.5%

Category Growth (52wks 2007)

Adding Vitality to life

Customer Centric Organisation "The UK Sales Office"



One MCO (UK & Ire)
P&L + Strategy

Marketing Operations

Ammunition

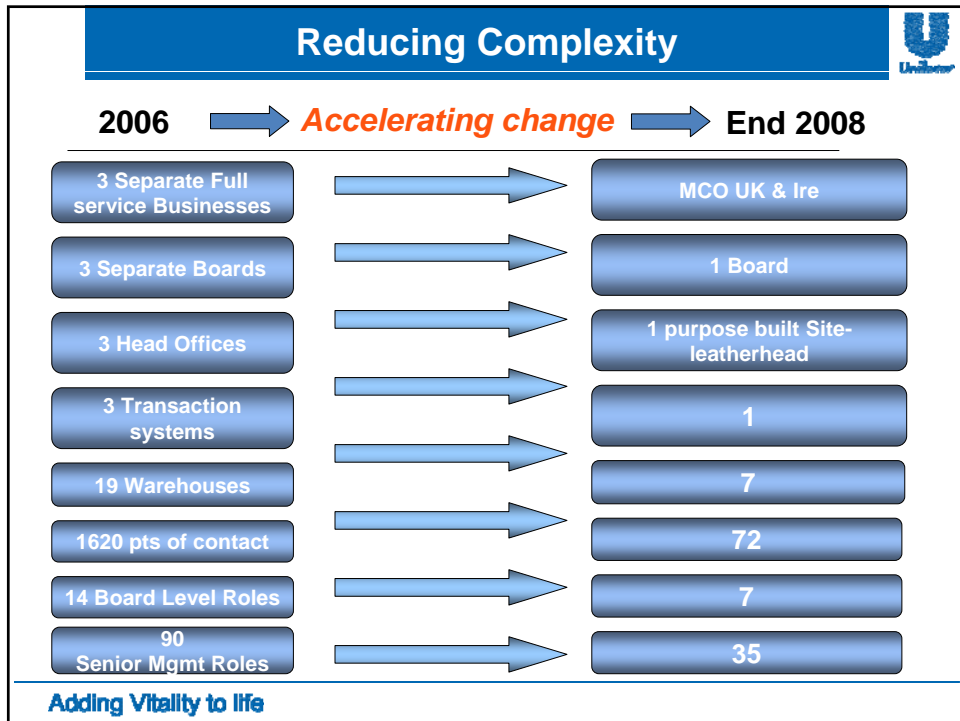
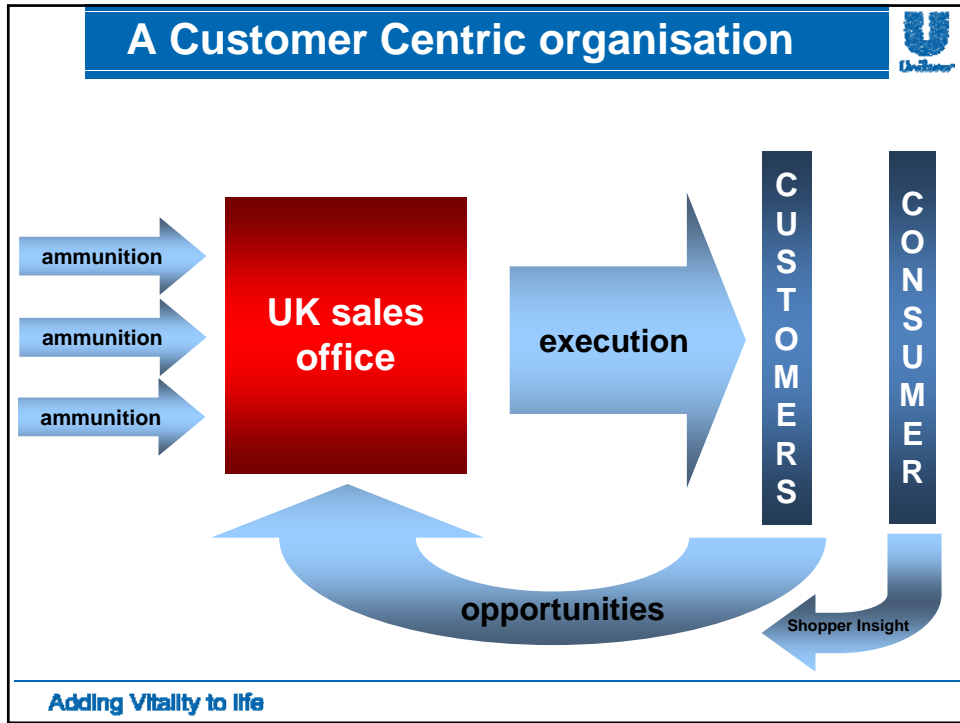
Customer Development

Execution

Strategic Imperative

"To grow our customers categories and gain disproportionately from the growth"

Adding Vitality to life



Radical review of indirects



	% Reduction in local indirects as a % of Turnover
Customer Development	-27%
Marketing	-47%
Finance	-39%
HR	-42%
Others / General	-37%
Total	-36%

Total local Indirects reduced from 7.9% to 5.0%

Department allocated Budgets

Entrepreneurial approach to organisational design.

Adding Vitality to life

Supply Chain Restructuring



Sept YTD 2008 €m's

	Investment	Restructuring
Warrington /Portsunlight	13.2	9.8
Burton	3.6	4.1
Trafford Park	0.9	0.0
Norwich	1.2	0.0
Gloucester	2.5	0.0
Crumlin	0.1	4.5
Leeds	13.5	0.2
Purfleet	4.3	17.3
LTS	0.0	2.6
Total	39.2	38.5

Adding Vitality to life

Restructuring Excludes Proceeds of land sales

National Logistics



- Warehouse rationalisation **19** to **7**
- Distribution costs will reduce by **20%**
- Int. & external transport collaboration has saved **1m miles** p.a.

Adding Vitality to life

Agenda



- Introduction and orientation to Unilever UK/Ireland
- The conditions for change
- The transformation
- **Real examples**
- The results so far

Adding Vitality to life

Introduction of Breakouts



1. Customer Facing Category Strategy
 - UK Deodorants

2. Customer Facing Category Strategy
 - UK Laundry Review with Tesco

3. Winning With Customers
 - Winning at the point of purchase
 - Building brands through Shopper Insight
 - Improving investment decisions

Adding Vitality to life

Agenda



- Introduction and orientation to Unilever UK/Ireland
- The conditions for change
- The transformation
- Real examples
- **The results so far**

Adding Vitality to life

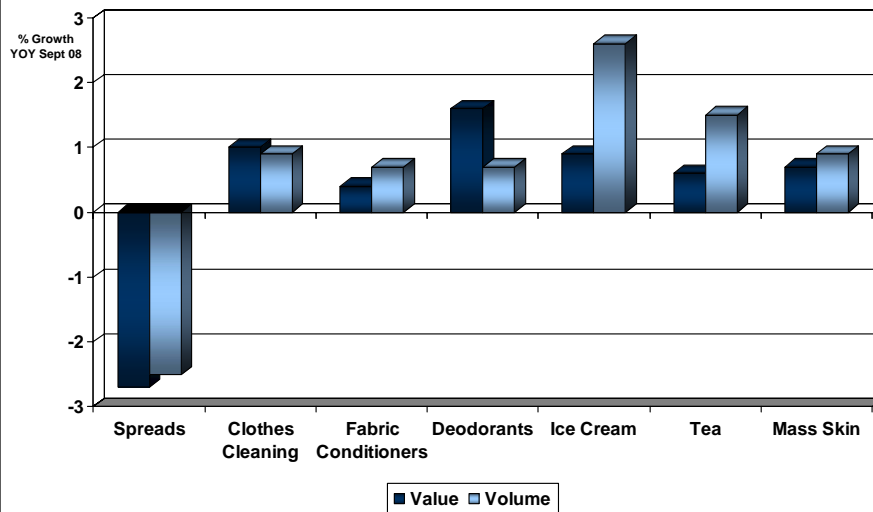
Results: UK Transformation



- We are winning
 - Market Shares are up

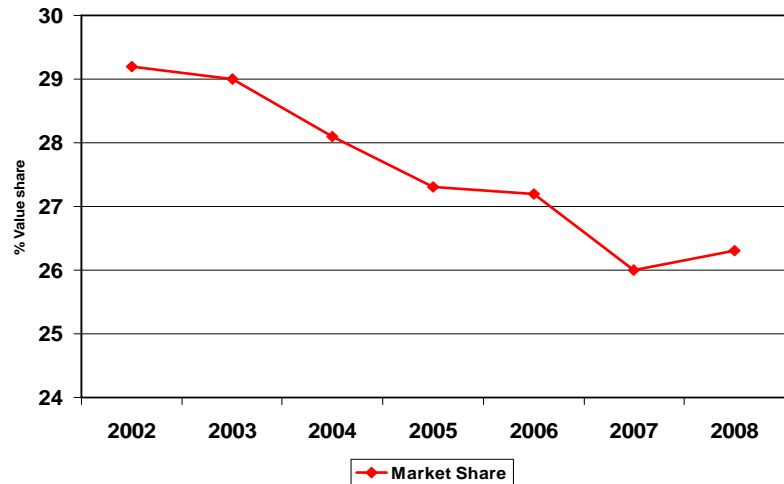
Adding Vitality to life

Results: Growth in power Categories



Adding Vitality to life

Results: UK Corporate Share back to growth



Adding Vitality to life

Results:



- We are winning
 - Market Shares are up
- We are competitive
 - Indirects from 7.9% to 4.8%
 - Pensions
 - Outsourcing
- We are streamlined
 - 9 Factories restructured
 - 19 RDC to 9 (to 7 by 2011)
- We are well placed for growth
 - Organic or inorganic
- We are Unilever
 - Engaged and motivated Leadership team.

Adding Vitality to life



Adding Vitality to life