

Unilever's Q1 2004 Results Presentation

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Key features of Q1 2004 performance

- ◆ Leading brands grew by 1.3% of which 1.4 percentage points from underlying volume growth (uvg)
HPC grew 1.6% with 2.9% uvg; Foods 1.0%, uvg 0.1%
- ◆ Operating margin (beia) up by 30bps driven by procurement and restructuring savings. A&P +20bps.
- ◆ Net debt at closing rates €12.6 billion - cashflow offset by currency movements
- ◆ Progress against our financial strategy:

EBITDA interest cover	10	v target >8
FFO/LAND	37%*	v target >40%
- ◆ EPS (beia) growth 7.5% (constant rates)
- ◆ EPS (beia) growth (current rates) +2% in €'s; +19% in US\$'s; +4% in £'s

* 33% on the basis of new SEC regulations for calculating liquidity ratios

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Sales Performance in Q1 2004



	Sales €bn 2003	Sales €bn 2004	Growth %	Growth %	Contribution to Sales Growth %
Leading Brands					
HPC	4.1	4.2	1.6%		
Foods	4.9	4.9	1.0%		
Total	9.0	9.1		1.3%	1.2%*
Non-Leading	1.0	0.6		-40.2%	-4.0%
of which					
underlying growth				-11.5%	-0.8%*
disposals					-3.2%
Acquisitions		0.1			0.6%
Total	10.0	9.8			-2.2%

* Underlying sales growth of total business 0.4%

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Sales performance in Q1 2004 - getting behind the numbers



Leading brand growth diluted by:

- One less trading day net of prior year destocking 50bps
- Performance of Slim.Fast, Prestige and Frozen Foods 100bps

Slim.Fast and Prestige - progressive share loss during 2003 gave low exit rate, thus performance in first half 2004 is against a tough comparator.

Frozen Foods - focus on faster growing segments.

Tough business environment has continued with:

- Slower market growth : 3% in aggregate, with around half this rate across Western Europe and North America
- Aggressive price based competition in a few markets

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Development of price and volume in the leading brands



Overall pricing flat compared to 1.4% in 2003.

In D&E markets:

	2002	2003	2004 Q1
Price	7%	4%	0%
Volume	2%	4%	8%
LB Growth	9%	8%	8%

Overall D&E growth at 8% in-line with our past record.

In Developed markets pricing generally runs at flat to 1%; 2004 Q1 down 0.3%.

In Europe difficult markets in France, Germany and The Netherlands for the Spreads business, also loss of 1% share in Laundry to retailers brands.

Stabilised US Laundry but 1% share loss in 2003; Hair market in Japan and US very competitive.

"Above the line" spend is up some 200bps:

- fully financed in gross margins; and
- continued investment in long term health through innovation and an active brand plan

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Development of Leading Brands : Personal Care



Leading brands growth %	2000	2001	2002	2003	Q1 2004
Mass Personal Care	7.5	9.0	10.8	7.9	2.5
Prestige	2.8	(7.2)	1.3	(18.1)	(14.8)
Total Personal Care	7.0	7.6	10.1	6.1	1.5

Mass personal care reflects strong prior year and competitive markets in Hair.

Strong brand development programme across all categories:

Hair : Sunsilk and Dove range extensions; specific programmes for US & Japan.

Skin : Dove range extensions in face and body; Ponds active in US and across Asia; Lux returns to Europe and extends reach in D&E.

Deo : strong programme across all brands through new variants, fragrances and applicators. Specific products for lower disposable incomes.

Oral : rollout of successful Signal Whitening Kits, launch of low cost toothbrushes

Prestige : new leadership team making progress with restructuring plan.

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Development of Leading Brands : Home Care



Leading brands growth %	2000	2001	2002	2003	Q1 2004
Laundry	3.2	5.3	1.9	1.8	1.7
Household Care	2.0	7.1	2.6	(1.7)	1.6
Total Home Care	2.2	5.6	1.9	1.2	1.6
Total HPC	5.3	6.5	6.7	4.2	1.6

Laundry : further evidence of the benefits of our value enhancement strategy. Markets continue to be competitive with heavy emphasis on price and promotion. Strategy now turning towards a more active innovation programme. Share position in US stabilised around a focussed brand portfolio.

Household Care : Early signs that strategy is delivering. Cif and Domestos innovation focussed on functional benefits, improved communication and increasing appeal through fragrances, packaging and product format.

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Development of Leading Brands : Foods



Leading brands growth%	2000	2001	2002	2003	Q1 2004
Savoury & Dressings	6.0	4.2	5.1	2.2	3.4
Tea based beverages	4.5	3.3	3.3	6.3	4.4

Savoury : building on country entries in 2003; new ranges of affordable products; new soups with improved nutritional delivery; enhancing range of convenience meals with new flavours; Carb Options range in the US.

Dressings : building on core "good for you" credentials; Carb Options in the US and "light" variants across Hellmann's, Calve and Wishbone. Extending both brand footprint : mustards, ketchup, sauces; and geographic reach.

Foodsolutions : mid-single digit growth. Broad based.

Tea based beverages : broad programme behind Lipton with new fruit tea varieties, extension of success in Green Tea and US roll-out of flavoured black teas.

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Development of Leading Brands : Foods



Leading brands growth%	2000	2001	2002	2003	Q1 2004
Spreads & Cooking	(1.5)	5.5	4.3	(0.7)	(0.6)
Health & Wellness	17.0	25.4	9.1	(17.1)	(12.9)
Ice Cream	1.2	2.9	4.0	4.4	2.1
Frozen	3.0	0.3	0.9	(0.9)	(3.1)
Total Foods	1.9	4.1	4.4	1.2	1.0

Spreads : expected increase in activity behind both family and heart health brands. Pricing action in some European markets.

Health & Wellness : Slim.Fast plan being implemented : Low Carb now nearly 20% of sales and being extended; balanced nutrition range doing well, traditional shakes range next for relaunch.

Ice Cream : growth driven by a strong performance in the US with a further share gain. European season just starting with active programme across the range.

Frozen : sales reduction reflects actions to further rationalise product portfolio.

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Improvement in Operating Margin : Q1 2004



Mix improvement 80

Supply chain savings 40

Selling price/cost changes

	HPC	Foods	
Price	(30)	30	
Costs	30	(40)	(10)

Improvement in gross margin 110

A&P (20)

Overhead (60)

Improvement in operating margin 30 basis points

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Drivers of EPS (beia) growth for the full year



In the first quarter main drivers of EPS growth were gross margins and lower financing costs offset by short term dilution from disposals. For the year we expect growth to come from:

- An improved rate of growth in the leading brands including two extra trading days in Q4.
- Continuing benefits of savings programmes including Path to Growth restructuring and procurement.....
.....in combination improvements in gross margins and overheads are expected to contribute some 100 bps to full year operating margin.
- Q1 benefits in interest and FRS17 financing costs of pensions expected to continue.
- Tax rate (beia) expect a similar rate to last year - at bottom end of guidance range.

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Q1 2004 Performance - concluding remarks



A poor quarter for sales growth but:

- addressing underperforming businesses
- strong performance in D&E
- some impact from trading days and nature of market with sharp increase in "above the line" expenditure

We have also demonstrated strength of our business:

- strong expansion of gross margins
- increased investment behind our brands
- continued to support all our key innovations

. and so delivered 8% EPS (beia) growth after absorbing over 3% dilution from disposals

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