<u>Unilever 2009 Full Year and Q4 Results</u>

Presentation and Video Cast

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Paul Polman, Chief Executive Officer
James Allison, Head of Investor Relations

CHART 1: 2009

Paul Polman

Good morning and welcome to Unilever's Full Year and 4th Quarter results presentation. It's nice to see so many familiar faces and we really do appreciate your interest in Unilever and for taking time out of your busy schedules to be with us today. And let me pay a particularly warm welcome to Charlie Mills who today marks 25 years of covering Unilever- 100 quarterly results calls, that's quite an achievement. Congratulations to him and others who have covered us for so long.

I am joined today by James Allison, Head of Investor Relations.

In the audience I am delighted to introduce you to Jean-Marc Huet, our new Chief Financial officer and I look forward to sharing the platform with him over the course of the coming years. Jean-Marc is a great addition to the executive team.

Beside him are Vindi Banga, President Categories, Doug Baillie, President Western Europe, Genevieve Berger, Chief R&D Officer, Sandy Ogg, Chief HR Officer ,Pier-Luigi Sigismondi, our Chief Supply Chain Officer and Steve Williams , our General Counsel.

Not joining us today are Mike Polk, President of the Americas and Harish Manwani, President of Asia Africa and Central Eastern Europe. They are in their respective markets driving the business.

Let me say a few words about the highlights of the year before handing over to James who will cover our business performance in more depth.

After James takes you through the details, I will review what is <u>driving</u> our performance. What we will do <u>more of</u> and what we will <u>need to do better</u>. I am convinced that the environment is going to stay competitive as it's by no means clear that life will get any easier for our Consumers and Customers in the coming year. I believe we are ready and prepared for this environment but time will tell. I will conclude my comments by sharing our priorities for 2010 and then open the floor for questions.

So let's get going.

CHART 2: Safe Harbour Statement

Let me start by drawing your attention to the usual disclaimer relating to forward looking statements and non-GAAP measures.

CHART 3: 2009 Priorities

As we have discussed in prior quarterly reviews, at the beginning of 2009 there were a number of areas where Unilever was insufficiently competitive.

With a few exceptions volume market shares had been declining for too many quarters. Brand equities were weakening in too many markets. Many of our products lacked superior performance. Many of our innovations were under-supported and deployed in a fragmented way. Service levels were unsatisfactory in too many places.

At the same time markets were soft and uncertain in the context of the global recession.

To build long term shareholder value we felt that the priorities for Unilever in 2009 should be to:

- Restore volume growth while,
- Protecting cash flow and operating margin.

We set out to do this whilst addressing the underlying weaknesses in the business.

I am pleased with the progress we have made, recognising that more still needs to be done.

Chart 4: Volume Growth Restored

Volume growth of 2.3% for the year as a whole is a significant recovery from the nearly 2% decline we had in the first quarter. Volume market share has improved as the year has progressed and was strongly positive in the 4th Quarter. More importantly, the growth was widespread.

At the beginning of 2009 we were growing share in roughly one third of our turnover. By Q4 we were growing share in nearly two thirds of turnover. This is clear and measurable progress with 10 of our top 13 brands gaining share and the others maintaining share.

Value share has equally improved – trending in the same direction as volume share - and suggesting that we have retained our relative price competitiveness.

Chart 5: Operating Margin Exceeded

Underlying Operating Margin is up by 20 basis points. We have done this while at the same time increasing the support levels behind our Brands – up by 80 basis points for the year as a whole. You know as well as I do that building brand equity is a cornerstone of the long term success of consumer goods companies. This is very important to me and the way I think about the business.

Chart 6: Strong Cash Flow from Operating Activities

I am also delighted with our cash and cost discipline during the year. Cash flow from operating activities is up by € 1.4 billion despite an incremental contribution to pension funds of €0.5 billion – more than exceeding the stretching internal targets we had set ourselves – and reflecting good discipline across the organisation.

This has been driven by a strong focus on working capital, and you have seen the results of this progressively through the year.

We are also seeing the benefit from accelerated restructuring and fast reduction of all discretionary costs that do not add value to the consumer or customer. Overall cost savings were €1.4 billion in the year. Again, this is ahead of the stretching internal targets we had set for ourselves.

So, I am pleased with the quality of the results and the progress we have made in a relatively short period of time. We have definitely raised the bar on performance. We must now do this consistently as we move forward.

Let me pass now to James who will cover our performance in a bit more detail.

Chart 7: Introduction James Allison

JAMES ALLISON
Head of IR

Thanks Paul. Good morning everyone.

I intend to focus on the key aspects of the results rather than repeating a lot of what is already in the announcement text. In the attachments to this presentation you will find some additional details which we will not cover specifically in the presentation.

Chart 8: 2009 Sales Growth

Underlying Sales Growth for the year was 3.5% with 2.3% from Volume and plus 1.2 % from Price.

Turnover was €39.8 billion, 1.7% down on 2008 reflecting negative currency of 2.7% and disposals, net of acquisitions of minus 2.4%

Chart 9: Q4'09 Sales Growth

Underlying Sales Growth in Q4 was 1.8% with Volume up 5% and Underlying Price Growth of -3.1%

During the year we saw volume momentum building. At the same time, the lapping of prior year price increases and early price corrections to reflect lower commodity costs reduced the component of price growth as the year progressed

Turnover in the 4th quarter was €9.7 billion down by 4.8% - impacted by negative currency movement of 5.7% and Disposals, net of acquisitions, of minus 0.8% .

The size of the negative currency exposure in the final quarter reflects the strength of the Euro against most currencies but particularly against the US Dollar, Pound Sterling and Indian Rupee. The devaluation of the Venezuelan Bolivar on its own accounted for 60 basis points of the negative currency movement.

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Let's look at Volume in a bit more detail.

Chart 10: Trend in Underlying Volume Growth

This chart tells its own story, with momentum building each quarter and ending the year at +5%, albeit against a weak prior year comparator. This compares with estimated market growth of about 3% in the same period.

Within this it is worth looking beneath the surface of the Q4 performance in Western Europe.

Chart 11: Progress on Volume Growth Western Europe

Here volume growth was lower, on a reported basis by 0.7%. But you will remember that there were two fewer trading days in Quarter 4 2009. On a like for like basis the volume growth in Western Europe was between 1 and 2% positive. That's faster than the market and is reflected in improved volume and value share performance. So here too a strong sense of momentum albeit in market conditions that continue to be challenging.

Chart 12: Progress on Volume Growth in D&E

Volume growth in D&E markets has improved sequentially, finishing the year very strongly with volume up by 9.5% in the 4th quarter – helped by the timing of Ramadan, prior year trade destocking in Russia and easy comps in a few markets. For the year as a whole we are encouraged by volume growth of over 4% - close to the average of the last 20 years of 5% - so soon after the recession with share growth in most markets. This reflects not only the robustness of the D&E markets but also the strength of Unilever's competitive positions across so many geographies.

Chart 13: 2009 Innovation Highlights

We stepped up innovation in 2009 with bigger initiatives rolled out to more markets, more quickly and better supported.

This chart shows a number of the products which we introduced during the course of the year. Examples of more recent launches include Dove Nutrium, launched in the US in Q3 ; Dove for Men launched in 6 countries in Western Europe in Q4 and Sunsilk Co-Creations launched in Brazil, Argentina, Turkey and India, also in Q4. All have started well. For example, Dove For Men + Care is already the number 2 male shower brand in Belgium.

Chart 14: Trends in Advertising and Promotional Spend

Advertising and promotional expenditure increased substantially in the second half of the year as we supported innovation strongly and continued to build Brand equities.

Media impressions for the year as a whole were up by over 15%, partly though incremental expenditure and partly from lower media rates.

We substantially increased our expenditure on digital support, leading the expansion in to this media across a number of our Brands.

Let me now say a few words about Pricing and Costs.

Chart 15: Price and Commodity Costs Development

This chart shows the development of commodity costs set against the trend in underlying price growth. From this it is clear that prices have been increased and subsequently reduced, in line with the movement in commodity costs.

Pricing in Q4 was -3.1% - at the bottom end of our guidance because of actions taken in specific categories and markets to protect our competitive positions. So, for example, in some areas we did not take price increases that we had planned and in others we took actions to ensure that our consumer propositions remained competitive.

This should be seen in the context of the very substantial price increases taken in 2008, ahead of our competitive set, in the face of unprecedented commodity cost increases.

In fact price levels in the 4th quarter of 2009 are still around 5% higher than in the same period two years ago. We now feel that pricing levels are appropriate, given our strategy, but this remains subject to any competitor pricing moves.

We expect to see commodity cost tailwinds, albeit at a lower level, in the first quarter of 2010 as we work our way through forward covers and inventories. For the year as a whole, and based on today's exchange rates, we expect to see commodity costs 2-3% higher than in 2009 and this will put upward pressure on prices during the course of 2010.

We expect to see underlying price growth turning positive around the middle of 2010.

Chart 16: Strong Savings Delivery Full Year

As Paul mentioned, costs savings in the year were €1.4 billion – a real step up. This comprised around €700 million from buying savings, €500 million from restructuring and €200 million from local efficiency programmes.

- We expect savings in 2010 of at least €1 billion

Let me say a few words about the status of the restructuring programme which we initiated in 2007 and which, you will remember, we called One Unilever.

Chart 17: One Unilever Programme Update

We anticipated restructuring spending of roughly €1 billion a year from 2007 through 2009, that's €3 billion in total. In fact we have charged €2.6 billion to the income statement over this period, despite increasing the scope of manufacturing rationalisation.

And we targeted restructuring savings of €1.5 billion in 2010 versus the 2006 base. As at the end of 2009 we have delivered cumulative restructuring savings of €1.2 billion with at least a further €300 million to come during 2010.

This chart also shows the progress we are making in manufacturing restructuring. You can see that by the end of 2010 we will have closed or streamlined 88 sites, higher than the 50-60 previously planned. The bulk of the costs associated with the 2010 closures and streamlining have already been charged to the income statement.

Restructuring charges will now reduce to nearer to our longer term guidance of 50-100 basis points from the 250 basis points of recent years. This, for normal on-going productivity improvement

The planned completion of the Sara Lee personal products acquisition in 2010 will lead to further restructuring costs. This will come over and above the 50-100 basis points and we will provide further guidance on this after completion.

Chart 18: Gross Margins

For the year as a whole gross margin was up by 100 basis points, regaining much of the ground lost in 2008. The increase in the second half of the year reflects the benefits of our strongly improved volume performance, lower commodity costs and savings programmes, offset by lower pricing. Gross margins were strongly ahead in <u>all</u> regions in Q4.

Chart 19: Operating Margin

Operating Margin before RDI's was up by 20 basis points in the year, with gross margins strongly ahead. Overheads were flat despite dilution from disposals and A&P was up by 80 basis points with advertising spend, in particular, strongly ahead.

Chart 20: Earnings Per Share: Q4

Let's have a look at Earnings per Share and I will start with Q4.

Basis Earnings per Share before RDI's was 27 Euro cents, down 6% versus the same period in 2008. This is despite a strong contribution from operational performance which added +10 %.

The negative currency impact which I described earlier in relation to turnover reduced EPS by 6% in the quarter. Finance and pension costs reduced EPS by 7%. Minorities impacted EPS by a further 3%, reflecting cumulative adjustments to prior year minority interests booked in the 4th quarter of last year.

So as you can see, non operational factors reduced EPS growth substantially in the quarter.

Chart 21: Earnings Per Share: Full Year

For the full year, Earnings per Share were €1.21, down 33% versus 2008 which benefitted from substantial disposal profits.

Earnings per share before RDI's were down 7% with EPS from operating performance up 4%. This was, however, more than offset by negative impacts from currency, minus 2%, and Finance and Pension costs, minus 6%. Disposal dilution impacted EPS by 2 % and minorities a further 1%.

Based on exchange rates at the end of Q4 we expect currency impacts to be broadly neutral in 2010, with Pension Financing costs contributing positively to EPS growth.

Chart 22: Balance Sheet

The pension deficit reduced from €3.3 billion at end Q3 to c€2.6 billion at the end of Q4. With corporate AA discount rates broadly stable this reduction reflects strong investment returns and the additional company contributions paid in the quarter.

With long dated government bond yields rising, local pension deficits for funded plans will also have improved.

Cash expenditure on pensions in 2009 was €1.3 billion, up €500 million on 2008. We expect payments in 2010 to be closer to €750 million.

We expect the pension financing charge to be close to zero in 2010, after a debit of €164 million in 2009. At the same time we expect additional charges in operating profit of approximately €30 million as we return to normal levels after one-off benefits in 2009.

Net debt ended the year at €6.4 billion down from €8.0 billion at the start of 2009. This reflects the strong cash generation in the year. Cash proceeds from the disposal of most of our minority interest in Johnson Diversey contributed €300 million in Q4.

Interest on borrowings was up slightly at 4.9%, from 4.5% in 2008, reflecting a longer maturity profile on our debt.

The tax rate before RDI's in 2009 was 26.6%. In 2010 we expect the tax rate before RDI's to be close to our long term guidance of around 26%.

As previously discussed and agreed with shareholders we will now pay dividends quarterly. We have announced today that the first quarterly dividend will be 19.5 euro cents – one quarter of the total cash payments made in 2009. This will be paid in March. The next quarterly dividend will be announced with our Q1 results on 29th April.

With that let me return you to Paul.

Chart 23: Paul Polman Introduction

Paul Polman **Chief Executive Officer**

Thank you James.

Chart 24: Reflections on 2009

So, as you have heard, a good set of results. Let me reflect a bit on what we have been doing, what's making the difference and what there is left to be done.

I see 2009 as the first step towards <u>consistent, long term, top and bottom line growth.</u>

We recognised the severity of the economic crisis early and took steps to protect the financial and business fundamentals. For example:

- We re-focussed the organisation on volume growth, operating margin and cash flow. We also simplified the remuneration scheme. This helped to drive alignment and a sense of urgency.

- We removed costs wherever we could and accelerated restructuring where possible. We reduced our office headcount by approximately 1000 managers. We froze salaries, cut travel budgets and all other elements of discretionary expenditure

- We simplified the SKU portfolios and rationalised packaging materials and ingredients to drive more efficient buying. And we simplified or eliminated many of the internal non value adding processes.

- We started to leverage scale more effectively than before with all main supply contracts renegotiated including those relating to media buying and planning.

We used these savings to invest more strongly than ever before in our Brands and in product. In so doing we have been laying the foundations for sustainable profitable growth.

We also launched towards the end of the year a new and exciting vision for the company, built on sustainable growth, and leveraging increasingly our unique competitive advantages. An energising vision to double the size of the business whilst reducing our environmental footprint.

Before I go in to a bit more depth on our strategic priorities let me say a few words about the economic environment,

Chart 25: The Environment in 2010

We expect the environment for our business in 2010 to continue to be tough. With a reduction in stimulus packages and increased taxes, consumer spending will be under pressure. Unemployment will continue to stay high and consumer confidence is likely to remain low.

We expect continued deflationary pressure in many markets as Customers compete on value. Competitors are equally increasing their activities in many markets, trying to regain share on the back of more brand support and innovation. As I said earlier we do not underestimate the size of the challenges we face. But we believe that we have been building the competitive strength necessary to continue our journey.

Chart 26: D&E Markets

D&E markets which account for about half of Unilever's turnover, have been more robust than many had feared. As you have already seen our volume growth here has quickly returned to pre recession levels. In fact volume growth is over 9% in the last quarter.

We have spoken before about what makes the opportunities in D&E markets so exciting:

- The demographic trends. An extra 1 billion consumers will be able to afford to buy our products in the next 10 years.
- Levels of per capita consumption are much lower than developed markets and offer enormous scope for more consumption.

- Categories where we have global strength have still low usage. For example, the use of Branded deodorant products is not yet a part of daily grooming routines in much of Asia, and our range of Household Cleaning Brands will perfectly complement the needs of millions of consumers new to home ownership. The Hair Conditioning and Fabric Conditioning markets are not yet well established in many D&E countries etc.

And sometimes it is easy to forget the size and scale of the existing D&E business that we can leverage. Well ahead of our competitive set. If we take the Home Care and Personal Care Categories, for example,

- We reach 96% of the 1.9 billion consumers in Asia and South Africa. That's 33% more than the next biggest competition.
- Per capita consumption of Unilever products is also nearly double that of the next biggest competitor.

And it's good to see that our businesses are performing very well in the areas where we have seen increased competitive activity.

Take Indonesia, where we seen increased actions from both international and local competitors. Our value market shares are up by 270 basis points in the last 12 weeks! Turkey saw equally strong performance.

Chart 27: Strategic Priorities

Let me say a few words about the 4 strategic thrusts which underpin business performance. Just to remind you these are: Winning with Brands and Innovation, Winning in the Market Place, Winning though Continuous Improvement and finally Winning with People.

Chart 28: Winning with Brands and Innovations

First and most important, let me address **Winning with Brands and Innovation**

This is not new to us.

The recent ‘Best of the Decade’ awards published by Ad Age recognised two Unilever brands. Axe was named the third best New Product of the Decade – behind the IPOD and the Wii and well ahead of other competitors. And as if not enough, the Dove Evolution campaign was recognised in the top 10 Non TV Ads of the decade. Outstanding recognition of the great work done on two of Unilever’s leading Brands.

During 2009, we have significantly stepped up the quantity and effectiveness of Brand support. Our Share of Voice is improving.

At the same time we have been improving the quality of our communication, and increased product quality. So it’s not just about more advertising, it’s more and better advertising behind better quality products.

We will continue to improve our products spending upwards of €100 million on product quality in 2010 alone. Here are some examples of the advertising behind some of our recent launches and product improvements:

Chart 29: Video

[Dove Nutrium. Knorr Stock Pot. Dove For Men (DEO),Klondike]

Chart 30: Winning with Brands and Innovations

There are plenty of Klondike bars for you to try afterwards. This brand had underlying sales growth of over 15% in 2009 in North America so get those bars while they last.

Chart 31: Innovation Quality

We have been working hard to improve the quality of our innovation funnel and as you can see from the chart:

(i) We expect to significantly increase the incremental turnover from key innovations in 2010 and
(ii) The incremental turnover expected from projects launched in the next 3-5 years has doubled.

Chart 32: Bigger, Better, Faster Innovation Roll Out

And you have seen that we are focussed on fewer, bigger innovations which we are rolling out to more markets, more quickly. Dove For Men + Care, launched simultaneously in 6 markets in Q409 will be in 50 markets by the end of 2010. Axe Variants routinely travel to over 50 markets inside 12 months.

This chart shows other examples of the quickening speed of roll outs. It’s now becoming embedded, a good habit and a proven way to build sizeable incremental turnover.

But not everything needs to be everywhere. Axe Hair has generated over €50 million of incremental turnover in North America alone, 12 months since launch and despite the simultaneous launch of a key competitor Brand now disappearing from the shelves.

These are high quality innovations from a pipeline which is becoming increasingly healthy. With a stronger R&D organisation in place, open innovation accelerated and genesis projects underway, our flow of innovation is strengthening each year. I believe now at par or better than the rest.

Chart 33: Brands in New Markets.

Not all our great Brands are leveraged as much as they should be and there are still many opportunities to introduce our Brands in more markets we are not yet in, growing those markets and taking share from our competitors.

Examples include the launch of our Ice Cream brands in Vietnam, Cif in India, Ben and Jerry's in Norway and now expanding in to Australia, Sunlight in Nigeria, Ponds in the Middle East and the list goes on.

M&A activity is helping us to take our Brands further as well and to fill out category positions.

The acquisition of Napoca in Romania gave us a foothold from which we were able to launch our ice cream portfolio. The addition of Baltimor ketchup in Russia allows us to fill out our Dressing portfolio.

Last but not least, the acquisition of the Personal Products brands of Sara Lee, such as Sanex, Radox, Neutral and Dushdas, will allow us to meet consumer needs across a wider range of price points in the Skin Cleansing and Deodorants markets.

Chart 34: Winning in the Market Place

The second key thrust is **Winning in the Market Place** – how well we are serving our Customers and Consumers. This runs from the basic requirement of delivering products on time and in full, right through to joint business planning where we work together - for their benefit and for ours.

As we have discussed before, in-store execution is critical to our success.

Whilst we have great examples within the business our performance has been uneven and we have prioritised this for improvement.

In 2009, for the first time, we have mandated a single scorecard across our key operations to track performance in Sales fundamentals. By establishing aligned KPI’s we have become clearer about our performance in critical metrics - such as On-Shelf-Availability and Share-Of-Shelf.

With sharper accountability and clearer metrics we can now drive performance improvement; where we are behind competition we are catching up, and where we are ahead we are now opening a gap.

We are striving to understand the needs of major customers and the behaviour of their shoppers so that we can grow their business and grow with them. I am pleased with the way we have rolled-out the discipline of joint business planning across the business to a wide group of customers. We are now using it to identify and take opportunities to our mutual advantage.

Our actions are starting to be recognised, gaining preferred supplier status in a number of markets, or indeed awards - supplier of the year from some of our biggest customers.

Chart 35: Customer Service Improving

You can see from the chart that we are improving service levels in almost all key markets. On-Shelf-Availability is also improving, up to 89% in the second half.

Chart 36: CiiC Roll Out

The Customer Insight and Innovation Centre concept which many of you experienced in New Jersey, at our Investor Seminar in November, is now being rolled out globally. Last week we opened the second centre at the home of our UK/Ireland MCO near London. Later we will do the same in 3 other countries around the world.

Chart 37: Winning through Continuous Improvement

Turning to **Winning through Continuous Improvement,** I will not go back over the numbers which you have already heard – tempting though it is because the numbers are good. But let me remind you of the model.

Chart 38: Virtuous Circle of Volume Growth

Volume growth leads to operational leverage which in turn lowers unit costs. At the same time we are removing costs which do not add value for consumers or our customers. Taken together this creates substantial fuel for growth and gives us scope to reinvest in the business whilst steadily improving the operating margin. Up until 2009 too many of our brands lacked the investment and support to compete effectively. In 2009 we took the first steps towards fixing this by materially increasing advertising and promotional expenditure, realigning prices which had not been competitive and investing substantially in product quality. We were able to do this and still improve underlying operating margin.

The model sounds simple. But it requires a growth mindset and the confidence to invest in the Brands.

Overheads as a percentage of turnover have been held flat in the year despite the dilution impact of disposals in 2008. The full year benefit of headcount reductions made in the second half of 2009 will provide further scope for savings in 2010.

To further leverage scale we have announced our move to global business services. Our plan is to build on the excellent work started in the regions. We will bring HR and Finance transactions, IT services, Information Management Services, Office and Facilities services together under one roof. In so doing we will improve service and reduce costs.

Cash flow performance has been equally good.

Chart 39: Working Capital reducing

By getting working capital into everyone's targets and by adopting best practices from around the globe we have made good progress in all elements of trade working capital especially inventory, despite the fact that our starting point was already competitive.

You can see from the chart that this has not been a 'flash in the pan' but sustained improvement throughout the year. We will target lower <u>average</u> working capital in 2010 rather than quarter end positions. This will put further emphasis on keeping working capital always low rather than on simply achieving period end reductions.

Chart 40: Winning with People

Turning now to the fourth thrust, I am particularly pleased with the progress we are making on the organisation and on performance culture. We call this Winning with people

Chart 41: Driving Towards a Performance Culture

During the year we have reduced the number of managers from around 16000 to nearer to 15000. The numbers of senior managers has reduced in size by almost 50% from the levels of 2005. Taking out layers of management has allowed the organisation to become flatter, more agile and more externally focussed.

We have seen management changes in over half of our top roles in the last 12 months, and almost all involving internal moves. And we have better skill matched against the new role with each new appointment.

Our management systems around targeting and alignment have been systematically sharpened and improved. Individual performance against measurable criteria is now much more visible and individual performance assessments are becoming more differentiated, also in pay.

As we toughen the benchmarks we will also increase the potential rewards for exceptional performance. At the same time we will expect management to increase long term share ownership. You will hear more about this before the Annual General Meetings.

In short, more stretching targets, driving superior performance and, <u>only if achieved</u>, more reward.

So as I draw towards a close, there has been much that is good but not everything in the garden is rosy yet.

Chart 42: Still Work to Do

You have heard me say that the progress we are making is helping to narrow the gap to best in class – keeping in mind that best in class companies never stand still. I expect the catching up to continue for the next couple of years.

And whilst there are many things to be pleased about there is still much to do.
Although improving, we still have some country/category positions that need to do better. Our competitive positions in India, Spain and Eastern Europe have not yet improved to the extent I would expect.

Our sequential performance in Hair and SCC is improving but we still need to build share consistently everywhere
Product quality is getting better, but we need more of our products to show superiority.

Brand equities are strengthening but not yet everywhere.

Our internal survey results indicate that, that we are not yet as consumer / customer focused as I like and that we can be faster still.

So there is much still to do and much improvement still to make. But as the saying goes, Rome was not built in a day. We've made a good start.

Chart 43: Summary

I fully expect that the environment in 2010 will be just as tough as 2009 and we are prepared for that. We have the confidence that comes from strong delivery in 2009: We expect

- Volume and value shares to further improve throughout the year behind a clear step up in brand support and innovation.
- Strong delivery of savings
- Further shaping of organisation and culture

But we are far from complacent. We know that competition will be tougher and that consumers will be even more demanding.

Chart 44: Priorities for 2010

Our priorities for 2010 are:

- To drive volume growth whilst
- Providing a steady improvement in underlying operating margin and strong cash flow.

With that ladies and gentlemen we will now move to questions.

Chart 45: Questions