



Unilever Investor Seminar

13 March 2007

Introduction

Patrick Cescau, Group Chief Executive

Slide 1

Good afternoon everyone...and a very warm welcome to the Unilever Investor Seminar.

Slide 2

We're delighted to be able to host this seminar at Tate Modern, where Unilever has such a strong association, one that goes back to the days before the gallery was opened.

In fact, with our Unilever Series we were one of the very first companies to respond to the exciting opportunities offered by Tate Modern. Easy now of course to see. But not everyone looked at this site in the late 1990s and saw the potential.

Yet, from the remains of a disused power station has emerged one of the world's foremost modern art galleries. An uplifting story with which to begin this particular event.

Our seminar will take us to a number of different parts of the gallery. Later, we will move to the upper gallery floors where you will get a wonderful view across the Thames...including of a new, shining Unilever House a few hundred yards in the distance.

Slide 3

In a matter of weeks, we will return to the old site, though with a new address – 100 Victoria Embankment.

By the time we present to you our half-year results in August we will be well established in our new home. You will find a building that is new, dynamic, modern, and efficient – very much we hope a reflection of the changes we are making to the business itself.

Slide 4

The story of 2006, as reported last month, was one of continuing progress.... progress linked directly to the changes we are making to the business.

We know that we still have some way to go, but over the next couple of days we want to show you why we feel the quality of our performance – together with the scale of the changes we're making – are starting to become visible in the numbers and why they are laying the foundations for sustained progress.

This is not about revising in any way our medium or long term guidance. It is about giving you a deeper sense of the operational changes we are making – a look under the bonnet if you like. Importantly, it is also about providing a perspective from the people who are running the business - the people building our brands, winning shelf space, doing it day in day out in the marketplace.

In doing so, we want to respond to the questions you have been raising as part of our regular and ongoing dialogue with investors...

And the last few weeks have given us a particularly good perspective. Investor meetings have taken me and my senior colleagues to, among other places....

Slide 5

London.... Paris... New York... Amsterdam... Geneva.... Frankfurt.... Boston... and San Francisco...

Slide 6

The messages that come across are clear and consistent.

Let me try to summarise.

Slide 7

People recognise that there is a vast amount of change taking place.

By and large they welcome that. And they are willing to be patient, to a degree.

Slide 8

They recognise the logic behind the strategy we are pursuing and they see the need for the fundamental changes we are making to the organisation itself.

They would like to have more detail and – of course – to be assured that the changes will continue to feed through to the underlying performance of the business.

But more specifically, they say the following...

Slide 9

They know that at its best Unilever is outstanding. They see it with brands like Dove and with categories like Deodorants. But they question whether we can reproduce that kind of performance across the whole business.

Slide 10

They know these successes are based, in part, on world-class innovations. But they are doubtful as to whether we can innovate at a pace and on a scale that will enable us to rival the very best of our competitors.

Slide 11

They like the signs of a turnaround in Europe, but they wonder whether the changes go deep enough to enable the region to return to competitive growth rates.

Slide 12

People like the new ways of working, but they worry that it will all come to nothing if Unilever reverts to old ways of behaving.

They question whether we can 'walk and chew gum' at the same time. I don't like the analogy because it implies tension between growth and profitability, where I see an interconnection. But we understand the concern and we must address it for you.

Slide 13

People see the overall progress we have made but they ask whether things are being done with enough urgency, boldness and ambition to create value for our shareholders in the top one-third of the peer group.

Slide 14

And, finally, people don't just want to see the Group Chief Executive and the Chief Finance Officer, they want to see more of the top team - those who share the responsibility to deliver.

Ladies and gentlemen, no doubt many of you recognise these observations. That's good because they have all helped in the shaping of the programme for the next two days.

Slide 15

We will do our best during that time to address all the points. Above all, we hope to convey to you that there is no lack of urgency...no lack of ambition....quite the opposite in fact....we are all focussed, laser-like, on what needs to be done.

If the presentations don't deal with any of the points to your satisfaction, then there will be plenty of opportunities to raise them separately, both during the sessions and more informally.

So, let me just give you a taster of who and what you can expect to see...

Slide 16

First, you are going to see the entire top team.

Most of my Unilever Executive colleagues will be presenting to you – and those that are not will be joining us for dinner and for the Q&A session tomorrow.

Slide 17.

That will include Harish Manwani, our President for Asia and Africa. You will have Harish all to yourselves when he hosts our investor event in India in November.

Slide 18

In addition to the Unilever Executive, you will also meet a number of key people who are managing our categories and brands or running our Go to Market operations.

Some you will know, others less so. Some you will know from previous roles but who are now applying their talents and experience to new challenges in other parts of the business.

Slide 19

What I can say about all of those you will see is that they have earned the right to be here. Over the last two years, more than a third of our senior managers have left the business. True, these changes have been as much about simplifying the organisation as they have been about reducing cost, but the upshot is that we now have our best people in the most highly leveraged roles. You will hear more from Sandy Ogg on this tomorrow.

All that said, let me just say a quick word on who you won't be seeing over the next 24 hours, because I know from the feedback that there is a lot of interest.

Primarily, let me just clarify the situation with regard to Michael Treschow.

Slide 20

Michael will become our Chairman following the AGM in May. In the meantime, he is being fully briefed to make sure that he hits the ground running. He is very keen – as I am – that he should meet and listen to investors at the earliest opportunity.

Michael and I have already had a number of conversations. He will bring a fresh pair of eyes to bear and I am very much looking forward to working with him.

Slide 21

As we announced at Q4, it is Rudy's intention to retire at this year's AGM. The search for our new CFO is proceeding and does include external candidates.

I have no doubt that we will have someone of real calibre, fitting of this role. There is nothing I can add over these next two days to that position, but as soon as we are able to announce Rudy's successor we will do so.

Slide22

So back to our agenda for the next 24 hours or so.

At the heart of Unilever's change programme is a new growth strategy.

Slide 23

In a moment Richard Rivers – our head of strategy – and I will take you through the strategy in some detail. The analysis. The choices. The investments. And the results.

As you will hear, the growth strategy is centred on raising – significantly – the overall quality of our portfolio.

Slide 24

Simon Clift, our Chief Marketing Officer, will outline how a highly disciplined marketing approach is enabling us to grow categories and brands across the whole business. It's an approach that has proved itself with the likes of Flora and Axe but which we believe can be applied more widely. We have a remarkable pedigree in marketing, and we want to build on it.

Slide 25

Presentations will follow from Ralph Kugler and Vindi Banga and their respective teams on how the strategy is coming to life across the portfolio. This will include the extent to which our new ways of working are giving them the tools they need to deliver better category

strategies, bigger better innovation, faster roll-outs and far more effective use of marketing investment.

Slide 26

So we will talk a lot about the growth strategy and our marketing initiatives. But people are also inclined to ask “can Unilever execute these plans in a way that enables the real potential to be realised?”

It’s a good question....one we have spent a lot of time addressing. And we want to share with you the progress we are making.

That progress stems from the widespread changes we are making to the organisation itself, everything from a massively simplified structure to new ways of behaving.

Though significant, we haven’t devoted a particularly lengthy session to this, primarily because the effect of the changes we are making will - I think - become evident as we go through the individual sessions.

Slide 27

Nevertheless, Sandy Ogg, our Chief Human Resources Officer, will highlight briefly how the organisation is evolving to support the growth strategy. And he will give you some pointers as to what comes next...linking what you hear from categories to what you will hear from the regions.

To be frank, unlike marketing, our pedigree in go-to-market has never been remarkable.... which makes the rapid progress we are making in this area all the more exciting.

Slide 28

Nowhere more so than in the North America. Mike Polk will illustrate this tomorrow and show from his perspective as a regional leader how One Unilever is transforming our ability to deploy great marketing mixes and to service our customers in a simpler, cheaper and faster way.

I am particularly pleased that Mike will be with us. Having joined us five years ago from Kraft, Mike will soon join the Unilever Executive as President for the Americas, following John Rice's retirement in May. Mike is living proof of how outstanding external talent is making its way to the very top of our business.

Slide 29

And of course we will also focus on our challenge in Europe, where there is more to do but where an increasingly aggressive and determined approach is reaping results. Kees vd Graaf will update you from where he left off in Poland – and share some of the further steps we are taking, for example in the integration of our Supply Chain operations.

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Slide 30

Ladies and gentlemen...

...the scale and the pace of change taking place within Unilever are as great as at anytime in my thirty years with the company. Even in two days, we won't be able to capture everything, though we will cover a lot. And there will be the opportunity to ask questions of the whole UEx team after lunch tomorrow.

Slide 31

Of course, the huge changes we are making have to be ones that deliver...both a new Unilever and a new level of performance. We recognise that. So after tomorrow's Q&A session, I will conclude by coming back to address the final questions – walk and chew gum...are we changing fast enough and deep enough to deliver the value we have promised?

Slide 32

That's the programme. As I mentioned, it has been shaped heavily by the feedback you have provided.

Now let's get down to business...starting with the strategy.

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