

# Investor Seminar 2011

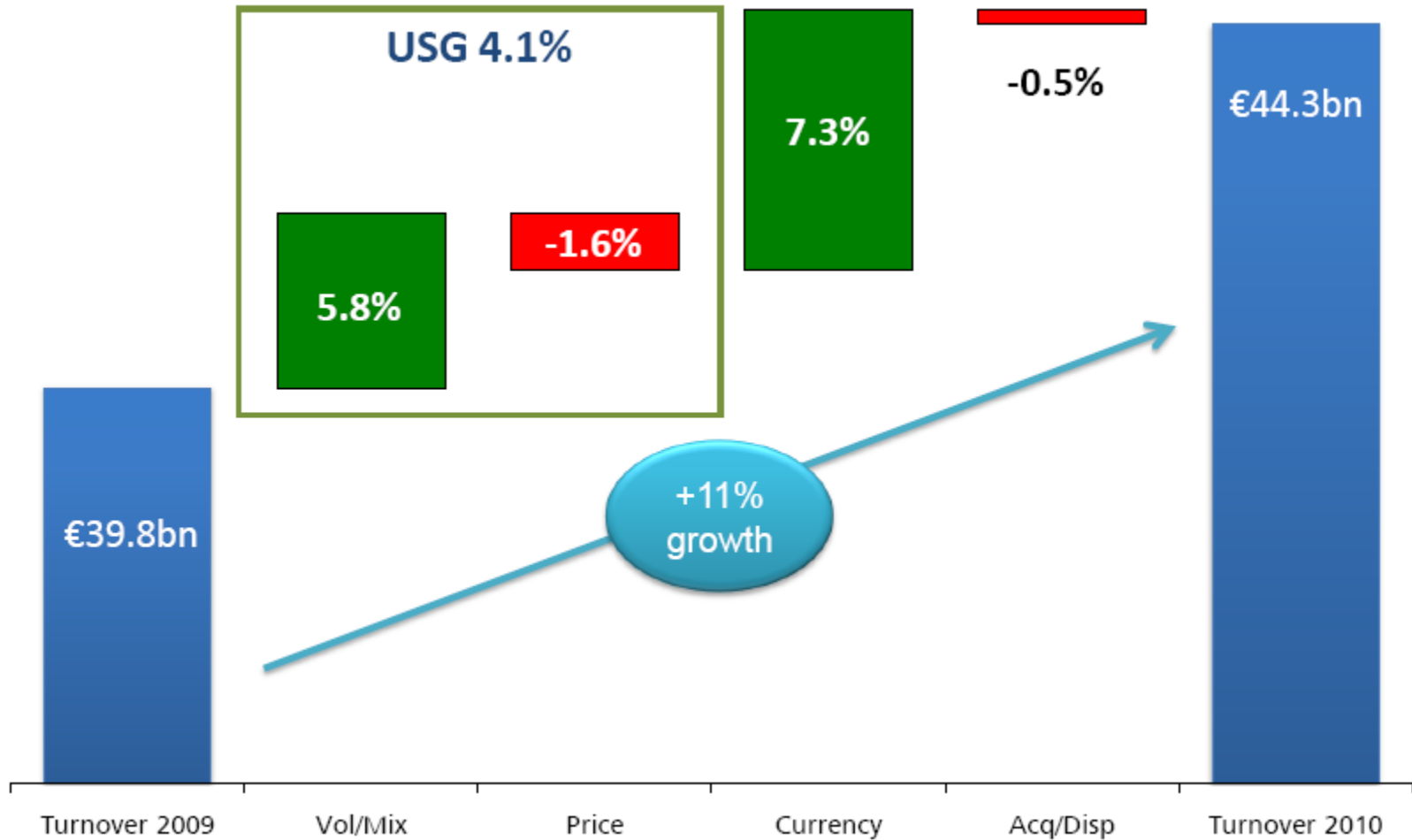
## Winning in D&E Markets

### Harish Manwani



- Unilever 2010
- D&E Opportunity & Trends
- Unilever in D&E
- D&E Ambition
- D&E – Where we will play
- How we will win
- Summary

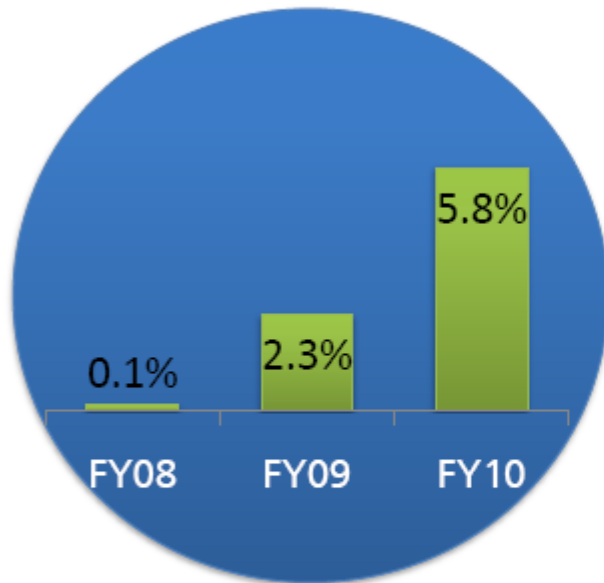
# Strong Underlying Sales Growth



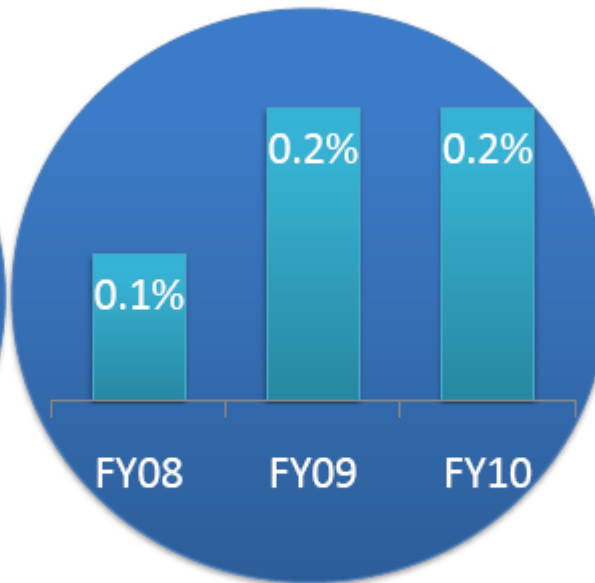
# Delivered Against our Priorities



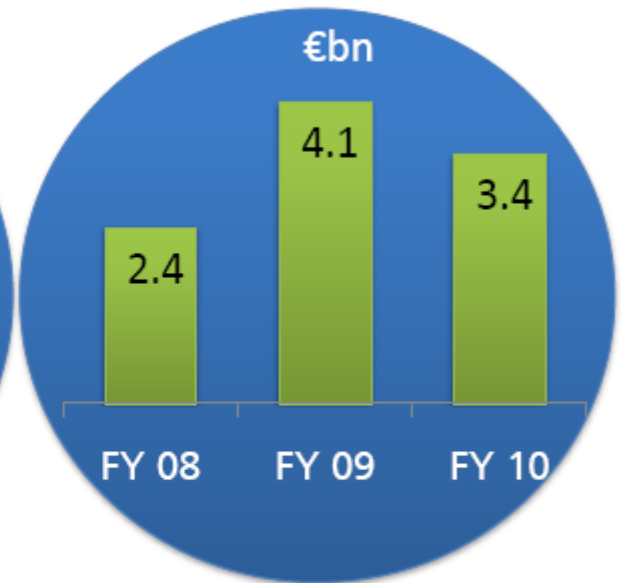
Volume Growth  
accelerated



Underlying Operating Margin  
increased



Free Cash Flow  
delivered

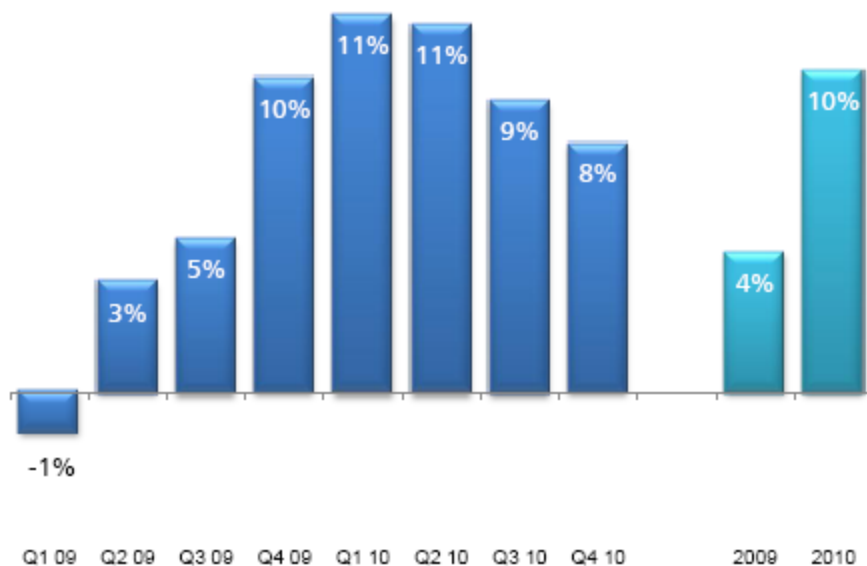


Free Cash flow: net cash flow from operating activities – net interest - net capex

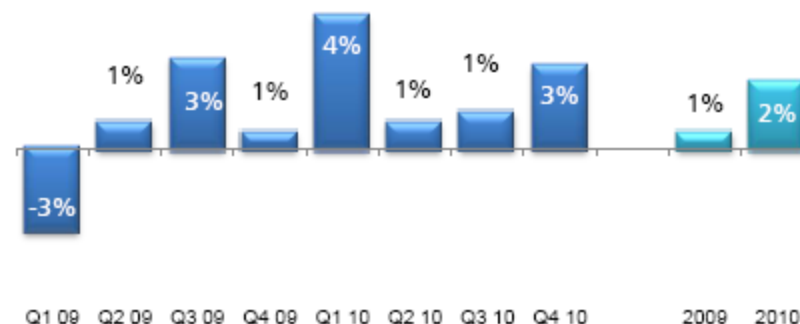
# Broad Based Volume Growth Led by D&E



emerging markets

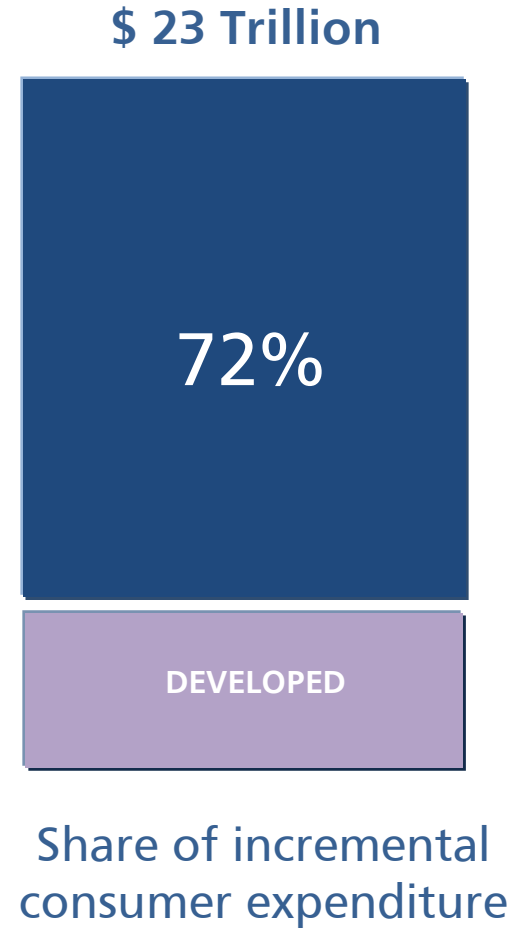
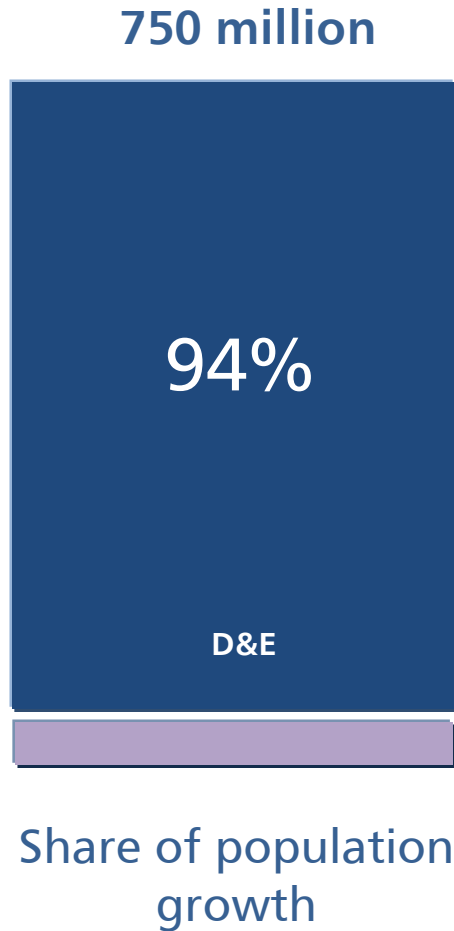


developed markets



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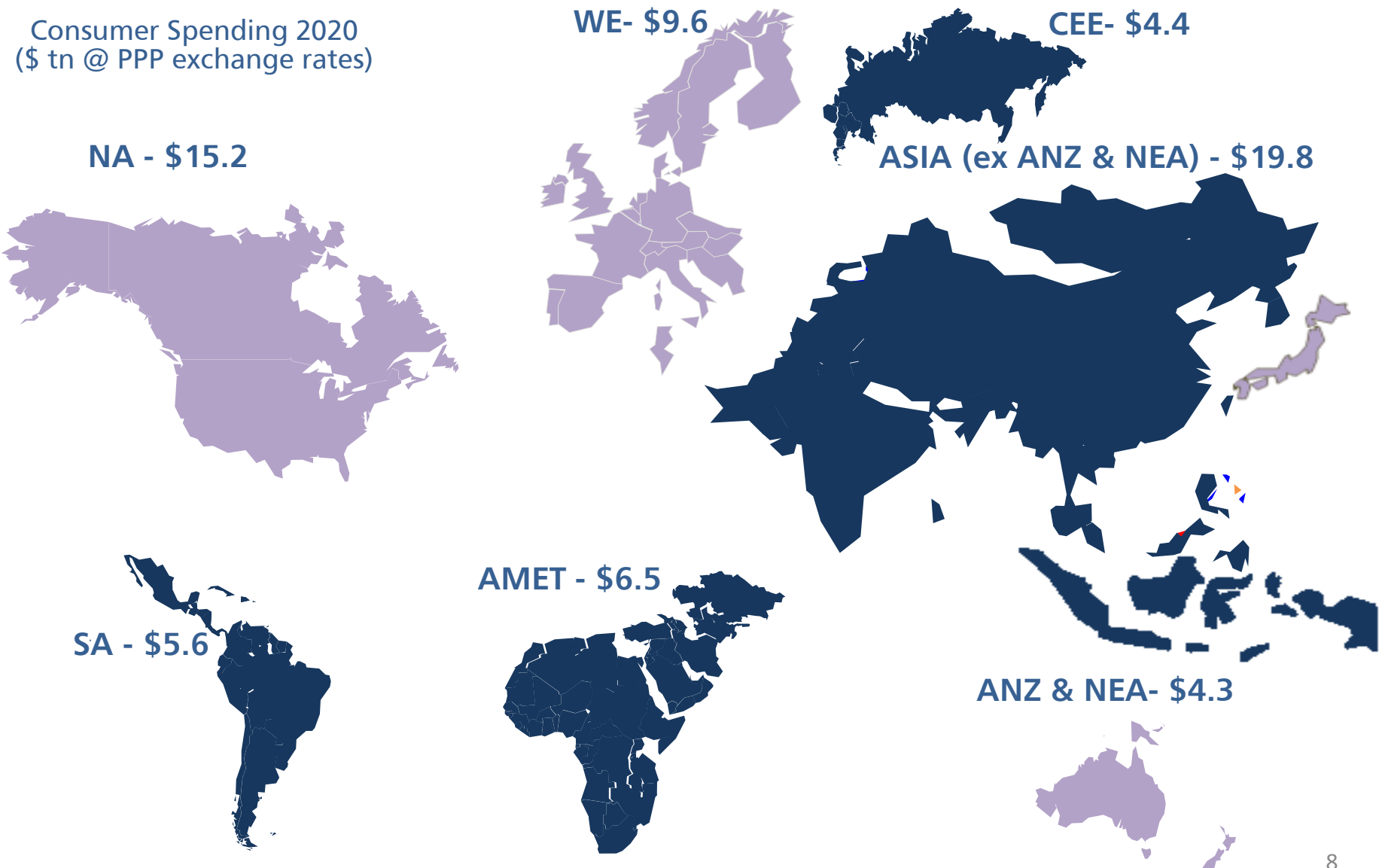
# D&E : Big opportunity



# Emerging Asia will be the largest market by 2020



Consumer Spending 2020  
(\$ tn @ PPP exchange rates)




Source: Unilever Estimates from Globegro



# D&E : Emerging trends




The New Rich



New Professional Women



Hygiene for Urban



Functionality with less Water



Rapid Digitisation

Emerging consumer groups

Need for functionality

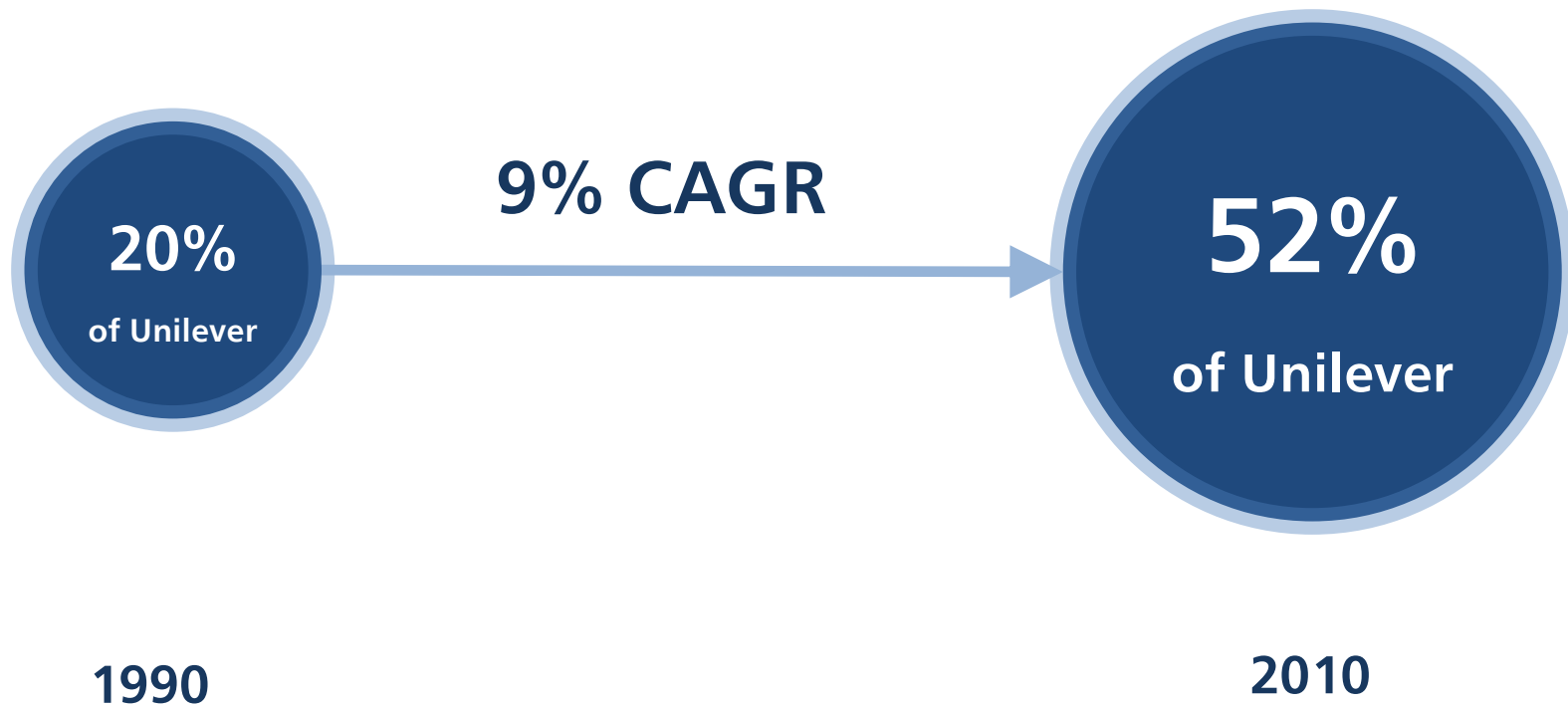
Connectivity

Sustainability



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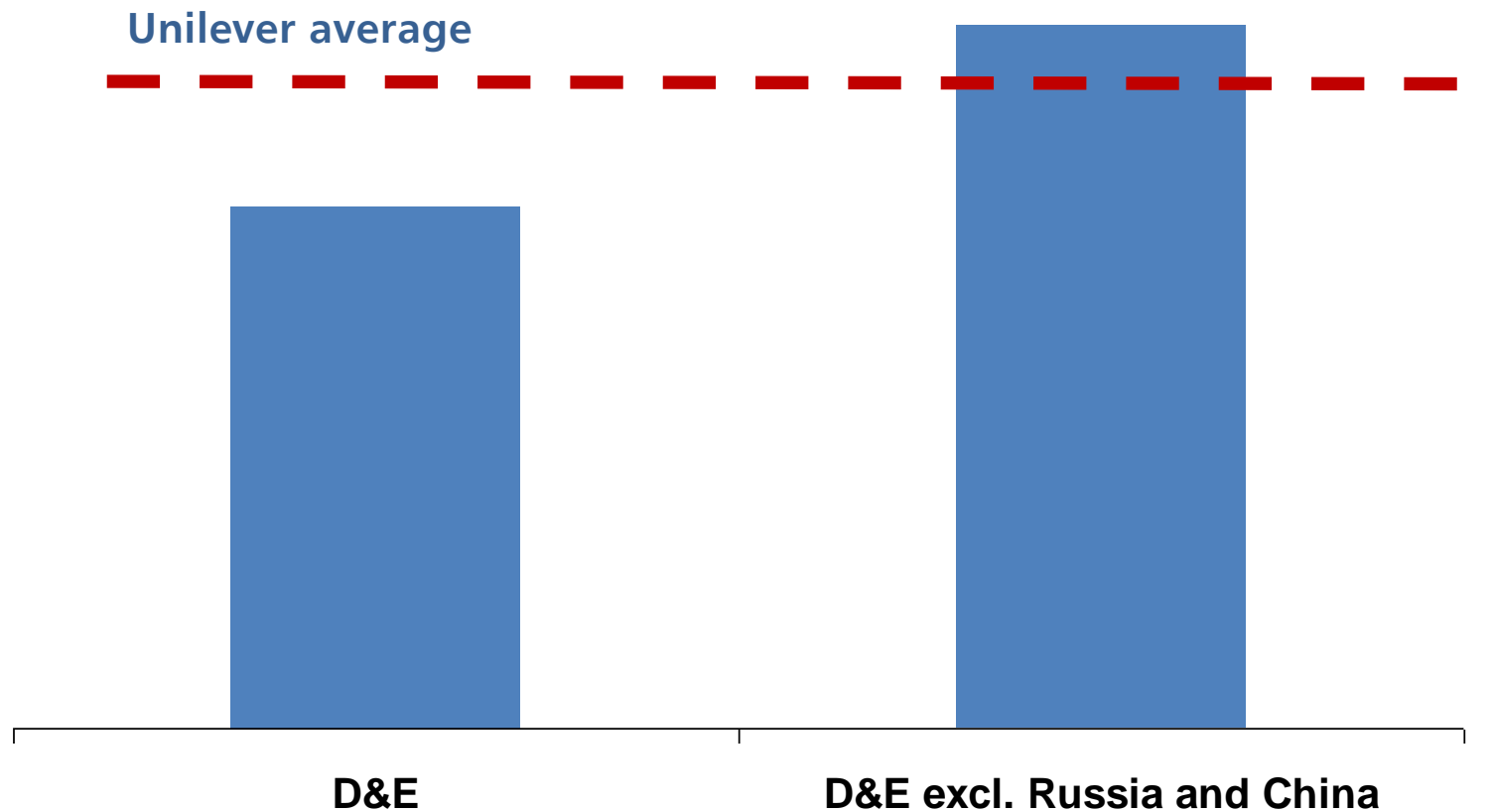
# D&E: Consistent growth with 9% CAGR



# D&E: Profitable growth



## Underlying operating margin% 2010



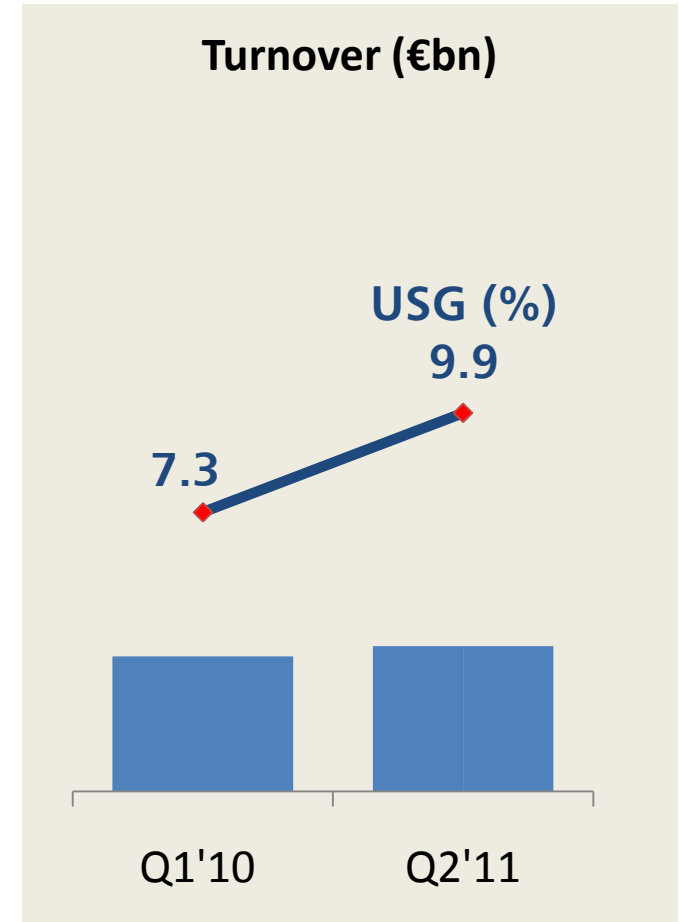
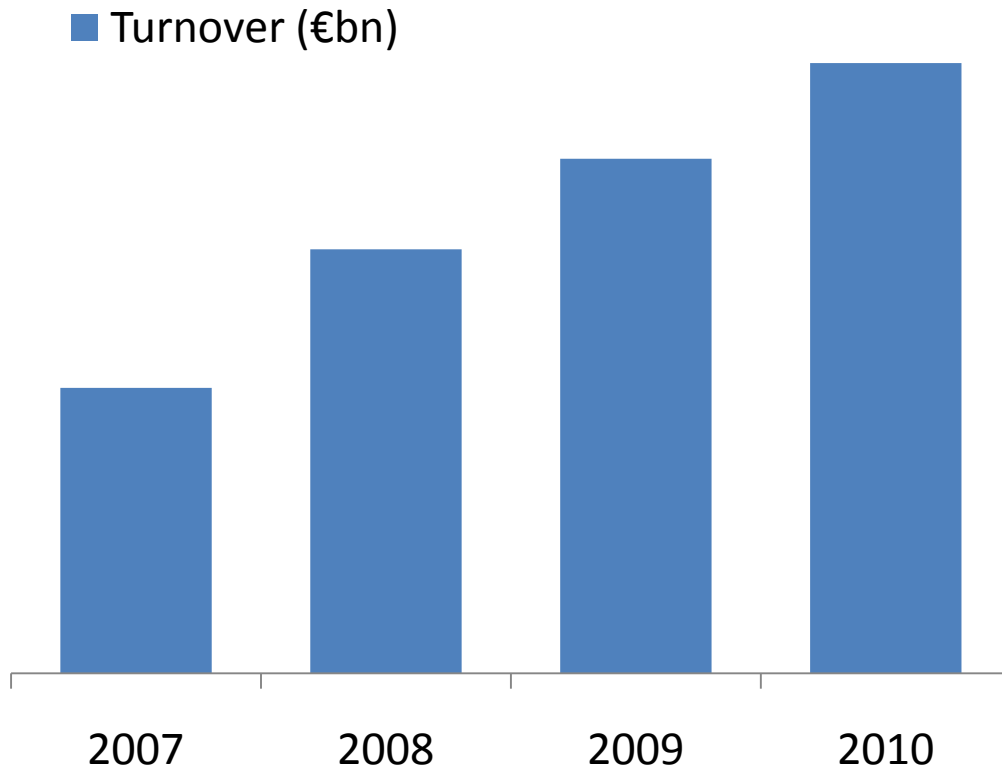
D&E

D&E excl. Russia and China

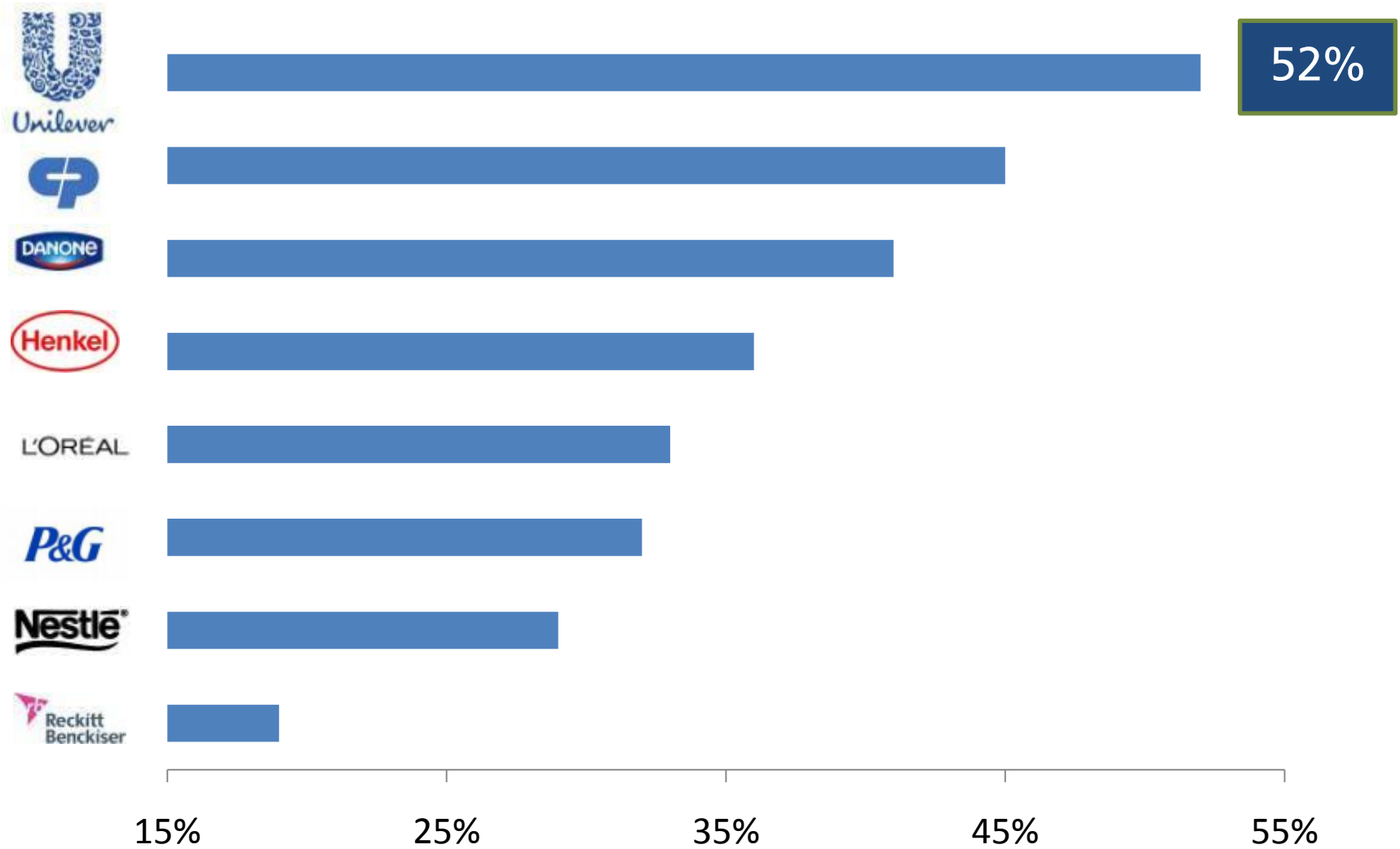
# Continued Strong Performance in D&E



← 10% CAGR →



# We have the best footprint in D&E



# Market leadership

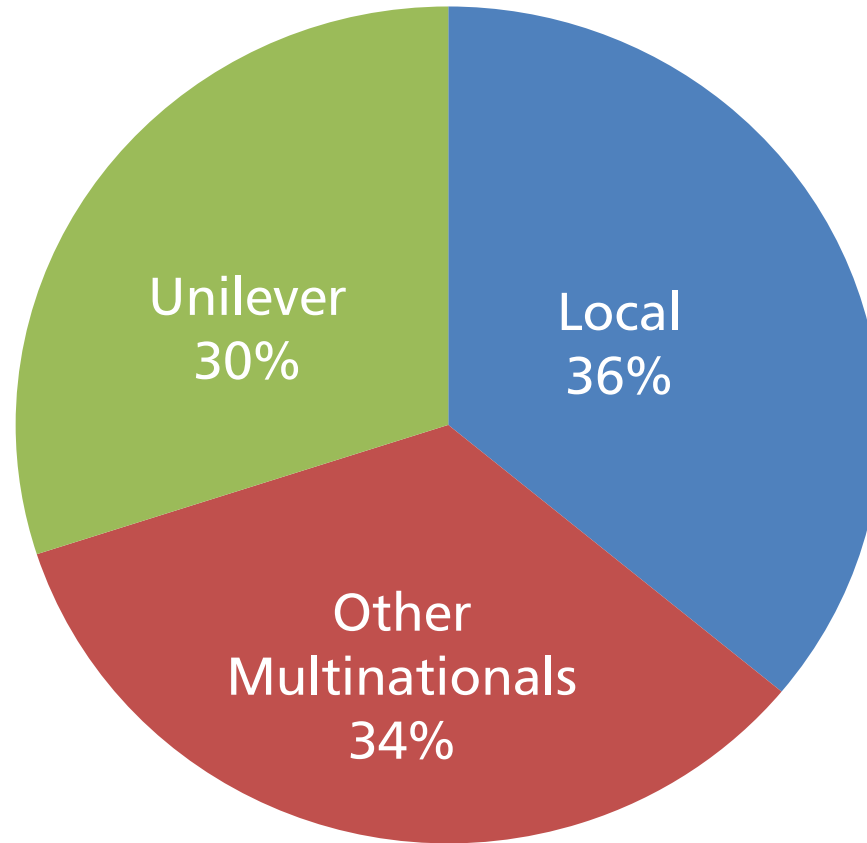
## across categories and countries in D&E



	Brazil	Russia	India	China	Indonesia	Thailand	Philippines	Vietnam	Bangladesh	Argentina	Pakistan
Fabric Cleaning	1		1		2	1	2	1	1	1	2
Hair Care	1		1	2	1	1	1	1	1	1	1
Skin Cleansing	1	2	1	2	1	1		1	1	1	1
Face Care			1		1	1	1	1	1		1
Deos	1	1	1	1	1	2	1	2	1	1	
Tea		2	1		1						1
Savoury	1	2		2	2	1	1	2		1	
Ice Cream	1	1	2		1	1	1				1

Source: Nielsen / IRI / Unilever Estimates

# We compete effectively both with international and local competitors





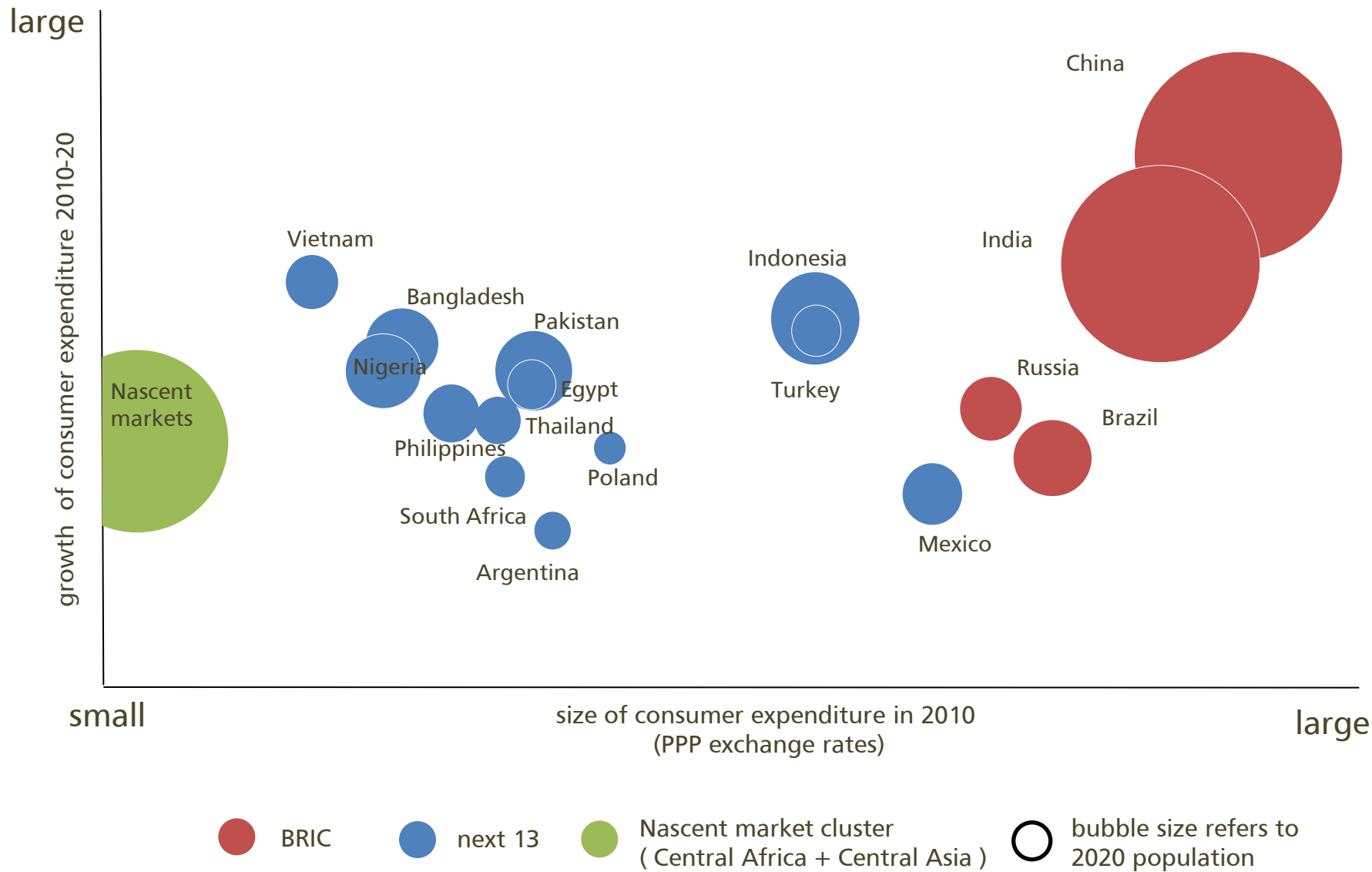
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# Unilever Ambition : Accelerate D&E

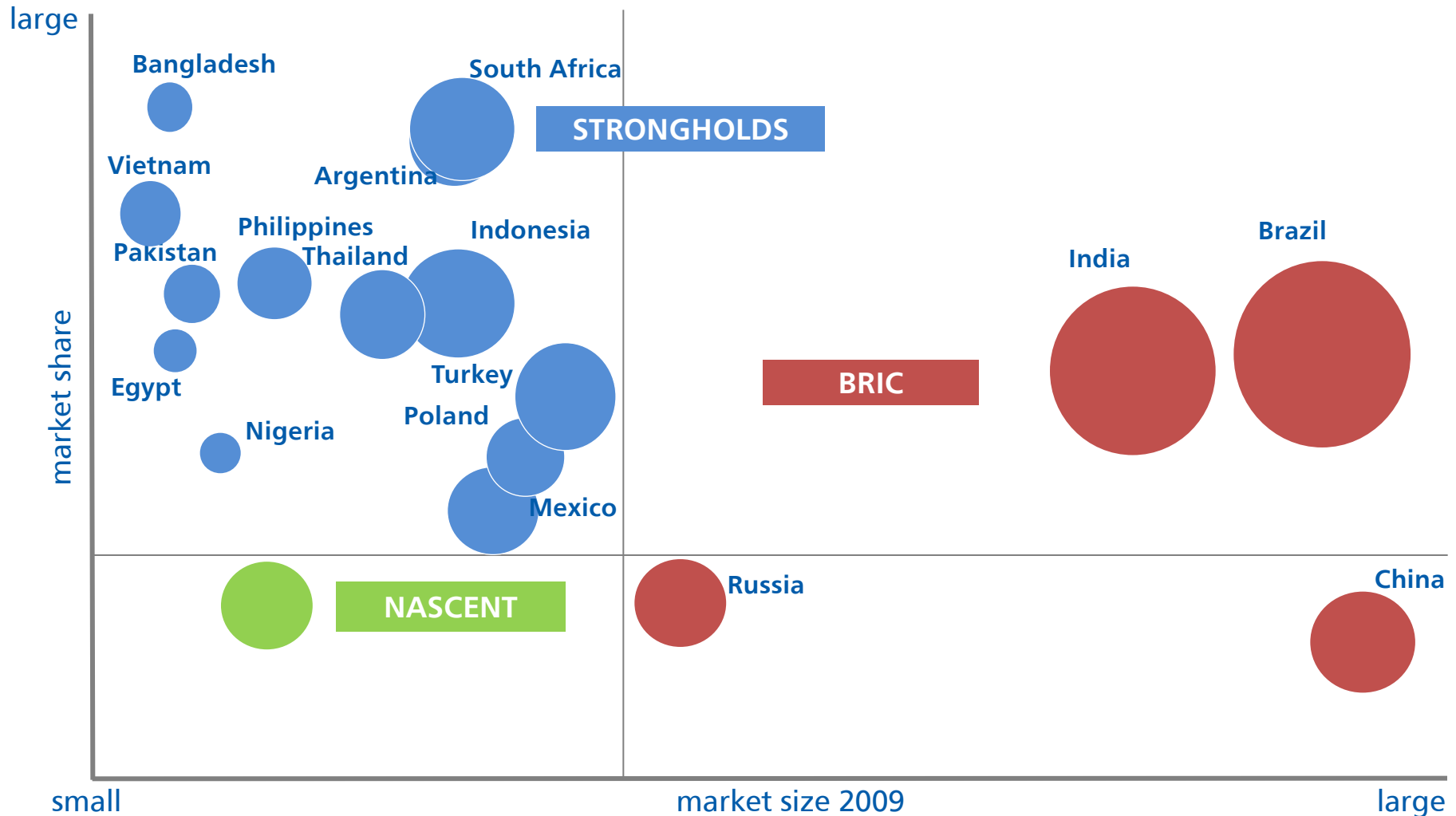


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# D&E Key Markets: Follow the money and people

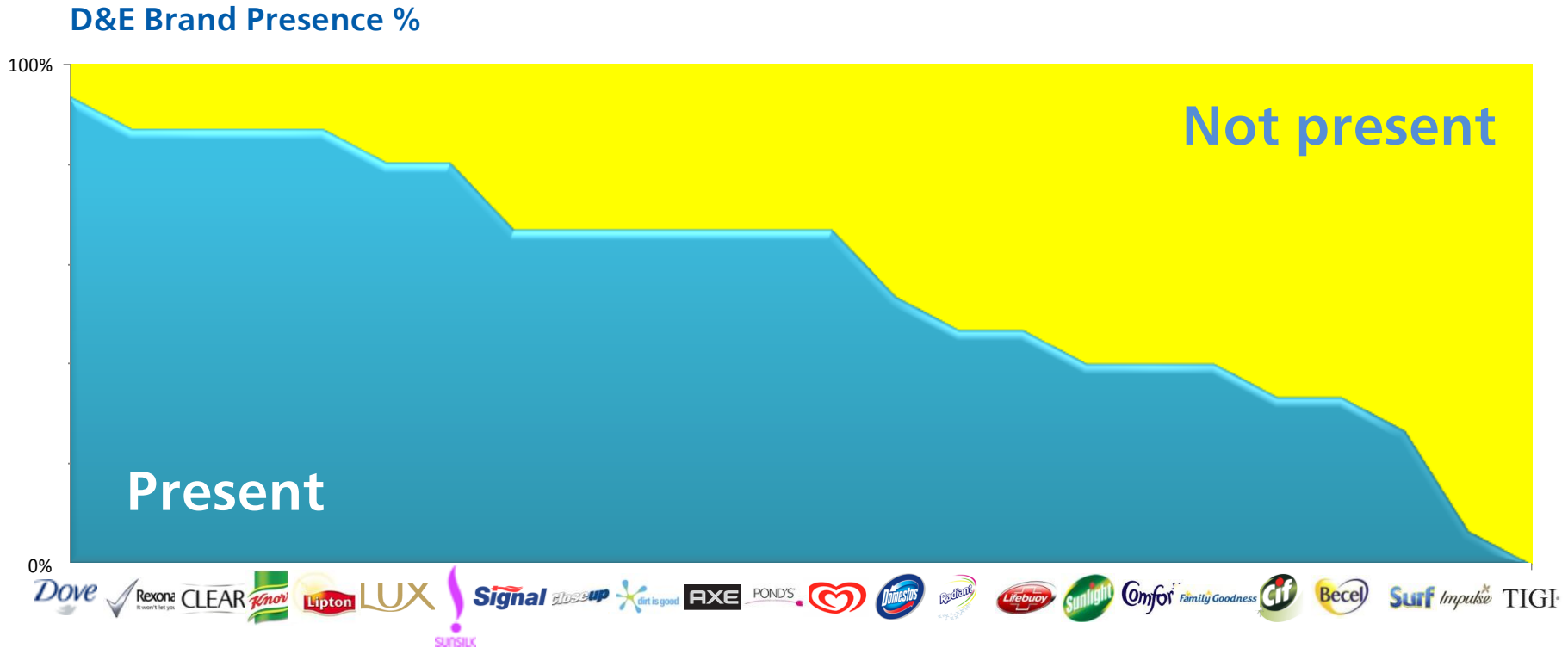


# D&E: Unilever in key markets



bubble size refers to current turnover

# Opportunity for brand portfolio deployment



160 brand roll out opportunities

size of prize €2bn

# Brands into white spaces: Recent launches



Clear – Asia & AMET



Cif – Asia



Vaseline - Philippines



Dove Hair - China



Magnum - Indonesia



Kissan - India

# Nascent Markets: Accelerate geography fill



**Be Everywhere ... 700 Million consumers**

**Potential €1.5 bn opportunity**



# Summary : Key jobs to be done in D&E



- Sustain strong leadership positions in India and Brazil
- Build rapid scale in China and Russia
- Lead full portfolio deployment in all strongholds
- Accelerate geography fill in nascent markets

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# Sources of Growth



**market  
development**

**70-80%**

**market  
share gain**

**10-20%**

**white  
space**

**10% +**

# Building competitive advantage



## HOW WE WILL WIN...

NON-NEGOTIABLES

Winning with  
brands and  
innovation

Winning in the  
marketplace

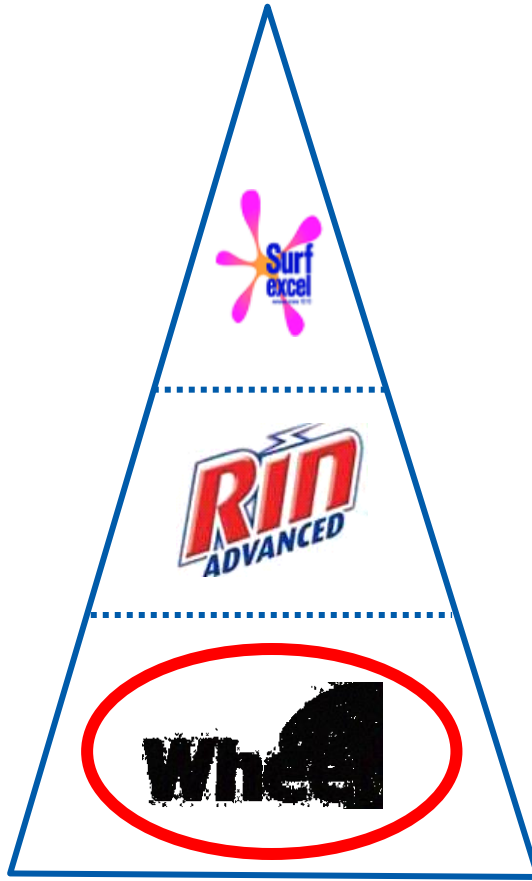
Winning  
through  
continuous  
improvement

Winning  
with people

- 'Straddle the pyramid' in key categories

# “Straddle the pyramid”

At the bottom



Laundry – India

At the top



Masstige Beauty

# Building competitive advantage



## HOW WE WILL WIN...

NON-NEGOTIABLES

Winning with  
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- 'Straddle the pyramid' in key categories

Winning in the  
marketplace

- Lead market development

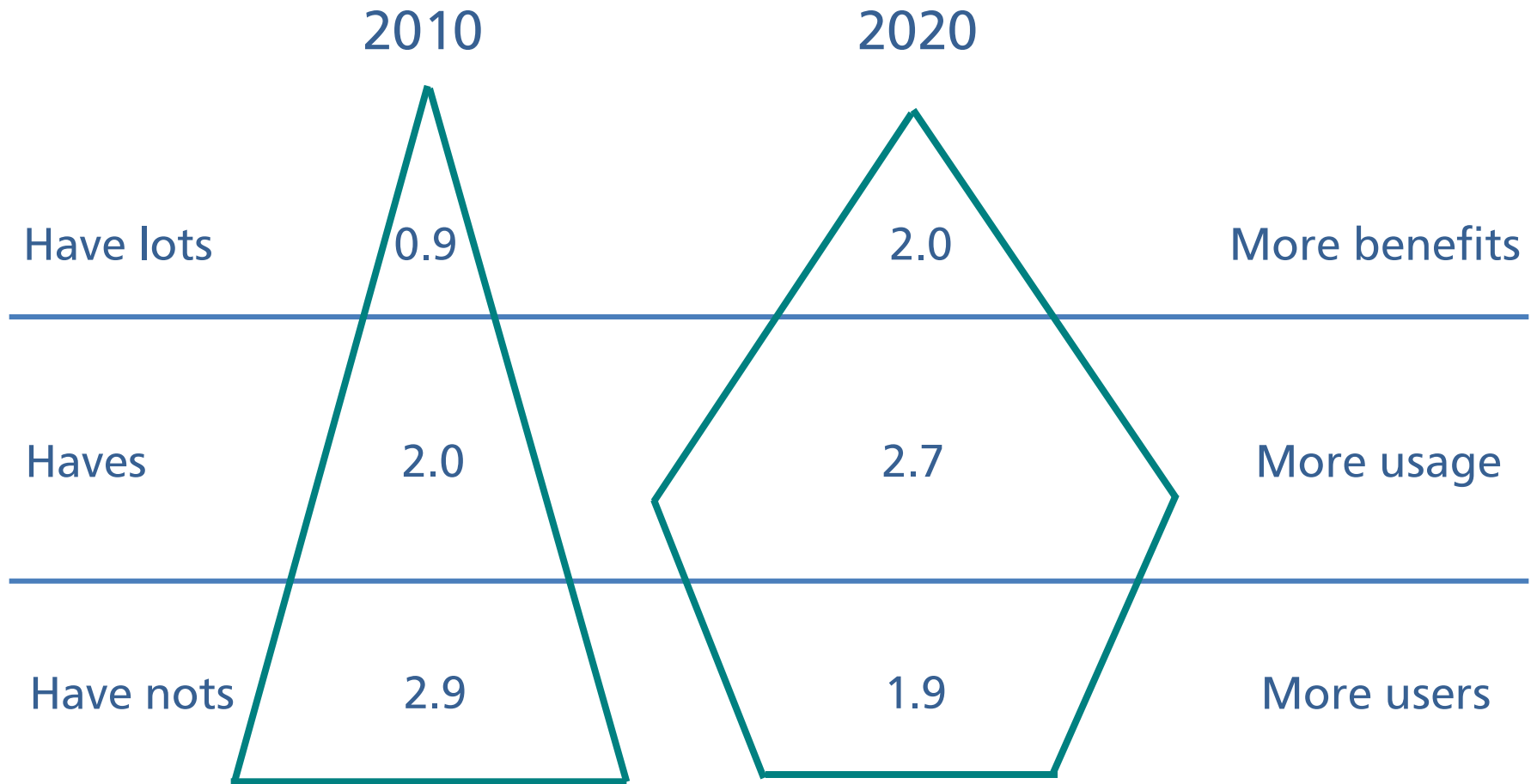
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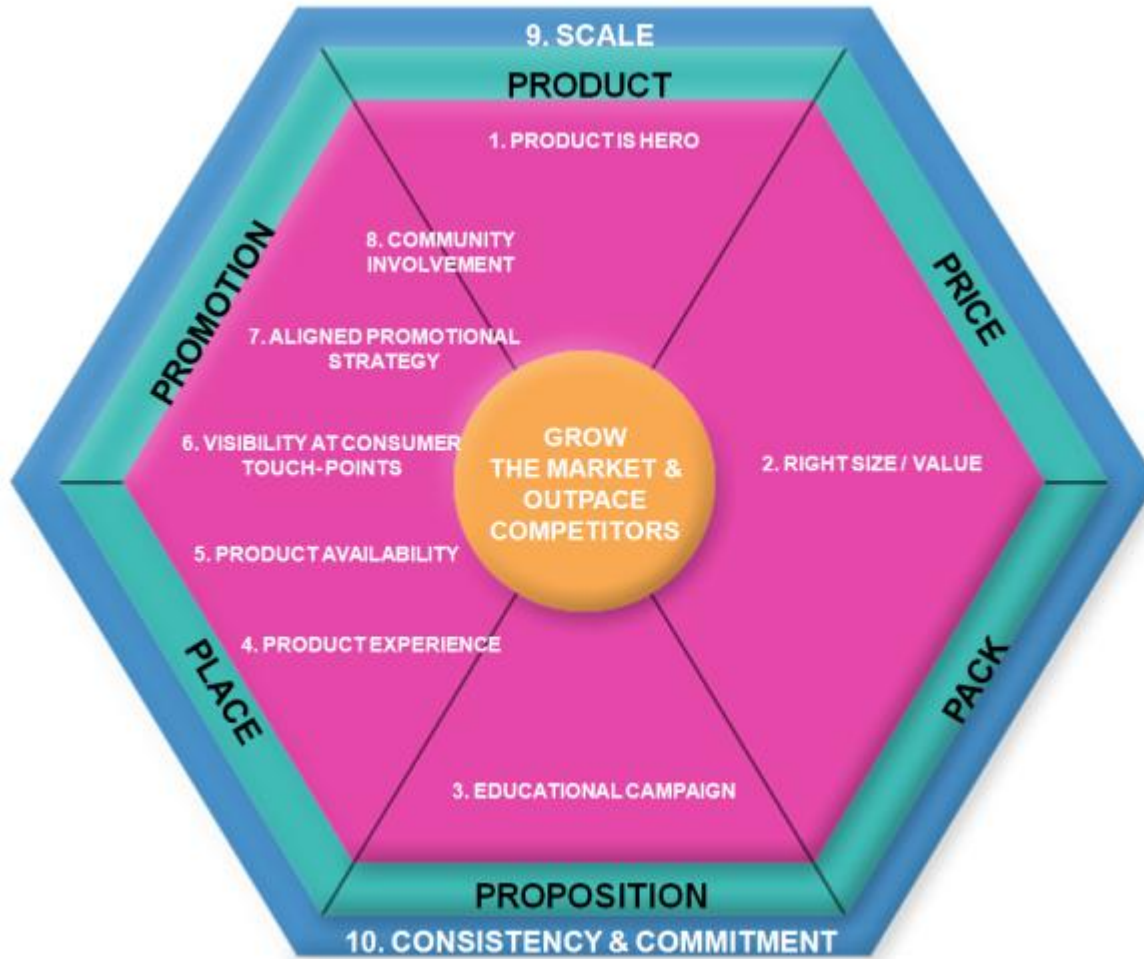
# D&E : Huge market development opportunity



billions of people



# Our repeatable model



**10 Step Market Development Wheel**

## More Users



## More Usage



## More Benefits





# Building competitive advantage



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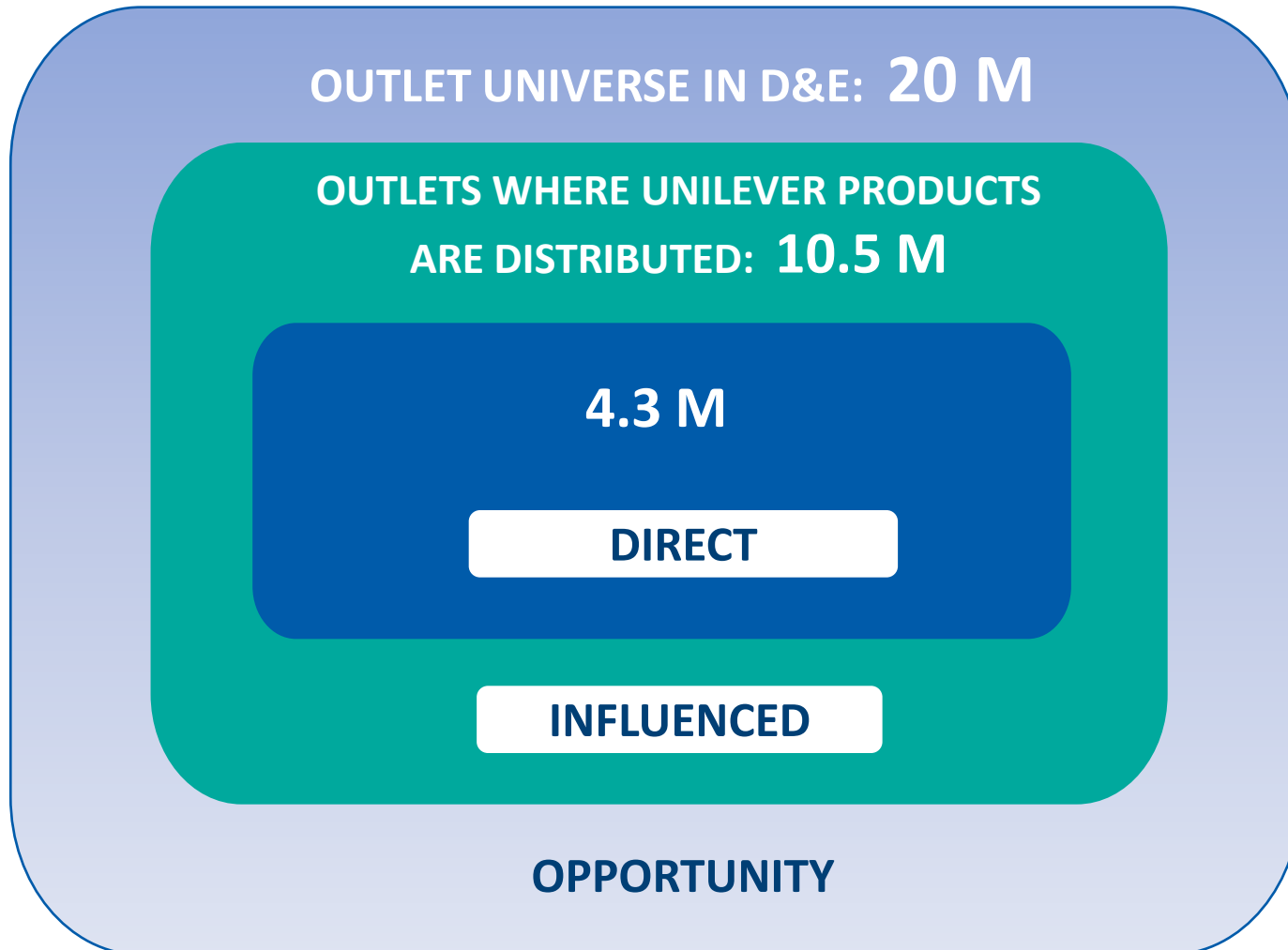
- Lead market development
- Be an execution powerhouse

Winning  
through  
continuous  
improvement

Winning  
with people

# Be an execution powerhouse

More stores...better stores...better served



# "Perfect Stores": D&E ambition

from 1 million (2010) to 5 million (2020)

**GT**



**MT**



**More stores... better stores... better served**

# Investing in Customer Insight & Innovation Centres China, India, Singapore



# Building competitive advantage



## HOW WE WILL WIN...

NON-NEGOTIABLES

Winning with brands and innovation

- 'Straddle the pyramid' in key categories

Winning in the marketplace

- Lead market development
- Be an execution powerhouse

Winning through continuous improvement

- Deploy low cost business models

Winning with people

# Deploy Low Cost Model : Deodorants India



From

$$\begin{array}{rcccl} \text{Cost} & & \text{Gross} & & \text{Price} \\ & & \text{Profit} & & \\ 117 & + & 33 & = & 150 \end{array}$$



To

$$\begin{array}{rcccl} \text{Target} & & \text{Target} & & \text{Target} \\ \text{Price} & & \text{GP} & & \text{Cost} \\ 125 & - & 33 & = & 92 \end{array}$$



# Building competitive advantage



## HOW WE WILL WIN...

NON-NEGOTIABLES

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Winning in the marketplace

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Winning through continuous improvement

- Deploy low cost business models

Winning with people

- Employer of choice

# Employer of choice – continue to build



## Employer Brand FMCG Ranking

<b>Brazil</b>	<b>1</b>
<b>Russia</b>	<b>2</b>
<b>India</b>	<b>1</b>
<b>China</b>	<b>3</b>
<b>Indonesia</b>	<b>1</b>
<b>Mexico</b>	<b>1</b>
<b>Turkey</b>	<b>1</b>
<b>Pakistan</b>	<b>1</b>
<b>Argentina</b>	<b>1</b>
<b>Chile</b>	<b>1</b>
<b>South Africa</b>	<b>1</b>
<b>Vietnam</b>	<b>1</b>



# Building competitive advantage



## HOW WE WILL WIN...

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Winning in the marketplace

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Winning through continuous improvement

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Winning with people

- Employer of choice
- Locally relevant, globally efficient organisation

# Locally relevant, globally efficient organisation



**Outstanding  
local insights**

**Scale-up  
innovation  
resources in D&E**

**60% +**

**Build global  
capabilities in  
D&E**

# Global innovations with local insights



Broke Bond Tea - India



Knorr Jelly Bullion - China



Knorr Soupy Noodles - India



Ponds – Asia

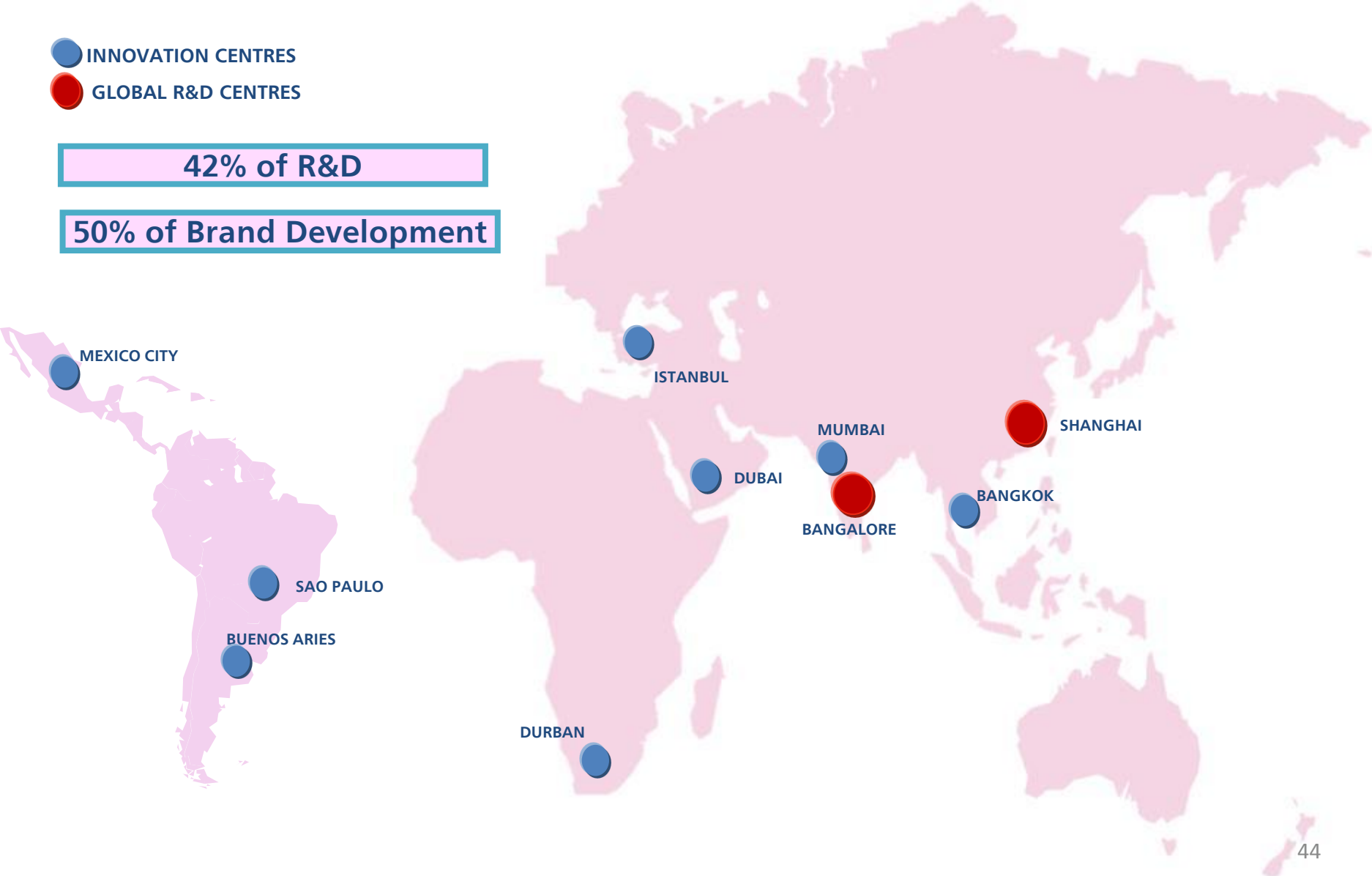
# Focusing Innovation Resources in D&E



- INNOVATION CENTRES
- GLOBAL R&D CENTRES

42% of R&D

50% of Brand Development



# Building competitive advantage



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Winning with people

- Employer of choice
- Locally relevant, globally efficient organisation

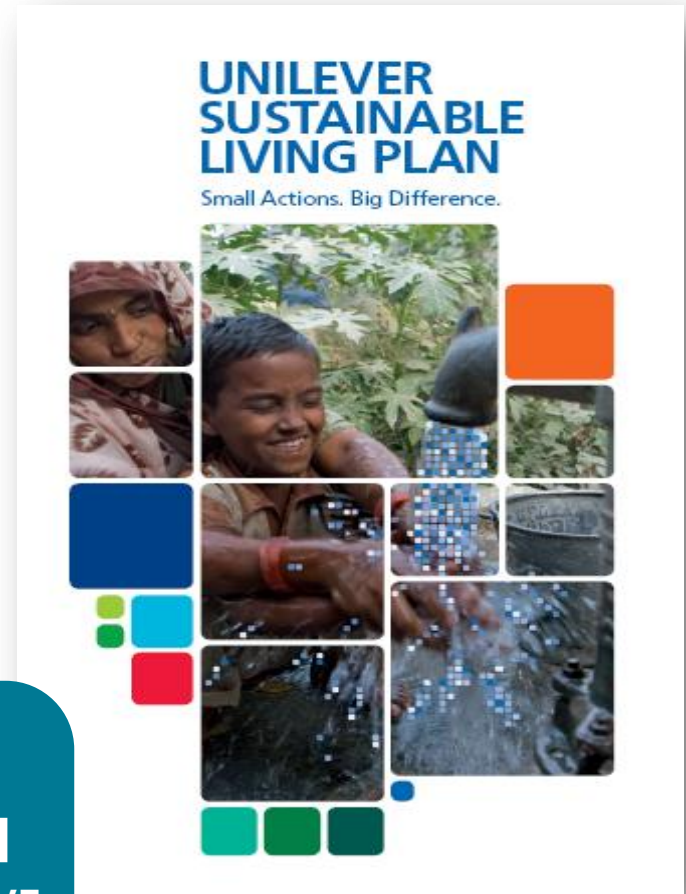
- Activate Unilever Brand & USLP

# USLP : Three Big Goals by 2020

**HALVE**  
ENVIRONMENTAL  
FOOTPRINT OF  
OUR PRODUCTS

**SOURCE**  
**100%**  
OF AGRICULTURAL  
RAW MATERIALS  
SUSTAINABLY

**HELP**  
**1 BILLION**  
PEOPLE IMPROVE  
THEIR HEALTH  
& WELLBEING



# Building competitive advantage



## HOW WE WILL WIN...

### NON-NEGOTIABLES

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▪ Activate Unilever Brand & USLP

# Agenda



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# Winning in D&E markets - Summary

- D&E is a huge opportunity
- We are strong and fit to compete.
- Our ambition is to consistently outpace market growth
  - Lead market development and
  - Grow share steadily
- Key actions:
  - BRICs are a must win
  - Deploy full portfolio in Strongholds; early mover in nascent markets
  - Be an execution powerhouse
  - Substantially scale-up innovation and leadership capabilities in D&E
  - Lead the sustainability agenda (USLP) everywhere

# D&E: 70% of Unilever

