

HPC R&D: Technology for consumer preference

Dave Duncan
SVP HPC R&D

Safe harbour statement



This presentation may contain forward-looking statements, including 'forward-looking statements' within the meaning of the United States Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Further details of potential risks and uncertainties affecting the Group are described in the Group's filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including the Annual Report & Accounts on Form 20-F. These forward-looking statements speak only as of the date of this presentation.

Unilever R&D mission



To Bring Great Ideas to Life

By applying technology to create products to help people

Look better	Be healthy for longer	Achieve more	Be free from health problems	Feel good daily	Give children a good start
-------------	-----------------------	--------------	------------------------------	-----------------	----------------------------



The role of HPC R&D



Through leveraging science and technology

- Creating sustainable differentiation for our products in the market place, so driving
 - consumer preference
 - growth and
 - pricing power
- Operational excellence, so driving
 - sustained, superior profitability and
 - improved asset utilisation

R&D Outputs



Specifications

Blueprints for our products to be made
Quality standards for all the raw materials we buy



Intellectual Property

In market protection for the differentiation we create



Technology Insight

Converting technical knowledge to world class communication for our brands



Unlocking value from the new R&D organisation



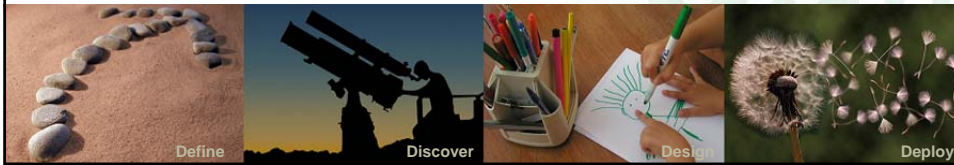
Simplified R&D infrastructure	+	Simplified product offering	=	Higher quality innovations Global scale Speed Improved gross margin Improved asset utilisation
-------------------------------	---	-----------------------------	---	--

Two major areas of focus for HPC R&D in the new operating framework

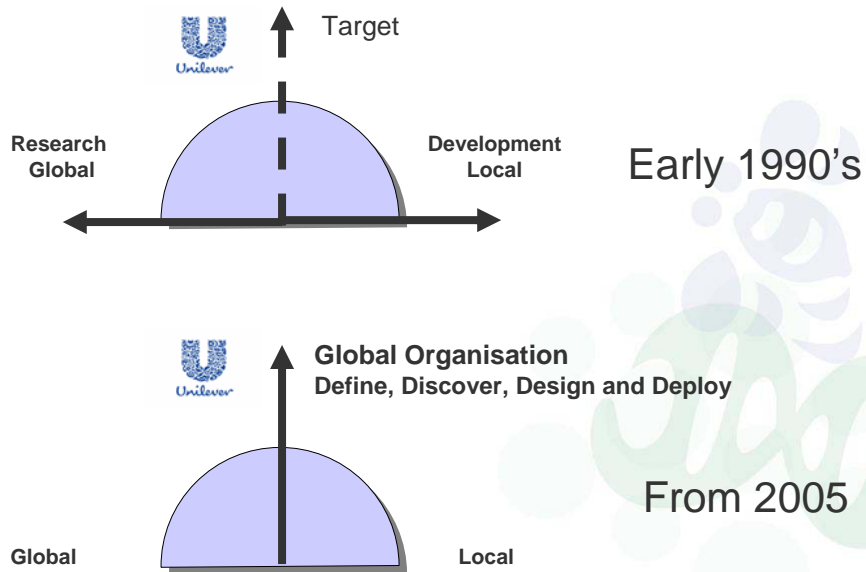
Simplified infrastructure:
The 4D's embedded as global model



- The **Definition** of opportunity for our brands from great science and technology
- The **Discovery** of the advances that will drive sustainable differentiation
- The **Design** of great products that build great brands
- Robust **Deployment** to the Regions.



Simplified infrastructure:
New model in line with ambition



Simplified infrastructure:
Location and role focused



Discover and Design

Focus for global scale on four Discover sites and eight Design sites (from >25)

Look east

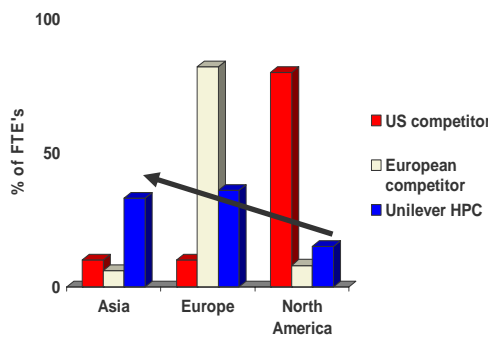
Deploy

Regionalize

Remains close to and responsive to market



Driving East in Discover and Design



	India / China	Western Europe	USA
Cost / FTE* (€per annum)	40 - 53	120 - 140	160

- Quality of scientific infrastructure in India and China
- Unilever attractiveness to top scientific talent
- Diversity
- Big footprint in future growth markets
- Cost effectiveness

* Middle manager – Unilever costs

Driving East in Discover and Design: Pond's Age Miracle, Asia



- Designed in Asia at our Skin Technology Centre
- Asia as a technology leader: first use of our breakthrough anti-aging technology
- Superior product benefits to major global competitor
- Centrally sourced
- Simultaneous launch across: China, Thailand, Indonesia, Philippines, Vietnam, India

POND'S

"Masstige" anti aging range



Simplified product offering: Radical simplification in HPC



- Pan-HPC simplification project commenced in 2005
- Driven top down through the Category organisation
- All categories, all brands: no exceptions
- Direct and indirect benefits
 - Higher quality innovations
 - Global scale
 - Speed
 - Improved gross margin
 - Improved asset utilisation

Radical simplification in HPC: Targets



- **Focused innovation portfolio – fewer, bigger projects**
 - Average project value doubled in 2006 vs 2005
 - 70% of HPC innovation funnel value now in global projects
- **Simplified product offering**
 - 50% fewer formulations, packs and fragrances by 2010
- **Global Materials Portfolio:**
 - > 70% of chemical material spend to be covered by global specifications by end of 2007

Simplification unlocks value



Hair

Scope

Simplification of global shampoo bases

Achievements

40 base blends to 7 for the world

Single global surfactant system generates buying scale

Superior product offering around the world

Impact

Significant annual savings realised

Reduced cost and faster speed to market for next global innovation

Dove



SUNSILK

Skin Cleansing and Care

Scope

Simplification of third tier soap mix in LATAM

Achievements

Reduction in number of fragrances from 80 to 11

Superior fragrances developed using the Axe model

One bar shape from 14

Impact

1.5 – 2 Margin points in the third tier mix



Simplicity underpins high quality innovation with speed and scale



Axe Body Spray Relaunch

Scale - simultaneous global relaunch, Europe, North America Latin America

Quality – Superior mix - design, malodour inhibitor and fragrance

Margin impact - Quality drives average 7% price increase globally



Toothpaste with mouthwash

Scale - Global multi-brand innovation

Quality - Product of the year in Italy, France, Germany



Dove / Vaseline Self tanning Hand and Body lotions

Scale - Europe and North America

Speed - Six months from idea to launch
Rapid global response to first entry
Beat major competitors to market

What is different?



- Driving value from Innovation with technology for consumer preference
 - Tight alignment of the innovation portfolio and R&D resources with Unilever's strategic priorities
 - Bigger and better innovations with scale and speed
 - Protected by IPR
 - Integrating Open Innovation