UNILEVER RESULTS PRESENTATION FOR Q4 2004
London and Rotterdam, Thursday 10th February 2005

Chart 1 – Title and Safe Harbour

Good morning and welcome to Unilever's 2004 results presentation.

I am sure that you will have seen our announcements this morning. We have a lot to get through in the next couple of hours, but our message to you today is simple and straightforward.

As a business, we are committed to delivering long-term value creation for our shareholders.

We cannot deliver long-term shareholder value without sustainable top-line growth, something that we have failed to do in recent years.

We cannot blame our lack of growth on our portfolio or external factors. Our problem is that we are not competing as effectively as we need to right across the business. We know how to win, but we are not always making this happen where it matters, in the market place.

We therefore need to raise our game and are making changes to the business in order to do this. We are going to set clear business priorities, improve the way we execute, simplify our organisation, and make some changes in people.

We are confident that the decisions we are making are the right ones to address the issues. It will take time to restore momentum to the business, but Unilever is a great company and we are determined that our future business performance reflects this.

So having set the scene for today, I would like to start by asking John to give you a brief overview of our 2004 results, and Path to Growth I will then pick up with what we have learned and what we are going to do differently.

John, over to you.

Thank you Patrick.

Before launching into this presentation, please may I point out that this discussion is subject to the usual disclaimer relating to forward looking statements. This disclaimer is included here, and will be posted with the text of this presentation on Unilever's web-site.

May I also remind you that unless otherwise stated the financial numbers used in this presentation are in Euros at constant exchange rates, that is average 2003 rates.

Chart 2 – 2004 Key Financials

Turning to chart 2, 2004 was clearly a very disappointing year for Unilever and its shareholders.

Underlying sales growth was +0.4%, with Leading Brand growth up +0.9%, while total turnover after disposals was down 2.1% at €42.0bn.

Operating margin beia was down versus prior year at 15.2%, leaving operating profit beia 6% lower at €6.4bn.

In spite of lower operating profit, lower financing costs and a reduced underlying tax rate of 25% enabled EPS beia to grow by 5% in the year.

Exceptional items for the year amounted to €1.7bn, made up of €845m of net restructuring costs related to Path to Growth, a €177m provision for a potential sales tax liability in Brazil, and a €650m impairment to Slim*Fast.

EPS after exceptional items fell by 31% in 2004.

Cash flow was again strong, which together with the weaker US dollar reduced net debt by €2.9bn during the year, to €9.7bn at current exchange rates.

Chart 3 – Underlying Sales Growth 2004

Looking at our sales performance in a little more detail let me turn to chart 3.

Our underlying sales performance in 2004 was weak, and we have spoken previously about the principle causes:

Europe, which represents over 40% of our sales, declined by nearly 3%, as we have suffered share erosion in some categories in unusually weak markets.

North America as a whole grew by 1.5%, in spite of severely disappointing sales of Slim*Fast.

Growth in Asia slowed to 1.4%, as our predominantly HPC business defended its leadership positions against specific competitive threats.

Unilever's other D&E businesses continued to grow, with Latin America in particular delivering strong growth of over 7% in the year. Our aggregate growth of 5% in D&E markets translates into incremental underlying sales of over €700m.

The poor performance in Europe affected the underlying sales growth in all of our categories.

This was particularly true in Ice Cream and Frozen Foods, which declined by –3.4%. We lost some share in European take-home ice cream, and sales continued to decline in Frozen Foods. These more than offset good progress in our Ice Cream businesses in North America and elsewhere.

In contrast, both the Savoury & Dressings and Spreads and Cooking Products posted positive growth of 2.6% and 1.6% respectively. This reflected a strong innovation programme, which helped to drive improved growth of our leading brands such Knorr, Hellman's and Flora/Becel.

The –3.9% decline in Beverages was principally due to Slim*Fast and European ready-to-drink tea.

Sales were broadly flat in Home Care. There was strong volume driven growth in D&E markets but declines in Europe and North America, where markets were down due to lower prices, and we lost some share.

In Personal Care, our aggregate share was broadly flat. There was good growth across much of our Personal Care portfolio, with notable contributions from Deodorants globally, and from Hair and Skin in Europe and D&E markets.

However, overall growth of 2.1% was well below what we normally expect of our Personal Care business, reflecting low market growth in Europe, pricing action in India and share loss in Japan and North America.

Chart 4 – Operating Margin Development 2004

Turning to chart 4, our operating margin fell in 2004 as we adjusted to improve our competitiveness.

Over the year, we have invested considerably more on in-store promotions, and slightly more on A&P, as well as lowering prices in a number of key markets.

Organic growth was insufficient to offset the dilutive effect of unrecovered overheads costs due to disposals.

Material prices increased by 2.5% in the year, equivalent to an on-cost of around €400m. However, we were able to more than compensate for these with savings from our procurement and restructuring programmes.

In aggregate, these factors have lead to a 60 bps reduction in operating margin, with an approximately equal impact from lower gross margin, higher overheads and higher A&P.

Turning to chart 5, there are two features of the results in Q4 that I'd like to comment on. Specifically; the development of operating margin and the exceptional charges that we have taken in the quarter.

Chart 5 – Fourth Quarter Results

In September, we announced that we would be stepping up investment in our market competitiveness and the Q4 results include the cost of this.

A&P was sharply up in the quarter and lower pricing reflected both adjustments to price positions in certain markets as well as in-store promotional spend that was maintained at the level of previous quarters.

The additional A&P investment was principally in areas of the business where we needed to rebuild competitiveness, or where there were opportunities to build on success.

For example, we have invested heavily in the quarter behind Hair in Japan, behind our 'Dirt is Good' Laundry activation campaign and the ProActiv roll-out in Europe, and behind our hair brands in the U.S.

Input costs were also particularly high in the quarter, reflecting the impact of edible oil, dairy and mineral oil related costs.

Operating margin in the quarter was also reduced by the net impact of a number of one-off items. These included asset write-offs and disposals that were not part of Path to Growth and therefore not treated as exceptional.

The volume driven sales growth of 3.2% in the quarter was helped by the two extra days in our reporting calendar. Although we have arrested share declines in a number of our key markets, it is too early to confirm a significant improvement in underlying sales momentum.

Chart 6 – Exceptional Items

As you can see in chart 6, we took exceptional charges in Q4 totalling €1.5bn, which led to a net loss in the quarter of (€283m).

Of this, €710m related to planned completion of Path to Growth restructuring, including acceleration of the One Unilever simplification project announced in July.

There was also the charge in the fourth quarter of €177m pre-tax, relating to Brazil sales taxes that I referred to earlier.

The remaining €650m non-cash charge relates to the write-down of goodwill on Slim*Fast.

In the two years immediately following its acquisition, Slim*Fast delivered strong profitable growth and cash flow.

Although we knew the weight management category to be more volatile and fashion driven than most, the speed and magnitude of the low carb phenomenon surprised us.

We were too slow in finding a solution for addressing the consumers' fascination for a dieting regime that did not fit easily with brand's reputation as a responsible, scientifically based approach to weight management.

In contrast, our other US foods businesses were first to market with their Carb Options and Carb Smart ranges. As a result, low carb products contributed around €300m to our sales in 2004. This shows that Unilever can win when it embraces the consumer and focuses on rapid execution.

The interest in the Atkins diet has now dropped off sharply, but consumers have yet to return to more conventional weight management programmes. Thus, while the extensive recovery programme put in place for Slim*Fast is bearing fruit in the form of some share recovery, a sharp decline in the market leaves us with a substantially smaller business than we planned.

Weight management remains relevant to our Vitality mission and we still expect Slim*Fast to contribute to growth in the future. However, the base from which we will grow is significantly smaller, and it is now looks as if the weight management market will take more time to recover.

It has therefore been necessary to reduce the goodwill of Slim*Fast from €1.4bn to €0.7bn.

Chart 7 – FCF and ROIC

To put our 2004 results in a proper context, I would like to turn to our longer term value creation metrics of free cash flow and return on invested capital as detailed in chart 7.

Our free cash flow delivery in 2004 was strong at €4.9bn. However, this included tax credits associated with Slim*Fast and other exceptional charges. A more representative base would be around €4.2bn.

You will have seen that we are proposing a dividend increase for 2004 ahead of underlying earnings, for approval at the AGM in May.

Our ROIC has fallen during 2004 to 10.8% reflecting the significantly higher exceptional items, as well as a lower operating margin. Assuming a normal level of restructuring, our 2004 ROIC would have been in the region of 11.5% to 12%.

The Slim*Fast goodwill write-down has no effect on the ROIC calculation. Our definition for invested capital includes the full amount of acquired goodwill, whether on the balance sheet or previously written-off.

2004 marks the end of Path to Growth. I would therefore like to summarise what has been achieved during this period of Unilever's strategic development.

Chart 8 – Path to Growth Scorecard

Turning to chart 8, Path to Growth was a bold transformational agenda. It was designed to bring about a step-change in the sustainable growth rate of the business and its growth of value creation:

- By improving the growth potential of our portfolio, through the acquisition of Bestfoods and others, and the disposal of low growth non-core businesses.

- By concentrating our resources on bigger stronger brands with the greatest growth potential.

- By generating more resources to fund growth through Bestfoods synergies, global buying and supply chain restructuring.
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- By restoring the strength of our balance sheet and rebuilding our financial flexibility following the Bestfoods acquisition.

As you see here, many of the milestones that we set ourselves have been achieved.

But after a promising start, including two good years of growth and market share gains in 2001 and 2002, our initial progress was not sustained.

Our growth stalled, we began to lose share in places, and after reaching our goal of Top 1/3 TSR in 2003, we have dropped back to 13th out of our 21 peers by the end of 2004.

At the end of Path to Growth, we are a long way from where we set out to be.

I shall now hand back to Patrick to take you through what we have learned, and what we are going to do about it.

Thank you, John.

Despite the progress we made under Path to Growth, the stark reality is that we have not succeeded where it matters, in the market place. The conclusion is simple: we are not competing effectively enough to win in an increasingly tough business environment.

Chart 9 – Path to Growth: Lesson Learned

So turning to chart 9, why has Path to Growth not delivered the step change in our competitiveness that we sought?

For three simple reasons.

First, we were boxed in by too many targets.

We wanted to be transparent, but in doing so we created a straightjacket for ourselves. When the business environment became more difficult, we were too mindful of short term financial targets, and perhaps too slow to adjust our pricing and increase support investment.

Second, we have not played our portfolio to its full potential.

Brands do not all have the same strengths, and focusing on big brands was absolutely right, but category leadership can rarely be realised through a single brand. I have seen several examples where we have neglected to play our brand portfolio to the full, across market segments and across price points.

Third, our execution has not always been good enough at the sharp end of the business - in our 'Go to Market' operations and in our customer management.

When we are at our best, we are world class. But we are not always at our best.

I have visited a number of Unilever's customers in recent months. The feedback I invariably get during these visits is: we are good, but not always as single-minded as we could be in pursuit of growth.

We are not making the most of our successes, because at times, we are too slow and too fragmented. We are not sufficiently focused on getting products on the shopping list, and onto the supermarket shelves.

Recognising our mistakes does not in any way undermine my faith in Unilever as a great company. While we have things to fix, we still have a business with tremendous inherent strengths, great people and a strong set of values.

Chart 10 – Unilever's Strong Portfolio

As laid out in chart 10, we are undoubtedly a stronger business than we were 5 years ago. We have excellent market positions in the 13 categories in which we compete.

We have a more focused brand portfolio, with 12 brands above €1bn, and nearly two-thirds of our sales coming from brands with sales in excess of €500m.

We have a deep understanding of our consumers, an R&D capability that matches the best, and strong brands that are the vehicles for delivering innovation to the consumer. Importantly, we

now have much better capabilities to build great brands and to leverage our brands and innovation across borders.

We are exploiting our scale far better than before, as evidenced by significantly lower supply chain costs and improved capital efficiency.

These strengths are real, but we need to direct them better.

Chart 11 – What we are doing differently

So, turning to chart 11, what are we now going to do differently in order to grow?

We are going to take steps to improve our competitiveness and we are going to change our organisation to give us the focus and discipline we need to make this happen.

Our no. 1 priority is to sustain an increased level of market aggression and get the business growing again.

We started back in September. We signalled our intent by announcing that we were increasing investment through more aggressive pricing and higher A&P spend.

We are determined to sustain this aggressive level of support and are therefore accelerating our savings programmes in order to fund the additional investment.

But improved competitiveness is not just about throwing money at the problem. We will also make sure that we spend our money effectively.

This means making our portfolio work harder in three ways.

- First, by doing more in the core of our businesses., and less at the periphery. We will channel innovation and support investment towards strengthening what we have. Stretching into new areas is an important source of growth, but only if from a healthy base.
- Second, by using all our brands more effectively to cover different price positions and different consumer segments
- Third, by exploiting the Vitality credentials of our brands to go after the consumer growth hotspots within our existing Foods and HPC categories.

We will also sharpen our execution where it is needed, especially in our 'Go to Market' operations. Our new organisation is designed to reinforce this, by improving our customer focus, and accountability for delivery. I will say more on this in a minute.

Appropriate investment, intelligent portfolio management and excellent execution. We know the formula works because we have many examples of outstanding success that prove it.

Chart 12 – The Winning Formula: ProActiv

Let me highlight just three of these, starting with chart 12.

Our ProActiv cholesterol-lowering technology addresses a Vitality need, was launched under our Flora/Becel brand that had already a strong consumer franchise in heart health, and was rolled out quickly, both geographically and across relevant product forms. As a result we have built a €300m+ business in 3 years, contributing to growth in Flora/Becel of over 6% in 2004.

Chart 13 – The Winning Formula: Deodorants

Turning to chart 13.

In Deodorants, a ruthless category focus combined with the intelligent exploitation of a portfolio of brands covering different consumer segments and price positions has delivered organic growth of over 12% over the past 5 years, and a doubling of profits.

Chart 14 – The Winning Formula: US Foods "Go to Market"

And lastly on chart 14.

In our US Foods business, we successfully implemented a new 'go to market' approach in 2003 with a minimum level of disruption. This has improved efficiency on investment and supported our innovation through 2004. The result has been a sustained improvement in top line growth.

Raising our competitiveness matters because if we do so, we will generate sufficient growth to achieve our ambition of Top 1/3 Total Shareholder Return.

But how can we be confident that our existing portfolio can deliver the necessary growth?

Chart 15 – Unilever's Growth Potential

As set out in chart 15, Unilever's growth drivers remain unchanged.

First, Vitality.

Consumers are changing. They are more knowledgeable and more concerned about how their choice of brands and products affects themselves, their families and their environment. Unilever's portfolio of brands and categories is ideally placed to benefit from these growth opportunities.

Second, D&E markets.

Unilever already has over 1/3 of its sales in D&E countries, one of the largest footprints of any of the major consumer products companies in these high growth markets. We have widespread strength across Latin America, Asia, Africa and in nearly all major developing countries. We have grown there consistently over many years and with margins at close to the Unilever average.

Third, Personal Care.

Well over a quarter of Unilever's business is now in Personal Care where our growth has averaged 6% p.a. over the last 5 years. These categories are set to grow faster than consumer products as a whole.

At this point, I would like to make a few comments about Unilever as a Foods and HPC business.

I know that this has been a subject of much discussion and I therefore want to make my position clear.

Our mission is to "add Vitality to Life". This means meeting the everyday needs of consumers for nutrition, hygiene and personal care with brands that help people feel good, look good, and get more out of life.

Our presence across both Foods and HPC is central to the pursuit of this mission.
- It gives us an understanding of our consumers across the globe that is both broad and deep.
- It gives us scale where it matters, in fast growing D&E markets, in Vitality science and technologies, and in our voice with customers.
- It also lends weight to the Unilever brand, in a world where corporate citizenship is an increasing influence on the decisions of consumers, customers, regulators, investors and our other external stakeholders.

We are a Foods and HPC business, not just because of operational synergies, but because it brings real strategic differentiation that we can and will exploit with our customers and with our consumers.

Chart 16 – Unilever's Financial Model

Moving to chart 16.

Against this background, we have reviewed the assumptions that underpin our financial model for the period 2005-2010.

Last year, we said that we believed that our portfolio of categories and regions was capable of delivering volume growth averaging 3% p.a.

We estimate that, in 2004, the market weighted volume growth rate was somewhat lower, at around 2.4%. In the longer term however, we don't expect any significant change from our previous estimates.

On pricing, we are now more cautious as trends are harder to predict.

With world inflation firmly in check, and no end in sight to the pressure from private label and hard discounting, we believe that pricing may be somewhat lower than our original estimate of 1%.

Taken together, this suggests that, with our mix of geographies and categories, our markets should grow in value in the region of 2% to 4% p.a..

We have not achieved this level of sales growth over the past 2 years, not because our portfolio is inherently weak, but because we have been losing share in too many places.

It goes without saying that, going forward, we are planning to maintain market share, and in some places gain share.

In this way, we will grow at least in line with our markets, while setting ourselves the challenge to do better than this.

At this point, it is worth remembering that our financial model is based on organic growth.

We will of course continue to seek improvement in our portfolio through tactical acquisitions and disposals. But our main priority is to ensure that what we already have performs to its true potential.

We have a good track record for delivering savings from our global buying and restructuring activities. We have significant further opportunities going forward, and we may even be able to do better here than we originally anticipated.

This should enable us to offset any price/cost under-recovery and increase investment behind our brands, albeit that margin development may be slightly slower due to our more conservative view on pricing.

We enter 2005 with lower turnover and a lower operating margin than we anticipated a year ago, and therefore a lower base from which to build.

And as I have explained, our review of assumptions points to growth at the lower end of our previous estimate, as well as a slightly slower rate of margin development.

Even without these changes, given that we report in Euros, currency movements alone would have reduced our cumulative free cash flow over the next six years by €2bn.

So taking all of these factors into account, what is a realistic but stretching target for free cash flow and ROIC going forward?

Value creation remains our over-riding goal, and Total Shareholder Return in the top 1/3 of our peer group is the yardstick by which we will continually measure our performance.

To deliver this, we must grow our free cash flow from the current underlying rate of €4.2bn p.a., while progressively improving ROIC.

To achieve our original free cash flow target of €30bn, we would need, not only to perform at the highest level, which I am determined we will, but also for the business environment to be towards the top end of what we might reasonably expect.

We therefore believe a range of between €25 to €30bn for our cumulative free cash flow between now and 2010 to be realistic.

As far as ROIC is concerned, our lower base means that we do not expect to reach 17% by 2010, but we do expect a significant improvement between now and then.

Chart 17 – Organising to Win

Moving to chart 17. To deliver this level of financial performance, we need the right organisation and leadership.

Despite much that was achieved through Path to Growth it is quite clear that aspects of our organisation are now hindering our ability to execute.

We are a considerably simpler business than we were 5 years ago, and the current organisation has enabled us to focus and to leverage our global brands.

However, we have not yet aligned our organisation behind this more stream-lined business.

Our priority is growth, and we know what we need to do to make us competitive. We now need an organisation to win.

- An organisation that results in single-point responsibility and therefore faster decision-making and clear accountability for delivery.

- An organisation that brings the consumer and the customer closer to the leadership.

- An organisation that strikes the right balance between scale and market focus.

We have already started to tackle this challenge at the operating company level, with the 'One Unilever' simplification programme we announced in July of last year.

The changes we are announcing today bring One Unilever to its logical conclusion, by tackling the way Unilever is run above the operating company level.

Chart 18 – Main Changes

There are two main features of the new organisation as detailed in chart 18.

Firstly, we will move to a non-executive chairman and a Group Chief Executive.

Last year we established a majority of non-executive directors on the Board, but we retained our dual chairmen/CEO model that had served us well for many years.

The non-executive directors have now fully replaced the need for two chairmen to provide the necessary checks and balances.

The Board has therefore decided that the Executive Committee of the Board and the dual chairmen will be replaced by a single Non-Executive Chairman and a single Group Chief Executive.

Antony will become non-executive chairman of both Unilever NV and Plc, and as such, will no longer be involved in the day-to day management of the business.

It is expected that the position of Chairman will be filled in the course of 2007 by an independent non-executive director.

I will become the new Group Chief Executive, with full accountability for all aspects of company operations and performance.

At the same time, Bertrand Collomb will be appointed non-executive Vice Chairman of Unilever, while remaining our Senior Independent Director.

We will start moving to these new roles immediately and propose to make them formal at the Annual General Meetings in May.

But it's not only at the very top that we're making changes. Just as important are the fundamental changes that we are making to the way we organise ourselves below Board level.

Thus, the second feature is the de-layering of the organisation and the full integration of Foods and HPC in a single top executive team with full accountability for all aspects of operations.

ExCo and the Divisions will be replaced by the Executive Team under Antony, combining the regional, category and functional leadership of our business, as shown in chart 19.

Chart 19 – The New Structure

Three Regional Presidents will head up Europe, The Americas and Asia/Africa, and will drive growth across both Foods and HPC in their region.

They will be profit responsible and will be single-mindedly focused on growth through excellent "go-to-market" execution and customer management.

They will be responsible for leveraging Unilever-wide synergies in their regions.

The two Category Presidents, one for Foods and one for HPC, will be fully responsible for category strategies, brand development and innovation.

By focusing responsibility for all innovation resources, marketing, development and research in the hands of the Category Presidents, they can leverage Unilever's global categories and brands to develop winning marketing mixes.

Equally, they will free up the regions and operating companies to concentrate on what they need to do. To take these winning mixes and make them count in their markets, with their customers and their local consumers.

We will thus have a structure that strengthens the focus on brand development and at the same time strengthens the focus on customer and execution where categories and regions will have distinct but complementary roles and accountabilities.

These five presidents, together with the Chief Financial Officer and the Head of HR will sit on the Unilever Executive chaired and run by me.

The Executive Team will be charged with determining category and geographical priorities, and managing business performance; growth, market share and profit.

You will have seen the appointments that we announced this morning.

The Board and I are absolutely delighted with the balance of the new top leadership. This is a great team. It has a good mix of experiences, proven track records and complementary skills.

Most importantly, we have the authority to act decisively and the accountability for delivery that I believe are necessary to get this business back to growth.

Chart 20 – Review of Corporate Structure

Turning now to our Corporate Structure in chart 20.

Our dual NV/Plc structure has created considerable value for our shareholders over the years, and there are still considerable benefits today from this structure.

However, we need to be sure that our corporate structure is optimal, not only for today, but also so as to give us the business and financial flexibility that we may need in the future.

We will therefore conduct a thorough review of our corporate structure, with the intention of presenting any proposals to our shareholders at the AGM in May 2006.

As Chairman of the Board, Antony will lead the review. The review team will be made up of management, external advisors and two additional non-executive directors.

Any change in our corporate structure would be a complex process and we will need to be very clear on the strength of the business case.

Chart 21 – 2005 Priorities for 2005

Turning to Chart 21, our immediate objective for 2005 is to reverse the share loss we have suffered over the past eighteen months or so and return the business to growth

In setting out to do this, our plans are not predicated on a rapid turnaround in the business environment.

In 2005, we expect markets to remain tough in Europe and North America and no let up in the level of competition we face in D&E markets.

Against this background, we have set ourselves some clear short-term priorities for 2005.

Firstly, we must regain momentum in Europe. While top-line growth is likely to remain modest until there is a pick-up in our European markets, we will protect and build our market shares in what is still our most important region.

Secondly, we will be driving harder and faster where we can build on our successes. I am not going to go into details for competitive reasons, but you will not be surprised that our areas of focus will include Personal Care, D&E markets, and Vitality.

Thirdly, we will accelerate our savings initiatives to free up the funds we need to invest in the market place.

And we will implement the organisational changes we have announced today as quickly as possible, but without compromise to short-term delivery in the market-place.

Chart 22 – 2005 Outlook

Turning to chart 22, as we have said before, we will not be giving guidance for top-line growth or EPS for 2005. It is clear however that 2005 will be a year of transition.

The actions we are taking are designed to regain the growth momentum that we lost during the last two years.

Our 2005 plan requires an even stronger emphasis on innovation, higher support investment and keener pricing, which costs money. We expect a significant part of this investment to be funded by our savings programmes, including the benefits of 'One Unilever'.

We also expect some benefits from operational leverage from volume growth, and better mix as we grow higher margin businesses.

As John mentioned earlier, our operating margin in Q4 was hit by a number of one-off costs, as well as the peaking of certain commodity driven input costs. The year-on-year increase in commodity prices will still be a factor, especially in the first half of 2005.

We will be taking business restructuring, including gains or losses on disposals, to normal operating margin in 2005. We expect the net impact of this to be within our long term range of 0,5% to 1% of sales.

It should be noted that the phasing of our sales in 2005 will be affected by our reporting calendar, with 5 extra days in Q1 and 6 less in Q4.

I would also remind you that Unilever will be reporting its 2005 results under IFRS. We will be re-stating our 2004 numbers on an IFRS basis and will share these with the market before our Q1 results.

We will also post a full Q&A on the impact of IFRS on Unilever's results on our website.

In considering the impact of IFRS on Unilever's results, it should be noted that we already provide our P&L on a 'before amortisation' basis, and have already adopted the tighter accounting standards on pensions and the costing of share options.

Chart 23 – Returning value to shareholders

Finally, moving to chart 23, I would like to talk about how we are going to return value to shareholders. Through Path to Growth we have considerably enhanced the cash generating capability of Unilever and we intend this to continue. How we use this cash is important to our shareholders.

To achieve our top 1/3 TSR ambition, we need to maintain a competitive cost of capital, which in turn requires an appropriately geared balance sheet.

As at the end of 2004, we have restored financial flexibility, reduced net debt to below €10 billion and met our liquidity and interest cover targets.

We now have a competitive balance sheet, and will continue to manage it consistent with a strong single 'A' credit rating. It therefore follows that we expect to generate surplus cash in 2005. We will apply this in a way that we believe creates the most value for our shareholders.

The first priority will be the payment of the increased dividends.

Our second priority will be to convert the outstanding 5 € cent NV preference shares, as we announced this morning.

We have previously said that we would convert the preference shares in Q1 2005 without issuing new ordinary shares. In order to manage this in an orderly manner, the conversion will be carried out using NV stock already held by the company.

We currently hold these shares for ESOP hedging and they will therefore have to be replenished to the extent required by buying shares in the open market.

Even after allowing for dividend payments and the effects of the preference share conversion, we believe that we should still have surplus cash flow during 2005.

After considering the options, we believe that the most appropriate use for this cash will be a share buy-back programme. Barring any significant movements in exchange rates, we expect to start this by buying in up to €500 million of shares in 2005.

Chart 24 – Unilever Brands

That ends a rather long presentation. We have shared a lot of new information with you today, and I am sure that you will have many questions for us.

Chart 25- Closing Slide [at end of Q&A]

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