UNILEVER PLC
Form 6-K
November 05, 2010

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FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
REPORT OF FOREIGN ISSUER
Pursuant to Rule 13 a-16 or 15d-16 of the Securities Exchange Act of 1934
For the month of November, 2010
UNILEVER PLC

(Translation of registrant s name into English)

UNILEVER HOUSE, BLACKFRIARS, LONDON, ENGLAND

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F

Form 20-F þ Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(l): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNILEVER PLC

/s/ T.E. Lovell
T.E. Lovell,
Secretary

Date: 5 November, 2010

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2010 FIRST HALF YEAR RESULTS

Half year highlights

Turnover up 9.7% at 21.9 billion.

Underlying volume growth 6.6%. Underlying sales growth 3.8% and underlying price growth (2.6)%; in-year pricing was stable.

Underlying operating margin up 30bps with continuing strong gross margins offset by significant investment in advertising and promotional expenditure, up 180bps.

Net cash flow from operating activities 2.2 billion, up 0.2 billion. Average trading working capital again reduced as a percentage of turnover and it is now negative.

Fully diluted earnings per share 0.70 up 36% reflecting improved operating profit, lower restructuring and the favourable impact of foreign exchange.

Chief Executive Officer

We have delivered robust volume growth with improved volume market shares in all of our regions. This is an encouraging result given the challenging economic and competitive environment and reflects the continuing investment behind our brands, better in-market execution, successful innovations and the extension of our brands into new markets. There was consistent strong performance of our personal care business.

We continue to operate under the assumption of slow economic growth, particularly in developed markets where consumer confidence remains fragile. We do not expect competitive pressures to ease and our ability to increase prices will remain constrained despite rising commodity costs in the second half. We still expect underlying price growth to turn positive towards the end of the year.

Notwithstanding this difficult environment and comparators which get tougher as the year progresses, the results confirm again that our strategy to focus on the consumer and to accelerate growth is working. Our priority remains to drive profitable volume growth and strong cash flow along with steady and sustainable improvement in operating margin for the year as a whole.

Turnover	**21,895m**	**+9.7%**
Underlying sales growth*	**+3.8%**	
Operating profit	**3,066m**	**+20%**
Net profit	**2,209m**	**+35%**
Diluted Earnings per share	**0.70**	**+36%**

(*) Underlying sales growth is a non-GAAP measure, see note 2 on Page 11 for further explanation.

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OPERATIONAL REVIEW: REGIONS

(unaudited)

	m	%	%	%	bps
Unilever Total	**21,895**	**3.8**	**6.6**	**(2.6)**	**30**
Asia Africa CEE	8,668	7.9	11.6	(3.3)	10
Americas	7,199	3.8	5.6	(1.7)	(10)
Western Europe	6,028	(1.1)	1.7	(2.7)	130

Market growth in developed economies remains depressed whilst emerging market growth remains strong. The high intensity of competition has continued but we have remained competitive and delivered strong volume growth, with volume share gains across all regions. Whilst underlying price growth remains negative, in-period pricing was again stable, despite increased competitive pricing and promotional activity, especially in Laundry and Hair. Gross margins continued to improve allowing us to increase advertising & promotions investment whilst delivering improved underlying operating margin.

Asia Africa CEE Half year USG +7.9%, Volume +11.6%, Underlying Operating Margin +10 bps

The region continued its strong momentum in underlying volume and sales growth, ahead of the market. There was double digit volume growth with all the main countries and key categories positive despite intense competitive activity.

Half year underlying sales growth in Asia and Africa Middle East was strong, driven by double digit underlying volume growth which more than compensated for price action taken to ensure that our products remain fully competitive; volume shares progressed well. CEE performance was more mixed but again volume shares improved. Underlying operating margin was slightly positive in the half year with improved gross margins offset by a significant step-up in advertising and support behind our brands. The rollout of the regional IT platform continued with successful go-lives in China, Hong Kong, Taiwan and Australasia.

The Americas Half year USG +3.8%, Volume +5.6%, Underlying Operating Margin (10) bps

Despite the continued sluggish markets in North America, our business grew underlying volume at more than 2% in the half year on the back of successful new product launches and improved in-market execution. Dressings gained share through strong innovation and merchandising support and Skin Cleansing grew strongly.

Latin American markets are generally much stronger and our underlying volume growth for the half year was just under 10% on the back of strong performances from Deodorants, Hair, Ice Cream and soy-based drinks under the AdeS brand.

Underlying operating margin, down 10bps in the half year, again reflected the significant increase in brand support levels.

Western Europe Half year USG (1.1)%, Volume 1.7%, Underlying Operating Margin +130 bps

Markets were difficult, particularly in southern European countries such as Greece, Spain and, to a lesser extent, Italy. We continue to pursue our strategy of investing behind our brands and bringing strong innovations to market. This

approach is delivering good results, with both volume and value shares up.
Excluding Greece, where market volumes were down substantially, underlying volume growth in Western Europe was positive. However, our Greek business responded quickly to the crisis with 1 promotions crafted to reflect the new economic reality. In Paris we opened the second Customer Insight and Innovation Centre in the region following the opening of the first such centre in the UK.
Gross margin and indirects improved in the half year, driven by strong savings programmes. Underlying operating margin increased alongside increased advertising and promotions investment.

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OPERATIONAL REVIEW: CATEGORIES

(unaudited)

	m	%
Unilever Total	**21,895**	**3.8**
Savoury, Dressings & Spreads	6,910	0.3
Ice Cream & Beverages	4,494	5.1
Personal Care	6,700	7.9
Home Care & other	3,791	2.4

We maintained our volume growth momentum with strong performances from Deodorants, Skin Cleansing and Homecare. We continue to focus on bigger innovations, rolled out faster and to more countries. Dove Men + Care is now in 29 markets and Knorr jelly bouillon has been extended from China to 18 markets, the latest being Brazil and Mexico. Magnum Gold?! has been launched in 29 markets and Cornetto Enigma is in 12 European markets. We are also extending our iconic brands into new markets more quickly than ever before.

Savoury, Dressings and Spreads Half year USG +0.3%

Spreads volume share increased again but markets remain weak. Significant events included the no hydrogenated oils relaunches of I Can t Believe its not Butter and Country Crock in the US and the re-launch of the pro.activ brand in Europe. The new Rama margarine specifically formulated for spreading continues to make good progress in Central and South Africa based on the attractive proposition of nutrition at an affordable price. In Europe we still have more to do to convince butter users of the benefits of our products. Dressings benefited from the campaign to tackle the negative health perceptions of mayonnaise and to inspire new uses through recipe ideas.

Savoury growth picked up on the continuing success and rollout of Knorr jelly bouillon and the introduction of Knorr seasoning for beans in Brazil and Mexico. The success of the Knorr cook-in bags gave us category leadership in Australasia. The PF Chang premium restaurant-quality frozen Asian meals have started well in the US despite supply difficulties. Knorr soups in France performed strongly after we introduced new varieties.

Ice Cream and Beverages Half year USG +5.1%

Ice Cream delivered a strong performance irrespective of the poor weather in Europe and China. Magnum Gold?!, Cornetto Enigma and Fruttare are all exceeding expectations. The new Klondike variants continue to drive growth in the US whilst the new Ben & Jerry s and Breyer s Smooth and Dreamy ranges have been well received. Strong growth in South East Asia and Latin America came from distribution gains, strong point-of-purchase activity and great innovation.

Tea volume growth slowed but overall performance remains good. The innovations across the price points, from Brooke Bond Sehatmand in India at a low price to the Lipton premium fruit and herbal infusions doing well in markets like Australia and Russia, are helping drive balanced growth. The Lipton Green Tea launches in USA and France are delivering good growth. The launches of the Lipton brand in Spain and the UK continue to do well.

Personal Care Half year USG +7.9%

Personal Care again delivered strong growth, powered by Deodorants. Notable successes include Degree in the US, Dove in Brazil and the relaunch of Rexona in Japan. Hair growth accelerated and we saw volume share gains despite the increased competitive environment. Dove Hair Damage Repair gained good initial acceptance and there were also strong performances by Sunsilk Co-Creations in Asia and Suave in the US. TiGi has just launched Sleek Mystique which completes the new range from Catwalk.

Skin Cleansing is growing strongly on the back of the success of Dove Nutrium moisture and the good results from the launches of Citra bar soap in Indonesia and Lifebuoy in Argentina, Brazil, Bolivia, Peru and Australia. Hand and body creams continue to grow despite Vaseline Sheer Infusions being off to a slow start. Oral is doing well with notable successes for the anti-age variant in Europe and the launch of Pepsodent in the Philippines.

Home Care and other Half year USG +2.4%

Despite high levels of competitive intensity we maintained volume growth momentum. Notable was the continuing success of liquid detergents with recent introductions in Turkey and Vietnam, the successful Wheel relaunch in India and the launch of the Surf brand position in Indonesia and Thailand.

Household Cleaning has continued to deliver strong results with Cif Active-Shield technology doing well in Western Europe, now launched into Poland and Argentina. The Cif launch in Vietnam has had an encouraging start and we have just launched in Indonesia. Domestos, recently launched in Italy, is performing strongly.

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ADDITIONAL COMMENTARY ON THE FINANCIAL STATEMENTS FIRST HALF YEAR

Finance costs and tax

The cost of financing net borrowings in the half year was 214 million, 30 million less than the same period last year mainly reflecting lower average net debt in the first half. The interest rate on net borrowing was 6.3% reflecting the low interest rates on cash deposits. The charge for pensions financing was a credit of 8m compared with a net charge of 90m in the prior year.

The effective tax rate was 26.3% compared with 29.4% for 2009 primarily reflecting favourable prior year tax settlements and lower one-off items.

Joint ventures, associates and other income from non-current investments

Net profit from joint ventures and associates, together with other income from non-current investments contributed 116 million compared to 72 million last year. The main factors behind the increase were the partial redemption of a portion of the preferred shares that had been held as consideration for the sale of Unilever s US laundry business in 2008 and a fair value adjustment on the warrants in Johnson Diversey.

Earnings per share

Fully diluted earnings per share for the half year were 0.70, up 36% on the previous year.

Restructuring

Restructuring in the first half year was around 120 bps of Turnover, at 253 million. This reflects action being taken to make the business fit to compete in the current environment. Full year restructuring is expected at similar levels.

Cash Flow and Net Debt

Strong management focus led to further reductions in average trading working capital as a percentage of turnover, which was negative. The working capital outflow reflected the normal seasonal pattern with the levels at end of June higher than at the start of the year.

Capital expenditure increased by 247 million to 753 million in support of future growth in emerging markets such as Russia and Indonesia.

Free cash flow (see note 2, page 11 for further explanation) at 1.3 billion was broadly stable versus the prior year. This reflected improved net cash flow from operating activities at 2.2 billion, up 218 million versus the prior year. The improved operating profit was offset by the absolute increase in working capital and the higher level of capital expenditure.

Net debt at 7.6 billion was up from 6.4 billion as at 31st December 2009, primarily reflecting the impact of the changes in foreign exchange rates.

Pensions

The net deficit in pension schemes was 4.0bn at the end of June up from 2.6bn at the end of 2009. This is mainly due to the impact of lower discount rate assumptions on the liabilities.

Acquisitions and disposals (full details can be found in note 12, page 16)

After the period end we announced the disposal of our frozen foods business in Italy for 805m to Birds Eye Iglo. We expect to complete the acquisition of Sara Lee s personal care business in Q4 2010.

Unilever NV Preference Shares

The period for the creditors of Unilever NV to object to the cancellation of the 4% preference shares has now closed and cancellation will take place shortly with a record date of August 12th and payment on August 23rd. It is our intention to launch a tender offer in respect of the 6% and 7% preference shares in due course.

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Principal Risk Factors

On pages 30 to 34 of our 2009 Report and Accounts we set out our assessment of the principal risk issues that would face the business through 2010 under the headings: economic; markets; brand; customer; financial/treasury; consumer safety and environmental sustainability; operations; people and talent; legal and regulatory; restructuring and change management; and other risks. In our view, the nature and potential impact of such risks remain essentially unchanged as regards our performance over the second half of 2010.

COMPETITION INVESTIGATIONS

As previously reported, in June 2008 the European Commission initiated an investigation into potential competition law infringements in the European Union in relation to consumer detergents. The investigation is ongoing although no statement of objections against Unilever has been issued to date.

In December 2009, as previously reported, Unilever received separate statements of objection from the French competition authority and from the Italian competition authority in connection with investigations into certain product markets in France and Italy respectively. In April 2010, Unilever received a statement of objections from the Dutch competition authority in relation to its investigation into certain product markets in The Netherlands. An earlier decision by the Greek authority fining Unilever in relation to alleged restrictions on parallel trade within certain of its contracts with retailers in Greece is under appeal.

In addition and as previously disclosed, Unilever is involved in a number of other ongoing investigations by national competition authorities. These include investigations in Belgium, France and Germany. These investigations are at various stages and concern a variety of product markets.

Substantial fines can be levied as a result of competition and antitrust investigations especially at the European Union level. Fines imposed by the European Commission in other sectors for violations of the competition rules have amounted to hundreds of millions of euros. It is too early reliably to estimate the total amount of fines to which Unilever will be subject as a result of all of these investigations. However, provisions have been made, to the extent appropriate, in relation to the national investigations.

It is Unilever s policy to co-operate fully with the competition authorities in the context of all ongoing investigations. In addition, Unilever reinforces and enhances its internal competition law compliance procedures on an ongoing basis.

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CAUTIONARY STATEMENT

This announcement may contain forward-looking statements, including forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words such as expects , anticipates , intends , believes or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. 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, including, among others, competitive pricing and activities, economic slowdown, industry consolidation, access to credit markets, recruitment levels, reputational risks, commodity prices, continued availability of raw materials, prioritisation of projects, consumption levels, costs, the ability to maintain and manage key customer relationships and supply chain sources, consumer demands, currency values, interest rates, the ability to integrate acquisitions and complete planned divestitures, the ability to complete planned restructuring activities, physical risks, environmental risks, the ability to manage regulatory, tax and legal matters and resolve pending matters within current estimates, legislative, fiscal and regulatory developments, political, economic and social conditions in the geographic markets where the Group operates and new or changed priorities of the Boards. 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 20-F Report and the Annual Report and Accounts 2009. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

ENQUIRIES

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There will be a web cast of the results presentation available at:
www.unilever.com/ourcompany/investorcentre/results/quarterlyresults/default.asp

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INCOME STATEMENT

(unaudited)

Continuing operations:

Turnover	**21,895**	**19,963**	**9.7%**	**3.9%**
Operating profit	**3,066**	**2,554**	**20%**	**15%**
Restructuring, business disposals and other (RDIs) (see note 3)	(204)	(361)		
Underlying operating profit	3,270	2,915	12%	7%
Net finance costs	**(206)**	**(334)**		
Finance income	41	44		
Finance costs	(255)	(288)		
Pensions and similar obligations	8	(90)		
Share in net profit/(loss) of joint ventures	**68**	**63**		
Share in net profit/(loss) of associates	**(5)**	**(3)**		
Other income from non-current investments	**53**	**12**		
Profit before taxation	**2,976**	**2,292**	**30%**	**24%**
Taxation	(767)	(656)		
Net profit	**2,209**	**1,636**	**35%**	**29%**
Attributable to:				
Non-controlling interests	174	147		
Shareholders equity	2,035	1,489	37%	30%

Total operations (Euros)	0.72	0.53	36%	29%
Total operations diluted (Euros)	0.70	0.52	36%	29%

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STATEMENT OF COMPREHENSIVE INCOME

(unaudited)