



2010 FIRST QUARTER RESULTS

STRONG MOMENTUM: VOLUME GROWTH ACCELERATES TO 7.6%

First Quarter highlights

- **Underlying volume growth 7.6%.** Underlying sales growth also accelerated to 4.1%. Underlying price growth was (3.3)% reflecting pricing action taken in 2009; in-quarter pricing was stable.
- **Underlying operating margin up 60bps** driven by improved gross margins and lower overhead costs with advertising and promotions spend up by 220bps behind a strong innovation programme.
- **Net cash flow from operating activities up by €666m** with over €300m from improved management of working capital.
- **Fully diluted earnings per share increased by 32%;** 2nd quarterly dividend will be increased by 6.7% over Quarter 1 to €0.208 per share.

Chief Executive Officer

"We show strong momentum across all geographies with continued strengthening of our competitive position in line with our strategy. Growth was supported by the quickening pace of innovation and the introduction of brands such as Cif, Domestos, Lifebuoy and Lipton into new markets. Growth has been especially strong in emerging markets despite the heightened competitive activity. We have continued to invest more in advertising and promotions to build brand equities and support the rollout of our innovations.

The improvement in underlying operating margin shows the impact of extensive savings programmes, lower commodity costs, and the benefits of volume leverage.

We will face a tougher environment as the year progresses and thus it is more important than ever to stay focused on the consumer. Commodity costs will increase in the second half, economies remain sluggish and competitive intensity will remain high. We will continue to focus on profitable volume growth, whilst delivering a steady and sustainable improvement in operating margin and strong cash flow. Importantly, we will be doing all of this while continuing to improve our overall environmental footprint."

Key Financials (unaudited) Current rates	First Quarter 2010	
	Turnover	€10,143m
Underlying sales growth*		4.1%
Operating profit	€1,438m	17%
Net profit	€1,055m	31%
Diluted Earnings per share	€0.34	32%
Dividends: Second Quarterly Interim Dividend	€ 0.208 per share	

(*) Underlying sales growth and underlying operating margin are non-GAAP measures, see note 2 on Page 11 for further explanation.