

UNILEVER PLC
Form 6-K
August 23, 2018

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of August, 2018

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

Edgar Filing: UNILEVER PLC - Form 6-K

under cover Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper
as permitted by Regulation S-T Rule 101(b)(1):

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):

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

No

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

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/ R SOTAMAA

BY R SOTAMAA

CHIEF LEGAL OFFICER AND GROUP SECRETARY

Date: 23 August 2018

2018 FIRST HALF YEAR RESULTS**A SOLID, ALL-ROUND PERFORMANCE WITH SOME CHALLENGING MARKETS****Performance highlights (unaudited)**

| Underlying performance | <i>vs 2017</i> | | GAAP measures | <i>vs 2017</i> | |
|--|----------------|-------|---|----------------|---------|
| | | | | | |
| First Half | | | | | |
| Underlying sales growth (USG) ^(a) | 2.5% | | Turnover | 26.4bn | (5.0)% |
| USG excluding spreads ^{(a)(b)} | 2.7% | | Turnover excluding spreads ^(b) | 24.9bn | (4.8)% |
| Underlying operating margin | 18.6% | 80bps | Operating margin | 17.0% | (50)bps |
| Underlying earnings per share | 1.22 | 7.8% | Earnings per share | 1.11 | 1.6% |

(a) These amounts do not include any price growth in Venezuela. See pages 6-7 on non-GAAP measures for further details.

(b) Unilever announced its agreement to sell the spreads business on 15 December 2017, and has completed the sale on 2 July 2018.

First half highlights

Underlying sales growth excluding spreads 2.7% with volume 2.5% and price 0.2%

Truckers strike in Brazil adversely affected USG by around 60bps

Emerging markets underlying sales growth 4.1% with volume 3.3% and price 0.8%

Turnover decreased 5.0% including an adverse translational currency impact of (8.9)%

Underlying operating margin up 80bps driven by increased gross margin and further reduced overheads

Underlying earnings per share up 7.8% after a currency impact of (10.8)%, constant underlying EPS up 18.6%

Paul Polman: Chief Executive Officer statement

Our first half results show solid volume-driven growth across all three divisions, which was achieved despite the effects of an extended truckers strike in Brazil, one of our biggest markets. Growth was driven by strong innovation and continued expansion in future growth markets. The margin improvement was of high quality and in line with our strategy, driven by further gross margin progression, increased investment behind our brands and strong savings delivery.

The Connected 4 Growth change programme, which makes our organisation more agile and resilient, is driving the step-up in our innovation and savings programmes. As part of the continued portfolio evolution, we have completed the exit from spreads on 2 July 2018. In anticipation of the disposal proceeds, we have already returned 3 billion as part of our 6 billion share buyback programme that will complete before the end of the year. We have also signed an agreement to acquire a 75% stake in the Italian personal care business **Equilibra**.

Our expectation for the full year is unchanged. We expect underlying sales growth in the 3% - 5% range, an improvement in underlying operating margin and strong cash flow. We remain on track for our 2020 goals.

19 July 2018

Underlying sales growth (USG), underlying volume growth (UVG), underlying price growth (UPG), underlying operating profit (UOP), underlying operating margin (UOM), underlying earnings per share (underlying EPS), constant underlying EPS, underlying effective tax rate, free cash flow (FCF) and net debt are non-GAAP measures (see pages 6 to 9)

FIRST HALF OPERATIONAL REVIEW: DIVISIONS

| (unaudited) | First Half 2018 | | | | Change in underlying operating margin bps |
|------------------------|-----------------|------------|------------|------------|--|
| | Turnover bn | USG* % | UVG % | UPG* % | |
| Unilever | 26.4 | 2.5 | 2.2 | 0.2 | 80 |
| Beauty & Personal Care | 10.1 | 2.7 | 2.9 | (0.2) | 70 |
| Home Care | 5.1 | 3.5 | 3.2 | 0.3 | 60 |
| Foods & Refreshment | 11.2 | 1.8 | 1.2 | 0.6 | 100 |

* Wherever referenced in this announcement, USG and UPG do not include any price growth in Venezuela. See pages 6-7 on non-GAAP measures for further details.

We have previously announced agreements to sell our spreads business. The disposals were completed on 2 July 2018. The table below provides information on our half year 2018 performance excluding sales related to spreads.

| (unaudited) | First Half 2018 | | | |
|---------------------------------------|-----------------|------------|------------|------------|
| | Turnover bn | USG % | UVG % | UPG % |
| Unilever excluding spreads | 24.9 | 2.7 | 2.5 | 0.2 |
| Foods & Refreshment excluding spreads | 9.7 | 2.4 | 1.8 | 0.6 |

Our markets: Overall market conditions remained challenging in the first half. We saw an encouraging improvement in volumes and a lower contribution from price growth, particularly in emerging markets. The truckers strike in Brazil presented a significant headwind which we expect to partially reverse in the second half of the year.

Unilever overall performance: Underlying sales growth excluding spreads was 2.7% which was almost entirely driven by volume growth across all divisions. USG including spreads was 2.5%. Growth was adversely affected by the situation in Brazil which reduced USG in the first half by around 60bps. Emerging markets grew by 4.1% with an improved contribution from volume of 3.3%, while price growth was modest in a lower inflation environment. Sales in developed markets were slightly up as volume growth was mostly offset by continued competitive price deflation in Europe and North America. Turnover decreased 5.0% to 26.4 billion, which included an adverse currency impact of (8.9)% and 1.9% from acquisitions net of disposals.

Gross margin improved by 60bps to 43.7%, primarily driven by positive mix and our 5-S savings programme. Brand and marketing investment was up 20bps. Compared to the prior year, we stepped up the absolute level of brand and marketing investment, focused on media investment while continuing to drive efficiencies in advertising production. Due to a further reduction in the underlying cost base, overheads reduced by 40bps. As a result, underlying operating margin improved by 80bps to 18.6%. Operating margin was down 50bps to 17.0%, mainly due to a gain on disposal of the **AdeS** soy beverage business in the prior year.

Beauty & Personal Care

Beauty & Personal Care continued to grow the core with innovations behind global and local brands, while expanding the portfolio in attractive segments and channels. This led to an improvement in volumes in the first half. Growth however was negatively affected by the truckers' strike in Brazil as well as challenging competitive conditions in Europe and South East Asia. Against this backdrop, skin care performed well, driven by **Vaseline**'s successful market development campaign, **Pond**'s and **Lakme** in India. The prestige business demonstrated broad-based first half growth of more than 6%. The 2017 acquisitions **Carver**, **Sundial Brands** and **Schmidt**'s all grew strongly and will contribute to underlying sales growth from twelve months after completion. Skin cleansing delivered good growth helped by new premium formats. These included aerosol mousse which delivers an improved sensorial experience and was launched across five brands in Europe, and the launch of **Dove** body polish in North America which exfoliates and nourishes at the same time. In hair care, volume-led growth was driven by **Sunsilk** and **Dove**, helped by their successful expansion into natural propositions with on-trend ingredients. Deodorants returned to good volume growth, helped by innovations such as **Rexona** antibacterial and invisible, which offers both odour and stain protection, while price growth was negative as we stepped up promotional activity. Sales in oral care were slightly down primarily due to competitive challenges in some developed markets. Turnover decreased by (3.8)% including a (10.2)% exchange rate impact and a 4.3% impact of acquisitions.

Underlying operating margin was up 70bps driven by higher gross margin and lower overheads.

USG, UVG, UPG, UOP, UOM, underlying EPS, constant underlying EPS, underlying effective tax rate, FCF and net debt are non-GAAP measures (see pages 6 to 9)

Home Care

Home Care increased its strong emerging market footprint with its proven market development model and benefit-led innovations. Growth was broad-based with the exception of Latin America. Fabric solutions continued to successfully expand its core brands in fast-growing segments, such as natural products with the premium **Omo Naturals** range in China. We are also uptrading consumers into the liquids segment in emerging markets, for example with **Surf Excel Matics** in India, and into premium formats in developed markets, such as the launch of **Persil** triple chamber liquid capsules in the United Kingdom. **Comfort** delivered double-digit growth, helped by the roll-out of the ultra-concentrated **Comfort** Perfume Deluxe from South East Asia to the United Kingdom and the extension of the sensitive **Comfort** Pure range into India. Home and hygiene remained a strong growth contributor to Home Care. This was helped by continued double-digit growth of **Domestos** toilet blocks and bleaches, the launch of **Sunlight** dishwash in Indonesia with improved formulation that allows 5x faster degreasing, and the launch of **Cif** premium sprays, with specialist care and cleaning, in 23 European markets. Our water purification business performed well, while in air purification **Blueair** declined sharply in China, the brand's biggest market. Turnover declined by (6.5)% including an exchange rate impact of (10.0)%.

Underlying operating margin improved by 60bps mainly reflecting strong savings delivery and an improvement in overheads.

Foods & Refreshment

The division continued to build its presence in emerging markets and sustained a strong performance in food service channels. At the same time, we continued to modernise the portfolio by responding to consumer needs in fast-growing segments such as organic, natural, vegan, health and wellness. Ice cream delivered strong growth driven by innovations behind our premium brands. These included the launch of **Magnum** Core & Praliné variant, which provides our most indulgent ice cream experience yet, and the roll-out of the successful **Ben & Jerry's** non-dairy platform from the United States into Europe. The new **Kinder**[®] ice cream, launched after partnering with an Italian confectioner, had a very promising start in Germany and France. In leaf tea, volume-led growth continued to be driven by strong innovations in India, where we extended our market leadership. We continued to transform our portfolio in Europe and North America, but growth was held back by a decline of our black tea business. The recent acquisitions **Pukka Herbs** organic herbal tea and **TAZO** had a good first half in Europe and North America. In foods, **Knorr** grew ahead of the Group average, primarily driven by cooking products in emerging markets, as well as innovations in on-trend segments in developed markets. These included the launch of **Knorr** mini meals in Europe, snack products with natural and nutritious ingredients, and **Knorr** Selects side dishes in the United States. **Hellmann's** continued to communicate strong natural claims and in the United States launched **Hellmann's** Real Ketchup, made with six ingredients and sweetened only with honey. However, sales in dressings were slightly down in an intense promotional environment. Turnover declined by (5.3)% including an exchange rate impact of (7.3)%.

Underlying operating margin was up 100bps as a result of strongly improved gross margin and lower overheads.

FIRST HALF OPERATIONAL REVIEW: GEOGRAPHICAL AREA

| (unaudited) | First Half 2018 | | | | Change in underlying operating margin bps |
|-----------------|-----------------|------------|------------|------------|--|
| | Turnover bn | USG % | UVG % | UPG % | |
| Unilever | 26.4 | 2.5 | 2.2 | 0.2 | 80 |
| Asia/AMET/RUB | 11.7 | 6.1 | 5.1 | 0.9 | 140 |
| The Americas | 8.1 | (0.8) | (0.5) | (0.3) | (40) |
| Europe | 6.6 | 0.2 | 0.7 | (0.5) | 140 |

| (unaudited) | First Half 2018 | | | |
|-------------------|-----------------|----------|----------|----------|
| | Turnover bn | USG % | UVG % | UPG % |
| Developed markets | 11.1 | 0.2 | 0.8 | (0.6) |
| Emerging markets | 15.3 | 4.1 | 3.3 | 0.8 |
| North America | 4.6 | 0.7 | 1.0 | (0.3) |
| Latin America | 3.5 | (2.6) | (2.1) | (0.4) |

The table below provides information on our first half 2018 performance excluding sales related to spreads.

| (unaudited) | First Half 2018 | | | |
|-------------------------------------|-----------------|----------|----------|----------|
| | Turnover bn | USG % | UVG % | UPG % |
| Developed markets excluding spreads | 10.2 | 0.5 | 1.1 | (0.6) |
| Europe excluding spreads | 5.8 | 0.6 | 1.1 | (0.5) |
| North America excluding spreads | 4.3 | 0.9 | 1.1 | (0.2) |

Asia/AMET/RUB

Strong underlying sales growth was driven by volume gains with price growth progressively decreasing over the last four quarters. India continued to demonstrate strong volume growth and muted pricing as the benefits of the Goods and Services Tax were passed on to consumers from July 2017. In China, growth was driven by strong e-commerce sales but partially offset by a sharp decline in air purification. Turkey delivered double-digit growth across all divisions, while sales growth in Indonesia, South Africa and Russia remained weak reflecting challenging market and competitive conditions. Turnover declined by (2.9)% including an exchange rate impact of (10.2)% and an impact of 2.0% from acquisitions.

Underlying operating margin was up 140bps, driven by increased gross margin and lower overheads.

The Americas

In North America, market growth was weak, particularly in traditional channels. This resulted in modest underlying sales growth. Home Care, skin cleansing and skin care performed well driven by innovations that included the new

brand launch **Love, Beauty & Planet**. Ice cream had a softer start to the season and the competitive intensity remained particularly high in dressings.

After improved volume growth in the first quarter, underlying sales in Latin America were severely impacted by the strike in Brazil and the weakening of economic conditions in Argentina. To offset the significant recent currency devaluation, we have taken price increases in Argentina and we expect to recover around half of the lost sales in Brazil over the second half. Mexico demonstrated broad-based growth and quickly extended the recently acquired **Quala** hair care brands into other personal care categories.

Turnover declined by (11.0)% including an exchange rate impact of (12.8)% and an impact of 3.5% from acquisitions.

Underlying operating margin declined by 40bps, including the impact of strike-related volume deleverage in Latin America.

Europe

Markets in Europe remained tough with a challenging retail environment and price deflation in several countries. Against this backdrop, Europe delivered modest underlying sales growth. Ice cream performed strongly despite lapping a good season in the prior year, skin cleansing and fabric sensations continued with good volume-led growth. High promotional intensity weighed on the sales growth in deodorants. Central and Eastern Europe, Germany and the United Kingdom delivered a step-up in growth while sales in France continued to decline. Turnover declined by (0.5)% including an exchange rate impact of (0.8)%.

Underlying operating margin improved by 140bps primarily due to increased gross margin and lower overheads.

ADDITIONAL COMMENTARY ON THE FINANCIAL STATEMENTS FIRST HALF 2018**Finance costs and tax**

Net finance costs decreased by 67 million to 223 million in the first half of 2018. Despite an increase in net debt, the cost of financing net borrowings at 208 million was 33 million lower than in the prior year. Included within this was a 48 million reduction in other interest costs, largely reflecting one-off provision releases related to indirect taxes. The impact of the higher levels of borrowing was offset by benefits from lower rates, resulting in the average interest rate on net debt falling to 1.9% from 3.1% in 2017. Pensions financing was a charge of 15 million compared to 49 million in the prior year.

The effective tax rate was 25.9% versus 28.9% in the same period last year. The change was mainly driven by the tax impact of acquisition and disposal related costs in 2018 and the **AdeS** disposal in 2017. The effective tax rate on underlying profit was 26.5% compared to 27.9% in the prior year.

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

Net profit from joint ventures and associates contributed 83 million compared with 75 million in the first half of 2017 mainly due to growth in profits from our joint venture in Portugal.

Earnings per share

Underlying earnings per share in the first half increased by 7.8% to 1.22 after an adverse currency impact of 10.8%. Constant underlying earnings per share increased by 18.6% primarily driven by underlying sales growth, improved underlying operating margin, and a lower share count as a result of the share buyback programme. These underlying measures exclude the post-tax impact of business disposals, acquisition and disposal-related costs, restructuring costs, impairments, one-off items within operating profit and any other significant unusual items within net profit but not operating profit.

Diluted earnings per share for the first half was up 1.6% at 1.11. In the prior year, we recorded a gain on disposal of 0.3 billion for the **AdeS** soy beverage business in Latin America. In 2018, a credit to acquisition and disposal related costs of 277 million was taken as a result of the early settlement of the contingent consideration for **Blueair**. This credit more than offset an impairment charge of 208 million related to a **Blueair** intangible asset following the sharp decline in China.

Free cash flow

Free cash flow in the first half of 2018, which included the usual seasonal increase in inventory and receivables, improved by 0.4 billion to 1.8 billion. The step-up was primarily driven by lower cash contributions to our pension funds.

Net debt

Closing net debt increased to 24.8 billion compared with 20.3 billion as at 31 December 2017, mainly reflecting the share buybacks of 2.5 billion we have undertaken until 30 June 2018, 1.1 billion from acquisitions and disposals as well as an adverse currency impact of 0.4 billion. Total financial liabilities amounted to 29.6 billion compared to 24.4 billion at the year-end. Cash and other current financial assets increased by 0.8 billion to 4.9 billion compared to 31 December 2017.

Pensions

The pension liability net of assets reduced to 0.3 billion at the end of June 2018 versus 0.6 billion as at 31 December 2017. The decrease primarily reflects the impact of lower liabilities due to higher discount rates.

Finance and liquidity

In first half year 2018, we announced the issuance of the following bonds:

5 February 2018: Triple-tranche 2.0 billion bond, comprising of fixed rate notes of 500 million at 0.5% due August 2023, 700 million at 1.125% due February 2027, and 800 million at 1.625% due February 2033

19 March 2018: Quadruple-tranche \$2.1 billion bond, comprising of fixed rate notes of \$400 million at 2.75% due March 2021, \$550 million at 3.125% due March 2023, \$350 million at 3.375% due March 2025, \$800 million at 3.5% due March 2028

In June 2018, 750 million floating rate notes matured and were repaid.

Share buyback programme

On 19 April 2018, Unilever announced the intention to start a share buyback programme of up to 6 billion. As at 30 June 2018, the Group has repurchased 53,040,783 ordinary shares as part of the first tranche of the programme. Total consideration for the repurchase of shares was 2.5 billion which is recorded within other reserves. The first tranche of 3 billion will complete on 19 July 2018.

We intend to start the remaining share buyback, for an aggregate market value equivalent to 3 billion, on 20 July 2018.

Spreads business

On 2 July 2018, Unilever announced it has completed the sale of its Spreads business to KKR and has completed the sale of its Spreads business in Southern Africa to Remgro and the related acquisition of Remgro's interest in Unilever South Africa.

SIMPLIFICATION OF UNILEVER'S DUAL-HEADED LEGAL STRUCTURE

Further to the announcement of the proposal by the Board on 15 March 2018, Unilever plans to hold two extraordinary general meetings for Unilever NV and for Unilever PLC shareholders on 25 and 26 October 2018 respectively. Documentation will be made available to shareholders at least six weeks ahead of the shareholder meetings.

COMPETITION INVESTIGATIONS

As previously disclosed, along with other consumer products companies and retail customers, Unilever is involved in a number of ongoing investigations by national competition authorities, including those within Italy and South Africa. These proceedings and investigations are at various stages and concern a variety of product markets. Where appropriate, provisions are made and contingent liabilities disclosed in relation to such matters.

Ongoing compliance with competition laws is of key importance to Unilever. It is Unilever's policy to co-operate fully with competition authorities whenever questions or issues arise. In addition, the Group continues to reinforce and enhance its internal competition law training and compliance programme on an ongoing basis.

NON-GAAP MEASURES

Certain discussions and analyses set out in this announcement include measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. We believe this information, along with comparable GAAP measures, is useful to investors because it provides a basis for measuring our operating performance, ability to retire debt and invest in new business opportunities. Our management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our operating performance and value creation. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures.

Unilever uses constant rate, and underlying measures primarily for internal performance analysis and targeting purposes. We present certain items, percentages and movements, using constant exchange rates, which exclude the impact of fluctuations in foreign currency exchange rates. We calculate constant currency values by translating both the current and the prior period local currency amounts using the prior period average exchange rates into euro.

The table below shows exchange rate movements in our key markets.

| | First half average rate in 2018 | First half average rate in 2017 |
|------------------------------|---------------------------------------|---------------------------------------|
| Brazilian Real (1 = BRL) | 4.125 | 3.429 |
| Chinese Yuan (1 = CNY) | 7.715 | 7.433 |
| Indian Rupee (1 = INR) | 79.478 | 71.111 |
| Indonesia Rupiah (1 = IDR) | 16663 | 14409 |
| UK Pound Sterling (1 = GBP) | 0.880 | 0.860 |
| US Dollar (1 = US \$) | 1.212 | 1.081 |

Underlying sales growth (USG)

Underlying Sales Growth or **USG** refers to the increase in turnover for the period, excluding any change in turnover resulting from acquisitions, disposals and changes in currency. The impact of acquisitions and disposals is excluded from USG for a period of 12 calendar months from the applicable closing date. Turnover from acquired brands that are launched in countries where they were not previously sold is included in USG as such turnover is more attributable to our existing sales and distribution network than the acquisition itself. We believe this measure provides valuable additional information on the underlying sales performance of the business and is a key measure used internally. Also excluded is the impact of price growth from countries where consumer price inflation (CPI) rates have escalated to extreme levels of 1,000% or more, and where management forecast that such a situation will continue for an extended period of time; at least one year. This happens very rarely but in the fourth quarter of 2017 the actual and forecast inflation rates for Venezuela triggered such an exclusion. This treatment will be kept under regular review, but will not be revised until the fourth quarter of 2018 at the earliest. The reconciliation of changes in the GAAP measure turnover to USG is provided in notes 3 and 4.

Underlying price growth (UPG)

Underlying price growth or **UPG** is part of USG, and means, for the applicable period, the increase in turnover attributable to changes in prices during the period. UPG therefore excludes the impact to USG due to (1) the volume of products sold; and (2) the composition of products sold during the period. In determining changes in price we exclude the impact of price growth in Venezuela as explained under USG above. The measures and the related turnover GAAP measure are set out in notes 3 and 4.

NON-GAAP MEASURES (continued)**Underlying volume growth (UVG)**

Underlying Volume Growth or UVG is part of USG and means, for the applicable period, the increase in turnover in such period calculated as the sum of (1) the increase in turnover attributable to the volume of products sold; and (2) the increase in turnover attributable to the composition of products sold during such period. UVG therefore excludes any impact to USG due to changes in prices. The measures and the related turnover GAAP measure are set out in notes 3 and 4.

Free cash flow (FCF)

Within the Unilever Group, free cash flow (FCF) is defined as cash flow from operating activities, less income taxes paid, net capital expenditures and net interest payments and preference dividends paid. It does not represent residual cash flows entirely available for discretionary purposes; for example, the repayment of principal amounts borrowed is not deducted from FCF. Free cash flow reflects an additional way of viewing our liquidity that we believe is useful to investors because it represents cash flows that could be used for distribution of dividends, repayment of debt or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of net profit to FCF is as follows:

| million | First Half | |
|--|-------------------|--------------|
| (unaudited) | 2018 | 2017 |
| Net profit | 3,237 | 3,317 |
| Taxation | 1,102 | 1,315 |
| Share of net profit of joint ventures/associates and other income from non-current investments | (88) | (75) |
| Net finance costs | 223 | 290 |
| Operating profit | 4,474 | 4,847 |
| Depreciation, amortisation and impairment | 983 | 763 |
| Changes in working capital | (1,697) | (1,436) |
| Pensions and similar obligations less payments | (76) | (794) |
| Provisions less payments | (61) | 68 |
| Elimination of (profits)/losses on disposals | 32 | (299) |
| Non-cash charge for share-based compensation | 115 | 158 |
| Other adjustments | (283) | |
| Cash flow from operating activities | 3,487 | 3,307 |
| Income tax paid | (1,081) | (1,122) |
| Net capital expenditure | (495) | (672) |
| Net interest and preference dividends paid | (146) | (148) |

| | | |
|---|--------------|--------------|
| Free cash flow | 1,765 | 1,365 |
| Total net cash flow (used in)/from investing activities | (1,441) | (460) |
| Total net cash flow (used in)/from financing activities | (395) | 138 |

Non-underlying items

Several non-GAAP measures are adjusted to exclude items defined as non-underlying due to their nature and/or frequency of occurrence.

Non-underlying items within operating profit are: gains or losses on business disposals, acquisition and disposal related costs, restructuring costs, impairments and other significant one-off items within operating profit

Non-underlying items not in operating profit but within net profit are: significant and unusual items in net finance cost, share of profit/(loss) of joint ventures and associates and taxation

Non-underlying items are both non-underlying items within operating profit and those non-underlying items not in operating profit but within net profit

NON-GAAP MEASURES (continued)**Underlying operating profit (UOP) and underlying operating margin (UOM)**

Underlying operating profit and underlying operating margin mean operating profit and operating margin before the impact of non-underlying items within operating profit. Underlying operating profit represents our measure of segment profit or loss as it is the primary measure used for making decisions about allocating resources and assessing performance of the segments. The reconciliation of operating profit to underlying operating profit is as follows:

| million (unaudited) | First Half | |
|---|--------------|--------------|
| | 2018 | 2017 |
| Operating profit | 4,474 | 4,847 |
| Non-underlying items within operating profit (see note 2) | 438 | 79 |
| Underlying operating profit | 4,912 | 4,926 |
| Turnover | 26,352 | 27,725 |
| Operating margin (%) | 17.0% | 17.5% |
| Underlying operating margin (%) | 18.6% | 17.8% |

Underlying earnings per share (EPS)

Underlying earnings per share (underlying EPS) is calculated as underlying profit attributable to shareholders' equity divided by the diluted combined average number of share units. In calculating underlying profit attributable to shareholders' equity, net profit attributable to shareholders' equity is adjusted to eliminate the post-tax impact of non-underlying items. This measure reflects the underlying earnings for each share unit of the Group. Refer to note 6 on page 19 for reconciliation of net profit attributable to shareholders' equity to underlying profit attributable to shareholders' equity.

Underlying effective tax rate

The underlying effective tax rate is calculated by dividing taxation excluding the tax impact of non-underlying items by profit before tax excluding the impact of non-underlying items and share of net profit/(loss) of joint ventures and associates. This measure reflects the underlying tax rate in relation to profit before tax excluding non-underlying items before tax and share of net profit/(loss) of joint ventures and associates. Tax impact on non-underlying items within operating profit is the sum of the tax on each non-underlying item, based on the applicable country tax rates and tax treatment.

The reconciliation of taxation to taxation before non-underlying items is as follows:

| million (unaudited) | First Half | |
|-------------------------------------|--------------|--------------|
| | 2018 | 2017 |
| Taxation | 1,102 | 1,315 |
| Tax impact of non-underlying items: | | |

Edgar Filing: UNILEVER PLC - Form 6-K

| | | |
|---|--------------|--------------|
| Non-underlying items within operating profit ^(a) | 170 | (21) |
| Non-underlying items not in operating profit but within net profit ^(a) | (29) | |
| Taxation before tax impact of non-underlying items | 1,243 | 1,294 |
| Profit before taxation | 4,339 | 4,632 |
| Non-underlying items within operating profit before tax ^(a) | 438 | 79 |
| Share of net profit /loss of joint ventures and associates | (83) | (75) |
| Profit before tax excluding non-underlying items before tax and share of net profit/(loss) of joint ventures and associates | 4,694 | 4,636 |
| Underlying effective tax rate | 26.5% | 27.9% |

(a) Refer to note 2 for further details on these items.

NON-GAAP MEASURES (continued)**Constant underlying EPS**

Constant underlying earnings per share (constant underlying EPS) is calculated as underlying profit attributable to shareholders' equity at constant exchange rates and excluding the impact of both translational hedges and 2018 price inflation in Venezuela divided by the diluted combined average number of share units. This measure reflects the underlying earnings for each share unit of the Group in constant exchange rates.

The reconciliation of underlying earnings attributable to shareholders' equity to constant underlying earnings attributable to shareholders' equity and the calculation of constant underlying EPS is as follows:

| million (unaudited) | First Half | |
|---|------------|------------------------|
| | 2018 | 2017 |
| Underlying profit attributable to shareholders' equity (see note 6) | 3,326 | 3,206 |
| Impact of translation from current to constant exchange rates and translational hedges | 228 | (68) |
| Impact of Venezuela price inflation ^(a) | 28 | |
| Constant underlying earnings attributable to shareholders equity | 3,582 | 3,138 |
| Diluted combined average number of share units (millions of units) | 2,737.3 | 2,845.7 |
| Constant underlying EPS () | 1.31 | 1.10 ^{(b)(c)} |

(a) See pages 6 to 7 for further details.

(b) Represents the first half 2017 underlying EPS as adjusted for translational hedges and the impact of translation of earnings using annual average 2017 exchange rates.

(c) From 2018, in our reporting of growth in constant underlying EPS, we translate the prior period using an annual average exchange rate rather than monthly averages. This change has been made to align with the prior period constant exchange rate used for calculating USG. The impact of this is a reduction of 0.04 per share in the first half 2017 constant underlying EPS.

Net debt

Net debt is defined as the excess of total financial liabilities, excluding trade payables and other current liabilities, over cash, cash equivalents and other current financial assets, excluding trade and other current receivables. It is a measure that provides valuable additional information on the summary presentation of the Group's net financial liabilities and is a measure in common use elsewhere.

The reconciliation of total financial liabilities to net debt is as follows:

| million | As at 30 June 2018 | As at 31 December 2017 | As at 30 June 2017 |
|--|--------------------------|------------------------------|--------------------------|
| (unaudited) | | | |
| Total financial liabilities | (29,621) | (24,430) | (19,633) |
| Current financial liabilities | (10,670) | (7,968) | (5,081) |
| Non-current financial liabilities | (18,951) | (16,462) | (14,552) |
| Cash and cash equivalents as per balance sheet | 3,991 | 3,317 | 5,016 |
| Cash and cash equivalents as per cash flow statement | 3,811 | 3,169 | 4,860 |
| Add bank overdrafts deducted therein | 189 | 167 | 156 |
| Less cash and cash equivalents classified as held for sale | (9) | (19) | |
| Other current financial assets | 866 | 770 | 825 |
| Net debt | (24,764) | (20,343) | (13,792) |

PRINCIPAL RISK FACTORS

On pages 27 to 31 of our 2017 Report and Accounts we set out our assessment of the principal risk issues that would face the business through 2018 under the headings: brand preference; portfolio management; sustainability; climate change; customer relationships; talent; supply chain; safe and high quality products; systems and information; business transformation; economic and political instability; treasury and pensions; ethical; and legal and regulatory. In our view, the nature and potential impact of such risks remain essentially unchanged as regards our performance over the second half of 2018.

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 will, aim, expects, anticipates, intends, looks, believes, vision, 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 Unilever Group (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. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: Unilever's global brands not meeting consumer preferences; Unilever's ability to innovate and remain competitive; Unilever's investment choices in its portfolio management; inability to find sustainable solutions to support long-term growth; the effect of climate change on Unilever's business; customer relationships; the recruitment and retention of talented employees; disruptions in our supply chain; the cost of raw materials and commodities; the production of safe and high quality products; secure and reliable IT infrastructure; successful execution of acquisitions, divestitures and business transformation projects; economic and political risks and natural disasters; financial risks; failure to meet high and ethical standards; and managing regulatory, tax and legal matters. These forward-looking statements speak only as of the date of this announcement. 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. 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 in the Annual Report on Form 20-F 2017 and the Unilever Annual Report and Accounts 2017.

ENQUIRIES

Media: Media Relations Team

UK +44 78 2527 lucila.zambrano@unilever.com
3767

or louise.phillips@unilever.com

+44 78 2504

NL 9151 els-de.bruin@unilever.com

or +31 10 217 4844 freek.bracke@unilever.com

Investors: Investor Relations Team

+44 20 7822 6830 investor.relations@unilever.com

+32 494 60 4906

There will be a web cast of the results presentation available at:

www.unilever.com/investor-relations/results-and-presentations/latest-results/

INCOME STATEMENT

(unaudited)

| million | First Half | | | |
|--|---------------|---------------|------------------|--|
| | 2018 | 2017 | Current rates | Increase/ (Decrease) Constant rates |
| Turnover | 26,352 | 27,725 | (5.0)% | 5.7% |
| Operating profit | 4,474 | 4,847 | (7.7)% | 2.8% |
| After (charging)/crediting non-underlying items | (438) | (79) | | |
| Net finance costs | (223) | (290) | | |
| Finance income | 64 | 90 | | |
| Finance costs | (272) | (331) | | |
| Pensions and similar obligations | (15) | (49) | | |
| Share of net profit/(loss) of joint ventures and associates | 83 | 75 | | |
| Other income/(loss) from non-current investments and associates | 5 | | | |
| Profit before taxation | 4,339 | 4,632 | (6.3)% | 4.0% |
| Taxation | (1,102) | (1,315) | | |
| After (charging)/crediting tax impact of non-underlying items | 141 | (21) | | |
| Net profit | 3,237 | 3,317 | (2.4)% | 8.1% |
| Attributable to: | | | | |
| Non-controlling interests | 198 | 207 | | |
| Shareholders' equity | 3,039 | 3,110 | (2.3)% | 8.1% |
| Combined earnings per share | | | | |
| Basic earnings per share (euros) | 1.11 | 1.10 | 1.6% | 12.4% |
| Diluted earnings per share (euros) | 1.11 | 1.09 | 1.6% | 12.4% |

STATEMENT OF COMPREHENSIVE INCOME

(unaudited)

| million | First Half | |
|---|--------------|--------------|
| | 2018 | 2017 |
| Net profit | 3,237 | 3,317 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss, net of tax: | | |
| Gains/(losses) on equity instruments measured at fair value through other comprehensive income ^(a) | (4) | |
| Remeasurements of defined benefit pension plans | 142 | 641 |
| Items that may be reclassified subsequently to profit or loss, net of tax: | | |
| Gains/(losses) on cash flow hedges | 36 | 63 |
| Currency retranslation gains/(losses) | (767) | (694) |
| Fair value gains/(losses) on financial instruments ^(a) | | (12) |

| | | |
|-----------------------------------|--------------|--------------|
| Total comprehensive income | 2,644 | 3,315 |
| Attributable to: | | |
| Non-controlling interests | 185 | 170 |
| Shareholders' equity | 2,459 | 3,145 |

(a) Classification has changed following adoption of IFRS 9. See note 1 for further details.

STATEMENT OF CHANGES IN EQUITY

(unaudited)

| million | Called up share capital | Share premium account | Other reserves | Retained profit | Total | Non- controlling interest | Total equity |
|---|-------------------------------|-----------------------------|-------------------|--------------------|---------------|---------------------------------|-----------------|
| First half - 2018 | | | | | | | |
| 1 January 2018 | 484 | 130 | (13,633) | 26,648 | 13,629 | 758 | 14,387 |
| Profit or loss for the period | | | | 3,039 | 3,039 | 198 | 3,237 |
| Other comprehensive income, net of tax: | | | | | | | |
| Gains/(losses) on ^(a) | | | | | | | |
| Equity instruments at fair value through other comprehensive income | | | (4) | | (4) | | (4) |
| Cash flow hedges | | | 35 | | 35 | 1 | 36 |
| Remeasurements of defined benefit pension plans net of tax | | | | 142 | 142 | | 142 |
| Currency retranslation gains/(losses) | | | (745) | (8) | (753) | (14) | (767) |
| Total comprehensive income | | | (714) | 3,173 | 2,459 | 185 | 2,644 |
| Dividends on ordinary capital | | | | (2,037) | (2,037) | | (2,037) |
| Repurchase of shares ^(b) | | | (2,516) | | (2,516) | | (2,516) |
| Movements in treasury stock ^(c) | | | (51) | (135) | (186) | | (186) |
| Share-based payment credit ^(d) | | | | 115 | 115 | | 115 |
| Dividends paid to non-controlling interests | | | | | | (201) | (201) |
| Currency retranslation gains/(losses) net of tax | | | | | | | |
| Hedging gain/(loss) transferred to non-financial assets | | | 96 | | 96 | | 96 |
| Other movements in equity | | | 50 | (27) | 23 | (24) | (1) |
| 30 June 2018 | 484 | 130 | (16,768) | 27,737 | 11,583 | 718 | 12,301 |
| First half - 2017 | | | | | | | |
| 1 January 2017 | 484 | 134 | (7,443) | 23,179 | 16,354 | 626 | 16,980 |
| Profit or loss for the period | | | | 3,110 | 3,110 | 207 | 3,317 |
| Other comprehensive income net of tax: | | | | | | | |
| Fair value gains/(losses) on financial instruments ^(a) | | | (11) | | (11) | (1) | (12) |
| Gains/(losses) on cash flow hedges ^(a) | | | 63 | | 63 | | 63 |
| Remeasurements of defined benefit pension plans net of tax | | | | 641 | 641 | | 641 |
| Currency retranslation gains/(losses) | | | (633) | (25) | (658) | (36) | (694) |

| | | | | | |
|--|------------|------------|----------------|---------------|---------------|
| Total comprehensive income | (581) | 3,726 | 3,145 | 170 | 3,315 |
| Dividends on ordinary capital | | (1,925) | (1,925) | | (1,925) |
| Repurchase of shares ^(b) | (1,368) | | (1,368) | | (1,368) |
| Movements in treasury stock ^(c) | (54) | (146) | (200) | | (200) |
| Share-based payment credit ^(d) | | 158 | 158 | | 158 |
| Dividends paid to non-controlling interests | | | | (184) | (184) |
| Currency retranslation gains/(losses) net of tax | (3) | | (3) | | (3) |
| Other movements in equity | 31 | 11 | 42 | 3 | 45 |
| 30 June 2017 | 484 | 131 | (9,415) | 25,003 | 16,203 |
| | | | | 615 | 16,818 |

- (a) Classification in 2018 has changed following adoption of IFRS 9. See note 1 for further details.
- (b) Repurchase of shares reflects the cost of acquiring ordinary shares as part of the share buyback programmes announced on 6 April 2017 and 19 April 2018. At 30 June 2018 these shares have not been cancelled and are recognised as treasury shares (see note 10).
- (c) Includes purchases and sales of treasury stock, and transfer from treasury stock to retained profit of share-settled schemes arising from prior years and differences between exercise and grant price of share options.
- (d) The share-based payment credit relates to the non-cash charge recorded against operating profit in respect of the fair value of share options and awards granted to employees.

BALANCE SHEET

(unaudited)

| million | As at 30 June 2018 | As at 31 December 2017 | As at 30 June 2017 |
|--|--------------------------|------------------------------|--------------------------|
| Non-current assets | | | |
| Goodwill | 16,687 | 16,881 | 16,974 |
| Intangible assets | 12,011 | 11,520 | 9,481 |
| Property, plant and equipment | 10,050 | 10,411 | 11,063 |
| Pension asset for funded schemes in surplus | 2,340 | 2,173 | 1,334 |
| Deferred tax assets | 1,000 | 1,085 | 1,255 |
| Financial assets | 642 | 675 | 685 |
| Other non-current assets | 619 | 557 | 615 |
| | 43,349 | 43,302 | 41,407 |
| Current assets | | | |
| Inventories | 4,246 | 3,962 | 4,162 |
| Trade and other current receivables | 6,821 | 5,222 | 6,215 |
| Current tax assets | 505 | 488 | 328 |
| Cash and cash equivalents | 3,991 | 3,317 | 5,016 |
| Other financial assets | 866 | 770 | 825 |
| Assets held for sale | 3,404 | 3,224 | 52 |
| | 19,833 | 16,983 | 16,598 |
| Total assets | 63,182 | 60,285 | 58,005 |
| Current liabilities | | | |
| Financial liabilities | 10,670 | 7,968 | 5,081 |
| Trade payables and other current liabilities | 13,779 | 13,426 | 13,322 |
| Current tax liabilities | 924 | 1,088 | 992 |
| Provisions | 472 | 525 | 424 |
| Liabilities held for sale | 143 | 170 | 1 |
| | 25,988 | 23,177 | 19,820 |
| Non-current liabilities | | | |
| Financial liabilities | 18,951 | 16,462 | 14,552 |
| Non-current tax liabilities | 324 | 118 | 116 |
| Pensions and post-retirement healthcare liabilities: | | | |
| Funded schemes in deficit | 1,157 | 1,225 | 1,277 |
| Unfunded schemes | 1,460 | 1,509 | 1,619 |

Edgar Filing: UNILEVER PLC - Form 6-K

| | | | |
|-------------------------------------|---------------|---------------|---------------|
| Provisions | 719 | 794 | 1,001 |
| Deferred tax liabilities | 1,966 | 1,913 | 2,053 |
| Other non-current liabilities | 316 | 700 | 749 |
| | 24,893 | 22,721 | 21,367 |
| Total liabilities | 50,881 | 45,898 | 41,187 |
| Equity | | | |
| Shareholders' equity | 11,583 | 13,629 | 16,203 |
| Non-controlling interests | 718 | 758 | 615 |
| Total equity | 12,301 | 14,387 | 16,818 |
| Total liabilities and equity | 63,182 | 60,285 | 58,005 |

CASH FLOW STATEMENT

(unaudited)

| million | First Half | |
|---|----------------|--------------|
| | 2018 | 2017 |
| Net profit | 3,237 | 3,317 |
| Taxation | 1,102 | 1,315 |
| Share of net profit of joint ventures/associates and other income from non-current investments and associates | (88) | (75) |
| Net finance costs | 223 | 290 |
| Operating profit | 4,474 | 4,847 |
| Depreciation, amortisation and impairment | 983 | 763 |
| Changes in working capital | (1,697) | (1,436) |
| Pensions and similar obligations less payments | (76) | (794) |
| Provisions less payments | (61) | 68 |
| Elimination of (profits)/losses on disposals | 32 | (299) |
| Non-cash charge for share-based compensation | 115 | 158 |
| Other adjustments ^(a) | (283) | - |
| Cash flow from operating activities | 3,487 | 3,307 |
| Income tax paid | (1,081) | (1,122) |
| Net cash flow from operating activities | 2,406 | 2,185 |
| Interest received | 45 | 104 |
| Net capital expenditure | (495) | (672) |
| Other acquisitions and disposals | (1,035) | 154 |
| Other investing activities | 44 | (46) |
| Net cash flow (used in)/from investing activities | (1,441) | (460) |
| Dividends paid on ordinary share capital | (2,033) | (1,911) |
| Interest and preference dividends paid | (191) | (252) |
| Change in financial liabilities | 4,486 | 3,613 |
| Repurchase of shares | (2,248) | (1,071) |
| Other movements on treasury stock | (264) | (199) |
| Other financing activities | (145) | (42) |
| Net cash flow (used in)/from financing activities | (395) | 138 |
| Net increase/(decrease) in cash and cash equivalents | 570 | 1,863 |

| | | |
|---|--------------|--------------|
| Cash and cash equivalents at the beginning of the period | 3,169 | 3,198 |
| Effect of foreign exchange rate changes | 72 | (201) |
| Cash and cash equivalents at the end of the period | 3,811 | 4,860 |

(a) Includes a non-cash credit of 277 million from early settlement of contingent consideration relating to Blueair.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

1 ACCOUNTING INFORMATION AND POLICIES

The accounting policies and methods of computation are in compliance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standard Board (IASB) and as adopted by the EU; and except as set out below are consistent with the year ended 31 December 2017. The condensed interim financial statements are based on International Financial Reporting Standards (IFRS) as adopted by the EU and IFRS as issued by the IASB.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half year financial statements.

The condensed interim financial statements are shown at current exchange rates, while percentage year-on-year changes are shown at both current and constant exchange rates to facilitate comparison. The income statement on page 11, the statement of comprehensive income on page 11, the statement of changes in equity on page 12 and the cash flow statement on page 14 are translated at exchange rates current in each period. The balance sheet on page 13 is translated at period-end rates of exchange.

The condensed interim financial statements attached do not constitute the full financial statements within the meaning of section 434 of the UK Companies Act 2006. The comparative figures for the financial year ended 31 December 2017 are not Unilever PLC's statutory accounts for that financial year. Those accounts of Unilever for the year ended 31 December 2017 have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor on these accounts was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the UK Companies Act 2006.

Recent accounting developments

On 1 January 2018 the Group adopted IFRS 9 Financial Instruments, which replaced IAS 39 Financial Instruments Recognition and Measurement. The Group has not restated comparative information for prior periods.

Classification and Measurement: On 1 January 2018, we reclassified our financial assets to the new categories based on the Group's reason for holding the assets and the nature of the cash flows from the assets. See note 9 for further information. There were no changes to the carrying values of the Group's financial assets from adopting the new classification model. There have been no changes to the classification or measurement of the Group's financial liabilities.

Impairment: From 1 January 2018 the Group implemented an expected credit loss impairment model for financial assets. For trade receivables, our calculation methodology has been updated to consider expected losses based on ageing profile. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

Hedge accounting: The Group applied the hedge accounting requirements of IFRS 9 prospectively. At the date of initial application all of the Group's existing hedging relationships were eligible to be treated as continuing hedge relationships.

On 1 January 2018 the Group adopted IFRS 15 Revenue from Contracts with Customers with no impact as our accounting policies were already in line with IFRS 15.

In addition, IFRS 16 Leases has been issued by the IASB and endorsed by the EU but is not yet adopted by the Group. It is effective from 1 January 2019. Our work on implementing the new lease model prescribed is progressing as planned, and we continue to consider the implications of the standard on the Group's consolidated results and financial position. Whilst we have conducted contract reviews in a sample of countries and central locations, our work is ongoing on an initial impact assessment exercise and a review of the systems and processes that will need to be updated. We have not yet estimated the amount of right of use assets and lease liabilities that will be recognised on the balance sheet or decided which exemptions will be adopted.

Change in operating segments

The Group has revised its operating segments to align with the new structure under which the business is managed. Beginning 2018, operating segment information is provided based on three product areas: Beauty & Personal Care, Home Care and Foods & Refreshment.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

2 SIGNIFICANT ITEMS WITHIN THE INCOME STATEMENT**Non-underlying items**

Non-underlying items are costs and revenues relating to gains and losses on business disposals, acquisition and disposal-related credit/costs, restructuring costs, impairments and other one-off items within operating profit, and other significant and unusual items within net profit but outside of operating profit, which we collectively term non-underlying items, due to their nature and/or frequency of occurrence. These items are significant in terms of nature and/or amount and are relevant to an understanding of our financial performance.

Restructuring costs are charges associated with activities planned by management that significantly change either the scope of the business or the manner in which it is conducted.

| million | First Half | |
|--|------------|-------|
| | 2018 | 2017 |
| Acquisition and disposal-related credit/(costs) ^(a) | 148 | (69) |
| Gain/(loss) on disposal of group companies ^(b) | | 308 |
| Restructuring costs | (367) | (318) |
| Impairment and other one-off items ^(c) | (219) | |
| Non-underlying items within operating profit before tax | (438) | (79) |
| Tax on non-underlying items within operating profit | 170 | (21) |
| Non-underlying items within operating profit after tax | (268) | (100) |
| Non-underlying items not in operating profit but within net profit: | | |
| Impact of US tax reform | | (29) |
| Non-underlying items not in operating profit but within net profit after tax | | (29) |
| Non-underlying items after tax ^(d) | (297) | (100) |
| Attributable to: | | |
| Non-controlling interests | (10) | (4) |
| Shareholders' equity | (287) | (96) |

(a) 2018 includes a credit of 277 million from early settlement of contingent consideration relating to Blueair.

(b) 2017 includes a gain of 308 million from the sale of AdeS soy beverage business in Latin America.

- (c) Includes a charge of 208 million relating to impairment of Blueair intangible asset.
- (d) Non-underlying items after tax is calculated as non-underlying items within operating profit after tax plus non-underlying items not in operating profit but within net profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

3 SEGMENT INFORMATION - DIVISIONS

| | Beauty & Personal Care | Home Care | Foods & Refreshment | Total |
|---|------------------------------|--------------|------------------------|------------|
| First Half | | | | |
| Turnover (million) | | | | |
| 2017 | 10,481 | 5,398 | 11,846 | 27,725 |
| 2018 | 10,084 | 5,048 | 11,220 | 26,352 |
| Change (%) | (3.8) | (6.5) | (5.3) | (5.0) |
| Impact of: | | | | |
| Exchange rates (%)* | (10.2) | (10.0) | (7.3) | (8.9) |
| Acquisitions (%) | 4.3 | 0.6 | 0.9 | 2.1 |
| Disposals (%) | | (0.2) | (0.4) | (0.2) |
| Underlying sales growth (%) | 2.7 | 3.5 | 1.8 | 2.5 |
| Price (%)* | (0.2) | 0.3 | 0.6 | 0.2 |
| Volume (%) | 2.9 | 3.2 | 1.2 | 2.2 |
| Operating profit (million) | | | | |
| 2017 | 2,068 | 573 | 2,206 | 4,847 |
| 2018 | 2,037 | 638 | 1,799 | 4,474 |
| Underlying operating profit (million) | | | | |
| 2017 | 2,207 | 643 | 2,076 | 4,926 |
| 2018 | 2,201 | 633 | 2,078 | 4,912 |
| Operating margin (%) | | | | |
| 2017 | 19.7 | 10.6 | 18.6 | 17.5 |
| 2018 | 20.2 | 12.6 | 16.0 | 17.0 |
| Underlying operating margin (%) | | | | |
| 2017 | 21.1 | 11.9 | 17.5 | 17.8 |
| 2018 | 21.8 | 12.5 | 18.5 | 18.6 |

* 2018 underlying price growth in Venezuela has been excluded from the Price rows in the tables above, and an equal and opposite adjustment made in the Exchange rate rows.

The adjustment made at Total Group level in these tables in respect of 2018 price growth in Venezuela was 1.3% for the first half. Prior to this adjustment being made, first half price growth at Total Group level would have been 1.5% and exchange rate impact would have been (10.1)%. The corresponding adjustments for Foods & Refreshment was 3.1% for the first half. There is no adjustment in the other divisions.

Turnover growth is made up of distinct individual growth components namely underlying sales, currency impact, acquisitions and disposals. Turnover growth is arrived at by multiplying these individual components on a

compounded basis as there is a currency impact on each of the other components. Accordingly, turnover growth is more than just the sum of the individual components.

Underlying operating profit represents our measure of segment profit or loss as it is the primary measure used for the purpose of making decisions about allocating resources and assessing performance of segments. Underlying operating margin is calculated as underlying operating profit divided by turnover.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

4 SEGMENT INFORMATION - GEOGRAPHICAL AREA

| First Half | Asia / AMET / RUB | The Americas | Europe | Total |
|---|----------------------------|-----------------|------------|------------|
| Turnover (million) | | | | |
| 2017 | 12,085 | 9,077 | 6,563 | 27,725 |
| 2018 | 11,735 | 8,083 | 6,534 | 26,352 |
| Change (%) | (2.9) | (11.0) | (0.5) | (5.0) |
| Impact of: | | | | |
| Exchange rates (%)* | (10.3) | (12.8) | (0.8) | (8.9) |
| Acquisitions (%) | 2.0 | 3.5 | 0.4 | 2.1 |
| Disposals (%) | | (0.5) | (0.3) | (0.2) |
| Underlying sales growth (%) | 6.1 | (0.8) | 0.2 | 2.5 |
| Price (%)* | 0.9 | (0.3) | (0.5) | 0.2 |
| Volume (%) | 5.1 | (0.5) | 0.7 | 2.2 |
| Operating profit (million) | | | | |
| 2017 | 2,070 | 1,704 | 1,073 | 4,847 |
| 2018 | 2,248 | 1,156 | 1,070 | 4,474 |
| Underlying operating profit (million) | | | | |
| 2017 | 2,211 | 1,538 | 1,177 | 4,926 |
| 2018 | 2,317 | 1,333 | 1,262 | 4,912 |
| Operating margin (%) | | | | |
| 2017 | 17.1 | 18.8 | 16.3 | 17.5 |
| 2018 | 19.2 | 14.3 | 16.4 | 17.0 |
| Underlying operating margin (%) | | | | |
| 2017 | 18.3 | 16.9 | 17.9 | 17.8 |
| 2018 | 19.7 | 16.5 | 19.3 | 18.6 |

* 2018 underlying price growth in Venezuela has been excluded from the Price rows in the tables above, and an equal and opposite adjustment made in the Exchange rate rows.

The adjustment made at Total Group level in these tables in respect of 2018 price growth in Venezuela was 1.3% for the first half. Prior to this adjustment being made, first half price growth at Total Group level would have been 1.5% and exchange rate impact would have been (10.1)%. The corresponding adjustments for the Americas was 4.2% for the first half. There is no adjustment in the other geographical areas.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

5 TAXATION

The effective tax rate for the first half was 25.9% compared to 28.9% in 2017. The tax rate is calculated by dividing the tax charge by pre-tax profit excluding the contribution of joint ventures and associates.

Tax effects of components of other comprehensive income were as follows:

| million | First Half 2018 | | | First Half 2017 | | |
|---|-----------------|----------------------------|--------------|-----------------|----------------------------|--------------|
| | Before tax | Tax (charge)/ credit | After tax | Before tax | Tax (charge)/ credit | After tax |
| Gains/(losses) on ^(a) : | | | | | | |
| Equity instruments at fair value through other comprehensive income | (4) | | (4) | | | |
| Cash flow hedges | 32 | 4 | 36 | 74 | (11) | 63 |
| Other financial instruments | | | | (11) | (1) | (12) |
| Remeasurements of defined benefit pension plans | 206 | (64) | 142 | 751 | (110) | 641 |
| Currency retranslation gains/(losses) | (768) | 1 | (767) | (723) | 29 | (694) |
| Other comprehensive income | (534) | (59) | (593) | 91 | (93) | (2) |

(a) Classification has changed following adoption of IFRS 9. See note 1 for further details.

6 COMBINED EARNINGS PER SHARE

The combined earnings per share calculations are based on the average number of share units representing the combined ordinary shares of NV and PLC in issue during the period, less the average number of shares held as treasury shares.

In calculating diluted earnings per share and underlying earnings per share, a number of adjustments are made to the number of shares, principally the exercise of share options by employees.

Earnings per share for total operations for the six months were calculated as follows:

| | 2018 | 2017 |
|--|---------|---------|
| Combined EPS Basic | | |
| Net profit attributable to shareholders equity (million) | 3,039 | 3,110 |
| Average number of combined share units (millions of units) | 2,727.3 | 2,834.4 |

Edgar Filing: UNILEVER PLC - Form 6-K

| | | |
|--|---------|---------|
| Combined EPS basic () | 1.11 | 1.10 |
| Combined EPS Diluted | | |
| Net profit attributable to shareholders equity (million) | 3,039 | 3,110 |
| Adjusted average number of combined share units (millions of units) | 2,737.3 | 2,845.7 |
| Combined EPS diluted () | 1.11 | 1.09 |
| Underlying EPS | | |
| Net profit attributable to shareholder s equity (million) | 3,039 | 3,110 |
| Post tax impact of non-underlying items attributable to shareholders equity (see note 2) | 287 | 96 |
| Underlying profit attributable to shareholders equity (million) | 3,326 | 3,206 |
| Adjusted average number of combined share units (millions of units) | 2,737.3 | 2,845.7 |
| Underlying EPS diluted () | 1.22 | 1.13 |

In calculating underlying earnings per share, net profit attributable to shareholders equity is adjusted to eliminate the post-tax impact of non-underlying items in operating profit and any other significant unusual items within net profit but not operating profit.

During the period the following movements in shares have taken place:

| | Millions |
|---|----------|
| Number of shares at 31 December 2017 (net of treasury shares) | 2,738.9 |
| Shares repurchased under the share buyback programme | (53.0) |
| Net movement in shares under incentive schemes | (0.3) |
| Number of shares at 30 June 2018 | 2,685.6 |

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

7 ACQUISITIONS AND DISPOSALS

Total consideration for acquisitions completed in the first half of 2018 is 1,078 million (acquisitions completed in the first half of 2017: 304 million). The main acquisition in the first half of 2018 was the home and personal care business of Quala in Latin America, which completed on 28 February 2018.

8 ASSETS AND LIABILITIES HELD FOR SALE

The following assets and liabilities have been disclosed as held for sale:

| million | 30 June 2018 Spreads ^(a) | 30 June 2018 Total | 31 December 2017 Total |
|--|---|--------------------------|------------------------------|
| Property, plant and equipment held for sale | | 1 | 30 |
| Disposal groups held for sale | | | |
| Non-current assets | | | |
| Goodwill and intangible assets | 2,512 | 2,512 | 2,311 |
| Property, plant and equipment | 559 | 564 | 552 |
| Deferred tax assets | 140 | 140 | 145 |
| Other non-current assets | 3 | 3 | 1 |
| | 3,214 | 3,214 | 3,009 |
| Current assets | | | |
| Inventories | 137 | 137 | 130 |
| Trade and other receivables | 23 | 24 | 18 |
| Current tax assets | 10 | 10 | 13 |
| Cash and cash equivalents | 9 | 9 | 19 |
| Other | | 4 | 5 |
| | 179 | 184 | 185 |
| Assets held for sale | 3,393 | 3,404 | 3,224 |
| Current liabilities | | | |
| Trade payables and other current liabilities | 82 | 83 | 106 |
| Current tax liabilities | 11 | 11 | 11 |
| Provisions | 1 | 1 | 1 |

| | | | |
|---|------------|------------|------------|
| | 94 | 95 | 118 |
| Non-current liabilities | | | |
| Pensions and post-retirement healthcare liabilities | 6 | 6 | 9 |
| Provisions | | | 1 |
| Deferred tax liabilities | 42 | 42 | 42 |
| | 48 | 48 | 52 |
| Liabilities held for sale | 142 | 143 | 170 |

- (a) In the second half of 2017 the Group announced agreements to sell the South African spreads business to Remgro and the global spreads business (excluding South Africa) to KKR. Both disposals were completed on 2 July 2018. Consideration of 7.3 billion was received for the sale of the global spreads business (excluding South Africa), including estimated working capital adjustments on completion.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

9 FINANCIAL INSTRUMENTS

The Group is exposed to the risks of changes in fair value of its financial assets and liabilities. The following tables summarise the fair values and carrying amounts of financial instruments and the fair value calculations by category. On transition to IFRS 9, there were no changes to the carrying values of the Group's financial assets.

| million | Fair value | | | Carrying amount | | |
|--|--------------------------|------------------------------|--------------------------|--------------------------|------------------------------|--------------------------|
| | As at 30 June 2018 | As at 31 December 2017 | As at 30 June 2017 | As at 30 June 2018 | As at 31 December 2017 | As at 30 June 2017 |
| Financial assets | | | | | | |
| Cash and cash equivalents | 3,991 | 3,317 | 5,016 | 3,991 | 3,317 | 5,016 |
| Held-to-maturity investments ^(a) | | 163 | 152 | | 163 | 152 |
| Loans and receivables ^(a) | | 463 | 304 | | 463 | 304 |
| Available-for-sale financial assets ^(a) | | 564 | 655 | | 564 | 655 |
| Amortised cost ^(a) | 632 | | | 632 | | |
| Fair value through other comprehensive income ^(a) | 288 | | | 288 | | |
| Financial assets at fair value through profit and loss: | | | | | | |
| Derivatives | 209 | 116 | 293 | 209 | 116 | 293 |
| Other | 379 | 139 | 106 | 379 | 139 | 106 |
| | 5,499 | 4,762 | 6,526 | 5,499 | 4,762 | 6,526 |
| Financial liabilities | | | | | | |
| Preference shares | | | (125) | | | (68) |
| Bank loans and overdrafts | (1,131) | (995) | (829) | (1,128) | (992) | (825) |
| Bonds and other loans | (27,842) | (23,368) | (19,031) | (27,426) | (22,709) | (18,353) |
| Finance lease creditors | (151) | (147) | (153) | (135) | (131) | (134) |
| Derivatives | (542) | (421) | (253) | (542) | (421) | (253) |
| Other financial liabilities | (390) | (177) | | (390) | (177) | |
| | (30,056) | (25,108) | (20,391) | (29,621) | (24,430) | (19,633) |

(a) Classification has changed following adoption of IFRS 9. See below and note 1 for further details.

| million | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
|---------|--------------------|---------|---------|--------------------|---------|---------|---------|---------|---------|
| | As at 30 June 2018 | | | As at 30 June 2017 | | | | | |

As at 31 December
2017

| Assets at fair value | | | | | | | |
|--|-----|-------|-------|-----|-------|-------|-------|
| Available-for-sale financial assets ^(a) | | | 215 | 7 | 342 | 277 | 8 370 |
| Financial assets at fair value through other comprehensive income ^(a) | 143 | 4 | 141 | | | | |
| Financial assets at fair value through profit or loss: | | | | | | | |
| Derivatives ^(a) | | 366 | | | 173 | | 376 |
| Other | 185 | | 194 | 137 | | 2 | 104 2 |
| Liabilities at fair value | | | | | | | |
| Derivatives ^(b) | | (588) | | | (534) | | (392) |
| Contingent Consideration | | | (199) | | | (445) | (413) |

(a) Includes 157 million (December 2017: 57 million) derivatives, reported within trade receivables, that hedge trading activities.

(b) Includes (46) million (December 2017: (113) million) derivatives, reported within trade payables, that hedge trading activities.

Other than changes arising on adoption of IFRS 9, there were no significant changes in classification of fair value of financial assets and financial liabilities since 31 December 2017. There were also no significant movements between the fair value hierarchy classifications since 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

9 FINANCIAL INSTRUMENTS (continued)

The fair value of trade receivables and payables is considered to be equal to the carrying amount of these items due to their short-term nature.

Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used in the year ended 31 December 2017.

Adoption of IFRS 9 Impact on measurement of financial assets

On the date of initial application of IFRS 9, 1 January 2018, financial assets of 207 million previously measured at fair value through equity were reclassified as fair value through profit or loss. Fair value gains or losses on these financial assets were immaterial in 2017 and 2018. Financial assets of 6 million previously measured at fair value through profit or loss were reclassified to amortised cost under IFRS 9.

Cash and cash equivalents and trade receivables, which were classified as loans and other receivables under IAS 39, will be classified as amortised cost under IFRS 9.

10 SHARE BUYBACK PROGRAMME

On 19 April 2018 Unilever announced a share buyback programme of up to 6 billion to return the expected after-tax proceeds from the spreads disposal. At 30 June 2018 the Group has repurchased 53,040,783 ordinary shares as part of the programme for 2,514 million. Cash paid for the repurchase of shares was 2,246 million and 268 million is shown within current financial liabilities. These shares have not been cancelled and are recognised as treasury shares with the cost reported within other reserves.

11 DIVIDENDS

The Boards have determined to pay a quarterly interim dividend for Q1 2018 and Q2 2018 at the following rates which are equivalent in value between the two companies at the rate of exchange applied under the terms of the Equalisation Agreement:

| | Q1 2018 | Q2 2018 |
|--|-------------|-------------|
| Per Unilever N.V. ordinary share | 0.3872 | 0.3872 |
| Per Unilever PLC ordinary share | £ 0.3341 | £ 0.3435 |
| Per Unilever N.V. New York share | US\$ 0.4789 | US\$ 0.4531 |
| Per Unilever PLC American Depositary Receipt | US\$ 0.4789 | US\$ 0.4531 |

Edgar Filing: UNILEVER PLC - Form 6-K

The quarterly interim dividends have been determined in euros and converted into equivalent sterling and US dollar amounts using exchange rates issued by WM/Reuters on 17 April 2018 and 17 July 2018 for Q1 and Q2 respectively.

US dollar cheques for the Q2 interim dividend will be mailed on 5 September 2018 to holders of record at the close of business on 3 August 2018. In the case of the NV New York shares, Netherlands withholding tax will be deducted.

The quarterly dividend calendar for the remainder of 2018 will be as follows:

| | Announcement | Ex-Dividend | | |
|-----------------------------------|-----------------|-----------------|-----------------|------------------|
| | Date | Date | Record Date | Payment Date |
| Quarterly dividend for Q2 2018 | 19 July 2018 | 2 August 2018 | 3 August 2018 | 5 September 2018 |
| Quarterly dividend for Q3 2018 | 18 October 2018 | 1 November 2018 | 2 November 2018 | 5 December 2018 |

12 EVENTS AFTER THE BALANCE SHEET DATE

There were no material post balance sheet events other than those mentioned elsewhere in this report.

13 GUARANTOR STATEMENTS

On 27 July 2017, Unilever N.V. and Unilever Capital Corporation (UCC) filed a US Shelf registration, which is unconditionally and fully guaranteed, jointly and severally, by Unilever N.V., Unilever PLC and Unilever United States, Inc. (UNUS) and that superseded the NV and UCC US Shelf registration filed on 30 September 2014, which was unconditionally and fully guaranteed, jointly and severally, by NV, PLC and UNUS. UCC and UNUS are each indirectly 100% owned by the Unilever parent entities (as defined below). Of the US Shelf registration, US\$11.0 billion of Notes were outstanding at 30 June 2018 (2017: US\$9.5 billion; 2016: US\$5.1 billion) with coupons ranging from 1.375% to 5.9%. These Notes are repayable between 15 February 2019 and 15 November 2032.

Provided below are the income statements, cash flow statements and balance sheets of each of the companies discussed above, together with the income statement, cash flow statement and balance sheet of non-guarantor subsidiaries. These have been prepared under the historical cost convention and, aside from the basis of accounting for investments at net asset value (equity accounting), comply in all material respects with International Financial Reporting Standards. The financial information in respect of NV, PLC and UNUS has been prepared with all subsidiaries accounted for on an equity basis. Information on NV and PLC is shown collectively as Unilever parent entities. The financial information in respect of the non-guarantor subsidiaries has been prepared on a consolidated basis.

Income Statement**Six months ended 30 June 2018**

| million | Unilever Capital Corporation subsidiary issuer | Unilever ^(a) parent entities | Unilever United States Inc. subsidiary guarantor | Non- guarantor subsidiaries | Eliminations | Unilever Group |
|---------------------------------------|--|---|--|-----------------------------------|----------------|-------------------|
| Turnover | | | | 26,352 | | 26,352 |
| Operating Profit | | 522 | (1) | 3,953 | | 4,474 |
| Net finance costs | 3 | (52) | (190) | 31 | | (208) |
| Pensions and similar obligations | | (1) | (9) | (5) | | (15) |
| Other income | | | | 88 | | 88 |
| Profit before taxation | 3 | 469 | (200) | 4,067 | | 4,339 |
| Taxation | | (13) | | (1,089) | | (1,102) |
| Net profit before subsidiaries | 3 | 456 | (200) | 2,978 | | 3,237 |
| Equity earnings of subsidiaries | | 2,583 | 461 | (1,427) | (1,617) | |
| Net Profit | 3 | 3,039 | 261 | 1,551 | (1,617) | 3,237 |
| Attributable to: | | | | | | |
| Non-controlling interests | | | | 198 | | 198 |
| Shareholders equity | 3 | 3,039 | 261 | 1,353 | (1,617) | 3,039 |
| Other comprehensive income | | 74 | (30) | (637) | | (593) |

| | | | | | | |
|-----------------------------------|----------|--------------|------------|------------|----------------|--------------|
| Total comprehensive income | 3 | 3,113 | 231 | 914 | (1,617) | 2,644 |
|-----------------------------------|----------|--------------|------------|------------|----------------|--------------|

- (a) The term "Unilever parent entities" includes Unilever N.V. and Unilever PLC. Though Unilever N.V. and Unilever PLC are separate legal entities, with different shareholder constituencies and separate stock exchange listings, they operate as nearly as practicable as a single economic entity. Debt securities issued by entities in the Unilever Group are fully and unconditionally guaranteed by both Unilever N.V. and Unilever PLC.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

13 GUARANTOR STATEMENTS (continued)**Income Statement****Six months ended 30 June 2017**

| million | Unilever Capital Corporation subsidiary issuer | Unilever ^(a) parent entities | Unilever United States Inc. subsidiary guarantor | Non- guarantor subsidiaries | Eliminations | Unilever Group |
|---------------------------------------|--|---|--|-----------------------------------|--------------|-------------------|
| Turnover | | | | 27,725 | | 27,725 |
| Operating Profit | | 66 | (3) | 4,784 | | 4,847 |
| Net finance costs | 6 | (52) | (187) | (8) | | (241) |
| Pensions and similar obligations | | (1) | (12) | (36) | | (49) |
| Other income | | | | 75 | | 75 |
| Profit before taxation | 6 | 13 | (202) | 4,815 | | 4,632 |
| Taxation | (2) | 2 | | (1,315) | | (1,315) |
| Net profit before subsidiaries | 4 | 15 | (202) | 3,500 | | 3,317 |
| Equity earnings of subsidiaries | | 3,095 | 548 | (1,856) | (1,787) | |
| Net Profit | 4 | 3,110 | 346 | 1,644 | (1,787) | 3,317 |
| Attributable to: | | | | | | |
| Non-controlling interests | | | | 207 | | 207 |
| Shareholders' equity | 4 | 3,110 | 346 | 1,437 | (1,787) | 3,110 |
| Other comprehensive income | | (29) | 51 | (24) | | (2) |
| Total comprehensive income | 4 | 3,081 | 397 | 1,620 | (1,787) | (3,315) |

(a) The term "Unilever parent entities" includes Unilever N.V. and Unilever PLC. Though Unilever N.V. and Unilever PLC are separate legal entities, with different shareholder constituencies and separate stock exchange listings, they operate as nearly as practicable as a single economic entity. Debt securities issued by entities in the Unilever Group are fully and unconditionally guaranteed by both Unilever N.V. and Unilever PLC.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)¹

13 GUARANTOR STATEMENTS (continued)

Balance Sheet

As at 30 June 2018

| million | Unilever Capital Corporation subsidiary issuer | Unilever ^(a) Parent entities | Unilever United States Inc. Subsidiary guarantor | Non- guarantor subsidiaries | Eliminations | Unilever Group |
|--|--|---|--|-----------------------------------|------------------|-------------------|
| Non-current assets | | | | | | |
| Goodwill and intangible assets | | 3,124 | | 25,574 | | 28,698 |
| Deferred tax assets | | | 47 | 953 | | 1,000 |
| Other non-current assets | | 6 | 2 | 13,643 | | 13,651 |
| Amounts due from group companies | 19,110 | 9,083 | | | (28,193) | |
| Net assets of subsidiaries (equity accounted) | | 36,576 | 22,215 | | (58,791) | |
| | 19,110 | 48,789 | 22,264 | 40,170 | (86,984) | 43,349 |
| Current assets | | | | | | |
| Amounts due from group companies | | 6,814 | 5,890 | 35,708 | (48,412) | |
| Trade and other current receivables | | 84 | 5 | 6,732 | | 6,821 |
| Current tax assets | | 117 | | 388 | | 505 |
| Other current assets | 12 | 2 | | 12,493 | | 12,507 |
| | 12 | 7,017 | 5,895 | 55,321 | (48,412) | 19,833 |
| Total assets | 19,122 | 55,806 | 28,159 | 95,491 | (135,396) | 63,182 |
| Current liabilities | | | | | | |
| Financial liabilities | 3,080 | 6,335 | 2 | 1,253 | | 10,670 |
| Amounts due to group companies | 7,569 | 28,078 | 61 | 12,704 | (48,412) | |
| Trade payables and other current liabilities | 84 | 208 | 11 | 13,476 | | 13,779 |
| Current tax liabilities | | | 30 | 894 | | 924 |
| Other current liabilities | 2 | 13 | 1 | 599 | | 615 |
| | 10,735 | 34,634 | 105 | 28,926 | (48,412) | 25,988 |
| Non-current liabilities | | | | | | |
| Financial liabilities | 8,070 | 9,560 | | 1,321 | | 18,951 |
| Amounts due to group companies | | | 15,608 | 12,585 | (28,193) | |
| Pension and post-retirement healthcare liabilities: | | | | | | |

| | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|------------------|---------------|
| Funded schemes in deficit | 8 | 164 | 985 | 1,157 | | |
| Unfunded schemes | 90 | 442 | 928 | 1,460 | | |
| Other non-current liabilities | 25 | 19 | 3,281 | 3,325 | | |
| | 8,070 | 9,683 | 16,233 | 19,100 | (28,193) | 24,893 |
| Total liabilities | 18,805 | 44,317 | 16,338 | 48,026 | (76,605) | 50,881 |
| Shareholders equity | 317 | 11,489 | 11,821 | 46,747 | (58,791) | 11,583 |
| Non-controlling interests | | | | 718 | | 718 |
| Total equity | 317 | 11,489 | 11,821 | 47,465 | (58,791) | 12,301 |
| Total liabilities and equity | 19,122 | 55,806 | 28,159 | 95,491 | (135,396) | 63,182 |

- (a) The term "Unilever parent entities" includes Unilever N.V. and Unilever PLC. Though Unilever N.V. and Unilever PLC are separate legal entities, with different shareholder constituencies and separate stock exchange listings, they operate as nearly as practicable as a single economic entity. Debt securities issued by entities in the Unilever Group are fully and unconditionally guaranteed by both Unilever N.V. and Unilever PLC.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)¹

13 GUARANTOR STATEMENTS (continued)

Balance Sheet

As at 31 December 2017

| million | Unilever Capital Corporation subsidiary issuer | Unilever ^(a) Parent entities | Unilever United States Inc. Subsidiary guarantor | Non- guarantor subsidiaries | Eliminations | Unilever Group |
|--|--|---|--|-----------------------------------|--------------|-------------------|
| Non-current assets | | | | | | |
| Goodwill and intangible assets | | 2,143 | | 26,258 | | 28,401 |
| Deferred tax assets | | 90 | 48 | 947 | | 1,085 |
| Other non-current assets | | 6 | 2 | 13,808 | | 13,816 |
| Amounts due from group companies | 17,132 | 7,099 | | | (24,231) | |
| Net assets of subsidiaries (equity accounted) | | 35,933 | 21,568 | | (57,501) | |
| | 17,132 | 45,271 | 21,618 | 41,013 | (81,732) | 43,302 |
| Current assets | | | | | | |
| Amounts due from group companies | | 6,119 | 5,318 | 32,445 | (43,882) | |
| Trade and other current receivables | | 51 | 3 | 5,168 | | 5,222 |
| Current tax assets | | 57 | 9 | 422 | | 488 |
| Other current assets | | 39 | | 11,234 | | 11,273 |
| | | 6,266 | 5,330 | 49,269 | (43,882) | 16,983 |
| Total assets | 17,132 | 51,537 | 26,948 | 90,282 | (125,614) | 60,285 |
| Current liabilities | | | | | | |
| Financial liabilities | 2,420 | 4,685 | 1 | 862 | | 7,968 |
| Amounts due to group companies | 6,964 | 25,457 | 24 | 11,437 | (43,882) | |
| Trade payables and other current liabilities | 65 | 215 | 11 | 13,135 | | 13,426 |
| Current tax liabilities | | | | 1,088 | | 1,088 |
| Other current liabilities | | 5 | | 690 | | 695 |
| | 9,449 | 30,362 | 36 | 27,212 | (43,882) | 23,177 |
| Non-current liabilities | | | | | | |
| Financial liabilities | 7,377 | 7,571 | | 1,514 | | 16,462 |
| Amounts due to group companies | | | 14,517 | 9,714 | (24,231) | |
| Pension and post-retirement healthcare liabilities: | | | | | | |

Edgar Filing: UNILEVER PLC - Form 6-K

| | | | | | | |
|-------------------------------------|--------|--------|--------|--------|-----------|--------|
| Funded schemes in deficit | 8 | 103 | 1,114 | 1,225 | | |
| Unfunded schemes | 93 | 439 | 977 | 1,509 | | |
| Other non-current liabilities | 5 | 1 | 3,519 | 3,525 | | |
| | 7,377 | 7,677 | 15,060 | 16,838 | (24,231) | 22,721 |
| Total liabilities | 16,826 | 38,039 | 15,096 | 44,050 | (68,113) | 45,898 |
| Shareholders equity | 306 | 13,498 | 11,852 | 45,474 | (57,501) | 13,629 |
| Non-controlling interests | | | | 758 | | 758 |
| Total equity | 306 | 13,498 | 11,852 | 46,232 | (57,501) | 14,387 |
| Total liabilities and equity | 17,132 | 51,537 | 26,948 | 90,282 | (125,614) | 60,285 |

- (a) The term "Unilever parent entities" includes Unilever N.V. and Unilever PLC. Though Unilever N.V. and Unilever PLC are separate legal entities, with different shareholder constituencies and separate stock exchange listings, they operate as nearly as practicable as a single economic entity. Debt securities issued by entities in the Unilever Group are fully and unconditionally guaranteed by both Unilever N.V. and Unilever PLC.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

13 GUARANTOR STATEMENTS (continued)

Cash flow statement

| Six months ended 30 June 2018 | Unilever Capital Corporation subsidiary issuer | Unilever ^(a) parent entities | Unilever United States Inc. subsidiary guarantor | Non- guarantor subsidiaries | Eliminations | Unilever Group |
|---|--|---|--|-----------------------------------|--------------|-------------------|
| million | | | | | | |
| Net cash flow from operating activities | | 414 | (13) | 2,005 | | 2,406 |
| Net cash flow from /(used in) investing activities | (1,336) | (2,731) | (460) | 2,516 | 570 | (1,441) |
| Net cash flow from/(used in) financing activities | 1,340 | 2,278 | 471 | (3,914) | (570) | (395) |
| Net increase/(decrease) in cash and cash equivalents | 4 | (39) | (2) | 607 | | 570 |
| Cash and cash equivalents at beginning of year | | 23 | (1) | 3,147 | | 3,169 |
| Effect of foreign exchange rates | 7 | 18 | | 47 | | 72 |
| Cash and cash equivalents at end of year | 11 | 2 | (3) | 3,801 | | 3,811 |

Cash flow statement

| Six months ended 30 June 2017 | Unilever Capital Corporation subsidiary issuer | Unilever ^(a) parent entities | Unilever United States Inc. subsidiary guarantor | Non- guarantor subsidiaries | Eliminations | Unilever Group |
|---|--|---|---|-----------------------------------|--------------|-------------------|
| million | | | | | | |
| Net cash flow from operating activities | | (14) | (16) | 2,215 | | 2,185 |
| Net cash flow from /(used in) investing activities | (3,470) | (680) | (640) | 3,688 | 642 | (460) |
| Net cash flow from/(used in) financing activities | 3,465 | 1,539 | 658 | (4,882) | (642) | 138 |
| Net increase/(decrease) in cash and cash equivalents | (5) | 845 | 2 | 1,021 | | 1,863 |
| | | 6 | (2) | 3,194 | | 3,198 |

| | | | | |
|---|-----|------|-------|-------|
| Cash and cash equivalents at beginning of year | | | | |
| Effect of foreign exchange rates | 5 | (50) | (156) | (201) |
| Cash and cash equivalents at end of year | | | | |
| | 801 | | 4,059 | 4,860 |

- (a) The term "Unilever parent entities" includes Unilever N.V. and Unilever PLC. Though Unilever N.V. and Unilever PLC are separate legal entities, with different shareholder constituencies and separate stock exchange listings, they operate as nearly as practicable as a single economic entity. Debt securities issued by entities in the Unilever Group are fully and unconditionally guaranteed by both Unilever N.V. and Unilever PLC.