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OVERVIEW:

Overall company sales growth of 1.8% for Q was in line with expectations. Q+A Review: Geographies broken out; innovations in various products.

CORPORATE PARTICIPANTS

Howard Green *Unilever - Head of Investor Relations*

James Edwardes - *Jones*

CONFERENCE CALL PARTICIPANTS

Graham John *HSBC*

Andy Smith (ph)

Julian Hardwick *ABN Ambro*

Tim Potter *Goldman Sachs*

Silvan Masso (ph) *Morgan Stanle*

David Lanf (ph) *Invest Tax Security*

Julia Bannon (ph)

Arnold Langwa *JP Morgan*

Robert Yanbas *ING Bearing*

PRESENTATION

Howard Green - *Unilever - Head of Investor Relations*

Ladies and gentlemen, good morning and welcome to this presentation of Unilever's the first quarter results. A transcript of this presentation can be accessed via our website. That transcript contains the usual formal disclaimer as to forward looking statements within the meaning of relevant US legislation, and this presentation and discussions are conducted subject to that disclaimer. I propose not to read the disclaimer, although we take it as read into the record for the purpose of this presentation and conference call.

So now let me turn to our results for the first quarter, and I remind you that unless otherwise stated the financial numbers used in this presentation are in euros at constant rates of exchange, that is average 2001 rate. On chart one, you will see the key features of our results for the quarter. Firstly underlying sales growth was in line with our expectations of 1.8 percent. In the leading brands, sales growth was 4.6 percent of last 12 months with 3 percent in the quarter. We've seen good momentum through the quarter with underlying sales growth of the leading brands of over 6 percent in March.

Secondly our operating margin before exceptional items and goodwill amortization moved ahead strongly by 250 basis points to 14.9 percent in the quarter. This progress is being driven by substantial increasing gross margins which are ahead by 160 basis points.

Thirdly, net interest of 320 million euros is 26 percent below last year, reflecting the combination of l o w e r (ph) rates, benefits the strong cash flow from operations, good management of capital employed and proceeds from our disposal program. As a result of the strong increase in operating profit and lower interest, earnings per share before exceptional items and goodwill amortization advanced by 37 percent in the quarter. Compared to pre-close, we saw stronger progress in gross margins. Expenditure on advertising and promotions and associated costs was also slightly low because of activities rephased in quarter two. This re-phasing contributed six percentage points to the EPS BEIA growth. The amount of advertising and promotions involved was 30 million Euros, equivalent to less than two percent was spent in the first quarter.

Let me now put these results in the contexts of our operating plans of 2002. The value creation culture embedded in Unilever and shows that our focus is on growth which is profitable growth. The surest way of securing profitable growth is to work at getting the business fundamentals right. So, let me illustrate what this is meant for us as we implement our path to growth strategy and how it has influenced our quarter one results, the ninth quarter of our 20 quarter program. As we implement our strategy, different products of our business will have different priorities at any particular moment. Those priorities are, however all consistent with the building blocks of our strategy and in combination, they will get us to our 2004 target.

Let me turn to chart two and try and go behind the numbers to tell you what I mean through a few examples. Firstly, near 10 billion euro annual turnover skin, hair and deodorant m a s s (ph) market businesses grew by a little over 7 percent in the quarter, by over eight percent per annum over the last three years. With good growth and excellent operating margins, we certainly have a good example of sustained value creation. We've had a good start for the year and it is only the phasing of innovation for the slightly diluting out quarter one growth rate.

Secondly, within our six billion euro plus annual turnover spread in cooking product business, our leading brands which account for over four billion euros of sales grew by more than three percent in the quarter. The emphasis is on proving that we can sustain growth on the back of our proven track record of generating attractive margins. The second part of our strategy is about finding value enhancing strategies to exit from our oils businesses. The sale of refineries in Europe and Mazola are good examples of what we are doing.

The third example is our near seven billion euro annual turnover laundry business, which shows fast growth in the quarter with around a 350 basis point increase in operating margin. We have a regionally differentiated strategy. In Western Europe, we have regained share compared to a few years ago, and we have improved profitability by building on our market strength through innovation. Even in a very competitive market of quarter one of this year, we've seen two percent volume growth. In the US our strategy is to be a profitable number two and with a top comparison sales growth in the previous year, we have given up some share that significantly stepped up profitability. Watching the rest of the world where we lead the market, the emphasis is being on improving profitability as we continue to move share forward.

Incidentally, our total laundry business has got on an average of four percent plus over the last three years and grew in mid single digits in March month as the emphasis on improving profitability, particularly in our rest of the world market turn back towards growth. I'll now turn to our near ten billion euro annual turnover savory and dressings business, which includes olive oil. Our leading brands are 90 percent of this, and we've seen underlying sales growth in them of around 1.5 percent. Here the emphasis is being on ensuring that we have created the firm foundation from the best foods integration, particularly with regard to brand understanding and sales force integration on which - on which the leverage, a regular flow of innovation.

We have secured that sound foundation and again we've seen momentum through the quarter with underlying sales growth of approaching three percent in March. We have a strong innovation program scheduled for the rest of the year. It is here that we've, also the world class brands that provides, the vehicles for accelerating the growth of our foods business and developing an emerging market. These brands, plus our own parallel and experience, representing exiting growth from profit opportunity as we move forward with our plans.

Now for tea based beverages, our 2.5 billion euro plus annual turnover business saw a smooth decline in sales, but this discarded two very different phases in the implementation of our strategy. On the one hand we saw a low double digit growth in Lipton Ready-to-Drink tea in both Europe and North America as we continue to expand our brand into the 350 billion euro soft drinks market. In North America, there has also been a particularly positive response for the March launch of Lipton Brisk Lemonade. On the other hand, in the leaf tea we see - we see two factors of faster growth and action which in this quarter produced an underlying sales decline of around 10 million euros.

Firstly, we continue to see strong growth in Central and Eastern Europe, particularly in Russia, as we extend the reach of our leading brands. Secondly, however, this growth has been offset by deliberate reduction of unprofitable volume in our business in India as we continue to focus on improving margins which are ahead by some 320 basis points in the quarter in India. Lastly, ice cream and frozen foods businesses with annualized turn over of over 7.5 billion euros grew underlying sales by very close to four percent in the quarter, and also moved operating margins ahead by 270 basis points.

In many ways, these businesses show the power of faster growth, cutting of tail brands, exiting from certain countries or finding different business models, a rapid implementation of restructuring initiatives and a focus on innovation, have all contributed to a rejuvenation of businesses where we have strong market positions. Again, we have to sustain this performance with all the building blocks in place to do just that. I hope these few examples give you a flavor of the different aspects of faster growth as it gets implemented in our business around the world.

Let me now turn to the overall sales growth for the quarter by focussing on the common themes within these strategies and there implications for our first quarter growth rate. These are showed on chart III, within the sales - within the three percent leading brands growth for the quarter, foods grew 2.6 percent and Home and Personal Care grew 3.5 percent. In March month, we saw leading brands growth of over 6 percent with both foods and HPC contributing strongly. In foods, the majority of the growth came from volume whereas in the Home and Personal Care, there was a high proportion of price.

The greater contribution coming from price in the Home and Personal Care reflects the high proportion of business in developing and emerging markets which have experienced devaluations. This takes us through to our first common scene. In a number of developing and emerging markets, we're in the process of restoring margins which have been affected by the devaluation led cost increases. As is normal at this stage of the cycle, underlying sales growth slows. This happens because pricing action is offset by an increase in the rate of underlying volume decline as consumer markets shrink.

Our focus is on maintaining the strength of our market position and coming out of the crisis stronger than when we went in. We know from experience that this trend starts to revert itself, we would expect to see this as we move through 2002. We also know our approach works for the long term health of the business. In 2001, the developing and emerging market sales were 34 percent of sales, up from 20 percent in 1991 and the growth rate before acquisitions in current euro is around 9 percent per annum. Operating profits has increased slightly above this rate.

Our second common scene is that we've a very different phasing of innovation this year compared with last year, particularly in Asia-Pacific and North America. In 2001, as we said at the time, we had well over third of our big hit innovation in the market in the first quarter. Just to remind you, this included innovation in spreads and cooking products, the launch of N - j o i (ph) in the UK, launch of the Ready-to-Drink tea partnership with S a n t o r i (ph) in Japan, the launch of laundry tablets, and innovation in Surf liquid in the US, the launch of easy to use wipes under the Lever 2000 and Dove brands in the US. The launch of Sunsilk branded as Sedal in Mexico.

The different phasing of innovation in 2002 is simply that, phasing, not the lack of initiative and it is not that last year's initiatives have run out of steam, a number of factors have to be taken into account in the practical reality of an upgrading plan when it comes to the timing of innovation. This year, our program of market initiative is more backend loaded, but it is also as least as intensive as last year, with a sustained rate in home and personal care and a step-up in foods. The impact of margin recovery and innovation phasing on the growth of the leading brands is well in excess of our 150 basis points.

In the to the business, we have a fast attrition in the non leading brands with the decline of around 4.3 percent in the quarter compared with the growth of 80 basis points in the first quarter of last year. We've always said harvesting of value from the non-leading brand part of our business will vary quarter by quarter, that's the most important issue for us just to make sure we extract the value and it is not to worry about consistency of sales delivery. I think we have shown that we're in control of this process and our margin progress and the momentum in our restructuring programs provides the supporting evidence. Tail attrition has impacted underlying sales growth by some 80 basis points.

In respect to amend the tail of our business, we also see that the effect of disposals is to reduce sales growth by 300 basis points to give reported sales of 12.3 billion Euros, a decline of 1.3 percent from the prior year. Let me wrap up the section on the sales growth by reconfirming that we remain comfortable with where we are in terms of the business cycle in those markets where we have suffered economic dislocation, our innovation plans for 2002 are on track and we continue to manage the tail of our business to maximize value. We also remain confident of achieving our objective of sustaining the growth of our leading brands and that - and that these brands will represent approaching 90 percent of total sales by the end of 2002.

Let me now turn to how we've continued to drive forward our operating margins, this is shown on chart four, the basis point quotes are all expressed as an effect on total Unilever operating margins. Gross margins moved ahead by 106 basis points in the quarter. The key drivers of the improvements in gross margins have been firstly continued benefits from our procurements and supply chain restructuring programs which contributed some 160 basis points of gross margin.

Secondly, improved mix contributed some 60 basis points through disposals on a larger proportion of higher margin categories.

Thirdly, good progress with recovery of devaluation led cost increases through pricing actions. There is still a short fall between cost increases and price of around 60 basis points, a substantial improvement on the 130 basis points we saw in quarter four of last year. We increased investments behind our brands in the quarter not withstanding the relatively high spent, rate of spent in the first quarter of last year, while advertising promotion as a percentage of sales was 50 basis points below last year, this is more than offset by higher investment in trade and consumer price promotions which we call above the line expenditure of a 150 million euros. You remember that we deduct above the line expenditure in order to arrive at the reported sales.

Continued savings from both low medium rates and media efficiency measures are also estimated to be worth some 50 basis points of sales in the quarter. In advertising and promotions, we saw a step-up during the quarter as we introduced innovations to the market. In March month, advertising and promotion as a potential to sales with 30 basis points ahead of last year, lower associated costs at 20 basis points for operating margin progression with an additional benefit of 20 basis points from lower overheads.

Let me turn to chart five to highlight the other key financial indicators for the first quarter. Operating profits before exceptional items and goodwill amortization rises by 282 million euros or 18 percent EBITDA before exceptional items which is in current money is 2.1 billion euros in the quarter. Exceptional items for the quarter were a 197 million euros which includes 222 million euros of restructuring and 25 million euros profit on disposals. Associated costs include in operating profits BEIA, were 40 million euros in the quarter. Interests payable is 320 million Euros, 26 percent lower than last year with approximately half of the reduction coming from a lower debt level through cash flow from operations and disposal and the balance from lower rates. Cash flow from operating activity was 1.1 billion euros in the quarter and if we look at this on a moving annual total basis, it has gone up from 5.6 billion euros in quarter four of 1999 to 7.6 billion euros in this quarter.

Net debt of the quarter end at current rates exchange was 23 billion euros compared with 27.8 billion euros a year ago. Net gearing is 72 percent. Profit before tax of 962 million euros is 62 percent above last year, reflecting the improved operating margin and a lower interest charge. Effective tax rates for the quarter was 44.9 percent reflecting the non-tax deductibility of Bestfood goodwill amortization. The underlying tax rates for normal trading operations and excluding the goodwill affect is 33.9 percent.

Now let me turn to chart six which shows how our reporting currencies have developed in the quarter and shows the impact on EPS of current exchange rates. When expressing current rates of exchange EPS before exceptional items and goodwill amortization grew about 33 percent in the quarter. In the quarter, we saw a strengthening of the Pound Sterling against the euro by 2.8 percent and of the US Dollar against the euro by 4.8 percent compared with a year ago. The current exchange rate results also reflect a 50 percent devaluation of the Argentinean peso.

Chart six shows the current exchange rates EPS and the EPS BEIA on the percentage change for the Euro, the Pound Sterling and the US Dollar. I'll now review the quarters results and performance by region beginning with Europe on chart seven. Sales growth was broad-based across categories and includes the continuing strong contribution from Central and Eastern Europe. Underlying sales growth was 2.4 percent with a hundred basis points coming from price. Key highlights in the development of our business have been in Western Europe, underlying sales growth of 5.2 percent in branded spreads and cooking products, driven by the sustained progress for our innovation. Good growth in Savoury and dressings of 3.6 percent fueled by continued strong growth in Amora, growth of over 4 percent in Knorr and a strong contribution from Hellmann's in the UK.

In our Home and Personal care m a s s (ph) consumer businesses underlying sales were ahead by a little over 4 percent. We have seen good growth in skin, hair and deodorants with the key drivers being Dove, Rexona and Axe. Dove shampoo and conditioner is now available in over 10 markets and the initial purchase pattern is encouraging. In laundry, volume growth has been only partially offset by competitive pricing environment. In Central Eastern Europe, we have seen growth in low double digits driven by particularly strong growth in Russia in tea, savoury and dressings, skin and hair and in savoury and dressings and household care across the rest of the region. Operating margins are 190 basis points, ahead of last year, reflecting the benefits of supply chain restructuring and Bestfoods synergy.

I'll now turn to North America on chart eight. Sales were 3.5 percent lower through the effect of disposals. Flat underlying sales reflect the tougher comparator through later phasing of innovation this year, the impact on turnover of increased commercial investment in foods and the one off effect on trade stocks of K-Mart store closures. In foods underlying sales grew two percent with good volume growth partly offset by negative pricing impacts of 30 basis points. ice cream continue to grow very strongly, our leading spreads brands also performed well. Ragu Express continues to make progress and Lipton Brisk Lemonade was launched successfully in March.

However, overall sales growth was held back by the impact on turnover of trade investments behind a Wish-Bone product launch, the migration of Five Brothers Bertolli and promotions behind the Hellmann's brand in response to competitive pricing. Harvesting of tale brands reduced the underlying sales growth by a 140 basis points. We've gained market shares in spreads including Skippy and spoonables with Hellmann's and in Wish-Bone salad dressings. Shares in pasta sauce and side dishes are marginally down due to the phasing of competitive initiatives relative to our own innovation plans. We have an active program to counter this, going forward. In home and personal care, underlying sales declined 2.5 percent with good growth in skin being offset by a number of factors.

Firstly, our innovation program is phased late - to later in the year, while the first quarter of last year benefited strongly from launches under the Dove, S w a n (ph) , Caress, and W i s h (ph) of brands. The effect of this is some 300 basis points to sales growth. Secondly, in laundry, we are focusing on improving profitability and margins have moved strongly ahead. Some loss of share means that overall sales growth was pulled down by some 130 basis points. Innovations in laundry are backend loaded in 2002 compared to 2001.

Finally, K-Mart's program of store closures produced a one-off reduction in trade stocks with an effect of some 150 basis points on home and personal care sales growth. Operating margins increased strongly by 390 basis points to 15 percent driven by supply chain savings and Bestfood synergy. Margins were also boosted by lower advertising and promotion as a result of the different phasing of innovation and lower media rates. Lower media rates contribute 40 basis points of this. I'll now turn to Africa, Middle East and Turkey on chart nine. Underlying sales growth of 5 percent is driven by price increases in particular to restore margins in a number of countries where there has been devaluation. This has enabled us to protect operative margin at 9 percent not withstanding tough economic conditions.

South Africa performs strongly with good volume growth across dressings, spreads, tea and personal care. Sunsilk was successfully launched building on our experience from Latin America. In Turkey, we continued to see consumer down trading and declining markets reflecting a difficult economy, but market shares and key categories were at least maintained, we have seen underlying sales decline by 10 percent. However, we have also significantly improved profitability. Good sales growth in Egypt and Arabia was offset by difficult trading conditions in much of West and sub-Saharan Africa.

I'll now turn to Asia-Pacific on chart 10. Underlying sales growth in Asia-Pacific moved ahead by 40 basis points with a rapid acceleration through the quarter. In South East Asia, we continued to see strong growth in Indonesia across foods, home care and personal care. However, this was partly offset by both the Philippines and Thailand due to tough competitors in the previous year from phasing of innovation. In Japan, we continued to see high single digit growth in home and personal care, driven by Dove following the launch of shampoo last year and Ponds. However, in foods, we see a decline in sales against the strong quarter in the previous year which included the initial sales associated with the launch of our Ready-to-Drink tea alliance with S a n t o r i (ph) . In India underlying sales in the quarter declined five percent. This reflects destocking of the trade as we introduced continuous replenishments to our distributors, the impact of the budget where duties had been reduced on skin and hair products, and we have given rebates to the trade for duties already paid, and the continued impact on sales in foods as we focused on improvement in profitability.

Our innovation plans were also phased later in the year as we get our housekeeping out of the way. Taken together, sales reduced by 35 million euros which is the equivalence, nearly 200 basis points on the growth rate of the Asia Pacific region. However, these initiatives also have important benefits for our business going forward as we have structurally improved our capital efficiency, strengthened our margin structure and thus further enhance that competitiveness.

In the second quarter, we expect to see good top line growth in the region as we build on the innovations launched in March. Further - launched further innovations in the quarter, all markets across the region, I see a pick up in demand in India as the benefits of lower prices in skin and hair seep through to consumers. Operating margins of 300 basis points ahead with a strong improvements in results in both China and India, and 60 basis points of lower advertising promotions, reflecting phasing of innovations, media efficiencies in almost equal proportions.

I'll now turn to Latin America on chart 11, sales grew by 1.3 percent with underlying sales ahead by 3.5 percent. Pricing is still the main drivers, we recovered the evaluation led cost increases, harvesting of the tail refused underlying sales growth by 220 basis points. Mexico continues to show very good growth particularly in personal care through Sedal which has now reached the share of almost ten percent through Axe and Dove and in S a v o r i (ph) through the successful launch of Knorr Sazonisimo last year. We also see good growth in Andina led by the launch of Sedal. In Brazil underlying sales moved ahead strongly, deodorants Rexona and Axe and hair through Sedal both grew at more than 20 percent. Spreads also performed well from D o r i a n n a (ph) and Becel including Becel Proactive. And profitable volume entailed businesses has been shed as we managed them for value.

The current situation in Argentina has severely reduced consumer demands, volumes have been affected as a result. However, our management has deep local experience, we are taking the appropriate actions to preserve the long term value of the business. Market shares are firm in declining markets. Our laundry market shares in Brazil, Argentina and Chile remain firm. Operating margins increased by 200 basis points for the benefits of our savings programs and pricing actions to recover devaluation driven cost increases. That completes my review of the regions and I'll now be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

Thank you Mr. Green, now we will poll for questions from analysts. If you have a question please press the number one on your telephone, if you are listening to the conference call on a speaker phone please use the handset while asking your question, should you wish to cancel your question please press the pound or hash button. Our first question is from Ms. A n n i e B o n o w (ph) , of CFSD. Please ask your question at this time ma'am. Hello? We'll move on to our next questioner, will be Ms. Dominique B a s s i a n (ph) of Banque NSMD, please ask your question at this time please.

Unidentified

Good morning. Move on please.

Operator

We will try with our next person. That would be Mr. Graham John of HSBC. Please ask your question .

Graham John - *HSBC*

Good morning, Howard I'm here. I've got a couple of quick admin questions before going to the main question. Can you confirm what the - I think it's in the three percent leading brand growth in Q1 and also can you confirm when you expect the to close.

Howard Green - *Unilever - Head of Investor Relations*

we continue to expect to close in the second quarter and in the leading brands, pricing is just about two and a half percent

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Graham John - *HSBC*

OK, thanks. In terms of your interest charge for the full year, clearly you got a substantial reduction in Q1, based on lowest debt levels and lower interest rates, actually if you're through 2002 you - so the cash generation you got certain level of cash coming in. Since, there is nothing implied, sort of you know if you're going to get to your 15 percent operating margin target for the year and you got such strong reduction in interest charge that you're being a bit conservative on your EPS outlook for 2002.

Howard Green - *Unilever - Head of Investor Relations*

I think, the - everything that we said is, can still, it's consistent with the low double digit EPS growth. I mean, let's just try and look behind the progress of interest. Most of it is said in the speech. Compared to last year round about half of it comes from rates. If you got to look at the yield curve, which I guess is available to most of you, going out, then there is certainly an indication of an uptake in that, and within our outlook for EPS we have taken into account the general shape of the yield curve.

We will see how life develops, but as you would have expected from us we have fully considered all the information and the inputs that is available to us. I mean the other part of the interest line is as you rightly say the benefits from disposal program and yet there are the benefits of those flows to come including Mazola when those transaction close. We have - we have also factored those in. I think in looking at overall EPS, you also got to remember that as we exit from those businesses, that there is a dilution effect on EPS. As we said with the outlook statements, that dilution on E P S (ph) BEIA is around 300 basis points, and we got 300 basis points, was based on an assumption of the closure date for and Mazola in particular and the known previous disposals and that timetable is now different to the assumption that went into the outlook.

Graham John - *HSBC*

OK thanks and then, I mean just very briefly Howard, can you give us more detail on what's going in Argentina than you - obviously noted in Latin America, volumes down 7.4 over Brazil seems to be stabilizing, Mexico still seems to be falling in all cylinders. What is the volume decline in Argentina at the moment and are you managing to get any price margins for that?

Howard Green - *Unilever - Head of Investor Relations*

I mean - lets take the two separate issues, because you asked two questions. If they go - I think you're asking two questions. What's the condition effect and then specifically what is happening in Argentina. The issue first, the whole of Latin America was that - the Argentina was struggling with its economic conditions for a long time, and the rest of the regions effectively were taking actions to the mitigate what was going to happen in Argentina. And that's part of the reason, I guess why we actually saw such a record devaluation in Brazil during 2001.

So it looks at the moment as if contagion will be limited. In respect of Argentina itself, then we have seen underlying volume declines of above 20 percent and we have successfully recovered part of that in pricing, not the full effect, you can imagine that the other consequence of that is that you actually more carefully managed some of the other variable parts of the equation in terms of what you are doing in the market place and other discretionary spent items and all of those things are being managed very effectively, I mean the chairman and the CFO of Argentina are both Argentineans, have both been in their jobs for over ten years and managing very confidently and strongly through the current situation.

Graham John - *HSBC*

OK thanks, Howard.

Howard Green - *Unilever - Head of Investor Relations*

OK.

Operator

The next question will be from Mr. Andy Smith of Schroeder Mark Sullivan Forney (ph), please ask your question at this time sir.

Andy Smith

Good morning Howard.

Howard Green - *Unilever - Head of Investor Relations*

Hi, Andy.

Andy Smith

I've got three questions, firstly can we comment on the phasing of your A M P (ph) spent during the balance of the year and are you sticking to your 15 percent AMP to sales target by 2005, that is the first question.

Howard Green - *Unilever - Head of Investor Relations*

Right, the - let me deal with the AMP target, what we - what we said as fast growth was the investment in advertising and promotions would increase by an underlying 200 basis points, they happened to be 13 percent at the time and it was - that mathematically gave you 15 percent. We still expect that we will be spending that additional 200 basis points. There are of course changes that happen in portfolio, but anything that happened so far would not bring you to anything more than about 20 basis points on a good calculator difference of 15 percent.

So yes, we are sticking with that as an integral part of the fast growth direction. In terms of the phasing and shaping of AMP as we move through the - through the year, then obviously that reflects the pace of marketing, marketplace activities and that is stepping up as we - as we move through the year. I am not going to give you a quarter by quarter phasing, but what I can tell you is that the step-up in marketing is consistent with our low double digits, EPS outlook and as I said in the speech in March month itself we actually moved ahead of the prior month by 30 basis points.

Andy Smith

Thanks, the second question is just a guidance from the chairman that 90 percent of group sales in leading brands by the year end implies rather disposals are likely.

Howard Green - *Unilever - Head of Investor Relations*

As we've always said the management of the tail and extracting value from the tail comes about through two distinct processes within the business. We would by much prefer to achieve get disposals and get the process out of the way. I think it makes a cleaner for us and it certainly makes it cleaner for our investors and everybody else out there. So we will make sure that consistent that our value creation criteria that if disposal is the right way to go then that's the way that we will go. We will equal - equally ensure that the where disposal is not possible that we follow a harvest strategy, and a harvest strategy means that we will trade off volume for the price and reduction in support expenditure in order to, as the words says "harvest the cash from it" and that is why we said as interdentally as part of fast growth that actually looking at the overall top line number is nothing indicative of where we're actually going with the strategy because those declines as we harvest the tail, actually you know, sort of reduce the rate of underlying sales growth in the business. And in quarter one of this year, you've seen the impact of that because we had 4.3 percent reduction that was against the quarter where we had seen in fact an 80 basis points increase, not reduced the overall Unilever top line number. So it considers both of those parts and they - and we also remained confident by 2004 the leading brands will be at 95 percent, close to 95 percent with the business.

Andy Smith

Just one final question, obviously your personal care business, hair, skin and deo, you know, it's continuing to perform reasonably well, but can you comment to that the performance in overall , both in the quarter and over the past 12 months or so?

Howard Green - *Unilever - Head of Investor Relations*

I mean, just let me say, it's not often I get a chance to do the advertising, but I think skin, hair and deo is a 10 billion business growing at a rate - that it is grown consistency of rate is grown and with operating margins close to 20 percent is a little better than just performing okay. I think it's stellar example of value creation. So that's my advertising slot over and done with, and incidentally shows how you can grow and produce profits at the same time. In respect of overall, we actually have a very differentiated strategy by region. In respect of Europe, we have some significant areas of strength which we focus on, the - one of the issues as we look at the figures is that we actually in the prior year changed the distribution arrangements in key countries for part of the overall category, and so was s h o w i n g (ph) an underlying sales decline in overall - in Europe. It is purely the effect of the change in the distribution strategy, because of stocking up with our new distributor in the prior year.

So a focus strategy based on countries in Europe and one where we are growing share in those countries. In Latin America, we have a very powerful business in Chile, we have a strong number two position in Brazil focused around the Closeup brand, and we have also areas of strength in North Latin America particularly in Andina and Central America. If I move to North America, that is very clearly an area where we have taken the decision to make sure that we get the right balance between our market position and profitability, and we've been ensuring that that we enjoy exceptional value by taking profit out of that business. If I move to other parts of the world so Asia Pacific, then we have grown a significant number two position, in the overall category in India the market shares of nearly 40 percent. We have a fabulously strong position in Indonesia based around the Pepsodent brand and we have other pockets of strength, so the oral care category is very much one of a differentiated strategy according to region and even by country and one where we've gained enjoy exceptionally good operating margins.

Andy Smith

Thanks, Howard.

Howard Green - *Unilever - Head of Investor Relations*

OK.

Operator

The next question will be from Mr. Julian Hardwick of ABN Ambro, please ask your question at this time sir.

Julian Hardwick - *ABN Ambro*

Hi, good morning to you.

Howard Green - *Unilever - Head of Investor Relations*

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Julian Hardwick - *ABN Ambro*

I reckon thinking that you had one fewer trading day in this quarter?

Howard Green - *Unilever - Head of Investor Relations*

Yeah, that's absolutely correct, but of course, we also had Easter. I mean, I've seen other people writing about trading days, I think, we have generally not talked about trading days, and it really affect the way that consumers consume our brands, so that - that in a mathematical sense yet there was one fewer trading day, but I think it is important that people realize that there was also Easter.

Julian Hardwick - *ABN Ambro*

Yeah, tell me. Would you think that they were pretty again each other then?

Howard Green - *Unilever - Head of Investor Relations*

Yes, I mean, I would be, you know, happy with that as an assumption, I think that is a fairest presentation of what actually went on.

Julian Hardwick - *ABN Ambro*

And in both, the fewer trading day take place in 1 8 t h (ph) March?

Howard Green - *Unilever - Head of Investor Relations*

Yeah, no, it in fact happened in January, yeah, just the way that the Unilever calendar were, I mean you got 13 weeks in the quarter, we work on the basis of a calendar that goes 5-4-4 and this year, the - well we balanced it out in the January month.

Julian Hardwick - *ABN Ambro*

OK.

Howard Green - *Unilever - Head of Investor Relations*

And by the way, just so that you can look forward in that, in 2004 quarter 1 of 2004 there's going to six fewer - six more trading days in the first quarter of 2004, compared with the third quarter of 2003, just - then we might actually explain that as being something that, but one day, no, I don't think so.

Julian Hardwick - *ABN Ambro*

OK, and how much would the early Easter contributed to the strong growth we saw in March on sale line?

Howard Green - *Unilever - Head of Investor Relations*

No, this is -this is related mainly to the phase of innovation, I mean, I've said a number well in excess of six, you know - you know, how we describe these things. It's primarily through the launch activity, I mean I just, you know, we have to take these things in balance, I think it's wrong to get, you know, through, totally focused on one quarter particularly in the case of Unilever when you got in through the implementations or strategies that we are going through just as in quarter four of this year will in fact get one extra day in the - in the calendar. If I have to estimate it, then the leading brands were growing as I said by well over six percent and it might be upto about one percent with my bringing back down to six percent, the leading brands growth. I wouldn't change the six percent leading brands growth number in - what you are thinking about is just because of Easter.

Julian Hardwick - *ABN Ambro*

OK.

Howard Green - *Unilever - Head of Investor Relations*

Add a six in front of it, that's what I am saying.

Julian Hardwick - *ABN Ambro*

OK that's nice, but I hear you, and could you also just talk about the strong increasing profits and the health and wellness in beverages business i n t h i s (ph) quarter.

Howard Green - *Unilever - Head of Investor Relations*

Yeah, sure, I mean possibly it is - what we were talking about under the Asia - Asia Pacific region and that is the shedding of unprofitable tea business in India, you'll also know that, by the way the tea prices have been falling and that has reflected itself down into, that's a pass through for the consumer as well, which also impacts on the beverages sale - sales line as an aside. So the shedding of the unprofitable tea business in India, the lower commodity prices - lower - low tea commodity prices had a margin benefit in Europe, we've been able to retain part of that benefit and also in SlimFast which is - which is in that category, you see the benefits of s c a l e (ph) and also some changes in sorting for the market extensions, marketplace role-out in Europe. We were bringing in products from the US and local European sourcing is in place, that is being done through a third party co-packing arrangements as we would call it, so it has also a good benefit in terms of the capital employed in the business. The other issues would all be common to the other general trends, but those are - those are three areas specific to help them well in this and beverages.

Julian Hardwick - *ABN Ambro*

OK, thanks so much.

Howard Green - *Unilever - Head of Investor Relations*

Thanks.

Operator

The next question will be from Mr. Tim Potter of Goldman Sachs. Please ask your question at this time sir.

Tim Potter - *Goldman Sachs*

Good morning Howard.

Howard Green - *Unilever - Head of Investor Relations*

Hi, Tim.

Tim Potter - *Goldman Sachs*

You apparently gave us an indication of the sales trends in Central and Eastern Europe, could you give us an indication what happened in Western Europe please?

Howard Green - *Unilever - Head of Investor Relations*

Finally I'll give it every quarter, certainly in Western Europe the - our lines of sales were ahead by two percent then with over three percent in the - what we'll call the A m b i e n (ph) foods round about two and a half percent, oh sorry that's including ice-cream and frozen foods by round about two and half percent and the difference you can find in home and home and personal care.

Tim Potter - *Goldman Sachs*

Thank you. A second question, if I may, can you give us indication of how long it may take the company to get their margin in the right sort of position in US laundry?

Howard Green - *Unilever - Head of Investor Relations*

OK, let me just - let me just take a brief history talk, I mean in the early 1990's laundry margins in the US were in the very very low single digits. We went through a process of supply chain simplification, overhead reduction with the objective of getting the operating margins back into low double digits. This we had done as we left the 1990's. There was some slippage on that in 2001 including the investments in some marketplace activities, those margins fell back down into single digits. As we look at the operating margin now, we have got them back into the double digit territory, that's been a process that was ongoing through the second half of last year and into the first quarter of this year, that again has come from supply chain initiative. So the that's - and also being more selective about the specific segments of the market in which we're going to - going to operate. So we are comfortable with where the margins are in the first quarter where we got them to and as I said in the speech we have an innovation plan for the second half of the year moving forward, so you know, good job done so far, and it's creating the - has created the funds for us move forward.

Tim Potter - *Goldman Sachs*

Thank you, can you remind us how big that business is, by the way?

Howard Green - *Unilever - Head of Investor Relations*

Well, the laundry business in, if I told you that the market share is just under 20 cents, I am sure that you got market values that would enable you to work it out. potter: OK, Howard, thank you.

Howard Green - *Unilever - Head of Investor Relations*

Thank you.

Operator

The next question will be from Mr. James Edwardes Jones of CSFB, please ask your question at this time sir.

James Edwardes - - *Jones*

Morning Howard.

Howard Green - *Unilever* - *Head of Investor Relations*

(Inaudible).

James Edwardes - - *Jones*

Two questions if I may on chart four, excuse me, in your presentation, the first is the overhead savings of 20 basis points, looked to have reduced quite sharply from the second half of the last year, is that an indication that the cost saving program is starting to slow, may be the impact of low volume on your cost ratios, and the second question is, I think you've mentioned that in the leading brands, most of the growth in food was from volume and from HPC was in price, but on page four you've got very similar level pricing numbers of both HPC and foods, how do you reconcile those two?

Howard Green - *Unilever* - *Head of Investor Relations*

OK, the - I mean the reference to the greater proportion from volumes was a specific comment to do with March month. The chart four result is the something - it's not something, the chart four is to do with the full quarter. And so that's the issue there.

James Edwardes - - *Jones*

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Howard Green - *Unilever* - *Head of Investor Relations*

In terms of the overhead issue, then one of the things that you get when you actually make a number of disposals is that you obviously get some uncovered overheads as you exit from those businesses, and those as part of the restructuring programs, take a little time to get out, and that is the - that is the main effect of the overhead rates. In terms of the savings programs, then everything remains on track and we are quite comfortable with where we are. There will also be some elements of what shall I call them variable pay type awards get accrued as we move through the first quarter.

James Edwardes - - *Jones*

Right. Thank you for that.

Howard Green - *Unilever* - *Head of Investor Relations*

Thank you.

Operator

The next question will be from Mr. S i l v a n M a s s o (ph) of Morgan Stanley, please ask your question at this time, sir.

Silvan Masso - *Morgan Stanle*

Good morning, Howard.

Howard Green - *Unilever - Head of Investor Relations*

Good morning, S i l v a n (ph)

Silvan Masso - *Morgan Stanle*

You just said that the restructuring saving on , I mean and at the same time one of the surprise in the quarter compared with the trading statement is gross margin exemption, sir could you elaborate on that volumes in gross margin, and where is the price coming from, that's my first question.

Howard Green - *Unilever - Head of Investor Relations*

I mean the, what we said in pre-close was that we expected gross margins then move ahead by in excess of a 100 basis points. We actually ended up at a 160 basis points and that really is a result of the good momentum that we have got in overall turns of margin - of margin, the coverage particularly in the evaluation current- devaluating currency. The other part of it is that we actually got a higher proportion of higher margin categories within the - within the overall sales made and that has had a leveraging up effect. So we just done better and structurally we are in a better position than we expect it to be and we have gained some degrees of freedom as we move forward. We think that we have created some headroom for ourselves.

Silvan Masso - *Morgan Stanle*

OK. And my second question is given that the advertising spending is again lower than expected, is that not an indication that the innovation is pushed back, sort of back on what you were expecting.

Howard Green - *Unilever - Head of Investor Relations*

No. Let me just go through the various issues. First of all specifically in the March month which was when number of the innovations that we kicked through advertising promotions, this was up 30 basis point compared to the prior month. As you look at advertising promotions which was 50 basis points down. You should also bear in mind that we have still got media efficiency and media price benefits of 50 basis points. So in terms of the bang to your buck if you want to describe it then we are quite happy where we are and the third issue is that we have spent an additional 150 million euros in terms of what we call above the line expenditure which is deducted in terms of the reported sales number.

So as we look at the total investment behind our brands that has increased in returns, admittedly parts of that has been money that has been dealt back to the trade to ensure that we can get at least price changes to actually stick. But, you know that's part of the - part of the process and part of the negotiation that goes on. We are happy with where we are as I said in terms of the overall economic cycle and we are also happy and can confirm that our innovation programs for 2002, our own track and that there is a step up in foods and the program in HPC is the least of intent as it was last year.

Silvan Masso - *Morgan Stanle*

OK, could do you just tell us whether March last year, you said, I mean AMPs up on last year the few basis points in March, was not last year high or low months of AMP?.

Howard Green - *Unilever - Head of Investor Relations*

It was a high month.

Silvan Masso - *Morgan Stanle*

Thank you.

Operator

The next question will be from Mr. Greene of the Capital Group. Please ask your question at this time, sir. We will continue with Mr. David Lang of the I n v e s t T a x s e c u r i t y (ph) . Please ask your question at this time sir.

David Lanf - *Invest Tax Security*

Good morning Howard. Can You hear me?

Howard Green - *Unilever - Head of Investor Relations*

Yes, I can.

David Lanf - *Invest Tax Security*

I want to ask about the ice cream business, it had a pretty good quarter comparatively. Could do you just flush out what - what was behind the turn and you mentioned inventories, but could you talk about the European business and perhaps the European frozen food business and then moving on to the developing and emerging markets, what's been going on in Latin America particularly Brazil where I think weather has been pretty filthy in the early part of the year end, what's the performances been there and perhaps in some of the other developing the emerging markets where the companies has been loosing money?

Howard Green - *Unilever - Head of Investor Relations*

We will come on to whether the company has been loosing money, David .

David Lanf - *Invest Tax Security*

Thank you.

Howard Green - *Unilever - Head of Investor Relations*

Yeah, lets go on a quick tour as we quality of the ice cream was. One thing that I - I think is worthwhile saying is that we now got an ice cream business where it made a profit in the first quarter of the year. Now that might sound a bit strange, but actually in terms of history and other peoples ice cream operations, the regular flow of profitability is sometimes a concern. We have clearly focussed on improving overall efficiency in the business, making sure that we have got a balance and very effective approach to the home marketplace. If I look in Europe, ice cream is ahead, oh sorry, a total ice cream let me start with. Ice cream is ahead in Unilever by seven percent in underlying sales growth in the first quarter. I think it is also quite dangerous at this time to actually draw any immediate conclusions on the prospects for Europe, given that yesterday it was glorious and today is not quite so bright at the moment. We have certainly made a good start for the European ice cream season and we have a number of important innovations that are going into the market and are being extensively rolled out. So we've also been gaining share in grocery.

So overall in Europe, strong sales, yes it's being implored by good weather, but we were making a very good progress. In North America, we continue to perform extremely strongly. We've got underlying sales growth in low double digits, good grew very very well, Ben & Jerry also continued to grow well. In Brazil, your weather forecasting colleagues or weather observers in your extended network have given you the right information, the weather has been extremely difficult and we've had a difficult first two months in ice cream in Brazil, but it was pulled back in the March month, but we have certainly seen underlying sales decline in terms of the ice cream business.

Just to - just to reassure you in terms your overall profitability in Brazil however, you know that we use EVA measures charge in the full amounts of the capital employed, and on the EVA calculation ice cream in Brazil is strongly positive. It's a - it's a positive number and it's positive against last years, the variance is positive. Mexico has performed extremely well. So overall in Brazil, in the ice-cream world, we've had a successful start of the year. Let's wait and see how it develops, we are confident about the innovation plans as we move into the European season and in the rest of the world we've got a power house in America in terms of of Ben and Jerry and we have taken actions in the rest of the world to focus on profitable opportunities, we have exited from some countries, we have entered into new business arrangements, new business models in order to make sure that we have got profitable roots forward and that is showing in the numbers.

David Lanf - *Invest Tax Security*

Thanks Howard, could you just tell us about the European frozen food?.

Howard Green - *Unilever - Head of Investor Relations*

Yeah.

David Lanf - *Invest Tax Security*

Thanks.

Howard Green - *Unilever - Head of Investor Relations*

European frozen food, we of course came up against, when I let out the list of innovations, we came up against the very strong comparator in the prior quarter from the launch not only of N - J o i (ph) , but I think it's went into other markets as well. We actually see underlying sales decline against that comparator, but that is - that is just that. It's up against a tougher comparator. In terms of the overall profitability of the business, we have again improved the profitability of our frozen foods business in Western Europe. We moved our trading margin ahead by over a hundred basis points, and we have got innovation programs in the higher value added, what I would call meal solutions and on trend foods later in the year. They will happen towards the second part of the year, but we again have got an exiting innovation program in that area.

David Lanf - *Invest Tax Security*

Thanks very much.

Howard Green - *Unilever - Head of Investor Relations*

OK.

Operator

The next question will be from Ms. Julia B a n n o n (ph) of . Please ask your question at this time ma'am.

Julia Bannon

Good morning Howard, it's Julia here.

Howard Green - *Unilever - Head of Investor Relations*

Hi, Julia.

Julia Bannon

Hi. Howard, I've got three questions. The first one is concerning the restructuring and the phasing of it throughout 2002. If you could comment on that and whether your guidance for full year restructuring has changed at all?

Howard Green - *Unilever - Head of Investor Relations*

Is it in terms of the savings or of the charge?

Julia Bannon

No, sorry I've the charge.

Howard Green - *Unilever - Head of Investor Relations*

No, it hasn't. I mean the slight difference that there is between the charge in the quarter one in the preclosed guidance, is simply a couple of projects have fallen over into April month of - in accounting terms, that's when they actually get booked. I think the other thing is that I should actually clarify is that when we do the pre-close, I have been tending to give the, not tending I have been giving the gross restructuring number and because the profits on disposals and the closing of transactions is not strongly enough predictable or is not predictable enough to tool ways, we've to include that. So I have been tending to give the gross number. So the number that compared to the 350 that we've given is the 222 that I gave in this page. So no change on our expectations of spent and no change on the total amounts of benefit that comes from the restructuring items.

Julia Bannon

OK, fine, thank you for that Howard. The second point is actually on the comment you made about the progress of leading brands in the month of March, I think you said Howard that the sales were up there, sort of a six percent. Can you - would you be kind enough to split that up between volume and pricing and talk little bit about the launches that have taken place, I think you said that it was because of the pace of innovation that you have seen a very smart movement upwards in March.

Howard Green - *Unilever - Head of Investor Relations*

Yeah. I would be guessing if I gave a volume and the price for the -

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Julia Bannon

Guesses are fine, Howard.

Howard Green - *Unilever - Head of Investor Relations*

Now, the guess is - all the things that then get reported and then I get . I got people scurrying around here doing some calculations. So I will talk about innovation.

Julia Bannon

OK, fine.

Howard Green - *Unilever - Head of Investor Relations*

The length of the talk about innovation would depend on how quickly to calculate. Let me you just talk about innovation as we - as we move through March, March quarter and March month in particular. I mean, just to say, first of all, that on the food side, we continued to see throughout the quarter, a strong performence from the previous innovations in Pro.Activ and Culinesse. The product, we have rolled out into Central and Eastern Europe, into Poland. I have just talked with David about the roll out of - in ice-cream, Cornetto Soft and the soft ice product. That obviously was a significant impact into March months particulars. There is another ice cream product called Solero Smoother which also has gone to market in March. The new varience on Iglo Pizza went to market, end of February, beginning of March and there are a number of innovations in Slim Fast.

We have - we have extented into new powder in the US. We have launched Slim Fast suits in the Netherlands and earlier in the quarter, there was the full relaunch of Slim Fast in Germany. In terms of the rest of the foods, a type of Lipton Brisk Lemonade went to the market in the US, in the second quarter and also wish dressing of marinade. There are a large number of others that I could talk about but, that's give some sense of the momentum that we've got there. If I look at home and personal care, then the continued roll out of Dove has picked up momentum as we have -- as we have worked through the quarter and incidentaly, there is also u n d e r d e p e n d s (ph) the national growth that we are getting in personal care in the Japan market, where our growth rate was in the very high single digits. That I might as well say 9 percent in the first quarter. The normal s e t o f (ph) Dove range extentions rolling. There has been a launch on the Pond's range at the end of February ,running into March month under deodorants. In Prestige, there was a lauch of Wera Vang which I think might have been a February launch. That is - but there were in Europe of scrores of Wera Vang and then, a grouping of sedal and Sunsilk. If I was to have a guess at the price elements of the leading brands, then, I would think that on average, it would be in line with the 2.5 that I gave to Graham Jones . You know, I mean and that really does represents a best guess. In terms of the foods volume part of it, then, that will be higher than the HPC part of it.

Julia Bannon

Okay, thanks, Howard. And just to say that the perso. Aloe Vera that's being launched, is that - is the UK the first market for that?

Howard Green - *Unilever - Head of Investor Relations*

Yes, as far as I know.

Julia Bannon

All right. OK. And my third question, Horward, is on laundry. If you could flush out comparative pricing statement you were talking about and talk about if there is any particular country and on what shares they are doing in those market as well?

Howard Green - *Unilever - Head of Investor Relations*

Probably and the most intensely competitive market, at the moment, our markets are in Europe. The competition is extremely active, in particular, in France, and both on pricing and in terms of the amount of promotional space that has been - has been booked by competition in the French market. The German market also continues to be extremely competitive, but we are under represented in laundry in the - in the German market. In terms of the - of the UK, then there is also a fair amount of battling going on. But I have to say, there is nothing beyond what we would normally - normally expect from good healtier - good healthy competition. There is nothing that stands out with the normal amounts of a t o w i n g (ph) and throwing.

Julia Bannon

And what's happening to market share?

Howard Green - *Unilever - Head of Investor Relations*

Overall in market shares in total Europe, we have given up some share. I think that we are round about 20 basis points down on the market share in the - in the top performance categories within the things what we would call fine wash which is way of caring for delicates or colored items. Then, we have got a marginally increased market share and there is some trading at what I would call the bottom end of the market where all the branded manufacturers are loosing a bit of space to retails and brands, but that is because, innovations are not there in the market place and that is their fault.

Julia Bannon

Howard. Thank you very much indeed.

Howard Green - *Unilever - Head of Investor Relations*

OK.

Operator

Our next question will be from Mr. Arnold L a n g w a (ph) of J.P.Morgan. Please ask your question at this time, sir.

Arnold Langwa - *JP Morgan*

Good Morning, Howard.

Howard Green - *Unilever - Head of Investor Relations*

Good Morning, Arnold.

Arnold Langwa - *JP Morgan*

Just in three questions. First of all, could you give us a Life's life sales growth in foods and personal care. I know you have just given us numbers already, then, it would be very useful?

Howard Green - *Unilever - Head of Investor Relations*

The lifes life growth in personal care, let me see. Let me say, what is a folder or another sheet, it's five percent in total personal care.

Arnold Langwa - *JP Morgan*

OK. And in foods?

Howard Green - *Unilever - Head of Investor Relations*

In total foods, it is just under two percent.

Arnold Langwa - *JP Morgan*

OK. Thank you. My second question is related to raw materials. You mentioned that key prices came down and had a positive impact. My question is really, did raw material price have a positive impact on your gross margin and if so, how much does that explain the 160 base point improvement we saw in your - the gross margin level?

Howard Green - *Unilever - Head of Investor Relations*

I couldn't possibly rate that out for you. I think that the -- that the whole area is one way. You got to look at the total -- the total impacts of all the actions that are going on. I mean, for example, we have got edible oil prices that are going up, we have got tea prices that are going down, we have got some mineral oil prices which are up although, up and down all over the place and they are influenced by what I would call currency effect. The commodities overall for total Unilever are slightly up from last year. It's not as much it was in quarter four. The - let me give you some other flavor for it and that is that if you are operating in, let us call a representative developing and emerging market region, where you are subject to the devaluation.

So let me take the whole of Latin America and weight the currencies by GDP. Then in fact, you need some thing like a 15 percent price increase to get your margins restored. At the moment, we got about 12.5 percent increase in Latin America, equivalent and so, the commodity elements on it's own is only one part of the mix that we are actually trying to -- trying to manage. So, I am not trying to be unhelpful, but that's what's - that's what's in the numbers. We are trying to manage commodities, exchange rates, competitive issues on pricing and a 160 basis points that represents the structural improvement in our profitability and the additional flexibility in degrees of freedom that we have given ourselves.

Arnold Langwa - *JP Morgan*

OK. And last, why is the AMT he mentions that you had an increased rent in consumer price promotions. How did you reconsize it with the fact that you have seen relatively low volume growth in Europe, I mean that would have expected to see more volume growth based on actually the impact of - the positive impact of trade and consumer price promotion increase?

Howard Green - *Unilever - Head of Investor Relations*

Well, there is a number of number of issues - number of issues again. I mean if I run through some of the - I mean you asked, in particular, the personal care numbers in total. I know why you asked for those numbers. Let me just say that in the fragrance area, for example, there is a heavy innovation program last year. Fragrance sales happened to be down about 15 million euros in Europe in the first quarter against last year, but purely to do with phasing of innovation. If I look at the overall category, then, the changes in the distribution arrangements of which I mentioned to Andy Smith, earlier, actually give a comparative 10 million euros reduction on on sales.

So they are just a large number of issues that are -- that are going on in anyone quarter, that impact the number. Let me give you perhaps a good illustration of what I mean. If you pay listing fee for the launch of a new product. Those listing fees we deduct from sales. That eliminates the intial volume growth number in the -- in the calculation. So, as innovation goes in to the market place, listing fees get recorded as above the line expenditure and we get a small number recorded as sales in our results as we report them. So, in the overall balance of the business as we move through quarter one, is why I say that we have remained comfortable with where we are in terms of the innovation plans, at the way that we are spending the money, the health of the brands and that we will sustain the growth of the leading brands in line with our outlook statements which the Chairman made in February with the full years results.

Arnold Langwa - *JP Morgan*

OK. Thank you very much.

Howard Green - *Unilever - Head of Investor Relations*

OK.

Operator

The next question will be from Mr Robert Yanbas of I N G B e a r i n g (ph) . Please ask your question at this time.

Robert Yanbas - *ING Bearing*

Yes, Hello, good morning. I have two related questions. You mentioned the six percent plus growth for leading brands in March. Can you - can you say whether this occured in particular region? You have already talked about categories but can you talk about regions or did it occur in all regions, is the first question.

Howard Green - *Unilever - Head of Investor Relations*

One of the - of the strongest areas of growth were in Europe and that was broad based in terms of category and geography. In Asia Pacific, particularly in India and South East what we call South East Asia, that came through particularly strongly and in fact in Asia Pacific, growth was in high single digits in the March month. We also saw a good growth in North America and again, that came in both the areas of ice cream and in our personal care businesses and also positive growth in laundry.

Robert Yanbas - *ING Bearing*

OK. Thank you. The second question related to that is, to what extent do you think this could be a pre-loading effect in March in anticipation of a possible price increases in second quarter?

Howard Green - *Unilever - Head of Investor Relations*

We do not load. We - there of courses action that is taken by the trade that might be in anticipation of price increases. There certainly are some price increases that are going on inEurope, but there is nothing that's that would be a distortion on the underlying, you know, the performance of the business. We would certainly not enter into practices which distroted those.

Robert Yanbas - *ING Bearing*

OK. Thank you.

Howard Green - *Unilever - Head of Investor Relations*

OK. Thank you.

Operator

This concludes the question and answer session. Once again, we will hand over to Mr. Green, for closing remarks.

Howard Green - *Unilever - Head of Investor Relations*

Let me say a few words in summary. We made a sound start to the year. Our operational plans are directing the improvement in profitability in key areas of our business such as laundry, tea and ice-cream. And there is a continued focus on extracting value from the tail of our business. In addition, we have taken pricing action in countries where they have been substantial devaluations. A continuing expansion in underlying operating margins reflect our determination to grow our business profitably. Operating margins moved ahead by 250 basis points in the quarter with the key driver being an improvement of a 160 basis points in gross margin. Margin gives us the space to step up planned investment for the remainder of the year and we have enforced our plan delivery of low double digit growth in EPSDIA for the year. Through the quarter, we have also seen an increase in sales momentum which is line with our target for the year of sustaining the growth of our leading brands.

We are confident of delivering our innovation of market place activities for the year which support the stronger growth plan for the rest of the year. In foods, we have a step-up in market initiatives, while in home and personal care, we continue with the strong innovation program. Finally, as we extract barrier from the tale of our business, we forsee the leading brands approaching 90 percent of sales by the end of 2002, up from 84 percent today. That leaves me to say, thanks for your interest and for your questions. The IR team will of course be happy to take the course, should you have further questions. I think you know the number, thanks and good bye.

Operator

This conference has been recorded and will be available in one hour. Details of the replay number and access code can be down on Unilever's website. An audio archive copy of the teleconference will also be available in two hours on Unilever's website at www.unilever.com.
