

UNILEVER PLC
Form 6-K
July 25, 2016

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of July, 2016

UNILEVER PLC
(Translation of registrant's name into English)

UNILEVER HOUSE, BLACKFRIARS, LONDON, ENGLAND
(Address of principal executive offices)

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

Form 20-F..X.. 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 .X..

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

Exhibit 99 attached hereto is incorporated herein by reference.

Signatures

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

UNILEVER PLC

/S/ T.E. LOVELL
By T.E. LOVELL
SECRETARY

Date: 21 July, 2016

EXHIBIT INDEX

EXHIBIT NUMBER

99

EXHIBIT DESCRIPTION

Notice to London Stock Exchange dated 21 July 2016
2nd Quarter Results 2016

Exhibit 99

2016 FIRST HALF YEAR RESULTS

CONSISTENT, COMPETITIVE AND PROFITABLE GROWTH IN CHALLENGING MARKETS

First half highlights

- Underlying sales growth 4.7%, ahead of our markets, with volume up 2.2%
- Sales increased by 5.4% at constant exchange rates and decreased by (2.6)% at current exchange rates
 - Emerging markets underlying sales growth 8.0% with volume up 2.9%
- Core operating margin at 15.0% up 50bps, driven by an 80bps improvement in gross margin
- Core earnings per share up 7.5% at constant exchange rates, up 1.3% at current exchange rates

Second quarter highlights

- Underlying sales growth 4.7% with volume up 1.8%

Paul Polman: Chief Executive Officer statement

“Our first half results further demonstrate the progress we have made in the transformation of Unilever to deliver consistent, competitive, profitable and responsible growth. Despite a challenging environment with slower global economic growth and intensifying geopolitical instability, we have again grown profitably in our markets, competitively and driven by strong innovations.

This consistency of performance, achieved during a period of high volatility and accelerating change, shows that our long-term focus is paying off. We are seeing the benefits from delivery against the four differentiated category strategies that continue to guide investment in our brands, our infrastructure and our people.

We have been preparing ourselves for tougher market conditions in 2016 and do not see any sign of an improving global economy. Against this backdrop we continue to drive agility and cost discipline, implementing the key initiatives announced at the end of last year: net revenue management, zero based budgeting and ‘Connected 4 Growth’ which is the next stage in our organisational transformation. Our priorities continue to be volume-driven growth ahead of our markets, steady improvement in core operating margin and strong cash flow.”

Key Financials (unaudited)

Current Rates	First Half 2016	
Underlying Sales Growth	4.7%	
Turnover	€26.3bn	(2.6)%
Operating Profit	€3.8bn	(0.1)%
Net Profit	€2.7bn	2.0%
Core earnings per share	€0.92	1.3%
Diluted earnings per share	€0.88	1.0%
Quarterly dividend payable in September 2016	€0.3201 per share	

Underlying sales growth, core operating margin and core earnings per share are non-GAAP measures (see pages 5 and 6).
21 July 2016FIR

FIRST HALF OPERATIONAL REVIEW: CATEGORIES

ST HALF OPERATIONAL REV CATEGORIES

(unaudited)	Second Quarter 2016				First Half 2016				Change in core operating margin bps
	Turnover	USG	UVG	UPG	Turnover	USG	UVG	UPG	
	€bn	%	%	%	€bn	%	%	%	
Unilever Total	13.7	4.7	1.8	2.8	26.3	4.7	2.2	2.5	50
Personal Care	5.0	5.6	3.4	2.2	9.8	5.7	3.6	2.0	10
Foods	3.1	2.7	(0.9)	3.7	6.2	2.3	(0.5)	2.9	(70)
Home Care	2.5	6.0	1.4	4.5	5.0	6.5	2.9	3.5	250
Refreshment	3.1	4.2	2.4	1.7	5.3	4.1	2.2	1.8	90

Our markets: Consumer demand remained weak and in the markets in which we operate volumes have slowed further, with market volume growth low in emerging markets and negative in Europe and in North America.

Unilever overall performance: Underlying sales growth in the first half was broad-based and driven by market share gains across the four categories which continued to deliver progress against their strategic priorities: Personal Care and Foods achieved improved growth while maintaining strong profitability. Home Care and Refreshment improved margins while continuing to grow competitively. Emerging markets grew 8.0% driven by good volume growth in Asia and price growth in Latin America. Developed markets grew 0.2% with volume growth more than offsetting price deflation in Europe.

Gross margin improved by 80bps to 42.7% driven by margin-accretive innovations and acquisitions as well as our discipline in driving savings programmes. In local currencies brand and marketing investment was sustained at the absolute level of the prior year and as a percentage of turnover was down by 50bps due to sales leverage and cost efficiencies. Overheads were up by 80bps from the lapping of gains on pension plan changes in the prior year and the higher overheads ratio of new business models including the acquired prestige brands. Core operating margin improved by 50bps to 15.0%.

Personal Care

Personal Care volumes improved across all sub-categories driven by innovations that grow the core of our brands and extend into more premium segments. Deodorants performed strongly, supported by new variants of the successful dry sprays in North America and by the roll-out of Rexona Antibacterial that provides 10x more odour protection into 36 new countries. We are addressing the higher growth male grooming segment with the launch of the new Axe range, opening the brand to a broader audience. Good growth in hair was supported by the successful Sunsilk re-launch and by the TRESemmé Beauty-Full Volume range with a unique reverse conditioning system. In skin cleansing Lifebuoy demonstrated strong volume-driven growth across emerging markets driven by our handwashing campaign.

Core operating margin was up 10bps driven by higher gross margins and helped by brand and marketing efficiencies.

Foods

Growth in Foods accelerated with a good performance in savoury and dressings and a continued decline in spreads as a result of the market contraction in developed countries. Savoury showed good growth driven by cooking products in emerging markets, innovations around naturalness such as Knorr Mealmakers with 100% natural ingredients in Europe and our local brands such as Bango in Indonesia and Robertsons in South Africa. Hellmann's grew strongly in dressings helped by the convenient squeeze packaging with proprietary easy-out technology, the launch of Carefully Crafted and Organic variants as well as the expansion into Italy and Belgium. In spreads Flora highlighted its plant-based health credentials with a new advertising campaign and introduced a dairy-free variant in the United Kingdom.

Core operating margin was down 70bps due to gains on pension plan changes in the prior year and higher restructuring costs.

Home Care

Home Care continued to deliver broad-based growth, ahead of our markets. This was driven by innovations in higher margin segments and the continued roll-out of the new Omo with enhanced formulation and improved cleaning technology which has now reached 27 countries. After the success of Omo pre-treaters and stain removers in Brazil we are rolling them out in Latin America, South East Asia and China. Fabric conditioners grew at double-digit rates, helped by new variants of Comfort Intense with its concentrated, double-encapsulated fragrance technology that delivers long-lasting freshness. In household care growth was driven by Cif's premium Power and Shine sprays and Domestos toilet blocks in Europe as well as the continued expansion of our brands into new markets such as Iran.

In line with our strategy, core operating margin improved by 250bps driven by improved mix and cost savings.

Refreshment

Ice cream delivered good growth driven by margin-accretive innovations behind premium brands, such as the new Magnum Double range, the Ben & Jerry's 'Wich sandwich and dairy free range, as well as premium desserts under

Breyer's Gelato and Carte D'Or Sorbet. We continued to develop the value segment with a new yoghurt variant of the smaller-sized Cornetto at a recommended resale price of €1. In leaf tea, we have been building our presence in more premium products with T2 and machine-compatible tea capsules. Lipton and PG Tips continued to extend in the faster-growing green and speciality teas segments where we are still under-represented.

Core operating margin was up 90bps driven by improved mix and savings in ice cream as well as brand and marketing efficiencies.

FIRST HALF OPERATIONAL REVIEW: GEOGRAPHICAL AREA

(unaudited)	Second Quarter 2016				First Half 2016				Change in core operating margin bps
	Turnover	USG	UVG	UPG	Turnover	USG	UVG	UPG	
	€bn	%	%	%	€bn	%	%	%	
Unilever Total	13.7	4.7	1.8	2.8	26.3	4.7	2.2	2.5	50
Asia/AMET/RUB	5.8	5.9	3.8	2.0	11.3	5.5	4.0	1.4	100
The Americas	4.3	6.4	(0.8)	7.3	8.3	7.4	0.1	7.3	90
Europe	3.6	0.8	1.8	(1.0)	6.7	0.1	1.8	(1.6)	(70)

(unaudited)	Second Quarter 2016				First Half 2016			
	Turnover	USG	UVG	UPG	Turnover	USG	UVG	UPG
	€bn	%	%	%	€bn	%	%	%
Developed markets	5.9	0.7	1.4	(0.7)	11.3	0.2	1.2	(1.0)
Emerging markets	7.8	7.7	2.2	5.4	15.0	8.0	2.9	5.0
North America	2.3	1.4	1.1	0.2	4.5	0.7	0.5	0.2
Latin America	2.0	11.8	(2.9)	15.2	3.8	14.7	(0.4)	15.1

Asia/AMET/RUB

Growth was driven by solid volume gains in Asia, price-led growth elsewhere, and included strong performances for Refreshment and Foods. The Philippines accelerated its double-digit growth rate, Russia and Australia returned to positive volume growth and Turkey grew strongly led by ice cream and tea. India and Africa demonstrated solid growth while sales in China were broadly flat with rapid growth in e-commerce offset by declines in other channels.

Core operating margin was up 100bps driven by increased gross margins.

The Americas

Latin America delivered double-digit underlying sales growth, ahead of our markets, underpinned by pricing to recover higher input costs. Importantly, the business demonstrated resilience with volumes only slightly down in markets which faced substantial currency devaluation, high inflation and lower consumer confidence.

In North America, growth improved driven by a strong delivery of our innovations in deodorants, dressings and ice cream. Sales in hair were down in an intensely competitive environment while the rate of decline in spreads has slowed.

Core operating margin was up 90bps primarily due to improved gross margins in North America.

Europe

Underlying sales in Europe were flat as volume growth offset continued price deflation. Personal Care, Home Care and ice cream delivered good volume-driven growth, but the contraction of the margarine market impacted our Foods performance, particularly in the United Kingdom and France. We continued to see strong momentum in Central and Eastern Europe and restored growth in the Nordic countries.

Core operating margin was down 70bps as a result of gains on pension plan changes in the prior year and higher restructuring costs.

ADDITIONAL COMMENTARY ON THE FINANCIAL STATEMENTS – FIRST HALF 2016

Finance costs and tax

Net finance costs increased by €15 million to €284 million in the first half of 2016. This included a higher cost of financing net borrowings at €237 million and a lower pensions financing charge at €47 million.

The effective tax rate was 26.0% versus 26.8% in the same period last year. The change was due to favourable tax audit settlements and fewer non-deductible expenses. The effective tax rate on core profit was 26.1%, slightly higher than 26.0% in 2015 and in line with our longer term expectation of 26% - 27%.

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

Net profit from joint ventures and associates contributed €72 million compared with €57 million in the first half of 2015 due to growth in profits from the Pepsi Lipton joint venture. Other income from non-current investments was €61 million versus €26 million in 2015 and included a gain of €68 million from the revaluation of a financial asset.

Earnings per share

Core earnings per share in the first half increased by 1.3% to €0.92, including an adverse currency impact of (6.2)%. In constant exchange rates, core earnings per share increased by 7.5% primarily driven by underlying sales growth and improved core operating margin. This measure excludes the impact of business disposals, acquisition and disposal related costs, impairments and other one-off items.

Diluted earnings per share for the first half was up 1.0% at €0.88. We recorded a loss on disposal of €(104) million for local Alberto Culver brands and the rights for VO5 in Argentina that we were required to sell as part of the regulatory approval process.

Free cash flow

Free cash flow in the first half of 2016 was €0.8 billion including the usual seasonal increase in inventory and receivables. This was lower than the €1.1 billion in the same period last year following an exceptionally low year-end 2015 working capital position.

Net debt

Closing net debt was €12.6 billion versus €11.5 billion as at 31 December 2015 primarily due to the seasonal outflow of working capital.

Pensions

The pension liability net of assets increased to €3.8 billion at the end of June 2016 versus €2.3 billion as at 31 December 2015. The increase in the net pension liability reflects the impact of lower discount rates which exceeded investment returns and cash contributions.

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. 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.

PRINCIPAL RISK FACTORS

On pages 54 to 57 of our 2015 Report and Accounts we set out our assessment of the principal risk issues that would face the business through 2016 under the headings: brand preference; portfolio management; sustainability; customer relationships; talent & organisation; supply chain; safe and high quality products; systems and information; business transformation; external economic and political risks and natural disasters; treasury and pensions; ethical; 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 2016.

NON-GAAP MEASURES

In our financial reporting we use certain measures that are not recognised under IFRS or other generally accepted accounting principles (GAAP). We do this because we believe that these measures are useful to investors and other users of our financial statements in helping them to understand underlying business performance. Wherever we use such measures, we make clear that these are not intended as a substitute for recognised GAAP measures. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures. Unilever uses 'constant rate' 'underlying' and 'core' measures primarily for internal performance analysis and targeting purposes. The non-GAAP measures which we apply in our reporting are set out below.

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. The reconciliation of USG to changes in the GAAP measure turnover is provided in notes 3 and 4.

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 relationship between the two measures is set out in notes 3 and 4.

Free cash flow (FCF)

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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 FCF to net profit is as follows:

€ million (unaudited)	First Half	
	2016	2015
Net profit	2,710	2,658