



Unilever Q3 sales up, raises outlook

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By David Jones

LONDON, Oct 30 (Reuters) - Consumer goods giant Unilever posted a 8.3 percent rise in third-quarter underlying sales on Thursday, at the top end of forecasts, and upgraded its 2008 outlook to see sales growth "well in excess" of its target.

The quarterly sales growth at Anglo-Dutch Unilever, the maker of Sunsilk shampoo, Knorr soups and Ben & Jerry's ice cream was towards the top of analyst forecasts of 5.0 to 8.6 percent growth and beat consensus of 6.7 percent.

"This year we now expect to deliver underlying sales growth well in excess of our long-term target range of 3 to 5 percent together with an underlying improvement in operating margin for the year," said Chief Executive Patrick Cescau in a statement.

The world's third-biggest food and consumer goods group had previously said it expected sales growth above the target. In the past it has struggled to match the sales growth of its key European rivals Nestle ([other-otc: NSRGY.PK - news - people](#)) and Danone.

"The difference this time is that the margin improvement of 30 basis points was unchanged but the organic growth accelerated to reach the 'top-of-peer-group' levels of Nestle and Danone," said independent analyst **James Amoroso**.

Unilever Plc shares rose 2.5 percent to 13.77 pounds by 0815 GMT in a UK market up 0.9 percent after outperforming the FTSE 100 index by 6 percent so far this year but lagging the DJ food and beverage index by 13 percent.

The combination of price rises and cost saving helped push quarterly underlying operating margins up 0.3 percentage points.

But Unilever again relied heavily on price rises due to rising commodity prices with only 0.6 percentage points of the third-quarter rise coming from higher volumes while Nestle's saw 3.2 percent and Danone 2.6 percent volume growth in the quarter.

Unilever's quarterly sales rise came after 7.2 and 6.8 percent growth in the first and second quarters, making a nine-month rise of 7.4, as it closes the gap on Nestle at 8.9 percent, Danone 9.2 and Reckitt Benckiser at 10.

The group, whose 400 brands include Lipton tea, Lux soap and Omo detergents, saw quarterly earnings per share reach 0.59 euros, compared to forecasts of 0.30 to 0.68 euros and a consensus of 0.45 euros.

The group announced a first-half dividend of 0.26 euros per Unilever NV ([nyse: UN - news - people](#)) share and 20.55 pence per Plc share.

Unilever shares trade on 12.5 times forecast 2009 earnings behind the faster-growing Danone on 14.1 and Nestle on 12.9.

(Reporting by David Jones; Editing by Andrew Callus)

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