

CONSUMER PRODUCTS

Unilever Posts 31% Profit Jump

By ROBERTA B. COWAN

AMSTERDAM—Unilever posted a 31% jump in profit thanks to an asset sale and a new joint venture.

The Anglo-Dutch maker of Skippy peanut butter, Ben & Jerry's ice cream and Dove soap said it is confident it can raise prices if necessary to boost full-year organic sales growth.

Net profit increased to €1.4 billion (\$2.16 billion) from €1.07 billion, lifted by a gain from the sale of the French cheese brand Boursin and a joint venture for ready-to-drink tea between its Lipton tea brand and Pepsi, owned by U.S.-based PepsiCo Inc.

Sales were roughly flat at €9.57 billion. Like other food producers, Unilever has been hit by rising prices of corn, edible oils and milk. Unilever

said it is managing the steep commodity prices through price increases, innovation and cost cuts.

Stripping out special items and the impact of divestments and acquisitions, the company's organic sales growth was 7.2%, driven by a 2.3% increase in volumes and a 4.8% increase in prices. The company has been reevaluating its brand portfolio, cutting jobs and costs and shedding units as it focuses on innovative and higher-price products to improve profit. Analysts said the organic sales figures

show the restructuring measures are working.

Investors applauded the company's fifth consecutive quarter of organic sales growth of more than 5%, and Unilever shares were up 3.9%, or 83 European cents, at €22.02.

"We have had a good start to the year, with strong organic growth across our categories and an underlying improvement in operating margin," said Chief Executive Officer Patrick Cescau, adding, "While it is early in the year, we now expect underlying sales growth in 2008 to exceed our 3% to 5% target range."

Collins Stewart analyst Rob Mann said the rise in organic sales growth looks balanced between Unilever's divisions, which suggests the improved innovation moves are working.



Patrick Cescau

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