



## Unilever names Nestle's Polman as CEO, shares leap

updated 5:52 a.m. ET Sept. 4, 2008

By David Jones and Mark Potter

LONDON (Reuters) - Unilever named company outsider Paul Polman, a veteran of its two biggest consumer goods rivals, as chief executive on Thursday in a surprise choice to revive its sluggish performance that sent its shares surging.

Polman, who missed out on the top job at the world's biggest food group Nestle SA <NESN.VX> last year, becomes the first new head of Anglo-Dutch Unilever Plc/NV <ULVR.L> <UNc.AS> not promoted from within the company in its 78-year history.

He will replace Patrick Cescau in early 2008, the company said.

A 52-year-old Dutchman, Polman spent 26 years at U.S. Procter & Gamble (P&G) <PG.N> before moving to Swiss Nestle in 2006 as chief financial officer, but although seen as favorite for the top job there he was pipped by Nestle's Americas region head, Paul Bulcke.

Polman was popular with investors after injecting a personal style and greater transparency into Nestle's dealings with its big shareholders, and is highly regarded by analysts.

"Paul Polman is probably the best candidate in the world to become CEO of Unilever. With hindsight, he was probably the only logical choice," said independent analyst **James Amoroso**.

"I think they've made an excellent appointment ... They've really scored a home run here," said Investec analyst Martin Deboo.

At 0920 GMT, Unilever Plc shares were up 6.1 percent at 15.81 pounds, topping the FTSE Eurofirst index <.FTEU3> of leading European shares, and London's FTSE 100 index <.FTSE>. The Dutch shares rose 6 percent to 19.96 euros.

### CULTURE CHANGE

Frenchman Cescau became the first chief executive of Unilever in April 2005 when it swept away its dual-chairman structure and set out to transform the maker of Sunsilk shampoo, Dove soap and Knorr soups after its first ever profits warning in 2004.

Cescau slashed jobs and sold low-growth businesses, but his success was thrown into question in July when the group reported that price rises to counter rising commodity prices had slowed sales growth in the second quarter, sending its shares tumbling.

Unilever earlier this year kicked off the process to replace Cescau, who turns 60 later this month, with Polman beating off internal candidates led by Vindi Banga who was the effective number two to Cescau and was widely tipped for the top job.

Polman is expected to join Unilever in early October to work with Cescau before taking over the reins fully in January 2009.

"Investors will warm to this decision as Polman's shareholder friendliness has been proven during his short term as CFO of Nestle. He is also an extremely open, honest and likeable personality," said ***Amoroso***.

When Polman lost out at Nestle last year as the successor to Chief Executive Peter Brabeck, he moved to be head of Nestle's Americas business, a region where he had spend time with P&G before leading P&G's European business from 2001 to 2005.

Nestle appointed new regional heads in the Americas and Europe following the departure of Polman. Luis Cantarell will move from his position heading the Nestle Europe business to take over the Americas job with immediate effect, and Laurent Freixe will succeed Cantarell, it said.

Polman's appointment will reinforce Unilever's move to a more multi-cultural executive as he joins three Americans, two Indians, one Frenchman and one Zimbabwean in a team of eight headed by Swedish non-executive Chairman Michael Treschow.

"The cultural change, so necessary to sustaining this recovery story, should be enhanced by another outside senior executive," says Shore capital analyst Clive Black.

Polman will be proposed for his appointment to the board at extraordinary general meetings in the autumn.

"He is a great talent with significant international experience and an excellent track record," Treschow said.

(Additional reporting by Sven Egenter in Zurich; Editing by Quentin Bryar)

Copyright 2008 Reuters. (c) 2008 CNBC, Inc. All Rights Reserved