Unilever Full Year 2020 Results & Strategic Refresh

Alan Jope & Graeme Pitkethly

4th February 2021
This announcement may contain forward-looking statements, including 'forward-looking statements' within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words such as ‘will’, ‘aim’, ‘expects’, ‘anticipates’, ‘intends’, ‘looks’, ‘believes’, ‘vision’, or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Unilever Group (the ‘Group’). They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: Unilever’s global brands not meeting consumer preferences; Unilever’s ability to innovate and remain competitive; Unilever’s investment choices in its portfolio management; the effect of climate change on Unilever’s business; Unilever’s ability to find sustainable solutions to its plastic packaging; significant changes or deterioration in customer relationships; the recruitment and retention of talented employees; Unilever’s ability to find sustainable solutions to its plastic packaging; significant changes or deterioration in customer relationships; the recruitment and retention of talented employees; disruptions in our supply chain and distribution; increases or volatility in the cost of raw materials and commodities; the production of safe and high quality products; secure and reliable IT infrastructure; execution of acquisitions, divestitures and business transformation projects; economic, social and political risks and natural disasters; financial risks; failure to meet high and ethical standards; and managing regulatory, tax and legal matters. A number of these risks have increased as a result of the current COVID-19 pandemic. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Further details of potential risks and uncertainties affecting the Group are described in the Group’s filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including in the Annual Report on Form 20-F 2019 and the Unilever Annual Report and Accounts 2019.
Today’s agenda

- Full Year 2020 Results
- Strategic Refresh
Full Year 2020 Results
2020: Full year results

Competitiveness

% Business Winning FY
>50%

% Business Winning Q4
>60%

Absolute Profit

UOP
€9.4bn
+0.7%

(60)bps
UOM

Cash

Free Cash Flow
€7.7bn

+€1.5bn
vs FY 2019

Absolute UOP as reported, UOP growth rate on constant basis
Competitive growth through operational excellence

- Improved penetration
- Impactful innovation
- Design for channel
- Purposeful brands
- Fuel for growth
Strategic change agenda

Sustainable business

Legal simplification

Shaping the portfolio
FY 2020 Growth

- Volume-led competitive growth with >60% business winning value share (Q4)
- Virus continues to cause volatility across markets with channel closures and restricted living returning
- Some markets opening up economies to protect livelihoods whilst balancing restrictions to protect health
- Volatility to continue into 2021

<table>
<thead>
<tr>
<th>Quarter</th>
<th>USG 2020</th>
<th>UPG 2020</th>
<th>UVG 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>0.0%</td>
<td>(0.3)%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Q2</td>
<td>(0.3)%</td>
<td>4.4%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Q3</td>
<td>4.4%</td>
<td>3.5%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Q4</td>
<td>3.5%</td>
<td>3.3%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>
Category dynamics

**Hygiene**
- **€9bn TO FY 2020**
- FY 16%
  - Q1: 7%
  - Q2: 26%
  - Q3: 19%
  - Q4: 11%

**Laundry**
- **€8bn TO FY 2020**
- FY 1%
  - Q1: 0%
  - Q2: (1)%
  - Q3: 4%
  - Q4: 2%

**In Home**
- **€15bn TO FY 2020**
- FY 12%
  - Q1: 4%
  - Q2: 17%
  - Q3: 12%
  - Q4: 13%

**Prestige**
- **€0.7bn TO FY 2020**
- FY (2)%
  - Q1: (2)%
  - Q2: (10)%
  - Q3: (5)%

**Personal care**
- **€14bn TO FY 2020**
- FY (4)%
  - Q1: (2)%
  - Q2: (10)%
  - Q3: (3)%
  - Q4: (2)%

**Out of home**
- **€4bn TO FY 2020**
- FY (26)%
  - Q1: (18)%
  - Q2: (42)%
  - Q3: (16)%
  - Q4: (20)%

Hygiene: Skin Cleansing + Home & Hygiene
Personal Care: Personal Care excl. Skin Cleansing
Beauty & Personal Care

Skin Cleansing:
- +15% FY USG
- +9% Q4 USG

Prestige:
- (2)% FY USG
- (5)% Q4 USG

Rest of BPC:
- (4)% FY USG
- (2)% Q4 USG

Rest of BPC: Hair care, Deodorants, Skin Care, Oral Care

>50% business through ecommerce channel
Foods & Refreshment

In Home

+12% FY USG
+13% Q4 USG

Out of Home

(26)% FY USG
(20)% Q4 USG

Second lockdowns

UFS included in other categories

Food Service impacted by second wave lockdowns

(71)% April USG
(25)% Q4 USG

Second lockdowns
Home Care

Home & Hygiene

+17% FY USG
+14% Q4 USG

Laundry

+1% FY USG
+2% Q4 USG
eCommerce Growth

+61%

9%
eCommerce % of Sales

Omnichannel
+99%

Pure play
+48%

eB2B
+65%

eCommerce % of Sales

Brazil
+44%

China
+54%

USA
+123%

eB2B excludes UFS
Growth rates FY

USA
+123%
Asia / AMET / RUB

- China: back to normal after strict lockdown
- India: economic pick-up
- SEA: markets in decline
- Turkey: strong volume-led performance
- Winning competitively across all regions

<table>
<thead>
<tr>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG</td>
<td>(3.7)%</td>
<td>(1.8)%</td>
<td>4.5%</td>
</tr>
<tr>
<td>UPG</td>
<td>0.5%</td>
<td>2.1%</td>
<td></td>
</tr>
<tr>
<td>UVG</td>
<td>0.0%</td>
<td></td>
<td>0.5%</td>
</tr>
</tbody>
</table>

FY UVG 0.4% FY USG 0.0%
Latin America

- **Brazil**: growth resilient but limited mobility
- **Argentina**: growth despite restrictions
- **Mexico**: decline in difficult environment
- **Competitive in volatile region**

<table>
<thead>
<tr>
<th>Period</th>
<th>USG</th>
<th>UPG</th>
<th>UVG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2020</td>
<td>4.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2 2020</td>
<td>(0.8)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3 2020</td>
<td>6.5%</td>
<td></td>
<td>2.9%</td>
</tr>
<tr>
<td>Q4 2020</td>
<td>5.8%</td>
<td></td>
<td>2.8%</td>
</tr>
</tbody>
</table>
North America

- In Home F&R growth continues
- Hygiene demand high but down from peak
- Food Service & Prestige impact of c.(2.4)%
- Competitiveness improving sequentially
Europe

- Channel closures impacting Out of Home
- In home F&R demand high
- **UK & Germany**: growth maintained
- **Italy & Spain**: declines driven by Out of Home ice cream
- Strong and improved competitiveness
FY 2020: Turnover -2.4%

USG 1.9%

A&D 1.2%

€52.0 bn

1.6% 0.3% 1.4% (0.2%)

€53.6 bn

(5.4%)

€50.7 bn

FY 2019 UVG UPG Acquisitions Disposals FY 2020 (Constant) Currency FY 2020 (Current)
FY 2020: Underlying operating margin

**Gross Margin (0.5%)**
- FY 2019: 19.1%
- (0.9)%
- FY 2020: 18.5%

**BMI**
- H1: +1.0%
- H2: (1.0)%
- FY 2020: 18.5%

**Overheads**
- FY 2020: (0.1)%
FY 2020: Underlying earnings per share

**Constant Underlying EPS +4.1%**

- Turnover & operational performance: €2.55
- Finance cost: 1.9%
- Tax: 3.0%
- Minorities: -1.6%
- Other: 0.3%

**Current Underlying EPS (2.4%)**

- FY 2019: €2.55
- FY 2020 (Constant): €2.65
- Currency: -6.5%
- FY 2020 (Current): €2.48
### FY 2020: Cash flow, balance sheet & returns

<table>
<thead>
<tr>
<th>Cash</th>
<th>Cash Conversion</th>
<th>Net Debt</th>
<th>ROIC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td><strong>Cash Conversion</strong></td>
<td><strong>Net debt/EBITDA</strong></td>
<td><strong>ROIC</strong></td>
</tr>
<tr>
<td>€7.7bn</td>
<td>129%</td>
<td>1.8x</td>
<td>18%</td>
</tr>
<tr>
<td>+€1.5bn</td>
<td>Above 100% since 2018</td>
<td>€20.9bn Net debt</td>
<td>Maintained in high teens</td>
</tr>
</tbody>
</table>
FY 2020: Summary

- Resilience, agility, and responsiveness
- Stepped-up competitiveness, profit & cash delivery
- Continued strategic progress
Strategic Refresh

Sustainable business driving superior performance
What we are going to cover

1. Vision and purpose
2. Our differentiating strengths
3. Delivery against strategy
4. Strategic choices
5. Multi-year financial framework
6. Conclusion
Our vision is to be the **global leader in sustainable business**. We will demonstrate how our purpose-led, future-fit business model drives superior performance, consistently delivering financial results in the top third of our industry.
Differentiating strengths
Our differentiating strengths

1. Powerful portfolio of leading category and brand positions

2. Strong presence in growth markets of the future

3. The global leader in sustainable business
Our differentiating strengths

1. Powerful portfolio of leading category and brand positions

<table>
<thead>
<tr>
<th>Global category leadership positions</th>
<th>50% of turnover from 13 billion Euro brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>81% brands #1 or #2 in their market</td>
<td>Most effective marketer for 4 consecutive years</td>
</tr>
</tbody>
</table>
Our differentiating strengths: Powerful brand portfolio
### Our differentiating strengths

2. Strong presence in growth markets of the future

<table>
<thead>
<tr>
<th>Leading position in growth markets</th>
<th>40bn consumer reach points; more than any other competitor</th>
</tr>
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<tbody>
<tr>
<td>Market development, a core capability</td>
<td>93% local leaders</td>
</tr>
</tbody>
</table>
Our differentiating strengths: Strong presence in growth markets of the future

Unilever market position

<table>
<thead>
<tr>
<th>#4</th>
<th>#1</th>
<th>#7</th>
<th>#1</th>
<th>#1</th>
<th>#2</th>
<th>#1</th>
<th>#2</th>
<th>#1</th>
<th>#3</th>
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<tbody>
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<tr>
<td>14.1</td>
<td>8.6</td>
<td>4.7</td>
<td>9.4</td>
<td>2.8</td>
<td>5.0</td>
<td>2.2</td>
<td>2.5</td>
<td>0.9</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Absolute GDP growth 2020 – 2030 US$trn

Unilever sales €bn

China, India, USA, Indonesia, Turkey, Vietnam, Pakistan, Brazil, United Kingdom, Philippines

31
Our differentiating strengths

3. The global leader in sustainable business

- Top of GlobeScan Sustainability Leaders survey for last 10 years
- Leader in Dow Jones Sustainability Index since 2014
- ‘A/A’ - Ratings in CDP: Climate, Water and Forest
- Strategy fully embedded in our business and brands with purpose
Our differentiating strengths: Top of GlobeScan SustainAbility Leaders Survey

Experts, unprompted, total mentions, 2020
Our differentiating strengths: The global leader in sustainable business

Purpose drives brand power

Brand power drives volume share

R² = 0.76

R² = 0.71
Our differentiating strengths: The global leader in sustainable business

<table>
<thead>
<tr>
<th>More growth</th>
<th>Lower cost</th>
<th>Less risk</th>
<th>Stronger talent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purposeful brands growing 2x</td>
<td>€1.2bn since 2008</td>
<td>100% renewable electricity across our operations</td>
<td>54 of 75 Employer of choice in markets measured</td>
</tr>
</tbody>
</table>
Our differentiating strengths

1. Powerful portfolio of leading category and brand positions

2. Strong presence in growth markets of the future

3. The global leader in sustainable business
Delivery against our strategy
<table>
<thead>
<tr>
<th>Objective</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG in 3-5% range</td>
<td>3% average, 2017-19</td>
</tr>
<tr>
<td>Simpler, faster organisation</td>
<td>Foods &amp; Refreshment integrated, COO role, delayered organisation</td>
</tr>
<tr>
<td>Accelerated margin progression</td>
<td>UOM 16.4% → 19.1%</td>
</tr>
<tr>
<td></td>
<td>&gt;€6bn savings 2017-19</td>
</tr>
<tr>
<td>100% cash conversion by 2020</td>
<td>&gt;100% since 2018</td>
</tr>
<tr>
<td>Faster portfolio evolution</td>
<td>Built Prestige business, Spreads exit, Tea separation</td>
</tr>
<tr>
<td>Simpler capital/legal structure</td>
<td>Unification of legal structure</td>
</tr>
<tr>
<td>Increased leverage &amp; returns</td>
<td>Sustained high teens ROIC, net debt at 1.9x EBITDA</td>
</tr>
</tbody>
</table>
A flatter, leaner organisation...

2018 organisation

Global Functions
- Supply Chain
- Finance
- Human Resources
- Legal
- Global Marketing
- Communications
- Sustainability

Divisions
- Beauty & Personal Care
- Home Care
- Foods
- Refreshment

Clusters
- N America
- Latin America
- Europe
- NAMETRUB
- Africa
- N Asia
- S Asia
- SEAA
A flatter, leaner organisation...

15 performance management units

- North America
- UK and Ireland
- Middle Europe
- NAMET and RUB*
- North Asia
- South East Asia and Thailand
- Indonesia
- Latin America
- Western Europe
- East Europe
- Africa
- South Asia
- Vietnam
- Philippines

*North Africa, Middle East, Turkey, Russia, Ukraine & Belarus.
...and a new model for operational excellence

- **Improved penetration**: 60% cells improving
- **Impactful innovation**: Covid-19 response: *Lifebuoy, Dove, Domestos*
- **Design for channel**: eComm: +61% USG FY ‘20
- **Purposeful brands**: Nearly 60% of brands seen as more purposeful
- **Fuel for growth**: Free cash flow: €7.7 bn
Driving a rebound in competitiveness

% Business winning value share since 2017

% Business winning value share during 2020

% business winning, MAT

% business winning, last 12 weeks
Strategic Choices
Five strategic choices

1. Develop our portfolio into high growth spaces
We will continue to evolve our portfolio towards higher growth segments in home care, beauty, personal care, and foods.
Clear criteria for investment choices

Scale
High growth
Potential in growth countries
Route to leadership
Branding & technology sensitive

Hygiene
Skin care
Prestige beauty
Functional nutrition
Plant-based foods
Portfolio evolution into higher growth spaces

- Laundry
- Home & Hygiene
- Skin Cleansing
- Deodorants
- Oral Care
- Hair Care
- Skin Care
- Prestige Beauty
- Functional nutrition
- Plant-based foods
- Scratch cooking
- Ice Cream

Home Care
Beauty & Personal Care
Foods & Refreshment
Portfolio evolution into higher growth spaces

Priority focus area

Laundry
Home & Hygiene
Skin Cleansing
Deodorants
Oral Care
Hair Care
Skin Care
Prestige Beauty
Functional nutrition
Plant-based foods
Scratch cooking
Ice Cream
Portfolio evolution into higher growth spaces

€16bn M&A capital deployed ’15-20

- Home & Hygiene
- Skin Cleansing
- Deodorants
- Oral Care
- Hair Care
- Skin Care
- Prestige Beauty
- Functional nutrition
- Plant-based foods
- Scratch cooking
- Ice Cream

49% 17% 72% 3%
Building Prestige beauty and Functional nutrition to scale

**Prestige beauty**
- 2015: €0.7bn
- 2016: 
- 2017: 
- 2018: 
- 2019: 
- 2020: €0.7bn

**Functional nutrition**
- 2018: 
- 2019: 
- 2020: €1.1bn*

*Annualised for all acquisitions
Five strategic choices

1. Develop our **portfolio** into high growth spaces

2. Win with our **brands** as a force for good, powered by purpose & innovation
Connecting with consumers of the future

% of global adult population
2020 = 45%

- Baby boomers: 56%
- GenX: 63%

% of global adult population
2020 = 55%

- Millennial: 72%
- GenZ: 75%

% motivated to be loyal to brands making positive impact

Source: GlobeScan, Healthy & Sustainable Living Report 2019 / UN population data
Putting brand purpose into action

**Improve the health of the planet**
- Clean Future: fossil-free formulations in Home Care
- 100% recyclable plastic packaging by 2025

**Improve people’s health, confidence and wellbeing**
- Dove Self-Esteem Project: >65m young people. Aim to reach 250m by 2030
- Sunsilk ‘Explore More’ – inspiring girls in the classroom

**Contribute to a fairer, more socially inclusive world**
- Ben & Jerry’s: campaigns for racial justice and refugees’ rights
- #Unstereotype campaign

**Win with differentiated science and technology**
- Proven effectiveness against SARS-2-CoV
- Three-year step-up in investment
- €85m investment in Wageningen R&D centre
Five strategic choices

1. Develop our **portfolio** into high growth spaces

2. Win with our **brands** as a force for good, powered by purpose & innovation

3. Accelerate in USA, India, China and leverage EM strength
Sharpening our focus in future growth markets

**USA**
- €9bn business, 18% of turnover
- 10% of global growth to 2030
- Build on strong market positions in our categories

**India**
- No. 1 FMCG; 10% of turnover
- 20% of global growth to 2030
- Significant market development opportunity

**China**
- €3bn business, 6% of turnover
- 30% of global growth to 2030
- Continue to build on success momentum

**Leverage EM strength**
- €1bn+ businesses in Brazil, Indonesia, Philippines, Turkey, Thailand, Mexico
- Building on our route to market strength
Five strategic choices

1. Develop our **portfolio** into high growth spaces

2. Win with our **brands** as a force for good, powered by purpose & innovation

3. Accelerate in USA, India, China and leverage EM strength

4. Lead in the **channels** of the future
A future-fit channel strategy

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**Accelerate pure-play and omnichannel eCommerce**

- Growing 65%, with top four markets growing 77%
- Data-driven brand engagement and commerce integration

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**Develop eB2B business platforms**

- 14m distributive trade stores in Asia / Latam
- 1.5m enrolled into online platforms

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**Drive category leadership through shopper insight**

- Advanced shopper insight
- Agile, trend-driven portfolio by channel
Five strategic choices

1. Develop our **portfolio** into high growth spaces

2. Win with our **brands** as a force for good, powered by purpose & innovation

3. Accelerate in USA, India, China and leverage EM strength

4. Lead in the **channels** of the future

5. Build a purpose-led, future-fit **organisation and growth culture**
Driving growth through capacity, capability and culture

Unlock capacity through agility and digital transformation
- Leveraging technology to dynamically allocate resources
- Agile at scale

Be a beacon for diversity, inclusion and values-based leadership
- Championing equity and inclusion: gender, race, disability and LGBTQI+

Build capability through lifelong learning
- Prepare for Future of Work
- Continued upskilling of employees

Continue to generate fuel for growth
- 5S, ZBB & restructuring programmes
- Savings reinvested in future growth spaces
Five strategic choices

1. Develop our **portfolio** into high growth spaces

2. Win with our **brands** as a force for good, powered by purpose & innovation

3. Accelerate in USA, India, China and leverage EM strength

4. Lead in the **channels** of the future

5. Build a purpose-led, future-fit **organisation and growth culture**
Multi-year financial framework
Steps to higher growth

Market development  
(Growing markets)

Operational excellence  
(Competitive growth)

Continued portfolio evolution
Multi-year financial framework

Growth

Underlying sales growth ahead of our markets
3 – 5% USG

Profit

Profit growth ahead of sales growth

Cash

Sustained strong cash flow

Delivering long term value creation through earnings growth

Growing dividend
### Other long term financial metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Savings</strong></td>
<td>€2bn per annum</td>
</tr>
<tr>
<td><strong>Restructuring investment</strong></td>
<td>€1bn for 2021 and 2022, lower thereafter</td>
</tr>
<tr>
<td><strong>ROIC</strong></td>
<td>Mid to high teens</td>
</tr>
<tr>
<td><strong>Leverage</strong></td>
<td>2x approx</td>
</tr>
</tbody>
</table>
## Restructuring investments

### 2017 - 2020

<table>
<thead>
<tr>
<th>Investment</th>
<th>€3.6bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental savings</td>
<td>€1.5bn</td>
</tr>
<tr>
<td>Average cash payback</td>
<td>3 years</td>
</tr>
</tbody>
</table>

### 2021 - 2022

<table>
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<th>Investment</th>
<th>€2bn</th>
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<tbody>
<tr>
<td>Incremental savings</td>
<td>€1.3bn</td>
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<tr>
<td>Average cash payback</td>
<td>3 years</td>
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</table>

### Investments:

- Supply chain optimisation (24 site closures)
- Overhead transformation
- Organisation redesign
- **Focused on Europe, Latin America and R&D**

- Supply chain network reset
- Future Fit Operations
- **Focused on European supply chain and UniOps**
## Capital allocation

### Operational investment
- Brand growth and innovation
- Sustainability
- Channel and digital capability

### Portfolio reshape
- Acquisitions
- Disposals
- Partnerships

### Returns to shareholders
- Dividends
- Share buybacks
- Minority buybacks
Conclusion
Our vision is to be the global leader in sustainable business. We will demonstrate how our purpose-led, future-fit business model drives superior performance, consistently delivering financial results in the top third of our industry.

- Leveraging our three differentiating strengths
- Five clear strategic choices to drive our growth
- Delivering long term value creation