Unilever Pre-close Aide-memoire

This document sets out public information previously provided by Unilever plc, or else widely available in the market, which may prove helpful in estimating the financial performance of Unilever ahead of its Q4 and FY 2022 results on 9 February 2023. Unless otherwise specified the outlook comments below come from the Q3 trading update on 27 October, previous trading updates and the Unilever Investor Event on 8 December. No new information is given here, and there will be no comment on current trading or further guidance provided.

Unilever would like to highlight the following important considerations and prior disclosures.

**Guidance**

**Topline:**
- Full year 2022 Underlying Sales Growth (USG) expected to be above 8%, with more negative Underlying Volume Growth (UVG) than in the first nine months (9M UVG was (1.6)%)

**Inflation / Net Material Inflation (NMI):**
- NMI for 2022 expected to be around €4.5bn, with €2.5bn in the second half
- At the Q3 trading update, NMI in H1 2023 versus H1 2022 was estimated to be in the region of €2 billion, with a range of possible outcomes

**Underlying Operating Margin**
- Full year 2022 underlying operating margin expectation of 16%
  - Spend in brand and marketing, R&D and capital expenditure, in Euros, is expected to increase in the second half of 2022 versus prior year
  - Expect to improve margin in 2023 and 2024, through pricing, mix and savings
  - Expect to generate around €600 million of cost savings from the organisation changes over the first two years after 1 July, with the majority in 2023

**Currency**
- Based on current spot rates at the time of our Q3 2022 results (27 October 2022), we expected a currency translation effect of around 6% on turnover and 5% on underlying EPS for the full year

**Other financial guidance**
- Restructuring: around €1 billion in FY 22, including costs linked to implementation of the new operating model; for FY 23 onwards, we expect restructuring costs of around 1% of Group turnover
- Finance cost on net debt: around 2% for FY 22; expect 2.5 to 3% for FY 23 onwards
- Tax: around 25%
- Nutrafol majority stake acquired on 7 July 2022. Around €200mn on FY basis will be included in turnover (not included in USG/UVG/UPG for the first year)
- Ekatera disposal completed on 1 July 2022 for €4.5 billion on a cash-free, debt-free basis. Ekatera generated approximately €2bn of turnover on a FY basis

**Q3 2022 – results**

**Group**
- Underlying sales growth accelerated to 10.6% in the quarter, through stepped-up pricing of 12.5% and volumes declining (1.6)%
- Business Winning (BW%) remained competitive at 50%, down from the high-water mark earlier in the year, as we expected. We may see BW% drop temporarily below 50% in coming months because we have taken the lead on pricing

**Business Groups**
- Beauty & Wellbeing grew 6.7%: Prestige and Health & Wellbeing grew double-digit and there was a small decline in China
• Personal Care grew 8.9%; there was strong performance in Deodorants, but Skin Cleansing volumes declined due to pricing and supply constraints
• Home Care grew 13.6%; Fabric Cleaning grew double-digit and there was continued growth momentum in Fabric Enhancers. Home & Hygiene growth slowed
• Nutrition grew 11.8%; there was broad-based growth with 20%+ growth in Dressings. Unilever Food Solutions continued to be above pre-Covid levels
• Ice Cream grew 13.2%; there was double-digit growth in key markets; the out-of-home channel is recovering but volume remained below pre-pandemic levels; there was a weather-driven volume surge in Europe

Geographies
• North America grew 8.3% helped by double-digit growth in Nutrition and Ice Cream
• India showed strong growth with double-digit pricing and positive volumes
• China grew low-single digit as the market growth reflected some lockdown effects
• Indonesia delivered price-driven growth, while volumes were affected by a reduction in stock-in-trade levels
• Europe delivered 5.4% growth, helped by double-digit growth in Ice Cream

Comparator periods

<table>
<thead>
<tr>
<th></th>
<th>Q3 20</th>
<th>Q4 20</th>
<th>FY 20</th>
<th>Q1 21</th>
<th>Q2 21</th>
<th>Q3 21</th>
<th>Q4 21</th>
<th>FY 21</th>
<th>Q1 22</th>
<th>Q2 22</th>
<th>Q3 22</th>
<th>9M 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unilever</td>
<td>4.4</td>
<td>3.5</td>
<td>1.9</td>
<td>5.7</td>
<td>5.0</td>
<td>2.5</td>
<td>4.9</td>
<td>4.5</td>
<td>7.3</td>
<td>8.8</td>
<td>10.6</td>
<td>8.9</td>
</tr>
<tr>
<td>Beauty &amp; Wellbeing</td>
<td>(1.5)</td>
<td>(0.2)</td>
<td>(3.9)</td>
<td>6.0</td>
<td>13.4</td>
<td>7.2</td>
<td>7.7</td>
<td>8.5</td>
<td>7.4</td>
<td>9.5</td>
<td>6.7</td>
<td>7.8</td>
</tr>
<tr>
<td>Personal Care</td>
<td>8.1</td>
<td>2.9</td>
<td>5.3</td>
<td>(0.7)</td>
<td>(2.0)</td>
<td>(0.8)</td>
<td>4.9</td>
<td>0.3</td>
<td>6.8</td>
<td>6.7</td>
<td>8.9</td>
<td>7.5</td>
</tr>
<tr>
<td>Home Care</td>
<td>6.7</td>
<td>4.7</td>
<td>4.5</td>
<td>5.9</td>
<td>3.2</td>
<td>1.4</td>
<td>5.0</td>
<td>3.9</td>
<td>9.2</td>
<td>12.2</td>
<td>13.6</td>
<td>11.6</td>
</tr>
<tr>
<td>Nutrition</td>
<td>4.1</td>
<td>3.3</td>
<td>1.8</td>
<td>6.7</td>
<td>7.5</td>
<td>3.4</td>
<td>4.7</td>
<td>5.5</td>
<td>6.2</td>
<td>7.0</td>
<td>11.8</td>
<td>8.2</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>3.2</td>
<td>12.2</td>
<td>0.2</td>
<td>16.7</td>
<td>5.8</td>
<td>2.3</td>
<td>(1.3)</td>
<td>5.7</td>
<td>7.1</td>
<td>9.5</td>
<td>13.2</td>
<td>10.1</td>
</tr>
</tbody>
</table>

Conferences attended

Since Q3 results, management have presented at the Unilever Investor Event on 8 December. All materials for this event can be found at [https://www.unilever.com/investors/results-presentations](https://www.unilever.com/investors/results-presentations).
**Appendix**

**Reminder of transactions in 2021 and 2022**

- Unilever completed the acquisition of **Onnit** on 28th May 2021.
- Unilever completed the acquisition of **Paula’s Choice** on 2nd August 2021.
- Unilever completed the disposal of its Tea business, **ekaterra** on 1st July 2022.
- Unilever completed the acquisition of a majority stake in **Nutrafol** on 7th July 2022.

**Turkey Hyperinflation Treatment**

The accounting firms, based on IAS 29 criteria, have classified Turkey as a hyperinflationary economy for reporting periods ending on or after 30 June 2022. Unilever concurs with and has decided to apply the external guidance.

For Q2 2022 reporting, and until further notice, Unilever will follow its standard practice of capping the growth metrics UPG and USG, using the same methodology applied for other hyperinflationary countries. Growth will be the only metric in Q2 impacted by the classification of Turkey as hyperinflationary. All other aspects of Unilever’s first half financial statements will be reported as normal.

As part of the Unilever practice, a normalised level of price growth is included in USG, which is capped at an annual rate that is equivalent to approximately 2% per month compounded. This cap is derived from one of the indicators of hyperinflation cited in IAS 29 and ensures that any price growth above this level will be excluded from USG. This definition allows the full volume impact and limited price growth to be included in USG but avoids the distortion of hyperinflationary pricing beyond the capped level. We believe this definition reflects our normal pricing actions, distinct from those taken to respond to hyperinflationary conditions.

For context, the Unilever business in Turkey accounted for nearly €1 billion of turnover in 2021, growing both volumes and price in 2021. The Full Year 2021 UPG was less than 15%. As referenced in the Q1 2022 press release, inflation increased in Turkey during the first quarter. This upward trend continued in the second quarter of 2022.

Previous quarters, including Q1 2022, which were not materially affected by hyperinflationary pricing in Turkey, will not be restated.