Unilever

Q3 2023 Trading Statement & CEO Update

Hein Schumacher & Graeme Pitkethly
26 Oct 2023
Safe harbour statement

This document may contain forward-looking statements within the meaning of the securities laws of certain jurisdictions, including 'forward-looking statements' within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words and terminology such as 'will', 'aim', 'expects', 'anticipates', 'intends', 'looks', 'believes', 'vision', 'will continue', 'should', 'would be', 'seeks', 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. Forward-looking statements also include, but are not limited to, statements and information regarding the Unilever Group's (the 'Group') emissions reduction targets and other climate change related matters (including actions, potential impacts and risks associated therewith). These forward-looking statements appear in a number of places throughout this document and are based upon the intentions, beliefs, current expectations and assumptions regarding anticipated developments and other factors affecting the Group. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. They are not historical facts, nor are they guarantees of future performance or outcomes.

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. In addition, even if the results are consistent with the forward-looking statements contained in this announcement, those results may not be indicative of results in subsequent periods. 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; 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 Russia/Ukraine war.

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 intention or 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. All subsequent written and oral forward-looking statements attributable to either the Group or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above.

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 Unilever Annual Report and Accounts 2022 and the Annual Report on Form 20-F 2022.
1. Q3 Trading Statement

2. Action Plan

3. Q&A
Solid third quarter

Price growth moderated as expected, now with positive volume growth in three Business Groups

Growth driven by biggest brands and strong innovations

Competitiveness remained challenging – major focus area for Action Plan

Full year outlook remains unchanged

Targeted Action Plan for faster growth and simplicity
Unilever
Q3 2023 Trading Statement

Graeme Pitkethly
### Solid Q3 performance

<table>
<thead>
<tr>
<th></th>
<th>Q3 growth</th>
<th>YTD growth</th>
<th>Price and volume</th>
<th>Competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underlying sales growth</strong></td>
<td><strong>5.2%</strong></td>
<td><strong>7.7%</strong></td>
<td><strong>UPG</strong></td>
<td><strong>38%</strong></td>
</tr>
<tr>
<td>UPG</td>
<td><strong>5.8%</strong></td>
<td><strong>8.1%</strong></td>
<td><strong>UVG</strong></td>
<td><strong>% Business Winning MAT</strong></td>
</tr>
<tr>
<td>UVG</td>
<td><strong>(0.6)%</strong></td>
<td><strong>(0.4)%</strong></td>
<td><strong>Q3'22 Q4'22 Q1'23 Q2'23 Q3'23</strong></td>
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</table>
**Underlying sales growth**

<table>
<thead>
<tr>
<th></th>
<th>Q3'22</th>
<th>Q4'22</th>
<th>Q1'23</th>
<th>Q2'23</th>
<th>Q3'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG</td>
<td>10.6%</td>
<td>9.2%</td>
<td>10.5%</td>
<td>7.9%</td>
<td>5.2%</td>
</tr>
<tr>
<td>UVG</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>UPG</td>
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</table>

- Price growth moderated as inflation eased
- Volume positive in Beauty & Wellbeing, Personal Care and Home Care
- Nutrition and Ice Cream not yet back to positive volume growth
- Billion Euro brands accounted for 56% of Group turnover and delivered 7.2% growth
- D-commerce grew 17% and represented 16% turnover year to date
Beauty & Wellbeing

Continued strong growth driven by Prestige Beauty and Health & Wellbeing

Hair Care grew mid single-digit with strong growth from Sunsilk

Core Skin Care grew mid single-digit with volume-led growth from Vaseline
Personal Care

- Volume up for third consecutive quarter
- Axe and Rexona led strong Deodorants growth
- Dove delivered double-digit growth

<table>
<thead>
<tr>
<th></th>
<th>UPG</th>
<th>UVG</th>
<th>USG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3’22</td>
<td>8.9%</td>
<td>9.1%</td>
<td>(4.1)%</td>
</tr>
<tr>
<td>Q4’22</td>
<td>12.7%</td>
<td>3.0%</td>
<td>(3.5)%</td>
</tr>
<tr>
<td>Q1’23</td>
<td>3.0%</td>
<td>9.0%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Q2’23</td>
<td>3.4%</td>
<td>8.0%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Q3’23</td>
<td></td>
<td></td>
<td>4.0%</td>
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</tbody>
</table>
Home Care

Return to positive volume as price growth moderated

OMO and Surf delivered balanced growth

Cif and Domestos grew double-digit
Nutrition growth still driven by pricing

Volume decline driven by Europe

Unilever Food Solutions maintained strong performance
# Ice Cream

<table>
<thead>
<tr>
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<th>UVG</th>
<th>UPG</th>
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</thead>
<tbody>
<tr>
<td>Q3'22</td>
<td>(2.8)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4'22</td>
<td></td>
<td>(10.1)%</td>
<td></td>
</tr>
<tr>
<td>Q1'23</td>
<td></td>
<td></td>
<td>(8.2)%</td>
</tr>
<tr>
<td>Q2'23</td>
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</tr>
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- **Volumes impacted as consumers down-trade to value brands**
- **Disappointing ice cream season in Europe**
- **Out-of-home grew low single-digit with a strong performance in Turkey**
Regional growth by quarter

Asia Pacific Africa – €7bn TO

North America – €3bn TO

Latin America – €2bn TO

Europe – €3bn TO

Q3 2023 TRADING STATEMENT
Q3 2023: Turnover growth

*(3.8)%

- USG 5.2%
  - (0.6)%
  - 5.8%

- A&D (0.6)%
  - 0.2%
  - (0.8)%

(8.0)%

€15.8bn

Q3 2022

UVG

UPG

Acquisitions

Disposals

Currency*

€15.2bn

Q3 2023

* Currency includes both exchange rates changes impact of (10.3)% and extreme price growth in hyperinflationary markets impact of 2.6%.
## 2023 outlook

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Guidance</th>
</tr>
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<tbody>
<tr>
<td><strong>Continue growth momentum in new organisation</strong></td>
<td>➔ Underlying sales growth above 5%</td>
</tr>
<tr>
<td></td>
<td>➔ Price growth to continue to moderate throughout the year</td>
</tr>
<tr>
<td><strong>Invest for growth</strong></td>
<td>➔ Increased levels of investment in BMI, R&amp;D and Capex</td>
</tr>
<tr>
<td><strong>Maintain cost and savings discipline</strong></td>
<td>➔ Net material inflation (NMI) around €2bn for the full year</td>
</tr>
<tr>
<td></td>
<td>➔ Modest improvement in UOM for the full year</td>
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</table>
CEO update

Hein Schumacher
Strength & opportunities

Action plan

Value creation
Strength & opportunities

Action plan

Value creation
Unilever’s strong fundamentals

**Categories**
- #1 or #2 positions for 80% of our turnover
- Well-positioned to drive category growth

**Brands & footprint**
- 30 power brands driving 70%+ of our business
- 3.4bn daily users of our products

**Channels**
- Strong distributive trade model
- Accelerating eCommerce and specialty channels

**People & organisation**
- Experienced, engaged, expert people
- New organisation unlocking speed and value

**Geographies**
- Most global FMCG company
- 60% turnover in emerging markets

**R&D**
- Competitive science and technologies
- 20,000 patents

**Sustainability**
- At the heart of our business model
- No. 1 corporate sustainability leader for 12 consecutive years

Past performance has not been good enough

**Quality of growth: UVG%**

- 2017: 0.8%
- 2018: 1.9%
- 2019: 1.2%
- 2020: 1.6%
- 2021: 1.6%
- 2022: -2.1%

**Competitiveness: Business Winning%**

- 2017: 44%
- 2018: 42%
- 2019: 44%
- 2020: 53%
- 2021: 53%
- 2022: 47%

**Productivity: Gross Margin %**

- 2017: 43.1%
- 2018: 43.6%
- 2019: 44.0%
- 2020: 43.5%
- 2021: 42.3%
- 2022: 40.2%

**Underlying EPS in €**

- 2017: 2.23 €
- 2018: 2.35 €
- 2019: 2.55 €
- 2020: 2.48 €
- 2021: 2.62 €
- 2022: 2.57 €
Total Shareholder Return below our top third ambition

TSR 3-year rolling rank*

- Volume growth behind peers
- Gross Margin decline
- Inconsistent delivery

*ranking based on Unilever and 18 HPC and Food/Beverages peers
## The Unilever opportunity

<table>
<thead>
<tr>
<th>What’s working</th>
<th>What needs resolving</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strong science and technology capabilities</td>
<td>• Innovations lack scale</td>
</tr>
<tr>
<td>• Product superiority</td>
<td>Science and technology not leveraged across categories</td>
</tr>
<tr>
<td>• Deep sustainability belief and know-how</td>
<td>• Not focused on all consumer benefits</td>
</tr>
<tr>
<td>• Modern and connected global supply chain</td>
<td>• Sustainability strength not maximised for commercial benefit</td>
</tr>
<tr>
<td>• Outstanding talent base</td>
<td>Too many long-term commitments versus short-term targets</td>
</tr>
<tr>
<td>• Global reach and brand portfolio</td>
<td>• Disciplined focus on net productivity</td>
</tr>
<tr>
<td>• Inspiring purpose for many</td>
<td>• Dial up performance edge in leadership and expectations</td>
</tr>
</tbody>
</table>

- • Too many small priorities  
  Equal treatment of small and big brands  
- • Force-fitting purpose in every brand
Action plan

Faster growth
1. Focus first on 30 Power Brands
2. Drive unmissable brand superiority
3. Scale multi-year innovation
4. Increase brand investment and returns
5. Selectively optimise portfolio

Productivity & simplicity
6. Build back Gross Margin
7. Focus sustainability commitments
8. Drive benefits of new organisation

Performance culture
9. Renewed team
10. Drive and reward outperformance
Faster growth

1. Focus first on 30 Power Brands
2. Drive unmissable brand superiority
3. Scale multi-year innovation
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Focus first on 30 Power Brands

Driving 70%+ of our business

Ensuring consistent investment and brilliant execution
Drive unmissable brand superiority across 30 Power Brands …

Today

Product superiority

70% of tested turnover superior in 2023

Acceleration plan

- Product
- Proposition
- Packaging
- Place
- Promotion
- Pricing

Expand to unmissable brand superiority

Unmissable Superiority Score
... as we did with Domestos Power Foam

Today

- Focused on **Product** and **Price**

Turkey launch ‘22

[Image of Domestos Power Foam]

**Product** ✓

**Proposition** ✓

**Packaging** ×

**Place** ×

**Promotion** ×

**Pricing** ✓

Acceleration plan: Unmissable brand superiority

- Including **Proposition**, **Packaging**, **Place**, **Promotion**
- Underpinned by clear & measurable KPIs

UK launch ‘23

- #1 SKU: In 3 of 5 top UK retailers
- 3x higher market share in UK vs Turkey
- 10x higher turnover in UK vs Turkey (year 1)
- 4x higher penetration vs plan

Today

#1 SKU
In 3 of 5 top UK retailers

3x higher market share in UK vs Turkey

10x higher turnover in UK vs Turkey (year 1)

4x higher penetration vs plan

Faster growth
... as we did with Dove Body Wash

Today

US launch ‘22

Acceleration plan: Unmissable brand superiority

- Upgrading all elements of the mix, with a new, lighter pack
- Using proprietary nano emulsion technology

US launch ‘23

Pricing

Promotion

Place

Packaging

Proposition

Product

#1 in % repeats within the cleansing category

2x growth rate YTD units vs. category

+190bps penetration 52-week period vs PY
Scale multi-year innovation to be market makers

**Today**
- Strong R&D and science capabilities
- 2-3x average project size vs 2020
- Too many projects for consistent in-market execution

**Acceleration plan**
- Prioritise our differentiated technologies and most promising platforms with fewer, bigger projects
- Deliver new consumer benefits and formats, rolled out at scale
- Backed by consistently growing R&D investment
- Drive market development and premiumisation
- Shift innovation horizon to more multi-year projects, at least doubling average project size vs 2022
- Commit to brilliant launch execution, fully resourced and supported in market
...by leveraging winning technology harder across brands

**Beauty & Wellbeing**
- **Skin Care ‘Gluta-Hya’**
  - Glutaglow technology
  - 10x antioxidant power of vitamin C
  - Vaseline, Ponds

**Personal Care**
- **Deo advanced protection**
  - Microtechnology
  - 72hr non-stop protection – works harder than regular antiperspirants
  - Rexona, Axe, Dove

**Home Care**
- **Home Care**
  - Eco-design technology
  - Outstanding cleaning, more sustainable product & packaging
  - Omo, Sunlight

**Nutrition**
- **Nutrition & Ice Cream**
  - Plant-based proteins
  - Same great taste, 100% plant-based
  - Hellmann’s, Knorr, Magnum, B&J’s

**Ice Cream**
- Nutrition & Ice Cream
  - Plant-based proteins
  - Same great taste, 100% plant-based
  - Hellmann’s, Knorr, Magnum, B&J’s
...by investing in cross-category science & technology platforms

- Beauty & Wellbeing
- Personal Care
- Home Care
- Nutrition
- Ice Cream

**e.g. Biotechnology**

- **Sunlight**: Biotech-derived surfactants for ultimate dishwashing experience
- **Tatcha**: Bioactives for moisturisation & antioxidant benefits
- **Multiple brands**: New plant based biotechnology alternatives to palm oil
...by investing in cross-category science & technology platforms

- Beauty & Wellbeing
- Personal Care
- Home Care
- Nutrition
- Ice Cream

**e.g. Microbiome**

- **Dove**
  - 24 hours of silky soft skin from your shower – gentle cleansing

- **Lifebuoy**
  - Boosting skin’s defences for 10-hr germ protection

- **Clear**
  - Skincare-boosted anti-dandruff formula repairs & strengthens scalp

---

24 hours of silky soft skin from your shower – gentle cleansing

Boosting skin’s defences for 10-hr germ protection

Skincare-boosted anti-dandruff formula repairs & strengthens scalp
Increase brand investment and returns

**BMI**

- **2017**: €7.6bn
- **2018**: €6.9bn
- **2019**: €7.6bn
- **2020**: €6.9bn
- **2021**: €7.8bn
- **2022**: €7.8bn

**Acceleration plan**

- Focus investment in areas that drive impact
- Ensure consistent execution
- Invest more in digital media

**Today**

**2023 view**: €7.8bn
**2024-25 view**: €8.5bn
Reshaped portfolio since 2015

- Rotated 20% of portfolio and improved growth profile
- Divested sizeable lower-growth businesses
- Acquired 22 businesses but not all acquisitions met expectations
- Better M&A since 2019 with fewer, more focused acquisitions
- 5 acquired brands amongst 30 Power Brands

M&A performance versus expectations*

2015-18
- dermalogica
- Sundial
- dermalogica
- NUTRAFOL
- TATCHA
- PAULA'S CHOICE
- OLLY

2019 onwards
- Horlicks
- Blueair
- carverkorea
- Seventh Generation
- SMARTY PANTS

Above

In-line

Below

*Performance of top 15 acquisitions accounting for >90% of consideration since 2015. Yasso, acquired in August 2023, is not included
### M&A criteria

#### Distinctive brands, growing segments:
- Strong brand equity
- Premium positioning

#### Clear Unilever value-add:
- Science
- Innovation

#### Scalable in key markets:
- Home country scale
- Potential in key markets

#### Future-fit business model:
- Omni-channel potential
- Digital footprint

### M&A approach

- **Further pruning**
- **Focus on value-accrative bolt-on acquisitions**
- **Higher bar for acquiring: Right to win, premium, growing**
- **No major or transformational acquisitions**
Productivity & simplicity

6. Build back Gross Margin
7. Focus sustainability commitments
8. Drive benefits of new organisation
Build back Gross Margin

Gross Margin

*(300)bps

+30bps vs PY

Price coverage

Mix

Portfolio change

H1’19  H1’20  H1’21  H1’22  H1’23

Acceleration plan

- Improve mix through premiumisation
- Drive volume leverage
- **Move from gross savings focus to net productivity**
  - Competitive buying
  - Operational efficiencies and distribution
  - SKU simplification
  - Network optimisation
- Business Group specific implementation plans
- **Capex** from avg. 2.4%* to **above 3%** of turnover
- **Disciplined approach to restructuring:** from avg. 1.6%* to **c.1%** of turnover

*average for 2019-2022
Focus sustainability commitments

34 ESG commitments

Today

Acceleration plan

Driving impact in 4 priority areas

Climate

Plastic

Nature

Livelihoods

Shorter-term targets starting in 2024

Our commitment to sustainability leadership remains unchanged
Not all brands need a social or environmental Purpose

Only some brands need a social or environmental Purpose to support their unmissable superiority.

All innovation, marketing and funding will support brands’ unmissable superiority, and our non-negotiable sustainability commitments.

Unilever-wide sustainability commitments span across our product and brand portfolio:
Drive benefits of new organisation

Focus of Five – Power of One

Unilever Corporate Centre

- Beauty & Wellbeing
- Personal Care
- Home Care
- Nutrition
- Ice Cream

Unilever Business Operations

Acceleration plan

By end of 2023, we will:

- Eliminate any outstanding ambiguity
- Ensure single point accountability
- Enable Business Groups to control 90% of costs
- Strengthen frontline roles
Performance culture

9. Renewed team
10. Drive and reward outperformance
A renewed team to lead the change

Hein Schumacher
Chief Executive Officer

Fernando Fernandez
Chief Financial Officer

Esi Eggleston Bracey
Chief Growth and Marketing Officer

Eduardo Campanella
Business Group President
Home Care

Reginaldo Ecclissato
Chief Business Operations and Supply Chain Officer

Fabian Garcia
Business Group President
Personal Care

Rohit Jawa
President Unilever South Asia and CEO Hindustan Unilever

Priya Nair
Business Group President
Beauty & Wellbeing

Nitin Paranjpe
Chief People and Transformation Officer

Richard Slater
Chief Research & Development Officer

Peter ter Kulve
Business Group President
Ice Cream

Maria Varsellona
Chief Legal Officer and Group Secretary

To be appointed
Business Group President
Nutrition

*new appointments*
Drive and reward outperformance

6 elements of performance culture

1. Set stretching goals
2. Ultra transparency on performance
3. Embrace agile mindset
4. Aim for the best talent always
5. Reward appropriately
6. Simplify standards of leadership

Examples

- Fewer, clearer priorities
- Single point accountability
- Targets of Top 400 managers visible
- Basis for more differentiated reward
- New reward framework
- Metrics linked to value creation (USG, ROIC, TSR)
- Business Group focused
- Move from 21 behaviours to 6 standards
Capital allocation: Prioritising organic growth

1. Organic investment
   - Increased investment, focused on Power Brands
   - Higher R&D to support large scale, multi-year innovations
   - Capex > 3% of turnover
   - Funded by Gross Margin improvement

2. M&A
   - Portfolio pruning
   - Selective bolt-on acquisitions
   - Strict criteria and value creation parameters

3. Capital returns
   - Attractive, sustainable dividend
   - Surplus capital returned via share buybacks

Maintaining a solid balance sheet: c.2x net debt / EBITDA*

*Underlying earnings before interest, taxation, depreciation and amortisation
Action plan for value creation

**Strong fundamentals**

**Focused action plan**

**Faster growth**
1. Focus first on 30 Power Brands
2. Drive unmissable brand superiority
3. Scale multi-year innovation
4. Step up brand investment
5. Selectively optimise portfolio

**Productivity & simplicity**
6. Build back Gross Margin
7. Focus sustainability commitments
8. Drive benefits of new organisation

**Performance culture**
9. Renewed team
10. Drive and reward outperformance

**Consistent delivery of financial ambition**

- Underlying sales growth: 3 – 5%
- Modest margin expansion
- 100% cash conversion
- Mid-teens ROIC
- EPS growth and attractive dividend
- Top third TSR
Q&A