Unilever FY 2022 Results

ALAN JOPE & GRAEME PITKETHLY

9 FEB 2023
This presentation 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. 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 are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. 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. 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 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 Unilever Annual Report and Accounts 2021.
Unilever FY 2022 Results

ALAN JOPE
Full Year 2022 highlights

- Growth driven in line with strategic priorities
- Big brands performed strongly with increased investment
- Margin in line with guidance
- New organisation enabling superior strategic decisions
Strong price-led growth

### Q4 growth
- **9.2%**
  - Underlying sales growth
- **13.3% (3.6)%**
  - UPG
  - UVG

### FY growth
- **9.0%**
  - Underlying sales growth
- **11.3% (2.1)%**
  - UPG
  - UVG

### Price and volume
- **UPG**
  - Q4'21: 0.0%
  - Q1'22: -1.0%
  - Q2'22: -2.1%
  - Q3'22: -1.6%
  - Q4'22: 3.6%
- **UVG**
  - Q4'21: 0.0%
  - Q1'22: -1.0%
  - Q2'22: -2.1%
  - Q3'22: -1.6%
  - Q4'22: 3.6%

### Competitiveness
- **47%**
  - % Business Winning MAT\(^1\)

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\(^1\)Moving Annual Total / Last 52 weeks
Margin delivery in line with guidance

**Margin**
- Underlying operating margin: 16.1%
- (230)bps
- vs 2021

**Earnings**
- Underlying EPS: (2.1)%
- (8.2)%
- Constant underlying EPS

**Cash**
- Free cash flow: €5.2bn
- Includes €0.4bn extra Capex
• Prestige and Health & Wellbeing grew double-digit
• Skin Care grew mid single-digit driven by Vaseline innovation. Volumes marginally down
• Hair grew mid single-digit driven by Sunsilk and Nexxus
Personal Care

• Deodorants grew double-digit with positive volumes. Rexona, Dove, and Axe all delivered strong performances
• Skin Cleansing grew through price with some volume decline
• Pepsodent relaunch drove mid single-digit Oral Care growth
**Home Care**

<table>
<thead>
<tr>
<th></th>
<th>Q4'21</th>
<th>Q1'22</th>
<th>Q2'22</th>
<th>Q3'22</th>
<th>Q4'22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USG</strong></td>
<td>5.0%</td>
<td>9.2%</td>
<td>12.2%</td>
<td>13.6%</td>
<td>12.3%</td>
</tr>
<tr>
<td><strong>UPG</strong></td>
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<td><strong>UVG</strong></td>
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</table>

- Fabric Cleaning grew high double-digit driven by South Asia, Brazil, Turkey and Vietnam
- Fabric Enhancers grew well with good performance by Comfort
- Home & Hygiene grew modestly
Nutrition

- Dressings grew double-digit driven by Hellmann’s in North America
- Scratch Cooking Aids grew mid single-digit driven by Knorr
- Unilever Food Solutions recovered to pre-pandemic volume despite decline in China
• Out-of-home grew well, lapping prior year pandemic restrictions

• In-home grew with supply challenges in the United States

• Weak Q4 volumes: landed high pricing and In-Home stepped down from elevated lockdown sales in prior years
Underlying sales growth

<table>
<thead>
<tr>
<th>Full Year</th>
<th>USG</th>
<th>UPG</th>
<th>UVG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.0%</td>
<td>(2.1)%</td>
<td>11.3%</td>
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</tbody>
</table>

- Price-led growth in response to high input cost inflation
- Broad-based growth across all Business Groups
- Strong growth performance of billion Euro brands

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<thead>
<tr>
<th></th>
<th>Q4'21</th>
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<th>Q2'22</th>
<th>Q3'22</th>
<th>Q4'22</th>
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</thead>
<tbody>
<tr>
<td>USG</td>
<td>4.9%</td>
<td>7.3%</td>
<td>8.8%</td>
<td>10.6%</td>
<td>9.2%</td>
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<tr>
<td>UPG</td>
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<td>UVG</td>
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</table>

Full Year Performance:

- USG: 11.3%
- UPG: 10.6%
- UVG: 9.2%
FY 2022: Turnover growth

+14.5%

USG 9.0%

11.3%

A&D (1.0)

0.8%

(1.8)%

€52.4bn

(2.1)%

€60.1bn

FY 2021

UVG

UPG

Acquisitions

Disposals

Currency

FY 2022
Regional growth by quarter

**Asia Pacific Africa**

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<thead>
<tr>
<th></th>
<th>Q4'21</th>
<th>Q1'22</th>
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<th>Q3'22</th>
<th>Q4'22</th>
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<tbody>
<tr>
<td>USG</td>
<td>5.7%</td>
<td>9.1%</td>
<td>9.0%</td>
<td>12.5%</td>
<td>10.7%</td>
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<tr>
<td>UPG</td>
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<td>UVG</td>
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<td>(2.0)%</td>
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**North America**

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<th>Q3'22</th>
<th>Q4'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG</td>
<td>6.5%</td>
<td>8.5%</td>
<td>8.9%</td>
<td>8.3%</td>
<td>5.7%</td>
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<tr>
<td>UPG</td>
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<td>UVG</td>
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<td>(4.0)%</td>
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**Latin America**

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<tr>
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<th>Q3'22</th>
<th>Q4'22</th>
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</thead>
<tbody>
<tr>
<td>USG</td>
<td>8.5%</td>
<td>9.8%</td>
<td>16.8%</td>
<td>17.6%</td>
<td>15.0%</td>
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<tr>
<td>UPG</td>
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<td>UVG</td>
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<td>(4.1)%</td>
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**Europe**

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<th>Q1'22</th>
<th>Q2'22</th>
<th>Q3'22</th>
<th>Q4'22</th>
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</thead>
<tbody>
<tr>
<td>USG</td>
<td>0.7%</td>
<td>4.6%</td>
<td>5.4%</td>
<td>5.5%</td>
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<td>UPG</td>
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<td>UVG</td>
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<td>(6.8)%</td>
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</table>
FY 2022: Underlying operating margin

- **FY 2021**: 18.4%
- **Gross margin**: (2.1)%
- **Brand & marketing investment**: 0.1%
- **Overheads**: (0.3)%
- **FY 2022**: 16.1%

*At constant fx rates

(230)bps
Price increases not yet sufficient to repair gross margin

Gross margin (210)bps

- Price coverage 2022
  - ~95% of NMI
  - ~75% of total cost

NMI €bn
- 2018: 0.2
- 2019: 0.2
- 2020: 0.1
- 2021: 1.3
- 2022: 4.3

Production & logistics costs inflation
- 2018: €(0.1)bn
- 2019: €0.3bn
- 2020: €0.1bn
- 2021: €0.3bn
- 2022: €1bn

UPG
- 2018: 0.9%
- 2019: 1.6%
- 2020: 0.3%
- 2021: 2.9%
- 2022: 11.3%
FY 2022: Underlying earnings per share

**Current underlying EPS**

- **(2.1)%**

**Constant underlying EPS**

- **(8.2)%**

<table>
<thead>
<tr>
<th>Component</th>
<th>FY 2021</th>
<th>Operational performance</th>
<th>Finance costs</th>
<th>Tax</th>
<th>Minorities</th>
<th>Share buybacks</th>
<th>Other</th>
<th>FY 2022 (Constant)</th>
<th>Currency</th>
<th>FY 2022 (Current)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2021</td>
<td>€2.62</td>
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<tr>
<td>Operational</td>
<td></td>
<td>(7.2)%</td>
<td>(0.6)%</td>
<td>(1.8)%</td>
<td>(0.0)%</td>
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<td>Minorities</td>
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<td>Share buybacks</td>
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<td>Other</td>
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<tr>
<td>FY 2022 (Constant)</td>
<td>€2.37</td>
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<tr>
<td>Currency</td>
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<td>6.1%</td>
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<tr>
<td>FY 2022 (Current)</td>
<td>€2.57</td>
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</tbody>
</table>
Cash flow & balance sheet

**Cash**

Free cash flow

€5.2bn

Includes €0.4bn extra Capex

**Net debt**

Net debt / EBITDA

2.1x

€23.7bn

Net debt

**Pension surplus (€bn)**

FY'20 FY'21 FY'22

0.3 3.0 2.6
Other financial metrics

**Restructuring**

- €0.8bn
- 1.3% as % Turnover

**Savings**

- €2bn

**ROIC**

- 2021: 17.2%
- 2022: 16.0%
Our growth model is underpinned by disciplined capital allocation

<table>
<thead>
<tr>
<th>Operational investment</th>
<th>Portfolio shaping</th>
<th>Capital returns</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BMI</strong> +€0.5bn*</td>
<td><strong>Since 2017</strong></td>
<td><strong>Cash dividends €4.3bn</strong></td>
</tr>
<tr>
<td><strong>R&amp;D</strong> +€50m*</td>
<td><strong>€17bn invested</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Capex</strong> +€0.4bn</td>
<td><strong>€11bn proceeds</strong></td>
<td><strong>Share buybacks</strong></td>
</tr>
<tr>
<td>(to 2.7% of TO)</td>
<td></td>
<td>2017-21 €14bn</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Up to €3bn</td>
</tr>
</tbody>
</table>

*At constant fx rates
Progress against strategy

ALAN JOPE
Continued progress in line with strategic priorities

<table>
<thead>
<tr>
<th>Win with brands and innovation</th>
<th>Move portfolio into high growth spaces</th>
<th>Accelerate USA, India, China and EMs</th>
<th>Lead in channels of the future</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>14</strong> €1bn+ brands</td>
<td>Prestige and Health &amp; Wellbeing grew double-digit</td>
<td>FY’22 USG</td>
<td>15% eCom % TO</td>
</tr>
<tr>
<td><strong>53%</strong> of turnover</td>
<td>Acquired Nutrafol</td>
<td>USA</td>
<td>8.0%</td>
</tr>
<tr>
<td><strong>11%</strong> FY’22 USG</td>
<td></td>
<td>India</td>
<td>15.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>China</td>
<td>(1.3)%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emerging markets</td>
<td>11.2%</td>
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</tr>
</tbody>
</table>
Future-fit organisation enabling better execution

Unilever Corporate Centre

Beauty & Wellbeing
- Dove
- Sunsilk
- Liquidus
- Axe
- Signal
- Dermalogica

Personal Care
- Dove
- Rexona
- Axe
- Signal

Home Care
- OMO
- Sunlight
- Comfort

Nutrition
- Knorr
- H wormans
- Horlicks
- Maille
- Ben & Jerry’s

Ice Cream
- Unilever

Unilever Business Operations

Prioritisation and speed of execution

Nutrition and Ice Cream exited unprofitable businesses

Beauty & Wellbeing redirected funding to profitable citadels in Europe

Personal Care and Home Care rapidly executed SKU rationalisation
We have sharper, more distinctive Business Group strategies

<table>
<thead>
<tr>
<th></th>
<th>Beauty &amp; Wellbeing</th>
<th>Personal Care</th>
<th>Home Care</th>
<th>Nutrition</th>
<th>Ice Cream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value creation</td>
<td>High Growth</td>
<td>Growth</td>
<td>Growth and margin</td>
<td>Growth and margin</td>
<td>Growth and ROA</td>
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<tr>
<td>Margin vs UL</td>
<td>Accretive</td>
<td>Accretive</td>
<td>Dilutive</td>
<td>Slightly accretive</td>
<td>Dilutive</td>
</tr>
<tr>
<td>Position</td>
<td>Challenger</td>
<td>Leader</td>
<td>Emerging market leader</td>
<td>Big brand leader</td>
<td>Category builder</td>
</tr>
<tr>
<td>Focus</td>
<td>Purpose, Science, Desire</td>
<td>Extend leadership</td>
<td>Category development</td>
<td>Boldly healthier</td>
<td>Premium and OOH</td>
</tr>
<tr>
<td>Cap. allocation</td>
<td>Priority</td>
<td>Limited</td>
<td>Limited</td>
<td>Limited</td>
<td>Limited</td>
</tr>
</tbody>
</table>

- **Acquisitions**
- **Disposals**
Summary

- Stronger execution
- Sharpened portfolio
- Clear strategy
- New organisation

Unilever is investing for growth
Outlook

GRAEME PITKETHLY
Multi-year financial framework

**Growth**
Underlying sales growth 3 – 5% USG
- Towards upper end
- Volume step-up
- Competitive

**Profit**
Modest margin expansion
- Gross margin-led
- With increased BMI

**Cash**
Sustained strong cash flow
- 100% cash conversion

Long-term value creation through EPS growth

Attractive dividend

Attractive dividend
2023 outlook: growth remains the priority

**Priorities**

- Continuing growth momentum
- Invest for growth while managing inflationary pressure
- Embed new operating model
  - Maintain cost and savings discipline

**Guidance**

- H1 price growth will remain high, and volume negative
- FY underlying sales growth at least in the upper half of our multi-year range of 3 – 5%
- Increased levels of investment in BMI, R&D and Capex
- Modest improvement in margin for the full year
  - Underlying operating margin will be around 16% in the first half
### 2023 gross margin: H1 remains pressured, but improves in H2

<table>
<thead>
<tr>
<th></th>
<th>H1 2023</th>
<th>H2 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net material inflation</td>
<td>Around €1.5bn</td>
<td>Materially lower</td>
</tr>
<tr>
<td>Production &amp; logistics cost inflation</td>
<td>Around €0.5bn</td>
<td>Materially lower</td>
</tr>
<tr>
<td>Price growth</td>
<td>Remaining elevated</td>
<td>Slowing</td>
</tr>
<tr>
<td>Price coverage</td>
<td>Below 100%</td>
<td>Improving</td>
</tr>
<tr>
<td>Gross margin</td>
<td>Lower</td>
<td>Improving</td>
</tr>
</tbody>
</table>
2023: key financial metrics

**Investment**
- Capex >3% of TO
- Restructuring ca. 1% of TO

**Tax**
- Underlying tax rate 25%

**Debt**
- Net debt / EBITDA ca. 2x
- Net finance costs 2.5 - 3%

**Currency**
- Turnover impact of ca. (4)%
- UEPS impact a little more negative
### 2023 Outlook: Growth Remains the Priority

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Guidance</th>
</tr>
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<tbody>
<tr>
<td>Continuing Growth Momentum</td>
<td><strong>Guidance</strong>&lt;br&gt;• H1 price growth will remain high, and volume negative</td>
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<tr>
<td>Invest for Growth While Managing Inflationary Pressure</td>
<td><strong>Guidance</strong>&lt;br&gt;• FY underlying sales growth at least in the upper half of our multi-year range of 3 – 5%</td>
</tr>
<tr>
<td>Embed New Operating Model</td>
<td><strong>Guidance</strong>&lt;br&gt;• Increased levels of investment in BMI, R&amp;D and Capex</td>
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<td>Maintain Cost and Savings Discipline</td>
<td><strong>Guidance</strong>&lt;br&gt;• Modest improvement in margin for the full year</td>
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<td></td>
<td><strong>Guidance</strong>&lt;br&gt;• Underlying operating margin will be around 16% in the first half</td>
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