Unilever

FY 2023 Results

Hein Schumacher & Fernando Fernandez
8 February 2024
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.

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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.
2023 highlights

2023 results & outlook

Growth Action Plan update

Q&A
Making progress, but more to do...

- Returned to positive volumes with improved margin, driven by 30 Power Brands
- Tightened grip on working capital leading to strong free cash flow
- Increased brand and marketing investment, focused on 30 Power Brands
- Made significant changes in Ice Cream to address underperformance
- Accelerated portfolio transformation
- Competitiveness remains disappointing, moving quickly to address it
Growth Action Plan being implemented at pace

**Faster growth**
1. Focus 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 category-focused structure

**Performance culture**
9. Renewed leadership team
10. Drive and reward outperformance
2023 results & outlook

Fernando Fernandez
Volumes improving as price growth slows

- Growth across all Business Groups
- Positive volume growth for the year and Q4
- Price growth slowed as inflation eased
- 30 Power Brands accretive to growth, up 8.6% with 1.6% volume growth for the full year

**Full year 2023**

- **USG** 7.0%
- **UVG** 0.2%
- **UPG** 6.8%

**Price and volume**

- Q4'22: UPG 13.3%, UVG 9.2%, USG (3.6%)
- Q1'23: UPG 10.7%, UVG 10.5%, USG 0.2%
- Q2'23: UPG 8.2%, UVG 7.9%, USG 0.3%
- Q3'23: UPG 5.8%, UVG 5.2%, USG 0.6%
- Q4'23: UPG 4.7%, UVG 2.8%, USG 1.8%
Beauty & Wellbeing

Strong full year performance with volume-led growth

€12.5bn turnover | 18.7% UOM

- **8.3%** USG
- **4.4%** UVG
- **3.8%** UPG

Volume accelerated in Q4

Health & Wellbeing and Prestige Beauty double-digit growth continued

Strong growth from innovation in Sunsilk and Vaseline
**Personal Care**

Strong performance, fuelled by mid-teens growth in Deodorants

<table>
<thead>
<tr>
<th>Quarter</th>
<th>USG</th>
<th>UVG</th>
<th>UPG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4’22</td>
<td>9.1%</td>
<td>3.5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Q1’23</td>
<td>12.7%</td>
<td>3.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Q2’23</td>
<td>9.0%</td>
<td>3.4%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Q3’23</td>
<td>8.0%</td>
<td>3.4%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

- Fourth consecutive quarter of double-digit Deodorants growth
- Oral Care consistent mid-single digit growth through the year
- Skin Cleansing return to volume growth, with Dove Body Wash relaunch in US

€13.8bn turnover | 20.2% UOM
**Home Care**

Positive second half volumes, with sharp price growth deceleration

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<thead>
<tr>
<th>Quarter</th>
<th>USG</th>
<th>UVG</th>
<th>UPG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'22</td>
<td>12.3%</td>
<td>(3.8)%</td>
<td></td>
</tr>
<tr>
<td>Q1'23</td>
<td>10.2%</td>
<td>(2.8)%</td>
<td></td>
</tr>
<tr>
<td>Q2'23</td>
<td>6.7%</td>
<td>(2.1)%</td>
<td></td>
</tr>
<tr>
<td>Q3'23</td>
<td>5.3%</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td>Q4'23</td>
<td>1.7%</td>
<td>0.8%</td>
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</tr>
</tbody>
</table>

- Fabric Cleaning negative Q4 pricing reflects commodity deflation, particularly in India
- Fabric enhancers growth driven by Turkey and Latin America
- Home & Hygiene good growth, successful Domestos Power Foam launch in Europe

€12.2bn turnover | 12.3% UOM
Nutrition

Price-led growth as we responded to higher input costs

- **7.7% USG**
- **(2.2)% UVG**
- **10.1% UPG**

Largest brands, Knorr and Hellmann’s, with positive Q4 volume growth

Double-digit growth in Food Solutions, volumes now above pre-Covid levels

Europe remains challenging with negative volumes

€13.2bn turnover | 18.6% UOM
Ice Cream

FY 2023 RESULTS

€7.9bn turnover | 10.8% UOM

Disappointing performance reflecting poor execution and consumer downtrading

2.3% USG

(6.0)% UVG

8.8% UPG

Stepped up promotions in Q4 supported North America volume growth

Out of home was flat in Q4 with strong performance in Latin America

New leadership team addressing productivity and competitive intensity
## Regional performance

### Asia Pacific Africa - €26bn turnover

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4</th>
<th>Full year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying sales growth</td>
<td>1.9%</td>
<td>6.5%</td>
</tr>
<tr>
<td>UVG</td>
<td>0.7%</td>
<td>1.1%</td>
</tr>
<tr>
<td>UPG</td>
<td>1.1%</td>
<td>5.3%</td>
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</tbody>
</table>

### Europe - €12bn turnover

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4</th>
<th>Full year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying sales growth</td>
<td>2.5%</td>
<td>4.1%</td>
</tr>
<tr>
<td>UVG</td>
<td>(6.3)%</td>
<td>9.4%</td>
</tr>
<tr>
<td>UPG</td>
<td>(7.7)%</td>
<td>12.8%</td>
</tr>
</tbody>
</table>

### North America - €13bn turnover

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<thead>
<tr>
<th>Quarter</th>
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<th>Full year</th>
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<tr>
<td>Underlying sales growth</td>
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</tr>
<tr>
<td>UPG</td>
<td>0.7%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

### Latin America - €26bn turnover

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4</th>
<th>Full year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying sales growth</td>
<td>13.4%</td>
<td>14.9%</td>
</tr>
<tr>
<td>UVG</td>
<td>9.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td>UPG</td>
<td>4.0%</td>
<td>9.6%</td>
</tr>
</tbody>
</table>
7% underlying sales growth, with adverse currency and net disposals

Turnover

**€60.1bn**

FY 2022

**€59.6bn**

FY 2023

- **UVG**
  - USG 7.0%
  - 0.2%
  - 6.8%

- **UPG**
  - 0.5%

- **Acquisitions**
  - 0.5%

- **Disposals**
  - (2.1)%

- **Currency**
  - (5.7)%
Improved margin with a significant step-up in brand investment in H2

Underlying operating margin

16.1%  
FY 2022

Gross margin

+2.0%

+60 bps

(1.3)%

BMI

(0.1)%

Overheads

16.7%

FY 2023

Increased investment focused on 30 Power Brands
Strong progress on gross margin recovery

Gross Margin

(380)bps

+200bps vs PY

H1: +30bps vs PY
H2: +330bps vs PY

Price coverage

Mix

Portfolio change

2019 2020 2021 2022 2023 2023 vs 2019
Operational performance offset by currency headwinds

Underlying earnings per share

- **Current underlying EPS**: +1.4%
- **Constant underlying EPS**: +11.0%

**Operational performance**
- FY 2022: €2.57*
- FY 2023 (Constant): €2.84

**Currency**
- FY 2023 (Current): €2.60

*Constant underlying EPS for FY2022 is €2.56
Strong cash, improving ROIC

**Strong cash generation**

- **€7.1bn**
- **Free cash flow***
- **+€1.9bn**
  - vs FY 2022 free cash flow

**Improving ROIC**

- **16.2%**
- **ROIC**
- **+20bps**
  - vs FY 2022 ROIC

**Robust balance sheet**

- **2.1x**
- **Closing net debt / underlying EBITDA**
- **€23.7bn**
- **Closing net debt**

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* Including €0.4bn linked to tax refund in India
## Investment priorities and capital allocation

<table>
<thead>
<tr>
<th>Category</th>
<th>Key Performance Area</th>
<th>Target Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic growth</strong></td>
<td>Increased BMI vs PY as % of turnover</td>
<td>+130 bps</td>
</tr>
<tr>
<td></td>
<td>Increased R&amp;D spend vs PY as % of turnover</td>
<td>+10 bps</td>
</tr>
<tr>
<td><strong>Net productivity</strong></td>
<td>Capex as % of turnover</td>
<td>2.9%</td>
</tr>
<tr>
<td></td>
<td>Restructuring cost as % of turnover</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Shareholder returns</strong></td>
<td>Capital returned to shareholders in 2023</td>
<td>€5.9bn</td>
</tr>
<tr>
<td></td>
<td>Dividends paid</td>
<td>€4.4bn</td>
</tr>
<tr>
<td></td>
<td>Share buybacks completed</td>
<td>€1.5bn</td>
</tr>
</tbody>
</table>
Reallocating capital into premium segments

Disposals

Acquisitions

- elida
- Suave
- yasso
- DOLLAR SHAVE CLUB
- K18 BIOMIMETIC HAIRSCIENCE
Measuring competitiveness through turnover-weighted market share

Unilever FY2023

**Measured business**
(UPG capped to 26% in hyper-inflation markets)

-**Turnover:** ~70%
-**USG:** 6.5%

Helped by our footprint

Unmeasured business
(E.g. Prestige, UL Food Solutions)

-**Turnover:** ~30%
-**USG:** 7.9%

Driven by losses in Europe and North America
2024 outlook

- **Growth**
  - Underlying sales growth for full year 2024 to be within our multi-year range of 3-5%
  - More balance between volume and price

- **Margin**
  - Modest improvement in UOM for the full year
  - Further Gross Margin expansion

- **Capital returns**
  - Attractive, sustainable dividend
  - €1.5bn share buyback programme to commence in Q2 2024
Growth Action Plan update

Hein Schumacher
Implementing Growth Action Plan at pace

- Faster growth
- Performance culture
- Productivity & simplicity
Faster growth
Focus first on 30 Power Brands

Progress

- 30 Power Brands now account for ~75% of turnover
- Growth and margin accretive
- Growth led by Rexona, Hellmann’s, Sunsilk, Vaseline and Liquid I.V.

2024 priorities

- Prioritising investment behind these brands
- Ensuring brilliant execution
- Accelerating dCommerce growth
Drive unmissable brand superiority

From

Product
Proposition
Packaging
Place
Promotion
Pricing

To

Framework in place across all Business Groups
Validated methodology in 29 strategic cells
Identifying drivers of superiority with precision

Progress

2024 priorities

Embedding framework for 30 Power Brands
Baselines and targets set by H2
Scale multi-year innovation

2023 innovation driving incremental turnover

2024 priorities

- Prioritising multi-year scalable programmes
- Growing R&D investment
- Driving market-making and premiumisation
- Brilliant execution fully resourced
- Continued increases in incremental turnover
Leveraging winning technologies across brands, formats and markets

**Example: Vaseline Gluta Hya**

- Patented GAP technology boosting skin’s antioxidant defence against damage
- Multi-format and benefit technology extended to new product ranges
- Geographical expansion:
  - Launched in Southeast Asia and Indonesia in 2021
  - Rolled-out to India and Arabia in 2023
  - Further expansion in 2024
Leveraging winning technologies across brands, formats and markets

Example: multi-brand 72h Deodorant

Multi-year, scalable platforms

- Patented, next-generation anti-perspirant technology
- 72h technology scaled across our 3 largest Deodorant brands
- Geographical/brand expansion:
  - Rexona 72h launched in 2022
  - Rolled out to markets across Europe and the Americas
  - Dove and Axe 72h launched in 2023
  - 72h protection now available in over 40 markets
Leveraging winning technologies across brands, formats and markets

Example: Hellmann’s Plant Based & Flavoured Mayo

Multi-year, scalable platforms

- Differentiated superior technology using plant-based emulsions and flavour solutions
- Bigger activations in key markets:
  - Super Bowl campaign in the US
  - NBA campaign in Brazil
- Geographical expansion:
  - Plant-based mayo now in 34 markets
  - Flavoured mayo now in 24 markets
  - Hellmann’s launched as a premium brand in 18 new markets in past 5 years
FY 2023 RESULTS

Productivity & simplicity
# Focus on net productivity

<table>
<thead>
<tr>
<th>Progress</th>
<th>2024 priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>➤ Organisation geared to focus on net productivity</td>
<td>➤ Network optimization</td>
</tr>
<tr>
<td>➤ Business Group specific implementation plans</td>
<td>➤ Vertical integration in key materials</td>
</tr>
<tr>
<td>➤ Complexity reduction – reduced SKUs, materials and suppliers</td>
<td>➤ Further complexity reduction</td>
</tr>
<tr>
<td>➤ Cost per tonne plateauing in H2</td>
<td>➤ Cost per tonne improvements</td>
</tr>
<tr>
<td>➤ Integrated operations delivered working capital improvements in 2023</td>
<td>➤ 50% of capex to be allocated to productivity initiatives</td>
</tr>
<tr>
<td></td>
<td>➤ Continued improvement in working capital</td>
</tr>
</tbody>
</table>
Focus sustainability commitments

Climate

Plastic

Nature

Livelihoods
Performance culture
A renewed team leading 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

Mairéad Nayager
Chief Human Resources 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

Our incentive framework

1. Proposed Directors’ Remuneration Policy
   - More closely aligned with shareholder interests
   - Proposal published, for vote at 2024 AGM

2. Business Group drives bonus
   - Senior leadership incentives: 75% Business Group – 25% Unilever
   - All other employees’ incentives: 100% Business Group aligned

3. In-year performance drives reward
   - New, more stringent goal setting process
   - Replaced long-term share plan with restricted stock awards for 15,000 lower and middle managers
   - Based on individual’s in-year delivery against stretching targets

2024 priorities

Greater line of sight and more differentiation in reward
Moving with speed and urgency to transform Unilever

Focusing on fewer things, done better, with greater impact

Benefits of the Growth Action Plan will build throughout the year

To realise a consistent step up in performance, starting in 2024
Q&A
Appendix
Other financial guidance for 2024

- Increased absolute Brand & Marketing Investment and R&D spend
- Capex around 3% of turnover
- Restructuring around 1% of turnover
- At current rates, expected currency impact* of around (2)% on turnover and around (5)% on underlying EPS for FY
- Net finance costs 2.5% to 3% on average net debt
- Underlying effective tax rate around 25%
- Net debt around 2x net debt / underlying EBITDA

*exchange rates plus extreme price growth above 26% in hyperinflationary markets