

Webcast: A sharper, focused HPC pureplay**4:00 PM BST, Tuesday 31st March 2026**

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**Fernando Fernandez:**

Good morning, and good afternoon, everyone, and thank you for joining us today. I'm Fernando, and I'm joined on the call by Srini. Today marks an important milestone in Unilever, as we keep accelerating our strategy and sharpening our portfolio.

We are moving towards a pureplay HPC company, focused on higher growth categories with the proven sector leading growth profile. At the same time, we are unlocking value through a growth-led separation of foods creating a scaled global flavour powerhouse together with McCormick, built on a strong strategic and cultural alignment. This delivers two clear outcomes: a more focused Unilever and a new global leader in flavour. Let me double click on this while I deliver five key messages.

First, we are creating a 39 billion euros HPC pureplay with leading positions in highly attractive categories, a stronger exposure to fast growing geographies like the US and India, and greater participation in premium and digital channels. From a category segment channel and geographical perspective this is where faster growth and more attractive profit pools are. This is where our portfolio and capabilities, give us a clear right to win.

Second, a focused Home and Personal Care business can bring all company capabilities into one shared system, from science-led innovation to demand creation to operations, improving global repeatability, speed, and returns.

Third, it strengthens our already superior growth profile. We have already delivered superior volume growth versus our peers over the last three years. As proven by our 2.5% underlined volume growth and our 5.4% compounded annual underlying sales growth in HPC during the last three years. With a sharper portfolio and better category and geographical mix, we are positioning ourselves to sustain that outperformance.

Fourth, it upgrades the quality of our financial model. A structurally higher gross margin, increased investment behind our brands, and a more consistent volume-led growth profile, all supporting enhanced returns over time.

And fifth, it unlocks trapped value through a growth-led separation of Foods. By combining Unilever Foods with McCormick, we are creating a scaled global flavour powerhouse, bringing together a highly complementary portfolio in adjacent categories, iconic brands and emerging brands with breakthrough growth potential, complementary capabilities, and an international distribution platform infrastructure that can accelerate growth. So, when you step back, the outcome is clear. Two stronger, faster-growing businesses, each better aligned to their markets, their capabilities, and their value creation models. Let me now turn to the foods combination and why this creates a truly scaled global flavour powerhouse.

This is a combination that provides end-to-end leadership in the full spectrum of flavour and condiments: from herbs and spices to bouillons, from mayonnaise to mustard and hot sauces, both in retail and food service, in developed markets and in key emerging markets, bringing together two industry-leading businesses with a strong momentum, and complementary strengths. The momentum is clear and the power of the portfolio also. Iconic brands such as McCormick, Knorr and Hellmann's alongside high growth potential brands like Frank's, Maille, and Cholula. It is a rare combination in the foods industry, a scaled focus and growth potential behind a set of brands that has been consistently well supported for years. Importantly, this is also a business with a strong

food service scale and upside across both top of the table and back of house, expanding reach and unlocking additional growth opportunities. Geographically the combination brings together leadership in developed markets with a strong position in key emerging markets creating a balanced and resilient footprint. And underpinning all of this - best in class R&D and culinary expertise, enabling continued innovation and meeting consumers growing demand for flavour. Overall, I repeat we are creating a business with a scale, complementarity and a distinctive advantage profile - well positioned to deliver superior growth and value creation over time. Srimi?

Srimi Phatak:

Thanks Fernando. Let me start with the quality of the assets that we are creating. On a pro forma 2025 basis, the combined business would have \$20 billion of sales and a 21% operating margin before synergies. This is a scaled global flavour player and one of the largest in the category. Importantly, both McCormick and Unilever Foods have delivered both value and volume growth in 2025, so this combination starts with momentum and with opportunities to accelerate.

Profitability of both the business is supported by strong gross margins, In the case of the consumer business, whether it is for Unilever or for McCormick, this is in the mid-40%s. Both Unilever and McCormick have made and continue to make significant investments between brands and marketing, and which is also substantially higher than the foods peers. This therefore gives us confidence in the quality and the resilience of the combined model.

The Unilever Foods perimeter excludes India, as we have spoken about - lifestyle, nutrition, and Lipton ready-to-drink. The McCormick financials include McCormick Mexico. From this strong foundation, let me turn into how this translates into value for shareholders. For Unilever, the transaction unlocks value from three areas. First is from a valuation perspective. While there has been some conversation and discussion to really figure out what's the right valuation, given the context of where we operate, we have

used really the 2025 EBITDA as the right measure and to really make comparable multiples. The transaction reflects an enterprise value of approximately \$45 billion for the Unilever Foods business. This equates to a sales multiple of 3.6x and an implied EBITDA multiple of about 13.8x. This is important to highlight that is in line with Unilever's current trading multiple and in line with the most attractive food company valuations. Therefore, the terms of the transaction assume similar multiples for Unilever Foods and McCormick.

Second, we will receive \$15.7 billion in cash and 65% of equity in the combined company. This provides both immediate value and a continued participation in the upside for the Unilever shareholders. The transaction is structured as a Reverse Morris Trust and is intended to be tax free or tax efficient in the U.S.

Third, from a synergies perspective, we will have about \$600 million of annual run rate cost synergies net of investment. These are across areas of procurement, manufacturing, logistics, and SG&A, with full value to be achieved by the end of year three. Both the teams have worked together extensively and identified clear areas of opportunity. We are confident that in some of the areas such as procurement we start to see savings coming through right from year one and without really requiring significant investments. In addition, we see revenue growth opportunities from complementary geography footprints, stronger flavour capabilities, and expanded food service. Around \$100 million of incremented cost and revenue synergies will actually be reinvested for growth. So, overall therefore the attractive valuation efficient structure and clear synergies, combine immediate value with long-term upside.

When I look at it from a transaction implication for Unilever, Unilever as I said receives \$15.7 billion in cash and through distribution, Unilever shareholders will own 55% of the diluted combined company. McCormick shareholders will own 35% and Unilever itself will retain a 9.9% stake. The retained state underscores our confidence in the strategic merits, integration plan, and execution of the combined company. It will be important to

highlight that we are likely to have transitional service agreements (TSAs) for about two to three years in key areas such as IT, such as services and including distribution and logistics in key markets and therefore, our stake also has to be seen in the context of what I have just explained. The stake will be subject to a one-year lock-in period, thereafter we intend to sell it down, in an orderly and considered manner and we expect any eventual disposal to be tax neutral. We will have meaningful governance rights. Upon closing, Unilever will appoint 4 out of the 12 members of the combined board and executives from both businesses will serve in key leadership roles.

The international headquarters of the combined company will be based in the Netherlands. The centre will be responsible for managing the global food service business, the combined EMEA business, the European supply chain and other key capabilities including R&D, whereas Unilever hosts some of the strongest capabilities in the food industry. McCormick will continue with its New York listing and there will be a secondary listing in Europe, reflecting the global nature of the business and its shareholders. As a part of the larger flavoured focus organisation, employees from both the businesses will benefit from expanded career and developmental opportunities. It's also important to highlight that from a Unilever shareholders' perspective, the capitalised value of synergies in the combined company offsets Unilever's tax and separation costs. The transaction is expected to close by mid-2027, subject to shareholder and regulatory approvals and other customary conditions including the works council consultation. Our orderly and timely Ice Cream separation demonstrates the expertise that we have developed in executing separations and in establishing new operating models. We will be using the same dedicated team to work on this transaction.

Therefore, when we see it from a perspective of the combined foods company, we are excited with the growth opportunity which has this business in the 3-5% growth range, with attractive profitability which gets augmented with the synergies. India Foods remains within Unilever as a high-growth, locally-focused business with strong market

positions. Many of you will appreciate that the portfolio is different. It comprises of beverages, health food, drinks, and local brands and with leading positions and a value accretive in an Indian context. But the main attraction for us is the creation of a leading-focused HPC company and I'll hand over back to Fernando to walk you through what this means.

Fernando Fernandez:

Yeah, why we are excited about this new chapter in Unilever, you know, this transaction creates a 39 billion euros pureplay HPC company focused on four categories, Beauty, Wellbeing, Personal Care and Home Care, where we have strong positions and clear competitive advantages. These are attractive categories with faster growth, stronger innovation cycles and greater opportunities to build premium digital first brands. With this sharper focus, we bring our capabilities together into one system across science-led innovation, demand creation and operations, allowing us to move faster, scale what works and deliver more consistency in performance.

This is a more focused, more competitive and higher growth Unilever, well-positioned to capture the opportunities ahead and create long term value. And that comes through clearly in the quality of our financial profile. Based on performance at Full Year 2025, we have a business with a strong consistent volume growth at around two percent with the ambition to continue outperforming the markets in which we compete. At the same time, we see a structurally stronger gross margin profile with gross margins above 48%. That supports increased investment behind our brands, above 18%, allowing us to continue driving innovation and strengthening our market positions. And we maintain a disciplined operating margin, above 19%. And importantly, when compared with other focused HPC players, clear head room to progress over time. This is a business with stronger fundamentals combining growth margin and investment to deliver more consistent and sustainable performance going forward

What you see in this chart is a much more focused business organised into 10 clear category verticals. These are large structurally growing categories where we have strong brands and a clear right to win. That focus matters. It gives us clarity, sharper prioritisation, and more disciplined execution at the scale. These markets delivered more than 2% volume growth in the last three years. Our ambition is to grow ahead of that consistently outperforming the categories in which we compete as we have done in the last three years. This is a simpler, more focused portfolio, built for growth, easier to run, and positioned to deliver sustained outperformance over time.

We now have the opportunity to accelerate our strategy. First, by continuing to invest behind our seven key priorities that I have highlighted to you many many times: more Beauty, more Wellbeing, more Personal Care, greater exposure to the U.S. and India, and a continued shift towards premium and digital commerce. Home care also plays a critical role with significant market making, market development opportunities in emerging markets being the category that opens the door with customers in all these regions. Second, we increase our exposure to the underlying drivers of growth, population expansion, urbanisation, more households and rising incomes, particularly in faster growing markets. Third, we bring our capabilities together into one system, a common integrated set of capabilities across science-led innovation, demand creation and operation, allowing us to move faster, scale what works, and build 'Desire at Scale'. Fourth, a simpler portfolio, supported by our perfect store program, will reduce execution bandwidth demand into our leaders and enable us to drive for flawless execution. And fifth, even without Foods, we will maintain an excellent margin profile, giving us the capacity to continue investing strongly behind our brands.

Now, let me take you through the detail on the following slides.

This is what sits behind the step-up in the quality of the business. It starts with the category, geographic, segment, and channel mix. We are increasing our exposure to Beauty, Wellbeing and Personal Care around 67% of the turnover and to faster growing markets such as the US and India, which together represent close to 38%. At the same

time, we are becoming more premium and more digital. That mix shift drives a structurally stronger growth profile, supporting consistent volume-led growth above the markets in which we compete. It also drives margin. We see a clear uplift in gross margin to about 48%, reflecting the quality of these categories and the strengths of our portfolio. And higher margins give flexibility and create a capacity to invest more behind our brands. This is a self-reinforcing model: better mix, stronger growth, higher margins, and greater investment, which underpins a higher quality, more consistent earnings profile and ultimately, a stronger returns for shareholders. And importantly, this is not something we are aspiring to. It is something we have already been delivering.

Over the last three years, we have consistently outperformed our HPC peer group. We have delivered around 5.4% underlying sale growth, ahead of peers, but the standout is volume around 2.5% materially above the market. That is a clear reflection of the strengths of our brands, the quality of our innovation, and the improvement and consistency in our execution. At the same time, we have expanded growth margin by close to 290 basis points and underlying operating margins by around 170 basis points. Again, ahead of peers. What you see here is a balanced performance. Growth, volumes, and margins, all moving in the right direction. And we did that at the same time we were separating Ice Cream. This shows that this is not a one-off. It is a model that is already working and one that we are now sharpening further. Let me now link that performance to where we compete and why this portfolio is so attractive.

This is a business built on leading positions in highly attractive Home and Personal Care categories. Beauty and Wellbeing, Personal Care, and Home Care, where we see a strong structural growth and clear opportunities to win. Around 90% of our turnover sits in number one or number two positions at category geographical cell. That scale and leadership matters. It drives visibility, pricing power, and consistent performance. We are the second-largest beauty and personal care company globally, and the number one in home care in key emerging markets, combining scale with a strong positions in faster growing regions. At the same time, we are building a high quality, fast-growing Wellbeing portfolio, adding another layer of a structural growth to a business. This is not

just a well-balanced portfolio. It is a portfolio of leading positions in advantaged categories with a stronger growth profile and a clear ride to win.

At the core of this portfolio are our Power Brands, which drive the majority of our growth and value. And what a great portfolio of brands we have. 25 power brands make up around 78% of our revenue with volume growth of more than 4% in the last three years and underlying sales growth over 7%. The portfolio combines market leading brands such as Dove, Dirt is Good, Rexona, Vaseline, and Sunsilk, among many others. Brands that give us scale, strength, and reliability across markets. Alongside this, we have a set of insertion disruptive brands that we have acquired and will continue to acquire brands that are digitally native, that have already transformed parts of our business, particularly in the US, and that we are scaling internationally. These brands make our portfolio more future fit, more exposed to premium segments, and to faster growing routes to market, such as e-commerce. This combination is important because it allow us to deliver both scale and growth at the same time. And it sharpens how we invest with clear priorities, a stronger brand building, and better leverage of innovation across the portfolio.

We are also strengthening our footprint in faster growing markets. Now, with around 62% of our business in emerging markets and with our anchor markets of US and India, representing close to 38% of the turnover. At the same time, we are reducing our relative exposure to a slower growth regions, sharpening the overall growth profile of the business. But more importantly, this is about aligning our company with the underlying drivers of growth. These markets benefit from population expansion, increasing the number of consumer centred in our categories, expansion of female workforce, which drives higher participation. As urbanisation increases success and frequency of use, a growing number of households supports everyday demand while rising incomes enable premiumisation and trading up. This is the footprint that is better aligned to long-term growth, where the structural tailwinds are strongest and where we already have the scale and capabilities to win.

If our brands increase our exposure to premium segments and faster growing route to market and our geographical footprint strengthens our exposure to faster growing markets and structural drivers, this is what allow us to scale performance globally. At the heart of it, it is a one share demand creation model: Desire at Scale, built on our framework of SASSY brands, powerful science, irresistible aesthetics, elevated sensorials, brands that are said by others, and young spirited. This is how we consistently build demand across categories and markets, and this applies to our whole HPC business, and it is powered by a common set of capabilities, one scaled R&D platform built on shared science and AI-led formulation with core science streams such as microbiomes, surfactants, fragrances, Oleochemicals, and strong packaging design capabilities, and one integrated value chain from procurement through to manufacturing and distribution, driving efficiency at scale. This is one system combining demand creation and capabilities, delivering global repeatability, greater speed, and enhanced returns. With that, let me hand over to Srin.

Srinivas Phatak:

Thanks, Fernando. We have a clear and a disciplined plan to manage separation costs and deploy capital. First on the stranded cost. We estimate gross stranded costs in the range of about \$400 to \$500 million. We will mitigate this with an expected one-off restructuring cost of 500 million euros to be incurred over a period of 2027 to 2029. It's important to, again, reiterate that we have clear transitional service agreements, which will be in place with McCormick in many cases for two years and in some cases, more. And these will encompass areas such as information technology, distribution, and therefore this will provide us with a transition headroom. In many ways, we have clearly established commercial organizations. Over the past two years, we've also done a lot of advanced work with the Ice Cream separation, and therefore we have built a very different muscle when it comes to really having a granular visibility of these costs and managing this cost and mitigating these costs. So, in an essence, we are confident that we will fully mitigate the stranded cost that we are projecting here. Excluding this one-off, we are maintaining restructuring at rate of about 0.6% of turnover per annum. This is

consistent with our ongoing productivity discipline. Therefore, the best way to think about the restructuring cost period of '27 to '29 would be €1.2 billion, out of which, €500 million is focused on mitigating the stranded costs from this separation. On execution, the Foods Business Group is already operating as a commercially standalone organisation, which materially reduces the execution risk. As a result, we do not expect any revenue dis-synergies from the separations of the Foods business. We are conscious that in some of the smaller markets, we need to make some targeted investments to strengthen our go to-market capabilities, and this is already included in our cost estimates. On cost allocation, we've talked on the capital allocation, we've talked about the \$15.7 billion proceeds that we are likely to get from McCormick. This will be first used to pay down our debt from the current levels to about two times net debt to EBITDA, which is really our stated goal. And then we will use the funds to really offset one-time separation and tax costs. Thereafter, we will support investor returns, and you have seen that we have announced a total €6 billion of share buyback, including the €1.5 billion, which is all prior announced in 2026, and this will run for the period between 2026 to 2029. This gives us enough flexibility from a capital perspective, and I'll also subsequently talk about the deployment and our approach to bolt-on M&A. So, overall, this is a well-defined plan with clear costs, limited execution risk, and disciplined use of capital.

You heard Fernando, and this actually sharpens our investment case for new Unilever. A value creation model remains clear and disciplined. We reaffirm our commitment to delivering mid-single digit underlying sales growth, effectively 4% to 6%, underpinned by at least 2% underlying volume growth and continued modest improvement in operating margin. This combination of stronger growth, disciplined margin expansion and cash returns underpins our ambition to deliver top third shareholder returns versus HPC peer group.

With the margin profile, return on invested capital and operating margins and the growth profile, this actually provides substantial and significant headroom for

valuations to improve for a quality HPC business. When it comes to our capital allocation, our priorities remain unchanged and disciplined. First, we will continue to invest behind our business and a proforma basis of brand and marketing investments start at around 18%, and we will continue to increase them. Together with R&D and CapEx, we expect to invest around 23% of our revenue in each year in growth and productivity. More than 50% of CapEx will be directed towards productivity. Second, we remain focused on organic growth and selective bolt-on acquisitions, primarily in US and India, in premium segments, digitally native brands, and d-commerce-led business models. We will not pursue any large-scale or transformational M&A. Third, we'll continue to balance the growth investment with attractive shareholder returns through dividend payout ratio of 60%, alongside the approximate six billion euros of buyback across 2026 to 2029. With that, over to you, Fernando.

Fernando Fernandez:

Thank you, Srin. Let me now close. This is a value creating growth-led separation of foods, creating a global flavour leader with significant opportunities to accelerate growth at industry-leading margins. And we are creating also a sharper, fully-focused home and personal care pure play, aligned to higher growth categories, faster growing geographies, premium segments, and a stronger route to market. This is a step change in quality: stronger growth, better margins, greater investment. This is a structural upgrade of the portfolio and a higher quality model to deliver shareholder returns. This is the right step at the right time to build a simpler, sharper, higher growth Unilever. Thank you, and we are happy to take your questions.

Moderator:

Good afternoon. Many thanks for joining the call. If you would like to ask a question, please use the raise hand function at the bottom of your Zoom screen or star nine if dialled in by phone. When it is your turn, ask a question, your name will be called out. If you want to withdraw your question, please lower your hand using the raise hand function or press star nine. Finally, please keep your questions to a maximum of two.

Jemma Spalton:

Thank you. Our first question comes from David Hayes at Jefferies. Go ahead, David.

Fernando Fernandez:

David, we cannot hear you.

Jemma Spalton:

Let's try and move to the second question. Our second question comes from Tom Sykes at Deutsche Bank. Go ahead, Tom.

Tom Sykes:

Afternoon. Hopefully, you can hear me. Yeah, just first of all...

Jemma Spalton:

Yes, can hear you.

Tom Sykes:

Yeah, first of all, thanks, Jemma. On the cash proceeds and the cash costs, can you give any more clarity on the separation costs and the tax bill that you're going to be facing please and the timing on that. And then just on the... Is there any margin implication of the stranded - that wasn't a hundred percent clear whether the stranded costs are coming out in one go or is that over time and do you expect to be able to offset those stranded costs with other savings or is this slightly margin diluted?

Srinivas Phatak:

Yeah. Tom, thank you for those two questions. First, on the cash proceeds, what we've explained is that we will get \$15.7 billion of cash proceeds. This is likely to come in post-closing, so that's what is going to happen in sometimes post-closing in 2027. Obviously, we will be using that to really pay down our net debt because we have anchored

ourselves around two times net debt to EBITDA as a clear ratio. You will appreciate that some of the tax costs are subject to the work which we will need to complete over multiple jurisdictions and is subject to valuations. So, therefore, at this stage, it'll be premature to start making estimates because they will be broadly ranges. We have some good grip and granularity, but we need to go through the process to crystallize it. The tax payouts are likely to be spread out over a couple of years because that's the nature of how the separation will happen and the timing differences.

Point number two is even some of our separation costs that we will incur will also be spread over a period of couple of years. So, the clear hierarchy is really about pay down debt, ensure that we meet the tax liabilities and the separation costs, and we've already confirmed the share buyback program, which also then starts to give a clear confidence in terms of how we are likely to deploy that funds. Could we see some more upside potential to the cash proceeds? Yes. If so, we will take the same disciplined approach to capital allocation the way we have been doing for the past many years, and that's why we have clearly said we are not calling out that transformational M&A. I think at this context, that's the best way to summarise the receipt of cash and the deployment of cash.

Now, coming to the point related to stranded costs, I want to be very clear. We are likely to see the impact of these costs will be spread over multiple years, given we have transitional service agreements, but there will be some elements which will come in over a period of two years. We will mitigate this cost and we are not calling any margin dilution arising from these stranded costs. And that's the reason we have also called out a €500 million restructuring one-off to really cater to addressing these costs.

Fernando Fernandez:

Srini, I would like to add regarding a stranded cost. During the last four years, we have put an organization in place that around our business groups with the main goal of improving our capabilities of innovation and execution to compete with mostly pure plays in our different categories. And I believe these capabilities has been created,

embedded, and our competitive results are proof of that. But also, this organisation has given us the flexibility of separating business at the right time in a logical timeframe and without leaving behind a massive amount of stranded costs without the possibility of offsetting them. You have been close to Unilever for many, many years, and I believe that you have seen that the separation of Ice Cream has been very different in terms of outcome to our disposals of Spreads for Tea. We separated Ice Cream without affecting performance, and at the same time, improving productivity in the business. So, that's a proof that we have a very different level of discipline and a very different level of execution capacity when it comes to separating businesses.

Jemma Spalton:

Thanks, Tom. We will try and go back to David Hayes at Jefferies. David, can you hear us?

David Hayes:

Hello. Can you hear me now? Can you hear me now?

Jemma Spalton:

Uh-huh, we can.

David Hayes:

Yeah, here we go. Sorry about that. Tom took all my good questions, but anyway, I should go with what's next - two from me. Could I ask just in terms of the decision to separate Food and HPC, long time Unilever's been asked that question and said that you need to keep those together in terms of going to retailers, especially I guess in emerging markets with distribution. So, is there a change of dynamic that means this is now more viable than it was historically? I guess I'd be picked up in the comments that you're saying food has been operating standalone. Is that something that's been developed and changed in the last few years that makes this more straightforward to do? And I guess related to that, I think you said again that maybe in some of the smaller

markets you need to boost scale. Does that mean some of the deal's focus in the midterm will be to do that part of it as well?

And then my other question, just in terms of the deal with McCormick, can you give us a sense of how long that's been in discussion and then did you talk to other partners and then why McCormick was chosen as the best partner and maybe over some others that you could have considered on a similar basis? Thank you.

Fernando Fernandez:

Okay. I can tell probably the latter and Srinji will cover the scale or between the two of us. Hey, I will not give you the dates of how long this has been in the making. We have always admired McCormick. There are many, very, very good reasons why McCormick has been for many, many years, one of the highest value company in the food sector. Their focused on flavour, their deep R&D expertise, they are proven of successfully integrating acquisitions and investing heavily to build the portfolio of iconic and high growth brands, I believe is very, very strong. This has been an inbound proposal from McCormick that we believe it came at the right time in order for us to accelerate our strategy in moving into a pure HPC play. But from a Food perspective, we are creating here a global flavour powerhouse. We are bringing to our complimentary geographic footprints, leading positions across both retail and food service, strong R&D innovation capabilities. And I believe what we are creating here is a very distinctive, attractive profile within the foods industry with superior growth potential and a high-quality financial model. So, we really believe McCormick is the right home for our Foods brands. And we really believe that the synergies of our Food business with McCormick today are significantly higher than the synergies of our Food business with our HPC business. And this is all finding the right long-term home for our Food business. And we will create a lot of value through this combination. And with the 65% of shareholding in that new combined company, our shareholders will get a significant upside from this transaction. Srinji, on a scale in the different markets?

Srinivas Phatak:

So, it's important to highlight, David, that the two things have happened. Obviously, the industry and the industry dynamics have changed, but more importantly, Unilever has been preparing well for this really maintaining what we call as an end-to-end commercial organisation across each of the Business Groups. This is something that we have now worked for the last two years. We have clear end-to-end responsibilities, whether it is marketing, whether it is R&D, and most importantly, when it comes to go to-market. To give you some examples, obviously when you think about modern trade markets, it's fairly intuitive that the customer interaction and the category buyers are category and not really one Unilever. When we sell mayo to someone is not the same category buyer to whom we really sell Dove. So that's an important distinction, and you will appreciate that well when it comes to the modern trade markets.

Even in the general trade markets, there is very clear distinction and disaggregation when it comes to category dynamics. What we've also done is when we have looked at all our top 15 Foods markets, even when we separate Foods, there is enough scale in terms of Foods and there is adequate and enough scale when it comes to HPC. And with that segregation of the go to-market resources, we are well positioned to actually service and cater without losing any flexibility. The point that I made about small markets is yes, we have some One Unilever markets where it's not about a trade term or a trade deal. Some of our small distributors today actually carry the combined portfolio and some of the scale and size basically means that it gives them the right ROIs.

This is a point that I made about we will look for consolidation of some of this infrastructure, which therefore makes it amenable for us for the remaining HPC company. And for some extent, we have factored in some of our costs into the elements that I talked about in terms of restructuring. So, in essence, we are well positioned and therefore we are clearly stating that there are no dis-synergies from the separation and distribution of HPC or Foods.

Fernando Fernandez:

Let me be clear on this. Do we believe that separating Hellmann's in the US will reduce our sales of Dove? No. Do we believe that the separation of Knorr in Philippines will reduce or will affect our sales of Sunsilk? No. Do we believe that our separation of Hellmann's in Brazil will affect our sales of Dirt is Good? No. There are stranded costs that we will fully mitigate, but we don't see any impact in terms of revenue dis-synergies.

David Hayes:

Thank you.

Jemma Spalton:

Thank you, David. Our next question comes from Warren at Barclays. Go ahead, Warren.

Fernando Fernandez:

We cannot hear you, Warren.

Jemma Spalton:

Go ahead, Warren. We'll move to our next question. So our next question comes from Celine at J.P. Morgan. Go ahead, Celine.

Celine Pannuti:

Yes. Good afternoon. I hope you can hear me.

Jemma Spalton:

We can.

Celine Pannuti:

Excellent. So, my first question is coming back on the two times leverage for Unilever "core" as it will be. Could you help us bridge that? Because I get to a much lower

number. So, if I think about €23 billion debt at the end of '26, given around 14 billion or less than 14 billion euros, you'll get plus the 10% if the new company. I find it difficult to see how you get to two times. So if you could explain that.

And my second question is on the, you said no transformational M&A, and nevertheless, you're going to get a bit of a reduced balance sheet. So I just want to understand in a market that clearly seems to be consolidating, and we've seen in beauty there as well deals potentially in the making. I mean, whether you feel that that would be the right strategy or whether you may be having the lower balance sheet may be curtailing potential opportunities.

Fernando Fernandez:

Yeah. And I will cover the M&A question and Srinivasa will cover the one. Hey, we are absolutely convinced of our strategy of old on M&A. So we continue looking at assets that are in super growth stage that are digitally native, that fundamentally provide superior growth, superior exceptional growth, and that increase our exposure to markets like India, US, and to challenge e-commerce. So there is no intention at all. This is not a transaction to create optionality for another transaction. This is a transaction to create focus in the company and build a pure play HPC business in which bolt-on M&A, bolt-on acquisitions will continue to play an important role, but not more than that. So that's basically when it comes to acquisition. Srinivasa, on net debt.

Srinivasa Phatak:

So Celine, happy to. But look, it's fairly straightforward. When I really look at my financial plan, our growth and margin expansion, clearly the cash conversion of the HPC business continues to be quite high. When I factor in my dividend payouts, share buyback and bolt-on M&A, the equation and the numbers start to come through quite straightforward. What I did call out was that, look, I'll get the proceeds in 2027, but some of the tax that I will pay will be spread over a couple of years. What will also happen is

that what we will incur in terms of some of the restructuring numbers will also be spread over a couple of years.

When I model those numbers, clearly you will end up seeing that we will be able to get to the net debt numbers that I've been talking about while maintaining really a good cash conversion. So very happy to pick up offline if you have any specific questions, but I believe the model is relatively straightforward when you model some of the elements that I've said.

Celine:

Yeah. Probably I would need a follow-up because I don't get there. And just to say your bolt-on M&A definition is what?

Fernando Fernandez:

Well, we have a plan for around 1.5 billion euros a year. One year could be zero, one year could be three, but these are the kind of assets we are looking at.

Jemma Spalton:

Thank you.

Celine:

Thank you very much.

Jemma Spalton:

Our next question from Warren at Barclays. Warren, hopefully we can hear you now. Please go ahead. Warren, please go ahead. We'll try our next question, Jeff Stent at BMP. Jeff, please go ahead.

Jeff Stent:

Can you hear me?

Jemma Spalton:

Yes, we can.

Jeff Stent:

Oh, that's a shocker. Fantastic. So a few questions, if I may. Firstly, will any votes be required from Unilever shareholders? Secondly, can I assume you'll do a share consolidation? And thirdly, are at all concerned that McCormick's ingredients business could lose clients because it's probably one thing McCormick, given them ingredients, but when that now is part of a business it may be one of their principal competitors. Obviously it puts quite a different perspective on things. Thank you.

Fernando Fernandez:

Do you want to cover shareholder vote and consolidation, Srinivasa?

Srinivasa Phatak:

Yeah. So from a Unilever perspective, there is no requirement from a shareholder vote. McCormick will have to undertake a shareholder vote. Share consolidation early to comment on this. This is one of the variables we will definitely take into consideration post-closing, and whenever we do that, we will come back to you. So the third question wasn't entirely clear to me. Did you pick that up, Fernando?

Fernando Fernandez:

No, I couldn't hear. It was a bit broken the line. Jeff, if you can repeat you, we're asking something about McCormick and some competitor. I don't know exactly what you were asking-

Jeff Stent:

Yeah, it's probably you're being polite and it's just my accent. Let me try and be clearer. At the moment, McCormick has many of your Foods business competitors, I guess, as customers, i.e. they'll be providing ingredients to them or flavour solutions. But when

that ingredients business becomes coupled with your business, effectively it means one of their competitors is now becoming a key partner and actually a key innovation partner, which strike me as a situation that's not that comfortable.

So, my question is, have you, in your discussions with McCormick, factored in any potential loss of business on the ingredient side of McCormick because of the combination? Thanks.

Fernando Fernandez:

Yeah. We really discussed about the flavour solution business because this was a business to which we didn't have so much exposure in terms of our knowledge. I was impressed by the capabilities that McCormick has in that kind of business. And I'm very impressed also with the access to consumer trends that this have to give to McCormick, clear exposure to health and wellness trends that held their strategy of innovation and has held their strategy of innovation for a very long period of time.

I feel McCormick is the number one flavour solution business in the US. That's where the main business for them is. And they have been very careful in walking that fine line between supplying customers and competitors at the same time. So basically we have been given reassurance that this is not an issue at all. And in our due diligence, this is an area we'll cover and we feel comfortable about it.

Jemma Spalton:

Our next question comes from Warren at Barclays. Go ahead, Warren. Warren, can you unmute?

We'll move to the next question, which is coming from Sarah Simon at Morgan Stanley. Go ahead, Sarah.

We'll try the next question. The next question is from James Edward Jones at RBC. James, hopefully you have better luck with the unmute.

James Edward Jones:

Hi, Jemma. Can you hear me?

Jemma Spalton:

Yes, I can.

James Edward Jones:

Excellent. Two questions.

Fernando Fernandez:

Yeah. We can hear you, James.

James Edward Jones:

First, the One Unilever markets, how difficult will it be to carve out the Food business in those markets? And secondly, I was convinced, I have to say, when you talked previously about not needing to exit the Food business because it largely consisted of two very powerful brands in Hellmann's and Knorr, what changed your mind on that to the extent that you're now asking your shareholders to become investors in a significantly less focused food business?

Fernando Fernandez:

Well, I feel the ... Let me talk about the exit of the powerful brands. I feel we have been very, very clear about what we are our seven key priorities, our journey into a pureplay HPC. And nothing I have said before is contradictory with this. I feel if you have to integrate a food business with another one, the real luxury is to have 70% of your revenue in two brands. And this makes the risk of integration of this business much lower than in other cases. I believe what attract us of the combination with McCormick is an incredible number of adjacencies and complementarity and the very limited overlap that we have seen there. And if I look at the opportunities of unlocking growth, I can see front of house McCormick strengths with back of house Unilever Food service. I can see the trends of McCormick in heat in hot sauces with the Hellmann's mayonnaise. I can see the strengths of McCormick in Herbs and Spices and in much, much more

fragmented offering with the trends of Unilever in bullions. So, there are multi, multi-opportunities for delivering growth here that we believe it will really accelerate growth in that company as McCormick has stated in their 3-5% algorithm for top-line growth. So, we believe that this is a superior profile of a foods company, and we really believe that this will generate a lot of value creation for our shareholders.

In terms of One Unilever markets, there are a few markets in which Unilever Foods has a relatively larger presence. Practically, no market in One Unilever has more than 25% Foods presence. There are a few markets in Central America, in Eastern Europe, in which this is different. But as I said before, we don't see any kind of revenue synergies and the disentanglement of the Food business with the rest of HPC is something that we have been working for many, many, many years now. So, it's just four years in which we have established a longstanding Foods organization that we can really separate in a timeframe like the one we are stating here of 12 to 15 months.

Srinivas Phatak:

Just to add two complimentary points to what Fernando made, Reggie and the team have actually been clearly mapping out some of these opportunities for some time now. And we have also actually been working on different models which will enable us. For example, in some cases, it's really about a dedicated country. In some places, it made sense to really think it from a cluster of countries and servicing perspective and managing them. In some other countries, we are actually looked at and already implemented distributor models. Given that they don't have scale adequately, we have moved to a distributor model and which is really managed from a Unilever International. Again, a people, a set of team, which has really developed expertise in managing this in multiple parts of the world. So, there are other levers and organization models that we can also put into play to really manage this.

Fernando Fernandez:

I feel it's an important point, Srini, that is 30% of one Unilever business is run by through Unilever International, and another 30 to 40% it runs through distributors or distributor led models. So basically what you leave in terms of countries where we have a standalone organization across HPC and foods is relatively limited.

Jemma Spalton:

Thank you. Our next question comes from Guillaume at UBS. Go ahead, Guillaume. Go ahead, Guillaume.

Guillaume Delmas:

Hello? Can you hear me now?

Jemma Spalton:

Thanks, Guillaume.

Guillaume Delmas:

Thanks, Jemma. Saved by the bell. Afternoon, Fernando and Srini. Two questions for me, please. The first one, Fernando, you listed what Unilever will get more of with the separation of Foods and more India, US premiumization, et cetera, but is there something you will get less of that you could be missing in the short term? I'm thinking the strong profitability and cash generation of Foods, but also the business strongest cue towards a hard currency. So, any colour on the strategic role that was played by Foods in the past few years and the implications going forward for Unilever ex-Foods or how you're thinking about filling that gap.

And then my second question is on the one-off. Half a billion restructuring program you just announced to offset the stranded cost. Wondering if there is a risk of restructuring program fatigue at Unilever, because this comes after a €800 million program announced two years ago. So here wondering to what extent the organisation, and

maybe its employees can cope with additional restructuring and what I would imagine will be also involving some overhead reduction. Thank you.

Fernando Fernandez:

Well, let me cover the impact of what we will miss with the separation of Foods and Srinivas can cover the restructuring issue. Hey, of course, I have always said that Foods is a fantastic business. It's not that we are separating a business that we are not proud of. We are separating a business with very concentrated into two brands, 70% of the revenue, with a very good food service business, with an excellent cash conversion profile, and with an excellent profitability level. So of course we have been investing, we have been using some of the cash proceeds of Foods to invest in the rest of the business.

But I believe that when you are a good long-term owner of a business, when you are prepared to give that business a very significant priority role in your portfolio, and it's very clear that we have taken a decision of giving absolute priority to our HPC business, particularly to the growth of Beauty, Personal Care, and Wellbeing. We have allocated all our capital and acquisitions to Beauty and Wellbeing. We have allocated most of our incremental brand marketing investment to these kind of categories and in certain extent also to premium Home Care. So hey, we will miss Foods. Yeah, we will miss Foods. It's a great business, but we are giving our shareholders also the possibility of getting the upside of this food business being combined with another very big and very focused and very competent foods company. And we believe this will create a lot of value.

Restructure, Srinivas?

Srinivas Phatak:

Yeah. So Guillaume, I think it's important to highlight that listen, our first priority in all of this is to continue to keep our focus and execution and drive growth. I just want to make sure we'd land that. We're very clear, Foods continues to be a part of our business. We have an HPC business to run. So over the next 12 months, we will continue to do that while we talk about the other elements. Now, coming back to the restructuring elements to it, look, that's why it was important to highlight what I did in terms of some

of the transitional service agreements, which actually ensure that. And where are classically some of the standard costs likely to be? Classically, some of the standard costs are likely to be in the space of tech, in the space of services, because that's where we have a common infrastructure.

The second place where they're likely to be is some of the elements of corporate and corporate structures, because that's where we lose scale. And therefore, some of the other elements could be in some of the smaller markets where we use national management or combined roles. So that gives you a bit of a context in why the transitional service agreements start to play. At least in two out of these three, having that ability to do that over a period of two to three years ensures that we can do this in a sensible manner, we can do this in an orderly manner. That becomes important for us. And there are obviously other levers which we can actually manage to get this, and we will continue to sensibly work on some of them. We have learned a lot from our prior experiences. We have clear playbooks on what to do and what not to do.

We're also conscious that we don't want to be in a perpetual restructuring mode, but clearly we have a plan to manage productivity as a habit. That actually then starts to help us because in the last 12 months, we have really strengthened that muscle and that we believe is going to go a long way in enabling us to manage this. There will be some third-party contracts because not everything is people. There will be some non-people and third-party contracts where we'll have to restructure them or we'll have to really think about exiting some of the contracts. We've also factored some of that into our working. That I think is a good holistic summary of how we are thinking about it, and we will manage it in a sensible manner without impacting the operational intensity and the focus on driving growth.

Jemma Spalton:

Thank you. We have some written questions from Warren who is unable to unmute. So, these questions are from Warren Ackerman at Barclays. Firstly, can you explain the secondary listing, where and when might that be and what does that mean from a liquidity perspective for Euro and UK holders? And the second question is, can you

explain what happens to multiple when McCormick share price goes up or down? Is the equity fixed or does the value of the equity also move with that percentage?

Fernando Fernandez:

Srini, you can take that?

Srinivas Phatak:

Yeah, absolutely. So look, the secondary listing, what we have stated is that we'll want to have a secondary listing in Europe. We will require to do some consultation and with various stakeholders involved. We expect to make the decision somewhere between the next 90 days to 120 days in terms of not the location. We will take into account some of the elements Warren which you have really raised, so that's really on the card. The second question, sorry, just remind me, the one related to the share. Yeah, sorry, got that.

Jemma Spalton:

Share ratio.

Srinivas Phatak:

So, look, the shares and the share ratio has been determined as it exists because we went through a clear exercise of looking at the relative valuations of our business, not only one month, three months, one year, multiples from the food sector, multiples for Unilever and HPC. And what we have really determined is an equity component, so that for the cash component remains cash component, the equity value will vary depending on the share price, but there is no change to the ratio of what we are really working.

Jemma Spalton:

Thank you. And our final question comes from Jeremy Fialko at HSBC. Go ahead, Jeremy.

Jeremy Fialko:

Hi there. Again, hope you can hear me. Just one from me.

Jemma Spalton:

We can.

Jeremy Fialko:

Could you talk about the leverage in the Foods side of things? Obviously, that was your decision to put four times net debt EBITDA in that business. That is right at the very high end of consumer staples. It's an obstacle to a lot of investors holding shares. Now, I know that you plan to come down over time, but still it's a lot. So, what was behind the decision to go quite so high in the Foods business?

Srinivas Phatak:

So Fernando, I can start and maybe you can come in.

Fernando Fernandez:

Yeah.

Srinivas Phatak:

End of the day, it's good to start where the origin of the transaction started from where McCormick came to us to really look at this opportunity. And that's when we really worked through what really then starts to make a proper valuation case, both from stakeholders from a Unilever point of view and the McCormick. Making sure if we had to do a proper RMT structure, we had to get the right structure between cash and debt. So, some of these elements went into consideration in terms of determining the net debt. Given the profile, the growth profile and the margin profile and the cash generation capacity of this business, McCormick has got committed financing and clearly given the clear plans that they have to drive revenue synergies and cost synergies, there is good level of confidence to really bring down the leverage to

around three levels between two and three years. So, I think it's a combination between the structure, valuation, and finding the right balance, which therefore determine the leverage at the levels that it did at inception.

Fernando Fernandez:

Yeah, we are talking here of a potential superior growth Foods company with an excellent starting operating margin of around 21% that McCormick believe can go into 23, 25, and with cash conversion in the 100% territory. So, McCormick, very, very importantly also has a history of a dividend payout, very, very similar to Unilever, 60% payout, and they are very, very keen on keeping this kind of capital return policy for the combined company in the future.

Cool. Hey, I would like to close. Probably I will link to one of the comments of Guillaume because Guillaume talk about, "Is there any fatigue in the company, et cetera, et cetera, with so many, many changes?" And probably the question related with that is why now? And I would like to address this today, and of course very, very happy to discuss in our one-to-one interactions. And we really believe this is the right move now because it is absolutely in line with what we have been stating in our strategy and because it accelerates our strategy. At the same time that we are unlocking significant value to our shareholders, giving them exposure to two stronger, faster growing companies. And let me share with you one question that we ask ourselves before taking a decision. And that question was, what would more time give us? Would it have changed our strategy of becoming a pure leading HPC player? No. Would it have changed our conviction of increasing exposure to US and India? No. And a few more questions. Is McCormick the best strategic partner given the verticals in which they play the huge complementarity with our portfolio, their ability to integrate and accelerate brands they acquire? Yes. Is a relative valuation of McCormick and Unilever an enabler to make this combination happen now with maximisation of ownership for our shareholders? Yes. And this is a very significant difference with the last five years.

Is there inbound proposal one that unlocks significant value for our shareholders? Yes. Does the deal have a high degree of certainty in a relatively short timeframe? Yes. Having completed the separation of Ice Cream, do we have a team in place with capabilities and expertise to make the separation happen without disruption and supporting McCormick in their integration plans? Yes. So, if you look at all these lists, there are many, many reasons to avoid delaying the decision making or the decision of making Unilever a pureplay HPC company and unlock significant value for our shareholders now. With that, I believe we are closing. Thank you very much. I'm very, very happy to have our future interaction that I'm sure it will be in a very short period of time. Thank you.

Moderator:

Thank you for your participation. You may now disconnect.