Unilever Full Year 2021 Results & Strategic Update

Alan Jope & Graeme Pitkethly

10th February 2022
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 Trading Statement, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Unilever Group (the ‘Group’). They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual Trading Statement 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 Trading Statement 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 2020.
Alan Jope

Full Year Results 2021

10th February 2022
2021 Delivery

Q4 Growth

- Underlying Sales Growth: 4.9%
- Underlying Volume Growth: 0%

FY Growth

- Underlying Sales Growth: 4.5%
- Underlying Volume Growth: 1.6%

Pricing Growth

- FY'20: 0.3%
- Q1'21: 1.0%
- Q2'21: 1.6%
- Q3'21: 4.1%
- Q4'21: 4.9%

Competitive Growth

- % Business Winning MAT: 53%

1Moving Annual Total / Last 52 weeks
2021 Delivery

**Margin**
- Underlying Operating Margin: 18.4%
- Change: -10bps vs 2020

**Earnings**
- Underlying EPS: 5.5%
- Constant Underlying EPS: 7.8%

**Cash**
- Free Cash Flow: €6.4bn
- Change: -€1.3bn vs 2020
Historical performance

### USG %

<table>
<thead>
<tr>
<th>Year</th>
<th>USG %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3.6%</td>
</tr>
<tr>
<td>2017</td>
<td>2.8%</td>
</tr>
<tr>
<td>2018</td>
<td>3.2%</td>
</tr>
<tr>
<td>2019</td>
<td>2.9%</td>
</tr>
<tr>
<td>2020</td>
<td>1.9%</td>
</tr>
<tr>
<td>2021</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

**2-year CAGR**

- USG: 2016-2018 restated due to treatment of hyperinflation
- UOM: 2017 & 2018 restated due to treatment of IFRS16

### %Business Winning (MAT)

<table>
<thead>
<tr>
<th>Year</th>
<th>%Business Winning</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>51%</td>
</tr>
<tr>
<td>2017</td>
<td>44%</td>
</tr>
<tr>
<td>2018</td>
<td>42%</td>
</tr>
<tr>
<td>2019</td>
<td>44%</td>
</tr>
<tr>
<td>2020</td>
<td>53%</td>
</tr>
<tr>
<td>2021</td>
<td>53%</td>
</tr>
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</table>

### UOM %

<table>
<thead>
<tr>
<th>Year</th>
<th>UOM %</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>16.4%</td>
</tr>
<tr>
<td>2017</td>
<td>17.7%</td>
</tr>
<tr>
<td>2018</td>
<td>18.6%</td>
</tr>
<tr>
<td>2019</td>
<td>19.1%</td>
</tr>
<tr>
<td>2020</td>
<td>18.5%</td>
</tr>
<tr>
<td>2021</td>
<td>18.4%</td>
</tr>
</tbody>
</table>
2021 Performance summary

Growth momentum building

Stepped up pricing in inflationary environment

Earnings growth

Competitiveness maintained
Underlying Sales Growth

- Step up in 2-year average growth through the year
- Continue to land pricing as inflation increases
- Some volume elasticity as a result
FY 2021: Turnover growth

- FY 2020: €50.7bn
- UVG: 1.6%
- UPG: 2.9%
- Acquisitions: 1.4%
- Disposals: (0.1)%
- A&D: 1.3%
- FY 2021 (Constant): €53.9bn
- Currency: (2.4)%
- FY 2021 (Current): €52.4bn

Total turnover growth: +3.4%
• Pricing stepping-up across all categories

• Social occasions return but remain below pre-Covid levels

• Prestige Beauty growth remains strong

• Skin Cleansing +13% vs 2019

---

1Excludes Prestige
2Average 2020 fx rates
Foods & Refreshment

In-Home

- In-Home growth against high base driven by strong core brands and innovation

Out of Home

- Food Service recovery accelerating throughout the year (-9% vs 2019)\(^1\)
- Out of Home Ice Cream still impacted by travel restrictions (-9% vs 2019)\(^1\)

\(^1\)Average 2020 fx rates
• **Significant pricing taken in H2**

• **Clean Future innovation landing across markets**

• **Home & Hygiene lapping strong base (+13% vs 2019)**

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1Average 2020 fx rates
Regional growth by quarter

**Asia / AMET / RUB €24bn TO**

<table>
<thead>
<tr>
<th></th>
<th>Q4'20</th>
<th>Q1'21</th>
<th>Q2'21</th>
<th>Q3'21</th>
<th>Q4'21</th>
<th>FY'21</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG</td>
<td>2.6%</td>
<td>9.9%</td>
<td>5.7%</td>
<td>2.3%</td>
<td>5.7%</td>
<td>5.8%</td>
</tr>
<tr>
<td>UPG</td>
<td>5.7%</td>
<td>4.3%</td>
<td>1.3%</td>
<td>2.7%</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>UVG</td>
<td>1.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Latin America €6bn TO**

<table>
<thead>
<tr>
<th></th>
<th>Q4'20</th>
<th>Q1'21</th>
<th>Q2'21</th>
<th>Q3'21</th>
<th>Q4'21</th>
<th>FY'21</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG</td>
<td>5.8%</td>
<td>7.2%</td>
<td>11.9%</td>
<td>8.7%</td>
<td>8.5%</td>
<td>9.0%</td>
</tr>
<tr>
<td>UPG</td>
<td>4.3%</td>
<td>6.5%</td>
<td>1.1%</td>
<td>2.9%</td>
<td>0.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>UVG</td>
<td>1.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**North America €11bn TO**

<table>
<thead>
<tr>
<th></th>
<th>Q4'20</th>
<th>Q1'21</th>
<th>Q2'21</th>
<th>Q3'21</th>
<th>Q4'21</th>
<th>FY'21</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG</td>
<td>7.1%</td>
<td>4.3%</td>
<td>1.1%</td>
<td>2.0%</td>
<td>6.5%</td>
<td>3.4%</td>
</tr>
<tr>
<td>UPG</td>
<td>6.5%</td>
<td>1.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UVG</td>
<td>1.1%</td>
<td>0.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Europe €11bn TO**

<table>
<thead>
<tr>
<th></th>
<th>Q4'20</th>
<th>Q1'21</th>
<th>Q2'21</th>
<th>Q3'21</th>
<th>Q4'21</th>
<th>FY'21</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG</td>
<td>0.8%</td>
<td>-2.3%</td>
<td>4.0%</td>
<td>0.3%</td>
<td>0.7%</td>
<td>0.4%</td>
</tr>
<tr>
<td>UPG</td>
<td></td>
<td></td>
<td>0.3%</td>
<td></td>
<td></td>
<td>0.2%</td>
</tr>
<tr>
<td>UVG</td>
<td></td>
<td></td>
<td>0.3%</td>
<td></td>
<td></td>
<td>0.3%</td>
</tr>
</tbody>
</table>
FY 2021: Underlying operating margin

FY 2020: Underlying operating margin

18.5%

18.4%

FY 2021

Gross Margin

(1.2)%

0.9%

Brand & Marketing Investment

Includes Covid costs & mix +30bps unwind

Investment

€7.0bn\(^1\)

Overheads

0.2%

\(^1\)BMI FY spend at constant fx rates
FY 2021: Underlying earnings per share

Current underlying EPS: +5.5%
Constant underlying EPS: +7.8%

FY 2020:
- Turnover & operational performance: €2.48
- Finance cost: 0.5%
- Tax: 7.7%
- Minorities: -1.8%
- SBB: 0.9%
- Other: 1.3%

FY 2021 (Constant):
- €2.68

FY 2021 (Current):
- €2.62
2021 vs multi-year financial framework

**Growth**
- Underlying sales growth ahead of our markets **3-5% USG**
  - 4.5%

**Profit**
- Profit growth ahead of USG
  - -10bps UOM

**Cash**
- Sustained strong cash flow
  - €6.4bn

**Long term value creation though earnings growth**
- 5.5%

**Growing dividend**
- +3%
## 2021 vs other long term financial metrics

<table>
<thead>
<tr>
<th></th>
<th>Savings</th>
<th>Restructuring</th>
<th>ROIC</th>
<th>Leverage</th>
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</thead>
<tbody>
<tr>
<td>Ambition</td>
<td>€2bn</td>
<td>€2bn</td>
<td>Mid to high teens</td>
<td>2.0x</td>
</tr>
<tr>
<td>2021</td>
<td>€2bn</td>
<td>€0.6bn</td>
<td>17.2%</td>
<td>2.2x</td>
</tr>
</tbody>
</table>
Performance summary

- Growth momentum building
- Stepped up pricing in inflationary environment
- Earnings growth
- Competitiveness maintained
Five clear strategic priorities

1. Win with **brands** and innovation
2. Accelerate **USA, India, China** and EMs
3. Lead in **channels** of the future
4. Purpose-led, future-fit **organisation** & culture
5. Move **portfolio** into high growth spaces
Five clear strategic priorities

1. Win with brands and innovation
2. Accelerate USA, India, China and EMs
3. Lead in channels of the future
4. Purpose-led, future-fit organisation & culture
5. Move portfolio into high growth spaces
### 1. Winning with our brands

<table>
<thead>
<tr>
<th>13 €1bn brands</th>
<th>Product superiority</th>
<th>Bigger, better innovations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.4%</strong> FY'21 USG 50% of TO</td>
<td><strong>71%</strong></td>
<td><strong>&gt;€1bn</strong></td>
</tr>
<tr>
<td>of turnover tested winning vs competition vs 47% in 2019</td>
<td>incremental turnover through bigger, better innovations (2021)</td>
<td></td>
</tr>
</tbody>
</table>

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![Brands Logo](image1.png)

![Brands Logo](image2.png)
Five clear strategic priorities

1. Win with brands and innovation

2. Accelerate USA, India, China and EMs

3. Lead in channels of the future

4. Purpose-led, future-fit organisation & culture

5. Move portfolio into high growth spaces
2. Accelerating in USA, India and China

\[ \text{USG%} \]

- **€9.9bn FY’21 TO**
  - '17: 0%
  - '18: 0.9%
  - '19: 0.2%
  - '20: 3.7%
  - '21: 7.7%

- **€5.6bn FY’21 TO**
  - '17: 7.7%
  - '18: 11.2%
  - '19: 6.1%
  - '20: -1.7%
  - '21: 13.4%

- **€3.3bn FY’21 TO**
  - '17: 6.9%
  - '18: 4.2%
  - '19: 7.9%
  - '20: 2.0%
  - '21: 14.3%

\[ \text{%BW (MAT)} \]

- **US**
  - '17: 60%
  - '18: >65%
  - '19: >75%
  - '20: >55%

- **China**
  - '17: 20%
  - '18: >55%
  - '19: >75%
  - '20: >55%
  - '21: >55%
Five clear strategic priorities

1. Win with brands and innovation
2. Accelerate USA, India, China and EMs
3. Lead in channels of the future
4. Purpose-led, future-fit organisation & culture
5. Move portfolio into high growth spaces
3. Channels - eCommerce

44%
2021 eCom USG

- Omni +31%
- USA +13%
- Pure play +24%
- India +200% +
- eB2B +91%
- China +25%

**eCom**
Turnover contribution

- 2016: 2%
- 2017: 2%
- 2018: 2%
- 2019: 2%
- 2020: 2%
- 2021: 13%

China +25%
Five clear strategic priorities

1. Win with brands and innovation
2. Accelerate USA, India, China and EMs
3. Lead in channels of the future
4. Purpose-led, future-fit organisation & culture
5. Move portfolio into high growth spaces
4. A new, future-fit organisation

Simpler, faster, more category focused

Unilever Corporate Centre

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

Unilever Business Operations
4. A new, future-fit organisation

Corporate Centre

Beauty & Wellbeing
- Hair Care
- Skin Care
- Prestige
- Vitamins Minerals & Supplements

Personal Care
- Skin Cleansing
- Deodorant
- Oral Care
- Dollar Shave Club
- Elida Beauty

Home Care
- Fabric Cleaning
- Fabric Enhancers
- Home & Hygiene
- Water & Air

Vitamins Minerals & Supplements

Nutrition
- Scratch Cooking
- Healthy Snacking
- Functional Nutrition
- Plant-based Meat
- UFS

Home & Hygiene
- Fabric Cleaning
- Fabric Enhancers
- Home & Hygiene
- Water & Air

Ice Cream
- Ice Cream

Business Operations

Geographic Business Units

Geographic Business Units

Geographic Business Units

Geographic Business Units

Geographic Business Units
4. A new, future-fit organisation

- Reorganisation announced Jan 22
- Go Live July 22

- Designed to further improve performance
- €0.6 bn savings
- 15% reduction in senior management positions
- 5% reduction in junior management positions

- H1 reported on current 3 Divisions
- Q3 onwards reported on 5 Business Groups
Five clear strategic priorities

1. **Win with brands and innovation**

2. **Accelerate USA, India, China and EMs**

3. **Lead in channels of the future**

4. **Purpose-led, future-fit organisation & culture**

5. **Move portfolio into high growth spaces**
5. Portfolio change

**Acquisitions**

€16bn capital invested in 29 acquisitions since 2017

- Functional Nutrition: 43%
- BPC: 33%
- Prestige: 17%
- Other: 7%

93%

**Disposals**

€11bn proceeds from 12 disposals since 2017

- Spreads: 65%
- Tea: 33%
- Other: 2%

98%

**Portfolio rotation**

('17-'21 % of TO)

- 17%
- 13%

Peers avg
5. Portfolio change

‘21 USG contribution
(bps contribution to ‘21 USG from acquisitions and disposals since ‘17)

4.5%

3.4%
0.7%
0.4%

USG excl. acquisitions & disposals
USG acquisitions
USG disposals (estimated)

High teens ROIC maintained throughout period of significant portfolio rotation

19% 18% 19% 18% 17%
2017 2018 2019 2020 2021
5. Portfolio change

Strong M&A track record in key growth categories
(Performance and FY’21 TO of major recent acquisitions)

- 2016: Blueair (€230m)
- 2017: Carver (€310m), Quala (€270m), Sundial (€300m)
- 2015-21: Prestige Beauty (€1bn)
- 2020-21: Functional Nutrition (€1.5bn)

2021 USG: 36% (4)% 2% 2% 28% 24% 22%
5. Portfolio change

### Prestige Beauty
USG Q4 18% | FY 24%

- **#2** Skincare brand in Sephora (Tatcha)
- **#1** Professional skincare brand globally (Dermalogica)

### Functional Nutrition
USG Q4 27% | FY 22%

- **#1** Kids multivitamin brand on Amazon (SmartyPants)
- **#1** Hydration brand globally (Liquid IV)

### Bps contribution to Unilever USG%

<table>
<thead>
<tr>
<th>Period</th>
<th>FY '19</th>
<th>FY '20</th>
<th>Q1'21</th>
<th>Q2'21</th>
<th>Q3'21</th>
<th>Q4'21</th>
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<tbody>
<tr>
<td>Value</td>
<td>10</td>
<td>40</td>
<td>40</td>
<td>60</td>
<td>70</td>
<td></td>
</tr>
</tbody>
</table>

1Health Food Drinks + Vitamins, Minerals & Supplements
Key messages

• Focused on maximising performance from existing portfolio
• Exiting 2021 with momentum
• Responding to unprecedented inflation with strong pricing
• Organisational change will be an accelerant
• Disciplined capital allocation will continue
Graeme Pitkethly

2022 Outlook

10th February 2022
Capital allocation

Operational investment

Portfolio reshape

Returns to shareholders

€3bn share buyback over 2022/2023
Unprecedented inflation, margin recovers

Margin to be restored after 2022, with the majority coming back in 2023

GM (bps)

<table>
<thead>
<tr>
<th>Year</th>
<th>GM (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>(150)</td>
</tr>
<tr>
<td>2009</td>
<td>100</td>
</tr>
<tr>
<td>2010</td>
<td>(30)</td>
</tr>
<tr>
<td>2011</td>
<td>(160)</td>
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<td>2012</td>
<td>30</td>
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<td>2013</td>
<td>110</td>
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<td>2018</td>
<td>50</td>
</tr>
<tr>
<td>2019</td>
<td>30</td>
</tr>
<tr>
<td>2020</td>
<td>(55)</td>
</tr>
<tr>
<td>2021</td>
<td>(120)</td>
</tr>
</tbody>
</table>

UPG%

<table>
<thead>
<tr>
<th>Year</th>
<th>UPG%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

NMI\(^1\) (€bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>NMI(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2.4</td>
</tr>
<tr>
<td>2009</td>
<td>1.4</td>
</tr>
<tr>
<td>2010</td>
<td>0.6</td>
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<td>2011</td>
<td>0.2</td>
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<td>2012</td>
<td>0.1</td>
</tr>
<tr>
<td>2013</td>
<td>1.3</td>
</tr>
</tbody>
</table>

\(^1\)Net Material Inflation = market inflation post impacts of hedging, procurement actions, product reformulations and currency movements

Includes Covid costs & mix (90)bps headwind

"Includes Covid costs & mix (90)bps headwind"
Outlook

2022 Priorities

- Continuing growth momentum
- Managing inflationary pressure while investing for growth
- Implementing new operating model

2022 Guidance

- 4.5-6.5% price led growth
- Maintain competitive levels of spend in BMI, R&D and Capex
- FY UOM 16-17%, down by 140-240bps
- H1 more heavily impacted than H2
- Expect margin to be restored through 2023 and 2024
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