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[INTRO VIDEO]

WARREN ACKERMAN:

Okay. I think we're going to kick off. Delighted to welcome Unilever to Boston. Thank you, Fernando and Priya, for being here, especially Priya, for coming all the way from Mumbai from your CMD.

So, the session today is going to be a set piece presentation from Fernando, followed by Priya. I'm then going to ask a couple of questions. But importantly, we do have a breakout after this. So, for your questions, do please join us for that.

So, with that, Fernando, thanks again.

FERNANDO FERNANDEZ:

Thank you very much. Thank you, Warren, and thank you for having us in the Barclays conference. Always a pleasure to be here. For me, it's a privilege also to be with Priya today. She is the CEO of Hindustan Unilever. As you know, it's our second-largest company. After separation of Foods, it will be close to 17% of our revenue and a key engine of growth for the future. So, most of the presentation will be Priya basically taking over our position in India and how do we believe it will be a key contributor to the performance of Unilever in the next few years.

But let me kick off basically highlighting a few things about Unilever at an aggregated global level. And this is a very different company to the one you used to know three years ago or so. Many things have changed in Unilever.

We have dramatically transformed our portfolio. As you know, two big moves. The separation of ice cream as an independent company, the Magnum Ice Cream Company, doing very well. Also, we are in the process of combining our Foods business with McCormick in what we believe will be a combination that will generate one of the best food companies in the globe, a real global flavour powerhouse with very strong positions both across retail and food service and in some of the categories of foods that are having tailwinds instead of headwinds coming from GLP-1.

We have also made significant bolt-on acquisitions in the last few years. Since 2019, in particular, our track record in bolt-ons has been very, very successful, the likes of Nutrafol, Liquid I.V., Tatcha, Dermalogica, Paula's Choice, et cetera, really contributing to make our U.S. business much more competitive, defining what we believe is the superior growth footprint in the U.S. and from where we are now stretching these brands internationally.

We have also changed our marketing philosophy dramatically. Our mantra internally is all about elevating our brands through what we call Desire at Scale: superior science, standout aesthetics, great sensorials, brands that are recommended by others/said by others because the times of big messages from corporations probably are gone. And also, making our brands contemporary. A brand like Vaseline, 150 years to reach €1 billion. In the last three years, we have added €400 million to the brand.

Really stepping up execution, what we call perfect store programs, all around the globe. Probably the best example of that is what we have done during the FIFA World Cup 2026™ recently across 120 markets, executing more than 150 specials items, more than 50,000 content creators working for us, really stepping up, showing what Unilever can do now at a geographical scale that probably is unmatched.

But fundamentally, also significant changes in terms of our culture. Much more accountability, much more performance management intensity, significant change in our incentives, with absolute focus in volume growth and profit growth in hard currency.

And all driven by significant changes in our leadership, both at the board and executive level. Eight out of ten board members have changed in the last three years. Nine out of 11 leaders in the top leadership of the company are new to their position in the last three years, including myself and Priya.

So, many things changing in Unilever, and I feel results are moving in the right direction.

Our performance in the first half has been strong. It has been led by what will be our remaining company after the separation of Foods, what we call HPC, Home and Personal Care. We have upgraded our outlook. In the first half, we delivered 4.8% USG, with more than 4% in volume. And when you look at our HPC business, 6% underlying sales growth, with volumes above 5%.

With significant investment behind our brands. We are investing around 16% of revenue in brand and marketing investments. Three years ago, that level was 13%. So, the times in which Unilever used to underinvest behind the brands to manage the bottom line are gone.

This puts us in a very good position to deliver against our commitment in the midterm guidance. We believe that this is a company that can deliver 4% to 6% consistently at the USG level, with at least 2% coming from volume. And we are on right track.

But the first half, or the Quarter 2 that was the quarter in which we delivered the highest volume growth in fifteen years, is not an outlier. When you look at the performance of Unilever across the last ten quarters, we have delivered for the group 4.1% underlying sales growth, with close to 3% volume. And we have delivered for HPC, for the remaining company, 4.6% USG, with 3.3% volume growth and a margin expansion of close to 200 basis points. So, not an outlier in the first half.

We are gaining momentum. The company is becoming more competitive. We are definitely growing ahead of markets across most of our geographies, and this is what we believe the track record is starting to build.

We will become, after separation of Foods, a €39 billion HPC pure-play with very good balance between our three key categories, Beauty & Wellbeing, Personal Care and Home Care. We have a very attractive business in India, in particularly beverage and foods, that will continue being a strategy for us in the medium term. We are the second-largest BPC company globally, and we are the number one company in home care in emerging markets.

So, very, very solid foundations, leading positions, and with a very interesting geographical profile. It's getting difficult to get growth in developed markets. It's true that we have been developing in U.S. a very, very good business, and we have delivered 3% to 4% volume growth in the last three and a half years. But it's true that the fundamental drivers of growth for the future are attached to your presence in emerging markets. And we will have a business with 62% revenue in emerging markets.

These are regions that have a better expansion to big consumption drivers: superior population growth, significant urbanisation potential, expansion of female presence in the labour force, wealth expansion, and a fragmentation of number of households. All these are fundamental trends that really support superior growth in emerging markets.

And remember also that in macroeconomic terms, emerging markets are becoming much more attractive than in the past. Only 7% of the global population lives with double-digit inflation today. Public finances in emerging markets are better than the ones in developed markets. So, there are many things that suggest that the historic negative currency effect of emerging markets will be lower in the future.

We have unrivalled positions in emerging markets. We are the number one HPC company in emerging markets. So, we have scale. Eighty percent of our positions at category geography cells are in number one positions; 95% when we talk about number one and number two. And in the first half of the year, we delivered 6.5% underlying volume growth through a clear elevation of our brands.

There are multiple growth opportunities across emerging markets – I feel Priya will cover this better – but we see expansion of consumption. We see potential for premiumisation. We see opportunity for building new segments, new categories. And we see opportunity to occupy new adjacencies in our portfolio. So, these four key drivers are the ones that we are really driving across all our emerging markets businesses.

And India is by far our biggest company in emerging markets. And I feel when you look at the next five years, it's probably the market that for fast-moving consumer goods shows the only large, exponential growth potential. We believe that India will have a significant expansion of the per capita consumption. And when you compare in absolute terms, in absolute growth, it will only be behind U.S. in terms of contribution to the fast-moving consumer goods industry.

We have a fabulous company there, and I'm very happy for Priya to present that.

[HINDUSTAN UNILEVER VIDEO]

PRIYA NAIR:

Thank you, Fernando, and thank you, Warren, for having me at the Barclays conference.

So, I'm Priya Nair, and I'm the CEO and Managing Director of Hindustan Unilever, which is the arm in India of Unilever.

Let me just take you through some numbers of HUL. It's a $6.5 billion turnover. We are publicly listed, with a market capitalisation of $48 billion, in India. We reach nine out of ten households in India, and in greater than 90% of our turnover we have number one positions. We sell 85 billion packs in a year in the country and reach nine million outlets; there are about 9.3 million outlets in the country. And we have an EBITDA margin of 23.6% in the financial year, last year.

Over a decade, HUL has had significant value creation. Between 2015 and 2025, we grew turnover, 2x; EBITDA, 3x; and our operating cash flow, 4x. So, a strong performance over the last decade.

What I probably want to spend the most time on is the India opportunity, as Fernando mentioned. And in that context, I think very important to think of some facts on India. A population of 1.5 billion, with a median age of about 30. So, a young country.

GDP. Poised to become the number three country in the world on GDP. And under indexed significantly on FMCG spend, at $63 per capita, versus our (inaudible) as well, are very under indexed on CPG.

The change that is going to take place in India's household income distribution will drive CPG growth and consumption, and I'm going to talk most about that and the change that is taking place in India. This presents the biggest opportunity for HUL.

There are five structural shifts taking place in India which are changing India. The first is the population is transforming. We have 377 million Gen Z consumers in India, and these consumers are changing everything on consumption in consumer products. Whether it's the way they discover our brands, whether it's the way they buy our brands, this is changing radically.

The next is more women at work. Fernando mentioned this. In India, the workforce participation of women have changed from 25% to 40%, and this dramatically changes how they buy our categories, the convenience they seek. Think about beauty and personal care and how they want to look as they step out of their homes.

A digital society. Fifty percent of the world's digital payments go through India today.

So, that's the shift that's taken place in terms of India.

Road connectivity. The government has invested significantly in the infrastructure of roads, and what that changes is when a village or a small town becomes more proximate to an urban centre, it increases consumption. We actually did a study for HUL of how much change this has. When a village is connected to a large town, it changes 30% delta growth for HUL.

And indeed, villages are changing. More electrification, more tap water. Think of the way they wash their clothes, take a bath. Every product category that we are in interfaces well and changes when you have tap water in the home. So, the villages are becoming more modern. And of course, data changes everything. It changes access for villagers who did not have access in the past.

So, these are the five structural shifts taking place in the country.

And there are multiple growth opportunities that are emerging across segments. Small towns are growing two times faster than average towns in the country. There are new demand spaces emerging, newer channels. Quick commerce in India is ten-minute delivery. It has already become sizable.

And of course, social media platforms are changing. India is Meta's largest country today already; so, with almost 400 million consumers in Meta in the country.

And success, therefore, in India is winning across segments, and I'm going to describe to you what Fernando shared. When you think about India, the first way to look at the market is in terms of income distribution: 35% of India lives in what we call democratisers, which are the household income of Africa; 60% of India is the household income of Indonesia; and about 5% of India has the household income of France. Remember, we're talking about 1.5 billion people. You're dividing 1.5 billion people across these three vectors of household income.

The other way to think about how consumption takes place is where they live. So, 70% of India lives in Tier 4 and rural; 20% of India lives in small towns; and 10% of India lives in the cities.

And look at where they buy as well. This changes everything of how they consume. Online, modern trade, large grocers, and also small general trade stores.

So, when we look at it in this manner, that's really how we look at these 24-cell metrics in which we divide growth opportunities of India.

When I look at – and I'm just going to take an example of hair care and the haircare market. If you look at the haircare market, therefore, just given the population distribution of the country, if the haircare market in urban cities grows at "x," the delta growth in rural is 2x. It's just the math of where consumers live in the country and where growth will come from.

In that context, this is really the four strategies that exist to unlock growth. This is still a very big opportunity in a market like India, which is consumption-led growth. And I'm going to talk more about it, which is consumers consuming more. In the context of hair care, it's essentially the number of times that they wash their hair as they start to become more affluent changes, and you see more hair-washing occasions.

The next is premiumisation, moving from mass shampoos to premium shampoos. So, really changing value-added products for value-added benefits.

But the biggest opportunity by far lies in market-making. So, when consumers become more affluent, they change from just using a shampoo; so, just from hair cleansing to hair care. So, they start adding masks, conditioners, serums, and that's the transformation that takes place.

And online, what's happening is completely new demand spaces in hair are emerging. Think hair styling, think dry shampoos.

So, that's really how the market evolves, with completely new spaces emerging.

So, these are the four strategies that Fernando referenced in terms of consumption, premiumisation, market making, and new spaces. And our opportunity and our portfolio is uniquely positioned in India to win across these four cells.

So, we have access packs in Clinic Plus and Sunsilk. We have the biggest premium brand in the market, which is Dove shampoo. We have market-making conditioners, serums, and masks, and we've already launched Nexxus online and have the opportunity to bring in more of our Unilever brands like K18 into the market.

So, I'm going to talk you through the four pillars of our strategy and how this works in India. Our opportunity and our goal is to deliver competitive volume-led growth, and that's really the focus of the business.

Let me start with consumption and give you some numbers on consumption. If you look at the numbers in India – and this is between value-seekers in the country already today and the more affluent – this is the index across each of the categories in which we play between the consumption for the value-seekers and affluent. So, in laundry, it's x, versus 1.2x. So, it just shifts. As consumers start to have more money, the amount of product they use starts to change. In soaps, it's 1.3x. In tea, it's 1.5x. And in haircare, in shampoos, it's 1.7x.

And our market share, relative market share, in each of those categories, we have 4x RMS in laundry; 2.5x the RMS in soaps; 1.2x the RMS of our nearest competitor in tea; and 3.5x the RMS of our nearest competitor in shampoo. So, we are very well placed to get a lion's share of the consumption as this happens.

Let me give you the example of laundry and how the market consumption has shifted. The biggest reason for the shift in consumption that takes place is when consumers move from hand wash to machine wash. As they move into machine wash, they use more product. We are the leaders in premium and have the largest index in premium. And therefore, as the market shifts, the consumption that they use in each occasion of wash starts to change.

We are well placed on this, as I mentioned. We have 3x the market share in premium; 1.6x in mid; and x in mass. We are now the leaders also in mass, and we have overtaken our nearest competitor across the tiers in which we play.

Looking at the next opportunity, which is premiumisation. We have a tailwind in terms of our premium shares. Our premium share is at 1.3x of our mass shares. But most importantly, we own the premium equities of the market, the number one premium equities of the market, whether it is Dove, Surf Excel, Horlicks, Vaseline, Vim or Red Label. These are the premium, number one brands in the categories in each of their relevant categories.

I just want to give you an example from soaps. We have the two premium brands. We have 2x the share in premium versus mass. The market growth is also 2x versus mass. And we are outpacing the growth in premium in the market. But the best example for us is Dove. It's Unilever's largest brand. For HUL, Dove was just a few years ago a number nine brand. So, if you looked at a rank order within India of our brands, Dove was the number nine rank. Today, it is already the number five ranked for HUL, and we are absolutely convinced it will be the number two brand for HUL. That's how fast Dove is growing. Incredible headroom for us to grow, not just in soaps, but in beauty, and we'll talk more about that.

And why is this happening? This is simply happening because of what Fernando said, which is we are making Dove more desirable and extending it to more categories. Let me show you. This was Dove in 2022, and this is Dove today. I hope you all agree that it looks more desirable and in more categories. Dove in India was essentially known as just a soap and a shampoo. It's the number one shampoo in the market. It is also the number one premium soap of the market. It has now been extended not just in hair, into treatments. We've just extended into body lotions, into skincare. So, you can see how the brand grows and the opportunity that we have with Dove in the market.

The same is true for Vaseline. Vaseline in India, 155 years old. We all know the iconic brand that it is across the world, known as a body lotion and a petroleum jelly. This was Vaseline in 2024; this is Vaseline today. Present not just in its core formats of lotions, but now with Vaseline Gluta-Hya. We've entered Vaseline in face care with Vaseline Cloud Soft. And of course, in lips, where we are iconic. With a social-first idea very, very well known of, "If it's Vaseline, it's verified." It talks to the trust that consumer has and the social-first nature of how we are building out Vaseline in India. Again, growing double digits.

The third area I want to talk about is market making. The biggest opportunity we have as the market leaders in India is to make the markets in each of the categories in which we play. And just to ground you in some numbers, these are the format segment penetrations in India. Hair mask, under 1% penetration in India. Sun care, 2% penetration in India. Body wash, liquid body washes, is 2%; it's essentially a soap bar market today. Dishwash liquid, 7%; again, dishwash bars are what are used in the country. Laundry liquids, 13% penetration. Face cleansing, 17% penetration; people essentially still using soaps to wash their faces.

And underneath what you see is the index versus Indonesia on penetration to India. I said to you that 60% of India now has the household income of Indonesia. So, you can imagine the transformation. And we are leading the market development of each of these sub-segments in the country.

And we have a repeatable and proven playbook to do this. This is what we have done across whether it is in terms of understanding, deep understanding, of consumers in the country, the formulations, the products. Whether it's understanding the triggers and barriers to educating consumers of how to trade and transform and develop the market. Or whether it is the partnerships that it will take to build these new segments or the social-first playbook. But mostly, it's because we are investing multiyear behind this, and that compounding effect of the multiyear investments is what it takes to build these new segments and make these markets.

Just as an example is laundry liquids. The same transformation has already taken place in China. In China, it's 3.3xof India the size of the market; and Thailand, it's 2.6x the size of the market. Liquid is only 6% by volume of the total laundry market today. Huge headroom for growth. And this is driven as washing machines grow in the country. Only a third of the consumers today in the country wash with washing machines. It's still a predominantly hand-wash market. And as that shifts, the liquid penetration in the country will shift. We are the leaders of liquids, and we are developing the liquids category in India. So, that's just as an example.

The other example I want to share is sun care. I said 2% is the penetration of sun care in India. Highly underpenetrated. If you look at the top 5% of India, the power spenders, there's a 21x difference in the penetration versus the average person in India. Working women, there are 200 million women stepping out to work. As they do that – and this country is becoming hotter – you can imagine the need for a basic sunscreen is very high.

For us, the opportunity is not just at the top end of the pyramid, where we have acquired Minimalist, which is our first big acquisition in skincare. Simple is a brand, a Unilever brand, we're building out in India. We have Lakmé, which is the market leader of sun care. But we've also created access for consumers at the bottom of the pyramid. At under ten cents, we today have access packs which give consumers access into the sun care category. That's what you see with Lakmé and Glow & Lovely sunscreen, which we've just launched in the country.

So, with this, we have a robust portfolio to win and develop the market, mostly in sun care.

So, this is the last growth driver that I want to share, which is new spaces. We are entering decisively into select growth spaces, whether this is masstige, deodorants, protein, or ready-to-drink. This is an area where we are selectively entering and doubling down.

I'll talk to you about the first, which is Minimalist. It was the acquisition we did 18 months ago. In 18 months, it's already doubled in turnover. Huge headroom for us to grow, whether it's in terms of awareness buildup that we will create for Minimalist. Really the synergy benefits of distribution and driving distribution more from online to offline. Still a large headroom for Minimalist in the country.

The next is in terms of protein. We've just entered the protein market in India – fast-growing market – with Horlicks, which is the nutrition brand in India, with a ready-to-go product as well as a powder. Again, doubling down behind this segment in India.

And that's really our algorithm for growth, which is competitive, volume-led revenue growth. We will generate the fuel to invest behind our brands and generate that fuel so that we can invest behind our brands. Our EBITDA margin guidance is between 22% to 24%. And with that, we will have volume-led profit growth.

We are stepping up our capital investments from 2% to 3%, both in terms of capital for growth but also for bolt-on acquisitions.

So, with that, Fernando, I hand back over to you.

FERNANDO FERNANDEZ:

Excellent, Priya. Thank you very much.

And I feel the proof of everything that is happening in India's performance that we are having this year, 10% in the last quarter and the business accelerating. There are serious structural shifts in India that make India, particularly with the slowdown in China, the largest exponential growth opportunity and probably the only exponential growth opportunity globally.

And there are multiple opportunities in different aspects: more consumption, premiumisation, market-making, emergence of new categories, new adjacencies for Unilever. We have very, very strong leading positions. We have brands that have been elevated. We have a social-first marketing model that has been put in place, with a very strong persuasion activity system behind. And we have much talent in India that gives us a lot of confidence that Unilever will be probably the company that will benefit the most for this kind of explosive growth that we are seeing in the market in India. Many companies are discovering where India is in the map. We know the map of every zip code in India.

India is a blueprint of what we are doing in emerging markets. Emerging markets is 62% of Unilever revenue, and we believe they will be a key driver of our performance in the future. And we will achieve that kind of success fundamentally through a combination of elevated brands, strong leading positions that we already have, a fundamental change that has happened in our performance culture. And we believe that all this has been starting to materialise in our performance.

And the proof of that is our superior volume growth. In the last three years, we have been operating at around 3% volume growth; this year is accelerating. But also, profit growth in hard currency. We are very conscious when you have 62% of revenue in emerging markets, you have to really deliver profit growth in hard currency. This is a fundamental change also in how we look at the business.

Thank you very much. Warren, we can take some questions.

WARREN ACKERMAN:

Okay. Priya, a fascinating presentation. I've got to ask you about channels in India. Us Unilever followers have always known, you've been extremely strong in the mom-and-pop stores. How do you replicate that massive moat into the new channels of the future, like quick commerce, where other players are less disadvantaged, when it's more about digital and less about mom-and-pops and last-mile distribution? Maybe you can touch on that. And is there any implication on margins as well?

PRIYA NAIR:

First, Warren, before I go into quick commerce, I just want to mention that even in general trade there are changes taking place. So, there's more specialist channels emerging in general trade – cosmetic stores, health and beauty stores – and we are doubling down behind these channels. So, general trade in India is not going away. It will continue to be a very, very large and most dominant part of the Indian ecosystem.

When you think about quick commerce – and for those of you who are not familiar with quick commerce, it's ten-minute delivery in the country – the biggest challenge for quick commerce is actually ensuring that they have high turnover and really ensuring that they manage a very, very lean product portfolio. And they like large brands as a result, large brands that have very defined demand signals.

We are working joint up with the quick commerce players to ensure that we have an advantage with them with regards to supply chain end-to-end, so that we can manage a very, very lean, agile portfolio with them. Huge advantage for large companies and large brands.

And in fact, our margins are better in quick commerce versus modern trade versus general trade. So, that's just structurally in our favour, Warren.

WARREN ACKERMAN:

And then, I think, Fernando, you're quoted as saying you missed the party in beauty in China, and you will not miss the party in India. But looking longer term, Priya, how are you going to win in the Indian beauty market? Because everybody else wants a piece of the action. It's where the growth is longer term. What needs to happen? And how many more Minimalist-type acquisitions do you need to do to get there?

PRIYA NAIR:

Warren, I think, first, a huge opportunity for beauty in India. I think it's important to first break this up into the segments of beauty. When you think about haircare, we have an unrivalled portfolio in haircare. The biggest opportunity in haircare, like I said, is first the move, the shift that's going to take place from mass to premium, and Dove is by far the number one haircare brand in premium. That is the largest opportunity in the market.

We are also building out our portfolio in masstige, whether it's the launch of Nexxus. We still have a large number of the Unilever brands we can enter with, K18. So, that is absolutely on the plan.

But huge opportunity for us is just Dove. Just Dove on its own is the single largest opportunity in haircare.

When we think about skincare, again, the biggest opportunity lies – just think about the structure of the market that I was sharing: 70% of India lives in rural; 20% in large cities; and 10% in the metros. Big opportunity with Vaseline. We are entering with Dove. And of course, we have the bolt-on acquisitions like Minimalist. We've also entered with our Unilever portfolio with Simple, and still big headroom to enter with all our Unilever prestige brands.

I don't know, Fernando, whether you would like to add.

FERNANDO FERNANDEZ:

Everybody of course looks at the opportunity with the 5% of richer Indians, and it's an important opportunity because it's 75 million people with the income per capita of France. So, you have a potential France in beauty there. And I believe that the portfolio that we have built in the U.S. in particular is a portfolio that will travel into India at the right time.

At the same time, we are making bolt-on acquisitions; Minimalist is one of them. And you have seen how quickly that brand has scaled up. So, in 18 months we doubled the brand from €50 million run rate into €100 million run rate.

But the biggest premiumisation opportunity in India – let's take the case of haircare – is to move consumers from one-rupee sachet into two-rupee sachet, one dollar cent to two dollar cents. In one-rupee sachet, we have Clinic Plus. In two-rupee sachet, we have Dove. Dove now is 20% share of the market in India. So, I feel Priya mentioned that.

And this is economics. There is the famous Robert Solow transitional dynamics convergence of economics. Poorer states are growing faster than richer states, and this is providing Unilever with the kind of structural advantages that we have in India. Huge opportunity to really upgrade our portfolio.

WARREN ACKERMAN:

And Priya, can you talk a little bit about the new marketing model and how that kind of works in India, the kind of SASSY approach? And everybody's got smartphones now, everybody's following different people. How are you actually putting that into play?

PRIYA NAIR:

A huge opportunity, Warren, for us. Just to give you some numbers, we already reached 30,000 creators in India, by far the largest player in the market in terms of creator marketing and our outreach to creators. Just given that we have 20 large brands, our opportunity to really work with creators is of a different order than most companies.

That combined with all the work we're doing to really raise the desire of our brands, whether it's in terms of aesthetics, whether it's in terms of how we talk on our brands, making them more young, more contemporary, is all the work we're doing. And we are working more using AI now to really augment the human effort to really raise our game, whether it's in terms of content creation, whether it's in terms of media. That's the work that's happening.

WARREN ACKERMAN:

There are challenges, however. I mean, we've got oil at $100, I think, today, and we've got near-term challenges coming in India with inflation. So, how are you sort of trying to animate the journey, but also dealing with pricing? And I guess a bit more sort of specific, what kind of volume should we expect and pricing from here? And how do you feel about sort of the elasticity of that pricing to volume relative to kind of local players and their specific supply chain challenges?

PRIYA NAIR:

First, as a company, we've dealt with inflation/deflation cycles before. We know how to manage these over time.

And if you think about our categories, Warren, essentially our categories are everyday staples, whether it's soaps, whether it's detergents, whether it's tea. And therefore, the elasticity to price is lower. It's more discretionally high-value categories, which tend to have a high elasticity to price.

Of course, we will price as calibrated. We have a large savings program. So, we know how to run this. It's cyclical. What's important is the structural tailwinds that we're creating for margins which are more led to premiumisation, more because of market-making. The tailwinds are structural. The cyclicity, we manage.

FERNANDO FERNANDEZ:

I feel it's important to highlight also in most of the categories in India – and the same in emerging markets – we tend to operate a portfolio of three to four brands in each of the key categories. That give us the ability to really manage downtrading and uptrading of consumers in inflationary periods and deflationary periods. So, it's just – and the point is our categories tend to be relatively inelastic in places like India. But if you look, our shares are higher in the premium segment of the categories that are even more inelastic than the average of the category. So, I feel, hey, I would like to have a more stable scenario, but we can deal with this kind of a scenario in a much better way than most of our competitors.

WARREN ACKERMAN:

And maybe staying with you, Fernando, maybe touching on the U.S. – you mentioned it in passing – what are your top three priorities in the U.S. for the next 12 months? Maybe you can touch on U.S. Foods, which has been struggling; U.S. hair, which seems to be improving; and then the outlook for U.S. Prestige and Wellbeing, especially in light of more competition in Liquid I.V. and Grüns, given the PG deal. Just the U.S. has been great. It's slowed down a little bit. So, kind of how do you see it? Maybe you can touch on some of the subcategories.

FERNANDO FERNANDEZ:

Well, the first thing to say is just in the last three years we grew volumes in the U.S. at 4%, and this year it's around 3.3% in the first half of the year. So, I believe that we are through a fundamental transformation of our portfolio and a step-up in our capabilities in the market – we have received Best Supplier of the Market award from the two biggest retailers, physical retailers in the U.S. We must be doing something well there. So, I feel we have fundamentally transformed our portfolio in the U.S., and it give us a kind of superior growth, volume growth footprint.

I feel the U.S. is very, very important for us. First of all, because it's 22% of our revenue after the separation of Foods, but also because the investments that we are doing in bolt-on acquisitions in the U.S. have as a fundamental objective building a new layer of global brands that can travel internationally. We mentioned brands like Paula's Choice or K18, et cetera. I see Paula's Choice in India in the next five to ten years, no doubt.

So, U.S. is a super, super important market for us.

In the short term, it's true that we have seen the market has softened a bit. I feel the consumer is pinched in the U.S. A K-shaped economy is very, very clear. We tend to have a portfolio now in the U.S. that is more exposed to the premium segment than to value. That gives us some kind of coverage there.

Markets are becoming a bit more competitive. I feel in well-being, many people are discovering the category. I feel there are many, many entries, new entries, into the category.

Prestige beauty is doing very well for us. I feel we grew in the first half around 10% in prestige beauty. And our core beauty is really accelerating.

And remember also, in the U.S., we have a very, very strong Personal Care business. Deodorants. Skin cleansing. We have leading positions in deodorants, that it was a category we struggled for a couple of years with the development of the super premium segment. We have regained market leadership in the first half of this year, and we are very confident about our future there.

So, hey, in U.S., continue developing our new brands that we have acquired in the last few years. We will continue allocating capital to the U.S. I feel this is a very different Unilever in terms of allocation of capital into acquisitions. There are two markets in which we are allocating our whole budget of around €1.5 billion and €2 billion a year: one is U.S., and one is India.

In the past, there was a good opportunity in a soap company in Colombia or a detergent business in Angola and we would buy, because the strategy was about really solidifying our local positions. I feel now Unilever has a very, very different strategy, that is solidify our growth footprint in the U.S. and build a portfolio of premium brands, digitally native, clinically proven that can travel internationally from there into the world to build a real new layer of portfolio. So, that's basically what we are doing, and we will continue doing that.

WARREN ACKERMAN:

And a final one Fernando before we go to breakout. You delivered 5.5% volume growth in the quarter, which was the best performance since 2010. And some people think it's almost too good to be true, and they're asking how much is World Cup benefit? How much is Amazon Prime timing? Is there pre-buy in there? And with pricing now moving up meaningfully in the second half, how should we think about the likely volume reaction and ensuring that you have the right price pack gaps versus competitors? So, two parts: the 5.5% and then kind of the price.

FERNANDO FERNANDEZ:

We delivered 5.5% volume growth in the second quarter. Are we a 5.5% volume growth company? I don't believe so. But I feel we are increasingly confident that Unilever is becoming a 2% to 3% volume growth company consistently across time. And if we deliver that and we deliver pricing in line with the kind of general CPI inflation that we have seen historically, I feel the prospects of Unilever becoming a consistent delivery in the 4% to 6% underlying sales growth range, the probability is increasing and increasing with every quarter that goes by.

So, in the second quarter we have a couple of – there were some benefits of comparator. There were not significant one-offs. There is something around Amazon Prime in U.S., around $25 million to $30 million, particularly in Wellbeing and Prestige beauty. That was a kind of one-off effect.

We are getting some benefit in places like India, in which in this kind of inflationary periods we tend to do very well. And our shares in some categories, like laundry, tend to accelerate, but we don't consider that a one-off because there is always a very residual effect of that.

So, we are confident that the prospects of a remaining Unilever in the 4% to 6% range consistently, with 2% to 3% volume, 2% to 3% price, is something that we are increasingly confident about our ability.

WARREN ACKERMAN:

And the FIFA World Cup?

FERNANDO FERNANDEZ:

The World Cup, it was – we don't have yet the measurement in terms of brand equity. Of course, we don't do the World Cup and the investments of the World Cup for the sales of the three months around the World Cup before and after that. It's fundamentally about how this strengthens the brand equities of our brands.

But of course, it has a significant impact in our shares in the U.S., as I mentioned before. Our deodorant business in particular was a main beneficiary, and we regained market leadership in the U.S. around the World Cup time. So, it's just – if you ask me today, I feel it was a great initiative: 50,000 content creators building for 120 markets around the U.S.

And I feel this point about how we have changed our way of reaching and persuading consumers. Priya – we were in India a couple of weeks ago. They have mapped 250,000 influencers across India. They are using 27,000 of these in 19,000 ZIP codes. There is no other company doing that. We are doing 300,000 content creators globally. Very few companies can do that.

So, I feel our ways of doing marketing are improving. Our product development is improving. Priya showed some pictures of how that looked today versus three years ago. And this is what is driving our performance nowadays.

WARREN ACKERMAN:

We're going to cut it there. Thank you both very much. And we're going to move to breakout. Thank you.

FERNANDO FERNANDEZ:

Thank you.

PRIYA NAIR:

Thank you.