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Hein Schumacher

Good to see you all and it's really great you are all here in person and of course a very warm welcome to everyone online. Welcome to this Unilever investor event for 2024. Look, it was already great to connect with many of you over lunch and I hope that you also got to meet some members of the team. I hope that you have detected from those encounters a surge of confidence and some momentum that is running through the company.

Now, obviously combined I would say with a sense of humility, because we are still at an early stage of the transformation of Unilever. Today, we want to update you on that transformation and we will share progress that we are making against the Growth Action Plan, or the GAP that we launched a year ago. Where we are on track and probably more importantly where we have real work to do.

The Growth Action Plan was a targeted intervention at the time, an operational plan to improve our growth and it was underpinned by strong focus on building back the bank of gross margin. Now it was not a new strategy at the time. I said that we probably needed a bit more time to accomplish that.

Well, I am pleased to say that today, that is why we are here, that work is now complete. So we want to share that new strategy with you and you won't be surprised to learn that it actually builds very much on the existing strengths in the business and on the strong progress that we have made as a company over the last 12-18 months or so.

In fact, we would like to think that what we are sharing with you today is a strategic embedding of that Growth Action Plan and therefore the title we have chosen for the route going forward is ‘Our Growth Action Plan 2030’. And what I will do now is spend about ten minutes or so to update you on the progress we have made and then I will take about an hour, so please hang in! To walk you through the different elements of the Growth Action Plan 2030. And videos from some of our senior leaders who are here, they will appear and they will help to bring certain priorities in that plan to life. And then, we will take a break, after the break Fernando will pick up on ways in which we are accelerating the transformation and what the Growth Action Plan 2030 will mean in terms of value creation and the financial algorithm.

So after that we are very keen to hear from you, your responses as well as questions as we have an hour for Q&A. So that is how the afternoon will look like. Now, as you can see, here on the chart, hey, there has been a lot of activity over the last year or so. Organisationally, operationally and financially. And we have also made significant choices to accelerate the Growth Action Plan.

I want to go through some of the elements now, but I think very importantly at this stage in the game, I think it's to say we are ending 2024 with a better operational grip, a stronger organisation and a sharper portfolio and, I think, a positive momentum in our business. The last year has also seen a significant refresh of our leadership team. New faces and I am sure you have met a few of them. New roles and, of course, new expectations. In fact, it started with the appointment of our new Chairman in December of last year and subsequently we have changed five positions in the Unilever board with a sixth one coming up with the appointment of Benoit Potier in 2025. At the Executive Level, 60% are new to their roles and a quarter are new to Unilever. I believe this injection of external talent will remain an important element going forward for us. Obviously ensuring that the leadership remains diverse in all other respects as well.

Now, I will come back to talent and to culture later, but for the moment, I can tell you that with everyone here, on the first row, I feel very good about the quality of leadership we have in place and together we are going to take the strategy forward.

A year ago, when we launched the Growth Action Plan, we said that we would fix the fundamentals of our performance, of our business. And that we were going to focus on essentially three things. One: improved volume-led top line growth, second: building back the gross margin and thirdly: improved competitiveness, i.e. better market shares. And we see that increased focus is resulting in an improved performance.

So, as you know in Quarter 3 represented our fourth consecutive quarter of volume growth. At that moment all Business Groups were delivering positive volumes. On gross margin we did achieve our initial aim of returning to pre-pandemic levels and we did it earlier than we anticipated. It was largely due to a refocused prioritisation on the concept of net productivity. More about that later. With that gross margin improvement, we have reinvested behind our brands. So important. Our brands and marketing investment is on track to be the highest in percentage terms in more than a decade in the company. And, following that, we were able to boost our profitability and EPS growth recorded was 16%. Now, a key element, as you know, in this journey is a rigorous focus and through that increased investment behind our 30 power brands. We see that focus paying off.

So year-to-date these power brands were growing 5.6%. They were ahead of the company average and with a healthy volume growth of 4.1%. Power brands represent 75%+ of our turnover. But very importantly that is not a zero-sum game. Other brands have a distinct and an important role to play and our commitment to these brands was also demonstrated by the fact that also these brands have returned to volume growth in the third quarter.

But it's very clear that that strong focus on the power brands is very important and that includes as well that we ensure that these brands drive fewer, bigger and of course better innovations. And that is such an important part of our story. Because, from the moment that I arrived, I felt that our innovation delivery was actually not matching the strength of our brands, or the quality, the fantastic quality that we have in our R&D. And I feel that that is changing. We have a very clear framework now and some ambitious goals. So and I specified to quite a few of you last year, we want to build on an annual basis, ten to 15 platforms, each generating about €100 million of incremental turnover, over time. And we wanted to double the average size of innovation, with the base year of 2021 in the company. Now, look, that is what we are doing and it's still of course early days but we are seeing encouraging results. We have defined for 2024 12 of those platforms and we are on track for all of these platforms to indeed become €100 million platforms.

We have also reached in 2024 already a doubling of that average size of innovation versus that base year, 2021, but I should say that as a positive and we are encouraged, but that still needs some further improvement. I think over time we need to go to almost quadrupling the average size of our innovation, versus the base year, so we have really started, good stuff, but we have much more to do. Now, getting back as well to the third area of focus which is improved competitiveness, i.e., market share. The first thing to note is that our coverage of market share and the way we report it, with turnover weighted market share, comprises about 70% of our portfolio and some of the faster growing parts of the portfolio are actually not included in the metric. So these are Prestige Beauty, Wellbeing, Food Solutions and our out-of-home Ice Cream business. That still means we need to make progress on the 70%. No doubt about it. I just wanted to make the caveat, because there could be a disconnect sometimes between reported numbers and the reported share numbers.

And we are seeing ongoing improvements on that 70%. As we have committed to for the second half of 2024 and we are seeing improved readings for the trends, particularly over the last three months and therefore on a moving annual basis which you see on the chart it will take a bit before we get into real positive territory, but I am positive that we will get there also on that basis in 2025, based on the recent results. So all in all encouraging progress. But, as I said a few times, we are under no illusions. We have a lot to do. On, for example, the concept that we have introduced to drive a much greater discipline on execution, unmissable brand superiority, it's a rigorous process we have in place and when we feel good about it, it can be a game-changer, but it also reveals some gaps that we definitely need to close. The good news is we are now looking at the gaps and we are closing them.

Another point that we need to improve on is premiumisation. Such an important global trend and we are still under indexed in that segment. Making progress, but under indexed and I am confident that also here we can make progress and we are going to talk about that this afternoon.

In implementing the Growth Action Plan, we have followed some very simple mantras and I think you will get bored of me saying it, but first and foremost I will continue to hammer it. It is doing fewer things better and with greater impact. It also means as a result that we need to scale our strengths and replicate our successes faster across the company. Third, it means, as I said in unmissable brand superiority, when we have areas of underperformance, or when there are gaps, we need to address them and move on. Put them on the table, make it transparent and move. And as a result, and that is fourth, making Unilever, through doing all of that, a more performance-orientated business. And I think we make progress against these objectives. Enough to give us confidence now to move to the next stage of the transformation of the company. And, as you would expect, in considering the next stage, we have actually done our homework. We have been looking at trends, we have been looking at data, consumer data, category data, channel data and so forth. We have also considered a wider macroeconomic context and the impact it might have on our key markets. Here you see the trends and I am sure, since it's capital market season, you will probably recognise quite a few of the trends here. So I am definitely not going to labour them. But I would highlight in particular, because that has come to the fore when we were looking at it, the speed of change taking place in the way consumers behave. Including in how and where they shop. And of course the dramatic advances in digital and in AI. You will see these themes, particularly these themes play out a lot in our plans going forward as we go through this afternoon. So we need to get in that.

But before I start, let me reiterate that the new strategy builds very directly on the Growth Action Plan. But the Growth Action Plan 2030 is more comprehensive in its approach. And we have looked at all the constituent parts. And, as you can see, here on the page, and I will walk you through a bit, I will start here and I will come back on the top side, but I will start with the strategic goal that we are setting, the strategic choices we are making and the elements that will underpin the kind of company that we want to build, i.e., sustainability, and a winning culture. But of course it starts here at the top and it starts with our purpose. What kind of company do we actually want to be?

Now I am just taking some water here. Talking too much and it will go on for a bit! When I joined the company back in 1997, I was ten years old at the time! The company's purpose then was and I remember it very vividly. It was to meet the everyday needs of people everywhere. Somehow that phrase resonated with me. Since then, of course many things have changed. For one thing sustainability has of course grown in importance since then and my predecessors have worked very hard to establish Unilever as a leader in this field. And in fact, if you look at our previous prior purpose it was framed in that context. Making sustainable living commonplace.

Now, on this, let me be clear, sustainability will remain of significant importance to Unilever, but equally I felt, we have felt, as a leadership, that it was right to make a shift and to reorientate ourselves, purpose-wise, back to the consumer. And we will do that going forward with a new purpose that was shown in the video, which is brighten everyday life for all. And it builds on the purpose that first resonated with me in 1997. But it takes it beyond sort of a reactive meeting of everyday needs to a greater focus on creating demand and on making markets and it's something that you will hear a lot more when we go through the afternoon.

I believe that in anchoring ourselves back with the consumer, our new purpose also speaking to making those moments that defines people's everyday lives a bit more joyful, convenient, more efficient, as well as more sustainable. Whether that is true elevating the taste of a meal and making the preparation a bit more convenient or cleaning your homes or your clothes and making it a better, a quicker and a more sustainable experience, or, bringing superior beauty or Personal Care products to people and once you know that fits our brands and boosts confidence and self-esteem and hopefully delivering of course better results.

Now we unveiled this new purpose last week with our people through a very significant event and it created a lot of excitement and anticipation. And I feel that the Unilever community is ready and the time is right for a refreshed expression of our purpose. A new purpose for a new era. Now, let me go through the other elements of the Growth Action Plan 2030 and it's starting with some of the strategic choices. And there are three important pillars here.

Where we have chosen to focus, to get our biggest returns. Where we want to excel when it comes to demand creation and what capabilities that we need to accelerate to stay ahead in that fast-moving world. And, as I have said, doing fewer things better with greater impact has been very key. We have started to see what happens when we put the full might of the company behind that focussed agenda. So we are going to continue in that vein. In practice that means a focus on 30 power brands and 24 markets. The reason here is quite compelling, because 30 power brands constitute more than 75% of turnover and 24 markets constitute around 85% of our turnover. So it's important, so let's dissect it a little further. So post separation of Ice Cream, which we are confident will be completed by this time next year, we will have four Business Groups. These Business Groups will make a broadly similar contribution to our turnover, but they each play a distinct role in the portfolio. Fernando is going to talk about that in more detail.

As you can see from the visual here, after the Ice Cream separation we will be left with a simpler and a more coherent business. And the business will be anchored in those 30 power brands. These brands drive the overwhelming majority of turnover as well as profit. Power brands have characteristics that can be scaled regionally or globally. And power brands can benefit first from interventions that we are making as a company. For example, through the implementation of unmissable brands superiority. We think that around 30 is the right number here, once Ice Cream separates, we will add brands that fit the criteria. They are all brands of Beauty & Wellbeing and premiumise our portfolio, an ambition that I called out early in this speech. So the brands being added will be Olly, K18, Hourglass and Nexxus.

So the Business Groups are anchored in the power brands and we will manage them through 24 markets, representing 85% of the business. The nature and the scale of the changes we are making here are quite significant in a way we operate the company so I want to take a moment to explain how this operating model will work in practice. So let's start with the top 24 markets we refer to these markets internally as business group-led markets and they have four characteristics. One, they will be run by the Business Groups who have end-to-end decision rights and responsibility for the P&L. The model has been designed in such a way that it delivers on Business Group strategy and therefore these markets will be designing markets for global innovation and for the use of new technologies. Third, frontline resources, sales, will be segmented by Business Groups that ensures that seamless integration between category, strategy and in-market execution. And finally, four, because there is an end-to-end P&L responsibility, the supply chain as such will be managed by Business Group.

By contrast, the remaining markets, representing 15% of turnover will be managed as what we call One Unilever markets. This part of the business will be run in a separate P&L. And there will be one customer development team per country and that customer development team represents all the categories, vis-a-vis the customer. And these markets, these One Unilever markets will be takers of global innovation that will first be rolled out in the Business Group markets. And therefore in these smaller One Unilever markets, resources will be deliberately lean. So these markets will be the recipient of more off the shelf infrastructure solutions like in the IT domain. Now, if we do that, we will reduce complexity in these markets and avoid duplications in parts of the business that aren't big enough to warrant, for example, four separate sales forces that represent a massive focusing if we do it in that way and it will therefore simplify our operations in the smaller markets.

Now, that said, very importantly even though the One Unilever markets won't be principle focus for investment, they do remain critically important and we cannot deliver the plan without them, but we believe that by simplifying the model they can thrive and grow faster. And this focused approach to running the business by four Business Groups, 30 power brands, 24 markets has enabled us to identify where we have the biggest priority opportunities.

And these are, first of all, doubling down in India and that builds on a significant presence that we already have in the country which is in itself Unilever's second biggest geography. Fernando will talk more about that. Secondly, it's about accelerating our fast-growing wellbeing and Prestige business and that includes the international roll out of some of the very successful brands.

Third, about premiumising and accelerating our business in the US. Fourth through growing select emerging market powerhouses and you should think about Brazil being an obvious case in point or the Philippines. Or also Indonesia where we have a lot of work to do that is currently going on, but where our long-term commitment is very strong.

And then, finally shifting our portfolio to a more premiumised portfolio, more speciality channel geared portfolio in Europe to build on the progress that we have made in this part of the world in 2024. Now, in the interest of time I want to focus on the first two. So starting with that doubling down in India. That perhaps represents our single biggest opportunity over the next couple of years. Later, as I said, you will hear more from Fernando on some of these priorities. But let me start with India and why it's so important to us. India has always been a Unilever stronghold, but it's performance over the last decade has brought this into even sharper focus and, as you can see, because by any measure HUL is a fantastic business. It's strong, resilient, and it has very enviable market shares that have actually grown considerably over the last three years.

In 2024 our focus remained on driving competitive volume growth and yes, we have seen some ongoing recovery from a volatile period, but importantly we have continued to first stabilise, but also continued to grow these market shares into the latest reads. I think that is super important after a period of strong growth that we continue to remain very competitive. So whether it's on the long-term or the short-term, we believe our HUL business is a phenomenal strength to the company. So it's a good place to start. But we are not compliant here. We are actually very much on the ball to continue to play that important role in India, because in itself it is evolving fast as an economy. Annual household incomes are going up, as you can see represented here and that is a change that opens up significant opportunities for us in the years ahead. So let's talk about that. India is going to be important for all the four Business Groups, because all of them have big opportunities. So if you think about it, if GDP per capita rises, so does per capita consumption growth. This gives an upside for each of the Business Groups. That is through unmissably superior brands through premiumising the portfolio or digitising the value chain.

As you can see the opportunity reflected in the example here. GDP per capita in India is the equivalent of about €2,400. We expect and that is a broad consensus that that will go up to €4,500 in 2033. That is an 85% increase. When that happens the spend in fabric cleaning and that is to take one example, looking at the averages around the world for that per capita increase increases by €8. Leaving everything else constant that upside for us is €2 billion. That is just getting a fair share of that increase.

Now, understandably you may well say that is just modelling, but the reality is we have seen this before. If you think of the Philippines. They had a similar GDP. It started in 2008 with per consumption cleaning rising to €9 as well. That contributed significantly to our business growing from 500 million at that time to now a 1.4 billion business in the Philippines. So India is an enormous opportunity for the company and we will use it, we will pull all levers to make sure we benefit from that growth. You will hear more about that on the HUL Investor Day that will take place on the 29th of November.

The second area of focus I want to touch on is the acceleration and internationalisation of our Prestige and Wellbeing business. These parts of the business have enjoyed high growth rates. Over the last 15 quarters, the combined turnover of these two business has consistently grown double-digit. The combined turnover is now close to €4 billion. So together, these two businesses represent a quarter of our Beauty & Wellbeing business. There's no doubt that we have built up some critical mass in this attractive part of the market with a strong focus in the United States.

In that country, we see plenty of room for further growth because there, the brands are obviously very investment ready. But at the same time, we see opportunity for selective international expansion. In fact, if you think about it, our Prestige business is already 40% in international business, so 60% United States, 40% international. From our Wellbeing business, 10% is international, 90% is in the US.

At the time when these brands were acquired, they were all acquired with the idea of geographical expansion in mind but we need to be very sharp and very selective in our choices. So, with our commitment to premiumising Europe, we see Europe as an important destination geography. The same goes for China, again selectively. In addition, because we're doubling down on India mostly for Prestige beauty market brands. That will enable us to enter India at exactly the right time. We will not be too late. Priya will talk about it a little more when she talks about B&W when she talks about it later this afternoon.

That covers focus. Now, let me turn to excel. This really gets to the heart of our 2030 Growth Action Plan. As I said, this is the consumer facing side of the strategy. We have identified five areas where we believe that we need to excel to win. First by creating that unmissably superior brands. Two, to multi-year and scalable innovations: fewer, bigger and better. Three, to premiumise our portfolio so we are very clear we want to do that, and we're going to see that in the plan as well. Fourth, anticipating the trends that we talked about by a significant boost in social-first demand creation. And finally, tapping better and faster into those channels where growth is.

What I want to do is to go through each of them very briefly in turn and then several of our leadership team will show how some of these excel concepts are coming to life in each of their businesses.

The first is about making our brands unmissably superior. I talked about that already last year in the Growth Action Plan. We have spoken about this before and how we're approaching superiority in a more holistic way. We are using a very structured and a very granular approach across the six pillars which 21 input metrics and they're all weighted according to their significance in the category.

Now, in truth, look, we don't start off in a bad place. You know, when we introduced unmissable brand superiority last year, around 70% of our brands already achieved superior scores in the eye of the consumer. But the challenge was that we didn't have enough brands that were actually growing in superiority. First of all, we need to get to at least 80% of our portfolio being superior to competition and we need a bigger percentage of our portfolio to be flat or growing and of course not declining. Hey, we are well on the way because this is a journey that started a while ago in embedding this model across the company with now coverage of about two thirds of our turnover. That work has helped us to identify areas where we needed to step up. I'll give you two where that is most pronounced. The first one was on the P of proposition, where some of the brands are not perceived to be sufficiently differentiated vis-á-vis the competition or not perceived to be fully on trend. This is where we have to make change and we're working that through.

The second area we saw the biggest gap was on packaging, including the need that we have for improvement particularly when it comes to a more premium packaging again in the view of the consumer. Now, we're going to listen in a bit to Edu who is going to talk about it. And Nuria

Hernandez, who is our Chief Marketing Officer for Personal Care and in charge of the Dove brand will talk about how we are addressing those points proposition as well as packaging for example, in Home Care and on the biggest brands in the company, Dove. Before we go there, let me illustrate this a bit more with an example in Foods, for example, with Hellmann's in Brazil. You can see it here on the page.

You know, the beauty of the UBS approach is that we are finding is that there's a clear link between the cause and effect. In the case of Hellmann's Brazil, we had three limiting factors. First the quality of the packaging, the superiority of the product itself and what we call the salience of the product and that salience means showing up in the right moments and in the right way. I will make it sort of simple.

Now, those have all been addressed in this particular case. You can see a very different looking product now on the right-hand side of the page with a new range that we have launched since we started to framework. Since this change was made, our value share on Hellmann's has jumped in Brazil by over 250 basis points and the brand has now continued that growth momentum.

The second area where we intend to excel, so besides unmissable brand superiority, you will see more of it in the video, but the second area is on multi-year and scalable innovation. As I said earlier, the level of innovation has not probably done justice to the strength of our brands but also not to our world-class science and technology. I think we have failed somehow to produce enough market making innovations in those high-growth premium spaces and that is something that we're changing. We have built a very clear agenda, making our innovations bigger and bolder, I mentioned that, and better exploiting our deep expertise in cross-cutting R&D platforms. You know, we have a few very important platforms that fewer multiple brands and multiple Business Groups, like microbiome, for example. These ensure that our brands become unmissably superior.

In increasing R&D investment year on year, which will happen and which I think we have indicated before, it gives us the kind of accelerated innovation that we need. We are quite confident here because we do see progress. You know, we've had 12 innovations for this year, as I mentioned, and they're becoming a 100 million platform. Here you see some examples on the screen across all business teams, all Business Groups.

The common themes are that they are all supported by science and technology. You know, these are good products, they address core benefit spaces and they give us the potential to own and to grow key segments in premium and over a multi-year period.

Let me turn it over to Edu now who will bring unmissable brand superiority to life in his business in Home Care.

Edu Campanella

Hey, everyone. Good to be here. Just doing a little bit of laundry today, good to be on top of it. Anyway, unmissable brand superiority and multi-year scale of innovations are two areas where we want to excel, in Unilever and also in Home Care. They are fundamental in winning versus the market competition, but also for market making. So, I want to show you what that looks like in our business, but first, let me give you a quick overview about our business in Home Care.

We are a €12 billion business with leading brands like Dirt Is Good, Comfort, Sunlight, Domestos, and Cif. We are the second biggest player in market by value and the number one by volume. 80% of our business is in D&E markets, where we have strong citadels like India, Brazil, South Africa, and Vietnam.

Now back to the Excel pillar, most specifically unmissable brand superiority or UBS as we call it, it's a critical shift on how we look at our brands. It's a total new approach that brings greater rigor to how we think about and measure superiority, making our brands unmissably superior. Not just superior on its formulation, but actually across all of the 6Ps. So, in line with the gap, we are focused on fewer, but bigger innovation projects.

We can, therefore, focus on better projects that are truly multi-year platforms. And in Home Care specifically, we are also making a decisive shift from renovation to innovation. Our Home Care business has historically outperformed the market in driving renovation, outperformed the market in driving renovation. And although it's very positive to keep our core up-to-date, renovations are, by design, less incremental as they have further cannibalisation.

Our focus now is therefore in big and bold moves that have multi-year supports and drive real portfolio transformation. A best-in-class example of it is Wonder Wash. The first real, big, bold innovation in the liquids detergent market in more than a decade. It was built on very strong consumer insights and changes in laundry habits.

A massive change in consumer habits led to the majority of the clothes not having visible stains. As a result of it, 78% of people were already using a short cycle at least once a week to do their laundry. There was no product specifically designed for short cycles until we launched Wonder Wash, our most patented product ever that was carefully designed to drive unbeatable performance in the shortest of the cycles.

Available now in more than eight markets, but with another 20 markets to come next year, it's a true winning combination of where a big consumer insight meets products that is superior across all of the 6Ps. As we were talking about UBS, it plays a role here again. The superiority does not stop at the great mix, but it also extends to how we land it with consumer, fast distribution with more than 80% in only three months.

We are also on the ruthless execution on driving trial, trial, trial with sampling, promotion, lots of activities to make for sure that consumer try our products. In-store execution that consumer really can't miss, driving consumer awareness of the big bet we are bringing to the market, and who better to front all of this and the fastest man on the planet, Usain Bolt.

The result speaks for themselves. More than €40 million already this year, and we plan to make it more than €100 million next year. With this innovation, we gain strong triple-digit share in the market we launch. And more specifically, in the UK, France and Turkey, we became market leaders. In addition to Wonder Wash, we have more great innovations that allow us to premiumise our portfolio, as we drive superior benefit and real differentiation in the market.

We launched the first liquid boosters in the Fabric Enhancer category and we continue to rollout Domestos Power Foam that's premiumising the toilet shelf. These big, bold moves are not just taking market share, but most importantly, they are helping us to grow the market, as well as to play in new category spaces.

So, that's how we are bringing unmissable brand superiority and multi-year innovations together to drive growth for Home Care for Unilever, but also for the markets and our customers, while at the same time, bringing exciting new innovations to our consumers that are turning household chores into really unmissable moments.

But that's enough for me. Every time, I forget the sock.

Hein Schumacher

Thanks, Edu.

Hey, the third area that we are talking about under excel is premiumisation. I mentioned it already a few times. We are under indexed here. There's a lot to do and a lot to go after. We're going to do that by applying three principles, or three ways to do that. The first is by improving our core business. So think of innovating on our core brands in developed markets. A good example is Dove Scalp + Hair innovation, as it uses skin care ingredients to strengthen hair fibres in a clinically proven way. Or by developing our core business in emerging markets to innovation and market development and that goes often by conversion for evolving applications, so think of here the conversion in fabric cleaning from bars to powders to liquid.

The second lever on premiumisation is to scale our Prestige and Wellbeing businesses across the Unilever world. I have already talked about that but that in itself will bring premiumisation.

The third is to continue to evolve and rotate the portfolio more towards premium brands. We have done that in the last year with the acquisition of K18 and with, for example, the divestment on some of the mainstream brands like Suave and the Elida brand portfolio. We will continue to pull all of these three levers to drive premiumisation. So, I think the message here, that is not an overnight fix but we are determined about the paths we have taken.

Now, let's turn to the fourth element and that is social-first demands generation. Social media, as you know, continues to explode. Don't need to convince anyone, I think. There's now estimated to be about 4.8 billion users worldwide and social media is not just providing information or entertainment, it is driving purchase. 56% of Gen Z say they did buy a product after watching an influencer. This is causing us to look, to re-look at marketing in an entirely different way and to move away from the traditional, or even more modern forms of marketing, to a social-first marketing and ensuring that our brands are embedded in those channels where people are actually spending their time these days.

This change directly aligns with our new consumer-centric purpose as we look to integrating our brands more deeply into that modern and social culture. Obviously, this is a very big change and looking at where we currently sit with respect to social first, it is clear that we need to make some important shifts. But we do know what it takes to be done and we are taking our learnings not only from external but I think this will have a huge impact also from our acquired digitally native brands in the Prestige and Wellbeing portfolio. So, the value of that portfolio is not just financial but actually it is a great inspiration for our core business.

Of course, it does mean we need to invest more in that social domain, which we are doing and we need grow there from approximately 30% of our spend today to more than 50% in the near future. But apart from spend, there are other important shifts. For example, we need increase our content engine for the social channels. We need to empower our teams with better AI empowered capabilities. Otherwise, we simply cannot deliver the amount of content. We need to build new expertise and skills obviously in our marketing and Customer Development organisations, which we are on. We are putting a structured process in place now to manage these three shifts. Priya will say more on that shortly about social first in her Business Group, Beauty & Wellbeing.

The fifth area in which we need to excel and that relates to channels. Those are the channels where we need to step up our execution and where we actually need to close the gap, since we are somewhat under indexed in d-com as well as in speciality channels like health and beauty. There we have a gap to close.

It's going to take a very tailored approach depending of course on the channel and the retailer but if I sort of take a bit of distance and strategically, we will be focused around a flawless integration with the data sets of our largest customer and thereby significantly improving the planning and forecasting and delivery processes.

When it comes to general trade, traditionally a stronghold for Unilever, it is all about digitising that traditional trade and we're doing that already successfully in south-east Asia with our own app, in India with the Shikhar app, and to the environment in Latin America. We will continue to pursue those three regional strategies.

We're investing to close the gap in d-com and we are stepping up our presence in the fast-growing area of health and beauty through that more dedicated sales efforts to the Business Group in the 24 markets where Beauty & Wellbeing will drive the presence in those channels.

Summarising, these are the five areas where we really need to excel.

The next film will, I think, help to demonstrate this a bit further. Priya will talk about premiumisation, social first, and what growth channels means to Beauty & Wellbeing. In that same movie, Nuria, our Chief Marketing Officer for Personal Care, as I said, will talk about how all of these five excel areas will help to build Dove, our largest brand in the company, to make that an even stronger platform.

Priya Nair

Hello. I'm Priya Nair, President of Beauty & Wellbeing. Premiumisation, social-first demand creation, and a strong presence in growth channels are the three areas of Excel. Today, I will bring those to life for you through Beauty & Wellbeing. But first, let me give you a quick overview of our Beauty & Wellbeing business, which accounts for approximately 21% of group turnover.

We contest for global leadership in hair care and hold strong skin care position, particularly in Asia, and our emerging challenges in Prestige Beauty & Wellbeing, which combined are now more than 25% of our business. Geographically, Asia-Pacific and Africa represent 50% of our sales, while the US is now nearly 35%. We have grown over 5% for 15 consecutive quarters, with volume growth exceeding 5% in the last four quarters.

Like many of our categories, the beauty industry is constantly evolving premiumising, segmenting and shifting to specialist channels, which is why we are making radical shifts in superior aesthetics to drive the shift from value to premium, social-first marketing to enable engagement at scale, increased exposure to high growth channels such as Dcom and specialist channels.

Let's first talk premiumisation, as we are shifting our portfolio into premium demand spaces. In 2015, 98% of our business was focused on the market segment. Today, it's 74%. Firstly, we are leveraging differentiated science and technology to bring premium benefits to customers, as well as elevating our core through superior packaging. A good example of this is our Vaseline business, a 150-year-old brand that in 2023 became €1 billion brand and continues to grow double-digit.

We have launched cutting-edge premium innovations such as Vaseline Gluta-Hya that are light sensory body serums. And we are now bringing this disruptive technology to suncare with the first-ever Serum Burst SPF 50 of water-based suncare serum. Vaseline Gluta-Hya is in now more than 20 countries with successful launches in the US and China this year.

Secondly, we're accelerating the geographical expansion of our Prestige and Wellbeing brands. This segment has grown from under a €1 billion in turnover four years ago to now around €4 billion, having delivered 15 consecutive quarter of double-digit growth. One of our fastest growing brands is Liquid I.V., growing over 20% year-to-date. Liquid I.V. is a key pillar of our international expansion strategy. In the last 18 months, we have launched Liquid I.V. in seven new markets, as we build the functional hydration market outside the US.

As our portfolio evolves, so must our engagement and marketing strategies. We're not just adapting, we are revolutionising how our brands connect and resonate with communities and culture to generate demand. We're learning from our digitally-native Prestige and Wellbeing brands. In our core business, we are accelerating our move from traditional TV-centric plans to social-first demand generation of high engagement and reach. A good example is TRESemmé in Thailand.

We have more than 200 assets which have been created with always on marketing approach, with AI supporting up to an 87% reduction in content creation costs, generated two times faster. Those assets have delivered four times the consideration on YouTube, five times the purchase intent, and 23% brand lift was of norms.

As a whole, we are increasing our total digital spend in social from approximately 20% of media investment to 50%. Behind this is also a step change in our core capabilities. We are building an export demand generation marketing team and an agency ecosystem, all enabled by strong data, cutting edge technology and insights powered by AI. As we elevate our portfolio and lead, the social-first demand creation, it's crucial that we win in existing channels and high growth channels of the future.

Modern trade remains our largest channel, but distributive trade, we continue to leverage Unilever's scale to digitise our operations across DT heavy markets. To scale our presence in digital commerce and specialist beauty channels, we're investing in profitable, shopper-led pack price architecture, people capabilities, and ecosystems to enable seamless brand experiences across all touchpoints.

We have seen our premium portfolio starting to drive shift in these channels, with double-digit growth and share gains in D-com. In India, we have set up an exclusive route to market to deliver executional excellence in a highly fragmented online beauty shelf in health and beauty. We went live in 2023 with this approach and have gained over 400 basis points of share in the last year alone.

In October 2024, we went live in 75,000 outlets with the Beauty Premium Retail Organization in India, an exclusive route to market for offline beauty, with 75% coverage of health and beauty channels. The premium retail organization brings a curated portfolio of our premium mixes to specialised channels, with the objective of landing our future-facing portfolio in market, premiumising, segmenting, and shifting to specialist channels, together with unmissable brand superiority and multi-year scalable innovations or how we will excel and build brands that win on every dimension.

Nuria Hernández

Hi. I'm Nuria Hernández Crespo, Chief Marketing Officer, Personal Care. We all know Dove. In fact, one in three household around the world just have Dove product. It's a brand present in 150 countries and the global leader in personal care.

Dove is today over 10% of Unilever's turnover and growing double-digit. So, to extend our leadership, we are building in all Excel pillars with clear priorities to, first, leverage our thought leadership in beauty, real beauty, transforming our demand generation through social-first. Second, execute on our rich pipeline of innovation driven by science and technology, ensuring every touchpoint combines a premium.

And as a result of these two priorities, we increased Dove's presence in fast-growing emerging channels. Did you know that woman today recognise Dove as the most meaningful and different brand to them? Let's hear why.

Dove is iconic. Real beauty has become our way to express, and it has inspired the entire industry. Real beauty helps us ignite social conversation, which is really powerful. We are driving our demand generation to be even more culturally important through social-first, truly, a meaningful difference that the brand can lead in beauty. This is supported by a significant step-up in digital media spend from 45% today to nearly 70% tomorrow.

Next, we are building an unmissably superior, more premium brand for the future. A few years ago, this was how Dove packaging looked on the shelf. The quick expansion of the brand created some inconsistencies, but our vision for today and the future is simple: stay true to Dove Real Beauty, enhance consistency, and command premium in every touchpoint. This is what tomorrow will look like.

Getting desirable and aspirational goes to all dimensions of the brand, from product to shelf to social. And as a result, Dove feels at premium that the brand already has the equity to support, as our recently launched Dove Serum-Infused Body Wash at a 160 price index shows to us. Many of these changes are built on superior science and technology, which is driving a step change in the depth and the quality of our innovation pipeline.

Let me take you through the changes made to the brand through the lens of some multi-year innovations that we have already deployed in market. Dove Serum Body Washes incorporate active ingredients used in face care like niacinamide, hyaluronic acid, vitamin C or retinol for all over skin care in the shower.

This innovation delivers a superior solution for consumers. First, in the US, our largest market with a model that is replicable across the world. Dove Whole Body Deodorants, our new multi-year innovation, delivers odour protection to the whole body with care.

The overall Body Deodorant segment is expected to become a €1 billion category opportunity by 2030. In hair, the Dove new Dermacare Plus is the next frontier in hair repair. Dermacare Plus is driving Dove's premiumisation, with this mix anticipated to reach a price index up to 160. These are just some examples of many that I'm excited to bring to the market, truly premium, market-making game changers.

And by delivering these strategic choices, we can leverage our credentials to succeed in growth channels, thereby expanding our brand footprint and global distribution. Through this plan, you've seen how we are touching all the Excel pillars to drive the brand to the next level, a social-first, demand-generation brand, rooted in our brand’s strength and culture. A cohesive, aesthetic brand that conveys our credentials and value to command a premium, with multi-year scalable innovations that will drive category growth across channels.

The strength of Dove brand combined with a vast untapped potential, we are now unlocking, positions us well for the next wave of growth. It opens a future with a more aspirational and joyful expression of real beauty that will truly brighten everyday life for all. Let's change beauty.

Hein Schumacher

Thank you, Nuria and Priya. That takes us to the third area where we are making some clear strategic choices. That area is what we are terming Accelerate. So here we have identified areas that are going to be critical to the success of the 2030 Growth Action Plan.

And where, although, we start off from a good position actually, the pace of change is such that we need to accelerate to stay ahead. And these are science and technology, we already talked about it, but we will back to that. Making our supply chain more agile and lean. Driving net productivity and scaling artificial intelligence, scaling AI.

Let me start with science and technology. If we look across our business we do see three broad platforms with the potential for wider application. I think we talked with you about it before. Microbiome, biotechnology and the use of next generation materials. So keep those in mind. An increasing number of our big scalable products are powered by these three platforms. This is what binds our company, in many ways, together. Actually we are already seeing those benefits. Let me give you an example, on microbiome, Richard, the head of R&D will talk to you about Dove's new shower serum range, but I will talk about biotechnology. For example, Sunlight is benefiting from the cleaning and moisturising that our biosurfactants, RhamnoTech, is bringing to our products you should try it on your hands and you can feel it for hours after you have used it. Next generation materials, Gluta-Hya, or gluta-glow that brings ten times more moisture to your skin.

To ensure we are continuing down this path we are building our R&D capabilities in a number of ways. I want to call out two. First is the digitisation in which we work very closely with some of our very large tech partners which very recently concluded a corporation with Microsoft, we have been public with that, but we are working with others on the West Coast.

Second, in a big investment we are making on packaging, in particular premium packaging, that is needed because we had to close some gaps there to become unmissably superior. We also needed to up our game on fragrance. That was an area where we had to make some improvements. That is really about to change. In this video, Richard, our

Chief R&D Officer will talk to you about how R&D and science and technology are empowering, including the building of a world-class capability in fragrance ourselves.

Richard Slater

Hi. I'm Richard Slater, Unilever's Chief R&D Officer. Now, I'm here today from our fantastic India R&D lab.

At Unilever, we aim to lead and shape our markets with real innovation, supported by breakthrough science. With 5,000 R&D experts, including more than 500 PhDs in our key labs around the world, hundreds of innovative partnerships, and more than 20,000 patents, we're well-equipped to achieve this.

While we have world-class R&D, science and technology capabilities, we've not always leveraged these hard enough in market, with our innovation efforts, at times, fragmented and not always focused on the biggest growth opportunities.

Now, as part of the GAP strategy, we've been bringing more focus to our best science, technology and innovation. We prioritize 12 key innovations for our Power Brands in 2024 that have received significant focus and investment support. These include Vaseline Gluta-Hya, Liquid I.V. Sugar-Free, Persil and OMO's Wonder Wash, and Magnum Pleasure Express.

Behind this, we freed up resource by halving the number of projects since 2021, while more than doubling average size on the in-market sales from innovation. And this focus is starting to pay off with key launches delivering ahead of business case here today.

When we focused our best differentiated science and technology on the most important growth spaces for our Power Brands, we see big impact. For example, leveraging the superior Invictus antiperspirant technology into more than €2 billion of sales across Rexona, Dove and Axe Deodorants. Now, this was years in the making. It's a breakthrough micro technology protected by 16 patent families and backed by more than 200 clinical and consumer studies.

We've rolled this out across more than 40 markets, and it's been a key driver of deodorants' growth over recent years and it's going to continue to support multiple formats and benefit innovations in the years to come, so we can see the impacts when we really bring a superior technology to market.

Now, as well as leveraging what we have today, of course, our key role in R&D is to develop the next generation of technologies, products, and innovations really to drive category market growth in new and incremental benefit spaces. Take for example, Wonder Wash, specifically designed for the consumer trend for short and cold wash cycles. Here, we used advanced robotics, predictive modelling, and AI capabilities to develop the Pro-S technology behind Wonder Wash in just 15 months, a project which would have previously taken us years.

Another good recent example is Dove's Serum Shower Collection. Using our patented MicroMoisture technology and this technology ensures that skin care ingredients like collagen and vitamin C are locked into the skin, continuing to work long after the shower has ended.

Now, behind all of this, one of the biggest shifts we're making in R&D is the digital transformation agenda. Now, this is delivering significant productivity, but also leading to new and faster discovery. We are radically changing how R&D is done, moving from physical experiments in the lab to AI-driven predictive modelling and simulations.

Our strategic partnerships are key driver in this digital transformation and a key example of this is Microsoft, where we are together accelerating digital science and engineering and this is really enabling our scientists to develop models, to identify new molecules and ingredients with target properties that will drive superiority, sustainability and affordability into the future. It also allows us to optimize our formulations and our processes without the need for physical testing, speeding our time to market.

Zulfi Alam (Azure)

The collaboration between Unilever and Microsoft is unique. Unilever is very keen to push the boundaries of innovation. We are enabling them on this journey by providing them with AI tools and with a fantastic platform that harnesses the power of the cloud. It essentially enables high-performance computing and AI. And when we couple both of these together, we are able to dramatically accelerate the way we figure out which chemicals and which compounds best react together. Unilever touches 3.4 billion people every single day. That scale will change lives for the better.

Richard Slater

To further enhance our capabilities and drive both innovation and unmissable brand superiority, I'm really excited today to announce a significant investment of €100 million to build a new world-leading, digital-first fragrance house within Unilever.

Now, this investment will see us hire expert perfumers across key markets, build state-of-the-art new fragrance development facilities, and partner with some of the most innovative companies in fragrance creation. Now, this will not only enable us to create and develop our own winning fragrances, but also to work more effectively with our important existing fragrance house partners, which will continue to be a key part of our model and our approach.

So, across R&D, by doing fewer things better and with greater impact, we're maximizing our best science and technology and innovation. We've begun to see the fruits of this in 2024, but I'm even more excited by the strong pipeline of innovation we're set to deliver in 2025 and beyond.

Hein Schumacher

Thank you, Richard. An exciting development, as you heard in fragrance. The next two areas under Acceleration are to build a lean and agile supply chain and to continue to drive net productivity.

We have shifted to net productivity to emphasise what really impacts the P&L. That includes material savings to beat market inflation by around 1% and a 2% per unit reduction in production and logistics costs. Now the good news is that we are delivering that in 2024. But more important is that we are now looking to deliver these improvements consistently in the future. So savings will be delivered largely through procurement and value chain interventions. And to ensure we achieve our goals we are increasing the level of Capex earmarked for savings to more than 55% of the total capital expenditure of the Group.

Beyond that, we are also doing some sizeable network transformations. These are currently going on in Europe and in North America to automate and to optimise our supply chains and further accelerate on productivity.

To show how this works and how it actually comes to life, I will turn it now over to Reggie, our Chief Business Operations Officer.

Reginaldo Ecclissato

In a rapidly evolving world, we are accelerating the capabilities needed to deliver operational excellence by driving net productivity, maintaining a lean and agile supply chain, and identifying and harnessing the transformative power of AI. Unilever operates 280 factories, 440 finished goods warehouses and distribution centres, and collaborates with around 1,000 third-party manufacturers to ship our products to 250,000 customers worldwide. We have agile models as well as seven global operational hubs that ensure operational rigor, resilience, and cost efficiencies across the full value chain, from master data and customer service to cash collection. Driven by the Growth Action Plan, we have shifted our focus from a gross savings to a net savings approach to shine the light on what's actually landing in the P&L.

First, let's look at material savings. Competitive buying is the biggest driver of our material savings. We are negotiating differently, like running a global tender for plastic flexibles or using regional tenders across several materials, where better price transparency leads to better results. We are developing new capabilities powered by AI to enhance buying and negotiation tasks such as Forecaster and Optimizer. These tools provide accurate market price forecasts and AI-based sourcing scenario projections, significantly improving procurement efficiency. And we are simplifying, having reduced over 20% of our SKUs and nearly 20% of our specifications over the last 18 months.

The other key pillar of material savings is value chain interventions. We have completed backward integration projects in palm oil and palm kernel oil, which give us competitive costs while also improving our sustainable sourcing. We have also invested in new sulfonation units to manufacture surfactants. Investing in upstream capabilities through collaborative partnerships drives higher quality and lowers costs, and we are looking to extend this to a further 10 to 12 materials.

Next, production and logistics savings. We are creating a lean, agile supply chain powered by advancements in data, tech, and AI. In our distribution network, we are enhancing efficiencies through our travel less and load more program, leveraging automation initiatives to optimise routes and load capacities. We have already reduced the average distance per dispatch by 15% and increased truck utilisation by almost 10%. Good for our customers and the environment.

Across our talent pool, AI initiatives like AI labour planning and generative AI diagnostics are driving significant labour efficiency gains. In 2024, we achieved close to a 4% increase in labour efficiency measured by tons per FTE. Lastly, in several markets, we are transforming our network with cutting-edge AI and technology.

A key investment is future-proofing our European and North American networks, and we are not building alone. Advancements in AI, production automation, and labour productivity come to life in collaboration with our tech partners like Accenture and NVIDIA.

Julie Sweet (Accenture)

AI is powering productivity and growth across every part of the enterprise, and Accenture and Unilever are working together to unlock productivity gains and efficiencies and accelerate groundbreaking innovation. At Unilever's Doom Dooma Factory in India, we implemented a new AI-powered batch health monitoring system using cutting-edge technology to predict optimal batch performance based on cycle time, quality and utility costs, resulting in reduced cost per ton. We are also partnering with Unilever's global AI lab, Horizon3, which recently opened in Toronto and is the first of its kind in the consumer packaged goods industry.

Leveraging Unilever's AI research and Canada's research ecosystem, we are exploring and developing innovative AI applications to drive Unilever's next wave of productivity and growth. These are just a few. examples of the exciting work that Accenture and Unilever are doing together to continue to shape a smarter, more efficient and more sustainable future.

Reginaldo Ecclissato

Combined, our efforts move us closer to the most groundbreaking development, which we call the dark factory. Imagine a facility so autonomous it needs just one operator to monitor prescriptive insights from a control centre. This vision is already a reality that we've just seen in our personal care factory in Củ Chi, Vietnam.

In 2024, we've made significant progress driving net productivity, enhancing our lean and agile supply chain, and harnessing the power of scaled AI. And we are just getting started as we remain at the forefront to accelerate Unilever today and tomorrow. That's it from me anyway. I'm going dark.

Hein Schumacher

Thanks, Reggie. Hey, the fourth area, where we intend to accelerate is in scaling AI. And, I hope it has already become apparent that scaling AI transcends in a way everything that we are doing. In almost every part of the business. And you see that reflected here in these six big tech and AI investments that we are making and that cover two verticals. We have been experimenting with AI across the enterprise on many different ways. In some cases five or six different experiments, but we are bringing it down to six key investments. Fewer better and with greater impact.

On the first, the demand creation side of the business. There AI is all about one, as I said, connecting with customers better and that leverages the data sets on both sides to come to better forecasting, planning and delivery. Two to support that whole Social First transformation, i.e., a new marketing model and making use, obviously to drive content, but also making use of consumer data.

Third is the acceleration in the pace of innovation and Richard also talked about that. Then, on the second column, the second set of the six relates to productivity and savings. And those are, for example, these autonomous operations, or as Reggie called it the dark factories, or driving competitiveness in procurement, where you can significantly benefit from the large number of data, but also in contracting in a much faster and in a more efficient manner.

Now, you heard from both Richard and from Reggie, referring to today's importance of the programmes, but those are the select set of investments on AI that we are intending to scale up. So to briefly sum up this part of the Growth Action Plan 2030, we have distilled our strategic priorities into three core elements, focussing on where we can reap the biggest rewards. Two, excelling in the drivers of demand creation and third accelerating the critical capabilities that we need to succeed in this fast-changing world. I hope that the videos you have seen they help to illustrate a bit in what these strategic choices mean in practice and within our company. And of course we will be very happy to talk more about it during our Q&A.

Underpinning the new purpose and the strategic priorities are two areas that are so important that we have called them out separately. Sustainability and winning culture. I want to say something about each before the break. It's starting with sustainability. We have successfully rallied and mobilised the business and a wider industry in the past around the sustainability agenda, starting in 2010 really. Then we integrated all of that good work into our operations, somewhere in 2020 of but now we have moved over to the next stage. That is a ruthless agenda which focuses us on those areas that poses the biggest risk to our operations, but also where we can make the biggest impact on the world. The biggest positive impact in fact and to that end we have set out, I believe, very ambitious, but also measurable and highly transparent targets across our four priority areas. Those are climate, nature, plastics and livelihoods.

These areas or targets are focused on what we need to do this year, what we need to do next year and what we need to do towards 2030. And of course as I have said before, long-term goals are very important, but they are nothing without the short-term delivery. Delivering on these goals is not only dependent on what we do, but also on how successfully that we work with others to create the right conditions and they are captured here in points 2 and 3 on the chart. So on the 2 as you can see, we will work with legislators to create the right frameworks. For example plastics is a good example on that. We cannot reach our targets if we don't play this as an industry and regulators and Governments. But we will also work with our key retailers to maximise the impact. I believe we have key collaborations already going on and I am encouraged by what we can do beyond the commercial terms and the AI integration, there is also a considerable joint sustainability programmes we can embark on and I see a lot of appetite from our largest customers on that. Here we have a significant head start.

Now let me start to the second key element underpinning our strategy. That is what we term our winning culture. Culture is obviously a very broad topic, but we think of it essentially in the context of values, of people and of behaviours. And I think those of you who have observed us for quite a long time, you will probably agree with me that we start off from a position of having very talented people and very committed people. A company that thrives on strong values and high levels of integrity. And of course these are all strengths and our values, in that sense, remain untouched. So we haven't changed them. They are super important. But we are introducing new behavioural aspects to shift the dial on performance. And calling out behaviour is something new for the company. We haven't done that before and there is a whole programme of work that sits behind this and it's led by our new Chief People Officer Mairead, who is here. I can't do justice to really talk for a long time about behaviours in the time that is available today but let me just say that these will be built into all our People Processes and in our assessments.

There is a big comprehensive programme under way. These behavioural shifts come on top of a reward framework that is now more incentivised and closely linked to performance. We have started that a year ago already, so we have taken steps, as you know, with changes to our remuneration framework. Directors of remuneration is more closely linked to shareholder interest, including for example, measurement of after profit delivery for executive directors. Long term incentive plans have been altered, including alignment to shareholder value creation, through the introduction of TSR again.

And there is a greater line of sight when it comes to reward and there is a greater level of forced differentiation between employees. So that is stuff we have under way. But, as we have gone into Growth Action Plan 2030, we are finding further ways in which to dial up that performance edge within our culture.

First, making sure that we have new, simplified but very stretching goals and those are max three per person. We want to be very clear on that behaviour that you saw. Focus on what counts. That is very much linked to fewer, bigger, better. And those goals need to be fully aligned to our GAP 2030 in-year performance expectations.

Secondly, we are driving performance through more differentiation, but also more stretch, which we are introducing. That means that we are going from prior bonus stretch from 0-150%, to now between 0-200% below executive level, to drive a greater level of outperformance and to reward that more so.

Also, we will be focusing the Unilever executive team short-term bonus plans on financial goals, just the which that Fernando and myself are measured. Therefore, will be structurally aligned between all members of the Unilever executive team. Individual performance will be amplified, or discounted by the personal goals and we will be increasing performance visibility and evaluation versus competition of course. I talked about improving competitiveness, so all the Presidents of our business will have market competitiveness, i.e. market share or equivalent as part of their personal goals.

So, let me just sum up briefly before we have that break. Under the new leadership, we have come a long way, I think, in a relatively short amount of time in changing the company. The Growth Action Plan, we believe, is working and we have made a good start. But truly that is all it is. I want to be humble. It is a start. But from that start, we do have an increased level of confidence to look further ahead now. The next few years will, for sure, be challenging. For markets everywhere. But we believe that the new purpose and strategic choices and the priorities that we have set out reflect the big shifts that we need to make as a company. And all of the elements that we have talked about are captured here in full on this one-page version. As you will see we have set ourselves the goal of delivering nothing less in our strategic goal than best in class performance and it's time to raise our sights as a company from middle of the pack to best-in-class performance.

That is our ambition. And we will do that by prioritising and by investing behind market-making unmissably superior brands. We believe that is the best route to take to unlock value in Unilever and Fernando to pick up this theme after the break. So hey, thanks for staying with us, thank you for taking the time and thank you for your attention so far. Enjoy the break, take an Ice Cream and be back in 15 minutes.

Fernando Fernandez

Good afternoon. Thank you. It is great to have you all here in our house. Let me start recapping a few messages that Hein brought to life during his presentation. We are in the very early stages of a profound change in Unilever. It encompasses significant areas of our culture and our ways of doing marketing and many, many more things.

We know it is a marathon; it is not a sprint. We believe that we are making progress. This change has been driven by the leadership team, at board level and at executive level that has been significantly refreshed and renewed.

There are three key strategic thrusts that are part of our Growth Action Plan. We will focus in the areas of business in which we believe we will give the proportionate returns, our top 30 brands and our top 24 markets. We will excel in five demand creation drivers that will make our brands superior, differentiated for the long run. We will accelerate critical capabilities that will allow us to stay ahead in a very fast-changing world.

In the next half an hour or so, I will try to cover a few topics. The first one is how we are making Unilever a simpler, more focused, more productive and more efficient company. The progress that we are doing in two fundamental transformation projects, the Ice Cream separation and what we call our Productivity Programme with the aim of delivering €800 million savings. Finally, try to give you confidence about our ability to put Unilever on a consistent 2%+ volume growth, consistent gross margin expansion and absolute profit growth in hard currency, the ones that feature in top total shareholder return. Within my presentation, we will show you how we will run our Foods business. We consider Foods an advantaged business. It will be a key contributor to our value creation in the years to come.

I will not go into details of what we are changing in our organisation because Hein has mentioned this but on 1st January 2025, we will organise ourselves in top 24 markets that will be end-to-end owned by our Business Groups. In that structure, we will divisionalise our sales force. These top 24 markets are 85% of our revenue, 90% of our profit.

The rest of Unilever, the more than 100 markets in which we operate in addition to these 24 markets, are markets of lower scale in general and will be run under what we call a One Unilever model, in which we will use the scale of the enterprise and we will reduce complexity to a minimum, and we will try to structurally improve what has been diluted margins historically.

Let me now comment on Ice Cream separation. It is a huge process. It is a huge programme. We are on track in all of the metrics and we will deliver this by the end of 2025. Ice Cream is a great business but it was very clear outlier in our portfolio and the decision of the separation of Ice Cream is fundamentally motivated for the goal of having a very coherent portfolio strategy that leverages innovation, marketing, go-to-market capabilities in what are very complementary business operating models. We are on track and I will give you some colour of the progress we are making there.

Finally, on 19th March, when we announced the separation of Ice Cream, we announced the launch of a very comprehensive Productivity Programme. It is a change of magnitude that Unilever has never done before. 17% of reduction of our white-collar workforce, 7,500 people, €800 million savings. We have learned from previous experiences from the disposals of Spreads and Tea in which we didn't extract a stranded cost with the decisiveness that we should and that problem caught up with us, caught up in our margin and with that inability to support properly our brands.

Now, let me go deeper in Ice Cream. Ice Cream is a great business in a great category. It will compete in a market that we define as a snack and refreshment that consistently has been growing at 4% in hard currency. We have global leading positions No.1 or No.2 positions in the top 10 markets of Ice Cream. We have a focused portfolio with 4 brands that represent 84% of our turnover. We don’t depend on licensing agreements. We have a superior distribution in the profitable out-of-home channels with circa 3m cabinets.

But it is true that Ice Cream has very limited complementarity with the rest of the Unilever portfolio. We believe that under a different ownership structure, this business can thrive because we will set up a financial model, we will set up a tailor-made strategy to respond to what are very, very distinct features of the Ice Cream category. This is a category of high capital intensity, seasonality in which fixed cold costs absorption is key. This is a category that is urban-centric; there is not a lot of benefit of our presence in India or in Brazil when you run an Ice Cream business. Urban-centricity maximises the efficiency of your cold chain. We will define a model for Ice Cream that will take into account that. This is a category in which there are significant amount of new fast-growing channels that will increase the frequency of consumption, that will increase the consumption opportunities. Think about quick commerce for example. This is a category in which you have an intrinsically expensive cold chain that you have to optimise. We joke with Peter, we always say that Ice Cream requires the marketing of beauty, and the operational grip of soft drinks. And we will set up an ice cream company to deliver on both.

It is true that the business operations has historically under-performed. When you look at the 2019-2023 performance, you can look at Underlying sales growth, volume growth or UOM and it has delivered below the sector and it has delivered below what is the Unilever Group performance. But we are starting to see green shoots.

Peter and his team are really making significant operational improvements to that business. On top of that, we are stepping up the investment in our brands. We are launching very, very good innovations like Magnum Bon Bons. I can promise you; I have become addicted, you know! We are gaining distribution. We have rigour in our pricing management that is completely different to the one we used to have in the past. The results are starting to show. We are improving our share in a significant way particularly in markets like the US. Our first nine-month performance now shows positive volume growth, close to 4% Underlying Sales Growth. We expect to close the year with positive UVG and a significant underlying operating margin expansion.

While Peter is improving the performance of the business, Peter and many of us are taking care of what is a very, very difficult separation process. We don't underestimate the complexity of this. We are establishing legal entities and tax models in more than 80 countries. We are setting up transitional service agreements to ensure the resilience of the business in the separation process. We are designing a standalone operating model that should be ready to be executed in the market from July 1st next year. We are doing the carve-out financials, preparing for a physical separation. So, it is a lot of work.

I want to give a little bit of colour about some of the milestones we will have. In Q1 2025, we will come back with a detailed update on Ice Cream. On 1st July 2025, the business will be a standalone organisation that will be operating on their own. We expect to report Ice Cream as discontinued operations from Quarter 4 2025. We expect to complete the full separation of the business by the end of 2025.

I know you all read a lot of press also. Recently there were some news, pseudo-news, saying that we were shelving some supposed plans. You don't shelf plans that never existed. We have been very clear, we said it consistently, our default mode of separation is a demerger. It is that because it is a mode of separation we believe will deliver maximum shareholder benefit.

From December the 1st, we will have Abhijit Bhattacharya as the CFO of the Ice Cream business. Abhijit, as many of you know, has been the Phillips CFO since 2016 until recently. He has an incredible amount of experience. You know, he has left the Phillips' businesses very successfully as a CFO. It is a real pleasure to have him with us.

We have also already worked with us Ronald Schellekens. He joined in August. He's our new Chief People Officer for our Ice Cream business. He has been the Chief People Officer for super successful companies like Vodafone and the snacking business of PepsiCo. He has 30 years' experience. I believe that the fact we have been able to recruit these high calibre leaders is testament to the potential that this business has. So, we are very, very happy to have them with us now.

After the separation of Ice Cream, the Unilever portfolio will have very clearly defined profiles for each of our Business Groups. We are absolutely convinced that each of these Business Groups, you know, with different compositions can deliver a combination of topline growth and profit growth within our long-term guidance range. You will see some of them on the top of the range when it comes to topline and some of them at the bottom of the range when it comes to topline but we believe each of these businesses can deliver in that kind of range.

Beauty & Wellbeing and Personal Care will represent 51% of our revenue and we expect the contribution of these two businesses to continue growing in the years to come. In Beauty & Wellbeing, the priority is to continue investment; to continue investing to ensure we have an industry-beating topline growth. Personal Care is our most profitable business and keeps growing at a fast rate. Our Personal Care business is a key driver of our value algorithm. We have an incredible position of leadership in Home Care in emerging markets but we know that should provide us superior volume growth but we know also that we have a structural margin issue in Home Care and laundry that has to be addressed. We are seeing close to 20% in our profit growth in Home Care.

In Foods we believe we have an advantage for business that should deliver more growth and more bottom-line margins in the industry. It's a business that is margin accretive to Unilever and a business that has a strong cash generation role for the business and plays a key role going forward.

Of course, we're working in the financial carve outs of Ice Cream but we believe it is a good opportunity to give you some colour in some of the impact in our P&L and in some of our key categories after the separation of Ice Cream for the Unilever Group. We will have around 20bps of volume growth expansion due to the mathematical effect of performance between Ice Cream and the rest of Unilever. But we will have a significant change in margin, gross margin, 130 basis points, operating margin 90 basis points, and ROIC, one of the key long-term metrics of our long-term incentive plans that will add another 90bps of expansion.

Probably the question I've received the most since we announced the separation of Ice Cream, what will you do with Foods? I want to be very clear; this is a key integral part of our strategy going forward. Unilever Foods has a strong foundation and very strong economics. We have leadership in three core verticals. We have two brands that represent 60% of our revenue. These are brands with global presence. Knorr is number two brand in Unilever by size. Hellmann's is number five. Foods is a complementary business, synergistic with Unilever in route-to-market, in business infrastructure and in many of the capabilities that we are building going forward. The strong economics are very clear. It is one of the top ten foods companies in the world with more than €13bnturnover. It has delivered growth on margin ahead of peers. It is margin accretive to Unilever and has a strong cash generation with a very low capital intensity. We will further simplify our Foods business. We believe there's is around one billion, a bit more than one billion of Foods revenue particularly in non-strategic categories, particularly in Europe, local brands that we will dispose in the probably next 12-24 months. It will not be a fire sale process. We will dispose of these businesses in a value protecting way. It will not be a single process. It will be several processes but we're working on it and we believe that this further pruning of the portfolio will make our Foods business and our European business even better.

But, hey, I'm not an expert in foods. I believe it is much better to listen to Heiko Schipper on how he will run what is a very advantaged Foods business.

Heiko Schipper

Delicious. I'm going to have that in a moment. Hi, everyone. I'm Heiko Schipper. I joined Unilever as the President of the Nutrition Business Group in May. I'm delighted to be working in foods and fast-moving consumer goods again. This is where my passion lies. Today, I will bring to life our new business group strategy and how our focus portfolio will contribute to value creation for Unilever.

Let me start by giving you a quick overview of our business. We are a €13-plus billion business, representing 22% of the group's turnover and 25% of the underlying profit. These economics are compelling. Underlying operating margin is accretive to Unilever and ahead of most peers. We contributed also disproportionately to Unilever's free cash flow. And underlying return on assets is the second highest of all business groups.

Geographically, 54% of our business is in emerging markets, with India, China, Mexico and Brazil being the largest. Since my arrival in May, I have identified opportunities to strengthen this business and take it forward. From now on, we will call our business group Unilever Foods, which better represents what we produce and sell, and it shows the strategic transition we will embark on. Unilever Foods will become a more focused, simplified foods business, playing in faster-growing product segments compared to being a general foods business.

Our ambition is to deliver consistent, top-tier performance in our peer sets. So what does a focused foods business look like? We will rigorously focus on three attractive global verticals; Condiments, Cooking Aids & Mini Meals, and Unilever Food Solutions. This is where we have proven capabilities to win, anchored in our power brands.

We will also capitalize on our leading position in India and accelerate the Hindustan Unilever Foods business. I am convinced that simplifying where we play allows us to execute with precision and generates greater impact.

We will double down on consistent unmissable brand superiority and multi-year innovations such as the rollout of our Hellmann's flavored mayonnaise range and the expansion of premium Knorr Mini Meals.

Knorr is a €5 billion brands with Hellmann's at €3 billion. Together, they contribute to more than 60% of our turnover. They're complemented by iconic local brands such as Brooke Bond in India, Bango in Indonesia, and Lady's Choice in the Philippines. Unilever Food Solutions which serves professional kitchens is a gem and a strong customer-facing brand on its own.

We have a good track record in this fast-growing foodservice channel. In the last five years, UFS grew mid-single digit per annum and is on track to cross €3 billion in turnover. We will widen the geographical scope to fuel future growth.

Focus means prioritizing resources. Focus also means exiting some brands and segments that are less complementary to the prioritized verticals through portfolio pruning in excess of €1 billion of turnover.

Let's now dive into two verticals. In Condiments, we will make Hellmann's a truly global brand by expanding coverage of the brand, like in India, where we are building the mayonnaise category from scratch building the mayonnaise category from scratch, and strengthening priority markets with innovation.

We will grow through premiumization such as scaling the squeeze format and flavoured mayonnaise range. Our premium priced flavoured mayonnaise almost doubled this year and is on track to become a €100 million range. This is underpinned by superiority across all 6 P's of the Unmissable Brand Superiority Framework.

Lastly, we've made good progress on Hellmann's market share now gaining, including in the USA and Brazil, our two largest markets.

In Cooking Aids, we will modernize Knorr by innovating on the key consumer need of convenience and the love for trending new flavours and cuisines. Knorr is strengthening global leadership in bouillon through convenience-oriented products and its social-first top dish ecosystem that inspires and enables home cooks.

It accounts for more than half of Knorr's turnover and enjoys a significant gross margin advantage. It is growing high-single digits and gaining market share.

Knorr Mini Meals makes preparing favourite meals and trending cuisines easy in ready-to-heat premium pots, which is highly relevant for younger households. Knorr Mini Meals grew double-digits over the past five years with still lots of opportunities ahead.

Now in short, I am absolutely determined to take foods to the next level. We will reshape the portfolio to focus on three resiliently growing verticals and India foods where we have proven capabilities to win. Our growth will be anchored in our power brands, Knorr and Hellmann's as well as Unilever Food Solutions.

Future value creation will come when exposure to growth categories in developed and emerging markets meets the attractive economics of our business. Well remember I am a foods guy, so here comes my favourite part, a delicious Hellman's Salad. Hey get your own.

Fernando Fernandez

I am from Argentina, I have never tried a salad, but I have had Hellmann’s in beef burgers and sausages. We are not only working on portfolio improvements, we are fundamentally attacking historic inefficiency in the company. In the last few years after COVID, our cost base expanded too much. There are many reasons for that. It was a time in which the global supply chain was restrained and priority was in ensuring the business. It was very clear that the cost base went too far and this was not addressed when we moved to a geographic-led organisation to a category led organisation. We have seen significant geographical complexity. I mentioned before that the top 24 markets of Unilever make 85% of her revenue and 95% of her profit. What I didn't say is when you look at One Unilever 15% of the revenue, the top 30 markets make another 80% of that block.

So in 54 markets Unilever has 97% of the revenue and all its profit. So there are 100 markets in which we operate. It's a lot of effort for not significant returns. Does this mean we will abandon these places? No. But this means we will manage in a different way, with simplifies processes, with some people who are not legal entities and we will do it fast. We have 22 processes, transactional process that we have identified in the company and that have been progressively moved into what we call operational hubs. Usually offshore, usually outsourced. But the truth is that this geographical coverage we have in the operational hubs for these 22 processes is very limited. And as a result of a company that has been historically led on a geographical basis. I have said no many times when I was running Brazil to move stuff out. That will not happen anymore. We will do it and we will do it for the whole organisation.

Finally, there is an important issue for a company like Unilever that has to drive profit growth in heard currency with a significant exposure to emerging markets. We have around 10% points of misalignment between the fraction of revenue we have in hard currency and the amount of cost that we have in hard currency. And this needs to be addressed and the operational hubs play a significant role in addressing this issue.

We are creating a leaner, more accountable organisation in Unilever. The change that we are finishing, that we will implement on 1st of January with the business growth being fully accountable end-to-end with the top 24 markets, from product development to sales. The sales organisation was the missing element in our move from a geographical led company into a category-led company. That basically gives control to the Business Group Presidents for every demand driver and every line of cost and investment. We are dramatically simplifying processes and we are aligning the complexity of the process with the risk profile of our geographies. I tend to joke that we run exactly the same process in Serbia and UK, in Honduras and in US. This will change. The segmentation between the top 24 markets and One Unilever markets is the key enabler to have segmentation of our process and dramatic simplification and removal of duplication. We will more than offset the operational dis-symmetry that are generated by the dissolution of Ice

Cream. These 800 million savings mitigate the cost but give us additional flexibility to fuel the growth of our brands with more investment. We will review the fixed cost base in the company with these changes and this is very important to have additional flexibility.

There are three principles that guide our productivity programme. Geographical simplification, organisational simplification and technology transformation. I will not comment anymore on geographical segmentation, but I believe it's very important to understand that since we have put in place the category-led organisation, the fragmentation of our efforts has been reduced significantly. We have much more coherent category strategy and much more coherent innovation programmes and we are now set up to allow trade-offs within a category across geography. That usually ends in a much more coherent portfolio than when you make trade-offs within a geography across categories.

In organisation simplification, in this 7,500 reduction, 17% of our white-collar workforce, we are reducing the amount of managers at two times the rate which we are reducing the rest of the organisation. This implies less layers, more span of control. There is more that needs to be done in terms of organisational design, but it's a significant step. As I mentioned we are moving more transactional activities into offshore, outsourced hubs in which we believe we will not have only labour-arbitrage, but fundamentally we will have a standardised process that will make the company much simpler.

The geographical segmentation is also a fundamental enabler for our future transformation. We believe that technology in the next five years will have probably the change that we have seen in the last 25 years. When you have to implement this kind of change in 180 countries the situation is very complex. So the fact that we are having now a structure of 24 top markets, probably 55 that will be the core of our business, it will allow us to invest more in technology and to ensure that the implementation is flawless.

The programme is progressing at pace. We are working with BCG and they are providing us valuable support and they have told us what we have done between March 19 when we announced the launch of our productivity programme and July when we initiated the consultation process with the European Council usually takes 12 months in many companies. We have taken some risks but we are making significant progress and we can confirm now that from the 1st of January 2025, the new organisation will be put in place. We are also making progress in the reduction of FTEs. Already we have reduced one third of the 7,500 that we have as target. That implies that restructuring will be front-loaded but we will have the savings also coming faster.

Now moving to long-term value creation. Let me give you a glimpse of what has happened in the last decade. We have analysed what has happened with Unilever in the last decade and we have defined a vicious circle in which anaemic volume and gross margin decline leading to uncompetitive levels of brand investment resulted in stagnation of profit in hard currency. These have been the issues. Our volume growth, underlying volume growth was 0.9%, investment was 2.3%. Also price, that number is 80% of the real global GDP. We know what it pays to deliver top third TSR in terms of the contribution of the top line. In a normalised economy, of 3% real GDP, 3% global inflation, that is what we have seen in the last ten years and this is what we believe will happen in the future. You need around 80% of the nominal GDP increase at underlying sales growth and you need 80% at least of real GDP growth in volume terms. We have not delivered that and I believe this is a shame, because we have superior volume growth potential, given our category footprint and our geographical footprint and we are addressing this.

Our margin collapse post COVID-19. As I mentioned there was a serious position in supply chain. We invested a lot in generating extra capacity. At that kind of moment and the level of change in the market we made serious mistakes in terms of the innovation we supported. We were too fragment in our innovation and we had to invest Capex to support this innovation process. As a result we didn't cover the whole cost increase with our pricing. As a result of that we have a collapse of around 400 basis points of gross margin. As a result of that, our level of investment went down from levels in 2014/2015 of around 15% to 13%. Despite the fact that our portfolio was rotating into categories that are more demanding in terms of investment.

And no surprise, our profit stagnated. No profit growth or negligible profit growth between 2017 to 2023. Between 9.5 and 9.9 bn delivery.

With no profit growth, no earning per share growth, no dividend growth, no market capitalisation increase. So what are the pillars of our value creation plan?

Our goal is very simple. Deliver absolute profit growth in hard currency that is in line with companies that consistently feature in the top third of the peer group when it comes to total return. There are two fundamental backbones for that. Mid-single growth with at least 2% contribution from volume. We believe that the contribution volume price should be in the range of 40/60, 60/40 in that kind of space in the long-term guidance range that we have talked about.

If we deliver that, and we deliver modest margin improvement, anchored in a consistent expansion of our gross margin we will be able to deliver top shareholder return. Let me go a bit deeper on these two things. How will we do it? We believe that our exposure to emerging markets give us a superior platform for volume growth. We have close to 60% of our business, of our revenue in emerging markets. Of the total of emerging markets there are eight markets that are going to use two thirds to that 60%. India, South Africa, Indonesia, Brazil, Mexico, Vietnam, Indonesia and China.

And for each of them we have very clear roles. We will commit, we will have an unblinking commitment to undisputed leadership in India. Our Indian business is close to €7 billion and is one of the real jewels of Unilever. The GDP per capita in India today is at the level that Philippines was in 2008 when I had the, I would say fortune of leading the Philippines business. Between 2008 and today our Philippines is at €9 of capita per revenue. Different to the ones that Hein showed. That was the market growth in the laundry category. But our business moved from 450 million to 1.4 billion. Imagine €9 per capita in a 1.5 billion population in India.

No need to imagine nine, imagine five. I am absolutely convinced that India will be for Unilever in the next ten years what China has been for some of our competitors in the last ten or 15. And we know that investors will not reward us for 20, 30, or 40 basis points of margin in India. We will invest whatever it takes to defend and expand our leadership position in India. South Africa, Vietnam, Philippines, Brazil, Mexico. These are some of our most profitable strongholds. We have incredible market positions in all of these markets and these are markets that are attracting a disproportionate amount of our resources. There are good economic conditions in all of them, consumers continue changing their consumption patterns, adopting more categories and shifting to premium. We are in an incredible position to get the disproportionate advantage to that. Indonesia is a particular issue. Indonesia has been an outlier. What happened to us in Indonesia didn't happen in Vietnam or South Africa or Argentina or Turkey or Mexico or Turkey or Thailand or in many other cases. We are working very hard to turn around that business. But there are some serious long-standing issues that are related with lack of differentiation of our portfolio against a very strong local competitor that tends to operate with a significant discount on pricing.

On top of that, the consumer backlash that we suffer today due to the geopolitical issues by the end of last year in the Middle East has really affected our business there. Losses of share. They tend to regard some of that share we have done around one quarter of that. We gathered one quarter of the share that we lost. We adopted some pricing and promotion initiatives that generated a lot of price instability in the market and that needs to be addressed. That the hygiene we are doing in Indonesia in the business and you saw in our quarter 3 results. As Hein said, Indonesia is a 6% GDP growth economy, we have an incredible market position, we will never abandon that market and we will correct whatever we need to correct.

Finally let me say one word about China. We probably got late into China and when we got into China, we probably didn't have the assets we have today, like the assets we have acquired in the US in Prestige Beauty and in wellness. We tried to go into an all-in strategy in China that results in metrics that were not good for Unilever. We are adopting a growth strategy in China, putting real focus in brands, categories and segments and channels in which we have the right to win. And we believe, despite very difficult market conditions we will keep making progress in what is now our fourth largest market. But we are absolutely convinced that volume growth for Unilever cannot only come from emerging markets.

After a separation of Ice Cream, our north American business we lead with 21% of the revenue. Our European business will be 18% of the revenue and the situations are very different. In North America we believe we are very confident that our journey for superior volume growth has started.

In the last seven quarters we deliver average 2.9% volume growth in North America, in US, not in North America. In US. We believe that is superior volume growth in that market and I believe it's testament to the profound transformation we have seen in our portfolio. North America has been, is, and will remain, our first geography when it comes to capital location. And we will do well because North America has a feature that no other market has. It has enough local critical mass to build very big brands is a platform for the roll out of global brands. American brands travel. And Unilever, the second source of complexity for Unilever, is the issue that we don't have many brands with a global presence.

We are probably a global company with the most limited amount of global brands and we are really committed to changing that. We have been doing that in the last few years through a combination of acquisitions and fundamentally putting on top two times that revenue in organic growth, we have built, as Priya showed, a very powerful Prestige Beauty and Wellbeing business which has grown for 15 consecutive quarters at double digit level.

It's not only that, we have taken decisive actions to prune non-strategic brands or brands in the value segment of our portfolio. Suave, Dollar Shave Club, Elida Beauty . As a result of that we have a portfolio that we believe has gone unnoticed the growth potential it has. Of the 11 billion we have in our US business, more than 3 billion in Beauty & Wellbeing. 1.5 billion in incredible Hellmann's business. Two times the size of our closest competitor. 1.5 billion in Deodorants, more than 40% share. 1.5 hair care, with four brands leading four specific segments. Styling, Textured hair, professional hair in grocery.

So we believe that really our journey in the US has already started and we are starting to see consistent results. It's moving... sorry. I don't know why. In Europe the journey is different. Europe is a concentrated environment in which Unilever discovered too late that the only relevant profit pools are in the premium segment of the market. We have not provided to the market the level of premium innovation we have. But we have started. This year I believe we have deployed in Europe the best innovation programme we have deployed in the last decade and as a results are starting to show. Of course there are low comparators, I get it, da, da. But 2.9% volume growth. A significant incremental turnover coming from innovation. Pretty spectactular performance coming from Home Care and Personal Care. Significant improvement in our share price in Ice Cream.

We started to see the benefit of deploying some of the acquired business coming US into Europe in Prestige Beauty and Wellbeing. Of course there is more work to do, particularly in foods, in which I mentioned before a further pruning of the portfolio for around 1 billion will be very significant to do exactly what in the US, improving the growth potential of that business.

Let me go now into growth margin. You can see, I remember my first conversation with Hein, he said something like, "*Guys, we need to bring the gross margin back to the pre-COVID levels, fast.* "

And we are doing it. MAT gross margin by the end of June this year we basically came back to those levels, of course we will not take credit for what we have not done. We know of our 420 basis points of margin expansion in the first half around 200 or 250 are industry improvements. Price carry over and commodity deflation.

But it's true we are making serious intervention in the cost of goods to improve our gross margin. And these will have continuity. There are fundamentally five key drivers we are using. Volume, mix, better procurement, higher CapEx for margin expansion initiatives and reduction of complexity. Volume, before getting into this, volume is very important. Our gross margin is 45%, but when you look at our margin contribution and the margin of our next unit of volume on average is 55%. If it comes in some of our most profitable business, it can go to 70%. When we start to operate with 2% or 3% volume growth, the machine starts to work and improvement in gross margin is significant.

Let me go a little bit to the procurement interventions we have made. We are targeting net savings. We are targeting for our 27 billion bill of materials an inflation that should be 1% less than the one of the market. In Unilever now, it is forbidden to talk about gross savings. We only talk about savings that you will see in the P&L. And how are we doing that? We are doing changing fundamentally the way we used to buy. We are bringing game theory at scale. Because we appreciate the partnership with our suppliers, but we are absolutely committed to bringing competitive tension and timeframe tension.

We are making serious interventions in the value chain of some materials. We did it in US surfactants where we were the only player in the liquids category without vertical integration. We are doing in some plants in many parts of the world. As Richard showed today, we are starting in perfume, in fragrance. We will do it, to partner better with our suppliers. They have a lot of capabilities that we appreciate. But we need to improve the way we buy and we are doing it.

We are also targeting a significant reactionary cost per unit around 2% per annum in what we call manufacturing and logistics. This is fundamentally a byproduct of increasing dramatically the amount of CapEx we allocate to margin expansion initiatives and reducing the complexity of our items. I was reviewing with Priya the other day, how much we have reduced our items in Beauty & Wellbeing since the end of 2021, 37%. 37%.

Let me show how our CapEx has been evolving in terms of allocation. There are four ways of allocating CapEx. You do it for capacity, for innovation, you do it for infrastructure, quality, sustainability, safety. Or you do it for productivity. And in the last decade, Unilever has allocated very little to margin expansion. We are now committed to improve that level to around 55% or more. And when you do that in our turnover, you are talking around €1 billion of CapEx that you allocate to margin expansion. Consider three- or four-years' payback and see what is impacting growth margin.

I have mentioned many areas in which we have to improve. Let me mention only one in which we want to sustain what has been excellent over time, that is cash conversion. And fundamentally the impact of negative working capital in cash conversion. We are one of the top five better companies in the sector when it comes to working capital. When you have a strong topline growth and a strong negative working capital, the growth rate of your cash growth is exponential. This is a fundamental element that will ensure levers of cash conversion around 100 in the year to come. A bit of colour on capital allocation.

There are three fundamental pillars in which we allocate capital. For growth and productivity to ensure the long-term sustainability of the economics of our business. It's investing in our brands, investing in R&D and investing in capacity expansion and productivity. We will continue allocating capital, around 1.5 billion a year to optimise our portfolio. To keep rotating our portfolio into more premium segments. We will do it through selective bolt-on M&A and the pruning of the portfolio I have mentioned before. Transformation acquisitions are off the table.

Finally, we will deliver capital returns to our shareholders in an attractive level. We want to ensure a 60% payout ratio and we want our dividends to grow in line with the profit growth and we will not sit in and use cash. If one moment of time it has happened in the last few years that is cash available, we will return to our shareholders in the shape of buy backs.

Let me put a few numbers here. You can see our BMI is improving. 2022, 13% of our revenue. 2023, 14.3%. First half this year, 15.1%. We expect between 15 and 16% for the full year. CapEx, more than 3%. We are investing for the future. Portfolio rotation since 2017 until now more than one third of our portfolio has rotated. Capital returns close to 20 billion in three years. With a breakdown of it the last two years, 75/25 dividends to buybacks is what we likem but will not force it.

Let me finish with a summary of our value creation model. We will deliver absolute profit growth in line with the companies that are consistently in the top of shareholder return. The backbone of this will be the combination of mid-single digital growth with a strong contribution of volume of at least 2% and modest margin improvement. We will deliver cash conversion at around 100 percentage points. We will maintain a leverage level of around two times EBITDA when it comes to net debt. This combination of cash conversion, net debt level, that kind of leverage, will ensure we will retain what is a strong single A credit rating, with financing costs that will be only a very limited fraction of what we expect to be high teens return on invested capital. We want to cement Unilever in the top third of return on invested capital of our peer group. This is one metric that has exactly the same weight in our long-term incentive plans that we give to total shareholder returns and it shows how important it is to us.

Finally, we will allocate capital for growth and productivity, keep rotating our portfolio and to ensure that our shareholders have attractive capital returns.

I'm finishing. Basically, I would like to recap a couple of things. We're in early stage of a serious, serious profound change in Unilever but we are doing it at pace. We're stepping up our execution and accelerating our transformation. The Growth Action Plan 2030 is anchored in three fundamental pillars.

Focus on areas of business with disproportionate return. Excel in 5 demand drivers that deliver superior differentiated brand equities and accelerate critical capabilities to ensure we stay ahead in a fast-changing world.

Our value creation model will be anchored in a 2%+ volume growth. Don't expect from us margin guidance. Expect us to invest consistently with that ambition. We want to deliver consistent gross margin expansion and that will be the basis of a modest operating margin expansion and the combination of this will deliver absolute profit growth in hard currency in line with our expectations.

Finally, we know there is a lot to do. If you ask me, Fernando, give me a score on a 1-10 scale of how good you are and how good is the stuff you have done, I would probably give me a six, give us a six. My mum used to say that 10 doesn't exist, you know! But from 6 to 8 or 9, we believe should be our ambition and there is a lot that has to be done. Thank you very much. We will go into a very short break of two minutes. After that, it is Q&A. Thank you.

<u>Hein Schumacher</u>

All right. Thank you very much. We were just start saying these armchairs feel a bit too comfortable for what we aim to do! I think I will be a little bit more front footed. Hey, we will take on a Friday afternoon. Look, just to summarise on the framework. We have talked about a refreshed purpose, our strategic goal, our three areas of focus on those areas with biggest opportunity for reward. We talked about excel in those areas of demand creation. We have talked about accelerated capabilities, underpinned by a continued commitment on sustainability, but strongly focused. And then of course dialling up the performance edge in a winning culture. We have talked about behaviours that are actually a new phenomenon in the company and that we aim to dial up through a comprehensive programme.

Fernando, you know, embedded it in the financial algorithm and gave you an update on the current programmes and so forth. We look forward to now to have a bit of a dialogue and any questions you may have. It is not just for the people here in the room. Also, anyone online, please make sure that you submit your question and it will come through via Jemma Spalton, our Head of Investor Relations and she will co-ordinate the questions. If there is a difficult question, we will give it to one of the ULE members here in the front row. You can ask the ULE members directly, no problem with that at all.

Vika Petrova

Thank you very much. I'm Vika from Bank of America. Thanks IR for organising this event. My first question is on organic growth. Apologies if I missed it. When you were talking first about the separation of Ice Cream, you mentioned 4% to 6% organic growth of the core business. Now, if I noticed it correctly, you're talking more about 2% volume growth rather than this 4% to 6% algorithm. Are you still sticking to it? And also, just from experience in staples, once a company went to 4 to 6 guidance, it usually faces some issues. What are your assumptions behind it may be in terms of category growth? You talked a lot about your bottom-up initiatives but maybe what the underlying category assumptions are and also maybe in this context, also what the mix contribution could be because you had a lot of impressive comments around mix. Any highlights there. That's my first question. Usually, we're allowed to ask two!

Hein Schumacher

Shall we do this first? I will give Fernando it in a second. First of all, I think the guidance that we have given on the mid-term is not changing today apart from the dialling up on the ROIC, which Fernando has talked about. That's number one.

We have underpinned the mid-term guidance with the volume equation that Fernando has talked about but there's essentially no change.

Look, I mean for 2025, before the demerger of Ice Cream, we will stick to guidance of 3-5% topline andfor modest margin expansion and the high teens ROIC. Since we did change our guidance, a few comments from my side. First of all, mathematically there's a small uptick because of the Ice Cream separation. We also believe that by the time, we should be two and a half years in the Growth Action Plan and the driver of the mix change in the portfolio will help us to achieve that. We wanted to set the bar simply higher. Fernando.

Fernando Fernandez

On top of that, the more focused portfolio, we believe it will have a contribution in better execution and that should help. I will remind again, this guidance is here in the context of a normalised economy that we expect around 3% real GDP growth, 3% inflation. If there are fundamental changes, you know, we need to adjust that. In the last ten years, that has been the real GDP growth and inflation. Great companies deliver around 80% of that nominal growth and it brings them into the top 1/3rd TSR. That's our ambition. We are making the steps to get there. We have one year more under the old guidance, including Ice Cream. We expect to continue stepping up our performance.

Vika Petrova

Maybe on categories, how do you think your categories are growing or is it only GDP and inflation you're looking at?

Fernando Fernandez

There are categories that structurally have exposure to higher growth. We believe that that Beauty & Wellbeing and Personal Care businesses are structurally exposed to higher growth. We have a very good position in Home Care in Emerging markets in which there is significant adoption of new machines and I'm sure Edu can talk about this more. Every time that somebody moved from hand wash into machine wash it is three times' consumption. There are 30% of hand wash in India. These kind of things fundamentally transform markets.

Of course, we see Foods in the bottom end of the range. You know, just it is a bit more demanding category. We believe that within the Foods category, we expect to have a performance that is superior to the market.

Vika Petrova

Thank you very much. The second one will be very short. You obviously had a very strong margin dynamics in the first half of the year. You are guiding lower margins in the second, as my understanding, operating as well as gross margin. When you talk about your gross margin initiatives, what is your starting point? Is it the exit rate of 24? What are your cost of goods sold general kind of five-year assumptions, is it more it grows you think about some significant structural swings? That's it from me. Thank you very much.

Fernando Fernandez

If I look at historic commodities inflation, you know, you have around 3% of commodity inflation with around 2% of coming from non-hyperinflationary markets so basically if you have to keep your margin stable when you're around 45 or 50% or whatever kind of margin you have to deliver the 3% to 4% price growth. The assumption we have is a normalised economy. Usually when you have to predict the future, you take what has been the norm and not outliers. Of course the last few years, you know, you have had a cycle of spike in commodities and then deflation that is just difficult to handle. Overall we believe that the margin of the last 12 months at June when we reported Quarter 2 results, it is a good proxy of what we believe is our base.

Warren Ackerman

Hi. It's Warren here from Barclays. A couple from me. The first one is, could you spend a bit of time talking about Prestige and Beauty, it is one of your key pillars. It's grown double-digit in 15 quarters, four billion. It is hard to grow double-digit as the base gets bigger. You have a new head of Prestige who is not here to speak for herself. What is your vision for this division looking out to 2030? Maybe you can share the gross margin profile? Which of the brands in Prestige and health are you most excited about looking at medium term? Which of the brands have the biggest potential within Prestige and health for international expansion? If you could dive into that that could be very helpful?

Hein Schumacher

Warren, it's a great opportunity since Priya is here that she takes that question.

Priya Nair

Thank you so for the question. For us firstly I want to say real challengers in Prestige Beauty. Yes. I can do that. We are challengers in Prestige Beauty. That gives us an interesting headroom for growth. We have identified our power brands which we have called out. You will have seen in Hein and Fernando's presentation the power brands that include our Prestige power brands. Today it is 60% of our revenue, Hein mentioned that, is in the US, 40% outside of the US. We still have headroom for some international expansion as a challenger in Prestige Beauty. We will be selective in where we expand outside of the US but we have huge headroom even today in the US and that's probably the biggest part of our growth opportunity for Prestige.

Hein Schumacher

Maybe I will add a few words on that internationalisation. As I said, 40% of the Prestige Beauty business is international, 60% is US. On Wellbeing that is 10% international, 90% US. Wellbeing, three main brands, Nutrafol, Liquid I.V., and Olly.

Liquid I.V. is something that we are rolling out to seven other markets at the moment but I do want to be a bit careful because Liquid I.V. is a habit change for many people outside of the US and so it will probably have a bit of a longer burn but we're pushing it. Nutrafol and Olly, basically very strong brands. Both would have regulatory limitations to the extent you can internationalise. We're working through that. Nutrafol is an incredible growth vehicle. We believe there's a lot of international expansion opportunity but we need to overcome some of the boundaries. Prestige Beauty is easier in that sense and as I said already Europe and premiumising Europe, selective expansion to China, and being at the forefront and early on in India, I'd say are the three opportunities.

What brands do we like? We like all of them. Calling out Dermalogica, calling out the K18 for sure and Paula's Choice. Hey and Hourglass, I would encourage you to buy that here at Harrod's or Claridge’s for Christmas, it is wonderful. There is scarcity and I'm sure you will want to be early.

Harold Thompson

A couple of questions. First of all, on, I guess, your thoughts, Fernando, you have labelled about 100 of your markets into the One Unilever pocket to be managed in a more simple way, I don't know how to say that. But often when consumer goods companies kind of identify an area which is kind of no longer focused, rightly or wrongly, it always goes wrong over a period of time in that it can cause trouble to the businesses that are doing really well. What will you watch or change or monitor so that doesn't happen? It will be a shame if that happens when the rest is booming.

Fernando Fernandez

We see a difference between business in which we focus but the rest of the business are not businesses that we neglect, you know. I believe I have mentioned this when it comes to power brands, for example. Take an example in Brazil in which we have 65% share in laundry. Our power brands represent 50% of the share. The 15% comes from a couple of local brands that in terms of economic volatility provide very significant resilience. You don't neglect these brands. But the focus of the company is in the top 30 power brands that have global and regional scalability.

When it comes to geographies, the difference in our case with some other multinational companies is that all of these smaller geographies are not loss making. They are margin dilutive but they're not loss making. We will see in this geographies that we want growth but we want more growth impact than negative complexity impact. They will be fundamentally adopters of innovation from the top 24 markets. We will run this business with processes that are much simpler. We will run the business with technology landscape that will be off shelf, you know. We will not tolerate deviations to what is our brand strategies for our core brands.

We want also in these geographies a progressive alignment of portfolio into the top 30 brands because the smaller the geography for Unilever, the more you find local brands that have emerged because nobody was taking a lot of care. So, that's basically how we will run the business. These are attractive businesses. It is important to highlight that of the 100+ One Unilever market, 30 of them make 12% of Unilever revenue. Okay. All the rest from the number 56 onwards, you know, from the number 56 onwards, they make 3% of our revenue. So, we will adjust our models to that kind of contribution to turnover.

Harold Thompson

Okay. My second question is, we have talked about AI a few times in various parts of your presentation. I don't pretend to know the answer or any of us know the answer thus far. Is it more an industry benefit or actually a company one? And is it going to add complexity or is going to create savings? Where do all of these things land?

Hein Schumacher

We talked a bit about it. And, you know, it's almost a philosophical question these days. I think first of all philosophically is AI the third wave of productivity after the Industrial Revolution and then digital and are we on to the next one?

Look, it's way I think about it is, you know, AI will help us significantly to scale productivity in areas where it really matters. Is AI going to be the big cost saving initiatives in itself in the short term? I don't think so for two reasons. One, you do need the investment. Secondly, it will change people's roles more so than it eliminates a whole bunch of costs in the short term. The environment is asking for AI because, otherwise, you will not have that licence to compete.

When we talked about social first, for example, and content generation, I mean we have a lot more content to deliver for social channels than what we're done in our traditional channels. You need that AI capability to effectively compete. I think that companies like ours where you can actually make bigger bets and you can dial that up and you can make that investment, where you have the expertise in-house, I believe we are well positioned to benefit from AI. Probably more so than some of our smaller scale competitors.

That said, in this digital environment will there be digitally native companies quickly coming. There will be. We will always have that. We watch that closely. I think on AI, we're actually well positioned. I think what the message we have given today is, it is a clear agenda. We're making three types of investments on the demand creation side, on marketing, customer connectivity and R&D cycle time improvement. We're making three investments on the cost side. I think if we limit ourselves for now to that, be laser focused on it, I think it can give that opportunity for us to make our algorithm that we talked about, but once again, it is not a cost saving a la productivity. I don't think so.

Fernando Fernandez

Let me give an additional angle that I think is interesting. For a company with our geographical presence, AI in marketing provides a unique opportunity for a consistent and coherent management of our brands in international markets in a I with a that before it was very difficult to do. So, that's clearly, you know, a simplification but it also should be a way of doing better marketing in our smaller geographies.

Guillaume Delmas

Thank you. It's Guillame from UBS. First one on premiumisation in Europe and North America. Could you provide us with a percentage of your sales roughly to date that offer premium products in those two regions? Where do you see that percentage going by 2030? Do you think all of your brands can be stretched into that premium segment in both regions? I guess to follow up on that question from Warren, do you have critical mass today in Prestige outside of the US?

The second question is on CapEx. Fernando, it was great to see the CapEx split. Zooming in on capacity, you are targeting more than 2% UVG going forward yet capacity I think will remain like 1%, less than 1% of sales. How do we reconcile that? Is it simplification or relying more on third-party manufacturers? Thank you.

Hein Schumacher

I will start off with the first and then Fernando can complement on that. I will try to be quite staccato on the premium side. I can't give you an exact percentage on which part of our business is in premium and on super premium. First of all, it depends on how you define it, is it above a price point of 120 or 160 or even 200. There are different ways of looking at it. In the way we have operated in the North American market we have acquired into that super premium segment. We have given the numbers on how much turnover that roughly is. We are up trading our current brands in our core portfolio both in Beauty & Wellbeing as well as in Personal Care.

As I said, you know, the premiumisation route has three essential levers, improve the core, internationalise our premium business, and continue to rotate the portfolio. You know, that is going to be a journey for years but if we pull all levers simultaneously, I feel that we're on a very clear path because we're doing it intentionally. I think that is the difference probably than what I saw 18 months ago. You know, intentionally driving premiumisation.

Fernando, I don't know if you want to ... you asked about Prestige, if we have scale outside of Europe, I don't think so. We have an opportunity and where we do it, we talked about Hourglass and I joked to Warren, but the reality is when we internationalise, it looks good, we know where to go, we're doing it judiciously and selectively and doing it with conviction but I wouldn't claim that we have critical mass in beauty in our Prestige outside of North America.

Fernando Fernandez

This being said, the relevance of Prestige is brand scale more than category scale. We are absolutely focused in selective brand expansion. We will not put our 17 brands of Prestige and Wellbeing in all markets. We will choose the one that has the biggest potential to win. I believe that's where we are really putting focus.

Regarding CapEx, I don't believe that -- I have not said we will invest only 1% of our CapEx in capacity. I know you like modelling so I will give you some numbers! Our net book value of assets is 10 billion. So, if I take 2% capacity growth, I will talk of an investment of 200 million. Putting that into gross numbers it would be €400 million. In a 1.8 billion, you know, you can say, okay, 400 million for capacity and, you know, that's what you need. Of course, it is not mathematic, you know, because sometimes you need a lot of capacity and it is not a game of averages but it is just we believe that we're allocating between 25% to 30% of our CapEx to capacity is enough to deliver 2%+ volume growth. 25-30 for that, a bit for infrastructure, you know, and then a big bunch for productivity.

Celine Pannuti

Celine from JPMorgan. I have a follow up on premiumisation, clearly, a great delivery for mix and gross margin. At the same time, we have seen a lot of new competition from low-price players privately bought in terms of market to gain market share. How do you assess your option for premiumisation in the mid- to long-term versus the market and how you think about it. That's my first question.

My second question may be more for Fernando on the adequacy of your cost base versus your footprint geographically from an FX perspective. Again, you are talking about high single digit hard currency EPS growth. Is that on a yearly basis? How do you manage year 2025 where the dollar is strong and some of the EM currency could be under pressure? Thank you.

Hein Schumacher

First on private label and on the premiumisation. You know, they're both right. What we're seeing is more bifurcation in the market and if you look at private label it has been growing, but, actually, it is sort of stabilising around the 9.5 and 10% in categories in the US and around 20-ish per cent in Europe. So, you know, with value in the categories growing, that percentage stays the same. I mean, it's not hugely changing at this point. We are seeing some pressure on those brands that are in the middle whilst actually the more premium side of the portfolio is still growing. Now, as I said, premiumisation has multiple dimensions. You know, I think it is not only, we shouldn't only think that high Prestige side of the business. Premiumisation is also what we talked about in emerging markets, the conversion, you know, in applications from bar soap washing or hand washing to machine washing, it is an important lever for premiumisation.

We believe it is something that will continue to evolve in the years to come. Again, developed markets, I see more bifurcation at the 160-price point. In the emerging markets, there's simply an evolving need and application that I feel we're well positioned for by the way to grasp.

Fernando Fernandez

On the negative currency, Celine our average negative currency effect on top line is 2% in the last ten years. When you look at the multinationals, it is 1% to 1.5% in most cases. I'm not so concerned, of course in the short term, you know, strengthening of the dollar and whatever it can have some impact, you know. I'm usually not concerned about the magnitude of the negative currency. I'm concerned about the time friction you have to pass through the valuation to pricing. I'm from Argentina, I have lived all of my life with this kind of situation!

But, you know, usually when you look at the long period of time usually you tend to pass a very significant part of the valuation into pricing but in the short term when the purchasing power in hard currency of a Brazilian consumer or an Egyptian consumer suffers a collapse, you know, it is very difficult to do it, you know. But since then to adjust in the long run. So, we are looking of course at the situation now with the strengthening of the dollar. It is true in situations like that, in a moment, in a period in which pricing has been very subdued in the market, it could be a lubricant factor for pricing in the market. I always look at these things in a balanced way. It has some negative effect and some positive effect.

I used a different expression to the one you use. I'm saying that our model has the ambition to deliver profit growth in hard currency at the level of companies that consistently feature in the top third shareholder return.

David Hayes

It's David Hayes from Jefferies. Two from me, I guess. At the risk of front running the Hindustan event next week, India has been mentioned a lot. Can you flesh out what doubling down really means? In terms of numbers, it was do high single double-digit pre-COVID. In terms of the 4-6 algorithm, does India have to go back to high single double-digit range? You seem to allude what you are spending you need to spend to get the results, does that mean the margin in Hindustan is down a little bit as you get that to happen again?

The second question just in terms of deals, I think you said that you're looking for new bolt-on deals, it would be US and India you would focus on. Why those two markets? What's missing? What do they bring that means that you're saying to your team look at India and US and forget everywhere else? Thank you.

Hein Schumacher

Thanks a lot. Lets make sure that Rohit gets the mic. Great. So, before Rohit goes on India, over time we do expect India to return to growth rates that are higher than what we have seen in the recent past. The development there, it is not a straight line and we cannot expect that so we're focusing at this point when growth is a bit more sluggish in the market we focus on solidifying our shares and that's what we're doing and we're executive. We're preparing for bigger and better. When it comes to doubling down and I think Fernando used his words to it, which were a bit more outspoken than mine and that's how we are, it is the Argentinean versus the European here!

But look, I think we're thinking about it exactly the same. All of our Business Groups have India as a primary focus. That means that we would prioritise top line growth and share over, you know, immediate profit delivery. That doesn't mean that necessarily we're not giving a warning that margins are coming down, we're saying that, you know, we believe in the mid- to long-term opportunity for India and that means you do need that support. I mean, on the current situation in India versus the mid-term perspective, Rohit can say a few words on that.

Rohit Jawa

Of course, I welcome you all to listen and join next week. We will go more into details on HUL capital markets day. To follow on from what you are saying, the opportunity in India is really in growing the markets from where they are today, 2,500 per capita income. Any neighbouring markets, Philippines is an example or Indonesia, all of our categories will see immense growth. The Indonesia per capita consumption is four times. Real opportunity lies ahead. Looking back, we've been growing in the past ten years we have been growing around 8% CAGR roughly balanced between price and volume. In the more near term, we have seen inflation and then deflation, price has not been in the markets and it is coming back now going to the norm. The rural markets are recovering and the urban markets are a bit muted at this point we should not get so focused on one quarter or the other but broadly look at what is it that we must do as a long-term player where we have been 90 years and will be for much more in the country to do the right thing, which is to invest behind marketing, making our brands unmissable and making sure we invest behind capabilities.

Ultimately it is our test of success is to make sure we continue gaining market share. You saw from Hein's chart we gain 200 bps of market share. We gained in the last financial year and we will gain in this financial year as well. Continue to build a competitive position and make it stronger in all market conditions. We are very optimistic. With all of the support from Unilever, HUL is a very integral part of this story and our job is to drive growth and that's why we exist. That's our focus. Thank you.

Fernando Fernandez

I would like to add something. With the slowdown of China, everyone has discovered back US and India. And we are appreciating that many multinational companies has serious opportunities in India. So they will give opportunity, but who would swap Unilever position in India for the one of any other company? I don't know. Any? I would not.

Hein Schumacher

But we are not resting on our laurels. So no mistake, doubling down means noblesse oblige for the HUL team. It means we are staying very close, very much on top. Rohit enjoys a bit more attention than others and I just came back, I spent two weeks in India. That means doubling down, personal time, making sure you understand the markets, you review. You think together. I spent more time on the road with Rohit than my wife in the last month. But that is what it means to me personally.

And look, we won't always get it right. But we are not taking India for granted at all.

Fernando Fernandez

I said something different, our bolt-on on M&A we will focus on Beauty & Wellbeing with some options in Personal Care. You know if there is any gap in our portfolio that deserve significant allocation of capital to be covered. We said also that our focus is in the US because the American market has significant local critical mass and also, it's a platform for global brands and we said also that if necessary to make significant investment in India for acquisitions, in order to go with the significant market change that require an adjustment of our portfolio then we will do it.

Jemma Spalton

We have one question online, which is, 'You have demonstrated accelerated growth in Europe this year. How sustainable is that growth going forwards? '

Hein Schumacher

If you look at Europe for this year and it has been a good year for Europe. I have also seen that from others by the way, in the sector. I mean, first of all, European structurally versus some of the other markets has a few interesting characteristics. First of all savings levels of consumers are quite a bit higher than in other parts of the world. Europeans are still saving 15% versus US at 5%. Savings in the US also after the inflationary period got depleted somewhat. The European situation is different. So is the European economy at this time, is showing that despite all talks about European Union, quite some resilience. That is helping us.

But it also showed in Europe and I think Fernando and I talked about it; you need to come with something that the European consumer really appreciates. We need to make markets think of the innovation that Edu talked about, think of the bon-bons we have introduced in Magnum. I am sure you like them, but the cost is higher than in other Ice Creams we do. I think when you create needs, brighten every day, that is when we see Europeans responding very quickly. So that idea of premiumising and going into other channels other than classic retail only and expanding in Europe, I see that as a good opportunity. But in high single digit every year in Europe, no, that won't happen.

Tom Sykes

Good afternoon, it's Tom Sykes from Deutsche Bank. You're becoming a more agile business, the backbone to that is going to be better and more timely data. I think you have taken on and obviously have shifted your entire business to the cloud in a way in which no one else has done and is quite unprecedented. Could you maybe speak about the advantages that gives you versus others?

Hein Schumacher

Thanks, Tom. That is indeed the case. We have shifted our business significantly in the cloud. I am looking at Reggie, our Chief Business Operations Officer to give you a few comments on that.

Reginaldo Ecclissato

Tom, thank you for your question. As we talked about, we took this decision some years ago to really invest in our infrastructure and one of the investments was really to move 100% of our data to the cloud. The biggest advantage that we are seeing now is the speed at which we can leverage, like for instance AI in our operations. I mean the speed that we can really take, I mean like, for instance, you could see the video of the dark factory in Kochi in Vietnam. This is enabled through AI, but that is one of the main enablers, is that our infrastructure, we move it already through the cloud. The speed that we can do those things is much faster, but also, it's much more cost effective to do it. This is something that we are leveraging for our net productivity that Fernando and Hein just explained before.

Tom Sykes

Just a quick question. We have heard quite a few people say "*fewer, bigger, better"* in terms of innovations. Is that as much a market comment that it's harder to generate volume growth and hard to get premiumisation therefore you have to double down on fewer innovations to get growth? Why is that the trend for everyone?

Hein Schumacher

I think we feel humbled proud and that others have started to talk about it as well. You know, I look, I think in this industry, I think in this industry it does make sense. But I am not sure, I think there has been a time of let many flowers, whether it's hundred or a thousand, I have forgotten, let them all blossom.

At the time of, you probably remember, there was this expression, 'fail fast, experiment.' I think we have all gone through that phase. I think there is also a realisation at some point that if we all do that, it's great, but it leads to an enormous complexity in your operations. I think we have woken up a little bit from that as well and say "*okay, experimentation is good, but experimentation within the frame is probably better.* ". Because you can scale up much faster. I think that is an emerging thought. We started to talk about it, but I see others talk about it, it's not rocket science. It's probably a response to that time of experimentation and to piloting.

Olivier Nicolai

Thank you. I am from Goldman Sachs. Two questions since it's nearly 5.00pm. First of all, how much of your US sales are actually produced in the US in the context of the tariff that could affect countries like Mexico, will you seek to move back some production in the US and could we see a change in your CapEx chart from earlier.

Just going back to premiumisation, concerning the current consumer environment, how much room do you see for premiumising some brands outside of your Beauty & Wellbeing division? So without going through all the brands, but if I think about Dove, for instance, should we assume that Dove has premiumised, but should we think about a £20 Dove product?

Hein Schumacher

Thank you for the questions. I think it's a great opportunity, first a good question on Mexico and the United States. So Reggie first and then after that Nuria and Fernando will answer the question on the stretchability of the premiumisation opportunity on Dove.

Reginaldo Ecclissato

Most of what we sell in the US we produce in the US. We have factories there and we source materials from the US as well. We do source from countries like Mexico and Canada, small volumes. But have developed the networks in such a way that we have flexibility. If we have tariffs in the future we can change those things very quickly. And yes, we are investing in the US. Just three weeks ago, we just started a production of a brand-new factory in Jefferson City, where we are producing Liquid IV. We are investing, we are investing for capacity, but we have complexibility. If we have a problem we can move very quickly. We can source from other geographies or produce more in the US if we need to.

Hein Schumacher

Second question on Dove and the stretchability there. Nuria.

Nuria Hernandez

On Dove what we know is that the equity commands the premiumisation that the brand can deliver. What we have started our journey recently and we are bringing on more premiumisation price points in the market and they are responding very well.

Also what we are seeing is Dove being a brand on the Personal Care path and Personal Care evolving towards beauty is creating that opportunity. So all the synergies we have, by being a brand that is present through hair, through care but also being able to elevate towards the beauty credentials is created at a space.

Hein Schumacher

There is room for one more question, since someone called out five o'clock, I see the drinks humming!

Victor Ma

Hi, thank you for the question. This will be very quick. So I am at slide for the minus 74 bps share decline and expecting that to improve sequentially. Are both of those things excluding Ice Cream or including Ice Cream and does it change if you take Ice Cream out of the picture?

Hein Schumacher

The chart have shown for the development so far are all including Ice Cream, but I should say the measured turnover weighted market shares excludes the out of home portion of Ice Cream which is about half of the business. But in home consumption is in there. How our shares are developing on Ice Cream itself, the Ice Cream shares are actually developing well and the latest readings confirm the overall picture of the company. So I would like to leave it there, but Ice Cream competitiveness and operational performance as Fernando has talked about have improved considerably this year.

Victor Ma

Okay, just the follow-up what categories or markets are driving that sequential improvement you are expecting to see. If you can offer any colour that would be great?

Hein Schumacher

So we are a bit careful to go in category by category. But I would say in general we see bigger improvements in competitiveness in Hair Care and Ice Cream and Nutrition and Personal Care as well. I expect in towards 2025, as I said, on a full-year basis, to get back to stability or positive territory. But the latest readings confirm that in the second half of this year, which we had committed to do, that we see an improvement in competitiveness. So we are happy with that, but we have more work to do on our core. Good steps made, but we are fully on to get more and better. Jemma.

Jemma Spalton

I think that unfortunately all the time we have left for questions but thank you all very much for coming and there will be drinks afterwards if you are able to stay.

Hein Schumacher

Thank you very much all for coming!