

## Unilever pre-close aide-mémoire, Q2 2024

This document sets out public information previously provided by Unilever PLC, or else widely available in the market, which may prove helpful in estimating the financial performance of Unilever ahead of its H1 2024 earnings release on 25 July 2024. Unless otherwise specified, the outlook comments below come from the Q1 2024 results on 25 April 2024. No new information is given, and there will be no comment on current trading or further guidance provided.

### Guidance

#### Topline

- In the full year 2024, underlying sales growth (USG) is expected to be within the range of 3 to 5%, with an increasing contribution from volume growth.

#### Underlying operating margin (UOM)

- For the full year 2024, we are confident of delivering a modest improvement in UOM, reflecting higher gross margin and increased investment behind our brands.

#### Currency

- Based on the spot rates at the time of our Q1 2024 results, we expected a negative currency impact of around (2)% on turnover

#### Other financial guidance for 2024

- We will continue to invest for growth through increased absolute investment in BMI and R&D
- Capex around 3% of turnover
- Restructuring around 1.2% of turnover
- Finance cost (including pension interest credit) on average net debt: 2.5 to 3% for 2024
- Underlying effective tax rate: around 25% for 2024
- Net debt around 2x net debt / underlying EBITDA

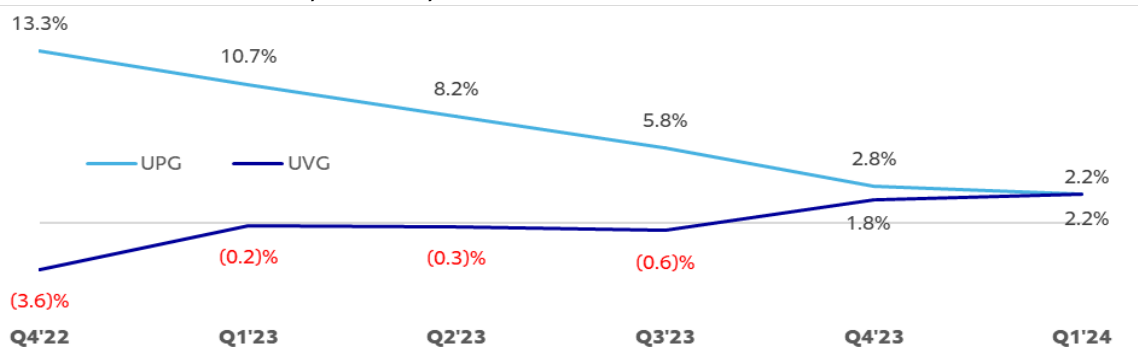
#### Subsidiary guidance

- India:** Expect price growth to be low-single digit decline in the near term, with the focus remaining on driving competitive volume-led growth.
- Indonesia:** Expect price growth to remain negative if commodity prices remain where they are. The focus remains on driving competitive, volume-led growth as the Indonesia business navigates the difficulties of consumers' response to the geopolitical situation in the Middle East.

### Noteworthy commentary on previous results

#### Group

- Q1 2024** USG was 4.4%. UVG increased to 2.2% from 1.8% in Q4 2023, while UPG of 2.2% continued to moderate with easing inflation.
- In the comparator period, **Q2 2023**, USG was 7.9%, with price growth of 8.2% and volumes down (0.3)%.
- UPG vs UVG trendlines in previous quarters*



- With FY23 results, we reported a turnover-weighted market share decline of 75bps, and said that we did not expect to see an improvement in the first half of 2024.

**Beauty & Wellbeing**

- **Q1 2024** USG was 7.4%, with 1.7% from price and 5.6% from volume, a strong first quarter performance with continued volume-led growth.
- **Q2 2023** USG was 8.8%, with 3.7% from price and 4.9% from volume.

**Personal Care**

- **Q1 2024** USG was 4.8%, with 3.4% from price and 1.4% from volume, a good performance versus a particularly high prior year comparator.
- **Q2 2023** USG was 9.0%, with 5.4% from price, and 3.4% from volume.

**Home Care**

- **Q1 2024** USG was 3.1%, with (1.1)% price decline and volumes up 4.3%, with prices reacting to the input cost deflation impacting laundry powders in India and Brazil.
- **Q2 2023** USG was 6.7%, with 9.0% from price and (2.1)% from volume.

**Nutrition**

- **Q1 2024** USG was 3.7%, with 4.1% from price, offsetting lower volume of (0.4)%. Unilever Food Solutions grew double-digit with strong volume, lapping a weak comparator in China.
- **Q2 2023** USG was 8.9%, with 11.8% from price and (2.6)% from volume.

**Ice Cream**

- **Q1 2024** USG was 2.3%, with 3.2% from price and (0.9)% from volume, with revitalised plans in place ahead of the key season.
- **Q2 2023** USG was 5.6%, with 12.1% from price and (5.8)% from volume.

**Appendix**

**Quarterly topline evolution**

	2022				2023					2024
	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1
<b>Unilever</b>	<b>8.8</b>	<b>10.6</b>	<b>9.2</b>	<b>9.0</b>	<b>10.5</b>	<b>7.9</b>	<b>5.2</b>	<b>4.7</b>	<b>7.0</b>	<b>4.4</b>
UPG	11.2	12.5	13.3	11.3	10.7	8.2	5.8	2.8	6.8	2.2
UVG	(2.1)	(1.6)	(3.6)	(2.1)	(0.2)	(0.3)	(0.6)	1.8	0.2	2.2
<b>Beauty &amp; Wellbeing</b>	<b>9.5</b>	<b>6.7</b>	<b>7.7</b>	<b>7.8</b>	<b>9.3</b>	<b>8.8</b>	<b>7.4</b>	<b>7.9</b>	<b>8.3</b>	<b>7.4</b>
UPG	8.4	7.3	8.4	7.5	6.5	3.7	3.6	1.5	3.8	1.7
UVG	1.0	(0.6)	(0.6)	0.3	2.6	4.9	3.6	6.3	4.4	5.6
<b>Personal Care</b>	<b>6.7</b>	<b>8.9</b>	<b>9.1</b>	<b>7.9</b>	<b>12.7</b>	<b>9.0</b>	<b>8.0</b>	<b>6.4</b>	<b>8.9</b>	<b>4.8</b>
UPG	12.3	13.5	13.0	12.1	9.4	5.4	4.0	3.8	5.5	3.4
UVG	(5.0)	(4.1)	(3.5)	(3.7)	3.0	3.4	3.9	2.5	3.2	1.4
<b>Home Care</b>	<b>12.2</b>	<b>13.6</b>	<b>12.3</b>	<b>11.8</b>	<b>10.2</b>	<b>6.7</b>	<b>5.3</b>	<b>1.7</b>	<b>5.9</b>	<b>3.1</b>
UPG	16.6	17.8	16.7	15.9	13.4	9.0	4.8	0.9	6.8	(1.1)
UVG	(3.8)	(3.6)	(3.8)	(3.5)	(2.8)	(2.1)	0.4	0.8	(0.9)	4.3
<b>Nutrition</b>	<b>7.0</b>	<b>11.8</b>	<b>10.1</b>	<b>8.6</b>	<b>11.9</b>	<b>8.9</b>	<b>5.6</b>	<b>4.7</b>	<b>7.7</b>	<b>3.7</b>
UPG	10.1	11.7	14.7	10.9	13.4	11.8	9.8	5.9	10.1	4.1
UVG	(2.8)	0.1	(4.1)	(2.1)	(1.3)	(2.6)	(3.8)	(1.1)	(2.2)	(0.4)
<b>Ice Cream</b>	<b>9.5</b>	<b>13.2</b>	<b>2.9</b>	<b>9.0</b>	<b>6.0</b>	<b>5.6</b>	<b>(2.8)</b>	<b>(0.4)</b>	<b>2.3</b>	<b>2.3</b>
UPG	8.5	12.0	14.2	9.7	10.5	12.1	8.2	0.4	8.8	3.2
UVG	0.9	1.0	(9.9)	(0.7)	(4.1)	(5.8)	(10.1)	(0.8)	(6.0)	(0.9)

### **Reminder of transactions**

- Unilever completed the disposal of the **Suave** business in North America on 1 May 2023. The brand accounted for around €0.5bn of turnover in full year 2022.
- Unilever completed the acquisition of the **Yasso** brand in North America on 1 August 2023. The business generated around €0.2bn of annualised turnover prior to acquisition.
- Unilever completed the disposal of the **Dollar Shave Club** brand in North America on 1 November 2023. The brand's annualised TO is below €0.2bn.
- Unilever completed the acquisition of the **K18** brand on 1 February 2024. Turnover for the brand in 2023 was more than €0.1bn.
- Unilever completed the disposal of **Elida Beauty** on 01 June 2024. The business generated turnover of around €0.8bn in 2023.

### **Hyperinflationary economies**

The Unilever business in Turkey accounted for around 2% of Group turnover and Argentina accounted for more than 1% of Group turnover in 2023.

The Argentinian economy was designated as hyperinflationary from 1 July 2018 and the Turkish economy was designated as hyperinflationary from 1 July 2022. As a result, application of IAS 29

'Financial Reporting in Hyperinflationary Economies' has been applied to all Unilever entities whose

- assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date.
- Adjustment of the income statement for inflation during the reporting period.
- Translation of income statement at the period-end foreign exchange rate instead of an average rate.
- Adjustment of the income statement to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

From Q2 2022 reporting, Unilever has capped the growth metrics UPG and USG in Turkey, using the same methodology applied for other hyperinflationary countries.

As part of the Unilever practice, a normalised level of price growth is included in USG, which is capped at an annual rate that is equivalent to approximately 2% per month compounded. This cap is derived from one of the indicators of hyperinflation cited in IAS 29 and ensures that any price growth above this level will be excluded from USG. This definition allows the full volume impact and limited price growth to be included in USG but avoids the distortion of hyperinflationary pricing beyond the capped level. We believe this definition reflects our normal pricing actions, distinct from those taken to respond to hyperinflationary conditions.