Q2 & H1 2026 Results

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FERNANDO FERNANDEZ:

Good morning and thank you for joining us for Unilever's second quarter and half year results for 2026.

In a moment Srini will take you through the detail of the results.

First, though, let me highlight the key elements of our performance over the first half as I see them, and how Desire at Scale is fundamental to our strong delivery.

I have said consistently that volume growth is our overriding priority. It is the true measure of demand - and an even more important signal of progress during times, like these, of heightened volatility.

It is particularly encouraging, therefore, to be able to present today a strong, volume-led half for Unilever. And not just a strong performance, but an accelerating one, with underlying sales growth in the second quarter of 5.8%, with volume up 5.5%. This is Unilever's best quarterly volume performance since 2010.

Our underlying volume growth over the last four quarters averages 3% - a testament to the strength of our brands and our disciplined execution.

These strong first half results reflect progress against our key strategic priorities, including - most notably - the performance of our Power Brands.

Now sitting at 78% of turnover, these brands continue to outperform, delivering underlying sales growth in the second quarter of 6.9%, with 6.8% from volume. A strong innovation programme meant there were particularly great performances from Dove, Dirt is Good, Comfort, Sunsilk and Vaseline. Prioritising these brands means focusing resources and investing competitively, which is why our brand and marketing investment is concentrated on our Power Brands.

Significantly, today's results also reflect broad strength across our HPC business, with underlying sales growth in the second quarter of 7.6%, with volume up 7.4%.

It was also a good half for our emerging markets businesses which maintained their good momentum with 8.3% growth in the second quarter, with 7.4% in volume. India led the way - with Q2 underlying sales up 10% and volume up 5%.

This was a strong broad-based performance. It reflects the evolution of our emerging market portfolio to increasingly focus on high growth segments, social-first demand generation and go-to-market transformation, alongside the benefits from corrective actions in fundamentals that we've taken over recent times in key markets.

Our developed markets business delivered a robust performance, with volume growth in the second quarter of 2.8%. North America continues to outperform - led by Personal Care, Beauty and Prestige - while markets in Europe remain subdued.

And in terms of profitability, we delivered 10 basis points of margin expansion and continued to invest competitively behind our brands, while generating earnings growth of 2.4% in hard currency.

These strong first half results are a direct consequence of bringing our mantra of Desire at Scale to life across the business.

Desire at Scale is a growth operating system - shaping how we build brands, how we innovate, how we activate in market, and how we convert demand into sales.

Whether in elevating the quality, reach and relevance of our brands through the SASSY framework - combining science, standout aesthetics, superior product experience, social proof and contemporary execution.

Or through embedding the concept of a frontline sales machine - by taking our activation programmes and the quality of our execution to new levels in every market. SASSY brands and frontline machine are two sides of the same coin. And at the heart of each, is the focus on making our brands and our activations culturally relevant.

Our progress on this was recently recognised at the annual Cannes Festival of Creativity, where we were the MOST awarded advertiser of any of the companies present.

Our brands received 35 awards. A demonstration of Unilever's ability to rethink how we create demand in this world of infinite content and distribution through algorithms.

Here are just a few examples from this quarter in how we are integrating our brands in culture across some of our key markets:

We created a grassroots football tournament in Brazil, with the chance for the finalists to play in the Emirates stadium. Our five-part video series has over 130 million views and 180,000 hours of watch time, deepening OMO's cultural relevance in our second-largest Home Care market, with double-digit Fabric Cleaning growth in the 2nd quarter.

Dove won six Cannes Lions for its partnership with Reddit during the launch of its Intensive Repair 10-in-1 Serum Hair Mask. Dove published and amplified customer reviews, whether positive or negative. Real consumers, real feedback, real beauty. The campaign created more than a billion earned impressions and helped make our product the number one hair mask in the US during the campaign.

Or take Liquid I.V. with the main character of Amazon Prime Video's hit series Off Campus becoming a brand ambassador within the show itself.

These are creative executions designed to travel, earn attention, strengthen brand equity and convert into growth. We know the bar for leadership continues to rise - and we will ensure we stay at the frontier of demand generation.

Chart - Winning across every consumer touchpoint
Being a frontline machine means activating our brands within these big cultural moments and across the biggest cultural events.

And they don't come much bigger than the FIFA World Cup 2026™, where Unilever Personal Care was an official sponsor.

We have not approached the World Cup as a conventional corporate sponsorship or a one-off event.

We have activated 35 brands across more than 120 markets,
by bringing creator content,
social media production,
retail distribution,
and local store conversion together on an unprecedented scale, involving:

- More than 50,000 content creators

- With a combined audience of more than 600 million people

- And 180 limited edition products

We have leveraged the event to further strengthen our creator-first operating model - including through 'House of Fresh' - with in-person creator hubs in Mexico City, New York and Miami, enabling creators to build dedicated content from live events and boost their storytelling to a wider audience.

We also developed our capabilities around AI-enabled content at scale, using our AI Studios.

And we will go on capturing the learnings and deploying them in future sports marketing events that will continue a key role in building demand and brand equity.

The FIFA World Cup 2026™ has been a pivotal moment for Unilever, showing our ability to turn a global cultural moment into coordinated execution across creators, content, retail and shopper conversion at a scale few companies can match.

Before Srini takes you through the results in more detail, let's roll the video

[VIDEO]

SRINIVAS PHATAK:

Thank you, Fernando.

Let me start with our growth.

The first half was characterized by strong, high-quality growth. Underlying sales grew 4.8%, with 4.2% from volume and 0.6% from pricing

Growth strengthened further in the second quarter, with underlying sales growth of 5.8% and volume growth of 5.5%. Importantly, Growth was broad-based and supported by stronger execution across the business.

On a two-year basis, volume growth averaged 2.7% in the first half, providing further evidence that the improvement we are seeing is becoming more consistent and sustainable

The three HPC Business Groups led delivery. Beauty & Wellbeing, Personal Care and Home Care all accelerated in the second quarter, supported by strong Power Brand performance, premium innovation and improved execution, particularly in emerging markets and North America.

Pricing in second quarter was 0.2% and 0.6% for the Half. Lower price in Q2 was largely due to timing and some deliberate choices. For example, in Home Care, we continued to lap corrective pricing actions in Brazil, and in Personal Care we deliberately elevated promotional support behind FIFA World Cup 2026™ activations. These actions enabled us to drive quality volume growth.

As commodity-related pricing lands in the market and we normalize promotional spend post World Cup, we expect price to lead growth during the second half of the year.

Our Power Brands continue to demonstrate the strength of the strategy and the quality of execution behind it.

In the first half, Power Brands grew 6.0%, with 5.4% coming from volume. Momentum strengthened further in the second quarter, with growth of 6.9% and volume of 6.8%.

On a two-year basis, Power Brand volume growth averaged 3.5%, underlining the consistency of their outperformance.

In the second quarter, 15 of our 30 Power brands grew in double digits. Dove, Vaseline, K18, Hourglass and Comfort were particularly supported by innovation, premiumisation and stronger execution.

Non-Power Brands returned to positive growth in the second quarter. We continue to optimise our tail brands and related investments while strongly supporting local jewels.

Beauty & Wellbeing delivered a high quality first half, with underlying sales growth of 5.9%, including 4.5% volume growth.

Performance accelerated in the second quarter, with growth increasing to 8.1% and volume growth to 6.9%. Growth was broad-based across categories and geographies, with emerging markets maintaining strong momentum and developed markets improving.

Hair Care led performance with 9% underlying sales growth in the first half. Dove, Sunsilk and K18, all delivered double-digit growth supported by innovation and premiumisation. K18 continued to benefit from its biotechnology-led innovations, while Dove was supported by premium innovation, including the Fibre Repair range.

Skin Care grew low-single digit, led by volume. Vaseline continued to deliver double-digit growth, supported by premium innovation across Gluta-Hya and ProDerma. We are also seeing the benefit of strong cultural relevance, including K-Popstar Jennie's appointment as global brand ambassador.

In the second quarter, our prestige beauty portfolio accelerated further, with Paula's Choice, Hourglass and Tatcha all delivering double-digit growth. Overall skin growth was partially offset by softer delivery of local brands in Asia Pacific Africa.

Wellbeing grew low-single digit in the half with an improved second quarter.

Liquid I.V. grew high-single digit in the first half supported by stronger activation, international expansion and timing of shipments for Amazon Prime Day. We continue to focus on innovations and activations to drive market development. The category opportunity and unit economics remain very attractive.

Olly delivered double-digit growth driven by distribution gains, growth in digital channels and emerging market performance.

Beauty & Wellbeing underlying operating profit increased 1.0% to 1.3 billion euros. Underlying operating margin increased by 10 basis points to 19.5%, as improved overhead efficiency more than offset gross margin headwinds and increased investment behind Power Brands and premium innovation.

Personal Care delivered a strong first half, with underlying sales growth of 4.8%, including 4.1% volume growth. Growth strengthened in the second quarter, with USG increasing to 5.9% and UVG of 6.8%. This reflected broad momentum across Deodorants and Skin Cleansing.

Deodorants grew across both developed and emerging markets. In the US we regained market leadership with sustained high growth in Dove. In Latin America, Rexona supported a strong return to growth in Brazil following actions taken to improve format mix and reset shelf space.

Skin Cleansing grew mid-single digit, led by volume. Dove delivered high-single digit growth, supported by premium innovation, while Lux grew mid single digit behind fragrance-led innovation in China. Growth in the US and emerging markets was partially offset by a flat performance in Europe. Oral Care grew low-single digit, with growth in Asia Pacific Africa offset by softer market conditions in Europe.

The FIFA World Cup 2026™ programme amplified the Personal Care momentum in the second quarter. It brought together media, creators, customers and in-store execution behind brands including Rexona and Dove. It supported strong volume growth and helped build new capabilities in creator-led content, AI-enabled asset creation and stronger Perfect Store execution.

The activation also had some impact on price in the quarter, reflecting higher promotional support alongside strong prior-year comparators. We expect pricing to build in the second half as higher commodity costs are reflected in the market.

Underlying operating profit increased 4.8% to 1.5 billion, while underlying operating margin improved 10 basis points to 22.2%, as productivity and overhead efficiencies offset gross margin pressure.

Home Care delivered an outstanding first half and was our fastest-growing Business Group.

Underlying sales grew 7.6%, with almost all of that growth coming from volume. Growth accelerated further in the second quarter to 9.1%, with volume growth of 8.6%.

Performance was broad-based across categories, brands and markets, with share gains across all three Home Care categories. These gains reflected stronger execution, investment behind our Power Brands and improved competitiveness in key markets.

Fabric Cleaning led the performance, with particularly strong delivery in India, Brazil and Indonesia. India delivered its strongest Home Care growth in three years, supported by innovations and continued share gains. Brazil delivered high-single-digit growth as the corrective actions taken last year helped restore competitiveness.

Fabric Enhancers maintained strong momentum, led by Comfort and supported by premium formats and fragrance-led innovation.

Home & Hygiene also performed well, with Cif delivering double-digit growth and Domestos growing high-single digit.

Home Care remains our Business Group with the highest exposure to commodity inflation and emerging markets footprint. In the first half, we have executed our play book well with calibrated pricing combined with formulation flexibility and channel-appropriate pack price offerings. In H2, we expect the growth profile to shift more towards pricing.

Underlying operating margin increased by 30 basis points to 15.8%, reflecting strong overhead discipline and productivity delivery despite commodity and currency headwinds. Underlying operating profit increased by 3.2% to 0.9bn Euros

Foods grew 1.2% in the first half, driven by volume. Growth slowed in the second quarter to 0.2% as continued strength in emerging markets was offset by weaker performance in North America and Europe.

Condiments grew low-single digit, led by volume with good performance from Hellmann's in emerging markets.

In the US, condiments performance was below our expectations, arising from increased competition in faster-growing premium segments such as avocado-oil mayonnaise. The issue is well understood and we have targeted innovation and execution plans in place to strengthen competitiveness and improve performance during the second half. Emerging markets remained resilient, with strong performances from Hellmann's across Brazil and Asia Pacific Africa.

Cooking Aids was flat. Knorr grew low-single digit, with good performance across emerging markets offset by category softness in developed markets.

Unilever Food Solutions also continued to grow, supported by good momentum in China and the US, alongside strong performances across the Middle East, Latin America and Southeast Asia.

Underlying operating profit was 1.5 billion euros, down 4.3%. Underlying operating margin was unchanged at 23.3%, as lower gross margin from commodity inflation and increased investment in the value proposition were offset by overhead efficiencies and continued cost discipline.

Turning to the regions, Emerging markets continued to be a strong growth engine with strong volume-led growth in the first half. In North America, we continued our volume outperformance while Europe was subdued.

Asia Pacific Africa delivered 7.3% underlying sales growth, with 6.1% from volume.

In the second quarter, India led the performance with growth accelerating to 10%. Delivery was balanced between volume and price. We had double-digit growth in Beauty & Wellbeing and Home Care, with Hair Care and Home Care both reaching record share levels

China grew mid-single digit, led by Beauty & Wellbeing, with all Business Groups contributing. Our growing presence in faster-growing digital and e-commerce channels supported the improvement despite a still- market.

Indonesia grew 7%. Performance was broad-based across Business Groups, led by double-digit growth in Home Care and Beauty & Wellbeing, and supported by a sharper focus on high-growth segments, social-first demand generation and the ongoing transformation of our go-to-market model. Africa also grew mid-single digit, led by volume.

Latin America delivered 7.6% growth, with 5.7% volume, accelerating in the second quarter to 8.9% growth and 8.8% volume. Brazil returned to strong, volume-led growth as the corrective actions taken last year restored competitiveness, led by Fabric Cleaning and improving momentum in Deodorants. Looking ahead, Brazil tax reforms are expected to bring lower prices from the start of next year, which may lead to some temporary retailer stock reductions in the fourth quarter.

In the second quarter, Argentina delivered high-single digit volume growth, while Mexico delivered mid-single digit volume growth, led by Personal Care.

North America grew 2.7%, with 3.2% volume, and continued to outperform the market. Growth strengthened in the second quarter to 3.6%, with 4.4% volume, led by Deodorants, Skin Cleansing and our prestige beauty brands.

Europe declined by 0.9% in the first half in a softer market environment, with the shortfall concentrated in Foods. Beauty & Wellbeing and Personal Care grew, while Home Care continued to gain share.

Turning now to Turnover. First-half turnover was 25.6 billion euros, up 0.5% on last year.

That reflected strong operational delivery. Underlying sales growth was 4.8%, including 4.2% from volume. Acquisitions net of disposals added a further 0.7%.

The acquisition contribution was led by Dr. Squatch, Minimalist and Wild, and one month of Gr ns following completion in June. These businesses are all aligned with our strategy to increase exposure to premium and higher-growth spaces.

The disposal impact reflected the continued reshaping of the portfolio as we concentrate investment behind fewer, bigger and more scalable brands.

Currency reduced first-half turnover by 4.9%. Importantly, that impact eased materially to 2.4% in the second quarter, as movements in the US dollar and in most emerging-market currencies became less adverse.

Based on July spot rates, we expect the full-year impact to be around 3%, implying a meaningfully lower headwind in the second half.

Turning to margin.

Underlying operating margin increased by 10 basis points to 20.3%, in a materially tougher cost environment while maintaining competitive investment behind our brands.

Our Gross margins improved sequentially relative to the second half of 2025. However, on a year-on-year basis, Gross margins declined by 70bps given inflation headwinds arising from middle east conflict and a calibrated approach to pricing.

We responded decisively to the areas within our control through productivity, sourcing flexibility, reformulation, pricing architecture and tighter cross-functional execution across Procurement, Supply Chain, R&D and the Business Groups.

For the second half, we expect gross margin to remain at a similar level to first half on an absolute basis despite higher inflationary impact. We will see benefits of higher pricing landing in the P&L.

Brand and marketing investment remained competitive at 16.1% of turnover, with incremental investment focused on our Power Brands.

Overheads improved by approximately 70 basis points, reflecting the completion of our 800-million-euro productivity programme ahead of schedule, together with continued simplification and cost discipline.

Underlying operating profit was 5.2 billion euros, up 0.9% versus the prior year, with strong operational performance partially offset by currency headwinds.

Underlying earnings per share increased 2.4% to 1.61 euros.

Operational performance contributed more than seven percentage points of growth, reflecting strong volume-led sales growth, modest margin improvement and continued productivity delivery.

Finance costs increased as a result of a higher cost of debt, although they remain well controlled at 2.5% of average net debt. We continue to expect the full-year finance costs to remain below 3%.

Excluding the currency impact, tax was a modest positive contributor. The underlying effective tax rate increased slightly to 26.0%, from 25.6% in the prior year, reflecting fewer benefits from tax settlements and other one-off items. Our full-year expectation remains around 26%.

Share buybacks contributed 0.7 percentage points to EPS growth following completion of the 1.5-billion-euro programme in June.

Minorities and other items added a further 1.3 percentage points.

Currency reduced underlying EPS growth by around six percentage points in the first half. We expect this headwind to moderate in the second half, consistent with the improving currency impact on turnover

Overall, this was a strong earnings performance delivered despite a significant currency headwind, and while maintaining competitive investment behind our brands.

Free cash flow was 1.5 billion euros, an increase of 0.5 billion euros versus the prior year. Improvement was driven primarily by higher operating profit and a stronger working-capital performance.

Capital allocation remains disciplined and unchanged.

We increased the second-quarter dividend by 3% and completed the 1.5 billion euros share-buyback programme in June.

As announced alongside the Foods transaction, we expect operational performance and transaction proceeds to support 6 billion euros of share buybacks between 2026 and 2029. This reflects the strength of our cash generation and a disciplined approach to returning surplus capital to shareholders.

On portfolio development, we completed the acquisition of Gr ns in June. Gr ns is a fast-growing US Super Greens supplements brand. It is highly complementary to our existing Wellbeing portfolio and increases our exposure to premium, high-growth and digitally led consumer spaces.

Turning to the outlook.

Based on the momentum we have built in the first half, we have upgraded our full-year outlook. We expect underlying sales growth to be within our multi-year range of 4% to 6%, with around 3% UVG for the full year.

Inflationary pressures are expected to continue in H2 with heightened volatility. We are confident of managing this while maintaining supply resilience. As we land pricing, we do expect some volume sensitivities.

For the second half, we expect growth of 4% to 5%, led by pricing. As shared earlier, currency in H2 is expected to improve versus the first half of 2026.

We continue to expect a modest improvement in underlying operating margin versus 2025.

While the external environment remains uncertain, we enter the second half with a stronger fundamentals: improving pricing, disciplined cost management and healthy brand investments. Taken together, this gives us confidence in delivering another year of competitive growth, modest margin improvement and strong cash generation.

And with that, back to you Fernando

FERNANDO FERNANDEZ

Thank you, Srini.

Let me sum up after what has been a very successful first half of the year.

We have been consistent in our conviction that to truly succeed in this fast-changing environment, you have to simultaneously perform and transform.
Our delivery in the second quarter, and in the first half as a whole is further evidence that we are doing that.

The transformation of our portfolio remains on track - with the acquisition of Gr ns in June and our progress on combining Foods with McCormick.

At the same time, we have delivered a strong, volume-led first half - with broad-based strength.

Our strategy built on Desire at Scale is working - we are creating a marketing and sales machine - with brands that are embedded in culture and with innovation driving the outperformance of our Power Brands.

This gives us confidence in our full-year delivery, including volume growth of around 3%, with growth in the second half led by pricing.

Thank you for listening, and with that, Srini and I will now take your questions.