Unilever Q3 2025 Trading Statement

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Speakers:

Fernando Fernandez	Chief Executive Officer
Srinivas Phatak	Chief Financial Officer
Jemma Spalton	Head of Investor Relations

Chart 1: Q3 Trading Statement

Chart 2: Safe Harbour Statement

Fernando Fernandez

Hello and welcome to Unilever's third quarter trading statement for 2025.

Thank you for being with us today.

I am joined by Srini Phatak.

Srini's appointment as Chief Financial Officer was confirmed by the Board last month, following an extensive search process.

Srini's vast experience and expertise are great assets for Unilever and I am delighted we will keep building on the strong partnership we have formed.

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

Chart 3: Broad-based growth, on track for full year outlook

First, though, let me highlight the key elements of our performance, as I see it.

We have delivered a good quarter with 4% underlying sales growth and acceleration of volume growth to 1.7% for Unilever excluding Ice Cream, despite subdued markets.

Growth was broad-based across all Business Groups, with each of them delivering underlying sales growth above 3%.

This performance keeps Unilever on track to meet our full-year outlook and is evidence of powerful innovation, improved execution and significant shifts into premium segments and fast-growing channels.

It is also fully in line with the priorities we have set for the business.

For example:

- Our major growth engines, Beauty & Wellbeing and Personal Care delivered particularly strong performances.

- Our Power Brands continued to outperform, delivering 4.4% growth in the quarter with volumes up 1.7% for Total Group and 2.2% excluding Ice Cream.

- We also saw a continuation of sustained strength in Developed markets, led by North America. Volume led-growth of 5.5% was driven by Personal Care, an improving performance in Prestige

Beauty, and once again, exceptional delivery in Wellbeing.

- Europe grew underlying sales by a competitive 1.1%, despite a strong comparator. Structurally, our business in Europe continues to improve and strengthen.

- Our emerging market business stepped-up with 4.1% USG, led by a return to growth in Indonesia and China. Overall, emerging markets grew well, despite the short-term impact of the Goods and Services Tax reforms in India and some challenges in Latin America.

- We have delivered these results while preparing our Ice Cream business for demerger, which we expect to be completed before the end of the year. The timeline is being revised as a result of the US Government shutdown impacting the work of the SEC. Srini will say more about the final stages towards demerger in a moment.

In summary, a positive set of results this quarter that reaffirm our confidence in the steps we have taken to make Unilever a marketing and sales machine. They will continue to guide and inform our actions over the quarters ahead.

With that, I will hand over to Srini to take you through the third quarter results in detail, after which I will come back to say something about the remainder of this year and beyond – and also provide a brief wrap-up.

We will then take questions.

First, though, over to Srini...

Chart 5: All Business Groups delivered USG above 3%

Srinivas Patak

Thank you, Fernando.

Unilever's underlying sales growth in the third quarter was 3.9%, with broad-based progress across business groups. Underlying price growth was 2.4% and volume contributed 1.5%, resulting in a two-year compound annual volume growth rate of 2.6%.

We expect the demerger of Ice Cream to be completed in 2025. In this context, excluding Ice Cream, underlying sales grew 4.0%. Volume growth in the quarter was 1.7%, compared to 1.1% in the previous quarter. All four Business Groups delivered positive volume growth with a 2-year compound annual volume growth rate of 2.4%

Chart 6: Power Brands continue to drive growth

Our Power Brands, which represent over 75% of turnover, grew 4.4% in the third quarter, including 1.7% from volume. Power Brands excluding Ice Cream delivered 2.2% volume growth, in line with our medium-term volume ambition. Strong performances included double-digit growth from Vaseline, Liquid I.V., Nutrafol, Cif and Domestos, and high single-digit growth from Comfort, Olly and Cornetto. Dove, our biggest brand, keeps outperforming markets with 6% USG in the quarter and 8% year to date.

Chart 7: Developed markets remain strong, emerging markets improving

Before turning to the Business Groups, let me first provide some colour on our performance across different geographies.

Chart 8: Developed markets continued outperformance

Developed markets continued to perform strongly.

North America grew underlying sales by 5.5%, with 5.4% from volume, reflecting the continued benefits of our multi-year portfolio transformation. Growth was driven by strong performances in our Personal Care and Wellbeing brands, underpinned by premium innovations. This marks the fifth consecutive quarter of robust, volume-led growth in North America, supported by share gains across key categories and sustained brand investment.

Europe grew underlying sales by 1.1%, with a 0.6% decline in volume and 1.7% growth from price. Our performance was broad-based and robust given high comparators of over 6% growth. We gained share across major markets. Power Brands and multi-year premium innovations, including the rollout of Wonder Wash and Cif Infinite Clean, continued to perform well.

Chart 7: APA growth accelerated; challenges in Latin America

Asia Pacific Africa, delivered 6.8% underlying sales growth, with 3.5% from volume and 3.1% from price.

This is a clear acceleration versus the first half, reflecting improved performance in key markets and stronger execution across categories.

Indonesia returned to growth, as we saw the benefits of the extensive business reset we’ve undertaken. Strengthened brand plans, sharper channel execution, and renewed customer partnerships are driving improved trends. Sequential improvements in run rates position Indonesia for sustained progress into 2026.

In China, while the market environment remains subdued, we delivered low single-digit growth, supported by innovation within our key brands and interventions in pricing.

The macro environment in India continues to be favourable. Earlier in the year, personal income tax and interest rates were lowered. In September, the Government reduced GST (or sales taxes) to 5% on around 40% of our portfolio, making affected products roughly 10% cheaper. While these changes are expected to improve consumption through higher disposable income and improved sentiment, Q3 sales were temporarily impacted as trade reduced inventories and consumers delayed purchases in anticipation of lower prices. Trading conditions are expected to normalise from November onwards. Underlying performance was driven by premium portfolios in Beauty & Wellbeing and Personal Care.

Turning to Latin America, underlying sales declined 2.5% in the third quarter, with a 7.3% decline in volume partly offset by 5.2% from price.

Markets across Latin America are experiencing a broad-based softening, reflecting continued macroeconomic pressure on category growth and consumer demand.

In Brazil, our focus remains on restoring competitiveness in Laundry where we are seeing early signs of progress. In Deodorants, we continued to gain share in a declining market impacted by a temporary shift in product formats. Our Foods business delivered double-digit growth in Hellmann’s, supported by the continued success of its flavoured mayonnaise range.

In Argentina, the macroeconomic backdrop remains unstable amid ongoing political uncertainty.

We expect to see improvement in the region during 2026.

Chart 10: Beauty & Wellbeing

Beauty & Wellbeing underlying sales growth was 5.1%, driven by strong volume growth of 2.3% and 2.7% from price. Our volume momentum remains very solid, with a two-year CAGR of 4.0%.

Dove hair, Vaseline, Hourglass, K18, Liquid I.V.and Nutrafol all delivered double-digit, volume-led growth, reflecting the strength of our premium innovations and disciplined execution.

Hair Care was broadly flat. Growth in our premium portfolio was offset by declines in Clear and Sunsilk, which were impacted by soft market conditions in China and Brazil, and by lower TRESemmé volumes in the US, where we have pricing and promotional corrections in place to support improvement.

Core Skin Care grew mid single-digit, led by Vaseline, which delivered double-digit growth in both sales and volume. Growth was supported by premium innovations such as the new Cloud Soft Light Moisturiser in India.

Prestige Beauty grew mid-single digit, led by volume as the category showed gradual recovery. Performance remained mixed, with Hourglass and K18 continuing to grow double-digit, while Paula's Choice and Dermalogica returned to low-single digit growth after declines in the first half.

Wellbeing continued its exceptional run, delivering strong double-digit growth. Power Brands Nutrafol and Liquid IV sustained their outstanding performance, supported by a deep innovation funnel, increased brand investment, and selective international expansion.

Chart 11: Personal Care

Personal Care underlying sales growth was 4.1%, driven by 1.0% volume and 3.1% price. The two-year compound annual volume growth rate of 2.0% reflects continued resilience across our core categories, supported by strong growth in Asia Pacific Africa and in North America driven by Dove.

Premium innovations in Deodorants and Skin Cleansing continued to lead growth, with the rollout of Whole-Body deodorants and the expansion of premium body wash driving strong consumer engagement and share gains.

Deodorants grew low single-digit, led by Dove in North America. Growth was partly offset by weaker performance in Latin America, reflecting a decline in category volumes and a temporary shift in product formats.

Skin Cleansing grew low single-digit, with commodity related pricing weighing on volumes. Dove continued to perform well, supported by its premium innovations and the launch of limited-edition seasonal body wash ranges. Lifebuoy grew low single-digit.

Oral Care delivered high-single digit growth, led by our Power Brands, Close-Up and Pepsodent, with strong momentum in Asia Pacific Africa.

In September, we further strengthened our Personal Care portfolio with the completion of the acquisition of Dr. Squatch, expanding our presence in the fast-growing premium male grooming segment in North America.

Chart 12: Home Care

Home Care underlying sales grew 3.1% in the third quarter, with 2.5% from volume and 0.6% from price. Volume growth stepped up versus the previous quarter, driven by sustained performance in Europe and improving trends across several key markets in Asia Pacific Africa.

Fabric Cleaning was flat overall. Europe grew mid-single digit as the rollout of Wonder Wash continued to drive volume growth and strengthen competitiveness. Wonder Wash will reach 30 markets by the end of the year. This was partly offset by a decline in Brazil, where market conditions remained soft and we implemented corrective pricing actions.

Home & Hygiene grew mid-single digit, with balanced contributions from both price and volume. Growth was led by Cif and Domestos, both delivering double-digit performances. Cif Infinite Clean — a multi-purpose cleaner, powered by probiotics — has now been rolled out across major European markets and is delivering strong early results.

Fabric Enhancers grew high single-digit. Comfort delivered strong volume-led growth supported by the continued success of its CrystalFresh technology.

Chart 13: Foods

Foods delivered growth ahead of the market with underlying sales of 3.4%, with 1.3% from volume and 2.1% from price. Growth was broad-based across regions, led by strong brand execution.

Condiments delivered mid-single digit growth, with positive volume and price. Hellmann's maintained its strong momentum with mid-single digit growth led by volume. This was supported by competitive growth in developed markets and by a particularly strong double-digit growth in Brazil where Hellmann's is going from strength to strength.

Cooking Aids grew low-single digit, with positive volume and price. Knorr and Unilever Food Solutions both delivered low-single digit growth amidst subdued market conditions.

Chart 14: Ice Cream

Ice Cream underlying sales grew 3.7% in the third quarter, with flat volume and 3.7% from price.

Volumes were flat against a mid-single digit comparator last year, with a two-year compound annual volume growth rate of 3.4%.

Growth continues to be competitive, reflecting strong innovation, ongoing operational improvements and disciplined execution across regions.

Cornetto led with high-single digit growth, while Ben & Jerry's grew mid-single digit, supported by the launch of new Sundae flavours and a larger, shareable pack format that is expanding consumption occasions.

Chart 15: Ice Cream demerger timetable

Now, let me take you through the latest update on the Ice Cream Demerger.

All the preparatory work for demerger remains on track, with the shareholder circular published on 2nd October and approval of the share consolidation received on 21st October.

Due to the US Government shutdown, the SEC is currently unable to declare the US registration statement effective, resulting in revisions to the original timeline.

We remain committed to and confident of implementing the Demerger in 2025 and we will share further updates as soon as practicable, once there is greater clarity on timing.

Chart 16: Ice Cream demerger practicalities

Let me now explain how the demerger and share consolidation will work in practice.

As part of the demerger, shareholders will receive one share in The Magnum Ice Cream Company for every five Unilever shares they hold.

Following the demerger, we will carry out a consolidation of Unilever shares to maintain comparability between Unilever's share price and key per-share metrics before and after the demerger. This is a standard technical adjustment in transactions of this nature, and the final ratio will be confirmed shortly after TMICC shares begin trading.

Importantly, Unilever is expected to pay Q4 dividend in-full, ensuring continuity for our shareholders through the completion of the Ice Cream demerger.

Chart 17: USG offset by net disposals and adverse currency

Turnover for the third quarter was 14.7 billion euros, down 3.5% year-on-year. Underlying sales growth of 3.9% was more than offset by a negative currency impact of (6.1) %. We now expect an adverse currency impact on full year turnover of around 6% and a 30 bps on underlying operating margin.

Portfolio changes also reduced reported turnover, with an impact of (1.0)% from net disposals. Acquisitions contributed 0.5%, led by strong double-digit growth from K18 and Wild, and supported by the addition of Dr. Squatch following the completion of its acquisition in September.

This was more than offset by a (1.6)% impact from portfolio disposals, including The Vegetarian Butcher, which completed in September.

With that, over to you, Fernando.

Slide 18: On track to deliver full year 2025

Fernando Fernandez

Thank you, Srini.

Let me conclude by saying something about how we see the remainder of the year.

In short, our outlook is unchanged - and that applies both including and excluding Ice Cream.

In either case, we expect underlying sales growth to be within our 3-5% multi-year range.

Growth in the second half will be ahead of the first half.
This despite some softness in certain markets, notably Latin America.

Overall, we expect we will continue to outperform our markets, with a strong competitive performance in developed markets and an improved performance in emerging markets.

Volume growth in quarter 4 should be at least in line with quarter 3.

On the bottom line, we continue to expect an improvement in underlying operating margin for the full year, with second half margins of at least 18.5% - or at least 19.5% excluding Ice Cream.

Of course, we will continue to monitor external events closely in what remains an uncertain environment.

Slide 19: Progressing against strategic priorities

Finally, on the back of a strong quarter, we are looking ahead to the rest of the year – and into 2026 – with confidence and resolve.

Unilever is changing - fast.

Under the strategic priorities we have set out….

- The portfolio is stronger, with more Beauty, more Wellbeing, more Personal Care. This quarter saw Beauty & Wellbeing up 5.1% and Personal Care up 4.1%.

- The shift to premium and digital commerce is accelerating, both organically and through M&A as per the recent acquisitions of Wild and Dr Squatch.

- Our anchor markets are delivering superior growth. Our US business has now posted 5 consecutive quarters of strong volume-led growth.

- The performance expectations we are placing on people within the company are higher, with clear accountability and real differentiation in our incentive outcomes.

- And our commitment to make Unilever a marketing and sales machine permeates everything we are doing. From the acceleration of ‘desire at scale’ in elevating our brand portfolio, to the significant investments we are making to step-up executional excellence in every part of the business.

In short, we are crystal clear on what we need to do and on where we want to invest. We will not be diverted from these priorities.

As we look ahead, it’s clear that some markets and categories will remain soft for a while. But we have put Unilever on a stronger footing and are increasingly confident in our ability to continue to outperform our markets, whatever the conditions.

Slide 20: Q&A

With that, thank you for listening and we are looking forward to taking your questions.

Thank you for joining today's call. I hope it's clear that:

- Our major growth engines of Beauty & Wellbeing and Personal Care continue to deliver strong performances
- Our shift to premium and digital commerce is accelerating
- Developed market performance continues to be strong with further standout volume growth in our US business
- Emerging market performance is improving - India is very well positioned over the medium-term, Indonesia and China continue to improve, and while LATAM will take time, the inherent strengths of our business in the region remain firmly intact
- All of which give us confidence for the remainder of this year and in our ability to continue to outperform markets.

Operator

Good morning. Many thanks for joining the call. If you would like to ask a question, press *1 on your keypad. If you no longer wish to answer a question, press *2 to exit the queue. When it is your turn to ask a question, your name will be called out. And finally, please keep your questions to a maximum of two.

JEMMA SPALTON:

Our first question comes from Warren Ackerman at Barclays. Go ahead, Warren.

Warren Ackerman:

Good morning, Fernando, Srini, Jemma, it's Warren here at Barclays. I've got two and one housekeeping one. The housekeeping question: on the clarification on volume, at least Q3 level, can you just confirm, Fernando, you're confirming also 2% volume growth into 2026 as well, so just looking forward. My two questions are; firstly, North America, really super growth, very impressive. Can you talk a bit about the growth of the Wellbeing and the Prestige unit in North America? There is concern that Liquid I.V. may be plateauing and you've seen some recovery in Prestige. Can you talk a little bit about what is happening with Paula's Choice and Dermologica, and the sort of look forward for North America?

The second one on Latin America: clearly, the macro's tough, but there seems to be self-inflicted issues in Brazilian laundry powder and deodorants. Can you explain what actions you're taking, and what learnings you've made, you've been in the region yourself, is there a risk you've taken too much pricing in Latin America to hit hard currency FX and what assurance can you give us that we won't see that in other emerging markets? As we look forward on LATAM, can you maybe give some clarity on the pathway forward, and the growth you expect in LATAM in found 26. Thank you.

Fernando Fernandez:

Thank you, Warren. Good morning, everyone. Let me start by North America and I feel the performance we are having there with the five consecutive quarters of growth above 4%, at the time when the markets are visibly tougher there, I believe it is a reflection of the profound transformation we've done in our portfolio, the set-up of US for US innovation model and a huge focus in strengthening relations with key retailers. I mentioned that in the last call, for the first time, in many, many years, we have ranked number one in Personal Care, number one in Foods, and number three in Beauty in the most popular survey with the top 130 retailers in the US. That basically show our ability to deliver in main markets in that region. A brilliant performance of Beauty & Wellbeing there, it was really strong. Wellbeing continues having an exceptional performance in the US — double-digit growth both in Liquid I.V. and Nutrafol, both brands are approaching the $1 billion revenue mark for the year. Prestige Beauty has improved after a relatively flattish first half, we delivered mid-single digit growth. But, we don't take that as a new trend, I would say. Very good growth in Hourglass, very good growth in K18, in the most premium part of Prestige. Paula's Choice and Dermologica back to growth but low-single digit, so these are our main Prestige beauty brands there, but also our core Skin Care was solid with very good performance in Dove and Vaseline there.

We have some issues in Hair Care in US. We decided to release some brands that are having some impact in our growth in Hair in the US, the likes of Axe Hair and Love Beauty & Planet are in the process of delisting. That was a conscious decision. We didn't believe these brands were sustainable, and we're sorry to release them.

About Latin America. Well, you know, indeed, it has been a very weak quarter for us in Latin America. It’s a combination of markets under pressure due to deteriorating macro, broad-based price increases to deal with currency depreciation, and as I have mentioned previously, we scored a couple of own goals there. The three major Latin American economies are under pressure, for different reasons: in Brazil, the level of household debt and interest rates are extrem ely high; remittances Mexico went down; Argentina contraction in consumption with a run against the local currency in the short-term. As a result of that, we've seen markets really going down significantly. If you look at volumes in H1’24 - volume growth of 7%, H2’24 was 3%, flat in H1’25, negative in Q3’25.

But there are definitely a couple of own goals. Laundry in Brazil, we went too far in our pricing. Historically, our competitors in powders in Brazil tend to follow us in a period of eight to 12 weeks. That was not the case. We have corrected that. We are starting to see significant improvements in our sell-out, and, on top of that, the market really did shift and quickly to liquids, and we've introduced in Q3 our very successful European Wonder Wash. We expect competitiveness in laundry to progressively improve. And the other big category we have in Brazil, deodorants, in that category we have been gaining substantial market share in the region of 200 basis points there, but we did it boosting our contact applicator formats at the expense of aerosols. This has had some negative consequence in the overall market growth because the revenue per use of aerosols is significantly larger than the one of contact applicator.

Reigniting the growth in the format is crucial. The plans are in place, and there are clear learnings from these two issues that we have had, and we will be sure of not repeating that anywhere else. That is basically to say about Latin America, we expect that we will see improvements in Latin America in 2026. At this stage, I don't want to commit to more than that.

Regarding the long-term ambition, we continue thinking that it is absolutely possible for us to deliver 2% market volume growth. In the long run, our combined categories and geographical footprint offers around 2% market volume growth - even if at this moment it is more in the 1% territory, but we are outperforming markets very clearly in Europe and the US, and in developed and emerging markets, we see significant progress, particularly in Asia.

Jemma Spalton:

Thank you. Our next question comes from Guillaume at UBS. Go ahead, Guillaume.

Guillaume Delmas:

Good morning, Fernando, Srini, and Jemma. Two questions from me, please. The first one is on pricing: I mean, we are having a relatively benign commodity cost environment. You also flagged a relatively weak consumer environment in some key countries, like Brazil, where you mentioned some pricing adjustments. So, given this backdrop, do you expect price growth to remain at current levels, or to actually come down over the coming quarters? Any colour on your price growth outlook would be very helpful.

Then my second question is on Europe. Volume growth turned slightly negative in the quarter. Could you talk a little bit about the drivers behind this? Is it just down to this very elevated basis of comparison so "nothing to see here", volume to return to positive territory from next quarter, or on an underlying basis, are you maybe seeing some changes in category growth or in consumer behaviour? Thank you very much.

Fernando Fernandez:

Thank you Guillaume. Srini will helping me with the pricing question. In Europe, we have positive volume when you exclude Ice Cream in the quarter, against a very tough comparator - we deliver 7% volume growth in Europe in the same quarter last year, so the comparator was very, very tough. I believe you read the same information that we read, and you see that we are gaining significant share in Europe, particularly in Home Care and Personal Care — those are two of our most sizeable businesses in Europe.

Our innovation in the premium segment is working really, really well there. We are very confident about our prospects in Europe, you know, but the comparator was very, very tough. Our share gain is solid and broad-based - in the top five markets in Europe, we are gaining share. We are very pleased overall with the performance we have, structurally in Europe.

In the case of pricing, and Srini will help me with that, it is true commodity cost is relatively benign with the exception of a few family of materials — palm oil in particular is increasing significantly, this has significant implications in Home Care, Personal Care and Beauty liquids, and also in skin-cleansing bars. Aluminium is going up — but I feel it is important for you to remember that wage inflation is significant. You see wage inflation in Europe and the US in the territory of 4%. We need to cover for that also. Srini?

Srinivas Phatak:

So, two additional elements to that, Guillaume. Clearly, the inflationary pressures, as Fernando said, in Skin Cleansing are higher. However, when you look at something like Home Care, it is quite benign with crude oil sitting around the $60 mark. Having said that, when we look at the total net material inflation, which is a composition of the materials and forex devaluation, that is another important element to see that in all the emerging markets, the currencies have devalued and therefore there is an important inflation. Give or take, we feel that net material cost should be half a billion this year, and we expect similar levels for next year, given the information we have now. This will really warrant a sensible pricing, this is lower than what we've seen the historical averages of 200 to 300 million, but it is a little better than that, but obviously much lower than what we experienced in the Covid period. So, in a sense, if you really think about those levels of inflation, there is price in the market, and there is price clearly in some categories.

The only last colour is that when it comes to beauty, given the value chain, I think the bigger impact for us will really come from price and mix together, because, with premium innovations and what we are bringing to the market, we have the propensity and the ability to price up, and we will do that in a sensible manner.

Jemma Spalton:

Thank you. Our next question comes from Olivier at Goldman Sachs. Go ahead, Olivier.

Olivier Nicolai:

Hi, good morning, Fernando and Srini, and Jemma. Just two questions, please: first on Hair Care. Particularly in the US, TRESemmé has been struggling for a couple of quarters. Is that still expected to continue into Q4? Has it improved already by the end of Q3, and how much of an impact it had on price mix in the US?

And, then, lastly, on Liquid I.V., could you perhaps give us an update on the global roll-out of the brand, in how many countries you expect to launch it — not necessarily in Q4, but also into 2026, and which geographies will be the priority?

Fernando Fernandez:

Thank you, Olivier. In the US, this year, in Hair Care, we entered with two significant relaunches: one was in Dove hair, and the other one was in TRESemmé. Both implied significant proposition in soft growth brands. Hair Care has been an incredible success, growing double digits in the US, significantly repositioning themselves, pricing much closer to the average of the market.

In the case of TRESemmé, that didn't work in the same way. We've corrected that, and in Q3, TRESemmé is back to growth, with particularly good performance in Styling. We are confident in the trend that we are seeing in TRESemmé and in Hair Care in the US. The main issue in the US when you look at Hair Care performance has been the delisting of some of the brands, but this has been a conscious decision. In the case of Liquid I.V., excellent performance in the US, as I mentioned before, the brand is approaching the one-billion-dollar mark with double-digit growth in another quarter. The brand has been rolled out to eight markets. Particularly in Western Europe, Australia, we are starting to introduce a brand in urban India. The initial results are very, very good. Of course, Canada was launched last year also.

Jemma Spalton:
Thank you, our next question from David Hayes at Jefferies. Go ahead, David.

David Hayes:
Thanks, Jemma. Good morning, all. Two from us as well.
Firstly, on broader questions, I guess, in terms, margin levels. In Indonesia, India, you're seeing signs of improvement, but you've obviously taken quite a dramatic step in terms of profitability as you invest in those areas. The question is: is that something you need to do more in other markets? And just going back to the hard currency question that we had earlier, 2019 margins, which is kind of where you're getting back to, you had two previous CEOs saying that is too high. Why is that the right level now and does something need to be done in the other markets to try and re-stimulate volume growth as you've seen in those two areas? The second one what you picked up a few weeks ago in Boston, the eight Power Brands focus for the One Unilever markets - you talked about not really supporting the other brands. To get more detail on that, is that a case of no advertising and promotion spend at all beyond those eight brands in those markets? Can you quantify what percentage of sales that leaves not being supported, and can you talk about what impact you think that might have on those brands in terms of the headwind to growth for a period of time? Thank you so much.

Fernando Fernandez:
Thank you, David. I'll take Power Brands — and then Srini will talk on margins. Power Brands in One Unilever market represent around 80% of the revenue. We want to take that into 90, 95%. This does not mean we won't use other levers of support of local brands in these markets or that

we will let these brands die, but definitely, we don't want complexity in our portfolio in smaller markets, and this is a very decisive strategic move we are doing. Our performance in One Unilever market has been very strong, consistently strong during this year. We have delivered 4.9% this quarter with good volumes. Excellent performance in most of the geographies, and definitely we are really concentrating our efforts in rolling out our strongest brands, usually three in Beauty & Wellbeing, two in personal care, one in Home Care, and one in foods in most of these markets, and this is a conscious decision we are doing. Of course, when there are local jewels, we will protect them, we will support them, we will use our drivers of demand in all these cases. Margin?

Srinivas Phatak:

It is important to appreciate what is different in the way we are thinking about our profit and profitability. The six or seven levers that we are today exercising are significantly different. We've talked about the importance of volume growth that the 2% volume growth of the anchor then starts to provide a leverage for us across the value chain, and that starts to become an important contributor. Given the work that we have done, whether it is in terms of the portfolio mix, the geography mix, the channel mix, or the format mix, mix is actually becoming a component which gives around 25 to 30 basis points on a regular basis for us. In the past, we've spoken to you about how we have reshaped the whole supply chain space, how we are actually buying, whether it is technology, whether it is game theory, project Lighthouse is consistently enabling us to beat the market inflation by about 1%. When we look at the control cost element to it, again, serious amount of work which is happening in terms of reshaping the network of manufacturing and logistics. And we can go on.

You also have seen how we've reshaped our overall overheads trajectory and we are well ahead on our productivity programme, and now we're driving productivity as a habit and a culture in the organisation, where our costs will be lower than our revenue growth on a consistent multi-year basis. We are deploying capital, more than 55 to 60% of our capital today has gone towards savings initiatives, and we are actually looking at more backwards integration projects.

When you add up all of these elements, and also given the relative strength of our brands, this is what it enabling us to drive our margins differently.

Equally important to highlight that the margin profile — now, we will be talking about businesses excluding Ice Cream, and Ice Cream as am aggregate was margin dilutive for us — when we look at Beauty, Personal Care, and Foods, strong healthy margins. Given the footprint of Home Care and the positioning, a little lower, all are contributing in a sensible way. We are also very focused on hard currency earnings, because again it’s a multi-year clear objective, we are also pulling all levers which includes below-the-line items such as taxation, pension, interests costs, are all elements of the value chain which are in play. I think what this gives us, is that when we have a consistent business which is delivering day in and day out, margin expansion becomes very integral to the way we think about growth and the way we think about profit. A lot more confidence in today's Unilever to continue to build our margins, drive hard currency earnings, and get hard currency earnings hopefully in a multi-year basis which are ahead of our sales ambition.

Jemma Spalton:
Thank you. Next question comes from Sarah Simon at Morgan Stanley. Go ahead, Sarah.

Sarah Simon:
Yes, good morning. Just a question on the US. So, we are starting to hear some negative commentary from some of the consumer-orientated companies about the effects of the government shutdown. I'm wondering if you're seeing any of that in your businesses? Thanks.

Fernando Fernandez:
Thank you, Sarah. We've not seen any significant impact of the government shutdown at this stage in the consumer sentiment. Of course, you know, we follow similar surveys that you follow - the Michigan University Consumer Sentiment Survey shows relatively low levels in the last metric, and we see a clear bifurcation in the market there between households that own stocks and households that don't own stocks. So, I really think this explains the resilience of our premium portfolio in the US. As you see in our performance, we continue to deliver significant volume growth in the US. We are very pleased with our performance there but it is very clear we are outperforming markets by a mile there.

Jemma Spalton:
Our next question comes from Tom at Deutsche Bank. Go ahead, Tom.

Tom Sykes:
Thank you. Morning, everybody. You mentioned in the presentation the growth of digital commerce and the channel shift in retail seems to be

happening at an accelerated pace. Why would you be well positioned versus that channel shift, please, and any sort of details you could give. We've got a bit more of an idea of what is happening in the US, but some sort of views on the pace of that channel shift in Europe, perhaps, in India, and some of your other larger markets would be great, please. And just a quick one on China: maybe any details on the improvement there, and any impact of timing of Chinese New Year on Q4 growth, please?

Fernando Fernandez:

Yes, digital commerce is 17% of our revenue. I can give you some data. We are growing Amazon at 15%, Walmart.com at 25%, we are going Flipkart in India at 30%, growing TikTok globally at 70%. So our portfolio is much better suited now after the kind of research we've done with disposals of value brands and significant acquisitions in the premium segments, digitally native brands that are operating with a lot of success there, and every one of the reasons that we are delivering the type of growth that we are delivering in the US is a portfolio with the highest exposure to eCommerce that we have globally.

But we see similar trends in other markets, China, India. Our quick commerce in business in India is more than doubling this year. We believe our portfolios are well suited, our capabilities are significant in that space. A lot of capabilities we have acquired to the business through the acquisitions we have done are really helping us in all these markets. We are very, very happy with the development of digital commerce, particularly in Beauty & Wellbeing where the level of digital commerce is approaching 27%. China: Srini, do you want to talk about that?

Srinivas Phatak:

On a China perspective, it is encouraging for us. In the sequence of improvements, we said that Indonesia would do much better, and it is doing much better. China, given the macro economic conditions, we said we are making some fundamental changes to our business model, our go-to market, our abilities in eCommerce are driving the ongoing premiumisation of the portfolio – particularly in Beauty & Wellbeing, Vaseline, and Home Care.

What is really encouraging is that in Q4, all of our Business Groups, excluding Ice Cream, have returned to positive growth on value and volume terms. Given the fundamental work we have done, it positions us well going forward.

Of course, as Fernando referred to, there is more work do be done in some of the channel shifts which are happening. Notably, what does it mean to compete? And that is where we are spending a lot of time and effort to really make it strategic, make it important, and really play the full "six Ps" to win in the channel, but, overall, I think given where we are, we are confident in terms of our progress going forward.

Jemma Spalton:

Thank you. Next question comes from Jeff Stent at BNP.

Jeff Stent:

Thank you, Jemma. The first question is could you just shed a little bit more colour on Mexico, which I think was down high single digit. What is happening there beyond the macro? And then, secondly, do you still expect to grow hard currency earnings this year? Thank you.

Fernando Fernandez:

Yes. Mexico: we have seen soft markets. If you look at the performance of the main retailer in Mexico, the last two quarters was around 1% and 4%, and that has basically reflected the fact that, you know remittance reaction is having a reaction in the economy, tariffs have created uncertainty, and the growth there is expected around 0.4%. This is the last number I've seen there. Our competitiveness is strong in Mexico, so we will have significant issues there, but we've seen the market is really, really softening, and there are significant promotional periods in Mexico, particularly in July. It is called “July for free”. Retailers have significant activities and the pick-up in that period has been relatively poor. So, the macro in Mexico is not very good. We don't have any fundamental structural issue in our portfolio in Mexico. We have a great Foods business with Knorr, excellent deodorant business, and they're very, very solid in shares, but the market has been soft.

Srinivas Phatak:

An important element for us is the gross margin trajectory, and investment behind our brands. On both these elements, we are making solid progress. In fact, we had said that the 45% gross margin all businesses included end of last year was really the base for us. All the three quarters we made continued progress. I already explained to you some of the levers and the drivers in this respect. We are continuing to invest significantly behind our brands. We have said that we will continue to increase absolute spends every year, even this year we will be actually increasing our absolute spends and our percentage of BMI will be in the range of 15 to 16%. What is really helping us a significant amount of work we've done in terms of productivity across the value chain. Our programme on productivity already confirmed is about 615 million of savings. We are looking to push that harder and get more out of that. We want to be very disciplined in terms of our costs which are within our control. That's going to become an important lever for us. We've done significant amount of work and found efficiencies in the taxation line. We also have benefits coming through from our interest line. Summary: all these put together, we are confident of really having positive hard currency earnings in the current year.

Jemma Spalton:
Thank you. Our final question comes from Ed Lewis. Go ahead, Ed.

Ed Lewis:
Just a couple of questions on Indonesia, and China. Fernando, could you just put in context how you feel about the performance, how good or bad, whatever, to the 12.7% growth in India is relative to your expectations, and also on China back in growth in Q3, I think that might have been earlier than we expected. The changes you've made there, and how they are having an impact and how you would assess performance there?

Fernando Fernandez:
Thank you, Ed. In Indonesia, we are very pleased with the new leadership team we have put in place and the progress they're doing in resetting the fundamentals of the business. We are operating now with historic low levels of stocks in our distributors. We have removed any fundamental issue of channel conflict that dragged us down in 2024. We are relaunching our top eight brands in the market, we are stepping up significantly our social first marketing capability. You know, as a result of that, we are seeing our run-rates in Indonesia improving consistently

quarter after quarter. We initiated a reset around July/August last year, and the results are solid, so we are expecting Indonesia to continue contributing to growth in the next quarters.
In China, I feel that Srini has been clear about it. We are pleased that our four Business Groups for the remaining company are back to growth in China. It is getting better slowly, the market there. We have made significant interventions to our market in eCommerce. We have set up significant manufacturing and logistical capability for direct to consumer delivery, and we are starting to see the benefits of these actions, and we expect that to continue improving in the next few quarters.

Jemma Spalton:
Thank you very much. That was our final question.

Fernando Fernandez:
Let me finish, Jemma, by saying that I hope, after our call, that is clear our major growth engines of Beauty & Wellbeing and Personal Care continue to deliver very strong performance, about 5 and 4% respectively. Our shift to premium and digital commerce is accelerating. The performance in the developed markets is strong. We are outperforming markets clearly both in the US, in Europe, with the US being a clear stand-out in terms of our performance.
Our emerging market performance is improving, India in particular is very well positioned over the medium term. The GST reform has had some impact in the short-term, but we believe it is very good news for 40% of our portfolio with close to a 10% price reduction. This would boost demand in the medium term. Indonesia and China continue to improve.

There are lessons learned in Latin America that will not be repeated in Latin America nor in other places, and our business in Latin America is structurally strong; it remains intact, and our shares have grown in six out of the last seven quarters there. All of this gives us confidence for the remainder of the year in our belief and ability to outperform markets and as Srini mentioned, to deliver hard currency earnings growth. Thank you very much.

[Call ended]