



# **FERNANDO FERNANDEZ**

## **CHIEF FINANCIAL OFFICER**

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Further details of potential risks and uncertainties affecting the Group are described in the Group's filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including in the Annual Report on Form 20-F 2023 and the Unilever Annual Report and Accounts 2023.

## Key messages



**The Growth Action Plan 2030 is driving change in Unilever**



**We are stepping up execution and accelerating our transformation**



**Our value creation will be anchored in 2%+ volume growth, consistent gross margin expansion and absolute profit growth in hard currency**



**Still more to do to ensure consistent, superior performance**

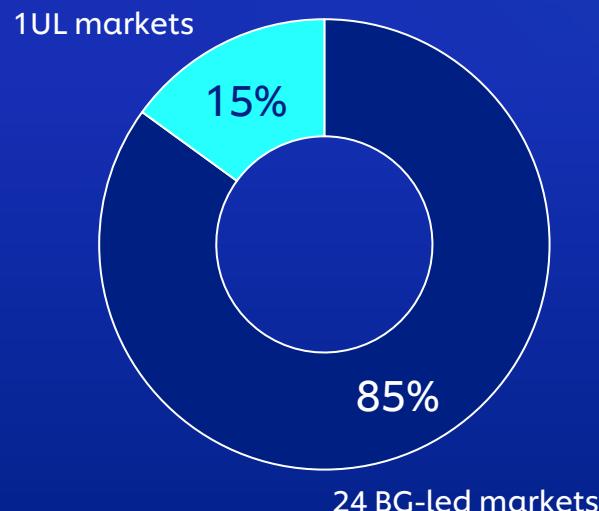


# ACCELERATING OUR TRANSFORMATION

# Becoming a simpler, more focused and more efficient company

## Business Group-led and 1UL markets

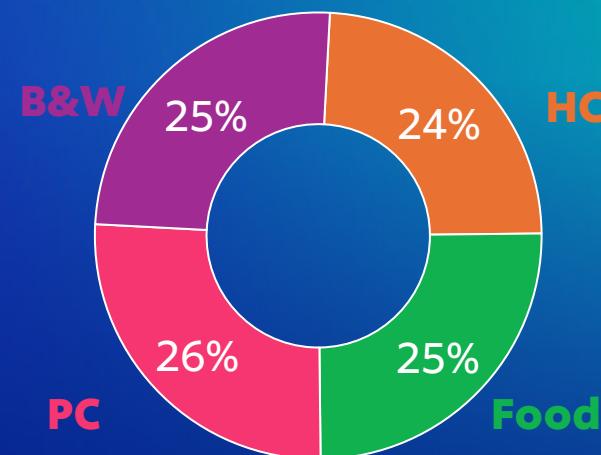
### A simpler company



Starting from 1 Jan 2025

## Ice Cream separation

### A more focused company



IC separation on track for end 2025

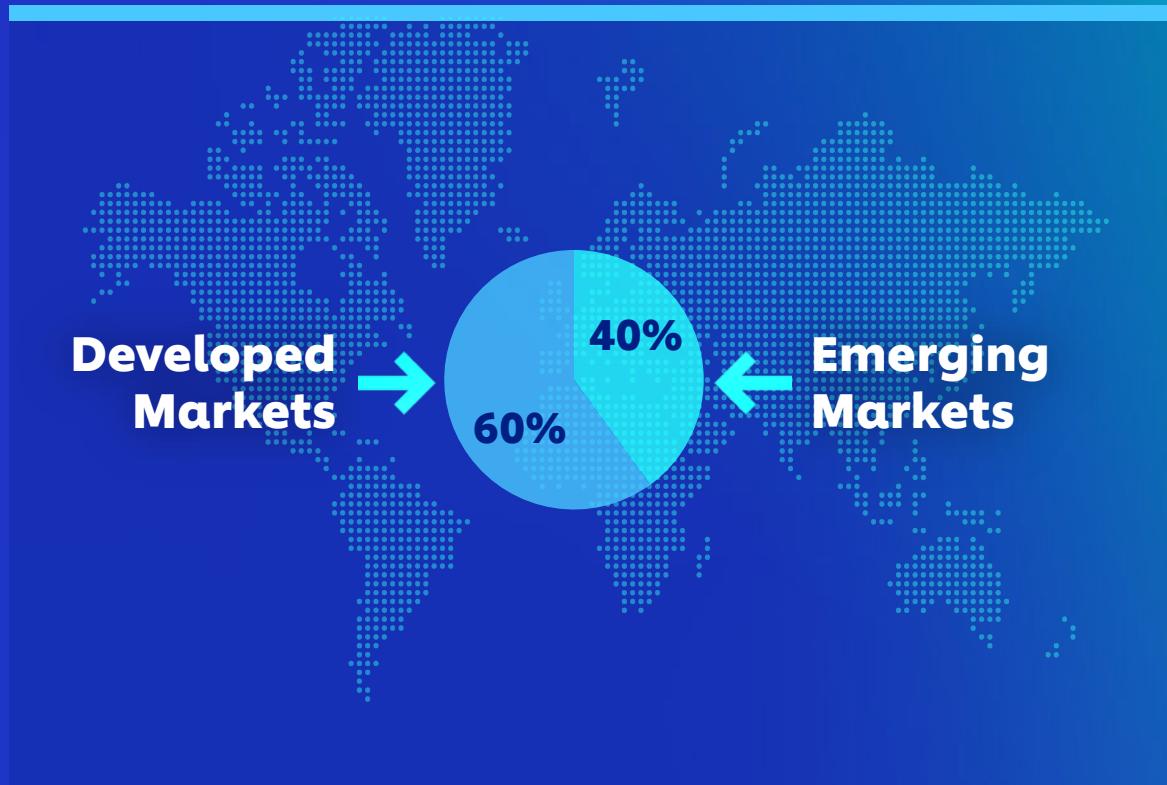
## Productivity programme

### A more efficient company

€ 800 m

Cost savings, more than offsetting operational separation dis-synergies

# Ice Cream is an attractive business with an advantaged portfolio



Ice Cream part of €1tn snacking and refreshment market, growing 4% p.a.

Unilever global No. 1 with #1 or #2 positions in top 10 markets

Focused portfolio with 4 brands accounting for 84% of turnover

Superior distribution in out-of-home with c.3m cabinets



#1 Brand in  
DE/ID/PH/MX



#1 Brand in FR/UK  
#2 Brand in DE/IT



#1 Brand in US  
#2 Brand in UK



#1 Brand in IT  
#2 Brand in CN

# Ice Cream has low complementarity with the other Business Groups

## Synergies with Unilever

Innovation/R&D



Marketing



Route-to-market



Logistics



Manufacturing



Procurement



Talent & infrastructure



## Post separation IC will be set up to

- Pursue a distinct strategy and financial model for a capital-intensive category with seasonality
- Operate an urban-centric model
- Expand coverage in new distribution channels
- Flexibility to optimise an intrinsically expensive cold chain

# Ice Cream historic underperformance but making progress in 2024

## Ice Cream underperformance (2019-23)

Underlying sales growth  
CAGR 2019-2023

+3.8%  
Ice Cream

+5.0%  
Unilever

Underlying volume growth  
CAGR 2019-2023

-1.0%  
Ice Cream

+0.5%  
Unilever

Underlying operating margin  
2023 vs 2019

-330 bps  
Ice Cream

-240 bps  
Unilever

## Making improvements in 2024

### Bigger innovations

- A stepped-up brand investment on Power Brands
- Developing new consumption occasions, e.g. Magnum Bon Bons

### Operational improvements

- Distribution gains
- Improved service levels
- Rigour in pricing and promotions

### Improved performance and 2024 outlook

- 9M USG +3.6% with volume up +1.5%
- Expect positive UVG and UOM expansion in 2024

# Ice Cream separation on track

## Workstreams progressing as planned

- Establishment of 80+ legal entities and tax models
- Set up of transitional service agreements
- Design of standalone operating model incl. ERP system
- Financial carve-out and physical separation of factories, R&D pilot plants, and offices
- Preparation of financial position and prospects procedures

Separation route guided by shareholder value creation and execution certainty – demerger remains most likely route

## Key milestones

Detailed separation update in Q1 2025

Operational separation by 1 July 2025

Expect reporting as discontinued operations from Q4 2025

Full separation by end of 2025

## Key leadership appointments

**CFO** Abhijit Bhattacharya



- Joining in December
- Served as CFO at Royal Philips N.V. since 2015
- Led previous successful separation processes

**CHRO** Ronald Schellekens



- Joined in August
- Prior roles include CHRO at PepsiCo and Vodafone
- Over 30 years of HR leadership experience

# Clearly defined profiles for each Business Group in our portfolio

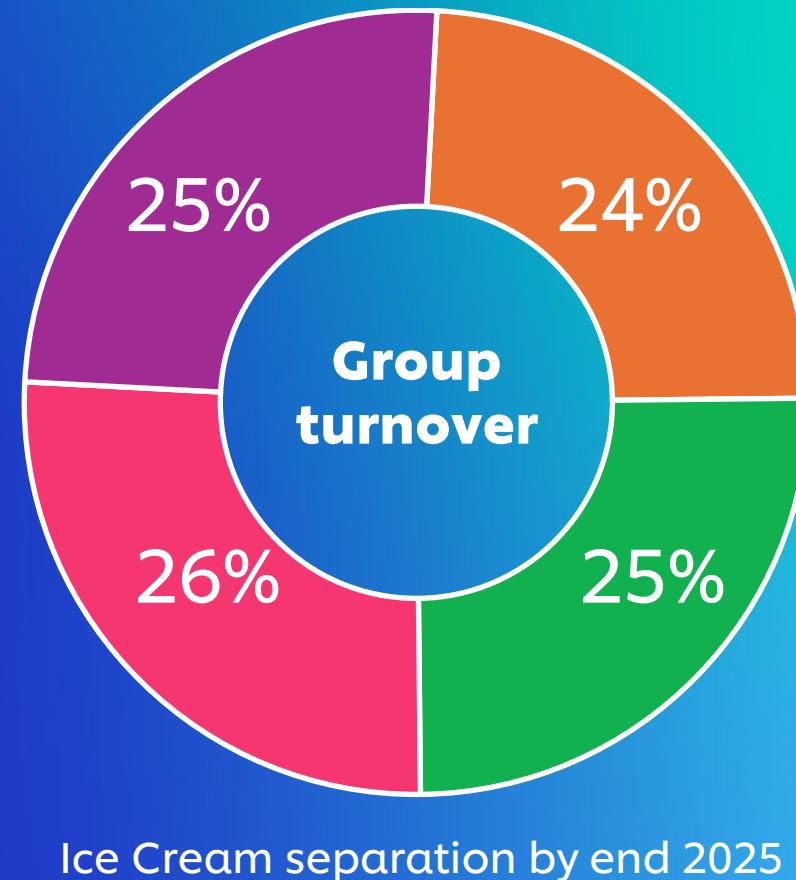
All Business Groups will deliver absolute profit growth consistently

## Beauty & Wellbeing

Investment priority for industry-beating topline growth

## Personal Care

Accelerate growth of our most profitable business



## Home Care

Exposure to superior volume growth from EMs  
Requires structural margin improvement

## Foods

Higher growth exposure than food peers  
Margin-accretive and high cash generation

# Unilever excl. Ice Cream relative to Unilever Group

 Underlying sales growth  
CAGR 2019-2023

**+20bps**

 Underlying volume growth  
CAGR 2019-2023

**+20bps**

 Gross margin  
2023

**+130bps**

 Underlying operating margin  
2023

**+90bps**

 Underlying ROIC  
2023

**+90bps**

# Foods is attractive and complementary to Unilever

## Strong foundations

- Leadership in 3 attractive verticals
  - Condiments
  - Cooking aids & mini-meals
  - Food solutions
- Focused portfolio: Knorr and Hellmann's 60%+ of turnover
- Complementary, synergistic route to market and business infrastructure

## Strong economics

- A business with scale: €13bn+ turnover
- Growth and margin ahead of peers
- Margin accretive to Unilever
- Strong cash generation with low capital intensity



€1bn+ of turnover to be disposed of to further simplify the portfolio

# Time to attack root causes of inefficiencies



Unilever



**Cost base has expanded post Covid-19**



**Significant geographical complexity**



**Limited use of business process outsourcing and offshoring**



**Misaligned turnover and cost footprint – creating currency exposure**

# We are creating a leaner, more accountable organisation

## Productivity programme

Targeted cost savings

€ 800m

Impacting 7,500 roles globally

Accountable



End-to-end BG ownership from product development to sales force

Simplified



Reduce process complexity and duplication

Efficient



More than offset operational dis-synergies of Ice Cream separation

Flexible



Provide fuel for accelerated brand investment and margin expansion

# Following three clear principles

## Geographical segmentation



- 24 Business Group-led markets with end-to-end accountability
  - ✓ Dedicated Customer Development for each Business Group
- 1UL scale in markets of limited critical mass
  - ✓ Competitive and flexible cost base

## Organisational simplification



- Reduce layers, increase spans of control and eliminate duplication
- Consumer and customer-facing resources prioritised
- Transactional activities concentrated in offshore and outsourced hubs

## Technology transformation



- Differentiated tech platforms for growth in BG-led markets
- Off-the-shelf tech solutions with simplified processes in 1UL markets
- AI tools enhancing productivity and reducing cost



# Programme is progressing at pace



\*Non-people cost savings identified by cost categories, e.g. IT, outsourced services, workplace/facilities, T&E



# VALUE CREATION

# Looking back at the last decade

**Avg UVG 0.9% vs best-in-class at 2.3% and real GDP growth at 2.9%**  
Underlying volume growth, %



**Significant margin decline post Covid-19**  
Gross margin, %



**Uncompetitive levels of brand investment**  
Brand & marketing investment as % of turnover



**Profit stagnation from 2017 onwards**  
Underlying operating profit, € billion



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Underlying volume growth, %



# Looking back at the last decade

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Gross margin, %



# Looking back at the last decade

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Brand & marketing investment as % of turnover



# Looking back at the last decade

## Profit stagnation from 2017 onwards

Underlying operating profit, € billion



# OUR VALUE CREATION PLAN 2030

DELIVER ABSOLUTE PROFIT GROWTH IN LINE WITH TOP 1/3<sup>rd</sup> TSR AMBITION

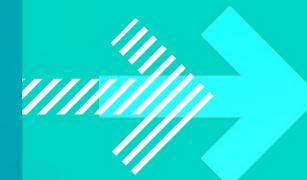
GROWTH ALGORITHM

**Mid-single digit growth (USG)**

UVG of at least 2%

**Modest margin improvement (UOM)**

Fuelled by gross margin



**Top 1/3<sup>rd</sup> shareholder returns**

CASH GENERATION

**Cash conversion**

Sustain around 100% cash conversion over time

**Debt**

Around 2x net debt / EBITDA  
Strong single A credit ratings

**ROIC**

High teens ROIC

CAPITAL ALLOCATION

**Growth & productivity**

Capacity and margin expansion  
Long-term investment in brands

**Portfolio reshaping**

Bolt-on M&A focused on US, India  
No transformational M&A

**Capital returns**

Attractive dividend (~60% payout)  
Share buyback with surplus cash

\*TSR peers for Remuneration: Beiersdorf, Church & Dwight, Coca-Cola, Colgate-Palmolive, Danone, Estée Lauder, General Mills, Haleon, Henkel, Kenvue, Kimberly-Clark, Kraft Heinz, L'Oréal, Mondelēz, Nestlé, PepsiCo, Procter & Gamble, Reckitt Benckiser

\*\*Underlying ROIC = Underlying operating profit after tax / annual average invested capital

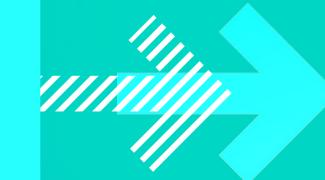
# OUR VALUE CREATION PLAN 2030

DELIVER ABSOLUTE PROFIT GROWTH IN LINE WITH TOP 1/3<sup>rd</sup> TSR AMBITION

GROWTH ALGORITHM

2%+  
volume growth

Gross margin  
expansion



Profit  
growth

CASH GENERATION

Cash conversion

CAPITAL ALLOCATION

Capital allocation

# Demographics and wealth expansion are enablers for market development and volume growth in Emerging Markets

## Differentiated growth outlooks



Favourable demographics, urbanisation and rising affluence drive strong economic growth and a step change in consumption habits and patterns



Rising urbanisation & middle class behind continued GDP and consumption growth



Demographic challenges and normalised economic growth



## Unilever priorities



Unblinking commitment to undisputed leadership in India

12%



Grow selected powerhouses: Brazil, Mexico, Philippines, Vietnam, South Africa

16%



Fix Indonesia

4%



Judicious expansion into select high-value verticals/segments in China

5%

# Portfolio transformation and premiumisation are key for volume growth in Developed Markets

## North America

21%  
of Group  
turnover



## Europe

18%  
of Group  
turnover

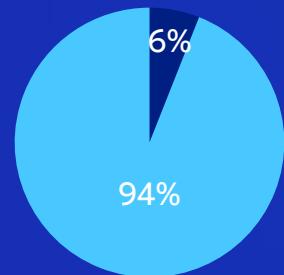




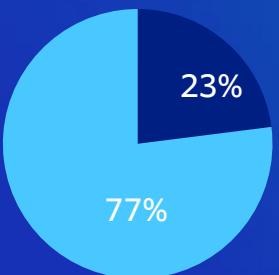
# Portfolio transformation and premiumisation: North America

## Significant portfolio transformation

FY 2019

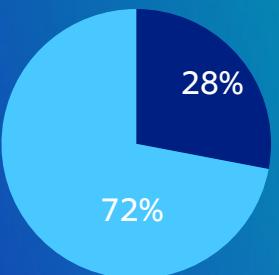


9M 2024



% of turnover

9M 2024 excl. Ice Cream



Prestige + Wellbeing

North America\*

North America is first in line for capital allocation

Attractive portfolio built in Prestige Beauty and Wellbeing



Decisive action on pruning of non-strategic or value brands



\*North America excluding Prestige Beauty + Wellbeing

## The results tell the story

↗ +2.5

% UVG  
FY 2023

↗ +3.4

% UVG  
9M 2024

15

consecutive quarters of double-digit growth in Prestige Beauty and Wellbeing



# Premiumisation and investment step-up: Europe

## Strong premium innovation programme across Business Groups



## Fuelled by a significant step up in brand & marketing investment

↗ +290 bps

BMI % TO  
H1 2024 vs PY

## First signals of success – need to sustain

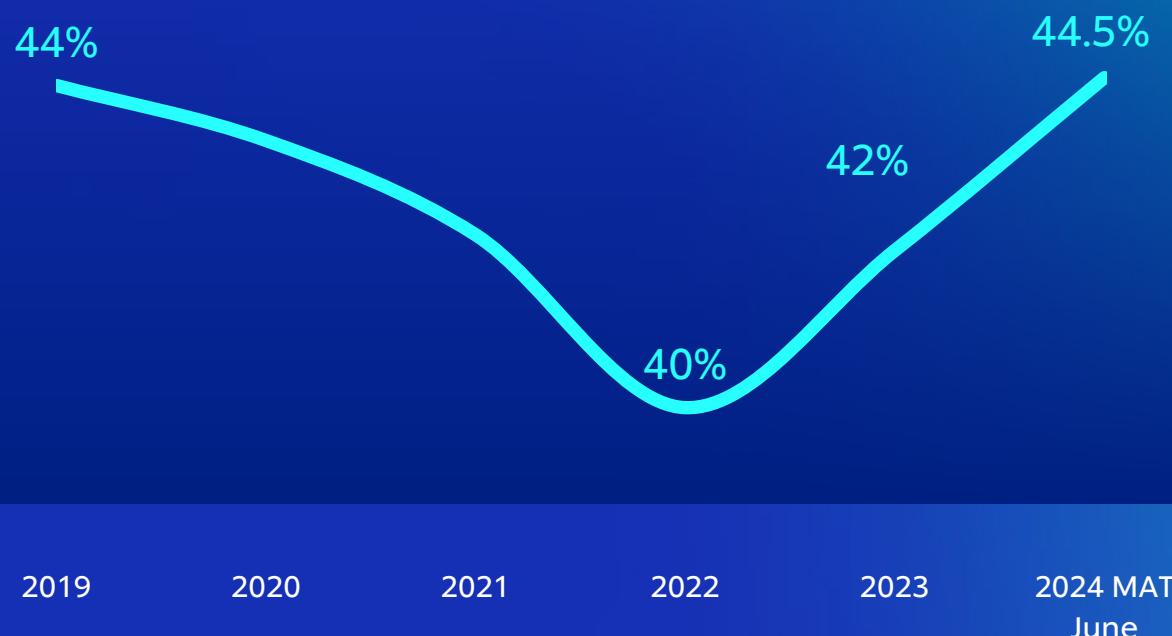
↗ +2.9% UVG  
9M 2024

Incremental turnover  
from innovation



# Gross margin expansion is the backbone of our financial plan

**First milestone achieved: GM back to pre-Covid level**



**Driven by structural levers and tailwinds**

Increased volume leverage and positive mix

Net productivity gains from interventions in procurement and step-up in capex for margin

Helped by input cost deflation and carry-over pricing from 2023

# Key drivers of structural gross margin improvement

**Consistent  
gross margin  
expansion is key**



to ensure  
competitive brand  
investment levels

**2%+ volume  
and positive mix**



Fixed cost leverage

**Procurement  
interventions**



Beat market inflation  
in materials by ~1%

**Higher capex &  
lower complexity**



2% per unit cost reduction  
in production & logistics

# Material cost savings driven by enhanced procurement and selective value chain interventions

~1 %



material cost savings p.a.  
vs market inflation

1

## Competitive buying

Enhanced procurement insights, buyer skills, and AI-powered tech to unlock benefits of Unilever scale

2

## Value chain interventions

Backward integration, upstream capabilities and collaborative partnerships

# Cost per unit reduction is our key metric for productivity

2%



per unit cost reduction p.a.  
in production & logistics

1

## Production savings

- Network optimization
- Production automation
- Labour productivity

2

## Distribution savings

- Network transformation
- Travel less, load more programme
- Operational and buying efficiencies

3

## Complexity reduction

- SKU reductions
- Specification reductions
- Powered by tech and AI tools

# Underpinned by allocating 55%+ capex towards margin expansion initiatives

## //// Capex split\*

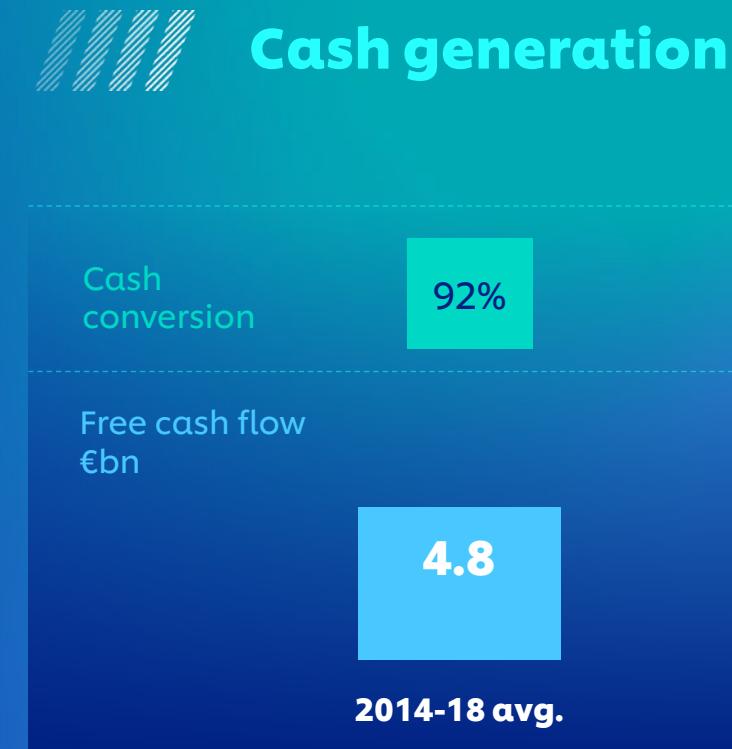
■ Productivity ■ Capacity ■ Other



Concentration of capex in hard currency markets

# Converting profit into cash

Sustaining cash conversion of around 100% over time



\*Cash conversion is defined as FCF excl. tax on disposals as a proportion of net profit, excl. P&L on disposal, and income from JVs, associates and non-current investments

\*\*Working capital % of turnover based on average year-end positions

# We are disciplined in allocating capital in line with our financial ambition

## Growth & productivity

Capacity and margin expansion  
Long-term investment in brands

Driving organic growth through:  
• Superior R&D and brand equity building investment  
• Capacity expansion

Driving net productivity through:  
• More capex for SC optimisation  
• Restructuring

## Portfolio reshaping

Bolt-on M&A focused on US, India  
No transformational M&A

Rotating portfolio into premium:  
• Selective bolt-on M&A  
• Further pruning

## Capital returns

Attractive sustainable dividend and share buybacks

- Dividend growth follows profit growth over time
- Payout of underlying EPS ~60%
- SBB with surplus cash

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## Growth & productivity

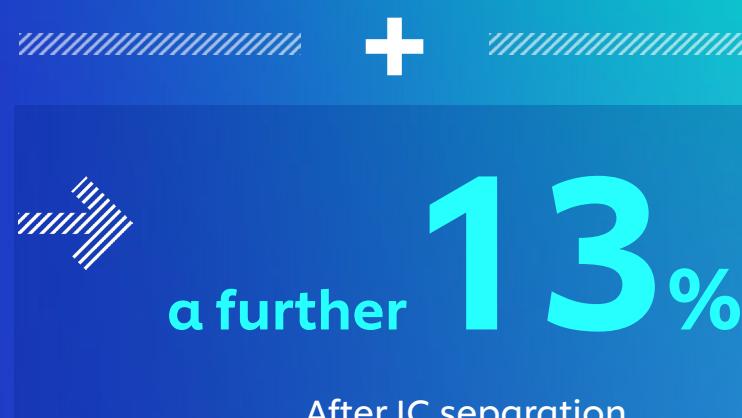
BMI % of turnover



Capex % of turnover



## Portfolio reshaping

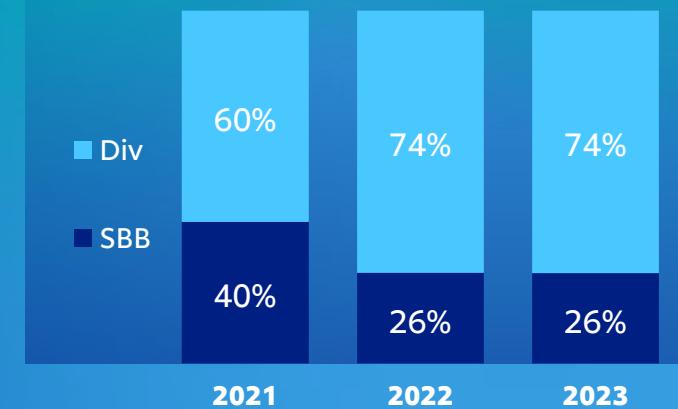


## Capital returns

€19.2bn

2021-2023  
capital  
returns

Dividend vs share buyback, % of total



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