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. Grüns 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.

[Operator instructions]

JEMMA SPALTON:

Good morning, everybody. Thank you so much for joining the call. Our first question comes from Celine at J.P. Morgan. Go ahead Celine.

CELINE PANNUTI:

Yes. Thank you very much. Good morning, everyone. So my first question, obviously a very strong, volume led performance this morning. I wanted to understand, first of all, if you can talk about sell-in, sell-out if you've seen any difference. But more importantly, I would like to understand the resilience of the performance. You seem to imply that, you have, gained probably market share, but how resilient, you think the performance is going to be when you raise prices? You are giving us, guidance for the second half, which is reassuring, but can you talk about your confidence and the visibility you may have that the volume will effectively sustain at what probably is going to be 1.5% to 2% level in the second half of the year. My second question is, for the full year, you now raised the guidance on volume to 3% versus 2% prior. Can you talk about how the markets you are facing, in terms of market growth? I see a lot, it seems that actually that emerging markets are doing very well. How confident are you about the emerging market performance and, do you think that there is anywhere where you... If you could as well talk about where you gain market share statistically, that brought you to 3% for the full year. Thank you.

FERNANDO FERNANDEZ:

Thank you Celine. Well, we are really pleased with the first half performance, you know, strong volume growth, a strong support within our brands, disciplined management of our overheads and expansion of operating margin, you know, in a context of significant cost volatility and the return of commodity inflation. This has been the best quarter in terms of volume growth in more than 15 years, you know, 4.2% at company level, Power Brands at 6%, Dove, our largest brand 9% with a strong acceleration in emerging markets, while US continue outperforming what is a relatively soft market there. But it's not a strong quarter in isolation, you know, we have delivered 2.7% underlying volume growth across the last ten quarters, and we have accelerated in the last year to 3.1%. You know, we believe this is a result of stronger brands. 60% of our revenue is now increasing what we call Unmissable Brand Superiority scores the metrics of brand equity, and we continue investing strongly behind our, our innovation. So, we believe this, the performance is resilient, is broad based. Of course, emerging markets is a highlight. We have a portfolio of being diversified in terms of geographies, categories, segments, price points on these give us resilience against volatility. You know, India that is, as you know our second largest market has accelerated strongly. We have achieved record market share in both Laundry and Hair that our two biggest categories there. In the case of Laundry we are growing more than 5% above the average of the market, you know, China is getting slowly better. We do mid-single digit there. Good acceleration in Food Service models. Our Beauty business really doing very well. In Indonesia we are happy with the improvement in fundamentals that we have seen there. We are operating there with probably the lowest level of stores that we have had in history. All the other South Asian, Southeast Asian regions, you know Vietnam, Philippines, also South Asia, Pakistan and Bangladesh showing good growth. Of course, we have a strong contribution from LATAM. I have mentioned this previously. I have never seen two bad consecutive years, in LATAM. The business is coming back strongly. We grew Laundry in double digit. Deodorants is coming back. The FIFA World Cup™ activation in LATAM has been excellent and our Beauty business and Food business are continuingly strong there. So we see resilience. We see the turnover weighted, market volume growth at around 1.5%. The growth at which Unilever is exposed. So if you look at our volume growth, really significantly above that, that means that we are gaining share in many of the categories. Of course we have some issues, particularly condiments in US. That has been a red flag for us, we have been losing some share there particularly in the premium segment, but we are addressing that in the short term. So we are confident, the markets remain relatively soft, as I mentioned 1.5% volume growth, but our performance has been consistent. This is not a strong quarter in isolation.

JEMMA SPALTON:

Thank you, our next question comes from Nicolas at Bank of America. Go ahead Nicolas.

NICOLAS CERON:

Hi there, good morning. I have two questions please. The first one is on destocking from retailers in the US. You haven't mentioned that at all and we hear many of your peers talk about it. Maybe could you tell us why you think that happens to your peers and not to you, would be quite useful to understand. And the second question is on your Oral Care business, the performance is probably a bit weaker than the rest of the business, and I haven't heard you talk a lot about your Oral Care business overall in recent quarters. We can see from some of your peers there's huge growth in the category potentially. But if I look at your performance over the last few years, you seem to have been a donor of share overall. So do you think there's enough focus from the organization on this business? Thank you.

FERNANDO FERNANDEZ:

Thank you Nicolas, regarding destocking in the US really is not, we have seen something, but it's not material at company level really. We have seen a bit more destocking in Foods than in HPC (Home & Personal Care). But really, you know, we didn't want to call it out because it's not material, and this kind of things can go one way or the other but we have not seen a significant difference between sell-in and sell-out. There is a bit of destocking in particular in foods, but this, as I mentioned, not really material. I feel your second question is about Oral Care. If I'm not wrong, you know, we have been growing low single digits in Oral Care in the first half. We are not happy with the performance in that category. We come from a couple, we came from a couple of years where really we are very, very strong, particularly in Pepsodent and Closeup, particularly in Asia where our business is concentrated. But this year we have been a bit of softening, significant increasing competition there. You know, there are plans to really increase performance in the second half.

JEMMA SPALTON:

Thank you. Our next question comes from Warren at Barclays. Go ahead Warren.

WARREN ACKERMAN:

Yeah. Good morning. Fernando, Srini, Jemma. Warren here at Barclays. I got two questions and a housekeeping. Housekeeping, Fernando, is there any update on where we're at, where we are at on the McCormick deal, anything to say, on timings or any other comments about savings would be would be great. And then my two questions are firstly on the US, can you maybe dive a little bit deeper into what's happening category by category as it looks like Liquid I.V. has really accelerated the US hair has also accelerated of course doing well. I often hear it's mainly Liquid I.V., but it does look quite broad based, so I'd love to hear your kind of view subcategory in your outlook for the US business, specifically how are shares trending and, you know, how are you feeling about the US consumer? And then the second one is on margins, with Srini, can you talk a little bit about the H2 moving parts Srini I heard you saying the absolute gross margin would be the same in H2, but what do you expect for BMI and overheads in H2 and any updated view on NMI given the Middle East conflict? Thank you.

FERNANDO FERNANDEZ:

Thank you Warren and I will take the US question and Srini will talk about margins and the McCormick progress that is really good. In the US as you know, we have delivered 4% volume growth in North America in the last three years, and we deliver 3.2% during the first half of 2026, despite some softening in Wellbeing, you know, and I believe that the outperformance in the US that has been a very consistent one reflects a profound transformation we have done to our portfolio and the huge focus that we have put in strengthening relations with our key retailers, you know, showing them our ability to grow market. During the first half, the growth was broad based. We have a strong growth in Deodorants, in the Skin Cleansing, in Hair, In Prestige. Particularly in Prestige, we delivered close to 12% growth in the first half, in Hair Care more than 8%, with Haircare at global level, more than 9%. So it has been a strong performance. Of course, the FIFA World Cup 2026™ has some impact in our Deodorants and Skin Cleansing performance. I would like to highlight also in the case of Deodorants, we have regained market leadership in US after two years. As you remember, we have some issues in the premium segment in the last couple of years, but we have been sorting out that, and we are very pleased with regaining market leadership in that very important category in the biggest market globally. Liquid I.V. returned to double-digit growth in quarter two after lapping a very strong comparator in the first quarter. There were some benefits from shipment facing, given that Amazon Prime Day, this year, materialising quarter two last year was in quarter three. But we continue seeing solid market growth in the powdered hydration market. We are back to competitive share gains in Amazon, in Walmart, in the grocery channel, when it comes to powdered hydration We have some issues in the club channel, that is around 30% of our revenue where we have lost some space to private label. And then I believe that the disappointing element of our performance in quarter two has been in Foods in which our condiment business has suffered some share losses, particularly due to the development of a mayonnaise premium segment around alternative oil formulations, particularly avocado oil, and also some poor return of our promotional program during the quarter. So that is a clear action plan now in place, including the launch of Hellmann's avocado line. It is hitting the markets now. We are gaining significant points of distributions in the US. In Foods this is already materialising some key retailers and we are investing in new price architecture, particularly in the in the squeeze format that has been under a bit of pressure. So, we see the quarter two performance in Foods US as a bit of an outlier, in what has been a consistent outperformance in the sector where we are very confident with the corrective actions we have put in place and we expect the second half to be better. So in summary, very good performance in Hair, Deodorants, in Skin Cleansing, Prestige, improving in Wellbeing, even if, we expect some pressure in the in the short term, and in Foods a disappointing performance in quarter two but we see that as an outlier and we expect the second half to be better. Srini.

SRINIVAS PHATAK:

Hi, Warren. On the McCormick side, we continue to make good progress. As we have said, more than 100 people are actually working from either side, towards separation and integration. You've already seen that last week announced that the secondary listing is going to be based in UK. You would have also seen the leadership announcements, which is actually important for us because we have four members from a Unilever side who are going to be on the top table of the combined company, both from the point of view of running the P&L, and also from key functional areas, with again, a strong anchor really being the Netherlands. Obviously, there are some good milestones coming up in terms of SEC filings, carve-out accounts. All of that is actually progressing on track. We are also pleased that we are making good progress when it comes to some of the tax related discussions and regulatory, whatever has worked so far is broadly on track, and therefore that gives us the confidence to say that we are on course really getting this merger finalised.

Coming to commodity and pricing and margins, I think good to start by anchoring us to what we said at the end of first quarter. At that stage, we had indicated that the commodity inflation for the year was likely to be in the range of about €750 million to €900 million, and this was about €350 to €500m above our planning assumptions. At that stage we had also said that the pricing in half two is likely to be higher than half one and forex better in half two. As we sit here today, the outlook remains broadly unchanged. In the first half, we had an inflation impact of about €300 million, which has landed into the P&L. Also looking ahead, we expect about €550 million impact. This is a total inflation on a like for like basis which includes commodities control costs all elements to it. So we expect about €550m second half, which means that the full year outcome is approximately €850m. As you would appreciate, there's been a lot of movement in some of the commodities in the last few days. And for the ranges that we are working with is a turnover could be between €800 to €900m for the centre point really being €850m. Important to again highlight here that a lot of the inflation is concentrated in Home Care and 70% emanates from our emerging markets. And you know, you know the basket that we talk about its crude, its veg oils, palm, SBO, packaging materials and parts of LAB and also parts of energy cost. Our approach has been always balanced and disciplined in half one we also had some benefit of the covers. We have taken calibrated pricing, leveraging pack price architecture, formulation, flexibility, productivity programs and tight cost control. India is also a good example with large Home Care footprint, where you start to see that there's been a good balance between price and volume in the half. So, from a logical perspective, the pricing at 0.6% was slightly lower. Fernando already touched upon some of the elements in the press release also give some more colour to it. Important if I come back to gross margins, therefore, how does it all add up? Important to highlight that on a sequential basis, gross margins have actually improved while on a year-on-year basis they are lower. But if you were to actually to compare half two of last year to half one of this year we have made a step up. It's also important to highlight that we did benefit from volume leverage, because that, again, is a source of gross margin for us. However, we had adverse mix. We had adverse mix because of higher contribution from Home Care. While Home Care makes it up on its own margin at a year on UOM percentage basis. But at a gross margin level, obviously there are differentials will exist between the categories. It's also important to highlight that in half one, the highest inflation impact was in, in Home Care. Pricing was calibrated and therefore the gross margins drag also came from Home Care. Pricing is now landing. It started to land in quarter two, and you will see more of that landing in second half. Along with that, we will pull all the drivers in the value chain. And therefore, the combination of what we had spoken about earlier gives us the confidence to say that will have gross margins at similar levels of first half, we just give or take the 46.8% levels. Our commitment to investing behind brands remains unchanged. We've said this multiple times that the days of under investing in the business are over for us. And the normative levels that we've called out on, on brand and marketing investment is 15 to 16%. In the half it had it slightly higher at about 16.1%. That's also led from innovations and FIFA World Cup 2026™ led activations. On overheads you see that it's been a fundamental shift in philosophy. We have seen big step up in terms of productivity. We completely landed the productivity program in the first half, and we will continue to maintain that discipline. So, the combination of managing pricing volumes, mix, healthy levels of investments, actually gives us the confidence to really guide for a modest margin expansion for the full year.

JEMMA SPALTON:

Many thanks. The next question comes from Olivier at Goldman Sachs. Go ahead Olivier.

OLIVIER NICOLAI:

Hi. Good morning, Fernando, Srini and Jemma, just two questions, please. First in the US, Dove and Vaseline are both growing very strongly. You mentioned the premium innovation. I was just wondering, how much room do you think you have for to further premiumise is those two brands which historically have been operating in the mainstream segment. And secondly, you mentioned the press release. I think some tax reform in Brazil, in Q4, which could affect Q4. So first of all, thanks for flagging this ahead. Could you tell us if it will affect a specific category and what's the magnitude of it? Is it a bit like GST in India and could it affect Q3 actually. Thank you.

FERNANDO FERNANDEZ:

Cool. Srini will take on the on the tax question in Brazil. Olivier, let me talk a bit about Dove and Vaseline in the, in the US and globally. I feel Dove, Vaseline, you know, some of our most important brands, Dove growing 9%, Vaseline double digit, Dove in the US, very, very strong performance is 40% of our Personal Care revenue. You know, is really growing very, very strongly in the US. Vaseline, a strong performance in US, but also in emerging markets, you know, with very solid performance in Skin Care. So, these are two of our most important brands. And really, we've done a stellar performance. Two of the 15 Power Brands that grew double digit in the second quarter of the year so the growth is broad based across our portfolio. In terms of premiumisation, there is a limit. You know, we believe that Dove probably has a limit in the kind of $20 territory, something similar for Vaseline, probably a bit lower in the US. So we will not take the brands to places where we believe that the brands don’t have the authority to play, but we continue seeing premiumisation opportunities in the key categories in which the two brands compete. Tax.

SRINIVAS PHATAK:

The Brazil tax reform is actually it's really something which is reshaping the tax system and not changing what I would believe as a fundamental economics of the market. What is the key change? Brazil is actually moving into moving from about five existing taxes to a dual VAT system. It starts in 2027 when we enter the first one where the Federal taxes become common under something called CBS, which removes some of the elements. The reform is also designed around the principle of revenue neutrality. Therefore over a period of time, there should not be a fundamental change to the economics of the business. However, what could this mean? This could mean really some movements in the lines of the P&L. Higher VAT rates will mean that we have to reduce-- that will be reduced or reported revenue realisations. However, we will get the benefit of tax as input taxes which earlier were not vatable. Now you can start to take credit off it, which basically reduces the cost. So as a consequence of this, in 2027, reported revenue will be lower, costs will be lower, which means that there will be an adverse impact on USG. There will be a positive impact on margins. While the overall profitability of the business will remain unchanged. But again, this is subject to the final tax rates being notified by the Brazilian regulatory authorities, which is expected to happen in the next few months. The point that we are highlighting from a quarter four perspective, is when all of this change will have an effective 1st January 2027, this could actually potentially lead to some market disruptions in quarter four. We do not expect anything from a quarter three point of view. And why is that likely to happen? Because it's really going to come from how customers are going to view this change and transition and classically over big tax reform agenda items, given that regulation sometimes tends to be nebulous, customers do reduce some of this stocking pattern. There is also some lack of clarity or visibility as regards the stock which will be sitting with the customers, while when they sell it will go at higher VAT. Whether they will get some of the input credits or not. So there are a few of these moving parts, because of which we expect there could be some bit of destocking in quarter four. While we have factored some of that into our full year guide, we will get better clarity on this as the regulation emerges. Only the last point, because it's important to recognise that this is this is not like a GST kind of reform in India, where the overall incidence of the taxes came down and which gave more money into the hands of the consumers. This is more revenue neutral mechanism by the government to simplify. So, we expect the unit economics and broadly to remain unchanged. And the last part that it is likely to be impact on the HPC side of the business. Foods is relatively not impacted by these changes given the tax structures.

JEMMA SPALTON:

Our next question comes from David Hayes at Jefferies. Go ahead David.

DAVID HAYES:

Thanks, Jemma, good morning, all. Two for me just, just firstly on LATAM still, pricing was obviously flat in the quarter despite the hyper inflations or contributions in the region. So clearly some sort of price reset going on there which I know you called out, was going on since the beginning of the year. So, so the question is, is that done now? Should we expect pricing to step up quite notably in the second half and where you have reset prices have you seen competition following down, or is that something you're now watching as you go into the second half? And then secondly, just in terms of the second half volumes, I'm trying to get a gauge read between third and fourth quarter. So I guess if I play back to your point, volumes are running at about 3%, over a long period of time. If we took the average of the second quarter and the third quarter, so relatively flat volumes in the third quarter to average three, is that sort of thing we should be thinking in terms of the prebuy, the benefit of the World Cup, etc., on volumes in the second quarter. Thank you.

FERNANDO FERNANDEZ:

Thank you, David. Well, let me start with the second question. You know, we don't see any significant difference between sell-in and sell-out. Of course, that means that there is no prebuying them. Why would we allow retailers to prebuy at a lower price? You know, that doesn't make a lot of sense. So basically, you know, you don’t, you should really not consider that there is any significant one off in the reserves we have had. What is important is we are not carried away by a quarterly result. You know, we look at long term trends, the relevant long term trends of these businesses, we have grown 2.7% UVG across the last ten quarters and 3% in the last year. We will not give guidance in the quarter three and quarter four, but Srini can give more colour on the on the split of that. On Latin America, you know, our performance in Latin America is really accelerating. We deliver close to 9% growth in the second quarter. And this took the first half to close to 8% growth with 6% in volume. LATAM is one of our Unilever, strongest business, you know, and as I mentioned before, we have, we have never had two weak years in a row. We have corrected some of the own goals that we scored last year and we are very pleased with the turnaround performance that we had in the first half. We have seen the impact of the decisive actions that we have taken in both Laundry and Deodorants to restore competitiveness, particularly in Brazil, and we continue keeping good momentum in Beauty and Foods. You know, in Laundry in particular, we deliver double digit volume growth in Brazil. And there are two main reasons for that, a very successful introduction of our Wonder Wash innovation in the liquid segment, the one that in UK you see as Persil, in the case of Brazil as OMO, and also the impact of the pricing correction actions that we took in the first half of last year to restore competitiveness in the powder segment. This is already lapping, so we expect a real acceleration of pricing in Laundry in the second half. In Deos that is another very important category for Unilever in Brazil. We are seeing months after months of recovery of the aerosol format that is crucial to boost market growth. The action that we have put in place in the category, rebalancing our investment, increasing the one in aerosol relative to a one in contact applicator format is working. And of course, we also benefit from what has been an excellent activation around the FIFA World Cup 2026™ so we expect Deos to gain further momentum in Latin America being a solid contributor to growth in the second half of the year. Performance in the rest of Latin America is strong. Argentina grew volumes mid-single-digit, despite what is a tough market there Mexico also improved, and in other important markets like Chile and Central America particularly, our Beauty and Personal Care business has a lot of momentum. Second half, anything else Srini?

SRINIVAS PHATAK:

A couple of elements, just to get it out of the way on a couple of times that come on the first half performance. I think Fernando has made it very clear that most of it has really got to do with the underlying momentum, rather than one off factors. Having said that, Fernando also mentioned briefly in his comments that we did have a bit of a phasing benefit from an Amazon Prime event and quantified it's between €25 to €30 million, which at a group level will mean about 20 basis points for the quarter. So that's really something which is a phase in which has come in. Ideally it would have been have priorly happened in quarter three, now it's come into quarter two. Now coming back to the questions related to volumes. Definitely we've always said listen, always anchor our business in terms of when you think about multiple years, two years CAGR, MAT trends, that's more reflective of, let's say, the underlying strength of the business. And if you see in that context, Fernando has explained that even in part one we are 2.7% volume. If you look at the running rate, it's 3%. What changes in half two obviously we start with the base, which is higher, and half end of last year we had about 1% volume, which stands up to 2% in half two. That's an important element to note. Second element is that we also have pricing which is going to start landing. It's already started in quarter two. We should expect some bit of volume sensitivities. And I think it's healthy. That's really the way we manage the business on its totality of volume, price, competitiveness. I think that's the second element. Third, it's also important to understand that some of the vectors of growth or some of the geographies of growth will change. Finally, if you actually see quarter three, you will start to see this very strong base we had in US and Indonesia. Equally, we will start to see that some of the base that we have in India and Brazil will be actually soft. So multiple moving parts. So rather than get into a very specific quarter two quarter three elements to it, the best way to really start thinking about our business is on a running basis 2-year CAGR, and therefore the volume guide that we have given to the full year at 3%, I think is more reflective of the performance.

FERNANDO FERNANDEZ:

I feel just to highlight, again, you know, the diversification of our portfolio, particularly in HPC, in terms of geography, category, segments, price points give us resilience. We see that as a significant competitive advantage and give us a lot of confidence to really deliver the numbers that we have given in the upgraded guidance.

JEMMA SPALTON:

Thank you. The next question comes from Jeff Stent at BNP. Go ahead. Jeff.

JEFF STENT:

Good morning. Just one question. I think you said earlier that there was no significant one offs in the results yet, you know, this is with FIFA, the biggest activation program in the history of the company. So I kind of try there just ease that out, and I'm wondering if you could maybe give us a sense of what you think the FIFA activation added in terms of growth. And I'm just kind of thinking forward to next year, you know, when at some point we're going to talk about cycling and all of this. So, any colour or any quantification you could give on the FIFA activation in aggregate would be great. Thank you.

FERNANDO FERNANDEZ:

Thank you Jeff. Well we are we are very pleased with the FIFA World Cup execution. You know, we have activated more 35 brands across 120 markets, more than 50,000 creators doing content for Unilever brands simultaneously. And we believe that this is a proof of what Unilever is creating in terms of a new social first model of reach and engagement for our brands, at a scale that I personally believe very few companies can match. On top of that, you know, we have had extraordinary execution in store, across practically all the geographies of Unilever in unprecedented magnitude. So, this will have some impact in our in our sell-out, of course, the FIFA World Cup finished on the 19th of July. So we don't have yet the results to, to really validate what has happened there, even if some indication, for example, regaining market leadership in the US deodorants, gives a sense that these has been working. But of course, you know, we don't do an event like FIFA World Cup 2026™ for a two month impact with all this to increase the awareness and differentiation of our brands through the emergence of these brands in a massive cultural event like the World Cup, we believe that there will be a residual effect of this activity in terms of the strengthening of our brands. As I mentioned before we have close to 60% of our revenue strengthening brand equity, what we call our Unmissable Brand Superiority, and we believe that we will see as a result of FIFA activation, particularly in our Personal Care business, a significant uplift in the image of our brands and this should result in an improvement in competitiveness in the long run.

SRINIVAS PHATAK:

Maybe just to add colour to two points on this, when you really look at the two year CAGR and the three year CAGR, which actually then starts to reflect the momentum of our business in Personal Care, whether you see it from a Deodorants point of view or when you see Skin Cleansing, that's also reflected in our gaining back leadership in the US and Deodorants and Skin Cleansing, Fernando is already spoken about the performance of Dove and how it's really strengthened. The other angle to also say is, when you really look at the first half of the performance, what we really call of the true one off is really the Amazon Prime effect. Given the our supply resilience, given the fact that we have the financial strength from a balance sheet, given that we have the formulation, flexibility, R&D, it is quite possible that we have gained at the expense of some of the regionals in the locals and Home Care, notably, and in different parts of the world. But that's actually genuine, demand and supply dynamics enabled by what, what I would really call is a very resilient and agile supply chain. So that's where it also helps us, because when you start gaining consumers in an era like this, we tend to really with market development and the way we really run our business, hold on to some of the consumers. So it's important to really distinguish between what is really a phasing impact versus fundamentally servicing a demand requirement, which actually then starts to enable us to grow, grow well and grow competitively.

JEMMA SPALTON:

Thank you. Our next question comes from Jeremy at HSBC. Go ahead. Jeremy.

JEREMY FIALKO:

Okay. Hi. Thanks for taking questions. So a couple from me. First one is, would you be able to give us a bit more, colour on the volume performance in particular if you took the different divisions, how you distinguish between the kind of absolutes of units and tonnage, and the mix that you're getting across the different divisions. And then secondly, perhaps you could elaborate on the, point about some of the, local, competition, the extent to which they were supply constrained. Is that something that you see persisting over the balance of the year, or do you think that some of those constraints are now kind of lifting and some of those peers are now coming back into the market a little bit more? Thanks.

FERNANDO FERNANDEZ:

Well, let me, let me take on the local competition and Srini will give more colour in the volume mix split. We have a very resilient supply chain. You know, our absolute priority has been supply security. Given the developments in the, in the Middle East, and we have done that in the first half. Probably this has promoted some kind of competitive advantage versus local players that have suffered in terms of customer service, particularly in Asia. We have now visibility in terms of security supply for the next four to six months, particularly in the category that is more affected, that is laundry powder. So the, there has been some, some kind of advantages that we have benefiting, but, you know, consumers that you take, the propensity of them to stay in great brands like the one we have, we believe that there is a high probability of that. Volume and mix?

SRINIVAS PHATAK:

So, from an external perspective, Jeremy, you are conscious that we call it as UVG for UVG for us has always been a combination of volumes and mix, and it's our intention never to really split the two. That's how we have really only reported the results. But if I were to reflect half one performance, obviously we have had volume growth which have been ahead of normally we get a UVG benefit, which is more than volumes. But just given the strong performance from Home Care across the markets, Personal Care and across various segments in this, in this half, if I were to really give a qualitative comment, it would be that our volume growth has been ahead of our UVG. That's also the mix comment that I made, again, volumes in UVG have been fairly strong and consistent across the HPC categories. It reflects in terms of the both the growth or the volume, that growth over 7%. Obviously, our volumes have been lower in Foods, and I think that's also fairly visible and is really notably coming from a US performance, which Fernando has clearly, clearly explained as to what is really driving it. Just putting a geography angle to it volume growths have continued to be very strong in emerging markets. Volume growths have also remained quite strong and above market when it comes to North America. The only other place where they have been tepid, again which has been explained, has been Europe.

JEMMA SPALTON:

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

GUILLAUME DELMAS:

Thank you very much Jemma and good morning Fernando and Srini. First question for me is on, price elasticity. Because it seems that when you push promo activities, price corrective measures, it does really pay off. And we got some very strong evidence of that, in, in the second quarter. And then looking at your guidance for the second half, I mean, it does suggest that volumes could very quickly normalise as you raise prices. So, my question is are elasticities increasing at the moment in your categories? I mean maybe with a more, you know, price conscious, less brand loyal consumer? Or are you simply being a bit conservative when it comes to your guidance for volume growth development in the back half? And I guess related to that, as you further premiumise your portfolio, should we see declining, elasticities, basically in your business? And then my second question is, very quickly, if you could unpack your performance in Skin Care, because the business grew low single digit, I think in the first half, despite Vaseline being very strong, continued momentum, acceleration in Prestige. So wondering what is weighing, on your growth in, in Skin Care at the moment? And do you anticipate you'll be able to address this drag, in, in the coming quarters? Thank you very much.

FERNANDO FERNANDEZ:

Cool, thank you Guillaume. Let me start by Skin Care and then I go into pricing and elasticity. We have very strong performance in Vaseline skincare. We have very strong performance in Prestige Skincare, the likes of Tatcha or Paula's Choice improving. So, the issues in Skin Care for us is, you know, some is about some decline in some of our Asian legacy brands, particularly Glow & Lovely in India and Ponds in Southeast Asia, we are working very hard to build a new portfolio of brands that are more future fit. And this is what we are doing with our Prestige portfolio and with Vaseline skin. But that is very clear that there are some brands, you know, that in the market, that are premiumising very fast, like the Asian market, brands like the Glow & Lovely and Ponds have some deficiencies that we need to fix. In terms of pricing, well, in previous earnings calls, you know, we have been very clear that we are going to manage the business in, in in the context of a very volatile environment focusing on volume growth, price competitiveness and disciplined management of every single line of a P&L. And this is what we have done. Managing costs through formulation flexibility, promotion activisation, tighter management of overheads and being cautious on pricing until having more clarity in terms of supply, security and commodity cost environment. But I think has been a bit soft in the first half, at 0.6%. And this is a result of deliberate actions that we have taken, like India laundry liquids, some Brazil powders relative price correction last year, some increased promotional activity in PC around FIFA activation. And in the case of Foods, you know, taking a bit longer in the negotiation with European retailers, you know, due to a need of calibrating the impact of the Middle East conflict in cost. In terms of, elasticity, let me say first, you know, we have now around 90% of our revenue in the relative pricing that we want to stay. That was not the case three or two years ago. You know in which that level was in the order of 50 to 60%. Today, we have 90% of revenue in the relative pricing versus competition that we want our brands to be. The other 10% is evenly split between areas in which we are a bit above strategic pricing and areas where there is, we are slightly below a strategic pricing. Regarding elasticity, you know, at this stage is difficult to predict the elasticity in the future when you have had so much cumulative inflation since Covid, you know, so the reaction we have seen in our pricing corrections in places like, India or liquids or laundry powders in Brazil, has been strong the same in some particular corrections that we have done in Hair Care. So it's true that the elasticity seems to be significant when we adjust the pricing to what it should be in terms of a strategic price index. Going forward you know, our portfolio is premiumising. We tend to see lower elasticity in the most premium areas of our portfolio. And regarding second half, I don't want to really at this stage, comment a lot. We have taken a cautious approach here, ensuring that, in our guidance, we consider a logical volume slowdown when we put pricing up. Remember also that our sequential inflation in the second half will be in the territory of €500 million or so. This gives you an idea of what is the kind of pricing that we need to keep our margin sequential, improving as we have done in the first half versus the second half. Next year you will do your math. I will not do it for you, but you can you can model that easily.

JEMMA SPALTON:

Thank you. Our next question comes from Tom Sykes at Deutsche Bank. Go ahead Tom.

TOM SYKES:

Yeah. Morning. Thank you. Just firstly on India, is there at all, a risk that margins need to be adjusted downwards a bit in order to stimulate longer term, higher growth in India? Are you at all in emerging markets seeing competition from Chinese producers? Chinese exports of Beauty and Personal Care are very strong. Is that something at all across your emerging markets you're seeing? And then finally on gross margin and A&P, have you got any benefit on search costs from the switch to LLMs? And is that something that is likely to continue but we see that in higher trade spend rather than coming through the A&P line, please.

FERNANDO FERNANDEZ:

Thank you, Tom. Let me start by the LLM. I mentioned this in our previous earnings call, I feel the development of search in LLM play in favour of big brands. We are now activating LLM rankings in more than 20 markets for more than 20 brands. You know, this is something which we are putting in a lot of focus to ensure that we are at the forefront of how people discover brands in the future. Not significant changes in the cost of media, at this stage. But this is, something that is changing very, very fast. So, I cannot predict the future in terms of that. I will, let me cover also in emerging markets, Chinese exports, we have not seen significant Chinese exports in Home Care. We have seen the development of some Chinese players where some new channels have emerged like TikTok shop, particularly in Southeast Asia. In Skin Care, we have seen a couple of brands really making some inroads in Southeast Asian markets like Indonesia, but particularly in Face, not in other segments of our of our portfolio. India?

SRINIVAS PHATAK:

So, the Indian model is really one which is related to growth, volume, premiumisation and through that really, really driving the profit expansion. Even if you really look at the guide which comes from Hindustan Unilever Limited, they have said that they want to keep their EBITDA margins at the correct level, and that's the right approach. Classically, if you see India, benefits from really having a portfolio which straddles the pyramid, whether it's across a price points, benefit segments, channels, and therefore that gives them the levers to manage this. So fundamentally coming back, it's not a question of not being price competitive. So, it's really a question of getting the right volume mix, premiumisation, through that, really generating the profits and investing back into the business. For from our perspective, we ideally want to see India as a high single digit growth market. And if we can have bottom line growth slightly ahead of top line, I think that it's really a virtuous circle, which then serves the business in India as well as a group very well.

FERNANDO FERNANDEZ:

Yeah. Let me highlight again, we will invest in India to protect the leadership position we have. We really believe that the next decades the making of India, we enjoy a privileged position there. And we believe that they will be a key contributor to the growth story of Unilever.

JEMMA SPALTON:

Thank you. Our final question comes from Ed Lewis at Rothschild. Go ahead. Ed.

ED LEWIS:

Thanks. Morning, everyone. A couple of ones for me. Fernando on the One Unilever Markets you’ve been pretty positive about the change there. And I just sort of--to sort of as we look at this quarter, to understand how much having that structure in place now helps you navigate the volatile environment. And then just also related to that, just looking at the sales channels, how much is that a function of improved performance we're seeing is, are you much more relevant now sort of in the right channel from where you were before? And in fact, really what we're seeing in places like Asia and especially China in the Beauty business, with, with the improvement you're seeing there?

FERNANDO FERNANDEZ:

Thank you, Ed. Well, very solid performance in One Unilever markets. Once again, you know, we are running a very clear strategy in these markets, you know, simplifying our portfolio, driving very, very strongly Beauty and Personal Care, particularly Dove, Vaseline and our Deos portfolio, solidifying what are a strong Laundry position and divesting the ones in which we believe that there is not a sustainable position in the in the future, as we have done recently with Colombia and Ecuador. The business has been run with a lot of discipline, with a strong overhead discipline. This is a part of the business that was dilutive to our profitability and it has become last year accretive, so we are very happy with the development of the One Unilever Markets and we continue seeing presence in these markets with a much more focused portfolio than in the past, a key contributor to the growth story of Unilever in the future. In terms of channel exposure, of course, there is a significant change in our portfolio with the growth of Wellbeing, with the growth of Prestige, with the premiumisation that we have achieved also in our core. This gives us much more exposure to premium channels like online. We have had the mid-teens grossing e-commerce last year in the most important market of US, and we continue delivering in line with that. So, there is always some issues that you have to sort out as I mentioned before, we have some issues in the club channel in US, particular in the Wellbeing, but, you know, overall, we see, we see that our portfolio is giving us a good exposure. And, you know, there is growth in every single channel, you know, one of the key drivers of the growth that we are seeing in India is our improvement in general trade now. So, this is a channel that was not growing for us that now is growing in the mid to high single digit. That basically shows that, if you look if you run for the growth, you will find the growth in different channels in different segments of the market.

I believe that's the last question Jemma, and with that let me let me close with a couple of thoughts. We have delivered a strong volume, led first half, and an accelerating one with the best volume quarter in Unilever in over 15 years. Importantly, this performance is not a one off. It reflects, as I mentioned before, a good sustained performance within our average 3% volume growth over the last four quarters or, if you will, longer 2.7% over the last ten quarters. As we move into the second half, you know, the price growth will accelerate. We will keep managing the business with discipline, protecting the competitiveness of both our pricing and our brand investment, and emphasising the drivers of the brands with the highest return niche market. This is what we call Desire of Scale working in practice. Alongside a strong performance, we continue to transform our portfolio with the combination of Foods and McCormick progressing well and we are really on track to make Unilever a focused, pure play HPC company. The environment remains uncertain. But the strengths of this first half give us confidence in our upgraded outlook. We will deliver USG of 4 to 6% for the year with around 3% in volume, second half growth of 4 to 5%, led by pricing and a modest improvement in underlying operating margin versus the 20.0% that we deliver last year. With that, thank you for your time. Thank you very much.