

## **Unilever / Barclays Fireside Chat**

London, 15h00 GMT / 16h00 CET, Thursday 14<sup>th</sup> December 2023

### **Speakers:**

Hein Schumacher  
Warren Ackerman

Chief Executive Officer, Unilever  
Head of European Consumer Staples, Barclays

**Warren Ackerman, Barclays:**

Hello, everybody. I'm Warren Ackerman, Head of Consumer Staples at Barclays. I hope you're well. It's great to be hosting this fireside chat with Unilever's CEO, Hein Schumacher. Thanks for your time Hein.

**Hein Schumacher, Unilever:**

Morning Warren.

**Warren Ackerman, Barclays:**

Lot's to talk about. So let's get cracking, so first question and it's the feedback from the plan that you set out in in October. The feedback I've had is that whilst people were constructive, there was also a feeling that they've heard some of these elements before.

So the big question, I'm guessing, is what's really different this time? You know, P&G, it took five years. Are there areas of low hanging fruit? Or is it just going to take time to get some of this stuff fixed?

**Hein Schumacher, Unilever:**

Right. You know, there are some key differences, I think, versus the past. I think, first of all, we have, you know, talked about doing fewer things better with greater impact. So, you know, we're making real choices when it comes to, you know, what areas we want to focus on for top line growth. Talk about market development, talk about superiority. And I'm sure we're going to go deeper on that one a little later.

We're also talking about prioritisation of our resources, and that's behind the top 30 brands. What's really different is the new organisation, we should stop calling it new, but we're, you know, putting our finishing touches to it.

But it's a really major change for the company and I'm very keen to push that one through all the way to the max. Also, there I'm happy to go a bit deeper.

So we have put a new leadership in place. You know, we changed around and there's still some more change on that one to come.

So, look, I think there are quite a number of things are very different. I'm just a bit careful to to call it out as a strategy. You know, this is an action

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plan. Internally, by the way, we label it as the GAP, the Growth Action plan, but it's also very well meant to close the gap. I'm realising with this, you know, we're trading at a discount, absolutely determined to close that discount. I think we have many reasons that we can do that. So, you know, also the perceived change within the company is actually very high.

Now, when you talk about the you know, when will you see the first the first fruits of all of that, that good work? I think many things are actually already happening. I mean, first of all, we saw an inflection point in the beginning of 2023 when it came to gross margin.

There's a way to go and we're going to build on that. But it's not that, you know, things are not moving. Secondly, if you look at our business groups, the five and three of them have now moved to positive volume growth. Obviously, there's more to do and we're going to talk about that.

You know, the new leadership. Yes, to be installed on the 1st of January, but we're off to a flying start. You know, when it comes to concepts like, you know, filling the pipeline on breakthrough innovations to develop the markets again, you know, there's many things that were sort of hidden somewhere in the company. And I'm extremely keen to dial it up.

And the same goes for the superiority thinking, it was well executed in our Home Care division in the last year. They piloted it with it, you know what took it. And I'm very keen to to make it to make it all Unilever.

So I guess what I want to say is, look, it's an action plan meant to close the gap. Many things already at play. And I do see some momentum in the business.

### **Warren Ackerman, Barclays:**

Okay. Can we touch on the activists? I know you don't talk about individual shareholders, but obviously Nelson Peltz and Trian is a bit different in that they've got a board seat.

Can you share with us a little bit in terms of their priorities? Are they putting any pressure to unlock value by splitting the business up? I guess the question people are all thinking is, you know, how much time do you have to implement plan A or is there actually a plan B? You know, more, you know, maybe a nuclear option where you can't unlock value from Plan A? And what I'm trying to get to is have you thought about that? And if you have, is there any kind of view around the kind of

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dis-synergies or any kind of quantification of that? Because that has been a topic that keeps coming up.

### **Hein Schumacher, Unilever:**

Right. I mean, first back to Trian and to Nelson and, you know, Nelson is first of all, they are squarely behind the Growth Action Plan. And, you know, I talked about this plan, the interventions that we're making, with our full board, roughly two weeks before or week before we communicate it, to yourselves. And he's very much behind it.

I mean, he has the same interests as we have, which is to execute in the company diligently with great discipline behind the things that I just talked about. So, there is no difference on our views on that at all. And in fact, I'm benefiting, you know, from his learnings as well as from Trian.

I mean they've been on the board of other companies and I'm very open to their, to their views. Yes, there is pressure, but healthy pressure. And every company needs pressure. So I'm actually good there. Um, but you talk about the portfolio, it's not a live option at the moment. As I said, I believe the short term value creation opportunity by simply doing things better and behind the things that I talked about, pressing on with the organisation, making sure we do the right things behind our top brands. I think that's the biggest value unlock, do I think about it? Of course, I think about it. Of course I do.

It would be a bit funny if I, if I wouldn't think about the portfolio and I will always think about the portfolio because that's my role. But I'm absolutely convinced that that the immediate opportunity is to do fewer things better with greater impact. And behind the things that I talked about.

### **Warren Ackerman, Barclays:**

In terms of people and organisation has obviously been a lot of changes. We've seen Hanneke Faber moving on from Nutrition, Matt Close in Ice Cream, Peter ter Kulve's got a new job now in Ice Cream, Fernando's CFO. There's been a few internal promotions like Eduardo in Home Care and Priya in Beauty and Wellness. Question is why are these the right people to run these important jobs and why is there no external coming in? And how does the new organisation unlock real value with the right leaders running the key divisions?

**Hein Schumacher, Unilever:**

Right. Very good question. And I've heard the question before. Look, we've gone for all roles. We've gone through a very thorough process. And you know, when it comes to the CFO, I'm super happy, of course. Of course I'm very happy with the choice. I've gone very carefully, about these appointments because I knew they were going to be very important, but I wanted to make sure that a) all of these people have would have a proven track record, certainly within the company, and they have.

They have really performed over the last year or so. They are squarely behind plan. That's super important to me as well. And I also want to make sure that eventually when the whole leadership team is done and for example, we have still an open position in Nutrition, and there will be some changes down the road. That ultimately, we have a great mix. And a great mix is internal, external, male, female.

It's a super global team with people obviously from Latin America, I'm very happy with Esi now as the Chief Marketing and Growth Officer, because we didn't have that North American perspective in the in the top team, which I think is absolutely necessary. So, you know, when it comes to diversity and understanding and getting different perspectives, I'm sure we'll get there. But I'm very happy with the choices that we've made.

**Warren Ackerman, Barclays:**

I want to spend a bit of time on culture. I've followed Unilever long time, and I think it's safe to say there's a very distinctive culture at Unilever, humane, collegiate, democratic are some of the words I would use.

But at the same time, it hasn't been consistently winning. And you've said yourself, is your burning ambition to cut through the decision making and the red tape and have more accountability.

How do you actually change a culture and take the things that work and then adapt quickly in areas which are less effective? I'm just trying to get a sense of, you know, you got 127,000 people at Unilever, how will these people, you know, going forward get paid and get incentivised and how can you, you know, manage the speed of that transition? Because if you go too fast, there's also risk. So I'd love to get your perspective on that.

**Hein Schumacher, Unilever:**

True, although the speed does need to go up. So let me be super clear about that and I'm very determined to do so and I think people but I'll get to that in a second to why you know people are very hungry actually for the change. I mean, first of all, Warren, we have very good people. You know, this company has outstanding people. You know, we are the most preferred employer, certainly in the CPG industry in 16 out of our 20 markets. And these are very large markets, India, Brazil, outstanding talent basis. And it's of course, our job to turn talent into performance.

But everywhere I go and when I speak to people, people are hungry. And, when you talk about performance culture and we should be careful here, you know, for me not to give you too lengthy answers, because this is a very, this is a topic I'm very passionate about.

But I believe when you talk about performance culture, it's a whole series of actions that you take. It's not just talking about it, but there are actions, first of all on do we allow people to be really empowered? Now, here I want to go a little deeper, if that's all right with you.

If you think of our new organisation, I want to remove the matrix and be super clear about that. We have five global verticals and we did some analysis in June-July when I came in and said "Hey, if you want to launch a new deodorant in Southeast Asia under a new brand, how many centres of decision making are there for people to make that call?" And there were simply too many.

I will not say how many, but there were a lot. I'm very keen to bring that back, in my view, the ideal world, hey, it'll take a bit, but two centres. The people there decide it or they go up one level and then you decide it there and then the decision is made. No return trips.

The new organisation allows me to enforce that. So that's number one. Secondly, it's about remuneration. We're tying remuneration much more, you know, to where people work. So they have line of sight.

Thirdly, it's about differentiation and remuneration. Unilever was quite in a corridor of somewhere between a pay out, let's say, of 80 to 120 on your variable components. We're stretching that substantially. It's about behaviours. We have many standards of leadership, as I call it, but bringing it back to just a few. And of course, it's the leadership that we talked about who needs to walk the talk. Now there's more to it.

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But let me summarise by saying I think the structure will allow me, and the company to drive speed, empower people and hold them accountable. Simply because of much simpler decision making and this is something I will be on day in, day out. We're changing remuneration, so the hard stuff. And we're making sure that the things we talk about building though on the strong fundamentals that we have because we should never lose some of the good things.

Of course, we have a human culture. Of course, values are important to us. They will remain so. That was one of the reasons why I joined this company in the first place. But it doesn't mean that it should get in the way of doing things faster, better, and with greater impact.

**Warren Ackerman, Barclays:**

Okay. Thank you for that. Market share is obviously the lifeblood of FMCG companies and 38% business winning is obviously not good enough. It's fallen from 58% six-seven quarters ago.

Can you maybe try to explain the reasons for that decelerating trend and what needs to happen to get back to 50% plus consistently? People are asking "how long is it going to take?" It looks to me in the analysis I've done that in the majority of your top 30 Power Brands, most of them have lost market share over the last three years. So the question is, how do you actually arrest that decline? And how can we be confident that the 30 power brands today are the right 30 brands to continue to be in the Unilever portfolio?

**Hein Schumacher, Unilever:**

I mean, first, competitiveness and let me be straight, the 38% that you called out is not good enough. Alright. So I think I've been clear on it. It simply has to improve. It's not a perfect metric, though. And, you know, I don't want to discount it, but I do want to caveat it for two factors.

Number one, roughly 25% of our business is not captured in that metric. And number two is it is binary, as you know. Right. So if you lose a basis point of market share, we classify it as business losing. And, you know, that's not always, the right way to look at it. All that said, year on year, it's not good enough. Now, what are we going to do about it? The good news is our top 30 brands that we called out, representing little over 70% of our business are already growing ahead of the company average, and they do perform better.

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What we need to do, again, is on competitiveness. We need to grow our markets. This is super important. You know, I think just taking share and promoting more on our products is not going to deliver, that sustainable market share growth that we're looking for. Therefore, we need to embark on journeys for top brands on multiple year innovations, making sure that we develop the category, create value for our customer and for ourselves.

And that means more premiumisation. It means bigger and more scalable bets. That's what we're going to do. And I'm actually quite convinced that we will grow these categories back again. We have leading positions in around 80% of the businesses in which we play. We ought to do this and that will obviously help. Now, besides that, there are other things that we that we need to do which, you know, which we'll need to talk about. But I do see momentum behind improving. And look, we should be above the 50% hurdle on that.

**Warren Ackerman, Barclays:**

So maybe switching gears to reinvestment, I think Unilever have committed to a multi-year increase in A&P, R&D and CapEx. Can we maybe zoom in to the brand and marketing number? And it's not like for like, but it used to be 15% of sales, its now 13%. Where do you think that needs to go back to, and how much of that spend is currently behind the top 30 brands? You said it's 70% of revenues. Is it 70% of the spend? And can you reassure investors that a step up in investment can be funded by gross margin recovery rather than through a margin reset?

**Hein Schumacher, Unilever:**

Right. So, you know, we've committed ourselves, I'm starting with your last point. We've committed ourselves to moderate margin expansion. And that's what I want to stick to. So let me be super clear on that one.

**Warren Ackerman, Barclays:**

So no reset.

**Hein Schumacher, Unilever:**



No reset.

Secondly, when it comes to gross margin, as I mentioned, we had an inflection point in the beginning of the year. This is super important for us and I guess we're going to talk about that on the gross margin probably later. But, look, gross margin needs to improve further. We were down that was simply not acceptable.

Yes, it's growing now, but we need to continue to grow it not just based on price and mix and so forth on the top line, but also by reducing cost. And there's a plan for that. So happy to talk about that a bit more. But when it comes to going back to the resources allocation, three layers, so brand marketing investment, R&D and capital expenditure, if I add up the three, they were not pro-rata to the turnover of these top 30 brands that actually did have a higher growth momentum.

So that's what we're going to change, because of course, if we prioritise those initially to force discipline on the choices we make, then that's what we've got to do. We will increase some R&D expense. It's currently at 1.6, it will go up, and we're going to increase our capital expenditure to drive productivity, but also innovation, now from the 2.7 that we had to somewhere between 3 and 3.5.

Then you come to brand and marketing investment. You know, for me the mantra is budget follows plan. I want to make sure that the pipeline that I talked about on market development, I want to make sure that these top 30 brands are going to be unmissable, superior.

When we pilot that in Q1 and Q2 of next year, then the budgets and the spend will follow. But I didn't want to give a mantra now in the company and also not to the markets, that it's sort of a blank cheque and say, "hey, we're going to spend two percentage points more of our turnover", that will mean 1.2 billion more. It will tick up, and when you see it tick up, it will mean that the plans that we have and the priorities that we're setting that they are actually happening and that will be a great thing.

### **Warren Ackerman, Barclays:**

Yeah, maybe moving to the six P's. When I think about Unilever and I think about P&G, they talk about irresistible superiority in every vector. And Unilever said that 70% of your brands are technically superior, but consumers care about everything including packaging and being frank, it feels to me, it's taken some time for the penny to drop, that everything is important for the consumer.

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And you gave some examples of Dove US and Domestos Power Foam, where you actually have looked at all the vectors and when you've done that, there has been a really nice tick up in terms of market share and in terms of performance.

So the obvious question then is, how can you actually codify what consumers think on all the vectors? How can you actually measure that? And then secondly, how quickly can you scale those examples of Dove US and Power Foam and do it everywhere?

### **Hein Schumacher, Unilever:**

So, on that superiority, I like our unmissable superiority, by the way. So we're going with that one. And if you think about it, you know exactly to your point, this business, CPG, is about it's about details. Everything needs to tick and tie. It all needs to come together. And it means that on these call it, six dimensions, and for us, by the way, in the proposition that P of proposition, for example, sustainability is important, but not for everybody the same.

So we need to measure it through the eyes of the consumer. We're doing that very diligently. That's a huge exercise. But at the same time we are doing it right now for a number of those brands. And for example, Warren, if you have a if you have a pack of washing sheets and you would say, look, I like this because it's a sustainable product, it doesn't mean that for someone else it, you know, he or she likes it because it's a sustainable product. So we're testing all of that. We're taking these results back and then we're going to adapt. We're doing that now for a smaller part of these top 30 brands.

We're going to roll that out. And it needs to we need to make sure that by mid-2024 we have a baseline on that unmissable superiority for more than 70% of our turnover. From there on, we're going to determine, you know, what that next leap should look like and then we'll take it forward towards the end of the year. So it's going to be a process towards the first half of the year.

We're going to do it, not look back, measure it, make sure that where the gaps are, we immediately address them very quickly and then move on from there.

### **Warren Ackerman, Barclays:**

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You touched on R&D, maybe we can talk a little bit about R&D. I was quite struck by the comment that the innovation size you wanted to be five times bigger than the 2020 baseline.

My question to you is how much of those breakthrough innovations are already within the pipeline or do you actually need to build that capability going forward? And then when you benchmark the R&D spend and it's not just about more money now, it's also about getting more out of what you're already doing.

So just in terms of when you when you're looking at the R&D, are you happy with the pipeline as is, in terms of, you know, getting to that 5x multiplier on innovation that actually then moves the needle in terms of top line?

### **Hein Schumacher, Unilever:**

You know, first of all to those platforms and to size, right? So it was so interesting when I joined the company and asked people and said, "Hey, you know, what are you really proud of with Unilever?" And consistently one of the first the number one or number two item that employees call out, say, our scale, our scale and our reach.

And yes, that's a phenomenal fundamental. We distribute to places that others don't go to. But that is not a strength, unless we use it to scale up. So we're very keen to do that and I recognise local differences, but it doesn't mean that certain trends don't travel and that we therefore shouldn't scale it up.

We should simply break through that. So developing scale is super important. Then going to R&D, I spend a lot of time in my first months in the, not in the lab necessarily, but with the R&D community. And let me be super clear on a number of platforms, biotechnology, I called out in earlier meetings a microbiome technology, our packaging technology, and there's a few more, but I'll hold those with me for now. They are, in my view, they are differentiating. We know more than many of our competitors and yes, it's there. So this is not something that needs to start from scratch.

I think over the years, and look, I don't look back, but when talking to the R&D community, it felt like, hey, we have those great things, but we tended to start and stop a bit driven by all kinds of factors. It doesn't matter. What we now need to do is consistently use these technologies,

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use the expertise and move it forward. But this is not something that we have to start anew. I'm actually quite positive of what's there.

### **Warren Ackerman, Barclays:**

Can you talk a little bit about premiumisation and mix? Unilever have been great at premiumising categories in emerging markets, but arguably less good in developed markets. And I'm thinking about things like US deodorants, or US skincare, where a lot of the growth at the moment is coming in the price index of say, 200, 300.

And Unilever's wheelhouse tends to be more like 80 to 150. So when things are growing at a price index that is above your wheelhouse, how do you actually go about trying to address that and to capture your fair share of growth? Do you need to, you know, buy a brand? Do you need to take the prestige brands down? How are you going to think about that? Because if that keeps happening and you keep missing it, it is obviously a problem.

### **Hein Schumacher, Unilever:**

Yeah. Good point. So, you know, premiumisation is such a, you know this word, it's such a I mean, it's a big word, right? But it is true, because it's happening, it's literally happening globally, I would say with the exception of, Africa, where affordability is such an important thing.

But you see consumers bifurcating in any market that, sort of, I go to. And premiumisation is important and it has for us, it does I mean, you obviously I go to developed markets don't worry. But since we are 65% of our business is in emerging markets, I want to make sure that premiumisation is a super important growth lever there.

And premiumisation in emerging markets is a different spiel than in the developed markets. And it means taking people, you know, joining the middle class along in, you know, applying our products that we probably have in developed markets but might be new to them there, and you know, increase convenience etc.. So in for example, laundry, we're going from bars to powders to liquids to capsules and taking consumers along there. And that's a very important play for us, and we're very good at that.

So that's one part of premiumisation for an important part of our business. Then to the developed world and particularly North America.

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You are right, that is an area where we have missed it a bit. And first of all, we are premiumising our existing brands where we can. But I'm realistic there will be a price ceiling to that.

Secondly, we have a very attractive, prestige beauty and health and wellbeing business. Exactly what you said. That is developing, you know, well, but we want to be careful that we don't take them too quickly to mass.

That is a strategy, but I feel good about the fairly cautious approach we are currently taking by developing these brands and keeping them in the D2C area and keeping them very premium.

We're looking at one of the brands probably to, you know, to masstige them a bit. So that could happen, but I want to make sure that we stay very true to their nature.

Third, as you've seen, you know, we are continuing to look for bolt on acquisitions. You know, I want to take complexity out of the portfolio where we can, but here and there where there's, there's something really good, then we're keen, and the bar is high, but then we're keen to fill the gaps on the premium line, on the premium portfolio. And that's what we're doing.

### **Warren Ackerman, Barclays:**

And we touched, you touched a little bit on Beauty and Wellbeing. Maybe we can elaborate a little bit on that. I'm looking at some of these fast growing platforms. They were 1.5 billion two years ago, revenue's now, end of this year, I think you said three and a half billion, which is quite, very impressive, I would, I would say. If you look at that, which of the brands are you most excited about? I know you've called out Liquid I.V and Nutrafol.

I mean, could these types of brands be the next billionaire brands for Unilever? And then is there a concern that some of these brands grow so quickly that what happens when they plateau and come down the other side? Will there be other things that actually take their place in terms of driving growth?

### **Hein Schumacher, Unilever:**

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You know, I am positive about the brands, of course, as I as I just mentioned, and they fill partially that gap of premiumisation. Liquid I.V. yes, very, very excited about, it's all North America, by the way, these days. We just introduced it in Canada, we're going to introduce it in the UK. It's somewhere between the half a billion and a billion at the moment. Nutrafol indeed the same. I'm very positive about Paula's Choice, you know, growing very fast in Europe as well these days. So, you know, it shows that these type of brands can travel.

But as I said, I want to make sure that we first and this is exactly to your point, you know, when you acquire a brand, usually that's a brand that's on a fairly fast growth trajectory. You think, oh, you know, now I got it.

But you want to make sure that you build for the next S-curve, and that means you need to have the available science. You need to have the available technology to fuel those brands for that next S-curve and our acquisitions strategy should therefore be very clear.

It shouldn't be too remote from that capability core that we have, because as soon as we start to move away from that, you know, we can't fuel that next S-curve. You can't fuel that business for the next growth cycle.

So Dollar Shave Club was one of those, and that was the reason why we divested it. And I'm looking through that lens to develop the portfolio going further.

### **Warren Ackerman, Barclays:**

Okay. Maybe switching gears to ice cream, I mean, you've obviously got some great brands, Magnum, Ben & Jerry's, and I think, I think I'm right in saying.

### **Hein Schumacher, Unilever:**

They're very, premium by the way.

### **Warren Ackerman, Barclays:**

Yes, exactly. They are very premium.

But within that you've got I would say maybe the in-home ice cream piece, the channel which is maybe commoditising a bit. But fast growth

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out-of-home. And when I look at your kind of cost base seems quite high in ice cream, I'm comparing it to, say, Nestlé.

**Hein Schumacher, Unilever:**

Yep.

**Warren Ackerman, Barclays:**

I'm sure that hasn't been lost on you. What they've done with Foneri, with private equity in terms of improving the margins.

And so what I'm interested in is what will Peter her Kulve's, priorities be as he takes over that leadership of ice cream from Matt Close? And how do you actually really unlock the full potential of ice cream? And if you can't do that, is it not a prime candidate to be spun out of Unilever?

**Hein Schumacher, Unilever:**

No. So Ice Cream, I mean, first of all, Peter has run Ice Cream before. And I was you know, so I wanted to benefit from his knowledge on Ice cream. But also he is a system thinker and you need to think the system, you know, to your point.

So it's not just a marketing job and premiumization. It is truly managing the whole shooting match from the top line, you know, the supply chain, making sure your cost structure works, etc. because in Ice cream, you make your money in five months, a year, generally. And so there's a lot of things that need to come together.

Our cost structure at this moment is not acceptable, on ice cream. And that means we're working through that, we're making changes already. So that goes very, very fast. There were some plans were out there, but Peter is executing on them with an enormous base, as you may expect from Peter.

And, so cost structure needs to be adapted. One of the reasons is that Ice Cream is competing more and more to pure Ice Cream players. If you think about it, ten years ago, 15 years ago, Ice Cream competition was very much, you know, companies like ours that also had ice cream.

Now you see more pure play. And it means that we need to make sure that we run the Ice cream business as an Ice Cream business. And

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that's what that's what we're currently that's what we I mean, that's what the new organisation unlocks. But in Ice Cream, that is probably more so than in the rest of the organisation given our out of home nature of it, given the higher CapEx nature of it.

I mean, Ice Cream does have higher CapEx because of freezers, because of well, I've been in dairy and I can tell you the stainless steel that's needed there is just higher than in some of the other parts of the business.

Now, to your point on the portfolio, I think also here we have that opportunity to unlock value. We are working, through that diligently. We know how to do it and I'm really looking forward to see the results of the plans with Peter for now.

**Warren Ackerman, Barclays:**

And maybe switching gears to some geographies, I want to start on Europe as a bit of a bugbear of mine. I mean, it seems to me, I know it's only 20% of the portfolio, but even so-

**Hein Schumacher, Unilever:**

A little less.

**Warren Ackerman, Barclays:**

A little less. It seems to be struggling, I mean, the volume is down 11% in the last quarter. I appreciate a lot of that is pricing elasticity and maybe some of its SKU cuts, but the data doesn't look great and private label is winning in many places. And some might argue that your brands are simply not differentiated versus competition or even, you know, if I'm being harsh, maybe losing relevance.

How do you actually tackle that challenge, especially when you have a kind of now category lens, not a geographical lens? And do you actually see a pathway to get back to positive volume in that region? How long is it going to take? As clearly, if you're trying to aspire to 3 to 5, you need Europe to be contributing a lot more than it's currently doing.

**Hein Schumacher, Unilever:**



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Right, yeah, so, I mean, first of all, you are, you know, touching on a point that is important to mention, that is the, we've made conscious choices on the, on the portfolio.

We've reduced our SKUs by roughly 20%, this year, by the way, that it also impacted some of that business winning, as I talked about, those were conscious choices, but I'm not going to hide behind that.

You know, there were good choices, but now we need to move on. And the European performance, has to improve. And the way I look at Europe is it's generally flat, but within Europe you have winners and you have losers. And Europe remains an important and attractive markets, for us.

So in the compass strategy that was there, you know, North America, India, China were prioritised. That's not what I'm doing right now, so I'm taking a different view at it. I'm looking at the five Business Groups and saying, "Hey, if you have a big exposure to Europe, Nutrition, Ice cream, we've got to make sure that we build unmissable, superior propositions for the consumers in Europe." We developed the market in the categories where we're leading in Europe and we need to find ways to, you know, to get closer to the consumer.

You know, as I said, Paula's choice, great example, growing double digit in Europe, but in a different fashion than what we've done before. So, we need to rethink Europe. We've started a program called Reimagine Europe, and yes, we're taking that to a Business Group lens.

So, you know, I don't want to gravitate back to a geo play, but I do say if your exposure to, to your point, is it 20-25% in Europe, we've got to make Europe work. And that means we need to develop products and solutions for the European consumer. And that's what we're doing. And we can't have Europe losing double digit.

I think, we you know, I don't think third quarter was a true representation of that, but it needs to be better.

### **Warren Ackerman, Barclays:**

So maybe moving to India, I mean, clearly Unilever has the highest exposure of any FMCG company to India, in fact, across the whole European market, if I'm right in saying that? In the last ten years track record have been exceptional in terms of growth, margins, market cap, do you think the next ten years can be as bright as the last ten years? And what are the biggest long term opportunities, I assume beauty? And

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in the short term, it sounds like you are a little bit concerned about local competition and commodities rolling over, but do you not benefit from the rural economies starting to improve and the marketing spend really increasing significantly as you're using the gross margin recovery to reinvest in advertising to stimulate volume mix as pricing rolls over? So just interested in the kind of long term short term on India in your views.

### **Hein Schumacher, Unilever:**

You know, India is a super important part of the portfolio and if you look at, as I mentioned before, on market share, you know, we look at market share through business winning, we look at it turnover-weighted, but we also look at it market-weighted. And currently in the last, particularly 6 to 9 months, on a market-weighted basis, the company is actually showing, you know, positive numbers and India is an important part of that.

And that is the primary lens through which I look at India, is that for the next ten years and you're taking rightly so, a ten year view, this will be an important driver of growth and we're well positioned to do that. But we should not be complacent about it.

Yes, we have great positions, but with some slowdown in China, I do see, you know, international competitors flocking into India and putting a greater amount of resources behind it. And we're seeing increasingly strong local competition.

So market shares and the enormous business winning percentages that we had above 80%. But with the undercurrent of, us being very well positioned, the Indian economy doing well, I think the prospects in India, particularly behind digitisation, are phenomenal.

It will be a continued country of focus for all, meaning all five of the business groups. That's not because I'm saying they should, but it's because they see the opportunity there. So I look at that.

I think that's how we that's how I view it over the ten years. If you look at it more short term, India is, is seeing some deflation in particularly the categories which are exposed to chemicals. And you're sort of in that famous window with deflation coming in and volume growth, not yet completely matching, therefore pressure on pricing.

So in the short-term we're seeing some pressure on that, that will sustain in the quarter four, probably a bit of Q1. But I feel that we're going to grow out of that pretty quickly.

**Warren Ackerman, Barclays:**

And the other thing on India that's happened, you've changed organisational structures in Beauty and Personal Care. It's been-

**Hein Schumacher, Unilever:**

It's been through five lenses, very consistent with the rest of the organisation because, sorry to interrupt, but I'm passionate about making sure that we get this organisational concept, no question marks. Two centres of gravity - speed and decision -making. Clear empowerment. If we want to win in Beauty in India and we're well positioned, we need to play Beauty in India.

We have a phenomenal Nutrition business in India but is very different. And look, that's the lens that we need to take again.

**Warren Ackerman, Barclays:**

And another key country is Indonesia. I think I'm right in saying it's 6% of revenues and you've unfortunately lost about 500 or 600 bps of corporate share in last period, five - ten years. Turning this round has taken, frankly, a bit longer.

There's been quite a lot of surgery that's needed to be done in terms of management and channel mix and price points. Can you maybe elaborate a little bit where we are within the turnaround of Indonesia? And, you know, are we still seeing local competition winning and what does success look like for Unilever in Indonesia? Because if you get Indonesia right and you get India right, you kind of get Asia right given the weighting of Indonesia. So it's actually a really critical component to that growth equation for the region.

**Hein Schumacher, Unilever:**

Yeah. So I mean Indonesia you know, I've always loved the business in Indonesia, I've been exposed to it in my career a few times in different companies and I think Indonesia represents a great opportunity. I'm happy that in Q3 we stabilised it so you're right. I mean in the past we have dropped share.

By the way, on what does winning look like? That's the same for Indonesia as for the rest of the company. We need to grow on a relative basis versus our competition in a healthy way. That means pricing a bit, but certainly volume led and with some positive mix impact.

I'm looking at it through that lens, and volume improvement is absolutely critical to me and that goes for everyone. But it also goes for Indonesia. And we're going to be laser sharp on that.

In Indonesia we saw stabilisation in Q3. I think that in the short-term we will sort of be in that area. We've changed leadership, Indonesia was not yet on the new organisation and the unlock that I talked about. Nowadays, so as of the 1st of January, it's fully on and we are essentially changing quite a few of the plans.

So there is work to do, but I believe that we have, you know, our awareness, brand awareness is as high as it could be. I think the plans are strong. In the short-term we're seeing some pressure. I mean geopolitics playing a role, obviously, you know, with the wars in the Middle East and so forth, we're seeing some pressure on international brands in general and Indonesia.

**Warren Ackerman, Barclays:**

Because of the boycotts?

**Hein Schumacher, Unilever:**

There was consumer boycotts in the short term. And look, they're not material to the group, but they are there. So we're wrestling through that. By the way, that doesn't impact our competitiveness necessarily and so forth. But there is some pressure on international brands, so I want to call that out. But at the same time stabilising, new leadership, clear priorities and finding the way forward.

**Warren Ackerman, Barclays:**

And turning to China, I think Unilever has been underweight in China, particularly in Beauty historically. That might be a good thing given the current issues with China, particularly in places like Hainan and de-stocking.

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Is this now the opportunity for you to double down in China given the disruption elsewhere, really push your Beauty and your Prestige cosmetics agenda and you know, how big a priority is it now to actually increase the investment and make sure that you get your fair share of the growth?

**Hein Schumacher, Unilever:**

You know, China is in the top five of our, if you take a country lens, it would be a top five country. It's indeed smaller than what you would expect from a company of our size. But you know what's great about it? It's all organic.

You know we didn't get into China through acquisitions and the benefit of that, and when I visited it, and having lived in China for a number of years, we've really built up those brands from scratch. They have very strong relative positions. We have a great Food Solutions business in China in our Nutrition portfolio that is highly digital. We came out of Covid much stronger.

The way I look at China is ploughing on in the way we have been working it over the last year. So I'm not intending to double down in terms of, you know, making sort of that quantum leap, with a big acquisition. I think that we need to grow our business organically, you know, make the most of our brands exactly behind the things that we talked about, and keep going at it.

It is going actually quite well. And if you look at the pressure that's currently on China - yes, we're seeing it in Beauty and Wellbeing and we are launching Prestige brands but doing it carefully, as I've talked about before, because I want to stay true to those brands. But what we do is successful in China. It is successful. We're growing share.

Our business winning is above the 50 to 60% in China and we have strong brands that we can develop through these new technologies, or through the technologies and the and the science. So, yeah, organic play.

**Warren Ackerman, Barclays:**

Continuing the world tour, Latin America. Clearly we've seen Diageo's had a profit warning recently. We've heard a lot about down-trading in Brazil. I think I'm right in saying you were down in the region pretty

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recently, so I would love to share your perspective. What are you seeing on the ground? And then maybe a specific one just on Argentina, given the recent news about the Peso devaluation.

Can you maybe just, do you actually have local manufacturing in Argentina? And if you do, does that help or not really, because you still need a stable, valued currency to import raw materials? I guess it doesn't impact anything around the hyperinflation accounting because you're capping the pricing.

But do you see any issues about getting money out of the country given what was actually happening in Argentina? So a double-pronged question on the macro and on Argentina.

### **Hein Schumacher, Unilever:**

And on Argentina. So, I mean, first of all, I would say LatAm is one of our strongest regions. We are definitely not making that call down on it. We're actually seeing very consistent growth also this year.

Yes, I mean, in Brazil there are some, you know, there's some macro pressure, but, at this point I think we're getting through quite well.

So, you know, when it comes to Latin America overall, and obviously Fernando has been instrumental in that, but later on also many others, so I don't want to credit one person.

Strong region, good category positions, outstanding talent base. And I'm actually confident that that will continue to to grow for now.

### **Warren Ackerman, Barclays:**

But are you seeing down trading though?

### **Hein Schumacher, Unilever:**

There's a bit of down trading in Brazil but once again we shouldn't exaggerate that because at the same time we're seeing premiumisation in a couple of other areas.

For example, we launched - let's take Nutrition, something quite mundane. We launched a mayonnaise supreme, Hellmann's Supremo. It's growing excellently.

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So yes, there's some down trading, but if you come with the right products that ticks all the boxes, you know, we can get more out of these categories, grow the categories, and that's what we're doing.

I'm going to Argentina. Argentina is slightly below 2% of our turnover but we have leading positions in all categories. It's one of - I would say it's one of the stronger Unilever operations. We have gone through many crises before in Argentina, and I look back and studying it a bit, given everything that's currently going on, there was a big crisis in 15 and 16 - we came out stronger.

This crisis, we're going to come out stronger. We are not leaving the country. We are making sure that we are strong, but at the same time, of course that gives you short-term financial headwind. That's - again, it's not material to the group, it's slightly below the 2%, but of course it gives you a translation downside.

The team has responded outstandingly. We have localised production probably more than anyone else. We're now roughly 90% production, or above 90% production - from a production perspective, we're localised. Of course when it comes to raw materials, we still need to buy externally. Where needed we need to price but we're doing that in very close cooperation with the government who has put certain regulations in place.

But I would say the business is in a good shape. Yes, we're seeing some short-term pressure, but we're responding well and we're in there for the long run.

### **Warren Ackerman, Barclays:**

Okay, you'll be glad that the world tour is over and can move onto other questions. I want to move on to e-commerce. It's 16% of sales, it seems to me maybe slightly behind best-in-class peers.

Would you agree with that assessment? And maybe can you give some precise examples of where you think Unilever needs to up its game? I know Alan Jope previously talked about an ambition of 30% weighting to e-commerce.

Is that realistic or is it actually maybe a bit unhelpful just throwing numbers out there without a plan to get there? I'm just trying to understand where do you actually think you need to improve your capabilities in e-commerce and get into world class territory?

**Hein Schumacher, Unilever:**

Yeah, so look, I mean on the target that Alan gave you - actually I always admire people, you know, sort of putting a flag out there and saying, hey, you know, that's an ambition we need to go to.

You will probably and, you know when we, in our interactions so far and probably going forward, I'm a bit more, I need to see a pathway. I need to see a roadmap and then I'll give you a number like on BMI investment. So I'm not so much on giving big numbers. I want to understand it really.

And you know, at this point it is what that number is. When we talk digitisation, can I go? I want to give two ways quickly. First one for us, digitisation is super-important in our B2B. You would say B2B, but B2B means the connection with the customer, and that means we need to make sure that our general trade, again, 65% of our business is in emerging market, that they are digitally connected to everything that we do.

That's a big priority.

We're moving fast on that in our three big regions, Southeast Asia, India through the Shikhar system and Latin America, where we have a marketplace called Compra Agora. So that digitisation is super-important and we're moving with great pace.

So that's number one. Secondly, when it comes to digital, of course to the consumer, and that's the Prestige side of the business, the Health and Wellbeing side of the business, with the convergence of media, commerce and marketing, I think they are helping the company and our brands to be much more relevant to the social media and to these platforms and to the young shoppers. Great.

So that's happening. I would say we're well on track there. So in these two areas, we're on par or probably even some are ahead of the competition. Now, where do we have room to go? That's of the d-comm. Of the e-commerce, the e-commerce, where our portfolio has probably not always kept up with what you would expect there and I think we need to adapt it.

When it comes to unmissable superiority, you talk about place, the P of place, that means for me there's two channels that are not that are a bit untapped and where we need to win bigger.



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That is in e-commerce but also in the discount channel. I'm not afraid of saying that. We, you know, if you want to be relevant, the consumer needs to find you. It doesn't mean it's always the same product, but it can be the same brand and offered in a different way. So you can take people wherever they shop and however they want to get your product, that you were able to offer it to them. That's what I'm now focusing on under the banner of unmissable superiority. That's what we're doing. And I feel that we're going to take up that 16%. But I'm not committing to a grand goal.

**Warren Ackerman, Barclays:**

And shifting gears again, Hein and I want to talk a little bit about gross margins because, you know, do you think gross margin is too low?

**Hein Schumacher, Unilever:**

Yes.

**Warren Ackerman, Barclays:**

It was 44%. Okay. I'm still going to ask it. It was 44% in 2019, it's down to 40%.

Do you think you can actually get the gross margin back to that kind of 44% by 2025? And, you know, where are the gross margin issues? I mean, you mentioned Ice Cream.

It seems to me Homecare is an issue. I mean, this is a really key metric because it allows you to fund the reinvestment.

I mean, shouldn't Unilever actually be, you know, more like a 50% gross margin business? I know distribution costs, you need to adjust for that in terms of how you account for it relative to other companies, and maybe there's some adjustments to be made, but I'd love to get your perspective on this.

How you're thinking about gross margin, what needs to be done, how quickly and is it Ice Cream and Homecare are the main culprits in your view?

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**Hein Schumacher, Unilever:**

I mean so first of all, we agree on that, that it's too low, that we dropped it too much. Secondly, you said, you know, do I believe that it will go back to the to the pre-pandemic level in the plan period I called out between now and 2026, 2025? Yes. So we have to, I mean, I have committed myself to that, and I don't want to shy away from that. So we're going to have to do that.

Then thirdly, do I see Unilever going from 44 to 50? We need to develop that plan. And I think in gross margin, there are two important levers. Obviously, this is not rocket science, but it's first of all, it's the mix, and it's volume, and it's pricing, which I'll touch upon, but it's also cost. And it's not sexy to talk about cost, but it's super important.

And we've had, I think too many years of cost in on the costs that you can actually control. And that means indirect labour, direct waste maintenance.

And I feel that with the plans, you know, the decision rights here being in the business and the business now being completely responsible, the business groups for that part, supported of course by global technologies if they need it, that will help to control these costs better. And we're going into 2024 with a plan for no longer, you know, incurring a net cost in.

So that's that is super-important and that will help to get us back. Besides that again, good growth is three elements.

It's volume, that will help a bit on the supply chain. It is mix and it is pricing. We're seeing some roll over pricing currently happening, so that's helping us. I think mix will help us given the things that I talked about and the focus on the top 30 brands, they are a bit higher on gross margin.

I don't want to call out culprits because life is about Delta. You know, we have an Ice Cream business that's lower on gross margin. We have a Home Care business that is lower on gross margin than the group. But hey, I'm here to manage the Delta - where we are today to what it's going to be in the future.

We have a strong productivity plan in Ice Cream, we already talked about that. I don't need to talk about that. Home Care is primarily a function of driving multi-year, scalable innovations, developing the categories and premiumise where we can. That's the main play and the supply chain will help us to get there.

**Warren Ackerman, Barclays:**

I'm going to press a little bit harder on that because I mean, it seems to me the SG&A is too high. I mean a gross margin of 40% or even 44%. I mean that doesn't smack of, you know, leveraging global scale. When I listen to you, you're talking about procurement need to do better.

You're talking about in Home Care the different cost base between powder and liquid and how we you need to actually locate near the plants depending on the cost base. That's really interesting to me.

And, you know, is there going to be a point where we hear specific details on all of this stuff? And because it sounds to me like what you're implying, whether it's procurement or cost base could be quite big and potentially maybe disruptive.

Can you do all of this stuff on the cost base without there being a big bang kind of initiative? And can you do this without actually increasing the restructuring spend over and above 100 basis points which it's always been, basically saying it's the same number, but we've got a lot to do.

**Hein Schumacher, Unilever:**

Right. Actually, I'm happy that you are giving all of these examples because I didn't want to draw you into the details.

**Warren Ackerman, Barclays:**

I love the details.

**Hein Schumacher, Unilever:**

All right! Well, if you're into details, then you need to stop me now. All right. So I'm happy to go there because I love it, because, you know, I love the pragmatist style of that. But so I'm going to dissect your question a bit.

I'm starting with the last one, just to be super-clear. Next year, 1% is 1%. When we give guidance of 1%, it's going to have to be 1%. I don't want

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to stop the business coming with good restructuring proposals to me, but I want to make sure they drive a return.

And therefore it's helpful to say, look, that's the ceiling and give me your best, give me the best programmes and that's what we're going to do. We have done a quite a bit of restructuring, but I didn't see the need at this time to come to the company and to the world and say, oh, you know, we're going to do a massive restructuring at this point.

There will be many pockets of restructuring because these Business Groups are looking now through the lens of, you know, I control all the resources. What do I need to do? So that overhead picture of the 10%, look, 10% overhead if you compare us to our peers, is not crazy.

Is there room to come down? Yes. And I want to make sure there will be leverage in the P&L, again combined with the 1% of restructuring that we've guided for.

So that's on overheads. I think on supply chain, let me give a few examples and then go a bit deeper. First of all, we carried out the 21% SKU reduction. Is that going to lead to procurement benefits and am I therefore confident that that will help us to get back to pre-pandemic levels? Absolutely.

An example, we had 261 recipes of tomato soup. Um, I use it a bit as a symbolic project. I know, and it's not a passe partout, but it shows you that when you're serious about it, it's gone down now to 100.

I don't know how many we need, Warren, but we need less than 261. It simplifies supply chain, it simplifies procurement, and it helps to grow the business. So I'm very convinced about that.

Now that we are looking at this through a category lens essentially, you see interesting movements. I talked about Ice Cream and making an Ice Cream supply chain. But Home Care is a great example.

When you optimise between manufacturing costs and logistic costs, you come to different conclusions if you look at it through the category lens. We found out that we needed, with the much higher usage of liquid laundry solutions, we needed our factories closer to the consumer because yes, we were very good in producing. But we had a great logistics cost.

Making the optimal trade-off means actually being closer from a production perspective and lowering your logistics cost in large markets such as Brazil and India. That's what we're doing. That's one of the

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reasons why we're increasing our capital expenditure. But it comes with, you know, I mean, it leads to optimisation for the group.

So that's - there are some very specific examples on that. I think there's a third one that I want to mention. We've gone a bit too far. It has been a trend for a while in outsourcing. When you determine something core, we need to own it. We need to own it from R&D to production.

Because what we've seen in inflationary periods, you do control inflation better if you own it. And when you localise your change, which is also something we've seen after the pandemic, I called out Argentina, you need to own it a bit more. And that's another reason for the uptick in capital expenditure.

**Warren Ackerman, Barclays:**

Thank you for the colour. I do want to move on to sustainability, it's obviously a big topic.

**Hein Schumacher, Unilever:**

I was very happy to go deeper on supply chain.

**Warren Ackerman, Barclays:**

Yeah. So, unfortunately time is running a little short, but on sustainability I was very struck by your comments about it has caused more heat than light and you want to move more to a kind of shorter-term focus with the four big pillars of climate, nature, plastics and livelihood.

Can you talk a little bit about that? And then obviously the news story on greenwashing. It's been all over the all over the news the last few days. Can you maybe talk a little bit about your kind of strategic view on sustainability on those four pillars on maybe moving short-term? And then how does Unilever answer that question around greenwashing?

**Hein Schumacher, Unilever:**

Yeah. Sure. I was still thinking of your gross margin. We'll come back on that. We're going to come back to that.

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But I do apologise, but I want to add one thing to it because I want to make sure, I want make sure that this is a an underpinned plan and it is for me. And that's why I was confident to give that clear target. Yeah, I committed myself. There is one other element that there is of course a bit of restructuring going on with optimising, particularly in North America on the supply chain as well as in Europe. So there are still productivity gains to be made. These are plans that are being carried out right now. They fall within the 1% this year, the restructuring bucket, and they're pushed through. I didn't want to leave that out.

### **Warren Ackerman, Barclays:**

Super clear thank.

### **Hein Schumacher, Unilever:**

But going to an important topic is sustainability. Look I think the next era of sustainability is all about performance, just like anything else. With the 2024 and 2025 new frameworks on reporting, the transparency on sustainability will go up.

That suits us very well because you know, we've done a lot and I'm building here on the extraordinary work that my predecessors in that sense have done. Unilever is a company that is, you know, that has high standards that are also held to very high standards. And you see that, you know, in the press and so forth. When something happens, people refer quickly to us on this topic, and rightly so.

We've pioneered it, we've been leading it. I'm keen to continue to lead it, but only in those areas where (a) - we, we can make a big impact to the world.

You know why would we talk about stuff where our impact is relatively small and (b) - where it helps our business, but, well, where it helps our business. And if you do both, you can only choose a few big platforms. And also here it's about doing fewer things better with greater impact. And that meant we want to make sure that on climate we stick to the Paris Agreement and we have a plan that takes us, you know, to make sure that the one and a half degrees, we stay below that. That's not an easy one, including Scope 3. And we want to talk about that with our shareholders in the next AGM. On plastics We are - obviously sachets is

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is an important topic for me and here we to have to make some bets and I'm determined to do so. Well I could talk about plastics for a long time.

Thirdly on nature it's about regenerative agriculture, but it's also deforestation- free sourcing. That one for me is paramount. We're going to have to be a hundred percent on that. We are at the moment by the way. So no compromises. And it's about inequality and particularly in the, in the communities in which we operate.

Those are - and that's already a very big agenda. And I believe with everything that we've built up over the years, here we can play a leading role. But that's it.

### **Warren Ackerman, Barclays:**

We're almost on the buzzer. I want to try and squeeze in two more quickfire questions to you, if you don't mind. The first one is on total shareholder return. The question keeps coming up, how do you deliver top third total shareholder return with a low end of 3 to 5% organic growth and modest margin expansion? Our global peers, aren't they likely to do a lot better than that? And shouldn't we - should we then expect TSR to be included in the management LTIP at the next AGM?

### **Hein Schumacher, Unilever:**

Yeah. So you know, first of all, the multi year framework, as the words imply it's multi year, it does assume a, a return to a normalised inflation time. It doesn't reflect my ambition.

Look, if you look at the top line, clearly in the current environment you want to shoot at the high end of that. But if you look at the total construct of the, of the financial framework with the 3 to 5% and again, you know, that assumes a return to almost, you know, the non-inflationary times.

But if you take that, if it's healthy mix, volume, price, if you look at margin expansion on the gross margin, moderate margin expansion on the bottom line and fuelling the business, 60% floor on our dividend, which has been an important support of course to the, to our shareholders.

Look and an ROSC in the mid-teens range that allows us to continue to premiumise the portfolio through some bolt-ons as well as doing some pruning on the, on the complexity side.

I believe that the construct of that will take us to top third if we deliver consistently, you know, and that probably wasn't always the case and we're going to have to simply deliver consistently. Again, is my ambition higher, certainly on the short run? Yes, of course it is.

**Warren Ackerman, Barclays:**

Final question.

**Hein Schumacher, Unilever:**

Oh TSR? Yes, part of the LTIP. That will be proposed.

**Warren Ackerman, Barclays:**

Do you know the weighting yet?

**Hein Schumacher, Unilever:**

Sorry?

**Warren Ackerman, Barclays:**

Do we know the weighting or how much weighting on TSR?

**Hein Schumacher, Unilever:**

We're working that through. But it has to be meaningful. Otherwise it doesn't, it doesn't make sense. Aligning shareholder interest with, you know, top management remuneration of course, I would say. So we're going to have to bring that back. And that will be part of the, of the proposal.

**Warren Ackerman, Barclays:**

And the final question just on guidance, it's a bit of a shorter term one. At the nine month stage, you delivered 7.7% organic growth.



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You didn't change your full year guide, which is still above 5% taking that literally and I know this has moving parts, but that would imply a very weak Q4. Is that how we should read it or is it more you didn't want to send a mixed message because you're saying that the outlook is the not the top end of the 3 to 5.

I guess another way of asking the question is are you expecting like maybe a short term air pocket where the pricing rolls over? But the you know, you mentioned India, but the volume doesn't pick up.

You know, things don't move symmetrically just because pricing rolls over, volume picks up.

Is there any sort of specific moving parts around Q4 that you would point to? And can you just reiterate one more time that we have had the plan? There is no new plan. The plan is the plan that you gave us at Q3 stage?

**Hein Schumacher, Unilever:**

Yeah. I mean, on both of the multiyear, yeah. I focused very much in the - and history will prove me right or wrong - but I, you know, I focused very much on the end of October as well as in the recent conversation with investors, on the plan.

The GAP. And I want to close the gap and we're going to, but, you know, on guidance I took, I wanted to stick with what's out there - multiyear but also this year.

Is there anything particular or spooky on Q4? Answer is no. So look, the 5% plus is a floor. And another you know, we communicated the floor, not a ceiling.

**Warren Ackerman, Barclays:**

Thank you.

**Hein Schumacher, Unilever:**

And on the deflationary side, yes, there is some in India so clear on that. But look, the good news is we have a, we do have that scale and that global portfolio, and I'm very, very happy with that. So we're a robust company and, you know, there's many good, many other good things happening. So it's been interesting.

**Warren Ackerman, Barclays:**

It's been a whirlwind Hein and I could talk to you for hours, but unfortunately our time is up. So thank you for your insights and your colour on some of those key questions. I really appreciate your time talking to me today.

**Hein Schumacher, Unilever:**

I thank you for your interest in the company.

**Warren Ackerman, Barclays:**

Thanks.