Unilever pre-close aide-mémoire, Q4 2024

This document sets out public information previously provided by Unilever PLC, or else widely available in the market, which may prove helpful in estimating the financial performance of Unilever ahead of its Q4 and FY 2024 results on 13 February 2025. Unless otherwise specified, the outlook comments below come from the Q3 2024 trading statement on 24 October 2024. No new information is given, and there will be no comment on current trading or further guidance provided.

Guidance

Topline

- In the full year 2024, underlying sales growth (USG) is expected to be within our multi-year range of 3 to 5%, with the majority of the growth being driven by volume.

Underlying operating margin (UOM)

- Underlying operating margin (UOM) for the full year is expected to be at least 18%, with increasing investment behind our brands. We expect that the year-on-year margin progression in the second half will be smaller than in the first half. Our gross margin progression in the first half reflected positive contributions from volume leverage, mix and net productivity but also factors that will not repeat in the second half, such as, a low prior year comparator, lower material costs, and carry-over pricing from a period of higher inflation.

Currency

- Expected currency impact on full year turnover around (1.5)% and around (20)bps on full year UOM.

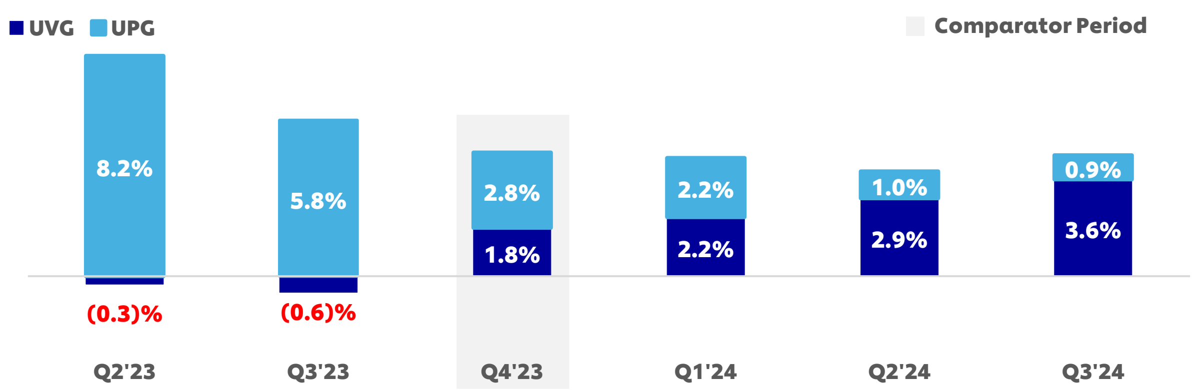
Other financial guidance for 2024

- Capex around 3% of turnover
- Restructuring around 1.2% of turnover
- Net finance costs around 3% on average net debt
- Underlying effective tax rate: around 26% for 2024
- Net debt around 2x net debt / underlying EBITDA

Noteworthy commentary on previous results

Group

- **Q3 2024** USG was 4.5%. UVG increased to 3.6%, while UPG continued to moderate to 0.9%.
- Given softer markets, pricing remains subdued. We expect subdued pricing for the next couple of quarters.
- In the comparator period, **Q4 2023**, USG was 4.7%, with underlying price growth of 2.8% and volume growth of 1.8%, reflecting the first quarter where volume turned positive since Q4 2020.
- *UPG vs UVG trendlines in previous quarters*



Beauty & Wellbeing

- **Q3 2024** USG was 6.7%, with 0.9% from price and 5.7% from volume growth. Strong growth in Wellbeing more than offset softer growth in Prestige, reflecting the continued slowdown in the US and China beauty markets.
- **Q4 2023** USG was 7.9%, with 1.5% from price and 6.3% from volume.

Personal Care

- **Q3 2024** USG was 4.4%, with 1.3% from price and 3.1% from volume, with continued good growth in deodorants, partially offset by a decline in skin cleansing in India, category declines in China and operational challenges in Indonesia.
- **Q4 2023** USG was 6.4%, with 3.8% from price, and 2.5% from volume.

Home Care

- **Q3 2024** USG was 1.9%, with (1.4)% price and volumes up 3.3%, with premium innovations driving volume growth. Price remains negative, linked to commodity deflation in several emerging markets which particularly impacted powders markets such as Brazil.
- **Q4 2023** USG was 1.7%, with 0.9% from price and 0.8% from volume.

Foods

- **Q3 2024** USG was 1.5%, with 1.1% from price and 0.4% from volume. Volume growth remains muted amidst moderating prices and market slowdown.
- **Q4 2023** USG was 4.7%, with 5.9% from price and (1.1)% from volume.

Ice Cream

- **Q3 2024** USG was 9.8%, with 2.9% from price and 6.7% from volume, reflecting operational performance and distribution gains, amplified by a weak prior year comparator.
- **Q4 2023** USG was (0.4)%, with 0.4% from price and (0.8)% from volume.

Subsidiary guidance and commentary on geographical areas from Q3 2024 results

- **India:** We do not expect an acceleration in the pace of growth, with low-single digit price growth and healthy EBITDA to be maintained at the current levels.
- **Indonesia:** We are making decisive interventions to fix our long-standing issues in Indonesia, which include removing price instability across channels and resetting stock levels in retail to what we consider optimum levels. We expect to see the benefits of the changes in Indonesia from the second half of 2025.
- **China:** China declined low-single digit with market weakness across categories. In the context of softer markets, we are transforming our go-to-market approach.
- **Developed markets:** Volume growth was broad-based and as expected price growth moderated further.

Appendix

Quarterly topline evolution

	2022		2023					2024		
	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Unilever	**9.2**	**9.0**	**10.5**	**7.9**	**5.2**	**4.7**	**7.0**	**4.4**	**3.9**	**4.5**
UVG	*(3.6)*	*(2.1)*	*(0.2)*	*(0.3)*	*(0.6)*	*1.8*	*0.2*	*2.2*	*2.9*	*3.6*
UPG	*13.3*	*11.3*	*10.7*	*8.2*	*5.8*	*2.8*	*6.8*	*2.2*	*1.0*	*0.9*
Beauty & Wellbeing	**7.7**	**7.8**	**9.3**	**8.8**	**7.4**	**7.9**	**8.3**	**7.4**	**6.8**	**6.7**
UVG	*(0.6)*	*0.3*	*2.6*	*4.9*	*3.6*	*6.3*	*4.4*	*5.6*	*5.4*	*5.7*
UPG	*8.4*	*7.5*	*6.5*	*3.7*	*3.6*	*1.5*	*3.8*	*1.7*	*1.3*	*0.9*
Personal Care	**9.1**	**7.9**	**12.7**	**9.0**	**8.0**	**6.4**	**8.9**	**4.8**	**6.4**	**4.4**
UVG	*(3.5)*	*(3.7)*	*3.0*	*3.4*	*3.9*	*2.5*	*3.2*	*1.4*	*4.4*	*3.1*
UPG	*13.0*	*12.1*	*9.4*	*5.4*	*4.0*	*3.8*	*5.5*	*3.4*	*1.9*	*1.3*
Home Care	**12.3**	**11.8**	**10.2**	**6.7**	**5.3**	**1.7**	**5.9**	**3.1**	**3.4**	**1.9**
UVG	*(3.8)*	*(3.5)*	*(2.8)*	*(2.1)*	*0.4*	*0.8*	*(0.9)*	*4.3*	*4.9*	*3.3*
UPG	*16.7*	*15.9*	*13.4*	*9.0*	*4.8*	*0.9*	*6.8*	*(1.1)*	*(1.4)*	*(1.4)*
Foods	**10.1**	**8.6**	**11.9**	**8.9**	**5.6**	**4.7**	**7.7**	**3.7**	**2.7**	**1.5**
UVG	*(4.1)*	*(2.1)*	*(1.3)*	*(2.6)*	*(3.8)*	*(1.1)*	*(2.2)*	*(0.4)*	*0.4*	*0.4*
UPG	*14.7*	*10.9*	*13.4*	*11.8*	*9.8*	*5.9*	*10.1*	*4.1*	*2.2*	*1.1*
Ice Cream	**2.9**	**9.0**	**6.0**	**5.6**	**(2.8)**	**(0.4)**	**2.3**	**2.3**	**(0.5)**	**9.8**
UVG	*(9.9)*	*(0.7)*	*(4.1)*	*(5.8)*	*(10.1)*	*(0.8)*	*(6.0)*	*(0.9)*	*(1.1)*	*6.7*
UPG	*14.2*	*9.7*	*10.5*	*12.1*	*8.2*	*0.4*	*8.8*	*3.2*	*0.6*	*2.9*

Reminder of transactions

- Unilever completed the sale of our Russian subsidiary to **Arnest Group** on 10 October 2024. The sale includes all of Unilever's business in Russia and its four factories, as well as our business in Belarus. The business represented around 1% of the Group's turnover.
- Unilever completed the sale of its stake in **Qinyuan Group**, to Yong Chao Venture Capital Co., Ltd. on 2 August 2024. On 1 November 2024, Unilever completed the sale of its water purification businesses **Pureit**, to A.O. Smith. The combined turnover was less than €0.3bn in 2023.
- Unilever completed the disposal of **Elida Beauty** on 01 June 2024. The business generated TO of c.€0.8bn in 2023.
- Unilever completed the acquisition of the **K18** brand on 1 February 2024. Turnover for the brand was more than €0.1bn in 2023.
- Unilever completed the disposal of the **Dollar Shave Club** brand in North America on 1 November 2023. The brand's annualised TO is below €0.2bn.

Hyperinflationary economies

The Unilever business in Turkey accounted for around 2% of Group turnover and Argentina accounted for more than 1% of Group turnover in 2023.

The Argentinian economy was designated as hyperinflationary from 1 July 2018 and the Turkish economy was designated as hyperinflationary from 1 July 2022. As a result, application of IAS 29 'Financial Reporting in Hyperinflationary Economies' has been applied to all Unilever entities whose

- assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date.
- Adjustment of the income statement for inflation during the reporting period.
- Translation of income statement at the period-end foreign exchange rate instead of an average rate.
- Adjustment of the income statement to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

From Q2 2022 reporting, Unilever has capped the growth metrics UPG and USG in Turkey, using the same methodology applied for other hyperinflationary countries.

As part of the Unilever practice, a normalised level of price growth is included in USG, which is capped at an annual rate that is equivalent to approximately 2% per month compounded. This cap is derived from one of the indicators of hyperinflation cited in IAS 29 and ensures that any price growth above this level will be excluded from USG. This definition allows the full volume impact and limited price growth to be included in USG but avoids the distortion of hyperinflationary pricing beyond the capped level. We believe this definition reflects our normal pricing actions, distinct from those taken to respond to hyperinflationary conditions.